UNITED STATES OF AMERICA

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS
SECOND SESSION

## VOLUME 108—PART 14

AUGUST 31, 1962, TO SEPTEMBER 17, 1962
(PAGES 18299 TO 19692)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1962

J
11
.R
v.108
pt.14

DEPOSITED BY THE
UNITED STATES OF AMERICA

Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

## HOUSE OF REPRESENTATIVES

FRIDAY, AUGUST 31, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 133: 1: *Behold how good and how pleasant it is for brethren to dwell together in unity.*

O Thou God of all grace, grant that as we look out upon our world today, so troubled and tormented by strife, we may be stirred by a moral and spiritual passion to temper the minds and hearts of men with some finer essence of justice and righteousness, of forbearance and forgiveness, of peace and good will.

May the citizens of our own beloved country be brought into a closer association, as patriots and partners, with all the freedom-loving nations in a concerted effort to strengthen and stabilize our civilization, which is being threatened by the forces of atheism and anarchy, of brutality and bloodshed.

Give us the insight and the inspiration to conceive and comprehend that our social order is "a contract between the living, the dead, and those yet unborn," which is a solemn and sacred compact we dare not break or fail to fulfill.

Hear us in the name of the Prince of Peace. Amen.

### THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1308. An act to incorporate the Sea Cadet Corps of America, and for other purposes.

### LEGISLATIVE APPROPRIATION BILL, 1963

Mr. STEED submitted a conference report and statement on the bill (H.R. 11151) making appropriation for the legislative branch for the fiscal year ending June 30, 1963, and for other purposes.

### CORRECTION OF HOUSE AMENDMENTS TO S. 2965

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965 with the House amendments thereto; and that when said bill and amendments are returned to the House, the Clerk be authorized and directed to make the following corrections in the engrossed copy of the House amendments:

On page 6, in lines 12 and 19, strike out "section 9" and insert "section 3."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. AUCHINCLOSS. Mr. Speaker, reserving the right to object, I have discussed this matter with the gentleman from Minnesota and we have gone into it carefully. It is evidently and clearly an oversight when the amendment to the bill was introduced striking the coordinator from the bill. I have no objection to this amendment and withdraw my reservation of objection.

I yield to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Speaker, reserving the right to object for information. May I ask the gentleman, is it true that without this amendment Mr. Robert Weaver, who is going to head this program, according to the testimony in our record, and as head of HHFA, Community Facilities and Area Redevelopment without this amendment referring to section 3 rather than the present wording of section 9, section 9 becoming section 3, would not have anything to administer? There is no program because section 9 no longer exists after the House action on Wednesday. Section 9 is nonexistent—there are not nine sections remaining in the bill.

Mr. BLATNIK. The truth is when we offered the amendment we changed the sections in our prepared amendment, line by line, correcting the error as far as our committee was concerned. It was suggested at the desk to the Member offering the amendment that to save time he merely used the phrase "and renumber the following sections accordingly," which he did. This was an oversight since the amendment presented to the desk contained the language necessary to make the changes inadvertently omitted. So section 9 of the original bill became section 3. However, in a cross-reference of the original language of the bill itself, where we refer to section 9 in two instances, this also should have been changed to section 3 as the amendment of the committee showed when brought to the desk. This is purely a technical correction. This same thing has happened on a few occasions before, in one instance in connection with a foreign aid bill. The intent, of course, is clear, that these two cross-references should be section 3.

Mr. CRAMER. It is a correction to conform the balance of the bill to consider the fact that sections 3 to 8 were stricken, which struck the coordinator, but as a matter of fact this is not a renumbering of the subsequent sections. This is not a numbering of the subsequent sections to conform but rather it is a change of a substantive nature in the body of the paragraph referring to section 9, that is, the previous existing section 9, which became section 3, to conform. Is that correct?

Mr. BLATNIK. Yes. It is purely a technical change.

Mr. CRAMER. I want to know what is going to happen to this bill. Why cannot this correction be made in conference? This is a correction that could very properly be made in conference. The Senate has passed its bill for $750 million grant authority and $750 million for standby authority, 50 percent loans and 50 percent grants for projects, thus all Federal money. That bill has already passed. This bill has passed the House. Why cannot this be corrected in conference?

Mr. BLATNIK. It could be, but members on both sides of our committee would like to send a clean, clear-cut bill, without any of these inadvertences and technical errors in it.

Mr. CRAMER. I would not question the answer the gentleman gave, but I would suggest that it does leave the door open for the other body to take the House version and never go to conference, the House never getting the opportunity to consider the matter further. It appears to me that the purpose is to put the bill in clean form so that it can be acted on by the other body, never returned to the House and it would not go to conference so the differences between the two bodies could be ironed out.

Mr. BLATNIK. I think our request is to send a clean, proper bill to the Senate. That is a responsibility of the House. As to prognosticating on what the other body is going to do, that is the last thing I would attempt to do. I am only asking to send over a good clean bill.

Mr. CRAMER. I suggest to the gentleman further that in the future, so far as the minority is concerned—I am speaking on behalf of myself and not necessarily for the gentleman from New Jersey [Mr. AUCHINCLOSS], who is the ranking Republican member of the committee. As the gentleman knows, I took a great deal of interest in this legislation, and I would suggest that in the future when these substantial amendments of considerable consequence such as eliminating the coordinator sections are considered or are to be considered on the floor of the House under the 5-minute rule, certainly the Members on the minority side should be given an opportunity to have advance notice as to what those amendments are to be, and that we be given an opportunity to see them and maybe help prevent some of these very mistakes in the future. I think that our counsel and the people on our side if they had an opportunity to consider this amendment—the same with the education amendment—perhaps some of the shortcomings of the amendments—and I brought that out on the floor Wednesday—could have been corrected.

I would suggest that in the future, as a matter of liaison between the two sides, and in order to accomplish good legislation, even though I may not agree with the amendment, at least we be consulted, in the hope this kind of mistake is not made, because if this amendment is not agreed to, Mr. Weaver, who is going to administer the program as head of the Housing and Home Finance Authority, is not going to have anything left to administer.

I think in deference to the interest that the gentleman knows has been shown on our side of the aisle in this legislation, it being of this significance, that at least it would have been a matter of courtesy to submit it to the minority side for its consideration.

**Mr. BLATNIK.** Permit me to answer that, because the gentleman is taking quite a considerable length of time on this matter. I did personally report to the minority leadership that——

**Mr. CRAMER.** Oh, no; the gentleman did not give us the terminology.

**Mr. BLATNIK.** I did personally report to the minority leadership's office that we intended to strike this out.

**Mr. CRAMER.** That is exactly right, and no wording of the amendment was submitted then to the effect that sections 3 through 8 were stricken. The substantive, corrective amendment at this time being made shows clearly that that amendment was imperfect. If it has been submitted to the minority, we may have been helpful in correcting it.

**Mr. BLATNIK.** The gentleman is not telling the correct story. Our amendment as written here and as it lay on the Clerk's desk is correct and proper in its entirety.

**Mr. CRAMER.** Can the gentleman tell us what happened to the amendment between the time it left the gentleman's desk and the time it arrived at the Clerk's desk?

**Mr. BLATNIK.** A correction was made by one of the staff at the desk, or the Parliamentarian, but in the interest of saving time, rather than reading about eight technicalities all referring to the same thing, to make it shorter which was assumed would make the other number references and sections conform accordingly.

**Mr. CRAMER.** That does not accomplish the objective that is trying to be accomplished now, and the gentleman knows it. This has nothing to do with renumbering subsequent sections. This has to do with changing the reference to a section in the body of the remaining paragraph; is that not correct?

**Mr. BLATNIK.** That is not true; the intent is clear.

**Mr. CRAMER.** Cannot the gentleman read the bill, on page 18028 of the Record, which shows the amendment as passed by the House? I think it clearly shows the situation. I will read it in the Record, if necessary, if the gentleman will not admit that this is a change of reference within the body of the remaining paragraphs 5(a) and 5(e), both of which refer to the body of section 9, changing section 9 to section 3, and it has nothing to do with renumbering the subsequent sections.

Mr. Speaker, I think the record ought to be clear on this point. I am getting rather tired of having it look in the debate that I do not know what I am saying or talking about, when what I am saying is correct in the record.

**Mr. BLATNIK.** The substantive portions of the bill are not affected, since the intent is clear.

**Mr. CRAMER.** The present amendment was not contained in the gentleman's amendment on Wednesday or the amendment of the gentleman from Texas [Mr. Wright], when he sent his amendment to the desk, as now read by the gentleman from Minnesota. I say again, therefore, the amendment on Wednesday was imperfect. Therefore if the majority had consulted with the minority, that imperfection may have been caught. I hope in the future that the minority will be considered and perhaps some of these mistakes can be prevented in the future. I disagree that this is merely a technical amendment when it changes the substantive provisions of the bill under sections 5 (a) and (e) and the effect of the amendment is so consequential.

**Mr. GROSS.** Mr. Speaker, further reserving the right to object——

**Mr. BALDWIN.** Mr. Speaker, I make the point of order that a quorum is not present.

**Mr. GROSS.** Mr. Speaker, I object to the request of the gentleman from Minnesota. This is a technical error that can be corrected either by the Senate or in conference. I object.

**The SPEAKER.** Objection is heard. Does the gentleman from California [Mr. Baldwin] withdraw his point of order?

**Mr. BALDWIN.** I withdraw the point of order, Mr. Speaker.

---

## AN ACT TO PREVENT PERNICIOUS POLITICAL ACTIVITIES

**Mr. McFALL.** Mr. Speaker, I ask unanimous consent that the proceedings whereby the House passed S. 919, with an amendment, be vacated, and that the House proceed to the further consideration of the Senate bill for the purpose of considering an amendment thereto.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

**Mr. HOEVEN.** Mr. Speaker, reserving the right to object, will the gentleman explain the purport of his request?

**Mr. McFALL.** On yesterday, we passed a bill concerned with penalties involved for violation of the Hatch Act. The bill as it was originally on the House Consent Calendar provided for the elimination of the mandatory 90-day penalty in its entirety. After some discussion with the gentleman from Iowa [Mr. Gross], who felt that a 30-day penalty should be retained, we agreed that amendment would be submitted and the bill would be passed in that form. A mistake was made in the preparation of the amendment, so that the bill as passed removed the penalty altogether. We are now attempting to vacate the proceedings of yesterday and amend the bill as agreed with the gentleman from Iowa and the members of the committee.

**Mr. HOEVEN.** Has this matter been cleared with the ranking minority Member on this side?

**Mr. McFALL.** The gentleman from Ohio [Mr. Schenck] agreed to the proceedings of yesterday.

**Mr. HOEVEN.** What about the proceedings of today?

**Mr. McFALL.** I am sure he would agree, because it proposes to do what we expected to do yesterday. I discussed this with the gentleman from Iowa [Mr. Gross], and he is aware of what we are attempting to do.

**Mr. HOEVEN.** Mr. Speaker, I yield to the gentleman from Iowa [Mr. Gross].

**Mr. GROSS.** Yes; I will say to my colleague from Iowa that this does retain in the bill the 30-day provision, as the gentleman explained it to me, and I agreed to it.

**Mr. HOEVEN.** Mr. Speaker, I withdraw my reservation of objection.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 9(b) of the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended (5 U.S.C. 118i (b)), is amended by striking out "*Provided further,* That in no case shall the penalty be less than ninety days' suspension without pay:".

**Mr. McFALL.** Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFall: Strike out all after the enacting clause and insert: "That section 9(b) of the Act entitled 'An Act to prevent pernicious political activities', approved August 2, 1939, as amended (5 U.S.C. 118i(b)), is amended by striking out '*Provided further,* That in no case shall the penalty be less than ninety days' suspension without pay:', and inserting in lieu thereof '*Provided further,* That in no case shall the penalty be less than thirty days' suspension without pay:'."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

## TWENTY-THIRD ANNIVERSARY OF INVASION OF POLAND

**Mr. ROONEY.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

**Mr. ROONEY.** Mr. Speaker, tomorrow, September 1, is an important day to many people, but mostly to Poles, for on that day, 23 years ago, Adolf Hitler's armed hordes invaded Poland and thus began the world's greatest holocaust. This seems to me to be the proper time to pay homage to the brave people of that country, the first to fight totalitarian forces. By their unprecedented courage in the early stages of the war, by their brave defense of their unprotected capital city of Warsaw, by their historic resistance during the years of Nazi occupation and finally during the post-war years of totalitarian Communist rule by Moscow-trained agents, the Polish people have demonstrated a wonderful spirit of resistance. They have withstood years of unparalleled bloodshed, tortures, and burning alive in Nazi crematories. The Thermopylean defense of their capital city during 63 days of heroic insurrection of 1944 will long be remembered.

Today Poland is part of the Soviet Empire and it seems to me that this is the right time for the United States to place the enslavement of this heroic nation and other captive peoples on the agenda of the United Nations General Assembly and to bolster that demand by diplomatic action with friendly governments of the free world.

Poland is the largest of the European captive nations and, because of her geographical position and the stamina of her people, the most important of all ruled by Moscow. The progress of sovietization, arrested in October 1956 by a so-called peaceful revolution, has recently gained new impetus by present church-state relations, the muzzling of the press and the writers' union, and the harnessing of Polish youth who are deprived of religious instruction and of education free from Communist political indoctrination.

It seems to me that formal recognition by the United States of Poland's western border along the Oder-Neisse Rivers would increase the hopes of the Polish people and render them still more adamant to the constant pressure of Communist ideology, thus weakening Moscow's arguments that Soviet Russia is the only guarantor of Poland's territorial integrity. The time to do it is now.

In this connection I should like to call the attention of the House to the fact that any indecision or wavering displayed in our policy governing nonrecognition by the United States of the status quo, as it now exists behind the Iron Curtain, is immediately reflected in the captive European nations, but especially so in Poland, whose people are still reposing their hopes in America.

I, therefore, propose that this Government should not sign any treaty or enter into any international agreement which would legitimize the status quo.

I consider the continued economic assistance by the United States to help the Polish people toward greater independence from Soviet Russia a must of our foreign aid program and, indeed an indispensable item of our foreign policy. I fully support President Kennedy's policy in this regard and his right to determine if and when, also how to extend economic aid to Poland. Conditions constantly change and no rigid rule can be set which will be to the best advantage of the people of Poland and in the best interests of the United States.

The present political situation in Poland cannot be disregarded. The indomitable spirit of resistance to Communist pressure throughout Poland should be reckoned with. The Communists and their system make life very hard for the Polish people who have back of them 1,000 years or more of independent statehood and a traditional love of liberty and personal freedom. As long as the present system prevails, Poles will flee from their homeland, and those of them who risk flight do so with the odds against them. Therefore, continued admission into the United States of refugees and recent escapees from Poland is fully warranted and should constitute an important point of our foreign and immigration policy.

The Polish refugee problem still remains unsolved. Poles, reluctant to return to their homeland as long as it is ruled by Communists, represent the largest single group among the war and postwar refugees in Western Europe. There are thousands of them in Germany, Austria, Belgium, France, Italy, and other countries. Proper liberalization of our immigration laws, taking into consideration those who suffered the most and who under present rigid standards are prevented from emigration should be seriously considered at this time.

Again here, as in the case of economic aid to Poland, discretion should be used and our immigration laws should include ample provisions to administer the statutes in a human fashion. No deportation to Poland of bona fide refugees and recent escapees should be permitted, especially so when they seek political asylum in our country. The argument that there is no terror in Poland now, consequently every Polish national is safe to return to his homeland, that he will not be molested there, imprisoned, or otherwise persecuted, is simply a fallacy. It is based on a false premise and devoid of realism. Blacklisting of repatriates, including those who were invited by numerous institutions serving the Communist regime in Poland, are not isolated cases. The fact that arrests are not made immediately upon a person's return to his—or her—Polish homeland, only proves that political expediency has taught the Communists to change methods, but not their aims.

The unsolved Polish refugee problem in Western Europe presents mounting difficulties to the nationwide Polish-American voluntary agency, the Polish-American Immigration and Relief Committee with headquarters in New York. This institution, observing this year the 15th anniversary of its noble service, represents the interests of the stateless, downtrodden victims of World War II, and victims of postwar brutality and inhumanity at the hands of totalitarian, modern barbarians. It is a recognized voluntary agency working in close cooperation with our Department of State, and as such it well merits continued and substantial U.S. Government assistance.

Polish refugees and recent escapees have made history since the termination of hostilities in World War II. While no general peace treaty is forthcoming and while it is difficult to define with whom and by whom such a treaty should be signed, former foes having turned into friends, and former allies into enemies, the fact remains that the world refugee problem is with us, perhaps for years to come or at least as long as the free world permits totalitarian forces to stir up trouble in many sections of the terrestial globe.

I for one do not propose to abandon hope for solution of the Polish refugee problem. I for one do not propose to abandon our wartime allies who were first to fight Hitler's aggression; who distinguished themselves mobilizing huge volunteer armies that were on the side of the Western Allies in the battle of England, in the Norwegian fjord at Narvik, in Tobruk in Africa, Falaise in France, and Arnhem in Holland, and last but not least, at Monte Cassino which they wrested from the Nazi armies. I for one do not propose to let down the compatriots of the 7 million-odd Americans of Polish lineage who have served this country in both world wars, and who are serving it daily in their manifold task and endeavors, enriching continuously our great common American heritage.

## MARY AGNES AMBERG

**Mr. LIBONATI.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Illinois?

There was no objection.

**Mr. LIBONATI.** Mr. Speaker—

A Holy light shines bright tonight
  In one of God's own mansions.
It guided home a blessed soul,
  Whose life Christ gave God's sanctions.

Mr. Speaker, the Catholics of Chicago have witnessed the social work of many blessed women, functioning among the poor in its congested city areas.

Miss Mary Agnes Amberg, of Chicago's West Side, left wealth and society to spend her life to advance the social training and thinking of thousands of children of the early immigrant families and their offspring for the past 62 years.

Her death closes the career of a brilliant and distinguished woman who, by her Christian principles of endeavor, influenced the lives of the generations of children growing into manhood and womanhood.

It was a rare coincidence that one locality, in such dire need of the leadership and benevolent influence of social instruction, was the recipient of her talented efforts to mold the social conscience of the future citizens of our community.

Her parents were leaders among the social elite of early Chicago society. Her father, William A. Amberg, was a wealthy businessman and inventor. Her mother, Mrs. Agnes Amberg, founded the Guardian Angel Center at Newberry Avenue and Roosevelt Road. It was an adjunct to the Guardian Angel Church, located on old Forguer Street—now Cabrini—near Halsted.

In 1916 Father Francis Breen, one of three brothers, members of the Jesuit Order, teaching Latin at the St. Ignatius High School—Blue Island Avenue at Roosevelt Road—at the instance of Miss Mary Amberg, asked the older group of young men to join the center. The Exempla Club became one of the outstanding young men's clubs on the West Side. Every member was active and the high caliber training received there made a lasting impression on their thinking and behavior.

Miss Mary Amberg joined the center in 1900 and became its director in 1912. With the population trends westward, the center moved to its present location, 712 South Loomis Street, in 1922.

One of Miss Mary's closest associates in this work, for 40 years, Miss Marie Plamondon, also from one of the most distinguished Chicago families, shouldered heavy responsibilities in her official capacities.

The greatest good in life emanates from genteel womanhood—who, as a lady, reaches forth among the masses to teach the social principles that guide the destiny of our society. The raw, teeming humanity seeks an outlet to learn the cultural side of American life, that social norms may be observed and total acceptance accomplished. The immigrant populations are best suited for this exposure to our customs and social rules—having left native lands, whose culture and society have contributed so much to the ages of civilization of mankind.

They are ready listeners and, in politeness and continental gentility, also contribute to the American standards of conduct as they are learning—they also rectify and influence the impatience and brashness of our own practices in ordinary life.

Miss Mary spread cheer and happiness wherever she went. With her most suppressed desires for the success of her project realized, she, in her later years, enjoyed the sincere appreciation and blessings of the citizens of her community. It was this high sense of gratitude that gave her great happiness through the years.

We of the Illinois delegation in the Congress send our heartfelt condolences to her dear friend and partner, Miss Marie Plamondon, and to Joseph Cremmin, and to her nieces and nephews.

[From the Chicago Daily Tribune, Aug. 30, 1963]

### MISS AMBERG, SETTLEMENT DIRECTOR, DIES—LEFT WEALTH, SOCIETY FOR CHARITY CAREER

Miss Mary Agnes Amberg, 87, who gave up a position of wealth and social prominence to devote her life to a near southwest side settlement house, died yesterday in Mercy Hospital.

Miss Amberg served without pay for 50 years as resident director of the Madonna Center, 712 South Loomis Street, and often used her own funds to help pay operating costs. She lived in an apartment at the center. She began working there in 1900 and became director in 1912.

Miss Amberg was active in direction of the settlement house, operated chiefly for children of the immediate area, until last October, when she suffered a hip fracture. She had been hospitalized since.

#### DAUGHTER OF INVENTOR

Miss Amberg was born in Chicago, the daughter of William A. Amberg, businessman and inventor, and Mrs. Agnes Amberg. Her mother founded the center, originally known as Guardian Angel Center and attached to the Catholic Church of that name. The center has been in its present quarters since 1922, and currently operates on a budget of $50,000 annually.

Closely associated with her in the operation of the center for the last 40 years was Miss Marie Plamondon, a friend persuaded by Miss Amberg to join her in the settlement work.

Miss Amberg has received honorary degrees from Loyola University, Rosary College, and St. Xavier College, and in 1957 was named one of 100 outstanding Chicagoans in connection with the Jesuit centennial.

#### SERVED OTHER CHARITIES

She also was active in other charitable work, serving as a board member of the Girl Scouts of Chicago from 1921 to 1928, a director of the House of the Good Shepherd from 1926 to 1956, and a director of the Council of Social Agencies from 1937 to 1942.

Six nephews and eight nieces survive her.

Mass will be said at 10 a.m. tomorrow in Holy Name Cathedral.

## MR. JUSTICE FELIX FRANKFURTER

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, it was announced just the day before yesterday that a great American Justice had retired from the Supreme Court. The so-called liberals immediately launched a campaign of detraction against him, not so much to discredit him—because he no longer has judicial power—but to pressure his successor to rule as they want him to rule, rather than as our Constitution dictates he should rule.

Justice Felix Frankfurter will go down in history as one of the great American jurists. I say this because he has demonstrated so completely his recognition and understanding of what it is that makes this Republic great—the separate and distinct prerogatives of each of our three branches of government. Recognizing this, he has frowned on any one branch encroaching on the prerogatives of the other.

Justice Frankfurter, a true liberal, also recognized communism for what it is. It is for this reason, and because he was dedicated to this Republic and its laws, that he ruled as he did in many major issues concerning communism which came before the Court during his tenure.

But now what are the parlor pinks and the pseudoliberals saying? They are claiming that Justice Frankfurter had a kind of split personality, that he suffered from a kind of judicial schizophrenia, that he decided as he did in upholding convictions of Communists only because he was hidebound by certain traditional legal, judicial, and constitutional concepts. As a liberal, they imply, he really did not believe, personally, that these Communists should have been tried and convicted for their illegal defiance of the law and the Congress. His sympathy, it is intimated, was really with them.

I speak today to warn the Members of this House and the American public of what is going on and to urge them not to listen to these detractors. Justice Frankfurter's contribution to our country is greater, I feel certain, than most people realize. Because he is a true liberal, the pseudoliberals and leftists have been frustrated by him; he has been a thorn in their side; they have not been able to explain away his decisions, and he has done much to stem the tide of so-called liberal undermining of the foundations of the Republic.

As I said before, a major purpose of the underhanded innuendoes now being spread about Justice Frankfurter is to exert pressure on his successor, so that he, as a member of the Supreme Court, will base his decisions on a leftist, pseudoliberal kind of ideology rather than on the Constitution, laws, and traditions of this country. It is my sincere belief that the new Supreme Court Justice, Mr. Arthur Goldberg, will resist all such attempts to influence his conduct as a member of our highest judicial body.

## HIGHER INCOME TAX EXEMPTIONS FOR INDIVIDUALS AND DEPENDENTS

Mr. RHODES of Pennsylvania. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RHODES of Pennsylvania. Mr. Speaker, there is much speculative talk about a possible cut in Federal income taxes. The reason usually given is that it would stimulate the economy. But there is another good reason—to correct some of the glaring inequities which adversely affect two-fifths of our citizens in low income brackets.

I believe, Mr. Speaker, that any revision of income tax rates should begin with higher exemptions for individuals and dependents from $600 to at least $700 or $800. I agree with President Kennedy that a good part of the answer to the question of an expanding economy is to stimulate consumer spending. If there is to be a tax cut this year it should begin at the consumer level, particularly with those families in the low-income brackets who would benefit most by raising this tax exemption.

One of the main troubles with the American economy is that millions of our fellow citizens are still really poor people and in need of some or all the necessities of life.

According to one of the Nation's most prominent economists, Leon H. Keyserling, former chairman of economic advisers to President Truman, more than 77 million Americans live on less than $4,000 a year and some 3½ million families exist on less than $2,000.

Our tax policies are one of the causes of these inequities. Too many of our citizens are not enjoying the standard of living to which they are justly entitled in a land worried by surpluses and automation.

Every taxpayer would be fairly treated by raising the tax exemption. Most of all it would help the economy and make it stronger at its base.

Mr. Speaker, whether it be this year or next, an increase in tax exemption should be given priority.

## HON. JOSEPH P. McMURRAY, CHAIRMAN, HOME LOAN BANK BOARD, DESCRIBES THE ROLE OF SAVINGS AND LOAN ASSOCIATIONS IN AN ADDRESS IN THE HEART OF THE GULF SOUTHWEST AT MARSHALL, TEX.; SUGGESTS BROADER LENDING AUTHORITY

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include an address by Hon. Joseph P. McMurray.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, last Friday I had the pleasure of hearing the Honorable Joseph P. McMurray, Chairman of the Federal Home Loan Bank Board, make an address to the Federal Savings and Loan Association of Marshall, Tex. It was really a meeting of officials and representatives of savings and loan associations from four States—the gulf Southwest—Arkansas, Louisiana, Oklahoma, and Texas, as all four States were well represented at the meeting.

This was a most stimulating and provocative address, and the things that Mr. McMurray says are of obvious importance to the savings and loan industry. The Federal Home Loan Bank Board has under its supervision the Federal Savings and Loan Insurance Corporation, the agency which administers the savings and loan insurance system and also issues charters for Federal savings and loan associations.

These Federal programs have resulted in a tremendous growth of the savings and loan industry, and have, indeed, brought about a new and very vital movement for encouraging family thrift and home ownership in this country.

When the insurance system for savings and loan associations was instituted in 1934, the savings and loan associations then in existence had only some $6 billion of assets. In the years since, their numbers have multiplied many times, and new ones are being formed in local communities all over the country. Today there are approximately 6,000 savings and loan associations, and they have assets of approximately $85 billion. More than 4,300 of these associations are insured by the Federal Savings and Loan Insurance Corporation, and these account for about 95 percent of all of the assets in the industry.

The position that Mr. McMurray holds is manifestly one of tremendous responsibility and tremendous importance to the functioning of our entire economic system. I might add, incidentally, that it would be difficult to find a public official who was better qualified by experience and dedication to his field of activity than this gentleman was qualified, when President Kennedy named him to his present post.

He is a professional economist, has been a professor of economics, and until recently was a college president. He has held a number of important posts in the Federal Government. He was staff director and later economic consultant to the Senate Committee on Banking and Currency. He has been executive director of the New York City Housing Authority, and commissioner of housing for the State of New York.

Finally, the address which Mr. McMurray made in Marshall, Tex., will give most of us, I think, a new and fuller understanding of the mission which savings and loan associations and other financial institutions have to fulfill. Mr. McMurray understands the role of savings, and of money; he sees these not just as financial credits and debits, but as instrumentalities through which the people can improve the quality of human life.

I invite the Members' attention to Mr. McMurray's address; with deletions of some references to me, it appears as follows:

### THE SAVINGS AND LOAN SERVES ITS COMMUNITY

(By Joseph P. McMurray)

It is a real pleasure and honor to have the opportunity of meeting with you, the members of the Northeast Texas Savings and Loan group. It is a particularly happy occasion because today one of your group, the Marshall Federal Savings & Loan Association, dedicated its new and fine building which, aside from its excellence from a functional standpoint, will serve as a symbol of the success of the savings and loan industry and what it has done for the people in this region.

The success of any financial institution, such as a savings and loan association, can be attributed only in part to the effort of those who manage it. More important is the general high regard in which such financial institutions are held. Collectively, you, the savings and loan industry in this area, as is true throughout the United States, have won public acceptance and, indeed, enthusiastic support by the services you have rendered to the people. Thus the building that I had the honor formally to open today is, in a very real sense, a monument to all of you who have done so much to promote the good name of savings and loans in this area of the country which, in turn, contributes to the good image of the savings and loan industry throughout the Nation.

* * * * *

I know that you, and we in the Federal Home Loan Bank Board, take considerable pride in the success of the Marshall Federal Savings & Loan Association, its president, Willard Coker, and his very able staff, and what it has achieved for the community. Remembering that the Federal savings and loan system was created to gather the funds of the smaller saver so that the community could benefit from the use of these funds, then this association and the people who have given their time and effort to it deserve high praise.

The Marshall Federal Savings & Loan Association was founded in 1935. By the end of that year it had almost $74,000 in savings. At the end of World War II it was roughly 2½ times it original size. Although it was still a very small institution, it has set an enviable record. At the end of last June it was about 60 times as large as at the end of 1945 and about 125 times as large as it was in 1935. This is a Texas-sized achievement.

The Marshall Federal's example has been duplicated, perhaps not always to the same degree, many times throughout this great Nation. Marshall Federal is an example of how a free society concerned with the needs of all its people, including those with small pocketbooks, not just the wealthy of the mighty, can design and create institutions for the betterment of all.

The savings and loan industry of this Nation was created to foster savings and to provide economical home financing. The record, particularly that which I recited for you a moment ago, reveals that this mission has been fulfilled in large measure. Since 1934, the assets of savings and loan associations have increased 14 times. Mortgages held have grown more than 18 times from $3.7 billion to $68.8 billion. All but about 10 percent of the mortgages are on single-family houses or structures with no more than four units. Over 40 percent of these mortgages are held by savings associations, more than three times those held by any other type of lender. Nor have the associations evaded their responsibility for determining the soundness of loans by relying on FHA-insured and VA-guaranteed loans to build up their portfolios, a practice followed closely by some lenders. The saving and loan associations have put homeownership within the reach of those who may not qualify for veterans benefits or who may prefer a mortgage tailored to their needs instead of the type offered under a specific Government program. Last year, 84 percent of the associations' mortgages were the so-called conventional type.

This is a record that justifies the foresight of those who created the Federal savings and loan system, the Federal home loan banks, and insurance of accounts by the Federal Savings and Loan Insurance Corporation. Yet, alone it would not be enough. Deserving as the small saver and homeowner may be, institutions managing over $80 billion of this Nation's financial assets cannot be content with saying, "Yes, we serve a particular purpose for which we were created—but no more." Good as that one purpose may be, and it is one of the highest ranking goals we have, singling out one activity for favorable treatment may not render the fullest services to the Nation.

The savings and loan industry has done more than foster savings and promote economical home finance. One of the principal functions of any financial institution is to make it possible for this country or any country to grow and prosper. Financial institutions can do this by seeing that savings do not lie idle and are put to work in a way that benefits the country as a whole. They must judge markets, develop financing techniques, and make a variety of loans so that money will flow where it is needed. Nor should the funds flow only to the large investor, but to the small one as well. Every homebuyer is an investor, a risk taker, and an owner of productive capital.

The savings associations of this Nation have contributed to that flow. The figures on home financing conceal almost as much as they reveal. Through the Federal Home Loan Bank System, of which most associations are members, devices have been created for shifting money from where it is plentiful to where there is a shortage. By taking the major burden of home financing, associations have released other lenders to do a more effective job in the areas in which they specialize. Many of our associations, and this association in particular, have serviced the whole community, as permitted by the mandate from the Congress. They have financed commercial property, homes for the aging, recreational facilities, churches, and other essential community structures.

To those who fear commercial lending because of its riskiness, let me offer the observation that the Board is keenly aware of this. While an association can lend as much as 90 percent of appraised value on a home under certain conditions, it can only lend 60 percent on commercial property. The Board and the industry have worked together to tailor the programs to the risk so that the saver may justifiably feel secure.

Now we are entering a new era. The world in which we live is changing. Several committees appointed by President Kennedy are studying the private and public financial mechanism of this Nation. They are examining it to see how it can be strengthened and made more flexible.

History shows that our financial institutions have grown and added to the wealth of this Nation by adapting to new situations. History moves slowly at times. Despite the diligence of the Congress and the awareness of its leaders * * * the necessary recommendations and evidence have been presented but slowly to the Congress. This slowness to act, the President is now attempting to correct. Meanwhile, those in the financial business must operate under rules that no longer have the merit they did when propounded 10 to 40 years ago.

Restrictions on portfolios of financial institutions are almost endless. Some restrictions are obviously essential. No one advocates unlimited risks for our banks, savings associations, insurance companies, pension funds, or other organizations which manage your money and mine. Yet, there are restrictions which resemble a box within a box.

Real estate loans are a good example. National banks have certain limits on the downpayments and maturities they can offer, but that lies within an overall restriction of 60 percent of time savings deposits. Savings and loan associations have an even greater variety of restrictions. They are limited, at least among the Federal associations, from doing very much lending on anything except four-family units. There are a host of special lending categories of 5 percent of assets for certain types of properties and special loan-to-value ratios. One needs a scorecard to figure out the identity of the loan and the restriction applying to it. On top of all this, savings and loan associations can make only passbook loans aside from mortgage loans or repair and modernization loans—another restriction.

Furthermore, we may face periods, from time to time, when the demand for mortgage money declines. What should the associations do then? They could pursue increasingly unsound mortgages to keep the funds entrusted to them at work. We don't want this, and I am certain you don't have to be told why. We could let savings accumulations shrink in size; let the savings go elsewhere. This doesn't seem unreasonable. If the associations cannot adjust to fit a changing environment, they ought to shrink. But when the road to adjustment is blocked with an age-old legal tangle which stops the process, we should reconsider our position.

Forcing a decline in the size of the associations can be costly to our society. After all, the Nation, not just the individual association or its savers, has invested substantial sums in buildings, equipment, and in training people. If the associations shrink in size, someone else is going to have to duplicate this investment. Even more important, many people will have to shift from one job to another. Then when the day returns requiring the facilities and skills of the association, they will not be on hand to the same extent they are today. This could lead to much costlier home financing when we need the lowest reasonable cost possible. Again, I should like to repeat, if this was the result of natural forces or a lack of imagination and willingness to adjust, the process would be justified. That is how a free society works. When the adjustment is forced by artificial means, however, we ought to take another look.

This is one of the tasks which may be accomplished by the committees now at work. Perhaps we can look forward to the day when the associations will have a broader range of authority for lending on real estate than they now have. Consideration might also be given to permitting them to finance the full range of consumer needs. In this way the saver can look to one organization for an outlet for his savings and a source of credit.

In some quarters, this approach is likely to meet with concern. Arguments will be made that broader lending authority means less safety. This could be entirely the other way around. We who serve on the Board have a grave responsibility to the people of this Nation. We do not want, nor would lend our support to, practices which could weaken the fabric of these or any other financial institutions.

Confusion exists between what constitutes broader lending authority and inappropriate practices. Broader lending authority need not increase risk. In fact, to the extent that it permits financial institutions to operate in several capital markets rather than one, it keeps them more keenly aware of credit and economic conditions. Furthermore, it avoids last-ditch stands by institutions confined largely to one market. The indications are that no organization likes to lose business. Therefore, a one-line organization, when demand in that line falls, is likely to push to the outer reaches of the market, inviting trouble as it does so. A multiline institution can move to havens of safety.

We do not suggest that the associations be permitted to abandon home financing. That is clearly undesirable. We do not suggest that they be free from limitations and controls which guarantee quality and integrity. That is why we maintain a lower loan-to-value ratio for commercial buildings. We suggest, however, that consideration be given to consistency, appropriateness, and consequences of present authority.

In closing, I should like to point out that the building we dedicated is a symbol, needless to say one among many, of what the strivings of people can do for a community and a nation. Let us hope that the urge toward improvement will continue, that management will lean toward the appropriate avenues of change, and that as a nation we will recognize the need for even greater flexibility than that which we have already given our financial institutions, no matter what their name.

I want to thank you again for the opportunity of being here and hope that this auspicious occasion will serve as an incentive and an inspiration for all of you to do an even more effective job of serving your community, your State, and your Nation.

## A STROKE OF THE PEN

Mr. HALPERN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HALPERN. Mr. Speaker, a most significant step forward in the effort for full civil rights was gained Monday when this House overwhelmingly voted the Senate-approved constitutional amendment to outlaw the poll tax in Federal elections. This action strikes directly at an antiquated, undemocratic barrier. Commendable as it is, it still covers only a small aspect in the overall scope of the civil rights question. There is still a long road ahead to win the battle for equal rights for all Americans as guaranteed in our Constitution.

We recognize the vital role of Congress in this effort and the unfortunate time-old barriers that must be overcome. But there is also important administrative responsibility in this field—one that calls for bold leadership. An example where this could be done is in the field of discrimination in housing. This is an area where progress can and should be made immediately. Moreover, such action does not require the approval of the Congress. President Kennedy assured the American public during the 1960 presidential campaign that discrimination in all federally supported housing could be ended by a stroke of the Chief Executive's pen. He made quite a point of this.

He now has that pen. Why has not such a stroke been made? Why has the President failed to issue a simple Executive order prohibiting racial and religious discrimination in federally assisted housing?

Since the Federal Government is the key factor in the housing market such a Presidential order would greatly advance the civil rights cause and give much-needed impetus to further action.

Mr. Speaker, in view of the magnitude of social ills which stem from inequalities of opportunity in residential housing, the current delay by the administration is incomprehensible. I call upon the President to fulfill his campaign pledge. The time to act is now.

## PERSONAL ANNOUNCEMENT

Mr. CHAMBERLAIN. Mr. Speaker, because it was necessary for me to be absent on official business for the following rollcalls, in order that the Record may show my position on these issues, I request permission to note that had I been present I would have voted as follows: Rollcall No. 127, "aye,"; rollcall

No. 141, "aye"; rollcall No. 144, "aye"; rollcall No. 145, "aye"; and rollcall No. 146, "aye."

## PROHIBITING TRANSPORTATION OF GAMBLING DEVICES IN INTERSTATE AND FOREIGN COMMERCE

Mr. SISK. Mr. Speaker, I ask unanimous consent that the gentleman from Arkansas [Mr. Harris] may have until midnight tonight to file a conference report on the bill (S. 1658) to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## THE EMERGENCY FINANCIAL ASSISTANCE TO THE UNITED NATIONS

Mr. SISK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SISK. Mr. Speaker, I make this request in order to read a telegram from London, England, dated August 25, 1962, addressed to the Speaker of the House, the Honorable John W. McCormack.

> I would like it made known that I agree wholeheartedly that it is necessary to enact the pending legislation to provide emergency financial assistance to the United Nations. This is a measure helping to hold open the door of hope for all mankind in its yearning for a world of peace and justice among Nations. Our country has played a leading role in the development of this great forum and we must not fail it now. I urge that all thoughts of partisan or personal advantage, and our understandable disappointments that this institution like all human enterprises has not met our every expectation, be set aside and that our Members of Congress regardless of section or party responsibility unhesitatingly stand up and be counted in support of this legislation. I am sending this same message to Charlie Halleck.
>
> Dwight D. Eisenhower.

## SIGNING OF ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. SISK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## LABOR DAY, 1962

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Derwinski] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, on Monday, September 3, we commemorate Labor Day, when all Americans regardless of class, occupation, or status, pause to honor our Nation's working men and women whose skills have produced for us a greater abundance and freedom than any nation the world has ever known. Naturally, the Nation and its people take official note of labor's great contribution to the building of America, yet in all practicality, we must reemphasize that, in effect, every day is Labor Day.

Too many Americans enjoy the long Labor Day weekend, without being mindful of its great significance; too many Americans take Labor Day for granted, without thinking about its significant meaning.

In this present period of international tensions, more than ever Labor Day is significant of the greatness of the American way of life in contrast to the tyranny of communism. In our country, labor is respected, has its legitimate union movement, is rewarded for its productivity, and individuals are encouraged to improve their skills and development. In direct contrast, labor in Communist countries is stifled, the union is a tool of the party, the workers are frustrated, regimented, and enslaved.

In closing, Mr. Speaker, I reemphasize the tremendous international significance of Labor Day, and want to join my colleagues in paying appropriate tribute to the working men and women of America, the creators of so much of our Nation's strength, freedom, and leadership.

## SHIPPING STRATEGIC MATERIALS TO CUBA

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Harsha] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HARSHA. Mr. Speaker, it has been reported through various sources that some of our great friends, such as Great Britain, Norway, Greece, and Italy, are shipping Russian oil, industrial equipment, flour, paper, and fertilizer to Cuba.

If this is true, then I think it is high time our State Department reexamined its policy of giving aid and assistance to such countries.

What kind of an ally is it that will take aid and help from us and then turn right around and deliver strategic materials to Castro, our enemy? I would like an explanation from the State Department as to why we should continue to support such friends if this is the case.

If these allies persist in this venture I see absolutely no reason why we should continue to aid them. If we do, we are indirectly aiding Castro and I am certain the American taxpayer is not interested in that.

Before the State Department doles out any more relief to these nations they should be made to stop this practice forthwith. Likewise, they should assure the United States they are not doing this or will not.

I trust the State Department will check into this matter immediately and display a little intestinal fortitude for a change.

## MESSAGE OF THE PRESIDENT OF THE REPUBLIC OF POLAND TO THE POLISH NATION

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Derwinski] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, tomorrow, the first of September, is the 23d anniversary of the Nazi invasion of Poland.

I have repeatedly called the attention of the House to the fact that one of the great tragedies of all history is that the Poles and other peoples of Eastern Europe, who fought the Nazi invasion of their countries did not regain their freedom after the war, but found themselves under a different form of slavery—communism. Certainly, history shows these results to be caused by the tragic, blind policies of our wartime President and his State Department.

The Polish people maintain their tremendous spirit of resistance against their Communist oppressors, and are especially mindful of the continued leadership being provided by the Polish Government in exile. I wish to place in the Record the message of the President of the Republic of Poland to the Polish nation on the occasion of the anniversary of the invasion of Poland, which triggered World War II:

### Message of H. E. August Zaleski, President of the Republic of Poland to the Polish Nation

> When on September 1, we recall the anxious moments experienced by the Polish Nation in the year 1939, we will, without doubt, not only recall the German aggression against our homeland, but also the events which led to this tragedy for the entire world.
>
> These events were but a long chain of appeasement in face of German aggressiveness. Without opposition, Germany went from success to success.
>
> The victors of the First Great War watched helplessly the progress of the illegal German rearmament followed by the annexation of Austria and Czechoslovakia.
>
> Only when Russia signed the treaty of alliance with Germany aimed at a new partition of Poland, the West realized what further appeasement might lead to. But it was already too late to prevent a new Teutonic advance without unleashing the most devastating war humanity has lived through so far.
>
> At first, this war was fought by the Polish Nation alone, with unprecedented bravery and sacrifice, against the unified might of Germany and Russia.
>
> Left without any assistance from their allies, the Polish Government was forced to leave Poland, entrusting the struggle on Polish territory to the resistance movement, which simultaneously with the Polish forces reformed abroad continued the war against our enemies.

This armed struggle lasted until the German attack changed Soviet Russia into an ally of our allies.

In consequence our country became submerged by the Russian armies which transformed our independent state into a satellite of Moscow. The armed resistance came to an end. But the struggle for the creed of our fathers, for the maintenance of our culture, for the regaining of freedom goes on.

This silent, stubborn and dedicated struggle continues and, with the help of God, will continue until our victory, in the same way as it went on during our previous captivity which lasted over a century.

### H.R. 13042

**Mr. SISK.** Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. MULTER.** Mr. Speaker, I have today introduced a bill—H.R. 13042—to amend title 18, United States Code, to make it unlawful to furnish transportation to certain unemployed persons and members of their families in order to cause such persons to move to another State.

We have recently been treated to the spectacle of a trafficking in human beings which ill fits the image of America as a land of equal opportunity and respect for the individual. I refer to the sending of unemployed Negro families to distant cities by certain groups of people who, by this action, have shown their contempt and disregard for individual human dignity.

I have given considerable thought to this problem and I have decided that the way to end this mockery is the passage of legislation which would make it unlawful to furnish transportation of the kind offered by some of our fellow citizens without certain safeguards. These safeguards are: a binding written contract for employment at the place of destination to commence on arrival and to continue for 6 months, or the sum of $1,800 and funds sufficient for return to the original place of residence. Anyone violating these stipulations would be subject to a fine of not more than $5,000 or imprisonment for not more than 2 years, or both.

My bill specifies, of course, that these terms do not apply to members of a person's immediate family or other dependents.

I would like to add, Mr. Speaker, that this bill can in no way be construed as an effort to stop the voluntary movement of our citizens from State to State or from city to city in the search for economic opportunity. This is the right of every American regardless of his race, color, or creed. Each year many thousands of Americans move to the industrial cities of the country and no one is suggesting that they stop. What I am suggesting is that this blatant attempt to use the poor and economically underprivileged as instruments of racist propaganda and agitation, be halted. We cannot but embarrass ourselves on the international scene if we stand idly by while our fellow Americans are used as pawns in a game which is beneath the dignity of our heritage.

### LABOR DAY, 1962

**Mr. SISK.** Mr. Speaker, I ask unanimous consent that the gentleman from Delaware [Mr. McDOWELL] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. McDOWELL.** Mr. Speaker, Labor Day is the one day of the year on which we pay tribute to the cause of labor—to America's millions of working men and women who toil in the factories and on the farms, in the mines and in the mills, in the offices and in the shops, and in the stores across the land.

It is not alone for their role in our economic life that this tribute is well deserved, for what America is and what it has achieved is due in no small measure to the efforts of its wage earners and their organizations. Not only our standard of living, but our dedication to freedom and justice, and to equality, and our leadership in the free world—none of these would be, without their irrevocable commitment to freedom the world over.

The occasion of Labor Day, however, should not be a day on which we only pay tribute to past accomplishments. Just as important, if not more so, is that it should be the occasion to rededicate ourselves to labor's cause—to the simple aspiration of a better life for those who are less fortunate.

Indeed, it would be a far more joyous occasion if, on this Labor Day in 1962, we could truly say that we have adequately provided for the aged, that we have met our obligation to those of school age, or that we have truly bent every effort to provide jobs for the millions of jobless. It is to these tasks—the unfinished business of America—that we should rededicate ourselves on this day, for in the final analysis the greatness of our country, and its strength, will be measured by the well-being—not of those who have too much—but of those who have not enough.

I salute Delaware's working men and women this day and join with them and their unions in their struggle to eliminate deprivation and poverty, and to make secure everywhere freedom, justice and equality.

### THE QUALITY STABILIZATION BILL

**Mr. SISK.** Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. BREEDING] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. BREEDING.** Mr. Speaker, I have today introduced a bill known as the quality stabilization bill similar to or identical with quality stabilization bills introduced by a number of my colleagues.

The principles and philosophy which underlie my sponsorship of the quality stabilization bill commend, it seems to me, its passage by the House of Representatives and its subsequent enactment into law.

In the first place, the quality stabilization measure revolves around a piece of property—industrial property, in this case. The industrial property is a brand name, or trademark—and it is property in the same sense as a patent or a copyright is industrial property. As with all property, the owner has the right to protect it from damage, impairment, or misappropriation.

The bill would give brand owners the right to protect their respective brands against damage from certain acts, such as: First, a reseller using goods identified by brand names in the furtherance of bait merchandising practices; second, a reseller selling the goods, with knowledge of the brand owner's currently established resale prices, at prices other than those currently established by the brand owner; and, third, a reseller, with intent to deceive consumers, publishing misrepresentation concerning the branded goods.

The bill recognizes that these trade practices can hurt brand names and trademarks. Furthermore, it recognizes that the brand remains the owner's—the manufacturer's property—even after title to the tangible goods it identifies has passed to wholesaler or retailer. Accordingly, the brand owner should have the right to protect his property.

The second principle involved in the quality stabilization bill is equality of opportunity. The brand owner who also owns the means for distributing his brand lawfully determines what uniform price should be charged for that brand. Such a brand owner can be a chainstore; in this case, every outlet of the chain will charge the same price for the same branded article at the same time. Or it can be a manufacturer who sells house to house; in this case, every canvasser must charge the same uniform price that the manufacturer establishes. The quality stabilization bill makes it the private privilege of certain brand owners to establish standard uniform prices for their respective brands; and it makes the right more public. In short, it confers this right on all brand owners, whether or not they own or control the means for distributing their respective brands.

Still another principle lies in the axiom that to have competition there must be competitors. The quality stabilization bill will give 1 to 2 million small independent retailers the opportunity to compete more effectively against giant retail aggregations and, therefore, to live as competitors. The continued bankruptcies of independent retailers in large measure results from their lack of dollars which would enable them to compete on more nearly equal terms with the giants—no matter what their trade practices.

An additional principle is the recognition that consumers are protected best when monoply is driven out. The more the marketplace is shared by millions of retailers, the less it is dominated by a handful of giants, the more surely will the consumer be protected against price gouging—the inevitable result of a situation in which powerful corporations, each with adequate resources to fight off the price-cutting tactics of competitors, arrive—without agreement or conspiracy—at a no-price-cutting modus vivendi. In other words, when the only business there is is already in the hands of the giants, when no important sales volume is left in the hands of smaller competitors, there is no longer any point in price cutting.

There is still another principle which can be stated in this way: The brand owner who sets his own retail price for his branded goods—without agreement, conspiracy or collusion with competing brand owners—does so at his own risk. If he sets the price too high the public will not buy; but if it nevertheless buys, the profits reaped in by the brand owner will be so inviting that competitors will spring up to share in those profits. This principle was stated almost half a century ago by a distinguished antimonopolist who became Mr. Justice Brandeis of the U.S. Supreme Court. It was good free enterprise doctrine half a century ago. It is today.

The principles and philosophy here referred to form the basis of the quality stabilization bill which I, among others, have introduced.

Principles and philosophy may be said to form two points of an ideal legislative triangle. The third point, and the apex point, is people. It is people with which the quality stabilization bill deals. In the first place, perhaps 10 million persons, representing the small businessmen, their families, their employees and their families, who will have a better chance to survive, even to prosper, if the quality stabilization bill becomes law. In the second place, the people who live in the neighborhoods and smaller communities of America, to which the small independent resident businessmen contribute much in dollars and communal activity—as contrasted with the absentee owners. Finally, it is all of us—consumers and wage earners, manufacturers and retailers, and just good American citizens—all of us who benefit when there is opportunity for the small—whether they be farmers, employees, businessmen, or what have you—to succeed in an age when skeptics believe we have only room in our minds and money in our pockets for bigness.

## STATEMENT BY SECRETARY OF AGRICULTURE

**Mr. SISK.** Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. BREEDING] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. BREEDING.** Mr. Speaker, since yesterday, August 30, was the wheat referendum approving marketing quotas for the 1963 wheat crop, I insert in the RECORD, for all Members to see, the statement as pertains to the percentages showing that 68.4 percent of the farmers did vote for wheat-marketing quotas for 1963. The following report is the statement by the Secretary of Agriculture:

### PRELIMINARY VOTE SHOWS PRODUCERS APPROVE MARKETING QUOTAS FOR 1963 WHEAT CROP

Preliminary returns from a referendum Thursday, August 30, in the 39-State commercial wheat-producing area show that 68.4 percent of farmers voting favored marketing quotas on 1963-crop wheat, the U.S. Department of Agriculture announced today.

Preliminary returns show a total vote of 235,696. Of these, 161,242 (68.4 percent) favored marketing quotas on 1963-crop wheat and 74,454 (31.6 percent) were opposed.

Last year, 79.4 percent of farmers voting favored marketing quotas for the 1962 wheat crop. The total vote was 278,515, with 221,250 favoring marketing quotas and 57,265 opposed.

Challenged ballots reported in the preliminary count yesterday but not included in the preliminary totals amounted to 9,687. In past wheat referendums, the final percentages for and against with the challenged ballots counted showed little difference from preliminary percentages, and the outcome was not affected.

Because wheat-marketing quotas when proclaimed are effective on approval by two-thirds or more of farmers voting in a refendum, marketing quotas will be in effect for the 1963 crop.

Producers in the 39-State commercial area who stay within their acreage allotments will be eligible for price support on 1963-crop wheat at not less than a national average price of $1.82 per bushel.

The preliminary tabulation, as received by USDA from States by telephone, follows:

| State | Vote for | Vote against | Total vote | Percentage for |
|---|---|---|---|---|
| Alabama | 167 | 55 | 222 | 75.2 |
| Arizona | 60 | 51 | 111 | 54.1 |
| Arkansas | 246 | 11 | 257 | 95.7 |
| California | 327 | 245 | 572 | 57.2 |
| Colorado | 4,364 | 2,624 | 6,988 | 62.4 |
| Delaware | 119 | 22 | 141 | 84.4 |
| Georgia | 902 | 28 | 930 | 97.0 |
| Idaho | 3,069 | 1,854 | 4,923 | 62.3 |
| Illinois | 5,189 | 3,432 | 8,621 | 60.2 |
| Indiana | 3,490 | 2,127 | 5,617 | 62.1 |
| Iowa | 499 | 67 | 566 | 88.2 |
| Kansas | 25,005 | 13,465 | 38,470 | 65.0 |
| Kentucky | 950 | 19 | 969 | 98.0 |
| Maryland | 386 | 149 | 535 | 72.1 |
| Michigan | 3,008 | 2,579 | 5,587 | 53.8 |
| Minnesota | 5,766 | 1,037 | 6,803 | 84.8 |
| Mississippi | 362 | 14 | 376 | 96.3 |
| Missouri | 5,579 | 1,200 | 6,779 | 82.3 |
| Montana | 9,959 | 6,395 | 16,354 | 60.9 |
| Nebraska | 10,375 | 3,648 | 14,023 | 74.0 |
| New Jersey | 115 | 15 | 130 | 88.5 |
| New Mexico | 460 | 199 | 659 | 69.8 |
| New York | 835 | 550 | 1,385 | 60.4 |
| North Carolina | 1,955 | 59 | 2,014 | 97.1 |
| North Dakota | 35,951 | 15,690 | 51,641 | 69.6 |
| Ohio | 3,079 | 2,617 | 5,696 | 54.1 |
| Oklahoma | 9,465 | 5,927 | 15,392 | 61.5 |
| Oregon | 1,340 | 356 | 1,696 | 79.0 |
| Pennsylvania | 409 | 605 | 1,014 | 40.3 |
| South Carolina | 1,274 | 35 | 1,309 | 97.3 |
| South Dakota | 11,419 | 2,199 | 13,618 | 83.9 |
| Tennessee | 953 | 59 | 1,012 | 94.2 |
| Texas | 8,592 | 3,561 | 12,153 | 70.7 |
| Utah | 468 | 253 | 721 | 64.9 |
| Virginia | 894 | 203 | 1,097 | 81.5 |
| Washington | 3,408 | 2,640 | 6,048 | 56.3 |
| West Virginia | 41 | 31 | 72 | 56.9 |
| Wisconsin | 179 | 27 | 206 | 86.9 |
| Wyoming | 583 | 406 | 989 | 58.9 |
| U.S. total | 161,242 | 74,454 | 235,696 | 68.4 |

### STATEMENT BY SECRETARY FREEMAN REGARDING THURSDAY'S WHEAT REFERENDUM

The result of the wheat referendum is a significant victory for the wheat farmer and a strong expression of the need for farm programs. The favorable vote was less than it has been, but under the circumstances in which the referendum was held this year, it is a significant expression of support for farm programs.

The fact that the margin of approval was down clearly indicates the basic frustration and confusion among farmers brought on by the wrangling and delay over farm legislation. The referendum shows that wheat farmers obviously want a program which provides realistic opportunities for better income and for sound progress in bringing wheat supplies into balance.

In the absence of new programs, the choices which could be offered under the permanent legislation now on the books provides neither objective—and the vote speaks plainly that farmers consider it a choice between two poor alternatives.

I would interpret this referendum as a specific demand for better action on farm legislation than we have seen to date.

For the long term interests of wheat farmers, I am glad the referendum was approved. A concerted drive was made to defeat it, and the fact that this effort failed during a time when it was possible to take advantage of the frustrations and confusions of wheat farmers is a strong indication of their desire for realistic farm programs.

## MARKING THE 23D ANNIVERSARY OF THE BEGINNING OF WORLD WAR II

**The SPEAKER.** Under previous order of the House, the gentleman from Illinois [Mr. PUCINSKI] is recognized for 60 minutes.

**Mr. PUCINSKI.** Mr. Speaker, tomorrow, September 1, the world will observe the 23d anniversary of the invasion of Poland and the beginning of World War II. I think that we, in America, on this date should reflect back upon the cause of World War II and, in particular, study the events that led up to World War II, giving special attention to what part the Communists in the Kremlin played in launching hostilities. The gallant defense of Poland by the Polish people and the great horrors of World War II could have been avoided were it not for the deception and chicanery of the leaders in the Kremlin. Mr. Khrushchev cannot absolve himself of any personal responsibility by purging the history of Stalin because Khrushchev was one of Stalin's top lieutenants during the tragic days preceding World War II. All efforts to negotiate a peace and to avoid World War II as late as August 31, 1939, the eve of the Nazi invasion of Poland on September 1, 1939, failed because in his pocket the crazed Hitler had the secret Ribbentrop-Molotov agreement signed by the Nazis and the Communists on August 24, 1939, 7 days before the barbaric Nazi attack on Poland.

In reviewing the causes and effects of World War II, we should review also the long list of deceptions by the Communists during that great conflict and then we should put their deception in proper perspective today; because the very same things that the Communists did on the eve of World War II, there is reason to believe, are being repeated today. It is for this reason that we should study particularly the situation in West Berlin—yes, and study the situation in Berlin in its entirety. I would urge very strongly that the Western Allies move into the eastern sector of Berlin to fill the vacuum left by the Soviet Union when it moved its troops out of the area.

The Allies have not only the right, but the responsibility to move into the eastern sector of Berlin, at least until such time as the Soviet Union decides to again resume its obligations for the administration of that area. We should not permit the administration of East Berlin to be left to the illegal Communist government of East Germany at any cost.

We should make it clear that our action is based in keeping with wartime agreements for four-partite administration of Berlin and that allied troops will be withdrawn from the east sector of Berlin when the Soviet Union decides to begin keeping at least one of its many broken wartime agreements.

The Soviet Union put up the Berlin wall in complete violation of its agreement on Berlin. For reasons known best to the Allied Powers, the wall was not knocked down 1 year ago, as it was being built. It is my contention the Western Allies should not permit the Soviets to compound this breach of wartime agreements on Berlin and permit Khrushchev to abandon his responsibility now by removing his administrative forces from Berlin.

It is patently clear that if the Western Allies fail to take positive action at this time, Khrushchev will ultimately interpret this failure to take action as a green light for signing a separate agreement with East Germany, now dominated by the Communists, which would mean our ultimate ouster from Berlin.

Recently, in response to a questionnaire which I submitted to my constituents, I asked: "Should the United States yield to Soviet Russia's demand that we abandon our position in West Berlin?" My constituents almost unanimously answered, "No."

I believe this indicates a strong feeling throughout America that the time has come for the Western Allies to either fish or cut bait in Berlin.

Mr. Khrushchev has not hesitated to move so-called Communist technicians into Cuba. He has agitated the situation in Laos; Communist troops are continuing aggression in Vietnam. I am convinced that firm action by the Western Allies in Berlin at this time, by taking over the administration of the eastern sector in the face of the Soviet Union's decision to abandon its responsibility in this area, would serve notice to the world that a new generation has indeed taken over the responsibility of dealing with the Soviets.

If Western democracies really want to preserve peace in Berlin and Europe, they will move into the eastern sector of Berlin forthwith. Otherwise, they may find that the West Berliners may take this action on their own.

I have the greatest depth of sympathy for the people of West Berlin. They are compelled to live in the shadow of the ugly Communist wall every day. It should come as no surprise that their patience has reached its limits. The barbaric assassination, by the Communists, of East Germans trying to escape to freedom has quite understandably stretched West German patience to a breaking point.

I submit, Mr. Speaker, the Western Powers have a duty to move into East Berlin now or face the consequences of a revolt throughout Berlin. And this, undoubtedly, is exactly what Khrushchev wants. It would give him a completely fraudulent excuse to argue that the Communists must restore peace in Berlin. These are exactly the same tactics the Communists used in Hungary.

If we really want to preserve peace in Berlin, the Western Powers must move now.

This year the Congress of the United States appropriated almost $7 billion more than last year to firm up our Defense Establishment. We have a retaliatory power today so awesome that it is patently clear Khrushchev would not dare tangle with us in any major armed conflict and no one knows this better than Khrushchev.

If this Nation in 1939 had just a fraction of the Defense Establishment we have today, World War II could have been avoided and the monstrous tragedy imposed on millions of people, and the blood of tens of thousands of American soldiers would have been spared.

God grant the Western Allies today have the sense and the courage to use the equipment at hand to stop this insidious Communist aggression.

On Pennsylvania Avenue, in front of the National Archives Building, are two monuments. On one is inscribed, "What is Past is Prologue"; on the other, "Study the Past."

We, as free people, must study the past of Communist deceit, particularly on the 23d anniversary of World War II, in order to deal most effectively with it today. Let there be no illusions that we can work out some honorable agreement with the Communists on Berlin, just as the free world could not work out any agreeable solution with Hitler on August 31, 1939, 23 years ago today, to avoid World War II because, unknown to the free world at the time, Hitler had in his pocket the secret Molotov-Ribbentrop pact.

The same deception which the Communists used in 1939 is being manifested throughout the world today.

While September 1 marks the beginning of actual hostilities in World War II, the 23d anniversary has three significant dates.

World War II actually began when the Communists agreed in secret to the infamous Molotov-Ribbentrop pact on August 24, 1939, which triggered Hitler's decision to launch World War II. They further compounded the beginning of World War II by illegally seizing the eastern half of Poland when they moved their Soviet troops into that nation on September 17, 1939, while Poland was gallantly resisting—almost with bare hands, if you please—the brutal onslaught of the Nazi Wehrmacht.

I hope there is not a single American—not a single freeman in this world today—who does not recognize that the Soviets must bear as great a share of the responsibility for the start of World War II as the Nazis.

And yet, there are still those in the free world who naively believe that some sort of a workable agreement can be arrived at with the Communists. Mr. Speaker, I suggest these misguided individuals are making a mockery of history.

Let those who believe you can do business with the Communists study the history of the heroic Warsaw uprising against the Nazis staged by the Poles on August 1, 1944. Thousands of heroic Poles were destroyed in this uprising against Nazi tyranny. The Soviet Union, with its forces just across the river from Warsaw, stubbornly refused to give any assistance to these gallant Poles, fighting virtually with their bare hands against overwhelming odds. Despite the pleas of the United States for the Soviet Union to help these people in their greatest moment of tragedy, the Communist sat by and passively watched those thousands upon thousands of Polish people being destroyed, because the Communists were already then setting the groundwork for today's illegal occupation of Poland by the Communists.

Let those who want to believe Communist promises look at the Katyn massacre, when in 1940 the Soviet Union captured 15,000 of Poland's most gallant soldiers, men of high rank, engineers, doctors, lawyers, ministers, priests, businessmen, all of the intellectual leaders of prewar Poland who were reservists, who responded to the call of Poland in her great moment of tragedy in defense of the nation. These were reserve officers who were captured by the Soviets when they were retreating from the Nazi Werhmacht. Then they were forcefully taken to Katyn by the Communists and in Katyn they were brutally murdered and dumped into mass graves. When General Anders asked Mr. Stalin in 1943, "Where are my soldiers, Mr. Stalin?" in a monstrous lie the Soviet leader told General Anders that he did not know. When President Roosevelt consistently insisted on knowing what had happened to these gallant Polish officers, again the deceitful Communists denied that they knew what happened to these men.

They knew all along that these Polish reservists were destroyed in the Katyn forest near Smolensk, Russia, by Communist NKVD officers in the early spring of 1940.

But neither Stalin nor the rest of his aids, including Khrushchev, could admit this crime to the world because they were trying to mobilize a new Polish Army to help resist the Nazi invasion of Russia. These Polish reservists were the intellectual heart of Poland. Their destruction by the Communists was designed to eliminate all elements of opposition to Communist rule in Poland after the war. The whole course of history could have been changed if the world had known about this mass Communist atrocity against our gallant allies, the Poles, in 1940.

Let those who think you can deal with the Communists look upon the Jewish ghetto uprising in Warsaw on April 30, 1943, when 300,000 Polish Jews were massacred by the Nazis. Where was the help of the Soviets at that time? Six million Jewish people were brutally murdered by the Nazis during World War II, while the Communists sat idly by watching the most horrible massacre in the history of civilization. One out of every six Poles was killed in World War II only because of Communist chicanery and trickery. I think the world should remember this, and in particular those formulators of foreign policy who think somehow, someway, the world can work out an arrangement with the Communists.

So, Mr. Speaker, as we mark the 23d anniversary of this great and heroic defense of Poland by the Polish people and the onslaught of World War II, it is not enough for us to lament the tragedy of 1939, but to have the courage to take a lesson from these instances, to appraise fully the Communist deception and deal with them only as traitors of their ilk should be dealt with.

The 23d anniversary of World War II should indeed have a significant meaning for the world, and in particular our own country. We should recognize the horrible menace we are dealing with today in trying to stop godless communism, and have the courage of our convictions.

**Mr. McCORMACK.** Mr. Speaker, will the gentleman yield?

**Mr. PUCINSKI.** I yield to our distinguished Speaker.

**Mr. McCORMACK.** Mr. Speaker, I congratulate the distinguished gentleman from Illinois on the stirring and eloquent remarks he has just made. It is well that we pause and pay tribute to the brave people of Poland. It is well that we pause and realize the great history of Poland and the people of that great country. It is well that we pause and project our minds into the future and realize that from 95 to 98 percent of the people of Poland not only hate but despise communism and are praying and hoping for their early deliverance from the oppression of the Communist dictator and the early restoration of their liberty and their independence.

It is time for us to pause and realize that behind the Iron Curtain in Poland and other countries there are at least 100 million persons who despise and hate communism and the Communists. They represent one of the greatest reserve strengths which the free world has today. Mr. Khrushchev and his Communist associates must always take into account the fact that they have this at least 100 million persons behind the Iron Curtain who despise and hate communism and in the event of any general attack those people would rise and engage in acts of sabotage and guerrilla warfare. They are one of the greatest reserves that we have, a reserve which is very little appreciated.

Mr. Speaker, we have our powerful national defense, and we have to have it. But the Soviet Union has weaknesses.

We often read about the strength in the Soviet Union and the weaknesses of the United States and the free world. We read very little about the strength that the United States and the free world has, and the weaknesses within the Soviet orbit. One of the great weaknesses they have is that at least 100 million human beings, men and women, want to be free under their own law. They have got to give that profound and deep consideration in connection with any policy in which the Soviet Union might consider or engage in relation to affirmative action.

Mr. Speaker, we of America have got to realize that if the Soviet Union moves, they are going to attack the United States. They are not going to try to win a battle or two and lose the war. They are going all out to win the war. They are going to destroy the United States and our capacity and our ability, not only our military strength, our installations, and so forth, but our productive strength, and also try to destroy the will of America. That is where our powerful national defense comes in, because the only thing the Communists respect is what they fear, and that is military strength and power on the part of the United States and the free world, greater than they possess themselves.

Mr. Speaker, back of this great moral reserve is the deep faith on the part of these people. Also added to that is what I have already alluded to, the more than 100 million persons in Poland and other satellite countries behind the Iron Curtain who are praying and hoping for their early deliverance and the restoration of their independence and their liberty. There is a great reserve we have, and under no conditions can we ever let them down, can our country ever do anything that would disillusion them or to cause them by way of mass reaction to fall within the Communist orbit.

Mr. Speaker, therefore, I compliment the gentleman from Illinois [Mr. Pucinski] for having the House of Representatives pause on this occasion. I also compliment the gentleman for the eloquent remarks he has made on this occasion.

**Mr. PUCINSKI.** Mr. Speaker, I thank the gentleman from Massachusetts, the Speaker of the House of Representatives [Mr. McCormack].

Mr. Speaker, I consider it a signal honor to have the Speaker of the House join me in this observance of the 23d anniversary of the invasion of Poland. I know few men in our history who have fought as stubbornly against communism as the Speaker of the House, the gentleman from Massachusetts, the Honorable John McCormack. I know of few men who have made as great a contribution toward the preservation of those democratic institutions in our Republic which we enjoy today than the Speaker of the House of Representatives, the gentleman from Massachusetts, the Honorable John McCormack. I thank the Speaker for his remarks.

Mr. Speaker, I should like to conclude my remarks with one observation: This is the 23d anniversary of the invasion of Poland. Granted that 35 million people in Poland today must suffer the indignities of Communist rule, granted that the Communist ruler of Poland, Mr. Gomulka, is today increasing his assault upon the Catholic Church and the other religious institutions of Poland, but I have hope and confidence and I know that the Polish people during their 1,000 years of history have never submitted to tryanny too long.

Mr. Speaker, these people today have hope in the leadership of the United States and the Western Powers. I know this also: If Mr. Khrushchev is ever foolish enough to disturb the peace of the world, be it to defend his position in East Berlin or be it any other place in the world, we in the United States will find among our most gallant and heroic allies the 35 million people living in Poland today under Communist rule. This Communist rule was illegally imposed upon them by deception and by deceit of the Communists.

I have every reason to believe that Mr. Khrushchev knows that all of the people behind the Iron Curtain today, the 185 million people enslaved by communism in the capitive nations of Europe continue to be our greatest allies even though they cannot give us any overt assistance. If Khrushchev thought for one second that he could count on these people, I know he would have violated the peace a long time ago to further his insidious aims of conquest of the entire world by international communism. But Khrushchev knows better than anyone else that he cannot count on these 185 million people who have been enslaved as a result of World War II by the Communists, and he knows that these people, if he is ever foolish enough to make any overt act, are going to be marching eastward against the Communists and never westward against the Western democracies.

## HOW TO GIVE THE HOUSE OF REPRESENTATIVES A CHANCE TO VOTE ON HOME RULE FOR THE DISTRICT OF COLUMBIA

**The SPEAKER** pro tempore. Under previous order of the House, the gentleman from Wisconsin [Mr. Reuss] is recognized for 20 minutes.

**Mr. REUSS.** Mr. Speaker, I have today introduced House Resolution 789 to amend the rules of this House so that Members will no longer be denied the opportunity to vote up or down the question of home rule for the District of Columbia.

Identical resolutions have been introduced by the gentleman from New York [Mr. Multer], the gentleman from Arizona [Mr. Morris K. Udall], the gentlewoman from Oregon [Mrs. Green], the gentleman from Pennsylvania [Mr. Schweiker], the gentleman from Iowa

[Mr. SCHWENGEL], the gentleman from New Jersey [Mr. WIDNALL], the gentleman from New York [Mr. LINDSAY], the gentleman from Massachusetts [Mr. CONTE], and the gentleman from California [Mr. COHELAN].

The text of the resolution follows:

### HOUSE RESOLUTION 789

Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing home rule in the District of Columbia.

Resolved, That paragraph 8 of rule XXIV of the Rules of the House of Representatives is amended by adding at the end thereof the following new sentence: "On any such second or fourth Monday (after the disposition of motions to discharge committees and the disposal of such business on the Speaker's table as requires reference only) any member of the Committee on the District of Columbia who seeks recognition shall be recognized for the purpose of calling up for consideration a bill providing for home rule in the District of Columbia, whether or not such bill has been reported by the Committee on the District of Columbia or is on the calendar of a Committee of the Whole (and whether or not the day is claimed by the Committee on the District of Columbia under the preceding sentence), whereupon the House shall immediately proceed to the consideration of the bill under its general rules without intervening motion; and if unfinished before adjournment of the day on which it is called up such bill shall remain the unfinished business until it is fully disposed of."

I am one of the Members of this body—and I believe we constitute a majority if we are given the chance to vote on it—who believes that the District of Columbia is entitled to home rule.

Restoration of limited self-government would provide the means for residents of the District to help solve their local problems themselves—problems as diverse as juvenile delinquency, schools, public works improvements, and the crime rate.

### BOTH PARTIES SUPPORT HOME RULE

Limited home rule for the District would also free a busy Congress from the thousands of man-hours now devoted to the study and debate of relatively unimportant District matters. The legislative branch of the Government of the United States is too large a body, too hard pressed, and indeed too well paid, to serve as a municipal board of aldermen.

Presidents Truman, Eisenhower, and Kennedy have all vigorously advocated local self-government for the District of Columbia. Home rule has been pledged by the political platforms of both major political parties in 1948, in 1952, in 1956, and in 1960.

Samplings of home rule sentiment in the District itself have repeatedly shown an overwhelming support for home rule. Most recently, on May 3, 1960, both Republican and Democratic voters supported the principle of home rule by landslide margins.

Five times since 1948 the Senate has passed home rule legislation. The House, on the other hand, has never had an opportunity to vote on home rule. Since 1948, no home rule bill has reached the floor of the House.

Hearings on home rule bills were held by the House District Committee in June and July 1949, but were tabled by the committee on August 19. In October, 1949, then Representative John F. Kennedy, of Massachusetts, filed a petition in the House to discharge the home rule bill passed by the Senate. Only 196 signatures were obtained instead of the 218 required.

### NO ACTION

In January 1952, the Senate again passed a home rule bill. The House District Committee held hearings on home rule in March and April 1952, but tabled the bill on May 9, 1952.

Home rule legislation was referred to the House District Committee in the 83d Congress—1953–55—but no hearings were had.

The Senate on June 29, 1955, again passed a home rule bill, this time by a vote of 59 to 15. It was referred to the House District Committee, where no further action was taken.

On April 30, 1958, the Senate again passed a home rule bill, this time by a vote of 61 to 22. The bill was sent to the House and referred to the District Committee, where no further action was taken.

On July 15, 1959, the Senate again passed a home rule bill. The bill was sent to the House, where it was referred to the District Committee. For the first time in years, the District Committee held hearings on home rule bills, lasting 7 days in July, August, and September 1959. No bill was reported out.

### THE 1960 DISCHARGE PETITION

Discharge petitions for a home rule bill were filed in the House in July 1959. By July 1960, when Congress recessed for the national political conventions, 204 Members—150 Democrats and 54 Republicans—had signed the petition, just short of the 219 signatures required.

In the present 87th Congress, home rule bills have again been introduced.

On April 16, 1962, 14 Members wrote the chairman of the House District Committee requesting that hearings be held on home rule legislation. No hearings have been held. On June 29, 1962, a discharge petition for home rule was filed in the House. With the 87th Congress nearing its close, the number of signatures obtained is still far short of the required 219.

### WHY DISCHARGE PETITIONS FAIL

It is easy to understand why discharge petitions have failed both in the last Congress and in the present one.

In the first place, an absolute majority of 219 signatures requires a measure of support for a bill far greater than the typical majority required to pass it on the floor. Two hundred votes is ordinarily plenty to secure passage of a bill once it reaches the floor.

In the second place, many Members, as a matter of principle, do not sign discharge petitions. This includes a great many Members who favor home rule, and would vote for it if it came before them.

Most important of all, the roster of who signs—and who does not sign—a discharge petition is confidential and anonymous. Members have a right to have their views known publicly, and the public has a right to know how its Representatives stand on an issue. The discharge petition procedure simply does not give this right.

Here is the situation we are in. Simple justice, and the needs of a modern Congress, require that the District of Columbia be given home rule. All our Presidents since World War II have favored it. So have both political parties in their party platforms. The Senate has five times enacted it.

### NO OPPORTUNITY TO VOTE

But the House has never even had an opportunity in the last 14 years to vote on home rule, because the District Committee has failed to report out such a bill, and because the discharge petition procedure is for practical purposes impossible.

Does this mean that the Congress of the United States lacks the machinery to obtain a vote on the vital question of home rule? I think not. If I am around to do it, I intend to see to it that House Resolution 789 gives each Member an opportunity to vote on home rule, and no later than January 1963.

House Resolution 789 would effect a simple amendment to House rule XXIV, paragraph 8. That rule presently designates the second and fourth Monday of every legislative month as District of Columbia day. House Resolution 789 would add a sentence providing that on such a day any Member of the House District Committee can call up for immediate action a home rule bill. The bill would be subject to complete and exhaustive debate, and to full amendment. It would continue to be the business of the House until it was voted on, up or down.

If the Rules Committee should not report out House Resolution 789 for a floor vote in the current 87th Congress, I intend to offer it as an amendment to the rules of the 88th Congress to be adopted at the organization session of the House in January 1963. We will be assured of a record vote on the proposed change in rules on that occasion, either directly or on a motion on the previous question on the adoption of the rules.

Those who favor home rule—hopefully augmented by at least some who favor giving the House a chance to vote on home rule even if they do not favor home rule themselves—will vote in favor of the change in the rules. Those who oppose home rule—hopefully lessened by a few who want to give Members a chance to vote on it—will vote against the change in the rules.

For the first time in home rule history, the House will have a chance to work its will.

### THE RIGHT TO VOTE

The right to vote, the right to be governed by a body of one's own choice, is a very precious thing to all men and to all nations where that right is enjoyed. But it has a special significance to this Nation, for we came into our national existence in defense of that right and the young Republic became the very embodiment of that right. It is not a thing to be withdrawn lightly.

Our national commitment to that right is written in every step of the growth of this country. As our forefathers pushed westward from the seaboard, at every stage Americans were anxious that self-government be established as early as possible and as fully as possible. We came into existence as a union of States possessed of a vast territory to the west. Our first concern was to transform that territory into new and equal States of the Union, to endow those States with self-government. Most recently we have happily seen that principle extended thousands of miles out into the Pacific, and thousands of miles north into the polar regions. This extension has been taken for granted as the normal working out of the American way.

### A DECENT RESPECT

In only one instance has that normal extension of suffrage been reversed. That instance is here, in the District of Columbia, in the capital not only of the United States but of the cause of freedom in the world.

Mr. Speaker, there may be good and compelling reasons why the District of Columbia should not have a measure of self-government, under the Constitution, as it had during the first 70 years of its life as the Federal City. If so, then what Jefferson called a decent respect for the opinion of mankind demands that the reasons be stated. For they have not been. Not only has this House not had the opportunity to vote on whether or not to restore self-government to the District of Columbia, this House has not even been told why such a course would be ill advised.

Mr. Speaker, the committee system of dealing with legislation was adopted very early in the history of this body. It is a system no Member would wish to bypass in the normal course of legislation. There are times, however, and there are issues that demand such action. Home rule is such an issue, and the time is now.

The principle of American suffrage, of American self-government, is more venerable, and more to be cherished and defended, than even the committee system itself. House Resolution 789 will give Members their choice.

## AN ACT TO PREVENT PERNICIOUS POLITICAL ACTIVITIES

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the title to the bill S. 919, passed earlier today, be amended so as to read as follows: "An Act to amend section 9(b) of the Act entitled 'An Act to prevent pernicious political activities' (the Hatch Political Activities Act) to reduce the requirement that the Civil Service Commission impose no penalty less than 30 days' suspension for any violation of section 9 of the Act."

The SPEAKER pro tempore (Mr. LIBONATI). Is there objection to the request of the gentleman from California?

There was no objection.

## POLL TAX AMENDMENT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 5 minutes.

Mr. HALPERN. Mr. Speaker, I requested this time today in order to congratulate this House and its members on the overwhelming passage on Monday of the poll tax constitutional amendment and to make some further observations on our action.

The vote, Mr. Speaker, is a long step forward in the fight for the civil rights guarantees to which all Americans, regardless of race, creed, religion, or color are entitled.

After many years of frustrating effort, Congress now sends to the States for ratification a constitutional amendment which is in the greatest tradition of our Nation—an amendment which will end forever the placing of a price tag on the right to vote in Federal elections.

The poll tax is an unconscionable remnant of a bygone era. The question is not how many States still have a poll tax, or for what ostensible purpose the collected money is used. What is important here is that in areas of the United States such a tax still exists. By our vote on Monday this House joined with our colleagues in the Senate to serve notice on the American people and the world our feelings on this feudalistic practice. It is my fervent hope that the legislatures of our States will follow this example as quickly as their procedures allow.

I particularly wish to commend the able and respected committee chairman, the distinguished gentleman from New York [Mr. CELLER], for his tireless years of leadership in this effort and for his devotion to the cause of dignity for the individual.

The size of the vote given to the amendment by both sides of this Congress is a most significant factor in the overall fight for civil rights. That is why I am so pleased with the outcome and why I feel privileged to have been one of the Members to have sponsored the constitutional amendment approach.

True, if it could succeed, the easier and more direct way to accomplish the goal would have been a statute to abolish the poll tax under the powers granted to Congress by the Constitution. I also offered legislation to this effect—in this, the 87th Congress and in the 86th. But as the chairman so realistically observed, we have walked the statute course no less than five times in the past and each time we failed. We must now be practical, and I, too, like my distinguished colleague, the gentleman from New York [Mr. CELLER], am a pragmatist and I want this tax outlawed and abolished without any further delay.

I am convinced now that the amendment technique will bear fruit more quickly than if we had continued to attempt to seek such a law through congressional legislation. As the committee chairman stated:

> The fear that a constitutional amendment would take too long is illusory.

And—

> If the statutory method were pursued there would ensue a long period of litigation to test the statute's constitutionality.

So, not only is the approach we adopted of great national significance, but in addition, we give to the citizens of each State through their State representatives an opportunity to concur in the action we have taken.

I want to point out, however, that although we have achieved in the fight for civil rights, let us not forget that much more legislation and executive leadership is vitally needed in the field. And let this move serve as the much needed incentive to spur new executive and legislative action to break the barriers that stand in the way of further advances in the battle for full civil rights.

Again, my compliments, Mr. Speaker, to the chairman and to the committee and to my colleagues in this House. Through their support, we have chalked up a significant victory in the continuing effort for equal rights for all.

## REVISION OF COPYRIGHT LAW, LONG OVERDUE, SHOULD AID THE FINE ARTS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Delaware [Mr. McDOWELL] is recognized for 15 minutes.

Mr. McDOWELL. Mr. Speaker, I would like to call attention to one section in particular of the statement by Secretary of Labor Arthur J. Goldberg urging increased support by local and State governments, and the Federal Government, which he made in his justly famous arbitration award in the Metropolitan Opera dispute on December 15, 1961.

Secretary Goldberg said:

> Mr. Robert Dowling has recently brought up to date a proposal introduced in Congress in 1958 by Senator FULBRIGHT which, would make it possible for the Federal Government to collect royalties on music which is now in the public domain, or becomes so in the future.
>
> Senator FULBRIGHT's bill provided that "all music now or hereafter in the public domain shall be the property of the United States as copyright owner, and be used by it for the benefit of the public."
>
> Although this is a new concept in the United States, the arrangement has been followed for years in other countries, notably France. Senator FULBRIGHT proposed that an administrative body be established which would be authorized to administer the licensing of such music, utilizing the proceeds for the support of the arts, much in the manner of a private foundation devoted to this work.
>
> The sums involved in such an arrangement, while not enormous, are nonetheless considerable. Mr. Dowling has estimated that the total potential income from royalties on music in the public domain, calculated on the same percentage basis as copyrighted material would be $6,520,000 annually, distributed as follows: Popular music (records)

$1,100,000; sheet music (classical) $3,420,000; classical music (records) $2 million.

At this period when the entire body of copyright law is under study, it would seem appropriate to give further attention to this attractive proposal for supporting the arts.

Early this year I authored a bill, H.R. 9906, to provide, as suggested by Secretary Goldberg, that all writings, including music, with the exception of religious writings such as the Bible, now or hereafter in the public domain shall be the property of the United States as copyright owner and be used for the benefit of the public in advancing the arts. I also suggested at Senate hearings that Senators Joseph S. Clark, Hubert H. Humphrey, Claiborne Pell, and Jacob K. Javits, amend their art subsidy bills, S. 785 and S. 1250, to delete the sections authorizing the annual appropriation of $5,200,000 in the case of S. 785, and $10 million in the case of S. 1250, and put in the place of these authorizing sections the following language:

(a) All writings, except religious writings, but including music, now or hereafter in the public domain shall be the property of the United States as copyright owner and the United States shall collect royalties on such writings.

(b) There is hereby authorized to be appropriated for the fiscal year beginning July 1 of the year in which this act takes effect, and for each succeeding fiscal year an amount equal to the amount derived by the United States from royalties collected during such fiscal year pursuant to subsection (a) of this section.

I pointed out that hard-pressed U.S. taxpayers would be reluctant to dig down into their pockets to pay for art programs they may never be in a position to attend.

I added that it is not only corn farmers from Iowa and Illinois, cotton farmers from Alabama and Texas, wheat farmers from Indiana and Montana, potato farmers in Maine and Idaho, and poultry and vegetable producers in Delaware who will be found to be reluctant to be taxed for support of fine arts programs which mostly benefit the citizens living in the great metropolitan centers.

Furthermore, as I pointed out, here in the United States the arts are aided in many ways, through our tax laws by deductions for contributions to the arts, a method denied Europeans.

I include here as part of my remarks, my testimony before the Special Senate Subcommittee on the Arts:

### Statement of Representative Harris B. McDowell, Jr., Congressman at Large, Delaware, Before the Special Subcommittee on the Arts, U.S. Senate, New Senate Office Building, August 31, 1962

Senator Pell and members of the Special Subcommittee on the Arts, I would like, as my contribution to these proceedings, to suggest a novel and painless way—yet one tested for many years in European countries, notably France—to pay for the national arts program which would be established by the bill, S. 785, sponsored in this House by Senators Joseph S. Clark, Hubert H. Humphrey, and Claiborne Pell, and S. 1250 introduced by Senator Jacob K. Javits.

Certainly these Senate measures would provide ample means of encouraging the fine arts in our country. S. 785 is based on the Federal-State grant-in-aid programs now helping us build highways, hospitals, and stock our rural libraries. S. 1250 has as its precedent the National Science Foundation Act. An early version of S. 1250 was introduced in the Senate by Senator Herbert H. Lehman, and S. 785 is almost as old.

If amended as I now suggest, there would immediately arise a situation in which both S. 785 and S. 1250 could be enacted into law, if not in the few weeks remaining to this session, then certainly next year, at the latest. We could do something now, because these bills would become politically acceptable through the amendment I have in mind. It will be many years before we are ready for either of these bills unless they are made ready for the political test. I only need remind you that the Federal Advisory Council on the Arts legislation has been before the Congress since 1955, to point out the need to improve S. 785 and S. 1250. If amended, we could pass these bills and we would not have to go on, year after year, talking about how nice it would be to help the fine arts as is done in Europe.

Senator Javits proposes a Federal subsidy of $10 million a year, while Senators Clark, Humphrey, and you, Senator Pell, propose a more modest Federal subsidy of $5,200,000 a year.

I would like to urge this committee to delete the section from S. 785, and the section from S. 1250 authorizing these sums, and put in the place of these authorizing sections the following new section:

"(a) All writings, except religious writings, but including music, now or hereafter in the public domain shall be the property of the United States as copyright owner and the United States shall collect royalties on such writings.

"(b) There is hereby authorized to be appropriated for the fiscal year beginning July 1 of the year in which this act takes effect, and for each succeeding fiscal year an amount equal to the amount derived by the United States from royalties collected during such fiscal year pursuant to subsection (a) of this section."

It will be said by some proponents of S. 785 and S. 1250 that the Federal Government subsidizes airports, highways, housing, the sciences, that it spends billions storing surplus farm production and in giving food away overseas. I have heard it argued that the Federal Government spends millions of dollars each year to keep the whooping crane and the barren ground caribou from becoming extinct. In fact, an 11,000-acre Federal wildlife refuge has just been established in Delaware. But the point is missed that a tax on fishing and hunting equipment pays for much of our country's fish and wildlife programs. The amendment to S. 785 and S. 1250 which I have proposed would, in much the same way, make it possible to finance our new national arts programs authorized by these measures with income from writings which shall be the property of the United States.

I have long been concerned with the problems involved in widening the Nation's cultural horizons and I am well aware, as, I am sure, everyone in this room is, of the traditional difficulty of getting Federal funds for such purposes.

Early this year I authorized a bill, H.R. 9906, to provide that all writings, including music, with the exception of religious writings, such as the Bible, now or hereafter in the public domain shall be the property of the United States as copyright owner and be used for the benefit of the public in advancing the arts. The amendment I have proposed to S. 785 and S. 1250 is based on my own H.R. 9906. This method of paying for a national art program is a new concept in the United States, but this arrangement has been followed for many years in European countries, notably France.

I should like to call your attention to one section of the statement by Secretary of Labor Arthur Goldberg urging support for the arts in the United States which he made in his justly famous arbitration award in the Metropolitan Opera dispute on December 15, 1961:

"Mr. Robert Dowling has recently brought up to date a proposal introduced in Congress in 1958 by Senator Fulbright which would make it possible for the Federal Government to collect royalties on music which is now in the public domain, or becomes so in the future.

"Senator Fulbright's bill provided that 'all music now or hereafter in the public domain shall be the property of the United States as copyright owner, and be used by it for the benefit of the public.'

"Although this is a new concept in the United States, the arrangement has been followed for years in other countries, notably France. Senator Fulbright proposed that an administrative body be established which would be authorized to administer the licensing of such music, utilizing the proceeds for the support of the arts, much in the manner of a private foundation devoted to this work.

"The sums involved in such an arrangement, while not enormous, are nonetheless considerable. Mr. Dowling has estimated that the total potential income from royalties on music in the public domain, calculated on the same percentage basis as copyrighted material would be $6,250,000 annually, distributed as follows: Popular music (records) $1,100,000; sheet music (classical) $3,420,000; classical music (records) $2 million.

"At this period when the entire body of copyright law is under study, it would seem appropriate to give further attention to this attractive proposal for supporting the arts."

On April 1, 1962, the New York Times discussed my H.R. 9906 in an article titled "How To Get Shakespeare To Pay the Bill," which pointed out that my proposal had a parallel in France, where literary works, in what would correspond to the public domain in this country, "earn royalties which go to the pension and welfare fund of the French authors' society."

August Heckscher, President Kennedy's consultant on the arts, recently expressed a strong preference for my bill, H.R. 9906, and the action program it would establish, over other measures before the Congress which did not provide financial aid to the arts. This was at a dinner in the home of Judge Francis Biddle, former Attorney General of the United States, attended by several Senators.

My plan will, I have reason to think, be vigorously supported by all American composers of serious music, most of whom have for many years eked out a livelihood while our symphony orchestras, especially the 30 or 35 great ones, have gone on year after year making money and paying their guest artists large fees (they are paid more for 1 night's performance than most composers of serious music make in 5 years), their conductors large salaries, and concentrating almost exclusively on the classic masterworks in the public domain because they do not have to pay copyright fees for them.

The National Music Council has constantly complained over the years about the way in which American symphony orchestras uniformly and universally refuse to play the works of American composers except in a most limited way. The National Symphony Orchestra in the Nation's Capital has won several citations by playing programs which presented American works 16 percent of the time.

If the amendment to S. 785 and S. 1250 which I propose were adopted, it would have this great merit, that our symphony orchestras would have as much incentive to play the works of living American composers as they would have to play the masterworks of Bach, Beethoven, Brahms, Wagner, and Mozart, speaking financially, that is.

This could lead to the situation where our serious composers might even be able to earn a modest living as composers and, possibly, just possibly, the day might arrive when they would earn as much as truckdrivers, carpenters, and bricklayers.

I have conducted a poll of sorts, the McDowell poll, some people call it, and found that, by and large, the 30 or 35 great orchestras are doing very well, thank you. The New York Philharmonic Symphony Orchestra has been given a great new hall in the Lincoln Center of the Performing Arts by the American people. Leonard Bernstein, its famous conductor, makes much more money than our Cabinet officers do. The orchestra's players are paid up to $15,000 a year, and work 50 weeks a year. The Boston and Philadelphia symphony orchestras are scarcely less favored. The National Symphony, however, has a 26-week season. Its orchestral players eke out their livelihoods by odd jobs during the off season. The city government contributes only $8,000 a year to its support (though it included $64 million in the current budget for highways), and the management of the National Symphony Orchestra doesn't even have a permanent home and has been reported as feeling that it is being excluded from the National Cultural Center. Its plight can only be compared to the plight of those composers of serious American symphony music who receive $1,000 a year for their contributions to our Nation's cultural life. That is, they get that much sometimes, in some years.

Many cultural leaders have supported my bill, H.R. 9906, while a few have been quick to point to the financial aid European countries give to the arts but have been unwilling to accept here in our own country, the kind of program France has instituted to finance its national arts programs. Reluctant as such cultural leaders may be, however, they are not nearly as reluctant as are those hard-pressed U.S. taxpayers who will have to dig down into their pockets to pay for art programs they may never be in a position to attend.

It isn't only corn farmers from Iowa and Illinois, cotton farmers from Alabama and Texas, wheat farmers from Indiana and Montana, potato farmers in Maine and Idaho, and poultry and vegetable farmers in Delaware who you will find reluctant to be taxed for support of fine arts programs.

All most Americans have to do to see and hear the New York Philharmonic Symphony Orchestra is to switch on the television set. The Texaco Oil Co. broadcasts the Metropolitan Opera programs; we are all familiar with the "Firestone Hour." Earlier this year Congress passed and the President signed into law legislation providing millions of dollars for educational television, as a result of which we will soon be able to see and hear additional riches in the arts free in our homes.

Advertising costs are part of business expenses, and our tax laws have helped American businessmen provide unparalleled riches to all Americans, and the arts have been the first to benefit. We have been taught by American businessmen to expect these things free. All we have to do in return is listen to the commercials.

For many years, too, our tax laws have provided that contributions to art museums, symphony orchestras, and opera companies are tax deductible so that many Americans are able to be art patrons. Many of these tax aids are not available to aid Europe's art programs. Some of them are not unmixed blessings, witness the $2 to $3 million paid by Americans for a single painting. Nor is the American theater broke, fortunes can still be made in it. Life magazine says editorially (August 31, 1962, p. 11): "Even a moderate Broadway success * * * can serve as a comfortable lifetime annuity for its author, while a hit play can rocket him into the top-income bracket with dizzying speed."

No one, however, has suggested that the cultural life of European countries, including France, have suffered because of their use of copyrighted literary works to aid the arts. Nor will the cultural life of the United States suffer from my plan.

The plan I have suggested to improve S. 785 and S. 1250 might be called a Federal version of the ASCAP royalty programs, ASCAP being the American Society of Composers, Authors, and Publishers. The ASCAP program, and my plan too, helps living artists.

The Washington (D.C.) Post reports this morning (p. B8) that American students "to a degree never before required" must study the culture and language of foreign countries. The chairman of the Virginia Commission of Public Education, William B. Spong, commission chairman and State senator from Portsmouth, told more than 1,000 Arlington, Va. teachers this only yesterday, August 30, 1962.

Two great Virginians, Presidents George Washington and Thomas Jefferson, both called for local, State, and national aid to the fine arts. The State of Virginia, itself, supports financially the Virginia Museum of Fine Arts, the director of which is Leslie Cheek, and the Barter Theater headed by Robert Porterfield. These are two of our country's major cultural institutions, in which everyone can take pride.

If S. 785 and S. 1250 are amended along the lines I have suggested this morning, I would say that we would find a number of the Members of the congressional delegation from Virginia voting for them, including the distinguished chairman of the House Rules Committee, the Honorable Howard W. Smith, who represents the congressional district in which is located the home of President Jefferson. We should not forget that Congressman Howard W. Smith both spoke for, and voted for, the National Cultural Center Act in 1958 when assured, during House consideration of that legislation, that it would not be built at the expense of the general taxpayer.

I thank you for your patience and consideration.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Pucinski, for 60 minutes, today.

Mr. Rooney, for 20 minutes, today.

Mr. Reuss, for 20 minutes, today, and to revise and extend his remarks.

Mr. Halpern, for 5 minutes, today.

Mr. Selden, for 30 minutes, on Tuesday, September 4.

Mr. McDowell (at the request of Mr. Sisk), for 15 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. Bray (at the request of Mr. Langen), for 15 minutes, on Tuesday, September 11, 1962.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Toll.

Mr. Green of Pennsylvania (at the request of Mr. Toll) in two instances and to include extraneous matter.

(The following Member (at the request of Mr. Hoeven) and to include extraneous matter:)

Mr. Morse.

(The following Member (at the request of Mr. Sisk) and to include extraneous matter:)

Mr. Powell.

## ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes;

H.R. 10062. An act to extend the application of certain laws to American Samoa; and

H.R. 10433. An act to amend title 10, United States Code, to codify recent military laws, and to improve the Code.

## SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1308. An act to incorporate the Naval Sea Cadet Corps;

S. 2250. An act to provide for the incorporation of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, organized 1883, 78 years ago; and

S. 2321. An act to encourage and aid the development of reconstructive medicine and surgery and the development of medico-surgical research by authorizing the licensing of tissue banks in the District of Columbia, by facilitating ante mortem and post mortem donations of human tissue for tissue bank purposes, and for other purposes.

## BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 30, 1962, present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H.R. 1388. An act for the relief of Tai Ja Lim;

H.R. 5532. An act to amend chapter 137, of title 10, United States Code, relating to procurement;

H.R. 7278. An act to amend the act of June 5, 1952, so as to remove certain restrictions on the real property conveyed to the Territory of Hawaii by the United States under authority of such act;

H.R. 10431. An act to revise, codify, and enact title 37 of the United States Code, entitled "Pay and allowances of the Uniformed Services";

H.R. 10432. An act to amend title 39, United States Code, to codify certain recent public laws relating to the postal service and to improve the Code;

H.R. 10743. An act to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes;

H.R. 11257. An act to amend section 815 (art. 15) of title 10, United States Code, relating to nonjudicial punishment, and for other purposes;

H.J. Res. 677. Joint resolution relating to the admission of certain alien children; and

H.J. Res. 864. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

## ADJOURNMENT

Mr. SISK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 54 minutes p.m.), under its previous order, the House adjourned until Tuesday, September 4, 1962, at 12 o'clock noon.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STEED: Committee of conference. H.R. 11151. A bill making appropriations for the legislative branch for the fiscal year ending June 30, 1963, and for other purposes (Rept. No. 2316). Ordered to be printed.

Mr. MILLS: Committee on Ways and Means. H.R. 10117. A bill to amend section 401 of the Internal Revenue Code of 1954 to provide that plans which provide certain medical and other benefits for retired employees and their families may be qualified pension plans; with amendment (Rept. No. 2317). Referred to the Committee of the Whole House on the State of the Union.

Mr. HERLONG: Committee on Ways and Means. H.R. 12242. A bill to provide for the tariff classification of certain particleboard; with amendment (Rept. No. 2318). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee of conference. S. 1658. An act to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce (Rept. No. 2319). Ordered to be printed.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. POFF: Committee on the Judiciary. H.R. 2619. A bill for the relief of Gerard Puillet; without amendment (Rept. No. 2320). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H.R. 12887. A bill for the relief of Benjamin Leach, Diogracias Leach, Rogelio Leach, and Maximo Leach; without amendment (Rept. 2321). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATTIN:

H.R. 13036. A bill to provide direct aid to the States and territories for educational purposes only for the benefit of the taxpayers and local governments; to the Committee on Ways and Means.

By Mr. BRAY:

H.R. 13037. A bill to amend chapter 49 of title 10, United States Code, to prohibit fees in excess of $10 for attorneys and agents in connection with certain claims filed with the military departments by members of the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. FARBSTEIN:

H.R. 13038. A bill to amend title II of the Social Security Act to provide monthly insurance benefits for dependent sisters of certain insured individuals; to the Committee on Ways and Means.

By Mr. FINO:

H.R. 13039. A bill to amend chapter 57 of title 39 of the United States Code to provide for adequate addresses on franked mail delivered by city carrier; to the Committee on Post Office and Civil Service.

By Mr. HALPERN:

H.R. 13040. A bill to amend the Davis-Bacon Act to require compliance with the provisions thereof in the performance of certain agreements, and for other purposes; to the Committee on Education and Labor.

H.R. 13041. A bill to amend the Internal Revenue Code of 1954 to increase the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses; to the Committee on Ways and Means.

By Mr. MULTER:

H.R. 13042. A bill to amend title 18, United States Code, to make it unlawful to furnish transportation to certain unemployed persons and members of their family in order to cause such person to move to another State, and for other purposes; to the Committee on the Judiciary.

By Mrs. PFOST:

H.R. 13043. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RAINS:

H.R. 13044. A bill to amend the Home Owners' Loan Act of 1933 and the Federal Home Loan Bank Act; to the Committee on Banking and Currency.

By Mr. SAYLOR:

H.R. 13045. A bill to provide for a more equitable repayment to the Treasury of the United States of the capital costs and interest costs of Federal reclamation projects and other Federal multipurpose projects and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 13046. A bill to provide for the extension of the Reclamation Acts, as amended, to all of the United States, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WALTER:

H.R. 13047. A bill to amend section 375 of title 28, United States Code, and for other purposes; to the Committee on the Judiciary.

By Mr. BREEDING:

H.J. Res. 872. Joint resolution to amend the Federal Trade Commission Act, to promote quality and price stabilization, to define and restrain certain unfair methods of distribution and to confirm, define, and equalize the rights of producers and resellers in the distribution of goods identified by distinguishing brands, names, or trademarks, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CELLER:

H.J. Res. 873. Joint resolution requiring a public hearing before any theater in the District of Columbia which is suitable, and has been used, for the presentation of live drama, ballet, or opera productions may be demolished; to the Committee on the District of Columbia.

By Mr. THOMSON of Wisconsin:

H. Con. Res. 517. Concurrent resolution to grant national recognition to the Circus World Museum at Baraboo, Wis.; to the Committee on the Judiciary.

By Mr. HALPERN:

H. Res. 783. Resolution expressing the sense of the House of Representatives that the United States should ratify the Genocide Convention recommended by the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. COHELAN:

H. Res. 784. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. CONTE:

H. Res. 785. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mrs. GREEN:

H. Res. 786. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. LINDSAY:

H. Res. 787. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. MULTER:

H. Res. 788. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. REUSS:

H. Res. 789. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. SCHWEIKER:

H. Res. 790. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. SCHWENGEL:

H. Res. 791. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. MORRIS K. UDALL:

H. Res. 792. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

By Mr. WIDNALL:

H. Res. 793. Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing for home rule in the District of Columbia; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HUDDLESTON:

H.R. 13048. A bill for the relief of Dimitrios Bountouvas; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 13049. A bill for the relief of Mrs. Olga Bernice Bramson Gilfilian; to the Committee on the Judiciary.

H.R. 13050. A bill for the relief of the heirs of Dalva Calazans and others; to the Committee on the Judiciary.

By **Mr. TOLL:**

H.R. 13051. A bill for the relief of Wallace J. Knerr; to the Committee on the Judiciary.

# SENATE

## FRIDAY, AUGUST 31, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O God, whose word is hidden in the framework of the world, which shines in the mind of man, and is made flesh in the Holy One who unveils Thy heart: We can know Thee only in part, as in a glass darkly; but we know what goodness is, and we believe that Thou art good; we know what justice is, and we believe that Thou art just; we know what love is, and we believe that Thou art love, and that that love will not let us go.

Help us to yield our flickering torch to Thee, to give Thee back the life we owe, that in Thine ocean depths its flow may richer, fuller be.

May new days bring new visions of Thy truth, new surprises of Thy love, and an ampler service to our fellow men. May our homes be more hallowed, our work more sacramental, as the life in Thee unveils to us its worth and its wonder.

We ask it in the name of Jesus Christ, our Lord. Amen.

### THE JOURNAL

On request of Mr. SMATHERS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 30, 1962, was dispensed with.

### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

### COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. SMATHERS, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Permanent Subcommittee on Investigations, of the Committee on Operations.

The Subcommittee on Arts, of the Committee on Labor and Public Welfare.

### REVENUE ACT OF 1962

The PRESIDENT pro tempore. The Chair lays before the Senate House bill 10650, the Internal Revenue Act of 1962.

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the McCarthy amendment as a substitute for section 12, relating to controlled foreign corporations.

The time, until 11:30 a.m., is to be equally divided, and controlled by the Senator from Minnesota [Mr. MCCARTHY] and the Senator from Oklahoma [Mr. KERR].

Mr. SMATHERS. Mr. President, I yield 2 minutes to the Senator from Nebraska [Mr. CURTIS].

The PRESIDENT pro tempore. The Senator from Nebraska is recognized for 2 minutes.

Mr. CURTIS. Mr. President, one of the erroneous arguments advanced by the supporters of punitive taxation against American firms investing abroad is that such investment "exports American jobs." Supposedly whenever an American firm builds a plant and produces abroad, it replaces with foreign-made goods products which otherwise would have been exported from the United States to that foreign market. Furthermore, American firms are supposed to go abroad to take advantage of "cheap labor" and "lower taxes" and to import foreign-made products into the United States.

Both these charges are absolutely false. Not a single shred of evidence was introduced into the House or Senate hearings on the tax bill to back them up. The reason why no evidence was introduced is that little, if any, exists, and plenty of evidence proves the opposite to be true.

U.S. private foreign investment does not export jobs. It creates jobs for American workers here in the United States.

The Senate Commerce Committee recently studied this very matter. Its report, "The United States and World Trade—Challenges and Opportunities," June 26, 1961, states:

> U.S. foreign investment does not on the whole—certainly not on balance—mean the export of American jobs any more than the introduction of labor-saving equipment at home really destroys employment. American companies manufacturing abroad are not, necessarily, making things which displace American exports or which are sent back to the United States to take the place of American goods in the home market. * * * So far as Europe is concerned, it appears that in the great majority of cases foreign plants have been established or expanded to reach a market which could not reasonably be served through normal exportation.

U.S. firms invest abroad only if they cannot sell their proper share of a foreign market through exports. Those that can export profitably do so until they begin to lose markets to local foreign manufacturers. When those foreign firms, taking advantage of local economics, begin to produce and outsell the exports of American firms, the American firm must either give up the market or manufacture locally in competition. The Commerce Committee's report emphasizes:

> The question, therefore, is really not whether these products will be manufactured abroad but by whom.

Stated in another way, U.S. foreign manufacturing investment comes only after export sales are lost or are about to be lost or when exports are not really possible in the first place. The U.S. firm that invests abroad must invest abroad or not have any share of the market.

Foreign manufacturing investment saves American jobs that might otherwise be lost to a foreign-owned competitor in a foreign market. The foreign plant will, in most cases, buy its capital equipment, its semimanufactured components, and its raw materials from the United States—and in each case increase the number of American jobs. The existence of an American-owned subsidiary will also lead to an increase in U.S. exports of allied products not manufactured abroad by the investor—goods which might otherwise not be permitted entry or which would not normally be exported because of lack of sufficient volume of themselves. Finally, the existence of the foreign plant will cut the volume, productivity, and profit of foreign competitors and thus tend to keep foreign manufacturers out of the American market.

The Commerce Department has provided dramatic figures to show just what the job-creating or job-loss effect of foreign manufacturing investment actually is. U.S.-owned manufacturing subsidiaries in Canada and Western Europe had total sales of $18.2 billion in 1960. Of that massive figure, only 1.4 percent or $259 million represented imports into the United States. Even assuming that those same products could have been manufactured competitively in the United States, a very doubtful assumption for the overwhelming percentage of them, they displace only 30,000 jobs. But the same subsidiaries that sold $259 million worth of foreign-made goods in the United States, purchased $1.25 billion worth of goods from the United States—creating or maintaining more than 100,000 jobs for American workers. The effect of U.S. private foreign investment in manufacturing thus creates 70,000 jobs. These are the facts, substantiated by the Department of Commerce and the Senate's own committee. Yet, I repeat, not one shred of evidence has been given substantiating the false charge that foreign manufacturing investment "exports" jobs.

Look at specific case examples showing how individual U.S. corporations that have invested heavily abroad during the past decade have increased their own exports tremendously. Theoretically the job-export allegation should show that those companies investing heavily abroad have lost exports because of the expansion of foreign plants.

Consider the Clark Equipment Co. In 1955, when this firm had no foreign investment, it exported $5.5 million worth of goods. By 1961, it had a chain of foreign affiliates, and exports reached $23 million. Taking into account the sales of the foreign affiliates, Clark's foreign sales jumped to $88 million. In 1955, 1 out of 21 of this company's employees were involved in foreign business; in 1961, the figure jumped to 1 out of 9.

Consider the Beckman Instruments Co. In 1959 U.S. exports were $4.3 million, and production of foreign plants was $1.4 million. The estimate for 1962 shows a jump in U.S. exports to $8.9 million and in foreign production to $3.2 million. But more interesting are the changes in the firm's employment figures. On July 1, 1958, Beckman employed 2,628 American and 307 foreigners. On January 1, 1962, it had 4,468 American employees and 543 foreign ones. Production by foreign plants more than doubled, but U.S. exports did the same thing, and 1,840 U.S. jobs were created in the process.

Two more good examples: American Machine & Foundry began investing in foreign manfacturing plants in 1956. Now it has 10 units abroad. Yet, exports rose from $3.9 million in 1956 to $16 million in 1961. And Willys Motors in the 1955-60 period invested $10.38 million abroad, but the overwhelming percentage of it, $7.93 million, is in the form of American-made machinery. During that period, Willys exported $151.2 million worth of component parts to its foreign assembly plants, yet its export of built-up vehicles and of spare parts remained practically constant.

One of the most significant cases is H. J. Heinz. Many years ago Heinz introduced canned baked beans to England. Today its plant each year remits as dividends more dollars than were originally invested in it and also purchases each year raw beans from the United States in a value greater than the original investment. The importance of foreign investment by American food processing firms cannot be underestimated. For example, Heinz in the 10 years ending June 1961, invested $10.7 million in equity and/or loans to foreign subsidiaries. At the same time its foreign subsidiaries purchased $36.7 million of American-grown agricultural products.

These case studies could be multiplied over and over again. A host of other American firms could all be given as examples of corporations that have invested heavily in recent years in foreign markets and have at the same time, increased their U.S. exports and at the same time increased the U.S. work force mightily. Practically every American company that has invested in foreign plants has sharply boosted their exports and work force. Practically every American company that has invested heavily abroad has created American jobs where none before existed.

The foreign provisions of the Revenue Act of 1962 will seriously damage American private investment and by so doing will slow the creation of new jobs for America's farmers and workers—these will go to foreigners when foreign manufacturers put American firms out of business in foreign and domestic markets. The foreign provisions of the act must be deleted.

Mr. President, either the top leadership in the Treasury do not understand the American economy, or they are ignoring the facts of life as presented by all the witnesses before the House Ways and Means Committee and before the Senate Finance Committee.

I express the hope that the President will call in some leadership that will be in tune with the American idea of business and can be more realistic about these things.

Mr. GORE. Mr. President——

Mr. SMATHERS. I yield 1 minute to the Senator from Tennessee.

The PRESIDENT pro tempore. The Senator from Tennessee is recognized for 1 minute.

Mr. GORE. Mr. President, to show how utterly unsupportable are the statements and conclusions which the distinguished junior Senator from Nebraska [Mr. CURTIS], has just uttered, I ask unanimous consent to have printed at this point in the RECORD an article from the Anglo-American Business Journal.

The PRESIDENT pro tempore. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object——

Mr. SMATHERS. Mr. President, we are proceeding under controlled time; so I yield 1 more minute to the Senator from Tennessee, in order that the Senator from Nebraska may ask him a question.

The PRESIDENT pro tempore. The Senator from Tennessee is recognized for 1 more minute.

Mr. CURTIS. No, Mr. President; I was reserving the right to object.

I wonder whether the distinguished Senator from Tennesee, in his statement that my utterances were ridiculous and unfounded, is disregarding the preponderance of the evidence submitted by American businessmen to the Senate Finance Committee.

Mr. GORE. I have regarded all the evidence, not merely the special pleading which seems to have so impressed my friend, the Senator from Nebraska.

Mr. CURTIS. Oh, Mr. President, I think every time a taxpayer appears, he is a special individual. The people back home have an interest in our Government, and their interest is worth respecting.

Mr. GORE. The parties referred to are not people back home; they are people who are interested in tax dodging by foreign investments.

Mr. CURTIS. I do not know whether I shall object or not, Mr. President, to the Senator's request. But I wish to point out that a tax dodger is someone who earns income in the United States, and, by a gimmick, "hikes" it abroad, to avoid taxes.

Mr. GORE. Well, the pending bill makes that possible.

Mr. CURTIS. It does not. That is the trouble with it; it gives to the tax dodger every benefit of the honest operating company.

Mr. President, I withhold objection.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Tennessee?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### AMERICAN EXPORTS FROM BRITAIN—A NEW SURVEY OF 120 U.S. MANUFACTURING SUBSIDIARIES OPERATING IN THE UNITED KINGDOM

American manufacturing enterprises based in the United Kingdom are continuing to make solid and constructive contribution to Britain's export effort and payments balance.

This is the story that emerges from export performance data gathered by the American Chamber of Commerce in London from chief management executives of the leading American manufacturing subsidiaries in the United Kingdom. Results of a recent survey which included hard figures from 120 chamber member companies of American parentage show that 26 percent of them exported from 41 to 100 percent of their entire production during the first half of 1961.

Thirty percent of these American-owned companies shipped 21 to 40 percent of their output abroad during the first 6 months of last year. The remaining 44 percent of the group sampled by the chamber sold up to 20 percent of their production in oversea markets.

Additionally, 15 firms reported that they estimated their contributions in indirect exports were of much greater importance to the British economy than the direct export figures indicate. These makers of components and subassemblies supply British customers whose products in turn are prime sellers in world market.

The majority of U.S. subsidiaries in this category estimated that inclusion of their indirect exports in their totals would be sufficient to more than double their direct export performance. Two companies which reported no direct imports noted that their entire production finds its way to export markets in this manner.

Proper evaluation of figures and percentages requires comparison to convey meaning, and it is by using a yardstick of past performance and by measuring against current available data on exports of British industry generally that the scope of American-financed contribution becomes significant.

In his 1954-55 study, "American Investment in British Manufacturing Industry" (George Allen & Unwin, 1958), Prof. John H. Dunning, of the University of Southampton, revealed that 152 American manufacturing subsidiaries in the United Kingdom reported the following export performance: 26.2 percent of them exported 41 to 100 percent of their production; 41.3 percent sold 21 to 40 percent of output to foreign markets, and 32.5 percent recorded export sales up to 20 percent.

It can be assumed that many of the companies in the Dunning study are identical with those sampled in the chamber survey, although a number of firms in the current sample have been established during the past 8 years. This is worth noting because recently the United Kingdom Government has tended to relax its entry requirements for foreign direct investment in manufacturing enterprises. Formerly the dollar shortage in the United Kingdom made it mandatory that the prospective investor's product be a vital dollar saver on the domestic market and a prodigious seller overseas.

With easier entrance for the newcomer and with more affluent domestic consumers to be tapped by both the neophyte and the long-established companies, it might be expected that the current export graph would drop precipitously below the 1954 mark. This has not been the case.

Measured against contemporary performance of British industry generally, the American manufacturers in the United Kingdom appear to run slightly ahead of the current. The Federation of British Industries export supplement to "Industrial Trends Enquiry No. 12," released for publication on October 13, 1961, shows that 492 United Kingdom manufacturers with annual exports amounting to more than £10,000 line up in this manner: 12 percent deliver more than 50 percent of their output overseas; 28 percent export 25 to 50 percent; 31 percent sell 10 to 25 percent abroad; 17 percent export 5 to 10 percent, and 12 percent record export sales of less than 5 percent.

Comparable figures for the 120 American firms in the United Kingdom are: Exports over 50 percent, 19 percent of the companies; 25 to 50 percent, 29 percent of the companies; 10 to 25 percent, 36 percent of the total, and in the 5 to 10 and less than 5 percent categories, 5 and 10 percent of the companies, respectively.

Again, in the FBI inquiry it can be expected that a majority of the U.S. companies are included, but it should be remembered that the FBI includes among its members this country's largest concerns and its most formidable exporters. On the other hand, with the exception of a small minority of the U.S.-financed companies, the American firms supplying information for the chamber study class themselves in the small- to medium-sized brackets. Notwithstanding this, American industry in Britain has been credited by numerous British authorities with employing nearly 1 in every 20 workers employed in United Kingdom manufacturing industry today.

Enlarging on this, Sir Miles Thomas, chairman of Monsanto Chemicals, Ltd., in a talk he gave at a chamber luncheon meeting in mid-1959, said:

"I wonder if any of you read some relevant and extremely interesting figures in the Times recently? There are roughly 400 U.S. subsidiaries and Anglo-American companies in the United Kingdom and they employ about 375,000 people. Impressive figures, but—and it's a very considerable but—these people only represent about 4 percent of our total labor force. And the total value of the output of those 400 or so companies, at around £1,200 million, is about 5.5 percent of the gross output for all United Kingdom manufacturing industry for 1957.

"A further fact was that, at the present time, U.S. representation in United Kingdom industry is confined almost entirely to industries supplying products which were first developed on a significant scale in the United States, if not actually discovered there.

"Let me take three more points, all from the same source. Between 1950 and 1957 U.S. subsidiaries and Anglo-American firms accounted for something like 7.5 percent of the net capital expenditure of all British manufacturing industry. Secondly, such firms have access to the benefits of more research and development than all United Kingdom industry (on private account) combined. Finally, these firms currently supply between 10 and 12 percent of all United Kingdom manufacturing exports and one-third of the exported goods commercialized within the last two decades."

Further emphasis on the impact of the contribution of direct American investment on the British economy can be drawn from a statement made recently by Carl Gilbert, chairman of the Gillette Co., of Boston, at the convention of the National Foreign Trade Council in New York. He stated that of the 3 million oversea workers employed by U.S. industry only about one in every hundred is a U.S. citizen. Rough calculations in the United Kingdom show that this ratio is, for Britain, entirely unrealistic. The British labor participation, from the managing director's desk to the apprentice's bench, in American manufacturing industry in the United Kingdom comes much nearer complete saturation.

Returning to data compiled from answers to the chamber's questionnaire, two outstanding trends come to light.

1. Additional manufacturing facilities established by the U.S. parent within the Common Market or in other areas where various conditions make local manufacture unavoidable have cut into exports from a number of the United Kingdom subsidiaries; and

2. Domestic United Kingdom sales have in numerous cases increased sufficiently to downgrade export percentage figures, although actual exports have remained static, or even improved.

Consolidation of answers to the questionnaire which asked respondents for a simple "percentage figure which your exports represented in relation to your total sales for the first half of 1961 compared with the corresponding period of 1960, together with two or three main areas of their destination, e.g., the Far East, Middle East, Western Hemisphere, and Western Europe," gave the following picture:

A total of 23 concerns directly exported between 50 and 100 percent of their total sales in each of the two periods (January to July 1960, 1961). These companies manufacture specialized lines of capital goods and consumer durables for which there is a relatively limited market in the United Kingdom. They possess either their own world marketing organizations or highly qualified distributors. The majority of them—15—registered increases in their export sales for the 1961 period; the increases varied from 13 to 0.4 percentage points.

The remaining companies in this group indicated decreases in their export business during the first half of 1961. One of the causes mentioned being the type of business involved (often consisting of large contracts) does not lend itself to meaningful comparisons between given periods. In some cases the total volume of exports was up in the 1961 period, although the percentage was less, compared with 1960.

The destinations of the exports of the companies in the 50- to 100-percent category were worldwide, the percentages by markets having varied considerably between the two periods. In the rough order of importance the destinations were Europe, Far East, and Australia, South America, Middle East, and Africa.

The group showing exports ranging between 25 and 50 percent in each of the 2 periods consisted of 35 companies. Of these, 19 indicated increases of a few points in most instances during 1961. The decreases shown by the balance of the group were also of minor magnitude, while the percentage of total sales was lower in some cases during the 1961 period, the actual amounts were greater. Again the marketing areas were more or less worldwide, that is, Europe, South America, the Far East, Middle East, Africa, and North America.

The largest group in the sample comprised the 43 companies which exported from 10 to 25 percent of their total sales in the 1961 period. Barring a few exceptions these concerns were also in the same category in 1960. The export sales of 22 of the companies increased in the 1961 period; the highest of an individual company having been from zero in 1960 to 17 percent of total sales in 1961. The smallest increase recorded was from 20.2 percent in 1960 to 20.4 percent in 1961.

The firms reporting reduced sales in 1961 numbered 19, the reductions in most cases being small. Reasons given for some of the reductions were the opening of other oversea plants by the parent companies concerned, due to the unavoidable need in many countries to set up local manufacturing operations. Here again several of the companies confided that in actual fact there were appreciable increases in the export sales during the 1961 period, though the percentages were slightly diminished owing to a proportionately slightly greater increase in the consolidated sales. The percentage of exports to the several areas of destination varied considerably in many cases, but in general the principal areas were Europe, Far East, Middle East, Africa, and the Americas.

There were only seven companies in the group exporting from 5 to 10 percent of their total sales, two of these enterprises having reported decreases in such sales during the 1961 period. One of the companies showing a decrease explained that the relatively low percentage in the 1961 period under review was due to the fact that an associated firm in a Common Market country began to supply that area. The other company stated that while its export business has been growing, the lower percentage export figure in January–July 1961 was chiefly due to unusually high exports in the corresponding period of 1960. Destinations in general were Europe, the Middle East, and Far East.

The group having less than 5 percent of direct export sales consisted of 12 concerns, 4 of which reported decreases in the 1961 period. The differences in all cases were small, and the areas of destination were Middle East, Africa, Europe, and the Far East. A few of these companies have been established in the United Kingdom only a short while, and others reported the fact that sales in the United Kingdom materially affected the export figures.

Finally, an aggregate of 70 companies reported export sales running at 20 percent of total sales during both periods; 53 firms showed export business ranging from 25 to 100 percent in the first half of both 1960 and 1961, and no less than 39 U.S. subsidiaries stated that their export shipments were at the level of 40 percent or more of their output during both periods in question.

*Export performance*

[All figures in percentages]

120 U.S. MANUFACTURING SUBSIDIARIES IN BRITAIN, 1961

| Exports | To 21 | 20 to 40 | 41 to 100 |
|---|---|---|---|
| Companies | 44 | 30 | 26 |

152 U.S. MANUFACTURING SUBSIDIARIES IN BRITAIN, 1954

| Exports | To 20 | 21 to 40 | 41 to 100 |
|---|---|---|---|
| Companies | 32.5 | 41.3 | 26.2 |

492 UNITED KINGDOM MANUFACTURERS, 1961

| Exports | To 5 | 5 to 10 | 10 to 25 | 25 to 50 | 50 to 100 |
|---|---|---|---|---|---|
| Companies | 12 | 17 | 31 | 28 | 12 |

120 U.S. MANUFACTURING SUBSIDIARIES, 1961

| Exports | To 5 | 5 to 10 | 10 to 25 | 25 to 50 | 50 to 100 |
|---|---|---|---|---|---|
| Companies | 10 | 5 | 36 | 29 | 19 |

**Mr. SMATHERS.** Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time required for the quorum call be charged equally to both sides.

**The PRESIDENT pro tempore.** Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. GORE.** Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

**The PRESIDING OFFICER** (Mr. PROXMIRE in the chair). Without objection, it is so ordered.

Mr. GORE addressed the Chair.

**The PRESIDING OFFICER.** Does the Senator from Florida yield the Senator from Tennessee time?

**Mr. GORE.** May I have 4 minutes?

**Mr. SMATHERS.** I yield 4 minutes to the Senator from Tennessee.

**The PRESIDING OFFICER.** The Senator from Tennessee is recognized for 4 minutes.

**Mr. GORE.** Mr. President, indignant editorials are sweeping across the country. Telegrams are beginning to arrive. I hope the country is awakening to what is happening to the public interest in the course of consideration and action on the pending tax bill.

I should like to read a portion of an editorial in the Washington Post of today which deals with the expense account amendment. The editorial is entitled "The Tax Chiselers' Friends":

> The tax chiselers who fail to report dividend and interest income and those privileged few who enjoy everything that a fat "business" expense account can buy should give public thanks to the U.S. Senate. They have received a gift which may cost the Treasury—and those of us who are not in a position to share the loot—as much as $968 million.
>
> * * * * *
>
> There is ample evidence that business expense accounts have been employed as a device for padding costs and providing a tax-free supplement to the incomes of corporate executives and independent proprietors. Every expense account dollar received by a person in the 50-percent tax bracket is the equivalent of $2 of taxable income, and the Treasury estimates that the expense account loopholes in the present tax laws cost it at least $250 million a year. By allowing deductions for entertainment that is merely "associated" with business the Senate's bill will permit the Treasury to recoup no more than $60 million.

Mr. President, I should like to read a portion of an editorial in today's New York Times which deals with the expense account amendment. The title of the editorial is "The Mutilated Tax Bill."

> Although the Senate has not yet completed its consideration of the tax revision bill, there is no doubt about the shape in which it will emerge. It is accepting the Finance Committee's handiwork, which produced a mutilated and distorted version of the administration's original bill.
>
> * * * Instead of cutting out business entertainment expenses, which would also have added to the Treasury's revenues, it proposes to go easy on deductions.

Mr. President, I have read the particular sentences of the editorials dealing with expense accounts, but I ask unanimous consent that the texts of both editorials be printed in the RECORD at the conclusion of my remarks.

**The PRESIDING OFFICER** (Mr. YOUNG of Ohio in the chair). Is there objection to the request by the Senator from Tennessee? The Chair hears none, and it is so ordered.

(See exhibit No. 1.)

**The PRESIDING OFFICER.** The time of the Senator from Tennessee has expired.

**Mr. GORE.** Mr. President, may I have 1 more minute?

**Mr. SMATHERS.** I yield the Senator an additional minute.

**The PRESIDING OFFICER.** The Senator from Tennessee may proceed for an additional minute.

**Mr. GORE.** Mr. President, the committee amendments are now to be considered original text and the bill is open to amendment, so there will be a rebout on the expense account amendment. There will be a rebout between the public interest and the special interests.

I invite Members of both parties to join. I invite President Kennedy to enter the ring on behalf of the American people and against the special interests that want to preserve the right to clothe their personal expenses with a business outlay and thus continue the widespread abuse of expense accounts.

### EXHIBIT 1

### THE TAX CHISELER'S FRIENDS

The tax chiselers who fail to report dividend and interest income and those privileged few who enjoy everything that a fat "business" expense account can buy should give public thanks to the U.S. Senate. They have received a gift which may cost the Treasury—and those of us who are not in a position to share the loot—as much as $968 million.

In defeating the withholding tax on dividend and interest income the Senate rejected a plan to enforce effectively existing laws, and not a radical new fiscal device. The Treasury is presently being defrauded of $778 million a year in taxes on unreported dividends and interest payments, and yet only 20 Senators voted to enforce the law and place dividend and interest payments on the same footing with wages and salaries from which taxes are withheld.

There is ample evidence that business expense accounts have been employed as a device for padding costs and providing a tax-free supplement to the incomes of corporate executives and independent proprietors. Every expense account dollar received by a person in the 50-percent tax bracket is the equivalent of $2 of taxable income, and the Treasury estimates that the expense account loopholes in the present tax laws cost it at least $250 million a year. By allowing deductions for entertainment that is merely "associated" with business the Senate's bill will permit the Treasury to recoup no more than $60 million.

If anything can be said in defense of the Senate's sorry performance it is that by refusing to close loopholes it has reduced tax revenues at a time when they have been inhibiting economic growth. Such an apology, however, is reminiscent of Bernard Mandeville's "Fable of the Bees" (1714) in which he argues that "private vices" are in fact "public benefits." Several lines of an earlier doggerel which forms an introduction to that work are especially appropriate:

Such were the blessings of that state;
Their crimes conspir'd to make them great:
And virtue, who from politics
Has learn'd a thousand cunning tricks,
Was, by their happy influence,
Made friends with vice: And ever since,
The worst of all the multitude
Did something for the common good.

### THE MUTILATED TAX BILL

Although the Senate has not yet completed its consideration of the tax revision bill, there is no doubt about the shape in which it will emerge. It is accepting the Finance Committee's handiwork, which produced a mutilated and distorted version of the administration's original bill.

Instead of a relatively simple tax credit incentive for business spending on new plant, the Senate has approved a complicated provision that is much less satisfactory. Instead of automatic withholding of interest and dividend income, which would have helped to offset the loss stemming from the tax credit, it has passed a weak provision requiring only the reporting of such payments. Instead of cutting out business entertainment expenses, which would also have added to the Treasury's revenues, it proposes to go easy on deductions. Instead of plugging up loopholes on earnings abroad, it is still leaving escape hatches.

The House bill, itself a pale facsimile of the administration's recommendations, would not involve the loss of revenues that the Senate is willing to accept. So when it goes into conference, the White House and its supporters in Congress will have to seek a compromise that would tighten the Senate's proposals and add to the tax take. The incentive credit is needed most, and the bill should be approved on that account alone, yet every attempt must be made to make up for the loss that will be incurred.

This is important because the administration's promise to undertake major tax reforms will include measures to increase taxes. Its failure to obtain even moderate increases through revision of the tax structure, which it viewed as a forerunner of a thorough overhaul, illustrates the magnitude of the task before it. Despite all its defects, the present bill has one merit. It is the first step, admittedly feeble and halting, on the road to tax reform.

**Mr. McCARTHY.** Mr. President, I have, of course, listened with some interest to the Senator from Tennessee as he has quoted from editorials which indicate that those of us who favor the position of the committee are in favor of tax chiseling. The statement from the editorial is somewhat consistent with the statements in supplemental and minority views, as well as statements which have been made on the floor of the Senate with regard to the action taken by the Finance Committee, to the end that those of us, for example, who were not in favor of withholding were condoning tax evasion.

I should like to believe that those who use words like "condoning tax evasion" are not quite sure as to the exact meaning or connotation of the word "condone," that they are not really charging that we are protecting tax evaders or that we approve such action. If this were the case, I suppose I should have to make a kind of countercharge, since the testimony before our committee was that in addition to the income from interest and dividends which is not reported and therefore not subjected to a tax there is some additional $20 billion of income received in this country which is not reported for tax purposes. I could charge, therefore, that because the Senator from Tennessee has not recommended some kind of withholding provision or some other kind of device by which we could get at that $20 billion, he is condoning tax evasion.

Certainly I would not make that charge, because I know the Senator could make the very proper answer that if he were satisfied that there was a reasonable and workable method by which we could get at that $20 billion and see to it that the taxes owed on it were paid—some of it is wages, some of it is the ordinary profit of the self-employed, some of it is in the form of fees paid to professional men—he would be in favor of such a method. But I think he would say that in his judgment there is no workable way at the present time by which we could get at that income.

We could, I suppose, appoint an Internal Revenue Service man to keep books for every doctor and businessman in America. That would be a workable method. Probably it would be an effective method. But it would be an unreasonable approach to the problem.

So I do not charge that the Senator from Tennessee is condoning tax evasion merely because he has made no proposal by which we might reach out to the self-employed who, according to the Treasury Department reports, have $20 billion of income not reported for tax purposes.

I think the Senator ought to allow those of us who have decided that the withholding approach is not feasible, is not as clearly workable as some people say, the right to say that we ought to try the reporting method as an intermediate device, at least. If that does not work, he can then come before the Senate to say, "Very well. You have tried it. There is some limitations on the withholding approach, but I think, on balance, it ought to be tried."

But to say in the report that we condone tax evasion because we do not support or oppose a particular method, I think is to be somewhat unfair to the members of the Finance Committee.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Florida.

Mr. SMATHERS. I wish to associate myself with the remarks made by the able Senator from Minnesota.

There are 130 million savings accounts in America. These savings are in insurance policies, in savings and loan institutions, commercial banks, as well as in credit accounts.

I do not believe that those people are all cheaters, chiselers, tax avoiders, or tax dodgers. The Senator from Tennessee can call them that if he wishes to, but the Senator from Florida does not call them that. These people had no knowledge that they were required to report such income for tax purposes. Many of these accounts are small. No one is condoning tax avoidance. The notification system will prove adequate to inform these individuals of the amount of interest they receive which should be reported on their returns for tax purposes.

I think, in regard to this problem, as we have said previously and as the Senate Finance Committee believes, if these people know they are to report the $8 of interest they get a year for tax purposes, the majority of them will do so.

The Senator can speak for his constituents in Tennessee. So far as I am concerned, I do not charge the savers in Florida with being tax chiselers and tax dodgers, even though the Senator from Tennessee might wish to say that about his own constituents, and even though the Washington Post might wish to say that about the people of the District of Columbia.

I associate myself with the remarks by the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I add, with reference to the action taken by the committee with respect to expense accounts, that this is a very difficult area in which to legislate. The basic law, I think, establishes quite clearly that no businessman is to charge off as a business expense what is not a business expense.

The significant action taken by the committee, I think, was to reject the Cohan rule, under which the burden of proof with regard to deductions was placed on the Government, and to turn it back and to say that the businessman who takes a deduction must justify it, himself. This, together with existing practices and existing regulations, and some minor changes in the language in the amendment as the committee recommended it to the Senate, I think will give to the Internal Revenue Service genuine and effective weapons to be used to get at those who are really tax dodgers, those who are not paying the taxes on the income on which they should pay taxes, and those who are taking deductions which are not legal, which are not justified, which are not warranted.

Certainly I think the intent of the committee—and that intent will be sustained by the Senate, I believe—is quite clear. With proper and thorough administration, the worst abuses will be eliminated.

Mr. GORE. Mr. President, will the Senator yield?

Mr. McCARTHY. Yes, I yield to my friend from Tennessee.

Mr. GORE. The "rebout" which I have suggested will be on the provisions in the bill which would permit the continuation of expense account abuses. Lest there be some mistake about the existence of abuses, I wish to call the Senator's attention once again to the fact that in the first tax message to the Congress by President Kennedy he said:

> In recent years widespread abuses have developed through the use of the expense account.

He went on to say:

> This is a matter of national concern, affecting not only our public revenues, our sense of fairness and our respect for the tax system, but our moral and business practices as well. This widespread distortion of our business and social structure is largely a creature of the tax system, and the time has come when our tax laws should cease their encouragement of luxury spending as a charge on the Federal Treasury. The slogan "It is deductible" should pass from the scene.

He said also:

> In other cases deductions are obtained by disguising personal expenses as business outlays.

What I have pointed out and proven unmistakably is that the provision of the Senate amendment, as described in the Senate committee report, permits continuation of expense account abuses. Neither the ranking Republican member, nor the Senator in charge of the bill, the Senator from Oklahoma [Mr. KERR], would defend the provision of the report but it has now been voted into the bill. It would permit continuation of the very kind of expense account abuses of which the President complains and described as a national concern. I shall offer an amendment to correct the bill in these regards. I invite the President, and every Democrat and every Republican Senator to choose sides and determine whether he wants to defend the public interest against these special interest provisions now in the bill.

Mr. McCARTHY. I am glad the Senator has given me the simple choice between the public interest and special interest. That is the choice he has been giving to us for about 2 months. I think I have been making my choices on the basis of a somewhat responsible conscience and as one who is reasonably informed and is as much concerned about corruption in Government or corruption in our country as the Senator from Tennessee.

I do not say that he has proven his case with the absoluteness that he declares he has proven it. The subject has been considered in the committee and it is now being considered on the floor of the Senate. I will be glad to have another vote on the issue.

The debate has reached the point at which the best commentary I can recall is that of Mr. Dooley, a political commentator who lived back around the beginning of this century. He wrote some rather good things on life in America and American politics. One of his essays was entitled "National Housecleaning." Hennessy opened the discussion, saying:

> It looks to me as though this counthry was goin' to th' divvle.

Dooley said:

> Put down that magazine."

I might have said to my friend the Senator from Tennessee, "Will you put down the New York Times and the Washington Post? Put aside those editorials."

Mr. Dooley then said:

> Now d'ye feel betther? I thought so.

Then the story continues for several pages. Finally the conversation got around to the question of house cleaning. I should like to quote for the RECORD what Mr. Dooley had to say upon that subject:

> "It reminds me, Hinnissy, iv th' time I lived at a boardin'-house kept be a lady be th' name iv Doherty. She was a good woman, but her idee iv life was a combination iv pneumony an' love. She was niver still. Th' sight iv a spot on th' wall where a gintelman boorder had laid his head after dinner would give her nervous prostration. She was always polishin', scrubbin', sweepin', airin'. She had a plumber in to look at th' dhrains twice a week. Fifty-two times a year there was a rivolution in th' house that wud've made th' Czar iv Rooshya want to go home

> to rest. An' yet th' house was niver really clean. It looked as if it was to us. It was so clean that I always was ashamed to go into it onless I'd shaved. But Mrs. Doherty said no; it was like a pig-pen. 'I don't know what to do,' says she. 'I'm worn out, an' it seems impossible to keep this house clean.' 'What is th' trouble with it?' says he. 'Madam,' says me frind Gallagher, 'wud ye have me tell ye?' he says. 'I wud,' says she. 'Well,' says he, 'th' throuble with this house is that it is occypied entirely be human bein's,' he says. 'If 'twas a vacant house,' he says, 'it cud aisily be kept clean,' he says.

I would suggest that the Senator from Tennessee, who is quite properly concerned about what he thinks is corruption and what in some cases is real corruption and, at least in his judgment, the lack of regard for what he considers to be the facts and the failure of the rest of the Senate to respond to that pressing need, that in his spare time he give some attention to Mr. Dooley.

Mr. GORE. Mr. President, will the Senator yield?

Mr. McCARTHY. I am glad to yield to the Senator from Tennessee.

Mr. GORE. I have enjoyed the portions of the delightful essay read by the distinguished, scholarly Senator from Minnesota. He read some very pertinent references to human beings, people, and house cleaning.

I am willing to put down the editorials. But what I wish to raise ever before the Senate concerning this issue is the public conscience. It must be outraged by the action of the Senate in approving an amendment which would permit a continuation of the widespread and scandalous abuses and tax avoidance through the "disguising of personal expenses as business outlays," as the President said.

It is not for the junior Senator from Tennessee to suggest a house cleaning. I am suggesting, not a house cleaning, but some soul searching on the part of the Members of this body, in which the voice of the people is theoretically spoken. I am suggesting that the representatives of the people speak the true voice of the people. It is not the American people as a whole who benefit by the special gimmick of abuse of expense accounts. It is a privileged few, largely the corporate insiders who, as the President has said, disguise personal expenses with business outlays. It may well be that if Senators do not heed the public conscience, it may occur to the American people to do some house cleaning themselves. The junior Senator from Tennessee did not suggest it, but since the distinguished Senator has read that delightful literary gem, it might occur to the American people.

Mr. McCARTHY. It may well be, but I think it is a fair proposition that we should not be prejudiced by the Senator from Tennessee, who seems to have discovered that he is the voice of the people. He may have a special gift. I do not have this gift. There are some people who seem to have what the Scripture terms the power of discernment of spirits, or the reading of spirits, in that they understand and speak the will of the people. There are Members of the Senate who say they speak for the majority of the people of the country. I do not know how they have discovered that. On the other hand, I think it is best to proceed by examining a problem and by coming to a mastery of the many facts that are available, and on that basis to make a reasonable judgment.

That has been the procedure in the Finance Committee, to examine all the facts. I believe we are aware of the problem of the abuse of the expense account, and we have tried to give the Internal Revenue Service the kind of authority which we think we ought to give to them, and give it to them in a measure—not perhaps by way of arbitrary, absolute power, because there is always danger in handing over that kind of power to an executive agency—to give them, in other words, a reasonable extension of power, with some clarification of the bill, so that they can proceed in an intelligent way.

It was the intention of the majority of the committee to take action that will be effective.

It is rather distressing to find in the Senate that it is considered to be almost undemocratic to vote with the majority. I rather had the impression that it was one of the fundamental tenets of democracy that the majority position was to be given not only attention, but that it also was credited with some moral strength, and that it was accepted that if people were given information, there was enough good will, so that there would be progress toward a good society.

We have apparently reached the point where we must apologize for voting with the majority. It is as though by doing that we were violating the democratic processes.

Mr. GORE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. GORE. In the case of the expense account amendment an apology to the American people might well be in order.

Mr. McCARTHY. I do not intend to apologize. The Senator from Tennessee certainly owes several apologies, but I will not insist on them I am not disturbed by his criticism. I think the Senate is called upon to justify its action to the people, but not called upon to apologize for anything the Finance Committee has done with regard to the bill, or what the Senate has done on the bill. It may be that some explanation may be necessary.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. PROXMIRE. Is it correct to say that the amendment of the Senator from Minnesota deals with section 12?

Mr. McCARTHY. That is correct.

Mr. PROXMIRE. As I understand, the estimates that have been made show that the Finance Committee version would gain revenue over the present law of $85 million. Is that correct?

Mr. McCARTHY. Yes; that is a rough estimate. It is a very rough estimate. I have little basis for it.

Mr. PROXMIRE. Does the Senator from Minnesota have any information for the Senate as to how his amendment would affect Treasury revenues?

Mr. McCARTHY. A very rough estimate shows that the increase would be about $50 million.

Mr. PROXMIRE. It would be a reduction of $35 million below what the committee recommends, would it not?

Mr. McCARTHY. Yes.

Mr. PROXMIRE. I thank the Senator.

Mr. McCARTHY. I yield 5 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, it is my belief that the provisions contained in section 12 of the committee version of the tax bill would discourage the consideration of economic advantage as the basis for oversea investment decisions by U.S. business. As the result of the "escape clause" provisions, the discouragement of such considerations would affect most heavily new investors who had not yet built up an earning base overseas and would need to accumulate a larger amount of earnings for capital reinvestment.

Bluntly speaking, the effect of this section would be to cause the very thing which the administration is trying to avoid: It would make tax considerations paramount in investment decisions.

Further, it would do the opposite of what the administration claims for it: It would soon worsen our balance-of-payments situation and it would place U.S. businesses—investors and exporters—at a serious disadvantage in their competition with foreigners for a foreign economic base and for export markets.

Although it is freely conceded by the administration that the returns from our oversea investments exceed the annual outflow, I should like to refresh our memory and therefore ask unanimous consent to insert in the RECORD the latest statistics, showing that from 1950 through 1961 dividend and interest income from our oversea investments exceeded the outflow of new capital by a total of $8.6 billion. In 1962 alone, the difference came to $1.2 billion. These are U.S. Department of Commerce figures.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Dollar inflow and outflow to direct investment companies abroad, 1950–61*

[Millions of dollars]

| Year | Direct investment outflow | Dividends and interest inflow | Net inflow |
|---|---|---|---|
| 1950 | 621 | 1, 294 | 673 |
| 1951 | 828 | 1, 492 | 964 |
| 1952 | 850 | 1, 419 | 569 |
| 1953 | 751 | 1, 442 | 721 |
| 1954 | 664 | 1, 725 | 1, 061 |
| 1955 | 779 | 1, 912 | 1, 133 |
| 1956 | 1, 859 | 2, 120 | 261 |
| 1957 | 2, 482 | 2, 249 | (233) |
| 1958 | 1, 181 | 2, 140 | 959 |
| 1959 | 1, 372 | 2, 206 | 834 |
| 1960 | 1, 694 | 2, 348 | 654 |
| 1961 | 1, 467 | 2, 672 | 1, 205 |
| Total | 14, 218 | 23, 019 | 8, 601 |

NOTE.—(1) Data from Department of Commerce. (2) Covers all areas and all activities, branches, and subsidiaries. (3) Unremitted branch earnings are included in both outflow and inflow columns.

Mr. JAVITS. Mr. President, the administration contends that it is investment in Western Europe which is not producing a sufficient return as compared to outflow. The facts are that the dividend and interest inflow from the European Economic Community countries has steadily increased between 1950 and 1961 from $22 million annually to $197 million—a ninefold increase. In the meantime, investment outflow to that area has increased from $59 million in 1950 to $270 million in 1961—less than a fivefold increase. It is clear that a further large increase in returns will occur when our more recent investments begin to pay off fully in the near future. But these investments must be kept competitive by a continued, economically based program of expansion. We cannot afford to let decisions taken in response to tax considerations hamper this program, lest our investments become unproductive and contract our ability to earn foreign exchange. Mr. President, I ask unanimous consent to have inserted in the RECORD Commerce Department statistics on our investments in the European Economic Community and the United Kingdom.

There being no objection, the statistics were ordered to be printed in the RECORD, as follows:

*Dollar inflow and outflow on direct investment in the European Economic Community members and the United Kingdom, 1950–61*

[Millions of dollars]

| Year | Dividends and interest inflow | Direct investment outflow | Net inflow |
|---|---|---|---|
| 1950: | | | |
| United Kingdom | 73 | 49 | 24 |
| European Economic Community | 22 | 59 | (37) |
| 1951: | | | |
| United Kingdom | 74 | 21 | 53 |
| European Economic Community | 29 | 28 | 1 |
| 1952: | | | |
| United Kingdom | 78 | (19) | 97 |
| European Economic Community | 32 | 8 | 24 |
| 1953: | | | |
| United Kingdom | 90 | (3) | 93 |
| European Economic Community | 33 | 36 | (3) |
| 1954: | | | |
| United Kingdom | 114 | 15 | 99 |
| European Economic Community | 51 | 16 | 35 |
| 1955: | | | |
| United Kingdom | 149 | 32 | 117 |
| European Economic Community | 82 | 76 | 6 |
| 1956: | | | |
| United Kingdom | 210 | 282 | 72 |
| European Economic Community | 70 | 145 | 75 |
| 1957: | | | |
| United Kingdom | 173 | 172 | 1 |
| European Economic Community | 83 | 96 | (13) |
| 1958: | | | |
| United Kingdom | 192 | 63 | 129 |
| European Economic Community | 81 | 106 | (25) |
| 1959: | | | |
| United Kingdom | 231 | 190 | 41 |
| European Economic Community | 134 | 180 | (46) |
| 1960: | | | |
| United Kingdom | 217 | 588 | (371) |
| European Economic Community | 144 | 282 | (138) |
| 1961: | | | |
| United Kingdom | 258 | 188 | 70 |
| European Economic Community | 197 | 270 | (73) |

Mr. JAVITS. Mr. President, these data do not include the other direct earnings of dollars deriving from U.S. oversea investments—from exports directly to subsidiaries, from capital goods which we export to build the oversea factories in which we invest, from royalties and from direct transfers.

Above all, however, it gives no indication of the subtle but all-pervasive factors which accompany our holdings overseas and which are primary determinations of our international economic power. These relate primarily to the presence of U.S. goods, factories, technicians, and interests overseas, and to the increasing amount of vital information which we gather by our very daily contacts with our oversea competitors in their own environments. On this last point, I wish to make just one remark: After World War II—and right up until now, as far as the developing nations are concerned—we had to bring their people over here to show them our techniques of doing business or we had to send our personnel into their countries. This was an important part of foreign aid and it was necessary because they had little of their own sources of information over here.

Mr. President, now the time has come for us to learn from them. Let us not cut off the sources of our own information.

Mr. President, this matter of the tax on foreign operations of American business suffers from one thing more than from anything else, and that is the obvious inability, because it seems like a complicated subject, to make clear how vitally important it really is in terms of the country and in terms of the country's business community. I know of very little that has roused the business community as much as this, and quite justly so. It involves not only business operations in terms of its own economic possibility, but it involves as well the capability of the United States to wage the struggle in the cold war. It involves also competition between American business and the business of other countries.

Perhaps the best example that is available is what I have ascertained—and which is of great economic importance—namely, the fact that the excess of the net return from our investments abroad, that is, our private investments abroad, aggregates $8½ billion since 1950. Let me repeat that, because I believe it is a critical figure—$8½ billion in net income has been received in the United States over and above foreign private investments in a 12-year period. The income from private investments abroad is now running in the area of $2,700 million a year.

Every year since 1950—with the exception of one year, 1957—the inflow of dividends and interest from private U.S. investments overseas has exceeded the outflow by a tremendous amount.

Secondly, we are meeting very keen competition from all the nations abroad, especially from the industrialized nations.

We are living in a working and active world, and it seems to me it would be most unwise to disadvantage ourselves in this way by this kind of provision.

Let us remember that no matter what escape valves are provided here, the fact is that basically this tax law, which we would be enacting, would impose an obligation upon businessmen, whether corporate or personal, which is unusual and unprecedented.

Therefore, whatever else we do by way of exemptions, the fundamental approach is wrong and will stifle and inhibit foreign private investment, which it is to the interest of our Nation to encourage.

Let us see, for example, how U.S. business will be hurt. I speak of all U.S. business, not only personal holding companies, but all business.

It will be hurt, first, because the exclusion for oversea manufacturing subsidiaries only covers income from sales in the country of manufacture, and U.S. firms, in order to sell throughout the Common Market would have to manufacture in each country. Their competitors, on the other hand, could sell throughout the Common Market area from one large, efficient, centrally located plant.

Second, U.S. firms attempting to sell throughout the Common Market area would be faced with paying a current tax of at least 52 percent on the sales profits. European companies, on the other hand, may sell, for example, through a Swiss subsidiary, and pay a current tax of between 10 and 15 percent, with the remainder of their profits available for increased advertising, promotion expenses, replenishing of inventories, and so forth.

Let us remember that under the system which would be established by the bill, if it is passed, we would not even allow for amortizing on debt and other responsibilities of that character, for which very important reserves are necessary, let alone the question of development. So by that, and by the so-called minimum distribution test, incorporated in the bill, American business, as contrasted with European business, would be disadvantaged.

And, most important, this whole tax provision would be very bad for new firms, one of the great problems. We have to let the right hand know what the left hand is doing. In other words, what we do with the tax bill will directly and materially affect the trade bill, which will come right along on the heels of the tax bill. This tax provision will inhibit the very thing we are trying to encourage; namely, to have more companies engage in foreign trade and foreign productivity, which the trade bill is designed to encourage. The Senator from Minnesota [Mr. MCCARTHY] gave the figures yesterday. It is absolutely remarkable, and few people realize it, that only 5 percent of American companies are actually engaged in any foreign operation. We want to have more engage in it. Yet this very tax bill will inhibit new concerns, as against more established concerns, because the real effect of the so-called escape valve is to make it easier to operate within the confines of this bill for firms which have well-established operations and have been operating for a very long time, but will make it practically impossible for newly established firms, which do not have such a background in that regard, to operate.

Finally, there is an artificial distinction between developed countries and less developed countries. For example, the bill does not allow a flow of earnings from the industrial countries, where the most capital can be divided into underdeveloped countries, because it requires the income, in order to be free of this very onerous tax burden, not only to be earned in underdeveloped countries, but to originate from investment which was made there. So it is a double inhibition, emphasizing the difficulty of causing a flow of earned capital to take place between developed country A and underdeveloped country B.

It seems to me that if there was anything which instructed us to turn down this particular provision, it was that absolutely artificial distinction which runs counter to everything our country is trying to do, which is to stimulate American private investment abroad. It seems to me this has been much maligned and much too little understood in terms of its value to the whole American struggle for freedom abroad. It is very clear—and every analysis shows it, whether it be the analysis of the United Nations, of the International Bank for Reconstruction and Development, of the International Finance Corporation or of the Inter-American Development Bank—that if we depend for the development of underdeveloped countries upon capital put up by governments, including the U.S. Government, we will never make it, and that our struggle against communism will be in very grave jeopardy and will very likely be unsuccessful in terms of the development of the less developed countries.

For example, can any Senator say to himself, legitimately and honestly, that the U.S. Congress will vote more than, roughly, $2 billion a year, which we are now voting, for economic aid? We all know that Congress will not do that. As a matter of fact, it will not, because that amount just seems to fit the congressional conscience. Yet that amount is not enough—every survey shows it—to gear up and move forward a standard of living in the less developed countries in an amount which would at least be satisfactory in relation to the advance in developed countries. The big justification is that developed countries are developing faster, and the underdeveloped countries, in relation to the developing countries, are practically standing still.

In other words, the situation of dissimilarity, which is too often phrased in terms of imperialism, although it is not, is being emphasized and accented, instead of being reduced.

The bill, by its inhibitions and restrictions, tries to achieve a minor national objective which is almost myopic in its influence. All we need to look at are the tax consequences, which, as has just been explained, amount to a few tens of millions of dollars a year, to see the insignificance of this objective compared to the potential damage to the trade program, the whole foreign investment program, and the whole development of the underdeveloped areas program, which represent a political objective which can be looked at in terms of billions of dollars, because it involves the defense and security of the United States and the rest of the free world. It is completely overlooked, but is very urgent, in this particular tax provision.

So I emphasize, again and again, the importance of this provision. Here we are trying to get a private enterprise system into the foreign aid picture, to take its proper part, to help the load to be carried, and to make available resources which are absolutely essential to success.

It is the people who invest, whose business judgment and ability this provision will inhibit or not inhibit. Especially am I concerned by the fact that it inhibits the very new, the very young, the very ambitious elements which we should be encouraging to move into this field.

By way of alternative, the amendment offered by the Senator from Minnesota [Mr. McCarthy] and me deals with this problem in a most rational way. It catches the personal holding company tax haven at the complete discretion of the collector of internal revenue. He is the person who can start the proceeding with respect to an improper accumulation of earnings in any country in the world, so far as Americans are concerned. The burden of proof is then not upon the collector but upon the person from whom he is seeking to collect. It seems to me that that would be a very tight way to administer this provision so as to get the most out of it. It should catch every one of the people who we think are guilty of improperly avoiding or evading the payment of taxes. At the same time, it will not warp or destroy the economic system, so far as economic policy is concerned.

Mr. President, the situation is important enough to warrant every Senator being in his seat when the vote is taken. Senators must understand that the political and economic consequences will be far more important than the tax consequences which will flow from making a mistake of this nature, especially as we have a very feasible, practical, realistic alternative to juxtapose to it. As now in the bill, this provision would not be in the national interest—apart from taxes, where it does not mean very much either way. I hope very much that the amendment which has been proposed by the Senator from Minnesota [Mr. McCarthy] and me will be adopted.

As the bill now is before us, it is proposed that, with one and the same motion, with complete blindness to what is really at stake, we pass a law which can have very little financial effect in absolute terms on the question of tax revenue, but could completely inhibit, abroad, the national policy of the United States, which is to encourage oversea private investment.

Mr. President, in view of the absence of most Senators from the Chamber, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. To whose time will the time for the quorum call be charged?

Mr. **JAVITS**. Mr. President, I ask unanimous consent that the time for the quorum call not be charged to either side.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **KERR**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. Metcalf in the chair). Without objection, it is so ordered.

Mr. **MAGNUSON**. Mr. President——

The **PRESIDING OFFICER**. Does the Senator from Oklahoma yield time? The time is under control.

Mr. **KERR**. I yield 2 minutes to the Senator from Washington.

The **PRESIDING OFFICER**. The Senator from Washington is recognized for 2 minutes.

Mr. **MAGNUSON**. Mr. President, I wish to ask the distinguished Senator from Oklahoma a question.

On pages 295 and 296 of the bill, in the definition of the term "patronage dividend," it is stated that a patronage dividend is a payment "determined by reference to the net earnings of the organization from business done with or for its patrons."

In a case which has been called to my attention—it involves the manufacture of plywood in the Pacific Northwest, and many of the companies are cooperative organizations—the cooperative renders services for the patron. I wanted to be sure that in the opinion of the Senator from Oklahoma the phrase "business done with or for its patrons" includes services with or for patrons.

Mr. **KERR**. I think it is clear, both under the interpretation of a patronage dividend under present law and also under the words "business done with or for its patrons," that services rendered with or for patrons are included. Business done is not necessarily limited to products sold to or purchased for patrons. Business done also includes services performed for patrons, as well.

Mr. **MAGNUSON**. I thank the Senator from Oklahoma.

Mr. **McCARTHY**. Mr. President, if the Senator will yield, let me say I think this is a reasonable and desirable interpretation of the language; and I believe that any other interpretation would create an impossible distinction.

Mr. **MAGNUSON**. I thank the Senator.

Mr. **KERR**. Mr. President, a parliamentary inquiry: What is the time situation?

The **PRESIDING OFFICER**. The Senator from Minnesota has no time left. The Senator from Oklahoma has 25 minutes remaining.

Mr. **MILLER**. Mr. President, will the Senator from Oklahoma yield 2 minutes to me?

Mr. **KERR**. I yield 2 minutes to the Senator from Iowa.

The **PRESIDING OFFICER**. The Senator from Iowa is recognized for 2 minutes.

Mr. **MILLER**. I thank the Senator from Oklahoma.

Mr. President, if I may have the attention of the Senator from Minnesota [Mr. McCarthy], I wish to ask him a question: On page 5 of his amendment, paragraph (b)(1) refers to "money or other property" "beyond the reasonable needs of the business."

And in line 19, subparagraph (2) refers to "reasonable needs of the business."

But beginning in line 22, in defining "reasonable needs of the business," the amendment provides:

> (A) Any money or other property which is located outside the United States and is ordinary and necessary for the active conduct of a trade or business.

And on page 8, in line 5, we find a heading "Reasonable Needs of the Business."

For the purpose of establishing the legislative history in regard to his amendment, I ask the Senator from Minnesota, whether, in line 24, the statement "a trade or business" should mean "the trade or business."

**Mr. McCARTHY.** Yes, it is my interpretation that it should mean "the trade or business," instead of "a trade or business," in order to be consistent with the legislative history which has been made.

**Mr. MILLER.** Then let us say there is a corporation in a manufacturing business, and that it has some accumulated funds, and invests them, let us say, in a rental type business or in a hotel operation. Would that be outside the scope of the exception?

**Mr. McCARTHY.** I think if it were a manufacturing operation or a sales operation, it probably would not be allowable under the terms of the act.

**Mr. MILLER.** Suppose it manufactures shoes and wishes to diversify by beginning the manufacture of fishing-tackle equipment.

**Mr. McCARTHY.** I am not sure how it would be interpreted. The Senator from Iowa, in his remarks last night, pointed out that the language of the bill has not been interpreted, and that there are any number of new terms. The distinctions between "a" and "the" and between a manufacturing operation and a distribution operation have not been clearly made.

**The PRESIDING OFFICER.** The time yielded to the Senator from Iowa has expired.

**Mr. MILLER.** May I have 1 more minute?

**Mr. KERR.** I yield 1 more minute to the Senator from Iowa.

**The PRESIDING OFFICER.** The Senator from Iowa is recognized for 1 more minute.

**Mr. MILLER.** Then, for the sake of the legislative history, since we are trying to enable American enterprises to compete with their counterparts in foreign countries, can we not interpret the amendment to mean an investment in the same line of business or in a diversified line of business which would enable the corporation to compete effectively with its competitor?

**Mr. McCARTHY.** Certainly that is the purpose I have in mind in my amendment. The reason we proposed the unreasonable accumulation approach, rather than the technical and confined amendment proposed by the committee, was that, in my judgment, this would be a related activity and it would not be unreasonable to use earnings for that purpose.

**Mr. MILLER.** In other words, if it is designed to enable them to diversify, and diversification is necessary in order to enable them to compete, it should be encouraged?

**Mr. McCARTHY.** Yes, it should be encouraged.

**Mr. KERR.** Mr. President, I yield myself 5 minutes.

**Mr. McCARTHY.** Mr. President, I have a question on the time. I had control of the time on this side. I think I had used 15 minutes, when I yielded 5 minutes to the Senator from New York.

**The PRESIDING OFFICER.** Does the Senator from Oklahoma yield time?

**Mr. KERR.** I yielded 3 minutes to the Senator from Iowa.

**Mr. McCARTHY.** I asked a question about the time.

**Mr. KERR.** Mr. President, a parliamentary inquiry. What is the situation on the time?

**The PRESIDING OFFICER.** The time of the Senator from Minnesota has expired. The Senator from Oklahoma has the remaining time. The vote will take place at 11:30.

**Mr. KERR.** Mr. President, the pending amendment would practically destroy the opportunity for constructive improvement overseas in taxation of American corporations doing business overseas. The amendment would create a very substantial drain on our balance of payments. The amendment would legalize foreign tax havens to the fullest extent. The amendment would encourage all existing tax havens to continue and encourage others to be created, because it permits the accumulation of earnings in foreign-owned corporations, and once they reinvest them, they cannot be reached for American taxation.

The amendment not only exports jobs, it not only increases the drain on our balance of payments; it perpetuates the very sad and adverse situation that the foreign tax provisions in the bill were calculated to cure.

The House tried to do two things: First, eliminate tax havens; second, tax the income of a foreign corporation as it earns it, rather than as it pays it back to this country in dividends.

The committee amendment took out all provisions that would tax foreign income as it was earned, and permitted it to remain on a reasonable basis, and to be taxed when it came back, but it put incentives in the bill to bring the money back. It put an incentive in the bill to increase jobs by permitting a foreign sales corporation to keep a considerable part of its earnings so long as it bought American products and sent the money back to America to pay for those products, sustaining jobs in this country and, in the end, our balance of payments and gold position.

The pending amendment would adversely affect that situation, because it exempts those earnings from taxes so long as they are kept over there and reinvested over there. It involves nearly $100 million a year.

The pending amendment would cost from $80 to $100 million a year, and that amount would be kept in foreign tax havens owned by American companies and used to expand their operations overseas and increase their manufacturing over there, instead of over here; increase jobs over there instead of over here; increase the drain on our gold reserve, rather than reverse the flow and bring it back here.

I yield back the remainder of my time to the Senator from Montana [Mr. MANSFIELD].

**Mr. MANSFIELD.** Mr. President, if I may, under the procedure in effect, I yield 5 minutes to the Senator from Minnesota [Mr. McCARTHY], and I will then have 10 minutes.

**Mr. McCARTHY.** Mr. President, I appreciate the courtesy of the Senator. There was some misunderstanding about the granting of time, as a consequence of which time was charged against me which should not have been charged against me.

Mr. President, I am in almost complete disagreement with the general statements which have been made by the Senator from Oklahoma in his concluding remarks. I hope that Members of the Senate, in the course of this debate, have had occasion to examine some of the testimony and some of the judgments that have been passed on this section of the bill.

I have looked around at Senators' desks and at the books of hearings piled up on them. I do not find that the order in which they have been piled on the desks has been disturbed on very many desks. The piles of hearing records, running from volume 1 to 11, in most cases have not been disturbed in any way, so, unless Members of the Senate have been reached either by statements made on the floor or by communications sent to their offices, I am afraid they may be moved to act on recommendation without full study.

I regret that this is the case, because, in my judgment, this amendment is not so highly technical that it could not be understood but that the technical aspects of what is being proposed by the committee have not been worked out.

The Senator from Iowa [Mr. MILLER] made a statement on the floor which should have been read, or at least should have been scanned, because, as one who has worked on the technical side of tax law and tax administration for many years, he made telling points about the difficulty of administering the kind of proposal being made to the Senate in the amendment by the Senate committee.

In addition, I hope Senators have had occasion to read the remarks of the Senator from Nebraska in this connection, in the two major points he made: First, the constitutional questions which are raised by this proposal; and second, some mistakes in drafting or understanding. One of them I learned—section 963—in consultation with the staff of the Committee on Internal Tax Revenue, was not known to them. It relates to the question of tax credit on foreign taxes. Although the Treasury said they knew it was in, and that it was not an accident on their part, yet the staff of the Committee on Internal Revenue Taxation said they did not know until last evening that it was in. If the Treasury knew it—and it is a drastic change in policy, letting the Treasury determine what foreign taxes can be determined or credited against the taxes of American corporations—this information should have been given out, and at least the staff of the Committee on Internal Revenue Taxation should have known about it.

Finally, I hope Senators will give some attention to the remarks of the Senator from New York [Mr. JAVITS], who touched particularly on the question of our competition with foreign corporations engaged in business in those countries where we hope American industry, business, and finance may become more operative and active than they have in the past.

It is my opinion that much more study should have been given to the proposals that has been given to them by the Finance Committee.

Mr. President, the August 25, 1962, amendment now before the Senate would be a substitute for the Committee on Finance provision with respect to controlled foreign corporations which now occupies 71 pages of the bill. Instead of the complex and unworkable provisions of the Kerr-Treasury amendments, the August 25, 1962, amendment would substitute a tax on earnings improperly accumulated beyond the reasonable needs of the foreign business. It is to be a simple, straightforward adoption of the unreasonable earnings approach we now use in sections 531 to 537 of the code for domestic corporations which improperly accumulate earnings to avoid the payment of additional income tax by their shareholders.

All of the court decisions and precedents which have been developed over many years in the domestic area on this matter of unreasonably accumulated earnings will now be available to make clear rules for taxation of improperly accumulated foreign income. It must be said for this amendment that, should Senators vote for it, they will be clear on exactly what they have supported.

This is in direct contrast to the Treasury proposal, even without the complicated and untried Kerr amendments, which was described by a group of New York tax lawyers as follows:

> As in the case of the House bill, merely reading the new draft will suffice to demonstrate its utter complexity. Even the most sophisticated become lost in the forest of its technicalities: its phraseology is vague at critical points; precedents for its construction and application are lacking because of the novelty of its concepts; and it seeks to resolve vital and difficult problems by the expedient of delegating authority to issue regulations * * *. We seriously question whether a law of such complexity could be applied and administered in an effective and reasonably evenhanded way.
>
> The concepts and techniques of the bill are so highly complex that we doubt that reasonable technical solutions for its defects can be devised. In any event, we are convinced that the bill could not be equitably and uniformly administered because it would be impossible for most revenue agents and taxpayers to understand and apply its provisions.
>
> We therefore regretfully conclude that the foreign income provisions of the bill, even as revised by the Treasury draft, would have a seriously adverse effect on foreign operations of American business.

By contrast, the August 25, 1962, amendment is designed as concisely and clearly as possible to strike at tax abuses in the use of controlled foreign corporations, or incorporated pocketbooks or tax havens by U.S. shareholders. It would levy a U.S. tax on any unreasonably accumulated profits held abroad by U.S. shareholders. To the extent that a controlled foreign corporation had $1 abroad which it could not prove by a preponderance of evidence was actually needed in its business, such dollar would be immediately taxed to the shareholder in the United States.

This is no new and untried theory—as is the case with the Kerr amendments. This is a tried and proven approach, used for many years in the domestic area, following proven concepts under present law. Its constitutionality would not be seriously questioned because, like the foreign personal holding company provisions of the code, it is designed to stop tax evasion by improperly accumulating income abroad. Since 1937 this type of legislation to stop tax evasion has been considered constitutional, as opposed to the Kerr amendments which would tax foreign income to the U.S. shareholders whether or not tax evasion is involved. It is this type of indiscriminate treatment of taxpayers—the good being punished with the bad—which can be avoided by not adopting the Kerr amendments and the present section 12.

The August 25, 1962, amendment together with a vigorous enforcement of the Treasury's powers under sections 482 and 6046, will stop all of the flagrant abuses pointed up by the Treasury Department's assertions. The Treasury now has the authority, seldom used, to prevent abuses of intercompany pricing, intercompany charging of expenses, intercompany loans, and the diversion of U.S. income to a controlled foreign corporation. It may have been a last minute realization of this Treasury authority under section 482 which caused the Senator from Oklahoma [Mr. KERR] to move the deletion of section 6 of H.R. 10650 as it was passed by the House.

The Treasury also now has the authority under sections 6038 and 6046 to obtain full financial data on all foreign subsidiaries of U.S. corporations so that secrecy of foreign bank accounts or financial data is now penalized by fine and imprisonment as a violation of our Internal Revenue Code. With this new reporting data, no foreign operations of U.S. taxpayers can be withheld from the Treasury Department, which must now step up its program of enforcement rather than push for new, complicated, and unworkable tax laws.

The August 25, 1962, amendment is clear. A vote for it can be cast with a full knowledge that it is understandable to taxpayers and tax collectors. The Chamber of Commerce of the United States announced this morning that it fully supports this amendment because it is consistent with the proposed Trade Expansion Act. On the other hand, the chamber as well as other business organizations which will bear major responsibilities under the Trade Expansion Act strongly oppose the Treasury tax proposals and the Kerr amendments as being antithetical to the trade bill.

The Committee for Export Expansion Through Subsidiaries Abroad, a group of 64 small- and medium-sized companies engaged in export trade, supports the August 25 amendment and has no doubt been to you to solicit your support. These companies, as many publicly testified, do not wish to be put in the same category with the tax haven operators, nor should they be. President Kennedy has said that he does not wish to penalize legitimate American-owned oversea business which will strengthen our trade and currency in future years. It is to this objective that the August 25, 1962, amendment is dedicated.

I am advised by the Joint Committee on Internal Revenue Taxation staff that the August 25 amendment will produce at least $50 million in additional tax revenue in 1963 or 1964—as opposed to the Treasury-Kerr proposals which are estimated to collect $80 million in the early years, but in the following years the August 25 amendment will result in greater tax revenue than the Treasury-Kerr proposals because U.S. foreign trade will be allowed to remain competitive and not be diminished or destroyed by unreasonable limitations such as the present section 12 before the Senate.

The **PRESIDING OFFICER.** The time of the Senator from Minnesota has expired. The Senator from Montana has 10 minutes remaining.

**Mr. MANSFIELD.** Mr. President, this amendment would be an abandonment of, rather than a substitute for, legislation ending the rapidly increasing tax haven abuse. This amendment, to tax only funds unreasonably accumulated abroad, would leave entirely untouched almost all tax haven income.

It would lose between $80 and $100 million.

It would encourage the flight of American capital.

It would be more likely to injure than to aid our balance of payments.

It would encourage the retention of capital abroad to provide jobs for foreign workers while 5.3 percent of our working force is idle.

I cannot believe that the Senate wants to endorse tax havens by adopting this amendment.

The only tax haven income which would still be covered by the amendment would be income derived from insurance abroad of U.S. risks.

The amendment would fail to tax the principal forms of tax haven income. It would not even touch tax haven income channeled into foreign sales subsidiaries. These corporations are artificial entities deliberately separated from the principal foreign operations. The reason for their existence is to siphon income into tax shelter countries, such as Switzerland, Liechtenstein, and the like which have especially low rates of tax. Nor would this amendment catch tax haven service income which has been diverted to tax shelter countries. Nor would this amendment touch holding companies used as a receptacle to draw off earnings that should be returned to the United States.

The Treasury estimates that the committee provision will raise $85 million a year. The Treasury says this amendment would raise practically nothing. What company cannot find some excuse for using its earnings abroad? The amendment would only be a sanctuary for the tax avoiders and a trap for the unwary.

I want this next statement I am making to be clearly understood. If we take this so-called unreasonable accumulations tax to conference, I am convinced that the House conferees would not accept it. Instead, they then would have to insist on their own much harsher provisions, which not only would reach tax haven operations but also would seriously affect manufacturing and other operating companies. This would mean that all the good work which the Finance Committee has done to shape a workable provision—but one which curbs the tax haven abuses and them only—might be lost.

While this amendment would fail to tax U.S. shareholders on tax haven income, it nevertheless would invite revenue agents to try to tax operating companies by imposing their judgment as to what capital a taxpayer needs in his business.

Why do we want an amendment that would interfere in any way with established manufacturing operations abroad? The approach of this amendment was examined by the Finance Committee and, after extensive consideration, rejected.

Although it would be a tremendous nuisance, this unreasonable accumulations tax would be of very little revenue significance, since most overseas companies can find some place to invest funds in operations whether they are needed or not. It would be very easy for companies to find one way or another of diversifying or expanding their business. Of course the unwary may be caught—for example, a few small, closely held companies. But, I am informed, they are of little significance in the foreign investment area. In short, the amendment would do little that is constructive.

Let no one think that the present code provisions for an accumulated earnings tax on domestic corporations is a precedent here. The penalty tax on accumulated earnings in the domestic area is aimed at a completely unrelated problem—the avoidance of surtax rates upon dividends to individual shareholders. Its application has thus been limited in practice to the small closely held corporation.

I am also convinced that an unreasonable accumulations tax on foreign operations would not be in the national interest. The Finance Committee amendment, through the export trade corporation provision, would provide special encouragement for the export of U.S. products and in this way would create jobs here at home. But Senators will find no such provision as this under the amendment. Actually, the amendment now before us would export jobs. Let me show Senators how. First, foreign subsidiaries under present law tend to hold funds abroad, where the foreign tax rate is less than our domestic rate. But at least now there is no pressure on them to reinvest these earnings in expanding and diversifying their foreign operations. They may take their time in deciding whether to use their earnings abroad or repatriate them. But if the Congress should see fit to enact this unreasonable accumulation tax, this would actually place pressure on the companies to immediately reinvest these earnings abroad—to shift production and jobs from this country to foreign countries. The new investment in foreign production would, of course, worsen our balance of payments position. The Finance Committee's tax haven legislation, on the other hand, would encourage investment here at home and help our balance of payments.

In conclusion, let me urge Senators not to adopt this amendment. It would not reach the basic tax haven types of operation. It would present many difficult administrative problems. It would encourage the export of jobs.

Once the bill reached conference it would almost surely be rejected if this amendment were adopted, since the House conferees would insist upon reaching tax haven income. This means we might well end up with the much harsher House version of this provision which would go beyond tax havens to reach operating companies.

I am informed that if the pending amendment should be adopted, it would mean that instead of providing between $80 million and $100 million in revenue for the Government, the amount might well be in the vicinity of $2 million.

Mr. President, I urge the rejection of the amendment. I yield the remaining time to the Senator from Ohio [Mr. LAUSCHE].

The PRESIDING OFFICER. The Senator from Ohio may proceed.

Mr. LAUSCHE. Mr. President, I contemplate voting against the amendment offered by the Senator from Minnesota. I shall do so for several reasons.

First. I believe that every reasonable effort should be made to eliminate the tax havens which admittedly exist in foreign countries. In my judgment, the House and the Senate committee have striven to reach that objective.

Second. I am alarmed by the constant evidence, at least in my own State, of industry moving into foreign countries, knowing that it can put itself in a better competitive position in those countries, proclaiming it does not intend to manufacture abroad and ship to the United States. Intermittently evidence appears that the purpose not only is to compete in the world markets, but also to compete in domestic markets.

Third—and this is not a reason for the casting of my vote—the discussions which have been had clearly indicate the need for doing something domestically to place ourselves in a better position in competition for world markets. In my opinion, our conduct in the Congress has been of a nature to induce placing ourselves in a less favorable competitive position. But that is not one of the aspects of the discussion.

To repeat, first, I wish to eliminate tax havens. Second, I do not wish to give inducement to American industry to settle abroad, taking jobs from American workers and providing them for the workers in foreign countries.

The PRESIDING OFFICER. All time has expired.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. KERR and Mr. DOUGLAS requested the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota. All time having expired, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY (when his name was called). On this vote I have a pair with the senior Senator from Missouri [Mr. SYMINGTON]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE] and the Senator from Mississippi [Mr. EASTLAND] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Mississippi would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Utah [Mr. BENNETT], the Senator from Connecticut [Mr. BUSH], the Senator from Arizona [Mr. GOLDWATER], the Senator from New Hampshire [Mr. MURPHY], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are necessarily absent.

The Senator from Vermont [Mr. PROUTY] is detained on official business, and if present and voting, would vote "nay."

On this vote, the Senator from Maryland [Mr. BEALL] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Utah would vote "nay."

On this vote, the Senator from Connecticut [Mr. BUSH] is paired with the Senator from New Hampshire [Mr. MURPHY]. If present and voting, the Senator from Connecticut would vote "yea" and the Senator from New Hampshire would vote "nay."

The result was announced—yeas 21, nays 65, as follows:

[No. 228 Leg.]

YEAS—21

Bartlett
Bottum
Capehart
Case
Curtis
Dirksen
Engle
Fong
Hickenlooper
Hruska
Javits
Keating
Kuchel
McCarthy
Miller
Morton
Mundt
Scott
Thurmond
Williams, N.J.
Young, N. Dak.

NAYS—65

Aiken
Allott
Boggs
Burdick
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Carroll
Chavez
Church
Clark
Cooper
Cotton
Dodd
Douglas
Ellender
Ervin
Fulbright
Gore
Hart
Hartke
Hayden
Hickey
Hill
Holland
Jackson
Johnston
Jordan, N.C.
Jordan, Idaho
Kefauver
Kerr
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McClellan
McGee
McNamara
Metcalf
Monroney
Morse
Moss
Muskie
Neuberger
Pastore
Pearson
Pell
Proxmire
Randolph
Robertson
Russell
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Tower
Williams, Del.
Yarborough
Young, Ohio

NOT VOTING—14

Anderson
Beall
Bennett
Bible
Bush
Eastland
Goldwater
Gruening
Humphrey
Murphy
Prouty
Saltonstall
Symington
Wiley

So Mr. McCARTHY's amendment was rejected.

**Mr. KERR.** Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

**Mr. MANSFIELD.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**Mr. JACKSON.** Mr. President, I should like to ask the Senator in charge of H.R. 10650 a question with respect to that bill.

I refer to subsection (f) of section 8 of the bill, election for multiple-line company to be taxed on total income. It is my understanding that if a company which has always filed its return as a mutual marine insurance company makes this election, it will be consistently taxed on a stock company basis for all prior years, as well as future years, and will not be taxed as a mutual fire and casualty company for any years preceding the effective date of the election.

Is my understanding correct?

**Mr. KERR.** The Senator's understanding is correct. It is the intent of this section to assure that a company which has been taxed as a mutual marine insurance company for 5 years or more will continue to be taxed on a stock company basis for all years. When this amendment was under consideration by the Senate Finance Committee, I was assured by Mr. Stanley S. Surrey, Assistant Secretary of the Treasury, that a company which has always filed its returns as a mutual marine insurance company on a stock company basis under section 831, and which makes this election, will be taxed on a stock company basis for all prior years as well as future years.

**Mr. JACKSON.** I thank the Senator.

## WORLD FOOD CONGRESS

**Mr. JAVITS.** Mr. President, I would like to call the attention of my colleagues to the World Food Congress which our Government will host in June 1963, in Washington, D.C.

This congress will be the 20th anniversary of the first international food congress held at Hot Springs, Va., in 1943. Out of this first congress was born the idea of an international organization designed to study world food problems and alleviate world hunger. At a subsequent world food meeting in Quebec in 1946, this organization known as the Food and Agriculture Organization, or FAO, for short, was officially launched.

Today, with headquarters in Rome, Italy, and with some 1,300 personnel on duty throughout the world, under the leadership of its Director General, B. R. Sen of India, the FAO is serving humanity as one of the oldest and most effective organizations of the United Nations.

Over this span of 20 years, FAO experts have worked in food deficit areas of the world in an effort to combat causes of world hunger. They have brought nations and areas together to deal with pests and disease; and to work out soil and conservation problems of all kinds that affect food supply and nutritional standards, and which know no territorial jurisdiction. Many of these problems have been effectively dealt with by means of international cooperation under the leadership of FAO. Many more remain yet to be solved and are rapidly worsening under the pressure of expanding populations.

In spite of all that has been done about it, hunger remains as man's oldest and greatest enemy. Yet, this problem is capable of solution. Studies which FAO has compiled on population trends and sources of food supply, prove that the earth can feed her people, if the world can but make use of the existing reservoir of agricultural knowledge and productive capacity.

How then, can we allow fully one-half of the world's population to suffer the misery of hunger and malnutrition, when this problem is capable of a solution? The solution is to help the underdeveloped and underfed countries themselves to acquire the agricultural techniques and methods needed to produce enough of the right kinds of food to improve their health and living standards.

It was this thought of both developed nations and developing nations working together in a cooperative approach to alleviate world hunger, that motivated the Food and Agriculture Organization to launch its 5-year freedom from hunger campaign in 1960. All 104 member-countries of FAO have been asked to particiate with their own national committees and nearly 50 have already done so.

In January the United States established a nongovernmental, nonpartisan, nonprofit American Freedom From Hunger Foundation in Washington, D.C., to furnish leadership for the campaign in this country. Its trustees were invited to serve, without compensation, by the President. They include citizens from all areas of the American community—agriculture, business, labor, industry, education, charity, religious, and public service. Ex-President Truman is the honorary chairman.

This foundation seeks sponsors for projects in food production in the developing nations of Latin America, Asia, and Africa. American groups and organizations and firms of all kinds are asked to make tax-exempt contributions of money, goods, and technical services, needed to initiate projects in these food-deficit areas.

However, this is only a part of the campaign. It is most essential to stimulate an interest and knowledge on the part of the American people in the problems of world hunger. Organizations and groups who can help out in this information and education program are asked to become members of the foundation.

These member organizations will play an important part in the forthcoming World Food Congress. The Congress is nongovernmental and delegates, who attend from over 100 countries, are the community leaders of their respective countries. This is a people's approach to a solution of the problems of world hunger; not a government approach. It represents an opportunity for the people of the United States to meet with the people of developing countries to try to work out a solution to the greatest problem that faces mankind.

In the words of Director General B. R. Sen, "One man's hunger and want is every man's hunger and want. One man's freedom from hunger and want is neither a true nor a secure freedom until all men are free from hunger and want."

It is my hope that Americans everywhere will respond to this challenge and let our friends in the developing countries know that we are interested in their welfare; that we will help them to help themselves according to the work of the American Freedom From Hunger Foundation and the World Food Congress.

---

## INDEPENDENT OFFICES APPROPRIATIONS, 1963

**The PRESIDING OFFICER.** Under the unanimous-consent agreement previously entered into, the Senate will now proceed to the consideration of H.R. 12711, making appropriations for the independent offices, which the clerk will state by title.

The LEGISLATIVE CLERK. A bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1963, and for other purposes.

---

## TRANSACTIONS TAX ON SILVER

**Mr. MAGNUSON.** Mr. President, the Senate has before it the independent offices appropriation bill. By unanimous consent, in order to keep the legislative situation as it was asked for by the leadership, the independent offices appropriation bill is now the pending business.

However, I wish to discuss a provision in the tax bill, and I shall take this time to do so. Several other Senators also are interested in this question, and we desire to discuss it at this time before further action is taken on the appropriation bill.

Mr. President, on November 26, 1961, the President by Executive order terminated Treasury sales of the Government's free silver stock and at the time both he and Secretary Dillon indicated that Congress would be requested to repeal the silver purchase laws and the silver transfer tax to restore a free market in silver.

These proposals from the White House are a recognition of the painfully obvious fact that our unhealthy silver market is in need of help.

Repeal of the Silver Purchase Act entails major policy considerations of fiscal, economic, and monetary importance and has been described by some of my colleagues as highly controversial. Joinder of this proposal with the suggested repeal of the tax on silver transfers is unfortunate to the extent that the repeal of the tax on silver transfers may be unnecessarily delayed.

The silver transfer tax was originally imposed under the Silver Purchase Act of 1934 as a device to protect the Government against speculation in the Treasury program to purchase foreign silver and was subsequently incorporated in the Internal Revenue Code of 1954—10 years later. It is an uncontroverted fact that the Government has not bought a single ounce of silver since 1941 and for that reason it no longer needs the protection of this act.

I understand from officials of the Treasury Department that the Treasury does not intend to buy any silver at any time in the foreseeable future.

While the expense of administering this tax cannot be accurately determined, it is estimated that funds in excess of $60,000 per annum are necessary to this end. Collection of this tax during fiscal year 1961 dropped to $14,000. Having outlived its purpose, the tax is a deterrent to the normal channels of trade.

It is one of the built-in provisions which had some reason back in 1934, but absolutely no reason now. The cost to administer this act is four or five times greater than the $14,000 which is collected.

The effect of this tax is to prevent the operation of a futures market to deny the user, dealer, refiner, or miner of silver an opportunity to protect his operation against otherwise unavoidable market risks. For example if a user of silver makes a profit on a sale of silver scrap generated in his processing operation because the market price of silver has advanced since his original purchase, he must pay a 50-percent tax on the profit realized unless he promptly buys an equivalent amount of refined silver, thus preventing him from using his own judgment as to the quantity of silver he should hold in inventory. If on a subsequent sale of scrap he sustains a loss because the market price of silver has declined, he has no way to offset this loss against the profit realized on the previous sale.

They are the people represented by the distinguished Senator from Maryland [Mr. BUTLER] and the distinguished Senator from Rhode Island [Mr. PASTORE].

There is no question that the silver transfer tax put an end to the development of New York as the principal market, and at the same time caused London to exist as the most important clearing point for international silver trade. No other commodity, regardless of its intrinsic value or importance to the public welfare is subject to similar taxation.

My intention was to offer an amendment at this session to carry out the recommendation of the President and the Treasury Department to repeal the tax on silver transfers. I, together with many other Senators who are interested in the problem, discussed the situation with the Treasury, and the Treasury submitted a suggested amendment and discussed it with the Committee on Finance. Some 30 Senators have joined with me in cosponsoring the amendment.

However, there seems to be some misunderstanding in one segment of the industry as to the effect of such a repeal. That segment is comprised of those who finally buy the silver and process it into silver plate, silver ornaments, and articles of that kind. There is no misunderstanding on the part of the President of the United States, the Treasury Department, the miners, those who refine silver, or the group who make the silver into bullion or wire and then, in turn, sell it to manufacturers in Rhode Island, Maryland, New York, and other places. What has happened is that those manufacturers are now at the mercy of the London silver market as against the American market, and they cannot make their plans.

In all fairness, I should say that no hearings were held on this question. The proposal is tied into the Silver Purchase Act. What those who make silver plate or buy bullion or wire or silver sheet are talking about is not this tax. They want to put this tax together with the silver purchase tax. They are two different taxes. This is a complicated problem and involves fiscal policies of the U.S. Government which are well established by the Treasury Department. The people whom the Senator from Rhode Island and the Senator from Maryland represent should be heard.

I have spoken with many of the Senators who have joined with me as cosponsors of the amendment. I observe in the Chamber the distinguished Senator from Montana [Mr. MANSFIELD] and also the distinguished Senator from Idaho [Mr. CHURCH], whose State is vitally interested in this question, because it produces a greater amount of silver than is produced in any other State in the Union. We shall not offer the amendment at this time, but I thought I should place in the RECORD a letter from about 15 Senators who are interested in this question, in which they suggest this course of action. Then we may have a better understanding of the problem and can take up the whole silver question in January.

I have spoken with the distinguished chairman of the Committee on Finance the Senator from Virginia [Mr. BYRD]. I feel certain that that committee will be sympathetic to considering the problem.

Much has been said about business and economic conditions in the United States. Some persons have said that the economy is not moving forward fast enough and is not advancing as it should; that the gross national product, percentagewise, is not as high as it should be. These are two built-in factors which are causing a part of the trouble. The repeal of the transfer tax would provide flexibility in the silver market and allow the purchasers of silver to make their plans. I do not know whether this proposal would raise the price of silver, although I doubt that it would, because the price is still controlled by the London market. But it would allow the silver manufacturers in this country to have a silver market in which they could make plans.

But it would allow these people to have a future silver market on which they could plan. I do not think repeal of the Silver Purchase Act would be accomplished at this time, because there would be no purpose, because since 1941 the Treasury has not purchased an ounce of silver, and the Treasury tells me it does not intend to.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Without objection, the letter will be printed in the RECORD.

The letter is as follows:

U.S. SENATE,
*August 28, 1962.*

HON. WARREN G. MAGNUSON,
*127 Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR: It has come to our attention that you intend to sponsor an amendment to H.R. 10650 which would repeal the existing tax on transfers of interest in silver bullion. Our constituents have informed us by telephone calls, telegrams, and correspondence that such action could cause irreparable injury to the silver using industries and to consumers generally.

As you know, the employment of thousands of persons in our States is directly related to the availability of silver on the market at a reasonable price. Our information is that the world market price of silver rose one-half cent an ounce on Monday, August 27, based on speculation that your amendment would be proposed and accepted.

Of course, we understand your position in suggesting elimination of the transactions tax, but we feel that our constituents have an opportunity to present their case on the record before any action is taken. We would like to see the Silver Purchase Acts of June 19, 1934, July 6, 1939, and July 31, 1946, repealed in toto, as suggested by the President, but realize that for practical purposes this cannot be accomplished this late in the session.

Yet, to repeal only the transactions tax at this time, while leaving the other measures in force, would be dangerous to the interests of our States. As President Kennedy stated in his letter of November 26, 1961, to Secretary Dillon, "the existing tax on transfer of interest in silver bullion has been necessary only to provide reinforcement for this legislation [the Silver Purchase Acts]." To remove this reinforcement at this time might well prove to be precipitous as regards silver users.

Therefore, we, your colleagues, implore you to withhold your proposed amendment at this time, and to introduce, in its stead, a bill on which full hearings could be held, allowing our constituents an opportunity to develop their position.

Sincerely yours,

John O. Pastore, Rhode Island; Prescott Bush, Connecticut; Edmund S. Muskie; Thomas J. Dodd; Leverett Saltonstall; Claiborne Pell, Rhode Island; K. B. Keating, New York; J. K. Javits; Joseph S. Clark; Winston L. Prouty.

Mr. PASTORE. Madam President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. PASTORE. First of all, I compliment the Senator from Washington for his fairness in not pushing this amendment at this time, and for deciding to have it submitted at the next session, so that all of the parties interested in this matter can be heard.

But I think I would be remiss if I did not point out here that, as the Senator has already indicated, the transfer tax was to implement and reinforce the Silver Purchase Act, and that if one is to be repealed, the other should be repealed at the same time.

The Senator indulged in the speculation, "I doubt very much that this will raise the price of silver." However, the remarkable thing is that after August 1961, when the President asked for the repeal of both the Purchase Act and the tax, the price of silver went up about 10 cents an ounce, but then did not rise again until the other day, when this bill was reported on the floor of the Senate and when the rumor got abroad that there might be a repeal of the transfer tax. Then, just the other day, the price of silver on the American market went up one-half a cent, and the following day it rose another one-half cent, bringing the price up to $1.11 an ounce.

So I say this does have an effect on the price of silver. And in Rhode Island, where thousands of people are employed in the silver manufacturing industry—and the same is true in Connecticut, Massachusetts, and Delaware—this matter is most important. To repeal this tax without having full hearings would be a great injustice to the manufacturers and the users of silver.

So I am very happy that, after talking with us, the Senator from Washington has agreed to let this go over until the next session of Congress.

There may be a point in the issue the Senator has raised, but it should be heard thoroughly; and it would be most unfortunate for all parties concerned if we indiscriminately pushed this matter at this time, without full hearings for the benefit of all parties concerned.

Mr. MANSFIELD. Madam President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. Not only is it good to know that the Senator from Washington will hold these hearings, but it is also good to know that the chairman of the Banking and Currency Committee, the Senator from Virginia [Mr. Robertson], will hold hearings next year.

Mr. ROBERTSON. Madam President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. ROBERTSON. When some of the silver people appealed to me, knowing that I had had for some months before the Banking and Currency Committee a bill providing for repeal of the Silver Purchase Act, as well as the transfer tax, and said the bill would make the repeal apply retroactively to the tax, and that thus those who already had accumulated large amounts of silver would make a tremendous profit, I told them that I thought it only fair that if at this time we repealed the tax, we should also repeal the Silver Purchase Act.

Then friends from the silver-producing States told me that serious consequences might be involved for them by repeal of the Silver Purchase Act, although it authorizes only 90 cents an ounce, and I think the price of silver has risen to $1.09, or something of the sort.

So I think the Senator from Washington is exercising proper discretion in not at this point forcing the issue on this tax bill, solely on the repeal provision.

I can assure him that if they introduce a bill which goes to the Finance Committee, on the tax phase—and the Finance Committee would have jurisdiction over that—and if a bill to repeal the Silver Purchase Act were then to come before the Banking and Currency Committee, I would do all within my power to see that they got a hearing. But it is such a controversial matter that I cannot say I would give it priority.

Mr. MAGNUSON. I thank the Senator from Virginia.

Of course, perhaps the price of silver might be $1.05 or $1.10. The Senator from Rhode Island is appealing in the interest of the people who are working in the silver shops in his State. However, silver cannot be mined unless more than that amount is obtained. We have some people who are working in the mines. When people at the other end say, "We could not pay $1.09, because that would affect our situation terribly," I point out that that is like saying that an increase in the price of wheat will cause an increase in the price of bread. But we find that that does not follow; and I have figures to show that.

We have to see that both ends of the silver situation are taken care of; we cannot just put a yoke on the miners or the smelters, and say they cannot be taken care of—because if they do not produce silver, there cannot be silver plating.

Mr. PASTORE. Madam President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. PASTORE. Surely the Senator does not want great profits to be made by those who hoard silver. So certainly he thinks the Silver Purchase Act should be repealed.

Mr. MAGNUSON. I agree.

Mr. PASTORE. And the Senator from Washington has said that both sides of the question should be heard.

Mr. MAGNUSON. That is correct.

Mr. PASTORE. My heart goes out to the miners, as well as to the silverworkers. But I think it would be rather unfair to push this matter at this time. That is the only argument I make.

Mr. MAGNUSON. But I wanted to clear up the other matter. In short, we have not presented any amendment of that sort at all.

Mr. PASTORE. I know that; but there was a rumor that the Senator might present one, and the market has risen 1½ cents in the last few days.

Mr. MAGNUSON. The amendment referred to was written by the General Counsel of the Treasury; but that was 6 months ago, and that has nothing at all to do with silver stocks, and there was no intention to deal with them.

Mr. PASTORE. But the Senator from Washington has said that the Treasury has not bought any silver since 1941, and does not intend to buy any.

Mr. MAGNUSON. That is what I am told.

Mr. PASTORE. The chances are that we could write into the law some provisions in connection with repeal of the tax, and that would be the end of it. But without that, we would be in serious trouble.

Mr. MAGNUSON. No; I do not think we would be in serious trouble.

Mr. BUTLER. Madam President, will the Senator from Washington yield to me?

Mr. MAGNUSON. I yield.

Mr. BUTLER. Madam President, I concur in the remarks of the Senator from Rhode Island.

I wish to thank the chairman of the Commerce Committee [Mr. Magnuson] for his consideration. He has acted most fairly, and I am sure that all interested persons will have an opportunity to be heard; and then the Senate can work its will.

I thank the Senator from Washington.

Mr. MAGNUSON. We think silver should receive a reasonable price, and there should not be restrictions. Anyone who understands the silver market at all knows that every year in August or September and October the London people buy silver—buy it seasonally, for some reason—and usually there are fluctuations in the price of silver at the end of August and in September and October. Then the price drops in February and March, and we shut down some of the mines. This happens regularly and normally, because, for some reason, the buying is done at this particular time.

But we had better do something about the London control of our silver market.

Mr. PASTORE. I agree with that statement, and I hope I can be of great support to the Senator when that time comes.

All we want is fairness and an open, competitive market; and I do not think either the miners or the manufacturers or the users will be hurt in the process.

Mr. MAGNUSON. That is correct.

Mr. CHURCH. Madam President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. CHURCH. I agree wholeheartedly with what the Senator from Rhode Island has said.

We are interested in having a free market for silver established. And we want that done in a fair and deliberate way, with a full examination of all the ramifications which may be involved.

I think the Record should be clear that for a long, long period of years, when the Treasury was selling its so-called free silver reserve at 91½ cents an ounce, the market price was pegged at that level, and the first increase in the price of silver occurred immediately after the President decided to terminate further sales of our fast depleting free silver reserves. Immediately following that announcement by the President, last year, the price of silver rose from 91½ cents to about $1.01 or $1.02 an ounce.

It stayed at that plateau for a period of several months, owing to the fact that silver had been hoarded in various parts of the world, in anticipation of the time when it would be necessary for the Treasury to stop selling its silver.

Mr. PASTORE. Madam President, if the Senator will yield, we did not then complain, because the industry wanted a wide open competitive market.

Mr. CHURCH. That is right, but I wanted the record to be clear that the rise in the price of silver commenced when the Treasury terminated further sales of free silver. We are now seeking to restore commercial silver to a marketplace which is completely free.

I wish to ask the Senator from Washington if, in his judgment, it is not necessary to repeal the silver transfer tax if we are to accomplish our objective, namely, to fully restore the sale of commercial silver to a free market?

Mr. MAGNUSON. I think the Senator is absolutely correct.

Mr. CHURCH. Does not the Senator agree that if we repeal the silver transfer tax, we would actually be doing the taxpayers a favor, since today it is costing the Treasury more to collect the tax than it is receiving in tax returns?

Mr. MAGNUSON. This is the only tax I know of—I am sure it is the only one in the United States, and I do not know of any in the world—which costs six times more to collect than what is taken in. Last year $14,000 was paid on this tax. They would take in some money if they had a silver futures market.

Mr. CHURCH. I want to commend the Senator from Washington for his statement today, and the other Senators who have participated. I think he has served notice that we of the West want, as the first order of business in the next session, to take up and press for the repeal of the silver transfer tax.

Mr. DODD. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. DODD. I wish to commend the Senator from Washington for his statement and the way he has handled the matter. The Senator from Rhode Island has stated well the case for New England. Connecticut has two of the largest users of silver. We are fearful that if the transfer tax is eliminated without elimination of the purchase act we shall be badly hurt. I think we are trying to be fair in this situation. I think it has been well handled. I am grateful to the Senator from Washington for the way he is taking care of it.

Mr. MAGNUSON. I thank the Senator.

Mr. SMITH of Massachusetts. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from Massachusetts.

Mr. SMITH of Massachusetts. I too wish to thank the Senator from Washington for his action here this morning and his statement. Coming from Massachusetts, a State that depends a great deal on silver for manufacturing of jewelry and silverplate, I wish to associate myself with the remarks of the Senator from Rhode Island. I am sure the problem will be handled in a fair and just manner.

Mr. MAGNUSON. Madam President, let us return now, not to taxes, but to the appropriation bill.

## SALE OF MINERAL ESTATE IN CERTAIN LANDS

Mr. METCALF. Madam President, will the Senator from Washington yield so that the Chair may lay before the Senate messages from the House of Representatives?

Mr. MAGNUSON. I yield.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 8134) to authorize the sale of the mineral estate in certain lands, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. METCALF. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JACKSON, Mr. BIBLE, and Mr. KUCHEL conferees on the part of the Senate.

## WITHDRAWAL AND DISPOSITION OF MINERAL INTERESTS IN CERTAIN PUBLIC LANDS IN PIMA COUNTY, ARIZ.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 10566) to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Ariz., and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. METCALF. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JACKSON, Mr. BIBLE, and Mr. KUCHEL conferees on the part of the Senate.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 2356) to amend the act known as the Life Insurance Act of the District of Columbia, approved June 19, 1934, and the act known as the Fire and Casualty Act of the District of Columbia, approved October 3, 1940, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 919. An act to amend section 9(b) of the act entitled "An act to prevent pernicious political activities" (the Hatch Political Activities Act) to eliminate the requirement that the Civil Service Commission impose no penalty less than 90 days' suspension for any violation of section 9 of the act; and

S. 3317. An act to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5260. An act to make permanent the existing suspensions of the tax on the first domestic processing of coconut oil, palm oil, palm kernel oil, and fatty acids, salts, and combinations or mixtures thereof;

H.R. 5700. An act to amend the Tariff Act of 1930 to permit the designation of certain contract carriers as carriers of bonded merchandise;

H.R. 8754. An act to amend the Internal Revenue Code to provide a deduction for payment of redeemable ground rents;

H.R. 12213. An act to provide for the temporary suspension of the duties on corkboard insulation and on cork stoppers;

H.R. 12418. An act to amend the act entitled "An act to authorize the Commissioners of the District of Columbia to make regulations to prevent and control the spread of communicable and preventable diseases," approved August 11, 1939, as amended;

H.R. 12467. An act to amend the act of June 4, 1948, as it relates to the appointment of the District of Columbia Armory Board;

H.R. 12526. An act to amend section 172 of the Internal Revenue Code of 1954 to provide a 7-year net operating loss carryover for certain regulated transportation corporations;

H.R. 12529. An act to provide for the free entry of one nuclear magnetic resonance spectrometer and one mass spectrometer for the use of the University of Illinois;

H.R. 12712. An act to assist the States to provide additional facilities for research at the State agricultural experiment stations;

H.R. 12719. An act to provide, for purposes of income taxes under the Internal Revenue Codes, that awards received under the Japanese-American Evacuation Claims Act of 1948 shall not be included in gross income; and

H.R. 12820. An act to validate the coverage of certain State and local employees in the State of Arkansas under the agreement entered into by such State pursuant to section 218 of the Social Security Act.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 508) authorizing the printing of additional copies of parts 1 and 2 of "Structure and Organization of the Communist Party of the United States," 87th Congress, 1st session, in which it requested the concurrence of the Senate.

## ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1308. An act to incorporate the Naval Sea Cadet Corps;

S. 2250. An act to provide for the incorporation of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, organized 1883, 78 years ago;

S. 2321. An act to encourage and aid the development of reconstructive medicine and surgery and the development of medicosurgical research by authorizing the licensing of tissue banks in the District of Columbia, by facilitating antemortem and postmortem donations of human tissue for tissue bank purposes, and for other purposes;

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes;

H.R. 10062. An act to extend the application of certain laws to American Samoa; and

H.R. 10433. An act to amend title 10, United States Code, to codify recent military laws, and to improve the code.

## HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 5260. An act to make permanent the existing suspensions of the tax on the first domestic processing of coconut oil, palm oil, palm kernel oil, and fatty acids, salts, and combinations or mixtures thereof;

H.R. 5700. An act to amend the Tariff Act of 1930 to permit the designation of certain contract carriers as carriers of bonded merchandise;

H.R. 8754. An act to amend the Internal Revenue Code to provide a deduction for payment of redeemable ground rents;

H.R. 12213. An act to provide for the temporary suspension of the duties on corkboard insulation and on cork stoppers;

H.R. 12526. An act to amend section 172 of the Internal Revenue Code of 1954 to provide a 7-year net operating loss carryover for certain regulated transportation corporations;

H.R. 12529. An act to provide for the free entry of one nuclear magnetic resonance spectrometer and one mass spectrometer for the use of the University of Illinois;

H.R. 12719. An act to provide, for purposes of income taxes under the Internal Revenue Codes, that awards received under the Japanese-American Evacuation Claims Act of 1948 shall not be included in gross income; and

H.R. 12820. An act to validate the coverage of certain State and local employees in the State of Arkansas under the agreement entered into by such State pursuant to section 218 of the Social Security Act; to the Committee on Finance.

H.R. 12418. An act to amend the act entitled "An act to authorize the Commissioners of the District of Columbia to make regulations to prevent and control the spread of communicable and preventable diseases," approved August 11, 1939, as amended; and

H.R. 12467. An act to amend the act of June 4, 1948, as it relates to the appointment of the District of Columbia Armory Board; to the Committee on the District of Columbia.

H.R. 12712. An act to assist the States to provide additional facilities for research at the State agricultural experiment stations; to the Committee on Agriculture and Forestry.

## HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 508) authorizing the printing of additional copies of parts 1 and 2 of "Structure and Organization of the Communist Party of the United States," 87th Congress, 1st session, was referred to the Committee on Rules and Administration, as follows:

*Resolved by the House of Representatives (the Senate concurring)*, That there be printed for the use of the Committee on Un-American Activities ten thousand additional copies each of parts 1 and 2 of the hearings entitled "Structure and Organization of the Communist Party of the United States", Eighty-seventh Congress, first session.

## INDEPENDENT OFFICES APPROPRIATIONS, 1963

The Senate resumed the consideration of the bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1963, and for other purposes.

Mr. MAGNUSON. Madam President, the independent offices appropriation bill for 1963 covers some 26 agencies and the appropriations as reported to the Senate total $11,762,653,000, which is an increase of $288,012,000 over the House bill. Of the larger amounts in the bill:

Five billion two hundred and fifty million dollars of that total amount is for Veterans' Administration, of which over $1 billion is for inpatient medical care for veterans. This is the first year in which the total amount for medical care for our veterans in veterans hospitals has gone over the $1 billion mark, showing the tremendous cost of hospitalization for the veterans of this country.

Three billion seven hundred million dollars is for National Aeronautics and Space Administration, which is a substantial increase from last year because of the increase in the program which is well known to the Members of the Senate.

Seven hundred and eighty-six million dollars is for the Federal Aviation Agency.

Six hundred and thirty-four million dollars is for the Housing Agency, of which $300 million is for the urban renewal fund. This is a new item.

Five hundred and fifty-eight million dollars is for the fast growing General Services Administration, of which $185 million is for construction of new Federal buildings. This is for the whole United States.

Three hundred and thirty-five million dollars is for the National Science Foundation.

One hundred and ninety-three million dollars is for civil defense.

The committee recommends restorations totaling $344,214,000 and reductions of $56,202,000.

The largest restoration is $110 million for the civil defense operations in the Department of Defense, which was done by Executive order last fall when Congress was not in session. In other words, certain functions were put in the Department of Defense.

The next largest restoration is $62 million for the General Services Administration, mainly for Federal buildings.

The next largest is the restoration of $60 million to the National Aeronautics and Space Administration.

The Federal Aviation Agency was restored by $46 million, and the National Science Foundation by $25 million.

Of the reductions, totaling $56 million, the main item was payment of $42 million to the Civil Service Retirement Fund.

The 1963 appropriations in the bill are $2 billion more than in 1962, a reduction, however, of $791 million from the 1963 budget estimates.

The committee recommended amounts over the estimates for three items, comparatively small amounts in comparison with the ones we reduced and in comparison with the budget estimates.

Madam President, there was a technical mistake made in reporting the bill. I do not want to take up all the committee amendments at this time, but I think, if the Senate will bear with me, the following amendment should be made:

On page 20, in line 4, after the word "including" insert: "fallout shelters therein and".

I ask that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Without objection, the amendment is agreed to.

Mr. MAGNUSON. I shall not ask that the committee amendments be agreed to en bloc, but I shall proceed with any questions or any amendment separately that Senators may have on the bill.

Mr. BARTLETT. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield to the Senator from Alaska.

Mr. BARTLETT. I am glad to have the opportunity at this time to commend the Senator from Washington, chairman of the subcommittee, and all the members of the subcommittee, and of the full Appropriations Committee, for restoring the budget estimates in respect of the item for payment to air carriers.

The Bureau of the Budget had made an estimate for the fiscal year of $84,578,000. The House allowed $71,900,000, making a cut of 15 percent, as the chairman knows. The committee recommendation is that the figure be increased to $83,078,000.

The difference between the committee's recommendation and the original budget estimate is accounted for by the fact that, in the meantime, the CAB has calculated that certain savings can be effected.

Most of this money will be paid for subsidies to the so-called feeder lines, the local air carriers.

Madam President, I had a most excellent opportunity only last week, while attending a meeting in Anchorage, Alaska, of the Association of Local Transport Airlines, to learn again of the usefulness and value—even the essentiality—of these local feeder lines.

The Senator from Colorado [Mr. ALLOTT], who is in the Chamber, knows quite well that many of the communities in his State depend upon these services, and that many areas of the country would be almost totally devoid of transportation facilities if we did not have these feeder lines.

The committee has expressed the desire that the subsidies be reduced as rapidly as possible. The CAB feels likewise. On account of my conversations with the executives of these lines only last week, I can inform the Senate that the carriers themselves want to reduce the subsidies as rapidly as possible, and eventually to eliminate them. For the present, however, it is imperative that these payments be made because it is in the national interest to do so.

I notice that the committee report mentions the need for ever improving the quality of aircraft of these local srevice routes. I can say, in behalf of the Alaska carriers, that wherever possible they provide the most modern type of aircraft, the type designed to effect the greatest economies and thus to reduce the subsidies. The one exception to this is in southeastern Alaska, where there are very few airfields, and where the subsidized carriers and others are required to place exclusive reliance upon amphibious planes for intercommunity service.

There is no answer to this problem, other than the building of airfields, because new and improved aircraft for this type of service are not being developed.

I think the committee action was wise in restoring the amount requested, because the CAB is not going to make any payments unless they are essential and unless they are required. In any case, this is in the nature of a contractual arrangement. The Congress has decided heretofore that the subsidies should be paid, and the CAB is only carrying out the mandate of the Congress in this respect.

I also wish to commend the committee for having restored to the figure estimated by the Bureau of the Budget the amount for Federal buildings. I speak especially, of course, on account of an interest in the Federal building which is to be built soon at Juneau, the capital of Alaska.

Overall, in respect to the appropriation bill, which carries with it so much money, I think the committee has acted very wisely and in the national interest. I desire to thank the chairman and the members of his committee.

Mr. MAGNUSON. We thank the Senator from Alaska. Of course, in respect to the local transportation airlines, a contractual obligation is involved. It will have to be paid. The estimate is pretty close to being right on the nose.

I have never understood why the House has always cut the amount, because it will have to be paid, anyway, under the law.

Mr. BARTLETT. Surely.

Mr. MAGNUSON. It is a legal obligation. Our committee has always felt it was a legal obligation. These carriers could even sue the Government for the amounts.

Mr. ALLOTT. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. ALLOTT. On this matter, I think our attitude has been that it is a contractual obligation. Either we provide for it now, or we shall have to hold additional hearings and put the item in a second or third supplemental appropriation bill next year.

The difficulty in this regard, as the Senator from Alaska has pointed out, is that if we put these feeder airlines in a position of not being able to receive their subsidy money when it is due, then we place them in very difficult straits and actually may even impede improvement of the safety factor, as to which all of them have very fine records.

The chairman and I have discussed this many times. It was the feeling of the committee that the only logical thing to do was to put the item in the bill. We have to face it. We have to pay these obligations. There is no point in putting many of our feeder airlines in a tight financial bind, which we certainly would by not providing the money which they need and are entitled to.

Mr. HRUSKA. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. HRUSKA. Madam President, I wish to associate myself with the remarks made by the Senator from Colorado.

Madam President, I wish to make perfectly clear on the record the intent and impact of the Senate in approving the item of $83,078,000 for payments to air carriers in the Civil Aeronautics Board budget.

Some few weeks ago I had the opportunity to appear before that Board and discuss the problem of the feeder airlines. The capable Senator from Oklahoma [Mr. MONRONEY] who is a fellow member of the subcommittee which considered this bill, was gracious enough to insert my statement on that occasion in the CONGRESSIONAL RECORD.

Following my remarks, the members of the Board and I enjoyed a frank discussion of the issue. Chairman Boyd said to me at one point:

> It is hard to come up with something to get service within the framework of the money available. I don't know what the answer is, but when I told you the other day that we needed guidance, I was being absolutely candid with you. We cannot promote aviation as we see the need and the requirements unless we can provide money for it.

On another occasion, Chairman Boyd observed that it was one thing for the Congress to establish a policy, as we did in 1938 when we determined that necessary air transportation service should be supported by direct Federal subsidy payment; but it is another thing, Mr. Boyd thinks, when we collectively amend that policy each year by our appropriations action.

Madam President, Chairman Boyd has a point. And the Senate today by approving the full amount sought by the CAB will be making it clear that it remains the policy and the will of the Congress that such payment money be provided to foster and develop a sound local air transportation system.

As a matter of interest, the action of the House, while it might superficially appear to be a partial denial of the existing policy is actually a reaffirmation. Page 14966 of the CONGRESSIONAL RECORD contains a colloquy between my able colleague, Representative DAVE MARTIN, of Nebraska, and Chairman ALBERT THOMAS, of the Independent Offices Appropriations Subcommittee, as follows:

> Mr. MARTIN of Nebraska. Mr. Chairman, I notice that the CAB has had a reduction in their appropriation in this bill. We in Nebraska are served by an outstanding feeder airline, the Frontier Airline of Denver. We have three routes, one north and south and two east and west. We are particularly concerned in regard to the specific effect of this reduction on these feeder airlines. I want to ask the gentleman this question: Will this reduction in the CAB funds affect our feeder airline operations in Nebraska?
>
> Mr. THOMAS. Not one bit. We do not want to cripple your airlines. You are entitled to good service. All we are attempting to do is to get you better service and at the same time get it at the lowest possible cost. As a matter of fact, whatever the costs are, that will be a debt and it is going to have to be paid. This debt will not occur for a number of months in its entirety. Experience has shown that we in effect have been a little overgenerous with the CAB.
>
> I want to commend our distinguished colleague here. He is a most valuable Member. He has worked at the job.
>
> For the first time, and I will ask my colleagues on both sides of the aisle if I am not correct, our subcommittee invited in the feeder airlines for a discussion of their problems. We went into it and found in a good many instances some savings could be made. This will not hurt them. Tell that to your people.

In a further colloquy between Chairman THOMAS and Chairman JOHN BELL WILLIAMS, of the Aeronautics Subcommittee, there was this exchange:

> Mr. WILLIAMS. I understand the gentleman from Nebraska [Mr. MARTIN] mentioned that the CAB requested something like $84,500,000 for this purpose but that the committee felt that the sum of $71,900,000 or thereabouts would be sufficient; they made a reduction of some $12 million, roughly speaking. It is my understanding that the estimate that was made by the committee and the amount that is included in this bill for this purpose is simply an educated guess on the part of the committee; and I presume in view of the fact that this is a continuing obligation, that if the figure of $71,900,000 turns out to be insufficient, the matter will be further considered by the gentleman and his subcommittee.
>
> Mr. THOMAS. Our distinguished colleague is eminently correct. I want to say as to the educated guess that should it turn out that the figure is not sufficient, we will straighten it out and take care of it. The committee felt, however, that the figure was approximately right. The budget estimate was for $85 million. The committee felt in the light of past experience that this figure could be cut $10 million or $11 million, for we found in a previous year we had appropriated $7 million or $8 million too much. The gentleman is correct, the committee will

be ready to correct any deficiency in a supplemental appropriation.

Mr. Williams. Mr. Chairman, will the gentleman yield further?

Mr. Thomas. I yield.

Mr. Williams. It is my understanding that the Civil Aeronautics Board is presently in the process of making a survey of this specific problem, particularly with respect to the so-called feeder or rural service airlines, and they are doing this also with the cooperation of the Association of Local Transport Airlines, which is commonly known as ALTA. The purpose of this, I think, is to find some way by which the subsidy can eventually be reduced whether it be through the development of aircraft specifically adapted to the needs of local service or otherwise. It is my understanding that the Civil Aeronautics Board is to report to the President by June 30, 1963, on a program of reducing subsidy payments.

I appreciate the response given to me by the chairman of this committee and I feel certain that the service of the local service airlines is not in jeopardy.

With our action today in approving the full request of the CAB and the assurance of Chairman Thomas that his "committee will be ready to correct any deficiency in a supplemental appropriation," I trust that the record will be abundantly clear that it is the will and intention of the Congress that the benefits of air transportation be provided across our Nation, in the full knowledge that much of the local air transportation is not now and will not in the foreseeable future, be self-supporting.

We are reaffirming our position that the best interests of America require a strong national air transportation system. I stress the word, "national." It would be shortsighted folly to neglect those portions of our country which have less population. We are all familiar with the progressive shrinkage of rail transportation in many areas. This means that air transportation is more important than ever. Indeed, it is the only modern public transportation facility available to many sections, including my State of Nebraska. Air travel has become the basic public transportation service.

Finally, Madam President, by our action today, we are protecting the already sizable investment we have in local air carrier service.

Mr. ALLOTT. Madam President, will the Senator yield further?

Mr. MAGNUSON. I yield.

Mr. ALLOTT. There is one other matter, aside from the helicopter operations, which should be brought to the attention of the Senate. I refer to the language in the report which places emphasis upon trying to find new aircraft to supplant the many old DC-3's which are still in operation in this country.

Mr. MAGNUSON. The new planes, yes.

Mr. ALLOTT. The DC-3, of course, is unsurpassed and unequaled in its reputation, but the facts are that we must find new types of equipment for these feeder airlines to enable them to operate on a more economical basis.

We have provided strong language indicating it is necessary to go into this field. Such airplanes as the F-27 have proved to be very successful on the coast, but not adaptable to other areas; particularly high, dry areas with high heat.

The Grumman Gulf Stream is available, but we need to do further research in the area. We must find an airplane which can operate economically as a feeder plane, on the fields of the plains, the high mountain fields, and the sea level fields.

The language of the committee is definitely aimed at trying to stimulate this, so that we might find the ultimate in an economical carrier for feeder airlines.

Mr. BARTLETT. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BARTLETT. I think that the committee's move in that direction is all to the good, because the improved and more economical planes are not only desirable but also necessary.

Until they are developed and come into use, of course it will be necessary to continue the subsidy arrangements without any diminution, because vast areas of the country are exclusively dependent upon the local feeder services for personal transportation. That is true in Alaska. It is as true today, as it has been for many years, that if one does not fly, he does not travel. Alaska does not have the train service available elsewhere. Alaska does not have the highway connections available in the other States. It is a choice between flying and reaching one's destination with great difficulty.

The committee has performed a first-rate service in making the restoration and in calling upon the CAB to move aggressively and quickly to assist in developing a first-class plan for that type of service.

Mr. MAGNUSON. Madam President, Senators have been discussing the CAB item in the bill. I suggest that if there is any further question on that section of the bill, it be proposed now.

There is a great deal of language on page 5 of the report concerning the amendment regarding helicopter operations which was added to the bill by the Senate committee. I know several Senators have an interest in that subject, pro and con. Now might be a good time to discuss the subject. I know that it will be discussed, so it might as well be discussed now.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. KUCHEL. At the appropriate time I wish to move to eliminate what I believe is a very regrettable provision. If the Senator will indicate to me when he believes the parliamentary situation is proper, I shall make the motion. I shall completely abide by his decision.

Mr. MAGNUSON. I do not see any reason why the Senator should not make his motion now so that it can be disposed of.

Mr. KUCHEL. Madam President, I move that all the language of the committee bill on lines 24 and 25 of page 6 of the bill be deleted.

The PRESIDING OFFICER. The Chair advises the Senator from California that the motion should be put in the affirmative. The question should be on agreeing to the committee amendment.

Mr. KUCHEL. Then, following the rule, I ask unanimous consent that the Senate proceed to the consideration of the committee amendment appearing on lines 24 and 25, page 6.

The PRESIDING OFFICER. Is there objection to the present consideration of that particular committee amendment? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment of the Senator from California.

Mr. CANNON. Madam President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. CANNON. Will the Senator explain his amendment?

Mr. KUCHEL. Yes; I shall speak on it.

I rise with a little trepidation. The author of the amendment is as able and distinguished a Senator as any in the Senate. The senior Senator from Georgia [Mr. Russell] is respected by every one of his colleagues. The position of the senior Senator from Georgia on public questions in the Senate carries great weight.

Nevertheless, in rising to oppose the amendment sponsored by the Senator from Georgia I do so because in my judgment—and I hope the Senate will agree with me on this occasion—the amendment is completely unwarranted and against the public interest.

I should like to state the facts. In days gone by the Congress of the United States authorized the Civil Aeronautics Board to determine whether or not helicopter services in American urban areas, with assistance by the Federal government in the form of subsidies, might or might not be in the public interest. In the State from which I come a business was established in the Los Angeles metropolitan area called Los Angeles Airways to provide helicopter service not merely to and from the Los Angeles International Airport, but also to provide 20 or more heliports located as far as 70 miles away from the airport, in an effort to provide additional means of transportation in a densely populated area, where the highways are choked with automobiles and the people need additional means of transportation.

The Civil Aeronautics Board, therefore, in its wisdom, certificated the operation, and provided Federal assistance to determine whether it would be feasible and economically justifiable for persons to enter the transportation business utilizing helicopters. A similar business was undertaken in the city of Chicago. The Civil Aeronautics Board likewise certificated a helicopter operation in that great midwestern metropolis. A similar group of people in New York City formed a helicopter transportation operation, and the Civil Aeronautics Board likewise certificated that operation.

In the last half dozen years those three pilot transportation projects have received assistance from the Government of the United States. This year the President of the United States, acting not only through the Civil Aeronautics Board, but also through the Bureau of the Budget, recommended to the Congress that the helicopter subsidy program be continued. In passing the bill before the Senate, the House of Representatives agreed with the executive branch. The bill came to the Senate Committee on Appropriations. The amount of the subsidy recommended this year by the executive branch is $5,850,000.

This is less than the budgeted and approved figure for the last fiscal year. The House cut back that amount to $4,975,000. The Senate committee recommended that the deleted amount be restored to the full budgeted figure of $5,850,000, which I think was wise. On the basis of the testimony it was indicated that this project, this helicopter operation, in these three great metropolitan areas is coming to a point where it will be economically feasible for such an operation to stand on its own feet.

It was at that point that the Senator from Georgia made his motion to add certain limiting language to the bill. I regret that it was added in committee, by a divided vote. The language added by the Senator from Georgia reads as follows:

*Provided*, That not to exceed 25 percent of such subsidy shall be available for helicopter operations in any one area.

Do Senators know what that does? That arbitrarily overrules the considered judgment and the recommendation of the executive branch of our Government, and, without any warrant or reason, takes from each of these three helicopter operations a considerable amount of the temporary assistance recommended by the administration. I have before me a letter from the president of the Los Angeles Airways. I ask unanimous consent that the entire letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LOS ANGELES AIRWAYS, INC.,
*Los Angeles, Calif., August 29, 1962.*
Hon. THOMAS H. KUCHEL,
*U.S. Senator,*
*Washington, D.C.*

DEAR SENATOR KUCHEL: I am terribly distressed by the recent action of the Senate Appropriations Committee which would have the effect of directing the Civil Aeronautics Board to arbitrarily divide the House appropriations four ways, rather than equate the funds administratively between the three certificated operators, as provided for by the Civil Aeronautics Act.

As you know, Los Angeles Airways was given the world's first temporary certificate for scheduled helicopter service in 1947, and has been recertificated twice since then. In the last instance, the CAB said:

"Continuation of helicopter service in Los Angeles metropolitan area for a further experimental period found required by needs of the national defense and commerce of the United States. LAA has provided substantial public benefits and its record of achievement as a certificated helicopter operator, despite lack of adequate equipment, has been outstanding; it has greatly aided civil and national defense, benefited the postal service, contributed materially to the technical advancement and the economic development of rotary-wing aircraft as a feasible and accepted means of air transportation, and has convenienced a comparatively large volume of traffic" (Board Orders Nos. E-12832 and E-12833 dated July 28, 1958).

Following this action by the Board, our company made loan commitments in the amount of $2,891,637, guaranteed by an act of Congress. This enabled us to purchase the first four of a completely new generation of helicopters, identified as Sikorsky Model S-61, 28-passenger, twin-turbine machines, costing (fully equipped) in excess of $750,000 each.

The first two of these were placed in service in March of this year, the third a little later, and the fourth about 10 days ago. Public reaction to these new aircraft has been most impressive. Traffic increases for the past 6 months attest to this as follows:

| | Passengers carried | | Percent increase, 1962 versus 1961 |
|---|---|---|---|
| | 1962 | 1961 | |
| March | 3,750 | 3,546 | 5.8 |
| April | 5,049 | 3,649 | 38.4 |
| May | 6,050 | 3,810 | 58.8 |
| June | 7,023 | 4,476 | 56.9 |
| July | 7,611 | 4,612 | 65.0 |
| August (estimate) | 10,000 | 4,992 | 100.3 |

It is vital to understand that for the remainder of this year these machines will be operated virtually as single-engine equipment, due to the normal technical shakedown procedures, plus the lack of adequate ancillary and supporting components, such as weather, navigational and ground aids, now being developed.

For the past three years our company has been pursuing an orderly and far-reaching program of training personnel, expanding our shop facilities, enlarging heliports, and engineering communications and navigational devices so as to be ready to operate the new aircraft efficiently. These basic building blocks are essential to the safe and sound approach to our commitment to the public as provided for by the Federal Aviation Act administered by the Civil Aeronautics Board.

Preliminary economic indexes for these machines were submitted to the Congress last year. It is now possible to confirm that these estimates were reasonable.

For example:

| Fleet | 5-S-55s | 4-S-61s, 5-S-55s | Percent improvement |
|---|---|---|---|
| Subsidy per mile | $2.58 | [1] $2.00 | [2] 12 |
| Capacity per aircraft, seat-miles per hour | 497 | 2,884 | 480.3 |
| Fuel cost, per seat-mile (cents) | 1.75 | 0.47 | 272.3 |
| Operating cost per available seat-mile, direct (cents) | 27.5 | 10.5 | 161.9 |

[1] Does not include return on investment; i.e., temporary rate through 1962.

[2] Percent increase.

It should be made clear that over 600 shareholders of our firm know that our proposition has been properly litigated, is sound, and that we are complying with the spirit and the intent of our certificate of public convenience and necessity. Moreover, it should be pointed out that only modest amounts of subsidy have been received by our company, and that in addition to providing a public service, this support has been used efficiently and effectively in the training and gainful employment of a reserve of highly skilled personnel, efficient shop facilities, as well as the construction of heliports and airway aids without other sources of support.

The effect of any reduction in financial support at this time is both unwarranted and uneconomical. As a practical matter, it would have the net effect of pegging our level of service to a point of mediocrity, which would undermine the confidence of the public. Furthermore, it would promote wastefulness and inefficiency.

The fiscal trend over the past 2 years in Congress is frustrating sound planning and efficient procedures, and unless this situation is reversed, the end cost to the public will be less and less service, costing more and more dollars, and ultimately ending in wiping out of existence the most promising answer to the short-haul transportation problem.

Sincerely yours,
LOS ANGELES AIRWAYS, INC.,
C. M. BELINN, *President.*

Mr. KUCHEL. Madam President, in this letter the certification from the Civil Aeronautics Board for Los Angeles Airways is set forth in part, and I wish to read to the Senate what the Civil Aeronautics Board said when it certified this service:

Continuation of helicopter service in Los Angeles Metropolitan area for a further experimental period found required by needs of the national defense and commerce of the United States. Los Angeles Airways has provided substantial public benefits and its record of achievement as a certificated helicopter operator, despite lack of adequate equipment, has been outstanding; it has greatly aided civil and national defense, benefited the postal service, contributed materially to the technical advancement and the economic development of rotary-wing aircraft as a feasible and accepted means of air transportation, and has convenienced a comparatively large volume of traffic (Board Orders Nos. E-12832 and E-12833 dated July 28, 1958).

Following that action of the Board—

Says the president of this helicopter operation—

our company made loan commitments in the amount of $2,891,637, guaranteed by an Act of Congress. This enabled us to purchase the first four of a completely new generation of helicopters, identified as Sikorsky Model S-61 28-passenger, twin-turbine machines, costing (fully equipped) in excess of $750,000 each. The first of these were placed in service in March of this year.

That was about 6 months ago.

Madam President, I ask unanimous consent that I may suggest the absence of a quorum, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

By unanimous consent, the Senator from California [Mr. KUCHEL] has the floor.

Mr. KUCHEL. Madam President, first, I ask unanimous consent to have printed at this point in the RECORD a letter from the Civil Aeronautics Board, addressed to the chairman of the subcommittee.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Civil Aeronautics Board,
*Washington, D.C., August 27, 1962.*

Hon. Warren G. Magnuson,
*Chairman, Subcomittee in Charge of the Independent Offices Appropriation Bill for 1963, Committee on Appropriations, U.S. Senate, Washington, D.C.*

Dear Mr. Chairman: The Board has this morning received a telegram, copy attached, from Mr. Robert L. Cummings, president, New York Airways, Inc., concerning advice received by him to the effect that the Subcommittee on Independent Offices Appropriations "proposes to restore full amount originally requested by Civil Aeronautics Board * * * also propose to limit amount of subsidy available for each of three presently certificated carriers to no more than 25 percent of total".

If this is true, it causes the Board such concern that it feels impelled to send this letter at this time.

Two of the carriers, Los Angeles Airways and New York Airways have recently introduced new twin-turbine, 25-passenger equipment in connection with which the Board has guaranteed loans under the Loan Guarantee Act—the outstanding balance of which, as of July 31, 1962, totaled $5,255,277 (New York—$2,480,340 and Los Angeles—$2,774,937). The Board is concerned that the 25-percent limitation may jeopardize the security of the guaranteed loans now extended to these two carriers.

Also, we should like to point out that even if the Board should certificate a new helicopter operator, with subsidy, operations could not possibly begin during fiscal 1963, and therefore the contemplation of four or more carriers to share the appropriation cannot be realized.

We will be glad to discuss this matter further if you so desire.

Sincerely yours,

Chan Gurney,
*Acting Chairman.*

---

Jackson Heights, N.Y.,
*August 27, 1962.*

John B. Russell,
*Civil Aeronautics Board,*
*Washington, D.C.:*

Following wire sent today substantially in form quoted to Senators Magnuson, Javits, Keating, Case, Williams, Dodd, Bush, Monroney, Kuchel, Allott:

"With respect to appropriation for helicopter subsidy am advised that Independent Offices Subcommittee proposes to restore full amount originally requested by Civil Aeronautics Board. However, subcommittee also proposes to limit amount of subsidy available for each of three presently certificated carriers to no more than 25 percent of total.

"In this situation we earnestly request your further consideration of following information:

"A. If the 25 percent limitation becomes law, New York Airways will have no alternative to termination of operations already being conducted on minimum basis. Under this condition NYA could receive maximum of $1,462,500 as against requirement for $2,450,000 subsidy during fiscal year 1963. This latter amount compares with $2,528,000 received in subsidy payments by NYA, after careful appraisal by the CAB, for operations conducted in fiscal year 1962.

"B. Both Los Angeles Airways and New York Airways have recently converted from uneconomic obsolete piston powered helicopters to turbine powered machines capable of significantly reducing subsidy need in near future.

"C. In both Los Angeles and New York the conversion to turbines was made possible by Government guaranteed loans granted after detailed Civil Aeronautics Board investigations which establish economic breakthrough characteristics of new equipment. If subcommittee action becomes law, New York Airways will be compelled to default on Government loan within 2 months. We understand that Los Angeles Airways is similarly affected.

"D. Because of time required for Civil Aeronautics Board procedural steps and to obtain necessary equipment there is no possibility that certificated helicopter operations will be expanded beyond New York, Los Angeles, and Chicago, during fiscal year 1963. Therefore, the practical effect on the subcommittee's proposed action would not be to make funds available for service in additional cities but simply to reduce the funds appropriated for support of the existing operations. In fact, this reduction would be even more severe than that proposed in House bill H.R. 12711. Thus the effect of the subcommittee's proposal would be to appropriate only $4,387,500 for certificated helicopter operations during fiscal year 1963. This would be $1,462,500 less than the amount requested by the Board as the minimum required, and $587,500 less than the amount included in the House bill for support of the same operations. Moreover, this disastrous reduction would serve no useful purpose since the 25 percent proposed to be withheld from support of the existing services cannot, in fact, be required for any other services during the current fiscal year.

"E. With adequate financial support the new turbine-powered, 155-mile-per-hour, 25-passenger equipment can, based on experience now being accumulated in Los Angeles and New York, develop to a point where helicopter transportation will become economically feasible in all areas where traffic demands justify. However, as indicated above, if the subcommittee's proposal becomes law these promising operations will simply have to be discontinued."

Am advised full Appropriations Committee may act as early as Monday afternoon, August 27; therefore, prompt indication of interest vital.

Robert L. Cummings,
*President, New York Airways, Inc.*

Mr. KUCHEL. Madam President, during the quorum call, Senators who are primarily interested in this problem have suggested an alternative amendment, which is acceptable to the chairman of the Committee on Commerce, the distinguished senior Senator from Washington [Mr. Magnuson], to the distinguished senior Senator from Georgia [Mr. Russell], to the Senators from New York [Mr. Javits and Mr. Keating], to the Senators from Illinois [Mr. Douglas and Mr. Dirksen], to my colleague from California [Mr. Engle] and myself, and to my very dear and able friend, the Senator from Colorado [Mr. Allott], who took a lead in the discussion of this problem in the committee, and who—I say most gratefully—indicated his views, which the rest of us were very glad to follow when we had this discussion pending in the Appropriations Committee. Under these circumstances, I now ask whether I may withdraw my amendment, and then may propose a second amendment.

The PRESIDING OFFICER. The Senator has that right.

Mr. KUCHEL. Madam President, I move that on page 6 of the bill, line 21, the committee amendment figure "$83,078,000" be stricken, and in lieu thereof the figure "$87,228,000" be inserted; and that in the same line the second figure, "$5,850,000" be stricken, and that in lieu thereof the figure "$10,000,000" be inserted.

The PRESIDING OFFICER. Is there objection to the present consideration of the amendment of the Senator from California? The Chair hears none, and it is so ordered.

Mr. KUCHEL. Madam President, I wish to explain the purpose of the amendment. The Bureau of the Budget recommended and budgeted an item of temporary assistance to the three certificated helicopter operations. It is believed by the able Senator from Georgia [Mr. Russell]—and certainly I should not speak for him—that it may be that an operation within the confines of his great State would be eligible for consideration and possible certification by the Civil Aeronautics Board. As a matter of fact, I am told that other Senators feel that within their States similar pilot operations may be available for consideration.

Therefore, the purpose of this amendment is to preserve inviolate the recommendations of the Budget Bureau, insofar as the three certificated lines in the cities of New York, Chicago, and Los Angeles are concerned, but also to provide the Civil Aeronautics Board with additional funds by means of which it might consider applications for an additional operation.

Under these circumstances, I ask for adoption of the amendment.

Mr. JAVITS. Madam President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. JAVITS. I think the Senator from California is entitled to our thanks and appreciation for having worked out this solution; and I believe the Senator from Georgia [Mr. Russell] is entitled to our appreciation for his willingness to accommodate himself to the obvious needs of the great metropolitan areas which now have this service.

We were advised—although now the matter would be academic—that there was practically no actual likelihood, because of the mechanics of preparing a line to get a certificate, and so forth, that any other line would be able to participate in these funds in the fiscal year 1963.

But however that may be, and for whatever reason, it is nonetheless true that the opportunity is now to be available to the home metropolitan area of the Senator from Georgia [Mr. Russell], of which we are just as proud as any in the country.

Therefore, I think this is a fine solution; and I am very much obliged to the distinguished Senator from California for working it out.

Madam President, in order to lay the whole matter before the Senate, I ask unanimous consent that a telegram which I have received from the president of the New York Airways, Inc.—and I am sure the same telegram also went to my colleague [Mr. Keating] and to all the rest of us—may be printed at this point in the Record, so that the points and arguments may be seen.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

JACKSON HEIGHTS, N.Y.,
*August 27, 1962.*

Senator JACOB K. JAVITS,
*U.S. Senate, Washington, D.C.:*

I am personally very grateful for your strong support of New York Airways position before the Independent Offices Subcommittee and appreciate opportunity to express my opinion with respect to subcommittee's action. In first place, if the subcommittee's action became final it would put New York Airways, as well as Los Angeles Airways, out of business and I do not believe this is intended. In second place, as a result of your wire and various conversations with Mr. Kurzman, I have sent wires to Senators CASE, ALLOTT, KUCHEL, MAGNUSON, MONRONEY, KEATING, WILLIAMS, DODD, and BUSH requesting their consideration of following facts:

A. If the 25-percent limitation becomes law New York Airways will have no alternative to termination of operations already being conducted on minimum reduced basis. Under this condition New York Airways could receive maximum of $1,462,500 as against requirement for $2,450,000 subsidy during fiscal year 1963. This latter amount compares with $2,528,000 received in subsidy payments by New York Airways, after careful appraisal by the CAB, for operations conducted in fiscal year 1962.

B. Both Los Angeles Airways and New York Airways have recently converted from uneconomic obsolete piston-powered helicopters to turbine-powered machines capable of significantly reducing subsidy need in near future.

C. In both Los Angeles and New York the conversion to turbines was made possible by Government-guaranteed loans granted after detailed Civil Aeronautics Board investigation which established economic breakthrough characteristic of new equipment. If subcommittee action becomes law, New York Airways will be compelled to default on Government-guaranteed loan within 2 months. We understand that Los Angeles Airways is similarly affected.

D. Because of time required for Civil Aeronautics Board procedural steps and to obtain necessary equipment there is no possibility that certificated helicopter operations will be expanded beyond New York, Los Angeles, and Chicago during fiscal year 1963. Therefore the practical effect of the subcommittee's proposed action would not be to make funds available for service in additional cities but simply to reduce the funds appropriated for support of the existing operations. In fact, this reduction would be even more severe than that proposed in House bill 12711. Thus the effect of the subcommittee's proposal would be to appropriate only $4,387,500 for certificated helicopter operations during fiscal year 1963. This would be $1,462,500 less than the amount requested by the Board as the minimum required, and $587,500 less than the amount included in the House bill for support of the same operations. Moreover this disastrous reduction would serve no useful purpose since the 25 percent proposed to be withheld from support of the existing services cannot, in fact, be required for any other services during the current fiscal year.

E. With adequate financial support the new turbine-powered, 155-mile-per-hour, 25-passenger equipment can, based on experience now being accumulated in Los Angeles and New York, develop to a point where helicopter transportation will become economically feasible in all areas where traffic demands justify. However, as indicated above, if the subcommitte's proposal becomes law these promising operations will simply have to be discontinued.

ROBERT L. CUMMINGS,
*President, New York Airways.*

Mr. JAVITS. Madam President, I am especially gratified—because it was very clear from the telegram; and, having talked with Mr. Cummings, we knew it was not an idle threat—that unless some such arrangement as this could be worked out, there would have been a stoppage of the New York Airways, with the resulting difficulty in ever resuming this service. We have seen in Vietnam and Laos the absolute indispensability to the national defense—let alone on any other ground—of having this service. Yet this telegram makes it clear that they would have to quit.

I say that also because it is very important to have that point in mind as the conferees proceed to work on this measure. It is a fact that the New York Airways could not carry on under the provisions of this bill which would give it a materially lesser sum than the one required in order to be able to carry on its operations, physically.

I hope very much—and I wish to say that I am deeply indebted to all the Senators who have helped work out this solution, and they include the Senator from Washington [Mr. MAGNUSON]—that Senators will bear this serious problem in mind as the conference committee proceeds with its work, and will not agree to a compromise which would put the New York Airways or any of the other lines out of business.

Mr. DIRKSEN. Madam President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. DIRKSEN. I remember that years ago when I was on the Appropriations Committee, this item came along; and at that time the Senator from Georgia and I discussed it a good many times.

I see nothing wrong with impounding some of this money for helicopter airways which may come into being some time after the appropriation is made.

Mr. RUSSELL. Madam President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. RUSSELL. There is no difficulty in finding recipients. I understand that some 50 applications have been pending for many years, including applications for such important connections as those between Washington and Dulles and Friendship. Since this originated in 1947, a great many new airports have been built over the country—airports which were not even in existence at that time. But the Civil Aeronautics Board has adamantly refused to certify any of them under any circumstances.

Mr. DIRKSEN. Yes. And of course there is ample room in this field. So I think this is a happy solution of the matter, without penalizing any of the airways which are operating. I concur in the arrangement.

Mr. KEATING. Madam President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. KEATING. I also wish to express my gratitude to the Senator from California [Mr. KUCHEL], to the chairman of the committee [Mr. MAGNUSON], and to all the other Senators who have participated in bringing about this solution.

I wish to add a word to what my colleague [Mr. JAVITS] has said with respect to the future of New York Airways.

I want to assure those who are concerned about any amendment increasing the figure in this bill. I refer them to the testimony of Mr. Cummings, president of the New York Airways.

The Senate will remember that, after exhaustive studies, helicopter service was authorized in New York, Chicago, and Los Angeles. Recently, the industry has developed a new turbine-powered 25-passenger helicopter, capable of traveling at speeds up to 155 miles an hour. This was a dramatic breakthrough, as Mr. Cummings pointed out in his testimony. This new craft, known as the Boeing V-107, will sharply reduce subsidy requirements over the years. He said in his testimony:

> When this is carried out we have as a result of this characteristic of this machine, which is attributable primarily to the fact that it has two engines and that it can carry this capacity, as a result of this characteristic we can look forward to the day that when, with 10 aircraft, we can be entirely subsidy free.

It, of course, is the hope of all of us that this will happen and it will be possible to gradually eliminate this subsidy. But certainly it cannot be eliminated now without serious disruption of service in these three large metropolitan areas.

The solution which has been arrived at here will insure the continuance of these facilities and will permit other cities to participate when they qualify to do so.

Mr. KUCHEL. I thank the Senator. I agree with him.

I ask for a vote, Madam President.

Mr. PROXMIRE. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PROXMIRE. I have an amendment to strike out the entire subsidy to helicopters. The amendment would strike out the language on page 6, line 21, after "$83,078,000," and cut back the amount of $83,078,000 to $77,228,000.

My parliamentary inquiry is as follows: As I understand, this is an amendment in the second degree, and my amendment would be an amendment in the third degree. Therefore, I cannot offer the amendment to the amendment of the Senator from California.

If his amendment is adopted, I want to make sure that I shall be able to offer my amendment after the committee amendments have been accepted en bloc.

The PRESIDING OFFICER. The Senator will have the privilege of moving to strike out the whole section as amended.

Mr. PROXMIRE. Would I have the privilege of striking out that part of the section—and it is only a part of it—which relates to helicopters; in other words, on page 6, line 21, after the figure "$83,078,000"? That amount is to be reduced and the subsequent language stricken out. May I do that?

The **PRESIDING OFFICER.** The Senator is correct.

Mr. **ALLOTT.** Madam President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator from Colorado will state it.

Mr. **ALLOTT.** I do not want the Senator from Wisconsin to be misled. I wish to raise the point that he may move to strike out those lines relating to helicopter operations after the figure "$83,078,000," but after this amendment is voted on he cannot change that figure again.

The PRESIDING OFFICER. That is correct.

Mr. **PROXMIRE.** Madam President, may I inquire further? The purpose of my amendment will be to cut back the appropriation from $83,078,000, which is provided on line 21, page 6, to $77,228,000. It would be for the purpose of saving $5,850,000 from the amount of the committee amendment, and the additional sum which has just been put into the bill.

I want to know if I would have the right to offer that amendment.

The **PRESIDING OFFICER.** The Senator has the privilege of striking out the language after "$83,078,000" in line 21, page 6, and the rest of that section.

Mr. **PROXMIRE.** My question is, Would I have also the privilege of achieving what I want to achieve, a reduction in the $83 million item?

The **PRESIDING OFFICER.** Only by unanimous consent.

Mr. **MAGNUSON.** Madam President, I ask unanimous consent that the Senator from Wisconsin have the privilege of making his motion after the amendment is adopted.

The PRESIDING OFFICER. Is there objection? The question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

Mr. **KUCHEL.** Madam President, do I have the right to move to reconsider the vote?

The PRESIDING OFFICER. Yes.

Mr. **KUCHEL.** I move to reconsider the vote by which the amendment was agreed to.

Mr. **JAVITS.** Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **RUSSELL.** Madam President, I desire to make a brief statement relative to my position on this matter. I have brought it to the attention of the Subcommittee on Independent Offices Appropriations, and of the whole Appropriations Committee, for 3 or 4 years.

This so-called experiment in operations of certificated helicopters started back in 1947. Over the period of years that has intervened from 1947 to the present time, three cities, New York, Chicago, and Los Angeles, have been the only recipients of this subsidy.

Over the years the subsidy has been increased from time to time. I do not have the figures from 1947 to 1954, but in the year 1954 the Civil Aeronautics Board took over the jurisdiction of the allocation and payment of the subsidy from the Post Office Department, and I do have a statement of the sums that have been paid from 1954 to date. If we include the amount carried in the pending bill, the sum total is $41,690,000.

In the interim, from the time the first certificate was issued, we have seen a vast expansion of air service in this country. Tremendous new airports have been built. For instance, in the Washington area, Friendship Airport has been opened. Dulles Airport is under construction. Application is pending for helicopter service to those airports, and the application for certificate has been denied.

The Senator from California has said that I hoped to get one in my Commonwealth. I do hope for one eventually. I think if it is done, it will have to be some time later, because I think the situation here has priority over that of the airport at Atlanta, which is one of the great airports of the Nation.

There is a situation at the airport at Fort Worth, with one only a few miles away at Dallas, where people have to change planes which do not come into both fields. We have a situation in Houston where there is a tremendous amount of traffic on the highway going from the airport into Houston. I have taken the trip three or four times, and it took an hour or more to travel the 18 to 20 miles from the airport to Houston.

The city of Seattle, in the State of Washington, this year is having a great exposition. They have no helicopter service there for the people who go to the exposition.

So a few years ago I endeavored to see that the service would be widely distributed and that the Civil Aeronautics Board would give more attention to the applications. If we are to call it an experiment, I can only say that it is one of the longest experiments in human history, except possibly the experiment in the institution of marriage. They have been experimenting all these years and have been receiving the subsidy for the service at these three large cities.

So, Madam President, I brought the matter up last year. We put a provision in the committee report that asked for the Civil Aeronautics Board to examine the problem and to furnish a report. We received the report after the subcommittee had marked up the bill, but did not receive one prior to that time.

There is one thing of which I am firmly convinced. Either this service ought to be expanded or it ought to be extinguished. The many years over which these three companies have enjoyed this monopoly and have utilized it to improve their capital position and expand their activities is manifestly unfair and not in keeping with the fundamentals of American justice. It is difficult to justify any helicopter subsidy, but it is impossible to justify extending over 15 years a subsidy for a purely local service that has no rational relation to the national security or indeed the welfare of our people.

We cannot justify confining it to these three great centers. They are great cities and they pay huge sums in taxes into the national Treasury. I am fully aware of that argument. I am also aware of the cold fact that many of the taxes they pay have been siphoned from every community in the United States.

Madam President, I ask unanimous consent that the table may be printed in the Record.

The table shows the amount of subsidy paid since 1954. I do not have the figures for the years from 1947 to 1953.

There being no objection, the table was ordered to be printed in the Record, as follows:

*Civil Aeronautics Board—Subsidy payments to certificated helicopter carriers during the period Oct. 1, 1953, through June 30, 1962*

[In thousands]

| Fiscal year | Chicago Helicopter Airways, Inc. | Los Angeles Airways, Inc. | New York Airways, Inc. | Total |
|---|---|---|---|---|
| 1954[1] | $276 | $345 | $499 | $1,120 |
| 1955 | 423 | 928 | 1,768 | 3,119 |
| 1956 | 427 | 799 | 1,466 | 2,692 |
| 1957 | 700 | 910 | 1,407 | 3,017 |
| 1958 | 1,179 | 1,028 | 1,741 | 3,948 |
| 1959 | 1,993 | 938 | 3,141 | 6,072 |
| 1960 | 1,695 | 915 | 2,190 | 4,800 |
| 1961 | 1,569 | 1,185 | 2,299 | 5,053 |
| 1962 | 2,001 | 1,088 | 2,840 | 6,019 |
| Total | 10,353 | 8,136 | 17,351 | 35,840 |
| In H.R. 12711 for fiscal year 1963 | | | | 5,850 |
| Total | | | | 41,690 |

[1] The Board assumed payment responsibility as of Oct. 1, 1953, pursuant to Reorganization Plan No. 10 of 1953. Amounts paid by the Post Office Department for prior periods are not included.

NOTE.—The amounts shown represent payments made on a checks-issued basis and do not represent the amount accrued for carrier operations during the fiscal year.

Mr. **RUSSELL.** Mr. President, I believe I am correct in stating that the committee amendment has not yet been adopted. If it has not been, I ask that it be adopted at this time.

The **PRESIDING OFFICER** (Mr. Hickey in the chair). The question is on agreeing to the committee amendment, as amended.

Mr. **RUSSELL.** Mr. President, I mean the language of the proviso.

The **PRESIDING OFFICER.** The question is on agreeing to the committee amendment, as amended.

Mr. **PROXMIRE.** Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. **RUSSELL.** Mr. President, I am perfectly willing to ask unanimous consent that the Senator from Wisconsin may be entitled to deal with this language and with the entire amendment as if it were original text.

**Mr. PROXMIRE.** I thank the Senator very much. This refers only to the particular subsection in question?

**Mr. RUSSELL.** Only to this section, and to the 25 percent limitation.

**The PRESIDING OFFICER.** Without objection, the committee amendment, on page 6, lines 20 and 21, as amended, is agreed to.

The clerk will state the proviso.

The **Legislative Clerk**. On page 6, line 24, it is proposed to insert the following proviso: "*Provided*, That not to exceed 25 percent of such subsidy shall be available for helicopter operations in any one area."

**The PRESIDING OFFICER.** The question is on agreeing to the amendment.

The amendment was agreed to.

**Mr. RUSSELL.** Mr. President, I move that the Senate reconsider its action in adopting the amendment.

**Mr. HILL.** Mr. President, I move to lay that motion on the table.

**The PRESIDING OFFICER.** The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

**Mr. ALLOTT.** Mr. President, I wish to take only 2 minutes on this matter. I think the legislative history ought to be perfectly clear.

I have the greatest respect for the distinguished Senator from Georgia. We happen to look at this matter in a little different manner.

I point out that these helicopter operations are supported only for one reason, under the statute, and that support is for the purpose of ascertaining and determining the feasibility of helicopter operations.

I have had the privilege of being a member of this committee for only 4 years, but in all those 4 years the helicopter operators have repeatedly testified they could not become self-sustaining until they could get away from the piston powered operation. Now they are phasing in the turbine operations. Complaint is made as to delay, but the fact is that they could not get these facilities faster, because they were not available. In fact, they are not now available in unlimited quantity but are only in the process of being delivered.

The testimony has also been very clear that the operators have to phase in the turbine operations and that they insisted they could not show a profit for 2 or 3 years after the turbine operations began.

I wish to read to Senators the testimony by Mr. Murphy of the CAB, at page 384, in response to a question by me.

> Senator, I imagine it would be. I imagine it would be because the operations would not have been curtailed.
>
> Senator Allott. In other words, this figure on these three can be expected to go up through 1964 and not decrease at all before fiscal 1965?
>
> Mr. Murphy. That was the projected estimate at that time.
>
> Senator Allott. I think this was the testimony also of all three carriers, was it not? That provided they got into their turbine equipment they could not foresee a decrease until they got it operating and established.
>
> Mr. Murphy. Exactly.

Mr. President, I wish to make history on this item. Congress by raising this item $10 million and by putting in the proviso with respect to 25 percent will not be saying to the CAB, "We want helicopter carriers to be certificated all over this country and want to have a never-ending subsidy for them." Our purpose now, as in the past is to find out, on an experimental basis, if these operations can be put on a self-sustaining basis. This point should be clear. We are not abandoning the purposes of the original legislation by taking this action here today, because certainly I could not support that, speaking for myself.

**Mr. MONRONEY.** Mr. President, will the Senator yield?

**Mr. ALLOTT.** I am happy to yield.

**Mr. MONRONEY.** I should like to join the distinguished Senator from Colorado in stating that if additional services are provided they should be most carefully selected at airports which can furnish the best opportunity for a large contribution to the cost from the traffic involved. If we allow the people of the country to feel there will be widespread expansion of helicopter service, we shall disappoint many hopeful operators who would not have an opportunity for viable service, even with the addition of subsidy payments which the Senate today will provide.

I concur that there should be a very selective use of this provision.

**Mr. MAGNUSON.** Mr. President, I think it should be brought out that instead of enlarging services such as those provided at Los Angeles, New York, and Chicago—which would take more subsidy and use up the money—an effort should be made perhaps to try some limited service in two or three other places. The way the program now operates, it has been so limited to the three cities that when any extra money is provided it is put in those places.

I wish to say that the service is justifiable in the area of the Senator from California. But not much subsidy is needed in some places where, with a small helicopter, the operator could probably make the service work with the new equipment. This is what we are seeking to provide.

I agree with the Senator from Colorado that the service ought to be looked at very carefully.

**Mr. ALLOTT.** I appreciate the words of the distinguished chairman of the committee and also those of the distinguished Senator from Oklahoma [Mr. Monroney], who is the chairman of the subcommittee in the legislative field.

My only point is that I do not think we want to try to make this baby grow until we are sure it is breathing. Our purpose is to find out that it is breathing, and breathing well.

**Mr. KUCHEL.** Mr. President, will the Senator from Washington yield?

**Mr. MAGNUSON.** I yield.

**Mr. KUCHEL.** I wish to commend my able friend from my neighboring State for participating in what we have accomplished today. I should like to have the Record show that once again he has performed a service.

**Mr. MAGNUSON.** I thank the Senator.

**Mr. KUCHEL.** I thank the Senator for it, not merely on behalf of my State and my people, but on behalf of all of us.

**Mr. MAGNUSON.** I thank the Senator.

**Mr. PROXMIRE.** Mr. President, will the Senator yield?

**Mr. MAGNUSON.** I yield.

**Mr. PROXMIRE.** Does the Senator wish to have me present my amendment now?

**Mr. MAGNUSON.** I thought I would have the committee amendments made a part of the bill, and then the bill would be open for amendment.

Mr. President, I ask unanimous consent that the remaining committee amendments to the bill be agreed to en bloc and that the bill as thus amended be regarded, for the purpose of amendment, as original text; provided, that no point of order shall be considered to be waived by reason of agreement to this order.

**The PRESIDING OFFICER.** Is there objection to the request by the Senator from Washington? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, at the beginning of line 22, to strike out "$4,000,000" and insert "$5,000,000", and on page 3, line 2, after "$75", to insert a colon and "*Provided, further*, That $1,000,000 of the foregoing amount shall remain available until expended for studies and research to develop measures and plans for emergency preparedness.".

On page 3, line 13, to strike out "$5,000,000" and insert "$4,000,000".

On page 3, line 18, after "(5 U.S.C. 55a)", to strike out "$700,000" and insert "$850,000".

On page 4, line 1, after the word "law", to strike out "$65,000,000" and insert "$91,200,000", and in line 2, after the word "exceed", to strike out "$12,000,000" and insert "$17,000,000".

On page 4, after line 4, to strike out:

"RESEARCH

"For expenses, not otherwise provided for, necessary for studies and research to develop measures and plans for civil defense, $10,000,000, to remain available until expended."

And, in lieu thereof, to insert:

"SHELTER, RESEARCH AND DEVELOPMENT, AND CONSTRUCTION

"For expenses, not otherwise provided for, necessary for studies and research to develop measures and plans for civil defense, continuing shelter surveys, markings and stocking, providing fallout shelters in existing Government owned or leased buildings, including existing facilities at military installations, $93,800,000, to remain available until expended: *Provided*, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction as he may designate."

On page 5, line 10, after the word "shelters", to insert "(except for fallout shelters resulting from minor modifications to design, construction, or building equipment, at a cost not to exceed $5,000 in any one facility, which provides fallout shelter space primarily serving the normal peacetime purposes of the facility)".

On page 5, after line 18, to strike out:

"CIVIL DEFENSE MEDICAL STOCKPILE ACTIVITIES"

And, in lieu thereof, to insert:

"EMERGENCY HEALTH ACTIVITIES"

On page 5, line 21, after the word "for", where it appears the second time, to insert "carrying out emergency planning and preparedness functions of the Public Health Service, and procurement,", and on page 6, line 2, after "(50 U.S.C., app. 2281 (h))", to strike out "$5,500,000" and insert "$8,500,000".

On page 6, line 9, after the word "basis", to insert "not to exceed $1,000 for official reception and representation expenses;", and in line 14, after the word "diem", to strike out "$8,900,000" and insert "$9,400,000".

On page 7, at the beginning of line 16, to insert "of which $3,153,000 shall be derived by transfer from the civil service retirement and disability fund".

On page 9, after line 11, to strike out:

"PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND

"For financing the annuity benefits and increases provided by the Act of June 25, 1958 (72 Stat. 218), $41,959,000, to be credited to the civil service retirement and disability fund."

On page 9, line 23, after "(73 Stat. 713)", to strike out $3,000,000" and insert "$5,400,000".

On page 11, line 24, after the word "snowshoes", to strike out "$463,400,000" and insert $488,400,000", and on page 12, line 1, after the word *"Provided"*, to strike out "That total costs of aviation medicine, including equipment, for the Federal Aviation Agency, whether provided in the foregoing appropriation or elsewhere in this Act, shall not exceed $4,920,000 or include in excess of 304 positions: *Provided further,*".

On page 12, line 20, after the word "aircraft", to strike out "$120,000,000" and insert "$130,000,000".

On page 14, line 9, after the word "ammunition", to strike out "$3,225,000" and insert "$3,725,000".

On page 14, line 19, after the word "ammunition", to strike out "$3,000,000" and insert "$3,500,000".

On page 15, line 4, after the word "airport", to strike out "$3,000,000" and insert "$3,400,000".

On page 15, line 11, after "(31 U.S.C. 529)", to strike out "$15,000,000" and insert "$25-000,000".

On page 15, after line 23, to insert:

"Leases and concession agreements covering buildings and properties at Washington National Airport and Dulles International Airport may be entered into without regard to the provisions of section 321 of the Economy Act of June 30, 1932, as amended (40 U.S.C. 303b) unless otherwise deemed appropriate by the Administrator."

On page 16, line 13, after "(U.S.C. 55a)", to insert "not to exceed $500 for official reception and representation expenses,", and in line 16, after the word "only", to strike out "$14,355,000" and insert "$14,617,000".

On page 16, line 21, after the word "vehicles", to strike out "$9,946,500, of which not to exceed $10,000 shall be available for special counsel", and on page 17, line 1, after the word "individuals", to insert a comma and "$11,100,000".

On page 17, at the beginning of line 0, to strike out "$10,720,000" and insert "$11,845,000".

On page 18, line 11, after the word "moving", to strike out "$175,000,000" and insert "$187,400,000".

On page 20, line 4, after the word "buildings", to strike out "$155,325,000" and insert "$184,779,000".

On page 20, line 13, after the word "Alaska", to strike out "$11,240,900" and insert "$12,290,000".

On page 20, line 16, after the word "Arizona", to strike out "$976,500" and insert "$1,050,000".

On page 20, line 17, after the word "California", to strike out "$1,283,400" and insert "$1,444,000".

On page 20, line 19, after the word "California", to strike out "$282,700" and insert "$304,000".

On page 20, line 22, after the word "Colorado", to strike out "$4,325,000" and insert "$5,931,000".

On page 20, line 24, after the word "Connecticut", to strike out "$818,400" and insert "$928,000".

On page 21, line 2, to strike out "$2,132,500" and insert "$2,376,000".

On page 21, line 4, after the word "Florida", to strike out "$507,800" and insert "$582,000".

On page 21, line 5, after the word "Florida", to strike out "$2,206,900" and insert "$2,457,000".

On page 21, line 8, to strike out "$3,534,800" and insert "$3,641,800".

On page 21, line 9, after the word "Idaho", to strike out "$114,400" and insert "$123,000".

On page 21, line 13, after the word "Indiana", to strike out "$445,500" and insert $514,000".

On page 21, line 15, after the word "Kentucky", to strike out "$274,300" and insert "$295,000".

On page 21, line 17, after the word "Louisiana", to strike out "$1,199,700" and insert "$1,290,000".

On page 21, line 19, after the word "Louisiana", to strike out "$3,375,000" and insert "$3,629,000".

On page 21, line 21, to strike out "$2,418,000" and insert "$2,686,000".

On page 21, line 23, to strike out "$311,500" and insert "$355,000".

On page 22, line 1, after the word "Massachusetts", to strike out "$26,544,100" and insert "$28,893,000".

On page 22, line 3, after the word "Massachusetts", to strike out "$382,200" and insert "$429,000".

On page 22, line 6, after the word "Michigan", to strike out "$685,400" and insert "737,000".

On page 22, after line 6, to strike out: "Border station, Sault Ste. Marie, Michigan, $251,100;".

On page 22, line 8, after the word "Minnesota", to strike out "$275,300" and insert "$296,000".

On page 22, line 11, to strike out "$1,140,200" and insert "$1,285,000".

On page 22, line 12, after the word "Missouri", to strike out "$29,189,000" and insert "$31,781,000".

On page 22, after line 13, to insert: "Courthouse and Federal office building, Billings, Montana, $5,756,000;".

On page 22, line 17, after the word "Nebraska", to strike out "$299,500" and insert "$322,000".

On page 22, line 19, to strike out "$1,413,600" and insert "$1,588,000".

On page 22, line 21, to strike out "$3,241,000" and insert "$3,590,000".

On page 22, line 23, to strike out "$3,120,100" and insert "$3,459,000".

On page 22, line 25, after the words "New Mexico", to strike out "$6,786,200" and insert "$7,450,000".

On page 23, line 2, to strike out "$1,980,000" and insert "$2,209,000".

On page 23, line 4, after the words "North Dakota", to strike out "$302,200" and insert "$325,000".

On page 23, line 6, after the word "Ohio", to strike out "$2,450,500" and insert "$2,722,000".

On page 23, line 8, after the word "Oklahoma", to strike out "$738,400" and insert "$794,000".

On page 23, line 9, after the word "office", where it appears the first time, to strike out "and"; in the same line, after the word "building", to insert "and courthouse"; and in line 10, after the word "Oklahoma", to strike out "$7,281,900" and insert "$9,588,000".

On page 23, line 12, after the words "Rhode Island", to strike out "$459,400" and insert "$527,000".

On page 23, line 14, to strike out "$2,430,100" and insert "$2,699,000".

On page 23, line 16, after the words "South Dakota", to strike out "$2,511,000" and insert "$2,788,000".

On page 23, line 18, strike out "$847,200" and insert "$956,200".

On page 23, line 20, to strike out "$9,062,800" and insert "$9,909,000".

On page 23, line 21, after the word "Texas", to strike out "$279,000" and insert "$300,000".

On page 23, line 23, to strike out "$427,800" and insert "$460,000".

On page 23, line 25, after the word "Texas", to strike out "$1,295,500" and insert "$1,393,000".

On page 24, line 2, to strike out "$4,398,900" and insert "$4,853,000".

On page 24, after line 2, to insert:

"Post Office and courthouse, Montpelier, Vermont, in addition to the sum heretofore provided; $509,000;".

On page 24, line 6, after the word "Virginia", to strike out "$2,019,000" and insert "$2,251,000".

On page 24, line 8, after the word "Wyoming", to strike out "$4,566,300" and insert "$5,034,000", and in line 12, after the words "per centum", to insert a colon and "*Provided further,* That not to exceed $6,500,000 of the foregoing appropriation may be used for partial construction of the authorized public building project at Baltimore, Maryland."

On page 24, line 22, after the word "otherwise", to strike out "$16,500,000" and insert "$29.354,000".

On page 26, line 2, after the word "law", to strike out "$40,000,000" and insert "$41,000,000".

On page 26, line 6, after "(5 U.S.C. 630g)", to strike out "$10,000,000" and insert "$17,000,000".

On page 26, line 20, after the word "records", to strike out "$14,050,000" and insert "$14,000,000".

On page 27, line 22, after the word "materials", to strike out "during the current fiscal year"; on page 28, line 14, after the word "Treasury", to strike out "except as otherwise provided herein" and insert a colon and "*Provided further,* That during the current fiscal year materials in the inventory maintained under the Defense Production Act of 1950, as amended, and, after compliance with the disposal requirements of section 3(e) of the Strategic and Critical Materials Stock Piling Act, excess materials in the national stockpile established pursuant to that Act, shall be available, without reimbursement, for transfer at fair market value to contractors as payment for expenses of refining, processing, or otherwise beneficiating materials, pursuant to section 3(c) of the Strategic and Critical Materials Stock Piling Act, into a form best suitable for stockpiling."

On page 29, line 4, after the figures "$1,350,000", to insert a colon and "*Provided,* That not to exceed $500 shall be available for reception and representation expenses."

On page 30, line 3, after the word "exceed", to strike out "$11,100,000" and insert "$12,000,000".

On page 31, after line 3, to insert:

"Appropriations to the General Services Administration under the heading 'Construction, Public Building Projects' made in this Act shall be available, subject to the provisions of the Public Buildings Act of 1959 for (1) acquisition of buildings and sites thereof by purchase, condemnation, or otherwise, including prepayment of purchase contracts,

(2) extension or conversion of Government-owned buildings, and (3) construction of new buildings, in addition to those set forth under that appropriation."

On page 31, after line 12, to insert:

"Expenditures heretofore made pursuant to contract or stipulation from, and unexpended obligations heretofore incurred against, appropriations under the heading 'Construction, Public Buildings Projects' in prior Appropriation Acts for the purposes specified in the preceding paragraph are hereby ratified."

On page 32, after line 24, to strike out:

"No part of any appropriation contained in this Act shall be used for the payment of rental on lease agreements for the accommodation of Federal agencies in buildings and improvements which are to be erected by the lessor for such agencies at an estimated cost of construction in excess of $200,000 or for the payment of the salary of any person who executes such a lease agreement: *Provided*, That the foregoing proviso shall not be applicable to projects for which a prospectus for the lease construction of space has been submitted to and approved by the appropriate Committees of the Congress in the same manner as for public buildings construction projects pursuant to the Public Buildings Act of 1959."

On page 37, line 4, after the figures "$45,000,000", to strike out the colon and "*Provided*, That not to exceed $714,000 of the foregoing amount shall be available for administrative and nonadministrative expenses during the current fiscal year".

On page 38, at the beginning of line 2, to strike out "$22,187,500" and insert "$23,025,000"; in the same line, after the word "than", to strike out "$1,718,300" and insert "$1,753,700"; and in line 4, after the word "than", to strike out "$1,147,000" and insert "$1,170,800".

On page 38, line 22, after the word "only", to strike out "$2,877,878,000" and insert "$2,917,878,000".

On page 39, line 5, after the word "law", to strike out "$766,237,000" and insert "$786,237,000".

On page 39, line 12, after the word "exceed", to strike out "$17,500" and insert "$35,000".

On page 39, after line 18, to strike out:

"NATIONAL CAPITAL HOUSING AUTHORITY

"*Operation and maintenance of properties*

"For the operation and maintenance of properties under title I of the District of Columbia Alley Dwelling Act, $40,000: *Provided*, That all receipts derived from sales, leases, or other sources shall be covered into the Treasury of the United States monthly: *Provided further*, That so long as funds are available from appropriations for the foregoing purposes, the provisions of section 507 of the Housing Act of 1950 (Public Law 475, Eighty-first Congress), shall not be effective."

On page 40, line 16, after the word "services", to strike out "$310,000,000" and insert "$335,000,000", and on page 41, line 3, after the word "Act", to insert a colon and "*Provided further*, That no part of the foregoing appropriation shall be expended upon Project Mohole until a full report has been submitted to the House and Senate Appropriations Committees on the method by which the contract was let, to whom, their qualifications, and the present status of the project."

On page 42, line 9, after the word "Specialists", to strike out "$37,085,000" and insert "$37,585,000".

On page 42, line 20, after the word "law" to insert "not to exceed $1,000 for official reception and representation expenses".

On page 43, line 16, after the word "expended", to strike out "$28,000,000" and insert "$33,000,000".

On page 46, at the beginning of line 8, to strike out "$75,500,000" and insert "$78,500,000".

On page 50, line 7, after the word "of", to strike out "$2,000,000" and insert "$2,075,000", and on page 51, line 23, after the word "expenses", to insert a colon and "*Provided further*, That not to exceed $1,000 shall be available for official reception and representation expenses".

On page 52, line 14, after the word "exceed", to strike out "$1,080,000" and insert "$1,200,000".

On page 55, line 3, after the word "exceed", to strike out "$1,100,000" and insert "$1,200,000".

On page 55, after line 13, to insert:

"LIMITATION ON ADMINISTRATIVE AND NONADMINISTRATIVE EXPENSES, OFFICE OF THE ADMINISTRATOR, HOUSING FOR THE ELDERLY

"Not to exceed $850,000 of funds in the revolving fund established pursuant to section 202 of the Housing Act of 1959, as amended (12 U.S.C. 1701q et seq.), shall be available for administrative and nonadministrative expenses, but this amount shall be exclusive of payment for services and facilities of the Federal National Mortgage Association, the Federal Reserve banks or any member thereof, the Federal home-loan banks and any insured bank within the meaning of the Act creating the Federal Deposit Insurance Corporation (Act of August 23, 1935, as amended (12 U.S.C. 264)) which has been designated by the Secretary of the Treasury as a depository of public money of the United States."

On page 58, line 8, after the word "exceeded", to strike out "$9,500,000" and insert "$10,800,000", and in line 19, after the word "exceed", to strike out "$62,000,000" and insert "$67,500,000".

On page 61, line 3, after the word "shelters" to insert "(except for fallout shelters resulting from minor modifications to design, construction, or building equipment, at a cost not to exceed $5,000 in any one facility, which provides fallout shelter space primarily serving the normal peacetime purposes of the facility)".

**Mr. MAGNUSON.** Now the bill is open to amendment, as original text.

**Mr. PROXMIRE.** Mr. President, I offer an amendment. Unfortunately, because of the changes which have taken place in the bill I had to write it out in my own hand, so I have no extra copy. I will send the amendment to the desk after I have read it.

On page 6, line 21, strike out "$87,228,000" and insert "$77,228,000."

On page 6, line 21, after the figure "$87,228,000," delete the comma and insert a period, and delete beginning on line 21, all the remaining language on page 6 after "$87,228,000."

The purpose of the amendment, I think, is very obvious, in view of the discussion. The purpose of the amendment is to eliminate the helicopter subsidy altogether.

I offered the same kind of amendment a year or two ago, because I felt that the helicopter subsidy was provided in effect for people who use the helicopters. I think it is perfectly obvious that those are the people who, in most cases, can afford to pay for the service. If they cannot afford to pay for the service, I cannot understand why the general taxpayers should do so.

**The PRESIDING OFFICER.** The clerk will state the amendment for the information of the Senate.

**Mr. PROXMIRE.** Mr. President, in view of the fact that I have read the amendment, I ask unanimous consent that the reading by the clerk be waived.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

The amendment of Mr. Proxmire is as follows:

On page 6, line 21, it is proposed to strike out $87,228,000 and insert $77,228,000.

On page 6, line 21, after the figure $87,228,000 it is proposed to delete the comma and insert a period and delete on line 21 all language after "$87,228,000." on page 6.

**Mr. PROXMIRE.** The contention is that the helicopter lines cannot get along without a subsidy. The fact is that in the State of my distinguished friend from California [Mr. Kuchel], San Francisco Helicopter Airlines, the Nation's fourth and newest scheduled helicopter airline, is operating very well and receives no Federal subsidy. I realize that some helicopter services have more difficulty than others. But, as I understand, the cost of a helicopter ticket in New York, in Chicago, and in the airports around Los Angeles is in the neighborhood of $9 to $15. Without the subsidy the cost of a ticket would be a little less than twice that much.

What justification is there for the general taxpayer to pay a subsidy for the benefit of the people who use helicopter service, when it is perfectly obvious that they are among the most affluent people in our society? I do not mean that all users of the service are people with big incomes, but in general they are people who have sufficient income to use our air service. If they cannot afford it why should the overburdened general taxpayer pay for them?

It is true, of course, that this kind of subsidy might be justified for a year or two to assist an infant industry which is in an experimental stage and has not had an opportunity to move along very much. The Senator from Georgia has pointed out that we have given the subsidy year after year after year. Now at $10 million it will be almost twice as large as it ever has been before. Now the Pandora box is really open. By the action the Senate has just taken the service would be available not only to three cities, but also to every city in the country. If my experience in this body has taught me anything, it has taught me that we cannot expect the CAB to limit the subsidy to two or three selected cities unless guidelines and standards are established. Why not? Because Congressmen and Senators in this body will not let them.

The committee did not accept the amendment. They apparently did not accept the "subsidy everywhere" idea. They reported an amendment which would provide for a subsidy to only three cities, which I think is wrong, and I am opposed to it.

What the Senate has now done is to open up a situation in which Milwaukee would want helicopter service. They will want it so that transportation can be afforded to O'Hare Field. I shall be under fire to press for it. Minneapolis will want helicopter service. As the Senator from Georgia has pointed out, Atlanta will want it. I am sure the cities in Florida will want it, almost every State and city will want it.

While the additional $4,750,000 is a great deal of money, obviously it cannot begin to fullfill the needs.

So it is apparent that what will happen will be that when we come back next year we shall be under pressure to increase that $10 million to $15 million or $20 million, and in subsequent years the subsidy will become like the subsidy for the merchant marine, the airlines and, in the past, the railroads. It is a subsidy which I think is about as unwarranted as any I can conceive of. It is not based upon the need of the people who use the service. There is every reason to require that such people pay for the service they get and not come to Uncle Sam and ask him to pay for it.

I have ridden in helicopters. I have taken advantage of the service, and I expect to do so again. It costs money. I know that most people who ride with me are on expense accounts. I realize that there are some others whose incomes are not large. There are those whose incomes may even be small, but because of the urgency of the travel, they must get from one place to another quickly, and will be constrained to use the helicopter service. But they are in a small minority.

I hope the Senate will give serious consideration to striking the entire subsidy provision from the bill. If the industry cannot survive on its own after years and years of opportunities to do so, the Federal Government should not subsidize it. We should not subsidize the affluent people who use it.

I hope that the Senators who are present will give the amendment serious consideration because, after all, it would cost $10 million now, and that amount is a drop in the bucket compared to what it will cost in the future.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was rejected.

Mr. KUCHEL. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JAVITS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### CIVIL DEFENSE

Mr. HUMPHREY. Mr. President, I want to commend the able Senator from Washington and the other members of the Senate Independent Offices Appropriation Subcommittee for their constructive work in restoring the most essential part of the funds requested by the President to carry on with the new civil defense program.

Last year Congress appropriated $255 million to finance a major step forward in creating an effective civil defense program. Of the $235 million requested for this year's program, exclusive of the $460 million requested for the shelter incentive program, the House appropriated only $75 million. This is not sufficient to carry on the new civil defense program, which has been so well begun. The bill before us today would provide $185 million. This would permit the continuation of the most essential elements of the program and provide a measure of protection to millions of Americans.

Locating and provisioning fallout shelter space in existing buildings is the most important of these continuing activities. At a cost of $3.50 per person, shelter space is being made available for a potential 60 million Americans simply by making intelligent use of the shielding from radiation which we already have in this country.

Defense Department studies have established that 40 to 120 million Americans could be expected to survive the blast and heat of nuclear explosions under a major attack but would be exposed to overdoses of fallout radiation which would take their lives some days or weeks later. This is unnecessary. There are practical measures within reach of this great Nation to prevent such widespread loss of life if war should ever be forced upon us.

In matters affecting life and death in wartime, the Federal Government has a primary responsibility and must take a clear and firm lead. I believe it would be a grave mistake for Congress to fail to finance the major civil defense effort which was launched last year. This program has imposed heavy demands on State and local governments and they are responding and doing their part to develop the ability to protect their people to save large numbers of lives from nuclear attack.

The President and the Secretary of Defense have made it clear that our military forces are designed to deliver a major nuclear attack from protected delivery systems after this country has absorbed the first blow. This country will not initiate a war. Our weapons systems are designed at great expense to strike back, but how can we plan a military strategy on the assumption of absorbing the first blow without also planning to take every reasonable measure to minimize the damage to our people and our homes? It is no good to say nothing can be done about this problem. There are practical measures to be taken, and the President's civil defense program has given priority to sensible measures that are well within our reach. I believe it would be a most serious error to fail to make use of the vast amount of shelter space which already exists and which has been found in the Defense Department's survey. We cannot plan on the use of this large capacity for sheltering people without warning, training, radiological monitoring, and other vital civil defense activities to make a shelter system workable.

I know that in my State of Minnesota years of hard work by volunteers and overworked officials of State and local government have laid a base on which to build a realistic civil defense program. A new Federal program is beginning to provide the support that is needed to convert these past efforts into a real capability of saving large numbers of lives under nuclear attack. A great many county and municipal governments have stretched themselves to do their part in rapidly upgrading our civil defense capability in Minnesota.

The Senate by passing the pending measure will reassure the many dedicated people who are working hard to create a local capacity to survive a nuclear attack that they can count on the Federal Government to do its part in this joint undertaking.

I commend the Senator and his committee for their activity.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. How much time have we remaining on the bill?

The PRESIDING OFFICER. Eighteen minutes.

Mr. MAGNUSON. The chairman will have to retain the floor, and yield it sparingly.

Mr. JAVITS. Mr. President, will the Senator yield so that I may respond to the Senator from Minnesota?

Mr. MAGNUSON. I yield to the Senator from New York.

Mr. JAVITS. It will take me only 30 seconds to make my statement. I identify myself with what the Senator from Minnesota has said. I have been ardently devoted to the civil defense program. I shall join him in whatever measures we need in order to keep the program alive. I am delighted that the Appropriations Committee, of which I am a member, has seen fit to add some life to it after it was practically killed. I thank the Senator.

Mr. YOUNG of Ohio. Mr. President, I ask the chairman of the committee to seek unanimous consent to extend the time for an additional half hour. I wish to offer a very important amendment.

Mr. MAGNUSON. How much time does the Senator desire?

Mr. YOUNG of Ohio. I desire at least 20 minutes.

Mr. MAGNUSON. Mr. President, I was not present when the unanimous-consent agreement was made last night at the close of the session. We were hopeful that we could finish the consideration of the bill. But I ask unanimous consent that an additional 20 minutes be allowed.

Mr. JAVITS. Mr. President, reserving the right to object, if the Senator is going to extend the time, I suggest that other Senators have been waiting to make statements. I should like 5 minutes to speak on another subject. If the Senator will request 25 or 30 minutes——

Mr. MAGNUSON. Does the Senator intend to speak on the bill?

Mr. JAVITS. It could be on the bill or on any other bill.

Mr. MAGNUSON. The Senator can obtain the floor after consideration of the present bill has been completed.

Mr. YOUNG of Ohio. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, will the Senator withhold his request?

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. HUMPHREY. Reserving the right to object, if the unanimous-consent agreement is opened up to satisfy requests for statements, a dozen Senators are present who, I anticipate, will also ask for the privilege to speak. I do not like to object, but under the circumstances I must do so.

The PRESIDING OFFICER. There are now 11 minutes remaining on the bill.

Mr. MAGNUSON. Mr. President, again reserving the right to object, I suggest that when the Senate has finished its consideration of the bill, Senators can have the floor for the remainder of the day. If Senators wish to speak on the bill——

Mr. YOUNG of Ohio. In all fairness, I feel I should have time in my own right. I have an important amendment to offer. I wish real consideration given to this amendment.

Mr. MAGNUSON. We will give time to the Senator. The Senator from Ohio, the Senator from New Jersey, and the Senator from Wisconsin want some time allotted to them. I therefore ask unanimous consent that half an hour be added to the time on the bill.

Mr. PROXMIRE. Mr. President, reserving the right to object, I wish to be frank. I have four or five amendments, which will take over an hour, and perhaps 2 hours, to explain. I will insist on a real debate on my amendments. I believe that in view of the fact that the unanimous-consent request was only for the purpose of consideration of the bill——

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the time for debate be extended by 1 hour.

Mr. MILLER. Reserving the right to object, am I to understand that other Senators who may have amendments to offer will have some cooperation from the leadership in that respect?

Mr. MAGNUSON. We will do the best we can.

Mr. JAVITS. If the time runs until late in the afternoon, other Senators, who have other things to say, will want a minute or two. We do not want to intrude, but some of us have some things to say this afternoon.

Mr. HUMPHREY. The understanding is, after having consultation with the majority leader, that the time will be extended if the time allotted runs out. If there are amendments to be offered to the bill, we hope that they will be fully considered. It may therefore be necessary to extend the time on the bill. I assured the Senator from Wisconsin last night that we would cooperate with him, and I assured the Senator from Ohio as well.

Mr. JAVITS. Mr. President, reserving the right to object, the Senator says "on the bill." I will not be confined to the rule of germaneness if the debate continues after 4 o'clock. I am perfectly willing to have the time extended by 1 hour, but when it gets close to 4 o'clock, and I need 2 or 3 minutes to say something, I will want some time allotted to me.

Mr. MAGNUSON. Not on the bill?

Mr. JAVITS. I will want it before 4 o'clock.

Mr. MAGNUSON. The Senator will have time to speak after the bill is passed. He does not need to take time on the bill.

Mr. JAVITS. I will want some time to do it while the day is still fresh and the sun is still shining and the grass is smelling sweet.

Mr. MAGNUSON. I would like to get back to the State of Washington. If the Senator has something that he wants to talk about, he can talk about it until midnight, if he wants to, after the bill is passed.

Mr. JAVITS. The Senator and I have always gotten along together like brothers. We will again.

Mr. MILLER. Have the yeas and nays been ordered on the bill? I ask the chairman whether he would object to having the yeas and nays ordered on passage of the bill.

Mr. MAGNUSON. No.

Mr. MILLER. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the unanimous-consent request to extend the time for 1 hour—to be controlled by whom?

Mr. HUMPHREY. By the chairman of the committee.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PROXMIRE. Mr. President, I want to reserve the right to object, because I earnestly feel that, in all fairness, when my amendment is called up I shall want some time to speak on it. The chairman has offered to yield some time to me. It want some time under my own control. I want sufficient time to discuss the amendment. I am not trying to delay consideration of the bill or hold it up in any way. I will cooperate with the chairman, but I do not want to bind myself to limited time. I want to control my own time.

Mr. MAGNUSON. I yield 20 minutes to the Senator from Ohio on a very important amendment that is germane to the bill.

Mr. YOUNG of Ohio. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, beginning with line 9, strike out all down through line 21, and insert in lieu thereof the following:

RESEARCH

For expenses, not otherwise provided for, necessary for studies and research to develop measures and plans for civil defense, $10,000,000 to remain available until expended.

Mr. YOUNG of Ohio. Mr. President, this is an exceedingly important amendment. If adopted, it will save taxpayers almost $90 million. I was shocked indeed to learn that the Senate committee had failed to follow the leadership of the other body, which had reduced the appropriation for civil defense fallout shelters, and that they recommended additional funds. My amendment would strike out the $93,800,000 appropriation for fallout shelters in existing Government-owned or leased buildings. The $10 million allowed by the other body for research purposes would be restored, if my amendment is adopted.

The administration had originally requested $568,755,000 for shelter research and development and construction. The other body, under the fine leadership of Representative ALBERT THOMAS, chairman of the House Appropriations Subcommittee, wisely reduced this amount to $10 million for studies and research in the civil defense program. The Senate Committee on Appropriations has seen fit to increase this by over $83 million.

I seek, by my amendment, to do away with that increase. I will ask for a yea-and-nay vote on the amendment, and if that is denied me, I will ask for a division on it. The shocking action on the part of our committee would cost taxpayers an additional $83,800,000.

Last summer we hurriedly appropriated $208 million for fallout shelters. No American is any safer as a result of that experiment. Of course, architectural firms, building contractors, and survival biscuit makers have benefited at taxpayers' expense. We hear about millions of survival biscuits that have been purchased from a certain large grocery concern. They will never be used, of course. Some money has been put in circulation, but taxpayers have suffered.

This appropriation in no way deterred the aggressive ambitions of the Soviet and Red Chinese Governments. Although the international situation is no less critical, the hysteria and fear of last summer have subsided. The previous preoccupation with fallout shelters is now history. Sanity seemed to have returned.

We have already wasted more than $1 billion on the civil defense boondoggle. We had hoped that when the Office of Civil and Defense Mobilization was done away with, this waste would be a thing of the past.

Now, it comes up again. The number of civil defense job holders feeding at the public trough has increased; and it is noteworthy that 60 percent of the paid civil defense employees receive salaries in excess of $10,000 a year.

Americans generally now realize that civil defense as it has been conducted in the past would be of little or no use in a nuclear war. We should accord that fact recognition by voting to adopt this amendment.

Even those favoring a fallout shelter building program have testified that in order to be at all effective an eventual expenditure of from $20 billion to $200 billion would be required.

Even then, extensive advances being made in rocket and nuclear technology will make any shelter program obsolete before it is half completed. There is also the possibility of more deadly types of warfare, such as chemical and biological warfare. Were an aggressor to unleash the horror of the thermonuclear war, he would probably not hesitate to use other methods equally terrifying.

Are we prepared to embark on a gamble of this magnitude? In reality, that is the question facing us when we vote on the amendment.

Senators who vote against this amendment will, in effect, be saying to the people of the country that taxpayers should spend from $20 billion to $200 billion for an effective fallout shelter program, if there is such a thing. Those who support my amendment will be saying, "Let us not waste the taxpayers' money. Let us not throw good money after bad. Let us not proceed with a halfhearted unrealistic approach to this problem."

Of what practical use would the shelters and stocks of food in Government buildings be to the defense of our Nation in the event of a nuclear war? None whatsoever. If such facilities were in key locations, there is little doubt that they would be destroyed immediately in the first onslaught of war.

I, for one, cannot sanction appropriating almost $100 million to soothe the feelings of civil defense officials. The House of Representatives recognized the problem when the bill was before it, and the House faced the problem squarely. The Senate should do likewise.

We also have before us a tax revision measure by which it is hoped that our tax structure will, in part, be reformed and some tax loopholes closed. It would be unconscionable at the same time to throw away $84 million of taxpayers' money on a scheme which is in reality only psychological pablum for a bewildered public. That is what the bill, as amended by the committee, provides.

For 13 years civil defense officials have been deluding the public into thinking that something real was being done, and that there is some measure of security in a nuclear war. Let us not close our eyes and refuse to realize the consequences of such a disaster. It is my fervent belief that fallout shelters would be of little, if any, protection in a nuclear war. I have made extensive research upon this subject, and that is my considered judgment. Few could object to a journey by mankind back into the caves if it were known that such shelters would defend us in an atomic holocaust; but there is very slim possibility of that.

Those making it to their shelters in the 15 or 20 minutes available—if the warning systems were perfect, and they are not near that state today—would await probable entombment by the pulverizing blast of the bomb or suffocation by the fire storms expected to follow the blast. If there were a missile attack by a submarine there might be only 2 minutes' warning. In the city of Cleveland, where I live, there might be 18 minutes' warning, at the most.

It is estimated that the lethal radioactive fallout from a 10-megaton thermonuclear explosion would cover several thousand square miles. The resulting fire storm would cover an area of 5,000 square miles. Our cities would be blazing pyres and a mass of radioactive debris. Shelters in the target area would be crushed. Any who managed to escape these blazing tombs would be immediately killed by the fire storms and explosions raging for miles around.

There is no reason to expect that an enemy who knows he must knock us out with one massive blow would be so merciful as to use only one 10-megaton explosive on a given target. There would be no outside help arriving, no medical supplies, food, water, or transportation. Any who managed to survive and climb back into the world would find it knee deep in radioactive debris. What was left of our cities would be an uninhabitable desert. Death would merely be delayed. Radiation would probably eventually catch up with those in the shelters far enough away from the blast area to escape demolition.

A national shelter program would have to be concentrated in our major cities which hold not only the bulk of our population but the keystone of our social and industrial structure. Yet, it is precisely in these cities that these shelters would be the least useful, if they have any use whatsoever.

Mr. President, since the time allotted for debate on this bill is limited, I shall be brief. The issue is clear. Are we going to embark on a huge and fantastically expensive shelter-building program or are we going to be realistic and not get involved in such a questionable gamble?

There is some talk to the effect that shelters are a form of insurance. If so, it has been exceedingly expensive insurance for the taxpayers of America when we consider all the money that has been spent on the civil defense boondoggle since 1951. It should not be continued. We have an opportunity to voice our opinion of it. We should not continue with this program on a minor league basis. If we continue it, we should do so by spending the necessary billions of dollars. It is foolish for us to fritter away each year ridiculously inadequate appropriations which in reality accomplish nothing. If the program is worthwhile, let us appropriate the entire amount requested by the administration—some $600 million. If it is not, let us follow the forthright example of the other body and refuse this request.

I urge the Senate to support my amendment to strike this amount from the bill.

The President's desire to offer Americans some form of survival insurance in event of nuclear attack is laudable. Certainly some sensible forms of catastrophe planning are in order. However, I assert that it is not sound planning to divert substantial resources and effort into a program which offers very little true insurance and which could well assume the proportions of a continuing boundless boondoggle, and which at the same time encourages a cruel illusion of security.

Mr. LAUSCHE. Mr. President, will my colleague yield to me?

Mr. YOUNG of Ohio. I yield.

Mr. LAUSCHE. Has my colleague any figures in regard to the ultimate cost if shelters of the magnitude discussed were to be constructed for the protection of everyone in the country?

Mr. YOUNG of Ohio. Yes; I have studied this subject extensively and have reached the conclusion that if we were confronted with a sudden devastating nuclear attack, in order to have fallout shelters which could possibly—and I emphasize the word "possibly"—be used to save from 50 to 80 million people, it would be necessary to spend taxpayers' money, not in the amount of $200 or $600 million, but in an amount ranging anywhere from $40 to $200 billion. I say we are not prepared to do that, that we are not prepared to proceed with that sort of gamble.

Mr. LAUSCHE. Mr. President, will my colleague yield further?

Mr. YOUNG of Ohio. I yield.

Mr. LAUSCHE. In the 1950's, I was a member of the President's Advisory Commission on Civil Defense. At that time there was discussion about the construction of fallout shelters across the Nation, and it was then estimated that the cost would be $50 billion; and it was urged that we begin the program at that time. The conclusion of the Commission was that it was inadvisable.

I submit that if it were to cost $50 billion in 1950, the figure at present probably would be $125 billion to $150 billion.

I concur in the views expressed by my colleague and in the position taken by the House on this subject.

Mr. YOUNG of Ohio. I thank my distinguished colleague for his comments. They reinforce me in my view that I have been right on this subject all along and that I am right in proposing this amendment.

Mr. LAUSCHE. Mr. President, will my colleague yield further to me?

Mr. YOUNG of Ohio. I yield.

Mr. LAUSCHE. Following the war, and especially after Korea, it was advocated, in Washington, that civil defense organizations be built up within the States, and be implemented with food and equipment and medicine. But when that recommendation was made, Governors and local authorities did not see the wisdom of what was being urged in Washington.

I submit that if at that time the Governors had adopted the recommendations of the Federal Government, in the 13 to 14 years since then the expenditures would have been beyond comprehension.

But we did not follow them. We accepted some sort of token conformance; but even that token conformance has been costly and has been demonstrated to be unserviceable.

Mr. YOUNG of Ohio. Mr. President, I know that my distinguished senior colleague during his service, for five terms, as Governor of Ohio, saved the taxpayers of our State a great deal of money because he refused to follow the panicky civil defense ideas emanating from Washington.

It is better for us to face the fact that no modern society can survive an all-out nuclear war, than it is for us to delude ourselves with talk of fallout shelters.

General LeMay and other leaders of our Armed Forces, have said in recent years, that they would not pay out money for holes in the ground, but that they would spend the money to build up our deterrent power by strenthening our Armed Forces.

Mr. President, this idea of a shelter program also fosters the psychology that, in case of attack, Americans should crawl into holes in the ground and cower in shelters, awaiting the conquering paratroopers. That is contrary to our great traditions and our American way of life.

The PRESIDING OFFICER. The time yielded to the Senator from Ohio has expired.

Mr. MAGNUSON. Mr. President, I yield additional time to the Senator from Ohio.

Mr. YOUNG of Ohio. I thank the Senator from Washington.

Mr. President, all agree that we live in a grim period of anarchy. But we must not allow this situation to cloud our judgment when we deal with the defense of civilians. We should not embark on expensive schemes which would be of no value in event of war.

Mr. President, my amendment, which would strike out the item of $93,800,000 which the Senate committee recommended for fallout-shelter purposes, would allow the $10 million which the House of Representatives voted, in its version of the bill, for research purposes only. That would still remain in the bill.

I feel that this is a very important amendment; therefore, I ask for the yeas and nays on the question of agreeing to it.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, will the Senator from Ohio yield?

Mr. YOUNG of Ohio. I yield to the distinguished Senator from Kentucky.

Mr. COOPER. For several years, I have listened with interest to the distinguished Senator from Ohio speak on this subject. I know he has applied himself diligently to it. All of us respect his views.

Is the Senator from Ohio of the opinion that the administration—to which we look for guidance on this controversial, but critical question—has ever laid down a firm policy respecting civil defense and shelters?

Mr. YOUNG of Ohio. In my opinion, no firm policy has been laid down by this administration up to the present time; and I speak as an administration Senator, as the Senator from Kentucky knows. I desire to support our President whenever I can do so in good conscience.

I was very hopeful when, at the outset of his term, the President abolished the old Office of Civil and Defense Mobilization. He rendered the American people a fine service when he abolished that political organization—which, as the Senator from Kentucky knows, was staffed, in my State—and I am certain the same was true in his State—with a horde of ex-officeholders and political hacks wearing armbands. It was that we thought we had made a great step forward, because the President ostensibly placed civil defense in the hands of the Secretary of Defense, where it properly belongs.

However, it seems to me that the civil defense officeholders who have been feeding at the public trough all over the country are burrowing in and establishing themselves in perpetuity in these positions, by means of these appropriations.

Mr. COOPER. I asked my question for a specific purpose.

During the fall of 1961, I went over my State, as I usually do. I found the people were very concerned about Berlin, and other news of the world which gave a rather dark aspect to international affairs. I found something I never had encountered before in my State. A concern about the state of our defenses and civil defense. A great deal of this concern arose from the statements during the 1960 campaign, derogating our defenses, and from the fact that the administration had not stated its policy—and I must say I do not believe it has yet stated a policy—respecting a great civil defense program, including the building of shelters.

The question of civil defense in its nature must rest upon technical and scientific advice. I have talked to outstanding scientists who favor strongly a comprehensive system of shelters. If there is competent advice and authority, that they are necessary for security and protection, and I believe there is such authority, even though expensive, I would rather have the expenditures made for the program—than to see the program further neglected.

I raise the question because we have the right to look for leadership and clear policy from the administration.

I do not believe anyone can give direction and confidence to the people and the Congress, respecting the actual need of a civil defense program, with shelters, except the President of the United States.

I support the President in his efforts to strengthen the defense of this country and our international position. But I feel very strongly that the President ought to declare the position of the administration on civil defense and the construction of shelters. The people look to him to do so. We have the duty to take every step to protect our people in the event, unhappily, there should be a nuclear war, and the ability to survive, would add to our deterrent.

(Mr. BURDICK assumed the chair as Presiding Officer.)

Mr. YOUNG of Ohio. I thank the Senator. Mr. President, I yield the floor now, hoping that Senators will manifest their wisdom and judgment by voting in favor of the amendment.

Mr. MAGNUSON. Mr. President, I yield myself 2 minutes. The Senator from Kentucky has posed a very serious question which has bothered us for a long time in the consideration of the whole civil defense matter. For the past few years we have agreed to some modest programs. Sometimes we have reckoned with the administration. Perhaps President Eisenhower proposed something, and then the Appropriations Committee, either of the House or the Senate, or both of them, approved it and the program was inaugurated.

Public acceptance of such a program has gone up or down according to the international situation. I think last fall there was quite an intense feeling in the country about the desirability of building shelters in backyards. When I was home people would ask me, as happened to the Senator from Kentucky, "Do you think I should build a shelter?" It was a pretty hard question to answer. I would always say, "Well, if you can put it to some other use." In the country the old-fashioned root cellar could be utilized. We used to have such cellars when we were youngsters. There are many of them in the country.

As the Senator has pointed out, the whole program ran into obstacles in the past. Last year President Kennedy took the program away from the civil defense organization and put most of its activities in the Department of Defense. The Department adopted a policy not of providing private shelters, but of cooperating in respect of community shelters. It allowed an expenditure of money for the Board of Army Engineers to make a survey all over the Nation.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MAGNUSON. I yield myself 5 more minutes. The Engineers conducted a survey and got about 90 percent of the task completed. They found that in particular areas, mostly urban centers, it might be desirable to have shelters, not to protect persons from bombs, but from fallout.

The committee has three times rejected funds for construction of shelters in public buildings. Finally, this year it was decided that when new buildings were constructed they would be constructed so that fallout shelters could be included if it were desired, and in some cases they were included. Some 60 million places in the United States were found to be usable as fallout shelters.

With respect to maintenance and operation, the House provided $65 million. The Senate committee provided $91 million, which was still $35 million under the budget request. That is for emergency operation of particular centers with the cooperation of the States if they wish to participate.

With respect to shelter research and development, the administration, following up the transfer of these activities last year, asked for $568 million. The House allowed $10 million for research only, and the House put back $93,800,000, or some $450 million under the budget estimate. The money will go to stock necessary supplies and to continue the shelter survey, of which only a small amount remains to be completed by the Army Engineers, and to have certain shelters ready.

The policy is to provide shelters for communities only when the program is participated in by State or local communities.

That is the program, such as it is. It is what the committee agreed to. I am not completely satisfied with what we are doing in this field. I was perhaps never satisfied with the necessity of it, but at least we are somewhat on the track and developing a plan that is limited to this particular kind of community fallout shelter. This is what we have agreed to.

Mr. YOUNG of Ohio. Mr. President, will the Senator yield?

**Mr. MAGNUSON.** I yield.

**Mr. YOUNG of Ohio.** Noting that the chairman of the subcommittee said he is not completely satisfied, is it not a fact that other members of the committee must have also had grave doubts about the administration's program, because the administration has asked for an appropriation for shelters this year of $568,755,000?

**Mr. MAGNUSON.** That is correct.

**Mr. YOUNG of Ohio.** It seems to me that the committee should have fished or cut bait, that it should have either granted the entire appropriation requested or cut it out altogether, instead of temporizing and providing an amount this year of $93 million to keep the program going at an inadequate level. Why not accept the administration's request or reject it?

**Mr. MAGNUSON.** Because we wanted to complete the program of the community shelter. A great part of the amount which was cut out comprised the request for 750 new mobile hospitals. A part of the $91 million is to put medical supplies in the fallout shelters. This program was a very conservative one evolved by the Army Engineers. The committee cut out the appropriation for 750 new emergency mobile hospitals, because we have a little over 2,000 to stock and keep stocked. This is what the committee decided.

I must say to the Senator from Ohio that some members of the committee felt we should cut the research survey out. Other members thought we should go this far and complete the program of the administration—perhaps not a complete program, and perhaps not one that would give the leadership the Senator is talking about, but it surely is more definite than what we have been doing.

**Mr. COOPER.** Mr. President, will the Senator yield?

**Mr. MAGNUSON.** I yield.

**Mr. COOPER.** The Senator said a while ago that people had asked him, "Should I build a shelter?"

**Mr. MAGNUSON.** Yes.

**Mr. COOPER.** That is exactly what they ask me. This goes to the root of the problem. There is uncertainty on the part of the people throughout the country. There is worry, as the Senator says, which goes up and down with the state of our international affairs. There is a continuing crisis, but the worry goes up and down related to whether there is an unusual proportion of international disagreement, such as was true of Berlin last year.

By the very nature of the problem I think it is one which laymen, and those of us in the Congress, cannot very well decide. For example, I do not sit on a committee which gives me any special knowledge of this subject. By its very nature, this is something as to which we must rely upon the judgment of the scientists and those who have knowledge of the force of nuclear explosions and developments along that line.

**Mr. MAGNUSON.** But they are divided.

**Mr. COOPER.** I know they are. That division is felt throughout the country, as well as in the Congress. I really think that someday the administration will have to decide whether it believes in a shelter program or not. If one is needed, we need the most complete program we can obtain. Now it is neither fish nor fowl.

**Mr. MAGNUSON.** I do not have much time remaining, I say to my friend.

**Mr. COOPER.** I shall vote to sustain the appropriation, because I am like the people of this country—I do not know the answer.

**Mr. MAGNUSON.** This is a program for community shelters. We do not know whether it will go far enough. We will have 60 million places where people can go if something should happen. Some of them, by their very nature, are small, such as schools and fire houses. I suppose there are some around the Capitol.

These will be community buildings. The money is to stock them. They will be available for the people.

There has been no leadership, if the Senator wishes to put it that way, in regard to the program, beyond that. I am frank to say to the Senator from Kentucky that I do not know whether we should go further. I am sure my friend from Ohio would say "No."

The other part of the money is for the mobile hospitals, for some 750. There are about 2,000.

This is what the committee agreed to.

**The PRESIDING OFFICER.** The time which the Senator has yielded has expired.

**Mr. MAGNUSON.** Mr. President, I will yield 1 minute to the Senator from Colorado [Mr. Allott], but first I wish to add that this is to be under the Department of Defense. It is to be a Department of Defense program, and not a program of some independent agency, as it has been in the past.

**Mr. ALLOTT.** Mr. President, I wish to underscore one thing which the Senator from Washington said. I think this is beginning to achieve direction. Naturally I support the action taken by the committee.

Mr. President, I ask unanimous consent that a more detailed justification of the items which were included be printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Statement on Need for Appropriations of $185 Million for Fiscal Year 1963 Civil Defense Program

Based upon the carefully considered judgment of the best experts during thorough hearings on this subject, the Senate subcommittee has acted wisely in restoring the 1963 civil defense appropriations to $185 million. This overcomes action by the House in allowing only $75 million for this vital program, which would have affectively crippled the accelerated programs initiated last fall to improve our capability for surviving nuclear attack.

Following transfer of the civil defense mission to the Department of Defense last summer, the Congress approved an expanded appropriation of $207.6 million to be devoted primarily to obtaining low cost shelter space by identifying those areas in existing structures which provide adequate protection and marking and provisioning such space, making it ready for emergency use, if required. This program was conceived after lengthy considerations of alternatives designed to achieve the maximum protection at the lowest possible cost. Progress to date on this new undertaking has been the location of shelter space for about 60 million people and the procurement of provisions for approximately 60 percent of this total. In reliance on Federal start up of this program and announced plans to complete the job, the State and local governments have taken action to marshal their resources to move stocks to shelters, assume responsibility for surveillance and maintenance of stocks in shelters, and develop plans for management and utilization of shelters. Interruption of this new program in midstream would have threatened to waste 1962 funds already applied, undermine confidence in national civil defense leadership and raise questions in the minds of the American people as to the intent of Congress on this vital element of our national defense. Although the Senate allowance of $185 million represents a reduction of $50 million below the President's request for authorized activities, it will permit this new program for shelters in existing buildings to be carried forward to successful completion.

The Senate allowance of $185 million will provide funds on a minimum essential basis for the following major programs.

Operation and maintenance, $91.2 million:

1. Warning and detection activities involving installation and testing of simple home warning device for dissemination of attack warning information along powerlines and continued procurement of instrumentation for early detection and monitoring of radiological contamination.

2. Emergency operations recurring costs including emergency communications networks, training and education of personnel having civil defense assignments as well as the general public, and dissemination of civil defense information to the public by all appropriate media. Training and education of key community leaders in special fields such as shelter management, radiological monitoring, medical care in shelters, etc., is an essential adjunct to successful shelters utilization.

3. Financial assistance to the States on a matching funds basis including procurement of supplies and equipment essential to State and local operations, the construction of emergency operating centers to serve as protected sites for conduct of State and local command and control operations in an emergency, and necessary personnel and administrative expenses of State and local civil defense organizations. There is a special need for increased Federal support of personnel and administrative expenses to cover the additional burden taken on by State and local governments in the shelter provisioning effort mentioned previously.

4. Management of the national civil defense program covering the salaries and expenses of the office of Civil Defense in the Department of Defense at the annual rate prevailing during fiscal year 1962.

Shelter, research and development, and construction, $93.8 million.

1. Providing shelters in existing Federal buildings by low cost modifications such as rearranging window space and ventilation or increasing ceiling and wall thickness in basements.

2. Procurement of shelter supplies to balance out provisioning requirements for the 60 million shelter spaces obtained by the 1962 survey program and continue to survey, mark, and provision new shelter space brought into being by the construction industry.

3. Continuing the research and development program at approximately the 1962 level.

Mr. JAVITS. Mr. President, will the Senator yield me 1 minute?

Mr. MAGNUSON. I yield 1 minute to the Senator from New York.

Mr. JAVITS. I, too, wish to support the action taken by the committee on the civil defense item. Heretofore and traditionally I have taken a position 180° opposed to that taken by the distinguished Senator from Ohio, though I fully respect his position.

Nonetheless, I think when we juxtapose $50 billion for hardware and other national security purposes to the cost of even the most elementary kind of civil defense program—even the most pessimistic estimates tell us this involves the possible security of from 30 to 60 million Americans in a sudden nuclear attack—when we realize that the Communists operate in a complete dictatorship under which no one shares in the power of decision and under which a decision can be made without any notice to anybody, or without even any indication, our society can afford this program. That must be the acid test.

So, at the minimum, what the committee would do I think is urgently necessary and urgently deserving.

I hope very much, Mr. President, with all respect to my colleague who has taken his position for a long time, that the amendment will be rejected.

Mr. SPARKMAN rose.

Mr. MAGNUSON. Mr. President, I do not have much time remaining, but I yield to the Senator from Alabama for a question.

Mr. SPARKMAN. Mr. President, I note that in the civil defense provisions there are two different items; the first for operation and maintenance, and the second for shelter, research and development, and construction.

Is the first item being considered now, or the second?

Mr. MAGNUSON. The second is being considered now, but they overlap.

Mr. SPARKMAN. I was about to say that it seems to me there is some overlapping.

I should like to ask the Senator a question in this regard. Yesterday the Adjutant General of the State of Alabama came to my office. He talked to me about the shelter program. He has also talked, I know, to my senior colleague [Mr. Hill].

There is one place in particular in my State which could be used for a shelter. There are a number of potential shelters which have been found as a result of the survey which has been made, but I was told of one place in particular which could take care of 50,000 people. The cost to have it constructed would be $150,000. This is a program he has been trying to get through.

It is proposed to get an authorization; to in some way find the amount of money needed, the $150,000; and to use personnel of the Army engineers and the National Guard to get the shelter completed. It could be done as a project, as a part of training.

Frankly, our State official was disconcerted, to put it lightly, because he was not able to get anywhere with the idea, when he thought it could be achieved so cheaply.

Under this provision, would a project like that be possible?

Mr. MAGNUSON. Yes. Part of this money is to be used in conjunction with joint projects. A great deal of the money would be used on military installations proper. The program will be under the Department of Defense. A lot of fallout protection would be provided on military installations.

Mr. SPARKMAN. The particular spot I have mentioned is adjacent to a military installation.

Mr. MAGNUSON. Under the proposal that project could be constructed.

Mr. SPARKMAN. It has been a great quarry under a mountain.

Mr. YOUNG of Ohio. Mr. President, will the Senator yield me 1 minute?

Mr. MAGNUSON. I yield to the Senator from Ohio.

Mr. YOUNG of Ohio. The issue is simple. Those who vote to support the amendment I have offered will vote in support of the position taken by the other body. Those who vote against the amendment will be voting to support the position taken by the Senate committee.

Mr. President, I wish to read a statement from the report, page 4:

> In lieu of the House allowance of $10 million only for research to develop measures and plans for civil defense, the committee recommends restoring the requested authority in addition to continue shelter surveys, markings and stocking—

That would mean, I suppose, buying from Kroger and other companies the survival biscuits, so-called, and stocking them.

Mr. MAGNUSON. That is not all. There would be medical supplies for the mobile hospitals.

Mr. YOUNG of Ohio. It could include the survival biscuits.

Mr. MAGNUSON. It could include them; yes.

Mr. YOUNG of Ohio. I continue the quotation:

> and providing fallout shelters in existing Government-owned or leased buildings, including existing facilities at military installations.

The committee of the other body refused to allow more than $10 million for this purpose. If my amendment is agreed to, we shall support the House and save the taxpayers $83,800,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Georgia [Mr. Russell], and the Senator from Florida [Mr. Smathers] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Missouri [Mr. Symington], and the Senator from Alaska [Mr. Gruening] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from Delaware [Mr. Boggs], the Senator from Connecticut [Mr. Bush], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from New Hampshire [Mr. Murphy], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Wisconsin [Mr. Wiley] are necessarily absent.

The Senator from Kentucky [Mr. Morton] is detained on official business.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from Idaho [Mr. Jordan], the Senator from New Hampshire [Mr. Murphy], and the Senator from Massachusetts [Mr. Saltonstall] would each vote "nay."

The result was announced—yeas 14, nays 68, as follows:

[No. 220 Leg.]

YEAS—14

Byrd, Va.
Capehart
Church
Clark
Engle
Gore
Hickey
Lausche
Long, Hawaii
Morse
Neuberger
Tower
Williams, Del.
Young, Ohio

NAYS—68

Aiken
Allott
Bartlett
Bottum
Burdick
Butler
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Ellender
Ervin
Fong
Fulbright
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kefauver
Kerr
Kuchel
Long, Mo.
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Moss
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Scott
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Williams, N.J.
Yarborough
Young, N. Dak.

NOT VOTING—18

Anderson
Beall
Bennett
Bible
Boggs
Bush
Chavez
Eastland
Goldwater
Gruening
Jordan, Idaho
Morton
Murphy
Russell
Saltonstall
Smathers
Symington
Wiley

So the amendment of Mr. Young of Ohio, to the committee amendment, was rejected.

Mr. MAGNUSON. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. ALLOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**Mr. MAGNUSON.** Mr. President, I ask unanimous consent that I may yield 2 minutes to the Senator from Washington on a privileged matter, without the time being charged to the bill.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

---

### POINT REYES NATIONAL SEASHORE, CALIF.

**The PRESIDING OFFICER** laid before the Senate the amendments of the House of Representatives to the bill (S. 476) to establish the Point Reyes National Seashore in the State of California, and for other purposes, which were, on page 6, strike out lines 16 through 19, inclusive, and insert:

> SEC. 3. (a) Except as provided in section 4, the Secretary is authorized to acquire, and it is the intent of Congress that he shall acquire as rapidly as appropriated funds become available for this purpose or as such acquisition can be accomplished by donation or with donate funds or by transfer, exchange, or otherwise the lands.

On page 7, line 7, after "Act." insert:

> In exercising his authority to acquire property in accordance with the provisions of this subsection, the Secretary may enter into contracts requiring the expenditure, when appropriated, of funds authorized by section 8 of the Act, but the liability of the United States under any such contract shall be contingent on the appropriation of funds sufficient to fulfill the obligations thereby incurred.

On page 7, strike out line 23, over through and including line 9, on page 8, and insert:

> SEC. 4. No parcel of more than five hundred acres within the zone of approximately twenty-six thousand acres depicted on map numbered NS–PR–7002, dated August 15, 1961, on file with the director, National Park Service, Washington, District of Columbia, exclusive of that land required to provide access for purposes of the national seashore, shall be acquired without the consent of the owner so long as it remains in its natural state, or is used exclusively for ranching and dairying purposes including housing directly incident thereto. The term "ranching and dairying purposes", as used herein, means such ranching and dairying, primarily for the production of foods, as is presently practiced in the area.

On page 8, line 10, strike out "(a)"; on page 8, strike out lines 14 through 19, inclusive.

On page 9, line 23, strike out all after "term" over through and including "latest." on page 10, line 1, and insert "of fifty years."; and on page 11, strike out line 23, over through and including line 2, page 12.

**Mr. JACKSON.** Mr. President, S. 476, to establish a Point Reyes National Seashore Recreation Area in the State of California, was passed by the Senate September 7, 1961. It was passed by the House of Representatives in July, with amendments.

The House has added two clarifying amendments and two of substance. One requires the National Park Service to acquire the lands promptly as funds become available to give property owners a measure of assurance against long delays. The second rescinds what the House regarded as giving preferred status to a small group of property owners at Duck Cove.

While the senior Senator from California [Mr. KUCHEL] would prefer other language in regard to the Duck Cove situation, we are all agreed that the House amendments should be accepted.

Mr. President, I yield to the junior Senator from California.

**Mr. ENGLE.** Mr. President, I understand that the purpose of calling up the bill at this time is to agree to the House language and to send the bill to the White House. This bill involves the Point Reyes National Seashore in California, which is the only major recreational area left which can be acquired for public use in the San Francisco Bay area.

The bill was passed by both Houses, and the signature by the President on it will be a historic act in laying the foundation for future recreational areas of tremendous importance to all the people of California.

I express my appreciation to the Senator from Washington and to the other Senators who made it possible to have this legislation adopted.

**Mr. JACKSON.** I yield now to the distinguished senior Senator from California.

**Mr. KUCHEL.** Mr. President, I merely wish to say that I, too, am grateful, not only for the people of the State of California, but also in a very real sense for the people of the Nation, who can look forward to enjoying a unique and very beautiful area which, under this legislation, will be set aside for the benefit of all the people. In that connection, because I believe the Senate committee report is so excellent, I ask unanimous consent to have printed in the RECORD the part of the report which deals with the history of the Point Reyes Peninsula.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### HISTORY OF POINT REYES PENINSULA

The Point Reyes Peninsula is more than a place of recreation. It is a place which increases our understanding of the past and causes us to think about the course of our future, for here is a great sweep of shore, lowlands, and hills virtually unchanged since it was seen by the first explorers. Here, for those who can read it, is the scene of a vast historical pageant. Coast Miwok Indians lived on the Point Reyes Peninsula. Their habitations along the west side of Tomales Bay, around Drakes Estero and the seaward shores evidence their dependence upon the marine animals for food.

Around the year A.D. 1500 there were probably more Indians living on the peninsula than there are Caucasians at the present time. Doubtlessly not all of the 113 known aboriginal village sites were occupied at the same time, but the number of sites suggests a fairly heavy population. While there are not many known archeological or prehistorical sites of critical importance on the peninsula—perhaps not over two dozen at the most—the point is that early people did utilize the peninsula and lived there.

Here with a vivid sense of immediacy, one recalls the courage of pioneer navigators who braved the unknown Pacific coast in their cockleshell vessels. Here one thinks of the results—good and evil—of political and religious rivalries. Here one relives the wonder of men who saw these meadows and hillsides literally moving with migrating elk and with wheeling flocks of waterfowl. Here one honors the heroism of those who braved the shattering seas in attempts to rescue the many unfortunates wrecked on this section of the coast. And here one compares the way of life of the Mexican and American ranchers, whose isolation and unhurried calm were in such vivid contrast to the urban bustle of our lives today.

For the Nation as a whole, the most significant part of this story relates to the possibility that Sir Francis Drake, the English seaman and the scourge of Spain, may have repaired his vessel, the *Golden Hind*, here in 1579 before starting out across the Pacific on his journey around the world. Although historians do not agree as to his exact landing place along the central California coast, Drakes Bay has long been considered as the most probable location. At any time, the remains of Drake's stone fort may be discovered, an event which would catapult the area into the ranks of the Nation's outstanding historical sites, since it would mark the scene of the first known English habitation within the boundaries of the present United States.

Point Reyes figured prominently in the annals of exploration along the Pacific coast. Drakes Bay was then, as now, a harbor of refuge sheltered from northerly winds but exposed to southern storms. Here in 1595 the Spanish explorer, Sebastian Rodrigues Cermeno, suffered the first recorded shipwreck in California waters when his vessel the *San Agustin*, was blown ashore near the mouth of Drakes Estero. Archeologists have recovered from Indian mounds on the shores of Drakes Estero lots of porcelain which almost surely came from the *San Agustin*. Seven years later, in 1602, the expedition of Sebastian Vizcaino, coming north from Mexico, stopped briefly near Point Reyes, giving the anchorage the name of Puerto de los Reyes or Port of the Kings.

The attempt of the Spanish to establish a settlement in this port led to the discovery of one of the best natural ports in the world. The Don Gaspar de Portola expedition traveling by land up the coast from San Diego in 1769 was thwarted in its search for Puerto de los Reyes by the estero now called San Francisco Bay. Six years later and 173 years after Vizcaino visited Drakes Bay, Juan Manuel de Ayala in the *San Carlos* made the first recorded passage through the Golden Gate. Thereafter, the anchorage in Drakes Bay was overshadowed by the Port of San Francisco.

During the early 19th century, Drakes Bay was familiar to the traders, whalers, and fur hunters of the United States, Mexico, Great Britain, and Russia, and here the well-known trading vessel, the *Ayacucho*, went ashore in 1841.

Several large Mexican cattle ranches were established on the peninsula and later it became famed for its fine dairy products, as it is today. For many years the produce from Point Reyes Peninsula was transported from Drakes Estero and Tomales Bay to the San Francisco markets in shallow-draft, coastal schooners. In 1870 the Point Reyes Lighthouse was installed to protect shipping on this dangerous section of the coast, the scene of many tragic wrecks. A colorful chapter is formed by the activities of smugglers in the region during the prohibition period. During World War II artillery observation posts and beach patrols were located on the Point Reyes Peninsula to defend San Francisco.

This, in brief, is the human story told by Point Reyes Peninsula. Perhaps nowhere else on the entire California coast have the scenes of such a broad panorama of events been left so untouched by the hand of man. As an unspoiled bit of the country described by California's early visitors, it is unique. It enables us to place ourselves in the footsteps of these pioneers and to understand more vividly their reaction to the scene. And it enables us to contrast what they saw with the situation in most of the rest of California today and makes us think about the direction in which our civilization is taking us.

The National Park Service would carefully plan the location of developments and guide the recreation activities in a manner which would leave important known historic and archeological sites undisturbed so that specialists would have opportunity to study them further and recommend a course of action for preservation of important sites. It is recommended that every possible attempt be made to preserve for future study all types of archeological sites on Drakes Bay, even those of modern derivation, on the assumption that any spot indicative of aboriginal occupation may yield data pertaining to the Drake Landing question.

*Criteria for national seashore development*

A national seashore is distinguished from a national park primarily in its method of development and management, which may be somewhat less restrictive than in a national park. The national parks are spacious land areas which have suffered little or no alteration by man, and require exacting application of protective controls to conserve, unimpaired, their compelling manifestations of nature. A national seashore, although it may offer certain unique or outstanding natural history elements requiring absolute preservation just as in a national park, generally will be capable of sustaining as a major objective a varied public recreation program less restrictive than would be suitable in a national park. Both types of areas are administered under the laws, rules, and regulations of the National Park Service.

The proposed Point Reyes National Seashore exemplifies critically significant ecological processes involving varieties of earth and life resources which combine to produce rare scenery and a diversity of recreation opportunities. All of the recreation activities reasonably allowable at a national seashore are frankly encouraged. Boating and other water and beach recreation, softball, and other sports and games may be highly consistent where they can be worked out without endangering other important considerations. Thus, public use opportunities could exert more recreation "pulling" force than is usually expected at a national park where the recreation use is generally of a more passive or contemplative nature.

*The Point Reyes Peninsula*

Location: The Point Reyes Peninsula is situated on the coast of Marin County, Calif. The peninsula extends northward along 45 miles of seashore from a point some 15 miles north of the entrance to the Golden Gate Channel of San Francisco Bay. The highway entrance to the peninsula is 30 to 35 miles from downtown San Francisco.

Character of the area: The proposed Point Reyes National Seashore is one of five coastal areas identified in the Pacific Coast Recreation Area Survey, published in 1959, as possessing scenic, scientific, and recreation values of possible national significance. That survey describes the area as follows:

"The shoreline varies in character, with wide sandy beaches, wave-swept caves, offshore rocks, steep coastal bluffs and one 3-mile-long sandspit. The upland consists of sand dunes and grassland graduating into chaparral and magnificent fir and pine forests. Also included are such features as Drakes Estero with its 28 miles of shoreline, 9 inland fresh-water lakes plus Abbotts Lagoon of several hundred acres, several fresh and salt water marshes, and an interesting variety of birds and mammals."

Two other commanding facts of the proposed national seashore which have to do with its location are particularly worthy of attention.

First, it is extremely rare for such a large unspoiled area of great natural interest to be within such easy reach of a major metropolitan area (the San Francisco-Oakland metropolitan area) as is the Point Reyes Peninsula. The values inherent in superlative natural areas identify and characterize them, of course, regardless of their geographic relation to user populations; and it so happens that most of them are far more distant from population centers than is Point Reyes.

The second locational attribute is that found in the rising attractiveness of water-related recreation. The most rapidly growing recreation activities are those of boating and other water-related uses. Where conservation objectives can include the creation of opportunities for recreation water use, an impressivley large volume of benefits can result, as the reservoirs impounded by the U.S. Bureau of Reclamation, the Corps of Engineers, and other agencies attest.

These two factors of the Point Reyes area, its nearness to major populations and the added recreation lure of swimming and boating water, would be important factors in the total benefits accruing from national seashore development.

Access: The Point Reyes Peninsula is located with respect to both the large northern California metropolitan population, and the sizable volume of national tourists who visit California each year.

At present, two highway routes provide major access to the peninsula. U.S. Highway 101, the main arterial traffic route through San Francisco, is less than 15 miles to the east of the proposed national seashore. State Highway 1, which follows the coastline and connects with U.S. 101 about 13 miles south of Bolinas Bay and 4 miles north of the Golden Gate Bridge, is immediately east of the peninsula.

Additional access is afforded by certain county spur roads which connect these two main highways at frequent intervals north of the above junction. These are slow-speed and scenically interesting roads.

East-west U.S. 40 interconnects San Francisco and Oakland with Sacramento on U.S. 99, which roughly parallels U.S. 101 about 70 miles to the east. U.S. 50 connects the same two cities with Stockton; U.S. 40 joins transcontinental U.S. 30 at Salt Lake City; and other major transcontinental routes connect with U.S. 99 at various points. The improvement of U.S. Highways 30 and 99 as part of the Federal Interstate and Defense Highway System will further the presently good access to Point Reyes by national routes.

In addition, the completion of routes now approved for the California freeway and expressway system, all scheduled within the next 20 years, will bring virtually all sections of the peninsula in direct contact with the major freeway systems. Legislative Route No. 69, over the existing Sir Francis Drake Highway which connects Point Reyes Station with the Marin County seat at San Rafael and U.S. 101, will be brought up to freeway standards over its 25-mile length. Legislative Route No. 252, which will join the Sir Francis Drake Highway near Micasio 5 miles southeast of Point Reyes Station, will feed in from Novato on U.S. 101 and will provide direct access to Point Reyes from points within the Sacramento Valley. Legislative Route No. 51 will extend from the community of Valley Ford, about 7 air-miles northeast of Tomales Point, to the city of Santa Rosa on U.S. 101, serving the Sonoma Valley. Legislative Route No. 56 calls for the improvement of California State Highway 1, the coast highway, to freeway standards over a 48-mile stretch reaching from its junction with U.S. 101 near the Golden Gate Bridge to its intersection with Legislative Route No. 51 at Valley Ford, thus greatly reducing time distances to Point Reyes from both north and south.

These Federal and State programs will greatly improve and speed access to Point Reyes; connections between it and major U.S. travel routes, such as U.S. 99 and local traffic interchanges at San Francisco, will provide further ready access. Interior access, however, now is extremely limited by large ranch holdings which are not traversed by public roads. Suggested development for the proposed national seashore calls for construction of approximately 25 miles of new roads, the improvement of an additional 40 miles of existing roads, interior road bridges, an entrance road tunnel and about 25 miles of horse and hiking trails.

With these improvements, a wide range of attractions would be opened to the visitors. In addition to the natural attractions the area possesses, which could be opened to public use merely by providing access such as the suggested hiking and riding trails and scenic overlooks, many others would have supporting facilities and developments for full public use and enjoyment.

Present land uses: Though the Point Reyes Peninsula is within the San Francisco-Oakland standard metropolitan area, it has been off the main path of urban development to date. With the lag in development until recently, land prices on the peninsula have remained relatively low and use of the land has remained at a relatively low intensity. Nearly 70 percent of the peninsula is taken up by brushlands and grasslands which are used for the grazing of livestock. Forest lands total about 12,000 of the 53,000 acres within the exterior boundaries of the proposed national seashore. The forest consists mainly of Douglas fir, Bishop pine and several species of broadleaf trees. Spectacular dunes and sea cliffs account for about 3,000 acres.

Considerable land on the Point Reyes Peninsula was under cultivation during World War II. Since that time, however, this form of land use has been almost entirely discontinued, due largely to the problem of obtaining and holding the labor required in connection with cultivated crops. At the present time, only a very minor fraction of the total acreage on the peninsula is devoted to this use. It consists of grain crops and grain-type hay for livestock, rather than the more diversified crops that are raised elsewhere in Marin County.

As the large acreage of brush and grazing lands would indicate, dairying and beef cattle ranching are the dominant land uses at the present time on the Point Reyes Peninsula.

A National Park Service field survey of land ownerships, conducted in March and April of 1960 on a personal interview basis, showed 15 dairy ranches totaling about 19,000 acres and 10 beef cattle ranches with a total of 23,000 acres to be located within the presently designated boundaries of the proposed national seashore. The survey also showed that on the Point Reyes Peninsula (as in many parts of California) the practice of renting dairy farms is prevalent. It was found, for example, that 18 of the 25 ranches within the proposed national seashore boundaries are operated on a rental basis. Eleven of the eighteen ranches so operated have completely absentee owners, and the other seven are operated on a tenancy basis through family or estate arrangements.

Although the major part of the acreage comprising the dairy and beef cattle ranches is in brushlands and grazing lands, it also includes a considerable amount of forested land as well as unvegetated dunes and cliffs. Lands usable for agriculture are limited to the brushlands and grazing lands, improved pastures and hay acreage. Thus, of the 19,000 acres that are estimated to comprise the dairy ranches, some 20,000 actually are used for dairying operations. Of the 23,000 acres of beef cattle ranches, about 20,000 acres consist of lands that are actually used for that purpose.

The above-mentioned field survey also revealed that the 15 existing dairy ranches support approximately 7,000 dairy stock, with about 3,175 head in active milk production, and that the 10 beef cattle ranches support approximately 3,500 head of beef cattle. The dairy stock within the proposed boundaries constitutes about 16 percent of the 43,000 total dairy stock in Marin County, based on the annual livestock and agricultural report of the county for 1959. The beef cattle total represents slightly less than 90 percent of all stock of that type in the county for 1959.

Although exact data on the annual catch are not available, commercial fishing, together with oyster farming and processing, is of undoubted economic importance to the Point Reyes area and Marin County. The economic advantages of this location are clear and undisputed.

Commercial oyster beds are located in Drakes Estero. The beds are leased from the State, and an oyster cannery is situated on the upper reaches of an arm of the Estero.

Three commercial fisheries, operating on a year-round basis, are located on the west shore of Drakes Bay. Each commercial fishing company owns one wharf and, in addition, leases a small amount of land from the landowner. Information obtained during the 1960 field survey indicated that the annual catch consists of crab, salmon, and bottom fish. Part of the catch is transshipped to San Francisco via boat, and the remainder is taken out in trucks to the various processing plants. In addition to fishing with their own boats, the companies purchase fish from independent operators. In the opinion of company representatives, the annual catch of salmon alone amounts to 1 million pounds.

Both the oyster production and the commercial fishery operations, in the thinking of the National Park Service planners, should continue under national seashore status because of their public values.

The promontory of Point Reyes has long served as a lookout and beacon to ships at sea. Here the U.S. Coast Guard maintains one of the most important Pacific coast lighthouses. Lands comprising the Point Reyes Light consist of 120 acres. In addition, the Coast Guard maintains a lifeboat rescue station on a small property of about 12 acres. The station is situated at the west end of Drakes Bay, about 3 miles east of the Point Reyes Light.

Two religious organizations also engage in agricultural pursuits in the proposed area. The Church of the Golden Rule conducts dairying operations on 3,100 acres of land situated on the southern part of the peninsula and, according to field information, has about 700 acres under cultivation, plus a plant nursery. However, this ranching operation (with the exception of the nursery) is conducted solely for the benefit of the religious organization rather than for general commercial purposes.

The Vedanta Society has a religious retreat, also situated on the southern part of the peninsula within the proposed seashore boundaries. The lands are primarily forested, although a few livestock are kept. There is some development including living quarters, resthouse and toolhouse for monastic and lay workers.

Two transpacific radio receiving stations are maintained on the peninsula by the Radio Corp. of America and the American Telephone & Telegraph Co., respectively. The former owns 1,474 acres of land, while the latter owns 521 acres. In addition to serving radio communications, these lands also are leased for dairying or cattle ranching operations.

Recreation now plays a relatively minor role in the land-use pattern within the designated boundaries of the proposed national seashore, and is limited to two small public areas. Both are very popular. One of these, known as McClure's Beach, comprises about one-half mile of excellent beach frontage located near Tomales Point. The private landowner has made the area accessible to the public through cooperation with Marin County.

Drakes Beach County Park, developed and managed by Marin County, is the only other recreation area within the proposed boundary that is open to the general public. It includes 52 acres of lands situated on the shore of Drakes Bay a short distance west of the entrance to Drakes Estero.

A third area, known as the Bolema Club, comprises 681 acres of land north of the promontory known as Double Point, near the southern end of the peninsula. It is restricted to members of the Bolema Club, a sportsmen's organization.

Although the forests do not constitute timber of good commercial quality in the view of experts who have studied the national seashore proposal, timber rights have been sold in several instances, and logging operations have been conducted over the past year and a half. Some 800 acres were logged up to mid-April 1960.

### *Proposed national seashore development*

If the Point Reyes National Seashore were established, the following types of facilities would be provided on the land in the public use portion of the area:

Interior access would be provided by a road system, utilizing existing roads wherever feasible, but about 25 miles of new roads also would be built. These would be supplemented by hiking and riding trails.

Campgrounds, with tables, grills, sanitation facilities, utilities and parking areas, would be established in suitable locations.

Bathhouses, shelters, comfort stations, water, food concessions, picnic facilities, and parking areas would be available at Tomales Beach and Drakes Beach to create more favorable conditions for swimming and beach use.

Picnic areas, with tables, grills, sanitation and potable water, and parking would be provided at such areas as McClure's Beach, Abbotts Lagoon, Limantour Spit, Bear Valley, and Double Point.

Docks would be constructed to make possible the enjoyment of pleasure boating.

The visitor would have the opportunity of learning firsthand the full story and the meaning of the earth and life resources of the Point Reyes Peninsula through a system of interpretive devices and structures such as self-guiding trails and interpretive signs and markers. Through this medium, his enjoyment of the area and his total seashore experience would be enhanced.

Riding stables would be developed in the area and would be operated on a concession basis.

Five overlook developments would be programed to take advantage of the many landscapes and seascapes which are outstanding features of the Point Reyes Peninsula.

Under the present proposal, the existing commercial fisheries at Drakes Bay and the existing oyster cannery at Drakes Estero would continue under private operation as at present, but with some added facilities such as entrance roads and parking areas.

A headquarters development would be programed, to include employee housing, utility buildings, an administration and public contact building, and necessary roads, power service, water and sewage disposal.

Mr. JACKSON. Mr. President, I move that the Senate concur in the House amendments to S. 476.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

---

## INDEPENDENT OFFICES APPROPRIATIONS, 1963

The Senate resumed the consideration of the bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies and offices for the fiscal year ending June 30, 1963, and for other purposes.

Mr. PROXMIRE. Mr. President, I call up my amendments "8-30-62—L" and "8-30-62—M", and, to save time, I ask that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments will be stated.

Mr. PROXMIRE. I ask that the reading of the amendments be dispensed with, and that the text be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

On page 46, line 8, strike out "$78,500,000" and insert in lieu thereof "$75,500,000".

On page 43, line 17, strike out "$33,000,000" and insert in lieu thereof "$28,000,000".

Mr. PROXMIRE. Mr. President, first I yield to the Senator from New Jersey, but before I do so, I ask for the yeas and nays on my amendments.

Mr. MAGNUSON. Mr. President, I have control of what little time I have left. It seems that everyone is giving everyone else some of the time. That is all right with me. However, it probably would be better if I yielded to the Senator from New Jersey.

Mr. PROXMIRE. That is agreeable to me. I will yield the floor temporarily. However, first I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MAGNUSON. Mr. President, I yield 5 minutes to the Senator from New Jersey.

Mr. WILLIAMS of New Jersey. Mr. President, I wish to say a few words about the limitations that have been placed on the open space program by the House Appropriations Committee, and accepted by the Senate committee.

I earnestly hope the Members of the Senate will study this matter, for I think it raises very serious implications and precedents for a whole array of vitally important programs.

The House has placed limitations on three programs in this bill—the low-income housing demonstration program, the mass transportation program, and the open space program.

What the House has done, in effect, has been to use the appropriations for administrative expenses as hostage for control over the entire program. And I must say, frankly, that I think this is a most serious abuse of power by the House Appropriations Committee.

This is the same maneuver that was successfully attempted during the closing hours of the session last year, when the House rewrote the supplemental appropriation bill and then adjourned, leaving the Senate no alternative but to swallow the House demands or force the President to call a special session.

The same maneuver is being attempted again, and let me describe what has happened to the open space program, which I think is a most important and promising program to give our rapidly growing cities and suburbs a little more breathing room, a little more green space for recreation, conservation and scenic purposes in and around our urban areas.

Last year the Congress approved and the President signed the bill which established this program. And this action expressly gave the Agency the authority to make grant contracts for a total of $50 million.

Now the House Appropriations Committee opposes this method of financing which has worked so well in other areas and which is so important for the long-range planning and programing of the local communities.

But instead of attempting to persuade the Congress to change its mind and repeal the contract authorization in the bill, the House committee decided to adopt its own "back-door" tactics by placing a limit on the use of the administrative expense money, which in effect cuts this $50 million program down to $15 million for this fiscal year.

I had hoped that the Housing Agency would recognize the seriousness of this maneuver and testify strongly in opposition to it, and in favor of the President's budget recommendation on the open space program, which urged a continuation of the present method of financing.

Instead the Agency in its testimony before the Senate remained silent on this critical issue.

Because of this and because there has not been time for other Senators to study this matter, I will not press any amendment at this time.

But I do wish to call attention to this issue for it will inevitably come up again, and I would hope that after the Members of the Senate have had an opportunity to study the implications involved, they will join with me in resisting this effort of the House Appropriations Committee to cripple these vital programs.

**The PRESIDING OFFICER.** All time on the bill has expired.

**Mr. MAGNUSON.** Mr. President, I ask unanimous consent that another 40 minutes be allowed on the bill.

**The PRESIDING OFFICER.** Is there objection?

**Mr. KEATING.** Mr. President, reserving the right to object, I desire to make some remarks on another subject.

**Mr. MAGNUSON.** Mr. President, I had intended to yield to both the Senators from New York if extra time were allotted. We want to have the bill passed; it is growing pretty late in the season.

**The PRESIDING OFFICER.** Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

**Mr. CLARK.** Mr. President, will the Senator from Washington yield 30 seconds to me?

**Mr. MAGNUSON.** Mr. President, I yield 1 minute to the Senator from Pennsylvania.

**Mr. CLARK.** I commend the Senator from New Jersey for the position he has just taken with respect to Treasury financing on matters involved in the bill, in the open spaces bill, in the mass transit bill, in the urban renewal bill, and the urban redevelopment bill. I think this method of Treasury financing is essential to many of the most valuable programs being considered by the Senate. I publicly state my strong support for what the Senator from New Jersey is doing.

**Mr. WILLIAMS of New Jersey.** I appreciate the statement of the distinguished Senator from Pennsylvania.

Mr. President, in connection with the urban research funds, I send to the desk an amendment which I ask to have stated.

**The PRESIDING OFFICER.** The Senator from New Jersey is proceeding out of order. An amendment is now pending.

**Mr. WILLIAMS of New Jersey.** Mr. President, I ask unanimous consent that the pending amendment be laid aside and that the amendment I now send to the desk be considered.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none. The amendment will be stated.

The LEGISLATIVE CLERK. On page 35, line 5, it is proposed to strike out "$375,000" and insert in lieu thereof "$1,450,000."

**Mr. WILLIAMS of New Jersey.** Mr. President, this amendment can be easily explained.

The administration requested in the budget this year a sum of $1,450,000 for nine housing and urban research studies. The committee recommended only $375,000 for this purpose. My amendment would have the effect of restoring the President's recommendation.

I will try not to take too much of the Senate's time here today on this amendment. In my judgment the justification for this amendment is clear and unmistakable.

The Housing and Home Finance Agency is the fourth largest agency of the Government in terms of expenditures. Each year it spends, or makes it possible for others to spend, billions upon billions of dollars in the field of housing and urban development. It has FHA housing, public housing, elderly housing, college housing, urban renewal, a community facilities program, mass transportation, and open space programs.

Yet with all these billions of dollars going into bricks and mortar, the agency has never had a research program worthy of the name.

In 1954 the research division of the Housing Agency was completely liquidated. And between 1954 and last year, only $75,000 was appropriated to conduct farm housing research.

Last year, after a considerable struggle, the Congress provided $375,000 for several research projects, and this year the administration requested a modest increase to $1,450,000.

I think this amount is a mere pittance in terms of the monumental problems facing our rapidly growing urban and metropolitan areas. And it is pathetically small in terms of the need for more information and better understanding of the vast complexities of urban living that confront the vast majority of this Nation's people.

Nevertheless, I think the administration's request is essential if the Housing Agency is to spend its money wisely and insure that the taxpayer is getting his money's worth.

I am firmly convinced that the adoption of this amendment would mean money saved, and I think it deserves the support of every Member who is interested in the wise and prudent expenditure of public funds.

After all, everyone recognizes the value of research when it comes to defense, or the exploration of space.

And it certainly recognizes the value of research in the field of agriculture.

Just last week the Senate voted more than $150 million for all kinds of agricultural research.

The Senate approved more than $9 million for agricultural statistical reporting research, more than $9 million for agricultural economic research, more than $40 million for marketing research, and more than $100 million for the activities of the Agricultural Research Service.

We are spending almost as much to accelerate research on avian leukosis—whatever that may be—as is provided in the bill for research in the entire field of housing and urban development.

I do not object to the appropriation of funds for essential research in the field of agriculture. I simply appeal to the conscience of the Senate to provide a little parity for the needs of urban areas.

I merely ask for a little consideration for the preponderant majority of the Nation's population who no longer live on the farm.

I earnestly hope the Senate will accept this amendment to at least make a start toward the development of a vitally needed program of housing and urban research.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a description of the Agency's research proposals and an article on the subject by Mr. Morton Schussheim, Assistant Administrator of the Housing Agency for Program Policy, which was published in the June issue of the Journal of Housing.

There being no objection, the description and article were ordered to be printed in the RECORD, as follows:

### URBAN STUDIES AND HOUSING RESEARCH

#### SUMMARY OF BUDGET REQUEST

The budget for fiscal year 1963 includes a request for $1,450,000 to be appropriated for urban studies and housing research.

#### THE NEED FOR RESEARCH AND FACTFINDING

Heavy migrations from rural areas and rapid internal growth brought our urban population in 1960 to 125 million. Suburban populations almost doubled between 1950 and 1960, and open land was converted to urban use at a rate of more than 1 million acres a year. These trends are expected to continue throughout the sixties with an upsurge in the latter part of the decade. The massive investments in public facilities and housing generated by this population boom place a heavy responsibility on local officials who will guide this growth, and on Federal officials who will extend financial assistance to a significant portion of this development.

We have the resources to build better communities but there are some things we cannot afford: a rash of premature subdivision; a speculative spiral in land values; an increase in traffic congestion and further declines in mass transportation; streets, water, and sewer and other public facilities which are misplaced or underutilized; investment in public improvements threatened with early technological obsolescence or erosion of market demand; overbuilding of new housing in some sectors and unanticipated shortages in others.

The proposed research projects are designed to yield information and knowledge necessary to prevent waste and inefficiency in Federal and local expenditures for public facilities and housing. Each of the research proposals will fill a serious intelligence gap that could prove very costly to the Federal Government and hundreds of localities.

The large stakes involved are indicated by existing commitments as of September 30, 1961, of the Federal Government in housing and urban programs: $2.4 billion for urban renewal, $68.2 billion in direct and insured outstanding housing mortgage loans, $107 million in outstanding public facility loans, and an appropriation for $42.5 million for transportation loans and grants. In the absence, however, of adequate data and analysis as to the changes which are taking place in our urban economy, we cannot be sure that the objectives of Federal programs which involve such large sums of money are being attained at minimum cost.

The information obtained through the proposed research is necessary for improvement in the operation and coordination of current Agency programs and the development of new HHFA policies. This information also will be helpful to the Congress in the consideration of legislative proposals. Finally, much of the information that will be developed will be useful to local public officials, private developers, home buyers, and commercial and industrial enterprises.

---

## URBAN RESEARCH HAS GROWING ROLE TO PLAY IN URBAN RENEWAL

(By Morton J. Schussheim, Assistant Administrator for Program Policy, Housing and Home Finance Agency)

(Dr. Schussheim discusses the present urban research now underway, both in Washington and generally throughout the country, and also describes what's going on in his own agency in the way of research.

(Dr. Schussheim went to work for HHFA in March of 1961. He had been deputy director for area development of the Committee for Economic Development, a nonprofit institution in New York, for which he prepared studies and reports on urban and metropolitan problems in the United States. Earlier he had been director of rent research and statistics for the New York State Rent Commission. He did his undergraduate work at Western Reserve University and holds three degrees from Harvard: a master's, a master of public administration, and a Ph. D.)

Urban research has a growing role to play in the development of programs to improve our cities. By urban research, I mean simply the systematic study of the problems and opportunities facing our cities and towns. Such studies can cover a broad range of activities—from investigations of nationwide shifts in the location of industries to the market analysis of a proposed shopping center in an urban renewal area; from studies of consumer preferences in housing location and style to feasibility studies of mass transportation. And I have in mind research, surveys, and investigations carried on under various auspices—in Federal agencies and in offices of State and local governments; in research institutes by teams of investigators; in university libraries and laboratories by the individual scholar or scientist.

The growth in public acceptance and support for urban research is suggested by a recent editorial in the Washington Post:

"The idea of increased Federal responsibility for future growth trends of American cities is winning a favorable response in Congress. One reason for this seems to be the persuasive report recently submitted to the President by Secretary Luther H. Hodges of the Department of Commerce and Administrator Robert C. Weaver of the Housing and Home Finance Agency. The reasoning behind this report helped to shape the President's recent message to Congress on transportation, and it should now guide Congress in the shaping of legislation that will modify the transportation systems of large urban communities. The growth of our cities in the decades ahead will be determined in large measure by their transportation facilities and these, in turn, will be determined in large measure by Federal assistance programs."

Behind this report lay almost a year of intensive study and field surveys. The researchers included a team assembled by Lyle Fitch of the Institute of Public Administration, working under contract with the Federal Government. In addition, quantities of data were gathered and analyzed by personnel of the Bureau of Public Roads and other offices in the Department of Commerce and by staff of the Housing Agency. But, if this effort proves succesful in developing guidelines for a Federal program in the field of urban transportation, it also revealed the serious shortage of data, of experienced research personel, and of field-tested answers to basic questions about urban development and transportation. Thus, President Kennedy's urban transportation bill would authorize appropriations of $500 million over 3 years for grants to cities and towns. And, recognizing the present complexities of urban transportation, the likelihood of future changes in technology, the riding preferences of the public, and the entanglements of institutional arrangements, the bill also would authorize $55 million to carry on a sustained program of research and demonstrations.

There is a lesson in these recent events for those who believe in a larger Federal role in urban research. The case for increased Federal support can be effectively made when related to substantive measures. When a legislator supports a new program, such as open space or urban transportation, involving large authorizations of funds, he sees the commonsense of providing the relatively small sums required for study, testing, and improvement of the program. The most impressive instance of this point of view was the designation by the Congress of 1½ percent of Federal highway funds for research and planning (the annual amount potentially available is now about $45 million). But it remains true that research and demonstration activities tied to specific functions offer no assurance that the discrete activities will add up to a systematic attack on the whole spectrum of urban problems.

### ROUNDED RESEARCH

In his message on housing and community development last year, President Kennedy said:

"Our policy for housing and community development must be directed toward the accomplishment of three basic national objectives: first, to renew our cities and assure sound growth of our rapidly expanding metropolitan areas; second, to provide decent housing for all of our people; and third, to encourage a prosperous and efficient construction industry as an essential component of general economic prosperity and growth."

The broad purpose of a research program in urban affairs and housing is to provide decisionmakers, public and private, with the information and insight needed to advance these national goals. There are four elements to a rounded research program:

1. Studies of basic trends: Examples are investigations in the changing structure and location of industries; studies of population movements and characteristics of migrants; patterns of capital formation in housing and urban facilities; uses of income and leisure time.

2. Investigations of functional relationships: Studies of relationships among cities in the bands of urban areas that run together into a megalopolis; the role of the central business district in a spreading metropolitan area; the relationships between place of employment and choice of a home.

3. Problem-solving studies: Studies aimed at (a) enlarging the range of housing choice to all segments of the population—young families and the elderly, low- and moderate-income households, whites and Negroes; (b) searches for more ample and equitable sources of revenues for public services; (c) investigations into the political and administrative arrangements conducive to the development of a balanced transportation system and an open space program.

4. A statistics program to make possible systematic studies: Information on real estate transactions (nature of movers, property, financing); changes in the housing inventory; income distributions by place of residence; trends in retail and wholesale business volume by district; traffic generation by type of activity or land use; time series on building construction costs, land prices, etc.; flow of product and funds between regions.

There is no clear line of distinction among these study categories. It is obvious, however, that the "basic trends" studies are needed as a guide to the investigations made to solve current problems and to improve current program policies. Indeed, the case for long-term studies is largely dependent on their contribution to improving the basis for current decisionmaking. And, without an adequate supply of statistical information, little can be done in the way of systematic analysis or research.

Current programs of HHFA offer a potential for the conduct of substantial portions of the rounded efforts suggested here. The urban planning assistance program (sec. 701), for example, can be used by resourceful regional planning agencies to study functional relationships among various programs and districts within the area and to secure data needed to formulate alternative growth models for the region. The Community Renewal Program (CRP) is specifically designed to help finance problem-solving studies in specific communities, such as studies directed toward the determination of appropriate types of renewal for different districts in the city, ranging from rehabilitation with minimum displacement, to substantial demolition and redesign. The demonstration grant program (sec. 314) is being used to test the feasibility of establishing and maintaining a metropolitan data center, for the storage and analysis of information on land use, housing conditions, and occupancy patterns and related matters.

Another demonstration grant program (sec. 207) is supporting design projects aimed at reducing the cost of housing for low-income families. Funds available in connection with the open space program are to be used to develop a method of classifying and determining the open space land needs of a pilot metropolitan area. National surveys of planned public works and needs are being conducted in connection with the advance planning and community facilities loan programs of the Community Facilities Administration.

### HHFA STUDIES

Under its general research authorization, HHFA has started a new census series on prices and sales volume of new homes; a mortgage foreclosure study; special tabulations on housing conditions of the elderly as of 1960; a study of cooperative arrangements among municipalities in the provision of public services; and an analysis of methods used for estimating family displacements by public actions. Further, studies are planned in connection with land costs, economies of scale of water and sewer and other public facilities, residential property transfers, and changing patterns in the journey to work.

HHFA is also working closely with the Census Bureau and the Budget Bureau in attempting to enlarge and improve the current statistics programs of the Federal Government. The need for more and better housing vacancy data and statistics on maintenance and repair expenditures, for example, is well recognized. Ways of improving criteria used to determine the quality of homes and neighborhoods are being actively explored. Previous surveys of components of change in the housing inventory have proved quite valuable and periodic surveys of this type are indicated. The importance of obtaining current information for individual metropolitan areas and localities, as well as for regions and the country at large, is being stressed.

HHFA is also developing closer ties with researchers in other agencies, such as the Departments of Commerce, Agriculture, Interior, Justice, and Health, Education, and Welfare. For example, studies in the Department of Agriculture of alternative forms of local taxes that may be levied upon land in farm use in metropolitan fringe areas have implications for urban development. The relationship between overall economic development plans for depressed communities and comprehensive planning is being explored with the Area Redevelopment Administration, in the Department of Commerce. Studies of choice of mode of transportation—automobile and mass transit—are being designed in cooperation with the Bureau of Public Roads. With the Department of the Interior, problems in connection with open space and recreation are being identified for further research. HHFA, the Justice Department, and HEW are exploring together the social as well as physical aspects of improving the life chances of disadvantaged urban families, particularly, youngsters.

These interagency efforts not only help to broaden the perspective of the people with primary responsibility for particular programs, they also help to minimize duplication and waste of agency time and funds. Despite these cooperative efforts, more fundamental research is required to learn about the basic forces shaping urban development.

### OPERATORS AND RESEARCHERS

I have talked about the importance of research as a tool in decisionmaking. But the fact is that the operators who make the decisions in housing and urban renewal have not been particularly sensitive to the need for research, while the researchers have too frequently disdained to dirty their hands in the day-to-day work of the operators. In more than one city where I asked the renewal director if he made use of the research talent at the local university, the response was: "No, tell them to call me." Further probing brought out the view that research would delay action—and the city's problems couldn't wait for a study. But public moneys can be wasted if the market is too thin, or short-term, for the proposed new uses of reclaimed land. A careful study of trends in population and industry, and the demand for close-in space, might give the basis for sounder actions—say, offering the land for moderate-priced rather than high-rent housing.

Some operators, like William Rafsky in Philadelphia, have seen the advantages of working with local university people * * * and have developed much sounder programs as a result. Local officials can also help to make the field more attractive to researchers by opening up senior staff positions establishing training programs for students. Under John T. Howard, such a program was established in the Cleveland Planning Commission and a number of able persons were attracted into the research and planning field.

### DEVELOPING A RESEARCH POTENTIAL

Can researchers deliver the merchandise? Are they numerous enough? Do they know enough to meet the challenge?

The answer here is that there are not nearly enough resources on any of these counts—but that the potential exists * * * if we choose to cultivate it. One clue to enlarging our research potential lies in a process familiar to every urban renewal official—continuity. As Dick Netzer of the Regional Planning Association of New York has pointed out, research in urban problems has been too sporadic, too piecemeal, to leave a heritage of expertise. Single-shot studies—even those as ambitious as the nine-volume Harvard study of the New York region—cannot keep competent researchers in the field and do not generate the flow of information needed to test results and develop new concepts.

What we need are institutional arrangements and programs for continuing research. The advance parties for such undertakings are to be found in some of our research foundations and university institutes: Brookings, Resources for the Future, the Committee for Economic Development, the University of Pennsylvania, Harvard, the Massachusetts Institute of Technology, Washington University in St. Louis, the University of California. In New York, the Regional Planning Association has initiated a project aimed at stimulating universities to contribute more extensively to the solution of growing urban problems, especially in that region. So has the Washington Center for Metropolitan Studies here in the District of Columbia. It is possible that some of the land-grant universities, now increasingly concerned with the rural-urban fringe problems, can be enlisted in this cause.

Sustained financial support for research and for fellowships is needed. One device employed in California is to tap the State tax on real estate transfers for a continuing program of teaching and research on real estate problems. Other States may hit on other methods of financing. Some cities, particularly those with municipal universities, can provide support for expanded curricula in this field.

### FEDERAL AID NEEDED

The Federal Government, too, will play a larger role in the years to come. We must expand research efforts in functional lines, such as housing, urban renewal, open space, urban transportation, and community facilities. Beyond such efforts, we need a way of attacking the whole range of urban problems—systematically and on a continuing basis. The idea of a national institute along the lines of the National Institutes of Health merits examination. Other institutional arrangements, such as the newly formed Canadian Council on Urban and Regional Research, also deserve consideration. Those who favor urban research must obtain public understanding of their efforts. The chances of gaining support will be greatly improved if ongoing research in specific areas commands public attention and respect.

While questions as to form remain open, the administration has made clear, in its legislative proposals and administrative actions, that it places a high premium on factfinding and research in developing and administering Federal and local programs for housing and urban development.

Mr. WILLIAMS of New Jersey. Mr. President, when we compare this pittance for urban research with the money provided for farm research, it is appalling. Where the problems of people are, where the complexities of life are, where our understanding is less in terms of how we can develop better ways for people to live and enjoy life, we will not pay for even a small program. I think this restoration to the administration's budget estimate of $1,450,000 is small, indeed.

Mr. CLARK. Mr. President, will the Senator from Washington yield me 30 seconds?

Mr. MAGNUSON. I yield 30 seconds to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I shall vote to support the amendment of the Senator from New Jersey. I am really shocked that this amount of research money should have been stricken from the bill. To me, that is quite inexplicable. I understand there will not be a yea and nay vote on the amendment, so I wish to make a public record of the fact that I support the Senator from New Jersey and shall vote for his amendment. In my opinion, a large majority of the Committee on Banking and Currency will vote for it also. I am somewhat disappointed that the Senator in charge of the bill has not been willing to accept the amendment.

Mr. MAGNUSON. Mr. President, I yield myself 2 minutes.

The Housing and Home Finance Agency submitted nine research projects. The committee, instead of selecting the ones that should go into the bill, cut the amount, which would allow for whatever research we may think proper.

One of the big amounts, $225,000, was for a study of sales volume and price. That has not much to do with research in urban problems, which is what the Senator from New Jersey is discussing. The purpose of the program is to gather together all the information now in banks, savings and loan institutions, financial journals, and other places, for the purpose of the mortgage houses.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MAGNUSON. First let me finish; then I will yield. I think I can satisfy the Senator from Pennsylvania and the Senator from New Jersey, at least partially.

The next study, to cost $100,000, was for land prices and urban construction. We thought that that information would be in-house; that it was not necessary to make a study.

The next study, to cost the small amount of $20,000, was for new town development experience. That includes some of the problems of which the Senator from New Jersey and the Senator from Pennsylvania have been speaking. That is for increasing Federal assistance for housing, urban renewal, mass transit, sewer and water facilities, and open space land acquisitions. That was an estimated amount. I believe that project is being farmed out to a university;

but even the $20,000, we thought, could be included in the amount which the agency has.

Then there is $50,000, out of the $1 million which the Senator is asking for, for the study of construction and financing of shell houses. Shell houses are generally constructed with 2 by 4's and other lumber. They are not particularly do-it-yourself projects, but they are related to areas like Florida. The Senators from Florida have had some experience with such programs. It was desired to make a study to determine whether shell houses should be financed by the Housing and Home Finance Agency. But the committee felt that the agency should already have information about such houses now. That amount is $50,000.

The fifth project was for the development of criteria of economics of scale in urban development. I do not know exactly what that is, but the cost was to be $200,000. Nevertheless, the agency desired to develop some criteria in the field of community services for smaller as well as larger communities. That amount is $200,000. But the agency already has funds for research into community service facilities. That is a separate group which lends money to a community, and the community repays it in return for looking into other community services.

Then there is an item for impediments to interstate mortgage lending, $15,000. We thought the agency should have those figures in-house. The main reason for a part of the large cut was the housing market transactions. This is to determine what the transactions are in Seattle, New Jersey, Louisiana, and elsewhere. The committee felt that all those figures should be on hand now.

Even the census has many of them.

No. 8 was the organization and operation of management-type housing cooperatives. That was $15,000, and then $9,000.

Then we come—and I thoroughly agree with my friend—to the demand for funds for the study of metropolitan transportation services.

So about half of these do not have much relationship to what we are talking about—the so-called urban transportation problems.

Mr. WILLIAMS of New Jersey. I have never said this before, but in this case I must say that I could never disagree more with anyone than I disagree now with the Senator from Washington. It seems to me that all these programs which the Department wishes to undertake are related to the substantive programs we have authorized—housing, urban renewal, and all the rest. I believe that without the studies for which we request funds, we would be providing appropriations for use in connection with all these programs—to the FHA and all the others—without really knowing how the funds would be used and without really knowing whether they would be used intelligently.

Mr. MAGNUSON. Well, this is the committee's position. The committee's point was that they already have ample statistics and information. Yet they wanted $500,000 for another study about mortgage statistics.

Mr. CLARK. Mr. President, will the Senator from Washington yield?

The PRESIDING OFFICER (Mr. McCarthy in the chair). Does the Senator from Washington yield to the Senator from Pennsylvania?

Mr. MAGNUSON. I yield.

Mr. CLARK. As the Senator knows, the Senator from New Jersey and I are members of the Housing Subcommittee of the Banking and Currency Committee.

Mr. MAGNUSON. Yes.

Mr. CLARK. When we were dealing with the omnibus Housing Act of 1961, early this year, the then newly appointed head of the Housing and Home Finance Agency, Mr. Weaver, and his very able assistants—most of whom were new—appeared before us, in connection with that bill, and satisfied me, and I think they also satisfied the Senator from New Jersey, with their case to the effect that the weakest part of the whole housing program was the lack of adequate statistics, and that they have to have additional information in connection with the mortgage needs and the scale of urban development and the experience with new towns.

They do not have nearly enough information in regard to land prices and sales volume and prices and mortgage lending and housing transactions. The problem is not that these basic statistics do not exist. In many cases they do exist. But it takes money to assemble and collate and analyze them, and then arrive at basic recommendations on which we can base legislation next year.

This is a relatively small amount, and the new Administrator of the Housing and Home Finance Agency satisfied the majority of the committee that he needs better statistical analyses than he has been able to obtain heretofore.

So I hope the Senator from Washington will favor this item.

Mr. MAGNUSON. I am not a member of the Banking and Currency Committee, but I have worked on housing and home financing for a great many years. I thoroughly agree with the objectives the Senator from Pennsylvania has stated. But when they say they need special additional funds for such purposes, that is different. I have always favored the provision of adequate funds for salaries and expenses. But this item is something special; in this case they want to farm out the work. We believe that reasonable value should be received for the funds expended; and it is our position that the only justification which exists is for the funds for salaries and expenses—for which we give them more than the budget amount.

Many of these other items are little ones which in the past have been handled in other places, and some of these are recent.

I know how the Departments operate. There is much jockeying. Much of this material, or most of it, is in the Census, and it can provide the information. But those in the Census say, "But we don't want to ask the Senate for the money. You do it; those of you in the Housing and Home Finance Agency should do it." And there is considerable jockeying, in trying to determine who will put it in, and in what budget.

There was some controversy about the nature of some of these studies.

But I think what we are talking about can be done with the funds available for operations and expenses and with the other amount; and we were rather generous with them in connection with the appropriations for operations and expenses.

Mr. WILLIAMS of New Jersey. Would the Senator from Washington prefer to have these agencies request expense money in general terms, without specifying particular projects? It has always seemed to me that these agencies should have a percentage of their funds available for study and research generally, without specifying particular items. That might be more agreeable to the chairman of the committee.

I wish to say that I am perfectly consistent in favoring this amendment, but I wish we could provide more for urban research; and I will vote in favor of $106 million for the Agricultural Research Service, for I know it is needed.

There is an item of $281,000 for accelerated research on avian leucocytes. I know that is needed, because I do not know what avian leucocytes are.

Mr. DOUGLAS. Then how does the Senator from New Jersey know the appropriation is needed—if he does not know what they are?

Mr. WILLIAMS of New Jersey. That is an excellent philosophical question. I ask the chairman whether it is a disease.

Mr. MAGNUSON. I think so; but there is no item for it in this bill.

In short, I think some of the descriptions given for the items requested by the Housing and Home Finance Agency are a little difficult to understand, too.

Mr. DOUGLAS. Which ones are difficult to understand?

Mr. MAGNUSON. Well, some of the nine programs which I listed a moment ago.

Mr. DOUGLAS. Which ones are difficult to understand?

Mr. MAGNUSON. It is not too difficult for the chairman; but here is the "Organization and Operation of Management-Type Housing Cooperatives Since World War II." I suppose that is to study cooperative housing rents. But in the testimony it was not clear whether they want to make a study of rents, in order to be able to recommend rental codes for specific areas, or whether they wish to study the question of how cooperative apartments, and so forth, are to be financed in the future.

Mr. DOUGLAS. I think the latter is the case.

Does the Senator from Washington have any other alleged horrible examples?

Mr. MAGNUSON. I think the testimony sets forth some of them. For example, there is "Impediments to interstate mortgage lending."

Mr. DOUGLAS. Is that not important?

**Mr. MAGNUSON.** Yes; but I could write one letter to the 50 attorneys general, and in an hour I could assemble the information which would be provided in those 50 letters.

**Mr. DOUGLAS.** I suggest that we make the appropriation available to the Senator from Washington.

**Mr. MAGNUSON.** In view of all the work I do on it, perhaps that should be done.

At any rate, I have yielded to the Senator from New Jersey the remainder of the time which is available to me.

**Mr. WILLIAMS of New Jersey.** Well, it is regrettable that we are proceeding in ignorance. In view of all the squalor existing in the urban areas, I think we should be willing to provide a pittance for use by the Housing and Home Finance Agency.

**Mr. MAGNUSON.** I speak for the committee. I do not necessarily agree with all the committee did, but I do my best to represent the committee.

**Mr. WILLIAMS of New Jersey.** I yield the floor.

**The PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from New Jersey. [Putting the question.]

In the opinion of the Chair——

**Mr. DOUGLAS.** Mr. President, I ask for a division.

**Mr. ALLOTT.** Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. HUMPHREY.** Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was rejected.

**Mr. PROXMIRE.** Mr. President, what my amendments do is cut the appropriation for the Veterans' Administration for medical and prosthetic research and construction of hospital and domiciliary facilities back to the level requested by the Budget and requested by the House. My amendments would put the amounts back to those requested by the Veterans' Administration itself. The Veterans' Administration was very emphatic in the hearings in saying that they did not want the extra money. Dr. Middleton, as I am going to show, thought that, in his judgment, it would have an adverse effect if the additional funds were appropriated.

The committee report states:

> Results obtained in medical research in the Veterans' Administration convince the committee that still further efforts should be made, particularly in the fields of cancer, heart disease, mental illness, aging, tuberculosis, neurology, and cooperative studies.

I think all of the Members of the Senate recall the fact that we had a very controversial discussion of this exact kind of appropriation for the National Institutes of Health. At that time a few weeks ago, Congress appropriated $100 million more than the Administration had requested for the exact same purpose as this provision now before us. This was after a conference of the House and Senate. It seems to me it is unnecessary to go above the Administration's request in this case. Medical research can proceed only so fast. We will set a rapid pace if we stay with the Administration.

Mr. President, as I have said, the Veterans' Administration does not want the additional money and does not need it. I read from the hearings at page 1295. Dr. Middleton, of the Veterans' Administration, was testifying:

> We have come to a period where we feel that in justice to all concerned, there should be a temporary respite and an attempt to judge the gain of the past and project the future. So that this year is a year of balancing.

This was the request of Dr. Middleton, of the Veterans' Administration.

As a matter of fact, the chairman of of the subcommittee, the Senator from Washington [Mr. MAGNUSON] pressed him and asked:

> How much did you ask the Budget for?

Dr. Middleton said:

> This is the amount that we asked the Budget for, sir.

This is the amount to which my amendment would return the appropriation.

In the second place, I contend this additional amount is not needed, because it was so contended by Dr. Middleton.

I read from the hearings:

> During fiscal year 1963 it will be possible to reduce the level of expenditures for supplies and equipment below that experienced in 1962, thereby permitting employment of 232 additional research personnel to provide normal growth in the medical research program. Efforts will be directed to consolidating the gains of previous years and assuring that proper balance and normal growth continue in the program. We believe this can be accomplished without increase over the fiscal year 1962 expenditure level.

In other words, the Veterans' Administration is going to hire another 232 people. The argument is that they can increase their medical research and can do so at the level requested by Dr. Middleton.

I want to read from a statement by a distinguished Republican Senator, who, it seems to me, gave a strong argument for my amendment during the hearings. This is what the Senator from Colorado [Mr. ALLOTT] said:

> I want to say something here. I have heard Dr. Farber, also Dr. Talbott, before, and I don't want to discredit these men's scientific ability or their contribution, either one. But I must say in listening to Dr. Farber many times—and I say this advisedly, many times—I have never heard Dr. Farber testify to anything except that you could use $x$ number of millions of dollars more than is being used. I think in this Veterans' Administration research, the thing that Dr. Middleton and you have emphasized over and over is that the real value of this lies in the fact that we have an orderly progression of these research facilities, not with the idea of attempting to take over all the cancer research, for example, or all of the tuberculosis research or something else, but that we have an orderly progression of this program within the Veterans' Administration where we do have control and long-time control of case records and case histories which are not available to anybody else.
>
> I voice the thought that if we try to go too fast in this matter that perhaps we could destroy the element that is of the greatest value here which is that of more and more people, competent people, gradually being brought into the program so that you have an orderly development on it, so that each step reflects a solid basis upon which to build again. I say this with all respect to the ability of Dr. Farber—his professional ability is unquestioned—but this doesn't necessarily mean that he is primarily interested or concerned with matters of budget, and somewhere there has to be a concern for a budget even in research.

I think that statement by the distinguished Senator from Colorado expresses the case very well.

I would like to go on now to the second part of my amendment, which provides the cutback to the budget estimate and the Veterans' Administration's request and to the House figure for hospital construction. As the committee report reads:

> The committee recommends an increase over the budget estimate of $3 million, to be used for the construction, alteration, and improvement of medical research facilities, to conform to the recommendation of additional funds for medical research.

So if medical research funds are to be cut back, then it is obvious that a corresponding cut of $3 million should be made in the construction funds.

Dr. Middleton said this:

> The $3 million, of course, is against a figure that we had projected when it was given, $22 million backlog, and we felt it was a perfectly fair breakthrough. Actually, Senator MAGNUSON, it is only the second breakthrough. You recall that we had 2 years ago $1.2 million. Last year we had none. This year it is $3 million. And all the construction that we have had has been eked out of the other funds, general construction funds.
>
> Senator MAGNUSON. Can you use—supposing you needed, say, in this program—supposing you needed more than $3 million. Could you still use some of the other funds?
>
> Mr. SHYTLE. Yes, sir.
>
> Mr. DRIVER. Yes; we could.

In other words, the construction funds also are not needed unless the additional research is provided, and the Veterans' Administration says it would not be orderly to provide those additional funds, they do not want them, they cannot use them. In my judgment, Dr. Middleton is a capable man, deeply interested in medical research, and not the kind of man who is more interested in penny-pinching or budgeting than in saving lives.

Mr. President, I know the Senate is anxious to proceed with this bill as rapidly as possible, so I am going to confine my presentation to what I have said heretofore. I think the case is very strong and clear. Those Senators who believe in medical research, who believe we should proceed with some order, and on the basis of overall priorities—and the Congress does have the responsibility to do so—it seems to me, cannot do better than go along with the recommendation of Dr. Middleton and this administration, which is a generous administration, which is deeply concerned about medical research, and the recommendation of the House, which has also given this matter consideration.

Mr. President, I yield the floor.

Mr. MAGNUSON. Mr. President, I yield myself only 2 minutes.

This is a matter which has been before the Senate on many occasions. The committee has had occasion to deal with Dr. Middleton and the Veterans' Administration medical group before. Dr. Middleton is a fine public servant, and a very able man.

We have also received advice from an outside group, some of the top people in the United States in the medical research field. This gives us a second look at what should be done.

I say to my friend from Wisconsin that the real reason we have provided what is recommended is that the total medical cost for inpatient care has this year reached more than a billion dollars. It is getting quite high. It will be higher. The veterans of World War II, such as the Senator who is speaking, are getting a little older. We need a little more care. We are at the age where the cost of medical care rises.

Every other bed in a veterans' hospital today is occupied by a mental patient. Fifty percent of the patients are "NP" cases. As they reach middle age, the veterans become afflicted with cancer and heart disease, the big killers today.

We started the research funds for the Veterans' Administration years ago. On every occasion a little more has been provided than the Bureau of the Budget has recommended. The Bureau of the Budget has been reluctant in this field, yet every year when the Veterans' Administration makes its annual report to the Congress, there on the front page are listed the great achievements—and rightly so—which they would like to have the people know about, in respect to their business. The results are given not only in dollars and cents, but also in respect to suffering and illness. Research accomplishes much.

We had to practically force upon the Veterans' Administration once, I think, about $1½ million. I will supply the exact figure. That was for tuberculosis research. They did not want it. They said they did not need it. Now they have nearly cured tuberculosis in patients in veterans hospitals. We are about to close up what are called the TB wards, since there are so few cases. This has been the result of one part of the research program.

The cost of treating mental patients, obviously, is about one-half of the $1 billion or more cost. I am referring only to the inpatient cost. The outpatient cost is some $500 million more. Those patients are "farmed out."

The more research that is done in this field, we think, the more saving of money will result, because the cost of hospital care is constantly rising.

It is not merely Dr. Middleton and his shop which is involved. This is not merely research for the veterans themselves. Medical research has far-reaching effects in respect to the health of the people of the United States. The veterans' hospitals are great laboratories for research, the greatest in the world. Accurate records are maintained. Patients can be followed pretty nearly all their lives. The doctors can learn what research can or cannot do either in a mass way or in any other way.

We think this has been money well spent.

It is true that Dr. Middleton always goes to the Bureau of the Budget, and they allow a small amount, and he does not say much about it. Then the citizens committee and all the other doctors involved, all the research people—not government people—who want to use the Veterans' Administration facilities, from the universities, the joint projects, the medical schools, the county hospitals and all others, come along and say, "You ought to be doing more. Look what you can do in a veterans' hospital with these patients." So we are sort of in between the citizens committee, the finest people in the United States, on the one side, and the Bureau of the Budget, which tends to look at this with a more jaundiced eye. We are in between.

This is an appropriation of which I am most proud every year, when I see the results. I think the members of the committee are. We cannot gage exactly that we will get a dollar back for every dollar spent in medical research. I do not believe we should go too far, but this is not a shotgun program. This is a solid program, based upon 183 veterans' hospitals, which, as I say, furnish the finest places in the world for medical research for everyone, not merely the veterans.

Mr. PROXMIRE. Mr. President, if the Senator will yield, that is exactly the point. Mr. Monk testified. He said:

> We have worked out, though, Senator, with our research people a long-range 10-year plan for medical research which provides for an orderly progression and they can plan on this basis. What happens when we go up and down, administratively it is a very difficult thing to handle and you do end up at the end of the year, and you haven't been able to employ the people: you spend the money for equipment.
>
> Senator MAGNUSON. Turn it back.
>
> Mr. MONK. You know this never happens.

Mr. MAGNUSON. It does happen.

Mr. PROXMIRE. It seems to me those are clear unequivocal words. These are the people in charge of the Veterans' Administration, and they say they cannot use the money in an orderly way.

Mr. MAGNUSON. I do not have the information here, but if the Senator from Wisconsin will look at the appropriation items for the past 9 years and also look at what the Veterans' Administration did with the money, as stated in the report they put out on how they spent the money, I am sure he will be enlightened. They always say how good the program is, what it has saved in relieving suffering and disease, as well as saving in dollars and cents. I know the Senator would be surprised by the information. He would not hear the same statements that are made in front of the Bureau of the Budget in the following year, with respect to what the money has been used for and the results.

The cost of medical care is more than a billion dollars. We cannot gage too well the value of research, but it is not limited to the Veterans' Administration programs.

We have learned, as a result of some of the programs of the Veterans' Administration, how to save a lot of money. Even with respect to those that do not work out, we know we do not have to travel that road again. We had to go up that street, to see what was there. A lot of basic things result from the Veterans' Administration research.

The request for the appropriation comes not merely from Dr. Middleton's shop, but also from universities and other activities. In my hometown there is a small research project. It is conducted by the Veterans' Administration, the University of Washington Medical School, and the King County Hospital. It is a project in respect to blood, and that type of thing.

I would rather err on the side of seeing that there is at least enough money. Every once in a while money is needed to go forward. Every once in a while we find an excellent person in research.

I have heard the same arguments made in respect to the National Institutes of Health, and the National Science fellowships, but out of that program came a Dr. Salk, and many others. I could name a long list of such people. They do not receive much in payment for their services. I would like to see to it that they have good equipment.

We have reached the point, I think, of an expense of nearly $1.6 billion for medical care for veterans. We can afford to spend a small amount for research. I think it will pay for itself.

Mr. PROXMIRE. Mr. President, I shall conclude in just about 1 minute.

Mr. MILLER. Mr. President, will the Senator yield to me, if he is about to conclude, for a question?

Mr. PROXMIRE. I am happy to yield to the Senator from Iowa.

Mr. MILLER. I notice by the Senator's amendment he seeks to reduce the amount from $33 million to $28 million. That is the same amount, I believe, that the House authorized, and the same amount the Bureau of the Budget requested.

Mr. PROXMIRE. The Senator is correct.

Mr. MILLER. For the fiscal year 1962 the amount was $29.5 million. I wonder, if, in order so as not to slow down the program from what it was the previous year, the Senator would consent to modify his amendment so that the amount would be reduced from $33 to $29.5 million, instead of to $28 million?

Mr. PROXMIRE. I think I can explain that to the Senator from Iowa. The Veterans' Administration Administrator, Dr. Middleton said, "During fiscal year 1963 it will be possible to reduce the level of expenditures for supplies and equipment below that experienced in 1962, thereby permitting employment of 232 additional research personnel to provide normal growth in the medical research program."

So the appropriation would not provide a reduction in the program itself. It would provide for a very healthy, a very big, a very substantial increase in the program, and exactly the kind of progressive increase which the administration itself says is sound and can be justified. This is why, although there appears to be a reduction, the reduction would be because of the fact that they will not buy and cannot use more supplies and equipment.

I suspect one of the reasons for buying so much supplies and equipment——

The **PRESIDING OFFICER**. The time of the Senator has expired.

**Mr. MAGNUSON.** Mr. President, I must ask unanimous consent for an additional 40 minutes on the bill.

**Mr. MANSFIELD.** I suggest that the Senator request 1 hour.

**Mr. MAGNUSON.** Mr. President, I ask unanimous consent that an additional 1 hour be allotted to the consideration of the bill.

**Mr. KEATING.** Mr. President, reserving the right to object, may we have an understanding with respect to the allotment of time? We have a rather unusual procedure. I would rather see the allotment of time in the hands of the distinguished Senator from Washington [Mr. Magnuson]. But the Senate is operating under a rather unusual procedure. I would appreciate it if the Senator would give that suggestion further consideration.

**Mr. PROXMIRE.** Mr. President, I am almost through.

**Mr. MILLER.** Mr. President, I believe the distinguished Senator from Wisconsin has answered my problem. I appreciate his response. I think it is very well taken.

**Mr. PROXMIRE.** Mr. President, I thank the Senator from Iowa.

I conclude by saying that it is not a question of whether Senators are for or against medical research by the Veterans' Administration. We are all for it. It is not a question of whether we are for or against expansion of medical research in the Veterans' Administration. We are all for that. It is a question of whether we have trust in the judgment of the administrators of the Veterans' Administration. They say they need only $28 million for research. It seems to me that since they say, "That is an orderly progression, is adequate, and is all we want," it would be sheer waste for us to force more money on the agency.

I yield the floor and ask for a vote on my amendments.

The **PRESIDING OFFICER**. The question is on agreeing to the amendments, en bloc, of the Senator from Wisconsin. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

**Mr. HUMPHREY.** I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Tennessee [Mr. Kefauver], the Senator from Ohio [Mr. Lausche], and the Senator from Georgia [Mr. Russell] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. Gruening] would vote "nay."

**Mr. KUCHEL.** I announce that the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from Delaware [Mr. Boggs], the Senator from Connecticut [Mr. Bush], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from New Hampshire [Mr. Murphy], the Senator from Pennsylvania [Mr. Scott], the Senator from Massachusetts [Mr. Saltonstall] and the Senator from Wisconsin [Mr. Wiley] are necessarily absent.

The Senator from Indiana [Mr. Capehart] and the Senator from Kentucky [Mr. Morton] are detained on official business.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Connecticut [Mr. Bush], and the Senator from New Hampshire [Mr. Murphy] would each vote "yea."

If present and voting, the Senator from Massachusetts [Mr. Saltonstall] would vote "nay."

On this vote, the Senator from Utah [Mr. Bennett] is paired with the Senator from Pennsylvania [Mr. Scott]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Pennsylvania would vote "nay."

On this vote, the Senator from Idaho [Mr. Jordan] is paired with the Senator from Indiana [Mr. Capehart]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from Indiana would vote "nay."

The result was announced—yeas 21, nays 57, as follows:

[No. 230 Leg.]

YEAS—21

Allott
Butler
Carlson
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Douglas
Ellender
Hickenlooper
Hruska
Miller
Mundt
Pearson
Proxmire
Thurmond
Tower
Williams, N.J.
Williams, Del.

NAYS—57

Aiken
Bartlett
Bottum
Burdick
Byrd, W. Va.
Cannon
Carroll
Case
Dodd
Engle
Ervin
Fong
Fulbright
Gore
Hart
Hartke
Hayden
Hickey
Hill
Holland
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Monroney
Morse
Moss
Muskie
Neuberger
Pastore
Pell
Prouty
Randolph
Robertson
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING—22

Anderson
Beall
Bennett
Bible
Boggs
Bush
Byrd, Va.
Capehart
Chavez
Eastland
Goldwater
Gruening
Jordan, Idaho
Kefauver
Lausche
Morton
Murphy
Russell
Saltonstall
Scott
Symington
Wiley

So Mr. Proxmire's amendments were rejected.

**Mr. HUMPHREY.** Mr. President, I move that the Senate reconsider the vote by which the amendments were defeated.

**Mr. MAGNUSON.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**Mr. HUMPHREY.** I should like to ask the chairman if he will be willing to yield approximately 3 minutes of his time to the junior Senator from Massachusetts to make a statement on another subject.

**Mr. MAGNUSON.** I shall be glad to yield to the Senator, but first I yield to the Senator from Wisconsin, to request a yea-and-nay vote on his amendment.

**Mr. PROXMIRE.** I thank the Senator. I send two amendments to the desk, ask that their reading be dispensed with, and that the yeas and nays be ordered on them. This will be the last yea-and-nay vote that I shall request.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Is the request for the yeas and nays sufficiently seconded?

The yeas and nays were ordered.

The amendments are as follows:

On page 38, line 23, strike out "$2,917,878,000" and insert in lieu thereof "$2,866,378,000".

On page 39, line 5, strike out "$786,237,000" and insert in lieu thereof "$732,777,000".

**Mr. MAGNUSON.** Now I yield to the Senator from Massachusetts.

---

## THE 70TH BIRTHDAY ANNIVERSARY OF SENATOR SALTONSTALL OF MASSACHUSETTS

**Mr. SMITH of Massachusetts.** Mr. President, I am happy to note that tomorrow, September 1, my distinguished senior colleague from Massachusetts, Leverett Saltonstall, will celebrate his 70th birthday.

Over a great many years, in fact, close to 40 years, Senator Saltonstall has represented the people of Massachusetts; in the State legislature, three times as Governor, and in the Senate for close to 18 years.

Senator Saltonstall is beloved very greatly by the people of Massachusetts. He is one of our most vigorous and youthful citizens.

I wish him many more happy years of service to the people of the Commonwealth of Massachusetts and the country.

**Mr. YARBOROUGH.** Mr. President, will the Senator yield?

**Mr. SMITH of Massachusetts.** I am happy to yield.

**Mr. YARBOROUGH.** I commend the distinguished junior Senator from Massachusetts for reminding us of the birthday of the distinguished citizen of Massachusetts who is also a very distinguished citizen of America, the senior Senator from Massachusetts [Mr. Saltonstall].

It is fortunate for us that Senator Saltonstall is not in the Chamber at this time, because, on account of his modesty, he would be embarrassed to hear said about him the things that we are saying.

He has a distinction which is almost unique in American history. He is of the 10th successive generation in direct line of descent to graduate from Harvard University. Since the distinguished junior Senator from Massachusetts is also a graduate of that institution, his modesty, too, perhaps prevents him from saying what I am about to say. Since I am not an alumnus of Harvard, I think I am entitled to say it. This unusual, perhaps unique record of the Saltonstall family, of scholarship at Harvard, gives this family a very great distinction. In addition to the great public service rendered by the distinguished senior Senator from Massachusetts, he has also served for three terms, or 18 years, on the Board of Overseers of Harvard University, with one 6-year term as the chairman of that board.

This family has been in this country since early in the settling of the Massachusetts Bay Colony. One ancestor was Governor of Massachusetts while it was a colony.

The Saltonstall family, and Senator Saltonstall, have rendered so many outstanding services that time does not permit an enumeration of them.

Mr. President, I ask unanimous consent to have printed at this point in the Record the modest biographical sketch of Senator Leverett Saltonstall, which appears on page 66 of the Congressional Directory.

There being no objection, the biographical sketch was ordered to be printed in the Record, as follows:

Leverett Saltonstall, Republican, of Dover, Mass.; born in Chestnut Hill (Newton), Mass., September 1, 1892; Noble and Greenough School; Harvard College, A.B., 1914; Harvard University Law School, LL. D., 1917; married Alice Wesselhoeft, of Jaffrey, N.H., June 27, 1916; children, Leverett, Jr. (first lieutenant, U.S. Army, discharged), Rosalie (deceased), Emily B. (radioman first class, USNR, WAVES, discharged), Peter B. (killed in action, sergeant, U.S. Marines), William L. (quartermaster, third class, USNR, discharged), and Susan; served as first lieutenant, 301st Field Artillery, 1917–18 (5 months' service in France); attorney at law; member of board of aldermen, Newton, 1920–22; assistant district attorney of Middlesex County, 1921–22; member, Massachusetts House of Representatives, 1923–36; speaker of the House for 8 years of service; director of first Greater Boston Community Fund drive, 1938; elected Governor of Massachusetts in 1938; reelected in 1940 and 1942; chairman, New England Governors' Conference, 1939–44; chairman, National Governors' Conference, 1944; served three terms as member of board of overseers at Harvard; 1928–34, 1935–41, 1943–49; was president in 1943–49; elected to the U.S. Senate on November 7, 1944, for the unexpired term of Senator Henry Cabot Lodge, Jr. (resigned), ending January 3, 1949; reelected in 1948, 1954, and again in 1960 for the term ending January 3, 1967.

Mr. YARBOROUGH. Mr. President, Leverett Saltonstall was Governor of Massachusetts from 1939 to 1945. The record reveals that during that time four of his children entered the armed services. Their father as Governor, could have helped them obtain commissions; but they entered the enlisted ranks. One son, a sergeant in the Marine Corps, was killed in action. A daughter entered the WAVES. Leverett Saltonstall sought no favors for his children in combat or in places of danger. His children sought no favors. They took dangerous service, as is shown by the branches of the military in which they served. They assumed dangerous service when they entered the enlisted ranks, and one child paid the supreme sacrifice to protect and defend this country.

The Saltonstall family is one of the most patriotic families in all our recorded American history. It is a pleasure to join with the distinguished junior Senator from Massachusetts in paying honor to the distinguished senior Senator from Massachusetts, whose life and service are in the highest traditions of the Senate. His record and service illuminate the Senate, and add distinction to this body.

Mr. SMITH of Massachusetts. I thank the Senator from Texas.

Mr. ROBERTSON. Mr. President, will the Senator from Massachusetts yield?

Mr. SMITH of Massachusetts. I yield to the Senator from Virginia.

Mr. ROBERTSON. Mr. President, I welcome this opportunity to join with other Senators in wishing a happy birthday to the distinguished Senator from Massachusetts, who tomorrow, I understand, will be 70 years old.

As the Senator from Texas has just said, Senator Saltonstall comes from a distinguished patriotic family, and is of the 10th generation to be graduated from Harvard. That is a long time for a family to graduate sons from a great college.

Senator Saltonstall in his own name and right is outstanding as a patroit, as a Senator, and, over and above all, a grand friend. I wish him many happy days.

Mr. SMITH of Massachusetts. I thank the Senator from Virginia.

Mr. DIRKSEN. Mr. President, will the Senator from Massachusetts yield?

Mr. SMITH of Massachusetts. I yield to the Senator from Illinois.

Mr. DIRKSEN. I was delighted to learn that tomorrow will be the natal anniversary of our very distinguished compatriot from Massachusetts [Mr. Saltonstall]. I understand that tomorrow he will observe threescore and ten years. That is a lifespan which has been memorialized throughout history. It is a fruitful age; and how well he carries it.

I presume that every age and every generation has its own emphatic virtues and characteristics which are impressed upon a person.

From the day I first got to know Governor Saltonstall, the first thing that impressed me was the magnificent charm and poise that I could identify with one in New England, and particularly a family whose traditions go back so far. He has contributed so much to the public service and well-being of the country, not merely as Governor of his own great Commonwealth, but in the course of his service in the U.S. Senate.

His voice is always sound; his counsel is always good. Never does he depart from the basic consideration of what subserves the public interest and the national well-being, particularly in the field of national security and national defense. There he has given us freely of his time and talent; and long afterward it will be written of him that he was in every sense a patriot whose first and greatest concern was the security of the Republic.

I am happy to join with my colleagues in saluting a great public servant.

Mr. SMITH of Massachusetts. I thank the Senator from Illinois.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. SMITH of Massachusetts. I yield to the Senator from California.

Mr. KUCHEL. Mr. President, I am delighted to join with my dear friend from Massachusetts [Mr. Smith], my Republican leader [Mr. Dirksen], and, indeed, all my colleagues in the Senate in wishing a very gallant man from Massachusetts many happy returns of the day.

Long before I came to the U.S. Senate, I knew the name Saltonstall of Massachusetts and knew the reputation which that family has enjoyed in America since before the founding of our country. I knew, too, of the luster which the long and honorable career of public service which Leverett Saltonstall performed for the people of his Commonwealth added to the great renown of the name of Saltonstall, not alone in Massachusetts, but throughout this land.

Since becoming a Member of the Senate, I have been privileged, as have all other Senators, to call the senior Senator from Massachusetts by his first name, and to call him, with very great pride, a dear friend.

He serves a most important role in the conduct of our Senate labors. I sit in the Committee on Appropriations with him. I have observed the painstaking manner in which he has discharged his duty to the country. He is preeminently qualified in the field of legislative responsibility, especially with respect to the needs of the Department of Defense. It was only yesterday, in the course of a long series of meetings, that I listened to him speak concerning the important business of appropriation legislation having to do with the security and defense of our country.

Mr. President, I pay my respects to a "really good guy," to a really great Senator, Leverett Saltonstall, of Massachusetts.

Mr. SMITH of Massachusetts. I thank the Senator from California.

Mr. ALLOTT. Mr. President, will the Senator from Massachusetts yield?

Mr. SMITH of Massachusetts. I yield to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I wish to join with other Senators in paying tribute to the distinguished senior Senator from Massachusetts on his birthday. As Governor of his State and as U.S. Senator, probably no one has contributed more to his great Commonwealth than has he.

I have had the privilege of serving with him for 4 years on the Committee on Appropriations. In all that time I have found his voice and his counsel well worth heeding. His balance of information, particularly in fields of defense, has been rewarding. I am sure we all join in offering him our very best wishes upon his birthday.

Mr. SMITH of Massachusetts. I thank the Senator from Colorado.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SMITH of Massachusetts. I yield to the Senator from New York.

Mr. JAVITS. I, too, wish to join in wishing a happy birthday to LEVERETT SALTONSTALL. I have had the privilege of campaigning for him in Massachusetts. I assure the Senate that he is regarded with the same affection and respect by the people of his native State, who have sent him here so often, as he is by us.

I wish him a very happy birthday on this most important anniversary.

Mr. SMITH of Massachusetts. I thank the Senator from New York.

Mr. McGEE. Mr. President, will the Senator from Massachusetts yield?

Mr. SMITH of Massachusetts. I yield to the Senator from Wyoming.

Mr. McGEE. Mr. President, I wish to join my voice with the chorus that is wishing a happy birthday to the distinguished senior Senator from Massachusetts. He has been a very good friend to me. I admire him as a colleague. I serve with him on the Committee on Appropriations, where we have been very closely associated on some of the big questions of our time. I have come to admire his judgment. This body is fortunate to have the presence of LEVERETT SALTONSTALL.

Mr. SMITH of Massachusetts. I thank the Senator from Wyoming.

Mr. RANDOLPH. Mr. President, will the able Senator yield?

Mr. SMITH of Massachusetts. I yield to the Senator from West Virginia.

Mr. RANDOLPH. The commendation and praise of Senator LEVERETT SALTONSTALL from Senators on both sides of the aisle on the occasion of his birthday anniversary cause me to think not only of the man we honor, but also of his forebears who were identified with the State of West Virginia. One of those men was a founder, at least in part, of Shepherd College, at Shepherdstown, W. Va., and was actively connected with the earlier days, the pioneering days, of this splendid educational institution.

Rather often, informally, Senator SALTONSTALL has spoken with the Senator from West Virginia and has expressed his approval for the fact that peoples from one area of this Republic are identified with other sections of the Nation.

So, Mr. President, certainly from the hills of West Virginia to the shores of New England there is very real appreciation of the sterling worth of the men and women who in another era contributed to the development of West Virginia.

With particular reference to Senator SALTONSTALL, I wish to express my personal and my official appreciation of his generosity of friendship to his colleagues and of the knowledgeable and effective manner in which he conducts himself in this body.

Mr. SMITH of Massachusetts. I thank the able Senator from West Virginia. I must say it is interesting to hear of this additional tie between Massachusetts and West Virginia.

Mr. STENNIS. Mr. President——

Mr. SMITH of Massachusetts. I yield to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator from Massachusetts.

Mr. President, I am very happy indeed to join with the Senator from Massachusetts [Mr. SMITH] and other Senators in paying tribute to our fine, genial, and valued friend, Senator SALTONSTALL. For more than 10 years I have served with him on the Armed Services Committee, and I have served for almost that length of time with him as a member of the Appropriations Committee. During that time we have served together on many subcommittees, some of them permanent. He is now the ranking minority member of the Preparedness Subcommittee, of which I have the honor to be chairman.

In brief summary, I can state that Senator SALTONSTALL has all the qualities and all the instincts of a gentleman.

He is a fine and exceedingly valuable Member of the Senate. He works incessantly; in fact, I know no one who does a greater volume of work, nor do I know of anyone who has a more sincere or more serious sense of obligation for his work.

Senator SALTONSTALL's principles of honor and character are well known. They are not merely worn on his sleeve; they are applied consistently in his work here.

I appreciate Senator SALTONSTALL greatly as a fellow worker and as a personal friend, and I greatly appreciate his fine service to the Nation.

Mr. SMITH of Massachusetts. I thank the Senator from Mississippi.

Mr. MILLER. Mr. President——

Mr. SMITH of Massachusetts. I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I do not wish this "happy birthday" occasion to pass without extending my best wishes to Senator SALTONSTALL and adding them to those of my colleagues. Best wishes to him have already come from the East, the West, the South, and the Rocky Mountain area; and now they come from the cornfields of the great State of Iowa.

As a relatively new Member of the Senate, I have had the privilege of partaking of the kindness, the consideration, and the thoughtfulness of Senator SALTONSTALL, and I have greatly benefited by his considerable encouragement.

I hope he will be blessed with many more happy birthdays, particularly as a Senator from the great State of Massachusetts.

Mr. SMITH of Massachusetts. I thank the Senator from Iowa.

Mr. CASE. Mr. President——

Mr. SMITH of Massachusetts. I yield to the Senator from New Jersey.

Mr. CASE. Mr. President, it is with a sense of deep satisfaction that I join my colleagues in saluting Senator SALTONSTALL. For a great many years he has been one of the group of Senators who have stood for the best traditions of the Senate and the highest traditions of the Republican Party.

Senator SALTONSTALL is well known in New Jersey, which he has visited on many occasions. We are always happy to see him there.

Here on the floor of the Senate, I think no Senator is more affectionately regarded—and rightly so. He is a thorough gentleman, a most conscientious lawmaker, a patriotic citizen of the highest order, and he represents the finest traditions of the wonderful State which he has the honor to represent.

I am happy to join in these tributes to him on the occasion of his birthday.

Mr. SMITH of Massachusetts. Mr. President, I wish to thank all these Senators; and I thank the Senator from Wisconsin [Mr. PROXMIRE] for yielding this time.

Mr. KEATING. Mr. President, I join in extending warm birthday greetings and good wishes to our esteemed colleague, LEVERETT SALTONSTALL. Throughout his long and distinguished career of public service, Senator SALTONSTALL has used time well, and time has returned the compliment by endowing him not with the telltale marks and attributes of age but with aspect and vigor of youth. We who know him so well are proud to count ourselves in the circle of his friendship. We share that pride with the good people of Massachusetts, whom he represents in this body with such high ability and distinction. And so on this anniversary of his birth let our fervent wish be long life, good health, and much happiness for the senior Senator from Massachusetts.

## POSTPONEMENT OF JUDICIARY COMMITTEE HEARINGS ON NOMINATION OF THURGOOD MARSHALL

Mr. JAVITS. Mr. President, in view of the time limitation, I shall be brief.

I rise to express my keen disappointment at yesterday's postponement, for an additional week, of the consideration of the Marshall confirmation by the full Judiciary Committee. This is another step in the seemingly endless series of delaying tactics which are quietly but effectively barring the well-deserved confirmation of this nomination.

For my own part, I believe that Friday, September 7, would be about the last practicable date for filing on the Senate floor a petition to discharge the committee from further consideration of the nomination. My colleague from New York, Senator KEATING, has done an excellent job in pressing the Judiciary Committee to act on the nomination. But it has become apparent that each week an additional reason can be found by those on the committee who wish to block this nomination for delaying its consideration for still another week.

The time has come to give the Senate an opportunity to work its will on this very fine nomination. Accordingly, this morning I asked Senator KEATING to allow me to join him, as a cosponsor, in his proposed discharge motion to be made next Friday; and I am determined that such a motion shall be made seasonably, so that the Senate may surely act on this motion before adjournment.

Mr. President, I am very proud that my colleague [Mr. Keating] has given such excellent leadership to the task of pressing the Judiciary Committee to act on the nomination.

The time has certainly come to permit the Senate to work its will on this very fine nomination.

I repeat what I have said many times before, and what I shall follow through upon—namely, that I am confident that my colleague [Mr. Keating] will act as soon as he feels he should; and I am just as determined as he is and as other Senators are that such a motion shall be made seasonably.

Again I say I think it is disgraceful that Thurgood Marshall was forced to leave the bench because his nomination had not been acted upon.

Mr. President, a very interesting editorial has come to my attention. It was published in the Durham Morning Herald, of Durham, N.C.; and it well expresses the views of what some of us call the moderate South. I wish to read the editorial into the Record, as follows:

### DELAY HURTS SOUTH, NOT MARSHALL

The continuing delay by a Senate subcommittee on the confirmation of Thurgood Marshall as a U.S. circuit court of appeals judge serves only to make the South seem foolish and vindictive.

Though the Marshall appointment was made almost a year ago, not a single valid reason has been produced for delaying or denying his confirmation. His personal background has been thoroughly checked and approved by an FBI investigation. His professional qualification for the bench has been endorsed by the American Bar Association.

Only Southern antipathy to Mr. Marshall's role as former chief counsel for the NAACP accounts for the refusal to get on with Senate confirmation of his appointment. The Senate judiciary subcommittee has simply given his appointment an unsubtle runaround.

Other Negroes, who share Mr. Marshall's views but lack his public notice, have been confirmed in their appointments to the Federal bench while the Marshall appointment was shunted aside. The affair is becoming just another useless sectional argument.

Mr. President, I think it is time that we acted with real determination. My colleague [Mr. Keating] and I look forward with expectation to the decisive conclusion of this matter on the basis of some relationship to what certainly is, after all of this delay, a very reasonable timetable.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JAVITS. Of course.

Mr. KEATING. I appreciate the remarks of my colleague from New York. I know of his deep interest in this matter. He has requested that he join, not only with me, but with others of us on the committee who are determined to bring this matter to the floor by a discharge motion as will be necessary if the committee does not act.

Under the practice of the Judiciary Committee, where a single member objects to a matter being taken up when it is on the calendar, he has, as a matter of right, the privilege of asking that it go over for a week. This privilege was invoked at our meeting yesterday, Thursday. If the committee does not meet and act by next Thursday, it is my firm intention to file a petition to discharge the Judiciary Committee from further consideration of the matter. At that time I feel certain other members of the committee will join me. Senators Hart, Dodd, Long of Missouri, Carroll, Scott, and Kefauver have all indicated such an intention.

We would take such a step with great reluctance, because it is not a light matter to ask that a committee be discharged from consideration of a nomination or a legislative proposal. Therefore, I sincerely hope it will not be necessary, and that the nomination will be reported and voted upon in the usual manner. No matter how it is brought up, I am confident that Judge Marshall will be overwhelmingly approved both in the Judiciary Committee and when the matter is referred to the floor.

I am very grateful to my colleague, however, for having called our attention to the delay again, and assure him that we will work together to see that the Senate has an opportunity to pass upon the nomination of this distinguished lawyer and American.

Mr. JAVITS. I thank my colleague for his intercession. I welcome the information he has offered with respect to the other Senators who will join in this effort, which is what I would expect of them.

As one who has served in both Houses of Congress for a decade and a half, I know how difficult it is to have a committee discharged from consideration of a matter, and how much more difficult it is when one is a member of that committee. Therefore, it is with deep satisfaction that I have witnessed the leadership shown by my colleague from New York [Mr. Keating]. He has just confirmed it from his own mouth. I am glad to hear it on the floor. I think the matter cries out for justice, and I believe justice can be done and must be done by the Senate. The rules provide how, and it must be done.

Mr. RANDOLPH. Mr. President, will the astute Senator yield?

Mr. JAVITS. I yield.

Mr. RANDOLPH. I have followed with intense interest the statement by the senior Senator from New York, followed by that of his energetic colleague from New York. The problem about which they speak is of the utmost importance to the Senate of the United States, and, frankly, to our citizenry as a whole. I have stated in correspondence my position with respect to this matter. In effect, it is that the delay is unjustifiable. In my own conviction, the delay is unconscionable.

I shall join in any appropriate action that is necessary, at the right time, and I am sure we are possibly approaching that time, to pry loose the pending judicial nomination of Thurgood Marshall. Action is merited in this forum with either "yea" or "nay."

Mr. JAVITS. I thank the Senator. His distinction and prestige are such that we would greatly welcome any effort of his in this matter, which deserves the exercise of our responsibility. I am delighted that the Senator has found it appropriate to speak out on this subject today.

Mr. HART. Mr. President, the record of the Senate Judiciary Subcommittee which is considering the nomination of Judge Thurgood Marshall is full of testimonials to his outstanding ability. No one has appeared before the subcommittee in opposition to this appointment.

Yet, I feel that the public in general will be interested in a letter which has come to me from the President of Lincoln University in Pennsylvania, Judge Marshall's alma mater.

President Wachman's letter further testifies, though no furter testimony is needed, to the eminent qualifications of this fine American. And it makes a second point, which none will miss who read it.

I ask unanimous consent that President Wachman's letter be inserted in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

LINCOLN UNIVERSITY,
*Lincoln University, Pa., August 24, 1962.*

The Honorable Philip A. Hart,
*U.S. Senate, Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR HART: I am writing to indicate my deep concern at the delay in the confirmation of Judge Thurgood Marshall's appointment to the Second Circuit of the U.S. Court of Appeals. This is not only embarrassing to Mr. Marshall and his family, it is embarrassing to the United States and to millions of people abroad. I know that you are in favor of Mr. Marshall's confirmation and I want to support you in your efforts.

As president of Lincoln University, Mr. Marshall's alma mater, I am very much aware of his accomplishments, against great odds, and of his tremendous service. As a professor at Colgate University for many years I was privileged to invite Mr. Marshall to speak to the student body several times and to have him in my home with students, faculty and others. As a citizen, I have followed his career carefully, with interest, and then with pride.

Thurgood Marshall is a man of great strength, courage, and intellectual force. He is honest and frank and he possesses the unusual trait of being able to see difficult problems in perspective. He has exceptional presence and yet he has a fine sense of humor. His ability to deal with the most sensitive questions, human and institutional, testifies to his intellectual and scholarly inclinations and to a personal warmth as well. All of my contacts with Mr. Marshall have been pleasant and illuminating. As a student and teacher of constitutional history I can support those attorneys and judges who testify to Mr. Marshall's competence and great ability in the field of law.

Lincoln University is very proud to list Judge Marshall as an alumnus. It seems strange that eminent foreign alumni of this college such as Governor General Nnamdi Azikewe of Nigeria, are recognized promptly for their ability, and yet we in this country are hesitant to recognize a man of equal ability and stature.

It is very clear that Mr. Marshall will conduct himself in a manner befitting a high judicial position, and that citizens of the northeast and of the entire country will benefit by the prompt confirmation of his appointment.

Please accept my best wishes.

Sincerely yours,

MARVIN WACHMAN,
*President.*

## FOREIGN POLICY

Mr. JAVITS. Mr. President, in view of the statement on U.S. foreign policy issued yesterday by the joint Senate-House Republican leadership and the newspaper reports of Senator Dirksen's denial that this means a break in the bipartisan policy on foreign affairs, I wish to reaffirm that as a Republican running for reelection I am standing by the Vandenberg bipartisan foreign policy and will support the administration on foreign policy where I consider the policy to deserve it, without regard to party affiliation.

However, I believe that it is the duty of a Member of the Congress to propose alternatives and, in that spirit, I myself have proposed them as they related to the administration policy on Berlin and Israel and the Near East and other issues. I believe that such alternatives are a needed accompaniment in the formulation of the bipartisan foreign policy, and I look forward to the substitute proposals to be presented by the Republican leadership in this spirit, which, I repeat, is in the spirit of Arthur Vandenberg, one of the most distinguished Members of the Senate in our history.

I ask unanimous consent that a news article quoting the Senator from Illinois [Mr. Dirksen] which appeared in today's New York Herald Tribune be made a part of my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

### GOP Chiefs Blast Kennedy's Concessions and Retreats

(By Robert C. Toth)

Washington.—Republican congressional leaders yesterday assailed the Kennedy administration for "concessions and retreats" in American foreign and nuclear testing policies.

The nine-member GOP House and Senate leadership group, exercising its "right and responsibility to disagree," attacked administration actions from Laos and the Congo to Berlin and Cuba.

"By any reasonable standard," Senate GOP chief Everett M. Dirksen said, the administration's record in foreign affairs "has shown lack of understanding and initiative, the absence of an overall policy, and a tendency toward concession rather than standing on principle."

House GOP leader Charles E. Halleck charged that the recent United States-British proposal to the Soviets for a limited test ban without inspection "was the latest in a series of concessions and retreats" of President Kennedy's term.

"We believe this retreat from the absolutely essential condition of inspection is a mistake of major dimensions," he said. The Republican leaders, he added, want the offer withdrawn "immediately."

#### ALTERNATE PLANS

Senator Dirksen denied that the attack meant a definite break with the administration on foreign policy, however. "We want to be heard," he said. "We want an opportunity to submit substitute proposals."

He said alternates to the administration's policies will be put forth by the Republicans "before the week is out."

On the nuclear testing issue, the United States and Britain proposed two treaties on Monday in Geneva. The first was a comprehensive test ban covering tests in all environments and containing provisions for inspection of Soviet territory to check on suspected cheating.

The second was a limited treaty proposal to ban tests everywhere except underground. No inspection provisions were contained because the administration believes inspection is necessary only for underground tests.

#### HALLECK'S OBJECTION

Representative Halleck objected to the second plan, contending it would have no value in preventing secret preparations for future testing.

"In effect we are now being told that half a loaf is better than none," he said. "We say that no agreement at all is better than a bad one."

The Soviets already have rejected both proposed treaties.

In foreign policy, Senator Dirksen cataloged a long list of complaints accruing over 18 months. He applauded the stand the United States has taken in Vietnam.

"But in contradictory fashion, we have promoted establishment of a highly suspect coalition government in Laos, participated in the delivery of West New Guinea into the hands of Indonesia without a vote of the people, and stood passively by while India by force of arms seized Goa, a Portuguese possession," he said.

In Africa, Senator Dirksen added, the administration supported armed intervention by the United Nations in the Congo and voted against its NATO ally, Portugal, on her African colony of Angola in a U.N. resolution.

In Europe, "our Berlin stand, while generally commendable," has been accompanied by emphasis on conventional forces as contrasted to prior emphasis on nuclear arms. This has "created serious distrust on the part of our allies, West Germany and France.

"In this hemisphere, the Cuban fiasco, the Peruvian diplomatic blunder, and the foundering of the Alliance for Progress have done much to impair our efforts in Latin and South America."

Finally Senator Dirksen charged, "many of the administration's foreign policy advisers believe the Soviet Union is 'maturing' and that a policy of concession will hasten the process.

"This is a miscalculation that should be rapidly remedied. The Berlin wall, Soviet shipments to Cuba, and Communist action in Vietnam show that 'the cold war is just as intense and menacing today as it has been anytime since it began 17 years ago.' "

## ORDER OF BUSINESS

Mr. JAVITS. Mr. President, I understand that the time on the Independent Offices appropriation bill will be up at 4:30 p.m. My colleague [Mr. Keating] has been waiting a long time to speak. He informs me that he needs 15 or 20 minutes. Would the Senator from Wisconsin object to a unanimous-consent request to extend the time for 5 minutes more?

Mr. PROXMIRE. I do not mind a bit. I shall go through my amendment as rapidly as I can. I have 20 or 25 minutes more to go. Many Senators are waiting to vote and leave. If no Senator objects, I am willing to do as the Senator has requested.

Mr. ALLOTT. Mr. President, reserving the right to object, it is 12 minutes before the hour of 4:30, when the time expires. If the time is extended 5 minutes and the Senator from New York takes 15 minutes, it leaves no time on the bill. This bill is an important bill, as has been demonstrated by the great variety of amendments which have been offered this afternoon.

I should like to ask the Senator to modify his request, or I will request that the unanimous-consent request be modified, for an extension of 1 hour, so that the Senator from New York may have 15 minutes.

Mr. KEATING. Mr. President, reserving the right to object, I may need 20 minutes. I shall not take that much if I do not need it, but I intend to speak on a subject which I believe is of great importance.

Mr. ALLOTT. The chairman of the subcommittee is not in the Chamber. As the ranking minority member of it, I hope I may take the responsibility of adding the extra 5 minutes, and I will take that responsibility.

The PRESIDING OFFICER. Will the Senator repeat the request? Is it for an additional 5 minutes?

Mr. ALLOTT. The request is for an additional hour on the bill, and then whatever time the distinguished chairman of the subcommittee yields to the Senator from New York is entirely up to him.

The PRESIDING OFFICER. Without objection——

Mr. KEATING. Mr. President, I have been waiting all day. I rarely would be as insistent as I am. I am about to speak on something that I believe is of interest to Members of the Senate. It has to do with the situation in Cuba. It is a matter of urgency and importance, and I would like to have it understood that I may have 20 minutes to discuss it.

Mr. ALLOTT. Mr. President, the Senator from Washington has just entered the Chamber, so I will leave the decision to him. He is in control of the time on the bill.

Mr. MAGNUSON. There is time.

Mr. President, a parliamentary inquiry. How much time remains?

The PRESIDING OFFICER. Ten minutes remain.

Mr. MAGNUSON. I ask unanimous consent to extend the time on the bill by 1 hour.

The PRESIDING OFFICER. One hour from 4:30.

Is there objection? Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, I yield 20 minutes to the Senator from New York [Mr. Keating].

The PRESIDING OFFICER. The Senator from New York is recognized for 20 minutes.

## SOVIET ACTIVITIES IN CUBA

Mr. KEATING. Mr. President, I have prepared some remarks for delivery today on the subject of Cuba and the activities of Russian military personnel, which are probably in an effort to interfere with our operations at Cape Canaveral.

This morning additional facts came to my attention which indicate the danger of the stepped-up flow of Soviet so-called technicians to Cuba and the threat which their activities pose to the security of the United States, largely as a result of their effort to interfere with our operations at Cape Canaveral.

I am reliably informed—when I say "reliably informed," I mean that has been checked out from five different sources, and I am certain I can state it as a fact—that between the dates of August 4 and August 15, 10 or 12 Soviet vessels anchored at the Marante dock area at Mariel. The dock area previously had been surrounded by the construction of a high cinder-block wall. The Soviet ships unloaded 1,200 troops. Troops is what I mean, and not technicians. They were wearing Soviet fatigue uniforms.

On August 13 five Soviet torpedo boats unloaded from Soviet ships, and are now moored at La Base. There is every indication that the naval complement to handle these boats disembarked at the same time.

Again let me emphasize that these could not reasonably be called technicians.

On August 13, 1,000 non-Cuban personnel in fatigue uniforms were seen working in the area near Finca La Guatana, in all probability on or near a missile base located in that area.

On August 3 a large convoy of military vehicles manned by Soviet personnel was observed on the highway in Las Villas Province. The convoy moved in military order and contained the first amphibious vehicles observed in Cuba; also jeeps, 6 x 6 trucks, and tracked trucks.

On August 5 there was a movement seen of a 64-vehicle convoy heading west on Carretera Central. The convoy was moving in military order. It included tanks, cannonlike trailers, and flatbed trailers.

On August 8 there was observed a night movement of a convoy on Carretera Central. Flatbed trucks were observed transporting concave metal structures supported by tubing. The convoy included a number of closed vans. The convoy appeared to be moving toward an installation 4 to 5 kilometers from Canimar in a closely restricted area believed to contain a rocket installation.

There have been other observations of activities there, which have been confirmed.

On July 27 the unholy alliance between Castro's Cuba and the Soviet Union took its most serious turn. Between July 27 and August 15 their joint activities have been coordinated in an alarming way, which poses a serious threat to the security of the Western Hemisphere.

So far no action has been taken by our Government. The President has said that he has no evidence of Soviet troops in Cuba. If he has no evidence, I am giving him evidence this afternoon, Mr. President.

The American people have not been informed of the dangerous situation which exists 90 miles off our mainland.

Mr. President, the American people are asking with new urgency, What is going on in Cuba? So far the answers received are unsatisfactory.

Since July the Soviet Union has greatly stepped up shipments of men and equipment. More than 20 cargo ships have arrived from Communist ports in the last few weeks. Many have been unloaded under maximum security. Between three and five thousand so-called "technicians" have arrived in the course of the past year. Soviet statistics reveal that by the end of the year the Soviets will have shipped nearly $1 billion of goods and equipment to Castro, Cuban trade with non-Communist countries will be down to about 30 percent next year and Cuba will be virtually isolated from the free world—a Communist enclave within the free world where the Soviets can operate unchecked and to a large extent unobserved.

What are the Soviets planning to do with their new island fortress? It is hardly a showplace of communism, since conditions there are worse now than they have been in years. What are they going to build with all this new equipment? What will the army of technicians be required to maintain? So far we have had a number of answers, but in my judgment, none of them tell the true story.

Tass, the Soviet press agency, has announced that the shipments consist of industrial equipment, flour, food, and fertilizer and that the "technicians" are agricultural experts and economists who will try to get the faltering Cuban economy back on its feet. That is not true, Mr. President.

There is no doubt that Cuba needs food and needs expert help. Castro and his fellow travelers have plunged the country into a state of depression, privation, and hardship that has not been matched for generations. But the Communists are not known for their humanitarian motives and impulses. I for one very much doubt that the Soviets are sending any large amounts of their own food, which is in short supply, to help Castro out of his difficulties.

More ominous reports suggest that the Soviets are constructing missile bases and sending over technicians and experts to man them. In this way the Soviets could expect to discourage determined refugees of other nations' of this hemisphere from any kind of concerted attack on the Cuban dictatorship. They could also strengthen Castro to resist increasing internal dissatisfaction against his regime. That supposition, which our Government has never openly admitted or discussed, is a source of serious concern to the people of all the Americas. It should be fully aired. The dangers inherent in the situation should be known and appreciated by all the people of this hemisphere, and particularly by those nations which so far have actively blocked measures to combat the menace of Castroism.

Another very real possibility and, in my judgment, a probability that should be a source of even greater concern to the United States and which has so far not been openly discussed at all in this country is that the Soviets are deliberately taking advantage of the proximity between Cuba and Cape Canaveral to conduct other activities. There is no question at all of the possibility of interference with American space flights by sensitive equipment mounted in Cuba and operated by Communist experts. It is entirely possible for any nation with the advanced electronic resources which the Soviet Union now possesses to construct elaborate and sensitive listening devices. Such devices could monitor all the direct communications and other radio signals used to control missiles in the early stages of flight. With skill, and effort, it would be very possible for the Soviets to duplicate these signals. Thus they might be able to alter the direction, the thrust, or the speed of a missile to defeat completely the purpose of any launching.

At the most, what this means is that U.S. astronauts to be launched in the future could be sitting ducks for any kind of interference the Soviets might want to stage. At the very least, it means we must move urgently to develop the techniques necessary to combat this kind of Soviet interference. At the very least, it is an additional hazard, an additional delay, and an additional expense that we will have to face in the space race.

The other possibility, of moving our launching site from Cape Canaveral, would be an equally difficult operation that would slow down our program substantially. Moreover, Cape Canaveral offers advantages, in its eastern outlook, its proximity to the equator, and its relative remoteness from heavily built up areas, that would be hard to duplicate anywhere in the country.

Mr. President, let me make this clear. So far, there is no evidence to indicate that the Russians have yet played any part in the rather alarming number of launch failures at Cape Canaveral. But I have spoken with a number of technical experts in this field both in and out of Government. All agree that eavesdropping and actual interference in U.S. launchings is entirely within the capability of the Soviet Union. And we all know that it is just the kind of thing that might be expected of the Soviets.

Mr. President, there is no doubt that such an effort would be expensive. But we all know that right now the Soviets are spending more money just to jam our Voice of America programs than we spend on our entire Information Agency budget. How much more worthwhile, from their point of view, it would be to take advantage of the strategic location of Cuba, less than a hundred miles from our critical launching facilities, to put additional roadblocks in the way of our space program and thereby guarantee Soviet success in reaching the moon, and other objectives, first.

In my judgment, Mr. President, all the Soviet equipment, which undeniably includes radar and other electronic devices, is not only to prop up Castro economically; it is not only to build missile bases, which could easily be sabotaged; but it is also designed deliberately to put the Communists in a position where they can interfere with the American space effort at Cape Canaveral. The thousands of technicians are arriving, not only to teach the Cubans how to build their economy, not only to fight dissidents, not only to discourage common action by all the nations of this hemisphere, but above all to build and to man espionage and interference stations and to keep a constant eye on, and very possibly also a finger in the important U.S. launchings scheduled to take place at Cape Canaveral through the coming years.

Mr. President, so far the American people have not had a frank answer from their Government as to what the real dangers of a Communist buildup in Cuba are. Our present policy is just to look the other way in the hope that somehow Castro will just disappear. The present influx of Soviet men and technicians shows what a vain, blind, and misleading hope this has been. Castro is not a bad dream or a nightmare that will go away when morning comes. He is a dangerous reality. He will not go away merely because we rub Aladdin's lamp and wish for his disappearance. And he is not very likely to fall, no matter how much he abuses and antagonizes the people of Cuba, for the Soviet forces that stand behind him are now too much for mere refugees and rebels.

Therefore, at this point, Mr. President, Castro has virtually handed the Communists a gigantic monkeywrench that can be turned right through the middle of our entire space effort, that can endanger the lives of our astronauts, and that can critically slowdown vital defense developments. It is time for the people of this country and of this hemisphere to have the truth, the whole truth, about what Castro and his Soviet cohorts are up to. Only with full knowledge of the seriousness of the situation can we develop a strong national policy with the support of the people of the United States.

Our present look-the-other-way policy in Cuba depends to a large extent on popular ignorance of the facts and wishful underestimation of the dangers that are involved. Will we have to wait until more and more of our launchings at Canaveral go wrong before we suspect the worst? Will we have to wait until the Russians have established a space monopoly before we weigh the dangers of their activities in Cuba? Will we have to wait until Castro dies of old age before we recognize that the Soviet stronghold which is being established at this minute on the island of Cuba is undoubtedly a loaded gun that can be aimed directly at our military and space efforts?

Mr. President, the time for the truth is now and I hope the American people will be provided with the truth while there is still time to deal with it, before it is too late.

In my judgment, the first step which should be taken—immediately—would be to present the matter to the Organization of American States. We should lay the facts before them and urge upon them the necessity for prompt and vigorous action in a concerted way to meet this threat to their future security as well as to the security of the United States. Time is short. The situation is growing worse. I urge upon my Government that prompt action be taken.

## INDEPENDENT OFFICES APPROPRIATIONS, 1963

The Senate resumed the consideration of the bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1963, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE].

Mr. PROXMIRE. Mr. President, the pending amendment would cut back the NASA appropriation about 5 percent below the budget estimate. It would cut it back $188 million. It would also cut it about $105 million below the Senate recommendation, which is below the estimate.

I offer the amendment because the appropriation is still more than 100 percent higher than it was last year. The NASA appropriation is still the most rapidly rising cost of our Federal Government by far.

I am deeply concerned about the impact of the huge increase in spending for space and the projected future space budget. I am concerned particularly about the impact of the spending on the Nation's other vital needs and goals.

I emphasize at the beginning that I do not question the importance of our space effort. I support it warmly. I favor the manned lunar probe enthusiastically. The significant question is not whether our Nation should undertake a space program. Of course it should. But the question is rather whether or not we have the responsibility of considering the space program carefully and thoughtfully, and pruning out expenditures which I think we can show would be either duplication or wasteful.

One of the basic responsibilities of Congress is the designation of funds for various programs, taking account of priority and the amount of money which can be wisely spent in any program.

It is my firm belief that money is being poured into NASA without a reasonable examination of the scale, and with priorities being made at a faster rate by far than can be prudently used. As a result, fiscal precaution is being thrown to the winds in our Nation's space program.

The available evidence points to one example after another of a disturbing lack of concern about cost and basic budget discipline in this program.

The amendment is designed to provide some of that discipline by forbidding some of the conspicuous examples of waste. It is not a meat ax by any means; it is a scalpel.

### SPECIFIC PROXMIRE RESEARCH OPERATION REDUCTIONS IN SPACE SPENDING

Referring to the first part of my amendment, under research, development and operation at NASA, particularly pertaining to aircraft technology, the NASA budget request would provide funds in the amount of $18 million for defense research on supersonic commercial transports. That research was part of the civilian "fallout" of the RS-70 program for which Congress appropriated $362 million under the Defense Department appropriation bill—nearly $200 million over the budget request, I might add. At the present time, both NASA and the Federal Aviation Administration are carrying on research on supersonic transports. In the present bill FAA requests about $25 million for the purpose and NASA about $21 million.

Even though the feasibility of a commercial supersonic transport has not yet been shown, we are already pouring money into this project.

It seems to me that the wise thing to do is to wait for the further development of the RS-70, for which we are paying so much, and let NASA go ahead and conduct its B-58 and B-70 flight simulations of supersonic transport operation, for which more than $3 million is provided in the present NASA budget, before we become too committed financially. After these developments and tests, we will have a better idea of the feasibility of a commercial supersonic transport. Accordingly, my amendment provides for the reduction of NASA's funds for advanced research on a supersonic commercial transport from $18 million down to $9 million.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the distinguished Senator from Colorado, who is a very able member of the Appropriations Subcommittee which handled this matter.

Mr. ALLOTT. I will not address myself to the merits of the supersonic aircraft development program. I should like to point out that this is not a part of the NASA appropriation. It is a part of the Federal Aviation Agency appropriation. I believe if the Senator will refer to page 27 of the report, he will find that it is listed there as the last item under the Federal Aviation Agency appropriation.

Mr. PROXMIRE. The Senator from Colorado is referring to another section of the bill. I call attention to page 79 of the report of the Aeronautical and Space Sciences Committee. At the bottom of the page, under the heading of "Supersonic Commercial Transport Advanced Research," there is the figure, for 1963, of $18 million. Under VSTOL aircraft the figure is $4,500,000. The total is $30 million. I would cut it back to $8,500,000. The fact is this is part of the NASA budget, no question about it.

Mr. ALLOTT. I cannot find the page the Senator refers to. First I should like to say that basic research in supersonic aircraft is going on in two places, one in the Defense Department, with which the Senator is completely acquainted, and has discussed many times. The other is in the Federal Aviation Agency. It is the last line item in the Federal Aviation Agency appropriation.

Mr. PROXMIRE. That is correct. However, there is also an item under the NASA authorization. It was untouched in the appropriation bill to which I have referred, providing for $18 million for supersonic commercial transports. It is on page 79 of the report. We can come back to this item later.

Along the same lines, NASA is carrying on research on the short-takeoff-and-landing—STOL—and the vertical-takeoff-and-landing—VTOL—aircraft developed by the military. NASA is carrying on the research to determine the feasibility of using these craft as commercial transports. Again, I feel that if we await the further testing and development of the military versions of these craft, we will have a better idea of whether it is worthwhile putting money into them to test their feasibility. Therefore, I am reducing the amount requested for research on vertical- and short-takeoff-and-landing aircraft from $4.5 million down to $2 million.

### THE HOUSE ACTION

The House reduced NASA funds for research, development, and operation from the estimate of $2,968 million to $2,877 million—a reduction of about $90 million. The Senate Appropriations Committee restored $40 million. Since I agree with the House committee statement that "the present estimates of cost can be reduced," my amendment would also strike out the $40 million restored by the Senate committee.

### WASTEFUL CENTRIFUGE DUPLICATION

In the additional $30.7 million requested in the current budget for the Manned Space Flight Center there is included $10.6 million for a flight acceleration facility, with centrifuge and supporting equipment.

I seriously question the need for this item, in view of the fact that the Navy's $5.7 million Johnsville centrifuge will provide ample capacity to handle tests on the Apollo and the Dyna-Soar (X-20). It strongly appears that the new centrifuge in Houston would be more a convenience than a necessity—but a $10.6 million convenience.

While it may be maintained that the new centrifuge will accommodate the larger vehicles that will follow the Apollo, it would certainly make sense to wait until these are at least more fully conceived and are approaching the serious design stage before building a device at enormous cost to test them.

This will prevent expensive errors resulting from going to the construction stage before we know what we are doing. The land has been acquired, and there will be ample time later to build the facility when it is needed.

This has been the experience which we have run into over and over again, not only with NASA, but in other areas of the Government, where construction is undertaken before the vehicle or the product for which the construction is to be used is designed or before research on it is completed.

Therefore, as part of my amendment, I am eliminating the $10.6 million requested for the Houston centrifuge and supporting equipment.

In addition to the Houston centrifuge, this year's NASA budget requests two other centrifuges, one at Ames and one at Goddard. The centrifuge and supporting equipment at Ames is called a space flight guidance research facility and will cost the taxpayer $9.7 million. In the Senate report on the NASA authorization bill, it is stated that this facility is desired for research concerning advanced manned spacecraft, such as Apollo. Yet just last year the National Academy of Sciences reported that existing centrifuges and similar motion devices for research were underutilized because of a critical shortage of qualified personnel to operate them. Again, the Johnsville facility will provide ample capacity to handle tests on the Apollo. In the light of these comments, I have eliminated the appropriation for the Ames centrifuge as part of my amendment.

My amendment would also cut out the $3.9 million requested by NASA for the Goddard centrifuge. As the smallest centrifuge requested this year by NASA, this probably has the least justification.

### WASTE AT HOUSTON FLIGHT CENTER

The NASA Manned Space Flight Center in Houston, Tex., is a prime example of the disturbing lack of concern about costs, spending and basic budget discipline in the space program.

The projected cost of this installation has zoomed from the initial estimate of $60 million to the current cumulative figure of $90-plus million. According to a recent New York Times article, the final total cost will be about $123 million, more than double the original estimate, with construction barely started.

If the cost of the Center was to be this high, Congress should have been told the full story right away, instead of being spoon fed the bitter medicine of growing costs dose by dose.

Even the first step of acquiring the land involved a shocking example of ballooning costs. Originally, the site of the Center was to be a tract of land donated by Rice Institute. Indeed, the availability of free land was one reason for choosing the Houston location.

But within months after the Center was announced, the initial plans were deemed inadequate, and an additional 600 acres of land had to be bought.

By that time, land prices around the site had skyrocketed, as can be seen from these independent land appraisals before and after the announcement:

| | |
|---|---|
| Before announcement: | |
| 1 | $692,875 |
| 2 | 750,000 |
| 3 | 635,000 |
| After announcement: | |
| 1 | 1,246,175 |
| 2 | 1,021,000 |
| 3 | 720,000 |

It is my understanding that NASA actually paid $1.4 million for the additional land, about double the price before the premature announcement sent prices shooting up.

Both these matters—the vastly increased cost of the Center itself and the unnecessarily high cost of land acquisition—raise serious questions about the prudence with which the space program is administered.

### "SCALPEL" REDUCTIONS IN PROXMIRE AMENDMENT ON NASA CONSTRUCTION

Now for my specific cuts. At the Houston Center, included in the additional $30.7 million for the center, is $6.5 million for a lunar landing simulation facility. Yet there is already a similar facility under construction at the Langley Research Center in Virginia. It is my understanding that NASA intends to use the Houston simulation facility to test the follow-on development of the Apollo flight and to conduct crew-training programs. Again, it would certainly seem to make sense to wait until we are close to the Apollo follow-on stage before building this expensive facility. In view of the fact that NASA has a similar facility under construction at Langley, I have cut the amount for the Houston simulation facility from $6.5 million to $2 million. This amount will provide for the basic designing and initiation of the project, but will help to slow the building of the Houston facility until we have a better idea of what it will be needed for.

As another part of the $30.7 million requested for the Houston Center, $7.6 million is assigned to site development and utility installations. Funds for this purpose were provided in the fiscal 1962 budget in the amount of $4.5 million. NASA now tells us that due to a reappraisal of costs, additional funds of $7.6 million will be needed for the Center. This is another example of being spoon-fed growing costs dose by dose. Since my amendment would eliminate funds for the flight acceleration facility at Houston, as well as for the lunar landing simulation facility, the site development and utility installation costs may also be reduced. Therefore, my amendment would provide in part that the funds for site development and utility installation at the Houston Center be reduced from $7.6 million to $3 million.

### HOUSE CUTS IN PROXMIRE AMENDMENT

The House cut the funds for the construction of facilities from the estimate of $818 million to $766 million. The Senate Committee on Appropriations restored $20 million of the House-cut funds. It is obvious to me, from the information I have received about the loose handling of funds in connection with the Houston Center, that the $20 million can be saved through closer budget scrutiny. Therefore, my amendment would also eliminate the amount restored by the Senate committee.

### RAPID GROWTH OF SPACE PROGRAM—TERRIFIC IMPACT ON ECONOMY

So far I have been dealing only with the few examples of loose management of our huge space expenditures. In addition to these, I should like to draw the attention of the Senate to the long-range implications of the space effort and to the many problems which can be foreseen. These problems may be of great magnitude because, as is so well known, the space program's sheer size—in terms of dollars and resources, both human and material—makes it without question the largest undertaking of the U.S. Government since the total involvement of our economy and Nation in World War II. This is a perfectly gigantic area in which our Government is moving. We move with pride, but it seems to me we are not moving with the kind of prudence or care or carefulness which the program demands.

### SCIENTIFIC MANPOWER PERSONNEL HARD HIT BY THIS PROGRAM

Already the massive cost and rate of growth of our space program are putting serious strains on our Nation's scientific and defense capabilities and on scientific education. Our entire space effort can have staggering effects on our education system, our supply of scientific manpower, our industrial defense capability, and on the American taxpayer. This is another reason why I think we can afford to be somewhat careful in pushing ahead with the major parts of the program, and for being more careful, it seems to me, than we have been in the past.

The National Aeronautics and Space Administration already is draining our limited supply of scientific and engineering personnel, thus reducing the manpower available for work in defense, industry, and education. This crucial problem of scientific manpower should be recognized now, and steps should be taken at once to solve it.

A recent article entitled "Moon Aims Strain Manpower Supply," published in the Washington Post, noted that NASA will need approximately 13,000 more scientists and engineers in the next few years in order to carry out its projected program. The article pointed out:

> There is now danger that space program recruiters will begin to entice scientists and engineers away from other Government agencies and laboratories and then from universities.

Yet at the same time private industry and the universities will be demanding more scientific manpower in order to carry out their functions. The question I am asking is this: Where are all these extra scientists and engineers going to come from? From our graduating university classes? Hardly. The proportion of scientists and engineers in graduating classes has been declining for several years and the industrial and especially defense demand for these graduates has greatly increased.

### SCIENTIFIC MANPOWER SAYS SPACE SURE TO ROB EDUCATION, DEFENSE, AND INDUSTRY

To try to get an answer to this question, I wrote to Dr. Howard A. Meyerhoff, executive director of the Scientific Man-Power Commission. He replied:

> I have been working on the scientific and engineering manpower problem for nearly 10 years, and even if I apply my imagination to my knowledge, I frankly do not know where these people are coming from, unless we are prepared to cut back sharply on the use of competent teachers in our institutions of learning, and on research and development in industry, and in other Government agencies.

And then Dr. Meyerhoff came to this conclusion:

> NASA's manpower requirements have not been integrated and therefore have not been seen in perspective in relation to other overall needs in education, industry, and Government.

This is what one competent authority has to say about how the huge expenditures for our space program are going to affect our supply of scientific manpower.

Our Nation's scientific manpower is just one specific aspect of the larger general problem of viewing our space program in the context of our Nation's priorities and needs. Several eminent scientists have spoken out against placing an excessive emphasis on a space program. For example, Dr. James R. Killian, Jr., chairman of the MIT corporation, perhaps the Nation's greatest institution of scientific learning, and first science adviser to President Eisenhower, said recently:

> The United States must decide whether it can justify billions of dollars for man in space when its educational system is so inadequately supported.

And further, he warned:

> The Nation must seek to determine whether it is now proceeding too rapidly in this area and whether it can manage the present man-in-space program without weakening other important national programs, including defense.

I doubt whether there are two or three people in the Nation who are better qualified to speak on this subject.

Mr. President, I do not take the position which Dr. Killian took. I am willing to move ahead and spend $3,500 million on this program; but I believe that when we spend that amount of money, we should be prepared to spend it with care, with prudence, and with something like the care and criticism with which we spend the rest of the huge sums which Congress is required to appropriate.

### SCIENTIST CHALLENGES PROGRAM PROXMIRE DOES NOT

In the New York Times of August 12, 1962, the distinguished columnist, James Reston, addressed himself to this key question. He wrote:

> There is a growing uneasiness among many thoughtful people in the country these days about the cost of our military and space programs.
>
> The issue is not whether the Nation should defend the free world and explore outer space but whether the military aid programs to other countries, the propaganda aspects of the space program, and the military budget itself can be modified to do the job with considerably less money—the savings to be used in other ways.
>
> Former President Eisenhower, for example, was saying this week that the space budget, averaging between $3 billion and $5 billion a year, was well beyond its scientific requirements. His chief scientific adviser in the White House, Professor Kistiakowsky, of Harvard, calls the space program a "technological spectacular," more concerned with national prestige than scientific progress.

Once again I reject that position, but I say we should proceed with more prudence.

> Warren Weaver, former president of the American Association for the Advancement of Science, puts the cost of the man-on-the-moon project at $30 billion and adds: "I believe that most scientists consider the proposed expenditure quite unjustified on the grounds of scientific considerations, and also consider the frantic pace of the program to be wasteful.
>
> Dr. E. U. Condon, professor of physics at Washington University in St. Louis and former Director of the National Bureau of Standards, said this week in Colorado that the unmanned flights to the moon were valuable for astrophysics but quite inexpensive compared to the cost of trying to send a man there and bringing him back alive. This latter part of the program he defined as a kind of "lunar Olympic game."

Once again, I disagree with that position, but I commend these men because they are highly responsible scientific leaders.

Mr. Reston further reports Dr. Weaver's comments on what alternative projects might be accomplished with the funds for the man-in-the-moon project over the next decade. He writes:

> With this money, we could give a 10-percent raise in salary for 10 years to every teacher in the United States ($9.8 billion); give $10 million each to 200 of the best small colleges in the Nation ($2 billion); finance 7-year fellowships at $4,000 a year for 50,000 new scientists and engineers ($1.4 billion); contribute $200 million each to create 10 new medical schools ($2 billion); build and largely endow complete universities for all 53 of the nations which have been added to the United Nations since it was founded ($13.2 billion); create three more permanent Rockefeller Foundations ($1.5 billion). He observes that we would still have $100 million left over to educate the people on the changes in the modern world.

It is plain that the massive size and rapid growth rate of our space effort are having the effect of diverting resources away from the fulfillment of other vital needs and goals which merit high national priority. The task of properly evaluating the relative priorities of these goals must be shouldered by Congress—particularly through its control of appropriations. I believe that Congress can fulfill this responsibility by more carefully evaluating the enormous expenditure increases that are programed for space, and by cutting back judiciously to bring these programs back into balance with other national priorities.

As I said before, I do not object to our effort to land men on the moon. Some protests against the usefulness of this undertaking have been voiced, but I reject them. Man's ambition has brought him to the brink of a great adventure in space, and our country should indeed work hard to be first with a manned lunar landing. But our space program should be kept in balance with other national goals. If huge costs are to be incurred, if billions of dollars are to be spent, we should explore the implications of this commitment in advance, with our eyes open, taking every possible step to judge the value of what we will be getting for our investment.

The significant question is not whether we should undertake a space program—of course we should—but rather whether we should insist on careful, thoughtful, providing on this vast, growing program as we do on all others.

### BUDGET BUREAU SCRUTINY IS MINIMAL

The responsibility of the Senate is all the greater because, as indicated during the House appropriation hearings, this is one appropriation which the Budget Bureau leaves virtually untouched. The budget request has come to Congress almost precisely as NASA submitted it to the President. This is a rare accomplishment indeed, but it imposes on Congress a far greater than normal responsibility to make sure that every item in the budget is fully justified, necessary, and to be acquired at reasonable cost.

In pointed contrast to the lax budgetary control of the Space Agency, the Defense Department has just announced a cost-cutting and control program that is estimated to save $3 billion in procurement costs per year at the end of 5 years. This kind of rigorous attention to budget practice, guarding against unnecessary and overlapping expenditures, is urgently needed in our space effort.

Mr. President, I earnestly hope the Senate will give this amendment serious consideration. I recognize that Senators are overwhelmingly in favor of the manned lunar program. But, under the circumstances, I think my proposed 5-percent cutback in the appropriations is well merited, because even after that reduction is made, we shall still have a 100-percent increase in the spending for the manned lunar probe.

Mr. ALLOTT. Mr. President, I think I understand the purpose of the Senator from Wisconsin in connection with this matter, and I approve of his motivation.

But in this connection we must consider several questions.

The first is whether we are to go into space. It was the decision of the Congress and it was the decision of the President that we should do that. I am sure every Senator has had mental reservations as to whether he was making the right decision in all respects. But after we debated the space program and debated the appropriations—and that debate went on for a year or two—the almost unanimous decision in Congress was that we should go ahead.

In defending the action taken by the committee, I will say that, as the ranking minority member of the committee, I attempted to get these two line items—for research and development and operations and for construction of facilities—cut back to the amounts of the House items. What caused me to do that was that I, too, noticed the doubling of the program in 1 year—to the point of $3,787 million; and that would cause any careful and prudent person to proceed with caution. We discussed this fully in the committee and with the members of NASA.

In order to justify this amount, I think we must, first of all, get some concept of the overall activities we are covering with this program. We are covering Mercury capsules, which means the complete development of the Atlas, before that; and the Thor, before that; and with the Gemini program we are concerned with the development of Titan I and Titan II. Titan II will be the vehicle for the Gemini. And then we have the Apollo, and, beyond that, the Saturn—all of which will have basic parts in this project to reach the moon.

I am not one of those who think that the prestige value of reaching the moon is worth the amount of money we shall spend on this program. But that is not the point of the program. The point of it is that today we are in a world which is expanding so rapidly in its search for knowledge that we cannot afford to fall behind. The processes of reaching the moon are going to expand our scientific knowledge in literally thousands of areas, all of which eventually will redound to the benefit of mankind.

When we talk about the manned lunar landing mission, we have to talk about the Saturn and Nova and the new satellite vehicles that go with them. We have to consider the instrumented examination of space, which this country has done so well; and I believe it safe to say that we are so far beyond the Russians in this field that their progress cannot compare with ours, in connection with the developments in an overall experimental field of this kind.

We have found new things about bringing to the earth the energy of the sun and the conversion of that energy for the benefit of mankind. This involves a worldwide system of trapping stations. The funds used for those trapping stations are phenomenal in amount.

Already this program has brought to the farmers of the United States the benefit of much better weather predictions than heretofore have been possible.

No one who saw the demonstration of Telstar needs to be told of the impact which Telstar and satellite communications will have upon the world, because the entire system of communications and news reporting will be revolutionized in a way almost beyond the imagination, even of those who understand it. Mr. Webb said, when asked by the distinguished Senator from Washington about the effect of the reduction voted by the House of Representatives:

> The appropriation reductions will curtail the capability of the National Aeronautics and Space Administration to achieve the national goals in space contained within the authorized program. Accordingly, NASA requests full restoration of the $100,000,250 reduced in appropriation for NASA by the House of Representatives, and respectfully requests that your committee approve $3,744,115,250 for the National Aeronautics and Space Administration for fiscal year 1963.

Mr. PROXMIRE. Mr. President, at this point will the Senator from Colorado yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Colorado yield to the Senator from Wisconsin?

Mr. ALLOTT. I yield.

Mr. PROXMIRE. Will the Senator from Colorado concede that that was an extraordinarily vague statement? Did they support that position by stating exactly how the House cuts would slow them down?

Mr. ALLOTT. Not specifically item by item; but they justified it in detail, at some considerable length, in the hearings.

I should like to point out that the Senate committee did not vote to restore the full amount of the budget——

Mr. PROXMIRE. I hesitate to interrupt the Senator from Colorado, but I must press him for a documentation of that statement. They talked about the program and their enthusiasm for it, but they did not document their vague statement.

Mr. ALLOTT. I have already answered the Senator: They did not say which specific items they would cut, in the event these reductions were made.

Mr. PROXMIRE. In other words, they did not support their general position, which was that these reductions would slow down the program appreciably.

It is my position that my amendment will not slow down the program at all. I have indicated precisely why my amendment would simply eliminate waste. I have documented it. As representatives of taxpayers paying $3½ billion for this program we deserve more than generalizations.

Mr. ALLOTT. I shall be happy to go into that with the Senator from Wisconsin.

But I have replied by stating that they did not specify the items which would have to be cut.

Their position—which I think is sound—is that this work must be conducted in a great number of areas.

The House voted a blanket cut.

Let me point out that our committee did not vote to restore the item to the budget amount. The budget item was $3,787 million. Our committee voted to reduce it to $3,704 million—a reduction of $83 million in the budget amount.

In addition to this, on the basis of cost estimates, the Senator from Massachusetts [Mr. SALTONSTALL] asked Mr. Webb:

> But the contracts you have, and the expenses that are not under contract, you base your estimates as far as you can on what these firms give you as possibilities, and also in the experience of other departments of the Government, such as the cost of developing the POLARIS, and that sort of thing.
>
> Mr. WEBB. Yes.
>
> Senator SALTONSTALL. I can see and I can agree with you that you cannot estimate it. I think you would be very lucky if you can estimate it within 10 percent of the cost. But what I think is of interest, to this whole committee, I believe, and I know that is the basis on which you raise these tremendous estimates because that is the only thing we can go on, is these experiences. Can you show those are reliable?
>
> Mr. WEBB. They are as reliable as the best facilities of this Government know how to make them. We do take the contractors' estimates, but also make our own, and we regard our own as more reliable than theirs. We negotiate their contracts on the basis of an independently arrived at estimate ourselves. So I am not just accepting their estimates here, because if I did that these costs would be greater by a good margin.

I think this points up one of the significant aspects of this problem, which is that when we are reaching out in a new world for basic reasearch, we must get basic answers to basic scientific questions which no one knows, and perhaps no one even dreams of at this time, and that we shall encounter problems that are not dreamed of at this time. We cannot put a price tag on that kind of research. One must go back to his original decision in answer to the question, Am I going to support the space program or not? This is what we face as a basic decision.

Another significant aspect of the question is that 90 percent of the research funds will be spent through contracts, and I read from Mr. Webb's testimony:

> Could I say one word there? You know that this organization gets most of its work done by contracts with other people. Out of this 1963 appropriation some 90 percent will be spent through contracts, most of it with nongovernment institutions. So we have a large job with having personnel with the technical competence which permits us to get our money's worth through contracts.

I would like to point to the benefits generally of space work, to which Mr. Webb testified as follows:

> These fields of research in which we are working are not only some of the sort you mentioned, but in areas to determine how you use energy most efficiently. Civilization

> is really based on the efficient use of energy. We are working with the most advanced electronics to communicate with a probe out millions of miles, which gives us information about the relationship between the earth and the sun. It not only proves we know about the communications and can use them in many areas here on earth, but also the relationship of the earth to the sun is very important in terms of how we use the laws of nature.

Later he discussed, very adequately, I thought, the military aspects of this program.

Now I wish to direct myself to one other aspect of the comments of the Senator from Wisconsin, whom I respect very greatly. I respect particularly the sincerity of his motivation in offering his amendment. I wish to direct my remarks for just a few moments to the supersonic civil air transport item, one of the largest items for this year under the Federal Aviation Agency budget. As most Senators will recall, the old NACA, with its wind tunnel at Langley Field, was the agency which had the authority over testing wings and frame structures of aircraft and matters of that sort. When NASA was created, NACA was transferred to it. That is why and it slipped my mind in my former colloquy with the Senator—this portion is under NASA. It has to do with the construction of the aircraft itself, the design, the configurations of the empennage and fuselage. That supervision will continue as it would have under the old NACA organization, which is now a part of NASA. But with supersonic transport itself, so far as the Federal Aviation Agency is concerned, the chief problem is the problem of engines. We do not have an engine in the United States which is capable of handling supersonic air transport.

We have very great and wonderful jet engines which can be applied to the military needs, and which have been applied to the B-52 and the B-58 and other jet military vehicles, but we cannot use them in the field of civil aircraft engines which require the front burning, rather than the after burning principle because of the noise which is involved in the use of the afterburning engine. So the basic problem is to develop such an engine which will lift a supersonic transport to somewhere near 40,000 feet. Beyond that point boosters can be used.

With respect to the overall significance of supersonic transport, I have this to say in defense of it: We are spending $3.7 billion on space. Today, in Europe, the British and the French, perhaps in combination, perhaps individually, are discussing the problem and have even reached the place where they are willing to talk about prices of supersonic transports.

Why is it that today American jets are being used all over the world? The two British civil transport jets, on the basis of overall performance, simply are not competitive with ours. We got ahead of the British and are keeping ahead of them. There may be some argument as to whether our jets are ahead of the new British jets. Only time and experience will tell. But if we are thinking ahead, to the future, we cannot afford to abandon and give up to Britain or France, or the Russians, or anybody else, our opportunity to excel in the field of supersonic transport at speeds in the vicinity of mach III, or three times the speed of sound.

There are those who say, "What are we going to be doing traveling at three times the speed of sound?" We would leave New York and get to Los Angeles or San Francisco in an hour and a half, or we would leave New York and get to Europe in the same time. This is the same kind of criticism that has been leveled at every advance man has made. Twenty years after we had the automobile, people said, "These things are not here to stay." Twenty years after we had the airplane people said, "These things are not here to stay."

If we develop a supersonic transport and do not surrender our leadership—and that is what we are going to do if we adopt any such procedure as is proposed—there will be a market for the supersonic transport when it is ready for the market, in a period of about 10 years.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. ALLOTT. I yield.

Mr. PROXMIRE. Would the Senator say we are giving up, or quitting, or surrendering in supersonic flight when we cut the appropriation from approximately $21 million to $12 million for NASA, but have research in the Defense Department, which admittedly is not on transport, but on many other problems related to supersonic speed, to the extent of $362 million, and when in addition we provide $25 million for similar activities in which FAA is engaged? Under those circumstances, does not the Senator feel my proposed cut is an extremely modest one and cannot be described in any sense as giving up our leadership?

We are still appropriating some $400 million on the supersonic problem. We may not win; but we will emphatically not be outspent.

Mr. ALLOTT. I say to my friend, first, that I think he knows it is very improbable that this administration is going to spend anything like that amount of money on the development of the RS-70. Second, I refer the Senator to the hearings of the Appropriations Committee on the Defense Department, particularly the testimony of Mr. McNamara. It is said that in the development of the RS-70 we will learn certain information about sound and wave effects, about structures and the manner in which to build, and about materials. However, the Secretary of Defense, General LeMay, and everyone else who testified, said that although a great deal of the knowledge we will get from the development of the RS-70 in terms of materials and structures can be used, in no sense, either as to engines or as to air frame, can the RS-70 be considered as a prototype for a supersonic transport.

The KC-35 jet was really a prototype for the 707, and perhaps other aircraft. The RS-70 will not be a prototype of the supersonic transport of which we are speaking. We face a division in the road. We must choose one way. The structure and air frame development is under the NASA appropriation. The development of the engines is under the FAA appropriation. We must move ahead on these programs.

I do not believe anybody would call the Senator from Colorado exactly profligate with respect to money. Even though I might have wanted to cut a little further, no one knows the answer. We are moving into unknown fields of science so far that nobody could possibly estimate the cost within 10 percent. For this reason, and this reason alone, I feel it is the duty of the Senate to support the appropriation. I support it wholeheartedly.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE]. On this question the yeas and nays have been ordered.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield 5 minutes to the Senator from Mississippi.

Mr. STENNIS. I thank the chairman of the committee.

Mr. President, I deeply appreciate the fine efforts made by the Senator from Wisconsin. I know his purpose is the very highest.

I remember that only a year ago the Senator was urging that some research work be conducted in his home State, and he was very sincere about it, whether it was to be conducted in his home State or elsewhere. It was a very important laboratory and had been left out of the bill providing for forestry research. Outstanding work has been done there. It is a national institution.

A great many of the fine points which the Senator made in that argument apply with equal force to support of the pending appropriation request.

I know of the Senator's fine motives, Mr. President, but within the next few minutes—certainly within the next hour—the Senate will have to settle upon some figures in the appropriation bill. I think it is highly probable that the four committees of the Congress which have since January studied the problem and the figures as to amounts to be allowed for these purposes would be nearer correct in judgment. No one could be absolutely correct, but I believe the four committees would be more nearly correct than we would be by changing the figures and arriving at new figures on an amendment to an appropriation bill.

Mr. President, I know the timeliness of the remarks by the Senator from Colorado. I shall not repeat the excellent points he made. He covered the subject very well indeed, and completely.

With reference to our missile program, I had the pleasure and honor of being chairman of the subcommittee which authorized the first missile site. I served as a member of the Appropriations Committee, after the appropriations were begun. That program started many years ago. There were changes of plans, starts and stops, and restarts. No one knew exactly where we were.

No one knows fully where we are today with reference to the space program, but we have made a firm decision—and I think it is a correct decision—that the program must go forward.

I believe the soundest figures we can get for this year are in the appropriation bill. Those are the ones the committee has recommended.

There will be changes in plans. The money may not all be spent for these purposes. Perhaps more money will be needed for other purposes.

This is the best we can do, and the best way we can proceed in the solving of a very practical problem, which must be settled, and which will be settled tonight.

I hope the Senate will reject the amendment. I am confident that we shall be doing the correct thing.

**Mr. KERR.** Mr. President, will the chairman of the committee yield me 3 or 4 minutes?

**Mr. MAGNUSON.** Mr. President, I yield to the Senator from Oklahoma.

The **PRESIDING OFFICER.** The Senator from Oklahoma may proceed.

**Mr. KERR.** Mr. President, the distinguished Senator from Wisconsin has made a very earnest presentation, and I know a very sincere one. I have no quarrel with the fact that he has done so.

The Senator said that the amount of money in the appropriation bill for the National Aeronautics and Space Administration should be reduced approximately 5 percent; that the program has advanced so rapidly that, in his judgment, good budget practices could not have prevailed.

The Senator from Oklahoma has been in and out of Washington to some degree or another since he first became Governor of Oklahoma in 1943. I have known all the directors of the Bureau of the Budget since that time very well. None has been any tougher, none has been any more intelligent, none has been any more careful than James Webb, who was the Director of the Bureau of the Budget for some time under President Truman. He is now Administrator of the National Aeronautics and Space Administration.

The present Director of the Bureau of the Budget is a very fine public servant.

In my opinion, Mr. President, the appropriation for this amount of money has probably had the most careful and able budgetary analysis and supervision possible, certainly as able as any made on any item which has been before the Senate.

I know the Senator from Wisconsin would not want us to get 95 percent of the way to the moon. I know he would not want the Mariner, now speeding out in space at the rate of some 7,000 miles an hour, we hope toward and into the proximity of Venus, or on any other mission, to get within five percent of the area it was seeking, and fall that much short.

**Mr. PROXMIRE.** Mr. President, will the Senator yield on that point?

**Mr. KERR.** I yield.

**Mr. PROXMIRE.** I agree with the Senator 100 percent. I would not want to have any of our space vehicles fall 5 percent short. I feel very strongly that nothing in my amendment would adversely affect any of these probes or vehicles.

The only argument made by the Senator from Wisconsin is that the Senator from Wisconsin has gone over this appropriation request very carefully and has tried to single out programs which, on the basis of solid evidence and testimony, seem to be unnecessary and wasteful.

Exercising my own judgment, I have tried to eliminate such programs. In my judgment, this amendment would not affect our manned lunar probe, the Venus probe, or any other probe.

**Mr. KERR.** I recognize, Mr. President, that the Senator from Wisconsin has paid very careful attention to the budget.

**Mr. MAGNUSON.** Mr. President, will the Senator yield?

**Mr. KERR.** I yield.

**Mr. MAGNUSON.** Everyone has lauded the Senator from Wisconsin for his motives. The Senator has suggested that he has carefully studied this subject. I am sure he has gone over it with a fine-toothed comb.

The amazing thing to me is that the committee sits for weeks and the door is open to all. We would like to have the benefit of the Senator's advice in the committee.

The **PRESIDING OFFICER.** Under the unanimous-consent agreement, all time has expired.

**Mr. MAGNUSON.** I ask unanimous consent that an additional 30 minutes on the bill be allowed.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered. The time is extended an additional 30 minutes.

**Mr. PROXMIRE.** Mr. President, will the Senator yield on that point?

**Mr. MAGNUSON.** I yield.

**Mr. PROXMIRE.** The Senator from Wisconsin came to the Appropriations Subcommittee, of which the Senator is chairman, and appeared before the Appropriations Committee. He presented his case as thoroughly as he could. The Senator from Colorado [Mr. ALLOTT] was presiding. There was no Democratic member of the committee present. I did appear before the committee. This Senator from Wisconsin testified. The Senator from Washington has stated a legitimate criticism of Senators who might wander on the floor with an amendment without having first gone to the committee. But I did go to the committee. I did my best to present my case there. I do not know what else I could have done.

**Mr. MAGNUSON.** I am thinking in terms of the Space Agency appropriation. When the committee is meeting and the Space Agency representatives are present, I hereby invite the Senator from Wisconsin also to be present and discuss the matter with us in the future, and perhaps we can be helpful to one another.

**Mr. PROXMIRE.** I thank the Senator.

**Mr. KERR.** Mr. President, I shall be brief. Sixteen Senators, members of the subcommittee, considered the measure. It then went to the entire Appropriations Committee. We know their experience and ability. I was greatly impressed by the presentation by the Senator from Colorado—and I commend him for it—with reference to the research by the Defense Department on the subjects which are under the jurisdiction of NASA.

With reference to the research by the Defense Department on these questions which are under NASA, I should like to read briefly from the National Aeronautics and Space Act of 1958, as amended through October 6, 1951:

> (b) The Congress declares that the general welfare and security of the United States require that adequate provision be made for aeronautical and space activities. The Congress further declares that such activities shall be the responsibility of, and shall be directed by, a civilian agency exercising control over aeronautical and space activities sponsored by the United States, except that activities peculiar to or primarily associated with the development of weapons systems, military operations, or the defense of the United States (including the research and development necessary to make effective provision for the defense of the United States) shall be the responsibility of, and shall be directed by, the Department of Defense.

In the act, the term "aeronautical and space activities," for which the National Aeronautical and Space Administration is made primarily responsible, we find the following:

> (1) the term "aeronautical and space activities" means (A) research into, and the solution of, problems of flight within and outside the earth's atmosphere, (B) the development, construction, testing, and operation for research purposes of aeronautical and space vehicles, and (C) such other activities as may be required for the exploration of space;

So, Mr. President, under the law governing the National Aeronautical and Space Administration and the Defense Department in relation to aeronautical and space activities, the appropriation is the only means through which the money can be provided. That is the only agency that can expend the money. If it were not permitted to do so, the expenditure could not be made. I join the distinguished chairman of the committee and others in recommending and urging that the amendment not be adopted.

**Mr. CARLSON.** Mr. President, will the Senator yield?

**Mr. KERR.** I yield.

**Mr. CARLSON.** Mr. President, I cannot let the opportunity pass by without saying that I shall support the committee amendment, and I hope that the amendment offered by the Senator from Wisconsin will be rejected. I know of no agency that is operated more competently and efficiently than the National Aeronautics and Space Administration, under the direction of Mr. James E. Webb. All of us who have seen his work in the Government for many years realize that he is one of the outstanding dedicated public officials in the Nation. I am happy he is in that position, and hope that the Senate will appropriate the funds needed for that agency.

**Mr. KERR.** I thank the Senator from Kansas.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Wisconsin

[Mr. PROXMIRE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Virginia [Mr. BYRD], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], the Senator from Wyoming [Mr. HICKEY], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Ohio [Mr. LAUSCHE], the Senator from Utah [Mr. MOSS], the Senator from Rhode Island [Mr. PASTORE], the Senator from Rhode Island [Mr. PELL], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], and the Senator from Louisiana [Mr. ELLENDER], the Senator from Wyoming [Mr. HICKEY], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Rhode Island [Mr. PASTORE], the Senator from Rhode Island [Mr. PELL], the Senator From Georgia [Mr. RUSSELL], and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

Mr. KUCHEL. I announce that the Senators from Maryland [Mr. BEALL and BUTLER], the Senator from Utah [Mr. BENNETT], the Senator from Delaware [Mr. BOGGS], the Senator from Connecticut [Mr. BUSH], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], the Senator from New Hampshire [Mr. MURPHY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Wisconsin [Mr. WILEY] are necessarily absent.

If present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Utah [Mr. BENNETT], the Senator from Connecticut [Mr. BUSH], the Senator from Idaho [Mr. JORDAN], the Senator from New Hampshire [Mr. MURPHY], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

The result was announced—yeas 4, nays 66, as follows:

[No. 231 Leg.]

YEAS—4

Curtis
Douglas
Proxmire
Williams, Del.

NAYS—66

Aiken
Allott
Bartlett
Bottum
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Church
Clark
Cooper
Cotton
Dirksen
Dodd
Engle
Ervin
Fong
Fulbright
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Mundt
Muskie
Neuberger
Pearson
Prouty
Randolph
Robertson
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Williams, N.J.
Yarborough
Young, N. Dak.
Young, Ohio

NOT VOTING—30

Anderson
Beall
Bennett
Bible
Boggs
Burdick
Bush
Butler
Byrd, Va.
Carroll
Chavez
Eastland
Ellender
Goldwater
Gore
Gruening
Hickey
Humphrey
Jordan, Idaho
Kefauver
Lausche
Moss
Murphy
Pastore
Pell
Russell
Saltonstall
Scott
Symington
Wiley

So Mr. PROXMIRE's amendments were rejected.

Mr. MAGNUSON. Mr. President, I move that the Senate reconsider the vote by which the amendments were rejected.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, several Senators have asked me how much longer may be required for consideration of the pending bill, and whether there will be any more yea-and-nay votes. Some Senators have reservations with respect to airplanes, or have engagements. Some Senators have already left. I believe the Senator from Wisconsin has two additional amendments that he wishes to offer.

Mr. PROXMIRE. I shall not offer any more amendments.

Mr. MAGNUSON. The committee has two or three amendments, which were not acted on in committee, but which have been agreed to informally by most of the committee members. I do not expect to ask for yea-and-nay votes on them.

The yeas and nays have been ordered on final passage of the bill. I was wondering if there would be any objection to having the yea-and-nay order revoked.

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. I object.

Mr. DIRKSEN. Mr. President, I should like to inquire of the distinguished majority leader with respect to the rest of the day, assuming, of course, that consideration of the independent offices appropriation bill is concluded.

I should like to have the majority leader indicate to the Senate what he proposes for the remainder of the day, the rest of the week, and the beginning of next week.

### LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, it is the intention of the leadership, with the concurrence of the Senate, to return to the consideration of the tax bill, which has been laid aside temporarily, at the conclusion of the consideration of the independent offices appropriation bill.

It is not anticipated that any controversial amendments which will require a yea-and-nay vote will be brought up.

It is the hope of the leadership that it will be possible to dispose of a number of items on the calendar to which there is no objection, and also to take up the nominations on the Executive Calendar.

I assume that, with a little luck, the Senate will be in session until about 8 o'clock tonight.

It is not the intention of the leadership—and this has been discussed with the distinguished minority leader—to have the Senate hold a session on Saturday, but to adjourn tonight to meet again at 10 o'clock on Tuesday morning next.

### ORDER FOR ADJOURNMENT TO 10 O'CLOCK A.M. ON TUESDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business tonight, it adjourn until 10 o'clock a.m. on Tuesday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

### COMMITTEE MEETINGS DURING SENATE SESSION ON TUESDAY, SEPTEMBER 4, 1962

Mr. JOHNSTON. The Committee on Post Office and Civil Service is holding a meeting on the postal rate bill. We ask permission to meet while the Senate is in session.

Mr. MANSFIELD. On Tuesday?

Mr. JOHNSTON. Yes. I make that request with the concurrence of the majority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McNAMARA. Mr. President, a meeting of the Committee on Public Works is set for 10 o'clock on Tuesday morning. Will the majority leader ask permission for the committee to meet while the Senate is in session?

Mr. MANSFIELD. Mr. President, I make the same request on behalf of the Committee on Public Works.

The PRESIDING OFFICER. Without objection, it is so ordered.

### INDEPENDENT OFFICES APPROPRIATIONS, 1963

The Senate resumed the consideration of the bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1963, and for other purposes.

Mr. MAGNUSON. Mr. President, I send to the desk an amendment on page 42, line 22, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 42, line 22, after the semicolon, it is proposed to insert:

> Reimbursement of the Department of the Army for the services of the officer assigned to the Veterans' Administration to serve as Assistant Deputy Administrator.

Mr. MAGNUSON. Mr. President, this is a technical amendment to enable the payment of the officer or officers who serve in the Veterans' Administration.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I offer another amendment, on page 43, line 6, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 43, line 6, after "institution", it is proposed to insert:

> : *Provided further,* That notwithstanding any other provision of law and without reference to any limitation, for pay or otherwise, upon the number of officers of the Army holding the rank of major general, the retired officer of the Army now on active duty and serving as Assistant Deputy Administrator of the Veterans' Administration shall, effective September 1, 1962, and thereafter, be considered to hold the grade of major general for all purposes, and while so serving shall receive the pay and allowances of an officer of that grade and his length of service, and upon reversion to retired status shall be advanced on the retired list to such grade and shall receive retired pay at the rate prescribed by law computed on the basis of the basic pay which he would receive if serving on active duty in such grade.

Mr. MAGNUSON. Mr. President, this is a technical amendment. It would allow the Assistant Deputy Administrator for Veterans' Affairs to hold the grade of major general. He would be the same retired officer for whom reimbursement is provided in the previous amendment.

There is ample precedent for this action. It has been discussed with members of the committee and with other Senators.

Although officers of certain grades are subject to section 3202 of title 10 and title 32, United States Code, relating to Army officers, this proposal relates to "active duty in each of the following grades on the last day of each fiscal year, exclusive of officers on active duty for training only and officers serving with other departments or agencies on a reimbursable basis * * *."

Such action has been taken before. It was done in the case of General Hershey, who served so long in the Government, in the Selective Service; and recently in the case of General Moore.

There is ample precedent. There is no legal restriction upon doing this for a retired officer, under the precedents of the Senate.

Mr. STENNIS. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. STENNIS. This is a matter of deep concern to the Senate. I ask the Senator from Washington if the amendment involves a promotion from brigadier general to major general.

Mr. MAGNUSON. The effect would be such.

Mr. STENNIS. Mr. President, will the Senator yield time to me?

Mr. MAGNUSON. I yield 5 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, in effect, this is what might be called a legislative promotion. I do not know the officer involved. He is now serving as Assistant Deputy Administrator of Veterans' Affairs. He is a military officer. This would be a legislative promotion from brigadier general to major general, a very extraordinary step for Congress to take.

Ordinarily, all promotions of officers are made through a board which passes on all qualifications. Even if there is some precedent, to which I shall allude briefly, if the Senate should take this action, to a degree it would be a slap in the face of every man who wears the uniform and comes up in the regular order of promotion, which is very rigid. In the Committee on Armed Services, we require that procedure to be followed, and in some cases we have a ceiling which is lower than the statutory ceiling. Otherwise, we will not approve promotions and confirmations.

Precedents have been alluded to. One is the case of General Hershey. His is an extraordinary situation, which lasted for many years, through World War II, the Korean war, and even down to the present time. General Hershey is the Director of the Selective Service System.

The other exception is that of General Moore, who for many years has been in effect, the controller for the Senate Committee on Appropriations. All his time is devoted to the consideration of the fiscal affairs of the Army, Navy, Air Force, and Marine Corps. He serves the Senate Committee on Appropriations exclusively in the consideration of financial matters, appropriations, and fiscal affairs. That is why that precedent arose.

To create this one, in addition, would be to establish a precedent for the granting of legislative promotions, bypassing the President, bypassing the Board, bypassing the Committee on Armed Services, and bypassing the executive branch of the Government.

The merit of the person or the need for him in this position has nothing in the world to do with the question before the Senate. I have enlarged upon this proposal because I think a point of order will be sustained. I have sought to present the facts to the Senate so that Senators may realize what is involved, because such action may be tried again.

Mr. President, I make the point of order that this amendment is clearly and unmistakably legislation on an appropriation bill. I ask the Chair to rule.

The PRESIDING OFFICER. The point of order is sustained. The amendment is clearly legislation.

Mr. MAGNUSON. Mr. President, I shall offer one more amendment. I am not in the least embarrassed about offering it, but I believe I should explain it to the Senate.

The committee has a rule that if public or Federal buildings have received priority for construction, and if everything with respect thereto is in order, they may be placed on the priority list. But when the bill comes to the Senate, frequently there are buildings as to which plans are not ready or some trouble has been encountered in acquiring the land. I believe that a building in Montepelier, Vt., is one such instance; there are others in the bill.

The committee has a rule that if such a building will be ready for construction by December 1, it may be placed on the priority list.

I offer an amendment to provide for a building in Richland, Wash. I do not offer the amendment because the building will be in my State; it merely happens to fall within this category. The General Services Administration has written a letter, which I shall place in the RECORD, stating that the construction of the building will begin by the middle of next month—in 2 weeks. It is a building 90 percent of which will be occupied by the Atomic Energy Commission. I should say that the building falls within the MAGNUSON formula.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 20, line 5, it is proposed to strike out "$18,779,000" and insert in lieu thereof "$193,066,000".

On page 24, after line 7, to insert:

> Post Office and Federal Office Building, Richland, Washington, $8,287,000.

Mr. MAGNUSON. I ask unanimous consent to have printed at this point in the RECORD a letter I have received from Mr. Bernard L. Boutin, Administrator of General Services, with respect to the proposed post office and Federal office building in Richland, Wash.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> GENERAL SERVICES ADMINISTRATION,
> *Washington, D.C.*
>
> Hon. WARREN G. MAGNUSON,
> *U.S. Senate,*
> *Washington, D.C.*
>
> DEAR SENATOR MAGNUSON: In accordance with my previous assurance to keep you actively advised of all significant developments in connection with the proposed post office and Federal office building, Richland, Wash., it is now anticipated that final acceptance of the architectural design of the building will be completed by September 14, 1962. This would indicate that this agency would have construction capability for this project no later than mid-October. Such construction capability, however, would depend upon the availability of funds for the construction phase of the project.
>
> Sincerely yours,
> BERNARD L. BOUTIN,
> *Administrator.*

Mr. DOUGLAS. Mr. President, this addition of a $8 million building in Richland, Wash., emboldens me to raise a question which perhaps I should have raised earlier this afternoon. I should like to have an explanation of why the item for a courthouse building for Billings, Mont., at a cost of $5,756,000, was added by the Senate. From my investigation I find from United States Code, title 28, section 106, that Montana—which is not a very large State so far as population is concerned—with

674,000 people—has 11 cities where the Federal courts are to be held—namely, Billings, Butte, Glasgow, Great Falls, Havre, Helena, Kalispell, Lewistown, Livingston, Miles City, and Missoula; and I find that there are Federal courthouses there as follows:

At Billings, with an original cost of $414,000, in the days of low-cost construction.

At Butte, at a cost of $605,000.

At Glasgow, at a cost of $195,000.

At Great Falls, at a cost of $440,000.

At Havre, at a cost of $248,000.

At Helena, at a cost of $708,000.

At Missoula, at a cost of $1,035,000.

And now the one for Billings comes along, with a cost of $5,756,000.

I like the Northwest; I like the State of Montana, and I like all the people who come from Montana. But I am wondering whether the committee is now sowing courthouses a little too thickly in the Northwest—$8 million for Richland, Wash., and $5,756,000 for Billings, Mont.

I shall not make a motion to strike out this item, but I think the Record should carry an explanation.

Mr. MANSFIELD. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. I am sure the distinguished chairman of the subcommittee can give a fuller explanation than my colleague, Senator Metcalf, and I can give; but we happen to know something about the situation in Billings.

This item was programed several years ago, under the previous administration.

The PRESIDING OFFICER. The additional 30 minutes allowed for consideration of the bill have expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that an additional 30 minutes be allowed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. There is a great need for this new Federal building in Billings, because at the present time there is a scattering of Federal offices throughout the city. By a concentration of these offices in one building, which can be used for a multitude of purposes by the Federal Government, the costs now being paid by the Federal Government can be reduced considerably, and greater efficiency will be the result. The people of Billings, almost unanimously and the Montana congressional delegation, unanimously, think it is a good idea and worthwhile, and that in the long run it will be a very economical spending of money.

Mr. MAGNUSON. Mr. President, we gave attention to this item. In connection with the Billings item, the House took up the question of adequate rental facilities at reasonable rents and the question of the economic soundness; and we raised some questions, too.

In 1961 funds in the amount of $512,000 were made available under the "Sites and expenses" appropriation for preliminary expenses, including the acquisition of a site for the preparation of drawings and specifications. A site was acquired at a cost of $239,000 and contracts were awarded for the design, surveys, and so forth, at a total cost of $208,000. The drawings and specifications are nearing completion and a construction contract is scheduled for award in October 1962.

The main thing the Senate committee considers was that the proposed building would provide a direct economic benefit, inasmuch as leased space currently occupied by Federal agencies costs the Government approximately $278,000 per annum. The original cost of the proposed building at Billings, plus the cost of maintenance and repair during life expectancy, would be less than the rental cost during a like period, even if no increase in rental rate is assumed and if the continued availability of adequate commercial space is assumed. In other words, this building will amortize itself, according to the GSA, during its lifetime.

Mr. METCALF. Mr. President, will the Senator from Washington yield to me?

Mr. MAGNUSON. I yield.

Mr. METCALF. As my distinguished colleague [Mr. Mansfield] has pointed out, this building was authorized during the previous administration. At that time I was not representing the area in which Billings is located; in the House of Representatives I was representing the western district of Montana. But when I was elected to the Senate, I was privileged to be elected to the Public Works Committee.

When this controversy about the Billings post office, courthouse, and Federal building arose, I went to the staff on the Public Works Committee—because I was then representing that area—and asked them to make a complete and thorough reappraisal, to determine its feasibility under the strictest standards. I was assured by the members of the staff—who are skilled, and in whom I have confidence—that this building complies with the strictest standards that are raised in determining whether public buildings should be construed.

Many Federal agencies are located in and around Billings—among them, the Bureau of Indian Affairs and the Bureau of Reclamation.

Inasmuch as the Senator from Illinois referred to the courthouse, I point out that this is an area for many Federal activities, not only in southeastern Montana, but also for the whole central region of northern Wyoming and western North Dakota and western South Dakota; and I am sure that there is sound economic feasibility for this structure.

Mr. DOUGLAS. Mr. President, I am not an expert on the needs at Billings. I spent a day there, 10 years ago, campaigning for our majority leader; and I am very happy that I went there on that occasion.

Mr. METCALF. It was a day well spent.

Mr. DOUGLAS. But I am struck by the fact that Federal courthouses in Montana seem to be as thick as raisins in a plum pudding. There are Federal buildings containing courts in Billings, Butte, Glasgow, Great Falls, Havre, Helena, and Missoula; and it seems to me that the people of Montana—high, wide and handsome—must be a very litigious people, to need seven Federal courthouses. Of course many of them were constructed in the days of low construction costs; but the cost of this one is $5,756,000.

I would not have raised this issue—because I thought it might seem unbecoming to do it—except for the fact that our good friend the Senator from Washington proposed the $8 million item for Richland, Wash.

Richland is the center of the atomic energy plant development. The region has grown enormously. I was there several years ago. Billings has a population of about 60,000, and there are 9,000 in the fringe areas, and 10,000 in the region outside. The population of the standard metropolitan area is approximately 79,000 people. That is virtually one of the smallest metropolitan areas of the country. But it is getting a $5,756,000 Federal courthouse building.

I am reminded of what used to happen in Wyoming in the days when Senator Warren was chairman of the Post Office Committee. I once went through Wyoming, and found that even the smallest town in Wyoming had a handsome marble post office.

I should say that the Northwest is doing very well, indeed.

I shall not oppose this appropriation. I am not going to move to strike it out. But I think the facts need to be set forth.

Mr. MORSE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. I ask the Senator from Illinois to omit Oregon from his reference to the Northwest. I want to make certain that there is no implication that Oregon is doing well.

Mr. DOUGLAS. Very well, I will say that the Northwest, with the exception of Oregon.

Mr. President, I do not wish to prolong the discussion, but I think this is an interesting coincidence.

The question is on agreeing to the amendment of the Senator from Washington [Mr. Magnuson].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MILLER. Mr. President——

Mr. MAGNUSON. I yield to the Senator from Iowa.

Mr. MILLER. I shall shortly make a motion to recommit the bill, but at the present time, inasmuch as I am the one who will make the motion, I ask unanimous consent that on final passage of the bill the yeas and nays be waived.

Mr. MORSE. Madam President, I object.

The PRESIDING OFFICER (Mrs. Neuberger in the chair). Objection is heard.

Mr. MILLER. Madam President, I have said through the discussion on various amendments this afternoon that I recognize the fact that good arguments have made in support of the bill as it has been reported by the committee. I also point out that I, for one, am quite concerned about the criticism which was leveled at the Senate earlier in this session by various Members of the House of Representatives, to the effect that the Senate was always increasing the appropriations of the House.

It was my hope that this bill might serve as a good example of how this is not always the case. I regret to advise my colleagues that a study of the bill shows that the Senate has increased the House appropriations by about $280 million. I have tabulated a list of the major items in this bill showing the amount of the appropriations by the Senate as compared to the amount of appropriations in 1962, the amount of appropriations by the House, and the increase as between the House and the Senate, as well as the increase in 1963 over 1962.

I recognize that the major portion of the increase comes in the NASA appropriations, but I also invite attention to the fact that some of the other items have been substantially increased, ranging all the way from 11 percent over last year, in the case of the Housing and Home Finance Agency, up to 26 percent in the case of the Federal Power Commission. I also have tabulated the percentage increases in these instances.

I ask unanimous consent that the table be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Major increases in independent offices appropriations over 1962 and major increases made by Senate over House appropriations*

| Agency | 1962 appropriation | H.R. 12711 | | Increase | |
|---|---|---|---|---|---|
| | | House | Senate | Amount | Percent |
| Department of Defense: | | | | | |
| Shelter research and construction | None | $10,000,000 | $93,800,000 | $93,800,000 | ------ |
| Office of Science and Technology | $698,000 | 700,000 | 850,000 | 152,000 | 21 |
| Civil Aeronautics Board: Payments to carriers | 78,250,000 | 71,900,000 | 83,078,000 | 4,828,000 | 6 |
| Federal Aviation Agency: | | | | | |
| Operation | 434,300,000 | 463,400,000 | 488,400,000 | 54,100,000 | 12 |
| Equipment | 120,000,000 | 120,000,000 | 130,000,000 | 10,000,000 | 8 |
| Federal Communications Commission | 12,525,000 | 14,355,000 | 14,617,000 | 2,092,000 | 17 |
| Federal Power Commission | 8,793,000 | 9,946,500 | 11,100,000 | 2,307,000 | 26 |
| Federal Trade Commission | 10,345,000 | 10,720,000 | 11,845,000 | 1,500,000 | 14 |
| General Services Administration: | | | | | |
| Operation | 175,120,000 | 175,000,000 | 187,400,000 | 12,280,000 | 7 |
| Construction | 188,946,500 | 155,325,000 | 184,779,000 | (4,167,500) | ------ |
| Sites | 25,000,000 | 16,500,000 | 29,354,000 | 4,354,000 | 17 |
| Federal Supply Agency | 4,493,500 | 40,000,000 | 41,000,000 | 34,506,500 | 800 |
| General Supply Fund | 13,500,000 | 10,000,000 | 17,000,000 | 3,500,000 | 26 |
| Housing and Home Finance Agency: Salaries and expenses | 13,050,000 | 14,500,000 | 14,500,000 | 1,450,000 | 11 |
| National Aeronautics and Space Administration: | | | | | |
| Research, etc | 1,302,500,000 | 2,877,878,000 | 2,917,878,000 | 1,615,378,000 | 120 |
| Construction | 316,000,000 | 766,237,000 | 786,237,000 | 470,237,000 | 150 |
| National Science Foundation: Salaries and expenses | 263,250,000 | 310,000,000 | 335,000,000 | 71,750,000 | 27 |
| Selective Service System: Salaries and expenses | 37,085,000 | 37,085,000 | 37,585,000 | 500,000 | 1.7 |
| Veterans' Administration: | | | | | |
| Research | 29,500,000 | 28,000,000 | 33,000,000 | 3,500,000 | 12 |
| Construction | 76,250,000 | 75,500,000 | 78,500,000 | 2,500,000 | 3 |
| Total Senate appropriations | ------ | ------ | 5,495,923,000 | 2,384,567,000 | ------ |
| Senate increases over House | ------ | ------ | 288,876,500 | ------ | ------ |

Mr. MILLER. Madam President, I move that H.R. 12711 be recommitted to the Committee on Appropriations, with instructions to reduce the amount appropriated by $275 million and to report the bill back forthwith.

I shall ask for the yeas and nays on my motion, because the yeas and nays will be had on final passage of the bill.

Mr. JAVITS. Madam President, I shall take only a few minutes. I have been waiting all day. I shall speak briefly.

I wish to call the attention of the Senate to the provision in the committee report which indicates that the DC-3 is now obsolescent and is being phased out and the door is being opened to the consideration of other types of aircraft. That is particularly gratifying to us in New York because we produce, through the Grumman Aircraft Corp., a plane called the Gulfstream, with turbojet engines, in which we have great faith, and which, if utilized in the phasing out of the DC-3, will go some distance toward righting the imbalance between New York and California in terms of aircraft production and defense contracts.

We are very much gratified to see the door opened to the test of competition, under which this airplane can show its quality in terms of modern advance in aviation, so that our country's progress in that field, so greatly signalized by the great jet aircraft which are flying over all the oceans of the world, may be also made evident in our domestic air service.

With respect to another part of the bill which interests me greatly, I call attention of the Senate to what can be done if we set our minds to it in the vexing problems which cause such tension in the field of segregation and discrimination.

I sought to bring about a solution of this problem in respect of airports. It will be remembered that for 2 successive years I sought to amend the bill in order to prevent any federally financed airport which was providing separate facilities for Negroes and whites from receiving any money under the grants-in-aid for the airports.

The pending bill carries an item of $75 million in such grants-in-aid, among them grants to a number of Southern States, the tabulation of which is to be found on page 480.

I am happy to report that a little showing of mettle, cooperation, and fight on the part of aviation agencies of the Federal Government, on the part of the distinguished Senator from Washington, myself, and others, has had some excellent results. I think the Senate has a right to take satisfaction when, in this very trying field, something good happens.

It is a sad experience to listen to debates such as the one which took place the other evening between the two Senators from Georgia and myself.

A Federal Government survey of airports in 17 Southern and border States showed that there were between 30 and 40 airports where there was segregation either in restaurants or restroom facilities, or in some other way.

A concerted effort was made to change the rules and regulations of the Federal Aviation Agency which dealt with the eligibility of airports for grants-in-aid. Also, the Department of Justice moved into the situation and started four suits in Birmingham, Montgomery, Shreveport, and New Orleans, in order to bring about desegregation of the airports.

I am very much gratified to be able to inform the Senate that very substantial good seems to have been done. I report to the Senate the decision of the court in the case of United States against the City of Montgomery, in which the district judge, by order, eliminated segregation in the Montgomery Airport. Similar results were obtained in New Orleans and Birmingham, and no appeals were taken from those injunctive orders. The Shreveport, La., airport suit is the only one still pending; and there, I believe, without question, the desired result will be obtained, though it has not yet been obtained. So far that is one airport which still resists the tide of events in constitutional law.

The result in this very critical field has been extremely gratifying. Our situation is exposed to every foreigner who comes to this country. It is a matter of pride on the part of the people of the United States that a measurable degree of progress has been made through the use of the Federal machine of the FAA, through agitation on the floor of the Senate, where often, though amendments do not succeed, they have a very profound effect, and through key litigation instituted by the Department of Justice.

That is what the pattern must be. We must never stop in our efforts until this blight on our country is exorcised in every area in which it occurs, including the situation which continues in Albany, Ga. The Department of Justice must be equipped with the necessary authority. The difference between this case and the Albany, Ga., situation is that here, by statute, the Attorney General has the power to sue. Hence it is effective, whereas in the case of Albany and other civil rights situations, other than in interstate transport or voting, he does not have the right to sue to correct the situation which is torturing the South and the country.

The combination of demand and the representation of the interests of people by Senators who I believe represent the preponderant view in this body, giving the Attorney General the right to sue, and obtaining the cooperation of the Federal agencies of Government which are concerned, is going to obtain results, which I think in this case are excellent and do credit to Congress, the Federal Government, and our Nation and enable us to hold our heads a little higher.

I am delighted to report this to the Senate, because I have never hesitated to inveigh against these activities when they do not yield this kind of action. So I am delighted to report these results and give credit where credit is due. I take great satisfaction in the results, and I think the Nation will do likewise.

**Mr. PROXMIRE.** Madam President, a parliamentary inquiry.

**The PRESIDING OFFICER.** The Senator will state it.

**Mr. PROXMIRE.** Is the pending question the motion by the Senator from Iowa [Mr. Miller] to recommit the bill.

**The PRESIDING OFFICER.** The question is on agreeing to the motion by the Senator from Iowa to recommit the bill, with instructions.

**Mr. PROXMIRE.** Madam President, I ask for the yeas and nays on that motion.

The yeas and nays were ordered.

**The PRESIDING OFFICER.** The question is on agreeing to the motion by the Senator from Iowa to recommit, with instructions. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

**Mr. MANSFIELD.** I announce that the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Texas [Mr. Gore], the Senator from Wyoming [Mr. Hickey], the Senator from Minnesota [Mr. Humphrey], the Senator from Tennessee [Mr. Kefauver], the Senator from Ohio [Mr. Lausche], the Senator from Utah [Mr. Moss], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], the Senator from Connecticut [Mr. Dodd], and the Senator from Massachusetts [Mr. Smith] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Mississippi [Mr. Eastland], the Senator from Wyoming [Mr. Hickey], the Senator from Minnesota [Mr. Humphrey], the Senator from Utah [Mr. Moss], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], the Senator from Connecticut [Mr. Dodd], the Senator from Massachusetts [Mr. Smith], the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Symington] would each vote "nay."

**Mr. KUCHEL.** I announce that the Senators from Maryland [Mr. Beall and Butler], the Senator from Utah [Mr. Bennett], the Senator from Delaware [Mr. Boggs], the Senator from Connecticut [Mr. Bush], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from New Hampshire [Mr. Murphy], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr. Scott], and the Senator from Wisconsin [Mr. Wiley] are necessarily absent.

The Senator from New Jersey [Mr. Case] is detained on official business.

If present and voting, the Senator from Connecticut [Mr. Bush], the Senator from New Jersey [Mr. Case], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Pennsylvania [Mr. Scott] would each vote "nay."

On this vote, the Senator from Utah [Mr. Bennett] is paired with the Senator from Maryland [Mr. Beall]. If present and voting, the Senator from Utah would vote "yea" and the Senator from Maryland would vote "nay."

On this vote, the Senator from Idaho [Mr. Jordan] is paired with the Senator from New Hampshire [Mr. Murphy]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from New Hampshire would vote "nay."

The result was announced—yeas 12, nays 57, as follows:

[No. 232 Leg.]

**YEAS—12**

Bottum
Capehart
Curtis
Dirksen
Douglas
Hickenlooper
Miller
Mundt
Proxmire
Tower
Williams, Del.
Young, Ohio

**NAYS—57**

Aiken
Allott
Bartlett
Byrd, W. Va.
Cannon
Carlson
Carroll
Church
Clark
Cooper
Cotton
Ellender
Engle
Ervin
Fong
Fulbright
Hart
Hartke
Hayden
Hill
Holland
Hruska
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Monroney
Morse
Morton
Muskie
Neuberger
Pearson
Prouty
Randolph
Robertson
Smathers
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Williams, N.J.
Yarborough
Young, N. Dak.

**NOT VOTING—31**

Anderson
Beall
Bennett
Bible
Boggs
Burdick
Bush
Butler
Byrd, Va.
Case
Chavez
Dodd
Eastland
Goldwater
Gore
Gruening
Hickey
Humphrey
Jordan, Idaho
Kefauver
Lausche
Moss
Murphy
Pastore
Pell
Russell
Saltonstall
Scott
Smith, Mass.
Symington
Wiley

So Mr. Miller's motion to recommit with instructions, was rejected.

**Mr. MAGNUSON.** Madam President, I move to reconsider the vote by which the motion to recommit was rejected.

**Mr. MANSFIELD.** Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### OPERATION MOHOLE

**Mr. McGEE.** Madam President, I believe that one item on the proposed budget regarding our national scientific effort is worthy of a few additional comments. Much discussion has been held, both in the House, and in the Senate, and in several committees, regarding many aspects of the Nation's Mohole project, but little has been said in regard to the achievement of the basic scientific objectives involved. As we are all well aware, the project was conceived and designed as a fundamental scientific investigation of the earth upon which we live, and from which we extract the minerals and fuels for our well-being; upon the plains of which we grow our food, and in the mountains of which we find much of our enjoyment. The fundamental scientific nature and broad scope of the Mohole project will yield an amazing wealth of scientific data that will lead to a sounder and firmer understanding of the basic nature and history of our earth; of the fundamental geological processes which form and continually modify the face of this earth; of the basic processes that yield our mineral deposits and trap our petroleum fuels; of the basic nature of our continents and our ocean basins; and even a better understanding of our universe, and so forth. We are also well aware that the project will continue to yield technological advances of value to our petroleum and mining industries.

It is my understanding that the National Science Foundation has assumed financial and operational responsibility for the future phases of this project. It is also our understanding that the scientific direction for the project is being provided by the National Academy of Sciences-National Research Council through the direct guidance of its AMSOC Committee. It is worth noting that the project was conceived by the AMSOC Committee and guided by them and their technical staff through the difficult challenges of the initial experimental stages. This preliminary phase was climaxed by the successful drilling of several holes in nearly 12,000 feet of water near Guadalupe Island in April of last year. The AMSOC Committee is composed of outstanding scientists from throughout the Nation involved in all facets of the earth sciences. In this respect the Mohole project is truly one of national interest, national effort, and national cooperation. The initial phases of the Mohole project were also aided well beyond direct requests by many interested oil companies and their personnel.

It is worth noting further that the scientists of the AMSOC Committee have in the past and will continue in the future to devote their personal free time and cooperative efforts, without compensation, to the interest of this fundamental scientific investigation. The AMSOC Committee and its staff is to be commended on the remarkable success of the project to date. It is our expectation that the benefits and future success of the project will continue to be as great under the scientific guidance of this group.

Let me say in conclusion that my people in Wyoming where mineral exploration is a major part of our economy, are deeply interested in this scientific knowledge to be gained from this project; the geological data and new information on mineral formations will be of great value to us. I sincerely hope Operation Mohole may proceed on the right track, with the right priorities in the national interest.

The **PRESIDING OFFICER**. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The **PRESIDING OFFICER**. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. **MANSFIELD**. I announce that the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Virginia [Mr. Byrd], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Tennessee [Mr. Gore], the Senator from Wyoming [Mr. Hickey], the Senator from Minnesota [Mr. Humphrey], the Senator from Tennessee [Mr. Kefauver], and the Senator from Ohio [Mr. Lausche], are absent on official business.

I also announce that the Senator from Utah [Mr. Moss], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], and the Senator from Massachusetts [Mr. Smith], are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Symington], are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Tennessee [Mr. Gore], the Senator from Wyoming [Mr. Hickey], the Senator from Minnesota [Mr. Humphrey], the Senator from Tennessee [Mr. Kefauver], the Senator from Ohio [Mr. Lausche], the Senator from Utah [Mr. Moss], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], the Senator from Massachusetts [Mr. Smith], and the Senator from Missouri [Mr. Symington], would each vote "yea."

Mr. **KUCHEL**. I announce that the Senators from Maryland [Mr. Beall and Mr. Butler], the Senator from Utah [Mr. Bennett], the Senator from Delaware [Mr. Boggs], the Senator from Connecticut [Mr. Bush], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr. Scott], and the Senator from Wisconsin [Mr. Wiley], are necessarily absent.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from Delaware [Mr. Boggs], the Senator from Connecticut [Mr. Bush], the Senator from Idaho [Mr. Jordan], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Pennsylvania [Mr. Scott], would each vote "yea."

The result was anounced—yeas 65, nays 5, as follows:

[No. 233 Leg.]

YEAS—65

Aiken
Allott
Bartlett
Bottum
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Church
Clark
Cooper
Cotton
Dirksen
Dodd
Douglas
Ellender
Engle
Ervin
Fong
Fulbright
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Monroney
Morse
Mundt
Muskie
Neuberger
Pearson
Prouty
Proxmire
Randolph
Robertson
Smathers
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Williams, N.J.
Yarborough
Young, N. Dak.

NAYS—5

Curtis
Miller
Tower
Williams, Del.
Young, Ohio

NOT VOTING—30

Anderson
Beall
Bennett
Bible
Boggs
Burdick
Bush
Butler
Byrd, Va.
Chavez
Eastland
Goldwater
Gore
Gruening
Hickey
Humphrey
Jordan, Idaho
Kefauver
Lausche
Morton
Moss
Murphy
Pastore
Pell
Russell
Saltonstall
Scott
Smith, Mass.
Symington
Wiley

So the bill (H.R. 12711) was passed.

Mr. **MAGNUSON**. Madam President, I move that the Senate insist upon its amendments and request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Magnuson, Mr. Hill, Mr. Ellender, Mr. Robertson, Mr. Russell, Mr. Kerr, Mr. Allott, Mr. Saltonstall, and Mr. Young of North Dakota conferees on the part of the Senate.

Mr. **MANSFIELD**. Madam President, I move that the Senate go into executive session to consider nominations on the Executive Calendar beginning with new reports.

Mr. **HICKENLOOPER**. Madam President, will the Senator withhold that request for about 2 minutes?

Mr. **MANSFIELD**. I withhold it.

## THE APPOINTMENT OF ARTHUR GOLDBERG TO BE AN ASSOCIATE JUSTICE OF THE SUPREME COURT

Mr. **HICKENLOOPER**. Madam President, in the Washington Evening Star of Friday, August 31, there appear two articles on the same general subject matter. One is written by David Lawrence, and is entitled "Kennedy's Goldberg Appointment: Political Factors in Passing Over of Jurists in Selection Criticized."

The other article is written by William S. White, and is entitled "Contest for the Supreme Court: Issue of Modernism Versus Fundamentalism on Constitution Seen in Appointment."

These columnists are very perceptive and write some of the most interesting discussions of public affairs. They are among the best in the Nation, regardless of whether or not one agrees with every article they write.

However, these two articles approach the subject of the Supreme Court with some very important observations. Lest I be misunderstood, I do not believe that anyone questions the very great legal qualifications of Secretary Goldberg as a lawyer. I do not know of anyone who questions his integrity as a man.

These articles discuss the question, in the main, of whether or not a judge may become an advocate on the bench, or whether he will become a jurist who impartially interprets the Constitution and the laws of the country as they are written, and not in accordance with any preconceived or traditional attitudes which he may have developed as a result of his private associations in the past.

I ask unanimous consent that these two articles may be printed in the Record at this point as a part of my remarks.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Evening Star, Aug. 31, 1962]

### Kennedy's Goldberg Appointment; Political Factors and Passing-Over of Jurists in Selection Criticized

(By David Lawrence)

If President Kennedy had selected to be Justice of the Supreme Court a man who had just been serving for many years as chief counsel of the United States Steel Corp. or as a general counsel of the National Association of Manufacturers, what would people say?

If the President had selected to be Chief of Staff of any one of the armed services a man who had never been an officer in any armed service in his life, what would people say?

Yet Mr. Kennedy has just appointed as an Associate Justice of the Supreme Court a man who has never been on the bench—Federal, State, or local. He has picked for the post a man who has served as a partisan of the labor movement. As chief counsel for the National Steelworkers Union, he took an active part in its controversial negotiations with management in recent years, and for a long time was also general counsel for the AFL–CIO.

Even though there are today on the bench in the Federal, State, and local courts several hundred men who have given many years of their lives to judicial service, not one of them was found fit by President Kennedy to serve on the Supreme Court of the United States.

Obviously, the appointment of Secretary of Labor Arthur Goldberg was dictated by politics and political considerations. The motive was hardly concealed. Mr. Goldberg is a good lawyer, and in the course of the next several years he may learn how to be an able judge, perhaps even develop conservative leanings. This happened during the 23 years of service by Justice Felix Frankfurter—originally considered a radical but referred to in recent years as the leader of the conservative bloc on the Supreme Court.

But how much inspiration can it be to men who conscientiously serve on the bench throughout the country, either as district judges or judges on the U.S. Circuit Court of Appeals or on State supreme courts, to find not a single one of their number given consideration for the vacancy created by the retirement of Justice Frankfurter from the High Court?

President Kennedy himself revealed that he learned on Tuesday of the retirement of Justice Frankfurter and within a few hours selected Secretary Goldberg as successor. His mind was made up in advance. No time or opportunity was given for consultation with leaders of the bar or of the Congress.

Why did Mr. Kennedy act so quickly? Because the political requirements had narrowed his field of choice, and the political advantages were obvious. Since Justice Frankfurter happened to be the only member of the Jewish faith on the Court, Mr. Kennedy considered it important to nominate a successor of the same religion. At stake supposedly are the votes of members of a religious group, who presumably are made happy by the choice. Also, many millions of labor-union members and their political leaders who collect campaign funds are expected to become even more beholden to the Kennedy administration because, for the first time in history, a man identified with a big labor organization is being placed upon the Supreme Court.

This line of reasoning is so much taken for granted in politics that, when President Truman failed to appoint a Catholic to succeed a Catholic after the death of Justice Frank Murphy, there was criticism. But Mr. Truman said frankly to friends that he was appointing the successor because he would make a good judge, and for no other reason. President Eisenhower also was urged by his political advisers to select a Catholic. He did so in 1956, but he picked a man who was an outstanding judge on New Jersey's highest court—Justice William J. Brennan, Jr.

Shortly after President Kennedy was inaugurated, it was assumed in political circles that, because of his Jewish faith, Abraham Ribicoff, who had been named Secretary of Health, Education, and Welfare, would be appointed to the Supreme Court when Justice Frankfurter retired. But apparently the President saw a bigger political advantage in appointing Mr. Goldberg, because he not only is of the Jewish faith, but also has been a tremendous influence among the labor unions of the country.

Mr. Frankfurter and other Justices have disclaimed any feeling of loyalty to the interests of any religious faith when passing judgment in cases before the High Court. But politicians still feel they can play games with the American voters and mislead them into thinking that it's important to have all religious faiths represented on the High Court.

Mr. Goldberg may make a good judge, and so may Byron White—both of whom have been appointed by President Kennedy. But today, out of the nine Justices presently serving, there are only three—Stewart, Harlan, and Brennan—who served on the bench before going to the Supreme Court. What an inspiration to the jurists of America. What a shiver of apprehension passes through the country this week as the President says, in effect, in a public speech that these same Supreme Court Justices can and should rewrite our Constitution to conform to ideological considerations.

---

[From the Evening Star, Washington, D.C., Aug. 31, 1961]

(By William S. White)

### CONTEST FOR THE SUPREME COURT; ISSUE OF MODERNISM VERSUS FUNDAMENTALISM ON CONSTITUTION SEEN IN APPOINTMENT

Washington's great unuttered question now is also a great unspoken national issue, whether or not all the people yet know it, and one as profoundly important as it is elusive and enigmatic.

Toward which side in a quiet and historic contest for the mind and spirit of the Supreme Court will its new incoming Justice, the retiring Secretary of Labor Arthur Goldberg, now lean? Will it be toward that constitutional conservatism, expressed by judicial self-restraint, to which the resigned Felix Frankfurter has so nobly devoted so much, before now, at last, he puts down the black robes of an office whose due remoteness and impartiality he has so long defended from the thrusts of judicial "modernism"?

Or will it be toward that reformist experimentation and innovation, that thirst to legislate the law and amend the Constitution from the High Bench rather than to referee the law as written by Congress and the Constitution as written by the founders, which has characterized a majority of the present Court?

Never in all the long history of the most powerful judicial body in all the world has a successor Justice—Arthur Goldberg—had to step into shoes larger and more fateful than here in the shoes of Felix Frankfurter. For the simple truth is that Justice Frankfurter, more than any other man in public life, for a decade has been occupied with a task which has been no less than the preservation of the principles of check and balance and divided powers which are the whole traditional meaning of the American system.

Insistently, he has held that because judges happen to disagree with laws of Congress or of the State legislatures is no good reason to strike them down as invalid. Insistently he has held that because judges may happen to be dissatisfied with a political or moral situation is no reason for them to use the power of the court to proclaim political or moral reforms by act of court, rather than acts of Congress.

Deeply, insistently and consistently, and in spite of the fact that he was foreign-born (Vienna), he has understood, as few Justices have understood, the deep and terrible necessity of avoiding judicial encroachment upon the just powers of the legislative and executive arms of American Government.

As a people we demand the shortcuts of labels. In this sense, Justice Frankfurter has been a "conservative," where much of the Court, led by Chief Justice Earl Warren and Justice Hugo Black, has been "liberal." This means only that Justice Frankfurter has upheld the rights of the system against the asserted and sometimes only alleged rights of individuals—but only where the rights of the system are the more clearly guaranteed under the Constitution. And this means, in turn, that he has understood, where others have not, the exquisite balance between liberty and order, between freedom and responsibility, between private judgment and desire and national good and interest, of which the Constitution is the final symbol and expression.

True enough, he, himself, has concurred in many "liberal" decisions breaking up old traditions and ways of life, as he did, for illustration, in the antisegregation case. But wherever he has done so, he has acted without hatred or punitive spirit toward section or class, without exultation and without regret.

He has acted as a man called to sit upon a high pedestal—a pedestal he has never stained by an excessive public partisanship—and umpire the most complicated of all relationships, that between man and government and government and man. He has read the law for what it is, not for what he thinks it should have been. He has read the Constitution for what it says, not for what he might wish it had said.

**Mr. HICKENLOOPER.** It is very important in our system of government to realize that if, as, and when a judge becomes an advocate in connection with the performance of his duties on the Bench and begins to interpret the Constitution and the laws of this country, not in strict accordance with the Constitution and those laws as they are written, and impartially, the very fact of such advocacy begins to shape the fundamental legal structure of this country.

I do not anticipate that Secretary Goldberg will become an advocate on the Bench. I rather anticipate that he will be an impartial jurist in the interest of the stability of the Constitution and the legal system of our country. However, these are very important discussions of the whole situation, not only at this time, but at other times, both past and present, and therefore merit our serious consideration in connection with the High Bench of this country.

---

## ADDRESS BY RAYMOND TRIBOULET, MINISTER OF VETERANS AFFAIRS OF FRANCE, AT VFW CONVENTION

**Mr. DIRKSEN.** Madam President, the Veterans of Foreign Wars of the United States held its annual national convention, the 63d in the history of the organization, in Minneapolis, Minn.

This year, as has been the custom of the VFW in the past, some of the Nation's most prominent leaders addressed the VFW delegates. In addition to the civilian and military leaders of the United States who spoke at the convention, the speakers included Mr. Raymond Triboulet, Minister of Veterans Affairs for the Republic of France. Minister Triboulet, one of the most prominent and influential members of President de Gaulle's Cabinet, addressed the convention on August 14. Those who were fortunate enough to hear him speak on that occasion have told me that he delivered a very thoughtful address. Also, I am informed that at the conclusion of his speech he received one of the most enthusiastic and prolonged ovations in the history of the VFW.

This thoughtful act by the VFW of inviting Minister Triboulet to be a guest of the VFW at its National Convention is another demonstration of how the VFW is contributing to a better understanding between the United States and our allies. Such considerate action as this by the VFW makes a major contribution to strengthening the bond which must exist between our Nation and those with whom we stand shoulder to shoulder in resisting Communist aggression. I would also like to mention that Minister Triboulet was accompanied to the VFW convention by Mr. Robert-Andre Vivien, Special Assistant to Minister Triboulet, and Mr. Jacques Morette-Bourny, Chief of Staff to the Minister.

Mr. Triboulet was introduced to the thousands of VFW delegates representing the 1,300,000 oversea combat veterans who comprise the membership of the VFW, by the then commander in chief, Mr. Robert E. Hansen, South St. Paul, Minn. Commander Hansen's thoughtful, sincere, and eloquent introduction of Minister Triboulet merits, I believe, careful reading.

Minister Triboulet's address contains numerous thoughts and observations concerning the international situation and United States-French relationships. Because of its very meaningful content, as well as for the clarity of its prose, I include it prefaced by Commander Hansen's introduction, at the conclusion of remarks.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

### Introduction of Mr. Raymond Triboulet, Minister of Veterans Affairs, Republic of France, 63d National Convention, Veterans of Foreign Wars of the United States, Minneapolis, Minn.

There have been few relationships between peoples of different countries that have been as long and lasting as that existing between the veterans of France and the United States.

This bond of brotherhood has been forged in battle and nurtured by mutual love of freedom. In our Revolutionary War, when French soldiers and sailors joined with us in our struggle for freedom, in World War I with its battles of Chateau-Thierry and the Argonne, and in World War II, from the landings in Africa through to the liberation of France's homeland, U.S. fighting men have stood and fought shoulder to shoulder with their French companions in arms.

In view of this deep friendship which has existed through almost two centuries between French and American fighting men, it is, I believe, particularly appropriate that one of the distinguished guests at this 63d national convention of the Veterans of Foreign Wars of the United States should be a man, who not only officially represents the veterans of France, but one whose life has been an embodiment of those soldierly virtues which have gained for the French fighting man the abiding respect and admiration of the Veterans of Foreign Wars.

Mr. Raymond Triboulet holds the high position of Minister of Veterans Affairs in the Republic of France. A graduate of Saint-Cyr (the French West Point), he later attended the University of Paris and graduated with the degree of bachelor of laws. He later obtained the degree of master of arts and letters.

At the outbreak of hostilities in 1939 he served as lieutenant in the French infantry and was mentioned in dispatches on several occasions during the bitter conflict of 1940. Captured by the Germans, he was, a year later, repatriated to France because of serious illness. After partial recovery, Minister Triboulet joined the French underground resistance and performed a major role in establishing the clandestine network between France and her allies.

In April of 1944 Mr. Triboulet was appointed chief of the liberation committee and, shortly after the Allied landing in Normandy, General de Gaulle appointed Mr. Triboulet as the First Lieutenant Governor of the liberated areas.

In 1946 he became the regional inspector for the military government in the occupied zone of the Rhine. Subsequently he was elected a Member of the National Assembly and shortly thereafter became president of the Social Republican Party in France. In that position he took a lead in persuading General de Gaulle to come out of retirement and join the Government. In recognizing the need for the leadership of Charles de Gaulle, Mr. Triboulet has made a historic contribution not only to France, but to the stability of Western Europe and the free world.

Mr. Triboulet's contributions to his nation continued, for after General de Gaulle became Chief of State, Mr. Triboulet was entrusted, together with 38 other Members of the National Assembly, with a historic responsibility of drafting the Constitution of the Fifth Republic of France. Following this, President de Gaulle appointed Mr. Triboulet as a member of his Cabinet, with the portfolio of Minister of Veterans' Affairs.

Personally, and officially as commander in chief of the Veterans of Foreign Wars of the United States, I can testify to the hospitality, assistance and genuine friendship which Minister Triboulet has extended to Col. Leon Turrou, commander of VFW Benjamin Franklin Post 605, Paris, France, and to our entire organization. I am sure that all those who participated in our pilgrimage last fall to the American cemeteries and battlefields of France, will join me in expressing our most heartfelt gratitude to Minister Triboulet.

It is now my privilege to present to you at this time, a friend of the Veterans of Foreign Wars, a distinguished soldier and veteran, the Minister of Veterans' Affairs for the Republic of France, Mr. Raymond Triboulet.

---

### Remarks by Raymond Triboulet, Minister of Veterans' Affairs, France

Dear comrades, thank you, yes, "thank you" will be the first word from the Minister of War Veterans and War Victims of the French Republic.

It was very kind of you to invite me here and to extend to me such a warm welcome to this great national convention of Veterans of Foreign Wars.

I am bringing you the most cordial salute of all your French comrades, veterans of two World Wars.

We are friends, brothers in arms.

You have learned to understand us, under the best conditions, I mean by suffering and risking your lives at our side on French soil.

Who, among you, dear American comrades, does not keep in his heart, since his young years, the rememberance of friendships more lasting than any other memory, the memory of many landscapes of our country, even the memory, sometimes, of a sweetheart.

It is through these dangers, these sufferings and these victories, shared alike, that the French people have learned to know you. Yes; it is recently, that through your young men, strong, daring, and gay, we learned in June 1944, in Normandy, to know the immense territory, the numerous people of the United States of America.

To keep always present the memory of these battles of June 1944, when we learned to respect each other, I found as early as 1945, the D-day commemoration committee which celebrates solemnly every year the anniversary of the 6th of June in the presence of great leaders of Allied armies, such as in 1951 General Eisenhower, who was then commander in chief of the NATO Forces. We have built museums and monuments which bring to life again for the war veterans and reveal to the younger generations, this victory of 1944, these days of danger and brotherhood.

Thus when we meet again, we feel at once the warm comradeship of old times: we joke together, we are ready to help each other, and also we are frank with each other.

Today, reunited by this convention of Veterans of Foreign Wars, we must understand that nothing has changed, that our battle of 1917–18, and 1942–45 is not ended, that we must still be first to fight for peace and a free world, and therefore that our close friendship is more needed than ever.

War veterans are not simple minded: dangers and death do not surprise them and do not frighten them. They do not close their eyes to the truth. They can see clearly that since 1945, when the totalitarian regime of Hitler was defeated, the most dangerous enemy of the free world has become the totalitarian regime of Stalin and today of Khrushchev.

It is an implacable, totalitarian doctrine, ignoring all moral and religious notions in favor of the political imperatives of the party; it is an immense arsenal of rockets and atomic bombs of which Mr. Khrushchev prides himself all year round, threats in his mouth and shoe in hand.

For we must be sincere and clear minded: this threat is growing and since 1945, the Communists have advanced.

The duty of war veterans is clear: it is a duty of frankness. We must admit the failures of the free world and loyally state their causes, in order to find the remedies before it is too late, in one word, in order to gain victory, the purpose of every war veteran.

General de Gaulle, who with the great President Roosevelt and Mr. Churchill, was one of our leaders in the last World War, gives frankly his opinion, in the name of France. This opinion may not please everyone, but when danger is here, one must stop trying to please; one must face danger efficiently.

We note that since 1945, the free world has been held at bay by communism, and General de Gaulle, in the name of France, tells us that this is so because the free world is not united.

Of course there is NATO, but we say that the structure of NATO belongs to the last world war and is not adapted to today's war and even less tomorrow's. NATO is going through a crisis, obvious since a few years and underlined by the resignation of General Norstad.

This does not stop France from remaining within NATO, the most reliable and faithful ally; whether in the U-2 case or in the Berlin situation, France has always supported the United States strongly; I would even suggest that in certain cases, France has been stronger than the United States.

But the most important thing today is that Americans and French veterans get together and agree on solutions for NATO.

I see four:

The first one is that NATO must be widened, as it was created for a European war and the Communist world is fighting and winning elsewhere than in Europe. It is as if NATO was meant for the defense of Texas: it would be useless as neither Texas nor Europe is directly threatened at the moment.

It is on secondary fronts, such as the East, Middle East, and Africa that communism acts and wins.

On these secondary fronts, NATO does not come into play, and the free world is divided.

This deadly division of the free world shows even in the discussions and votes of the

United Nations, created to bring peace and cooperation, which, in New York itself, the largest city of the largest free Nation, has become a tribune, I would say a stage for the propaganda of communism.

This union of the free world on all continents is essential so that the free world may fight communism with efficient weapons and win.

The second solution is that the United States of America, the undisputed leader of the defense of the free world, consider this defense as a common task and commit themselves completely. After the experience of the two World Wars, the French war veterans are convinced that there are no more dreams here of what was called isolationism.

It is undeniable that the day when communism would start to attack an essential front, such as an old European nation, the Americans would soon be drawn into action as well as the French. But NATO has been created precisely for the purpose of discouraging the aggressor by letting it be known that we would fight together in concert from the beginning and not in scattered order, France 3 years ahead as in 1914 and 2 years ahead as in 1939.

The third solution is that France in the interest of common defense should assume a large share of the burden of decisions and responsibilities. * * *

So, as we are prepared to assume an eager share of the defense of the free world with our forces back from Algeria, it is quite natural that we should be entrusted with a larger share of the decisions.

When General de Gaulle asks for this, it is not a dictator's whim; it is the natural policy of all the French people and even if he were not longer here, the same policy would be followed, perhaps with less coherence and authority.

General de Gaulle is only expressing the feeling of all war veterans, French of course, but also I am sure, American, who remember the terrible sacrifices that France suffered during the two World Wars while fighting in the front lines. In short, France is once more ready to suffer tomorrow, if necessary, the first Communist impact, but noone should dispute us the right and the duty to organize our own defense and to participate at the top level in the decisionmaking process for a common defense: it is an honor due, don't you think, dear comrades, to the free nation who suffered the most.

Lastly, the fourth solution, is that we must be firm. When General de Gaulle urges the free nations to be firm toward Khrushchev, he speaks with the commonsense of the soldier and of the statesman, matured through a long and hard experience. If Khrushchev wants war, concessions will not help avoiding it, and if as we very much hope, he does not want war, there is no reason to yield to his demands.

There are the solutions that the war veterans could suggest to their governments.

These solutions would imply, of course, some modifications of structure and of procedure, and an improved organization in the North Atlantic Treaty.

But above all, the United States and France should understand each other and stand by each other completely. And there lies the essential role of the war veterans.

Khrushchev declares that Americans are imperialists and his followers repeat that you are bankers and heartless merchants.

You can rely on us, French war veterans, to deny and destroy these lies. We have suffered side by side, in the dangers and the sufferings of the battlefields. Was there ever such an unselfish fight as yours, American comrades, risking your life thousands of miles away from your native country, to free France that you knew so little?

Khrushchev and his followers call General de Gaulle a dictator and the French people European imperialists and colonialists.

We rely on you, dear comrades, American veterans, to deny and destroy these lies.

General de Gaulle is an experienced President; he acts wisely; he is an old soldier; he speaks frankly. But he is the one who in 1944 restored the Republic, abolished by the Nazis.

Finally, I ask you, my dear fellow veterans from America, to hold Khrushchev up to ridicule, as we do, for his accusing France of being imperialistic and colonialist. The butcher of Budapest indeed has no lesson to teach this nation of ours which in 3 years succeeded in decolonizing more than 12 African countries and among them Algeria, where such a difficult problem of coexistence between communities has to be solved. In the process we managed to maintain the new independent republics in the Western camp, wherein civilization and liberty thrive jointly. May I recall that, according to the last report of the OCDE (an economic agency of the Atlantic Community), France is first in the world as far as the assistance to the underdeveloped countries is concerned? Every French citizen contributes $27 a year to this effort; it is true that you follow close on us since your own average individual contribution is a yearly $26.

Actually we, veterans, have a prominent part to play in the relations of our two countries: We must clear up any misconception and foster our mutual understanding and friendship.

Let us be faithful, we veterans, to our dead: to the French and Americans who gave their lives to the founding of the United States of America; to the Americans and French who died in liberating the soil of France from the pangermanism of Kaiser Wilhelm: to those Americans who lie buried in the vast military cemerteries of Normandy or Lorraine, at Colleville-Saint-Laurent or at Saint Avold, who gave their lives in freeing France and Europe from nazism and Hitler; to all those, who have fallen in the great crusade to which our two peoples have belonged, down through the years. For right against might. For liberty against oppression.

American friends, may God favor our loyal cooperation, our honest friendship; and we, the veterans of wars, we will help our children to defeat communism, we will prepare the victor of good over evil.

### APPOINTMENT OF WILLIAM WILLARD WIRTZ AS SECRETARY OF LABOR

Mr. DOUGLAS. Madam President, the President of the United States made another extraordinarily good appointment yesterday when he designated Mr. William Willard Wirtz, of Illinois, to be Secretary of Labor, to succeed Arthur Goldberg.

Mr. Wirtz has had a distinguished record in the practice of law, as a professor of law at Northwestern University, as a Government official during World War II, and as a skilled and impartial and highly successful mediator and arbitrator in labor disputes since World War II.

He has been Under Secretary of Labor to Mr. Goldberg during the past year and a half. He has covered himself with glory.

We are losing a great Secretary of Labor, who will become a truly great justice of the Supreme Court, and we are gaining in his place as Secretary of Labor one of the most competent men in the country.

I cannot help but be proud of my State, which has furnished to the Nation two extraordinary men in the persons of Arthur Goldberg and William Willard Wirtz.

### CONGRESSIONAL SELF-RESTRAINT IN MILITARY EXPENDITURES

Mr. DOUGLAS. Madam President, the Senator from Wisconsin [Mr. PROXMIRE] has been performing a valuable service to Congress and the country in his continuous efforts to point out the nature and consequences of the current practice of largely undisciplined spending for military purposes.

In his speeches and in his untiring efforts to apply the principles he advocates to specific appropriation bills, the Senator from Wisconsin has pointed out that our huge Military Establishment seems to have an unchallenged propensity to suck in vast amounts of money for purposes not necessarily based on rational spending choices. It is a special irony of this situation that this rapid pumping of our resources into the military fields may lead to our being weaker militarily rather than stronger. A fundamental lesson to be learned from an understanding of this condition, as the Senator points out, is that what we badly need is more congressional self-restraint, for we often fail to recognize that a major factor in our military spending is the vigorous substitution by Members of Congress of nonmilitary judgments for military judgments.

Madam President, I ask unanimous consent to have printed at this point in the RECORD a fine article on this subject, entitled "Spendthrifts for Defense," written by Senator PROXMIRE, and published in the Nation for August 25, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### SPENDTHRIFTS FOR DEFENSE

(By Senator WILLIAM PROXMIRE, of Wisconsin)

It is a grim fact of life in today's troubled world that America must rely heavily on military strength to maintain peace. Effective, multilateral, arms reduction undoubtedly represents the fervent hope of all peoples. But without U.S. armed power as the solid basis for negotiation, it will be impossible to achieve.

Peace with freedom is our objective. Our military force is a means to help achieve that objective. Nothing more.

There is an immense potential danger, however, in our reliance on military power, the danger which former President Eisenhower, a lifelong soldier, warned against when he said his farewell speech to the Nation:

"In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and libery may prosper together."

My own experience in the Senate has shown me the painful inability of our democracy to resist the momentum of excessive spending and waste that accompanies our vast Military Establishment.

On August 3, 1961, the U.S. Senate voted, 87 to 4, to buy a hundred additional B-52 and B-58 manned bombers at a cost of $525 million. This resounding mandate for bombers was passed in spite of the fact that:

1. President Kennedy had not requested these bombers in his $47 billion defense budget.

2. Secretary of Defense Robert McNamara had testified before the Armed Services and Appropriations Committees of both Houses of Congress that procurement of the additional bombers was not necessary for the national defense.

3. The Defense Department officials responsible for strategy, research and development, and procurement, all testified against buying these planes.

4. In a strongly worded letter to me sent the day before the Senate vote, Secretary McNamara wrote:

"I repeat my previously stated opinion that it is not necessary for the Congress to appropriate funds in fiscal year 1962 above administration requests for B-52 and B-58 bombers. Inherent in this is my belief that the production of B-52's and B-58's is already adequately protected for the period of time involved in our further study of the bomber concept."

Only three Senators joined me in voting for my amendment, which would have eliminated this appropriation. In the Senate debate, we had made an overwhelming case against spending more than half a billion dollars in this way. Yet some 95 percent of the Senators voting that day rejected the logic of the case, rejected the advice of the President, the Secretary of Defense and his aides, and voted to appropriate the funds. This was more money than was spent in that year by the Federal Government for medical research; more than was spent for all Federal housing programs; more than the budgets allocated to the U.S. Forest Service, the National Park Service, and the Fish and Wildlife Service combined.

This episode is worth noting because it is a classic example of providing money in the name of defense which is not based on a solid analysis of our military requirements. It is a symptom of a growing tendency to use defense to justify Federal spending that's not really needed for military purposes.

As a rationalization for Federal expenditure, national defense has few peers. Programs that wouldn't get a second look from Congress flit through if they are attached to an Armed Forces appropriation. Yet substantial portions of our military budgets do not provide the kind of specific military strength that is needed.

These extra expenditures often are excused on the grounds that they "strengthen the economy." Undoubtedly they serve to keep assembly lines going and plants running, but whether the production of millions or billions of dollars' worth of unneeded hardware can be described as useful employment of human and natural resources is doubtful.

Defense spending not related to military needs also wins support for other reasons. An influential Congressman, a member of the key Appropriations Committee, put it this way in a recent public statement:

"I am convinced defense is only one of the factors that enter into our determination for defense spending. The others are pump priming, spreading the immediate benefits of defense spending, taking care of all services, giving all defense contractors a fair share, spreading the military bases to include all sections, etc. There is no State in the Union and hardly a district in a State which doesn't have defense spending, contracting, or a defense establishment. We see the effect in public and congressional insistence on continuing contracts, or operating military bases, though the need has expired."

I reject these excuses for military spending, not just because they result in a massive unnecessary expenditure of tax funds, but also because I believe that the prime purpose of our military and defense capability should be to make possible meaningful negotiations aimed at securing peace and protecting freedom.

"We arm to parley," said Sir Winston Churchill, and President Kennedy has echoed his words. I do not believe that the present conflict of the interests of the United States and the Soviet bloc in many corners of the world permits any substantial reduction in our military capabilities. Many individuals whom I respect do believe that steps toward disarmament, perhaps unilateral steps, would be useful gestures toward thawing the cold war climate. I believe, however, that Soviet intransigence, particularly in the difficult Berlin situation, requires the United States to maintain its strength. Only in this way will our negotiators be able to command the respect at the conference table that is essential if effective agreements are to be achieved.

Unfortunately, vast portions of our military expenditure are not based on a sober analysis of the military strength needed to deter Soviet ambitions and to facilitate constructive negotiations. Indeed, most of the lobbying that goes on in favor of increased defense spending bears little relation to our Nation's actual hard defense needs. And the lobbying is substantial—often open, sometimes more subtle. It feeds on the "anything goes for defense" attitude that transforms otherwise fiscally responsible Members of the House and Senate into openfisted spendthrifts.

The paradox is that this attitude may be resulting in a weaker defense as well as swollen defense budgets. The heaviest lobbying pressure—and the most potent with Congress—is to hold on to old weapons, keep old assembly lines going and maintain old jobs. In an age when spectacular changes in military technology are routine, such an attitude is dangerous in the extreme.

The most important defense "lobby" is so obvious it is often overlooked since it consists of Members of Congress, both Senators and Representatives. In an understandable zeal to aid industry and workers in home States and districts, many Congressmen in effect act as highly potent lobbyists for military spending.

As a Senator, I feel that an appeal from a firm in my State asking for help in getting a defense contract merits my support. Indeed, it is hardly fair to the economic wellbeing of an area for its legislative representatives not to work to channel defense expenditures to it, since other Congressmen from other States are doing their level best to attract those funds.

An able Congressman from West Virginia, liberal Democrat **Ken Hechler**, in June of 1959 put it this way in a speech in the House:

"I am firmly against the kind of logrolling which would subject our defense program to narrowly sectional or selfish pulling and hauling. But I am getting pretty hot under the collar about the way my State of West Virginia is shortchanged in Army, Navy, and Air Force installations. I am going to stand up on my hind legs and roar until West Virginia gets the fair treatment she deserves."

As long as a large military budget is a fact of life in our country, I must agree with Congressman **Hechler's** contention that due attention should be paid to achieving a reasonable distribution of defense procurement around the country. It would be foolish to overlook the economic impact of defense spending, which can help promote economic growth and employment in areas suffering from severe depression or recession.

But the important point is that this should not be permitted to lap over into the realm where decisions on what is needed to assure adequate military capability are made. It is one thing to use commonsense and good judgment in deciding where certain items should be manufactured, taking account of costs, unemployment, strategic dispersal, transportation, and so forth. But it is quite a different thing to let nonmilitary factors influence the choice of weapons, and with it the type of military defense and the size of the defense budget to which our Nation is committed.

Testifying before a House subcommittee a few years ago, an officer of a major defense contractor said:

"Many of the most important decisions in the defense of our country are not made by military technicians. They are made in the Congress of the United States."

I do not think this statement is accurate. But it is obvious that many Congressmen act as if it were true. The case of the Nike-Zeus anti-missile-missile is a good illustration.

The first successful proof test of this weapon took place in July 1962. A Nike-Zeus rocket fired from a Pacific island intercepted a rocket that had been fired from another island, scoring the United States equivalent to Khrushchev's boast that Soviet rockets could hit a fly in outer space. The Defense Department indicated there had been a previous unsuccessful attempt to test this device. The restraint of the public announcement made it clear that there is a long way to go before the Nike-Zeus can be counted on reliably to perform its allotted task of meeting and destroying incoming enemy nuclear missiles.

Yet as long ago as February 1961—just after President Kennedy took office—a number of Congressmen rose to sing the praises of the Nike-Zeus system, urging that a $410 million production commitment be made at once. The speeches occurred after an article appeared in the magazine Army with a map showing how much of the $410 million would be spent in each of 37 States. Each of the congressional Nike-Zeus enthusiasts represented one of those States.

More recently, a member of the House Appropriations Committee wearied Pentagon witnesses by his repeated requests that the Defense Department see what could be done to utilize a costly but obsolete item manufactured in his home district.

The debate on the B-70 bomber (renamed the RS-70, for "reconnaisance strike") this year resulted in Congress' adding a generous ladle of funds for further development and procurement of this controversial plane desired by the Air Force. In the months leading up to that conclusion, dozens of Congressmen expounded on the virtues of the RS-70.

Certainly there is nothing sinister about these kinds of public statements and inquiries. Each of the Senators and Congressmen unquestionably had a right to tout the virtues of products of his State or district. However, the total effect of the utterances is, at best, misleading. It can be more serious than that if it sways the judgment of the military decisionmakers. These public enthusiasms for specific kinds of military hardware are not based on an informed evaluation of our defense needs—though garbed in language which makes them appear that way—but rather on the benefits they confer on a particular region or industry or branch of the Armed Forces.

They also have the effect of encouraging the "anything goes for defense" attitude which makes fiscal responsibility in other aspects of Federal policy appear so futile. The competition for contract awards is certainly easier for everyone when there is a larger pie to dish out. The argument is made that we should err on the side of caution.

More, it is said, is better than war. The authoritative Congressional Quarterly has reported that Members of Congress went so far as to telephone President Eisenhower to tell him they were voting for higher defense appropriations in response to local pressures generated by the Pentagon.

In a colloquy with me in the Senate recently, Senator RICHARD B. RUSSELL, of Georgia, chairman of the Senate Armed Services Committee and a member of the Defense Appropriations Subcommittee, made the following remarkable statement:

"There is something about preparing for destruction that causes men to be more careless in spending money than they would be if they were building for constructive purposes. Why that is I do not know; but I have observed, over a period of almost 30 years in the Senate, that there is something about buying arms with which to kill, to destroy, to wipe out cities, and to obliterate great transportation systems which causes men not to reckon the dollar cost as closely as they do when they think about proper housing and the care of the health of human beings."

The kind of waste that troubles me is what results from the effort to perpetuate the production of items that are not needed to maintain our military strength. It is this that is so profoundly wrong.

I am confident that Secretary McNamara fully shares my view on this. With great dedication and skill he has pursued a course of deciding on the basis of evidence and logic what military capability is needed, then setting out to procure just that amount of strength in the most efficient possible way.

He is apparently unmoved by the appeals of industry, Congressmen, or the service branches that he give special consideration to pet projects. In his determination to continue this policy he deserves full support. In addition, he has undertaken a comprehensive cost-reduction program which in 5 years is expected to cut Defense Department spending by $3 billion per year.

In fact, due to Secretary McNamara's determination, there is a happy ending to the $525 million manned-bomber procurement that the Senate voted last August. When this year's appropriation was up, the Secretary reported that he had not spent the money and that, accordingly, the Air Force budget request was reduced by that amount.

## THE CALENDAR

**Mr. MANSFIELD.** Madam President, with the concurrence of the Senate, I should like to proceed to the consideration of measures on the calendar to which there is no objection, beginning with Calendar No. 1888.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. MANSFIELD.** Madam President, I ask unanimous consent that at the appropriate place an explanation for the reasons for the legislation may be printed in the RECORD.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

The clerk will proceed with the call of the calendar, beginning with Calendar No. 1888.

## DELAWARE-NEW JERSEY COMPACT TO ESTABLISH DELAWARE RIVER AND BAY AUTHORITY

The joint resolution (H.J. Res. 783) granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay was considered, ordered to a third reading, was read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1927), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE

The purpose of House Joint Reslution 783 is to grant the consent of Congress, as required under section 10, article I of the Constitution, to the States of Delaware and New Jersey to enter into a compact to establish the Delaware River and Bay Authority for developing the area in both States bordering the Delaware River and Bay. The compact has been adopted by identical legislation of the two States.

### STATEMENT

In summary, the compact establishes the authority for the purposes of: (a) Planning and constructing crossings; (b) planning and constructing transportation and terminal facilities; and (e) performance of other functions hereafter entrusted by the States. Five commissioners will be appointed by each State; three from each State being required for a quorum and also for authority action. The compact details the powers to be exercised by the authority and also permits it to be given additional powers. The authority will be authorized to collect tolls on crossings and facilities and to pledge tolls for the repayment of borrowings. The aggregate of such tolls must be at least sufficient to defray operating and acquisition costs and the establishment of reserves.

### THE COMPACT

Article I of the compact contains its title.

Article II sets forth definitions.

Article III pledges the cooperation of the two States.

Article IV establishes the authority and sets forth its purposes.

Article V provides for the composition of the authority, the terms of commissioners, their removal, replacement, and reimbursement.

Article VI provides the requirements for authority action.

Article VII sets forth in detail the general powers of the authority, which appear to conform to those set forth in other interstate authority compacts.

Article VIII provides that additional powers may be given the authority by the States or by the Congress.

Article IX endows the authority with the power of eminent domain.

Article X authorizes the establishment of tolls and makes provision for their application.

Article XI contains a convenant between the States and with the holders of obligations of the authority for which there may be pledged the tolls and revenue of any crossing or facility, that the States will not, so long as such obligations remain outstanding, impair the power of the authority to establish tolls and will not so long as such obligations remain outstanding, authorize any crossing of the Delaware River or Bay by any person other than the authority; unless adequate provision is made for the protection of creditors.

Article XII makes the securities issued by the authority lawful investments.

Article XIII gives the authority tax exempt status.

Article XIV authorizes the use and occupancy by the authority of lands in the two States.

Article XV provides for judicial review of authority bylaws, rules, regulations, and orders.

Article XVI provides that the authority shall have no power to pledge the credit or create any debt or liability of the two States.

Article XVII authorizes and empowers political subdivisions of the two States to cooperate with the authority.

Article XVIII authorizes banks to act as depositories of authority funds.

Article XIX provides for an agency police.

Article XX requires the authority to make annual reports and to cause independent audits of its affairs to be made annually.

Article XXI declares that the existing territorial boundaries of the States and the jurisdiction of the two States are not changed by the compact.

### JOINT RESOLUTION

Section 1 of the joint resolution gives the consent of Congress to the two States to enter into the compact, reserving the right and jurisdiction of the United States in and over the area which forms the subject matter of the compact. In addition, the compact contains the following reservations and conditions:

(1) Projects of the authority shall be subject to the requirements of the Fish and Wildlife Coordination Act (sec. 2, suggested by the Department of the Interior).

(2) Nothing in the resolution amends or supersedes the Delaware River Basin compact resolution (75 Stat. 688) (sec. 3(a), suggested by the Department of the Interior).

(3) Nothing in the resolution is to be construed as granting the consent of Congress to the use of tolls collected on any crossing for financing of any transportation or terminal facility constructed by the authority (sec. 3(b), suggested by the Department of Commerce); nor

(4) As granting advance consent for the performance of "other" functions or "additional" powers (sec. 3(c), suggested by the Department of Commerce).

(5) Congress reserves the right of its committees to require submission of information and data (sec. 4), and

(6) The right of Congress to alter, amend, or repeal the resolution is reserved (sec. 5).

It is noted in House Report No. 1981 that on June 28, 1962, Subcommittee No. 3, House Committee on the Judiciary, held a hearing on House Joint Resolution 555, a predecessor resolution, at which the Governors of Delaware and New Jersey and other witnesses from both States, testifying in support of the legislation, agreed to the substance of the amendments that were incorporated by the House Judiciary Committee in this resolution, House Joint Resolution 783.

The proposed compact is one of the conventional type and does not involve any question of constitutionality nor any expenditure of money on the part of the United States and, further, is not in derogation of any presently constituted authority of the United States. The committee feels that the purposes to be served by the compact are worth while and beneficial to the States involved and, therefore, recommends that the resolution be given favorable consideration.

## ROBERT J. SCANLAN

The bill (S. 453) for the relief of Robert J. Scanlan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Robert J. Scanlan, of Colorado Springs, Colorado, is hereby relieved of all liability for repayment to the United States of the sum of $2,199.60, representing unauthorized payments of per diem which he received as a Sergeant First

Class, United States Army, for the period from December 1, 1953, to October 31, 1954, while he was serving on active duty at Tsuchiura, Honshu, Japan, such payments having been made as a result of administrative error.

SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Robert J. Scanlan, the sum of any amounts received or withheld from him on account of the payments referred to in the first section of this Act.

### NATIONAL SCHOOL LUNCH WEEK

The joint resolution (S.J. Res. 211) providing for the establishment of an annual National School Lunch Week was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the seven-day period beginning on the second Sunday of October in each year is hereby designated as National School Lunch Week, and the President is requested to issue annually a proclamation calling on the people of the United States to observe such week with appropriate ceremonies and activities.

### AMERICAN HOSPITAL IN PARIS

The bill (H.R. 11996) to amend the Act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession was considered, ordered to a third reading, was read the third time, and passed.

### DINKO DORCIC

The bill (S. 136) for the relief of Dinko Dorcic was considered, order to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Dinko Dorcic shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

### IVANKA VLADIMIROVNA TINDEK

The bill (S. 1848) for the relief of Ivanka Vladimirovna Tindek was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Ivanka Vladimirovna Tindek, who lost United States citizenship under the provisions of paragraph (5) of section 349(a) of the Immigration and Nationality Act, may be naturalized by taking, prior to one year after the date of the enactment of this Act, before any court referred to in subsection (a) of section 310 of the Immigration and Nationality Act or before any diplomatic or consular officer of the United States abroad, an oath as prescribed by section 337 of such Act. From and after naturalization under this Act, the said Ivanka Vladimirovna Tindek shall have the same citizenship status as that which existed immediately prior to its loss.

SEC. 2. The provisions of section 301(b) of the Immigration and Nationality Act shall not be applicable to Ivanka Vladimirovna Tindek.

### MR. AND MRS. JUAN C. JACOBE

The bill (S. 2684) for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

### ROBERT D. BARBEE

The bill (S. 2687) for the relief of Robert D. Barbee was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert D. Barbee of Yosemite National Park, California, the sum of $4,000, in full satisfaction of all claims of the said Robert D. Barbee against the United States for compensation for personal property damages sustained by him and his family as the result of a fire on September 5, 1961, which destroyed the Government-owned quarters at Maraine Park, Colorado, which he and his family were occupying while he was employed as a seasonal ranger at Rocky Mountain National Park, Colorado, such fire having been caused by an improperly constructed fireplace in such quarters: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

### CARMELO RAFALA

The bill (S. 2836) Carmelo Rafala was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding the provisions of sections 212(a) (9) and (10) of the Immigration and Nationality Act, Carmelo Rafala may be issued a visa and be admitted to the United States for permanent residence if otherwise admissible under the provisions of that Act: *Provided,* That the exceptions granted herein shall apply only to grounds for exclusion of which the Department of State and the Department of Justice have knowledge prior to the enactment of this Act.

### RAYMOND CHESTER HENDON

The bill (S. 2922) for the relief of Raymond Chester Hendon was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Raymond Chester Hendon, YN1, United States Navy, of Smyrna, Tennessee, the sum of $516.86, in full satisfaction of all his claims against the United States for reimbursement for the cost of shipping his household effects from Arlington, Virginia, to Smyrna, Tennessee, on May 8, 1961, incident to his anticipated release from active duty and transfer to the Fleet Reserve in the near future: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

### MRS. LEE MA CHIN-YING

The bill (S. 3240) for the relief of Mrs. Lee Ma Chin-Ying was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Mrs. Lee Ma Chin-Ying shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

### LAZARO LOYOLA ARINQUE, JR.

The bill (S. 3336) for the relief of Lazaro Loyola Arinque, Jr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Lazaro Loyola Arinque, Junior, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this

Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

### CRISTINA FRANCO

The Senate proceeded to consider the bill (S. 972) for the relief of Cristina Franco which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 11, after the word "Act", to insert a colon and "*And provided further*, That a suitable bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act."; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, notwithstanding the provisions of paragraph (1) of section 212(a) of the Immigration and Nationality Act, Cristina Franco may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided*, That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act: *And provided further*, That a suitable bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

### MARIE MARGARET ARVANETES

The Senate proceeded to consider the bill (S. 1263) for the relief of Marie Margaret Arvanetes which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Marie Margaret Arvanetes may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Richard Paul Mohr, citizens of the United States, in behalf of the said Marie Margaret Arvanetes pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

### ENRICO PETRUCCI

The Senate proceeded to consider the bill (S. 3419) for the relief of Enrico Petrucci, which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Enrico Petrucci may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Matthew J. Hannon, citizens of the United States, in behalf of the said Enrico Petrucci pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

### OH SHIN YOUNG

The Senate proceeded to consider the bill (S. 3490) for the relief of Oh Shin Young which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Oh Shin Young may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Everett and Grace Clark, citizens of the United States, in behalf of the said Oh Shin Young pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

### DUK MAN LEE AND MAL SOON LEE

The Senate proceeded to consider the bill (S. 2753) for the relief of Duk Man Lee and Mal Soon Lee which had been reported from the Committee on the Judiciary, with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Duk Man Lee and Soon Mal Lee may be classified as eligible orphans within the meaning of section 101 (b)(1)(F) of the said Act and petitions may be filed by Mrs. Kut Pok Chung, a citizen of the United States, in behalf of the said Duk Man Lee and Soon Mal Lee pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Duk Man Lee and Soon Mal Lee."

### APPEALS IMPROVIDENTLY TAKEN

The bill (H.R. 75) to amend section 2103 of title 28, United States Code, relating to appeals improvidently taken, was announced as next in order.

**Mr. MORSE.** Mr. President, may we have an explanation of the bill?

**Mr. MANSFIELD.** Madam President, I read the following letter, dated May 4, 1961, from Byron R. White, Deputy Attorney General. Mr. White is now an Associate Justice of the Supreme Court of the United States. He states:

Section 2103 of title 28, United States Code provides that if an appeal is taken to the Supreme Court improvidently from the highest court of a State where the proper mode or review is by certiorari, the Supreme Court shall consider the case as if a petition for certiorari has been timely filed. The bill would amend section 2103 to provide the same treatment where an appeal is taken from a U.S. court of appeals to the Supreme Court.

The primary purpose of this bill appears to be to require the Supreme Court to treat these appeals, improperly taken, as petitions for certiorari, just as the statute now requires appeals improperly taken from State courts to be treated as certiorari petitions. There would appear to be no objection to the proposal, and it does have the affirmative advantage in forma pauperis cases of not penalizing poor litigants (who frequently prepare their own papers) for taking the wrong route to the Supreme Court from an adverse decision of a court of appeals. Accordingly, the Department of Justice would have no objection to the enactment of this bill.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

BYRON R. WHITE,
*Deputy Attorney General.*

**Mr. MORSE.** I have no objection.

The bill (H.R. 75) was considered, ordered to a third reading, read the third time, and passed.

### HOSPITAL AND MEDICAL CARE FOR CERTAIN LIABLE THIRD PERSONS—BILL PASSED OVER

The bill (H.R. 298) to provide for the recovery from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States, was announced as next in order.

**Mr. MORSE.** Madam President, may we have an explanation of the bill?

**Mr. MANSFIELD.** The purpose of the proposed legislation is to provide for the recovery by the United States from negligent third persons for the cost of hospital, medical, surgical, or dental care and treatment furnished by the United States, pursuant to authority or requirement of law, to a person who is injured or suffers a disease under circumstances creating a tort liability upon such third person.

**Mr. KEATING.** Madam President, there was a case in the Supreme Court which held that the United States could not recover from a third person who had committed a tort which resulted in a soldier or a civilian being in a Government hospital, and the Government paying out a large sum of money.

The bill is intended to put the United States in a position in which any other third party would be, to recover such hospital expense.

**Mr. MORSE.** Probably the bill is all right; but I should like to have time to study it, because the United States engages with a great many people by its immunity in regard to suits. What is sauce for the gander ought to be sauce for the goose. I ask that the bill go over.

The **PRESIDING OFFICER.** The bill will be passed over.

### GEORGES KHOURY

The bill (H.R. 1322) for the relief of Georges Khoury was considered, ordered to a third reading, read the third time, and passed.

### MARIE ODELIA CAMPOS

The bill (H.R. 1450) for the relief of Maria Odelia Campos was considered, ordered to a third reading, read the third time, and passed.

### JUDY JOSEPHINE ALCANTARA

The bill (H.R. 1463) for the relief of Judy Josephine Alcantara was considered, ordered to a third reading, read the third time, and passed.

### JACQUES TAWIL

The bill (H.R. 1678) for the relief of Jacques Tawil was considered, ordered to a third reading, read the third time, and passed.

### CHARLES F. WARD, JR., AND BILLY W. CRANE, SR.

The bill (H.R. 2611) for the relief of Charles F. Ward, Jr., and Billy W. Crane, Sr., was considered, ordered to a third reading, read the third time, and passed.

### BILL PASSED OVER

The bill (H.R. 3134) for the relief of Alvin Bardin was announced as next in order.

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

### FOTIOS SAKELAROPOULOS KAPLAN

The bill (H.R. 4628) for the relief of Fotios Sakelaropoulos Kaplan was considered, ordered to a third reading, read the third time, and passed.

### MRS. SUN YEE

The bill (H.R. 5317) for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee was considered, ordered to a third reading, read the third time, and passed.

### BILLS PASSED OVER

The bill (H.R. 5393) to amend the Bankruptcy Act, as amended, was announced as next in order.

Mr. MORSE. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 6649) for the relief of C. W. Jones was announced as next in order.

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

### ESTATE OF LOUIS J. SIMPSON

The bill (H.R. 7328) for the relief of the estate of Louis J. Simpson, deceased, was considered, ordered to a third reading, read the third time, and passed.

### STELLA ROSA PAGANO

The bill (H.R. 7437) for the relief of Stella Rosa Pagano was considered, ordered to a third reading, read the third time, and passed.

### LT. JAMES B. STEWART

The bill (H.R. 7900) for the relief of Lt. (junior grade) James B. Stewart was considered, ordered to a third reading, read the third time, and passed.

### KIM JUNG IM

The bill (H.R. 9589) for the relief of Kim Jung Im was considered, ordered to a third reading, read the third time, and passed.

### ESTELLE L. HEARD

The bill (H.R. 9834) for the relief of Estelle L. Heard was considered, ordered to a third reading, read the third time, and passed.

### NIHAT ALI UCUNCU

The bill (H.R. 9775) for the relief of Nihat Ali Ucuncu was considered, ordered to a third reading, read the third time, and passed.

### PUBLIC HEALTH SERVICE STATION PER DIEM ALLOWANCES

The bill (H.R. 10195) to validate payments of certain special station per diem allowances and certain basic allowances for quarters made in good faith to commissioned officers of the Public Health Service was announced as next in order.

Mr. MORSE. Madam President, may we have an explanation of the bill?

Mr. MANSFIELD. Madam President, the purpose of the proposed legislation is to validate first, payments of special station per diem allowances for quarters made before January 1, 1959, to commissioned officers of the Public Health Service having Alaska as their permanent duty station at the time of payment, which payments were not valid because the officers occupied Government rental quarters at less than their basic allowance for quarters, and second, payments of basic allowances for quarters made before February 1, 1959, to commissioned officers of the Public Health Service occupying Government rental quarters at Indian health facilities, which payments were not valid because such quarters were adequate public quarters. The bill would further authorize the refund of any amounts repaid by the officers as the result of this sequence of events upon application made in 1 year.

Mr. MORSE. I have no objection.

The bill (H.R. 10195) was considered, ordered to a third reading, read the third time, and passed.

### DISCHARGE OF PRISONERS

The bill (H.R. 10493) to amend title 18, United States Code, section 4163, relating to discharge of prisoners was announced as next in order.

Mr. MANSFIELD. Madam President, the purpose of the bill is to authorize the warden or keeper of a Federal penitentiary to release a prisoner on the work day preceding his release date if that date falls on a Saturday, Sunday, or holiday.

The bill (H.R. 10493) was considered, ordered to a third reading, read the third time, and passed.

### GRATUITY FURNISHED BY ATTORNEY GENERAL TO DISCHARGED PRISONERS

The bill (H.R. 11017) to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole was considered, ordered to a third reading, read the third time, and passed.

### GEORGE WM. RUEFF, INC.

The bill (H.R. 11031) for the relief of George Wm. Rueff, Inc., was considered, ordered to a third reading, read the third time, and passed.

### EDWARD J. McMANUS

The bill (H.R. 11122) for the relief of Edward J. McManus was considered, ordered to a third reading, read the third time, and passed.

### VERNON J. WIERSMA

The bill (H.R. 11863) for the relief of Vernon J. Wiersma was considered, ordered to a third reading, read the third time, and passed.

### CHARLES GAMBINO

The Senate proceeded to consider the bill (H.R. 11914) for the relief of Charles Gambino, which had been reported from the Committee on the Judiciary with an amendment in line 7, after the word "States", to insert a colon and "*Provided,* That the stepmother of the said Charles Gambino shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

### SALARIES OF RETIRED REFEREES

The bill (H.R. 12157) to amend the Bankruptcy Act in respect to the salaries of retired referees was considered, ordered to a third reading, read the third time, and passed.

### SOON TAI LIM

The Senate proceeded to consider the bill (H.R. 2125) for the relief of Soon Tai Lim, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

> That, in the administration of the Immigration and Nationality Act, Soon Tai Lim may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed

by Shi Kyun Lim, a citizen of the United States, in behalf of the said Soon Tai Lim pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

### JOAO DE FREITAS FERREIRA DE VASCONCELOS

The Senate proceeded to consider the bill (H.R. 3125) for the relief of Joao de Freitas Ferreira de Vasconcelos, which had been reported from the Committee on the Judiciary with an amendment in line 7, after the word "States", to insert a colon and "*Provided*, That the natural mother of the said Joao de Feritas Ferreira de Vasconcelos shall not, by virtue of such parentage be accorded any right, privilege, or status under the Immigration and Nationality Act."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

### PAGONA PASCOPOULOS

The Senate proceeded to consider the bill (H.R. 3719) for the relief of Pagona Pascopoulos, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Pagona Pascopoulos may be classified as an eligible orphan within the meaning of section 101(b)(1)(F), and a petition may be filed in behalf of the said Pagona Pascopoulos by Peter Pascopoulos, a citizen of the United States, pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

### MAURIZIO PLACIDI

The Senate proceeded to consider the bill (H.R. 6653) for the relief of Maurizio Placidi, which had been reported from the Committee on the Judiciary with an amendment in line 7, after the word "States", to insert a colon and "*Provided*, That the natural mother of the said Maurizio Placidi shall not, by virtue of such parentage be accorded any right, privilege, or status under the Immigration and Nationality Act."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

### PEDRO BIGORNIA BANDAYREL

The Senate proceeded to consider the bill (H.R. 1461) for the relief of Pedro Bigornia Bandayrel, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Pedro Bigornia Bandayrel, Matias T. Falcasantos, and Octavio Jimenez Marquez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act for the relief of certain aliens."

### GENNARO PRUDENTE

The Senate proceeded to consider the bill (H.R. 3619) for the relief of Gennaro Prudente, which had been reported from the Committee on the Judiciary with amendments on page 1, at the beginning of line 5, to insert "may be issued a visa and"; and in line 10, after the word "Act," to insert a colon and "*And provided further*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

### DARIO TACQUECHEL

The Senate proceeded to consider the bill (H.R. 7582) for the relief of Dario Tacquechel, which had been reported from the Committee on the Judiciary with an amendment in line 4, after the name "Dario", to strike out "Tacquechel" and insert "Taquechel".

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act for the relief of Dario Taquechel."

### CERTIFICATES OF HONORABLE DISCHARGE IN LIEU OF CERTIFICATES OF DISENROLLMENT, COAST GUARD RESERVE

The Senate proceeded to consider the bill (H.R. 2292) to authorize the Secretary of the Treasury to issue certificates of honorable discharge in lieu of certificates of disenrollment to certain persons who served as temporary members of the United States Coast Guard Reserve during World War II, which had been reported from the Committee on Commerce with amendments on page 1, line 6, after the numerals "763", to strike out "Honorable discharge" and insert "Certificate of"; on page 2, line 1, after the word "issue", to strike out "a certificate of honorable discharge" and insert "an appropriate certificate of honorable service"; in line 7, after the word "honorable", to strike out "discharge" and insert "service"; and in the first line after line 12, after the numerals "763", to strike out "Honorable discharge" and insert "Certificate of honorable service".

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An Act to authorize the Secretary of the Treasury to issue certificates of honorable service in lieu of certificates of disenrollment to certain persons who served as temporary members of the United States Coast Guard Reserve during World War II."

### BILL PASSED OVER

The bill (H.R. 11217) to amend section 6112 of title 10, United States Code, was announced as next in order.

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

### NATIONAL SAFETY COUNCIL 50TH ANNIVERSARY YEAR

The joint resolution (S.J. Res. 222) providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year" was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the President is authorized and requested to issue a proclamation designating the period October 1962 through October 1963 as "National Safety Council Fiftieth Anniversary Year," and calling upon the governments of the States and communities and the people of the United States to join in observance of this significant occasion and to increase their efforts to reduce the number of accidents in homes, in industry, in public places, and on our streets and highways.

The preamble was agreed to.

### NATIONAL GUARD PARTICIPATION IN REENACTMENT OF BATTLE OF ANTIETAM

Mr. MANSFIELD. Madam President, in view of the fact that a time limitation is involved, I move that the Senate proceed to the consideration of calendar 1944, Senate bill 3613.

The motion was agreed to; and the bill (S. 3613) to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) any member of the Army National Guard of the United States or the Air National Guard of the United States who, in his status as a member of the National Guard, voluntarily participates in the reenactment of the Battle of Antietam shall, while participating in and while proceeding directly to and from any such reenactment, pageant, or ceremony, be held and considered to be engaged in full-time training duty under a call or order to perform training under the provisions of section 503 of title 32, United States Code; but no such member shall be entitled to any pay or allowances from the Federal Government on account of his participation in any such reenactment, pageant, or ceremony.

(b) With respect to the transportation of members described in subsection (a) of this section, maximum utilization shall be made of transportation facilities issued to National Guard units by the Federal Government, and in any case in which such facilities are inadequate for such purpose, transportation facilities of the Armed Forces may be used to the extent deemed practicable by the Secretary of Defense.

## EXECUTIVE SESSION

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar, beginning with the new reports.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). If there be no executive reports of committees, the nominations on the Executive Calendar, beginning with the new reports, will be stated.

## POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MANSFIELD. Madam President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## DIPLOMATIC AND FOREIGN SERVICE

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of the nomination for the Diplomatic and Foreign Service.

The PRESIDING OFFICER. Without objection, the nomination will be stated.

The legislative clerk read the nomination of Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

The PRESIDING OFFICER. The question is on agreeing to the motion that the Senate proceed to the consideration of this nomination.

The motion was agreed to; and the Senate proceeded to consider the nomination.

Mr. MANSFIELD. Madam President, I wish to state, for the record, and at the request of the distinguished Senator from South Carolina [Mr. THURMOND], that he is opposed to this nomination, and wishes to be so recorded.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

The nomination was confirmed.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the President be immediately notified of the confirmation of all nominations confirmed this day.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

## PROTOCOL MODIFYING AND SUPPLEMENTING CONVENTION FOR AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME—REMOVAL OF INJUNCTION OF SECRECY

Mr. MANSFIELD. Madam President, I ask unanimous consent that the injunction of secrecy be removed from Executive G, 87th Congress, 2d session, the protocol between the United States and Japan, signed at Tokyo on August 14, 1962, modifying and supplementing the convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income signed at Washington on April 16, 1954, as supplemented by the protocol signed at Tokyo on March 23, 1957, and as modified and supplemented by the protocol signed at Tokyo on May 7, 1960, transmitted to the Senate today by the President of the United States, and that the protocol, together with the President's message, be referred to the Committee on Foreign Relations, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The message from the President is as follows:

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the protocol between the United States and Japan, signed at Tokyo on August 14, 1962, modifying and supplementing the convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income signed at Washington on April 16, 1954, as supplemented by the protocol signed at Tokyo on March 23, 1957, and as modified and supplemented by the protocol signed at Tokyo on May 7, 1960.

I transmit also for the information of the Senate the report by the Secretary of State with respect to the protocol and a copy of each of the two notes and each of the two letters, with accompanying memorandum, referred to in and enclosed with that report.

It is hoped that the Senate will be able to give consideration to the protocol transmitted herewith, together with the 1960 protocol which is under consideration in the Committee on Foreign Relations, with a view to their ratification as soon as possible.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 31, 1962.*

## LEGISLATIVE SESSION

Mr. MANSFIELD. Madam President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

## REVENUE ACT OF 1962

Mr. MANSFIELD. Madam President, I move that the Senate resume the consideration of H.R. 10650, the Revenue Act of 1962, which was laid aside temporarily, for the consideration of other business.

The motion was agreed to; and the Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. COTTON. Madam President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 28. EFFECTIVE DATE OF AMENDMENT TO SECTION 1374(b).

The amendment made by section 2(b) of Public Law 86-376 (73 Stat. 699) shall take effect on September 2, 1958.

Mr. COTTON. Madam President, this is an amendment to correct a technicality in the law. I understand that the amendment is acceptable to the manager of the bill and also to the senior minority member of the committee. I hope I am correct in stating that they are willing to accept the amendment.

Mr. KERR. Madam President, the Senator from New Hampshire is correct; and, Madam President, the amendment is acceptable to the Treasury. I recommend its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

The amendment was agreed to.

Mr. COTTON. Madam President, I ask unanimous consent to have printed at this point in the RECORD a statement on the amendment, which I send to the desk.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### BRIEF EXPLANATION OF AMENDMENT TO H.R. 10650 INTRODUCED BY MR. COTTON

In the Technical Amendments Act of 1958 the Congress enacted subchapter S, relating to small business corporations. Under these provisions a qualified small business corporation can elect to have its income taxed directly to its shareholders and to have its net operating losses passed through directly to its shareholders. As initially enacted in 1958, section 1374 allowed a shareholder of an electing small business corporation to deduct his pro rata share of the corporation's net operating loss for his taxable year in which or with which the taxable year of the corporation ends. However, a shareholder who dies before the end of the corporation's taxable year was deprived of his share of the net operating loss which occurred in the corporation's taxable year in which he died because there was no taxable year of the corporation that ended with or within the abbreviated taxable year of the shareholder. Because of this, section 1374 was amended by section 2(b) of Public Law 86–376, 86th Congress, 1st session, to make it clear that in such a case a deceased shareholder will not be denied his pro rata share of the electing small business corporation's net operating loss. This amendment, however, was made effective only from the day after the date of the enactment of Public Law 86–376. This was September 24, 1959.

The purpose of the proposed amendment is to make the effective date of this particular provision of Public Law 86–376 September 2, 1958, the date of the original enactment of subchapter S, in order that shareholders of an electing small business corporation who died prior to September 24, 1959, are also not denied their pro rata share of the net operating loss of the electing small business corporation occurring in the year of the shareholder's death.

Mr. SPARKMAN. Madam President, I call up my amendment identified as "8–25–62—A."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. After section 21 of the bill, relating to treaties, it is proposed to add the following new section:

SEC. 22. DEDUCTION FOR DEPRECIATION BY TENANT-STOCKHOLDER OF COOPERATIVE HOUSING CORPORATION.

(a) ALLOWANCE OF DEDUCTION.—Section 216 (relating to deductions by tenant-stockholders of a cooperative housing corporation) is amended by—

(1) amending the heading thereof to read as follows:

"SEC. 216. DEDUCTION OF TAXES, INTEREST, AND DEPRECIATION BY COOPERATIVE HOUSING CORPORATION TENANT-STOCKHOLDER."; and

(2) adding at the end of section 216 the following new subsection:

"(c) So much of the stock of a tenant-stockholder in a cooperative housing corporation as is allocable, under regulations prescribed by the Secretary or his delegate, to a proprietary lease or right of tenancy in property subject to the allowance for depreciation under section 167(a) shall, to the extent such proprietary lease or right of tenancy is used by such tenant-stockholder in a trade or business or for the production of income, be treated as property subject to the allowance for depreciation under section 167(a)."

Mr. SPARKMAN. Madam President, this amendment follows the policy of section 216 of the Internal Revenue Code of 1954 that a tenant-stockholder of a cooperative housing corporation be treated in a manner consistent with that of the owner of improved real property. It makes it clear that when such a tenant-stockholder leases all or part of his interest in the property of such corporation and thereby uses such property in a trade or business or for the production of income, such portion of the basis of his stock as is allocable to a proprietary lease or right of tenancy in property subject to the allowance for depreciation shall itself be treated as property subject to the allowance for depreciation.

Mr. DOUGLAS. Madam President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. Am I correct in understanding that this amendment is designed to permit those who purchase apartments in a cooperative, or who become members of a housing cooperative, to obtain loans from building and loan associations?

Mr. SPARKMAN. No; this has no connection with savings and loan associations. As it stands now, persons who own apartments, we will say in a building that is condominium——

Mr. DOUGLAS. The Puerto Rican system—horizontal slices of an apartment.

Mr. SPARKMAN. That is correct. If a person rents out that kind of property, he can deduct depreciation and expenses, and so forth; but the person who owns almost the identical same thing in a cooperative housing cannot do that. This amendment puts those persons on a par with the others.

Mr. DOUGLAS. I think this is a constructive amendment.

Mr. JAVITS. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. JAVITS. This amendment, of course, seeks to take account of the legal form of organization which represents a proprietary lease and a stock interest, which is a quite usual form of organization, for example, in New York City, for cooperatives. As a matter of fact, I happen to have one of those, myself. So what this amendment would do, as the Senator has explained in response to the Senator from Illinois, is treat property owners the same across the board, regardless of the form of legal organization of the cooperative, with respect to the availability of deductions for interest, and so forth.

Mr. SPARKMAN. That is correct.

Mr. SMATHERS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SMATHERS. As I understand the amendment, it merely permits those persons who buy cooperative apartments and call them their homes to get the same advantage of the tax deduction for depreciation, and so forth, as people who own their own homes.

Mr. KERR. In the event they rent them out.

Mr. SPARKMAN. Yes; in the event they rent them out. It places all property ownership on the same level.

Mr. KERR. Madam President, the amendment has been submitted to the Treasury. It has been submitted to members of the committee. The Senator from Oklahoma feels it is a worthy amendment, and recommends its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. KERR. Madam President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. JAVITS. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Madam President, on behalf of Senators JAVITS, BEALL, LAUSCHE, CASE, and myself, I call up my amendments identified as "8–30–62—G."

The PRESIDING OFFICER. Does the Senator wish the amendments to be read?

Mr. DOUGLAS. Madam President, I wonder if we may have an explanation of the amendment.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the amendments be printed without their being read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments ordered to be printed in the RECORD are, as follows:

On page 74, line 18, after the comma strike out "and".

On page 74, line 20, after the comma insert "and certificates of deposit in, or obligations of, a corporation organized under a State law which specifically authorizes such corporation to insure the deposits or share accounts of member associations,".

On page 74, line 24, strike out "and" before "(v)".

On page 74, line 25, after "clause (iii)" and insert ", and (vi) property used by the association in the conduct of the business described in subparagrap (B)".

On page 75, line 9, after "or" insert "real property used primarily for church purposes,".

On page 75, line 10, after "property" insert "or real property used primarily for church purposes, or property acquired through the liquidation of defaulted loans described in this clause".

On page 75, line 11, strike out "70" and insert "60".

On page 75, line 17, strike out "units, or" and insert "units or real property used primarily for church purposes,".

On page 75, line 19, after "units" insert "or real property used primarily for church purposes, or property acquired through the liquidation of defaulted loans described in this clause".

On page 75, line 24, strike out "27" and insert "36".

On page 76, line 2, beginning with the comma, strike out all through "(c)" in line 9.

On page 76, line 11, strike out "none" and insert "not more than 3 percent".

On page 76, line 12, strike out the closing quotation marks and after line 12 insert the following: "At the election of the taxpayer, the percentages specified in this paragraph shall be applied on the basis of the average assets outstanding during the taxable year, in lieu of the close of the taxable year, computed under regulations prescribed by the Secretary or his delegate.'"

Mr. SPARKMAN. Madam President, I offer this amendment to make certain minor changes in the definition of a domestic building and loan, primarily designed to permit a more reasonable investment in loans on multifamily dwellings.

First of all the amendment would permit the inclusion of "property acquired through liquidation of defaulted loans" in the appropriate residential categories under paragraph (D).

My amendment would also increase permissible apartment lending by 9 percentage points.

Mr. DOUGLAS. Madam President, if the Senator will yield, from what to what? May I ask what the present limit is?

Mr. SPARKMAN. There is no limitation under existing law, but this amendment would increase by 9 percentage points what the bill would do.

Mr. DOUGLAS. What does the bill have in it?

Mr. SPARKMAN. Twenty-seven.

Mr. KERR. Madam President, if the Senator will yield, the bill has in it 70 percent of 90 percent to be invested in residential units of four or less.

Mr. DOUGLAS. That is the conventional type, but what about more than four?

Mr. KERR. If the Senator will listen, I will explain it. The amendment would require that 60 percent of 90 percent be invested in the one to four type, and therefore another 10 percent of 90 percent could be invested in more than four-family units.

Mr. SPARKMAN. Yes, but there is a further restriction under subparagraph (E) which would limit multifamily loans to 36 percent, which is 9 percent more than the 27 percent in the bill as reported.

Mr. KERR. That is correct; 9 percent more.

Mr. SPARKMAN. It is 27 percent in the bill, and the amendment would raise it to 36 percent.

Mr. DOUGLAS. What is it before the bill is passed?

Mr. SPARKMAN. There is no limitation as far as tax law is concerned.

Mr. DOUGLAS. Is there no limitation or no permission?

Mr. SPARKMAN. There is no limitation.

Mr. DOUGLAS. In practice, have not the building and loan associations confined themselves to loans on dwellings of from one to four units?

Mr. SPARKMAN. No. It all depends upon the community. I would say "Yes" to the question of the Senator with respect to the type of housing we have in the particular area of my hometown, but my guess would be that as to a building and loan association in the city of Chicago, the Senator would find——

Mr. KERR. That it is already lending more than this language provides.

Mr. DOUGLAS. I would like to wait for the final explanation of the Senator from Alabama.

Mr. SPARKMAN. I shall be glad to proceed.

The present limitations in paragraphs (D) and (E) on page 75 have the effect of limiting an association's investment in apartment loans to between 15 percent and 20 percent of assets.

Today some 30 percent of all residential construction is in the apartment category and such construction is on the upturn. The proportion has doubled since the 15 percent of 1959.

As land becomes more costly and difficult to get, buildings tend to extend higher into the air. That is what has happened.

This is due to urban renewal, increased urbanization, and increases in the number of elderly families. The resources of the savings and loan business are vitally needed to finance multifamily housing. Federal law in recent years has been amended generally to provide more assistance to multifamily housing. This new restriction would exert a contrary influence.

Ideally, all types of housing should be treated equally, but reasonable flexibility could be accomplished by increasing permissible apartment lending by 9 percentage points over the committee bill. This would enable substantial multifamily financing, but still maintain a distinction as established by the Senate Finance Committee.

The amendment would also permit real property used primarily as a church and being held by a savings and loan association to be treated the same as a loan secured by one- to four-family property under subparagraph (D).

My amendment would also permit a very limited—3 percent of assets—ownership of private corporate stock by savings and loan associations. This is necessary because State and Federal associations currently have authority to make minor investments in certain closely related service organizations and quasi-public corporations. Last year the Congress, under the sponsorship of Senators FULBRIGHT and ERVIN, enacted legislation to permit Federal associations to make limited investments in State business development commissions. There are various State enacted savings and loan corporations and insurance funds which are serving a worthy purpose, and there is a trend for the establishment of service corporations to acquire electronic accounting equipment for the use of participating institutions. A 3-percent exemption would be sufficient to permit these worthy investments, but not in any way suggest any change in the basic function of savings and loan institutions.

The last part of my amendment would permit a savings and loan association to elect the percentages under the bill to be applied on the basis of its average outstanding assets during the year, rather than at the end of the taxable year.

This amendment has no revenue consequences and is simply a technical perfecting amendment. I understand that the managers of the bill have no objection to my amendment.

I may say this amendment likewise has been cleared with the Treasury. As a matter of fact, it was at the suggestion of the Treasury that I reintroduced the measure that I had introduced several days ago, in that we have changed the percentages and we do make it possible to take care of such situations as I have mentioned among savings and loan associations in several States, for instance, in the State of Maryland.

Let us consider the situation in the State of Maryland, or in the State of Ohio. The State of Ohio has a very fine insurance program of its own. This amendment would permit the making of the necessary deposits in statewide insurance corporations without affecting its eligibility for special tax consideration under the bill. It is necessary to have certificates of deposit, as I think they are called.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. SPARKMAN. Before I yield, I wish to say that the Senator from Florida [Mr. SMATHERS] has been greatly interested in this amendment, and his name should have been included as a cosponsor of the amendment. I hope that it may appear in the RECORD that the Senator from Florida is a cosponsor of the amendment.

Mr. SMATHERS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SMATHERS. I thank the able Senator. In the committee we discussed the problem as to what should be the limitations with respect to these operations. We tried at that time to get some language in the bill, as we discussed it, but, frankly, we were not able to do so at that time. I am glad the Senator from Alabama, who has taken such an interest in this problem for so long a time, has offered the amendment. I associate myself with him.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Illinois.

Mr. DOUGLAS. This is a very important amendment, which is brought up with very few Senators in the Chamber. It would result in a further intensification of the change in the functions of building and loan associations, and I think it should be scrutinized very carefully.

Building and loan associations were originally organized by groups of neighbors who combined their savings in order to provide individual homeownership. This was thereafter broadened to include not merely the individual home, but also buildings of not more than one to four housing units, when the owner was to be the occupant of one of the apartments, frequently serving as the janitor. That extension was constructed, but it was intended to provide mutual associations for the purpose of promoting homeownership.

The investments of the building and loan associations were in the field of homes which were individually owned. They have been a very constructive force in American life. Again and again on the floor of the Senate I have defended the building and loan mutuals. I think they are a most constructive force.

In the process of time a great many changes have crept into the building and loan associations. Many of them have become larger. In many instances, the neighborhood quality has been lost. In many instances, while ostensibly the depositors and shareholders are those who direct the business, the control passes to an inner group, with all the difficulties this sometimes involves.

To complicate the problem still further, stock building and loan associations have grown up, particularly in California, where they have driven interest rates up and where much speculation has been carried on of a none-too-savory character.

Now it is proposed to increase the zone of commercial investments of the building and loan associations, divorced from any ownership. If this were to finance the purchase of cooperative apartments or condominiums I would most heartily agree.

The Senator from Illinois comes from the second largest city in the United States. We well recognize the importance of apartments and multifamily housing units and buildings. I think there should be a greater extension of this in the suburbs, as a matter of fact, than is now the case.

Mr. SPARKMAN. Of course, eventually there will have to be.

Mr. DOUGLAS. But in this connection I point out that if 36 percent of the assets could be invested in commercially operated apartments and 3 percent of the assets could be invested in State development associations, the building and loan associations would, more and more, be permitted to become a type of bank, not a mutual association of prospective homeowners.

This may be proper. This may be the way we should move. I certainly do not want to agree to the amendment, with only five Senators on the floor at 7:25 o'clock in the evening. I think it should be scrutinized very carefully.

Mr. SPARKMAN. We are not seeking by the amendment to extend the savings and loan association authority. There is nothing in the amendment which would extend the savings and loan association authority beyond what it is today.

Mr. DOUGLAS. It would be extended from 27 percent to 36 percent.

Mr. SPARKMAN. No. The bill would put a limitation on the authority of savings and loans associations to invest. The language of the bill would not affect what is allowed today under the basic law. That basic law came from the Banking and Currency Committee.

Mr. DOUGLAS. I think we should scrutinize that law carefully.

Mr. SPARKMAN. What we have said is, "It is all right to have a restriction——"

Mr. DOUGLAS. When did that law come from the Committee on Banking and Currency?

Mr. SPARKMAN. Provisions regarding the various powers given to the savings and loan associations came from the Committee on Banking and Currency.

Mr. DOUGLAS. When?

Mr. SPARKMAN. The amendment to which I referred a moment ago is an example. The savings and loan associations were authorized to invest one-half of 1 percent in making loans to State development corporations or local development corporations.

Mr. DOUGLAS. The Senator from Illinois would agree to that, but that is only a sprinkle of salt.

Mr. SPARKMAN. Yes.

Mr. DOUGLAS. That is only one-half of 1 percent.

Mr. SPARKMAN. That is one of the provisions.

Mr. DOUGLAS. When did we provide that a very large percentage of assets could be invested in commercially run apartment buildings? When was that done?

Mr. SPARKMAN. Under the existing tax law there is no limitation on the savings and loan associations as to multifamily buildings. The bill would provide a limit of 27 percent. We said, in effect, "A limitation is all right, but the proposed limitation would be too restrictive." We agreed to 36 percent.

I say to the Senator from Illinois that these figures were drawn up with the agreement of the Treasury Department.

Mr. DOUGLAS. The Treasury Department is not interested in homeownership. It is interested in financial solvency. I happen to be interested in homeownership.

Mr. SPARKMAN. The ownership of an apartment or a unit of an apartment is as much ownership as ownership of a single family dwelling.

Mr. DOUGLAS. If this were confined to cooperative housing or to a condominium I would agree with the Senator, but apparently the amendment proposes that there be commercial investment, like that of a commercial bank, of up to 36 percent of the assets, and plus 3 percent to be used for development.

Mr. SPARKMAN. For these special purposes.

Mr. DOUGLAS. That means the figure could virtually go up to 40 percent for purposes other than those originally intended.

Mr. SPARKMAN. No. The 3 percent to which the Senator refers includes such amounts as would have to be used to buy furniture and office equipment. That is a necessary expense of operation.

Mr. DOUGLAS. There is a great difference between making loans to enable people to purchase cooperative apartments and making loans to real estate operators who operate apartment houses as a commercial venture.

The building and loan associations certainly were intended to promote homeownership. I am not acquainted with the technique of the savings bank institutions, which are the opposite number, in a sense, of the building and loan associations on the Atlantic coast.

Mr. SPARKMAN. May I make a comment at that point?

Mr. DOUGLAS. It may be that they have such powers.

Mr. SPARKMAN. They have. The bill would not limit them in any way.

Mr. DOUGLAS. I understand.

Mr. SPARKMAN. I am not in favor of limiting them. They have rendered an excellent service in financing home mortgages.

Mr. DOUGLAS. The mutual savings banks on the Atlantic seaboard differ from the building and loan associations in the remainder of the country, in that the mutual savings banks, as I understand, are associations of savers. They primarily put their investments in real estate because that was a very handy thing to do. But their purpose was not primarily to promote homeownership. Their purpose was to find safe investments for their depositor members.

It may well be that there should be no restrictions on the mutual savings banks. I am not saying that there should be. I am not very well acquainted with the mutual savings banks because there are not many of them out west. But I do know something about the savings and loan institutions; and, as one who has believed in them, worked for them, and has tried to protect them, and yet not wanted to give them unfair privileges, I say we should consider for a time before we put them in the business of loaning on commercial real estate.

Mr. KERR. Madam President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield to the Senator from Oklahoma.

Mr. DOUGLAS. I am always glad to yield for a question, although I always wonder what is coming.

Mr. KERR. I have never started on a more friendly basis.

Mr. DOUGLAS. I assure the Senator from Oklahoma that is mutual and reciprocal.

Mr. KERR. As I understand, under existing law there is no restriction.

Mr. DOUGLAS. Perhaps there should be.

Mr. KERR. I am not talking about that. But under existing law there are no restrictions on the building and loan associations here in Washington, New York City, Chicago, or other cities in the matter of the lending of their money on apartment buildings.

Mr. DOUGLAS. That statement has come as a surprise to me. I have been a member of the Subcommittee on Housing of the Committee on Banking and Currency as long as I have been in the Senate. I think the Senator from Alabama [Mr. SPARKMAN] will agree that I have tried to attend quite regularly and have taken my duties and obligations seriously.

Mr. SPARKMAN. The Senator from Illinois has been a very effective and efficient member.

Mr. DOUGLAS. I am somewhat surprised at the proposal. I was startled when the Senator from Alabama said that already 30 percent of the housing was in multifamily housing.

Mr. KERR. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KERR. The Senator was present when the bill was reported from the Finance Committee. A suggestion as to a restriction was made. It was agreed not that we would change the restriction in the existing law, but that we would place one in the bill with reference to building and loan associations which is not now in the law.

After we took that action, the distinguished Senator from Alabama and others who seemed to know more about this subject than did the Senator from Oklahoma came to the Senator from Oklahoma and said, "You gentleman have placed a restriction in the law that has not been in it and is not in it. You have actually made it possible not only to slow down, but to stop the present trend toward lending money by the building and loan associations to apartments, in connection with the building of apartment houses."

The Senator from Oklahoma discussed the subject with the gentlemen who were talking with him. He discussed it with representatives of the Treasury Department, and with some members of the committee. Had he thought that the Senator from Illinois was interested in it, he certainly would have discussed the subject with him. He found no objection on the part of anyone, and felt that the proposed amendment would be constructive.

Mr. DOUGLAS. I heard about the amendment this afternoon when Mr. Coan courteously came to my office to discuss it with me.

Mr. KERR. If it is the purpose of the Senator that no action be taken on the proposal tonight, I know of nothing that we can do. It is the pending business. We shall have to let it go over.

Mr. JAVITS. Madam President, will the Senator yield to me?

Mr. SPARKMAN. Certainly.

Mr. JAVITS. I believe I can clarify the situation. The savings and loan associations in the East, including New York, would be seriously affected.

Mr. DOUGLAS. Are there many in the State of New York?

Mr. JAVITS. There are a great many. Hundreds of millions of dollars are on deposit.

Mr. DOUGLAS. They are mutual savings banks also.

Mr. JAVITS. No, we have savings and loan associations, which are also mutual. That is the point I wish to make to the Senator. It is a subject of great complaint to me and to my colleague [Mr. KEATING].

To be realistic, the amendment would not establish a relaxation. It would establish a restriction. The question is, What shall be the character of the restriction? Let us be clear on that point. The present definition of the law is that a domestic building and loan association is one the substantial business of which is confined to the making of loans to members. That is all. Everyone who deposits $5 in the bank is a member.

We are really dealing with a new situation. The savings and loan associations which the Senator envisaged were originally associations of small groups of members, doing for housing what credit unions did for small loans.

Mr. DOUGLAS. They preceded credit unions.

Mr. JAVITS. It was the same general idea. However, what has happened is that those institutions have become very large thrift institutions, competing with mutual savings banks and with each other. The Senator may have noticed in the press that there has been great competition for deposits by savings and loan associations.

Mr. DOUGLAS. I believe we have noticed that in Maryland.

Mr. JAVITS. In Maryland and in California. They give depositors more interest to attract deposits to their institutions. There has been a development of that character. That is, they have become competing thrift associations with banks and with other savings and loan associations.

Second, the market for loans has naturally changed from almost exclusively the private house, which was its original purpose, or the small two-, three-, or four-family house, to the multifamily dwelling.

Naturally as these institutions have attracted more assets they have had more loaning power.

I should like to add one other fact which has not been mentioned.

Every savings and loan institution that is a State savings and loan institution is under State control and under the State jurisdiction of its banking superintendent. The Federal savings and loan institutions are under Federal control and Federal inspection. That applies to both Federal and State because it relates to taxes. We can reach them through income taxes.

People have come to us and to Senators from other States—for example, to the Senators from Maryland [Mr. BEALL and Mr. BUTLER], the Senators from Delaware [Mr. WILLIAMS and Mr. BOGGS], or the Senators from other Eastern States—and have pointed out that under our rather lower interest rate situations——

Mr. DOUGLAS. By "lower" what does the Senator mean?

Mr. JAVITS. By "lower" I mean lower rates on mortgages. They are able to earn enough money, if they are restricted as they would be under the new restrictions. I point that out to the Senator because I do not think he gave that full credit in his discussion. They are able to earn enough money. With the new restriction, which they have never had before, which would be imposed upon them, they would have to go out of business. No matter what we do or say about it, there is an intolerable pressure upon them.

When I came into this situation and took it up with other Senators who are similarly situated, such as the Senator from Alabama [Mr. SPARKMAN] and some other Senators, it became clear to us that there had to be some alleviation, though not of the situation in which the institutions find themselves today. They are fine now. They would be glad if there were no change in the law. They would be happy if the bill were killed. But there had to be an alleviation of the situation in which the committee amendment would put them, because for the first time there would be a restriction.

I think there is some justice to the restriction in the sense that competition between thrift associations, such as mutual savings and savings and loan associations should be somewhat regulated so that the savings and loan associations would be preponderantly in the real property field. I am inclined to agree with that. But we cannot strangle them in the process. Therefore, we must give them a little more flexibility, which they need in order to operate—especially the eastern concerns. Eastern institutions do not earn the large interest on mortgages which are earned in the Far West, not only because of State restrictions but also because of competition, which is good. We have to give them a little more flexibility.

The amendment of the Senator from Alabama would give them the very minimum they feel they need. They feel they need more. But I decided it would be very difficult to have any amendment to the bill approved, with my stalwart friend here holding the ramparts, and therefore I felt it was better to go along with what might be done and with which the institutions could conceivably live than to try for something more.

That is the story in a nutshell. I agree with the Senator from Oklahoma that no hidden ball tricks are involved. If the Senator feels disquieted about it and does not feel satisfied with any explanations that have been made, let the Senator think about it. I assure the Senator that I have told him everything I know about it.

Mr. DOUGLAS. I am sure of the good faith of the Senator from New York, but I point out that this may be the shape of things to come, so to speak. If no restrictions have been imposed in the past on the percentage of the assets that a building and loan association can invest in commercial real estate——

Mr. SPARKMAN. Oh——

Mr. DOUGLAS. May I finish this paragraph?

Mr. JAVITS. The Senator means rentable housing.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. I would like to clear that up.

Mr. DOUGLAS. May I please finish this paragraph without being interrupted?

Mr. SPARKMAN. I would like to clear up this point.

Mr. DOUGLAS. The Senator can clear it up after I have finished the paragraph.

Mr. SPARKMAN. Very well. I will yield to the Senator to finish the paragraph.

Mr. DOUGLAS. Very well. If there have been no restrictions in the past on the proportion of the assets of a building and loan association——

Mr. SPARKMAN. That is exactly the point I wish to correct.

Mr. DOUGLAS. The Senator has stated that there are no restrictions.

Mr. SPARKMAN. So far as the present tax law is concerned. Actually, the States have different limitations. One State may have one limitation, and another State may have another limitation. So far as the use of the assets of the associations is concerned, there is a limitation. On Federal associations, the limitation is 20 percent—not to exceed 20 percent. That is in the law.

Mr. DOUGLAS. They do about half the business.

Mr. SPARKMAN. They would not be affected by this proposal.

Mr. DOUGLAS. This applies purely to States, then?

Mr. SPARKMAN. It says "not to exceed" this amount.

Mr. DOUGLAS. Not to exceed 36 percent?

Mr. SPARKMAN. Yes.

Mr. DOUGLAS. So the States can go up to 36 percent?

Mr. SPARKMAN. Unless the State laws prohibit it.

Mr. DOUGLAS. But the Federal institutions can handle up to that amount?

Mr. SPARKMAN. No; they cannot.

Mr. DOUGLAS. Then this is restricted to State institutions?

Mr. SPARKMAN. It is restricted to the tax definition. It is the definition for tax purposes that is involved.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. It does not affect the other type of restrictions.

Mr. KERR. The Senator is one of the smartest men on the floor. Will he let me try to help?

Mr. DOUGLAS. I fear the Senator from Oklahoma when he starts to help.

Mr. KERR. Under the bill we are saying that an institution of a certain character shall pay a certain rate of tax. It does not say that a building and loan association under Federal charter can do this.

Mr. DOUGLAS. In other words, through the taxing power the Senator would control the lending power. Is that correct?

Mr. SPARKMAN. We are saying that any institution that does not go above this situation will be taxed at a certain rate, rather that at the regular corporate rate.

Mr. DOUGLAS. That means that they will get favorable tax privileges if they lend up to 36 percent.

Mr. KERR. Now they are not taxed at all.

Mr. DOUGLAS. They can get favorable tax privileges which are accorded now to building and loan associations and granted to savings banks?

Mr. SPARKMAN. But——

Mr. DOUGLAS. I believe that is correct. Through the taxing power the Senator would alter the lending power.

Mr. JAVITS. If the Senator would put a semicolon at the end of that sentence and add "if permitted by the State or Federal regulatory authorities, as the case may be," that would be correct. In other words, it is correct to say that, if there is added "if permitted by the State or Federal regulatory authority, as the case may be." That is a correct statement, but not otherwise.

Mr. KERR. Under existing law, they are not taxed.

Mr. SPARKMAN. On this basis.

Mr. DOUGLAS. Madam President, this is a highly complicated subject. We are witnessing a very rapid transformation of the purposes and practices of the building and loan associations. They started as mutuals, and they are increasingly becoming stock associations.

Mr. SPARKMAN. No.

Mr. DOUGLAS. Yes, their stocks have been growing. Mutuals have been growing to the point that even within large mutuals membership control has been diminishing.

Now I have learned for the first time—I was probably uninformed not to know this before—that they are going into the field not only of homeownership, but also of commercial apartment buildings of more than four units. It is one thing to lend to a homeowner, even if he is a one-fourth homeowner. It is another to lend to a commercially owned apartment which acts as landlord and leases out apartments to tenants. That is a very different thing. I would like to retain as much individual homeownership as we can. Granted the importance of apartments—and I am aware of the importance of apartments perhaps even more than most Members of the Senate are—I would not like to see building and loan associations transformed into great real estate renting companies.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I share the Senator's view. I do not care whether he will let this amendment go through tonight or not, although I am interested in the amendment. If the Senator has any disquietude about it, I do not wish to talk him out of it.

I point out to him that the difficulty with the Senator's position is that if we want to have competition for the thrift dollar, which encourages thrift—and the savings and loan associations are very fine competitors and they are very keen in attracting depositors—if we are to let them stay in business—and they are adversely affected if the bill goes through, I say to the Senator—then we are supplementing the pool of money which is available of 64 percent of their lending power. Let us take the Senator's figure, although it is not true. Let us not be myopic, though. Let us look at that percentage, but let us also look at the fact that the 64 percent is to be devoted to one- and four-family house loans.

The situation is one in which we either encourage and help these kinds of outfits to stay in business—and the fact is that they are competing for the thrift dollar just as mutual savings banks are—or we make it difficult for them to stay in business.

What the Senator is talking about has already happened; it is not happening because of the bill.

The eastern companies are very largely mutual companies, but there are some States—California is one of them—in which it is possible to have building and loan stock companies.

Mr. DOUGLAS. Yes. There have been some serious abuses in the neighboring State of Maryland.

Mr. JAVITS. State regulation is all important. I repeat to the Senator that whatever we do on the tax bill, the institutions are functioning, and the situation which we face will not be made or unmade by the tax bill. What we can make or unmake is the extent of the competition in certain areas where they are put out of competition if the new definitions remain as they are.

Mr. DOUGLAS. I hope the Senator from New York will not take it amiss—he is a good friend and we have been allies on most subjects—if I say that I believe that his point of view is myopic. He is looking at the savers, at the institutions which require capital. He is not looking at the ultimate end, which is to try to promote as much homeownership as possible.

Mr. JAVITS. I respectfully differ.

Mr. DOUGLAS. I do not wish to be an obstructionist, in spite of the comments which the Senator from Oklahoma has made.

Mr. KERR. Those were other times.

Mr. DOUGLAS. Yes. This is a very important subject. It may be that we should approach it through the housing laws of the country, rather than through the tax laws.

Mr. SPARKMAN. I find myself in complete agreement with the Senator on that point. That is why I offered the amendment. We saw this restriction in the basic law, and we are trying to loosen it up a bit.

Mr. KERR. When the Senator called the matter to my attention I felt that his position had merit, and I agreed with it. If the Senator from Illinois wants the matter to go over, we will put it over.

Mr. SPARKMAN. I assure my good friend from Illinois—and of course I have no objection to having it go over for additional discussion—that there are no hidden tricks in this matter.

Mr. DOUGLAS. I have never charged that there were. However, all this signifies an extraordinary change in the type of investments made by building and loan associations.

Mr. SPARKMAN. This amendment does not change it, except insofar as the committee bill placed a restriction upon what is already authorized by the basic law.

Mr. KERR. And defined the institution which would be subject to a certain tax.

Mr. SPARKMAN. And defined the institution which would be subject to a certain tax. It does not in any way provide that a certain percentage shall not be used. The law still stands that Federal savings and loan associations cannot lend more than 20 percent on multifamily use housing.

Mr. KERR. Would it be agreeable to adopt the amendment but not move to reconsider, so that the amendment would then be subject to a motion to reconsider?

Mr. DOUGLAS. I am not certain as to that.

Mr. KERR. Then let us leave it as the pending business and adjourn.

Mr. DOUGLAS. Before adjourning, since the RECORD has some importance, I should say that in the bill we place restrictions on the amount which the building and loan associations can invest because of the great tax privileges which building and loan associations enjoy.

Mr. SPARKMAN. That is correct.

Mr. DOUGLAS. Even with the increases which the bill puts into effect—and I think properly so—on building and loan associations and mutual savings banks, those institutions will still enjoy privileges in comparison with commercial corporations and banks.

Mr. SPARKMAN. It is my understanding that the American Bankers Association favors the provision relating to savings and loan associations and mutual savings banks. Also, I have received letters and telegrams from numerous banks in my State asking me to support the bill.

Mr. KERR. Madam President, I move——

Mr. SPARKMAN. Just a moment, please. Let me yield to the Senator from Chicago.

Mr. DOUGLAS. Madam President, I happen also to be a Senator from Illinois. I live in Chicago. Incidentally, I polled a larger vote downstate than any other Democrat who has ever run for office in Illinois.

Mr. SPARKMAN. I believe we can go further and say that the Senator from Illinois polled the biggest vote in the State of Illinois that anyone has ever polled.

Mr. DOUGLAS. I am very happy to represent, in part, the whole State of Illinois, not merely the city of Chicago. I do not believe the Senator from Alabama represents merely Huntsville, Ala.

Mr. SPARKMAN. I apologize to the Senator from Illinois.

Mr. DOUGLAS. Madam President, it is always possible to stir up tempests in teapots in these matters late at night.

In return for the tax privileges which we give to building and loan associations, I think we are entitled to try to promote as much as possible one of the original purposes of such associations; namely, homeownership, in the changing conditions of city life.

Mr. SPARKMAN. I agree with the Senator, if the regulating is done under the basic law. I do not believe that after the basic law has been placed on the statute books, the Committee on Finance should seek, by restrictive legislation, effectively to change the basic law. That is exactly what we are trying to avoid by the amendment.

Mr. JAVITS. That is the best argument I have heard tonight. The Senator is absolutely correct.

Mr. SPARKMAN. I have adopted the argument made by the Senator from Illinois. He said so a few minutes ago.

Mr. KEATING. Madam President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. KEATING. I favor the amendment, but I shall not prolong the debate.

Mr. DOUGLAS. One Senator cannot stop this drift. I have already tried, as hard as I could, to improve the bill. I do not pretend to know everything. These thoughts and queries came to my mind, and I thought it proper to express them. I know that I shall probably not be able to stop this measure on any vote of the Senate. I am ready to have a vote. With the information which I now have I will vote in the negative. I may be mistaken, but with the information I have, I will vote in the negative. Then I hope that the Senator from Alabama, as chairman of the Subcommittee on Housing of the Committee on Banking and Currency, will examine into this issue.

Mr. KEATING. Madam President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. KEATING. I still insist that I shall not prolong the debate by stating my own views. The Senator from Alabama knows that we have worked together on this amendment and that I favor it.

I have been requested by the distinguished senior Senator from Maryland [Mr. Beall] to place at this point in the Record a statement with reference to one particular phase of the amendment in which he is especially interested, and in which the State of New York may in the near future be interested.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. KEATING. I yield.

Mr. JAVITS. The junior Senator from Maryland had asked that I make this request, but I am glad that my colleague from New York has done so. The part in which the Senator from Maryland is interested is that which relates to the mutualization of insurance within the State. If the Senator from Maryland were here, he would maintain that position. I am certain that he will be gratified that the amendment is being adopted.

Mr. KEATING. Madam President, I ask unanimous consent that the statement of Senator Beall be printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Statement by Senator Beall

This amendment is concerned with the definition of a domestic building and loan association in section 6(c) of H.R. 10650, as amended by the Finance Committee. Specifically, the problem relates to current efforts by Maryland savings and loan associations to invest in a mutual, nonprofit company to insure their accounts.

The background of this problem begins with the enactment of chapter 131 of the Laws of Maryland of 1962. This bill authorized the creation of a nonprofit mutual corporation which would have as its purpose the insuring of free share deposits in savings and loan associations regularly doing business in the State of Maryland. This corporation is called Maryland Savings-Share Insurance Corp.

The Governor has appointed an interim board of directors for the corporation; the board has been meeting constantly since the first of June and has devised a tentative draft of bylaws, rules, and regulations; applications for membership in the corporation have been sent to all Maryland savings and loan associations; at the present time, 230 associations have applied for membership, representing free share deposits in excess of $175 million.

Under the proposed bylaws, rules, and regulations, each savings and loan association will be required to make a capital contribution to the insurance company in an amount equal to 2 percent of its free share deposits. Upon making this contribution (the bylaws permit it to be paid in installments, in the first instance), the contributing association will become an insured member. It will receive in exchange for its capital contribution a certificate of deposit, the face amount of which will equal the amount of capital contributed to the insurance company. Any association may, of course, withdraw its capital contribution by giving notice in accordance with the bylaws, rules, and regulations, and, thereafter, its free share deposits will no longer be insured.

Section 6(c) of H.R. 10650, which defines a domestic building and loan association, makes it clear that such associations may invest in obligations of the United States or of a State or local subdivision and in stock or obligations of a corporation which is an instrumentality of the United States or of a State or local subdivision. The bill also provides that except for these stock investments, an association may not invest its assets in stock of any corporation.

The problem here is whether or not the certificate of deposit which will be received by all Maryland savings and loan associations in exchange for their capital contributions to the insurance company would qualify as a permitted investment under the definition contained in subparagraph (C) of section 6(c) of the revenue bill of 1962. A secondary problem is whether or not such certificates of deposit would be considered as "stock of any corporation" within the meaning of subparagraph (F) of section 6(c) of the revenue bill of 1962. Of course, if the Internal Revenue Service answered the second question in the affirmative, it would mean virtual disaster for all Maryland savings and loan associations who became members of the insurance company.

Ohio has a mutual insurance company very similar to the new Maryland corporation. It is my understanding that New York State will soon have one.

I know that Congress does not intend to disqualify a legitimate savings and loan association from the tax benefits contained in the revenue bill of 1962 merely because it was a member of the Maryland Savings-Share Insurance Corp., and had received, as a result of that membership, a certificate of deposit in exchange for its capital contributions. Accordingly, my amendment will make it clear that any savings and loan association may join a State-sponsored nonprofit mutual corporation which has as its purpose the insuring of free share deposits.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. Sparkman].

The amendment was agreed to.

Mr. KERR. Madam President, I shall not move to reconsider the vote by which the amendment was agreed to, believing that it would be well to leave that question open until Tuesday.

Mr. DOUGLAS. Madam President, I appreciate what the Senator has said. It is very gracious of him. This is a highly difficult subject. We are exploring a technical field. It may well be that I am mistaken. I have been mistaken before. It may be that I am right.

Mr. KERR. The distinguished Senator from Illinois has a greater knowledge of this subject, and of many other subjects, than does the Senator from Oklahoma. If he does happen to be wrong, he would still be wrong fewer times than the Senator from Oklahoma has been wrong.

Mr. DOUGLAS. The Senator from Oklahoma is very kind.

Mr. JAVITS. Madam President, I should like to have a colloquy with the Senator from Oklahoma, because it would dispose of the mutual savings bank and savings and loan association aspect of the bill. I now propound the following question to the Senator from Oklahoma:

It is my understanding that under the existing Treasury Regulations, section 1.593-1(c), amounts credited by mutual thrift institutions to qualifying reserves for losses in compliance with requirements of State law or regulations are deemed to have been credited to the reserve for bad debts. Would this use of the bad-debt reserve deduction be continued in effect under this particular provision?

Mr. KERR. It is my understanding that it would. It is intended to continue the rule of Treasury Regulations, section

1.593-1(c), under the new law, and amounts credited pursuant to such or similar regulations will be deemed to have been credited to the reserve for losses on qualifying real property loans. It is expected that, as under present regulations and rulings, these institutions will keep records which will make it possible to identify amounts thus credited.

Mr. JAVITS. To identify them?

Mr. KERR. To identify them.

Mr. JAVITS. I thank the Senator.

## COMMUNICATIONS SATELLITE LAW

Mr. KERR. Mr. President, the President of the United States has signed into law the communications satellite bill, which the Senate passed August 17 after much debate and travail.

The action of the President offers us encouragement and strengthens our resolve at a time when all Members of the Senate can use generous portions of these. The signing of this bill will also, I believe, generate a renewal of confidence on the part of all the American people in our democratic processes. The people will be reassured that their Congress can come to grips with unprecedented and extremely difficult economic opportunities arising from our wondrous new space technology. We have not only come to grips with the problems and, opportunities; we have brought forth a blueprint by which this Nation can move ahead.

The course of human events becomes ever more complex. The expansion of scientific and technical knowledge has introduced complication after complication into the enterprises that make up our free economy and in their relations with government.

No one will argue, I am sure, with the statement that the communications satellite technology posed for the people and Congress a great challenge and a great opportunity. Here on the Senate floor, despite many days of hearings and exhaustive study and drafting by three committees, this bill provoked an amazing filibuster. Then came the more amazing application for the first time in 35 years of the rule which limits debate.

But now, from the perspective provided by the passage of only a brief span of time, we can point proudly to both the strife of battle and the victory at its end which will lead to the establishment of a communications satellite system.

Insofar as the communications satellite issue is concerned, a reasonable and tolerant calm now possesses the minds of all who debated and wrestled over it. The signing of the bill signifies the remobilization of our physical and mental resources in a renewed effort to go forward as efficiently and expeditiously as possible in our program for the development of space for peaceful purposes.

This enactment stands as an historic turning point in the space program. It gives us our best chance to reinforce and increase our undisputed lead over Soviet Russia in the most important contest to establish a worldwide system of communications based on earth-orbiting satellites.

Mr. President, in my judgment, this new communications satellite law also provides dramatic evidence to the American people that our free enterprise system and our democratic processes of government can constructively cooperate to successfully meet the challenges of diverse technological developments in new scientific fields.

Mr. President, there are those who have claimed that our President is antibusiness. There are those who claim that the Congress is antibusiness and antifree enterprise. The furor over the communications satellite bill affected and disturbed many people in our country. It helped produce fear and distrust in the business community of our country.

Mr. President, such fears have no foundation in fact. Several recent events have proved that they were without foundation. The number one such event was the action of the Treasury Department in announcing a most beneficial revision of depreciation regulations. This action benefited every industry in the Nation, including our agricultural industry.

Another indication of the President's position in support of private enterprise was his insistence upon the development of a power generation and distribution policy under which private sectors of our electrical industry can function without undue interference or competition from publicly held generating and distributing units.

The President's support of the bill, which became law today, establishing a privately owned communications satellite corporation subject to reasonable regulation, is compelling evidence. Every executive branch of our Government with responsibilities in this area of our economy joined in support of the bill. At the same time the bill won wide endorsement from the rank and file workers in the communications industry and from their employers.

## YOUTH CONSERVATION CORPS

Mr. MOSS. Mr. President, there has come to my desk, and I presume to the desks of my celleagues, a memorandum and some pamphlets from the National Committee on the Employment of Youth in support of the bills before the Senate and the House (S. 404 and H.R. 10682) to establish a Youth Conservation Corps and inaugurate a program to provide useful employment opportunities for young men and women.

This material presents in a few well-chosen facts, figures, and pictures the dimensions of the problem the bills are designed to meet. I commend the material to Senators if they have not yet read it. We are told, for example, that:

> This summer there are 2 million boys and girls between 16 and 21 who are idle—neither at school nor at work. More than 250,000 of them are in rural areas. The Armed Services will absorb only 200,000 of the 18–21-year-olds in the next 12 months. The 16- and 17-year-olds don't qualify for services—most of them have dropped out of high school. These kinds are unskilled and untrained; educational leaders call them "social dynamite."

While these 2 million teenagers, who have reached an age when they can and should be doing some useful work, remain idle, many of them to roam in gangs about our large cities or through our countryside, increasing our juvenile delinquency problems, a billion dollars worth of U.S. timber is being lost because of insufficient firefighting personnel or pest control. What could be finer for both the teenagers and the forests than a program like the Youth Conservation Corps which would help conserve both the human and natural resources now going to waste?

Of the 2 million young people between 16 and 21 who are idle this summer, 1 million of them are school dropouts, or people who have finished high school and cannot find jobs. Their rate of unemployment, we are told, is double the unemployment rate of adults, and this number will increase as more and more untrained young people surge into the labor markets in the coming years. What could be more helpful than a public service employment program to provide useful work experience opportunities for them, such as the program proposed in the YCC-youth employment opportunities bill?

I am sure that most of us do not need to receive and read literature from a national organization to know how acute in America is the problem of idle youth, and particularly of idle, untrained youth which has no plans for further education or training to prepare for a job or a place in the world. We have all received letters from despairing parents of teenage school dropouts, who cannot get jobs, and do not know where to turn for training in a trade, or do not seem to care whether they improve their education or their skills. We have had letters from community leaders on this problem, too. And we have also heard in rare instances from the young people themselves. We know that these young people could easily become adult drifters—problems to themselves and to their communities—if something is not done.

Recently the Salt Lake Youth Advisory Council sought a grant under the Juvenile Delinquency and Youth Offenses Control Act to help establish a Utah State Boys Camp to help fight juvenile delinquency in my State of Utah. The program proposed combined close supervision of the young men with the opportunity for work on a camp farm and on Forest Service and State park conservation projects. The extent of the interest in the application for the grant was indicated by the flood of mail I received from interested citizens and from school and PTA groups. I regret that the Utah project could not be financed under this act because it was not a groundbreaking project—it did not test out new ideas—and it, therefore, would not serve as a pilot for similar undertakings elsewhere. I hope that the camp can be effected in some other way because the support it received indicated that it would fill a genuine need in my State.

All of this leads me to the point I really want to make—and that is that I hope this Congress will not adjourn without taking action on the Youth Conservation Corps-youth employment opportunities bills. I understand it is hoped that the House will act first—since there are some special problems in the other body—and that the Senate will then move. I trust that every effort will be made to get this important legislation through before adjournment.

## INCREASED GOLD OUTFLOW

**Mr. BOTTUM.** Mr. President, I have before me three articles from responsible newspapers. I ask unanimous consent that they be printed in the RECORD following my remarks.

A juxtaposition of the articles speaks for itself, and I am not going to elaborate a great deal.

First, the August 31 edition of the New York Times reports that, due to increased gold outflow abroad from our Treasury, the U.S. gold reserves now stand at their lowest level since 1939.

An article by E. W. Kenworthy in the same newspaper on the same day discusses the forthcoming Conference of the Governors of the International Monetary Fund and of the International Bank for Reconstruction and Development, to be held in Washington beginning September 17.

President Kennedy, Mr. Kenworthy predicts, will give something other than a usual welcoming address.

Mr. President, I hope that, instead of castigating our allies for their economic behavior, President Kennedy will pledge the United States to a little belt tightening, to an end of fiscal profligacy and to a beginning of greater domestic economic responsibility.

Such is the suggestion of the third article that I offer, one by Constantine Brown in the Washington Star of July 12.

Mr. Brown was reporting a conversation with one of those individuals of fabled economic wizardry, a Swiss banker.

Mr. President, we must strengthen the dollar. The primary responsibility is ours, not the Europeans'.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 31, 1962]

### U.S. GOLD SUPPLY AT A 23-YEAR LOW—WEEK'S LOSS IS $50 MILLION; SAVINGS DEPOSITS OFF AT BIG BANKS HERE

The U.S. Treasury gold stock declined by $50 million during the week ended Wednesday, the Federal Reserve Bank of New York reported yesterday.

The gold outflow took place as two or more separate transactions. Last Thursday, August 23, a $34 million loss occurred. This was revealed in the Treasury's daily statement for that day, which was distributed on Tuesday, August 28.

Yesterday's Treasury statement, covering transactions on Monday, August 27, showed the total gold stock at close of business that day was unchanged at $16,114 million, the level after the August 23 loss. This meant that the additional $16 million loss took place on Tuesday or Wednesday of this week. The gold stock now amounts to $16,098 million, its lowest level since June 28, 1939.

The total gold loss thus far this year stands at $792 million compared with $315 million in the 1961 period. During the comparable 1961 week, a loss of $150 million took place.

[From the New York Times, Aug. 31, 1962]

### DEFENSE OF THE DOLLAR—PRESIDENT IS EXPECTED TO SPEAK FRANKLY TO GLOBAL MONETARY MEN ON U.S. VIEW

(By E. W. Kenworthy)

WASHINGTON, August 30.—When the governors of the International Monetary Fund and the International Bank for Reconstruction and Development, and the International World Bank assemble here on September 17 for their annual meeting, they are going to hear from President Kennedy much more than the customary greeting from the head of the host country.

The governors of these two international organizations are the finance ministers—or in some instances the heads of the central banks—of the member nations. They usually wear two hats—one as governor of the World Bank, the other as governor of the Monetary Fund.

The very assemblage of the monetary powers in itself tends to be an upsetting factor in the money markets. This could be particularly true this year as the drain of U.S. gold continues and rumors persist abroad—despite President Kennedy's most positive denials—that the United States will increase the value of gold and thereby devalue the dollar.

#### FRANK APPRAISAL EXPECTED

Therefore, according to informed sources here, the President has decided to use the occasion to speak out frankly and forcefully on the situation in which the United States finds itself.

It is expected, first, that he will speak in some detail of the basis for his confidence that the United States will be able to bring its international payments into balance by the end of 1963 or soon thereafter.

Second, he is expected to make plain his deep disappointment at the behavior of some of this Nation's oldest allies who have contributed to the gold drain by refusing to hold more of their reserves in dollars.

In 1961 the deficit in the U.S. balance of payments—the relationship between the Nation's total payments to foreigners and total receipts from foreigners—was $2,500 million. For the first 6 months of this year the deficit was running at a rate of $1,500 million a year. This was a considerable improvement over the 1961 pace.

Theoretically, at least, it could be expected that this improvement would be reflected in a lessening of the gold outflow. On the contrary, however, the gold loss so far this year has been $849 million, against $837 million for all of 1961.

The administration is deeply resentful at the unwillingness of some of our European allies to help restore confidence by holding more of their reserves in dollars. Some officials here doubt whether it is necessary for France to hold 73 percent of her reserves in gold, for Italy to hold 69 percent, and for Britain to hold an estimated 80 to 85 percent much of the time. Britain does not publish the figures.

#### ANGER AGAINST BRITAIN

Especially, there is resentment against Britain. Articles in the London press saying that devaluation of the dollar is inevitable have become so numerous as to suggest a campaign. Officials here will not say positively that these stories are inspired, but they have their suspicions.

Undoubtedly, these officials say, investors in South African gold mining shares would like to see the United States double the price of gold. Undoubtedly, they add, Britain would gain some immediate advantage if its reserves were nearly doubled by such an increase in the gold price. Nevertheless, they are convinced that if this is official, though silent, British policy, it is shortsighted.

In the attitude toward our allies here, reason is at war with sentiment. Officials may concede that central bankers cannot afford to take gratitude into their calculations. They may concede that Belgium and the Netherlands were badly burned once when Britain devalued the pound, and that that is why Belgium has 83 percent of her reserves in gold and the Netherlands 88 percent.

#### U.S. DEFENSE ROLE NOTED

Nevertheless, there is a strong feeling—and especially at the White House—that when the United States is bearing far more than its share of the common defense and aid to underdeveloped nations, Britain, France, and Italy could well efford to hold more of their reserves in dollars.

Furthermore, officials cite the "incredible" monetary policy of Spain which has reserves of nearly $1 billion of which nearly one-half are in gold. In the first half of this year, Spain converted $106 million into gold. Why, officials ask, should Spain, an undeveloped nation, need reserves of $1 billion.

So deeply resentful is the President, according to one person, that he has expressed the wish that the United States, during the period of Marshall plan aid, had reserved the right to use counterpart funds to buy dollars if the time ever came when the United States had a persistent balance-of-payments deficit.

This, of course, is an idle wish based on hindsight because in the late 1940's practically all economists thought Europe's dollar gap might be a permanent fact of life.

#### A POSSIBLE SOLUTION

Nevertheless, the reversal in the relative position of the European nations and the United States within a few years has convinced some Treasury experts that the United States, as soon as it has achieved a surplus again, should hold foreign currencies to swap for dollars in a time of deficit and so stem a gold drain. This, of course, would require an international agreement under which all key currency countries would hold foreign exchange for this purpose.

Over the last year, two devices have been used to relieve the gold drain. One of these is known as "swapping," which involves borrowing foreign money to buy dollars and so prevent them from flowing into a central bank where they may be exchanged for gold.

Thus, in July, the United States twice borrowed enough Swiss francs to buy $100 million—once from the Swiss National Bank and once from the Bank for International Settlements at Basle.

#### ANOTHER DEVICE

The second device is known as "forward operations," involving agreements to buy dollars for a local currency at a stipulated future time. Thus, the United States borrowed enough West German marks to buy $400 million.

The elements in the administration's confidence that payments will be balanced by the end of next year include the following:

Exports. At the end of the first half of this year, exports were at a rate of $20,800 million a year and imports were at a rate of $15,900 million. So far, the trade surplus, which had been expected to be considerably smaller than last year, was holding up well.

Defense "offsets." West Germany has agreed to buy military equipment in the United States roughly equivalent in value to our military expenditures there of $700 million a year. Thus, the dollar outlay in Germany is offset by income from purchases here. The administration is trying to persuade France and Italy to offset by similar purchases at least part of our military expenditures in those countries.

Debt prepayments. France has just paid $293 million of her debt to the United States in advance, and Italy has paid $178 million. These are obviously one-shot operations, but there are a lot more debts that could be prepaid, for example, France still owes about $1 billion.

Foreign wages. In the last 2 years, West German wages have risen 25 percent; French, 19 percent, and British, 9 percent. By comparison, U.S. wages have risen only 5 percent. The increases in foreign wages are helping to keep prices of U.S. goods competitive. The U.S. wholesale price index has been steady for 3 years.

U.S. investment overseas. Officials here believe that direct U.S. investment in the six Common Market countries has reached its peak and will now level off.

Short-term outflow. The short-term capital outflow—mostly loans by American banks to foreign concerns, which amounted to $1,500 million last year—is not increasing and probably will not if short-term interest rates in this country are kept at their relatively high level.

This is the picture that President Kennedy is expected to draw for the governors of the World Bank and Monetary Fund.

---

[From the Washington Evening Star, July 12, 1962]

### European Fear of U.S. Recession—Swiss Economists Reported Basing View on Big American Deficits

(By Constantine Brown)

Zurich, Switzerland.—Practicing economists (not university professors), bankers with international interests, and topflight industrialists here are expressing concern over what they describe as the "likely recession" and "possible depression" in the United States in the next 12 months.

The motivation for this concern is not altruistic. They are certain that an economic or financial crisis (or both) in the United States would seriously affect the present prosperity of Western Europe.

A Swiss banker who last fall forecast to this reporter the stock market crisis in America now comments, "America and Western Europe are so closely interlocked that an American crisis is bound to seriously affect our whole economic structure. Remember that the failure of the Austrian and German banks in 1931 accentuated your own great depression. Now we are faced with a situation in reverse. All European bankers feel strongly that a recession—and even worse, a depression—in America would cause a collapse of the revived European prosperity.

"It is for this reason that all the Western European countries are now repaying their American loans far in advance and are doing their utmost to support the sagging dollar. Neither France, nor Germany nor Sweden is prompted by unselfish motives.

"America has become one of the main customers of the newly industrialized Western Europe. Our exports are no longer limited to high-priced products but to goods which are now found on the shelves of the lowest priced stores in America. The export of heavy industry is equally important. A major economic and financial crisis in America would affect our growing trade across the Atlantic and as a consequence slow down considerably the unprecedented economic growth of such countries as Italy, Germany, Switzerland, and France."

This reporter pointed out that Congress is in the process of untangling the hands of the President of the United States on the matter of tariffs. America will be open to deals. The President will be able to reciprocate any tariff cuts which would permit American products to penetrate the European markets on a much larger scale.

"I personally doubt that," was the answer. "The tariff reductions which Europe can offer your country will not increase your exports to any considerable extent. Until your cost of production is reduced, or Europe's is vastly increased, goods manufactured in the United States will remain overpriced here. And it will take years before the cost of production in Europe approaches the high cost in your country.

"The core of your troubles is the frenzied public expenditures and your inability to come near to balancing your budget. Frankly, your Governments have acted in the past and are acting now like the proverbial improvident sailor who throws his money away without regard for the morrow. You have a deficit of $7 billion this year. Our estimates are that unless the Washington administration puts a stronger brake on expenditures, both domestic and foreign, your next year's deficit will be at least as large if not larger.

"If you were not such a wealthy country, you would be rated according to all banking standards as a 'poor credit risk.' There have been a number of officials and private American investigators traveling around Europe in an attempt to discover by what means the 'miracle of Western Europe' came about. The answer is simple. Besides hard work and the Marshall plan, which permitted the building of newer and more efficient plants than you have in America, there was the careful husbanding of each country's exchequer.

"Of course, there were times when the budget was unbalanced in Germany and France. But on the whole these deficits were temporary. Over the centuries, the Europeans have experienced many devastations and economic crisis. Their governments have learned the importance of penny-pinching. In less than two centuries you have had the most spectacular growth ever recorded in history. I believe it is your people who have coined the expression, 'There's more where that came from,' in explaining extravagant spending. This saying seems to have been adopted as a slogan by your leaders in the present executive and legislative branches of your Government.

"I believe that unless you trim your sails considerably in domestic and foreign expenditures you are facing the most serious crisis in your existence. And should this occur you will drag us down with you despite our present efforts to help you and at the same time take our own precautions to meet what may be an economic hurricane."

---

## JAMES MADISON

Mr. ROBERTSON. Mr. President, as President Kennedy said when presented with the first two volumes of Madison's State Papers "Madison is perhaps the most underrated of any of our important Founding Fathers." It would appear that for more than 100 years we have just taken for granted the type of freedom and prosperity we have enjoyed as a result of his constructive efforts in the Philadelphia Constitutional Convention of 1787 without acknowledging our indebtedness to him.

Fortunately, the decision of the Supreme Court in the New York prayer case has focused attention upon the author of the first amendment to the Constitution and what that amendment, with relation to the separation of church and state, means. James Madison was not only the author of the first 10 amendments to the Constitution but the chief architect of that immortal instrument. Consequently, it gave me genuine pleasure to unite with Senate and House colleagues in 1960 in sponsoring a resolution to erect a suitable memorial to Madison's memory. After the adoption of that resolution, the Vice President honored me by naming me a member of the Commission to recommend such a memorial. No happier choice could have been made by the President of the United States to serve on that Commission than Dr. Harold W. Dodds, a scholar of national reputation and a former president of a great college which may claim credit for the fact that James Madison was rated as the best scholar that served in the Philadelphia Convention.

All of us who served on the Madison Commission were grateful for the fact that we had Dr. Dodds as our chairman. It was my pleasure to hear Dr. Dodds testify today before the Senate Public Works Committee in behalf of the recommendation of the Madison Commission that we build as a memorial to James Madison a beautiful marble library that would house his and all other Presidential papers and provide in fireproof chambers below ground, space urgently needed by the Library of Congress for the storage and preservation of a great surplus of valuable documents.

Mr. President, I ask unanimous consent to have printed in the Record the statement made by Dr. Dodds in behalf of that project.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Testimony of Harold W. Dodds, Chairman, James Madison Memorial Commission, Before the Senate Public Works Subcommittee on Public Buildings and Grounds, August 31, 1962

Mr. Chairman and members of the committee, on behalf of the members of the Madison Commission, I should like to express our appreciation to you for affording us this opportunity to testify here today in support of Senate Joint Resolution 119.

In 1960, the 86th Congress established a commission to plan and erect, with its approval, a suitable memorial in the Nation's Capital to honor James Madison, the father of the Constitution, chief architect of the Bill of Rights, Secretary of State in Thomas Jefferson's Cabinet, and fourth President of the United States who, until recently, had received only slight recognition by historians. Indeed, President Kennedy, when he was presented with the first two volumes of Madison's state papers and correspondence last May, commented that Madison "is perhaps the most underrated of any of our important Founding Fathers." It was Madison, he said, who gave "the philosophical basis" for this country's Constitutional arrangement. We believe that his principles are as essential today as when he enunciated them and that the memorial, as planned, will direct attention to them and awaken and hold the interest of the American people in their significance.

Madison, a learned student of history and political philosophy, understood the strengths and weaknesses of all the ancient and modern systems of government. In the Constitutional Convention, held in Philadelphia in 1787, Madison was immediately recognized as the foremost scholar among the immortal assembly of wise men gathered to draft a Federal Constitution. During the debates he participated in the discussion on every issue. In his own form of shorthand, he recorded the debates and laboriously transcribed them at night by candlelight in his small Philadelphia boardinghouse room. As we all know, it was indeed fortunate that he did so for Madison's labors constitute our chief source of knowledge of what transpired in the debates which were held in secret.

Madison was the author of the Virginia plan for a Federal Constitution, most of the features of which were adopted by the Constitutional Convention. He was also coauthor of the "Federalist Papers" which explained and interpreted and urged the States to adopt the proposed Constitution, and which, after all the intervening years, remain a classical work in political philosophy and constitutional law.

Three great principles of our Government come chiefly from Madison: (1) The supremacy of the Federal Government in matters that affect the national security and welfare; (2) the retention by the States of authority in State affairs, and (3) the system of checks and balances by which the powers of the Federal Government are distributed among its three branches, the legislative, executive, and judicial, with a further division of power between the two Houses of Congress. The purpose was to prevent any branch of government from gaining tyrannical power.

Elected to the House of Representatives in the new Congress, Madison took the leading role in putting the principles of the Constitution into effect. He proposed the first 10 amendments (Bill of Rights) to the Constitution, protecting the rights and liberties of individuals, among them being freedom of speech, freedom of press, freedom of religion, and the right to trial by jury.

After his second term as President, Madison with his charming and popular wife, Dolly, retired to his ancestrial home Montpelier, where he died on June 28, 1836, and was buried in the family cemetery. A more detailed biographical sketch of Madison, published by the University of Chicago Press, is attached.

To James Madison, more directly than to any other man, we owe the free government we are now seeking to preserve in a world that knows too little freedom.

From the beginning our Commission desired a living memorial which would represent and keep alive the principles of representative government and freedom that Madison did so much to inculcate into our constitutional system.

Since Madison's contributions were so largely in the field of ideas, we thought the best way to honor him would be by a living as well as an ornamental memorial in the form of a library which would be a center of education and scholarship.

After conferences between the members of the Madison Commission and the late Speaker Mr. Sam Rayburn and the House Office Building Commission of which Mr. Rayburn was chairman, at the direction of the House Office Building Commission a joint resolution was prepared authorizing the construction on a Madison Memorial Library and a three-level underground annex to the Library of Congress which is in critical need of additional space. The memorial and the underground annex would be located in the two squares next to the Old House Office Building and across Independence Avenue from the Congressional Library.

The site selected, which has the approval of the House Office Building Commission, gives the memorial the significance it deserves but makes possible its efficient and convenient administration by the Library of Congress.

Senate Joint Resolution 119 provides that the plans shall be prepared by the Architect of the Capitol under the direction jointly of the House Office Building Commission and the James Madison Memorial Commission. This has been done and the structure has been designed to harmonize with its neighbors on the Capitol Grounds. Incidentally, the style is one of which Madison would undoubtedly approve. Construction will be in the hands of the Architect of the Capitol under the direction of the House Office Building Commission.

The memorial will be a dignified building about the size of the Folger Library. It will contain an impressive memorial room and afford adequate space for displaying valuable exhibits of selected documents of Madison and his period. We believe that Madison's services can be dramatized further in a series of three-dimensional dioramas depicting his chief contributions. The mezzanine and second floor plans provide for offices, catalog rooms, and reading rooms.

We believe that the memorial and exhibition space will be effective with the thousands who will visit it annually, not the least of whom will be public school students for whom the exhibits will help drive home basic American principles.

The other part of the project will be an underground annex to the Library of Congress. We believe that the effectiveness of the memorial will be enhanced by associating with it the rich and irreplaceable collection of the Library of Congress, consisting of the papers of 23 Presidents and a wealth of other historic papers and documents which it possesses.

Accordingly, in cooperation with the Library of Congress and the House Office Building Commission, we proposed an underground space for the custody of these valuable items with facilities for their use by teachers, writers and other scholars interested in various phases of our history. The Library urgently needs more and better room for the preservation and use of this material which is of such commanding historic value.

When completed, the entire memorial will be administered by the Librarian of Congress which will insure proper maintenance and supervision of the use of its rare books and documents, except that the structural and mechanical care of the whole memorial and the maintenance of the surrounding grounds will be under the Architect of the Capitol.

Born of his experience of many years as chairman of the House Office Building Commission and in the building of the Rayburn Library at his hometown, Bonham, Tex., Mr. Rayburn made a number of contributions to the design of the memorial. For example, it was he who suggested that columns be added to the side of the memorial across the street from the Old House Office Building.

Mr. Rayburn's interest in the Madison Memorial was further expressed in his letters to the congressional committees before which the joint resolution was pending: "* * * as chairman of the House Office Building Commission, I am pleased to recommend House Joint Resolution 500 * * * it is my sincere desire that it may be reported and passed and become law."

Hearings were held before the House Public Works Subcommittee on Public Buildings and Grounds on House Joint Resolution 500 (companion measure to Senate Joint Resolution 119), and the resolution was approved by the subcommittee as well as by the full Public Works Committee by a vote of 20 to 5. However, a point of order was raised that the vote by the full committee was completed after the House had convened. It was decided that another vote should be taken. Speaker McCormack subsequently wrote a letter to the chairman of the House Public Works Committee "strongly endorsing" the Madison resolution and requesting and urging the chairman to have his committee report the resolution favorably to the House. The resolution is awaiting further action by the committee.

Recently, the Librarian of Congress in his annual report, stated that if the Madison Library and underground annex were constructed, a smaller third library building could be constructed on only two blocks. If, on the other hand, the Madison project is not constructed, the Library would require a much larger third building which would occupy four rather than two blocks. In this regard, it is significant that the Joint Senate and House Committee on the Library of Congress has directed the Architect of the Capitol to draft legislation authorizing the construction of a smaller third Library building on the two blocks east of the present annex. In deciding to authorize a smaller building, the Joint Committee took into consideration the probability that Congress will approve the Madison project.

As you all are aware, September 17, 1962, is the 175th anniversary of the signing of the Constitution by the delegates to the Constitutional Convention. A resolution has been introduced in the Senate to designate that day as "Constitution Day," and to make it a national legal holiday. It would be most appropriate, therefore, for Congress to give its approval this year to the construction of the proposed memorial library honoring the memory of the father of the Constitution. Thus, it is our hope that Senate Joint Resolution 119 will receive your early and favorable consideration.

Before concluding my statement, I should like to point out that the Madison Commission is in need of a small additional appropriation for travel and subsistence expenses of members when attending meetings. The original act authorized an appropriation of $10,000 which was appropriated by Congress. These funds have been almost exhausted. Some time ago the Commission relinquished the services of its secretary and closed its offices. The administrative work of the Commission has been taken over by the office of Mr. Clinton Hester without cost to the Federal Government. Mr. Hester is a member of the Commission and chairman of its executive committee.

Senate Joint Resolution 119 contains no appropriation for the Madison Commission. The moneys authorized to be appropriated by the resolution would be appropriated to the Architect of the Capitol and be expended by him under the direction of the House Office Building Commission of which the Speaker is chairman. The Madison Commission would appreciate it if a provision might be included in Senate Joint Resolution 119 which would authorize a small additional appropriation to the Commission for travel and subsistence of its members.

Thank you, Mr. Chairman, and members of the committee, for permitting me to present this testimony on behalf of the James Madison Memorial Commission.

### Appendix to Testimony of Harold W. Dodds Before the Senate Public Works Subcommittee on Public Buildings and Grounds, August 31, 1962

When the University of Chicago Press announced the publication of the first two volumes of "The Papers of James Madison" on May 22, 1962, it released the following biographical sketch of Madison.

"A SKETCH OF JAMES MADISON

"In the fields of political philosophy and constitutional law, no man more erudite than Madison has held this Nation's highest office. The more versatile Jefferson was accomplished in many areas, but did not match Madison's skill in statecraft. Wilson approaches closest to Madison as scholar but Wilson came to politics late in life. Madison held his first office at 25 and was a national figure for almost 60 years.

"As a measure of Madison's activity away from his study, consider the principal offices he held in his lifetime: member of the Convention and General Assembly of Virginia, 1776; of the State of Virginia, 1777–79; Delegate from Virginia in the Continental Congress, 1780–83 and 1787–88; member of the General Assembly of Virginia, 1784–87; delegate from Virginia in the Annapolis Convention, 1786; delegate from Virginia in the Constitutional Convention, 1787; member of the Convention in Virginia to ratify the Federal Constitution, 1788; Representative from Virginia in the Congress of the United States, 1789–97; member of the General Assembly of Virginia, 1799–1800; Secretary of State of the United States, 1801–09; President of the United States, 1809–17; rector of the University of Virginia, 1826–34; member of the Virginia Constitutional Convention, 1829.

"And, as much as anyone, Madison built the great Jeffersonian party which defeated the Federalists in 1800 and ruled the country for the next 28 years.

"Perhaps a more leisurely look at the man will help us to understand the significance to American history of the Sage of Montpelier.

"Mention of James Madison today brings chiefly to mind the framing and adoption of the Federal Constitution and its first 10 amendments. For many years before his death Madison was highly satisfied to have his name almost universally identified with his country's fundamental law, even though he often protested that it had been the product of a long history and of many authors.

"As Jefferson's Secretary of State he demonstrated his worth as a counselor and as a skillful and tireless penman, but he could not claim major credit for the Louisiana Purchase or the outcome of negotiations with the Barbary States. Unsupported by sea power, his scholarly and closely reasoned notes failed to persuade England and France, locked in war, to cease their depredations upon America's neutral commerce.

"An executive position was not congenial to Madison's talents. Although his lack of forcefulness as President has frequently been exaggerated by historians, there is no doubt that he found it difficult to control his Cabinet effectively, to lead the Congress to adopt his recommendations, and to arouse the people to support him enthusiastically during the domestic and foreign crises, including nearly 3 years of war, which filled most of his 2 terms.

"Nevertheless, to conclude that he was merely "a master of ideas rather than of men" would far underrate his powers of leadership.

"In a deliberative body, such as a constitutional convention, legislature, or political party conference, he was always outstanding. Amid these surroundings the handicaps of his weak voice and short stature were more than offset by his excellent memory, logical mind, evident sincerity, and the range of his knowledge about statecraft.

"Although wit and lightness of touch seldom appeared in his correspondence after his student days at the College of New Jersey (1769–72), they were remarked upon by all of his friends who enjoyed his conversation and hospitality. The complete happiness of his many years of married life with the vivacious and society loving Dolley Payne Todd is, of itself, sufficient evidence to disprove the caricature of him as a solemn, shy, little gentleman who tolerated social gatherings only as a duty and was never really happy except when cloistered in his library.

"And yet Madison cannot be understood without recognizing his deep knowledge of the classics, political philosophy, political economy, and constitutional law. Unlike Jefferson, Madison could usually hold his own emotions in tight leash when analyzing a problem. Jefferson's statement, in 1790, that Madison 'was the greatest man in the world' reflects his fast-growing appreciation of Madison's steadying influence and the shrewdness of his political judgment. In spite of his devotion to scholarship, Madison was seldom a doctrinaire or an impractical idealist. He drew illustrative materials from his books, not for the purpose of parading his erudition or ornamenting his speeches but for bolstering his own position or undermining that of his opponent. In his search for sound policies and procedures he selected those which had worked in the past, rather than untested ones which only theoretical speculation could justify. His down-to-earth outlook upon men and affairs often led him to take a strongly, and sometimes even a starkly, economic approach to constitutional and political issues.

"Madison's career in the Continental Congress and in the General Assembly of Virginia during the 1780's supports these generalizations. Although youthful in appearance when he first entered national political life in March 1780, he quickly gained the respect of men who had been leaders in the Congress since the days of Lexington and Concord. Within 6 months after his arrival he was sharing importantly in the work of key committees, especially those dealing with the baffling problems of finance, the trans-Allegheny west, and relations with Spain.

"Madison's later role in the Constitutional Convention, both as its most effective member and as the patient, daily recorder of its more than 4-months-long debates, is his best known service to his country. Well known, also, is his contribution of about 29 of the 85 essays, collectively entitled The Federalist. How influential these articles were in enlisting support for the proposed Constitution is debatable, but there is no disagreement about their excellence as a defense of the document and, taken together with others of Hamilton and Jay, as a masterpiece in the literature of political science. It was during this period, too, that Madison added 'Chief Architect of the Bill of Rights' to his title of 'Father of the Constitution.'

"In the realm of federalism, Madison always sought the middle of the road, the workable compromise between complete centralization and the near anarchy under the Articles of Confederation. In the years after 1789, and especially after the Nation had weathered the many crises brought by the Napoleonic wars, Madison extolled the Constitution for its embodiment of this golden mean.

"On the other hand, in the realm of the sovereignty of the United States in its relations with foreign powers, and on the subject of each individual's inalienable right to freedom of conscience, he was uncompromising. The youthful achievement in which he justifiably took the most pride was his success in substituting the words 'religious liberty' for 'religious tolerance' in Virginia's Declaration of Rights of 1776.

"He was an early advocate of a complete separation of the Thirteen Colonies from Great Britain. During his Presidency he viewed the renewed struggle with that power as America's second war for independence. With complete truth the 'sage of Montpelier' could affirm shortly before his death that he had 'espoused in his youth and adhered through his life to the cause of his country's liberty.' "

---

## MILLIONS OF DOLLARS IN EXORBITANT RATES COLLECTED BY MONTANA POWER CO. AND SHIPPED OUT OF STATE TO STOCKHOLDERS

Mr. METCALF. Mr. President, during the past decade more than 100,000 Montana electric consumers have paids tens of millions of dollars in exorbitant rates which the Montana Power Co. has sent outside the State to its stockholders.

According to information furnished by the Federal Power Commission, the Montana Power Co. had the highest average annual rate of return—9.3 percent—of any major private electric utility in the Nation during the 3-year period of 1958–60, the latest for which figures are available. This compares with a national average rate of return of 6 percent.

From 1951 to 1960 the average residential bill among the more than 100,000 Montanans who receive company power totaled $156 more than it would have had the company received only average earnings.

In 1960 the average light bill among the 128,435 Montanans who received Montana Power Co. electricity was $17 more than it would have been had the company received only average earnings.

Had the company received only average instead of the highest earnings, from 1951 through 1961, Montana individuals, industries, and businesses would have saved $56,327,000.

Furthermore, most of these millions went out of Montana. Under questioning by a Senate Public Works subcommittee in 1958, the company reported that only 15 percent of its stock was owned by residents of Montana.

Mr. President, the company's policy of scarce and high-cost power helps its big stockholders but hurts the Montana residential consumers, hurts Montana businesses, impedes industrial development. Two out of three Montana consumers have to buy from this company which is now distorting the facts as it unleashes its huge political machine in an attempt to prevent construction of Knowles Dam and consequent production of cheap and abundant power for Montana citizens and industries.

Montana Power residential consumers pay about twice as much per kilowatt-hour as do persons who buy from other private utilities in the Northwest. During 1960 they paid an average revenue of 2.36 cents per kilowatt-hour. This compares with 1.31 for Washington Water Power Co., 1.38 for Pacific Power & Light Co., 1.13 for Portland General Electric Co., 1.18 for Puget Sound Power & Light Co., and .97 cent for the city of Seattle.

Mr. President, I ask unanimous consent to insert in the Record, immediately following these remarks, a letter and accompanying table which I received from Joseph C. Swidler, Chairman of the Federal Power Commission, and an article "Effective Rate Regulation: Fact or Fiction?" by Arnold H. Hirsch, public utility consultant, which appeared in the May 1962, issue of Public Power magazine.

There being no objection, the letter and table were ordered to be printed in the Record, as follows:

FEDERAL POWER COMMISSION,
*Washington, August 25, 1962.*

Hon. LEE METCALF,
*U.S. Senate, Washington, D.C.*

DEAR SENATOR METCALF: This is in reply to your letter of August 8, 1962, relative to the earnings of the Montana Power Co. in comparison with the average for all privately owned electric utilities.

In the attached schedule there are shown for the years 1951 through 1960 the national average ratios of electric utility operating income to net electric utility plant compared to the same ratios for Montana Power Co. The schedule also shows what the estimated revenue effect would be for customers of Montana Power Co. if company earnings were no more than the indicated national average ratios. As may be noted, the revenue effect of the ratio differences ranges from a low of $3.5 million in 1951 to a high of $7.2 million in 1958.

In computing revenue effects of differences in earnings allowances consideration also must be given to effects of income taxes. In order to produce $1 of allowable earnings after taxes it is necessary to provide $2.08 of gross revenue, of which $1.08 is for income taxes. The $1 of earnings allowances is the residual 48 percent after income taxes of 52 percent. Consequently, gross revenues of $2.08 must be collected, i.e., 1÷.48=2.08⅓. A downward adjustment of allowable earnings accordingly affects gross revenues (consumer charges) by $2.08 for each $1 of downward adjustment. This tax consideration is reflected in the attached schedule by the amounts shown opposite the line title, "Tax Factor."

In the lower part of the schedule, the revenue effect has been distributed to residential and to all other service classifications proportionately to actual revenues received in the respective years. However, this may or may not be an accurate allocation based on rate schedule designs. The effect on the average annual residential electric bill is shown on the next to last line of the schedule. In 1960, Montana Power served an estimated 80 percent of all Montana residential customers served by privately owned utilities and an estimated two-thirds of all residential customers.

Obviously, the attached schedule is only a rough approximation of the amounts by which revenues of Montana Power Co. may be higher than if the company's return allowances were the same as national average. The information, of course, does not necessarily reflect the results which might be expected from rate proceedings before regulatory agencies. The company may very well be able to justify its existing rates. The attached data were compiled pursuant to your specific instructions and with no implication that the indicated excess revenues violate statutory standards for Montana.

I hope that these explanations and the attached schedule provide you with the information you desire.

Sincerely yours,

JOSEPH C. SWIDLER,
*Chairman.*

(Enclosure No. 95214.)

*Montana Power Co., electric utility operating income, 1951–60*

| | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 |
|---|---|---|---|---|---|---|---|---|---|---|
| U.S. national average ratio of electric utility operating income to net electric utility plant;[1] classes A and B privately owned companies (percent) | 6.2 | 6.3 | 6.2 | 6.2 | 6.3 | 6.3 | 6.1 | 6.1 | 6.2 | 6.2 |
| Montana Power Co.: | | | | | | | | | | |
| Net electric utility plant [1] (thousands) | $79,220 | $83,138 | $87,647 | $94,259 | $97,843 | $100,682 | $108,562 | $115,426 | $119,478 | $123,119 |
| Electric utility operating income (thousands) | $6,614 | $7,773 | $7,519 | [2] $7,878 | $8,930 | $9,788 | $9,886 | $10,504 | $10,450 | $10,526 |
| Ratio electric utility operating income to net electric utility plant [1] (percent) | 8.3 | 9.3 | 8.6 | 8.4 | 9.1 | 9.7 | 9.1 | 9.1 | 8.7 | 8.5 |
| Percentage points over national average | 2.1 | 3.0 | 2.4 | 2.2 | 2.8 | 3.4 | 3.0 | 3.0 | 2.5 | 2.3 |
| Estimated revenue reduction by applying to Montana Power the national average operating income/net plant ratio: | | | | | | | | | | |
| Return factor (thousands) | $1,664 | $2,494 | $2,104 | $2,074 | $2,740 | $3,423 | $3,257 | $3,463 | $2,987 | $2,832 |
| Tax factor (thousands) | 1,803 | 2,702 | 2,279 | 2,246 | 2,968 | 3,708 | 3,528 | 3,751 | 3,236 | 3,068 |
| Total (thousands) | 3,467 | 5,196 | 4,383 | 4,320 | 5,708 | 7,131 | 6,785 | 7,214 | 6,223 | 5,900 |
| Reduction distributed to: | | | | | | | | | | |
| Residential revenues (thousands) | 990 | 1,442 | 1,281 | 1,404 | 1,782 | 2,243 | 2,140 | 2,474 | 2,367 | 2,152 |
| Revenues from other classes of service (thousands) | 2,477 | 3,754 | 3,102 | 2,916 | 3,926 | 4,888 | 4,645 | 4,740 | 3,856 | 3,748 |
| Total (thousands) | 3,467 | 5,196 | 4,383 | 4,320 | 5,708 | 7,131 | 6,785 | 7,214 | 6,223 | 5,900 |
| Percent of actual revenues | 16.6 | 22.3 | 18.4 | 18.4 | 21.3 | 24.8 | 22.2 | 23.6 | 19.9 | 17.5 |
| Average annual residential bill | $10 | $14 | $12 | $12 | $15 | $19 | $18 | $20 | $19 | $17 |
| Average annual number of residential customers | 102,186 | 104,938 | 108,500 | 111,517 | 115,029 | 118,836 | 121,568 | 123,319 | 125,797 | 128,435 |

[1] Gross electric utility plant less reserves for depreciation and amortization. Average for year.

[2] Estimate.

## EFFECTIVE RATE REGULATION: FACT OR FICTION?

(By Arnold H. Hirsch, public utility consultant, Washington, D.C.)

James M. Landis, former dean of Harvard Law School, in his report to President Kennedy over a year ago on the state of the Federal administrative agencies, seriously deplored the breakdown of the regulatory process, with special reference to the Federal Power Commission. While his report could have been construed as an indictment of regulatory commissions in general, he pointed no direct accusatory finger at any of the State agencies. Several months later, however, on April 8, 1961, the New York Times implicitly questioned the quality of State regulation when it said in an editorial:

"Provision for such services as electricity and telephone * * * still conforms more or less closely to the criteria of the traditional public utility concept. The great growth since World War II in the use of these services suggests that public regulation has been successful in permitting rates of return which permit companies in these fields to compete successfully for the capital needed for expansion. But the recent suggestions in some quarters that a public utility security may be a growth stock promising very sharp future rises in earnings and dividends per share must cause some eyebrow raising. One wonders whether proponents of such ideas have given adequate attention to the public's right to share technological progress in these industries through lower rates if such should be possible in the future while assuring reasonable, but not exorbitant, returns to invested capital."

The New York Times rightly wonders: under effective rate regulation, how can a utility's common stock earnings and dividends rise so sharply as to qualify for the growth classification? The resolution of this seeming paradox involves the state of the State administrative agencies, whether they actually regulate or merely vegetate.

Long before Mr. Landis commenced his investigation of the Federal regulatory bodies at the instance of the President, leading investment advisory organizations had already completed a survey of the State agencies—for the purpose of evaluating the investment quality and growth potential of operating utility securities. Their observations are discernible from their language in describing the regulatory atmosphere throughout the country. Where the administrative process betrayed symptoms of rigor mortis in any jurisdiction, they used the euphemistic appelation of favorable to express their assessment of such regulatory climate. The proliferation of growth stocks in the utility industry during recent years affords cogent testimony of the moribund condition of the State regulatory agencies.[1]

A glance at the record is illuminating. The following analysis of the average annual rates of return [2] earned by privately owned electric and telephone operating utilities is based on the most recent 3-year period for which complete data are available, namely, from 1958 through 1960.[3] It is pertinent to note here that a fair, if not generous, average rate of return during this 3-year test period may reasonably be considered in the classic area of 6 percent.

### ELECTRIC UTILITY INDUSTRY

For the purpose of this study, the largest electric utility company [4] was chosen in each State,[5] and its average annual rate of return computed for the 3-year test period.

### AVERAGE RATE OF RETURN

A. Based on Federal income taxes actually paid.[6]

---

[1] Moody's current Stock Survey has classified the common stocks of the following electric utility operating companies as "growth stocks": Florida Power & Light Co., Florida Power Corp., Tampa Electric Co., Houston Lighting & Power Co., and Arizona Public Service Co. And Standard & Poor's Security Owner's Stock Guide (Feb. 1962) has characterized the common stocks of the following electric utilities as "capital gains stocks" and recommends them for "potential price appreciation": Montana-Dakota Utilities Co., Southwestern Public Service Go., Columbus & Southern Ohio Electric Co., Illinois Power Co., Indianapolis Power & Light Co., and Consumers Power Co.

[2] In the interest of reasonable comparability and simplicity, the rates of return computed herein represent the ratio of net operating income to depreciated plant in service. Where a company renders any auxiliary utility services, the rates of return reflect the ratio of the total utility net operating income to the total depreciated utility plant in service.

[3] Sources of basic data: Federal Power Commission Statistics of Electric Utilities in the United States, Privately Owned; Federal Communications Commission statistics of the Bell Telephone System (combined intrastate and interstate).

[4] Based on electric plant in service as of Dec. 31, 1960.

[5] Including the District of Columbia, but excluding Nebraska, where the electric utilities are all consumer owned, Alaska and Hawaii.

[6] The proper treatment of income tax savings resulting from the use of liberalized depreciation and accelerated amortization un-

1. Rate of return of 6.5 percent and over (generally regarded as moderately excessive to exorbitant):

| | Percent |
|---|---|
| Montana | 9.3 |
| Florida | 9.1 |
| Texas [6] | 9.1 |
| Ohio | 8.8 |
| New Mexico | 8.5 |
| Delaware | 8.4 |
| Alabama | 8.2 |
| West Virginia | 8.2 |
| Connecticut | 8.0 |
| Louisiana | 8.0 |
| South Carolina | 8.0 |
| Georgia | 7.9 |
| Virginia | 7.9 |
| Kentucky | 7.7 |
| Oklahoma | 7.7 |
| Nevada | 7.6 |
| Illinois | 7.5 |
| Kansas | 7.5 |
| Tennessee | 7.5 |
| Oregon | 7.4 |
| Wyoming | 7.4 |
| Maryland | 7.1 |
| Minnesota [6] | 7.1 |
| Colorado | 7.0 |
| Mississippi | 7.0 |
| North Carolina | 7.0 |
| South Dakota [6] | 7.0 |
| Arizona | 6.9 |
| District of Columbia | 6.9 |
| Indiana | 6.9 |
| New Jersey | 6.9 |
| New York [7] | 6.9 |
| Missouri | 6.8 |
| Pennsylvania | 6.8 |
| Arkansas | 6.7 |
| Iowa [6] | 6.7 |
| Michigan | 6.6 |

2. Rate of return of 6 to 6.4 percent (twilight zone):

| | Percent |
|---|---|
| California | 6.4 |
| Massachusetts | 6.4 |
| Utah | 6.4 |
| Vermont | 6.4 |
| Maine | 6.3 |
| New Hampshire | 6.3 |
| Washintgon | 6.2 |
| Wisconsin | 6.2 |
| Idaho | 6.1 |

3. Rate of return of less than 6 percent (fair and equitable):

| | Percent |
|---|---|
| North Dakota | 5.9 |
| Rhode Island | 5.0 |

8. Based on "Normalization" of Federal income taxes.[5]

1. Rate of return of 6.5 percent and over (moderately excessive to exorbitant):

| | Percent |
|---|---|
| Montana | 8.9 |
| Texas [6] | 8.5 |
| Florida | 8.3 |
| Connecticut | 7.7 |
| New Mexico | 7.7 |
| Tennessee | 7.5 |
| Wyoming | 7.4 |
| Nevada | 7.2 |
| Alabama | 7.1 |
| Kentucky | 7.1 |
| Maryland | 7.1 |
| North Carolina | 7.0 |
| Arizona | 6.9 |
| District of Columbia | 6.9 |
| Kansas | 6.9 |
| Minnesota [6] | 6.9 |
| Virginia | 6.9 |
| Georgia | 6.8 |
| Ohio | 6.7 |
| Illinois | 6.6 |
| Oklahoma | 6.6 |
| Pennsylvania | 6.6 |
| West Virginia | 6.6 |
| Delaware | 6.5 |
| New York [7] | 6.5 |
| South Dakota [6] | 6.5 |

2. Rate of return of 6 percent to 6.4 percent (twilight zone):

| | Percent |
|---|---|
| Louisiana | 6.4 |
| Oregon | 6.4 |
| South Carolina | 6.4 |
| Vermont | 6.4 |
| Missouri | 6.3 |
| Utah | 6.3 |
| Mississippi | 6.2 |
| New Jersey | 6.2 |
| Wisconsin | 6.2 |
| Washington | 6.1 |

3. Rate of return of less than 6 percent (fair and equitable):

| | Percent |
|---|---|
| Arkansas | 5.9 |
| Colorado | 5.9 |
| North Dakota | 5.9 |
| Indiana | 5.8 |
| Massachusetts | 5.8 |
| California | 5.7 |
| Idaho | 5.7 |
| Michigan | 5.7 |
| New Hampshire | 5.7 |
| Iowa [6] | 5.6 |
| Maine | 5.6 |
| Rhode Island | 5.0 |

It is manifest that, however the tax savings are treated under liberalized depreciation or accelerated amortization, the number of potential candidates for the "growth" club of common stocks in the electric utility industry is quite substantial.

It may be of interest to note that, notwithstanding the economic recession in 1960, the combined revenues of all Class A and Class B privately owned electric utilities[9] in the United States during that year ranged from the equivalent of $160 to $565 million in excess of a 6 percent rate of return, depending upon the specific treatment of the tax savings under Sections 167 and 168 of the Internal Revenue Code of 1954.

### TELEPHONE UTILITY INDUSTRY

The telephone utility industry in the United States is virtually synonymous with the American Telephone & Telegraph Co., the Bell Telephone System.[10] As complete data are not available for the non-Bell utilities, this analysis will be confined to the average annual rates of return earned by the Bell operating companies during the 3-year test period of 1958 through 1960. It should be observed that the Bell operating companies have never adopted liberalized depreciation or accelerated amortization, and their computed rates of return are unaffected by the issue of "normalization versus flow-through."

### AVERAGE RATE OF RETURN

1. Rate of return of 6.5 percent and over (moderately excessive to exorbitant):

| | Percent |
|---|---|
| Texas [11] | 8.3 |
| Ohio | 8.2 |
| Illinois | 8.1 |
| Iowa [11] | 8.1 |
| Massachusetts | 8.0 |
| Mississippi | 8.0 |
| Oklahoma | 7.8 |
| Arkansas | 7.7 |
| Colorado | 7.7 |
| Nebraska | 7.7 |
| New Jersey | 7.7 |
| Indiana | 7.6 |
| Delaware | 7.4 |
| Florida | 7.4 |
| Missouri | 7.4 |
| Idaho | 7.3 |
| Minnesota | 7.3 |
| Nevada | 7.3 |
| North Carolina | 7.3 |
| Rhode Island | 7.3 |
| South Carolina | 7.3 |
| Virginia | 7.3 |
| Alabama | 7.2 |
| New York | 7.2 |
| North Dakota | 7.2 |
| Pennsylvania | 7.2 |
| Utah | 7.2 |
| Wyoming | 7.2 |
| New Hampshire | 7.1 |
| New Mexico | 7.1 |
| Vermont | 7.1 |
| Maryland | 7.0 |
| Wisconsin | 7.0 |
| District of Columbia | 6.9 |
| Georgia | 6.9 |
| Arizona | 6.8 |
| California | 6.8 |
| Connecticut | 6.8 |
| Kentucky | 6.8 |
| Maine | 6.8 |
| Michigan | 6.8 |
| Oregon | 6.8 |
| Tennesseee | 6.8 |
| Washington | 6.8 |
| Kansas | 6.6 |

2. Rate of return of 6 to 6.4 percent (twilight zone):

| | Percent |
|---|---|
| South Dakota | 6.4 |
| West Virginia | 6.3 |
| Montana | 6.2 |

---

der secs. 167 and 168, respectively, of the Internal Rvenue Code of 1954 has generated considerable controversy among regulatory authorities, both Federal and State. Sec. 167 has created the greatest division of opinion. One school of thought holds that the tax reduction realized from the use of liberalized depreciation is merely a tax deferment to be paid at a later date, and that the taxes charged to operating expenses should be "normalized" by a provision for deferred taxes in the amount of the tax saving. This procedure tends to benefit the stockholders, and is usually referred to as "normalization." A second school of thought holds that the tax reduction under sec. 167 constitutes a permanent tax saving, particularly with growing utilities, and should be passed along to the consumers. This procedure, whereby only actual taxes paid are permitted as a charge against operating expenses, is commonly referred to as "flow-through." Other commissions have sought to effectuate a compromise between the two schools of thought in ratemaking proceedings. Wherever this issue has reached the courts, the prevailing judicial view has been to recognize the discretionary authority of the Commission to decide the question on the basis of competent evidence. A recent case in point is *Cities of Lexington, Etc., Ky.* v. *Federal Power Commission* (U.S.C.A.4th, 1961), 295 F. 2d 109. See also: *Pittsburgh* v. *Public Utility Commission* (1956), 182 Pa. Super. 551, 17 P.U.R. 3d 249, 128 A. 2d 372; *Central Maine Power Co.* v. *Public Utilities Commission* (1957), 153 Me. 228, 21 P.U.R. 3d, 321, 136 A. 2d 726.

[6] No State regulation of electric rates.

[7] Composite of Long Island Lighting Co., New York State Electric & Gas Corp. and Rochester Gas & Electric Corp., as complete data were not available for Consolidated Edison Co. of New York, Inc., the largest utility in the State, or for Niagara Mohawk Power Corp., the second largest utility.

[9] Having annual electric operating revenues in excess of $250,000.

[10] As of Dec. 31, 1960, A.T. & T.'s subsidiaries had over 60 million telephones in service (about 82 percent of the total number of telephones in the United States) in the District of Columbia and in every State, except Alaska and Hawaii. Southern New England Telephone Co. and Cincinnati & Suburban Bell Telephone Co., in which A.T. & T. has only a minority stock interest, are recognized as associated operating utilities in the Bell Telephone System, and are included herein.

[11] No State regulation of telephone rates.

3. Rate of return of less than 6 percent (fair and equitable):

| | Percent |
|---|---|
| Louisiana | 5.9 |

In the light of the average annual rates of return earned by the Bell operating companies during the test period, it is understandable why some knowledgeable investment advisers have recently hinted at the prospect of classifying the common stock of American Telephone & Telegraph Co. as a "growth" security, until now one of the bluest of the blue-chip "income" stocks.[12] Despite the economic recession in 1960, the composite rate of return earned by the Bell operating companies that year was 7.4 percent, equivalent to approximately $485 million in revenues in excess of a 6-percent rate of return.

A conservative estimate of the total unwarranted revenues currently exacted from the utility consumers in the United States for all classes of service, as a consequence of the torpid regulations of rates by State commissions, would be at least $1 billion on an annual basis.

In summary, the conclusion is inescapable that, with a few notable exceptions, effective State regulation of utility rates is clearly a fiction. While this deplorable situation unjustly enriches the utilities at the expense of the ratepayers, it is fraught with foreboding implications. Laissez faire has never been popular with the American people. It should be remembered that public ownership of utilities receives its greatest impetus from a frustrated and disillusioned public. Statesmanship and foresight could earn a handsome reward for the utilities if they would only seize the present opportunity and voluntarily reduce their rates to a just and reasonable level. And State regulatory bodies may well ponder the poignant view expressed by Joseph C. Swidler, Chairman of the Federal Power Commission, during his appearance before the Senate Commerce Committee on April 11, 1961, that "the Federal Power Commission has the responsibility to initiate cuts in public utility rates if they appear too high whether or not anyone has complained about them."

It is a well established principle of utility law that past profits, however excessive, cannot be recaptured from the utilities for the benefit of the consumers. Constant vigilance by the ratepayers is essential in order to avoid irreparable losses from exorbitant charges for utility service. Municipal and other local authorities, particularly their law officers, can render an invaluable and distinguished public service in this matter.

## TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

## PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the City Council of the City of Baldwin Park, Calif., favoring the enactment of portions of House bill 11199, relating to Federal aid secondary funds for use in urban areas, which was referred to the Commitee on Public Works.

## REPORTS OF A COMMITTEE

The following reports of a commitee were submitted:

By Mr. JOHNSTON (for Mr. EASTLAND), from the Committee on the Judiciary, without amendment:

H.R. 6021. An act for the relief of Lt. Don Walsh and Lt. Lawrence A. Shumaker (Rept. No. 1988);

H.R. 10242. An act to amend Private Law 86–339 (Rept. No. 1990);

H.R. 12024. An act for the relief of Librande P. Caltagirone (Rept. No. 1989); and

S. Res. 320. Resolution to refer a private bill to the Court of Claims (Rept. No. 1987).

By Mr. HART, from the Committee on the Judiciary, without amendment:

H.R. 4635. An act for the relief of Hattie and Joseph Patrick, Sr., and for the legal guardian of Betty Ann Smith and the legal guardian of Stanley Smith, and for the legal guardian of James E. Harris, Jr. (Rept. No. 1993).

By Mr. CARROLL, from the Committee on the Judiciary, with amendments:

H.R. 1960. An act to amend chapter 85 of title 28 of the United States Code relating to the jurisdiction of the U.S. district courts, and for other purposes (Rept. No. 1992).

By Mr. DIRKSEN, from the Committee on the Judiciary, without amendment.

S.J. Res. 214. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week (Rept. No. 1991).

## BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of Massachusetts:

S. 3688. A bill for the relief of Andreas Galis; to the Committee on the Judiciary.

By Mr. CARLSON:

S. 3689. A bill for the relief of Dr. Ali Baser; to the Committee on the Judiciary.

By Mr. SMITH of Massachusetts:

S. 3690. A bill for the relief of Allen Pope, his heirs or personal representatives; to the Committee on the Judiciary.

By Mr. CANNON:

S. 3691. A bill to amend the Federal Aviation Act of 1958; to the Committee on Commerce.

(See the remarks of Mr. CANNON when he introduced the above bill, which appear under a separate heading.)

By Mr. KEATING:

S.J. Res. 223. Joint resolution designating the period from January 13, 1963, to January 19, 1963, as International Printing Week; to the Committee on the Judiciary.

(See the remarks of Mr. KEATING when he introduced the above joint resolution, which appear under a separate heading.)

## AMENDMENT OF FEDERAL AVIATION ACT OF 1958

**Mr. CANNON.** Mr. President, it is with a sense of urgency that I introduce a bill to amend the Federal Aviation Act of 1958.

Recently this Congress enacted Senate bill 1969 which contained a series of amendments to the Federal Aviation Act designed to strengthen the cause of commercial aviation in the United States. Both before and since passage of this measure I pointed out several serious omissions in the bill which had repressive effects upon the supplemental air carriers.

Other colleagues were equally vocal in expressing their fears against the possibility of ruthless termination of the operation of the supplementals. I am now distressed to learn that the Civil Aeronautics Board is in the process of taking the first steps toward curtailing the operation of the supplementals in such a fashion that it could very well lead to the complete elimination of this important and necessary segment of the Nation's transportation business.

From all indications, the act is serving to terminate chartered flights into many small cities in my State which are dependent upon tourists brought in by supplementals. I refer to situations in which supplementals are being prohibited from bringing visitors to cities which are not served—I repeat, which are not served—by any scheduled airlines. Indeed, some of the smaller Nevada communities do not have regular commercial air transportation available to them within less than 150 miles.

It seems to me that Senate bill 1969, which became Public Law 87–528, is being interpreted by the CAB as an instrument for the elimination of all but scheduled airlines. I am sure that this was not the intention of the Congress but, rather, reflected omission in the law which was ultimately passed last July 10.

Because of the serious threat which is posed to the economy of many cities within my State, I am introducing an amendment which would provide for individually ticketed service in interstate transportation between cities in which one or both of the cities are at least 25 miles or more from the nearest point served by scheduled air carriers.

This amendment would permit those cities which have no hope of receiving scheduled air service to have the opportunity to secure a supplemental service which is vital and necessary. It will in no way adversely affect the scheduled carriers.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3691) to amend the Federal Aviation Act of 1958, introduced by Mr. CANNON, was received, read twice by its title, and referred to the Committee on Commerce.

## INTERNATIONAL PRINTING WEEK

**Mr. KEATING.** Mr. President, the printing press surely ranks among man's greatest inventions throughout the ages. Preliterate societies of course could disseminate culture from person to person, and from generation to generation, only through word-of-mouth communications. And even with the development of writing, explosive gains in literacy had to await the coming of a means of mass reproduction of the written word. This process ripened only recently, in terms of the history of the human race, with the invention of the printing press a scant five centuries or so ago.

---

[12] Moody's Stock Survey has classified the common stock of General Telephone & Electronics Corp., which controls the second largest telephone system in the United States, as a "growth" stock.

We in America, under the freedoms of speech and press guaranteed all our people by the first amendment to the Constitution, have reaped the greatest advances from the printed word in our political, economic, scientific, and cultural endeavors. In the very establishment of this Nation, the printing press lay at the heart of the Colonies' successful efforts to unite our people behind the fundamental principles of self-determination and civil liberty which even today keep alive the hopes of oppressed peoples everywhere for their ultimate deliverance into the ranks of the free. No medium of communication, not even the electronic marvels of our day which bounce words and pictures across continents and oceans, can justly claim a role comparable to that played by the printed word in spreading knowledge and truth for all mankind.

Mr. President, the printing industry of the United States will join with counterpart enterprises elsewhere in the free world this coming January to celebrate International Printing Week. In this country, the International Association of Printing House Craftsmen, the largest graphic arts organization in the world, has set aside the week of January 13 through 19 to bring public attention to our heritage of freedom of the press and to the continued healthy development of the graphic arts in our cultural life. The dates that have been selected embrace January 17, the birthday of Benjamin Franklin, who is the father of the printing industry and patron saint of the graphic arts in the United States.

Mr. President, I therefore take great pleasure in introducing, for appropriate reference, a joint resolution designating the period from January 13, 1963, to January 19, 1963, as International Printing Week. I ask unanimous consent that the text of the joint resolution be printed in the Record at this point.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the Record.

The joint resolution (S.J. Res. 223 designating the period from January 13, 1963, to January 19, 1963, as International Printing Week, introduced by Mr. Keating, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the Record, as follows:

Whereas the first amendment to the Constitution of the United States guarantees to every person in this country the freedom of speech and of the press; and

Whereas the exercise of these freedoms depends in major part upon the continued healthy development and progress of the graphic arts, and more particularly the printing industry of the United States; and

Whereas printing makes possible the worldwide dissemination of knowledge and thus lies at the source of all political, economic, scientific, and cultural advancement; and

Whereas the people of the United States enjoy the many benefits of printing in their daily lives; and

Whereas January 17 is the birthday of Benjamin Franklin, who, among all his other achievements in behalf of, and contributions to the cause of, the freedom of mankind, is the father of printing in the United States: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the period from January 13, 1963, to January 19, 1963, is hereby designated as International Printing Week, and the President of the United States is requested and authorized to issue a proclamation inviting the people of the United States to observe such week with appropriate ceremonies and activities.

---

## REVENUE ACT OF 1962—AMENDMENTS

Mr. SPARKMAN submitted an amendment, intended to be proposed by him, to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. GORE submitted amendments, intended to be proposed by him, to House bill 10650, supra, which were ordered to lie on the table and to be printed.

Mr. RANDOLPH (for himself and Mr. Byrd of West Virginia) submitted an amendment, intended to be proposed by them, jointly, to House bill 10650, supra, which was ordered to lie on the table and to be printed.

Mr. GORE. Mr. President, I send to the desk and ask to have printed and lie on the desk an amendment which would strike from the pending tax bill the words "or associated with" and would insert instead the words "and directly connected with."

If the amendment were adopted, the bill would read, as follows, on lines 16, 17, and 18 on page 41:

> Unless the taxpayer establishes that the item was directly related to and directly connected with the active conduct of the taxpayer's trade or business.

This amendment would eliminate the three little words which have been interpreted to take the lid off on good will entertainment.

This amendment, if adopted, would still permit deduction of all legitimate business expenses, including entertainment, conventions, lunches, et cetera, if such were directly related to and directly connected with the active conduct of the taxpayer's trade or business.

I hope this amendment will provide a solution for this very vexatious problem.

I shall offer the amendment when the bill is again taken up next week.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie at the desk.

---

## NOTICE OF HEARING ON NOMINATION OF ARTHUR J. GOLDBERG TO BE AN ASSOCIATE JUSTICE OF THE SUPREME COURT OF THE UNITED STATES

Mr. JOHNSTON. Mr. President, on behalf of the Senator from Mississippi [Mr. Eastland], I desire to give notice that a public hearing has been scheduled for Tuesday, September 11, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, before the Committee on the Judiciary, upon the nomination of Arthur J. Goldberg, of Illinois, to be an Associate Justice of the Supreme Court of the United States.

At the indicated time and place persons interested in the above nomination may make such representations as may be pertinent.

---

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. SMITH of Massachusetts:

Address delivered by Senator Pell at the annual observance of the founding of the Touro Synagogue at Newport, R.I., on August 26, 1962.

---

## ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 31, 1962, he presented to the President of the United States the following enrolled bills:

S. 1308. An act to incorporate the Naval Sea Cadet Corps;

S. 2250. An act to provide for the incorporation of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, organized 1883, 78 years ago; and

S. 2321. An act to encourage and aid the development of reconstructive medicine and surgery and the development of medicosurgical research by authorizing the licensing of tissue banks in the District of Columbia, by facilitating ante mortem and post mortem donations of human tissue for tissue bank purposes, and for other purposes.

---

## ADJOURNMENT UNTIL TUESDAY, SEPTEMBER 4, 1962

Mr. SMATHERS. Madam President, in accordance with the previous order, I move that the Senate adjourn.

The motion was agreed to; and (at 7 o'clock and 58 minutes p.m.) the Senate adjourned, in accordance with the order previously entered, until Tuesday, September 4, 1962, at 10 o'clock a.m.

## NOMINATIONS

Executive nominations received by the Senate August 31, 1962:

### Federal Communications Commission

E. William Henry, of Tennessee, to be a member of the Federal Communications Commission for a term of 7 years from July 1, 1962, vice John S. Cross, term expired.

### The Judiciary

Arthur J. Goldberg, of Illinois, to be an Associate Justice of the Supreme Court of the United States.

### Department of Labor

W. Willard Wirtz, of Illinois, to be Secretary of Labor.

## CONFIRMATIONS

Executive nominations confirmed by the Senate August 31, 1962:

### DIPLOMATIC AND FOREIGN SERVICE

#### AMBASSADOR

Charles E. Bohlen, of the District of Columbia, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

### POSTMASTERS

#### ALABAMA

Max A. Hand, Autaugaville.
Charles J. Jennings, Ohatchee.

#### ARIZONA

John A. Dinser, St. Michaels.

#### ARKANSAS

Ben W. Parham, Bald Knob.
Buel E. Walton, Black Oak.
William P. Nash, Jr., Emerson.
Bert D. Johnson, Jonesboro.
Zeek W. Taylor, Marmaduke.
Metra L. McCluskey, Poplar Grove.
Robert E. Richardson, Reyno.
Daniel K. Nall, Sheridan.
Orba G. Felley, Sherrill.

#### CALIFORNIA

Mary E. Gwynne, Alamo.
Barbara H. Potter, Avila Beach.
Thelma M. Lynch, Bethel Island.
Kennard C. Bratten, Denair.
Marjorie R. Estes, Georgetown.
Robert B. Molsberry, Kings Beach.
Perry W. Martin, Lompoc.
Evelyn R. Shearin, Maxwell.
Edythe E. Engebretsen, Mineral.
Russell E. Jacobson, Newbury Park.
Ella G. Weeks, Olivehurst.
Jerome B. McKernan, Ridgecrest.
Jettie R. Bean, Running Springs.
Julian Grembla, Santa Fe Springs.
William H. Lawrence, San Jose.
Melvin C. Manley, Selma.
James E. Rice, Wheatland.
Gerald H. Conrad, Yreka.

#### COLORADO

Dale E. Pralle, Burlington.
Floyd C. Bradfield, Cortez.
Thomas R. Miller, De Beque.
Laurel A. Niemann, Flagler.
John A. Miller, Julesburg.
Manuel T. Lovato, Saguache.
William A. Pitman, Seibert.

#### FLORIDA

Ruth P. Akins, Bell.
Madge C. Jones, Cross City.
Evelyn V. Morrow, Deerfield Beach.
William B. Dowling, Dunnellon.
George W. Creamer, Jr., Eastpoint.
David W. Newell, Jr., High Springs.
James E. Workman, Jr., Jacksonville.
Percy E. Hardaker, Kathleen.
William K. Bryant, Longwood.
Dorothy C. Lindelius, Loxahatchee.
Warren C. Harden, Sopchoppy.
Oliver W. Hartwell, West Palm Beach.
Gladys S. Bland, Pinetta.
Jose A. Gonzalez, Tampa.
Hoke S. Fitzgerald, Jr., Waverly.

#### GEORGIA

Lucius V. Jolly, Kingston.
Blanton H. Knight, McDonough.
Fred N. Stewart, Manchester.
James L. Sparks, Morris.
Alonzo C. McCorvey, Pavo.
Ruth T. Hill, Sasser.
Herbert R. Coker, Sycamore.
John E. Griffin, Tunnel Hill.

#### HAWAII

Norman M. Kimura, Kalaheo.
Yasuko T. Sakaida, Kualapuu.

#### ILLINOIS

James Bassi, Granville.
George J. Hobart, Lyons.
James C. Moore, McClure.
Wendell D. Marshall, Tonica.

#### INDIANA

Robert A. Becker, Argos.
Charles E. Sullenger, Freelandville.
Earl W. Mayfield, French Lick.
Cleon G. Doty, Greenwood.
Herbert D. Jackson, Hamilton.
Robert O. Highfill, La Fontaine.
Virgil S. Patterson, Matthews.
James R. Bond, Morgantown.
Elmer H. Ham, Jr., Nineveh.
Everett W. Smith, North Webster.
John V. Pelchat, Notre Dame.
Samuel S. Hollon, Oakland City.
Leathel Beckham, Whitestown.

#### IOWA

Effner L. Opsal, Armstrong.
John F. Vondra, Fairfax.
Leo M. DeWitt, Jewell.
John E. Rooney, Maxwell.
James S. Morrow, Mondamin.
Bill L. Beach, Sharpsburg.
Vivian B. Ravnsborg, Turin.

#### KANSAS

John L. Ruff, Attica.

#### KENTUCKY

Douglas J. Wiles, Cloverport.
James D. Byrum, Earlington.
Ronald G. Burchett, Grahn.
Robert L. Smith, Owenton.

#### LOUISIANA

Jessie C. Slade, Baskin.
Aline P. Smith, Haughton.
Robert J. Christ, Lake Charles.
Louis J. Andermann, St. James.

#### MAINE

Arnold Brewer, Jr., Boothbay Harbor.
James H. Davis, Bucksport.
Eleanor V. Cushing, Cliff Island.
Carroll H. Moulton, East Lebanon.
Donald Hollister, Hartland.
Norman L. Ware, Lincoln Center.
John P. Mahar, Rumford.

#### MASSACHUSETTS

Richard J. O'Neil, Acton.
John L. Brown, Assonet.
Thomas D. Lawrence, West Falmouth.

#### MICHIGAN

Clair L. Hill, Burlington.
Marvin R. Ebert, Cedar Springs.
Laurence W. Jackson, Jr., Clare.
Richard C. Crowner, Clawson.
Albert P. Chyz, Highland.
Velma R. Benac, Hillman.
Herbert C. Fowler, Hillsdale.
Andrew J. Yalch, Honor.
John S. Elmore, Hope.
Harold J. Niemitalo, Kaleva.
Richard A. Stevens, Marine City.
Roberta B. Wernette, Mecosta.
Clarke H. Jeffers, Milford.
Aloysius J. Roggenbuck, Moran.
Edmund Schiller, New Era.
Kenneth H. Johnson, Orleans.
Ethelwyne M. Vaughan, Oscoda.
Donald F. Bowen, Palmyra.
Lindsay T. Hawkins, Rogers City.
Laverne H. Maginity, Thompsonville.
Robert W. Hafeman, Wallace.
Curtis E. Heyman, Watersmeet.

#### MINNESOTA

David R. Steinley, Alexandria.
Clarence L. Luepke, Arlington.
Robert J. Blair, Brownsville.
Norman E. Schmidt, Circle Pines.
Albert L. Sanford, Dakota.
Raymond C. Wilkins, Glencoe.
Robert D. Gunderson, Gonvick.
Harold G. Hage, Hanska.
Howard R. Christensen, Hartland.
Connie H. Creyer, Hugo.
Roger W. Giles, Ivanhoe.
Wendell E. Morrison, Kasota.
Neil T. Garvin, Le Sueur.
David J. Jacobs, Loretto.
Robert E. Davis, Magnolia.
Alphonse E. Janson, New Munich.
William F. Albrecht, Nassau.
David T. Elsberry, Nisswa.
George M. Wellnitz, Odessa.
Dale C. Roth, Plato.
Thorvald C. Jensen, Ruthton.
Patrick N. O'Boyle, St. Paul Park.
Vernon Hovelsrud, Trail.
Alvin J. Grandstrand, Viking.
Palmer J. Kyllo, Wanamingo.
Helen E. Sutherland, Warba.

#### MISSISSIPPI

Lorie D. Gollotte, Jr., Biloxi.
Thomas D. Neely, Braxton.
Faulk O. Smith, Leakesville.
Mildred C. Quin, Liberty.
James H. Breazeale, Ovett.
Bennie Jones, Pickens.
Ernestine H. Pentecost, Ridgeland.

#### MISSOURI

Curt J. Meinz, Altenburg.
H. Buhler Sears, Bolckow.
Bernie M. Crawford, Hermann.
Shrader L. Mitchell, Holliday.
Linden E. Fish, Lee's Summit.
Martin F. Moran, Milan.
Clyde J. Cook, Morley.
William J. Lawrence, Mountain Grove.
Karl E. Harbstreet, Urich.

#### MONTANA

Grace M. Coulston, Bainville.
Loetta D. Boyd, Brockton.
Felix J. Schoonover, Fort Benton.
Earnest A. Fogle, Jordan.
Idell F. Moore, Ledger.
Philip E. Brovold, Rudyard.
Donald E. Overs, Stockett.

#### NEBRASKA

Harold E. Jones, Diller.
Kenneth C. Sears, Lyons.
Mildred D. Fuhrer, Naper.
Carroll L. Falk, Wilcox.

#### NEVADA

Oman L. Olsen, Mesquite.
N. Constance Gilmore, Zephyr Cove.

#### NEW HAMPSHIRE

Erwin W. Cushing, Marlow.

#### NEW JERSEY

Bruce E. Thorn, Sea Girt.

#### NEW MEXICO

Oleta V. Cloud, Capitan.
Mary F. Fuller, Corona.

#### NEW YORK

R. Waldo Potter, Hartwick.

#### NORTH CAROLINA

Joseph W. Mason, Jr., Atlantic.
Jesse A. Tripp, Blounts Creek.
Leo Mercer, Chadbourn.
G. Byron Rose, Clinton.
William L. Sloop, Concord.
J. Ivey Bridgers, Conway.
John B. Stroud, Ellenboro.
Mary L. Mann, Grifton.
R. Fain Hambright, Grover.
Louise R. Clayton, Hillsboro.
William B. Jenkins, Hookerton.
McElree B. Hilliard, Macon.
L. Penn Hunter, Marion.
Noel D. Atkins, Mayodan.
Maude G. Peeler, Misenheimer.
Theodore L. Ware, Jr., Mount Holly.
Edward M. Ingram, Robbinsville.
W. Herman Francis, Waynesville.

#### NORTH DAKOTA

Leo A. Roden, Casselton.
Martha I. Trautman, Cleveland.
Lawrence A. Week, Gwinner.
Raymond L. McNally, Lisbon.
Dale C. Nesemeier, West Fargo.
Mildred V. Rudolph, Wolford.

#### OHIO

Frederick N. Hertel, Jr., Antwerp.
Carl C. Kindt., Bellville.

George W. Solander, Flat Rock.
Phyllis V. Pierce, Guysville.
Joseph V. Wayman, Jefferson.
William W. Johnson, Lakemore.
Carl G. Stockwell, Lynchburg.
Edmund W. Reed, Malinta.
Edwin A. Molitor, Milford.
Warren G. Reed, Morrow.
Arch L. Brinker, New Waterford.
Charles H. Hannah, Oxford.
Merrill L. Rowe, Portsmouth.
Madeline A. Wilson, Rawson.
Charles W. Welch, Somerset.
Jane G. Apfeld, Somerville.
Kathryn S. Kerns, Urbana.
Carl F. Hissong, Vickery.
John F. Sawmiller, Waynesfield.

OKLAHOMA

Hicks A. Smith, Jr., Ada.
Gleason W. Roe, Agra.
Grant W. Keeton, Bethany.
Deryl D. Milford, Byars.
Woodrow W. Wilson, Carnegie.
Robert B. Lovell, Dill City.
Bessie D. Zentz, Goodwell.
W. Leon Little, Hinton.
Adron M. Burkhalter, Mountain View.
Mina M. Williams, Oakhurst.
Woodrow F. Kolar, Prague.
Wilfred H. Listen, Spencer.

OREGON

Henry R. Kaiser, Jr., Corvallis.
Richard A. King, Forest Grove.

PENNSYLVANIA

Frank Crea, Kingsley.
Robert J. Lees, North Apollo.
Norman A. Serena, Summit Hill.
Ross P. Petrone, Jr., Wildwood.

RHODE ISLAND

Loren A. Andrews, Hope Valley.

SOUTH CAROLINA

Seivern E. Moore, Jr., Barnwell.
Hoyt McMillan, Conway.
Armond K. Price, Gilbert.

SOUTH DAKOTA

Clayton C. Fillaus, Avon.
Roy A. Norton, Gary.
Ernest C. Kub, Ipswich.
John M. Johnson, Madison.
Francis J. Tibio, Montrose.
George F. Linehan, Oglala.
Alyce V. Merrill, Pine Ridge.

TENNESSEE

William C. Herndon, Jr., Camden.
T. Julian Liggett, Columbia.
Robert W. Johnson, Enville.
Bob S. Wray, Gleason.
James C. Savage, Linden.
Onon E. Story, Monroe.
Charles E. Stone, Union City.

TEXAS

Harry A. Tinsley, Henrietta.
Harris C. Curtis, Jasper.
T. A. Henson, Littlefield.
Mary V. Polk, Pharr.
Terrell W. Brewer, Rosenberg.
Dorothy M. Childress, Selman City.
Doretha D. Taylor, White Oak.
Harry H. Mann, Levelland.
Troy I. Crawford, Pasadena.

UTAH

Thomas D. A. Smith, Circleville.

VERMONT

John P. Wellman, Readsboro.

VIRGINIA

Mary F. Bowling, Bishop.
Walter E. Harmon, Boissevain.
Katherine A. Webb, Callaway.
Anne W. Diggs, Cobbs Creek.
George W. Leigh, Drewryville.
Dude W. Bowen, Duffield.
Edward W. Burge, Fort Monroe.
Henry H. Downing, Front Royal.
Fonso F. Sutherland, Haysi.
Samuel A. Johnson, Jr., Narrows.
Harry S. Sommers, Paeonian Springs.
H. Clayton Davis, Pearisburg.
Walter D. Wood, Powhatan.
Robert W. MacAdoo, Pulaski.
Caroline W. Dozier, Toano.
James A. Mullin, Warsaw.
Louise S. Buckley, White Post.

WASHINGTON

Harold S. Long, Kent.
Alta W. Graham, Langley.
Floyd V. Hausken, Toppenish.

WEST VIRGINIA

Howard B. Faulkner, Bluefield.
Rosemary E. Earley, Boomer.
Beulah W. Ash, Buffalo.
C. Clark Wolfe, Glenville.
Dallas E. Walker, Mason.
Harold L. Welker, Romney.
Joseph V. Canfield, St. Albans.

WISCONSIN

Robert J. Gorman, Rio.
Douglas G. Runkel, Strum.

WYOMING

Helen E. Wambeke, Deaver.
Ada D. Vogel, Lusk.

---

# EXTENSIONS OF REMARKS

## Anniversary of Attack on Poland

EXTENSION OF REMARKS
OF

### HON. F. BRADFORD MORSE

OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
*Friday, August 31, 1962*

Mr. MORSE. Mr. Speaker, 23 years ago, September 1, 1939, Hitler sent his Nazi legions storming into Poland, thereby precipitating the greatest holocaust in the history of mankind. Outnumbered, lacking modern equipment, stabbed in the back by Stalin, the Polish people fought with their traditional bravery until crushed by the weight of superior forces. Who can forget the siege of Warsaw, where the loudspeakers blared defiance with Chopin's "Polonaise," while the Stuka dive bombers were pounding whole sections to rubble.

Since that dimly remembered date, 23 years ago, the Polish people have enjoyed only the briefest breath of freedom. Going back on their pledges at Yalta, the Russians never permitted free elections there, and by fraud, treachery, and intimidation the Communists gained control of the country. But they have never been accepted by the people of Poland, and it is safe to say that even today, after 15 years of Communist rule, Polish hearts are with the West.

Every correspondent who files a story about Poland notes the thirst for things Western, and Poland's conviction that she is of the West. The true feelings of the Polish people for America, regardless of what their Communist masters tell them, has been abundantly demonstrated over the years.

There is a tragic lesson for us in the rape of Poland, for Nazi Germany could have been stopped in her tracks in the thirties, if the powers of Europe had been firm with Hitler when he first violated the Treaty of Versailles. Instead, the powers temporized. The result was to encourage Hitler to continue to build up his forces and defy the existing order in Europe.

Need I point out the moral? Appeasement breeds war, it is as simple as that. Yielding to the bullying and blustering of Khrushchev today would be as fatal for us as yielding to the ranting of Hitler was for the European powers in another generation. Let us never forget the lesson of Poland, and let us continue to encourage ties of friendship and understanding with the courageous Polish people. They will one day again breathe the air of freedom.

---

## Greater Insecticide Control Needed

EXTENSION OF REMARKS
OF

### HON. HERMAN TOLL

OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
*Friday, August 31, 1962*

Mr. TOLL. Mr. Speaker, there has been much recent comment on the drug control activities of the Food and Drug Administration. Numerous articles have appeared in newspapers and in other mass mediums calling for investigation and reevaluation of the Federal functions in these areas. Yet, we are today faced with a problem of even greater significance to both present and future generations—the problem of indiscriminate use of toxic insecticides and pesticides and their effect on urban dwellers, who, having no choice, must purchase foods ineradicably contaminated with toxic agents without any knowledge thereof. A series of three articles, commencing with the June 16, 1962, issue of the New Yorker magazine, written by Rachel Carson, noted biologist, has pointed out many aspects of this problem.

The two main problem areas of insecticide use for the urban dweller are ecological balance and toxic agents causing pollution of water supplies and foodstuffs. The history of life on earth is a history of interaction of living things and their surroundings. Nature has achieved, through eons of evolution, an ecological—environmental—balance which keeps all species of animal life in reasonable proportion to all other species. Man, however, has recently achieved artificial means to disrupt this delicate balance though the use of insecticides. Quite often, his efforts to eliminate a certain species of insect have had disastrous results. Although the insect pest is often brought under temporary control, its natural enemy—birds, another insect, and so forth—is also often wiped out and the complex predator-prey balance is destroyed. The insect world, however, has shown surprising ability to develop resistance to insecticides and often an even greater resurgence of the insect population follows since the insect's natural enemy has been destroyed. Man is then forced to develop an even more powerful insecticide and the cycle begins anew with the usual result that the insect pest is not controlled and that widespread environmental contamination and death of animal life is produced. This has reached catastrophic proportions in many areas of the world where disease-carrying insects have reached a point of resistance to insecticides such that they have become almost ineradicable. Miss Carson suggests several means to combat this vicious cycle. The first, of course, is increased sanitation which would destroy the breeding places of many objectionable and disease-carrying insects. Second, she advocates the use of biological controls, that is, the importation and distribution of the insect's natural enemy to aid in keeping the insect population under control. She notes, for example, that the Japanese beetle has been brought under excellent control on the east coast through the use of biological controls, while Department of Agriculture efforts in the Midwest to control the beetle by extensive spraying have failed miserably.

A more serious problem is the effects widespread application of insecticides may have on present and future generations. Many insecticides in use today have proven toxic effects on humans, including DDT and its derivatives, chlorinated hydrocarbons—dieldrin, and so forth—and organic phosphates. It has been proven by experimentation that these toxic chemicals are often stored in the fatty reserves of the body and their cumulative effect may be extremely dangerous. For example, the vital enzyme functions of the cells in performing oxidation of complex sugars may be affected, causing immediate death, since the body is unable to obtain energy for vital life processes. Some insecticides have been proven to be cancer producing—carcinogens—while others are known to contribute to possible cancerous growths. Still other insecticides have been known to break down the genetic transmission functions of the cells causing hereditarily transferable defects and deformities. According to Dr. Malcom Hargraves, of the hematology department of the Mayo Clinic, blood diseases—including leukemia—related to the use of various toxic substances have been increasing, particularly in the last 10 years. He states that:

> I believe that the vast majority of patients suffering from blood dyscrasias and lymphoid diseases have a significant history of exposure to the various hydrocarbons, which in turn include most of the pesticides of today.

Thus, we are slowly, through increased use of highly toxic insecticides and pesticides, poisoning our environment and quite possibly adversely affecting the health of our population, while the cumulative effects on the future are not yet known. Miss Carson suggests that the ultimate solution to this problem is to use chemicals that are less toxic, so that the public hazard will be much reduced. Such chemicals already exist and include the pyrethins, rotenone, ryania, and others.

One of the major solutions to the problem of insecticide control lies in a reconsideration of the laws affecting the use of toxic chemicals. It is ironic that while various branches of the Food and Drug Administration are warning of the dire results of excess use of certain insecticides, various other Federal agencies are advocating and assisting in their application. On containers of insecticides containing extremely toxic chemicals, warnings are printed so inconspicuously that few people take the trouble to read them. An industrial firm recently undertook a survey to find out just how few. The results indicated that out of a hundred people using insecticide aerosols and sprays, scarcely 15 are aware that there are any warnings at all on the containers.

The next logical question is: What protection does the Government offer us from indiscriminate insecticide use? The Food and Drug Administration establishes maximum permissible limits of contamination, called tolerances for the various pesticides. However, the efforts of the Food and Drug Administration in the field of consumer protection is severely limited by two factors. One, the Food and Drug Administration has jurisdiction only over foods marketed in interstate commerce and, two, the small number of inspectors on its staff do not allow for adequate inspection of those goods which do pass through interstate commerce. Thus, goods not shipped across State lines are subject to State laws alone, many of which are extremely inadequate or nonexistent. Furthermore, the small staff of inspectors permits only an infinitesimal fraction of the products to be inspected—far less than 1 percent—and uncounted amounts of contaminated products have reached the consumer. For example, a third of the dairy products tested in 1960 showed residues of toxic chemicals above legal limits.

Beyond the above limiting factors, the system under which the Food and Drug Administration establishes tolerances has obvious defects. Although the limits of contamination on each individual item may be legally safe, there is no control over the total cumulative amount an individual may consume. This piling up of chemicals from many different sources creates a total exposure that cannot be measured. It is meaningless, therefore, to talk about the safety of any specific amount of residue. And there are other defects. Sometimes tolerances have been established on the basis of inadequate knowledge and later review and reevaluation caused a reduction or withdrawal of the toxic agent. But only after the public had been exposed to admittedly dangerous levels for a period of time.

Thus, if the health of our present and future generations is to be protected, an evaluation of both present legal restrictions on insecticide use and of the necessity of employing extremely toxic insecticides themselves, is imperative. The consumer deserves protection and a guarantee that his food is not contaminated with dangerous chemicals. I urge the Members to read Miss Carson's article in full and to give serious thought to these problems.

---

## Independence Day of Federation of Malaya

EXTENSION OF REMARKS

OF

### HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, August 31, 1962*

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency the Paramount Ruler of the Federation of Malaya, Tuanku Syed Putra Ibni Almarhum Syed Hassan Jamalullail, Yang di-Pertuan Agong; and His Excellency, the Malayan Ambassador to the United States, Hussain Mohamed Osman, on the occasion of the fifth anniversary of Malayan independence.

MALAYAN INDEPENDENCE DAY

Today I wish to take these few moments to offer my best wishes to the people of the Federation of Malaya on the occasion of this anniversary of their independence.

The bitterest part of Malaya's independence struggle was not against the United Kingdom, but was rather directed at Communist guerrilla elements who attempted to subvert that independence before it was won. Begun in 1948, this fierce campaign of terror cost millions of dollars, brought thousands of casualties, and delayed Malayan independence for several years. Finally the rebels were defeated; and as a result of agreements with the British in 1956 and 1957, the Federation of Malaya reached full independence within the Commonwealth of Nations on August 31, 1957.

The newest nation in the Far East, Malaya's economy is one of the most dynamic in the entire region. While the Federation is still in the early stages of industrial development, it is making rapid strides toward improving the lot of its people. Health conditions are making impressive advancements, and the level of literacy, already above 51 percent, is being raised by a large-scale education program.

Some two-thirds of the cultivated area of the country is devoted to rubber, which, as the chief employer of labor and the main source of public revenue and foreign exchange, is the backbone of the economy. Another very important export item is tin. To a large extent it can be said that the Malayan economy is dependent on the world demand and prices for these two commodities. Quite naturally, diversification ranks high among the goals of Malaya's economic planning. Other objectives of the Government's agricultural policy are improving cultivation techniques, encouraging the production of various secondary crops, and expanding research and agricultural education. The Government also aims at diversifying its industry. For example, it provides a tax holiday of up to 5 years for local or foreign firms in pioneer industries. The general guidelines of Malaya's current economic development are set forward in the second 5-year plan, 1961–65. This plan follows the 1956–60 one under which considerable strides were made. It is my sincere hope that Malaya will continue to reap the harvest of the foresight it has thus far shown in setting forth along the road to economic prosperity.

Malaya is not only forward-looking in its domestic affairs, but has also shown great imagination on the international level. It is a prime mover of the Association of Southeast Asia, which seeks to build greater inter-regional cooperation between the Philippines, Thailand, and Malaya. Perhaps even more dramatic than this scheme is a program initiated by Tengku Abdul Rahman to integrate Malaya, Singapore, Brunei, Sarawak, and North Borneo into a mighty Malaysia. This plan, which it is hoped will be implemented by the summer of 1963, not only offers greater viability in the ethnic distribution of the Chinese and Malays living in the various territories, but also promises widespread economic advantages for all. I speak for many Americans in saying that I cheer this new initiative, and wish the Malaysia project every success.

It gives me great pleasure to take this opportunity to extend my congratulations to Prime Minister Tengku Abdul Rahman and to the people of Malaya on this fifth anniversary of the independence of the Federation of Malaya.

---

## Robin Hood Dell

### EXTENSION OF REMARKS

OF

### HON. WILLIAM J. GREEN, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, August 31, 1962*

Mr. GREEN of Pennsylvania. Mr. Speaker, in the swirl of a large city, such as Philadelphia, with its vast manufacturing and commercial enterprises, its bustling port that leads the Nation in commercial shipping, we have not forgotten cultural advancement and material application of the arts.

The city of Philadelphia is known for its historical values, its fine museums and art galleries, its institution of higher learning, and its devotion to the theater and good music.

These values were enhanced many years ago with the founding of Robin Hood Dell, located in a natural scenic setting in beautiful Fairmount Park. In such surroundings the summer concerts and recitals are enjoyed by many, many thousands each season, and have become famous far and beyond the stretches of the Greater Metropolitan Philadelphia area.

Significantly, the success of Robin Hood Dell lies in the presentations of extensive repertoire and the engagement of the world's finest musicians and vocal artists to delight the music lovers from everywhere.

The fame of Robin Hood Dell was climaxed on July 9 when President John F. Kennedy took time to pen a message of recognition of its achievements which was read to the thousands assembled there on that evening.

I, therefore, include under unanimous consent, the content of the President's letter, which follows, in the CONGRESSIONAL RECORD.

THE WHITE HOUSE,
*Washington July 9, 1962.*

*A Message to the Audience at Robin Hood Dell, Philadelphia:*

Mr. August Heckscher brings you tonight my sincere greetings, greetings to the Philadelphia Symphony Orchestra, and to the Philadelphia audience gathered in the Robin Hood Dell. These matchless musicians, playing in summer with the world's outstanding soloists and conductors, remind us what delights a city can bring to its citizens. A partnership between the city and more than a thousand patrons of the arts are making these free concerts possible and will bring their joys to scores of thousands of boys and girls. The Philadelphia plan provides a model for other communities and lends added lustre to a city which has had more than its share of distinction throughout our country's history.

With all best wishes,

JOHN F. KENNEDY.

---

## Small Business Administration

### EXTENSION OF REMARKS

OF

### HON. WILLIAM J. GREEN, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, August 31, 1962*

Mr. GREEN of Pennsylvania. Mr. Speaker, I want to call to the attention of the House the accomplishments of the Small Business Administration in its disaster loan program. The Small Business Administration is charged with the responsibility for providing financial assistance by way of loans to people and business concerns in disaster areas. How this responsibility has been met deserves some recognition.

Beginning on March 6 of this year, a storm of tremendous proportions lashed our eastern coast. For more than 3 days high winds, rain, and flooding tides destroyed or damaged thousands of homes. Losses to business properties ran into millions of dollars.

Much of the area devastated by the storm is comprised of summer resorts. The beaches along our eastern coast are really the vacationland of America. The situation was made more critical by the fact that the lifeblood of the economy of this area turns largely upon its summer residents and upon its summer visitors. Coming as closely as it did to the opening of the spring and summer season, this storm—with its massive destruction—imperiled the economy of the whole area.

There was, in the minds of a great many people, a very serious question as to whether there would be time for recovery from the storm. The need for loans on reasonable terms was made sharper by the fact that for the most part the losses were not covered by insurance. The cost of wave-wash insurance is so high as to be beyond the means of the average property owner.

Before the storm had subsided and without waiting for formal declarations of disaster, the Philadelphia regional office of SBA established its field offices. Financial specialists from distant SBA offices were flown to the scene, briefed in their tasks, and assigned to supplement the working force in the field offices.

One of the most remarkable achievements of the Small Business Administration in this disaster was the speed and efficiency with which it coordinated its efforts with those of other Federal agencies, with State governments, with local municipal officials, and with local financial intitutions. Particular attention should be drawn to the working relationship between local banks and the Small Business Administration. During the first week following the storm, meetings were held between Small Business Administration officials and the officers of local banks to insure an organized and cooperative effort. The result of these meetings has been a record number of participation loans, wherein the Small Business Administration and the local banks in a joint undertaking provided the funds needed for repair and restoration of the damaged property. Cooperation afforded the Small Business Administration, by banks and building and loan associations in the disaster area was excellent. I take something of a personal pride in the fact that the cooperation afforded by banks was not limited to those located within the disaster area. Our own banks in Philadelphia deserve particular credit for their contribution in this effort. The Small Business Administration is, in comparison with other Government agencies, a very small organization. Without expense to the Government and at some considerable cost to their own operation, the Philadelphia banks made available to the Small Business Administration 10 experienced loan officers. For sometime, these men served in the field offices of the Small Business Administration with their salaries and their services being contributed by the Philadelphia banks. This was a most generous contribution and I think it deserves recognition.

A fine spirit of public service has characterized the recovery effort. Leaders, in the banking and business communities, came forward to serve without charge on committees set up to assist the Small Business Administration in the processing of loan applications. Leading members of the bar accepted appointment as special SBA disaster counsel to provide, at very nominal cost to the Government, the legal services required in connection with the closing of the more complicated loans.

I do not propose to give, at great length, the satistics which represent the size of the task and the measure of the achievement. They are impressive and are available in the official records. For your summary information, more than 1,300 applications were filed with SBA for loans totaling in excess of $16 million. Loan applications range in size from $150 to $650,000. With these loans, homes and business properties have been repaired or rebuilt, inventories have been replaced, and machinery and equipment have been repaired or purchased. In fully half of the cases, the money was available to the borrower within 10 days after the loan was approved. Regrettably, the SBA disaster loan program could not also be extended to rehabilitation of property owned by summer residents.

The united effort of the people in the disaster area, the State and local governments, the Red Cross and the Small Business Administration presents a picture of solid and substantial achievement. A great part of the damage has already been fully repaired and the remainder is being rapidly completed. May 30, which is traditionally the opening of the summer season, found our coastal cities ready to welcome their summer residents and their summer visitors. I understand that Richard J. Hughes, Governor of the State of New Jersey, speaking for himself and for the people of his State, has expressed deep and sincere appreciation for the services rendered by the Small Business Administration. In a letter to John E. Horne, Administrator of the Small Business Administration, Governor Hughes described it as a "magnificent recovery effort" and I think his words were well chosen.

Government agencies are set up for a single purpose—that is, to provide service to the people. In its disaster loan program, the Small Business Administration has provided a fine example of excellent and dedicated service. Therefore, I think it is proper that it should be acknowledged.

---

## The 200th Anniversary of Touro Synagogue, Newport, R.I.

EXTENSION OF REMARKS

OF

### HON. BENJAMIN A. SMITH

OF MASSACHUSETTS

IN THE SENATE OF THE UNITED STATES

*Friday, August 31, 1962*

Mr. SMITH of Massachusetts. Mr. President, I would like to call to the attention of my colleagues a speech given by the junior Senator from Rhode Island [Mr. Pell] at the 200th anniversary of the founding of the Touro Synagogue in Newport, R.I.

Senator Pell's address concerned two subjects which were particularly fitting for discussion by the junior Senator from Rhode Island. The first was religious tolerance. Since its founding, Rhode Island has had a distinguished tradition of religious freedom. The Touro Synagogue, in keeping with this tradition, was founded by refugees from religious persecution in the Old World. It is the oldest synagogue in this country.

The Senator also discussed the state of communism in the world today. It is a subject which he has studied first hand; first as a Foreign Service officer stationed behind the Iron Curtain; then as a private citizen working with the International Rescue Committee.

The tide of communism—

Senator Pell said—

which appeared so overwhelmingly 10 years ago, has begun to ebb. The vigor of communism seems to be receding in the face of the invincible force of the desire of every individual everywhere for personal freedom and liberty.

Mr. President, I believe that there is much truth in what Senator Pell has said. He offers substantial evidence to back his remarks, and his assertions that communism will destroy itself through evolution, not war or revolution, should be brought to the attention of every responsible and thinking American.

I ask unanimous consent that this speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Speech Given by Senator Claiborne Pell, Democrat, of Rhode Island, at the Annual Observance of the Founding of the Touro Synagogue at Newport, R.I., on Sunday, August 26, 1962

It is a pleasure and honor for me to participate today in these ceremonies which mark the start of the 200th year of the establishment of one of the most historical and hallowed homes of worship in Rhode Island and these United States. In this connection, I am proud to have been an early supporter of the Society of Friends of Touro Synagogue.

In the course of my travels, I have visited many places of worship. Yet, every time I return to the Touro Synagogue, it is with renewed reverence. The words of Emma Lazarus are, indeed, appropriate:

"Here where the noises of the busy town,
The ocean's plunge and road can enter not,
We stand and gaze upon with tearful awe,
And muse upon the consecrated spot."

As you know, our State of Rhode Island has existed since colonial times as a bastion of religious liberty for the victims of religious persecution. It was here in Rhode Island that the Jewish faith was publicly reconsecrated by the brave and principled Marrano families, who, for so many years, had been forced to pay public tribute to a church in which they did not believe. Because these fine families, in accordance with the legacy of the Old Testament, were determined to worship God according to the dictates of their conscience, they migrated to the uncertainty of the New World. These families were devoted to the patriot's cause of liberty, a philosophy espoused by the revolutionaries as the hope of the future.

The early Jewish residents of Newport played an active role in the development of our country. Moses Michael Hays became president of the Boston Bank as well as head of the Masonic Society of America. It was he who commissioned George Washington into the Masonic order. Judah Touro, the rabbi's son became one of the largest shippers in America. His generosity made possible the construction of the Bunker Hill Monument and, when he died, his entire fortune was distributed to charity.

The history of our own Touro Synagogue congregation involved many persons of great distinction whose names are enshrined forever in the annals of freedom of our State and our country: names like Lopez, Rophee, Sarzedas, Rivera, Seixas and Hart. The memory of these early Newport families remains with us in this holy sanctuary.

We have only to lift our eyes to behold the centuries of Judaic heritage which the brave men and women who established this synagogue brought with them on their earnest journey toward a new and better life. A scroll in the sacred ark, a graceful candelabra—these objects serve as timeless reminders of the ancestral roots of the early Jews of Newport. The Touro Synagogue, is, indeed, a hallowed symbol of the courage and faith of its first congregation.

Longfellow immortalized the nobility of this very congregation in one of his poems over 100 years ago. His words capture the rich legacy of history which is all around us in the inspiring atmosphere of this great sanctuary.

"Pride and humiliation hand in hand,
Walked with them through the world where they
Trampled and went, beaten were they as the sand,
And yet unshaken as the continent.
"For in the background figures vague and vast
Of patriarchs and prophets rose sublime,
And all the great traditions of the past,
They saw reflected in the coming time."

What are the "traditions of the past" which Longfellow saw "reflected in the coming time"?

Certainly, these great traditions include the Ten Commandments, the importance of the individual, each man's responsibility to others less fortunate, and the importance of education. These religious and philosophical convictions clearly represent a strong foundation on which our devotion to freedom is built. In this connection, I believe that the words of George Washington, addressed to this congregation over 170 years ago, are equally appropriate today when he said: "The citizens of the United States of America have a right to applaud themselves for having given to mankind examples of an enlarged and liberal policy; a policy worthy of imitation."

While we are agreed that our devotion to freedom is worthy of imitation, we know that today and for many years now, we have been confronted by a system which is the direct antithesis of the Judaic-Christian heritage, which has made such a rich contribution to our free way of life. Because we are gathered here today to rededicate ourselves to the spirit and heritage which this holy place represents, I think it is particularly appropriate that we review and evaluate how our way of life is faring in the worldwide struggle against communism.

There have been periods when the outlook for our side seemed bleak, indeed. At times, it has almost looked as though communism was an uncontrollable juggernaut. We recall that the Communists emerged from World War II with Latvia, Lithuania, Estonia, East Germany, North Korea and part of Poland under their control. Between the end of World War II and 1948 were added Albania, Bulgaria, China, Czechoslavakia, Hungary, Rumania and Yugoslavia. Even in the West in 1945–46, the Communists managed to secure 26 percent of the votes in France (1945–46) and 22.7 percent of the votes in Italy (1952). Up until 1949, Communist guerrillas were active in Greece and that nation was involved in a fierce and protracted struggle.

Ten years ago, the outlook in the Middle East, to put it mildly, did not look good for us. And here I want to emphasize the point that even then, as now, Israel was the real bastion of Western civilization in the Middle East; not just a bastion against communism, but a bastion of Western ideals, technology and advancement. In 1952 Nasser assumed power and many were convinced that he would ally Egypt with the Communists. In Iran, Mossadegh was going through his gyrations. North Africa was aflame. Fighting was going on in Algeria, Tunisia and Morocco. It was also obvious that many new nations of tropical Africa were going to come to freedom in the ensuing decade, and a number of observers feared that the majority of them would, after achieving their freedom, quickly become pawns of the Communists.

In Asia, the Reds were on the march. The Viet Minh were engaging thousands of French troops in Vietnam. We were involved in a desperate struggle in Korea. The Pathet Lao was active in Laos. Malaya and the Philippines were beset by bloody Communist guerrilla strife.

In Latin America, the situation appeared to be as ripe for the Kremlin as any brew that could be devised by a witch angry at the West. In the majority of Latin American countries, a small self-perpetuating autocracy, often corrupt, kept in their hands the key to the reigns of power-education. This autocracy held a nation's finances tightly in its hands and adamantly refused an equitable distribution of income. And this autocracy remains most powerful as we can see by what happened in Peru only a few weeks ago.

Yes, 10 years ago, even we in the United States seemed to be paralyzed. The frustrations felt by many of our people led them to support the extremism of McCarthy. The professional anti-Communists had a wide appeal in the United States, an appeal far beyond the actual strength of the Communist Party. They almost succeeded in getting across their idea that the threat to the United States was from within and not, as is in fact the case, from without.

In general, while both the Communist nations and the democracies of the West had been bled by World War II, it often appeared as though the blood of the democracies was less vigorous than that of the Communist nations, that of our the shambles of World War II might well arise the inevitable Communist state predicted by Marx and Engel, a prophecy cherished and nourished in the Kremlin through the years.

But, thank God, as we know, the world situation is fluid. There is no such thing as a permanent status quo. Arnold Toynbee stresses in his monumental work "A Study of History," that civilizations and nations must move, and fast. They must either grow in strength or start to shrink; but, they cannot stand still. Like a man on the side of a steep mountain, he must go up or down; he cannot remain stationary.

Now, let us look at the broad sweep of post-World War II events and history. From this vantage point of August 26, 1962, I submit that the tide of communism, which appeared so overwhelming 10 years ago, and was actually at its flood tide then, has begun to ebb.

The vigor of communism seems to be receding in the face of the invincible force of the desire of every individual everywhere for personal freedom and liberty. True, Tibet has been seized by China, we are in for a long, drawnout struggle in South Vietnam, and the future of the coalition government in Laos is, at best, uncertain. However, since Czechoslovakia was subverted in 1948, not a single nation that has been predominantly literate and reasonably well fed, has slipped behind the Iron or Bamboo Curtain.

And even behind the curtain itself; we have had considerable evidence of the peoples' unrest. There were the Berlin riots of 1953, the Poznan riots of 1956, the Hungarian revolution of 1956, and the Warsaw student riots of 1957. In the last two affairs, I had the experience of being involved, and in fact, in the latter case, of being tear gassed.

As a result of this unrest, some relaxation has occurred behind the Iron Curtain. The Gomulka regime in Poland has loosened the chains to some degree. The Communist empire is no longer monolithic. Albania, China, and Yugoslavia are all engaged in internecine warfare with the Kremlin. And, like Alice looking in her strange looking glass, the Communist leaders of Albania and China are said to be criticized from the right, and those of Yugoslavia from the left. Recently, we witnessed the strange spectacle of a Russian helicopter being used by the Indians against the Chinese Communists. The Soviets have had to build their horrible wall in Berlin because of the failure of their regime to satisfy human needs and to prevent the drain of their people. Even in Hungary, there have occurred certain relaxations—not many, but a few.

The recent wave of refugees seeking escape from Communist China is devastating testimony to the many failures of that despotism.

Certainly, Latin America has not fallen like a ripe plum, and today, Castro's life in Cuba is not an easy one. I have always advocated that we let him stew in his own juice and I think the pot is boiling very well.

No, all is not going well for the Communists. In Kerala, India, where once the people voted in a Communist regime; 3 years later, they voted in a non-Communist state government. The guerrilla activities which concerned us 10 years ago in Malaya and the Philippines, have been virtually eliminated.

Egypt has certainly not become a Communist satellite and the situation in tropical Africa has brought many surprises. The vast majority of the new nations have shown little interest in becoming closely alined with the Communist bloc and even Guinea recently demanded that the Russian Ambassador be changed. In the Congo, just after its independence, the Russians rushed in with great expectations. A few months later, they were thrown out by the Congolese themselves.

Contrary to some popular misconceptions, the Communists have not done at all well in the U.N. In fact, the Communists are so concerned by their failures at the U.N., that they have attempted to institute the paralyzing troika. Specifically, the Soviet bloc has done so badly in the U.N. Security Council that they have had to use the veto more than 100 times. We have never had to use it.

As a matter of fact, throughout the history of the U.N., not one single major Soviet resolution, which the United States has opposed, has carried the U.N. For instance, only the 11 members of the Communist bloc opposed the Assembly's resolution which condemned the Soviet announced intention of exploding a 50-megaton bomb. A lengthy and stormy discussion in the General Assembly's main Political Committee on Cuba's charges of American aggression produced not a single vote outside the Soviet bloc. Drastic Communist proposals calling for immediate independence of all territories, however ill prepared, have all been defeated. It is interesting to note that an article in the July 23 edition of the National Observer states "He (Khrushchev) bluntly labeled the U.N. as a branch of the U.S. State Department."

Another indication of the Reds' dissatisfaction with the U.N. has been their efforts to bankrupt the organization. It is interesting to note that the only nations who opposed the General Assembly resolution authorizing the issuance of U.N. bonds, were the 11 Communist bloc countries and, regrettably, Belgium and France.

Finally, while we struggle with the problem of what to do with our food surpluses, the Communist world is desperately searching for ways to grow more food. Communist methods in agriculture have been a catastrophic failure. This is a telling indictment of the Communist system when one recalls that over 80 percent of the world's people are engaged in agriculture and that improved methods of agriculture are a life and death matter for most of the uncommitted nations of the world. I have been referring to Communist setbacks. Now I want to mention some of the positive accomplishments of our side.

There is the phenomenon of the decolonization by our allies climaxed by the recent settlement in Algeria which will free France from a tremendous drain of its resources. With the exception of Portugal, the nations of NATO are fast divesting themselves of their oversea lands. While the new nations create new problems, I believe that in the long run, the very emergence of these new nations will greatly strengthen our hand in the struggle with communism for two principal reasons.

First of all, as our European allies bring their colonies to independence, we find that the peoples of those countries, whose whole impetus stems from the desire for liberty, have no desire to exchange the chains of one master for those of another. The very antipathy for discipline of the individual African must be seen to be believed. I remember being vividly impressed with this phenomenon at the coming to independence of Tanganyika last winter, at being particularly struck by the zest of each African to do just what he wanted. Moreover, as the Africans come to freedom, the Soviets lose their powerful propaganda weapon of masquerading as anticolonialists. In fact, Red colonialism becomes increasingly obvious to the uncommitted nations.

Secondly, our allies are not squandering their resources in a futile attempt to repress independence movements. As a consequence, our allies are able to use the men and money saved for their domestic economic growth; they are able to make a more substantial contribution to NATO; and they are in a better position to help us meet the great challenge of economic development in the new nations. Our problem, though, is to get our allies to carry their full, fair load.

Another very positive development in our favor has been the phenomenal economic recovery of Western Europe, where a planned but free economy has racked up phenomenal accomplishments, where the strength of the emerging Common Market has a very direct relevance to problems of development in Africa, Asia, and Latin America. One of the great hopes of the Communists has been that they could convince the emergent developing nations that their Communist system presented the best method for development. Yet, in contrast, nakedly stand the failures of Communist agriculture; and the failure of the brutal Communist efforts to industrialize China. Less striking, but no less significant, in comparison with China, is the steady progress which India has been making through the use of democratic methods.

As we assess the balance sheet between independence and communism, I think we should ask ourselves what are some of the underlying reasons for the failures of communism and here I believe we can return to my original remarks about the basic philosophy which underlies our society. Because to my mind, the basic reason for the failure of communism is very simple. Communism is utterly unnatural and goes against the grain of men. As Pope Pius IX said more than a century ago in 1846 of communism, "It is absolutely contrary to the natural law itself." But, when people are starving and illiterate, when any alternative seems preferable to the status quo, they may swallow it. When people are facing the muzzle of a cannon, they can be forced to live under it. But, when these conditions change, when brutal force is lessened, then starts the evolution away from communism. I see the defeat of communism ahead. Not quickly, which would mean global war, destructive to both the East and the West. But, I do see the defeat of communism over the long haul through evolution.

The very system we have evolved with its freedom of choice and respect for individual rights, has its attractions to any people who have a degree of education and material well-being. I believe that, innately, human beings everywhere, of every color and in any hemisphere, yearn for the freedom to say what they think, to work where they wish, to worship how they please, and to pile up a few personal possessions to pass on to their children. And this includes the Russians, who are today reasonably well fed, well read, and well clothed.

In essence, then, I believe that the Communist system contains within itself, the seeds of its own destruction, not by quick revolution, because the Russian people are not too discontent, not by mutually destructive war, but through evolution.

If we can take the long view of history, we realize that our Judaeo-Christian civilization has been in existence for centuries and has survived many temporary inroads of unnatural and antihuman philosophies. Therefore, I wonder if the historians of 2062 will not think of the Communist movement as one of a number of threats to civilization which like other barbarian movements, like the Huns and Visigoths and the Third Reich, were turned back because of man's innate humanity.

I believe that Walter Lippmann, one of the wisest political philosophers on the American scene, was eminently correct when he told the American Law Institute last May: "The wave of the future is not Communist domination of the world. The wave of the future is social revolution driving us toward the goal of national independence and equality of personal status."

Obviously, we cannot just sit back and talk about our principles. We must implement in our daily lives the doctrines we hear preached in our houses of worship. In this connection, the social ethics of our Judaic-Christian heritage are not only a source of inspiration—their implementation is vital.

As we brace ourselves to deal wih the triple challenges of poverty, disease, and illiteracy, the really important thing to keep in mind is not what we are against but what we are for. I particularly commend to you a statement by General Shoup of the Marine Corps: "We teach them (marines) what there is in this country that is worth living for, worth fighting for, worth giving your life for. We don't teach them hate.

"Hate I consider is an internal sin. And hate is closely associated with fear, I think fear breeds defeatism, and that is a disease that we cannot afford in this country if we are going to maintain our position in the family of freedom-loving people."

Our greatest strength then is our dedication to man's independence and as Longfellow said, to "all the great traditions of the past—they saw reflected in the coming time." The tried and true great commandments of our forefathers, the principles which inspired those who established this magnificent synagogue do, indeed, have great relevance for us today. If we follow these principles, we will be able to demonstrate "examples of an enlarged and liberal policy: a policy worthy of imitation" as George Washington asked us to do.

It is my earnest hope that those of us who are gathered here today will leave this hallowed building with a sense of reconsecration to destiny in life and to God's work.

---

# HOUSE OF REPRESENTATIVES

## TUESDAY, SEPTEMBER 4, 1962

The House met at 12 o'clock noon.

The Reverend Mark J. Mullin, C.M. (Vincentian Fathers), executive vice president, St. John's University, Jamaica, N.Y., offered the following prayer:

In the name of the Father, of the Son, and of the Holy Ghost. Amen.

John 14: 6: *I am the Way, the Truth, and the Light.*

Our Father, who art in heaven, You know the dire problems of our times and, by divine intellection, You know their solution. We beseech You to grant us the grace to think and to act in conformity with Your holy will, and to effect on earth the beneficent pleasure of heaven.

Enlighten us that we may be directed in all our deliberations by the spirit of our forefathers who, acknowledging Your existence and invoking Your name, sought to construct the law and achieve a democracy which would constitutionally guarantee equality and freedom for all.

Give us the strength to ignore petty human influences and withstand unbecoming pressures which would deter interest in the common good; and manfully so to legislate that our dictates be expressive of Your holy wisdom.

Bless us that Your way may be our way in all truth and light. Amen.

### THE JOURNAL

The Journal of the proceedings of Friday, August 31, 1962, was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGowan, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 75. An act to amend section 2103 of title 28, United States Code, relating to appeals improvidently taken;

H.R. 1322. An act for the relief of Georges Khoury;

H.R. 1450. An act for the relief of Maria Odelia Campos;

H.R. 1463. An act for the relief of Judy Josephine Alcantara;

H.R. 1678. An act for the relief of Jacques Tawil;

H.R. 2611. An act for the relief of Charles F. Ward, Jr., and Billy W. Craine, Sr.;

H.R. 4628. An act for the relief of Fotios Sakelaropoulos Kaplan;

H.R. 5317. An act for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee;

H.R. 7328. An act for the relief of the estate of Louis J. Simpson, deceased;

H.R. 7437. An act for the relief of Stella Rosa Pagano;

H.R. 7900. An act for the relief of Lt. (jg.) James B. Stewart;

H.R. 9775. An act for the relief of Nihat Ali Ucuncu;

H.R. 9834. An act for the relief of Estelle L. Heard;

H.R. 10195. An act to validate payments of certain special station per diem allowances and certain basic allowances for quarters made in good faith to commissioned officers of the Public Health Service;

H.R. 10493. An act to amend title 18, United States Code, section 4163, relating to discharge of prisoners;

H.R. 11017. An act to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11031. An act for the relief of George Wm. Rueff, Inc.;

H.R. 11122. An act for the relief of Edward J. McManus;

H.R. 11863. An act for the relief of Vernon J. Wiersma;

H.R. 11996. An act to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession;

H.R. 12157. An act to amend the Bankruptcy Act in respect to the salaries of retired referees; and

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1461. An act for the relief of Pedro Bigornia Bandayrel;

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 2292. An act to authorize the Secretary of the Treasury to issue certificates of honorable discharge in lieu of certificates of disenrollment to certain persons who served as temporary members of the U.S. Coast Guard Reserve during World War II;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

H.R. 6653. An act for the relief of Maurizio Placidi;

H.R. 7582. An act for the relief of Dario Tacquechel; and

H.R. 11914. An act for the relief of Charles Gambino.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 12711. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1963, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. Robertson, Mr. Russell, Mr. Kerr, Mr. Allott, Mr. Saltonstall, and Mr. Young of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 136. An act for the relief of Dinko Dorcic;

S. 453. An act for the relief of Robert J. Scanlan;

S. 972. An act for the relief of Cristina Franco;

S. 1263. An act for the relief of Marie Margaret Arvanetes;

S. 1848. An act for the relief of Ivanka Vladimirovna Tindek;

S. 2684. An act for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe;

S. 2687. An act for the relief of Robert D. Barbee;

S. 2753. An act for the relief of Duk Man Lee and Soon Mal Lee;

S. 2836. An act for the relief of Carmelo Rafala;

S. 2922. An act for the relief of Raymond Chester Hendon;

S. 3240. An act for the relief of Mrs. Lee Ma Chin-Ying;

S. 3336. An act for the relief of Lazaro Loyola Arinque, Jr.;

S. 3419. An act for the relief of Enrico Petrucci;

S. 3490. An act for the relief of Oh Shin Young;

S. 3613. An act to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes;

S.J. Res. 211. Joint resolution providing for the establishment of an annual National School Lunch Week; and

S.J. Res. 222. Joint resolution providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year."

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 476. An act to establish the Point Reyes National Seashore in the State of California, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8134) entitled "An act to authorize the sale of the mineral estate in certain lands," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Jackson, Mr. Bible, and Mr. Kuchel to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 10566) entitled "An act to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Ariz.," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Jackson, Mr. Bible, and Mr. Kuchel to be the conferees on the part of the Senate.

## ADJOURNMENT OVER

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## EXPRESSION OF SYMPATHY TO IRAN

Mr. ALBERT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution, House Concurrent Resolution 518.

The Clerk read the concurrent resolution, as follows:

*Resolved by the House of Representatives (the Senate concurring)*, That the Congress of the United States has learned with shock and sorrow of the devastation caused by the recent earthquake in Iran, which resulted in the death of thousands of its people and injuries and loss of homes to many tens of thousands. The Congress, on behalf of the people of the United States, hereby expresses its deepest sympathy for the people of Iran.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

## EXTENDING APPLICATION OF CERTAIN LAWS TO AMERICAN SAMOA

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution, House Concurrent Resolution 519.

The Clerk read the concurrent resolution, as follows:

*Resolved by the House of Representatives (the Senate concurring)*, That the President of the United States is requested to return to the House of Representatives the enrolled bill (H.R. 10062) to extend the application of certain laws to American Samoa. If and when said bill is returned by the President, the action of the Presiding Officers of the two Houses in signing said bill shall be deemed rescinded; and the Clerk of the House is authorized and directed to reenroll said bill in accordance with the conference report thereon adopted by the two Houses.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

## RESTORATION OF CERTAIN WIDOWS AND CHILDREN TO PENSION ROLLS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5234) to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, after "veteran,", insert "and after enactment of the 1962 amendment to this paragraph,".

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, this bill, which relates to void and voidable marriages and was requested by the Veterans' Administration and supported by the major veterans' organizations, has been amended in the Senate to provide a new effective date so that the provisions of this proposal will apply only to the actions of the veteran's widow after the date of enactment. The amendment was suggested by the Veterans' Administration.

## PROCEDURE IN CASES APPEALED TO BOARD OF VETERANS' APPEALS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 857) to amend section 4005 of title 38, United States Code, to provide that cases appealed to the Board of Veterans' Appeals shall contain a brief statement of the facts of the case appealed, with a citation and application of the law, together with the recommendations of the office appealed from, and for other purposes, with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert "That chapter 71 of title 38, United States Code, is amended by deleting sections 4005 and 4007 thereof, redesignating section 4006 as 4007, and inserting after section 4004 the following new sections:

"'Sec. 4005. Filing of notice of disagreement and appeal

"'(a) Appellate review will be initiated by a notice of disagreement and completed by a substantive appeal after a statement of the case is furnished as prescribed in this section. Each appellant will be accorded hearing and representation rights pursuant to the provisions of this chapter and regulations of the Administrator.

"'(b)(1) Except in the case of simultaneously contested claims, notice of disagreement shall be filed within one year from the date of mailing of notice of the result of initial review or determination. Such notice, and appeals, must be in writing and be filed with the activity which entered the determination with which disagreement is expressed (hereafter referred to as the "agency of original jurisdiction"). A notice of disagreement postmarked before the expiration of the one-year period will be accepted as timely filed.

"'(2) Notices of disagreement, and appeals, must be in writing and may be filed by the claimant, his legal guardian, or such accredited representative, attorney, or authorized agent as may be selected by him. Not more than one recognized organization, attorney, or agent will be recognized at any one time in the prosecution of a claim.

" '(c) If no notice of disagreement is filed in accordance with this chapter within the prescribed period, the action or determination shall become final and the claim will not thereafter be reopened or allowed, except as may otherwise be provided by regulations not inconsistent with this title.

" '(d) (1) Where the claimant, or his representative, within the time specified in this chapter, files a notice of disagreement with the decision of the agency of original jurisdiction, such agency will take such development or review action as it deems proper under the provisions of regulations not inconsistent with this title. If such action does not resolve the disagreement either by granting the benefit sought or through withdrawal of the notice of disagreement, such agency will prepare a statement of the case consisting of—

" '(A) A summary of the evidence in the case pertinent to the issue or issues with which disagreement has been expressed;

" '(B) A citation or discussion of the pertinent law, regulations, and, where applicable, the provisions of the Schedule for Rating Disabilities;

" '(C) The decision on such issue or issues and a summary of the reasons therefor.

" '(2) A statement of the case, as required by this subsection, will not disclose matters that would be contrary to section 3301 of this title or otherwise contrary to the public interest. Such matters may be disclosed to a designated representative unless the relationship between the claimant and the representative is such that disclosure to the representative would be as harmful as if made to the claimant.

" '(3) Copies of the "statement of the case" prescribed in paragraph (1) of this subsection will be submitted to the claimant and to his representative, if there is one. The claimant will be afforded a period of sixty days from the date the statement of the case is mailed to file the formal appeal. This may be extended for a reasonable period on request for good cause shown. The appeal should set out specific allegations of error of fact or law, such allegations related to specific items in the statement of the case. The benefits sought on appeal must be clearly identified. The agency of original jurisdiction may close the case for failure to respond after receipt of the statement of the case, but questions as to timeliness or adequacy of response shall be determined by the Board of Veterans' Appeals.

" '(4) The appellant will be presumed to be in agreement with any statement of fact contained in the statement of the case to which no exception is taken.

" '(5) The Board of Veterans' Appeals will base its decision on the entire record and may dismiss any appeal which fails to allege specific error of fact or law in the determination being appealed.

" '§ 4005A. Simultaneously contested claims

" '(a) In simultaneously contested claims where one is allowed and one rejected, the time allowed for the filing of a notice of disagreement shall be sixty days from the date notice of the adverse action is mailed. In such cases the agency of original jurisdiction shall promptly notify all parties in interest at the last known address of the action taken, expressly inviting attention to the fact that notice of disagreement will not be entertained unless filed within the sixty-day period prescribed by this subsection.

" '(b) Upon the filing of a notice of disagreement, all parties in interest will be furnished with a statement of the case in the same manner as is prescribed in section 4005. The party in interest who filed a notice of disagreement will be allowed thirty days from the date of mailing of such statement of the case in which to file a formal appeal. Extension of time may be granted for good cause shown but with consideration to the interests of the other parties involved. The substance of the appeal will be communicated to the other party or parties in interest and a period of thirty days will be allowed for filing a brief or argument in answer thereto. Such notice shall be forwarded to the last known address of record of the parties concerned, and such action shall constitute sufficient evidence of notice.

" '§ 4006. Administrative appeals

" 'Application for review on appeal may be made within the one-year period prescribed in section 4005 of this title by such officials of the Veterans' Administration as may be designated by the Administrator. An application entered under this paragraph shall not operate to deprive the claimant of the right of review on appeal as provided in this chapter.'

"Sec. 2. The table of headings at the beginning of chapter 71 is amended by striking:

" '4005. Applications for review on appeal.
" '4006. Docketing of appeals.
" '4007. Simultaneously contested claims.'

and inserting in lieu thereof:

" '4005. Filing of notice of disagreement and appeal.
" '4005A. Simultaneously contested claims.
" '4006. Administrative appeals.
" '4007. Docketing of appeals.'

"Sec. 3. The amendments made by this Act shall be effective January 1, 1963."

Amend the title so as to read: "An Act to improve due process in the consideration and final adjudication of disputed claims for veterans' benefits by providing that the claimant shall be furnished a brief statement of the facts and law applicable to the case appealed and afforded an opportunity to reply thereto."

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, the basic purpose of this bill is to require, in some cases, the furnishing of claimants who are appealing to the Board of Veterans' Appeals a summary of the evidence in the file applicable to their case, together with an explanation of the law and the regulations. The Senate amendment recommended by the Veterans' Administration merely clarifies the procedure but does not change the basic intent.

It should make for greater understanding on the part of the veteran and his claims officer, as well as provide greater uniformity in the administration of veterans' benefits.

---

## ESTABLISHMENT OF ADVISORY PANELS BY VETERANS' ADMINISTRATION

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 852) to amend chapter 3 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to establish medical advisory panels to resolve conflicts of evidence in questions involving service connection of disabilities or deaths, with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert "That chapter 71 of title 38, United States Code, is amended by adding at the end thereof:

" '§ 4009. Independent medical opinions

" '(a) When, in the judgment of the Board, expert medical opinion, in addition to that available within the Veterans' Administration, is warranted by the medical complexity or controversy involved in an appeal case, the Board is authorized to secure an advisory medical opinion from one or more independent medical experts who are not employees of the Veterans' Administration.

" '(b) The Administrator shall make necessary arrangements with recognized medical schools, universities, or clinics to furnish such advisory medical opinions at the request of the Chairman of the Board. Such arrangement will provide that the actual selection of the expert or experts to give the advisory opinion in any individual case will be made by an appropriate official of such institution.'

"Sec. 2. Section 3301 of title 38, United States Code, is amended by adding at the end of paragraph (1) thereof the following new sentence: 'And to an independent medical expert or experts for an advisory opinion pursuant to section 4009 of this title.'

"Sec. 3. The table of sections at the end of chapter 71 of title 38, United States Code, is amended by adding at the end thereof:

" '4009. Independent medical opinions.'

"Sec. 4. The amendments made by this Act shall be effective January 1, 1963."

Amend the title so as to read: "An Act to establish a procedure for the use of independent medical experts by the Board of Veterans' Appeals."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, the bill, as reported and passed by the House, provided for the appointment of medical advisory panels by the President, these panels to be available to the Veterans' Administration for referral of claims in which there was disputed medical evidence.

The bill was in two parts and provided that when a claim for disability or death involving service connection was submitted on appeal and contained medical evidence tending to support the claim of service connection the veteran could request that the case be referred to the Chief Medical Director of the Veterans' Administration. That official would thereafter render an opinion to the Board of Veterans' Appeals on the medical aspects of the case with particular reference to whether the evidence supported the claim of service connection. Before the appeal was finally decided the opinion rendered by the Chief Medical Director would have been considered by the Board.

In cases where the claim was denied by the Board but was subsequently considered and additional medical evidence submitted, then at the veteran's request in connection with the appeal to the Board, the case would have been referred to a medical advisory panel established from among experts designated by the President. That panel would have rendered an opinion to the Board on the medical aspects of the case, with particular attention being given to the medical evidence which tended to support the claim of service connection. The opinion of the panel would have been binding upon the Board of Veterans' Appeals.

The bill was mandatory within the limits described immediately above.

Subsequent to the passage of this legislation the Administrator of Veterans' Affairs advised me that he would support the proposal if it were made permissive rather than mandatory. I agreed to this suggestion of the Administrator and the Senate bill as reported is entirely permissive and provides that when necessary in the judgment of the Board of Veterans' Appeals, expert medical opinion may be obtained, from recognized medical schools, universities, or clinics.

Mr. Speaker, I view this as an extremely important piece of legislation. I hope that the Administrator will see to it that the Board of Veterans' Appeals and its members make the widest possible use of this permissive authority. With the greatest facilities for medical research and expertise generally available in the medical field such as at the National Institutes of Health and in world renowned clinics such as those operated by the Mayo Bros. and the Menninger Clinic in Kansas, to name two well-known ones, there is no reason why the veterans of this country should not have the benefit of this expert knowledge. This bill seeks to provide such medical opinions.

---

## RE UNEMPLOYMENT COMPENSATION FOR VETERANS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 860) to repeal certain obsolete provisions of title 38, United States Code, relating to unemployment compensation for Korean conflict veterans, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, after line 5, insert:

"(e) Claims for benefits under sections 2001 through 2009 of chapter 41 of title 38, United States Code, for any benefit week beginning before January 31, 1960, which claims are pending on the date these sections are repealed, shall be adjudicated in the same manner and with the same effect as if the sections had not been repealed. For the purpose of administering the program with respect to such claims, all functions, powers, and duties conferred upon the Secretary of Labor by sections 2001 through 2009 are continued in effect, and all rules and regulations established by the Secretary of Labor pursuant to these sections, and in effect when the sections are repealed, shall remain in full force and effect until modified or suspended."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, this bill was originally designed to repeal obsolete provisions relating to unemployment compensation for veterans. It was passed by the House on March 6, 1961, and has recently been approved by the other body. The amendment is purely technical in nature and is entirely consistent with the principal purpose of the legislation.

The amendment preserves the right of those veterans whose claims are awaiting adjudication in the several States.

Mr. Speaker, I ask unanimous consent to extend my remarks after each of the bills just acted upon.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

---

## ANTITRUST CIVIL PROCESS ACT

Mr. CELLER. Mr. Speaker, I call up the conference report on the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

Mr. MEADER. Mr. Speaker, reserving the right to object, does the gentleman propose to take some time to explain what was contained in the conference report?

Mr. CELLER. I will be happy to if the gentleman wishes it.

Mr. MEADER. I think it should be done.

Mr. GROSS. Further reserving the right to object, will the gentleman explain the conference report?

Mr. CELLER. Yes. Mr. Speaker, this bill is the so-called civil investigative demand bill permitting the Department of Justice in antitrust investigations to demand and receive from corporations allegedly violating the antitrust laws certain books, documents, and papers pertaining to the alleged violation.

It is limited to corporations under inquiry. The so-called MacGregor amendment, which was adopted in the House, limiting the demand to corporations under inquiry was accepted by the Senate conferees. In fact, the Senate accepted all of the amendments that were adopted in the House, so that the bill now is not controversial.

Mr. MEADER. Mr. Speaker, reserving the right to object, I concur in the explanation given by the gentleman from New York as to what occurred with respect to the conference report on the bill S. 167. I was a member of the conference committee but did not sign the report for the reason I opposed the bill in committee and on the floor when it was originally passed by the House.

It will be recalled that on July 18, 1962, this conference report was brought up for consideration and the gentleman from Ohio [Mr. McCULLOCH] offered a motion to recommit the report to the conference committee with instructions and on a rollcall that motion carried by a vote of 202 to 200.

My understanding from the conference report itself and from my discussion with the gentleman from New York and other conferees is that the instructions of the House were followed to the letter. So far as I know, while I do not favor the bill, I know of no objection to the conference report on this side.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2291)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1 through 24, inclusive, and the Senate agree to the same.

EMANUEL CELLER,
PETER W. RODINO, Jr.,
BYRON G. ROGERS,
WILLIAM M. MCCULLOCH,
*Managers on the Part of the House.*

JAMES O. EASTLAND,
ESTES KEFAUVER,
OLIN D. JOHNSTON,
EVERETT MCKINLEY DIRKSEN,
ROMAN L. HRUSKA,
*Managers on the Part of the Senate.*

### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1 and 3: Provide formal changes made necessary by the deletion provided in amendment No. 2 as proposed by the House.

Amendment No. 2: Provides for the deletion from the antitrust laws to which the bill applies as proposed by the Senate of section 3 of the Robinson-Patman Act as proposed by the House.

Amendment No. 4: Deletes as proposed by the House reference to "antitrust agency".

Amendment No. 5: Deletes as proposed by the House the definition of the term "antitrust agency" as proposed by the Senate.

Amendments Nos. 6, 7, and 8: Correct the subparagraph numbers as proposed by the House; and delete the words "any final order of any antitrust agency, or" as proposed by the Senate and stricken out as proposed by the House.

Amendments Nos. 9, 10, 11, 12, and 13: Correct the subparagraph numbering.

Amendment No. 14: Adopt amendment No. 14 as proposed by the House which inserts "under investigation."

Amendment No. 15: Inserts before "antitrust investigation" as proposed by the Senate "a civil" as proposed by the House.

Amendment No. 16: As proposed by the House, the court in any proceeding under section 5(d) may direct the place of production and inspection of the documents demanded.

Amendment No. 17: Eliminates useless phraseology as proposed by the House.

Amendment No. 18: Strikes out as proposed by the House "or any antitrust agency" as proposed by the Senate.

Amendments Nos. 19, 20, and 22: Strike out as proposed by the House "court, grand jury, or antitrust agency", and insert "court or grand jury".

Amendments Nos. 21 and 23: Strike out as proposed by the House "or any antitrust agency" as proposed by the Senate.

Amendment No. 24: As proposed by the Senate any person, not including a natural person by virtue of the definition of "person" in the bill, could be punished for disobedience of a court order under the bill. The amendment of the House makes a natural person subject to such punishment as agreed to by the managers on the part of the Senate.

In substance, the conference report makes the following changes in the bill: It deletes from the bill the Robinson-Patman Act as proposed by the House. Persons on whom civil investigative demands may be made would include persons, other than natural persons, who may possess documentary material relevant to a civil antitrust investigation, but the civil investigative demand procedure is limited to such persons who are under investigation as proposed by the House. As proposed by the Senate the material obtained under a civil investigative demand would be available to any agency charged by law with the administration of any antitrust law prescribed in the bill instead of only the Department of Justice as proposed by the House. The conference report would restrict such material to the Department of Justice. The report also includes a natural person as punishable for disobedience to a court order issued in the enforcement of the provisions of the bill.

The purpose of the civil investigative demand bill is to provide the Department of Justice with a much-needed tool for the fair, effective enforcement of the antitrust laws.

While a limitation of the civil investigative demand procedure to companies "under investigation" may somewhat restrict the use of this procedure by exempting companies in no way involved in a subject under inquiry by the Department, the essential purpose of the bill is clearly still fulfilled, for the civil investigative demand procedure will be available to the Department where a company is involved in a matter under investigation by the Department.

Similarly, the basic aim of the bill is not frustrated by denying the Department of Justice the right to make available to the Federal Trade Commission documents obtained by the civil investigative demand procedure.

Accordingly, the managers on the part of the House recommend passage of the House version of the bill as agreed by the conferees, pursuant to the action of the House.

Emanuel Celler,
Peter W. Rodino, Jr.,
Byron G. Rogers,
William M. McCulloch,
*Managers on the Part of the House.*

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. MacGREGOR. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MacGREGOR. Mr. Speaker, the action of the House today represents a victory for those vitally concerned with proper law enforcement. As stated in the final conference report of August 26, 1962, the limitations of the civil investigative demand procedure to companies actually under investigation for suspected antitrust violations clearly does no violence to the essential purpose of the legislation.

In seeking to enforce the civil antitrust laws, the Department of Justice has frequently resorted to the improper procedure of a grand jury investigation. In response to admonitions by the courts and criticism on the part of interested citizens, the Attorney General has complained that he could not otherwise obtain the necessary books, records, and papers to prove a civil case. Many, therefore, have agreed that the judicious use of a civil investigative demand would close the enforcement gap.

The Senate sought to provide this tool when it passed the original version of this bill last September 21 in the form requested by the present Attorney General. The power which would have been granted by that bill, however, would not properly safeguard the innocent third-party witness from bureaucratic harassment; books and records could have been demanded from anybody and everybody in business, and the Justice Department could have distributed the information obtained indiscriminately throughout various Government agencies. The basic individual rights to privacy and to protection against unreasonable search and seizure would have been trampled.

Some corrective steps were taken in our House Committee on the Judiciary in limiting the use to be made of information obtained by the Department of Justice. But nothing was done to safeguard the rights of business entities who were not themselves suspected of any antitrust law violations.

When the bill came before the House on March 13 I proposed an amendment favored by virtually all of the nongovernmental experts who had studied this problem. It seemed to me that the recipients of civil investigative demands should only be those under investigation by the Justice Department. During House debate I said:

> I do not suggest that this Attorney General or, perhaps, any Attorney General or his assistants would abuse this tremendous grant of authority, but I think we should concern ourselves with the possibilities of its abuse rather than with the prospects and probabilities of its proper exercise.

Just 4 weeks later, the above words proved to be prophetic indeed, when Americans recoiled at the news that FBI agents, acting under a directive from the Office of the Attorney General, roused third-party witnesses out of bed at 3 or 4 o'clock in the morning.

In passing the Antitrust Civil Process Act on March 13, the House voted to include my amendment, thus precluding any "fishing expeditions" by the Justice Department. The House agreed that additional antitrust enforcement powers were needed, but not at the expense of the rights of individual businessmen and small business entities.

The bill then went to conference where the Department of Justice sought to ride roughshod over the wishes of the House. Under strong pressure by representatives of the Attorney General, the conference swept aside the safeguards which we had carefully written into the bill. The MacGregor amendment was deleted, and the Attorney General was given carte blanche authority to pass information along to other Government agencies and bureaus.

On July 18, in what reporters referred to as a cliff-hanging vote of 202 to 200, the House reaffirmed its support of my amendment. That vote instructed our conferees to return to the conference table and there insist upon Senate concurrence in the MacGregor amendment. The subsequent conference report of August 28 retained this safeguard, wisely noting that "the essential purpose of the bill is clearly still fulfilled" by this reasonable limitation.

Our vote today to accept the final conference report is an action which coincides with the recommendation made to us by the American Bar Association and other experts in the field of antitrust law. The considered opinion of the American Bar Association was seconded by its affiliated organization, the Bar of the City of New York, which stated:

> We recommend retention of the words "under investigation" in section 3(a) of the bill.

This amendment has already received the editorial support of many of the Nation's leading newspapers, including that of the Washington Post. The House today is to be complimented for its insistence on protecting individual freedoms and for the proper discharge of its duties as the representative body of the American people. Perhaps we have made a contribution toward the badly needed restoration of harmony between business and Government.

## CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

## PRINCE GEORGES COUNTY SCHOOL BOARD, MARYLAND

The Clerk called the bill (H.R. 6759) for the relief of the Prince Georges County School Board, Maryland.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

### AMEND ACT AUTHORIZING NATIONAL MEDAL OF SCIENCE

The Clerk called the bill (H.R. 4055) to amend the act of August 25, 1959, to authorize the payment of a monetary award to recipients of the National Medal of Science.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS, Mr. RAY, and Mr. FORD objected; and, under the rule, the bill was stricken from the Consent Calendar.

### ADDITION OF LAND TO THE WASATCH NATIONAL FOREST

The Clerk called the bill (H.R. 7195) to add certain lands to the Wasatch National Forest, Utah, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 1878, be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That to aid in the control of floods that may originate thereon and the reduction of soil erosion through the restoration of adequate vegetative cover and to promote their management and protection as national forest lands under principles of multiple use and sustained yield, the lands described in secction 2 hereof are hereby included in the Wasatch National Forest. Subject to any valid claims now existing and hereafter maintained, any of such lands owned or hereafter acquired by the United States or any other land acquired pursuant to this Act are hereby added to such national forest and shall be subject to laws and regulations applicable to the national forests. The Secretary of Agriculture is authorized to acquire any lands described in section 2 hereof and other lands within the national forest situated in the townships within which the described lands are located not owned by the United States which he finds suitable to accomplish the purposes of this Act.

SEC. 2. This Act shall be applicable to the following described lands:

SALT LAKE MERIDIAN

Township 2 north, range 1 east: Section 1, lots 1 to 4, inclusive, south half north half.

Township 3 north, range 1 east: Sections 1 and 2; section 3, lots 1 and 2, south half northeast quarter; section 11, east half; sections 12 and 13; section 35, northwest quarter, south half northeast quarter, southeast quarter; section 36, south half northwest quarter, northeast quarter, south half.

Township 4 north, range 1 east: Section 1, lots 3 and 4, south half northwest quarter, southwest quarter; sections 2 and 3; section 4, east half; section 9, east half; sections 10 to 15, inclusive; section 16, east half; section 21, east half; sections 22 to 27, inclusive; sections 34 to 36, inclusive.

Township 5 north, range 1 east: South half of sections 26 to 28, inclusive; section 29, southeast quarter; section 33, north half, southeast quarter; sections 34 and 35.

Township 2 north, range 2 east: Sections 6 and 7; section 18, north half; southeast quarter.

Township 3 north, range 2 east: Sections 18, 19, 30, and 31.

SEC. 3. There is hereby authorized to be appropriated not to exceed $400,000 to carry out the purposes of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 7195) was laid on the table.

### PROVIDE FOR MAXIMUM PERSONNEL SECURITY

The Clerk called the bill (H.R. 12082) to amend the Internal Security Act of 1950.

The SPEAKER. Is there objection to the present consideration of the bill?

Mrs. GREEN of Oregon. Mr. Speaker, I object.

Mr. RYAN of New York. Mr. Speaker, reserving the right to object, it seems to me, where proposed legislation provides such a drastic curtailment of the right of cross-examination and confrontation, the substantive issues should be debated and the bill should not be passed on the Consent Calendar. Therefore I object.

The SPEAKER. Two objections are noted. Three objections are necessary.

Mr. MACGREGOR. Mr. Speaker, I object.

Mrs. GREEN of Oregon, Mr. RYAN of New York, and Mr. MACGREGOR having objected; under the rule, the bill was striken from the Consent Calendar.

### WORLD WAR I EMERGENCY OFFICER RETIREMENT

The Clerk called the bill (H.R. 8517) to grant emergency officer's retirement benefits to certain persons who did not qualify therefor because their applications were not submitted before May 25, 1929.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I would like to ask the author of the bill, the gentleman from California [Mr. COHELAN], several questions concerning this legislation.

Why at this late date is this legislation desired? After all, the individuals did have the option to make a decision at one time. They made such a decision. It appears to me that this legislation at this point is quite tardy. It gives them an opportunity to remedy an option which they had to make at one time previously.

Mr. COHELAN. If the gentleman will yield, yes; I quite understand the request of the gentleman from Michigan [Mr. FORD] and the gentleman's concern. All of this has been gone into by the committee. I would like to remind the gentleman that the emergency officer's program since that time has been considerably altered and today those who are under this program may waive receipt of their retirement pay and elect to draw the higher rate provided by disability compensation. What we have here is a totally blinded person who at the time he was presented that option, of course, he elected the option which would be the most beneficial to him. At this late stage in the game he will be advantaged by the passage of this bill, which is limited to a very few people.

Mr. Speaker, I hope the gentleman from Michigan [Mr. FORD] will permit the passage of this measure at this session.

Mr. FORD. If this bill does become law, will it be retroactive or is it only prospective?

Mr. COHELAN. If the gentleman will yield further, as far as I understand it, it would be prospective, but I yield to my distinguished chairman, the gentleman from Texas [Mr. TEAGUE], chairman of the Committee on Veterans' Affairs.

Mr. TEAGUE of Texas. This is consistent with the law that we established for World War II veterans. The cost would be very small. It merely gives to officers away back the right to certain intangible benefits.

Mr. FORD. I can understand the merits providing the bill is prospective. Is it prospective or is it retroactive?

Mr. TEAGUE of Texas. It is prospective as to any intangible benefits. It is not retroactive in any way so far as pay is concerned.

Mr. FORD. In other words, with this long extended period, there would be no reimbursement if this legislation does become law?

Mr. TEAGUE of Texas. There would be no reimbursement. It merely gives a very few officers the same rights given officers in similar conditions during World War II.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding any other provision of law, any individual who, upon application therefor before May 25, 1929, would have been granted emergency officer's retirement pay based upon 30 per centum or more disability under the Act of May 24, 1928 (45 Stat. 735), and who would have been entitled to continue to receive such pay under section 10 of Public Numbered 2, Seventy-third Congress, or under section 1 of Public Numbered 743, Seventy-sixth Congress, and who upon being placed on the emergency officer's retired list would have been paid retired pay at a monthly rate lower than the monthly rate of disability compensation then payable, shall upon application made therefor after the date of enactment of this Act to the Administrator of Veterans' Affairs, be placed upon the appropriate emergency officer's retired list, and thereafter shall be entitled to all rights, privileges, and benefits of retired emergency officers of World War I.

With the following committee amendments:

On page 1, line 3, strike out "That, notwithstanding any other provision of law, any" and insert in lieu thereof "That section 11 of Public Law 85-857 is amended (1) by inserting '(a)' immediately after 'SEC. 11.'; and (2) by adding at the end thereof the following:

"'(b) Any'."

On page 2, line 9, strike out "Act" and insert "subparagraph."

On page 2, line 14, insert a quotation mark after the period.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. COHELAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COHELAN. Mr. Speaker, I rise in support of this bill, H.R. 8517, which would permit a limited group of former World War I emergency officers to apply for and receive the benefits of the emergency officers retirement program.

Mr. Speaker, this legislation is designed to correct a gross inequity. Today there are emergency officers who served in World War I, who were totally disabled in the line of duty, and who are denied the benefits and status they have justly earned. Their number is small—it is small because they represent the few who today must receive at least 90 percent disability—but the benefits they could receive under this bill would be just compensation for the sacrifice they made in the defense of their country.

At the time these men were eligible to apply for the emergency officers program, they had to elect either to receive disability compensation from the Veterans' Administration or emergency officers retirement pay. Because of their serious disabilities, they were placed in the position of having to continue their disability compensation. They were placed in this position because to have elected retirement pay would have resulted in substantial financial loss.

Since that time, however, the emergency officers program has been considerably altered and today those who are under this program may waive receipt of their retirement pay and elect to draw the higher rate provided by disability compensation. In addition, they can maintain their rights as retired emergency officers, which makes them eligible for certain veterans benefits such as medical care in military facilities and the receiving of commissary and post exchange privileges.

Mr. Speaker, I cite as an example the case of a dedicated American citizen from the Seventh California Congressional District, Lt. Sprague Wyman. Lieutenant Wyman was totally blinded while in the line of duty in World War I. Because his 100 percent disability compensation from the Veterans' Administration would bring more income than the emergency officers' retirement pay—an income which was desperately needed to meet a serious disability—Lieutenant Wyman was in the position of having to continue the VA program, while waiving his rights as a retired emergency officer. The circumstances, as I have already mentioned, however, have changed since Lieutenant Wyman and this small deserving group of men elected to receive this compensation, and the bill which I have introduced would simply enable them to benefit from the change.

This measure has been approved by both the Veterans' Administration and the House Committee on Veterans' Affairs after extensive review and consideration. It is designed to correct a gross inequity for a small number of dedicated American citizens. It is consistent with our principles of equal opportunity and just compensation, and I urge that it be approved today without further delay.

## WAIVING CERTAIN TIME LIMITATIONS FOR RESERVISTS

The Clerk called the bill (H.R. 9962) to amend title 38, United States Code, to provide an extension of the period within which certain educational programs must be begun and completed in the case of persons called to active duty during the Berlin crisis.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WEAVER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

## RELIEF OF CERTAIN CIVILIAN SHIPYARD EMPLOYEES

The Clerk called the bill (H.R. 10002) for the relief of civilian employees of the New York Naval Shipyard and the San Francisco Naval Shipyard erroneously in receipt of certain wages, due to a misinterpretation of a Navy civilian personnel instruction.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, as the chairman of the Committee on the Judiciary knows, I have indicated that in my judgment it was the responsibility of the Committee on the Judiciary or some other committee to determine who was the individual responsible for these errors that have produced this and other legislation, under which the Government is the loser financially. I have suggested over the last month or so so that the name of the individual be pinned down so that we know somebody is being penalized for these misinterpretations of our laws or regulations.

I would like to say at this point that the gentleman from California [Mr. YOUNGER], who was interested in this legislation involving the San Francisco Naval Shipyard, made a very determined effort to find out to the best of his ability the individual who was responsible for this error, at least as far as that shipyard is concerned.

Mr. Speaker, I should like to quote, if I may, from a letter that he received from Mr. Howard C. Nickles, business representative of the International Association of Machinists, District Lodge No. 44, Government Employees. The letter is dated August 25, 1962. It is from Mr. Nickles to our colleague, the gentleman from California [Mr. YOUNGER]. Apparently Mr. Nickles had gone out to talk to the admiral in charge of this particular shipyard and the following is a quotation from the letter:

> Since I had gained no information of value I then called Admiral Curtze's secretary and she arranged an immediate meeting with the admiral. We talked for over 35 minutes and he again said no names would be released. He said that he as the commandant of San Francisco Naval Shipyard was responsible. He said he was all for the apprentices not having to pay the money back since it was an honest mistake. The admiral said that OIR in Washington had all the information except the names and that the Congressmen should be able to get the information from that source.

I am glad to see that Admiral Curtze assumes the responsibility for this error. He was not personally responsible, but his command under his control was responsible. I think this ought to be laid on the record. If some agency or somebody can determine the specific individual who made the error, that should also be set forth on the record.

I should like to inquire, if I may, what the attitude of the Committee on the Judiciary is in this instance and in other instances.

Mr. CELLER. I want to compliment the gentleman from Michigan for that very cogent statement. I think that this inquiry is well founded. The Judiciary Committee considers these private bills on equitable grounds or on legal grounds. We consider them from the point of view of the persons who have received these payments because of mistaken or erroneous interpretations of the law. It would be idle and unfair to penalize these employees for the errors of those above them. So we want to help those who are thus affected.

However, there is no reason why the persons who made these mistakes should not be brought to order. That is what the gentleman from Michigan wishes. I will say that during this Congress we passed about five or six of these bills similar to the one now under consideration. There were about 20 in all passed in the last decade or so. I may not be accurate in those figures, but that is approximately the number that were passed.

I had an interesting conversation with the gentleman from Michigan this morning, and I indicated then it was, in my opinion and the members of the Judiciary Committee, which considered this very matter as a result of a colloquy between the gentleman from Michigan and a member of our committee, the gentleman from Illinois [Mr. LIBONATI], a matter that might well be directed to the Committee on Government Operations, that it was not within the purview of the Committee on the Judiciary to examine how these various bureaus operate.

I will say to the gentleman from Michigan and the other objectors that I will undertake to get all these bills that we passed, say within the last 4 or 5 years, and submit those bills to the Committee on Government Operations with the very strong request that that committee investigate to find out who was to blame for these errors and these misinterpretations of the statute, so there might not be a recurrence of this situation.

The gentleman can readily see that in this particular bill there involved 265 journeymen at these shipyards, and the amounts of overpayments total about $28,660. If we were to reject this general bill we would be flooded by other bills. We would undoubtedly have 265 particular bills to consider.

I would say it would not be proper not to recognize these equitable claims, but I think the gentleman is sound in his opinion that we should try to discover those who are responsible for this embarrassment in these difficulties.

**Mr. FORD.** A member of the staff of the Republican objectors has checked the records, private bills, and public bills, during this Congress. It shows that in the last session and in this session so far there have been 20 bills passed on the Private Calendar which have become law.

During the same period it shows there are two bills on the Consent Calendar that became law involving this problem. There are several others that have gone through this body and awaiting action in the other body—and, I assume, vice versa.

**Mr. CELLER.** I did not consider the Private Calendar in my tabulation.

**Mr. FORD.** No, the gentleman did not. What we want to do is to remedy the basic problem. The only way I feel we can do this is to expose the individual who made the error in each instance. The proposal made by the gentleman from New York is certainly a step in the right direction. However, all of the benefits from this procedure will accrue only, and I emphasize, only, if the Committee on Government Operations makes an effort, a bona fide effort, to find out the facts in each case and to pin the responsibility on the individual involved. I certainly would have to assume that the Committee on Government Operations would follow such a course of action. I am willing to see how it works, but I must say, if it does not work, then we will have to find some other way to find out this information and pin the responsibility down.

**Mr. CELLER.** I can assure the gentleman that the Committee on the Judiciary will give him and the other members of the objectors committee our most earnest cooperation.

**Mr. GROSS.** Mr. Speaker, will the gentleman yield?

**Mr. FORD.** I yield to the gentleman.

**Mr. GROSS.** While the gentleman from New York, chairman of the Committee on the Judiciary, is on his feet, I should like to call attention to another matter and that is to a number of bills on the Private Calendar which is to follow and on which no debate is permitted which bills would pay many thousands of dollars for overtime to certain individuals. I cannot let those bills go through on the Private Calendar—and for this reason—that we need from the gentleman's committee or from some committee of the Congress, a firm policy with respect to the paying of overtime. To single out the individuals involved in the six or seven or eight bills on today's Private Calendar for payment of overtime opens the door in the Treasury Department to the filing of claims by, perhaps, several hundred employees. Until there is some policy developed by the House of Representatives or by the Congress to deal with this situation, I will have to object. Some of these claims may be valid, I do not know; but to open this door in this way is not good.

**Mr. CELLER.** Mr. Speaker, will the gentleman yield?

**Mr. FORD.** I yield to the gentleman.

**Mr. CELLER.** I am going to ask the gentleman from Illinois [Mr. LIBONATI], who is a member of the Subcommittee on Claims, to respond to your inquiry.

**Mr. LIBONATI.** The particular Federal employees dealt with in these private bills whose claims for overtime are honored thereby are those engaged in investigatory work in the mountains, for example, looking for stills and other investigatory fieldwork in connection with counterfeiting and trafficking in narcotics. We all realize when our U.S. custom agents are engaged in such investigations, there is no such thing as a regular schedule or working hours. When investigators are assigned to a specific task, they may continue for 24 hours or 48 hours and more without any kind of break in the effort to apprehend these lawbreakers or to find the secret hiding place of an illegal operation and to apprehend these gangs engaged in these nefarious enterprises. This matter has been weighed very carefully and before our committee approves of the payment of overtime in such cases, the record has been authenticated and approved by the department involved covering specific details of the circumstances and hours of work done on a specific job. So under such circumstances, I am sure our colleague understands that so far as equity is concerned, these people certainly should not be denied this overtime money.

**Mr. GROSS.** Mr. Speaker, will the gentleman yield?

**Mr. FORD.** I yield to the gentleman from Iowa.

**Mr. GROSS.** I do not believe there is a single bill on today's Private Calendar dealing with overtime pay approved by the Treasury Department.

**Mr. LIBONATI.** I did not say Treasury Department; I said the respective department under which the individual is employed.

**Mr. GROSS.** But these immigration agents and alcohol and tobacco investigative agents are all under the Treasury Department, are they not?

**Mr. LIBONATI.** I appreciate that.

**Mr. GROSS.** The Treasury Department points out, and I think justifiably so, that to open the door to these individuals will open the doors to perhaps hundreds of others throughout the service.

**Mr. LIBONATI.** For reasons we considered sufficient in respect to these people in this customs and immigration work we approved the bills. It was because of the nature of their work which requires or dictates that they continue their service regardless of the hours they are employed. There is a general understanding that there are regular hours where they are not in search of someone, but that they get compensatory time.

**Mr. GROSS.** I do not care to prolong this, but let me say to the gentleman that if it is intended that they pay everybody overtime the Department should show some authorization for the policy so it will be fair.

**Mr. FORD.** I would like to conclude this colloquy by commending the gentleman from California [Mr. YOUNGER] for his efforts to get the information which I think at least to me was helpful. I strongly feel that the men involved at the San Francisco shipyards should be most indebted to him and his conscientious effort in this regard on their behalf.

May I make one final comment to the gentleman from New York? Under the understanding that we have on these cases I would appreciate if the chairman would send me a copy of the letter that he directs to the Committee on Government Operations outlining what the Committee on the Judiciary would like that committee to do under these circumstances.

**Mr. CELLER.** That shall be done.

**Mr. FORD.** I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

**The SPEAKER.** Is there objection to the present consideration of the bill?

There being no objection the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That civilian employees and former civilian employees of the New York Naval Shipyard and the San Francisco Naval Shipyard are relieved of all liability to refund to the United States the amounts, which were otherwise correct, and which occurred without fault on their part, erroneously received by them after June 1, 1960, and before March 1, 1962, caused by a premature within-grade advancement based upon a misinterpretation of Navy Civilian Personnel Instruction 552 entitled "Salary and Wage Changes". Any employee or former employee who has at any time made repayment to the United States of any amount paid to him as a result of this misinterpretation is entitled to have refunded to him the amount repaid provided application is made within one year.

SEC. 2. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States full credit shall be given for the amount for which liability is relieved by this Act.

SEC. 3. Appropriations available for the pay of civilian personnel of the Navy are available for refunds under this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

---

## LOCAL AGENCIES INTERESTS IN WATER RESERVOIRS

The Clerk called the bill (H.R. 11799) defining the interest of local public agencies in water reservoirs constructed by the Government which have been financed partially by such agencies.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, cognizant that many States and local interests have in the past contributed to the Government, or have contracted to pay to the Government over a specified period of years, money equivalent to the cost of providing for them water storage space at Government-owned dams and reservoirs, constructed by the Corps of Engineers of the United States Army, and that such practices will continue, and, that no law defines the duration of their interest in such storage space, and realizing that such States and local interests assume the obligation of paying substantially their portion of the cost of providing such facilities, their right to use may be continued during the existence of the facility as hereinafter provided.

Sec. 2. That this Act be applicable to all dams and reservoirs heretofore or hereafter constructed by the United States Government (acting through the Corps of Engineers of the United States Army) wherein either a part of the construction cost thereof shall have been contributed or may be contributed by States or local interests (hereinafter called "local interests") or local interests have acquired or may acquire rights to utilize certain storage space thereof by making payments during the period of such use as specified in the agreement with the Government and wherein the amount of money paid, exclusive of interest, is equivalent to the cost of providing that part of such dam and reservoir which is allocated to such use, whether such share of cost shall have been determined by the "incremental cost" method or by the "separable costs-remaining benefits" method or by any other method. Included among the dams and reservoirs affected by this Act are those constructed by the Corps of Engineers of the Department of the Army, but nothing in this Act shall be construed to affect or modify section 8 of the Flood Control Act of 1944.

Sec. 3. The right thus acquired by any such local interest is hereby declared to be available to the local interest so long as the space designated for that purpose may be physically available, taking into account such equitable reallocation of reservoir storage capacities among the purposes served by the project as may be necessary due to sedimentation, limited to the terms of years which may be prescribed in any lease agreement or other agreement with the Government, but the enjoyment of such interest will remain subject to performance of its obligations prescribed in such lease agreement or agreement executed in reference thereto. Such obligations will include continued payment of annual operation and maintenance costs allocated to water supply. In addition, local interest shall bear the costs allocated to the water supply of any necessary reconstruction, rehabilitation, or replacement of project features which may be required to continue satisfactory operation of the project. Any affected local interest may utilize such facility so long as it is operated by the Government. In the event that the Government concludes that it can no longer usefully and economically maintain and operate such facility, the responsible department or agency of the Government is authorized to negotiate a contract with the affected local interest under which the local interest may continue to operate such part of the facility as is necessary for utilization of the storage space allocated to it, under terms which will protect the public interest and provided that the Government is effectively absolved from all liability in connection with such operation.

Sec. 4. Upon application of any affected local interest its existing lease or agreement with the Government will be revised to evidence the conversion of its rights to the use of the storage as prescribed in this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## HAZARDOUS DUTY PAY

The Clerk called the bill (H.R. 2079) to amend the Classification Act of 1949 to authorize the establishment of hazardous duty pay in certain cases.

There being no objection the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title VIII of the Classification Act of 1949, as amended (5 U.S.C. 1131–1133), is amended by adding at the end thereof the following:

"Sec. 804. The Commission shall establish a schedule or schedules of pay differentials for irregular or intermittent duty involving unusual physical hardship or hazard. The appropriate differential shall be paid to any officer or employee to whom this Act applies for any period in which such officer or employee is subjected to physical hardship or hazard not usually involved in carrying out the duties of his position. Such pay differential—

"(1) shall not be applicable with respect to any officer or employee in any position the classification of which takes into account the degree of physical hardship or hazard involved in the performance of the duties thereof;

"(2) shall not exceed an amount equal to 25 per centum of the rate of basic compensation applicable with respect to such officer or employee; and

"(3) shall be paid under regulations which shall be prescribed by the Commission."

Sec. 2. The amendment made by the first section of this Act shall become effective on the first day of the first pay period which begins more than ninety days after the date of enactment of this Act.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That title VIII of the Classification Act of 1949, as amended (5 U.S.C. 1131–1133), is amended by adding at the end thereof the following:

" 'Sec. 804. The Commission shall establish a schedule or schedules of pay differentials for irregular or intermittent duty involving physical hardship or hazard under which the appropriate differential shall be paid to any officer or employee to whom this Act applies for any period in which such officer or employee is subjected to physical hardship or hazard not regularly involved in, or required for, the performance of the duties of his position. Such pay differential—

" '(1) shall not be applicable with respect to any officer or employee in any position the classification of which takes into account the degree of physical hardship or hazard involved in the performance of the duties thereof;

" '(2) shall not exceed an amount equal to 25 per centum of the rate of basic compensation applicable with respect to such officer or employee; and

" '(3) shall be paid under regulations which shall be prescribed by the Commission.'

"Sec. 2. The amendment made by the first section of this Act shall become effective on the first day of the first pay period which begins more than one hundred and eighty days after the date of enactment of this Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## EXTENSION OF CONTRACT MAIL ROUTES

The Clerk called the bill (H.R. 10936) to permit the Postmaster General to extend contract mail routes up to 100 miles during the contract term.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the second sentence of subsection (a) of section 6424 of title 39, United States Code, is amended by striking out "fifty miles", and inserting in lieu thereof "one hundred miles".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. FORD. Mr. Speaker, I ask unanimous consent that the gentleman from Virginia [Mr. Broyhill] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

**Mr. BROYHILL.** Mr. Speaker, the House of Representatives has just passed H.R. 10936, which was reported unanimously by our Committee on Post Office and Civil Service.

A subcommittee of our committee under the able chairmanship of the gentleman from Missouri [Mr. Ichord] held an open hearing on this bill. Two lawyers from the Post Office Department appeared on behalf of the Postmaster General in favor of the bill. Mr. Charles D. Ablard, a partner in the Washington law firm of Ablard & Harrison, which is counsel to the National Star Route Mail Carriers Association, appeared with Mr. Lawrence E. Ernst, general manager of the association, in support of the bill. In other words, both the Post Office Department and the star route contractors industry are supporting this bill.

Mr. Speaker, H.R. 10936 will benefit the patrons of the postal service and it will help the star route carriers. It is sound legislation and I am glad to support it in committee and on the House floor.

## STAR ROUTE MAIL BY AIRCRAFT IN PUERTO RICO

The Clerk called the bill (H.R. 11951) to provide for the transportation of mail by aircraft upon star routes within the Commonwealth of Puerto Rico.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section

6303(c) of title 39, United States Code, is amended to read as follows:

"(c) The Postmaster General may not consider a bid for a contract under this section unless the bidder is a resident of or qualified to do business as a common carrier in a State within which one or more points to be served under the proposed contract are located. As used in this subsection, the term 'State' includes the District of Columbia and the Commonwealth of Puerto Rico.".

The bill was ordered to be engrossed and read a third time, read the third time, and passed, and a motion to reconsider was laid on the table.

## REIMBURSEMENT OF CERTAIN VESSEL CONSTRUCTION EXPENSES

The Clerk called the bill (H.R. 11587) to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.

**Mr. FORD.** Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

**The SPEAKER.** Is there objection to the request of the gentleman from Michigan?

There was no objection.

## PEACE OFFICERS' MEMORIAL DAY

The Clerk called the House joint resolution (H.J. Res. 730) to authorize the President to proclaim May 15 of each year as Peace Officers' Memorial Day and the calendar week of each year during which such May 15 occurs as Police Week.

There being no objection, the Clerk read the House joint resolution, as follows:

Whereas the police officers of America have worked devotedly and selflessly in behalf of the people of this Nation, regardless of the peril or hazard to themselves; and

Whereas these officers have safeguarded the lives and property of their fellow Americans; and

Whereas by the enforcement of our laws, these same officers have given our country internal freedom from fear of the violence and civil disorder that is presently affecting other nations; and

Whereas these men and women by their patriotic service and their dedicated efforts have earned the gratitude of the Republic: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of Americe in Congress assembled,* That the President is authorized and requested to issue proclamations (1) designating May 15 of each year as Peace Officers Memorial Day in honor of the Federal, State, and municipal officers who have been killed or disabled in the line of duty, (2) designating in each year the calendar week during which such May 15 occurs as Police Week, in recognition of the service given by the men and women who, night and day, stand guard in our midst to protect us through enforcement of our laws, and (3) inviting the governments of the States and communities and the people of the United States to observe such day and week with appropriate ceremonies and activities.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## REUSE OF FUNDS EXPENDED FOR PURCHASE OF COUNTERFEITS

The Clerk called the bill (H.R. 12451) to authorize reimbursement to appropriations of the U.S. Secret Service of moneys expended for the purchase of counterfeits.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title 18, United States Code, section 3056, as amended, is hereby further amended by adding at the end thereof the following sentence: "Moneys expended from Secret Service appropriations for the purchase of counterfeits and subsequently recovered shall be reimbursed to the appropriation current at the time of deposit."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## BATTLE OF NEW ORLEANS SESQUICENTENNIAL

The Clerk called the Senate joint resolution (S.J. Res. 60) to establish the Sesquicentennial Commission for the celebration of the battle of New Orleans, to authorize the Secretary of the Interior to acquire certain property within Chalmette National Historical Park, and for other purposes.

**The SPEAKER.** Is there objection to the present consideration of the Senate joint resolution?

**Mr. ASPINALL.** Mr. Speaker, reserving the right to object, and I do so for the purpose of asking questions relative to this joint resolution, inasmuch as the joint resolution is a composite of legislative material coming under the jurisdiction of two different committees, I would like to ask the distinguished gentleman from Georgia [Mr. FORRESTER] the following question: Why was not the Committee on Interior and Insular Affairs, which has jurisdiction over the latter part of this joint resolution relative to the purchase of land within the Chalmette National Historical Park, advised of the consideration of the joint resolution before his committee?

**Mr. FORRESTER.** In reply to the distinguished gentleman from Colorado, the gentleman from Georgia sincerely hopes that we did not trespass on any of the rights, privileges, or prerogatives of the gentleman's committee.

**Mr. ASPINALL.** If the gentleman will yield to me, inasmuch as there is pending before the Committee on Interior and Insular Affairs House Joint Resolution 642 introduced by the distinguished gentleman from Louisiana [Mr. HÈBERT] and referring to this resolution to which the gentleman from Colorado is now referring, it would appear there is a jurisdictional question involved.

**Mr. FORRESTER.** Let me say to the gentleman I believe he knows that the gentleman from Georgia has never seriously contended over jurisdictional matters. We might find the answer, however, in this particular: The bill is not a House bill. It is a Senate joint resolution. It came over from the Senate and was referred in due course by the distinguished Speaker and by our outstanding Parliamentarian. The bill went on its way to the subcommittee of which I happen to be the chairman. The gentleman from Georgia is really of the opinion that the decision of the Parliamentarian was correct, or at least substantially correct. If the gentleman will refer to the House rules and manual, rule 11, relating to the powers and duties of the respective committees, and to subsection 12, it is positively laid down that the Committee on the Judiciary will have jurisdiction over holidays and celebrations, which is the preponderating portion of this legislation. I imagine that the distinguished Speaker and Parliamentarian were confronted with the fact that this legislation did have in it matters which were basically under the jurisdiction of the Committee on the Judiciary and also the gentleman's committee. The decision was based on the fact that the preponderating or majority of the legislation was in our committee. The gentleman has raised a point, however, and I appreciate his raising it because of the fact we have had several pieces of legislation like this before our committee. I have been the chairman of that committee for some years and the point has not been raised before. But I will say there should be some liaison and understanding between the gentleman as chairman of his committee and the gentleman from Georgia or anyone who may succeed him, so that we may have information he does not have and he may have information which we do not have. This morning the gentleman and I got together and discussed this matter thoroughly, I hope to the gentleman's satisfaction.

**Mr. ASPINALL.** May I say that the gentleman from Colorado did not raise the question of jurisdiction as far as the reference of this bill was concerned.

I might say to the gentleman from Georgia that it is a question as to the contents of the bill. The chairman of the Committee on Interior and Insular Affairs does not question the Speaker or his advisers at all in this particular matter. However, I am sure that the gentleman from Georgia [Mr. FORRESTER] does know that the chairman of the Committee on Interior and Insular Affairs is very jealous of the jurisdiction of this particular committee. If it were not for that fact, I am afraid that the several bureaus of the Department downtown might be running away with their operations, because in this particular instance they knew a bill was pending before the Committee on Interior and Insular Affairs. Yet they never hinted that they were going before a subcommittee of the Committee on the

Judiciary of which the gentleman from Georgia [Mr. Forrester] is chairman.

Did the gentleman from Georgia have any representatives of the Department before the gentleman's committee?

Mr. FORRESTER. Yes; we certainly did. I would like to call the attention of the gentleman from Colorado [Mr. Aspinall] to the testimony of the Honorable Frank D. Harrison, special assistant to the Director, which testimony is shown on page 21 of the hearings, and so forth, held before the Committee on the Judiciary, Subcommittee No. 4, April 12, 1962. I would be glad for the gentleman to see some of the questions and answers, if the gentleman would like to do so.

Mr. ASPINALL. The gentleman from Colorado has already had his attention called to that but the gentleman from Colorado takes issue with the fact that his committee was not advised at all as to the fact that the representative from the Department was appearing before the wrong committee insofar as this particular legislation was concerned.

Does this bill provide authorization for the expenditure of new and additional funds?

Mr. FORRESTER. No; it does not. I might say to the gentleman from Colorado that that particular point was dealt with at length in the testimony of the representative of the Department of the Interior, Mr. Harrison. On the contrary, this property is to be purchased from funds already in the hands of the Department.

Mr. ASPINALL. The gentleman from Georgia has made reference to the fact that this came over to us from the other body. The gentleman from Georgia knows that the other body has no particular rules by which to guide its action. It usually does whatever it pleases relative to legislation.

Does the gentleman from Georgia agree that this bill would have been permitted to have been considered in the House if the proper point of order was made against the contents insofar as the title is concerned, with the understanding that we do have some rules in the House relative to germaneness.

Mr. FORRESTER. The gentleman from Georgia will say to the gentleman from Colorado that the gentleman from Georgia is not particularly jealous of his jurisdiction or his prerogatives. The gentleman from Georgia wants to see to it that we at least have an opportunity to be heard and to sit down and consult with and discuss legislation with other members of the committee, and I will say to the gentleman from Colorado [Mr. Aspinall] I have been happy to do this this morning, and I shall always be. I want to say to the gentleman from Colorado now that this is nothing new. We have had a lot of legislation like this. In the future I shall be glad to discuss matters of this kind with the gentleman from Colorado and if legislation of this kind comes before the gentleman from Colorado I hope the gentleman from Colorado will do the gentleman from Georgia the favor and honor to discuss the matter with the gentleman from Georgia.

Mr. ASPINALL. The gentleman is correct. The gentleman from Colorado has the highest esteem and affection for the gentleman from Georgia, and such high esteem that he seldom ever questions these bills that come from the gentleman's committee. But this one particularly caught my eye, and I thought that some of the people downtown were trying to build their operations at the expense of our orderly procedure up here.

Mr. Speaker, I withdraw my reservation.

Mr. GROSS. Mr. Speaker, further reserving the right to object, I understand this provides for the purchase of some 7 acres of land at a cost of $165,000. That would be at the rate of about $23,500 an acre. The report shows that the only improvements on that land are a few dilapidated houses and outhouses. I think we all know what an outhouse is. I would like to know why it is proposed to pay $23,500 per acre for land such as this.

Mr. FORRESTER. I would be glad to advise the gentleman from Iowa that that is not the price of the land itself, but the price for the entire thing that is to be purchased.

Mr. GROSS. Does not this carry a price tag of $165,000 for 7 acres?

Mr. FORRESTER. That is right, for 7 acres.

Mr. GROSS. Then we are in agreement that it is $23,500 per acre.

Mr. FORRESTER. But that is not what the gentleman said originally.

Mr. GROSS. Yes, it is.

Mr. FORRESTER. At least, that is not the way I understood it. The gentleman is correct about that being the price for those acres. The explanation is that this land should have been acquired a good long time ago. I stand for economy, but I do believe that it is absolutely necessary that we preserve some of the history of this country. I think this was a very important event and I think the land should have been bought years ago, but it was not. Some of the land was acquired by a corporation and I understand they are giving that land back. But in the meantime some other people have come in and have erected some homes there.

Mr. GROSS. The report says dilapidated buildings and outhouses.

Mr. FORRESTER. I do not think those are outhouses as the gentleman has referred to them. As a matter of fact, there are some small houses owned by people of ordinary circumstances, who bought those homes right there in the midst of what was the battlefield. If we are ever to acquire this property we have got to pay a reasonable price for it.

If we do not acquire it now and we do later on it will cost a lot more money. Another thing, there is no appropriation necessary for this. They are going to take the money you have already appropriated to them in times past and buy this property.

Mr. GROSS. It is still Government money that is to be spent, is it not?

Mr. FORRESTER. Yes.

Mr. GROSS. And that is what we are interested in here; at least I hope it is, although sometimes I wonder.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Colorado.

Mr. ASPINALL. It means that as to every other project under the Department of the Interior and the National Park Service, they will have some of their money taken away in order to take care of this; is not that true?

Mr. GROSS. I think that would be the way it would work. Mr. Speaker, I have no desire to intervene in this celebration of the Battle of New Orleans, but when you combine the Battle of New Orleans and the celebration thereof with the acquiring of 7 acres of land for $165,000, then I do not know. What kind of land is this, may I ask the gentleman? Does it happen to be down in the area of swamps and brush in Louisiana? I have seen some of Louisiana, and I cannot figure how the land could be worth $23,500 an acre, unless it is really good land for purposes of subdivision and the building of homes.

Mr. FORRESTER. The answer to that is that it is in the Chalmette National Historical Park or Battlefield, where the battle was fought during the War of 1812, a few miles away from the city of New Orleans. I do not think the value is based on the land itself but on the land and the improvements, and so forth. Also I will say to the gentleman that I have the idea that the title to this property will be acquired in the ordinary way, that is, by condemnation. I think the courts of this land would set the price and I think we will have a reasonable price, that the courts will do it in a way that will satisfy the gentleman from Iowa and the gentleman from Georgia.

Mr. GROSS. In order to shorten this colloquy, may I ask, is there anything of an emergency nature in connection with this?

Mr. FORRESTER. I would say this. I expect that the value of the property could go up in the meantime.

Mr. GROSS. Does the gentleman think that in 2 weeks' time it could go up very much?

Mr. FORRESTER. I do not think it would in 2 weeks' time, but I hope the gentleman will not object. Of course, this does not matter to me personally.

Mr. GROSS. When is this celebration to be, in what year?

Mr. FORRESTER. It has been delayed a long time.

Mr. GROSS. I note that the function of the Commission would be to develop and execute plans for the observance in December 1964 and January 1965. There would be no real harm done if this were held up for a couple of weeks until we could get a little more information as to the value of this land that it is proposed to buy down there.

Mr. FORRESTER. If the gentleman insists on it, of course, I would have no alternative, but I hope he will not. I do not think he is going to improve the situation by delaying it. I think that by the course of condemnation that will be used in this case the gentleman will be protected. I believe the Government will pay for it what its real value is.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker. I am persuaded by the eloquence of the gentleman from Georgia.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Clerk read the joint resolution, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) there is hereby established a commission to be known as the "Battle of New Orleans Sesquicentennial Celebration Commission" (hereinafter referred to as the "Commission") which shall be composed of twenty-three members as follows:

(1) Eight members who shall be Members of the Senate, to be appointed by the President of the Senate (two each from Louisiana, Kentucky, Mississippi, and Tennessee);

(2) Eight members who shall be Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives (two each from Louisiana, Kentucky, Mississippi, and Tennessee);

(3) One representative of the Department of the Interior who shall be the Director of the National Park Service, or his designee, and who shall serve as executive officer of the Commission; and

(4) Six members to be appointed by the President after consideration of such recommendations as the Governor of Louisiana may make, upon the request of the President.

(b) The President shall, at the time of appointment, designate one of the members appointed by him to serve as Chairman. The members of the Commission shall receive no salary.

Sec. 2. The function of the Commission shall be to develop and to execute plans for the observance in December 1964 and January 1965 of the one hundred and fiftieth anniversary of the Battle of Chalmette, or New Orleans, a resounding victory at arms which resulted in prompt ratification of the Treaty of Ghent and the welding of the new Nation—East and West—into a truly independent Republic; and the celebration of one hundred and fifty years of unbroken friendship between this Nation and Great Britain. In carrying out these functions, the Commission is authorized to cooperate with and to assist such groups as the State of Louisiana and the city of New Orleans may establish to celebrate the sesquicentennial of the Battle of New Orleans.

Sec. 3. The Commission may employ, without regard to the civil service laws or the Classification Act of 1949, such employees as may be necessary in carrying out its functions.

Sec. 4. (a) The Commission is authorized to accept donations of money, property, or personal services; to cooperate with patriotic and historical societies and with institutions of learning; and to call upon other Federal departments or agencies for their advice and assistance in carrying out the purposes of this resolution. The Commission, to such extent as it finds to be necessary, may, without regard to the laws and procedures applicable to Federal agencies, procure supplies, services, and property and make contracts, and may exercise those powers that are necessary to enable it to carry out efficiently and in the public interest the purposes of this resolution: *Provided, however,* That all expenditures of the Commission shall be made from donated funds only.

(b) Expenditures of the Commission shall be paid by the executive officer of the Commission, who shall keep complete records of such expenditures and who shall account also for all funds received by the Commission. A report of the activities of the Commission, including an accounting of funds received and expended, shall be furnished by the Commission to the Congress within one year following the celebration as prescribed by this resolution. The Commission shall terminate upon submission of its report to the Congress.

(c) Any property acquired by the Commission remaining upon termination of the celebration may be used by the Secretary of the Interior for purposes of the national park system or may be disposed of as surplus property. The net revenues, after payment of Commission expenses, derived from Commission activities, shall be deposited in the Treasury of the United States.

Sec. 5. Within the boundaries of Chalmette National Historical Park, as designated by the Secretary of the Interior on March 20, 1958, pursuant to the Act of August 10, 1939 (53 Stat. 1342), and depicted on drawing numbered NHP CHAL 7008, said Secretary is hereby authorized to acquire with appropriated funds lands and interests in lands as follows:

Beginning at the point of intersection of the west line of Fazendeville Road with a line 50 feet south of southerly boundary of right-of-way of the Louisiana Southern Railway at coordinate point X—2,425,730.76 and Y—467,506.11 (the bearings and coordinates herein stated are in accord with the Louisiana geodetic survey plane grid system); and running thence south 66 degrees 32 minutes 46 seconds east, parallel to said southerly boundary of right-of-way of Louisiana Southern Railway, a distance of 30 feet to coordinate point X—2,425,758.28 and Y—467,494.17; thence south 23 degrees 45 minutes 21 seconds west for a distance of 917.90 feet along the east right-of-way of Fazendeville Road to a point;

Thence south 66 degrees 14 minutes 39 seconds east for a distance of 161.83 feet to a point; thence south 23 degrees 45 minutes 21 seconds west on a line parallel to Fazendeville Road for a distance of 1,406.51 feet to a point; thence north 64 degrees 19 minutes 9 seconds west for a distance of 161.92 feet to a point on the east right-of-way of Fazendeville Road; thence south 23 degrees 45 minutes 21 seconds west along the east right-of-way of Fazendeville Road for a distance of 19.41 feet to a point;

Thence south 64 degrees 19 minutes 9 seconds east for a distance of 95.70 feet to a point; thence south 23 degrees 45 minutes 21 seconds west on a line parallel to Fazendeville Road for a distance of 54.90 feet to a point; thence north 64 degrees 19 minutes 9 seconds west for a distance of 95.70 feet to a point on the east right-of-way to Fazendeville Road; thence south 23 degrees 45 minutes 21 seconds along the east right-of-way of Fazendeville Road for a distance of 279.44 feet to a point;

Thence crossing Fazendeville Road on a line running north 49 degrees 02 minutes 49 seconds west for a distance of 31.40 feet to a point on the west right-of-way of Fazendeville Road; thence north 23 degrees 45 minutes 21 seconds east along the west right-of-way of Fazendeville Road for a distance of 2,663.28 feet to a point which is the point of beginning; containing 7.02 acres more or less, including 1.83 acres more or less within the right-of-way of the Fazendeville Road; and excluding lot 15 as shown on a map of survey by F. C. Gandolfo, Junior, dated January 9, 1953, and being in section 10 of township 13 south, range 12 east, parish of Saint Bernard, State of Louisiana, and known locally as Fazendeville.

Sec. 6. There are authorized to be appropriated $165,000 to carry out the purposes of section 5 of this Act.

With the following committee amendments:

1. On page 2, line 11, insert a period after the word "President" and strike out lines 12 and 13.

2. On page 2, line 21, strike out the comma after "New Orleans" and insert a period; strike out the remainder of line 21 and all that follows through line 2 on page 3.

3. Substitute a colon for the period at the end of line 10, page 3, and add the following: "*Provided, however,* That no employee whose position would be subject to the Classification Act of 1949, as amended, if said Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under said Act for positions of equivalent difficulty or responsibility. Such rates of compensation may be adopted by the Commission as may be authorized by the Classification Act of 1949, as amended, as of the same date such rates are authorized for positions subject to said Act. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee."

4. Delete the following language appearing in lines 17 and 18 of page 3: ", without regard to the laws and procedures applicable to Federal agencies,".

5. Strike lines 20 through 22 of page 4 and substitute the following: "NHP–CHAL–7008, said Secretary, notwithstanding the proviso in section 3 of said Act, is hereby authorized to acquire the following lands and interests in lands with funds heretofore appropriated and otherwise available for such purpose:".

6. On page 7, strike out lines 1 and 2.

The committee amendments were agreed to.

Mr. WALTER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Walter: On page 7, line 10, after the period at the end of line 9, insert the following:

"S.J. Res. 60, as amended, is amended by adding at the end thereof the following new sections:

" 'Sec. 6. The joint resolution of July 14, 1960 (Public Law 86–650), is amended to read as follows:

" ' "DECLARATION OF POLICY

" ' "Section 1. It is hereby declared to be the policy of the Congress to authorize appropriate activities on the part of the Federal Government in celebration of the one hundred and seventy-fifth anniversary of the formation of the Constitution of the United States and to provide a means whereby similar activities by the States and by the people may be encouraged and coordinated in a comprehensive national observance to the end that our citizens may gain a deeper appreciation of the priceless national heritage represented by the Constitution as a living document and a renewed zeal for the perpetuation and advancement of the ideals of government of which it is the embodiment.

" ' "ESTABLISHMENT OF THE COMMISSION

" ' "Sec. 2. (a) For the purpose of carrying out the policy set forth in section 1 of this Act, there is hereby established a commission, to be known as the 'United States Constitution One Hundred and Seventy-fifth Anniversary Commission' (hereinafter referred to as the 'Commission') for the celebration of the one hundred and seventy-fifth anniversary of the existence of the Constitution, and to be composed of twelve Commissioners, as follows: The President of the United States; the President of the Senate and the Speaker of the House of Representatives, ex officio; three persons to be appointed by the President of the United States; three Senators to be appointed by the President of the Senate; and three Representatives by the Speaker of the House of Representatives.

" ' "(b) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

" ' "(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

" ' "(d) A person appointed to the Commission in the status of a Member of Congress, but who thereafter ceases to have such status, shall nevertheless continue as a member of the Commission.

### " ' "COMPENSATION OF THE COMMISSION

" ' "SEC. 3. The members of the Commission shall serve without compensation, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

### " ' "ORGANIZATION AND STAFF OF THE COMMISSION

" ' "SEC 4. (a) The Commission shall select a Chairman from among its members.

" ' "(b) The Chairman may appoint an Executive Director, to serve at his pleasure, whose compensation shall be fixed by the Commission.

" ' "(c) The Executive Director, with the approval of the Chairman, may appoint and fix the compensation of such assistants and subordinates as he deems necessary.

" ' "(d) The Commission may procure temporary and intermittent services to the same extent as is authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), but at rates not to exceed $50 per diem for individuals.

" ' "(e) Neither the civil service laws nor the Classification Act of 1949, as amended, shall apply to any exercise of the authority conferred by subsection (b), (c), or (d) of this section: *Provided, however,* That no employee whose position would be subject to the Classification Act of 1949, as amended, if said Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under said Act for positions of equivalent difficulty or responsibility. Such rates of compensation may be adopted by the Commission as may be authorized by the Classification Act of 1949, as amended, as of the same date such rates are authorized for positions subject to said Act. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee.

" ' "(f) Mail matter sent by the Commission as penalty mail or franked mail shall be accepted for mail subject to section 4156 of title 39, United States Code, as amended.

### " ' "OFFICE SPACE FOR THE COMMISSION

" ' "SEC. 5. The Secretary of the Interior, after consultation with the Commission, shall make available to it such office space in a building or buildings in the Independence National Historical Park as, in the judgment of the Secretary, it may require for performance of its functions.

### " ' "DUTIES OF THE COMMISSION

" ' "SEC. 6. (a) The Commission shall request the cooperation of appropriate officials in all branches, departments, and agencies of the United States in planning ceremonies or other activities in their respective components of the Federal Government in observance of the one hundred and seventy-fifth anniversary of the formation of the Constitution, and all such officials are authorized and requested to consult with the Commission.

" ' "(b) The Commission shall request the appointment by the Governors of each of the fifty States of individuals or committees to consult with the Commission and to assist in coordinating the activities of the Federal Government, the governments of the States, and private individuals and organizations in carrying out the purposes of this Act.

" ' "(c) The Commission shall take appropriate action to encourage, assist, and coordinate activities by municipal, county, and other local governmental units in carrying out the purposes of this Act.

" ' "(d) The Commission shall make its assistance available to public and private schools in planning programs, ceremonies, and other activities, and obtaining written and audiovisual materials for use in such activities in connection with the anniversary.

" ' "(e) The Commission shall solicit the cooperation of colleges, universities, and other institutions of higher education in encouraging the study and understanding of the Constitution by suitable recognition through scholarships or otherwise of promising students who display an interest in it.

" ' "(f) The Commission shall solicit the cooperation of, and make its assistance available to, civic, patriotic, and religious organizations undertaking any activities in connection with the anniversary.

" ' "(g) The Commission shall endeavor to promote worldwide understanding of the United States Constitution by encouraging, and if practicable assisting in, student exchange programs and any other means by which citizens of foreign countries may be afforded opportunities to learn about our constitutional processes.

" ' "(h) The Commission is authorized to accept on behalf of the United States such gifts of money or other property as in its judgment may be appropriate to carry out the purposes of this Act, but shall be accountable therefor in the same manner as for appropriated funds or property purchased with appropriated funds.

### " ' "PROCLAMATIONS BY THE PRESIDENT

" ' "SEC. 7. The President is hereby authorized and requested to issue proclamations—

" ' "(1) designating September 17, 1962, as Constitution Day and calling upon the people of the United States to observe such day with special ceremonies and other activities in celebration of the one hundred and seventy-fifth anniversary of the formation of the Constitution; and

" ' "(2) designating December 15, 1962, as Bill of Rights Day and calling upon the people of the United States to observe such day with appropriate ceremonies and activities;

" ' "(3) designating the period from September 17, 1962, to July 4, 1963, inclusive, as a period dedicated to a renewal of national awareness of the priceless heritage which the Constitution represents, and calling upon the people of the United States to engage in such educational and inspirational activities as will deepen their understanding of the Constitution and strengthen their devotion to it.

### " ' "DISTRIBUTION OF COPIES OF THE CONSTITUTION

" ' "SEC. 8. The Attorney General, acting through the Immigration and Naturalization Service, is hereby authorized and directed to make available a suitable copy of the Constitution of the United States and the amendments thereto to each person entering the United States during the one-year period which begins on September 17, 1962.

### " ' "DISPOSAL OF PROPERTY OF THE COMMISSION

" ' "SEC. 9. (a) After the Commission has discharged all its functions pursuant to this Act except for those under this section and section 10, it shall transfer to the Secretary of the Interior such of its records and other property as in his judgment are appropriate for permanent preservation or display in the Independence National Historical Park.

" ' "(b) The Commission shall transfer the remainder of its records and property to the Administrator of General Services, who shall hold and dispose of such records and property in accordance with the Federal Property and Administrative Services Act of 1949.

### " ' "FINAL REPORT OF COMMISSION

" ' "SEC. 10. The Commission shall make a final report of its activities to the Congress on or before the first day of the second session of the Eighty-eighth Congress, and upon the filing of such report, the Commission shall cease to exist.

### " ' "EXPENDITURES OF THE COMMISSION

" ' "SEC. 11. All expenditures of the Commission shall be made from donated funds only."

" 'SEC. 7. Nothing contained in this joint resolution shall affect the validity of actions heretofore lawfully taken under authority of the joint resolution of July 14, 1960 (Public Law 86-650).' "

**Mr. WALTER** (interrupting the reading of the amendment). Mr. Speaker, I ask unanimous consent that the further reading of the amendment be dispensed with and that it be printed at this point in the RECORD.

**The SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

**Mr. GROSS.** Reserving the right to object, Mr. Speaker, will the gentleman explain his amendment? Does it require any outlay of funds?

**Mr. WALTER.** The amendment does not contemplate the outlay of a single cent. The city of Philadelphia and the State of Pennsylvania have arranged for the observance of the 175th anniversary of the signing of the Constitution of the United States. The celebration will culminate in a banquet on the 17th of September, the day of the signing, at which former President Harry Truman will deliver the main address. The members of the honorary committee are the President of the United States, Ex-Presidents Hoover and Truman, Governor Lawrence, and the mayor of Philadelphia. The chairman is Albert M. Greenfield, one of the leading citizens of that community.

**Mr. GROSS.** This requires absolutely no expenditure?

**Mr. WALTER.** No, it merely authorizes the United States to appoint representatives to serve with this committee set up by the State and the city of Philadelphia.

**Mr. GROSS.** This in no way provides for a legal holiday? There is some legislation, I understand, lurking around here somewhere that would provide a legal holiday on September 17. This does not in any way provide for a legal holiday?

**Mr. WALTER.** No; it does not.

**Mr FORRESTER.** If the gentleman will yield, the gentleman from Pennsylvania discussed this amendment with me, and we have an agreement as far as the gentleman from Georgia is concerned. It simply is confirmation of a stipulation to the effect that this celebration of the signing of the Constitution will be held. There will be no Government funds used at all. Whatever funds are used will be funds of the State of Pennsylvania and the city of Philadelphia.

**Mr. WALTER.** Precisely. The funds are taken up by subscription, and the funds are furnished by the city of Philadelphia and the State of Pennsylvania. However, we feel this is a matter of such magnitude the Government ought to participate in this celebration.

The celebration is going to be held whether this resolution is adopted or not, and it is offered as an amendment here because this is a Senate bill and it is a convenient vehicle to get the matter over to the Senate and acted upon promptly, because, after all, the 17th is just around the corner.

**Mr. FORRESTER.** I would like to say to the gentleman from Pennsylvania, in view of what has been said, that as far as the gentleman from Georgia is personally concerned, I wholeheartedly concur in the spirit of this amendment and the gentleman from Georgia personally thinks this amendment is a good amendment and should be passed.

**Mr. GROSS.** Mr. Speaker, since the gentleman from Georgia has inquired of the gentleman from Pennsylvania with respect to expenditures so far as his amendment is concerned, now let me ask the gentleman from Georgia whether it is proposed to spend any Federal money on the Battle of New Orleans through the pending legislation?

**Mr. FORRESTER.** I am glad to answer that question for the gentleman from Iowa. Absolutely no money is proposed to be spent except as stipulated in the legislation which the gentleman just discussed.

**Mr. GROSS.** What does the legislation stipulate other than the purchase of 7 acres of land?

**Mr. FORRESTER.** Absolutely no expenditure of money is involved.

**Mr. GROSS.** There is no provision for any expenditure?

**Mr. FORRESTER.** No, sir.

**Mr. GROSS.** And the gentleman has no intention of coming to the Congress later asking for money nor does he know of anyone else who is going to come to Congress to ask for Federal funds for the Battle of New Orleans?

**Mr. FORRESTER.** I certainly do not.

**Mr. GROSS.** Are you going to reenact the Battle of New Orleans?

**Mr. FORRESTER.** Yes; and I extend an invitation to the gentleman.

**Mr. GROSS.** I thank the gentleman.

**The SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania [Mr. WALTER]?

There was no objection.

**The SPEAKER.** The question is on the amendment.

The amendment was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## RETROCEDING CERTAIN LEGISLATIVE JURISDICTION OVER LANDS WITHIN THE U.S. NAVAL SUPPLY DEPOT CLEARFIELD, OGDEN, UTAH

The Clerk called the bill (S. 2421) to provide for retrocession of legislative jurisdiction over U.S. Naval Supply Depot Clearfield, Ogden, Utah.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding any other provision of law, the Secretary of the Navy may, at such times as he may deem desirable, relinquish to the State of Utah all, or such portion as he may deem desirable for relinquishment, of the jurisdiction heretofore acquired by the United States over any lands within the United States Naval Supply Depot Clearfield, Ogden, Utah, reserving to the United States such concurrent or partial jurisdiction as he may deem necessary. Relinquishment of jurisdiction under the authority of this Act may be made by filing with the Governor of the State of Utah a notice of such relinquishment, which shall take effect upon acceptance thereof by the State of Utah in such manner as its laws may prescribe.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## PROVIDING FOR THE EXCHANGE OF CERTAIN LANDS IN PUERTO RICO

The Clerk called the bill (S. 3221) to provide for the exchange of certain lands in Puerto Rico.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Navy is hereby authorized to convey, from the lands comprising the United States Naval Station, San Juan, Puerto Rico, to the San Juan Darlington, Incorporated, all right, title, and interest of the United States in and to an irregularly shaped parcel of land containing .049 acre and which is contiguous to the lands of the said San Juan Darlington, Incorporated. Such conveyance shall be conditioned upon the conveyance to the United States by the said San Juan Darlington, Incorporated, of a parcel of like size, from which all improvements have been removed, which is contiguous to that portion of the lands comprising the United States Naval Station, San Juan, Puerto Rico, which adjoin the properties of the said San Juan Darlington, Incorporated.

SEC. 2. If necessary to facilitate the exchange of lands provided for in the first section of this Act, the Secretary may enter into such agreement with the government of the Commonwealth of Puerto Rico and prepare and execute instruments pursuant to such agreement as may be necessary to effectuate the relinquishment by such government of any interest it may have in the lands to be conveyed by the United States under such section in consideration of the United States conferring upon such government a similar interest in the lands to be conveyed to the United States under such section.

SEC. 3. Public Law 187, Eighty-fifth Congress, is amended by—

(1) striking out the word "and" at the end of paragraph (a) and inserting in lieu thereof the following: "excepting therefrom, however a .049 acre parcel of land to be conveyed by the United States to San Juan Darlington, Incorporated, in exchange for an adjacent parcel of land of like size,";

(2) striking out "; in consideration of" at the end of paragraph (b), and inserting in lieu thereof a comma and the word "and"; and

(3) inserting after paragraph (b) a new paragraph as follows:

"(c) The .049 acre parcel of land to be acquired from the San Juan Darlington, Incorporated, in exchange for the parcel of like size accepted from the description set out in paragraph (a) of this Act; in consideration of".

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## AUTHORIZING THE APPOINTMENT OF CITIZENS OR NATIONALS OF THE UNITED STATES FROM AMERICAN SAMOA, GUAM, OR THE VIRGIN ISLANDS TO THE U.S. MILITARY ACADEMY, THE U.S. NAVAL ACADEMY, AND THE U.S. AIR FORCE ACADEMY

The Clerk called the bill (S. 3628) to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title 10, United States Code, is amended as follows:

(1) Section 4342(a) is amended—

(A) by striking out the word "and" at the end of clause (8);

(B) by striking out the period at the end of clause (9) and inserting the word "; and" in place thereof; and

(C) by adding the following new clause at the end thereof:

"(10) one cadet from American Samoa, Guam, or the Virgin Islands nominated by the Secretary of the Army upon recommendations of their respective Governors."

(2) Section 4342(c) is amended—

(A) by striking out the words "clauses (1)—(5)" and inserting the words "clauses (1)—(5) and (10)" in place thereof; and

(B) by striking out the words "or Puerto Rico," and inserting the words "; Puerto Rico, American Samoa, Guam, or the Virgin Islands," in place thereof.

(3) Section 6954(a) is amended by adding the following new clause at the end thereof;

"(9) One from American Samoa, Guam, or the Virgin Islands nominated by the Secretary of the Navy upon recommendations of their respective Governors."

(4) Section 6958(b) is amended—

(A) by striking out the words "clauses (3)—(7)" and inserting the words "clauses (3)—(7) and (9)" in place thereof; and

(B) by striking out the words "or Puerto Rico" and inserting the words ", Puerto Rico, American Samoa, Guam, or the Virgin Islands," in place thereof.

(5) Section 9342(a) is amended—

(A) by striking out the word "and" at the end of clause (8);

(B) by striking out the period at the end of clause (9) and inserting the word "; and" in place thereof; and

(C) by adding the following new clause at the end thereof:

"(10) one cadet from American Samoa, Guam, or the Virgin Islands nominated by the Secretary of the Air Force upon recommendations of their respective Governors."

(6) Section 9342(c) is amended—

(A) by striking out the words "clauses (1)—(5)" and inserting the words "clauses (1)—(5) and (10)" in place thereof; and

(B) by striking out the words "or Puerto Rico" and inserting the words ", Puerto Rico, American Samoa, Guam, or the Virgin Islands," in place thereof.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## PRIVATE CALENDAR

The SPEAKER. This is the day for the call of the Private Calendar.

The Clerk will call the first bill on the calendar.

## MRS. WILLIAM JOHNSTON

The Clerk called the bill (H.R. 9942) for the relief of Mrs. William W. Johnston.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## CLARA B. FRY

The Clerk called the bill (H.R. 7615) for the relief of Clara B. Fry.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## MARGARET MACPHERSON AND OTHERS

The Clerk called the bill (H.R. 1660) for the relief of Margaret MacPherson, Angus MacPherson, Ruth MacPherson, and Marilyn MacPherson.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## CARLETON R. McQUOWN AND OTHERS

The Clerk called the bill (H.R. 4950) for the relief of Carleton R. McQuown, Thomas A. Pruett, and James E. Rowles.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## DANIEL WALTER MILES

The Clerk called the bill (H.R. 7469) for the relief of Daniel Walter Miles.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## MRS. MARY E. O'ROURKE

The Clerk called the bill (H.R. 3624) for the relief of Mrs. Mary E. O'Rourke.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 6709) for the relief of Dr. and Mrs. Abel Gorfain.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## THEODORE ZISSU

The Clerk called the bill (H.R. 8550) for the relief of Theodore Zissu.

Mr. GROSS. Mr. Speaker, on behalf of the gentleman from Massachusetts [Mr. CONTE], I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore (Mr. ALBERT). Without objection, it is so ordered.

There was no objection.

## COMBEST B. SILLS

The Clerk called the bill (H.R. 8062) for the relief of Combest B. Sills.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## GEORGE H. PETERS

The Clerk called the bill (H.R. 8549) for the relief of George H. Peters.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## HENRY ARMSTRONG, ADMINISTRATOR OF ESTATE OF ELLA ARMSTRONG

The Clerk called the bill (H.R. 6940) for the relief of Henry Armstrong, administrator of the estate of Ella Armstrong.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## FRANCIS X. FOLEY

The Clerk called the bill (H.R. 1659) for the relief of Francis X. Foley.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## LESLIE O. COX AND OTHER EMPLOYEES OF THE FEDERAL AVIATION AGENCY

The Clerk called the bill (H.R. 12539) for the relief of Leslie O. Cox and other employees of the Federal Aviation Agency.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the persons enumerated below, the sums specified, in full settlement of all claims against the Government of the United States as reimbursable for loss of personal property while on official business with the FAA: FAA pilot Leslie O. Cox, $147.95, and William Gresham, FAA electronics specialist, $191.65, for destruction of personal clothing as a result of the crash and evacuation of the crew of FAA RB–57 Jet N–96 due to an explosion abroad the aircraft on June 7, 1960, in the vicinity of Patuxent Naval Air Station; Gerald A. Parker, $112, for destruction of personal clothing as a result of the crash and evacuation of the crew of FAA T–33 No. 153 due to engine trouble in the vicinity of Rock Springs, Wyoming, on December 2, 1960; George E. Buck, Herny E. Sprague, Jack W. Hanline, and Walter P. Herill, in the amounts of $121.03, $305.27, $194.39, and $117.48, respectively, for loss, through theft, of personally owned hand tools required for official business and stored in Government quarters at Fairfax Municipal Airport, Kansas City, Kansas: *Provided,* That no part of the amounts appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 7, strike "Herny E. Sprague" and insert "Henry E. Sprague".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## MRS. NATHALIE ILINE

The Clerk called the bill (H.R. 12101) for the relief of Mrs. Nathalie Iline.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

## MRS. MARGARET PATTERSON BARTLETT

The Clerk called the bill (H.R. 4964) for the relief of Mrs. Margaret Patterson Bartlett.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

### MRS. HEGHINE TOMASSIAN

The Clerk called the bill (S. 2184) for the relief of Mrs. Heghine Tomassian.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Mrs. Heghine Tomassian shall be deemed to have been born in France.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That sections 1 through 4 of the Act of July 14, 1960 (74 Stat. 504, 505), shall be applicable in the case of Mrs. Heghine Tomassian."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### LUELLA O. BABB

The Clerk called the bill (H.R. 12650) for the relief of Luella O. Babb.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of all laws administered by the Veterans' Administration, the marriage of Luella O. Babb (widow of Harry Babb, XC-1298344) to Howard Moore annulled in the district court of Sedgwick County, Kansas, by decree, shall be held and considered to have been void within the meaning of section 101(3), title 38, United States Code, and she shall be considered as the widow of said Harry Babb.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### YUK-KAN CHEUK

The Clerk called the bill (S. 2760) for the relief of Yuk-Kan Cheuk.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in the administration of the Immigration and Nationality Act, the provisions of the proviso to section 201(a) shall not be applicable in the case of Yuk-Kan Cheuk, a native of Hong Kong.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of the Immigration and Nationality Act, Yuk-Kan Cheuk shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### HIDAYET DANISH NAKASHIDZE

The Clerk called the bill (S. 3071) for the relief of Hidayet Danish Nakashidze.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding the provisions of the Immigration and Nationality Act, the periods of time Hidayet Danish Nakashidze has resided and was physically present in the United States or any State since June 17, 1957, shall be held and considered as compliance with the residence and physical presence requirements of section 316 of said Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### MRS. AGNES GEIDL

The Clerk called the bill (H.R. 1480) for the relief of Mrs. Agnes Geidl.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That for the purposes of the Immigration and Nationality Act, Mrs. Agnes Geidl shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Mrs. Agnes Geidl. From and after the date of the enactment of this Act, the said Mrs. Agnes Geidl shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### PRISCILLO JOSE SISSON

The Clerk called the bill (H.R. 1483) for the relief of Priscillo Jose Sisson.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Priscillo Jose Sisson shall be held and considered to be the minor natural-born alien child of Mr. and Mrs. Nathan Sisson, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendments:

On page 1, line 4, after the name "Priscillo Jose Sisson", add the following: "and Evelyn Sisson".

On page 1, line 6, strike out the word "child" and substitute the word "children".

On page 1, line 6, strike out the language "and Mrs.".

On page 1, line 6, strike out the word "citizens" and substitute the words "a citizen".

On page 1, line 8, strike out the word "beneficiary" and substitute the word "beneficiaries".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended to read: "A bill for the relief of Priscillo Jose Sisson and Evelyn Sisson."

A motion to reconsider was laid on the table.

### SANTA GIAMALVA

The Clerk called the bill (H.R. 2675) for the relief of Santa Giamalva.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Santa Giamalva shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act; upon payment of the required visa fee: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Amend the title so as to read: "A bill for the relief of Santa Giammalva."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportion, warrants of arrest, and bond, which may have issued in the case of Santa Giammalva. From and after the date of the enactment of this Act, the said Santa Giammalva shall not again be subject to deportation by reason of the same facts upon which such deportion proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended to read: "A bill for the relief of Santa Giammalva."

A motion to reconsider was laid on the table.

### KYOKO STANTON

The Clerk called the bill (H.R. 2977) for the relief of Kyoko Stanton.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding the provision of section 212(a) (3) of the Immigration and Nationality Act, Kyoko Stanton may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided,* That, unless the beneficiary is entitled to care under chapter 55, title 10, United States Code, a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act: *Provided* further, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### ROSA AND RITA QUATTROCCHI

The Clerk called the bill (H.R. 2978) for the relief of Rosa and Rita Quattrocchi.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor children, Rosa and Rita Quattrocchi, shall be held and considered to be the natural born alien children of Mr. and Mrs. Samuel Canfora, citizens of the United States: *Provided,* That the natural parents of the beneficiaries shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Rosa and Rita Quattrocchi may be classified as eligible orphans within the meaning of section 101(b)(1)(F) of the said Act and petitions may be filed by Mr. and Mrs. Samuel Canfora, citizens of the United States, in behalf of the said Rosa and Rita Quattrocchi pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### MRS. TAKAKO COUGHLIN

The Clerk called the bill (H.R. 7123) for the relief of Mrs. Takako Coughlin.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in the administration of the Immigration and Nationality Act, Mrs. Takako Coughlin, the unremarried widow of the late Sergeant John Coughlin (United States Marine Corps), a citizen of the United States, shall be deemed to be a nonquota immigrant and may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That Mrs. Takako Coughlin, the widow of a United States citizen, shall be deemed to be within the purview of section 101(a)(27)(A) of the Immigration and Nationality Act, and the provisions of section 205 of that Act shall not be applicable in this case."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### ANNA CAPOROSSI CRISCONI

The Clerk called the bill (H.R. 7438) for the relief of Anna Caporossi Crisconi.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Anna Caporossi Crisconi shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That Anna Caporossi Crisconi, the widow of a United States citizen, shall be deemed to be within the purview of section 101(a)(27)(A) of the Immigration and Nationality Act, and the provisions of section 205 of that Act shall not be applicable in this case."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### ARMINDA P. VISEU

The Clerk called the bill (H.R. 8483) for the relief of Arminda P. Viseu.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Arminda P. Viseu shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Arminda P. Viseu. From and after the date of the enactment of this Act, the said Arminda P. Viseu shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### MARIE SILVA ARRUDA

The Clerk called the bill (H.R. 8855) for the relief of Marie Silva Arruda.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Marie Silva Arruda, shall be held and considered to be the natural born, minor, alien child of Mr. and Mrs. Antone Rocha, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Marie Silva Arruda may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and petitions may be filed by Mr. and Mrs. Antone Rocha, citizens of the United States, in behalf of the said Marie Silva Arruda pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## LEOPOLDO ROCHA CANAS AND TEOFILO CAOILE SERVITO

The Clerk called the bill (H.R. 10316) for the relief of Leopoldo Rocha Canas and Teofilo Caoile Servito.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Leopoldo Rocha Canas and Teofilo Caoile Servito shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## ESTATE OF GREGORY J. KESSENICH

The Clerk called the bill (S. 149) for the relief of the estate of Gregory J. Kessenich.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## JOSEPH HAMMOND

The Clerk called the bill (H.R. 10897) for the relief of Joseph Hammond.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Joseph Hammond, of Whittier, California, the sum of $2,502.50 in full settlement of all his claims against the United States for the payment of prisoner-of-war benefits under the War Claims Act of 1948, as amended, by reason of his detention as a prisoner of war by the North Koreans and Chinese Communists in Korea for the period of December 3, 1950, to August 31, 1953, following his capture while fighting in Korea as a member of the United States Army: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## LT. COMDR. DAVID V. KYRKLUND

The Clerk called the bill (H.R. 4034) for the relief of Lt. Comdr. David V. Kyrklund.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Lieutenant Commander David V. Kyrklund, United States Navy, retired, is relieved of liability to pay to the United States all amounts received by him as an employee of the United States Post Office Department at Pensacola, Florida, in contravention of the Act of July 31, 1894 (5 U.S.C. 62). In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for amounts for which liability is relieved by this Act.

With the following committee amendment:

Strike all after the enacting clause and insert the following: "That Lieutenant Commander David V. Kyrklund, United States Navy, retired, is relieved of liability to pay to the United States the sum of $1,601.07, received by him as an employee of the United States Post Office Department at Pensacola, Florida, of which sum the amount of $443.63 was received by him in contravention of the provisions of section 212 of the Act of June 30, 1932 (5 U.S.C. 59a), while serving as a substitute distribution clerk during the period beginning January 24, 1959, and ending July 22, 1960, both dates inclusive, and the amount of $1,157.44 was received by him in contravention of the provisions of the Act of July 31, 1894 (5 U.S.C. 62), while serving as a regular distribution clerk during the period beginning July 23, 1960, and ending October 24, 1960, both dates inclusive. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for amounts for which liability is relieved by this Act.

"SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lieutenant Commander David V. Kyrklund, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section.

"SEC. 3. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## LESTER A. KOCHER

The Clerk called the bill (H.R. 10199) for the relief of Lester A. Kocher.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Lester A. Kocher, formerly an officer in the Army, is hereby relieved of liability to pay to the United States the sum of $169.38, which sum represents the balance of an amount overpaid to the said Lester A. Kocher in the year 1953 for dependent transportation from Fort Eustis, Virginia, to Fort Sill, Oklahoma, and from Fort Sill, Oklahoma, to Valley Forge Army Hospital, Pennsylvania. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be allowed for the amount for which liability is relieved by this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## JANE FROMAN, GYPSY MARKOFF, AND JEAN ROSEN

The Clerk called the bill (H.R. 12313) for the relief of Jane Froman, Gypsy Markoff, and Jean Rosen.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## EFFECTIVE DATE OF THE QUALIFICATION OF BRICKLAYERS LOCAL 45 PENSION FUND AS A QUALIFIED TRUST UNDER SECTION 401(a) OF THE INTERNAL REVENUE CODE OF 1954

The Clerk called the bill (H.R. 11059) relating to the effective date of the qualification of Bricklayers Local 45 (Buffalo, N.Y.) pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1945.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Bricklayers Local 45 (Buffalo, New York) pension fund, which was established by a collective bargaining agreement effective June 1, 1958, and which has been held by the Internal Revenue Service to constitute a qualified trust under section 401(a) of the Internal Revenue Code of 1954, and to be exempt from taxation under section 501(a) of such Code, for years ending on or after November 29, 1960, shall be held and considered to have been a qualified trust under such section 401(a), and to have been exempt from taxation under such section 501(a), for the period beginning on June 1, 1958, and ending on November 29, 1960, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interests of its beneficiaries.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## JENO NAGY

The Clerk called the bill (S. 3026) for the relief of Jeno Nagy.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding the provisions of section 212(a)(6) of the Immigration and Nationality Act, Jeno Nagy may be issued a visa and be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of that Act: *And provided further*, That the exemption granted herein shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act.

With the following committee amendment:

On page 1, strike out all of lines 5, 6, 7, 8, 9, 10, and the language "may deem necessary to impose:" on line 11, and substitute in lieu thereof the following: "granted the status of permanent residence in the United States pursuant to the provisions of the Act of July 25, 1958 (72 Stat. 419–420) if he is found to be otherwise admissible under the provisions of that Act:".

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### ANNIE YASUKO BOWER

The Clerk called the bill (H.R. 9578) for the relief of Annie Yasuko Bower.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Annie Yasuko Bower shall be held and considered to be the natural-born alien child of Esther Stearns Bower, citizen of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### JOAN ROSA ORR

The Clerk called the bill (H.R. 10605) for the relief of Joan Rosa Orr.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, notwithstanding the provisions of sections 212 (a) (2) or (3) of the Immigration and Nationality Act, Joan Rosa Orr may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided*, That, unless the beneficiary is entitled to care under chapter 55 of title 10 of the United States Code, a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act: *Provided further*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

With the following committee amendment:

On page 1, lines 3 and 4, strike out the language "sections 212(a) (2) or (3)" and substitute in lieu thereof the following "section 212(a)(3)".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### VAGHARSHAG O. DANIELIAN

The Clerk called the bill (H.R. 2806) for the relief of Vagharshag O. Danielian.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

### MAJOR SINGH SUNGA

The Clerk called the bill (H.R. 10881) for the relief of Major Singh Sunga.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Major Singh Sunga shall be held and considered to be the natural-born alien minor child of Bagga Singh Sunga, a citizen of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### AUTHORIZING THE SECRETARY OF THE NAVY TO CONVEY CERTAIN PROPERTY TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

The Clerk called the bill (S. 1108) authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Secretary of the Navy, or his designee, is authorized and directed when he determines that the following described land at Camp Matthews, California, is available for conveyance to the regents of the University of California for educational and related purposes, to convey said land, together with all improvements and appurtenances, to the regents of the University of California by quitclaim deed without monetary consideration therefor but upon the conditions set forth in this Act.

SEC. 2. The property to be conveyed comprising approximately 544 acres of land is more particularly described as follows: The easterly half of pueblo lot 1300; all of pueblo lot 1309; all of pueblo lot 1310; all of that portion of pueblo lot 1311 lying easterly of Pacific Highway and southerly of Miramar Road; all that portion of pueblo lot 1314 lying southerly of Miramar Road; all that portion of pueblo lot 1315 lying southerly of Miramar Road; all that portion of the westerly half of pueblo lot 1316 lying southerly of Miramar Road; said pueblo lands being according to the map thereof made by James Pascoe of 1870, a certified copy of which is filed as miscellaneous map numbered 36 in the office of the county recorder of San Diego County, California; excepting therefrom any property previously conveyed to the State of California or the city of San Diego for highway purposes.

SEC. 3. The deed of conveyance executed pursuant to this Act shall include the conditions that (a) such property shall be held by the regents of the University of California so long as the property conveyed shall be used for educational purposes; (b) if at any time the Secretary of the Navy determines, upon advice received from the Secretary of Health, Education, and Welfare, that the property so conveyed, is not held for such purposes, title thereto shall immediately revert to the United States; and (c) in the event of any such reversion, title to all improvements made thereon by the regents of the University of California during its occupancy shall vest in the United States without payment of compensation therefor. Such deed of conveyance shall be subject to such other conditions as the Secretary of the Navy may deem appropriate to protect the interests of the United States.

SEC. 4. The regents of the University of California may exchange portions of the property described in section 2 for other adjacent lands of approximately equal value in order to develop such property boundaries as may be best suited for the purposes of the University of California.

SEC. 5. Section 3 shall be applicable in all respects to any land received by the regents of the University of California under the exchange provisions authorized in section 4, and any land conveyed by the regents of the University of California pursuant to such exchange shall be received by the grantee thereof free and clear of the conditions prescribed in the first sentence of section 3.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. COHELAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COHELAN. Mr. Speaker, I rise in warm support of this measure which I have joined in sponsoring—a measure which would authorize the conveyance of the Camp Matthews property to the regents of the University of California.

I would like at this time to commend the distinguished and revered chairman of the House Armed Services Committee, the gentleman from Georgia [Mr. VINSON], and the very distinguished chairman of the subcommittee, the gentleman from Massachusetts [Mr. PHILBIN], for their efforts in bringing this measure to the floor.

Mr. Speaker, the University of California is truly one of the great educational institutions in our country today. Through its programs of research and instruction it has contributed materially to our fund of knowledge, and to our ability to use it.

The importance of this bill is that it would make possible the adequate development of another arm of this great university. The university has already acquired 500 acres of land in San Diego for the construction of a new campus and work has already begun. The university, however, expects that this campus will ultimately need to accommodate between 25,000 and 27,500 students, and the present site is insufficient for such a major operation without the adjoining Camp Matthews property.

It is true that the university could work though the General Services Administration to acquire this land. This is a slow, time-consuming process, though, and the university needs a commitment now if it is to proceed with the planning and funding so urgently required to help meet the constantly growing demand for high-caliber education in California and in our Nation.

Mr. Speaker, all administrative departments concerned, and particularly the Department of the Navy and the Department of Health, Education, and Welfare, have given their approval to this legislation. The proposal, therefore, is basically sound; the need is equally great; and I am delighted that the House has taken the forward-looking step of approving this measure today.

### MICHAEL ANTHONY DEDETSINAS

The Clerk called the bill (H.R. 1598) for the relief of Michael Dedetsinas.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Michael Dedetsinas shall be held and considered to be the natural-born alien child of Mr. and Mrs. Stephen Papapanu, citizens of the United States.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Michael Anthony Dedetsinas may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Steven Papapanu, citizens of the United States in behalf of the said Michael Anthony Dedetsinas pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read as follows: "A bill for the relief of Michael Anthony Dedetsinas."

A motion to reconsider was laid on the table.

### ELAINE VERONICA CLARKE

The Clerk called the bill (H.R. 1691) for the relief of Elaine Veronica Clarke.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

### JANINA TEKLA GRUSZKOS

The Clerk called the bill (H.R. 9472) for the relief of Janina Tekla Gruszkos.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Janina Tekla Gruszkos, shall be held and considered to be the natural-born alien child of Veronica Gruszkos, citizen of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### DR. MEHMET VECIHI KALAYCIOGLU

The Clerk called the bill (H.R. 12907) for the relief of Dr. Mehmet Vecihi Kalaycioglu.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Doctor Mehmet Vecihi Kalaycioglu shall be held and considered to have been lawfully admitted to the United States for permanent residence as of July 1, 1957.

With the following committee amendment:

On page 1, at the end of the bill, change the period to a comma and add the following: "upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

"SEC. 2. For the purposes of section 316 of the Immigration and Nationality Act, Doctor Mehmet Vecihi Kalaycioglu shall be held and considered to have complied with the residential and physical presence requirements of that section of the said Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### TADEUSZ SOCHACKI

The Clerk called the bill (H.R. 9893) for the relief of Tadeusz Sochacki.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Tadeusz Sochacki, shall be held and considered to be the natural-born child of Stanislaw and Genevieve Sochacki, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Tadeusz Sochacki may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Mr. and Mrs. Stanislaw Sochacki, citizens of the United States, in behalf of the said Tadeusz Sochacki pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### CONCETTA MARIA, ROSETTA, AND TOMASINO MANGIARACINA

The Clerk called the bill (H.R. 12402) for the relief of Concetta Maria, Rosetta, and Tomasino Mangiaracina.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Concetta Maria, Rosetta, and Tomasino Mangiaracina, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct three numbers from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Act of June 8, 1962 (Private Law 87-409) is hereby amended to read as follows: 'That, for the purposes of section 101(a)(27)(B) of the Immigration and Nationality Act, Mrs. Frances Mangiaracina and her children, Concetta Maria, Rosetta, and Tomasino Mangiaracina, shall be considered to be returning resident aliens.'"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

### CALOGERA VIRONE MESSINA

The Clerk called the bill (H.R. 1362) for the relief of Calogera Virone Messina.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Calogera Virone Messina, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Antonio Messina, citizens of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

> Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Calogera Virone Messina may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said act, and a petition may be filed by Mr. and Mrs. Antonio Messina, citizens of the United States, in behalf of the said Calogera Virone Messina, pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ELLSWORTH. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar be suspended at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. This ends the call of the Private Calendar.

---

## REPORT TO THE CONGRESS BY REPRESENTATIVE JOHN V. LINDSAY ON HIS STUDY OF OUR NATIONAL POLICY TOWARD CONTAMINATION OF OUR ENVIRONMENT BY RADIOACTIVE IODINE FROM FALLOUT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. LINDSAY] is recognized for 1 hour.

Mr. LINDSAY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LINDSAY. Mr. Speaker, 2 months ago, increasingly widespread alarm caused by reports of rising levels of radioactive iodine in milk prompted me to urge President Kennedy and the Joint Committee on Atomic Energy to inform the people about the problem of radioactive fallout. It had become, by that time, quite obvious that public concern was not being relieved by reassurances from local, State, and Federal officials that there was "nothing to worry about." In fact, the very vagueness of many of these statements tended to intensify people's fears that something was being kept from them. The situation clearly substantiated what the Public Health Service had pointed out in March of this year in a release which stated:

> Experience has shown that withholding data not only is undesirable generally, but also tends to intensify public concern. In the absence of official statements the vacuum often is filled by information from other sources that may be incomplete or inaccurate.

Last October the British people received from Prime Minister Macmillan a forthright statement of the countermeasures that the British Government is prepared to implement if and when their daily milk sampling network reveals dangerous levels of iodine 131. In place of such a reasonable, responsible and informative statement, the American people received from their President this June a vague reassurance that there was not any danger from fallout from nuclear testing, nor would there be any danger in the future.

How does President Kennedy's pronouncement square with the facts? This is a loaded question in view of the difficulty that one encounters in trying to learn the facts. However, from reports of the Public Health Service, the National Advisory Council on Radiation, the Federal Radiation Council, the Atomic Energy Commission, and the United Nations Scientific Committee on the Effects of Atomic Radiation, as well as from newspapers and my correspondence with people and organizations throughout the country, I have pieced together what is, I hope, a reasonably accurate picture of the iodine 131 problem. I am taking the floor today to present the information that I have gathered in 3 months of research. I feel that it is essential that this material be fully laid out and made available to the people. This issue is deeply tied in with the ancient governmental question of the public's right to know. I do not wish by this speech to fan a lot of emotions, particularly in those quarters where there has previously been an uninformed, emotional response. Rather, I wish to point out that we are confronted with a long-range problem which could become an immediate problem, but which does not need to if we get to work now.

Iodine 131 is a radioactive isotope which is released during nuclear explosions. The isotope has a half-life of 8 days which means that in a period of a few weeks it decays into harmlessness. However, if it is consumed by human beings while it is still potent, it concentrates in and irradiates the thyroid gland, possibly causing such disturbances as thyroid cancer.

It is thought that iodine 131 is more likely to be harmful to infants than to adults. Infant and embryonic children are particularly susceptible to radioactive iodine because their small, rapidly growing thyroid glands concentrate the isotope so efficiently. Thus, it is especially important that infants, pregnant women and nursing mothers be protected from iodine 131.

When the most recent U.S. series of nuclear tests was planned, it was thought that iodine 131 would present no fallout hazard; supposedly the radioactive iodine would have decayed into harmlessness by the time it had descended from the upper atmosphere to the earth's surface. When President Kennedy announced the tests on March 2, 1962, he said:

> These tests are to be conducted under conditions which restrict the radioactive fallout to an absolute minimum, far less than the contamination created by last fall's Soviet series. By paying careful attention to location, wind, and weather conditions, and by holding these tests over the open sea, we intend to rule out any problem of fallout in the immediate area of testing. Moreover, we will hold the increase in radiation in the Northern Hemisphere where nearly all fallout will occur, to a very low level.

Unfortunately, things did not go quite as planned. Rainstorms caused the fallout to be deposited sooner than had been expected. Then, too, fallout from some of the smaller, low altitude explosions did not take as long to descend as would have been desirable.

Consequently, radioactive fallout laden with iodine 131 has been deposited on fields and pastures, particularly, as it has turned out, in areas of the Midwest. Contamination of vegetables is not really a problem: the length of time required to process and distribute them is generally sufficient to guarantee their safety. However, milk is another matter entirely. Milk is processed rapidly. The time lapse between the consumption of contaminated grass by cows and the consumption of milk by people is not sufficient to permit iodine 131 to decay.

How do we know when the levels of iodine 131 in the diet are excessive? That is a good question because it gets us into the story of some of the most ingenious administrative doubletalk of our time—the radiation protection guides established by the Federal Radiation Council. The FRC consists of the Secretaries of Health, Education, and Welfare; Defense; Commerce; Agriculture; and Labor; and the Chairman of the Atomic Energy Commission. Set up in 1959, the FRC was authorized, first by Executive order and then by statute, "to advise the President with respect to radiation matters directly or indirectly affecting health, including guidance to Federal agencies in the formulation of radiation standards and in the establishment and execution of programs of cooperation with States." As part of its compliance with these duties, the FRC established the radiation protection guides. Formulating these guides was a matter of balancing the known benefits of radiation against its possible hazards. We know what some of the benefits of radiation would be, in industry and medicine, for example, but we did not know a great deal about the effects of radiation on man, particularly at the low levels of exposure which result from fallout. This theory of benefit versus risk coupled with the Council's belief that there were insufficient data to provide a firm basis for evaluating radiation effects for all types and levels of radiation, seemed to call for guidelines which would allow a certain amount of discretion depending on circumstances.

Consequently, the Council established a graded system of recommended actions for normal peacetime operations based on three ranges of radiation exposure:

Range I—Iodine 131, 0 to 10 micromicrocuries per day: Intakes falling into this range would not under normal conditions be expected to result in any appreciable number of individuals in the population reaching a large fraction of the radiation protection guide. Therefore, if calculations based upon a knowledge of the sources of release of radioactive materials to the environment indicate that intakes of the population are in this range, the only action required is surveillance adequate to provide reasonable confirmation of calculations.

Range II—Iodine 131, 10 to 100 micromicrocuries per day: Intakes falling into this range would be expected to result in average exposures to population groups not exceeding the radiation protection guide. Therefore, such intakes call for active surveillance and routine control.

Routine control of useful applications of radiation and atomic energy should be such that expected average exposures of suitable samples of an exposed population group will not exceed the upper value of range II. The sample should be taken with due regard for the most sensitive population elements. Control actions for intakes in range II would give primary emphasis to three things: First, assuring by action primarily directed at any trend sharply upward that average levels do not rise above range II; second, assuring by actions primarily directed either at either specific causes of the environmental exposure levels encountered or at the environment that a limit is placed on any tendencies of specific population segments to rise above the radiation protection guides; and, third, reducing the levels of exposure to segments of the population furthest above the average or tending to exceed range II.

Range III—Iodine 131, 100 to 1,000 micromicrocuries per day: Intakes within this range would be presumed to result in exposures exceeding the radiation protection guides if continued for a sufficient period of time. However, transient rates of intake within this range could occur without the population group exceeding the radiation protection guides if the circumstances were such that the annual average intake fell within range II or lower. Therefore, any intake within this range must be evaluated from the point of view of the radiation protection guides and if necessary, appropriate positive control measures instituted.

A casual glance at this official outline of the radiation protection guides leaves one quite impressed. On paper, they seem quite adequate. But what happens in practice? Let's examine the phrase "active surveillance" for a moment. When levels of iodine 131 content in milk reached range II, the Public Health Service accelerated its milk sampling procedure from a weekly to a biweekly schedule. You will remember that Great Britain operates a daily sampling system. However, by the time these samples are processed and data reaches the Public Health Service, the information is often no longer useful. This is certainly true by the time the information reaches the public. The people receive month-old data from PHS news releases—if their newspapers bother to pick up the releases, that is. By subscribing to Radiological Health at a cost of $5 per year, interested parties can get information which is 2 to 3 months old, if not older. Perhaps this time lapse does not make any difference in the case of strontium 90—half-life 27.7 years—or cesium 137—half-life 30.5 years—but when we are dealing with iodine 131 it makes a great difference because prompt action can provide almost complete protection from this short-lived isotope.

As one woman wrote to my distinguished colleague, the gentleman from Massachusetts, Representative SILVIO O. CONTE, who is also very concerned about this problem:

> Since iodine 131 levels vary from day to day, it would do me no good to read in the Public Health Service magazine about the radioactive content of milk I have already consumed.

I also want to take issue with the way that material which is released to the public is presented. Here is a choice example of statistical machinations. For one thing, averaging out the measurements taken at the 61 stations in the milk sampling network encourages misleading newspaper reports. Many people, seeing that the national average is up, but not finding a measurement for any area near their home, become extremely concerned, often needlessly. Such reporting may also tend to blunt concern in areas which should be acting. A sharp rise in a few areas may cause only a small rise in the national average, but be extremely significant in the affected areas.

Reports dealing with the risks posed by fallout tend to be confusing, too. Unfortunately, not all statements deal so clearly with the meaning behind the figures as does Report No. 3 of the Federal Radiation Council which states:

> Finally, any proper understanding of estimates in this field must take into account the many different ways in which similar or even identical data can be expressed. Many of the apparent differences among scientists arise from different forms of presentation. Two approaches have been used. One estimates the risk of damage to a single person. This risk is extremely small in comparison with others which people normally accept. The second approach considers possible effects on a large population for a year or a generation or for several generations totaling hundreds of years. Even a very small proportion of affected individuals will, in a very large population for a long period of time, amount to an impressive total number of individuals.

Some of the tables used by the FRC in this report show just how significant these different interpretations can be. A table dealing with the next 70 years in the United States, for example, estimates the number of additional cases of leukemia and bone cancer from all tests through 1961 as 0–2000 and 0–700, respectively. The risks to an individual of developing these diseases are 0–1/100,000 and 0–1/300,000. Another table illustrates that the risk to an individual in the next generation of a gross physical or mental defect being caused from all tests through 1961 is 1/1,000,000. Note that these estimates do not deal with the effects of fallout from the 1962 tests. We are left with a numbers game in which the people who cite the figures showing a substantial number of defects in future generations are called alarmists and those who point to statistics demonstrating a minuscule risk to the individual are accused of indifference and callousness.

Yet these questions, involving an issue as weighty as the right of the public to an objective, meaningful presentation of information, pale in the face of the problems that one encounters deeper in the morass of top level policymaking. What happened, for example, to the routine control that was supposed to be instituted when radiation levels were in range II? Not much. The need for routine control was shelved with the aid of a heretofore undefined safety valve contained in the FRC reports—the phrase "normal peacetime operations." Temporarily, policymakers had found an excuse for not invoking control measures when, on the basis of the radiation protection guides, they seemed to be called for. These guides were developed, they said, for industrial exposure only and were not meant to apply to fallout. To date, it is still unclear to me just what guides, if any, are meant to be applied to fallout. This is but one facet of the confusion which continues to be the outstanding feature of our Nation's fallout policy.

An aspect of the fallout situation which has stirred up even more heated controversy than the RPG's is the problem of countermeasures. The May 1962 report of the National Advisory Committee on Radiation defines a clear set of criteria for evaluating countermeasures. A countermeasure, useful to public health, must be effective, safe and practical. Furthermore, responsibility and authority for its application must be well defined. In addition, its impact on the public, industry, agriculture, and Government must be considered. As the advisory committee points out, few countermeasures meet these requirements in all respects. This, it seems to me, is another vital reason for keeping the public adequately informed in matters of radioactive contamination. I have seen case after case in which people who felt that the Government was indifferent to the fallout problem went ahead on their own and instituted countermeasures. As National Advisory Committee on Radiation points out, such action may be more hazardous than the radiation which they are meant to counteract. I was especially concerned to learn that doctors, the one group that should, for the sake of the public welfare, be the best informed, have often been the most in doubt. I heard from one woman in New York City whose pediatrician had advised her to remove fresh milk from her children's diet—this at a time when radioactive iodine levels in milk were quite low. In Wisconsin, eight physicians endorsed a report that was prepared by the Environmental Hazards Committee of the Madison Women for Peace and distributed to doctors.

This report advocated that stable calcium and iodine be prescribed for children as diluents for dietary strontium 90 and iodine 131. But these measures do not fulfill one of the most important criteria of the National Advisory Committee on Radiation—safety. With regard to iodine, the National Advisory Committee on Radiation report advises that its use as a countermeasure "should usually be reserved for limited application due to dangers inherent in the administration of food additives and medicants to large population groups. For example, the inhalation of radioiodine by the population downwind from certain nuclear accidents may be one instance in which these countermeasures can be quite useful." Of the manipulation of dietary calcium the report says:

> Many uncertainties exist concerning the effects on nutrition and health of high calcium intakes over long periods of time in both humans and dairy herds. Therefore, supplementation of diets with stable calcium is not presently recommended.

This is not to say that no countermeasures can pass muster with the National Advisory Committee on Radiation. National Advisory Committee on Radiation supports placing young children, lactating mothers, and pregnant women on evaported milk or powdered dry skim milk. This is the action which Great Britain is prepared to take, at least for children up to 1 year of age, if it should become necessary.

Another measure which meets the National Advisory Committee on Radiation test has already been instituted in Utah and in Minnesota. I refer to the feeding of dairy cows with uncontaminated feed or with feed which has been stored long enough for its radioactivity to decay. When iodine 131 levels rose sharply in northeastern Utah as a result of nuclear explosions in Nevada, milk from the affected counties was diverted from the fresh milk supply of Salt Lake City, and was sent instead to processing plants to be made into cheese or other dairy products.

In Minnesota, milk producers are being paid a premium for milk from herds fed on aged feed. I might point out that as far as I have been able to determine, in both these cases, positive action was taken by the State officials rather than by Federal authorities.

Taking the next logical step in an examination of our fallout policy involves considering why the U.S. Government has not established a countermeasure program. The National Advisory Committee on Radiation report belies the suggestion that Federal officials are not aware of the problem. In recommending that full support be given to an intensive countermeasure research and development program under the leadership of the Public Health Service, the committee states:

> Unless this effort is undertaken now, the Nation may well be faced in a few years with contamination problems which cannot easily be solved.

Thus, lipservice is paid to the severity of the problem but still nothing is done. Perhaps this is because of the lack of properly constituted lines of authority. Not only are we without a clear definition of countermeasure policy in this country, but we are not even sure who would be responsible for instituting a countermeasure policy if we had one.

My investigation of our fallout policy led me to dead ends on questions of radiation protection guides, countermeasures, and responsibility.

It seemed impossible to me that there could be no answers to these questions, so I turned to the Joint Committee on Atomic Energy and to President Kennedy for further information. On June 21 I wrote to President Kennedy and to the Honorable Chet Holifield, chairman of the Joint Congressional Committee on Atomic Energy, in order to obtain a meaningful evaluation of the fallout problem as well as a statement of what countermeasures are contemplated and under what circumstances action would be taken. I received an immediate and helpful reply from our distinguished colleague, the gentleman from Illinois, Congressman Melvin Price, chairman of the Subcommittee on Research, Development, and Radiation of the Joint Committee on Atomic Energy. I might add at this point that the gentleman from California [Mr. Holifield] and the gentleman from Illinois [Mr. Price] together with their colleagues and staff on the Joint Committee have long been working to clear up these issues. They have pursued the matter diligently and responsibly, in hearings and in extensive correspondence with the FRC. Their caliber of work is a credit both to the Congress and to the Nation.

The gentleman from Illinois [Mr. Price] was kind enough to send me a copy of the very excellent letter which he and the gentleman from California, Congressman Holifield, had sent to the Honorable Abraham Ribicoff, then Chairman of the Federal Radiation Council, following the subcommittee hearings on "Radiation Standards, Including Fallout" which were conducted June 4–7, 1962. In this letter, the gentleman from California [Mr. Holifield] and the gentleman from Illinois [Mr. Price] did a first-rate job of pinpointing the issues which demand immediate clarification. Pointing out the degree of uncertainty and confusion on matters of fallout policy which was apparent among the distinguished roster of witnesses who testified at the hearings, the Congressmen told Mr. Ribicoff that they deemed it of utmost importance to have his response to the following questions:

> (1) Are the numerical values of the radiation protection guides established by the Federal Radiation Council the sole or principal criteria now used in evaluating when undesirable levels of radioactive nuclides from fallout have been reached?
>
> (2) If so, is this use of the present numerical values of the guides sufficient to indicate when and what action is appropriate to protect public health?
>
> (3) If not, is the development of further or supplementary criteria needed, and if so, is it the responsibility of the Federal Radiation Council or of the Public Health Service or others to develop and implement such criteria?

They also requested Mr. Ribicoff's views "on the current status of legal authority and responsibility for invoking countermeasures or taking any other action." It had been noted during the hearings "that the actual implementation of countermeasures would have to be accomplished by State health authorities but no indication was given as to whether the States have the necessary authority and means of administration to accomplish the countermeasures."

Pointing out the importance of these matters, the gentleman from California [Mr. Holifield] and the gentleman from Illinois [Mr. Price] requested a meeting between the staffs of the Federal Radiation Council and of the Joint Committee on Atomic Energy "to explore these problems further."

When I wrote to the gentleman from Illinois [Mr. Price] asking whether this meeting of the staffs had taken place and whether it had produced any clarification of the issues at hand, I received a reply so astounding that I think it warrants being cited in full and I have the permission of the gentleman from Illinois [Mr. Price] to do so:

> July 12, 1962.
>
> Hon. John V. Lindsay,
> *House of Representatives.*
>
> Dear Mr. Lindsay: This is in reply to your letter of July 5, 1962, concerning the current fallout situation.
>
> I would first of all like to thank you for your kind remarks concerning our recent subcommittee hearings on "Radiation Standards, Including Fallout."
>
> The staff of the Joint Committee did meet with the staff of the Federal Radiation Council as it was previously planned. The various questions enumerated in our letter to Mr. Ribicoff as Chairman of the Federal Radiation Council were discussed at some length. It was concluded that at a scheduled meeting by the Federal Radiation Council to be held in mid-July our letter to them would be discussed and an answer from them in writing would follow.
>
> There was partial clarification of some of our questions at the meeting in June mentioned above. Concerning the question, "are the numerical values of the radiation protection guides established by the Federal Radiation Council the sole or principal criteria now used in evaluating when undesirable levels of radioactive nuclides from fallout have been reached?" the informal response was yes. The answer was no to the question: "If so, is this use of the present numerical values of the guides sufficient to indicate when and what action is appropriate to protect public health?"
>
> We will be pleased to send you a copy of their full answer when we receive it.
>
> Thank you for your interest in this matter.
>
> Sincerely yours,
>
> Melvin Price,
> *Chairman, Subcommittee on Research, Development and Radiation.*

While officials at every level of the Government are reassuring the public that there is nothing to fear from fallout, the staff of the Federal Radiation Council is informally admitting that the numerical guidelines which are the sole criteria for evaluating when there is too much radioactivity in the environment are not sufficient to indicate when and what action is appropriate to protect public health. A further clarification of this statement came in an August 17 letter from the FRC to the Joint Committee. This letter pointed out that the radiation protection guides serve only as an indication of the need to consider action. That statement is a fence sitter's dream.

The FRC further pointed out that the radiation protection guides were, of course, not meant to indicate when and what action should be taken. Granted the guidelines should not be expected to indicate exactly what action should be taken. It seems clear to me, however, that they should give some indication of when action should be taken. But the Council says no. Why the Council says this is hard to explain. It is either deliberate use of an escape hatch or massive indecision or division in the Council's own ranks. Apparently the Council believes that arguing the thesis that the radiation protection guides indicate only the need for further evaluation relieves it of responsibility for answering questions about the criteria that will be used in such evaluations. The Federal Radiation Council apparently feels that it overcommitted itself when it set up the radiation protection guide. Consequently it has been backing down ever since. The Joint Committee on Atomic Energy has worked long and hard to expose the vagueness of previous policy pronouncements of the FRC. This most recent loophole cannot be left open any longer than the others were.

I found the FRC's inadvertent admission particularly distressing in view of the fact that I had not yet received a reply to the following letter which I had sent to President Kennedy on June 21:

JUNE 21, 1962.

The PRESIDENT,
*The White House,*
*Washington, D.C.*

DEAR MR. PRESIDENT: As I am sure you are aware, the continuing reports of contamination of milk by iodine 131 in fallout is giving rise to increasing concern on the part of a large segment of the American people. I feel that this anxiety has been aggravated by the confusion and lack of knowledge which these reports indicate. In the June 15, 1962, edition of the New York Times, for example, there appeared an article by Mr. John Finney which referred to "confusion and uncertainty" among Presidential advisers and to "the unresolved question of when countermeasures would be ordered against the radioactive iodine in milk contaminated by fallout."

In the House of Representatives this week, I told my colleagues of the difficulty which I and my staff have encountered when we have tried to obtain the facts and figures which are essential to even a superficial understanding of the fallout situation. The Public Health Service has referred to a guideline for maximum exposure to radioactive iodine, but apparently this guideline was established for industrial exposure and was not meant to apply to fallout.

The recent hearings of the Joint Committee on Atomic Energy's Subcommittee on Research, Development and Radiation have failed to provide any assurance either that we have perfected feasible countermeasures or that we would know exactly when to use countermeasures if we had them.

As I told my colleagues in the House, there is no room for unresolved questions where public health is concerned. When we are dealing with human lives, we cannot tolerate half-knowledge and evasiveness.

Therefore, Mr. President, I must ask you to provide the American people with a meaningful evaluation of the fallout situation as well as a complete statement of what countermeasures are contemplated and under what circumstances action would be taken. If the facts are not immediately available, then I ask that you step up research in this critical area until the situation has been clarified and the people have been informed.

Respectfully,

JOHN V. LINDSAY,
*Member of Congress.*

In the month-long interim between my letter to the President and the reply that I finally received from Dr. Jerome Wiesner, the President's chief science adviser, I received two phone calls from the White House Office of Science and Technology reassuring me that a reply would shortly be forthcoming. I was, thus, encouraged to believe that perhaps a certain amount of soul-searching and deliberation was going into the drafting of a reply. Unfortunately, I was mistaken. For the RECORD, I would like to cite Dr. Wiesner's letter in full:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF SCIENCE AND TECHNOLOGY,
*Washington, D.C., July 20, 1962.*

Hon. JOHN V. LINDSAY,
*House of Representatives,*
*Washington, D.C.*

DEAR MR. LINDSAY: The President has asked that I reply to your letter of June 21 concerning contamination of milk by the radioactive iodine in fallout.

As you know, the problem of fallout from the nuclear tests has been receiving continuing attention from the Public Health Service, the Atomic Energy Commission, and the Federal Radiation Council. A comprehensive report on the health hazards of fallout was recently released by the Federal Radiation Council. A copy is attached. This report covered all testing through 1961. The tests, in 1962, plus the Soviet series in late 1961, are estimated to represent an addition of about one-third to all previous fallout.

We have a very extensive network of stations throughout the country monitoring radioactivity including iodine. Various stations measure air, water, milk, food, and animal fodder to determine activity present. At a number of universities and Government laboratories the radioactivity is measured in people. The data obtained is published weekly by the Public Health Service and distributed to Government agencies and to State health departments and in addition once a month a complete document is published summarizing the data. Many newspapers publish daily radioactivity levels.

In recent weeks there has been a special concern about radioactive iodine. Iodine is a naturally occurring element which normally concentrates in the thyroid gland of man. One of the isotopes produced in the fission process is a radioactive form of iodine—iodine 131—which is taken up as readily as natural iodine by the thyroid. This isotope has a short half-life—8 days. The major source of exposure to the population is from the ingestion of milk. Because of the concern about possible health hazards, the biological effects or radiation of the thyroid gland with radioactive iodine have recently been reviewed by the Committee on Biological Effects of Atomic Radiation of the National Academy of Sciences.

The question of countermeasures has received considerable attention over the past decade, and a recent report to the Public Health Service again emphasized the importance of developing improved systems, should their use become necessary. Several countermeasures for radioactive iodine are now available, and research is continuing to determine if new approaches can be designed. Supplemental funds have been requested from the Congress to determine the practicality of extending the Beltsville pilot plant operation on removal of strontium from milk to a full scale dairy plant. Similar work relative to radioactive iodine is still in the laboratory phase of development.

Countermeasures are not required at this time. However, the capability of the surveillance network, the data upon which to interpret the radiation levels in terms of their possible biological effects, and the availability of effective countermeasures, should they become necessary, all are integrated to provide the American people protection from radioiodine.

Sincerely yours,

JEROME B. WIESNER.

This letter makes me doubt seriously whether my letter was even read over at the White House. The final paragraph is so obtuse and inaccurate as to suggest either that the President's science advisers are unfamiliar with our fallout policy or that the White House is deliberately being evasive.

The theory is popularly advanced that the administration refuses to act for fear that any action it might take to alleviate the fallout hazard would provide additional ammuniton to the opponents of nuclear testing. If this is the case, then it would appear that the administration holds the intelligence and the patriotism of the people of this Nation in shockingly low esteem. I believe that the decision as to whether to expose the people of the United States and of other nations to the risk of fallout radiation belong to the Government, supported by a properly informed public opinion. I supported the President's decision to resume nuclear testing, but I firmly believe that President Kennedy has an obligation to answer the questions which have been raised about the possibility of a health hazard from fallout radiation. Furthermore, it seems to me that the one thing that will steal the thunder of those who oppose our testing policy will be a manifestation of Government willingness to face up to and deal with the consequences of its decision in a responsible, straightforward manner.

Several legislative proposals have been advanced in an effort to clarify the fallout situation and expedite our handling of it. Senator PROXMIRE and Senator HUMPHREY have cosponsored an amendment that was added to the farm bill in the Senate on August 21. This amendment would extend the present livestock feed program for disaster areas to areas where pasture is contaminated by fallout. In many cases, assistance might be needed for only a few weeks. The amendment would authorize the Secretary of Agriculture to absorb at least part of the extra cost of protecting the public milk supply against contamination by iodine 131 by enabling him to make stored feed owned or controlled by the Commodity Credit Corporation available to affected areas at such prices and on such terms and conditions as he deems appropriate to the public interest. I support this amendment. I support the responsible attitude which it embodies—the acceptance by the Government of fiscal responsibility for the byproducts of its cold war policies. However, in supporting this amendment to the farm bill, I would like to allude once again to a critical consideration which will have a great influence on the efficacy of Senator PROXMIRE's and Senator HUMPHREY's proposal. That is the efficiency and speed with which our radiation surveillance network and our administrative machinery operate. A lackadaisical approach to the implementation of the provisions in the amendment could render the program well-nigh worthless. With proper handling, it could prove invaluable.

The cost of the program would, I think, be more than counterbalanced by its salutary effects, both on public health and on public morale. People have written to me time and time again to ask why, when our Nation can spend such vast sums developing its nuclear capability, it will not spend the relatively minor sums which would provide protection from fallout. It is a question I cannot answer. It is, I believe, a question to which there can be no answer. There are many opportunities for economizing in the running of a government and of a nation. These opportunities do not lie in areas involving the health and perhaps even the lives of a nation's children.

Senator PROXMIRE has introduced a bill which I commend to the careful scrutiny and consideration of every Member of Congress. S. 3472 would vest primary responsibility for the protection of the public health and safety from radiation hazards in the Public Health Service of the Department of Health, Education, and Welfare. It would authorize the Public Health Service to develop improved and uniform standards of radiation protection through research, studies, and consultation with other Federal, State, and local agencies; to make technical assistance available to States and localities; and to provide for the training of professional and technical personnel in the field of radiation hazard control. It would also establish in the Public Health Service a National Advisory Council on Radiation Hazard Control.

There are, I think, several important points to be raised in connection with S. 3472. I certainly can think of no quarrel with the proposals for providing for training of professional and technical personnel. One thing that people sometimes forget is that large grants of funds cannot crystallize laboratories and competent personnel from out of the air. Funds have been available to States for radiation research projects which were never carried out because the necessary facilities and personnel to man them were not available.

Despite the good points in Senator PROXMIRE's bill, and there are many, I have some doubts as to what is going to be accomplished by trying to center this program in the Public Health Service. I think we must consider whether the facilities for conducting an adequate fallout protection program are not already available to us and are simply not being exploited. It has been pointed out, for example, that under President Kennedy's administration, the post of science adviser to the President has been expanded to the Executive Office of Science and Technology. This means a larger staff; it means that it is more possible for the White House to act as a coordinating force between the Public Health Service, the Federal Radiation Council, the Atomic Energy Commission, and the Joint Committee on Atomic Energy. In any case, there are a number of people who have advocated that we wait to see how effective this Office will be. Of course, there are a great many people who do not want to wait and see, and I must confess that I am one of them. We have waited long enough. Again, let me point out that in saying this, I do not mean to imply that I feel that an emergency is imminent, for I certainly do not believe that this is the case. What I mean is that we have waited long enough—too long—for a policy which will protect us in the event that an emergency should arise; a policy that will, in short, prevent an emergency from occurring.

With proper coordination from the White House, a good fallout program could be developed from already existing powers scattered throughout various agencies. For example, authority exists under the Federal Food, Drug, and Cosmetic Act to control the shipment of adulterated foods—for example, foodstuffs containing excess radioactivity—in interstate commerce. The Surgeon General of the Public Health Service can recommend appropriate health protection measures to State and local authorities and to the general public. Cooperation between States and Federal health authorities in the development of health protection programs can assure that States will be able to promptly implement countermeasures when they are needed.

How can such a coordinated policy be developed? For one thing, I think that a thorough public congressional investigation may be in order to determine how much cooperation between Federal and State health programs exists at the present time. We need to know where available funds for surveillance and research are not being used, and why. Hopefully, such a congressional investigation would be able to obtain more straightforward information on questions of fact than previous investigations have been able to obtain on questions of policy.

Strangely enough, reference to questions of policy brings us almost back to where we started. For the fact is, after all the investigations and the research, that alternatives can be posed ad infinitum, but the information, the power, and the responsibility to make them meaningful lie with the President. It is up to him to determine whether the impasse in the Federal Radiation Council—which results from policy differences between the Department of Defense and the Atomic Energy Commission on the one hand and the Department of Health, Education, and Welfare on the other—shall perpetuate the state of inertia in our fallout policy. To put it in his own terms, the President must realize that putting down anchor in relation to fallout does not involve standing still, it guarantees moving backward.

The President has put down anchor because apparently he does not know what course to take. But he must decide. He must establish a policy. The people will not accept further reassurances that nothing is wrong. Too many people right in the administration are admitting that such is not the case. The President must put his policymaking house in order. If he decides that the problems within the Federal Radiation Council cannot be resolved and that he lacks sufficient force to mold an adequate policy, then I am sure that Congress will provide whatever statutory authorization is necessary. Certainly the goal of protecting the health and perhaps even the lives of our children is a noncontroversial one. Let us hope that President Kennedy and Congress will join together in making the means for implementing this goal equally nonpartisan.

Mr. ASHLEY. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I am delighted to yield to my colleague, the gentleman from Ohio.

Mr. ASHLEY. Mr. Speaker, I have listened carefully and with great interest to the gentleman from New York for whom I have the highest regard and although I do not agree in all particulars with his thoughtful presentation, I do want to commend him for continuing a dialog on a subject which most certainly is of the very deepest significance and importance to us all and, indeed, to future generations to come. Let me say to my friend from New York that I do share his anxiety on this subject. Last year in a floor speech, which he may recall, I said I was concerned about the functioning and the organization of the Nation's program for protection against the hazards of ionizing radiation, stating that I thought the program had been seriously impaired by overlapping and confused laws and directives and press statements, and also that the program was poorly organized and, perhaps, weakly administered.

Because the Atomic Energy Commission over the years has been subjected to a great deal of criticism and public mistrust, original jurisdiction, which appeared to cover the entire area of radiation hazards, was whittled down and various attempts were made to cut it down still further. In 1959, when the Commission became a center of controversy because of the threat of strontium 90 in milk and wheat, Congress enacted a law which permitted the Commission to share some of its responsibilities with the States, and at the same time President Eisenhower issued an Executive order and a series of press statements and letters which attempted to reorganize and clarify the functioning of the various departments and agencies of Government involved in the radiation control program.

The gist of these documents was that a Federal Radiation Council was established—subsequently made statutory—which was to advise the President with respect to the development by Government agencies of criteria for the protection of humans against ionizing radiation. At the same time, the President issued press releases which gave the Atomic Energy Commission the primary responsibility for guiding and assisting the States with respect to contamination from sources not controlled by the Commission, for example, X-rays and similar medical and natural sources.

The result of this tangled web of regulation was that the Department of Health, Education, and Welfare and the Atomic Energy Commission were in a complete maze of interlocking and conflicting claims of jurisdiction, with the public having no idea of who was responsible for what. The confusion was so great that when legislation was introduced to give HEW's Public Health Service the primary responsibility for the protection of the public health from the dangers of radiation, HEW opposed the legislation on the basis that responsibility was already vested in that Department. The Atomic Energy Commission also opposed the bill because they said it would give HEW all the AEC's authority. When the Federal Radiation Council—a part-time nontechnical body composed of several Cabinet members and a staff of only three persons—was added to this already confused hodgepodge, the situation became completely chaotic.

So there is considerable validity to the observations of the gentleman from New York. The situation under the last administration was chaotic and was little better in the early stages of the present administration.

However, because the gentleman from New York is genuinely concerned with the problem of radiation, particularly that of radioactive iodine, I know he will be interested in some of the details of what the Federal Government is actively doing in this area at this time.

The Public Health Service is operating a broad air surveillance network consisting of 66 stations operated primarily by State and local health officers. Daily 24-hour samples are measured for radioactive materials. The results are phoned into Washington daily. The Public Health Service also operates a national water quantity network of some hundred stations with samples collected on a weekly or monthly basis. Food is also measured for radioactivity in typical institutional diets by the Public Health Service. The Food and Drug Administration determines the activity in over 3,000 food samples each year.

Milk, which the gentleman from New York, Congressman LINDSAY, has drawn particular attention to, is monitored at 60 stations. Again the samples are primarily collected by State and local health authorities. The analysis is done largely at regional laboratories of the Public Health Service. The samples have been collected on a biweekly basis and facilities exist for sampling more frequently if necessary.

In addition, in the past month, the U.S. Air Force has increased the number of flights to determine the presence of radioactivity in airmasses approaching the United States.

The presence of any radioactive airmass as determined by the Air Force is immediately relayed to the Public Health Service.

During the past 15 years the Nation has developed a broad radiation biological and medicine research program. The budget for fiscal year 1963 will exceed $90 million and major facilities exist in more than a dozen Federal laboratories. Thus the study of the biological effects of radiation receive almost $1 out of every $10 spent by the Federal Government in its effort to determine the cause of diseases and provide protection for the American population.

Our Nation's scientists, however, are frank to admit that there is much that is not known about the effects of exposure of man to the low levels of radiation experienced in fallout. In this connection, it is well to note, recent studies by the National Academy of Sciences pointed out that no case of cancer of the thyroid, following the administering of radioactive iodine, was known. This in spite of the fact that the medical profession has used radioactive iodine for 25 years in the diagnosis and treatment of diseases of the thyroid gland.

The gentleman from New York has drawn attention to the confusion which has surrounded the formulation and interpretation of the radiation protection guides spelled out in the Federal Radiation Council Report No. 2. Let me say that I agree with my friend from New York. There has been confusion which has made it extremely difficult for the American public to understand exactly what the situation is. I think we must recognize, however, that the confusion does not arise from lack of scientific competence. It arises from an unfortunate ineptness in the transmission of information, from inability to set forth the facts as clearly as they should have been.

I am sure the gentleman from New York, Congressman LINDSAY, who has put so much time and thought to his study of this matter, will agree that the guidelines of which we are speaking were established for control of radiation exposures in our atomic energy industry and in our hospitals—for our peacetime pursuits. The guidelines were not established, as Congressman LINDSAY very rightly has pointed out, for the specific purpose of alerting or setting in motion countermeasures that might be required by fallout.

The important point here, however, is twofold: First, levels which are useful in the control of industry are set well below any possible health hazard because it must be assumed that the industrial worker will be exposed to these amounts of radiation for his entire lifetime. Up to the present time the industrial levels have not been exceeded by fallout and therefore even using industrial safety criteria, countermeasures are not indicated.

Nevertheless the point can be made—and should be made—that the limits of industrial exposure to radiation may be surpassed from fallout and that it therefore follows that specific guidelines for fallout must be developed. I am happy to say to the gentleman from New York that the best competence in the way of scientific and medical personnel have been brought together by this administration to establish applicable guidelines and that, with specific respect to radioactive iodine, practical countermeasures are available and will be recommended to protect the American people if indicated.

None of what I have said, however, is intended to derogate from the study which the gentleman from New York, Congressman LINDSAY, has presented and his critical analysis of this problem. As I said at the outset, he makes a valuable contribution to more enlightened policy and better public understanding by participating in a meaningful dialog on this subject which is of such enormous importance to us all.

Mr. LINDSAY. Mr. Speaker, I would just like to thank our distinguished friend, the gentleman from Ohio, for the contribution he has made on the floor here this afternoon and for the concern he has expressed on this whole subject many times in the past. I compliment him for his thoughtfulness, for his research and diligence, and thank him as one of the too few Members of the Congress who have examined this subject closely and expressed concern about it.

Mr. CONTE. Mr. Speaker, I want to take this opportunity to associate myself with the remarks just made by my highly respected colleague, the gentleman from New York, the Honorable JOHN V. LINDSAY, on the subject of our national policy toward the contamination of our environment by radioactive iodine from fallout. I, too, have found it apparent that we have no such national policy, and I am deeply and urgently concerned about this fact. For some time I have been receiving letters and visits from people in my district who are gravely disturbed by the present vague and glittering generalities issued from supposedly well-informed leaders who are in charge of agencies presumed to be responsible for the protection of our health from fallout. I have been astounded by the plain and simple runaround given by both State and Federal agencies to mothers who are trying only to obtain information assuring them that their children will be properly protected. And the most deplorable aspect of this situation is that the greatest majority of these letters and visitors I have received reveal a highly intelligent and calmly persistent approach toward the existing problems. These people deserve answers worthy of their intelligence.

I was particularly impressed with the remarks of a woman from my district who wrote:

> An official of the U.S. Public Health Service has told inquiring mothers to ask their local health departments for more information when these women criticized the lack of information available to them. But the local health departments claim they depend on the U.S. Public Health Service for their information. I cannot find out what continued exposure to radiation will do to my children. My inquiries to health officials resulted either in generalities and evasiveness or emphatic assurances that I had no need to worry, although I was never told why. And so my "Kafkaesque" investigation ends where it began—perhaps my children are sentenced to death or disease from bomb testing, but who really knows, who really is responsible for their protection?

The woman who made these statements is not a hysterical mother nor is she a fanatic seeing vital issues as a matter of black or white. She is genuinely and understandably concerned about her children, and she has nailed hard and fast the primary issue here involved—the lack of any policy which would guide the way toward precise delineation of authority to settle the problems which the gentleman from New York, Representative LINDSAY, has so perfectly pinpointed. I join with him in calling for the President to issue immediately a policy which will determine our course in realistically facing and solving the problems engendered by fallout from nuclear testing. I join with him in demanding immediate action by Congress on legislation to meet these problems. I have supported the President in his burdensome decision that the best interests of our country demanded the resumption of nuclear testing, and I join with the world's millions who pray that a realistic and enforceable test ban agreement will soon be signed.

The American people are the hardest working people in the world, and their accomplishments reveal the inspiring results of initiative and creativity.

If, for the present, capricious communistic theory and tactics force us into the testing so necessary for our defense and everlasting freedom, then for the time being we must and can find ways of protecting ourselves from the hazards of such testing. I have no doubt that this accomplishment can be achieved through the combined and immediate efforts of our President and the Congress.

Mr. LINDSAY. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. CONTE] may extend and revise his remarks immediately following the remarks of the gentleman from Ohio [Mr. ASHLEY].

The SPEAKER pro tempore (Mr. LIBONATI). Without objection, it is so ordered.

There was no objection.

Mr. LINDSAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this subject.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

## IN DEFENSE OF THE AMERICAN INDIAN

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, I was astounded to read in the Washington Star of August 27, 1962, one of the most unjustified and unfair attacks upon a people that I have ever read under the editorial page heading: "Time for Indians to Join the United States."

This broadside attack upon a group of our fellow citizens described loosely but repeatedly as "the American Indians" originated on the editorial page of an Oklahoma newspaper, the Tulsa Tribune, under a heading "The Nonjoiners."

The editorial theme is proclaimed in a brutally unfair first paragraph question: "When are the American Indians going to join the United States?"

From the backhanded inference of this initial paragraph the writer proceeds to level a barrage of unjustified generalities in a style made famous by Westbrook Pegler. Among those charges against the American Indian are the assertions that "the Indian has stagnated," that "his sanitary habits are the worst," that "the Indian has resisted the technical education that would give him a career in town," and that "they have apparently rejected the self-discipline, study, and expenditure of energy necessary to participate in that civilization."

It is difficult for me as an Oklahoman who has grown up among the Indians of Oklahoma to understand how a fellow Oklahoman, a distinguished and nationally prominent journalist, could justify to himself such a broad and sweeping attack upon a group of his neighbors and fellow citizens.

There is so much that is misleading and so much that is left unsaid in the writer's blanket indictment of a proud people that orderly rebuttal is difficult.

In the only complimentary paragraph contained in the 17-paragraph editorial, the writer gives well-deserved credit to the American Indian for his "artists, ballerinas, and oratory," and concedes that "Indians often show remarkable mechanical ability, and they make top soldiers."

No mention whatsoever is made of the many other fields in which Indians have provided genuine leadership in Oklahoma.

In my own hometown of Muskogee, and in the hometown of the writer himself, in Tulsa, many of the community's leading doctors, lawyers, ministers, businessmen, teachers, and industrial leaders proudly point to their Cherokee, Creek, Choctaw, Osage, or other tribal heritage.

Indians own and operate some of the outstanding ranches and farms in the State of Oklahoma, and number among their midst some of the leading writers and journalists of the Sooner State.

At the Cherokee national holiday in Tahlequah last Saturday, I shared the speakers' platform with the distinguished chief of the Cherokee Nation and with a member of the Cherokee Executive Committee. In private life the chief is the Honorable W. W. Keeler, executive vice president of the Phillips Petroleum Co. The executive committeeman in question is the Honorable N. B. Johnson, justice—and former chief justice—of the Oklahoma Supreme Court.

Several weeks ago, in Okmulgee, I was on the platform with the able and eloquent chief of the Creek Indians of Oklahoma, W. H. Dode McIntosh, of Tulsa. Chief McIntosh is also the highly respected county treasurer of Tulsa County, with scores of county employees under his jurisdiction in our State's second largest county.

The statement that "Indians make top soldiers" is grudging recognition of the remarkable combat record of some of America's top war heroes, including Oklahoma's Congressional Medal of Honor winners, Jack Montgomery and Ernest Childress. At the outside, it is skimpy notice of the war leadership of men like Adm. Jocko Clark, Lt. Gen. Bill Hall, of McAlester, Maj. Gen. Clarence L. Tinker, and a host of others.

In the political field in Oklahoma, our Indian people have provided judges, Governors, members of both the legislature and the Congress, and numerous State and local officials.

It was an Oklahoma Indian, then Congressman W. W. Hastings, who authored the legislation which authorized the transfer of valued governmental records to the Oklahoma Historical Society Museum—laying the groundwork for archives in Oklahoma well before the establishment of our National Archives in Washington.

Another Oklahoma Congressman who proudly claimed his Indian ancestry was the late W. G. Stigler, whose work in the Nation's House of Representatives played a vital role in the early flood control development on the Arkansas River.

It was another Oklahoma Indian, Thomas Gilcrease, of Tulsa, whose generosity made possible the nationally famous Gilcrease Art Gallery and Museum.

Is there any Oklahoman, or any American, for that matter, who is unaware of the great contribution to our country represented by the life and works of a plain-talking Oklahoma Indian named Will Rogers?

The roll which I have called is only a brief fragment of the long list of distinguished Oklahoma Indians who have made significant contributions to our State and Nation. Very few pages in Gaston Litton's four-volume history of Oklahoma can be read without finding an Indian name which has added in some substantial way to the progress of our State.

Is it any wonder, Mr. Speaker, that the American Indians of our State, and all over the country, are outraged by the editorial charge that they are hesitating to "join the United States?"

Is it any surprise that they are indignant over the Washington Star's subheading urging them to "rise to the status of active citizens?"

The news that "the American Indian" is not an "active citizen" will undoubtedly come as a considerable surprise to my distinguished colleague in the House of Representatives from the State of South Dakota, the Honorable BENJAMIN REIFEL, who served in the U.S. Army in World War II and holds two degrees from Harvard University. It will also come as a surprise to Congressman REIFEL's colleagues, who have found him to be exceedingly active in the Nation's Capital.

Born in a log cabin, Congressman REIFEL illustrates one basic and fundamental truth about the American Indian: with educational opportunity, he competes successfully in every arena with his fellow Americans.

There is an Oklahoma Indian named Allie Reynolds who proved this in baseball. There is an Oklahoma Indian named Jack Jacobs who proved it in football. There is an Oklahoma Indian named John Joseph Matthews who proved it in literature. It has been proved by other Indians, from other

States as well as Oklahoma, in these same fields and in virtually every other field from politics to art and music.

Is there any truth to the charge that Indians "resist technical education?"

This is not consistent with the report of L. K. Covelle of Oklahoma State Technical School at Okmulgee, who has testified that Indians do a splendid job in his school's technical training classes and compare favorably with all other groups in their ability—after training—to acquire and hold good jobs in industry.

This is also the favorable finding of Dr. Harrell Garrison, president of Northeastern Oklahoma State College in Tahlequah, whose institution probably provides college opportunity to more American Indians than any other school in the country.

When you get right down to it, the American Indian is an individual, just like any other American citizen.

Most of those classed as incompetent in his ranks are incompetent because they missed the opportunity—many years ago in most instances—to acquire the education and training which are foundations of competence by modern American standards.

Today a maximum effort is being made to close that gap in opportunity.

Recent years have seen the initiation of the first adult vocational education program, in which our Okmulgee Technical School is playing a pioneering role, with solid and heartwarming results among our Indian people.

A far-reaching school construction program, initiated by former Commissioner of Indian Affairs, Glen Emmons, and continued by Commissioner Philleo Nash, is also making available—for the first time in some reservation areas—educational opportunity to practically all Indian children.

Education—the foundation of progress as well as the foundation of democracy—is opening the doors of opportunity to those American Indians who are part of the problem lamented in the Washington Star and Tulsa Tribune editorials.

With education, there is no job too tough and no mountain too tall for the proud people we know as American Indians. History—and certainly the history of Oklahoma—has already proved the truth of that conviction.

Mr. MORRIS K. UDALL. Mr. Speaker, will the gentleman yield?

Mr. EDMONDSON. I yield.

Mr. MORRIS K. UDALL. Mr. Speaker, I want to commend the gentleman from Oklahoma for bringing this matter to the attention of the House. I think between the Second District of Arizona, which has roughly one-fifth of all the American Indians, and the Second District of Oklahoma, which has a large number also, that the two of us represent a very considerable fraction of the American Indian population. I think the gentleman is to be commended for commenting on this editorial, which is unfair and contains a blanket generalized charge against all Indians.

There are Indian tribes in my district that have successfully undertaken a program of education of the young people, a program which shows the American Indians are making progress and which shows how unjustified is the grim picture portrayed in the editorial the gentleman referred to.

I wish to associate myself with the gentleman's remarks and commend him for bringing this to the attention of the House.

Mr. EDMONDSON. I thank my friend from Arizona who has been a stout champion of all constructive measures in the House since he came to this body to advance the cause of education and opportunity for the American Indian. He and his brother, Secretary of Interior Stewart Udall, have been in the forefront in the effort to provide new opportunities, particularly in the educational field, for our Indian people. I certainly appreciate his participation in these remarks.

## AID CONTINUES TO FLOW TO COMMUNIST OPPRESSORS

Mr. LINDSAY. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. DERWINSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, I have received a letter from one of my constituents which describes the reaction of the people of Yugoslavia to the aid that we continue to dispense to the Communist oppressors of that country. The letter reads as follows:

> My mother, who is a native of Slovenia, a Province of Yugoslavia, recently returned to America after a 2-month visit there. This was her first visit to her homeland since she left it 50 years ago and her only interest there now was to see her brothers once more, as they are all getting old.
>
> She has been most emphatic in her denunciation of the attitude of the majority of people to whom she spoke in Yugoslavia. The elderly folks there who were victims of World War II and who have lost their life accumulations, be it a business, property, money, confidentially complain bitterly that all aid which is given Yugoslavia never reaches the needy. They must sustain themselves the best way they can with the pittance they are allotted as a pension. They told her pleadingly: "Go back and tell everyone you can, especially those who can do something about it, that we receive no help at all—what America gives goes directly to the Communists to aid and abet their cause." The young people who know no differently, stated they thought America should increase its aid to their country.
>
> The majority of the people there obviously have been brainwashed by the Communists, as they honestly believe that Russia seeks peace while we are the warmongerrs. Rather than send aid to these countries in any form which could fall into the hands of the Communists, why not send it in the form of broadcasts to the people, such as the Voice of America, and literature and any other way we can awaken them to what we really believe, and are striving for? Some of the impressions given by young folks were incredible.
>
> The opinions my mother heard were not given entirely by farmers or those we consider the poor element, but rather they were also given by professional people, such as doctors, lawyers, musicians, etc. All stated frankly they thought America was a big fool to send aid to their country. Then, why in heaven's name do we continue to think we are martyrs because we are helping the poor and underprivileged natives of such countries? The help which was given to some of my mother's relatives by her over the years, she learned, was not appreciated. How, then, do we expect to change matters on a national scale? Please do whatever you can to impress upon other Members of Congress that when they vote to aid any Communist satellite, they are putting the tools and necessary equipment directly into the hands of the Kremlin to continue their ever-spreading malignancy.

## THE PRESIDENT AND CUBA

Mr. LINDSAY. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. PELLY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PELLY. Mr. Speaker, the wire services today are carrying much in the way of new detail with regard to the nature of the Soviet military buildup in Cuba. I do not intend to give gratuitous advice to the President on what he should or should not do to meet this problem. Rather, it seems to me here is a time when Republicans like myself should bend over backward to be bipartisan in the best interest of our Nation.

Certainly, under the Constitution, full responsibility for the policy to be followed is vested in the President. Those of us in Congress who have vigorously objected to the Executive seeking power granted by the Constitution to the legislative branch owe it to ourselves with equal vigor to support the prerogative of the President with regard to foreign policy and Cuba. To his credit, Mr. Kennedy accepted full responsibility for our failure to supply air support during the abortive and unhappy invasion. Now the President says he is not for invading Cuba. He said such an act could lead to serious consequences.

Mr. Speaker, in answer to questioning by the press, the President has been frank. I do not think it in the national interest for any Members of Congress to call on the President to act. Instead, let us recognize a proper decision cannot be made out of emotionalism. Some people are fearful that our State Department follows a policy of wishful thinking and expects Castro to die on the vine and his dictatorship to fall in time. On the other hand some Americans favor an invasion of Cuba immediately under the Monroe Doctrine and in view of our Navy plane having been fired on. Others support a naval blockade.

But the decision is one for our President to make and I for one will not use this crisis to exploit it for political advantage. I will not muddy up the water.

Right now, I rise to offer my support in any way it could be helpful. Mostly, that would seem to be in remaining calm and showing that Congress is solidly back of the President.

### MOONLIGHTING POSTAL EMPLOYEE MURDERED

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. O'HARA] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. O'HARA of Michigan. Mr. Speaker, I am most concerned that postal employees, particularly in the lower levels of the pay structure, are pressed by economic necessity to "moonlight" at second jobs. When a man attempts to work at two jobs, both jobs suffer.

Dual employment is a bad thing for the national economy, a bad thing for the postal service, and a bad thing for the person.

I submit for insertion in the CONGRESSIONAL RECORD a story which appeared in the August 18, 1962, edition of the Los Angeles Times. It concerns Mr. Norman V. Merrill, a dedicated, God-fearing letter carrier who was brutally murdered while working at a second job, at night, as a gas station attendant.

If the U.S. Government had paid Mr. Merrill a more adequate wage, he would not have needed a second job—he would be alive today.

I am inserting this story in the RECORD so that others, learning of the tragedy which befell the Merrill family, may be convinced that the Federal Government has a moral obligation to increase postal wages to a level at which all employees can subsist and rear their families in decency and self-respect without resorting to dual employment.

HOLDUP-KIDNAP VICTIM FOUND SHOT TO DEATH—MAN 52, PLANNED TO GO TO SALT LAKE CITY FOR MORMON MISSIONARY SENDOFF FOR SON

Mr. and Mrs. Norman V. Merrill were enjoying the happiest and proudest days of their lives this week.

They were to leave today for Salt Lake City and a testimonial farewell for their son, Marvin, 19, who is going on a 2-year church mission among the Indians of New Mexico.

But Norman Merrill, 52, a postman for 20 years and an elder of the Mormon Church who worked part time at a filling station to earn extra money for his family, won't be making the trip.

FOUND SHOT TO DEATH

His body was found late Friday in a lonely oilfield near 802 West 123d Street, shot in the back in what police called a senseless, vicious, coldblooded murder.

Merrill was abducted by a bandit trio Thursday night following a robbery in a gas station. Police found his empty wallet at Figueroa Street and Athens Boulevard, Friday morning.

Robert L. Garcia pulled into the station, 1549 West Washington Boulevard, Thursday night just in time to see Merrill being driven away, apparently a prisoner of three men.

LIFTED $70

Police said the kidnapers took $70 from the cash register and a car left in the station by a customer for servicing. Officers said they believe Merrill was driven directly to the oilfield, made to lie face down in tall grass, then murdered.

The vehicle, a 1959 white and blue Plymouth with license number SSJ-840, was being sought by police. A helicopter and a special detail of 10 officers fanned out from where the wallet was found.

Police said the three abductors matched the general description of bandits who were being chased last July 26 by Los Angeles Detective Charles Hallenbeck, when he ran into a telephone pole and was killed.

Mrs. Wilma Merrill, 1940 West 67th Street, said her husband had been very happy since a local testimonial farewell for their son last Sunday night at the Church of Jesus Christ of the Latter-day Saints, 210 West Florence Avenue.

"My husband talked there and so did I," she said, "He was an elder in the church. He couldn't go to church because he worked on Sunday from 9 in the morning until 5 at night. Then on the other days of the week, he worked from 5 until 9 at night.

"He didn't figure he made enough money as a postman.

"My son was to give his testimony at the Salt Lake ceremony. He doesn't know about this yet."

### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. VINSON, indefinitely, on account of official business.

### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BERRY (at the request of Mr. LINDSAY), for 1 hour, on September 13.

Mr. SELDEN (at the request of Mr. EDMONDSON), for 30 minutes, on Thursday, September 6, 1962.

### EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. CELLER.

Mr. ALGER.

(The following Member (at the request of Mr. LINDSAY) and to include extraneous matter:)

Mr. ELLSWORTH.

(The following Members (at the request of Mr. EDMONDSON) and to include extraneous matter:)

Mr. HÉBERT.

Mr. FISHER.

### SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 136. An act for the relief of Dinko Dorcic; to the Committee on the Judiciary.

S. 453. An act for the relief of Robert J. Scanlan; to the Committee on the Judiciary.

S. 972. An act for the relief of Cristina Franco; to the Committee on the Judiciary.

S. 1263. An act for the relief of Marie Margaret Arvanetes; to the Committee on the Judiciary.

S. 1848. An act for the relief of Ivanka Vladimirovna Tindek; to the Committee on the Judiciary.

S. 2684. An act for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe; to the Committee on the Judiciary.

S. 2687. An act for the relief of Robert D. Barbee; to the Committee on the Judiciary.

S. 2753. An act for the relief of Duk Man Lee and Soon Mal Lee; to the Committee on the Judiciary.

S. 2836. An act for the relief of Carmelo Rafala; to the Committee on the Judiciary.

S. 2922. An act for the relief of Raymond Chester Hendon; to the Committee on the Judiciary.

S. 3240. An act for the relief of Mrs. Lee Ma Chin-Ying; to the Committee on the Judiciary.

S. 3336. An act for the relief of Lazaro Loyola Arinque, Jr.; to the Committee on the Judiciary.

S. 3419. An act for the relief of Enrico Petrucci; to the Committee on the Judiciary.

S. 3490. An act for the relief of Oh Shin Young; to the Committee on the Judiciary.

S. 3613. An act to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes; to the Committee on the Armed Services.

S.J. Res. 211. Joint resolution providing for the establishment of an annual National School Lunch Week; to the Committee on the Judiciary.

S.J. Res. 222. Joint resolution providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year"; to the Committee on the Judiciary.

### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 476. An act to establish the Point Reyes National Seashore in the State of California, and for other purposes.

### BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 31, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes;

H.R. 10062. An act to extend the application of certain laws to American Samoa; and

H.R. 10433. An act to amend title 10, United States Code, to codify recent military laws, and to improve the code.

### ADJOURNMENT

Mr. EDMONDSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 13 minutes p.m.), under its previous order, the House adjourned until Thursday, September 6, 1962, at 12 o'clock noon.

### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2474. A letter from the Deputy Assistant Secretary of Defense (Properties and Installations) relative to certain facilities projects proposed to be undertaken for the Reserve components of the Armed Forces, pursuant to 10 U.S.C. 2233a(1), as amended by section 701 of Public Law 87-554; to the Committee on Armed Services.

2475. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting a report on Department of Defense prime contract awards to small and other business firms, for the period July 1961 to June 1962, pursuant to the Small Business Act as amended; to the Committee on Banking and Currency.

2476. A letter from the Under Secretary of the Navy, transmitting a draft of a proposed bill entitled "A bill to authorize payment of a claim made by the Government of the United Kingdom of Great Britain and Northern Ireland"; to the Committee on Foreign Affairs.

2477. A letter from the Administrator, General Services Administration, transmitting the report of the Archivist of the United States on records proposed for disposal under the law; to the Committee on House Administration.

2478. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill for the relief of Robert O. Nelson and Harold E. Johnson"; to the Committee on the Judiciary.

2479. A letter from the Acting Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

2480. A letter from the Chairman, U.S. Tariff Commission, transmitting a report of the Tariff Commission's investigation concerning manganese which the Commission made pursuant to Senate Resolution 206, 87th Congress; to the Committee on Ways and Means.

2481. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated August 6, 1962, submitting a report, together with accompanying papers, on a letter report on Puget Sound and its tributary waters (Seattle Harbor), Wash., requested by a resolution of the Committee on Public Works, House of Representatives, adopted March 30, 1955; to the Committee on Public Works.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. O'BRIEN of Illinois: Committee on Ways and Means. H.R. 10080. A bill to amend section 170 of the Internal Revenue Code of 1954 with respect to certain organizations for judicial reform; with amendment (Rept. No. 2322). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOGGS: Committee on Ways and Means. H.R. 10620. A bill to amend subsection (c) of section 213 of the Internal Revenue Code of 1954 to modify the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses; with amendment (Rept. No. 2323). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of Missouri: Committee on House Administration. H.R. 12038. A bill to establish in the Library of Congress a library of musical scores and other instructional materials to further educational, vocational, and cultural opportunities in the field of music for blind persons; without amendment (Rept. No. 2324). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JOHANSEN:

H.R. 13052. A bill to amend title 13, United States Code, to preserve the confidential nature of copies of information filed with the Bureau of the Census on a confidential basis; to the Committee on Post Office and Civil Service.

By Mr. ROSTENKOWSKI:

H.R. 13053. A bill to provide for the establishment of a permanent commission on aircraft noise abatement problems; to the Committee on Interstate and Foreign Commerce.

By Mr. SILER:

H.R. 13054. A bill to provide for higher basic salaries in cases of assignments of postal field service employees to higher positions for more than 1 day in any calendar year; to the Committee on Post Office and Civil Service.

By Mr. MATHIAS:

H. Res. 794. Resolution to authorize an investigation into practices of Government copyrights, and for other purposes; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GALLAGHER:

H.R. 13055. A bill for the relief of Witold A. Lanowski; to the Committee on the Judiciary.

By Mr. HEALEY:

H.R. 13056. A bill for the relief of Mrs. Crystalia Panagiotidis; to the Committee on the Judiciary.

By Mrs. KELLY:

H.R. 13057. A bill for the relief of Leslie L. Clarke; to the Committee on the Judiciary.

By Mr. MAILLIARD:

H.R. 13058. A bill for the relief of Levana Shmueli and Jacob (Jack) Shmueli; to the Committee on the Judiciary.

By Mr. RYAN of New York:

H.R. 13059. A bill for the relief of Florencio Villarba; to the Committee on Armed Services.

By Mr. HARDY:

H.J. Res. 874. Joint resolution authorizing the issuance of a gold medal to General of the Army Douglas MacArthur; to the Committee on Banking and Currency.

## PETITIONS, ETC.

Under clause 1 of rule XXII,

407. The SPEAKER presented a petition of Augustus P. Thomson, Front Royal, Va., relative to the United Nations bond issue, and feeling that if it is passed it will be used against our best interests in the Congo, etc., which was referred to the Committee on Foreign Affairs.

* * *

# SENATE

### TUESDAY, SEPTEMBER 4, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, whose paths are mercy and truth, who knowest our down-sitting and our up-rising, and who understandeth, afar off, the thoughts of our hearts: At the beginning of another week, we pause in the busy rush of the legislative process, to ask that the deliberations of these hours may reflect the guidance of Thy Spirit.

When work, worry, and hopes deferred take their constant toll of our human resources, as laborers together with Thee, grant us, we implore, a sense of an untapped spiritual reservoir. Restore our souls with the joyous assurance of Thy salvation. Search us, O God, and know our hearts; try us, and know our thoughts, and see if there be any wicked or perverse way in us, for we would come to this high and holy hill of the people's weal with pure hearts and clean hands, not lifting up our souls unto vanity.

We ask it in the dear Redeemer's name. Amen.

## THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, August 31, 1962, was dispensed with.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, the following committees or subcommittees were authorized to meet during the session of the Senate today:

The Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary.

The Committee on Post Office and Civil Service.

## SUBCOMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Public Welfare may be permitted to sit during the session of the Senate tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### REPORT ON CONSTRUCTION AT LANGLEY RESEARCH CENTER, HAMPTON, VA.

A letter from the Acting Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting pursuant to law, on the construction of a low frequency environmental noise facility at the Langley Research Center, Hampton, Va.; to the Committee on Aeronautical and Space Sciences.

### Report on Manganese

A letter from the Chairman, U.S. Tariff Commission, Washington, D.C., transmitting, pursuant to law, a report of that Commission's investigation concerning manganese (with an accompanying report); to the Committee on Finance.

### Payment of Claim of United Kingdom of Great Britain and Northern Ireland

A letter from the Under Secretary of the Navy, transmitting a draft of proposed legislation to authorize payment of a claim made by the Government of the United Kingdom of Great Britain and Northern Ireland (with an accompanying paper); to the Committee on Foreign Relations.

### Disposition of Executive Papers

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. Johnston and Mr. Carlson members of the committee on the part of the Senate.

---

## PETITION

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a petition from the United States Army Mothers and Wives Club, of Burbank, Calif., signed by Melva Devine, president, relating to the reduction of airmail package rates to Army APO's, which was referred to the Committee on Post Office and Civil Service.

---

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STENNIS, from the Committee on Appropriations, with amendments:

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes (Rept. No. 1994).

By Mr. MONRONEY, from the Committee on Commerce, with amendments:

S. 2773. A bill to amend section 503 of the Federal Aviation Act to provide substantive Federal law relating to the validity of conveyances which affect title to or interests in civil aircraft of the United States and related equipment (Rept. No. 1995).

---

## BILL INTRODUCED

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CHAVEZ:

S. 3692. A bill for the relief of Warena Allahverdi; to the Committee on the Judiciary.

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES—REFERENCE OF HOUSE AMENDMENTS TO COMMITTEE ON PUBLIC WORKS

Mr. KERR. Mr. President, Senate bill 2965, entitled "An act to provide standby authority for accelerated Federal public works programs for the Federal Government and State and local public bodies," was passed by the Senate some months ago, and went to the House of Representatives. It has been returned to the Senate with amendments, and is on the Vice President's desk. I ask unanimous consent that the bill be immediately referred to the Committee on Public Works.

The PRESIDENT pro tempore. Without objection, it is so ordered.

---

## REVENUE ACT OF 1962—AMENDMENTS

Mr. KERR. Mr. President, I submit amendments, intended to be proposed by me, to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes. I ask that the amendments be printed and lie on the table. I ask unanimous consent that a statement in explanation of the amendments be printed in the Record.

The PRESIDENT pro tempore. The amendments will be received, printed, and will lie on the table; and, without objection, the statement will be printed in the Record.

The statement presented by Mr. Kerr is as follows:

### Statement by Senator Kerr

I am submitting today several amendments to the foreign income provisions of H.R. 10650 as reported by the Committee on Finance. These changes are necessary to correct certain inequities and defects which have been called to my attention since the bill was reported. The following is an explanation of the changes made by the amendments:

1. Earned income exclusion: One of the amendments would provide that the new earned income exclusion limitations of $20,000 and $35,000 for U.S. citizens residing abroad would apply to advance salaries paid before December 31, 1962, for services to be rendered after December 31, 1962. This is necessary in order to prevent evasion of the new law. For example, a highly paid employee, especially one who has a controlling stock ownership in the corporation for which he works, may be able to have his entire salary of $150,000 a year for the years 1963 and 1964 advanced to him before December 31, 1962. If these salaries were paid after December 31, 1962, under the new law the maximum amount which could be excluded for each of these 2 years because of foreign residence would be $35,000. Clearly, the same result should apply to the employee's salary for such years whether the salary is advanced to him prior to December 31, 1962, or paid to him after December 31, 1962.

2. Improvement of less-developed-country corporation exceptions: Another of the amendments would improve the exceptions available for less-developed-country corporations under section 9 ("gross-up"), section 12 (controlled foreign corporations), and section 15 (gain from certain sales or exchanges of stock in certain foreign corporations). Under the language of the bill as reported, the benefit of these exceptions would not be available to certain corporations even though they meet the income and asset requirements for a less-developed-country corporation merely because such corporations had their place of incorporation in a developed country. Under this amendment, corporations which meet the income and asset requirements for a less-developed-country corporation would not be technically disqualified merely because of their place of incorporation.

A related change in section 15 would make the exception for less-developed-country corporations available for the profits of those years in which a company qualified as a less-developed-country corporation even though the company did not qualify during all the years the stock was held.

Another change would also make the less-developed-country corporation exception to section 15 available for the profits of a holding company for less-developed-country corporations. This would conform these rules to the gross-up exception rules.

The amendments would also remove certain inequities and cure certain defects in the definition of qualified investments in less developed countries for purposes of section 12. Income from the investments described in section 955(b), even though constituting base company income, will not be taxed if reinvested in similar qualified investments in less developed countries. Under the bill one type of qualified investment is an obligation of a 10-percent owned less-developed-country corporation having a maturity of at least 5 years or more at the time of its acquisition. It has been called to my attention that this required period may be unduly long to accomplish the purpose of preventing very short-term loans from qualifying for the reinvestment deduction. The amendment would reduce this period to a 1-year requirement.

Under the bill, there is no holding period requirement with respect to qualified investments in less developed countries and it has been called to my attention that it is possible to acquire such investments at the close of a year and dispose of them immediately following the close of the year. The amendment would prevent the possibility of such sham investments by providing that otherwise qualified investments in less developed countries would not qualify if they were held for a period of less than 6 months.

A final related change in section 955(b)(3) would provide that an election to treat investments made after the close of the taxable year and on or before the close of the following taxable year (or such further period as allowed under regulations) shall be binding for future years. This amendment will require that a controlled foreign corporation elect to value its investments in less developed countries on a consistent annual basis and not have the opportunity to shift back and forth between differing valuation dates. This would conform the rules under this section to the rules in a similar provision relating to investments in export trade assets which is described below.

3. Time allowed under investment requirements for export trade companies: Another of the amendments would provide that export trade companies will have a full year, or such further time as may be granted by the Secretary or his delegate, in which to invest export trade profits in fixed export trade assets such as warehouses or equipment. Under the bill as reported, only 75 days after the close of a year is allowed for

the making of such investments. Since the decision to acquire such fixed facilities often requires a substantial period of time and since the actual acquisition of such facilities will generally require further substantial periods of time, it is believed that this change is appropriate. Further, it conforms these rules to the reinvestment in less developed country rules.

4. Clarification of section 15 (liquidation of foreign corporations) to prevent its circumvention through interposition of holding company: Because the use of less developed country operations is permitted and because it is possible that, under some circumstances, the provisions of section 15 could be avoided for technical reasons simply through the interposition of a foreign or domestic holding company. The amendments would make it clear that where appropriate the new law would apply to gain attributable to the stock of foreign corporations irrespective of whether such stock were sold directly or whether stock of an intervening holding company were sold.

5. Clarification of business interest exceptions to section 10 (separate limitation on foreign tax credit with respect to certain interest income): Section 10 of the bill corrects certain inducements that now exist under the foreign tax credit mechanism for the movement of funds abroad to earn interest income. There is excepted from the section a number of normal business transactions giving rise to interest which are unrelated to the problem that the section is designed to correct. Among these exceptions are interest derived from any transaction which is directly related to the active conduct of a trade or business in a foreign country or possession of the United States. The amendments would make it clear that this exception also applies to interest derived from obligations received upon the sale or exchange of such a foreign trade or business.

Section 10 also has an exception for interest received from a corporation in which the U.S. taxpayer owns at least 10 percent of the voting stock. The amendments would make it clear that this exception also applies to interest received from obligations which were received as a result of the sale or exchange of securities in such a corporation.

Mr. KERR. Mr. President, I also submit an amendment to H.R. 10650, and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. KERR. Mr. President, this amendment to H.R. 10650 would change the special transitional loss—contained in new section 821(f)—in two ways. First, it would create the special loss carryforward only out of losses computed without regard to policyholder dividends. Secondly, the special loss carryforward could only be applied against statutory underwriting income rather than total taxable income.

Mr. CURTIS submitted an amendment, intended to be proposed by him, to House bill 10650, supra, which was ordered to lie on the table and to be printed.

---

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. WILEY:

Statement prepared by himself on eight-point anti-Communist program.

The PRESIDENT pro tempore. Morning business is in order. If there is no further morning business to be submitted, morning business is closed.

---

## REVENUE ACT OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid down and be made the pending business.

The PRESIDENT pro tempore. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

---

## GOLD MINING

Mr. BARTLETT. Mr. President, we like to build up the image of Uncle Sam as a kindly old gentleman, thoughtful and always helpful and considerate of his own people. This gives us a feeling of well-being, of satisfaction, and probably of self-contentment.

Mr. President, I do not propose to poll the gold-mining industry in order to discover what the image of Uncle Sam is among employers and miners. I am rather sure I know the result beforehand. I fear that the image would be found to be somewhat tarnished.

If so, Mr. President, that would be understandable, for I do not know of any other group of people in the entire history of the United States who have been treated so shabbily, so cruelly, and so unjustly. They have a right to file a petition of grievances and to have a fair, democratic hearing, followed by corrective action. But what their rights ought to be under our form of government and what the situation actually is are two quite different things.

Witness, Mr. President, how an unthinking, uncaring, dictatorial Government has acted. Gold mining was closed, for all practical purposes, by the Government during World War II. No other industry was so treated. Racetracks, for example, were not closed. Only the gold miner was told he could not work any more.

Following the end of the war, gold mining was permitted to resume. But perhaps it was not really important that the benevolent Government permitted this to be done, for inflation came, and the gold miner had to pay inflated prices in order to produce gold; but the price for his product, established in the early days of the New Deal, was and is unchanged. What would happen was predictable. Gold mining was bound to languish, and it did. Today, few gold miners operate; and there will be fewer in the future, unless constructive action—fought bitterly by every administration, and to date unsuccessful—is taken. Efforts to do so are being made in this Congress, and they have been made in every Congress since the end of the war. But always the heavy artillery of whatever administration is in power is directed against such efforts.

It is argued that to raise the price of gold would be to tamper with the worth of the dollar. When it is suggested—as has been done by my friend, the junior Senator from California [Mr. Engle], and those who have joined with him—that, at a minimum, gold miners should be compensated fairly by subsidy arrangement, it is asserted by the administration that this would be a signal of distress abroad, a sign that our determination to preserve the integrity of the dollar is weakening. Mr. President, I fail to follow that line of reasoning.

We use more gold in this country every year than we produce domestically. This situation could easily be corrected. Gold miners are anxious to go to work; but they are not permitted to do so.

Only the other day an attempt was made to convince me that if our investments abroad continue to accelerate, without prompt return to the United States of the money earned there by these American investments, we would be in for big trouble; that we cannot continue safely to stand this outpouring of U.S. dollars. When I asked whether, if the situation is so critical, it would be alleviated by reducing our foreign-aid spending, I was told that was a subject not within the jurisdiction of the man who was talking to me. But I submit that these matters cannot be considered independently, divorced from each other; and I submit that the price of gold is vital in all of these considerations.

Mr. President, an eminent economist has gone on record as holding that the best way out of our monetary trouble is to raise the price of gold, not to continue to keep our heads in the sand. This economist is none other than Harold Barger, chairman of the Department of Economics at Columbia University. In an informative and logical letter, published in the New York Times on August 31, he presented his case. I ask unanimous consent that the letter be printed in the Record following my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 31, p. 2]

### Gold Price Rise Advocated—Economist Proposes a Worldwide Increase From Existing Level

(The writer of the following letter, chairman of the Department of Economics at Columbia University, is the author of "Money, Banking and Public Policy.")

To the Editor of the New York Times:

Recent testimony before the Joint Economic Committee has done much to clarify our economic predicament and to make plain the limited choices open to us at the present time.

Chairman Walter Heller of the Council of Economic Advisers explained that the sluggishness of the economy, and the fact that unemployment still exceeds 5 percent of the labor force, are mainly traceable to current low levels of investment spending for plant and equipment and for inventories. Such a lag does not seem hard to explain.

Since 1959 the Federal Reserve has allowed the money supply to increase at less than 1 percent a year compared with a normal 3 percent or so. Chairman Martin denies that credit is tight, but tightness is always relative. The facts are that since 1959 long-term interest rates have been higher than at any time since gold was revalued in 1934, while short-term rates cannot be considered low, in view of the state of the economy, and they are apparently rising.

### BUDGET DEFICIT AS ALTERNATIVE

Of course it is largely true that interest-rate levels are currently dictated by the balance of payments: if the Federal Reserve were to ease credit, as the domestic situation requires, our gold stock might well be further depleted. Certainly a budget deficit of $10 billion or so a year, induced by a tax cut now or later, is an alternative method of reviving the economy.

But such a remedy threatens two serious disadvantages: it will do little or nothing to help our economy grow more rapidly, and before long it may worsen our balance of payments, cause renewed gold losses and lead to still higher interest rates and a further check to investment.

The free world appears to be on the verge of a scramble for international liquidity, the deflationary possibilities of which nobody will wish to contemplate. The desire of other countries to increase their monetary reserves has been satisfied in recent years largely through our willingness to supply them with gold or dollars in virtue of our payments deficit. The elimination of our deficit will cut off this supply of liquidity to others.

Only a massive increase in the free world's monetary reserves can solve this problem. Since none of the plans for superseding gold as the basis for monetary reserves has come anywhere near adoption, logic points to the urgent need for a substantial worldwide rise in the price of gold as the solution. The fact that such a rise in price will incidentally benefit Russia and South Africa is unfortunate but irrelevant.

### DOLLAR'S DEFENSE

Currently the administration is, it seems to me, far too worried about foreign speculators. We may safely assume that the United States cannot be forced to devalue the dollar. The gold pool, the Federal Reserve's foreign balances, and our drawing rights at the International Monetary Fund provide ample defenses.

The question is rather whether we are wise to accept the mounting costs in terms of unemployment and retarded growth of the economy, not to mention loss of influence abroad, that the maintenance of the present dollar price of gold now entails and will entail in the future. We should also consider the deflationary effects on the rest of the free world of our present efforts to balance our foreign payments by "orthodox" means.

What of our international obligations in the matter? We are bound by adherence to the IMF, but par values may be varied by agreement where a nation suffers a "fundamental disequilibrium" in its balance of payments. It is now 5 years since our payments were last in balance, and it would be hard for others to argue that our "disequilibrium" is not "fundamental." Nevertheless, a unilateral solution should be a last resort.

In this writer's judgment the most useful task Chairman Martin and Secretary Dillon can undertake is to negotiate through the IMF a substantial worldwide increase in the price of gold. In view of our situation it will be essential in the course of such negotiations to convince others that the dollar price of gold should rise more than the price reckoned in some other currencies.

We have done our best in recent years to convince ourselves that devaluation would be an act of irresponsibility. Is it more responsible to tolerate a program that will in all probability intensify unemployment and stagnation at home and loss of influence abroad? The maintenance of the existing price of gold has been used too long, both here and in Europe, as a criterion of wise statesmanship.

Harold Barger.

---

## PUBLIC LANDS AND FIRE PROTECTION

Mr. BARTLETT. Mr. President, approximately 500 million acres of public lands are administered by the Bureau of Land Management, Department of the Interior. Of them, 322.5 million acres lie in Alaska, our 49th State. These lands are important to our economy, for they provide much of our natural resources and are the last public land reserve of this Nation. Outside of the State of Alaska, most of the remaining lands are in 11 Western States, located in scattered blocks.

In order to provide a sustained yield of renewable resources, it is necessary that the public lands receive the most intensive protection possible.

President Kennedy, in his March 1 White House message on conservation, stated:

> We depend on our natural resources to sustain us—but in turn, their continued availability must depend on our using them prudently, improving them wisely, and where possible, restoring them promptly. We must reaffirm our dedication to the sound practices of conservation which can be defined as the wise use of our natural environment; it is in the final analysis, the highest form of national thrift—the prevention of waste and despoilment while preserving, improving and renewing the quality and usefulness of all our resources.

As part of its responsibility in administering the public lands, the Bureau of Land Management is charged with the fire prevention, presuppression and suppression of fires threatening or burning the public lands. As our economy and population have grown, it has become evident that our natural resources must receive better protection. So, from a meager beginning a few decades ago, we now find fire protection is big business.

In Alaska fire control has been an uphill battle. Prior to 1940, forest and range fires ran rampant over Alaska and the Yukon territory. Annual losses covering 5 to 8 million acres were not uncommon. Lightning has always been a problem; but from the 1880's through 1917, most fires were started by the "stampeders"—people dashing here and there about Alaska and the Yukon, in search of gold. Fires were set to burn off overburden and mosquitoes. In fact, the maddening mosquito, in the days before good fly dope, may well have been the basic reason for most of the fire losses, because smudge fires were a way of life.

By 1940 an estimated 80 percent of Alaska's forest and rangeland had been burned. Little or no effort was made to stop these fires except as they threatened improvements. People became used to living under smoke-filled skies. It was not until 1939 that the appeals for an abatement of these fires were acted upon by the Congress. It established the Alaskan Fire Control Service on July 1, 1939—which became part of the Bureau of Land Management in 1946—and provided $37,500 in organizational funds. During the first year of the Alaskan Fire Control Service the world went to war; and the many problems of heavy military use, construction activities, war shortages, and so forth, confronted the little outfit. Not until 1949 was the Bureau of Land Management given fire-suppression funds.

Postwar years brought about rapid expansion of Alaska's population and development. The fire problem became larger, and its adverse effects to development became more obvious. Appropriations have slowly increased to the present 1963 appropriation of $1 million.

Today we find an up-to-date fire organization in every respect, with smokejumpers, borate spreading planes, a fire danger rating system, a complex radio communications system, and a small fleet of aircraft. At first glance, one might think the Bureau of Land Management is ready to do a complete job.

However, it is difficult to imagine the logistics that go into the planning of fire suppression for an area of 225 million acres, with practically no roads, and only scattered landing fields.

During the period of July 18–25 of this year, 35 fires were started in one storm, all in remote areas. Smokejumpers were dropped as far as 350 miles from their base of operations. In many cases, they were dropped into areas where only helicopters could follow with firefighters and supplies. For a dozen or so fires a week, with limited aircraft, this system works; but when lightning crackles from the mouth of the Yukon River to the Canadian Yukon border, a distance of over 1,000 miles, a major task must be met. These fires were brought under control within a week, after the devastation of some 38,000 acres, the employment of 750 firefighters, and the use of smokejumpers and chemical bombing planes.

The fire protection problems in Alaska, are its size, remoteness, and lack of ground transportation.

Alaska's land area totals approximately 365.5 million acres, or one-fifth that of the lower 48 States, but with a road system of only 5,000 miles. It is significant that nearly 99 percent of the land area is federally owned. Even after State selection of approximately 104 million acres, the Federal Government will still have under its jurisdiction about 260 million acres, or 71 percent. The area of lands requiring protection from fire is 225 million acres—an area approximately seven times larger than Pennsylvania.

The question has often been asked: "What is there to protect?" Eliminating 20.7 million acres of valuable national forest lands which lie primarily along the coast, we find a vast area commonly referred to as the Alaska interior. It embraces the region lying between the Brooks range, on the north, and the coastal range, on the south. Of this area, about 125 million acres bear sufficient tree growth to justify designation as forest land. This great, predominantly coniferous forest has its counterpart in northern Canada, the Scandinavian countries, and northern Russia. It represents a tremendous potential source of wood and cellulose. The remaining 100 million acres is comprised, for the most part, of rolling hills of grassland and the flat, excessively wet lowlands variously referred to as "muskeg," "tundra," or "bog."

Most of this region lies north of the Alaska range, and includes the great valleys of the Kuskokwim, Tanana, and Yukon Rivers and their tributaries. There are also the Kobuk and Noatak drainages, to the west, which empty into the Arctic Ocean. The majority of these rivers meander through numerous lowland channels, and are heavily laden with silt from glaciers and bank cuttings. In general, the country is rolling upland, with broad lowlands and scattered mountain masses and peaks.

The interior has a semiarid climate, with great extremes in temperature. Two divisions are recognized. One, south of the Alaska range, averages from 15 to 20 inches, and temperatures range from a minus 36 to a high of 92. The area north of the range, having a concentration of lightning and a preponderance of timber stands, has annual precipitation ranging from 10 to 15 inches and temperatures from the minus seventies to plus 100°.

For all practical purposes, there are only two seasons—winter and summer. In summer, which begins in early May, shortly after the ice breakup, the great land mass warms up very rapidly, and temperatures run about 80°, with extremes of 100°. Due to the long daylight hours during summer—ranging from 18 to 24 hours—the length of the growing season is much greater than elsewhere in the United States. To illustrate, on June 21, the year's longest day, the city of Fairbanks holds a traditional baseball game, starting at midnight. Wild flowers grow in profusion, and garden vegetables reach unbelievable sizes. Heads of cabbage, for instance, have reached weights of 60 pounds and measured 36 inches across. One can well understand that such a land of continual sunshine and high temperatures means nothing but trouble for the weary firefighter.

The forests, as seen from the air, appear as a complex mosaic of vegetative types. In general, the forest occupies the valleys, often appearing as belts which follow meanders of the streams and the lower sloughs and benchlands. Timberline occurs between 2,000 and 3,000 feet. The complexity of the vegetative patterns is mainly the result of past fires. Sharp boundaries between types can be recognized as the edge of old burns. Areas now treeless, prove on close examination to have supported full forest stands which were destroyed by repeated burning.

The view sometimes expressed—that the interior supports only small and scrubby timber, and that growth is excessively slow—is erroneous. In mature stands of 120 years, which have escaped fires, white spruce will average 18 to 24 inches, with occasional trees as large as 36 inches. Heights will run around 80 to 100 feet. There are estimated to be 350 billion board feet of timber or 700 million cords of pulp material within the interior of Alaska. Probably the volume burned each year in the past could support about 10 pulpmills, such as the one at Ketchikan, Alaska, which processes 500 tons of pulp a day.

The interior forests' vast potential pulpwood reserve awaits only a favorable economic climate for industrial development. The Timber Resources Review, of the Forest Service, conservatively estimates that the annual national pulpwood consumption will run 56 million cords a year by 1975, and about 90 million cords by the year 2000. Some of the southwest Alaska pulpwood forests are already committed under long-term sales to pulp plants now operating, under construction, or in the planning stage. It appears that the interior of Alaska is the last great U.S. reservoir of pulpwood materials.

These forests are peculiarly liable to destruction, due to low precipitation and long daylight hours, coupled with high temperatures. The forest types of white spruce, paper birch, aspen, poplar, and black spruce are, by their very nature, readily inflammable. This, combined with a heavy growth of "beard lichens," moss, and low-hanging branches, makes for fast spread of fire. The peat bogs found in the lowlands also burn readily, and hold fire, in some instances, through the long, cold winters.

Forests are not the only renewable resource of interior Alaska. Wildlife plays a very important role. One often hears the expression, "The land is lying idle and is contributing nothing. We must get industry started, to realize some value from the land." But each year we are cropping an estimated 3,500 moose and 16,000 caribou, with a cash value of at least $3,200,000. This figure is increasing each year. The increase can be sustained only as long as proper habitat and food base are provided.

These animals, besides their food potential, provide clothing, skin tents, footwear, and numerous other articles. A typical so-called unproductive valley may produce an annual crop of 500 moose and $100,000 worth of beaver and muskrat pelts, plus many species of other game animals and fish. These lands are already the basis for expenditures of some $20 million annually by outdoorsmen, hunters, fishermen, and photographers. Between 500 and 1,000 nonresident hunters come to Alaska each year for big game, and thousands come for small game. Almost every eligible resident fishes or hunts; and we must recognize the tremendous contribution not only to the immediate economy, but also to our physical and spiritual well-being.

In certain areas, following fire there has been evidence of increase in the moose population. It is natural to assume that browse which follows some fires makes a more attractive habitat. However, records indicate that moose have been moving westward and northward for 75 years, and this movement has taken animals into areas where burning has not occurred.

The effect of fires on caribou is generally agreed to be harmful, and even disastrous. This animal normally ranges in herds from 1,000 to as many as 30,000 head, and lives in environments characterized by climax communities, tundra and forest tundra. Its normal forage is reindeer lichens, beard lichens, and other tundra mosses and plants. All of these lichens are highly inflammable when dry, and are readily susceptible to destruction by fire. It takes this type of range 40 to 50 years to recover from severe fire, and half a century is a very long time for caribou range to be out of production. It is estimated that there are 300,000 caribou in Alaska today. Twenty-five years ago the estimate was 3 million.

Repeated burnings may be good for certain types of games. However, it is certainly true that accidental, uncontrolled wild fires can no more be justified in wildlife management than in forest management.

Northwest Alaska's river bottoms and deltas comprising principally the lower Kuskokwim and Yukon Valleys, are some of the greatest waterfowl nesting areas in the world. The area contributes to all North American flyways: Pacific, Central, Mississippi, and Atlantic. The area is one of the principal nesting grounds of the black brant and the sole nesting ground of the cackling goose. It also provides nesting grounds for many of our favorite species of ducks. The Copper River drainage has recently been found to be a nesting place for the rare trumpeter swan.

The majority of the areas where large-scale nesting is found are fairly free from wildlife, due to the abundance of water, and also to the fact that much of the nesting is done on small islands. The big delta areas of the Yukon and Kuskokwim are good examples. There is definite evidence, however, that large fires which sweep across the valley floors take a toll of waterfowl, mostly in the form of ducklings and eggs.

Although I have spoken chiefly about the fire problem in my State, I want to emphasize the necessity for adequate fire control on all Federal lands.

The Bureau of Land Management has made great strides in the last few years in the improvement of its fire control organization, but it still has a long way to go if it is to hold losses to a practical minimum.

In the past decade, over 10 million acres of Bureau of Land Management administered lands, with a resource loss of $33 million, have burned. Fire protection costs during this period were in excess of $24 million. The burned acreage ranged from a low of 95,142 acres to 5,160,071 in 1957, with a yearly average of over 1 million acres. The number of fires for the same period ranged from 756 to 1,382, for a yearly average of 1,000.

So far this season 912 fires have burned nearly 124,652 acres of Bureau of Land Management administered lands and resources in Alaska. Heavy precipitation in the West this spring and early summer has developed vast amounts of forage for livestock and wildlife; but now that it is maturing, it provides material for devastating range fires. Reports are that the Bureau of Land Management fire-control people are sitting on a keg of dynamite which a few lightning storms could touch off.

Technology is taking its rightful place in firefighting, in the development of equipment and techniques. The Bureau of Land Mangement is using such equipment, and cooperates in its development. Fire-prevention campaigns, through the use of radio, TV, and other news media, are gradually making America fire conscious. The construction of firebreaks through timberlands and rangelands and other hazard-reduction practices are other presuppression practices now employed by the Bureau.

The general findings of a recently completed study are that fire-control results can be further improved by providing more emphasis on:

First. Increased striking power in the initial attack;

Second. Additional skilled people actively engaged in the fire-prevention phases of fire control;

Third. Selective placement of additional trained reinforcement crews;

Fourth. Stepping up the fuel treatment program; and

Fifth. Strengthening of the effort to make increased use of helicopters, construction of more fire roads, helicopter landing spots, and additional attention to promising leads in equipment development and the strengthening of fire detection and communications.

The key to successful fire control is to have available adequate forces of well-trained and properly equipped fire control people to detect fires and be able to reach them and suppress them promptly.

The destiny of this country is dependent to a large degree on its use of renewable resources. Widespread destruction of forest and other vegetation by fire, with its train of harmful effects, cannot be judged wise use. The citizens of this country have a serious responsibility and a challenge if this Nation is truly to remain a land of plenty.

---

## AMERICAN FOREIGN POLICY

Mr. TOWER. Mr. President, the very able and perceptive analyst and commentator on American affairs, Eric Sevareid, has written a column which I think all who participate in formulating American foreign policy should read. As a result of an interview with a number of foreign students, Mr. Sevareid has analyzed the problem that lies at the heart of American difficulties in currying the favor and support of the so-called underdeveloped, uncommitted nations. This problem, of course, involves their Socialist persuasion, their political naivete, their provincial outlook, and their ignorance of history, or their rejection of certain historical facts.

In reference to these students, he notes:

> None of them comprehended the policy necessities of America's worldwide responsibilities, each demanding an American foreign policy fashioned exclusively in the light of his own country's needs. All wanted us to oppose rightwing dictatorships, all wanted support for leftwing dictatorships, however destructive of human liberties.
>
> None seemed consciously aware that they might have no free nation to represent today had it not been for American and British policy toward Spain in the last century, had it not been for the oceans of American and European blood shed in the recent struggles against German, Italian, Japanese, and now Red Chinese and Russian imperialism.

This article appeared in the Washington Evening Star of August 28, 1962, and I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### FOREIGN YOUTH AND THE U.S. IMAGE

(By Eric Sevareid)

> ASPEN, COLO.—There are more serene ways to vary a vacation than by sitting at a roundtable for 3 days listening to a description of America, American foreign policy, and the American character as delivered by American official request—from the quick tongues and impassioned minds of foreign students.
>
> It was maddening, moving, at times illuminating, and just possibly useful in terms of practical suggestions for improving the American "image," a word that sickens with age and usage.
>
> The brooding Iranian was positive that American agents were responsible for the practice of the Shah's police in removing the ears and tongues of the Shah's political enemies, positive that American financial aid to the regime maintained his people in the grip of tyranny.
>
> The white South African with the horn-rimmed, Bloomsbury manner of total certainty was sure it was the moral duty of America to stop buying South African gold in order to facilitate the fall of that regime and the end of apartheid. The consequence to America's precarious gold reserve was a minor item.
>
> The birdlike Malayan boy who kept a copy of "A Nation of Sheep" atop his documents, assured us that virtually all Asian intellectuals regard America as a warmongering, money-lusting, decadent society, though he added graciously that a visit here revealed a somewhat different picture.
>
> The jovial Chilean with both heart and gall bladder on his sleeve had no doubt that American private investment was a prime cause of his country's political peril and was frustrated because Latin students love theory, while visiting Americans like Adlai Stevenson annoyingly insist on talking about facts and practical programs.
>
> #### ALL SOCIALISTS
>
> So it went. All were leaders, all, when intellectually frisked, turned out to be Socialists—which is almost inevitable today in the precarious countries and which did not at all bother the American leaders and officials at the table, rather to the surprise of the visitors.
>
> Some Americans present thought listening was all we should do; it would be the way to please the visitors, relieve the turbulence in their breasts and demonstrate our large mindedness. But others opposed an exercise in group therapy at such a cost in air travel tickets. Surely, the young men could use a few elementary facts of life, policy and history. Rebuttal erupted from the American seats.
>
> These brave, earnest, generally admirable young men—all future leaders of their countries—were told, because they had to be told, these things, among others.
>
> Most of them overestimated communism as a persuasive doctrine and underestimated it as a short-term conspiracy aimed at presidential palace, radio station, and army barracks, after which the local argument would be over.
>
> None of them comprehended the policy necessities of America's worldwide responsibilities, each demanding an American foreign policy fashioned exclusively in the light of his own country's needs. All wanted us to oppose rightwing dictatorships, all wanted support for leftwing dictatorships, however destructive of human liberties.
>
> #### UNAWARE OF FREEDOM'S DEBT
>
> None seemed conspicuously aware that they might have no free nation to represent today had it not been for American and British policy toward Spain in the last century, had it not been for the oceans of American and European blood shed in the recent struggles against German, Italian, Japanese, and now Red Chinese and Russian imperialism.
>
> None openly recognized, whatever his inner thoughts, that Western peoples had to suffer and die over and over again, from Magna Carta through the American Civil War and beyond, in order to win and preserve democratic liberties, and that history would probably demand the same experience of them; that neither liberty nor safety can be granted by others.
>
> Several seemed to expect from us a formula for instant-mix economic maturity, complete with all fringe benefits, avoiding long years of toil and self-denial and savings.
>
> Most were looking for a neatly packaged American ideology, unaware that America lives by no ideology but by an unwritten series of human values which cannot be imported on request.
>
> All held American information agencies, press, TV, and movies responsible for distorted images of this country among their own people, and it had occurred to none that their own journalists, broadcasters, and moviemakers held a more immedate responsibility.
>
> Well, we Americans learned a few things about them; they, please God, learned a little about us and world realities. At the end some useful sounding, practical suggestions were made.
>
> But it was clear that if the best minds among foreign youth, the future leaders of their countries, cannot explain the truth of America to their own masses, no people-to-people emissaries from here, tramping through rice paddies and sugar fields, are going to measurably influence the common people everywhere whom we seek to reach.

---

## SOVIET ACTIVITIES IN CUBA

Mr. KEATING. Mr. President, on Friday last I documented in considerable detail the case pertaining to the Russian buildup in Cuba. Since Friday additional information has come to my attention which indicates that I was unduly modest in saying 1,500 Russian members of the armed forces, or military technicians, had arrived in Cuba. The figure is closer to 5,000. They are sometimes spoken of as technicians. They could be called that, but they are what are used as armed forces in the U.S. Army.

There has been an admission that 20 Soviet vessels have arrived in Cuba with military equipment and personnel. That is conceded. That is not an inconsiderable number. It has been said that this buildup completes the process. It does not complete the process, Mr. President. Ten other vessels are on their way to Cuba with additional military equipment and additional military personnel. One is an East German ship. One is a West German ship. One is an Italian ship. One is a Greek ship. One is a Norwegian ship. From four to six fly the flag of Liberia.

In addition, several British ships are on their way from British ports to Russia to pick up additional cargo and personnel to deliver to Cuba. These ships carry trucks, jeeps, machinery, some food, guns, ground-to-air missiles, and electronic equipment.

There are two sizable Russian military camps located from 10 to 14 miles outside Havana. One is largely a labor battalion, what we would call service troops, who dig trenches, set up signal equipment, and that sort of thing. The other has all kinds of military equipment, tracks, jeeps, and command vehicles. There are Russian military vehicles piled up for a quarter of a mile, five deep, on San Pedro Street in Cuba.

These camps are largely of khaki colored tents and about 10 to 12, or perhaps as much as 14, miles from Havana.

Some Russian troops are billeted in a former boys' reformatory. It is quite apparent that Russian troops are in Cuba.

Mr. President, later in the day I shall set forth some of the steps which I believe we should take. I do not advocate an immediate invasion of Cuba, but I believe that there are practical steps which we can and should take to hasten the downfall of Castroism.

I was invited this morning to discuss this situation on a nationwide television program. Before I had left the studio, the White House called the station to say that the President, upon his return to Washington, would reply to what were characterized as my "inaccuracies." At least my comments have aroused some interest, and I welcome this. My main point in disclosing these facts, which were not obtained by me in any position of sensitivity in the Congress, and which must be known to those who have better access to intelligence information than has the junior Senator from New York, is to stress the point that the American people should be told the whole truth about what is happening, because we cannot formulate policy unless the whole truth is known.

## UNITED STATES SHOULD NOT RETURN SHIPS TO CUBA

**Mr. KEATING.** Mr. President, a case scheduled for hearing today in Florida brings clearly into focus a gross error and a needed change with regard to the policies of our State Department concerning Cuba.

The U.S. attorney will appear in the Federal district court in Miami at the request of the State Department to ask that a sheriff be prohibited from auctioning two 35-foot Cuban ships recently brought to this country by escaping Cuban exiles.

The Cuban Government through the Czechoslovakian Ambassador requested the help of the State Department in getting these ships returned to Cuba. We complied with this request, and the instructions to the U.S. attorney followed. The attorney representing the American claimants has advised me that his client will surrender any right to sell these ships. They are going to do everything possible, however, to convince the court and the State Department that these ships should not be returned to Castro.

I have just been advised that the Cuban Revolutionary Council, comprised of leaders of many of the Cuban refugee groups in this country, also are intervening in this suit. They intend to urge that these ships not be returned to Cuba and that any future vessels, planes, or other vital materials which come into the possession of the United States not be returned to that Communist government.

Exiles who came over on these vessels and others have stated they were used to show visiting Soviet military officials and other Communist visitors around installations in Cuba. The exiles also point out that these ships and all others at Castro's disposal are constantly being used to track down escaping refugees. The ships contain gun emplacements for .50 caliber machineguns and 20-millimeter cannon. Their military capacity is undisputable.

In light of the recent announcement by the Soviets of their military pact with Cuba and in light of the information I have presented to the Senate and that many of you already know concerning the presence of military troops in Cuba, it is incredible that our State Department should attempt to return to Cuba ships or vessels that may be used against exiles, against other Latin American countries, or for any other purpose Castro sees fit.

This is not a question of whether or not the United States should attack Cuba. This is merely a question of whether or not our Government can morally and legally justify returning weapons or potential weapons to Castro to be used to increase his power and to spread his influence.

These two ships are important not just in and of themselves. This may be an opportunity for us to prevent the return in the future of planes, vessels, or other vital goods to the Castro regime. Our Government has stated that its policy is to isolate Cuba, keep up a relentless economic pressure and allow internal forces to build to the point where the Castro regime could be overthrown. This policy will be difficult to carry out under any circumstances. It will be impossible ever to overthrow or curb Castroism if we insist upon sending back to him ships which can be used to suppress the Cuban people and for military adventures.

We are ignoring the most blatant violations of the Monroe Doctrine in Cuba. We have been unable to secure any compensation for millions of dollars of American property seized by Castro. We have not made any effort to prevent thousands of tons of Russian military weapons and thousands of Communist troops from reaching Cuba. We have even permitted ships belonging to our NATO allies to be used to deliver vital goods and equipment to Castro. Now, instead of doing everything we can to block the return of two ships equipped with machinegun and cannon emplacements, the United States has alined itself against the Cuban Revolutionary Council and has taken up in a Federal court Castro's claims for a return of the ships.

This is not just a matter of fighting fire with fire. These ships are being held to satisfy a judgment against the Republic of Cuba which was issued after full legal proceedings and which was sustained on appeal to Florida's highest court. The Castro government was given the same rights to defend itself against this judgment which any American citizen would have and was represented by counsel of its choice. The sheriff of Monroe County in Florida is acting in full compliance with the previous judgment of the State court and consistently with previous State court rulings on the liability of Cuban property to execution in satisfaction of this judgment.

I just cannot understand what induced our State Department to intervene in this matter, or on what basis the Attorney General agreed to press this claim for return of the ships to this Communist regime. One irony in this situation is that I have been pleading for months with Justice Department officials to intervene in proceedings in which the civil rights of Americans were involved and in which local sheriffs were violating constitutional guarantees. These pleas have been turned down any number of times. It is incredible that the Attorney General would be ready and willing to intervene to protect Communist rights and refuse to intervene to protect the constitutional and human rights of our fellow Americans.

It is not appropriate for any Senator to try to interfere with the course of private litigation. But this is not a matter of adjudicating private rights. The litigants have assured me that in the national interest they will waive any claim they have for the sale of these two ships. I commend them for this decision since it eliminates any private considerations in the disposition of this case. The sole issue now is whether the United States is going to send valuable and militarily useful ships back to Cuba. In my judgment every consideration of our national interest requires a rejection of any such course of action.

We should be keeping other such ships and military equipment from being delivered to Cuba, not returning equipment like this which comes into our possession. We should be doing everything possible to insist upon the cooperation of our NATO allies in our embargo of Cuba, instead of demonstrating the weakness and inconsistency in our own policies. We should be joining on the side of the Cuban Revolutionary Council in its efforts to bring freedom to Cuba, instead of carrying out the wishes of the Communist regime which menaces the peace and security of the Western Hemisphere.

I have pleaded with the Justice Department to intervene in other cases to protect human rights in America. I plead with them to intervene in this case only if they are prepared to protect human rights in Cuba. I hope the

United States will reverse its position in this litigation and stand side by side with the Cuban Revolutionary Council in its efforts to overthrow Castroism.

---

## OAS INVESTIGATION OF RED ARMS SHIPMENTS TO CUBA

Mr. WILEY. Mr. President, the Communist shipments of so-called technicians, arms, and other unidentifiable materials and manpower creates, in my judgment, an additional threat to peace in the Western Hemisphere.

For this reason, I have suggested that not just the United States unilaterally, but the Organization of American States, investigate and take any necessary action in the Cuban situation.

I ask unanimous consent to have a brief statement which I made on the subject printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### OAS INVESTIGATION OF RED ARMS SHIPMENTS TO CUBA—STATEMENT BY SENATOR WILEY

The Communists repeatedly have threatened peace in the Western Hemisphere by the shipment of arms to the Castro regime. By past experience, we know that Cuba attempts to export communism elsewhere in the Western Hemisphere.

The Organization of American States (OAS), therefore, has a fundamental responsibility for investigating—and taking action against—this menace to peace.

The OAS, too, I believe, could well: (1) Redefine its policy on such threatening actions; (2) determine more effective measures against export of communism and aggression from Cuba to the Latin American Nations; and (3) reexpress a warning to the European-Asian Communist countries against further arms shipments invasion of the Western Hemisphere.

The cause of peace in the Western Hemisphere, I believe, also could be effectively served if efforts were made—both by the United States and OAS—to provide the OAS with a peace fleet, to patrol waters of the Western Hemisphere. The assignment of the necessary ships and manpower for such a purpose would be a sound investment in security.

Under the auspices of OAS, a flotilla of peace would: (1) Curb "gunrunnning" and other violations by the Cuban Government; (2) give greater strength, prestige, and effectiveness to the OAS, itself; and (3) stand as a guardian against threats to security in the Western Hemisphere.

Generally, the Latin American nations are making a determined effort to make economic progress—to establish political stability—and to more effectively meet the day-to-day needs of their people.

The presence of military threats—as well as the stirring up of revolutionary activity—against these nations—represents not only a serious threat to peace; but, as well, may seriously retard economic progress—by requiring greater defense forces by these nations.

---

## THE CHEESE INDUSTRY

Mr. WILEY. I have just again returned from a visit to the State of Wisconsin. In the course of my visit I had an opportunity to learn something about the cheese industry which I feel is significant enough to bring to the attention of the U.S. Senate.

I doubt that the average American knows the difference between American blue cheese and Roquefort.

The difference is this: The American blue cheese is made from cow's milk, while Roquefort is made from sheep's milk. I am sure that further explanation should be given for the following reasons:

The basic fundamentals of the manufacturing of blue cheese are essentially the same. Just as the French add culture and rennet to sheep's milk, American cheesemakers add the same ingredients to cow's milk to produce the curd.

In both France and the United States the whey is drained off and the curd is poured into the hoops.

American heating facilities have approximately the same temperatures, air currents, and humidity as the limestone caves of Roquefort, France.

These conditions encourage the growth of roquefortii which is otherwise known as Penicillium roquefortii, which is the agent used in blue cheese to develop the characteristic color and piquant flavor. Most American blue cheese is aged even longer than Roquefort, usually 90 days, and in some cases as long as 150 days.

It is interesting to note that the primary achievement in American production methods has been a quality control program which has assured uniformity in flavor and texture within the brand. Thanks to American ingenuity, the American blue cheese can be bought by every American at supermarket dairy counters. It is also true that American blue cheese is today the most popular blue mold cheese in the country.

In view of the fact that the American blue cheese is made under the finest manufacturing conditions and under pure American laboratory techniques which the United States has successfully developed to a high point of biological control, it is obvious that with all the know-how and genius that have been instilled into the manufacture of blue cheese, we have a product that is truly one to be enthusiastic about.

Now the reason I am bringing the entire subject to the attention of the U.S. Senate is that, for some reason, which is probably based completely on prejudice and contrary to the facts, certain retailers in the country have felt it is necessary to label the American blue cheese as Roquefort in order to sell the cheese.

During the years, I have frequently been privileged with the opportunity to taste our Wisconsin blue cheese and I can honestly say that, with respect to the taste and quality, I am personally satisfied that Wisconsin is manufacturing blue cheese which is equal to, if not superior to, Roquefort cheese made anywhere in the world.

I say this with all humility but nevertheless I say it because it is the truth and should be told to the public.

Accordingly, I have a suggestion which I would like to present which I think will do much to encourage the sale of American blue cheese and which will set straight in the minds of Mr. and Mrs. America the fact that American blue cheese is of terrific quality and taste.

It has now graduated with the degree of magna cum laude in the minds of the finest gourmets in America, namely the average housewives, and accordingly with this accolade I think it is now time for the people generally to discontinue the name of Roquefort when we are talking about American blue cheese and to actively use the American blue cheese title with all the respect, consideration, and dignity that this cheese has presently acquired.

---

## PROPOSAL FOR LASTING PEACE

Mr. MUNDT. Mr. President, shortly after former President Herbert Hoover gave his now world-famous address out in Iowa proposing the establishment of a Council of Free Nations within the membership of the United Nations but designed to undertake tasks and to achieve results beyond the capacity of the U.N., I wrote him a letter congratulating him upon his birthday and commending him for his constructive and imaginative proposal. In acknowledging my letter, Mr. Hoover stated that he had received over 5,000 pieces of mail—letters, telegrams, editorials, columns, radio-TV commentaries, and postcards—expressing approval of his proposal and manifesting support for its implementation. Mr. Hoover also expressed the hope that on some subsequent occasion he might have the opportunity and be able to take the time to discuss his suggestion in additional detail.

Of course, since then Mr. Hoover has had a serious operation and along with many millions of other Americans I rejoice in the progress reports emanating from his hospital which indicate recovery is both certain and steady. Even so, however, it may be some time before this great American again has the energy and the opportunity to share his thinking on this useful proposal with his fellow citizens throughout the world. Fortunately, this fact has not prevented many thoughtful Americans from commenting upon it and from endorsing its potentiality. I have noted many editorials in the Nation's press and I have read many statements supporting the Hoover concept of a Council of Free Nations as they have appeared in the CONGRESSIONAL RECORD. Support for the proposal appears to be steadily expanding both in size and in significance. I rejoice in these encouraging signs.

Mr. President, two recent editorials supporting the Council of Free Nations proposal have come to my attention and I ask that they be printed in the body of the RECORD at this point. The first is from the pen of W. Earl Hall, editor of the Mason City Globe-Gazette of Mason City, Iowa, and the second is by Robert D. Lusk, editor-publisher of the Daily Plainsman, published in Huron, S. Dak.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Mason City Globe-Gazette, Mason City, Iowa]

### HOOVER'S PROPOSAL FOR LASTING PEACE

Sitting in on the dedication of the Hoover Library at West Branch Friday gave us a distinct feeling that we were witnessing a bit of important history in the making.

The event brought back memories of two previous visits to the same scene. In 1928 we were on hand to watch this most famous of Iowa's native sons formally launch his campaign for the Presidency. Eight years ago, at his 80th birthday observance, we heard him say what he assumed was his final adieu to West Branch.

This time the element of drama was even greater. Herbert Hoover is even more America's patriarch in fact and in appearance. At his side, and perhaps as his greatest admirer, was another former Chief Executive, Harry Truman. Though poles apart in many areas of politics and ideology, there is a heart-warming friendship between them.

But the part of the impressive ceremony which seemed to carry with it a vital bearing on the future not alone of our Nation but of our world was contained in the principal address. The former President, within stone's throw of the tiny house where he first saw the light of day, offered a proposal which would join the free peoples of the world in what he called a Council of Free Nations.

A devoted proponent of not only the United Nations but the League of Nations before it, Mr. Hoover senses—as does many another of like point of view—that obstructionist tactics from the Communist world are imperiling the basic concept of a lasting world peace through enforceable law.

"I do not suggest," he emphasized, "that the Council of Free Nations replace the United Nations. When the U.N. is prevented from taking action, or if it fails to act to preserve peace, then the Council of Free Nations should step in."

Beyond suggesting that Geneva—"scene of great accomplishments in peace until poisoned by the Communists and the Fascists"—might become the central offices of the new organization, the former President made no attempt to spell out his plan. There would be a starting core of 40 nations dedicated to freedom, he pointed out.

The proposal, offered by Elder Statesman No. 1 in the little village which cradled him, could well become the compass and guide for those who are still dedicated to the lofty ideals set forth in the Charter of U.N. in 1945.

That's what we mean by our statement that those on the ground and the millions who sat in through the medium of television Friday forenoon may have been watching some important history in the making.

---

[From the Daily Plainsman, Huron, S. Dak.]

### A Council of Free Nations Would Be Step Toward Peace

Uppermost in the minds and prayers of the plain people everywhere is that war should cease and that peace should come to the world.

This is the great lesson Herbert Hoover learned as he went about his work in some 50 nations of the world since he graduated from Stanford in 1895. As an engineer, bringing American technology with its train of greater productivity and better living; as a humanist, directing the reconstruction of scores of nations in the shattered aftermath of two world wars, rescuing millions from famine; and as President of the United States, supporting the League of Nations, the World Court and, later, the United Nations, Hoover always carried in his mind the idea that the plain people want an end of war.

While he was never under any illusions that the United Nations Charter assures lasting peace, Hoover confessed his disappointment that the United Nations "has failed to give us even a remote hope of lasting peace." The trouble was not with the charter as such. There will be no peace, he sadly learned, so long as the Soviet Union used its veto more than a hundred times to block every act that would promote peace. For Communists want peace only after they dominate the world.

In 1950, Hoover urged the reorganization of the United Nations without the Communists, and, if that were impractical, then the formation of a united front of those people who disavow communism, and stand for morals and religion, and love freedom. Last week, he returned to that idea, but refined it considerably. Now convinced the United Nations cannot be reorganized, he would form a Council of Free Nations, based on the regional agreements in which some 40 nations now pledge themselves to defend each other if any are attacked.

When the Soviet Union blocks any peace-serving measure in the future—succor for freedom fighters in Hungary, for instance—then the free nations with their superior power would go to the rescue. That would have freed Hungary with little chance of opposition from the Communist bloc with the might of the free world pitted against it. It would give the freedom-loving nations an impregnable striking arm that the United Nations cannot create so long as the Soviet Union can veto it.

Opinion in the United States now tends that way, but looks to the Atlantic Community for such a coalition. Hoover's idea of including all freedom-loving peoples would make it global—and that much more effective.

---

## WELL-KNOWN HYMNS IN AMERICAN RELIGIOUS LIFE

Mr. STENNIS. Mr. President, the Senator from Nebraska [Mr. Curtis], made an excellent presentation before the Senate breakfast group regarding some of the well-known hymns long in use in American religious life. He gave the historical background, their application, and the special meaning of many of the familiar and best known verses. Many of these hymns have served as a base for much of our religious faith, as well as ladders for the spiritual growth and foundations for the strength of our Nation.

Senator Curtis gave his own applicable thoughts in a masterful way, and he was an inspiration to all of his hearers. His remarks deserve a wider audience and should be preserved for history. I therefore ask unanimous consent that they be included in the body of the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

### Speech of Senator Carl T. Curtis, Republican, of Nebraska, Before the Senate Breakfast Group, Wednesday, August 29, 1962

About a year ago when I spoke to this group I gave some of the historical background of the writing of some of our great hymns (Congressional Record, vol. 107, pt. 9, p. 12051). There are so many of these priceless, timeless, beautiful hymns that I was only able to touch on a few of them. Today with your indulgence I am going to have something more to say about hymns. The hymns I will mention are ones that I did not refer to on the previous occasion.

The Christian religion is one of faith, joy, expectation, and an unshaken trust that we, as lowly individuals, and the entire universe are in the hands of One who will guide all things aright. It isn't any wonder that down through the years great souls have written inspiring hymns. When a large congregation praises our Father-Creator with a hymn which has stood the test of time, or when a well-trained choir renders one of these God-inspired songs we are filled with humility, faith, and hope.

One of the most loved books of the Old Testament is in fact a book of songs. I refer to the Psalms. The word "psalms" means songs.

In the Psalms we read: "Oh sing unto the Lord a new song."[1] "Serve the Lord with gladness; Come before His presence with singing."[2] "I will sing of mercy and judgment: Unto Thee O Lord will I sing."[3] "Then was our mouth filled with laughter, and our tongue was singing: Then said they among the heathen, the Lord has done great things for them."[4]

The Apostle Paul, in writing to the Ephesians in the fifth chapter, exhorts them to live uprightly, to live honestly, and to serve their Master. In the fifth verse he says: "Speaking to yourselves in psalms and hymns and spiritual songs, ringing and making melody in your heart to the Lord."

Mr. Charles C. Washburn was professor of sacred music of a college in Nashville, Tenn. He assembled a number of hymn books and he has written a book entitled, "Hymn Interpretations." He tells us that in one of his classes he asked his students to name the No. 1 hymn they would place in a book. Every one of the replies except one answered with "Holy, Holy, Holy, Lord God Almighty." That one dissenting student later said he misunderstood the question. It is Mrs. Curtis' favorite hymn too. All of us have thrilled at this great hymn the words of which run as follows:

"Holy, Holy, Holy! Lord God Almighty!
Early in the morning our song shall rise to Thee;
Holy, Holy, Holy! merciful and mighty!
God in three Persons, blessed Trinity!

"Holy, Holy, Holy! All the saints adore Thee,
Casting down their golden crowns around the glassy sea;
Cherubim and seraphim falling down before Thee
Who wert, and art, and evermore shalt be.

"Holy, Holy, Holy! Though the darkness hide Thee,
Though the eye of sinful man Thy glory may not see,
Only Thou art holy: there is none beside Thee
Perfect in power, in love, and purity.

"Holy, Holy, Holy! Lord God Almighty!
All Thy works shall praise Thy name, in earth and sky and sea;
Holy, Holy, Holy, merciful and mighty!
God in three Persons, blessed Trinity!

This hymn was written by Reginald Heber, a clergymen in the established Church of England. He was highly educated and inherited great wealth, but he chose to serve in the small town of Hodnet, England. He wanted the simple life of a rural parish. Later on he did acceed to the demands of his church to become its bishop for Calcutta, India. There he died at the age of 43 on April 23, 1826.

At the time Reverend Heber was serving this little church in England the established church had not taken to hymns. Wesley, Cowper, and Watts had taken up hymn singing in their churches but the bishop of London was opposed to this new idea. So Heber wrote his own hymns and used them only on special occasions. He wanted to publish them in a book but the bishop frowned on the idea and he put his poems away in an old family trunk. His widow found the roll of hymns and had them published. This particular hymn was set to music and published in 1861. Altogether Reginald Heber wrote 57 hymns. It is said that he might have written more had not his bishop frowned on his talent.

---

[1] Psalm 96: 1.
[2] Psalm 100: 2.
[3] Psalm 101: 1.
[4] Psalm 126: 2.

The dean of American hymn melody composers is Lowell Mason. He lived in the first half of the 19th century. As a bank clerk in Savannah, Ga., he spent 16 years directing choirs. Later he moved to Boston where he published his hymns. He was the first individual in America to be awarded a doctor of music degree.

Also in Boston at that time a young man named Ray Palmer was working long hours teaching in a girls' school and studying for the ministry. He was struggling hard to reach his goal and he sat down and wrote a poem for the sole purpose of renewing his own courage and faith with no idea of its ever being published. He put the poem into his pocket and showed it to no one.

One day Mason ran into Palmer. Mason asked Palmer to write something for his hymnal. Palmer showed him this poem he had written in the wee hours of the night. Mason said, "Mr. Palmer, you may do many good things, but posterity will remember you as the author of 'My Faith Looks Up to Thee'."

Lowell Mason's words prove to be true, for to this day millions are inspired and cheered on their way by—

"My faith looks up to Thee,
Thou Lamb of Calvary,
Savior divine:
Now hear me while I pray,
Take all my guilt away,
O let me from this day
Be wholly Thine!

"May Thy rich grace impart
Strength to my fainting heart,
My zeal inspire;
As Thou has died for me,
O may my love for Thee
Pure, warm, and changeless be,
A living fire!

"While life's dark maze I tread,
And griefs around me spread,
Be Thou my guide;
Bid darkness turn to day,
Wipe sorrow's tears away,
Nor let me ever stray
From Thee aside.

"When ends life's transient dream,
When death's cold, sullen stream
Shall o'er me roll,
Blest Savior, then, in love,
Fear and distrust remove;
O bear me safe above,
A ransomed soul!"

We have all read and heard about the great revival that swept the country in the second half of the last century. Much of the momentum for this arose in Philadelphia. Among the many ministers taking part was an Episcopal clergyman, 29 years of age, by the name of Dudley Tyng. It is said his last sermon was preached to 5,000 people and 1 out of every 5 fell on their knees to pray.

A few days later Reverend Tyng was visiting an old cornshelling machine in operation and he moved too close. He was caught in the machinery. His arm was literally torn from the shoulder and shortly thereafter he died.

Doctors and a score of ministers gathered at his bedside and among other things they asked him if he had any message to give to the young men of the YMCA. He whispered to his father, the Reverend Stephen Tyng, and said, "Tell them to stand up for Jesus."

A Presbyterian minister, Rev. George Duffield, Jr., was so touched by the experience of his friend that the next Sunday he preached on this theme. At the conclusion, he read a poem that he had written. The poem was circulated among the congregation. Later a Baptist publishing house published the poem without Rev. Duffield's knowledge. This poem was written in 1858. Six years later Rev. Duffield visited an Army camp and he heard the soldiers singing to a tune written by George James Webb:

"Stand up, stand up for Jesus,
Ye soldiers of the cross;
Lift high, His royal banner,
It must not suffer loss:
From victory unto victory
His army shall be led,
Till every foe is vanquished,
And Christ is Lord indeed.

"Stand up, stand up for Jesus,
The trumpet call obey;
Forth to the mighty conflict,
In this His glorious day:
Ye that are men now serve Him
Against unnumbered foes;
Let courage rise with danger,
And strength to strength oppose.

"Stand up, stand up for Jesus,
Stand in His strength alone;
The arm of flesh will fail you,
Ye dare not trust your own;
Put on the gospel armor,
Each piece put on with prayer;
Where duty calls, or danger,
Be never wanting there.

"Stand up, stand up for Jesus,
The strife will not be long;
This day the noise of battle,
The next the victor's song;
To him that overcometh
A crown of life shall be;
He with the King of Glory
Shall reign eternally."

It would be impossible, I believe, for me to decide what is my favorite hymn. Close to the top of that list, however, would be a hymn written by Dr. Maltbie D. Babcock who was born in 1858 and died in 1901 en route to visit the Holy Land.

The first stanza of the hymn I refer to goes thus:

"This is my Father's world,
And to my listening ears
All nature sings, and round me rings
The music of the spheres.
This is my Father's world: I rest me in the thought
Of rocks and trees, of skies and seas; ,
His hand the wonders wrought."

It is said of Dr. Babcock that as a boy he was merry and active; as a youth he was physically perfect, morally clean, and fearless. He was a good student, a great athlete, an expert swimmer, an accomplished musician, a good storyteller, a faithful friend, and a great preacher.

One time a boy at camp said to his friend, "That hymn brings God very near to me." His friend replied: "Yes, it makes you feel that all nature wants to sing God right into your heart."

The last two stanzas of this wonderful hymn are as follows:

"This is my Father's world: The birds their carols raise,
The morning light, the lily white,
Declare their Maker's praise.
This is my Father's world: He shines in all that's fair;
In the rustling grass I hear Him pass,
He speaks to me everywhere.

"This is my Father's world: Oh, let me ne'er forget
That though the wrong seems oft so strong,
God is the Ruler yet.
This is my Father's world: The battle is not done;
Jesus who died shall be satisfied,
And earth and heaven be one."

In 1818 the Strasser sisters were well known as concert artists throughout Europe. They had planned to give a Christmas play based on the nativity in a little Catholic church at Oberndorf, in Austria. The pastor of the church was Father Joseph Mohr. This play was not presented at the church, because the organ mechanic who was repairing the instrument failed to complete his work, and the parts of the organ were scattered all over the floor. As a result, they adjourned to one of the homes and staged this play. Everyone was touched by the performance. Father Mohr left that home and strolled to a foothill of the Salsburg Alps that overlooked the tiny village. There he wrote:

"Silent night! Holy night!
All is calm, all is bright,
Round yon Virgin Mother and Child!
Holy Infant so tender and mild,
Sleep in heavenly peace,
Sleep in heavenly peace.

"Silent night! Holy night!
Shepherds quake at the sight,
Glories stream from heaven afar,
Heavenly hosts sing: Alleluia;
Christ the Saviour is born,
Christ the Saviour is born.

"Silent night! Holy night!
Son of God, love's pure Light,
Radiant beams from Thy holy face,
With the dawn of redeeming grace,
Jesus, Lord, at Thy birth,
Jesus, Lord, at Thy birth.

"Silent night! Holy night!
Wondrous star, lend thy light;
With the angels let us sing,
Alleluia to our King;
Christ the Saviour is born,
Christ the Saviour is born."

The next morning after writing this poem, Father Mohr called at the home of Franz Gruber, a musician, and suggested that the organist try his hand at setting it to music. Christmas Eve arrived in this little church, in Obendorf and the congregation assembled. The organ mechanic from Salsburg was there, but he hadn't yet finished the organ, so at the appropriate time Franz Gruber played on his guitar the tune that he had written, as Father Mohr sang the words. I need not tell you the joy and comfort and the beauty this poem has brought into the lives of millions since that Christmas Eve, and it will continue to cheer mankind through all ages to come.

Another great Christmas hymn is:

"Oh little town of Bethlehem,
How still we see thee lie;
Above thy deep and dreamless sleep
The silent stars go by.
Yet in thy dark streets shineth
The everlasting Light;
The hopes and fears of all the years
Are met in thee tonight."

This hymn was written by the noted preacher, Phillips Brooks. This massive, scholarly Episcopal minister stood 6 feet 6 inches tall. He could sing 200 hymns from memory. He rolled out his powerful sermons at the rate of 250 words a minute. He was eloquent, he was scholarly. In December 1868 Reverend Brooks as pastor of the Protestant Episcopl Church in Philadelphia was planning a sermon on the nativity. Lewis Redner, the Sunday school superintendent and organist, was there to go over the music with him.

Dr. Brooks loved little children. His principal avocation was to romp and play with these little tots. It is reported his study was strewn with the toys and dolls belonging to his little friends. Three years earlier Dr. Brooks had visited the Holy Land, where he devoted most of his time to writing letters to his little friends back home about Bethlehem and the shepherds who watched their sheep as they did when the baby Jesus was born.

Dr. Brooks pushed aside the papers upon which he was writing his sermon and wrote this poem. He asked his organist, Lewis

Redner, to compose a tune. Redner carried the poem in his pocket day after day but no inspiration came to him. Then on the night before Christmas, he awoke to the strains of a melody which he said seemed to come down from Heaven. He got up out of bed and wrote down the notes. That Christmas morning in 1868 children of the church sang, "Oh little town of Bethlehem, how still we see thee lie."

Although Dr. Brooks had no children he spread joy and light to every child that knew him. After he died a little 5-year-old girl wanted to know where he had gone. She was informed that Dr. Brooks had gone to Heaven. The tears began to flow and she said, "How happy the angels will be."

The remaining stanzas of that poem are:

"For Christ is born of Mary;
And gathered all above.
While mortals sleep, the angels keep
Their watch of wondering love.
O Morning stars, together
Proclaim the holy birth;
And praises sing to God the King,
And peace to men on earth.

"How silently, how silently
The wondrous gift is given!
So God imparts to human hearts
The blessings of His heaven.
No ear may hear His coming,
But in this world of sin,
Where meek souls will receive Him,
Still the dear Christ enters in.

"O holy Child of Bethlehem,
Descend to us, we pray,
Cast out our sin, and enter in,
Be born in us today.
We hear the Christmas angels,
The great glad tidings tell;
O come to us, abide with us,
Our Lord Emmanuel."

Howard Arnold Walter was a gifted, brilliant student at Princeton Seminary when, because of ill health, he had to take a year's leave of absence. Throughout his life he had written poems. For a while he wrote a poem daily.

During his leave of absence, and due to ill health, he spent a year in Japan teaching literature at Waseda University in Tokyo. Christmas arrived and his thoughts turned to home and to family. He wrote a poem for his mother and sent it to her. It was entitled, "My Creed". It represented his philosophy of life. The poem was published in 1912 and later on it was set to music by Joseph Yates Peek. No one knows anything about Mr. Peek. Although Howard Arnold Walter's career was cut off by his death from influenza in 1919 young people everywhere will gather strength from his hymn, the words of which are as follows:

"I would be true, for there are those who trust me;
I would be pure, for there are those who care;
I would be strong, for there is much to suffer;
I would be brave, for there is much to dare;
I would be brave, for there is much to dare.

"I would be friend of all—the foe, the friendless;
I would be giving, and forget the gift;
I would be humble, for I know my weakness;
I would look up, and laugh, and love, and lift,
I would look up, and laugh, and love, and lift."

## MRS. MARY E. BENNETT

Mr. WILLIAMS of New Jersey. Mr. President, the August 18 editorial of the Courier-News, Plainfield, N.J., rightly states that congratulations are in order for Mrs. Mary E. Bennett, a Plainfield, N.J., resident who was recently chosen national president of the Ladies Auxiliary, Ancient Order of Hibernians.

I wish to add my congratulations to those of the Courier-News, and ask unanimous consent to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### TODAY'S BOUQUET

Congratulations are in order for a Plainfield resident who this month was elected national president by her Irish friends across the country. She is Mrs. Mary E. Bennett who is the new national president of the Ladies Auxiliary, Ancient Order of Hibernians. Mrs. Bennett formerly was national vice president. She is a past State president.

The Hibernian organization dates back in America in 1832. The Plainfield auxiliary was organized in 1895. The national organization is reported to have a membership of 172,000. That's a lot of votes. Mrs. Bennett deserves congratulations.

## COURT REFORM IN THE STATE OF NEW YORK

Mr. JAVITS. Mr. President, I ask unanimous consent that there be printed in the RECORD as a part of my remarks a joint statement by Governor Rockefeller and Chief Judge Desmond, chief judge of our court of appeals, on the court reorganization in New York which went into effect on September 1. This is a milestone in our jurisprudence, and may very well be a model for other States which are troubled with congestion of court calendars and with the problem of a multiplicity of courts.

I urge a study of this reorganization plan throughout the country. The plan in New York may go far toward solving some of the most perplexing court reorganization problems in any State.

Therefore, I ask unanimous consent that the joint statement be printed in the RECORD at this point.

There being no objection, the statement and article were ordered to be printed in the RECORD, as follows:

### JOINT STATEMENT BY GOVERNOR ROCKEFELLER AND CHIEF JUSTICE DESMOND

On September 1, 1962, court reorganization—creating a unified and strengthened court system—will become a reality in New York. On that day the court reorganization constitutional amendment, overwhelmingly approved by the people last November, and the implementing legislation enacted in 1962, become effective. Now, as in August 1961 when we urged passage of the constitutional amendment, we hail this significant advance in judicial organization and administration.

The court reorganization amendment and its implementing legislation give New York's court system the statewide organizational structure and clear specification of powers necessary for effective judicial administration. The judicial conference and the administrative board will provide statewide policies and supervision. A new statewide family court with expanded powers is created to replace the New York City domestic relations and the children's courts in the other 57 counties. Two new courts are set up in New York City to replace the four courts which previously exercised lower civil and criminal jurisdiction. The court of general sessions in Manhattan and the county courts in Bronx, Kings, Richmond, and Queens Counties will be abolished and their functions will pass to the supreme court. Upstate, there will no longer be any part-time county judges. A minimum salary standard is established for judges of a number of the courts in the unified court system and a program of State aid toward the payment by local governments of these judicial salaries is authorized. Training programs are being organized for nonlawyer justices of the peace. All of these important achievements are in keeping with New York's traditional leadership and high judicial standards.

Our appreciation goes to the members of the legislature, the temporary State commission on the courts, the judicial conference, the civil groups, bar associations, newspapers and other media and the innumerable citizens who worked so hard and unselfishly to help bring about this reorganization, and also to the joint legislative committee on court reorganization for producing the implementing legislation. The people of the State will be the beneficiaries for many years to come of the dedicated work of those individuals and groups.

## THE NEW YORK WORLD'S FAIR

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point excerpts from a speech entitled "The Biggest Box Office in History," delivered by Thomas J. Deegan, Jr., chairman of the executive committee of the New York World's Fair Corp. in New York City on July 24, 1962. This speech should be of interest to Members of the Senate who are interested in the New York World's Fair, which is coming along very well, I am happy to say.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

### THE BIGGEST BOX OFFICE IN HISTORY

(By Thomas J. Deegan, Jr.)

How will this box office world's record be achieved? The five human senses are being applied in a phase by phase program to reach audiences all over the world by sight, sound, taste, touch, and smell.

The plans already programed for attracting the estimated record attendance of 70 million persons represent one of the greatest promotional undertakings in history and a challenge to the ingenuity of the American communications industry.

The projection of 70 million paid admissions to the New York World's Fair in 1964–65—a forecast made for the fair by the Nation's leading bankers, and therefore conservative—is the largest single box office ever attempted in history for a single attraction in a period of two 6-month seasons.

The most recent total figures on comparable events are the Brussels Exposition in 1958 with 42 million admissions in a single 6-month season; the American National Exhibition in Moscow in 1959 with an attendance of nearly 3 million in 10 weeks; the Russian Exposition at the New York Coliseum in 1959 with 1,100,000 attendance in 42 days; and the last New York World's Fair in 1939–40 with 47 million paid admissions in two 6-month seasons. Attendance at the Seattle Fair, open since April 21, is running 17 percent ahead of estimates—a good omen for New York.

In reaching the world audience, the communications program will be broken down into news, editorial, and feature material on the one hand, and paid advertising on the other. This will be augmented by an aggressive and comprehensive promotional program throughout the world, including a speakers' bureau and a full card of special events. The media will include magazines, newspapers, television, radio, closed-circuit television, outdoor advertising, skywriting, posters, window displays, brochures, tie-in advertising, at national and local levels, stage and screen shows, parades and licensed reproductions of the World's Fair theme center, the unisphere.

The estimated amount which will be spent in aggregate by all of the fair exhibitors over and above advertising given to the fair by American business in general is $75 million, for the two seasons of 1964–65. This is on the basis of expected participation by 200 corporations, domestic and foreign, the 50 States of the Union, the U.S. Federal Pavilion, the 66 foreign countries, concessionaires, purveyors, and the sponsors of entertainment and recreational activities at the fair.

It is predicted that at least $10 million of the $75 million will be spent in print, advertising in magazines. This includes direct World's Fair theme advertising placed by exhibitors, as well as tie-in copy used by general advertisers because of the topical value of the fair during 1964–65.

It is estimated that the World's Fair symbol, the unisphere, will receive one billion impressions in every type of advertising medium between now and the close of the fair in November 1965. The unisphere is a stainless steel orbital globe 120 feet in diameter, which is being contributed to the fair—and subsequently to the city of New York—by the United States Steel Corp. Already 10 million impressions of the symbol are in distribution as wrappers for cube sugar at no cost to the fair, contributed by Domino Sugar, just one example of the numerous tie-ins.

The offices and windows of American Express, Thos. Cook & Son, steamship offices, railroad terminals, airline ticket offices, and independent travel agencies throughout the world will feature the World's Fair starting in the fall of 1963. The U.S. Travel Bureau, under the direction of Voit Gilmore, will feature the fair as one of the prime attractions for foreigners to visit in the United States during the 2 years the fair will be running.

The soft drink, brewing, and liquor industries will develop World's Fair concoctions on an international basis.

Scale models of the fair itself and of the unisphere will be viewed and touched by almost 100 million persons.

Electronics in communications ranging from the Telstar to the crystal set will spread the World's Fair message around the globe. Closed circuit radio and television will reach millions among the workers in factories, office buildings, recreational centers, places of entertainment, Army and Navy installations, and hospitals.

Window displays by retail stores will project the World's Fair theme with an estimated exposure of 300 million, on a world basis. The Fifth Avenue windows alone are viewed by 25 million persons a year.

Menus in the world's restaurants on land, on sea, and in the air will remind diners that all routes lead to Flushing Meadow in 1964–65. School textbook covers are already being designed to convey the message to the 46 million students in the United States. The cover of the New York telephone books will start carrying the World's Fair message in text and illustrations in 1963, reaching a direct distribution of 4½ million subscribers and an estimated 15 million viewers.

The World's Fair symbol, the unisphere, will cover such consumer items as hats, sweaters, spoons, dolls, pens, pencils, book jackets, ties, balloons, toys, games, match covers, napkins, handkerchiefs and souvenirs of all kinds.

Direct mail advertising, both by the fair corporation itself and by the aggregate number of its exhibitors, is expected to reach 350 million pieces.

Automobile license plates, postage meters, and the insertion of a reference to the New York World's Fair 1964–65 in the letterheads of corporations, Federal, State, city, and local governments will add 1 billion exposures to the world exposition.

Special magazine supplements, newspaper supplements and special editions will be utilized by advertisers to support the message of the fair. News and features about the fair, its progress, its opening and its operation will reach into the news media of the world. Because of the international theme of the exposition, the foreign news media abroad and the foreign language press in the United States will be widely serviced.

In addition to the fair's own documentary progress—color films narrated by H. V. Kaltenborn and Bob Considine—there will be feature films produced by at least two of the major studios. Alfred Hitchcock already has staked out his interest in producing a topnotch suspense motion picture with the New York World's Fair as the setting.

Major American corporations which will be exhibitors at the fair and which budget heavily for TV advertising in the form of spectaculars will devote numerous shows to the fair, many of them originating directly from the fairgrounds.

Banks in Europe and in the Orient already are in the second year of World's Fair savings plans, which by 1964–65 will enable foreign investors to have sufficient funds to use for trips to the fair. They are using the theme "Save now and travel later."

Philately programs are already scheduled to interest all the countries in the world to focus attention on the New York exposition, and at the same time provide an additional source of revenue to the issuing country.

Commercial and souvenir calendars and industrial house organs will add another 80 million to the total exposure.

Contests sponsored by corporations, communities, institutions, and organizations at local levels will support the World's Fair, with trips to New York as prizes. National conventions already are being booked in the New York area in substantial numbers for the 1964–65 period.

Corporations throughout the United States and abroad with public shockholders will feature the World's Fair story with text and pictures in their annual reports in 1963 in anticipation of the opening in April 1964.

Road maps of the leading oil companies and map makers are being designed to feature the theme, "All roads lead to the fair."

A fair flower selected by the garden groups, the country, and a special fair fragrance, developed by perfumers, will bring a reminder of the exposition through the sense of smell."

---

## BERLIN CRISIS

**Mr. JAVITS.** Mr. President, I should like to say a few words about the situation in Berlin, a subject to which I have addressed myself before, because I do not as yet see signs of activity on the part of our Government which I think essential to the situation.

Today we are told that the American authorities in West Berlin, in company with French and English colleagues, are proposing to set some regulations with which the Russians will be asked to comply in sending their troops to the Soviet war memorial in West Berlin, which had been the scene heretofore of some stonings by West Berliners, properly outraged by what is going on at the Berlin wall.

It seems to me that the Berlin situation is building up probably to the most tense situation in the world. It has been building up for a very long time. Heretofore our activities have always lagged behind those of the Russians. Likewise they have taken the initiative and we have not acted until it came by way of a reaction to their initiative. It seems to me that it is very clearly indicated that the Russian activity is designed to shut us out of East Berlin and to make the Four-Power Agreement even more a mere scrap of paper than it now is.

The key to that likelihood is contained in the fact that the Soviet Union has divorced itself—at least technically—of responsibility for East Berlin by divesting itself of authority—again I say at least technically—over East Berlin in allowing it to be turned over to an officer of the East German Government. The East German Government, let us remember, is not recognized by us or by the other allied countries. Thus it sets the stage for something else. The specific Russian technique is to tell us and our allies, "You cannot come into East Berlin any more unless you recognize us," which obviously we cannot do, considering the position of the German Federal Republic.

Mr. President, the writing is clearly written on the wall. The situation is being set up for it. The question is—and I have raised it before and raise it again today in the most decided and vigorous way in which I am capable of raising it—Are we prepared with alternative plans as to what we will do? Are we prepared to take some initiative in the situation? I deeply believe that initiative on the part of the United States is necessary. It will not do in Berlin merely to sit back and wait to see what the Russians do, because what they are going to do is again to face us with some fait accompli—with some finished act to which we find it very difficult to react effectively.

The best example of that is the Berlin Wall, which was put up overnight. There it was, the implication being that if we wanted to push it down, we would have to go to war. We should not allow ourselves to be put into those positions time and time again. One lesson should be enough. Therefore, by way of suggesting to the State Department what might be done in a situation of that character, in terms of displaying initiative, I would like to make the following suggestions for the Department's consideration.

The first is the possibility of formally incorporating West Berlin into the German Federal Republic. Such an act would serve as a great psychological boost for the West Berliners. They would be a part of something—instead of hanging out there in the middle of Communist space with the assurances, of course, given by the allies and their forces, but unconnected with any juridical attachment of a substantial kind with the rest of the people of Germany.

Also it would confront the Soviets with the kind of unilateral action to which they have repeatedly subjected us, an action of a very effective and vigorous kind, because it would serve notice in the most serious terms in which that notice could be served that West Berlin would not be relinquished. That is suggestion No. 1 for the consideration of our authorities.

Suggestion No. 2 is an embargo by the members of NATO on trade with East Germany. If such action could be effectively implemented in company with our allies, it would demonstrate to the Soviets that we mean business in every respect and would confront them with the practical alternative of relinquishing their threats to West Berlin or depriving the already rotting economy of East Germany of needed materials and foreign exchange.

Let us remember that the mere suggestion of such an embargo was enough to release traffic over the Autobahn not so many months ago when the East Germans threatened the West Germans with tying it up. It was not threatening us. It was threatening the West Germans, who apparently have some means to protect themselves in those situations which might very well be used now.

The third suggestion is in respect to United Nations action. It has been said that the Soviet Union expects to raise the problem of Berlin in the General Assembly, which will begin to meet this month. I do not recommend that our country raise the issue there because I think as far as we are concerned this is essentially a four-power issue. We are much better off in keeping it that way. But if it is raised by the Communists, then I would certainly join in to make good the challenge in the General Assembly because I think we can bring a great impact to bear through such a debate on the noncommitted nations, which should be made aware in the most dramatic way of the differences between East and West Berlin in spirit, in freedom, and in living conditions. Indeed, I think we should welcome a United Nations commission to investigate the Berlin problem. That commission could then seek at least freedom of action to travel through East Berlin and East Germany, and its findings, I am confident, would certainly sustain the position of the free world and militate very strongly against the position of the Communist world.

I am sure that the State Department planners have other ideas in addition to those that I have mentioned. However, I have mentioned some. The main thrust of my argument, in the face of headlines which read: "Berlin Deadline Set for Russians," meaning that there is going to be a change in the checkpoint, and the main burthen of my speech today is that at long last we must take the initiative in Berlin. The Russians have torn up the Four Power Agreement as a scrap of paper. We all understand that. They have severed the city in two. This gives us the opportunity for prompt action of which we must be able to avail ourselves, not only with respect to regular Soviet moves—and no one knows what the next move will be—but also in anticipating that again an effort will be made to produce an accomplished fact which will further reduce the viability of the Allied presence in West Berlin.

It seems to me that with the use of a little ingenuity and by taking action in advance, we might face the Soviet Union with an uncomfortable accomplished fact which would very affirmatively entrench our presence there and give reassurance to the West Berliners, who are understandably concerned, as is shown by the street activity which they undertook, and which we can understand, considering the provocations to which they have been subjected, but which nevertheless have the threat of making American policy on the streets of Berlin, which we cannot have.

Therefore, I believe we must show initiative through activities and actions which are affirmative and are tangible and which at the same time will bring assurance to the city of West Berlin, because it will serve notice on the Russians of our determination, which we have already expressed, and will also present to them the firm governmental organization indicating that we intend to take action to back up words, by means which they can understand.

I have suggested three courses of action, namely, the incorporation of West Berlin into the Federal Republic of Germany; an embargo by NATO against trade with East Germany; and some action through the United Nations, which would bring before the world in a most dramatic way the difference between the situation in East Berlin and West Berlin.

Again I repeat that the State Department planners probably have a number of other ideas on the planning board. However, the time has come for us to move and not sit still and wait for the next Russian action before we react.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. DIRKSEN. Mr. President, if it is in order to ask, what is the pending question before the Senate?

The PRESIDING OFFICER (Mr. Hart in the chair). The bill is before the Senate. There is no amendment pending.

Mr. DIRKSEN. Mr. President, I call up my amendments "8-23-62—I."

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The Legislative Clerk. On page 391, between lines 21 and 22, it is proposed to insert the following new section:

Sec. 27. Exclusion From Gross Income of Gain From Sale of Residence by Individual Age 60 or Over.

(a) Exclusion From Gross Income.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by renumbering section 121 as 122, and by inserting after section 120 the following new section:

"Sec. 121. Gain From Sale or Exchange of Residence of Individual Who Has Attained Age 60.

"(a) General Rule.—In the case of an individual, gross income does not include gain from the sale or exchange after December 31, 1961, of property used by the taxpayer as his principal residence, if—

"(1) the taxpayer has attained the age of 60 years before such sale or exchange occurs, and

"(2) such property has been used by the taxpayer as his principal residence for a period of not less than 5 years at the time such sale or exchange occurs.

"(b) Property Held Jointly by Husband and Wife.—In the case of property held by a husband and wife as joint tenants or as tenants by the entirety, the age requirement contained in subsection (a)(1) and the use requirement contained in subsection (a)(2) shall be treated as having been met by both the husband and the wife if it is met by either spouse.

"(c) Property Used in Part as Principal Residence.—In the case of property only a portion of which is used by the taxpayer as his principal residence, subsection (a) shall apply to so much of the gain from the sale or exchange of such property as is determined, under regulations prescribed by the Secretary or his delegate, to be attributable to the portion of the property used by the taxpayer as his principal residence.

"(d) Involuntary Conversions.—For purposes of subsection (a), the destruction, seizure, requisition, or condemnation of property, occurring after December 31, 1961, shall be treated as the sale or exchange of such property."

(b) Table of Contents.—The table of sections for such part is amended by striking out

"Sec. 121. Cross references to other Acts."

and inserting in lieu thereof

"Sec. 121. Gain from sale or exchange of residence of individual who has attained age 60.

"Sec. 122. Cross references to other Acts."

(c) Technical Amendments.—(1) Section 1033(h) of the Internal Revenue Code of 1954 (relating to involuntary conversions) is amended by adding at the end thereof the following new paragraph:

"(3) For exclusion from gross income of gain from involuntary conversion occurring after December 31, 1961, of residence of taxpayer who has attained age 60, see section 121."

(2) Section 1034 of such Code (relating to sale or exchange of residence) is amended by adding at the end thereof the following new subsection:

"(k) Cross Reference.—

"For exclusion from gross income of gain from sale or exchange after December 31, 1961, of residence of taxpayer who has attained age 60, see section 121."

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1961.

On page 391, line 22, strike out "27" and insert in lieu thereof "28".

Mr. DIRKSEN. Mr. President, I wish to modify the amendments.

On page 2, line 6, strike out "1961" and insert "1962."

I wish to make the same modification on page 4, line 7; to strike out "1961" and to insert "1962."

The PRESIDING OFFICER. The Senator has a right to modify his amendments.

### MILWAUKEE SENTINEL SUPPORTS PROXMIRE ON CUTTING RETIREMENT AGE

Mr. PROXMIRE. Mr. President, the Milwaukee Sentinel recently carried a concise and thoughtful editorial supporting my proposal to reduce the social security retirement age from 62 to 60, with a corresponding reduction in the benefits.

Mr. President, the serious, nagging problem of unemployment drags on in spite of general economic improvement. I feel that in spite of the very sincere efforts of the Congress and the administration there is no evidence we are making any real progress in solving it.

Mr. proposal would play a moderate part in helping to solve unemployment.

I hope that the Congress will give serious consideration to my proposal.

I ask unanimous consent that the excellent, thoughtful editorial from the Milwaukee Sentinel be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

RETIREMENT AT 60

There is much to be said for Senator Proxmire's proposal to lower the optional retirement age under social security to 60.

Any person electing to retire at 60 would have a one-third reduction in the benefits he would have received if he had continued working to age 65. Proxmire has been told by the Social Security Administration that with the one-third reduction there would be no increased costs to the social security fund and no increase in social security taxes. At present the earliest age for retirement is 62.

Under Proxmire's proposal, a man and wife who would get $180 a month if they retired at 65 would get $120 if they retired at 60.

The number of workers who could afford to take advantage of the earlier retirement would not be large, but each one doing so would open up a job for some younger person. We agree with Proxmire that there would be a relatively small but nevertheless significant effect on our persistent unemployment problem.

### THE TAXPAYERS' BLACK FRIDAY FROM A RED-INK CONGRESS

Mr. PROXMIRE. Mr. President, the closing session of the Senate before the Labor Day weekend I think can properly be called the taxpayers' Black Friday because massive increases in nonmilitary spending shot through the Senate crushing economy amendments by overwhelming margins.

The runaway-spending attitude of the Congress, supported by a topheavy majority of both Republicans and Democrats, is shown by the following:

First. The Senate virtually doubled the Government's most inexcusable subsidy, the helicopter giveaway, which subsidizes the affluent passengers who take helicopters between airports in major cities.

In doing so, for the first time, it threw the subsidy open to all cities, guaranteeing that the size of this subsidy will vastly increase in coming years. It overwhelmed a Proxmire amendment to kill the subsidy by a voice vote that almost blew the top off the Capitol.

Second. The Senate forced the Veterans' Administration to take $8 million more than its Administrator said he could efficiently use or than the Kennedy administration requested or the House allowed. The Senate killed my amendment to cut this VA spending back to the administration request by a 56 to 22 vote.

Third. On the big item in the bill, the Senate approved a soaring jump in space spending from $1.7 billion last year to $3.7 billion this year in the NASA budget, for nonmilitary space appropriations. In doing so the Senate showed its spending temper when it rejected a Proxmire amendment based on demonstrated waste in the space program.

The amendment would have pared the space budget by 5 percent below the budget estimates, or $180 million. It lost by a resounding 66 to 4 vote.

Fourth. Finally the Senate demonstrated how feeble is its concern for economy when a motion by the Senator from Iowa [Mr. Miller] to recommit the bill to reduce it by $289 million to the House figure was crushed by a 57 to 12 margin.

The irony of this sad spending performance is that this appropriation so vastly increasing Federal nondefense spending was called up in the middle of consideration of a tax bill which Congress has converted from a measure that, as recommended by the administration, would have increased revenue by $500 million to one that will lose $500 million.

This Congress is well on its way to becoming the biggest, bipartisan, Democratic-Republican, red-ink operation in history.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Proxmire in the chair). Without objection, it is so ordered.

### KIM JUNG IM—BILL INDEFINITELY POSTPONED

Mr. MANSFIELD. Mr. President, on Friday last the Senate passed the bill (H.R. 9589) for the relief of Kim Jung Im. It is my understanding that on the basis of word received since that time, administrative relief has been granted the beneficiary of the bill. I therefore ask unanimous consent that the votes by which the bill was ordered to a third reading and passed be reconsidered, and the bill indefinitely postponed.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

### ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight—late, I hope—that it adjourn to meet at 9 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 234 Leg.]

Aiken
Byrd, W. Va.
Dirksen
Gore
Hayden
Hill
Holland
Hruska
Javits
Kerr
Mansfield
McGee
Pearson
Proxmire
Robertson
Smith, Maine
Stennis
Talmadge
Young, N. Dak.
Young, Ohio

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. Bible], the Senator from Minnesota [Mr. Humphrey], the Senator from Washington [Mr. Magnuson], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Florida [Mr. Smathers], the Senator from Massachusetts [Mr. Smith], the Senator from Texas [Mr. Yarborough], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], and the Senator from Oregon [Mrs. Neuberger] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], the Senator from Wyoming [Mr. Hickey], and the Senator from Missouri [Mr. Symington] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Connecticut [Mr. Bush], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr. Scott], the Senator from Wisconsin [Mr. Wiley] and the Senator from Delaware [Mr. Williams] are necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. Allott, Mr. Bartlett, Mr. Boggs, Mr. Burdick, Mr. Butler, Mr. Byrd of Virginia, Mr. Cannon, Mr. Carlson, Mr. Carroll, Mr. Case, Mr. Chavez, Mr. Church, Mr. Cooper, Mr. Curtis, Mr. Dodd, Mr. Douglas, Mr. Ellender, Mr. Engle, Mr. Ervin, Mr. Fong, Mr. Fulbright, Mr. Hart, Mr. Hartke, Mr. Hickenlooper, Mr. Jackson, Mr. Johnston, Mr. Jordan of North Carolina, Mr. Keating, Mr. Kefauver, Mr. Lausche, Mr. Long of Missouri, Mr. Long of Hawaii, Mr. Long of Louisiana, Mr. McCarthy, Mr. McClellan, Mr. McNamara, Mr. Metcalf, Mr. Miller, Mr. Monroney, Mr. Morse, Mr. Mundt, Mr. Pastore, Mr. Pell, Mr. Prouty, Mr. Randolph, Mr. Russell, Mr. Sparkman, Mr. Thurmond, Mr. Tower, and Mr. Williams of New Jersey entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. Pell in the chair). A quorum is present.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. MANSFIELD. Mr. President, I am about to propound a unanimous-consent request.

I ask unanimous consent that on the pending Dirksen amendments time be limited to 1 hour, one-half hour to be under the charge of the Senator from Illinois, the minority leader, and one-half hour to be under the charge of the Senator from Oklahoma [Mr. Kerr].

Mr. FULBRIGHT. Mr. President, reserving the right to object, when would the vote come under this request?

Mr. MANSFIELD. In 1 hour or less.

Mr. FULBRIGHT. Beginning when?

Mr. MANSFIELD. Right now.

Mr. GORE. Mr. President, reserving the right to object, this limitation in no sense applies to H.R. 10, does it?

Mr. MANSFIELD. No; only to the pending amendments.

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. Mr. President, reserving the right to object, may I be advised what the proposed unanimous-consent agreement is?

Mr. MANSFIELD. One hour on the amendments, a half hour to a side. It has been cleared with the Senators directly interested. I thought there was no objection to it.

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. Mr. President——

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time allotted be 20 minutes, 10 minutes on a side.

Mr. MILLER. For each amendment pending?

Mr. MANSFIELD. No; on the pending amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, is time running?

The PRESIDING OFFICER. Time is running.

Mr. DIRKSEN. Mr. President, I yield 3 minutes to the distinguished Senator from Kansas [Mr. Carlson].

The PRESIDING OFFICER. The Senator from Kansas is recognized for 3 minutes.

Mr. CARLSON. Mr. President, I had made arrangements to discuss with the Senator from Oklahoma an understanding I have with regard to some language in the report. I would not like to use this time, which is running against the time of the Senator from Illinois, until the Senator from Oklahoma is on the floor. He stepped out of the Chamber only for a few moments.

I shall be glad to proceed with my discussion of section 3 of H.R. 10650. First, with a brief reference to some of the legislative history surrounding the adoption of this section in the House of Representatives. Except for a minor change in the Senate Finance Committee, this section is the same as enacted by the House of Representatives.

I have been advised when section 3 was discussed by Chairman Wilbur D. Mills of the House before the House Rules Committee on March 20, 1962, he was careful to exclude from the advertising ban the so-called institutional advertising. Regarding advertising for or against legislation, Chairman Mills was careful to point out that that was included in the ban, but further on in his testimony before the House Rules Committee, he stated that:

> A company may want to get its name before the people and buy space in national magazines and tell us all we ought to be against sin and be for motherhood. That kind of thing can be deducted, but to put an ad in the paper that the people ought to write their Congressmen to be against H.R. 9000 would not be allowed under existing prevailing regulations.

I subscribe to this limited application of section 3 in this measure, but feel we should be very careful not to eliminate advertising having to do with good will and, in a broader sense, real public services. In light of this background, I should like to ask my distinguished colleague, the ranking majority member of the Senate Finance Committee, the following questions:

First, would a company be denied the right of tax deduction for costs incurred in carrying advertising that promotes the sale of savings bonds?

Mr. KERR. The answer is "No."

Mr. CARLSON. Second, would a company be denied the right to charge off the costs of ads having to do with blood bank donations, the prevention of forest fires, or Community Chest contributions?

Mr. KERR. No.

Mr. CARLSON. Third, would an insurance company be denied the right to a tax deduction for promoting highway safety, as a part of their advertising campaign?

Mr. KERR. The answer would be "No," if unrelated to pending or proposed legislation.

Mr. CARLSON. Fourth, would a roadbuilding machinery company be denied deductions on a general plea for improved highways?

Mr. KERR. The answer is "No," if unrelated to pending or proposed legislation.

Mr. CARLSON. Fifth, I have in my hand an advertisement of a bank in Virginia comparing our system with that of the Communist. Will the cost of this ad be excluded under section 3?

Mr. KERR. The answer to that question is "No," if it is unrelated to pending or proposed legislation.

Mr. CARLSON. I agree with my distinguished colleague that the answer to all of these questions is generally "No," and in light of this, I have one more question: Is it not the intent of this legislation to prohibit advertising that deals with a legislative proposal arising under local, State, or National law when the advertising is in general directed toward pending or proposed legislation?

Mr. KERR. The answer to that question is "Yes."

Mr. CARLSON. I am satisfied with those answers. I thank the Senator from Oklahoma. I am satisfied both with the contents of section 3 and the legislative history accompanying it.

I ask unanimous consent that I may have placed in the Record at this point an extract from a statement by the chairman of the House Ways and Means Committee, the Honorable Wilbur D. Mills, when he appeared before the Rules Committee of the House and discussed this matter.

There being no objection, the extract was ordered to be printed in the Record, as follows:

Extract of Statement by Hon. Wilbur D. Mills, March 20, 1962, Washington, D.C.

(Hearings before the Committee on Rules on H.R. 10650, a bill to amend the Internal Revenue Code to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.)

PAGE 110

Mr. Mills. Read the report particularly with respect to this. I think you will like it.

Mr. Madden. I went over that last night and I did not cover it all. Is there something in here so that the big lobbies that come to Washington can have the taxpayers pay for their lobbying expenses?

Mr. Mills. Any expenses of this sort that are incurred in lobbying are disallowed, or supposed to be.

Mr. Madden. There is something in here.

Mr. Mills. Do you mean this additional section in the bill, section 3? That has to do with appearances before committees of Congress, yes.

Mr. Madden. Does that include expenses for people to come to Washington and entertain, and whatnot, so that they can conduct a lobbying action?

Mr. Mills. That involves the right of appeal to people, I think, to Congress. Does it not? Here they can fight a case all the way through the courts, through the Supreme Court. They can deduct those expenses if they are incident to a business.

Mr. MADDEN. I am not talking about court procedure. I am talking about the propaganda that goes out, advertising expenses on propaganda on legislation.

Mr. MILLS. Let me talk about that a second. They can do all that. That is admitted, isn't it? A man's business is in jeopardy, it is in the court. He can deduct the expenses incident to the protection of his business in that respect.

PAGE 111

Mr. MADDEN. Pertaining to legislation?

Mr. MILLS. No, in court, all the way through the Supreme Court.

Mr. MADDEN. In a lawsuit. Go ahead.

Mr. MILLS. Say he is also in jeopardy in a business way before a department of Government. Say it is the Federal Communications Commission. He is in the television business or radio business, he can deduct all the expenses for any appearance before the Commission in preservation of his business, but that same individual cannot even come to Washington to appeal to the Congress not to pass a bill that it is hearing or considering in committee that drives him out of business.

Mr. MADDEN. There has been a lot of publicity in the newspapers and magazines against a piece of legislation or for a piece of legislation.

Mr. MILLS. That is not involved here. This is limited to appearances before Congress, the committees of Congress, Members of Congress, the cost of preparing material for these appearances. That is what is involved here. No entertainment or anything of that sort.

Mr. MADDEN. But in regard to propaganda and publicity and advertising for or against legislation, they can deduct that?

PAGE 112

Mr. MILLS. That is not involved here and they cannot deduct it.

Mr. MADDEN. Nothing is mentioned in this bill about that?

Mr. MILLS. They cannot deduct it under Treasury regulations, unless it is institutional type. A company may want to get its name before the people and buys space in national magazines and tells us all we ought to be against sin and for motherhood.

That kind of thing can be deducted. But to put an ad in the paper that the people ought to write their Congressman to be against H.R. 9000 would not be allowed under existing prevailing regulations.

Mr. CARLSON. I thank the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Illinois.

Mr. DIRKSEN. Mr. President, the pending amendments are very simple.

Mr. KERR. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KERR. Is there a copy of the Senator's amendments available?

Mr. DIRKSEN. Yes; they are printed.

Mr. KERR. Will the clerk identify the amendments?

Mr. DIRKSEN. The amendments are identified as "8-23-62-I."

They provide for a very simple amendment. They provide that taxpayers who are over 60 years of age who sell the residences that have been their primary residences for 5 years or more shall be exempted from the payment of capital gains taxes on the gains that may result from such sales or exchanges.

I offered this about a year ago. The provision came to my attention in connection with a hearing which was held in St. Louis by a subcommittee of the Special Committee on Aged and the Aging. Suggestions were made at the meeting at that time that in order to provide some direct benefit for our aged this would be, by all odds, one of the most acceptable approaches one could find.

It follows, of course, what results from the great tradition of the American family. A family is established. There are children. Homes are enlarged. New homes are occupied to accommodate larger families. Then, in due course, the youngsters establish families of their own. So, very often, there is a building on a rather expensive lot which is no longer necessary for an aged couple or for an aged individual, whether it be a widow or a widower. Yet, with respect to the sale, such a piece of property might have developed some real value, and it might be impossible to sell the property without paying the customary capital gains tax under exising law.

To me that looks like a burden which might well be removed from our aged people. That is the purpose of the amendment. Beyond that there is not much which needs to be said.

With respect to cost, it is obviously impossible to determine what the cost would be to the Treasury. There is no way of developing a statistic to show how many homes might be sold by aged people in respect to which a capital gains would eventuate.

I discussed this with the Secretary of the Treasury, very informally and very briefly, and he indicated to me that it had merit and that it was hoped perhaps next year something could be done with this proposal.

It has been languishing now for some time. I had hoped that something could be done now. Since it is a tax matter, it is entirely germane to the bill presently before the Senate.

When I first offered this proposal, there was a variety of very favorable editorial comment from all sections of the country. I had hoped that perhaps the committee could see fit to accept the proposal. It needs no discussion beyond that.

I can think of no better way to provide some benefits for our aged citizens than to exempt them from the payment of this capital gains tax, because it would mean some money in their purses to tide them over if they are in straitened circumstances.

With that explanation, Mr. President, there is little I need add. I remember how tearful were the pleas when we were discussing medicare on this floor not too long ago.

I think this is one of the times when some of the tears can well be redeemed by the approval of the amendments before the Senate.

I think that just about exhausts the time I have allowed myself.

Mr. KERR. Mr. President, I know what the distinguished Senator from Illinois has in mind. There are other amendments before us which go generally to the same purpose.

I should like to suggest to the Senator from Illinois a compromise, to see how he would feel about it. If he has a copy of the amendments before him, I think I can identify this.

On page 2, line 8, change "60" to "65."

On page 2, between lines 12 and 13, insert a new subsection, as follows:

> (b) LIMITATION TO $30,000.—The amount of gain which is not recognized as the result of subsection (a) shall not exceed the same proportion of such gain which $30,000 is of the total sales price of such property.

Change "(b)" to "(c)" at line 13, page 2.

Change "(c)" to "(d)" at line 20, page 2.

Change "(d)" to "(e)" at line 5, page 3.

And, of course, the effective date should be December 31, 1962, wherever "1961" appears in the amendments.

Mr. DIRKSEN. The date has already been changed.

Mr. KERR. If the Senator would be willing to change his amendments to that basis, Mr. President, I would be glad to recommend that they be adopted.

Mr. DIRKSEN. Mr. President, I would not object to the changes. I suggested age 60, trying to keep it in line with what I thought was a present trend. Certainly the age of 65 does fit with the present concept insofar as legislation of this kind is concerned.

Moreover, the design is to help those upon whom the capital gains tax would be a burden. I would have no objection to the $30,000 limitation.

In view of my discussion with the Treasury, if the provision needs liberalization, that could be achieved, I think, when there is a further look at tax revision next year.

I believe we ought to make a beginning, and ought to do so now.

Mr. KERR. If the Senator will look that over, to be sure that he and I understand what we are talking about, I think the staff has provided accurate language. We can submit it to the staff again, in order to effectuate what we have discussed.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DIRKSEN. Mr. President, the effective date, which appears in four different places, has already been modified by my motion.

I yield to the Senator from Wisconsin.

Mr. PROXMIRE. As I understand the amendments, as modified, they would apply only to the home selling for $30,000, or that portion of the sales price less than $30,000 of a home which is sold?

Mr. KERR. No. There is to be a $30,000 limitation. If the sales price of the house did not exceed $30,000, the capital gain in its entirety would be exempt. I believe that is the purpose.

Mr. DIRKSEN. It would be entirely exempt.

Mr. KERR. If the sales price did not exceed $30,000, the entire capital gain would be exempt.

The sales price might exceed $30,000. Let us say the sales price is $40,000. Then three-fourths of the capital gain would be exempt. If the sales price were $50,000, then three-fifths of the capital gain would be exempt. If the sales price were $60,000, one-half of the capital gain would be exempt.

In other words, the amount of the gain which would be exempt, if the sales price were above $30,000, would be in direct proportion as $30,000 is to the total sales price.

Mr. PROXMIRE. I have one other question.

As I understand the modification of the amendments, it would limit the provision to people over the age of 65, rather than over the age of 60.

Mr. KERR. Those 65 or over would be covered.

Mr. PROXMIRE. As I understand the present tax law, it permits double deductions for people over the age of 65. Instead of having $600 exemptions, they have $1,200 exemptions; do they not?

Mr. KERR. The Senator is correct.

Mr. PROXMIRE. Is it not correct that some 75 to 80 percent of the people over the age of 65 pay no income taxes now?

Mr. KERR. I am not in a position to answer that question.

Mr. McNAMARA. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield to the Senator.

Mr. McNAMARA. Does the proposition offered by the Senator from Illinois and the Senator from Oklahoma require that this be a one-shot operation? It could not be repeated over and over?

Mr. KERR. Well, it could not be repeated very often, because under the language of the Senator's amendments, as I understand, they would be applicable only if the owner had the home 5 years.

Mr. McNAMARA. A man might own several pieces of property.

Mr. KERR. This would apply only to the home.

Mr. McNAMARA. By going from one to another he could repeat the operation.

Mr. DIRKSEN. It would have to be his primary residence.

Mr. McNAMARA. I would expect the amendment to be spelled out, to limit it as the law is limited with respect to special benefits on the purchase of a home, or with respect to educational benefits—to one opportunity.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. I think the Senator from Michigan has made a good point. I think that intent ought to be made clear in the debate which is now going on.

Mr. McNAMARA. I would have no objection to the amendment, if that limitation were included.

Mr. DIRKSEN. The arithmetic would be against any individual who would try to make it a repeating operation. First, we have to start with 65. Second, it must be the taxpayer's primary home. Third, he must have occupied the dwelling for a period of 5 years.

Let us assume that there had been one such operation. The taxpayer acquiring another home would probably have to be well over 70 before he could sell it and undertake to realize another capital gain. He would have to qualify the dwelling as a home for a period of 5 years.

Mr. KERR. Mr. President, I believe that answers the Senator's question.

Mr. McNAMARA. I think it answers it. What the Senator, in effect, said is that, as a practical matter, it would work out. So why not limit the provision to one home? I think it would make sense.

Mr. MANSFIELD. I think the debate has shown that to be the intent.

Mr. KERR. Mr. President, if we are going to agree to the amendment with reference to a homeowner, the provisions in the bill seem to the Senator from Oklahoma to be sufficiently restrictive, so that it would be a remote possibility that one taxpayer would receive the benefit of the amendment more than once. But, so far as I am concerned, if I were going to accept the amendment, and pursuant to its provisions a person made a sale of a home after he or she was 65 years of age, and then acquired another home and occupied it as a primary residence and home for a period of 5 years or longer and made a sale, I would see no reason for the provision being applicable again.

Mr. McNAMARA. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified.

The amendment, as modified, was agreed to.

Mr. PROXMIRE. Mr. President, I call up my amendments numbered "8-30-62—C" and ask that it be stated by title.

The PRESIDING OFFICER. The amendments of the Senator from Wisconsin will be stated.

The CHIEF CLERK. Amendments proposed by the Senator from Wisconsin designated "8-30-62—C."

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

Mr. KERR. Mr. President, reserving the right to object, I should like to see a copy of the amendments.

Mr. PROXMIRE. They are amendments "8-30-62—C."

Mr. KERR. I have no objection, if the Senator will explain them.

The PRESIDING OFFICER. Without objection, the amendments will be printed in the RECORD.

The amendments offered by the Senator from Wisconsin are as follows:

On page 15, beginning with line 11, strike out all through line 15 on page 16.

On page 16, line 16, strike out "(4)" and insert "(3)".

On page 19, beginning with line 23, strike out all through line 12 on page 20.

On page 20, line 13, strike out "(3)" and insert "(2)".

On page 20, lines 15 and 16, strike out "or any change in use described in paragraph (2)".

On page 20, line 18, strike out "(or change in use)".

On page 20, line 19, strike out "(4)" and insert "(3)".

On page 20, line 21, strike out "(3)" and insert "(2)".

On page 22, lines 13 and 14, strike out "transportation, communications, electrical energy, gas, water, or sewage disposal" and insert "transportation or communications".

On page 25, after line 11, insert the following:

"(7) PUBLIC UTILITY PROPERTY.—

"(A) Public utility property (as defined in subparagraph (B)) shall not be treated as section 38 property.

"(B) For purposes of subparagraph (A), the term 'public utility property' means property used predominantly in the trade or business of the furnishing or sale of—

"(i) electrical energy, gas, water, or sewage disposal services,

"(ii) gas through a local distribution system,

"(iii) telephone service, or

"(iv) telegraph service by means of domestic telegraph operations (as defined in section 222(a)(5) of the Communications Act of 1934, as amended; 47 U.S.C., sec. 222(a)(5)),

if the rates for such furnishing or sale, as the case may be, have been established or approved by a State or political subdivision thereof, by an agency or instrumentality of the United States, or by a public service or public utility commission or other similar body of any State or political subdivision thereof."

Make necessary changes in cross-references to the paragraphs renumbered by the preceding amendments.

Mr. PROXMIRE. Mr. President, the amendments would eliminate utilities from the investment credit provisions and privileges provided in the bill. The bill as presently drafted would permit a 3-percent credit for utilities. My amendment would eliminate that. It is in accordance with the recommendation of the Treasury and the Kennedy administration. It would reduce the revenue lost under the bill by $225 million, according to Treasury estimates. The case that has been made by the Treasury in favor of the amendments, in my judgment, is extremely strong.

There is no question that utilities are regulated monopolies legally obligated to serve public needs, and to construct facilities on a demand basis to meet public requirements.

### STUDY SHOWS FALLACY OF INVESTMENT CREDIT APPLICATION TO ELECTRIC UTILITIES

There is a very excellent and scholarly study by Avram Kisselgoff and Franco Modigliani which supports that position. The study, which is recognized among economists as one of the most competent in the area, was made in 1957, and I wish to quote very briefly from the conclusions of the study:

> The main hypothesis of our model is that investment outlays are primarily determined by the relation between the demand for electricity and the amount of capacity required to satisfy this demand economically.

The article points out that the industry is characterized by these particular elements, which make it clear that demand rather than common cost factors or tax factors is mainly responsible for investment. The article states:

> Of primary relevance among these characteristics are (a) the long planning and gestation period for investment; (b) the presence and quantitative importance of indivisibilities in fixed assets; (c) the rapid growth of the demand for electrical energy; (d) the impossibility of storing the product; and last but not least (e) the influence of institutional factors resulting from public regulation of the industry.

The final conclusion of the study is as follows:

> On the basis of our statistical analysis, we cannot reach a definite conclusion concerning the influence of interest rates on

investment; however, the evidence strongly suggests that in this industry, where fixed assets are of great longevity, the cost of borrowed funds was not an important factor. In general, cost considerations appeared to play a minor role in the decisions of the utilities—a finding which may again reflect the way the "fair return on the fair value" principle is applied in the industry.

Of course, that is the only way in which the investment credit could have an effect in providing an incentive for investment. Cost considerations appear to play a minor role.

Mr. President, I ask unanimous consent that the details of the study be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### PRIVATE INVESTMENT IN THE ELECTRIC POWER INDUSTRY AND THE ACCELERATION PRINCIPLE

(By Avram Kisselgoff and Franco Modigliani)

This inquiry is part of a more comprehensive investigation of investment behavior, carried out under a grant of the Merrill Foundation for Advancement of Financial Knowledge. In the companion studies of this investigation, extensive use was made of data on entrepreneurial expectations and plans.[1] Unfortunately, reliable and systematic information of this type is limited exclusively to the postwar period, relatively brief and abnormal in many respects. Thus it was thought desirable to supplement the studies based on business anticipations in the postwar period with an intensive analysis of historical data on investment in fixed capital in selected industries prior to the last war. In this analysis an attempt was made to isolate the causal factors underlying investment decisions without the benefit of the intermediate link represented by data on expectations and plans.

The present paper is concerned with the electric power industry only.[2] The most important considerations that led us to focus our attention on this industry are (a) its heavy capital requirements, (b) the homogeneous character of its physical output and productive capacity (c) the availability of abundant economic accounting and operational data of a relatively high degree of uniformity.

The electric power industry can be divided into two segments: (1) Privately owned utility companies which now provide about 80 percent of total public energy supply and (2) other electric power facilities mainly owned by the Federal, State, and local governments which account for the remaining 20 percent.[3]

Since the primary objective of this study is to throw light on the behavior of private investment, the analysis will be restricted here to fluctuations in the capital expenditures of private electric utility companies. Because of the impossibility of separating new investments from reinvestments—a great many installations in the electric power industry being at the same time replacements, extensions, and improvements—gross expenditures on plant and equipment will be used in this paper as the variable to be explained.

The statistical analysis, unless otherwise indicated, is based on time series of industry aggregates for the period 1926–41.[4]

#### BASIC HYPOTHESES AND TESTS

It is a commonly accepted view in economic theory that the flow of capital expenditures depends on the relation between the anticipated productivity of money spent on additions to plant and equipment and the cost of funds, which is mostly identified with long-term interest rates after some allowance for risk. This view, however, is purely formal and is of doubtful value in a statistical analysis because of the lack of direct information on the anticipated productivity of capital. It has been frequently suggested that the productivity of capital can be approximated by the level of realized profits. This suggestion may have merits in dealing with competitive industries, although even in this case several assumptions must be made. In a competitive industry a shift to the right of the demand schedule or a reduction in costs should tend initially to increase profits. If the change in cost or demand conditions is regarded as permanent, the initial increase in profits (above the levels prevailing in other industries) would tend to bring about expansion of production and, therefore, investment by the existing firms and/or by new entrants. However, in monopolistic industries a high level of realized profits (i.e., a high average productivity of capital) need not be a reliable measure of the marginal productivity of investments, which presumably controls capital outlays; indeed the high level of profits may simply reflect the successful exploitation of the monopoly power which may be "spoiled" by an expansion. These considerations apply with particular force to regulated industries, such as electric utilities, where firms are usually without direct competition in their service areas and are subject to various controls which greatly affect, directly and indirectly, the level of their profits and the conditions under which the profits are obtained. It is not surprising, therefore, to find that profits and interest rates alone completely fail to account for investment behavior of electrical utilities. This is shown by equations (1) and (2) based on data for 1924–41.

(1)

$$(I/A)_t = 18.9 - .162(\Pi^r/A)_t + 62.9r_t$$

$$\begin{array}{ll} (\pm .805) & (\pm 42.7) \\ R = .22 & S = 122.0 \end{array}$$

(2)

$$(I/A)_t = 297 - .909(\Pi^r/A)_{t-1} + 61.7r_{t-1}$$

$$\begin{array}{ll} (\pm .570) & (\pm 35.0) \\ R = .38 & S = 115.5 \end{array}$$

where

$I$ = aggregate gross expenditures on plant and equipment in private electrical utilities, measured in millions of dollars;

$A$ = construction costs for plant and equipment in the electric light and power industry, 1911: 1.00;

$\Pi^r$ = aggregate net income before interest deduction of private electrical utilities, measured in millions of dollars. Since the purpose of the present test is to determine the influence of the rate of interest on investment, interest charges were added to net income.[5]

$r$ = annual yield averages of new bonds.

The numbers in parentheses below the regression coefficients are standard errors; $R$ is the multiple correlation coefficient, and $S$ is the standard error of estimate; both statistics are adjusted for degrees of freedom.

It can be seen from equation (1) that current profits and the cost of borrowed new money account for only a negligible proportion of the variation in investment; furthermore, the estimated coefficients of both variables have signs opposite from what would have been expected on a priori grounds, and they are not significantly different from zero at the 5 percent level.[6] Equally unsatisfactory results are obtained in equation (2), where lagged income and interest rates were used in order to make some allowance for the time that may be required to carry out investment decisions.[7]

A major reason for these poor results is to be found in the influence of institutional factors. Because of their monopolistic character which may lead to abuses, electric utilities are subjected to various regulations. The most important among them, having a direct bearing on the problem under consideration, are controls over profits and rates. Generally, profits in the electric power industry are governed by the "cost plus" principle with the specific recognition that investors are entitled to a "fair return on a fair value." In practice the application of this principle is a complicated procedure which requires the determination of the utilities' operating expenses, taxes, depreciation, and the value of property, which is most frequently fixed by State commissions and courts. The rate of return, as a rule, is computed on the overall rate base, and no increase in rates is granted on the basis of insufficient return on a part of investment. As a result, the return on new investments frequently is not estimated by utilities. Equally relevant in this connection is the fact that once capital expenditures are made, the commissions usually support the utilities' capitalization. However, when the demand for electrical power expands, no increase in the utilities' profits through an increase in rates is possible. The regulatory measures on the books will prevent electric utilities from exploiting this situation. On the contrary, since electric utilities are under obligation to meet the expanded demand, they can be expected to provide additional facilities which might result in reduced rates through reduced costs. But if a company, in its search for profit, decreases its costs to the extent that it obtains a considerable increment in earnings, the regulatory bodies can initiate an investigation and eliminate the whole increment. It may be observed here that the development of these practices applied by regulatory authorities in profit and rates determination have been greatly facilitated by a rather low price elasticity of demand for electrical energy.[8]

---

[1] See I. Friend and J. Bronfenbrenner, "Business Investment Programs and their Realization," Survey of Current Business, December 1950, and "Plant and Equipment Programs and Their Realization," Studies in Income and Wealth, vol. XVII; F. Modigliani and O. H. Sauerlender, "Economic Expectations and Plans of Firms in Relation to Forecasting," Studies in Income and Wealth, vol. XVII; R. Eisner, "Interview and Other Survey Techniques and the Study of Investment," Studies in Income and Wealth, vol. XIX, and "Expectations, Plans and Capital Expenditures; A Synthesis of Ex Post and Ex Ante Data," Proceedings of the Conference on Expectations, Uncertainty and Business Behavior, sponsored by the Social Science Research Council.

[2] Another study on investment in the telephone industry is forthcoming.

[3] The percentages mentioned above refer to the year 1953.

[4] A similar study for the electric power industry based on cross section data will be published separately.

[5] See T. Haavelmo, "The Effect of the Rate of Interest on Investment," this Review, XXIII (February 1941), 49–52.

[6] It would have been interesting to repeat the test of equations (1) and (2) using as the dependent variable net investment (outlays for additions to capacity) instead of gross investment. Unfortunately data for such a test are not available. There are reasons to believe, however, that this substitution could not affect significantly the conclusions suggested by the test. In the first place the electric power industry is relatively young and the major types of plant and equipment it employs have a very long service, ranging from 20 to 50 years. (Cf. Bulletin F, rev. ed. January 1942, of the Bureau of Internal Revenue, U.S. Treasury Department.) Accordingly, in the period under consideration expenditures on replacements were relative unimportant. This is precisely the finding of the investigation reported by Michael Gort in Journal of Business of the University of Chicago, XXIV (July 1951), 188. According to Mr. Gort, "Of the six categories (of investment) the first, additional capacity for load growth, completely dominated all others in all the budgets seen."

[7] Poor results are also obtained when only current income, or income lagged 1 year, after deducting interest payments, is correlated with investment.

The protective as well as the restrictive nature of controls, as they are exercised in the electric power industry, greatly reduces the importance of past or current profits as a decisionmaking variable in planning investment. However, as a source of investible funds and as a factor reflecting short run business expectations, profits probably are of some significance in the investment process and, therefore, should be considered in the analysis; their effect may be expected to become apparent only when other major investment determinants are taken into account.

In order to formulate a satisfactory hypothesis as to these other major determinants, one must take into account four essential characteristics of the industry which have been mentioned in the previous discussion: (a) the strong upward secular trend in the demand for electricity; (b) the legal obligation of the companies to satisfy the demand for electric power in the areas in which they have a franchise; (c) the expectation of the companies, founded on precedent and legal provisions, that the regulatory bodies will include the new investment in the rate base and will be willing to establish such rates as to insure an adequate return on the expanded property; (d) the confidence of the companies, justified by the growing demand and the monopolistic nature of the market, that such rates can be enforced.[9] These characteristics strongly suggest that the major determinant of investment in this industry is to be found along the lines indicated by the acceleration principle, i.e., in the relation between existing production, distribution, and transmission facilities and the facilities required to satisfy efficiently the current and prospective demand for electric power.

To translate this relation into a specific hypothesis capable of empirical testing, it will be useful to introduce the notions of "actual" and "optimum" annual rates of utilization of capacity.

The actual rate of utilization in a given year $t$ is defined as the ratio of kilowatt-hours sold in that year, denoted by $P$, to kilowatts of installed capacity, $S$; it is, therefore, represented by $(P/S)t$. The upper theoretical limit of this rate, is, of course, equal to the number of hours per year or 8,760. However, for a variety of reasons the technologically feasible and economically advantageous rate of utilization tends to be well below this ceiling.

First, the demand for electricity from a given source, like most other demands, exhibits characteristic and systematic patterns of daily and seasonal peaks and troughs. However, in contrast with many other commodities, electric power cannot, at present, be stored on a commercial basis and must, therefore, be produced at the instant it is demanded. Hence, facilities have to be geared to peak sales and generally cannot be utilized continuously and fully throughout the year. Moreover, in order to insure reliable and orderly service, suppliers must have enough reserve equipment for the replacement of any unit of equipment which becomes incapacitated for mechanical reasons. Finally, since this growing industry also enjoys economies of scale, when an expansion is undertaken, it is profitable (in the sense that it reduces costs over time) to add more capacity than is expected to be required in the immediate future. Hence, for this reason, too, it is generally advantageous for companies to carry on the average a certain margin of overcapacity.[10]

On the basis of these considerations, the optimum rate of utilization at a given point of time will be defined as the maximum number of kilowatt-hours per year which it is economically desirable to produce for sale per kilowatt of installed capacity, under the conditions (technology, pattern of demand, etc.) prevailing at that point of time. This optimum rate, varying over time, will be denoted by $(P/S)_t$.

In terms of these concepts, we propose to test the hypothesis that the major factor controlling the rate of investment by private electric utilities is their endeavor to maintain the rate of utilization of capacity at the optimum level. It should be observed that capacity, as measured by kilowatts installed, does not include all the facilities of the industry. However, capacity so defined is a component which can be measured with a minimum of ambiguity and constitutes, in fact, the principal part of the facilities to which all other parts of the capital stock are largely geared.

Let us assume for the moment that additional capacity can be provided in about 1 year. Then, on the basis of the hypothesis put forth above, we should expect investment in a given year to be an increasing function of the difference between the ratio of demand anticipated a year hence to presently existing facilities, on the one hand, and the optimum rate of utilization of capacity, on the other. Neglecting other factors temporarily, this hypothesis can be approximated by a linear function as follows:

(3)

$$I_t=a[AP_t^{t+1}/S_{t-1}-(P/S)_t]$$

where $I_t$ is investment, in real terms, in a given year $t$; $AP_{t+1}$, output anticipated in the given year for the next year,[11] $t+1$; $S_{t-1}$, the amount of capacity in existence in the previous year; and $a$, a proportionality constant, reflecting the intensity of response to the stimulus to invest as well as the cost of providing additional capacity.

Since we have no direct information on anticipated output, $AP_t^{t+1}$, it is necessary to introduce some hypothesis as to how this variable might be approximated. Methods frequently used by electric utilities for estimating prospective demand are based on their past experience and amount roughly to an extrapolation of the sales trend. Since the latest information available on output is $P_{t-1}$, then, if demand is assumed to grow at a constant rate of $i$ percent per year, we may write

$$AP_t^{t+1}=(1+i)^2P_{t-1}.$$

This leads by substitution in equation (3) to:

(4)

$$\begin{aligned}I_t&=a[P_{t-1(1+i)}2/S_{t-1}-(P/S)_t]\\&=a(1+i)^2[P_{t-1}/S_{t-1}-1/(1+i)^2(P/S)]\\&=a'[P_{t-1}/S_{t-1}-(1-\gamma)(P/S)_t]\end{aligned}$$

where $a'=a(1+i)^2$ and $\gamma=1-1/(1+i)^2$.

Equation (4) is also consistent with another hypothesis on the formation of anticipations of future demand and the method of providing capacity to meet this demand. Instead of making explicit forecasts of future sales and deriving from them estimates of capital requirements, companies might adopt investment programs designed to provide a "normal" margin of reserve capacity over and above that needed for current demand. This idea can be formalized by introducing the notion of a "critical" rate of utilization of capacity, say $(P/S)^*_t$, some $\gamma$ percent below the optimum rate $(P/S)_t$. Then whenever the current actual rate of utilization exceeds $(P/S)^*_t=(1-\gamma)$ $(P/S)_t$ companies may be expected to invest in order to reestablish the proper cushion of excess capacity. For instance, if $\gamma$ were .20 and $(P/S)$ were 4,000 hours, an increase in the actual average rate of utilization of capacity beyond 3,200 hours would call for additional investment. The procedure described is a flexible way of allowing for the anticipated growth of demand, since the availability of reserve capacity permits the utility to meet increased demand while additional capacity is being provided. Clearly this type of behavior can be represented again by an equation of the form (4), and the expression $(1-\gamma)$ $(P/S)^*_t$ in the bracket on the right-hand side can be regarded as the critical rate of utilization of capacity. Thus equation (4) is consistent with either approach to the determination of capital requirements, or with any mixtures of these two types or closely related ones.[12] While our equation need not describe accurately the behavior of any individual firm, it may be hoped to provide a reasonable approximation to aggregate behavior.

In order to make our description of the investment process in the electric industry more realistic, we must, however, take into account the actual time period of planning, ordering, and installing of new generating capacity. According to information gathered directly from the industry, the length of this period under normal conditions can be estimated at about 2 years, on the average. Since the length of the gestation period plays an important role in our analysis, an attempt was made to test the reliability of this information by means of the following indirect test.

If about 2 years are required to complete an installation of new generating capacity, then part of investment expenditures in a given year, $t$, would represent outlays for the purpose of bringing to completion projects started in the year before. These outlays, which we shall call "completion expenditures" or simply "completions," should result in additions to generating capacity within year $t$ itself, denoted by $\Delta S_t$. Another part of current outlays would be generated by the initiation of new projects or "starts" and would result in additions to generating capacity in the following year, $\Delta S_{t+1}$. Under these conditions total investment in year $t$ should be closely correlated with, and largely accounted for by, $\Delta S_t$ and $\Delta S_{t+1}$. Equation (5), based on these three variables for the period 1924–41, yields a confirmation of this expectation.

---

[8] See Emery Troxel, "Economics of Public Utilities" (New York, 1947), 429–431.

[9] It is this last characteristic together with the related characteristic (a) that sharply distinguishes the electric utilities from the other major regulated public utility; namely, railroads. In the latter industry, because of the strong competition from other means of transportation, it may be impossible to enforce a system of rates insuring an "adequate" return.

[10] This idea has been aptly developed by H. B. Chenery in "Overcapacity and Acceleration Principle," Econometrica, XXII (January 1952), 1–28.

[11] In this study we shall consistently measure demand by output. Demand so defined exceeds sales by the loss of energy in the process of transmission and the use of energy by the utilities themselves; it may be regarded as the amount of production necessary to meet the given sales.

[12] Note that under the type of investment behavior implied by our second formulation, the actual rate of utilization would usually be above the critical rate, because of the growth of demand occurring during the gestation period. In fact, if demand were growing at a fairly steady rate, we might expect the coefficient $\gamma$ to be such that the actual rate of utilization would tend, on the average, to be close to the optimum rate. The difference between the two alternative hypotheses leading up to equation (4) is, therefore, less significant than might appear at first sight, and it is quite conceivable that in many cases utilities might rely simultaneously on both approaches.

(5)

$$\begin{gathered}(I/A)_t=101+.057\Delta S_{t+1}+.074\Delta S_t\\ (\pm.015)\qquad(\pm.015)\\ R=.935\qquad S=46.3\end{gathered}$$

where $(I/A)_t$ represents gross investment expenditure in year $t$ in millions of deflated dollars; $\Delta S_t$ and $\Delta S_{t+1}$, capacity installed in year $t$ and $t+1$, respectively, in thousands of kilowatts.

It is hardly necessary to point out that this is essentially a "technical" and not a "behavior" equation. First, it relates investments in the year $t$ to events occurring after that year, and second, it does not contain factors determining decisions to add to capacity. The fact that the coefficients of both variables are reliable statistically and their relative magnitude plausible, is, however, of significance. It confirms that it is both reasonable and useful to regard investment in year $t$ as consisting of two major components, starts and completions, each of which must be taken into consideration.[13]

Since completion expenditures in year $t$ are generated by starts of year $t-1$, we can account for this component by using equation (4), after replacing in it $P_{t-1}/S_{t-1}$ by $P_{t-2}/S_{t-2}$. As for outlays on starts, we may measure the incentive to initiate new projects by means of the ratio $P_{t-1}/S_{t-1}$, corrected for the dampening influence of projects started in year $t-1$ which are not yet reflected in $S_{t-1}$ but will shortly result in additional capacity. Since starts of year $t-1$ are assumed to depend on $P_{t-2}/S_{t-2}$, we propose to measure the net incentive in year $t$ by means of the difference $(P_{t-1}/S_{t-1}-P_{t-2}/S_{t-2})$. In so doing we recognize that $P_{t-2}/S_{t-2}$ has the following double and partly offsetting effect on investment in year $t$: on the one hand, the larger the volume of projects in year $t-1$ the greater will be expenditures required for the completion of these projects in year $t$; on the other hand, the larger the volume of the projects started in year $t-1$, the smaller will be, ceteris paribus, the necessity to initiate new projects in year $t$. Thus when the lag between decisions to invest and the corresponding investment outlays is taken into account, our hypothesis becomes:

(6)

$$I_t=f[(P/S)_{t-2},[(P/S)_{t-1}-(P/S)_{t-2}],(P/S)_t].$$

If $(P/S)_t$ were constant, this relation would contain only two explanatory variables. However, we have evidence that the ratio $(P/S)_t$ rose gradually over time, that is to say, an increasing flow of services was obtained from a given stock of capital. The main factors responsible for this increase are consolidation and integration of markets for electric energy, along with the development of new uses for such energy and incentive rates. As a result, coincidental peaks were greatly reduced and idle capacity and excess reserves were rendered more flexible in both space and time, a process that led to a gain in the average annual rate of utilization of capacity from 1926 to 1941 of a little more than 30 percent. Of course, it would have been ideal to know exactly the value of $(P/S)_t$ at each point of time. Unfortunately this information cannot be obtained directly from engineering data. One possible solution consists in approximating $(P/S)_t$ by some function of time,[14]

$$(P/S)_t=\phi(T) \qquad (7)$$

(7)

Substituting (7) into (6) we obtain:

$$I_t=F[(P/S)_{t-2},[(P/S)_{t-1}-(P/S)_{t-2}],T].$$

(8)

We shall also add to this expression the variable, $\Pi_t$, representing net income plus depreciation in year $t$. This variable may be expected to play the role of an enabling factor, to the extent that it can be a source of funds from current operations for investment purposes, and of a controlling factor, to the extent that the net income component might reflect shortrun business expectations and lead to the cancellation, postponement, or acceleration of investment plans. Thus, after adjustment of the variables $I$ and $\Pi$ for price changes, our basic hypothesis, when expressed in a linear form, becomes:

$$\begin{aligned}(I/A)_t=\delta_0+\delta_1(\Pi/A)_t&\\ +\delta_2[(P/S)_{t-1}-(P/S)_{t-2}]&\\ (9)\qquad&\\ +\delta_3(P/S)_{t-2}+\delta_4T+E_t&\end{aligned}$$

where $E$ is the random disturbance. The least-square estimates of the parameters are:

(10)

$$\begin{gathered}(I/A)_t=-495+.661(\Pi/A)_t\\ (\pm.234)\\ +.253[(P/S)_{t-1}-(P/S)_{t-2}]+.225(P/S)_{t-2}\\ (\pm.038)\qquad(\pm.024)\\ -21.3\ T\\ (\pm\ 2.4)\\ R=.972\qquad S=29.3\qquad K=2.24.\end{gathered}$$

Judged by statistical criteria, the parameters of equation (10) seem to be reliably estimated. The value of $K$, which is the measure of the autocorrelation of $E$, is high enough so that the hypothesis that the residual variation is random with respect to time cannot be rejected.[15] Taken together, the four explanatory variables account for about 95 percent of the annual variation in capital expenditures in the period under consideration. The most important of the variables are those representing the yearly rates of utilization of capacity and $T$, reflecting the gradual increase in the optimum rate of utilization of capacity and possibly also other influences.[16] The net income plus depreciation variable, $(\Pi/A)_t$ also was found significant. It may be observed, however, that when equation (10) is modified by replacing $(\Pi/A)_t$ with $(\Pi/A)_{t-1}$ the new estimates are:

(11)

$$\begin{gathered}(I/A)_t=-451+.321(\Pi/A)_{t-1}\\ (\pm.226)\\ +.261\ [(P/S)_{t-1}-(P/S)_{t-2}]\\ (\pm.050)\\ +.252(P/S)_{t-2}-22.2\ T\\ (\pm.026)\qquad(\pm 2.4)\\ R=.959\ ;\ S=35.4\end{gathered}$$

In this equation, the coefficient of regression of $\Pi/A$ decreases by a little more than 50 percent, becomes statistically less reliable, and the total correlation falls below that of equation (10).[17] On the contrary, the coefficients of regression of the other variables show a high degree of stability. Since at least 1 year is required to carry out large-scale investment programs, these results are not inconsistent with the hypothesis that profits are not a key variable in major investment decisions.

On the whole, our analysis so far indicates that the most satisfactory explanation of fluctuations in capital expenditures in the electric power industry for the period of 1926–41 is provided by equation (10). It is not without interest, however, to review at this point some other hypotheses tested which throw additional light on the process of investment decisions.

### FURTHER TESTS ON THE ROLE OF PROFITS, INTEREST RATES, OTHER VARIABLES

An attempt was made to take into account the structure of investment in the electric power industry. The available data allow the splitting of total investment into plant expenditures and equipment expenditures. This breakdown of total investment outlays, however, can be done only crudely and our estimates are subject to a very considerable margin of error. Yet the attempt appears worth while because the two components of investment may be expected to be affected by somewhat different influences.

Our hypothesis of a 2-year gestation period appears acceptable in the case of investment in plant but probably is less reasonable for equipment expenditures. Accordingly equation (9) can be used without further modification to explain outlays on plant.

The results are shown in equation (12).

(12)

$$\begin{gathered}(I'/B)_t=-195+.155(\Pi/A)_t\\ (\pm.107)\\ +.123[(P/S)_{t-1}-(P/S)_{t-2}]\\ (\pm.017)\\ +.116(P/S)_{t-2}-11.9T\\ (\pm.011)\qquad(\pm.82)\\ R=.979\quad S=13.3\quad K=2.43\end{gathered}$$

where $I'$ denotes plant expenditures in millions of dollars; and $B$, the plant construction cost index (1911:1.00).

These results are again quite favorable and are generally very similar to those of equation (10) both in form and interpretation. The only difference worth noting is that the coefficient of profits is considerably lower and its standard error is relatively greater. This indicates that the influence of profits, $\Pi/A$, on investment in plant is weak, a finding to be expected on a priori grounds. Once the construction of a plant is started, a utility might find it advantageous to carry it to completion regardless of current fluctuations in profits, rather than to incur losses from halting the construction. Such a situation seems to have existed, for instance, in 1930 when many companies, disregarding a decrease in their incomes, preferred to complete their plants under construction rather than to abandon them entirely.

In the case of equipment, the lag between decision and outlays is likely to be shorter. Hence spending, both for expansion and replacement, should be primarily influenced by the rate of utilization of capacity in the immediately preceding year $(P/S)_{t-1}$. In addition, because of the complementarity between plant and equipment, we might expect equipment outlays to depend also on current expansion of plant, which can be approximated by plant expenditures $(I'/B)_t$. Finally, because equipment can be procured, on the average, on relatively short notice, and previous commitments can be canceled with smaller loss than in the case of construction underway, we should expect current profit to be of greater relevance than in equation (12). The resulting hypothesis explaining expenditures on equipment and its statistical test is as follows:

---

[13] A lack of data on replacements made it necessary to relate in equation (5) gross expenditures to net additions to capacity. Since, however, additional capacity for load growth was predominant during the period under consideration, the indicative value of the test is not greatly affected.

[14] An alternative solution will be advanced on p. 37.

[15] $K$ is the ratio of the mean-square successive differences to the variance of the residuals.

[16] See p. 375.

[17] Unsatisfactory results are also observed when $(\Pi/A)_{t-2}$ is used in the similar test.

$$(I''/C)_t = -155 + .286(\Pi/A)_t \quad (13)$$
$$(\pm.082)$$
$$\pm.034(P/S)_{t-1} + .802(I'/B)_t$$
$$(\pm.009) \qquad (\pm.051)$$
$$R = .985 \quad S = 11.0 \quad K = 1.63$$

where $I''$ represents estimated equipment expenditures, and $C$ is the price index of equipment (1911:1.00).

The data appear to support our hypothesis. This is evidenced by the very high multiple correlation coefficient and by the fact that the coefficients of all the variables have relatively small standard errors. In particular the coefficient of profits is larger than in equation (12) both in absolute terms and relative to its standard error. This suggests that the importance of the profit variable in equation (10), pertaining to total investment, can be attributed mainly to its significant role in the determination of equipment expenditures.

It may be noted that in equation (13) we have used as one of explanatory variables current expenditures on plant $(I'/B)_t$. Since this variable is part of the total investment outlays that we are interested in explaining, it might appear that equation (13) could be of little use in forecasting. Such a conclusion would not be warranted, however, since for purposes for forecasting, the unknown value of $(I'/B)_t$ could be replaced by the known value computed from equation (12). This substitution, in fact, may be used also in estimating the coefficients of equation (13) and has some merit from the statistical point of view. It amounts to recognizing, in the estimating procedure, that equations (12) and (13) represent a system of simultaneous stochastic difference equations in which $(I'/B)$ and $(I''/C)$ are jointly determined variables.[18] This procedure was, therefore, actually employed to obtain an alternative estimate of the coefficients of equation (13), and the results were found to be very nearly the same as those reported above.

It must be pointed out, however, that because of the crudeness of the estimates of the plant and equipment breakdown of total investment, great reliance cannot be placed on equations (12) and (13). The main reason for reporting the results, tentative as they are, is for the light they may throw on the behavior of the two components of investment and especially on the role of profits as a decision variable.

A full inquiry into the investment process should include an exploration of the effect of the rate of interest. While factual investigations in various industries do not indicate that the interest rate has a marked influence on capital spending, there are theoretical reasons to believe that this variable might affect investments in long-lived assets, especially when financed with outside funds.[19]

Electric utilities have large capital investments of great longevity. Because they make capital commitments, on the average, of $5 to $7 in order to produce a yearly revenue of $1, the rate of utilities' capital turnover is low. This fact, as well as regulatory practices, makes it impossible for them to finance extensive construction programs by means of retained earnings and/or depreciation accruals alone. The available data indicate that during the second half of the 1920's approximately 75 percent of the funds came from the capital market and the remaining 25 percent from internal sources.[20] During the second half of the 1930's the utilities had recourse to capital market funds for only about 20 percent of their total financial requirements. This lesser reliance on external financing is due partly to the lower level of their investments and partly to a shift from the retirement to the depreciation method of accounting which resulted in a greater availability of funds from internal sources.[21] In the postwar period when the utilities undertook a huge building program in order to meet the tremendously increased demand for electricity, the capital market again became the major source of their financing.

These observations suggest that, at least in the case of electric utilities, there might be some opportunity for interest rates to play a role in investment decisions. Yet there is surprisingly little evidence to support such a conclusion. While changes in interest rates may have had some influence on the form of financing, they do not appear to have exerted a significant stimulating or restraining effect on investments. In fact a cursory examination of the record shows that utilities (not unlike many other industries) usually drew heavily on external sources to finance their investments in periods when interest rates were high but reduced their demand for outside funds when interest was low.[22]

This lack of data supporting the proposition that interest rates influence investment decisions in the electric power industry may be due to the overshadowing influence of other variables whose importance was brought out by the earlier analysis. Therefore, in order to test the effect of interest rates on capital expenditures, we revised equation (10) by adding the variable $r$, annual yield average of new bonds lagged one year, and replacing $(\Pi/A)_t$ with $(\Pi^r/A)_{t-1}$, the net operating income plus interest charges.[23] The statistical estimates of the parameters are:

$$(14)$$
$$(I/A)_t = -780 + .282(\Pi^r/A)_{t-1}$$
$$(\pm.207)$$
$$+.300[(P/S)_{t-1} - (P/S)_{t-2}]$$
$$(\pm.060)$$
$$+.295(P/S)_{t-2} + 33.3r_{t-1} - 16.7\,T$$
$$(\pm.038) \quad (\pm35.1) \quad (\pm5.6)$$
$$R = .959 \qquad S = 35.3.$$

In this equation the regression coefficient of $r$ is smaller than its standard error and, furthermore, its sign is contrary to what would be expected on theoretical grounds.[24] This test also, therefore, fails to support the hypothesis that interest rates play a significant role in the investment process.[25]

This negative result may reflect, to a considerable extent, the regulatory bodies' policies and practices. When a company makes bona fide additions to plant and equipment, it is fairly confident that the State commissions will fix rates adequate to cover all the costs of the services and to yield an average return on the new investment.[26] Moreover, although the regulatory authorities can influence expenditures for capital additions through the control of security issues and capital ratios, it is not likely that a company with a balanced capital structure would be prevented from raising the necessary funds on the capital market for its legitimate investment, whatever is the level of the prevailing interest rates.[27] Under these practices the rate of interest as an element of cost does not seem to have much opportunity to influence investment decisions.

Slightly better results are obtained when $r$ and $\Pi^r/A$ are related to the year of investment.

$$(I/A)_t = -493 + .580(\Pi^r/A)_t + .261$$
$$[(P/S)_{t-1} - (P/S)_{t-2}]$$
$$(\pm.213) \qquad (\pm.049)$$
$$+.259(P/S)_{t-2} \quad -20.8r_t \quad -22.5T$$
$$(14')$$
$$(\pm.025) \quad (\pm26.8) \quad (\pm4.3)$$
$$R = .970 \qquad S = 30.6.$$

Another hypothesis considered in our investigation is that, in addition to variables contained in equation (10), the substitution of capital for labor may also affect investment expenditures of electric utilities. The ratio of $A/W$, where $A$ is electric light and power construction cost index (1911:1.00) and $W$, average hourly wages measured in cents, may be used as an indicator of the incentive for such substitution. When this variable is added to equation (10) the following results are obtained:

$$(15)$$
$$(I/A)_t = -799 + .626(\Pi/A)_t$$
$$(\pm.241)$$
$$+.277[(P/S)_{t-1} - (P/S)_{t-2}]$$
$$(\pm.050)$$
$$+.202(P/S)_{t-2} + 130(A/W)_{t-1} - 17.0\,T$$
$$(\pm.037) \quad (\pm157) \quad (\pm5.5)$$
$$R = .971 \qquad S = 29.8$$

The coefficient of $A/W$ is small relative to its standard error and it has the wrong sign. We can, therefore, find no evidence that the relation between capital goods prices and wage costs exerts a significant influence on investment in this industry.[28] The result is less surprising than the one relating to interest rates. The industry under consideration is highly mechanized with large physical assets in relation to the labor employed and its technology does not appear to offer much scope for substitution between capital and labor.[29]

---

[18] This statement implies that $(\Pi/A)_t$ can be treated as an exogenous variable, an assumption which we regard as not too unrealistic for a single industry.

[19] See George W. Terborgh, "Dynamic Equipment Policy" (New York, 1949). Lawrence Klein found the effect of the rate of interest on investment decisions in the railroad industry to be significant. See his "Studies in Investment Behavior" (National Bureau of Economic Research). Although, from the viewpoint of "rational" behavior, the origin of funds should not affect investment decisions of management, it seems to be, empirically, a factor of importance.

[20] Eli Winston Clemens, "Economics and Public Utilities," 119.

[21] It may be observed that during the 1930's the utilities not only paid off large amounts of their notes payable and unsecured loans, but also accumulated large cash holdings.

[22] Huge utility borrowings during the 1930's represented to a great extent refunding operations for the purpose of reducing capital costs.

[23] See footnote 5.

[24] The large standard error and the positive sign of the coefficient of $r$ may be partly due to a very high negative correlation between the variables $r$ and $T$ (—.89). While this intercorrelation reduces the reliability of our finding, it does not seem to affect the general nature of our conclusion. Although the sign of the coefficient of $r$ in this equation is correct the coefficient itself is still unreliable.

[25] This conclusion, however, is subject to a limitation which should be carefully noted. In our model the behavior of demand up to year $t$ was taken as a datum; the only conclusion warranted by our test, therefore, is that, given the previous history of demand, interest rates are not an important factor. But this history of demand may depend on interest rates, since these certainly affect the price of electricity, which, in turn, may be expected to affect demand. A more comprehensive test of the effect of interest would require an analysis of the quantitative importance of this factor in the price of electric energy, as well as of the price elasticity of demand, which is beyond the scope of this study. If the demand for electricity is inelastic, as is frequently stated, then even the roundabout influence of interest may well be negligible.

[26] As already noted, this policy on the part of regulatory bodies is possible because the electric power industry is still growing and has a very great potential market for its output.

[27] Since 1930 there has been a tendency on the part of the State commissions to use more extensively their powers in the financial field. In 1935 the Public Utility Holding Company Act empowered the Securities Exchange Commission to prescribe capital ratios for corporations subject to its jurisdiction.

### REFORMULATION OF BASIC EQUATION, EXCLUDING TIME

The basic equation (10) was found to yield estimates in close agreement with investment experience in the years covered by the study. Yet the results obtained cannot be considered entirely satisfactory, either as an explanation of the past or as a tool for forecasting, without some exploration of the role and significance of the time trend used in the equation.

The time variable is introduced in empirical econometric analysis for reasons of expediency, as a convenient proxy for known or unknown influences. Obviously, more meaningful structural equations are obtained when proxy variables are replaced, whenever possible, by the specific factors which they are supposed to represent. Even if these factors can only be measured crudely, the equations which include them may be expected to provide a better description of the mechanism of economic decisions and to produce more accurate extrapolations to points of time considerably removed from the period of observation.

The major justification we have advanced for the inclusion of the time variable in equation (10) is the gradual increase in the optimum rate of utilization of capacity from 1926 to 1941, made possible by the various developments discussed above. In order to attempt to measure this factor directly we shall have to recast our hypothesis.

We may assume that in any given year $t$, the investment program of the electric power industry will aim at providing a total capacity which will be denoted $(PS)_t^{t+1}$ with the superscript $t+1$ used as a reminder that the capacity resulting from capital expenditures in year $t$ will be partly available only in the following year. The addition to capacity implied by the program is thus $(\Delta PS)_t^{t+1}=(PS)_t^{t+1}-S_{t-1}$ where $S_{t-1}$ is actual capacity in the preceding year. Part of this increase in capacity will be caused within the year $t$ by the current completion of previous starts and part by new projects with a short gestation period. Let us denote $S'_t$ total capacity expected by the end of year $t$ (after allowance for any reduction in the stock of capital goods due to retirements). Then the amount of additional capacity which must be started in year $t$ for completion in year $t+1$ will be $(PS)_t^{t+1}-S'_t$. On the assumption that investment expenditures in constant dollars required in the year $t+1$ to complete such projects, denoted $(I^c/A)_{t+1}$, will be proportional to the added capacity we may write: $(I^c/A)_{t+1}=a_1[(PS)_t^{t+1}-S'_t]$. It follows that completion expenditures in year $t$ will be: $(I^c/A)_t=a_1[(PS)^t_{t-1}-S'_{t-1}]$. In this equation the quantity $S'_{t-1}$ is not directly observable but can be approximated by $S_{t-1}$. We therefore have:

(16)

$$(I^c/A)_t=a_1[(PS)_{t-1}^t-S_{t-1}].$$

Besides expenditures on completions, there will be in year $t$ some expenditures on starts, i.e., new projects which will result partly in expansion of capacity in the same year $t$ and partly in an increase in capacity in the following year. These expenditures will again be assumed proportional to the difference between the amount of capacity which appears desirable in year $t$, $(PS)_t^{t+1}$, and the amount of capacity which will be in existence in the year $t$ upon the completion of projects carried over from the previous year. Since, by definition, the completion of the preceding year's investment program is supposed to produce a total capacity of $(PS)_{t-1}^t$, expenditures on starts, denoted by $(I\ /A)_t$, can be written:

(17)

$$(I^s/A)_t=a_2[(PS)_t^{t+1}-(PS)_{t-1}^t].$$

Total investment expenditures in year $t$ thus will be:

(18)

$$\begin{aligned}(I/A)_t&=(I^c/A)_t+(I^s/A)_t\\&=a_1[(PS)^t_{t-1}-S_{t-1}]\\&\quad+a_2[(PS)^{t+1}_t-(PS)^t_{t-1}].^{30}\end{aligned}$$

In this equation $(PS)_t^{t+1}$ and $(PS)_{t-1}^t$ are variables on which we do not have direct information; they can, however, be readily expressed in terms of other variables by making use of the fundamental hypothesis underlying equation (10). According to this hypothesis, the investment policies of the electric utilities are directed toward the maintenance of a certain optimum ratio between the latest rate of production and capacity, denoted by $(P/S)_t$. Hence the amount of capacity we should expect the industry to aim for in year $t$ will be:

(19)

$$(PS)_t^{t+1}=P_{t-1}/(P/S)_t=F_{t-1}.(S/P)_t$$

where $(S/P)_t$ denotes the reciprocal of $(P/S)_t$ and represents the desirable amount of capacity per unit of output. Substituting from (19) into (18) we now obtain:

(20)

$$\begin{aligned}(I/A)_t&=a_1[P_{t-2}(S/P)_t-S_{t-1}]\\&\quad+a_2[P_{t-1}(S/P)_t-P_{t-2}(S/P)_t].\end{aligned}$$

This equation, however, requires one important modification. In years when the demand for electricity falls below its previous peak, excess capacity may develop and the first term of equation (20) may become negative. In such cases the negative value should be replaced by zero, since it would be meaningless to assume that the existence of excess capacity in year $t-1$ will lead to negative completion expenditures in year $t$. Or to formulate this more precisely, the quantity $(PS)_{t-1}$ of equation (18), the amount of capacity planned in year $t-1$, can no longer be identified with the optimum amount of capacity $P_{t-2}(S/P)_t$ as suggested by equation (19) and should instead be replaced by $S_{t-1}$. Thus when $P_{t-2}(S/P)_t<S_{t-1}$, equation (20) becomes:

(20a)

$$(I/A)_t=a_2[P_{t-1}(S/P)_t-S_{t-1}].$$

The two special cases represented by equations (20) and (20a) may be consolidated in the following more general statement: our basic hypothesis is described by equation (18) with $(PS)^t_{t+1}$ defined by equation (19) and $(PS)^t_{t-1}$ defined as follows:

(19a)

$$(PS)_{t-1}=[P_{t-2}(S/P)_t],\ \text{if larger than } S_{t-1}$$
$$S_{t-1},\ \text{otherwise.}^{31}$$

The variable $(S/P)_t$ appearing in the equations (19) and (19a) is not directly observable. Its changing value over time, however, can be approximated. Since in the electrical utilities industry there is little incentive to cancel major projects once started because of the favorable long-term outlook and the high cost of cancellation, we may assume that $(PS)_t^{t+1}$ is equal to the actual amount of capacity in year $t+1$, $S_{t+1}$. Then, on the basis of equation (19), we obtain:

(21)

$$(PS)_t^{t+1}=S_{t+1}=P_{t-1}(S/P)_t.$$

This equation can be rewritten as follows:

(22)

$$(S/P)_t=S_{t+1}/P_{t-1}.$$

In other words, the optimum rate of utilization in any given year may be measured by the ratio of actual capacity a year later to output lagged 2 years behind capacity. The lag reflects, of course, the interval between investment decisions and the capacity generated thereby. Since $S_{t+1}$, and hence the ratio $S_{t+1}/P_{t-1}$ is not known in year $t$, it will be replaced in the statistical analysis by the latest known ratio, $S_{t-1}/P_{t-3}$. Because generating capacity was utilized with increasing intensity over the period under consideration, this ratio exhibited a declining trend. While there were occasional reversals in the direction of the ratio, these must be regarded as related chiefly to cyclical changes in demand and reflecting, therefore, temporary excess capacity. It thus appears that the trend value of $(S/P)_t$ in any given year $t$ can be approximated best by the lowest previous ratio of capacity to lagged output, which we will denote by $(S_{t-1}/P_{t-3})^L$.

Substituting this term in equation (22) we have: [32]

---

[28] It may be argued that in this test one should consider not only the price of capital goods but also the cost of funds, which affects the carrying cost of the productive facilities. For this reason we consider using as a variable in this test $rA/W$ instead of $A/W$ (although this might exaggerate the role of interest). However, an inspection of the data suggested that the results would not be significantly different from those reported when $A/W$ is used.

[29] It is interesting to note that Lawrence Klein did not find the substitution of capital for labor important in the investment process even in the railroad industry where there would appear to be more basis for substitution both because of the technology and because of the constant pressure to reduce costs in order to withstand the competition of other means of transportation.

[30] It should be noted that the two terms of equation (18) are not quite symmetrical. This is due to the fact that the first measures expenditures on projects carried over from the previous year whereas the second measures spending on projects started in year $t$, part of which may be completed within year $t$.

[31] In this formulation, the second term of equation (18) is allowed to assume negative as well as positive values, in contrast with the first term which is allowed to assume only positive or zero values. This asymmetry is justified by the considerations mentioned in footnote 30 and by the additional assumption that only major expansion projects typically involve a long gestation period. A negative value for the second term indicates, of course, excess capacity in year $t$ which may be expected to exert a depressing influence on capital outlays, tending to reduce expenditures below the level required to maintain capacity intact. It may be argued that we are not going far enough in recognizing the asymmetrical influence of undercapacity as against overcapacity on investment expenditures. Positive and negative values of the second variable of equation (18) may well have a different quantitative effect, and one should, therefore, estimate two separate coefficients, one for positive and one for negative values. Whatever the theoretical merits of this argument, the number of years in which the second term of (18) is negative is so small in the period under observation that it would be impossible to secure a reliable estimate of the appropriate coefficient. Furthermore, the asymmetrical effect on investment of undercapacity versus overcapacity is already recognized in our formulation through the definition (19a).

[32] We might also have measured $(S/P)_t$ in terms $(S_t/P_t)^L$, the ratio of capacity to output of the same year. If our model is substantially correct, however, the measure we have proposed should be more reliable, since, in contrast with the suggested alternative, it should not be significantly distorted by unforeseen short-run variations in demand. An examination of the data reveals consider-

$$(S/P)_t=(S_{t-1}/P_{t-3})^L. \tag{23}$$

Equation (23) represents the basic relation we have used in estimating the optimum amount of capacity per unit of output.[33]

In addition to the gradual increase in the optimum rate of utilization of capacity, another factor that appears to contribute to the downward trend in capital outlays in electrical utilities is a gradual decline in the ratio of plant to equipment expenditures, which prevailed through most of the period studied. This decline may be attributed to two major causes. In the 1920's when the industry was new and looking forward to an almost unlimited expansion, utilities tended to build a great deal of basic plant capacity in excess of immediate needs. As a result, although additions to plant facilities continued in subsequent years, relatively larger amounts were spent on equipment than on plant. It was not until 1940 and 1941, when the production of energy rose substantially above the 1929 level, that plant expenditures began once more to gain in relation to those on equipment. Another cause of the downward trend was found in the greater longevity of plant as compared with equipment, a factor of significance in the early stages of an industry's development when expenditures for replacement are concentrated mainly on equipment.

In order to take into account this last factor we shall incorporate in our equation the ratio of plant to equipment expenditures (both measured in constant dollars); namely

$$(I^P/B/I^E/C)_t$$ [34]

After the further inclusion of the profit variable $(\Pi/A)_t$, whose importance was suggested in previous sections, and with substitutions from (19), (19a), and (23), our equation becomes:

$$\begin{aligned}(I/A)_t={}&a_0+a_1[P_{t-2}(S_{t-1}/P_{t-3})^L-S_{t-1}]\\&+a_2[(P_{t-1}-P_{t-2})(S_{t-1}/P_{t-3})^L]\\&\qquad\qquad(24)\\&+a_3[I^P/B/I^E/C]_t+a_4(\Pi/A)_t+U_t\end{aligned}$$

where $U_t$ is a random term.

When the hypothesis expressed in (24), an alternative to that in equation (10), is tested, the outcome is as follows:

$$\begin{aligned}(I/A)_t={}&-300+.205[(P_{t-1}-P_{t-2})(S_{t-1}/P_{t-3})^L]\\&\qquad(\pm.045)\\&+.281[P_{t-2}(S_{t-1}/P_{t-3})^L-S_{t-1}]\\&\qquad(\pm.132)\\&\qquad\qquad(25)\\&+4.18[I^P/B/I^E/C]_t+.441(\Pi/A)_t\\&\qquad(\pm.98)\qquad(\pm.422)\\&R=.935\quad S=43.0\quad K=1.98\end{aligned}$$

where the starts and completions variables are measured in 10,000 kilowatts and the ratio of plant to equipment expenditures is expressed in percentages.

Considering the nature of the approximations made in the process of reformulation of equation (10), these results appear quite satisfactory and are in agreement with our supposition that the time trend in equation (10) reflects primarily the two factors we have explicitly recognized in (24).

### EXTRAPOLATION TESTS

A final test of the reliability of our results is provided by a check on the predicting ability of equations (10) and (25) outside the sample, 1926–41.

In the years preceding 1926 adequate information is available only for 1924 and 1925. In the table below, actual values of investment (deflated) for these 2 years are compared with the values calculated by extrapolating our regression equations.

TABLE 1.—*Actual and computed expenditure on plant and equipment, deflated, 1924 and 1925*

[In millions of dollars]

| | *1924* | *1925* |
|---|---|---|
| Actual | 426 | 397 |
| Computed: Equation (10) | 447 | 400 |
| Computed: Equation (25) | 437 | 416 |

It is apparent that the results of this test are quite favorable. For both equations the computed values are close to the actual experience both in terms of level and of year-to-year movements.

In attempting to carry out a similar test for years after 1941, several difficulties arise. For obvious reasons one cannot make use of the war years 1942–45. But even the years immediately following the war could not provide a satisfactory basis for a test, as there is reason to believe that, at least up to 1950, investment behavior was seriously disrupted by transitory conditions, reflecting the aftermath of the war and the effect of the Korean hostilities. There is, in particular, considerable evidence to suggest that throughout the above-mentioned years the electric power industry was unable to grow fast enough to bring capacity to desired levels, because of actual limitations on the supply of materials and equipment and probably also because of limitations on the rate at which firms can afford to grow. A meaningful extrapolation test can, therefore, be carried out at best beginning with 1951 and ending with 1955, the last year for which the required statistical information is presently available. Such a test is clearly a severe one since it involves extrapolating 10 to 15 years beyond the period underlying our equations.

An extrapolation over an interval of time as long as this raises serious questions particularly in connection with equation (10) because of the negative time trend appearing in it. From the previous analysis we have seen that this trend reflects in part a gradual increase in the efficiency with which capacity was being utilized during the period of observation. This trend appears to have considerably subsided if not altogether ceased in recent years, the major opportunities for more efficient utilization consistent with present technology having been largely tapped. The negative trend reflects also a gradual decline in the ratio of plant to equipment expenditures, occurring through most of the interwar period. Unfortunately, there exist no reliable estimates of the breakdown of total investment expenditures into plant and equipment for recent years, but there are indications that the declining trend in this ratio has actually been reversed in the course of the major expansion program of the postwar period.

Thus, there seems to be no ground for extrapolating the negative time trend of equation (10), at least for the 1950's. Just how far (if at all) the trend should be extrapolated beyond 1941 is an issue which cannot be precisely settled. It is worthy of note, however, that the answer to this question affects only the level of the "computed" series and not the direction of its yearly movements. Hence, even in the absence of a precise answer, we can still test how well equation (10) accounts for the year-to-year movement of investment in recent years. Accordingly, in table 2 below, two sets of computed values are presented for equation (10), obtained respectively by extrapolating, and not extrapolating, the time trend beyond the period of observation.

TABLE 2.—*Actual and computed expenditures on plant and equipment, deflated, 1951–55*

[In millions of dollars]

| | 1951 | 1952 | 1953 | 1954 | 1955 |
|---|---|---|---|---|---|
| Actual | 464 | 551 | 579 | 555 | 514 |
| Computed: Equation (10), time trend extrapolated | 270 | 318 | 284 | 295 | 213 |
| Computed: Equation (10), time trend not extrapolated | 490 | 552 | 539 | 572 | 511 |
| Computed: Equation (25) | 445 | 553 | 507 | 563 | 488 |

It is apparent that a mechanical extrapolation of the time trend yields rather poor results: the computed values consistently underestimate investment with the discrepancy showing a systematic increase from year to year. When, however, the time trend is not extrapolated, the results are considerably improved. As noted above, the actual level around which the computed values fluctuate is not too important in this connection. However, the fact that, except for the minor dip in 1953, the year-to-year movements correspond fairly closely to those of actual investment is of some significance. It suggests that, while the negative time trend is no longer operating, the basic mechanism embodied in hypothesis (10) still provides a reasonably good explanation of the forces making for fluctuations in investment.

This conclusion is supported by the results of the extrapolation test for equation (25), given in the last row of the table. For the purpose of this test, in estimating the desired ratio of capacity to output through the lowest previous ratio $(S_{t-1}/P_{t-3})^L$, years preceding 1949 were disregarded. This procedure was dictated by the consideration that some of the extremely low ratios observed in the war years and the early postwar period reflected the inability of the industry to expand capacity as rapidly as demand was growing;[35] their use therefore, would seriously underestimate the desired ratio. As a matter of fact, since 1949 the ratio has never fallen again to the low levels prevailing in some of the postwar years.[36] Another difficulty that had to be faced in extrapolating

---

ably less pronounced short-run fluctuations around the falling trend of $(S_{t-1}/P_{t-3})^L$ than around that of $(S_t/P_t)^L$, thus confirming our expectations.

[33] Some further adjustment of data was necessary for part of the decade of the 1930's. Because of the depressed conditions and the resulting widespread unintentional excess capacity, during this period $(S_{t-1}/P_{t-3})^L$ tends to overestimate the desirable amount of capacity per unit of output and therefore cannot be used as a direct measure of $(S/P)_t$. Accordingly, from 1932 to 1940, $(S/P)_t$ was approximated by interpolating linearly between the values of $(S_{t-1}/P_{t-3})^L$ in 1931 and 1939 and extrapolating to 1940. These adjustments, however, do not affect the basic logic of our approach.

[34] The value of this ratio is generally not known at the beginning of year *t*. Since the ratio changes very gradually over time, one can utilize for forecasting purposes, as a good first approximation, the actual ratio of the previous year.

[35] The inability of the industry to expand its capacity is indicated, for instance, by the sharp decline in the margin of reserve capacity in the wartime and early postwar years. Only by about 1953 did the margin rise again to levels considered adequate to insure an uninterrupted flow of electrical energy.

[36] It is possible that the ratio remained somewhat abnormally low even after 1949—possibly as late as 1953. Beyond 1953 this phenomenon is unlikely to have been significant, as suggested by various considerations such as the abatement of investment outlays in 1954 and 1955. To the extent that $(S_{t-1}/P_{t-3})^L$ underestimates the desired ratio of capacity to output, the figures shown in the last row of the table would be unduly low. However, the error from this source cannot be substantial, since, between 1949 and 1955 the ratio $(S_t/P_{t-2})$ fluctuated within very narrow limits. Measured in kilowatts per 1,000-kilowatt hours of output, the ratio has a lowest value of 0.236 in

(25) is the absence of reliable estimates on the breakdown of total investment outlays into plant and equipment, to which reference has been made earlier. Lacking precise information, the extrapolation had to be based on an admitted crude estimate of the average value of the ratio in the relevant years, a fact that reduces somewhat the conclusiveness of our test.[37] Even if one keeps this qualification in mind, the results of the extrapolation test appear rather favorable. Considering the standard error of estimate of equation (25), there seems to be no ground for rejecting the hypothesis that the equation fits the recent postwar experience at least as well as it fitted the period of observation.

### SUMMARY AND CONCLUSIONS

In this study we have developed and tested a model which appears to provide an acceptable explanation of investment decisions in the electric power industry. The main hypothesis of our model is that investment outlays are primarily determined by the relation between the demand for electricity and the amount of capacity required to satisfy this demand economically. This hypothesis, needless to say, is nothing else but the familiar acceleration principle. If properly understood, this "principle" is, of course, a broad concept which cannot be applied mechanically, as has sometimes been done in the past. In the present study the acceleration principle was adapted to our specific needs by taking into account a number of characteristics peculiar to the industry studied.

Of primary relevance among these characteristics are (a) the long planning and gestation period for investment; (b) the presence and quantitative importance of indivisibilities in fixed assets; (c) the rapid growth of the demand for electrical energy; (d) the impossibility of storing the product; and last but not least (e) the influence of institutional factors resulting from public regulation of the industry.

The first of these characteristics gives rise to a relatively long lag between capital spending and its principal determinants in our model and causes year-to-year fluctuations in investment to be influenced not only by the rate of change of demand (as in the classical interpretation of the acceleration principle) but also by the change in the rate of change. The next three characteristics, in conjunction with the first, make it advantageous for utilities to plan their investments so as to provide a normal margin of spare capacity over and above the capacity required to meet immediate needs; this margin in turn makes it possible to take care of the growth of demand which may, and normally does, occur during the long gestation period.

Over the years studied, we have also found a marked downward trend in the relation between investments and changes in demand. This trend appears to reflect primarily a gradually more effective utilization of capacity, technological progress (including, probably, improved marketing techniques), and a relative decrease in plant as compared with equipment expenditures. The latter development is likely to be an important feature of capital-intensive industries as they reach a more mature stage in their growth. In the electric power industry, however, this phenomenon reflected also the overexpansion of plant in the 1920's. Two alternative formulations of our basic hypothesis have been advanced to describe this downward trend. In the first, embodied in equation (10), we have introduced the time variable to represent this trend. The equation was found to give very satisfactory results in the period of observation and immediately neighboring years. It was also found to account rather well for year-to-year variations in investment in the long-run extrapolations when a proper adjustment is made for changes in the behavior of the factors underlying the time trend. In the second formulation—equation (25)—we have attempted to measure directly the factors for which the time variable was supposed to be a proxy. In spite of the crude nature of our measures the results were again quite satisfactory for the period of observation; furthermore, the model apparently stood the test of extrapolation to the postwar years well enough to suggest that its explanatory value is not merely historical.

The acceleration principle is also somewhat modified by the influence of profits—probably as a source of funds and a measure of the shortrun business outlook. This influence is, however, not very pronounced; it manifests itself not in the planning but in the realization phase of the investment process, tending to stimulate capital expenditures in prosperity and retard them in depression. One may conjecture that the far greater role played by the accelerator mechanism as against profits in explaining investment behavior in the electric utilities industry reflects partly the institutional conditions under which firms operate—their obligation to meet the demand in the geographical regions in which they have a franchise and the customary support of their capitalization by the regulatory bodies whenever "legitimate" capital outlays are made. It would, therefore, be hazardous to extend our findings to industries having characteristics similiar to those of the electric power industry but which are not in a sheltered position.

On the basis of our statistical analysis, we cannot reach a definite conclusion concerning the influence of interest rates on investment; however, the evidence strongly suggests that even in this industry, where fixed assets are of great longevity, the cost of borrowed funds was not an important factor. In general, cost considerations appeared to play a minor role in the decisions of the utilities—a finding which may again reflect the way the "fair return on the fair value" principle is applied in the industry.

### APPENDIX—SYMBOLS AND SOURCES OF DATA

$I$=gross plant and equipment expenditures by privately owned electric utilities measured in millions of current dollars. George Terborgh, "Estimated Expenditures for New Durable Goods, 1919–38," Federal Reserve Bulletin, September 1939, 732, for 1924–36. J. B. Epstein, "Electric Power Output and Investment," Survey of Current Business, May 1949, 23, for 1937–41. Statistical Bulletin, 1955, Edison Electric Institute, 55, for 1951–55.

$I'$=gross plant expenditures by privately owned electric utilities, measured in millions of current dollars. George Terborgh, "Estimated Expenditures for New Durable Goods, 1919–38," Federal Reserve Bulletin, September 1939, 732, for 1926–36. J. B. Epstein, "Electric Power Output and Investment," Survey of Current Business, May 1949, 23, for 1937–41. For 1939, 1940, 1941, the estimates are obtained by splitting Epstein's aggregates into plant and equipment, on the basis of ratios of plant-to-equipment expenditures given by F. Dirks in "Durable Goods Expenditures in 1941," Federal Reserve Bulletin, April 1942, 317.

$I''$=gross equipment expenditures by privately owned electric utilities, measured in millions of current dollars. George Terborgh, "Estimated Expenditures for New Durable Goods, 1919–38, Federal Reserve Bulletin, September 1939, 733, for 1926–36. J. B. Epstein, "Electric Power Output and Investment," Survey of Current Business, May 1949, 23, for 1937–41. For 1939, 1940, 1941, the estimates are obtained by splitting Epstein's aggregates into plant and equipment, on the basis of ratios of plant-to-equipment expenditures given by F. Dirks, in "Durable Goods Expenditures in 1941," Federal Reserve Bulletin, April 1942, 317.

$Ai$=total electric light and power construction and equipment cost index, 1911:1.00, Engineering News-Record, April 22, 1943, 100, for 1924–41. Statistical Bulletin, 1955, Edison Electric Institute, 69, for 1951–55. These data are given by region. The separate indexes are combined into a U.S. index by forming a weighted sum of the regional estimates with the weights proportional to regional population estimates from the nearest census. The index is published for January and July of each year. An annual index is computed from a weighted sum of beginning of year, middle of year, and end of year figures. The weights are 0.25, 0.50, and 0.25 respectively.

$B$=electric light and powerplant construction cost index, 1911:1.00. Source: ibid.

$C$=electric light and power equipment cost index, 1911:1.00. Source: ibid.

$\Pi'$=electric utility companies' net income and interest payments, in millions of dollars. Statistical Bulletin, 1942, Edison Electric Institute, 39. Statistical Bulletin, 1955, Edison Electric Institute, 57, for 1951–55.

$\Pi$=electric utility companies' net income and depreciation, in millions of dollars. Same source as $\Pi'$, for 1926–41. Statistical Bulletin, 1955, Edison Electric Institute, 57, for 1951–55.

$r$=yield averages on newly issued light, power, gas bonds. Moody's Utilities, 1947, p. a5.

$P$=output of electrical energy by private companies, in millions of kilowatt-hours. Statistical Bulletin, 1942, Edison Electric Institute, 10, for 1924–41. Statistical Bulletin, 1955, Edison Electric Institute, 14, for 1941–55.

$S$=generating capacity of electric utility companies, in thousands of kilowatts. Statistical Bulletin, 1942, Edison Electric Institute, 5, for 1924–41. Statistical Bulletin, 1955, Edison Electric Institute, 6, for 1951–55.

$W$=average hourly earnings in the electric power industry, in cents. Economic Almanac, 1941–42, 306.

**Mr. PROXMIRE.** In addition, a very careful study of the telephone industry, which is another vital part of the utility segment of the industry that is included

---

1953 as against a peak value of 0.246 in 1954, a fluctuation of only about 4 percent. See also footnote 37.

[37] After extensive, though not very conclusive, consultations with experts and industry sources, the ratio of plant to equipment expenditure was estimated at 100 percent. This figure is roughly the same as the average value of the ratio in the period 1926–29 (namely 98 percent) in the course of which the industry underwent an expansion of dimension comparable to the postwar one. It is possible that the chosen figure is somewhat on the high side, which would tend to impart an upward bias to the computed values shown in the last row of table 2. This bias is, however, unlikely to be too serious especially since it is in the direction opposite to the possible bias arising from the factors discused in footnote 35. As a check, the figures of the last row of table 2 were recomputed, assuming for the ratio of plant to equipment expenditure a value of 90 percent, and for the desired ratio of capacity to output a value of 0.245 which is the actual value of $S_t/P_{t-2}$ in 1955. The following results are obtained for the years 1951 to 1955 respectively: 424, 535, 590, 609, 539. These figures do not agree with actual investment quite as closely as those obtained in table 2; the average absolute error is somewhat higher (25 instead of 15) and the 1953 turning point is missed by 1 year. However, the differences are not too great, and the fit is actually improved in 2 years out of 5. Furthermore, the average absolute error of 25 still compares favorably with a standard error of estimate of 40.

in the bill, was made by an economist named Paul Clark in 1953 in a very fine series of studies of the American economy by Vasily Leontieff. The study by Mr. Clark also concludes that in the telephone industry the investment credit incentive would have very little effect.

Mr. Clark concluded that there are particular reasons why investment in the telephone industry is primarily dependent on demand not cost. If this is true the investment credit could not increase investment because the investment credit can only work through reducing tax cost. The reasons given by Clark for telephone investment depending on demand, not cost, are as follows:

> First, its productive process is heavily capital-intensive, with little scope for substitution of other inputs, and its product cannot be produced for inventory. This means that investment decisions are dominated by essentially rigid technological relationships. Second, the demand for telephone service has risen steadily and rapidly throughout the history of the industry, so that investment designed to expand capacity has bulked large in the investment program, technological improvements have been introduced primarily as alternative techniques for expansion, and it has been economical to build ahead of demand. Third, the telephone industry is essentially a monopoly, and is subject to public utility regulation. Its investment is little affected by the reactions of oligopolistic rivals, and must be adequate to meet demand at commission-determined prices.
>
> These favorable characteristics, however, are clearly not limited to the telephone industry. The other public utilities, which together provide a significant fraction of total investment in our economy, are similar in most of these respects.

I ask unanimous consent that the study by Mr. Clark on investment in the telephone industry be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

## CHAPTER 7—THE TELEPHONE INDUSTRY: A STUDY IN PRIVATE INVESTMENT

(By Paul G. Clark)

### I. INTRODUCTION

The study presented here is an attempt to test a simple theory of private investment, called the capital-requirements theory, against the investment practice in the telephone industry. The theory has been derived in a form suitable for integrating investment and disinvestment in capital equipment into interindustry input-output analysis. Therefore, although the study also has more general implications, in the context of this volume it is significant primarily as an empirical investigation of the validity of a theory suitable for this purpose.

The course of discussion will be as follows. In section II the capital requirements theory is developed as a modification of the pure acceleration principle. In section III the procedures currently followed in reaching investment decisions in the Bell System are outlined, and the theory is tested qualitatively against these procedures. In section IV the coefficients of the capital-requirements theory are calculated statistically from data for the telephone industry, and the theory is tested quantitatively by evaluating the reasonableness of the statistical results. In section V certain conclusions are drawn as to the empirical validity of the capital-requirements theory, and as to its usefulness in input-output analysis.

### II. THE CAPITAL-REQUIREMENTS THEORY OF PRIVATE INVESTMENT

### *A. The pure acceleration principle*

A distinctive strand in the theoretical analysis of private investment is the acceleration principle. The essential assumption of the principle in its pure form is that the firm must maintain for technological reasons a fixed ratio between its output and its stock of capital equipment. It follows from this assumption that the firm must undertake changes in its stock of capital equipment, i.e., must undertake net investment, in accordance with changes in its output. The principle in this pure form can be stated algebraically as follows:

(7, 1)

$$K_t = kO_t$$

(7, 2)

$$\Delta K_t = k\Delta O_t$$

in which

$O_t$ = the firm's output in time period $t$,

$K_t$ = the firm's stock of capital equipment at the end of the period,

$\Delta O_t$ = the difference between the firm's output in $t$ and its output in $t-1$,

$\Delta K_t$ = the difference between the firm's stock of capital equipment at the end of $t$ and its stock at the end of $t-1$, and

$k$ = the fixed technological ratio which the firm is assumed to maintain between its output and its stock of capital equipment.

Both theoretical considerations and empirical tests, however, suggest that the pure acceleration principle is subject to several important qualifications as a realistic theory of private investment.

First, the pure acceleration principle implies that the firm is able to adjust its stock of capital equipment instantaneously to increases in demand for its output, but in practice a construction period of some length must usually intervene between the decision to purchase additional capital equipment and its actual installation. The firm might react to the time required for construction in either of two ways: by postponing investment decisions until additional demand actually materializes, thus postponing its ability adequately to meet the demand until after the construction period; or by making investment decisions on the basis of its expectations of what the demand will be after the construction period, thus beginning the construction process in advance of expected changes in demand. The latter reaction is assumed in the capital-requirements theory.

Second, the pure acceleration principle implies that the firm adjusts the capacity of its stock of capital equipment precisely to its output, but in practice a margin of spare capacity is commonly provided. One reason for maintaining some spare capacity is that demand is expected to fluctuate, and that the firm wishes to be able to handle temporary increases in demand without undue delay. This motive is particularly strong in cases in which the essential assumption of the pure acceleration principle is most realistic—cases in which the technological relation between capacity and capital equipment is quite rigid. Another reason for maintaining some spare capacity is that demand is exepcted to follow an upward secular trend, and that there are economies in making a small number of large installations of capital equipment rather than a large number of small installations. The significance of the margin of spare capacity depends, of course, on whether it is regularly varied, or is kept at some normal level. The latter practice is assumed in the capital-requirements theory, and means that the ratio between the firm's output and its stock of capital equipment depends on the firm's decision to maintain a normal margin of spare capacity, as well as on the technological relation between capacity and capital equipment.

Third, the pure acceleration principle is perfectly symmetrical with respect to increases and decreases in output, but actually the firm frequently is unable to react in the same way to decreases in demand for its output as to increases. If demand rises, the firm can usually expand its stock of capital equipment as rapidly as the fixed ratio to output requires, although at times it may be restricted by supply shortages. If demand falls, on the other hand, the firm frequently cannot contract its stock of capital equipment rapidly enough to maintain a fixed ratio to output, since it can contract only as fast as retirement because of wear and tear and obsolescence permits. The firm might, of course, simply junk the equipment, or sell it at distress prices, but this acceptance of capital loss is usually not worth while, since the cost of retaining idle capital equipment is usually small relative to possible future returns if and when it can be used again. If demand falls, therefore, the firm frequently cannot make its net investment as negative as the pure acceleration principle asserts, but instead accumulates excess capacity. Moreover, if demand then rises, the firm need not make any positive net investment until this excess capacity has again been brought into use. The pure acceleration principle should be modified to take account of this asymmetry in the firm's reaction to increases and decreases in demand.

Fourth and finally, the assumed ratio between the firm's output and its stock of capital equipment is changed from time to time by technological developments. This qualification does not destroy the usefulness of the principle, provided that the technological changes are discontinuous, and that the ratio remains stable from one technological change to the next. This qualification does suggest two modifications in the form of the principle, however, (1) since a technological change typically leads the firm to modify its purchases of new capital equipment, but not immediately to scrap and replace all its obsolescent plant, the principle should be stated in terms of ratios between changes in the firm's output and changes in its stocks of capital equipment, rather than in terms of ratios between the firm's total output and its total stocks; (2) since a technological change directly affects a particular type of capital equipment, the principle should be stated in terms of a set of ratios, one for each of the various types of capital equipment.

### *B. The capital-requirements theory*

The acceleration principle in its pure form is thus not sufficiently realistic to warrant confidence. If it is modified to make allowance for the four qualifications just discussed, however, it can provide the basis for a more realistic, yet still simple, theory of private investment—the capital-requirements theory.

The first modification of the pure acceleration principle introduces the firm's expectations of future demand. The firm is conceived to adjust its stock of capital equipment to the demand which it expects to prevail after the construction period. Algebraically, equation (7, 1) becomes:

(7, 3)

$$K_{t+1} = kO^e_{t+1}$$

and equation (7, 2) becomes:

(7, 4)

$$\Delta K_{t+1} = kO^e_{t+1} - K_t$$

in which

$O^e_{t+1}$ = the expected output in the period $t+1$, the length of the period is the time required for construction.

Once the firm's demand expectations have been introduced into the theory, however, it is necessary to find a relation between these subjective expectations and some measurable objective variables. Here a variant of Metzler's expectations coefficient may serve as a simple hypothesis. The expectations coefficient is defined as the ratio between the expected proportional change in output from the current period to the next period, and the actual proportional change from the last period to the current period. Thus the expected output in the next period equals the output in the current period, plus a positive or negative increment which depends upon the expectations coefficient and the actual proportional change from the last period to the current period. Algebraically,

(7, 5)

$$\epsilon = O^{e}_{t+1} - O_{t}/O_{t}/O_{t} - O_{t-1}/O_{t-1}$$

(7, 6)

$$O^{e}_{t+1} = O_{t}[1 + \epsilon(O_{t} - O_{t-1}/O_{t-1})]$$

in which

$\epsilon$ = the expectations coefficient.

Note that if the coefficient is 0, future output is expected to be the same as current output; if the coefficient is +1, the current proportional trend is expected to continue; if the coefficient is −1, the current proportional trend is expected to reverse itself.

The question may arise how the effect of uncertainty of the future may be recognized in this treatment of expectations. On the assumption that a firm becomes less willing to undertake investment if the uncertainty surrounding future yields increases, the effect of greater uncertainty can be represented by a smaller expectations coefficient for future output, so that a given increase in demand from the last period to the current period leads the firm to undertake less net investment than it would if the future were more certain.

The second modification of the pure acceleration principle provides for a normal margin of spare capacity. One fixed ratio, or capital coefficient, depending on technological considerations, is assumed to exist between the stock of capital equipment and its capacity. Another fixed ratio, or spare-capacity coefficient, depending on the firm's decision to maintain a normal margin of spare capacity, is assumed to exist between the capacity of the capital equipment and the output which the firm expects to produce. Algebraically, equation (7, 3) is modified to read:

(7, 7)

$$K_{t+1} = \beta C_{t+1}$$

(7, 8)

and

$$C_{t+1} = \gamma O^{e}_{t+1}, \qquad \gamma > 1$$

in which

$\beta$ = the capital coefficient,

$\gamma$ = the spare-capacity coefficient, and

$C_{t+1}$ = the capacity of the stock of capital equipment, defined in the same units as output.

Equation (7, 4) is modified to read

(7, 9)

$$\Delta K_{t+1} = \beta\gamma O^{e}_{t+1} - K_{t} = \beta\gamma(O^{e}_{t+1} - 1/\gamma C_{t})$$

The third modification of the pure acceleration principle recognizes the asymmetry between the firm's reaction to a decrease in expected output and its reaction to an increase. This is accomplished by assuming that the firm's net investment cannot be more negative than its retirement of capital equipment because of wear and tear and obsolescence, and that such retirement is technologically determined as a fixed fraction of its stock of capital equipment. In the algebraic statement equation (7, 9) is subjected to the limitation that

(7, 10)

$$\Delta K_{t+1} \geqq -R_{t+1}$$

in which

$-R_{t+1}$ = the firm's retirement, conceived as a negative flow.

It should be noted that if this limitation becomes operative in any period, the firm will be left with a capacity relative to its expected output greater that that indicated by the spare-capacity coefficient. If expected output subsequently rises, positive net investment will be undertaken only to the extent that expected output exceeds the normal fraction of capacity indicated by the spare capacity coefficient. The firm's retirement in turn is determined by

(7, 11)

$$-R_{t+1} = -\rho K_{t}$$

in which

$-\rho$ = the retirement coefficient.

This assumption regarding retirement is a simple one, subject to a number of qualifications in practice. Retirement due to wear and tear is determined most rigidly for capital equipment with a well-defined service life. Even with a well-defined service life, however, retirement depends on the age distribution of the capital equipment, and on the degree of past utilization of its capacity, as well as on the current stock. On the other hand, the more durable the capital equipment the more variable its service life, until some types, given proper maintenance and spare-parts replacement, are essentially immortal. Finally, retirement due to obsolescence depends in part on the firm's policy regarding the rate of introduction of technological improvements. Thus a complete theory would have to introduce other variables affecting retirement in addition to the stock of capital equipment. Nonetheless in the capital-requirements theory a fixed retirement coefficient has been assumed, partly because retirement enters the theory primarily as a limitation on negative net investment, and partly because it seems worth while to test the simple assumption before developing a more complex one.

The fourth modification of the pure acceleration principle, suggested by the necessity of admitting technological change into the theory, defines the capital and spare-capacity coefficients as incremental coefficients, relating changes in expected output, capacity, and capital stock, rather than as average coefficients, relating total expected output, capacity, and capital stock. In other words, the capital-requirements theory is stated in terms of equation (7, 9), rather than in terms of equations (7, 7) and (7, 8). When a technological change occurs, the firm introduces it by modifying its purchases of new capital equipment of the various types; its net investment as determined by equation (7, 9) is modified by abrupt changes in $\beta$ and $\gamma$. The firm does not immediately scrap and replace all its obsolescent equipment, however; its total stock of equipment and total capacity are not determined immediately by equations (7, 7) and (7, 8) using the changed $\beta$ and $\gamma$, but only gradually as all its obsolescent equipment is replaced.

The necessity of recognizing technological change suggests another modification, which defines the capital, spare-capacity, and retirement coefficients so that they apply to particular types of capital equipment, rather than to all types lumped together. Algebraically, all the coefficients and stocks (but not expected output) in equations (7, 9), (7, 10), and (7, 11) are rewritten to read:

(7, 12)

$$\Delta K^{a}_{t+1} = \beta^{a}\gamma^{a}(O^{e}_{t+1} - 1/\gamma^{a}C^{a}_{t}), \quad \Delta K^{a}_{t+1} \geqq -R^{a}_{t+1}$$

(7, 13)

$$-R^{a}_{t+1} = -\rho^{a}K^{a}_{t}$$

in which the superscript

$a$ refers to a particular type of capital equipment, and similar superscripts are used for other types.

Here a definitional problem is raised. If the types are defined narrowly, as physically identical units, then a technological change must be conceived as the introduction of an entirely new set of coefficients. If the types are defined broadly, however, as physically different units performing a similar function (which requires that they be measured in terms of value), then a technological change can be conceived as the alteration of the old set of coefficients. This broader definition is adopted here.

The capital-requirements theory as now formulated may be summarized in the following basic hypotheses, which are to be tested against actual practice in the telephone industry: (1) The firm's demand estimates depend via a fixed expectations coefficient upon the recent trend of its output. (2) The firm's net investment depends via a fixed capital coefficient and a fixed spare-capacity coefficient upon these demand estimates. (3) The firm's retirement depends via a fixed retirement coefficient upon its present stock of capital equipment. The second and third hypotheses are conceived to apply to each particular type of capital equipment. In the algebraic statement, these basic hypotheses are

(7, 6)

$$O^{e}_{t+1} = O_{t}[1 + \epsilon(O_{t} - O_{t-1}/O_{t-1})]$$

(7, 12)

$$\Delta K^{a}_{t+1} = \beta^{a}\gamma^{a}(O^{e}_{t+1} - 1/\gamma^{a}C^{a}_{t}), \quad \Delta K^{a}_{t+1} \geqq -R^{a}_{t+1}$$

(7, 13)

$$-R^{a}_{t+1} = -\rho^{a}K^{a}_{t}$$

### *C. The relation of the capital-requirements theory to a more general theory*

The capital-requirements theory, although more complex than the pure acceleration principle, is still quite simple. What then is the relation between this simple theory and a more general theory, based on the profit-maximizing equilibrium of the firm? Without going into detailed analysis, the question can be answered generally by indicating the principal alternative assumptions which are made in the two theories.

A more general theory usually assumes that in all markets the firm can sell, buy, and borrow either unlimited quantities at going prices, or varying quantities at varying prices as indicated by sloping supply and demand curves. On the other hand, the capital-requirements theory assumes that in the market for output the firm can sell only a limited quantity at the going price, and that the price is accepted as a stable parameter of its decisions. In other words, a sloping demand curve exists, but because of conventional price-setting, it can be represented simply by the quantity demanded. The theory assumes as before that in the markets for capital equipment, for other inputs, and for capital funds the firm can buy and borrow unlimited quantities at going prices, or at rising prices as indicated by sloping supply curves; and in addition that these prices or supply curves are so related that it is profitable to purchase whatever amount of capital equipment is required to produce the output which the firm can sell.

The production function assumed in the more general theory usually contains continuous decreasing marginal rates of substitution among inputs for given outputs, and among outputs for given inputs; and continuous decreasing marginal rates of transformation between input combinations and output combinations, i.e., decreasing returns to scale. In the capital-requirements theory, however, the production function contains fixed coefficients relating the firm's output to the stocks of various types of capital equipment in use, and hence relating its capacity to its total existing stocks. In addition, the firm as a matter of policy is supposed to maintain normal margins of spare capacity as fixed fractions of total capacity in the various types of equipment.

Although both theories adopt the hypothesis that the firm seeks to maximize its profit, the consequence of profit maximization differs. In a more general theory, profit maximization consists in purchasing additional units of capital equipment up to the point at which the expected profit from the marginal unit falls to zero. In the capital-requirements theory, on the other hand, profit maximization consists in purchasing additional units of capital equipment up to the point at which the sum of the additional outputs which they can produce equals the expected total increase in output in the next period. The expected profit from the marginal unit remains positive, but if the firm purchased still more units, their output could not be sold in the next period.

The particular assumptions of the capital-requirements theory also mean that changes in the rate of interest and in the prices of output, of capital equipment, and of other inputs, have no effect upon the firm's investment. There can be no substitution effect so long as the production function contains fixed coefficients relating the firm's output to the stocks of various types of capital equipment in use, and the firm maintains normal margins of spare capacity. There can be no expansion effect so long as the firm's output is limited by a sloping demand curve and a conventional price; a change in any of these prices causes a change in profit, but not in investment.

It may be noted at this point that in two respects the capital-requirements theory is actually more complete than the more general theory as often formulated. It attempts to explain both the formation of expectations regarding future demand and the determination of retirement. The simpler capital-requirements theory also has certain advantages for empirical investigations. To begin with, it suggests a smaller number of relevant economic factors. In questioning businessmen about their investment decisions, a smaller number of variables reduces the problem of multicollinearity. The capital-requirements theory also specifies linear relationships among its variables, which eases the statistical analysis. Most important of all, a number of existing empirical investigations of private investment have indicated that the relevant economic factors suggested by the capital-requirements theory are of major importance, while the additional factors suggested by a more general theory can be readily neglected.

### III. A QUALITATIVE ANALYSIS OF TELEPHONE INVESTMENT

#### *A. The method*

The capital-requirements theory is tested in the course of this study of telephone investment in two different ways. In this section it is tested qualitatively by examining the procedures followed in reaching investment decisions in the Bell System, and judging whether these procedures can be approximated by the fixed coefficients of the theory. In the next section a quantitative test is made by calculating coefficients from statistical data for the entire industry, and evaluating the reasonableness of the computed coefficients.

The importance of the qualitative analysis presented in this section should be emphasized. Not only is it a direct observation of investment procedures which can be compared in its own right with the procedures envisioned in the capital-requirements theory, but also it provides a basis for the subsequent quantitative analysis. The procedural information serves as a guide for various details of the statistical calculations, and the chronology of technological developments in the industry serves as a standard for evaluating the statistical results.

The information for this qualitative analysis was obtained primarily in interviews with members of the staff of the American Telephone & Telegraph Co.[1] An attempt was made to avoid some of the common shortcomings of the questioning technique by relying upon interviews rather than questionnaires, so that ambiguous questions and answers could be reexplored; and by placing the emphasis upon procedures rather than motives, which is feasible in a large institutionalized organization. It may be, however, that the resulting qualitative description lays insufficient stress upon the judgment used in weighing less tangible considerations than those discussed here. The final statement, of course, is my own responsibility.

#### *B. Demand estimates in the Bell System*

The first stage of the investment process in the Bell System consists in estimating future demand. These demand estimates are made by the commercial departments of the associated operating companies, and by corresponding personnel in the American company's long-lines operating department, with procedural assistance from the staff of the American company.

The basic demand estimates are stated in terms of three interrelated variables—the number of lines, the number of main telephones, and the number of total telephones. These three variables are in ascending order of size, the number of main telephones being larger than the number of lines because it includes main telephones on multiparty lines, and the number of total telephones being larger than the number of main telephones because it includes extension telephones. Therefore once one of the variables is estimated independently, the others can be calculated from it by the use of appropriate ratios. The common practice is to take the number of main telephones as the independent estimate. The ratios used in calculating the other two variables are obtained largely from past records, but modified by expected future changes. Thus they vary somewhat from year to year, and also between exchanges. From these basic estimates of lines, main telephones, and total telephones, more detailed estimates, broken down among all the various classes of telephone service, are derived by the use of still other ratios. In smalltown exchanges, for example, the number of business telephones is often calculated in this way from the estimated number of residence telephones. In metropolitan areas, on the other hand, the number of business telephones is estimated directly.

The complete demand estimates are of two types, depending upon the use to which they are put. The first type, the general planning estimates, are usually made for a period of 3 years in advance, although the period may be shortened or lengthened according to the confidence which the analysts place in the expected future trends. They are made annually, and reviewed and modified quarterly, or whenever a more detailed special-project estimate has been made. Their main purpose is to serve as a rough guide in determining when an expansion of capacity in a particular exchange will be required. The second type, the special-project estimates, are made whenever an expansion of capacity in a particular exchange is planned in detail. They are more elaborate than the general planning estimates, and are fitted to the particular projects under consideration. Their chief purpose is to help determine, in conjunction with the policy of building ahead of demand, how much capital equipment is required; and hence the number of years for which demand is forecast depends upon the period of building in advance which is applied to that particular type of capital equipment.

The basic technique applied in making all of these demand estimates is a field survey of each individual exchange. The commercial departments of the associated companies have staffs of development engineers, each of whom is responsible for making the periodic demand estimates for certain exchanges. The development engineer's analysis is usually based on a sample of typical streets or blocks, and involves the consideration of two factors. He must forecast the number of new families. This part of his analysis is usually based on existing or prospective building programs. He must also forecast the increase in development, or percentage of families with telephones. This part of his analysis is usually based on prospective personal incomes of individuals and prospective business conditions, plus such less tangible considerations as changes in telephone habits, e.g., changes due to servicemen's wartime experience with long-distance calls.

Demand estimates formed in this way obviously contain large subjective elements. Their reliability depends on the reliability of the development engineer's judgment regarding future building programs, personal incomes, and business conditions; and also on the reliability of his judgment upon the relations which exist between these factors and the demand for telephone service. The advisory staff of the American company recognize this fact, but feel that subjective methods of this sort are the most dependable methods available. Therefore, although they suggest that the development engineer make his assumptions and his line of reasoning explicit, so that his estimate can be modified if either is later found to be in error, they encourage him to rely primarily upon his own judgment, using statistical trends and correlations as only one element to be considered. Rough consistency of the assumptions and reasoning applied in the various exchanges is obtained in the course of consultations among the development engineers. There is also some evidence that a general feeling of optimism regarding future expansion of demand for telephone service has prevailed, which probably has affected these subjective estimates.[2] Such optimism is of course natural in view of the steady increase in number of telephones actually experienced.

Although the basic technique used in making demand estimates is the field survey, statistical methods are used to supplement this technique. Statistical projections for the entire area of an associated company are frequently used as a check on the totals emerging from forecasts in the individual exchanges. Economic statisticians on the staff of the American company, besides providing various data, also periodically make general studies of business conditions, and general statistical projections for the entire Bell System. These are circulated and discussed with personnel of the associated companies.

Moreover, a technique based upon trend extrapolation was used by the long-lines department in its demand estimates made in the fall of 1930. The American company stated in reply to criticism of these estimates[3] that five factors had been considered in making them: (1) Long-lines messages had had an average annual rate of growth of 13.5 percent in the period 1915–29; (2) They had had an annual rate of growth of 18 percent in 1928 and 1929; (3) In the first half of 1930 they had been 6.5 percent above the first half of 1929, and in the last half of 1930 they had been only slightly below the last half of 1929; (4) In the 1921 depression they had merely failed to increase over 1920, and in 1922 they had increased 17 percent over 1921; (5) A majority of economists and business forecasters had predicted recovery in the first half of 1931, which would have made the 1929 depression similar to the 1921 depression. The company presented the data from which these considerations were derived in the form of a semilogarithmic chart, upon which were plotted index numbers on a 1910 base of long-lines toll traffic, local stations, local traffic, national production, and national population, all compared to exponential reference trends of 1 percent up to 10 percent. The company also stated that the pattern of the past had apparently reestablished itself after the depression, for long-lines messages had increased 20 percent in 1936 over 1935, and 29 percent in 1937 (based on 7 months' experience) over 1936.

---

[1] Published materials which relate to investment procedures in the Bell System, and which were also consulted, include: Federal Communications Commission, "Investigation of the Telephone Industry in the United States," H. Doc. No. 340, 76th Cong., 1st sess., Government Printing Office, Washington, 1939. Ibid., "Special Investigation Docket," No. 1, 1936, exhibit No. 135, "Long-Lines Department, Financial and Operating Summary"; exhibit No. 580, "Long-Lines Department, Property Not Used and Useful"; exhibit No. 2096-G, "Effect of Control Upon Telephone Service and Rates." American Telephone & Telegraph Co., "Comments on the Telephone Investigation," 1937, No. 31, "Comments on Exhibit No. 135"; No. 32, "Comments on Exhibit No. 580," Ibid., "Annual Reports," 1913–48.

[2] American Telephone & Telegraph Co., "Annual Reports," 1919, p. 43; 1925, p. 8; 1935, pp. 10–11.

[3] Federal Communications Commission, "Docket," exhibit No. 580, "Long-Lines Department, Property Not Used and Useful," pp. 11–14. American Telephone & Telegraph Co., "Comments," No. 32, "Comments on Exhibit No. 580," pp. 16–24.

In summary, demand estimates in the Bell System are based primarily upon field studies in each individual exchange, i.e., upon subjective methods, supplemented and checked by statistical calculations. Representing the formation of these estimates by a simple device like the expectations coefficient, as in the capital-requirements theory, is only an approximation. Nonetheless, a natural tendency for subjective forecasts to be influenced by current trends, plus the use of supplementary statistical analysis relying explicitly upon trend extrapolation, suggest that the expectations coefficient is a useful approximation. To this extent the first basic hypothesis of the capital requirements theory—that demand estimates depend via a fixed expectations coefficient upon the recent trend of output—is supported by the Bell System procedures.

### *C. Determination of required capital equipment in the Bell System*

The second stage of the investment process in the Bell System consists in determining the additional amounts of capital equipment required to handle the estimated demand. These calculations are handled by the engineering departments of the associated companies and corresponding personnel in the long-lines department, again with procedural assistance from the staff of the American company.

One feature of the engineering is that a new installation of capital equipment must be decided upon a certain period of time before it is needed in service, because of the time required to engineer, manufacture, and install new capital equipment. The construction period varies according to the size of the job, but it is now roughly a year for automatic switchboards, 6 months for manual switchboards, 9 months for repeaters (amplifiers, which restore the strength of the signal over long lines), 3 months for new cable on an existing pole line, and 2 years for a major new pole line requiring a new right-of-way. The necessity of allowing for these construction periods is in keeping with the capital-requirements theory.

Another, and quite important, feature of the engineering stage is the practice of building ahead of demand—of providing in each new installation of capital equipment a certain margin of spare capacity. This is accomplished by taking the demand estimate for several years in the future as the measure of the capacity which is to be provided in the new installation. The appropriate period of building ahead of demand varies from one type of capital equipment to another, the criterion in each case being the relative cost of a single installation with large capacity and of a succession of installations with small capacity. Detailed studies are made in applying this criterion, and for each type of equipment a period of building in advance is selected which gives the lowest present value of the expected costs, discounted at a rate of 7 percent.

The periods currently in use are approximately as follows: In the case of open-wire pole lines, poles are usually erected of sufficient size to carry the expected number of crossarms and wires 20 to 25 years in the future, and then the crossarms and wires are added to keep up with current demand. Underground conduit is also normally placed to provide capacity adequate for 20 to 25 years. In long toll cables, a sufficient number of conductors is usually provided to handle the expected traffic 15 to 20 years in the future, and then the carrier systems which are needed to convert these conductors into usable circuits are provided only 1 to 2 years in advance. Central office equipment is normally installed with a capacity adequate for 1 to 3 years; central office buildings are normally erected with sufficient floor space to house the expected expansion of equipment during the next 4 to 8 years; and when a new building site is acquired, land may be purchased for the anticipated building needs 20 or more years ahead.

This practice of building ahead of demand suggests that the concept of the spare-capacity coefficient adopted in the capital-requirements theory is reasonably applicable to the telephone industry. It should be remembered that the spare-capacity coefficient is defined as a marginal coefficient, relating changes in capacity to changes in expected output, and not as an average coefficient, relating total capacity and total expected output. New investment in a particular type of equipment is undertaken whenever demand in the near future, making allowance for the construction period, is expected to exceed current total capacity. This capacity was installed at some time in the past on the basis of demand estimates made then, rather than on the basis of demand estimates in the immediately preceding period, as indicated in the capital-requirements theory. When new investment is undertaken, a margin of spare capacity, measured by the period of building ahead of demand, is provided. With a fixed number of years of building in advance, the amount of additional capacity provided is proportional to the expected annual increase in output, and hence its determination can be represented by a fixed marginal spare-capacity coefficient. The total amount of spare capacity in this type of equipment then gradually diminishes as the expected future demand materializes, and the next new investment is required only when demand is again expected to exceed total capacity in the near future.

Once the desired increase in capacity has been determined, the amount of additional capital equipment required to provide this increase in capacity must be determined. The procedure varies according to the type of equipment under consideration.

The required number of additional telephone instruments, to begin with, can be determined almost directly from the estimated increase in total telephones, the third item in the basic demand estimates. The ratio is somewhat higher than 1 : 1, however, because the required stock of instruments includes a certain number to absorb variations in the flow of connects and disconnects.

The required number of additional pairs of conductors in subscriber cables and open wires (i.e. those which connect subscribers' telephones to the central office of an exchange) can be determined similarly from the estimated increase in lines, the first item in the basic demand estimates. The ratio here is considerably higher than 1:1, however, because of the impossibility of filling each cable exactly to the 100-percent point. The fill is of course better in heavily populated than in lightly populated areas, but a 75-percent fill is considered a satisfactory objective.

The procedure by which the engineer determines the required number of additional circuits in trunk cables and open wires (i.e. those which connect the central office of one exchange to the central office of another exchange) is more complex. The calculation is further complicated by the fact that cables between two exchanges frequently include circuits which connect still other pairs of exchanges. The following discussion refers, for simplicity, only to circuits required to handle traffic between the two terminal exchanges. In this simple case the engineer uses, in essence, two ratios: (1) The average number of busy-hour calls per main telephone (counting only those from one exchange to the other) is determined from the records of the traffic department, modified by expected changes. Note that capacity is provided to handle the traffic during the busy hours of the average day of the busy month, and therefore that at other times there is necessarily some spare capacity. (2) The average holding time per call, in seconds, is likewise determined from the records of the traffic department, modified by any expected changes. Using these two ratios and the future demand estimates for the two exchanges under consideration, the engineer can compute the traffic which the trunk cables and open wires will have to carry, in terms of hundreds of call-seconds, or CCS, by means of the following formula:

Estimated number of main telephones times average number of busy-hour calls per main telephone times average holding time per call divided by 100 equals traffic in CCS.

TABLE 1.—*Trunk capacity tables: Hundred call-seconds and percent; use at various service levels for trunk groups of 1 to 50*

[The table number indicates the number of calls per thousand encountering all trunks busy]

| Trunks | Table 1 | | Table 5 | | Table 10 | | Table 20 | | Table 30 | | Table 40 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage |
| 1 | 0.1 | 0.1 | 0.2 | 0.5 | 0.4 | 1.0 | 0.7 | 2.0 | 1.1 | 3.1 | 1.5 | 4.2 |
| 2 | 1.6 | 2.3 | 3.7 | 4.8 | 5.4 | 7.5 | 7.9 | 10.9 | 9.7 | 13.5 | 11.3 | 15.7 |
| 3 | 6.9 | 6.4 | 12.2 | 11.3 | 15.7 | 14.5 | 20.4 | 18.9 | 24.0 | 22.2 | 26.9 | 24.9 |
| 4 | 15.4 | 10.7 | 24.2 | 16.8 | 29.6 | 20.6 | 36.7 | 25.5 | 41.6 | 28.9 | 45.7 | 31.8 |
| 5 | 26.6 | 14.8 | 38.9 | 21.6 | 46.1 | 25.6 | 55.8 | 31.0 | 61.6 | 34.2 | 66.6 | 37.0 |
| 6 | 40.0 | 18.5 | 55.4 | 25.7 | 64.4 | 29.8 | 76.0 | 35.2 | 82.8 | 38.3 | 89.3 | 41.3 |

TABLE 1.—*Trunk capacity tables: Hundred call-seconds and percent; use at various service levels for trunk groups of 1 to 50*—Continued

[The table number indicates the number of calls per thousand encountering all trunks busy]

| Trunks | Table 1 |  | Table 5 |  | Table 10 |  | Table 20 |  | Table 30 |  | Table 40 |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
|  | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage | Hundred call-seconds | Percent of usage |
| 7 | 54.7 | 21.7 | 73.4 | 29.1 | 83.9 | 33.3 | 96.8 | 38.4 | 105.0 | 41.7 | 112.0 | 44.4 |
| 8 | 70.9 | 24.6 | 92.5 | 32.1 | 105.0 | 36.5 | 119.0 | 41.3 | 129.0 | 44.8 | 137.0 | 47.6 |
| 9 | 88.2 | 27.2 | 113.0 | 34.9 | 126.0 | 38.9 | 142.0 | 43.8 | 153.0 | 47.2 | 162.0 | 50.0 |
| 10 | 107.0 | 29.7 | 134.0 | 37.2 | 149.0 | 41.4 | 166.0 | 46.1 | 178.0 | 49.4 | 188.0 | 52.2 |
| 11 | 126.0 | 31.8 | 156.0 | 39.4 | 172.0 | 43.4 | 191.0 | 48.2 | 204.0 | 51.5 | 214.0 | 54.0 |
| 12 | 145.0 | 33.6 | 178.0 | 41.2 | 195.0 | 45.1 | 216.0 | 50.0 | 230.0 | 53.3 | 240.0 | 55.6 |
| 13 | 166.0 | 35.5 | 201.0 | 42.9 | 220.0 | 47.0 | 241.0 | 51.5 | 256.0 | 54.7 | 267.0 | 57.1 |
| 14 | 187.0 | 37.1 | 224.0 | 44.4 | 244.0 | 48.4 | 267.0 | 53.0 | 283.0 | 56.1 | 295.0 | 58.5 |
| 15 | 208.0 | 38.5 | 248.0 | 45.9 | 269.0 | 49.8 | 293.0 | 54.3 | 310.0 | 57.4 | 322.0 | 59.6 |
| 16 | 231.0 | 40.0 | 273.0 | 47.4 | 294.0 | 51.1 | 320.0 | 55.6 | 337.0 | 58.5 | 350.0 | 60.8 |
| 17 | 253.0 | 41.3 | 297.0 | 48.5 | 320.0 | 52.3 | 347.0 | 56.7 | 365.0 | 59.6 | 378.0 | 61.8 |
| 18 | 276.0 | 42.6 | 322.0 | 49.7 | 346.0 | 53.4 | 374.0 | 57.7 | 392.0 | 60.5 | 407.0 | 62.8 |
| 19 | 299.0 | 43.7 | 347.0 | 50.7 | 373.0 | 54.5 | 401.0 | 58.6 | 420.0 | 61.4 | 436.0 | 63.8 |
| 20 | 323.0 | 44.9 | 373.0 | 51.8 | 399.0 | 55.4 | 429.0 | 59.6 | 449.0 | 62.4 | 465.0 | 64.6 |
| 21 | 346.0 | 45.8 | 399.0 | 52.8 | 426.0 | 56.4 | 458.0 | 60.6 | 478.0 | 63.2 | 494.0 | 65.3 |
| 22 | 370.0 | 46.7 | 424.0 | 53.5 | 453.0 | 57.2 | 486.0 | 61.4 | 507.0 | 64.0 | 523.0 | 66.0 |
| 23 | 395.0 | 47.7 | 451.0 | 54.5 | 480.0 | 58.0 | 514.0 | 62.1 | 536.0 | 64.7 | 552.0 | 66.7 |
| 24 | 419.0 | 48.5 | 477.0 | 55.2 | 507.0 | 58.7 | 542.0 | 62.8 | 564.0 | 65.3 | 582.0 | 67.4 |
| 25 | 444.0 | 49.3 | 504.0 | 56.0 | 535.0 | 59.4 | 571.0 | 63.4 | 593.0 | 65.9 | 611.0 | 67.9 |
| 26 | 469.0 | 50.1 | 531.0 | 56.7 | 562.0 | 60.1 | 599.0 | 64.0 | 623.0 | 66.6 | 641.0 | 68.5 |
| 27 | 495.0 | 50.9 | 558.0 | 57.4 | 590.0 | 60.7 | 627.0 | 64.5 | 652.0 | 67.1 | 671.0 | 68.9 |
| 28 | 520.0 | 51.6 | 585.0 | 58.0 | 618.0 | 61.3 | 656.0 | 65.1 | 682.0 | 67.7 | 701.0 | 69.6 |
| 29 | 545.0 | 52.2 | 612.0 | 58.6 | 647.0 | 62.0 | 685.0 | 65.6 | 711.0 | 68.1 | 731.0 | 70.0 |
| 30 | 571.0 | 52.9 | 640.0 | 59.3 | 675.0 | 62.5 | 715.0 | 66.2 | 741.0 | 68.6 | 762.0 | 70.6 |
| 31 | 597.0 | 53.5 | 667.0 | 59.8 | 703.0 | 63.0 | 744.0 | 66.7 | 771.0 | 69.1 | 792.0 | 71.0 |
| 32 | 624.0 | 54.2 | 695.0 | 60.3 | 732.0 | 63.6 | 773.0 | 67.1 | 801.0 | 69.5 | 822.0 | 71.4 |
| 33 | 650.0 | 54.7 | 723.0 | 60.8 | 760.0 | 64.0 | 803.0 | 67.6 | 831.0 | 69.9 | 852.0 | 71.7 |
| 34 | 676.0 | 55.2 | 751.0 | 61.4 | 789.0 | 64.5 | 832.0 | 68.0 | 861.0 | 70.3 | 883.0 | 72.1 |
| 35 | 703.0 | 55.8 | 779.0 | 61.8 | 818.0 | 64.9 | 862.0 | 68.4 | 891.0 | 70.7 | 913.0 | 72.5 |
| 36 | 729.0 | 56.3 | 807.0 | 62.3 | 847.0 | 65.4 | 892.0 | 68.8 | 922.0 | 71.1 | 944.0 | 72.8 |
| 37 | 756.0 | 56.8 | 836.0 | 62.8 | 876.0 | 65.8 | 922.0 | 69.2 | 952.0 | 71.5 | 975.0 | 73.2 |
| 38 | 783.0 | 57.3 | 864.0 | 63.2 | 905.0 | 66.2 | 952.0 | 69.6 | 982.0 | 71.8 | 1,006.0 | 73.5 |
| 39 | 810.0 | 57.7 | 892.0 | 63.5 | 935.0 | 66.6 | 982.0 | 69.9 | 1,013.0 | 72.1 | 1,037.0 | 73.9 |
| 40 | 837.0 | 58.1 | 921.0 | 64.0 | 964.0 | 66.9 | 1,012.0 | 70.3 | 1,043.0 | 72.4 | 1,069.0 | 74.2 |
| 41 | 865.0 | 58.6 | 950.0 | 64.4 | 993.0 | 67.3 | 1,042.0 | 70.6 | 1,074.0 | 72.8 | 1,099.0 | 74.4 |
| 42 | 892.0 | 59.0 | 979.0 | 64.7 | 1,023.0 | 67.7 | 1,072.0 | 70.9 | 1,104.0 | 73.0 | 1,130.0 | 74.7 |
| 43 | 919.0 | 59.4 | 1,008.0 | 65.1 | 1,052.0 | 68.0 | 1,103.0 | 71.3 | 1,135.0 | 73.3 | 1,161.0 | 75.0 |
| 44 | 947.0 | 59.8 | 1,036.0 | 65.4 | 1,082.0 | 68.3 | 1,133.0 | 71.5 | 1,166.0 | 73.6 | 1,192.0 | 75.3 |
| 45 | 975.0 | 60.2 | 1,066.0 | 65.8 | 1,112.0 | 68.6 | 1,164.0 | 71.8 | 1,197.0 | 73.9 | 1,223.0 | 75.5 |
| 46 | 1,003.0 | 60.6 | 1,095.0 | 66.1 | 1,142.0 | 69.0 | 1,194.0 | 72.1 | 1,228.0 | 74.2 | 1,255.0 | 75.8 |
| 47 | 1,030.0 | 60.9 | 1,124.0 | 66.4 | 1,171.0 | 69.2 | 1,225.0 | 72.4 | 1,259.0 | 74.4 | 1,286.0 | 76.0 |
| 48 | 1,058.0 | 61.2 | 1,153.0 | 66.7 | 1,201.0 | 69.5 | 1,255.0 | 72.6 | 1,291.0 | 74.7 | 1,317.0 | 76.2 |
| 49 | 1,086.0 | 61.6 | 1,183.0 | 67.1 | 1,231.0 | 69.8 | 1,286.0 | 72.9 | 1,322.0 | 74.9 | 1,349.0 | 76.5 |
| 50 | 1,115.0 | 61.9 | 1,212.0 | 67.3 | 1,261.0 | 70.1 | 1,317.0 | 73.2 | 1,353.0 | 75.2 | 1,381.0 | 76.7 |

The number of circuits required to carry this traffic can then be read off a set of trunk capacity tables, some of which are reproduced in table 1. Each of these tables represents a particular level of availability of circuits, as measured by the number of calls per thousand which can be expected to encounter all circuits busy, on the assumption of random distribution of calls within the busy hours. To illustrate the use of these different tables, the availability of circuits is usually set lower for trunk cables in toll service than for trunk cables in local exchange service, so that the former will be in use a larger percentage of the time. Once the desired availability of circuits is specified, the engineer can read down the appropriate table to the required CCS, and there find the required number of circuits, as well as the percentage of time these circuits can be expected to be in use.

The required increase in central office equipment is determined differently according to whether the central office is equipped with manual switchboards or with automatic switchboards. In determining the required number of operator positions for a central office equipped with manual switchboards, the engineer uses in essence three ratios: (1) The average number of busy-hour calls per main telephone (counting all calls this time) is again determined from the records of the traffic department, modified by expected changes; (2) the number of work-units per call is determined from time studies of the work required to handle calls of different kinds, e.g., toll calls, local exchange calls, uncompleted calls; (3) the number of work units per operator, i.e., the operator load, is determined for each central office on the basis of past experience and expected changes. The Bell System has a theoretical standard operator load, established in 1911, of 230 work-units in the busy hour, the standard being defined as the number of work-units which can be handled by a fully experienced operator of average ability while maintaining a satisfactory grade of service. In particular central offices, however, the actual load differs from the theoretical standard, primarily because of differing experience of the operators. Using these three ratios and the future demand estimate for the particular exchange under consideration, the required number of operator positions is computed by means of the following formula:

Estimated number of main telephones times average number of busy-hour calls per main telephone times number of work-units per call divided by number of work-units per operator equals required number of operator positions.

The determination of the required stock of automatic switchboards in a central office using the dial system is complicated by the fact that there are three main types of automatic switchboards, according to the type of switching mechanism employed—step-by-step, panel, and crossbar. Each of these types consists of a group of more or less separate components—for example, in the step-by-step switchboard, linefinders, selectors, and connectors. For each of the components in each of these types, the engineer must determine the number required to meet the estimated demand. In each calculation, two ratios are used: (1) The average number of busy-hour calls per main telephone is determined as in the case of manual switchboards; (2) the average holding-time per call, either from the records of the traffic department, as before, or from engineering data, if the component is in use only part of the total time consumed in a call. Using these two ratios and the future demand estimate for the particular exchange under consideration, the traffic which the component will have to carry is estimated, in CCS, by the same formula used for trunk cables. Then the number of units of the component required to carry this traffic, with a specified availability of circuits can be read off a trunk capacity table.

Through all these complexities, there exist certain fixed ratios between the increase in capacity desired in each particular type of capital equipment, and the number of additional units required to provide that increase. These ratios depend variously on spares for temporary replacements, on practicable cable fills, on the timing and duration of calls, on operators' experience, on random distribution of calls within the busy hour, and on the planned availability of circuits. They could in principle be calculated directly from the rather complicated engineering procedures, although because of lack of sufficiently complete data I have not been able to do this in the quantitative analysis below. In other words, the concept of the capital coefficient adopted in the capital-requirements theory is a close approximation to reality in the telephone industry.

The possibility of varying the number of CCS handled by a given stock of capital equipment by permitting the availability of circuits to vary should be noted. This possibility arises because the product of the telephone industry has more than one dimension, and these dimensions are to some extent substitutable for each other. The consequence of attempting to produce beyond capacity is not a rise in the marginal cost of an unchanged product, as in most manufacturing industries, but rather a change in one of the dimensions of the product. Specifically, if an automatic switchboard is made to handle a larger number of CCS in the busy hour than it was designed to handle, this is accomplished by keeping customers waiting a few moments until circuits are open, thus keeping the circuits in use more continuously. In the trunk capacity tables, this appears as a movement to the right, along the row for the existing number of trunks, to a table with a higher percentage of use, but also a higher number of calls per thousand encountering all trunks busy.

How consistent has been the practice in the Bell System of maintaining the planned level of availability of circuits? In time of war, clearly, it has been permitted to fall where necessary to the maximum practicable extent. Yet even in these circumstances the fall is limited technologically; in World War II maximum wartime capability in central office equipment was only 5 percent greater than peacetime capacity. The excess wartime demand has appeared to a large extent in a backlog of unfilled order for service; the backlog has then been eliminated, and the availability of circuits raised again, in the course of postwar construction. This sequence of events can be traced during and after both World Wars I and II.[4]

To sum up, then, the engineering stage in the investment process in the Bell System approximates closely the second basic hypothesis of the capital-requirements theory—that the firm's net investment depends via fixed capital and sparse-capacity coefficients upon its demand estimates. Given the demand estimates, and making allowance for the construction period, the engineer determines the desired increase in capacity by referring to the appropriate period of building ahead of demand; this calculation can be represented by the spare-capacity coefficients. Given the desired increase in capacity, and a specified level of availability of circuits, the engineer determines the necessary net investment by referring to a complex of technological considerations; this calculation can be represented by the capital coefficients.

### *D. Financing investment in the Bell System*

In the third stage of the investment process in the Bell System funds must be raised to finance the investment expenditures. The American company has the main responsibility for carrying out this function, because of an arrangement by which the associated companies and the long-lines department obtained a large part of their funds in the first instance as advances from the American company, while the American company provides these advances by raising funds from the public. The associated companies later liquidate the advances from the proceeds of new stock or bond issues.

The critical question here is: how important is the availability of funds in determining the final investment decision? The answer is not clear. The question must be considered at least implicitly before the boards of directors can approve a suggested investment program, derived from the demand estimates and the engineering calculations. Yet there have apparently been no instances in which an investment program has been drawn up and then cut back because of lack of funds, or expanded because of the ease of obtaining funds. The fundamental reason why the availability of funds is not more explicitly considered, however, is probably that the Bell System has not experienced serious difficulty in financing whatever investment expenditures have been suggested by the demand estimates and the engineering calculations. On the basis of these considerations, no serious error seems to be involved in neglecting the influence of the availability of funds upon the final investment decisions, as suggested in the capital-requirements theory.

A more important consideration in the investment process of the Bell System seems to be that of deciding how the necessary funds for the investment program can best be raised. The historical pattern of Bell System financing can be seen in the following calculation. During the period from 1913 to 1935 the total financial requirements of the system[5] were supplied from various sources in the following percentages: depreciation—21 percent; undistributed profits—7 percent; other internal sources—4 percent; associated company stock issues—4 percent; associated company bond issues—12 percent; other associated company sources—3 percent; American company stock issues (including premiums obtained in the conversion of convertible bonds into stocks)—28 percent; American company bond issues (including the principal of convertible bonds later converted into stocks)—19 percent; other American company sources—6 percent. The figures add up to more than 100 percent because the definition of funds raised exceeded the definition of financial requirements in this calculation by about 4 percent.[6]

### *E. The influence of technological progress and of price changes*

The capital-requirements theory recognizes only one important source of change in the relationship between expected increases in demand and the firm's net investment—technological progress. What then have been the principal technological developments in the history of the telephone industry, and how important have they been in affecting investment in the Bell System?

A major technological change has been the development of the three existing types of automatic switchboards. The panel type, which uses selectors operating from a continuous power drive, was introduced in 1917, primarily for large metropolitan exchanges. During the twenties, after a delay due to the war, manual switchboards in these exchanges were generally replaced. About the same time the step-by-step type, which uses electromagnetic switches, was installed in various small cities where cost studies showed that replacement of the manual switchboards would be economical. This trend in the smaller exchanges has continued up to the present time. Then in 1938 the crossbar type, which uses all relays, was developed for use in the large metropolitan exchanges. While the existing panel type has not been generally replaced, the crossbar type has since been used for expansion of capacity in these exchanges. The latest development in this field permits toll operators to make long distance connections by dialing, and requires supplementary automatic switching apparatus which makes connection to the proper exchange.

The cost calculations made in deciding whether to convert from manual to dial operation have been quite detailed. A comparison was made between the present value of the expected annual costs of operation, maintenance, and taxes for the existing manual switchboards; and the present value of the expected total annual costs, including amortization (after allowance for salvage of the manuals), for the automatic switchboards—all costs being calculated over the engineering life of the equipment, and discounted at a rate of 7 percent. Many of the cost calculations for the smaller exchanges revealed that it would be economical to continue to add operator positions to the existing manual switchboard until the cost of further additions rose significantly, e.g., because of the necessity of increasing the size of the building to house the additional positions. Hence replacement of the existing manual switchboards in these exchanges has been a gradual process, depending in each location upon the time when a major expansion of capacity became necessary.

A second technological change obvious to the customers has occurred in the design of telephone instruments. In 1927, a hand set with separate bell box was distributed among the associated companies as an alternative to the existing desk sets. Technical improvements followed, and in 1934 another hand set, with the bell in the base and with a new antisidetone circuit, was authorized. In both cases replacement of existing telephone sets was gradual. This technological change has repercussions on other types of equipment as well. The strength of the signal from the new instruments was greatly increased, and this made it practicable to reduce the diameter of the conductors in the connecting wires and cables. The increased strength of signal from the instruments more than compensated for the increased attenuation in the smaller conductors.

Third, a number of gradual improvements in the design and utilization of cables have occurred. The design of cables has been improved by decreasing the size of the wires, altering their insulation, increasing the number of wires in the sheath, and altering the sheath. The utilization of cables has been intensified by the development of suitable loading techniques, which consist essentially in placing coils of the proper inductance at regular intervals along each conductor. Originally the attenuation of the signal in 1 mile of cable was as great as the attenuation in 50 to 100 miles of open wires, but successive improvements in loading and cable design gradually extended the distance over which it was economical to transmit by cables. In the late twenties in particular, open wires in toll service were widely replaced by cables.

A fourth major technological improvement was the development of the carrier system of transmission. By the use of this system a large number of messages can be transmitted simultaneously over a single circuit, and hence its introduction means that a smaller amount of outside plant is subsequently required to handle a given traffic load. The carrier system was developed in 1918, but at first could only be applied to circuits in open wires. In 1938, however, the K-type carrier system was applied on a commercial basis to toll cables. This system requires twin voice cables for transmission in both directions, but each pair of wires in the two cables provided 12 channels of voice communication ranging in 4-kilocycle steps from 16 to 60 kilocycles. A few years later, coaxial cables were put into commercial use. These cables contain eight coaxial conductors, each pair of which, because of their wide frequency response, is capable of providing 600 channels of voice communications. Both the K-type carrier system and the coaxial cables, however, are most economical over long distances, and cost studies have therefore been made to determine their proving-in points. The latest development in this field has been the use of microwave radio channels, beamed along a line of towers spaced at approximately 25-mile intervals, thus dispensing with cables entirely. New types of carriers are still being developed, and Bell System engineers expect that within another year or two a system suitable for operation over the existing single voice cables will be available. In general these new systems will be installed to handle expansion of demand rather than to replace older types.

Thus it is clear that technological progress has exerted an important influence upon investment in the Bell System. It should be remembered that a technological change is defined in the capital-requirements theory as an abrupt alteration of the marginal capital and spare-capacity coefficients for the affected type of capital equipment. Therefore these four major technological developments should be reflected in the statistical coefficients calculated in the next section from the historical course of telephone investment. The chronology of these developments is used there as a standard for evaluating the statistical results. Moreover, it should be noted that technological changes have been introduced in the Bell System in the course of expanding capacity, and that replacement of the obsolescent equipment has been gradual. This is in accord with the emphasis upon marginal rather than average coefficients in the capital-requirements theory.

---

[4] American Telephone & Telegraph Co., "Annual Reports," 1916, pp. 7–9; 1917, pp. 7–8; 1919, pp. 16–17, 1920, pp. 27–28; 1923, pp. 22–23; 1924, pp. 11–15; 1925, p. 11; 1941, p. 3; 1942, pp. 3–8; 1943, pp. 2–8; 1944, p. 13; 1945, pp. 1–6; 1946, pp. 1–7; 1947, pp. 1–6; 1948, pp. 2–6.

[5] Defined as the funds for capital expansion (75 percent of the total), omitting the funds used for replacement of retired capital equipment; plus the funds used to retire maturing obligations, omitting retirements of convertible bonds by the issue of new stocks.

[6] Federal Communications Commission, "Investigation," pp. 423–428.

The capital-requirements theory, as pointed out before, neglects the influence of changes in prices upon the firm's investment. Does the investment practice in the Bell System throw any light upon the validity of this simplification?

The detailed calculations of the present values of expected costs for alternative periods of building ahead of demand indicate that changes in the prices of elements in installation costs may alter the spare-capacity coefficients. Indeed, since World War II the period of building ahead of demand in cable installations has been extended somewhat because of increases in labor costs. The periods of building ahead of demand in use today, however, are essentially the same as those in use in the early thirties, and hence, in general, price changes must have been either infrequent and small, or of minor importance in the investment process. It may be noted in passing that the market rate of interest is not relevant here, since a conventional 7-percent rate of discount is used.

The detailed calculations of the present values of expected costs for alternative types of switchboards also suggest that changes in the relative prices of capital equipment and of other inputs may alter the capital coefficients. In the history of the Bell System, however, it is difficult to isolate instances in which relative price changes have had this effect. Possible instances are the shift from open wire to cable and the shift from manual switchboards to automatic switchboards, but both of these instances are so closely associated with technological developments that the influence of the relative price change by itself appears small.

In general the influence of price changes seems to have been of minor importance in the investment process in the Bell System, compared to the influence of technological changes. It is probably a reasonably close approximation to reality to assume, as in the capital-requirements theory, that all major changes in spare-capacity coefficients and capital coefficients are due to technological developments.

### *F. Retirement in the Bell System*

According to the capital-requirements theory, retirement is a fixed fraction of the firm's stock of capital equipment. The retirement practice in the Bell System casts some light on the usefulness of this third basic hypothesis.

To begin with, although there seems to be no type of capital equipment which is retired when it reaches the end of a specified service life, there is some tendency for retirement to be fairly regular for other reasons. Outside plant, such as telephone poles, is tested periodically for physical soundness, and a fairly stable number of units tends to be retired every year because of wear and tear discovered in these tests. Inside plant, such as switchboards, is retired primarily when new technological developments are introduced, but the policy of introducing technological developments gradually tends to make retirement of inside plant fairly regular.

On the other hand, almost every type of capital equipment is quite durable, which weakens the tendency toward regular retirement. In 1935 the estimated service lives used for depreciation accounting by the long-lines department were as follows: Central office equipment, 13 years; buildings, 36 years; pole lines, 20 years; aerial cable, 25 years; underground cable, 30 years; underground conduit, 75 years.[7] The durability of capital equipment also makes it difficult to contract the existing stock when demand falls, which is in keeping with the asymmetry of the capital-requirements theory.

There is also some indication that once a unit of capital equipment has been retired, its replacement is in most cases automatic. Inside plant is usually replaced automatically because the reason for its retirement is to substitute new equipment of improved design. Many types of outside plant are replaced automatically because they are links in a chain of capital equipment, and failure to replace the individual links would involve abandoning the capacity of the entire chain. Individual poles in pole lines and individual sections of cable have this characteristic, while individual open wires do not. Finally, the automatic replacement of both inside and outside plant may be based on the fact that demand has grown steadily for many years, and even when its growth has been interrupted, the expectation of future growth has justified maintaining the existing stock of capital equipment. The consequence of this tendency toward automatic replacement of retired capital equipment is that net investment has never become significantly negative in the Bell System. In terms of the capital-requirements theory, this means that the asymmetry between the effects of a rise and of a fall in expected demand has occurred at the point where net investment is approximately zero, rather than at the point where it is negative and equal to retirement.

## IV. A QUANTITATIVE ANALYSIS OF TELEPHONE INVESTMENT

### *A. The method*

The capital-requirements theory is tested quantitatively in this section by calculating its coefficients from statistical data for the entire industry, and then examining the statistical coefficients for stability and for consistency with the known technological history of the industry. This quantitative analysis uses the investment procedures in the Bell System as a guide for certain details of the calculations; more important, it relies upon the chronology of major technological developments in the Bell System as a standard for evaluating the statistical coefficients.

The method adopted for calculating the coefficients depends upon available statistical series for output of telephone service, stocks of various types of capital equipment, and retirement of various types of capital equipment. Because of lack of more complete data, I have not been able to calculate the coefficients directly from the investment procedures of the Bell System. In principle this could be done, and should give more precise results, but the quantitative analysis presented here is limited to a cruder method.

The method uses aggregate statistical series except in one instance. This has been done both because most of the available data are for the industry as a whole, and because the desired results, if obtainable, are aggregate coefficients. One of the distinctive characteristics of the telephone industry, however, is that both demand and capital equipment are geographically localized. The theoretical relation between net investment and expected increases in demand applies strictly only to each individual telephone exchange, and can be applied to the industry as a whole only as a statistical approximation. In particular, the stability of the statistical coefficients depends partly on a regular geographical distribution of increases in demand among the individual exchanges—a regularity which has not always prevailed in fact.

This is an instance of a general problem in statistical analysis—the problem of aggregation.[8] Only under special conditions has it been found possible to deduce valid relationships among macro-economic variables from theoretical relationships among micro-economic variables. Consequently, most aggregate relationships suitable for statistical analysis are derived by analogy rather than deduction, and should be conceived simply as approximations to the more fundamental micro-economic relationships. Specifically, the industrywide coefficients calculated in this section are so conceived.

On the other hand, the use of data for a single industry largely avoids another general problem in statistical anaylsis—the problem of identification. The essence of this problem is how to isolate a single causal relationship from a system of mutually interdependent causal relationships, when the available statistical time series reflect the entire system rather than the single desired relationship. If analysis is limited to a single industry, however, the reflex effect of that industry upon itself, by way of the system of mutually interdependent relationships outside that industry, is small and can be neglected without serious error. In other words, the analysis reverts from general equilibrium to partial equilibrium analysis. The use of data for a single industry also makes the analogy between aggregate and micro-economic relationships more plausible.

The principal justification in the past for statistical studies at the level of the entire economy has been that they describe the structure of the economy in terms of a comparatively small number of relationships, and hence reduce the analysis to manageable proportions. The development of the interindustry input-output scheme, however, which describes the structure of the economy in terms of a much larger number of relationships among its various industries, offers some hope that statistical studies can be shifted to the level of single industries, thus simplifying the problem of aggregation and largely avoiding the problem of identification. The results of these industry studies can then be tied together manageably in the input-output analysis.

Another feature of the statistical method is that it uses a one-dimensional measure of output and capacity. As indicated in the last section, however, one of the distinctive characteristics of the telephone industry is that its product is multidimensional, and in particular that the number of CCS handled by a given stock of capital equipment can be altered by permitting the availability of circuits to vary. Unfortunately the data needed to compensate for the other dimensions are not available. Using a one-dimensional measure of output and capacity, of course, implies that the other dimensions are held fairly stable—an implication which has not always been valid in the short run.

### *B. Calculation and evaluation of demand estimates*

The first part of the quantitative analysis should preferably consist in calculating a historical series of expectations coefficients from statistical data, and then examining their stability. Unfortunately, however, information about actual demand estimates in the telephone industry is not available except for one small sample. Therefore it has been necessary simply to assume a value for the expectations coefficient, and then to check this assumption against the one small sample.

---

[7] Federal Communications Commission, "Docket," exhibit No. 135, "Long-time Department, Financial and Operating Summary," p. 85.

[8] The regional aspects of this problem are discussed in chs. 4 and 5.

The expectations coefficient is assumed to be +1, i.e., the recent proportional trend in output is expected to continue without diminution. This is compatible with the importance of trend extrapolation in the investment procedures of the Bell System, and with the fact that the growth in number of telephones in the United States actually has approximated an exponential trend. In addition, when the recent trend is either negative or unusually small, the trend which is extrapolated is assumed to be that of the last normal year, set on the base of the current subnormal year. This is compatible with the optimism regarding future growth which seems to prevail in the Bell System.

In algebraic terms, the first basic hypothesis of the capital-requirements theory is

(7, 6)

$$O^e_{t+1}=O_t[1+\epsilon(O_t-O_{t-1}/O_{t-1})]$$

With the expectations coefficient assumed to be +1, and with the modification for optimism, this hypothesis becomes

(7, 14)

$$O^e_{t+1}=O_t(O_t/O_{t-1})$$

in which

$O_t/O_{t-1}$ in a "subnormal" year is replaced by the same ratio in the last "normal" year.

The one small sample of actual demand estimates in the telephone industry which is available for checking the assumed expectations coefficient consists of the estimates of toll messages made in the Bell System in the 4 years 1927–30. The actual number of toll messages is also available, and hence it is possible to calculate demand estimates in these years, using equation (7, 14), and to compare them with the actual demand estimates. This comparison is shown in table 2 and chart 1 [chart not printed in RECORD]. It is clear that the calculated demand estimates, based on the assumed expectations coefficient of +1, approximate the actual demand estimates closely. Note in particular that the calculated demand estimates for 1930, based on the "normal" trend of 1929, forecast a rising trend comparable to that of the actual demand estimates, even though the number of toll messages showed a "subnormal" increase in 1930. Thus insofar as such a short series of actual demand estimates is significant, it lends support to the assumed value of the expectations coefficient and to equation (7, 14). More generally, it lends support to the first basic hypothesis of the capital-requirements theory—that demand estimates depend, via a fixed expectations coefficient, upon the recent trend of output.

Three steps may now be taken in preparation for the calculation of capital and spare-capacity coefficients in the next part of the quantitative analysis. These steps are set forth in table 3 and chart 2 [chart not printed in RECORD].

TABLE 2.—*Comparison of actual and calculated demand estimates*

| Year | Number of toll messages (1) | Relative increase in toll messages (2) | Actual 1927 estimates (3) | Calculated 1927 estimates [1] (4) | Actual 1928 estimates (5) | Calculated 1928 estimates [2] (6) | Actual 1929 estimates (7) | Calculated 1929 estimates [3] (8) | Actual 1930 estimates (9) | Calculated 1930 estimates [4] (10) |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Millions* | | *Millions* | *Millions* | *Millions* | *Millions* | *Millions* | *Millions* | *Millions* | *Millions* |
| (1) 1923 | 22.3 | | | | | | | | | |
| (2) 1924 | 24.0 | | | | | | | | | |
| (3) 1925 | 27.7 | | | | | | | | | |
| (4) 1926 | 31.9 | | | | | | | | | |
| (5) 1927 | 35.2 | 0.103 | | | | | | | | |
| (6) 1928 | 41.7 | .185 | 38.8 | 38.8 | | | | | | |
| (7) 1929 | 49.3 | .182 | 42.7 | 42.8 | 47.8 | 49.4 | | | | |
| (8) 1930 | 50.5 | .025 | 47.4 | 47.2 | 55.4 | 58.5 | 59.0 | 58.3 | | |
| (9) 1931 | 48.4 | | 52.2 | 52.1 | 63.4 | 69.3 | 69.0 | 69.0 | 58.8 | 59.7 |
| (10) 1932 | 38.0 | | 57.4 | 57.5 | 71.0 | 82.1 | 80.0 | 81.4 | 68.2 | 71.6 |
| (11) 1933 | 35.5 | | | | 80.0 | 97.2 | 92.0 | 96.2 | 76.8 | 84.6 |
| (12) 1934 | 37.5 | | | | | | 105.0 | 113.7 | | |

[1] Calculated from formula, $35.2\times(1+0.103)^n$, in which $n$ is number of years in future.

[2] Calculated from formula, $41.7\times(1+0.185)^n$.

[3] Calculated from formula, $49.3\times(1+0.182)^n$.

[4] Calculated from formula, $50.5\times(1+0.182)^n$.

Source: Col. 1, Federal Communications Commission, docket, exhibit No. 135, p. 36; data are for long-lines department of Bell System; cols. 3, 5, 7, 9, Federal Communications Commission, docket, exhibit No. 580, p. 12; data are for long-lines department of Bell System.

TABLE 3.—*Calculation of demand estimates*

| Year | Number of telephones in Bell System (1) | Number of telephones in United States (2) | Ratio of U.S. telephones this year to last year (3) | Calculated telephones next year [1] (4) | Calculated present capacity [2] (5) | Calculated increase in telephones over capacity [3] (6) |
|---|---|---|---|---|---|---|
| | *Millions* | *Millions* | | *Millions* | *Millions* | *Millions* |
| (1) 1912 | 4.76 | 8.73 | | | | |
| (2) 1913 | 5.11 | 9.54 | 1.0928 | 10.43 | 9.54 | 0.89 |
| (3) 1914 | 5.44 | 10.06 | 1.0535 | 10.59 | 10.05 | .54 |
| (4) 1915 | 5.80 | 10.52 | 1.0468 | 11.01 | 10.52 | .49 |
| (5) 1916 | 6.37 | 11.24 | 1.0694 | 12.01 | 11.24 | .77 |
| (6) 1917 | 6.83 | 11.72 | 1.0427 | | 11.72 | |
| (7) 1918 | 7.05 | 12.08 | 1.0307 | | 12.08 | |
| (8) 1919 | 7.80 | 12.67 | 1.0488 | 13.21 | 12.67 | .54 |
| (9) 1920 | 8.13 | 13.41 | 1.0584 | 14.19 | 13.41 | .78 |
| (10) 1921 | 8.72 | 13.88 | 1.0350 | 14.69 | 13.88 | .81 |
| (11) 1922 | 9.22 | 14.35 | 1.0339 | 15.19 | 14.35 | .84 |
| (12) 1923 | 10.20 | 15.37 | 1.0711 | 16.46 | 15.37 | 1.09 |
| (13) 1924 | 11.17 | 16.21 | 1.0547 | 17.10 | 16.21 | .89 |
| (14) 1925 | 11.91 | 16.94 | 1.0450 | 17.70 | 16.94 | .76 |
| (15) 1926 | 12.67 | 17.75 | 1.0478 | 18.60 | 17.75 | .85 |
| (16) 1927 | 13.41 | 18.52 | 1.0434 | 19.32 | 18.52 | .80 |
| (17) 1928 | 14.18 | 19.34 | 1.0443 | 20.20 | 19.34 | .86 |
| (18) 1929 | 15.04 | 20.23 | 1.0460 | 21.16 | 20.23 | .93 |
| (19) 1930 | 15.19 | 20.20 | .9985 | 21.13 | 21.16 | 0 |
| (20) 1931 | 14.91 | 19.71 | .9757 | 20.62 | 21.16 | 0 |
| (21) 1932 | 13.31 | 17.42 | .8838 | | 21.16 | 0 |
| (22) 1933 | 12.82 | 16.71 | .9592 | | 21.16 | 0 |
| (23) 1934 | 13.12 | 16.97 | 1.0156 | | 21.16 | 0 |
| (24) 1935 | 13.57 | 17.42 | 1.0265 | | 21.16 | 0 |
| (25) 1936 | 14.45 | 18.43 | 1.0580 | 19.50 | 21.16 | 0 |
| (26) 1937 | 15.33 | 19.45 | 1.0553 | 20.53 | 21.16 | 0 |
| (27) 1938 | 15.76 | 19.95 | 1.0257 | 21.05 | 21.16 | 0 |
| (28) 1939 | 16.54 | 20.83 | 1.0441 | 21.75 | 21.16 | .59 |
| (29) 1940 | 17.48 | 21.93 | 1.0528 | 23.09 | 21.93 | 1.16 |
| (30) 1941 | 18.84 | 23.52 | 1.0725 | | 23.52 | |
| (31) 1942 | 20.01 | 24.92 | 1.0545 | | 24.92 | |
| (32) 1943 | 21.25 | 26.38 | 1.0586 | | 26.38 | |
| (33) 1944 | 21.58 | 26.86 | 1.0182 | | 26.86 | |
| (34) 1945 | 22.45 | 27.87 | 1.0376 | 29.89 | 27.87 | 2.02 |
| (35) 1946 | 25.71 | 31.61 | 1.1342 | 35.85 | 31.61 | 4.24 |
| (36) 1947 | 28.51 | 34.87 | 1.1031 | 38.47 | 34.87 | 3.60 |
| (37) 1948 | 31.36 | [4] 38.35 | 1.0998 | 42.18 | 38.35 | 3.83 |

[1] Calculated from formula (col. 2)×(col. 3); 1919 calculation uses 1917 ratio; 1921 and 1922 calculations use 1920 ratio; 1930 and 1931 calculations use 1929 ratio; 1938 calculation uses 1937 ratio; 1945 calculation uses 1941 ratio.

[2] Entered from col. 2, 1913–29 and 1940–48; from 1929 entry in col. 4, 1930–39.

[3] Calculated from formula (col. 4)−(col. 5).

[4] Calculated from number of telephones in Bell System and 1947 ratio between U.S. telephones and Bell System telephones, 31.36×34.87÷28.51.

Source: Col. 1, American Telephone & Telegraph Co.; col. 2, Federal Communications Commission, "Statistics," 1947, table 9.

First, equation (7, 14) is used to compute a series of demand estimates for the entire telephone industry over the period 1913–40. There is, of course, no possibility of checking these estimates directly, because of lack of information on actual demand estimates. The measure of industrywide output used in deriving the recent trend for these calculations is the total number of telephones in the United States. This is compatible with the practice in the Bell System of estimating demand in terms of number of lines, main telephones, and total telephones. The "subnormal" years for the purpose of the modification for optimism in equation (7, 14) are 1921–22, 1930–31, and 1938. It is not reasonable to expect such optimism in the depth of the depression, 1932–35, but since the demand estimates in those years, whether optimistic or pessimistic, were far below capacity, they can be neglected. No demand estimates are calculated for the years of war or Government seizure, 1918–19 and 1942–45, and the immediate postwar or postseizure estimates made in 1919 and 1945 are calculated from the trends of the last essentially peacetime years, 1917 and 1941, respectively.

Second, a series is obtained to represent effective industrywide capacity over the same period 1913–48. According to the investment procedures of the Bell System, it should be remembered, new investment in each individual exchange is undertaken whenever expected demand exceeds current total capacity, but because of the policy of building ahead of demand, the next new investment is required only after several years in which the growth of demand gradually uses up the spare capacity. This means that at any one time in the industry as a whole there exists a distribution of spare capacity in the individual exchanges. Unfortunately, however, there are no published figures for this distribution of spare capacity. Statistically, therefore, it seems desirable to represent effective industrywide capacity by the current industrywide output, as measured by the actual number of telephones in the United States. The theoretical justification for this is that an expected increase in industrywide demand over current industrywide output provided it is distributed in some regular way among the individual exchanges, requires new investment in those particular exchanges, at one end of the distribution, which have used up their spare capacity. It would also be possible to represent effective industrywide capacity by the calculated-demand estimate made in the previous year, but since this is a derived figure, it seems less desirable in most years. The only exception to this rule is in 1930, when the actual industrywide output did not increase over 1929, yet a large net investment program was carried through; capacity in 1930, is therefore measured by the calculated-demand estimate. The statistical series for effective industrywide capacity is continued at its maximum previous level, even when expected demand subsequently falls. In other words, the telephone industry is assumed to make replacement investment equal to its retirement. This is compatible with the tendency to automatic replacement noted in the Bell System procedures.

Third, a series of differences is computed between the calculated demand estimates 1 year in the future and the calculated effective capacity in the current year. A 1-year projection is used here because it is the closest approximation using annual data to the construction periods indicated in the last section. This series of differences—the calculated increases in expected demand over capacity—is one of the two main elements needed for computing the statistical capital and spare-capacity coefficients.

### *C. Calculation and evaluation of capital and spare-capacity coefficients*

The second part of the quantitative analysis consists in calculating a historical series of capital and spare-capacity coefficients for each type of telephone capital equipment. Then the statistical coefficients are examined to see if they vary in the proper direction and in the proper years as indicated by the known history of technological developments in the industry, but are stable from one technological change to the next. This is a key part of the quantitative analysis. It tests directly the second basic hypothesis of the capital-requirements theory—that net investment depends, via fixed capital and spare-capacity coefficients, upon changes in expected demand—and indirectly the first basic hypothesis, since the calculated demand estimates are used in computing the coefficients.

The evaluation of the stability of the statistical coefficients and their consistency with the technological history of the industry requires a subjective judgment. Here it is meaningful to think in terms of a scale of closeness of approximation of the hypothesis to the data, rather than in terms of the dichotomy of proof or disproof. This will be brought out in the evaluation below.

One of the two main elements needed for computing the statistical coefficients has already been obtained—the series of calculated increases in expected demand over capacity. The other is a series of deflated net investment for each of the various types of capital equipment used in the telephone industry. It is obtained as follows:

Data are available stating the value of six types of capital equipment in the Bell System at the end of each year 1912–48. These series have been corrected for changes in the number of companies included in the consolidated accounts; some important changes in accounting definitions occurred between 1932 and 1933, however. The six types are central office equipment (mainly switchboards), land and buildings (mainly central-office buildings), exchange lines (outside plant used mainly for local service), toll lines (outside plant used mainly for toll service), station equipment (mainly telephone instruments and installations), and other plant (mainly vehicles and office furniture).

These six series are first blown up to the level of the entire industry by the use of a series of ratios between the total value of capital equipment in the industry and the total value in the Bell System. The ratios are computed directly for every fifth year from 1912 to 1937 (years of the Census of Electrical Industries), and by interpolation for the intervening years. Annual net investment in current prices in each type of equipment is then calculated by taking the annual increments of these six series. Finally, separate price indexes on a 1926 base are derived for each type of equipment, and the six series of annual increments are deflated with these indexes. It would have been preferable to use these indexes to deflate gross investment, to use another index to deflate retirement, and to take the difference between the two deflated series, but this was not possible because of lack of data. The data and procedure for calculating deflated net investment in central office equipment are presented for illustrative purposes in table 4.

Now that both of the main elements needed for computing the statistical capital and spare-capacity coefficients have been obtained, it is revealing to plot the two series for comparison of the timing of their variations. According to the capital-requirements theory, their timing should be synchronous. This comparison is shown in charts 3 through 5 [not printed in RECORD]. Note that the expected demand increases are plotted in the charts 1 year later than in table 3 to refer to the year in which the increase is expected to occur rather than the year in which the estimate is made.

TABLE 4.—*Central office equipment: Calculation of capital and spare-capacity coefficients*

| Year | Central office equipment in Bell System (millions of dollars) (1) | Ratio of industry to Bell System [1] (2) | Central office equipment in telephone industry [2] (millions of of dollars) (3) | Increase in central office equipment (millions of dollars) (4) | Price index for central office equipment [3] (5) | Deflated increase in central office equipment [4] (millions of 1926 dollars) (6) | Calculated capital and spare capacity coefficient [5] (1926 dollars per telephone) (7) |
|---|---|---|---|---|---|---|---|
| (1) 1912 | 99 | 1.46 | 145 | ---------- | ---------- | ---------- | ---------- |
| (2) 1913 | 108 | 1.440 | 156 | 11 | 69 | 16 | ---------- |
| (3) 1914 | 119 | 1.420 | 169 | 13 | 69 | 19 | 21.35 |
| (4) 1915 | 125 | 1.400 | 175 | 6 | 69 | 9 | 16.67 |
| (5) 1916 | 136 | 1.380 | 188 | 13 | 69 | 19 | 38.78 |
| (6) 1917 | 157 | 1.36 | 214 | 26 | 69 | 38 | 49.35 |
| (7) 1918 | 175 | 1.340 | 235 | 21 | 98 | 21 | ---------- |
| (8) 1919 | 191 | 1.320 | 252 | 17 | 98 | 17 | ---------- |
| (9) 1920 | 224 | 1.300 | 291 | 39 | 115 | 34 | 62.96 |
| (10) 1921 | 273 | 1.280 | 349 | 58 | 127 | 46 | 58.97 |
| (11) 1922 | 343 | 1.26 | 432 | 83 | 126 | 66 | 81.48 |
| (12) 1923 | 436 | 1.242 | 542 | 110 | 112 | 98 | 116.67 |
| (13) 1924 | 565 | 1.224 | 692 | 150 | 110 | 136 | 124.77 |
| (14) 1925 | 652 | 1.206 | 786 | 94 | 103 | 91 | 10..25 |
| (15) 1926 | 735 | 1.888 | 873 | 87 | 100 | 87 | 114.47 |
| (16) 1927 | 795 | 1.17 | 930 | 57 | 97 | 59 | 69.41 |
| (17) 1928 | 858 | 1.166 | 1,000 | 70 | 90 | 78 | 97.50 |
| (18) 1929 | 946 | 1.162 | 1,099 | 99 | 84 | 118 | 137.21 |
| (19) 1930 | 1,041 | 1.158 | 1,205 | 106 | 79 | 134 | 144.09 |
| (20) 1931 | 1,101 | 1.154 | 1,271 | 66 | 89 | 74 | ---------- |
| (21) 1932 | 1,099 | 1.15 | 1,264 | −7 | 89 | −8 | ---------- |
| (22) 1933 | 1,067 | 1.148 | 1,225 | (6) | 90 | (6) | ---------- |
| (23) 1934 | 1,067 | 1.146 | 1,223 | −2 | 103 | −2 | ---------- |
| (24) 1935 | 1,067 | 1.144 | 1,221 | −2 | 109 | −2 | ---------- |
| (25) 1936 | 1,082 | 1.142 | 1,236 | 15 | 110 | 14 | ---------- |
| (26) 1937 | 1,122 | 1.14 | 1,279 | 43 | 109 | 39 | ---------- |
| (27) 1938 | 1,162 | 1.140 | 1,325 | 46 | 95 | 48 | ---------- |
| (28) 1939 | 1,194 | 1.140 | 1,361 | 36 | 96 | 38 | ---------- |
| (29) 1940 | 1,245 | 1.140 | 1,419 | 58 | 101 | 57 | 96.61 |
| (30) 1941 | 1,360 | 1.140 | 1,550 | 131 | 100 | 131 | 112.93 |
| (31) 1942 | 1,463 | 1.140 | 1,668 | 118 | 100 | 118 | ---------- |
| (32) 1943 | 1,499 | 1.140 | 1,709 | 41 | 100 | 41 | ---------- |
| (33) 1944 | 1,542 | 1.140 | 1,758 | 49 | 100 | 49 | ---------- |
| (34) 1945 | 1,611 | 1.140 | 1,837 | 79 | 100 | 79 | ---------- |
| (35) 1946 | 1,816 | 1.140 | 2,070 | 233 | 100 | 233 | 115.35 |
| (36) 1947 | 2,246 | 1.140 | 2,560 | 490 | 122 | 402 | 94.81 |
| (37) 1948 | 2,718 | 1.140 | 3,099 | 539 | 137 | 393 | 100.17 |

[1] Calculated from total capital equipment in Bell System and total capital equipment in telephone industry, at the 5-year intervals of the census of electrical industries, 1912–37, and by interpolation in the intervening years.

[2] Calculated from formula (col. 1)×(col. 2).

[3] Calculated from data supplied by American Telephone & Telegraph Co.

[4] Calculated from formula (col. 4)−(col. 5).

[5] Calculated from formula (col. 6)−(col. 6, table 2, previous year).

[6] Omitted because affected by accounting change between 1932 and 1933.

Source: col. 1: American Telephone & Telegraph Co.

Turning to the individual comparisons, the timing of variations in net investment in central office equipment, as shown in chart 3 [not printed in the RECORD], is quite similar to the timing of variations in the expected demand increases, in particular at the peaks in 1914, 1917, 1924, 1930, 1941, and 1947. This correspondence indicates that net investment in central office equipment, which is the largest component of total telephone investment, is timed in accordance with the capital-requirements theory.

One discrepancy which recurs in the comparisons for the other types of equipment should be pointed out, however. According to the capital-requirements theory, during the thirties no positive net investment should have been required, since actual demand remained below the 1929 peak until 1939 and expected demand remained below capacity until 1940. During the early thirties, in fact, net investment remained approximately zero, indicating both that no expansion was required and that retirement was almost entirely replaced. During the late thirties, on the other hand, some positive net investment was undertaken. This investment apparently was not due to lack of capacity in the industry as a whole; rather it was due in part to increases in demand in particular geographical areas, not typical of the entire country, and in part to the introduction of technological improvements even though existing capacity was adequate. Although this positive net investment began earlier than the capital-requirements theory indicates, it is significant that net investment rose sharply in 1940 and 1941, when expected demand definitely exceeded existing capacity.

The timing comparisons for the other kinds of capital equipment reveal a successively diminishing correspondence between net investment and expected demand increases, more or less in the following ranking: Exchange lines, as shown in chart 4 [not printed in RECORD], rank second in correspondence, and are also the second largest component of total telephone investment. Land and buildings, as shown in chart 4 [not printed in RECORD], rank third, partly because buildings have a longer construction period, and hence annual investment is more regular. Station equipment, as shown in chart 5 [not printed in RECORD], ranks fourth in correspondence, with exceptionally large discrepancies over the depression years. Two distinctive characteristics of station equipment may account for these discrepancies: its construction period is short, so that investment can be rapidly adjusted to actual rather than expected changes in demand; and its retirement is large, so that disinvestment can be significant when demand falls, and excess capacity does not persist to bar investment when demand rises again. Toll lines, as shown in chart 5 [not printed in RECORD], are fifth, primarily because they are "lumpy" inputs. Each major new line is a comparatively large part of the total stock of toll lines, and includes a large margin of spare capacity. Finally other plant, as shown in chart 3 [not printed in RECORD], ranks last in correspondence, because it simply does not have a definite technological relationship to demand. It is also the smallest component of total telephone investment.

To sum up, these comparisons indicate that the extent to which net investment is timed in accordance with the capital-requirements theory differs from one type of capital equipment to the next. The correspondence between net investment and expected demand increases is quite close, however, for the most important types—central office equipment and exchange lines.

The statistical capital and spare-capacity coefficients are now computed by dividing the series of deflated net investment in each type of capital equipment by the series of calculated increases in expected demand over capacity, i.e., by finding the ratios between the two main elements plotted in charts 3 through 5 [not printed in RECORD]. This calculation is illustrated for central office equipment in table 4. It should be noted that the statistical results are combined capital and spare-capacity coefficients, rather than the two kinds of coefficients taken separately. The reason for this has already been pointed out—that data for the distribution of spare capacity in the industry are not available. The coefficients are marginal coefficients, stating the amount of capital equipment (in 1926 dollars) required for each additional telephone, rather than average coefficients, stating the amount of capital equipment required for each existing telephone. No coefficients have been calculated for other plant, since it seems clear that net investment in other plant is not explained by the capital-requirements theory.

In algebraic terms, the second basic hypothesis of the capital-requirements theory is

(7, 12)

$$\Delta K^a_{t+1}=\beta^a\gamma^a(O^e_{t+1}-1/\gamma^a C^a_t),\quad \Delta K^a_{t+1}\geqq -R^a_{t+1}$$

For statistical analysis, using (a) the assumed value for the expectations coefficient and equation (7, 14) above, (b) the statistical measure for effective industrywide capacity and the assumption of automatic replacement, and (c) the deflated value of increments in capital stock for a measure of net investment, the combined capital and spare-capacity coefficients are computed from

(7, 15)

$$\Delta V^a_{t+1}/P^a_{t+1}=\beta^a\gamma^a(O^e_{t+1}-C'_t),\quad \Delta V^a_{t+1}/P^a_{t+1}\geqq 0$$

in which

$\Delta V$=the increment in value of capital stock,

$P$=the price index, and,

$C'$=effective industrywide capacity.

The historical course of the statistical capital and spare-capacity coefficients can be seen in charts 6 to 8 [not printed in RECORD]. How may these statistical results be evaluated? In general the calculated coefficients have two notable characteristics: they fluctuate significantly from year to year, and they trace out underlying patterns of variation over the entire period.

The annual fluctuations are, of course, at variance with the capital-requirements theory, which assumes that the coefficients are stable except when altered by technological change. These fluctuations do not seem to be sufficiently extreme, however—at least for the more important types of capital equipment—to warrant rejection of the theory. The year-to-year fluctuations seem to arise from a combination of three sources. In part they are due to chance variations in the number of local exchanges requiring expansions of capacity as a result of a given industrywide increase in expected demand, i.e., they stem from the aggregation problem discussed earlier. In part they result from variations in the availability of circuits, i.e., they stem from using a one-dimensional measure of output and capacity. And in part they arise from considerations affecting net investment which are abstracted from in the capital-requirements theory—in particular, from policy decisions to vary the rate of introduction of technological improvements. Such year-to-year fluctuations must be expected in view of the approximations of the statistical technique and the simplicity of the theory.

The underlying patterns of variation over the entire period, on the other hand, appear to reflect the fundamental influence of the capital coefficients and spare-capacity coefficients of the capital-requirements theory. These patterns can in general be explained in the light of the technological developments known to have taken place in the various types of capital equipment in the period 1913–48. In the charts, therefore, simple freehand lines have been drawn to represent these underlying patterns, consistent with the dates and directions of the known technological changes.

The statistical coefficients for the individual types of capital equipment reveal a successively diminishing stability and consistency with the technological history, more or less in the same ranking noted earlier in the timing comparison.

As shown in chart 6 [not printed in RECORD], the coefficients for central office equipment trace out an underlying pattern of variation which reflects clearly the technological change from manual to automatic switchboards. The coefficients rose sharply from 1920 to 1923, when the automatics, which have higher capital costs than the manuals (but lower operating costs), were first introduced; and then remained in the neighborhood of this higher level throughout the twenties, in 1940–41, and in 1946–48, when the automatics continued to be used for expansion and gradual replacement. Certain of the year-to-year fluctuations around this pattern are also understandable. The peak in 1923 and 1924 was due to the process of eliminating backlog demand and restoring the normal availability of circuits after wartime shortages, and the fall in 1925 followed the completion of this process. The peak in 1929 and 1930 was due to temporary acceleration of the technological shift from manual to automatic switchboards.

Chart 7 [not printed in RECORD] indicates that the coefficient for exchange lines trace out a steadily rising pattern from 1914 through 1930, and then a falling pattern through 1941 to the years after World War II. The earlier upward trend reflects the technological shifts which took place in those years from open wire to cable, and from wire and cable above ground to cable underground, each of which require larger amounts of capital equipment per telephone. It also reflects the extension of telephone service to less heavily populated areas. The later falling trend stems from the technological changes in station equipment in those years, raising the strength of the signal from the telephone instruments and thus permitting a reduction in the size of the conductors in cables, i.e., a reduction in capital requirements in exchange lines.

In the third rank, as shown in chart 6 [not printed in RECORD], the coefficients for land and buildings trace out an underlying pattern which was high in the twenties, low in 1914–17 and 1940–41, and rising after World War II. This pattern arose from policy decisions as well as technological developments. The high level of the coefficients in the prosperous twenties (especially 1929 and 1930), and the low level in the postdepression years, were due party to a program of constructing large administration buildings and making general improvements in architectural design, which was carried through in the twenties but later curtailed. The low level of coefficients in later years was also partly a result of the technological trend to smaller and more compact central office equipment, reducing capital requirements in land and buildings.

The coefficients for station equipment, chart 7 [not printed in RECORD], trace out an underlying pattern in variation which reflects the technological change from desk sets to hand sets, starting in 1927 and continuing through the thirties. The coefficients rose somewhat in the late twenties and continued at this level in 1940–41. The lower level prevailing after World War II is more difficult to explain, however. Perhaps it is due to the fact that the actual transition from desk sets to hand sets had been virtually completed.

The coefficients for toll lines shown in chart 8 [not printed in RECORD], have been less stable from year to year than those for any other type of capital equipment. This reflects the lumpy character of investment in toll lines. Insofar as an underlying pattern of variation can be discerned, however, it is in accord with the known changes in technology. The rise of the coefficients in the late twenties was due fundamentally to the technological solution of the problem of long-distance transmission over cables; although, more immediately, to a policy decision to undertake general replacement of open wire by aerial and underground cable at this time, and to provide a complete cable network in the northeastern part of the country. The technological change raised the underlying pattern of the coefficients, since cable requires more investment than open wire; while the concentrated replacement program raised the annual coefficients to the extraordinary peak of 1929 and 1930. The subsequent lower level of the coefficients before and after World War II reflects a second technological change, the development of carrier systems of transmission, which markedly reduced the amount of outside plant required for each toll circuit.

**TABLE 5.**—*Central office equipment: Calculation of retirement coefficients*

| Year | Retirement<br>(1) | Stock of central office equipment<br>(2) | Retirement coefficient [1]<br>(3) |
|---|---|---|---|
| | *Thousands* | *Millions* | |
| (1) 1915 | $758 | $25.65 | ---------- |
| (2) 1916 | 675 | 27.00 | 0.02632 |
| (3) 1917 | 272 | 29.76 | .01007 |
| (4) 1918 | 715 | 32.95 | .02403 |
| (5) 1919 | 663 | 36.91 | .02012 |
| (6) 1920 | 710 | 43.16 | .01924 |
| (7) 1921 | 1,464 | 51.86 | .03392 |
| (8) 1922 | 757 | 72.87 | .01460 |
| (9) 1923 | 892 | 100.47 | .01224 |
| (10) 1924 | 1,768 | 154.05 | .01760 |
| (11) 1925 | 2,721 | 178.34 | .01766 |
| (12) 1926 | 3,639 | 190.61 | .02040 |
| (13) 1927 | 30,712 | 178.81 | (2) |
| (14) 1928 | 7,461 | 186.39 | .04173 |
| (15) 1929 | 5,811 | 204.91 | .03118 |
| (16) 1930 | 7,822 | 220.39 | .03817 |
| (17) 1931 | 14,298 | 230.68 | .06488 |
| (18) 1932 | 20,345 | 230.50 | .08820 |
| (19) 1933 | 13,306 | 231.29 | (3) |
| (20) 1934 | 4,949 | 230.49 | .02140 |
| (21) 1935 | 6,756 | 227.42 | .02931 |
| (22) 1936 | 2,779 | 227.63 | .01222 |
| (23) 1937 | 5,093 | 231.34 | .02237 |
| (24) 1938 | 7,016 | 237.74 | .03033 |
| (25) 1939 | 10,952 | 235.88 | .04607 |
| (26) 1940 | 8,434 | 238.51 | .03576 |
| (27) 1941 | 4,621 | 244.50 | .01937 |
| (28) 1942 | 3,457 | 249.98 | .01414 |
| (29) 1943 | 1,084 | 252.52 | .00434 |
| (30) 1944 | 858 | 254.30 | .00340 |
| (31) 1945 | 1,179 | 258.02 | .00464 |
| (32) 1946 | 1,433 | 275.06 | .00555 |
| (33) 1947 | 2,590 | 340.50 | .00942 |
| (34) 1948 | 3,365 | 243.84 | .00988 |

[1] Calculated from formula (col. 1) · (col. 2 previous year × 1,000).

[2] Omitted because affected by change in area of operations in 1927.

[3] Omitted because affected by accounting change between 1932 and 1933.

Source: Cols. (1), and (2), Federal Communications Commission, unpublished reports of New York Telephone Co.

To sum up, the statistical capital and spare-capacity coefficients for the various types of capital equipment reveal both year-to-year fluctuations and underlying patterns of variation over the entire period. The annual fluctuations are at variance with the capital-requirements theory, but do not seem to be sufficient to reject the theory for the more important types of capital equipment. The underlying patterns of variation, on the other hand, are in general consistent with the known timing and direction of technological developments. All in all, this statistical analysis seems to lend considerable support to the second basic hypothesis of the capital-requirements theory—that net investment depends, via fixed capital and spare-capacity coefficients, upon changes in expected demand.

### *D. Calculation and evaluation of retirement coefficients*

In the third part of the quantitative analysis, annual retirement coefficients for the various types of capital equipment are derived, and the stability of the historical course of the statistical coefficients is examined. The capital-requirements theory assumes that retirement is a fixed fraction of the stock of capital equipment; therefore these coefficients should be essentially stable over the period studied, though perhaps modified by technological changes.

The essence of the statistical procedure is to take ratios between the retirement in each year and the stock of capital equipment in use at the end of the previous year; thus the coefficients are stated in pure numbers. Several aspects of the detailed procedure should be pointed out, however. Since statistical series for retirement by types of capital equipment are not available for the Bell System or for the industry as a whole, series have been compiled for the New York Telephone Co., the largest unit in the Bell System, from unpublished reports made to the Interstate Commerce Commission and the Federal Communications Commission. The classification of capital equipment is somewhat different from that used previously. Four types are essentially the same—central office equipment, land and buildings, station equipment, and other plant.

Outside plant, however, which previously was divided between exchange lines and toll lines, is divided here among aerial wire, aerial cable, underground cable, pole lines, and underground conduit. The series are all stated in value terms. The value of the stock of capital equipment is essentially the sum of the original values, at the time they were first installed, of the various units still in service; no adjustment is made for depreciation. The value of retirement is essentially the original value of the units retired. Unfortunately these value series cannot be deflated, because information regarding the dates at which the retired units were originally purchased is lacking. The year 1927 has been omitted because in that year the New York company transferred its properties in northern New Jersey, containing 10 to 30 percent of the various types of capital equipment, to a wholly owned subsidiary, which later became the New Jersey Bell Telephone Co. The years 1933, in some cases 1937, and in other cases 1933–37, have been omitted because of changes in accounting definitions in those years. The entire procedure is illustrated in table 5 for central office equipment.

In algebraic terms, the third basic hypothesis of the capital-requirements theory is

(7, 13)

$$-R^{a}_{t+1} = -\rho^{a} K^{a}_{t}$$

Using undeflated value series for a single telephone company, the statistical retirement coefficients are calculated from

(7, 16)

$$-U^{a}_{t+1} = -\rho^{a} V^{a}_{t}$$

in which

$U$ = the value of retirement, and

$V$ = the value of the stock of capital equipment.

The historical course of the resulting statistical coefficients can be seen in charts 9 through 13 [not printed in RECORD]. In general the retirement coefficients fluctuate quite widely from year to year, indicating that annual retirement is subject to considerably more managerial discretion than the capital requirements theory suggests. All of the calculated coefficients, for example, fell very low during World War II, when new equipment was difficult to get for replacement; and most remained low in the postwar period, when new equipment was used mainly for expansion. These year-to-year fluctuations are associated with the fact that the coefficients for most types of equipment are very small, indicating that the equipment is quite durable, and hence that there is scope for discretionary variation of retirement. Some of the fluctuations are also associated with the technological changes which are known to have occurred in this period. On the other hand, there appears to be some tendency for the year-to-year fluctuations to center around certain normal levels, even though the stocks of capital equipment increased manifold over the entire period. This suggests that there may be a long-run tendency for retirement to be a certain fraction of the capital stock.

Turning to the individual types of capital equipment, the two types which have the most stable retirement coefficients from year to year and are most consistent with the capital-requirements theory are station equipment and other plant. It is significant that these two types also have the largest retirement coefficients. This supports the generalization that the less durable a type of equipment, the less scope there is for varying its retirement. Moreover, because large fractions of station equipment and other plant are retired in each year, replacement investment for these two types is more important than net investment. The statistical coefficients for station equipment are shown in chart 9 [not printed in RECORD]. The normal level of these coefficients seems to have varied, rising to a higher level beginning in 1928 and continuing through 1940. This reflects the technological transition from desk sets to hand sets in these years. The statistical coefficients for other plant are plotted in chart 9 [not printed in RECORD]. The normal level of these coefficients seems to have fallen from about 15 percent in the twenties to about 11 percent in the thirties.

The retirement coefficients for central office equipment, chart 10 [not printed in RECORD], are among the most variable from year to year, and the least consistent with the capital-requirements theory. This may be explained by the fact that retirement of central office equipment is due largely to obsolescence, and is primarily affected by policy decisions regarding the rate of introduction of technological improvements. Thus retirement was increased from 1928 to 1932 as a result of an accelerated program of replacing manual with automatic switchboards; whereas in the 8 years, 1921–27, dial service had been introduced in 46 central offices, in the 4 years, 1928–31, dial service was installed in 70 central offices.[9] An additional reason for increasing retirement in 1931 and 1932 was to reduce maintenance and operating expense by abandoning manual equipment no longer needed in view of the fall in demand. Over the entire period from 1915 to 1948, however, in which the value of central office equipment increased about 16 times, the statistical coefficients appear to have some tendency to center around a normal level of about 2½ percent. The retirement coefficients for land and buildings, as shown in chart 10 [not printed in RECORD], trace out a pattern of annual fluctuations similar to that of the coefficients for central office equipment, since this type of telephone plant consists mainly of buildings to house the central office equipment. The peak of retirement in 1929, however, was due to the transfer of many administrative and operating functions to a single new building in that year, and the normal level of the coefficients seems to have been about 1 percent.

The retirement coefficients for aerial wire, aerial cable, and underground cable reflect an interesting way the technological change which took place in this period from open wire to cable, both aerial and underground, and from aerial conductors, both wire and cable, to underground cable. These coefficients are plotted in charts 11 and 12 [not printed in the RECORD]. In 1929 and 1930 the coefficients for both aerial wire and aerial cable rose well above normal, while the coefficients for underground cable did not. Then in 1931 and 1932 the coefficients for aerial wire remained high, while the coefficients for both aerial and underground cable fell. Over the entire period the coefficients for aerial wire were in the order of 8 percent, and in contradiction to the capital-requirements theory, fluctuated markedly from year to year. The coefficients for both aerial cable and underground cable where in the order of 2 percent, and were also more stable, particularly after 1938.

---

[9] New York Telephone Co., annual reports, 1928, p. 5; 1929, p. 5; 1930, p. 6; 1931, p. 8.

Pole lines, aerial wire, and aerial cable are complementary types of capital equipment, and hence the retirement coefficients for pole lines, as shown in chart 12 [not printed in the RECORD], trace out a pattern of annual fluctuations similar to that of the coefficients for aerial wire and aerial cable. Over the entire period from 1915 to 1948 the normal level of the coefficients appears to have been about 5 percent, and except for 1921 the annual fluctuations are reasonably compatible with the capital-requirements theory. Underground conduit and underground cable have a similar complementary technological relationship, but annual retirement in these 2 types is not so closely related because the conduit is about 10 times as durable as the cable. As set forth in chart 13 [not printed in the RECORD] (note the change in scale), the retirement coefficients for conduit were in the order of 0.2 percent in most years. Moreover, because of this durability the coefficients were more erratic from year to year than the coefficients for any other type of equipment, and hence less consistent with the capital-requirements theory.

In sum, the statistical retirement coefficients for the various types of capital equipment exhibit varying degrees of year-to-year fluctuations in the period studied. Station equipment and other plant are most stable; underground conduit, aerial wire, central office equipment, and land and buildings are least stable; and pole lines, aerial cable, and underground cable are intermediate. These fluctuations reflect the managerial discretion which enters retirement decisions, but which is abstracted from in the capital-requirements theory. Such discretion is inversely related to durability, and hence it is important that all types but station equipment and other plant are quite durable. On the other hand, over the period as a whole, while large increases in stocks of capital equipment were taking place, normal levels of the coefficients can in general be discerned. Thus there may be a long-run tendency toward normal retirement. All in all, however, this calculation of statistical retirement coefficients lends only limited support to the third basic hypothesis of the capital-requirements theory—that retirement depends, via a fixed coefficient, upon the existing stock of capital equipment.

### V. CONCLUSION

This study points to one main conclusion—that the capital-requirements theory is a useful explanation of certain fundamental features of the investment process in the telephone industry. The hypothesis that demand estimates depend upon a fixed expectations coefficient is supported by the importance of trend extrapolation in the Bell System procedures, and also by the one short series of actual demand estimates. The hypothesis that net investment depends upon fixed capital and space-capacity coefficients is supported by the policy of building ahead of demand and the essentially rigid engineering relationships in the Bell System procedures, and also by the consistency of the statistical capital and spare-capacity coefficients with the known technological developments in the period studied. The hypothesis that retirement depends upon fixed retirement coefficients, on the other hand, is supported to only a limited degree, largely because of the durability of most of the capital equipment in the industry.

An important question is the extent to which the capital-requirements theory can be extended to other industries. It should be recognized that the telephone industry has three important characteristics which are favorable to the theory. First, its productive process is heavily capital-intensive, with little scope of substitution of other inputs, and its product cannot be produced for inventory. This means that investment decisions are dominated by essentially rigid technological relationships. Second, the demand for telephone service has risen steadily and rapidly throughout the history of the industry, so that investment designed to expand capacity has bulked large in the investment program, technological improvements have been introduced primarily as alternative techniques for expansion, and it has been economical to build ahead of demand. Third, the telephone industry is essentially a monopoly, and is subject to public utility regulation. Its investment is little affected by the reactions of oligopolistic rivals, and must be adequate to meet demand at commission-determined prices.

These favorable characteristics, however, are clearly not limited to the telephone industry. The other public utilities, which together provide a significant fraction of total investment in our economy,[10] are similar in most of these respects. Many manufacturing industries as well are characterized by capital-intensive productive processes, historically rising demand, and nonagressive market structures. Therefore, although each industry should be examined individually, it seems probable that the capital-requirements theory can be extended to a considerable number of other industries.[11]

Moreover, insofar as this study of telephone investment can be generalized, it indicates that the capital-requirements theory can justifiably be used in integrating investment and disinvestment in capital equipment into the interindustry input-output scheme. The study has two implications for the resulting dynamic analysis, however. First, the theoretical coefficients were found to be more stable over periods of several years than in any single year, in which managerial discretion may affect investment. Therefore the dynamic input-output analysis itself will be more useful in determining what is required to accomplish a specified increase in total outputs over periods of several years than over a single year. Second, the coefficients were significantly altered by technological developments, which indicates, particularly when analysis is focused on periods of several years, that the most up-to-date engineering advice should be sought in calculating the coefficients, in order to make allowance for technological changes which are on the verge of being introduced. If these implications are recognized, however, this study of telephone investment offers a basis for hope that the capital-requirements theory can be successfully used in developing a dynamic input-output analysis.

### COURTS WOULD NOT PERMIT INVESTMENT CREDIT TO INCREASE PROFIT INCENTIVE

**Mr. PROXMIRE.** Mr. President, as I have said, utilities as regulated monopolies are afforded opportunities to earn a just and reasonable rate of return. The rate of return is set to assure a return on capital and to attract whatever capital is needed to serve public convenience and necessity. The rate of return is arranged to obtain the necessary capital at whatever cost is required. So that it is very difficult to see how an investment credit under any circumstances could provide an incentive. In fact, the opinions of courts in several cases with respect to regulating utilities make clear that they do not intend to permit the utility to get the benefit of any such provision as the investment credit.

I call attention particularly to the opinion by the Pennsylvania Superior Court in the case of city of Pittsburgh against Pennsylvania Public Utilities Commission:

> Counsel asserts that, since utilities are an important segment of the national economy, they must likewise benefit. The weakness in this assertion is in failing to recognize the distinct nature of a utility as a regulated quasi-monopoly. As such it may obtain funds for modernization and expansion at the current reasonable cost, and it is allowed to pass this cost on to its customers in an annual depreciation allowance and its annual allowable net return as well. In fixing the rate of return the commission takes cognizance of the cost of capital to the utility. It appears therefore that this general desire of Congress to provide working capital and funds for modernization and expansion is, and has been for many years, adequately met for public utilities through rate proceedings.

---

[10] See ch. 6, sec. 4, table 9.

[11] Throughout this chapter I have referred to the capital-requirements theory, meaning the particular theory tested here against the investment practice in the telephone industry. By modifications of particular assumptions, of course, it is possible to develop other variants within the general family of capital-requirements theories; and in extending the theory to other industries, such modifications may be desirable. The particular assumptions which I consider central to any capital-requirements theory are that investment depends upon expected output relative to capacity, that there are fixed technological coefficients relating changes in capacity to changes in stocks of capital equipment, and that negative net investment is limited by the durability of capital equipment to feasible retirement. On the other hand, modified assumptions can readily be introduced regarding the formation of demand expectations, the variability of margins of spare capacity, and the determination of retirement. For an example of another formulation within the family of capital-requirements theories, applied to a number of industries, see Hollis Chenery, "Overcapacity and the Acceleration Principle," Econometrica, January 1952. The principal difference between his capacity principle and the capital-requirements theory developed here is that in his formulation net investment depends upon a certain fraction of the difference between output and normal utilization of capacity, so that the margin of spare capacity varies from year to year, approaching the normal margin as a goal; while in my formulation net investment depends upon the entire difference between output and normal utilization of capacity, so that the margin of spare capacity is constant from year to year. The choice between the two versions for particular industries probably depends primarily on whether demand has fluctuated seriously or has risen steadily in the past.

This, of course, referred to the accelerated depreciation provision in the Revenue Code, which was put into effect in 1954.

Similarly, the Supreme Court of Illinois said in the case of city of Alton against Commerce Commission:

> Under the policy of this State, utilities are allowed a rate of return calculated to attract the capital required for necessary expansion. Since in this respect utilities differ from other corporations, the purpose of section 167 would not be thwarted nor would discrimination be introduced into the Federal tax law by requiring utilities to pass the savings of accelerated depreciation on to their customers. Utilities are at least partial monopolies, and no competition exists to induce them to pass savings on to the public.

Therefore it is clear that regulatory bodies, public utilities commissions, treat the corporation income tax of utilities as a cost of operation. If the investment credit is given to utilities, why then should public utilities accelerate their investment in equipment?

The major utility companies recognize the fact that they cannot increase their return by increasing investment as long as public utility commissions are sufficiently alert to see that they get only a specified rate of return.

The utilities and their investors do not bear the burden of the corporation income tax.

The utilities will not raise investment significantly in response to this investment credit because, in the first place, they are a captive monopoly market; second, they have a guaranteed rate of return; third, they have a ready access to capital funds; fourth, they can raise money whenever they need to expand.

Finally, the need for new investment is determined by consumer demand.

### EXPERIENCE WITH QUICKIE WRITEOFFS FOR UTILITIES SHOWS INVESTMENT CREDIT WOULD NOT INCREASE INVESTMENT

Mr. President, fortunately, in this case, we have the experience of the accelerated amortization provision in the tax law, which Congress provided in 1954. That experience showed that it did not work to stimulate the utility industry. As a matter of fact, a critical review was made by the Finance Committee in 1957, on the basis of the experience with the accelerated depreciation in the electric utility field. At that time the chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD] concluded that the effect had not been to stimulate investment. This is what he said, on page 9 of the hearings before the Committee on Finance on S. 1795:

> It seems to me there is no justification whatever for a power utility to get a rapid tax depreciation. They are guaranteed profits.

### REGULATION WOULD BE DISCRIMINATORY, CONFUSING AND CONTRADICTORY WITH INVESTMENT CREDIT

It is argued that in some cases utilities may have an incentive, because regulatory bodies may be disinclined to require the utilities to reduce their rate to reflect their increased return flowing from the investment credit. Should utilities be allowed to keep the investment credit in addition to a fair return? I believe that undoubtedly some regulatory bodies may say "Yes." I believe, however, that many, as indicated by the decision in Pennsylvania and the decision in Illinois, and I am sure in other States, would say "No." The result of this would be discriminatory, uncertain, confusing, and would not be in the interest of the country or of the public utility interest.

Certainly any flowthrough of this advantage to consumers which is called for by existing law means no incentive. Obviously, if the advantage in increasing income is not permitted by the regulatory body, then there would be no real incentive for the utility to increase its purchases of equipment or machinery.

### TREASURY FORESEES WINDFALL FOR UTILITIES FROM INVESTMENT CREDIT

The conclusion of the Treasury is that substantially no benefit to consumers or investors would result from this investment credit to utilities but that there would be an addition to dividends.

This is because there is such a variation and it would be very difficult for regulatory bodies to handle the situation fairly. Under those circumstances it is felt that the utility would not pass through or permit a flowthrough of the investment credit advantage to the consumers. However, there would be a dividend windfall.

I should like to point out the variation in the effect on the consumers in various States and on various utilities.

The rate regulating agency would have to monitor each utility's investment in every year to assure that the company did not earn an excessive return through the investment credit.

I have before me a table which indicates the varying effect on many companies during the period 1958, assuming a 3-percent tax credit. It shows, for example, in the case of the Consolidated Edison of New York, in 1958, the customer benefit would be 83 cents, and the stockholder benefit would be an increase of 1.04 percent on equity. There would be an increase in 1960 of $1.99 by way of a customer benefit, or 2.17 percent increase return to stockholders.

Detroit Edison, Northern States Power Co., and Pacific Gas & Electric Co., are also listed. In the cast of Detroit Edison the variation would be the sharpest. In 1958, the consumer benefit would be $1.37. In 1960, it would be only 45 cents. In 1958 investors would have gotten an increased return of 1 percent, while in 1960, only two-thirds of 1 percent.

This is typical of all the other utilities on the basis of the table which the Treasury has made available. I ask unanimous consent that the table, shown on page 136 of the hearings be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

*Estimated effect of 3-percent tax credit customer benefit versus stockholder benefit, selected utilities, 1958–60 data*

| Company | Results whether customer or stockholder gets benefits | |
|---|---|---|
| | Customer benefit per year [1] | Stockholder benefit extra return on equity [2] |
| Consolidated Edison Co. of New York: | | *Percent* |
| 1958 | $0.83 | 1.04 |
| 1959 | 1.11 | 1.33 |
| 1960 | 1.99 | 2.17 |
| Northern States Power Co. (Minn.): | | |
| 1958 | .61 | .66 |
| 1959 | 1.18 | 1.13 |
| 1960 | 1.35 | 1.32 |
| The Detroit Edison Co.: | | |
| 1958 | 1.37 | 1.00 |
| 1959 | 1.14 | .84 |
| 1960 | .45 | .33 |
| Pacific Gas & Electric Co.: | | |
| 1958 | 1.36 | 1.20 |
| 1959 | .85 | .78 |
| 1960 | .81 | .76 |
| Appalachian Power Co.: | | |
| 1958 | 2.88 | 2.78 |
| 1959 | .57 | .55 |
| 1960 | .57 | .54 |

[1] Average reduction in residential electric bills consequent to rate reductions on residential sales made possible by the investment credit.

[2] Average percentage point increase in rate of return to equity made possible by passing the investment credit through to stockholders.

Source: Office of the Secretary of the Treasury, Office of Tax Analysis, Apr. 2, 1962.

### PASSTHROUGH TO CONSUMERS NEGLIGIBLE AT BEST

Mr. PROXMIRE. Mr. President, it could be argued, I presume, that if this investment credit were passed on to the consumers, what is wrong with that? The consumers would get a cut in their rate bill. Of course, first, this would not be the purpose of the reduction. Second, the cut in the rate bill would be very slight indeed.

Some might argue a cut in the rate would be sufficient to persuade consumers to buy more electricity and to expand our output of electricity or the output of utilities generally. The facts are, on the basis of the Treasury study, that the result of a 3-percent credit would be a 1-percent cut in consumer costs. For example, a monthly residential bill of $7.20 would be cut by 7 cents. That is a typical average bill. In the case of the average industrial bill, which is approximately $73, the cut would be only 69 cents.

On the basis of the studies made by Fisher & Kaysen, the demand is relatively inelastic. On this basis it is clear that the increase in demand, the result of any passthrough or flowthrough of this investment credit would be virtually nil.

Would the investment stimulate increasing capacity? The fact is that the level of excess capacity in the utility industry is now higher than at any time since 1940. I call attention to a table on page 137 of the hearings. This table shows that there was a real burden on capacity in the period right after World War II. At that time, in 1947, the indicated reserves—that is, the excess over the December peakload as a percentage of the peak—was only 1.2 percent. Since then, in every year, the capacity in proportion to demand has increased, until in 1960 the percentage of excess was 28.6 percent in December. This is, of course, the month in which there are heavy demands on utilities. So the most recent figures show a 28.6 percent and increasing excess capacity. Under those circumstances, it is obvious that the level of excess capacity is so high that any investment credit would be unlikely to stimulate capacity significantly.

While I disapprove of investment credit generally, I think it is possible it may have some stimulation of investment in equipment in competitive manufacturing industry. I think that the exclusion of buildings was wise and a good provision. It saved revenue and eliminated providing overproduction through an investment credit tax cut for buildings, which obviously would not have stimulated our growth significantly.

I ask unanimous consent to insert at this point in the RECORD a table entitled "System Capacity and Peakloads."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*System capacity and peak loads, 1940–60—U.S. totals for major systems*

| End of year | Dependable (adverse water year) | December peak loads | Indicated reserves (excess of dependable over December peak load as percent of peak) |
|---|---|---|---|
| | *Kilowatts* | *Kilowatts* | |
| 1940 | 34,403,434 | 27,948,071 | 23.1 |
| 1941 | 37,368,709 | 31,531,206 | 18.3 |
| 1942 | 39,665,335 | 32,942,464 | 20.4 |
| 1943 | 42,416,767 | 37,060,061 | 14.5 |
| 1944 | 43,760,322 | 37,853,847 | 15.6 |
| 1945 | 45,373,031 | 37,368,925 | 19.8 |
| 1946 | 45,701,894 | 43,173,808 | 5.9 |
| 1947 | 48,146,326 | 47,554,687 | 1.2 |
| 1948 | 52,689,806 | 51,611,873 | 2.1 |
| 1949 | 59,285,449 | 54,238,000 | 9.3 |
| 1950 | 65,574,230 | 61,710,006 | 6.2 |
| 1951 | 72,687,954 | 67,809,836 | 7.1 |
| 1952 | 80,036,407 | 73,055,403 | 9.6 |
| 1953 | 89,802,280 | 78,592,567 | 14.3 |
| 1954 | 102,055,254 | 85,590,848 | 19.3 |
| 1955 | 114,512,107 | 98,201,077 | 16.5 |
| 1956 | 120,486,280 | 102,723,432 | 17.3 |
| 1957 | 128,325,252 | 107,388,343 | 19.5 |
| 1958 | 141,827,422 | 113,679,341 | 24.8 |
| 1959 | 154,587,818 | 121,861,168 | 27.1 |
| 1960 | 165,536,249 | 128,718,483 | 28.6 |

Source: June 1961 issue of FPC "Electric Power Statistics."

**Mr. PROXMIRE.** In the same way, it seems to me, if we exclude utilities, as my amendment advocates, we follow the same course as we did in excluding buildings.

INVESTMENT CREDIT FOR UTILITIES COULD NOT IMPROVE COMPETITIVE POSITION WITH OTHER NATIONS

The principal purpose of investment credit, as argued by the Secretary of the Treasury and the proponents of the measure on the floor, was that it would improve our competitive position with foreign countries. Is this principle applicable to utilities? Are Detroit Edison Co., or the big utilities in my State of Wisconsin, or the utilities in Oklahoma or New York, competitive with utilities in Europe or in any other part of the world? Obviously, they are not. No persuasive argument can be made, particularly in view of the fact that there is likely to be little, if any, flowthrough to the consumer, that such an investment credit will help us compete abroad. Industry buying power would not benefit because the record shows no flowthrough.

Would industry construct its own utilities to take advantage of the credit? That is a legitimate fear on the part of the utility industry. The utility industry believes that if it cannot get investment credit for constructing generators and such facilities, perhaps industry would step in to take advantage of its own tax position to increase its utility capacity. An excellent study by the Treasury Department, which is on page 139 of the hearings, shows that the trend in utilities has been in exactly the opposite direction.

I ask unanimous consent that this table be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Generating capacity, privately owned electric utilities and industrial establishments, 1939–60*

[In thousands of kilowatts]

| Year | Combined capacity | Privately owned utilities capacity | Industrial establishments | |
|---|---|---|---|---|
| | | | Capacity | Percent of combined capacity |
| 1939 | 44,483 | 33,908 | 10,575 | 24 |
| 1940 | 45,433 | 34,398 | 11,035 | 24 |
| 1941 | 47,631 | 36,041 | 11,590 | 24 |
| 1942 | 49,626 | 37,442 | 12,184 | 25 |
| 1943 | 51,717 | 39,128 | 12,589 | 24 |
| 1944 | 52,610 | 39,733 | 12,877 | 24 |
| 1945 | 53,064 | 40,307 | 12,757 | 24 |
| 1946 | 53,104 | 40,355 | 12,749 | 24 |
| 1947 | 54,816 | 41,987 | 12,829 | 23 |
| 1948 | 58,436 | 45,381 | 13,055 | 22 |
| 1949 | 63,954 | 50,484 | 13,470 | 21 |
| 1950 | 69,106 | 55,175 | 13,931 | 20 |
| 1951 | 74,544 | 60,192 | 14,352 | 19 |
| 1952 | 79,435 | 64,349 | 15,086 | 19 |
| 1953 | 87,053 | 71,201 | 15,852 | 18 |
| 1954 | 95,413 | 79,127 | 16,286 | 17 |
| 1955 | 103,311 | 86,887 | 16,424 | 16 |
| 1956 | 107,790 | 91,145 | 16,645 | 15 |
| 1957 | 114,474 | 97,376 | 17,098 | 15 |
| 1958 | 126,256 | 108,202 | 18,054 | 14 |
| 1959 | 136,510 | 118,999 | 17,511 | 13 |
| 1960 | 145,798 | 128,090 | 17,708 | 12 |

Source: FPC.

**Mr. PROXMIRE.** Mr. President, beginning in 1939, the industrial establishment had a percentage of capacity of 24 percent of the combined capacity of the utility production. That percentage has declined steadily and relentlessly year after year, until in 1960 industrial establishments had only 12 percent of such capacity, while privately owned utility capacity was 88 percent. There is a reason for this decline in industrial investment in utility production. The reason is the increasing size of generating facilities and their expense, which puts the activity far beyond the desires of most corporations, even the very big corporations, to engage in it.

Second, the life of a facility is 30 years, and the need for the manufacture for utility service and power is highly variable, if not unpredictable.

Furthermore, as the Treasury calculates, the flow of credit is far less for a 30-year life than for a 10-year life or a 15-year life. So the current trend, as I have pointed out, is in exactly the opposite direction. Many firms now lease production facilities in order to minimize the capital investment required.

The argument is made—and I am sure it will be made in opposition to my amendment—that utility investment credit would help the smaller utilities. Would it? The Treasury shows that there is no support for this contention at all.

GIANT UTILITIES GET 80 PERCENT OF INVESTMENT CREDIT BENEFITS

First, 80 percent of the investment by utilities is made by the giants, by the big utilities, by those which have assets of more than $250 million—more than a quarter of a billion dollars. Those are the firms which would get the lion's share of the benefit from a tax credit. Let us consider the smaller utilities, which are very small in relation to the giants, and have assets of from $5 to $50 million. The fact is that they now enjoy a substantially higher return. The Treasury points out that there is no support for the argument that the small utilities because they earn less would get the principal benefit. The utilities having assets of from $5 to $50 million enjoy a rate of return of from 10 to 20 percent higher, on the average; so it is clear that the smaller utilities do not need such an advantage.

**Mr. GORE.** Mr. President, will the Senator from Wisconsin yield?

**Mr. PROXMIRE.** I am glad to yield to the Senator from Tennessee.

**Mr. GORE.** Does the Senator's amendment cover all utilities? Does it cover not only electric utilities, but oil and gas pipelines, as well?

**Mr. PROXMIRE.** My amendment covers utilities as defined in the bill at the present time; for that reason it does not cover gas pipelines. The reason why it does not include gas pipelines is that gas pipelines are now given a 7-percent credit.

**Mr. GORE.** In the bill?

**Mr. PROXMIRE.** That is correct. I think that the granting of such a benefit is wrong. I believe gas pipelines should be treated as are all other utilities.

My first amendment is directed to the elimination of the 3-percent provision as it applies to utilities. Following that, as soon as I can get the floor, I shall offer an amendment to give the same treatment to gas pipelines as all other utilities receive. If my amendment is agreed to, I shall move to withdraw investment credit entirely for pipelines. If my first amendment fails, I shall move to treat gas pipelines on the same basis with other regulated utilities.

**Mr. GORE.** I am sure the Senator has good reasons for a division of the question, one reason being that a utility is by definition under the bill confined to electric and similar utilities.

**Mr. PROXMIRE.** Including a telephone utility.

**Mr. GORE.** Yes. To put it another way, by definition the term "public utility" does not include gas and oil pipelines.

**Mr. PROXMIRE.** That is correct.

**Mr. GORE.** Would the Senator consider possibly combining his two amendments, so that by this vote the Senate would have an opportunity to strike from the bill investment credit for all public utilities?

**Mr. PROXMIRE.** I should prefer to treat it as I am proposing. I think the case is overwhelming for removing the tax credit from both industries; but I cannot imagine an argument for giving gas pipelines special treatment as distinguished from other utilities. The Secretary of the Treasury made a statement which I should like to use when I call up my other amendment, a statement which is irrefutable, in which he points out that the case for gas pipelines getting credit is the weakest of all. I should prefer to make that argument later, because I feel that if there is any chance of this amendment being adopted, there will be very little trouble adopting a similar amendment with respect to gas pipelines. On the other hand, I think I may have trouble in having this amendment agreed to, since the committee rejected it. So if it should fail, I feel that I would have a chance to have an amendment adopted to reduce the investment credit for pipelines, and thus reduce the revenue loss to the Treasury by some $30 million.

**Mr. GORE.** Does not the Senator find interesting the argument which the proponents advanced for giving an investment credit benefit to regulated utilities, to the effect that the benefits would be passed on to consumers? If, indeed, the benefits were passed on to consumers, where would be the alleged incentive for expansion?

**Mr. PROXMIRE.** The Senator from Tennessee could not be more correct. In the first place, the pass-on, on the basis of this careful analysis, which no one refutes, would certainly be less than 1 percent of the cost to consumers; and there is no evidence that a pass-on of 1 percent of cost to consumers would increase consumers' demand. In fact, studies show exactly the contrary—namely, that there would be no significant increase in consumers' demand if their costs were cut by 1 percent.

**Mr. GORE.** Has not the trend in utility rates been constantly upward?

**Mr. PROXMIRE.** There is no question about that. The distinguished Senator from Montana [Mr. METCALF] put in the RECORD the other day a perfectly shocking exhibit, from the Federal Power Commission, showing that in some parts of the country utilities are allowed to earn, as a fair return, as much as 8 or 9 percent on their capital—on their riskless investment—although they can borrow money for a fraction of that. As a matter of fact, the Senator from Montana pointed out, in his excellent statement, that some utilities are now considered growth stocks—those which are regulated by public utility commissions which are so feeble in their regulation that the utilities are allowed to earn in excess of a fair return. Of course, on the principle of leverage, it is then possible for the common stockholder to get a return of 15 to 20 percent on his investment.

**Mr. GORE.** Then the Senator from Wisconsin thinks that in practical effect the benefits of this investment credit to utilities will flow, not to the consumers, but into the coffers and the improvement of the cash position of the utilities themselves, and thus to the stockholders?

**Mr. PROXMIRE.** I think that will be exactly the situation. As the Treasury points out, the reason why this kind of advantage for the stockholders will not be reflected in additional investments is, the uncertainty as to whether the regulatory body will act. In many cases they will not act and the investment credit will be a windfall.

Actually, the reason why this investment credit should not, in principle, affect the utility's incentive to make further investments is very simple; it is because the investment credit can only provide an incentive by acting to reduce the corporation income tax. But under the law in every State in the Union the corporation income tax is considered a cost of business to the utility, and it is allowed to earn a fair return after the corporation income tax is deducted. So if the corporation income tax is reduced through the investment credit, and therefore the utility's costs are reduced, its prices should be reduced, at least, and its return is reduced, and it gets no benefit, and has no incentive.

**Mr. GORE.** Mr. President, will the Senator from Wisconsin yield again to me?

**Mr. PROXMIRE.** I yield.

**Mr. GORE.** I wonder whether the American people—the overwhelming majority of whom are busy in their daily walks of life—have stopped to realize that Congress has been cutting away at taxes since 1954, and I wonder whether they realize just who has been getting these tax cuts. In view of the myriad of problems with which Congress is faced, sometimes I wonder whether all Members of the Senate have stopped to take stock and to consider to which particular group the benefits of the tax cuts have been flowing.

If the Senator from Wisconsin will be willing to have me intrude for just a moment upon his time——

**Mr. PROXMIRE.** Mr. President, I am delighted to yield for that purpose to the Senator from Tennessee.

**Mr. GORE.** As I said, I doubt that many have realized the extent to which taxes have been cut since 1954. This is true because the tax cuts are often disguised, and therefore generally are not recognized.

In 1954, accelerated depreciation was allowed by Congress. It resulted in an initial loss of revenue to the Government of about $2 billion a year. That benefit accrued largely, of course, to corporations. About $4 billion was shifted from the profit side of the ledger—and therefore taxable—to the depreciation side. That benefit accrued indirectly to the owners of corporate stock.

Also in 1954, the $50 dividend exclusion and the 4-percent dividend credit were enacted. They gave about $400 million a year directly to the owners of corporation stock.

Just this summer the Treasury Department finally issued its long-awaited revision of Bulletin F, permitting shorter lives and other changes in depreciation procedures. It has been estimated that this will reduce the taxes of business—largely corporations, and largely the large corporations—by about $1.5 billion a year.

These changes, instituted since 1954, have reduced the Government's revenues by about $4 billion a year. This amount of tax reduction has gone largely, directly or indirectly, to the owners of the stock of the country's corporations.

If the Senate were now to approve the proposed investment credit, it would give the same beneficiaries another $1.3 billion. This would run up the ante to more than $5 billion a year—and I emphasize "a year"—in tax reduction for this special group.

Who are these people? One answer might be that they are the 15 million people in the United States—7½ million families—who own some amount of common stock. But such an answer would be somewhat misleading, because most of them own very little stock. Stockownership is concentrated in the high income groups. Only 2 percent of the Nation's families with incomes of less than $7,500 a year own as much as $5,000 worth of stock, which could be expected to return to them about $20 a month in dividends.

Any tax "breaks," then, associated with corporations must eventually be of the most benefit to those in the upper income groups. The ordinary consumer profits little. The benefits to the whole economy are minimal, because demand is not enhanced appreciably in this way.

This is the old, wolfish, "trickle down" theory dressed up in a sheep's coat.

I thought the distinguished Senator from Wisconsin would like to have this summation of the tax-cutting movement in which the Congress and two administrations have been involved for 8 years now, and bring it into focus, showing that more than $5 billion in tax reduction per year has already been given, or by this bill will be given, to a very small percentage of the people.

Mr. PROXMIRE. What the Senator has said just could not be more timely. It is exactly the point I am trying to make. The Senator has documented the historical situation so well. Is it true that the $5 billion tax cut——

Mr. GORE. Per year.

Mr. PROXMIRE. Per year. Is it true that none of it goes to the ordinary taxpayer or ordinary citizen? In other words, the man who is getting $600 a year exemption for his child still gets no more. Prices are higher. Taxes for other people are lower. But he still gets only a $600 exemption.

Mr. GORE. I point out that this is a $5 billion tax cut per year.

Mr. PROXMIRE. Five billion dollars, and none of it goes to the benefit of the ordinary taxpayer, as I have said.

Mr. GORE. I point out one other thing. Very little of such tax cut is the kind of tax cut that we generally regard as stimulative of consumer demand.

Mr. PROXMIRE. That is correct. My proposal, which would eliminate the investment credit for utilities, in the judgment of outstanding economists, the experts in the Treasury Department, the Secretary of the Treasury, the President of the United States, all of whom approve my amendment on the basis of their testimony, would not reduce investments at all, but would save $225 million for the Treasury.

Mr. GORE. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. I yield for a question.

Mr. GORE. Does the Senator find it disturbing that the same group of people who with glee propose, endorse, accept, and vote for this enormous annual tax reduction for the benefit of a minuscule percentage of our people who own corporation stock hold up their hands in horror and shout "fiscal irresponsibility" when someone proposes to bring within some reasonable proximity of the cost of rearing and educating a child, a personal exemption which is now held down to $600 despite the increase in the cost of living and education?

Mr. PROXMIRE. The Senator is so right. There is no question about it. Who can educate a child on $600 a year?

The investment credit for utilities is almost certain to result in a windfall to the stockholders, according to the Treasury. This is the Treasury itself saying this; it is not the argument of the Senator from Wisconsin, but the argument made before the Finance Committee. The utilities already have access to capital, and therefore there is no real backlog of investment which they can increase if they can get access to more funds. They have all the funds available that they need.

Temporarily, at least—in the long run they may be required to do so—I doubt that many public utility commissions are going to change their concept of what is a fair return. This is why some of the outstanding utilities oppose investment credit. They, themselves, oppose it.

### INVESTMENT CREDIT NOT NECESSARY FOR COMPETITIVE PROTECTION TO UTILITIES

Will the competitive position of utilities suffer in relation to other energy suppliers? This is another argument the Treasury considered very carefully, and found that the answer was "No." In the first place, conversion costs are prohibitive. In the second place, the utility is independent of other energy suppliers. Competition is very peripheral or nonexistent. The Treasury argues that this investment credit for utilities is not appropriate, because they are guaranteed a return. They are insulated, in effect, from the corporation income tax. The corporation income tax can have no real effect on its return, by law.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Tennessee.

Mr. GORE. Some persons seem to be of the impression that a 3-percent investment credit is, after all, "small potatoes" and does not mean very much. I call to the Senator's attention the fact that a 3-percent investment credit for Consolidated Edison, based upon its 1962 spending estimate, which is public information, considering plans underway, plans already executed, construction already being achieved, would amount to a tax reduction of 21.9 percent of that corporation's 1961 income tax. It seems to me that this fact should serve to open some eyes as to the amount of tax reduction for utilities which the 3-percent investment credit would give.

I direct the Senator's attention to another company. Alabama Power Co. would have a tax reduction of 13.3 percent by this 3-percent investment credit.

Going near the Senator's part of the country, the Montana-Dakota Utilities would receive a tax reduction of 16.9 percent by this 3-percent investment credit.

Mr. PROXMIRE. If the Senator will yield at that point, because the distinguished junior Senator from Montana [Mr. METCALF] is here, the Senator to whom I referred a few moments ago, on the basis of the brilliant statement he made the other day to the effect that Montana Power Co. was getting 9 percent on its investment capital——

Mr. METCALF. Nine and three-tenths percent.

Mr. PROXMIRE. Nine and three-tenths percent. In this case if we have public utility commissions which seem to be so lax in terms of arriving at a fair return, there will be no passthrough to consumers of the investment credit, then that 9.3 percent will become 10 or 11 or 14 percent, and with the principle of leverage, since they can borrow at 5 or 6 percent, the common stock return will be almost astronomical.

Mr. GORE. Just before the distinguished junior Senator from Montana entered the Chamber, I had pointed out that the 3-percent investment credit would mean a 16.9-percent reduction in taxes for the Montana-Dakota Utilities.

Mr. METCALF. Does the Senator from Tennessee have figures for the Montana Power Co.?

Mr. GORE. I am not sure that I have.

Mr. METCALF. The Montana Power Co.'s reduction would be even higher because of the special situation it has in Montana, where it has the highest rate of return, where it is now attempting to build a low run of river dam on the Columbia, instead of the Knowles Dam which would have a full, multipurpose development. Under the tax credit, it could borrow money and get a tax credit benefit as well as these other benefits, and the taxpayer would be paying for underdevelopment.

Mr. GORE. The table from which I am reading contains a list of some dozen selected utilities. It does not include the Montana Power Co. I am not at all surprised, however, to learn that the Montana Power Co. would receive a tax reduction greater than does the Montana-Dakota Utilities. In fact, the percentages of reduction vary a great deal among companies. Union Electric would receive a 17.2-percent reduction, whereas Virginia Electric and Power would receive a 10-percent reduction in taxes.

Mr. PROXMIRE. I wish to call to the attention of the Senator from Tennessee that my amendment proposes simply the elimination of the investment credit for utilities. This has been recommended by the Secretary of the Treasury, by the Kennedy administration. It would not touch the remainder of the investment credit. It would put the provision much closer to the form in which the administration recommended it. And it would save $225 million.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. PROXMIRE. I yield to the Senator from Tennessee.

Mr. GORE. I wish to emphasize that the pending legislation is not to be temporary legislation. It is proposed to give this kind of a tax reduction on a permanent basis. In some years the percentage might be much greater than has been stated. If the utilities stepped up their programs, as this country grows, the tax reduction would be even greater, yet some people wish to dispute the proposition that the investment credit is a tax reduction gimmick. I say that unmistakably it is.

I wonder if the Senator would be willing to have this table inserted in the RECORD at this point in his remarks.

Mr. PROXMIRE. That will be perfectly satisfactory. I ask unanimous consent that the table may be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD.

*Investment tax credit—What it will mean in new tax cut subsidies to selected[1] private power companies*

| | 1962 capital spending estimate | Tax cut under 3-percent tax credit | 1961 Federal income taxes | 3-percent tax credit as percent of 1961 Federal income tax |
|---|---|---|---|---|
| Alabama Power | $52,000,000 | $1,560,000 | $11,712,267 | 13.3 |
| Consolidated Edison | 270,000,000 | 8,100,000 | 36,600,000 | 21.9 |
| Consumers Power | 80,000,000 | 2,400,000 | 32,965,048 | 7.3 |
| Delaware Power & Light | 18,000,000 | 540,000 | 4,466,974 | 12.1 |
| Florida Power & Light | 70,000,000 | 2,100,000 | 34,089,342 | 6.2 |
| Louisiana Power & Light | 16,500,000 | 495,000 | 6,446,257 | 7.7 |
| Long Island Lighting | [2] 57,000,000 | 1,710,000 | 16,060,000 | 10.6 |
| Montana-Dakota Utilities | 18,000,000 | 540,000 | 3,190,000 | 16.9 |
| Northern Indiana Public Service | [3] 39,500,000 | 1,185,000 | 13,600,000 | 8.7 |
| Ohio Power | 34,500,000 | 1,035,000 | 9,549,000 | 10.8 |
| Oklahoma Gas & Electric | 19,000,000 | 570,000 | 8,130,000 | 7.0 |
| Potomac Electric Power | 53,000,000 | 1,590,000 | 9,550,074 | 16.7 |
| Public Service of Colorado | 76,000,000 | 2,280,000 | 13,653,000 | 16.7 |
| Public Service Electric & Gas, New Jersey | 120,000,000 | 3,600,000 | 36,821,386 | 9.8 |
| South Carolina Electric & Gas | 16,900,000 | 507,000 | 3,667,000 | 13.8 |
| Union Electric | 62,000,000 | 1,860,000 | 10,787,536 | 17.2 |
| Virginia Electric & Power | 82,500,000 | 2,475,000 | 24,872,167 | 10.0 |

[1] "Selected" only because of availability of company estimates of capital spending in 1962.
[2] One-half of company's estimate of $114,000,000 for 1962 and 1963.
[3] One-half of company's estimate of $79,000,000 for 1962 and 1963.

Sources: For figures in col. 1, daily and trade publications; for figures in col. 4, company annual report to stockholders or Federal Power Commission.

**Mr. METCALF.** Mr. President, will the Senator yield?

**Mr. PROXMIRE.** I yield to the Senator from Montana.

**Mr. METCALF.** I think this is very important at the present time, because tomorrow the Committee on Public Works will start hearings on the question of whether or not Knowles Dam should be built on the Clark's Fork of the Columbia River, or whether, in places of Knowles Dam, Buffalo Rapids 2 and 4, two run-of-the-river dams, should be built by the Montana company and used as alternates.

I am very grateful that the Senator has pointed out that if the Montana Power Co. alternate dams, which are purely run-of-the-river and would not provide for complete development of that great resource, are built, and if the 3 percent tax credit is given to utilities, Uncle Sam will help pay for that underdevelopment.

We have heard a lot of criticism about the fact that if Knowles Dam should be authorized it would be built with funds from the Federal Treasury. The Senator from Wisconsin has pointed out that no matter which is authorized, the project would be built with funds from the Federal Treasury, except that in one instance there would be only a partial development while in the other there would be full development, since Knowles Dam would provide multipurpose development, complete and comprehensive development.

**Mr. PROXMIRE.** The irony of the situation is that the investment credit has been claimed, by those who propose the across-the-board credit, to be a growth stimulant, which would permit the economy to grow, to expand, and to compete more rapidly.

As the Senator from Montana has pointed out, this investment credit, as it would work out, might well enable a private concern to grow less rapidly or less comprehensively than would be the case otherwise.

**Mr. METCALF.** And the utility, in the process, could make more money for the stockholders, as the Montana Power Co. has done in Montana.

**Mr. PROXMIRE.** Exactly.

**Mr. METCALF.** I am very grateful to the Senator from Wisconsin for pointing that out.

**Mr. PROXMIRE.** I thank the Senator from Montana.

Mr. President, I wish to invite attention of the Senator from Tennessee further to the point that the Appalachian Power Co., for example, on the basis of the Treasury Department calculation, for 1958 would have enjoyed an increase in the return on equity, under the 3 percent investment credit, of 2.78 percent. In other words, if the utility had an 8-percent return, this would mean an increase to nearly 11 percent, to 10.78 percent. This would have been an increase of something like 30 or 35 percent in the return on capital, if the investment credit had been applicable.

Talk about a windfall. I think this reinforces the position so brilliantly established by the Senator from Tennessee.

Mr. President, the Treasury Department is opposed to this provision in the bill, and I think they are absolutely correct. While it is conceivable that there might be, under some isolated circumstances, which are hard for me to envision, some benefits——

**Mr. GORE.** Mr. President, will the Senator yield for a question?

**Mr. PROXMIRE.** I yield to the Senator from Tennessee for a question.

**Mr. GORE.** Will the Senator make plain what it is the administration opposes? The Senator does not mean, does he, that the Treasury Department opposes the amendment which the junior Senator from Wisconsin has offered?

**Mr. PROXMIRE.** No, indeed.

**Mr. GORE.** In other words, the administration has opposed the inclusion of public utilities as beneficiaries of the tax credit.

**Mr. PROXMIRE.** It has, indeed.

**Mr. GORE.** I refer to the investment credit.

**Mr. PROXMIRE.** And the administration has done so because, as I point out, there would be a revenue loss of $225 million, with very little, if any, investment encouraged. Far less growth could be achieved in this manner than could be achieved in almost any other way the Government could spend $225 million.

As the administration points out, there would be less recoupment of the revenue loss. The argument for the investment credit has been that there might not be a gross tax loss, to the full extent of the credit, because growth would be so increased, revenues generally would expand, and even though there were a loss the effective date in regard to taxes might show an increase.

But, in this case, because it would not stimulate growth, the $225 million loss would be a total loss.

The Treasury Department has also argued that the utilities' investment credit is almost certain to result in a windfall to the stockholders, as I have said.

### A.T. & T., BIGGEST BENEFICIARY, DOESN'T WANT TAX CREDIT

Before I conclude, I wish to refer to another argument. I point out that whereas the proposal would result in a reduction of $225 million in revenues, one-third of all this sum of money would go to one firm. The American Telephone & Telegraph Co. would get a reduction in its tax burden of $75 million.

The travesty, Mr. President, is that A.T. & T. does not want it. The representatives of A.T. & T. came before the committee and testified against the investment credit provision; said they did not want it, would not use it, and that it would not increase their investment at all.

Whatever criticism may be made of that company, A.T. & T. knows what it is doing and knows what it is saying. They have based their position on a very careful and thorough study.

I wish to read from the statement made by the vice president and comptroller of American Telephone & Telegraph Co. Certainly, if this is challenged, he does speak for A.T. & T. I refer to Mr. Alexander L. Stott.

Mr. Stott said, in his appearance:

> This statement is made on behalf of the Bell System companies to give our views on the proposal in the pending legislation for an incentive tax credit and other matters. Because the Bell System is a heavy user of capital equipment, it has always had a keen interest in construction and depreciation matters. In recent years the construction program of the Bell System companies has been running in the neighborhood of $2.5 billion a year.

Mr. Stott further said:

> The Bell System's construction program for 1962 is approximately $2.8 billion and

> will probably remain in this general area in the immediate future. This construction is designed to meet the needs of the public for telephone service and we have an obligation to construct adequate facilities to meet this need.

Obviously, the company will construct the facilities whether given a tax gimmick or a tax advantage or not.

Mr. Stott also said:

> Clearly it would not be economically desirable to build excess plant merely to obtain a tax credit. We have been able, under sound regulation, to obtain from investors the additional amount of new capital required to carry on our construction of new facilities. Therefore, we can see no justification for using tax moneys to help finance our expansion.

Mr. President, I wish to repeat that:

> We have been able, under sound regulation, to obtain from investors the additional amount of new capital required to carry on our construction of new facilities. Therefore, we can see no justification for using tax moneys to help finance our expansion. As the proposed incentive credit now stands, our business would obtain substantial benefits whether its construction were increased or not. For example, under a 3-percent rate we estimate that our credit would be in the range of $75 million for 1962.

This has been confirmed by the Treasury Department. One-third of the benefit of the investment credit to utilities—and this is all my amendment would knock out, since it would only affect utilities—would go to one firm, which, to its credit, has appeared before the Finance Committee to protest the investment credit. The firm says it does not want it, will not use it, and that it will not increase its growth at all.

Mr. President, it would seem to this Senator that on the basis of the testimony of the responsible official of the A.T. & T., the vice president and comptroller of the American Telephone & Telegraph Co., certainly as to that particular industry we should follow their advice. Their advice is based upon very great competence and success—a success which is not rivaled by another telephone service anywhere in the world. They have said the provision would not work. They do not want it, and it should not pass.

I ask unanimous consent that the statement by Mr. Stott to which I referred be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

> This statement is made on behalf of the Bell System companies to give our views on the proposal in the pending legislation for an incentive tax credit and other matters. Because the Bell System is a heavy user of capital equipment, it has always had a keen interest in construction and depreciation matters. In recent years the construction program of the Bell System companies has been running in the neighborhood of $2.5 billion a year.
>
> There can be no disagreement with the objective of stimulating modernization and expansion of the Nation's productive facilities. If our Nation is to create the jobs needed for its expanding work force and improve our competitive position in world markets, our productive facilities must be rapidly modernized.
>
> Since the purpose of the incentive tax credit to promote construction and growth, the question is whether it would have that result. As far as the Bell System companies are concerned it will not. Apparently this is also true of many other companies. On February 8, 1962, the Wall Street Journal published the results of a survey it had made on the plans of 68 large corporations. All except 1 stated that their construction programs would not be significantly affected if the proposal should be enacted, and 29 stated that the credit would not change their capital spending plans at all.
>
> The Bell System's construction program for 1962 is approximately $2.8 billion and will probably remain in this general area in the immediate future. This construction is designed to meet the needs of the public for telephone service and we have no obligation to construct adequate facilities to meet this need. Clearly it would not be economically desirable to build excess plant merely to obtain a tax credit. We have been able, under sound regulation, to obtain from investors the additional amount of new capital required to carry on our construction of new facilities. Therefore, we can see no justification for using tax moneys to help finance our expansion. As the proposed incentive credit now stands, our business would obtain substantial benefits whether its construction were increased or not. For example, under a 3-percent rate we estimate that our credit would be in the range of $75 million for 1962. At a 4-percent rate it would be about $100 million, and at an 8-percent rate it would be about $200 million. If we received this credit we would be taking money from the Government which we should obtain from investors and not the taxpayers.
>
> The investment credit is not a step toward needed tax reform. Rather, it is a subsidy to spur new construction by reducing the cost of acquiring new equipment. We do not think that business needs a subsidy to expand—it needs basic tax reform. In any case we are convinced that it would not be sound tax policy to offer a subsidy until faults in the present tax structure have been remedied. The credit may prove to be a windfall to many rapidly growing companies which would expand in any event. But it would be of little help to those companies whose plant and equipment is in the most need of modernization. Since one taxpayer's subsidy is another taxpayer's penalty, the credit would introduce an undesirable area of discrimination as among taxpayers. Furthermore, if the private enterprise system as we have known it is to remain strong and healthy, we believe it would be a mistake to take a step which may tend to cause business to look more and more to the Government to solve its problems.
>
> It has been stated that the incentive credit is only part of the proposed program for spurring economic growth and that the other component would be a downward revision of depreciable lives set forth as guidelines in Bulletin F. On January 18, 1962, the Secretary of the Treasury said, "I consider our program of depreciation reform [Bull. F]—including the investment credit—a central part of our economic policy." If the proposed incentive credit becomes law, there is a distinct possibility that it will be regarded as providing tax depreciation reform, and true reform will be long deferred.
>
> Revision of Bulletin F may be useful in some areas. It should be kept in mind, however that Bulletin F is only an administrative guide, specifying average service lives for property by industry groups. Actual depreciation allowed for tax purposes is seldom derived solely by reference to these guidelines. This situation would not be changed simply by having the Treasury Department issue a new bulletin listing shorter lives. Such action would certainly be of no value to us and we suspect the same would be true for many other businesses. In our case, depreciation rates are established on the basis of our own detailed engineering studies. As a matter of actual practice, the depreciation which we claim for tax purposes is based on rates prescribed for our companies by regulatory authorities for accounting purposes.
>
> In my opinion it is important to understand why the Nation has fallen behind in modernization and expansion of productive facilities. High tax rates, and inflation in the postwar years are clearly at the root of our trouble. Depreciation allowances for tax purposes have failed to recover the purchasing power of the investment in plant being used up in providing goods and services, taxable income has been overstated, and capital has been taxed under the label of income. To maintain the purchasing power of its investment in plant and equipment, business must replace the capital eroded through taxation, either by undertaking outside financing or by retaining more earnings in the business. Many businesses have not been in a position to replenish their capital by these methods and so have not been able to keep their plant and equipment up to date. Furthermore, even when businesses have been able to obtain the capital needed to offset this erosion, they have put a burden on the savings of the country and have reduced the amount of capital that otherwise would have been been available for expansion of the economy.
>
> We believe that the first and most important step to stimulate modernization and expansion should be basic tax reform to permit depreciation allowances adequate to preserve the purchasing power of the investment in the productive facilities of the Nation. Such depreciation allowances could be calculated by adjusting the depreciation determined on the basis of the number of dollars originally invested in plant by the changes in the price level between the year of investment and the current year. The purpose of price-level adjustment of depreciation is to allow for changes in the general purchasing power of the dollar and not for changes in the price of particular assets.
>
> We realize that many methods have been advocated for improving tax depreciation allowances and on the basis of studies we have made, we are convinced that price-level depreciation would be the fairest method for all concerned; that is, the public, business, investors, and the Treasury. But, whatever depreciation methods are adopted, effective control of tax depreciation can be achieved through a requirement in the tax law that the taxpayer may not use for tax purposes any depreciation method that is more liberal than the method used in his books of account. Since generally accepted accounting principles require realistic depreciation methods for financial reporting and accounting purposes, this requirement would protect the Government's tax revenues by preventing the use of fast depreciation methods for tax purposes where such methods cannot be justified for financial reporting purposes.
>
> By recognizing changes in purchasing power in the computation of depreciation allowances for tax purposes and requiring that no more liberal tax depreciation methods may be used than are used for accounting purposes, substantial amounts of new funds would become available for modernization and expansion to businesses with an appreciable investment in productive facilities. All businesses would obtain relief on an equitable basis, and businesses with the greatest need for modernization would share in the relief. Furthermore, whereas the expected cost of the proposed incentive credit is currently estimated at about $1.4 billion, without including any changes in depreciation tax treatment, the

cost of recognizing realistic depreciation deductions based on purchasing power, with appropriate safeguards, would be about $2 billion. We are convinced, too, that inadequate depreciation allowances for tax purposes have been holding back growth and that realistic tax depreciation allowances which reflect the change in the purchasing power of the dollar are a necessary condition for a dynamically growing economy.

I should like to comment briefly on two other subjects which were mentioned during the appearance of the Secretary of the Treasury before your committee earlier this week. These are, first, the suggestion to change the restricted stock option provisions presently contained in section 421 of the Internal Revenue Code and, second, a proposal to eliminate the $50 dividend exclusion and 4-percent dividend credit presently available to individuals. Any major changes in these provisions would seriously impair our ability to continue to obtain the amounts of new capital needed in our business.

### RESTRICTED STOCK OPTIONS

Concerning changes in the restricted stock option provisions, our position in this matter was set forth in a statement appearing at page 180 in the record of the hearings held by your committee last year on S. 1625. Briefly, our position is that if there should be any legislation which would change the existing law in this field it should be carefully drafted so as not to cripple the operation of the capital-raising type of employee stock purchase plan which is being used to great advantage by American Telephone & Telegraph Co. and many other companies.

Reference to our company's stock purchase plan will illustrate how very different such a plan is from the incentive-type stock option ordinarily offered only to executives. Under our plan, shares are offered to all employees meeting minimum length-of-service requirements, on a voluntary and nondiscriminatory basis, at a price set at 15 percent below market value. Payment for shares is made by employees on an installment basis over a 24-month period, with no right of prepayment. The essential corporate purpose of the plan is to raise new capital. Important, too, is the opportunity provided for employees to save systematically while at the same time acquiring a proprietary interest in the business. Sales of stock under our plan in the years since World War II have produced about $1.7 billion, or about one-fifth of the total new equity capital raised by the Bell System in this period. Almost 400,000 employees of American Telephone & Telegraph Co. and its subsidiaries are now participating in the plan. It is currently providing about $300 million in equity capital annually as compared to our current new money requirements of about $1 billion a year.

Many other companies have used and are now using stock purchase plans of this kind. A survey which we undertook recently of other companies indicated that, in the 1957–61 period, some $500 million of stock was approved for offering by 33 separate corporations under this kind of employee stock purchase plan.

The primary purpose of the broadly based employee stock purchase plan, that of raising needed equity capital, is far different from the purpose of incentive stock option arrangements for top management. It is generally agreed that compensation is the basic business reason behind the granting of stock options to executives. There are strong reasons advanced for the position that the granting of such options serves a legitimate purpose. What I want to emphasize is that the purpose served by executive options is completely unrelated to any need of the business for additional capital, whereas the raising of needed capital is the essence of the employee stock-purchase plan. I might add that our companies have never offered incentive-type stock options to their executives.

The two types of plans are therefore quite different in scope and purpose. Nevertheless, our capital-raising employee stock-purchase plan is treated for tax purposes under the identical rules which apply to options. We believe that this is fundamentally unsound. The small discount available to an employee in connection with his purchase of stock under an employee stock plan such as that of our company is merely normal underpricing—no more of a price differential than is necessary to sell the large number of shares required for any successful capital-raising endeavor. But under the complicated provisions of section 421, which was devised initially to deal with executive stock options, the discount is subject to tax as ordinary income despite the fact that, from the corporate employer's standpoint, no compensation is intended and none is paid.

Section 421 does give our employees a modest tax benefit in that they do not have to pay income tax on the differential between the purchase price and the market value of the stock at the time of acquisition but can defer this tax until disposition of the stock. Without the protection provided in section 421, even this slight benefit would presumably disappear. This would certainly have an adverse effect on the capital-raising type of employees stock-purchase plan.

I therefore urge that any legislation directed toward changing the present provisions of the code in this area expressly recognize the distinction between capital-raising employee stock-purchase plans and executive stock options. It seems to us that if any changes are to be made, the tax status of the employee stock-purchase plan should be improved so as to give greater encouragement to the use of this type of plan, which has made such a valuable contribution to the Nation's economy by providing new capital to industry. Certainly this type of plan should not be stripped of the limited tax benefit it now has.

### PROPOSED REPEAL OF $50 DIVIDEND EXCLUSION AND 4-PERCENT DIVIDEND CREDIT

The proposed repeal of the $50 dividend exclusion and 4-percent dividend credit will probably fall with greater impact on the Bell System than on most other corporate enterprises. Many investors, especially small investors, are financially interested in our enterprise and the Bell System is more dependent than most other businesses on the securities markets to secure the necessary funds for expansion to meet the public's demand for service.

The American Telephone & Telegaph Co., the parent company of the Bell System, has more than 2 million shareowners accounts, representing more than 2.5 million individual shareowners. Since the passage of these dividend provisions in 1954, almost 1 million shareowners have been added, the great majority being small investors. About 40 percent of A.T. & T.'s shareowners accounts hold less than 28 shares of stock and receive less than $100 in dividends per year.

To meet the public's demand for service the Bell System has had to raise about $15.5 billion in new capital from investors since the end of world War II. More than $9 billion was equity capital, obtained through the issuance of some 175 million additional shares of stock and representing over 20 percent of all new equity capital raised by corporations. It is clear that no other U.S. corporation has depended on the investing public and its willingness to place its savings in risk capital as heavily as has the Bell System.

In 1954 both the House and Senate committees were explicit in their reports as to the reasons for enacting the dividend exclusion and dividend credit. It was stated that the double taxation of distributed corporate earnings had contributed to the impairment of investment incentives, and had driven investment capital away from equities into safer forms of investment. Thus, the ability of companies to raise equity capital was restricted and they were forced to rely too heavily on debt.

Dividends received from corporations by individual shareowners were not subject to the normal tax prior to the Revenue Act of 1936. At that time, our economy had very little demand for new equity capital. Hence, the effect of imposing a double tax burden on distributed corporate earnings was then of little significance. But in retrospect the long-range effect on investment incentives and capital formation was serious.

It was quite clear in 1954 that remedial action was required to remove the obstacles from risk capital formation for the good of the economy.

Advocates of repeal of the $50 dividend exclusion and the 4-percent dividend credit have advanced two principal arguments supporting their position.

The first is that the existing provisions are not efficient in that the tax effects are spread over outstanding shares rather than over new shares alone. Thus, it is asserted the stimulating effects are diluted with little increase in the supply of equity funds and a minor reduction in the cost of equity financing.

The second is that the exising provisions deal inadequately with the problem of tax relief and double taxation and are wholly inequitable as between taxpayers in different income brackets.

These arguments in no way negate the existence in 1954, or today, of the factors which motivated the action taken by Congress in 1954. No one has contended that conditions have so changed since 1954 that a return to the older tax basis is desirable. Instead, it is argued that the 1954 act does not go far enough to be fully effective and so should be repealed until something better is devised.

It is inconsistent to offer tax incentives to corporate business to increase its spending for plant and equipment and, at the same time, enact legislation that will substantially reduce the supply of capital available for that purpose. In short, all the tax inducements in the world for business to expand its plant and equipment will be worthless unless investors willingly risk their savings to finance that expansion.

Investment capital in the United States is not an unlimited reservoir that can be tapped at will. The supply of investment capital can be great or small depending on what investors think of the outlook. If investors have confidence that they will receive fair treatment they will have an incentive to commit their capital—otherwise they will not. Clearly the 1954 legislation was to relieve the punitive effects of double taxation, which contributed to the impairment of investment incentives.

It is argued that the dividend provisions give taxpayers in higher income brackets proportionately greater relief. It is obvious that the inclusion or exclusion in taxable income of any kind of income subjects taxpayers in different tax brackets to different tax effects so long as personal incomes are taxed at progressive rates. Even the $600 exemption for dependents provides proportionately greater tax reduction to taxpayers subject to the higher tax brackets. But this fact has been recognized by the Congress time and again in legislation where the effects on public policy were more important than the relative impact on taxpayers of different means.

While the remedy granted by the act of 1954 was admittedly only partial, the upsurge of investors in equities since that time has been remarkable. In 1954 only 7 million individuals owned shares in American corporations. Today there are around 15 million, an increase of more than 100 percent in only 8 years.

The majority of these new share owners are in the middle and lower income brackets. A 1960 survey of stockownership among American families made by the University of Michigan Survey Research Center shows that 58 percent of the value of all publicly traded stocks in private possession is owned by families with less than $15,000 annual income; 36 percent is owned by families with less than $10,000 annual income; and 10 percent is owned by families with less than $5,000 annual income. The median income of share owners as reported by the latest New York Stock Exchange survey was $7,000. In other words, one-half the share owners in America have an annual income below the $7,000 mark and are in the income level of most schoolteachers and retired individuals. In these groups the incentive to save must be encouraged, not stifled, if the Nation is to obtain the capital needed for dynamic growth.

Since the passage of the 1954 act, the amount of capital, both debt and equity, provided by investors to corporate enterprises has increased substantially. Government data in the attached table show that the average annual amount of external equity financing by all U.S. corporations in the 8 years ending with 1961 was $3.2 billion, as compared with an annual average of $1.9 billion in the preceding 8 postwar years, or a 68-percent increase. In the same period, the average annual amount of all external financing increased from $7.6 billion to $11.1 billion, or about 46 percent. These amounts represent new investment capital actually supplied to business by investors for the expansion of plant and equipment, and do not include funds placed by investors in outstanding securities through market purchases.

It is argued that corporate profits and stock prices have been more important than the dividend credit provisions in stimulating stockownership. However, corporate profits today are lower than when the provision was passed by the Congress in 1954. The well-known series published by First National City Bank shows that net income of leading manufacturing companies as a percentage of net worth has declined from 12.4 percent in 1954 and 15.0 percent in 1955 to 10.5 percent in 1960 and 10.1 percent in 1961.

U.S. Department of Labor data show there are today more than 4.5 million unemployed persons, considerably above the normal level. The Department estimates that 13.5 million new workers will join the labor force during the 1960 decade. Business must provide jobs for these millions of workers and to do so will require great expansion running into many billions of dollars. Studies indicate it requires an average investment of around $12,000 to provide one new job in American industry today. Further, a greater share of available savings will be needed to advance the greatly expanded programs for schools, highways, and adequate housing.

The administration has an expressed goal for the Nation's economic rate of growth of 5 percent per annum, about twice that experienced in recent years. If business is to achieve this rate it will require much more rapid capital expansion than the present rate and much greater incentive for investors to place their savings in free enterprise. For this reason, it is extremely important to avoid any expedient that might throttle the creation of new capital required for the expansion of our economy. A complete return to double taxation of corporate dividends as a means for raising more tax revenues, or to simplify the administration of dividend withholding, without regard to the possible damage it might cause to the economy, should be rejected.

Mr. PROXMIRE. I conclude by pointing out, first, that the amendment is one which the Treasury, the outstanding champion of investment credit, supports the investment credit provision, contending that we need it for growth. It seems to me the Department of the Treasury must inevitably support the Proxmire amendment. Representatives of the Treasury Department have also said that utilities should be excluded from the investment credit.

Second, the Senate has a great responsibility for raising revenue as well as for spending money. This year we have passed the largest appropriation measures in the peacetime history of our country. We have greatly increased spending by the Federal Government. Some of that increase in spending has been absolutely essential. Some of it perhaps has not been. But it seems to this Senator that under circumstances like the present we should do our level best to provide a revenue system that is adequate to meet our spending needs. The amendment, which would conserve $225 million as effectively as if we had eliminated $225 million of unnecessary spending, is highly merited, in view of the overwhelming testimony. The clear evidence of impartial and expert economists is that the investment credit for utilities could not possibly provide a significant increase in investment. My amendment would wipe out about one-half of the present revenue loss in the bill as it is presently drafted. As I understand, the bill would provide for a revenue loss of something less than $500 million. My amendment would increase revenues and reduce the loss by $225 million. Therefore it would cut the loss in half. It seems to me to be well merited.

Mr. MANSFIELD. Mr. President, I am about to make a unanimous-consent request, which has been cleared with the minority leader, the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Oklahoma [Mr. KERR]. I ask unanimous consent that at the conclusion of some brief remarks to be made by the Senator from Oklahoma, there be a quorum call, and that at the conclusion of the quorum call there be a time limitation for debate on the Proxmire amendment of 10 minutes, 5 minutes to be controlled by the Senator from Oklahoma and 5 minutes by the Senator from Wisconsin.

Mr. PROXMIRE. I wish to make a comment in connection with that agreement. I hope that the majority leader and the minority leader will help me get the yeas and nays.

Mr. MANSFIELD. Certainly.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KERR. I rise to oppose the amendment of the Senator from Wisconsin. The Senator in the main quoted a great deal from a study made by a Mr. Clark. I did not understand exactly who Mr. Clark was. He referred to Mr. Clark as having made a study prior to 1953, and that Mr. Clark found that such a provision as is in the bill, of providing an investment credit of 3 percent on new construction other than depreciable expansion, materials, and facilities, by regulated utilities would not stimulate investment for modernization and expansion.

This Mr. Clark, in 1953, found that such investment credit would not be a stimulant to investment and modernization by telephone companies.

As I say, I do not know who Mr. Clark is. I do not know the basis of his study in 1953 or before.

I remind the Senator from Wisconsin that a more recent and current study was made by the Ways and Means Committee of the House of Representatives, and that study was made in 1961. They found that the investment credit would be a stimulant to regulated utilities, including telephone companies, and would encourage investment for modernization and expansion.

The Finance Committee of the Senate made a study of this subject in 1962. I wish to say to the able Senator from Wisconsin that the Finance Committee went into this matter for many months. They found that the measure would stimulate investment for modernization and expansion by regulated utilities, including telephone companies.

As I said a while ago, I do not know who Mr. Clark is. I do know who the Ways and Means Committee members are. I do know who the members of the Finance Committee are. I must say that I have more respect for their judgment, on the basis of my acquaintance with them and knowledge of them, than I do of someone who is identified only as being referred to as a Mr. Clark. I will say, of course, that Mr. Clark has not had the benefit of serving in the Senate; neither was he hindered nor impaired by having done so. Of course, the members of the Ways and Means Committee and the members of the Finance Committee have the responsibility of studying taxation, actual and proposed, and the relation of it to our economy and to the fiscal position of the Government. In the judgment of the Senator from Oklahoma, they are more entitled to the confidence of this body than someone about whom the only thing we know is his name.

The distinguished Senator from Wisconsin said that the argument was made for the investment credit as a stimulant and encouragement to domestic industry in their competition with foreign industry.

Then he wonders who would be so foolish as to think that domestic-regulated utilities were in competition with foreign-regulated utilities. They are not; but their customers are; and anything which affects the efficiency and economy of the service of an American-regulated utility affects the efficiency and economy of its customers.

The Senator from Wisconsin said that even if the benefit of the tax credit or investment credit were passed on by utilities to their customers, it would amount to only about 1 percent—as if that were nothing. In the sixth or seventh grade, in the arithmetic I studied, I learned that three times nothing is nothing. So if a 1-percent savings to the consumer of a utility is nothing, then three times nothing, to the utility would, I presume, be nothing. If the Senator from Wisconsin is complaining that the pass-on to the consumer would be so little, I see no basis for his complaint about giving the utility three times nothing, since that would be nothing also.

But the pass-on of 1 percent to the consumer is significant, because industry is also in the category of customers of utilities; and any benefit that industry receives, competitive, even though in the form of a pass-on in the cost of that electric power or other utility service, is substantially an economic benefit to those industrial consumers with reference to whom the House Committee on Ways and Means and the Senate Committee on Finance have expressed a deep concern as to the improvement of the competitive position of all American industry with foreign industry.

The distinguished Senator from Wisconsin said that the private regulated utilities have a guaranteed return. That is a fallacy long since exploded. I know of no regulatory body that can guarantee a return to a utility company subject to its jurisdiction. The regulatory body can adjust the utility's rates so as to permit a return; but I know of no greater fallacy than the conclusion often expressed that a regulatory body guarantees a return on the investment of utilities subject to the regulation of the regulatory body.

The Senator from Wisconsin then said that there would be no benefit to the utility, that there would be no stimulant to the utility, if the utility gave its customers the benefit of the savings enjoyed by the utility in the construction or modernization of its equipment and facilities by reason of the proposed investment credit. I do not know how much experience the Senator from Wisconsin has had in the handling of the business of a utility. I do not know how many of them he has operated. Therefore, I am not in a position accurately to evaluate his judgment in that regard. I remind him that the president of the largest regulated utility in this Nation was before our committee for many hours, and he made the positive statement, first, that the 3-percent investment credit would be a stimulant to his company; that it would result in a greater modernization and an accelerated modernization and improvement of its generating equipment; that it would result in an expansion at a faster rate than would be effective or possible without the proposed investment credit.

The president of that regulated electric utility said, in addition, that it would be their purpose to pass on to their customers every dollar of saving realized by reason of the proposed investment credit.

Mr. President, the Senator from Wisconsin can doubt the gentleman's word if he wishes to; but I say in behalf of the witness that he is well known to Members of this body. His name is Donald C. Cook, and he is president of American Electric Power Co. He has been an official in the Government for many years and enjoys as fine a reputation as any man I know. The members of the committee had no basis to doubt his word. He does have the advantage of some experience in the operation of a regulated public utility. He made the positive statement that the proposed investment credit would cause his company to accelerate the modernization and expansion of its facilities and enable it to be of greater service to its present consumers and extend its service to other customers. He said that the proposed investment credit would enable his company to reduce the cost of its service both to present and future customers, and that would be what they would do.

Therefore, Senators can understand why the Committee on Finance acted as it did. It accepted the judgment of the president of a great utility company as to the value of the proposed investment credit to his company and his company's customers. The committee accepted as valid his assurance that the saving would be passed on to the company's customers.

Then the distinguished junior Senator from Tennessee [Mr. GORE], in a colloquy with the distinguished Senator from Wisconsin, indicated that he likewise opposed the proposed credit to regulated electric utilities. The Senator from Tennessee comes from an area which is served by the Tennessee Valley Authority. There are those who feel that the Tennessee Valley Authority and its customers have some advantage over other utilities in this country and their customers. There are some who believe that regulated utilities in the areas around them and in the rest of the country pay a higher rate of taxes, are subject to different regulations, and operate, both with reference to their own operations and their relations with their customers, at some disadvantage as compared with the Tennessee Valley Authority.

I am sure that the fact that this modest investment credit to regulated electric utilities who are competitive with the Tennessee Valley Authority might slightly improve their competitive position with reference to the Tennessee Valley Authority would not be the basis of the opposition to this investment credit by the Senator from Tennessee. Yet such a conclusion might possibly be drawn, Mr. President, by other Senators—that it would be the purpose of the Senator from Tennessee not only to preserve the TVA in its operations, for the benefit of his area. I remind him that no Member of this body has worked harder to enable the TVA to be of complete service to the customers in its area than has the Senator from Oklahoma. It so happens that the Senator from Oklahoma comes from a State which has public power and private power. Two great private utilities operate in Oklahoma. The Senator from Oklahoma is interested in securing electric power to the domestic consumers and the industrial consumers in Oklahoma at the lowest possible cost consistent with an adequate return to the private electric utilities serving the State of Oklahoma.

He is frank to admit that the domestic consumers and the industrial consumers in Oklahoma do not have the benefit of as low-cost electricity as that which is available in the Tennessee Valley. But that fact has not in any way hindered the support of the Senator from Oklahoma of the Tennessee Valley Authority and the adequacy of its service within its service area. So he is a little disappointed that the Senator from Tennessee would now oppose a measure which, in the judgment of the Senator from Oklahoma, would result in making it possible for the utilities in Oklahoma to give a little better service and a little cheaper service to the domestic consumers and the industrial consumers in Oklahoma; and the same situation would prevail in every other State in the Union, even in Wisconsin.

The result of this investment credit for the regulated utilities can be nothing other than encouragement of more modernization and expansion of those regulated utilities and better service and cheaper service to the domestic consumers and the industrial consumers in their service areas; and the Senator from Oklahoma feels that this is an appropriate manner in which to give encouragement to and to be of benefit to the regulated electric utilities in his State. The Senator from Oklahoma believes that by reason of this, the favorable differential to the Tennessee Valley Authority, now existing, as compared to any other area in the Nation, save the Pacific Northwest alone, might be eliminated or might be reduced just a little, to the benefit of the domestic consumers and the industrial consumers in Oklahoma; and he is disappointed that his good friend, the Senator from Tennessee, who always has had the benefit of the help of the Senator from Oklahoma in connection with matters related to electric service in his area, would now be opposing something which, insofar as the electric service and its cost in his area are concerned, can have no effect whatever except to result in some reduction of cost to the domestic consumers and the industrial consumers in Oklahoma. So the Senator from Oklahoma is disappointed that his great and good friend, the Senator from Tennessee, would now be opposing it; and the Senator from Oklahoma hopes that, upon due and deliberate consideration, the Senator from Tennessee may consider withdrawing that opposition.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. GORE. The able and distinguished Senator from Oklahoma has drawn an interesting analogy, but I respectfully submit that it is not a valid one.

From the profits which the private power companies reap from the utility bills American consumers pay, a portion is paid to the U.S. Government in the form of taxes. The benefits which the people of the Tennessee Valley receive from the TVA result from the quality of the service they receive and the rates they pay for it. The profits which the TVA earns in supplying that service, for which the people of the Tennessee Valley pay, go to the U.S. Treasury—not in part, but 100 percent. The tax rate on the TVA profits is not 52 percent; it is 100 percent. I do not complain about that, because this is a publicly owned utility—owned by the Federal Government; and, therefore, all the proceeds properly belong to the Federal Government. Therefore, I suggest to the distinguished and able Senator from Oklahoma that the analogy he draws is not a valid one.

Before closing, I should like to say that both I and other Senators from the Tennessee Valley area and the people of that area are very grateful for the leadership which the distinguished senior Senator from Oklahoma provided as chairman of the subcommittee in bringing about the enactment of the self-financing bill for the TVA. But let us not misunderstand that. It operates in this way: The Tennessee Valley Authority sells its own bonds to raise the money with which to build hydroelectric dams or steamplants. The people of the Tennessee Valley pay for those steamplants and those hydroelectric dams through the payment of their utility bills. Yet when they are paid for, they belong to the Federal Government, not to the people of the Tennessee Valley.

When the same thing occurs in the case of a private utility company which sells its bonds in order to raise the money with which to build additional facilities, or when it borrows, by other means, the money with which to do so, and when its customers amortize those plants through the payment of their utility bills, those facilities, too, belong, not to the people who pay the utility bills, but to the corporation which borrowed the money in the first place.

It happens that the Tennessee Valley Authority is a corporation, a corporation wholly Government owned, all the profits and all the net proceeds of which—not 52 percent, and not subject to the benefit of the investment credit, but, I repeat, 100 percent—belong to the Federal Government.

In view of all of this, the people of the Tennessee Valley are grateful for the leadership the distinguished senior Senator from Oklahoma has accorded on this subject. The people of the Tennessee Valley, I believe—and I am privileged, I think, to speak for them—are proud of the TVA, because it is the most efficient and the largest integrated utility in the world. It has led the way and pointed the way toward the use of larger generators and toward more economic generation of power, and it has blazed the trail for mass distribution of electric energy—many kilowatts at a small profit, rather than a few kilowatts at a large profit per kilowatt.

The Tennessee Valley Authority has served the Nation well, including the privately owned utilities; but again I repeat, all of its proceeds, not 52 percent thereof, become the property of the U.S. Government.

**Mr. KERR.** I appreciate the kind remarks by the Senator from Tennessee about the Senator from Oklahoma. He knows of our mutual affection and regard. I am in a little disturbed state of mind about what the Senator from Tennessee said I did. He said I drew an analogy. I do not know just what goes on when one draws an analogy. I think I know what an analogy is, but I do not know what happens to it when one draws it. But the Senator from Tennessee then addressed himself to the difference between TVA and a private utility and what it pays to the Federal Government.

The Senator from Oklahoma did not say anything about that. It may be that if a comparison between the TVA and a private utility constitutes an analogy, the Senator from Oklahoma had something to do with it. But if the Senator from Tennessee wants to relate that comparison of the taxes paid by private utilities to the Federal Government and the taxes paid by the TVA to the Government and call that a drawing of an analogy, I remind him that is something he did. The Senator from Oklahoma did not do it. The Senator from Oklahoma compared the situation of consumers in the two areas, not the relationship of either to the Federal Government in the matter of taxes they paid.

The Senator from Tennessee went on to talk about the low cost electricity available in his area. That is what the Senator from Oklahoma was talking about. He is glad they have it. He helped make it possible, and was glad to do so, and shall continue to do so.

What the Senator from Oklahoma said was that he was trying to make it possible for the electric utilities in Oklahoma to provide lower cost electrical power to the domestic and industrial consumers in Oklahoma. There is no hope of making it possible to have the utilities supply electricity to the domestic and industrial consumers in Oklahoma at as low a rate as is available to the domestic and industrial consumers in the Tennessee Valley. The Senator from Oklahoma said he thought the investment credit would bring about a slight narrowing of the margin. There is no possibility of eliminating it. That is what the Senator from Oklahoma was talking about, not about how much taxes either had paid to the Federal Government.

The Senator from Oklahoma is glad that the Senator from Tennessee advised him that the TVA paid taxes to the Federal Government. The Senator from Oklahoma did not know that. Some day, when the Senator from Tennessee has a little time, the Senator from Oklahoma would appreciate having placed in the RECORD a little statement which shows what the Tennessee Valley Authority has paid to the Federal Government in taxes from the day of its creation to the present time. It would be an interesting piece of information to the Senator from Oklahoma and other Senators. I will say to the Senator from Tennessee that if the taxes which have been paid to the Federal Government have been exorbitant and the Senator from Tennessee thinks they ought to be adjusted, the Senator from Oklahoma will be glad to take under consideration with him a joint effort to bring about a more equitable rate on the taxes the Tennessee Valley Authority pays to the Federal Government.

I repeat, I am in opposition to the amendment of the Senator from Wisconsin.

I suggest the absence of a quorum in accordance with the unanimous-consent agreement.

The **PRESIDING OFFICER** (Mr. CANNON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 235 Leg.]

Aiken
Allott
Bartlett
Boggs
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Chavez
Church
Cooper
Curtis
Dirksen
Dodd
Douglas
Ellender
Ervin
Fong
Gore
Hart
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kefauver
Kerr
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Mundt
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Russell
Smith, Maine
Sparkman
Stennis
Thurmond
Tower
Wiley
Williams, N.J.
Young, N. Dak.
Young, Ohio

The **PRESIDING OFFICER.** A quorum is present.

**Mr. MANSFIELD.** Mr. President, I ask for the yeas and nays on the Proxmire amendment.

The yeas and nays were ordered.

**Mr. MANSFIELD.** Mr. President, for the information of the Senate, a unanimous-consent agreement has been arrived at for a yea-and-nay vote within the next 10 minutes.

The **PRESIDING OFFICER.** Under the agreement the Senator from Oklahoma [Mr. KERR] has 5 minutes and the Senator from Wisconsin [Mr. PROXMIRE] has 5 minutes.

**Mr. DIRKSEN.** Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

**Mr. DIRKSEN.** What is the amendment now pending before the Senate?

The **PRESIDING OFFICER.** The pending amendment is the amendment of the Senator from Wisconsin [Mr. PROXMIRE] designated "8–30–62—C."

**Mr. DIRKSEN.** Mr. President, is it an appropriate inquiry to ask whether the amendment would delete the 3-percent investment credit provision in the pending bill with respect to utilities?

The **PRESIDING OFFICER.** The Chair states that is not a proper parliamentary inquiry.

**Mr. DIRKSEN.** I withdraw the inquiry.

**Mr. KERR.** Mr. President, I yield myself 2 minutes.

The **PRESIDING OFFICER.** The Senator from Oklahoma is recognized for 2 minutes.

**Mr. KERR.** The amendment of the Senator from Wisconsin would deny a 3-percent investment credit to regulated utilities while leaving a 7-percent investment credit available to other industry. The Senator from Oklahoma, in accordance with the action of the Finance Committee, is very much opposed to the denial of the investment credit to regulated utilities. The Senator from Wisconsin has said that it would not bring about any expansion and would not bring about cheaper rates.

I refer Senators to the statement of Donald C. Cook, president of the American Electric Power Co., found at pages 935 through 937 in the hearings. Mr. Cook, who is president of the American Electric Power Co., the largest in the Nation, said:

> I think it clear—and I intend to show—that, in the case of electric utilities, the tax credit will do more to increase construction and, therefore, to bring about the desired growth in the economy, than in the case of nonutilities.

Further on Mr. Cook made the very positive statement:

> While we are among those companies having the lowest rates for power in the United States, we are nonetheless even now studying still further rate reductions which we believe will become possible if the tax credit is made available to us.
>
> Favorable action of this committee and of the Congress on this bill will either make possible or prevent these rate decreases.

What Mr. Cook said was that the companies would respond to the stimulus for greater growth and modernization, and that they would be able to reduce correspondingly both domestic and industrial rates to their consumers.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield myself 1 minute in order to answer the question of the Senator from Rhode Island. I yield to the Senator.

Mr. PASTORE. In the New England section of the country there are privately owned public utilities serving telephone, electricity, and gas users. I think the rates are the highest in any area in the country. Would the bill assist consumers of electricity and gas, and telephone users in our region of the country if the amendment were agreed to?

Mr. KERR. The Senator from Oklahoma is of the positive conviction that the present provision of the bill would enable utilities in the section of the country from which the Senator comes to bring the area better service at lower cost, and that such would be the result.

Mr. AIKEN. Mr. President, will the Senator yield for another question?

Mr. KERR. I yield.

Mr. AIKEN. I should like to ask the Senator from Oklahoma if the 3-percent reduction would apply to rural electrification lines and municipal lines as well?

Mr. KERR. If they are taxpayers to the Federal Government it would.

The PRESIDING OFFICER. The Senator's additional 1 minute has expired.

Mr. AIKEN. If they make a profit it would?

Mr. KERR. Definitely it would.

Mr. PROXMIRE. Mr. President, I yield myself 5 minutes. The amendment follows the recommendation of the Kennedy administration and of the Treasury Department. That recommendation originally was that utilities be excluded, not included. The Treasury Department correctly points out that this provision in the bill would cost the Treasury $225 million in revenue. It was also argued very emphatically by the Treasury that this amount would not be passed on generally to the consumers and that it will not increase investment; on the other hand, it will generally result in a windfall for stockholders.

The Treasury argues that the principal purpose of the investment credit was not to cut people's electric light bills, but to stimulate investment. They say this cannot be done in the utility industry because under the law, at least as it exists now, the public utilities are regulated and their investors under the regulations of the regulatory body receive a fair rate of return. Obviously, if the corporation income tax is to be cut in this way, utilities income should be cut in the same way. So where is the incentive?

It is argued that the consumers will benefit. However, the Treasury has shown that the consumer benefit would be no more than 1 percent.

Mr. President, furthermore, we have had experience with this kind of cut under the 1954 act, when there was a similar reduction made in taxes on utilities through a speedup of amortization. In the report by the Subcommittee on Antitrust and Monopoly of the Judiciary Committee, it was found that the accelerated amortization had no real tendency to encourage construction of emergency facilities. The report stated:

> "* * * Under the policies then (i.e., April 1955) in force, no clear relation to defense needs was required for approval of certificates for electric power generation as they were granted on the basis of total demand, including civilian as well as military needs. The lack of incentive was indicated by the fact that in the few instances where proposed facilities were held ineligible—because of location in target areas—the utility companies constructed them despite the rejection. * * *
>
> "Of the applications considered by the Department of the Interior and the Office of Defense Mobilization, approval was given to facilities scheduled to bring in 13,013,450 kilowatts. Applications which were denied because of their target area location totaled 5,298,000. All of the projects so denied still are scheduled for completion in 1958, despite the withholding of the tax-amortization inducement.

In other words, the experience shows clearly that although in some cases tax benefits were not given, the utilities nevertheless went ahead and made their investment.

Furthermore, one firm would get one-third of the benefit. That is the American Telephone & Telegraph Co. It would get $75 million of the $225 million that we are talking about. However, to their credit, the comptroller and vice president of A.T. & T. appeared before the committee and said in behalf of A.T. & T., "We do not want it. We should not have it." He said:

> The Bell System's construction program for 1962 is approximately $2.8 billion and will probably remain in this general area in the immediate future. This construction is designed to meet the needs of the public for telephone service and we have an obligation to construct adequate facilities to meet this need. Clearly it would not be economically desirable to build excess plants merely to obtain a tax credit. We have been able, under sound regulation, to obtain from investors the additional amount of new capital required to carry on our construction of new facilities. Therefore, we can see no justification for using tax moneys to help finance our expansion. As the proposed incentive credit now stands, our business would obtain substantial benefits whether its construction were increased or not. For example, under a 3-percent rate we estimate that our credit would be in the range of $75 million for 1962. At a 4-percent rate it would be about $100 million, and at an 8-percent rate it would be about $200 million. If we received this credit we would be taking money from the Government which we should obtain from investors and not the taxpayers.

That position of this very capable management makes sense and adds up.

To summarize, this provision will not increase investment—and that is the only justification for it that was given—on the basis of the testimony of the one firm that would get the principal benefit from it. It may reduce rates in some cases, but, the Treasury says, that is very erratic and will be rare.

It is their conclusion—and I have documented it by the many tables I have put in the RECORD—that this will primarily result in a windfall for stockholders of the public utilities, which is not merited.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired.

The question is on agreeing to the amendment offered by the Senator from Wisconsin. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Pennsylvania [Mr. CLARK], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Oregon [Mr. NEUBERGER], the Senator from Virginia [Mr. ROBERTSON], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE], the Senator from Wyoming, [Mr. HICKEY], and the Senator from Virginia [Mr. ROBERTSON] would each vote "nay."

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

On this vote, the Senator from Nevada [Mr. Bible] is paired with the Senator from Pennsylvania [Mr. Clark]. If present and voting, the Senator from Nevada would vote "nay," and the Senator from Pennsylvania would vote "yea."

On this vote, the Senator from Mississippi [Mr. Eastland] is paired with the Senator from Texas [Mr. Yarborough]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from Texas would vote "yea."

On this vote, the Senator from Arkansas [Mr. Fulbright] is paired with the Senator from Utah [Mr. Moss]. If present and voting, the Senator from Arkansas would vote "nay," and the Senator from Utah would vote "yea."

On this vote, the Senator from Missouri [Mr. Symington] is paired with the Senator from Alaska [Mr. Gruening]. If present and voting, the Senator from Missouri would vote "nay," and the Senator from Alaska would vote "yea."

On this vote, the Senator from Arkansas [Mr. McClellan] is paired with the Senator from Washington [Mr. Magnuson]. If present and voting, the Senator from Arkansas would vote "nay," and the Senator from Washington would vote "yea."

On this vote, the Senator from Georgia [Mr. Talmadge] is paired with the Senator from Oregon [Mrs. Neuberger]. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Oregon would vote "yea."

On this vote, the Senator from Florida [Mr. Smathers] is paired with the Senator from Massachusetts [Mr. Smith]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Massachusetts would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr. Scott], and the Senator from Delaware [Mr. Williams] are necessarily absent.

The Senator from Maryland [Mr. Butler] is detained on official business, and if present and voting, would vote "nay."

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Pennsylvania [Mr. Scott] would vote "nay."

The result was announced—yeas 16, nays 49, as follows:

[No. 236 Leg.]

YEAS 16

Bartlett
Byrd, Va.
Douglas
Gore
Hart
Hartke
Jackson
Kefauver
Lausche
McNamara
Metcalf
Morse
Proxmire
Russell
Thurmond
Young, Ohio

NAYS—49

Aiken
Allott
Boggs
Bush
Byrd, W. Va.
Cannon
Carlson
Carroll
Case
Chaves
Church
Cooper
Curtis
Dirksen
Dodd
Ellender
Ervin
Fong
Hayden
Hickenlooper
Hill
Holland
Hruska
Javits
Johnston
Jordan, N.C.
Keating
Kerr
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McGee
Miller
Monroney
Mundt
Pastore
Pearson
Pell
Prouty
Randolph
Smith, Maine
Sparkman
Stennis
Tower
Wiley
Williams, N.J.
Young, N. Dak.

NOT VOTING—35

Anderson
Beall
Bennett
Bible
Bottum
Burdick
Butler
Capehart
Clark
Cotton
Eastland
Engle
Fulbright
Goldwater
Gruening
Hickey
Humphrey
Jordan, Idaho
Kuchel
Magnuson
McClellan
Morton
Moss
Murphy
Muskie
Neuberger
Robertson
Saltonstall
Scott
Smathers
Smith, Mass.
Symington
Talmadge
Williams, Del.
Yarborough

So Mr. Proxmire's amendment was rejected.

Mr. KERR. Mr. President, I move that the action whereby the amendment was rejected be reconsidered.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I submit an amendment, which I have discussed with the members of the committee. I shall take but a minute or two to inform the Senate about it. I ask that the reading of the amendment be dispensed with, but that the amendment be printed in the Record.

The PRESIDING OFFICER (Mr. McCarthy in the chair). Without objection, the reading of the amendment will be dispensed with; and the amendment will be printed in the Record.

The amendment is as follows:

At the end of the bill insert the following new section:

"Sec. 128. Deduction for income tax purposes of contributions to certain organizations for judicial reform

"For purposes of section 170 of the Internal Revenue Code of 1954 (relating to deduction for charitable, etc., contributions and gifts), a contribution or gift made after December 31, 1961, with respect to a referendum occurring during the calendar year 1962 to or for the use of any nonprofit organization created and operated exclusively—

"(1) to consider proposals for the reorganization of the judicial branch of the government of any State of the United States or political subdivision of such State, and

"(2) to provide information; make recommendations, and seek public support or opposition as to such proposals,

shall be treated as a charitable contribution if no part of the net earnings of such organization inures to the benefit of any private shareholder or individual. The provisions of the preceding sentence shall not apply to any organization which participates in, or intervenes in, any political campaign on behalf of any candidate for public office."

Mr. DIRKSEN. Mr. President, the basis for the amendment is simply that the Illinois constitution dates back to 1870; and so far as its judicial article is concerned, it dates back to 1848. There has been no revision in the court system of our State since that time, notwithstanding a number of efforts that have been made.

One of the difficulties is in getting information to the people. That is so necessary, because before an amendment can be adopted, it requires either a two-thirds vote by the people in a referendum or a majority of all the votes cast in that particular election for elective State offices.

Over a period of time, the Illinois constitution has been subjected to 26 amendments. Some have carried; others have failed. But the problem of stirring public interest in a modernization of our court system is a difficult one, unless sufficient funds can be obtained in order to make manifest to the people what the issue is. That requires the use of television, radio, newspaper space, and every other means of propaganda and publicity in order to bring the proposal to the attention of the people. This amendment, then, would make it possible for anyone who makes a contribution to this cause, which is nonprofit and is carried on by a nonpartisan group, to deduct that contribution for tax purposes only for the year 1962.

That is the substance of the amendment, and I sincerely hope it will be adopted. I have submitted it to the chairman, and I think it is agreeable to the committee.

Mr. KEATING. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. KEATING. In New York a similar situation exists; for years a distinguished and important nonprofit organization has been seeking reform of our courts. In fact, a constitutional amendment to reorganize the court system has now been adopted. But many improvements remain to be made. This organization and others throughout the Nation must be able to continue the fine work which is being done in this field. Certainly, no one is engaging in it for any purpose except to improve the courts and facilitate and modernize our judicial machinery.

I support the Senator from Illinois and I commend him for offering this amendment. I hope his amendment will be adopted.

Mr. DIRKSEN. I thank the Senator from New York.

I only add, Mr. President, that these referendums always appear on a separate ballot; and there is great difficulty in getting people to mark them, rather than throw them away or turn them in and have them deposited without having made any mark whatever on them. Of course that requires something of a campaign, and funds are required for it.

Since it is in the public interest, and not for the benefit of any group, I think the amendment should commend itself to the Senate.

Mr. KERR. Mr. President, I understand that this amendment is identical with House bill 10080, as amended, which has been reported unanimously by the House Ways and Means Committee. In view of the fact that no contribution treated by this amendment could possibly inure to the benefit of any private individual, and in view of the further fact that the organization must not participate in any political campaign in behalf of any candidate for public office, and in view of the further fact that the nonprofit organizations involved must be created and must operate exclusively for the purpose of considering proposals for the reorganization of the judicial branch of the State government, and to provide recommendations or to seek support for such proposals, and in view of the further fact that the amendment is limited to 1962, I feel that the amendment is worthy, and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. KERR. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I call up my amendments identified as "8-29-62—G," and ask unanimous consent that the reading of the amendments be dispensed with. I am perfectly willing to have a unanimous-consent agreement entered in connection with the amendments.

The PRESIDING OFFICER. Without objection, the reading of the amendments will be dispensed with, and they will be printed in the Record.

Mr. Proxmire's amendments are as follows:

On page 15, line 20, after "electrical energy," insert "gas,".

On page 16, strike out lines 1 and 2 and insert the following:

"(ii) transportation of gas by pipeline,".

On page 16, line 15, after the period insert the following: "The term 'public utility property' does not include property used predominantly in the production or gathering of gas."

Mr. MANSFIELD. Mr. President, I ask unanimous consent that 20 minutes be allotted for the consideration of the amendments; 10 minutes to be controlled by the Senator from Wisconsin [Mr. Proxmire] and 10 minutes to be controlled by the Senator from Oklahoma [Mr. Kerr].

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, on the question of agreeing to the amendments; I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, these amendments would include gas pipelines as a utility under the bill, and would provide a 3-percent investment credit, instead of the 7-percent credit permitted by the bill.

On page 155 of the committee report, gas pipelines are specifically singled out as examples of property qualifying for the full 7-percent investment credit. This is done in spite of the statement of Secretary Dillon on page 130 of the hearings, as follows:

> B. The investment credit is especially inappropriate for gas pipelines.
>
> The natural gas pipeline industry has expanded at a very rapid rate without the investment credit. As of the end of 1960, the index of plant investment was around 350 as compared to 100 at the end of 1950.

In other words, in 10 years an expansion of three and one-half times.

Secretary Dillon also testified:

> So far as is known, no desirable expansion or modernization has been prevented by lack of readily available funds.
>
> Expansion of interstate natural gas pipelines can be effectuated only with a certificate of convenience and necessity issued by the FPC. The Commission requires an affirmative showing of the adequacy of reserves before any such certificate will be granted. Certification procedures are designed to assure orderly growth in the industry and will limit the extent to which investment credit can stimulate growth.

On the basis of that clear statement by Secretary Dillon, I cannot imagine that there will be any increased investment because of the investment credit for gas pipelines; but I am perfectly willing to have them treated in the same way that other utilities are treated.

Mr. PASTORE. In other words, the amendments would cause gas pipelines to be treated in the same way other utilities are treated—by receiving a 3-percent investment credit, instead of a 7-percent investment credit?

Mr. PROXMIRE. That is correct; that is all the amendments will do.

This amendment is a moderate amendment. It would not prevent the gas pipelines from receiving an investment credit. It would simply put them in the same category with every other utility under the bill.

Gas pipelines have all the attributes of other utilities. They are classified as utilities by every authoritative industrial and investment survey—whether Moody's or any other.

Furthermore, according to the Joint Committee on Reduction of Nonessential Federal Expenditures, this amendment would reduce the revenue loss of the bill by $31.6 million. Mr. President, at a time when there is a deficit and when the deficit is increasing, it seems to me that such an amendment, which would, in effect, provide some additional revenue, should be supported.

Mr. LAUSCHE. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield 2 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 2 minutes.

Mr. LAUSCHE. Mr. President, I desire to support the amendments offered by the Senator from Wisconsin.

In his recommendation for a tax bill, the President omitted public utilities; he did not include them among the proposed recipients of the bounty that has been labeled a capital-investment incentive.

First, we included public utilities, and granted them a 3-percent tax credit as an inducement, although the representatives of the Government, occupying a position of impartiality, urged against including public utilities as beneficiaries.

Now we find that the gas pipelines are to receive, not the 3-percent credit, but the 7-percent credit. I cannot understand why that should be, in view of the testimony given by the Secretary of the Treasury, who said there is no need for this incentive, first, for the public utilities in general, and, second, much less for the gas pipelines. To one group, a 3-percent credit is to be given; to the other group, a 7-percent credit. What is the difference between them? Why is one given preferential treatment over the others? I cannot understand it.

I think there is logic in the argument which has been made by the Senator from Wisconsin that there should be equality of treatment for all of them.

The PRESIDING OFFICER. The time yielded to the Senator from Ohio has expired.

Mr. KERR. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. KERR. Mr. President, I rise to oppose the amendments.

These amendments did not originate in the Finance Committee. They originated in the House Ways and Means Committee, and they were adopted by the House.

Under the House version of the bill, all expenditures in connection with the transportation of commodities or humans are eligible for the 7-percent investment credit. Under this bill, the railroads, the trucks, the buses, the automobiles, the airlines, the ships, and the gas pipelines are to receive the 7-percent investment credit; all are to be treated alike.

Actually, I would think that the consumers of Wisconsin were more interested in the 7 percent given to interstate pipelines than in the 7 percent given to any other system of transportation, because interstate carriers of gas are utilities regulated by the Federal Power Commission. There may be State regulatory bodies that will fail to require a regulated private utility to pass on the 3-percent credit to the customers or consumers. I do not know of any. I am not saying there are, but I am saying there may be. But there is not a Member of the Senate who does not know that the Federal Power Commission will require the regulated interstate pipeline companies or transporters to pass on to the consumers the benefit of the 7-percent tax credit available to interstate gas pipelines.

The amendment of the Senator from Wisconsin is a little difficult for the Senator from Oklahoma to understand from the standpoint of the motivation back of it. Under the bill, a local gas distribution system gets only a 3-percent investment credit.

Since the interstate gas transporters are in the bill under the general classification of all transportation, they are treated alike and given 7 percent. But under the Senator's amendment, he would reduce the credit to interstate gas transportation companies from 7 percent to a 3-percent credit. He would increase the credit to a local gas distribution company from a 3-percent basis to a 7-percent basis.

There may be a reason for it and a justification for it. I do not know what they could possibly be. What the Senator would do would be to fix it so that the only transportation facility that would have its tax credit reduced from 7 to 3 percent would be the interstate gas pipeline company, which, above others, is strictly regulated to give the benefit in saving to the consumer. Yet the Senator from Wisconsin would fix it so that the only local utility in the Nation which is regulated that would be moved up from a 3- to 7-percent basis would be the local gas distribution company.

There may be a reason for that kind of amendment. The Senator from Oklahoma cannot comprehend it, and therefore, he must oppose it.

**Mr. PROXMIRE.** Mr. President, I had the amendment drafted carefully by the legislative counsel staff, and I checked it over and doublechecked it. I think they are competent personnel. There is nothing in my amendment that would increase the investment credit allowable to a gas distribution company from 3 to 7 percent. Both would receive a tax credit of 3 percent. It seems to me every argument made by the Senator from Oklahoma to the effect that transportation of gas by pipelines is done by utilities regulated by the Federal Power Commission would tend to support my position that they ought to be treated just like every other regulated utility.

It is interesting that the Senator from Oklahoma, who is a man of great ability, did not even discuss the argument made by the Secretary of the Treasury to the effect that expansion of natural gas pipelines can be effectuated only by certificates of convenience and necessity by the Federal Power Commission, and that the Federal Power Commission issues those certificates only to sustain growth of the industry, and that a tax cut should be granted only to the extent that it will stimulate growth. The purpose of investment credit is to stimulate the industry to expand.

The Secretary of the Treasury, it seems to me, has established clearly that the investment credit will not stimulate expansion, cannot stimulate expansion, and it is no way to stimulate expansion of natural gas pipelines.

However, in equity, in view of the fact that other utilities are treated with a 3-percent tax credit, it makes sense to me that they should also be so treated.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2421. An act to provide for retrocession of legislative jurisdiction over U.S. Naval Supply Depot Clearfield, Ogden, Utah;

S. 3071. An act for the relief of Hidayet Danish Nakashidze;

S. 3221. An act to provide for the exchange of certain lands in Puerto Rico; and

S. 3628. An act to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes.

The message further announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H.R. 852. An act to amend chapter 3 of title 38, United States Code, to authorize the Administrator of Veterans' Affairs to establish medical advisory panels to resolve conflicts of evidence in questions involving service connection of disabilities or deaths; and

H.R. 857. An act to amend section 4005 of title 38, United States Code, to provide that cases appealed to the Board of Veterans' Appeals shall contain a brief statement of the facts of the case appealed, with a citation and application of the law, together with the recommendations of the office appealed from, and for other purposes.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H.R. 860. An act to repeal certain obsolete provisions of title 38, United States Code, relating to unemployment compensation for Korean conflict veterans; and

H.R. 5234. An act to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes.

The message further announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 518. Concurrent resolution expressing sympathy for the victims of the recent earthquake in Iran; and

H. Con. Res. 519. Concurrent resolution requesting the President to return to the House the bill (H.R. 10062) extending the application of certain laws to American Samoa.

---

## ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 476) to establish the Point Reyes National Seashore in the State of California, and for other purposes, and it was signed by the President pro tempore.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

**Mr. PROXMIRE.** Mr. President, the Senator from Oklahoma has said we should treat pipelines not as utilities, but as transportation companies, which they are. The fact is that the comparison with oil pipelines, trucklines, and other forms of transportation is very imperfect indeed, because it is clear that the latter are not regulated utilities. While railroads might have some of that attribution, the fact is that railroads do not come close to earning a fair rate of return, unlike gas pipelines. So the comparison is not good. It seems to me that is where the gas pipelines belong. That is where my amendment puts them.

**Mr. CARROLL.** Mr. President, will the Senator yield for a question?

**Mr. PROXMIRE.** I yield to the Senator from Colorado.

**Mr. CARROLL.** Will the Senator inform me to what other interstate industry the 3-percent tax credit is applicable? I would fully agree with the argument of the Senator from Wisconsin about natural gas, but I would like to have him point out another interstate utility which is regulated and which comes in the same category. Railroads are not in the same category, so far as I know.

**Mr. PROXMIRE.** I said that. The argument of the Senator from Wisconsin is that in other interstate transportation the basis for limiting the tax credit to 3 percent—to wit, that there is a guaranteed fair return—does not apply, because many railroads do not come close to earning anything like a fair return on capital investment. All the railroads in my State are in that position.

**Mr. CARROLL.** I was thinking of private utilities. What other ones are in the interstate category?

**Mr. PROXMIRE.** There may be some power companies.

**Mr. CARROLL.** Is there any other industry that comes within the 3-percent category?

**Mr. PROXMIRE.** I am sure that many power companies sell power across State lines and they come, of course, under the 3-percent provision. I think the Senator makes an excellent point.

**Mr. CARROLL.** I was not sure whether they would be included.

**Mr. PROXMIRE.** The colloquy supports my position that there are many utilities that are in interstate commerce because they sell across State lines and they are in the 3-percent category.

**Mr. CARROLL.** Gas pipelines are under the supervision provided for in the Natural Gas Act. There is no question about it. It does not quite answer the argument of the Senator from Oklahoma. Is there anything in the record to show the other interstate utilities which are not going to get the 7-percent tax credit? I have not been advised on that question. I would like to have the Senator from Wisconsin advise us.

Mr. PROXMIRE. I think my position is clear. I think the comparison made with gas pipelines is imperfect. I think it should be with other utilities, not with other transportation methods or vehicles or institutions, because they are not vested with the same very excellent position which the gas pipelines enjoy—that of being in fact, in practice guaranteed a fair return—and the argument of the Secretary of the Treasury is very clear on it.

Mr. CARROLL. Will the Senator yield further?

Mr. PROXMIRE. My time is almost up.

Mr. CARROLL. The Senator from Oklahoma says there are none.

Mr. PROXMIRE. The decision for the Senate is very clear. It is whether the Senate feels gas pipelines should be classified as a public utility or as a means of transportation, and whether, therefore, they fall primarily within the category of utility rather than transportation.

Mr. KERR. Mr. President, I yield 1 more minute to the Senator from Wisconsin, if he needs time.

Mr. PROXMIRE. No; I am through.

Mr. KERR. Mr. President, I was interested in the question of the Senator from Colorado, as to whether there are no regulated interstate utilities which would get the 7-percent tax credit. The railroads will get it. They are regulated by the Interstate Commerce Commission. The airlines will get it. They are regulated by the Federal Aviation Agency. The intercoastal shipping lines will get it. They are regulated on their rates. Interstate buslines will get it, as will interstate trucklines, and they are all regulated by some regulatory body here in Washington. They would get the 7 percent, as is provided in the bill for the interstate gas pipeline.

The Senator said I was mistaken about the effect of the proposal. I ask Senators to turn to page 15 of the bill. Under the amendment the Senator would take the interstate gas pipelines alone out of the transportation facilities. He would deny them the 7 percent which all other interstate transportation facilities would get, and would reduce it to 3 percent.

On line 11 of page 15 Senators will see the language:

> (3) PUBLIC UTILITY PROPERTY.—
>
> (A) In the case of section 38 property which is public utility property, the amount of the qualified investment shall be 3/7 of the amount determined under paragraph (1).

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. KERR. No; I do not have time. This is the provision under which the utilities would go from 7 to 3 percent.

Mr. PROXMIRE. Will the Senator please let me explain that?

Mr. KERR. I ask for order, Mr. President.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. KERR. I do not yield.

The PRESIDING OFFICER. The Senate will be in order.

Mr. PROXMIRE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. KERR. The language further reads:

> (B) For purposes of subparagraph (A), the term "public utility property" means property used predominantly in the trade or business of the furnishing or sale of—
>
> (i) electrical energy, water, or sewage disposal services,

I continue to read, from the top of page 16:

> (ii) gas through a local distribution system,

The pending amendment provides, in part:

> On page 16, strike out lines 1 and 2——

Mr. PROXMIRE. I ask the Senator to read lines 1 and 2, and the language of my amendment. That is the answer.

Mr. KERR. The amendment states further:

> and insert the following:
>
> "(ii) transportation of gas by pipeline,".

Certainly. The Senator would bring it back to the transportation system after having eliminated the distribution system. Every Senator knows that if we should eliminate the distribution system from the three-sevenths basis we would put it back to the 7 percent basis. It is that simple.

The Senator from Oklahoma has no corner on the ability to read the amendment.

Mr. PROXMIRE. Mr. President, will the Senator yield, and permit me to have 30 seconds to explain?

Mr. KERR. I yield the Senator 30 seconds from my time. I have finished my presentation.

Mr. PROXMIRE. The amendment provides for striking out lines 1 and 2 on page 16 and inserting "transportation of gas by pipeline."

If the Senator will read the bill, he will find that the language is:

> For purposes of subparagraph (A), the term "public utility property" means property used predominantly in the trade or business of the furnishing or sale of—
>
> electrical energy, water, or sewage disposal services,

I submit that what that means is that gas would be treated as would an electrical energy distribution system, a water distribution system, or a sewage disposal distribution system.

I have been assured by the legislative counsel that this is so. That is adequate to answer the Senator's position.

There is simply no question as any Senator who can read can see that gas distribution under my amendment would get 3 percent, not 7 percent, investment credit.

Mr. KERR. I do not ask any Senator to go to legislative counsel. I merely ask Senators to read the amendment.

Mr. PROXMIRE. I ask them to do the same.

Mr. MANSFIELD rose.

Mr. KERR. Mr. President, I yield to the Senator from Montana.

---

## EXPRESSION OF SYMPATHY FOR VICTIMS OF RECENT EARTHQUAKE IN IRAN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate may proceed to the immediate consideration of House Concurrent Resolution 518.

The PRESIDING OFFICER. The resolution will be stated for the information of the Senate.

The legislative clerk read as follows:

> *Resolved by the House of Representatives (the Senate concurring)*, That the Congress of the United States has learned with shock and sorrow of the devastation caused by the recent earthquake in Iran, which resulted in the death of thousands of its people and injuries and loss of homes to many tens of thousands. The Congress, on behalf of the people of the United States, hereby expresses its deepest sympathy for the people of Iran.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Montana?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The resolution (H. Con. Res. 518) expressing sympathy for the victims of the recent earthquake in Iran was agreed to.

---

## EXTENSION OF CERTAIN LAWS TO AMERICAN SAMOA—REQUEST TO PRESIDENT TO RETURN BILL TO HOUSE OF REPRESENTATIVES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate may proceed to the immediate consideration of House Concurrent Resolution 519.

The PRESIDING OFFICER. The resolution will be stated for the information of the Senate.

The legislative clerk read as follows:

> *Resolved by the House of Representatives (the Senate concurring)*, That the President of the United States is requested to return to the House of Representatives the enrolled bill (H.R. 10062) to extend the application of certain laws to American Samoa. If and when said bill is returned by the President, the action of the Presiding Officers of the two Houses in signing said bill shall be deemed rescinded; and the Clerk of the House is authorized and directed to reenroll said bill in accordance with the conference report thereon adopted by the two Houses.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Montana?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The resolution (H. Con. Res. 519) requesting the President to return to the House the bill (H.R. 10062) extending the application of certain laws to Amercan Samoa, was agreed to.

## COMMITTEE MEETING DURING SESSION OF THE SENATE TOMORROW

Mr. ELLENDER. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be authorized to meet during the session of the Senate tomorrow. I have consulted with both the majority and minority leaders, and there is no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. KERR. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendments offered by the Senator from Wisconsin [Mr. Proxmire]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Alaska [Mr. Bartlett], the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Pennsylvania [Mr. Clark], the Senator from Mississippi [Mr. Eastland], the Senator from Arkansas [Mr. Fulbright], the Senator from Arizona [Mr. Hayden], the Senator from Minnesota [Mr. Humphrey], the Senator from Washington [Mr. Magnuson], the Senator from Montana [Mr. Metcalf], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Oregon [Mrs. Neuberger], the Senator from Florida [Mr. Smathers], the Senator from Massachusetts [Mr. Smith], the Senator from Georgia [Mr. Talmadge], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Wyoming [Mr. Hickey], and the Senator from Alaska [Mr. Bartlett] would each vote "nay."

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], the Senator from Wyoming [Mr. Hickey], and the Senator from Missouri [Mr. Symington], are necessarily absent.

On this vote, the Senator from Pennsylvania [Mr. Clark] is paired with the Senator from Mississippi [Mr. Eastland]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Mississippi would vote "nay."

On this vote, the Senator from Washington [Mr. Magnuson] is paired with the Senator from Missouri [Mr. Symington]. If present and voting, the Senator from Washington would vote "yea," and the Senator from Missouri would vote "nay."

On this vote, the Senator from Oregon [Mrs. Neuberger] is paired with the Senator from Georgia [Mr. Talmadge]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Georgia would vote "nay."

On this vote, the Senator from Florida [Mr. Smathers] is paired with the Senator from Massachusetts [Mr. Smith]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Massachusetts would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr. Scott], and the Senator from Delaware [Mr. Williams] are necessarily absent.

The Senator from New York [Mr. Javits] is detained on official business.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], and the Senator from Massachusetts [Mr. Saltonstall] would each vote "nay."

On this vote, the Senator from New York [Mr. Javits] is paired with the Senator from Indiana [Mr. Capehart]. If present and voting, the Senator from New York would vote "yea," and the Senator from Indiana would vote "nay."

The result was announced—yeas 27, nays 38, as follows:

[No. 237 Leg.]

YEAS—27

Aiken
Byrd, Va.
Cannon
Case
Church
Cooper
Dodd
Douglas
Gore
Hart
Hartke
Jackson
Keating
Kefauver
Lausche
Long, Hawaii
McNamara
Morse
Pastore
Pell
Proxmire
Robertson
Russell
Stennis
Thurmond
Williams, N.J.
Young, Ohio

NAYS—38

Allott
Boggs
Bush
Butler
Byrd, W. Va.
Carlson
Carroll
Chavez
Curtis
Dirksen
Ellender
Engle
Ervin
Fong
Hickenlooper
Hill
Holland
Hruska
Johnston
Jordan, N.C.
Kerr
Long, Mo.
Long, La.
Mansfield
McCarthy
McClellan
McGee
Miller
Monroney
Mundt
Pearson
Prouty
Randolph
Smith, Maine
Sparkman
Tower
Wiley
Young, N. Dak.

NOT VOTING—35

Anderson
Bartlett
Beall
Bennett
Bible
Bottum
Burdick
Capehart
Clark
Cotton
Eastland
Fulbright
Goldwater
Gruening
Hayden
Hickey
Humphrey
Javits
Jordan, Idaho
Kuchel
Magnuson
Metcalf
Morton
Moss
Murphy
Muskie
Neuberger
Saltonstall
Scott
Smathers
Smith, Mass.
Symington
Talmadge
Williams, Del.
Yarborough

So Mr. Proxmire's amendments G were rejected.

Mr. LONG of Louisiana. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GORE. Mr. President, I offer my amendment 8-31-62—A, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be stated.

The Chief Clerk. On page 41, line 18, it is proposed to strike out "or associated with" and insert "and directly connected with".

On page 42, line 4, it is proposed to strike out "or associated with" and insert "and directly connected with".

On page 42, line 7, it is proposed to strike out "or associated with" and insert "and directly connected with".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. GORE. Mr. President, I shall detain the Senate but a few moments on the amendment, having debated perhaps at greater length than I should have the liberality of the bill with respect to expense accounts.

If Senators will be so kind as to pick up a copy of the bill and turn to page 41, I can explain my amendment very quickly. The amendment would strike out, in line 18, page 41, the three words "or associated with," and insert in lieu thereof the words "and directly connected with."

The same amendment would be repeated twice on page 42.

On page 41 is found a general rule for expense account deductions. If the Senate wishes to confine tax deductions for entertainment, recreation, and amusement to functions which are directly connected with and related to a business function, the pending amendment is necessary. On the other hand, if Senators wish to permit deductions for entertainment, amusement, and recreation for vague good will, so long as it is indirectly associated with some business purpose or prospective business purpose, they should vote against my amendment.

I emphasize that on page 41 of the bill, is the general rule for deduction of expenditures for entertainment, amusement, or recreation.

My amendment would make the general rule tight, as the House bill did. My amendment would strike out the three little words "or associated with," which blow the lid off.

I invite the attention of Senators to the exceptions to the general rule on page 45 of the bill.

Subsection (a) on page 41 states the general rule. It begins in line 10. If Senators will follow me by turning to page 45, line 8, they will find the specific exceptions to the application of subsection (a), which is the general rule. There are about four pages of exceptions.

If Senators will read the exceptions—nine of them—they will see that they are not covered by the general rule. It has been my view that the nine exceptions permit deductions for entertainment, amusement, and recreation and other expenses which are more generous than Congress and the Government should permit.

I would prefer the original recommendation of the President, but that is not now before the Senate. What I am talking about now is the pending bill. If Senators wish to see how broad these exceptions are, I ask them to look at the report of the committee, which is on the desk of each Senator. I ask Senators to turn to page 36. There they will find the exceptions spelled out in detail. I should like to read brief excerpts from the report:

> Expenses for food and beverages furnished under circumstances which are of a type generally considered to be conducive to a business discussion.

The language makes it plain that this is a deductible expense. The report continues:

> Under this exception, the general custom of entertaining business guests at meals in restaurants and hotels would not be disallowed if they meet the ordinary and necessary test of existing law.

Some of my colleagues seem to be disturbed for fear that expenses in connection with attending conventions might not be deductible, and that expenses of entertainment in a hotel or restaurant which are related to business might not be permitted. The bill makes it perfectly plain, and the committee report makes it perfectly plain, that if these expenses are directly related to a business function, the tax deduction is permitted.

What I am trying to strike out is the amendment of the committee which blows the lid off, which allows almost anything to be tax deductible. I have challenged Senators to name something for which a tax deduction could not be claimed which is now permissible. Of course Senators have been able to cite a few things for which tax deductions would not be permitted, but the tax deduction is not permissible for this item now in almost every instance that has been cited.

I should like to read from the bill the nine exceptions. I will read the titles:

> Business meals.

The committee report makes it perfectly plain that these would be allowed. Subsection (1) reads:

> (1) BUSINESS MEALS.—Expenses for food and beverages furnished to any individual under circumstances which (taking into account the surroundings in which furnished, the taxpayer's trade, business, or income-producing activity and the relationship to such trade, business, or activity of the persons to whom the food and beverages are furnished) are of a type generally considered to be conducive to a business discussion.

Suppose this is at a convention, and a businessman attending that convention gives a luncheon to which guests are invited—guests who in some way offer an opportunity for further business. I have just read the provision of the bill which I do not seek now to change. That provision makes this expense tax deductible. There is no question about it. Let me read the next items:

> 2. Food and beverages for employees.
> 3. Expenses treated as compensation.
> 4. Reimbursed expenses.
> 5. Recreation, etc., expenses for employees.
> 6. Employee, stockholder, etc., business meetings.
> 7. Meetings of business leagues, etc.

I should like to read what the bill and the committee report say of No. 7.

I read from page 47 of the bill, subsection (7):

> Meetings of business leagues, etc.—Expenses directly related and necessary to attendance at a business meeting or convention of any organization described in section 501(c)(6) (relating to business leagues, chambers of commerce, real estate boards, and boards of trade) and exempt from taxation under section 501(a).

Now I shall read what the committee report says on that subject:

> Expenses directly related and necessary to attendance at a business meeting of an organization, such as a trade association, chamber of commerce, real estate board, etc., described in section 501(c)(6) of the Code.

I now read subparagraph (8), on page 47 of the bill:

> Items available to public.—Expenses for goods, services, and facilities made available by the taxpayer to the general public.
>
> (9) Entertainment sold to customers.—Expenses for goods or services (including the use of facilities) which are sold by the taxpayer in a bona fide transaction for an adequate and full consideration in money or money's worth.

When we consider that on pages 41 and 42 of the bill is set forth the general rule, I submit that the general rule should be strict, particularly when more than three pages of exceptions are provided, citing specific instances in which legitimate expenditures for purposes which are directly related to or connected with the business, will be tax deductible. What Senator wishes to go further than that? We want to give a tax deduction for every legitimate expenditure that is spelled out in these exceptions for business functions that are directly related to business. That is provided in the bill. But when we add, in the general rule, the words "or associated with," together with the interpretation of the legislative intent of those three words, the sky is the limit, and the exceptions come to have no meaning at all, and no reason for being.

Therefore, I offered an amendment to strike out the words which were added by the Senate committee amendment, "or associated with," and substitute therefor the words "and directly connected with."

I shall not detain the Senate further. The issue is simple. I have done my best in a brief time to explain the provisions of the bill. I hope Senators do not wish to go further than to allow a tax deduction for legitimate business expenses. But I say in all candor and sincerity that if we go further than that, I do not think it will be right. That is why I am so wrought up about the three little words that make the sky the limit.

Mr. BUSH. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. BUSH. It seems to me that we went all through this discussion about a week ago. I voted for an amendment similar to this. I cannot quite see the difference between what the Senator from Tennessee is now proposing and what he proposed last week.

Mr. GORE. The Senator from Connecticut makes a valid point. I opposed, and the Senator from Connecticut opposed, the committee amendment which wrote into the bill the words "or associated with."

Mr. BUSH. That is correct.

Mr. GORE. But under the parliamentary rule, after the committee amendments had been acted upon, the bill became original text. Therefore, although my amendment would accomplish the same purpose as if the Senate had defeated the committee amendment, I do have the parliamentary right to offer it again.

Mr. BUSH. And that is what the Senator is doing?

Mr. GORE. That is what I am doing. I hope—perhaps I am hoping against hope—that upon careful reconsideration the Senate will not persist in a deliberate desire to give a tax deduction for something which is not a legitimate business expense, that is, connected with the business. Therefore, I shall not insist further. So far as I am concerned, the Senate can vote viva voce.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. ELLENDER. I have been trying to follow the argument of the distinguished Senator from Tennessee. I cannot see much difference between the words "associated" and "connected." The Senator's amendment does not in any way affect the exemptions to which he referred a moment ago, does it?

Mr. GORE. No; my amendment would not modify the exceptions at all.

Mr. ELLENDER. What the Senator is attempting to do is to use the word "connected" so that it will more or less be in accord with the interpretations placed in the report?

Mr. GORE. The Senator will note that I use the conjunction "and" instead of "or." As the bill is now written, a deduction would be allowed on an "or" basis; but when one reads the committee report interpretation of the words "or associated with," he sees that the sky is the limit. According to the committee report, these three words were placed in the bill to eliminate the strict general rule as interpreted in the report of the Ways and Means Committee. Do I make myself clear?

Mr. ELLENDER. That is what I suggested.

Mr. GORE. The point I am trying to make is that my amendment would not modify the specific exceptions. There are nine of them, and they are generous indeed. My amendment would prevent the general rule from being so loose, so indefinite, as to permit almost anything as a so-called deductible expenditure associated with business.

Mr. ELLENDER. The language used by the Senator would be more in accord with the House report.

Mr. GORE. I agree.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee. [Putting the question.]

**Mr. LONG** of Louisiana. Mr. President, on this question, I ask for a division.

On a division, the amendment was rejected.

**Mr. KERR.** Mr. President, I move that the action whereby the amendment was rejected be reconsidered.

**Mr. BUSH.** Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### DELETE LOBBYING AMENDMENT

**Mr. DOUGLAS.** Mr. President, I call up my amendment designated "8-25-62—G" and ask that it be read.

The **PRESIDING OFFICER.** The amendment will be stated.

The CHIEF CLERK. On page 38, beginning with line 17, it is proposed to strike out all through line 21 on page 40—section 3 of the bill, relating to appearances, and so forth, with respect to legislation.

**Mr. DOUGLAS.** Mr. President, it is with a sense of deep discouragement that I rise to propose this amendment. During the past weeks we have seen included in the bill provision after provision unjustly designed to favor large corporations, and we have seen defeated amendment after amendment intended to introduce a greater degree of tax reform into our laws. These votes have been overwhelming. The leadership on both sides of the aisle have tried to protect the wealthy and powerful, have opposed the administration in connection with many crucial features, and have opposed provisions designed to protect the general taxpayers and the Treasury.

So, Mr. President, in the light of past performance, I have little expectation that my amendment will be adopted.

Nevertheless, it is one's duty to remain at one's post and discharge what one conceives to be one's obligation, even though the odds against one are heavy. The first general order to which a soldier must be faithful is not to leave his post unless he is properly relieved. So long as one serves in the Senate, he has the obligation, even though he stands with a very small group, to try to make legislation as good as possible.

### WHAT THE HOUSE DID

My amendment deals with lobbying. It aims at striking out two provisions which were not in the original bill submitted by the President, and to which, indeed, the administration says it is opposed. One of these amendments was inserted by the House Ways and Means Committee at the last minute—no one knows quite why. The bill then went to the House under a closed rule which prohibited amendments, and which only permitted the body of the House to vote either for the bill as a whole or against the bill as a whole. It is the amendment which permitted tax deductions for expenses incurred in direct appearances by business groups and corporations before legislative bodies—not only the traveling expenses, but also all other expenses incurred by a trade or business in connection with such appearances.

This would apply whether the appearances were before local bodies, such as city councils, or whether they were before State legislatures or the Congress; and it would include the cost of preparing testimony and the cost of all the research and developmental work in that connection. It would also permit deductions of the expenses of mass appearances, not only individual appearances and dues by organizations which lobbied for their divers business interests. That was the House provision; and it is to be found on page 39, between line 5 and line 23.

### WHAT THE FINANCE COMMITTEE DID

Then the Senate Finance Committee went one better—or one worse—than that; it voted to permit deductions for lobbying costs connected with communications between a business firm and their employees or stockholders, with respect to legislation or proposed legislation of direct monetary interest to the taxpayer. That amendment was approved by a very large majority in the Senate Finance Committee, with the Senator from Tennessee, the Senator from Illinois, and perhaps one or two other Senators voting in the negative.

If these two amendments are enacted, we shall legitimitize very large amounts of expenditures by special interests, for the purpose of effecting legislation, while denying any comparable right to those who seek to defend the general interest, whether they comprise consumers, small taxpayers, or general citizens. I think it is worthwhile for us to know what the existing law on this subject really is.

### EXISTING LAW—LOBBYING NOT DEDUCTIBLE

Following the Cammarano decision, there was affirmed the principle that the tax laws should be neutral insofar as lobbying is concerned, and that expenditures by business groups before legislative bodies for the purpose of furthering their own financial interests, are not tax deductible. There can be no question of their right to appear before legislative groups or regulatory bodies; that is a part of their right as citizens. There is no intent to deprive them of their right of petition. But up until now, at least, the law has been that they should pay for such appearances themselves; that Uncle Sam should not pay 52 percent of the cost of such appearances, by exempting those amounts from the corporate income tax.

On the other hand, those who appear because of a general interest as consumers or as small taxpayers are expected to pay these costs themselves. If they feel that a given tax measure, such as the present one, is against the public interest, and if they wish to testify against it, and if they go to the expense of appearing and testifying, they must pay the costs themselves; they may not be charged off as expenses, and the taxpayer may not obtain a tax deduction for them. That is the law—namely, that the tax system shall be neutral insofar as lobbying costs are concerned.

But we well know that, in practice, business concerns frequently are able to evade or avoid the meaning of the law, by disguising lobbying expenses and putting them in other categories. Instead of hiring "lobbyists," they will hire "attorneys" or "economists" or "research specialists"; and these men will appear, not as "lobbyists," but as "legal representatives." They will put lawyers on retainer—ostensibly to be called upon for legal services, but in reality held in reserve to influence legislation.

### PRESENT LAW RESTRAINS BAD PRACTICE EVEN IF NOT PERFECT

In practice, a great deal of the lobbying expenses of the corporations and the big industries of the country are charged off as business expenses and escape taxation; but the law holds these expenditures in some degree of restraint. It is not a perfect protection, by any means, but it operates to some degree as a restraint.

If anyone looks at the political scene, and the pressures operating on city councils, and on State legislatures, and on the Congress of the United States, I think he would have to say that the large companies of this country are not unduly handicapped. Quite the contrary, they are very powerful. They spend large sums of money. They are able to shape and influence legislation. They are very powerful.

### GENERAL INTEREST WEAK

The general interest, however, is already extremely weak. Any particular measure, such as the gas bill, which our good friend from Oklahoma got through the Senate in 1950, and helped to get through in 1956, may mean a gain of $600 million a year to the producers, but it will only cost, let us say, $20 a year to each of the 30 million consumers who use gas for household purposes. And the consumer has so many things on his or her mind that it is hard to get excited over $20 a year, or 5 or 6 cents a day. And so the great mass of consumers tend not to be interested in this measure, or, if they are interested in it, they hardly feel it is worth their while to go to the labor and expense of running up against these powerful lobbies when their own interests are so infinitesimal.

So, as I said on the floor of the Senate last week, the struggle all too often is one in which the concentrated power of the producing interests conquers over the diffused general interest.

### LOBBYING FOR TAX PRIVILEGES

And it is so in tax measures, too. Those who seek special favors in getting a particular measure which will mean millions, tens of millions, and hundreds of millions of dollars to them, can carry on quite a campaign. The individual taxpayer among the 60 million who pay income taxes will not be greatly affected. But, of course, what happens is that, special privilege, after special privilege, after special privilege is able to write these measures into the laws and administrative rulings of the Nation, the general interest, the general taxpayer, the general consumer, becomes burdened with a multitude of exactions which, taken in their totality, are extreme and great.

This, I think, is one of the great weaknesses of modern democracy.

### BILL MAKES MATTERS WORSE

These two amendments would make the situation much worse, because now, instead of the corporations meeting these costs, the Government will instead meet 52 percent of the costs, and the small taxpayers themselves will have to underwrite the lobbying campaigns, which, in a large percentage of the cases, are directed against them. The small taxpayers not only have to pay for any efforts they make on behalf of the public interest but they do not get any tax exemptions for them. In addition, they have to pay half the cost of the lobbying expenses of these selfish special interests which want to get special favors for themselves. I think this section of the bill adds insult to injury.

### DOUBLE STANDARD DEVISED

Now let us take up a few of the measures which have come before the Senate. Suppose we take the matter of drug safety or drug pricing. The costs of presenting the views of the drug manufacturers or distributors would be deductible. The general taxpayer would meet half of those costs. But the cost of presenting evidence on behalf of the consumers or of disinterested professional or technical advisers would not be tax deductible.

Suppose, on the State level, that a State legislature is debating a measure designed to decrease stream pollution. Manufacturers who dump industrial wastes into the rivers, who would be adversely affected by the enactment of such a law, could deduct the cost of their opposition. Members of the public interested in pure water for drinking or for recreational uses would have to finance their support of the measure entirely from their own pockets.

Or, at the local level, a business owner of a piece of real estate could file an advantageous amendment of a local zoning ordinance and deduct the cost of his presentation and appearance before the local city council; but owners of nearby residences would not receive this help from the Federal Treasury in the preparation of exhibits and briefs necessary for effective opposition.

### LOBBYING CAMPAIGNS DEDUCTIBLE

In the great struggle in which some of us went down to overwhelming defeat last week, that of withholding of the basic income tax on interest and dividends, the building and loan associations and the banks and mutual savings banks, which launched one of the greatest lobbies and letter campaigns ever seen in the history of the United States or of this body, could deduct not merely the cost of their direct appearances, but also the cost of the letterwriting campaign. For they circularized not merely their employees, but also their members and their stockholders. As a result many Senators, and I assume each Senator, received scores of thousands of letters. I have stated before that I received 75,000. Another Senator has said that he received over 50,000. I know of other cases where the number was almost as great.

This amendment, once passed, will permit these building and loan associations and banks to deduct the cost of their circularizing their members and stockholders, and Uncle Sam will pay 52 percent of the bill.

Mr. BUSH. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I yield.

Mr. BUSH. My recollection is that I received thousands of letters on that subject, too, but they were all paid for by the individual citizens themselves, who were protesting against that provision of the bill.

May I say to the Senator it seems to me that what the building and loan associations and the savings banks may have done was, in sending out their normal monthly statements, or whatever they send out, to enclose a statement which alerted the saver to the issue before the Senate. I would say the great bulk of the expense incurred by that corporation was incurred by the savers themselves, the citizens themselves.

Mr. DOUGLAS. First let me say that these members and depositors in the building and loan associations and in the savings banks did not write to us in an unsolicited fashion. They were solicited by the institutions. In some cases, as the Senator says, slips were sent out with the ordinary dividend statements.

At least in those cases the cost of printing of the slips would be tax deductible under the committee amendment. In a very large proportion of the cases however the people were circularized by individual letter. Many savings institutions mailed a letter to each one of their depositors or members, asking them to write to their Senators protesting against the measure.

At present this type of communication is legally not tax deductible, although I grant that frequently it is very hard for the Internal Revenue Service agents to go through the books and to detect precisely the postage and printing and expense involved on these particular letters.

In this case the Finance Committee amendment would permit these types of costs to be tax deductible, and 52 percent of the cost would be borne by the general public.

### POWERFUL GROUPS STRENGTHENED

Mr. President, one of the weaknesses of modern democracy, as I have said, is the extraordinary disparity between the great and concentrated power of special and powerful interests and the diffused weakness of the general interest. The committee and House amendments would still further intensify and accentuate this lack of balance.

I fear that what the Senate is about to do, with the cooperation of the leadership on both sides of the aisle—if it is about to do what I fear it will do—will help to drive another nail in the coffin of effective political democracy.

I am not going to speak more on this subject although I will answer questions.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes, I am glad to yield.

Mr. PROXMIRE. Under the provision in the bill, if a gambling syndicate, a group of liquor dealers, or others wished to support or to oppose proposed legislation, which involved their particular interests, and they hired an expert to do all of the research they wished to have done, so that they could make a strong case, how much of the expense would the general taxpayer be required to pay, assuming a large corporation were involved?

Mr. DOUGLAS. Fifty-two percent.

Mr. PROXMIRE. Assuming that the action on the part of the liquor lobby or on the part of the gambling lobby was opposed by a group of clergymen or a group of people who felt very strongly that the action might adversely affect the morals of the people of the community, or the moral fiber of the community, how much of their expense would that group be allowed to subtract from taxes?

Mr. DOUGLAS. Not 1 cent.

Mr. PROXMIRE. Suppose one of these big financial corporations wished to send not 1 or 2 or even 3, but a very large number of skilled lobbyists to Washington, so that there could be assigned 1 man to each 10 Senators and Representatives in Congress, at a big expense, how much of that expense would the general taxpayer have to bear?

Mr. DOUGLAS. Fifty-two percent.

Mr. PROXMIRE. Would it be possible under the Senate version of the bill for a very large corporation, such as Du Pont or American Telephone & Telegraph Co., which might have an interest in legislation pending before the Congress, to send out literature, or to send out men, for that matter—to send out communications in almost any manner—to stimulate the stockholders or the employees to support the position of the company? If they did so, how much of the expense would the general taxpayer have to bear?

Mr. DOUGLAS. Under the bill as it comes to us, the corporation would be able to avoid the payment of the corporate income tax on these expenditures, and the general taxpayer would pay 52 percent of the expenditures.

Mr. PROXMIRE. The Senator from Illinois has served in this body since 1949. He also served on the Chicago City Council some years before that.

Mr. DOUGLAS. The Senator is correct.

Mr. PROXMIRE. The Senator has had great experience. Has the Senator ever felt lonely, in the sense that he was ignored by special interest groups which had an interest in advancing themselves? Has the Senator ever felt he did not have a sufficient number of lobbyists writing to him, coming to see him, or contacting him? Does the Senator feel he needs these "pen pals," only more so?

Mr. DOUGLAS. I believe in the right of petition, and I believe that business concerns have a right to have lobbyists. I try to see them and to listen to their arguments. Very frequently they are able to present information which I did not previously have. Very frequently they are able to present arguments of which I was not previously aware. I think they carry out, properly, a very valuable function.

Mr. PROXMIRE. I share that viewpoint.

Mr. DOUGLAS. What I object to is the granting to the big corporations, which have a direct business and financial interest, of a tax deduction of 52 percent, whereas the people who are trying to defend the general interest have to pay all of their expenses from their own pockets, though they already suffer from the disadvantage that their interest in a particular measure may be slight, although the concentrated interest of the producing or business group is tremendous.

**Mr. PROXMIRE.** The question asked by the Senator from Wisconsin went to a different point. I heard a Member of the House of Representatives protest this provision in the law quite vigorously. He argued that he is now swamped with special interest group proposals.

What the Senator has said is true. These people often perform very valuable service. They ought to have a right to present their viewpoint.

Is it not very likely, however, that if the bill shall pass, the staffs of all Senators will be deluged with even more correspondence? My staff must spend some 70 percent of its time, or more, answering mail. I have to spend a great deal of my time talking to people who have a special interest in proposed legislation.

Along with the Senator from Illinois, I am happy to do that, but I must say that if this provision in the bill is made law, the burden may likely become nearly intolerable. There will be an incentive for corporations to send representatives to the Congress, with the general taxpayer forced to pay 52 percent of the cost. It seems to me this would greatly increase the burden on Members of Congress. Is that not a correct assumption?

**Mr. DOUGLAS.** I think the Senator from Wisconsin is completely correct.

In the old days, after the Civil War, when Sam Ward was the king of the lobby, he used to entertain Members of Congress with champagne suppers, and there would be shares of stock to be distributed and cash as well.

### EXAMPLES OF MAIL CAMPAIGNS

I think the modern lobbyist operates in a more wholesale fashion. He is increasingly trying to muster mail campaigns from constituents. This bill would open the gates for tremendous mail campaigns.

The doctors loosed one on health care for the aged. I am sure they will now seek to deduct the costs of that campaign from their personal incomes.

The savings institutions loosed a tremendous campaign with respect to withholding. The various interests seeking to get protective tariffs or to prevent the trade bill from going through in any effective form will be able to make deductions.

We are all acquainted with the historic struggle between the truckers and the railroads on piggybacks which swamped our offices with mail. I received, I think, 10,000 letters from the truckers, and then I received about 15,000 from the railways. A Senator has to answer all that mail.

The Senator from Wisconsin is quite correct. A large proportion of our time is now devoted to attempting to respond to the pressures which come upon us. One can stand up under it and would welcome it, but to have the general taxpayer called upon to finance special interests is more than I can personally understand.

**Mr. PROXMIRE.** I should like to ask the Senator to answer arguments raised by those who favor this provision in the bill reported by the committee. I refer the Senator to page 22 of the committee report, in which the majority, which favors this position, says:

> The difficulty in allowing trade or business expenses generally, but isolating expenses relating to legislative matters and denying deductions for them, stems in part from the difficulty in segregating and classifying such expenses. This is a form of detailed recordkeeping to which taxpayers are not accustomed. Moreover, in the case of many expenses which may primarily be incurred to inform the business itself as to the application of certain proposed legislation, when such information is also made available to legislators, it is difficult to determine how an allocation of the expense should be made between legislation and mere planning of the company.

It has been the experience of the Senator from Wisconsin that that would involve no difficulty.

**Mr. DOUGLAS.** None at all. These costs could be segregated.

**Mr. PROXMIRE.** And that has been the law until now.

**Mr. DOUGLAS.** That is correct. It is a law which has been imperfectly executed, but one which has had some restraining influence.

**Mr. PROXMIRE.** Why would it not be perfectly possible for a business firm to keep track of the cost of hiring its lobbyists and exclude the cost from its expenses in computing its taxes?

**Mr. DOUGLAS.** And also the cost of correspondence designed to influence legislation. Those costs could be segregated. We must do so in our own offices in segregating our personal mail from our official mail.

**Mr. PROXMIRE.** The next point about which the Senator from Wisconsin wishes to ask the Senator from Illinois is the provision in the argument in the committee report a little further down, as follows:

> It appears anomalous, for example, that expenses incurred in appearing before legislative bodies or before legislators are not deductible while appearances before executive or administrative officials with respect to administrative matters, or before the courts with respect to judicial matters, are deductible where the expenses otherwise qualify as trade or business expenses.

Does it not occur to the Senator from Illinois that legislation should be and must be a matter of general interest and cover the whole generality of the body politic?

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** All 180 million Americans without discrimination?

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** To design legislation for a specific industry or individual would be the worst thing that could happen in respect to legislation. In other words, legislation should be designed to apply equally to all people. It should not be designed, as regulations sometimes must be, or as decisions by the administration under the law must be, in accordance with a particular special interest involved.

**Mr. DOUGLAS.** The Senator from Wisconsin has made an admirable reply to his own question. Proceedings before a regulatory body are necessarily narrow and refer to special and particular interests; and it is legitimate for such special and particular interests to deduct their expenses connected with appearing to defend their interests. But as the Senator has said, it is an entirely different thing when we deal with legislation supposedly affecting all people as equally as possible.

**Mr. PROXMIRE.** At the bottom of page 23 of the committee report it is stated—

> The bill also provides that where a taxpayer is a member of an organization and the organization pays or incurs the expenses of the types referred to above on behalf of its members, the dues which the taxpayer pays to the organization in carrying on his trade or business are to be deductible to the extent they are used for such purposes.

As I understand, what that language means in the way the bill is drafted and is interpreted at other places, too, in the committee report, is an organization—whether it be the National Association of Manufacturers, the chamber of commerce, or other group—which is representing the particular pecuniary interest of the member.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** Under those circumstances dues could be subtracted.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** On the other hand, if one wishes to contribute to a church group, the League of Women Voters, the Civil Liberties Union, or the Americans for Constitutional Government, the contribution could not be subtracted because the expense is not directly related to one's making a living. Is that correct?

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** Such interpretation would particularly discriminate against groups which fight for the public interest as they see it, whether they are conservatives, liberals, or whatever they are.

**Mr. MILLER.** Mr. President, will the Senator yield at that point for a clarification of the record?

**Mr. DOUGLAS.** I yield.

**Mr. MILLER.** Referring to the dues to which the Senator from Wisconsin alluded—for example, in connection with the chamber of commerce—would not that interpretation be applicable to the portion of the dues of the union member paying union dues?

**Mr. DOUGLAS.** It might be; but offhand I am not certain.

**Mr. MILLER.** Insofar as such dues might be used by the union organization in connection with its legislative activities?

**Mr. DOUGLAS.** It might be held that the interest in question was a general interest and not a direct pecuniary interest.

**Mr. PROXMIRE.** It is the understanding of the Senator from Wisconsin that union dues are deductible in computing income taxes. Is that true?

**Mr. DOUGLAS.** Most union members do not take the deduction.

**Mr. PROXMIRE.** They do not itemize their returns.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** So they do not get the benefit either way.

I should like to ask the Senator from Illinois two additional questions on the point, because I think it is important. The majority argues that in the provisions of the bill there are exceptions to safeguard public interest. They say:

> It is not intended by your committee that any deduction be allowed for an amount paid or incurred for participation or intervention in any political campaign for any candidate.

That is in the second paragraph on page 24. While that may be correct, is it not perfectly possible that in case after case there may be an overwhelming issue between candidates for public office? In those circumstances, under the terms of the bill a large corporation could circularize all its employees in many towns—that could mean most of the people who live in the town.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** In many States they may be the dominant force in the State.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** Without mentioning names all the stockholders could be circularized to take a position in effect in favor of candidate A as against candidate B.

**Mr. DOUGLAS.** The material distributed would not mention the candidates but would mention the issues which everyone would know divided candidate A and candidate B; and the company could take a stand on the issues with its stockholders and employees, charge off the expense, and get a tax deduction.

**Mr. PROXMIRE.** So one-half of that kind of politicking would be paid for by all the taxpayers throughout the country as a result of the company taking a deduction from its income tax.

**Mr. DOUGLAS.** That is correct.

**Mr. BUSH.** Mr. President, will the Senator yield for a question?

**Mr. DOUGLAS.** I yield.

**Mr. BUSH.** Would not the language on page 40, line 12, outlaw that kind of deduction entirely?

**Mr. DOUGLAS.** It would not be a direct intervention in a campaign. It might be said to be the marshaling of opinion opposed to a given course of legislation with its employees and stockholders. It might be defended on that ground. Those taking the deduction could piously say, "We are not favoring candidate A as compared to candidate B. We are only opposed to TVA or to health care for the aged."

**Mr. BUSH.** The language is:

> (B) In connection with any attempt to influence the general public, or segment thereof, with respect to legislative matters, elections, or referendums.

**Mr. PROXMIRE.** "Stockholders" are defined in the committee report in such a way as to exempt them.

**Mr. DOUGLAS.** The reference is to attempts to influence employees or stockholders. But the appeal could not be made tax deductible if addressed to the general public. If someone tried to appeal to the general public, the expense of such attempt would not be tax deductible. It would only be tax deductible when one could appeal to the direct pecuniary interest or alleged pecuniary interest of one's stockholders and employees. But if he should try to appeal to the general interest, he would be out of luck.

**Mr. PROXMIRE.** I come to my last question. The first sentence in the third paragraph on page 24 reads:

> Your committee's bill further provides that no expense deduction is to be allowed for expenditures to influence the general public, or segments thereof, with respect to legislative matters, elections, or referendums.

The reference is to the general public, but the law is explicit in providing that if an attempt is made to influence employees and stockholders, who, as the Senator from Illinois has pointed out, may be a very large and perhaps decisive part of the general public, in a city or even a State, the cost of the attempt is tax deductible, and the general taxpayer must pay for it.

**Mr. MILLER.** Mr. President, will the Senator yield?

**Mr. DOUGLAS.** I yield.

**Mr. MILLER.** In discussing the question with the Senator from Connecticut, the Senator from Illinois talked about direct intervention in a campaign.

**Mr. DOUGLAS.** I said it would not be direct intervention.

**Mr. MILLER.** The Senator used the word "direct." That is the basis for my question. The language of the bill contains nothing about "direct" intervention. In a case such as the one the Senator from Illinois or the Senator from Wisconsin suggested—I do not recall which—when the issues are so clearly defined that a position on an issue would identify a candidate, I think it would be straining the language of the bill considerably if under those circumstances, in the light of what is set forth beginning on line 12, page 40, such expenses would be allowable. The language is:

> (a) For participation in, or intervention in, any political campaign on behalf of any candidate for public office—

The timing of the information that is being sent out would be presumptive of the intention to intervene in a political campaign, under the circumstances of the example the Senator from Illinois has used.

**Mr. DOUGLAS.** That is possible, but I call attention to the clause beginning on line 24, page 39:

> In direct connection with communication of information between the taxpayer and employee or stockholder with respect to legislation or proposed legislation of direct interest to the taxpayer.

As I have said, a doctor could certainly claim that health care for the aged was of direct interest to him; or the American Medical Association could claim that it was; or the Du Pont Co., could claim that their bill, which they got through Congress with bipartisan support at the beginning of this session, was of direct interest to them. A savings institution could claim that the withholding provision in the tax bill was of direct interest to them; and so on.

**Mr. MILLER.** Mr. President, the provision starting on line 12 of page 40 comes after this statement, and I therefore say would be a definite limitation on the expense which the Senator is now talking about. I would suggest that if in the middle of an election, where the line was clearly drawn between candidates, let us say, on a savings and loan issue, if a savings and loan association got out a mailing which clearly identified the candidate through the issue, that would constitute an intervention, because the timing, I believe, in line 12 would be a limitation on the expenses, to which the Senator has referred, on line 24 on page 39, because this material starting on line 12 of page 40 comes later.

**Mr. DOUGLAS.** The Senator said the intervention on behalf of any candidate must be direct. However, some influences in life are not only direct, but also indirect. Sometimes an indirect influence is more important than a direct influence.

The American Medical Association and doctors have been carrying on a campaign against health care for the aged, and they could indirectly influence the election of Senators and Congressmen. Similarly on every measure they could decide that they were working for no particular candidate, but would say they were trying to educate the stockholders and employees about proposed legislation. It could be said to them, "But this will help John Jones, and not Jack Smith." They could reply, "Oh, we did not know that. What we are trying to do is build up employee and stockholder sentiment about proposed legislation."

**Mr. MILLER.** I would agree if the language starting on line 12, page 40, contained the word "direct." It does not contain the word "direct." Therefore, we can read the language as being direct or indirect. This intervention can be indirect intervention.

**Mr. DOUGLAS.** Of course, no one knows what the courts or administrative officials will do. In order to be safe, the Senator from Iowa should vote for my amendment in order to make it certain that it will not be used that way.

Mr. President, I ask unanimous consent that a section of my minority views on lobbying expenses be printed in the Record at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### The Deduction for Certain Lobbying Expenses of Taxpayers With Business Income

Section 3 would permit the deduction of certain lobbying expenses by taxpayers with business income. This would depart from a salutary principle which has been part of the income tax law since World War I. It would provide unwarranted tax reduction where it is least needed for reasons which are specious. It would introduce novel distinctions into the tax law, producing new requirements difficult for the Internal Revenue Service to administer. The specific language in which the deduction is cast contains ambiguities which will create continuing uncertainty as to its exact meaning, and, most important, the relationship of this provision to the whole process by which our citizens seek to influence the enactment of legislation at all levels of government was not adequately considered. Section 3 should be deleted from the bill.

Under existing law the costs of efforts to influence legislation are not deductible, a rule applicable to all taxpayers. Whatever the motive for a citizen's efforts to influence legislation, he now bears the whole cost of that effort himself. No part of the expense can be passed on to the Federal Government through an income tax deduction. In the constant competition for legislative favor and results at National, State, and local levels, the Federal Treasury stands neutral—and properly so.

Section 3 would change all that. It would amend section 162 of the Internal Revenue Code of 1954, the section creating the general authority for deduction of the ordinary and necessary expenses of business operation. Section 3 would add a new subsection specifically authorizing deduction of lobbying expenses in certain categories by taxpayers with business income. Only those taxpayers with business income would receive any benefit. All others would still be subject to the existing rule of no tax benefits for lobbying, a result which follows necessarily from incorporation of the amendment in section 162 and one which is specifically spelled out by the House committee report.

Some specific typical examples will bring this into sharper focus. Suppose a measure is being considered, as many have been, involving a proposed change in the standards or testing procedures for food, drugs, or cosmetics. The costs of presenting the views of drug manufacturers and distributors would be deductible. The cost of presentations on behalf of consumers or of disinterested professional or technical advisers would not be. Or suppose that a State legislature is debating a measure designed to decrease stream pollution. Manufacturers who would be adversely affected by its enactment could deduct the cost of opposition. Members of the public interested in pure water for drinking or for recreational uses would have to finance their support of the measure entirely from their own pockets. Or, at the local level, a business owner of a piece of real estate could seek advantageous amendment of the local zoning ordinance, deducting the cost of his presentation before the local city council. The owners of nearby residences would not receive this help from the Federal Treasury in preparing the exhibits and briefs necessary for effective opposition.

These are discriminations impossible to justify. Can anyone seriously contend that consideration of legislative proposals affecting business taxpayers is seriously handicapped by absence or weakness of expression of business viewpoints? Is there any evidence that business taxpayers, individually or collectively, are now deterred from expressing themselves on these subjects by the present rule of tax neutrality which permits no deduction for lobbying expenses? To ask these questions is to answer them. Of all viewpoints on legislative proposals, those of business are consistently the most ably represented before the Congress and before State and local legislative bodies. Why then should the cost of lobbying activities of taxpayers with business income be singled out for this preferential tax reduction? No adequate reason has been given.

Any discrimination at all among citizens in the exercise of their constitutional right to petition their representatives is patently undesirable. Discrimination by preferential tax deduction is magnified as the amounts spent for these purposes increase. Modern efforts to influence legislation cover a wide range of techniques, some of which are very costly. One can send a letter to his Senator for 4 cents. However, to stimulate tens of thousands to do so requires the expenditure of large amounts running sometimes into the hundreds of thousands, even millions, of dollars. But all this is well known. It has been thoroughly documented many times.

The application of section 3 would not be confined to nominal amounts. It would permit the deduction of some very large sums. In addition to provision for deduction of the costs involved in direct contacts with legislators (personal calls and visits, appearances before committees or statements filed with them), the cost of efforts to influence legislation indirectly are also made deductible in some instances. The costs of communications to organization members and to shareholders and employees have all been blanketed in.

When section 3 is applied to today's scene, we find that it will authorize giant corporations to deduct the cost of communicating the views of management officials to hundreds of thousands, even millions, of shareholders and employees, for the purpose of influencing them with respect to current controversial legislative proposals. To use a painfully familiar example, section 3 would authorize deduction of the cost of campaigns designed to produce a flood of letters opposing withholding on dividend income.

Under existing law these sums are not properly deductible—and never have been. To permit deduction now would shift a very large proportion of these heavy costs to the Federal Treasury, a disguised subsidy for which there would be no justification.

The effects of such subsidized efforts to influence legislation indirectly would not be confined to the recipient members, shareholders, and employees. The views expressed and their source would frequently come to the attention of families and friends of the recipients, thereby broadening the scope of the influence subsidized by the Federal Treasury. Of course, the benefits of section 3 as they would apply to these broadcast efforts to influence legislation can only benefit very large organizations. Small business taxpayers, as well as nonbusiness taxpayers, would have little or no use for it and could well suffer from its use where their interests on legislative matters are opposed to those who could take advantage of it.

True, not all lobbying costs of business taxpayers would be made deductible by section 3. The bill purports to create limitations which will restrict the kind of expenses for which a deduction can be claimed. Thus, to qualify for the deduction, the legislative proposal must be of "direct interest" to the taxpayer. In addition, specific provisions deny deductions for political campaign expenses or for efforts "to influence the general public, or segments thereof." However, a close inspection raises genuine doubt as to the precise meaning and application of these restrictions. They may, in fact, prove largely illusory.

Thus, one might ask, What subjects are not of "direct interest" to a large corporation? Any measure involving a tax or a change in the regulation of business or the marketing of securities or foreign trade or the terms of employment or labor relations or the monetary system will have some impact on every substantial business enterprise. Is it intended that the cost of testimony or statements or communications to shareholders or employees on this entire range of subjects is to be deductible? Similarly, can the prohibition against deductions for political campaign purposes be really effective? Granted that the cost of a folder urging shareholders to vote for Jim Darkwater will not be deductible, what of the cost of a folder urging a position on the principal issue dividing Darkwater from his opponent Bob Cleanriver? Can issues and the candidates be separated so easily? It is doubtful Section 3 thus could make slightly veiled political contributions deductible. The benefit would not be universal though. To return for a moment to the anti-water-pollution measure used as an example before, suppose Darkwater is against it and Cleanriver is for it. The former's supporters could deduct the cost of their literature discussing the antipollution measure (and thus their support of Darkwater); supporters of Cleanriver could not.

Obviously, congressional memories are very short. For at least a century Senators and Representatives have regularly inveighed, individually and collectively, against lobbyists and their activities. The need for substantial disclosure by lobbyists, particularly in financial respects, has long been recognized. When a person or organization becomes a lobbyist, he is required to register as such and thereafter to report quarterly his expenditures for these purposes. In spite of these safeguards, every few years some lobbyists become so bold and their overreaching so bad that a special inquiry is required. A prime example was the creation in the 84th Congress of the Senate Special Committee To Investigate Political Activities, Lobbying, and Campaign Contributions. Its report states graphically the kinds of abuses which occur and the large sums of money available to be spent on efforts to influence legislation. Sugar quota bills attract lobbyists like flies and, like flies, their activities are not widely admired. The Senate Foreign Relations Committee is currently beginning an investigation of another group of lobbyists, an inquiry which has grown in large part out of concern for their lucrative financial arrangements. Nor are problems with lobbyists confined to Washington. Their influence on State legislators and their sometimes questionable methods in State capitols is notorious.

When projected against all this experience, section 3's proposed financial bonanza for one group of lobbyists and their employers seems ironic in the extreme, if not downright cynical.

There is no challenge here to lobbying per se. It is unquestionably legitimate. A constitutionally protected right of our citizens, it often supplies useful information and reactions on pending legislation. However, it would be foolish to exalt it unduly for those reasons. At best, lobbying is a mixed blessing for it is almost always exclusively concerned with self-interest rather than the broad public interest. Fortunately, section 3 presents only a narrow problem, viz, whether or not the lobbying done by one segment of our society—taxpayers with business income—should be entitled to support from the Federal Treasury.

A number of arguments are made in favor of this measure. Some of them have a surface plausibility, but on close analysis none of them holds water. The issue is actually a simple one. We begin with a longstanding rule that all taxpayers, business and nonbusiness, who seek to influence the work of legislative bodies, National, State, or local, pay their own expenses in full without assistance from the Federal tax system. This neutral posture of the tax law is a healthy one and should be defended and strengthened. Legislation affects all our citizens. It is entirely suitable that all who seek to influence that legislation, directly or indirectly, should be treated alike. The expenses of all should be on the same footing as far as the Treasury of the United States is concerned. The only issue here is whether or not to depart from this principle of neutrality and equality. Plainly, the case for such a change has not been and cannot be proved.

**Mr. DOUGLAS.** Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

**Mr. BUSH.** Mr. President, I wish to oppose the amendment of the Senator from Illinois. It seems to me that this is a very disturbing amendment, one which discriminates very much against small business organizations in this country. The amount which large corporations, the ones the Senator from Illinois is talking about, spend in connection with appearances before committees and Members of Congress and agencies of the Government, is a very small matter for the large corporations, but it may be of great importance to the smaller companies.

It seems to me that the committee amendment is very considerate—as opposed to the Douglas amendment—in that it gives the smaller business companies an opportunity to assert their own self-defense, so-called, when Government has its hand in almost everything, and most small corporations have some business to transact in Washington and must wait upon their Representatives and Senators and some of the agencies, and even appear before committees.

It is a real hardship for them not to be able to charge off as business expenses such appearances in connection with which these expenses are incurred. Such appearances are made by labor organizations and by such groups as the League of Women Voters, and a great many other nonprofit organizations. So I would say, as I read the amendment, having listened carefully to the debate, that the purpose of the committee amendment is to correct an injustice and to give the smaller business organizations a better chance to defend themselves and to state their case before Members of Congress or before committees or before governmental agencies. I very much hope that the amendment of the Senator from Illinois will not prevail.

**Mr. PROXMIRE.** Mr. President, will the Senator yield?

**Mr. BUSH.** I yield.

**Mr. PROXMIRE.** Is it not true that under present law when any businessman comes to Washington and appears before an agency of Government, other than Congress, if the visit relates to his business, the expenses of his trip are deductible at the present time?

**Mr. BUSH.** I hope so.

**Mr. PROXMIRE.** That is correct.

**Mr. BUSH.** That being the case, I see no reason why these people should not be given the same treatment when appearing before the Congress.

**Mr. PROXMIRE.** Is it not true that the members of other groups to which the Senator has referred, such as the League of Women Voters, cannot subtract their expenses? I am referring to the members of the league who make contributions to the league.

**Mr. BUSH.** Such organizations do not pay any income tax, because they are nonprofit organizations.

**Mr. PROXMIRE.** I mean the people who contribute to the league. The contribution they make to the league is not deductible, although it is for members of a trade association, for example.

**Mr. BUSH.** I assume that if members of the league come here as delegates, their State organization pays their expenses. If that is the case, they should be able to deduct their expenses, if they have a legitimate case.

**Mr. PROXMIRE.** I agree with the Senator. However, they cannot do it. They are not allowed to do it. The amendment of the Senator from Illinois would do away with a very severe imbalance. The members of the league cannot deduct their contributions from their income taxes.

**Mr. BUSH.** I would correct that imbalance the other way. I would be liberal in giving them a chance to deduct their expenses, or to have someone assume the expenses, if they have business to transact with the Federal Government in their own interest. I do not believe, because organizations have an interest, that it is necessarily an interest against the public interest. That has been so often said here this afternoon. Many people come to Washington who belong to small organizations. They may consist of 40, 50, or 60 people. Not long ago a delegation came to see me on the trade bill. One of the organizations employs 60 people, another 200 or 300 people. These are important employers in little towns in my State. What the Senator from Illinois wants to do, as I see it, is to deprive them of the privilege given them under the bill of charging their expenses against their income account.

**Mr. PROXMIRE.** I agree 100 percent that those business groups often do represent the public interest. But whether they do or not they should in all instances be heard and be given every encouragement to appear. Their appearance is not on the same basis as the appearance of nonprofit groups, because the activities of such groups as the League of Women Voters or the Committee for Constitutional Action, or any other such group, are not related to any financial benefit but to a deep conscientious conviction. So under the present tax laws, unless we violate in some way the principle of permitting only those expenses to be deducted which are related to increasing income or reducing cost, I do not see how we can give the same consideration to other groups. Unless we can equate it in that way, it seems to me it would be much better to carry on with the present law, which treats all groups equally.

**Mr. CURTIS.** Mr. President, will the Senator from Connecticut yield?

**Mr. BUSH.** I yield.

**Mr. CURTIS.** I do not think we can compare a business entity with nonbusiness or nonprofit organizations which are interested in causes. The purpose of a deduction under the income tax law, is to enable a taxpayer to determine his net income, so that the Government may apply and collect the tax. If a small businessman must make an expenditure of any kind, whether it is for a repair or for buying supplies, that expenditure, of course, must be deducted from his gross income to ascertain whether there is enough income from which to pay the tax.

By the same token, in this day of big government, if small business must come to the Government and present its case, as an ordinary and necessary step to take in transacting business, that expense cannot be distinguished from any other expense, and it should be deductible.

**Mr. BUSH.** The Senator is absolutely correct.

**Mr. CURTIS.** An organization may be a worthwhile organization, but may not be engaged in a trade or a business, so is not taxed. Therefore, there is no necessity for determining its net income, and the principle of the business deduction does not apply at all.

**Mr. BUSH.** The Senator is absolutely correct.

**Mr. CURTIS.** I think it might be well to show the legislative intent as to why paragraph (C) was included as a committee amendment. That paragraph reads:

> In direct connection wih communication of information between the taxpayer and an employee or stockholder with respect to legislation or proposed legislation of direct interest to the taxpayer.

That provision was adopted by the committee after it had rejected an argument for extending it to the general public. The committee decided that that would not be a proper tax deduction, because such an extension would go quite far. But the committee very appropriately, I think, contended that the language in paragraph (C) was something vital to the business and was a proper business expense.

**Mr. BUSH.** I think that is absolutely correct.

Mr. President, I again express the hope that the amendment will be rejected.

**Mr. KERR.** Mr. President, the amendment in the bill which the Senator from Illinois seeks to strike is in reality a very simple amendment and, in my judgment, an equitable and just amendment. The Senator from Illinois made two or three significant remarks. He said there is no way to foretell what the Supreme Court will do. That is true. If the Supreme Court had not done something that was not foreseen, this amendment would not have been necessary, because under the 1954 code, section 162(a), is the provision:

> There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including—

Among other things—

> (2) traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business.

That language is specifically in the basic income tax law. It provides that the income tax percentages shall not apply to that part of the expenditures by a taxpayer made in carrying on any trade or business, including traveling expenses, meals, lodging, and so forth, while away from home in the pursuit of a trade or business.

In spite of that plain provision in the law, the Treasury issued regulations which were to the contrary, and said that if they were expenditures to come to Washington to see Members of Congress, such expenditures were not deductible.

The Supreme Court held that in view of these regulations having been promulgated by the Treasury, the act of Congress was ineffective, in view of the fact that it did not specifically repeal them.

Therein, as I said, the Senator from Illinois is right; we cannot tell what the Supreme Court will do.

The Supreme Court handed down two decisions upholding the validity of the regulations.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KERR. Please let me finish.

In Cammarano against United States and F. Straus and Sons, Inc., against United States, the Court held that although the amounts expended for legislative matters were "ordinary and necessary"—in fact, essential to the very survival of the taxpayer's business—nevertheless they were not deductible because the regulations barred the deduction of this particular type of expense.

Congress finally got around to recognizing its duty of establishing the rights of taxpayers.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. DOUGLAS. Is the Senator quoting from——

Mr. KERR. I am quoting from the committee report.

Mr. DOUGLAS. Is the Senator quoting the opinion of the Court as handed down by Justice Harlan?

Mr. KERR. I would not know.

Mr. DOUGLAS. Or is the Senator quoting the concurring opinion of Justice Douglas?

Mr. KERR. I am reading from the report of the committee with reference to the bill.

Mr. DOUGLAS. The Senator is not going back to the decision itself?

Mr. KERR. I am not reading from the language of the decision.

Mr. DOUGLAS. The Senator said that the Court had held that those expenses were ordinary and necessary. I have the decision before me. I cannot find that anywhere in the Harlan opinion, which was joined in by eight of the nine members of the Court. There is language of a similar nature in the concurring opinion of Justice Douglas. I think the Senator is quoting the exception, not the rule.

Mr. KERR. Mr. President, if the Supreme Court had not handed down the decision holding that the language of the statute did not mean what it said, and was adversely affected by regulations, then this amendment would not be necessary. The reason why the committee amendment is necessary is that the code, in 1954, specifically provided that such expenses were deductible.

Mr. DOUGLAS. No, it did not. It provided for expenses which were ordinary and necessary to the conduct of a business.

Mr. KERR. I liked what the Senator said about the first amendment to the Constitution.

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Mr. DOUGLAS. There was no violation of that in the Cammarano case.

Mr. KERR. I understand. The Constitution guarantees the people the right to petition the Government, provided it is at their own expense.

Mr. DOUGLAS. But it does not create a business interest and provide that the taxpayers shall pay 52 percent.

Mr. KERR. Oh, the Senator kind of tickles me about that. He talks about consumers. I am a consumer. A consumer has a right to this deduction if he comes here to talk about his trade or business.

Mr. DOUGLAS. No; he does not.

Mr. KERR. Yes, he does, if he comes here in connection with his trade or business.

Mr. DOUGLAS. But not in his function as a consumer; not in his function as a generalized taxpayer.

Mr. KERR. The big corporation cannot get a deduction for its expenses in coming here as a consumer.

Mr. DOUGLAS. But it can get a deduction for its expenses when it appears here in connection with its direct financial interest as a producer.

Mr. KERR. It can get a deduction for its expenses if it comes here in relation to a legislative matter directly connected with its business, and so can a consumer.

Mr. DOUGLAS. But the consumer's interest is not directly related.

Mr. KERR. But every consumer has a trade or business.

Mr. DOUGLAS. But the consumption function is not included.

Mr. KERR. Well, that is subject to another tax; it has not been overlooked, I say to the Senator from Illinois.

Mr. DOUGLAS. I am sure it has not; and the Senator from Oklahoma would heap more onerous sales taxes on the consumers, too.

Mr. KERR. That is not correct, and I defy the Senator to show that I have ever said anything in that regard. I do not impute his motives. I simply say he has made an incorrect statement, and I challenge him to document to the contrary.

Mr. DOUGLAS. The effect of what the Senator from Oklahoma is doing is to make the tax system of the country more regressive.

Mr. KERR. That is a matter of opinion, Mr. President.

Mr. DOUGLAS. No, it is a matter of fact.

Mr. KERR. It is stated as a fact; I know some Senators think their opinions are automatically facts. But I know of no law making it so, nor do I know of any law making their opinions binding on the Congress.

Mr. DOUGLAS. The Senator from Oklahoma is proceeding in his characteristic fashion.

Mr. KERR. That is marvelous. And so is the Senator from Illinois. And I am sure he is enjoying it as much as the Senator from Oklahoma is.

Mr. DOUGLAS. It is never a pleasure to debate with the Senator from Oklahoma.

Mr. KERR. Then why waste so much time doing it?

Mr. DOUGLAS. Because I think some matters of principle are involved. I do not take pleasure in insulting fellow Senators.

Mr. KERR. Then why do it? Why make the statement that the Senator from Oklahoma is in favor of sales taxes? That was making an attack by the use of a statement not based on fact. However, I do not regard it as an insult. I do not think the Senator from Illinois could insult me, Mr. President. I love him; I respect him; I am delighted to debate with him; I would not be denied that privilege, or have it denied him, for anything in the world—although it is a great job to try to keep his mind on his business or to try to keep his statements in line with the record. But even that is not a burden, I admit.

Mr. President, this provision in the Constitution is a very valid one and a very interesting one.

The Senator from Illinois said special privilege after special privilege after special privilege exert pressure and get special legislation against consumers.

You know, Mr. President, all the people who come here constitute all of America. The people who come here to petition their Congress represent the sum total of the population of the United States; and it is our job to represent them. As was said by the Senator from Illinois, every once in a while they bring us information we did not have. It probably happens as often to me as it does to any other Senator. I welcome them, if they are from Oklahoma; I want them to come here.

But I sat here and listened to the Senator from Wisconsin and the Senator from Illinois talk about how unbearable it was for their constituents to come here and press upon them their matters of interest. I wish to say to the people from Oklahoma that it is not unbearable to the Senator from Oklahoma for his people to come here.

Mr. DOUGLAS. May I ask whether the Senator from Oklahoma is speaking for the administration when he speaks now?

Mr. KERR. I am speaking for KERR, of Oklahoma, and I did not know the administration had authorized DOUGLAS to speak for it.

Mr. DOUGLAS. No, it has not. But the Treasury has announced that it is opposed to these provisions; and it is extraordinary to see the Senator from Oklahoma sitting in the seat of the Democratic leadership and opposing amendments which are quite in harmony with the administration.

Mr. KERR. And it is amazing to me to see the Senator from Illinois sitting here and lobbying for the administration and getting a deduction for his expenses. [Laughter.]

Yet that is done under the law:

> For purposes of the preceding sentence, the place of residence of a Member of Congress (including any Delegate and Resident Commissioner) within the State, congressional district, territory, or possession which he represents in Congress shall be considered his home, but amounts expended by such Members within each taxable year of living

expenses shall not be deductible for income tax purposes in excess of $3,000.

Why, Mr. President, every Member of Congress has a deductible item of up to $3,000 for living expenses while attending to his business here, even though his business for the moment is lobbying for the administration. Yet he would deny that right to his constituents.

Mr. President, I wish to say that I am glad to have my constituents come here. I would be worried if they did not come.

Mr. President, all in the world that this provision does is to say that business people or consumers or laborers or truckers or farmers who come here to talk to their Members of Congress about their business can deduct, for income-tax purposes, their expenses of coming here and doing that. Would not it be an empty right to guarantee them the right to petition their Members of Congress, and then say, "You have that right, but you must pay all the expenses out of your own funds, and they will not constitute a deduction"—although the income tax applies only to the net income after the deductions specifically mentioned in the 1954 code; and the reference to that would not be necessary except for the fact that the Supreme Court disregarded it and held that it was not effective.

Mr. President, I urge that the amendment be rejected.

**Mr. COOPER.** Mr. President, I should like to ask one or two questions of either the Senator from Oklahoma or the Senator from Illinois. I have listened to the arguments made for the amendment, and I have listened to the arguments made against it.

As I understand it, the argument made by the Senator from Oklahoma is that these expenses are like other expenses; that if they are directly related to or associated with the carrying on of the trade or business, then, so the Senator from Oklahoma argues, they should be deductible, if they are involved in presenting claims for legislation.

**Mr. KERR.** Yes.

**Mr. COOPER.** And I also understand that that would apply, as a matter of policy, in connection with the taxpayer's right to petition.

But I ask about provision (1) on page 39, to which the Senator from Nebraska referred. As I understand, there is no connection with the obtaining by the employer or stockholder of information in reference to proposed legislation of direct interest to the taxpayer. If this section remains in, as I see it, such expenses would be deductible if they are for transportation, for travel, or for food or for preparing information or statements, or talks between a taxpayer and the employers or stockholder, with respect to legislation.

**Mr. KERR.** In connection with his own business.

**Mr. COOPER.** His own business?

**Mr. KERR.** Yes.

**Mr. COOPER.** I must say that in this case I cannot see that the same argument would apply to this section; I refer to the argument supporting the deduction of expenses by a taxpayer who presents his case to this legislative body or to some other legislative body. I should like to know the rationale in favor of arguing that expenses covered by subparagraph (C) should be deductible expenses. Accepting the Senator's argument that a taxpayer should have the right to deduct expenses for presenting his case before a legislative body, whether of the Federal Government, a State, or a local subdivision of government—on what reasoning can the same argument be applied to a taxpayer discussing legislation with his employees or stockholders? Is not that a normal expense of his business which does not bear directly upon his presentation of the business' interest—whether corporate or individual—to a legislative body?

**Mr. KERR.** Mr. President, is the Senator directing a question to me?

**Mr. COOPER.** Yes.

**Mr. KERR.** One of the responsibilities of management is to operate its business in such a way as to pay a return to the stockholders on their investment. Certainly, management has the responsibility of keeping the stockholders and the employees informed as to legislation which affects their business. Why should a business or trade be denied the right to deduct the expense of informing its owners of matters which could adversely affect it, when they are charged with the responsibility of management? Otherwise, it occurs to the Senator from Oklahoma, they would be derelict in their duty. If an insurance policy is taken out against fire loss, that is a deductible expense. If a lawyer is hired on a retainer basis to protect the company and to handle its business in accordance with the law, that is a deductible expense. If a law is proposed which would have an adverse effect, the cost of opposing that law in Congress is deductible. Should not the managers have a right to deduct the expense of informing the stockholders or employees so they can be protected, just as they are protected against fire, adverse litigation, or other matters affecting the welfare or profitability of the business?

**Mr. COOPER.** If Congress wants to, it can extend the right to deduct expenses in this or other fields, but I think there is a distinction here.

**Mr. KERR.** I say to the Senator that while that is a separate item from that of sending someone to Washington, it still has to be directly connected with the trade or business; but the amendment of the Senator from Illinois would strike both provisions out of the bill.

**Mr. COOPER.** As has been argued, and reported, this entire section is bottomed on the idea that a taxpayer—one carrying on a trade or business—should be able to deduct expenses for appearing, communicating, or preparing to present his case to legislative bodies upon pending or proposed legislation. That is the essence of the section. If it is desired to give the taxpayer such deductions for appearing before legislative bodies, preparing testimony, and for necessary and proper expenses in connection with presenting their petitions—if one wants to use the constitutional phrase—to a legislative body, such a purpose is understandable. But the provision I am talking about is something else. The taxpayer would also be permitted to deduct expenses for communications between the taxpayer and his stockholders or his employees—persons who do not have jurisdiction for the enactment of legislation.

For example, this would cover all kinds of expenses for communications between persons and to persons who are not charged with legislation. Admitting the reasoning upon which the plea for the entire section is based—that of the presentation of a position to a legislative body—it does not apply to carrying on a kind of campaign with stockholders for or against legislation. There is a distinction between these two kinds of expenses.

**Mr. KERR.** I can understand how one could make a differentiation, but the majority of the Finance Committee felt that this language was consistent with the language of the entire provision. The Senator from Oklahoma concurred in that feeling. That action certainly is not binding on the Senate.

The proposed amendment would strike out the entire section. After that amendment was disposed of, if the Senator from Kentucky wanted to offer an amendment to strike out the particular portion to which he is addressing himself, it would be in order. I would not agree with him, but it would be in order.

**Mr. CURTIS.** Mr. President, will the Senator yield?

**Mr. COOPER.** I yield.

**Mr. CURTIS.** I am opposed to the amendment that is offered.

**Mr. COOPER.** Is the Senator responding to the question I raised?

**Mr. CURTIS.** Yes. I believe that paragraph (C) should be the law, anyway, but I also think it is well to keep it in the bill. Certainly, it is a duty of management to keep the stockholders and owners informed, if it is a necessary expense of doing business, and without the doing of business, no employees could be kept employed.

May I also point out that in lines 6 and 7 of page 39 of the bill are the words "ordinary and necessary." This section is not an invitation to businessmen to come to Washington on anything which might be interesting. It has to be an ordinary and necessary expense. The business must be threatened or it must be proposed that burdensome Government regulations are to be put on the business which might result in loss of operations or loss of jobs. To defend against that kind of legislation, as the Senator from Oklahoma has pointed out, is just the same as defending the business against fire or any other business hazard.

**Mr. COOPER.** I understand and agree with the Senator on the paragraphs dealing with the presentation of position to legislative bodies. I understand that legitimate expenses are incurred in presenting views on legislation at Washington, or Frankfort, Ky., or Omaha, Nebr., on legislation which may be critical to the business. But the Senate version extends the House version and permits deductions for functions which the business performs anyway, and which are not communications, appearances, with legislative bodies or officials.

**Mr. CURTIS.** The business would perform it anyway, but there should be a deduction for it.

Mr. COOPER. With respect to expenses incurred in connection with taxpayers appearing before Congress or other legislative bodies, it would be reasonably easy to ascertain whether the expenses were necessary for a legislative purpose, because the legislation or proposed legislation could be identified, as well as the committees or members. But I do not know how it could practicably be determined whether expenses covered by subparagraph (C) were necessary in the case of legislation which was proposed or pending before a legislative body.

My question is, Why was it added? What is the rationale?

Mr. CURTIS. I have stated my reason.

Mr. COOPER. For the purpose of informing the stockholders or employees about legislation?

Mr. CURTIS. No; because it is a necessity of doing business.

Let us consider a hypothetical case of an industry threatened by a trade agreement or a tariff change. If the industry were threatened with injury, that would be a threat to the employees. Suppose that this caused an explanation to be made to the employees, as to what the industry believed about the situation. Suppose it caused a petition to be printed, so that employees might sign their names. There would be a communication to them. I think that would be the same necessary expense of doing business as a fire insurance policy would be.

Mr. MILLER. Mr. President, would the Senator yield?

Mr. COOPER. I yield.

Mr. MILLER. Perhaps I can be helpful.

I wish to say that I agree with the Senator from Nebraska that, generally speaking, such expenses are deductible expenses now. There is no point, even, in having the provision enacted for those, since that is already a part of the law and is already contained in the concept of what is ordinary and necessary.

I can visualize a situation which might develop in which a different aspect might arise. For example, let us consider the case mentioned by the Senator from Nebraska, in which a mailing might be made to employees and to stockholders, calling their attention to the fact that a certain bill was pending in the Congress and that, if enacted, it might cause considerable hardship to the company. That would be all that would be said, and I think that would be a deductible expense under the present law. That would be a matter of information. Usually that information would be contained in some kind of a weekly or monthly letter of information to the people involved, anyway.

Let us assume, however, that coupled with the information there would be a statement, "We urge upon you to contact your Members of Congress. This is the list of the Members of Congress. Write to them along this line. Here is a sample letter you might use."

I would suggest that then they would be getting into an area prohibited under present tax law, which would be the effort to influence legislation. It would be almost a direct invitation to people to participate in a mass movement to affect legislation.

I think this type of activity probably would not be allowable as a deduction under the present state of the law, but under the proposed provision it would be deductible.

I think each Senator must reach a judgment as to whether that latter type of activity is a kind of activity to be encouraged, to be put in about the same category as the first activity. So far as I am concerned, I wish to say that the junior Senator from Iowa believes it is a good idea for people to be educated on these things, and I think it is all right. But there would be a question, in the present state of the law.

Mr. PROXMIRE. Mr. President, will the Senator yield for a question?

Mr. COOPER. I yield.

Mr. PROXMIRE. The Senator from Kentucky has raised a question to which there has been no answer. What the proponents of the amendment argue is that this expense should be allowed as a deduction as a necessary business expense. The Senator from Kentucky raised the question as to why it would be a necessary expense to tell the stockholders about proposed legislation or to tell employees about proposed legislation unless there were a desire for them to take some kind of action to bring pressure on the Congress, on a State legislative body, or on a city council, or to take a particular action which the business might wish them to take.

So far as that being a necessary business expense is concerned, in the sense of reducing cost or of increasing income, it is perfectly obvious and apparent it would not be. I think the question raised by the Senator from Kentucky has not been answered at all.

The Senator from Nebraska made a noble attempt to given an example, under the Trade Agreement Act, of a company which might be injured. In that particular case, he said, the employees should be told the situation, for they might wish to sign a petition. Certainly that would be fair, but it would have nothing to do with reducing cost or increasing income, unless there were a desire to bring pressure upon a legislative body.

Mr. MILLER. Mr. President, will the Senator yield at that point, so that I may develop the idea about increasing income or reducing cost? It is not merely a question as to whether it will increase income or reduce cost. It also involves the question of maintaining income. That would involve ordinary and necessary expense. If the business volume of a taxpayer were threatened by proposed legislation, it would be an ordinary and necessary business expense to seek to maintain volume by fighting the proposed legislation.

Mr. PROXMIRE. That might be. The Senator from Kentucky very wisely divided his question. He said that appearances before a legislative body might involve a necessary expense, but that the carrying on of a campaign among stockholders would have nothing to do with it. The stockholders could do nothing about that.

Mr. COOPER. Mr. President, I believe I still have the floor.

Mr. MILLER. Mr. President, if the Senator will permit, the Senator from Iowa wished to make the point that this would be only one step removed from having a lawyer go to the city of Washington, D.C., to say something about a bill being considered, of importance to a company. What would be the difference between that case and notifying the stockholders, so that they, in turn, could write to their representatives in Congress? It seems to me the same objective would be involved.

If someone is opposed to sending a lawyer to Washington, D.C., and allowing the taxpayer to take that expense as a deduction, naturally the same person would be opposed to allowing a business deduction based on stockholders contacting Members of Congress.

Mr. PROXMIRE. Mr. President, if the Senator will permit. I should be glad to answer that.

Mr. MILLER. If the Senator believes in the first, I think he will believe in the second.

Mr. COOPER. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. HART in the chair). The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. Beginning on line 24, page 34, it is proposed to strike out all through line 2 on page 40.

Mr. COOPER. Mr. President, this puts the question before the Senate.

Mr. PROXMIRE. Mr. President, will the Senator yield for a question?

Mr. COOPER. I yield.

Mr. PROXMIRE. I say to the Senator from Iowa that if employees were to go to the city of Washington, D.C.——

The PRESIDING OFFICER. The Senator will suspend.

The Chair is advised that the proposed amendment does not bear on the Douglas amendment.

Mr. KERR. Mr. President, I should like to remind the distinguished Senator from Kentucky that after the pending amendment is voted upon, his amendment then would be in order.

Mr. COOPER. I wrote the amendment hurriedly in pencil, and I will perfect it.

Mr. KERR. Mr. President——

The PRESIDING OFFICER. The Chair assumes that the Senator from Kentucky temporarily is withholding his amendment.

Mr. KERR. It could not be before the Senate, because it has not been completed.

Mr. COOPER. The amendment is completed now. I ask that it be stated.

The PRESIDING OFFICER. The Chair is now advised that the amendment offered by the Senator from Kentucky is in order, and the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. Beginning on line 24, page 39, it is proposed to strike out through line 2 on page 40.

Mr. KERR. Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **KERR.** Is the parliamentary situation one in which the amendment offered by the Senator from Kentucky is to be considered a substitute for the amendment offered by the Senator from Illinois?

The **PRESIDING OFFICER.** The Chair is advised that it will be regarded as a perfecting amendment.

Mr. **KERR.** I would say to the Presiding Officer in that relationship, as I understand the situation, the Senator from Illinois offered an amendment to strike out a very great deal of language.

The **PRESIDING OFFICER.** The Senator is correct.

Mr. **KERR.** Now the Senator from Kentucky has offered an amendment to strike out only a limited part of that same language.

The **PRESIDING OFFICER.** The Chair is advised that this is in order as a perfecting amendment.

Mr. **KERR.** I understand.

Mr. **COOPER.** Mr. President, may I ask the status of my amendment?

The **PRESIDING OFFICER.** The amendment has been stated. The question is on agreeing to the amendment offered by the Senator from Kentucky.

Mr. **McCARTHY.** Mr. President, as I understand the amendment offered by the Senator from Kentucky, it would leave in section 3, the deductions which are to be allowed, to include all necessary and ordinary expenses paid or incurred in the taxable year in direct connection with appearances before committees of Congress or legislative bodies. It would also leave intact section (B) on page 39, providing for communications between the taxpayer and the organization of which he is a member.

However, the effect would be to strike from the bill section (C), beginning on page 39, which would allow deductions "in direct connection with communication of information between the taxpayer and an employee or stockholder with respect to legislation or proposed legislation of direct interest to the taxpayer."

This section was added in the Finance Committee, and I think it would open the way to real abuse.

I was in favor of allowing deductions for the ordinary expenses of lobbying. But I do think that the proposed deduction which would permit deductions in connection with communications of information between the taxpayer and his employer or stockholders would open the way to the use of the deduction for political purposes. If such a deduction were to be allowed, it should be part of a general change in the law, so that individual voters or individual citizens could have the same advantages. I hope that the amendment offered by the Senator from Kentucky will be agreed to.

Mr. **COOPER.** Mr. President, I ask that my amendment be perfected by adding on line 23 the word "or." I make the request because of the reference to "(C)." The last word in line 23 would be "or."

Mr. **JAVITS.** Mr. President, will the Senator yield?

Mr. **COOPER.** I yield.

Mr. **JAVITS.** I wish to express my agreement with the Senator from Kentucky and the Senator from Minnesota. I think we are approaching or apparently getting into a field which needs some charting. The proposal is a fair way to begin. I am somewhat acquainted with the legal problems of corporations. I think there should be some analogy with the authority of trade unions. If the amendment is trimmed in the way my colleagues have now designed it, it will get started upon that path without going beyond it.

The reason is that almost any general piece of legislation, no matter how broad, will affect a major company. Therefore we would open quite a door in the proposal with relation to stockholders and employees. It may be justified, but I think we are well advised to start in a limited way with what the Senators have outlined. I support them in their amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Kentucky.

Mr. **JAVITS.** Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second?

The yeas and nays were not ordered.

Mr. **COOPER.** Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **KERR.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

Mr. **KERR.** Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER.** Is there a sufficient second?

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Kentucky.

Mr. **COOPER.** Mr. President, as the Senator from New York has said, when testimony is adduced, on this particular section, necessity for it may be demonstrated. But the committee report deals only with the question of taxpayers appearing before and communicating with legislative bodies. There has been opposition even to these deductions. So far as I am concerned, I have felt that taxpayers have the right to present their cases before legislative bodies. But it seems to me that this particular provision would add a new element, which is not connected with the problem of taxpayers presenting their cases before legislative bodies.

Taxpayers would have the right to deduct for their communications to employees or stockholders, upon matters which, it seems to me, are wholly the concern of their business considered in the context of the entire section which is dealing with the presentation of issues before legislative bodies. It seems to me that this provision is an extension beyond the purpose of the entire section.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Kentucky. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **DOUGLAS.** Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **DOUGLAS.** Is the amendment of the Senator from Kentucky an amendment to the bill or an amendment to my amendment?

The **PRESIDING OFFICER.** The amendment would amend the language of the bill which the amendment of the Senator from Illinois proposes to strike.

Mr. **KERR.** Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **KERR.** If the Cooper amendment is agreed to, then the Senate will vote on the Douglas amendment, which would strike the remainder of the language of the section.

The **PRESIDING OFFICER.** The Senator is correct.

Mr. **KERR.** It is kind of like cutting a dog's tail off an inch at a time so it would not hurt so badly.

Mr. **GORE.** Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **GORE.** How is it possible that while one amendment to a section of the bill is pending, an amendment in the second degree to the same section to which the pending amendment applies, may be considered?

The **PRESIDING OFFICER.** The Chair is advised that the amendment is a perfecting amendment, intended for the purpose of perfecting a portion of the bill proposed to be stricken.

Mr. **MILLER.** Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **MILLER.** I regret that the Senator from Iowa is still not clear on the question. Do I correctly understand that the Cooper amendment would amend the Douglas motion in such a way that the only portion that would affect the bill would be on page 39 to strike the language starting on line 23 with the word "or" and going over to line 2 on page 40?

The **PRESIDING OFFICER.** The Chair is advised that it would not affect the Douglas motion. The action in the Cooper amendment would not affect the motion by the Senator from Illinois to strike out what may thereafter be left.

Mr. **DOUGLAS.** Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator will state it.

Mr. **DOUGLAS.** If the amendment does not affect my motion, how can it be a perfecting amendment to my motion?

The **PRESIDING OFFICER.** The Chair is advised that, in the parliamentary sense, it is not a perfecting of the language in the Senator's amendment at all.

Mr. McCARTHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCARTHY. If the amendment is agreed to, then the bill would be without section (C). The Douglas amendment would then strike out sections (A) and (B), because (C) would be gone. So the practical effect would be the same, it seems to me, in any case.

If the amendment is agreed to, the Douglas motion would run only to (A) and (B) because only those two sections would be left in the bill.

The PRESIDING OFFICER. The Parliamentarian points out that the Senate could change any section that remains in the bill thereafter.

Mr. McCARTHY. The Douglas motion now runs to sections (A), (B), and (C). If the Cooper amendment is agreed to, no section (C) would remain.

The PRESIDING OFFICER. The motion of the Senator from Illinois would have the effect of striking out all that remains in the bill after action on the Cooper amendment.

Mr. HOLLAND. Mr. President, to simplify the question, I ask for a division of the three elements in the Douglas amendment.

The PRESIDING OFFICER. The Chair is advised that the yeas and nays having been ordered on the Cooper amendment, the request for a division on the other parts, not included in the Cooper amendment, is not in order at this time.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDENT. The Senator will state it.

Mr. PASTORE. If the Cooper amendment were rejected, would not the Douglas motion have to be modified? Otherwise, we would have to vote on part C a second time. Is that not correct?

The PRESIDING OFFICER. The question would then come on the amendment of the Senator from Illinois to strike out all of that section, whereas the amendment of the Senator from Kentucky is to strike out only one section.

Mr. PROXMIRE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PROXMIRE. Is it not true that the motion of the Senator from Illinois was pending, and therefore the Cooper amendment would be in order only as an amendment to the motion of the Senator from Illinois?

The PRESIDING OFFICER. The Chair is advised that the Senator's statement is not correct. The Cooper amendment is a preferential one and seeks to perfect the language of the text which the Douglas motion would strike out.

Mr. HICKENLOOPER. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. Cooper].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). On this vote I have a pair with the Senator from Texas [Mr. Yarborough]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Mississippi [Mr. Eastland], the Senator from Louisiana [Mr. Ellender], the Senator from Arkansas [Mr. Fulbright], the Senator from Minnesota [Mr. Humphrey], the Senator from Washington [Mr. Magnuson], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Florida [Mr. Smathers], the Senator from Massachusetts [Mr. Smith], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], the Senator from Wyoming [Mr. Hickey], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. Burdick], the Senator from Louisiana [Mr. Ellender], the Senator from Alaska [Mr. Gruening], the Senator from Minnesota [Mr. Humphrey], the Senator from Washington [Mr. Magnuson], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], and the Senator from Massachusetts [Mr. Smith] would each vote "yea."

On this vote, the Senator from Florida [Mr. Smathers] is paired with the Senator from Missouri [Mr. Symington]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Missouri would vote "yea."

Mr. DIRKSEN. I announced that the Senators from Maryland [Mr. Butler and Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Delaware [Mr. Williams] are necessarily absent.

The Senator from Wisconsin [Mr. Wiley] is detained on official business.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Indiana [Mr. Capehart], and the Senator from Idaho [Mr. Jordan] would each vote "nay."

The result was announced—yeas 40, nays 29, as follows:

[No. 238 Leg.]

YEAS—40

Aiken
Bartlett
Byrd, W. Va.
Carroll
Case
Church
Clark
Cooper
Dodd
Douglas
Engle
Gore
Hart
Hayden
Hill
Jackson
Javits
Keating
Kefauver
Long, Mo.
Long, Hawaii
Long, La.
McCarthy
McGee
McNamara
Monroney
Morse
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Russell
Scott
Sparkman
Stennis
Talmadge
Williams, N.J.
Young, Ohio

NAYS—29

Allott
Boggs
Bush
Byrd, Va.
Cannon
Carlson
Chavez
Curtis
Dirksen
Ervin
Fong
Hartke
Hickenlooper
Holland
Hruska
Johnston
Jordan, N.C.
Kerr
Lausche
Mansfield
McClellan
Miller
Mundt
Pearson
Robertson
Smith, Maine
Thurmond
Tower
Young, N. Dak.

NOT VOTING—31

Anderson
Beall
Bennett
Bible
Bottum
Burdick
Butler
Capehart
Cotton
Eastland
Ellender
Fulbright
Goldwater
Gruening
Hickey
Humphrey
Jordan, Idaho
Kuchel
Magnuson
Metcalf
Morton
Moss
Murphy
Muskie
Saltonstall
Smathers
Smith, Mass.
Symington
Wiley
Williams, Del.
Yarborough

So Mr. Cooper's amendment was agreed to.

Mr. COOPER. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. KEATING. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the motion of the Senator from Illinois [Mr. Douglas], to strike out section 3, as amended.

Mr. GORE. Mr. President, a number of Senators have indicated that they have engagements. I understand that the Arkansas Choir is about to present a program. I will make an offer. If Senators will give me their attention for 5 minutes, I will finish in 5 minutes.

I think the philosophical basis for support of or opposition to the amendment was amply delineated by comments of the distinguished and able senior Senator from Oklahoma [Mr. Kerr], who said a few moments ago that the people who come to Washington "to petition their Congress represent the sum total of the population of the United States; and it is our job to represent them." He also stated that "all the people who come here constitute all of America."

I fear there is a tendency to feel that this is so; but I deny that it is or ought to be a fact. True, we are now tending to become a government by organization and for organization. This is contrary to the fundamental concept of our system which is based upon individual citizenship and the concept that Members of Congress represent the whole people and must give the interests of the whole people more weight than is given private interests, no matter how organized.

The question involved in this amendment is not the constitutional right of petition. That is not at issue in the bill at all. No right is impinged by the pending amendment. The right of petition is clear; indeed, Congress could not deny it if it desired to do so. What is involved? I think there is here a basic question of public policy in the ends which can properly be promoted by tax law—the policy of giving legislative endorsement by way of tax deduction to lobbying on a national scale; tax deduction for lobbying not only with respect to contacts with Members of Congress, but appearances before congressional committees. It is activity at the congressional level that we hear most about.

But if we read the bill, starting at the bottom of the section, instead of the first sentence of the section, we find that a tax deduction is provided for lobbying all the way down to the grassroots—with respect to legislative bodies of the counties; the city council of the smallest incorporated town in every State; and State legislatures.

Dues are made tax deductible. What kind of dues? In what amount? How assessed? No definition is provided. I believe the records show that last year the American Medical Association spent more money for lobbying than any other organization in the United States. Suppose next year the AMA spent twice that much, or 10 times that amount; and at the end of the year, each individual member of the AMA received a notice saying, "Your dues are thus and so"—perhaps 10 times or 25 times what they were last year. No limits are placed by the bill; there is no definition in the bill. The word used is "dues". For what purpose? For the purpose of buying $100-a-plate dinners? For the purpose of ringing doorbells in an attempt to manufacture sentiment?

The real question before the Senate is a simple one: Do we want to preserve the traditional concept of our democratic way of life that Members of Congress represent individual citizens, or do we want to give legislative endorsement and encouragement to government by organization and for organization? The question is just that simple, it seems to me.

Perhaps it is old fashioned, but I prefer to view my job otherwise. I do not wish to see the people of the country misled—as they were, recently, into thinking that a withholding procedure was a new tax.

Mr. President, sometimes I feel that my heaviest responsibility is to represent those who are least aware of their need for representation—to be of assistance to the people who do not belong to special-interest lobbies.

Mr. PASTORE. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. PASTORE. The Senator does make a point; but it has been my experience, in serving on congressional committees, that they invite people to come to Washington and to testify before them, and not all the witnesses are subpenaed. Many of them are invited to come to testify, in order to help the committee make its record. Does the Senator take the position that they should have to pay their own expenses, out of their own pockets, rather than be able to have them handled as deductible expenses? Such witnesses testify before many committees—in fact, before all the committees, including the Joint Committee on Atomic Energy. When we invite them to come before the committees, as witnesses, to help the committees, how would the Senator from Tennessee have their expenses treated?

Mr. GORE. It seems to me that when Congress wishes to receive testimony from an individual who is knowledgeable in a given area, Congress should be able to provide reimbursement of his expenses.

Mr. PASTORE. But Congress does not do that; that is done only when a witness is subpenaed. Only when a witness is subpenaed are his expenses paid. Otherwise, there is absolutely no appropriation for any such purpose.

Many witnesses come here and testify before the congressional committees at their own expense. For instance, witnesses testify for that purpose before the Joint Committee on Atomic Energy. The Senator from Tennessee says they would have to pay their expenses out of their own pockets. That makes no sense at all.

Mr. GORE. But there is no reason why there could not be such an appropriation; and I think public policy might well be served by adopting such a policy.

Mr. PASTORE. But that would have to be done, it seems to me, before this provision is discarded; otherwise there would be a vacuum.

Mr. GORE. On the contrary, if the provisions of this section of the bill are adopted, it seems to me the other course is foredoomed. I think this is quite an unwise provision. The Senator from Rhode Island and the Senator from Tennessee are discussing expenses in connection with appearing and testifying before a congressional committee. But I say to my friend from Rhode Island that will be a minuscule part of the expenses dealt with and encouraged by this provision. Senators should read the section. Let them find in it some definition of "dues" or some definition of "expenditures" or some definition of "research," or some way, by means of this provision, whereby the Government could deny a tax deduction for a retainer fee paid to the leading politician in every congressional district or in every county in the country, or to lawyers or public-relations experts. This provision gives legislative sanction to nationwide lobbying organizations, operating from the level of city councils and the magistrates' courts in the counties to the State legislatures and to the Congress. This provision is more serious than some seem to think. I feel that its adoption would be a grave mistake.

Mr. President, I promised to be brief; and I now take my seat.

Mr. HOLLAND. Madam President——

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The Senator from Florida is recognized.

Mr. HOLLAND. Madam President, I strongly support the provision of the committee bill which is being attacked by means of this amendment; and I oppose the amendment.

Everyone knows that when a business, large or small, a corporation or an individual, is being sued in court and is being threatened, either in its entirety or in regard to any part—large or small—of its equities, it has a right to employ lawyers or economists or specialists or other professional men in various fields, and the expenses in connection with employing them are deductible as business expenses. Everyone knows that, and it is taken for granted.

Madam President, the greatest Chief Justice our country ever had made one statement for which he will always be remembered—namely, that the power to tax is the power to destroy.

When taxation is proposed or threatened against a business, and when the business believes the tax will be destructive in whole or in part of its property rights, why is it any less a business expense for that business to employ someone who can properly defend it, and, in that connection, send to Washington someone—whether a lawyer or an economist or an engineer or some other expert—and have the knowledge that that expert will do his best to represent the business, and have the knowledge that the expense of employing that expert will be deductible as a business expense?

It seems to me that is so reasonable and is such a commonsense proposal that no one could for a moment deny it.

Shall we say that anyone who is engaged in business or who has a business, large or small, does not have the right to defend himself when he is confronted with a legislative proposal which he regards as injurious or destructive of his business, and does not have the right to regard the expenses of his defense as expenses which he should be allowed to deduct from his income tax statement? It seems to me that such a provision is just full of commonsense and reason and equity, and of course I support it.

The only other provision left in the Senate version of the bill against which the amendment is directed is the similar provision allowing such a business to deduct as a business expense its payment to an association or organization of which it is a part—an organization which is conducting the defense or is engaging in the representation of a group of businesses—for example, a railroad which pays dues to the National Association of Railroads for assembling the facts which relate to the entire industry may deduct such dues, and similar cases will occur to all Senators. That is all that is left in this provision of the bill.

The only provision which might have been subjected to reasonable question was the one which was attacked by the Senator from Kentucky. In its wisdom, the Senate has deleted that provision. I did not agree with that act of deletion, but I do agree that that provision was more subject to question than the two portions which are left.

But the provision now under consideration simply cannot be questioned—the provision that any businessman shall have a right to proceed to his own defense and, in that connection, to employ those he may need to represent and defend him—whether it be a lawyer or an economist or an engineer, or whoever, in his opinion, will properly represent his particular business and regard such employment as a business expense. I think the committee provision should be defended, and that the amendment should be rejected.

Mr. KERR. Madam President, all of us know that the Government is collecting taxes of nearly $100 billion a year from the American people and from American businesses, both large and small, regardless of the size of their financial activities or interests. Such taxes are collected from corporations, many of them regulated and controlled, and all of them having to do with the life, the health, the vigor, and the vitality of American business.

To say that the expenses should not be deductible when a taxpayer or citizen comes to Washington in connection with a matter directly related to his business is, as the Senator from Florida has just now said, like saying to that taxpayer that if he has a matter which is in court, he can employ a lawyer to help defend him, but he cannot deduct the expense of employing the lawyer—or that if a taxpayer or a businessman has a matter before the Federal Trade Commission or the Federal Power Commission or the Interstate Commerce Commission, he can defend himself, but cannot deduct that expense as a business expense.

I cannot imagine the concept of those who would say that expenses directly connected with the trade or business of a taxpayer should not be deductible—when the taxpayer travels to Washington and testifies before a congressional committee, when the Congress is in the process of increasing taxes, which now total nearly $100 billion a year, or is in the process of expanding the restrictions or controls, which already are most burdensome.

So I join the Senator from Florida in urging that the amendment be rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois [Mr. Douglas] to strike out section 3 on page 38, line 17 through line 2 page 40, as amended by the Senator from Kentucky [Mr. Cooper].

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HART (when his name was called). On this vote I have a live pair with the Senator from Nevada [Mr. Bible]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. KERR. I announce that the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Mississippi [Mr. Eastland], the Senator from Louisiana [Mr. Ellender], the Senator from Arkansas [Mr. Fulbright], the Senator from Minnesota [Mr. Humphrey], the Senator from Washington [Mr. Magnuson], the Senator from Montana [Mr. Mansfield], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Massachusetts [Mr. Smith], the Senator from Alabama [Mr. Sparkman], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Alaska [Mr. Gruening], the Senator from Wyoming [Mr. Hickey], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from Mississippi [Mr. Eastland], the Senator from Louisiana [Mr. Ellender], the Senator from Montana [Mr. Mansfield], and the Senator from Missouri [Mr. Symington] would each vote "nay."

I further announce that, if present and voting, the Senator from Texas [Mr. Yarborough] would vote "yea."

On this vote, the Senator from Alaska [Mr. Gruening] is paired with the Senator from Florida [Mr. Smathers]. If present and voting, the Senator from Alaska would vote "yea," and the Senator from Florida would vote "nay."

Mr. YOUNG of North Dakota. I announce that the Senators from Maryland [Mr. Butler and Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Arizona [Mr. Goldwater], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Delaware [Mr. Williams] are necessarily absent.

The Senator from Illinois [Mr. Dirksen], the Senator from Iowa [Mr. Hickenlooper], and the Senator from Wisconsin [Mr. Wiley] are detained on official business.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], and the Senator from Massachusetts [Mr. Saltonstall] would each vote "nay."

The result was announced—yeas 13, nays 51, as follows:

[No. 239 Leg.]

**YEAS—13**

Bartlett
Carroll
Church
Clark
Douglas
Gore
Kefauver
McNamara
Morse
Neuberger
Pell
Proxmire
Young, Ohio

**NAYS—51**

Aiken
Allott
Boggs
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Cooper
Curtis
Dodd
Engle
Ervin
Fong
Hartke
Hayden
Hill
Holland
Hruska
Jackson
Javits
Johnston
Jordan, N.C.
Keating
Kerr
Lausche
Long, Mo.
Long, Hawaii
Long, La.
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Mundt
Pastore
Pearson
Prouty
Randolph
Robertson
Scott
Smith, Maine
Stennis
Talmadge
Thurmond
Tower
Williams, N.J.
Young, N. Dak.

**NOT VOTING—36**

Anderson
Beall
Bennett
Bible
Bottum
Burdick
Butler
Capehart
Cotton
Dirksen
Eastland
Ellender
Fulbright
Goldwater
Gruening
Hart
Hickenlooper
Hickey
Humphrey
Jordan, Idaho
Kuchel
Magnuson
Mansfield
Morton
Moss
Murphy
Muskie
Russell
Saltonstall
Smathers
Smith, Mass.
Sparkman
Symington
Wiley
Williams, Del.
Yarborough

So Mr. Douglas' motion to strike out section 3 was rejected.

Mr. KERR. Madam President, I move that the vote whereby the motion was rejected be reconsidered.

Mr. CURTIS. Madam President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. CURTIS. Madam President, I do not wish to call up an amendment, but I wish to discuss an amendment.

It is my understanding that, perhaps tomorrow, the distinguished Senator from Illinois will offer his amendment identified as "8-23-62—K," commonly referred to as H.R. 10. The amendment relates to payments into retirement funds, before taxes, for the self-employed and for unincorporated businesses.

The Senator from Nebraska has an amendment "8-30-62—I," which is intended to be an amendment to the Dirksen amendment. I wish to explain that amendment at this time, briefly.

Under existing law corporations can set up pension plans covering both their employees and their officers. Payments into the pension funds are made before taxes. The pension funds themselves are tax free. The income which comes to the pension funds is not subject to tax.

That is the reason why there will be proposed the Dirksen amendment, known as H.R. 10. An individaul doctor, lawyer, operator of a farm, or operator of a grocery store which is unincorporated, when he saves for his retirement, must do so from income upon which he has paid the tax. Then, if the income is put into a fund and it earns interest or dividends or other income, that also is subject to tax annually.

Corporate entities are able to provide pension funds or retirement funds before taxes, and those funds can grow without payment of taxes, while the individual citizen must save for his retirement after taxes, and the income he may receive is taxed annually.

H.R. 10 would provide that the individual, by meeting substantially the same requirements met by a corporation, could save for his retirement before taxes. This would mean that the individual lawyer, in order to qualify for a pension plan, would also provide for his employees, other lawyers working for the firm, the stenographers, and so on. The doctor, the grocer, the farmer, or someone else, would have to do the same thing. This would tend to equalize the opportunity for the citizens to save for their own retirement before taxes.

However, if H.R. 10 should be passed, there still would be many individuals who would be employed for a concern which would not and perhaps could not set up a pension plan. There would be individual businessmen and individual farmers who, because of advanced years or because of limited income of their businesses, could not set up a plan and take advantage of H.R. 10.

My amendment to H.R. 10 would provide that any individual, in any calendar year in which he was not covered by either a corporate plan or a plan under H.R. 10 could buy a special issue of Government bonds in an amount not to exceed $300 a year, and that he could buy such bonds before taxes. Those bonds could be cashed when the person reached 64½ years of age, or was older. When the individual cashed them, he would pay taxes on the entire amount, both the principal and the interest.

The amendment of the Senator from Nebraska to H.R. 10 would equalize the opportunity for our people to provide for their pensions. It would place Government bonds in the hands of individuals, as contrasted to banks and other institutions. It would provide long-term financing for Government bonds. It would promote thrift. It would make it possible for the people who are not so fortunate as to be able to work for a concern which has a retirement plan, to save a small amount and to do so before taxes.

As a matter of simple equality, these people should have that opportunity.

A question has been raised as to why the amount should be held down to $300 a year, or $25 a month. The people about whom I am talking perhaps cannot have a great deal more than that. That is a reason. When they get greater allowances, they must set up plans for their employees. These people would have to meet other requirements. The modest provision would cover people who could not meet other requirements.

It is my expectation that tomorrow, or whenever the Dirksen amendment is offered, I shall offer this amendment, which would permit the people with modest incomes to save some money for old age and to do so before taxes, exactly as the corporate officers and corporate employees now do, and as it is proposed that our more successful farmers, businessmen, and professional men could do if H.R. 10 should pass.

Madam President, I yield the floor.

Mr. McCARTHY. Madam President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 98, in line 14, it is proposed to strike out the period and to insert a comma and the following: "and without any deduction for dividends to policyholders provided by section 832(c)(11)".

Mr. McCARTHY. Madam President, the amendment is in the nature of a correcting amendment. It was made necessary because, subsequent to the adoption of a committee amendment in the Finance Committee, another amendment was adopted, and the language of the bill as it now stands would have the effect of giving an unintended benefit to certain insurance companies.

Mr. KERR. Madam President, the Senator from Oklahoma has also submitted a series of amendments, one of which is the amendment that has been offered by the Senator from Minnesota. Therefore I request its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment was agreed to.

## THALIDOMIDE AND THE FOOD AND DRUG ADMINISTRATION

Mr. DOUGLAS. Madam President, I ask unanimous consent that two very able articles which appear in the current issue of the Saturday Review, namely, an article by Mr. John Lear entitled "The Unfinished Story of Thalidomide," and another article tracing the history of the work of Dr. Frances Oldham Kelsey and Dr. Barbara Moulton, be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

### THE UNFINISHED STORY OF THALIDOMIDE

Two years and three months ago—on the 3d day of June 1960—Mr. George P. Larrick, U.S. Commissioner of Food and Drugs, the man responsible for policing abuses in the marketing of drugs in this country, appeared as a witness before the Senate Subcommittee on Antitrust and Monopoly in Washington, D.C. He was there primarily to explain how it was that his professional subordinate and personal friend, Henry Welch, Ph. D., then Chief of the Antibiotics Division of the Food and Drug Administration, had managed to obtain and keep official sanction for an arrangement under which Dr. Welch collected more than a quarter of a million dollars in private fees as editor of antibiotics promotion journals at the same time he was being paid a Government salary for judging the worth of antibiotics to physicians and their patients. Mr. Larrick explained that he had trusted his Antibiotics Division Chief completely, hence had no cause to ask for figures when Dr. Welch assured him that only a few small honoraria were involved in straightforward editorial work free of ethical conflict.

A woman physician recently resigned from the FDA staff—Dr. Barbara Moulton, daughter of a family long distinguished in American science—had testified earlier that questionable relationships like the one existing between Dr. Welch and the drugmakers were constantly invited through repeated visiting and telephoning of FDA officers by drug company agents. But Commissioner Larrick denied "categorically * * * all * * * suggestions and accusations * * * that the review of new drug applications * * * may in some instances * * * have been superficial."

"You will recall * * * the tragedy that led to the enactment [in 1938] of the new drug section of the present law," he testified. "In 1937 a drug manufacturer, believing that a liquid solution of sulfanilamide would be more acceptable to the patient than a tablet, used [as a solvent] an industrial chemical that had heretofore been widely employed as an antifreeze. Animal testing would have exposed the danger from this poisonous elixir. But the manufacturer did not test his liquid. His mixture of sulfanilamide killed over 100 people before we could remove stocks from the market.

"For the past 22 years * * * we have not had a repetition of the type of disaster that brought the new drug section into the law, and will not under the present procedures."

Let us set them aside for consideration later, and proceed with recollection of events as they occurred in 1960.

The Senators accepted Commissioner Larrick's assurances and passed over suggestions that he be requested to retire from his post of authority.

On that same day, however, Commissioner Larrick's official superior, the then U.S. Secretary of Health, Education, and Welfare, Hon. Arthur S. Flemming, directed that two investigations be opened into FDA's affairs. One of these studies would be scientific, and would be carried out by a special panel of the National Academy of Sciences. The second inquiry would be administrative, and would be assigned to a task force headed by Mr. Charles Kendall. In due time, the National Academy panel recommended that the drug law be changed to require new drugs to be proved effective as well as safe before going onto the market. The Kendall group urged, among other advices, that fraternization between FDA officers and drugmakers' agents be discouraged; and in January 1961 Commissioner Larrick's deputy, John Harvey, circulated a memo to the FDA staff calling for obedience to the Kendall injunction. Why the memo was necessary to exorcise a spirit whose presence Commissioner Larrick refused to admit was not explained.

One year and six months later—on July 15, 1962—the Washington Post published word that a hypnotic drug called thalidomide (tha-lid'-o-mide)—implicated in the birth during 1961 of thousands of armless, legless, earless and otherwise malformed babies (some mere cocoons of flesh with heads attached) to women in many foreign countries who took the drug in early pregnancy—had been held off the American market by a stubborn woman doctor in FDA, Dr. Frances Oldham Kelsey, herself mother of two. The writer of this Post news report, Mr. Morton Mintz, said Dr. Kelsey had accomplished her purpose only after months of resistance to a steady stream of telephone calls, letters, personal visits and appeals over her head to her FDA superiors by representatives of the William S. Merrell Company of Cincinnati, which wanted to sell the drug in this country.

U.S. Senator ESTES KEFAUVER, of Tennessee, before whose subcommittee Commissioner Larrick in 1960 had denied the possibility of such tactics by drugmakers, immediately proposed to President Kennedy that Dr. Kelsey be awarded the Distinguished Federal Civilian Service Medal for standing off the promoters of thalidomide.

The Merrell Co. reacted by publishing a statement minimizing and justifying the demands it had made on Dr. Kelsey's time and patience. Senator KEFAUVER replied by reading into the CONGRESSIONAL RECORD on August 8, 1962, a play-by-play account of Dr. Kelsey's experience (see chronology below). Taken from a memo in FDA's files, this document listed 50-odd different approaches including a question of libel and an open hint that Commissioner Larrick himself would be enlisted by the drug house to neutralize Dr. Kelsey if she continued to refuse a permit.

What medical miracle did thalidomide's maker claim deserved such urgency?

Thalidomide would help people to sleep.

Very well. The drug house salesman lost their sense of perspective on thalidomide. Such things happen to all of us from time to time. Why emphasize this instance? Dr. Kelsey had some trouble keeping thalidomide off the American market. But she did keep it off. That's history. Can't we treat it as history?

Even after some matters have passed into history, they ought not to be forgotten. But does thalidomide yet belong to history?

The Council on Drugs of the American Medical Association has issued a public statement saying that although thalidomide has never been sold commercially in this country, the drug has been in experimental use since 1956. Since the experimenters are not identified in this document, and since existing law does not require the drug houses to notify the Government of such experiments, and since physicians taking part in the experiments are not required to tell patients that the patients are being used as experimental subjects, and since physicians are not required by law to report births of abnormal babies, there is no way of knowing how many babies deformed by the drug are now living as helpless and hopeless charges of unwitting parents.

It was only after the epidemic of infant monsterism in Europe became public knowledge in late 1961 and early 1962 that occasional deformed babies were found to have been born of European mothers who took thalidomide as far back as 1957.

There is one armless child in New England, now aged 3 years, who medical authorities are almost certain is a product of thalidomide's experimental use here. But the baby's mother cannot remember what pills she took during her pregnancy. Can you remember what pills you took 4 years ago, or even last year?

Troubled parents all over the country have written letters to Government offices in Washington by the hundreds since Dr. Kelsey got the medal from the President. Among them is a report of an unexplained crop of deformed babies born in the same block of New York City within a short span of time 5 or 6 years ago. All the families in the block patronized the same drug store. Could thalidomide somehow have got into drugstores during its early period of experimental use? Some doctors have sold drugmakers' "samples" of other drugs to druggists, who have got into trouble on resale, sometimes because the labels got mixed up. Or are drugs other than thalidomide, capable of mutilating babies, on the market unknown to physicians?

Appropriate investigation of such questions is a long and tedious process. Without pinpoint documentation of details, firm answers are unlikely. The first set of reliable statistics on infant deformations in the country is only now being compiled in Philadelphia by the Foundation for Medical Research—Perinatal Project. Working on a grant from the American Medical Association, supplemented by other sources interested in drugs, Dr. Sydney Kane, chief of pediatrics at Frankford Hospital, is tabulating, on a high-speed computer, voluntary reports of births in 150 hospitals in 43 of the 50 States, the District of Columbia and Puerto Rico. During the 18 months ending with June 30, 1962, the number of babies born with any type of abnormality averaged 2.7 in 100,000 births.

This figure will in time become a base for comparative studies. Because there is no way to tell how many isolated cases of thalidomide deformation may be dotted through Dr. Kane's record of the last 18 months, it would probably take an epidemic of abnormalities to show up clearly in the data.

What are the prospects of an epidemic of this sort arising from Merrell's experiments with thalidomide?

When Merrell applied for an FDA permit to sell the drug on September 12, 1960, the company said its experimenters had been using the drug on human patients since January 1959. In anticipation of sales arising from the experiments, Merrell had originally imported approximately 2,000 kilograms of thalidomide from Chemie Gruenthal, the West German drug house whose employees (Herbert Keller and Willie Kunz) had synthesized the drug in 1953. Later, Merrell itself had manufactured 3,300 kilograms more in this country. Simple addition gives a total of 5,300 kilograms.

On March 8, 1962, when Merrell withdrew its application for a permit to sell the drug, the company had 3,200 kilograms of the 5,300 total in the company warehouses. The 2,100 kilogram balance had gone out to physicians for experimental use.

A kilogram contains 1,000 grams. A gram contains 1,000 milligrams. Therefore, there are 1 million milligrams in a kilogram. In other words, 2,100 million milligrams of thalidomide had been put into the hands of doctors.

When FDA rounded up what was left of the drug in doctors' offices between July 27, 1962, and August 21, field agents found 79 American physicians with a total of 25,096 unused pills.

The biggest size thalidomide pill that Merrell made contained 200 milligrams. If all the confiscated pills had been that size, the total thus accounted for would have been 5,019,200 milligrams.

What happened to the remaining 2,094,980,800 milligrams that Merrell turned over to the doctors?

Merrell told FDA it was all disposed of by 1,231 physicians who took part in the experiment.

FDA agents turned up 36 additional doctors who were not participating in the experiment but nevertheless had thalidomide in their possession and had prescribed it to patients.

"A few investigators," FDA explained, "gave some of the drug to their partners or to other physicians."

FDA's total of the number of patients using the pill was 19,822.

In order for that many patients to account for that much of a drug, each patient would have to take a 200-milligram pill every day for 528 days—the best part of one and a half years.

Merrell says an undisclosed amount of the drug was destroyed by the doctors. Whatever that amount is would have to be deducted from the immense dosage designated above for the experimental patients. On the other hand, it must be recognized that the average dose of thalidomide is not 200 milligrams but perhaps 100 or even 50 milligrams. Merrell made tablets of the stuff in 200 milligrams, 100 milligrams, 50 milligrams, 25 milligrams, 12½ milligrams, 6¼ milligrams, and 4 milligrams. It was prescribed as a sleep-inducer, a cough suppressor, a bellyache quieter, and an antidote for "morning sickness" in pregnancy.

Therefore, the number of doses of thalidomide distributed over the country was considerably greater than the number calculated on the basis of a 200-milligram average dose.

With such a broad distribution, some questions logically arise:

At what point does medical experimentation end, and when does sample salesmanship begin?

Was thalidomide actually on the American market in every sense except a sale price?

Could FDA possibly be sure that only 19,822 persons took Merrell's thalidomide pills?

Could the physicians to whom Merrell gave the drug be sure?

One thousand pills were found in the medicine cabinet of a single doctor's office in Virginia months after Merrell called off its experiment with thalidomide.

One doctor in New York kept prescribing thalidomide to a patient and was puzzled by her repeated failure to fill the prescription at a drugstore.

FDA says that 3,760 women of childbearing age, 207 known to be pregnant, got the drug as part of the Merrell experiment and that one of these women may have produced a deformed baby.

Dr. Helen Taussig, of Johns Hopkins University, has authorized me to say that she knows of another deformed baby born of a mother who took some of Merrell's pills. This mother had participated in the thalidomide experiment without the mother's knowledge, her doctor's knowledge, or Merrell's knowledge. She was given the drug by an older person who had received it from a doctor.

"I fear we will learn of others who have taken the drug in the same innocent way," Dr. Taussig told me. Her opinion must be respected not only for the fame of her "blue baby" research but because she is the one physcian in this country who knows the German and British experience with thalidomide at firsthand. Within days after learning about the epidemic of infant monsterism abroad from a German doctor who visited her Johns Hopkins clinic, she took off on a tour of European hospitals and clinics last spring. She alerted the American medical community to the danger here as soon as she learned of the Merrell experiment from FDA upon her return home.

Dr. Taussig believes that even if the prospect of an American epidemic of malformed infants is small, the danger should be faced openly. Women who have reason to suspect the abnormality of embryos now in their wombs could seek X-ray confirmation. Where malformation is apparent, therapeutic abortion is as justifiable in Dr. Taussig's opinion as is therapeutic abortion for mothers attacked by German measles. German measles abortions are legal in most States.

Qualified statisticians familiar with pharmacy not only share Dr. Taussig's concern about malformed babies yet to come, but anticipate worse possibilities than she. One who prefers not to be quoted because of his vulnerable position in the Government figures that by Christmas, or by Easter at the latest, between 30 and 40 malformed children may be born in this country of women who took thalidomide.

This chilling estimate may be wrong. The man who made it hopes it will turn out to be so. The gods of chance may in the end be kind. Through an incredible piece of luck American parents may escape any sizeable epidemic of helpless offspring. But during the months of anxious waiting that lie ahead, it will not be reassuring to know that drug experiments on human guinea pigs can be and have been conducted in this country by persons not only inexpert in any particular discipline of healing art but lacking even a medical degree.

The whole business of drug experimenting (and business is a far more accurate word for it than is science under the law as now worded) is turned over to the drugmakers. They pick the experimenters, decide the number of same, and are free to accept or reject anyone's claim to qualifications and facilities. They may begin using drugs on humans before safety has been established through animal tests, and they have the privilege of keeping the patients in ignorance throughout lest knowledge of the guinea pig status have some undesirable psychological effect on the results of the experiment.

FDA need not be, and normally is not, advised of these experiments until a request comes in for a sales permit for the drug.

Considering this quality of drug experimentation, FDA Commissioner Larrick was hardly in position in June 1960 to say that "under the present procedures * * * we * * * will not * * * have * * * a repetition of the type of disaster that brought the new drug section into the law." For it was faulty procedures, not faulty law, that made it possible for the thalidomide experiment to threaten unborn children. The law specifically authorizes administrative regulations to cover drug experiments. The regulations could have been changed at any time Mr. Larrick chose to recommend change. The climate for change has been favorable ever since SR exposed the conflict of interest in Dr. Henry Welch's affairs in February 1959.

In the Senate testimony which provoked Commissioner Larrick to enunciate his rash guarantee, Dr. Barbara Moulton said, among other things: "The Commissioner of Food and Drugs is a man with neither legal nor scientific training. The administrative duties (of FDA) are held by a civil servant with no particular background in the field, other than years of association with it. * * * I do not believe that any lay administrator is really in a position to evaluate * * * properly in their full significance * * * the major problems with which the (FDA) agency deals * * * all of a medical nature and exceedingly complex."

"The next Commissioner of Food and Drugs," she continued, "should be chosen for intellectual integrity, courage, and professional attainments so that he can command the respect and trust of his colleagues. * * * In the present atmosphere, I seriously doubt whether any physician with a background in the pharmaceutical industry will meet these criteria. I strongly urge that one be chosen from the ranks of academic medicine."

Discussion of qualifications for the next Commissioner of Foods and Drugs may be premature while the present Commissioner is still in office. However, this post is of such vital import to the general health of the people that consideration of candidates and possibly even a period of preliminary indoctrination and training deserves as much time as circumstances allow. Even if the choice remains where it is now, in his hands, Mr. Larrick cannot continue in office many more years. His health has not been robust for some time. It has interfered importantly with his administrative functioning. The whole course of the Henry Welch case might have been different, for instance, if the Commissioner had not been away from his desk on his doctor's orders when I tried to consult him about Dr. Welch's behavior in January 1959. Furthermore, after 39 years of service in FDA, it is no longer easy for Mr. Larrick to adjust to rapidly escalating standards of performance. When he first became an FDA inspector in Memphis, Tenn., in 1923, the work was mascroscopic. Violations of the law were detected by taste, smell, touch, and keen eyesight. Today inspection is microsopic, and requires not only scientific knowledge but a wholly new philosophy. The old dictum of the marketplace was "let the buyer beware;" the new one is "let the seller be responsible."

The thalidomide case illustrates Commissioner Larrick's difficulty in dealing with the new philosophy.

Germany took thalidomide off the market with stunning suddenness on the last day of November 1961, immediately on confirming the drug's complicity in birth of malformed babies.

England took similar action with equal speed.

U.S. Food and Drug Commissioner Larrick waited for 6 months and a public uproar before sending out his agents to round up what remained of Merrell's experimental pills in physicians' offices throughout this country.

Only then did FDA discover that some physicians who got the drug from Merrell had given it to other doctors to dispense. These doctors had given it to their patients, and the patients sometimes had passed it on to other patients. Few of the patients knew the dangers of the pills they were taking so freely during this period.

Senator Jacob K. Javits, of New York, among others, did not conceal his astonishment over Mr. Larrick's delay in moving to protect an innocent public. The following colloquy occurred between the Senator and the Commissioner at the time of Dr. Kelsey's appearance before Senator Humphrey's subcommittee on August 1, 1962.

"Senator Javits. Did the department at any time order these experimental drugs withdrawn?

"Dr. Kelsey. Mr. Larrick, you can perhaps explain that.

"Commissioner Larrick. We suggest, Senator, and talk to the firms about withdrawing it. We rarely have to order withdrawals.

"Senator Javits. You have the power to order a withdrawal?

"Commissioner Larrick. I think we do, yes.

"Senator Javits. And in this case did you actually order it?

"Commissioner Larrick. No.

"Senator Javits. Was it withdrawn as quickly as you would have ordered it withdrawn, considering the data available?

"Commissioner Larrick. I think the firm proceeded with reasonable diligence to get the drug off the market. I do not think any drug firm, to date, can do as good a job of getting a drug completely off the market as we can. And in spite of the fact that they tried very hard, we have, within the last few days, still found some of the drug on the market.

"Senator Javits. When you say 'as we can,' would you have issued an order that everybody was to turn this drug in—could the FDA have done that?

"Commissioner Larrick. I think we could have brought about a situation where, if we had gone to all the distributors ourselves, it would have been. But I am not quarreling with what the firm did.

"Senator Javits. But we would like to know why you did not do it. Why did you not do it? You got the first intelligence [of a serious side effect thalidomide had on the nervous system of some habitual users of the drug] in February 1961. Apparently the case [for infant monsterism] was conclusively proved to the satisfaction of the very wonderful doctor in charge, Dr. Kelsey, by November 1961. Then * * *?

"Commissioner Larrick. It [thalidomide's threat to unborn babies] was not conclusively proved at that stage.

"Senator Javits. When was it [proved]?

"Commissioner Larrick. There was strong circumstantial—there would be people that would give you an argument about it now. There is no question in our minds. But there are people, whose opinions have a right to some weight, who would say that the problem here has been exaggerated. Nevertheless, the drug is off the market.

"Senator Javits. Well, now, Dr. Kelsey, did you feel that all of these actions were taken with due diligence—that is, as diligently as one could under the circumstances?

"Dr. Kelsey. Well, my understanding was that, when the drug was still in the investigational stage, the onus was on the company, and that our authority did not extend there."

At the time the Kefauver committee was taking testimony on the Henry Welch case in 1960, persons sympathetic to the dilemma Mr. Larrick found himself in near the close of a long career pointed out to him that he could retire on a comfortable pension at any time he chose to ask medical disability. He said he would not retire under fire. Since then, the fire has intensified.

The Welch case is now before a Federal grand jury in Washington.

A Federal grand jury is also investigating the circumstances under which the American patent licensee for thalidomide, the William S. Merrell Co., obtained an FDA permit to sell MER-29. MER-29 was touted as a quick solution for vascular problems. By reducing cholesterol in the blood, the propaganda said, the drug would reduce danger of heart attacks. By November 1961, FDA knew of four patients who developed cataracts of the eyes after taking MER-29. Not until April 1962, however, was the drug withdrawn from the market. "In retrospect," Commissioner Larrick's deputy, John Harvey, told the American Bar Association in San Francisco on August 8, 1962, "it is apparent that the drug should not have gone on the market in the first place."

Three other recent drug policing tragedies also were reported by Mr. Harvey in his San Francisco speech:

A skeletal muscle relaxant that had been on the market since 1956 was withdrawn after FDA discovered that the drugmaker concealed deaths from the drug for 5 years.

In October 1961, FDA learned of blood disorders associated with use of a mild tranquilizer that had been on sale since April 1960. Subsequent inquiry showed that the maker of this drug knew of 11 cases of injury and 3 deaths from the drugs but had not reported them to FDA.

In January 1962, FDA first learned of blood disorders caused by a psychic energizer in use since April 1961. This drug had caused four deaths that the FDA had no prior advice of.

Something is wrong with a marketing system that depends largely on profits from useless cures. Physicians say that patients are to blame for seeking miracles. However, the search does not begin with the patients. They are roused by misleading propaganda.

Thus, in one way or another, high-pressure tactics are seen to be practiced generally in the drug industry, and FDA's proposed changes in the regulations governing experimental drugs (they are only proposals; they are not in effect) fall far short of promising to control the situation.

Any person who takes a drug should be guaranteed the right to choose whether or not he is to be experimented upon. He should be guaranteed the knowledge that if he does choose to submit to experiment, the medicine he takes will first have been found safe for use in animals metabolically as comparable to himself as possible. He should be guaranteed that his Government knows what is going on, and judges that the experiment is worth the risk of a citizen's health and life. He should be guaranteed that as soon as the Government suspects any danger, the experiment will be stopped—by the Government, not left to some interested party to terminate at will—and that he will be advised of the action at once so that he may take whatever protective measures prudence suggests.

Drugmakers should not be free to withhold vital information about their drugs until FDA demands it; they should be required to submit reports periodically, and they should be subject to stiff penalties for failure to comply. Nor should anyone be allowed to receive supplies of an experimental drug from a drugmaker on the strength of a simple claim of expertise; qualifications ought to be defined in the law or the regulations, the definition ought to include possession of an M.D. degree and much more (see the Research Frontier, p. 44), and the physicians' statements should be sworn in order to make the penalties for perjury applicable if the statements are false.

Drugmakers should not be allowed to continue to sell in other countries drugs that have been withdrawn from sale in our own country. Nor should they or physicians associated with them be permitted to use the peoples of other lands as guinea pigs merely because those peoples are less well informed and hence more tractable than our own.

Modern man sooner or later must return to sober consideration of himself as a creature shaped by his environment. Safe and effective drugs should be part of the heritage he passes on to his children, along with clean air, pure water, and food free of cancer-provoking contaminants. Unless it exercises its conscience, the science of chemistry could consign us to a withering and shrinking destiny.

John Lear,
*Science Editor.*

DR. FRANCES KELSEY'S STRUGGLE AGAINST THALIDOMIDE

On August 8, 1962, U.S. Senator ESTES KEFAUVER, of Tennessee, inserted in the CONGRESSIONAL RECORD, a chronology of events in the history of William S. Merrell's application to the U.S. Food and Drug Administration for a permit to market thalidomide in this country. The chronology had come from a memo in the files of FDA. The memo was signed by Dr. John D. Archer, who at the time of signature was Deputy Director of the New Drug Branch of FDA's Medical Division and is now Acting Director of that unit. The following text of the chronology has been edited by SR's science editor for popular reading:

"September 12, 1960: Application for new drug permit was received.

"September 15, 1960: Application was acknowledged.

"October 25, 1960: Mr. F. Joseph Murray, executive assistant to the director of research at Merrell, telephoned Dr. Ralph Smith, then Chief of the New Drug Branch of the Medical Division of U.S. Food and Drug Administration, and asked for the name of the medical officer assigned to review Merrell's application for thalidomide.

"November 10, 1960: Dr. Frances Kelsey, the assigned officer, advised Merrell by letter that the application was incomplete and inadequate, that proposed labeling was unsuitable.

"November 30, 1960: Merrell submitted some new data.

"December 16, 1960: Mr. Murray brought another representative of Merrell to the FDA offices to submit further data and argument.

"December 28, 1960: Mr. Murray wrote a letter anticipating another conference on the drug.

"December 29, 1960: Dr. Kelsey telephoned Mr. Murray to point out that the material submitted the previous day was not in duplicate, as required by Government regulation. Mr. Murray said the data had been intended for Dr. Kelsey's personal information and not for inclusion in the new drug application. Dr. Kelsey refused to accept the data in this fashion. Mr. Murray urged her to meet with him soon because Merrell was in a hurry to prepare for marketing the drug.

"January 9, 1961: Mr. Murray telephoned Dr. Kelsey again and asked for an appointment to discuss labeling for the new drug. He also telephoned Miss Lee Geismar, the FDA chemist working on the thalidomide application, and asked her whether the information she had was sufficient.

. "January 11, 1961: Mr. Murray personally visited Dr. Kelsey to give her additional data.

"January 17, 1961: Mr. Murray wrote a letter submitting Merrell's suggestions for a drug label. The letter asked that Mr. Murray be telephoned if this material were satisfactory so Merrell could proceed with its marketing arrangements.

"January 17, 1961: Dr. Kelsey told Merrell by letter that since the drug application was still incomplete, FDA would consider it withdrawn and resubmitted. This was legal notification that the 60-day period within which a new drug must either be rejected or automatically approved would not begin until the application was properly presented.

"January 25, 1961: Mr. Murray telephoned Dr. Smith, Dr. Kelsey's immediate superior, to complain that Dr. Kelsey was not available for his (Mr. Murray's) telephone calls. Mr. Murray said Merrell was waiting to print the drug labels, and the wording of the labels was the only point remaining to be clarified. Dr. Smith promised to investigate.

"January 31, 1961: Mr. Murray called Dr. Smith again and asked if Dr. Smith had anything to report. Dr. Smith said he had spoken to Dr. Kelsey and had learned there was more to review than merely the wording of a label. Mr. Murray expressed regret that Merrell would have to postpone its schedule for marketing the drug. He asked to be telephone 'if he could help' FDA.

"February 1, 1961: Mr. Murray telephoned Dr. Kelsey to say that Merrell planned to release the drug for marketing on March 6 and wanted to get the labels printed.

"February 15, 1961: Mr. Murray telephoned Dr. Smith, explaining that he was under pressure to 'get it through' and that Merrell's vice president had suggested a trip to Washington to accomplish that purpose.

"February 16, 1961: Mr. Murray telephoned Dr. Kelsey, told her he had talked to Dr. Smith the day before, and 'wondered about' the drug application.

"February 23, 1961: Dr. Kelsey told Merrell by letter that the drug application was still incomplete. Clinical reports on use of the drug in England had been published in medical journals. These called attention to a serious side effect on the nervous systems of patients who took the drug repeatedly. Assurance against these side effects would have to be supplied by Merrell. Dr. Kelsey asked for a list of the investigators to whom Merrell had given the drug for experimental use. After this letter had been sent, Mr. Murray telephoned Dr. Kelsey to ask how the drug permit was coming along. Dr. Kelsey told him of the letter she had written about the clinical reports of nervous damage the drug had done. Mr. Murray said Merrell had read these same reports. He pointed out that the company distributing the drug in England had merely put a warning about the nervous damage in brochures that went out with the drug. Dr. Kelsey indicated that such a procedure would not be enough.

"March 2, 1961: A letter from Merrell debated the need for further animal studies on the drug.

"Sometime between March 2, 1961, and March 30, 1961: Mr. Murray telephone Dr. Kelsey to confirm that nervous symptoms did occur with prolonged use of the drug. He asked for an opportunity to see Dr. Kelsey in company with Merrell's medical director.

"March 30, 1961: Mr. Murray visited both Dr. Kelsey and Miss Geismar, said the nervous side effect was infrequent and rapidly reversible, and pressed Dr. Kelsey for a verbal commitment that a caution on the label would be enough to allow the drug to go on the market. Dr. Kelsey indicated her opinion that since the drug was only a sleeping pill, it ought not to be marketed unless it were free of serious side reactions. After leaving Dr. Kelsey and Miss Geismar, Mr. Murray went to see Dr. Smith. He expressed concern to him about the delay in granting Merrell's application. Later that day, Dr. Kelsey advised Merrell by letter that the application again was considered withdrawn and resubmitted. This was another warning that the drug would not become automatically approved.

"April 5, 1961: Another letter from Merrell submitted new clinical data, suggested a change in labeling, expressed the opinion that the company had provided adequate documentary proof of the relative safety of the drug, and asked to be advised of her decision by telephone as soon as possible.

"April 13, 1961: Mr. Murray called Dr. Smith and said the Merrell management was dissatisfied with Mr. Murray's efforts in 'pushing the application.'

"April 19, 1961: Mr. Murray telephoned Dr. Smith again and said Merrell wanted a 'yes or no' decision. He said Merrell's vice president intended to see U.S. Food and Drug Commissioner George P. Larrick if Dr. Kelsey did not approve the drug soon.

"April 20, 1961: Merrell submitted a letter arguing that barbiturates now in use have toxic side effects.

"May 5, 1961: Dr. Kelsey advised Merrell by letter that the application was still incomplete and inadequate, and expressed disappointment that the company apparently had known of the nervous side effects without advising FDA.

"May 9, 1961: Mr. Murray telephoned Dr. Smith to say that Merrell considered Dr. Kelsey's letter of 4 days earlier 'somewhat libelous.' Mr. Murray asked whether the firm was dealing personally with Dr. Kelsey and if so whether her letter was subject to reconsideration. Dr. Smith said the letter should be considered as having come from FDA but offered to reconsider it if the company thought there was sufficient reason.

"May 10, 1961: Mr. Murray and another representative of Merrell visited Dr. William H. Kessenich, Chief of the Medical Division of FDA, Dr. Smith's immediate superior. The visitors complained about the failure to approve Merrell's application for thalidomide. Dr. Kessenich referred them back to Dr. Smith and Dr. Kelsey, making an appointment for them on the following day.

"May 11, 1961: Mr. Murray met with Dr. Smith and Dr. Kelsey. Dr. Kelsey explained her concern about the drug's side effects, expressing the opinion that there was a special need for evidence that pregnant women could safely take the drug.

"May 15, 1961: A letter from Merrell to Dr. Kessenich promised to complete Merrell's application for thalidomide as requested by Dr. Kelsey.

"May 25, 1961: Mr. Murray telephoned Dr. Smith and Dr. Kelsey to arrange an appointment to bring in new data.

"May 31, 1961: Mr. Murray visited Dr. Kelsey, submitted new clinical data, pointed out that the data included assurances that the drug would not harm unborn babies.

"June 8, 1961: Mr. Murray telephoned Dr. Kelsey to ask how the drug application was.

"July 10, 1961: Merrell submitted the manuscript of a technical paper that had been published on thalidomide.

"July 19, 1961: Merrell submitted additional pharmacological data in support of its application.

"July 26, 1961: Dr. Kelsey advised Merrell by letter that the application was still incomplete and consequently was being regarded by FDA as withdrawn and resubmitted.

"July 27, 1961: Mr. Murray telephoned Dr. Kelsey to learn whether she had received the new data.

"July 31, 1961: Merrell wrote a letter discussing the new data.

"August 2, 1961: A letter from Merrell pointed out nervous side effects of barbiturates already on the market.

"August 10, 1961: Mr. Murray telephoned Dr. Kelsey to suggest that she meet with him and a group of investigators of the drug in a Washington hotel. She referred the request to Dr. Kessenich, who agreed to the meeting but specified that it should be held in the FDA offices.

"August 16, 1961: Mr. Murray telephoned Dr. Kelsey to discuss details of the coming meeting.

"August 23, 1961: Merrell advised Dr. Kelsey who would attend the meeting.

"August 25, 1961: Mr. Murray telephoned Dr. Kelsey again about the meeting.

"September 7, 1961: The meeting was held. It produced little evidence that the drug would be harmless to unborn babies.

"September 12, 1961: Merrell sent a letter proposing a change in labeling.

"September 13, 1961: Dr. Kelsey advised Merrell by letter that the drug application was still incomplete and that in particular she was awaiting receipt of the data on safety which had been promised at the September 7 meeting.

"September 18, 1961: Mr. Murray telephoned Dr. Kelsey to ask what additional data was required. Dr. Kelsey told him she needed the toxicity data promised at the recent meeting.

"September 26, 1961: Mr. Murray telephoned Dr. Smith to ask whether it was possible to predict when the drug application would become effective. Merrell wanted to put the drug on the market by the middle of November; to do that, printing of the labels should commence early in October. When Dr. Smith offered no prediction, the telephone call was switched to Dr. Kelsey. Mr. Murray tried to get her to set a deadline for marketing the drug. He wondered if he could give labeling changes on the telephone so that the printing could begin in October and the drug could be on the market by Christmas. Dr. Kelsey said no.

"September 29, 1961: Merrell sent new data on use of the drug during the later months of pregnancy.

"October 2, 1961: Merrell sent a letter correcting an accidental omission from its letter of September 29.

"October 19, 1961: Merrell sent further data on nervous side effects of the drug.

"October 23, 1961: A Merrell representative telephoned one of Dr. Kelsey's colleagues in the new drug branch of FDA to ask suggestions on who would be good investigators to study the drug in children.

"November 2, 1961: Merrell sent changes in labeling and promised further data.

"November 7, 1961: Dr. Kelsey advised Merrell by letter that the application was still incomplete and consequently was again being considered as withdrawn and resubmitted.

"November 30, 1961: Mr. Murray called Dr. Kelsey to tell her that the drug had been withdrawn from sale in Germany because of reports of abnormal babies born to women who took the drug in early pregnancy. He expressed hope that the abnormal births would prove to be only coincidental. Dr. Kelsey questioned the safety of the drug in view of the fact that one of its uses was supposed to be in treatment of morning sickness.

"December 27, 1961: Dr. Kelsey advised Merrell by letter that the application was still incomplete in absence of data relative to the drug's role in deformities in newborn babies.

"March 8, 1962: Merrell withdrew its application for sale of the drug in the United States.

"March 14, 1962: Dr. Kelsey acknowledged withdrawal of the drug application.

"April 11, 1962: Dr. Kelsey asked Merrell by letter whether the drug was still undergoing investigational use. If so, she asked to be informed what had been done to warn physicians of the dangers of the drug. She asked what measures the company had taken to inform doctors of the association between the drug and fetal abnormalities at the time the association first became known to the firm. She also asked for a complete and up-to-date list of all physicians who had been supplied with the drug for investigational purposes since the experiment began."

### THE FEMININE CONSCIENCE OF FDA: DR. FRANCES OLDHAM KELSEY—SHE FOLLOWED A TRADITION THAT ONLY SEEMS NEW, THAT OF THE REASONING WOMAN

Invitations to the White House are not easily come by. A citizen who unexpectedly finds himself in position to ask a dozen others to go along and meet the President is bound to pick the dozen from those he holds in deepest regard and respect. Therefore, the character of Dr. Frances Oldham Kelsey may be illuminated by examining the list of guests who accompanied her to the August 7, 1962, ceremony at which President John F. Kennedy clasped about her neck a ribbon dangling the Distinguished Federal Civilian Service Medal.

As everyone who can read or hear surely knows by now, Dr. Kelsey is the Canadian-born medical officer of the U.S. Food and Drug Administration who refused to approve American marketing of thalidomide, the hypnotic drug that somehow makes armless, legless, and otherwise monstrous cripples of babies born to women who take the drug "to get a good night's sleep" during early pregnancy.

Dr. Kelsey did not actually have a full dozen White House invitations to dispense. But she did receive 10 a few days in advance of her bemedalling, and, by special dispensation at the last minute, she got an 11th.

Dr. Kelsey gave the first invitation to her husband, Ellis Kelsey, Ph. D., a pharmacology professor turned public health officer, who, among many other things, had sat up nights with her in September of 1960 trying in vain to understand the chemical analysis which the William S. Merrell Co. had submitted to FDA in support of an application for permission to sell thalidomide.

The next two White House invitations went to the teenage daughters Frances Kelsey had borne to Ellis: Susan and Christine.

The fourth, fifth, and sixth invitations Dr. Kelsey gave to her brothers, John and Stewart Oldham, and to Stewart's daughter, Nancy.

The seventh invitation went to Mrs. Esther McGuire, an old friend of the Kelseys.

Recipient of the eighth invitation was Dr. Kelsey's onetime professor at the University of Chicago: Dr. E. M. K. Geiling, a pioneer in pharmacological science in America.

Those eight choices were the sort anyone might be expected to make. The immediate family, an old family friend, and a revered teacher. Who would deserve the remaining three places in such company?

Dr. Kelsey's 9th, 10th, and 11th invitations to the White House went to three physician colleagues in Federal Government service: Dr. Barbara Moulton, Dr. John Nestor, and Dr. Irwin Siegel.

Why those three?

Dr. Moulton is already a familiar figure to readers of SR. Her account of her harrassed life as an officer of the U.S. Food and Drug Administration was told in SR/Research for July 1960 under the title: "The Drugmakers and the Government—Who Makes the Decisions?" Member of a family long distinguished in American science (her father was founding director of the Brookings Institution, an uncle for many years was operating head of the American Association for the Advancement of Science, and for a period only one other family name appeared more often than the Moulton name in "Who's Who in America"), Dr. Moulton had preceded Dr. Kelsey in the FDA post Dr. Kelsey now occupies. After fighting to keep worthless and dangerous drugs off the American market, sometimes being overruled by her official superiors, and finally acceding to a transfer in jobs before realizing that she had been moved to please a drug house, Dr. Moulton quit FDA in disgust in 1960 and related her experiences from a U.S. Senate witness stand during the Kefauver investigation of drug abuses. Following that she made a special study of drugs for the Kefauver committee, took a scientific evaluation job with the Federal Trade Commission, became a personal friend of Dr. Kelsey, and privately coached Dr. Kelsey on ways and means of avoiding some of the political booby traps Dr. Moulton herself had previously fallen into.

By inviting Dr. Moulton to the White House ceremony, Dr. Kelsey, a modest woman, was plainly saying: "Maybe you are the one who really should be getting this medal from the President."

Natural enough.

Now the other two Government physicians among Dr. Kelsey's guests—what had they done to win her affection?

Curiously, newspaper, radio and TV commentators have ignored this question. Yet the answer is of considerable importance to a country now in the midst of a desperate struggle to escape the perils of antiquated drug control laws. When one of the newest recruits in FDA's ranks receives from the President of the United States one of the highest honors the President has in his power to bestow—an honor that logically should have gone to her more experienced superiors—it is appropriate to inquire how she managed to make herself felt effectively from so low a level. She could not have done it alone. Who helped her?

Dr. Kelsey was not nominated for the President's Distinguished Federal Civilian Service Medal by her immediate superior, Dr. Ralph Smith, or by Dr. Smith's superior, Dr. William H. Kessenich, or by Dr. Kessenich's superior, FDA Commissioner Larrick. The nomination came originally from Senator ESTES KEFAUVER of Tennessee, immediately seconded by the four other Democratic Senators on the drug investigating committee, and later seconded again by the entire membership—Democrat and Republican alike—of the Senate Government Operations Subcommittee chaired by the Honorable HUBERT HUMPHREY, Democratic party whip. Aside from Dr. Moulton, who helped Dr. Kelsey when she needed help?

The recipient of her tenth invitation to the White House, Dr. John Nestor, works on the same administrative level of FDA as Dr. Kelsey herself. He is a physician in the new drug branch of the medical division of FDA. He, too, is a fighter. To insiders, he and Dr. Kelsey are known as "the young turks of the FDA." "Some people ask whether the name fits me properly," Dr. Kelsey says wistfully. She is 48 years old. "Perhaps I am young in spirit."

The holder of the 11th of Dr. Kelsey's invitations, Dr. Irwin Siegel, is deputy director of the medical division of FDA. Throughout Dr. Kelsey's ordeal, Dr. Siegel stood between her superior, new drug branch chief Dr. Smith, and Dr. Smith's superior, medical division director Dr. Kessenich. When asked about his role in the thalidomide affair, Dr. Siegel temporizes with such remarks as: "I am happy indeed to see Dr. Kelsey's work recognized."

It is interesting that the medical division director, Dr. Kessenich, has chosen this moment in time to resign from FDA in order to take a lesser and more exhausting job in a Veterans' Administration hospital. His friends are puzzled by his explanation that he feared continuance in FDA would overstrain his heart.

It is even more interesting that FDA Commissioner Larrick should choose the new drug branch chief, Dr. Smith, as acting replacement for Dr. Kessenich. For the FDA's own chronology of the thalidomide case shows that Dr. Smith gave the drug company repeated access to Dr. Kelsey 3 months after Commissioner Larrick assured the Senators that such openings for fraternization between FDA officials and agents of the drugmakers did not occur. And in an unchallenged passage of her Senate testimony of 1960, Dr. Moulton said that Dr. Smith had unexpectedly joined a meeting between herself and four drug company delegates and had on the spot released a new drug for sale "without proof of safety for chronic use, and without waiting for completion of pharmacological studies." Dr. Moulton told the Senators she was "reasonably sure" Dr. Smith "had not at that time reviewed the data in the new drug application but was acting solely on instructions from above."

Under the usual rules of internal promotion in Federal Government agencies, Dr. Siegel would have been given an opportunity to fill Dr. Kessenich's place. The announcement that Dr. Siegel had been passed over in favor of Dr. Smith was given to the press by Mr. Larrick's office just 1 day before Dr. Siegel appeared at the White House as a guest of Dr. Kelsey: 1 of the 11 people she most wanted to share her pleasure over an accolade from the President.

Is Dr. Kelsey discouraged by any of this? If so, she is hiding the signs. She professes not to notice that anyone in FDA is out of tune with her own sense of dedication to protection of the drug consumer. The last time she stopped to count, there were upward of 600 letters on the table inside the front door of her home on Brookside Drive in Kenwood, a Maryland suburb of Washington, D.C.; most of them were from women cheering her on, telling her where to look for clues to drug law conundrums she might have missed in her reading of the medical literature. Every one of those letters is going to be answered, either by a personal note, or by referral to FDA and other agencies which have power to inquire and to act. For Dr. Kelsey knows that the female of the species really is more deadly than the male when the female chooses to sting. And she remembers the decisive role that other women played in hanging that medal around her neck.

There was, first of all, the woman reader of SR who asked SR's science editor to compile a census of antibiotics, and so broke the case of Henry Welch. The Welch case brought Dr. Moulton off the family farm in West Virginia to throw her weight behind all-out reform in the drug laws. Following the feminine bent to seek advice from another female, Dr. Moulton went to Congresswoman Leonor Sullivan of Missouri, who had been trying for 10 years to stir interest in a new law that would protect women from the chemical dangers of cosmetics and the mechanical perils of purportedly protective devices as well as from the hazards of unfamiliar drugs. Through Congresswoman Sullivan, Dr. Moulton reached the Kefauver committee in the Senate, where she teamed her talents as an outsider with two Government insiders of formidable talent: Dr. Irene Till, an economist noted for her association with the late Franklin D. Roosevelt's New Deal, and Mrs. Lucille Went, a patent attorney, one of the few persons anywhere who knows which chemical names fit the myriad trade names of drugs.

Knowing that Dr. Moulton had resigned the FDA post she now occupied, Dr. Kelsey attended the Kefauver drug hearings to hear her predecessor's testimony. In this way the two women met. They liked each other, and quickly became friends.

Dr. Moulton's formal contact on the Kefauver committee staff was Dr. Eppes Wayles Browne, Jr., who reports to Chief Staff Economist Dr. John Blair. In time, Drs. Moulton and Browne discovered they had other common interests than drugs. But courting was difficult because Dr. Browne was newly divorced and because hardly anyone outside the Kefauver committee was talking to Dr. Moulton at that point in time. Dr. Kelsey solved the problem by inviting the lovestruck pair to the Kelsey house for dinners and evenings of talk.

These evenings were as comforting to Dr. Kelsey as they were to her guests. For Dr. Kelsey had many moments of feeling rather alone after the Merrell application for thalidomide reached her FDA desk in September 1960. She recognized her own experiences as a parallel to the experiences Dr. Moulton had described on the witness stand, and she wondered whether she could escape Dr. Moulton's fate. At one point, when a Merrell representative questioned whether Dr. Kelsey had libeled Merrell, she sought legal advice.

She had her husband's support, of course, and it was much more than a husband usually can give. For as a pharmacologist, Dr. Ellis Kelsey could follow and confirm his wife's reasoning step by step. First the puzzling chemistry of the drug, then the unsatisfying tests on animals—none of which it put to sleep, then the discovery in England that habitual use of the drug brought peripheral paralysis to some people, and finally the awful truth about the malformed babies.

After the struggle was past and Merrell had withdrawn its application for permission to sell the drug commercially, Dr. Kelsey felt she had lived through a fairy tale. It was hard for her to believe that she, Frances Kelsey, had accurately predicted, on theoretical grounds, that because thalidomide caused paralysis of peripheral nerves in those who took the drug habitually, the drug probably would cause greater damage to the developing human embryo. Great scientists did such things. But "Frankie" Kelsey?

Most women who afterward read or heard about what she had done lacked the scientific background to appreciate her accomplishments. They really didn't care about the science of it; what mattered to them was the heartbreak of helpless babies. They were all for Dr. Kelsey. The male politicians of Washington did not at first understand this. They saw an aura of partisan politics around Senator Kefauver's proposal for a Presidential medal for Dr. Kelsey. And Dr. Kelsey's name was missing from the original White House list of those who were to receive the Distinguished Federal Civilian Service award.

At that point, a woman who grasped both the human and scientific implications decided to act. The aforementioned Mrs. Lucille Went, having left the Kefauver committee staff for a post on the Federal Trade Commission, risked crossing the party line of a Democratic administration in Washington and took the story to a Republican Senator from her home State, South Dakota: the Honorable Karl E. Mundt. Mrs. Went pointed out to the Senator that Dr. Frances Kelsey and her family had lived in South Dakota for 8 years prior to moving to Washington, and that the Kelseys still maintained a home in Vermillion, S. Dak., as a voting address.

Senator Mundt is not one to slight a worthy constituent of either political party. When Dr. Kelsey appeared before Senator Humphrey's Government Operations Subcommittee, Mr. Mundt took over the stage to acknowledge South Dakota's particular debt to her. He lauded her as "friend to over 50,000 South Dakota residents" whom she had served as a family doctor: citizens of "Lemmon, in Perkins County; Faith, in Meade County; Philip, in Haakon County; Martin in Bennett County; Pierre, in Hughes County; Gregory and Burke, in Gregory County; Armour, in Douglas County; and Vermillion, in Clay County, the seat and the home of the University of South Dakota Medical School."

Before that hearing day was over, Dr. Kelsey's symbolic value was plain to the whole membership of Senator Humphrey's subcommittee, and Mr. Humphrey led the group in seconding Senator Kefauver's nomination of her for the Presidential medal.

As the New York Times has noted, Dr. Kelsey's triumph over a powerful drug house "points up the fact that all important Government decisions do not flow from plush offices with wall-to-wall carpeting." She works in a bare-floored room in a rickety barrack that has been temporary quartering for FDA since World War II; the walls are tattered with faded green paint; there are blinds but no curtains at the windows; desk and tables are piled with books and papers, in the manner of a place accustomed to long and intense concentration.

Entirely apart from her demonstration that science can fulfill—and thrill in the fulfilling of—its social responsibility to a democratic people, many women will love Dr. Kelsey because of her personal candor. She admits she doesn't like housework. She would rather read or play tennis. She isn't a good cook (at least not in her own estimation), yet she cheerfully prepares the meals for the family and finds some pride in a relative lack of complaints of indigestion.

Dr. Kelsey has been a naturalized citizen of the United States since 1955. But she still betrays many signs of her birth on Vancouver Island, where the citizenry is more British than the British. She is altogether reserved, wears her hair short and straight and her heels broad and flat. Her faith in the goodness of people sometimes leads her into moments of naivete. However, like others who share her shyness, she can wreak havoc on those who expect either fear or gullibility.

Mr. DOUGLAS. Madam President, I urge Members of Congress and the people of the country to read those articles. I think they will confirm our opinion of the heroism not only of Dr. Kelsey but also of Dr. Barbara Moulton, who earlier protested against the way in which the drug section of the Food and Drug Administration was being maladministered under the direction of Mr. Larrick, and who was also very helpful in exposing some of the activities of Dr. Welch.

Dr. Moulton comes from a very distiguished family. Her father was Harold G. Moulton, who was for many years professor at the University of Chicago, and then for many years head of the Brookings Institution. Her uncle was the celebrated astronomer Forrest Moulton, who for many years was secretary of the American Asssociation for the Advancement of Science.

Dr. Moulton is one of the unsung heroines in the whole battle because, exposed to heavy pressure from drug manufacturers and with little or no support from her superiors, she stood fast. The two articles indicate the need for a thorough housecleaning in the Food and Drug Administration. I believe the President should seriously consider whether or not Dr. Larrick and his assistants should be reappointed.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. PROXMIRE. Madam President, it is my understanding that the Senate is about to adjourn. Before the Senate adjourns, I wish to say that this is one of the saddest days in the history of the Senate, in my judgment. The failure of the Douglas amendment was a real tragedy. It goes far beyond tax legislation because it relates to all legislation that comes before us. I think we should now be aware that what we have done in the tax bill is to provide special advantages to those persons and corporations that have a financial interest in the legislation. The advantage is perfectly enormous. It means that one-half the cost of lobbying legislation would be borne by the Federal Government if the lobbyists are large corporations. Of course, small corporations would not have that advantage.

But the public interest and those who advocate the public interest, whether they are the Civil Liberties Union, the League of Women Voters, or Americans for Constitutional Reform, or any group that fights for their ideals would not have an equal opportunity or equal advantage. The administration directly opposed this lobbying provision. The House under a closed rule had no chance to vote on it. The Senate collapsed.

I intended to vote against the bill even before the Douglas amendment failed. Now I feel that it is important that all Senators give the most careful and thoughtful consideration to the action which was taken today especially the 36 Senators who failed to vote on the Douglas amendment. This has indeed been a tragic day for the U.S. Senate.

## RUMORED INVITATION TO KHRUSHCHEV TO VISIT THE UNITED STATES

**Mr. LAUSCHE.** Madam President, word has been received that there is a movement in Ohio to invite Khrushchev to the United States, and especially to Ohio. I wish the RECORD to show that I do not approve of any such movement. I am sure that the people of Ohio do not approve it. I am certain that a visit by Khrushchev to the United States could not be of help to our country. It would only give further encouragement and cause trouble to us on all shores and in many spots of the world.

## ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 4, 1962, he presented to the President of the United States the enrolled bill (S. 476) to establish the Point Reyes National Seashore in the State of California, and for other purposes.

## ADJOURNMENT UNTIL 10 O'CLOCK TOMORROW MORNING

**Mr. KERR.** Madam President, I move that the Senate stand in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 36 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, September 5, 1962, at 10 o'clock a.m.

---

# EXTENSIONS OF REMARKS

## Eight-Point Anti-Communist Program

EXTENSION OF REMARKS
OF
**HON. ALEXANDER WILEY**
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES
*Tuesday, September 4, 1962*

**Mr. WILEY.** Mr. President, the Communist menace—changing its tactics in a changing world—requires a constant effort to update our anti-Communist policies and strategy.

Recently, I made some recommendations reflecting upon the need for a more effective anti-Communist program.

I ask unanimous consent to have these recommendations printed in the CONGRESSIONAL RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### EIGHT-POINT ANTI-COMMUNIST PROGRAM

The challenge of communism continues to threaten the survival of freedom.

Communism is cunning, therefore, it must be fought creatively. It can be blocked at home and abroad, without destroying America's freedoms. Communism can only be stopped if America is alert, remains strong and has a flexible global strategy. No simple battle plan can fight the international cobra of communism.

Recently, there have been new developments requiring reappraisal, including: (1) A demonstration of an increasing capability in space—reflected by the simultaneous orbiting of two spacecraft *Vostok III* and *Vostok IV;* (2) failures within the Communist system in nonspace, nondefense fields, particularly in agriculture, and a continued restlessness within the Communist-dominated countries, reflected in daring escape efforts, for example, from East Germany to West Berlin.

There is, in my judgment, also need to face other new realities in relation to Communist policy.

Unless there is a change of fundamental policy—of which there is no evidence—for example, the Soviet apparently: Will not agree to realistic disarmament; will not agree to use of outer space for useful purposes; will not voluntarily lift the chains of Communist tyranny from Communist-enslaved peoples; and will not stop its policies of attempted missile blackmail; of exporting communism; of blocking efforts to create peace.

Instead, the Communists remain dedicated—at whatever costs—to the goal of conquering the world.

For the future, then, we face a long, tough struggle.

### EIGHT-POINT ANTI-COMMUNIST COUNTEROFFENSIVE

For these reasons, there is a real need for a reevaluation of defense policies and strategy.

As leader of the free world, the United States should, I believe, undertake the following steps:

1. Evaluate the military significance of Soviet capabilities in space—for example, I recommended a congressional hearing to obtain testimony of military and scientific experts on the military threat of the Soviet man-in-space program.

2. A crystal-clear declaration that we will continue to firmly protect Western rights in West Berlin.

3. Readvocating the lifting of chains of Communist tyranny from the captive nations, including the right of self-determination by the people through secret ballot.

4. Regularly "skywriting" for the world, the Communists' deplorable record: Of treaty breaking; of blocking progress at the United Nations, particularly in the Security Council where it has exercised over 100 vetoes; of the slaughter of Hungary, etc.

5. Undertake a more dynamic nonmilitary counteroffensive—politically, economically, and ideologically (a) against the Communist countries themseves; and (b) against their efforts at penetrations elsewhere in the world.

6. Maintaining a mighty deterrent power to make attack against the free world suicide.

7. Fully exploit weaknesses within the Communist system: For example, inability to produce enough food—contrasting the U.S. picture of overflowing surpluses.

8. More firmly cementing relations and cooperative efforts for mutual defense and progress with our allies, bilaterally, and multilaterally through regional organizations, including NATO, SEATO, CENTO, ANZUS, and OAS.

For the future, the preservation and perpetuation of freedom will require vigilance equal to—if not greater than—any previous time in history.

The United States, and fellow nations of the free world, now possess the military strength, economic power and the ideology with a universal appeal—freedom—if we are willing to dedicate the necessary manpower and resources—to triumph over communism.

The reality to face now, however, is that this will be a long contest, that will require great effort and sacrifice.

The preservation and perpetuation of our ideals; the maintaining and a hope, and possibility, of freedom for humanity; however, this is indeed a worthy cause deserving the best effort of all of us.

## Salute to Mike Thompson: Outstanding 12-Year-Old Native Kansan

EXTENSION OF REMARKS
OF
**HON. ROBERT F. ELLSWORTH**
OF KANSAS
IN THE HOUSE OF REPRESENTATIVES
*Tuesday, September 4, 1962*

**Mr. ELLSWORTH.** Mr. Speaker, all this summer our congressional office here in Washington has benefited from the services of an outstanding native Kansan, James Michael Thompson, as a volunteer page boy. Mike Thompson was born at Fort Riley, Kans., on September 19, 1950, and is one of the most energetic and outstanding boys I have ever known. His parents, James O. and Mary Thompson, ought to be proud of him, indeed, I am sure they are.

On a purely volunteer basis Mike Thompson served in our office, in order to help improve the efficiency and effectiveness of our operation here on behalf of the people of our district in Kansas. He performed that function with distinction and energy and with great good spirit.

At the same time, he learned a great deal about the operation of his National Government. Mike shook hands and visited with many of the greatest leaders of our Nation today: Majority Leader CARL ALBERT, of Oklahoma; Minority Leader CHARLES HALLECK, of Indiana; Minority Whip LES ARENDS, of Illinois; and many, many others. When Mike enters the seventh grade at Williamsburg Junior High, in Arlington, this fall, I know he will be able to make a fine contribution to his classes, partly as a result of his rich and worthwhile experience this summer.

We all salute Mike Thompson, outstanding 12-year-old native Kansan. We were proud to have him in our congressional office this summer. He made a solid and worthwhile contribution to our office, and to the people of our district.

## First Military Monument to Military Women Unveiled in New Orleans

EXTENSION OF REMARKS

OF

### HON. F. EDWARD HÉBERT

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 4, 1962*

Mr. HÉBERT. Mr. Speaker, Memorial Day, Wednesday, May 30, 1962, was an important milestone in the history of the Women's Army Corps Veterans Association, and especially that of the New Orleans chapter.

The first military monument in the country dedicated solely to military women was unveiled and dedicated in New Orleans at Elk Place and Cleveland Avenue, facing the new City Hall Plaza. It was the culmination of a 4-year effort.

The former national president, Mrs. Camilla Mays Frank, was the general chairman, and she also designed the monument. It is dedicated "to the honor and glory of all military women who offer their lives in defense of the United States in the cause of peace."

The base, separate from the shaft, indicates the broken lives, those which have already been sacrificed and those who will always bear a service-connected disability. Atop the shaft is a bronze orb depicting the universe. A dove with outstretched wings, and holding an olive branch in its mouth, is perched on the orb—to denote the hope of peace throughout the world.

Etched into the face of the base, and just above the dedication bronze plaque, are the following words "erected May 30, 1962, under the sponsorship of the New Orleans chapter, WAC-Veterans Association."

Each of the four sides of the base bears a 10-inch bronze plaque. Each plaque designates one of the five main military branches of service. While the face on each plaque is the same—the cap and shoulder insignia refer to the service concerned.

The side facing the plaza bears the plaque of the women of the Army—underneath is etched: "Army Nurse Corps—ANC, Women's Army Corps—WAC, Army Medical Specialist Corps—AMSC."

Reading clockwise, the lefthand panel bears the plaque of the women of the Navy and has etched below: "Navy Nurse Corps—NNC, U.S. Naval Reserve Forces—Yeomanettes, Women's Auxiliary Volunteer Services—WAVES."

The rear panel bears the plaque of the women in the Marine Corps and has etched below: "Women of the U.S. Marine Corps."

It also bears the plaque of the women in the Coast Guard and has etched below: "Women's Auxiliary Reserve in the Coast Guard—SPARS."

The fourth side bears the plaque of the women in the Air Force and has etched below: "Air Force Nurse Corps—AFNC, Women's Air Force—WAF, Air Force Specialist Corps—AFSPC."

All of the five plaques or medallions have been cast in bronze to match the dedication plaque, the world, and the dove. The monument itself is of gray granite. The overall height is about 15 feet, and the weight is 14,000 pounds.

It was the great weight that gave the final problem. All of the neutral grounds in New Orleans house tremendous cement sewer pipes. It was found that the weight of the monument would be too great without additional concrete substructure to protect the sewer pipes.

Result—an additional cost of $700 which was a total and surprising expense. They went ahead and borrowed the balance in order to complete the project and have yet to raise about $600.

The completed cost of this project will total about $7,000, of which the Louisiana State Board of Liquidation generously provided $500. Even so, the task of raising the balance has been an arduous one.

I am very grateful to those members and those chapters taking part in this project. I am sure they will feel amply rewarded when they read this article and realize the importance of the accomplishment to military women throughout the Nation.

A local TV station covered the entire process of erection of the monument; the newspapers have carried a whole series of articles; three TV stations covered the dedication ceremonies as did our newspapers; and the Times-Picayune even carried an editorial honoring the farsighted women veterans who brought this project to fruition.

## The Golden Eagle—A Predatory Bird

EXTENSION OF REMARKS

OF

### HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 4, 1962*

Mr. FISHER. Mr. Speaker, the most relentless and persistent enemy of wildlife and young domesticated animals in certain areas of the country today is the golden eagle. As a destroyer of helpless lambs, goat kids, fawns, and wild turkey, the golden eagle is today ranked ahead of the coyote, bobcat, and the mountain lion.

Yet, legislation is now pending in the Congress to interfere with the right of landowners and conservationists to protect against this bird of prey. It goes without saying that any legislation that is enacted on this subject should exempt the affected areas from the penalties of the law, or at least make it the duty of the Secretary of the Interior to permit the taking of the eagle where evidence shows it to be necessary.

#### EYEWITNESS ACCOUNTS

In view of the fact that there are some good-intentioned people who are either misinformed or uninformed about the eating habits of the golden eagle, perhaps this is a good time to cite some eyewitness accounts of the habits of this bird and how destructive they actually are. The only valid evidence must come from people who live on the range, who observe and see with their own eyes what they report.

These birds are migratory. Large numbers of them come into southwest Texas in the fall of the year and make their homes along the Mexican border during the winter and early spring. There are not many rodents, ground squirrels, and rabbits in that area, whereas in other areas of the country the eagles seem to be able to live principally from those sources of livelihood. They also eat carrion.

While in the Southwest these birds seek havens in bluffs, cliffs, and rough canyon sanctuaries. From their roosting places they swoop down into the open valleys and prey upon young lambs, kids, and wild game. If need be they even attack live varmints.

I recently received a letter from Mr. W. J. Burns, of Del Rio, Tex., in which he stated:

> I trapped 11 years for the Fish and Wildlife Service. I caught 193 coyotes and killed 265 dogs, all killing sheep. * * * I lived day and night on the range and in the ranch pastures. And I know that the men who are trying to pass a law to stop killing the eagle do not have any experience in the line I have followed. They are listening to people who don't know what they are trying to do.
>
> I have seen the eagles fly over the pastures and dive straight down like a bullet, and rise with a lamb in its claws.

#### EAGLE KILLS LARGE LAMB

Arthur Davis, a prominent and highly respected ranchman of Uvalde and Real Counties, where the golden eagle is often seen during the winter seasons, writes:

> I have had eagles catch and kill kids and lambs. Large flocks of hawks would follow him around and rob his kill. They would pester him for his kill until he would leave it to them, then kill another, and then another.
>
> Just a few years ago I had an eagle killing large lambs, about 6 weeks to 2 months old. He was also feeding some boarder hawks. I was out early to try to put a stop to it, and I had some poison and was intending to get some of the boarders if not the provider. I saw the eagle, about 400 yards away, make a dive, and since he did not come up I was sure he had made a kill which was too large to carry. I galloped up to the spot and found him with his talons still clutching a big lamb by the head, both eyeballs

> and brain pierced. The lamb was dead. I jumped from my horse and with my knife I cut a small hole, in which I put some poison, into the lamb's heart and liver. I returned in about 2 hours * * * he had eaten his fill, then spat most of it up, but he was unable to fly.

### EAGLE KILLS YEARLING GOAT

> Just this last winter I was coming from Rocksprings to Leakey, and as I was passing through the Roy Leinweber Ranch I saw an eagle diving, with wings folded back and talons outstretched, off to the side of the road. I stopped and watched for him to show up with his kill. He never took flight so I stalked out to the area where I saw him go down. I came upon him in a small clearing, with his kill. I stayed concealed in a liveoak thicket and watched him. He was already eating the insides from a yearling angora goat. Several hawks were coming in to join the feast. When the hawks would crowd in he would stand on one foot and raise the other, threatening them. The hawks would back off. The eagle would then have to lower his other foot before he could lower his head to eat, and up would dash the hawks. This kept up as more and more hawks kept joining the crowd. In spite of all his efforts, the hawks were getting bites from time to time. He had had enough. He began trying to fly away with his kill. Since he could not carry it, he gave up and left it to the robber hawks. As he circled to fly, he saw me and left in in a hurry.

### SAW EAGLES KILL DEER

Davis also included a detailed account of how the golden eagles robbed his traps which he had set for varmints. They killed and ate skunks, civet cats, raccoons, and ringtail cats, always striking early in the morning.

> Early one morning I found a ringtail in a trap before the eagle did. I tied the ringtail up short and set some traps out in front of it. When I returned I had Mr. Eagle.

After recalling a number of other eyewitness accounts, Davis told of eagles attacking a deer:

> One morning I was out early and just as I walked over a ridge I heard a deer crying, as a deer cries when caught by a panther or hung in a fence. In a short time this deer, a doe, ran nearer to me. Two eagles were attacking her. They would dive on her, sink their talons in her loin, then dive at her head and grab at her eyes. They had no chance of holding her or killing her on the spot, but they were getting the best of her. I shot one of them with my single shot .22 rifle, and he took off. The other followed. I went down to the deer. She was strong, but her eyes had been pierced and she was running in circles and running over brush. I later found her dead.

### WORSE THAN RUSSIAN HOGS OR BOBCATS

Buddy Pape of Prade Ranch, Texas, writes:

> We ranch in Real County. We have been bothered with the golden eagle every year. They come here during the fall of the year and leave in the spring.
>
> We have actually seen them fly down and catch little lambs and goat kids. Several times we have scared an eagle up off the ground and went to the spot and found little remains of a goat kid or lamb the eagle had been eating.
>
> We have a few bobcats in this part of the country the year round and also have had some trouble with the Russian hogs, but we have never had wild animals of any kind that did us as much damage or were as hard to combat as the golden eagle.

Mr. W. H. Glimp writes:

> For 10 years I operated a 50-section ranch in Hudspeth County near Van Horn. With all of the trouble we had from coyotes, bobcats, and panthers, there was nothing that hurt me as bad as the eagles. * * * I saw these eagles eat a whole lamb crop while I fought them with every known means. I want to go on record that I saw these eagles attack and kill my lambs. And I know what I am talking about.

Scores of other eyewitness reports of this kind could be cited. I can supply any number of such accounts for anyone who desires to see them. Mr. Dan Auld, an eminent naturalist and conservationist of Kerrville, Tex., testified before a Senate subcommittee recently when hearings were being held on a bill to protect the golden eagle. His testimony, which appears in the printed hearings, was factual and devastating. Mr. Auld, a native of the area where the eagle spends the winter, is a prominent ranchman who raises sheep, goats, and cattle. He gave firsthand accounts of some hair-raising experiences he had had with the eagle and listed any number of instances where he had with his own eyes witnessed the golden eagle attack sheep, goats, and wildlife.

Mr. Fritz Kahl, of Fort Davis, Tex., also testified before the Senate subcommittee.

> I attribute this year in 6 of my lambing pastures 122 lambs lost to eagles. The method of kill and scavengering was evidenced in all cases. Talon marks on the back and neck, rib cage opened and lung and heart and liver gone.
>
> I have personally observed this marauder descend and perform his kill; I have heard lambs bleat in defense which was useless.
>
> My experience is multiplied, I am sure, many times in most all sheep and goat operations in Texas. Should any ornithologist, bird watcher, or bird conservationist wish to refute this testimony, he or she is invited to go with me to my ranch and observe the eagle.

Mr. Kahl's testimony includes a number of eyewitness accounts of the golden eagle destroying wild game and domesticated animals.

### EAGLE DESTROYS ANTELOPE

Dan Auld's testimony also included the following:

> More convincing evidence as to the predatory habits of the golden eagle is what happened to our antelope or pronghorn in west Texas. The pronghorns range in the highland ranch country of the Davis Mountains in west Texas, which covers a large area of good grazing land. The antelope or pronghorn became so depleted in 1903 that the game department in Texas closed the season on them, but they did not increase.
>
> It seems that the young antelope which survived just about balanced off the old ones which died.
>
> For many years this Davis Mountain country was ranched altogether by cowmen, and the eagles did not give them too much trouble. Then in about 1940 the sheep and goat men started moving their flocks into this area. Immediately the eagles started killing their lambs and kids, and the ranchers started doing something about it. They hired a man to hunt golden eagles by plane. He is supposed to have killed some 1,300 golden eagles the first year. The very next year the antelope doubled its population. This proved to the game department what was happening to the antelope and they started helping the ranchers to kill off the golden eagles. In 3 years the hunting season on antelope was opened after having been closed for 41 years because there had not been enough antelope to hunt. In 1944, the first year the hunting season was open, the hunters killed 344 antelope and last year they took over 2,000. Many more antelope were trapped to replant in other parts of Texas.
>
> It seems these facts alone should be conclusive enough to kill these bills to protect the golden eagle.
>
> Every year since 1940 the ranchers in the Davis Mountains area have killed golden eagles; otherwise, they would have them back in such numbers that they could not profitably operate their ranches.

### NO DANGER OF EXTINCTION

Mr. Speaker, the theory behind the bills that have been introduced in the House and Senate to protect the golden eagle is that this is necessary to avoid extinction. But the evidence proves there is no such danger. In fact the Department of the Interior in its report on the pending legislation stated:

> This resolution states that the golden eagle is threatened with extinction. Although golden eagles have declined in number in recent years in the Eastern States, we cannot state, on the basis of our present information, that the golden eagle has reached the stage of an endangered species.

Moreover, a number of witnesses testified—and without contradiction—that the number of golden eagles appearing in certain areas of Texas during their migratory sojourn there has actually increased in recent years. More and more of them are being seen each year.

Therefore, the possible extinction of the golden eagle is not a valid justification for this legislation. There is in fact no such threat.

It is also contended that in order to protect the bald eagle in certain areas it is necessary to provide similar protection for the golden eagle because until they reach maturity both the golden eagle and bald eagle are indistinguishable. That problem does not arise in Texas because the bald eagle is never seen in that area.

While this problem is effectively met by laws in the various States which also protect the golden eagle as well as the bald eagle, if it should be the will of the Congress to proceed with Federal legislation, certainly any such legislation should not interfere with the right of landowners to protect themselves by killing the golden eagle in those areas where the latter, unlike the bald eagle, constitutes a serious menace to livestock and wildlife.

Surely no one in his right mind would condone the wanton destruction of livestock and wild game in the areas where that is practiced by the golden eagle. No true conservationist would condone such preying habits.

### LET FISH AND WILDLIFE SERVICE INVESTIGATE

Indeed, it would seem that the more sensible and appropriate course to follow would be to postpone any action on this legislation for at least another year. In view of the confusion among sponsors regarding the eating habits of the golden eagle while sojourning along the Mexican border, sponsors could request the

Fish and Wildlife Service to conduct an on-the-spot investigation of what the actual facts are.

In view of the destruction being wrought by the eagles in that area, it seems incredible to the people trying to make a living there by raising livestock, as well as to the game conservationists, of whom there are many, that the Congress would seriously consider any legislation calculated to restrict or hamper them in their defense against this evil.

If the Fish and Wildlife Service should be permitted to make such an investigation they would receive the fullest cooperation of the landowners. They can definitely obtain moving pictures and photographs of the golden eagle while actually engaged in his acts of destruction, if that is desired. That has not been done in the past because it never occurred to the people affected that this legislation would be offered and seriously considered.

### SUGGESTED AMENDMENT

Mr. Speaker, there are 20 counties in southwest Texas that are seasonally infested by the golden eagle. It is believed by the ranchmen and conservationists that since the eagle constitutes an annual, hibitual menace to livestock and wildlife in that area, those 20 counties should be exempted from the operation of any law that is enacted to protect the golden eagle.

But if it should be determined that some legislation affecting all areas alike should be enacted, then I have prepared an amendment to pending bills which, if properly administered, should provide reasonable protection to the people who would be adversely affected. In lieu of section 2 of pending bills, the following is proposed.

Section 2. Whenever, after investigation, the Secretary of the Interior shall determine that it is compatible with the preservation of the bald eagle or the golden eagle to permit the taking, possession, and transportation of specimens thereof for the scientific or exhibition purposes of public museums, scientific societies, and zoological parks, or for the religious purposes of Indian tribes, or that it is necessary to permit the taking of such eagles for the protection of wildlife or of agricultural or other interests in any particular locality, he shall authorize the taking of such eagles pursuant to regulations which he is hereby authorized to prescribe: *Provided*, That on request of the Governor of any State, the Secretary of Interior shall promptly conduct an investigation for the purpose of determining whether it is necessary to permit the taking of golden eagles for the purpose of protecting wildlife or domesticated flocks and herds in such State, in accordance with regulations established under the provisions of this section, in such part or parts of such State for such periods as the Secretary determines to be necessary to protect such interests;

*Provided further*, That whenever during such investigation there is presented to the Secretary of the Interior substantial evidence that the golden eagle destroys domesticated livestock or wild game, in any area of a State, it shall be his duty to permit the taking of such eagles in such part or parts of such State where the evidence indicates such destruction is taking place or is about to take place, and for such periods as he determines to be necessary to protect such interests, notwithstanding any other provision of this act;

*Provided further*, That bald eagles may not be taken for any purpose unless, prior to such taking, a permit to do so is procured from the Secretary of the Interior.

### PROTECTION AGAINST EAGLE ABSOLUTELY ESSENTIAL

Since the Government's brush eradication program got underway some 25 years ago, brush has been removed from vast areas along the Rio Grande where the eagle spends the winter. This has exposed wild game and sheep and goats to the marauders, much more so than was the case previously.

I say categorically, knowing that what I say is absolutely correct, that without constant vigilance, including organized attacks on the invading eagles by the ranchmen in the affected areas, successful breeding operations of sheep and goats could not be carried on there. There could be no profit in it. Thousands of dollars are spent each year in fighting this menace.

Despite this deplorable problem, unless he is able to get a permit in Washington, under pending legislation a landowner would be sent to jail for 6 months and fined $500 for killing a golden eagle, even if done while a lamb, kid, or fawn is being attacked and having its eyes blinded and then slaughtered by this vicious bird of prey.

---

## Address by the Attorney General Before American Bar Association House of Delegates

EXTENSION OF REMARKS

OF

## HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 4, 1962*

Mr. CELLER. Mr. Speaker, a most thoughtful and provocative discussion of the responsibilities of lawyers for promoting and improving the administration of justice was made by our able Attorney General before the House of Delegates of the American Bar Association a couple of weeks ago.

Attorney General Kennedy, among other things, pointed out the obligation of lawyers to assure fair and equal treatment of all our citizens before the law and recommended that the Congress approve the establishment of a system providing competent and paid counsel for indigent defendants. I introduced a bill (H.R. 2696) which would make this possible and I earnestly hope that it will soon have the approval of the Committee on the Judiciary. I recommend to all Members of the House the Attorney General's speech dealing with this problem as well as a number of other important issues that would improve the administration of justice. Under unanimous consent, I include the speech in the RECORD:

ADDRESS BY ATTORNEY GENERAL ROBERT F. KENNEDY, AMERICAN BAR ASSOCIATION HOUSE OF DELEGATES, SAN FRANCISCO, CALIF., AUGUST 6, 1962

I am delighted to have this chance to speak today before this convention of the American Bar Association. Our system of judicial administration requires the closest possible cooperation between the Department of Justice and the lawyers of the land; and as Attorney General, I appreciate the opportunity to discuss matters of common concern with the distinguished representatives of the bar who I find in this room today.

Every department of the executive branch regards its mission as indispensable to the functioning of our democracy. But I cannot help feeling that the Department of Justice has a special and urgent responsibility, for the quest for justice is the very heart of the democratic experiment.

This, in my view, is a central and continuing obligation of the Attorney General's office as it must be for every lawyer. In meeting that responsibility I am heartened by the knowledge that we have the support, not only of our whole ethical and political tradition, but more particularly of the men and women who must see that the system operates and expands in this modern society of immense and unforeseen problems, of men, like yourselves, trained in the ideals and processes of Anglo-Saxon justice.

It has never been more important than it is today that free society display its capacity for justice. For here at home and all around the globe our system stands on trial before the world—our beliefs and our actions are pitted against a determined and resourceful and disciplined adversary—while in our own land urbanization, automation, the demand for equal rights in an age of bigness, all bear down upon us with a host of new and pressing problems.

Today, the advances of technology have become so rapid that frequently they tend to outstrip our capacity to deal with their impact upon our social and industrial system Land urbanization has intensified a host of old problems, besides introducing new ones.

Automation is causing a situation in many areas of our country similar to 19th century England when the handicraft of a feudal age was replaced by the machine-craft of the industrial age. The rise of associational activity has brought its special problems into the field of monopoly and restraint of trade, into the organizational activities of labor unions, and into the dark and dirty world of crime.

The very complexity of modern life makes it easy for individual liberties to be disregarded. More and more the American people must rely on the law for the protection of these liberties.

It is here that you and I have such a heavy responsibility. For it rests on us to be certain that the legal protections so necessary for the individual do not become merely fine declarations in the lawbooks but that they actually have some real and genuine meaning for the human beings to whom they have been granted. This task requires the care and attention of the whole legal profession.

At the Department of Justice, we are just part of this effort and as such have our limitations.

We recognize for instance that the line between what the Federal Government can and should do and what State and local authorities can and should do is often shadowy. Frequently it is the sum total of these efforts that counts. For this reason it is vital that we work closely and continuously with local authorities in achieving our common objectives.

No issue brings the role of the individual into sharper focus than that of civil rights. I am proud of the record of the Department of Justice in recent months in striving to assure all citizens the full rights guaranteed them under the Constitution of the United States.

Assistant Attorney General Burke Marshall and his aides are performing a distinguished service in this respect—a service which goes far beyond instituting and prosecuting cases in the Federal courts. We have not filed a single civil rights case without first going to the local authorities. We have informed them of what appears to us to be a violation of the law, for, the Constitution being the law of the land, the local authorities—judges, prosecutors, and lawyers—have an equal obligation to protect and defend it.

In the majority of cases, the local officials have taken action and nothing further has been required of the Federal Government. There are no front page news stories, but there are changes; there are results and they are brought about by local officials—not the Government in Washington. In the long run this is what is of real importance in this country.

Sometimes the local authorities have disagreed with us about the law, and we have gone to court. On other occasions, local authorities were unwilling to remedy the situation, or could not because of what they believed to be the political facts of life, and so court action was necessary.

In all this effort Burke Marshall has been in the forefront, negotiating, prodding, advising, persuading—working with explosive problems and devising solutions which fulfill the law of our land and the ideals of our Nation. This is the historic role of the lawyer in the fullest sense.

I am proud, too, of those Federal judges who have seen and done their duty under difficult circumstances. A judge's popularity or unpopularity is of no proper concern to him in the performance of his judicial duties. Yet to do that duty—to give an honest reading of the Constitution and of the law of the land—may and often does require great courage.

I might add that this is also the sworn obligation of every lawyer. If the bar has done much to assist in the orderly realization of constitutional rights, I would be less than candid if I did not tell you that I believe more can and should be done.

Another area of concern to every private citizen—and to every lawyer—is the war against organized crime. Crime is not only a cause of economic waste, but far worse than that, it is a reproach to the moral pretensions of our society—and advertises to the world the gap between our pronouncements and our performance.

The battle against crime must have a top priority in protecting individual rights. We have heard much about the rights of the individual and with this I have no quarrel—but the general public also has some rights that need to be protected. We have made some encouraging gains in the last 20 months.

The Criminal Division for the first time is spearheading a coordinated drive by all Federal law enforcement agencies to reduce the entrenched power and wealth of organized crime to the point where it can be controlled by local authorities. Desperately needed legislation has been enacted in a bipartisan effort. Intensive investigations are being conducted into the corruption of public officials where unfortunately the inroads of organized crime are particularly frightening. We are moving forward in a systematic way but we have far to go.

A third field of prime consequence to individual rights is the protection of the competitive forces in our system of private enterprise. This is, perhaps, the most technical and complicated field with which the Department is concerned.

Obviously, there are certain areas of the antitrust law where the guidelines have been set so definitively that no excuse for transgressing them properly can be made. This is true, for example, of conspiracies to fix prices or to apportion territories. In such cases there can be no hesitancy on the part of the Government to act.

In many other areas, however, there are complex economic situations which require deep study and understanding when action is contemplated. The antitrust laws should be vigorously enforced but they are weapons which should be utilized to help the consumer, the businessman both large and small—and to protect and preserve the free enterprise system. That is our intention. That is our effort.

In all of these matters, as well as the many others that come within our mutual area of responsibility, I cannot help but be concerned as to whether, despite the efforts of dedicated public officials and conscientious lawyers, there is in fact equal justice before the law here in the United States. I am speaking now of a concern for whether there is true equality in the administration of justice.

I ask you: Do members of ethnic or political minorities or people who speak our language imperfectly or who have low mentality or disturbed minds; or the largest group, those who are poor, really receive the same protection before the courts as the rest of our citizens? I say that all too often they do not.

I need hardly say to this audience that everyone in this land—whether immigrant or pauper, alleged crook or Communist—is innocent until proven guilty and is entitled to as fair a trial and as competent representation as, say, leading citizens accused of price fixing in business or of corruption in labor.

It seems to me that our obligation—your obligation as attorneys in private practice and my obligation as Attorney General—is to make the assurance of fair and equal treatment to all before the law one of our first concerns.

Judge Learned Hand, speaking at the 75th anniversary of the Legal Aid Society of New York, said if we are to keep our democracy, there must be one commandment: "Thou shalt not ration justice."

Let me discuss with you just a few of the areas which must cause us all concern. One is the problem of the representation of indigent defendants. This is not a problem of charity, but of justice.

Mr. Justice Black points out in *Griffin* v. *Illinois*, "there can be no equal justice where the kind of trial a man gets depends upon the amount of money he has."

This is true not only at the time of trial, but during the entire range of legal procedure until the last issue is resolved.

Over a year ago, I asked a distinguished committee headed by Prof. Francis Allen, of the University of Michigan Law School, to study what could be done to protect the rights of indigents in the Federal courts. The committee has found that much is being done in certain areas of the country. But its study shows that much, much more needs to be done.

Last year, almost 30 percent of the defendants in the 34,008 criminal cases in Federal court could not afford counsel. In the District of Columbia, where the Federal District court hears all felony cases, over half the defendants had to be assigned attorneys. The situation in the States is comparable.

Federal and most State jurisdictions now hold that the right to counsel at trial is an affirmative right which must be extended by the Government when the defendant cannot provide his own.

Last June, the Supreme Court called for argument upon the question of right to counsel and whether the decision in *Betts* v. *Brady* should be overruled.

The recent decision in *Mapp* v. *Ohio* suggests by analogy that a majority may now hold that the 14th amendment requires States to provide counsel for indigent defendants in all cases involving serious crimes. And a recent decision by the Oregon Supreme Court had held that in serious crimes the State must not only provide counsel but experienced, competent counsel.

The provision of counsel is indispensable to a democratic system of justice. But translating this principle into practice is difficult. As with most problems, one of the stumbling blocks is lack of money.

And as Professor Allen's committee discovered the problem does not end by merely providing an attorney. There are the added frequently expensive problems such as bail, pretrial investigations and appeal.

The problem of bail for instance is one that has received too little attention. Professor Allen's committee has established conclusively that the question of whether a man will be kept in jail pending trial or be free is directly influenced by how wealthy he is.

A study of cases in the southern district of New York indicates that over one-third of those required to post bail of $500 or less could not do so. When the bail was set between $500 and $1,500, over half were unable to post it. And there is reason to believe that many of those unable to provide bail presented no substantial risk of nonappearance. Their poverty deprived them of their liberty.

Further, the problem of establishing innocence during the crucial pretrial period was made that much more difficult.

Bail protects the interests of society in assuring a defendant's appearance at trial and it also protects the interests of the individual in allowing him to be free to establish his innocence.

But the indigent defendant who cannot offer security for his appearance is denied this opportunity. He cannot provide for his family and for his defense, and cannot take an active part to prove his innocence.

Preliminary studies in the southern district of New York also indicate that those who cannot make bail are more often convicted and receive stiffer sentences than those who can.

The rights of the indigent after the trial is over—in the appeal stage—is equally a matter of concern.

A series of court decisions in the last 20 years has greatly expanded the responsibility of society to help the indigent perfect his appeal. He is now pledged virtually the same treatment as one who can pay, and this is as it must be.

But, again, the problem of translating this right into reality is difficult. Appellate work is time consuming and requires the highest professional ability.

It usually is an undue burden to call upon counsel, who has contributed his services at trial, to continue on appeal without compensation. Competent new counsel is sometimes difficult to obtain. In this connection I wish to congratulate the bar of the city of San Francisco on what effort it has made in providing counsel for indigent persons on appeal.

We have come a long way since 1876 when a group of German immigrants banded together in New York to form the first Legal Aid Society, but we have not come far enough.

Since 1937, the Department of Justice and for many years the American Bar Association have supported legislation which would appropriate funds to help indigent defendants in Federal courts.

Now 25 years later it is still pending before the judiciary committees of both Houses of Congress. The time to translate good intentions into law is long overdue. I ask for your help as a group and as individuals in working for its enactment.

I recognize that much has been done in many local areas to cope with this problem. I congratulate you on what you have done. Yet, the problem is far from solved. Whatever device is used, it is to the bar that society must turn for legal services to be provided for the indigent. It is inescapably a responsibility of the legal profession—a responsibility that none of us can avoid.

Another problem which is closely related and in some ways is even more difficult is the defense of those who do not fall in the category of indigent but who have limited resources available for their defense. Over 40 percent of our families have incomes of less than $5,000 a year. These families cannot bear the cost of a complicated and extended trial and appeal which could easily equal their annual income.

Indeed, it can be the case that an indigent defendant, through the services of a first-rate volunteer attorney, may receive a better defense than one who pays a small fee and gets incompetent or indifferent counsel.

Legal services, particularly defense in criminal cases, are not like houses or automobiles where those with more money can buy better products without affecting the basic functioning of society. When one defendant cannot afford a complete defense, justice is being rationed.

Today the cost of adequate defense can be high. Psychiatric and highly technical issues require expensive research, investigation, and expert witnesses for the defense as well as for the Government.

In a recent case in which the Government was involved the defendant spent nearly $500,000 in legal and accounting fees in defending himself. He is now in prison. But the point is that we must be certain that the average citizen of a family income of $5,700—the national median—can afford comparable efforts to protect his freedom. There is no question that a man prepared to spend $500,000 is far more likely to retain his freedom than a man who can afford only a few thousand dollars.

The amount of money which can be expended on defense should not affect the outcome of the trial. If justice is priced in the marketplace, individual liberty will be curtailed and respect for law diminished.

There is no easy answer to this problem; again, it lies with the bar itself. Professor Allen's committee is continuing its study of the problem and will have recommendations to make before the end of the year. I would like to ask for recommendations and ideas from the bar. I think they could be most important, and from all of this I would hope that we would develop methods whereby our finest legal talent would not be reserved solely for those who could pay without difficulty and an occasional indigent defendant.

I would hope from this effort that leading lawyers and legal scholars would be in court on a regular basis pleading for defendants of moderate circumstances. As long as a man is handicapped before the bar of justice because of his poverty, our task as lawyers is not done.

I thank you for this opportunity to speak.

Fortunately, no generation of lawyers as yet has lost that desire for a just society that will preserve the dignity of man and his individual right to search for happiness.

This association and its kindred associations in our 50 States and hundreds of counties and cities will, I feel sure, keep that desire aflame.

Let us as lawyers—as Americans—as Theodore Roosevelt said, "Boldly face the life of strife, resolute to do our duty well and manfully; resolute to uphold righteousness by deed and by word; resolute to be both honest and brave, to serve high ideals, yet use practical methods. Above all, let us shrink from no strife moral or physical."

A bar dedicated to the preservation of our basic freedoms, pledged to the search for truth, is a main bulwark of our democratic society which can aid mightily to achieve what President Kennedy recently described as a "world of law and free choice, banishing the world of war and coercion."

## Washington Report

EXTENSION OF REMARKS

OF

### HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 4, 1962*

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of September 1, 1962:

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Tex., Sept. 1, 1962)

USE OF PUBLIC MONEY FOR A SLUSH FUND

The House this week passed the Public Works Coordination and Acceleration Act (H.R. 10113), a fancy title for the creation of the biggest slush fund in history, putting more power in the hands of President Kennedy and, as usual, the people pay the bill. The motion to recommit (the only way to defeat the measure) was defeated 221 against (202 Democrats, 19 Republicans), 192 for recommittal (148 Republicans, 44 Democrats). A vote for recommittal was a vote against the bill. I voted to recommit. This legislation creates a $900 million fund (all of it deficit spending) for all types of public works projects, including swimming pools, golf courses, and ski slides. Congressman LES ARENDS, the minority whip, called it the "most depressing and reckless legislation ever passed by the House."

Arguments for: (1) Permit the President at his discretion to authorize public works projects (pump-priming philosophy) to provide employment. (2) To provide money for projects in key Democratic districts to help elect Democrats.

Arguments against: (from the minority report) (1) The bill will not accomplish its stated purpose to provide immediate work for a substantial number of unemployed and underemployed persons. (2) The Congress should not authorize the appropriation of additional funds to construct public works for the purpose of creating jobs when unobligated balances in existing programs amounting to billions of dollars are available. (3) Expenditure of $900 million for unauthorized projects will necessitate deficit financing and will contribute to the necessity of increasing the public debt. (4) Federal share of the cost of public works projects of State and local governments will increase to 50 or 75 percent. (5) Local public works projects which are now eligible for interest-bearing loans, under the new law, will be able to secure grants and gifts. (6) It delegates to the President the constitutional power and authority of Congress to authorize new Federal grant-in-aid programs and projects. Another step toward dictatorship.

The conclusion of the minority report on this bill is so important that I feel it must be quoted at length: "In our opinion this bill is ineffective to provide immediate employment, and over a period of 2 years, or more, at best it will create jobs for only about 3 percent of the persons now unemployed. Whereas, the bill purports to offer hope for the millions now unemployed, in reality, it will only bring more disillusionment and despair when its inadequacies become known. Enactment of this bill is entirely too high a price to pay, both in dollars and in the unwise delegation of congressional powers to the President, in return for the few temporary jobs which will be created too late to be of any immediate assistance to those who now desperately need work, and cannot find employment.

"The real end result of this bill is to give the President a book of blank checks with authority to draw $900 million from the Treasury of the United States and to use such amounts thereof as he decides for the construction of projects he selects in localities of his choosing. Under the authority of this bill the President can approve or withhold funds for projects in such a manner as to coerce Members of Congress to support his New Frontier program, or to buy political support for favored candidates for public office, or to pay political obligations. When the people of this country learn what this bill does and does not do, they will strongly resent the political contrivance to give the President a political slush fund to be paid for by the taxpayers.

"Thomas Jefferson warned against traveling the road down which the present administration is taking the country, when he said: 'I place economy among the first and most important virtues, and public debt as the greatest danger to be feared. To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our choice between economy and liberty, or profusion and servitude. If we run into such debts, we must be taxed in our meat and drink, in our necessities and our comforts, in our labors and in our amusements. If we can prevent the Government from wasting the labors of the people, under the pretense of caring for them, they will be happy.'" I stand with Thomas Jefferson.

For my part, effective representation by me of a self-respecting electorate, Dallas County, means—refusal to: (1) Endorse fiscal irresponsibility, (2) contribute to deficit financing, (3) create more inflation, (4) increase Federal boondoggle and political spending, all of which means I and the people of Dallas cannot be bought nor intimidated by Federal aid—whether it be Dallas Love Field, Dallas Federal Building, or Dallas public works—offered or denied. This is the issue—the battle is joined—the Democrats have chosen their side, and no Democrat candidate can effectively and responsibly represent his district warring with his President (the head of his party) and all his congressional leaders. It is now for the people to decide and this fall is the time for decision.

---

# SENATE

WEDNESDAY, SEPTEMBER 5, 1962

**The Senate met at 10 o'clock a.m., and was called to order by Hon. E. L. BARTLETT, a Senator from the State of Alaska.**

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

**Our Father, God, amid all the harsh voices of this vast, agitated world save us from the tragedy of listening most to the crashing earthquake and the whirlwind and of missing Thy call in the hush of the still, small voice. In these solemn times of the supreme test of America's creed, when determined foes deny and defy the very conceptions and aspirations which to us, nurtured in liberty, make life precious and sacred, may this Nation, under God, out of all our differences, have a new birth of freedom.**

May we never falter when the choice is between honor and selfish, safety-first calculation. Beyond the strategy of this global struggle, with which so much said and done in this forum has to do, may we see the depth and scope of His historic spiritual drama of the centuries and may that vision turn its blood and sweat and tears into final glory in the victory of decency and right. Amen.

## DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
*Washington, D.C., September 5, 1962.*

*To the Senate:*

Being temporarily absent from the Senate, I appoint Hon. E. L. Bartlett, a Senator from the State of Alaska, to perform the duties of the Chair during my absence.

Carl Hayden,
*President pro tempore.*

Mr. BARTLETT thereupon took the chair as Acting President pro tempore.

## THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 4, 1962, was dispensed with.

## MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On August 29, 1962:

S. 1849. An act for the relief of Stephen S. Chang;

S. 2686. An act for the relief of Stepanida Losowskaja; and

S. 3491. An act to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

On August 31, 1962:

S. 538. An act to amend section 205 of the Federal Property and Administrative Services Act of 1949 to empower certain officers and employees of the General Services Administration to administer oaths to any person;

S. 1005. An act to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes;

S. 1781. An act for the relief of the heirs of Lt. Col. James Murray Bate (deceased) and Maj. Billie Harold Lynch (deceased);

S. 2256. An act to amend section 5 of the War Claims Act of 1948 to provide detention and other benefits thereunder to certain Guamanians killed or captured by the Japanese at Wake Island;

S. 2736. An act for the relief of Arie Abramovich;

S. 2835. An act for the relief of Sieu-Yoeh Tsai Yang;

S. 2862. An act for the relief of Mai Har Tung;

S. 2876. An act to extend for 1 year the authority to insure mortgages under sections 809 and 810 of the National Housing Act;

S. 3016. An act to amend the act of March 2, 1929, and the act of August 27, 1935, relating to load lines for oceangoing and coastwise vessels, to establish liability for surveys, to increase penalties, to permit deeper loading in coastwise trade, and for other purposes;

S. 3039. An act for the relief of Bartola Maria S. La Madrid; and

S.J. Res. 132. Joint resolution extending recognition to the International Exposition for Southern California in the year 1966 and authorizing the President to issue a proclamation calling upon the several States of the Union and foreign countries to take part in the exposition.

On September 5, 1962:

S. 981. An act to extend certain authority of the Secretary of the Interior exercised through the Geological Survey of the Department of the Interior, to areas outside the national domain;

S. 1208. An act to amend Public Law 86–506, 86th Congress (74 Stat. 199), approved June 11, 1960;

S. 2008. An act to amend the act of September 16, 1959 (73 Stat. 561; 43 U.S.C. 615s), relating to the construction, operation, and maintenance of the Spokane Valley project;

S. 2399. An act to provide for the establishment of the Frederick Douglass home as a part of the park system in the National Capital, and for other purposes;

S. 2916. An act to change the names of the Edison Home National Historic Site and the Edison Laboratory National Monument, to authorize the acceptance of donations, and for other purposes;

S. 2973. An act to revise the boundaries of Capulin Mountain National Monument, N. Mex., to authorize acquisition of lands therein, and for other purposes;

S. 3112. An act to add certain lands to the Pike National Forest in Colorado and the Carson National Forest and the Santa Fe National Forest in New Mexico, and for other purposes;

S. 3174. An act to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes;

S. 3327. An act to make eligible for assistance under the public facility loan program certain areas where research or development installations of the National Aeronautics and Space Administration are located; and

S. 3574. An act to extend the International Wheat Agreement Act of 1949.

## EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nominations of Morris Miller and Marjorie McKenzie Lawson, to be judges of the juvenile court of the District of Columbia, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 2760. An act for the relief of Yuk-Kan Cheuk; and

S. 3026. An act for the relief of Jeno Nagy.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1362. An act for the relief of Calogera Virone Messina;

H.R. 1480. An act for the relief of Mrs. Agnes Geidl;

H.R. 1483. An act for the relief of Priscillo Jose Sisson and Evelyn Sisson;

H.R. 1598. An act for the relief of Michael Anthony Dedetsinas;

H.R. 2079. An act to amend the Classification Act of 1949 to authorize the establishment of hazardous duty pay in certain cases;

H.R. 2675. An act for the relief of Santa Giammalva;

H.R. 2977. An act for the relief of Kyoko Stanton;

H.R. 2978. An act for the relief of Rosa and Rita Quattrocchi;

H.R. 4034. An act for the relief of Lt. Comdr. David V. Kyrklund;

H.R. 7123. An act for the relief of Mrs. Takako Coughlin;

H.R. 7438. An act for the relief of Anna Caporossi Crisconi;

H.R. 8483. An act for the relief of Arminda P. Viseu;

H.R. 8517. An act to grant emergency officer's retirement benefits to certain persons who did not qualify therefor because their applications were not submitted before May 25, 1929;

H.R. 8855. An act for the relief of Marie Silva Arruda;

H.R. 9472. An act for the relief of Janina Tekla Gruszkos;

H.R. 9578. An act for the relief of Annie Yasuko Bower;

H.R. 9893. An act for the relief of Tadeusz Sochacki;

H.R. 10002. An act for the relief of civilian employees of the New York Naval Shipyard and the San Francisco Naval Shipyard erroneously in receipt of certain wages due to a misinterpretation of a Navy civilian personnel instruction;

H.R. 10199. An act for the relief of Lester A. Kocher;

H.R. 10316. An act for the relief of Leopoldo Rocha Canas and Teofilo Caoile Servito;

H.R. 10605. An act for the relief of Joan Rosa Orr;

H.R. 10881. An act for the relief of Major Singh Sunga;

H.R. 10897. An act for the relief of Joseph Hammond;

H.R. 10936. An act to permit the Postmaster General to extend contract mail routes up to 100 miles during the contract term;

H.R. 11059. An act relating to the effective date of the qualification of Bricklayers Local 45 (Buffalo, N.Y.) pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954;

H.R. 11799. An act defining the interest of local public agencies in water reservoirs constructed by the Government which have been financed partially by such agencies;

H.R. 11951. An act to provide for the transportation of mail by aircraft upon star routes within the Commonwealth of Puerto Rico;

H.R. 12402. An act for the relief of Concetta Maria, Rosetta, and Tomasino Mangiaracina;

H.R. 12451. An act to authorize reimbursement to appropriations of the U.S. Secret Service of moneys expended for the purchase of counterfeits;

H.R. 12539. An act for the relief of Leslie O. Cox and other employees of the Federal Aviation Agency;

H.R. 12650. An act for the relief of Luella O. Babb;

H.R. 12907. An act for the relief of Dr. Mehmet Vecihi Kalaycioglu; and

H.J. Res. 730. Joint resolution to authorize the President to proclaim May 15 of each year as Peace Officers Memorial Day and the calendar week of each year during which such May 15 occurs as Police Week.

## HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated:

H.R. 1362. An act for the relief of Calogera Virone Messina;

H.R. 1480. An act for the relief of Mrs. Agnes Geidl;

H.R. 1483. An act for the relief of Priscillo Jose Sisson and Evelyn Sisson;

H.R. 1598. An act for the relief of Michael Anthony Dedetsinas;

H.R. 2675. An act for the relief of Santa Giammalva;

H.R. 2977. An act for the reliew of Kyoko Stanton;

H.R. 2978. An act for the relief of Rosa and Rita Quattrocchi;

H.R. 4034. An act for the relief of Lt. Comdr. David V. Kyrklund;

H.R. 7123. An act for the relief of Mrs. Takako Coughlin;

H.R. 7436. An act for the relief of Anna Caporossi Crisconi;

H.R. 8483. An act for the relief of Arminda P. Viseu;

H.R. 8855. An act for the relief of Marie Silva Arruda;

H.R. 9472. An act for the relief of Janina Tekla Gruszkos;

H.R. 9578. An act for the relief of Annie Yasuko Bower;

H.R. 9893. An act for the relief of Tadeusz Sochacki;

H.R. 10002. An act for the relief of civilian employees of the New York Naval Shipyard and the San Francisco Naval Shipyard erroneously in receipt of certain wages due to a misinterpretation of a Navy civilian personnel instruction;

H.R. 10199. An act for the relief of Lester A. Kocher;

H.R. 10316. An act for the relief of Leopoldo Rocha Canas and Teofilo Caoile Servito;

H.R. 10605. An act for the relief of Joan Rosa Orr;

H.R. 10881. An act for the relief of Maj. Singh Sunga;

H.R. 10897. An act for the relief of Joseph Hammond;

. H.R. 12402. An act for the relief of Concetta Maria, Rosetta, and Tomasino Mangiaracina;

H.R. 12451. An act to authorize reimbursement to appropriations of the U.S. Secret Service of moneys expended for the purchase of counterfeits;

H.R. 12539. An act for the relief of Leslie O. Cox and other employees of the Federal Aviation Agency;

H.R. 12650. An act for the relief of Luella O. Babb;

H.R. 12907. An act for the relief of Dr. Mehmet Vecihi Kalaycioglu; and

H.J. Res. 730. Joint resolution to authorize the President to proclaim May 15 of each year as Peace Officers Memorial Day and the calendar week of each year during which such May 15 occurs as Police Week; to the Committee on the Judiciary.

H.R. 2079. An act to amend the Classification Act of 1949 to authorize the establishment of hazardous duty pay in certain cases;

H.R. 10936. An act to permit the Postmaster General to extend contract mail routes up to 100 miles during the contract term; and

H.R. 11951. An act to provide for the transportation of mail by aircraft upon star routes within the Commonwealth of Puerto Rico; to the Committee on Post Office and Civil Service.

H.R. 8517. An act to grant emergency officer's retirement benefits to certain persons who did not qualify therefor because their applications were not submitted before May 25, 1929; to the Committee on Finance.

H.R. 11059. An act relating to the effective date of the qualification of Bricklayers Local 45 (Buffalo, N.Y.) pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954; and

H.R. 11799. An act defining the interest of local public agencies in water reservoirs constructed by the Government which have been financed partially by such agencies; to the Committee on Public Works.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the following committees and subcommittees were authorized to meet during the session of the Senate today:

The Rivers and Harbors Subcommittee of the Committee on Public Works.

The Permanent Subcommittee on Investigations of the Committee on Government Operations.

The Committee on Interior and Insular Affairs.

The Production and Stabilization Subcommittee of the Banking and Currency Committee.

## EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### REPORTS ON RESERVE COMPONENTS CONSTRUCTION AUTHORIZATION PROGRAM

A letter from the Deputy Assistant Secretary of Defense (Properties and Installations), transmitting, pursuant to law, reports on the location, nature, and estimated cost of facilities projects proposed to be undertaken for the respective Reserve components of the Armed Forces (with accompanying reports); to the Committee on Armed Services.

### REPORT ON DEPARTMENT OF DEFENSE PRIME CONTRACT AWARDS TO SMALL AND OTHER BUSINESS FIRMS

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report on Department of Defense prime contract awards to small and other business firms, for the fiscal year 1962 (with an accompanying report); to the Committee on Banking and Currency.

### SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law pertaining to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 575. An act to authorize the Secretary of the Interior to construct, operate, and maintain the upper division of the Baker Federal reclamation project, Oregon, and for other purposes (Rept. No. 1996).

By Mr. CHAVEZ, from the Committee on Public Works, with amendments:

H.R. 12135. An act to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the United State Code, and for other purposes (Rept. No. 1997).

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a statement prepared by the Senator from New Mexico [Mr. CHAVEZ] relating to the bill (H.R. 12135), just reported by him, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR CHAVEZ

This bill authorizes a continuation of the Federal-aid highway program for the regular systems for the fiscal years 1964 and 1965. It also authorizes additional amounts for roads on Federal lands for those years, and additional funds for completion of the Inter-American Highway and the Rama Road.

The bill also provides for payment of relocation assistance to families and businesses displaced by Federal-aid highway construction.

On April 5, 1962, the President sent to Congress his message on the transportation system of the Nation. This message contained several important recommendations as to the role of highways in our transportation system.

On April 6, 1962, the Secretary of Commerce submitted to the Congress a draft of proposed legislation to implement the recommendations of the President concerning Federal-aid highway legislation.

H.R. 12135 follows very closely the recommendations of the Secretary of Commerce on Federal-aid legislation.

The bill authorizes $950 million for each of fiscal years 1964 and 1965 for the regular A–B–C systems.

It authorizes funds for roads for administration, development, utilization, and protection of our public lands and reservations, at slightly increased amounts over previous years. These amounts are believed necessary for proper development of our natural resources, and to take care of the increased use of our forests, parks, and public lands.

It authorizes the use of secondary highway funds on urban extensions of the secondary system, transportation planning in urban areas, and for highway planning and research.

The committee believes that the provisions of H.R. 12135 will keep our A–B–C highway program in balance with the other highway programs, to meet the needs of present traffic, and will go a long way toward meeting the recommendations of the President on transportation and Federal-aid highways.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of Massachusetts:

S. 3693. A bill for the relief of Emilia Suppa; to the Committee on the Judiciary.

By Mr. LONG of Missouri:

S. 3694. A bill for the relief of Dr. Dunet Francois Belancourt; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3695. A bill for the relief of the Standard Spring Co.; to the Committee on the Judiciary.

By Mr. CLARK:

S. 3696. A bill for the relief of Nicoloas Louvaris; to the Committee on the Judiciary.

## TRADE EXPANSION ACT OF 1962—AMENDMENT

Mrs. NEUBERGER. Mr. President, I submit an amendment, intended to be proposed by me, to the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, and ask that it be printed and appropriately referred. I ask unanimous consent that the amendment be held at the desk for 5 days to receive signatures of additional cosponsors.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and referred to the Committee on Finance; and, without objection, the amendment will be held at the desk, as requested by the Senator from Oregon.

## NOTICE OF HEARING ON NOMINATION OF WALTER C. SAUER, OF THE DISTRICT OF COLUMBIA, TO BE FIRST VICE PRESIDENT OF THE EXPORT-IMPORT BANK OF WASHINGTON

Mr. ROBERTSON. Mr. President, as chairman of the Committee on Banking and Currency, I wish to give notice that a public hearing has been scheduled for Friday, September 7, at 10 a.m., in room 5302, New Senate Office Building, on the nomination of Walter C. Sauer, of the District of Columbia, to be First Vice President of the Export-Import Bank of Washington, vice Tom Killefer.

All persons who wish to appear and testify on this nomination are requested to notify Mr. Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, telephone Capitol 4-3121, extension 3921.

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. WILEY:

Excerpts from address prepared by him for delivery over Wisconsin radio stations on the weekend of September 1–2, 1962, on the subject of "Major U.S. Economic Goals."

By Mrs. NEUBERGER:

Article entitled "A Complicated Maze Puzzles the Consumer," written by David Hamilton and published in the September 1962 issue of Frontier magazine, dealing with various consumer protection proposals.

Mr. MANSFIELD. Mr. President, is there any further morning business?

The ACTING PRESIDENT pro tempore. Is there any further morning business? If not, morning business is closed.

## REVENUE ACT OF 1962

Mr. MANSFIELD. Mr. President, I move that the unfinished business be laid before the Senate and be made the pending business.

The motion was agreed to; and the Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I submit an amendment, and send it to the desk.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The Legislative Clerk. On page 391, between lines 21 and 22, it is proposed to insert a new section 127.

Mr. DIRKSEN. Mr. President, I ask that the further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered; and the amendment will be printed in the Record.

The amendment submitted by Mr. Dirksen is as follows:

On page 391, between lines 21 and 22, insert the following new section:

"Sec. 127. Amendment to Title I of the Social Security Act Relating to Statement of Financial Status of Claimants for Medical Assistance for the Aged.

"Paragraph (11) of section 2(a) of the Social Security Act is amended (1) by striking out 'and' and at the end of clause (D), (2) by striking out the period at the end of clause (E), and (3) by adding after clause (E) the following new clause:

"'(F) prior to October 1, 1963, may, and on and after such date, shall, provide that any statement required of a claimant for medical assistance for the aged, if made in writing and signed by the claimant, shall, insofar as such statement relates to the financial status of such claimant, be presumed by such State agency to be factually correct for purposes of determining his eligibility for such assistance.'"

On page 391, line 22, strike out "27" and insert in lieu thereof "28".

## TAX-REDUCTION VIEWS OF CHAMBER OF COMMERCE OF THE UNITED STATES

Mrs. NEUBERGER. Mr. President, on July 23 I had printed in the Congressional Record a statement by the Chamber of Commerce of the United States which set forth in detail the chamber's view that taxes should be reduced promptly. Although the statement was most explicit, I noted one portion lacking substantiation. That statement read:

> Another implication of the problem of high tax rates is that every needless public expenditure should be eliminated. As of now, approximately 20 percent of our gross national product is required to keep the Federal Government running. Since we must continue to meet every demand which the cold war imposes, all other types of expenditures must be scrutinized rigorously to meet the highest standard of the public interest.

Of course, I concur with much of what was said in this statement, as do most Senators. I am certain that all Senators feel that every needless public expenditure should be eliminated. We would be remiss in our duties if we knowingly voted large expenditures which were unneeded. Therefore, I think that Senators who vote for the appropriation of sums which the chamber might call "needless" must only disagree with what can be considered the "highest standard of the public interest."

In seeking to understand what the chamber of commerce might consider the "public interest," I wrote Mr. Ladd Plumley, president of the chamber of commerce, and asked for a specific statement of what expenditures the chamber thought constituted "needless" public expenditures.

The chamber responded with a large notebook crammed with copies of the many letters the chamber has written urging their specific point upon the many chairmen of appropriation subcommittees of both Houses. Included were copies of testimony by the chamber before congressional committees, urging budget reductions.

I noted a summary of recommendations, with small comments on the chamber's position on each. But, after much searching, I came to the sad conclusion that the chamber had failed in many instances to provide any detailed explanation, beyond this small summary, of a recommended reduction. For example, I was immediately struck by the note attached to the recommendation of a $105 million reduction in the special milk fund which would result in the termination of this program. In explaining the chamber's reasons for urging this reduction, they state:

> Federal funds should not be appropriated for this program as it is the responsibility of the States.

This statement constitutes the complete explanation of the chamber's feeling on this program. Yet I would have appreciated a comment which would explain in more detail why the program is considered a waste when it does much to help reduce surpluses in milk and actually provides the Government with a means of insuring our children an inexpensive supplement to their diet. I also would have appreciated a recommendation for the establishment of an equally effective program at the State level.

I was even more dismayed to discover that the chamber would recommend a $108 million decrease in the amounts appropriated to the school lunch program, a program which provided 2,470,400,000 meals to 13.5 million needy children last year. Their reduction is recommended with this justification:

> The portion of this appropriation used for cash payments to the States is opposed as an unnecessary Federal school subsidy.

To further complicate the oft-stated view that $5 billion can be cut from the fiscal 1963 Federal budget, the chamber has recommended the elimination of more than a half billion dollars in aid to education funds which have not yet been authorized by the Congress. They recommend the elimination of the $600 million proposed for general aid to public schools, and the elimination of the $29 million that will be spent if the conference committee recommends passage of an aid to higher education bill with the provisions of the Federal scholarship program intact. Of course, I and many other Senators find aid to education in the public interest. We voted for the higher education bill because of our concern that, under existing programs, we may not be meeting the tremendous needs of our exploding school age population.

In further examination of the reductions recommended by the chamber in expenditures of the Department of Health, Education, and Welfare, I noted that the chamber favored a $5.6 million reduction in the budget request of the Food and Drug Administration. Of course, this request was made in March before the public was informed of FDA's role in preventing the use of thalidomide, but it still did not answer many arguments that are being made for the need to expand the Food and Drug Administration so that it can keep pace with the mounting complexities of food and drug proposals.

I have mentioned many of the smaller programs of the Federal Government which are considered by the chamber to be needless in whole or part. I think that other Senators would probably wonder, as I did, what sort of recommendations the chamber of commerce made for reduction of needless expenditures in the Department of Agriculture and the Department of Defense, the two areas where the greatest amount of Federal funds are spent.

When I examined the Department of Agriculture, however, I began to see the pattern of the chamber's budget philosophy. I have already mentioned the special milk program which it opposed, and the school lunch program which the chamber felt should be reduced. These programs represent a proposed expenditure of only $275 million of the approximately $6 billion that will be appropriated for the activities of the Department of Agriculture. Yet the reduction of $213 million in the budget of these two minor but important activities would amount to almost half of the $505 million reduction proposed by the chamber of commerce.

Further, the chamber would favor the reduction of approximately $60 million in the program for the removal of surplus agricultural commodities. With the ever-mounting cost of commodity storage that results from our increasing productivity, I would have thought that the chamber would approve of programs designed to reduce the immense agricultural surpluses so that we could lower the cost of the vast price support and crop storage programs.

I must confess that I found the recommendations of the chamber of commerce rather disappointing. It seems that the chamber has been acting a lot like the eastern dude who tried to clear some forest land for a cabin with a pocket knife. He rid the area of a lot of brush, but he finally decided that the tall pines represented his major problem.

## ELIMINATION OF A DOMESTIC TRADE BARRIER

**Mrs. NEUBERGER.** Mr. President, when the Senate considers the abolition of trade barriers between the United States and the Common Market, I think it appropriate that it also consider the abolition of a trade barrier between the mainland United States and the Commonwealth of Puerto Rico. This barrier is the Jones Act, the Merchant Marine Act of 1936, which prohibits the shipment of goods from one American port to another on any but American-flag vessels.

In 1951, American-flag vessels carried 13½ million board feet of lumber from U.S. Pacific Northwest ports to Puerto Rico. During the same year, British Columbia shipped only slightly over 1 million board feet of lumber to Puerto Rico. In 1962, Puerto Rico will consume nearly 80 million board feet of Pacific Northwest lumber. Not a single board foot will come from the United States. This disastrous loss of a natural and traditional market can be definitively traced to a single cause; there is no American vessel available to carry lumber from mainland United States to Puerto Rico, nor is there any conceivable prospect of new vessels entering the trade.

The Commerce Committee has favorably reported S. 3614, which would suspend Jones Act restrictions on shipments of lumber to Puerto Rico as well as Atlantic coast ports. The producers of southern pine have objected to those provisions of S. 3614 affecting shipments to Atlantic coast ports, fearing an adverse effect upon traditional markets for southern pine. As a consequence of their objections, the Commerce Committee has agreed to defer action on S. 3614 until hearings can be held in the Southern States. But there is no justification for delaying action on the Puerto Rican lumber problem for another year, particularly in view of the distressed condition of the Northwest lumber industry.

The southern pine producers have expressed no objection to the removal of Jones Act restrictions on lumber shipments to Puerto Rico, since no southern pine, or for that matter no U.S. lumber, is presently being shipped to Puerto Rico.

Moreover, the Committee for a National Trade Policy, a principal advocate of the trade bill, has called for correction of the Jones Act inequities while deploring the alternative recourse to restrictive quotas on Canadian lumber. Insofar as Jones Act reform diminishes pressure for restrictive quotas, such reform advances general goals of the trade bill.

I intend to propose an amendment to the trade bill which would permit the Secretary of Commerce to waive Jones Act requirements with respect only to shipments of lumber from the mainland United States to Puerto Rico.

I ask unanimous consent to have included in the RECORD at the close of my remarks a table entitled, "Waterborne Shipments From Pacific Northwest to Puerto Rico, 1951–62."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Waterborne shipments from Pacific Northwes' to Puerto Rico, 1951–62*

| | Total | Oregon and Washington | Percent | British Columbia | Percent |
|---|---|---|---|---|---|
| | *Thousand feet* | *Thousand feet* | | *Thousand feet* | |
| 1951 | 14,616 | 13,457 | 92.07 | 1,159 | 7.93 |
| 1952 | 26,853 | 18,707 | 69.67 | 8,146 | 30.33 |
| 1953 | 38,485 | 22,258 | 57.84 | 16,227 | 42.16 |
| 1954 | 40,663 | 11,471 | 28.21 | 29,192 | 71.79 |
| 1955 | 42,388 | 8,600 | 20.29 | 33,788 | 79.71 |
| 1956 | 55,171 | 13,234 | 23.99 | 41,937 | 76.01 |
| 1957 | 48,197 | 3,643 | 7.56 | 44,554 | 92.44 |
| 1958 | 47,334 | 841 | 1.78 | 46,493 | 98.22 |
| 1959 | 63,276 | 450 | .71 | 62,826 | 99.29 |
| 1960 | 67,500 | 478 | .71 | 67,022 | 99.29 |
| 1961 | 73,249 | | 0 | 73,249 | 100.00 |
| 1962 (6 months) | 39,305 | | 0 | 39,305 | 100.00 |

Source: Reports of Pacific Lumber Inspection Bureau, Seattle, Wash.

## ALLEGED INVITATION TO KHRUSHCHEV TO VISIT OHIO

**Mr. YOUNG of Ohio.** Mr. President, all Senators receive, daily, many, many letters and telegrams. The junior Senator from Ohio, representing, as he does, a constituency of 10 million men, women, and children, receives his share.

Frankly, Mr. President, I am very happy to receive these hundreds of letters and telegrams each day from my constituents. They help me in the performance of my duty. Any Senator who works with fidelity and zeal—and I am sure all of us do, in trying our best to represent our constituents—is helped greatly by having the benefit of the views of the people he represents.

However, Mr. President, today I received some letters and telegrams rather startling in nature.

One telegram begins as follows:

> Prevent Khrushchev visiting Ohio.

That is typical of this group.

A letter makes the startling statement:

> The Columbus Citizens Journal—

A leading newspaper in my State—

> reported that the State agriculture director had extended an invitation to Khrushchev to visit the State of Ohio next month, with an appearance at the national plowing contest at Wilmington, Ohio.

This according to a letter I hold in my hand.

Another telegram is to the same effect; but it goes further, and states that Khrushchev has been invited by an official of our State government to visit the State of Ohio and "to judge" the national plowing contest at Wilmington, Ohio.

I have not had the opportunity to verify these statements of my constituents or the news item which allegedly appeared in a fine newspaper, the Columbus Citizen Journal, a member of the Scripps-Howard league of newspapers, that the agriculture director of my State has invited Khrushchev to come to Ohio to appear at the national plowing contest at Wilmington.

However, I am definitely opposed to his judging or appearing at any plowing contest in Ohio or elsewhere in our country. Of course, if I were certain he would be plowed under, instead of judging the contest, that would be another matter. But as I am not certain that he would be plowed under, I feel we have had enough face-to-face confrontations with this leader of the Communist world, whose aggressive tactics day after day are endeavoring to keep us off balance, and to threaten world peace.

May I say, in this connection, that I never took kindly to the fact that he was a house guest of the President of the United States back in September 1959. I was even more outraged over that fact when, a few months later, in May of 1960, Khrushchev, confronting President Eisenhower in Paris, was guilty of making bombastic and insulting utterances to the President, who had been his host at Camp David.

It was with a feeling of humiliation that at that time I read in various newspapers that during the insults and blasts of Khrushchev against our Chief Executive, "President Eisenhower listened in dignified silence." I know that nothing like that would occur in this administration. I do not want it ever to happen again that our leader, the President of this Nation, is subjected to an insult from the lips of a Communist dictator.

I speak briefly on this matter because I hope the reports coming in from my constituents are without any foundation whatever. It would seem to me that an official of our State government, whether he occupied the office of director of agriculture or any other position, would be subject at least to a rebuke if he took it upon himself to invite Khrushchev to our State. Frankly, if it is a fact that the director of agriculture of the State of Ohio extended an invitation to Khrushchev to come to Ohio and judge a national plowing contest at Wilmington, I consider that he is so lacking in judgment that his resignation should be called for.

I take this occasion to repudiate any invitation of this sort, if it was actually extended, and to express my horror over the thought of such a visit.

## MIRACLE IN CHICAGO

Mr. LONG of Hawaii. Mr. President, all too frequently we hear of events that reflect discredit on law enforcement agencies. We hear these things because it is newsworthy to report that a policeman is charged with wrongdoing, while few would bother to read about how the same man had spent 15 years conscientiously patrolling a beat.

It is therefore gratifying to me that the Lion for September 1962 has published an article describing the renovation of a great police department. This article, entitled "Miracle in Chicago," tells of the progress made in law enforcement in our second city during the past 2 years. The facts in this case reflect great credit on the administration of Mayor Richard Daley and add to the already lustrous reputation of Police Superintendent O. W. Wilson.

This article is a reminder to all that police administration is a developing science, a documentation of the effectiveness and honesty with which large city police departments can be operated, a challenge to other communities to help themselves as Chicago has helped itself, and, above all, a statement of respectful thanks to the thousands of dedicated police officers who protect us every day of our lives.

I ask unanimous consent that the full text of this challenging article be printed in the CONGRESSIONAL RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### THE MIRACLE IN CHICAGO

(By Karl Detzer)

At 12:55 a.m., one snowy Thursday night last January, a Chicago cook going home from work saw two men jump from a dark doorway across the street and pistolwhip a passerby. As the man fell, the cook ran into a bar, grabbed a telephone and dialed PO-5-1313. A voice answered at once: "Chicago police, Officer Brown."

"Stickup going on," the cook shouted. "Guns."

"Where?" Brown asked. The cook panted, "Division, near Larrabee." Brown pressed a button on his headquarters dispatch desk and a foot pedal under it.

"Armed robbery in progress," he reported calmly, giving the address. Radios in 28 cars patrolling north of the Loop repeated the words; a sergeant and four patrolmen swung five cars around and stepped on the gas. Still listening, they raced through dark streets without flashing lights or sirens.

Dispatcher Brown kept the cook on the telephone, repeating what the bartender, watching through a window, told him was happening across the street. Brown broadcast, the patrol cars heard every word. Tape recorders preserved all the voices.

Thirty seconds had passed since the cook dialed the police number. The thugs kicked their victim and turned him over to empty his pockets. Within 45 seconds, a dozen police cars were approaching the spot. Two of them, coming swiftly but quietly from east and west, suddenly swung toward the pair bending over the man sprawled in the snow. A sergeant and a patrolman leaped out, barked, "Drop your guns. Hands on top of car. Hold it. Don't move." Now three more cars arrived and poured their lights on the thugs. Three officers had the robbers covered, the fourth was searching them. The victim, his head bleeding, was getting to his knees. Handcuffs clicked.

It had been 1 minute. The lieutenant spoke into his microphone:

"All in hand at Division and Larrabee," he said. "Send ambulance and squadrol." Chicago calls its paddy wagons "squadrols." They roam like other police cars, answer radio calls to bring in prisoners. This adds 22 street patrols to each 8-hour shift.

The dispatcher stamped the file card he started when the cook yelled, "Stickup." From that instant until the lieutenant stopped the chase, just 85 seconds had elapsed. That is fast action anywhere; in Chicago where 3 years ago citizens sometimes waited an hour or more for a police car, it is a miracle.

Responsible for this plan that starts police cars toward a violent crime without formal dispatch is the new superintendent of police, a title that corresponds to commissioner elsewhere. He is 62-year-old Prof. Orlando Winfield Wilson, who resigned as dean of the University of California School of Criminology to tackle this tough but challenging job. The new superintendent long has had an international reputation as a doctor of sick police departments. Time and again he has been called not only to American cities but to Europe, to help reduce crime and solve police problems.

With a 3-year contract at $30,000 a year in his pocket—the highest salary paid an American policeman—a life insurance policy bought by the city, a handsome budget, and the mayor's guarantee of no political interference. Wilson arrived March 2, 1960, in the midst of the worst police scandal in Chicago's scandalous police history. Suspicion and open hostility of hundreds of policemen, most local politicians, and a large segment of the public, awaited him.

The moment was propitious. Chicago finally was shocked by a police scandal. The "burglars in blue" filled the newspaper headlines and made meaty subject matter for many a sermon. Two months earlier, eight patrolmen and a notorious ex-convict were arrested, charged with wholesale burglary of business houses on the officers' beats.

In their patrol cars, these policemen hauled away tens of thousands of dollars worth of radio and television sets, guns and outboard motors, tires and batteries, draperies, and furniture. In summer they stole air conditioners, in winter large amounts of radiator antifreeze. And after many of these raids, their superiors sent them to investigate their own crimes.

Other criminal acts by policemen came to light. Three officers were charged with extorting $1,200 from a burglar, two others with juggling evidence to protect a well-known thief. Three were locked up for dragging a citizen out of his home, robbing him of $513, and tossing him from a car. Another policeman was killed while driving a stolen car. A gang of patrolmen stole $14,000 worth of shoes from a warehouse.

The public also was shocked by the story of a ranking police lieutenant who spent a gay summer romping around Europe with Tony Accardo, believed by many officials to be a top boss of the old Capone syndicate. Investigation showed that Accardo, who lived in a highly respectable Chicago suburb in the former home of a wealthy manufacturer, had from time to time as business associates such unsavory characters as Jack "Greasy Thumb" Guzik, who lived in the same pleasant neighborhood, Frank "The Enforcer" Nitti and Murray "The Camel" Humphreys. But this did not seem to interfere with the police official's close friendship with Tony.

Chicago seethed. Mayor Richard J. Daley, a practical politician who had fought his way up from the precincts, was as shocked by it all as the meekest housewife. He appointed an outstanding committee to help him clean up the mess and find a new chief. One member represented finance and industry, one organized labor. Three were among the most outstanding authorities in the Nation on crime suppression and police organization. Virgil Peterson, ex-FBI man who long has headed the Chicago Crime Commission, Frank Kreml of Northwestern University Traffic Institute, and Professor Wilson were the experts. They named Wilson chairman.

"Find the best chief in America," Daley said. "I'll hire him. Forget politics. If anyone tries to interfere let me know."

The committee interviewed many candidates, including some of the Nation's most famous chiefs. Some refused the job; others did not measure up to it. Finally Wilson gave up and was leaving for home when the other committeemen told the mayor that their chairman was the man to appoint. Wilson demurred. Only when Mayor Daley assured him of complete independence, a budget large enough to bring the force up to standard, and the 3-year contract, did he accept.

Wilson brought to Chicago both fine academic theory and solid, practical experience. In his 21 university years he often took leave to help create or clean up police departments at home and abroad. As a young man earning his university degree he had been 4 years a patrolman on the Berkeley, Calif., force, under the late Chief August Vollmer, who is universally recognized as the father of modern police science.

Vollmer called Wilson his best officer. In 1925, when the small Fullerton, Calif., force needed a chief, Vollmer recommended him. Itching under political pressure, Wilson quit. After 2 years as an investigator for a finance company, he became chief at Wichita, Kans. In 11 years there he made an international reputation. Convinced that 1 smart, well-educated officer was worth 10 stupid ones, he made entrance examinations tough, appointed only intelligent young college men and sent them to study at the local university. Many oldtime policemen snorted at the idea of college graduates covering beats

But promotion was fast in Wichita, and thanks to their intelligence and training, and to Wilson's methods, the Wichita police solved 50 percent more burglaries than the national average and jailed more criminals.

"What could a professor learn in Wichita that can help Chicago?" angry politicians and policemen demanded. One thing was the value of a complete and honest modern records system. Smart police officials know that no department can be better than its records, and for years Chicago's were notoriously bad. Thousands of crimes went unreported; others were "downgraded" to make a burglary a mere "unauthorized entry," or a vicious assault a "street disturbance." Both are only misdemeanors, not felonies, and so are not listed in crime reports. The old trick looked fine on paper but made streets and homes no safer.

When Wilson put in an honest records system, Chicago's crime rate in many categories rose 150 percent, and enemies of police reform yelled that this proved that Wilson's methods encouraged crime. But the FBI settled that. It refused to use the previous year's false figures for comparison in its 1961 uniform crime report.

At Wichita, Wilson startled oldtime policemen with his innovations. There he sent bright young officers to visit all new families in town that moved to their beats. The police explained local traffic rules, told how to get help from hospitals, police, or firemen, things all newcomers wanted to know. The policemen made it clear they came as friends.

Then they left forms for the householders to fill out. They listed and described—with serial numbers where possible—every piece of the family's jewelry, all watches, furs, bicycles, radios, typewriters, household appliances, phonographs, and cars.

"Just in case they happen to be stolen," the policemen explained, "we'd know precisely what to look for."

For obvious reasons Wilson did not try this in Chicago. But under his plan, the department does record and file every big or little police action for possible future use. Already it is proving valuable in the fight on crime. But this naturally adds to paperwork, which officers resent, although most of it is done by civilian employees.

Policemen do get one good break in this regard. Instead of having to peck out their arrest and other reports on station house typewriters before they go home after 8 hours on their beats, they carry in their cars folders of blank forms that cover every situation any patrolmen may face. A fatal accident, a bent fender, a noisy radio annoying the neighbors, a lost child, a dog bite, a broken window, a snatched purse, even "one down in the gutter"—each incident must be reported briefly on a simple form by the officer who handles it. Before he leaves the scene he fills in numbered squares on the report in pencil, telling who, what, where, when, how, and why.

Later, from any public telephone, he dials a police recording room and reads aloud the numbers of the squares he has filled and the information in them. It takes only a minute or two, and policemen call this "beeping it in." When an officer hangs up, his dime is returned. Reports pour in by the thousands, are recorded on tape, to be transcribed by pool stenographers. Some oldtimers resent this innovation, for they sometimes have difficulty reading their own notes aloud. But most young officers prefer it to the old time-consuming chore after patrols were over.

Electric computers in the planning division—a Wilson innovation—at headquarters scan all crime reports, classify them, match them to one another and convert them into patterns for the big maps of the city that hang in the crime analysis section. For example, should a dozen reports in 10 days concern a left-handed sneak thief in five-and-dime stores, or robberies in one section of town several nights a week by a man 6 feet 2 inches tall, or burglars who break into radio shops at 5 in the morning, crime patterns emerge on the maps.

The Division Street robbery reported by the cook is an example of how the system works. Electronic computers and other scientific instruments found that 21 previous holdups were the work of 2 men, 1 short and shabby, the other medium height and neatly dressed. They always jumped from dark doorways and hit their victims on the head with guns. All these crimes, analysis showed, occurred between midnight and 2 in the morning on Thursday or Friday nights, and all in a 2-square-mile area north of the Loop.

Patrol and detective divisions and the task force, another new Wilson idea, immediately were notified. The task force consists of 450 carefully picked and well-trained officers who work in plain clothes or uniform, afoot or in some 80 cars, many of which have no police markings. They are used on special assignments, sometimes to serve as decoys, or where an area needs a high concentration of patrols.

The first Thursday night after the pattern appeared on the planning division map, eight task force cars were sent to the division street area to prowl with and back up regular patrols. This did the trick; within an hour the tip came in from the cook, the police got their men.

Wilson has changed the department physically as well as in operation methods. One innovation that is universally popular among the citizens is the communications division, where the new emergency telephone and radio dispatch system cost $1.8 million. It's worth very penny of it when lives depend on saved seconds and accurate direction. Anyone, anywhere in town, who dials the emergency number automatically and instantly reaches the particular headquarters desk that controls police cars in the area where the call originated. No operator or other third person is involved. The officer who answers these calls uses the same headset to listen to the public and to direct cars. This saves time and reduces possibility of error.

Wilson divided Chicago into eight radio dispatch zones, each with its own three-man desk or "console" in the big headquarters room where dispatchers handle emergencies. Zone dispatchers can receive three calls at once; if more arrive at one time the others shift, automatically, to a group of desks where other dispatchers handle them. Each dispatcher faces a map of his own zone plus parts of those adjoining it, with all cars clearly shown on their beats. If a car is out of service for any reason, its light on the map goes out, remains out until it reports back for duty.

The people like the change. Pride in the new department is supplanting the old pride in the city's wickedness. Two years ago a visiting reporter heard expressions of doubt that the new regime at headquarters could or should succeed. Today he hears taxicab drivers say: "No cop has asked me for a handout in a year," and housewives report: "The police were at the door by the time I hung up the telephone."

For the first time, Chicago officers are undergoing modern in-service training. Last year 6,500 of them went back to school for an average 88-hour week each, and studied not only such technical matters as crowd control and rules of evidence, but ethics and human rights. This year it is planned that every policeman will get a week at school.

A thousand recruits sweated out the hard 13-week training course before they won their badges. They learned fast. Of 2,110 men who wanted to enter one school, only 145 could pass the new, stiff mental, moral, psychological, and physical standards. And not all of these lasted out the rigorous work and discipline of the school.

Despite what he has done for the department, Wilson has enemies in the ranks and among higher officers. How many there are no one knows; enough, certainly, to create problems. About 600 men resigned or requested quick retirement in the new chief's first 2 years, some for legitimate reasons, some to avoid facing investigations. They probably still have friends in uniform. There is growling, too, among old captains, lieutenants, and sergeants, for seniority is less important than it once was.

Some officers no doubt chafe under Wilson's rigorous honesty and long for the bad old days when traffic cops collected $5 bills and patrolmen picked up radios, bottles, and tenspots from businessmen on their beats. The former chief had been an absolutely honest man; he still is on the force, cut back to his permanent rank. But he lacked Wilson's fervor that annoys some of his men.

Wilson's reply to a policeman's question at a meeting shocked those who had hoped he would "soften up." He had warned the force about "accepting gratuities" when an officer asked how large a gift must be to be turned down.

"A 10-cent cup of coffee," Wilson snapped, his face grim.

Every member of the department has had at least one pay rise under Wilson, patrolmen's salaries going up 7½ percent, those of higher ratings more than that. There were 950 promotions last year, 414 of them moving up from patrolman to sergeant. However, many soft and useless jobs were ended, and men with only political pull were dumped out of their featherbeds. That made enemies.

Wilson closed 17 obsolete stations, cutting the total to 21, and plans to get rid of another soon. The reduction hurt the pride of captains who for years had been the czars of their own backyards. But the move sent 180 policemen from desk jobs to much-needed patrol; had that many additional men been hired, their salaries would have come to about $1 million a year. At the same time, 400 new women crossing guards relieved more officers for actual police duty, and Wilson put 600 new civilians to work at desk jobs in place of patrolmen needed on the streets.

The Chicago crime rate has fallen. No one division is responsible for the change. The whole department accomplished it. Wilson refuses to relax; crime may rise again temporarily. The rate of arrests for serious offenses jumped; the percentage of robberies solved was up more than 25 percent.

When Wilson finished the second year of his contract last March, with only 12 months to go, reporters asked him about his plans for the future. He'll tighten up the organization, he replied, continue to streamline it, attack crime on all fronts. He'll step up the war on "organized crime" that is just well started, get rid of the syndicate and professional gangs. He'll try to cut juvenile delinquency, send gamblers packing, work with Federal agencies on narcotics, improve race relations, strive with his fine men to give the Chicago police a worldwide reputation for integrity, intelligence, hard work and human understanding.

"Can you do all that in 1 year?" a reporter asked.

"It will take several years," Wilson replied without batting an eye. "But we'll do it." He did not mention the contract that ends next March, a day toward which his enemies look forward hopefully.

The people of Chicago have had more than enough of "burglars in blue," of lieutenants who pal around with hoodlums, of shakedowns, payoffs, and ticket fixes, enough civic disgrace. They want the "Old Professor" to keep on running their police department.

---

## VILHJALMUR STEFANSSON

Mr. YOUNG of North Dakota. Mr. President, tomorrow's history, with the emergence of great men and great deeds, is being written today. Much of today's history was written by men of greatness, one of whom was Vilhjalmur Stefansson, a Manitoban by birth but a North Dakotan by his own choosing, to the eternal gratitude of people from my State.

When we speak of history, we sometimes confine ourselves to that realm which most closely affects us—our community, our State, our Nation, a continent. This man, Vilhjalmur Stefansson, was the world's foremost authority on that section of the North American Continent known as the Arctic.

Mr. Stefansson, who suffered a stroke and died August 26 at Hanover, N.H., left behind him a contribution to Arctic history that will live on and on, long after most of us here have left this life.

Like many fine North Dakotans, he was born of Icelandic parents, at Arnes, Manitoba, and moved at the age of 15 months with his family to a farm in Dakota Territory, near what is now the community of Mountain, in Pembina County, N. Dak. He was raised on that farm and it was to provide the foundation for a great life. He attended the University of North Dakota, at Grand Forks, though he graduated from the University of Iowa in 1903. He studied also at Harvard, received honorary degrees from Harvard, Iowa, Michigan, and Iceland, and was saluted by many scientific and geographical societies. Among his many distinctions was serving as president of the New York Explorers' Club for 5 years.

It was the University of North Dakota with which Vilhjalmur Stefansson was most closely affiliated after he had established himself as a famed explorer. It was also the University of North Dakota which had expelled him, during his undergraduate days, for failing to attend to his duties.

Destined to become one of the university's most famous students, he was also, probably, its most mischievous. His pranks while a student there are legendary and recalled frequently by both students and faculty members.

But while it was the University of North Dakota which expelled him, he harbored no ill feelings. He wrote once, "North Dakota is my university because it was the first, and because I was there 6 years. The State is my State because I lived in it 21 years. My early associations are with the State and some of my dearest memories are bound up with the university."

The University of North Dakota bestowed an honorary degree on him in 1930 when he gave the baccalaureate address during spring commencement exercises. His latest return to North Dakota was in 1958, when he delivered a lecture at a University of North Dakota convocation. He lectured frequently in North Dakota, and made many new friends. The Honorable Gudmunder Grimson, retired North Dakota Supreme Court judge, was Mr. Stefansson's roommate at the University of North Dakota, and one of the few North Dakotans who knew him well as a young man. Others are Tryggvi Bjarnason of Mountain.

Tryggvi Bjarnason recalled the only time in "Villie" Stefansson's life that he was not able to get where he was going and was balked in doing what he started to do. "That was the time he tried to corner a skunk in a hollow log. The effort was something less than successful," Bjarnason said.

While there are few oldtimers who actually remember Mr. Stefansson's early days in Pembina County, Mayor Arnold Christianson said, "This community deeply mourns the death of its most distinguished son."

Among his many contributions to science and what is now history are his prediction years ahead of the fact that the North Pole would become a crossroads for air travel between America and Europe, and that submarines would travel under the Arctic icepack.

He spent 10 winters and 13 summers in the Far North in the 15 years prior to his retirement in 1919 from active exploration. Since 1947 he had been Arctic consultant at Dartmouth College and curator of the Stefansson Collection of Polar Literature.

The collection, some 25,000 bound volumes and 45,000 manuscripts, is hailed as the Western World's largest library about the polar regions. His own writings were prodigious—some 24 books and 400 articles about the Far North, covering anthropology, geopolitics, economics, language, medicine, ethnography, and religion.

An editorial in the August 29 Bismarck Tribune hails Vilhjalmur Stefansson as "one of the keenest intellects of his age, a man whose mind made him a peer of contemporaries such as Albert Einstein and other geniuses of this century."

Mr. Stefansson's contributions were more than as a historian, explorer, and writer. The defense of this country from the continent's northern perimeter is today based in large part on the concept of Stefansson's explorations and his findings.

Vilhjalmur Stefansson had completed the first draft of his autobiography just a week before the stroke that led to his death. This, certainly, will be a vital part of the rich works of this extraordinary man, and it is my fervent hope that some capable writer will be able to complete this document.

My State, this Nation, and I am sure, Canada, mourn the death of this Viking-like Icelander who contributed so much to world history as an explorer, historian, writer, philosopher, scientist, and geographer. He deserves fully the inclusion among that rare group which is called the modern great.

I ask unanimous consent to have several editorials and articles from North Dakota newspapers with reference to Vilhjalmur Stefansson printed in the Record as a part of my remarks.

There being no objection, the articles were ordered to be printed in the Record, as follows:

### Death Takes Famed North Dakota Figure at 82

Hanover, N.H.—Vilhjalmur Stefansson, one of the last dogsled explorers and also one of the world's foremost Arctic scientists and historians, died Sunday at 82.

The explorer, born in Manitoba of Icelandic parents, predicted years ahead of the fact that the North Pole would become a crossroads for air travel between America and Europe. He also foresaw that submarines would travel under the Arctic icepack.

Stefansson, who once thought of making poetry a career, spent 10 winters and 13 summers in the Far North in the 15 years prior to his retirement in 1919 from active exploration. Since 1947 he had been Arctic consultant at Dartmouth College and curator of the Stefansson Collection of Polar Literature.

Dartmouth boasts that the collection—25,000 bound volumes and 45,000 manuscripts is the Western World's largest library about the polar regions.

Stefansson suffered a stroke a week ago at a dinner for an old friend visiting Dartmouth, Eske Brum, chief of Denmark's Ministry for Greenland. He died early Sunday at Mary Hitchcock Hospital.

Only a week before his stroke, Stefansson completed the first draft of his autobiography.

He wrote some 24 books and more than 400 article about the Far North. His work covered anthropology, geopolitics, economics, language, medicine, ethnography, and religion.

The Stefansson collection began with 300 books given to him by the American Geographical Society of New York. In 1953 Dartmouth purchased the collection from the explorer.

Stefansson's first major Arctic expedition took him to the MacKenzie River Delta in Canada. When the expedition's ship became icebound and could not meet him, the explorer spent a winter with the MacKenzie Eskimos. He adopted their clothes, food, and work habits and studied their language.

Shortly after Stefansson's birth at Arnes, Manitoba, his family moved to the Dakota Territory. Stefansson first attended the University of North Dakota, then transferred to the University of Iowa, where he was graduated in 1903. From 1903 to 1906 he studied comparative religions and anthropology at Harvard but took time for two expeditions to Iceland.

Between 1913 and 1918 Stefansson commanded a Canadian expedition that spent 5 years north of the Arctic Circle. On this journey he discovered five islands claimed for Canada. Later the Canadian Board on Geographical Names named an island off the northeast shore of Victoria Island for Stefansson.

In 1941 the 61-year-old bachelor married Evelyn Schwartz Baird, his research assistant. Mrs. Stefansson now is librarian of the Stefansson collection. There are no children.

Stefansson was also noted for his "caveman" diet which he advocated after living with the Eskimos. The diet consists of an abundance of meat, including fat, nonstarchy vegetables and few if any carbohydrates.

"After all, the cavemen lived on it for a million years," he said.

In 1958, the University of North Dakota, which had expelled him for mischievousness in 1901, honored him as featured speaker at the university's 75th anniversary academic conference and convocation.

Stefansson, known on the campus as a prankster, was asked to leave the university "for failing to attend to his duties." A crowd of sympathizers and admirers pushed him to the railroad in a wheelbarrow.

He applied for reinstatement after his suspension, but was refused.

Later, Stefansson graduated from the University of Iowa and Harvard Divinity School. He found his interest in science greater than in the cloth, however, and took graduate work at Harvard in anthropology before winning worldwide fame as an Arctic explorer.

The noted explorer held no hard feelings for University of North Dakota after his expulsion.

"North Dakota is my university because it was the first and because I was there 6 years (including attendance at preparatory school)," he wrote later. "The State is my State because I lived in it 21 years. My early associations are with the State and some of my dearest memories are bound up with the university."

Once before he had returned to the University of North Dakota with honors, when he delivered the baccalaureate address at the 1930 commencement. He received an honorary degree from the institution which had expelled him at that time.

Although Stefansson was credited with being a pioneer in advocating the use of submarines and airplanes in polar exploration, he said they had taken the "romance" out of the Far North.

"It's just like taking a taxi now to fly over areas in the Arctic where we sledged years ago," he said.

Stefansson suggested use of a submarine under the Arctic ice to the late Sir Hubert Wilkins as early as 1913.

Wilkins attempted to reach the North Pole in a Navy submarine renamed the *Nautilus* but the effort failed, largely because the undersea craft was obsolete.

Years later the atomic subs *Nautilus* and *Skate* journeyed under the icepack in much the way Stefansson had suggested.

---

[From the Bismarck Tribune, Aug. 28, 1962]

### North Dakota Friends Mourn Stefansson's Death

Mountain.—A boyhood friend of Vilhjalmur Stefansson looked back over the years today to recall the time when "we were close neighbors and went to school together, played baseball together, and had a lot of fun."

Tryggvi Bjarnason, 82, was Stefansson's close friend. At his home here he heard the news of Stefansson's death at Hanover, N.H., Sunday with profound regret, as did all residents of the small Pembina County community where the great polar explorer grew to young manhood.

Bjarnason remembers Stefansson as "a brilliant student." The pioneer mountain resident called to mind the time when the teacher at the little school here had to take a brief leave of absence and called on Villie as Stefansson was known then, to teach while he was away.

Remembering Stefansson's high spirits and adventurous turn of mind, Bjarnason told of "the only time when Villie was not able to get where he was going or was balked in doing what he started to do. That was the time he tried to corner a skunk in a hollow log."

The effort was somewhat less than successful, Bjarnason said.

There are few here now who remember Stefansson. Time has dimmed the memory of some, and others remember him only faintly. Several, however, used the same word in describing the youthful Stefansson. The word was "brilliant."

Some oldtimers here recall that Stefansson, hard working though he was, was of a restless turn of mind that continually led him into adventures, either prankish or serious.

Mayor Arnold Christianson, 36, said Monday, "This community deeply mourns the death of its most distinguished son."

Christianson said he did not know immediately whether there would be community memorial services or other observances in tribute to the explorer.

Stefansson, who was confirmed in Vikur Icelandic Lutheran Church here, returned to his old home community 4 years ago. He visited with those of his old friends who still remain and spent considerable time reminiscing with Tryggvi and John Bjarnason, the oldest and closest friends of his boyhood.

At the same time he visited again with retired North Dakota Supreme Court Judge Gudmunder Grimson, who was his roommate at the University of North Dakota before the future explorer was expelled as "too mischievous."

In Bismarck Monday Grimson said Stefansson gave no sign in his university days of becoming a famous explorer, but was "very bright."

---

[From the Bismarck Tribune, Aug. 29, 1962]

### Stefansson—A Modern Great

Vilhjalmur Stefansson, born in a cabin on the shore of Lake Winnipeg and reared on a northeastern North Dakota farm, came to be regarded as perhaps the greatest of all authorities on the Arctic.

He was also looked upon as one of the keenest intellects of his age, a man whose mind made him a peer of contemporaries such as Albert Einstein and other geniuses of this century.

As a son of North Dakota, Stefansson has always been claimed with pride by his State, and he returned the pride with continuing interest in the homeland of his youth.

Perhaps his last visit here was in 1958, when he returned to the University of North Dakota to participate in the school's 75th anniversary academic conference.

Stefansson also had been a visitor to Bismarck, coming here in 1946 to speak under the auspices of the Bismarck High School journalism class.

To Stefansson, who spent much of his life learning the secrets of the Far North, the North Pole was the center of the earth in a strategic sense.

He believed this, and pounded his theory into the minds of all who would stop to hear, long before the day of atomic energy, long-range planes and intercontinental missiles.

Today the defense of the United States, and the attack plans of major nations, are in keeping with his concept; and what advances the United States has made in its defense posture along the lines of this concept are largely due to Stefansson's contributions.

But Stefansson was much more than an authority on one part of the earth. He was a scholar and a philosopher whose studies, thoughts and teachings have had a profound effect in many realms of learning.

The death Sunday of this son of North Dakota, the Viking-like descendant of Icelandic forebears, has removed from the world one of the great men of modern times.

---

[From the Grand Forks Herald, Aug. 27, 1962]

### Stefansson Dies at 82

Vilhjalmur Stefansson, 82, one of the world's foremost Arctic scientists and historians and one of the University of North Dakota's most noted former students, died Sunday at Hanover, N.H.

Stefansson suffered a stroke a week ago at a dinner for an old friend visiting Dartmouth College, Eske Brum, chief of Denmark's Ministry for Greenland. He died early Sunday at Mary Hitchcock Hospital.

Stefansson, who once thought of making poetry a career, spent 10 winters and 13 summers in the Far North in the 15 years prior to his retirement in 1919 from active exploration. Since 1947 he had been Arctic consultant at Dartmouth College and curator of the Stefansson Collection of Polar Literature.

#### COLLECTION LARGEST

Dartmouth boasts that the collection—25,000 bound volumes and 45,000 manuscripts—is the Western World's largest library about the polar region.

Only a week before his stroke, Stefansson completed the first draft of his autobiography.

He wrote some 24 books and more than 400 articles about the Far North. His work covered anthropology, geopolitics, economics, language, medicine, ethnography, and religion.

The Stefansson collection began with 300 books given to him by the American Geographical Society of New York. In 1953 Dartmouth purchased the collection from the explorer.

### MARRIED IN 1941

In 1941 the 61-year-old bachelor married Evelyn Schwartz Baird, his research assistant. Mrs. Stefansson now is librarian of the Stefansson collection. There are no children.

### DISMISSED FROM UNIVERSITY

He attended country schools, herded cattle for a living at 15 and taught country schools, saving money so that at 18 he entered the preparatory department at the University of North Dakota.

His career at the university ended in 1901 when he was dismissed for "mischievous" conduct.

He returned to the campus in the spring of 1930 to deliver the baccalaureate address at commencement exercises, June 8.

Twenty-eight years later he was a featured speaker at the University of North Dakota's 75th Anniversary Academic Conference, appearing November 3, 1958.

### KNOWN AS PRANKSTER

During his student days, he was known on the campus as a prankster and was asked to leave the university "for failing to attend to his duties." A report at the time said that "a crowd of sympathizers and admirers pushed him to the railroad depot in a wheelbarrow."

He applied for reinstatement after his suspension but this was denied.

Later Stefansson graduated from the University of Iowa and Harvard Divinity School. However, he found his interest more in science than the clergy and entered the Harvard Graduate School, winning a fellowship in anthropology.

### MADE FIRST TRIP

After completing his work at Harvard in 1906, he immediately left for an 18-month Arctic exploration under the auspices of Harvard and Toronto Universities. He was scheduled to join an expedition at the mouth of the Mackenzie River, but the party's ship was wrecked and Stefansson spent the winter of 1906–7 and the following summer among the natives of the Mackenzie Delta. He returned to the United States in October.

Six months later, he began a 53-month stay in the Arctic region, in the longest northland expedition on record. For a full year of that time, he lived with a tribe of "blond Eskimos" who had never before seen a white man. He also surveyed the Horton River, a stream 500 miles long, only the mouth of which was known up to that time.

### VESSEL FROZEN

In 1913 Stefansson set out in an expedition on the *Karluk,* a steam whaler, commanded by Bob Bartlett, Admiral Peary's skipper, when the North Pole was discovered, with two sister ships to explore the Arctic. His vessel was frozen in at Point Barrow, the northernmost point of Alaska, and he was unable to make headway to his goal of the Beaufort Sea.

Stefansson and other members of his party disembarked from the *Karluk* (later carried out to sea by the ice floe, and crushed) joined a group from one of the other ships and carried on the expedition.

In the spring of 1915 Stefansson discovered new land near the 78th degree of north latitude and explored the area. In 1916 he found new islands west of Heiberg Island and the following year ran a line of soundings 100 miles northwest of Cape Isachsen, showing the polar ocean to be shallow in this region.

### REPORTED ON EXPLORATION

Upon his return, the now internationally famous explorer announced he was through with his northern travels and undertook the publishing of a report of his expedition which took 5 years to prepare and filled 30 volumes.

Stefansson's one love was the Arctic. His pet peeve was persons who believed it was a barren, icy wasteland where no one could survive, let alone live comfortably. He blamed this idea on the ancient Greeks, "who," he said, "saw the earth as a symmetrical globe with everything to the north too cold to live in and everything to the south, too hot."

In October 1923 the noted explorer wrote the late Dean Joseph Kennedy of the university: "I am trying to abolish the frozen North in the sense in which the great American desert has been abolished."

### FLIGHT POSSIBILITIES SEEN

Stefansson was the first to see the possibility of transpolar flights as a common occurrence, and he constantly ridiculed oldtime theories about existence in polar climates. He pointed out as foolish the belief that snow should be applied to frostbites.

"The face freezes at 40 below zero in the Arctic, why apply snow which is many degrees colder?" he asked.

Stefansson also said that wearing a beard as protection against the cold was disadvantageous because "it generally filled up with frozen moisture from the breath."

### KEPT NO ILL FEELINGS

The noted explorer never kept any hard feelings about his dismissal from the university.

"North Dakota is my university because it was the first, and because I was there 6 years," he wrote, "The State is my State because I lived in it 21 years. My early associations are with the State and some of my dearest memories are bound up with the university."

He received an honorary degree in 1930 when he gave the baccalaureate talk at spring commencement exercises that year.

### LEGEND RECALLED

The Stefansson legend of his student days at the university (taken from Dr. Louis Geiger's "University of the Northern Plains," a University of North Dakota history) has it that "once when finding University of North Dakota President Merrifield's carriage parked on a downtown street, he [Stefansson] climbed in and brazenly ordered the driver to take him out to Budge Hall.

"On another occasion he stole University Instructor Woodworth's easily recognizable storm buggy and abandoned it at the door of one of the most notorious 'houses' in town. And when discovered drinking beer on the front step of Budge Hall by President Merrifield, he invited the president to join him in a bottle."

Thus exited from the university scene a man destined to become a world-famous explorer within the next 20 years.

### DISCOVERED VAST AREAS

Early press reports noted that although Stefansson discovered and mapped vast tracts in the northern areas, his greatest achievement was his demonstration by actual experience that explorers could live off the country in the polar regions, if they were adequately supplied with guns, ammunition and fishing tackle.

He demonstrated this once by living an entire month on meat to prove man can survive on animal flesh alone.

He received medals from the National, American, London, Paris, Philadelphia, and Chicago geographical societies and from the New York Explorers' Club of which he served as president for 5 years.

### THANKED BY CANADA

The Canadian Government gave him official thanks in 1921 for his work and honorary university degrees were awarded by Harvard, Iowa, Michigan, and Iceland. Many scientific societies of Europe joined American organizations in recognizing him.

He was annoyed by the legend which has him pictured as a man of powerful physique and amazing endurance. Stefansson was actually less than 6 feet tall and never weighed more than 160 pounds in his exploring days.

"A long, lean Scandinavian," was one writer's observation.

Stefansson, who was born November 3, 1879, in a cabin on the shore of Lake Winnipeg at Arnes, Manitoba, was the son of Icelanders, among the first to emigrate to America from that country. When he was only 18 months old the family moved across the border, homesteading a farm near what is now Mountain, N. Dak., in Pembina County.

---

[From the Grand Forks Herald, Aug. 27, 1962]

## OLD FRIEND RECALLS STEFANSSON AS BOY

MOUNTAIN, N. DAK.—A boyhood friend of Vilhjalmur Stefansson looked back over the years Monday to recall the time when "we were close neighbors and went to school together, played baseball together and had a lot of fun."

Tryggvi Bjarnason, 82, was Stefansson's close friend. At his home near here he heard the news of Stefansson's death at Hanover, N.H., Sunday, with profound regret, as did all residents of this Pembina County community where the great polar explorer grew to young manhood.

Bjarnason remembers Stefansson as, in his words, "a brilliant student." The pioneer mountain resident recalled the time when the teacher at the little school here had to take a brief leave of absence and he called on Villie, as Stefansson was known then, to teach the school while he was away.

Remembering Stefansson's high spirits and adventurous turn of mind, Bjarnason told of the only time when Villie was not able to get where he was going and was balked in doing what he started to do. That was the time he tried to corner a skunk in a hollow log. The effort was something less than successful, Bjarnason said.

### TERMED BRILLIANT

There are few here now who remember Stefansson. Time has dimmed the memory of some and others remember him only faintly. Several, however, used the same word in describing the youthful Stefansson of that time. The word was "brilliant."

Stefansson, who was born November 3, 1879, at Arnes, Manitoba, near Lake Winnipeg, came with his parents to Dakota Territory when he was 18 months old and the family settled in this Icelandic settlement. Stefansson grew to young manhood here, working on the family farm about 2 miles southwest of Mountain.

### ALWAYS ADVENTUROUS

Some oldtimers here recall that Stefansson, hard working though he was, was of a restless turn of mind that continually led him into adventures, either prankish or serious.

Mayor Arnold Christianson, 36, said Monday that "this community mourns the death of its most distinguished son. Not many of us knew him well, but every one of us had a strong sense of pride in his accomplishments and the many great things he did. It is our great loss, too."

### VISITS OLD HOME

Christianson said he did not know immediately whether there would be community memorial services or other observances in tribute to the explorer.

Stefansson, who was confirmed in Vikur Icelandic Lutheran Church here, returned to his old home community 4 years ago. He visited with those of his old friends who still remain and spent considerable time reminiscing with Tryggvi and John Bjarnason the oldest and closest friends of his boyhood.

### GRIMSON WAS SCHOOLMATE

Another old friend and schoolmate of Stefansson's, Judge Gudmundur Grimson, 83, of Bismarck, retired North Dakota Supreme Court justice recalls Stefansson as "too mischievous" for the University of North Dakota, which the two attended together.

Judge Grimson said that at the university Stefansson was known for "always sticking up for others" and noted that he was "very bright."

Judge Grimson, Stefansson and John Johnson of Benson, N. Dak., roomed together in a private home across the railroad tracks from the campus, where they did their own cooking. All three were reared in Pembina County.

Judge Grimson said that Stefansson gave no indication at that time of becoming a famous explorer.

---

[From the Fargo Forum, Aug. 28, 1962]

### VILHJALMUR STEFANSSON, ARCTIC EXPLORER, DIES, RITES THURSDAY

Funeral services will be held at 2 p.m. c.s.t., Thursday at Rollins Chapel on the Dartmouth University campus at Hanover, N.H., for Vilhjalmur Stefansson, famed explorer and historian who died Sunday.

Stefansson, world famous as one of the greatest of the Arctic's explorers, had since 1947 been Arctic consultant at Dartmouth College and curator of the Stefansson Collection of Polar Literature there.

He suffered a stroke a week ago at a dinner for an old friend, Eske Brum, chief of Denmark's Ministry for Greenland who was visiting Dartmouth. Stefansson died early Sunday in a hospital.

He leaves Mrs. Stefansson, whom he married when he was 61.

Stefansson was a frequent visitor to North Dakota, and had many friends in the State. His latest trip to North Dakota was in 1958, when he spoke at a University of North Dakota convocation, which he had attended until he was expelled in his third year, a fact around which a considerable body of legend grew.

He also lectured frequently throughout North Dakota, and addressed the Fargo-Moorhead Executives Club in 1946.

Stefansson was born November 3, 1879, in a cabin at Arnes, Manitoba, on the shore of Lake Winnipeg. His parents were Icelanders. When he was 18 months old the family moved across the border homesteading a farm near Mountain, in what is now Pembina County, N. Dak.

He attended country schools and taught in them and herded cattle, saving money to enter the University of North Dakota at age 15.

Among the few in Mountain who remember him from his boyhood near Mountain are Tryggvi and John Bjarnason, his oldest friends.

They and others recollect him as hard working, but with an adventurous turn.

Stefansson was confirmed in Bikur Icelandic Lutheran Church in Mountain.

Mountain's Mayor Arnold Christianson said today, "This community deeply mourns the death of its most distinguished son." He said he did not know immediately whether there would be memorial or other services here.

Stefansson visited the Bjarnasons here 4 years ago. While in the State then, he also visited with retired North Dakota Supreme Court Judge Gudmunder Grimson, who was his roommate while they attended the University of North Dakota.

A body of legend has grown up around the reason for his being expelled from the University of North Dakota. He told a Forum reporter in 1958 the primary reason was because he harried a professor who had claimed the King James version of the Bible was perfect prose, by finding in the Bible an awkward phrase and using it as his own in a paper, later exposing it as a phrase from the Bible before the class.

He said he began to be "blamed for all the pranks on the campus," but added of subsequent legends: "There is some truth in most of them, much truth in some of them, and only a few are entirely false."

The University of North Dakota years later gave him an honorary degree, as did Harvard and universities in Iowa, Michigan, and Iceland.

He worked as a newspaper reporter in Grand Forks for a time, and also sold insurance, to make enough money to attend and graduate from the University of Iowa in 1903.

First intending to be a minister, Stefansson went to Harvard on a divinity scholarship. But his interest switched to science and he won a fellowship in anthropology.

He started his fieldwork in anthropology in 1904 in Iceland. A paper which he wrote on the discovery of Greenland led to his being invited to join an expedition in 1906 to Victoria Land, north of Canada.

En route to join the expedition, his ship was wrecked and Stefansson spent the winter of 1906–07 and the following summer among natives of the Mackenzie Delta.

A few months later he returned north again, in company with another explorer, and spent 53 months in the central Arctic coast of North America.

On that trip he spent a year with "blond Eskimos," who never had seen a white man before. He later theorized that those Eskimos might have been the descendants of Vikings who settled in Greenland.

He left in 1913 on another northern expedition, returning in 1918, after a score of members had died of exposure, disease, accident, and suicide.

On that trip, Stefansson discovered several islands in the Arctic.

He was among the first to predict the logic of plane flights over the Arctic.

He also predicted submarine journeys under the Arctic ice cap, and was credited by Sir Hubert Wilkins, another famous Arctic explorer, with giving Wilkins the germ of the idea for such a voyage, which Wilkins tried unsuccessfully in 1931.

Stefansson wrote 24 books and more than 400 articles, and only a week before his stroke he had completed the first draft of his autobiography. His works covered anthropology, geopolitics, economics, language, and religion.

In one recent book, "The Fat of the Land," Stefansson presented a full-scale argument for a meat diet—something he had favored for years after noting that Eskimos lived on such a diet and enjoyed excellent health.

He lived for a year on a meat-only diet at Cornell University.

Stefansson also ridiculed theories about the need for heavy clothing in cold regions, claiming that airtight, light clothing served the purpose much better.

Several of his many books became popular, perhaps the best known being "The Friendly Arctic," which was praised as "unique and important, the outstanding geographical publication of 1921," when he received a prize for it.

He was president of the New York Explorers Club for 4 years, and was honored by geographical societies throughout the world.

---

[From the Fargo Forum, Sept. 2, 1962]

### STEFANSSON FOUND ADVENTURE IN EXPLORATION OF ARCTIC

Vilhjalmur Stefansson's accomplishments could have passed around half a dozen ordinary men. In addition, he had rare mental vision, and the just as rare ability to do his own thinking, even when it didn't jibe with that of his fellow men.

Reared on North Dakota's prairies, Mr. Stefansson gained fame as an Arctic explorer. He held our admiration, and perhaps our envy, by finding adventure in this workaday world.

He was one among those, and far from the least, who by dogsled and on foot explored the last unknown, the frigid regions of this earth. He mapped vast areas of the Arctic, and discovered several islands.

He was also a scientist and scholar of note, reaping honors in the fields of anthropology and geography. And he was a fertile author, who wrote until his death last Sunday at the age of 82.

Perhaps more important in the long view, Mr. Stefansson looked at the world with a fresh eye, made his own observations and stuck by them.

He predicted flights over the North Pole, and voyages by submarine under the pole; and envisioned the Arctic as a region fit for human habitation.

Mr. Stefansson scoffed at many prevelant theories and notions, among them that vegetables, fruit and breads were necessary to a healthy diet, and that men could not live in cold regions without burdening themselves with heavy clothing.

He lived for years in the Arctic, dressing comfortably and eating only meat, and returning to civilization as healthy and lean as when he had left. As to a meat diet, he lived primarily on meat for years and seldom had a sick day.

Mr. Stefansson also had a commanding personality, as any who met him even in his later years can verify. With his white mane of hair, strong convictions, amazing energy and agile wit, he was a man to long remember.

North Dakotans can well be proud of Vilhjalmur Stefansson, and can perhaps be pardoned for hoping that some part of his gifts were forged by growing up here.

---

## REPLY TO THE EXTREME RIGHT

Mr. PELL. Mr. President, recently, I had an opportunity to review the remarks of Father Albert J. Nevins, president of the Catholic Press Association, made before the 89th annual forum of the National Conference of Social Welfare as they appeared in the June 1962, Anti-Defamation League Bulletin of B'nai B'rith.

In my judgment, Father Nevins' remarks represent one of the clearest and spirited replies to the extreme right that I have read. Father Nevins very correctly stresses that "too many of us are for anyone who is opposed to communism; we adopt them 100 percent. It may not matter that some other of his ideas are wrong or dangerous; he is anti-Communist and that is enough to give him the stamp of approval. And reversely, if the Communist is for something, no matter how good, we are against it."

Father Nevins brilliantly outlines many of the pressures and contradictions which our youth are faced with today and points out that elements by so-called new conservative movement "breed hate for fellow humans and contempt for authority."

Father Nevins points for a positive approach toward perfecting our democracy and living up to the responsibilities which our faith in God press upon us. I wholeheartedly agree with his observance that "we are not going to overcome evil with evil, but only with good. Lies, distortions, suspicions passed off as fact, slanders—this is the character of a great deal of conservative literature. No one is going to convince me that hate and the division of the American people are the answers to today's problems."

Mr. President, I ask unanimous consent that Father Nevins' address entitled "Reply to the Extreme Right" be printed in full in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

### Reply to the Extreme Right

(By Albert J. Nevins)

There is a phenomenon peculiar to the Catholic Church which happens every spring. It is the ritual known as the communion breakfast. How many cups of coffee are drunk, how many rolls are broken, and how many eggs are consumed would make an interesting statistic. But more staggering would be the number of words poured forth at these gatherings. And I am willing to wager that if some record were kept of these communion breakfast talks, you would find 7 out of 10 of them are on the single subject of communism.

The Catholic's preoccupation with communism is nothing new. It has been going on as long as I can remember. We have been conditioned to it from our youth. It has taken on the nature of a 20th century crusade—a crusade of words, but a crusade none the less. It has some very surprising results. All of us are against communism, but too many of us are for anyone who is opposed to communism; we adopt them 100 percent. It may not matter that some other of his ideas are wrong or dangerous; he is anti-Communist and that is enough to give him the stamp of approval. And reversely, if the Communist is for something, no matter how good, we are against it.

Please do not misunderstand me. Communism is an evil and godless system that seeks to subvert the world through propaganda, infiltration, subversion, false fronts, sabotage, terror, civil strife and treacherous diplomacy. As the late Justice Robert Jackson wrote in one of his Supreme Court opinions, "This Communist movement is a counterrevolution to the American Revolution, designed to undo the Declaration of Independence, the Constitution, and our Bill of Rights, and overturn our system of free, representative self-government."

The fact is that the Soviet Union challenges us in every field of endeavor. In 40 years, a once backward nation has become our leading competitor. The Soviets challenge us in education. They challenge us in missiles and in space. The Soviets challenge us in industrial superiority. They challenge us in economic competition for the underdeveloped areas of the world. They challenge us in fields of pure research. They challenge us in world propaganda.

There is an increasing tendency among the American people to think that we have arrived. We talk about new frontiers but we ride to them in air conditioned autos to the sound of FM radio. Dr. Grayson Kirk remarked recently, "Somewhere along the line we have become fat, smug, and spiritually anemic. We interpret the 'pursuit of happiness' to mean the pursuit of leisure. * * * Other people before us have been wrecked by indolence, self-seeking and a decay in national ideals."

One of the disturbing indications of this indolence has been the violent reaction of increasing numbers of our young people who are adopting extremely conservative positions. This anomaly plays havoc with many fixed ideas.

Conservatism was formerly the prerogative of age, associated with the time when one began to carry an umbrella and wear arch supports. It was a state of mind induced by satisfaction with one's life and opposed to any change in the modus vivendi. Youth on the other hand was the age for tilting lances at windmills. It was the area in life set aside for altruism—the time of promise, the moment for joy. There was a positive dedication to youth, perhaps not always mature, not always sensible, but ever challenging and inspiring.

Today we find youth retreating from the world of reality, withdrawing from any personal commitment with the problems of their times. There is an attempt to turn the clock back, to resurrect principles no longer valid in a nuclear world. How is this denial of youth's essential being to be explained? What forces create this metamorphosis? The answer, I think, lies in the world in which today's youth finds itself.

Our youth today is dwelling in what is the most hypocritical society of history. We profess equality and practice segregation. We proclaim our belief in good government but are apathetic to graft and corruption. We ban bingo and proscribe bookies but ignore extensive gambling controlled by racketeers or legalized at the track. College basketball fixes, scales that give short weight, disc jockey payola, fixed quiz programs, substitute hired brains to write one's thesis, mink coats and shakedowns, double standards, political platitudes that are meaningless—these and many, many more are enough to cause any integral idealist to want to turn away from the world in which he finds himself.

Add to this the intercontinental ballistic missiles aimed at our shores, international betrayals and broken promises, brush fire wars starting anywhere at the whim of the Communists, enslaved peoples, cosmonauts piloting sputniks over our heads, the insidious and never really challenged world perversions of the Reds, the infiltration of materialism and sublimated atheism into the bloodstream of the West, the hesitation and compromise of free nations when faced with a basic international moral problem—consider these and you will know why youth searches for principles of abiding value. Youth has not lost its idealism. It merely wishes to reject and withdraw from its present environment.

Today's youth looks for a vigorous answer to the problems of its times. Weary of evasions, compromises, words without meaning, the search of youth is a search for candor. Youth looks for leaders who will face up to the modern world without qualms, free of pressure, honestly. Youth is tired of talk, weary of platitudes, disgusted by the mess made by its elders. Its Holy Grail is that which is brave, bold, new. It searches for the voice of truth crying out in a 20th-century atomic wilderness.

And, in its inexperience, what does it find? Reeds shaken by the wind. Retailers of phrases, and dealers in remnants of remnants. Mossbacks who do not realize that a century ago the Civil War decided once and for all time the issue of States rights, and that World War II ended any possibility of American isolation.

This insecurity of youth in an even more insecure world causes a double flip that lands it in the ring of conservatism. Here is the new philosophy of idealism, the intellectual purification, the moral purge. Here is the reaction to the liberalism of the past. "Let us conserve the little good that is left to us," says the youthful conservative. "Let us return to those principles that made America great. Free enterprise. Climb high, climb far. Carry a big stick. The best governed is the least governed. America first, last and always. Business is business. Safe for democracy. Let the chips fall where they may."

Modern conservatism is a series of slogans—some without meaning, most negative. It is the adoption of a philosophy without any basic ideology, for if one follows the conservative arguments, it is quickly apparent that it is inconsistent, varying from issue to issue. Modern conservatism is color blind—everything is black and white, with no in-between shades; one is either for or against something wholeheartedly, there is no such thing as neutrality or distinctions; there are only extremes—left and right, liberal and conservative, Communist and anti-Communist.

What is particularly frightening in the new conservatism is that sections of it breed hate for fellow humans and contempt for authority. Accuse the Catholic liberal of what you will but I for one can find no instance where a Catholic liberal has contravened ecclesiastical authority. But one can cite many instances where Catholic conservatives have defied their bishops, ranging from New Orleans to Lafayette to Pittsburgh. I challenge Catholic conservatives to justify their positions from Catholic theology and social teachings as expounded by papal encyclical. I recall an instance where a reader of a magazine I edit objected to an editorial I wrote. I answered her with Catholic teaching. She replied that I was wrong. I then spent many hours getting quotations from papal teaching on the subject. But the correspondence came to an end when she replied that if the Holy Father had said that he also was wrong.

The extreme right refuses to admit the social doctrine of the church. When Mater et Magistra (Christianity and Social Progress) was published last year, the opinion of the radical right was epitomized by the National Review in its very clever headline, "Mater, Si—Magistra, No." When Father John Cronin of the Social Action Department of the National Catholic Welfare Conference published an objective study called "Communism: Threat to Freedom," he was vigorously attacked. Why? Because he contradicted the first principle of the extreme right which declares: "The danger is almost entirely internal, from Communist influence right in our midst and treason right in our government." Father Cronin had the temerity to suggest that the strong reaction sweeping our country against domestic communism should be turned toward the far greater danger of Communist subversion in Asia, Africa, and Latin America. To the conservative extreme this is heresy.

With conservatives of this type reasonable discussion becomes impossible. They will not move from fixed positions. Their leaders carry more weight than the Pope. Their publications are more authoritative than the New Testament. When Dwight D. Eisenhower is labeled a Communist, they offer no dissent. When the Foreign Policy Association is called a Communist front, the statement becomes infallible, to be accepted without question. This lunacy of the extreme right is just as dangerous to freedom as the subversion of the extreme left.

We are not going to overcome evil with evil, but only with good. Lies, distortions, suspicions passed off as fact, slanders—this is the character of a great deal of conservative literature. No one is going to convince me that hate and the division of the American people are the answers to today's problems. There can be no respect in any mind for a leading conservative magazine that prints an article ridiculing the Christian virtue of love or an article in praise of Machiavelli. There can be no respect for another magazine which brands prominent Americans who have contributed much to this country as "Communists." These mouthpieces for the conservative position are founded on negative principles, they are opposed to change on principle, they are intolerant of the principles of others and ready to damn by ridicule anyone who fails to agree with them. We will not defeat communism by fighting among ourselves.

The conservative extreme has its platform—a platform which makes anything of a social nature suspect as communistic.

Articles of this platform include these, among others: Repeal the income tax, get out of the United Nations, withdraw from NATO, end foreign aid, fight fluoridation of water, decentralize the National Government, stop Government interference with segregation.

It was Gerard Sherry, managing editor of the Central California Register, who observed that "fundamentally the conservative is sensitive to dangers, and the liberal is sensitive to opportunities." The conservative constructs defenses to maintain his position and he pushes the barricades out as far as possible. He tends to make absolutes out of relatives and to blur the distinctions between essentials and accidentals.

If we are going to succeed in our struggle against communism, we must reject all labels. We must maintain our independence to decide each issue on its own merits. We must know what we believe and the principles by which we are to live.

This is what I believe—I believe in the natural rights of man; I believe in the quality of men before God; I believe in human brotherhood; I believe in the eminent dignity of the human person, and the right of every man to lead his life in dignity; I believe in the Judeo-Christian concept of private property; I believe in the moral obligation to love one's country; I believe in the primacy of the common good; I believe in the liberty of men, opposed to totalitarianism; I believe in justice as a necessary basis for international life; I believe that charity is the keystone of life.

On the practical point of our defense against communism, a distinction must be made between external and internal subversion. We already have the organizations necessary to handle internal subversion—the House Un-American Activities Committee, the Senate Internal Security Committee, the FBI. We do not need the witch-hunting committees that have appeared in the last few years. To meet the threat of external subversion, we must educate every American to understand the Communist ideology; we must maintain the military strength of our country and see to it that our allies remain strong, too. Foreign aid is not Communist doctrine—it is sound American policy.

We must see communism for what it is—an evil and godless system that seeks to subvert the world through propaganda, infiltration, subversion, false fronts, sabotage, terror, civil strife and treacherous diplomacy. But while we see it for what it is we must not apply its label to things and people indiscriminately.

Our people must know why they should be opposed to communism, not how to falsely brand prominent Americans who have contributed much to this country as "Communists." Our people must grasp the ideological reasons why they must be opposed to communism, that fundamentally the dichotomy between Marxism and our democracy involves the Communist's basic opposition to God and the annihilation of the fundamental Judeo-Christian traditions which founded our country.

Each of us must seek to awaken the conscience of America. Our community is our world. Start there—not by dividing and hating your neighbors, but by loving them. It is only love that has the power to re-create.

We will love our neighbors and those far away. We will love our friends and we will love our enemies. We will love Catholics, Jews, Protestants, the indifferent, Muslims, pagans, atheists. We will love all social classes, but especially those more in need of assistance. We will love those who scoff at us, those who despise us, those who persecute us. We will love those who deserve to be loved and those who do not deserve it. We will love as we try to understand, to sympathize, to esteem, to serve.

We will love with the fullness of God.

## TOUGHER ANTI-RED POLICY IN CUBA

Mr. WILEY. Mr. President, the Soviet Communists—obviously at the request of Castro—are reportedly pouring more and more manpower and materials—including weapons—into Cuba.

This violation of peace in the Western Hemisphere cannot go unheeded—or unprepared for. Last week, I urged the Organization of American States to investigate the situation and to take any necessary action to contain this threat to peace.

The flagrant way in which the Soviets continue to pour troops, technicians, military, and other materials into Cuba, however, also requires, I believe, a redefinition of U.S. policy—and updating, perhaps, of the Monroe Doctrine.

The United States can—and should—I believe, declare its readiness to act—preferably in unison with the OAS, but, if necessary, unilaterally—against such military aggression to neighboring states.

The Soviets, too—if they continue this violation of the peace—may ultimately find that they have on their hands a military bastion that cannot go anywhere; for we should not—and must not—let it go anywhere in the Western Hemisphere; the burden of overarmaments will further jeopardize the already weak Cuban economy—requiring more Red economic assistance.

Militarily, Cuba represents no serious threat to the United States, for it could be snuffed out in a matter of minutes.

The real danger, however, lies in attempted reexport of armaments to other countries in Latin America; provocations—such as the firing on the U.S. naval training plane—disturbing the peace; and a general uneasiness with the existence of an alien, armed, wishfully aggressive Cuba in the Western Hemisphere.

In encouraging Soviet-aid policies, Castro, himself—a Red egomaniac—should also be reminded of the fate of other Castro types in Communist-dominated countries.

Now, he enjoys the position of a big frog in the Cuban pond.

If he encourages greater inflow of Communist materials and manpower, however, he may ultimately find himself a little—or extinct—frog in the Communist pond.

For peace in the Western Hemisphere—as well as to reassure our neighbors that we will not tolerate military action against them, then, I believe that we now should speak out with a clear, definitive warning against the Reds further threatening peace in the Western Hemisphere.

I ask unanimous consent to have the text of President Kennedy's statement on Cuba, as published in this morning's Washington Post, printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### TEXT OF PRESIDENT KENNEDY'S STATEMENT ON SOVIET AID TO CUBA

All Americans as well as all of our friends in this hemisphere have been concerned over the recent moves of the Soviet Union to bolster the military power of the Castro regime in Cuba.

Information has reached this Government in the last 4 days from a variety of sources which establishes without doubt that the Soviets have provided the Cuban Government with a number of antiaircraft defense missiles with slant range of 25 miles which are similar to early models of our Nike.

Along with these missiles the Soviets are apparently providing the extensive radar and other electronic equipment which is required for their operation.

We can also confirm the presence of several Soviet-made torpedo boats carrying ship-to-ship guided missiles having a range of 15 miles. The number of Soviet military technicians now known to be in Cuba or en route—approximately 3,500—is consistent with assistance setting up and learning to use this equipment.

As I stated last week, we shall continue to make information available as fast as it is obtained and properly verified.

There is no evidence of any organized combat force in Cuba from any Soviet-bloc country; of military bases provided to Russia; of a violation of the 1934 treaty relating to Guantanamo; of the presence of offensive ground-to-ground missiles; or other significant capability either in Cuban hands or under Soviet direction and guidance.

Were it to be otherwise, the gravest issues would arise. The Cuban question must be considered as a part of the worldwide challenge posed by Communist threats to the peace. It must be dealt with as a part of the larger issue as well as the context of the special relationships which have characterized the inter-American system.

It continues to be the policy of the United States that the Castro regime will not be allowed to export its aggressive purposes by force or the threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere.

The United States in conjunction with other hemisphere countries will make sure that, while increased Cuban armaments will be a heavy burden to the unhappy people of Cuba, they will be nothing more.

## MARY GIBBS JONES, OF HOUSTON, PHILANTHROPIST AND WIDOW OF CABINET OFFICER, PASSES AWAY

Mr. YARBOROUGH. Mr. President, the death of Mrs. Mary Gibbs Jones, widow of the late Jesse H. Jones, of Houston, Tex., is a great loss to her city, State, and Nation. Mary Gibbs Jones was the widow of one of the seven persons from Texas who have served as Cabinet officers of the United States in our history.

Her love of helping others, expressed in many lasting ways, will always speak eloquently in her memory.

The Houston Press, a Scripps-Howard newspaper, said of her passing:

> The name of Mary Gibbs Jones will be held in respect and gratitude by generations unborn as a result of the philanthropies of Houston Endowment, Inc., founded in 1938 by Mr. and Mrs. Jones to share the tremendous Jones fortune with educational,

religious and charitable institutions and undertakings.

Think of this. Just since 1958, 433 Houston area young men and women have been aided to higher educations by deservedly winning Jesse H. Jones and Mary Gibbs Jones scholarships. In the Texas Medical Center is the $600,000 Jones Medical Library. On Rice University campus is the $1 million Mary Gibbs Jones College, the beautiful women's dormitory complex. At the University of Houston are classroom buildings constructed from a million-dollar Jones gift. More than 30 colleges have Mary Gibbs Jones scholarships.

The Houston Post said of Mrs. Jones:

Relatively few of Houston's more than 1 million citizens would have recognized Mrs. Jones if they had seen her. Yet her contributions to the betterment of the city, shared during her lifetime with her husband, were many over a long period of time. Of Mary Gibbs Jones it can be said with truth that she helped substantially to make Houston a better place for all of us. The names of Mr. and Mrs. Jesse H. Jones will long be remembered with gratitude.

And the Houston Chronicle, discussing some of her many philanthropies, said:

A good part of the total of the munificent gifts disbursed over the years by Mr. and Mrs. Jones and through their foundation bore her own particular stamp. There is the Gibbs Memorial Library at Mexia, which honors the memory of her father and mother, Dr. and Mrs. Jasper Gibbs. There are the Mary Gibbs Jones scholarships for girls, which have helped hundreds of young women obtain college educations at some 30 colleges over the country. These scholarships have been in the fields of nursing, home economics, liberal arts and sciences, teaching and business.

Mrs. Jones shared with her husband one of the outstanding success stories in American history. He rose from a young workman to become a great banker, publisher, builder, head of the Reconstruction Finance Corporation and U.S. Secretary of Commerce.

The achievements of Mr. and Mrs. Jones are etched forever in the memories and the skyline of their beloved Houston.

I ask unanimous consent to have printed in the RECORD the following editorials: "Mrs. Mary Gibbs Jones," from the Houston Press of Wednesday, August 22, 1962; "Mary Gibbs Jones," from the Houston Post of Wednesday, August 22, 1962; "Mrs. Jesse H. Jones," from the Houston Chronicle of Tuesday, August 21, 1962; and an article entitled "Rites Scheduled for Mrs. Jones," from the Houston Chronicle of Tuesday, August 21, 1962.

There being no objection, the editorials and article were ordered to be printed in the RECORD, as follows:

[From the Houston Press, Aug. 22, 1962]

### MRS. MARY GIBBS JONES

The death of Mrs. Mary Gibbs Jones ends a long, fruitful life of great works and great worth to her Nation, her State, and her city.

Mrs. Jones, survived by 6 years her famed husband, Jesse H. Jones, builder, financier, Cabinet member, and publisher of the Houston Chronicle.

She died at 90 years of age Monday in her penthouse apartment atop a great hotel she had helped her husband build, overlooking square blocks of other downtown Jones' buildings. She is to be buried today from magnificent St. Paul's Methodist Church on South Main, the construction of which her late husband with her aid and encouragement led as finance committee chairman.

The name of Mary Gibbs Jones will be held in respect and gratitude by generations unborn as a result of the philanthropies of Houston Endowment, Inc., founded in 1938 by Mr. and Mrs. Jones to share the tremendous Jones fortune with educational, religious and charitable institutions and undertakings.

Think of this. Just since 1958, 433 Houston area young men and women have been aided to higher educations by deservedly winning Jesse H. Jones and Mary Gibbs Jones scholarships. In the Texas Medical Center is the $600,000 Jones Medical Library. On Rice University campus is the $1 million Mary Gibbs Jones College, the beautiful women's dormitory complex. At the University of Houston are classroom buildings constructed from a million-dollar Jones gift. More than 30 colleges have Mary Gibbs Jones scholarships.

As a trustee of Houston Endowment and active in its affairs until only recently, each of these and many other gifts to aid the young, the needy, and the ill had the personal direction and blessing of Mrs. Jones.

Preferring to live as quietly as possible, Mrs. Jones generally avoided the spotlight of national attention played on her husband's long career as a leader in business and governmental circles in New York, Washington, and other centers, as well as Houston.

She liked music. Although staying as far as possible in the background, she was a big factor in bringing grand opera to Houston. She liked books—especially reading and studying history. She founded the Gibbs Memorial Library in Mexia, her central Texas birthplace, in honor of her parents, Dr. and Mrs. Jasper Gibbs.

Many high tributes were paid Mr. and Mrs. Jones before and after his death. Since his death, Mrs. Jones accepted these honors not for herself alone but always in memory of her husband and their life together. She was kindly, thoughtful, and gracious as well as generous. She will long be remembered.

---

[From the Houston Post, Aug. 22, 1962]

### MARY GIBBS JONES

Mrs. Mary Gibbs Jones, widow of the late Jesse H. Jones, who died Monday at the age of 90, shared with her husband the love of helping others.

During her husband's long career as a builder of Houston skyscrapers and as a leader in national and international affairs, Mrs. Jones remained in the background. But Jones once said that had it not been for her patience and understanding, he could not have made his contributions to the Nation throughout his years of service in Washington.

Mrs. Jones played an active role in selecting the many philanthropic projects in which the two engaged. The Jones gifts for education and other worthy causes were many, and often unknown to the public, until in 1938 they established the Houston Endowment, Inc. This foundation, to which the bulk of the Jones fortune was given, is devoted in part to scholarships for young men and women in some 47 colleges, among them more than a dozen in Texas.

It was through the efforts of Mrs. Jones that the first building for women was given to Rice University. It is the Mary Gibbs Jones College.

The projects made possible by the Houston Endowment, Inc., have been many and generous. Among the latest, was the gift this year of $6 million to build an auditorium for the performing arts on the site of the city auditorium.

Relatively few of Houston's more than 1 million citizens would have recognized Mrs. Jones if they had seen her. Yet her contributions to the betterment of the city, shared during his lifetime with her husband, were many over a long period of time. Of Mary Gibbs Jones it can be said with truth that she helped substantially to make Houston a better place for all of us. The names of Mr. and Mrs. Jesse H. Jones will long be remembered with gratitude.

---

[From the Houston Chronicle, Aug. 21, 1962]

### MRS. JESSE H. JONES

The thousands of persons whose lives she touched mourn the death of Mrs. Jesse H. Jones.

The widow of the Chronicle's longtime publisher was, like her husband, one of the Nation's great philanthropists. Together they established Houston Endowment, Inc., through which organization so much of their philanthropies have been channeled, and until quite recently she never missed a meeting of its board of trustees.

A good part of the total of the munificent gifts disbursed over the years by Mr. and Mrs. Jones and through the foundation bore her own particular stamp. There is the Gibbs Memorial Library at Mexia, which honors the memory of her father and mother, Dr. and Mrs. Jasper Gibbs. There are the Mary Gibbs Jones scholarships for girls, which have helped hundreds of young women obtain college educations at some 30 colleges over the country. These scholarships have been given in the fields of nursing, home economics, liberal arts and sciences, teaching, and business.

Mrs. Jones loved to live quietly, interesting herself in current affairs, music, and history. To the extent she could she avoided the limelight which played so long upon Jesse H. Jones in his career as banker, newspaper publisher and one of the Nation's greatest builders of office buildings and hotels, also in Mr. Jones' long career in public life, as head of the huge Federal lending agencies and Secretary of Commerce.

She was a woman of regal bearing, soft voice and warm personality.

Her life and good works long will be remembered by thousands.

[From the Houston Chronicle, Aug. 21, 1962]

### RITES SCHEDULED FOR MRS. JONES

Mrs. Mary Gibbs Jones, widow of Jesse H. Jones, died Monday. She was 90 and had been ill since May 1.

Her granddaughter, Mrs. Audrey Jones Beck, was at her bedside when she died at 3 p.m. in her Lamar Hotel apartment.

Also present were her longtime friend, Mrs. Merle Watson, assistant manager of the Lamar Hotel, and two nurses.

Mrs. Jones' physician said she had just expressed a desire to sit up in bed "when her heart gave out."

#### FUNERAL WEDNESDAY

Funeral services, under arrangements by Geo. H. Lewis & Sons, will be at 5 p.m. Wednesday at St. Paul's Methodist Church, 5501 Main. Rev. A. Frank Smith, retired bishop of the Texas Methodist Conference, will officiate.

The body will lie in state from 3 p.m. to 5 p.m. Wednesday at St. Paul's, and prior to that time, at Geo. H. Lewis & Sons Funeral Home, 405 McGowen.

Mrs. Jones will be buried in Forest Park Lawndale Cemetery beside her husband, who died June 1, 1956, and her son, M. Tilford Jones, who died last April 9.

A native Texan, Mrs. Jones was born in Freestone County, the daughter of Sallie

Candler Gibbs and Dr. Jasper Gibbs. Her father practiced medicine for many years in Mexia.

Mrs. Jones attended the Mexia public schools and Methodist College in Waco.

### MARRIED IN 1922

She married Jesse H. Jones on December 15, 1922.

One of Texas' most noted philanthropists. she and her husband in 1938 founded Houston Endowment, Inc. to aid educational, religious, and other charitable undertakings.

A number of hospital, church, and school buildings are named after her in honor of her philanthropy.

Until her illness, Mrs. Jones rarely missed a meeting as a trustee of Houston Endowment, of which John T. Jones, Jr., president of the Chronicle, is president.

More than 40 colleges have received grants for scholarships in her name. These scholarships are in the fields of nursing, home economics, liberal arts, science. American history, pediatrics, physical therapy, nutritional research for geriatrics, teaching and business.

These are in addition to the 433 scholarships given high school graduates in Harris County through a program set up by the endowment in 1958. These students are studying at nearly every major college in the United States.

A devotee of good music, Mrs. Jones was mainly responsible for bringing the Metropolitan Opera to Houston. She was a member of the general council of the Metropolitan Opera.

An avid reader, Mrs. Jones was particularly interested in history.

She saw history in the making when her husband, publisher of the Houston Chronicle, was called to Washington in 1932 to devote 13 years to Government service as Chairman of the Reconstruction Finance Corporation and Secretary of Commerce.

If it had not been for her patience and understanding, Jones had said, he could not have made the contribution to his country through the trying years of depression and World War II.

### SOLD WAR BONDS

While Jones was busy in Government work, Mrs. Jones and Mrs. Woodrow Wilson spent many days selling war bonds in the lobby of the RFC. Then they would go home and sell bonds by telephone.

In 1941, she dispatched the first plane to leave the new Washington National Airport, then the finest in the country.

During the war years she christened the Liberty ship *James Madison* and the aircraft carrier U.S.S. *San Jacinto*.

And she was at her husband's side as he built and developed this city and gained the name "Mr. Houston."

Many honors were bestowed upon her.

### RECEIVED HONORS

She and her late husband were honored October 25, 1956, by alumni of Rice University for distinguished contributions to school and community. Characteristically, she insisted she was there to receive the honor on behalf of Jones, not herself.

Only 2 months before, Mrs. Jones was presented a scroll by the Department of the Army. It cited contributions by Mr. and Mrs. Jones in establishing military scholarships at Texas A. & M. College and New Mexico Military Institute.

The University of Houston board of governors on March 14, 1957, honored Mrs. Jones and Houston Endowment as principal benefactors of the university, along with Mr. and Mrs. H. R. Cullen and the M. D. Anderson Foundation.

An honorary doctor of laws degree was awarded to Mrs. Jones June 1, 1958, by Texas Woman's University at Denton. It was then only the second time such honor awarded in the school's history and was in recognition of "her outstanding career of leadership in humanitarian and philanthropic enterprises and for her role in furthering causes of higher education for women."

Again, on May 27, 1958, Mrs. Jones and her late husband were awarded the Distinguished Service Medal of the Texas Heritage Foundation. This cited their contributions in education, journalism, and public service.

Besides her granddaughter and daughter-in-law, Mrs. M. Tilford Jones, Mrs. Jones is survived by six nieces and four nephews.

The nieces are Mrs. Howard Gager, Mrs. Mae Lynn Juenger, Mrs. Ouida Gibbs Barrow, and Mrs. Hubert Warley, all of Houston; Mrs. Lucille Gibbs Carroll of Baytown; and Mrs. Elliott Meador Beckner of New Orleans.

The nephews are Ray R. Gibbs, N. E. Meador, Jr., and Gibbs Meador, all of Houston, and Frank Smith of Corpus Christi.

### PALLBEARERS NAMED

The pallbearers will be Fred Heyne, Sr., W. W. Moore, Frank Liddell, John A. Beck, John T. Jones, Jr., R. P. Doherty, Col. Joseph Hartfield, Capt. T. Reiber, Col. Joe Evans, N. E. Meador, Gibbs Meador, Hugh Juenger, Howard Gager, J. Hurt Garrett, J. H. Creekmore, Frank Smith, and Ray Gibbs. All except Hartfield and Reiber, both of New York City, and Smith, of Corpus Christi, are from Houston.

## THE GREAT SEAL OF THE UNITED STATES

Mr. BEALL. Mr. President, the Evening Capital, of Annapolis, Md., on August 29, 1962, carried an article by Mr. Charles Havlena announcing that the great seal of the United States may now be viewed at the Library of Congress.

For years, the great seal had been in the custodial files of the Library of Congress as part of the Library's papers respecting George Washington. Through the efforts of Mr. Havlena, the great seal has been taken from the files and placed on public exhibition. I commend Mr. Havlena for his tireless efforts in bringing this historic document to public attention.

Mr. President, I ask that the article by Mr. Charles Havlena be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Marylander John Hanson Witnessed First Official Use of Nation's Great Seal—Historic Document on View in Washington

An idea of what personal freedom should be was in the minds of hardy and enterprising settlers who came to Jamestown, Va., in 1607. Their hopes of civil liberty reposed in the sureties of the Magna Carta of 1215, a charter of liberties by due process of law.

These views, too, were shared by the Pilgrims who, prior to going ashore in Plymouth, Mass., in 1620, signed the Mayflower Compact, the first written constitution of self-government in America.

To the cause of liberty, luster was added by the dedicated Founding Fathers when they signed and adopted the Declaration of Independence in 1776.

Midst jubilation of the first Independence Day, July 4, 1776, President of Congress, John Hancock, stated: "We are now a nation, and I am ready to hear you vote on the question, 'Resolved, that Dr. Franklin, Mr. Thomas Jefferson, and Mr. John Adams be a committee to devise a seal of the United States of America.' "

Resolutely, the committee considered many designs for a seal; however, unsuccessfully. Other committees tried, but they, too, failed in their efforts.

Finally, the Secretary of Congress, Charles Thomson, helped by William Barton, submitted an acceptable design for the great seal, which the "United States in Congress assembled" adopted June 20, 1782.

The earliest known impression of the great seal appears on the historic document of September 16, 1782. This document is a commission from the "United States in Congress assembled" granting to Gen. George Washington full power and authority to exchange prisoners of war with England.

Although this historic document is not well known as others, it is one of the treasured documents of our Nation's heritage.

As the visible symbol of our sovereignty, the great seal is impressed upon certain official documents of state thus authenticating at home and abroad various official acts of our Government.

The 175th anniversary of the great seal impressed on the document of September 16, 1782, was commemorated by the Department of State in appropriate ceremony on September 16, 1957.

For many years, the historic document had been in the custodial files of the Library of Congress as part of the Library's papers respecting Gen. George Washington.

Currently, in the public interest, this document, in good state of preservation, may now be seen in the Library of Congress, Washington, D.C., on permanent display in a glass-enclosed cabinet, second floor of the main building.

The earliest known use of the great seal on this document is signature witnessed by Patriot and Marylander John Hanson, President of the "United States in Congress assembled."

When this and enshrined documents of our Nation's heritage are viewed by you in high regard, you will experience a profound gratitude for the conspicuous part played by the dedicated patriots of the American Revolution, who placed their lives and fortunes in forfeit, to bring our Republic into being. They, thereby "demonstrated to the world that men could govern themselves in dignity, harmony, freedom."

## RETIREMENT OF JUSTICE FELIX FRANKFURTER

Mr. SALTONSTALL. Mr. President, recently Mr. Justice Felix Frankfurter retired from the Supreme Court of the United States. As a member of his first class in criminal law at Harvard Law School, I respected the way in which he conducted that class and was very happy that he gave me a good mark. Our friendship began at that time and has continued ever since. I have admired his work on the Court and his respect for the Constitution and laws of our country.

Last Sunday, September 2, the Boston Globe published an article entitled "American Saga: How Felix Frankfurter Climbed to Top," written by Paul H. Freund, Carl M. Loeb professor, Harvard University; and on Friday, August 31, the Washington Post published an editorial entitled "Frankfurter's Gift to Law."

I ask unanimous consent that the article and editorial may be printed in the body of the Record.

**There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:**

[From the Boston Globe, Sept. 2, 1962]

### AMERICAN SAGA: HOW FELIX FRANKFURTER CLIMBED TO TOP—FROM THE LOWER DECK TO THE HIGHEST COURT—IMMIGRANT, UNABLE TO SPEAK A WORD OF ENGLISH AT THE AGE OF 12—EDITOR OF HARVARD LAW REVIEW AT 20—JUSTICE OF SUPREME COURT AT 52—A PART OF AMERICAN HISTORY TODAY

(By Paul H. Freund, Carl M. Loeb professor, Harvard University)

As teacher and public official, Felix Frankfurter has been one of the most influential minds of his time.

Although he held active posts in Republican and Democratic administrations, and was drawn into many stormy controversies of the day, he never ceased to regard teaching as his calling, whether carried on in the law school classroom, through judicial opinions, or in the give and take of lively correspondence and spirited talk.

Often viewed as a radical because of his defense of unpopular persons and causes, he has come finally to be recognized as essentially a conservative, whose thinking had always been marked by a deep respect for tradition and a profound concern for fair procedures, for the free play of ideas, and for judicial self-restraint in judging the validity of legislative acts in a democracy.

Justice Frankfurter's passionate feeling for history and democracy doubtless derived in part from his coming to America as an immigrant from Austria, just as his effervescent spirit owed something to his Viennese background.

Brought to this country with his family in 1894 at the age of 12, he attended the New York public schools and was graduated from the College of the City of New York in 1902 with high honors.

After a year spent in teaching, he entered the Harvard Law School in 1903, became an editor of the Harvard Law Review on the basis of academic distinction, and received his law degree in 1906.

Returning to New York, he became an assistant U.S. attorney under Henry L. Stimson, and then began an apprenticeship which greatly influenced Frankfurter's development and which ripened into a close friendship lasting until Stimson's death.

The austere moral standards to which Stimson insisted that prosecutors must conform were referred to frequently by Frankfurter in his later work as scholarly critic and judge.

When Stimson was called to Washington to become President Taft's Secretary of War in 1911, he brought Frankfurter with him as legal officer of the Bureau of Insular Affairs and counsel to the Secretary in matters affecting rivers and harbors, notably the issuance of licenses for the construction of dams in navigable waters.

Thus his legal experience, which in New York had been centered on the criminal and antitrust laws, was extended to the field of public utilities.

Staying on in Washington into the first years of the Wilson administration, Frankfurter's interests were further enlarged.

He became one of the first contributing editors of the New Republic and a pillar of the House of Truth, a bachelor residence which was a center of intellectual ferment in the early period of the new freedom.

There he was a member of the group of literary and political commentators that included Herbert Croly, Francis Hackett, and Walter Lippmann. At the same time, he formed a close friendship with Justice Holmes, who, together with Henry Stimson and Louis D. Brandeis, shaped his governing professional philosophy.

He found especially congenial in Holmes' thought a spacious conception of law as a response to what Holmes called the "felt necessities of the time," and a similarly generous view of the Constitution as a charter that permitted the widest latitude for legislative experiment, save only as the legislation violated basic rights essential to a civilized society.

In 1914, Frankfurter accepted a call to Harvard to become the first Byrne professor of administrative law.

His talents were enlisted by Mr. Brandeis, until 1916 a practicing lawyer in Boston, in support of social legislation then under serious constitutional attack.

When Brandeis was appointed to the Supreme Court, the responsibility fell to Frankfurter to carry forward the presentation before the Court of the arguments in behalf of maximum-hours legislation and laws setting minimum wages for women.

In the first he was successful; in the second his arguments were rejected by a divided Court, but he had the satisfaction of seeing that decision overruled in an opinion of Chief Justice Hughes 2 years before his own appointment to the Court.

Frankfurter was closely identified with Brandeis in Zionist affairs.

In 1919, Frankfurter was in Paris seeking to persuade European Zionists to adopt Brandeis' program of social justice as the basis of a mandate for Palestine. In 1931 he published in "Foreign Affairs" an article entitled "The Palestine Situation Restated," in which he charged that British policy was deviating from the principles of the Balfour Declaration.

His belief in the Zionist cause was qualified, he acknowledged, by a dislike of nationalism, and his critical attitude toward Britain was mitigated by his admiration for that country.

Frankfurter served on the faculty of the Harvard Law School for 25 years, interrupted by a wartime leave of absence in 1917–20.

To his teaching he brought a love of dialectic, a mind both sharp and cultivated, a vibrant presence, and a contagious enthusiasm for the law as both an instrument of social progress and a safeguard of basic liberties.

His courses drew on his special interests and experience. Besides administrative law, in which he was a pioneering scholar, he taught courses on the Federal courts and the Interstate Commerce Commission, which regularly attracted the ablest students in the school.

Each year he selected for Justice Holmes and for Justice Brandeis a ranking graduate to serve as law clerk, sometimes after a postgraduate year with Frankfurter as a research assistant.

In each of the subjects he taught, Frankfurter published a casebook of originality and scholarly depth.

In addition, he wrote (with Nathan Greene) a volume on the Labor Injunction, which foreshadowed the Norris-La Guardia anti-injunction law, and (with James M. Landis) a volume on the Business of the Supreme Court a historical account of the evolution of the Court's functions and practices.

It is noteworthy that his essential preoccupation has been with legal procedures, not in a narrow technical sense, but as processes devised by lawyers and maintained by judges for the rational analysis of a wide range of inevitable controversies.

This concern for right procedures was at the heart of Frankfurter's identification with the cause of civil liberties. During the First World War, he was drawn officially into two dramatic episodes, the Mooney-Billings case and the so-called Bisbee, Ariz., deportations.

He became a major in the Judge Advocate General's Department of the Army after our entry into the war in 1917, and was appointed Secretary and Counsel to the President's Mediation Commission, established to deal with labor stoppages in war industries.

In that capacity, he investigated a strike of copper miners and the resulting deportation of more than a thousand workers by a force of vigilantes, who carried them by train across the Arizona border into New Mexico.

Frankfurter's report was strongly critical of the managers of the companies who planned the reprisal against the strikers; but it also pointed out that the strike itself was unjustified and that the basic need was a system of orderly, impartial adjudication of grievances. Such a system was established by the Mediation Commission for the duration of the war.

The Mooney-Billings case came within Frankfurter's province on instructions from President Wilson.

After an intensive investigation of the conviction of these radical labor leaders for the dynamiting of a preparedness parade in San Francisco in 1916, the President's Commission reported "ground for disquietude" in "the atmosphere surrounding the prosecution and trial of the case," and recommended that the President use his good offices with the Governor of California to secure a new trial.

Noting the repercussion of the case throughout the world, the report, drafted by Frankfurter, concluded: "The feeling of disquietude aroused by the case must be heeded, for if unchecked, it impairs the faith that our democracy protects the lowliest and even the unworthy against false accusations.

"War is fought with moral as well as material resources. We are in this war to vindicate the moral claims of unstained processes of law, however slow at times such processes may be. These claims must be tempered by the fire of our own devotion to them at home."

Twenty-one years later, in 1939, Mooney and Billings were pardoned by the Governor.

Following the war, he became one of the original members of the American Civil Liberties Union, founded in reaction against law-enforcement methods then prevailing in the Department of Justice, which were viewed as the product of postwar hysteria and as violations of constitutional rights.

In a series of such cases in Boston, involving aliens arrested and held for deportation, Federal Judge George W. Anderson appointed Frankfurter to assist in the defense. Virtually all of those held were ultimately released.

The most celebrated of Frankfurter's battles in the cause of civil liberties, and the one which was chiefly responsible for the radical label affixed to him in the popular mind was the Sacco-Vanzetti case in Boston.

After the conviction in 1921 of the two Italians, who were philosophical anarchists, for murder in the course of a payroll robbery in South Braintree, there was widespread agitation over the question whether they had received a fair trial. The case remained in the courts for 6 years.

Frankfurter made an intensive study of the record of the trial together with affidavits submitted thereafter which, if true, would have exonerated Sacco and Vanzetti by establishing the guilt of a professional gang of robbers.

As a result of this study, Frankfurter published an extensive article in the Atlantic Monthly in March 1927, later expanded into a book, analyzing the evidence, sharply criticizing the conduct of the trial judge, Webster Thayer, and the prosecutor, and urging a new trial for the defendants.

Frankfurter was never counsel for Sacco and Vanzetti, nor was his interest aroused by their radical beliefs, save as these were, in his words, "raked fore and aft" in the trial with extreme prejudice to the defendants.

Nevertheless, by an ironic turn, he came to be associated in the popular mind with the very doctrines which he intensely believed to be irrelevant.

His position in the Sacco-Vanzetti case was strikingly reminiscent of that which he had taken 10 years before in the report on the Mooney-Billings convictions.

The wounds left by the Sacco-Vanzetti case were reopened in 1932 when Gov. Joseph B. Ely nominated Frankfurter as a justice of the Supreme Judicial Court of Massachusetts. The nomination took Frankfurter himself by surprise.

He was not inclined to give up his professorship, and his immersion in issues of Federal law, for a State judicial office, and yet the opposition which quickly formed to his confirmation led him to defer a reply to the Governor. When it became evident to him that confirmation was assured, he declined the nomination.

Among the messages to the Governor praising the nomination, was one from Justice Holmes, characterizing the nominee as the most outstanding man for the office in learning and ability.

When Franklin Roosevelt was elected in 1932, it was widely assumed that Frankfurter would become a member of the administration.

His friendship with Roosevelt extended back to their service together in the Wilson administration, when the latter was Assistant Secretary of the Navy.

In Roosevelt's governorship of New York, as in that of Alfred E. Smith before him, Frankfurter had been consulted on legal and legislative matters, and it was expected that he would occupy a legal post in the New Deal.

He declined, however, an offer of the solicitor generalship, preferring to retain the independence and opportunities for scholarship which his Harvard chair assured.

His judgment was doubtless vindicated when in 1937 he was able to stand aloof from Roosevelt's Court-packing plan, on which he made no public pronouncement.

In view of his close relations with the President, his silence was generally construed as disapproval.

The whole body of his experience and reflection would have led him to see the constitutional crisis as a failure of education.

The majority of the Court were dealing with the validity of legislation as if it were a question of legislative wisdom, and so were guilty of an excess of authority under the standards for which Holmes and Brandeis had long been struggling.

In this view, the remedy lay not in a dramatic move such as an increase in the size of the Court, with all its implications of Executive control, but in a deeper awareness among the bench and bar of the proper limits of judicial review of legislation.

This was an end to which Frankfurter was devoting his academic life.

Though not in public office, Frankfurter was frequently asked to recommend lawyers to serve in New Deal posts, and many of those so chosen rose to positions of prominence.

Some had been law clerks to Holmes or Brandeis, among them Dean Acheson, Thomas G. Corcoran, James M. Landis, and Calvert Magruder.

By no means all of the New Deal program had the approval of Frankfurter.

His Brandeisian distrust of business made him skeptical of the NRA.

His sympathies were with measures of fundamental reform, such as the Public Utilities Holding Company Act, social security, and the guarantee of collective bargaining in the Wagner Act.

When Justice Cardozo died in 1938, Frankfurter was widely regarded as his appropriate successor, as Cardozo had been the rightful inheritor of the place left by Holmes in 1932.

Two appointments had already been made to the Court by Roosevelt, that of Hugo Black to succeed Justice Van Devanter in 1937, and of Stanley Reed to succeed Justice Sutherland in 1938. Frankfurter's appointment was urged by the faculties of leading law schools as well as by members of the bar.

A poll conducted in the autumn of 1938 showed that he was the choice of five times as many lawyers as any other individual, although two-thirds of those voting were anti-Roosevelt.

He was nominated on January 5, 1939, confirmed 12 days later, and took his seat on January 30.

While the nomination was pending in the Senate Judiciary Committee, he was invited to appear before the committee and he did so, though expressing regret that the committee was departing from an almost unbroken practice of refraining from summoning a Supreme Court nominee.

"While I believe that a nominee's record should be thoroughly scrutinized by this committee," Frankfurter said, "I hope you will not think it presumptuous on my part to suggest that neither such examination nor the best interests of the Supreme Court will be helped by the personal participation of the nominee himself.

"I should think it improper for a nominee no less than for a member of the Court to express his personal views on controversial issues affecting the Court. My attitude and outlook have been fully expressed over a period of years and are easily accessible.

"I should think it not only bad taste but inconsistent with the duties of the office for which I have been nominated for me to attempt to supplement my past record by present declarations."

Despite these animadversions, the precedent set in the hearings on Frankfurter has been adhered to by the committee in considering more recent nominations to the High Court.

On the Court, Justice Frankfurter sought to avoid extreme positions. In many cases he was in disagreement with Justices Black and Douglas, who were joined in late years by Chief Justice Warren and Justice Brennan.

Critics have argued that Frankfurter weakened in his attachment to the principles of civil liberty. The answer contained in his opinions is that for a judge, the issues are more complex than the critics acknowledge.

On questions of fair procedure, due process of law in the primary sense, Justice Frankfurter remained insistent on the observance of civilized standards by prosecutors and judges.

He did not hesitate, for example, to reverse convictions obtained in the Federal courts through illegal searches and seizures, wiretapping, or confessions obtained during a period of unlawful detention of the accused.

Over these abuses, he believed, the Supreme Court rightly exercised wide supervisory control. But he was more hesitant about applying the identical standards to the States as a matter of constitutional law, however much he personally deprecated these practices.

Similarly, he refused to apply his own judgments of sound legislative policy to invalidate statutes on constitutional grounds.

Though much of the legislation affecting rights of speech and association in the name of internal security was offensive to him, he insisted that a judicial judgment must be divorced from such considerations and must consider only whether the law had passed the bounds of reason or had violated a specific prohibition in the Constitution.

This judicial philosophy was poignantly expressed in the Flag-Salute case of 1943.

Members of the sect of Jehovah's Witnesses had been required to join in the traditional flag-salute ceremony in the public schools despite their religious conviction that to do so was an act of profanation.

The Supreme Court ruled that the requirement was unconstitutional.

Frankfurter, however, delivered a dissenting opinion which began with this self-revealing passage:

"One who belongs to the most vilified and persecuted minority in history is not likely to be insensible to the freedoms guaranteed by our Constitution.

"Were my purely personal attitude relevant, I should wholeheartedly associate myself with the general libertarian views in the Court's opinion, representing as they do the thought and action of a lifetime.

"But as judges, we are neither Jew nor Gentile, neither Catholic nor agnostic. * * * As a member of this Court I am not justified in writing my private notions of policy into the Constitution, no matter how deeply I may cherish them or how mischievous I may deem their disregard."

In appreciation of this judicial philosophy, Judge Learned Hand wrote concerning Justice Frankfurter, on the latter's 76th birthday: "I regard him at the moment as the most important single figure in our whole judicial system."

On occasion Justice Frankfurter was prepared to find that State action had passed the limits of tolerance under the Bill of Rights. Thus, he joined in the decision upsetting released-time programs for religious education carried on in the public schools, and he wrote the Court's opinion ruling that Michigan could not prevent all sales of books that might corrupt the minds of children.

In 1957 he wrote a separate concurring opinion in the case of *Sweezy* v. *New Hampshire* in which the Court held that the State attorney general lacked authority to question a university lecturer about the contents of a classroom lecture.

Justice Frankfurter voiced his concern for academic freedom when threatened by governmental intrusion:

"These pages need not be burdened with proof, based on the testimony of a cloud of impressive witnesses, of the dependence of a free society on free universities. This means the exclusion of governmental intervention in the intellectual life of a university.

"It matters little whether such intervention occurs avowedly or through action that inevitably tends to check the ardor and fearlessness of scholars, qualities at once so fragile and so indispensable for fruitful academic labor."

Justice Frankfurter was able to differentiate the Sweezy case when he was faced in 1959 with the conviction of Lloyd Barenblatt, a college instructor, for contempt of the House Un-American Activities Committee in refusing to answer questions concerning his membership in the Communist Party.

Justice Frankfurter allied himself with a five-man majority to uphold the conviction, believing that actual Communist membership was a subject into which Government might inquire, even in the case of a teacher.

Frequently delivering a separate concurring opinion to sharpen the meaning of a decision, Justice Frankfurter regretted that the pressure of the Court's docket did not permit the writing of individual opinions in every case, as is the practice in the British House of Lords.

Highly articulate and sensitive to the shadings of language, he took great pains in the composition of his opinions. Of his literary style, Archibald MacLeish, writing in 1939, said:

"Few scholars and fewer scholars of the law, have written a more natural, more lucid or more readable English than Mr. Frankfurter writes at his best."

Justice Frankfurter is fond of saying that his best literary critic is his wife, the former Marian A. Denman, whom he married in 1919.

A warm admirer of English justice and English literature, Justice Frankfurter has maintained close ties with judges, scholars, and journalists in that country.

More than any other member of the Court, he has embellished his opinions with references to the law of England and the British Commonwealth. He is a regular reader of English newspapers and learned periodicals; the air edition of the London Times is supplied to him each day by the Library of Congress before it is filed.

He spent the academic year 1933–34 as Eastman visiting professor at Oxford, and in 1939 received an honorary doctorate of laws from that university.

The range of Justice Frankfurter's friendships reflected the catholicity of his interests and the warmth of his nature.

A volume of essays by the justice, published in 1956 under the title "Of Law and Men," contains such diverse figures as Alfred E. Smith and Alfred North Whitehead, Harold J. Laski and Lord Lothian, John Dewey and Thomas Mann.

When Justice Brandeis was asked on his retirement whether he planned to write his memoirs, he replied, "I think you will find that my memoirs have already been written."

In a sense the same could be said of Justice Frankfurter, but those who know the liveliness and richness of his mind will be looking forward to some new and exciting chapters.

---

[From the Washington Post, Aug. 31, 1962]

### FRANKFURTER'S GIFT TO LAW

Justice Felix Frankfurter's contribution to American life and law cannot be adequately measured in these columns. Like his great predecessor, Justice Oliver Wendell Holmes, Mr. Frankfurter and his philosophy and judicial decisions will be a fruitful subject for judges, authors, and commentators for many years to come. Out of this intellectual churning of his ideas will emerge a clearer view of his standing among the great jurists of our history. It is possible, however, as he goes into retirement, to appraise some of the qualities of his mind and thus to give a better understanding of the void that his departure leaves on the bench.

Probably the most significant thing about him is the breadth of his intellectual interests. It has not been possible to fit Mr. Frankfurter into a narrow groove or to identify him with any "ism," "interest," cult or predilection. On one occasion he expressed the view that a judge "should be compounded of the faculties that are demanded of the historian and the philosopher and the prophet," and this has been the aim of his own endeavor.

He has recognized that judges are men, "not disembodied spirits." But this does not mean that all men are fit to be judges—far from it. Recognizing that the judge needs something of the creative artist in him, he has cultivated acquaintance, as Judge Learned Hand advised, with Acton and Maitland, with Thucydides, Gibbon and Carlyle, with Homer, Dante, Shakespeare, Milton and many others. Knowing that decisions on the bench will reflect "the totality of a man's nature and experience," he has insisted on enriching the resources on which his judgment could draw.

Despite his generous measure of self-confidence, Justice Frankfurter has never supposed that he was elevated to the Supreme Bench to weave his own superior wisdom into the law of the land. Rather, he has sought to make his conclusions "reflect understanding of, and due regard for, law as the expression of the views and feelings that may fairly be deemed representative of the community as a continuing society." He has recognized a duty to emancipate his conclusions as a judge from his personal prejudices and desires.

It would be foolish, of course, to assume that Mr. Frankfurter or any other judge has attained complete objectivity. But he must be credited with a mighty struggle in that direction. As one who deeply loves the Supreme Court and who deeply believes in its function as the balance wheel of our democratic system, he has sought to emulate the best judicial tradition of the Court. "A judge worth his salt," he has often said, "is in the grip of his function." As a dedicated instrument of justice on a national scale, he naturally gravitated toward soul searching and disinterestedness.

The retiring Justice has also been keenly aware of the complicated nature of the problems that are laid before the Supreme Court. Most of the cases reaching the Court of last resort are highly controversial and some of them involve more than one basic constitutional principle. In situations of this kind Justice Frankfurter has insisted on looking at the whole complex and not at merely an oversimplified part of it. One may quarrel with some of his conclusions in specific cases, but it is difficult to take exception to his insistence that the judicial process requires reconciliation of these conflicting claims in the light of the whole Constitution, the nature of our system, the experience of nearly two centuries and previous decisions of the Court.

When the work of Justice Frankfurter can be seen in greater perspective, his sense of historic continuity is likely to command greater appreciation than it does today. Some of his critics accused him of shifting, with the advance of the years, from liberalism to conservatism. In part this seeming evolution is attributable to changes in the orientation of the Court as a whole. In part it is also due to changes in the concept of liberalism on the Bench. What used to be called liberalism was the disposition of Holmes, Brandeis, Stone and others to give Congress a free hand in legislating so long as it did not patently overstep its powers. Now liberalism is often equated with the policy of restricting congressional power for the attainment of greater individual liberty.

Actually Justice Frankfurter has followed the Holmes tradition with a large measure of consistency. When unwilling to go as far as some of his brethren in upholding claimed rights, it was because he saw the long-range necessity of preserving governmental power to serve the public welfare. The interests of both stability and adaptation to new conditions must be served. The Justice is fond of quoting Alfred North Whitehead to the effect that "those societies which cannot combine reverence to their symbols with freedom of revision, must ultimately decay either from anarchy, or from the slow atrophy of a life stifled by useless shadows."

Justice Frankfurter's service has been dedicated to the idea that the United States can use the principles that have proved trustworthy in the past as a guide to changes that need to be effected in the present and future. With all his emphasis on judicial restraint, he has never had a static approach to the momentous business of judging. Now that he will be seeking well-earned rest the country will be keenly aware of its need for new jurists of his stature, of his historic perspective and of his largeness of spirit.

**Mr. MANSFIELD.** Mr. President, I suggest the absence of a quorum.

**The ACTING PRESIDENT pro tempore.** The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 240 Leg.]

Aiken
Bartlett
Bush
Byrd, Va.
Cannon
Carlson
Dirksen
Ervin
Fulbright
Gore
Hartke
Hayden
Hickenlooper
Hill
Hruska
Keating
Kerr
Lausche
Mansfield
Monroney
Morse
Neuberger
Pearson
Saltonstall
Scott
Smith, Maine
Sparkman
Stennis
Thurmond
Tower
Wiley
Williams, Del.
Young, N. Dak.
Young, Ohio

**Mr. MANSFIELD.** I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Alaska [Mr. GRUENING], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

**Mr. KUCHEL.** I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Indiana [Mr. CAPEHART], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

**The ACTING PRESIDENT pro tempore.** A quorum is not present.

**Mr. MANSFIELD.** Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.

**The ACTING PRESIDENT pro tempore.** The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

**The ACTING PRESIDENT pro tempore.** The Sergeant at Arms will carry out the order of the Senate.

After a little delay Mr. ALLOTT, Mr. BEALL, Mr. BOGGS, Mr. BURDICK, Mr. BUTLER, Mr. BYRD of West Virginia, Mr. CARROLL, Mr. CASE, Mr. CHAVEZ, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DODD, Mr. DOUGLAS, Mr. ELLENDER, Mr. ENGLE, Mr. FONG, Mr. HART, Mr. HOLLAND, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. JORDAN of North Carolina, Mr. JORDAN of Idaho, Mr. KEFAUVER, Mr. KUCHEL, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MCNAMARA, Mr. METCALF, Mr. MILLER, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mr. PASTORE, Mr. PELL, Mr. PROUTY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. ROBERTSON, Mr. RUSSELL, Mr. SMATHERS, Mr. SMITH of Massachusetts, Mr. TALMADGE, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH entered the Chamber and answered to their names.

**The PRESIDING OFFICER** (Mr. PELL in the chair). A quorum is present.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

**Mr. DIRKSEN.** Mr. President, when the Senate had under consideration the so-called social security amendments, to which there was offered the Anderson-Javits proposal, copious tears were shed in this Chamber over the alleged fact that our senior citizens were compelled to take a so-called pauper's oath to secure benefits under the Kerr-Mills Act.

I made mention at that time that no Senator stood in his place in the Senate and offered a proposal to amend existing law in order to cure that difficulty if it actually was a difficulty. I saw no one stand in his place and offer an amendment to the Kerr-Mills Act with respect to what was called the pauper's oath.

**Mr. KERR.** Mr. President, will the Senator yield?

**Mr. DIRKSEN.** I yield.

**Mr. KERR.** I ask unanimous consent that Mr. Fred Arner, of the Legislative Reference Service, a technician on social security legislation, be permitted to sit with me in the consideration of this amendment.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. DIRKSEN.** I determined then that before the end of the session I was going to offer some language that would wholly or in part cure what was the alleged difficulty. It is never easy to contrive language which will retain the spirit of the Kerr-Mills Act and still effectuate what one has in mind.

However, I have submitted an amendment this morning, which is permissive in character. It amends the Social Security Act in the proper place to this effect, in adding another criterion that is spelled out in the law. It says:

On page 391, between lines 21 and 22, it is proposed to insert the following new section:

"SEC. 127. AMENDMENT TO TITLE I OF THE SOCIAL SECURITY ACT RELATING TO STATEMENT OF FINANCIAL STATUS OF CLAIMANTS FOR MEDICAL ASSISTANCE FOR THE AGED.

"Paragraph (11) of section 2(a) of the Social Security Act is amended (1) by striking out 'and' and at the end of clause (D), (2) by striking out the period at the end of clause (E), and (3) by adding after clause (E) the following new clause:

" '(F) May provide that any statement required of a claimant for medical assistance for the aged, if made in writing and signed by the claimant, shall, insofar as such statement relates to the financial status of such claimant, be presumed by such State agency to be factually correct for purposes of determining his eligibility for such assistance.' "

On page 391, line 22, strike out "27" and insert in lieu thereof "28".

Mr. President, as the amendment was originally drawn, it included the word "shall," which would have made the provision mandatory. But after conferring on the amendment, and in order to preserve the Federal-State spirit of the Kerr-Mills Act, I have modified the amendment to make it permissive. So it would be up to the States to do exactly what I have in mind; and if anyone should quarrel about what his State does with respect to the requirement of an oath that in effect must affirm the indigence of the claimant in question, that is a question for the State to determine. Certainly the State will still qualify under the Federal act to make it permissive.

In connection with this whole subject, I recall that not only was the pauper's oath so generously ventilated on the floor, but so many other things in connection with medicare were advanced, that I made the statement then that, in my judgment, neither the Federal nor the State authorities had undertaken any real effort or had diligently set themselves to the business of selling to the people what was available to them under the Kerr-Mills Act. Since that time, I have caused to be prepared a pamphlet on the subject.

Mr. President, I ask unanimous consent that in the form in which it is printed it be made a part of the RECORD.

There being no objection, the pamphlet was ordered to be printed in the RECORD, as follows:

### ARE YOU OVER 65?—ILLINOIS HAS MEDICARE—YOU ARE ENTITLED TO MEDICAL CARE

You are eligible for medicare in Illinois if you (1) are 65 or over, (2) a permanent resident, (3) have yearly income not over $1,800 if an individual, or $2,400 if married couple, (4) own assets under $2,400 (not counting home), (5) need major medical care.

Apply: Illinois Public Aid Commission, at your county seat.

### FIRST 11 MONTHS OF ILLINOIS MEDICARE

The following report on Illinois medicare is from its beginning, August 1, 1961, through June 1962:

| | |
|---|---|
| Applications approved | 3, 329 |
| Applications pending | 660 |
| Applications denied or withdrawn [1] | 2, 277 |
| Cases billed and payment made | 1, 183 |
| Paid out on these bills | $634, 000 |
| Average expenditure made on paid bills | $536 |
| Cases approved during last 2 months (May, June 1962) | 961 |

[1] Some applications were for information only. Others were withdrawn before completion but the 10 main reasons for rejection were: (1) relatives able to meet costs; (2) income or assets exceeded limits; (3) applied for services not offered; (4) refused to comply with IPAC policy; (5) failed appointment; (6) death of applicant; (7) applicant not yet 65; (8) applicant not hospitalized; (9) medical needs met by insurance; (10) eligible for another State program.

### HOW MEDICARE CAME ABOUT

1960: Congress approved the Kerr-Mills law. The Kerr-Mills law provides for a Federal-State medical program on behalf of people 65 or over.

July 1961: The Illinois General Assembly passed the Arrington-Kaplan Act authorizing the Illinois medicare program; $18,300,000 for the first 2 years of the program was approved in the Arrington-Kaplan Act.

Half the cost of services are paid by the Federal Government and half by the State of Illinois.

August 1, 1961: Services became available to Illinois residents.

### BENEFITS OFFERED

1. Unlimited hospital care.
2. Doctors' care in hospital (except in Cook County by IPAC decision).
3. Thirty days' physician care after hospitalization.

### WHAT IS AUTHORIZED

The Illinois Public Aid Commission has been given power to decide what will be provided through the program, but the basic Illinois law authorizes the following services: Drugs, nursing home,[1] diagnostic, physician, hospital, dental, laboratory and X-ray, outpatient clinic, physical therapy, home health care, private nursing.

**Mr. DIRKSEN.** Mr. President, on the first page of the pamphlet, in sufficiently large type, I raise the question:

I read from the pamphlet:

Are you over 65?

Beneath that:

Illinois has medicare. You are entitled to medical care.

On the next two pages, in large type:

You are eligible for medicare in Illinois if you (1) are 65 or over, (2) a permanent resident, (3) have yearly income not over $1,800 if an individual, or $2,400 if married couple, (4) own assets under $2,400 (not counting home), (5) need major medical care.

Apply: Illinois Public Aid Commission, at your county seat.

Then I have set forth the experience in Illinois:

First 11 months of Illinois medicare:

The following report on Illinois medicare is from its beginning, August 1, 1961, through June 1962: 3,329 applications were approved; 660 applications were pending; 2,277 applications were denied or withdrawn; 1,183 cases had been billed and payment made; $634,000 had been paid out on these bills; $536 average expenditure was made on paid bills; 961 cases were approved during last 2 months (May, June 1962).

Then I set forth in the pamphlet some of the reasons why applications were denied.

Some applications were for information only, others were withdrawn before completion, but the 10 main reasons for rejection were: (1) relatives able to meet costs; (2) income or assets exceeded limits; (3) applied for services not offered; (4) refused to comply with IPAC policy; (5) failed appointment; (6) death of applicant; (7) applicant not yet 65; (8) applicant not hospitalized; (9) medical needs met by insurance; (10) eligible for another State program.

Then I set forth on page 5, under the title "How Medicare Came About," this language:

Year 1960: Congress approved the Kerr-Mills law. The Kerr-Mills law provides for a Federal-State medical program on behalf of people 65 or over.

July 1961: The Illinois General Assembly passed the Arrington-Kaplan Act authorizing the Illinois medicare program—$18,300,000 for the first 2 years of the program was approved in the Arrington-Kaplan Act.

Half the cost of services are paid by the Federal Government and half by the State of Illinois.

August 1, 1961: Services became available to Illinois residents.

Finally, on page 6, I have set forth the following information:

Benefits offered:

1. Unlimited hospital care.
2. Doctor's care in hospital (except in Cook County by IPAC decision).
3. Thirty days' physician care after hospitalization.

Then the pamphlet states:

What is authorized:

The Illinois Public Aid Commission has been given power to decide what will be provided through the program, but the basic Illinois law authorizes the following services:

Drugs, nursing home,[1] diagnostic, physician, hospital, dental, laboratory, and X-ray,

---

[1] Persons needing nursing home care for which they are unable to pay can obtain such services through another State program through the IPAC offices.

---

[1] Persons needing nursing-home care for which they are unable to pay can obtain such services through another State program through the IPAC offices.

outpatient clinic, physical therapy, home health care, private nursing.

Mr. President, I desired that the contents of this pamphlet be a part of my remarks to indicate that 28 States have now passed enabling legislation whereby the benefits of the Kerr-Mills Act become available.

So we come to the question whether a person in need of medical care is required to take a so-called pauper's oath. As I read the language of the existing law, I doubt whether that is a valid interpretation; but in order to clear any doubts on the subject and to make certain that there is no requirement upon the State to require an oath or affirmation of that kind, it would be made clear in the Federal law itself, by the language of this amendment, that any statement required of the claimant for medical assistance for the aged, if made in writing and signed by the claimant, shall, so far as the last statement relates to the financial status of such claimant, be presumed by such agency to be factually correct for the purposes of determining his eligibility for such assistance.

Mr. President, I know, of course, that the amendment amends the Social Security Act and not a tax or revenue act as such; but after all the discussion and after the surcharged atmosphere of the Senate Chamber when the Senate was considering the Anderson-Javits proposal, I did not feel at that time that it was appropriate to complicate the matters before the Senate by submitting this amendment. But I was dutybound, and I was bound in my own conscience, to offer it before this session of Congress adjourned. As a result, this language will make it permissive and will leave it to the States whether or not they will require that kind of oath. In doing so, the amendment preserves the essential and basic spirit of the Kerr-Mills Act, which is essentially a Federal-State system.

After all the tears that were shed, Mr. President, here is an opportunity to redeem those tears, if some still feel that Federal law requires that the recipient take some sort of oath declaring the impoverishment of the claimant who may be in need of medical care.

Mr. McNAMARA. Mr. President, will the Senator from Illinois yield for several questions?

Mr. DIRKSEN. I yield.

Mr. McNAMARA. Is it not true that the States generally already do what is proposed by this amendment? In my experience, the States follow this procedure; they pay the bill when the claim is made, and later determine whether there is justification for the payment. Under the Senator's amendment, what is happening now would continue to happen. So it seems to me the amendment would not change a thing.

Mr. DIRKSEN. In the first place, Mr. President, I am not familiar with the provisions of the laws of all the States. But here on the floor of the Senate it was averred that there was a requirement to take a pauper's oath. I wish to make sure that the Federal law makes no such requirement of the States. Then those who made the statements about a pauper's oath will be free to return home and question their aid commissions, their Governor, and anyone else concerned, and say to them, "The Federal law does not require it; so now let us take it out of our State law, if it is included in the enabling act."

Mr. McNAMARA. Mr. President, will the Senator from Illinois yield again?

Mr. DIRKSEN. I yield.

Mr. McNAMARA. I repeat that this is what is happening now: The claimant is paid, generally, on the basis of statements he makes in his application, and later it is checked. Logically this follows, because the Kerr-Mills Act is based on need; and if there is need, proof is required. Whether it is called a pauper's oath or whether it is called something else, the facts are the same. Does not the Senator from Illinois agree that the amendment does not change anything from the present procedure?

I repeat that when there is a law based on need—as is true of the Kerr-Mills Act—there is a requirement to show the need. It can be called a pauper's oath or anything else.

Mr. DIRKSEN. If the Senator from Michigan is correct, then all the throbbing statements made on this floor when the Anderson-Javits proposal was before us would have no validity whatever.

Mr. McNAMARA. I do not agree. The Kerr-Mills Act is based on need, and the applicant is required to prove the need. The proof of need may take the form of a pauper's oath or some other form, but the effect is the same.

Mr. DIRKSEN. The Senator forgets that need is expressed in terms of the ownership or lack of ownership of assets or of a home, and so forth; and those things are set forth in the State law. In Illinois one can have an income of $1,800, if he is single, or a couple can have an income of $2,400, and can own a home and, in addition, can own $2,400 in assets, and still can be eligible to receive medical care—under our law.

Mr. McNAMARA. In some States.

Mr. DIRKSEN. I am talking about my State.

Mr. McNAMARA. I have no doubt that is true in Illinois. But it is not the general rule. In some States one who is to receive such aid can own little or nothing—not even enough funds to make possible a decent burial. But this amendment would not change that situation.

Mr. DIRKSEN. But I feel a responsibility to the people of my State. If it was not properly done—although I think it was properly done—I would return home and would render my supplications and apologies to the people of my State. So I wish to be sure that no one interprets the Kerr-Mills Act as requiring something which could be called a pauper's oath.

Mr. McNAMARA. I merely wish to say that any law based on need requires a showing of the need. It can be called a pauper's oath or it can be given some other name, but the facts are the same.

I thank the Senator from Illinois.

Mr. DIRKSEN. I wish to say that when we started with the Kerr-Mills Act, we made plain that need should be shown. Of course in that respect it differed from the Anderson-Javits proposal, under which everyone—regardless of his assets or estate or income—could qualify; it made no difference whether the person involved was Everett Dirksen or Bob Kerr or Mike Mansfield or Nelson Rockefeller or the richest man in the Nation; all would still be eligible, under the Anderson-Javits proposal, for medical care.

So we just recite some income limitations, and say, "Below this amount, you are entitled to receive this aid." And I think those are very generous proposals, to say the least.

Mr. McNAMARA. But this is not the general rule throughout the States. It might be the rule in Illinois, but it does not prevail in other States.

Mr. DIRKSEN. Well, it is in Illinois; and nearly every program of which I have any knowledge which provides a State-Federal basis tries to make the aid available, and then permits the State to assume its share of the responsibility. If Michigan is behind the parade, the Senator should go to Lansing and should importune his legislature.

Mr. McNAMARA. Then we would just go up the hill and come down again.

The trouble was that the States were not handling this matter in the manner in which the framers of the law thought it should be handled. So we would go up the hill and would come down again, and would still say it should be left to the States. So we would have accomplished nothing.

Mr. DIRKSEN. I simply remind my friend that since we are in the month of September, in a few days we shall observe the 175th anniversary of the Constitution of the United States; and if it does anything in addition to protecting the freedoms of the people, it sets up a framework of government beautifully checked and balanced, to which we refer as a State-Federal system; and the powers we enjoy here in the Senate are those which have been expressly delegated to the Central Government by the Constitution. All other powers are reserved. I try to see to it that that balance of State-Federal responsibility is carefully safeguarded. I think we did so very well in the Kerr-Mills Act; we made it a State-Federal system. And the people of Michigan ought to exercise their responsibility, even as we in the State of Illinois have done.

Mr. McNAMARA. It is not a question of the law to be applied to the State of Illinois or to the State of Michigan. I think perhaps the only justification for this law, if applied at the Federal level, will be that it applies to all the States. I know there are certain things that were not specifically delegated to the Federal Government; but there have been many changes since then. If we carry the original concept to a logical conclusion, we could not today have a Federal income-tax law. And if we leave everything to the States, we would have trouble with a conscription act in time of war.

So we have progressed very far from the time when that was the accepted theory of government.

In order to make this meaningful, I think there might be a further amendment. I hold one in my hand, and I suggest that the Senator from Illinois consider accepting it. The purpose is to strike out, at the end of paragraph (f), the period and the quotation marks, and to add:

> Such statement shall be conclusive as to claimant's eligibility, and no action at law or equity shall be brought for the recovery of payments made after the filing and acceptance of such statement.

This goes a little further; but if anything is to be accomplished, I think this route must be followed.

I repeat that I think the Senator's amendment accomplishes nothing; I think it deals with the way this is operating now, for any law based on need will require a means test, or whatever else it may be called.

Mr. DIRKSEN. Mr. President, that is only a personal opinion.

However, I do not wish to have the next to the last statement the Senator from Michigan made stand—that we have departed from our basic concept of government. I do not agree, because in the Constitution there is a mandatory provision; and whenever either the Congress or the States initiate the action under that mandatory clause, then it is up to the people to decide whether the Constitution shall be amended—but always within the concept as laid down 175 years ago.

Mr. McNAMARA. I ask the Senator, What brought this up? The Senator from Illinois injected this question into the debate.

Mr. DIRKSEN. I think, if we looked at the reporter's notes, they would show that the Senator from Michigan indicated that, somehow, we had mysteriously departed from the sound Federal-State system; and we have not at any time in the history of the Republic.

When we speak about recovery, that would have to involve a suit in equity or law. It would have to be one of the two. I want to be sure no one will rise in his place and say that under the Kerr-Mills Act a pauper's oath is required, but leave it to the State as to what it will propose to do about it.

Mr. McNAMARA. Mr. President, if the Senator will yield, I will rise in my place and say that I construe it in just that way. It is a pauper's oath. One may call it something else; it is a requirement based on need, and the Senator does not change it with his amendment.

Mr. DIRKSEN. Mr. President, it is so wonderful that, under our Constitution, my friend can cherish that opinion to his heart's content.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SMATHERS. I wish to congratulate the able Senator from Illinois for offering this amendment. I believe it is both desirable and needed.

I think it should be very clear that, so far as the Federal Government is concerned, and as the Senator from Illinois has so well stated, there should be no requirement of a pauper's oath insofar as Federal participation is concerned. I think it should be left to the States as to how generous or ungenerous they wish to be in applying their funds under the Kerr-Mills law to take care of elderly people who might be in need of medical attention.

The State Legislature of Florida has not seen fit so far to implement the Kerr-Mills Act, but I am very hopeful that in the forthcoming session in 1963 it will implement it, and that it will follow the same pattern which the State of Illinois is following, which I think is quite fair, and certainly generous in most respects. I think this is the kind of medical program we ought to have—a program that provides total medical care for those in need.

I cannot see any earthly reason why the richest man in my State or in my community, who probably does not want it to start with, should have other citizens pay for his medical bills. On the other hand, I do not like the idea of requiring elderly persons to take an oath and state they are completely without funds, that they are destitute, in order to get such medical aid. This amendment, which would leave it to the States to decide how generous they want to be, is very desirable. The State of Illinois has set standards which are eminently generous. One can own his own home and have an income with, of course, limitation and still be eligible for benefits under the Kerr-Mills Act.

We should make it abundantly clear, and I am hopeful all States will do likewise, that none of our senior citizens be required to take a pauper's oath to avail themselves of needed medical care when it is obvious from their financial position that a need exists. These people should not be deprived of living in honor and decency or be required to dispose of their property to obtain such medical care under this law.

I wish to associate myself with the remarks made by the Senator from Illinois, and approve everything he said, including the statement that we must not destroy the Federal-State relationship. This system has over the past proved to be the best way to take care of problems which in essence, and basically, are local problems. It is desirable to get the county, State, and Federal Governments in cooperation with each other to provide medical care for elderly people in need, without requiring them to take a humiliating pauper's oath, or to indicate a complete lack of funds, which they do not want to do, and should not be required to do.

The pending amendment, which would allow the States to set the standards, is eminently desirable; and I hope the committee and the Senate will accept the amendment of the Senator from Illinois.

Mr. KERR. Mr. President, I am aware of every word the distinguished Senator from Illinois has said. I am aware that this is an insistence, but not a social security insistence, for a medical care amendment to the tax bill. I must say, however, that the Senator from Oklahoma is in entire accord with what the Senator from Illinois has said and with the language of the amendment, and therefore finds himself unable to offer any opposition to its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HRUSKA. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, I call up my amendments 9-4-62—C.

The PRESIDING OFFICER. The amendments offered by the Senator from Oklahoma will be stated.

The legislative clerk proceeded to read the amendments.

Mr. KERR. Mr. President, I ask unanimous consent that the amendments be printed in the Record, without their being read.

There being no objection, the amendments were ordered to be printed in the Record, as follows:

On page 131, line 11, strike out "or".

On page 131, line 14, strike out "stock." and insert "stock, or".

On page 131, after line 14, insert the following:

"(D) received on obligations acquired as a result of the disposition of a trade or business actively conducted by the taxpayer in a foreign country or possession of the United States or as a result of the disposition of stock or obligations of a corporation in which the taxpayer owned at least 10 percent of the voting stock."

On page 140, beginning with line 16, strike out all through line 3 on page 141 and insert the following:

"(c) Effective Dates.—

"(1) Amendment to section 911.—The amendment made by subsection (a) shall apply to taxable years ending after December 31, 1962, but only with respect to amounts—

"(A) received after March 12, 1962, which are attributable to services performed after December 31, 1962, or

"(B) received after December 31, 1962, which are attributable to services performed on or before December 31, 1962, unless on March 12, 1962, there existed a right (whether forfeitable or nonforfeitable) to receive such amounts.

"(2) Amendment to section 72(f).—The amendment made by subsection (b) shall apply to taxable years ending after December 31, 1962."

On page 196, line 20, strike out "5 years" and insert "one year".

On page 197, strike out lines 9 through 18 and insert the following:

"(3) Special rule.—For purposes of this subpart, a United States shareholder of a controlled foreign corporation may, under regulations prescribed by the Secretary or his delegate, make the determinations under subsection (a)(2) of this section and under subsection (f) of section 954 as of the close of the years following the years referred to in such subsections, or as of the close of such longer period of time as such regulations may permit, in lieu of on the last day of such years. Any election under this paragraph made with respect to any taxable year shall apply to such year and to all succeeding taxable years unless the Secretary or his delegate consents to the revocation of such election.

"(4) Exception.—For purposes of this subpart, property shall not constitute qualified investments in less developed countries if such property is disposed of within 6 months after the date of its acquisition."

On page 197, line 19, strike out "(4)" and insert "(5)".

On page 198, lines 2 and 3, strike out "which is created or organized under the laws of a less developed country and".

On page 198, lines 17 and 18, strike out "5 years" and insert "one year".

On page 238, line 16, strike out "An election" and insert the following: "A United States shareholder of an export trade corporation may, under regulations prescribed by the Secretary or his delegate, make the determinations under paragraphs (2) and (3) with respect to export trade assets described in section 971(e)(3) as of the close of the years following the years referred to in such paragraphs, or as of the close of such longer period of time as such regulations may permit, in lieu of on the last day of such years and in lieu of on the day prescribed in the preceding sentence. Any election".

On page 280, after line 10, insert the following:

"(c) Determination of Earnings and Profits.—

"(1) In general.—For purposes of this section, the earnings and profits of any foreign corporation for any taxable year shall be determined according to rules substantially similar to those applicable to domestic corporations, under regulations prescribed by the Secretary or his delegate.

"(2) Earnings and profits of subsidiaries of foreign corporations.—If—

"(A) subsection (a) applies to a sale or exchange by a United States person of stock of a foreign corporation and, by reason of the ownership of the stock sold or exchanged, such person owned within the meaning of section 958(a)(2) stock of any other foreign corporation; and

(B) such person owned, within the meaning of section 958(a), or was considered as owning by applying the rules of ownership of section 958(b), 10 percent or more of the total combined voting power of all classes of stock entitled to vote of such other foreign corporation at any time during the 5-year period ending on the date of the sale or exchange when such other foreign corporation was a controlled foreign corporation (as defined in section 957),

then, for purposes of this section, the earnings and profits of the foreign corporation the stock of which is sold or exchanged which are attributable to the stock sold or exchanged shall be deemed to include the earnings and profits of such other foreign corporation which—

"(C) are attributable (under regulations prescribed by the Secretary or his delegate) to the stock of such other foreign corporation which such person owned within the meaning of section 958(a)(2) (by reason of his ownership within the meaning of section 958(a)(1)(A) of the stock sold or exchanged) on the date of such sale or exchange; and

"(D) were accumulated in taxable years of such other corporation beginning after December 31, 1962, and during the period or periods—

"(i) such other corporation was a controlled foreign corporation, and

"(ii) such person owned within the meaning of section 958(a)(2) the stock of such other foreign corporation."

On page 280, line 11, strike out "(c) Special Rules" and insert "(d) Exclusions From Earnings and Profits".

On page 281, beginning with line 12, strike out all through line 3 on page 282 and insert the following: "corporation (as defined in section 902(d)), if the stock sold or exchanged was owned for a continuous period of at least 10 years, ending with the date of the sale or exchange, by the United States person who sold or exchanged such stock."

On page 283, after line 17, insert the following:

"(e) Sales or Exchanges of Stock in Certain Domestic Corporations.—Under regulations prescribed by the Secretary or his delegate, if—

"(1) a United States person sells or exchanges stock of a domestic corporation, or receives a distribution from a domestic corporation which, under section 302 or 331, is treated as an exchange of stock, and

"(2) such domestic corporation was formed or availed of principally for the holding, directly or indirectly, of stock of one or more foreign corporations,

such sale or exchange shall, for purposes of this section, be treated as a sale or exchange of the stock of the foreign corporation or corporations held by the domestic corporation."

On page 283, line 18, strike out "(d)" and "(f)".

On page 284, line 8, strike out "(e)" and insert "(g)".

Mr. KERR. Mr. President, this is a series of amendments, a number of which are purely technical, a number of which are clarifying, some of which are corrective.

I ask unanimous consent that they may be adopted en bloc, and become a part of the text of the bill and subject to amendment by any Senator who desires to offer amendments with reference thereto.

The PRESIDING OFFICER. Is there objection? Without objection, the amendments will be considered en bloc. Without objection, they are agreed to en bloc.

The bill is open to further amendment.

Mr. DIRKSEN. Mr. President, I propose at this time to submit as an amendment H.R. 10, but before doing so, I think we ought to have a quorum call.

Mr. MANSFIELD. I suggest that the Senator have the amendment laid before the Senate.

Mr. DIRKSEN. Mr. President, am I recognized?

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIRKSEN. Before having the amendment laid before the Senate, I would like to talk to the distinguished Senator from Tennessee [Mr. Gore], and then I shall lay down H.R. 10 as an amendment to the bill. I know that a motion to table will be in order immediately after someone gets the floor for that purpose, and I wonder if we could have some understanding as to whether or not a given amount of time can be allotted to it before a motion to table, if any is contemplated, is made. I think there are Senators on this side who want to be heard.

Mr. MANSFIELD. Mr. President, to remove any doubt in the Senator's mind—and I am sure there is no doubt in his mind—a motion to table will be made.

How much time would the Senator like to have in a limitation of debate?

Mr. DIRKSEN. Speaking for myself, I would want to have 15 minutes. The distinguished Senator from Florida, who is the actual author of this proposal, will doubtless want to speak on it.

Mr. MANSFIELD. Would the Senator agree to an hour's limitation, 40 minutes on his side and 20 minutes on the other side?

Mr. DIRKSEN. I think that would be fair.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that 1½ hours be allocated to the consideration of the amendment involving H.R. 10, 1 hour to be allocated to the minority leader, and one-half hour to the majority leader. I feel certain that some of the time I would be allotted could be allocated to Senators who wish to speak.

Mr. GORE. Mr. President, reserving the right to object, as I understand the Senator's request, it relates only to the amount of debate before the motion to lay the amendment on the table.

Mr. MANSFIELD. That is correct.

Mr. GORE. In the perhaps unlikely event that the motion is not agreed to, then the limitation of time would not be effective?

Mr. MANSFIELD. That is correct. Is that agreeable?

Mr. DIRKSEN. Yes.

Mr. GORE. Reserving the right to object, Mr. President—and I shall not object—in view of the fact that there is to be a limitation of time before the motion to table, I wonder if the distinguished majority leader and distinguished minority leader would consider it advisable to have a brief quorum call, to alert other Senators that such a proposal is being made. It is a little out of the ordinary.

Mr. MANSFIELD. If the Senator wishes to do so, that is all right; but the procedure is not out of the ordinary. I think we have cleared it with the proponents and the opponents. I think nobody's mind would be changed. I am merely trying to make it possible for us to get out sometime and to get home.

Mr. GORE. I shall not assume any responsibility for other Senators. So far as I am concerned, I have no objection. I was merely making the suggestion that it was a little unusual.

Mr. DIRKSEN. I think it is quite appropriate that there be a short quorum call and that the staff notify Senators that the amendments embodying the provisions of H.R. 10 will be before the Senate.

Mr. MANSFIELD. Mr. President, I wish to say—and I hope this will be taken in the right way, and I hope all Senators will understand—that, so far as I am concerned, I do not intend to spend all day on these amendments, because there are other amendments which must be considered, also.

Mr. GORE Yes.

Mr. MANSFIELD. As Senators know, a motion to table is in order at any time that a Senator who so desires can obtain the floor.

Mr. GORE. I do not object.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Montana?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I offer my amendments identified as "8-23-62—K."

The PRESIDING OFFICER. The amendments will be identified for the information of the Senate.

The Legislative Clerk. On page 391, after line 21, it is proposed to insert a new section 27, "Self-Employed Individuals Voluntary Pension Plans."

The amendments are as follows:

On page 391, after line 21, insert the following new section:

"Sec. 27. Self-Employed Individuals Voluntary Pension Plans.

"Section 401 of the Internal Revenue Code of 1954 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended—

"(1) by adding at the end of paragraph (5) of subsection (a) the following new sentence: 'For purposes of this paragraph and paragraph (10), the total compensation of an individual who is an employee within the meaning of subsection (c)(1) means such individual's earned income (as defined in subsection (c)(2)), and the basic or regular rate of compensation of such an individual shall be determined, under regulations prescribed by the Secretary or his delegate, with respect to that portion of his earned income which bears the same ratio to his earned income on the basic or regular compensation of the employees under the plan bears to the total compensation of such employees.';

"(2) by adding at the end of subsection (a) the following new paragraphs:

" '(7) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that, upon its termination or upon complete discontinuance of contributions under the plan, the rights of all employees to benefits secured to the date of such termination or discontinuance, to the extent then funded, or the amounts credited to the employees' accounts, are nonforfeitable. This paragraph shall not apply to benefits or contributions which, under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by paragraph (4), may not be used for designated employees in the event of early termination of the plan.

" '(8) A trust forming part of a pension plan shall not constitute a qualified trust under this section unless the plan provides that forfeitures must not be applied to increase the benefits any employee would otherwise receive under the plan.

" '(9) In the case of a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of subsection (c)(1), a trust forming part of such plan shall not constitute a qualified trust under this section unless, under the plan, the entire interest of each employee—

" '(A) either will be distributed to him not later than his taxable year in which he attains the age of 70½ years, or, in the case of an employee other than an owner-employee (as defined in subsection (c)(3)), in which he retires, whichever is the later, or

" '(B) will be distributed, commencing not later than such taxable year, (i) in accordance with regulations prescribed by the Secretary or his delegate, over the life of such employee or over the lives of such employee and his spouse, or (ii) in accordance with such regulations, over a period not extending beyond the life expectancy of such employee or the life expectancy of such employee and his spouse.

" '(10) In the case of a plan which provides contributions or benefits for employees some or all of whom are owner-employees (as defined in subsection (c)(3))—

" '(A) paragraph (3) and the first and second sentences of paragraph (5) shall not apply, but—

" '(i) such plan shall not be considered discriminatory within the meaning of paragraph (4) merely because the contributions or benefits of or on behalf of employees under the plan bear a uniform relationship to the total compensation, or the basic or regular rate of compensation, of such employees, and

" '(ii) such plan shall not be considered discriminatory within the meaning of paragraph (4) solely because under the plan contributions described in subsection (e)(3)(A) which are in excess of the amounts which may be deducted under section 404 (determined without regard to section 404 (a)(10)) for the taxable year may be made on behalf of any owner-employee; and

" '(B) a trust forming a part of such plan shall constitute a qualified trust under this section only if the requirements in subsection (d) are also met.'; and

"(3) by redesignating subsection (c) as subsection (h) and inserting after subsection (b) the following new subsections:

" '(c) Definitions and Rules Relating to Self-Employed Individuals and Owner-Employees.—For purposes of this section—

" '(1) Employee.—The term "employee" includes, for any taxable year, an individual who has earned income (as defined in paragraph (2)) for the taxable year. To the extent provided in regulations prescribed by the Secretary or his delegate, such term also includes, for any taxable year—

" '(A) an individual who would be an employee within the meaning of the preceding sentence but for the fact that the trade or business carried on by such individual did not have net profits for the taxable year, and

" '(B) an individual who has been an employee within the meaning of the preceding sentence for any prior taxable year.

" '(2) Earned income.—

" '(A) In general.—The term "earned income" means the net earnings from self-employment (as defined in section 1402 (a)) to the extent that such net earnings constitute earned income (as defined in section 911(b) but determined with the application of subparagraph (B)), but such net earnings shall be determined—

" '(i) without regard to paragraphs (4) and (5) of section 1402(c),

" '(ii) in the case of any individual who is treated as an employee under sections 3121 (d)(2) (A), (C), or (D), without regard to paragraph (2) of section 1402(c), and

" '(iii) without regard to items which are not included in gross income for purposes of this chapter, and the deductions properly allocable to or chargeable against such items. For purposes of subparagraph (A), sections 911(b) and 1402, as in effect for a taxable year ending on December 31, 1961, and subparagraph (B), as in effect for a taxable year beginning on January 1, 1962, shall be treated as having been in effect for all taxable years ending before such date.

" '(B) Earned income when both personal services and capital are material income-producing factors.—In applying section 911(b) for purposes of subparagraph (A), in the case of an individual who is an employee within the meaning of paragraph (1) and who is engaged in a trade or business in which both personal services and capital are material income-producing factors and with respect to which the individual actually renders personal services on a full-time, or substantially full-time, basis, so much of his share of the net profits of such trade or business as does not exceed $2,500 shall be considered as earned income. In the case of any such individual who is engaged in more than one trade or business with respect to which he actually renders substantial personal services, if with respect to all such trades or businesses he actually renders personal services on a full-time, or substantially full-time, basis, there shall be considered as earned income with respect to the trades or businesses in which both personal services and capital are material income-producing factors—

" '(i) so much of his share of the net profits of such trades or businesses as does not exceed $2,500, reduced by

" '(ii) his share of the net profits of any trade or business in which only personal services is a material income-producing factor.

The preceding sentences shall not be construed to reduce the share of net profits of any trade or business which under the second sentence of section 911(b) would be considered as earned income of any such individual.

" '(3) Owner-employee.—The term "owner employee" means an employee who—

" '(A) owns the entire interest in an unincorporated trade or business, or

" '(B) in the case of a partnership, is a partner who owns more than 10 percent of either the capital interest or the profits interest in such partnership.

To the extent provided in regulations prescribed by the Secretary or his delegate, such term also means an individual who has been an owner-employee within the meaning of the preceding sentence.

" '(4) Employer.—An individual who owns the entire interest in an unincorporated trade or business shall be treated as his own employer. A partnership shall be treated as the employer of each partner who is an employee within the meaning of paragraph (1).

" '(5) Constructive ownership.—An individual shall be treated as owning any interest in an unincorporated trade or business which is owned, directly or indirectly, by his spouse or minor children. An individual who owns any interest in an unincorporated trade or business or is an employee of such trade or business shall be treated as owning any interest in such unincorporated trade or business which is owned, directly or indirectly, by his ancestors or lineal descendants. Any interest treated as owned by any individual by reason of the application of the preceding sentences shall not be treated as owned by him for the purpose of applying such sentences in order to make any other individual the constructive owner of such interest. For purposes of this paragraph, a legally adopted child of an individual shall be treated as a child of such individual by blood.

" '(6) Contributions on behalf of owner-employees.—The term "contribution on behalf of an owner-employee" includes, except as the context otherwise requires, a contribution under a plan—

" '(A) by the employer for an owner-employee, and

" '(B) by an owner-employee as an employee.

" '(d) Additional Requirements for Qualification of Trusts and Plans Benefiting Owner-Employees.—A trust forming part of a pension or profit-sharing plan which provides contributions or benefits for employees some or all of whom are owner-employees shall constitute a qualified trust under this section only if, in addition to meeting the requirements of subsection (a), the following requirements of this subsection are met by the trust and by the plan of which such trust is a part:

" '(1) In the case of a trust which is created on or after the date of the enactment of this subsection, or which was created before such date but is not exempt from tax under section 501(a) as an organization described in subsection (a) on the day before such date, the trustee is a bank, but a person (including the employer) other than a bank may be granted, under the trust instrument, the power to control the investment of the trust funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, and exchanges). This paragraph shall not apply to a trust created or organized outside the United States before the date of the enactment of this subsection if, under section 402(c), it is treated as exempt from tax under section 501(a) on the day before such date. For purposes of this paragraph, the term "bank" means a bank as defined in section 581, a corporation which under the laws of the State of its incorporation is subject to supervision and examination by the commissioner of banking or other officer of such State in charge of the administration of the banking laws of such State, and, in the case of a trust created or organized outside the United States, a bank or trust company, wherever incorporated, exercising fiduciary powers and subject to supervision and examination by governmental authority.

" '(2) Under the plan—

" '(A) the employees' rights to or derived from the contributions under the plan are nonforfeitable at the time the contributions are paid to or under the plan; and

" '(B) in the case of a profit-sharing plan, there is a definite formula for determining the contributions to be made by the employer on behalf of employees (other than owner-employees).

Subparagraph (A) shall not apply to contributions which, under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by subsection (a)(4), may not be used to provide benefits for designated employees in the event of early termination of the plan.

" '(3) The plan benefits each employee having a period of employment of 3 years or more. For purposes of the preceding sentence, the term "employee" does not include any employee whose customary employment is for not more than 20 hours in any one week or is for not more than 5 months in any calendar year.

" '(4) Under the plan—

" '(A) contributions or benefits are not provided for any owner-employee unless such owner-employee has consented to being included under the plan; and

" '(B) no benefits may be paid to any owner-employee, except in the case of his becoming disabled (within the meaning of section 213(g)(3)), prior to his attaining the age of 59½ years.

" '(5) The plan does not permit—

" '(A) contributions to be made by the employer on behalf of any owner-employee in excess of the amounts which may be deducted under section 404 (determined without regard to section 404(a)(10)) for the taxable year;

" '(B) in the case of a plan which provides contributions or benefits only for owner-employees, contributions to be made on behalf of any owner-employee in excess of the amounts which may be deducted under section 404 (determined without regard to section 404(a)(10)) for the taxable year; and

" '(C) if a distribution under the plan is made to any employee and if any portion of such distribution is an amount described in section 72(m)(5)(A)(i), contributions to be made on behalf of such employee for the 5 taxable years succeeding the taxable year in which such distribution is made.

Subparagraphs (A) and (B) shall not apply to any contribution which is not considered to be an excess contribution (as defined in subsection (e)(1)) by reason of the application of subsection (e)(3).

" '(6) Except as provided in this paragraph, the plan meets the requirements of subsection (a)(4) without taking into account for any purpose contributions or benefits under chapter 2 (relating to tax on self-employment income), chapter 21 (relating to Federal Insurance Contributions Act), title II of the Social Security Act, as amended, or any other Federal or State law. If—

" '(A) of the contributions deductible under section 404 (determined without regard to section 404(a)(10)), not more than one-third is deductible by reason of contributions by the employer on behalf of owner-employees, and

" '(B) taxes paid by the owner-employees under chapter 2 (relating to tax on self-employment income), and the taxes which would be payable under such chapter 2 by the owner-employees but for paragraphs (4) and (5) of section 1402(c), are taken into account as contributions by the employer on behalf of such owner-employees.

then taxes paid under section 3111 (relating to tax on employers) with respect to an employee may, for purposes of subsection (a)(4), be taken into account as contributions by the employer for such employee under the plan.

" '(7) Under the plan, if an owner-employee dies before his entire interest has been distributed to him, or if distribution has been commenced in accordance with subsection (a)(9)(B) to his surviving spouse and such surviving spouse dies before his entire interest has been distributed to such surviving spouse, his entire interest (or the remaining part of such interest if distribution thereof has commenced) will, within 5 years after his death (or the death of his surviving spouse), be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse) which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which will be immediately distributed to such beneficiary or beneficiaries. The preceding sentence shall not apply if distribution of the interest of an owner-employee has commenced and such distribution is for a term certain over a period permitted under subsection (a)(9)(B)(ii).

" '(8) Under the plan—

" '(A) any contribution which is an excess contribution, together with the income attributable to such excess contribution, is (unless subsection (e)(2)(E) applies) to be repaid to the owner-employee on whose behalf such excess contribution is made;

" '(B) if for any taxable year the plan does not, by reason of subsection (e)(2)(A), meet (for purposes of section 404) the requirements of this subsection with respect to an owner-employee, the income for the taxable year attributable to the interest of such owner-employee under the plan is to be paid to such owner-employee; and

" '(C) the entire interest of an owner-employee is to be repaid to him when required by the provisions of subsection (e)(2)(E).

" '(9)(A) If the plan provides contributions or benefits for an owner-employee who controls, or for two or more owner-employees who together control, the trade or business with respect to which the plan is established, and who also control as an owner-employee or as owner-employees one or more other trades or businesses, such plan and the plans established with respect to such other trades or businesses, when coalesced, constitute a single plan which meets the requirements of subsection (a) (including paragraph (10) thereof) and of this subsection with respect to the employees of all such trades or businesses (including the trade or business with respect to which the plan intended to qualify under this section is established).

" '(B) For purposes of subparagraph (A), an owner-employee, or two or more owner-employees, shall be considered to control a trade or business if such owner-employee, or such two or more owner-employees together—

" '(i) own the entire interest in an unincorporated trade or business, or

" '(ii) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in such partnership.

For purposes of the preceding sentence, an owner-employee, or two or more owner-employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such owner-employee, or such two or more owner-employees, are considered to control within the meaning of the preceding sentence.

" '(10) The plan does not provide contributions or benefits for any owner-employee who controls (within the meaning of paragraph (9)(B)), or for two or more owner-employees who together control, as an owner-employee or as owner-employees, any other trade or business, unless the employees of each trade or business which such owner-employee or such owner-employees control are included under a plan which meets the requirements of subsection (a) (including paragraph (10) thereof) and of this subsection, and provides contributions and benefits for employees which are not less favorable than contributions and benefits provided for owner-employees under the plan.

" '(11) Under the plan, contributions on behalf of any owner-employee may be made only with respect to the earned income of such owner-employee which is derived from the trade or business with respect to which such plan is established.

" '(e) EXCESS CONTRIBUTIONS ON BEHALF OF OWNER-EMPLOYEES.—

" '(1) EXCESS CONTRIBUTION DEFINED.—For purposes of this section, the term "excess contribution" means, except as provided in paragraph (3)—

" '(A) if, in the taxable year, contributions are made under the plan only on behalf of owner-employees, the amount of any contribution made on behalf of any owner-employee which (without regard to this subsection) is not deductible under section 404 (determined without regard to section 404(a)(10)) for the taxable year; or

" '(B) if, in the taxable year, contributions are made under the plan on behalf of employees other than owner-employees—

" '(i) the amount of any contribution made by the employer on behalf of any owner-employee which (without regard to this subsection) is not deductible under section 404 (determined without regard to section 404(a)(10)) for the taxable year;

" '(ii) the amount of any contribution made by any owner-employee (as an employee) at a rate which exceeds the rate of contributions permitted to be made by employees other than owner-employees;

" '(iii) the amount of any contribution made by any owner-employee (as an employee) which exceeds the lesser of $2,500 or 10 percent of the earned income for such taxable year derived by such owner-employee from the trade or business with respect to which the plan is established; and

" '(iv) in the case of any individual on whose behalf contributions are made under more than one plan as an owner-employee, the amount of any contribution made by such owner-employee (as an employee) under all such plans which exceeds $2,500; and

" '(C) the amount of any contribution made on behalf of an owner-employee in any taxable year for which, under paragraph (2)(A) or (E), the plan does not (for purposes of section 404) meet the requirements of subsection (d) with respect to such owner-employee.

For purposes of this subsection, the amount of any contribution which is allocable (determined in accordance with regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance shall not be taken into account.

"'(2) Effect of excess contribution.—

"'(A) In general.—If an excess contribution (other than an excess contribution to which subparagraph (E) applies) is made on behalf of an owner-employee in any taxable year, the plan with respect to which such excess contribution is made shall, except as provided in subparagraphs (C) and (D), be considered, for purposes of section 404, as not meeting the requirements of subsection (d) with respect to such owner-employee for the taxable year and for all succeeding taxable years.

"'(B) Inclusion of amounts in gross income of owner-employees.—For any taxable year for which any plan does not meet the requirements of subsection (d) with respect to an owner-employee by reason of subparagraph (A), the gross income of such owner-employee shall, for purposes of this chapter, include the amount of income for such taxable year attributable to the interest of such owner-employee under such plan.

"'(C) Repayment within prescribed period.—Subparagraph (A) shall not apply to an excess contribution with respect to any taxable year, if, on or before the close of the 6-month period beginning on the day on which the Secretary or his delegate sends notice (by certified or registered mail) to the person to whom such excess contribution, the amount of such excess contribution, and the income attributable thereto, is repaid to the owner-employee on whose behalf such excess contribution was made. If the excess contribution is an excess contribution as defined in paragraph (1)(A) or (B)(i), or is an excess contribution as defined in paragraph (1)(C) with respect to which a deduction has been claimed under section 404, the notice required by the preceding sentence shall not be mailed prior to the time that the amount of the tax under this chapter of such owner-employee for the taxable year in which such excess contribution was made has been finally determined.

"'(D) Repayment after prescribed period.—If an excess contribution, together with the income attributable thereto, is not repaid within the 6-month period referred to in subparagraph (C), subparagraph (A) shall not apply to an excess contribution with respect to any taxable year beginning with the taxable year in which the person to whom such excess contribution was paid repays the amount of such excess contribution to the owner-employee on whose behalf such excess contribution was made, and pays to such owner-employee the amount of income attributable to the interest of such owner-employee which, under subparagraph (B), has been included in the gross income of such owner-employee for any prior taxable year.

"'(E) Special rule if excess contribution was willfully made.—If an excess contribution made on behalf of an owner-employee is determined to have been willfully made, then—

"'(i) subparagraphs (A), (B), (C), and (D) shall not apply with respect to such excess contribution;

"'(ii) there shall be distributed to the owner-employee on whose behalf such excess contribution was willfully made his entire interest in all plans with respect to which he is an owner-employee; and

"'(iii) no plan shall, for purposes of section 404, be considered as meeting the requirements of subsection (d) with respect to such owner-employee for the taxable year in which it is determined that such excess contribution was willfully made and for the 5 taxable years following such taxable year.

"'(F) Statute of limitations.—In any case in which subparagraph (A) applies, the period for assessing any deficiency arising by reason of—

"'(i) the disallowance of any deduction under section 404 on account of a plan not meeting the requirements of subsection (d) with respect to the owner-employee on whose behalf an excess contribution was made, or

"'(ii) the inclusion, under subparagraph (B), in gross income of such owner-employee of income attributable to the interest of such owner-employee under a plan,

for the taxable year in which such excess contribution was made or for any succeeding taxable year shall not expire prior to 1 year after the close of the 6-month period referred to in subparagraph (C).

"'(3) Contributions for premiums on annuity, etc., contracts.—A contribution by the employer on behalf of an owner-employee shall not be considered to be an excess contribution within the meaning of paragraph (1), if—

"'(A) under the plan such contribution is required to be applied (directly or through a trustee) to pay premiums or other consideration for one or more annuity, endowment, or life insurance contracts on the life of such owner-employee issued under the plan,

"'(B) the amount of such contribution exceeds the amount deductible under section 404 (determined without regard to section 404(a)(10)) with respect to contributions made by the employer on hehalf of such owner-employee under the plan, and

"'(C) the amount of such contribution does not exceed the average of the amounts which were deductible under section 404 (determined without regard to section 404 (a)(10)) with respect to contributions made by the employer on behalf of such owner-employee under the plan (or which would have been deductible under such section if such section had been in effect) for the first 3 taxable years (i) preceding the year in which the last such annuity, endowment, or life insurance contract was issued under the plan and (ii) in which such owner-employee derived earned income from the trade or business with respect to which the plan is established, or for so many of such taxable years as such owner-employee was engaged in such trade or business and derived earned income therefrom.

In the case of any individual on whose behalf contributions described in subparagraph (A) are made under more than one plan as an owner-employee during any taxable year, the preceding sentence shall not apply if the amount of such contributions under all such plans for such taxable year exceeds $2,500. Any contribution which is not considered to be an excess contribution by reason of the application of this paragraph shall, for purposes of subparagraphs (B) (ii), (iii), and (iv) of paragraph (1), be taken into account as a contribution made by such owner-employee as an employee to the extent that the amount of such contribution is not deductible under section 404 (determined without regard to section 404(a)(10)) for the taxable year, but only for the purpose of applying such subparagraphs to other contribution made by such owner-employee as an employee.

"'(f) Certain Custodial Accounts.—

"'(1) Treatment as qualified trust.—For purposes of this title, a custodial account shall be treated as a qualified trust under this section, if—

"'(A) such custodial account would, except for the fact that it is not a trust, constitute a qualified trust under this section;

"'(B) the custodian is a bank (as defined in subsection (d)(1));

"'(C) the investment of the funds in such account (including all earnings) is to be made—

"'(i) solely in regulated investment company stock with respect to which an employee is the beneficial owner, or

"'(ii) solely in annuity, endowment, or life insurance contracts issued by an insurance company;

"'(D) the shareholder of record of any such stock described in subparagraph (C) (i) is the custodian or its nominee; and

"'(E) the contracts decribed in subparagraph (C)(ii) are held by the custodian until distributed under the plan.

For purposes of this title, in the case of a custodial account treated as a qualified trust under this section by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"'(2) Definition.—For purposes of paragraph (1), the term "regulated investment company" means a domestic corporation which—

"'(A) is a regulated investment company within the meaning of section 851(a), and

"'(B) issues only redeemable stock.

"'(g) Annuity Defined.—For purposes of this section and sections 402, 403, and 404, the term "annuity" includes a face-amount certificate, as defined in section 2(a)(15) of the Investment Company Act of 1940 (15 U.S.C. sec. 80a–2); but does not include any contract or certificate issued after December 31, 1961, which is transferable, if any person other than the trustee of a trust described in section 401(a) which is exempt from tax under section 501(a) is the owner of such contract or certificate.'

"Sec. 28. Deductibility of Contributions to Plans.

"(a) Inclusion of Self-Employed Individuals.—Section 404(a) of the Internal Revenue Code of 1954 (relating to the deductibility of contributions to pension, annuity, profit-sharing, or stock bonus plans or plans of deferred compensation) is amended—

"(1) by striking out in paragraph (2) 'and (6),' and inserting in lieu thereof '(6), (7), and (8), and, if applicable, (9) and, in the case of a plan described in paragraph (9) of this subsection, which meets the requirements of section 401(a)(10) and of section 401(d) (other than paragraph (1)),'; and

"(2) by adding after paragraph (7) the following new paragraphs:

"'(8) Self-employed individuals.—In the case of a plan included in paragraph (1), (2), or (3) which provides contributions or benefits for employees some or all of whom are employees within the meaning of section 401(c)(1), for purposes of this section—

"'(A) the term "employee" includes an individual who is an employee within the meaning of section 401(c)(1), and the employer of such individual is the person treated as his employer under section 401 (c)(4);

"'(B) the term "earned income" has the meaning assigned to it by section 401(c)(2);

"'(C) the contributions to such plan on behalf of an individual who is an employee within the meaning of section 401(c)(1) shall be considered to satisfy the conditions of section 162 or 212 to the extent that such contributions do not exceed the earned income of such individual derived from the trade or business with respect to which such plan is established, and to the extent that such contributions are not allocable (determined in accordance with regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance; and

"'(D) any reference to compensation shall, in the case of an individual who is an employee within the meaning of section 401(c) (1), be considered to be a reference to the earned income of such individual derived from the trade or business with respect to which the plan is established.

"'(9) Plans benefiting owner-employees.—In the case of a plan included in paragraph (1), (2), or (3) which provides contributions or benefits for employees some or all of whom are owner-employees—

"'(A) the limitations provided by paragraphs (1), (2), (3), and (7) on the amounts deductible for any taxable year shall be computed, with respect to contributions on behalf of employees (other than owner-employees), as if such employees were the only employees for whom contributions and benefits are provided under the plan;

"'(B) the limitations provided by paragraphs (1), (2), (3), and (7) on the amounts deductible for any taxable year shall be computed, with respect to contributions on behalf of owner-employees—

"'(i) as if such owner-employees were the only employees for whom contributions and benefits are provided under the plan, and

"'(ii) without regard to paragraph (1) (D), the second and third sentences of paragraph (3), and the second sentence of paragraph (7); and

"'(C) the amounts deductible under paragraphs (1), (2), (3), and (7), with respect to contributions on behalf of any owner-employee, shall not exceed the applicable limitation provided in subsection (e).

For purposes of this paragraph and subsections (e) and (f), the term "owner-employee" has the meaning assigned to it by section 401(c)(3) (determined with the application of section 401(c)(5)).

"'(10) Special limitation on amount allowed as deduction for self-employed individuals.—Notwithstanding any other provision of this section, the amount allowable as a deduction under paragraphs (1), (2), (3), and (7) in any taxable year with respect to contributions made on behalf of an individual who is an employee within the meaning of section 401(c)(1) shall be an amount equal to—

"'(A) so much of the contributions made on behalf of such individual in such taxable year which are deductible under such paragraphs (determined with the application of paragraph (9) and of subsection (e) but without regard to this paragraph) as does not exceed $1,000, plus

"'(B) one-half of the contributions made on behalf of such individual in such taxable year which are deductible under such paragraphs (as so determined) as exceeds $1,000.

For purposes of section 401, the amount which may be deleted, or the amount deductible, under this section with respect to contributions made on behalf of such individual shall be determined without regard to the preceding sentence.'

"(b) Limitations on Deductible Contributions on Behalf of Owner-Employees.—Section 404 of the Internal Revenue Code of 1954 (relating to the deductibility of contributions to pension, annuity, profit-sharing, or stock bonus plans or plans of deferred compensation) is amended by adding after subsection (d) the following new subsections:

"'(e) Special Limitations for Owner-Employees.—

"'(1) In general.—In the case of a plan included in subsection (a) (1), (2), or (3), which provides contributions or benefits for employees some or all of whom are owner-employees, the amounts deductible under subsection (a) (determined without regard to paragraph (10) thereof) in any taxable year with respect to contributions on behalf of any owner-employee shall, subject to the provisions of paragraph (2), not exceed $2,500, or 100 percent of the earned income derived by such owner-employee from the trade or business with respect to which the plan is established, whichever is the lesser.

"'(2) Contributions made under more than one plan.—

"'(A) Overall limitation.—In any taxable year in which amounts are deductible with respect to contributions under two or more plans on behalf of an individual who is an owner-employee with respect to such plans, the aggregate amount deductible for such taxable year under all such plans with respect to contributions on behalf of such owner-employee (determined without regard to subsection (a)(10)) shall not exceed $2,500.

"'(B) Allocation of amounts deductible.—In any case in which the amounts deductible under subsection (a) (within the application of the limitations of this subsection) with respect to contributions made on behalf of an owner-employee under two or more plans are, by reason of subparagraph (A), less than the amounts deductible under such subsection determined without regard to such subparagraph, the amount deductible under subsection (a) (determined without regard to paragraph (10) thereof) with respect to such contributions under each such plan shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

"'(B) Contributions allocable to insurance protection.—For purposes of this subsection, contributions which are allocable (determined under regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance shall not be taken into account.

"'(f) Certain Loan Repayments Considered as Contributions.—For purposes of this section, any amount paid, directly or indirectly, by an owner-employee in repayment of any loan which under section 72(m)(4)(B) was treated as an amount received under a contract purchased by a trust described in section 401(a) which is exempt from tax under section 501(a) or purchased as a part of a plan described in section 403(a) shall be treated as a contribution to which this section applies on behalf of such owner-employee to such trust or to or under such plan.'

"Sec. 29. Taxability of Distributions.

"(a) Employees' Annuities.—Section 72 (d)(2) of the Internal Revenue Code of 1954 (relating to employees' annuities) is amended to read as follows:

"'(2) Special rules for application of paragraph (1).—For purposes of paragraph (1)—

"'(A) if the employee died before any amount was received as an annuity under the contract, the words "receivable by the employee" shall be read as "receivable by a beneficiary of the employee"; and

"'(B) any contribution made with respect to the contract while the employee is an employee within the meaning of section 401(c)(1) which is not allowed as a deduction under section 404 shall be treated as consideration for the contract contributed by the employee.'

"(b) Special Rules Relating to Self-Employed Individuals and Owner-Employees.—Section 72 of the Internal Revenue Code of 1954 (relating to annuities, etc.) is amended by redesignating subsection (m) as subsection (o) and by inserting after subsection (l) the following new subsections:

"'(m) Special Rules Applicable to Employee Annuities and Distributions Under Employee Plans.—

"'(1) Certain amounts received before annuity starting date.—Any amounts received under an annuity, endowment, or life insurance contract before the annuity starting date which are not received as an annuity (within the meaning of subsection (e)(2)) shall be included in the recipient's gross income for the taxable year in which received to the extent that—

"'(A) such amounts, plus all amounts theretofore received under the contract and includible in gross income under this paragraph, do not exceed

"'(B) the aggregate premiums or other consideration paid for the contract while the employee was an owner-employee which were allowed as deductions under section 404 for the taxable year and all prior taxable years. Any such amounts so received which are not includible in gross income under this paragraph shall be subject to the provisions of subsection (e).

"'(2) Computation of consideration paid by the employee.—In computing—

"'(A) the aggregate amount of premiums or other consideration paid for the contract for purposes of subsection (c)(1)(A) (relating to the investment in the contract),

"'(B) the consideration for the contract contributed by the employee for purposes of subsection (d)(1) (relating to employee's contributions recoverable in 3 years), and

"'(C) the aggregate premiums or other consideration paid for purposes of subsection (e)(1)(B) (relating to certain amounts not received as an annuity),

any amount allowed as a deduction with respect to the contract under section 404 which was paid while the employee was an employee within the meaning of section 401(c) (1) shall be treated as consideration contributed by the employer, and there shall not be taken into account any portion of the premiums or other consideration for the contract paid while the employee was an owner-employee which is properly allocable (as determined under regulations prescribed by the Secretary or his delegate) to the cost of life, accident, health, or other insurance.

"'(3) Life insurance contracts.—

"'(A) This paragraph shall apply to any life insurance contract—

"'(i) purchased as a part of a plan described in section 403(a), or

"'(ii) purchased by a trust described in section 401(a) which is exempt from tax under section 501(a) if the proceeds of such contract are payable directly or indirectly to a participant in such trust or to a beneficiary of such participant.

"'(B) Any contribution to a plan described in subparagraph (A)(i) or a trust described in subparagraph (A)(ii) which is allowed as a deduction under section 404, and any income of a trust described in subparagraph (A)(ii), which is determined in accordance with regulations prescribed by the Secretary or his delegate to have been applied to purchase the life insurance protection under a contract described in subparagraph (A), is includible in the gross income of the participant for the taxable year when so applied.

"'(C) In the case of the death of an individual insured under a contract described in subparagraph (A), an amount equal to the cash surrender value of the contract immediately before the death of the insured shall be treated as a payment under such plan or a distribution by such trust, and the excess of the amount payable by reason of the death of the insured over such cash surrender value shall not be includible in gross income under this section and shall be treated as provided in section 101.

"'(4) Amounts constructively received.—

"'(A) Assignments or pledges.—If during any taxable year an owner-employee assigns (or agrees to assign) or pledges (or agrees to pledge) any portion of his interest in a trust described in section 401(a) which is exempt from tax under section 501(a) or any portion of the value of a contract purchased as part of a plan described in section 403(a), such portion shall be treated as having been received by such owner-employee as a distribution from such trust or as an amount received under the contract.

"'(B) Loans on contracts.—If during any taxable year, an owner-employee receives, directly or indirectly, any amount from any insurance company as a loan under a contract purchased by a trust described in section 401(a) which is exempt from tax under section 501(a) or purchased as part of a plan described in section 403(a), and issued by such insurance company, such amount shall be treated as an amount received under the contract.

"'(5) Penalties applicable to certain amounts received by owner-employees.—

"'(A) This paragraph shall apply—

"'(i) to amounts (other than any amount received by an individual in his capacity as a policyholder of an annuity, endowment, or life insurance contract which is in the nature of a dividend or similar distribution) which are received from a qualified trust described in section 401(a) or under a plan described in section 403(a) and which are received by an individual, who is, or has been, an owner-employee, before such individual attains the age of 59½ years, for any reason other than the individual's becoming disabled (within the meaning of section 213(g)(3)), but only to the extent that such amounts are attributable to contributions paid on behalf of such individual (whether or not paid by him) while he was an owner-employee,

"'(ii) to amounts which are received from a qualified trust described in section 401(a) or under a plan described in section 403(a) at any time by an individual who is, or has been, an owner-employee, or by the successor of such individual, but only to the extent that such amounts are determined, under regulations prescribed by the Secretary or his delegate, to exceed the benefits provided for such individual under the plan formula, and

"'(iii) to amounts which are received, by an individual who is, or has been, an owner-employee, by reason of the distribution under the provisions of section 401(e)(2)(E) of his entire interest in all qualified trusts described in section 401(a) and in all plans described in section 403(a).

"'(B)(i) If the aggregate of the amounts to which this paragraph applies received by any person in his taxable year equals or exceeds $2,500, the increase in his tax for the taxable year in which such amounts are received and attributable to such amounts shall not be less than 110 percent of the aggregate increase in taxes, for the taxable year and the 4 immediately preceding taxable years, which would have resulted if such amounts had been included in such person's gross income ratably over such taxable years.

"'(ii) If deductions have been allowed under section 404 for contributions paid on behalf of the individual while he is an owner-employee for a number of prior taxable years less than 4, clause (i) shall be applied by taking into account a number of taxable years immediately preceding the taxable year in which the amount was so received equal to such lesser number.

"'(C) If subparagraph (B) does not apply to a person for the taxable year, the increase in tax of such person for the taxable year attributable to the amounts to which this paragraph applies shall be 110 percent of such increase (computed without regard to this subparagraph).

"'(D) Subparagraph (A)(ii) of this paragraph shall not apply to any amount to which section 402(a)(2) or 403(a)(2) applies.

"'(E) For special rules for computation of taxable income for taxable years to which this paragraph applies, see subsection (n)(3).

"'(6) Owner-employee defined.—For purposes of this subsection, the term "owner-employee" has the meaning assigned to it by section 401(c)(3) (determined with the application of section 401(c)(5)).

"'(n) Treatment of Certain Distributions With Respect to Contributions by Self-Employed Individuals.—

"'(1) Application of subsection.—

"'(A) Distributions by employees' trust.—Subject to the provisions of subparagraph (C), this subsection shall apply to amounts distributed to a distributee, in the case of an employees' trust described in section 401(a) which is exempt from tax under section 501(a), if the total distributions payable to the distributee with respect to an employee are paid to the distributee within one taxable year of the distributee—

"'(i) on account of the employee's death,

"'(ii) after the employee has attained the age of 59½ years, or

"'(iii) after the employee has become disabled (within the meaning of section 213(g)(3)).

"'(B) Annuity plans.—Subject to the provisions of subparagraph (C), this subsection shall apply to amounts paid to a payee, in the case of an annuity plan described in section 403(a), if the total amounts payable to the payee with respect to an employee are paid to the payee within one taxable year of the payee—

"'(i) on account of the employee's death,

"'(ii) after the employee has attained the age of 59½ years, or

"'(iii) after the employee has become disabled (within the meaning of section 213(g)(3)).

"'(C) Limitations and exceptions.—This subsection shall apply—

"'(i) only with respect to so much of any distribution or payment to which (without regard to this subparagraph) subparagraph (A) or (B) applies as is attributable to contributions made on behalf of an employee while he was an employee within the meaning of section 401(c)(1), and

"'(ii) if the recipient is the employee on whose behalf such contributions were made, only if contributions which were allowed as a deduction under section 404 have been made on behalf of such employee while he was an employee within the meaning of section 401(c)(1) for 5 or more taxable years prior to the taxable year in which the total distributions payable or total amounts payable, as the case may be, are paid.'

This subsection shall not apply to amounts described in clauses (ii) and (iii) of subparagraph (A) of subsection (m)(5) (but, in the case of amounts described in clause (ii) of such subparagraph, only to the extent that subsection (m)(5) applies to such amounts).

"'(2) Limitation of tax.—In any case to which this subsection applies, the tax attributable to the amounts to which this subsection applies for the taxable year in which such amounts are received shall not exceed whichever of the following is the greater:

"'(A) 5 times the increase in tax which would result from the inclusion in gross income of the recipient of 20 percent of so much of the amount so received as is includible in gross income, or

"'(B) 5 times the increase in tax which would result if the taxable income of the recipient for such taxable year equaled 20 percent of the amount of the taxable income of the recipient for such taxable year determined under paragraph (3)(A).

"'(3) Determination of taxable income.—Notwithstanding section 63 (relating to definition of taxable income), for purposes only of computing the tax under this chapter attributable to amounts to which this subsection or subsection (m)(5) applies and which are includible in gross income—

"'(A) the taxable income of the recipient for the taxable year of receipt shall be treated as being not less than the amount by which (i) the aggregate of such amounts so includible in gross income exceeds (ii) the amount of the deductions allowed for such taxable year under section 151 (relating to deductions for personal exemptions); and

"'(B) in making ratable inclusion computations under paragraph (5)(B) of subsection (m), the taxable income of the recipient for each taxable year involved in such ratable inclusion shall be treated as being not less than the amount required by such paragraph (5)(B) to be treated as includible in gross income for such taxable year.

In any case in which the preceding sentence results in an increase in taxable income for any taxable year, the resulting increase in the taxes imposed by section 1 or 3 for such taxable year shall not be reduced by any credit under part IV of subchapter A (other than section 31 thereof) which, but for this sentence, would be allowable.'

"(c) Capital Gains Treatment of Certain Employees' Trusts Distributions.—Section 402(a)(2) of the Internal Revenue Code of 1954 (relating to capital gains treatment for certain distributions) is amended by adding at the end thereof the following new sentence: 'This paragraph shall not apply to distributions paid to any distributee to the extent such distributions are attributable to contributions made on behalf of the employee while he was an employee within the meaning of section 401(c)(1).'

"(d) Capital Gains Treatment of Certain Employees' Annuity Payments.—Section 403(a) of the Internal Revenue Code of 1954 (relating to taxability of a beneficiary under a qualified annuity plan) is amended—

"(1) by striking out in paragraph (2)(A)(i) 'which meets the requirements of section 401(a) (3), (4), (5), and (6)' and inserting in lieu thereof 'described in paragraph (1)';

"(2) by adding at the end of paragraph (2)(A) the following new sentence: 'This subparagraph shall not apply to amounts paid to any payee to the extent such amounts are attributable to contributions made on behalf of the employee while he was an employee within the meaning of section 401(c)(1).'; and

"(3) by adding after paragraph (2) the following new paragraph:

"'(3) Self-employed individuals. — For purposes of this subsection, the term "employee" includes an individual who is an employee within the meaning of section 401(c)(1), and the employer of such individual is the person treated as his employer under section 401(c)(4).'

### "Sec. 30. Plans for Purchase of United States Bonds.

"(a) Qualified Bond Purchase Plans.—Part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 (relating to deferred compensation, etc.) is amended by adding at the end thereof the following new section:

"'Sec. 405 Qualified Bond Purchase Plans.

"'(a) Requirements for Qualification.—A plan of an employer for the purchase for and distribution to his employees or their beneficiaries of United States bonds described in subsection (b) shall constitute a qualified bond purchase plan under this section if—

"'(1) the plan meets the requirements of section 401(a)(3), (4), (5), (6), (7), and (8) and, if applicable, the requirements of section 401(a)(9) and (10) and of section 401(d) (other than paragraphs (1), (5)(B), and (8)); and

"'(2) contributions under the plan are used solely to purchase for employees or their beneficiaries United States bonds described in subsection (b).

"'(b) Bonds to Which Applicable.—

"'(1) Characteristics of bonds.—This section shall apply only to a bond issued under the Second Liberty Bond Act, as amended, which by its terms, or by regulations prescribed by the Secretary under such Act—

"'(A) provides for payment of interest, or investment yield, only upon redemption;

"'(B) may be purchased only in the name of an individual;

"'(C) ceases to bear interest, or provide investment yield, not later than 5 years after the death of the individual in whose name it is purchased;

"'(D) may be redeemed before the death of the individual in whose name it is purchased only if such individual—

"'(i) has attained the age of 59½ years, or

"'(ii) has become disabled (within the meaning of section 213(g)(3)); and

"'(E) is nontransferable.

"'(2) Must be purchased in name of employee.—This section shall apply to a bond described in paragraph (1) only if it is purchased in the name of the employee.

"'(c) Deduction for Contributions to Bond Purchase Plans.—Contributions paid by an employer to or under a qualified bond purchase plan shall be allowed as a deduction in an amount determined under section 404 in the same manner and to the same extent as if such contributions were made to a trust described in section 401(a) which is exempt from tax under section 501(a).

"'(d) Taxability of Beneficiary of Qualified Bond Purchase Plan.—

"'(1) Gross income not to include bonds at time of distribution.—For purposes of this chapter, in the case of a distributee of a bond described in subsection (b) under a qualified bond purchase plan, or from a trust described in section 401(a) which is exempt from tax under section 501(a), gross income does not include any amount attributable to the receipt of such bond. Upon redemption of such bond, the proceeds shall be subject to taxation under this chapter, but the provisions of section 72 (relating to annuities, etc.) and section 1232 (relating to bonds and other evidences of indebtedness) shall not apply.

"'(2) Basis.—The basis of any bond received by a distributee under a qualified bond purchase plan—

"'(A) if such bond is distributed to an employee, or with respect to an employee, who at the time of purchase of the bond, was an employee other than an employee within the meaning of section 401(c)(1), shall be the amount of the contributions by the employee which were used to purchase the bond, and

"'(B) if such bond is distributed to an employee, or with respect to an employee, who, at the time of purchase of the bond, was an employee within the meaning of section 401(c)(1), shall be the amount of the contributions used to purchase the bond which were made on behalf of such employee and were not allowed as a deduction under subsection (c).

The basis of any bond described in subsection (b) received by a distributee from a trust described in section 401(a) which is exempt from tax under section 501(a) shall be determined under regulations prescribed by the Secretary or his delegate.

"'(e) Capital Gains Treatment Not To Apply to Bonds Distributed by Trusts.—Section 402(a)(2) shall not apply to any bond described in subsection (b) distributed to any distributee and, for purposes of applying such section, any such bond distributed to any distributee and any such bond to the credit of any employee shall not be taken into account.

"'(f) Employee Defined.—For purposes of this section, the term "employee" includes an individual who is an employee within the meaning of section 401(c)(1), and the employer of such individual shall be the person treated as his employer under section 401(c)(4).

"'(g) Proof of Purchase.—At the time of purchase of any bond to which this section applies, proof of such purchase shall be furnished in such form as will enable the purchaser, and the employee in whose name such bond is purchased, to comply with the provisions of this section.

"'(h) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section.'

"(b) Clerical Amendment.—The table of sections for such part is amended by adding at the end thereof the following new item:

"'Sec. 405. Qualified bond purchase plans.'

"Sec. 31. Prohibited Transactions.

"Section 503 of the Internal Revenue Code of 1954 (relating to prohibited transactions) is amended by adding at the end thereof the following new subsection:

"'(j) Trusts Benefiting Certain Owner-Employees.—

"'(1) Prohibited transactions.—In the case of a trust described in section 401(a) which is part of a plan providing contributions or benefits for employees some or all of whom are owner-employees (as defined in section 401(c)(3)) who control (within the meaning of section 401(d)(9)(B), determined with the application of section 401(c)(5)) the trade or business with respect to which the plan is established, the term "prohibited transaction" also means any transaction in which such trust, directly or indirectly—

"'(A) lends any part of the corpus or income of the trust to;

"'(B) pays any compensation for personal services rendered to the trust to;

"'(C) makes any part of its services available on a preferential basis to; or

"'(D) acquires for the trust any property from, or sells any property to;

any person described in subsection (c) or to any such owner-employee, a member of the family (as defined in section 267(c)(4)) of any such owner-employee, or a corporation controlled by any such owner-employee through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation.

"'(2) Special rule for loans.—For purposes of the application of paragraph (1)(A), the following rules shall apply with respect to a loan made before the date of the enactment of this subsection which would be a prohibited transaction if made in a taxable year beginning after December 31, 1961:

"'(A) If any part of the loan is repayable prior to December 31, 1964, the renewal of such part of the loan for a period not extending beyond December 31, 1964, on the same terms, shall not be considered a prohibited transaction.

"'(B) If the loan is repayable on demand, the continuation of the loan beyond December 31, 1964, shall be considered a prohibited transaction.'

"Sec. 32. Other Special Rules, Technical Changes, and Administrative Provisions

"(a) Retirement Income Credit.—Section 37(c)(1) of the Internal Revenue Code of 1954 (relating to definition of retirement income) is amended—

"(1) by striking out subparagraph (A) and inserting in lieu thereof the following:

"'(A) pensions and annuities (including, in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a)),'; and

"(2) by striking out 'and' at the end of subparagraph (C), by striking out 'or' at the end of subparagraph (D) and inserting in lieu thereof 'and', and by adding after subparagraph (D) the following new subparagraph:

"'(E) bonds described in section 405(b)(1) which are received under a qualified bond purchase plan described in section 405(a) or in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a), or'.

"(b) Adjusted Gross Income.—Section 62 of the Internal Revenue Code of 1954 (relating to the definition of adjusted gross income) is amended by inserting after paragraph (6) the following new paragraph:

"'(7) Pension, profit-sharing, annuity, and bond purchase plans of self-employed individuals.—In the case of an individual who is an employee within the meaning of section 401(c)(1), the deductions allowed by section 404 and section 405(c) to the extent attributable to contributions made on behalf of such individual.'

"(c) Death Benefits.—Section 101(b) of the Internal Revenue Code of 1954 (relating to employees' death benefits) is amended—

"(1) by striking out clause (ii) of paragraph (2)(B) and inserting in lieu thereof the following:

"'(ii) under an annuity contract under a plan described in section 403(a), or'; and

"(2) by adding at the end thereof the following new paragraph:

"'(3) Self-employed individual not considered an employee.—For purposes of this subsection, the term "employee" does not include an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).'

"(d) Amounts Received Through Accident or Health Insurance.—Section 104(a) of the Internal Revenue Code of 1954 (relating to compensation for injuries or sickness) is amended by adding at the end thereof the following new sentence: 'For purposes of paragraph (3), in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1) (relating to self-employed individuals), contributions made on behalf of such individual while he was such an employee to a trust described in section 401(a) which is exempt from tax under section 501(a), or under a plan described in section 403(a), shall, to the extent allowed as deductions under section 404, be treated as contributions by the employer which were not includible in the gross income of the employee.'

"(e) Amounts Received Under Accident and Health Plans.—Section 105 of the Internal Revenue Code of 1954 (relating to amounts received under accident and health plans) is amended by adding at the end thereof the following new subsection:

"'(g) Self-Employed Individual Not Considered an Employee.—For purposes of this section, the term "employee" does not include an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals).'

"(f) Net Operating Loss Deduction.—Section 172(d)(4) of the Internal Revenue Code of 1954 (relating to nonbusiness deductions of taxpayers other than corporations) is amended—

"(1) by striking out 'and' at the end of subparagraph (B);

"(2) by striking out the period at the end of subparagraph (C) and inserting '; and'; and

"(3) by adding after subparagraph (C) the following new subparagraph:

"'(D) any deduction allowed under section 404 or section 405(c) to the extent attributable to contributions which are made on behalf of an individual who is an employee within the meaning of section 401(c)

(1) shall not be treated as attributable to the trade or business of such individual.'

"(g) Certain Life Insurance Reserves.—Section 805(d)(1) of the Internal Revenue Code of 1954 (relating to pension plan reserves) is amended—

"(1) by striking out in subparagraph (B) 'meeting the requirements of section 401(a) (3), (4), (5), and (6) or' and inserting in lieu thereof 'described in section 403(a), or plans meeting'; and

"(2) by striking out in subparagraph (C) 'and (6)' and inserting in lieu thereof '(6), (7), and (8)'.

"(h) Unincorporated Businesses Electing To Be Taxed as Corporations.—Section 1361(d) of the Internal Revenue Code of 1954 (relating to unincorporated business enterprises electing to be taxed as domestic corporations) is amended by inserting before the period at the end thereof the following: 'other than an employee within the meaning of section 401(c)(1) (relating to self-employed individuals), or for purposes of section 405 (relating to qualified bond purchase plans) other than an employee described in section 405(f)'.

"(i) Estate Tax Exemption of Employees' Annuities.—Section 2039 of the Internal Revenue Code of 1954 (relating to exemption from the gross estate of annuities under certain trusts and plans) is amended—

"(1) by striking out in subsections (e)(2) 'met the requirements of section 401(a) (3), (4), (5), and (6)' and inserting 'was a plan described in section 403(a)'; and

"(2) by adding at the end of subsection (c) the following new sentence: 'For purposes of this subsection, contributions or payments on behalf of the decedent while he was an employee within the meaning of section 401(c)(1) made under a trust or plan described in paragraph (1) or (2) shall be considered to be contributions or payments made by the decedent.'

"(j) Gift Tax Exemption of Employees' Annuities.—Section 2517 of the Internal Revenue Code of 1954 (relating to exclusion from gift tax in case of certain annuities under qualified plans) is amended—

"(1) by striking out in subsection (a)(2) 'met the requirements of section 401(a) (3), (4), (5), and (6)' and inserting in lieu thereof 'was a plan described in section 403(a)'; and

"(2) by adding at the end of subsection (b) the following new sentence: 'For purposes of this subsection, payments or contributions on behalf of an individual while he was an employee within the meaning of section 401(c)(1) made under a trust or plan described in subsection (a) (1) or (2) shall be considered to be payments or contributions made by the employee.'

"(k) Federal Unemployment Tax Act.—Section 3306(b)(5) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"'(B) under or to an annuity plan which, at the time of such payment, is a plan described in section 403(a), or

"'(C) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a);'.

"(l) Withholding of Income Tax.—Section 3401(a)(12) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"'(B) under or to an annuity plan, which, at the time of such payment, is a plan described in section 403(a); or

"'(C) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a).'

"(m) Information Requirements.—

"(1) In general.—Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"'Sec. 6047. Information Relating to Certain Trusts and Annuity and Bond Purchase Plans.

"'(a) Trustees and Insurance Companies.—The trustee of a trust described in section 401(a) which is exempt from tax under section 501(a) to which contributions have been paid under a plan on behalf of any owner-employee (as defined in section 401(c)(3)), and each insurance company or other person which is the issuer of a contract purchased by such a trust, or purchased under a plan described in section 403(a), contributions for which have been paid on behalf of any owner-employee, shall file such returns (in such form and at such times), keep such records, make such identification of contracts and funds (and accounts within such funds), and supply such information, as the Secretary or his delegate shall by forms or regulations prescribe.

"'(b) Owner-Employees.—Every individual on whose behalf contributions have been paid as an owner-employee (as defined in section 401(c)(3))—

"'(1) to a trust described in section 401(a) which is exempt from tax under section 501(a), or

"'(2) to an insurance company or other person under a plan described in section 403(a),

shall furnish the trustee, insurance company, or other person, as the case may be, such information at such times and in such form and manner as the Secretary or his delegate shall prescribe by forms or regulations.

"'(c) Employees Under Qualified Bond Purchase Plans.—Every individual in whose name a bond described in section 405(b)(1) is purchased by his employer under a qualified bond purchase plan described in section 405(a), or by a trust described in section 401(a) which is exempt from tax under section 501(a), shall furnish—

"'(1) to his employer or to such trust, and

"'(2) to the Secretary (or to such person as the Secretary may by regulations prescribe),

such information as the Secretary or his delegate shall by forms or regulations prescribe.

"'(d) Cross Reference.—

"'For criminal penalty for furnishing fraudulent information, see section 7207.'

"(2) Clerical amendment.—The table of sections for such subpart B is amended by adding at the end thereof the following:

"'Sec. 6047. Information relating to certain trusts and annuity and bond purchase plans.'

"(3) Penalty.—Section 7207 of the Internal Revenue Code of 1954 (relating to fraudulent returns, statements, or other documents) is amended by adding at the end thereof the following new sentence: 'Any person required pursuant to section 6047 (b) or (c) to furnish any information to the Secretary or any other person who willfully furnishes to the Secretary or such other person any information known by him to be fraudulent or to be false as to any material matter shall be fined not more than $1,000, or imprisoned not more than 1 year, or both.'

"Sec. 33. Effective Date.

"The amendments made by this Act shall apply to taxable years beginning after July 31, 1963."

On page 391, line 22, strike out "27" and insert in lieu thereof "28".

Mr. DIRKSEN. Mr. President, the amendments have been modified from the printed form in one respect. As first submitted, the effective date was to be December 31, 1961. That has been modified to July 1, 1963.

Mr. MANSFIELD. Mr. President, I should like to renew the unanimous-consent request to the effect that there be 1½ hours allocated to the consideration of the amendments, 1 hour to be under the control of the distinguished minority leader and one-half hour to be under the control of the Senator from Montana.

Mr. CURTIS. Mr. President, reserving the right to object, the Senator from Nebraska will offer an amendment to the amendments offered by the distinguished minority leader, the Senator from Illinois [Mr. Dirksen]. What was the intent in reference to that?

Mr. MANSFIELD. I meant to limit debate on the amendment and amendments thereto.

We are trying to be reasonable as to the amount of time, because, as I have indicated, I will make a motion to table, and that is in order at any time.

Mr. CURTIS. Not a great deal of time would be desired, but I would want an assurance of having a short time to state the amendment. Whether it is voted on before the motion to table or after does not matter.

Mr. MANSFIELD. I am sure we could arrange that.

Mr. DIRKSEN. Yes. Time can be granted from the 1 hour.

Mr. CURTIS. Ten minutes would be satisfactory.

Mr. DIRKSEN. I have only one other request, for 15 minutes.

Mr. CURTIS. Ten minutes would be satisfactory.

Mr. DIRKSEN. I will take about 10 minutes.

Mr. CURTIS. I have no objection.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, the agreement is on the motion to table only.

Mr. DIRKSEN. Mr. President, there is no occasion for me to labor the proposal very long. I think merely to recite the history pretty well states the case. Actually, bills substantially like H.R. 10 have been before the House and Senate for the past 11 years.

Mr. MANSFIELD. Mr. President, with the concurrence of the distinguished minority leader, I should like to change the time of the agreement entered into by the Senate from "an hour and a half" to "not exceeding an hour and a half."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I thank the Senator from Illinois.

Mr. DIRKSEN. Mr. President, as I indicated, this is not a new question before the Congress. The first bill on this subject was introduced in 1951, and there have been at least six or more measures comparable and similar to H.R. 10 which have been considered at one time or another either by the House or the Senate, or by the Senate Finance

Committee or the House Committee on Ways and Means.

I believe the first bill passed the House on July 29, 1958, but there was no action taken in the Senate. The bill passed the House again in the 87th Congress.

In the first instance, when the first bill was passed by the House, in 1958, in the 85th Congress, it was approved by the Senate Finance Committee by a vote of 12 to 5.

The measure now before the Senate was approved by the Finance Committee August 25, 1961, by a vote of 14 to 3, and the bill has been on the Senate Calendar since September of last year. That means the bill has been on the calendar for nearly a year.

At this point I wish to pay my respects to, and to salute the distinguished Senator from Florida [Mr. SMATHERS], who has labored so long and earnestly with the measure. He is entitled to full credit, because what is before the Senate is really the so-called Keogh-Smathers bill, named after Representative KEOGH, of New York, and the distinguished Senator from Florida.

The purpose of the measure and the reason therefor are thoroughly set out in the report on the bill.

In 1942 legislation to encourage the establishment of pension funds was first enacted by the Congress for the benefit of people who operate in business and industry. I understand that 66,000 pension plans have been filed and are now in effect, covering approximately 20 million people, and that nearly a million people are added to those plans every year. If one adds to the private pension plans the plans for State officials and employees of local governments, for the Army, for the civil service, for railroad retirement, and so forth, an estimated 30 million people now receive benefits under a private plan or a public plan of some kind.

In addition, of course, there is social security.

But it seems that there has been one group in the country which has been forgotten. Those are the self-employed, which includes professional people—doctors, lawyers, small businessmen, farmers, and a great many others.

I could read a statement with respect to what the measure contains. The principle is very simple. In the case of the self-employed, they have the dual character of employer and employee, in order to carry out a principle that has been established in law. As the bill now recites, the entire amount of the first $1,000 that would be trusteed could be deducted and would be deductible for tax purposes. Of the remaining $1,500—since $2,500 is the limit—50 percent could be deducted, so the top would be $1,700, and $50 a year, which could be actually trusteed. It would become available at a given retirement date. When it would become available then, of course, it would become taxable.

I set out a statement in the RECORD on September 27, 1961, which contains an analysis of the bill. It is brief but sufficiently complete. Mr. President, I ask unanimous consent that the statement be printed at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR DIRKSEN

### ESTABLISHMENT OF VOLUNTARY PENSION PLANS BY SELF-EMPLOYED INDIVIDUALS

For the past 10 years I have followed with considerable interest H.R. 10, a bill to encourage the establishment of voluntary pension plans by self-employed individuals. I have long been in favor of the principle of this legislation, but on several occasions during the course of this 10-year period I found it necessary to differ with the proponents as to the method of achieving their goal. Today I am pleased to say that I wholeheartedly endorse H.R. 10 as reported by the Senate Finance Committee. The features which I found objectionable in the past have either been eliminated or changed to the point where I can, in all good conscience, embrace this legislation.

Practically everyone who is acquainted with this subject will agree that the principle of this legislation as now proposed is sound. Certainly the Members of the House recognized this in the 85th and 86th Congresses and again in this session when they passed H.R. 10 by a practically unanimous vote. Certainly the members of the Senate Finance Committee in the 86th Congress recognized this when, after extensive hearings, they approved H.R. 10 by a 12 to 5 vote. On August 25 of this year, this committee ordered H.R. 10 favorably reported 14 to 3.

It was apparent to me, after reading the minority views in the Senate Finance Committee report, that a number of misconceptions still exist in the minds of two of my distinguished colleagues. Their proposals were heard and voted down by the committee in the 86th Congress and again this year. I am confident that the proponents of this legislation will, on the floor of this Congress, meet these arguments again and in such a way as to gain the overwhelming support of this body. Rather than criticize, I wish to commend the spokesmen for the various national self-employed groups because, to the best of my knowledge, at no time have they said, "If you won't give us these benefits, then we wish to have them taken away from the corporate employees."

This is a good bill and for a number of reasons, one of which is the fact that it encourages people to help themselves. It encourages initiative, self-reliance, and the other quantities which helped to make this country great, but qualities, which I regret to say, are disappearing rapidly from the American scene. This Congress has an opportunity to resurrect these attributes which are so desperately needed by our country at this time by enacting H.R. 10 into law.

This remedial legislation is designed to correct an inequity in our tax structure which prevents this Nation's 10 million small business, farm, and professional people from receiving treatment comparable to that which is accorded corporate employees.

The impetus for the steady growth in corporate coverage was supplied in 1942 by the 77th Congress when it wisely enacted legislation which encouraged corporations to promote the economic well-being and future security of their employees. One has only to look at the increase which has occurred since 1940 to appreciate the soundness of this legislation. In that year 4.1 million were covered; in 1950, 9.8 million; and in 1960 the figure rose to 20 million. Approximately 1 million people are being added each year to private pension plans.

When we add to the 1960 total the approximately 8 million covered by State and local government plans, civil service, armed services, railroad retirement systems, etc., the total number of Americans covered by pension plans is approximately 30 million people.

H.R. 10 does not, as its few opponents would have you believe; broaden a tax loophole, and open a Pandora's box, but rather extends what has been proven over the past 19 years to be sound legislation to the point where it includes a dedicated, courageous group of Americans, the self-employed.

To accomplish this, self-employed persons are treated for retirement plan purposes as the employers of themselves. This was the fundamental concept of the House bill and it is retained in the Senate Finance Committee's substitute. As employers, self-employed individuals are permitted, like other employers, to deduct contributions (within specified limits) made to pension or profit-sharing plans for the benefit of themselves and such other employees as may be covered under the plan. Under the committee bill, a self-employed person would be permitted to contribute to a retirement plan 10 percent of his earned income or $2,500, whichever is the lesser. He would be permitted to deduct 100 percent of the first $1,000 contributed and 50 percent of the remaining $1,500, which may be contributed. The maximum deductible amount would be $1,750.

As employees, as with other employees, they are not taxed on such contributions made for their benefit, or the income thereon, until they receive the funds upon retirement or otherwise.

The committee changes have drastically reduced the size of the revenue deferral, in fact to a point where this can no longer be used as a major argument against this measure. Oh, I am not deluding myself, because there will be some who will cry economy, who will use the international situation as an excuse for opposing this bill; but these few, time and time again have, and will continue, to support domestic programs with high price tags and questionable dollar value.

The estimates for H.R. 10 range from less than $100 million to $200 million. In view of the actual experience in other countries, Great Britain, Canada, and New Zealand; and the fact that the Treasury Department generally overestimates, I am inclined to accept the lower figure.

Regardless of the exact amount, I wish to remind you that the potential revenue deferral is already made possible in the present tax law since the establishment of tax-deferred pension plans is available to any self-employed person who incorporates his business or occupation.

If we fail to act in this Congress, we will, I am certain, force a great many of this Nation's self-employed to incorporate and in most cases solely for the purpose of gaining tax treatment relative to their retirement savings similar to that which is offered their corporate brethren. Passage of H.R. 10 will encourage these fine, hard-working Americans to retain their self-employed status, defeat will be a major blow to them and an invitation to incorporate for tax advantage because of their national desire to protect themselves in their later years. Now I don't believe we can afford the loss of too many more self-employed without jeopardizing the position of this country both on the domestic and international fronts.

H.R. 10 is a good bill, it is a just bill. I urge my colleagues on both sides of the aisle to join with me in working for the early enactment of H.R. 10 in the 2d session of the 87th Congress.

Mr. DIRKSEN. I think there are only two other things I care to say.

First, since we have pending a tax bill, the amendment obviously is completely germane to the subject matter of the bill under consideration. The so-called

H.R. 10 is a tax measure. Therefore it is rightly before the Senate at the present time.

I should like to read into the record a statement made by the President of the United States when he was a Member of the Senate. This statement was made in January of 1960, and came in an answer to an inquiry as to his position on what was then known as the Simpson-Keogh bill, named after Representative Simpson of Pennsylvania and Representative Keogh of New York. The statement appears in volume 107, April 20, 1961, of the Congressional Record. At that time the President said:

> I am myself disposed to support the type of provisions which are contained in the Simpson-Keogh bill. I personally feel that there has been ample testimony from many sources over a long period of time in both Houses and that it is time to take floor action on this legislation. * * * I hope that it will be acted upon favorably during this Congress.

I now read into the record one other statement of the President, which was made prior to November 1960. The distinguished President wired the following message to the American Thrift Assembly:

> Thank you for providing me with an opportunity to comment upon the proposal to amend the Revenue Act to permit small businessmen, farmers and self-employed people to make provisions for their retirement with the same tax advantages now possessed by corporate employees. As you know, this proposal has been before the Congress for 9 years. During that time extensive hearings have been held. Committee reports have been filed and the original proposal has undergone considerable modification to meet objections against it. These objections now seem to have been overcome, for the Treasury reports there will be little loss of tax revenues. The objectives of encouraging thrift and independence in retirement have my wholehearted support. I am particularly pleased that it is planned to eliminate the discrimination against employees and permit them to participate in pension plans.

Mr. President, I know of nothing else that I need add to the cause, for in the past 11 years the subject has insinuated itself into the mind of every Senator. Senators know what it is about. I am now prepared to yield the floor. I think my distinguished friend from Florida [Mr. Smathers], who deserves all the credit for the work done on the bill, and who was the coauthor along with Representative Keogh, may now wish to address himself to the Senate.

Mr. SMATHERS. Mr. President, will the Senator yield me 2 minutes?

Mr. KERR. Mr. President, I yield 5 minutes to the Senator from Florida.

Mr. SMATHERS. Mr. President, I am grateful to the able Senator from Illinois [Mr. Dirksen], the minority leader, for his very kind references to me. I know of his great interest in the proposal. I, like him and many others, feel that it is a most meritorious, worthwhile, and long overdue piece of proposed legislation.

I understand that the majority leader, the distinguished Senator from Montana [Mr. Mansfield], will later today make a motion to table the amendment. At that time I shall have several questions to put to the majority leader and I will elaborate a bit further on my feelings with respect to H.R. 10. I am grateful to the very able minority leader and congratulate him for having made the move. I had a similar amendment prepared which I also intended to propose to the pending bill. Had he not brought his amendment up, I would have brought mine up. His offer of the amendment at the present time brings the subject to a head and, as a result of his having offered the amendment, I now feel completely confident that there will be an opportunity to discuss rather fully the merits of H.R. 10 as reported by the Senate Finance Committee. But most important of all, I am satisfied that we shall now be able to get a vote on the measure. I commend the Senator, and I thank him. I will have more to say a little later.

Mr. PASTORE. Mr. President, will the Senator give us a brief explanation of what the amendment would do?

Mr. SMATHERS. A brief explanation of the amendment is as follows: It would provide for self-employed people, such as doctors, lawyers, accountants, real estate people, barbers, farmers, and small businessmen, the opportunity to set aside certain sums of money not to exceed $2,500, or 10 percent of their income, whichever is the lesser, in an approved retirement program to take care of themselves in their retirement years. Benefits under such program may not begin before age 59½, except in case of disability or death, nor later than age 70½.

They are not permitted to deduct the entire amount contributed under the plan. The first $1,000 contributed and 50 percent of the contribution in excess of this amount is deductible. This means that an owner-employee who makes the maximum annual contribution of $2,500 may only deduct $1,750 of that amount.

We say this proposal is long overdue, because since 1941, under laws passed by Congress, we have authorized the setting up of retirement and pension programs for large corporations. Today there are perhaps 60 million people who are covered by these pension programs which are much more generous than the self-employed provisions which we are proposing. Many of the corporations set up programs theoretically for all of their employees, and all of that money contributed by the corporation is deductible. The self-employed under the proposed amendment have only a tax deferral. They will be taxed when they derive their benefits under the approved plan.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. PASTORE. Must the individual retire?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. I yield 3 additional minutes to the Senator from Florida.

Mr. SMATHERS. Not necessarily. If he is to avail himself of the retirement program he must begin to draw benefits sometime between the ages of 59½ and 70½.

Mr. PASTORE. He must retire, under the law?

Mr. SMATHERS. Ordinarily he will retire. The proposal does not permit him to defer receipt of this money indefinitely. No retirement test is provided by the bill because of the difficulty of determining when a self-employed person has retired. In any event, the retirement program does go into effect at age 70½. It is not merely left to his estate as a tax-free amount of money to be passed on to his heirs.

Mr. PASTORE. What if he does not retire?

Mr. SMATHERS. Then he just continues to work and the program continues and just stays in effect. He is eventually taxed on what he receives under the plan at ordinary income tax rates.

Mr. PASTORE. As it would have been in the beginning?

Mr. SMATHERS. As it would be at the moment. That is the big advantage, I might say. There is no question that there is an advantage in a person doing it, because usually he is in a lower income bracket when he is 65 or 67 and retires than he is when he is earning the money. There is no question that that gives him some advantage. However, we say there are already 60 million people who are enjoying the privilege today. The self-employed have not thus far been able to take advantage of the corporate pension programs. We are attempting to bring equity to these 7½ million people who have not been able to set up a retirement program for themselves.

Mr. PASTORE. I should like to clear up one point. The Senator said that a person must retire in order to receive this money. Then the Senator has said that if the person continues to work he can still get the money.

Mr. SMATHERS. He is not required to retire. What I meant was that he cannot have it both ways. We say if he continues to work he must begin to draw benefits before he is age 70½.

Mr. PASTORE. At the prevailing rate of interest?

Mr. SMATHERS. Yes.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. CURTIS. I believe the distinguished Senator from Rhode Island will be interested in this fact. Under the amendment the self-employed person must set up a program for his employees. He cannot merely qualify himself. The self-employed person—the operator of an unincorporated business or a professional man—must substantially meet the same requirements that the corporate pension plan requires. There they must cover every employee, and the officers cannot be covered alone.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. KERR. I yield 3 additional minutes to the Senator from Florida.

Mr. PASTORE. Will the Senator from Nebraska be a little more specific? If a doctor has three nurses, he cannot set up a plan for himself without setting up the plan for his three nurses as well. Is that correct?

Mr. CURTIS. That is correct. Just as our great corporations cannot set up retirement plans to cover the officers only. There are provisions, however, that they can classify employees and cover their regular employees as contrasted with the casual employees.

Mr. PASTORE. How does that work? Let us assume that a doctor has three nurses. Do we say he can deduct up to a thousand dollars and then take one-half of the remaining $1,500? What does he do about the other employees, in other words?

Mr. CURTIS. He has to pay. First of all, he has to have a plan that is approved.

Mr. PASTORE. Approved by whom?

Mr. SMATHERS. I appreciate the Senator from Nebraska making that clear. Each one of these plans must be approved by the Treasury of the United States.

Mr. PASTORE. In other words, if a lawyer has a stenographer or secretary, he must provide for her as well. Is that correct?

Mr. SMATHERS. He must. He must provide for her on what we call a nondiscriminatory basis. He cannot set up a generous proposal for himself and a less generous proposal for his employees. There must be the same ratio.

Mr. PASTORE. Where does the money come from to set up the fund for the benefits that are made available?

Mr. SMATHERS. From the employer.

Mr. PASTORE. From his own personal income?

Mr. CURTIS. From his business income.

Mr. SMATHERS. He is permitted to deduct it.

Mr. CURTIS. The employer pays it.

Mr. SMATHERS. When the employer puts the money into the fund for his employees from his business, he is permitted to deduct the amount of money to take care of his employees. There are large corporations which are permitted to deduct the amount of money which they put into a fund to take care of all their employees. The same thing would be true in this case.

Mr. PASTORE. It would be a business expense?

Mr. SMATHERS. It would be a business expense. Mr. President, I will have more to say about this matter later in the coming days—and I hope there will not be too many of them—and this measure will be rather well explored.

I now yield the floor.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Nebraska.

Mr. CURTIS. Mr. President, I thank the distinguished Senator from Illinois. If I may have the attention of the proponents of the amendment, I wish to say that I have long favored the principle involved in it. Many years ago, as a member of the Ways and Means Committee, I made the motion that we hold what were the first hearings on the principle involved here.

A great inequity exists throughout the country. The corporate entities can set up pension plans for their officers and for their employees. The money which goes into these pension plans goes into them before taxes. The income that the pension fund earns is not taxed. An individual who is in some kind of business—be he a grocer, or doctor, or dentist, or farmer, or lawyer—pays taxes and must save for his old age after taxes. Then when he puts his savings aside, if it earns income, he is taxed again. So we have one group that sets aside money before taxes, and the tax is paid when the benefits are paid later. Another group has two handicaps. We cannot go on like that. The corporate plans are increasing rapidly. No one is suggesting that they be abolished or that the tax benefits that may be applicable to them should be repealed. The answer is that we must equalize it and extend it to others. The requirement of putting 10 percent of income aside—or up to $2,500, or $1,750, as now—is quite rigid.

There is the trustee plan, for example, which projects itself for some distance into the future; or an insurance contract must be entered into; and all employees must be covered in both instances. In a trustee plan it is permissible to use Government bonds.

But if we adopt the Dirksen amendment, there will still be millions of people throughout the country who will not be covered by a corporate plan and will never be able to set up a plan under H.R. 10. Legally, they are permitted to do so, but practically they cannot. Some of them may be 57 or 58 years old now. Some of them have a business which is uncertain, and they cannot enter into an insurance contract to provide themselves and their employees with any degree of certainty. Their business is so small that they cannot go to the expense of having a plan drafted and submitted to the Internal Revenue Service and approved and carried out. Yet those people, if they save anything for their old age, will have to do so after taxes, and their savings will be taxed.

My amendment to the Dirksen amendment would not in any sense take away any of the rights and privileges of the self-employed that the amendment would give, but it would take care of the other group which would still be outside these plans, should the amendment be adopted.

I refer to the small employer, who cannot set up a plan. I refer to the employee who has worked all his life and will continue to work all his life for an establishment for which there will not be a pension plan.

So we say that any individual, in any calendar year in which he is not covered by a pension plan, either a corporate plan or under H.R. 10 or a Government plan——

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. CURTIS. I yield myself 5 additional minutes.

We say that in any such year he may buy a special issue of Government bonds up to a total limit of $300. In other words, he may save $25 a month, and on that saving he will not be taxed. Then in his old age, when he cashes the bond, just as in the case of the other plans, he will pay a tax on the full amount. The plan would be very simple to operate.

Suppose there is a bond for the base amount of $100. The person could go to the bank or post office where the bonds were sold. He would give his age. The teller or clerk could look at a table and determine that the bond could be bought for $x$ dollars. Just as in the case of an E-bond, if the purchaser did not cash the bond at age 65, it would draw interest beyond that time.

This proposal would enable people having modest incomes, people who are some of the hardest working and most worthy in our country, to have an opportunity to save for their old age before taxes.

I say to the proponents of H.R. 10, who are concerned with whether or not such a bill might be vetoed, if this amendment be adopted—and perhaps it will not have such universal application—the chances of the bill being vetoed will be very much less.

Mr. HRUSKA. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. I yield.

Mr. HRUSKA. Through his fine presentation and constructive contribution, my colleague has again demonstrated why he is considered to be one of the valuable members of the Committee on Finance.

I should like to ask the Senator a question concerning his proposal: Assume a person who invests in such a bond does not wait until he is 64½ years of age, but rather sells the bond prior to that time. What would happen in that event?

Mr. CURTIS. The bonds would be nontransferable. The only occasion on which the holder of such a bond could cash it—and it would be in a lesser amount—and have it nontaxable, would be if he were found to be totally disabled under the same section under which he must prove disability for social security. Then he could cash the bond.

Mr. HRUSKA. Otherwise, the bond would not be cashable until the holder reached the age of 64½?

Mr. CURTIS. It would not be transferable. Let me state what it will mean. It will mean the sale of bonds to individuals instead of to banks and finance companies. The program would be anti-inflationary. Many of these bonds would be for long terms. One of the Treasury's problems arises from the sale of bonds for a term of less than 5 years. The problem of financing our enormous debt is made difficult when the the sale of bonds is on such a short turnover basis. What is needed is long-term financing. This proposal will contribute to long-term financing. The income would not escape taxation; taxation would merely be deferred until the holder of the bond used the income.

Mr. HRUSKA. I thank my colleague.

Mr. CURTIS. I thank the Senator from Nebraska.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. PASTORE. I am very much interested in the Senator's proposal. Was his amendment advanced in the committee?

Mr. CURTIS. It was, and it failed, as I recall, by one vote.

Mr. PASTORE. Did the Treasury Department make any comment on the amendment?

Mr. CURTIS. Those hearings were not held this year. I am reaching back in memory. It is my understanding that the Treasury was opposed to all such legislation—including both H.R. 10 and my proposal. I hope I am not doing the Treasury an injustice, but that is my recollection.

Mr. PASTORE. Did I correctly understand the Senator to say that when one of these bonds was purchased, it would not be redeemable until its maturity?

Mr. CURTIS. That is correct; except that if the holder became disabled before that time, he could cash it.

Mr. PASTORE. What if he should die in the meantime?

Mr. CURTIS. The bond would become a part of the estate.

Mr. PASTORE. It would become a part of the estate?

Mr. CURTIS. Yes. An individual who came under the $300 limit and could buy nothing but Government bonds would not be required to cover employees or other persons. I dare say that the more successful business and professional men who are advocating H.R. 10 would prefer trustee plans under which they could get growth investment.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. DIRKSEN. I yield 5 additional minutes to the Senator from Nebraska.

Mr. PASTORE. Those who would be eligible under the Senator's plan would be only the self-employed who did not employ other persons?

Mr. CURTIS. Employees could avail themselves of this plan. A person who worked for a small business which did not have a pension plan, and perhaps could never come under such a plan, could use any of his earned income to buy Government bonds for his old age and pay taxes when he cashed them.

Mr. PASTORE. Suppose later such a person joined a pension plan.

Mr. CURTIS. His limit would be fixed yearly. In any year in which he was not covered by a pension plan, he could buy the bonds.

Mr. PASTORE. So all the safeguards are provided?

Mr. CURTIS. I believe so.

Mr. President, I yield back the remainder of my time.

Mr. KERR. Mr. President, I yield 5 minutes to the junior Senator from Tennessee.

Mr. GORE. Mr. President, H.R. 10 goes in the opposite direction from tax reform. While apparently throughout the country there is a feeling that there is a dire need of thoroughgoing tax reform, H.R. 10 is seriously proposed in the opposite direction. Instead of closing loopholes of tax favoritism, the enactment of H.R. 10 would create one of the biggest and one of the worst, another big and another bad, loophole of tax favoritism.

For the moment, I shall not discuss the details of the bill. Suffice it to say that this special benefit would accrue largely to those who least need tax relief. Let me cite the estimate of the Treasury Department, made during the administration of President Eisenhower, as to the use which would be made of the provisions of H.R. 10. In estimating revenue losses under terms of the bill, the Treasury assumed that only 15 percent of the people in the low income brackets who would be eligible to receive this benefit would be in financial circumstances to take advantage of it, but two-thirds of those in the upper income brackets who would be eligible for this special benefit or favor would not only be able to take advantage of it, but would do so.

I should like to observe, briefly, that every statement made today in the Senate in support of H.R. 10 has attempted to justify it on the basis of abuses of corporate pension provisions of our tax law. Thus, we see a continuation of the trend to justify a proposed new tax gimmick on the basis of abuse of provisions already in the law. But what is the duty of representatives of the people, with respect to loopholes of tax favoritism? Is it to remove the offending provisions from the law; or is it to leave them in the law, and to enact other loopholes, using the existing ones as an excuse? I think the proper course is to enact tax reform which will be fair and equitable, and to strike down the existing loopholes and favoritism gimmicks, instead of creating more.

When H.R. 10 is before the Senate, I shall attempt to have it amended. I shall have two objectives. The first will be to make the benefits of the bill available to all taxpayers. Mr. President, what is the justice of providing that a well-to-do doctor can receive tax deduction for the purchase of an insurance policy for his own benefit, whereas a newspaper reporter or a bank clerk cannot have that privilege? I have been imbued with the notion that Congress represents all the people. I shall undertake so to do with respect to H.R. 10.

Second, I shall undertake, by means of amendments—since the Senate is determined to enter upon consideration of pension plans——

The PRESIDING OFFICER. The time yielded to the Senator from Tennessee has expired.

Mr. GORE. May I have 2 additional minutes?

Mr. MANSFIELD. Mr. President, I yield 2 additional minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 more minutes.

Mr. GORE. I thank the Senator from Montana.

Mr. President, by means of amendments, I shall undertake to correct some of the more flagrant abuses of the corporate pension plans, particularly the owner-manager type corporation, to which the junior Senator from Florida referred, and by which he sought to justify H.R. 10.

Mr. President, I believe in tax reform. But I believe that if we continue to load down this bill with one example of favoritism after another, tax reform will be aborted.

I have given assurances to the distinguished majority leader that if this bill is brought up by motion as a separate bill, I shall undertake to have it defeated, and shall do so with all the strength and power of persuasion that I may have; and if it is not defeated, I shall undertake to amend it in the ways I have suggested. But I have also assured him that I would not engage in dilatory tactics with respect to H.R. 10 as a separate bill, any more than I have been with respect to the pending bill.

The PRESIDING OFFICER. The additional time yielded to the Senator from Tennessee has expired.

Mr. GORE. May I have 1 more minute?

Mr. MANSFIELD. I yield 1 more minute to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 1 more minute.

Mr. GORE. Mr. President, I shall neither organize nor participate in a dilatory movement with respect to H.R. 10, to prevent it from coming to a vote.

Mr. KERR. Mr. President, I ask for 1 minute.

Mr. MANSFIELD. Mr. President, I yield 1 minute to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 1 minute.

Mr. KERR. Mr. President, yesterday, as I stated, I submitted a series of amendments on page 140, line 16. One of them was to make the effective date September 4, 1962. I find that as set forth on page 2 of the amendments, in line 8, instead of that date, there has inadvertently been set forth there the date December 31, 1962.

I ask unanimous consent that the date December 31, 1962, be stricken, and that there be inserted in lieu thereof the date of the submission of the amendments, which was September 4, 1962.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President——

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from New York [Mr. KEATING].

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. KEATING. Mr. President, I sincerely hope that the amendment offered by the distinguished minority leader will not be tabled.

When I was in the other body, I introduced a bill which went considerably further than this bill does, in giving people an opportunity to lay funds aside for their future years and to have the amounts laid aside declared tax deductible. My recollection is that the amount permitted to be so treated in my bill was less than $2,500, but the bill extended to a much wider group of taxpayers. I therefore think there is considerable merit in the argument earlier presented by the distinguished Senator from Tennessee to the effect that more people should be included in coverage of H.R. 10 but, we shall not have an opportunity to deal with this proposition unless we defeat the proposed motion to lay on the table. I hope the Senator from Tennessee will vote accordingly.

This amendment by the distinguished minority leader gives self-employed persons an opportunity to plan their retirement on a basis similar to that very generally and widely afforded corporate employees. Adoption of the amendment would do away with an unfortunate discrimination in existing law, under which both employees and persons defined as owner-managers are permitted to participate in tax-exempt retirement plans; yet self-employed individuals have no opportunity to do so.

When we speak of the self-employed, we are not just referring to a small minority, but to a group estimated at between 7 million and 9 million persons engaged in a wide group of activities. Included in the group would be lawyers, doctors, and journalists earning fees of as much as $40,000 or $50,000 or $100,000. However, these are by no means the only people covered.

It must be remembered that there would also be included gasoline station attendants and persons running small grocery stores—persons with incomes of perhaps $2,000 or $3,000, and—and I speak from personal experience—in many years running their businesses at a loss. Also included would be employees of the self-employed persons—which means that under this bill, pension plans would become available to an estimated 9 million or 10 million Americans who are not self-employed and do not presently have pension rights. This is a very significant change in the original version of H.R. 10.

Every year this idea, which I believe is eminently sound and just, has gained increased momentum. In the 82d and 83d Congresses, the bill was submitted, but it never got out of committee. In the 84th Congress it was reported to the floor of the House, but no action was taken on it. Finally, in the 85th Congress, a bill similar to the amendment now pending, was passed by the House. In each of the two succeeding Congresses legislation was passed in the other body, but in no instance has it received Senate consideration.

The present H.R. 10, as it is designated, was passed on June 3, 1961. The Senate Finance Committee reported the bill in September of last year. Since that time it has remained on the calendar, collecting new supporters all the time, but not receiving any attention in the Senate.

The principal argument that has been used against this legislation is the loss of revenue involved. Of course, that is a matter which we must always consider most seriously. Every time the bill has come up, the Executive has indicated that the revenue that would be lost would be some enormous sum of money.

In the first place, I have serious doubt about the size of the figures that are given. Of course, it will result in some revenue loss——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KEATING. I yield myself 2 more minutes.

But offset against this loss is the inherent fairness of the plan, plus the fact that it will be a significant spur to our economy, because many of the persons who will benefit under H.R. 10 will feel that, if they are providing for their later years, they can more liberally spend now and enjoy life as they go along. It will thereby be an impetus to our economy, which certainly needs it.

Mr. President, the tabling of H.R. 10 will be the death knell not only of these hopes and aspirations, but any effort which may be made to improve H.R. 10 as worded. I sincerely hope that the effort to table this amendment, will be defeated.

Mr. DIRKSEN. Mr. President, I yield 3 minutes to the Senator from Nebraska [Mr. HRUSKA].

Mr. HRUSKA. Mr. President, I rise in support of the amendment of the Senator from Illinois and join in the thoughts and conclusions just expressed by our colleague the Senator from New York.

The amendment, after all, has for its objective the correction of an inequity which has existed ever since the present provisions for pension plans were devised for officers and employees of corporations. It is a substantial inequity because it affects somewhere between 7 and 10 million self-employed individuals.

The Dirksen amendment would place these small businessmen, farmers, and professional people on a parity with officers and employees of corporations.

By treating self-employed individuals as their own employers for the purposes of establishing voluntary pension plans, this amendment would give these individuals substantially the same opportunities they would otherwise have were they carrying on their business or profession as a corporation. Limited amounts which are set aside for retirement plans for the benefit of themselves would be made deductible. As in the case of other employees, self-employed persons would not be taxed on these contributions or the income which accrues thereon until such time as these funds are distributed to them during their retirement.

Thus, this amendment looks beyond the mere form in which an individual may be doing business. It brings us to the substance of this whole question, that people should be encouraged to help themselves regardless of the particular form or style of business organization under which they may be operating.

This concept has been advanced for several years. Similar legislation for providing equal treatment for the self-employed was passed by the House during the 85th and 86th Congresses and again during the first session of this Congress. The Senate Finance Committee held extended hearings on H.R. 10 during the 86th Congress and approved the bill. The committee reaffirmed its approval of the bill almost a year ago, and it has been pending on the Senate Calendar since that time.

Therefore, the Dirksen amendment which embodies the provisions of H.R. 10 is a seasoned piece of legislation. It has been developed and refined to its present form after a great deal of consideration, debate, and study.

Under the amendment, a self-employed person would be permitted to contribute 10 percent of his earned income or $2,500, whichever is smaller, to a qualified retirement plan. Like other employers, he could claim a deduction for this contribution in the year that it is made. However, this deduction would be limited to 100 percent of the first $1,000 and 50 percent of the remaining contribution. Hence, the maximum deduction in any year would be $1,750.

Like other employees, the self-employed person would not be taxed on these contributions until such time as the benefits are payed out during his retirement.

The amendment also insures equality of treatment as between the self-employed individual and his own employees. In order to qualify, a pension plan must cover all full-time employees with 3 years of service. Further, contributions on behalf of these employees must vest at the time they are made so that they are nonforfeitable.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Mr. President, I yield 2 more minutes to the Senator from Nebraska.

Mr. HRUSKA. An objection frequently raised to H.R. 10 is that its enactment would result in a substantial loss of tax revenue. The loss under the House passed version was estimated to be somewhere between $325 and $358 million a year. The Treasury Department cited this as one of its principal objections to the measure.

However, the amendments recommended by the Senate Finance Committee would reduce this potential loss in revenue to an estimated $180 million for a full year's operation. Therefore the objection voiced is largely overcome. And in view of the gross inequities overcome by the present bill, which have already been discussed, this cannot be the sole consideration.

Mr. President, I hope that our many self-employed citizens will at last be extended the relief provided by H.R. 10 as it now stands on the Senate Calendar. This bill should have been called up for full debate and action by the Senate a long time ago. Unfortunately, it was not. We now have the opportunity to act upon it.

It is my hope that the motion to table will be defeated and the amendment will be approved.

I yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I thought it might be well for the RECORD to read just a few excerpts from the report of the Senate Finance Committee on H.R. 10. I read from page 8 of the report, in which are assigned the reasons for the bill:

> The primary reason for the House bill (as amended by your committee) is to give self-employed persons access to retirement plans on a reasonably similar basis to that accorded corporate stockholder employees. It thus tends to correct a discrimination in present

> law under which self-employed individuals—sole proprietors and partners—are prevented from participating in retirement plans established for the benefit of their employees although owner-managers of corporations may do so.

The second reason assigned for the bill is, as follows:

> The bill allows contributions to retirement plans to be a deduction for income tax purposes at the time these contributions are made, but requires that retirement benefits when received be subject to taxation.

The third reason assigned:

> Your committee, like the Committee on Ways and Means of the House, is of the opinion that extending the coverage of individuals under voluntary retirement plans is in the public interest. The bill will make self-employment somewhat more attractive than at present compared to employment with a corporation, and will thus help to keep small business strong and independent professional practice thriving.

As a part of my remarks, Mr. President, I may say that there have been statements to the effect that this is a lawyers' bill and a doctors' bill. I heard a statement on the floor a moment ago with respect to teachers, reporters, and others. I know of no teachers who are under no private pension plan. I presume that statement would apply to reporters, and other newspaper employees as well, who would be under corporate pension plans.

In addition, Mr. President, there have been many endorsements of H.R. 10. I shall ask to have some of the endorsements printed, but I recite at this point that the list I am submitting includes the American Association of Small Business, the American Farm Bureau Federation, the American Authors League of America, Inc., the Contracting Plasterers' and Lathers' International Association, the National Association of Plumbing Contractors, the National Association of Real Estate Boards, the National Farmers Union, the National Federation of Independent Business, the National Milk Producers Federation, the Painting and Decorating Contractors of America, and the National Wholesale Furniture Salesmen's Association.

I am sure others could be added, because I noted in the RECORD that Representative KEOGH, of New York, included a very large number of associations and groups which wholeheartily endorse H.R. 10.

I ask unanimous consent that these endorsements may be printed in the RECORD.

There being no objection, the endorsements were ordered to be printed in the RECORD, as follows:

> I urgently request you again to do your utmost to see that H.R. 10, the Self-Employed Individuals' Retirement Act, is approved by your committee promptly, so that it may be acted upon by the entire Senate.
>
> The inequality of opportunity experienced by the self-employed, as compared with the pension provisions furnished the employee by the many segments of industry, has long created a hardship for the self-employed.—American Association of Small Business.
>
> The American Farm Bureau Federation has supported the general principles of this type of legislation for several years, within limits adequate to prevent abuse.—Statement of the American Farm Bureau Federation.
>
> Like many other organizations speaking for self-employed craftsmen, businessmen and professional people, the Authors League has previously had the opportunity—I might add ruefully and regretfully—several opportunities—to express its support for H.R. 10 and the retirement program for self-employed taxpayers, which it would make possible.—American Authors League of America, Inc.
>
> The Contracting Plasterers' & Lathers' International Association is an organization of lathing and plastering contractors with members in the United States and Canada, but with the great bulk of its membership in the United States.
>
> The members of this association are all small businessmen. A good number of the members are in unincorporated firms, and have no means of setting up a retirement fund of their own through which they may prepare for the day when they are no longer able to carry on their business.
>
> H.R. 10 would meet the need of the good majority of the members of this association, and indeed, would meet the needs of a majority of the small businessmen in America today.—Contracting Plasterers' & Lathers' International Association.
>
> The National Association of Plumbing Contractors is composed of approximately 10,000 members who do about 80 percent of the total volume of plumbing contracting in the United States. * * * The vast majority of these contractors are small shops and as such qualify as small businessmen. Our association has 46 State associations and approximately 390 local affiliated groups.
>
> The National Association of Plumbing Contractors feel that a measure like H.R. 10 would help keep many people from incorporating to reduce their taxes. There are a number of plumbing and heating contractors who could have saved considerable money during the past few years on their income tax by incorporating their business.—National Association of Plumbing Contractors.
>
> I am testifying on behalf of the more than 69,000 members of the National Association of Real Estate Boards, the large majority of whom would be directly affected by enactment of this bill. It is consistent with the professional nature of their work that they do business in a noncorporate form, and most of them, therefore, are self-employed. Because of this, the present tax inequity which exists relative to pension plans for the self-employed affects them adversely just as it does doctors, lawyers, and others. There is, therefore, overwhelming support in our association for passage of H.R. 10.—National Association of Real Estate Boards by Realtors' Washington Committee.
>
> Delegates to the convention of National Farmers Union, meeting in Washington, D.C., in March of this year, adopted a resolution in favor of a retirement program for self-employed persons. Their approval was expressed as follows:
>
> "Deductions for farmers and other self-employed to establish retirement funds should be permitted on the same basis currently afforded to corporations to provide such benefits for their employees."
>
> I respectfully request your support of H.R. 10 * * * when it comes before the Senate Finance Committee for action.—National Farmers Union.
>
> Speaking for the more than 170,000 individual independent business and professional people from all 50 States of this country, individuals who are active, current members of this federation, we urge that you act favorably on bill H.R. 10, a bill that rights an injustice in our laws which permit corporations to take tax deductions for payments into private retirement funds for their officers and employees, yet prohibits self-employed business and professional people from enjoying the same opportunities.
>
> Please understand, we are not telling you what we or any small self-appointed group think our members want. We are only repeating to you what our members themselves have told their Congressmen and told us in repeated soundings in federation nationwide membership mandate polls in which each of our members has had one and only one vote and in the course of which members have sent their voted, signed and thereby authenticated, opinions to their Congressmen.—National Federation of Independent Business.
>
> We shall greatly appreciate it if you will include in the hearing record of H.R. 10 this statement supporting the bill.
>
> The National Milk Producers Federation is a national farm organization. It represents approximately half a million dairy farmers and some 800 dairy cooperative associations.
>
> The lack of adequate provisions for the retirement income of dairy farmers is a matter about which we are deeply concerned.
>
> We have given a great deal of thought to what might be done for dairy farmers in this field. The more we work on it, the more convinced we are that the first step should be legislation such as H.R. 10.
>
> We hope you will bear in mind, in your deliberations on this bill, the need of dairy farmers for a base on which they can build more adequately for their own retirement.—National Milk Producers Federation.
>
> The Painting & Decorating Contractors of America is the spokesman for some 8,500 active painting contractors from every section of this great Nation. I do not believe that a better example of the American small businessman can be found than today's painting and decorating contractor. The large majority of these men employ less than 10 workmen. They willingly contribute to welfare and pension funds for their workmen but are denied the right to set aside any amount for their own retirement on any tax deferred basis. As a national association we strongly feel that this is working a hardship on these self-employed persons who help make up the backbone of this Nation. We strongly urge that the Senate Finance Committee favorably report H.R. 10 for consideration of the U.S. Senate.—Painting & Decorating Contractors of America.
>
> I hope that the members of this committee will consider the effect on the morale of the self-employed who comprise a very important part of this country's citizenry. It is our feeling that passage of H.R. 10 will show an act of faith on the part of Members of the Congress in the well-being of their constituents who are self-employed and an integral part of the backbone of America.—National Wholesale Furniture Salesmen's Association.

Mr. MANSFIELD. Mr. President, it is my understanding that the proponents of the amendments have completed their presentation on their time. I do not anticipate using the 11 minutes remaining on this side, but I wish to state that one of the reasons why I shall make the motion to table the pending amendments is because of a fear on my part that if the amendments are agreed to it is possible—and I say this only in a personal sense—that the tax bill may well be vetoed. I make that statement because of the fact that in my opinion there are enough opponents of H.R. 10 and of the tax bill, perhaps, to be able to sustain a Presidential veto.

I do not know what the President will do if the motion to table is successful and H.R. 10 then becomes the pending business at the conclusion of consideration of the tax bill, as it will if the motion to table is successful, but I would anticipate the chances for its passage would be much better then than they are at the present time.

**Mr. HARTKE** rose.

**Mr. MANSFIELD.** I yield at this time to the Senator from Indiana [Mr. HARTKE].

**Mr. HARTKE.** Mr. President, as I understand the remarks made by the majority leader, one difficulty with respect to the bill is that the President has an understanding that it would cause an increase in the deficit, so far as overall revenues are concerned. Is that correct?

**Mr. MANSFIELD.** I am certain that is the feeling both of the present President and was of the previous President, Mr. Eisenhower.

**Mr. HARTKE.** Is it not true also that the withholding provision which was recommended could have been helpful in regard to the deficit, and that the difficulty would not have been presented, at least in the same scope, under the bill with the withholding provision as it is presented under the bill as it is today?

**Mr. MANSFIELD.** The Senator is correct. It is unfortunate that the withholding provisions were not retained in the bill. That was a good proposal. It is a fact that the law now, and the law for 20 years, has provided for payment of taxes on such income, but the withholding provision involves the question of enforcement.

**Mr. HARTKE.** If the motion to table is sustained, is my understanding correct that it is the intention of the majority leader to make H.R. 10 the next order of business?

**Mr. MANSFIELD.** That is correct. Immediately after the disposition of the pending tax revenue measure it is the intention of the Senator from Montana to lay before the Senate H.R. 10 and to make it the pending business, and to stay with it until a vote is taken one way or another.

**Mr. HARTKE.** That is the measure which at the present time is on the calendar?

**Mr. MANSFIELD.** The Senator is correct.

**Mr. SMATHERS.** Mr. President, will the Senator yield for a question?

**Mr. MANSFIELD.** I yield to the Senator from Florida.

**Mr. SMATHERS.** I had intended to ask very much the same questions the Senator from Indiana has asked. As I gathered, the majority leader has said it is his impression that if H.R. 10 is attached to the pending tax bill there is some likelihood the bill will be vetoed.

**Mr. MANSFIELD.** Yes. I can see some people in effect laughing up their sleeves after such a statement, but I would urge caution. In my personal opinion, if the bill were vetoed there would be sufficient votes on the part of those who are opposed to H.R. 10 and those opposed to the tax bill itself to uphold a Presidential veto.

**Mr. SMATHERS.** I wish to say to the able majority leader that, while there was not a very specific statement, nonetheless the impression I gathered was that if H.R. 10 were attached to the tax bill there was a great likelihood the whole tax bill, including H.R. 10, would be vetoed. As I say, there was nothing specific said in that respect, but that was the definite impression I had.

Another question I had related to an assurance by the majority leader that there will be a vote on the merits of H.R. 10 prior to the Senate considering the trade bill.

**Mr. MANSFIELD.** Yes. Immediately following the disposition of the tax bill, it will be considered. I had notified certain Senators that at an appropriate time H.R. 10 would be considered this session. That appropriate time has been moved up considerably, due to circumstances over which I had no control.

**Mr. SMATHERS.** Mr. President, will the Senator yield to me so that I may make a brief statement, with the understanding that he will not lose his right to the floor?

**Mr. MANSFIELD.** I yield.

**Mr. SMATHERS.** In the light of what the majority leader has said, I wish to state that the impression I gathered, after talking to people at the White House, was the same impression gathered by the able majority leader.

It would seem to me that the wisest course to be followed by those who genuinely wish to see H.R. 10 pass would be to support the majority leader in his motion to table. This I say for the very simple reason that later, down the road, after we pass H.R. 10—and I am confident we have enough votes in the Senate to pass it as amended by the Senate Finance Committee, which would reduce the cost to the Government from $380 million a year to $180 million a year, and perhaps less than that—the question then would arise as to whether H.R. 10, standing by itself, might run into a Presidential veto.

I have heard no expression about that. Anticipating the worst, and with no great reason to do so, other than to be forewarned, it would occur to me that H.R. 10, standing by itself, could be passed over a Presidential veto.

I do not believe, however, that we could override a veto of the tax bill and H.R. 10 combined, because there are certain Senators opposed to H.R. 10 and other Senators opposed to certain features of the tax bill. There are a number of Senators who would like to see the tax bill defeated.

After all, since the bill would collect from the savings and loan associations and mutual banks $200 million, it is in a way to their interest not to have the tax bill passed.

Since the bill would tighten up on expense accounts bringing in an additional $85 million in tax revenue, many people would like to see the tax bill not passed, for that reason.

Since the bill would provide for collecting some $105 million from the sale of certain depreciable property, there are some people who would not like to see it pass for this reason.

Since the bill would provide for collecting $25 million from mutual, fire and casualty insurance companies, there are certain companies which would not like to see it pass.

Since the bill would provide for collecting $30 million from cooperatives, there are some others who would not like to see it pass.

Since there would be $90 million coming in from a tax on foreign subsidiaries, there are even others who would not like to see the measure pass.

When we note all of the people who are opposed to the tax bill, or to certain provisions in it, combined with those who are opposed to H.R. 10, it is my considered opinion we would have a very difficult time overriding a veto of a tax bill including H.R. 10. If we should pass H.R. 10, standing on its own feet, with the knowledge which Senators and Representatives in Congress have about it, considering the many expressions which have been made by Senators as to their belief in the equitableness and righteousness of it, and their willingness to support it, I am of the firm conviction that we could override a Presidential veto if one should occur. I certainly hope there will not be a Presidential veto.

I should like to say, so far as the junior Senator from Florida is concerned, I have long been interested in this proposed legislation. I think its passage is overdue. I think it is an equitable proposal. I think it is a just proposal. I think the Senate ought to pass it. I think the way to pass it is to support the motion by the majority leader to table the pending amendment.

**Mr. PASTORE.** Mr. President, will the Senator yield?

**Mr. MANSFIELD.** I yield to the Senator from Rhode Island.

**Mr. PASTORE.** One of the things which has impressed the Senator from Rhode Island in the past has been the fine cooperation betwen the majority and minority floor leadership. In view of the assurance by the majority leader that he will make H.R. 10 the pending business following action on the tax bill, and the fact that he is determined to have it come to a vote, I wonder why, in his good judgment, the minority leader does not withdraw his amendments.

**Mr. MANSFIELD.** That is something for the minority leader to decide for himself.

**Mr. PASTORE.** I was looking at the minority leader when I said that.

**Mr. MANSFIELD.** I can well understand his point of view. As a matter of fact, I can sympathize with it.

We have the issue now before us.

**Mr. DIRKSEN.** Mr. President, if an egg is good, it is good whether it is served up alone or served up with a dozen other eggs.

The measure is a good egg and it is in a bill. We can take our choice as to whether the President would veto the measure or not. I leave the question to Senators on the basis of the President's statement in January 1960, which Senators will find in volume 107 of the CONGRESSIONAL RECORD. I shall read it once more into the RECORD.

Senator Kennedy, now President Kennedy, said:

> I am myself disposed to support the type of provisions which are contained in the Simpson-Keogh bill. I personally feel that there has been ample testimony from many sources over a long period of time in both Houses, and that it is time to take floor

> action on this legislation. * * * I hope that it will be acted upon favorably during this Congress.

That was John Fitzgerald Kennedy speaking.

I for the life of me cannot understand why the President should veto a tax bill containing H.R. 10, in view of that statement made in January of 1960.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. PASTORE. The senior Senator from Rhode Island is impressed with the logic stated, and certainly supports it. But I doubt very much that that is the real reason. After all, it is important proposed legislation. The House bill has been modified by the Senate. We have not had a thorough explanation. The question has not been fully debated, and I think it is worthy of such debate.

Cursory examination on my part makes me feel that I would support the proposed legislation. But there has not been sufficient opportunity to debate it. I think it should be debated for the benefit of the country and all the taxpayers. For that reason I think the amendment should be withdrawn.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. HRUSKA. The Senator from Nebraska might suggest to the Senator from Rhode Island that one way to get a debate on the question is to defeat the motion to table the amendment. There will then be ample time to debate all the merits, all the history, and all the fine features embodied in the bill.

Mr. MANSFIELD. There would be more than ample time if the motion to table were defeated.

Mr. PASTORE. That is correct. The measure is not completely germane to the issue before the Senate. The Senator knows that.

Mr. DIRKSEN. Mr. President, I have only one further statement to make. I have before me the Senate committee report on H.R. 10. It is dated September 13, 1961. We are now in the month of September. Within a week the measure will have been on the Senate Calendar for 1 whole year. By that time everybody should have developed a reasonable familiarity with the provisions of the bill. But I am content now to let the Senate vote.

Mr. HARTKE. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Montana has 2 minutes remaining.

Mr. HARTKE. Mr. President, will the Senator yield 1 minute to me?

Mr. MANSFIELD. I yield.

Mr. HARTKE. I should like to ask whether the Senator from Illinois did not make a statement some time ago—about 1959—that the measure was a budget-busting measure?

Mr. DIRKSEN. Mr. President, I should like to refresh the memory of my friend. When the bill was first reported under the Eisenhower administration, the Treasury Department indicated that the cost would be $400 million or more. The Senator from Illinois picked up the cudgels for the then President of the United States on the measure and said that in its then form he was opposed to it. I remind my friend, who happens to be a member of the Senate Finance Committee, that the measure has been put in such form that even the objections of the Treasury Department have been withdrawn. Even liberals who filed minority views on the measure have indicated that it would probably cost not in excess of $185 million. I think the amount would be less. Though I am not a member of the Finance Committee, I am happy to refresh the memory of the Senator from Indiana as to the facts.

Mr. HARTKE. Mr. President, will the Senator yield 1 additional half minute?

Mr. MANSFIELD. I yield.

Mr. HARTKE. In response to that statement, if the minority leader is willing to follow the recommendations of the Treasury Department, I shall give him an opportunity again to vote on the proposed withholding of taxes on dividends and interest before the debate is over, and we shall see whether we can have consistency of cooperation with the Treasury Department, and we will see whether the Senator has had a change of heart on the subject.

Mr. DIRKSEN. I shall be delighted, and I shall tell the Senator now how I shall vote.

Mr. MANSFIELD. Mr. President, before I make the motion to table the amendment, I wish to say that when the distinguished minority leader acted as he has described under the previous administration, the Senator from Illinois was the leader of the President's party in the Senate.

While the Senator said that he would cook only one egg at this time, I hope this egg will be laid at this time.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Montana has 1 minute remaining.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I think I heard the distinguished majority leader say that he would move to consider H.R. 10 immediately after the disposition of the pending business and that H.R. 10 would remain the pending business until it was disposed of. Am I correct?

Mr. MANSFIELD. The Senator is correct.

Mr. HOLLAND. I thank the Senator.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. WILLIAMS of Delaware. Does that statement mean that consideration of the trade bill will be postponed until after the Senate completes consideration of H.R. 10?

Mr. MANSFIELD. I do not think so.

Mr. President, I move to table the amendment of the Senator from Illinois, and ask for the yeas and nays on the question.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from Montana to lay on the table the amendments of the Senator from Illinois. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Washington [Mr. MAGNUSON], the Senator from Alaska [Mr. GRUENING], and the Senator from Minnesota [Mr. HUMPHREY] are absent on official business.

I also announce that the Senator from Missouri [Mr. SYMINGTON], the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], and the Senator from Wyoming [Mr. HICKEY] are necessarily absent.

I further announce that, if present and voting, the Senator from Mississippi [Mr. EASTLAND] and the Senator from Nevada [Mr. BIBLE] would each vote "nay."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Wyoming [Mr. HICKEY]. If present and voting, the Senator from Alaska would vote "yea," and the Senator from Wyoming would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Indiana [Mr. CAPEHART], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] would each vote "nay."

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Minnesota would vote "yea."

The result was announced—yeas 45, nays 41, as follows:

[No. 241 Leg.]

YEAS—45

Bartlett
Byrd, Va.
Byrd, W. Va.
Carroll
Church
Clark
Dodd
Ellender
Engle
Ervin
Gore
Hart
Hayden
Hill
Holland
Jackson
Johnston
Jordan, N.C.
Kefauver
Kerr
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Moss

Muskie
Neuberger
Pastore
Pell
Randolph
Russell
Smathers
Smith, Mass.
Sparkman
Talmadge
Williams, N.J.
Young, Ohio

NAYS—41

Aiken
Allott
Beall
Boggs
Burdick
Bush
Butler
Cannon
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Douglas
Fong
Fulbright
Hartke
Hickenlooper
Hruska
Javits
Jordan, Idaho
Keating
Kuchel
Morse
Mundt
Pearson
Prouty
Proxmire
Robertson
Saltonstall
Scott
Smith, Maine
Stennis
Thurmond
Tower
Wiley
Williams, Del.
Yarborough
Young, N. Dak.

NOT VOTING—14

Anderson
Bennett
Bible
Bottum
Capehart
Eastland
Goldwater
Gruening
Hickey
Humphrey
Magnuson
Morton
Murphy
Symington

So Mr. Mansfield's motion to lay on the table Mr. Dirksen's amendment was agreed to.

**Mr. MANSFIELD.** Mr. President, I move that the Senate reconsider the vote by which the motion to lay on the table was agreed to.

**Mr. KERR.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**Mr. DIRKSEN.** Mr. President, I should like to make a parliamentary inquiry—if it can be considered a parliamentary inquiry. I believe the majority leader stated immediately before the vote on the motion to table that once the Senate had completed action on the tax bill, H.R. 10 would be laid before the Senate as the pending business.

**Mr. MANSFIELD.** That is correct. If the Senate will agree to my doing so, it is my intention to call up H.R. 10 and to make it the pending business immediately following the disposal of the tax bill.

**Mr. DIRKSEN.** I thank the distinguished majority leader.

**Mr. KEFAUVER.** Mr. President, until the very last moment, I had intended to vote against the majority leader's motion to table. The amendment, which was the same as H.R. 10, was certainly germane to the tax bill in that it would remove a great inequity in our present tax structure. Executives and employees of corporations can have part of their earnings paid into a pension fund without paying taxes on this portion of their earnings at the time. It is only fair that a lawyer, doctor, farmer, or small businessman who is not incorporated should also be able to set aside part of his income before taxes in order to provide retirement income. H.R. 10 would put the self-employed individual on substantially the same basis as the employee of a corporation with respect to saving for retirement.

This proposal has been pending before the Congress for 11 years and the House has passed it several times but the Senate has never even voted on it. While we are concerned with a broad bill correcting inequities in our tax structure, we should also face up to this problem.

I was impressed though with the statement of the distinguished majority leader that he feared the inclusion of H.R. 10 in the tax bill might result in a veto, and that a bill this broad could not then be passed over the President's veto. I was also impressed with the supporting argument by the Senator from Florida [Mr. Smathers], who has always been one of the most dedicated supporters of this bill and who reported H.R. 10 from the Finance Committee, when he said that he felt confident that there were sufficient votes to pass H.R. 10, and if necessary override a Presidential veto, if it were vetoed separately.

These remarks, coupled by the majority leader's promise to take up H.R. 10 and pursue it to a final vote immediately upon completion of the tax bill, led me to support the motion to table. I expect to vote for H.R. 10 on final passage and I make this statement now so that my vote in favor of the motion to table will not be misconstrued.

**Mr. GORE.** Mr. President, I call up my amendment designated "8-27-62—A," and ask that it be identified.

The **PRESIDING OFFICER.** The amendment will be identified.

The legislative clerk identified the amendment designated "8-27-62—A."

The **PRESIDING OFFICER.** Without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 175, beginning with line 9, strike out all through line 18, on page 245 (section 12 of the bill), and in lieu thereof insert the following:

"Sec. 12. Controlled Foreign Corporations.

"(a) In General.—Part III of subchapter N of chapter 1 (relating to income from sources without the United States) is amended by adding at the end thereof the following new subpart:

" 'Subpart F—Controlled Foreign Corporations

" 'Sec. 951. Amounts included in gross income of United States shareholders.
" 'Sec. 952. Limitations on amounts included in gross income of United States shareholders.
" 'Sec. 953. Less developed country corporations defined.
" 'Sec. 954. Withdrawal of previously excluded foreign base company income from qualified investment.
" 'Sec. 955. Investment of earnings in United States property.
" 'Sec. 956. Controlled foreign corporations.
" 'Sec. 957. Rules for determining stock ownership.
" 'Sec. 958. Exclusion from gross income of previously taxed earnings and profits.
" 'Sec. 959. Special rules for foreign tax credit.
" 'Sec. 960. Adjustments to basis of stock in controlled foreign corporations and of other property.
" 'Sec. 961. Miscellaneous provisions.
" 'Sec. 962. Inclusion on a consolidated basis of earnings and profits.

" 'Sec. 951. Amounts Included in Gross Income of United States Shareholders.

" '(a) Amounts Included.—

" '(1) In general.—If a foreign corporation is a controlled corporation on any day of a taxable year beginning after December 31, 1962, every person who is a United States shareholder (as defined in subsection (b)) of such corporation and who owns (within the meaning of section 957(a)) stock in such corporation on the last day, in such year, on which such corporation is a controlled foreign corporation shall include in his gross income, for his taxable year in which or with which such taxable year of the corporation ends—

" '(A) in case of a controlled foreign corporation which is not a less developed country corporation (as defined in section 953(a)), his pro rata share (determined under paragraph (2)) of the corporation's earnings and profits for such year; and

" '(B) his pro rata share (determined under section 955(a)(2)) of the corporation's increase in earnings invested in United States property for such year (but only to the extent not excluded from gross income under section 958(a)(2)).

" '(2) Pro rata share of earnings and profits.—The pro rata share referred to in paragraph (1)(A) in the case of any United States shareholder is the amount—

" '(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 957(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

" '(B) the amount of any distribution received by any other United States person during such year as a dividend with respect to such stock.

" '(3) Limitation on pro rata share of investment in United States property.—For purposes of paragraph (1)(B), the pro rata share of any United States shareholder in the increase of the earnings of a controlled foreign corporation invested in United States property shall not exceed an amount (A) which bears the same ratio to his pro rata share of such increase (as determined under section 955(a)(2)) for the taxable year, as (B) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year.

" '(b) United States Shareholder Defined.—For purposes of this subpart, the term "United States shareholder" means, with respect to any foreign corporation, a United States person (as defined in section 7701(a)(30)) who owns (within the meaning of section 957(a)), or is considered as owning by applying the rules of ownership of section 957(b), 10 percent or more of the total combined voting power of all classes of stock, or of the total value of shares of all classes of stock, of such foreign corporation.

" '(c) Coordination With Election of a Foreign Investment Company To Distribute Income.—A United States shareholder who. for his taxable year, is a qualified shareholder (within the meaning of section 1247 (c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

" 'Sec. 952. Limitations on Amount Included in Gross Income of United States Shareholders.

" '(a) In General.—For purposes of section 951(a) the term "earnings and profits for the taxable year" means, in the case of any controlled foreign corporation, the earnings and profits as defined in section 316(a)(2) for the taxable year subject to the provisions of subsections (b) and (c).

" '(b) Exclusion of United States Income.—Earnings and profits do not include any item includible in gross income under this chapter (other than this subpart) as income derived from sources within the United States of a foreign corporation engaged in trade or business in the United States.

" '(c) Limitation.—For purposes of subsection (a), the earnings and profits of any controlled foreign corporation for any taxable year shall not exceed the earnings and profits of such corporation for such year reduced by the amount (if any) by which—

" '(1) the sum of the deficits in earnings and profits for prior taxable years beginning after December 31, 1962, exceeds

" '(2) an amount equal to the earnings and profits described in section 958(c)(3) accumulated for taxable years beginning after December 31, 1962 (determined as of the close of the taxable year).

For purposes of the preceding sentence, any deficit in earnings and profits for any prior taxable year shall be taken into account under paragraph (1) for any taxable year only to the extent it has not been taken into account under such paragraph for any preceding taxable year to reduce earnings and profits of such preceding year.

" '(d) Special Rule in Case of Indirect Ownership.—For purposes of subsection (c), if—

" '(1) a United States shareholder owns (within the meaning of section 957(a)) stock of a foreign corporation, and by reason of such ownership owns (within the meaning of such section) stock of any other foreign corporation, and

" '(2) any of such foreign corporations has a deficit in earnings and profits for the taxable year,

then the earnings and profits for the taxable year of each such foreign corporation which is a controlled foreign corporation shall, with respect to such United States shareholder, be properly reduced to take into account any deficit described in paragraph (2) in such manner as the Secretary or his delegate shall prescribe by regulations.

" 'Sec. 953. Less Developed Country Corporations Defined.

" '(a) Less Developed Country Corporations.—

" '(1) In general.—For purposes of this subpart, the term "less developed country corporation" means a foreign corporation which during the taxable year is engaged in the active conduct of one or more trades or businesses and—

" '(A) 80 percent or more of the gross income of which for the taxable year is derived from sources within less developed countries other than as foreign base company income or as previously excluded foreign base company income withdrawn from qualified investment in less developed country corporations,

" '(B) 80 percent or more in value of the assets of which on each day of the taxable year consists of—

" '(i) property used in such trades or businesses and located in less developed countries,

" '(ii) money, and deposits with persons carrying on the banking business, located in less developed countries,

" '(iii) stock, and obligations which, at the time of their acquisition, have a maturity of 5 years or more, of any other less developed country corporation,

" '(iv) obligations of the government of a less developed country,

" '(v) an investment which is required because of restrictions imposed by a less developed country, and

" '(vi) property described in section 955(b)(2); and

" '(C) is created or organized under the laws of one of the less developed countries in which property described in subparagraph (B)(i) is located.

For purposes of subparagraph (A), the determination as to whether income is derived from sources within less developed countries shall be made under regulations prescribed by the Secretary or his delegate and, for purposes of subparagraph (A) only, amounts previously excluded from foreign base company income withdrawn from qualified investment in less developed country corporations shall be treated as included in gross income.

" '(2) Less developed country defined.—for purposes of this subpart, the term "less developed country" means (in respect of any foreign corporation) any foreign country (other than an area within the Sino-Soviet bloc) or any possession of the United States, with respect to which on the first day of the taxable year, there is in effect an Executive order by the President of the United States designating such country or possession as an economically less developed country for purposes of this subpart. For purposes of the preceding sentence, an overseas territory, department, province, or possession may be treated as a separate country. No designation shall be made under this paragraph with respect to Australia, Austria, Belgium, Canada, Denmark, France, Germany (Federal Republic), Hong Kong, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, San Marino, Sweden, Switzerland, Union of South Africa, United Kingdom.

" '(b) Foreign Base Company Income.—For purposes of section 952(a)(2), the term "foreign base company income" means for any taxable year the sum of—

" '(1) the foreign personal holding company income for the taxable year (determined under subsection (d)),

" '(2) the foreign base company sales income for the taxable year (determined under subsection (e)), and

" '(3) the foreign base company services income for the taxable year (determined under subsection (f)).

" '(c) Exclusions and Special Rules.—

" '(1) Certain dividends and interest from less developed country corporations excluded.—For purposes of subsection (b), foreign base company income does not include dividends and interest received during the taxable year by a controlled foreign corporation from qualified investments in less developed country corporations (as defined in section 954(d)), to the extent that such dividends and interest do not exceed the increase for the taxable year in qualified investments in less developed country corporations of the controlled foreign corporation (as determined under subsection (g)).

" 'Exception for foreign corporations not availed of to reduce taxes.—For purposes of subsection (b), foreign base company income does not include any item of income received by a controlled foreign corporation if it is established to the satisfaction of the Secretary or his delegate with respect to such item that the creation or organization of the controlled foreign corporation receiving such item under the laws of the foreign country in which it is incorporated does not have the effect of substantial reduction of income, war profits, excess profits, or similar taxes.

" '(3) Items of income to be included only once.—If an item of income would, but for the provisions of this paragraph, be includible as an item of income under more than one paragraph of subsection (b), such item shall be included under the paragraph specified by regulations prescribed by the Secretary or his delegate.

" '(d) Foreign Personal Holding Company Income.—

" '(1) In general.—For purposes of subsection (b)(1), the term "foreign personal holding company income" means the foreign personal holding company income (as defined in section 553), modified and adjusted as provided in paragraphs (2), (3), and (4).

" '(2) Rents included without regard to 50 percent limitation.—For purposes of paragraph (1), all rents shall be included in foreign personal holding company income without regard to whether or not such rents constitute more than 50 percent of gross income.

" '(3) Certain income derived in active conduct of trade or business.—For purposes of paragraph (1), foreign personal holding company income does not include dividends, interest, rents, and royalties which—

" '(A) are derived in the active conduct of a trade or business; and

" '(B) are received from a person other than a related person (within the meaning of subsection (e)(3)).

" '(4) Certain income received from related persons.—For purposes of paragraph (1), foreign personal holding company income does not include—

" '(A) dividends and interest received from a related person which (i) is organized under the laws of the same foreign country under the laws of which the controlled foreign corporation is created or organized, and (ii) has a substantial part of its assets used in its trade or business located in such same foreign country; or

" '(B) rents, royalties, and similar amounts received from a related person for the use of, or the privilege of using, property within the country under the laws of which the controlled foreign corporation is created or organized.

" '(e) Foreign Base Company Sales Income.—

" '(1) In general.—For purposes of subsection (b)(2), the term "foreign base company sales income" means income (whether in the form of profits, commissions, fees, or otherwise) derived in connection with the purchase of personal property from a related person and its sale to any person, the sale of personal property to any person on behalf of a related person, the purchase of personal property from any person and its sale to a related person, or the purchase of personal property from any person on behalf of a related person, where—

" '(A) the property which is purchased (or in the case of property sold on behalf of a related person, the property which is sold) is manufactured, produced, grown, or extracted outside the country under the laws of which the controlled foreign corporation is created or organized, and

" '(B) the property is sold for use, consumption, or disposition outside such foreign country, or, in the case of property purchased on behalf of a related person, is purchased for use, consumption, or disposition outside such foreign country.

" '(2) Certain branch income.—For purposes of determining foreign base company sales income (within the terms of paragraph (1)), in situations in which the carrying on of activities by a controlled foreign corporation through a branch or similar establishment outside the country of incorporation of the controlled foreign corporation has substantially the same effect as if such branch or similar establishment were a wholly owned subsidiary corporation deriving such income, then, under regulations prescribed by the Secretary or his delegate, the income attributable to the carrying on of such activities of such branch or similar establishment shall be treated as income derived by a wholly owned subsidiary of the controlled foreign corporation and shall constitute foreign base company sales income of the controlled foreign corporation.

" '(3) Related person defined.—For purposes of this section, a person is a related person with respect to a controlled foreign corporation, if—

" '(A) such person is an individual, partnership, trust, or estate which controls the controlled foreign corporation;

" '(B) such person is a corporation which controls, or is controlled by, the controlled foreign corporation; or

" '(C) such person is a corporation which is controlled by the same person or persons which control the controlled foreign corporation.

For purposes of the preceding sentence, control means the ownership, directly or indirectly, of stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote. For purposes of this paragraph, the rules for determining ownership of stock prescribed by section 957 shall apply.

" '(f) Foreign Base Company Services Income.—For purposes of subsection (b) (3), the term "foreign base company services income" means income (whether in the form of compensation, commissions, fees, or otherwise) derived in connection with the performance or furnishing of technical, managerial, engineering, architectural, scientific, skilled, industrial, commercial, or like services which are—

" '(1) performed or furnished for or on behalf of any related person (within the meaning of subsection (e) (3)), and

" '(2) are performed or furnished for or in connection with business activities carried on by such related person outside the country under the laws of which the controlled foreign corporation is created or organized.

" '(g) Increase in Qualified Investments in Less Developed Country Corporations.—For purposes of subsection (c) (1), the increase for any taxable year in qualified investments in less developed country corporations of any controlled foreign corporation is the amount by which—

" '(1) the qualified investments in less developed country corporations (as defined in section 954(b)) of the controlled foreign corporation at the close of the taxable year, exceeds

" '(2) the qualified investments in less developed country corporations (as so defined) of the controlled foreign corporation at the close of the preceding taxable year.

" 'Sec. 954. Withdrawal of Previously Excluded Foreign Base Company Income From Qualified Investment.

" '(a) General Rules.—

" '(1) Amount withdrawn.—For purposes of this subpart, the amount of previously excluded foreign base company income of any controlled corporation withdrawn from investment in less developed country corporations for any taxable year is an amount equal to the decrease in the amount of qualified investments in less developed country corporations of the controlled foreign corporation for such year, but only to the extent that the amount of such decrease does not exceed an amount equal to—

" '(A) the sum of the amounts excluded under section 953(b) (1) from the foreign base company income of such corporation for all prior taxable years, reduced by

" '(B) the sum of the amounts previously excluded from foreign base company income withdrawn from investment in less developed country corporations of such corporation determined under this subsection for all prior taxable years.

" '(2) Decrease in qualified investments.—For purposes of paragraph (1), the amount of the decrease in qualified investments in less developed country corporations of any controlled foreign corporation for any taxable year is the amount by which—

" '(A) the amount of qualified investments in less developed country corporations of the controlled foreign corporation at the close of the preceding taxable year, exceeds

" '(B) the amount of qualified investments in less developed country corporations of the controlled foreign corporation at the close of the taxable year, to the extent the amount of such decrease does not exceed the sum of the earnings and profits for the taxable year and the earnings and profits accumulated for prior taxable years beginning after December 31, 1962. For purposes of this paragraph, if qualified investments in less developed country corporations are disposed of by the controlled foreign corporation during the taxable year, the amount of the decrease in qualified investments in less developed country corporations of such controlled foreign corporation for such year shall be reduced by an amount equal to the amount (if any) by which the losses on such dispositions during such year exceed the gains on such dispositions during such year.

" '(3) Pro rata share of amount withdrawn.—In the case of any United States shareholder the pro rata share of the amount of previously excluded foreign base company income of any controlled foreign corporation withdrawn from investment in less developed country corporations for any taxable year is his pro rata share of the amount determined under paragraph (1).

" '(b) Qualified Investments in Less Developed Country Corporations.—

" '(1) In general.—For purposes of this subpart, the term "qualified investments in less developed country corporations" means property acquired after December 31, 1962, which is—

" '(A) stock of a less developed country corporation held by the controlled foreign corporation, but only if the controlled foreign corporation owns 10 percent or more of the total combined voting power of all classes of stock, or of the total value of shares of all classes of stock, of such less developed country corporation; or

" '(B) an obligation of a less developed country corporation held by the controlled foreign corporation, which, at the time of its acquisition by the controlled foreign corporation, has a maturity of 5 years or more, but only if the controlled foreign corporation owns 10 percent or more of the total combined voting power of all classes of stock, or of the total value of shares of all classes of stock, of such less developed country corporation.

" '(2) Country ceases to be less developed country.—For purposes of this subpart, property which would be a qualified investment in less developed country corporations, but for the fact that a foreign country has, after the acquisition of such property by the controlled foreign corporation, ceased to be a less developed country, shall be treated as a qualified investment in less developed country corporations.

" '(3) Investments after close of year.—For purposes of this subpart, a controlled foreign corporation may, under regulations prescribed by the Secretary or his delegate, elect to treat property described in paragraph (1) or (2) which was acquired after the close of a taxable year and on or before the close of the following taxable year, or on or before such day after the close of the following taxable year as such regulations may prescribe, as having been acquired on the last day of such year.

" '(4) Amount attributable to property.—The amount taken into account under this subpart with respect to any property described in paragraph (1) or (2) shall be its adjusted basis, reduced by any liability to which such property is subject.

" 'Sec. 955. Investment of Earnings in United States Property.

" '(a) General Rules.—For purposes of this subpart—

" '(1) Amount of investment.—The amount of earnings of a controlled foreign corporation invested in United States property at the close of any taxable year is the aggregate amount of such property held, directly or indirectly, by the controlled foreign corporation at the close of the taxable year, to the extent such amount would have constituted a dividend (determined after the application of section 954(a)) if it had been distributed.

" '(2) Pro rata share of increase for year.—In the case of any United States shareholder, the pro rata share of the increase for any taxable year in the earnings of a controlled foreign corporation invested in United States property is the amount determined by subtracting—

" '(A) his pro rata share of the amount determined under paragraph (1) for the close of the preceding taxable year, reduced by amounts paid during the taxable year to which section 958(c) (1) applies, from

" '(B) his pro rata share of the amount determined under paragraph (1) for the close of the taxable year.

" '(3) Amount attributable to property.—The amount taken into account under paragraph (1) or (2) with respect to any property shall be its adjusted basis, reduced by any liability to which the property is subject.

" '(b) United States Property Defined.—

" '(1) In general.—For purposes of subsection (a), the term "United States property" means any property acquired after December 31, 1962, which is—

" '(A) tangible property located in the United States;

" '(B) stock of a domestic corporation; or

" '(C) an obligation of a United States person.

" '(2) Exceptions.—For purposes of subsection (a), the term "United States property" does not include—

" '(A) money, or deposits with persons carrying on the banking business, located in the United States;

" '(B) property located in the United States which is purchased in the United States for export to, or use in, foreign countries;

" '(C) any obligation of a United States person arising in connection with the sale of property if the amount of such obligation outstanding at no time during the taxable year exceeds the amount which would be ordinary and necessary to carry on the trade or business of both the other party to the sale transaction and the United States person had the sale been made between unrelated persons;

" '(D) any aircraft, railroad rolling stock, vessel, motor vehicle, or container used in the transportation of persons or property in foreign commerce and used predominantly outside the United States; or

" '(E) the amount of assets of an insurance company equivalent to the unearned premiums on outstanding business with respect to reinsurance contracts or insurance or annuity contracts—

" '(i) in connection with property or liability arising out of activity in, or in connection with the lives or health of residents of, the United States, or

" '(ii) in connection with property not included in subdivision (i) as the result of any arrangement whereby another corporation receives a substantially equal amount of premiums or other consideration in respect of any reinsurance or the issuing of any insurance or annuity contract in connection with property or liability arising out of activity in, or in connection with the lives or health of residents of, the United States.

" '(c) Pledges and Guarantees.—For purposes of subsection (a), a controlled foreign corporation shall, under regulations prescribed by the Secretary or his delegate, be considered as holding an obligation of a United States person if it is a pledgor or guarantor of such obligation.

" 'Sec. 956. Controlled Foreign Corporations.

" '(a) General Rule.—For purposes of this subpart, the term "controlled foreign corporation" means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 957(a)), or is considered as owned by applying the rules of ownership of section 957(b), by United States shareholders on any day during the taxable year of such foreign corporation.

"'(b) Corporations Organized in United States Possessions.—For purposes of this subpart, the term "controlled foreign corporation" does not include any corporation created or organized in the Commonwealth of Puerto Rico or a possession of the United States or under the law of the Commonwealth of Puerto Rico or a possession of the United States if—

"'(1) 80 percent or more of the gross income of such corporation (computed without regard to section 931) for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within the Commonwealth of Puerto Rico or a possession of the United States; and

"'(2) 50 percent or more of the gross income of such corporation (computed without regard to section 931) for such period, or for such part thereof, was derived from the active conduct within the Commonwealth of Puerto Rico or a possession of the United States of any trades or businesses constituting the manufacture or processing of goods, wares, merchandise, or other tangible personal property; the processing of agricultural or horticultural products or commodities (including but not limited to livestock, poultry or fur-bearing animals); the catching or taking of any kind of fish or mining or extraction of natural resources, or any other manufacturing or processing of any products or commodities obtained from such activities; or the ownership or operation of hotels.

For purposes of paragraphs (1) and (2), the determination as to whether income was derived from sources within the Commonwealth of Puerto Rico or a possession of the United States and was derived from the active conduct of a described trade or business within the Commonwealth of Puerto Rico or a possession of the United States shall be made under regulations prescribed by the Secretary or his delegate.

### "'Sec. 957. Rules for Determining Stock Ownership.

"'(a) Direct and Indirect Ownership.—

"'(1) General rule.—For purposes of this subpart (other than sections 954 (b)(1) (A) and (B)), stock owned means—

"'(A) stock owned directly, and

"'(B) stock owned with the application of paragraph (2).

"'(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation, foreign partnership, or foreign trust or foreign estate (within the meaning of section 7701(a)(31)) shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"'(3) Special rule for mutual insurance companies.—For purposes of applying paragraph (1) in the case of a foreign mutual insurance company, the term "stock" shall include any certificate entitling the holder to voting power in the corporation.

"'(b) Constructive Ownership.—For purposes of section 951(b), 953(e)(3), and 956, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 953(e)(3), or to treat a foreign corporation as a controlled foreign corporation under section 956, except—

"'(1) In applying paragraph (1)(A) of section 318(a), stock owned by a nonresident alien individual (other than a foreign trust or foreign estate) shall not be considered as owned by a citizen or by a resident alien individual.

"'(2) In applying the first sentence of subparagraphs (A) and (B), and in applying clause (i) of subparagraph (C), of section 318(a)(2)—

"'(A) if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all the stock entitled to vote, and

"'(B) if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total value of shares of all classes of stock of a corporation, it shall be considered as owning the total value of all of the outstanding stock of such corporation. The application of this subparagraph shall not have the effect of increasing voting power of a partner, beneficiary, or shareholder, for purposes of subparagraph (A).

"'(3) Stock owned by a partnership, estate, trust, or corporation, by reason of the application of the second sentence of subparagraphs (A) and (B), and the application of clause (ii) of subparagraph (C), of section 318(a)(2), shall not be considered as owned by such partnership, estate, trust, or corporation, for the purposes of applying the first sentence of subparagraphs (A) and (B), and in applying clause (i) of subparagraph (C), of section 318(a)(2).

"'(4) In applying clause (i) of subparagraph (C) of section 318(a)(2), the phrase "10 percent" shall be substituted for the phrase "50 percent" used in subparagraph (C).

### "'Sec. 958. Exclusion From Gross Income of Previously Taxed Earnings and Profits.

"'(a) Exclusion From Gross Income of United States Persons.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 951(a) shall not, when—

"'(1) such amounts are distributed to, or

"'(2) such amounts would, but for this subsection, be included under section 951 (a)(1)(B) in the gross income of,

such shareholder (or any other United States person who acquires from any person any portion of the interest of such United States shareholder in such foreign corporations, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe) directly, or indirectly through a chain of ownership described under section 957(a), be again included in the gross income of such United States shareholder (or of such other United States person).

"'(b) Exclusion From Gross Income of Certain Foreign Subsidiaries.—For purposes of section 951(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 951(a), shall not, when distributed through a chain of ownership described under section 957(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 951(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of idently of such interest as the Secretary or his delegate may prescribe by regulations).

"'(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"'(1) first to earnings and profits attributable to amounts included in gross income under section 951(a)(1)(B) (or which would have been included except for subsection (a)(2)),

"'(2) then to earnings and profits attributable to amounts included in gross income under section 951(a)(1)(A) (but reduced by amounts not included under section 951(a)(1)(B) because of the exclusion in subsection (a)(2), and

"'(3) then to other earnings and profits.

"'(d) Distributions Excluded From Gross Income Not To Be Treated as Dividends.—Except as provided in section 959(a)(3), any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

### "'Sec. 959. Special Rules for Foreign Tax Credit.

"'(a) Taxes Paid by a Foreign Corporation.—

"'(1) General rule.—For purposes of subpart A of this part, if there is included, under section 951(a), in the gross income of a domestic corporation any amount attributable to earnings and profits—

"'(A) of a foreign corporation at least 10 percent of the voting stock of which is directly owned by such domestic corporation, or

"'(B) of a foreign corporation at least 50 percent of the voting stock of which is directly owned by a foreign corporation at least 10 percent of the voting stock of which is in turn directly owned by such domestic corporation,

then, under regulations prescribed by the Secretary or his delegate, such domestic corporation shall be deemed to have paid the same proportion of the total income, war profits, and excess profits taxes paid (or deemed paid, if paragraph (4) applies) by such foreign corporation to a foreign country or possession of the United States for the taxable year which the amount of earnings and profits of such foreign corporation so included in gross income of the domestic corporation bears to the entire amount of the total earnings and profits of such foreign corporation for such taxable year.

"'(2) Taxes previously deemed paid by domestic corporation.—If a domestic corporation receives a distribution from a foreign corporation, any portion of which is excluded from gross income under section 958, the income, war profits, and excess profits taxes paid or deemed paid by such foreign corporation to any foreign country or to any possession of the United States in connection with the earnings and profits of such foreign corporation from which such distribution is made shall not be taken into account for purposes of section 902, to the extent such taxes were deemed paid by such domestic corporation under paragraph (1) for any prior taxable year.

"'(3) Taxes paid by foreign corporation and not previously deemed paid by domestic corporation.—Any portion of a distribution from a foreign corporation received by a domestic corporation which is excluded from gross income under section 958(a) shall be treated by the domestic corporation as a dividend, solely for purposes of taking into account under section 902 any income, war profits, or excess profits taxes paid to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such distribution is made, which were not deemed paid by the domestic corporation under paragraph (1) for any prior taxable year.

" '(4) Taxes paid by a foreign subsidiary.—If subparagraph (A) of paragraph (1) applies with respect to an amount included in gross income under section 951(a) for a taxable year, then such amount shall be considered a dividend for purpose of the application of section 902(b).

" '(5) Inclusion in gross income.—

" 'For inclusion in gross income of amount equal to taxes deemed paid under paragraph (1), see section 78.

" '(b) Special Rules for Foreign Tax Credit in Year of Receipt of Previously Taxed Earnings and Profits.—

" '(1) Increase in section 904 limitation.—In the case of any taxpayer who—

" '(A) either (i) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 951 (a) to include in his gross income an amount in respect of a controlled foreign corporation, or (ii) did not pay or accrue for such taxable year any income, war profits, or excess profits taxes to any foreign country or to any possession of the United States, and

" '(B) chooses to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 958(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A), and

" '(C) for the taxable year in which such distribution or amount is received, pays, or is deemed to have paid, or accrues income, war profits, or excess profits taxes to a foreign country or to any possession of the United States with respect to such distribution or amount,

the applicable limitation under section 904 for the taxable year in which such distribution or amount is received shall be increased as provided in paragraph (2), but such increase shall not exceed the amount of such taxes paid, or deemed paid, or accrued with respect to such distribution or amount.

" '(2) Amount of increase.—The amount of increase of the applicable limitation under section 904(a) for the taxable year in which the distribution or amount referred to in paragraph (1) (B) is received shall be an amount equal to—

" '(A) the amount by which the applicable limitation under secton 904(a) for the taxable year referred to in paragraph (1)(A) was increased by reason of the inclusion in gross income under section 951(a) of the amount in respect of the controlled foreign corporation, reduced by

" '(B) the amount of any income, war profits, and excess profits taxes paid, or deemed paid, or accrued to any foreign country or possession of the United States which were allowable as a credit under section 901 for the taxable year referred to in paragraph (1)(A) and which would not have been allowable but for the inclusion in gross income of the amount described in subparagraph (A).

" '(3) Cases in which taxes not to be allowed as deduction.—In the case of any taxpayer who—

" '(A) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 951(a) to include in his gross income an amount in respect of a controlled foreign corporation, and

" '(B) does not choose to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 958(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A),

no deduction shall be allowed under section 164 for the taxable year in which such distribution or amount is received for any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States on or with respect to such distribution or amount.

" '(4) Insufficient taxable income.—If an increase in the limitation under this subsection exceeds the tax imposed by this chapter for such year, the amount of such excess shall be deemed an overpayment of tax for such year.

" 'Sec. 960. Adjustments to Basis of Stock in Controlled Foreign Corporation and of Other Property.

" '(a) Increase in Basis.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which he is considered under section 857(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in his gross income under section 951(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

" '(b) Reduction in Basis.—

" '(1) In general.—Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 958(a) shall be reduced by the amount so excluded.

" '(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 958(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

" 'Sec. 961. Miscellaneous Provisions.

" '(a) Earnings and Profits.—For purposes of this subpart, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year shall be determined according to rules substantially similar to those applicable to domestic corporations, under regulations prescribed by the Secretary or his delegate.

" '(b) Blocked Foreign Income.—Under regulations prescribed by the Secretary or his delegate, no part of the earnings and profits of a controlled foreign corporation for any taxable year shall be included in earnings and profits for purposes of sections 952, 954, and 955, if it is established to the satisfaction of the Secretary or his delegate that such part could not have been distributed by the controlled foreign corporation to United States shareholders who own (within the meaning of section 957(a)) stock of such controlled foreign corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

" '(c) Records and Accounts of United States Shareholders.—The Secretary or his delegate may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

" 'Sec. 962. Inclusion in Gross Income on Consolidated Basis of Earnings and Profits.

" '(a) General Rule.—A United States shareholder may elect to include in gross income under section 951 on a consolidated basis the earnings and profits (less his pro rata share of deficits) of controlled foreign corporations.

" '(b) Regulations.—The Secretary or his delegate shall prescribe such regulations as he may deem necessary in order that the tax liability with respect to the earnings and profits (less deficits) of controlled foreign corporations for which the election provided for under subsection (a) is exercised and of each separate corporation, both during and after the period of such consolidation, may be returned, determined, computed, assessed, collected, and adjusted, in such manner as clearly to reflect the income tax liability and the various factors necessary for determination of such liability, and in order to present avoidance of such tax liability.'

"(b) Technical and Clerical Amendments.—

"(1) Section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholders) is amended by adding at the end thereof the following new sentence: 'The amount included in the gross income of any United States shareholder for any taxable year under the preceding sentence shall be reduced by such shareholder's proportionate share of the undistributed personal holding company income which is included in his gross income under section 951(a)(1)(A) (relating to amounts included in gross income of United States shareholders) for such taxable year as his pro rata share of the earnings and profits of the company.'

"(2) Section 901 (relating to foreign tax credit) is amended by striking out 'section 902' and inserting in lieu thereof 'sections 902 and 960'.

"(3) Section 902(e) is amended to read as follows:

" '(e) Cross References.—

" '(1) For application of subsections (a) and (b) with respect to taxes deemed paid in a prior taxable year by United States shareholder with respect to a controlled foreign corporation, see section 960.

" '(2) For reduction of credit with respect to dividends paid out of accumulated profits for years for which certain information is not furnished, see section 6038.'

"Section 904(f) is amended to read as follows:

" '(f) Cross References.—

" '(1) For increase of applicable limitation under subsection (a) for taxes paid with respect to amounts received which were included in the gross income of the taxpayer for a prior taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(b).

" '(2) For special rule relating to the application of the credit providing by section 901 in the case of affiliated groups which include Western Hemisphere trade corporations for years in which the limitation provided by subsection (a)(2) applies, see section 1503(d).'

"(5) The table of subparts for part III of subchapter N of chapter 1 is amended by adding at the end thereof the following:

" 'SUBPART F. CONTROLLED FOREIGN CORPORATIONS.'

"(6) Section 1016(a) (relating to adjustments to basis) is amended—

"(A) by striking out the period at the end of paragraph (18) and inserting in lieu thereof a semicolon; and

"(B) by adding after paragraph (18) the following new paragraph:

" '(19) to the extent provided in section 961 in the case of stock in controlled foreign corporations (or foreign corporations which were controlled foreign corporations) and of property by reason of which a person is considered as owning such stock.'

"(c) Effective Date.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after December 31, 1962, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporations end."

Page 164, after line 18, insert the following new section:

"Sec. . Sales and Exchanges of Patents, Etc., to Certain Foreign Corporations.

"(a) Treatment of Gain as Ordinary Income.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding after section 1248 (as added by section 16 of this Act) the following new section:

"'Sec. 1249. Gain From Certain Sales or Exchanges of Patents, Etc., to Foreign Corporations.

"'(a) General Rules.—Gain from the sale or exchange after December 31, 1962, of a patent, an invention, model, or design (whether or not patented), a copyright, a secret formula or process, or any other similar property right to any foreign corporation by any United States person (as defined in section 7701(a) (30)) which controls such foreign corporation shall, if such gain would (but for the provisions of this subsection) be gain from the sale or exchange of a capital asset or of property described in section 1231, be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231.

"'(b) Control.—For purposes of subsection (a), control means, with respect to any foreign corporation, the ownership, directly or indirectly, of stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote. For purposes of this subsection, the rules for determining ownership of stock prescribed by section 957 shall apply.

"'(c) Other Transfers of Patent Rights, etc., to Foreign Corporations.—

"'For allocation, etc., of income by the Secretary or his delegate, in case of corporations owned or controlled directly or indirectly by the same interests, see section 482(a).'

"(b) Clerical Amendment.—The table of sections for such part IV is amended by adding at the end thereof the following:

"'Sec. 1249. Gain from certain sales or exchanges of patents, etc., to foreign corporations.'

"(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1962."

Mr. GORE. Mr. President, this amendment is the identical text presented to the Committee on Finance by the Secretary of the Treasury. It proposes to require the annual payment of taxes by U.S. taxpayers on profits earned in foreign countries through foreign corporations controlled by U.S. taxpayers or foreign subsidiaries of U.S. corporations.

I have already spoken at considerable length on this subject in the debate on the pending bill. Earlier this year I made a series of four major addresses on this subject. Therefore, my views are well known to the Senate and are clearly a matter of record. It seems to me that this makes it unnecessary to debate the amendment at great length, unless Senators have questions or unless statements are made which require refutation or answer.

Existing tax law gives many advantages to business operations in foreign countries.

One of the factors now at work to draw economic activities abroad and keep them there is the tax magnet, the tax advantage, the tax subsidy existing in present U.S. law which favors operations in countries other than our own. This is not the only force at work, of course; but it is one about which Congress can do something effective at this session and in this bill. The pending bill contains many provisions affecting the taxation of income and profits earned abroad. Many of these provisions are meritorious and deserve support. The major deficiency in the bill in this respect is that it does not go far enough to do the job effectively.

The pending amendment is a substitute for section 12. As I have said, it is identical to the provision which the Treasury Department drafted. It follows the recommendation of President Kennedy. It was submitted to the Finance Committee by Secretary Dillion; and I introduced the amendment as a bill, after it had been presented to the Senate Finance Committee.

Section 12 is the principal section dealing with the taxation of foreign operations. As now drafted and included in the bill, it is a purely tax-haven approach to the problem. It is good as far as it goes, and would do about half the job which needs to be done. I wish to express gratitude that Congress is, on this subject, at least going in the right direction, finally. Only 2 years ago a bill, identified as H.R. 5, was nearing enactment; and it would have created a greater tax subsidy and would have provided greater incentive for the movement of American industry and the making of investments by American interests abroad. However, now that the Congress is proceeding in the right direction, we must do an effective job. Half a loaf is not enough, when the full loaf is attainable.

My amendment strikes directly at the heart of the entire question of the deferral of payment of U.S. income taxes. As the law now stands, U.S. income taxes on profits earned abroad through foreign corporations may be indefinitely or even permanently postponed. In the case of a foreign subsidiary corporation organized in a tax-haven country, this may amount to virtual forgiveness of all income taxes, both United States and foreign. Even in nontax-haven countries, tax favors such as those now being given in southern Italy and elsewhere may eliminate all income taxes for several years, until the operation concerned has grown and matured through reinvestment of tax-free earnings. As I have said, the tax-haven approach embodied in the bill, while accomplishing something, is far from sufficient. We should, and I think we must, do more. What we must do if we are to make progress toward a real solution of this problem is to strike directly at the deferral privilege in our own tax law, so that U.S. taxpayers are taxed annually on the profits they realize through their foreign investments in technically foreign corporations which they control.

The Secretary of the Treasury has agreed that anything short of this would be but "piddling" with the job. I call the testimony of Secretary Dillon on this point to the attention of the Senate.

The President of the United States, in his message to Congress on April 20, 1961, said:

> I, therefore, recommend that legislation be adopted which would, after a two-step transitional period, tax each year American corporations on their current share of the undistributed profits realized in that year by subsidiary corporations organized in economically advanced countries. This current taxation would also apply to individual shareholders of closely held corporations in those countries.

So, Mr. President, we have the request and the recommendation of President Kennedy, and we have the testimony of the Secretary of the Treasury, Douglas Dillon; and the Senate has before it an amendment—drafted by the Treasury Department—to implement the recommendations of the President and the Secretary of the Treasury.

I ask the Senate to adopt it. I think it is a good provision. It will eliminate the tax subsidy for the movement of business and industry and jobs abroad.

As I have said, the pending amendment does exactly what President Kennedy sought and requested. The bill as it has come to the Senate from the Senate Finance Committee falls far short of this desirable end. The concern of American citizens with the flight abroad of business and jobs and capital is a deep one, and this is a serious problem. The outflow of capital adversely affects the national interest. It creates a severe balance-of-payments problem; and it is one of the big factors creating widespread unemployment in our country.

To illustrate the concern of working men and women, I wish to read to the Senate a telegram which I received today from Mr. George Meany, president of AFL–CIO. I believe other Members of the Senate received an identical telegram.

> Senator Gore: AFL–CIO firmly believes that Gore amendment on foreign income is essential to tax equity and to prevent export of jobs of American workers. Finance Committee bill continues practice of subsidizing oversea investment through tax incentives. Therefore our tax laws are subsidizing manufacture of products abroad instead of in the United States, cutting exports and eliminating American jobs. Gore amendment would not prevent foreign investment. It would merely remove the tax incentive to such investment. I therefore urge you to vote for the Gore foreign income amendment.
>
> George Meany,
> *President, AFL–CIO.*

The amendment to which this telegram refers is now pending at the desk, and upon this amendment we shall soon have a vote. The amendment provides that those U.S. taxpayers who own as much as 10 percent of the stock of a foreign corporation which is controlled by these American taxpayers will be taxed each year on their share of the profits made by these foreign corporations.

As President Kennedy has recommended, this amendment provides for an exception in the case of a corporation doing business in an underdeveloped country unless most of the income of that corporation is of a tax-haven type.

For the benefit of those who have not had an opportunity to study the provisions of this amendment, let me give a few additional details. Under this amendment, deferral of taxes of U.S. taxpayers based on the income of controlled foreign corporations, as defined in the amendment, would be eliminated except, as I have noted, with regard to certain corporations operating legitimately in underdeveloped countries.

This approach to the problem is, of course, a more direct and all-inclusive approach than that contained in section 12 of the pending bill, which is aimed, as I have said, merely at tax-haven operations.

I submit that the tax-haven-operation approach will do only about 50 percent of the job which needs to be done if we are going to put our tax laws in a position of neutrality with respect to domestic and foreign operations of U.S. interests.

This amendment would affect only foreign operations which are in fact controlled by American interests. A "controlled foreign corporation" is defined as one which is more than 50 percent owned by U.S. taxpayers each of whom owns at least 10 percent of the stock of the foreign corporation. As I have stated, an exception is made for legitimate operations in underdeveloped countries, and in this respect the amendment pretty well follows section 12 of the bill.

The tax-haven operations, even in underdeveloped countries, however, are included in operations to be taxed currently by providing that a "less-developed-country corporation" must not receive a sizable amount of its income from the typical tax-haven activities—that is, base-company income.

The amendment has been carefully drafted by technicians in the Treasury Department in consultation with our own experts here on the Hill. It has been reworked several times since it was first drafted at my request more than a year ago. So it comes, I believe, as a carefully drawn measure, with the recommendation and endorsement of President Kennedy and Secretary Dillon.

As Mr. Meany's telegram points out, my amendment in no way seeks to prevent U.S. citizens from investing their capital abroad, in whatever amounts they please. Perhaps the Congress should consider placing the export of capital under some reasonable regulation, but that question is not now before the Senate. My amendment does not propose that.

All that my amendment would do would be to require the U.S. owners of foreign corporate subsidiaries and foreign corporations controlled by American taxpayers to be amenable, on an annual basis, to the tax laws of the United States. In other words, the income from such corporations to the U.S. taxpayer who owns and controls such foreign corporations would be taxable on an annual basis.

Annual payment of taxes is not an innovation, Madam President, and every American taxpayer whose income is earned in the United States must pay such taxes annually. Why should we permit a corporation that builds up industry abroad through a technically foreign subsidiary and earns a profit in doing so to defer the payment of its taxes until such time as it may suit the purposes and desires of such corporation?

I do not know why we should discriminate against an American citizen or corporation who invests in economic and industrial development in the United States. Conversely, I do not see either the sense or justice in rewarding one with a tax favor who builds an industry and makes jobs in other countries.

Let me repeat and make perfectly plain that my amendment would not prevent any American taxpayer from investing to his heart's content in a foreign country, but I do respectfully submit that I do not think we should continue to reward him for doing so by means of favored tax treatment.

There may have been a time when our national interest was served by encouraging the investment of American capital abroad. I refer particularly to Western Europe, in its war-torn condition during the period following World War II. But that period has passed. Now business activity in Western Europe is growing at 2½ times the rate of economic growth of the United States. It is to Western Europe that much of our migrating capital is flowing, and most of this flow to Europe goes into manufacturing establishments.

We are now beginning to get the backwash of imports into the United States of goods manufactured abroad by corporations financed by American capital, employing American know-how, using well-known and well-established American trade names and brands.

The most difficult competition which an American businessman faces comes from imports of goods manufactured by American capital with American know-how abroad, bearing a trade name which has long been established in our country.

**Mr. MORSE.** Madam President, will the Senator yield?

**The PRESIDING OFFICER.** (Mrs. NEUBERGER in the chair). Does the Senator yield?

**Mr. GORE.** I yield.

**Mr. MORSE.** I am glad the Senator from Tennessee is emphasizing this point again, because it needs to be emphasized over and over. I should like to have my Democratic Party know that there is a growing resentment against Democratic Party policy in regard to this matter, as manifested in this bill and as illustrated by the Senator from Tennessee in the point he is now making.

What we are doing, in effect, is exporting American jobs abroad, to the great detriment and economic hardship of American labor, American farmers, and of American consumers generally.

I wish to cite two industries in which this is particularly notorious at the present time. The first is the movie industry. This has brought a great depression to the movie industry of this country, as American investors go abroad filming movies and bringing them to the United States, further depressing our movie industry. The other is the music industry, in regard to musical productions and the development of records, as a result of which a great many musicians in this country are out of work.

I am one Democrat who leaves the party on this issue. That does not mean I leave the party—I leave it on this issue, because the Democratic Party, in my judgment, is dead wrong. I do not know why we should play the Republicans' game for them.

**Mr. GORE.** I wish to point out to my distinguished friend that the amendment I have offered, which is now pending, was recommended by President Kennedy. It was drafted by the Treasury Department. It was submitted to the Senate Finance Committee. This is what the administration requested, recommended, and desired.

I take it that the Senator's remark with respect to the Democratic Party applies not to the original recommendation by President Kennedy, but to the bill recommended by the Finance Committee, which is now before the Senate.

**Mr. MORSE.** And to the President's support of the bill now before the Senate.

**Mr. GORE.** I was hoping that before the vote the President might again request the Congress to do an effective job with respect to removing the preferential tax treatment of income earned abroad. I must say that I know of no official record which shows that either the President or the Secretary of the Treasury supports the provisions of section 12 of the pending bill.

**Mr. MORSE.** Madam President, will the Senator yield?

**Mr. GORE.** I will yield in a moment.

I read in the newspapers that the terms of the pending bill have the tacit support of the administration, whatever that means. But I am going by the record. We have seen the President's recommendations. We have heard the testimony by the Secretary of the Treasury in support of those recommendations. We have before us the text of the amendment presented by the administration.

Now I yield to the Senator.

**Mr. MORSE.** Is the Senator from Tennessee laboring under any mistaken notion that the President of the United States does not know the Senate is about to have a third reading of this bill?

**Mr. GORE.** I am sure the President is perfectly aware of the progress of this proposed legislation.

**Mr. MORSE.** The bill has been under debate in the Senate for a good many days, has it not?

**Mr. GORE.** Yes, indeed.

**Mr. MORSE.** The Secretary of the Treasury and the President of the United States have been in Washington, D.C., most of that time, have they not?

**Mr. GORE.** Yes.

**Mr MORSE.** Does the Senator have any indication of any message which has been brought to us, directly or indirectly, officially or unofficially, of any disapproval by the President or by the Secretary of the Treasury of this bill?

Mr. GORE. No. On the other hand, I know of no record indicating any disapproval of the amendment which I have offered.

Mr. MORSE. I shall vote for the Senator's amendment, but I wish to state that I have recently returned from my State. I want the President of the United States to know that, in my judgment, the overwhelming majority of the people of my State will have none of this bill, as they will have none of the satellite bill and as they will have none of a whole series of mistakes being made in recent weeks in regard to legislation before the Senate.

Mr. GORE. Madam President, the senior Senator from Oregon referred to the movie industry. I recently read an advertisement of a movie in a Washington, D.C., newspaper. A statement was made in the advertisement that this was the first major movie which had been made in Hollywood in a long while. I do not remember the exact time, but I believe it was 5 years.

The senior Senator from California on the floor of the Senate only a few days ago referred to Hollywood as a ghost city.

Mr. MORSE. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. MORSE. I was about to say that in my part of the country we have some old western ghost towns. Not so long ago I went through the movie sets of Hollywood. I think it is quite appropriate to refer to them as the ghost town part of Hollywood.

Mr. GORE. This result has not occurred because movies are not being made. It is because the industry has moved abroad almost en masse as a result of our faulty tax laws. I propose to correct that.

Madam President, this issue is of far greater importance than the movie industry, important as that is, or than the recording industry, important as that is.

Last year, in the 12-month period, $4½ billion of American capital was invested abroad, including retained earnings, depreciation allowances, and new money, a large part in manufacturing facilities. Meanwhile, the Senate was considering and passing a bill to help economically distressed areas in the United States. West Virginia was cited as were other States. There are many depressed communities in my own State. That law has not yet been too successful in relieving the stringent economic conditions in many areas of the United States which are in economic distress.

What would the $4½ billion have accomplished if invested in the United States? The bill contains a provision known as the investment credit. It is estimated that the provision would provide $1,300 million per year in tax reduction to American business. Investment credit is advocated on the ground that the great incentive of $1,300 million in tax reduction would stimulate our economy, solve our unemployment problem, and generate economic activity that would swell the tax revenues of the Government. Compare that $1,300 million with the $4½ billion of American capital that was invested abroad last year.

The Senate by overwhelming vote has approved the investment credit. I ask it to vote to eliminate the tax incentive for investments abroad. As I have said many times, I know that there are other inducements that entice American capital into other counrties. The Congress has no jurisdiction over the actions and the policies of other countries. But we do have jurisdiction over the tax policies and the tax laws of the United States. I am asking that we repeal the provision that grants deferral of taxes on income and profits earned abroad until such income has been repatriated to the United States. I shall not now speak at great length.

I call to the attention of Senators the addresses which I have previously made on the subject. It is a subject to which I have been devoting concentrated study for almost 3 years. I belive I have learned a good deal about the problem. It is a serious one.

Some people think that the proposal of the President and the junior Senator from Tennessee would lead to economic isolation. Madam President, nothing could be further from the truth. The amendment is on all fours with the reciprocal trade program. The reciprocal trade program proposes to eliminate obstacles and barriers, insofar as practical, to the even flow of commerce between and among nations. The pending amendment which I have offered proposes to remove an incentive for a flow in one direction, a subsidy for the outflow of U.S. capital.

There are many communities in America that would be very happy if some foreign capital were invested in their home communities. It would provide jobs, profits, economic activity, the upbuilding of the State and the locality, and swell the revenues of the U.S. Treasury.

The same thing happens in foreign communities when American investment is made in manufacturing facilities abroad. The Ford Motor Co. has 130,000 employees in other countries. This will indicate the magnitude of the problem.

I hope that the Senate will ponder the issue. It goes to the very heart of the balance-of-payments problem, which is serious. It goes to the heart of the export of business, industry, and jobs. It goes to the heart of America's unemployment problem. I do not claim that the enactment of my amendment would provide a complete solution to any of these problems. But it would help all three. It is within the jurisdiction and the power of the United States to put into execution the provisions of the amendment, which I think would be very helpful.

Later I shall suggest the absence of a quorum. I shall ask for a yea-and-nay vote on the amendment, after debate has been concluded.

Mr. MANSFIELD. Madam President, would the Senator from Tennessee be agreeable to vote on the amendment at a time certain?

Mr. GORE. What time limit would the Senator suggest?

Mr. MANSFIELD. I would suggest that at 2 o'clock there be a quorum call, and immediately afterward, the vote.

Mr. GORE. Not later than 2. Would the Senator reserve for me the last 5 minutes in case I desire it?

Mr. MANSFIELD. If that would be agreeable, I should like to make a unanimous-consent request that there be a quorum call at 2 o'clock, and that immediately after the quorum call, the yeas and nays would be asked for, and that the——

Mr. KERR. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KERR. And that the time thereafter be divided 5 minutes to a side, and the Senator from Tennessee may have the remaining time.

Mr. MANSFIELD. No, the last 5 minutes before the quorum call.

Mr. GORE. I like the suggestion of the senior Senator from Oklahoma better. After the quorum is present, perhaps the senior Senator from Oklahoma and I could exchange views that might be helpful.

Mr. MANSFIELD. Madam President, I ask unanimous consent that, at the conclusion of a quorum call to be instituted, there be 20 minutes allotted for debate on the amendment, 10 minutes to each side, the time to be equally divided between the Senator from Tennessee [Mr. Gore] and the Senator from Oklahoma [Mr. Kerr].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Burdick in the chair). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, in view of the unusual circumstances—and not to set a precedent—I ask unanimous consent that the yeas and nays may be ordered on the Gore amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. I wish to state again to the Senate that this is not to be considered a precedent.

The PRESIDING OFFICER. The time for debate is under control, with 10 minutes allotted to each side.

Mr. KERR. Do the 10 minutes on each side prior to the vote start now?

The PRESIDING OFFICER. The Senator is correct.

Mr. KERR. I yield myself 5 minutes.

I hope the amendment offered by the Senator from Tennessee [Mr. Gore] and the Senator from Illinois [Mr. Douglas] may be resoundingly defeated. I really wish that every Member of the Senate could hear the Senator from Tennessee relate in complete detail what is contained in the amendment. Could he do so, no remarks would be necessary in opposition to it.

The amendment seeks to go completely contrary to the basic concept of the income tax law, which has long been the foundation pillar in our tax structure. Under our income tax law, income is taxed when received by the individual receiving it. The Senator from Tennessee made a statement that I was surprised to hear him make. He said every taxpayer of the United States must pay such taxes annually as earned as the Senator seeks to reach in this amendment.

If I know anything about the income tax law, and if I know anything about what is in the amendment of the Senator from Tennessee and the Senator from Illinois, that statement cannot be supported by the provisions of either. Certainly it cannot be supported by the provisions of the income tax law, because under the income tax law a stockholder pays taxes on his dividends when he receives them. He does not pay taxes as the corporation in which he owns stock earns money. He does not pay his taxes until that corporation has passed those earnings on to its stockholders.

The Senator from Tennessee is of the opinion—I know he is because he said so—his amendment would stop the exporting of jobs; that his amendment would stop investment by Americans in foreign manufacturing corporations.

In my judgment, the Senator from Tennessee could not be in greater error. In my considered judgment, all that his amendment would do would be to change the investment by Americans, so far as they sought and desired to make investments in corporations doing business abroad, from corporations controlled by American stockholders to corporations controlled by foreign stockholders.

Drastic as his amendment is, it does not reach earnings in foreign corporations which are controlled by foreign stockholders, even to the extent of the earnings of those corporations and the beneficial effect of those earnings on Americans owning stock in those corporations. His amendment would tax earnings in American-controlled foreign corporations. His amendment would export jobs with reference to the corporations doing the manufacturing and with reference to the export of American industry selling its output for export to foreign corporations.

Any Senator knows that if an American group controlled a foreign corporation, there would be far more likelihood that they would buy the output of American factories and American industry and export it from this country for use by that foreign-controlled corporation, than would be the case of foreign corporations controlled by foreign management and foreign owners.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. I yield myself 3 additional minutes.

The tendency would be for those corporations to buy their industrial products abroad. So the Senator from Tennessee would defeat the very purpose which he states that he seeks to accomplish.

His amendment would make it impossible for American investors abroad to compete with foreign competitors who do not have to pay the taxes with reference to manufacturing efforts which would be collected under the amendment of the Senator from Tennessee and the Senator from Illinois.

This proposal was before the House Committee on Ways and Means, and was rejected by that committee. The amendment was before the Committee on Finance, and was rejected by it. The Senators now offering the amendment are in the same posture as an automobile dealer would be who came forth this fall, when all others were presenting their 1963 models, and offered a model T or a 1925 model, seeking to compete with other automobile manufacturers who were in the field with their 1963 models.

This amendment would destroy the opportunity for Americans to do business abroad, compete in foreign markets, be customers for the American industrial production, and be in the posture of bringing back their money to this country as it was paid out, as it was earned and declared as dividends.

The bill before the Senate cures the tax haven provisions which now exist and stops the tax haven abuses now in being, but does not destroy the opportunity for Americans owning manufacturing companies to compete in foreign countries with domestic industry in those foreign countries.

I submit that the amendment should be rejected.

Mr. GORE. Mr. President, the distinguished senior Senator from Oklahoma seems to be laboring under the impression that the defeat of an amendment by the Committee on Finance in some way condemns it to outer darkness. I respectfully submit that, in the opinion of some, rejection of an amendment by the Committee on Finance may sometimes add luster to it. The 1963 model public interest amendments to the pending bill are more likely to be identified with those defeated by the committee than with those adopted by the committee.

I did not say that the amendment which I, along with the senior Senator from Illinois [Mr. DOUGLAS], have offered, would stop the export of jobs. I did not say that the amendment would stop the outflow of U.S. capital. I did not say the amendment would cure our balance-of-payments problem. I did not say it would solve our unemployment problem. I said it would remove the tax subsidy, the tax incentive, for the export of capital, industry, and jobs; that it would help to solve our balance-of-payments problem.

Let us consider the balance-of-payments problem. The Treasury Department estimated that this amendment would help the balance-of-payments problem by about $400 million a year. That is a very sizable amount, indeed. I should like to read what the Secretary of the Treasury said about the pending bill and the subject matter of the pending amendment. His statement appears on page 455 of part 1 of the hearings:

> Senator GORE. Unless the tax deferral problem is treated effectively, then we but piddle with the problem of preferential treatment of foreign income; would you agree with that?
>
> Secretary DILLON. I think that is it. We do hit the tax haven thing fairly well here, but the basic problem is in deferral, and that has not been touched at all.

Mr. President, that problem is not touched at all in the committee bill. It is this lodestone, this magnet, that may be the decisive factor, next year and the year after and the year after that, in the establishment of factories abroad, bringing unemployment to our own people, worsening our balance-of-payments problem, and increasing the import competition that comes most severely from goods manufactured abroad by American capital and American know-how, imported into the United States, sold by well-established distribution chains, under well-established and well-known American labels and brand names.

Mr. President, how much time have I left?

The PRESIDING OFFICER. Five and one-half minutes.

Mr. GORE. Mr. President, I should like to cite some statistics from a study and survey reported in the U.S. News & World Report for January 1, 1962. The report concerned 75 firms with substantial foreign sales. In 1950 these firms manufactured abroad 36 percent of the products they sold abroad. The same U.S. corporations in 1955 manufactured abroad 56 percent of their foreign sales. In 1960 the figure had increased to 68 percent. The trend is continuing.

So we find that American manufacturing abroad is displacing exports from U.S. factories; and then there is the backwash, which we are now beginning to get in large volume—the importation into the United States of those products manufactured abroad by these subsidiaries of U.S. corporations. Today, Mr. President, if only a little over 1 percent of the $9 billion of sales by U.S.-owned European subsidiaries displaces sales from the United States or if 8 percent of the sales outside the country of production displace U.S. sales, the net export effect of U.S. subsidiary investment would be lost. As for creating domestic jobs, a dollar invested in Europe has the effect, through increased exports, of only 10 cents invested at home. But a dollar invested at home generates 40 cents worth of continuing production.

Foreign profits are becoming more important and inducing additional outflows of capital. The 1960 profits of foreign subsidiaries and branches of U.S.-controlled corporations totaled $3,500 million after foreign taxes.

Mr. President, I wish to point out how much this means, and what an enticement it is to the movement abroad of American industry. A study by the American Management Association, conducted in 1960, and reported in Business Week for December 31, 1960, shows that:

> Because of tax differentials, the reinvestment of foreign earnings over a 3-year period

can provide roughly double the rate of profit accumulation for reinvestment that is possible under domestic tax schedules.

Think of that, Mr. President. I ask Senators who have engaged in our free-enterprise system to contemplate a situation in which in 3 years' time one can double his rate of profit accumulation for reinvestment abroad over what one could do here at home.

Again I ask, why do we provide a tax subsidy for this flight of capital? Why do we provide a tax incentive for the outflow of jobs and industry? What is the sense of it?

Mr. President, I am not proposing to stop the outflow of capital. Frankly, I feel that the time may be just around the corner when direct regulation may be considered by Congress. But I am not proposing that now. I am only proposing to strike down the tax incentive for such export of capital.

I know that it is argued that the United States will receive a return on foreign investments. Perhaps it will; but we do not know just when that will happen. It may be 12 to 16 years before current investments pay off. The United Kingdom insists on a 2-year payback, before authorities there will authorize investment capital outflow.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. GORE. Mr. President, I see that my time has terminated.

Mr. MANSFIELD. Mr. President, how much time remains available to the Senator from Oklahoma?

The PRESIDING OFFICER. Two minutes.

Mr. MANSFIELD. I yield that time to the Senator from Tennessee.

Mr. GORE. I thank the distinguished majority leader.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 additional minutes.

Mr. GORE. Mr. President, I say now is the time to deal with this tax problem. The bill contains mild, timid, half-way effective treatment of the subject. I have offered an amendment which, in my opinion, will deal effectively with the subject; and in the opinion of the Secretary of the Treasury, the amendment will deal effectively with the subject.

I repeat that I have submitted an amendment which was drafted by the Treasury Department, was submitted to the Senate Finance Committee, was recommended by the Secretary of the Treasury, and was recommended by the President of the United States. It is true that the amendment does not bear the endorsement of the Senate Finance Committee; but I have every right to appeal that decision to the Senate.

The PRESIDING OFFICER. The additional time yielded to the Senator from Tennessee has expired.

Mr. GORE. Mr. President, I am ready for the vote to be taken.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Washington [Mr. MAGNUSON], and the Senator from Virginia [Mr. BYRD] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming [Mr. HICKEY] and the Senator from Mississippi [Mr. EASTLAND] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON] and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Kentucky [Mr. MORTON] and the Senator from New Hampshire [Mr. MURPHY] would each vote "nay."

The result was announced—yeas 30, nays 58, as follows:

[No. 242 Leg.]

YEAS—30

Bartlett
Burdick
Byrd, W. Va.
Carroll
Church
Clark
Douglas
Ervin
Gore
Gruening
Hart
Hill
Jackson
Kefauver
Lausche
Long, Hawaii
Mansfield
McGee
McNamara
Metcalf
Morse
Moss
Muskie
Neuberger
Pastore
Proxmire
Randolph
Sparkman
Yarborough
Young, Ohio

NAYS—58

Aiken
Allott
Beall
Boggs
Bush
Butler
Cannon
Capehart
Carlson
Case
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Engle
Fong
Fulbright
Hartke
Hayden
Hickenlooper
Holland
Hruska
Humphrey
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Long, Mo.
Long, La.
McCarthy
McClellan
Miller
Monroney
Mundt
Pearson
Pell
Prouty
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NOT VOTING—12

Anderson
Bennett
Bible
Bottum
Byrd, Va.
Eastland
Goldwater
Hickey
Magnuson
Morton
Murphy
Symington

So Mr. GORE's amendment was rejected.

Mr. KERR. Mr. President, I move to reconsider the action whereby the amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, I offer my amendment 8-29-62—A, and I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD without being read.

The amendment is as follows:

On page 354, beginning with line 4, strike out all through line 19 on page 369 and insert the following:

"SEC. 19. WITHHOLDING OF INCOME TAX AT SOURCE ON INTEREST, DIVIDENDS, AND PATRONAGE DIVIDENDS.

"(a) IN GENERAL.—

"(1) AMENDMENT OF SUBTITLE C.—Subtitle C (relating to employment taxes and collection of income tax at source) is amended by redesignating chapter 25 as chapter 26 and by inserting after chapter 24 the following new chapter:

" 'CHAPTER 25—COLLECTION OF INCOME TAX AT SOURCE ON INTEREST, DIVIDENDS, AND PATRONAGE DIVIDENDS

" 'SUBCHAPTER A. Interest.
" 'SUBCHAPTER B. Dividends.
" 'SUBCHAPTER C. Patronage dividends.
" 'SUBCHAPTER D. General provisions.

" '*Subchapter A—Interest*

" 'Sec. 3451. Income tax collected at source on interest.
" 'Sec. 3452. Interest defined.

" 'SEC. 3451. INCOME TAX COLLECTED AT SOURCE ON INTEREST.

" '(a) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this chapter, every person who pays interest shall deduct and withhold on such interest a tax equal to 20 percent of the amount thereof.

" '(b) PAYEE UNKNOWN.—If the withholding agent is unable to determine the person to whom the interest is payable, the tax under this section shall be deducted and withheld at the time payment of the interest would be made if such person were known.

" '(c) CROSS REFERENCES.—

" '(1) For credit, against income tax of the recipient of the income, of amounts deducted and withheld under this section, see section 39.

" '(2) For special rules as to credit or refund of such amounts, see sections 3484, 3485, 3486, 3487, and 3505.

" '(3) For exemption from requirement of deducting and withholding on certain interest paid to certain persons, see section 3483.

" 'SEC. 3452. INTEREST DEFINED.

" '(a) GENERAL RULE.—For purposes of this chapter, the term "interest" means—

" '(1) interest on evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a corporation with interest coupons or in registered form, and, to the extent provided in regulations prescribed by the Secretary or his delegate, interest on other evidences of indebtedness issued by a corporation of a type offered by corporations to the public;

" '(2) interest on amounts held by an insurance company under an agreement to pay interest thereon;

" '(3) interest on deposits with stockbrokers;

" '(4) interest on obligations of the United States; and

" '(5) in the case of a non-interest-bearing obligation of the United States—

" '(A) issued on a discount basis, and

" '(B) having a maturity date more than one year from the date of issue,

the amount by which the amount paid on surrender or redemption exceeds the issue price.

" '(b) EXCEPTIONS.—For purposes of this chapter, the term "interest" does not include—

" '(1) interest on obligations described in section 103(a) (1) or (3) (relating to interest on certain governmental obligations);

" '(2) any amount paid by—

" '(A) a foreign government or international organization,

" '(B) a foreign corporation not engaged in trade or business within the United States,

" '(C) a nonresident alien individual not engaged in trade or business within the United States, or

" '(D) a partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens;

" '(3) any amount paid by one corporation to another corporation, if both corporations are members of the same affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group;

" '(4) interest subject to withholding under subchapter A of chapter 3 (sec. 1441 and following, relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such interest, or which would be so subject to withholding by such person, but for the fact that it is not treated as income from sources within the United States;

" '(5) any amount on which the withholding agent is required to deduct and withhold a tax under section 1451 (relating to tax-free covenant bonds), or would be so required but for section 1451(d) (relating to benefit of personal exemptions);

" '(6) any amount described in subsection (a)(5) paid to a State or a foreign government or international organization.

" '(c) Exemption for United States.—The Secretary may authorize exemption from the tax imposed by section 3451 for any amount paid by the United States or any wholly owned agency or instrumentality thereof to the United States or any wholly owned agency or instrumentality thereof if the Secretary determines that the imposition of the tax with respect to such amount will cause a burden or expense which can be avoided by granting the tax exemption.

*" 'Subchapter B—Dividends*

" 'Sec. 3461. Income tax collected at source on dividends.
" 'Sec. 3462. Dividend defined.

" 'Sec. 3461. Income Tax Collected at Source on Dividends.

" '(a) Requirement of Withholding.—Except as otherwise provided in this chapter, every person who pays a dividend shall deduct and withhold on such dividend a tax equal to 20 percent of the amount thereof.

" '(b) Payee Unknown.—If the withholding agent is unable to determine the person to whom the dividend is payable, the tax under this section shall be deducted and withheld at the time payment of the dividend would be made if such person were known.

" '(c) Amount of Dividend Unknown.—If the withholding agent is unable to determine the portion of a distribution which is a dividend, the tax under this section shall be computed on the entire amount of the distribution.

" '(d) Cross References.—

" '(1) For credit, against income tax of the recipient of the income, of amounts deducted and withheld under this section, see section 39.

" '(2) For special rules as to credit or refund of such amounts, see sections 3484, 3485, 3486, 3487, and 3505.

" '(3) For exemption from requirement of deducting and withholding on dividends paid to certain individuals, see section 3483.

" 'Sec. 3462. Dividend Defined.

" '(a) General Rule.—For purposes of this chapter, the term "dividend" means—

" '(1) any distribution by a corporation which is a dividend (as defined in section 316); and

" '(2) any payment made by a stockholder to any person as a substitute for a dividend (as so defined).

" '(b) Exceptions.—For purposes of this chapter, the term "dividend" does not include—

" '(1) any amount paid in the stock, or rights to acquire the stock, of the distributing corporation if the distribution is not includible in gross income of the recipient under the provisions of section 305 (relating to distributions of stock and stock rights);

" '(2) any distribution to the extent that, under chapter 1—

" '(A) the amount thereof is treated by the recipient as an amount received on the sale or exchange of property, or

" '(B) gain or loss to the recipient is not recognized;

" '(3) any amount which is includible in gross income as a taxable dividend by reason of the provisions of section 302 (relating to redemptions of stock), 306 (relating to dispositions of certain stock), 356 (relating to receipt of additional consideration in connection with certain reorganizations), or 1081(e)(2) (relating to certain distributions pursuant to order of the Securities and Exchange Commission);

" '(4) any amount paid by one corporation to another corporation, if both corporations are members of the same affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group;

" '(5) an amount which—

" '(A) is subject to withholding under subchapter A of chapter 3 (sec. 1441 and following, relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such amount, or

" '(B) would be subject to withholding under such subchapter A by the person paying such amount but for—

" '(i) the fact that it is attributable to income from sources outside the United States, or

" '(ii) the fact that the payor thereof is excepted from the application of section 1441(a) by the provisions of section 1441(c);

" '(6) any amount paid by a foreign corporation not engaged in trade or business within the United States;

" '(7) any amount described in section 1373 (relating to undistributed taxable income of electing small business corporations);

" '(8) amounts paid pursuant to the terms of a lease entered into before January 1, 1954, if under such lease the shareholders of the lessor corporation are entitled to such amounts without deduction for any tax which any law of the United States might require to be deducted and withheld on the payment of dividends.

*"Subchapter C—Patronage dividends*

" 'Sec. 3471. Income tax collected at source on patronage dividends.
" 'Sec. 3472. Amounts subject to withholding.

" 'Sec. 3471. Income Tax Collected at Source on Patronage Dividends.

" '(a) Requirement of Withholding.—Except as otherwise provided in this chapter, every cooperative to which part I of subchapter T of chapter 1 applies which pays an amount described in section 3472 shall deduct and withhold on such amount a tax equal to 20 percent of such amount.

" '(b) Payee Unknown.—If the withholding agent is unable to determine the person to whom the amount is payable, the tax under this section shall be deducted and withheld at the time payment of the amount would be made if such person were known.

" '(c) Cross References.—

" '(1) For credit, against income tax of the recipient of the income, of amounts deducted and withheld under this section, see section 39.

" '(2) For special rules as to credit or refund of such amounts, see sections 3484, 3485, 3486, 3487, and 3505.

" '(3) For exemption from requirement of deducting and withholding on amounts paid to certain individuals, see section 3483.

" 'Sec. 3472. Amounts Subject to Withholding.

" '(a) General Rule.—Except as otherwise provided in this section or section 3483, the amounts subject to deduction and withholding under section 3471 are—

" '(1) the amount of any patronage dividend (as defined in section 1388(a)) which is paid in money, qualified written notices of allocation (as defined in section 1388(c)), or other property (except nonqualified written notices of allocation as defined in section 1388(d)), and

" '(2) any amount, described in section 1382(c)(2)(A) (relating to certain nonpatronage distributions), which is paid in money, qualified written notices of allocation, or other property (except nonqualified written notices of allocation) by an organization exempt from tax under section 521 (relating to exemption of farmers' cooperatives from tax).

" '(b) Exceptions.—The provisions of section 3471 shall not apply to—

" '(1) any amount paid by one corporation to another corporation, if both corporations are members of the same affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group;

" '(2) an amount which—

" '(A) is subject to withholding under subchapter A of chapter 3 (sec. 1441 and following, relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such amount, or

" '(B) would be subject to withholding under such subchapter A by the person paying such amount but for the fact that it is attributable to income from sources outside the United States; and

" '(3) any amount paid by a foreign corporation not engaged in trade or business within the United States.

" '(c) Exemption for Certain Consumer Cooperatives.—A cooperative which the Secretary or his delegate determines is primarily engaged in selling at retail goods or services of a type that are generally for personal, living, or family use shall, upon application to the Secretary or his delegate, be granted exemption from the tax imposed by section 3471. Application for exemption under this subsection shall be made in accordance with regulations prescribed by the Secretary or his delegate.

" '(d) Determination of Amount Paid.—For purposes of this subchapter, in determining amounts paid—

" '(1) property (other than a written notice of allocation) shall be taken into account as its fair market value, and

" '(2) a qualified written notice of allocation shall be taken into account as its stated dollar amount.

*" 'Subchapter D—General Provisions*

" 'Sec. 3481. Liability for return and payment of withheld tax.
" 'Sec. 3482. Return and payment by United States.
" 'Sec. 3483. Exemption certificates.
" 'Sec. 3484. Refund of tax to individuals.
" 'Sec. 3485. Refund of tax to States, tax-exempt organizations, etc.
" 'Sec. 3486. Refund of tax to corporation.
" 'Sec. 3487. Credit for tax withheld on corporation.
" 'Sec. 3488. Obligation sold between interest-payment dates.
" 'Sec. 3489. Presumption.
" 'Sec. 3490. Definitions.

" 'Sec. 3481. Liability for Return and Payment of Withheld Tax.

" '(a) General Rule.—Every person required to deduct and withhold any tax under this chapter shall, on or before the last day of the first month following the close of each quarter of his taxable year, make a return of the tax required to be deducted and withheld during such quarter and pay the tax to the officer designated in section 6151. The withholding agent shall be liable for the payment of the taxes required to be deducted and withheld under this chapter, and shall not otherwise be liable to any person for the amount of any such payment.

" '(b) Tax Paid by Recipient.—If the withholding agent, in violation of the provisions of this chapter, fails to deduct and withhold any tax under this chapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the withholding agent; but this subsection shall in no case relieve the withholding agent from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

" '(c) Cross Reference.—

" 'For limitation on the use of Government depositaries in the collection of taxes deducted and withheld under this chapter, see the last sentence of section 6302(c).

" 'Sec. 3482. Return and Payment by United States.

" 'If the withholding agent is the United States the return of the tax deducted and withheld under this chapter may be made by an officer or employee of the United States having control of the payment of the amount subject to withholding, or appropriately designated for that purpose.

" 'Sec. 3483. Exemption Certificates.

" '(a) General Rules.—

" '(1) Individuals under age 18.—Any individual may file with any withholding agent an exemption certificate on which he certifies the date of his birth. If such a certificate is filed, all amounts payable by such withholding agent to such individual, on and after the effective date for such certificate and before the beginning of the calendar year during which the certificate indicates that he will attain age 18, shall be exempt from the requirement of deducting and withholding under this chapter.

" '(2) Individuals over age 17.—Any individual may file with any withholding agent an exemption certificate on which he certifies—

" '(A) that he will have attained age 18 before the close of the calendar year for which such certificate is filed, and

" '(B) that he reasonably believes that he will not (after the application of the credits against tax provided by part IV of subchapter A of chapter 1, other than the credits under sections 31 and 39) be liable for the payment of any tax under chapter 1 for each of his taxable years any portion of which is included in the period for which such certificate will be in effect.

If such a certificate is filed, all amounts payable by such withholding agent to such individual during the period such certificate is in effect shall be exempt from the requirement of deducting and withholding under this chapter. Except as may otherwise be provided in regulations prescribed by the Secretary or his delegate, an exemption certificate filed by an individual described in this paragraph shall remain in effect only for the period beginning on the effective date of such certificate and ending at the close of the calendar year in which such period begins.

" '(3) Tax-exempt organizations.—

" '(A) Any organization (other than a cooperative described in section 521) which is exempt from the tax imposed by chapter 1 may file with any withholding agent who pays amounts described in section 3452(a)(5) an exemption certificate on which it certifies that it is such an organization. If such a certificate is filed, all amounts described in section 3452(a)(5) payable by such withholding agent to such organization on and after the effective date for such certificate shall (except as provided in subparagraph (B)) be exempt from the requirement of deducting and withholding under this chapter.

" '(B) An exemption certificate filed by an organization under subparagraph (A) shall cease to be effective on the thirtieth day after the day on which the withholding agent, with whom such certificate was filed, is notified by either the organization or the Secretary or his delegate that the organization is no longer exempt from the tax imposed by chapter 1. If an organization ceases to be exempt from such tax, it shall, within the time specified in regulations prescribed by the Secretary or his delegate, so notify each withholding agent with whom it has an exemption certificate in effect.

" '(b) Exceptions and Special Rules.—

" '(1) Certain exceptions.—This section shall not apply to any amount—

" '(A) described in section 3452(a)(1) (relating to interest on evidences of indebtedness), or

" '(B) described in section 3452(a)(4) (relating to interest on obligations of the United States).

" '(2) Series E bonds, etc.—In the case of transactions involving the redemption of one or more obligations described in section 3452(a)(5) (relating to certain obligations of the United States issued on a discount basis), a separate certificate shall be filed with respect to each such transaction.

" '(3) Nominees, custodians, and joint ownerships.—Under regulations prescribed by the Secretary or his delegate, the exemption provided by subsection (a) may be extended, in a manner consistent with the other provisions of this section, to—

" '(A) amounts (other than amounts described in section 3462(a), relating to dividends) paid through nominees;

" '(B) amounts paid to custodians; and

" '(C) amounts paid jointly to 2 or more individuals;

" '(4) Effective date of certificate.—Any exemption certificate under this section shall take effect on such day as is specified in accordance with regulations prescribed by the Secretary or his delegate.

" '(5) Form and contents of certificate and notice.—Any exemption certificate under this section, and any notice under subsection (a)(3)(B), shall be in such form and contain such information as the Secretary or his delegate may by regulations prescribe.

" '(c) Cross Reference.—

" 'For penalty for filing fraudulent certificate, or for failing to provide notice, under this section, see section 7205.

" 'Sec. 3484. Refund of Tax to Individuals.

" '(a) General Rule.—Except as provided in subsection (e), the tax deducted and withheld under this chapter with respect to amounts received by an individual during any quarter (other than the fourth quarter) of his taxable year (together with any tax so deducted and withheld on amounts which were received by him during any prior quarter of such year and with respect to which no allowable claim for refund has been filed under this section) shall, to the extent such tax does not exceed his refund allowance as of the time the claim for refund is filed, be promptly refunded to him as an overpayment of tax. A refund of tax shall be made under this section only if the amount claimed and allowable equals or exceeds $10.

" '(b) Refund Allowance.—For purposes of this section, the refund allowance of an individual as of the time the claim for refund is filed is an amount equal to the excess, if any, of—

" '(1) an amount equal to 22 percent of—

" '(A) the total of the deductions which, on the basis of facts existing at the time the claim for refund is filed, such individual would be allowed for the taxable year under section 151 (relating to deductions for personal exemptions), plus

" '(B) in the case of an individual who, at the time the claim for refund is filed, reasonably expects that he will be allowed a credit under section 37 (relating to retirement income) for the taxable year, the amount which, at such time, such individual reasonably expects to be the amount of his retirement income (as defined in section 37(c) and as limited by section 37(d)) for the taxable year, less

" '(C) the amounts (other than amounts on which tax is required to be deducted and withheld under this chapter) which, at the time the claim for refund is filed, such individual reasonably expects to be includible in his gross income for the taxable year; over

" '(2) the amounts of tax with respect to which an allowable claim for refund has been previously filed under this section during the taxable year.

For purposes of paragraph (1)(C), an individual who files more than one claim for refund under this section for any taxable year may use the estimate for the preceding claim for such year unless, at the time he files the claim, he reasonably expects the amounts referred to in paragraph (1)(C) to exceed such prior estimate by more than $100.

" '(c) Married Individuals.—For purposes of subsections (a), (b), and (d), married individuals shall be treated as an individual if, at the time the claim for refund is filed, they reasonably expect that they will file a joint return for the taxable year in which such claim is filed.

" '(d) Time for Filing Claim.—Not more than one claim may be filed under this section by any individual during any quarter of his taxable year. A refund of tax deducted and withheld on amounts received during a taxable year shall be made under this section only if claim therefor is filed on or before the last day of such taxable year.

" '(e) Individuals Not Eligible for Refund.—No claim for refund may be filed under this section by—

" '(1) any individual (other than an individual referred to in paragraph (2) or (3)) unless, at the time the claim for refund is filed, he reasonably expects that his gross income for the taxable year will not exceed $5,000;

" '(2) any married individual unless, at the time the claim for refund is filed, he reasonably expects that the aggregate gross income of such individual and his spouse for the taxable year will not exceed $10,000;

" '(3) a head of a household (as defined in section 1(b)(2)) or a surviving spouse (as defined in section 2(b)) unless, at the time the claim for refund is filed, he reasonably expects that his gross income for the taxable year will not exceed $10,000; or

" '(4) any child, unless, at the time the claim for refund is filed, he reasonably expects that no deduction would be allowed for him under section 151(e)(1)(B) for the taxable year of his parent (or parents) beginning with or within the calendar year in which the claim for refund is filed.

" '(f) Cross Reference.—

" 'For credit or refund of amounts not refunded under this section, see section 39.

" 'Sec. 3485. Refund of Tax to States, Tax-Exempt Organizations, Etc.

" '(a) General Rule.—In the case of a person which is—

" '(1) the United States or a State,

" '(2) an organization (other than a cooperative described in section 521) which is exempt from the tax imposed by chapter 1,

" '(3) a foreign government or international organization, or

" '(4) a foreign central bank of issue,

if the tax deducted and withheld under this chapter with respect to amounts received by such person during any calendar quarter exceeds the credit, if any, claimed by and allowable to such person under section 3505 (relating to credit against employment taxes) for such quarter, the excess (together with any such excess for any prior quarter of the same calendar year with respect to which no refund has been claimed and allowed under this section) shall be promptly refunded or credited to such person as an overpayment of tax. In the case of a person to which paragraph (4) applies, the amount which may be refunded or credited against this section shall not exceed the amount of tax deducted and withheld under section 3451 on interest paid on obligations of the United States which are not held for, or used in connection with, the conduct of commercial banking functions or other commercial activities.

" '(b) Cross References.—

" '(1) For period of limitation for filing claim under this section, see section 6511.

" '(2) For presumed date of payment for purposes of (A) period of limitation, see section 6513(b), and (B) allowance of interest on overpayments, see section 6611(d).

" 'Sec. 3486. Refund of Tax to Corporation.

" '(a) General Rule.—If the tax deducted and withheld under this chapter with respect to amounts received by a corporation (other than a corporation described in section 3485(a)) during any quarter (other than the fourth quarter) of its taxable year exceeds the amount claimed by and allowable to such corporation under section 3487 as a credit against its liability for tax under this chapter for such quarter, the excess (together with any such excess for any prior quarter of the same year with respect to which no refund has been claimed and allowed under this section) shall be promptly refunded or credited to such corporation as an overpayment of tax. A refund of tax shall be made under this section only if claim therefor is filed after the close of the period covered by the claim and on or before the last day of the taxable year.

" '(b) Cross Reference.—

" 'For credit or refund of amounts not refunded under this section, see section 39.

" 'Sec. 3487. Credit for Tax Withheld on Corporation.

" '(a) General Rule.—Any tax deducted and withheld under this chapter with respect to amounts received by a corporation (other than a corporation described in section 3485(a)) during a taxable year shall, to the extent not claimed and allowable as a credit or refund to the corporation under section 3486, be allowed, under regulations prescribed by the Secretary or his delegate, as a credit against (but not in excess of) the tax for which such corporation is liable under this chapter in respect of amounts paid by it during such year.

" '(b) Dividends and Patronage Dividends Paid During Taxable Year.—For purposes of determining the credit allowable to any corporation under subsection (a), a dividend, or amount subject to withholding under section 3471, paid by it may be considered as having been paid during the taxable year—

" '(1) in the case of a personal holding company, if treated as paid during such taxable year under section 563(b),

" '(2) in the case of a regulated investment company, if treated as paid during such taxable year under section 855(a),

" '(3) in the case of a real estate investment trust, if treated as paid during such taxable year under section 858(a), or

" '(4) in the case of a cooperative described in section 1381(a), if paid during the payment period (as defined in section 1382(d)) for such taxable year.

" '(c) Special Rule for Corporations Which Are Members of an Affiliated Group.—To the extent and subject to such conditions as may be provided in regulations prescribed by the Secretary or his delegate, the tax deducted and withheld under this chapter with respect to amounts received by a corporation which is a member of an affiliated group which filed a consolidated return for the preceding taxable year of the affiliated group may, for purposes of this section, be treated as tax deducted and withheld under this chapter from any corporation which is a member of the same affiliated group.

" 'Sec. 3488. Obligation Sold Between Interest-Payment Dates.

" 'For purposes of any credit or refund provided in section 3484, 3485, 3486, or 3487, in the case of an obligation which is sold or exchanged between interest-payment dates the amount required to be deducted and withheld on the interest at the end of the interest-payment period shall be treated in the manner provided in section 39(c).

" 'Sec. 3489. Presumption.

" 'For purposes of establishing that any person is entitled to a credit or refund of any tax required to be deducted and withheld under this chapter with respect to amounts received by such person, the correct amount of such tax shall, in the absence of evidence to the contrary, be presumed to have been so deducted and withheld.

" 'Sec. 3490. Definitions.

" 'For purposes of this chapter—

" '(1) Person.—The term "person" includes the United States, a State, a foreign government, and an international organization.

" '(2) State.—The term "State" includes a State, the District of Columbia, a possession of the United States, any political subdivision of any of the foregoing, and any wholly owned agency or instrumentality of any one or more of the foregoing.

" '(3) Foreign government.—The term "foreign government" includes a foreign government, a political subdivision of a foreign government, and any wholly owned agency or instrumentality of any one or more of the foregoing.

" '(4) Nonresident alien.—The term "nonresident alien individual" includes an alien resident of Puerto Rico.'

"(2) Clerical amendments, etc.—

"(A) The heading for subtitle C is amended to read as follows:

" 'Subtitle C— Employment Taxes and Collection of Income Tax at Source'

"(B) The table of chapters for subtitle C is amended by striking out the last line and inserting in lieu thereof the following:

" 'Chapter 25. Collection of income tax at source on interest, dividends, and patronage dividends.

" 'Chapter 26. General provisions relating to employment taxes and collection of income taxes at source.'

"(C) The table of subtitles under the heading 'Internal Revenue Title' at the beginning of the Internal Revenue Code of 1954 is amended by striking out the third line and inserting in lieu thereof the following:

" 'Subtitle C. Employment taxes and collection of income tax at source.'

"(D) The heading for chapter 26 (as redesignated by paragraph (1) of this subsection) is amended to read as follows:

" 'Chapter 26—General Provisions Relating to Employment Taxes and Collection of Income Taxes at Source'

"(b) Credits Against Income Tax for Tax Withheld.—

"(1) Allowance of credit.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by inserting after section 38 (added by section 2 of this Act) the following new section:

" 'Sec. 39. Tax Withheld on Interest, Dividends, and Patronage Dividends.

" '(a) General Rule.—Under regulations prescribed by the Secretary or his delegate, the tax deducted and withheld under chapter 25 (relating to withholding at source on interest, dividends, and patronage dividends) shall be allowed, to the recipient of the amount with respect to which such tax was deducted and withheld, as a credit aginst the tax imposed by this subtitle for the taxable year in which such amount is received.

" '(b) Special Rule for Dependent Children.—If—

" '(1) the taxpayer for his taxable year is entitled to a deduction under section 151(e)(1)(B) with respect to a child, and

" '(2) such child had, for the calendar year ending with or within the taxpayer's taxable year—

" '(A) gross income of less than $600, and

" '(B) no wages (as defined in section 3401(a)) with respect to which withholding was required under chapter 24,

then, under regulations prescribed by the Secretary or his delegate, the taxpayer shall be entitled to the credit provided by subsection (a) with respect to amounts received by such child during such calendar year, but only if such child has not filed any claim for credit or refund of any portion of the tax deducted and withheld with respect to such amounts.

" '(c) Apportionment of Credit.—For purposes of subsection (a), if an obligation is sold or exchanged between interest-payment dates—

" '(1) so much of the amount required to be deducted and withheld on the interest at the end of the interest-payment period as is properly allocable to that part of such period which ends on the date of the sale or exchange shall be treated as an amount deducted and withheld from the transferor on the date of the sale or exchange, and

" '(2) so much of such amount as is properly allocable to that part of such period which begins on the day after the date of the sale or exchange shall be treated as an amount deducted and withheld from the transferee.

" '(d) Limitations.—The credit provided by subsection (a) shall not be allowed—

" '(1) Refund to individuals.—To any individual with respect to any amount of tax allowed him as a refund under section 3484.

" '(2) Credit or refund to states, etc.—To any person with respect to any amount of tax allowable to such person as a credit or refund under section 3485 or as a credit under section 3505.

" '(3) Credit or refund to corporations.—To any person with respect to any amount of tax allowed such person as a credit or refund under section 3486 or as a credit under section 3487.

" '(4) Certain dependent children.—To any person with respect to any amount of tax which has been claimed and is allowable as a credit to such person's parent by reason of the provisions of subsection (b).

" '(5) Nominees, etc.—To any person with respect to any amount of tax allowed such person as a credit under section 1444(b).'

"(2) Common trust funds.—Section 584 (c) (relating to the income of participants in the fund) is amended by adding at the end thereof the following new paragraph:

" '(3) Tax withheld at source on interest, dividends, and patronage dividends.—In any case where tax under chapter 25 is deducted and withheld on any amounts received by a common trust fund, for purposes of any credit or refund provided in section 39 or 3505, or chapter 25, such tax shall, in accordance with regulations prescribed by the Secretary or his delegate, be considered as having been deducted and withheld proportionately from each participant.'

"(3) Estates and trusts.—Section 642(a) (relating to special rules for credits and deductions in the case of estates and trusts) is amended by adding at the end thereof the following new paragraph:

" '(4) Tax withheld at source on interest, dividends, and patronage dividends.—In any case where tax under chapter 25 is deducted and withheld on any amounts received by an estate or trust, for purposes of any credit or refund provided in section 39 or 3505, or chapter 25, such tax shall, in accordance with regulations prescribed by the Secretary or his delegate, be considered as having been deducted and withheld from each beneficiary in an amount which, when added to the amounts paid, credited, or required to be distributed to him, equals the amounts which would have been paid, credited, or required to be distributed to him in the absence of chapter 25. Any tax under chapter 25 which is deducted and withheld on amounts received by the estate or trust shall be considered as withheld from such estate or trust to the extent it is not considered as withheld from a beneficiary under the provisions of the preceding sentence.'

"(4) Technical amendments.—

"(A) Section 164(b)(1) (relating to deduction denied in the case of certain taxes) is amended by—

"(i) striking out the word 'and' at the end of subpargaraph (B);

"(ii) striking out the comma at the end of subparagraph (C) and inserting '; and'; and

"(iii) adding after subparagraph (C) the following new subparagraph:

" '(D) the tax withheld at source under chapter 25 (relating to collection of income tax at source on interest, dividends, and patronage dividends),'.

"(B) Section 874(a) (relating to allowance of deductions and credits to nonresident alien individuals) is amended by striking '31 and 32' and inserting in lieu thereof '31, 32, and 39'.

"(C) Section 1314(e) (relating to inapplicability of part II of subchapter Q of chapter 1 of subtitle A to taxes imposed by subtitle C) is amended by striking 'employment taxes' and inserting in lieu thereof 'employment taxes and collection of income tax at source'.

"(D) Section 6211(b)(1) (relating to rules applicable in determination of deficiency) is amended by striking '31' and inserting in lieu thereof '31 or 39'.

"(E) The table of sections for part IV of subchapter A of chapter 1 is amended by striking out

" 'Sec. 38. Overpayments of tax.'

and inserting in lieu thereof

" 'Sec. 38. Investment in certain depreciable property.

" 'Sec. 39. Tax withheld on interest, dividends, and patronage dividends.

" 'Sec. 40. Overpayments of tax.'

"(c) Interest and Dividend Paid to Nonresident Aliens, etc.—

"(1) Withholding rate.—

"(A) Section 1441 (relating to withholding of tax on nonresident aliens) is amended by adding at the end thereof the following new subsection:

" '(e) Treaties.—In the case of amounts described in section 3452(a) (relating to interest), section 3462(a) (relating to dividends), and section 3472(a) (relating to patronage dividends), the tax required to be deducted and withheld under subsection (a) shall not by reason of the provisions of any treaty be less than 20 percent of such amounts.'

"(B) Section 1442 (relating to withholding of tax on foreign corporations) is amended by adding at the end thereof the following new sentence: 'In the case of amounts described in section 3452(a) (relating to interest), section 3462(a) (relating to dividends), and section 3472(a) (relating to patronage dividends), the tax required to be deducted and withheld under the preceding sentence shall not by reason of the provisions of any treaty be less than 20 percent of such amounts.'

"(2) Nominees, etc.—Subchapter A of chapter 3 (relating to withholding of tax on nonresident aliens and foreign corporations) is amended by adding at the end thereof the following new section:

" 'Sec. 1444. Interest and Dividends Paid to Nominees; Credits to Withholding Agents.

" '(a) Withholding of Tax by Payor.—Under regulations prescribed by the Secretary or his delegate, every person who pays amounts subject to withholding under chapter 25 and who has been notified by a payee thereof that the payee is a nominee required to deduct and withhold on such amounts under section 1441 or 1442 shall, in lieu of the nominee, deduct and withhold from such amounts paid to the nominee the tax required to be deducted and withheld under section 1441 or 1442, in the same manner as if such amounts were paid by such person directly to the beneficial owner thereof.

" '(b) Credits to Withholding Agents.—In the case of any person who is required to deduct and withhold tax under section 1441 or 1442 in respect of amounts received by him during any calendar year on which tax was deducted and withheld (or, in the case of amounts described in section 39(c)(1), was treated as deducted and withheld) under chapter 25, the taxes so deducted and withheld (or treated as deducted and withheld) under chapter 25 shall, under regulations prescribed by the Secretary or his delegate, be allowed as a credit against (but not in excess of) his liability for the year in respect of the taxes imposed by sections 1441 and 1442.'

"(3) Clerical amendment.—The table of sections for subchapter A of chapter 3 is amended by adding at the end thereof the following:

" 'Sec. 1444. Interest and dividends paid to nominees; credits to withholding agents.'

"(d) Credit for States and Tax-Exempt Organizations.—

"(1) Allowance of credit.—Chapter 26 (general provisions relating to employment taxes and income tax withheld at source) is amended by adding at the end thereof the following new section:

" 'Sec. 3505. Special Credit in Case of States or Tax-Exempt Organizations.

" '(a) General Rule.—In the case of a person which is a State (as defined in section 3490(2)) or which is an organization (other than a cooperative described in section 521) which is exempt from the tax imposed by chapter 1, the tax deducted and withheld under chapter 25 with respect to amounts received by it during any calendar quarter shall be allowed, under regulations prescribed by the Secretary or his delegate, as a credit against (but not in excess of) such person's liability (after the adjustments, if any, provided for in sections 6205(a) and 6413(a) for such quarter in respect of the taxes imposed by chapter 21 (Federal Insurance Contributions Act) and by chapter 24 (collection of income tax at source on wages). Such credit shall be allowed only if claim therefor is made, in accordance with such regulations, at the time of the filing of the return with respect to the taxes under chapter 21 and chapter 24 for such quarter.

" '(b) Obligations Sold Between Interest-Payment Dates.—For purposes of this section, in the case of an obligation which is sold or exchanged between interest-payment dates, the amount required to be deducted and withheld on the interest at the end of the interest-payment period shall be treated in the manner provided in section 39(c).

" '(c) Cross Reference.—

" 'For refund under chapter 25, see section 3485.'

"(2) Technical amendments.—

"(A) Section 3502 (relating to nondeductibility of taxes in computing taxable income) is amended by adding at the end thereof the following new subsection:

" '(c) The tax deducted and withheld under chapter 25 shall not be allowed as a deduction in computing taxable income under subtitle A either to the person deducting and withholding the tax or to the recipient of the amounts subject to withholding.'

"(B) The table of sections for chapter 26 is amended by adding at the end thereof the following:

" 'Sec. 3505. Special credit in case of States or tax-exempt organizations.'

"(e) Other Technical Amendments.—

"(1) Declaration of estimated income tax by individuals.—Section 6015(a) (relating to declaration of estimated income tax by individuals) is amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof 'and amounts on which tax is required to be deducted and withheld under chapter 25.'.

"(2) Adjustment of tax; underpayment.—

"(A) Subsection (a)(1) of section 6205 (relating to special rules relating to assessment of employment taxes) is amended by striking out 'or 3402 is paid with respect to any payment of wages or compensation,' and inserting in lieu thereof '3402, 3451, 3461, or 3471 is paid with respect to any payment of remuneration, interest, dividends, or other amounts,'.

"(B) Subsection (b) of such section is amended by striking out 'or 3402 is paid or deducted with respect to any payment of wages or compensation' and inserting in lieu thereof '3402, 3451, 3461, or 3471 is paid or deducted with respect to any payment of remuneration, interest, dividends, or other amounts'.

"(C) The heading for such section is amended to read as follows:

" 'Sec. 6205. Special Rules Applicable to Certain Taxes Under Subtitle C.'

"(D) The table of sections for subchapter A of chapter 63 is amended by striking out

" 'Sec. 6205. Special rules applicable to certain employment taxes.'

and inserting in lieu thereof

" 'Sec. 6205. Special rules applicable to certain taxes under subtitle C.'

"(3) Use of government depositaries.—Section 6302(c) (relating to use of Government depositaries) is amended by adding at the end thereof the following new sentence: 'The Secretary or his delegate shall not require the deposit under this subsection of any tax deducted and withheld under chapter

25 (relating to collection of income tax at source on interest, dividends, and patronage dividends) in a Government depositary before the last day prescribed in section 3481 for payment of the tax.'

"(4) Excessive withholding.—Section 6401(b) (relating to excessive withholding) is amended to read as follows:

"'(b) Excessive Withholding.—If the amounts allowable as credits under section 31 (relating to credit for tax withheld at source under chapter 24) and section 39 (relating to credit for tax withheld on interest, dividends, and patronage dividends under chapter 25) exceed the taxes imposed by chapter 1 against which such credits are allowable, the amount of such excess shall be considered an overpayment.'

"(5) Adjustment of tax; overpayment.—

"(A) Subsection (a)(1) of section 6413 (relating to special credit and refund rules applicable to certain employment taxes) is amended by striking out 'or 3402 is paid with respect to any payment of remuneration,' and inserting in lieu thereof '3402, 3451, 3461, or 3471 is paid with respect to any payment of remuneration, interest, dividends, or other amounts,'.

"(B) Subsection (b) of such section is amended—

"(i) By striking from the heading of such subsection the words 'of Certain Employment Taxes; and

"(ii) By striking out 'or 3402 is paid or deducted with respect to any payment of remuneration' and inserting in lieu thereof '3402, 3451, 3461, or 3471 is paid or deducted with respect to any payment of remuneration, interest, dividends, or other amounts'.

"(C) The following new subsection is added at the end of such section:

"'(e) Cross References.—

"'For special refunds or credits of tax withheld on interest, dividends, or patronage dividends under chapter 25, see sections 3484, 3485, 3486, 3487, and 3505.'

"(D) The heading for such section is amended to read as follows:

"'Sec. 6413. Special Rules Applicable to Certain Taxes Under Subtitle C.'

"(E) The table of sections for subchapter B of chapter 65 is amended by striking out

"'Sec. 6413. Special rules applicable to certain employment taxes.'

and inserting in lieu thereof

"'Sec. 6413. Special rules applicable to certain taxes under subtitle C.'

"(6) Overpayment not deducted and withheld.—Section 6414 (relating to income tax withheld) is amended by striking 'chapter 3' and inserting in lieu thereof 'chapter 3 or 25'.

"(7) Time tax considered paid.—Section 6513(b) (relating to time tax considered paid) is amended by adding at the end thereof the following new sentences: 'For purposes of section 6511 or 6512, any tax deducted and withheld under chapter 25 which is allowable under section 39, 3484, 3485, or 3486 as a credit against tax or as a refund of an overpayment (or an amount treated as an overpayment) of the tax imposed by chapter 1 shall, in respect of the person entitled to such credit or refund, be deemed to have been paid by him on the last day prescribed for filing the return (determined without regard to any extension of time for filing such return) of tax under chapter 1 for his taxable year in which the amount subject to withholding under chapter 25 is received by him or, if such person has no taxable year, on the fifteenth day of the fifth calendar month following the close of such person's annual accounting period within which such amount is received by him. In the case of an amount allowable as a credit under section 39(b) to the parent of a child, such amount shall, if claimed by the parent, be deemed to have been paid on the last day for filing his return (determined without regard to any extension of time for filing such return) for his taxable year which begins with or within the calendar year in which amounts subject to withholding under chapter 25 were received by the child.'

"(8) Failure to pay estimated income tax.—

"(A) Individuals.—Subsections (e) and (f) of section 6654 (relating to failure by individuals to pay estimated income tax) are amended to read as follows:

"'(e) Application of Section in Case of Withheld Taxes.—For purposes of applying this section—

"'(1) the estimated tax shall be computed without any reduction for amounts which the individual estimates as his credits under section 31 (relating to tax withheld at source on wages) and section 39 (relating to tax withheld on interest, dividends, and patronage dividends); and

"'(2) the amount of the credits allowed under sections 31 and 39 for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amount shall be deemed paid on each installment date (determined under section 6153) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld (or in the case of amounts described in section 39(c)(1), were treated as withheld), in which case the amounts so withheld shall be deemed payments of estimated tax on such dates.

"'(f) Tax Computed After Application of Credits Against Tax.—For purposes of subsections (b) and (d), the term "tax" means the tax imposed by chapter 1 reduced by the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credits against tax provided by section 31 (relating to tax withheld on wages) and section 39 (relating to tax withheld on interest, dividends, and patronage dividends).'

"(B) Corporations.—Section 6655 (relating to failure by corporations to pay estimated income tax) is amended—

"(i) by striking out the period at the end of subsection (e)(2)(B) and inserting in lieu thereof ', other than the credit against tax provided by section 39 (relating to tax withheld on interest, dividends, and patronage dividends).'; and

"(ii) by redesignating subsection (f) as subsection (g) and inserting after subsection (e) the following new subsection:

"'(f) Application of Section in Case of Tax Withheld on Interest, Dividends, and Patronage Dividends.—For purposes of applying this section—

"'(1) the estimated tax shall be computed without any reduction for the amount which the corporation estimates as its credit under section 39 (relating to tax withheld on interest, dividends, and patronage dividends); and

"'(2) the amount of the credit allowed under section 39 for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amount shall be deemed paid on each installment date (determined under section 6154) for such taxable year, unless the corporation establishes the dates on which all amounts were actually withheld (or in the case of amounts described in section 39(c)(1), were treated as withheld), in which case the amounts so withheld shall be deemed payments of estimated tax on such dates.'

"(9) Penalty for filing fraudulent exemption certificate.—Section 7205 (relating to fraudulent withholding exemption certificate or failure to supply information) is amended by adding the following new sentence at the end thereof: 'Any person who willfully files an exemption certificate with any withholding agent under section 3483, on which the certification is known by him to be fraudulent or to be false as to any material matter, or who is required to file a notice under subsection (a)(3)(B) of section 3483 and who willfully fails to provide such notice in the manner, at the time, and showing the information required under such subsection (a)(3)(B), or the regulations prescribed thereunder, shall, in lieu of any penalty otherwise provided, upon conviction thereof, be fined not more than $500, or imprisoned not more than 1 year, or both.'

"(10) Offenses with respect to collected taxes.—The last sentence of section 7215(b) (relating to offenses with respect to collected taxes) is amended to read as follows: 'For purposes of paragraph (2), a lack of funds existing immediately after the payment of wages or amounts subject to withholding under chapter 25 (whether or not created by the payment of such wages or amounts) shall not be considered to be circumstances beyond the control of a person.'

"(1) Definition of withholding agent.—Section 7701(a)(16) (defining the term 'withholding agent') is amended by striking out 'or 1461' and inserting in lieu thereof '1461, 3451, 3461, or 3471'.

"(f) Effective Dates.—

"(1) General rule.—Except as provided in paragraph (2), the provisions of this section shall apply in the case of interest and dividends paid on or after January 1, 1963.

"(2) Special rules.—

"(A) In the case of transferable obligations described in paragraph (1) or (6) of section 3452(a) of the Internal Revenue Code of 1954, the provisions of this section shall apply only to interest paid with respect to interest-payment periods commencing on or after January 1, 1963.

"(B) The provisions of this section shall apply to amounts described in section 3472 of such code paid on or after January 1, 1963, with respect to patronage occurring on or after the first day of the first taxable year of the cooperative beginning on or after January 1, 1963."

Mr. BUSH. Mr. President, may we have the amendment identified?

Mr. HARTKE. Mr. President, it is my amendment 8-29-62—A.

The PRESIDING OFFICER. The clerk will identify the amendment.

The Legislative Clerk. The Senator from Indiana [Mr. Hartke] offers an amendment identified as "8-29-62—A," which is, on page 354, beginning with line 4, to strike out all through line 19 on page 369 and insert a section 19, "Withholding of Income Tax at Source on Interest, Dividends, and Patronage Dividends."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. Hartke].

Mr. HARTKE. Mr. President, much has been said about the proposal to withhold taxes due on dividends and interest, and many Americans have been led to believe—I think mistakenly—that the original proposal was for new taxation. Of course, it was not.

My amendment is designed to eliminate any arguments which might come from the widows, from the children, from the older people, from the thrift associations—the savings and loan associations or the banks—because it would not cover those persons.

When I originally examined the tax bill, as I understood it to come from the President, the bill had two basic purposes. The first basic purpose was to close the tax loopholes; and the second basic purpose was to provide an incentive for business growth. Insofar as revenues were concerned, the cost of providing incentives for business growth was to be recouped by closing the hidden loopholes.

One part of that proposal was not to be a substantive change in the law, but instead a procedural change, which was to apply the same withholding provision to dividends and interest income as was applied to wages and salaries of wage earners. The proposal was to apply withholding to those who earn their living from investments and also from coupon clipping, in the same manner as it applied to income from wages; in other words, to apply the same principle of withholding to those who receive funds from the working of their dollars as is applied in the case of those who work with their hands and their minds.

My amendment would provide for the Government an estimated revenue recoupment of $530 million. It was estimated that the original proposed withholding provision would bring in, according to what I have been able to calculate from reliable reports, some $780 million. As a result Senators are to be given an opportunity to place back into the bill about three-fourths of the loss already occasioned by the failure to adopt the House withholding principle.

Frankly, the withholding provision proposal in the Finance Committee was turned down based upon the arguments made by the thrift institutions, the savings and loan institutions, and the banks. Their opposition to the bill was quite vehement.

There was a problem presented as to minors, which I thought was corrected. There was a problem with respect to the elderly, which I thought was corrected. There was a problem with respect to widows and others, which I thought was corrected.

Some people thought, however, so far as this question is concerned, that the procedure recommended would be too cumbersome. As a result, the Finance Committee proposed that a certain reporting system be adopted.

The Treasury Department has consistently said that the reporting system could not and would not provide for the recoupment of the revenue loss.

I have consistently supported this provision, both in the committee and in the Senate. I understand how Senators could be swayed, either by the large amount of mail or by arguments concerning withholding on savings accounts. Frankly, I disagree with them, but I can understand how they could be swayed by the arguments.

However, I fail to see why the entire principle of withholding should be rejected, especially in respect to those who are receiving their incomes from dividends on stocks, or those who are receiving interest on certain evidences of indebtedness, in particular stocks and corporate investments.

(At this point Mrs. NEUBERGER assumed the chair as Presiding Officer.)

Mr. HARTKE. This list of those types of interest and those types of dividends which would be covered is set forth on page 3 of my proposal, in case any Senator would like to read about that in detail.

The withholding principle in and of itself is a good principle. It has been good because it has provided not alone a means for collection. It has been helpful to the Treasury Department on a certain level. It has provided for payment by all of a fair share of the taxes.

After all, the national debt, to the extent it has been incurred—much of it due to war—is the debt of each individual person who pays taxes. It does not belong to some more than to others, merely because some have an opportunity to avoid payment of taxes or, in some cases, an opportunity to evade the payment of taxes.

Frankly, I feel that the Finance Committee and the Senate acted in good faith in striking the proposed withholding section from the bill. I assume they did. As I have said, that argument certainly can apply to dividends. It certainly cannot apply to interest on stocks and bonds. Many people are avoiding paying those amounts at the present time.

The tables shown in volume 10 of the hearings, pages 4355 and 4356, show that about 11.8 percent of dividends which are paid are never reported on income tax returns.

I believe in plugging loopholes. I think we should be fair to one group of our society as well as to others. As I have said before, the arguments which apply to widows and children, thrift associations, and banks no longer apply here.

I call attention to the fact that the minority leader and I had a little discussion about a certain statement in which he was speaking about H.R. 10. I did not oppose him on H.R. 10. I opposed my own leadership on that measure. I thought the measure had some merit.

I ask unanimous consent to have printed at this point in the RECORD an article entitled "Dirksen Tells Opposition to Tax Break for Professionals," by Carleton Kent, published in the Chicago Sun-Times on March 4, 1959.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### DIRKSEN TELLS OPPOSITION TO TAX BREAK FOR PROFESSIONALS

(By Carleton Kent)

WASHINGTON.—Senate Republican Leader EVERETT M. DIRKSEN, of Illinois, emerged Tuesday as an opponent of a tax-exemption bill supported by doctors, lawyers, and other professional persons.

Fresh from the regular weekly conference of GOP leaders with President Eisenhower, DIRKSEN told White House reporters the bill would "plow a hole" of as much as $3,365 million in Federal revenues.

The measure, which the House Ways and Means Committee has reported out favorably, is identical to one the House passed by a voice vote (no rollcall) late in the last session of Congress, and which died in the Senate Finance Committee's files.

Its authors are Representative EUGENE J. KEOGH, Republican, of New York, and Representative Richard M. Simpson, Republican, of Pennsylvania, both of whom rank high on the Ways and Means Committee.

#### PERSONAL OPPOSITION

Perhaps because Simpson also is chairman of the Republican House campaign committee, DIRKSEN emphasized that his opposition was personal, and that he had not discussed it with other Republican leaders.

Nor had President Eisenhower taken a position on the matter when DIRKSEN brought it up, the Illinois Senator said.

The Keogh-Simpson bill would permit self-employed persons to deduct from their taxable incomes up to $2,500 a year, and a total of $50,000, paid into private institutions to create pensions for themselves.

#### TELLS CHIEF OBJECTION

DIRKSEN claimed this would cost $365 million annually in Federal revenues, starting January 1, 1959, but indicated this wasn't the chief reason for his opposition.

"If you do this, teachers, railroad workers, people on social security and others who pay on pension funds could come in with good grace and ask for tax exemptions on their contributions," DIRKSEN said.

"And this would open a $3 billion hole in Federal revenues over a period of years."

The Senate minority leader indicated he might have favored the bill earlier when he added:

"My dedication to a balanced budget is such that I will assert it even if it means rejecting a commitment I had already made."

#### DOUGLAS HELD DUBIOUS

So far Senator PAUL H. DOUGLAS, Democrat, of Illinois, has not announced his position on the bill, which has an excellent chance to be passed by the House again. But his friends said he was dubious, on grounds that the bill would narrow the Federal tax base.

A leading light in pushing the Keogh-Simpson measure is Stephen A. Mitchell, Chicago attorney, former Democratic national chairman, and an old political foe. But DIRKSEN's friends said Mitchell's position had not turned DIRKSEN's sympathies against the measure.

#### LOBBY FORMED IN 1957

The lobby behind the Keogh-Simpson bill, formed in 1957, calls itself the American Thrift Assembly, and claims to represent 500,000 persons. Its board of directors represents a broad range of professional and other self-employed groups:

The American Bar Association, American Institute of Accountants, American Institute of Architects, American Dental Association, American Medical Association, American Optometric Association, American Patent Law Association, American Veterinary Medical Association, National Association of Real Estate Boards, National Association of Retail Druggists, National Association of Tax Accountants, National Association of Women Tax Lawyers, National Small Businessmen's Association, and the National Society of Professional Engineers.

Mr. HARTKE. In answer to a question a while ago the Senator from Illinois [Mr. DIRKSEN] stated that the measure would have caused a revenue loss of $3,365 million. Two amendments to the bill before the Senate have been offered by the minority leader, both of which would cause a revenue loss to the Treasury. The Senator did not seem to feel any qualms about asking the Senate to agree to those measures. There would be a reduction of $500 million in tax revenue in regard to judicial reform. I am not arguing the merits of the proposal, but it would cost $500 million. The Senator did not seem to object to asking for a $50 million annual loss of revenues in respect to the measure which would provide for special tax consideration for people over 65 in the sale of their houses, eliminating the capital gains tax. I asked the Senator at that time how he planned to vote, if given an opportunity, to provide for a closing of some of the loopholes and to provide for a balanced budget.

My amendment would balance the tax bill. Senators who are concerned about balancing the budget should support the measure. As I said before, the amendment would provide a recoupment of $530 million of the $800 million which was lost.

Mr. MILLER. Mr. President, will the Senator yield for a question?

Mr. HARTKE. I yield to the Senator from Iowa.

Mr. MILLER. The Senator is talking about recouping revenue which he fears would be lost without the amendment. However, it seems to me that by having the language which is present in the bill, and which was added to the bill in committee by the chairman of the committee, which would require information returns to be sent to the taxpayer—the recipient—and to the Internal Revenue Service alike, would go a long way toward improving the present situation.

I am wondering why the Senator would not be content to try that system to see how it would work. If it did not work—if it did not catch the revenue which is being lost now—then and only then we would resort to something as vast as the Senator's proposal.

Mr. HARTKE. The Secretary of the Treasury told us in committee that, so far as the procedure of reporting is concerned, although it was thought to be a good suggestion, no provision would be made for the necessary checking. The task would be beyond the capabilities of the present staff. Additional staff members would be required to collect the revenue. Although reports would be sent to individuals, still someone would have to check the returns against the reports. I do not object to that type of informational return, but I do not believe it would provide the proper revenue. The Treasury Department does not believe it would provide the revenue necessary to balance the tax bill.

Mr. MILLER. I thank the Senator for his response. I cannot agree with the Secretary of the Treasury in that respect. I think the additional auditing which he envisions as a result of trying to take care of the informational returns would be offset by the additional auditing of millions of claims for refunds, which the amendment of the Senator from Indiana would entail. I recognize that there is a difference of opinion. I appreciate the Senator's response.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. BYRD of Virginia. As I understand, the amendment of the Senator from Indiana is similar to an amendment which was previously rejected by the Senate—receiving only 20 votes—with the exception of the fact that under the Senator's amendment there would be no withholding of interest on deposits in savings and loan institutions.

Mr. HARTKE. Savings and loan institutions and bank deposits.

Mr. BYRD of Virginia. With that exception, the amendment is the same as that which was rejected in the Senate Finance Committee twice, once by a vote of 10 to 5 and once by a vote of 11 to 5. When the proposal reached the floor of the Senate, it received only 20 votes.

Mr. HARTKE. The chairman of the committee is exactly correct. I was 1 of the 20.

Mr. BYRD of Virginia. Senators have already voted on the substantive provisions of the amendment, and only 20 Senators voted in favor of it.

Mr. HARTKE. I invite the attention of my distinguished chairman to the fact that the House of Representatives passed the bill in a form which included withholding of taxes on savings, and the opposition to the withholding provision basically came from the savings and loan institutions. I am not saying whether they were right or wrong. I thought they were wrong. Many Senators probably thought they were right, and that an undue burden would be placed upon those institutions.

It now seems that the burden is relieved. The representatives of most corporations with whom I have talked tell me that there would be no additional burden involved in withholding, as distinguished from reporting on dividends.

Mr. BYRD of Virginia. The amendment of the Senator from Indiana would withhold taxes on every other kind of interest except interest from building and loan institutions. Such institutions were eliminated because of the fact that they made strong objection to the withholding plan. I think if we were to withhold taxes of that kind at all, we ought to withhold with respect to everyone.

Mr. HARTKE. I quite agree with the distinguished chairman.

Mr. BYRD of Virginia. If taxes were to be withheld on all other kinds of interest and on all kinds of dividends, there should be no exemptions.

Mr. HARTKE. The distinguished chairman is exactly correct. I think withholding should apply to everyone. The Senate decided otherwise. I am now giving Senators an opportunity to vote to withhold taxes on payments by some of such institutions.

If the principle of withholding is to be applied to a person who works with his hands and to a person who is on salary, it should apply also to a man who clips coupons, receives dividends, and obtains his income from investments. I grant that the amendment would not cover all savings institutions; but possibly next year we can apply the measure to the remainder of the institutions. I wish the principle to be applied. I think it is good.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. BYRD of Virginia. The Senator knows that the Senate Committee on Finance spent many hours considering that provision. The committee heard many witnesses. It remained in executive session. There were two votes on the measure. It was, we decided, that the reporting system would be adequate. The information would be available in time so that the Secretary of the Treasury could collect the taxes.

It was further concluded that the measure would be a great hardship on millions of people. Fifteen million people would be involved. It was said that those entitled to receive refunds would get them within 4 months. However, there is no assurance that they would get their refunds in 4 months. The Senator from Indiana knows that a taxpayer desiring a refund would have to fill out a four-page complicated application to get a refund of a few dollars.

I hope the Senate will reject the amendment. The proposal has been before the Senate for months. I do not see why we should reverse ourselves and give privileges to the building and loan people, and apply withholding to everyone else. It ought to be all or none.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. HARTKE]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND] and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Mississippi [Mr. EASTLAND], the Senator from Wyoming [Mr. HICKEY], and the Senator from Washington [Mr. MAGNUSON] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], and the Senator from New Hampshire [Mr. MURPHY] would each vote "nay."

The result was announced—yeas 20, nays 69, as follows:

[No. 243 Leg.]

YEAS—20

Bartlett
Carroll
Clark
Cooper
Dodd
Douglas
Gore
Gruening
Hart
Hartke
Humphrey
Kefauver
Mansfield
McNamara
Morse
Neuberger
Pell
Proxmire
Smith, Mass.
Yarborough

NAYS—69

Aiken
Allott
Beall
Boggs
Burdick
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Case
Chavez
Church
Cotton
Curtis
Dirksen
Ellender
Engle
Ervin
Fong
Fulbright
Hayden
Hickenlooper
Hill
Holland
Hruska
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Moss
Mundt
Muskie
Pastore
Pearson
Prouty
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond

Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

NOT VOTING—11

Anderson
Bennett
Bible
Bottum
Eastland
Goldwater
Hickey
Magnuson
Morton
Murphy
Symington

So Mr. HARTKE's amendment was rejected.

**Mr. BYRD of Virginia.** Madam President, I move that the Senate reconsider the vote by which the amendment was rejected.

**Mr. ROBERTSON.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

**Mr. HARTKE.** Madam President, I call up my amendment designated "8-29-62—C" and ask that it be read.

**The PRESIDING OFFICER** (Mrs. NEUBERGER in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. . CREDIT FOR POLITICAL CONTRIBUTIONS.

(a) ALLOWANCE OF CREDIT.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by renumbering section 39 (as renumbered by section 2(a) of this Act) as section 40 and by inserting after section 38 (as added by such section) the following new section:

"SEC. 39. CONTRIBUTIONS TO POLITICAL CANDIDATES OR POLITICAL COMMITTEES.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of so much of the political contributions (as defined in subsection (c)), payment of which is made by the taxpayer within the taxable year, as does not exceed—

"(1) $20, or

"(2) $40, in the case of a husband and wife who file a joint return under section 6013 for the taxable year.

"(b) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 34 (relating to credit for dividends received by individuals), section 35 (relating to partially tax-exempt interest), and section 37 (relating to retirement income).

"(c) DEFINITIONS.—For purposes of subsection (a), the term 'political contribution' means a contribution or gift to—

"(1) any political candidate, or

"(2) any political committee,

but only if such contribution or gift is made to further the candidacy of one or more individuals in a general or special election."

(b) CLERICAL AMENDMENT.—The table of contents for such part IV is amended by striking out

"Sec. 39. Overpayments of tax."

and inserting in lieu thereof

"Sec. 39. Contributions to political candidates or political committees.
"Sec. 40. Overpayments of tax."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1962.

**Mr. McNAMARA.** Madam President, all too seldom do we have an opportunity to vote on major tax legislation.

It seems to be much easier to permit tax inequities to remain locked into the statute books, to permit loopholes to remain wide open, than to attempt the reform so urgently needed in our tax laws.

Thus it is a real disappointment to find what has been billed as a major tax revision—is the sorry specimen now before us.

This measure is a quagmire of inconsistencies.

Rather than plug up gaping tax loopholes, the bill has managed to drill a brandnew one through which more than a billion dollars will escape the Treasury under the guise of an "investment incentive" to business.

Adding insult to that is the apparent fact that not even the business community is particularly enthusiastic about this handout that a willing Congress is about to force upon it at the expense of the Treasury.

And rather than put an end to the shocking abuses of the expense account, the Senate version of the tax bill seems to have found a way to make these abuses a bit more legal.

What about the major revenue-producing item in this so-called "tax revision"—the application of the withholding tax to dividends and interest?

This would have brought in an estimated $900 million a year in taxes due the Government but not paid, and might have made the rest of the bill at least palatable, if not exactly savory.

But no. The Senate permitted itself to be snowed under by an avalanche of propaganda, and withholding on dividends and interest was knocked out of the bill.

This is not the first time the tax dodger has hidden behind the skirts of the widows and orphans, and it probably will not be the last.

But the worst of all defects in this tax bill is that it is an empty bag so far as the rank-and-file taxpayer is concerned. It contains nothing to alleviate his unfair tax burden. It does not lower his tax rate—or increase his deductions—or raise personal exemptions from the present $600 to a more realistic $700 or $800.

It does not do away with unfair consumer taxes, such as the 10-percent excise tax on the purchase of his new automobile.

It contains nothing for him except an interesting object lesson of how the lobbyist and the tax lawyer plys his trade in behalf of already well-heeled interests.

To be sure, a ray of hope is held out to the taxpayer. We are told that his turn will come next year, when a major revision of the tax structure will be undertaken.

But I would caution the taxpayer not to get too excited over this prospect. If next year's tax revision displays the same vast gap between proposal and performance as does this year's bill, there will be precious little in it for the average taxpayer.

Madam President, for these reasons, because the bill before us does nothing for those who need help the most, because it will create new tax loopholes costing upward of a billion dollars with no matching income, I shall vote against the pending measure.

Mr. HARTKE obtained the floor.

**Mr. SPARKMAN.** Madam President, will the Senator from Indiana yield to me?

**Mr. HARTKE.** Madam President, I yield to the Senator from Alabama without losing my right to the floor.

**Mr. SPARKMAN.** I ask the attention of the senior Senator from Oklahoma. I should like to ask a question for clarification. It relates to the language in the report concerning the definition of a domestic building and loan association.

Am I correct in understanding that there is nothing in the bill or the report which would preclude or limit savings and loan associations in the buying of participations in loans to the extent permitted by the regulations of the Federal Savings and Loan Insurance Corporation.

**Mr. KERR.** The Senator is correct, and on page 186 of the report specific reference is made to the fact that a participation in the loan will be considered in the same manner as a loan made. The program of participation lending has been developed and encouraged by the Federal Home Loan Bank Board and this bill does nothing to impede it.

**Mr. SPARKMAN.** On page 48 of the report, referring to paragraph (B) in the definition of a domestic building and loan, there is a sentence:

> It is not intended, however, that this prevent necessary borrowings from Government agencies such as HOLC.

Am I correct in assuming that this includes loans from Federal home loan banks, the Federal Savings and Loan Corporation, and any other Federal agency from which a savings and loan might legally borrow?

**Mr. KERR.** The Senator from Alabama is correct; an association could borrow any amount from any Federal agency to the extent otherwise legally permissible. The reference in the report to the HOLC was intended merely as an example.

**Mr. SPARKMAN.** Also, Madam President, I assume that the word "necessary" means "necessary" for the conduct of business as determined by management.

**Mr. KERR.** It was not intended that such borrowings would be limited to emergencies. Any borrowing that the management felt was necessary or desirable for the conduct of business would meet this test.

**Mr. SPARKMAN.** Along this same line, Federal and State associations are also permitted to borrow from commercial banks. Am I correct in understanding that such borrowing is not precluded under this definition?

**Mr. KERR.** Federal associations are permitted to borrow up to 10 percent of their capital from non-Government sources. I understand State laws are similar. Some may be slightly higher or lower, but borrowing in this range would certainly be acceptable. We do not have the intention of forcing borrowing from Government agencies instead of private banks.

**Mr. SPARKMAN.** Madam President, I certainly thank the Senator from Oklahoma for clarifying these points. I know the clarification was needed.

I also thank the Senator from Indiana [Mr. HARTKE] for yielding for this purpose.

**Mr. KERR.** Madam President, I thank the Senator from Alabama, who is a recognized authority on the matters to which his questions were addressed, for bringing them up, so that these points might be clarified.

**Mr. HARTKE.** Madam President, my amendment is simple, but is important to the cause of democracy.

The question is whether elections will continue to be run on the basis of contributions by large contributors, or whether the contribution base will be broadened. In 1960 over $8 million was donated by individuals to groups such as health, welfare, and charitable organizations. Every one of these organizations is very important, but none of them will be of value if the cause of democracy is lost.

This matter is of great concern to many persons. The President has called for a study of this subject, and his Commission on Campaign Costs endorses the approach taken in my amendment.

The amount involved in the amendment is very small. The maximum credit any individual could claim would be $10. In order to get a $10 tax credit, he would have to make a political contribution of at least $20. In other words, he could deduct half of his $20 contribution and could receive it as a tax credit—but only half. One who contributed $10 would be able to deduct, as a tax credit, $5.

In the first place, we know that it costs a great deal to conduct political campaigns. The exact amount perhaps is unknown; but it has been estimated as being between $165 and $175 million. At the present time, this cost is spread over an estimated 10 million givers. In my opinion, the base of the political contributions should be broadened. We know that unless something is done, some Government action will have to be taken, although perhaps at a different level.

I talked to the distinguished Senator from Arizona [Mr. GOLDWATER], the chairman of the Senate Republican Campaign Committee, and he indicated that he is receptive to a measure along this line, which will make it possible for people to receive such tax credits for the political contributions they make.

Some persons may feel that such an amendment does not belong in this bill; but I think the time has come to do something constructive about this matter, so long as it will not interfere with the President's recommendations.

**Mr. McCARTHY.** Madam President, will the Senator from Indiana yield?

**Mr. HARTKE.** I yield.

**Mr. McCARTHY.** I support the Senator's amendment. Our State has allowed for some years a deduction of up to about $100 against the State income tax, for political contributions. That works well, and has been easy to administer; and I think it has had a good effect on politics in Minnesota.

**Mr. HARTKE.** I thank the distinguished Senator from Minnesota. I may say that Minnesota has taken a lead in this field, and has been pointed to with a great deal of pride by the Political Research Foundation, which has given a great deal of study to this matter and to the subject of tax incentives for this purpose. On page 22 of its report it says that, on balance, such a tax credit for half of the amount of the contribution, up to a maximum of $10, appears to have more advantages and to represent greater justice, is easier to claim, and appears to offer more incentive to small contributors.

**Mr. CANNON.** Madam President, will the Senator from Indiana yield?

**Mr. HARTKE.** I am glad to yield to the distinguished Senator from Nevada—who, incidentally, has introduced a bill which encompasses this item and other items in connection with the financing of presidential campaigns. He has done an excellent job, and I commend him for it.

**Mr. CANNON.** I thank the Senator from Indiana. I wish to say that the Subcommitee on Privileges and Elections considered this matter and heard considerable testimony in support of such a provision. The bill as reported to the floor of the Senate contained such a provision. However, there was a question as to whether the provision might be subject to a point of order. Therefore, the controversial section was withdrawn, and the bill was sent to the House; but I took the opportunity to recommend to the chairman of the House committee that it consider adding the particular provision with which the Senator from Indiana is concerned.

I may say that the evidence presented before our committee supported this type of approach to campaign financing. I believe it is a reasonable and a good one, and I am very happy to support the Senator's amendment.

**Mr. HARTKE.** I thank the Senator from Nevada.

I wish to say that this amendment will, at least to this extent, be of assistance to individuals who wish to make contributions to the committees or candidates or parties of their personal choice, so long as the contributions are made for the purpose of sponsoring or aiding a person in a particular election to be elected.

Campaign funds and expenses are growing larger and larger. We hear about the great costs of television. In New Jersey the television costs are probably prohibitive, because of the fact there are no television stations in that State. Yet the candidates there would like to have their message brought to the American people.

Madam President, I think the amendment makes good sense. The American Heritage Foundation, various labor organizations, and similar organizations would, in my opinion, feel that this is the type of approach which they could support.

I hope that Senators who are interested in the cause of democracy and in the financing of political campaigns will give this amendment favorable consideration; and I hope the amendment will be adopted.

**Mr. YOUNG of Ohio.** Madam President, will the Senator from Indiana yield?

**Mr. HARTKE.** I yield.

**Mr. YOUNG of Ohio.** I desire to compliment the distingnished Senator from Indiana. I feel that he has offered a meritorious amendment to this tax bill. He has rendered a real and a needful public service.

I think we should encourage people of moderate circumstances and poor people to aspire to public office; and any legislative proposal of this sort certainly deserves our support. So I hope the amendment will be adopted.

**Mr. HARTKE.** I thank the distinguished Senator from Ohio for his offer of confidence.

**Mr. KERR.** Madam President——

The **PRESIDING OFFICER.** Does the Senator from Indiana yield?

**Mr. HARTKE.** I am glad to yield to the Senator from Oklahoma.

**Mr. KERR.** I was seeking the floor.

**Mr. HARTKE.** I am glad to yield the floor.

**Mr. KERR.** I would hope my good friend from Indiana would not press this amendment. It is one which would implement a new policy which has, so far as I know, never heretofore been a part of our tax laws. There have been no hearings on it before the committee, either of the House or the Senate. If we were going to recognize the principle of permitting a deduction for a contribution to a political committee, I call the Senator's attention to the fact that, if I understand the amendment, it is not limited to contributions to a political party, but includes contributions to any political committee, and each person can use his imagination as to the scope and extent of the committees which would be eligible to be the beneficiaries of this amendment, and the donor would have a tax credit for making the contribution. It would seem to me that that certainly is going very far afield and implementing a privilege with a wide-open application insofar as the indentity of the beneficiary is concerned.

We are going to have tax legislation before the Congress next year, general in nature, and I am sure there will be an abundance of opportunity available to any Member of Congress who seeks to have such an amendment or proposal as this considered.

In view of that fact, I hope the distinguished Senator from Indiana will not press his amendment.

**Mr. HARTKE.** Madam President, will the Senator yield for a question?

**Mr. KERR.** I do.

**Mr. HARTKE.** In the first place, with reference to the Senator's statement about its being wide open, I suppose the Senator is aware of the fact that the maximum a taxpayer could claim would be $10. He is not going to spread that amount far and wide.

**Mr. KERR.** I understand he would not spread it far and wide, but he could apply it far and wide.

**Mr. HARTKE.** He could not spread it very far and wide if he wanted, for example, to contribute $1 each to several committees.

**Mr. KERR.** He might want to contribute the full amount to one committee whose identity the Senator from Oklahoma could not imagine.

**Mr. HARTKE.** It is the right of every American not only to vote as he wants to, but to contribute to a political committee if he wants to contribute to it, so long as that committee does not subvert the Constitution. The taxpayer should have the right, if he wants to, to contribute $10 to someone for one vote, and that would not go too far.

Mr. KERR. If the Senator from Oklahoma were going to contemplate favorably such a proposal as this, the first identity he would want to make eligible would be the Democratic Party. The Senator from Oklahoma is aware of the fact that he would not get very far in proposing a deductible privilege for a donor to the Democratic Party without also making that deduction available for a donor to the Republican Party. But the Senator from Oklahoma would feel that, having had an urge to make such a contribution deductible, he would have gone far enough and have satisfied most Members of this body if it were limited to the Democratic or the Republican Party.

I would not, as of today, favor an amendment of that kind, because it is a new principle in the matter of tax deductions, and it should be studied by the committees of Congress before being presented to the Senate or the House for their action. But even though the Senator from Oklahoma would urge making contributions to the Democratic Party and/or the Republican Party deductible, he could not support this amendment, because under its provisions a contribution to other political committees would be deductible.

Mr. HARTKE. The Senator is right. I would point out, however, that there have been hearings on the proposal. As the Senator from Nevada [Mr. CANNON] pointed out, there were hearings held. The President——

Mr. KERR. Before what committees of the Congress?

Mr. HARTKE. The Senate committee of which the distinguished Senator from Nevada [Mr. CANNON] is chairman. The Subcommittee on Privileges and Elections of the Committee on Rules and Administration conducted hearings on this matter, and, if I understood the Senator from Nevada, acted favorably and approved deductions of this kind. If I am in error, I would like to be corrected.

Mr. CANNON. Madam President, if the Senator will yield, the Senator from Indiana is correct. This matter was gone into by our committee on the overall bill, which included various methods of financing, whether by tax credit or deductions or other methods, and this was the method approved by the Subcommittee on Privileges and Elections, and also reported by the full committee.

Mr. KERR. Madam President, I would presume that a matter having to do with tax measures must have been heard by the House Ways and Means Committee or the Senate Finance Committee. It is my understanding that those are the committees which appropriately have jurisdiction over such matters. I did not attempt to speak with reference to which other committees considered it.

Mr. MANSFIELD. Madam President, if the Senator will yield, I believe the chairman of the Subcommittee on Elections and Privileges will agree that the financial aspect of the bill which his committee reported on was taken out because there was a conflict as to whether or not the Finance Committee should have jurisdiction of the section. Is that correct?

Mr. CANNON. The Senator is correct. I made the statement that there was a good question as to whether the particular provision was subject to a point of order because it should properly be considered by other committees of the Senate. Therefore, the provision that is in question here was deleted from the bill as it was considered in the committee.

Mr. MANSFIELD. Was that deletion considered by the Finance Committee, which has jurisdiction of tax matters?

Mr. KERR. So far as I know, it was not, and I would hope the Senator from Indiana would delete that part of the amendment.

Mr. HARTKE. The bill had basically two purposes. One was an incentive for business growth, and the other was closing tax loopholes. I would like to have offered the amendment, but hearings were had upon tax reform and upon the subject of giving special benefits to people who have capital gains.

Mr. KERR. As I understand, the Senator refers to H.R. 10 in one part of the amendment——

Mr. HARTKE. No; I am talking about the two amendments submitted by the minority leader. One was with relation to a special situation in the State of Illinois, to permit a tax deduction for contributions for tax reform——

Mr. KERR. With reference to that, the measure was considered by the Ways and Means Committee of the House and reported by it unanimously.

Mr. HARTKE. To the Senate Finance Committee?

Mr. KERR. To the House.

Mr. HARTKE. I ask the Senator in charge of the bill if this matter was considered by the Finance Committee.

Mr. KERR. No; my statement to the Senator's question is that it was not considered either by the Ways and Means Committee or the Finance Committee.

Mr. HARTKE. I stand corrected if I am wrong. Really, the first amendment submitted by the minority leader was the amendment which was going to cost $50 million annually, which the Executive says has basic inequities in it. The Senate accepted the amendment submitted by the minority leader relating to the capital gains tax for people over 65, which had an escalator amendment in it. Was that measure considered by the Finance Committee or the Ways and Means Committee?

Mr. KERR. That particular amendment was not considered. The particular amendment offered by the Senator from Illinois was not adopted.

Mr. HARTKE. It was accepted.

Mr. KERR. It was not accepted. The particular amendment which he offered was not.

The Senator offered an amendment which would have exempted from taxation any gain by a person 60 years of age or older on the sale of a home which the taxpayer had possessed and in which he had resided for 5 years.

The matter of the tax treatment on the sale of homes, as the distinguished Senator knows, is a question which has been before the committees of Congress innumerable times through the years and has been the subject of legislation. I know the Senator is familiar with many of the provisions of law which have to do with the tax treatment of gains on homes sold by taxpayers.

The amendment accepted by the Senate was drastically different from the one originally offered by the Senator from Illinois, as to which I understand the estimate was made with respect to losing $50 million in revenue.

Mr. HARTKE. I am sorry, but I did not hear the statement by the Senator as to how much revenue was involved.

Mr. KERR. I used the figure given by the Senator from Indiana.

Mr. HARTKE. $50 million was estimated by the Treasury Department.

Mr. KERR. Yes. As I say, the amendment which was accepted changed the age of eligibility from 60 to 65 and recognized the entire gain with reference to the sale of a residence which sold for not more than $30,000 and the proportionate gain on the sale of a residence which sold for more than $30,000, on the basis of the relationship between $30,000 and the amount of the sale.

I am sure that if the Senator will examine the mathematics, he will find that the cost would be substantially less than would have resulted by adoption of the amendment which the Senator from Illinois originally offered.

Mr. HARTKE. I quite agree with the Senator from Oklahoma. The only point I am making is that the rule with respect to considering only those measures which have been heard by the Finance Committee, in regard to questions of taxation, was broken for the minority leader in this case, because the proposal, in its form as offered or in the form as accepted, as amended by the minority leader, was never heard. The rules were broken at that stage of the game. I am willing to abide by the rules, but since the rules were broken at that stage of the game, I think this proposal deserves much more attention, because it goes to the heart and the spirit of democracy.

People in their old age should have their problems considered. I supported medicare. I am in favor of that. I would have supported this measure. I introduced a bill similar to this.

The point is that the rules were broken at that stage of the game. This is a much more important proposal in respect to the welfare of democracy in its overall total than the proposal with respect to people over the age of 65.

Mr. KERR. The statement by the Senator from Oklahoma is that the principle in this amendment is one which, so far as I know, has never been heard either by the Ways and Means Committee or by the Finance Committee of the Senate. The principle of tax treatment of a gain in connection with the sale of a home is one which has been before the committees of Congress ever since I have been a Member.

**Mr. CARLSON.** Madam President, will the Senator yield?

**Mr. KERR.** I yield to the Senator from Kansas.

**Mr. CARLSON.** While the amendment offered by the Senator from Indiana might have great merit—I think it does have—certainly it ought to be heard by our committee. It deals with a reduction in revenue income, as well as involving a complete change in the present tax statutes. I hope the Senator will not press for a vote.

**Mr. KERR.** I thank the Senator from Kansas. Again I urge my friend from Indiana not to press his amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Indiana.

**Mr. KERR.** Madam President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. KERR.** Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. HARTKE.** Madam President, I ask for the yeas and nays.

The yeas and nays were not ordered.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. HARTKE].

The amendment was rejected.

**Mr. WILLIAMS** of Delaware. Madam President, for myself, the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mrs. SMITH], and the Senator from Wisconsin [Mr. PROXMIRE], I call up my amendment identified as 8–17–62—C.

The **PRESIDING OFFICER.** The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to insert a new section, as follows:

SEC. . REDUCTION OF OVERALL LIMITATION ON INDIVIDUAL INCOME TAX.

(a) 1962.—With respect to taxable years beginning after December 31, 1961, and before January 1, 1963, section 1(c) of the Internal Revenue Code of 1954 (relating to overall limitation on individual income tax) is amended by striking out "87 percent" and inserting in lieu thereof "75 percent".

(b) 1963.—With respect to taxable years beginning after December 31, 1962, and before January 1, 1964, such section is amended by striking out "75 percent" and inserting in lieu thereof "65 percent".

(c) 1964 AND SUBSEQUENT YEARS.—With respect to taxable years beginning after December 31, 1963, such section is amended by striking out "65 percent" and inserting in lieu thereof "60 percent".

SEC. . DEDUCTION OF DEPLETION ALLOWANCES WITH RESPECT TO OIL AND GAS WELLS.

(a) 1962.—With respect to taxable years beginning after December 31, 1961, and before January 1, 1963, section 613(b)(1) of the Internal Revenue Code of 1954 (relating to percentage depletion in case of oil and gas wells) is amended by striking out "27½ percent" and inserting in lieu thereof "25 percent".

(b) 1963.—With respect to taxable years beginning after December 31, 1962, and before January 1, 1964, such section is amended by striking out "25 percent" and inserting in lieu thereof "22½ percent".

(c) 1964 AND SUBSEQUENT YEARS.—With respect to taxable years beginning after December 31, 1963, such section is amended by striking out "22½ percent" and inserting in lieu thereof "20 percent".

**Mr. WILLIAMS** of Delaware. Madam President, this amendment has a twofold purpose:

First, it would provide for a three-step reduction in the depreciation allowance for oil and gas with a 2½-percent reduction for each year for the next 3 years, bringing it down from its present level of 27½ percent to 20 percent.

The second provision of the amendment would permit a simultaneous three-step reduction in the overall limitation on individual income taxes from its present limitation of 87 percent, bringing it down to 60 percent over the 3-year period.

The combination of these two proposals would effectuate a long overdue correction in our existing tax structure and would make this adjustment with an actual gain of revenue to the U.S. Government.

For example, in the first year the depreciation allowance on oil and gas would be reduced from 27½ percent to 25 percent, and the estimated revenue gained from this action is $75 million.

At this same time the maximum effective rate limitation on individual income taxes will be reduced from its present 87 percent to 75 percent, which would result in a loss of revenue of $25 million, thus representing a net gain to the Treasury Department for that year of $50 million.

The second year the depletion allowance for oil and gas would be reduced from 25 percent to 22½ percent, thus providing additional revenue over present law of $160 million for that year.

Simultaneously the effective rate on individual income taxes would be further reduced from 75 percent to 65 percent, which action would result in an estimated revenue loss of $80 million.

Thus as the result of this combined action the Federal Government would gain $80 million.

Effective the third year and for each year thereafter the percentage depletion rate would be reduced to 20 percent. The estimated revenue gain resulting over present law by bringing the depletion rate on oil and gas down from 27½ percent to the 20-percent level would be $250 million annually.

At the same time in this third year the maximum effective rate limitation on individual income taxes would be further reduced to 60 percent. The revenue loss by reducing this maximum effective rate limitation on individual income taxes from its present 87 percent to 60 percent is estimated at $130 million annually.

The combined net effect of the adoption of this twofold amendment would be that at the end of the 3-year period the present 27½-percent depletion allowance on oil and gas would be reduced to 20 percent and the present overall limitation on individual income taxes would be reduced from its present 87 percent to 60 percent with an annual net gain to the U.S. Government of $120 million.

One of the main arguments in support of the need of the present 27½-percent depletion rate for oil and gas has been that under our existing tax structure, which runs as high as 91 percent—with an overall 87-percent limitation—has been that without some special incentive men of wealth would not venture their capital for the narrow margin of gain of 9 or 13 percent. On that point they have a valid argument, and it is for that reason that we have coupled this proposed reduction in the depletion allowance with the simultaneous reduction in the overall limitation on individual income taxes.

The most important feature of this amendment is that its adoption would provide a more equitable distribution of the tax load in America.

At this point I ask unanimous consent to have incorporated in the RECORD a letter dated January 7, 1961, signed by Colin F. Stam, chief of staff of the Joint Committee on Internal Revenue Taxation, in which the estimates as to the revenue of the different sections of the amendment are outlined.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL
REVENUE TAXATION,
*Washington, June 7, 1961.*

Hon. JOHN J. WILLIAMS,
*U.S. Senate,*
*Washintgon, D.C.*

DEAR SENATOR WILLIAMS: As you requested the staff has prepared a draft of an amendment (attached) to reduce the overall maximum limitation on individual income tax from 87 percent at present to 60 percent over a 3-year period, and to lower the rate of percentage depletion in the case of oil and gas wells from 27½ percent at present to 20 percent, also over a 3-year period

With respect to the overall limitation on individual income taxes, the draft provides for a three-step reduction, at 1-year intervals, commencing in 1962. For taxable years beginning in 1962, the rate would be 75 percent; for taxable years beginning in 1963, the rate would be 65 percent; and for taxable years beginning in 1964 and thereafter, the limitation would be 60 percent. The staff estimates that these changes in the overall limitation would cause a reduction in revenues to the Federal Government in the amounts shown in the following table:

| Maximum effective rate limitation (percent): | *Revenue loss (millions of dollars)* |
|---|---|
| 75 | 25 |
| 65 | 80 |
| 60 | 130 |

The draft also provides for a three-step reduction in the 27½-percent depletion allowance for oil and gas, at 1-year intervals, commencing in 1962. Under the draft, for taxable years beginning in 1962, the rate would be 25 percent; for taxable years beginning in 1963, the rate would be 22½ percent; and for taxable years beginning in 1964 and thereafter, the rate would be 20 percent.

It is extremely difficult to estimate the effect of small changes in the depletion rate for oil and gas, because we do not have the data we need concerning the present effect of the 50 percent limitation, and because the data on depletion claimed on individual income tax returns is incomplete. Consequently, our estimates for your proposal are rough.

| Tax year | Proposed depletion rate for oil and gas | Estimated revenue gain over present law |
|---|---|---|
| | *Percent* | *Million* |
| 1962 | 25 | $75 |
| 1963 | 22½ | 160 |
| 1964 | 20 | 250 |

I hope this will be helpful to you.

Sincerely yours,

COLIN F. STAM,
*Chief of Staff.*

Mr. WILLIAMS of Delaware. Madam President, this proposal should not be too controversial. Perhaps the committee is ready to accept it.

Mr. MANSFIELD. Madam President, it is my intention to move to table the very worthwhile amendment offered by the Senator from Delaware [Mr. WILLIAMS]. It is something new in the way of amendments. It has a good name. It is being offered by the Senator from Delaware [Mr. WILLIAMS], the Senator from Vermont [Mr. AIKEN], the Senator from Maine [Mrs. SMITH], and the Senator from Wisconsin [Mr. PROXMIRE], which gives to it the name "The WASP amendment."

But I do think that Senators ought to have their say both pro and con. I should like to suggest that the Senate vote on a motion to table the pending proposal at 4:30 p.m.

Mr. WILLIAMS of Delaware. Madam President, so far as I am concerned, I have no intention of prolonging the debate. I do not know how much time other Senators may require.

The amendment has received committee consideration. It was offered as an amendment to the bill which was before our committee.

Notice was served to all interested parties who wished to testify that they had an opportunity to appear before our committee. The amendment was pending at the time hearings were held on H.R. 10650. It was discussed during those hearings and it was offered in the committee. So the measure is not something which has been sprung on the Senate without having received committee consideration.

Mr. MANSFIELD. Madam President, I hope the Senator did not take seriously my facetious remark when I referred to his amendment as a new amendment. It is an old, old amendment. I should like to change my request. I ask unanimous consent that 1 hour be allotted on the amendment, the time to be divided equally, before a motion to table the amendment is made and the vote is taken thereon.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. The time will be controlled by the Senator from Delaware [Mr. WILLIAMS] and the Senator from Oklahoma [Mr. KERR].

Mr. MONRONEY. Madam President, has the Senator from Delaware used the time available to him?

Mr. WILLIAMS of Delaware. I understand that a half hour is available to each side. I am willing to have the Senator from Oklahoma proceed. If the Senator from Oklahoma finds that he needs more than one-half hour, I shall yield some of my time to him, I have no intention of using all my time.

Mr. MONRONEY. Madam President, the 27½-percent depletion allowance has given America its vast supplies of oil and gas. It has helped us to victory in two World Wars, in Korea, and in the cold war. The amendment is not a new amendment. It has been before the Senate about once a year as long as I have been in the Senate. It has been considered by the Finance Committee almost every year. As the distinguished author of the amendment has said, the only new provision is the method of the proposed reduction.

This amendment proposes the progressive reduction in the depletion allowance with respect to oil and gas wells from its present level of 27½ percent to 25 percent for the current taxable year, 22½ percent for 1963, and 20 percent for 1964 and subsequent years.

It proposes that a substantial part of the additional revenue which its sponsors claim would result from this reduction be used to offset loss of revenues which would result from a related provision reducing the maximum limitation on individual income tax from 87 percent to 60 percent over the same 3-year period.

This reduction in income tax in the highest brackets is estimated by the staff of the Joint Committee on Internal Revenue Taxation to result in a loss of revenue of $25 million the first year, $80 million the second year, and $130 million in the third and subsequent years. While it is very difficult to make an accurate estimate of the number of taxpayers involved, I am advised by the Treasury Department that the $25 million lost in the first year would probably be divided among some 700 taxpayers; that the $80 million lost in the second year would be divided among some 2,500 taxpayers; and that the $130 million loss of revenue in the third and subsequent years would probably benefit no more than 10,000 taxpayers.

The proposal for making a cut only in these upper levels of income tax has not been recommended by the administration, has not been the subject of more than casual attention in the hearings, and is proposed at a time when the administration is engaged in a review of the tax structure looking toward recommendations for general reduction next year.

When this amendment was suggested to the Secretary of the Treasury during the hearings, the following exchange occurred between Secretary Dillon and the Senator from Delaware [Mr. WILLIAMS]:

Secretary DILLON. I do not think we would agree with that, because we do not think it is equitable to just reduce the higher rates and not also make the adjustments up and down in the rate structure.

Senator WILLIAMS. This would be making adjustments with the same class of taxpayers and picking up revenue at the same time.

I think that you have said that you thought the individual rates were too high.

Secretary DILLON. I agree they are, but when we recommend the change, we will recommend one up and down the line, not just for the top rates.

Not only do I agree with the Secretary of the Treasury that it is not equitable just to reduce the higher tax rates without a general adjustment in the rate structure, but I suggest that this amendment, in effect, proposes to benefit these few thousand taxpayers by means of what would amount to an indirect Federal sales tax on gasoline and other petroleum products, which would be paid by every person who drives a car, operates a truck, or heats his home with fuel oil.

I make this charge because the economic facts of the matter are that the 27½-percent depletion allowance, or an increase in petroleum prices which would yield the same amount of money, is absolutely necessary if the oil and gas industry is to find sufficient new oil and gas to replace that being used, and to meet the growing need for oil products in our expanding industrial economy.

They must get the funds for exploration from somewhere. Either they will come from the 27½-percent allowance for depletion of natural resources or they will have to be added to the price of oil products. There is no other way to get the money.

When any mining industry sells a barrel of oil, or a ton of coal, or a pound of uranium, it has one barrel or ton or pound less left to sell. It exhausts that natural resource. If it is to stay in business, it must replace these resources just as a manufacturing industry must replace its wornout equipment.

A manufacturing industry is allowed to retain a part of its earnings, on which it pays no tax, through a depreciation allowance in order that it may replace wornout equipment. In the same way, all mining industries are allowed to retain a part of their earnings to permit them to find and develop new supplies to replace those which have been used up. The oil industry spends a far greater percentage of its income for this purpose than any other mining industry.

It is not generally recognized that the depletion allowance for the oil industry is limited to 27½ percent of its gross or 50 percent of its net earnings, whichever is less. For the industry as a whole, this results in an average depletion allowance of about 23 percent—the same as provided for sulfur, lead, zinc, uranium, nickel, in fact, for a total of 37 other mining industries. Even the producers of sand and clay have smaller depletion allowances under our laws.

If, when an oil well is exhausted, the owner could just go out and buy another, as he would buy a new truck to replace one that is worn out, the depletion allowance could be set much lower. The allowance is set where it is because the process of finding new supplies of oil and gas entails great risk. Unlike minerals which have outcrops on the surface of the earth, there is no way to be certain where oil is located until the well is drilled and the money spent. If he has average luck, the man looking for the new well will drill eight dry holes before he hits a producer.

Does the Senator from Texas [Mr. TOWER] wish some time?

Mr. TOWER. Yes.

Mr. MONRONEY. Will the Senator tell me how much time he requires?

Mr. TOWER. I should like to have 5 or 10 minutes, if the Senator will yield to me.

Mr. KERR. Madam President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. KERR. I remind the distinguished Senator that the Senator from Wyoming [Mr. McGEE] and the Senator from Arkansas [Mr. FULBRIGHT] wish a little time.

Mr. MONRONEY. I shall try to make my remarks brief.

If an oil producer invested $300,000 in a well, and was allowed to recover tax free from the output of that well this same $300,000 of his original investment, he could not normally go out and for $300,000 find another well to replace the one he had depleted by production.

Wildcatting odds are dead against that. On the average, a man drilling rank wildcats—a man going out to find new reserves to replace those being depleted—would have to drill nine exploratory wells to find one that even qualified as a producer. But even at that, his one producing well out of nine would—if typical—turn out to be a financial failure. Under the prevailing odds, only about 3 percent of all the new-field wildcat wells drilled are ultimately successful—producing oil or gas or both in quantities deemed sufficient to turn a profit. Ninety-seven percent of all new-field wildcat wells are commercial failures.

Therefore, based on industry averages over a period of time, an oil producer who was depleting a well that cost him $300,000 would have to have not his $300,000 back but, at the very least, 32 times that original investment, or $9,600,000, to stand a fighting chance of bucking the mathematical odds and finding replacement reserves.

Giving him $300,000 in tax deductions would be little better than giving him nothing. It would be the same as telling him to go out of business because—unless he had a very sensational and remarkable stroke of luck—he just wouldn't be able to find a new wildcat well if allowed no more of a deduction than his investment in a well that was depleting.

In September of 1958 the Chief Petroleum Engineer of the U.S. Bureau of Mines presented a paper to the World Power Conference in Montreal, Canada, in which he discussed the receipts and expenditures of the U.S. petroleum producing industry—including both independents and major companies—for the years 1951, 1953, and 1955. The study shows that in 1955 the industry expended a total of $5.1 billion in the search for and development of new petroleum reserves within the United States. This study also shows that for the year 1955, finding and developing costs together with lifting and other operating costs were in excess of income from petroleum production for the entire producing industry by approximately one-half billion dollars.

The $5.1 billion expended in 1955 in the exploration for and development of new oil reserves was equivalent to $2.40 per barrel of net crude oil production in that year. Based on the U.S. Bureau of Mines average wellhead price of crude oil for the year 1955 of $2.77 per barrel, the theoretical maximum percentage depletion could not have exceeded 76 cents per barrel. This depletion figure, however, for petroleum producers is a theoretical maximum, based on the 27½-percent rate, rather than the actual amount of depletion, since the 50-percent-of-net-income limitation reduces the average effective depletion rate for the petroleum industry to no more than 23 percent.

Thus, the domestic petroleum industry's exploration and development expenditures alone in 1955—not including lifting costs, taxes, and so forth—totaled $2.40 per barrel or more than three times the maximum percentage depletion of 76 cents. That is, for every dollar from percentage depletion plowed back in the search for new oil reserves, the producing industry put up and spent $2 from other sources.

This information, detailed in the accompanying table, clearly demonstrates that the petroleum producing industry requires new capital far in excess of the depletion deduction to carry on the constant search for new oil and gas reserves.

Mr. RANDOLPH. Madam President, will the Senator yield?

Mr. MONRONEY. I am glad to yield to the Senator from West Virginia.

Mr. RANDOLPH. West Virginia is not ranked with Texas and Oklahoma and Louisiana and other major States in the production of petroleum. Yet, from our hills went the oil people of another era to help explore these vast fields in other sections of the country. In West Virginia, in years gone by, we were a pioneering and important oil and gas producing State.

Our State in its entirety, the western three-fourths of Pennsylvania, much of the southwestern area of the State of New York, the eastern half of Ohio, eastern Kentucky, and a narrow strip of the westernmost part of the Commonwealth of Virginia comprise an area known in the oil geology circles as the Appalachian Basin.

Here was located oil's discovery in the United States in 1859—by Col. Edwin Drake at Titusville, Pa. And this was a region of considerable activity in earlier years.

Four of these pioneer oil States—Pennsylvania, New York, Ohio, and West Virginia—are experiencing a new wave of "oil fever." These four States are oil-hunting territory again for several major searchers for new discoveries. During the last 5 years there has been a sharply stepped up effort to try to find more sources of oil and gas closer to the vast market which surrounds it; namely, the industrial complex of the Ohio River Valley with its population of more than 52 million.

Technological advances in exploration, drilling tools, and methods have brought about a significant reworking of this pioneer oil producing Appalachian Basin. But today's driller must reach 1 or 2 miles deeper than Colonel Drake's first 69-footer at Titusville to find a product the Colonel would have considered a bothersome pest—gas. But gas, as well as oil, is a frequent drilling objective today.

Madam President, exploratory and drilling expenditures have more than doubled during the past 5 years in the Appalachian Basin. The level of $6.5 million in 1958 reached $11.9 million in 1961. Estimates for 1962 exceed $14 million. By the end of this year, the oil industry's outlay for the 5-year period is expected to represent a risk venture of approximately $52.7 million in the basin. In addition, farmers and landowners in the basin have been paid $24.4 million for leases, plus annual rental payments of $8.6 million.

Even though these concerted efforts and huge expenditures so far have not brought significant new discoveries in the Appalachian Basin, the industry is continuing its activities in the hope and belief that they may ultimately lead to the discovery of substantial reserves.

Each drilling prospect and the acreage surrounding it represents the concentrated and coordinated skills of highly trained and experienced exploration specialists. Yet, no one in the group can say oil or gas will be found. They can only locate zones where conditions are right for the accumulation of oil or gas. Whether oil or gas actually is there must be proved by drilling a wildcat well. The chances are 9 to 1 against it—45 to 1 against finding a commercial quantity. To engage in risks of that nature is to require encouragement such as the necessary cushion from the depletion allowance.

Considering the unemployment situation and other economic factors prevailing in West Virginia, we are grateful that there is increasing search and discovery activity in our State by the oil and gas industry. We know there is drilling at deeper horizons and that this requires more risk capital.

Drilling permits issued in West Virginia increased from 988 in 1959, to 1,383 in 1960, to 1,647 last year.

Producing gas wells last year numbered 16,485 and produced 194,178,000 cubic feet of gas; 12,699 oil wells in our State produced 2,703,000 barrels in 1961.

Crude oil and natural gas production and distribution—exclusive of refineries and service outlets—provided jobs for 8,547 West Virginia resident employees of independent producers and gas utilities, and provided pension payments for 2,282 annuitants. The independent and utility segment of the industry—again excepting refineries and service outlets—spent approximately $61 million in West Virginia last year—$43.6 million of it in payrolls and $8.4 million for rentals and royalties.

Madam President, I have cited statistics indicating that the oil and gas industry is not an inconsequential segment of the West Virginia economy—that it is happily an expanding segment again—not in contraction. We want it to continue expanding and to discover vitally needed new reserves. Our State needs them and they are vital to the economy and the security of our country. I cannot support a deterrent.

There is another reason why I believe the pending amendment is ill timed. More than 60 Members of the Senate joined me in cosponsoring a resolution which was adopted earlier this year and which empowered the Committee on Interior and Insular Affairs to make a thorough national fuels and energy study. The committee has been making very real progress with this study under the capable direction of its distinguished chairman, the junior Senator from New Mexico [Mr. ANDERSON]. It is anticipated that substantial findings and recommendations will be reported early next year as the 87th Congress gives away to the 88th. We should await the committee's report and its evaluations before taking the nature of action contemplated by the pending amendment. There should be more assurance than has thus far been demonstrated that this amendment will not destroy more than it will create in revenues and in gross national product.

I believe that the incentive which is now written into the law should be continued. The amount of money spent proportionately in West Virginia equals the averages which were given by the knowledgeable Senator from Oklahoma.

Mr. MONRONEY. I thank the Senator for his contribution. I ask unanimous consent to have printed in the RECORD at this point in my remarks some tables which bear on this subject.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Net value of production versus expenditures for finding, developing, and producing oil and gas*

[In thousands]

| | 1951 | 1953 | 1955 |
|---|---|---|---|
| Industry income: | | | |
| Net value oil produced | $4,862,136 | $5,401,018 | $5,884,215 |
| Net value gas produced | 465,451 | 660,501 | 836,324 |
| Total, net value production | 5,327,587 | 6,061,519 | 6,720,539 |
| Industry expenditures-exploration costs: | | | |
| Geological, geophysical, and related professional services | 186,000 | 243,590 | 245,440 |
| Lease purchases and rentals | 637,910 | 744,630 | 876,520 |
| Dry holes | 650,290 | 795,890 | 940,210 |
| Overhead | 126,780 | 171,270 | 206,220 |
| Total, exploration costs | 1,600,980 | 1,955,380 | 2,268,390 |
| Development costs: | | | |
| Drilling and completion of producing wells | 1,390,050 | 1,689,607 | 2,097,225 |
| Equipment (tubing, tanks, flow value, etc.) | 420,360 | 483,000 | 556,210 |
| Overhead | 135,780 | 168,378 | 205,640 |
| Total, development costs | 1,946,190 | 2,340,985 | 2,859,075 |
| Subtotal, exploration and development costs | 3,547,170 | 4,296,365 | 5,127,465 |
| Operating costs: | | | |
| Oil: | | | |
| Direct costs | 1,274,149 | 1,392,576 | 1,540,092 |
| Overhead | 242,146 | 306,326 | 337,758 |
| Total, oil operating costs | 1,516,295 | 1,698,902 | 1,877,850 |
| Gas: | | | |
| Direct costs | 89,220 | 134,675 | 134,097 |
| Overhead | 7,758 | 10,920 | 9,387 |
| Total, gas operating costs | 96,978 | 145,595 | 143,484 |
| Total, operating costs | 1,613,273 | 1,844,497 | 2,021,334 |
| Total, expenditures for finding, developing, and producing [1] | 5,160,443 | 6,140,862 | 7,148,799 |
| Net annual balance | +167,144 | −79,343 | −428,260 |

[1] Includes maintenance, supervision, and general overhead but excludes charges for research. The costs do not include income taxes, payment on interest and principal, or return to investors.

Source: "Petroleum and Natural Gas in the United States—Relation of Economics and Technologic Trends," by C. C. Anderson, Chief Petroleum Engineer, U.S. Bureau of Mines, Washington, D.C.

Mr. MONRONEY. In the years since 1955 the cost of finding oil has steadily risen. Not only have drilling costs per foot increased, but the number of feet which must be drilled to find a barrel of oil has gone up each year. Most of the oil located 2,000 to 3,000 feet below the surface of the earth has already been found. A far greater percentage of wells are being drilled at greater depths, and we are now exploring at depths of 15,000 to 25,000, at costs as high as a $1 million per well.

During the same period, the price of crude oil has remained essentially stable, the average value at wellhead having been $2.77 in 1955, $2.79 in 1956, $3.09 in 1957, $3.01 in 1958, $2.90 in 1959, $2.88 in 1960 and $2.89 in 1961.

If the oil industry were keeping more money than it needed to replace the oil being used, then it might be argued that the depletion allowance is too high. The fact is that each year the industry continues to spend more finding and developing new supplies of oil than it retains under the depletion allowance.

It stands to reason that the funds available to the industry for exploration and development cannot be significantly reduced without resulting in a proportionate reduction in exploration and development. I hope that we have not reached the point when the Congress of the United States is ready to adopt a policy that we should not develop our own mineral resources and gain the benefits that such development brings to our economy, but should become completely dependent on imported oil. Our entire economic system is geared to an adequate and dependable supply of petroluem. All our transport, from compact cars to jets, from diesel trucks to diesel locomotives, depends upon a cheap and plentiful supply of petroleum. Our industrial plant depends to a large degree upon petroleum products or electricity generated from them for the sinews of its power.

During World War II petroleum products comprised more than half of the tonnage shipped from the United States to battlefronts all over the globe. The military machines that have been developed since that conflict are even more demanding in their fuel consumption. The Air Force alone consumed nearly 6 billion gallons of aviation fuel in the peacetime fiscal year 1960. And it is no wonder when we realize that a single jet bomber has a fuel tank capacity equal to four railroad tank cars. A *Forrestal*-class aircraft carrier carries 1 million gallons of aircraft fuel plus more than 2 million gallons of fuel for its own engines. Recent model Army tanks consume 600 gallons of gasoline in covering 100 miles, and an armored division must burn up 2,100 gallons of fuel to advance 1 mile.

We cannot afford to depend upon imported oil because of our balance-of-payments situation. Oil imports already contribute a billion dollars a year to our balance-of-payments deficit. We should rather look forward to the time when the dependence on imported oil can be substantially reduced and when the growth of world markets again makes the United States a net exporter of petroleum products.

It is inconceivable that as we enter a trade war with the Soviet Union, with oil as the principal weapon, our Nation should simply relinquish the field to the enemy.

Mr. TOWER. Madam President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. TOWER. Is the Senator aware of the fact that at the conclusion of World War II the oil reserves of the Soviet bloc were approximately one-third of ours and that today they are almost equal to those of the United States?

Does not this point up the vital necessity of staying ahead in this field?

**Mr. MONRONEY.** Yes. The great threat of the Soviet trade offensive is in oil. That is one field in which they have surpluses. With it they are penetrating the free world markets.

We cannot have it both ways. If the American oil industry is to continue to find adequate supplies to meet the Nation's needs, it must obtain the necessary funds to pay for the cost of exploration. We must either retain the present depletion allowance, or accept a substantial increase in the cost of gasoline and other petroleum products. There are no other sources of the necessary money. The profits of this industry are consistently lower than the average profits of manufacturing industries in the United States.

Some of those who have been critical of the depletion allowance have frankly recognized that its withdrawal would require an increase in price. Prof. Arnold G. Harberger, of the University of Chicago, has testified that—

> More oil can indeed be obtained by tax concessions * * * [but] * * * if the rest of the economy wants more oil, it should be willing to pay for it by way of a higher market price.

This means primarily an increase in the price of gasoline.

It is impossible to estimate the contribution to our economic health which has been made by the availability of low-cost motor fuel. The entire automobile industry and much of our commercial transportation has been built on this tremendous economic advantage.

Excluding excise taxes, a gallon of gasoline costs less today than it did in 1926. Today, it costs 20.2 cents per gallon, in 1926 it cost 20.9 cents. At average wage rates, 1 hour's work bought 2.6 gallons in 1926. Today, it buys 10 gallons, exclusive of tax.

To give a tax benefit to a handful of Americans with taxable income over $150,000 a year and to make up the difference by levying an indirect tax through immediate higher prices on everyone who owns a car or heats his home with fuel oil—this is a proposition which I am confident the Senate will overwhelmingly reject.

Madam President, I yield 5 minutes to the Senator from Texas.

**Mr. TOWER.** Madam President, I thank the distinguished Senator from Oklahoma, and I associate myself with his comprehensive report on this subject. The oil business is a very unique business, indeed. Actually, it is a business that has been made by the small entrepreneur, the independent operator. Approximately 80 percent of our oil reserves have been discovered by the independent or marginal operator.

If the depletion allowance is reduced, it will drive the independent operator out of business. As the able Senator from Oklahoma has pointed out, production costs have risen steadily. In 1959 the average cost per well was around $60,100. In 1961 it was $62,200.

It has been pointed out that we have to go deeper and deeper for oil, and at present costs, to get down to 10,000 feet it costs $140,000 to drill a well. And then one does not know whether or not he will get any oil.

In most businesses that is not the situation at all. For example, if a man wishes to open a hardware store, he can take a market survey in the area to determine whether his business will succeed and if there will be a market for his business. Based on that survey he can build his store and buy his stock. Then, if his business does not succeed, he still has his capital assets that have some value, and which he can dispose of. He has not taken a very big risk. That is not the case when a man drills an oil well. When he does that, he does not know whether he will get any oil. It is somewhat like the roll of the dice or the turn of a card.

Oil is extremely important to the defense of this Nation. It is certainly a very important source of tax revenue for State and local governments throughout the various parts of the land.

Oil provides a great number of jobs. It provides our country with material wealth. For this reason the exploration and production of oil must be encouraged.

If we eliminate the depletion allowance, the oil industry, which is already sick, will be even sicker. We are suffering already from imports of oil, and if we eliminate or reduce the depletion allowance, we will inflict an additional burden on the oil industry. We are producing only 8 allowable days a month in Texas, now. This is well below even marginal requirements.

Therefore, I urge the Senate to reject this very well intentioned amendment by the distinguished Senator from Delaware, with whom I am usually associated on fiscal matters, because its adoption would mean economic disaster to many of our oil-producing States. It would mean a substantial loss of tax revenue. Even more, Madam President, it would mean a reduction in the ability of our Nation to wage war through the industrial power that is fueled by petroleum. I believe, furthermore, that it would mean a considerable loss of jobs and production in related industries, and might very well precipitate a recession in the country.

**Mr. MONRONEY.** Madam President, I yield 5 minutes to the distinguished Senator from Louisiana.

**Mr. LONG** of Louisiana. Madam President, during the 14 years that I have served in the Senate I have had some experience with this matter. From time to time a Senator has offered a proposal to reduce the depletion allowance on oil and gas. We have debated the matter many times in the Senate. The subject has been studied in committee on occasion. It has not been sustained in the House and it has not been recommended by the committee. Furthermore, the proposal has been defeated by overwhelming vote in the Senate every time it has been brought before us.

If there is a case for reducing the depletion allowance on oil and gas, it is not nearly so good a case as it was 10 or 12 years ago, when the domestic industry was much more profitable than it is now. Actually, the industry is in not nearly so good a condition as it was 12 years ago. About 17 percent of the market for oil in this industry has already been taken from us by low-cost foreign imports which come in under an extremely low tariff.

In addition, as has been indicated, costs have risen. A study made a few years ago by the Chase National Bank indicates that, all things considered, including the allowance for depletion, the oil and gas production industry is less profitable than the average for all manufacturing in America. The industry today is in worse shape than it was at the time that study was made.

So the facts simply do not prove that there is any basis for coming in at this time, without any additional supporting evidence, and saying that the depletion allowance should be reduced below the point where it presently exists.

I have given some thought to a proposal that the top income tax brackets be reduced by taking away the tax advantages which various groups have. If that is to be done, it seems to me it would be much fairer simply to eliminate the dividend credit, as the President has recommended it should be eliminated, and save much more money in that way. Instead of reducing the tax level from 85 to 65 percent, or 60 percent, we could reduce it to 50 percent and still save $100 million to be applied against the national deficit or national debt, however Senators wish to look upon it.

If a motion to table the amendment does not carry, I intend to offer such a proposal as a substitute for the amendment offered by the Senator from Delaware. Most of the giant corporations are incorporated in his State anyway. Inasmuch as the reduction is to be regarded as a reduction in personal income tax rates, it seems appropriate to me that those who are in the class who, for the most part, do not enjoy the highest personal income tax—that is, who enjoy large incomes from dividends—should be willing to give up something rather than to hope to gain a complete tax advantage at the expense of only one segment of the economy—those who produce oil and gas.

If that approach is to be pursued, I should like to offer an amendment in the nature of a substitute to abolish the dividend credit, a credit which has never been approved affirmatively by the Senate. It was rejected by the Senate. It got into the law only as a part of a conference report, with the administration fully supporting the whole package in the conference report. The Senate has repeatedly voted to reject the dividend credit.

If this approach is to be persisted in—and I shall not insist upon it myself—I shall insist on reducing income taxes from the top level by a proposal to eliminate the dividend credit, because that seems to me to be a way which would fall generally across the whole economy with regard to all those who are privileged to enjoy dividends, both from oil and gas companies and any other kind of industrial companies, so that everyone may share the burden of reducing the top bracket to a rate of 50 percent instead of 60 percent.

**Mr. DOUGLAS.** Madam President, I ask for the yeas and nays.

**Mr. WILLIAMS of Delaware.** Madam President, will the Senator from Illinois withhold his request? The motion to table has not yet been made.

**Mr. DOUGLAS.** I withhold my request.

**Mr. CARLSON.** Madam President, will the Senator from Oklahoma yield 5 minutes to me?

**Mr. MONRONEY.** Madam President, I yield 5 minutes to the distinguished Senator from Kansas.

**Mr. CARLSON.** Madam President, I wish to associate myself with the distinguished Senator from Oklahoma [Mr. MONRONEY], the distinguished Senator from Texas [Mr. TOWER], and the distinguished Senator from Louisiana [Mr. LONG], in their opposition to the pending amendment.

For various reasons, this proposal has received increasing attention in this body over the past several years, as well as in the public press. I shall refer in general to the differential tax treatment Congress has authorized for mineral producers and, more particularly, to the percentage depletion rate for oil and gas production.

As we well know, this tax provision has been the subject of repeated study and review by Congress during the 36 years that it has been a part of the Internal Revenue Code. In spite of repeated votes of approval of this vital tax provision, there still remain some who, for one reason or another, seek to reduce the rate or eliminate this vital tax provision.

Many Senators are well acquainted with the historical growth and merits of percentage depletion; while others, I fear, do not quite understand how this provision has served the national interest for more than 36 years.

Madam President, without going into an extensive discussion of this matter, I believe that when Congress placed this tax provision in the law back in 1926, it intended and expected that its newly enacted tax policy would accomplish two basic things: First, recognize that mineral extraction is the using up of a capital asset and, therefore, should not be taxed as income; second, encourage, through fair tax laws, the continuing and increasing exploration for and development of new mineral reserves to replace those currently being used up. In the case of oil and gas, as well as many, many other minerals, percentage depletion has proven eminently worthwhile in accomplishing these goals. It is no longer an experiment; it is a proven experience. Percentage depletion has proven its worth in helping to make available at reasonable prices adequate supplies of petroleum products to meet the needs of our national security and ever-growing economy.

I do not wish to unduly add to what has been said so many times about percentage depletion and just why it is a part of our tax structure. Nor do I intend to cite to you lengthy statistical data to support the principle and allowable depletion rates for the many, many minerals now subject to percentage depletion. This information is readily available for all to read and consider in the many studies by the Senate Committee on Finance and the House Ways and Means Committee.

I do not believe the Senate floor is the proper place to delve into the detailed operation of this or any other longstanding tax provision. We have a highly competent Committee on Finance, of which I am proud to be a member, which, if need be, is the proper and logical place for a thorough review of this very much misunderstood tax provision.

However, I firmly believe that in the light of all that has been said in the Senate during the past several years, we in the U.S. Senate have a duty and a responsibility to place this matter of percentage depletion in its proper perspective. One might ask the question, "Just why do we continue percentage depletion in the law?" The answer is obvious. It has successfully accomplished the task laid down for it when it was first written into the law in 1926. When Congress first established the present depletion rate for oil and gas, it recognized the need for an incentive for men to assume the extreme risks peculiar to petroleum exploration. Congress understood then, which remains a fact today, that geological, geophysical, and other predrilling work can only indicate possible oil and gas structures in the earth's crust. Only the drill can determine the actual existence of petroleum. The well-known odds against finding oil in the exploratory well still are 8 to 1, and the dry holes are just as costly to drill as producing wells. I should also point out that even in proven areas the driller of oil wells finds that one of every four wells drilled is dry.

In spite of the fact that this is a very risky industry and that the costs of finding and producing petroleum have grown in leaps and bounds, the oil industry is making available to the consuming public today its products at very reasonable prices. Possibly, without percentage depletion, our Nation today would not have available enough petroleum to meet our current as well as our future needs. However, even the critics of this tax provision agree that without it the price of oil and its products would be far greater than now prevail.

If the price of gasoline had increased since 1926, the year percentage depletion came into the law, in proportion to the increase in the Consumer Price Index, gasoline would cost today 65 percent more than it did in 1926. Instead, gasoline, the principal product from a barrel of crude oil, sells today, excluding State and Federal taxes, for about the same price that the consumer paid for a much lower grade product back in 1926.

In 1926 average hourly wages would buy 2.6 gallons of gasoline excluding taxes. Today an hour's average earnings will buy about 10 gallons of much better gasoline.

Stated simply, for more than 36 years, percentage depletion has helped the petroleum industry to make available to the American people the vital energy required to make more and better things for more people—at very reasonable prices. The consumer has been the chief beneficiary of this wise congressional tax policy, percentage depletion.

Madam President, in my own State of Kansas, which is not only a large producer of petroleum but a large consumer of petroleum, the reduction or elimination of percentage depletion would have a great adverse impact upon the producing branch of the industry as well as adversely affecting the consumers of petroleum in my State. Recent competent studies have shown that, to offset the elimination of percentage depletion, if we are to continue to maintain the necessary levels of exploration for and development of adequate petroleum supplies in this Nation, the service stations' price of gasoline would have to be increased approximately 5 cents per gallon in order to provide to the oil producer, after Federal income taxes, the necessary funds which would be denied him from his earnings if percentage depletion were eliminated. Thus, this would mean to the consumers of the State of Kansas an additional cost of approximately $54 million per year or approximately $90 additional cost to the average family in the State of Kansas.

Madam President, in these days when we hear so much about the need for economic growth and increased productivity, it becomes important to take a look at some of the basic ingredients for the strong economic growth of our Nation and its productivity.

Economic growth and productivity of the United States is based squarely on the use of inanimate energy. Today, more than 70 percent of the inanimate energy used in America is supplied by oil and natural gas with coal furnishing 24 percent and waterpower and atomic energy the balance.

With each barrel of oil or cubic foot of natural gas produced in the United States, there comes into being additional energy for use in meeting the ever-broadening national goal of more and better things for more people. Large consumption of petroleum at prices every citizen can afford has provided this Nation with the highest standard of living in the world.

Without question, one of the essential ingredients for meeting and winning the struggle to preserve our way of life is our Nation's growth. Sound growth is dependent upon abundant supplies of energy. Development of the energy age in America has been swift and dramatic, causing phenomenal growth in America during the past quarter of a century.

America has substituted petroleum energy for the work once largely performed by humans and animals because of the availability of this commodity at reasonable prices.

For more than 36 years a prime factor contributing to adequate supplies of petroleum at reasonable prices is the wise congressional tax policy—percentage depletion.

For more than a quarter of a century, the growth in the national income in the United States, as well as most other nations of the world, has paralleled the growth in each nation's energy consumption. If we consider each gallon of energy produced and consumed—expressing total energy in terms of equivalent gallons of oil consumed each year—the national income of the nations of the world varies from country to country in the direct relationship of about $1 of national income per capita for each gallon of such energy consumption.

For example, according to the report of the Joint Congressional Committee on Atomic Energy, January 1956, in the Netherlands per capita consumption of energy was equal to 448 gallons of oil. National income per capita was $447. In the case of the United States—the highest energy consuming Nation in the world—per capita consumption of energy amounted to 1,711 gallons, and the national income per capita amounted to $1,857.

As growth and expansion of a nation is directly tied to growth and expansion of available energy supplies, it is axiomatic that our Nation's policies should be such as to encourage the exploration for and development of new petroleum reserves. For more than 30 years the 27½-percent depletion rate for petroleum has been the keystone of the many governmental policies designed to increase this Nation's petroleum resources. It has done its job well. It should be allowed to continue to do so.

Abundant low-cost energy is the foundation of a growing economy, and percentage depletion is the key to greater and greater supplies of such energy at reasonable costs to the consumer.

Percentage depletion fosters growth. I could speak at length about how a reduction in the effectiveness in percentage depletion would adversely affect the economy of my State of Kansas. However, in the interest of time, I shall simply state that the oil-producing industry in Kansas is becoming more and more a marginal operation, and any adverse tampering with this would, to say the least, be a crushing blow to the economy and welfare of my State. This would, no doubt, be the case in the majority of the other 30 oil-producing States.

I emphasize that aside from the harm that could result to the consumers and oil producers in my State from any cut in percentage depletion rate, there is another and possibly a bigger issue, and that is how would the tampering with this long-established congressional policy affect our basic national resources policy?

In September 1960 President Kennedy stated aptly the basic consideration involved in the depletion principle when he declared—

> The depletion allowances which affect over 100 items should be considered primarily as a matter of resources policy and only secondarily as a tax issue.

President Kennedy stated further that—

> Its purpose and its value are first of all to provide a rate of exploration, development and production adequate to our national security and the requirements of our economy. * * * The oil depletion allowance has served us well by this test.

All too often the critics of percentage depletion ignore this sound observation and rather contend that a reduction in percentage depletion is necessary because Government temporarily, at least, might collect more revenue if depletion were eliminated. This understood rationale would, of course, have far reaching and undesirable impact throughout our economy.

One of the most sound analyses of the need for and merits of percentage depletion was contained in an editorial paper in the August 1962 issue of the Independent Petroleum Monthly by Minor S. Jameson, Jr., executive vice president of the Independent Petroleum Association of America. I quote in part from this fine editorial:

> Percentage depletion is ingrained in the economic and financial processes of the petroleum industry. It has been for 36 years. Its change or elimination would have repercussions of vast proportion, all detrimental. These adverse results could be factually presented only with great detail, but they can be summarized as follows:
>
> 1. A flight of capital from the industry and disruption of investments on an almost panic scale. There would be chaos during an unprecedented adjustment in industry financial processes.
> 2. Sellouts and mergers among smaller industry units would be greatly accelerated with a resulting increase in corporate concentration in the production and control of petroleum.
> 3. Contraction of the industry would lead to greatly reduced levels of exploration, drilling and development with an inevitable gradual decline in availability of domestic petroleum.
> 4. Severe impairment would occur in the economies of the thousands of oil communities throughout 33 producing States.
> 5. Through shrinking of the largest of the mineral producing industries, there would follow a reduction in the overall base for local, State and Federal tax revenues.
> 6. Expanding military requirements for petroleum fuels, one of the larger single expense items of the Federal Government, would be filled only at a much greater cost.
> 7. Reduced industrial activities would be followed by reduced markets for steel, other basic materials, and hundreds of supplying and servicing organizations sustained by petroleum production.
> 8. Capital expenditures would be diverted in large scale to foreign areas with a compounding of our adverse balance-of-payments situation.
> 9. With economic growth directly related to energy use, principally low-cost petroleum fuels, economic expansion would be impeded.
> 10. Unquestionably there would be less crude oil and gas found and developed, or adequate domestic supplies would be maintained by a more concentrated industry at greater cost and much higher prices to consumers. The alternative would be greater dependence on foreign oil. Neither alternative would be in the public or national interest.
>
> These are some of the fundamentals which cannot be ignored in consideration of petroleum tax policy. Some would occur immediately, others if depletion provisions were reduced or eliminated. Certainly, as a matter of national policy, it would be inconsistent to precipitate such an upheaval in so basic an industry at a time when economic progress and growth has such priority and urgency.

Madam President, as I stated in the beginning, this important tax policy is one that should not be subject to emotional and unfounded attacks on the Senate floor; but rather any review of how it works and why we have it in the law should be considered only after a thorough and comprehensive study by the committee of Congress charged with the responsibility of weighing all the factors involved in recommending to this body changes or additions to our Nation's tax laws.

Madam President, I am convinced that, when thoroughly reviewed and considered in this manner, percentage depletion will once more be overwhelmingly approved by Congress.

Mr. TOWER. Madam President, will the Senator from Kansas yield?

Mr. CARLSON. I yield.

Mr. TOWER. Is the Senator from Kansas aware that sometimes the depletion allowance is referred to as a subsidy, but that under no definition of the term could the depletion allowance be regarded as a subsidy, because actually it is the forgiveness of a tax to a man who is actually selling his capital assets, for once oil is sold, it is gone and is not replaceable? As the distinguished junior Senator from Oklahoma said a while ago, it is not possible to go out and buy a new oil well.

Mr. CARLSON. The depletion allowance is given because a capital asset is being destroyed or being used as it is taken out of the ground.

Madam President, I continue to emphasize the need for a depletion allowance.

Mr. McGEE. Madam President, will the distinguished Senator from Oklahoma yield 5 minutes to me?

Mr. MONRONEY. I yield 5 minutes to the distinguished Senator from Wyoming.

Mr. McGEE. Madam President, in no area of the country is the question of oil depletion allowance of more vital concern than in Wyoming. Because of the particular attributes of the geology in our area, exploration for oil is extremely costly and a much less productive venture. Yet because the industry has been willing to take chances, it has been possible to bring in large reserves of oil to serve the national interest.

I think this is the real point at stake in this particular operation: There is a tendency among some who, I am sure, do not understand the situation, to call the depletion allowance an evasion or a loophole when, in fact, it is only a device that is determined upon to encourage further exploration activities. The oil industry in my State would go out of business very quickly if it did not have this further inducement, because of the cost of exploration for oil.

Madam President, America's position in history has been greatly bolstered by the fact that it is a nation rich in natural resources. We have been abundantly blessed with mineral wealth—iron ore, gold, silver, copper, bauxite, to name a few such treasures, plus the vital energy fuels—oil, coal, natural gas, and, more recently, uranium. But having these minerals in the ground means, in itself, nothing to national progress. Other lands with vast mineral resources have remained backward and poverty-ridden.

Mineral wealth of itself is meaningless until there are people with the initiative, the courage, the means, the vision, and the enterprise to get these raw materials out of the ground and make them available to their fellow citizens.

For example, there are vast pools of oil in this country over and above the nearly 39 billion barrels of proved reserves—known reserves—of crude oil and natural gas liquids. These additional reserves, still to be discovered and to be made available for future generations, are variously estimated to run to hundreds of billions of barrels; the recent National Fuels and Energy Study, prepared by a special staff for the Senate Committee on Interior and Insular Affairs, places the figure at somewhere between 225 and 300 billion barrels.

But this oil that is now in the ground could stay there, and conceivably future generations of Americans could suffer all the deprivations of a fuel famine—unless venturesome people pooled the money and the skill to find these reserves in their hiding places thousands of feet in the earth.

The odds are about 50 to 1 against commercial success in wildcat drilling for crude oil, and are only a bit better in the hunt for oil and gas combined. Furthermore, no one is guaranteed even average luck—that he will make a commercial find if he drills 50 wildcat wells. Many an oilman has drilled his way to the poorhouse with a run of hard luck that went even beyond the severe law of averages in wildcatting.

The purpose of percentage depletion is to make the hunt for new oil possible even in the face of these adverse odds. Without this tax provision, there would be an inevitable slackening in the search for new reserves, with the consequence that consumers would feel the pinch a few years hence—and this country could be faced with a very grave crisis.

There is no such thing as percentage depletion in Russia, because in that country the Government owns all the oil lands and oil-finding equipment. The Government does the wildcatting, and it also makes the decision as to what is to be done with the oil. The Soviet Government has already decided that it is uneconomic for average citizens to own automobiles—and for that reason Soviet policy deliberately prevents mass ownership of automobiles such as we have in the United States. This leaves the Government free to exploit its national oil resources by using oil exports as a weapon in the economic cold war.

Our domestic oil industry is faced with this Russian challenge, and so are the oil industries of other free world nations—many of them operated by or affiliated with American companies. If any amendment that tinkers with the depletion rate is enacted, it will directly impair the ability of our free-enterprise domestic oil industry and its foreign affiliates to compete effectively against the government-controlled Soviet oil enterprise, and we shall be handing Russia a trump card that it is sure to play in the cold war.

If this amendment should be adopted, would its sponsors be content with their victory and would they end their attacks on the percentage depletion provision? It is certain that they would not. One victory like this would only whet their appetities for more. It would spur on the attack against this provision in the law. And it should be understood by all who are going to vote on this amendment that the real issue is not confined by any means to percentage depletion as it applies to oil and gas.

The real issue being disputed today is percentage depletion as it applies to some 100 or so mineral industries—practically every type of mineral produced in this country today. All these industries are the real targets for this attack, with oil and gas just positioned in the bull's-eye. A Senator who votes for this amendment should keep in mind the extent to which he could be jeopardizing the future of the leading mineral industries of his home State, whether his State produces lead, zinc, copper, iron ore, granite, asbestos, or whatever.

Other segments of the extractive industry affected by the depletion allowance consist of 100 or so other minerals that come under the very same tax provision—though at varying rates—which it is being proposed we reduce for oil and natural gas. Should this amendment succeed, it will be used as a lever to pry loose the depletion rates all these other minerals now receive. The only question is which mineral would be next to suffer a cut in its depletion rate?

Would it be uranium? I ask this question with some anxiety because my State happens to rank second, behind New Mexico, in the production of this vital mineral—which now receives a 23-percent rate. Would the next mineral be fluorspar, also entitled to a 23-percent deduction, or tripoli—with 15 percent? Illinois, for example, happens to lead the Nation in the production of both these minerals, and it is an important producer of bituminous coal as well as a significant contributor to the Nation's supply of oil and gas.

Perhaps zinc would be singled out, and that would be bad news for Tennessee because that State happens to be the leader in producing this mineral, with a 23-percent deduction helping to encourage the development of that important industry there.

Perhaps the people of Vermont should be alerted to the danger threatening their asbestos industry. The 23-percent depletion rate for this mineral would be a sure victim of any massive campaign to eradicate or slash to pieces this provision in the Nation's tax laws.

If the deduction for oil and gas is a loophole, then so are these identically based deductions for other minerals; and if the rate for oil and gas is to be reduced, proportionate reductions would necessarily have to be made for these other minerals to restore the balance. But if percentage depletion is a loophole—in the common meaning of the term—then a 20-percent rate or a 15-percent rate can no more be justified than a 27½ percent or 23 percent. If depletion is wrong in principle, changing the rate cannot possibly make it right.

But, of course, the hard fact is that these provisions are not loopholes—none of them. Loophole has merely become an inaccurate label. To the average person on the street, the term "loophole" suggests an evasion of the law. It implies taking advantage of some opening never intended by the framers of a statute. We know that this is not the case with the percentage depletion provision, as it applies to oil and gas or to uranium or to zinc or gold and silver or any other mineral.

The percentage depletion provision is clearly authorized by law. It was duly enacted by Congress in the case of oil and gas and in the case of every other mineral included under the terms of that provision. There is no question whatsoever of its being a loophole. It is a deliberate, express, and clearly intended provision of the tax code.

Was the purpose of this provision—as its opponents insinuate—to give some special advantage to the few? Not at all. The intent of Congress when it enacted this provision with respect to oil and gas was to remove tax obstacles that might have the effect of hindering the high-risk and costly exploration for and development of these vitally needed energy fuels. Other minerals—coal, uranium, zinc, lead, asbestos, gypsum, to name just a few—are included under this provision for exactly the same reason.

Congress recognized that the person engaged in an extractive industry—whether he happens to be a producer of oil or a producer of zinc or of some other mineral—has peculiar operating conditions not experienced by, let us say, the operator of a dry goods store or an auto laundry. The mineral producer—whether he is producing oil or iron ore—is depleting the resource that constitutes his capital.

Every time the oil producer takes a barrel of oil out of his well, he is one barrel closer to going out of business. Every time the mineowner takes out a ton of ore, he is in the same position. Both have to find replacement reserves, and that is not easy.

In the case of oil and gas, of every 100 exploratory wells drilled in the search for a new field, only 3—on the average—will make a commercially successful discovery.

It would be sheer nonsense to tax a business that is up against these odds on the same basis as the operator of a candy store—who has his own problems, it is true, but not this kind of problem—would be taxed.

Abraham Lincoln used to be fond of quoting a riddle that went: "If you call a tail a leg—how many legs does a cow have?" The answer was "Four," because calling a tail a leg does not make it one.

And no matter how much the opponents of the present depletion law for oil and gas may pretend that there is really no practical difference between the business of wildcatting for oil and gas and the business of operating a barbershop, there really are fundamental differences; and if our tax laws refuse to take those differences into due account, our tax laws will not make sense.

The opponents of percentage depletion seem to be saying, "We don't agree with this provision. We think it is dead wrong. But we are not calling for its repeal. We just want to change it a little.

We want to cut it down some, for oil and gas."

Suppose they succeeded in what they want. Suppose they were able to get even a few percentage points deducted from the rate of this provision as it applies to oil and gas. Is it not plain that such a change would be bound to affect the petroleum industry—already going through a period of distress.

The oil industry would be faced with a grim choice between two highly undesirable courses of action. One course would be to make substantial increases in the price of its products—which would be difficult in the present supply-demand situation. The other possible course would be for the oil industry to curtail drastically its drilling program for the present and for an indefinite future, depending on proved reserves already in the larder.

Such a decision, which would be the almost inevitable course if this amendment were adopted, would have drastic consequences for my State and for every one of the other 31 States with oil and gas production. Over the long haul, the Nation would be badly hurt; but the economies of these States would suffer the first punishing effects of this unwise and shortsighted decision. A few examples of what the oil industry now means to Wyoming will indicate how important this matter is to us.

The petroleum industry provides employment to some 12,000 residents of Wyoming, which means that 1 of every 8 members of the nonagricultural labor force earns his livelihood in the oil business.

The petroleum industry payroll in Wyoming runs around $66,500,000 annually, which is important money for us, more than 8 percent of the total personal income of the State.

There is now oil or gas production in 21 of the 23 counties of my State, with nearly half of Wyoming's more than 62 million acres under lease for oil production or exploration. Much of this land is not productive now, but is in line for future testing to determine its potential—if any. It is estimated that there are some 28 million acres in this category—presently unproductive land, under lease for future exploration. The owners of this land are now hopeful; but enactment of this amendment would cruelly dash their hopes, because it would discourage the kind of high-risk ventures that alone can determine whether their land will become oil-producing property.

Wyoming now ranks fifth in oil production, but this does not mean that oil is easy or inexpensive to find there. For many years my State held the national record with a well, completed in 1949, that went down 20,521 feet—and turned out to be a worthless dry hole—which cost nearly $1.5 million. This record stood until 1953, when it was supplanted by a California well—another dry hole—that went almost a thousand feet deeper. That record, in turn, has since been surpassed; and the current deepest well titleholder is a 1958 Texas wildcat that went down 25,340 feet—and turned out to be another dry hole.

Taxes are not paid on a dry hole; that is true. But, the driller does not get back his money, either. A very great amount of money can be spent in drilling those holes, too—an average of $900,000 per well for the deep ones in my State.

Last year, of the 391 wildcat wells drilled in Wyoming, 359 were dry holes. In Laramie County, Wyo., there was a 100-percent dry hole record—one wildcat well drilled, one dry hole resulting from it. But they had to go down more than 7,500 expensive feet before they knew the well was destined to be an unproductive dry hole.

To a man unfamiliar with the problems of oil and gas exploration, this dry-hole problem may seem very remote and academic. But out there in the oilfields it is not remote; it is a fact of life. And a simple fact of economics—not classroom economics, but real life economics—is that people will not invest their money in ventures of this sort unless they stand to get some tax consideration if they succeed in spite of the heavy odds against them. If they take the risks and the tax collector walks off with all the gravy, they will not take those risks any more—and, I may add, there will not be so much gravy for the tax collector, or, in years to come, enough oil for the American people. The issue is as simple as that.

Since production started there 68 years ago, Wyoming has produced more than 2 billion barrels of crude oil. It still has more than 1⅓ billion barrels of proved crude reserves. We know that there is much more oil thousands of feet deep in the Wyoming earth, but people have to drill down there to find it, and that means taking big chances. How many people will have either the courage or the means to keep up the hunt if the already discouraging odds against success are further magnified by a slash in the depletion rate?

When Congress enacted this depletion law back in 1926, it was not meant to be any favor to oil producers or investors. It is not any favor to them now. It is a favor to the American people. It has enabled Americans to enjoy an abundance of the energy fuels that have given us the means to become the world's foremost industrial power, with unrivaled living standards and invincible military might.

Reducing the rate of percentage depletion would have the direct effect of discouraging the search for new oil reserves needed to meet future requirements, with the result that our energy resources would soon dwindle and progress would lag. This would be an undesirable development at any time. It could be suicidal when we are admittedly engaged in a desperate race with Russia, and should be intent upon building up our economy, rather than tearing it down—on increasing, rather than undercutting, our resources for defense.

Oratory does not alter facts; and the facts—not name calling or emotional responses—are what should influence us. The present rate of percentage depletion for oil and gas has served this Nation very well, indeed. So have the rates of this provision applying to other minerals essential to our peacetime economy and national defense—uranium, iron ore, sulfur, copper, nickel, zinc, and lead for some examples. This is not the time to be stampeded into action which would lead to later repentance and regrets—and recriminations, too. Any proposal that would impede our Nation's resource development and future productivity by reducing the depletion rate for oil or any other mineral deserves overwhelming rejection as contrary to the public interest.

I would like to commend the junior Senator from Oklahoma [Mr. MONRONEY], who, as a man who for some 24 years has represented one of the greatest oil States in the Union, has a deep understanding of the purposes and the need for the depletion allowance. In July of this year at an oil industrial conference held at Dallas, Tex., Senator MONRONEY gave to that group an outstanding address on the subject of the oil depletion allowance and the great need for its continuance.

The junior Senator from Oklahoma pointed out, as I have attempted to do here today, that in States where oil is not considered a vital ingredient of the economy, the basic reasons for the depletion allowance and the national interest in its continuation are practically unknown. In Senator MONRONEY's words:

> To the uninformed, it (meaning depletion) has become a symbol of tax favoritism, rather than an instrument that has guaranteed an unfailing and unlimited petroleum supply in two World Wars and in the great industrial and population expansion that followed them.

I sincerely hope, Madam President, that the Members of this body, who have the responsibility to represent not only their individual States, but the national public interest, as well, will agree with me that the mineral depletion allowance is not only necessary but is absolutely essential to the economic well-being and security of the United States.

Mr. ROBERTSON. Madam President——

Mr. KERR. Madam President, I ask unanimous consent that 2 minutes be allowed for questions by the Senator from Virginia [Mr. ROBERTSON].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. Madam President, before the final action on the bill is taken, I wish to raise a question in regard to entertainment expenses—namely, whether, in that connection, partnerships are to be treated on the same basis as corporations. Yesterday we discussed this matter generally, but this particular point was not covered in detail.

So I should like to ask the Senator from Oklahoma [Mr. KERR] this question: Is the exception to entertainment expense disallowances in section 4(a) of the act intended to apply to partnership business meetings—meetings of its employees or its partners, or both?

Mr. KERR. The exception in section 274(e)(6) is intended to include expenses incurred by a partnership which are directly related to business meetings of its employees, or its partners, or both. Partners are agents, and agents are specifically mentioned in the language of the bill.

**Mr. ROBERTSON.** I had assumed that the committee intended that meaning; but inasmuch as the language of the bill itself was not too clear, I am very glad to have this legislative history made in connection with this matter.

**Mr. KERR.** I thank the Senator from Virginia.

**Mr. MONRONEY.** Madam President, before I yield back the remainder of my time, may I ask how much time we have remaining.

**The PRESIDING OFFICER.** Four minutes.

**Mr. MONRONEY.** I yield that time to the distinguished Senator from Arkansas [Mr. FULBRIGHT].

**The PRESIDING OFFICER.** The Senator from Arkansas is recognized for 4 minutes.

**Mr. FULBRIGHT.** Madam President, I regret that this amendment is being offered again.

As the Senate knows, we had no adequate hearings on this proposal. Much that could be said about it cannot be developed here on the floor.

My State is not one of the major producers of oil; it produces only about 100,000 barrels a day. Thus, oil is not as important to Arkansas as it is to the major producing States, such as Oklahoma and Texas.

However, attention should be called to the greater difficulty in obtaining new sources of oil. Certainly, we should not forget the implications of such an amendment. When taken up on the floor, it is impossible to have due consideration given to the long-term ability of our country to supply its own oil needs in case of war or other disruption of the supply of oil.

We recall that not too long ago great difficulties were encountered in Europe, as a result of the closing of the Suez Canal.

We can imagine the revolutions which could easily develop and disrupt foreign supplies of petroleum. Very frequently we hear about the possibility of political upheaval in parts of Latin America from which we now import substantial amounts of oil. It would be very inappropriate and inadvisable, it seems to me, to reduce this depletion allowance under these circumstances, for, in effect, it would stop or would slow down to a very great extent the explorations for new supplies of oil in the United States and leave us totally dependent on foreign sources.

It is no news to this body or to the country that each year now, for a long time, it has become more and more difficult to find new supplies of oil. We are using oil much more rapidly than we are finding new reserves. The great reserves which have been discovered in recent years have not been on the North American continent, and certainly not in the United States. Primarily, they have been in the Middle East and in north Africa. As a matter of national defense and national security, this matter is much too important to be passed upon rather casually on the floor of the Senate, without having careful consideration, in hearings before the committee, of all of the country's interests which are involved.

It will be said that hearings have been held on this matter in the past. That is true; but conditions have changed very rapidly in recent years, especially in the field of oil. Therefore, I think those hearings are obsolete and the record developed no longer useful.

We read daily that one of the principal weapons of the Russians, in their attempts at economic penetration of the free world, is their use of oil. Of course the production of oil under the circumstances which exist in the Soviet Union is quite different from its production in our country. The Russians can, in effect, use oil as a weapon, regardless of its cost, where as under our democratic, free-enterprise system these companies cannot replenish their supplies without the depletion allowance.

I do not wish to repeat what has already been said by the junior Senator from Oklahoma [Mr. MONRONEY] and other Senators in regard to the expense incurred by the oil industry in its efforts to explore for and to find new reserves. He has already pointed out that every year the industry has spent a great deal more than the depletion allowance on its search for oil.

Another vital consideration, it seems to me, is the stabilizing effect of the depletion allowance. I do not think it is the only reason, but it has certainly contributed to the fact that the price of oil today is virtually the same as it was nearly 40 years ago.

So, Madam President, for all these reasons, I hope the amendment will be rejected.

**The PRESIDING OFFICER.** The time yielded to the Senator from Arkansas has expired.

**Mr. WILLIAMS of Delaware.** Madam President, how much time remains available to me?

**The PRESIDING OFFICER.** Twenty-five minutes.

**Mr. WILLIAMS of Delaware.** I shall not need all of that time.

I merely wish to make a correction of the RECORD. It was said that the amendment has not received committee consideration. They are wrong. I call attention to the fact that the amendment was submitted in the normal manner as an amendment to the pending bill; and it was before the Finance Committee, of which I am a member; and testimony was taken, insofar as any member of the industry wished to be represented or to be heard and the amendment was offered in committee.

The amendment was offered in executive session in the committee; although the amendment was not approved as part of the bill, I wish to point that out to refute the argument that the amendment was not properly considered or that the industry did not have a proper chance to present its case.

It is argued——

**Mr. LONG of Louisiana.** Madam President, will the Senator from Delaware tell me whether the Secretary of the Treasury testified for it?

**Mr. WILLIAMS of Delaware.** No, he did not endorse it.

**Mr. LONG of Louisiana.** Did anyone testify for the amendment?

**Mr. WILLIAMS of Delaware.** Yes. Some were in favor of the amendment; some were opposed to it. The Senator is a member of the committee. I would not say that this proposal did not have just a little controversy; nevertheless, the argument that there was no opportunity for hearings on it cannot be supported.

The amendment does not propose to take away the oil depletion allowance in its entirety. I may say, in all fairness, I recognize that there is merit to the principle of depletion allowance. If this were a proposal to take away all the 27½-percent depletion allowance, I would not be in favor of it. On the other hand, there is nothing sacred about the 27½-percent figure. That rate percentage was fixed in 1926, when the corporate tax rate was less than 20 percent, and the top individual tax rate was around 15 percent. The effect of a 27½-percent depletion allowance is far different under those rates than when there is a ceiling of about 90 percent on individual tax rates and a 52-percent tax rate on corporations. The higher the tax rates go, the greater the significance of the 27½-percent depletion allowance.

Let me emphasize again that I am not offering the amendment as a reflection on the oil industry. There is no Member of the Senate who has greater respect for the oil industry than I do. I recognize it as one of the great industries of the country, and one which has made a great contribution. On the other hand, it is no more essential to our national welfare than are other industries. The oil industry would be of no use without the steel industry. Neither of those industries would be of any use without agriculture. One could name almost any industry without which we could not do. So to single out one industry and say America could not survive without it is not a valid argument. One could make make the same argument about many of the other industries.

To argue that the depletion allowance merely means that the man investing his capital is getting back his investment is not valid, because in addition to the depletion allowance, the oil industry gets the normal depreciation rates that all other industries get. In addition to the depreciation allowance, it receives this depletion allowance on gross sales, which has no connection with depreciation. In many cases, a member of the oil industry can recover his investment, not once, twice, or three times, but over and over again, up to as many as 90 or 100 times the original investment. There is no limit as to the number of times a member of the oil industry can recover his original investment. Depletion is not in the same category as depreciation.

I give the industry credit for providing many jobs, but so do other industries in America provide jobs. My argument is that with the cost of defense amounting to $50 billion a year, at a time when the total budget for running the Government is around $90 billion, here is an industry which in my opinion is not paying its proportionate share for the costs of defending and running the Government. The $50 billion defense effort is to protect property investment as well as the lives of the people of America. Here is an industry which represents a major part of the investment of America. Why should not it pay its proportionate part of the cost of Government, instead of having its tax rate frozen at a rate fixed in 1926.

Under this amendment we are trying to adjust this matter on a basis so the industry can pay its proportionate part of the cost of operating the Government.

I want to emphasize again that this is not punitive legislation, because I respect the oil industry as much as does any Member of this body. But I am not alone in saying that this industry is one which needs attention insofar as the tax laws are concerned. The question has been before the committee time and time again.

I wish now to read from the Democratic platform of 1960. I think it well that we refresh the memory of Members on the other side of the aisle. I find this in the Democratic platform on which President Kennedy was elected:

> Third, we shall close the loopholes in the tax laws by which certain privileged groups legally escape their fair share of taxation.
>
> Among the more conspicuous loopholes are depletion allowances which are inequitable.

This puts the whole Democratic Party on record.

Mr. McGEE. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in just a minute. I would like to finish my remarks first, because I am on limited time, I have already yielded a substantial part of my time to the opponents. If I may complete my statement, I will yield.

I would like to cite another authority on the need for correction of the depletion allowance. I quote this time a former President of the United States, in a message which he sent to the Congress. This can be found in the CONGRESSIONAL RECORD, volume 96, part 1, pages 770 and 771. It was a message sent by President Harry Truman, and I read from the President's message:

> I know of no loophole in the tax laws so inequitable as the excessive depletion exemptions now enjoyed by oil and mining interests.
>
> Under these exemptions, large percentages of the income from oil and mining properties escape taxation, year after year. Owners of mines and oil wells are permitted, after deducting all costs of doing business, to exclude from taxation on account of depletion as much as half of their net income. In the case of ordinary businesses, investment in physical assets is recovered tax free through depreciation deductions. When the original investment has been recovered, a depreciation deduction is no longer allowed under the tax laws. In the case of oil and mining businesses, however, the depletion exemption goes on and on, year after year, even though the original investment in the property has already been recovered tax free, not once but many times over.
>
> Originally introduced as a moderate measure to stimulate essential production in the First World War, this special treatment has been extended during later years. At the present time these exemptions, together with another preferential provision which permits oil-well investment costs to be immediately deducted from income regardless of source, are allowing individuals to build up vast fortunes, with little more than token contributions to tax revenues.
>
> For example, during the 5 years, 1943–47, during which it was necessary to collect an income tax from people earning less than $20 a week, one oil operator was able, because of these loopholes, to develop properties yielding nearly $5 million in a single year without payment of any income tax. In addition to escaping the payment of tax on his large income from oil operations, he was also able through the use of his oil tax exemptions to escape payment of tax on most of his income from other sources. For the 5 years his income taxes totaled less than $100,000, although his income from nonoil sources alone averaged almost $1 million each year.
>
> This is a shocking example of how present tax loopholes permit a few to gain enormous wealth without paying their fair share of taxes.
>
> I am well aware that these tax privileges are sometimes defended on the grounds that they encourage the production of strategic minerals. It is true that we wish to encourage such production. But the tax bounties distributed under present law bear only a haphazard relationship to our real need for proper incentives to encourage the exploration, development, and conservation of our mineral resources. A forward-looking resources program does not require that we give hundreds of millions of dollars annually in tax exemptions to a favored few at the expense of the many.

I have just read from President Truman's message as sent to the Congress under date of January 23, 1950.

This amendment before the Senate, in my opinion, is a very moderate approach, making a long overdue correction in our existing tax laws. Time and time again we have changed the rates at which other taxpayers have to pay taxes. I see nothing sacred about the 27½ percent depletion rate fixed for this particular industry.

I repeat again that this is not an effort to whittle the depletion allowance down to nothing. I recognize the equity in the principle of some depletion, but there is nothing sacred about a 27½ percent rate. I think the time is long overdue when this industry should pay its proper proportion of the operating costs of Government.

Mr. TOWER. Madam President, will the Senator yield me 2 or 3 minutes?

Mr. WILLIAMS of Delaware. Madam President, how much do I have left?

The PRESIDING OFFICER. The Senator from Delaware has 14 minutes remaining.

Mr. WILLIAMS of Delaware. I yield 3 minutes to the Senator from Texas.

Mr. TOWER. Madam President, the distinguished Senator from Delaware has quite properly pointed out that the oil industry should bear its share of the tax burden in supporting our gigantic national defense effort. It should be noted that without the 27½-percent depletion allowance there would not be the incentive to produce the wealth which results from oil exploration and production. Actually, the 27½-percent depletion allowance, rather than denying to the Government a source of revenue, has stimulated the production of new sources of revenue. I would predict quite freely that if the 27½-percent depletion allowance were reduced substantially it would so discourage a sufficient number of people from engaging in this great and vital defense industry as to result in reducing sources of revenue to the extent that there would be a loss of revenue to the Government of the United States, to say nothing of the loss for many State and local governments throughout the United States.

This is not a tax loophole. It is not a subsidy. It is simply a tax allowance because of the fact that when a man sells a barrel of oil he is selling a capital asset. The average cost or production per barrel of $2.40 is three times greater than the 76 cents allowed under the depletion allowance per barrel.

Mr. KUCHEL. Madam President, will the Senator yield for a question?

Mr. WILLIAMS of Delaware. I yield to the Senator from California.

Mr. KUCHEL. Will the Senator tell his colleagues the rationale behind that part of the amendment which has to do with reducing the highest surtax rates?

Mr. WILLIAMS of Delaware. Yes. One of the arguments made in connection with the depletion allowance—and it is a very valid argument—is that under present rates, since the Government takes as much as 91 percent of a man's income, with an overall limitation of 87 percent, a man who is already in that tax bracket would not put out his money on a gamble wherein he can keep only 13 percent. Therefore as we reduce the depletion rate we propose to lower the individual rates.

There is a gamble involved in the oil-producing business. I recognize that. A man in the 87-percent tax bracket would not gamble, if he could keep only 13 percent of that which he made. If we reduce the depletion allowance without some correction in other rates, we would hinder the exploration for oil.

That is the reason I have coupled the two proposals together. Let us reduce the depletion allowance and also reduce the overall income tax rates.

If a man could keep 40 percent of that which he made, it would pay him to take the risk. In addition, he would have the remaining 20-percent depletion allowance.

At the same time the Government would pick up an additional $120 million of revenue, at a time the money is needed. I do not think all of the money should be passed on.

Mr. KUCHEL. Has my colleague, by his amendment, restricted the reduction of surtax rates to the 87-percent rate alone?

Mr. WILLIAMS of Delaware. That is the only way to approach the problem.

Mr. KUCHEL. What happens with respect to the rates now existing in the tax law, lower than 87 percent? Would they remain the same?

Mr. WILLIAMS of Delaware. They would remain the same, down to 60 percent.

Mr. KUCHEL. They would remain the same, down to 60 percent?

Mr. WILLIAMS of Delaware. Yes.

Mr. KUCHEL. What would happen to those surtax rates under 60 percent, as presently written in the tax law?

Mr. WILLIAMS of Delaware. Nothing.

Mr. KUCHEL. That is all.

Mr. WILLIAMS of Delaware. There was a suggestion made that instead of applying it all to the rates over 60 percent, we should raise the personal exemption from $1,200 to $1,500 on those over 65. I should be glad to consider offering the amendment in such a way, if the Senator would support it.

Mr. KUCHEL. I shall have the honor to study anything my able friend from Delaware may bring forth. The only way I know how to participate in the legislative process is on the basis of what is pending and to deal with it, up or down. On that basis, I have the honor to disagree with my friend.

Mr. WILLIAMS of Delaware. I understand. I appreciate the position of my good friend from California.

I think this is a good way to approach the problem.

Madam President, I am ready to yield back the remainder of my time.

Mr. MANSFIELD. Madam President, I move to lay on the table the amendment offered by the Senator from Delaware.

Mr. WILLIAMS of Delaware. Madam President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Montana [Mr. Mansfield] to lay on the table the amendment offered by the Senator from Delaware [Mr. Williams], for himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ERVIN (when his name was called). Madam President, on this vote I have a live pair with the senior Senator from Mississippi [Mr. Eastland]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. SALTONSTALL (when his name was called). Madam President, on this vote I have a pair with the senior Senator from Washington [Mr. Magnuson]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. Eastland] and the Senator from Washington [Mr. Magnuson] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Wyoming [Mr. Hickey], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], and the Senator from Wyoming [Mr. Hickey] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Arizona [Mr. Goldwater], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

If present and voting, the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Arizona [Mr. Goldwater], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] would each vote "yea."

The result was announced—yeas 57, nays 30, as follows:

[No. 244 Leg.]

YEAS—57

Allott
Bartlett
Beall
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Capehart
Carlson
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Engle
Fong
Fulbright
Gruening
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Moss
Mundt
Pearson
Randolph
Robertson
Russell
Smathers
Sparkman
Stennis
Talmadge
Thurmond
Tower
Williams, N.J.
Yarborough
Young, N. Dak.

NAYS—30

Aiken
Boggs
Byrd, Va.
Carroll
Case
Church
Clark
Douglas
Gore
Hart
Humphrey
Jackson
Javits
Keating
Kefauver
Lausche
McNamara
Morse
Muskie
Neuberger
Pastore
Pell
Prouty
Proxmire
Scott
Smith, Mass.
Smith, Maine
Wiley
Williams, Del.
Young, Ohio

NOT VOTING—13

Anderson
Bennett
Bible
Bottum
Eastland
Ervin
Goldwater
Hickey
Magnuson
Morton
Murphy
Saltonstall
Symington

So Mr. Mansfield's motion to lay on the table the amendment offered by Mr. Williams of Delaware was agreed to.

Mr. KERR. Madam President, I move that the action of the Senate whereby the amendment was tabled be reconsidered.

Mr. LONG of Louisiana. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. Madam President, one of the provisions on which the Committee on Finance worked the longest and the hardest has to do with the taxation of foreign corporations, domestically owned or controlled. I wish to make a few comments as legislative history to augment the language in the committee report in making the intent of the committee clear.

There has been some comment as to the workings of the minimum distribution escape valve to section 12 when an election is made on a consolidated basis. The report of your committee on pages 271 and 272 contains two examples—examples 1 and 2—to show how foreign tax credits may have to be allocated on a consolidated basis when only a minimum distribution is made and it is not made pro rata from the foreign subsidiaries being consolidated.

I have discussed this matter with the Treasury Department and they agree with me that it would be desirable to provide some further illustrations and examples of how the minimum distribution escape valve is intended to operate on a consolidated basis. Example 3 below demonstrates that for purposes of computing the available foreign tax credit, a domestic corporation electing the minimum distribution section on a consolidated basis utilizes the regular rules for computing foreign tax credit, with no allocations of its credits, provided that its actual distribution is such that the combined U.S. and foreign taxes which result, produce an overall effective rate which is equal to, or above, the overall effective rate that would be produced if the taxpayer had received a minimum distribution pro rata from all of the foreign subsidiaries included in the consolidation. If no minimum distribution is required because the effective foreign rate is 47 percent or higher, then the normal tax credit rules remain applicable with no allocation of credits.

Where the actual distribution does not result in an overall effective rate equal to or above the overall effective rate that would have been produced by such a pro rata minimum distribution from all of the foreign subsidiaries included in the consolidation, then the domestic taxpayer still continues to use his regular rules for computation of foreign tax credit, except that a portion of the foreign tax credits will here be required to be allocated on a consolidated basis. The allocation that is required is only to the extent needed to bring the overall rate of United States and foreign taxes up to the rate that would have been produced by a minimum distribution on a pro rata basis. See examples 1 and 2 in committee report and example 4 below.

The method of computation when a branch is involved and an election has been made to treat the branch as a foreign subsidiary is provided by example 5 below. This example shows that the taxable income of the branch is utilized in determining the foreign effective rate of taxation. Further, when the branch is entitled to deductions, like that provided Western Hemisphere trade corporations, this is reflected by a reduction from taxable income.

Thus, what the examples in the committee report and the further examples attached to this statement show is that the authority given the Secretary of the Treasury or his delegate in section 963(f) to prescribe regulations for the determination of the amount of foreign tax credit is to allocate the normal available foreign tax credit so as to produce an overall effective rate of taxation equal to the overall effective rate that would be produced by a pro rata minimum distribution pattern. If the taxpayer chooses some other pattern for distribution, no allocation will be made as long as the overall effective rate, utilizing regular rules for computation of foreign tax credit, equals or exceeds what would have been produced by a pro rata minimum distribution.

I think that with these illustrations the comments that have been made will have been satisfactorily answered. My belief continues as strongly as ever that the minimum distributions escape valve is an effective and valuable device.

### EXAMPLE 3

Assume domestic corporation M owns 100 percent of the stock of controlled foreign corporations A and B. All the corporations use the calendar year as the taxable year. In 1963, corporation A had earnings and profits of $62 after payment of foreign income tax of $38—a 38-percent rate. Corporation B, for taxable year 1963, had earnings and profits of $18 after payment of foreign income tax of $2—a 10-percent rate. The consolidated effective foreign tax rate of corporations A and B was 33⅓ percent—total tax paid divided by consolidated earnings and profits before deduction of foreign taxes—

$$\frac{38+2}{100+20}$$

The required minimum distribution under section 963 was therefore $48—60 percent of the consolidated earnings and profits after taxes—60 percent of $80. An election is made to consolidate A and B for purposes of section 963. Assume the application of "gross up" provisions. Assume no withholding taxes are imposed on distributions.

If corporations A and B had each made a distribution to corporation M equal to 60 percent—the required minimum distribution percentage—of their earnings and profits after taxes, the resulting overall effective U.S. and foreign tax rate on the earnings and profits of A and B for the year 1963 would be 44.5 percent computed as follows:

| | A | B | Total |
|---|---|---|---|
| Amount includible in gross income as a dividend | $37.20 | $10.80 | $48.00 |
| Amount includible in gross income under sec. 78 | 22.80 | 1.20 | 24.00 |
| Total amount included in gross income | 60.00 | 12.00 | 72.00 |
| Tentative U.S. tax (at 52-percent rate) | 31.20 | 6.24 | 37.44 |
| Foreign tax credit | 22.80 | 1.20 | 24.00 |
| Net U.S. tax | 8.40 | 5.04 | 13.44 |

The combined foreign and U.S. taxes would equal $53.44—$40 plus $13.44. The resulting overall effective rate would thus be 44.5 percent—$53.44/$120.

Assume that in fact the actual distributions from A and B and the resulting U.S. tax liabilities and overall effective tax rate are as follows:

| | A | B | Total |
|---|---|---|---|
| Amount included in gross income as a dividend | $55.80 | $7.20 | $63.00 |
| Amount included in gross income under sec. 78 | 34.20 | .80 | 35.00 |
| Total amount included in gross income | 90.00 | 8.00 | 98.00 |
| Tentative U.S. tax (at 52-percent rate) | 46.80 | 4.16 | 50.96 |
| Foreign tax credit | 34.20 | .80 | 35.00 |
| Net U.S. tax | 12.60 | 3.36 | 15.96 |

The combined U.S. and foreign taxes equal $55.96—$40 plus $15.96. This amount exceeds the $53.44 total tax which would have resulted had a pro rata minimum distribution been made from each corporation, and the resulting combined effective rate of 46.6 percent exceeds the 44.5 percent that would have been produced by a pro rata minimum distribution. The regular foreign tax credit computations remain applicable and no allocation is to be made.

### EXAMPLE 4

Assume the facts are the same as in example 3, except that the actual distributions from A and B and the resulting U.S. tax liabilities and overall effective tax rate are as follows:

| | A | B | Total |
|---|---|---|---|
| Amount included in gross income as a dividend | $49.60 | 0 | $49.60 |
| Amount included in gross income under sec. 78 | 30.40 | 0 | 30.40 |
| Total amount included in gross income | 80.00 | 0 | 80.00 |
| Tentative U.S. tax (at 52-percent rate) | 41.60 | 0 | 41.60 |
| Foreign tax credit | 30.40 | 0 | 30.40 |
| Net U.S. tax | 11.20 | 0 | 11.20 |

The combined U.S. and foreign taxes equal $51.20—$40 plus $11.20. Since this amount is less than the $53.44 total tax which would have resulted had a pro rata minimum distribution been made from each corporation, the resulting combined effective rate, 42.7 percent, is less than 44.5 percent. Therefore, the regulations will require that a sufficient amount of the $30.40 foreign tax credit; namely $2.24, must be reallocated on a consolidated basis so that the resulting U.S. tax will equal $13.44. The combined U.S. and foreign tax would then equal $53.44, resulting in a combined effective rate of 44.5 percent.

### EXAMPLE 5

Assume domestic corporation X, with a foreign branch, wholly owns controlled foreign corporation Y. The foreign branch of X has taxable income of $100 before payment of foreign taxes of $38. Y has earnings and profits of $18 after payment of foreign taxes of $2. Both corporations use the calendar year as their taxable year. Y distributes $8 to X. Elections are made to treat the foreign branch of X as a controlled foreign corporation and to consolidate Y with the branch for purposes of section 963.

If only 60 percent—the required minimum distribution percentage—of corporation X's branch income is taken into account and assuming that corporation Y made a distribution to corporation X equal to 60 percent of Y's earnings and profits after taxes, the resulting overall effective U.S. and foreign tax rate on the combined foreign profits of X and Y for the year 1963 would be 44.5 percent computed as follows:

| | X | Y | Total |
|---|---|---|---|
| 60 percent of branch income | $60 | | $60.00 |
| Amount included in gross income of X as a dividend | | $10.80 | 10.80 |
| Amount included in gross income of X under sec. 78 | | 1.20 | 1.20 |
| Total amount included in gross income of X ($60+$10.80+$1.20) | | | 72.00 |
| Tentative U.S. tax | | | 37.44 |
| Foreign tax credit (60 percent of $38+$1.20) | | | 24.00 |
| Net U.S. tax | | | 13.44 |

The combined foreign and U.S. taxes equal $53.44—$40 plus $13.44. The resulting overall effective rate is thus 44,5 percent—$53.44/$120.

In fact under section 963, X is considered to have distributed 100 percent of its branch income. Assume that corporation Y distributes a dividend of $7.20 to X. Under this assumption the resulting U.S. tax liabilities and overall effective tax rate are as follows:

| | X | Y | Total |
|---|---|---|---|
| Amount of branch income included in gross income | $100 | | $100.00 |
| Amount included in gross income as a dividend | | $7.20 | 7.20 |
| Amount included in gross income under sec. 78 | | .80 | .80 |
| Total amount included in gross income | | | 108.00 |
| Tentative U.S. tax at 52-percent tax rate | | | 56.16 |
| Foreign tax credit ($38 plus $0.80) | | | 38.80 |
| Net U.S. tax | | | 17.36 |

The combined U.S. and foreign taxes thus equal $57.36—$40 plus $17.36. The amount exceeds the $53.44 total which would have resulted had only 60 percent of the income of X and Y been taken into account and the resulting combined effective rate of 47.8 percent thus exceeds 44.5 percent, which would have resulted had only 60 percent of the incomes been taken into account. The regular foreign tax credit computations remain applicable and no allocation is to be made.

Mr. CARLSON. Madam President, will the Senator yield?

Mr. KERR. I yield.

Mr. CARLSON. I inquire if the Senator from Oklahoma, in reading the clarification or interpretation of sections in the bill, referred to section 963.

**Mr. KERR.** The Senator is correct.

**Mr. CARLSON.** As the distinguished Senator from Oklahoma knows, I have prepared and have at the desk two amendments, one of them identified as "8–30–62—F," and one shown as "8–30–62—E," dealing with some proposed amendments to section 963.

I should like to ask the Senator if he believes that the statement he made would generally take care of the situations I had in mind in the amendments that I had intended to propose.

**Mr. KERR.** I say, generally, to the distinguished Senator from Kansas, that as I understand his amendment "8–30–62—F," the illustrations that I have given do, in my opinion, take care of what he had in mind in that regard. They go as far as the language of the bill would permit, and implement the language in connection with the Senator's other amendment.

**Mr. CARLSON.** In view of the statement of the Senator from Oklahoma, I shall not offer these amendments.

**Mr. KERR.** I thank the Senator from Kansas.

**Mr. CANNON.** Madam President, I call up my amendment designated "8–27—62." I ask that the amendment not be read but that it be printed in the Record.

**The PRESIDING OFFICER.** Without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 391, between lines 21 and 22, insert the following new section:

"Sec. 27. Allowance to Taxpayer of Additional Exemption With Respect to Dependent Child Who Is Student Above Secondary Level at Educational Institution.

"(a) In General.—Section 151 of the Internal Revenue Code of 1954 (relating to deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

" '(f) Additional Exemption for Dependent Children Attending School Above the Secondary Level.—

" '(1) In general.—An additional exemption of $600 for each child of the taxpayer—

" '(A) for whom the taxpayer is entitled to an exemption under subsection (e)(1) for the taxable year;

" '(B) who has not attained the age of 23 at the close of the calendar year in which the taxable year of the taxpayer begins; and

" '(C) who, during at least 4 calendar months during the calendar year in which the taxable year of the taxpayer begins, is a full-time student above the secondary level at an educational institution.

" '(2) Definitions.—For purposes of paragraph (1)—

" '(A) Child.—The term "child" means an individual who (within the meaning of section 152) is a son, stepson, daughter, or stepdaughter of the taxpayer.

" '(B) Educational institution.—The term "educational institution" has the meaning assigned to it by subsection (e)(4).'

"(b) Technical Amendment.—Section 213(c) of the Internal Revenue Code of 1954 (relating to maximum limitations on deductions for medical, dental, etc., expenses) is amended by striking out 'subsection (c) or (d), relating to the additional exemptions for age or blindness' and inserting in lieu thereof 'subsection (c), (d), or (f), relating to certain additional exemptions'.

"(c) Conforming Amendment.—Section 3402(f)(1) of the Internal Revenue Code of 1954 (relating to withholding exemptions) is amended—

"(1) by striking out 'and' at the end of subparagraph (D);

"(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof '; and'; and

"(3) by adding after subparagraph (E) the following new subparagraph:

" '(F) one additional exemption for each child with respect to whom, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable an exemption under section 151(f) (relating to dependent children attending school above the secondary level) for the taxable year under subtitle A in respect of which amounts deducted and withheld under this chapter in the calendar year in which such day falls are allowed as a credit.'

"(d) Effective Date.—The amendments made by this section, other than the amendments made by subsection (c), shall apply to taxable years beginning after December 31, 1961. The amendments made by subsection (c) shall apply with respect to wages paid on or after the first day of the first month which begins more than 10 days after the date of the enactment of this Act."

On page 391, line 22, strike out "27" and insert in lieu thereof "28".

**Mr. CANNON.** Madam President, I ask unanimous consent that the following Senators may be added as cosponsors of the amendment: the Senator from South Carolina [Mr. Johnston], the Senator from Florida [Mr. Smathers], the Senator from Indiana [Mr. Hartke], the senior Senator from West Virginia [Mr. Randolph], the junior Senator from West Virginia [Mr. Byrd], the Senator from Colorado [Mr. Allott], and the Senator from Ohio [Mr. Young], because each of these Senators is himself a sponsor of a bill similar in legislative intent to my amendment. Each has recognized the challenge facing this Nation and the importance of an accelerated program for advanced education in order to meet that challenge.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. SCOTT.** Madam President, will the Senator from Nevada yield?

**Mr. CANNON.** I yield.

**Mr. SCOTT.** I ask that my name also be added as a cosponsor of the amendment. I strongly urge its adoption.

**Mr. SMATHERS.** Madam President, will the Senator from Nevada yield?

**Mr. CANNON.** I yield.

**Mr. SMATHERS.** I thank the Senator from Nevada for having included me as a cosponsor of the amendment. I have had an amendment similar to this one pending in the Finance Committee since January 1961. I cannot help feeling that this is a better way in which to educate the young people of America, or to make it possible for their parents to educate them, rather than to talk about loan or grant programs or other proposals of that type, although I am in favor of loan programs. However, I did not see fit to press my amendment at this particular time in light of the fact that the able Senator from Nevada had ventured forth with his amendment. I still believe that my amendment which also includes an exemption for students who work their way through school as well as individuals in the position of foster parents, is a worthwhile amendment.

I am delighted to know that progress appears to be made in the direction of having the administration look with kindness upon an approach to provide a tax deduction for parents in an amount up to $600 of the cost of sending each child to a college or university. Parents today have a heavy burden due to the high cost of tuition in sending their children to schools of higher learning. Many of them find it an impossible task and as a result the children are deprived of furthering their education. The loser in the end is the child and the Nation. I congratulate the able Senator from Nevada upon his leadership in this direction. I am happy to join with him in his amendment. With administration help I sincerely trust we will achieve success in the next session of the Congress.

**Mr. CANNON.** I thank the Senator from Florida for his remarks.

Madam President, I ask unanimous consent that the distinguished junior Senator from Texas [Mr. Tower] and the distinguished Senator from Rhode Island [Mr. Pastore] also be added as cosponsors of the amendment.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. CANNON.** Madam President, many of the Senators whose names have been added at their request as cosponsors of the amendment are themselves the sponsors of bills having a similar legislative intent, each of them recognizing the challenge which faces the Nation and the importance of an accelerated program for advanced education in order to meet that challenge.

On Tuesday, I spoke at length on the floor of the Senate pointing out the urgent need in the Nation for an accelerated program to train additional needed personnel for scientific manpower utilization.

In addition, I have consistently supported programs to provide aid to education at every level. My amendment is intended to make possible the achievement of some of those goals about which I spoke on Tuesday, and for which I have voted with consistency. It would provide an additional tax exemption to the parent of any child under 23 who is a full-time student above the secondary level at an educational institution.

As of October 1961, approximately 2,900,000 students under the age of 23 were attending universities in this country. In a study by the University of Michigan, it was determined that the average annual cost per student was $1,550. Of this amount, the student had earned and saved $360; $130 was provided by scholarships; $950 came from parents; and $110 from other sources. The study also showed that 4 in 10 found financing to be extremely difficult, while 2 in 10 found that the financial assistance which they were able to obtain was inadequate.

I believe that all children desire an opportunity to compete as adults on an equal basis with their fellows. I believe that every parent desires to give his child that opportunity. Yet, many of our youth are being denied the right to compete due to a lack of advanced training. A study financed by the Ford Foundation and conducted by Elmo Roper & Associates revealed that 60 percent of the Nation's parents had no savings; and of those who did only an average of $150 was set aside for college expenses. My amendment would assist in meeting the expenses and thus provide an added avenue and an added incentive for the Nation's youth in the pursuit of higher education. Many additional figures would be presented to show that there is a rather desperate financial justification for this amendment.

Perhaps more important, however, in terms of the Nation's continued progress and security is the benefit which would accrue by making possible the full academic development of our Nation's youth.

Madam President, in the past there has been difficulty in getting from the Treasury Department a statement of its position on such a proposal, because of the cost of this type of legislation. Only today I received from the Secretary of the Treasury a letter which, to me, points up the recognition by the Treasury Department of the need for some type of approach to this problem. I shall ask unanimous consent that the entire letter be printed in the Record, but first I wish to emphasize the concluding paragraph of the letter, from Secretary Dillon, which reads, as follows:

> In the light of the overall revenue aspects of the pending bill, which on our figures shows a gross loss on a full-year basis of $210 million, the addition of a further $400 million loss is obviously quite serious. I feel strongly therefore that the amendment should be deferred until next year. This will permit the administration to conduct a full and thorough study of the various approaches to financing higher education. We plan to submit to the Congress early next year a recommended solution to the problem.

Madam President, I ask unanimous consent that the entire letter be printed at this point in my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of the Treasury,
*Washington, D.C., September 5, 1962.*

Hon. Howard W. Cannon,
*U.S. Senate,*
*Washington, D.C.*

Dear Senator Cannon: I am writing to you in regard to the amendment you have proposed to H.R. 10650 to grant taxpayers an extra $600 dependency deduction for each dependent child under the age of 23 who is a full-time student above the secondary level.

The problem of financing the higher education of students, with which your amendment is concerned, is of course an important one. The President has expressed concern over the number of qualified high school graduates who are unable to attend college because of financial reasons and has proposed a program of scholarships and loans to supplement the private and public scholarship and loan programs now in effect. Other approaches seek to provide financial assistance for higher education by granting various tax concessions. All these approaches merit serious study. A solution to the basic problem of financing the higher education of able students must be found. The administration is pursuing this matter vigorously in order to reach a fair and effective solution.

However, I do not believe that it would be desirable to attempt to deal with such a vital issue as financing higher education by means of an amendment to the 1962 revenue bill. This is particularly true in view of the fact that the proposed amendment to grant taxpayers extra dependency deductions for college students would involve an estimated annual revenue loss of at least $400 million. This estimate is based upon the following considerations: Approximately 3 million of the more than 3½ million students enrolled in institutions of higher education are estimated to be eligible for the extra dependency allowance. At $600 per eligible student, and allowing for the fact that some parents of college students do not report taxable income sufficient to absorb the extra deduction, this means a reduction in the individual income tax base of $1.75 billion.

In 1960 the average tax rate paid on taxable income was 23 percent. Twenty-three percent of $1.75 billion is approximately $400 million. This is undoubtedly a conservative estimate because it is to be expected that the income of taxpayers who have children in college are higher than that reported on the average taxable income tax return, and because the extra deduction would reduce income subject to the highest marginal, not the average, bracket rate paid by each affected taxpayer.

In the light of the overall revenue aspects of the pending bill, which on our figures shows a gross loss on a full-year basis of $210 million, the addition of a further $400 million loss is obviously quite serious. I feel strongly therefore that the amendment should be deferred until next year. This will permit the administration to conduct a full and thorough study of the various approaches to financing higher education. We plan to submit to the Congress early next year a recommended solution to the problem.

Sincerely yours,
Douglas Dillon.

Mr. CANNON. Madam President, I am happy to state that the Treasury Department now recognizes the seriousness of the problem and proposes to submit to Congress early next year, so that Congress may consider the enactment of legislation in this area, a recommended solution of this very serious problem which confronts approximately 2,900,000 students who are attending school.

It is my understanding that the Secretary of the Treasury believes that if the amendment were adopted at this time, there would be grave doubt, because of the deficit which will be created, whether the bill could be recommended for final approval.

I shall defer to the distinguished manager of the bill for his comments.

Mr. KERR. Madam President, I express deep appreciation to the distinguished Senator from Nevada, first, for the amendment he has discussed; and second, for what I believe to be the constructive approach he has shown.

The proposal has been discussed with officials of the Treasury. It was their opinion that, worthy as the amendment is, if it were added to the bill it would create a deficit which would make the bill very unattractive and possibly warrant failure of its approval.

The principle of the Senator's amendment is highly commendatory. I am glad he has brought it up. I am glad he has secured a commitment from the administration that it is a subject with reference to which the administration will make an appropriate recommendation for its adequate solution early next year.

The Senator from Nevada has made a distinct contribution by bringing forward a proposal which is of deep interest to the American people, one which will be contributory to a wider spread of educational achievement by the youth of our country. I thank him genuinely for the manner in which he has handled the situation.

Mr. CANNON. I thank the Senator from Oklahoma.

Mr. RANDOLPH. Mr. President, will the Senator from Nevada yield?

The PRESIDING OFFICER (Mr. Burdick in the chair). Does the Senator yield?

Mr. CANNON. I yield.

Mr. RANDOLPH. I commend the Senator from Nevada for his initiative and industry in presenting for the information of the Members of this forum the considered and valid reasons for the adoption of the amendment. I, too, have introduced proposed legislation relating to this problem. It was presented in January 1961, for myself and my colleague from West Virginia [Mr. Byrd]. I felt then, in presenting S. 391, as I feel now, that there is compelling argument for providing this exemption, this additional $600 benefit for the taxpayer in consideration of helping to offset spiraling education costs at the institutions of collegiate training.

This school year the cost for education at the college and university level for approximately 4,600,000 young men and young women will total $9,500 million. Only 5 years ago that cost would have been $4,200 million for only 3 million of our young people—which indicates that the seriousness of this problem comes with the impact of the greater number of our youth enrolled. It is during this period of special impact on the parents that very careful attention must be given the imperative need for this added exemption.

I have in my files letters from fathers who struggle with the costs which accrue to them when they have two or three children in college. One of these citizens sets down the problem in these words:

> I have no objection to paying our Federal income taxes, as I realize that our Government must have money for the multitude of purposes set forth in our budget. I consider it a privilege to pay my small share in helping to keep our country great and good.
>
> However, within the past 2 years, two of my children have been fortunate enough to enter West Virginia institutions of higher education, and I have, under our American way of life, been fortunate enough to have the needed income to pay all of their expenses. For the school year of 1960–61, it will cost me approximately $4,000, or $2,000 per student, to keep these two in college. At the same time, under our income tax laws I am allowed an exemption of only $600 per student or a total of $1,200. Within the next 3 years, if providence permits, I shall have a third child in college, and my average cost for the three will be $6,000 per year, and my total exemption will be $1,800.
>
> I firmly believe that higher education affords one of the best ways of providing better American leadership, and I have always

strongly urged every American father to attempt to provide his children with college educations. If this recommendation is followed, I believe that America would become a better country in which to live, and that we will thereby make certain that America will always remain the greatest leader among world powers.

Accordingly, I urge that legislation be enacted to increase the personal exemption under our income tax laws to at least $1,200 for each child that the taxpayer wholly provides with a college education.

I ask unanimous consent to have printed at this point in the Record, in connection with my remarks, an article, "College Costs Will Hit Record," published today in the Washington Daily News. It indicates the heavy and increasing expense to the parents of the Nation, because of the mounting cost of the education of their children.

There being no objection, the article was ordered to be printed in the Record, as follows:

### College Costs Will Hit Record

(By Robert Dietsch)

It will cost American parents almost $9.5 billion to send 4.6 million offspring to college this year.

Both figures are records.

Five years ago, parents paid about $4.2 billion to send 3 million youngsters to college. And because spending more than doubled in the period while the number of students increased only 53 percent, it should be no great surprise that:

Since 1957, spending for higher education has gone up faster than spending on any other item in the consumer's budget.

#### ESTIMATE

The U.S. Office of Education has estimated 2¾ million students will enroll at public-supported colleges and universities this month and 1.84 million at private institutions. In 1950, the total was 2.7 million and in 1957 about 3 million.

Basic charges at the public schools (tuition and fees) have gone up from an average $155 in 1958 to $190 today. At private colleges the charges have zoomed from $526 to $740.

The differences in the figures indicate why 60 percent of today's college students enroll at public schools and only 40 percent at the private ones.

Five years ago, total costs (tuition, fees, books, room, board, clothes, transportation) were $1,500 at a public-supported college and $2,000 at a private school. Educators now put those averages at a minimum of $1,700 and $2,500.

Which would bring total outlays at public institutions up to $4.6 billion and at private institutions up to $4.7 billion.

In the last 5 years, disposable income of all Americans rose 24 percent (from $293 billion to current rate of $382 billion). But spending on higher education more than doubled.

It leads any list showing how consumer spending has increased.

Second on such a list compiled by the investment firm of David L. Babson & Co. is expenditures in stocks and bonds (up 90 percent from 1956 to 1962) and third is private school expenditures, up 65 percent.

Spending on books and maps, which might be related to education, ranked fifth—up 72 percent and only slightly behind the 75 percent spending increase on air travel.

#### REFLECTS BOOM

In fact, the Babson list reflects the American boom for comforts, conveniences, luxuries, entertainment, and culture. The only durable goods products on the big spending list were eyeglasses, braces, artificial limbs, boats, planes, radios, TV sets, records, and musical instruments—and all of these are connected with leisure, recreation, or health.

Behind spending increases for books and maps were increased outlays for transportation tolls (up 65 percent), private hospitals (60 percent), barbers and beauticians (56 percent), participant sports, life insurance expenses, and radio and TV repair (all 55 percent) and bank service charges and toilet articles (both 54 percent).

Mr. RANDOLPH. Mr. President, I repeat that if this issue is delayed today, it must be met in the coming Congress.

Mr. CANNON. Mr. President, I thank the distinguished Senator from West Virginia for his remarks.

Mr. SCOTT. Mr. President, I support the amendment offered by the distinguished junior Senator from Nevada [Mr. Cannon].

On January 20, 1959, I introduced proposed legislation which would have increased the amendment on personal income tax exemption allowed a taxpayer for a dependent from $600 to $1,000 for any taxable year in which such dependent was a student attending school at the college level or above.

It has long been my feeling that the welfare and the future of our country is closely and intimately tied to the educational accomplishments of our young people. The mental resources and technical skills of our young people have to be developed so that the vast knowledge and mastery of complex scientific principles so vital to the national defense are within their grasp. The full resources for strengthening our national defense are not being utilized because many of our young people, due to the financial limitations of their parents, are unable to continue their educational studies above the secondary school level.

There are programs, both private and Government, which have aided the top qualified students desiring to continue their education beyond high school, but I feel that an additional exemption of $600 to a taxpayer who has a dependent attending a school of higher education on a full-time basis would greatly increase the educational and technical potential of this country for the future, and would ease the heavy burden on parents in sending their children to college. Thousands of our young people of ability either do not enter college or have to drop out before graduation for financial reasons.

This amendment, if adopted, would go far to alleviate the loss suffered by such dropouts and discontinuances if this amendment is favorably considered here today. If not, I urge that it be presented as an amendment to other legislation or as a separate bill.

Mr. President, I urge the Senate's favorable consideration of the proposal.

Mr. CANNON. Mr. President, in view of the recognition of this problem by the administration, and in view of the fact that the administration intends to conduct a full and thorough study of the various approaches, and plans to submit to the Congress, early next year, a recommended solution, I intend to withdraw my amendment. However, before I do so, I yield to the Senator from Oregon [Mr. Morse], who wishes to speak on the amendment.

Mr. MORSE. Mr. President, I rise to address myself briefly to the amendment.

I must completely disagree with the Senator from Oklahoma [Mr. Kerr] that this is a desirable amendment from the point of view of public policy. I point out that the amendment is not a desirable one from the point of view of policy, and that it is not, so far as I know, a part of the administration's program. The administration was completely opposed to similar amendments, throughout all of our consideration of the educational program of S. 1021. Amendments of this type were discussed then but not adopted. The amendment, in my judgment, is unwise from the standpoint of educational policy, and I believe it to be unwise from the standpoint of tax policy. It gives no help to the student from the low-income family who needs help most and it gives greatest help to those whose family income is highest.

Taxes should be based upon ability to pay; but this amendment has nothing to do with the general problem of ability to pay. The amendment seeks to transfer to others the burden of paying the cost of education of college students. The amendment would give the proposed benefit to the parents of college students, many of whom are in middle to upper income brackets.

I have virtually fought my heart out on the floor of the Senate, working to obtain Federal aid to education. But Federal aid to education should come directly from the Treasury of the United States by appropriation. It should not be provided in the form of favoritism to the parents of some college students who need it the least.

If such an exemption is begun as a matter of tax policy, where will we end the making of exemptions for one group after another which have enough political power and pressure to be able to obtain such exemptions? Rather, I believe we should end the practice of granting one group exemption after another when such exemptions are based upon the political power of various groups. We should proceed to determine, from the standpoint of public policy, what we ought to spend the tax dollars for. Those expenditures should come from the common pool—the Treasury of the United States. We should not authorize various groups to avoid paying their fair share of taxes which are based upon the sound principle of ability to pay.

I favor aid to colleges, and I favor scholarship and loan aid to students—but not by means of such special legislation as the tax-exemption approach of this amendment.

I should like to have the sponsors of this proposal give to Federal aid-to-education legislation all the support they wish to give to this amendment. We might then get a decent, fair, equalized, across-the-board Federal aid-to-education program for the public elementary and secondary schools. We could then give all the help we can to our institutions of higher learning, and to their students by way of scholarships and loans. But all such aid should come from the Treasury of the United States directly. It should not issue indirectly from a tax exemption amendment such as that proposed.

Mr. CANNON. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Nevada is withdrawn.

Mr. GORE. Mr. President, perhaps it would be appropriate now to call up my amendment which would reduce the tax exemption—now provided by the bill—of $35,000 a year for bona fide oversea residents to $6,000, or exactly 10 times what has just now been under consideration in the case of a parent who has a child in college. So I call up my amendment which is identified as "8-27-62—G," and ask that it be modified, on page 2, in line 7, by making the figure at that point read "$6,000".

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 134, beginning with line 24, it is proposed to strike out all through line 25 on page 135 and insert the following:

> (a) GENERAL RULE.—In the case of an individual citizen of the United States who establishes to the satisfaction of the Secretary or his delegate that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) which constitute earned income attributable to services performed during such uninterrupted period shall not be included in gross income and shall be exempt from taxation under this chapter. The amount excluded under this subsection for any taxable year shall be computed by applying the special rules contained in subsection (c).

On page 137, strike out lines 4 through 13 and insert the following: "a daily basis at an annual rate of $6,000."

On page 139, line 2, strike out "subsection (a)(1)" and insert "subsection (a)".

On page 139, strike out lines 3 through 20.

On page 140, beginning with line 16, strike out all through line 3 on page 141 and insert the following:

> (c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1962.

Mr. GORE. Mr. President, by the terms of the pending bill, a citizen who establishes a so-called permanent residence in Nassau will be given a tax exemption on earned income from foreign sources of $35,000 a year. Whereas a citizen of the United States begins paying income taxes on his income beyond $600, a citizen who establishes a residence outside the United States, but retains his citizenship in the United States, will have an exemption, under the bill, of $35,000 a year. I think that is unreasonable; it is only one of the many provisions of the bill with which I found myself in sharp disagreement with a majority of the Senate Finance Committee.

I do not know exactly what the exemption should be. Frankly, I think it should be something more than the exemption for citizens who reside in the United States. I would like to see it tied to the kind of oversea allowances that our ambassadors receive in various countries, but it seems to me that $6,000 a year would be a very generous amount of tax-exempt income. It is 10 times the personal exemption of a resident of the United States.

I shall not detain the Senate. The issue is simple. I ask for a vote.

Mr. KERR. Mr. President, I call the attention of Senators to the fact that the language in the bill is restrictive, not permissive. As of now and up to this time American citizens residing abroad beyond 18 months, who are bona fide residents of another country, pay no tax on their income. The language in the bill imposes a tax upon their income. It exempts for the first 3 years the first $20,000 of income.

After a noninterrupted period of 3 consecutive years of bona fide residence in a foreign country, the exemption becomes $35,000.

It was the feeling of the Finance Committee that such a provision is necessary to enable American corporations doing business abroad to induce residents of our country to leave their own shores, leave their environment, take their families with them to foreign countries, and there reside in connection with the operation of an American business located in a foreign country, and that unless foreign corporations are able to offer inducements of this kind, they cannot secure the kind of talent and ability that will enable them to compete successfully in the operation of their businesses in other countries.

I say to the Senate again that the language in the bill does not confer a new tax exemption. It terminates large tax exemptions which are now in the law. It is highly restrictive in comparison with the provisions of existing law.

It was adopted by the House Ways and Means Committee, by the House itself, and by the Senate Finance Committee, after the testimony of representatives of American industries doing business abroad that in no other way could they secure the experienced and able talent required to permit them to handle their foreign operations competitively with industries and companies, either nationals within the country where those American companies are doing business or foreign corporations from other countries in the world located in the affected country and competing with American businesses located there.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. LONG of Louisiana. Are American citizens working in foreign lands subject to the State, local, and Federal taxes of those governments, just as a person working in this country is subject to the taxes of Federal, State, and local governments?

Mr. KERR. They are. They must pay the taxes of the countries where they reside, and in many of those countries the taxes exceed those paid in our country.

Mr. LONG of Louisiana. If the logic is correct that by virtue of being a citizen of the United States residing in a foreign land, a person would owe taxes, perhaps, to the local, State, and Federal governments in that land on income earned, would not the same logic require that the U.S. Federal, State, and local governments—a total of six governments—tax the same income?

Mr. KERR. That would be the case if the amendment of the Senator from Tennessee were adopted.

Mr. LONG of Louisiana. As I understand the situation, a person would have to live overseas for 3 years as a bona fide resident there before the $35,000 exemption limit would apply? Up to that time he would be limited to an exemption of $20,000?

Mr. KERR. The Senator is correct.

Mr. LONG of Louisiana. Beyond that point, he would still be subject to the taxes of this Government as well as the governments overseas?

Mr. KERR. Except to the extent that the taxes he owed to this country would be after he had received credit for the taxes he paid overseas.

Mr. LONG of Louisiana. But if the logic is correct that this taxation should be levied, the Senator recognizes that a citizen of this country could be subject to taxes by two governments, and at three different levels by each government, a total of six different types of government?

Mr. KERR. Yes.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. GORE. Is it not true that a citizen living abroad who pays taxes to a foreign government receives a credit for the taxes he pays to that foreign government against whatever tax liability he may have to the U.S. Government?

Mr. KERR. As I stated to the Senator from Illinois, the American taxpayer, in computing his tax liability to this country, arrives at the amount of his liability after having taken credit for taxes paid to the foreign government.

Mr. GORE. I would like to ask the Senator two more questions.

Under present law a person who is temporarily abroad for 17 out of 18 months receives an exemption of $20,000 a year on his earned income from foreign sources.

Mr. KERR. I believe that is correct.

Mr. GORE. That is unchanged by the bill?

Mr. KERR. I think that is true.

Mr. GORE. Under present law, as the Senator has stated, the sky is the limit on tax exemption on earned income for bona fide nonresidents.

Mr. KERR. I am not familiar with the definition of the language "the sky is the limit," but, as the Senator has said, under present law, if a U.S. citiis a bona fide resident of a country overseas, after 18 months he is not subject to income taxes in this country.

Mr. GORE. Perhaps that is a rather good description of "the sky is the limit."

Mr. KERR. Perhaps.

Mr. GORE. The bill before the Senate would provide for this exemption, in the case of a bona fide resident abroad, in two steps. If I went abroad and became a permanent resident, for the first 3 years I would receive a tax exemption of $20,000, but after having been a resident abroad for 3 years, I would receive a tax exemption of $35,000.

Mr. KERR. That is correct, but in that same period of time, as the Senator well knows, and as I have indicated, the Senator would be paying local, State, and Federal taxes in the land where he was residing and receiving an income.

Mr. GORE. That fact has no bearing upon the exemption from taxation by the United States. If he fell in the income bracket of $600, or $6,000, or $60,000, he would still get a credit against U.S. taxes for the amount of taxes he paid the foreign government. That really has no bearing upon the issue.

Mr. KERR. The Senator from Tennessee may not agree with the statement of the Senator from Oklahoma. I respect the Senator. If that is his opinion, he is justified in holding it.

Mr. GORE. Does the Senator disagree?

Mr. KERR. The Senator from Oklahoma has said that, with reference to the $20,000 exemption and the $35,000 exemption, the American citizen would be paying taxes in the foreign country in which he resided.

Mr. GORE. I close with an observation.

Mr. KERR. The exemption provided in our law would not exempt the person from paying taxes where he works.

Mr. GORE. This is merely another subsidy, another encouragement for the movement of industry and business and jobs overseas. Why give a tax exemption to a permanent resident abroad of 10 times the tax exemption given to a citizen at home?

Mr. KERR. Mr. President, I cannot agree with the statement by the Senator from Tennessee. The businesses with reference to which the American citizens are employed are businesses operating at the domestic level in the foreign countries. They are engaged in the business of selling products which, in many instances, are manufactured in this country. For instance, Sears, Roebuck & Co. has outlets around the world.

They are not exporting jobs from this country when they send somebody overseas to manage a retail outlet in Argentina, in Brazil, anywhere in Latin America, or any other part of the world. The outlet in the foreign country sells mainly American-produced products.

What these companies attempt to do is to find the most able talent they can to go overseas to effectively manage the local branch or local distribution outlet, exactly as is done in the United States. The men who sell in those markets sell goods produced and manufactured in our factories and sent overseas for sale. That creates jobs in this country; it does not export jobs.

If we change the law so that the companies cannot employ people with competitive talent, all we shall do is either to impair their business or put them out of business. If we should do that, we would destroy American jobs, because, as of now, countless thousands of Americans are engaged in manufacturing products which are sold in the outlets around the world.

Rather than this being a measure to bring about the export of jobs, it is a measure to bring about the creation and maintenance of jobs in our factories at home, in which men and women produce the products which American companies sell; whether they be sewing machines, washing machines, television sets or anything else.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. KERR. I yield.

Mr. LONG of Louisiana. Is it not true that in many cases the people of whom we are speaking compete in the same countries against Japanese, Germans, Englishmen, Frenchmen, and Italians, trying to get business which will generate more jobs in our country? Insofar as we put our business people in those countries at a competitive disadvantage with respect to those with whom they are competing, from other countries, we tend to lose jobs in this country, do we not?

Mr. KERR. Not only do we lose jobs in this country, but also we reduce revenues to our Government. As American industry makes money overseas, under the language of the bill before the Senate the profits are brought back home, and the profits are taxed when they get here.

It is very simple, Mr. President. American companies which do business abroad will not hire Americans and send them overseas to operate outlets merely because the businesses love them. If they can employ local nationals to manage their business as well as or better than somebody from this country can do it, or as well for less money, that is what they will do. Only when they find that they do a greater volume of business with correspondingly greater benefits to jobs and revenues back home do they employ the American citizens and give them the inducements to go overseas, to enable them more effectively to compete in the foreign markets, as the Senator from Louisiana has said, with outlets supplied by Japan, Germany, England, Belgium, Luxembourg, and even Russia.

Wherever products are produced, from wherever business organizations have come to these areas seeking to do business, the American companies find themselves in the competition provided thereby.

Mr. LONG of Louisiana. Is it not also true that in some of the less developed countries—I have particularly in mind the Latin American countries—American business concerns, such as Sears, Roebuck & Co., which have gone there and shown how American capitalism works by installing American methods, have made it possible for the people to learn how capitalism is supposed to work?

Mr. KERR. That is true.

Senators are as aware as I am of the fact that the publications in the greatest demand in many of the underdeveloped countries and, for that matter, in the Communist countries, are catalogs from American producing and distributing companies, showing all the American gadgets, implements, utilities, and so forth which have been produced and which are available for them to buy.

I remember very well the testimony of a man from southern California who had gone to Mexico. He had taken with him his American organization. They were selling tractors and farm machinery. This man told our committee that his volume was $5 million a year, as I recall, and every dollar resulted from sales of products manufactured in this country by American workers. Through the development of his organization in Mexico, he was selling in competition with implements and machinery being brought in from many other countries. He took his American organization there because it was effective and successful in the competition.

The companies which go into foreign countries to distribute American products need the best talent they can get.

In order to get it they must offer certain inducements. Certainly we would be penny wise and pound foolish to adopt the amendment offered by the Senator from Tennessee.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Florida.

Mr. SMATHERS. Is it not a fact that the proposal made by the Finance Committee, which is in the bill, would greatly tighten existing law in this particular respect?

Mr. KERR. The Senator is correct.

Mr. SMATHERS. Is it not a fact that we endeavored to do that in order to get at motion picture stars and others who might make large amounts of money and go overseas to avoid taxes?

Mr. KERR. The Senator is correct. We attempted in the bill to cover the people who were leaving the country to provide havens for themselves, but also to continue to protect American industry competitively situated in the distribution of American products in foreign countries.

Mr. SMATHERS. Is it not a fact that the reason for the $35,000 limitation is, as the Senator so ably says, to protect the representatives of American business doing business abroad? This provision was in no way designed to permit anybody to seek a tax haven. We took care of that earlier by providing that anybody who had an income above the $35,000 limitation would have to pay the total tax.

Mr. KERR. The Senator is correct. I am sure the distinguished Senator recalls the testimony by those representing large families of Americans who live overseas. The heads of those families send their children back to this country to school, at great expense in regard to transportation to and from this country. They are living far removed from their families and parents.

The opportunity to provide incentive is absolutely necessary if the American companies doing business abroad are to be permitted to remain in a competitive position.

**Mr. GORE.** Mr. President, to be specific, if I had been a resident of Nassau for 3 years, the bill would give me a personal tax exemption of $35,000. That means that a tax subsidy in the amount of the tax I would owe on $35,000 a year would be provided for me to live in Nassau instead of in Miami. It is not very far from Miami to Nassau. I believe the flight is about 30 or 40 minutes, and the fare is low. One can be a so-called permanent resident of Nassau but be a frequent visitor to and do business in Miami, while drawing his salary in Nassau from a technically foreign source.

It is true, as has been said, that under present law, there is no tax on earned income of a so-called permanent resident abroad. The bill would require some taxes on a few of these. I think a $35,000 exemption is utterly unreasonable.

The reason I made the statement that the measure was another encouragement for the movement of business abroad is that it would be easier to persuade people to go abroad if we give them a tax exemption of $35,000 a year. I think it is unjustified. The committee has done something, but in this case, it has not done enough. The committee started in the right direction, as was the case in several other instances in the bill.

I should like now to refute another statement that my distinguished friend from Oklahoma made. He seemed to treat the whole subject of the movement of industry, business, and investment abroad as something that would increase jobs in the United States. It would, instead, increase exports.

I should like to cite some figures. The U.S. News & World Report last year published the results of a survey of 75 firms with substantial foreign sales. I wish to state the figures which show how their manufacturing abroad is displacing production from our own factories in this country. In 1950, these companies produced abroad only 36 percent of what they sold abroad. By 1955, they were producing abroad 56 percent of their foreign sales. By 1960, this figure had leaped to 68 percent. That means the displacement of U.S. exports. I will not further belabor the point. I hope the Senate will agree to the amendment. How can we say that someone living in Nassau should be given more than 10 times the tax exemption of a person living in Miami?

**The PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Tennessee.

**Mr. DOUGLAS.** Mr. President, I ask for a division.

The Senate proceeded to divide.

**Mr. HOLLAND.** Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. KERR.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER** (Mr. BURDICK in the chair). Without objection it is so ordered.

The question is on agreeing to the amendment of the Senator from Tennessee [Mr. GORE]. [Putting the question.]

**Mr. DOUGLAS.** Mr. President, I ask for a division.

On a division the amendment was rejected.

**Mr. DOUGLAS.** Mr. President, will the Presiding Officer state the count on the vote?

**Mr. CURTIS.** I ask for the regular order.

**Mr. DOUGLAS.** Will the Presiding Officer state the count on the vote? I suggest the absence of a quorum.

**Mr. HOLLAND.** A point of order. No business has been transacted.

**The PRESIDING OFFICER.** Ordinarily the result of a standing vote is not announced.

**Mr. DOUGLAS.** May we have it announced in this case?

**Mr. MANSFIELD.** I ask unanimous consent that the vote be taken and that the Senator from Illinois be notified of what it was.

**Mr. LONG** of Louisiana. A parliamentary inquiry.

**The PRESIDING OFFICER.** The Senator will state it.

**Mr. LONG** of Louisiana. Is it not the practice that on a standing vote, if there are more nays than yeas, the clerk stops counting at the time he arrives at the conclusion?

**Mr. DOUGLAS.** A parliamentary inquiry.

**The PRESIDING OFFICER.** The Senator will state it.

**Mr. DOUGLAS.** It may be the practice. However, can the Senate take action unless a quorum is present? Is a Senator to be deprived of the knowledge of how many Senators are present?

**Mr. MANSFIELD.** I have a unanimous consent request pending. I should like to have it honored.

**The PRESIDING OFFICER.** Is there objection to the unanimous consent request of the Senator from Montana? The Chair hears none, and it is so ordered.

**Mr. CANNON.** What is the request?

**Mr. MANSFIELD.** That a count be taken and that the count be announced to the Senator from Illinois.

**Mr. DOUGLAS.** That the previous count be announced.

**Mr. BUSH.** Reserving the right to object——

**Mr. MANSFIELD.** Is there objection? I believe the request was agreed to.

**The PRESIDING OFFICER.** It is agreed to. As many as favor the amendment will rise and stand until counted. [After a pause.] Those who oppose the amendment will rise and stand until counted.

On this vote the yeas are 11 and the nays are 15. The amendment is rejected.

**Mr. DOUGLAS.** Obviously a quorum is not present. I make the point that a quorum is not present. I suggest the absence of a quorum.

**Mr. HOLLAND.** May I be heard on that question? A quorum may be suggested after the Chair rules and the Senate transacts business, but not before.

**Mr. DOUGLAS.** I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

**Mr. HOLLAND.** Has the vote been announced?

**The PRESIDING OFFICER.** It has been announced.

**Mr. KERR.** A parliamentary inquiry.

**The PRESIDING OFFICER.** The Senator will state it.

**Mr. KERR.** Has the vote on the amendment been concluded?

**The PRESIDING OFFICER.** It has been concluded.

**Mr. KERR.** Has the amendment been rejected?

**The PRESIDING OFFICER.** The amendment has been rejected.

**Mr. DOUGLAS.** How can a motion be defeated when a quorum is not present to pass upon it?

**The PRESIDING OFFICER.** The absence of a quorum was not suggested until after the vote.

**Mr. DOUGLAS.** I previously suggested the absence of a quorum.

**The PRESIDING OFFICER.** There are two ways in which to establish a quorum—either by a yea and nay vote or by a request for a quorum.

**Mr. HICKENLOOPER.** Mr. President, I ask for the regular order.

**The PRESIDING OFFICER.** On a division the count does not affect a quorum.

**Mr. DOUGLAS.** This is obviously another way in which to whipsaw the Senate to pass measures by a small number of Senators. If the rules permit such a procedure, the rules are foolish.

**Mr. MANSFIELD.** I ask unanimous consent that the vote previously announced be rescinded and that I may be allowed to suggest the absence of a quorum.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. MANSFIELD.** Mr. President, on the Gore amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

**The PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Tennessee [Mr. GORE]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

**Mr. HUMPHREY.** I announce that the Senator from Mississippi [Mr. EASTLAND] and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] would each vote "nay."

The result was announced—yeas 36, nays 53, as follows:

[No. 245 Leg.]

YEAS—36

Allott
Bartlett
Burdick
Cannon
Carroll
Case
Church
Clark
Douglas
Ervin
Gore
Gruening
Hart
Humphrey
Jackson
Javits
Johnston
Keating
Kefauver
Kuchel
Lausche
Long, Hawaii
McNamara
Metcalf
Miller
Morse
Moss
Muskie
Neuberger
Pastore
Pell
Proxmire
Scott
Thurmond
Yarborough
Young, Ohio

NAYS—53

Aiken
Beall
Boggs
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Capehart
Carlson
Chavez
Cooper
Cotton
Curtis
Dirksen
Dodd
Ellender
Engle
Fong
Fulbright
Hartke
Hayden
Hickenlooper
Hill
Holland
Hruska
Jordan, N.C.
Jordan, Idaho
Kerr
Long, Mo.
Long, La.
Mansfield
McCarthy
McClellan
McGee
Monroney
Mundt
Pearson
Prouty
Randolph
Robertson
Russell
Saltonstall
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Tower
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.

NOT VOTING—11

Anderson
Bennett
Bible
Bottum
Eastland
Goldwater
Hickey
Magnuson
Morton
Murphy
Symington

So Mr. GORE's amendment was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. DIRKSEN. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair wishes to have inserted in the RECORD precedents from "Senate Procedure," on pages 632 and 633, upholding the practice of the Senate in declaring that it is not necessary for a quorum to be present in order to vote by a division. Is there objection?

There being no objection, the excerpt from the volume "Senate Procedure," pages 632 and 633, was ordered to be printed in the RECORD, as follows:

> The Presiding Officer is not required nor is it a practice of the Senate to announce the number voting on a division; [34] and usually the number voting for or against a proposition on a division vote, under the practice of the Senate, is not stated by the Presiding Officer; [35] he merely declares the results; [36] at times the number voting on a division have been announced.[37]
>
> There is no question of a quorum involved in a division vote; [38] it is not required that a quorum shall vote on a division [39] and the vote is not invalidated because of that fact; [40] the number voting on a division is immaterial, the question being simply whether the larger vote is on the one side or the other.[41]
>
> Where, on a division, less than a quorum voted on a question, the Presiding Officer held the vote was valid, and that it was not in order, after a quorum call which had been demanded by a Senator, to ask for another division upon the question.[42]
>
> An announcement by the Presiding Officer that, on a division, less than a quorum voted does not officially disclose the absence of a quorum; where, in such a case, the Presiding Officer made no declaration of the result, the Senate, on appeal, decided the question had not been determined.[43]
>
> An amendment, on a division, having received a majority of the votes cast, although not a quorum, was declared to have been adopted; while the number of votes announced by the Presiding Officer was less than a quorum, it does not officially show that a quorum is not present; a quorum is presumed to be present until the contrary is shown,[44] and any Senator can call for a quorum before the vote is announced.

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader whether it is the intention to complete action on the bill tonight.

Mr. MANSFIELD. I am hopeful that that can be done. I do not know how many more amendments will be offered. So far as I know, the Senator from Minnesota [Mr. MCCARTHY] will have an amendment—if he intends to offer it; and the Senator from Illinois [Mr. DOUGLAS] will have an amendment.

Mr. FULBRIGHT. I intend to offer an amendment on behalf of the Senator from Minnesota.

Mr. MANSFIELD. The Senator from Iowa [Mr. HICKENLOOPER] will have an amendment, and perhaps other Senators will have amendments. The Senate will remain in session tonight in order to finish the bill, if possible.

Mr. HICKENLOOPER. My remarks on my amendment will be brief.

Mr. DIRKSEN. I think the amendment of the Senator from Minnesota [Mr. MCCARTHY] will be offered by the Senator from Arkansas.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. Mr. President, at least that gives us some idea.

Mr. MORSE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. When the majority leader spoke about finishing consideration of the bill tonight, did he mean finishing the amendments or finishing the speeches on the bill, following the third reading?

Mr. MANSFIELD. That all depends on the membership; it is not up to the Senator from Illinois and the Senator from Montana. We are the servants of the Senate. We hope to do the best we can. If that is the decision of the Senate, we shall do the best we can.

Mr. MORSE. But apparently there are four or five or six amendments still to be acted on, and there are still speeches to be made on the bill. I do not know how many speeches will be made on it; but the amendments and the speeches might require that the session continue until a rather late hour.

Mr. MANSFIELD. That might well be.

Mr. MILLER. Mr. President, I call up the amendment which I have at the desk, and ask that it be stated.

Mr. MANSFIELD. Mr. President, will the Senator from Iowa yield?

Mr. MILLER. I yield.

Mr. MANSFIELD. I am about to propound a unanimous-consent request, although I do not know whether it will be agreed to. But in view of the fact that a number of Senators have indicated that they have amendments to offer, I propose that there be a time limitation of 30 minutes on each amendment, or 15 minutes to a side.

The PRESIDING OFFICER. Is there objection?

Mr. DOUGLAS. Mr. President, reserving the right to object, let me state that I have an amendment on the depletion allowance. The amendment strikes at the greatest abuse in the entire tax system. I shall not present the amendment at undue length, but I believe it should be presented in such fashion that it can be properly heard and considered.

Mr. KERR. How much time does the Senator from Illinois think he will need?

Mr. DOUGLAS. I do not intend to speak at undue length; but I wish to have the subject treated in thorough fashion. I should not require more than an hour.

So I object.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Was objection made to the proposed unanimous-consent agreement?

The PRESIDING OFFICER. Objection was heard.

Mr. MILLER. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to add to the bill a new section entitled "Incentive Taxation of Growth Income."

Mr. MILLER. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment be printed in full in the Record.

---

[34] Aug. 11, 1914, 63–2, RECORD, pp. 13612, 13613; see also Mar. 6, 1940, 76–3, RECORD, p. 2440.

[35] Jan. 19, 1944, 78–1, RECORD, p. 398; July 10, 1947, 80–1, RECORD, p. 8610; Mar. 6, 1940, 76–3, RECORD, p. 2440; see also Mar. 28, 1933, 73–1, RECORD, p. 927.

[36] Sept. 8, 1922, 67–2, RECORD, p. 12250.

[37] Mar. 18, 1940, 76–3, RECORD, p. 2985; Apr. 5, 1940, 76–3, RECORD, p. 4104; May 21, 1940, 76–3, RECORD, p. 6495; June 14, 1940, 76–3, RECORD, p. 8252; Mar. 7, 1940, 76–3, RECORD, pp. 2467–2468; Mar. 19, 1935, 74–1, RECORD, p. 3971; Mar. 15, 1940, 76–3, RECORD, p. 2959; Mar. 21, 1940, 76–3, RECORD, p. 3213.

[38] May 4, 1914, 63–2, RECORD, p. 7671.

[39] Jan. 18, 1915, 63–3, RECORD, p. 1766.

[40] See Mar. 10, 1916, 64–1, RECORD, p. 3898.

[41] May 4, 1914, 63–2, RECORD, p. 7671.

[42] June 15, 1910, 61–2, RECORD, pp. 8162–8167.

[43] Aug. 18, 1922, 67–2, Journal, p. 393, RECORD, pp. 11559–11561.

[44] Mar. 25, 1920, 66–2, RECORD, pp. 4812, 4813.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment submitted by Mr. Miller was ordered to be printed in the Record, as follows:

Add the following new section to the bill:

"Sec. . Incentive Taxation of Growth Income.

"(a) Reduced Rates on Growth Income.—

"(1) Section 1 of the Internal Revenue Code of 1954 is amended by striking subsection '(d)' and inserting in lieu thereof the following:

" '(d) Tax on Growth Income.—Notwithstanding the rates of tax prescribed above, the tax on growth income shall be reduced by an amount equal to one-half the tax otherwise computed on the basis of such rates: *Provided*, That such reduction shall not exceed the tax for the first immediately preceding full taxable year: *And provided further*, That reductions of less than $5 shall not be recognized.

" '(e) Cross Reference.—

" 'For definition of taxable income, see section 63.

" 'For definition of growth income, see section 64.'

"(2) Section 3 of the Internal Revenue Code of 1954 is amended by adding the following at the end thereof: '*Provided*, That the tax on growth income shall be reduced by an amount equal to one-half the tax otherwise computed under the table; but such reduction shall not exceed the tax for the first immediately preceding full taxable year, and reductions of less than $5 shall not be recognized.'

"(3) Section 11 of the Internal Revenue Code of 1954 is amended by changing subparagraph '(d)' to '(e)' and by adding a new subparagraph '(d)' as follows:

" '(d) Tax on Growth Income.—Notwithstanding the rates of tax prescribed above, the tax on growth income shall be reduced by an amount equal to one-half the tax otherwise computed on the basis of such rates: *Provided*, That such reduction shall not exceed the tax for the first immediately preceding full taxable year: *Provided further*, That reductions of less than $15 shall not be recognized.'

"(4) Section 12 of the Internal Revenue Code of 1954 is amended by adding the following subsection:

" '(g) For definition of growth income, see section 64.'

"(b) Tax Reduction Payback.—

"(1) The Internal Revenue Code of 1954 is amended by changing section '5' to '6' and by adding a new section '5' as follows:

" 'Sec. 5. Tax Reduction Payback.

" '(a) The amount of tax reduction attributable to growth income provided for in sections 1 and 3 shall be voided and the reduction shall become a part of the tax due and payable for the following taxable year to the extent prescribed in subparagraph (b).

" '(b) If a taxpayer's combined income from wages and salaries, rents, ordinary dividends, royalties (other than royalties receiving special tax treatment), interest, and business and farming (with adjustments provided in section 64 applicable to the current taxable year) is less than such combined income (with adjustments provided in section 64 applicable to the first immediately preceding taxable year) for the year of tax reduction due to growth income, the tax reduction shall be voided according to the proportion that the decrease bears to the amount of growth income on the basis of which said tax reduction was computed: *Provided*, That said tax reduction shall not be voided to the extent said decrease is attributable to the retirement or death of a taxpayer (or his spouse) or to losses due to fire, flood, drought, windstorm, theft, or other casualty, not covered by insurance or otherwise: *Provided further*, That if said following taxable year is a short year due to termination of an estate or trust, such combined income (with adjustments provided in section 64 applicable to the current taxable year) shall be annualized for the purpose of computing said decrease, if any.'

"(2) The Internal Revenue Code of 1954 is further amended by changing section '12' to '13' and by adding a new section '12' as follows:

" 'Sec. 12. Tax Reduction Payback.

" '(a) The amount of tax reduction attributable to growth income provided for in section 11 shall be voided and the reduction shall become a part of the tax due and payable for the following taxable year to the extent prescribed in subparagraph (b).

" '(b) If a corporation's combined income from rents, ordinary dividends, royalties (other than royalties receiving special tax treatment), interest, and business and farming (with adjustments provided in section 64 applicable to the current taxable year) is less than such combined income (with adjustments provided in section 64 applicable to the first immediately preceding taxable year) for the year of tax reduction due to growth income, the tax reduction shall be voided according to the proportion that the decrease bears to the amount of growth income on the basis of which said reduction was computed: *Provided*, That said tax reduction shall not be voided to the extent said decrease is attributable to losses due to fire, flood, drought, windstorm, theft, or other casualty, not covered by insurance or otherwise: *Provided further*, That if said following taxable year is a short year due to liquidation, dissolution, or reorganization, such income (with adjustments provided in section 64 applicable to the current taxable year) shall be annualized for the purpose of computing said decrease, if any.'

"(c) Growth Income Defined.—

"(1) The Internal Revenue Code of 1954 is amended by adding the following new section:

" 'Sec. 64. Growth Income Defined.

" '(a) For purposes of this subtitle, the term "growth income" means the excess of the combined income from the current taxable year from wages and salaries, rents, ordinary dividends, royalties (other than royalties receiving special tax treatment), interest, and business and farming (with adjustments provided below) over such combined income (not less than zero) for the first immediately preceding full taxable year (with adjustments provided below), hereinafter referred to as the "base year".

" '(b) With respect to the current taxable year, strike out the following:

" '(1) Gains and losses from the sale or exchange of capital assets or property treated as capital assets, the capital loss carryover deduction, and net operating loss deduction.

" '(2) Recognized income due to recovery of bad debts, prior taxes, and delinquency amounts, and due to improvements by a lessee.

" '(3) Net income from illegal activities.

" '(4) Lump sum income which the taxpayer may ratably allocate for tax purposes except to the extent of the portion ratably allocable to the current taxable year.

" '(5) Losses from fire, flood, windstorm, theft, or other casualty not covered by insurance or otherwise.

" '(6) Income resulting from a change in method of valuing inventory, method of accounting, or method of depreciation.

" '(7) Dividend income from a corporation in excess of 125 percent of such income received from the corporation in the previous taxable year, or in excess of current earnings of said corporation, whichever excess amount is the greater, where 50 percent or more of the total combined voting power of all classes of stock of said corporation is owned by the taxpayer.

" '(8) In the case of a taxpayer other than a corporation, income from a business or a partnership which represents the continuation of the business of a corporation, 50 percent or more of the total combined voting of all classes of stock of which is owned by the taxpayer. (This provision shall not apply after the first full taxable year following cessation of such business by the corporation.)

" '(9) In the case of a corporation, income which represents the continuation of the business of another corporation merged or consolidated with the taxpayer or which represents the continuation of the business of another corporation of which 50 percent or more of the total combined voting power of all classes of stock is owned by the corporation. (This provision shall not apply after the first full taxable year following such merger or consolidation or cessation of such business by the other corporation.)

" '(10) In the case of a corporation, the decrease in deductions for charitable contributions (under section 170) below such deductions for the first immediately preceding full taxable year.

" '(11) In the case of estates and trusts, the decrease in deductions for income paid over to beneficiaries below such deductions for the first immediately preceding full taxable year where such payment is discretionary.

" '(c) With respect to the base year, delete the following:

" '(1) Gains and losses from the sale or exchange of capital assets or property treated as capital assets, the capital loss carryover deduction, net operating loss deductions, and the additional first-year depreciation deduction authorized by section 179.

" '(2) Recognized income due to recovery of bad debts, prior taxes, and delinquency amounts, and due to improvements by a lessee.

" '(3) Losses from fire, flood, windstorm, theft, or other casualty not covered by insurance or otherwise.

" '(4) Income resulting from a change in method of valuing inventory, method of accounting, or method of depreciation when such change results from action of the Commissioner.

" '(d) In the case of corporations, the combined income for the base year shall not be less than such income (with the same adjustments) for the taxpayer's calendar or fiscal year 1962 or (if the taxpayer was not in existence or was inactive during such year) the first full taxable year thereafter: *Provided*, That the taxpayer may elect in lieu of such limitation to use the average of such combined income (with the same adjustments) for calendar or fiscal year 1962 and the two immediately preceding full taxable years (or, if the taxpayer was not in existence for such period, the first immediately preceding full taxable year) if active during such period.

" 'In the case of a reorganization, the limitation on the base year of the continuing corporation shall be computed by using the combined income for calendar or fiscal year 1962 of the corporations which are parties to the reorganization; and if the combined income of fiscal or calendar year 1962 and the two immediately preceding taxable years (or first immediately preceding taxable year, as the case may be) is used in lieu of such limitation, the combined income for such period of the corporations which are parties to the reorganization shall be used.

"'(e) Where income or deductions have been arbitrarily shifted from one year to another by a taxpayer for no business purpose other than reduction of taxes arising from the reduced tax rates on growth income, the Commissioner is authorized to make such adjustments as are necessary to protect the revenue.

"'(f) In determining ownership of stock for purposes of this section, actual or constructive ownership (under section 318) shall be taken into account.

"'(g) Where a joint return is filed for the current taxable year and separate returns were filed (either as married or single individuals) for the base year, the base year's income shall include the income (with adjustments specified above) of both returns unless the income on the joint return represents the actual income of only one spouse.'

"(d) EFFECTIVE DATE.—The section added by this amendment shall be effective January 1, 1963. In the case of taxable years ending prior to December 31, 1963, the tax reduction provided for herein shall be reduced according to the proportion that the number of months not falling within the calendar year 1963 bears to 12."

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to encourage economic growth by providing for reduced income tax rates on growth income of individuals, estates, trusts, and corporations, to define 'growth income', to eliminate certain defects and inequities, and for other purposes."

**Mr. MILLER.** Mr. President, it is my intention to ask that the amendment be withdrawn. Nevertheless, I ask unanimous consent that the usual number of copies of the amendment be printed.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. MILLER.** Mr. President, today there is a long overdue national concern over the adverse effect our system of income taxation has been having on our capitalistic economic system. As the cost of living moves steadily upward, as the squeeze between prices and costs grows tighter, as competition from foreign lands becomes keener, as our annual rate of economic growth remains stagnant, and as serious unemployment continues to be chronic, the key role of income taxation becomes more evident.

Granted that the basic purpose of this taxation is to raise revenue, it is obvious that some of its features can produce byproducts of discouragement or encouragement to economic growth. Unfortunately discouragement, rather than encouragement, prevails under the present system.

The need for increased purchasing power and increased capital formation and utilization has prompted a call for tax cuts from the people and assurances of tax cuts from the President. However, despite the theories of some sophisticated economists, there seems to be an awareness on the part of the people that tax cuts, without a cutback in spending to make room for them, would not be meaningful; that tax cuts which produce increased Federal deficits and add to the national debt will, sooner or later, result in reduced purchasing power of our money, so that any savings or capital resulting from such tax cuts will be diluted, and any increased purchasing power or increased capital formation will be illusory. Worse yet, perhaps, the reduced value of our dollar would add to the seriousness of our declining gold reserves.

Congress in its present makeup is not disposed to cut back spending. The President says there will be no reduction in spending for programs which are essential to the national interest, but interpretation of what is essential to the national interest by the administration indicates that it will not reduce its spending proposals to Congress. With such an impasse, we are on dead center; and the situation poses a deadly threat to the future of our Nation. We are desperately in need of a tax change to encourage economic growth.

### REQUIREMENTS OF INCENTIVE TAXATION

The word "incentive" has been rather loosely applied in tax policy. Usually it is associated with tax reduction—either through outright tax rate reduction or through so-called tax reform, or both. It assumes that tax reduction will automatically be followed by economic growth, but there is no guarantee that this will happen. Most of us would probably anticipate an overall growth in our economy if we had tax reduction accompanied by stable purchasing power of our money. However, there would probably be taxpayers who would happily enjoy the tax reduction without seeking to contribute to economic growth. They would accept the reward without earning it.

What is required is a tax change which will be an incentive, which will not give the reward of tax reduction unless the objective of growth is fulfilled, which will operate without jeopardizing the purchasing power of our money, which contains elements of tax reform and tax rate reduction, and which faces up to the political realities existing in Congress and the administration.

In the current issue of Fortune magazine, the editorial entitled "The Right Kind of Tax Cut" points out the dilemma that some tax-cutting proponents are in because of the atmosphere with respect to the refusal to cut spending.

In the Friday, August 31, issue of the Wall Street Journal an excellent article by Mr. Robert D. Novak also points out the dilemma that tax-cutting proponents find themselves in when there is a refusal to cut back spending.

I ask unanimous consent that the editorial and the article be printed in the RECORD at the conclusion of my remarks.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 1.)

**Mr. MILLER.** I have a plan for such a change, and I call it incentive taxation of growth income. My amendment incorporates this plan.

### INCENTIVE TAXATION OF GROWTH INCOME

In a nutshell, my plan proposes to tax any increase in adjusted gross income—in the case of individuals—or taxable income—in the case of estates, trusts, and corporations—over the adjusted gross income or taxable income for the preceding year at one-half the rates that would otherwise apply. You might call it an excess profits tax in reverse. This increase represents "growth income," and tax reduction would take effect only with respect to it. The reward of tax reduction would have to be merited. Taxpayers would have an incentive to devote extra effort in the use of their skills and responsibilities. People with savings would have an incentive to invest their money as risk capital in the purchase of stock or bonds or the making of loans—all of which are needed to provide the expansion of our private economy needed to provide job opportunities for our unemployed and the millions who will be graduating from our high schools and colleges.

*Examples of Miller plan for incentive taxation of growth income (effective Jan. 1, 1963)*

| Year | Adjusted gross income | Tax at old rate | Increase in tax over prior year at regular rate | Tax reduction (½ increase) | New tax |
|---|---|---|---|---|---|
| Individual, married, 4 children, using optional standard deduction, with adjusted gross income from a salary, wages, profession or business: | | | | | |
| 1962 | $10,000 | $1,108 | (1) | (1) | (1) |
| 1963 | 15,000 | 2,304 | $1,196 | $598 | $1,706 |
| 1964 | 20,000 | 3,740 | 1,436 | 718 | 3,022 |
| Individual, married, 2 children, using optional standard deduction, with adjusted gross income from a salary, wages, profession or business: | | | | | |
| 1962 | 5,000 | 420 | (1) | (1) | (1) |
| 1963 | 5,500 | 510 | 90 | 45 | 465 |
| 1964 | 6,000 | 600 | 90 | 45 | 555 |
| Corporation, taxable income as shown in 2d column (note 1st $25,000 taxes at 30 percent; all over $25,000 taxed at 52 percent): | | | | | |
| 1962 | 100,000 | 46,500 | (1) | (1) | (1) |
| 1963 | 120,000 | 56,900 | 10,400 | 5,200 | 51,700 |
| 1964 | 140,000 | 67,300 | 10,400 | 5,200 | 62,100 |

[1] Change not in effect.

From the Government's standpoint, the Treasury would have reasonable assurance of the same amount of revenue from the same amount of income as the previous year, so that the tax reduction under this plan would not cause a loss of revenue and a consequent loss in purchasing power of our money which characterize other tax-cutting plans. I recognize that Government spending increases in anticipation of increased revenues might have to be curbed, but these should be curbed anyhow—as the administration has learned from the disappearance of its promised balanced budget, which was based on excessive optimism over revenue increases for the current year.

However, I suggest that the prospect of paying tax at only one-half the regular rate on growth income would be a tremendous incentive for taxpayers to increase their productivity. Wasteful or marginal costs, which too often are tolerated because they are tax deductible, would be reduced or eliminated. Tax reform is built into the plan because taxpayers would have an incentive—other than that furnished by a revenue agent—to avoid unnecessary or excessive expenditures. Such expenditures would only reduce their growth income and their tax reduction. We could expect real improvement in our rate of economic growth.

### GROWTH INCOME DEFINED

The definition of "growth income" must be precise and realistic. It should certainly include business and farming income. With respect to other items of income, either of two approaches may be used. One approach, which is simpler, would be to specify the items. The other approach would be to include all income except certain items which do not have any particular relevance to growth during the current year due to the taxpayer's labor or capital. For example, pensions and annuities, income in respect of a decedent, income from death benefits, compensation for injuries, income from an estate or trust, alimony and separate maintenance benefits, income from the discharge of indebtedness, and the like. Even with these exclusions, however, we would still be faced with situations under which an incentive would be extended to increase income that would be of marginal or questionable significance insofar as labor or capital are concerned, not to mention illegal income, which is nonetheless taxable.

Accordingly, I would propose that in addition to business and farming income, wages and salaries, rents, ordinary dividends, royalties—other than royalties receiving special tax treatment—and interest be specified as the only other type of income which can be used in computing growth in income. These items constitute the major sources of income of the vast majority of taxpayers and are relatively easy to ascertain; and from the standpoint of administration, it is desirable to keep them at a minimum. Moreover, all of them have a clear connection with the utilization of labor or capital in the production of income. Capital gains, including capital dividends, may happen to be realized during the current taxable year, but they usually include growth which has occurred prior to the current taxable year; moreover, they already receive special incentive tax treatment. I would therefore exclude them from the definition of "growth income."

### ADJUSTMENTS TO BUSINESS INCOME

To have a realistic measurement of growth in business income, certain adjustments should be made. For example, a lump sum payment received in the taxable year which reflects services rendered over a period of several years cannot reasonably be attributed, in its entirety, to growth during the taxable year. A ratable allocation to the current year under the option available to the taxpayer should be the limit. Income from a change in method of valuing inventory, from a change in method of accounting, or from a change in method of computing depreciation hardly reflects economic growth. Additional income of a corporation resulting from another corporation being merged with it, to the extent of the other corporation's income, certainly does not represent growth of the first corporation's business. Additional income of an individual resulting from the transfer to him—through dissolution—of the business of his controlled corporation would not represent his growth. These items of taxable income should be eliminated in computing growth income.

To be fair, there are other adjustments that should be made to eliminate deductions which are properly allowable for tax purposes but have no essential relationship to growth. Thus net operating loss carryover deductions or capital loss carryover deductions should not be taken into account in determining growth income. It would seem that a loss deduction attributable to fire, flood, windstorm, theft, or other casualty, not covered by insurance or otherwise, should not be permitted to destroy the growth a taxpayer may otherwise have achieved and should also be eliminated.

Another adjustment appears to be desirable in the case of corporations. Contributions to charitable, educational, religious, scientific, and similar activities are becoming increasingly important and are to be encouraged. If a corporation's growth income could be enhanced merely by cutting back its contributions, a longstanding policy of Congress to encourage corporate giving would be frustrated. Accordingly, it appears desirable to provide that growth income of a corporation may not be so achieved.

Business income from illegal activities should be excluded altogether, for I presume this kind of growth is not to be encouraged.

### PRIOR-YEAR ADJUSTMENTS

Adjustments with respect to the current year are not the only ones required to properly measure growth. Income of the immediately preceding taxable year, which ordinarily would serve as the base for measuring growth, also requires some adjustments. First of all, we must decide whether a base year income of less than zero should be permitted. Although I would admit that coming from a loss of $10,000 in one year to a profit of $10,000 in the following year represents $20,000 in growth, I do not believe it wise to permit growth income to be measured from a loss position, particularly since a taxpayer already has the benefit of a net operating loss carryover or carryback deduction.

Next, we should not measure growth income in the current year from a fictitiously low economic income base. Thus, if income during the preceding year has been lowered for tax purposes by taking into account a net operating loss deduction, a capital loss carryover deduction, a loss deduction arising from fire, flood, windstorm, theft, or other casualty, not covered by insurance or otherwise, or a deduction for the extra first-year depreciation allowed by section 179, these adjustments should be added back.

I am dubious over permitting a lowering of the base year's income by eliminating income arising from a change in method of valuing inventory, change in method of accounting, or change in method of depreciation. Such changes are usually voluntary on the taxpayer's part and often are made with a view to improving his tax position. Accordingly, I would propose that a lowering of the base year's income by eliminating such income be permitted only where the change in method has been forced on the taxpayer by the Government.

Where a joint return is filed for the current taxable year, it would be unrealistic to measure the income reported therein against the income of only one of the spouses for the preceding year if separate returns were filed by them—either as married or single persons—unless the income of the joint return represents the actual income of only one of them. I use the word "actual" to make it clear that community property law will not enter into this calculation.

### PREVENTION OF WINDFALLS, WHIPSAWING, AND OTHER UNDESIRABLE RESULTS

In order to prevent windfalls, whipsawing—fluctuating income from one year to another to take undue advantage of the reduced rates on growth income—and other undesirable results, certain provisions are necessary.

The question arises whether a taxpayer who becomes a wage earner, salaried person, or business operator for the first time should be permitted to treat any or all of his first year's income as growth income. The answer would seem to be "No." Birth of income is not the same as growth in income. A similar answer should apply in the case of the first year of operation of an estate, trust, or corporation. Accordingly, I would define growth income in such a way as to require it to be measured against the first immediately preceding full taxable year, so that at least one full year's experience will be used as a basis for calculating growth. But that first year's experience may represent only part-time or nominal activity. To prevent a windfall by using the income from such a year as a base, I would provide that tax reduction from the special rates on growth income not be in excess of the amount of tax for the preceding year.

For example, B, a college senior, graduates in midyear and commences full employment, earning $5,000, with regular tax thereon of $813. During the preceding year he worked part time, earning $1,200 and paying tax of $98. His tax reduction for the current year would be $98—not $357.50—one-half the difference between $813 and $98. C, a corporation, commenced its activities in June of 1963. Reporting on a calendar-year basis, it had a loss of $10,000 during the short year 1963, income of $10,000 for 1964, on which tax of $3,000 was paid, and income of $100,000 for 1965, on which tax of $46,500 would be owing under the present rates. C's tax reduction for 1965 would be $3,000, not $21,750—one-half the difference between $46,500 and $3,000.

Also, to eliminate administrative costs with respect to minute amounts of growth, my amendment provides that tax reduction of under $5 in the case of individuals, estates, and trusts and $15 in the case of corporations not be recognized.

An individual in control of a corporation—or a corporation in control of another corporation—might seek to obtain growth income by arbitrarily having the controlled corporation declare extraordinary dividends. To prevent this type of abuse, it would seem desirable to limit the amount of dividends that could be counted for this purpose—say to 125 percent of those received from the controlled corporation during the preceding taxable year, and, in any event, limit such dividends to the amount of current earnings of the corporation. In ascertaining whether or not a taxpayer is in control of a corporation, constructive ownership of stock under the attribution rules of section 318 should be taken into account.

With the payback provision, which I shall presently discuss, the graduated tax rates applicable to individuals, trusts, and estates do not offer much opportunity for whipsawing. There is, however, some opportunity for whipsawing in the case of corporations. To discourage this, I would propose using as a base year for corporations the immediately preceding full taxable year—as in the case of individuals, estates, and trusts—with the limitation that the taxable income for such base year be not less than the taxable income for fiscal or calendar year 1962, assuming this plan becomes effective January 1, 1962. If the corporation was not in existence or active during fiscal or calendar year 1962, its first full taxable year thereafter would be used for this purpose. However, one can conceive of situations where a corporation's taxable income for fiscal or calendar year 1962 might be abnormally high, leaving little or no incentive to the corporation to seek growth because of the arbitrary selection by Congress of the taxable income of such year as a limitation on the base year. To cover these situations, I would propose that in lieu of fiscal or calendar year 1962, a corporation could elect to use—as a limitation against the taxable income of the base year—the average taxable income of fiscal or calendar 1962 and the 2 preceding taxable years—or the preceding taxable year, if the corporation was not in existence or active during the 2 years preceding fiscal or calendar 1962.

For example, corporation X had taxable income as follows: 1960, $75,000; 1961, $100,000; 1962, $200,000; 1963, $100,000; 1964, $150,000. No adjustments were required to taxable income for 1963 and 1964. Obviously there was no growth income for 1963 and no tax reduction. Growth income for 1964 cannot be measured against taxable income of $100,000 for 1963, because 1963 taxable income cannot be less than the $200,000 taxable income for 1962. However, the corporation elects to take the average taxable income for 1960, 1961, and 1962, which is $125,000, as the limitation below which base income for 1962 cannot go. Growth income for 1964 would be $25,000.

Deliberate whipsawing by taxpayers may possibly be attempted notwithstanding the precautionary provisions built into this plan. With a view to discouraging such efforts, it would seem proper to provide that where income or deductions have arbitrarily been shifted from one year to another by a taxpayer for no business purpose other than reduction of taxes arising from the reduced rates on growth income, the Commissioner may make such adjustments as are necessary to protect the revenue. The doctrine of business purpose is reasonably well settled by the tax law, regulations, and court decisions, and such a provision should be unwelcome only to those who would seek to frustrate the purpose of this new plan.

### TAX REDUCTION PAYBACK

Not only do we wish to encourage growth. We wish to discourage going backward after growth. Such a policy, coupled with a policy against whipsawing, prompts me to recommend what I call a tax reduction payback provision. It would require the voiding of a tax reduction based on growth income if, in the following year, the taxpayer's income decreases. The tax reduction would be voided according to the proportion that the decrease in the following year bears to the amount of growth income on the basis of which the tax reduction was computed.

For example, corporation A has taxable income—adjusted—of $100,000 for 1962, $100,000 for 1963, and $100,000 for 1964. It pays $46,500 tax for each year. It has no tax reduction for 1963 and 1964 because there is no growth income. On $200,000 combined income for 1963 and 1964 its combined tax is $93,000.

Corporation B has taxable income—adjusted—of $100,000 for 1962, $150,000 for 1963, and $50,000 for 1964. Its combined income for 1963 and 1964 is $200,000, and its combined tax is $93,000—the same as corporation A, computed as follows:

| | 1963 | 1964 | Total |
|---|---|---|---|
| Taxable income | $150,000 | $50,000 | $200,000 |
| Tax | 72,500 | 20,500 | 93,000 |
| Tax reduction | −13,000 | | |
| Tax reduction payback | | +13,000 | |

If, instead of a decrease from taxable income—adjusted—of $150,000 for 1963 to $50,000 for 1964, corporation B dropped only to $125,000, the tax reduction payback would be only $6,500—one-half of $13,000 tax reduction for 1963 based on the proportion of the decrease of $25,000 in 1964 to the growth income of $50,000 for 1963.

The amount of the tax reduction payback would become a part of the tax due and payable for the year of the decrease in income. I do not believe it is necessary to require payment of interest inasmuch as the taxpayer will already have lost the use of tax money paid on the higher tax that would have been due for the growth year—even after allowance of the tax reduction.

My amendment has been drafted to prevent the application of the tax reduction payback under circumstances which have no particular relevance to the policy of encouraging growth; namely, retirement or death of a taxpayer, or losses due to fire, flood, drought, windstorm, theft, or other casualty, not covered by insurance or otherwise. Moreover, if the year following the growth year is a short taxable year due to termination of an estate or trust or due to liquidation, dissolution, or reorganization of a corporation, the income is to be annualized to see whether or not there has been a decrease in income.

I recognize that the tax reduction payback may not be popular, but it would leave a taxpayer in no worse tax position than he is now. Moreover, it might serve as a stimulus to prudent management. For example, a businessman who received a tax reduction of—say $5,000 in 1 year—would be inclined to use it to reduce his indebtedness, on the chance that his income in the following year might decrease and some or all of it would have to be paid back. Otherwise, he might be inclined to make an untimely or risky move.

The tax reduction payback, as I said before, is also needed to prevent whipsawing. The following example illustrates why this is so in the case of two corporations which, having the same base year income of $100,000, have $300,000 in income—without adjustments—over a 3-year period. It should be noted that corporation A has a $100,000 stable annual income for each of the 3 years; whereas corporation B fluctuates—or whipsaws—its income. Both corporations would have the same total tax to pay for the 3-year period; but this would not be true unless the payback provision applied to corporation B, along with the limitation that the base year income cannot be less than that of fiscal or calendar year 1962:

| | Base year 1962 | 1963 | 1964 | 1965 | 3-year total |
|---|---|---|---|---|---|
| Corporation A: | | | | | |
| Income | $100,000 | $100,000 | $100,000 | $100,000 | $300,000 |
| Tax | 46,500 | 46,500 | 46,500 | 46,500 | 139,500 |
| Tax reduction | (1) | None | None | None | None |
| Net | | | | | 160,500 |
| Corporation B: | | | | | |
| Income | 100,000 | 150,000 | 50,000 | 100,000 | 300,000 |
| Tax | 46,500 | 72,500 | 20,500 | 46,500 | 139,500 |
| Tax reduction | (1) | −13,000 | | [2] None | −13,000 |
| Payback | | | +13,000 | | +13,000 |
| Net | | | | | 160,500 |

---

[1] Not in effect.

[2] Since income for this year of $100,000 must be measured against income of $100,000 for calendar year 1962, rather than against income of $50,000 for the 1st immediately preceding full taxable year.

I emphasize that with the tax reduction payback and other safeguards written into this plan, the possibility of manipulating income to reduce the cumulative tax burden is eliminated. Attempts to artificially induce an income cycle in which the rising phase exceeds 1 year will meet with failure. I have worked out numerous examples in an effort to beat the plan, but they are frustrated by the various safeguards that are built into the plan.

### CONCLUSION

Like any other major plan of tax reform, this one has its minuses as well as its pluses. I recognize that many taxpayers would not receive any benefit from it, although the plan envisages extension of the tax reduction to the maximum number of taxpayers. Some are in a declining income position which is beyond their control. Others, including most Members of Congress, are on a stable earnings basis with little likelihood for improvement—although this plan will provide encouragement to make the most of opportunities for improvement.

Eliminating tax reductions of under $5 in the case of individuals and under $15 in the case of corporations will greatly reduce the administration required to implement this plan. Moreover, cost of living wage increases under escalation clauses do not really represent increased productivity, and the $5 limitation will eliminate most of these.

In those situations where weather conditions can have an important bearing on income—such as in the agricultural or construction industries—growth or decrease in income would naturally be affected regardless of the capital or labor contributed. However, the plan does have the protection against highly abnormal vicissitudes of weather; and where weather has had a severe impact on business or wage conditions, there will still be the incentive to work harder to make up for it.

But similar criticisms can be made of other tax-reduction provisions in the tax law. For example, faster depreciation methods and rates are meaningless to a taxpayer caught in the same tax bracket with or without them. Percentage depletion is meaningless to a taxpayer to the extent that it exceeds 50 percent of net income. The deduction for medical and hospital expenses means nothing to over half the taxpayers under 65, who either use the optional standard deduction or find such expenses exceeded by 3 percent of their adjusted gross income. Nevertheless these have been enacted because Congress considered that, on balance, they were in the national interest. I might also point out that the investment tax credit which the administration is backing so strongly would result in tax relief to only a comparatively small number of taxpayers.

Incentive taxation of growth income is entirely workable and administratively feasible. It would be simple for most taxpayers to compute their tax reduction because they would have few, if any, adjustments to make. Corporations and individuals operating a business would, in some cases, find it complicated. However, when we recall how complicated the excess profits tax law was, perhaps we should not be too impatient with a far less complicated proposal which will, unlike the excess profits tax law, reduce taxes, and provide an incentive for the business expansion so greatly needed to solve our unemployment problem.

Incentive taxation of growth income would, I am confident, spur capitalism and the free enterprise system on to victory over communism in the economic competition to which Premier Khrushchev has challenged us.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MILLER. I am very happy to yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, the distinguished Senator from Iowa has previously advanced what he is stating to the Senate at the present time, and there is an article on it in the publication the Weekly Bond Buyer, September 4, 1962, under the heading "The Miller Plan." Altogether, it is a laudatory article. At this time I ask unanimous consent to have it printed in the Record as a part of my remarks, because it is very incisive. It sets forth the very captivating, effective new tax proposal, and I believe it deserves wide currency insofar as the Congressional Record can provide it.

There being no objection, the article was ordered to be printed in the Record, as follows:

### The Miller Plan

Washington.—Judging from the rash of publicity that is being given to their current activities, it would be excusable to assume that Messrs. Byrd and Mills, Curtis and Proxmire, Douglas and Patman, and perhaps one or two others, hold a tight monopoly on tax ideas emanating from Congress.

However, this is far from true, as the Republicans, to their sorrow, are belatedly discovering. Within their ranks, but virtually overlooked for the past 2 years, is one of the brightest, most articulate tax minds in Washington, freshman Senator Jack Miller, Republican, of Iowa.

Senator Miller, who staged an upset victory to win his seat in the 1960 elections, was an innocent victim of the Senate's archaic seniority rules when the party chieftains organized the Republican minority membership of committees at the outset of the 87th Congress. Otherwise, today he might be on the Senate Finance Committee—and the Nation, and the Republicans, might be the happier for it.

Last week, at the 17th annual meeting of the Tax Executives Institute, at White Sulphur Springs, W. Va., Senator Miller uncorked a revolutionary new plan for tax cuts that brought the sophisticates upright in their chairs.

Senator Miller, previously a private tax consultant in Sioux City and before that an "idea man" for the Treasury's Bureau of Internal Revenue, calls his plan "incentive taxation of growth income."

He claims it would cut taxes by one-half on the amount of increase in income (growth) over the previous year. It could become effective in 1963, and it would apply to individuals, corporations, estates, trusts, and partnerships.

"In its simplest terms," Senator Miller says, "the plan proposes to tax any increases in adjusted gross income for individuals, or taxable income of estates, trusts or corporations over the adjusted gross income or taxable income for the preceding year at one-half the rates that would otherwise apply.

"This increase represents growth income and the tax cut would take effect only with respect to it. The reward of tax reduction would have to be merited."

Senator Miller points out that under his scheme the Treasury would be assured of the same amount of revenue from the same amount of income as in the previous year, "so that the tax reduction under this plan would not cause a loss of revenue and a consequent loss in purchasing power of our money."

The Iowan recognizes that Government spending increases in anticipation of increased revenues might have to be curbed. But, these should be curbed anyhow—as the administration learned in the disappearance of its promised balanced budget for fiscal 1963, which was based on excessive optimism over the revenue increases for the current year.

Senator Miller suggests that "the prospect of paying tax at only one-half the regular rate on growth income would be a tremendous incentive to taxpayers to increase their productivity.

"Wasteful or marginal costs," he says, "which are too often tolerated because they are tax deductible, would be reduced or eliminated.

"Tax reform is built into the plan, because taxpayers would have an incentive other than that furnished by the revenue agent, to avoid unnecessary or excessive expenditures. Such expenditures, if permitted to continue, would only reduce their growth income and their tax reduction. We could expect real improvement in our rate of economic growth."

Another way of viewing Senator Miller's plan is as a sort of excess profits tax in reverse.

In short, rather than being penalized for sharper management, improved production techniques and more skilled marketing and advertising programs—factors which produce greater profits and hence, growth—industry managers would be rewarded by tax cuts in proportion to their proven skills and entrepreneurial abilities.

Senator Miller, who has acquired a nice veneer of political savvy to accompany his awaiteness of the tax facts of life in his 2 years in the Senate, says he is totally sympathetic with the proposals made by Representatives A. S. Herlong, of Florida, and Howard Baker, of Tennessee, for a gradual reduction in individual and corporate rates.

"However," he says, "the Herlong-Baker suggestion presupposes a stable purchasing power of our money—a condition that is virtually impossible so long as Congress will refuse to reduce spending to make room for tax cuts.

"It also assumes a period of growth at still some undetermined annual rate—an assumption that might not materialize and, if it didn't the consequences could be serious."

"What is needed," he continues, "is a tax reduction that will be a realistic incentive, which will not pay out the rewards of tax cuts, unless the objective of growth is fulfilled. Also, a change is required that will operate without jeopardizing the purchasing power of our money, and which acknowledges the political realities existing in Congress and the administration."

What is also needed is some fresh Republican blood on the Senate Finance Committee, whose majority and chairmanship will again be held by the Democrats next year, barring some major political upheaval.

If the GOP policymakers in the Senate see fit to correct the error of 1960 caused by almost blind adherence to the rules of seniority, the Senate Finance Committee could have in Senator Miller a first-rate teammate for Representative John Byrnes, of Wisconsin, who will be the ranking Republican member of the House Ways and Means Committee next year.

**Mr. DIRKSEN.** Mr. President, in conjunction with the distinguished Senator from Iowa, I discussed this question with the chairman of the Finance Committee, the Senator from Virginia [Mr. BYRD]. I am not only hopeful, but encouraged by the fact that the distinguished Senator from Virginia will be quite willing to have some staff work done on this matter between now and the next session.

**Mr. MILLER.** I thank the Senator for his kind remarks. I have the assurance of the senior Senator from Virginia, Chairman of the Finance Committee, that he will turn this matter over to the staff of the Joint Committee on Internal Revenue Taxation for its study this fall. I welcome such a study. I wish it had been possible to have had a study before now. I wish it had been possible for my proposal to have been studied and presented after appropriate hearings so that it could have received the kind of consideration which I believe would have warranted its adoption by the Senate so that tax relief of a constructive form could begin at once. But this is a reasonable assurance, and I appreciate it.

**Mr. DIRKSEN.** It is a most engaging idea, and since it deals with incentive and with growth, certainly the plan merits real study.

**Mr. MILLER.** Mr. President, as indicated earlier, the chairman of the Finance Committee, the senior Senator from Virginia, has very graciously agreed to have this proposal referred to the staff of the Joint Committee on Internal Revenue Taxation for study. With that assurance, I withdraw my amendment.

The **PRESIDING OFFICER.** The amendment of the Senator from Iowa is withdrawn.

### EXHIBIT 1

[From Fortune magazine, August 1962]

### THE RIGHT KIND OF TAX CUT

On the lawn of any racetrack you can hear after the finish that "he" whipped the horse too much or too little, that "he" made his move too late or too soon, that "he" should have taken the animal inside instead of outside (or vice versa). All of this, though usually spoken in bitterness, is a tribute to the importance of jockeyship. But in many cases the tribute is exaggerated. As Ted Atkinson, speaking for all candid jockeys, once put it, "In racing the chief athlete is the horse."

We have not been spending the summer along the rail—the horsey metaphor was thrust upon us by the vocabulary of this summer's discussion of the financial news. It's amazing how often the word "spur," for instance, turned up, as in "Tax Cut Urged to Spur Economy." And as we go to press the administration is considering whether to present to Congress a tax-reduction bill of just that type.

We'd like to see a tax cut, and the sooner the better. But a quickie tax cut to last for only 1 year, say, a cut designed primarily to spur business during the next few months, isn't going to do any real good. What's needed is a permanent cut that rises out of the realization that the basic condition of the business system—the chief athlete—has been hurt by the size and shape of the present tax structure. A cut will increase this year's expected Federal budget deficit, which is as grave a concern to us as to any Congressman. Some advocates of a cut point out that the stimulation would generate enough business to offset the deficit. We can scarcely believe that it would have that immediate effect. But there is no reason to assume that our only long-range choice is between present tax levels and a succession of Federal deficits. Government expenditures can be reduced to a smaller proportion of national product, and indeed if a permanent tax cut is to make any sense they will have to be reduced. We have to begin cutting taxes sometime, and we can think of no better time than right now.

#### UNDERNOURISHED INVESTMENT

This summer's financial news, centering on the stock market drop, has been dramatic and suspenseful. But we will not understand the present situation if we isolate it from previous danger signals and disappointments in the economy. In 1960, for instance, when John F. Kennedy promised to "get this country moving again" he was assuming that the economy had bogged down. His proposed remedies involved a more active Government role in guiding and stimulating the economy. But the developments of 1962 suggest that some of the trouble may lie in what the Government is already doing.

The general health and spirit of business are both measured and affected by the level of profits. An article called "U.S. Business in Suspense" discusses how the present profit squeeze deprives business of funds needed for expansion and at the same time weakens the incentives for expansion. Among the main factors in the profit squeeze are the high level of Federal taxes and the way taxes are concentrated upon those parts of the economy that should produce investment funds. The U.S. economy's need for investment has not been adequately understood. We have maintained in the postwar period a level of gross capital formation that is more than 20 percent of gross national product. But most of this goes to offset the consumption of capital in the huge U.S. industrial plant. The significant change is in net capital formation—which represents growth. Until 1929 net capital formation ran above 10 percent of gross national product; in the postwar period it has been only about 6 percent. This change is one of the main reasons why incipient booms abort, why a high rate of unemployment persists, why the national growth rate has slowed down.

#### THE GREAT DEPRESSANT

When do taxes, which are never welcome, become really excessive? President Kennedy, who says he likes sophisticated economic arguments, can read plenty of them on the theoretical limits of tax capacity. Some economists believe that a tax burden that exceeds 25 percent of net national product will overload any economy. (The present take of Federal, State, and local taxes amounts to about 29 percent of the net national product.) Other theoreticians argue that the distribution of the tax load matters more than its total weight.

But the present U.S. tax structure is sponsored by no economic theory. It just grew out of a combination of crises, wars, emotional economics, and crude efforts to use the taxing power as an instrument of social justice. Long before the New Deal, an idea flourished that the inequalities of wealth could be leveled off somewhat by progressive taxes on incomes. In the depression, very heavy increases in these taxes were voted (contrary to all prevailing economic theories of recovery), partly in a spirit of vengeance against the rich and the business system. World War II acted as a kind of multiplier on these misconceived taxes. A couple of postwar tax cuts, then the Korean war tax boosts, then the modest Eisenhower cut of 1954—and that's the tax structure. Nobody designed it. Nobody takes credit for it. And hardly anybody defends it.

Such a tax setup has to be judged by experience rather than theory. But through most of the period of the present structure's existence its effects have been masked by inflation. In such a period rising values invite equity investment; business planners hasten expansion, believing that the cost will be higher for every year of delay. Experience in those years seemed to contradict those who had warned that the tax level would dry up investment. In 1955, Harvard's Prof. J. Keith Butters told a congressional committee he could find little evidence that the tax system had caused an undersupply of risk capital. But he went on to warn that "conclusions as to the extent to which the tax structure stifles the flow of risk capital during a period of high business activity cannot be applied without modification to a time of declining business activity and investor pessimism. * * * The tax structure would be far more repressive * * * in a declining period."

Indeed, it became far more repressive as soon as the upward price spiral flattened out in 1958. But the United States was slow to recognize that in the new situation the old taxes were having a much more serious impact on business. Federal expenditures continued to rise, and warnings on this point were met by the apparently practical argument that the same tax rates had not prevented prosperous years in the fifties.

Most of the tax-cut discussions of the spring and summer of 1962 have been proceeding on the unspoken assumption that Federal expenditures cannot be cut. But the present level of Federal expenditures is not forced upon us by some inexorable law of nature. True, defense expenditures are forced upon us, but the part of the Federal budget that has been rising most rapidly in the last decade has been the nondefense portion. "Needs" are unlimited. * * * If present Federal tax rates are left unchanged and the economy continues its recent slow rate of growth, the Federal Government in 1970 will be collecting about $130 billion a year. Will it be able to spend that much? Foolish question. President Kennedy, just in his first months in office, proposed expenditures that, had Congress approved, might have added an extra $10 billion to expenditures now running around $90 billion.

#### A 5-YEAR PLAN

As animals go, horses are pretty dumb. They don't know that the harder they try and the more they win, the heavier will be the weight the racing secretary puts on them the next time out. Even so, horses seem to get discouraged by high weights. Businessmen, who are less sophisticated than Harvard economists but not so dumb as horses, have been pervaded by the deadening prospect that the tax burden will go on and on. Every investment decision on a corporate agenda in the summer of 1962 must be considered under the depressing knowledge that it must struggle to pay for itself under a future tax burden that will weigh down upon the whole economy. This forbidding long-range prospect will have to be changed.

We don't know what, if anything, Congress will do about taxes before it adjourns this summer. A cut in the corporate income tax would be the most useful part of any immediate tax reduction. A cut from 52 percent to 47 would increase corporate earnings after taxes by 10 percent, encourage business investment, and benefit everybody. This would cost the Treasury about $2.5 billion. An at least equal reduction in the personal income tax take would presumably be the political price of the corporate cut, and perhaps do the economy some good in the next few months. But neither corporate nor personal income tax cuts will accomplish anything at all if they are presented as momentary Federal largess for a momentarily faltering economy. Tax cuts, whether they come now or next January, must be made in such a way as to show that public policy has established a new level of what is considered a tolerable long-range tax burden. We favor cutting by installments, for example, spreading the cuts over a 5-year period (as in the Baker-Herlong bill). There is a very good chance that businessmen, realizing that they were investing for an economy with a decreasing tax burden, would begin immediately to make expansive decisions.

A lower level of tax rates (and Government expenditures) over a period of years should be accompanied by a thorough revision of the present tax structure. Many reforms are needed, but a change in the present emphasis on income taxes is surely one of them. Very few countries count so heavily on personal income taxes as does the United States—and only Great Britain has as high a corporate profits tax. This emphasis inhibits investment and distorts business decisions. But when tax consequences become a dominant factor in business decisions, the efficiency of the whole machine is impaired. We became so fascinated by the idea of taxes graded to ability to pay that we have reduced the economy's ability to progress.

An era of rapid scientific and technological progress offers opportunity that can be seized only by an abundance of capital, flexibly deployed. International competition in the years ahead may make this opportunity a rather grim necessity.

In April 1958, confronted with another of these chronic discouragements in the business outlook, Fortune said: "What the country needs most today is no flash-in-the-pan panaceas, and no panicky rush for purchasing-power hypodermics. What it needs is a restoration of normal incentives, acknowledgment of the basic role of profits in the system, and reassurance that the Government understands the true nature of a profit-and-loss economy."

We say it again.

---

[From the Wall Street Journal, Aug. 31, 1962]

## DOWN ON THE LEVIES—PRESIDENT'S DRIVE FOR TAX REFORM IS HOBBLED BY LAWMAKERS' CHANGING VIEW OF RATE CUTS

(By Robert D. Novak)

Washington.—The hoary maxim that Congress will swallow the most bitter tax reform schemes if they are sweetened enough by tax cuts may be ready for consignment to the scrap heap of outworn adages.

This is the long-range conclusion that may be drawn from Congress' remarkable reluctance to nibble at the tax reduction bait dangled this summer by President Kennedy. The summertime events pose this question: If the lawmakers this year disdained a straight tax cut with no strings attached, how can they be expected next year to embrace a tax cut encumbered by onerous revenue-producing reforms drawing fire from powerful lobbies?

And if the "sweetener" theory of tax reform must indeed be discarded, then the outlook for the Treasury's grand design of overhauling the tax structure before Mr. Kennedy faces reelection in 1964 must be changed from doubtful to pretty near impossible.

Not since those heady days when the New Frontier first opened in Washington some 18 months ago has anybody regarded tax reform as anything but a grim and hazardous chore. The agonizing and still uncompleted task of guiding through Congress what they consider a minimal tax revision bill has been a sobering experience for Mr. Kennedy's bright young men at the Treasury, who once talked hopefully of Congress completing a full rewrite of the tax laws before the 1962 elections. Those old hands on Capitol Hill with previous experience in the jungles of tax legislation never had any illusions about the size of the task.

### TOO RESTRICTED, TOO SMALL

But until this summer's abortive try for a quick tax cut, both the new faces at the Treasury and the veterans in Congress attributed much of the difficulty encountered by the 1961–62 tax revision bill to its lack of sweetening tax reduction provisions. The bill's proposed tax credit for businessmen who purchase certain kinds of equipment, it was reasoned, was too restricted, too small and too novel to win any widespread support from business. Far from serving as a sweetener to ease passage of the bill, the investment credit has proved more difficult to pass than most of the revision measure's revenue-producing provisions.

On the basis of this experience, the tax writers came to believe that the revision bill would have traveled a smoother road to passage had it included across-the-board cuts in personal and corporate income tax rates. Because the major reform bill next year will contain just such a tax cut plan, they concluded, its prospects for approval might be fairly good.

Treasury officials insist that this reasoning remains essentially valid. They point out with some accuracy that the possibility of a tax cut was raised so suddenly this summer, after the stock market decline, that public sentiment for it never had a chance to grow. Moreover, there was an understandable prejudice in Congress against a tax reduction presented as an emergency measure to stimulate the economy at a time when most lawmakers did not believe the economy was in such bad shape. Things will be different next year, say the Treasury men, when support for tax reduction has gone through more than 6 months of gestation and the cut will be advanced as part of orderly and permanent tax reform rather than as a temporary expedient.

### APPARENT PUBLIC INDIFFERENCE

However, this reasoning tends to ignore some of the most interesting aspects of the recent debate over a quickie tax cut. A surprisingly large number of Congressmen showed they simply do not believe there is much political advantage to be had from cutting taxes in these days of wage withholding. What's more, the apparent public indifference to tax reduction is causing a reexamination of the political facts of life by those lawmakers who cling to the time-honored theory that a drop in income tax rates pays off on election day.

Barring a severe economic slump in the coming months, the mood on Capitol Hill next January is likely to be mildly receptive to tax reduction—but not at any price. In other words, Congress is not apt to desire tax cuts so much that it will lower its guard against Mr. Kennedy's reform schemes.

The tax legislation dilemma confronting the administration comes into focus more clearly when talk of reform shifts from grand generalities to hard specifics. It's not easy to find anyone today willing to predict that tax reduction would induce Congress to accept any of the major reforms under consideration at the Treasury: Reduction of depletion allowances for oil and gas, limitations of the type of earnings that qualify as capital gains, cuts in tax deductions for interest payments or charitable contributions, reduction of the tax credit for retired persons—or even the pending proposal for tax withholding on dividend and interest income.

Moreover, the validity of the sweetener theory of passing tax reform bills has diminished, not only as a result of unexpected congressional apathy toward tax reduction, but also because of a change in the emphasis of the administration's plans for tax reform.

At the heart of the sweetener theory is the implied threat that the President would veto any tax reduction bill that has been stripped of his major revenue-producing reforms. But the administration has made clear in recent months that it regards across-the-board tax cuts not as merely a sweetener but as the most important ingredient of tax reform and a necessity for accelerated economic growth. Thus, the impression has grown in Congress that Mr. Kennedy gladly would accept a tax cut next year even if it included nary a revenue-producing feature.

### THORNY PROBLEMS

The President strengthens this impression when he talks of passing a tax bill early next year with tax cuts retroactive to January 1, 1963. Even with unprecedented luck for the administration, Congress could not complete action on a comprehensive reform measure until sometime in 1964. Consequently, lawmakers seem justified in assuming that Mr. Kennedy really is talking about a simple tax cut for 1963.

But passage of such an unencumbered tax reduction bill poses problems not a great deal less thorny than those facing a comprehensive reform measure. Congressional hostility toward tax reduction this summer, stemmed in large part from fears by rank-and-file Democrats that voters would turn against Congressmen who deliberately voted to expand the Federal budget deficits through tax reduction. More important, this opposition to straight tax cuts in times of deficit spending is found among the senior Democrats in Congress most influential in the tax legislation field.

Representative Mills of Arkansas, the enigmatic Ways and Means Committee chairman, intimates in his customary Delphic manner that tax reduction must be a part of a general reform measure and should not result in a net revenue loss unless the Federal budget is balanced. The Senate Finance Committee's two top Democrats, Virginia's Senator Byrd and Oklahoma's Senator Kerr, state their positions clearly: No net tax reduction while the Federal Government is running in the red.

### KERR'S ROLE

But Senator Kerr, whose support is absolutely necessary for any tax bill in the Senate, leaves a loophole. The Oklahoman suggests that he would support a 1963 tax reduction if accompanied by a cutback in Federal spending of around $3 billion or more. Furthermore, the talk on Capitol Hill of a combined tax cut and spending cut no longer is confined to fiscal conservatives. "I'm afraid it's the only way we can get a tax cut bill," gloomily concedes a prominent liberal Senator.

Yet, Mr. Kennedy would have to perform the most spectacular philosophical somersault of his career to accept the Kerr formula. It would constitute a direct repudiation of the President's top economic counselors, who regard diminished Government spending during slack economic times as the height of folly and deflationary in nature. Even Treasury Secretary Dillon, one of the more conservative New Frontiersmen, has expounded this theory repeatedly in testimony before congressional committees.

Even if the President were tempted to consider the acrobatics, which is unlikely, the problem of just where to cut spending would remain. A slash in nondefense outlays would mean a tacit abandonment of some of the Kennedy administration's most cherished programs and policies. A reduction in defense expenditures would require an assessment by Mr. Kennedy that cold war tensions are easing—an unlikely assessment in view of the present world situation.

In truth, there is not now an obvious way for Mr. Kennedy to get any kind of tax bill—comprehensive or straight rate reduction—out of Congress next year. The forecast may be premature, but there is a growing belief that the mangled tax revision bill now limping along toward passage, may be the only general revenue measure passed by Congress during Mr. Kennedy's first term.

> Consequently, Democratic politicians fear that if the President proclaims tax reform as his top legislative goal for 1963–64, he may be in for still another humiliating rebuff at the hands of Congress.

Mr. JAVITS. Mr. President, I send an amendment to the desk, on behalf of myself and the Senator from Minnesota [Mr. McCARTHY], and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New York for himself and the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 193, after line 22, to insert:

> (g) CORPORATIONS INCORPORATED IN COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY.—For purposes of subsections (d) and (e) of this section, a foreign corporation which is created or organized under the laws of a country of the European Economic Community shall be treated as being created or organized under the laws of each country of the European Economic Community. For purposes of the preceding sentence, the countries of the European Economic Community as of any date shall be those countries which on such date are agreed to achieve a common external tariff through the European Economic Community.

Mr. JAVITS. Mr. President, I sent the amendment to the desk on behalf of myself and the Senator from Minnesota [Mr. McCARTHY]. This is probably the last chance which we shall have in respect of this bill to do anything about the new concept of taxation on corporations which have subsidiaries abroad and which are manufacturing and selling abroad. This is by all odds the minimal amount of relief which should be afforded in the interest of America's trade position. I would like to emphasize that.

What the amendment does is to provide that any corporation set up within the Common Market area is deemed to be a corporation of every country within that area and does not have to be separately incorporated in that country. This involves more than a mere saving of incorporation expense.

It would have tax implications. The scheme of the pending bill is to place a tax on a company when a foreign company sells through sales outlets in any country other than the country in which the product is manufactured. The tax consequences could be avoided, if the amendment were adopted, for a company which manufactured in the Common Market and sold in the Common Market, even though the company might set up sales outlets in the individual countries of the Common Market. That is the purport of the amendment.

There is a valid reason for the amendment. It is clear that one of the things which the Senator from Minnesota [Mr. McCARTHY] and I and other Senators have been pressing in the field of foreign corporate taxation is the competitive angle; that is, the fact that American corporations are now competing with corporations of other countries in an effort to sustain the export position of the United States. To sustain that position it is necessary for them to manufacture abroad. The corporation is taxed abroad. The bill would tax the same operations at home.

We have contended that competition is what makes it so difficult for the American corporation moving into those areas. The competition is nowhere more keen and nowhere more evident than in the European Common Market. If the Common Market treats itself as an economic unity, the proper question which we must ask, before we leave consideration of the pending bill—and that will be the end of the matter, so far as American companies which manufacture and sell abroad are concerned—is, "In order for American companies to compete, should we not treat the European Common Market as an entity?"

That is the opportunity which is afforded to the Senate by the amendment. As I say, it is a minimal amendment on the issue of competition, and should be agreed to.

After conferring with the Senator from Minnesota [Mr. McCARTHY] I have confined the amendment only to those two sections of the bill which relate to sales of articles which are manufactured, produced, grown or extracted—tangible personal property—and services, which are also covered by the bill, again when the services are sold. I have omitted the foreign holding companies, so as to avoid getting into the question of securities transactions, havens, and so on. We are dealing now with American corporations which actually are making goods or rendering services, and the freedom of their operations within the limitations of the new tax approach within the European Common Market.

Mr. President, this is a very serious matter. As I say, this is probably the last opportunity any of us will have to do anything in terms of trying to rationalize the picture of competition between American firms operating abroad and their foreign competitors.

If Senators will refer to page 79 of the committee report they will find how the new concept of taxation is applied. I quote from the second full paragraph on page 79 of the report, referring to U.S. corporations: "for their income from foreign sales subsidiaries which are separately incorporated from their manufacturing operations."

I ask Senators to look at page 84, under the heading, "Foreign Base Company Sales Income." The explanation at the top of the page is as follows:

> Foreign base company sales income is income derived from the purchase and sale of personal property if the property is either purchased from a related person or sold to a related person.

That refers to the closeness of the relationship as between the U.S. corporation and its subsidiary. I continue the quotation:

> However, this applies only where the property purchased is manufactured, produced, grown, or extracted outside of the country where the controlled foreign corporation is organized and the property also is sold for use, consumption or use outside of that country.

I ask Senators to refer to the language in the paragraph relating to foreign base company services income, in the last full paragraph on page 84:

> As in the case of sales income, the purpose here is to deny tax deferral where a service subsidiary is separated from manufacturing or similar activities of a related corporation and organized in another country primarily to obtain a lower rate of tax for the service income.

The amendment would provide that if a service company or a sales company were organized in any one country within the European Common Market area—that is now six countries, but it may be a greater number as we go along—it shall be deemed to be a corporation of the same place as the corporation of manufacture, when that corporation is itself within the European Common Market area.

I emphasize that, because I wish to make it perfectly clear that tax consequences are envisaged by the amendment. It does not merely relate to the relatively slight expense of organizing a corporation. It would treat the whole Common Market area, as it were, as one country for the tax implications of the bill as it relates to foreign corporations, provided one is dealing only with operations which deal with manufacture or with services, and excluding the whole personal holding company concept.

In this connection, I refer to the statement which was introduced by our distinguished colleague who is in charge of the bill [Mr. KERR], which appears in the CONGRESSIONAL RECORD for August 30, 1962. I refer to the memorandum explaining the view of the Treasury Department on the proposed Trade Expansion Act of 1962, which is now being considered by the Finance Committee. It explains with crystal clarity on the highest level of our Government the reason why I say—which I believe is completely supported by the statement—that the European Economic Community must be considered as a single market in which American companies must compete with other foreign producers who will be operating in that market.

American companies are going to be seriously disadvantaged by the tax consequences of the pending bill. This is an effort to reduce somewhat the extent of that disadvantage.

I wish to read from the memorandum prepared by the Secretary of the Treasury and sent to the Senate Finance Committee in respect to the proposed Trade Expansion Act of 1962:

> As the domestic economy grows, American demand for imports will become greater. Despite our best efforts, outlays abroad for the national defense, aid, and investment will continue to be large. If these payments are to be met, the United States must export more. The necessary expansion of exports can occur only if, through negotiations, the doors to major foreign markets—and especially the new and expanding Common Market of Western Europe—are opened wider for U.S. products.
>
> The six countries which formed the European Economic Community have now established their common external tariff, and are expected to bring it into full effect when their transitional period is over, at the latest by the end of 1969. Also, they are rapidly reducing the tariffs which apply to their trade with one another and are committed to eliminate them altogether by the end of 1969. The common agricultural policy, and the terms of continued association with newly independent countries which were formerly European colonies, are rapidly tak-

> ing shape. The United Kingdom is expected to join the European Economic Community, and others may well follow. The resulting expanded Common Market will constitute a giant new economic unit within the free world.

I emphasize those words—

> will constitute a giant new economic unit within the free world. If U.S. exports are to be expanded to the necessary extent, liberal access to the Common Market is absolutely essential.

**Mr. BUSH.** Mr. President, will the Senator yield?

**Mr. JAVITS.** I yield.

**Mr. BUSH.** I think the Senator makes an excellent case for the contention that we should recognize that the 6 countries—which may grow to 7, 8, 9, 10, or more, if the Outer Seven come in, eventually—are one unit from an economic standpoint, and from a trade standpoint.

I fail so far to grasp what are the tax implications of the Senator's amendment. So far as an American company owning a subsidiary abroad and operating in one of the Common Market countries is concerned, I understand that if it is operated in one, it is to be considered as though operating in all. It would be one for all and all for one, under the Senator's amendment. What would be the tax effects, as they might affect such a company?

**Mr. JAVITS.** The tax effects would result if the income realized on sales, according to the bill, were realized from a corporation which was a sales company incorporated in the country other than the country in which the manufacturing of the subsidiary took place. For example, American corporation X might have a subsidiary which did manufacturing in France. It would sell in Italy through a sales corporation. The sales income then comes under the inhibitions of the bill in the sense that it is taxed immediately to the American stockholder, even though it is not actually received. That is the fundamental tax change made by the bill.

On the other hand, as to a sales company in France for an American corporation manufacturing through a subsidiary in France, there is no such tax consequence.

Therefore, the amendment would transform the whole Common Market area into a situation analogous to the one I have stated with respect to a subsidiary manufacturing in France and selling in France. That is the way in which the scheme of taxation in the bill is traced out. I have made the amendment, therefore, to apply both to a sales operation in which tangible goods are involved, and to the business of selling services—as, for example, an accounting firm or a company servicing various types of appliances and machinery, some other management service, or some other tangible operating servicing company. Those are the two types of companies to which I have applied the scheme as it relates to the integrated European Common Market. So the tax consequences would then not flow if the whole operation were conducted with the Common Market, as provided by the bill. The tax consequences, therefore, would be analogous to the situation in which the manufacturing and selling would take place in one country, which, as the bill is drafted, does not come under the particular tax applicability which is now established by the bill. That is the thrust of the amendment. The purpose of it is to do what we can to rectify the competitive situation as between other foreigners operating within the European Common Market and ourselves.

One final fact and I shall be through. I point out that business with the European Common Market is a critically important aspect of the American trade surplus. The same memorandum of Secretary Dillon to which I have referred shows that in 1961 we had a surplus in trade with the Common Market of $1.3 billion, that is, we exported $3½ billion; we imported $2.2 billion. We had a surplus in agricultural goods of $1.3 billion. Even in nonagricultural goods we had a surplus of $400 million. That information comes directly from Secretary Dillon's memorandum.

This will grow in importance. The standard of living in the European Common Market is rapidly rising. Many American companies are finding it possible to move into the Common Market with a part of their operations. The proposal would not result in an export of American jobs, in my opinion. I think that is a very fallacious position, because it has been demonstrated time and again in testimony before the Joint Economic Committee and many other committees that in the export of parts, management skills, and original machinery for the purpose of settting up branch plants abroad, the American economy prospers.

In addition, it is impossible to compete in terms of exports at all. Unless we engage in those operations we will lose material opportunities in the export market which we want.

In short, it is not a question of exporting our jobs or exporting our opportunity to export. It is a question of maintaining our competitive position in the field and improving and expanding that position by new techniques, in view of the fact that old techniques are being invalidated by competition and by such things as the European Common Market.

As I have said, I believe this is the last opportunity for us to do anything in respect to the bill. It is some effort to right the competitive situation which will be faced by more and more American companies abroad, especially as new trade legislation is passed. I am the first to state to Senators that participation by American business in the export field is very poor. It represents about 3,000 firms, about 5 percent of the total. One of our great problems is how to increase materially small business participation in the export field. Of course, it can be materially inhibited by adverse tax laws. One effort is being made in the amendment offered by the Senator from Minnesota [Mr. McCarthy] and myself to equate and alleviate the risks of the new tax scheme—and it is new; it has not been done before—in dealing with a new entity, a new economic problem of competition in the European Common Market.

**Mr. COOPER.** Mr. President, will the Senator yield?

**Mr. JAVITS.** I yield.

**Mr. COOPER.** Am I correct when I say that the bill as reported by the committee would provide certain advantages in the way of tax consequences to a company which has a manufacturing plant in more than one country in Europe?

**Mr. JAVITS.** It would. If the company sells in the same place, it would find itself free of the new tax consequences in the bill.

**Mr. COOPER.** But it must be a manufacturing company, producing in each of the countries, or in more than one country.

**Mr. JAVITS.** Exactly.

**Mr. COOPER.** There would be some way of averaging the local taxes which would be charged against the company. Then, as the Senator has said, the thrust of his amendment would be to make that advantage available to a company which, say, had a manufacturing unit in one country and a sales unit in another country in the Common Market area.

**Mr. JAVITS.** Provided it was within the Common Market area. The Common Market area is treated as if it were one country.

**Mr. COOPER.** What is the basis of the Senator's argument that the sales company should be given the same advantage if it is acting for a manufacturing company, that is, a subsidiary of that company or its agent, as would be the situation under the committee bill in which it must be manufacturing in more than one country?

**Mr. JAVITS.** The argument is that the competitive area—in the present case the European Common Market—is not a single country. It is the whole European Common Market area. Therefore, we would be materially disadvantaged in the European Common Market area if we were to visit the consequences of the new tax scheme upon corporations operating within that area merely because they must engage in selling in the various countries of that area which fall under the new provisions of the bill. That is what my amendment is designed to avoid, if at all possible.

**Mr. KERR.** Mr. President, I rise to oppose the amendment of the Senator from New York. The Senator has said that the European Common Market is a single economic unit. That is true. But it is certainly not a single tax unit. The committee spent many weeks rewriting the foreign tax provisions, or the tax provisions with reference to foreign corporations domestically owned or controlled. The Senator's amendment would entirely destroy that part of the bill. The Senator's amendment would legalize tax havens to as great an extent as they are now legal under existing law. If the amendment of the Senator from New York were agreed to, the effort that has been made to discourage foreign tax havens would be nullified. His amendment would exempt from taxation under the bill dividends and income from one foreign corporation to another or to others in every country in the European Economic Union or Common Market, now 6 in number—perhaps soon to be 8, 10, or 12.

Mr. CAPEHART. What about the other countries?

Mr. KERR. Only as they would become members of the European Economic Union would the Senator's amendment apply.

One of the things the bill attempts to reach is the situation of a Swiss corporation acting as the sales agency perhaps for a corporation which someone in this country owns in Germany. It manufactures something there and makes a little profit on it in Germany. Then it sells its product cheap to a Swiss corporation, which in turn sells it anywhere around the world. The profit accumulates, and it is kept in the Swiss corporation and is not subject to American tax.

In view of the fact that Switzerland may probably become a member of the European Economic Union, or perhaps Liechtenstein or Monaco, which countries have no income tax whatever, under the Senator's amendment, if a corporation were a resident of Switzerland or Monaco or Liechtenstein, it would have the privilege under the amendment of selling anything manufactured anywhere in the world in the European Economic Union, make its profit, and keep the profit free from taxation under our laws or under the pending bill.

In other words, the choice is between legislation which would correct the present abuses of tax havens and the Senator's amendment, because if we adopt the Senator's amendment we destroy the provisions of the bill calculated to eliminate tax havens.

As the House passed the bill, it did two things, as the Senator from Tennessee has so often said on the floor of the Senate. First, it eliminated tax havens. Second, it taxed deferred income of foreign corporations as it was earned before it was brought back to this country. The committee took that provision out of the bill. The committee acted on the theory that earnings should be taxed when put into the hands of the taxpayer, not while they are still in the hands of the corporation in which the taxpayer owns stock, and which have not yet been declared by the corporation to the stockholders.

We thought that was not a reasonable provision in the House bill, and we took it out of the bill. However, we maintain the provisions of the bill—I will say on a much more liberal basis than the House provision—with reference to the elimination of the tax havens. The Senator's amendment would eliminate all that the committee did to stop tax havens. Since the committee adopted the House provisions with reference to taxing deferred income, if the Senator's amendment is adopted there will be no purpose whatever, as I see it, for the bill.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. McCARTHY. I believe that the Senator from Oklahoma and the Senator from New York have stated the situation correctly. The Senator from New York believes, as I do, that it would be a good thing for us to be within the European Economic Union for the purpose of competing in that area. The committee bill places handicaps in the way of effective competition, as we see it. It is the opinion of the Senator from New York, which is shared by me, that both our balance of payments and the stimulation of the economy, including the increase in employment, would be helped by our being active in that competitive market.

The Senator from Oklahoma is quite correct in saying that the action of the committee does not interfere with or hamper the action of American firms in that area. We could departmentalize the provisions as between the various countries, and thus put ourselves at a great disadvantage, to the extent that the firms over there would be in competition with goods produced in the United States, but such competition means very little; on the other hand, it would put them at a great disadvantage in competition with European producers, who compete with them most strongly and most actively in that area.

Switzerland is not now a part of the European Economic Community. In the years to come it may become a member, but at the present time it is not. The Swiss subsidiaries are not used primarily for avoiding the payment of taxes. The Swiss corporations are usually used as a device by which American firms doing business in other European countries are able to take the income out of higher tax countries and put them into a low tax country. Instead of paying high taxes, they use Switzerland, where the tax rate is lower. When the money is repatriated, they pay more taxes to the United States than they otherwise would if they had no Swiss subsidiary.

Mr. KERR. The Senate very decisively defeated the unreasonable accumulated tax substitute offered by the Senator from Minnesota with reference to the operation of the Common Market as it is now or as it may become. The amendment of the Senator from New York is far looser, or goes more in the direction of tax havens than did the amendment of the Senator from Minnesota. The adoption of the amendment would create an irresistible magnet in the most highly developed industrial area in the world outside of our own, for American capital to be used in building industrial competitive facilities for trade and commerce over there in competition with the trade and commerce that is sought to be built here.

The Senator's amendment would create an irresistible magnet for the exportation of American capital, American business, and American jobs, because insofar as the European Economic Union is concerned, their operations would be practically free so far as they continued to invest money. If they could have it free from taxation by this Government, they would do so.

The highly developed industrial area of Western Europe is the place where that is needed least of all.

We made provision in the bill for certain exemptions with reference to expansion of American-owned industry in undeveloped areas, because in so doing we bring about a situation in which we encourage the exportation of American products for the development of those economies. We believe it is needed there. However, the Senator's amendment would make that provision available where it is needed least, where the industrialization practically equals our own.

Therefore, it would carry forward not only the abuses now in the law with reference to tax haven exemptions, which are sought to be corrected by the proposed legislation, but it would also do so in a manner calculated to be most effective in siphoning off American business for investment over there and siphoning off jobs which otherwise would be created or maintained in American industries, to give those jobs to workers abroad and provide an ever-stronger industrial complex there to compete with us in the markets of the world, and with our own domestic industry for the domestic market here.

Mr. JAVITS. Mr. President, I believe the Senator from Oklahoma, who is a very eloquent man, has obviously let his eloquence run away with him, and has completely overlooked the facts. I should like to make clear what I am talking about in that regard. The Senator says that if my amendment, in which the Senator from Minnesota joins, were adopted, certain corporations would be free from tax. That is not correct. They would not be free from tax. Their tax status would be the same as it is now, not as changed by the bill, but the same as it is now. Whenever they repatriated any capital, they would pay taxes to the United States, just as they are paying them now.

Mr. KERR. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. KERR. What does a corporation in Switzerland pay in taxes to this country?

Mr. JAVITS. I said when the capital was repatriated. We are talking only about American companies which have subsidiaries and sales corporations abroad. We are not talking about Swiss companies. We cannot tax such companies unless they have a relationship to American companies. The Senator had argued that under this amendment such corporations would be free of tax.

Mr. KERR. The Senator from Oklahoma said that if and when Switzerland or Liechtenstein or Monaco came into the Common Market, and one of the sales corporations was located in one of those countries, it would pay practically no tax where it was located; and under the Senator's amendment, as under existing law, would not owe any tax here until and unless it saw fit to take out its capital and bring it here.

Mr. JAVITS. The Senator from Oklahoma did not add that phrase until now: "until and unless they saw fit to take it out and bring it home." Then they would have to pay a tax.

Mr. KERR. That is according to existing law.

Mr. JAVITS. That is what the Senator from New York has been talking about.

Mr. KERR. The Senator is trying to amend the existing law by his amendment.

Mr. JAVITS. As to those corporations which are in the condition that I have described.

One further point: Switzerland and other low-tax countries are not now in the Common Market. So the Common Market is now composed of highly industrialized countries which have rather important tax structures of their own.

But beyond that, I think the fundamental point on which I would differ very sharply—and the whole administration differs with it—is that investments by American corporations which manufacture in the European Common Market represent an export of our jobs. If the Senator from Oklahoma would argue that when the trade bill is before the Senate, the Senator would be dead set against the trade bill, because the whole thrust of the trade bill is designed to encourage precisely this kind of freedom of operation on the part of American corporations.

What my amendment tries to accomplish is to retain competitively this freedom of operation for them, which, I would tell the Senator, with just as much vigor as he has just used, will be destroyed—the competitive position of American corporations will be absolutely destroyed—by the disadvantage imposed upon them by the artificial operations of this bill in this very respect toward the European Common Market, as the bill treats the European Common Market, as six separate countries and gives tax status as it relates to six separate countries.

Is there anything in the bill which would impose the kind of tax that the Senator wishes to impose upon these corporations, on American corporations with subsidiaries and sales companies in one country in the European Common Market—France or Germany? Is it not true that this bill expressly excludes such corporation from the tax treatment under the bill?

Mr. KERR. In this bill, at page 189, if Senators wish to turn their attention to it, line 13, the language reads:

> (4) CERTAIN INCOME RECEIVED FROM RELATED PERSONS.—For purposes of paragraph (1), foreign personal holding company incomes does not include—
>
> (A) dividends and interest received from a related person which (i) is organized under the laws of the same foreign country under the laws of which the controlled foreign corporation is created or organized, and (ii) has a substantial part of its assets used in its trade or business located in such same foreign country.

That provision is in the bill, subject to certain limitations, to give this privilege to foreign personal holding companies if they are in the same country where the controlled foreign corporations are created or organized. Under the bill, all the European Community would be regarded as one country, so that if the holding company were organized in Italy, which I think has a 30-percent rate, or Switzerland, it could come into the Common Market, which has none. Then the corporation could have companies in every one of the Common Market countries and get the benefit of this provision, which exempts dividends and interest received from a related person, that is, which is organized under the laws of the same foreign country. For the purposes of the bill, the amendment would make the entire Economic Community, as it now is or may become, one country, thereby establishing this benefit to a holding company in Switzerland, if it were there, or any other countries, with reference to all the companies it operated in the entire Economic Community.

Mr. JAVITS. I gather that the manager of the bill concedes that I am right as to one concept, that I do not include in my amendment foreign personal holding companies. If the Senator will examine the amendment, he will see that it relates to foreign business and foreign business service companies, not to holding companies. That is why I do not believe the aspersions——

Mr. KERR. A foreign service company is what is called a foreign holding company.

Mr. JAVITS. But the Senator from Oklahoma was reading from a section of the bill which my amendment does not affect.

Mr. KERR. But the section of the amendment which the Senator from Oklahoma read would be applicable if the amendment of the Senator from New York became a part of the bill.

Mr. JAVITS. I am sorry; it would not, because my amendment affects subsections (d) and (e), and then it would include material the Senator read from page 189. I sought to exclude specifically holding companies subject to tax and holding company tax havens. That is precisely what is included.

I understood the argument which would be made on the other side. I do not feel, in all fairness, that it ought to be made with respect to what I was trying to accomplish—the same opportunities for American companies which are going to be operating in this field, in accordance with the enlightened concepts of trying to compete on terms of equality with the British, the French, the Germans, and all others who operate in those markets. The bill would very materially disadvantage such companies. That is the correction which the Senator from Minnesota [Mr. MCCARTHY] and I, at the very last stages of the debate on the bill, are still trying to make. If we cannot, we cannot. But we still have the right to try.

With all respect to the Senator from Oklahoma, I still do not believe we should be subjected to the charge that we are trying to maintain tax havens and tax avoiders when we have designed an amendment expressly to exclude the personal holding companies which are referred to on pages 188 and 189 of the bill.

If the amendment included Switzerland, the Senate would be at perfect liberty to repeal this provision. But now we are talking only about the six Common Market countries and about American corporations seeking to operate there in the interests of our own export trade in competition with the companies which are not subjected to that which the bill will subject American companies in terms of their income from those operations. That is the fundamental point and the fundamental reason for our position.

I do not feel, in all honesty and fairness, that our position justifies the general assertion that we are trying to sweep back into the bill tax havens and all the other things which are complained of.

Mr. McCARTHY. I think it is significant—and the RECORD ought to show it—to note what the foreign rates of income tax are in most countries, and what they are in the European Economic Community.

The committee amendment provides that if foreign holding income taxes are in excess of 47 percent, no repatriation is called for. If they are 52 percent, or approximately that, we collect any taxes in excess.

But these are the foreign income taxes, including State and local taxes, chargeable against U.S. taxes:

Austria, 52 percent; Belgium, 28.5 percent; Denmark, 44 percent; Finland, 50 percent; France, 50 percent; Germany, 38 percent; I understand it is now up to 51 percent; Great Britain, 53.75 percent; Ireland, 40 percent; Italy, 37 percent; the Netherlands, 47 percent; Norway, 59 percent; Spain, 37 percent; Sweden, 48 percent; Switzerland, 33 percent.

The reason why American companies operating overseas establish Swiss subsidiaries is to escape paying high taxes, up to 47 percent or 50 percent, or 48 percent in some other country. They move their subsidiaries into a 33-percent country. Then when they repatriate them from that country, we have an opportunity to collect 52 percent, or at least to impose our tax as opposed to the 33-percent tax paid in Switzerland.

So the amendment, it seems to me, could do nothing but help.

Mr. JAVITS. I thank the Senator from Minnesota. I should like to conclude my remarks on this point, because, notwithstanding the importance of the tax sections, this point is more important than anything we have been discussing in the way of taxes. In connection with the trade bill, the fallacious argument will be made that foreign countries in the establishment of American manufacturing facilities somehow brings about the "exporting of jobs." I predict, that if that is the concept on which the Senate will vote on the trade bill and other policy bills, American economic power and influence will atrophy, and American exports will diminish very materially, and we shall be unable to maintain our position in the world. Such a concept reminds one of a general who, when confronted with an overwhelming force, goes about his defense by keeping all his troops in his castle. In such a situation, a sortie is essential. And a sortie is essential both in economics and in war.

It is most important that there be widespread realization of the importance of the true concept in this connection. But, I say, with all respect, that the President has loosely used the concept of "exporting jobs by means of making American investments abroad."

Mr. President, we shall not be able to maintain our freedom or sustain the American economy unless we learn that if we are to maintain the power which we must maintain if we are to survive and if freedom is to survive, we must move out into the world. That is essential if we are to do the economic job which needs to be done.

Arguments based on statements about "exporting jobs" deal with a subject which cannot be separated from the economic policy of the Nation, and are symptomatic of the general climate of thinking.

Even if this amendment does not succeed, I am very glad we have had this debate, because it is most important to put an end to the idea that if an American-owned factory is established abroad, it cuts down the American economy. On the contrary, that is the only way by which we shall survive and keep our competitive position in the world and expand our economy and make possible the employment of our people and maintain freedom in the world—by manifesting our capabilities everywhere, not merely in the United States.

So, Mr. President, based upon this concept of competition, I hope the Senate will see fit to adopt the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. Javits], for himself and the Senator from Minnesota [Mr. McCarthy].

Mr. KERR. Mr. President, I am glad the Senator from New York mentioned the trade bill. If the trade bill has justification, it is as a means of providing the opportunity for American corporations in the United States to compete with corporations in other countries for the domestic market here and for the domestic markets in the other countries and in the world. There would be no purpose in passing a bill to promote trade if we could not expect, as a result, more exports from this country to other countries and more sales by our industries at home to our domestic customers.

What the Senator from New York is seeking to do is to strengthen the competitors in the European Economic Union against American-based and American-located industries. Otherwise, why offer the amendment? Otherwise, why offer an amendment of this sort?

The Senator has reminded me that the amendment applies only to "(d) Foreign Base Company Sales Income," on page 190, and "(e) Foreign Base Company Services Income," on page 192. But that was inked into the amendment after it was written, and I did not know the Senator had thus limited the amendment.

But I call the attention of Senators to "(d)" and "(e)": "(d)" refers to "Foreign Base Company Sales Income," and relates to a foreign-based company and its sales, through a subsidiary, of goods or property; and "(e)" relates to "Foreign Base Company Services Income."

So in the final analysis, whether we call it a foreign holding company or a foreign-based service company or a foreign-based sales company, the net result is the same, and the treatment under the bill is the same. The bill is now limited to a single company; but the amendment of the Senator from New York would make it available to the entire European Economic Union as it now is or as it may become, by reason of the fact that the Senator from New York says it shall be treated as one country.

There can be no purpose for his amendment if it is not to permit American finances and American funds to be used to build American-owned and American-operated industries in the European Economic Community, and provide them—under the provisions of the amendment of the Senator from New York—with a tax haven. If the amendment does not do that, it has no purpose. I submit that is what it does do; and when it does it, it brings about the result of the exporting of American dollars and the exporting of American jobs. Therefore, the amendment should be defeated.

Mr. JAVITS. Mr. President, I think the Senator has now conceded the main point, which is that as long as it is done in one country, it is proper under this bill; and my concept is that if it is done in the European Economic Market, it is done in one country, because the European Economic Community is an economic entity.

But my point is that this amendment is necessary in the interest of American companies which employ millions of persons and have thousands of stockholders and have companies operating in the European economic area. That is the point of the amendment; and it deals with one of the great concerns of American business generally in connection with this entire matter.

Mr. KERR. Mr. President, the provision of the bill with reference to companies in the same country is included because in one country such companies receive the same tax treatment. But if we provide that the European Economic Union is one country, for purposes of this bill, we do so for an American corporation, although it is not done in that country. These countries do not have one tax treatment for all companies. There is separate tax treatment for companies in each of these countries. It is one economic union, yes; but it is not one tax union and it is not a common tax union. But that would be the result of the amendment of the Senator from New York.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Miller in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, on the amendment which I offered on behalf of the Senator from Minnesota [Mr. McCarthy] and myself, I ask for a division.

On a division, the amendment was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HILL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, on behalf of the Senator from Minnesota [Mr. McCarthy] and myself, I offer amendments identified as "8-28-62—G."

The PRESIDING OFFICER. The amendments offered by the Senator from Arkansas for himself and the Senator from Minnesota, will be stated.

The Legislative Clerk. It is proposed on page 208, line 10, to insert the following new paragraph:

(d) Corporations Engaged in Producing or Selling Books or Other Media of Communications Which Are Educational, Scientific, Cultural, or Informational in Nature.—For purposes of this subpart, the term "controlled foreign corporation" does not include any corporation with respect to which 80 percent or more of its gross income for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from the production or sale of books, including textbooks, educational and scientific books and journals, and encyclopedias, and other media of communications which, under regulations prescribed by the Secretary or his delegate, are deemed to be educational, scientific, cultural, or informational in nature. For purposes of determining income from the production or sale of such books and such other media of communications, dividends and interest from a corporation which is excluded from the definition of "controlled foreign corporation" solely by reason of this subsection shall be deemed to be income from the production or sale of such books and such other media of communications.

On page 208, line 11, strike out "(d)" and insert in lieu thereof "(e)".

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that my statement explaining the amendments be inserted in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Statement by Senator Fulbright

Members of the Senate who have traveled widely in the past several years will know how in every country in the world—in developed as well as underdeveloped countries, in scores of languages, and by the tens of millions—inexpensive copies of Soviet books are for sale everywhere, often on newsstands. These books are subsidized by the Soviet Union and by local Communist parties. In 1961, according to the USIA, more than 150 million copies of subsidized low-priced Soviet books, translated into free world languages, were produced for distribution in non-Communist countries. About 90 percent of these were printed in German, English, French, or Spanish. They are part of what Professor Baarghorn, of Yale, calls the Soviet cultural offensive. They are frontline weapons in the battle for men's minds.

No doubt the Soviets would be glad to give these books away—were it not for the fact that men tend to put more value on things they pay for—even if it is only a token payment. We in the United States, far from subsidizing the sale of our books abroad, are in danger of hamstringing our American publishers who seek to sell their books and their educational materials abroad.

Our book publishers have found their markets abroad widening. They have been learning to sell in those markets. Last year they sold $90 million worth of American books to foreign purchasers. This represents an increase in recent years of 10 percent a year.

The American Book Publishers Council, and the American Textbook Publishers Institute, which represent concerns doing 90 percent of the book business in the United States, have expressed concern that the Treasury's proposals about taxation of foreign subsidiaries will hamper their expansion—and may tie the hands of our publishers as they explore new and better ways to project to foreign peoples the best products of America's brainpower.

These two associations have proposed that books and other educational, scientific, cultural, and informational mediums be exempted from the effect of proposed new statutes governing taxation of controlled foreign corporations. They point out that there are many precedents for giving books a special status. This special status is implicit in the Smith-Mundt Act, creating the U.S. information program, which is now supported by appropriations of more than $100 million a year. Because USIA libraries could not possibly secure adequate distribution abroad of U.S. books and periodicals, the Congress 10 years ago created an information medium guarantee program backed by appropriations of as much as $10 million a year, to help publishers and others with their currency-conversion problems; this program still functions in certain countries in which normal sales are not possible. Under the AID and Alliance for Progress programs, great emphasis is being placed on the development of education as an important requisite for economic progress. Still another example of the special role books and other cultural materials are recognized to play in modern foreign relations is the Florence agreement, a treaty approved by the Senate which exempts such educational materials from tariffs.

I have asked Edward Murrow, Director of the U.S. Information Agency, to comment on the proposed exemption of books and other media of information. Here is his statement:

"We believe that the objectives of the U.S. Information Agency overseas will be aided if the receipts from publication or sale of books or other media of communication of an educational, scientific or cultural nature by American companies overseas which are reinvested for expansion of such activities overseas are excepted from the new provisions proposed to be included in section 957 of the Internal Revenue Code through passage of the pending revenue bill. Wider distribution of such American books and other media of communication overseas is important to the advancement of international understanding, and we are aware that the principal American companies involved are expanding their distribution now and may be expected to continue to do so if taxation does not make the financing of such expanded distribution difficult and unprofitable."

I need not remind the Senate that no question of tax forgiveness is involved in such an exemption. Earnings would be taxable in the United States, as they are now, when they are remitted to the parent company. Indeed, if the hopes and expectations of the publishers are realized, the taxable revenue accruing to the Treasury presently may be substantially larger than this would be in the absence of the exemption. Nor is there a question here of perpetuating tax havens, in the sense of refuges for earnings of American companies abroad which cannot be reached by the Treasury; the earnings are reinvested until they come home, presumably enlarged, to be shared with the Treasury.

One American publisher—his company is one of the biggest publishing houses in the world—says this:

"We are just beginning to learn how to distribute our books and other educational materials abroad. I fear that, if section 12 of the new revenue bill is adopted in its present form, we may have to pull out of some of the so-called developed countries where we have begun to expand, and to abandon other expansion projects abroad.

"Our principal product is sets of books, but we also sell other books and educational programs as well. We are developing new products of great potential importance, for example the so-called teaching machine, which is actually a superior form of textbook. My people tell me it may be possible, through such new techniques, to teach English to tens of millions abroad for as little as $3 a student.

"We are learning how to sell these books by American methods abroad (including in countries where English is not the dominant language) and this means we sell sets of books on the installment plan with the purchasers having 2 years or more to pay. This immediately complicates our problem of financing. We deliver the sets of books when they are ordered, and we pay commissions and maintain our offices abroad, but we don't begin to show cash earnings on the sale of a set until after most of the monthly payments have been made—not until the last few payments. This means we are faced with an expensive problem of financing. The only practicable way for us to handle this financing is to use the earnings of an established foreign subsidiary, before U.S. taxes, to finance the development of a newer subsidiary."

This publisher's company has been expanding explosively both at home and abroad. Expansion has been financed by borrowings, against accounts receivable, now totaling some $60 million, of which about one-third is due to foreign expansion. Partly because foreign financial institutions are not accustomed to loaning money secured by installment accounts receivable, interest rates paid by this company and its foreign subsidiaries are in some cases as high as 12 percent—and this, of course, puts a brake on expansion.

For a simple and logical reason this company places major reliance on its wholly owned Canadian subsidiary to help finance new foreign expansion. The American company and its various foreign subsidiaries have been borrowing for expansion up to the prudent limit of their capabilities and logical reason for placing major reliance on the Canadian company is that under Canadian law, the earnings of foreign subsidiaries of Canadian corporations are not subject to Canadian tax. Thus the Canadian subsidiary of this American company can borrow money for the company's foreign expansion, and can service this debt with the earnings of the new companies in other foreign countries which are its subsidiaries. The larger this income, the greater the expansion.

Again for logical reasons the Canadian subsidiary of this American company seeks to take advantage of whatever legitimate and legal opportunities exist in foreign tax laws which will maximize its foreign earnings and thus increase its borrowing capacity.

I do not pretend to understand fully the economics of the foreign distribution of American publishing companies. I do not know how many other U.S. publishers have problems similar to those of the company I have cited; and we must, of course, assume that if its formula is successful other companies will follow suit.

I do not know if the Treasury would take such a myopic view of what constitutes a tax haven as to bracket this company's practices within its new rules and regulations—even though what is involved is obviously a network of conduits for American ideas and American influence—and not a sequestered haven or shelter.

I do know that the company I have cited is definite in its statement that it will have to curtail some of its foreign expansion projects, and abandon others, if the present language of the bill is approved without further amendment or exemption.

For myself, I must say that the ability of the United States to do justice to itself in the intellectual cold war that is shaking the world is so central to our security that I would favor outright subsidies for our books and informational media if that became necessary. Fortunately, that is not necessary here. Our American publishers are asking here only for the right to continue expanding their sales abroad under the conditions that have prevailed up to now. The cost of allowing them to do so—if indeed there is any cost—is tiny measured against the stakes.

The Treasury is properly concerned with achieving good and sound tax practice. I suggest our responsibility here in this Chamber is much broader. We are responsible for the national welfare and the national security. Our security overrides all other considerations. That is why I have risen to offer the amendment proposed by the junior Senator from Minnesota.

Mr. FULBRIGHT. Mr. President, the amendment seeks to overcome a conflict in our overall national policy. On the one hand, there is a tax policy which, under the bill, would discourage the publication in foreign countries of books, and especially of educational material designed to teach English, and, on the other hand, we are subsidizing, or paying to do this very thing, through the USIA and other agencies of government.

The amendment would apply only to book-publishing companies—of which there are two principal ones—which are engaged in private enterprise in an effort to make available facilities for the teaching of English and books in English.

I believe that is entirely in accord with the national interest and policy of the Federal Government in promoting throughout the world the greater use of English, the understanding of the language, the reading of books, and so on, for the purpose of creating better relations between this country and other countries.

I believe that, in a sense, there is an inadvertent conflict of the law that would apply to book-publishing companies. I hope the Senator from Oklahoma will agree to accept the amendment.

Mr. KERR. Mr. President, I cannot agree to accept the amendment, but I understand that the USIA and the State Department favor the proposal.

I have been seeking an expression from the Treasury, and early this afternoon I received from the Treasury this assurance: First, that we could provide in the conference language which would accomplish the purpose the Senator has in mind. The Treasury has further assured me that it will attempt to do just that.

In the opinion of the Senator from Oklahoma, in conference, we can attain, within the purview of the language of the two versions of the bill, the objective the Senator from Arkansas has in mind.

**Mr. FULBRIGHT.** I thank the Senator very much. I realize that it is difficult to adjust these technical matters on the floor of the Senate.

I assure him that within the statement which I have placed in the RECORD, I quoted Mr. Edward Murrow, Director of the U.S. Information Agency, in support of the amendment.

The Senator from Oklahoma is quite correct in his statement about the attitude of the Department of State and the USIA.

With that assurance, I will not press the amendment, because I realize that the hour is late, and I do not wish to belabor it.

**Mr. KERR.** The objective will not be accomplished in the language of the amendment. If it were, I would recommend accepting the amendment. Technically, the Treasury thinks this purpose can be achieved in different language, and it will cooperate in doing so.

**Mr. FULBRIGHT.** I thank the Senator. I understand that in the particular activity of publishing books which we foster in other areas of our Government policy, no inhibition would arise under the present language of the bill; but the technical way to arrive at a conclusion is that the Senator will try to reach an agreement, and the Treasury believes it can be done.

**Mr. KERR.** The Treasury representatives have said they could, and that they will cooperate in doing so.

**Mr. FULBRIGHT.** I withdraw the amendment.

**Mr. DOUGLAS** and **Mr. LAUSCHE** rose.

**The PRESIDING OFFICER.** The Senator from Illinois.

**Mr. KERR.** Mr. President, I wonder if the Senator will yield 5 minutes to the Senator from Colorado [Mr. ALLOTT] to offer an amendment?

**Mr. LAUSCHE.** Mr. President, I do not know whether I am within the rules, but my name has been on the list at the desk, and it preceded that of the Senator from Arkansas.

**Mr. KERR.** Mr. President, I withdraw the request.

**Mr. LAUSCHE.** I do not know how I have been relegated to the position to follow——

**Mr. DOUGLAS.** Mr. President, I shall be glad to yield the floor to allow other Senators to present their views.

**The PRESIDING OFFICER.** The Chair is following the designations on the list at the desk.

**Mr. LAUSCHE.** The designation shows my name preceding that of the Senator from Arkansas. Some numerals were added. I do not know how that was done.

I yield to the Senator from Colorado.

**Mr. ALLOTT.** Mr. President, I ask unanimous consent that I may have 4 minutes within which to propose certain amendments, without the Senator from Ohio losing the floor.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. ALLOTT.** Mr. President, I send to the desk amendments, and ask unanimous consent that the reading of the amendments be dispensed with and that the amendments be printed in the RECORD.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

The amendments offered by Mr. ALLOTT are as follows:

> On page 391, between lines 21 and 22, insert the following new section:
>
> "SEC. 127. MEDICAL CARE COVERED BY INSURANCE TO BE DISREGARDED IN DETERMINING WHETHER AN INDIVIDUAL IS A DEPENDENT OF TAXPAYER.
>
> "(a) IN GENERAL.—Section 152 (relating to definition of dependent) is amended by adding at the end thereof the following new subsection:
>
> " '(e) MEDICAL CARE COVERED BY INSURANCE TO BE DISREGARDED.—For the purposes of subsection (a), medical care for an individual which is provided, or the expenses of which are paid, under an insurance plan, policy, or program shall not be taken into account in determining whether such individual received more than half of his support from the taxpayer.'
>
> "(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1959."
>
> On page 391, line 22, strike out "27" and insert in lieu thereof "28".

**Mr. ALLOTT.** Mr. President, this proposal can be presented very briefly. I think it can best be shown by reading a paragraph from a letter I received from the Internal Revenue Service:

> Information furnished this office is that the total cost of Mrs. Tyrrell's support for the year was $2,479.23. Of this amount, Mr. and Mrs. Swanson furnished $780.76; Mrs. Ted Hunt, Mrs. Tyrrell's daughter, furnished $266.67; Mrs. Tyrrell furnished $50 from her own funds; and the balance of $1,381.80 was furnished by the Scottish Union & National Island Marine Insurance Co.

The sole question to be resolved is this: Mr. Herbert W. Swanson, who claims the woman as a dependent, supported her for 11 months out of the year. She fell and broke her hip, and because of the money the Scottish Union & National Island Marine Insurance Co. paid in the way of hospitalization and health insurance, the amount it paid amounted to more than that which had been contributed to her support for the year.

The Internal Revenue Service has said that their interpretation of the regulations is that such funds, taxable or otherwise, if used, must be considered in determining whether or not Mr. and Mrs. Swanson furnished more than half the support of the dependent.

This question has been discussed with the senior Senator from Oklahoma, who is in charge of the consideration of the bill, and it has been discussed with those connected with the Internal Revenue Service. I am informed it is believed the problem should be handled administratively. If it is not handled administratively certainly it should be handled by approval of the amendment, because certainly it was never the congressional intent that taxpayers who support dependents for more than half the year, providing normal support, should be deprived of the allowance for a dependent because an accident caused insurance payments to be made in behalf of the dependent.

I should like to ask the senior Senator from Oklahoma for his comments in this regard.

**Mr. KERR.** Does the Senator have available a copy of his amendment?

**Mr. ALLOTT.** The amendment is at the desk.

Mr. President, it is my intention later to withdraw the amendment, if we can clear this up administratively, which I think we can.

**Mr. KERR.** Mr. President, I agree with the Senator from Colorado. In my judgment, this is a matter which can be handled administratively. I have submitted it to a representative of the Treasury Department. While he did not authorize me to say it would be so handled, he authorized me to say that was his opinion and that he would endeavor to have it done that way.

I hope the Senator will give me an opportunity to attempt to reach an adjustment. If it cannot be done, when another tax bill is before us, I will favor his amendment.

**Mr. ALLOTT.** I appreciate that expression, Mr. President. Certainly I do not believe the law was ever intended to work in this way. The regulation has been interpreted in an arbitrary manner.

Since I have the assurance from the Senator that he will do all he can, I will do what I can, and I hope the situation can be taken care of. Many other people will find themselves in the same situation.

I am sure the law was never intended to operate in this way.

**Mr. KERR.** Mr. President, a person in a relationship to a dependent such as the person the Senator has described, under those circumstances certainly is entitled to an exemption, under my interpretation of the law, and I hope to be able to help the Senator to obtain relief administratively.

**Mr. ALLOTT.** I appreciate that very much. I thank the Senator from Oklahoma.

Mr. President, I ask unanimous consent that a copy of a telegram from Mr. Swanson and a copy of the letter of the Internal Revenue Service may be included in the RECORD at this point.

There being no objection, the telegram and letter were ordered to be printed in the RECORD, as follows:

> DENVER, COLO.,
> *July 24, 1962.*
>
> Senator GORDON ALLOTT,
> *Washington, D.C.:*
>
> Internal Revenue here claims that even though taxpayer keeps aged parent 11 months, contributing all support; and parent falls in his house breaking hip in December, if medical expenses exceeding taxpayer's support are paid within same year under liability insurance carried by taxpayer, exemption disallowed on grounds insurance company contributed over 50 percent. Obviously law means normal support and certainly nothing so ridiculous. If it takes specific amendment to remedy, can't you introduce such bill? Please wire reply.
>
> HERBERT W. SWANSON.

---

> U.S. TREASURY DEPARTMENT,
> INTERNAL REVENUE SERVICE,
> *Denver, Colo., August 2, 1962.*
>
> The Honorable GORDON ALLOTT,
> *The U.S. Senate,*
> *Washington, D.C.*
>
> DEAR SENATOR ALLOTT: Thank you for your letter of July 24, 1962, relative to the exam-

ination presently being made of the 1960 income tax return of Herbert W. and Eldora N. Swanson, 5150 Raleigh Street, Denver, Colo.

The sole issue involved is whether Mr. and Mrs. Swanson are entitled to the dependency exemption for Mrs. Norah Tyrrell, mother of Mrs. Swanson. Section 152(a) of the Internal Revenue Code, in defining a dependent, states in part that, "the term 'dependent' means any of the following individuals over half of whose support for the year was received from the taxpayer: * * * (4) The father or mother of the taxpayer * * *." The regulations under paragraph 1.152-1(a)(2)(i) provide: "For purposes of determining whether or not an individual received, for a given calender year, over half of his support from the taxpayer, there shall be taken into account the amount of support received from the taxpayer as compared to the entire amount of support which the individual received from all sources, including support which the individual himself supplied. The term 'support' includes food, shelter, clothing, medical and dental care, education, and the like."

Information furnished this office is that the total cost of Mrs. Tyrrell's support for the year was $2,479.23. Of this amount, Mr. and Mrs. Swanson furnished $780.76; Mrs. Ted Hunt, Mrs. Tyrrell's daughter, furnished $266.67; Mrs. Tyrrell furnished $50 from her own funds; and the balance of $1,381.80 was furnished by the Scottish Union & National Island Marine Insurance Co. The amount of $1,381.80 paid by the insurance company was for Mrs. Tyrrell's medical expenses incurred when she fell and broke her hip in Mr. and Mrs. Swanson's home.

Mr. and Mrs. Swanson contend that funds from the insurance company which were used to pay Mrs. Tyrrell's medical expenses are not part of her support. Our interpretation of the regulations is that such funds, taxable or otherwise, if used, must be considered in determining whether or not Mr. and Mrs. Swanson furnished over half of the dependent's support.

Mr. and Mrs. Swanson have been advised of their rights of appeal, i.e., (1) informal conference, (2) review by the Appellate Division, and (3) hearing before the Tax Court.

If we can be of any further assistance in this matter, please let us know.

Best regards.

Sincerely yours,

L. E. Hill,
*Acting District Director.*

Mr. ALLOTT. I thank my distinguished friend from Ohio very much for yielding to me.

The PRESIDING OFFICER. Does the Senator from Colorado withdraw his amendment?

Mr. ALLOTT. I withdraw my amendment.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. HICKENLOOPER. Mr. President, will the Senator from Ohio yield to me for the purpose of my offering an amendment, with the understanding that the Senator from Ohio will not lose his right to the floor?

Mr. LAUSCHE. I yield to the Senator from Iowa.

The PRESIDING OFFICER. Without objection, the Senator from Ohio may yield to the Senator from Iowa with that understanding.

Mr. HICKENLOOPER. Mr. President, on behalf of myself and my colleague [Mr. Miller] I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 104, line 14, it is proposed to strike out "200" and to insert "500".

Mr. HICKENLOOPER. Mr. President, first I wish to express my appreciation to the Senator from Oklahoma for his consideration in the last couple of days, and that of his staff, in attempting to meet the problem which I face, which is quite important.

The amendment refers to page 104.

Mr. KERR. The Senator is correct.

Mr. HICKENLOOPER. It would give certain consideration to casualty companies engaged in operations relating to hail and windstorm damage. A radius of 200 miles is provided in which the business may be concentrated, in connection with certain reserves for losses. I shall not go into the details at this time.

I have discussed this question with the Senator from Oklahoma and with his staff. They understand the problem thoroughly.

The language, as it is written, seems to be an adequate or satisfactory provision for all the companies in this particular catastrophe category of which I know except one, which happens to be in my home State. It is a very substantial company operating there. A number of the catastrophe insurance companies have offices in my State, but mostly the companies are of limited means.

The particular company involved in this regard has an area of approximately 1,000 miles long and 400 miles wide. It begins with the northwest corner of the State of Nebraska, extends to the southwest corner of the State of Kansas, then eastward across the northern half of Missouri to the center of Ohio, north through most of Michigan for about 200 miles, and then southwest to the northern corner of Nebraska. That is a territory of approximately 1,000 miles long and 200 miles wide in which the company has the catastrophe insurance business, relating to hail and windstorm and those items.

The conviction of the company is that the 200-mile radius will not give them the benefit which other companies will enjoy—that, in fact, it would pose a definite hazard to their reserves, as their records show.

In connection with my remarks, Mr. President, I ask unanimous consent to have printed in the Record at this point a copy of a letter to me from Mr. Max D. Rutledge, president of Farmers' Mutual Hail Insurance Co. of Des Moines, Iowa, a copy of which I have already delivered to the Senator from Oklahoma and to his staff.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Farmers Mutual Hail Insurance Co.,
*Des Moines, Iowa, August 30, 1962.*

Hon. Bourke B. Hickenlooper,
*Senator from Iowa,*
*Senate Office Building,*
*Washington, D.C.*

Dear Senator Hickenlooper: In response to the request from your office, I shall attempt to furnish you the answers to the questions arising from your conference with Senator Kerr and his office.

The term "pure loss ratio" as used by Mr. Benson in his letter of August 10, is the percentage of losses paid (excluding all expense) in relation to total premiums charged. Underwriting experience, when reduced to percentage, indicates the actual profit or loss when all losses and expenses are added together and compared to the premium.

The underwriting experience, especially in our hail department, was exceptionally favorable in the 4 years following the catastrophe of 1956. This favorable experience provided an increase in policyholders' reserve far greater than any similar period in the history of the company.

| Year | Earned premium | Underwriting gain or loss | Change in surplus | Surplus on Dec. 31 |
|---|---|---|---|---|
| 1956 | $9,054,079.35 | −$3,548,674.14 | −$3,269,679.86 | $2,751,481 |
| 1957 | 10,958,240.63 | 735,712.25 | 651,461.21 | 3,402,943 |
| 1958 | 11,198,749.35 | 2,164,056.49 | 1,984,036.72 | 5,386,979 |
| 1959 | 10,033,866.54 | 2,173,054.53 | 2,113,091.43 | 7,500,070 |
| 1960 | 10,829,527.47 | 1,535,357.59 | 1,335,346.81 | 8,835,417 |
| 1961 | 11,724,685.78 | 269,886.43 | 392,032.44 | 9,227,449 |

In the year of 1961, there was an underwriting loss in the catastrophe lines; however, this loss was offset by underwriting gains in reinsurance assumed and by investment income.

Already 1962 has developed an underwriting loss on our total hail premium and an underwriting loss by the individual States of Kansas, Iowa, Nebraska, Minnesota, and Wisconsin.

I understand that there were severe storms yesterday and last night running through Nebraska, Minnesota, Iowa, and Wisconsin which will add to this loss.

Your third question, asking what percent of our catastrophe business would be included in a 300-mile radius and a 400-mile radius, is very difficult to answer because of the shape of our territory in relation to a circle of the same radius. Approximately 40 percent of our catastrophe business (28 percent of the total) is contained within the 200-mile radius. The remaining 50 percent is almost equally divided between the third, fourth, and fifth hundred miles, depending upon crop conditions in Kansas which fluctuate greatly from year to year. I believe if the present 200-mile proposal were increased to either 300 miles or 400 miles, administration of the provision would become very complicated. As we have pointed out before, 90 percent of our catastrophe business would fall within a 500-mile radius. The remaining 10 percent is isolated along the eastern seaboard and could be easily segregated.

I am sure the fact can be established that Farmers Mutual Hail Insurance Co. is the only mutual company writing catastrophe insurance that would be limited under the proposed 200-mile radius. It would receive equal benefit with other mutuals under the 500-mile radius. Our concentration of catastrophe liability extends from southwestern Kansas northeasterly to north-central Ohio, a distance of approximately 1,000 miles, yet the width of this concentration is less than 400 miles at any point and would easily fall within the 200-mile radius. This situation results from the fact that this area is the principal grain-producing area which is affected by severe hailstorm damage. Severe hailstorms occur over practically all of this area during a storm period because the storm is caused by a cold front traveling southeasterly from the northern Rocky Mountain region meeting moist, warm air from the Gulf of Mexico. It seems that the main violence of the storm is expended by the time it has gone through this 400-mile strip indicated on the enclosed map.

Thank you again for your interest in our problem. Please express our appreciation to Senator KERR and his staff for taking time to consider this very important problem which directly affects farmers of the Midwest who are trying to provide for themselves security from their greatest source of financial loss: namely, hailstorms.

Yours very truly.

MAX D. RUTLEDGE,
*President.*

Mr. HICKENLOOPER. The company believes—and, so far as I know, it is true—that it is the only company in the United States which would be so adversely affected by the language as it now stands. The company feels it could live, with reasonable assurance, if the radius were extended to 500 miles instead of 200 miles. Therefore, we have offered the amendment.

I have discussed the problem with the Senator from Oklahoma and with his staff. We have arrived at an understanding which I believe the staff has reached, which may afford some basis for relief. It would not cause undue difficulty.

I should be pleased to have the Senator's comments.

Mr. KERR. Mr. President, with reference to the amendment offered by the Senators from Iowa, I advise the Senate that this has to do with losses in concentrated disaster areas. The committee felt, in making certain provisions available to companies operating either in one State or within 200 miles of any fixed point selected by the taxpayer, that adequate provision was being made.

The Senator advises that the mutual company he has in mind operates in a much larger area.

The Senator from Oklahoma believes that if the amendment were adopted as presented, it very likely could open up additional advantages beyond the company which the Senator has in mind. The Senator from Oklahoma would suggest a compromise in language as follows:

On page 103, line 25, strike the period and insert the following: ", or one-half of such amount in the case of a taxpayer who elects to compute the concentrated windstorm, and so forth, premium percentage under paragraph (2) (A) (iii)."

Then, on page 104, at the point referred to by the Senator, to include a third alternative, which would be:

(iii) if the taxpayer so elects, within 400 miles of any fixed point selected by the taxpayer,

In that event, if the taxpayer took advantage of the third option, he would get one-half the benefit that those who operated within a point 200 miles of any fixed point would get, but in return for taking half as much benefit pro rata, the taxpayer could elect an area within 400 miles of a fixed point which would give him far greater than twice what one would have at 200.

Mr. HICKENLOOPER. I think I understand what the Senator is suggesting. We have previously discussed it. As I said, I am grateful to the Senator from Oklahoma, his staff, and the staff of the Treasury Department, who have conferred with us on the question.

Mr. KERR. The Senator is aware of the fact that the Treasury would not put itself in a position favoring the amendment.

Mr. HICKENLOOPER. I understand that.

Mr. KERR. But under a good deal of persuasion by the able Senator from Iowa, who seems to have a very great ability in that regard, the Treasury Department agreed that if it were amended in the manner suggested, they would not vigorously oppose the measure.

Mr. HICKENLOOPER. When one sits in the presence of the distinguished Senator from Oklahoma for any appreciable length of time, that persuasive ability is bound to rub off to some extent—at least to the extent of a thin veneer—on those who hear him. I am sure that my amendment is a worthy one.

Mr. KERR. I thank the Senator, but I remind him that he was in the Senate when I arrived here, and I have sat at his feet and learned.

Mr. HICKENLOOPER. I did not want to create the idea that the Treasury was pressing the proposal. I wanted to thank the officials of the Treasury for their time and effort in attempting to work out something which may not meet with their approval.

Mr. KERR. Mr. President, I send to the desk an amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 103, line 25, strike the period and insert the following: ", or one-half of such amount in the case of a taxpayer who elects to compute the concentrated windstorm, etc., premium percentage under paragraph (2) (A) (iii)."

On page 104, strike lines 13 and 14 and insert in their place the following:

arising—
(i) in any one State;
(ii) if the taxpayer so elects, within 200 miles of any fixed point selected by the taxpayer; or
(iii) if the taxpayer so elects, within 400 miles of any fixed point selected by the taxpayer.

The PRESIDING OFFICER. Does the Senator from Iowa accept the amendment, as modified?

Mr. HICKENLOOPER. Mr. President, I accept the modification proposed by the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa, as modified.

The amendment was agreed to.

Mr. KEATING. Mr. President, will the Senator from Ohio yield to me for a colloquy with the distinguished Senator from Oklahoma?

Mr. LAUSCHE. I yield.

Mr. KEATING. Mr. President, the Savings & Loan Bank of the State of New York operates under article 10B of the banking laws of the State of New York.

Being the only institution of its kind, owned and originally operated entirely for the benefit of member associations, it was taken as the prototype for the establishment of the Federal Home Loan Bank system. At the present time, it continues to function in a manner very similar to that of the Federal Home Loan Bank for the benefit of State chartered savings and loan associations in the State of New York. Basically, it extends credit to its members through loans financed by the surplus cash it receives from its members in the form of time and demand deposits or by the issuance of debenture notes which it offers on the open market.

My colleague [Mr. JAVITS] and I have been in close touch with Mr. Otto J. Rabstejnek, president of the Savings & Loan Bank of the State of New York.

It is our understanding that the definition of a savings and loan association contained in section 8 of H.R. 10650 would in no way curtail or interfere with the essential activities of financial institutions such as the Savings & Loan Bank of New York State. The debentures floated by this bank would clearly qualify as proper holdings under the 10-percent category contained in the definition of the savings and loan association in section 8. While I believe it would have been preferable to have specifically included the New York State Savings & Loan Bank in the Sparkman amendment, I am advised that the bill as presently written would in no way be injurious to the bank.

All who are familiar with the workings of the bank are aware of the vital contribution which it has made to the economy of New York State over the years of its existence. Would the Senator from Oklahoma agree that the definition in the pending bill would not in any way restrict the activities of this institution as far as the issuance and sale of its debentures is concerned?

Mr. KERR. Mr. President, responding to the question of the distinguished Senator from New York, I believe it is quite clear that the definition of domestic savings and loan associations permits it to hold debentures of a type issued by the Savings & Loan Bank of the State of New York to the extent of the specified 10-percent limit.

Mr. KEATING. I thank the Senator.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. JAVITS. That is, according to the definition as amended by the amendment in which I joined with the Senator from Alabama [Mr. SPARKMAN].

Mr. KERR. That is my understanding.

Mr. JAVITS. I thank the Senator.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DIRKSEN. The distinguished Senator from Kentucky [Mr. MORTON] is unavoidably absent. If he were present, he would offer his amendment, which has been designated "8-29-62—H." I am authorized to submit for him an explanation and an analysis of the amendment. I do so, and ask that the explanation be incorporated as a part of my remarks.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR MORTON

The proposed amendment gives full recognition to the need to encourage the growth of savings and loan institutions in this country. Under the Finance Committee bill there are a number of permissible methods under which such institutions may compute their allowable bad debt deductions—the deductions which measure the extent to which such institutions can make provision for uncollectible loans. One of such permissible methods would allow savings and loan institutions a bad debt deduction generally equal to 3 percent of their growth in outstanding loans. The proposed amendment would increase the deduction to 5 percent.

This increase in the deductible reserve for bad debts is important and necessary for the following reasons:

1. It would encourage the growth of savings and loan institutions by placing the bad debt deduction on a substantial relationship to savings and loan institution growth.

2. It would be particularly beneficial to small- and medium-sized institutions which must continue to grow in order to survive in a competitive business.

3. It would provide a more realistic measure of necessary loss reserves, thus permitting savings and loan institutions to maintain sound financial footing.

4. It would extend to small, although not new, institutions the treatment which the Finance Committee recognized should be extended to small new institutions.

5. It would encourage the construction of new housing by increasing the ability of savings and loan institutions to provide reasonable financing.

In short, the proposed amendment would aid small business, i.e., small savings and loan institutions, by encouraging their growth and aiding them in maintaining a sound financial basis. The nationwide community of savers and homeowners is thereby served.

## LEGISLATIVE PROGRAM AND ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

**Mr. DIRKSEN.** Mr. President, will the Senator yield?

**Mr. LAUSCHE.** I yield.

**Mr. DIRKSEN.** I should like to ask the majority leader what he contemplates at the present time. I ask whether he knows how many more amendments will be offered, what general speeches may be made, and if we can consummate a third reading of the bill this evening?

**Mr. MANSFIELD.** Mr. President, to the best of my knowledge, the Senator from Tennessee [Mr. GORE] has two, three, or four amendments which he thinks can be disposed of very shortly. The Senator from Illinois [Mr. DOUGLAS] has an amendment relating to an oil and gas depletion allowance on a graduated basis upon which he would like an hour altogether——

**Mr. DOUGLAS.** I do not wish to confine myself to any definite time limit. I do not intend to take an excessive amount of time. But I do not wish to be placed within an iron lung, so to speak.

**Mr. MANSFIELD.** I believe the Senator from Minnesota [Mr. MCCARTHY] has an amendment which he wishes to offer.

It is the hope of the leadership that the third reading of the bill may be reached tonight. With the understanding that a third reading may be reached tonight, I should like to propound a unanimous-consent request that there be no votes after the third reading of the bill tonight, and that the Senate meet at 9 o'clock tomorrow morning.

Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it adjourn to meet at 9 a.m. tomorrow.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that 4 hours of general debate be allotted on the bill before the final vote is taken.

**The PRESIDING OFFICER.** Is there objection?

**Mr. LAUSCHE.** Mr. President, reserving the right to object, I have been yielding——

**Mr. MANSFIELD.** Mr. President, will the Senator yield?

**Mr. LAUSCHE.** I yield.

**Mr. MANSFIELD.** Since the Senator from Ohio has been so generous and tolerant, I ask unanimous consent that at the conclusion of the morning hour tomorrow, if there is one, the Senator from Ohio be given first recognition.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

**Mr. MANSFIELD.** Mr. President, I ask the Chair to put my original request to the Senate.

**The PRESIDING OFFICER.** Is there objection to the previous request of the Senator from Montana? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, subsequently reduced to writing, is as follows:

*Ordered,* That, effective on Thursday, September 6, 1962, at not later than 9:15 a.m., during the further consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, all debate shall be limited not to exceed 4 hours, to be equally divided and controlled by the majority and minority leaders, or someone designated by them, to be followed by a vote on final passage of the said bill.

**Mr. LAUSCHE.** Mr. President, I yield the floor.

**Mr. DOUGLAS** obtained the floor.

**Mr. DIRKSEN.** Mr. President, will my colleague yield to me for a moment?

**Mr. DOUGLAS.** I also have been yielding for some time, but I shall be glad to yield to my colleague.

**Mr. DIRKSEN.** Mr. President, to clarify the unanimous-consent request, do I correctly understand that consideration of the remaining amendments will be concluded this evening, so far as the Senator knows, and that the third reading of the bill will occur tonight?

**Mr. MANSFIELD.** That is correct. The third reading could not be had unless all amendments were disposed of.

**Mr. DIRKSEN.** Exactly.

**Mr. MANSFIELD.** But once the third reading is reached, Senators may speak on any subject they wish. I understand that several Senators have speeches covering various situations in the world.

Mr. President, I ask unanimous consent that tomorrow morning there be a morning hour of 15 minutes, from 9 a.m. to 9:15 a.m., and that the 4 hours to be allotted on the bill shall start at 9:15 a.m.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

**Mr. MANSFIELD.** In other words, there will be a 15-minute morning hour. Then the 4 hours will begin to run on the debate on the bill before the vote is taken.

**Mr. DIRKSEN.** I have a further inquiry. If the Senate finished with the amendments tonight, and the third reading is had tonight, the vote tomorrow probably will come at approximately 1 o'clock.

**Mr. MANSFIELD.** Between 1:15 and 1:30.

**Mr. DIRKSEN.** Will my colleague ask for a yea-and-nay vote on his amendment?

**Mr. DOUGLAS.** Yes.

**Mr. MANSFIELD.** That is the only yea-and-nay vote that I know of. There may be others, but as of now, that is all I know of.

**Mr. DOUGLAS.** Mr. President, I call up my amendment identified as "8-30-62—J."

**The PRESIDING OFFICER.** The amendment will be stated by title.

The legislative clerk proceeded to state the amendment.

**Mr. DOUGLAS.** I ask unanimous consent that the amendment be not read, but printed in the RECORD at this point.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 391, after line 21, insert the following new section:

"SEC. 27. PERCENTAGE DEPLETION FOR OIL AND GAS WELLS.

"(a) GRADUATED RATES.—Section 613 (relating to percentage depletion) is amended—

"(1) by striking out in subsection (a), 'specified in subsection (b)' and inserting in lieu thereof 'specified in subsections (b) and (d)';

"(2) by striking out paragraph (1) of subsection (b) and inserting in lieu thereof the following:

" '(1) OIL AND GAS WELLS.—The percentage applicable under subsection (d)(1).'; and

"(3) by redesignating subsection (d) as (e), and by inserting after subsection (c) the following new subsection:

" '(d) OIL AND GAS WELLS.—

" '(1) PERCENTAGE DEPLETION RATES.—In the case of oil and gas wells, the percentage referred to in subsection (a) is as follows:

" '(A) 27½ percent—to the extent that, for the taxable year, the taxpayer's gross income from the oil and gas well, when added to (i) the taxpayer's gross income from all other oil and gas wells, and (ii) the gross income from oil and gas wells of any taxpayer which controls the taxpayer and of all taxpayers controlled by or under common control with the taxpayer, does not exceed $1,000,000;

" '(B) 21 percent—to the extent that, for the taxable year, the taxpayer's gross income from the oil and gas well, when added to (i) the taxpayer's gross income from all other oil and gas wells, and (ii) the gross income from oil and gas wells of any taxpayer which controls the taxpayer and of all taxpayers controlled by or under common control with the taxpayer, exceeds $1,000,000 but does not exceed $5,000,000; and

"'(C) 15 percent—to the extent that, for the taxable year, the taxpayer's gross income from the oil and gas well, when added to (i) the taxpayer's gross income from all other oil and gas wells, and (ii) the gross income from oil and gas wells of any taxpayer which controls the taxpayer and of all taxpayers controlled by or under common control with the taxpayer, exceeds $5,000,000.

"'(2) CONTROL DEFINED.—For purposes of paragraph (1), the term "control" means—

"'(A) with respect to any corporation, the ownership, directly or indirectly, of stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote, or the power (from whatever source derived and by whatever means exercised) to elect a majority of the board of directors, and

"'(B) with respect to any taxpayer, the power (from whatever source derived and by whatever means exercised) to select the management or determine the business policies of the taxpayer.

"'(3) CONSTRUCTIVE OWNERSHIP OF STOCK.—The provisions of section 318(a) (relating to constructive ownership of stock) shall apply in determining the ownership of stock for purposes of paragraph (2).

"'(4) APPLICATION UNDER REGULATIONS.—This subsection shall be applied under regulations prescribed by the Secretary or his delegate.'

"(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply only with respect to taxable years beginning after the date of the enactment of this Act."

On page 391, line 22, strike out "27" and insert "28".

Mr. DOUGLAS. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. KEATING. Mr. President, will the Senator from Illinois yield for a parliamentary inquiry?

Mr. DOUGLAS. I yield for a parliamentary inquiry.

Mr. KEATING. Is the amendment of the Senator from Illinois divisible?

Mr. DOUGLAS. No; it is not divisible.

Mr. KEATING. Perhaps I do not understand the amendment. My understanding—and I may be mistaken—is that it has to do with the oil and gas depletion allowance, and also makes provision for something else. Does it relate merely to the depletion allowance?

Mr. DOUGLAS. Yes.

Mr. KEATING. There was some talk about another amendment.

Mr. DOUGLAS. It differs from the amendment of the Senator from Delaware [Mr. WILLIAMS], which proposed to reduce the rates on the upper brackets of the income tax schedule as well as reducing the depletion allowance. My amendment is confined solely to the percentage depletion allowance on oil and gas.

Mr. KEATING. It does not apply to any other subject?

Mr. DOUGLAS. That is correct.

The PRESIDING OFFICER (Mr. MILLER in the chair). The Chair rules that the amendment is divisible. There are parts of it that are divisible.

Mr. MANSFIELD. I believe what the Senator from New York has in mind is the possibility that the amendment of the Senator from Illinois was comparable to the amendment of the Senator from Delaware. The Senator from Illinois says that his amendment is not in the same category.

The PRESIDING OFFICER. The Chair holds that it is not a parliamentary inquiry as to whether it is the same amendment as the original amendment of the Senator from Delaware.

Mr. DOUGLAS. I suppose technically my amendment is divisible, because parts of an amendment can almost always be divided. However, I believe that if Senators will read the amendment they will see that it is an integral whole, one amendment. It is no more divisible than the child brought before King Solomon was divisible.

### SLIDING SCALE REDUCTION

My amendment would reduce the depletion allowance on oil and gas from the present 27½ percent down to 15 percent in cases where the taxpayer's gross income from oil and gas in any year exceeds $5 million. The allowance would be reduced to 21 percent where the taxpayer's income from oil and gas exceeded $1 million, but did not exceed $5 million. It would leave the existing 27½ percent allowance for those whose incomes from oil and gas did not exceed $1 million gross in a year. It differs, therefore, from the amendment offered earlier today by the Senator from Delaware, which would gradually have reduced the allowance to 20 percent, regardless of the amount of the gross income of the recipient. It leaves out, of course, any provision for a reduction in income taxes, which was included in the amendment of the Senator from Delaware.

To repeat, my amendment would leave the existing 27½ percent allowance intact for those whose incomes from oil and gas do not exceed $1 million gross a year. It would therefore not affect royalties received by farmers or landowners for the use of their land. It would not affect the allowance granted to small oil producers whose gross income, I repeat, is not in excess of $1 million a year.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield for a question.

Mr. CARROLL. The State of Colorado has become a very important oil producing State. Denver has become an administrative oil center. Will the Senator from Illinois tell me how his amendment compares with the amendment which he presented 2 or 3 years ago, to which the Senator from Wyoming, Mr. O'Mahoney, had an amendment? Is the O'Mahoney amendment included in the Senator's amendment?

Mr. DOUGLAS. It is the same amendment which I have presented on numerous occasions since 1955, I believe; namely, to maintain the depletion allowance intact with respect to those whose gross income from gas and oil was less than $1 million a year; to reduce the allowance from 27½ percent to 21 percent for those with gross incomes from gas and oil between $1 million and $5 million a year; and to reduce the allowance to 15 percent for those whose gross income from gas and oil is more than $5 million a year.

Mr. CARROLL. Can the Senator from Illinois draw upon his recollection to inform the junior Senator from Colorado as to the provisions of the O'Mahoney amendment which was included in the vote 2 or 3 years ago? The junior Senator from Colorado does not recall the provisions.

Mr. DOUGLAS. I regret to say that neither can I recall its provisions.

Mr. CARROLL. It was my impression that at that time the Senate voted on the amendment as modified by the amendment of the former Senator from Wyoming, Mr. O'Mahoney. I was hoping that the Senator from Illinois could inform me in that respect.

There is a growing feeling among certain groups, especially small refiners, that the extensive application of the benefits from the depletion allowance, not within the continental limits of the United States, has given a great economic advantage to some of the great major oil companies of the Nation operating in foreign nations which affects the small refiner's marketing position within this country. If I am not mistaken, the former Senator from Wyoming, Mr. O'Mahoney, and the junior Senator from Colorado at one time had an amendment in which we explored the possibility that perhaps the depletion allowance ought to be confined to the continental limits of the United States.

One of the reasons for that was based upon the hearings of the Subcommittee on Antitrust and Monopoly, namely, that excessively large depletion allowance benefits were given to major oil companies which had extensive holdings in Saudi Arabia.

Mr. DOUGLAS. May I reply to that?

Mr. CARROLL. I shall be happy to have the Senator do so, if I may complete this thought.

The former Senator from Wyoming, Mr. O'Mahoney, and I, after those hearings hoped that there might be some joinder of opinion or some union of action among the independent oil companies in support of our position, because we felt that this situation was contributing the tremendous financial windfall which was influencing the marketing situation in the United States today. I have been told this has been happening, although I am not an expert in this field. This is not a small matter; it involves hundreds of millions of dollars which are being currently used, some small independents and some small refiners feel, to their disadvantage and to that of our domestic economy.

If the Senator from Illinois would like to comment on that thought, I should be happy to have him do so.

Mr. DOUGLAS. The Senator from Colorado makes a very important point. It is notorious that the Arabian-American Oil Co., which in turn is owned by several American oil companies, and which has the concessions in Saudi Arabia, to which the Senator from Colorado refers, pays virtually no taxes—I think absolutely no taxes—to the United States, although it makes enormous profits. It is able to avoid taxes by reason of the fact that the 50-percent royalty payment which it makes to Saudi Arabia is called a tax rather than a royalty; and, as a tax, is therefore offset against the American tax which the Arabian-American Oil Co., or the parent companies, would otherwise pay.

The big oil companies which do business in Latin America and the Western

Hemisphere have a 14-point tax reduction; but whether they in turn are able to disguise royalties as taxes, and hence avoid the payment of any taxes on their business overseas, is not a subject on which the Senator from Illinois can speak. But they do obtain a depletion allowance.

The amendment of the Senator from Illinois applies to the companies overseas as well as those at home; and since the companies overseas are huge organizations, their depletion allowance would be reduced from 25 percent to 15 percent.

In this way, the smaller companies in the United States would not be taxed as severely as are the big companies overseas or at home, and therefore would have a relative advantage in comparison with the big companies. This would help the independent, nonintegrated refiners. It would also help independent oil distributors who are finding themselves under heavy pressure by reason of predatory price cutting carried on by gasoline stations really owned by the big integrated companies, even though there may be the disguise of a lease.

Mr. CARROLL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. CARROLL. In the short time which the junior Senator from Colorado has had to prepare for this discussion, he does not in any way wish to draw from the amendment the strength to which it is entitled, because it is his opinion that the amendment will suffer the fate of other amendments which have been proposed to the bill. Therefore, if I may express my personal opinion, I do not feel that there is any chance for the adoption of the amendment. However, I wish to make the RECORD clear for the people in my State that the able Senator from Illinois has put his finger on a subject which involves many small refiners. They are not so much concerned, if I interpret their viewpoint correctly, about what we call the reduction of the depletion allowance from 27½ percent to 15 percent. What they wish to do is to change the whole concept of the law. Rather than have a depletion-of-capital concept, what they are thinking about is the use of the money that they get for depletion allowance in the foreign countries for exploratory purposes in our own country. That is the proposition as it has been presented to me. In other words, they do not want this great financial windfall to be put into the hands of the giant oil companies which can control the market and the marketing facilities. It is not so much that the big companies undercut the market; it is that they are in a position, with their huge financial resources, to establish marketing systems with which the small refiners and the small independents cannot compete.

Mr. DOUGLAS. My amendment, with its differential rate according to the amount of business done, would naturally help the small producer, the small refiner, and indirectly the small distributor, as compared with the giant oil companies. It would also lessen some of the differential advantage which the big companies get from their operations abroad—notably, the Standard Oil group.

Mr. CARROLL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. CARROLL. To be completely realistic, I have voted on this issue a number of times. Its effects have been in my mind and my philosophy from the days of Franklin Roosevelt, who advocated such a reduction 20 years ago; and from the days of President Truman, who advocated such a cut in 1948 or 1949. Having seen this concept defeated repeatedly upon the floor of the Senate, I think a realistic view is that even the independent producers today—I believe that is true in my own State—are still influenced by the major oil companies and have not yet seen the handwriting on the wall. But I believe they are beginning to see it more clearly each year. I think they are beginning to see it more clearly year after year, because of the point I make about their great wealth of economic resources enabling them to set up marketing conditions with which they cannot compete.

Mr. DOUGLAS. Mr. President, I wish to supplement what the Senator from Colorado has said. One of the distinguishing features in the early years when we were attacking the depletion allowance was the way in which the small independents would attack the proposal. The big companies were able to hoodwink them and would whip them into line.

The Senator from Illinois has been greatly encouraged by the fact that in the past few months a number of the smaller independent operators have come forward and said, "Now we see that this proposal would be a protection to us, and would decrease the power of the big companies."

As I have said, one very interesting development is the way in which the independent owners of companies and distributing stations are coming around. They say that the big integrated companies—the Standard Oil group, Texaco, Shell, Gulf, and other large companies which have wells, refineries, and stations, are using their profits, made in large part from not paying taxes to the U.S. Government, to expand the distributive end of their businesses in part by predatory local price cutting or by driving the independents out of a given market, and then, when they have been driven out, again raising prices and moving on to another market.

Some of them have come to see that the depletion allowance helps to finance the onward march of the big companies. It has taken them a long time to learn this, and their knowledge may well come too late. But it is dawning on them.

Mr. CARROLL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. CARROLL. What the Senator from Illinois has just stated is what I have recently learned from a small refiner—in other words, the growing understanding of the domestic economic consequences and effects of the depletion allowance. But I must qualify that by saying that I refer to the effect of the depletion allowance on the companies abroad, where the big resources are. I recall an annual financial statement that one company which operates in Saudi Arabia has a depletion allowance of $120 million.

The small domestic refiners begin to see that this great financial wealth and financial strength are having an immediate effect upon refiners and distributors in this country.

But I point out that this is not presently a great popular issue in Colorado, and it is impossible to educate the people in a short period of time.

Mr. DOUGLAS. We have been trying to educate the public for 11 years, since this issue was first raised in 1951.

Mr. CARROLL. I understand that the able Senator from Illinois has rendered a magnificent service.

Mr. DOUGLAS. No; apparently I have done very poorly.

Mr. CARROLL. I was referring to my own State. I can hear some in my State say, "The junior Senator from Colorado is against the depletion allowance, and his position will destroy the oil industry in our State."

The Senator from Illinois seeks to limit the depletion allowance for both the domestic economy and foreign producers; but I would like first to limit the depletion allowance for companies beyond the continental limits of the United States; and then we can consider dealing with the situation at home. The companies beyond the continental limits of the United States have great financial resources.

The Senator from Illinois has been fighting for years for the adoption of this amendment, and I have been fighting for it for a few years. No doubt we shall be defeated. But I point out that I should like to have the depletion allowance confined, as a first step, to the continental limits of the United States.

Mr. DOUGLAS. I hope the Senator from Colorado will prepare such an amendment. But again I point out that since the operations abroad are on a much larger scale than those in the United States, this amendment, when applied both abroad and at home, would affect the big companies abroad more than it would affect the average company at home. That is the point.

Mr. CARROLL. I thought I had stated that Senator O'Mahoney and I had prepared such an amendment, but there was no general support for it.

Although I cannot accept the full implications of the amendment of the Senator from Illinois, I intend to support his position, until we can make a better fight; and I hope some day it will be a winning fight.

Mr. DOUGLAS. I appreciate the support of the Senator from Colorado; it is characteristic of him.

I voted against tabling the amendment of the Senator from Delaware [Mr. WILLIAMS], although I did not think that amendment was the best way to treat this subject. That amendment would have reduced the allowance to 20 percent, regardless of the size of the operator. It would have cut the royalty allowance of the farmer upon whose land oil is found, and from which oil flows; and the amendment also would have included the income tax provisions, which I think inappropriate.

It was my intention—had not the guillotine fallen on his amendment—to have offered my amendment as a substitute. But since that became impossible, I felt that we should not close the debate after merely 1 hour, and that I should not be foreclosed from offering my amendment as a substitute.

So, although I would have voted against the Williams amendment, if the question of its adoption had been before us, I felt that we should not close the debate at that point.

My amendment is free from the defects which I think the Williams amendment had. In other words, my amendment is graduated according to the size of the operations. Farmers who own land from which oil is taken and whose income is less than $1 million—and that is true of virtually all of them—would lose absolutely nothing by means of my amendment. The small operator—one with one, two, three, or four wells—would lose nothing by means of my amendment. The fairly large operators, with gross incomes between $1 million and $5 million a year, will have their depletion allowance reduced by 5 percent. The very large operators—those with annual incomes of more than $5 million—would have their depletion allowance reduced 12½ points.

Under my amendment there would be a gain of somewhere between $350 million and $500 million a year in revenue.

Mr. CARROLL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield.

Mr. CARROLL. For the reasons which the Senator from Illinois has stated far more ably than I could have done, I, too, voted against the motion to lay the Williams amendment on the table, because I think this subject should be fully discussed. It involves a very important issue.

If I had known that this matter was coming up on the floor of the Senate, I might have offered the amendment of Senator O'Mahoney, which increased the gross amount of your amendment. Senator O'Mahoney was one of the great fighters for the independent oil groups of Wyoming—or what we call the Rocky Mountain Oil Association; and when he drew up the amendment, I felt that it was one to which I could subscribe. I voted for it; and if I had had time, I would have offered it today.

Mr. DOUGLAS. Let me say to my friend that it is relatively easy for a Senator to support such amendments if there is no oil production in his State. But it so happens that Illinois is the fourth largest oil-producing State in the Nation. One congressional district in Illinois obtains its major revenue from oil. The oil operators in my State have consistently been opposed to me. But I go into that district and I explain my position. I go into the various centers of the oil industry—at Carmi, Mount Carmel, and other towns. Incidentally, I carried that district by a very handsome margin, although the oil producers poured a lot of money into it in their attempt to defeat me.

Mr. CARROLL. Mr. President, few Members of the Senate have such persuasive charm as does the Senator from Illinois.

Mr. DOUGLAS. Oh, no; the Senator from Colorado is carrying his compliments much too far.

Mr. CARROLL. The Senator from Illinois also has a great consumer area which can balance that situation.

Mr. DOUGLAS. I point out that I consistently opposed the depletion allowance, and I met the oil people in debate.

Mr. CARROLL. Those of us who come from areas where there is a very sparse population find that the oil groups have great financial and economic strength. Certainly this is not an easy issue for us to carry to the people.

Mr. DOUGLAS. I understand.

Mr. CARROLL. So in such areas we are faced with great difficulty.

Mr. DOUGLAS. I understand. If the Senator could make the independent oil men have any sense, they should realize that this amendment would help them against the pressure of the big, integrated companies that are putting them out of business. If they have brains enough to go into the proposal—and the industry is supposed to be composed of able men—they should have brains enough to understand that.

Mr. CARROLL. Mr. President, the able Senator from Illinois has convinced me. I shall ask him to come out to Colorado and talk to the oil producers there; I think he could convince them.

Mr. DOUGLAS. I shall be very glad to come there, unless my presence would hurt the able Senator from Colorado—which I am afraid it might do.

Mr. CARROLL. Mr. President, I thank the able Senator from Illinois for his customary patience.

Mr. DOUGLAS. Mr. President, this amendment strikes at the greatest abuse among the many abuses in our whole tax system.

### PRESENT BILL MAKES THINGS WORSE

The many unjust tax privileges now embodied in the revenue system cost the Government several billion dollars a year in revenue. These privileges, sometimes called loopholes—perhaps better termed truck holes—have increased over the years, so that the tax structure of the country is now seriously eroded. The present bill would make the situation worse.

The President thought he was going to close some loopholes, but he did not reckon with the House and the Senate. We end by opening more loopholes than we closed. We wind up opening up the investment credit abuse to the tune of about $1,300 million.

A lobbying provision has been added opening the floodgates to the special interests and selfish interests, and putting pressure on all the legislative bodies of the country.

We have not improved the situation with regard to the expense account abuse; and indeed in some respects we may have made it worse.

We backed down on applying the withholding method for the collection of the basic income tax on dividends and interest. We failed to close that loophole.

We granted to the utilities a 3-percent investment credit, which is totally unnecessary, and which will be a windfall to them.

We granted a 7-percent credit to gas pipelines, which have many powerful friends on both sides of the aisle.

This bill would make the situation worse, rather than better.

In addition, there is H.R. 10. I assume the understanding is that while that bill is not attached to the pending bill, the bipartisan leadership will put it through shortly after action on this bill is completed.

### OIL AND GAS DEPLETION GREATEST ABUSE

Of all the abuses, the depletion allowance on oil and gas is the worst. Unless Congress cures this and other erosions and injustices, these abuses will continue to spread like a cancer through our tax system.

I have said that the 27½-percent depletion allowance on income from oil and gas is the worst of the many tax loopholes. Let me review the situation so far as oil and gas are concerned. Under the present law, the host of costs and special allowances are deductible from gross income even before the depletion allowance applies. I wish to enumerate them.

### OPERATING COSTS DEDUCTIBLE

First, of course, there are operating costs. This is a deduction which every industry has, and properly so, but perhaps it is the only deduction every industry has which is not a special deduction for the oil industry.

### INTANGIBLE DRILLINGS COSTS

Second, the gas and oil industry is credited with intangible drilling and development costs. These can be written off in 1 year, and not spread over a period of years, as is the case in other industries. It has been estimated that between 75 and 90 percent of all costs can be written off in this manner. We have, therefore, accorded to this industry virtually the ultimate in accelerated depreciation and fast writeoffs. This is in addition to and apart from the depletion allowance. Thus, there is the very great advantage of the fast writeoff, which many experts tell me is far more advantageous than even the oil depletion allowance.

I am not proposing in my amendment to alter this situation. It applies abroad as well as at home. Most of the costs can be written off in 1 year.

### WRITEOFF OF DRY HOLES

Third. The cost of drilling unsuccessful, or so-called dry holes, can be written off against the income from successful drillings.

### FOURTEEN-POINT WESTERN HEMISPHERE DEDUCTION

Fourth. There is a 14-point reduction in the tax itself, or a reduction from 52 to 38 percent on taxable income, for income derived from operations abroad in the Western Hemisphere, notably in the oil centers of Venezuela, but also in Mexico and other countries. I point out that Standard Oil has the big drillings and fields in Venezuela.

### ROYALTY PAYMENTS DISGUISED AS TAXES

Fifth. As I mentioned in my colloquy with the Senator from Colorado, royalty payments abroad, particularly in the Near East, are commonly disguised as income tax payments, for which the foreign tax credit is then available. The 50-50 plan was started, I believe, in Latin America, was then applied to the Middle East, and now has been applied to Persia and throughout the Middle East. This is really a royalty, but it is called a tax, and therefore it offsets to that degree the tax which the American company would otherwise pay on its income from abroad.

I think it is well known that the Arabian American Oil Co., which is a subsidiary of three Standard companies, probably does not pay a single dollar in income tax to the American people, although its profits run into the hundreds of millions of dollars. There are also tax havens; and as the Senator from Tennessee has pointed out, oil executives abroad, who declare that they are permanent residents abroad, up to now have paid no personal income tax, and under the present bill would be exempted on $35,000 of income.

### PERCENTAGE DEPLETION ALSO

All these provisions would seem to be extremely generous, but the oil and gas industry is permitted a still further allowance called the percentage depletion allowance. In the case of gas and oil, this amounts to an additional 27½ percent of gross income up to one-half of net income. This allowance is, moreover, permitted in perpetuity as long as there is any flow of oil or gas from the well.

There are wells in the east Texas field which started gushing 40 or 50 years ago, and which are still continuing. I believe there is one in the original Galveston field which is still going. The depletion allowance was put into effect in 1926. The owners of such wells have deducted the depletion allowance every year since 1926, or 36 years ago.

**Mr. CLARK.** Mr. President, will the Senator yield?

**Mr. DOUGLAS.** I yield.

**Mr. CLARK.** I have heard it said—and I wonder if the Senator knows whether it is true—that there are instances in which an oil operator has recovered, through the depletion and other allowances, 19 times the cost of the well.

**Mr. DOUGLAS.** I can well believe that. There is no limit to the depletion allowances as compared to the original cost of the well. They are not limited to the original cost, and in the case of rich wells and long-gushing or long-flowing wells, the deduction of the depletion allowance has gone on interminably, without any regard whatsoever to original cost. Nineteen times the cost seems a very modest figure to me.

I emphasize again that this depletion allowance is not limited to recapturing the cost of the well in question. Most of this cost, as we have seen, is recovered for tax purposes in the year the outlay is made, through the intangible drilling and development cost deduction.

I emphasize that the depletion allowance is in addition to all other deductions. It continues through time without relationship to the taxpayer's investment in the venture and whether or not the investment has been recovered for tax purposes.

As I previously said, the beginnings of the allowance go back about 36 years, to 1926, when an effort was made to revise the prevailing discovery depletion provisions.

### ONE ABUSE HAS LED TO ANOTHER

From its inception the percentage depletion allowance has been 27½ percent. As the Senator from Delaware [Mr. WILLIAMS] pointed out early in the afternoon, as corporation income taxes have risen from 14 percent to the present 52 percent, the value of this allowance has grown. Not only is this true, but also it has brought in its train a host of similar deductions on virtually everything else extracted from the earth and from the sea—sulfur, coal, uranium, helium and every other mineral. In 1951 former Senator Connally of Texas was able to include oyster shells and clam shells, and other Senators were able to have sand and gravel covered. There would seem to be no danger of dry holes in the cases of oyster shells, clam shells, and sand and gravel.

The depletion allowance is almost a perfect example of a case in which, instead of closing a loophole in the law, an attempt has been made to make the loophole universal.

In 1956, which is the latest year for which I have been able to obtain official figures, the total deductions for depletion allowances in the extractive industries were approximately $3 billion. For oil and gas alone, the deductions in that year amounted to more than $2 billion.

This is the citadel of privilege. This is the greatest waste of the taxpayers' money. This is the truck hole which enables certain special favored groups to get enormous privileges from the Treasury and from the taxpayers.

### OIL COMPANIES EFFECTIVE TAX RATES LESS THAN HALF NORMAL RATE

The Joint Economic Committee, of which I was chairman at that time, in 1955 had a compendium made on Federal tax policy. It collected a great deal of very interesting material.

We found that the effective tax rate which was paid by 24 large petroleum companies, upon net income, was only 22.6 percent, whereas all other corporations in that year paid taxes at an effective rate of 48.1 percent. In other words, the fact is that the oil industry pays less than half the taxes, percentagewise, which other industries pay.

That very fact leads to an overinvestment in the oil industry, as compared to other industries, and an improper use of the resources of labor and capital attracted there by tax favors.

I have made a study of 27 producing companies dealing in oil or gas. I shall introduce that into the RECORD very shortly. It shows that many such companies paid infinitesimal fractions of their profits in taxes.

### INDIVIDUAL EXAMPLES

Eleven years ago, when some of us first started fighting this excessive depletion allowance, the Secretary of the Treasury published official statistics on certain unidentified individuals in the oil and gas industry, which showed that one individual who had a net income in the years 1943 to 1947 of $14,300,000 paid income taxes of only $80,000 in the entire period of time. In other words, this man paid $6 in taxes for every $1,000 of income. He paid less taxes proportionately than a poor workman getting $3,000 a year, or $60 a week.

Mr. President, a table submitted by the Secretary of the Treasury in the House hearings on the Revenue Act of 1950 gives examples of the excessive income tax deductions from the depletion allowance and the allowance for drilling and development costs. I ask unanimous consent that a table showing income, deductions, and tax liabilities of 10 selected individual oil and gas operators for the 5-year period 1943–47 be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. METCALF in the chair). Is there objection to the request by the Senator from Illinois?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Income, deductions, and tax liabilities of 10 selected individual oil and gas operators for the 5-year period 1943–47*

[Money figures in millions]

| Individual operator | Net income | | | Special deductions | | Taxable net income | Income tax liability | |
|---|---|---|---|---|---|---|---|---|
| | From oil and gas [1] | From other sources | Total | Percentage depletion [2] | Development costs [3] | | Amount | Percent of total net income |
| A | $10.5 | $3.8 | $14.3 | 2.2 | $13.0 | [4] −$0.9 | $0.08 | 0.6 |
| B | 5.0 | .8 | 5.8 | 3.1 | 2.1 | .6 | .5 | 8.6 |
| C | 3.9 | .5 | 4.4 | 3.2 | 4.4 | [4] −3.2 | .15 | 3.4 |
| D [5] | 9.3 | .3 | 9.6 | 2.7 | 0 | 6.9 | 6.1 | 63.5 |
| E | 2.7 | .8 | 3.5 | 1.0 | .3 | 2.2 | 1.4 | 40.0 |
| F | 1.7 | 1.4 | 3.1 | .8 | 1.5 | .8 | .6 | 19.4 |
| G | 7.7 | −1.3 | 6.4 | 3.5 | 2.1 | .8 | .5 | 7.8 |
| H | 2.1 | 3.6 | 5.7 | 1.0 | .6 | 4.1 | 2.2 | 38.6 |
| I | 1.7 | .1 | 1.8 | .5 | 1.0 | .3 | .2 | 11.1 |
| J | 8.0 | −.7 | 7.3 | 2.9 | 1.7 | 2.7 | 2.2 | 30.1 |
| Total | 52.6 | 9.3 | 61.9 | 20.9 | 26.7 | 14.3 | 13.93 | 22.5 |

[1] Income after deductions for operating expenses, depreciation, adjusted-basis depletion, exploration costs and losses on abandonment.

[2] Excess of percentage depletion over adjusted-basis depletion.

[3] Development costs are expenditures for the preparation of mineral properties for production, which are deducted as expenses in the year incurred. Consequently, these expenditures are not included in the tax basis of the property and future cost or adjusted-basis depletion is correspondingly reduced. The treatment of development costs as a current expense, however, does not diminish percentage depletion in subsequent years, since the latter is determined on the basis of income in those years.

[4] While special deductions more than offset the total net income for the 5 years, some income tax was paid because there were deficits only in some years. A deficit caused by excess percentage depletion cannot be carried over against net taxable income of other years.

[5] Includes only 4 years, 1943–46.

Source: Bureau of Internal Revenue, special tabulation.

Mr. **DOUGLAS**. Mr. President, while no such statistics have been published by the Treasury in recent years, there is no reason to suppose that the facts are any different or any better now.

The justification given for such a high deduction is that it is a needed inducement for exploration and drilling. There is something to this contention, but not enough to justify the added allowance of 27½ percent of gross revenue.

In the first place, the other tax features provided for the industry—as we have seen—are extremely liberal and, in addition to this, the capital gains treatment, which I have not gone into, gives even further advantages.

Another factor is involved. It is that despite the big depletion allowance, the average rates of profit in the industry do not seem to be appreciably higher than in other industries, although the oil and gas industry pays less than half as much percentagewise in taxes as do other industries. This is a very clear indication that the tax favors lead to overinvestment in oil and gas, and that the overinvestment brings the average return down to about the level of other industries—not quite to that level, but to about that level. This brings in inefficient wells and inefficient producers.

Also, in its present form, this helps the big operators in the ways I have indicated.

### WHAT THE AMENDMENT DOES

I am, therefore, proposing this amendment which would reduce the depletion allowance of 27½ percent to 15 percent if the taxpayer's gross income from oil and gas wells exceeds $5 million in any one year, but that the allowance be reduced only from 27½ percent to 21 percent for those with a gross income from oil and gas wells of between $1 million and $5 million, and that the depletion allowance remain at 27½ percent for those whose gross incomes from oil and gas wells does not exceed $1 million per year.

If I may be pardoned for saying it for the third or fourth time, it is necessary to drive home the fact that no farmer would lose a dollar from the royalties which he now collects, which normally are one-eighth of the gross income. No small operator would lose a dollar. An operator would have to have a good many wells to lose money. The weight of the reduction in the allowance would be on the big companies, which have enormous profits and which are driving the small producers out of the field.

Mr. President, the amendment is not a punitive one, for first, it would not do away with the depletion allowance altogether; and second, it would not affect at all the small wildcat driller or the small producer, except to his competitive advantage.

### PROTECTS SMALL PRODUCER

There is a good reason for this last provision. Drilling for oil and gas involves some risk. It is estimated that only about one in nine wells which are drilled actually produce gas or oil. The small driller, with only a few wells over which to spread this risk, does not have enough wells to assure that he will hit the 1 in 9 and may, in fact, drill 20 or 30 dry holes before hitting oil or gas. Consequently, without a great number of wells over which to spread the risk, he takes a greater risk than the large driller, who will average 1 in 9 successful wells if he drills 100 or 200 wells a year.

Mr. President, it is the practice of the big companies to permit the wildcatters to go out ahead of them, to explore the fields, and to take the risks. When the wildcatters find oil, the big companies move in, take the land, put in multiple wells, and reap the profits.

The Treasury estimated sometime ago that the adoption of this amendment would result in a net revenue increase to the Federal Treasury of $305 to $310 million per year. At the present time I believe this amount would be at least $320 million. Others have estimated that it would bring in as much as $400 to $500 million additional revenue a year.

The latter and more substantial estimate is the one made by the experts attached to the Library of Congress.

I point out that in its present form the tax bill would result in a deficit or loss of revenue of somewhere around $500 to $600 million a year. That is a very serious financial problem.

Mr. **McNAMARA**. That is a very conservative estimate, too.

Mr. **DOUGLAS**. The reduction in the depletion allowance would make good most of the loss and would help us to balance the books in large part, so far as the bill is concerned.

Mr. President, I ask unanimous consent that three tables showing the amount of depletion which corporations took as income tax reductions in the period 1946–58, these same deductions by total asset classes for the years 1948–58, and a further table showing corporate depletion deductions and net income by total asset classes for the years 1952–55, and for 1958, be printed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Selected corporate business deductions, all corporations, 1946–58*

[Dollar amounts in millions]

| Deduction | 1946 | 1947 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Compensation of officers | $5,143.1 | $6,026.4 | $6,733.3 | $6,743.0 | $7,606.8 | $8,122.0 | $8,430.0 | $8,776.7 | $9,113.2 | $10,480.7 | $11,045.1 | $11,829.6 | $12,395.3 |
| Interest paid | 2,251.0 | 2,501.4 | 2,758.7 | 3,045.1 | 3,211.9 | 3,700.5 | 5,013.2 | 5,680.9 | 6,270.6 | 7,058.4 | 8,281.0 | 10,004.5 | 11,070.2 |
| Taxes paid | 5,830.5 | 6,892.9 | 7,481.7 | 8,361.3 | 9,013.2 | 11,030.8 | 11,696.8 | 12,194.9 | 12,476.9 | 14,202.6 | 15,038.5 | 16,393.0 | 16,691.7 |
| Contributions or gifts | 213.9 | 241.2 | 239.3 | 222.6 | 252.4 | 343.0 | 398.6 | 494.5 | 313.8 | 414.8 | 418.0 | 417.3 | 395.4 |
| Depletion | 798.9 | 1,210.3 | 1,711.3 | 1,476.2 | 1,709.3 | 2,065.1 | 2,126.5 | 2,301.8 | 2,358.6 | 2,805.5 | 3,084.3 | 3,346.8 | 3,148.4 |
| Depreciation | 4,201.7 | 5,220.1 | 6,298.6 | 7,190.5 | 7,858.1 | 8,829.0 | 9,604.4 | 10,510.6 | 13,691.5 | 13,418.8 | 14,952.9 | 16,968.3 | 18,677.1 |
| Amortization | 64.5 | 58.9 | 38.9 | 30.6 | 43.3 | 291.9 | 831.3 | 1,515.3 |  | 2,590.3 | 2,625.9 | 2,463.9 | 1,999.2 |
| Advertising | 2,408.3 | 3,032.2 | 3,466.0 | 3,772.7 | 4,097.0 | 4,552.9 | 5,026.8 | 5,480.9 | 5,770.2 | 6,601.8 | 7,061.6 | 7,666.1 | 7,875.0 |
| Amounts contributed under pension plans, etc.[1] | 834.6 | 1,038.3 | 1,153.5 | 1,216.1 | 1,660.9 | 2,326.9 | 2,551.8<br>[2] 630.4 | 2,936.3<br>[2] 860.9 | 2,840.3<br>[2] 940.6 | 3,296.2<br>[2] 1,146.9 | 3,645.5<br>[2] 1,302.9 | 4,043.0<br>1,626.2 | 3,998.7<br>1,727.3 |
| Other [3] | 5,892.1 | 7,338.4 | 8,062.8 | 7,998.7 | 8,371.3 | 9,709.7 | 10,493.6 | 11,520.5 | 11,445.5 | 12,959.1 | 14,325.4 | 15,476.4 | 15,521.2 |
| Total selected deductions | 27,638.6 | 33,560.1 | 37,944.1 | 40,056.8 | 43,824.2 | 50,991.8 | 56,803.4 | 62,273.3 | 65,191.2 | 74,975.1 | 81,781.1 | 90,235.1 | 93,499.4 |
|  | Percentage distribution |  |  |  |  |  |  |  |  |  |  |  |  |
| Compensation of officers | 18.6 | 18.0 | 17.7 | 16.8 | 17.4 | 15.9 | 14.8 | 14.1 | 14.0 | 14.0 | 13.5 | 13.1 | 13.3 |
| Interest paid | 8.1 | 7.5 | 7.3 | 7.6 | 7.3 | 7.3 | 8.8 | 9.1 | 9.0 | 9.4 | 10.1 | 11.1 | 11.8 |
| Taxes paid | 21.1 | 20.5 | 19.7 | 20.9 | 20.6 | 21.6 | 20.6 | 19.6 | 19.1 | 18.9 | 18.4 | 18.2 | 17.9 |
| Contributions or gifts | .8 | .7 | .6 | .6 | .6 | .7 | .7 | .8 | .5 | .6 | .5 | .5 | .4 |
| Depletion | 2.9 | 3.6 | 4.5 | 3.7 | 3.9 | 4.1 | 3.7 | 3.7 | 3.6 | 3.7 | 3.8 | 3.7 | 3.4 |
| Depreciation | 15.2 | 15.6 | 16.6 | 18.0 | 17.9 | 17.3 | 16.9 | 16.9 | 21.0 | 17.9 | 18.3 | 18.8 | 20.0 |
| Amortization | .2 | .2 | .1 | .1 | .1 | .6 | 1.5 | 2.4 |  | 3.5 | 3.2 | 2.7 | 2.1 |
| Advertising | 8.7 | 9.0 | 9.1 | 9.4 | 9.3 | 8.9 | 8.8 | 8.8 | 8.9 | 8.8 | 8.6 | 8.5 | 8.4 |
| Amounts contributed under pension plans, etc.[1] | 3.0 | 3.1 | 3.0 | 3.0 | 3.8 | 4.6 | 4.5<br>1.1 | 4.7<br>1.4 | 4.4<br>1.4 | 4.4<br>1.5 | 4.5<br>1.6 | 4.5<br>1.8 | 4.3<br>1.8 |
| Other [3] | 21.3 | 21.9 | 21.2 | 20.0 | 19.1 | 19.0 | 18.5 | 18.5 | 17.6 | 17.3 | 17.5 | 17.1 | 16.6 |
| Total selected deductions | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

[1] Deductions claimed under sec. 23(p) of the Internal Revenue Code for amounts contributed by employers under pension, annuity, stock-bonus, or profit-sharing plans, or other deferred compensation plans.

[2] Contributions under other employee benefit plans.

[3] Comprises bad debts, repairs, and rent paid on business property.

Source: Internal Revenue Service, Statistics of Income, Corporation Income Tax Returns.

*Corporate depletion deductions by total assets classes, 1948–58* [1]

[Dollar amounts in millions]

| Assets classes | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Under $50,000 | $4.9 | $3.7 | $4.0 | $3.5 | $3.1 | $4.7 | $4.2 | $5.7 | $8.6 | $12.5 | $9.2 |
| $50,000 and under $100,000 | 5.5 | 4.0 | 4.4 | 3.7 | 5.2 | 3.7 | 4.3 | 5.2 | 6.9 | 6.4 | 5.9 |
| $100,000 and under $250,000 | 16.1 | 11.9 | 12.6 | 12.1 | 13.5 | 13.5 | 15.7 | 27.2 | 21.1 | 22.7 | 22.3 |
| $250,000 and under $500,000 | 21.4 | 16.1 | 17.1 | 21.4 | 21.2 | 21.4 | 22.6 | 26.0 | 27.5 | 33.8 | 32.1 |
| $500,000 and under $1,000,000 | 40.8 | 31.4 | 31.5 | 41.4 | 35.1 | 38.6 | 32.2 | 45.1 | 43.1 | 47.0 | 42.8 |
| $1,000,000 and under $5,000,000 | 126.1 | 101.0 | 120.8 | 160.8 | 150.3 | 154.0 | 147.0 | 191.5 | 181.6 | 174.1 | 167.0 |
| $5,000,000 and under $10,000,000 | 72.5 | 57.5 | 68.5 | 83.8 | 85.7 | 83.3 | 73.7 | 80.0 | 96.7 | 124.6 | 91.4 |
| $10,000,000 and under $50,000,000 | 245.2 | 213.1 | 278.9 | 318.9 | 297.7 | 306.1 | 290.3 | 351.2 | 339.9 | 358.3 | 333.6 |
| $50,000,000 and under $100,000,000 | 89.7 | 92.8 | 115.2 | 120.8 | 131.2 | 119.8 | 134.0 | 178.1 | 249.0 | 241.6 | 200.2 |
| $100,000,000 or more | 1,076.5 | 895.1 | 1,038.8 | 1,299.3 | 1,370.0 | 1,539.3 | 1,517.9 | 1,869.0 | 2,082.5 | 2,308.6 | 2,232.5 |
| Total | 1,698.9 | 1,426.5 | 1,691.8 | 2,065.8 | 2,112.9 | 2,284.3 | 2,242.4 | 2,779.1 | 3,056.7 | 3,329.7 | 3,137.0 |
| | Percentage distribution | | | | | | | | | | |
| Under $50,000 | 0.3 | 0.3 | 0.2 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 | 0.3 |
| $50,000 and under $100,000 | .3 | .3 | .3 | .2 | .2 | .2 | .2 | .2 | .2 | .2 | .2 |
| $100,000 and under $250,000 | .9 | .8 | .7 | .6 | .6 | .6 | .7 | 1.0 | .7 | .7 | .7 |
| $250,000 and under $500,000 | 1.3 | 1.1 | 1.0 | 1.0 | 1.0 | .9 | 1.0 | .9 | .9 | 1.0 | 1.0 |
| $500,000 and under $1,000,000 | 2.4 | 2.2 | 1.9 | 2.0 | 1.7 | 1.7 | 1.4 | 1.6 | 1.4 | 1.4 | 1.4 |
| $1,000,000 and under $5,000,000 | 7.4 | 7.1 | 7.1 | 7.8 | 7.1 | 6.7 | 6.6 | 6.9 | 5.9 | 5.2 | 5.3 |
| $5,000,000 and under $10,000,000 | 4.3 | 4.0 | 4.1 | 4.1 | 4.1 | 3.6 | 3.3 | 2.9 | 3.2 | 3.7 | 2.9 |
| $10,000,000 and under $50,000,000 | 14.4 | 14.9 | 16.5 | 15.4 | 14.1 | 13.4 | 12.9 | 12.6 | 11.1 | 10.8 | 10.6 |
| $50,000,000 and under $100,000,000 | 5.3 | 6.5 | 6.8 | 5.8 | 6.2 | 5.2 | 6.0 | 6.4 | 8.1 | 7.3 | 6.4 |
| $100,000,000 or more | 63.4 | 62.7 | 61.4 | 62.9 | 64.8 | 67.4 | 67.7 | 67.3 | 68.1 | 69.3 | 71.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

[1] All returns with balance sheets.

Source: Internal Revenue Service, Statistics of Income, Corporation Income Tax.

*Corporate depletion deductions and net income by total assets classes, 1952* [1]*–55*

[Dollar amounts in millions]

| Assets classes | 1952 | | | 1953 | | | 1954 | | | 1955 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net income [2] | Depletion deductions | Depletion deductions as percent of net income | Net income | Depletion deductions | Depletion deductions as percent of net income | Net income | Depletion deductions | Depletion deductions as percent of net income | Net income | Depletion deductions | Depletion deductions as percent of net income |
| Under $50,000 | $382.5 | $2.6 | 0.7 | $370.6 | $3.2 | 0.9 | $354.9 | $3.3 | 0.9 | $422.6 | $4.7 | 1.1 |
| $50,000 and under $100,000 | 577.0 | 4.7 | .8 | 539.3 | 3.1 | .6 | 518.1 | 2.9 | .6 | 631.3 | 4.1 | .6 |
| $100,000 and under $250,000 | 1,364.9 | 11.2 | .8 | 1,251.1 | 11.2 | .9 | 1,281.3 | 13.3 | 1.0 | 1,571.8 | 20.8 | 1.3 |
| $250,000 and under $500,000 | 1,336.0 | 17.5 | 1.3 | 1,228.0 | 18.0 | 1.5 | 1,252.2 | 17.5 | 1.4 | 1,580.6 | 22.0 | 1.4 |
| $500,000 and under $1,000,000 | 1,644.7 | 27.4 | 1.7 | 1,473.2 | 28.8 | 2.0 | 1,459.3 | 23.9 | 1.6 | 1,871.0 | 37.0 | 2.0 |
| $1,000,000 and under $5,000,000 | 4,716.4 | 129.2 | 2.7 | 4,331.5 | 120.1 | 2.8 | 4,172.5 | 120.8 | 2.9 | 5,293.6 | 155.2 | 2.9 |
| $5,000,000 and under $10,000,000 | 2,319.1 | 64.6 | 2.8 | 2,188.6 | 70.2 | 3.2 | 2,025.7 | 59.5 | 2.9 | 2,410.3 | 65.5 | 2.7 |
| $10,000,000 and under $50,000,000 | 6,105.7 | 250.9 | 4.1 | 6,123.9 | 263.6 | 4.3 | 5,555.0 | 245.0 | 4.4 | 6,736.3 | 305.1 | 4.5 |
| $50,000,000 and under $100,000,000 | 2,806.5 | 122.4 | 4.4 | 2,854.4 | 106.5 | 3.7 | 4,813.8 | 113.4 | 4.0 | 3,174.9 | 157.6 | 5.0 |
| $100,000,000 or more | 19,105.5 | 1,350.5 | 7.1 | 21,384.2 | 1,515.6 | 7.1 | 20,085.6 | 1,489.9 | 7.4 | 26,568.5 | 1,835.9 | 6.9 |
| Total | 40,358.3 | 1,980.9 | 4.9 | 41,750.9 | 2,140.3 | 5.1 | 39,518.4 | 2,089.3 | 5.3 | 50,270.9 | 2,606.1 | 5.2 |

[1] Returns with balance sheets and net income.

[2] Compiled receipts less compiled deductions as shown in Statistics of Income.

Source: Internal Revenue Service, Statistics of Income, pt. 2.

*Corporate depletion deductions and net income, by total assets classes, 1958* [1]

[Dollar amounts in millions]

| Assets classes | 1958 | | | Assets classes | 1958 | | |
|---|---|---|---|---|---|---|---|
| | Net income [2] | Depletion deductions | Depletion deductions as percent of net income | | Net income [2] | Depletion deductions | Depletion deductions as percent of net income |
| Under $50,000 | $514.7 | $7.8 | 1.5 | $5,000,000 and under $10,000,000 | $2,169.1 | $62.9 | 2.9 |
| $50,000 and under $100,000 | 746.2 | 4.3 | .6 | $10,000,000 and under $50,000,000 | 5,694.5 | 289.3 | 5.1 |
| $100,000 and under $250,000 | 1,770.7 | 15.2 | .9 | $50,000,000 and under $100,000,000 | 2,960.8 | 158.0 | 5.3 |
| $250,000 and under $500,000 | 1,637.7 | 26.8 | 1.6 | $100,000,000 and over | 21,985.2 | 2,049.3 | 9.3 |
| $500,000 and under $1,000,000 | 1,747.7 | 30.2 | 1.7 | | | | |
| $1,000,000 and under $5,000,000 | 4,489.6 | 131.8 | 2.9 | Total | 43,716.2 | 2,775.5 | 6.3 |

[1] Returns with balance sheets and net income.

[2] Compiled receipts less compiled deductions.

Source: Internal Revenue Service, Statistics of Income, Corporation Income Tax Returns, 1958–59.

TABLE 40.—*Corporate depletion deductions and net income, by major industrial group, 1958* [1]

[Dollar amounts in millions]

| Major industrial group | Net income [2] | Depletion deductions | Depletion deductions as percent of net income | Major industrial group | Net income [2] | Depletion deductions | Depletion deductions as percent of net income |
|---|---|---|---|---|---|---|---|
| All industries | $44,148.2 | $2,783.4 | 6.3 | Transportation, communication, electric, gas and sanitary services | $6,114.7 | $90.4 | 1.5 |
| Agriculture, forestry, and fisheries | 231.4 | 2.2 | 1.0 | Wholesale and retail trade | 5,440.3 | 18.5 | .3 |
| Mining | 1,191.6 | 657.1 | 55.1 | Finance, insurance, and real estate | 8,809.5 | 105.8 | 1.2 |
| Construction | 939.5 | 6.3 | .7 | Lessors of real property except buildings | 97.4 | 25.3 | 26.0 |
| Manufacturing | 20,314.2 | 1,901.7 | 9.4 | Services | 1,034.2 | 1.5 | .1 |
| Chemicals and allied products | 2,651.0 | 79.7 | 3.0 | Nature of business not allocable | 22.9 | 4.3 | 18.8 |
| Petroleum refining and related industries | 1,451.7 | 1,369.6 | 94.3 | | | | |
| Stone, clay and glass products | 889.1 | 153.9 | 17.3 | | | | |
| Primary metal industries | 1,763.3 | 107.8 | 6.0 | | | | |

[1] Returns with net income.

[2] Compiled receipts less compiled deductions.

Source: Internal Revenue Service, Statistics of Income, Corporation Income Tax Returns, 1958–59.

**Mr. DOUGLAS.** Mr. President, the first table shows that in 1958, the total amount of deductions for depletion by all corporations was in the amount of $3,148,400,000. The second table shows that some $2,232,500,000 of the corporate depletion deductions in 1958, or some 71.2 percent of them, were taken by corporations with net assets of over $100 million. Thus, the really big corporations took the giant's share—over two-thirds—of the depletion allowances.

This is not something that goes to the small man. It is something that goes to the giant corporations. My amendment would exempt the small operator.

**Mr. PROXMIRE.** Mr. President, will the Senator yield?

**Mr. DOUGLAS.** I am glad to yield.

**Mr. PROXMIRE.** Is it not true that the amendment of the Senator from Illinois provides that the large firm, that is, the firm which grosses more than $5 million a year, would have its depletion allowance reduced to 15 percent, but the small firm, which grosses less than $1 million, would have no reduction in depletion whatsoever?

**Mr. DOUGLAS.** That is absolutely correct.

**Mr. PROXMIRE.** Is it not also correct that the amendment would not eliminate a depletion allowance for larger firms; but would provide an allowance near the highest level which other minerals enjoy?

**Mr. DOUGLAS.** Operators in the sulfur industry receive 23 percent.

**Mr. PROXMIRE.** With the exception of sulfur and a few other minerals. For some minerals, as I understand, operators obtain as little as 5 or 6 percent depletion allowance. Others get 15 percent.

**Mr. DOUGLAS.** That is true, although the allowance on oyster shells and clam shells is rising, and I believe it is rising on sand and gravel.

**Mr. PROXMIRE.** So the incidence of the increased revenue the Federal Government would receive on the basis of the amendment of the Senator from Illinois would fall upon the big firms, and to a much lesser extent on firms of moderate size, that is, firms which gross between $1 and $5 million.

**Mr. DOUGLAS.** Yes; and landowners would get exemption.

**Mr. PROXMIRE.** The fabled and time-honored wildcatter, as long as he operated on a reasonably small scale, would also be exempt?

**Mr. DOUGLAS.** The Daniel Boones of the oil industry would not have their depletion allowance reduced. They could still go scouting ahead.

**Mr. PROXMIRE.** The amendment of the Senator from Illinois would primarily provide that the giants of the petroleum industry, that is, those firms with assets over $100 million a year——

**Mr. DOUGLAS.** Over $5 million a year.

**Mr. PROXMIRE.** I understand that, but the Senator gave statistics showing——

**Mr. DOUGLAS.** Those that had assets of over $100 million.

**Mr. PROXMIRE.** I should say firms that had assets of more than $100 million. Those firms took what proportion of the total depletion allowance?

**Mr. DOUGLAS.** They took 71 percent of the total depletion allowance.

**Mr. PROXMIRE.** More than two-thirds?

**Mr. DOUGLAS.** The Senator is correct.

**Mr. PROXMIRE.** Those would be the firms, primarily, which would pay more taxes to the Federal Government under the Senator's amendments.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** Is it not also true that the industry is far more lightly taxed than is industry generally?

**Mr. DOUGLAS.** The figures which I introduced show that the 24 leading oil firms paid approximately 22 percent of their profits in taxes, whereas all corporations paid approximately 48 percent. So based on this study oil firms pay less than half the taxes that business corporations as a whole pay. That has led to overinvestment in the industry.

**Mr. PROXMIRE.** I thank the Senator.

**Mr. DOUGLAS.** I thank the Senator from Wisconsin. His views on this, as on so many other points, are cogent and well taken.

Mr. President, back in 1950, Secretary of the Treasury Snyder came before the House Ways and Means Committee and urged that it reduce the depletion allowances. He made a very cogent argument for his position, and he further placed in the record a great many facts and figures which were informative and persuasive. I ask unanimous consent that his testimony and exhibits, which appear in the hearings of the Ways and Means Committee on the Revenue Revision of 1950, volume 1, February 3, 1950, be printed in the RECORD at this point.

There being no objection, the testimony and exhibits were ordered to be printed in the RECORD, as follows:

### SECRETARY OF TREASURY SNYDER

[From hearings, Ways and Means Committee, 81st Cong., 2d sess., vol. 1., Feb. 3, 1950]

### SPECIAL DEPLETION ALLOWANCE

Depletion in ordinary accounting usage is intended to permit taxpayers to recover the cost of mineral properties over the producing life of the properties. Depletion is the counterpart of depreciation which is intended to permit recovery of the cost of other assets over the period of their useful life. When the original investment has been recovered, no further depreciation is allowed for tax purposes. However, in the case of depletion, special provisions which allow recovery of more than the cost of mineral properties have been in the law since 1918.

Under present law, special allowances are granted on the basis of specified percentages of gross income for different types of minerals. The percentage of gross income allowed is 27½ percent for oil and gas, 23 percent for sulfur, 15 percent for metals and a large number of nonmetallic minerals, and 5 percent for coal.

Percentage depletion continues for the life of the property and generally results in the tax-free recovery of many times the cost. It is granted to those purchasing properties as well as to those operating properties they have developed. The allowances have become more valuable as tax rates have been increased.

Furthermore, the benefits from percentage depletion are increased by provisions which permit development costs to be deducted as an expense in the year incurred instead of being treated as a capital cost to be recovered later through depletion deductions. This is equivalent to a double deduction for the same costs, once when they are incurred and again under percentage depletion. In the oil industry during 1946 and 1947, for every $3 million allowed as percentage depletion, another $2 million was deducted as development costs.

The combination of percentage depletion and the expensing of development costs provides a mechanism for pyramiding extensive holdings in oil assets with payment of little or no income tax.

As the President has indicated, millions of dollars are made annually from operating oil properties on which little or no income tax is paid. The President mentioned one outstanding example. You will find others in the attached material (exhibit 2). In the examples cited, annual incomes, on the average, of over $1 million were obtained on which an average tax of only 22½ percent was paid. This is the rate now paid by persons with incomes of less than $25,000.

These illustrations suggest how much additional revenue the Government would gain by limiting some of these special allowances.

You will find from an examination of the materials I am submitting to assist the committee in considering revision of these provisions that:

First, the estimated revenue loss is between $400 and $500 million annually. This is as much as the yield of all the retail excises.

Second, the allowance is especially excessive in the case of oil and gas and exempts a higher proportion of the earnings of this industry which may expense more of its development costs than the other mineral industries.

Third, the provision has been found to be of little benefit to small prospectors on whose behalf it is so frequently supported.

Fourth, these deductions enable high-income individuals to reduce to negligible proportions taxes on income from sources totally unrelated to these industries.

There are a number of ways in which the necessary revision of present allowances can be accomplished. In general, these involve either the limitation of percentage depletion or the termination of the option to expense development costs. The benefits of expensing development costs are confined to the finding of new properties. Percentage depletion on the other hand may be obtained on established as well as new properties, and regardless of whether the recipient contributed to the development of the property. The reduction of percentage depletion would tend to reduce windfalls while protecting incentives for exploration.

A reasonable way to reduce the excessive benefits would be to limit the percentage of gross income which might be deducted as depletion. A reduction in the present net income limitation would leave the more excessive allowances untouched while reducing the benefits on the small, less profitable properties.

Specifically it is proposed that percentage depletion for oil, gas, and sulfur be reduced to 15 percent of gross income and that percentage depletion for nonmetallic minerals be reduced to 5 percent. The existing 15-percent rate for depletion allowed to the metals would be left unchanged.

It is further proposed that oil and gas operators who elect to expense intangible drilling and development costs be required to reduce income from the property by the amount of such expensed costs in computing their depletion allowance. This requirement will reduce the extent of the double deduction now enjoyed by oil and gas enterprises with respect to certain of their capital costs.

Together these proposals would remove the more obvious inequities of the present system without interfering significantly with production incentives.

### EXHIBIT 2

### SPECIAL DEPLETION ALLOWANCES FOR MINERAL PROPERTIES

One of the major avenues of escape from income tax is the special depletion allowance now accorded mineral properties. This subject has received consideration by congressional committees on a number of occasions.

Nearly 25 years have passed, however, since the date of the investigation of depletion costs on which present allowances were established. In the intervening years there have been important basic changes in those industries.

This study presents current information on the basic aspects of this problem and discusses the considerations affecting the desirability of the present allowances.

#### I. PRESENT PROVISIONS

The Federal income tax recognizes depletion of wasting mineral assets as a deductible cost in determining net taxable income. The purpose is to allow the taxpayer to recover tax free the capital he has invested in the mineral property. Special allowances in excess of cost are granted to certain groups of taxpayers. In most cases these special allowances are based on a percentage of gross income. Of less importance are special allowances based on discovery value.

#### (a) *Percentage depletion*

Percentage depletion is computed as a specified percentage of gross income, without regard to the capital cost of the property. The rates range as high as 27½ percent of gross income in the case of petroleum, but the deduction is limited to 50 percent of the net income (computed without regard to depletion) from the particular property. The following percentages of gross income are allowed different minerals under present law.

| Mineral: | *Percentage rate on gross income* |
|---|---|
| Oil and gas | 27½ |
| Sulfur | 23 |
| Metals | 15 |
| Coal | 5 |
| Bauxite, fluorspar, flake graphite, vermiculite, beryl, feldspar, mica, talc (including pyrophyllite), lepidolite, spodumene, barite, ball, sagger, and china clay, phosphate rock, rock asphalt, trona, bentonite, gilsonite, thenardite, and potash | 15 |

Percentage depletion continues to be deductible even after 100 percent of the invested capital has been retrieved tax free. The total tax-free recoveries may be substantially in excess of the cost of the property, and in a large number of cases amount to many times the capital investment.

#### (b) *Discovery depletion*

Those minerals which are not eligible for percentage depletion may qualify for discovery depletion, under certain conditions. Owing to the wide range of minerals excluded because they are eligible for percentage depletion, and the special conditions attaching to the use of discovery depletion, it applies only to certain nonmetallic substances and is of limited significance at the present time.

Under discovery depletion, a taxpayer who discovers a mine on an unproven tract, the value of which is materially larger than the cost to the taxpayer, is allowed depletion deductions designed to amortize the appreciated discovery value over the economic life of the mine. As in the case of percentage depletion, the annual deduction for discovery depletion is limited to 50 percent of the net income from the property. However, aggregate tax-free recoveries under this method are limited to the discovery value.

#### (c) *Cost or adjusted-basis depletion*

Percentage depletion is one of the most complex provisions in the tax law. Depletion allowances are computed with respect to each individual mineral property. Mineral-tax payers commonly own several, and in many cases thousands of properties. Each year for each property the taxpayer takes the largest depletion deduction allowable. Both gross and net income must be determined for each separate property to compute percentage depletion. Moreover, a corporate-tax payer's accounting for each property entitled to percentage depletion must reflect each of the three different depletion concepts: (1) Allowable depletion, including percentage or discovery, (2) adjusted-basis depletion, and (3) strict cost depletion.

In all cases the taxpayer is allowed depletion based on cost as a minimum. The annual cost depletion (usually termed adjusted-basis depletion) is computed by spreading the original cost, less amounts previously recovered tax free, over the estimated remaining life of the property, measured in units of mineral product. Increased deductions for percentage depletion reduce the remaining cost or adjusted basis more rapidly. Therefore, the adjusted-basis depletion, which represents the minimum annual deduction, must be recomputed at a lower figure each year after percentage depletion is taken.[1] When the original cost is exhausted through depletion allowances the adjusted-basis depletion is reduced to zero, although percentage depletion may continue to be deducted.

Corporations also account for annual cost depletion computed without regard to amounts recovered from time to time through percentage depletion, in determining their net profits for reports to stockholders and other purposes. Cost depletion in this sense is also recognized for tax purposes in connection with the treatment of liquidating dividends in the hands of the stockholders.[2]

For purposes of determining gain or loss upon sale or other disposition of a depletable property, the tax basis is reduced by the total amount of allowable depletion (percentage, discovery, or adjusted-basis depletion) in previous years.[3] While percentage depletion may continue even though more than 100 percent of the basis has been recovered tax free, the basis for determining gain or loss is reduced only to zero.

#### (d) *Expensing of capital costs*

In addition to depletion allowances, certain capital costs of developing mineral properties are treated as expenses incurred in doing business and allowed as deductions in the year incurred. This expensing treatment does not reduce allowable percentage depletion in future years, which is based on the income from the developed property. This results in a double deduction for recovery on the same capital investment.

Owners of oil or gas wells have wide opportunities for expensing capital costs incurred in developing their properties. At their option, they may treat intangible drilling and development costs of wells (including expenditures for labor, supplies, repairs, and hauling) as current expenses deductible from taxable income from any source. For example, 90 percent of an oil operator's capital outlay, exclusive of depreciable items, may be for intangible drilling and development costs. If this is deducted as a current expense, and thus recovered tax free at the outlet, only 10 percent of the investment remains to be recovered through depletion allowances. Hence, depletion allowances based on the entire income in effect overlap the initial deduction of a large portion of the capital outlays.

In the case of mines, development costs can be immediately offset against income only to the extent that there are receipts derived from the mine during the development period. However, if considerable quantities of ore are taken out while developing a mine to full producing status, it is possible for a taxpayer to recoup, tax free, immediately a large part of the capital costs of development.

#### II. BACKGROUND AND DEVELOPMENT OF SPECIAL DEPLETION ALLOWANCES

The original income-tax legislation provided a "reasonable allowance," not to exceed 5 percent of gross income, for wasting mineral assets. This was later changed to a more specific allowance of depletion based on cost, or 1913 value.

Allowances in excess of cost depletion were first granted in the term of discovery depletion in 1918 as a measure to stimulate mineral exploration for war purposes and to lessen tax burdens on small-scale prospectors who made discoveries after years of fruitless search. Discovery depletion deductions allowed the discoverer of any new mineral deposit to retrieve not only his costs but also the materially larger appreciated value of the property at the time its profitability was established. Since no limit was placed on the discovery depletion deduction, in many cases the deduction was in excess of the income from the discovered property and served to offset income from other sources. To prevent such excessive discovery depletion allowances, the annual deduction was limited in 1921 to 100 percent of the net income from the mineral property. In 1924, the limit was reduced to 50 percent of the net income from the property, in order to provide for the taxation of at least one-half of the income from these properties.

---

[1] In addition to determining the minimum annual allowance, the adjusted-basis depletion is important in computing the net operating loss deduction. Under the present 2-year carryback and 2-year carryforward of net operating losses, the loss to be carried over is reduced by the excess of percentage over cost depletion (and similar tax-exempt items) in the year in which the loss occurs. Similarly, the amount of the loss which is deductible is reduced by the amount of such exempt income in the year to which the loss is carried.

[2] Under existing law dividends to stockholders are taxable to the extent they are paid out of earnings and profits. For this purpose, earnings and profits are computed on the basis of cost depletion.

[3] For years prior to 1932 the excess of percentage over cost depletion was not applied to reduce the tax basis.

Percentage depletion was substituted for discovery depletion in the case of oil and gas properties in 1926 and extended to metals, sulfur, and coal in 1932. The original percentage-depletion rates, still embodied in present law, were in general fixed at levels which would permit the respective industries approximately the same total annual depletion they had previously enjoyed under discovery depletion.

Despite the recommendation of the Treasury in 1942 that percentage depletion be eliminated, it was extended in 1942 and 1943 as a temporary measure to certain nonmetallic minerals at the 15-percent rate applicable to metals. In 1947 the temporary wartime extensions were made permanent, and in addition some items not previously covered were granted the special allowance. Since 1947 a wide range of nonmetallic producers who have not been granted percentage depletion have sought similar preferential tax treatment.[4]

### III. SURVEY OF DEPLETION AND RELATED ALLOWANCES

Information on percentage depletion and other special allowances for mineral producers has been recently developed through a special survey of 350 corporation income-tax returns. These returns accounted for about three-fourths of all corporation income-tax allowances for depletion for the year 1946 (table 1). Although the survey group does not necessarily represent a cross section of the mineral industries, the high proportion of tax allowances for depletion provides reliable information on the mineral-depletion provisions. The statistical data obtained in the course of this survey are presented in tables 1 to 10.

While the survey covers corporations only, it is estimated that corporations account for more than 80 percent and individuals for less than 20 percent of all depletion deductions.

#### (*a*) *Excess depletion and resulting revenue loss*

The allowable depletion deducted by the corporations included in this survey amounted to $555 million in 1946 and $839 million in 1947. Of these amounts only 10 to 15 percent represented adjusted-basis depletion which would have been required to recover original investment cost.[5] The remaining 85 to 90 percent constituted the excess allowance attributable to the special depletion provisions for mineral industries (table 2).

The indicated revenue loss for all corporations in the survey due to excess depletion was about $180 million in 1946 and $290 million in 1947 (table 3). On the basis of these findings it is estimated that the total revenue loss for all corporations due to excess depletion was nearly $250 million in 1946 and $400 million in 1947.

#### (*b*) *Distribution of excess depletion by industry groups*

The excess of percentage depletion over cost or basis depletion was correspondingly high for most industry groups. Relatively low excess depletion for a few industries, such as coal and the stone, clay, and glass group, reflects either a low-percentage depletion rate (5 percent for coal) or ineligibility or important components of the industry for percentage depletion.

A high proportion of the excess depletion shown in table 2 was received by corporations whose major activity was other than mining and quarrying. In 1946, for example, $345 million or more than 70 percent of the total excess was deducted by manufacturing enterprises (notably in the petroleum field) representing large integrated firms whose predominant industrial activity was not mineral extraction.

#### (*c*) *Distribution of special depletion and related allowances by mineral products*

Survey data for 1946 and 1947 showing the distribution of depletion allowances (including deductions for development costs) classified by the principal mineral products are presented in tables 4 and 5. As shown in these tables, the bulk of the benefit of percentage depletion in excess of basis depletion was derived by the oil and gas group. They received almost 85 percent of the excess depletion compared with 55 percent of the gross income for corporations included in the survey.

Total deductions for development costs by the selected corporations were $394 million in 1946 and $486 million in 1947. Comparison of the development-cost deductions with the excess of percentage over basis depletion for these 2 years indicates that for every $3 allowed as percentage depletion another $2 was deducted as development costs. In addition, substantial deductions were taken for exploration costs and losses on abandonment, amounting to $204 million in 1946 and $255 million in 1947.

Nearly all of the development-cost deductions were taken by oil and gas producers, and these producers also claimed most of the allowances for exploration and losses on abandonment.

Substantial variations are also shown by tables 4 and 5 in the relative tax benefits derived from special depletion allowances among different types of mineral producers, due in large part to disparities in the rates of percentage depletion. In 1947, for example, allowable depletion was about equivalent to basis depletion for nonmetallics not entitled to percentage depletion, about 3 times basis depletion for coal, 5 times basis depletion for metals, and 16 times basis depletion for oil. Sulfur producers were entitled to virtually no basis depletion, yet more than one-third of their aggregate net income was excluded from taxation through excess percentage depletion.

The relative importance of special depletion allowances for different type of mineral producers is presented in table 6. As shown in this table, all the corporations included in the survey had depletion deductions equal to about 40 percent of their net income before depletion in the years 1946-47. By contrast, the amount of basis depletion required to recover remaining cost ratably over the useful economic life was only 6 percent of net income in 1946 and 3.6 percent in 1947. Significant variations are shown among mineral products. Thus, depletion allowances in 1946 amounted to 49 percent of net income in the case of oil and gas compared with 1½ percent for nonmetallic products not entitled to percentage depletion, and 18 percent for all nonmetals.

#### (*d*) *Depletion allowances in relation to size of firm*

The distributions of various mineral-depletion allowances in dollar amounts and in relation to income, by size of firm, for 1946 and 1947, are shown in tables 7 and 8.

As shown in table 7, about three-fourths of the total depletion allowances and of the excess of percentage over basis depletion was received by very large corporations, with assets of at least $100 million. By contrast these firms received slightly less than two-thirds of the total gross income from mining.

The percentage of income excluded from taxation through depletion allowances tends to be greater for larger corporations (table 8). In 1947, for example, firms with assets of $100 million and over had depletion allowances of 20 percent of their gross and 38 percent of their net income, as against 9 percent of gross income and 34.5 percent of net income for corporations with assets between $100,000 and $1 million. The benefits of special depletion allowances, reflected in the ratio of allowable depletion to basis depletion, also tend to increase with the size of the firm. In 1947, for example, the allowable depletion of corporations with assets of $100 million and over was 13 times their basis depletion as compared with about 8 times for corporations with assets between $1 million and $10 million.

### IV. ILLUSTRATIVE CASES SHOWING TAX EFFECTS OF SPECIAL ALLOWANCES

In connection with the survey of special depletion and related allowances, the effect of these provisions on the tax liabilities of particular taxpayers was studied.

Substantial reductions in income taxes were obtained by a number of individual oil and gas operators for the 5 years 1943 to 1947. In 10 illustrative cases, summarized in table 9, the effective rate of tax on net economic income (based on cost or basis depletion) varied from 63.5 percent to as low as six-tenths of 1 percent. This represents a striking difference between the effective rates of tax actually paid and the general statutory rates on such income, which ranged as high as 90 percent in these years.

During the 5-year period these 10 individual taxpayers received a total economic net income of $52.6 million from oil and gas properties. This net income was computed after all deductions for operating expenses, depreciation, basis depletion, exploration costs, and losses on unsuccessful ventures. These taxpayers also received a total of $9.3 million of net income from other sources. Of their aggregate net income from all sources, totaling $61.9 million, 77 percent was eliminated for tax purposes through the special deductions.

Similar information for 20 corporations taken from income tax returns for 1947 is shown in table 10.

(NOTE.—In the following tables figures are rounded and will not necessarily add to totals. Percentages were computed on the basis of unrounded figures.)

---

[4] Within the past 3 years bills have been introduced in Congress to extend percentage depletion to amblygonite, oil shale, tripoli, marble, pumice, scoria, limestone, crushed stone, perlite, diatomaceous earth, granite, borax, calcium and magnesium carbonates, shell, sand, gravel, stone, and all other nonmetallic clays and minerals.

[5] In most cases the adjusted-basis depletion was approximately equal to cost depletion.

**TABLE 1.**—*Percentage of allowable mineral depletion included in survey of selected corporations, 1946*

[Money figures in millions]

| Industry group [1] | Allowable depletion for all corporations [2] | Allowable depletion for selected corporations [2] | |
|---|---|---|---|
| | | Amount | Percent of industry total |
| Mining and quarrying: | | | |
| Metal mining | $46.1 | $35.1 | 76.0 |
| Coal | 51.0 | 17.6 | 34.4 |
| Crude oil and natural gas | 124.1 | 72.7 | 58.6 |
| Nonmetallic mining | 15.8 | 12.8 | 80.8 |
| Mining not allocable | .3 | .1 | 32.0 |
| Total mining and quarrying | 237.3 | 138.1 | 58.2 |
| Manufacturing: | | | |
| Chemicals and allied products | $14.4 | $9.7 | 67.1 |
| Petroleum and coal products | 388.0 | 350.6 | 90.3 |
| Iron, steel, and products | 21.0 | 17.3 | 82.3 |
| Nonferrous metals and products | 23.5 | 14.5 | 61.8 |
| Stone, clay, and glass products | 2.1 | .1 | 7.1 |
| Other manufacturing | 3.3 | 0 | 0 |
| Total manufacturing | 452.4 | 392.2 | 86.7 |
| Other groups | 55.5 | 24.5 | 44.2 |
| Total all groups | 745.1 | 554.9 | 74.5 |

[1] The industry classification is the business activity reported on the tax return. When multiple businesses are reported, the classification is the business activity which accounts for the largest percentage of total receipts.

[2] Allowable depletion is the deduction permitted for income tax purposes, and is the larger of either adjusted-basis depletion or percentage depletion.

Source: Statistics of Income for 1946, pt. 2, preliminary, for all corporations; Bureau of Internal Revenue, Statistical Division, special tabulation, for the selected corporations.

**TABLE 2.**—*Mineral depletion allowances for selected corporations, by industry groups, 1946 and 1947*

[Money figures in millions]

| Industry groups [1] | 1946 | | | | 1947 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number | Allowable depletion [2] | Excess over basis depletion [3] | | Number | Allowable depletion [2] | Excess over basis depletion [3] | |
| | | | Amount | Percent of allowable depletion | | | Amount | Percent of allowable depletion |
| Mining and quarrying: | | | | | | | | |
| Metal mining | 68 | $35.1 | $28.7 | 82.0 | 66 | $64.0 | $54.9 | 85.9 |
| Coal | 53 | 17.6 | 10.5 | 59.9 | 52 | 21.6 | 14.9 | 69.2 |
| Crude oil and natural gas | 66 | 72.7 | 62.0 | 85.4 | 60 | 110.5 | 100.2 | 90.9 |
| Nonmetallic mining | 18 | 12.8 | 12.5 | 98.1 | 17 | 16.0 | 15.8 | 98.8 |
| Mining not allocable | 1 | .1 | (4) | 5.0 | 1 | .1 | (4) | 23.3 |
| Total mining and quarrying | 206 | 138.1 | 113.8 | 82.4 | 196 | 212.2 | 185.8 | 87.6 |
| Manufacturing: | | | | | | | | |
| Chemicals and allied products | 14 | 9.7 | 7.3 | 75.5 | 14 | 11.7 | 9.4 | 80.3 |
| Petroleum and coal products | 45 | 350.6 | 321.9 | 91.8 | 44 | 538.7 | 509.0 | 94.4 |
| Iron, steel and products | 14 | 17.3 | 11.0 | 63.4 | 16 | 25.9 | 17.2 | 66.3 |
| Nonferrous metals and products | 8 | 14.5 | 5.1 | 34.8 | 8 | 17.5 | 10.4 | 59.4 |
| Stone, clay, and glass products | 5 | .2 | (4) | 32.5 | 5 | .2 | .1 | 56.3 |
| Total manufacturing | 86 | 392.2 | 345.3 | 88.0 | 87 | 594.0 | 546.1 | 91.9 |
| Other groups | 60 | 24.5 | 20.8 | 84.9 | 61 | 32.6 | 28.0 | 86.0 |
| Total all groups | 352 | 554.9 | 479.9 | 86.5 | 344 | 838.7 | 759.9 | 90.6 |

[1] The industry classification is the business activity reported on the tax return. When multiple businesses are reported, the classification is the business activity which accounts for the largest percentage of total receipts.

[2] Allowable depletion is the deduction permitted for income tax purposes, and is the larger of either adjusted-basis depletion or percentage depletion.

[3] Basis depletion is the deduction necessary to recover the unamortized portion of the taxpayer's depletable property over its estimated remaining useful life. The unamortized portion, or adjusted basis, is reduced each year by the amount of allowable depletion.

[4] Less than $50,000.

Source: Bureau of Internal Revenue, Statistical Division, special tabulation.

**TABLE 3.**—*Computed revenue loss resulting from excess mineral depletion deductions, selected corporations, by industry groups, 1946 and 1947* [1]

[In millions]

| Industry group [2] | 1946 (352 returns) | 1947 (344 returns) |
|---|---|---|
| Mining and quarrying: | | |
| Metal mining | $10.9 | $20.9 |
| Coal | 4.0 | 5.7 |
| Crude oil and natural gas | 23.6 | 38.1 |
| Nonmetallic mining | 4.8 | 6.0 |
| Mining not allocable | (3) | (3) |
| Total mining and quarrying | 43.3 | 70.6 |
| Manufacturing: | | |
| Chemicals and allied products | 2.8 | 3.6 |
| Manufacturing—Continued | | |
| Petroleum and coal products | $122.3 | $193.4 |
| Iron, steel, and products | 4.2 | 6.5 |
| Nonferrous metals and products | 1.9 | 3.9 |
| Stone, clay, and glass products | (3) | (3) |
| Total manufacturing | 131.2 | 207.5 |
| Other groups | 7.9 | 10.6 |
| Total all groups | 182.4 | 288.8 |

[1] Computed at the standard corporation rate of 38 percent.

[2] The industry classification is the business activity reported on the tax return. When multiple businesses are reported, the classification is the business activity which accounts for the largest percentage of total receipts.

[3] Less than $50,000.

TABLE 4.—*Mineral depletion and related allowances for selected corporations, by principal mineral products, 1946*

[Money figures in millions]

| Principal mineral products | Number of corporations | Income subject to depletion | | Depletion | | Other capital recovery deductions | |
|---|---|---|---|---|---|---|---|
| | | Gross [1] | Net [2] | Allowable [3] | Basis [4] | Development costs [5] | Exploration costs and losses on abandonment [6] |
| Metals: | | | | | | | |
| Iron | 20 | $335.0 | $56.2 | $18.9 | $5.6 | $6.1 | $0.1 |
| Copper | 12 | 240.4 | 91.2 | 23.3 | 12.0 | .6 | 1.0 |
| Lead and zinc | 22 | 68.9 | 21.0 | 10.5 | 2.5 | 5.0 | .3 |
| Gold and silver | 14 | 47.1 | 16.0 | 6.1 | .3 | .9 | .1 |
| Other metals | 8 | 37.8 | 7.2 | 3.3 | (7) | .1 | (7) |
| Metals not allocable | 9 | 32.1 | 8.5 | 3.0 | .3 | (7) | .2 |
| Total, metals | 85 | 761.3 | 200.2 | 65.0 | 20.8 | 12.7 | 1.8 |
| Coal: | | | | | | | |
| Anthracite | 17 | 209.6 | 27.7 | 8.1 | 5.0 | (7) | ---------- |
| Bituminous, lignite, etc | 52 | 432.8 | 44.5 | 16.2 | 5.0 | (7) | (7) |
| Total, coal | 69 | 642.4 | 72.2 | 24.3 | 10.0 | (7) | (7) |
| Oil and gas | 163 | 1,837.6 | 904.2 | 447.1 | 41.9 | 381.2 | 161.3 |
| Sulfur | 8 | 66.2 | 34.5 | 12.3 | (7) | ---------- | 20.7 |
| Nonmetals: | | | | | | | |
| Entitled to percentage depletion [8] | 19 | 90.4 | 20.0 | 5.9 | 2.0 | ---------- | .1 |
| Not entitled to percentage depletion | 8 | 56.1 | 13.4 | .2 | .2 | 0.3 | 20.0 |
| Total nonmetals | 27 | 146.6 | 33.3 | 6.2 | 2.2 | .3 | 20.2 |
| Grand total | 352 | 3,454.1 | 1,244.4 | 554.9 | 74.9 | 394.2 | 204.0 |

[1] Gross income subject to depletion represents the amount for which the taxpayer sells, or could sell, in the immediate vicinity of the mine or well, the crude mineral output thereof.

[2] Net income subject to depletion represents the gross income subject to depletion less the allowable tax deductions attributable to the particular mineral property.

[3] Allowable depletion is the deduction permitted for income-tax purposes, and is the larger of either adjusted-basis depletion or percentage depletion.

[4] Basis depletion is the deduction necessary to recover the unamortized portion of the taxpayers' depletable property over its estimated remaining useful life. The unamortized portion, or adjusted basis, is reduced each year by the amount of allowable depletion.

[5] Development costs are expenditures for the preparation of mineral properties for production, which are deducted as expenses in the year incurred. Consequently, these expenditures are not included in the tax basis of the property and future cost or adjusted-basis depletion is correspondingly reduced. The treatment of development costs as a current expense, however, does not diminish percentage depletion in subsequent years, since the latter is determined on the basis of income in those years.

[6] Tax deductions for exploration costs represent expenditures which are made in the search for mineral deposits but which cannot be attributed to the capital costs of particular depletable properties. Abandonment losses represent tax deductions for recovery of capital invested in particular mineral properties which are abandoned before recovery of adjusted basis. Both exploration costs and abandonment losses represent tax deductions for capital recovery in addition to depletion deductions.

[7] Less than $50,000.

[8] The following nonmetallics are entitled to percentage depletion: Fluorspar, ball and sagger clay, rock asphalt, potash, flake graphite, vermiculite, beryl, feldspar, mica, talc, lepidolite, spodumene, barite, bauxite, china clay, phosphate rock, bentonite, trona, gilsonite, and thenardite.

Source: Bureau of Internal Revenue, Statistical Division, special tabulation.

TABLE 5.—*Mineral depletion and related allowances for selected corporations, by principal mineral products, 1947*

[Money figures in millions]

| Principal mineral products | Number of corporations | Income subject to depletion | | Depletion | | Other capital recovery deductions | |
|---|---|---|---|---|---|---|---|
| | | Gross [1] | Net [2] | Allowable [3] | Basis [4] | Development costs [5] | Exploration costs and losses on abandonment [6] |
| Metals: | | | | | | | |
| Iron | 21 | $310.8 | $90.3 | $26.7 | $7.5 | $7.2 | $0.3 |
| Copper | 11 | 432.1 | 224.3 | 45.3 | 12.1 | .9 | .9 |
| Lead and zinc | 23 | 90.4 | 35.3 | 14.6 | 3.1 | 4.8 | .1 |
| Gold and silver | 12 | 66.8 | 24.3 | 9.1 | .2 | 1.1 | 1.6 |
| Other metals | 7 | 45.5 | 7.5 | 3.0 | (7) | .1 | (7) |
| Metals not allocable | 12 | 54.6 | 17.6 | 5.5 | .4 | .1 | .3 |
| Total metals | 86 | 1,000.2 | 399.2 | 104.2 | 23.3 | 14.3 | 3.2 |
| Coal: | | | | | | | |
| Anthracite | 16 | 211.6 | 18.3 | 7.5 | 4.7 | (7) | -------- |
| Bituminous, lignite, etc | 55 | 612.5 | 87.2 | 25.4 | 6.2 | .1 | .3 |
| Total coal | 71 | 824.1 | 105.4 | 33.0 | 10.9 | .1 | .3 |
| Oil and gas | 153 | $2,691.5 | $1,544.9 | $677.7 | $42.6 | $471.1 | $199.9 |
| Sulfur | 8 | 80.3 | 43.8 | 14.9 | (7) | -------- | 25.8 |
| Nonmetals: | | | | | | | |
| Entitled to percentage depletion [8] | 17 | 68.7 | 20.2 | 8.7 | 1.8 | (7) | .2 |
| Not entitled to percentage depletion | 9 | 102.2 | 53.4 | .3 | .3 | .4 | 25.1 |
| Total nonmetals | 26 | 170.9 | 73.6 | 9.0 | 2.1 | .4 | 25.4 |
| Grand total | 344 | 4,775.9 | 2,166.9 | 838.7 | 78.8 | 486.0 | 254.5 |

[1] Gross income subject to depletion represents the amount for which the taxpayer sells, or could sell, in the immediate vicinity of the mine or well, the crude mineral output thereof.

[2] Net income subject to depletion represents the gross income subject to depletion less the allowable tax deductions attributable to the particular mineral property.

[3] Allowable depletion is the deduction permitted for income tax purposes, and is the larger of either adjusted-basis depletion or percentage depletion.

[4] Basis depletion is the deduction necessary to recover the unamortized portion of the taxpayers' depletable property over its estimated remaining useful life. The unamortized portion, or adjusted basis, is reduced each year by the amount of allowable depletion.

[5] Development costs are expenditures for the preparation of mineral properties for production, which are deducted as expenses in the year incurred. Consequently, these expenditures are not included in the tax basis of the property and future cost or adjusted-basis depletion is correspondingly reduced. The treatment of development costs as a current expense, however, does not diminish percentage depletion in subsequent years, since the latter is determined on the basis of income in those years.

[6] Tax deductions for exploration costs represent expenditures which are made in the search for mineral deposits but which cannot be attributed to the capital costs of particular depletable properties. Abandonment losses represent tax deductions for recovery of capital invested in particular mineral properties which are abandoned before recovery of adjusted basis. Both exploration costs and abandonment losses represent tax deductions for capital recovery in addition to depletion deductions.

[7] Less than $50,000.

[8] The following nonmetallics are entitled to percentage depletion: Fluorspar, ball and sagger clay, rock asphalt, potash, flake graphite, vermiculite, beryl, feldspar, mica, talc, lepidolite, spodumene, barite, bauxite, china clay, phosphate rock, bentonite, trona, gilsonite, and thenardite.

Source: Bureau of Internal Revenue, Statistical Division, special tabulation.

TABLE 6.—*Allowable and basis depletion related to income, selected corporations, by principal mineral products, 1946 and 1947*

[Percent]

| Principal mineral products | 1946 | | | | 1947 | | | |
|---|---|---|---|---|---|---|---|---|
| | Percent of gross income | | Percent of net income | | Percent of gross income | | Percent of net income | |
| | Allowable depletion [1] | Basis depletion [2] | Allowable depletion [1] | Basis depletion [2] | Allowable depletion [1] | Basis depletion [2] | Allowable depletion [1] | Basis depletion [2] |
| Metals: | | | | | | | | |
| Iron | 5.6 | 1.7 | 32.6 | 9.9 | 8.5 | 2.4 | 29.5 | 8.3 |
| Copper | 9.6 | 4.9 | 25.5 | 13.1 | 10.4 | 2.7 | 20.1 | 5.3 |
| Lead and zinc | 15.2 | 3.5 | 50.0 | 11.7 | 14.6 | 3.0 | 41.3 | 8.6 |
| Gold and silver | 12.8 | .5 | 37.8 | 1.5 | 13.6 | .3 | 37.4 | .9 |
| Other metals | 8.6 | (3) | 44.3 | .3 | 6.6 | (3) | 40.3 | .1 |
| Metals not allocable | 9.4 | .9 | 35.6 | 3.7 | 10.0 | .7 | 31.0 | 2.2 |
| Total metals | 8.5 | 2.7 | 32.2 | 10.3 | 10.3 | 2.3 | 26.0 | 5.8 |
| Coal: | | | | | | | | |
| Anthracite | 3.8 | 2.3 | 28.0 | 17.9 | 3.5 | 2.2 | 40.8 | 25.6 |
| Bituminous, lignite, peat | 3.7 | 1.1 | 35.5 | 11.0 | 4.1 | 1.0 | 28.7 | 6.9 |
| Total coal | 3.7 | 1.5 | 83.1 | 13.6 | 3.9 | 1.3 | 30.8 | 10.1 |
| Oil and gas | 24.3 | 2.2 | 49.3 | 4.6 | 25.1 | 1.5 | 43.8 | 2.7 |
| Sulfur | 18.6 | (3) | 35.7 | (3) | 18.5 | (3) | 33.9 | (3) |
| Nonmetals: | | | | | | | | |
| Entitled to percentage depletion [4] | 6.5 | 2.2 | 29.7 | 10.1 | 12.6 | 2.6 | 43.0 | 8.9 |
| Not entitled to percentage depletion | .3 | .2 | 1.5 | 1.2 | .3 | .2 | .6 | .4 |
| Total nonmetals | 4.2 | 1.4 | 18.4 | 6.5 | 5.2 | 1.2 | 12.2 | 2.8 |
| Grand total | 16.0 | 2.1 | 44.4 | 6.0 | 17.5 | 1.0 | 38.6 | 3.6 |

[1] Allowable depletion is the deduction permitted for income tax purposes, and is the larger of either adjusted-basis depletion of percentage depletion.

[2] Basis depletion is the deduction necessary to recover the unamortized portion of the taxpayer's depletable property over its estimated remaining useful life. The unamortized portion, or adjusted basis, is reduced each year by the amount of allowable depletion.

[3] Less than 0.1 of 1 percent.

[4] The following nonmetallics are entitled to percentage depletion: fluorspcr, ball and sagger clay, rock, asphalt, potash, flake graphite, vermiculite, beryl, feldspar, mica, talc, lepidolite, spodumene, barite, bauxite, china, clay, phosphate rock, bentonite, trona, gilsonite and thenardite.

Source: Bureau of Internal Revenue, Statistical Division, special tabulation.

TABLE 7.—*Mineral depletion and related allowances for selected corporations, by size of total assets, 1946 and 1947*

[Money figures in millions]

| Total asset classes [1] (in thousands) | Number of corporations [1] | Income subject to depletion | | Depletion | | Other capital recovery deductions | |
|---|---|---|---|---|---|---|---|
| | | Gross [2] | Net [3] | Allowable [4] | Basis [5] | Development costs [6] | Exploration costs and losses on abandonment [7] |
| 1946 | | | | | | | |
| $100 under $1,000 | $20 | $22.7 | $5.3 | $2.0 | $0.1 | $0.1 | $0.1 |
| $1,000 under $5,000 | 105 | 207.3 | 47.3 | 18.9 | 3.8 | 9.2 | 2.0 |
| $5,000 under $10,000 | 46 | 135.4 | 47.7 | 18.9 | 3.4 | 5.3 | 2.3 |
| $10,000 under $50,000 | 96 | 670.0 | 190.7 | 81.8 | 13.4 | 49.4 | 19.3 |
| $50,000 under $100,000 | 17 | 283.1 | 88.6 | 35.9 | 8.7 | 15.7 | 8.9 |
| $100,000 and over | 64 | 2,129.3 | 861.3 | 395.7 | 45.4 | 313.2 | 171.2 |
| Total | 348 | 3,447.8 | 1,241.0 | 553.2 | 74.8 | 392.9 | 203.7 |
| 1947 | | | | | | | |
| $100 under $1,000 | $20 | $25.8 | $6.7 | $2.3 | $0.1 | $0.1 | (8) |
| $1,000 under $5,000 | 101 | 268.3 | 72.5 | 26.8 | 3.4 | 11.0 | $1.8 |
| $5,000 under $10,000 | 42 | 160.1 | 60.0 | 23.5 | 3.1 | 7.4 | 3.6 |
| $10,000 under $50,000 | 97 | 870.2 | 301.7 | 118.4 | 14.4 | 59.0 | 25.8 |
| $50,000 under $100,000 | 14 | 353.3 | 117.2 | 51.4 | 10.7 | 16.5 | 13.2 |
| $100,000 and over | 68 | 3,108.7 | 1,604.8 | 614.3 | 47.1 | 390.8 | 200.6 |
| Total | 342 | 4,768.6 | 2,162.9 | 836.8 | 78.8 | 484.8 | 254.1 |

[1] Total asset classes are based on the net amount of total assets after reserves for depreciation, depletion, amortization and bad debts, as of the close of the taxable year 1946. Only corporations with balance sheets are included. Consequently, the number of corporations differs slightly from that in the tabulations by industry groups and by principal mineral products.

[2] Gross income subject to depletion represents the amount for which the taxpayer sells, or could sell, in the immediate vicinity of the mine or well, the crude mineral output thereof.

[3] Net income subject to depletion represents the gross income subject to depletion less the allowable tax deductions attributable to the particular mineral property.

[4] Allowable depletion is the deduction permitted for income tax purposes, and is the larger of either adjusted-basis depletion or percentage depletion.

[5] Basis depletion is the deduction necessary to recover the unamortized portion of the taxpayers depletable property over its estimated remaining useful life. The unamortized portion, or adjusted basis, is reduced each year by the amount of allowable depletion.

[6] Development costs are expenditures for the preparation of mineral properties for production, which are deducted as expenses in the year incurred. Consequently, these expenditures are not included in the tax basis of the property, and future cost or adjusted-basis depletion is correspondingly reduced. The treatment of development costs as a current expense, however, does not diminish percentage depletion in subsequent years, since the latter is determined on the basis of income in those years.

[7] Tax deductions for exploration costs represent expenditures which are made in the search for mineral deposits but which cannot be attributed to the capital costs of particular depletable properties. Abandonment losses represent tax deductions for recovery of capital invested in particular mineral properties which are abandoned before recovery of adjusted basis. Both exploration costs and abandonment losses represent tax deductions for capital recovery in addition to depletion deductions.

[8] Less than $50,000.

Source: Bureau of Internal Revenue, Statistical Division, special tabulation.

TABLE 8.—*Allowable and basis depletion related to income, selected corporations, by size of total assets, 1946 and 1947*

| Total asset classes [1] (in thousands) | Percent of gross income | | Percent of net income | |
|---|---|---|---|---|
| | Allowable depletion [2] | Basis depletion [3] | Allowable depletion [1] | Basis depletion [3] |
| 1946 | | | | |
| $100 under $1,000 | 8.9 | 0.4 | 38.2 | 1.7 |
| $1,000 under $5,000 | 9.1 | 1.8 | 39.4 | 8.4 |
| $5,000 under $10,000 | 13.9 | 2.5 | 39.7 | 7.1 |
| $10,000 under $50,000 | 12.2 | 2.0 | 42.5 | 6.9 |
| $50,000 under $100,000 | 12.6 | 3.0 | 40.4 | 9.7 |
| $100,000 and over | 18.5 | 2.1 | 45.8 | 5.2 |
| Total | 16.0 | 2.1 | 44.4 | 6.0 |
| 1947 | | | | |
| $100 under $1,000 | 9.0 | 0.3 | 34.5 | 1.0 |
| $1,000 under $5,000 | 9.9 | 1.2 | 36.8 | 4.6 |
| $5,000 under $10,000 | 14.6 | 1.9 | 39.1 | 5.1 |
| $10,000 under $50,000 | 13.6 | 1.6 | 39.2 | 4.7 |
| $50,000 under $100,000 | 15.3 | 3.1 | 43.8 | 9.1 |
| $100,000 and over | 19.7 | 1.5 | 38.2 | 2.9 |
| Total | 17.5 | 1.6 | 38.6 | 3.6 |

[1] Total asset classes are based on the net amount of total assets after reserves for depreciation, depletion, amortization and bad debts, as of the close of the taxable year 1946. Only corporations will balance sheets are included. Consequently, the number of corporations differs slightly from that in the tabulations by industry groups and by principal mineral products.

[2] Allowable depletion is the deduction permitted for income tax purposes, and is the larger of either adjusted-basis depletion of percentage depletion.

[3] Basis depletion is the deduction necessary to recover the unamortized portion of the taxpayers depletable property over its estimated remaining useful life. The unamortized portion, or adjusted basis, is reduced each year by the amount of allowable depletion.

Source: Bureau of Interna Revenue, Statistical Division, special tabulation.

TABLE 9.—*Income, deductions, and tax liabilities of 10 selected individual oil and gas operators, for the 5-year period, 1943–47*

[Money figures in millions]

| Individual operator | New income | | | Special deduction | | Taxable net income | Income tax liability | |
|---|---|---|---|---|---|---|---|---|
| | From oil and gas [1] | From other sources | Total | Percentage depletion [2] | Development costs [3] | | Amount | Percent of total net income |
| A | $10.5 | $3.8 | $14.3 | 2.2 | $13.0 | [4] −$0.9 | $0.08 | 0.6 |
| B | 5.0 | .8 | 5.8 | 3.1 | 2.1 | .6 | .5 | 8.6 |
| C | 3.9 | .5 | 4.4 | 3.2 | 4.4 | [4] −3.2 | .15 | 3.4 |
| D [5] | 9.3 | .3 | 9.6 | 2.6 | 0 | 6.9 | 6.1 | 63.5 |
| E | 2.7 | .8 | 3.5 | 1.0 | .3 | 2.2 | 1.4 | 40.0 |
| F | 1.7 | 1.4 | 3.1 | .8 | 1.5 | .8 | .6 | 19.4 |
| G | $7.7 | −$1.3 | $6.4 | 3.5 | $2.1 | $0.8 | $0.5 | 7.8 |
| H | 2.1 | 3.6 | 5.7 | 1.0 | .6 | 4.1 | 2.2 | 38.6 |
| I | 1.7 | .1 | 1.8 | .5 | 1.0 | .3 | .2 | 11.1 |
| J | 8.0 | −.7 | 7.3 | 2.9 | 1.7 | 2.7 | 2.2 | 30.1 |
| Total | 52.6 | 9.3 | 61.9 | 20.9 | 26.7 | 14.3 | 13.93 | 22.5 |

[1] Income after deductions for operating expenses, depreciation, adjusted-basis depletion, exploration costs and losses on abandonment.

[2] Excess of percentage depletion over adjusted-basis depletion.

[3] Development costs are expenditures for the preparation of mineral properties for production, which are deducted as expenses in the year incurred. Consequently, these expenditures are not included in the tax basis of the property and future cost of adjusted-basis depletion is correspondingly reduced. The treatment of development costs as a current expense, however, does not diminish percentage depletion in subsequent years, since the latter is determined on the basis of income in those years.

[4] While special deductions more than offset the total net income for the 5 years, some income tax was paid because there were deficits only in some years. A deficit caused by excess percentage depletion cannot be carried over against net taxable income of other years.

[5] Includes only 4 years, 1943–46.

Source: Bureau of Internal Revenue, special tabulation.

**Mr. DOUGLAS.** Mr. President, one might ask, "Do you not have more recent reports from the Secretary of the Treasury than that?"

The point is that no Secretary of the Treasury since then has had the courage to face the issue. I hope the Secretary will take it up next year.

Mr. President, in 1955, the Joint Economic Committee asked a number of tax experts to participate in its study of Federal tax policy for economic growth and stability. One of the finest papers which was presented to the committee was that by William F. Hellmuth, Jr., of Oberlin College, who wrote on the subject of the "Erosion of the Federal Corporation Income Tax Base." This paper appears on pages 888 to 917. I ask unanimous consent that a section of that paper, which appears on pages 897 to 903 and which deals with the percentage depletion question, be printed at this point in the RECORD.

There being no objection, the section of the paper was ordered to be printed in the RECORD, as follows:

### DEPLETION

Present depletion deductions are probably the most glaring and most widely condemned source of erosion in the corporate income tax base. These deductions may also be the ones which have been most liberalized and extended over the past 15 years.

Corporations have been permitted a tax deduction for the exhaustion of oil and mineral resources since 1913. In economics and in our tax law, the principle is well established that the gradual exhaustion in use of a well or mineral deposit represents a cost of production for which deductions should be allowed in computing net income. Controversy exists as to timing and total amount of depletion deductions allowable.

On the basis of tax neutrality between different industries and economic activities, deductions from income over the life of a property would be limited to original cost, with annual tax-free recovery reflecting the portion of the total deposit which is extracted during the year. Using the business-income yardstick, there would be depletion deductions based on actual cost or in some cases no deductions at all for depletion.[1] Full recovery of actual cost under cost depletion would correspond to tax treatment of depreciation or amortization for other capital assets.

Existing legislation allows taxpayers owning an economic interest in mineral deposits the choice of a depletion deduction based on cost or percentage depletion. Percentage depletion gives an annual deduction equal to the smaller of a statutory percentage of gross income from mineral property or 50 percent of net income from the property before any allowance for depletion. Total tax-free deductions under percentage depletion are not limited or even necessarily related to capital cost. Annual percentage depletion deductions are related to production, prices, net income, and statutory percentages. There is no ceiling on the total amount of these deductions and over the life of a property they may total many times a taxpayer's actual investment costs. Thus percentage depletion deductions diverge from allowable deductions which conform either to tax neutrality or to business-income concepts and are an important element of erosion.

The dollar estimate of the excess of percentage over cost depletion is based on Treasury studies of those corporations which accounted for 75 to 80 percent of all depletion allowances claimed by corporations during 1946–49.

| Year | Number of corporations | Allowable depletion | Adjusted basis depletion | Excess of allowable over basis | | |
|---|---|---|---|---|---|---|
| | | | | Amount | Percent of allowable | Percent of net income |
| 1946 | 352 | $555 | $75 | $480 | 86.5 | 38.4 |
| 1947 | 344 | 839 | 79 | 760 | 90.6 | 35.0 |
| 1948 | 260 | 1,291 | 77 | 1,214 | 94.0 | 36.3 |
| 1949 | 260 | 1,120 | 61 | 1,059 | 94.6 | 40.1 |
| Total | | 3,805 | 292 | 3,513 | | |
| Weighted average | | | | | 92.3 | |

NOTE.—See also an interpretation of the 1946–47 data by D. H. Eldridge, Tax Incentives for Mineral Enterprise, Journal of Political Economy, June 1950, pp. 222–240.

Sources: 1946 and 1957 data from Revenues Revision of 1950, hearings before the Committee on Ways and Means, House, 81st Cong., 2d sess., vol I, pp. 194, 197; 1948 and 1949 data from E. E. Oakes, Incentives for Mineral Industries, the President's Materials Policy Commission, Resources for Freedom, vol. 5, pp. 14–15. Admittedly adjusted-basis depletion is not identical to cost depletion but is based on cost less allowable depletion (larger of percentage or cost depletion) in prior years.

This table indicates that total allowable depletion deductions were at least 10 times depletion deductions based on cost. As legislation in 1951 and 1954 further liberalized percentages depletion and extended the opportunity to expense (currently or deferred) exploration and development costs so they never are charged to a depletion basis, allowable depletion may now be nearer 20 times cost depletion. These figures conceal a wide variation between individual products. Percentage depletion deduction as a multiple of cost depletion during 1946–49 varied from a high of over 200 for sulfur to 19 for oil and gas down to about 3½ for copper and coal. Note that oil and gas accounted for more than 80 percent of all depletion deductions:

*Allowable depletion compared with adjusted basis depletion for certain products, 1946–49 combined*

[In millions]

| | Allowable depletion | Adjusted-basis depletion | Allowable as multiple of adjusted basis | Product percent of total allowable |
|---|---|---|---|---|
| All products | $3,805 | $292 | 3.7 | 100.0 |
| Oil and gas | 3,143 | 167 | 18.9 | 82.8 |
| Sulfur | 60 | (1) | (1) | 1.6 |
| Coal | 136 | 38 | 3.5 | 3.6 |
| Copper | 182 | 49 | 3.7 | 4.8 |

(1) Allowable depletion for sulfur was less than $300,000 for all 4 years combined. Individual years' totals were too small to be reported in tables. Thus allowable depletion for sulfur was at least 200 times the amount of adjusted-basis depletion and possibly much more.

Source: Computed from Treasury depletion studies of several hundred large companies for 1946–49, op. cit.

The most recent Statistics of Income indicate corporate depletion deductions of $2,126 million for 1952. Corporate depletion in 1955 might amount to $2,500 million, assuming increased dollar volume and another $100 million for the liberalization of depletion by the 1954 code. Ninety percent of this total gives $2,250 million as the conservatively estimated amount of corporate income excluded from taxable income due to overgenerous percentage depletion.[2]

Erosion of the tax base due to depletion has been rapid in recent years and perhaps has now come to a position of equilibrium, at a position of great liberality, with percentage depletion now available to every metallic and nonmetallic mineral from anorthosite to zinc, including even oystershells and peat. Under section 613(b) of the 1954 code, only soil, sod, dirt, turf, water, and mosses, or minerals from sea water, the air, or similar inexhaustible sources are not eligible for percentage depletion.

---

[1] Smith and Butters, op. cit., pp. 80–84. Some businesses make no deduction for depletion due to the difficulty of estimating the future life of a deposit accurately.

[2] Since corporations account roughly for 80 percent of all depletion, an additional $500 to $600 million of depletion erosion would be estimated for the 1955 individual income-tax base. Revenue Revision of 1950, hearings before the Committee on Ways and Means, House, 81st Cong., 2d sess., vol. I, p. 180.

But this hope—that there will be no further erosion from depletion—is probably too optimistic. Industries entitled to a low rate of percentage depletion are continually pressing for higher rates; passthrough of depletion deduction opportunities to corporate stockholders in extractive industries has been requested. A Federal circuit court recently held that the value of finished brick could be used in the income measure for percentage depletion.[3] If this view prevails for brick, other industries will push for equal treatment, possibly even to the value of gasoline for a vertically integrated oil company.

The statutory history of depletion is a superb example of at least three types of tax changes which erode the corporate tax base.

The initial break from cost depletion came in 1918 when Congress allowed, to the discoverer only, tax-free deductions based on value of property at the time of the discovery or within 30 days thereafter. This was probably the first instance under the Federal income tax where increment of value after 1913 was not taxed. Usually, of course, discovery of oil or minerals increases the value of a property substantially over cost. This higher value was justified as an incentive to exploration and discovery to meet the World War I emergency. A comparable situation arose during World War II when percentage depletion, restricted until then to oil and gas (1926), and sulfur, metal mines, and coal (1932), was extended in 1942 to 3 nonmetals and in 1943 to 10 additional nonmetalic minerals. This expansion of percentage depletion was limited to the period of the war emergency to encourage production of minerals believed to be scarce for meeting the wartime demands. After both wars, these incentive features first introduced to meet temporary emergencies were not rescinded nor allowed to expire, but instead remained permanently in the tax structure. The first generalization is that temporary tax incentives are difficult or impossible to terminate.

A second observation from experience with depletion is that simplification of tax administration is often advanced at the expense of revenue or equity or both. To overcome administrative difficulties from the use of discovery value,[4] percentage depletion was allowed in 1926 for oil and gas wells. A figure of 27½ percent of gross income was chosen, apparently to give approximately equal dollar deductions under the new method as had been available under the discovery value method. But this percentage method became more valuable as tax rates rose far above the 1926 corporate rate of 13.5 percent and as price levels increased, causing a high revenue cost to the Treasury and arousing the envy of other industries still restricted to cost or discovery value depletion. And the percentage depletion method, as noted above, unlike the cost and discovery value methods, has no overall limit so that deductions continue as long as a property is producing income.

A third lesson is that it is difficult to limit tax favors to just those who discover a new oil or mineral deposit or even to a few selected entire industries, however justified this special incentive is on grounds of relative risks or probable scarcity relative to needs for economic growth and national security. The other extractive industries regarded the availability of percentage depletion at liberal rates to a few industries as unfair discrimination and a tax deduction to which they were equally entitled. Politically the have-nots broke the dikes against percentage depletion in 1947, 1951, and again in 1954. Coverage was extended, percentage rates were raised, processes covered were broadened, and even mine residues were made eligible for percentage depletion. Apparent discrimination against certain industries was ended by extending the liberal deductions to all.[5] Companies exploiting sand and gravel pits and oystershells now qualify for percentage depletion along with oil companies and uranium prospectors, though at different rates.

The incentive value of percentage depletion for certain scarce minerals has been blunted by extending the favors to all. One problem is that there are no yardsticks to indicate the incentives needed to get the socially desired amount of investment in different fields. Congress has no guide to determine which industries are entitled to percentage depletion and what depletion rates produce the needed amount and distribution of investment in the extractive industries.[6]

The economic defense of generous percentage depletion results from national policy to provide an incentive or subsidy for certain selected minerals for reasons of national security. But on grounds of tax neutrality, tax equity, and conformity to business income accounting practice, the excess of percentage over cost depletion reflects erosion in the income-tax base. In fact from the standpoint of accounting or economics, it is questionable whether these deductions are properly called depletion since they do not relate to any capital sum which is being exhausted. In some cases the income against which the statutory percentages apply includes not only extraction but also processes which are essentially manufacturing in character, such as finished brick or industrial talc.

The excess of percentage over cost-depletion deductions reduces corporate taxable net income by about $2¼ billion in 1955 and this figure, under existing legislation, will tend to increase with an expanding economy.

### EXPLORATION AND DEVELOPMENT COSTS

Exploration and development costs are closely allied with the problem of depletion for mineral and oil producers. Current tax legislation allows these producers the option of capitalizing or expensing development and, with qualifications, exploration costs.

Oil and gas producers have enjoyed this option since 1917, first by Treasury regulation, now codified by the 1954 Internal Revenue Code. Intangible drilling and development costs include all costs of labor, fuel, repairs, materials, and construction, except cost of assets which have a salvage value, the latter assets being depreciated. The development costs eligible for expensing account on the average for about 75 percent of the costs incurred in bringing in a well.[7]

The Revenue Act of 1951 extended this option even more fully to mining. A taxpayer with mining interests may now decide each year for each mine to expense or capitalize development costs. Mine exploration and development costs can be deducted currently or set up as deferred expense to run over the life of ore benefited. In either case a deduction in lieu of cost depletion is given, but percentage-depletion deductions continue undiminished. Before 1951 all development costs in excess of current net income from a property during the development stage had to be capitalized.

This option to expense what are essentially capital costs is another loss to the tax base. Tax neutrality and conformity to business accounting would require that these costs be capitalized and amortized over the life of the assets or, if the assets cannot be moved, over the life of the mineral deposit, if it will be exhausted before the assets are fully depreciated.

The erosion here is twofold. First, the option to expense development costs allows deductions to be taken sooner than if these costs were capitalized and deducted gradually over a period of years. This means that total deductions to any given date are larger than if these costs were spread over several years. Secondly, expensing of development costs combined with percentage depletion allows double deductions for the same costs. To the extent that development costs are expensed, there is no need for depletion to recover investment. If 75 percent of the cost of an oil well is expensed, only the remaining 25 percent remains to be recovered tax free through cost depletion. But with percentage depletion, the annual and total deductions bear no direct relation to capital costs but depend on gross and net income. The dollar amount of deductions under percentage depletion is not influenced by the election to capitalize or expense.

Thus, with the expensing of development costs, percentage depletion becomes more than ever an additional deduction which must be justified on grounds other than recovery of costs for these are recovered through expensing. Leasehold costs cannot be expensed but they are usually in the form of royalty payments. Development costs may be offset against income from all sources, a feature which has attracted corporations (and individuals) primarily interested in other industries to finance new oil wells, thus reducing or even eliminating their taxable income while building up their capital assets.[8]

The Treasury study for 1946–47 cited above reported that 96.8 percent of all corporate development costs were claimed by oil and gas producers and that these deductions were about two-thirds of the excess of percentage over cost depletion. Applied to 1955, this suggests about $1.5 billion of costs which are expense in addition to being recovered through percentage depletion. Without percentage depletion, to avoid any erosion these costs would still not be expense but would be capitalized and deducted gradually over the life of the assets or the life of the well, whichever is shorter; from this point of view erosion would be at least $1.1 billion a year at first, declining gradually as annual depreciation charges accumulate for all such property in use.

The great value of these tax-saving features to the oil industry is documented by published 1954 annual reports. The following table compares the tax position of 3 companies which specialize in crude oil production, 24 large oil companies combined (whose annual reports were available), and all corporations. Note that the effective tax-rate increases from 9.2 percent for Tidewater, to 22.6 percent for 24-company aggregate, to 48.1 percent for all corporations.

---

[3] *Cherokee Brick & Tile Co.* (122 Fed. Supp. 59 (5 C.C.A., 1954)).

[4] Such questions as what was a new discovery, determination of value just after the discovery, and whether the owner was the discoverer plagued tax administrators.

[5] No reduction in depletion rates has ever been voted by Congress. In 1954 every amendment extending percentage depletion was passed in the Senate. It was impossible even to get the necessary 10 Senators to request a record rollcall on any of these votes. See CONGRESSIONAL RECORD, vol. 100, pt. 7, pp. 9301–9319.

[6] The President's Materials Policy Commission, op. cit., vol. I, pp. 33–35. The Commission recommended that percentage depletion be retained because of its strong inducement to risk capital to enter the minerals field. It also recommended that no depletion rates be raised above the 1952 level and that recent additions to minerals eligible for percentage depletion be reexamined to see if incentives are needed for their production.

[7] Oakes, op. cit., p. 17.

[8] J. K. Butters, L. E. Thompson, L. L. Bollinger, Effects of Taxation: Investments by Individuals, pp. 201–202 (1953). Some investors regard investments in the oil industry as a source of tax-exempt income, competitive with State and municipal securities.

*Federal taxes and effective tax rates for oil companies and all corporations, 1954*

| | Net income before tax | Federal income tax | Effective tax rate | Per share | |
|---|---|---|---|---|---|
| | | | | Earnings before tax | Federal income tax |
| | *Millions* | *Millions* | *Percent* | | |
| Tidewater Associated Oil Co. | $38.0 | $3.5 | 9.2 | $3.45 | $0.32 |
| Humble Oil & Refining Co. | 174.8 | 28.5 | 16.3 | 4.86 | .79 |
| Skelly Oil Co. | 36.1 | 6.7 | 18.5 | 6.28 | 1.16 |
| 24 large petroleum companies | 2,541.0 | 575.0 | 22.6 | | |
| All corporations | 34,042.0 | 16,369.0 | 48.1 | | |

Source: Annual reports; Department of Commerce estimate of corporate profits and Federal tax liability.

Since the Revenue Act of 1951, mining companies may expense a limited amount of exploration costs, even if for a productive property. The limit on such costs of a mining taxpayer was raised to $100,000 a year and $400,000 total by the 1954 code. The cost here is relatively small, although taxpayers are increasing their tax saving by incorporating each mine separately. Exploratory expenses above these limits by mining corporations must be capitalized. Only exploratory expenses which lead to dry holes may be expensed currently by the oil and gas industry. This conforms to neutrality and accounting concepts.

Mr. DOUGLAS. Mr. President, among the other points Mr. Hellmuth makes is that in 1954, one major oil company paid taxes at an effective rate of 9.2 percent, another at 16.3 percent, and still another at 18.5 percent. He shows further that 24 large petroleum companies paid taxes at an effective rate of only 22.6 percent.

### TAX RATES OF SPECIFIC COMPANIES

Mr. President, I, myself, have been collecting some facts and figures on the taxes paid by oil and gas producing companies. I have collected figures for these 27 companies since 1945; and I have figures which show the amount of income tax they have paid compared with the net income before taxes. We all know that since World War II the taxes of most corporations have been in the neighborhood of 47 percent to 52 percent. However, oil and gas companies have paid taxes at a considerably lower rate than one would believe they should pay, and what other corporations actually do pay.

I am calling these companies company A, company B, company C, and so forth. They have done nothing illegal, and I do not wish to condemn them. I merely wish to condemn the principle of percentage depletion. In the Biblical phrase, I am not condemning the sinner, but the sin. Perhaps, technically speaking, what they have done is not a sin at all. They are merely taking what the law and Congress permit them to take. Thus I have no reason to go after any individual company. I know them. I know who they are. I have collected these figures. If anyone doubts the authenticity of my figures, I can supply him with the code which identifies the companies. I would not like to do so unless challenged by a fellow Senator. However, these figures are public information, and they can be obtained from Moody's Manual and other manuals on corporate earnings. I wish to illustrate the effects of the great many legal tax avoidance provisions of the code with respect to the taxes which these companies actually pay.

Let us consider the company identified as company W. From 1953 to 1958, a 6-year period, that company made $65 million in profits, and paid on net no taxes whatever. In that same period, it received a net refund of $425,000. I repeat that figure. In the 6-year period from 1952 to 1958 it made $65 million in profits and paid on net no taxes whatever, and actually got $425,000 in net refunds from the Federal Treasury. If I am challenged on the name of that company, I can give it. It is well known to Members of the Senate.

There are 26 other cases. Let me cite some of the others. Take company Y, for example. In 1958 it had profits of $6,231,000 and paid no taxes.

Company I. In 1957 it made more than $9 million in profits, and paid no taxes. In fact it received over $5,000 in tax credits. How nice. Let us take the figure for 1958. It made $7 million in profits, and not only paid no taxes but received $23,352 in tax credits. That is a zero rate of tax.

Take company N. This is a good one. In 1958 it made $5,378,973, and paid no taxes.

Company O. In 1957, it made a profit of $1,573,165. No taxes were paid by the company. In 1956, it made $1,034,094 in profits. No taxes were paid. In other years it received very generous allowances when it paid only 2.49 percent in taxes in one year; in another year, 2.6 percent; in another year 2.96 percent, and in still another year 1.11 percent. That was when other corporations were paying 52 percent, and the average person 20 percent on the first $2,000 of net taxable income.

One of the better companies is company G. In 1957, it made a profit of $1,167,000, and paid $115,000 in taxes. That is 9 percent. Ordinary companies pay 52 percent. In 1956 it had profits of $560,000, and paid no taxes. It paid no taxes in 1955, though it had $832,000 in profits. It paid no taxes in 1954, although it had $785,000 in profits. It paid no taxes in 1953, although it had $730,000 in profits.

I could cite company after company. I can only say that this situation is a scandal and a disgrace. It is also a scandal and a disgrace that these groups are so powerful in Congress that they cannot be touched.

Mr. President, I ask unanimous consent to have tabulations in that connection printed at this point in the RECORD.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

*Company A*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $22,485,135 | ([1]) | $22,485,135 | |
| 1957 | 35,208,979 | $5,260,000 | 29,948,979 | 14.94 |
| 1956 | 29,523,395 | 3,024,000 | 26,499,395 | 10.24 |
| 1955 | 28,143,673 | 2,780,000 | 25,363,673 | 9.88 |
| 1954 | 21,029,684 | 1,252,000 | 19,777,648 | 5.95 |
| 1953 | 18,812,590 | 367,000 | 18,445,590 | 1.95 |
| 1952 | 16,550,361 | 654,000 | 15,896,361 | 3.95 |
| 1951 | 17,369,652 | 1,073,000 | 16,296,652 | 6.17 |
| 1950 | 18,467,607 | 3,068,000 | 15,399,607 | 16.61 |
| 1949 | 14,759,193 | 375,000 | 14,384,193 | 2.54 |
| 1948 | 27,367,252 | 4,725,000 | 22,642,252 | 17.27 |
| 1947 | 17,749,626 | 2,830,000 | 14,919,626 | 15.94 |
| 1946 | 10,130,975 | 1,275,000 | 8,855,975 | 12.59 |
| 1945 | 5,611,770 | 215,000 | 5,396,770 | 3.83 |

[1] Not available.

*Company B*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent .of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $4,371,094 | $525,000 | $3,846,094 | 12.01 |
| 1957 | 5,392,505 | 150,000 | 5,242,505 | 2.78 |
| 1956 | 6,975,382 | 1,095,000 | 5,880,382 | 15.70 |
| 1955 | 5,975,382 | 485,000 | 4,965,220 | 9.90 |
| 1954 | 3,291,733 | 38,172 | 3,253,561 | 1.16 |
| 1953 | 5,594,074 | 1,552,500 | 4,441,574 | 27.75 |
| 1952 | 4,436,030 | 669,500 | 3,766,530 | 15.09 |
| 1951 | 5,561,770 | 714,880 | 4,846,890 | 12.85 |
| 1950 | 5,709,537 | 1,023,900 | 4,685,637 | 17.93 |
| 1949 | 3,259,928 | 163,040 | 3,096,888 | 5.00 |
| 1948 | 6,295,858 | 898,900 | 5,396,958 | 14.28 |
| 1947 | 4,011,073 | 1,023,126 | 2,987,947 | 25.51 |
| 1946 | 2,089,932 | 417,000 | 1,672,932 | 19.95 |
| 1945 | 2,321,605 | 205,908 | 2,115,697 | 8.87 |

*Company C*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $5,402,894 | $481,413 | $4,921,481 | 8.91 |
| 1957 | 5,561,652 | 640,635 | 4,921,017 | 11.52 |
| 1956 | 4,770,495 | 261,837 | 4,508,658 | 5.49 |
| 1955 | 4,826,687 | 417,388 | 4,409,299 | 8.65 |
| 1954 | 4,625,759 | 336,889 | 4,288,870 | 7.28 |
| 1953 | 4,391,404 | 179,114 | 4,212,290 | 4.08 |
| 1952 | 3,588,107 | 91,660 | 3,496,447 | 2.55 |
| 1951 | 3,934,107 | 399,397 | 3,534,710 | 10.15 |
| 1950 | 3,696,584 | 847,072 | 2,849,412 | 22.91 |
| 1949 | 3,373,448 | 679,553 | 2,693,895 | 20.14 |
| 1948 | 4,542,842 | 982,540 | 3,560,302 | 21.63 |
| 1947 | 2,284,109 | 529,781 | 1,754,328 | 23.19 |
| 1946 | 161,816 | 212 | 161,604 | .13 |
| 1945 | 33,895 | 256 | 33,639 | .76 |

*Company D*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $156,130 | [1] $13,000 | $169,130 | 0 |
| 1957 | 271,515 | 5,000 | 266,515 | 1.84 |
| 1956 | 472,556 | 35,000 | 437,556 | 7.41 |
| 1955 | 549,093 | 15,000 | 534,093 | 2.73 |
| 1954 | 309,405 | | 309,405 | |
| 1953 | 303,453 | 11,332 | 292,121 | 3.73 |
| 1952 | 159,084 | 25,686 | 133,398 | 16.15 |
| 1951 | 415,948 | 8,234 | 407,714 | 1.98 |
| 1950 | 277,514 | 1,500 | 276,014 | .54 |
| 1949 | 177,187 | 1,000 | 176,187 | .56 |
| 1948 | 526,061 | 35,000 | 491,061 | 6.65 |
| 1947 | 399,643 | 52,000 | 347,643 | 13.01 |
| 1946 | 139,923 | 1,000 | 138,923 | .71 |
| 1945 | 140,101 | 1,500 | 138,601 | 1.07 |

[1] Credit.

### *Company E*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $8,108,706 | $800,000 | $7,308,706 | 9.87 |
| 1957 | 11,303,747 | 1,600,000 | 9,703,747 | 14.15 |
| 1956 | 11,379,241 | 1,900,000 | 9,479,241 | 16.69 |
| 1955 | 8,509,136 | 1,500,000 | 7,009,136 | 17.63 |
| 1954 | 5,320,750 | ---------- | 5,320,750 | ---------- |
| 1953 | 6,420,968 | 1,048,000 | 5,372,968 | 16.32 |
| 1952 | 5,601,723 | 1,400,000 | 4,201,723 | 24.50 |
| 1951 | 5,866,052 | 2,000,000 | 3,866,052 | 34,09 |
| 1950 | 4,951,476 | 1,500,000 | 3,451,476 | 30,29 |
| 1949 | 4,928,459 | 1,020,000 | 3,908,459 | 20.70 |
| 1948 | 5,766,543 | 960,000 | 4,806,543 | 16.65 |
| 1947 | 3,650,374 | 600,000 | 3,050,374 | 16.44 |
| 1946 | 3,248,813 | 200,000 | 3,048,813 | 6.16 |

### *Company F*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $54,865,371 | $7,400,000 | $47,465,371 | 13.49 |
| 1957 | 51,273,749 | 4,550,000 | 46,723,749 | 8.87 |
| 1956 | 67,517,000 | 15,700,000 | 51,817,000 | 23.25 |
| 1955 | 56,259,000 | 9,900,000 | 46,359,000 | 17.60 |
| 1954 | 50,383,000 | 8,700,000 | 41,683,000 | 17.27 |
| 1953 | 55,775,000 | 14,900,000 | 40,875,000 | 26.71 |
| 1952 | 52,488,000 | 14,400,000 | 38,088,000 | 27.43 |
| 1951 | 58,593,000 | 17,300,000 | 41,293,000 | 29.53 |
| 1950 | 57,407,000 | 15,000,000 | 42,407,000 | 26.13 |
| 1949 | 46,487,000 | 10,390,000 | 36,097,000 | 22.35 |
| 1948 | 74,080,000 | 19,863,000 | 54,217,000 | 26.81 |
| 1947 | 40,655,000 | 9,298,000 | 31,357,000 | 22.87 |
| 1946 | 22,599,000 | 3,585,000 | 19,014,000 | 15.86 |
| 1945 | 16,371,700 | 1,228,000 | 15,143,000 | 7.50 |

### *Company G*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $804,716 | $50,000 | $754,716 | 6.21 |
| 1957 | 1,167,546 | 115,000 | 1,052,546 | 9.85 |
| 1956 | 560,753 | ---------- | 560,753 | ---------- |
| 1955 | 832,765 | ---------- | 832,765 | ---------- |
| 1954 | 785,624 | ---------- | 785,624 | ---------- |
| 1953 | 730,699 | ---------- | 730,699 | ---------- |
| 1952 | 968,287 | 69,022 | 899,265 | 7.13 |
| 1951 | 935,134 | 137,220 | 797,914 | 14.67 |
| 1950 | 892,552 | 147,275 | 745,277 | 16.50 |
| 1949 | 969,991 | 204,860 | 765,131 | 21.12 |
| 1948 | 872,719 | 150,367 | 722,352 | 17.23 |
| 1947 | 654,922 | 160,452 | 494,470 | 24.45 |
| 1946 | 471,923 | 135,664 | 336,259 | 28.75 |
| 1945 | 461,448 | 180,808 | 280,640 | 39.18 |

### *Company H*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $1,760,794 | 0 | $1,760,794 | 0 |
| 1957 | 2,176,226 | $160,000 | 2,016,226 | 7.35 |
| 1956 | 2,647,058 | 93,000 | 2,554,058 | 3.51 |
| 1955 | 1,994,072 | 86,000 | 1,908,072 | 4.31 |
| 1954 | 2,276,415 | 238,329 | 2,038,086 | 10.47 |
| 1953 | 1,899,343 | 156,039 | 1,743,304 | 8.22 |
| 1952 | 1,998,758 | 370,291 | 1,628,467 | 18.53 |
| 1951 | 1,992,234 | 411,166 | 1,581,068 | 20.64 |
| 1950 | 1,270,271 | 72,843 | 1,197,428 | 5.73 |

NOTE.—Records available only for last 9 years.

### *Company I*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 [1] | $7,076,455 | [2] $23,352 | $7,099,807 | 0 |
| 1957 [1] | 9,079,022 | [2] 5,860 | 9,084,882 | 0 |
| 1957 | 9,078,922 | [3] 5,860 | 9,084,882 | ([3]) |
| 1956 | 8,886,172 | 151,000 | 8,735,172 | 1.69 |
| 1955 | 8,106,746 | 429,075 | 7,677,671 | 5.29 |
| 1954 | 6,769,145 | 196,335 | 6,572,810 | 2.90 |
| 1953 | 5,414,053 | 26,156 | 5,387,897 | .48 |
| 1952 | 5,067,243 | 410,539 | 4,656,704 | 8.10 |
| 1951 | 4,477,673 | 404 | 4,477,269 | .01 |
| 1950 | 3,456,001 | 202,087 | 3,253,914 | 5.85 |
| 1949 | 2,949,585 | 72,628 | 2,876,957 | 2.46 |
| 1948 | 2,774,079 | 201,176 | 2,572,903 | 7.25 |
| 1947 | 3,172,001 | 504,487 | 2,667,514 | 15.90 |
| 1946 | 755,220 | 258,488 | 496,732 | 34.23 |
| 1945 | 102,860 | 65,966 | 368,946 | 64.13 |

[1] 12 months ended June 30.
[2] Credit.
[3] Credit taxes.

NOTE.—In total analysis 1956 equals 1957 on this company, etc.

### *Company J*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $2,950,700 | $90,000 | $2,860,700 | 3.05 |
| 1957 | 3,154,900 | 20,000 | 3,134,900 | .62 |
| 1956 | 3,168,549 | 75,000 | 3,093,549 | 2.37 |
| 1955 | 3,656,274 | 150,000 | 3,506,274 | 4.10 |
| 1954 | 3,570,162 | 360,000 | 3,210,162 | 10.08 |
| 1953 | 3,363,964 | 500,000 | 2,863,964 | 14.86 |
| 1952 | 2,561,162 | 267,461 | 2,293,701 | 10.44 |
| 1951 | 3,971,370 | 965,230 | 3,006,140 | 24.30 |
| 1950 | 2,302,729 | 519,263 | 1,783,466 | 22.55 |
| 1949 | 1,551,586 | 104,000 | 1,447,586 | 6.70 |
| 1948 | 1,344,021 | 150,000 | 1,194,021 | 11.16 |
| 1947 | 1,230,364 | 50,000 | 730,364 | 4.06 |
| 1946 | 409,171 | ---------- | 409,171 | ---------- |
| 1945 | 328,260 | ---------- | 328,260 | ---------- |

### *Company K*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $14,145,331 | $2,300,000 | $11,845,331 | 16.23 |
| 1957 | 17,938,378 | 3,400,000 | 14,538,378 | 18.95 |
| 1956 | 16,316,268 | 2,500,000 | 13,816,268 | 15.32 |
| 1955 | 15,599,264 | 1,900,000 | 13,699,264 | 12.18 |
| 1954 | 11,541,464 | 1,278,154 | 10,263,310 | 10.01 |
| 1953 | 11,762,519 | 1,590,080 | 10,172,439 | 13.52 |
| 1952 | 9,218,224 | 1,875,000 | 7,343,224 | 20.34 |
| 1951 | 10,327,002 | 2,400,000 | 7,927,002 | 23.24 |
| 1950 | 8,723,484 | 2,000,000 | 6,723,484 | 22.93 |
| 1949 | 8,716,231 | 1,800,000 | 6,916,231 | 20.65 |
| 1948 | 17,245,547 | 4,000,000 | 13,245,547 | 23.19 |
| 1947 | 9,301,386 | 2,300,000 | 7,001,386 | 24.73 |
| 1946 | 5,321,560 | 1,010,000 | 4,311,560 | 18.98 |
| 1945 | 4,235,097 | 257,000 | 3,978,097 | 6.07 |

### *Company L—Liquidated Apr. 11, 1957*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1954 | $7,762,785 | $1,275,000 | $6,487,785 | 16.42 |
| 1953 | 8,494,844 | 1,785,000 | 6,709,844 | 21.01 |
| 1952 | 7,844,057 | 1,500,000 | 6,344,057 | 19.12 |
| 1951 | 8,553,640 | 1,500,000 | 7,053,640 | 17.54 |
| 1950 | 8,086,702 | 1,983,000 | 6,103,702 | 24.52 |
| 1949 | 7,805,345 | 1,900,000 | 5,905,345 | 24.34 |
| 1948 | 7,512,733 | 1,726,006 | 5,786,727 | 22.97 |
| 1947 | 7,667,536 | 1,575,000 | 6,092,536 | 20.54 |
| 1946 | 5,146,094 | 1,100,000 | 4,046,094 | 21.38 |
| 1945 | 3,209,359 | 831,500 | 2,377,859 | 25.91 |
| 1944 | 3,519,208 | 1,068,760 | 2,450,448 | 30.37 |

### *Company M*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $152,543,223 | $16,000,000 | $136,543,223 | 10.49 |
| 1957 | 192,910,393 | 17,000,000 | 175,910,393 | 8.81 |
| 1956 | 212,961,000 | 34,000,000 | 178,961,000 | 15.97 |
| 1955 | 215,997,000 | 41,000,000 | 174,997,000 | 18.98 |
| 1954 | 174,803,000 | 28,500,000 | 146,303,000 | 16.30 |
| 1953 | 207,757,854 | 43,500,000 | 164,257,854 | 20.94 |
| 1952 | 175,792,000 | 30,500,000 | 145,292,000 | 14.68 |
| 1951 | 220,981,000 | 51,500,000 | 169,481,000 | 23.30 |
| 1950 | 161,360,000 | 32,000,000 | 129,360,000 | 19.83 |
| 1949 | 138,480,000 | 18,000,000 | 120,480,000 | 13.00 |
| 1948 | 240,069,000 | 54,000,000 | 186,069,000 | 22.49 |
| 1947 | 153,207,000 | 29,100,000 | 124,107,000 | 18.99 |
| 1946 | 79,332,000 | 7,500,000 | 71,832,000 | 9.45 |
| 1945 | 80,395,000 | 9,500,000 | 70,895,000 | 11.82 |

### *Company N*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $5,378,973 | 0 | $5,378,973 | 0 |
| 1957 [1] | 7,972,558 | $1,727,910 | 6,244,648 | 21.67 |
| 1956 | 5,378,994 | 699,000 | 4,679,994 | 13.00 |
| 1955 | 2,502,867 | 18,000 | 2,484,867 | .72 |
| 1954 | 1,603,682 | 23,923 | 1,579,759 | 1.49 |
| 1953 | 3,077,447 | 4,724 | 3,072,723 | .15 |
| 1952 | 2,334,532 | 99,844 | 2,234,688 | 4.28 |
| 1951 | 1,209,045 | 31,250 | 1,177,795 | 2.58 |
| 1950 | 282,202 | 49,750 | 232,452 | 17.63 |
| 1949 | 1,225,576 | 6,949 | 1,218,627 | .57 |
| 1948 | 1,395,517 | 29,053 | 1,366,464 | 2.08 |
| 1947 | 359,903 | 15,000 | 344,903 | 4.17 |
| 1946 | [2] 106,098 | 200 | [2] 106,298 | ---------- |
| 1945 | 1,537,551 | 406,500 | 1,131,051 | 26.44 |

[1] 12 months ended June 30.
[2] Deficit.

NOTE.—In totals analysis, 1956=1957 on this company, etc.

### *Company O*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | ([1]) | ([1]) | ([1]) | ---------- |
| 1957 | $1,573,165 | ---------- | $1,573,165 | ---------- |
| 1956 | 1,034,094 | ([1]) | 1,034,094 | ---------- |
| 1955 | 1,006,718 | ([2]) | 1,006,718 | ---------- |
| 1954 | 1,690,567 | $42,130 | 1,648,437 | 2.49 |
| 1953 | 1,873,226 | 50,000 | 1,823,226 | 2.67 |
| 1952 | 1,502,077 | 40,000 | 1,462,077 | 2.66 |
| 1951 | 2,714,277 | 30,000 | 2,684,227 | 1.11 |
| 1950 | 2,692,947 | 40,000 | 2,652,947 | 1.49 |
| 1949 | 3,382,140 | 42,323 | 3,382,140 | 1.25 |
| 1948 | 4,236,057 | 348,900 | 3,887,157 | 8.24 |
| 1947 | 1,517,480 | 48,919 | 1,468,561 | 3.22 |
| 1946 [2] | 689,609 | 10,241 | 679,368 | 1.52 |
| 1945 [2] | 664,526 | 4,103 | 660,423 | .62 |
| 1954 [3] | 2,205,837 | 42,130 | 2,163,707 | 1.91 |
| 1953 [3] | 2,600,271 | 50,000 | 2,550,271 | 1.92 |
| 1952 [3] | 2,202,835 | 40,000 | 2,162,835 | 1.81 |
| 1951 [3] | 2,623,191 | 30,000 | 2,593,191 | 1.14 |
| 1950 [3] | 3,744,852 | 40,000 | 3,704,852 | 1.01 |
| 1949 [3] | 4,158,672 | 42,322 | 4,116,350 | 1.00 |
| 1948 [3] | 4,353,435 | 348,900 | 4,004,535 | 8.01 |

[1] Not available.
[2] Not reported.
[3] Figures for 1954–48 restated as result of revision of estimates of recoverable oil and gas reserves.

NOTE.—Company O felt not liable for Federal income tax in this period.

### *Company P*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $6,135,363 | $470,000 | $5,765,363 | 7.66 |
| 1957 | 6,611,110 | 660,000 | 5,951,110 | 9.98 |
| 1956 | 6,277,997 | 478,000 | 5,799,997 | 7.61 |
| 1955 | 6,211,916 | 470,000 | 5,741,916 | 7.56 |
| 1954 | 6,209,385 | 470,000 | 5,739,385 | 7.57 |
| 1953 | 6,761,834 | 515,000 | 6,246,834 | 7.62 |
| 1952 | 7,023,582 | 540,000 | 6,483,582 | 7.69 |
| 1951 | 7,008,444 | 535,000 | 6,473,444 | 7.63 |
| 1950 | 6,616,103 | 415,000 | 6,201,103 | 6.27 |
| 1949 | 4,940,029 | 270,000 | 4,670,029 | 5.47 |
| 1948 | 5,679,055 | 333,000 | 5,346,055 | 5.86 |
| 1947 | 2,827,824 | 159,000 | 2,668,824 | 5.62 |
| 1946 | 2,532,718 | 151,000 | 2,381,718 | 5.96 |
| 1945 | 2,522,301 | 157,075 | 2,365,226 | 6.23 |

### *Company Q*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $16,344,274 | $3,271,000 | $12,873,274 | 20.26 |
| 1957 | 19,137,735 | 4,500,000 | 14,637,735 | 23.51 |
| 1956 | 10,590,947 | 2,703,000 | 7,887,947 | 25.52 |
| 1955 | 13,034,071 | 1,852,000 | 11,182,071 | 14.21 |
| 1954 | 14,484,813 | 1,967,000 | 12,517,813 | 13.58 |
| 1953 | 12,815,586 | 1,143,000 | 11,672,586 | 8.92 |
| 1952 | 9,570,934 | 602,000 | 8,968,934 | 6.29 |
| 1951 | 8,190,680 | 385,000 | 7,805,680 | 4.70 |
| 1950 | 6,263,638 | 400,000 | 5,863,638 | 6.39 |
| 1949 | 5,183,830 | 210,000 | 4,973,830 | 4.05 |
| 1948 | 7,713,057 | 407,623 | 7,305,434 | 5.28 |
| 1947 | 3,896,936 | 85,000 | 3,811,936 | 2.02 |
| 1946 | 1,614,888 | 65,000 | 1,549,888 | 4.02 |
| 1945 | 997,075 | 40,000 | 957,075 | 4.01 |

### *Company R*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $3,620,312 | [1] $968,000 | $4,588,312 | -------- |
| 1957 | 6,908,969 | 882,000 | 6,026,969 | 12.77 |
| 1956 | 10,595,588 | 2,640,000 | 7,955,588 | 24.92 |
| 1955 | 8,052,718 | 1,164,559 | 6,888,159 | 14.46 |
| 1954 | 8,395,561 | 1,636,500 | 6,759,061 | 19.49 |
| 1953 | 11,536,428 | 3,477,350 | 8,059,078 | 30.14 |
| 1952 | 13,532,095 | 3,884,000 | 9,648,095 | 28.70 |
| 1951 | 14,940,795 | 4,645,000 | 10,295,795 | 30.11 |
| 1950 | 10,850,226 | 2,351,801 | 8,498,425 | 21.68 |
| 1949 | 6,470,610 | 299,023 | 6,171,587 | 4.62 |
| 1948 | 8,229,656 | 1,635,000 | 6,594,656 | 19.87 |
| 1947 | 4,773,864 | 576,444 | 4,197,420 | 12.07 |
| 1946 | 2,475,239 | 370,000 | 2,105,239 | 14.95 |
| 1945 | 1,983,259 | 252,500 | 1,730,759 | 10.27 |

[1] Credit.

### *Company S*

| Year [1] | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 [1] | $3,337,324 | [2] $236,642 | $3,100,682 | 7.09 |
| 1957 [1] | 4,712,841 | 330,000 | 4,382,841 | 7.00 |
| 1957 | 4,712,841 | 330,000 | 4,382,841 | 7.02 |
| 1956 | 4,060,798 | 260,000 | 3,800,798 | 6.40 |
| 1955 | 4,284,521 | 220,000 | 4,064,521 | 5.13 |
| 1954 | 5,241,179 | 43,000 | 5,198,179 | .82 |
| 1953 | 5,525,948 | 583,000 | 4,942,948 | 10.55 |
| 1952 | 5,618,762 | 1,425,000 | 4,193,762 | 25.36 |
| 1951 | 5,280,578 | 964,000 | 4,316,578 | 18.26 |
| 1950 | 2,944,322 | 191,000 | 2,753,322 | 6.49 |
| 1949 | 4,736,153 | 342,000 | 4,394,153 | 7.22 |
| 1948 | 4,213,001 | 266,000 | 3,947,001 | 6.31 |
| 1947 | 3,200,034 | 160,000 | 3,040,034 | 4.99 |
| 1946 | 1,809,404 | 30,000 | 1,779,404 | 1.66 |

[1] 12 months ended June 30.

[2] Includes credit of $171,642 prior years' tax adjustment.

NOTE.—In total analysis 1956=1957 for his company, etc.

### *Company T*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $1,011,165 | [1] $235,320 | $1,246,485 | 0 |
| 1957 | 701,822 | 0 | 701,822 | 0 |
| 1956 | 949,659 | 138,000 | 811,659 | 14.53 |
| 1955 | 1,385,335 | 185,000 | 1,200,335 | 13.35 |
| 1954 | 542,208 | 2,500 | 539,708 | 4.61 |
| 1953 | 408,107 | ------------ | 408,107 | -------- |
| 1952 | 431,569 | ------------ | 431,569 | -------- |
| 1951 | 273,473 | ------------ | 273,473 | -------- |
| 1950 | 183,116 | 5,000 | 178,116 | 2.73 |
| 1949 | [1] 6,000 | ------------ | [1] 6,000 | -------- |

[1] Credit.

### *Company U*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | (1) | (1) | (1) | -------- |
| 1957 | $11,719,324 | $560,482 | $11,158,842 | 4.78 |
| 1956 | 9,568,842 | 200,000 | 9,368,842 | 2.09 |
| 1955 [2] | 9,340,810 | 900,000 | 8,440,810 | 9.64 |
| 1954 | 7,805,307 | 335,000 | 7,470,307 | 4.29 |
| 1953 | 7,140,132 | 600,000 | 6,540,132 | 8.40 |
| 1952 | 7,715,591 | 1,000,000 | 6,715,591 | 12.96 |
| 1951 | 10,239,600 | 2,900,000 | 7,396,000 | 28.32 |
| 1950 | 7,659,000 | 1,200,000 | 6,459,000 | 15.67 |
| 1949 | 6,656,347 | 875,000 | 5,781,347 | 13.15 |
| 1948 | 9,030,713 | 2,250,000 | 6,780,713 | 24.91 |
| 1947 | 7,191,002 | 1,250,000 | 5,941,002 | 17.38 |
| 1946 | 3,400,586 | 400,000 | 3,000,586 | 11.76 |

[1] Not available.

[2] Restated to conform with accounting practice effective Jan. 1, 1956—method of charging intangible development costs was changed. 1956 net income would have been $1,470,000 less without such change.

### *Company V, liquidated*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1954 | $4,173,767 | ------------ | $4,173,767 | -------- |
| 1953 | 3,951,367 | $350,000 | 3,601,367 | 8.86 |
| 1952 | 4,414,623 | 660,000 | 3,754,623 | 14.95 |
| 1951 | 3,112,871 | ------------ | 3,112,871 | -------- |
| 1950 | 1,904,836 | 526,000 | 1,378,836 | 27.61 |
| 1949 | [1] 592,448 | 7,500 | 584,948 | 1.26 |
| 1948 | 461,640 | 2,400 | 459,240 | .52 |
| 1947 | 416,506 | 4,100 | 512,406 | .98 |
| 1946 | 328,052 | 11,282 | 316,770 | 3.44 |
| 1946 [2] | 176,841 | 5,250 | 171,591 | 2.97 |
| 1945 [2] | 298,539 | 6,127 | 287,412 | 2.00 |

[1] Before $653,408 loss on wells abandoned.

[2] 12 months ended Apr. 30. In 1946, the company changed to a calendar year basis, so 1946 taxes are shown both ways.

### *Company W*

| Year [1] | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 [1] | $16,726,337 | [2] $175,000 | $16,551,337 | 1.05 |
| 1957 [1] | 18,877,389 | 0 | 18,877,389 | 0 |
| 1957 | 18,877,389 | ------------ | 18,877,389 | -------- |
| 1956 | 5,040,752 | ------------ | [3] 5,040,752 | -------- |
| 1956 [4] | (3) | ------------ | (5) | -------- |
| 1955 | 3,395,446 | ------------ | 3,395,446 | -------- |
| 1954 | 10,260,388 | [6] 100,000 | 10,360,388 | (7) |
| 1953 | 11,500,382 | [6] 500,000 | 12,000,382 | (7) |
| 1952 | 12,100,165 | 200,000 | 11,900,165 | 1.65 |
| 1951 | 15,195,639 | 1,900,000 | 13,295,639 | 12.03 |
| 1950 | 7,128,542 | 200,000 | 6,928,542 | 2.81 |
| 1949 | 7,483,443 | 200,000 | 7,283,443 | 2.67 |
| 1948 | 17,917,474 | 3,000,000 | 14,917,474 | 16.74 |
| 1947 | 5,266,897 | 400,000 | 4,866,897 | 7.59 |
| 1946 | 1,844,156 | ------------ | 1,844,156 | -------- |
| 1945 | 5,422,254 | 450,000 | 4,972,254 | 8.29 |

[1] 12 months ended Aug. 31.

[2] Foreign income taxes.

[3] Same for both consolidated and company only.

[4] Consolidated.

[5] Same

[6] Credit.

[7] Credit taxes.

NOTE.—In total analysis, 1956=1957 on this company, etc.

### *Company X*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $4,642,978 | $670,023 | $3,972,955 | 14.43 |
| 1957 | 7,670,654 | 840,709 | 6,829,945 | 10.96 |
| 1956 | 6,057,708 | 400,000 | 5,657,708 | 6.60 |
| 1955 | 6,720,029 | 400,000 | 6,320,029 | 5.95 |
| 1954 | 5,245,527 | ------------ | 5,245,527 | -------- |
| 1953 | 4,470,659 | 240,000 | 4,230,659 | 5.37 |
| 1952 | 3,635,498 | 450,000 | 3,185,498 | 12.38 |
| 1951 | 3,702,765 | 550,000 | 3,152,765 | 14.85 |
| 1950 | 3,770,706 | 696,200 | 3,047,506 | 18.46 |
| 1949 | 4,022,266 | 640,907 | 3,381,359 | 15.93 |
| 1948 | 4,731,952 | 901,906 | 3,830,046 | 19.06 |
| 1947 | 2,940,750 | 597,621 | 2,343,129 | 20.32 |
| 1946 | 1,394,512 | 163,973 | 1,230,539 | 11.75 |
| 1945 | 666,557 | ------------ | 666,557 | -------- |

### *Company Y*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $6,231,481 | 0 | $6,231,481 | 0 |
| 1957 | 7,802,218 | $570,000 | 7,232,218 | 7.31 |
| 1956 | 7,859,694 | 650,000 | 7,209,694 | 8.27 |
| 1955 | 8,449,374 | 500,000 | 7,949,374 | 5.92 |
| 1954 | 8,256,034 | 400,000 | 7,856,034 | 4.85 |
| 1953 | 8,874,068 | 1,275,000 | 7,599,068 | 14.37 |
| 1952 | 8,101,335 | 1,255,000 | 6,846,335 | 15.49 |
| 1951 | 8,009,124 | 1,185,000 | 6,824,124 | 14.79 |
| 1950 | 7,047,367 | 1,050,000 | 5,997,367 | 14.89 |
| 1949 | 7,048,753 | 710,000 | 6,338,753 | 10.07 |
| 1948 | 9,186,038 | 1,725,000 | 7,461,038 | 18.78 |
| 1947 | 4,883,907 | 760,000 | 4,123,907 | 15.56 |
| 1946 | 2,428,249 | 315,000 | 2,113,249 | 12.97 |
| 1945 | 1,934,850 | 175,000 | 1,759,850 | 9.04 |

### *Company Z*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $2,065,816 | 0 | $2,065,816 | 0 |
| 1957 | 2,215,290 | 0 | [1] 2,215,290 | 0 |
| 1956 [2] | 746,447 | ------------ | 746,447 | -------- |
| 1956 [3] | 1,602,988 | ------------ | 1,602,988 | -------- |
| 1955 | 1,262,177 | ------------ | 1,262,177 | -------- |
| 1954 | 1,720,086 | ------------ | 1,720,086 | -------- |
| 1953 | 1,508,988 | ------------ | 1,058,988 | -------- |
| 1952 | 1,547,048 | ------------ | 1,547,048 | -------- |
| 1951 | 703,747 | ------------ | 703,747 | -------- |
| 1950 | 151,488 | ------------ | 151,488 | -------- |
| 1949 | 154,707 | ------------ | 154,707 | -------- |
| 1948 | 134,881 | ------------ | 134,881 | -------- |

[1] Adjusted.

[2] 7 months ending Dec. 31.

[3] In totals analysis, May 31 ending years used.

NOTE.—Years end May 31 prior to 1957.

### *Company A–Z*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | $909,982 | 0 | $909,982 | 0 |
| 1957 | 891,025 | 0 | 891,025 | 0 |
| 1956 | 783,082 | ------------ | 783,082 | -------- |
| 1955 | 981,994 | ------------ | 981,994 | -------- |
| 1954 | 647,516 | ------------ | 647,516 | -------- |
| 1953 | 1,008,416 | $80,000 | 928,416 | 7.93 |
| 1952 | 768,664 | ------------ | 768,664 | -------- |
| 1951 | 1,143,004 | 283,000 | 860,004 | 24.76 |
| 1950 | 969,156 | 264,774 | 704,382 | 27.32 |
| 1949 | 394,227 | ------------ | 394,227 | -------- |
| 1948 | 874,306 | 173,000 | 701,306 | 19.79 |
| 1947 | 655,289 | 73,000 | 582,289 | 11.14 |
| 1946 | 227,789 | ------------ | 227,789 | -------- |
| 1945 | 322,232 | ------------ | 332,232 | -------- |

*Company B–Z*

| Year | Net income before income taxes | Income taxes | Net income after income taxes | Percent of income taxes to income before taxes |
|---|---|---|---|---|
| 1958 | [1] $31, 647, 420 | [2] $4, 074, 902 | $33, 825, 276 | -------- |
| 1957 | 35, 009, 503 | [2] 1, 827, 610 | 35, 669, 759 | -------- |

[1] State and foreign income taxes included.
[2] Credit.

**Mr. LAUSCHE.** Mr. President, will the Senator yield?

**Mr. DOUGLAS.** I yield.

**Mr. LAUSCHE.** Mr. President, I concur in what the Senator has said. What extenuating argument can the companies give to these devastating figures, when it is pointed out that if it were a corporation other than an oil company, the taxes would have been much higher, whereas the taxes paid by the oil companies are practically nothing?

**Mr. DOUGLAS.** The Senator from Ohio has been in the Senate ever since 1957. He has heard the defense made of the depletion allowance from time to time, that it is necessary to develop exploration, that the oil industry is a great industry in the economy of Oklahoma and Texas and Kansas and other States that are dependent upon it, and so forth.

**Mr. LAUSCHE.** The fact is that these profits are fixed and they will continue to be fixed into the future each year that follows, except for an economic breakdown, and they still will be paying practically no taxes, while other corporations will be paying 52 percent in taxes.

**Mr. DOUGLAS.** The Senator is correct. It is one of the great scandals of our tax system.

**Mr. PROXMIRE.** Mr. President, will the Senator yield?

**Mr. DOUGLAS.** I yield for a question.

**Mr. PROXMIRE.** The Senator has put into the RECORD a series of very impressive statistics, showing that many big firms in the oil industry pay no taxes year after year, or very small taxes, and in most instances cited by the Senator they paid far less than 10 percent in taxes.

I invite the attention of Senators to the fact that to my certain knowledge one of the biggest oil companies, within the past year has made more than $50 million in profits. What did it pay in taxes? Nothing. It received a $750,000 refund from the Government.

This is not something that has happened years ago. It is happening today. It will happen next year. The Government will continue to lose this money. Is not the economic basis for all this the fact that the percentage depletion permits someone who has invested in an oil property to get far more of a tax writeoff than the cost of the oil property? He can write off more than the cost of the oil property. One study made by the Truman administration, showed that on the average these companies are able to write off their investment not once, not twice, not 10 times, but 19 times. They write it off over and over and over again.

**Mr. DOUGLAS.** That has occurred.

**Mr. PROXMIRE.** What the Senator from Illinois is doing is not to provide that they can write it off once or twice, but that, as I calculated on the basis of studies that have been made before, on the average they can write it off about 10 times instead of the 19 times that is now average. So what the Senator has proposed in a very modest restraint on the profit, after taxes, of the huge oil companies.

**Mr. DOUGLAS.** I am continually astounded at my own moderation. I say to the oil industry that the blind and powerful opposition which they have given to even this modest improvement may stir up against them a justifiable indignation which ultimately will sweep away the whole system of depletion.

**Mr. PROXMIRE.** Is it not true that one of the reasons why this enormous value of oil depletion has developed has nothing to do with the intent of Congress when it passed the law, because at the time in 1926, when the depletion allowance went into the law, the corporation income tax was about 13 percent?

**Mr. DOUGLAS.** The value of the allowance then amounted to 7 percent.

**Mr. PROXMIRE.** So now with the corporation income tax at 52 percent, the value of the depletion allowance is approximately four times as great; and the amendment of the Senator from Illinois would simply reduce the depletion value for the big companies to, roughly, 60 percent of what it is at the present time.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** Once again, the amendment of the Senator from Illinois is modest, because it would not return the value of the depletion allowance to what it was initially, when the law was passed in 1926; it would go only halfway toward that objective.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** The Senator from Illinois pointed out that the economic effect of the depletion allowance has been not only to give some wealthy persons and some big corporations a tremendous tax advantage, but also to provide for overinvestment—a heavy overinvestment—and a misallocation of America's economic resources.

**Mr. DOUGLAS.** Yes; this is something which is not commonly understood.

**Mr. PROXMIRE.** And it is perhaps one of the most important economic effects.

**Mr. DOUGLAS.** It is one of the most important economic effects.

**Mr. PROXMIRE.** Is it not true, however, that oil companies are able to maintain high profits or increased profits at the expense of the consumer by operating on the basis of restraining their production, so that at the present time in Texas the oilfields pump only 8 or 10 days a month? In other words, they operate far, far below capacity, and some oil firms that are successful in maintaining a tax advantage are also successful in imposing quotas on the importation of oil.

**Mr. DOUGLAS.** That is correct.

**Mr. PROXMIRE.** So the American consumer gets virtually no benefit whatsoever from the enormous tax advantage.

**Mr. DOUGLAS.** And the question might very well be asked: If the great Texas field is producing during only 8 or 10 days a month, is it wise to drill additional wells under those circumstances?

**Mr. PROXMIRE.** That is exactly what the present depletion allowance encourages.

**Mr. DOUGLAS.** Yes. The Senator's questions are extremely good.

**Mr. PROXMIRE.** Is it not true that in the bill the oil companies or oil industry gets another tax advantage which seems extremely hard to justify, in that gas pipelines receive a special treatment not given to other utilities, namely, a 7-percent investment credit, as contrasted with the 3-percent investment credit permitted all other utilities?

**Mr. DOUGLAS.** That is correct. The Senator from Wisconsin a few days ago made a great fight against that; but the steamroller went over him, and the 7-percent investment credit for the gas pipelines was retained. This is one of the many injustices contained in the bill.

**Mr. PROXMIRE.** So rather than having the effect in this tax reform—and this is supposed to be a tax reform bill—of cutting back on the excessive privileges which this most profitable industry in America now enjoys, the bill aggravates and enhances the unjustifiable and unjustified profits advantages which the gas and oil industry already enjoys.

**Mr. DOUGLAS.** The bill opens more loopholes than it closes.

Mr. President, one of the really major loopholes in the tax code is the method by which capital gains may be applied to oil and gas properties. Because this subject is little understood, I have again asked that a memorandum be prepared concerning it. I ask unanimous consent that the memorandum, entitled "Application of Capital Gains Treatment to Income From Oil and Gas Properties," be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

### APPLICATION OF CAPITAL GAINS TREATMENT TO INCOME FROM OIL AND GAS PROPERTIES

A taxpayer owning rights in an oil and gas property may sell a fractional share in these rights and claim capital gains treatment with respect to the excess of the proceeds from the sale over his adjusted basis in the fractional share sold. The character of the fractional share as a capital asset within the meaning of section 1221 of the Internal Revenue Code of 1954 is not and has not been seriously questioned. The distinguishing characteristic of such fractional shares is that the original owner permanently divests himself of all interests therein, i.e., no provision is made for a return of the rights to him after a specified period of time, or after a specified volume of production or number of dollars of royalties realized with respect to the fractional share.

On the other hand, for some considerable time past there has been considerable confusion about the tax treatment of "carved out" oil payments. These differ from assignment or sale of fractional shares in that the taxpayer does not permanently relinquish rights to income in the oil and gas property but merely assigns or sells some portion thereof for a limited period of time. For example, he may sell the next 2 years' production, or the next 100,000 barrels, or the next $1 million worth of output. Upon satisfaction of these conditions, the rights revert to the taxpayer. Numerous court decisions, at variance with Treasury rulings, maintained that the proceeds from such sales should be treated as capital gains.

Quite recently, however, the U.S. Supreme Court in the Lake case, ruled that proceeds from sale or exchange of carved-out oil payments were to be construed as realization of future income and therefore subject to ordinary income-tax treatment. The Treasury Department apparently feels that the Supreme Court ruling is sufficiently broad and sufficiently definite as to preclude further dispute about the tax treatment of carved-out oil payments. However, the ingenuity of the American taxpayer must never be underestimated.

**Mr. PROXMIRE.** Mr. President, it is my understanding, on the basis of estimates by the Committee on Unessential Expenditures that the concession to the gas industry, made in the bill, under the investment credit provision, will be worth more than $51 million to them, in addition to the other advantages which they already have.

**Mr. DOUGLAS.** I think that is a conservative estimate.

**Mr. MORSE.** Mr. President, will the Senator from Illinois yield?

**Mr. DOUGLAS.** I yield.

**Mr. MORSE.** I always find it very educational to listen to the Senator from Illinois, and to a great seminar when I listen to a colloquy between the Senator from Illinois and the Senator from Wisconsin [Mr. PROXMIRE]. I have enjoyed the educational aspect in regard to the shocking injustice to the American people, symbolized by the bill.

Could the Senator from Illinois cite to me to any article in the Democratic platform of 1960 which would justify the bill?

**Mr. DOUGLAS.** No.

**Mr. MORSE.** Does the Senator from Illinois think the Senator from Oregon would be mistaken in his point of view if he expressed the opinion that the bill cannot be reconciled with the Democratic platform of 1960?

**Mr. DOUGLAS.** I do not believe it can be reconciled. It is my intention to vote against the bill in its present form.

**Mr. MORSE.** Is it not true that the Democratic Party in its platform in 1960 sought to hold out some hope to the people of the country to pass a tax reform bill which deserved the name?

**Mr. DOUGLAS.** That promise was held out to the American people.

**Mr. MORSE.** The other day, in announcing my opposition to the bill, I characterized the bill as one which could best be described as a bill for tax dodgers. Does the Senator from Illinois believe that that was an unfair description of the bill, from the account which the Senator is now giving to the Senate as to how the bill increases the ducking and dodging ability of the oil industry to escape more taxes than it otherwise has been able to escape?

**Mr. DOUGLAS.** I should prefer to say that the bill is an unbalanced bill. It gives rewards to the wealthy and the powerful and denies protection to the average American.

So far as the oil industry is concerned, except for the gas pipelines, it is true that the bill does not make things any worse than they are now; but it does not make any improvement.

**Mr. MORSE.** A few minutes ago the Senator from Illinois said he was surprised at his own moderation. I think the statement he has just made is one of his great understatements, because I still am of the opinion that the description of the bill as stated by the Senator from Oregon is a much more accurate one than the modest understatement of the Senator from Illinois.

**Mr. DOUGLAS.** I expect to join with the Senator from Oregon in voting against the bill. I appreciate the services which he has given.

Mr. President, in addition, I ask unanimous consent to have printed at this point in the RECORD a paper entitled "Writeoffs, Cost Depletion, and Percentage Depletion—An Appraisal," written by Paul Haber, doctor of jurisprudence and doctor of philosophy.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

### WRITEOFFS, COST DEPLETION, AND PERCENTAGE DEPLETION—AN APPRAISAL

(By Paul Haber, J.D., Ph. D.)

#### INTRODUCTION

Our Federal tax system is supposed to be based on the principle of progressive taxation or "ability to pay"—the higher the net income, the higher the rate of tax. In the case of taxpayers who engage in the business of crude oil, however, this principle is made to work in reverse—the higher the net income from the production and sale of crude oil, the lower the rate of tax.

There seems to be considerable misconception as to the true value of the tax subsidy to crude oil. It is generally assumed that it consists of "percentage depletion" only, which is supposed to be worth about $1.5 billion a year. Those who are acquainted with the subject know that the "writeoffs" subsidy is worth at least $7 billion more. Nobody, however, seems to be aware of the fact that "cost depletion" also represents a subsidy to crude oil. Because this last subsidy is concealed in a provision of the code which on the surface seems to have nothing to do with depletion, it seems to have escaped everybody's attention. It is the "sleeper" subsidy and it is costing the country at least $5 billion a year.

#### WHO ENTERS THE CRUDE OIL BUSINESS?

Consider the tax situation of individuals in the following groups:

1. The stockholders who own large blocks of stock in the corporations listed on the various stock exchanges, who receive fabulous incomes from dividends;

2. The active heads of these listed corporations, who receive substantial salaries for their services and dividends on any stock they may own in the corporation;

3. The professional advisers for these corporations, who receive large fees for their services;

4. The movie stars and other independent professional men who earn large salaries and fees;

5. The more than 150,000 partners, stockholders, and sole proprietors, who own the thousands of medium-size businesses in this country, who derive substantial income from dividends, salaries, interest, or profits.

The more than 200,000 individuals who comprise these five groups derive incomes anywhere from $100,000 to $25 million a year, are subject to taxes in the very top brackets. Would it be reasonable to assume that if these people are smart enough to earn such large incomes, they are naive enough to pay it out in taxes? Especially, when the tax laws applicable to crude oil offer them a safe and sure way out by transforming the "progressive tax rates" into "regressive tax rates," so that instead of paying out 90 percent of their incomes in taxes and keeping 10 percent they are able to keep 90 percent and pay out 10 percent?

#### THE WRITEOFFS SUBSIDY

Mr. Smith, whose income is $1 million a year, decides to avail himself of the tax subsidies to crude oil instead of paying a 90-percent tax on the income. He spends his income buying fractional interests in a large number of pools or joint ventures which engage in the search for oil. In this manner, he spreads the risk over a large number of drilling operations, one or more of which are bound to find oil.

The million dollars thus spent by Mr. Smith is costing him $100,000, because the tax laws permit him to write off the cost of the search for oil, irrespective of whether the search results in a dry hole, a commercial producer, or a gusher. Only a small fraction of the cost of the search must be capitalized, less than 12 percent, when the well finds any oil at all. Thus, as far as the costs of the search are concerned, the odds are 9 to 1 in favor of Mr. Smith, because Mr. Smith is drilling for oil with money which would otherwise have gone to pay the income tax on the million-dollar income. These 9 to 1 odds in favor of Mr. Smith more than make up for the risk of not finding oil. In actual practice, because the risk is spread over a great many drilling operations, the overall odds in favor of Mr. Smith are 20 to 1 that he will come out a happier man drilling for oil than he would be paying income taxes. When a taxpayer enters the crude oil business, he forgets about income taxes; there simply are not any to pay, as we shall see below.

The best evidence as to Mr. Smith's probabilities of becoming a happy and prosperous oilman can be attested by the more than 55,000 wells which are being drilled each year in this country, at an average cost of $150,000 per well, or a total cost of $2,250 million a year. We are drilling in this country six times as many wells as the rest of the world does; even though our oil reserves are less than one-sixth the world's reserves (our 30 billion barrels to the world's 200 billion barrels).

Drilling for oil is like playing dice with the Treasury: "Heads I win, tails you lose," with the Treasury always on the losing end. As a matter of fact, high tax rates are a boon to the crude oil industry rather than a burden, because the higher the rate of tax the lower the net cost (the after-tax cost) of the drilling operation. This explains why the American Petroleum Institute does not support the National Association of Manufacturers in its fight to reduce the top tax bracket from 90 percent to 40 percent. If the rate were reduced to 40 percent, the search for crude oil would fall off tremendously, because the taxpayer's share of the cost of the search would have been increased from 10 percent (100 percent less 90 percent tax) to 60 percent (100 percent less 40 percent tax). As a matter of fact, the phenomenal growth of the crude oil industry dates back to the year 1940, the year in which the wartime rates were first brought into the statute.

It is evident from the above that taxwise it is far more profitable when the drilling operation is done by a taxpayer (as an individual) who is in the 90 percent tax bracket than by a corporation which is subject to the 52 percent tax bracket. That is why at least 40,000 wells a year, out of the total of 55,000, are drilled by individual taxpayers and only 15,000 are drilled by the major oil companies. On this altogether plausible assumption, the value of the "writeoffs" subsidy is $6,557 million, computed as follows:

| | |
|---|---|
| 90 percent of 40,000 wells multiplied by $150,000 | $5,400,000,000 |
| 52 percent of 15,000 wells multipled by $150,000 | 1,157,000,000 |
| Total value of tax subsidy | 6,557,000,000 |

### THE "COST DEPLETION" SUBSIDY

Having gotten rid of his original income in the search for oil, the taxpayer's next problem is to get rid of the income from the oil property after an oil discovery. Since the taxpayer has no cost basis in the oil property (having previously written off the cost of the search through "writeoffs") the taxpayer cannot compute the deduction for depletion on the basis of full discovery value of the property. His deduction for depletion is limited to "percentage depletion" (27½ percent of the gross income from the property, not to exceed 50 percent of the net income from such property). This, however, would leave him with a substantial amount of income from oil, subject to ordinary income tax rates. To relieve him of such excess income the code contains a "sleeper" provision which makes it possible for him to convert the income from the oil property into capital gain without his giving up ownership in the property.

During the hearings conducted by the Senate Committee on Economic Growth ("Federal Tax Policy for Economic Growth," 84th Cong., 1st sess., Joint Committee on the Economic Report), neither Prof. Horace M. Gray nor Prof. Arnold C. Harberger, nor Prof. James R. Nelson—who argued against the depletion subsidy—were aware of the "sleeper" provision in the code. Messrs. Henry B. Fernald, Lowell Stanley, and Arthur A. Smith, who argued in favor of depletion, were, of course, careful to keep the "sleeper" provision well hidden under cover.

### *The "sleeper" provision*

Section 1239 of the 1954 code, which corresponds to section 117(o) of the 1939 code, provides as follows:

"(a) In the case of a sale or exchange, directly or indirectly, of property described in subsection (b)—

"1. Between a husband and wife; or

"2. Between an individual and a corporation more than 80 percent in value of the outstanding stock of which is owned by such individual, his spouse, and his minor children and minor grandchildren; any gain recognized to the transferor from the sale or exchange of such property shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231.

"(b) This section shall apply only in the case of a sale or exchange by a transferor of property which in the hands of the transferee is property of a character which is subject to the allowance for depreciation."

In simple English, this section states that when property which is subject to depreciation, such as real estate, patents, etc., is sold to a spouse or to a corporation controlled by the transferor (and/or the transferor's spouse, minor children, and minor grandchildren), the gain realized on the sale is ordinary income not capital gain. The same rule applies when the sale is from one corporation to another corporation, if the selling corporation owns 80 percent or more of the stock of the buying corporation. The purpose of this provision in the code is to prevent fictitious sales, for the sole purpose of establishing a higher depreciation basis in the hands of the "related" transferee by the payment of a capital-gains tax on the part of the transferor.

Section 1239, however, does not apply to property which is subject to depletion, as distinguished from property which is subject to depreciation. Consequently, a taxpayer (whether an individual or a corporation) who has no cost basis in an oil property (such costs having been previously written off from the taxpayer's income) is not limited to the deduction of 27½ percent of the gross income from the property (percentage depletion). The income from the property can be made fully deductible through "cost depletion" by the sample device of a "sale" of the property for its full discovery value to one's spouse or to one's "controlled" corporation. The 25-percent capital-gains tax incurred on the transaction is then reported on the installment basis, spread over the life of the oil property. In this way the income from the oil property automatically is limited to a maximum tax rate of 25 percent, payable as, when, and if the oil is produced.

The value to the crude oil industry of this loophole in the law is approximately $5 billion a year. Since the value of all the oil minerals produced in this country each year is $8 billion (see "Facts and Figures for 1956," p. 149, published by the American Petroleum Institute), the depletion, if it were computed on the "percentage depletion" basis would have amounted to $2.2 billion (27½ percent of $8 billion). Computed on a "cost depletion" basis, the depletion is automatically increased from $2.2 billion to $8 billion, at a tax savings of some $5 billion.

### PERCENTAGE DEPLETION

This subsidy, which has been assumed generally to be the principal villain in our tax laws, is by comparison with the last two subsidies a small handout. Its principal purpose is to scoop up the tax leftovers to which the taxpayers in the crude oil business may unexpectedly be exposed to. Thus, if the property should be found to contain oil after the deductions have been taken under the "cost depletion" methods, "percentage depletion" steps in to absorb the excess income with which the taxpayer is inconvenienced. "Percentage depletion" may be said to act as a sort of basket for any leftover income, left after the "cost depletion" subsidy has been fully availed of.

The value of "percentage depletion" subsidy to the crude oil industry is comparatively small, less than half a billion a year, as compared with a total of some $12 billion from the "writeoffs" and "cost depletion" subsidies. This being the case, why does the crude oil industry so bitterly resist any cut in the 27½-percent rate?

Is it because by resisting a cut in the very smallest subsidy the people's attention remains focused on "percentage depletion" as the apparent villain and is thus diverted from the real villains—"writeoffs" and "cost depletion"—which are worth at least 25 times as much? There is no other explanation.

### THE GROWTH OF THE INDUSTRY

As would be expected, an industry which is the beneficiary of three tax subsidies aggregating close to $13 billion a year would grow fast and big. The crude oil industry has grown very fast and very big. The shares of the listed oil companies are worth more than $50 billion, or more than the combined value of all the listed shares of the steel, chemical, and automobile industries. This does not include the value of the tens of thousands of unlisted companies, the stock of which is held by the hundreds of thousands of spouses, minor children, and minor grandchildren of the top bracket taxpayers engaged in the crude oil business. And to think that less than 20 years ago the crude oil industry was a small industry by comparison with either steel, chemicals, or automobiles.

The rate of the crude oil industry's growth may be better appreciated when the stock splitups of a few of the major oil companies are taken into consideration. Humble Oil Co., the second largest subsidiary of Standard Oil of New Jersey, has split its stock 5 times since 1922; 4 shares for 1 in 1922; 3 shares for 1 in 1933 (a depression year); 2 shares for 1 in 1943; 2 shares for 1 in 1951; 2 shares for 1 in 1957. Thus, each share of the 1922 vintage stock is today 96 shares, and this does not take into account the many stock dividends voted by the company from time to time. The stock is selling for approximately 100 times its earnings after taxes. What makes this stock so valuable? When 90 percent of a corporation's true income (concealed in the writeoffs and cost depletion) is exempt from income taxes and only 10 percent is subject to tax, a stock is bound to sell for 100 times the amount of earnings. In reality, however, the value of the stock reflects the fact that 90 percent of the company's true earnings are exempt from tax.

Standard Oil Co. of California split its stock twice in recent years: 2 for 1 in 1951 and 2 for 1 in 1956. The same is true of Texas Co. Standard of New Jersey had 2 recent splitups: 2 for 1 in 1951 and 3 for 1 in 1956. The latter company now has more than 200 million shares outstanding, selling around $50, or a total of more than $10 billion.

It may be interesting to observe that after each stock splitup the price of the postsplit stock soon catches up with the price of the presplit stock. Apparently you cannot keep a crude oil stock down. When a stock remains unsplit, as in the case of Superior Oil Co. of California, its price zooms to fantastic heights. This stock has recently been selling at $1,800 per share, even though its earnings are about $10 a share. Thus, the stock is selling at 180 times its net earnings. For the 5-year period from 1952 to 1956, the company wrote off on the average $36 million a year; its net income before depletion was $9 million a year, on the average; the average amount of income tax paid by it was $40,000 a year. Even a religious organization could not ask for more.

The Oil Record, published by the Petroleum Institute Projects, lists several hundred oil companies, giving their financial operations for the 5-year period from 1952 to 1956. These results, of 25 companies selected at random, are reproduced in the table below. To appreciate the significance of the figures in the table, it is suggested that they be examined carefully, reading each line across rather than down.

| Name of company | Writeoffs | Net income | Income tax paid |
|---|---|---|---|
| Union Oil & Gas Co. of Louisiana | $7,000,000 | $3,000,000 | $30,000 |
| Superior Oil Co. of California | 36,000,000 | 9,000,000 | 40,000 |
| Texas Pacific Coal & Oil Co | 6,000,000 | 7,500,000 | 800,000 |
| Franco Wyoming Oil Co | 1,650,000 | 1,500,000 | 160,000 |
| Kewanee Oil Co | 7,000,000 | 2,000,000 | 75,000 |
| Crown Central Petroleum Co | 1,700,000 | 1,750,000 | 500,000 |
| General Crude Oil Co | 6,000,000 | 3,500,000 | 200,000 |
| Bishop Oil Co | 600,000 | 350,000 | 18,000 |
| Humble Oil Co | 130,000,000 | 160,000,000 | 33,000,000 |
| Tidewater Oil Co | 35,000,000 | 35,000,000 | 4,000,000 |
| Sunray Mid-Continent Oil Co | 44,000,000 | 42,000,000 | 16,000,000 |
| Phillips Petroleum Co | 90,000,000 | 85,000,000 | 22,000,000 |
| Reserve Oil & Gas Co | 850,000 | 700,000 | 100,000 |
| Skelly Oil Co | 30,000,000 | 30,000,000 | 10,000,000 |
| Eason Oil Co | 700,000 | 600,000 | 45,000 |
| Kerr-McGee Oil Industries | 7,500,000 | 3,500,000 | 350,000 |
| Anderson-Pritchard Oil Co | 7,750,000 | 4,750,000 | 500,000 |
| Argo Oil Co | 2,750,000 | 4,000,000 | 225,000 |
| Drilling & Exploration Co | 2,900,000 | 750,000 | 22,000 |
| Petroleum Exploration | 500,000 | 750,000 | 80,000 |
| Getty Oil Co | 5,000,000 | 10,000,000 | 1,500,000 |
| Aztec Oil & Gas Co | 650,000 | 600,000 | ---------- |
| Weststates Petroleum Co | 575,000 | 150,000 | 30,000 |

Is it any wonder that the growth in the ranks of oil millionaires keeps pace with the growth in the ranks of unemployed? Such crude distortion of the principle of progressive taxation in the case of crude oil is bound to cause periodic depressions. When the people's purchasing power is being drained by high taxes in order to make up the loss of $13 billion in revenue which should come from the crude oil industry, there is bound to be unemployment. Some people in high office say that the current depression is temporary—the economy is catching its breath. A more correct explanation for the current condition would be: The people are taking a rest to get up more strength to pay the taxes which should be paid by our largest industry.

How can we fight the battle of peace with any degree of success, when our own house is in such disorder? Our cause is not too convincing so long as people are allowed to bore into the vitals of our national economy through excessive drilling, to add to the swollen ranks of oil millionaires and the swollen ranks of jobless.

In order to eliminate one of the principal causes of periodic depressions and to restore a modicum of social justice, the following changes in our tax laws are proposed:

1. The deduction for intangible drilling costs should be limited to situations where the well finds no oil;

2. Intangible drilling costs should be capitalized when the well does find oil;

3. The loophole in section 1239 should be plugged, to discourage fictitious sales to related taxpayers or a controlled corporation, to prevent a stepped-up depletion basis based on cost;

4. Enact legislation to prevent the tens of thousands of reciprocal sales from one taxpayer to another, for the twofold purpose of establishing capital gains and cost-depletion basis. Apply the dealer rule to sales of oil properties which now applies to sales of real estate;

5. Eliminate percentage depletion as an unwarranted handout.

The above changes in our tax laws would discourage tax drilling and encourage scientific drilling. It would bring many billions of revenue to the Treasury.

The world's known oil reserves are estimated at 250 billion, enough to last us more than 100 years. Why not start using them?

The crude oil industry now enjoys a $3 monopoly price per barrel of oil and a $13 billion tax subsidy. The people can make it give up one or the other through reduced consumption of gas and oil.

**Mr. DOUGLAS.** Mr. President, there is an interesting history about this paper. I had it printed in the CONGRESSIONAL RECORD in another connection. The big oil companies learned about it and had Dr. Haber fired from his job. He is unemployed today and has lost his income. He wrote me a pitiful letter about the circumstances under which he is suffering.

This shows the power of the oil industry, their ruthlessness toward those who stand up against them and take some risk. In a sense, I feel guilty about this matter, because I mentioned Dr. Haber's name in connection with a previous discussion of this subject. I had no idea that the oil companies would hit him below the belt, but they have deprived a scholar and an impartial man of his job simply because he spoke his mind and told the truth. I thought those might be tactics used in Nazi Germany or Communist Russia; I did not think they were the tactics of democratic America. But now Dr. Haber has lost his job, and he is in trouble. I hope very much that this fact may induce some philanthropist to hire this man, who is a good economist, a good accountant, and a good lawyer. In fact, I should devote a little energy to see if I can get him another job.

Finally, Mr. President, I ask unanimous consent that correspondence between Dean Erwin N. Griswold, of the Harvard Law School, and Mr. Rex G. Baker, who was then general counsel of the Humble Oil & Refining Co., which first appeared in the Harvard Law Review, volume 64, No. 3, January 1951, and which was reproduced by the Joint Economic Committee in the Compendium on Federal Tax Policy, for Economic Growth and Stability, be printed at this point in the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

PERCENTAGE DEPLETION—A CORRESPONDENCE [1]

(By Rex G. Baker, general counsel, Humble Oil & Refining Co.; Erwin N. Griswold, dean, Harvard Law School)

(EDITOR'S NOTE.—On September 18, 1950, Dean Erwin N. Griswold made a speech before the tax section of the American Bar Association,[2] in which he referred to "gross inequities of the law in favor of the oil and gas interests." A number of newspaper accounts of the speech reported this as an attack on the percentage-depletion provision of the Internal Revenue Code.[3] On the basis of these reports, Mr. Rex G. Baker, general counsel of the Humble Oil & Refining Co., wrote the letter that began the correspondence reproduced herein. Neither author had any intention to publish these letters at the time they were written. No revisions have been made except to eliminate those parts irrelevant to the percentage-depletion controversy and to add footnotes where it has been thought useful to refer to source materials.)

SEPTEMBER 22, 1950.

DEAR DEAN GRISWOLD: You will recall our conversation in Washington concerning the percentage-depletion allowance for oil and gas wells.

Your remarks before the tax section regarding the depletion allowance received widespread publicity, and I am afraid they will be very damaging to the producers of oil and gas in view of your reputation and the responsible position you occupy in the education world.

Both in peace and in war the country must have and is very dependent upon oil and gas. Our civilian economy and the national safety would be jeopardized if we failed to maintain adequate reserves of petroleum and a backlog of reserve producing capacity. This means that it is essential to our country's welfare and safety that the exploration for oil and gas within the United States be continued at an accelerated rate due to increasing demands for petroleum and its products year after year.

The exploration for petroleum is an extremely costly and hazardous business. Oilmen must lease vast areas, must spend large sums in geophysical operations, must drill very expensive wildcat wells, of which 4 out of 5 on the average are dry holes, and must then make enormous expenditures of money in developing proven or semiproven, acreage. Risk capital is not invested unless there is hope of reward.

The producer of oil depletes his capital asset. If he is to stay in the business he must find and develop new sources of supply. If the depletion allowance were taken off, our present tax laws would tax away a large portion of his capital.

It must be remembered that a large percentage of exploratory activity is carried on by the independent wildcatter. He often spends a lot of money and goes broke without finding anything. To say that he would be protected by charging off losses ignores the fact that until he finds oil he has no income against which to charge off his losses. This is quite typical of the wildcatter. If he finally succeeds in finding oil he creates new capital and must be rewarded for the risks he has taken. This reward can be adequate only if the depletion allowance is maintained.

The fact of the matter is that the oil industry has consistently spent in exploratory effort a good deal more than the 27½-percent depletion allowance. It has thus had to look elsewhere for funds with which to help finance its quest for oil.

The 27½-percent depletion allowance was established in 1926. Congress has made searching inquiries on several occasions since as to the necessity for the depletion allowance and the wisdom of maintaining it at 27½ percent. Each time after full investigation and inquiry it has sustained the 27½-percent allowance. This fact alone should, it seems to me, cause anyone to be sure of his ground before he launches an attack upon the depletion allowance.

Herewith I enclose some material which I believe you will find helpful in your future consideration of this matter: a booklet entitled "Let's Keep on Hunting Oil," some statistical data which will show that the 30 leading oil companies have found it necessary to secure new capital by issuing stock and borrowing, that their net worth has consistently been lower than the comparable figures of manufacturing companies, that a large percentage of the net investment of the 30 leading oil companies is in oil and gas producing facilities, data showing the ratio of dividends to net income, the cost of replacing crude petroleum, this cost having steadily risen, financial information for the 25 leading oil companies which shows moderate incomes, and a chart showing a comparison of petroleum prices with the price of coal and oil commodities. This chart shows that the public have been the beneficiaries of the depletion allowance in the form of low prices for petroleum products.

Your attention is also invited to the hearings before the Committee on Ways and Means of the House of Representatives relating to the 1950 revision of the revenue laws.[4]

Yours sincerely,

REX G. BAKER.

---

[1] This correspondence appeared in the Harvard Law Review, vol. 64, No. 3, January 1951, and is reproduced here with the permission of the authors and the Harvard Law Review.

[2] Sec. 36 A. B. A. J. 999, 1057 (1950).

[3] Internal Revenue Code, sec. 114(b)(3), provides as follows: "In the case of oil and gas wells the allowance for depletion under sec. 23(m) shall be 27½ percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowances shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance under sec. 23(m) be less than it would be if computed without reference to this paragraph."

[4] Hearings before Committee on Ways and Means on H.R. 8920, 81st Cong., 2d sess., 49–60, 100–101, 119, 133–134, 177–309, 733–740, 818–895, 901–926, 1267–1269, 1282–1286, 2975–2983, 2999–3001, 3017–3026, 3028–3029, 3040–3046 (1950).

SEPTEMBER 25, 1950.

DEAR MR. BAKER: Thank you very much for your letter of September 22, which has reached me this morning. I particularly appreciate its fair and restrained tone. This is in considerable contrast with the attitude which is often taken on this matter by others in your area.

As a matter of fact, I said nothing at all in my speech in Washington about percentage depletion. My remarks were directed entirely to the so-called in-oil-payment provisions which had been added to the bill by the Senate.[5] This seemed to me, and still seems to me, to have been a rather clear matter of special privilege. Naturally, I am pleased that it was finally eliminated by the conference committee.

As I have indicated, I did not talk about percentage depletion and had no thought of doing so. There is lots to talk about there, though. In the first place, I would want to make it plain that I have never advocated eliminating the depletion allowance. That would be taxing capital. There would be no more sense in it than in eliminating the depreciation allowance.

Nor do I disagree with you at all as to the importance of oil in our economy, and the desirability of encouraging the industry, particularly with respect to exploration. I do think, though, that there is real reason to question whether the present 27½-percent depletion allowance is not excessive, whether it does not cost more than other ways of achieving the same results, and whether a very large proportion of the benefits do not now go in fact to persons who are not the ones who do the exploring and take the risks.

How about direct subsidies to explorers, for example? Might this not be a better way, and at the same time, a cheaper way? We use subsidies in maritime shipping and elsewhere in our economy. It might be a much more effective stimulus than the present backhanded way of doing it through the depletion allowance.

For example, may I call your attention to the sentence in your letter which reads as follows: "To say that he would be protected by charging off losses ignores the fact that until he finds oil he has no income against which to charge off his losses." I think you will agree that this is really no argument, since it is equally applicable to the percentage depletion deduction. The wildcatter gets no depletion deduction until he finds oil. In other words, the method I suggested then, as far as this point is concerned, would be just as effective, indeed, even more effective (because I would allow a 100-percent deduction until all principal costs had been recovered while percentage depletion allows only a 27½-percent deduction) than is the percentage depletion allowance.

You must know of situations where the present system of taxing oil production works out outrageously. I hear about actual cases from time to time, and they must come to your attention much more frequently. What I would like to see us do is to work out a system which would maintain adequate incentive and stimulate further production of oil without granting enormous tax advantages to drones and others who take little or no risk. I think it is a very real problem, and it would be a great contribution if people in your area, who are familiar with the situation, would devote themselves toward developing a sound and sensible solution to it.

At any rate, having the benefit of percentage depletion, it would seem to me to be the heart of wisdom for persons interested in the oil industry not to jeopardize that advantage by seeking to get additional tax favors which are less warranted. I refer, of course, to such things as the in-oil provision, and others which are suggested from time to time. There is a good deal of feeling about percentage depletion but it is very likely that nothing can or will be done about it. I would point out, though, that the community property problem was finally solved, though it seemed for many years at least as difficult. The surest way that I can think of to focus attention of other parts of the country on the percentage-depletion situation, and possibly to produce fairly strong reaction, is to push it even more in the way of tax privileges.

Very truly yours,

ERWIN N. GRISWOLD.

---

OCTOBER 11, 1950.

DEAR DEAN GRISWOLD: I did not have an opportunity to hear your speech in Washington. My information came from remarks made by people who did hear it and from press reports. It is reassuring to be told that you had nothing to say in your speech about percentage depletion. As for the in-oil-payment provision referred to, I quite agree with you that this proposed legislation was not justified. I do not know who sponsored it. It is my belief that no responsible person in the oil industry did so. I, too, am pleased to know that the conference committee eliminated this measure from the bill that was finally passed.

It helps clarify our thinking for you to state that you have never advocated elimination of the depletion allowance. I agree with you that to do so would amount to taxing capital. The question is at what point the depletion allowance should be placed in order to encourage the generation of risk capital so essential in finding oil. Those of us in the oil industry who have lived close to the subject believe that the 27½-percent depletion allowance is more than justified.

The rate of 27½ percent for the depletion allowance has resulted over a period of years in a depletion which has been very nearly equal to the actual expenditures for finding oil by the industry. A survey by the Mid-Continent Oil and Gas Association of companies producing approximately half of the oil in the United States showed that in the period 1925-48 the expenditures for finding oil were within 10 percent of the allowable depletion. In 3 of the 5 years, 1944–48, the expenditures for finding oil exceeded the allowable depletion of this group of producers and for the 5-year period, 1944–48, allowable depletion was within about 6 percent of the expenditure for finding oil. These close relations indicate that the allowable depletion does have a direct effect on expenditures for finding oil and that the amount is not excessive in relation to the capital risked in the search for oil.

The rate of 27½ percent for depletion was determined by Congress after study of experience on the part of the industry in the years immediately prior to 1926 when this method was first adopted. The rate has been reexamined subsequently a number of times and approved by Congress in spite of attack by the Treasury Department. The depletion provision has encouraged the search for oil, resulting in great discoveries and supplies. Even if the rate of 27½ percent had been too high at one time, it has become part of the industry's cost and price structure so that any change in the rate now would tend to affect supply and price.

You have raised the question whether the 27½ percent depletion allowance does not cost more than other ways of achieving the same results. Percentage depletion probably costs less than any other way which could be devised to compensate for the risks involved in the exploration for oil and to encourage the necessary amount of exploration. This is probable from an economic standpoint, because the provision stimulates efficiency on the part of operators, since depletion is limited to 50 percent of the net profit margin. The operator has, in addition to the normal stimulus of profit from efficiency, the further attraction of a tax incentive under the present law. The depletion provision also attracts into the search for oil some capital that otherwise never would be risked in the industry, some of which adds to the discovery of oil and some of which is lost forever.

Direct subsidies to explorers probably would cost more and be less effective than percentage depletion. In the year 1949 there were 14,109 dry holes drilled in the United States. The average cost of these wells was at least $50,000 and the total cost was about $700 million. The Treasury Department has never claimed that taxes could be increased by any amount approaching such a figure through a change in percentage depletion. Even if Government subsidies involved paying only part of the cost of dry holes instead of the complete cost, the cost of the program might be greater than $700 million a year because of the additional number of dry holes that could be encouraged by the subsidies. A drilling contractor, unable to find sufficient work to keep all of his rigs busy, for example, very probably would be led by subsidies into drilling wells even if he did not expect to establish production. Efforts to limit the cost of the subsidy by controlling the drilling location of wells would involve the Government in endless details and expenses regarding geology, geophysics, and other matters, and subject the industry to stifling controls by men in Government who know nothing about the business of finding oil.

Subsidies in maritime shipping are closely related to the fact that the Government has imposed regulations on the shipping industry which result in high costs relative to the merchant marine of foreign countries. There is no comparable reason for subsidies in petroleum production. The oil-producing industry feels that it is entitled to reasonable tax treatment to avoid the taxation of the capital which it creates through the discovery of new reserves, but it does not seek subsidies which at best would be destructive of efficiency, difficult of interpretation and administration, and extremely expensive to the taxpayers. Oilmen are by nature individualists and are opposed in principle to Government subsidies.

You further inquire whether a very large portion of the benefits from the depletion allowance does not go to persons "who are not the ones who do the exploring and take the risks." Statistics cited by the Treasury Department in its latest proposal to reduce percentage depletion make it clear that the great majority of the benefits go to the companies—both small and large—which are now engaged in exploration and development.[6] All of the large oil companies which produce more than half of the oil in the United States, are engaged in extensive and expensive exploration and development programs. A review of the annual reports of these companies demonstrates the vast sums of money, running into the billions of dollars, which have been poured into the search for and development of new reserves within the past few years. The small operators, similarly, are spending sums proportionately as large considering their production. It is not true, as is sometimes alleged, that the small operator searching for oil today sells his property upon development of production. Occasionally some operators sell producing properties, principally to put their estates in liquid condition to pay inheritance taxes, but the great majority of the operators, who discover production today develop their properties and produce them. Such operators are receiving the benefits of the reasonable tax provisions applicable to oil production as a result of taking risks in exploration and development.

---

[5] The Revenue Act of 1950, as reported by the Finance Committee of the Senate, provided that the amount received from the sale of the right to obtain a stated amount of production from an oil, gas, or mineral property, while retaining a continuing interest in such property, should be treated as proceeds from the sale or exchange of a capital asset. H.R. 8920, 81st Cong., 2d sess., sec. 214 (1950) (as passed by Senate); see S. Rept. 2375, 81st Cong., 2d sess., 66, 91 (1950).

[6] Hearings before Committee on Ways and Means on H.R. 8920, 81st Cong., 2d sess., pp. 49–60 (1950).

The purchaser of a proved property, who is still taking considerable risks with respect to the amount of recoverable oil and the future price, generally pays a price which means that percentage depletion is of no benefit to him because it is less than cost depletion. At the present time, for example, developed oil reserves in the ground generally sell for about $1 a barrel which exceeds the percentage depletion, amounting to a maximum of 71 cents a barrel on the present price of $2.58 a barrel. If the percentage depletion provision is applicable and appears to place the purchaser in a position to save taxes, it influences the price he is willing to pay for the property and so results in a benefit to the operator who found and developed it. An inflationary trend which raises the price of all commodities may result in tax benefits even to a purchaser whose cost depletion at the time of the purchase exceeded the prevailing percentage depletion, but that is the reason for criticism of the conditions which bring about inflation and not for criticism of the operator who purchased an oil property on the basis that it was a reasonable investment at the prices then prevailing.

Perhaps the criticism that the benefits of percentage depletion go to persons who are not the ones who do the exploring and taking of risk is meant to apply to royalty owners. Even the royalty owner, however, may take risks and there are, in fact, many royalty owners who are also engaged in exploration and drilling. In fact, many independent operators regularly buy royalties as part of their business. Basically, however, the reason for application of percentage depletion even to the royalty interest is to protect the capital of the royalty owner which arises from the discovery and development of oil. The royalty owner, as much as the producer, has a known capital value as soon as production is established and is entitled to protection of that capital value before his income is subjected to the ordinary tax rates.

In your comments relative to the in-oil provision you seem to imply that percentage depletion is an advantage amounting to a tax favor, even though you can see it is warranted more than the provision regarding oil payments.[7] In the opinion of the oil industry the percentage depletion provision is merely a recognition of the penalties inherent in the risks involved in finding oil, and is necessary to avoid a tax penalty amounting to taxation of its capital to which it should not be subjected. Percentage depletion merely places the oil industry, insofar as the taxing of capital is concerned, on an equal footing with other industries which do not create new capital through discovery of hidden resources.

Yours sincerely,

REX G. BAKER.

---

OCTOBER 14, 1950.

DEAR MR. BAKER: The figures which you cited in your last letter are interesting and significant. However, they do not, I believe, take account of the fact that a large portion of these expenses are deducted in computing income taxes, in addition to the percentage depletion deduction. I am referring, of course, to the optional deduction allowed for intangible drilling costs, and other similar deductions.[8] The figures you give would be more persuasive to me if they showed a comparison between the costs on the one hand and the aggregate deduction on the other. By aggregate deduction, I mean not only percentage depletion, but also the deduction allowed for intangible drilling costs and other expenses. I do not believe that the comparison would be nearly as favorable as the figures you give indicate. Indeed, I should think this might be a major weakness in your argument.

Now let me turn to the last paragraph of your letter. The basic difficulty here, it seems to me, is one which is rarely disclosed in discussions from the oil country. This is the "discovery" allowance which is implicit in percentage depletion. I know of no other area in our tax law where very large increments in capital value are wholly exempt from taxation. You say that percentage depletion is necessary to enable the industry to preserve its capital. But this is obviously using capital in a double sense, and in a sense which is not applicable to other taxpayers. For other taxpayers, that capital, recoverable through depreciation, or on sale, or otherwise, is their investment in the property. Only in the oil business do "discoveries" become capital for tax purposes. Frankly, I find some trouble seeing why this should be so.

You suggest that this is necessary because of the risks involved in finding oil. I do not minimize these risks. I know that in a sense, they are very great. However, I think a pretty good case can be made for the proposition that large outfits, like the Texas Co., or the various Standard Oil companies do not take very substantial risks, except in a sense analogous to that in which it is said that the New York Life Insurance Co. takes risks. Or, to put it another way, when the operations are on a large scale, as in the life insurance business, the probability that things will come out somewhat as planned is very great. I do not mean to say that the probability is nearly as great in the oil industry as in the life insurance business. Nevertheless, experience has shown over the past 20 years that the big oil companies stand a high probability of success. They have no difficulty recovering the costs of their unsuccessful ventures from the products of their successful ones. I really seriously question whether it can be shown that percentage depletion is a necessary compensation for risks taken in these cases. The situation with respect to wildcatters, and the problem of stripper wells, are quite different. But the big companies account for a very large proportion of the production. It is far from clear to me that percentage depletion is ever necessary either (a) to compensate them for risks taken or (b) to safeguard their capital investments.

Very truly yours,

ERWIN N. GRISWOLD.

---

OCTOBER 16, 1950.

DEAR DEAN GRISWOLD: Enclosed is a section of yesterday's Houston Chronicle which contains a good deal of information concerning the oil and gas industry.[9] It will give you some idea of the enormous cost involved in finding and developing oil and gas, and of the tax burdens borne by the industry.

Yours sincerely,

REX G. BAKER.

---

OCTOBER 20, 1950.

DEAR MR. BAKER: It was good of you to send me the oil progress section of last Sunday's Houston Chronicle. I have looked at this with much interest.

I must confess, though that I am still not impressed by the tax burdens borne by the industry. I have no doubt that the industry presents many problems and bears a good many burdens. But its tax burdens would surely seem to be lighter than those carried by most other industrial enterprises. Take a look someday at the proportion of taxes to net income of three large oil companies, on the one hand, and three large nonoil industrial enterprises on the other. The figures are astounding.

If you say that you are not talking about the big companies, but about the little fellows, then I think we might meet on common ground. But a very high proportion of the tax benefit goes to the big companies.

Very truly yours,

ERWIN N. GRISWOLD.

---

OCTOBER 26, 1950.

DEAR DEAN GRISWOLD: It is a pleasure to receive your letters of October 14 and 20 on the subject of taxes paid by the oil industry. Your interest in this subject leads me to set forth a few additional points about the operations of the oil industry, for it seems that the lack of general understanding of the peculiarities of oil production is one of the principal reasons why the tax provisions relating to oil production are often criticized.

A crucial point, as brought out in your letter of October 14, is the question of contribution of the developer of oil production and the measure of the capital which he is entitled to recover free of tax. Two points seem pertinent on this question.

In the first place, let us consider two individuals investing $500,000 each, one in the search for oil and the other in an office building. The individual searching for oil may spend $100,000 on each of five different leases and establish production on only one of the leases. The other individual erects an office building with his $500,000. Would it be fair to allow the oil operator to recover as capital on his productive lease only the $100,000 that he put into that lease? If the individual is to risk his money in the search for oil it would seem that he would do so only with the prospect that he would recover more than the $500,000 spent on all of his ventures if he is successful. There is always the chance that he may find no production with his investment and all of his capital may be lost. To offset that risk there must be the attraction of a reward commensurate with his success if he finds oil. Another individual might venture $500,000 in the search for oil and discover twice as many barrels of reserves as his competitor, due to skill and good fortune. In this latter case he has made a contribution to society which is worth twice as much as that of his competitor. As soon as the oil is discovered and developed it can be sold in place, without being produced, for a known capital value, and, in case of such sale, taxes are on the basis of capital gain rather than current income.

The second point is that a producer of oil realizes two distinct kinds of income; namely, a capital gain on the sale of an asset which has been held for a long period of time and a short-term income on the operation of a producing property. The capital gain is measured by the difference between his investment in establishing the production and the price at which he could sell the oil in place and turn it over to someone else who would then make the current profit on the operation of the producing property. The percentage-depletion provision results in substantially the same rate of taxation as would result from the separation of income into its two component economic parts and the taxation of one part as capital gains and one at current income tax rates. In the absence of such consideration in the income tax laws, operators discovering and developing oil would be encouraged to sell their oil in place rather than to continue in business. It would seem to be in the public interest for tax policy to permit and encourage successful operators to stay in the business rather than to sell their properties to others who may have been less successful in the search for oil.

---

[7] See p. 365, supra.

[8] U.S. Treasury Regulation III, sec. 29-23 (m)—16(b) 1943.

[9] Houston Chronicle, Oct. 15, 1950, sec. E.

You raise the question whether the operations of large oil companies do not in effect reduce the risks of this business to those comparable with a life-insurance company and suggest that the probability that things will come out somewhat as planned is very great. I am sure you would find that the life-insurance companies do not consider their business in any way comparable with that of oil production, else with their large funds they would already have entered this business. A life-insurance company not only knows the risks but also the precise amount of money which it is going to spend and take in. The company engaged in the search for oil has not such assurance. It only knows that if it has average experience more than 1 out of 3 wells that it drills will be dry, but it has no way of knowing how much oil its productive wells will develop or what the value of that production will be when the oil is produced over a period of 20 or 40 years. A decline in the price of crude oil, for example, such as occurred between 1926 and 1933, can wipe out the apparent profits anticipated on the basis of cost and price realizations at the time of the investment. Naturally, the investments of the oil companies made during the depression seem very successful, but so do practically all other investments made at the same time. That fact does not provide any assurance against a decline in prices. The big oil companies are definitely taking very substantial risks which may break them as well as make them in the future. The Humble Oil & Refining Co., for example, has spent millions of dollars in Florida and to date established only a very small production. Unless our efforts and luck in that area improve, we stand to lose a very large sum of capital that Humble has risked in the venture. If we do lose our investment, we can deduct it in calculating our income tax payments just as any other business could deduct its losses on an unsuccessful investment, but that does not return to us the capital which Humble has risked. In the year 1949 alone Humble's dry-hole costs were $32,267,000, and even after consideration of the reduction in income taxes due to such loss it is clear that we risked and lost a very substantial sum of money. We can have no hope of realizing a return on that investment. Indeed, the investment itself is wiped out.

One final observation may help to throw additional light on the question of the oil industry's risks and the relation between its costs and deductions. I mentioned in the previous letter that a survey by the Mid-Continent Oil & Gas Association showed a close relation between the expenditures for finding oil and the allowable depletion. In your letter of October 14 you ask about the optional deduction allowed for intangible drilling costs. The same study previously referred to shows that the investment of the companies included in the survey in drilling and equipping productive wells exceeded their expenditures for finding oil. The sum of the expenditures for finding oil and for drilling and equipping productive wells was approximately twice the total allowable depletion of the companies for the period 1925–48. The investment in drilling and equipping productive wells was recovered only once as a deduction of intangible drilling costs and depreciation of tangible drilling costs. I did not mention this fact in my previous letter because percentage depletion relates to the depletion of the oil itself and, therefore, to the expenditures incurred in the search for oil rather than to the tangible and intangible investments in drilling, which are recovered through the option to expense intangible drilling costs and the depreciation of other drilling costs. This evidence is quite significant on the point which you considered a weakness in my previous argument.

In your letter of October 20, 1950, you suggest that we look at the proportion of taxes to net income for three large oil companies on the one hand and three industrial enterprises on the other. The point you are referring to can be illustrated from the comparison of the reports of United States Steel and Humble. In 1948 United States Steel showed a net income before Federal income taxes of $239 million, compared with Humble's net income on the same basis of $240 million, while United States Steel paid Federal income taxes of $109 million and Humble paid $54 million. In 1949 United States Steel paid $126 million in Federal income taxes on a net income before taxes of $292 million, whereas Humble paid Federal income taxes of $18 million on an indicated net income before taxes of $138 million. The explanation of the difference in the effective rate lies, of course, in the fact that a considerable part of Humble's net income really represents capital gain on the sale of its oil, and this capital gain should be taxed at 25 percent rather than at the normal corporate income tax rate, also in the fact that Humble is taking its depreciation on intangible drilling costs as it makes such investment rather than spreading the depreciation over the life of the properties. If Humble were to quit drilling or to reduce its drilling operations, the effective income tax rate would materially increase. Over a period of time the only difference between the effective tax rate on a steel company and an oil-producing company would be because of the percentage depletion, which is thoroughly justified in order to afford fair treatment of the capital gains realized on the sale of oil as it is produced.

I have taken the liberty to write at length on points suggested by your letters because you have shown a genuine interest in an objective inquiry about the facts with respect to the tax provisions on oil production. We find in our own operations that the business of exploration for and development of oil and gas is very complicated and not always fully understood even by some of the operators engaged in this business. It has been my endeavor to set forth information which may help to give you a better picture of the problems of oil production. We believe that the problems and peculiarities of the oil-producing business warrant and require the tax provisions now applicable with respect to percentage depletion and the option to expense intangible drilling costs.

Sincerely yours,

Rex G. Baker.

---

November 6, 1950.

Dear Mr. Baker: Please let me thank you for your letter of October 26. I have read it with much interest, and I would like to make certain observations.

In the first place, it seems to me entirely clear that the costs of any oil operations should be fully deductible from income, including subsequent income from other operations, where there is no current income against which the costs may be deducted. Taking as an example the situation given near the beginning of your letter, if a person spent $100,000 on each of five different leases, and established production on only one of the leases, I would allow the full $500,000 to be deducted against income, other current income from any source if there was such income, or against subsequent income from any source. This could be done by a system of carryovers. If the present 5-year limit[10] on carryovers is not enough, I would have no objection to its being extended. I am entirely in favor of taxing no more than the net income of oil operations. I still find it somewhat difficult to see why we should tax less than that net income, which may be, and often is, the result of the 27½-percent depletion allowance, which goes on without limit, and without relation to (a) actual depletion sustained or (b) the aggregate amount invested by the taxpayer in oil production.

The rest of your letter is devoted to what seems to me to be the heart of your argument. In substance, you seem to be saying that all income from oil production should, in effect, be taxed as capital gain, and that this gives an adequate justification for the present depletion allowance. This argument, I must confess, I find very hard to follow.

Is it not clear that income derived from oil production is business income? Is there any other sort of business income which is taxable as capital gain? When the grocer sells you a can of peas, he sells you property, but the gain is taxable as ordinary income, no matter how long he has held the peas. The same is true of a manufacturer, or of a real-estate operator. Indeed, the same is true of every other sort of business income. Why should income derived from oil production be treated in any other way? Perhaps the answer is that all income should be treated as capital gain. That would, of course, be attractive, and it would not result in discrimination between different types of business activity, as is the situation now. But it would hardly produce the revenue which, for better or for worse, is necessary under current conditions.

You mention the fact that in the year 1949 alone Humble's dry-hole costs were $32,267,000. But every nickel of that was deducted against other income, and Humble was not taxed on anything in excess of its net income. On the contrary, Humble paid taxes on much less than its economic net income, as can easily be shown by comparing the company's net income, in its reports to stockholders, and the much lower figure for net income which was undoubtedly given on its income tax return as a result of the 27½-percent depletion deduction. It is true that Humble risked and lost a lot of money on dry holes. But it is also true that it made even more money on other activities. And no one suggests that it should be taxed on anything more than its net income, after making full allowance for all the losing ventures. Frankly, I find it very hard to see why the dry-hole costs, fully allowed as tax reductions, have any bearing on the justification of the depletion allowance. There are many other industries which have to risk large sums, without any immediate or current tax deduction. I need to refer only to the steel industry for an illustration. There, large sums must be spent which are capital costs, and not deductible at all, except through carefully measured and limited depreciation deductions. In this respect, it seems to me that the oil industry has a great tax advantage, quite apart from the unlimited depletion deduction.

When all is said and done, your argument seems to boil down to the proposition that income from oil production should be taxed as capital gain. This appears near the end of your letter when you state that the percentage depletion deduction "is thoroughly justified in order to afford fair treatment of the capital gains realized on the sale of oil as it is produced." This argument seems to me to be clearly unsound. I can see no reason why, if valid at all, it would not be equally valid to all other income from production. Take, for example, the income from farms or from manufacturing. The farmer produces property. The manufacturer produces property. Yet no one has ever seriously argued, I believe, that their gains on the sale of this property should be taxed as capital gains, or that they are capital gains. The income from the conduct of the business is clearly business income. Oil production is clearly a business. I can see no reason why the income derived from the business of oil production should not be taxed as ordinary income. I repeat that I refer only to the net income, after full allowance for all costs incurred and for all capital actually invested in the business. But the percentage depletion deduction goes far beyond this. It gives a very large deduction, which bears no relation either to costs or to actual capital investment. I am still puzzled why anyone should think that it has a proper place in a fair and equitable tax system.

---

[10] Internal Revenue Code, sec. 122.

I have no hostility to the oil industry. On the contrary, I admire its great achievements, and its great contributions to the country, its economy, and its defense. But there are also many other forms of activity which contribute greatly to the country, its economy, and its defense. Why should they not all be treated the same? Why should the oil industry be the recipient of a tax deduction, enormous in the aggregate, which bears no relation to its costs, or to the capital invested in oil production?

Very truly yours,

Erwin N. Griswold.

---

November 8, 1950.

Dear Dean Griswold: Your letter reveals the difficulty that even a man of your ability has in understanding the real nature of the oil business and the risks involved in finding and producing oil. After all, the basic principle involved in the depletion allowance is rather simple. The man who explores for oil must invest sums of risk capital. He may lose this capital altogether on unsuccessful ventures. He may through luck or skill succeed in finding an oilfield. If he does, he creates new capital. In producing that oil he depletes the corpus, and if the taxing away of his capital is to be avoided he must have a depletion allowance. Only in this way can he, under our existing tax rates, have enough left with which to do further exploratory work with the hope of finding new reserves to replace those depleted by production.

There is no way to compare his real situation with that of the steel manufacturer or the farmer mentioned in your letter. The man who builds a steel mill can depreciate every dollar of his investment in time, and through depreciation get his capital investment back tax free. The farmer who raises a crop does not deplete the corpus of his farm, for he is able to grow a new crop year after year. Therefore, any sums he may realize from the sale of his crops are ordinary income. Of course, he can charge off depreciation on his tools and equipment because they wear out and must be replaced.

Thus in its essentials depletion does nothing more than afford the oilman an opportunity to replace his capital. This is exactly what is done with the owner of the steel mill who is allowed depreciation on his plant investment. To me this analysis is simplicity itself and I cannot see how its validity can be questioned.

I sincerely hope that you will be able to come to Texas someday. Perhaps you would enjoy a trip to the oilfields and an opportunity to witness the widespread wildcat operations which are taking place in this part of the country. Then I believe you could better understand why the enormous risk capital involved in operations must be regenerated out of the depletion allowance on the oil that is found and produced.

Sincerely yours,

Rex G. Baker.

---

November 27, 1950.

Dear Mr. Baker: It seems to me that your position boils down essentially to one matter; namely, that oil producers are entitled to special tax treatment because their income is essentially capital gain.

The argument that the present percentage depletion allowance is necessary to enable you to recover your actual cost will not stand up, particularly as applied to a company like yours. I have made it plain that you, or any other oil producer, should be able to recover all of your actual investment before any tax liability is incurred. As a matter of fact, though, the combination of the deduction of intangible drilling costs plus percentage depletion gives you, and most oil producers, a deduction far in excess of your costs. I have no doubt, for example, that the aggregate of these two deductions taken by Humble in the years since percentage depletion became available is far in excess of the aggregate of Humble's actual costs in those years. There is no other type of business enterprise in this country which receives deductions in excess of costs through depreciation or otherwise.

In the case of certain independent wildcatters, it may be that a succession of dry holes will produce costs which cannot be offset, under present laws, against subsequent income. This should be largely taken care of, however, by the present provision of the law allowing losses to be carried forward for 5 years. If this is not enough, I would have no objection whatever to any change in the law which would make it plain that no oil producer was subject to tax until he had received deductions equal to all of his costs which had not previously been effectively deducted from gross income.

Let us try to test your capital gains argument. Suppose we had a tax, like the English tax or the Canadian tax, in which capital gains are not taxed at all. Could you successfully maintain the position that income from oil production is not subject to tax at all, because it is capital gain? It seems to me that the answer to this is quite plainly "No."

The tax systems which do not tax capital gains all draw the line closely between what they regard as capital gain and profits from trade or business. It is clear that the operations of oil production are a trade or business, within this concept, as well as under our own law.

We do not have to speculate about this. The Canadian income tax is a clear example. Under that law, capital gains are not taxed. But it has never been seriously suggested, as far as I know, that the income from the production of oil and gas in Canada should be wholly exempted from tax on the ground that it is capital gain. On the contrary, it is clear that it is regarded as income from trade or business, and subject to tax as income. It is true that there is special allowance for depletion under the Canadian tax law. This may, however, be a reflection of the special deduction allowed in the U.S. law.

On the whole it seems to me that the best position you have developed is the capital-gain one. Even on that basis, though, I think you claim too much. Under our law capital gains are taxed, though at a maximum rate of 25 percent. But the percentage depletion deduction is supposed to reflect the old discovery-value allowance. The effect of this was to make the capital gain on the discovery of oil (or other minerals) wholly exempt from tax. In other words, discovery value—and, therefore, percentage depletion, to some extent—clearly goes too far. I think I could understand a provision which said that income from oil and gas production should be taxed as capital gain, and which, accordingly, completely eliminated the percentage-depletion deduction. Trying to get both capital-gain treatment, and the percentage-depletion deduction, as in the recently defeated provision about in-oil payments, is clearly trying to get too much. And if income from oil production was taxable as capital gain, I should feel that, under current conditions, the present 25-percent rate was far too low.

However, it still seems to me that taxing income from oil production as capital gain would be quite wrong. Such income is clearly income from the conduct of a trade or business and is not capital in its nature, even though it arises, in a sense, out of increases in the value of property. After all, the income of any manufacturer or retailer likewise arises out of increases in the value of property; namely, the property which is manufactured or sold. Such income, however, is clearly not capital gain. There is no better reason, as far as I can see, why the business income of oil producers should be taxed as capital gain merely because it is derived by selling the property that they produce.

You suggest at various places in your letters that the oil producer should be able to get tax free the capital he has produced. I do not know any other line of activity in which a person recovers tax free any capital he may have produced. Even in the case of capital gains, the basis for determining gain or loss will be only the amount actually invested in the property. It is only the oil industry which gets a return free of tax in excess of its actual capital investment.

Thus, the percentage depletion allowance turns out to be nothing more than a special subsidy. If that fact were more generallly understood, I cannot help wondering whether the present allowance would be continued unmodified.

Very truly yours,

Erwin N. Griswold.

---

December 12, 1950.

Dear Dean Griswold: As I interpret your letter of November 28, you insist that oil producers receive special and unwarranted tax treatment and that all their income should be taxed as ordinary income, despite the fact that in your letter of September 25, you concede that oil producers are entitled to a depletion allowance, merely questioning the advisability of placing it at 27½ percent. Actually, the depletion allowance is applicable to relatively few oil-producing properties. In practice, cost depletion applies to the poorer properties. Furthermore, percentage depletion is limited to 50 percent of net income derived from a producing property. Thus, in general, it is improper to refer to 27½-percent depletion rate as applicable to all oil properties.

The producer of oil receives two different kinds of income. He realizes a capital gain or loss on the sale of an asset held over a long period of time and a normal income on the operation of a producing property. The income tax law authorizes the taxation of income and not capital. Therefore, any capital gain from the sale of an asset held over a long period of time should not be taxed as normal income. Only the income derived from producing operations can justly be taxed as normal income. Consequently, the depletion allowance, which makes it possible to avoid the taxing away of capital, does not give special treatment to the oil industry and is completely justified. This is proved by the fact that the profit figures for the oil industry clearly follow the same pattern as for other industries.

There is no evidence that the tax provisions have resulted in advantage for oil producers as compared with businesses in general. The fairness of a tax cannot be judged by merely looking at the most successful operators, but must be tested by considering the average results for all operators.

The function of such profits as are realized after taxes is to direct investment capital into different activities in proportion to need. There is no evidence that profits have been so high as to attract any more capital into the oil industry than is needed. While the oil industry has constantly expanded, the expansion has contributed greatly to the maintenance of low prices for fuels, to economic progress, and an expanding economy. If the profit rate on oil production had been reduced by higher taxes, the capital attracted into the industry would have been reduced; additions to oil reserves would have been less. The smaller supply of energy would have retarded economic progress in the United States, and the price of gasoline and other petroleum products to the consuming public would have been materially increased.

Thus, it seems clear that the wisdom of the depletion allowance is more than justified, and experience has demonstrated that the depletion allowance is not excessive but has been only enough to generate new risk capital required in exploring for oil.

Yours sincerely,

REX G. BAKER.

Mr. DOUGLAS. Mr. President, this completes the formal presentation of the material in support of my amendment.

I have not been in politics for a quarter of a century without knowing the forces which are alined against this amendment—the most powerful forces in the country, contributors to campaign funds, contributors to campaign committees, contributors to individual senatorial and congressional campaigns. In return, it is asked that the men so helped protect the depletion allowance. This is one of the most corrupting influences in American politics; and both parties are tarred with it.

I had hoped that my party—the party of Bryan, Woodrow Wilson, Franklin D. Roosevelt, and Harry Truman—might remain immune, or relatively immune, from this influence; but it is not so. Those in the know are well aware of the powerful influence of the oil companies upon Democratic policy and Democratic votes, and also—perhaps to an even greater degree—upon votes on the other side of the aisle.

But, Mr. President, if we are to retain any faith in our system, we must enforce the tax laws without fear or favor. By favoritism, we are encouraging evasion and avoidance on the part of millions, who say the whole system is a racket, that the big boys can get legal protection, so why should the others declare all their income? The expense accounts and the other forms of evasion are eating like an ugly cancer all through our national life; and we have made it worse in the last weeks in the Finance Committee and on the Senate floor, as measure after measure to help the powerful and the rich has gone through, but amendment after amendment to try to protect the average taxpayer has been voted down. We have seen the spectacle of a bipartisan political combination, operating on both sides of the aisle, move like a juggernaut in this direction.

Mr. President, I am well aware that when the issue is put to a vote—whether on a motion to lay on the table or whether a vote directly on the amendment there will be a majority, and probably a big majority, against this amendment. But I take some courage from the fact that when the vote was taken on the amendment of the Senator from Delaware [Mr. WILLIAMS], 30 Senators voted against laying it on the table.

I remember that back in 1951, when we began this fight, only nine Senators wanted to reduce the depletion allowance. They were the Senator from Oregon [Mr. MORSE], the Senator from Delaware [Mr. WILLIAMS], the Senator from Minnesota [Mr. HUMPHREY], myself, and five others, whose names I cannot remember at the moment—but only a total of nine. Now the number has grown, even on an incomplete rollcall, to 30; and I was especially pleased that the chairman of the Senate Finance Committee, the senior Senator from Virginia [Mr. BYRD], voted with us on that yea-and-nay vote. I think it is the first time he has done so. It may be indicative of the shift in public opinion.

We know we shall be beaten tonight; the bipartisan coalition will roll over us. But we shall go down fighting, even at this late hour.

Some of the supporters of the depletion allowance scornfully say, "These amendments have been defeated before, and they will be defeated again. So pay no attention to them; they do not amount to anything."

Mr. President, I thought of some lines written by James Russell Lowell, who perhaps is out of fashion today, but who wrote some good poetry about the antislavery issue—poetry which also is applicable to the depletion-allowance issue. Since other Members of the Senate have quoted poetry—of an inferior nature—I hope I may be pardoned if I quote these lines from James Russell Lowell:

> Truth, crushed to earth, shall rise again;
>   The eternal years of God are hers;
> But Error, wounded, writhes in pain,
>   And dies among his worshippers.

Mr. President, it is solemn truth that the depletion allowance should be greatly reduced. We are going to be beaten tonight; but in God's good time we will not be beaten, and the powerful oil interests which have their representatives on this floor, and who will vote down this measure and who will be victorious this time, in due course of time will not be victorious, because they are defending something which is morally and economically wrong.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. PROXMIRE. Will the Senator from Illinois inform the Senate how much this amendment would increase revenue?

Mr. DOUGLAS. The minimum estimate of the Treasury is about $320 million. The Library of Congress estimate is approximately $500 million. Probably the correct figure is somewhere between the two; and the amendment would roughly balance the tax bill.

Mr. PROXMIRE. That is my second question. One of the serious problems in connection with the pending tax bill—and in the judgment of many persons it is the most serious problem in this connection—is that this tax bill, which started as a revenue-raising bill, will now result in the loss of hundreds of millions of dollars of revenue.

Mr. DOUGLAS. That is correct.

Mr. PROXMIRE. But the effect of the amendment of the Senator from Illinois would be to change that situation and to compensate for the revenue losses caused by other parts of the bill; and thus the amendment would result in a balanced tax bill, which would not lose a substantial amount of revenue, and might even balance the revenue losses with a revenue gain.

Mr. DOUGLAS. The amendment would result in a roughly balanced bill—not a precisely balanced bill, but a roughly balanced bill.

Mr. PROXMIRE. Is it not true that perhaps the best test of justice or of what some might call liberalism is one's attitude toward revenue-raising measures? And is it not true that we can determine—on the basis of Senators' votes whether they believe taxation should be based on ability to pay or that it should be based on political and economic power? Would not this seem to be the place, if any, to divide those who believe in economic and political justice from those who do not?

Mr. DOUGLAS. Amendments such as this one will, in the slang parlance, separate the men from the boys. Whatever may be one's view in regard to the general system of taxation—whether one believes it should be proportional, with the rate constant as income increases; or whether one believes that it should be regressive, with the rate decreasing as income increases; or whether one subscribes to the position to which I hold; namely, that the rate should increase as income increases—in any case those with equal incomes should pay equal taxes. But that is not the case when special groups receive special and favored treatment in regard to the taxation of income.

Mr. President, I yield the floor.

Mr. MONRONEY. Mr. President, I rise in opposition to the amendment of the distinguished Senator from Illinois.

At the beginning, I would like to say that many of us who have long supported the depletion allowance have done so from deepest conviction that it is not only economically sound, but that it has been indispensable to building in this country a reliable, available source of the mineral which is the most necessary to our economy in peace or war.

In my State oil is the second largest income producer, ranking only slightly below agriculture.

I assume that the distinguished Senator from Illinois is speaking with complete integrity as he discusses the various economic issues which he regards as important to the Nation or to the State of Illinois. I ask that the same credit for honest conviction be given to those of us who see this question in a different light.

The Senator implies that we are tools of the giant oil industry. It is also possible that on the merits of the issue, he is wrong and we are right.

The amendment the Senator offers would, I believe, be subject to severe criticism on many grounds. The Senator, in his amendment, is singling out oil as an evil thing and treating the depletion allowance as merely a means of grabbing extra income.

We in Oklahoma consider the depletion allowance as the greatest possible accelerator to make America self-sufficient in oil.

Like the Williams amendment, this amendment proposes to single out oil and gas and establish a sliding scale of depletion for that 1 mineral out of the 37 which enjoy comparable depletion allowances.

Not only does it single out one industry for different treatment, but it singles out the industry which consistently spends a greater percentage of its income to find and develop new supplies—the purpose of all depletion allowances—than any other mining industry. It singles out the only mining industry which consistently spends $3 on exploration and development for new supplies for every dollar that it retains in depletion.

The greatest objection to the amendment is that it would extend the maximum depletion allowance of 27½ percent to the very class of taxpayers who are least likely to reinvest in exploration—those whose gross income from oil and gas is less than $1 million. In this group would be most royalty owners and one-shot speculative investors in wildcat wells. It would reduce the allowance to the very classes of taxpayers that are most likely to reinvest not only the funds retained for depletion, but much more in exploration for new supplies. Thus, taxpayers with incomes from oil and gas of more than $1 million but less than $5 million would be given an allowance of 21 percent and those with incomes from oil and gas in excess of $5 million an allowance of 15 percent.

The 33 largest oil companies in the United States are the subject of an annual report by the petroleum department of the Chase Manhattan Bank. All of these companies would have their depletion allowance reduced from 27½ to 15¼ percent on all oil and gas production. The latest issue of this report, entitled "Petroleum Industry, 1961," indicates that these companies spent in 1961 on exploration and development in the United States alone over $100 million more than they retained for depletion, depreciation, and amortization combined.

We cannot have it both ways. If the American oil industry is to continue to find adequate supplies to meet the Nation's needs, it must obtain the necessary funds to pay for the cost of exploration. We must either retain the present depletion allowance, or accept a substantial increase in the cost of gasoline and other petroleum products. There are no other sources of the necessary money. The profits of this industry are consistently lower than the average profits of manufacturing industries in the United States.

Some of those who have been critical of the depletion allowance have frankly recognized that its withdrawal would require an increase in price. Prof. Arnold G. Harberger of the University of Chicago has testified that—

> More oil can indeed be obtained by tax concessions * * * [but] * * * if the rest of the economy wants more oil, it should be willing to pay for it by way of a higher market price.

This means primarily an increase in the price of gasoline.

Rather than agree with the Senator that we are oversupplied or that we are wasteful in investing in oil, I am proud that we continue to have, within the borders of this Nation, an adequate supply of oil which has taken us through two World Wars and the Korean conflict.

I shudder to think, with all our mechanized equipment, from airplanes to submarines to diesel trains to compact cars, that we would have to suffer the outflow of dollars which would be required to import all the oil needed to keep our industrial machine on the move.

I feel that the way to get production is the way we have gotten it in the past, that is, to make it worth the gamble for men to drill. In the days when the depletion allowance originated, it was common to take a string of cable tools and drill 1,000 or 1,500 feet below the earth's surface and hit an oil well. Today we have gone below the 5,000-foot depth. We are probing the 10,000-foot depth. There are wells in my State which are searching for oil at the 15,000-foot level, and there is a search for oil where it has not been found before.

This is equally true of all search for oil today. The lush days of the east Texas field are gone. There has not been a field like that found in more than a score of years. Aside from the Williston Basin, the fields have been small in size and low in production. Yet the Senator from Illinois would take away the right of oil to be treated as any other mineral.

There are over 50 minerals that receive a depletion allowance. Oil and gas receive the top allowance, which is 27½ percent.

It is not generally recognized that the depletion allowance for the oil industry is limited to 27½ percent of its gross or 50 percent of its net earnings, whichever is less. For the industry as a whole, this results in an average depletion allowance of about 23 percent—the same as provided for sulfur, lead, zinc, uranium, nickel, in fact, for a total of 37 other mining industries. Even the producers of sand and clay have depletion allowances under our laws.

Mr. DOUGLAS. Mr. President, will the Senator yield?

If the Senator wishes to offer an amendment which would apply to sulfur, bauxite, and the other minerals which he has mentioned, the same depletion allowance as to oil, I would be willing to support the amendment.

Mr. MONRONEY. I am saying that oil which is found by a group that has $1 million gross income a year is as much entitled to a depletion allowance of 27½ percent as a group that has a gross income from oil of only $500,000. After all, profit is the thing we are trying to measure. In a situation such as this, those having a $1 million gross income, whose depletion allowance would be cut from 27½ percent to 21 percent, are not giants. At $3 a barrel, $1 million gross would be produced by 300,000 barrels. This would produce a net profit, on the average, of 25 cents a barrel before taxes, or about $73,000 a year. These are not giants whose depletion allowance would be reduced from 27½ percent to 21 percent.

Mr. PROXMIRE. Mr. President, will the Senator yield at that point?

Mr. MONRONEY. I yield.

Mr. PROXMIRE. Would the Senator support an amendment merely to reduce the level of oil depletion to that allowed sulfur, 23 percent, and permit oil to have the same depletion allowance as the second most favored group of minerals?

Mr. MONRONEY. Of course not, because sulfur is not found at 5,000 to 25,000 feet below the earth's surface. It does not require a well costing $100,000 to $1 million to determine whether it is there at all. The other minerals are found near the surface of the earth.

I have listened patiently to the distinguished Senator's argument. I am trying to say that the much maligned 27½ percent depletion allowance does what I think all America wants; and that is, to make us self-sufficient in oil. It will be remembered that when the Suez Canal was closed we had to open our wells and produce enough to supply the free world.

I think it is a good investment to continue to develop our oil reserves, because we do not know when the war may grow hotter in Berlin, or whether we may have more trouble in Laos, or whether we may face another blowup in the Middle East.

Mr. PROXMIRE. May I ask the Senator another question?

Mr. MONRONEY. We must have a supply which is not only ample for ourselves but also ample for our allies. In order to have this supply there must be a profit motive, to make it profitable for the producer to drill, generally, nine holes in order to get one that will produce. Then, if he has nine such producing wells, new discovery wells, probably only one will prove to be economically feasible, to return a good investment on a good oil strike. I might repeat what I said earlier today in connection with the Williams amendment:

> And if an oil producer invested $300,000 in a well—and was allowed to recover tax free from the output of that well this same $300,000 of his original investment, he could not normally go out and for $300,000 find another well to replace the one he had depleted by production.
>
> Wildcatting odds are dead against that. On the average, a man drilling rank wildcats—a man going out to find new reserves to replace those being depleted—would have to drill nine exploratory wells to find one that even qualified as a producer. But even at that, his one producing well out of nine would—if typical—turn out to be a financial failure. Under the prevailing odds, only about 3 percent of all the new-field wildcat wells drilled are ultimately successful—producing oil or gas or both in quantities deemed sufficient to turn a profit. Ninety-seven percent of all new-field wildcat wells are commercial failures.
>
> Therefore, based on industry averages over a period of time, an oil producer who was depleting a well that cost him $300,000 would

have to have not his $300,000 back but—at the very least—32 times that original investment—or $9,600,000—to stand a fighting chance of bucking the mathematical odds and finding replacement reserves.

Giving him $300,000 in tax deductions would be little better than giving him nothing. It would be the same as telling him to go out of business because—unless he had a very sensational and remarkable stroke of luck—he just wouldn't be able to find a new wildcat well if allowed no more of a deduction than his investment in a well that was depleting.

**Mr. TOWER.** Mr. President, will the Senator yield for a question?

**Mr. MONRONEY.** I yield to my distinguished colleague.

**Mr. TOWER.** Would not the effect of the amendment proposed by the distinguished Senator from Illinois be to penalize success, to discourage the pursuit of success? Is not the pursuit of success that which has built the great industrial empire of our country? Should we penalize success?

**Mr. MONRONEY.** The Senator is exactly correct in stating the position which has been taken.

It is said, in effect, "The more successful and the more erudite are the geologists, the more carefully they plan the wildcatting and the exploration, the more we will cut them off, because the allowance is wrong. We must not allow a reward for success in finding oil." We are not asking that anything special be done for finding oil, but we think it is at least entitled to the same depletion allowance everybody else gets.

I cannot see any logic in saying that well A, which produces a commodity called oil, shall be allowed a 27½-percent depletion allowance—but never more than 50 percent of net, I remind Senators, on each well—and well B, because somebody else owns it, because the producer might make $83,000 a year net on the production of $1 million worth of oil gross, shall get a 21-percent depletion allowance on identical oil.

Is that the way to write tax legislation? I do not think so. We are singling out the oil industry, and making a target of it. I do not know why it is considered to be so evil, compared to other minerals. No other minerals have strings tied to the amount of gross income which can be produced—from a coal mine, a sulfur mine, a bauxite mine, or a borate mine.

**Mr. DOUGLAS.** Mr. President, will my good friend yield?

**Mr. MONRONEY.** I yield.

**Mr. DOUGLAS.** I should be perfectly willing to accept an amendment from the Senator to reduce the depletion allowances in the case of other minerals and to say that the depletion allowance shall not exceed 21 percent for the amounts from $1 million to $5 million and 15 percent for the amounts over $5 million. If the Senator will propose that, I will accept it.

**Mr. MONRONEY.** I do not intend to propose it.

**Mr. DOUGLAS.** Of course the Senator does not intend to propose it.

**Mr. MONRONEY.** I don't apologize for refusing to legislate in total ignorance of the problems of those industries. I think the 27½-percent depletion allowance has delivered what it was intended to deliver, which is an adequate supply of oil for peace or war.

Today we are asked to cut down the allowance, though we are faced with threats around the world. I think such action would be foolish and irresponsible.

**Mr. DOUGLAS.** I say to my good friend, if he will yield, that, of course, the Senator understands that once the depletion allowance was provided for oil the pressure began for depletion allowances for sulfur and other minerals, partly to protect the oil depletion allowance and to bring in more allies, and partly because, with oil producers getting to the trough, other producers wanted to get there, too.

This is the greatest source of abuse, because more than $2 billion of the $3 billion we lose through the depletion allowance goes to the oil industry. Less than $1 billion goes to all other minerals combined.

If the Senator wants to mete out the same treatment to other minerals as I would mete out to oil, I should be delighted to accept the amendment.

**Mr. MONRONEY.** I say to the Senator that I know as little about sulfur and some of the other minerals as I believe some of my colleagues know about oil.

Certainly I do not feel that it is a proper time, during one night, without any hearings as to the effect of the proposal, to drive a knife into the one thing which has kept a big industry solvent, moving ahead, and finding new sources of oil while, above all, maintaining the price of gasoline, which is the principal product, at what it was in the year 1920, exclusive of all the excise taxes that have been levied since that time.

I think this is a pretty good record. I think it is a record of a great American industry under a proved system of trying its dead level best to find the product we need and always to maintain an adequate supply.

**Mr. CARROLL.** Mr. President, will the Senator yield?

**Mr. MONRONEY.** I yield briefly. I should like to close in a moment.

**Mr. CARROLL.** I say to the Senator from Oklahoma that I think he is one of the experts in the field of our domestic oil industry. If my memory serves me correctly, the depletion allowance was enacted into a statute in 1926.

**Mr. MONRONEY.** That is my understanding.

**Mr. CARROLL.** The purpose of the statute initially was to aid in regard to exploration for oil in this country; does the Senator agree?

**Mr. MONRONEY.** It was to help develop an adequate supply of oil. It was also a means to have a uniform cost system to compensate for the exhaustion of a natural resource. What we are talking about is the resource which is discovered. As it is exhausted it cannot be produced the second time. The 27½-percent depletion allowance helps pay the cost of finding a replacement.

**Mr. CARROLL.** Basically, would not the Senator agree that the original purpose was to stimulate the exploration for oil, for the purpose which the able Senator from Oklahoma indicated, to help produce a domestic oil industry which could meet the needs of the Nation?

**Mr. MONRONEY.** That is correct.

**Mr. CARROLL.** I agree with that statement by the Senator from Oklahoma. I must confess that I disagree with some of my colleagues.

I think the President of the United States said at one time, in 1960, that there were about 108 commodities which had some type of this sort of support, and he intended to review them.

In 1932, in 1935, in 1937, in 1938, and in 1939, when we began to move into the foreign fields, the initial concept of the depletion allowance had nothing to do with other than the exploration for domestic oil. Today we know that in Saudi Arabia, in Venezuela, and in other foreign countries the depletion allowance is being given to American oil companies operating in these areas.

I do not want to interfere with the Senator's presentation, because I agree with the basic premise about the need for developing, for exploring, strengthening a domestic oil industry in this Nation.

The question occurred to me about what we should do when we allow a depletion allowance, which was never contemplated in the original statute, to Saudi Arabia or to Venezuela, and we learn that great financial benefits are going to giant American oil companies who operate the major fields, and that oil is flowing into the United States, interfering and retarding our domestic oil economy?

Does the Senator want to go into that field?

**Mr. MONRONEY.** That is another matter. Briefly, the rearrangement of the contract makes depletion of little significance, because of the treatment of the royalty as a tax which is deductible. Therefore, as I understand the situation, very few of the Middle Eastern producers even consider the depletion allowance.

**Mr. CARROLL.** Mr. President, will the Senator yield further?

**Mr. MONRONEY.** I should like to conclude, but I yield.

**Mr. CARROLL.** I do not wish to interfere with the presentation by the Senator from Oklahoma, but I suggest that those contracts were negotiated with the support of the State Department. In Saudi Arabia, for example, the contract was set up by royal decree. The taxes paid to Saudi Arabia are offset under a statute, passed in 1918.

I do not wish to demean the presentation by the Senator from Oklahoma. We face a problem. I do not think we can solve it in a short time. We ought to examine the whole program, and consider whether we should limit the depletion allowance to the continental limits of the United States.

I believe I am correct in saying that the Senator from Oklahoma and the junior Senator from Colorado and some other Senators have asked the administration to control the importation of oil into this country because it affects our domestic industry.

Mr. MONRONEY. The Senator has been very helpful in that connection, as I have tried to be. Generally the amendment would have little or no effect in the areas of the Middle East, where the trouble occurs. It would have the effect of shutting down exploration and eliminating the development of fields in the United States. If the amendment were agreed to, we would be playing a dangerous game. We can pay the cost of finding oil in one of two ways. We would either pay it by providing an adequate depletion allowance, and the 27½ percent allowance has proved itself successful—or if we reduce that amount we will make up the difference in the price of gasoline and oil.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CARROLL. Would it not be better for the Senate, the administration, and the Department of the Treasury to begin to direct its attention, first, to the question of the advisability of allowing depletion allowance to American oil companies operating in foreign countries, especially when the Department of State is or has been negotiating agreements in these areas and, second, to the question whether or not we should consider a modification of the offset tax statute?

Mr. MONRONEY. That would be a subject of legislation.

In closing I wish to again point out that the latest issue of the Chase National report entitled "Petroleum Industry—1961" indicates that in 1961 the 33 largest oil companies in the United States spent on exploration and development in the United States alone over $100 million more than they retained for depreciation or amortization combined. I yield the floor.

Mr. MANSFIELD. Mr. President, it was my intention to move to table the amendment of the Senator from Illinois as I moved to table the amendment of the Senator from Delaware [Mr. WILLIAMS]. However, I notified the Senator from Delaware ahead of time that such was my intention. I did not so notify the Senator from Illinois.

Will the Senator from Illinois do me the courtesy of stating whether he prefers to have a motion to table made or would he prefer an outright vote on his amendment?

Mr. DOUGLAS. I would personally prefer to have an outright vote on the amendment.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. CARROLL. Mr. President, unless there has been a time limitation on debate, which the Senator from Colorado has not heard about, I wish to make a few remarks on the amendment.

Again we are confronted with one of the most complex economic taxing situations with which the Senate is called upon to consider. We cannot adequately discuss such an important proposal in 1 or 2 hours. The Senator from Oklahoma has made a very fine presentation from the standpoint of the domestic oil industry. He discussed the taxes paid by the major companies in our country.

I point out to the Senate that, according to my memory, one company in one taxing year in Saudi Arabia received a depletion allowance of $120 million.

I previously have had the privilege of discussing, this evening, this subject with the senior Senator from Illinois [Mr. DOUGLAS]. Senator O'Mahoney and I had sponsored an amendment which would cut off depletion allowances at the continental limits of the United States. We found that there was no support for the measure among members of the independent oil industry because they were greatly influenced by the major companies who have enormous financial holdings in other countries.

Recently I received information that some of the small refiners and distributors are beginning to understand the consequences of the great outpouring of wealth resulting from foreign oil production into their own marketing and distributing situation here in the United States. The able Senator from Illinois and I discussed the subject only an hour or so ago. I had hoped that the Senator from Illinois would not ask for a record vote on the present proposal. Why? We cannot adequately discuss the question in an hour or two of debate on the sort of bill before the Senate.

The vote can only be symbolic. It will not be a definitive vote at all. The subject is one which should be discussed for hours in the Senate, and not in connection with this type of a tax bill. Many of us come from oil producing States and have voted consistently for the principle involved in the amendment of the Senator from Illinois. There has been no adequate time for preparation for this debate. We cannot discuss intelligently an issue of such importance in an hour and a half or 2 hours. The question involves a vital part of the economy of our Nation. It involves a Presidential pledge on which we have not received any information, guidance, direction, or leadership.

In this short time Senators who come from oil-producing States should not be faced with the contention that we should have a depletion allowance only for the domestic oil industry. This amendment does not do justice to those of us who represent independent producers and distributors, and those who have deep convictions on the issue, and who seek a more timely and equitable solution.

No experienced Senator believes that the amendment will be approved. Unless we contemplate extended debate, the issue should not have been brought before the Senate in connection with the pending bill at the present time. Only with extensive debate, with statistics pro and con brought forth, should we be required to vote on the merits. The able Senator from Illinois [Mr. DOUGLAS] has presented the issue hour after hour, day after day, and year after year, and we have been defeated time after time. This late hour, when we are not prepared, when we are all tired, is not the proper time to discuss this important amendment. No one has really discussed the issue as it should have been debated.

I had hoped that we would not have a vote on the merits of the issue.

I should like to make my position clear. I should like to have had the opportunity to present the original O'Mahoney amendment, which would provide a larger gross income than the senior Senator from Illinois requested. Also I should like to have had the opportunity to present the original O'Mahoney-Carroll amendment limiting the oil depletion allowance to the continental limits of the United States. I should like then to have debated the question because these amendments have never been fully debated in the Senate. I repeat I was hopeful that we would not have to vote on the merits of the amendment at the present time. Therefore I shall vote "no" for the first time on the general issue.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ERVIN (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. EASTLAND]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I therefore withhold my vote.

Mr. LONG of Missouri (when his name was called). On this vote I have a pair with the senior Senator from Tennessee [Mr. KEFAUVER]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

Mr. WILLIAMS of Delaware (when his name was called). On this vote I have a pair with the Senator from Kentucky [Mr. MORTON]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." I withhold my vote.

Mr. WILLIAMS of New Jersey (when his name was called). On this vote I have a pair with the Senator from Minnesota [Mr. HUMPHREY]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

Mr. COOPER (when his name was called). On this vote I have a pair with the senior Senator from New York [Mr. JAVITS]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], and the Senator from Florida [Mr. SMATHERS] would each vote "nay."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from New Mexico would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from New York [Mr. JAVITS], the Senator from Vermont [Mr. PROUTY], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

If present and voting, the Senator from South Dakota [Mr. BOTTUM], the Senator from Arizona [Mr. GOLDWATER], and the Senator from New Hampshire [Mr. MURPHY] would each vote "nay."

The respective pairs of the Senator from New York [Mr. JAVITS] and that of the Senator from Kentucky [Mr. MORTON] have been previously announced.

On this vote, the Senator from Wisconsin [Mr. WILEY] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Wisconsin would vote "yea," and the Senator from Utah would vote "nay."

The result was announced—yeas 23, nays 50, as follows:

[No. 246 Leg.]

YEAS—23

Aiken
Case
Church
Clark
Dodd
Douglas
Gore
Hart
Jackson
Keating
Lausche
Long, Hawaii
McCarthy
McNamara
Morse
Muskie
Pastore
Pell
Proxmire
Scott
Smith, Mass.
Smith, Maine
Young, Ohio

NAYS—50

Allott
Bartlett
Beall
Boggs
Burdick
Bush
Butler
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Cotton
Curtis
Dirksen
Ellender
Engle
Fong
Fulbright
Gruening
Hartke
Hayden
Hickenlooper
Holland
Hruska
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Kuchel
Long, La.
Mansfield
McClellan
McGee
Metcalf
Miller
Monroney
Moss
Mundt
Pearson
Randolph
Robertson
Saltonstall
Sparkman
Stennis
Talmadge
Thurmond
Tower
Yarborough
Young, N. Dak.

NOT VOTING—27

Anderson
Bennett
Bible
Bottum
Byrd, Va.
Chavez
Cooper
Eastland
Ervin
Goldwater
Hickey
Hill
Humphrey
Javits
Kefauver
Long, Mo.
Magnuson
Morton
Murphy
Neuberger
Prouty
Russell
Smathers
Symington
Wiley
Williams, N.J.
Williams, Del.

So Mr. DOUGLAS' amendment was rejected.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GORE. Mr. President, it is said of the hill people from whence I come that they are given to starting fights and never want to quit. I fear I am afflicted with the latter limitation; but surely after many days and at this hour it is time to bring this fight to a close.

I have five more amendments, each of which I believe is of considerable importance, although they are not major amendments. With the cooperation of the distinguished senior Senator from Oklahoma, I should like to handle them for the RECORD in pro forma fashion. I shall make the briefest sort of statement with respect to each amendment and the reason why I believe the provision which is sought to be amended is unwise. I trust the distinguished Senator from Oklahoma will be equally brief.

Before calling up my amendments, let me say that this has been a long and grueling fight on a very technical and complicated subject. I have offered several amendments. I have not won any of them. Generally in the press the group with which I have been associated is referred to as a "little band."

But, Mr. President, with respect to three of the amendments offered by the junior Senator from Tennessee, a majority of the Democratic Members of the Senate voted for the amendments. I take some consolation from that fact. I take some consolation, too, because as a result of the lengthy efforts which I have devoted to attempting to remove preferential tax treatment of income earned abroad, some provisions are in the bill which might not otherwise have been there.

I hope that one benefit especially, may flow from this fight. I hope the Kennedy administration has learned a lesson and that it will profit from that lesson, the lesson being that a constant string of compromises and accommodations with respect to one special interest after another can lead to no good end; and if such a procedure is repeated with the big tax bill expected next year or the year after, a fiasco will be the result.

Mr. President, with those brief remarks, I call up my amendment designated "8-27-62-E."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 180, beginning with line 23, it is proposed to strike out all through line 5 on page 181 and insert the following:

> (1) an amount equal to the sum of the deficits in earnings and profits for prior taxable years beginning after December 31, 1962; exceeds.

Mr. GORE. Mr. President, this amendment would strike from the bill a committee amendment which gives the privilege of carrying forward certain losses from a date prior to the effective date of the bill. This confers a benefit retroactively. I feel certain the the distinguished Senator from Oklahoma feels differently. That ends my statement.

Mr. KERR. Mr. President, I am opposed to the amendment of the Senator from Tennessee. The report of the committee fully justifies the inclusion of the language in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. GORE. Mr. President, I call up my amendment designated "8-27-62—C."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 187, line 5, it is proposed to strike out "30 percent" and insert "20 percent".

On page 187, line 10, strike out "70 percent" and insert "80 percent".

Mr. GORE. Mr. President, the committee bill raises the de minimis rule from 20 percent, as contained in the House bill, to 30 percent. I am unable to justify it.

Mr. KERR. Mr. President, the amendment should not be adopted. I hope it will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. GORE. Mr. President, I call up my amendment designated "8-27-62—J."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 31, line 20, it is proposed to strike out "7 percent" and insert "14 percent."

On page 32, line 6, after "equal to" insert "two times."

On page 32, line 21, after "equal to" insert "two times."

Mr. GORE. Mr. President, as the bill came to the Finance Committee from the House, the investment credit constituted a direct and specific subsidy with no offset whatsoever. The Finance Committee, in an effort to remove some of the elements of subsidy from the provision, decided that the basis of the equipment and machinery involved should be reduced by a percentage equal to the amount of the tax credit.

In this connection, the committee report states that this adjustment is made because "your committee believes that there is no reason to allow the taxpayer depreciation with respect to the portion of the investment in effect paid for by the Government." This would indicate that the committee felt that it was removing the subsidy element from this proposition. Such is not the case.

If all elements of subsidy were to be removed, it would be necessary to reduce the basis by double the amount of the credit allowed. As the bill now stands, a tax credit is being equated with a deduction from income otherwise taxable. In the case of the larger corporations, where most of this tax credit will be received, since the tax rate is approximately 50 percent, any adjustment on the deduction side must be equal to twice the adjustment on the credit side if matters are to be equalized. As the bill now stands, the manufacturer recovers only $93 in depreciation after having received a refund of $7 from the Government on the purchase of a $100 piece of equipment. But this $7 refund is worth a deduction of $14 and the manufacturer is getting, in effect, depreciation of 107 percent of the cost of his new equipment.

There is another rather cute thing about this basis adjustment and the effect of the bill's restrictions on the amount of credit which can be taken. There is in the bill a little noticed "heads I win, tails I cannot possibly lose" item which provides that if, due to the various restrictions in the bill, all the credit is not finally taken, the amount left over will be used in the following year as a deduction.

I am unable to support this provision of the bill; and the amendment I offer would correct it.

Mr. KERR. Mr. President, the only effect of this amendment would be to eliminate the investment credit benefits.

This amendment was fought out in the committee, and the Senator lost there.

Now the Senator has offered the amendment on the floor. I hope the amendment will be defeated again.

Mr. GORE. Mr. President, I regret to ask the Senator from Oklahoma to repeat his statement; I could not hear it.

Mr. KERR. I said the effect of the amendment would be to eliminate from the bill the investment credit. The amendment would substitute for the investment credit accelerated depreciation. The fight on the amendment has been made many times in the committee, and the Senator has lost there. Now the amendment has been offered on the floor; and I hope it will be rejected.

Mr. GORE. I did not offer the amendment in the committee; perhaps I should have.

But if that is the only justification the Senator from Oklahoma can offer for opposing the amendment, I am ready for the vote on the amendment to be taken.

Mr. KERR. The Senator asked me to be brief, and asked me to comment on the amendments which I thought unwise, and I have done so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. GORE. Mr. President, I call up my amendment identified as "8-27-62—K."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 29, in lines 4 and 5, it is proposed to restore the matter stricken through, and to strike out the matter printed in italic.

Mr. GORE. Mr. President, I think this amendment relates to a particularly unmeritorious provision of the bill. The bill allows lessors to shift the tax credit to the lessee. This will open up many possibilities for abuse. A lessee will be able greatly to improve his cash position in this way. This is somewhat like the situation when an automobile salesman allows such a high trade-in and such a low downpayment that the purchaser walks out with a new car, plus cash.

There is here another small gimmick which would be overlooked in a casual reading of the bill. The taxpayer who manufactures or constructs a facility and then leases it would be entitled to the credit based on his cost or other basis. If the credit is shifted to the lessee, however, the credit can be figured on the basis of fair market value. The lessor, of course, gets a higher rent. Here again is a fertile field for abuse. Who is going to determine what the fair market value is for an IBM machine which never is sold, but only is leased?

The entire leasing provision ought to be stricken from the bill.

Mr. President, I hope that even at this late hour—I will not hope that the provision will be stricken out.

Mr. KERR. Mr. President, since the Senator from Tennessee does not hope the provision will be stricken out, I share his "no hope," and I ask that the amendment be rejected.

Mr. GORE. Mr. President, my hope for improvements in the bill has been dulled in the past week. But I have tried.

Mr. KERR. Mr. President, the language included is for the benefit of the lessor. Under the House version of the bill, which the amendment seeks to restore, the tax credit would be available to the lessor if the lessee were in the business of leasing.

Our provision is that it is to be available to the lessor, regardless of whether the lessee is in that business. The benefit to the lessor is the same under either language.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. GORE. Mr. President, I call up my amendment identified as "8-27-62—L".

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 24, in line 12, beginning with "The", it is proposed to strike out all through line 21, and to insert the following:

> The preceding sentence shall not apply to nonlodging commercial facilities which are available to persons not using the lodging facilities on the same basis as they are available to persons using the lodging facilities.

Mr. GORE. Mr. President, when President Kennedy first suggested the investment credit, I was favorably impressed with the suggestion. The purpose of the proposal at that time was to provide an incentive, to give a reward, to one who improved his production facilities over and beyond what had been planned, over and beyond the depreciation allowance, and to give a reward or credit for so doing. But somewhere in this contorted process of tax legislation, the entire purpose was subverted, and the investment credit was turned into nothing more than tax reduction for the particular types of industry which can take advantage of it. Even as recently as the date of the publication of the committee report, we find the statement:

> The objective of the investment credit is to encourage modernization and expansion of the Nation's productive facilities and thereby improve the economic potential of the country, with a resultant increase in job opportunities and betterment of our competitive position in the world economy.

I wonder how it is going to improve our competitive position in the world economy or how it is going to improve our industrial production facilities to give the investment credit to motels and hotels. The inclusion of equipment for transient motels and hotels is, in my opinion, wholly without justification; there is no connection whatsoever with exports, and only a very remote connection with the betterment of the domestic economy.

I ask that this amendment be adopted.

Mr. KERR. Mr. President, the bill does not give the investment credit to a hotel or a motel, but gives it to the facilities and equipment used to furnish them.

Mr. GORE. I said equipment for motels and hotels.

Mr. KERR. I heard the Senator from Tennessee.

The facilities and equipment of a commercial motel or a commercial hotel are just like the facilities in a commercial factory or those in any other kind of a commercial industrial establishment or business. The building itself is not eligible in either event. The facilities whereby the building is utilized in the trade or business of the occupant are eligible for the credit; and the same is true with reference to the commercial business of furnishing facilities and equipment in a motel or a hotel.

Mr. GORE. Does the Senator say that improves our production facilities and helps our position in world trade?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was rejected.

Mr. McCARTHY. Mr. President, I intend to offer an amendment which relates to the section of the bill which deals with foreign trusts. I think it will be in order to send the amendment to the desk and have it read; and then we can discuss possible modifications.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota will be stated.

Mr. McCARTHY. Mr. President, the purpose of the amendment is to ease the adjustments which will be called for on the part of some of those who hold interest in foreign trusts. I am hopeful that some more time will be allowed——

The PRESIDING OFFICER. Does the Senator from Minnesota wish to have his amendment read?

Mr. McCARTHY. Yes.

The PRESIDING OFFICER. Very well; the amendment will be read.

The CHIEF CLERK. On page 90, at the end of line 17, after the word "made," it is proposed to add "more than 12 months."

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

**Mr. McCARTHY.** Mr. President, the effect of the amendment would be to allow foreign trusts approximately 12 months from the date of enactment of this act to make whatever adjustments would be necessary. In my opinion, this is not an unreasonable time, since, so far as I can determine, those who established trusts of this kind did so in good faith and under existing law. I think quite suddenly and without adequate warning to have the law changed could be in many cases unfair. I would suggest that perhaps allowing them a year to change their plans and make the necessary adjustments and liquidation, or whatever may be needed, would be a reasonable proposition.

**Mr. KERR.** Mr. President, I would be agreeable—and I have talked this matter over with the Treasury—to accepting the Senator's amendment if he would make the end of the grace period December 31, 1962.

Under the bill, the termination of the tax haven privilege with reference to all direct income operations is as of that date, and I see no reason why a tax haven for trust fund income should be treated any differently.

If the Senator wanted to accept the suggestion on the same basis, which would be to insert the language "after December 31, 1962" instead of his language, which is 1 year from the date, or 6 months from the date, I would recommend the adoption of the amendment. Otherwise I would have to go to some extent to show why the amendment otherwise would be unjustified.

**Mr. McCARTHY.** I thank the Senator from Oklahoma. I have grave doubt as to whether a termination date of December 31, 1962, would be particularly helpful, but I am satisfied that, under the circumstances which exist here, we are not likely to be able to discuss a technical amendment at any great length. I am sorry it was not discussed in the committee.

So, under the circumstances, I am glad to accept the suggestion expressed by the Senator from Oklahoma, and express the hope that it may be helpful to those affected by the tax provisions in the bill.

**Mr. KERR.** It gives them 4 months, or nearly so. I believe it is adequate.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Minnesota, as modified by the amendment of the Senator from Oklahoma.

The amendment, as amended, was agreed to.

**Mr. McCARTHY.** Mr. President, I call up my amendment identified as "8–28–62—H" and ask to have it stated.

The **PRESIDING OFFICER.** The amendment offered by the Senator from Minnesota will be stated.

The legislative clerk proceeded to read the amendment.

**Mr. McCARTHY.** Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and that the amendment be printed in the Record.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment offered by Mr. McCarthy is as follows:

On page 391, between lines 21 and 22, insert the following new section:

"Sec. 27. Foreign Subsidiaries Manufacturing Products Abroad for Sale in the United States.

"(a) Subpart B of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to foreign corporations) is amended by adding at the end thereof the following new section:

" 'Sec. 885. Certain Foreign Corporations Producing Products for Sale in the United States.

" '(a) General Rule.—In the case of any foreign corporation to which this section applies for the taxable year—

" '(1) for purposes of section 882(a), such foreign corporation shall be deemed to be engaged in trade or business within the United States, and

" '(2) for purposes of this subtitle, the gross income of such corporation from sources within the United States shall be deemed to be not less than the gross income which it derives for such taxable year from the sale of competitive articles which are sold by it for ultimate use, consumption, or disposition in the United States.

" '(b) Corporations to Which Section Applies.—This section shall apply to a foreign corporation for the taxable year if—

" '(1) at any time during such taxable year, one or more domestic corporations own, directly or through one or more other corporations, 10 percent or more of the outstanding stock of such corporation, and

" '(2) for such taxable year, such foreign corporation derives 10 percent or more of its gross income from the sale of competitive articles which are sold by it for ultimate use, consumption, or disposition in the United States.

" '(c) Competitive Article Defined.—For purposes of this section, the term "competitive article" means any article mined, processed, or manufactured outside the United States for a foreign corporation which is the same as or similar to any article mined, processed, or manufactured in the United States (or formerly mined, processed, or manufactured in the United States) by—

" '(1) any domestic corporation which, with respect to such foreign corporation, is described in subsection (b)(1); or

" '(2) any subsidiary of a domestic corporation described in paragraph (1) of this subsection.'

"(d) The table of sections for such subpart B is amended by adding at the end thereof the following:

" 'Sec. 885. Certain foreign corporations producing products for sale in the United States.'

"(e) The amendments made by this section shall apply to taxable years beginning after December 31, 1962."

On page 391, line 22, strike out "27" and insert in lieu thereof "28".

**Mr. McCARTHY.** Mr. President, this amendment relates to the section of the bill which deals with taxation of foreign income.

In my opinion, as the bill now stands, the efforts to tax that income fall somewhat short in one particular—in the case where a domestic corporation buys abroad from its foreign subsidiary for its own use in the United States, the subsidiary pays no tax to the United States on the profits of the foreign subsidiary. The parent corporation is taxed in the United States on the profits from its domestic operations, but any tax on sale of the commodity, such as iron ore, abroad is lost to the United States. At least, the subsidiary would be subject only to the taxes of its host country.

H.R. 10650, as it stands, would affect that transaction only, as I see it, where intermediaries might be used, namely, if a Canadian subsidiary sold to a Panamanian subsidiary and the latter resold to the United States. The profits of the Panamanian subsidiary would probably be considered as tax-haven profits.

This amendment seeks to stop the loss of tax dollars to the United States from the type of transaction described by extending the definition of section 882 foreign corporations to include foreign corporations 10 percent or more of whose stock is owned by one or more U.S. corporations which derive 10 percent or more of their gross income "from the sale of competitive articles * * * for ultimate use, consumption, or disposition in the United States"—that is, articles which are in competition with articles used in the United States.

The amendment aims to tax at regular U.S. corporation rates the profits from a transaction overseas between that subsidiary and the U.S. parent corporation.

It is estimated that an amount equal to the taxes owed would be repatriated to the parent corporation. In any event, the tax would be paid by the parent corporations.

This amendment raises the same problems and has the same limitations as those existing under and connected with section 12 of H.R. 10650, but I believe is consistent with the purposes indicated by the Senate in adopting the committee amendments up to this time. It would serve as a clarification and, in a sense, put these profits in the open, where they could be taxed by the U.S. Government. In any case, it would eliminate unfair competition in iron ore, and I assume copper, and other raw materials, as well as finished products, but particularly semifinished products which are brought back by parent corporations and are in competition with similar products produced in the United States.

**Mr. HUMPHREY.** Mr. President, will the Senator yield?

**Mr. McCARTHY.** I yield.

**Mr. HUMPHREY.** Many Senators have been concerned about the foreign subsidiary and parent corporation arrangement as it affects American employment and domestic industry. The amendment offered by my colleague is one that gets to the root of the trouble. We have this situation in our own State, and I assume it may be true in other States. The extractive industries, such as a mining company, may go into a country that offers unusual tax incentives. There is an incentive by the Canadian Government of 3 years with no taxes. Such a corporation sets up a subsidiary in Canada, ships ore into the United States, into the American domestic market, for the American domestic blast furnaces for the American steel industry, and displaces American industry, American miners, and American workers.

The Senator's amendment simply provides that if the purpose of a foreign subsidiary is not that of developing an international market for a commodity produced under an American name by an American corporation, but if the purpose is to displace American products in the American market with foreign commodities or foreign products owned or controlled or manufactured or extracted by an American company, and if such company's interest is over 10 percent of the total volume of the business, it shall be taxed at American corporate rates.

This is the amendment that really gets at some of the problems some Representatives and Senators have been concerned about, namely, taking jobs from American workers and displacing American workers and American production.

The same thing happened with respect to the radio industry, wherein radio parts that are manufactured in another country are brought into this country under the terms of the American corporation's foreign subsidiary, and are placed on the American market after they are packaged into a unit called a radio, and sold on the American market, with little or no American labor or plant involved.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. Would not the Senator say that was also true of music records and true of movies?

Mr. HUMPHREY. The Senator is correct.

Mr. MORSE. The Senator was present when we had a discussion of that problem this afternoon, when we tried to correct the wrong being done to those industries. We did not seem to get anywhere. The fact that we did not would not prevent me from supporting the amendment, but I suspect the Senator will have the same "hatchet job" done on him that we received earlier this afternoon.

Mr. HUMPHREY. I was hoping that the still hours of the night might somehow subdue passions, that reason might move to the forefront, and that the Senate of the United States might vote for the amendment offered by my distinguished colleague. I think the Senate may do so. Therefore, I yield the floor.

Mr. MORSE. The Senator is the greatest optimist I have ever seen.

Mr. KERR. Mr. President, will the junior Senator from Minnesota yield for a question?

Mr. McCARTHY. I yield to the Senator.

Mr. KERR. Would the effect of the proposal, in the event of the occurrence of the conditions set forth to make it applicable, be to tax the entire income of the foreign corporation?

Mr. McCARTHY. It would relate only to the portion derived from the sale of competitive articles for use in the United States.

Mr. KERR. Mr. President, I am entirely in sympathy with the purpose of the amendment. I seriously doubt its efficacy now. If the intent of the author is to make only that part of the business of the foreign corporation which consists of its shipping material into the United States applicable——

Mr. McCARTHY. That is the intention.

Mr. KERR. Then I would be willing to take it to conference, with the statement to the distinguished Senator that if counsel should advise us in conference it is unconstitutional I am sure it would be taken out. If the effect of it would be to trigger the applicability of the section to the entire income of the foreign corporation, when only 10 percent of it was owned in the United States and only 10 percent of its business was done in the United States, I think it should be amended to make it clear that the Senator intends the amendment to apply only to the percentage owned and the business done in the United States.

Mr. McCARTHY. It was my intention to have it apply only to that profit or gain as a result of business which was done with the parent company in the United States.

Mr. KERR. For goods or merchandise or materials shipped into the United States?

Mr. McCARTHY. Shipped into the United States.

Mr. KERR. And to the extent to which ownership in the foreign corporation is vested in citizens of the United States?

Mr. McCARTHY. The Senator is correct.

Mr. KERR. With that understanding, I have no objection to taking the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

### TAX STATUS OF COOPERATIVES

Mr. HUMPHREY. Mr. President, I should like to ask my colleague a question. Does the bill before us in anyway deal with the question as to whether income to a cooperative is taxable to the cooperative where that income arises from its doing business with the Government? Am I correct that under the bill, as under existing law, that income is not taxable?

Mr. McCARTHY. The bill specifically provides that such income is not taxable to the cooperative if it is in turn distributed in accordance with the statutory requirements. This is also made clear in the general explanation of the pertinent provisions contained in the Finance Committee's general report—subparagraph 4 of heading C of section XVII.

Mr. HUMPHREY. I thank my colleague.

Mr. McCARTHY. I have one more question to ask the Senator from Oklahoma with regard to a section which is not in the bill. It pertains to the tax status of cooperatives.

A question has been raised concerning whether cooperatives are doing business "with" or "for" the Government. There are conflicting opinions and conflicting judgments with respect to this. My own opinion is that the two words should be used interchangeably, without distinction.

This does not refer to language in the particular bill before the Senate, I say to the Senator from Oklahoma, but it relates to an existing practice under tax laws, as to which there is some confusion and contradiction. I think it might be a good time to try to clarify the record, that business done either with or for the Government, on the part of cooperatives, should be treated in the same way under the tax laws. Does the Senator sustain that opinion on my part?

Mr. KERR. Mr. President, it is my impression that the bill would not in any way change the existing statute in that regard.

Mr. McCARTHY. The Senator is correct.

Mr. KERR. The statute specifically permits cooperatives to do business with the Government without endangering their tax-exempt status. That is the understanding of the Senator from Oklahoma.

Mr. McCARTHY. Yes. The question does not relate to anything in the bill.

Mr. KERR. Nothing in the bill would change that tax-exempt status.

Mr. McCARTHY. I am not concerned about what is in the bill in that regard. There have been some conflicting interpretations by the Internal Revenue Service with respect to the two words. In my judgment the history, experience, and application of the language of the existing code is such that business which may be described as business done "with" or "for" the Government is the same.

Mr. KERR. Mr. President, I would not want to speak authoritatively with reference to existing law. I have a distinct opinion about it. I have a positive conviction that nothing in the bill would lose to a cooperative any tax-exempt status it now has under existing law.

Mr. McCARTHY. Mr. President, I ask unanimous consent that a statement relating to the tax status of farmers' cooperatives may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT RELATING TO THE TAX STATUS OF FARMERS' COOPERATIVES

The language, "Business done for the United States," first appeared in the Revenue Act of 1934. At that time, cooperatives only acted as occasional agents for the Government and the present modern system of agricultural price stabilization through which grain is purchased and sold by the CCC had not yet evolved. During the course of the consideration of the 1934 act, Senator Norris offered an amendment on the floor of the Senate which he said was identical to one he had earlier introduced in 1932. The Senate agreed to the amendment which read as follows:

"Neither shall any such association be denied exemption because it does not keep ledger accounts with nonmembers of the business it transacts with such nonmembers, but it shall only be required to keep such records of its business with nonmembers as will show the actual business done with such nonmembers; and provided further, that the profits, if any, derived from its business with nonmembers in any fiscal year of the association shall be allowed to remain in the business of the association, subject to the right of such nonmember to use his share upon a patronage basis to qualify as a member of the association." (78 CONGRESSIONAL RECORD, p. 6488, 73d

Cong. 2d sess., Apr. 12, 1934, Senate print H.R. 10236, May 9, 1932, pp. 75–76, 72d Cong., 1st sess.)

The amendment had a further proviso which appeared in the printed version of the Senate bill and read as follows: "*Provided further,* That business done for the Federal Government or any of its agencies shall not be considered as nonmember business within the meaning of this Act." (Senate print, H.R. 7835, 73d Cong., 2d sess., 1934.)

In view of the fact that the House version of the bill did not contain any portion of the Norris amendment, the issue was among those resolved in conference. The result was the language of the statute which is operative today. Representative Hill, in explaining the intent of the conference committee in adopting the provision, made the following statement:

"This amendment provided that farmers' cooperative marketing or purchasing associations (1) need not keep ledger accounts of transactions with nonmembers and (2) that the members may purchase memberships with profit from nonmember business and (3) business done with the Federal Government or its agencies shall not be considered nonmember business. The Senate withdrew the first two points upon advice from the Treasury that they were already covered by existing law. On the third point, we got the Senate conferees to agree to put in a provision to the effect that business done with the United States or any of its agencies shall be disregarded in determining whether the association is entitled to exemption from income taxes." (78 Congressional Record, p. 7831, 73rd Cong., 2d sess., May 1, 1934.)

Thus, in the only written legislative history of section 521(b)(5) of the 1954 code and its predecessors, it is clear that the Congress provided that business done with the Federal Government or its agencies shall not be considered nonmember business and, therefore, would not threaten the tax-exempt status of cooperatives.

The Internal Revenue Service also recognizes that an exempt cooperative may do business with the United States. Section 522 of the current code exempts from taxable income amounts allocated to patrons that are not derived from "patronage." This section applies only where an organization has an exempt status under section 521. The regulations adopted by the Internal Revenue Service under the 1954 code state in section 1.522–2(d), that "business done with the United States shall constitute income not derived from patronage." It is, therefore, clear that the regulations assume that a cooperative that does business with the U.S. Government can have a tax exemption status under section 521.

Regulations issued by the Internal Revenue Service under prior codes contained similar provisions. (See Regulations 118, sec. 39.101(12)–1.) This regulation was acknowledged and followed by the Internal Revenue Service in a Revenue ruling in 1955 given with respect to the allocation of cooperative income resulting from the handling and storage of Commodity Credit Corporation grain (Revenue ruling 55–591 Cumulative Bulletin 1955–2, p. 553). On page 554 of the bulletin there appears the following statement:

"Section 39.101(12)–1(c) of Regulations 118, provides that business done with the United States or any of its agencies shall be disregarded in determining the right to exemption under section 101(12) (now 521 (b)(5)) of the code."

Furthermore, I note in a copy of the President's tax message to the Congress, dated May 3, 1961, submitted by the Secretary of the Treasury, Douglas Dillon, at hearings conducted by the Committee on Ways and Means of the House of Representatives, that there is included an exhibit VII on cooperatives. In that exhibit, there is a discussion of farmers' marketing and purchasing cooperatives described in section 521 of the code. The discussion in the exhibit states (p. 271, U.S. Government Printing Office) that "income derived from business with the United State and distributed or allocated to its patrons on a patronage basis" is an allowable deduction from taxable income.

Under these circumstances it is clear that farmers' cooperatives that do business with the United States or any of its agencies do not jeopardize their otherwise tax-exempt status under section 521 of the Internal Revenue Code of 1954.

### UNREASONABLE ACCUMULATION OF PROFITS—AMENDMENTS OF SENATOR M'CARTHY

Mr. McCARTHY. Mr. President, I ask unanimous consent that a statement of mine with reference to the amendment which I offered on last Friday may be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Statement by Senator McCarthy

I wish to refer to the statement read into the Record last Friday by Mr. Mansfield. I do not know the source of the memorandum, but it contains a great many errors which I wish to bring to the attention of the Senate. I think the Senate is entitled to the sources.

First, the memorandum states that it would cut between $80 million and $100 million. The staff estimate as to the effect of all of section 12 is $50 million. This is the entire section 12 without my amendment. Then, Mr. Mansfield states that he was informed (I am at a loss to know where this information came from) that my amendment might reduce the revenue to $2 million. This seems clearly erroneous. The staff of the Joint Committee on Internal Revenue Taxation estimates the revenue reasonably expected to result from my amendment would be in the neighborhood of $30 million.

### ONE NEEDS HIS OWN TRAINED STATISTICIAN

We have in the present law a special tax on domestic corporations who accumulate earnings beyond the reasonable needs of the business. If my amendment is effective, it would encourage foreign subsidiary corporations owned by Americans to distribute their earnings to their shareholders and in this way would add to the revenue. Judging from experience with existing law, I believe my amendment would go a long way toward forcing foreign corporations owned by Americans to distribute their earnings rather than accumulate them beyond the reasonable needs of the business for purposes of avoiding the American tax.

The memorandum declared my amendment would injure our balance of payments. Testimony before the Finance Committee and also in the report of the special committee of businessmen, appointed by the President, argued that the proposals of the pending bill will hurt our balance of payments.

John L. Connolly, general counsel of the Minnesota Mining & Manufacturing Co., pointed out in his testimony: "First of all, a substantial part of the investment is normally spent promptly for capital goods and services in the United States with a consequent return of dollars. Secondly, once the foreign activity is established, it usually generates additional exports in the form of materials, parts, services, and even finished goods. These exports in all likelihood would not occur if the investment had not been made. Thus, the short-run improvement that could be expected in our balance of payments from the proposed legislation is more apparent than real."

Pharmaceutical Manufacturers Association, Kenneth C. Royall: "A survey of 10 of the members of the association, which included several of the larger members, over the years 1956 through 1960 shows that the total inflow from these subsidiaries to the United States was $618,600,000 and the total outflow was only $78,500,000. Total inflow exceeded total outflow by $540,100,000, or by a ratio of 7.9 to 1. Official Government statistics show that over the same period the average annual exports of all medicinal and pharmaceutical products were $273 million and the average annual imports were only $16 million. These amounts of inflow will be no longer available if this legislation is enacted, because there will be no foreign market."

Joy Manufacturing Co., J. D. A. Morrow: "[Joy's figures show] total 11-year parent company investment and advances to foreign subsidiaries of about $7,400,000 and dollar expenses of operating abroad of $11 million, a total dollar outflow of, roughly, $18,400,000. Please note that these outlays brought $170 million of exports in those 11 years, 60 percent of which went to or through our manufacturing subsidiaries abroad. In addition, payments of $7 to $8 million of engineering fees, royalties, dividends, and interest make a total net favorable balance of payments of $159 million, and the U.S. Treasury collected more than $16 million of income tax from these operations. Is that showing unfavorable to the U.S. balance of payments? Gentlemen, hundreds of other American foreign subsidiaries would present similar results if you had their figures."

Corn Products Co., Warren S. Adams: "We are a food company primarily. This means we operate on a low margin of profit. There is in Europe tremendous competition in the food industry. We have to meet this competition and we have to invest money in Europe in the process. For us the Treasury's proposals mean not that we shall no longer invest money in Europe, but that a significant part of the investments we will have to make to protect our present investment there will be more costly than heretofore, and, thus, return less profit for remission to the United States."

Sprague International, Ltd., William M. Adams: "As a business grows, more working capital is needed. At present, this is supplied from foreign sources in local currency that has been earned abroad. Therefore, if this bill passes, the parent company will have to supply this capital from U.S. dollars instead of foreign currency and, furthermore, will have to earn twice as many dollars as would be the case using local funds. How this is going to help the balance of payments is beyond me."

International Flavors & Fragrances, Inc., Eugene P. Grisanti: "If this bill is passed in its present form, it would seem far more likely that such funds, in the majority of cases, would be reinvested, and not necessarily in new business in the less developed countries where so many uncertain risks are faced, but in the expanding businesses where the existing subsidies are already situated. Funds which may well have been kept idle until the time was ripe to make a decision whether to repatriate them as dividends, or to invest in plant expansion, will be forced into plant expansion instead before the end of the tax year to escape the tax."

Pfizer International, John J. Powers, Jr.: "Treasury's ultimate position is that while direct investment abroad may, in the long run, have a beneficial effect on the balance of payments, it nevertheless has a short-term deleterious effect. This is simply a recognition of the obvious fact that a dollar invested today will not be returned until some time later. Thus, it follows that if the dollar were not invested, then during the period it would have taken to return it, the balance of payments would be favorably affected. But later, when the return from dividends, interest, exports, royalties, fees, etc., would have exceeded the prior capital outflow, the balance of payments would be permanently hurt, and to a far greater extent than it had been temporarily helped. The farmer who is short of money can cut down on his expenses by not planting seed in the spring. But where will he stand at harvesttime?

"Pfizer International has really been in operation only since 1951. In the period 1951 through 1961, Pfizer operations have resulted in a net inflow to the United States of about $250 million. This is despite the fact that it is only in very recent years that we have begun to pay substantial dividends to the parent company. Prior to that time, nearly all profits earned abroad were reinvested. In the face of such a circumstance we nevertheless achieved this highly favorable balance because we exported almost $200 million of U.S.-made goods to Pfizer foreign subsidiaries and because we brought home some $50 million additional in dividends, royalties, fees, etc. Now that our investment has begun to mature and large dividends are being brought home, we are returning dollars at an annual rate of $45 million. The parent company has not made any direct dollar investments abroad in many years and it is the policy of our company that its international organization provide its own financing."

Abbott Laboratories, George R. Cain: "For the 5-year period 1956–60, Abbott's exports from the United States exceeded its imports by $50 million. Abbott also received from abroad loan repayments, dividends, and miscellaneous income in the amount of $9.3 million—making a total inflow into this country of $59.3 million.

"The total outflow of dollars from this country by Abbott, during the same 5-year period, in foreign investments and loans was only $2.2 million. This gives our country a net favorable balance of $57.1 million.

"Proponents of the foreign income provisions apparently would not understand how a company can expand its foreign operations rapidly with so little outflow of U.S. capital. The answer is simple and well known to all who have had international business experience. Foreign plants can be and are financed very heavily through the use of locally borrowed money in addition to earnings retained overseas. Thus, we increase our base upon which greater future earnings are built. These earnings redound to the benefit of the U.S. Treasury as well as our own shareholders. This is accomplished without a heavy immediate or long-term drain on U.S. capital."

The Machinery & Allied Products Institute: "The establishment of a permanent operation overseas serves to facilitate contacts with foreign customers and by giving the company greater local identification helps to penetrate markets which could not otherwise be penetrated. One company, with which we are familiar, prior to 1959 was unable to penetrate the German market to any significant degree. However, as a result of establishing an operation in that country it now finds that its German customers are not only willing to purchase from the German-based company unit, but, because of the greater local identification established by the U.S. company as a result of its German subsidiary, it now exports in substantial volume to the German market products which it is manufacturing in the United States."

Caterpillar Tractor Co., E. W. Kuhlman: "I wish to point out that none of our products are completely manufactured abroad; many of the components such as engines, transmissions, etc., are produced in our U.S. factories and exported to our foreign plants. If we did not manufacture the product abroad, the sale would not be made at all by us but would be made by a foreign competitor who would use no components manufactured in the United States. The significance of this factor is emphasized when it is noted that (1) our exports to Great Britain in 1960 were over four times those of 1950, the year before our subsidiary began operation; (2) our exports to Australia in 1960 were more than double those of 1955 when the subsidiary was formed; (3) our exports to Brazil in 1960 were more than five times those of 1956 when manufacturing began in Brazil."

Clark Equipment Co., Walter E. Schirmer: "Exports from Clark's U.S. plants in 1955 totaled $5,500,000, consisting solely of machines and parts to distributors. By 1961 such sales had increased to $12,500,000 and in addition component sales to manufacturing affiliates rose to $10,500,000, for a total of $23 million exports from U.S. plants, excluding Canada. While total sales of Clark products overseas in 1955 therefore was only $5,500,000, in 1961 this figure has risen to $88 million, including $65 million sales of the Clark manufacturing affiliates.

"Clark's program of investment overseas, far from being detrimental to our U.S. investment program, has produced profits for the parent company both in the sale of components, never sold overseas prior to this program, plus finished machines and service parts. This has provided increased funds in the parent company available for investment in facilities and working capital. During the years 1955–56 the parent company has invested in U.S. facilities and working capital $40 million, and in that same period has invested in Clark International $1 million.

"Thus, it is obvious that the Clark foreign investment program has not in any way interfered with our domestic program, nor has it to any material extent affected our balance of payments, since the earnings of the parent company on its oversea exports has exceeded by far the original investment in International."

International Economic Policy Association: "A large part of the world is not available as a market for increased U.S. exports for cash. The Iron Curtain countries are a limited potential market for trade expansion for the near-term future; the underdeveloped countries do not have the resources to buy for cash—they are candidates for gifts and grants and so-called long range, 50-year low or no-interest loans. Therefore, our chance of selling more for cash is restricted pretty much to industrialized Western European countries and Japan.

"The question is: Can these exports be increased, not on a reciprocal, but a one-way unilateral basis by between $3 and $4 billion? With regard to Common Market countries, this much expansion in exports would require an almost 100-percent increase over 1961 products of $3.6 billion. In total the immediate prospects do not come up to our needs.

"It is not, therefore, enough merely to exhort American industry to export more, because it is not likely that the total solution of the balance-of-payments problem will lie in this field in the foreseeable future, as long as we have to maintain our Military Establishment and the scale of foreign aid expenditures at levels comparable to the present. Therefore, the United States must think in terms of a long-range solution to this problem by expanding U.S. earning power abroad in ways other than exports; namely, the sale of services, and the making of investments on which growing amounts of earnings may accrue and, in the normal course of business activity, be repatriated to the United States. The encouragement of private investments abroad in hard, convertible currency countries must become one of the major objectives of the administration, with as much emphasis as given to the encouragement of exports."

It was charged in the memorandum that my amendment would encourage the flight of American capital. This is imaginative writing. My amendment would have taxed earnings of controlled foreign corporations accumulated beyond the reasonable needs of the business. Amounts distributed by such corporations to their American shareholders would never have been touched by my amendment. Foreign subsidiaries which were returning a reasonable portion of their earnings to the shareholders in the form of dividends would have no reason to fear my amendment, and there was nothing in my amendment which would have encouraged American capital to go abroad. Quite the contrary, my amendment would have encouraged controlled foreign corporations to send their profits home.

This would obviously have aided our balance of payments. Now this involves another unproved and unprovable statement made in the memorandum; that is, that my amendment would be more likely to injure than to aid our balance of payments. The philosophy of the committee bill is that foreign investment should be discouraged because of its adverse effect on the balance of payments. Applying this philosophy to my amendment, the majority leader concludes that because my amendment does not discourage foreign investment it hurts our balance of payments. The adverse effects of foreign investments, if there are any, result from a time lag of 10 to 15 years between the export of capital and the return on the investment. If we look at the record of investment outflow and dividend and interest inflow for the last 12 years of the postwar period, we find that foreign investment has not adversely affected the balance of payments. Except for the year 1957, the inflow to the United States of dividends and interest on U.S. investments abroad has exceeded the outflow from direct investments in every year since 1950. Over the 12-year period, 1950–61, inclusive, the net inflow to the United States—the excess over what went out by way of investment—has been $8,552 million. This is shown in the attached table prepared from data of the Department of Commerce:

SCHEDULE A

*Dollar inflow and outflow to direct investment—Companies abroad, 1950–61*

[In millions of dollars]

| Year | Direct investment outflow | Dividends and interest inflow | Net inflow |
|---|---|---|---|
| 1950 | 621 | 1,294 | 673 |
| 1951 | 528 | 1,492 | 964 |
| 1952 | 850 | 1,419 | 569 |
| 1953 | 751 | 1,442 | 721 |
| 1954 | 664 | 1,725 | 1,061 |
| 1955 | 779 | 1,912 | 1,133 |
| 1956 | 1,859 | 2,120 | 261 |
| 1957 | 2,482 | 2,249 | −233 |
| 1958 | 1,181 | 2,140 | 959 |
| 1959 | 1,372 | 2,206 | 834 |
| 1960 | 1,694 | 2,348 | 654 |
| 1961 | 1,681 | 2,637 | 956 |
| Total | 14,432 | 22,984 | 8,552 |

NOTES

1. Data from Department of Commerce.
2. Covers all areas and all activities, branches, and subsidiaries.
3. Unremitted branch earnings are included in both "Outflow" and "Inflow" columns.

Cutting back on growth abroad would result in my judgment not in greater U.S. production but in lower, curtailed U.S. production as a result of lower levels of exports to support the oversea subsidiary operations. It will not improve the balance of payments. My amendment, on the other hand, by not encouraging foreign investments for legitimate purposes would lead only to increased U.S. production to support the oversea subsidiary operations and this increased production would favorably help our balance of payments.

The memorandum also states that the only tax haven income which would be covered by my amendment is income from insurance of U.S. risks. When asked to define a tax haven, Secretary Dillon told the Finance Committee that it was any country where tax rates were lower than U.S. tax rates and pointed to such countries as Liechtenstein and Switzerland. However, businessmen have made it plain that taxes is only one reason a particular country is chosen as the proper place to incorporate a foreign subsidiary. Switzerland, for example, is a financial and banking center. It has a large pool of skilled workers and language is no barrier. It has a stable government and stable currency. Its low tax rates apply primarily in the case of income derived from outside of Switzerland. American business which creates a Swiss subsidiary to handle its European affairs by virtue of their Swiss subsidiary pay a lower foreign tax than if a separate subsidiary was established in each European nation in which the corporation conducted business. The lower Swiss tax in such cases makes it possible for the subsidiary to send more earnings back to the United States because the foreign taxes have been reduced. Let me make that point clear. The U.S. tax is not avoided in any case.

Only foreign taxes are reduced by means of Swiss subsidiaries. We should not attempt to call Switzerland a tax haven country merely because it taxes earnings from business done in other European nations at a lower rate. If corporations take advantage of the low Swiss tax and accumulate unreasonably large amounts of earnings in a Swiss subsidiary, my amendment would have taxed those earnings just as effectively as the committee amendment. My amendment would not arbitrarily tax income of a Swiss subsidiary which was returning to its U.S. parent a substantial part of its earnings. The committee amendment might impose an arbitrary tax in such a case.

Another difficulty about such a concept is that it would encourage foreign countries with low rates of tax to raise their rates to equal ours.

The Treasury amendment sponsored by Senator KERR helps only well-established corporations and not the new or growing ones. It is much like the undistributed profits tax which was proposed in 1936 and repealed in 1941. Senator BYRD, at that time, opposed the proposal because it operated to give the old-established firms an unfair competitive advantage over the new and growing company because the new company could not distribute its earnings and stay in business, and had no surplus out of which to pay dividends. He stated in connection with the adoption of the conference report on the 1936 act:

"In other words, what this bill does is to entrench the great monopolies of the country, and protect them from competition. I make that statement without fear of successful contradiction, because the bill would leave the surpluses as they now are, and prevent any other company from establishing a surplus except by the sale of stock."

The committee amendments will encourage monopolies by giving relief only to large well-established businesses abroad and denying relief to the new struggling and growing companies. It will limit our investments abroad to old and established firms and freeze out new and growing ones.

The memorandum says that my amendment did not tax holding companies or service income. This is clearly erroneous. I do not see how he could make such a statement since my amendment would apply to both holding company income and service income which is not used for legitimate business operations.

As a matter of fact, my amendment on page 7, at line 21, creates a specific presumption that property held by a holding or investment company is accumulated beyond the reasonable needs of the business. Moreover, my amendment on page 4, beginning at line 2, makes it plain that service income from any source is included within the definition of earnings improperly accumulated.

The memorandum also stated that my amendment would encourage the retention of capital abroad to provide jobs for foreign workers. This is unproved. It was to the end the weight of testimony at the Finance Committee hearings that foreign investments actually increased American employment in order to provide needed equipment, services, and know-how to support foreign operations. Excerpts from statements of witnesses appearing before the Finance Committee who commented on this unemployment issue, follow:

Abbott Laboratories, George R. Cain: "Our foreign investments were not made at the expense of our exports from here, but rather because exports became difficult or impossible, due to trade barriers, tariffs, legislation, or abritrary decisions protecting or favoring local industry in foreign nations, establishment of local factories and plants by competitors, etc.

"It is significant that Abbott Laboratories International Co.'s employment in Chicago, as a result of its increased capital investments abroad, rose 50 percent in the last 6 years.

"In addition, a large number of scientists, engineers, technicians, researchers, manufacturing and other personnel are now employed by our parent company, as a result of our expansion in foreign markets made possible by our increased investment abroad."

Joy Manufacturing Co., J. D. A. Morrow: "In 1961, nearly one-third of the employment at (Joy Manufacturing Co.'s) Franklin (Pa.) plant was derived from exports. The Treasury asserts that such cases are exceptional and not representative and should be disregarded. Here again the Treasury ignores the facts published by the Department of Commerce, which show that in 1960, out of $18,900 million of exports, $2,695 million went to or through foreign manufacturing subsidiaries of American corporations. These are not the statements of private industry, these are the Federal Government's own official figures."

Goodyear Tire & Rubber Co., Frank T. Quirk: "When domestic rubber companies decide to locate a plant overseas, most of the equipment for the plant is shipped from the United States and is made by American workmen. If further expansion is curtailed by revised tax provisions, not only will the foreign markets be taken over by foreign competitors but the machinery, equipment and supplies for their new plants will come from foreign producers.

"There are numerous examples in our industry where the annual purchases of replacement equipment, machinery, materials, and supplies to keep foreign plants operating represent more than the total U.S. dollar investment of the same company overseas. These purchases, amounting to many millions of dollars each year, provide work for thousands of people and are advantageous in our balance of payments position."

Pfizer International, John J. Powers, Jr.: "The key point is that those who say that direct business investment abroad results in the export of American jobs are simply wrong. For this to be true it would have to be demonstrated either (a) that such investments have been made for the purpose of producing goods for import into the United States in lieu of producing such goods in the United States, or (b) that U.S. direct investments abroad have produced goods for sale abroad which could otherwise have been exported from the United States. The facts do not significantly bear out either of these assumptions.

"For example, U.S.-owned manufacturing subsidiaries in Canada and Western Europe had total sales in 1960 of $18.2 billion, of which only $259 million was exported to the United States. It is preposterous to charge that U.S. business has gone abroad for the specific purpose of reselling a grand total of 1.4 percent of production back to the United States, or that $259 million of such imports from foreign subsidiaries could cause any appreciable loss of jobs. Using ratios (jobs to sales) cited by labor officials, $259 million of sales could mean about 30,000 jobs, or less than one-twentieth of 1 percent of the U.S. labor force—assuming that the goods represented by the $259 million would have been made in the United States. But this assumption is not justified, for if U.S.-owned subsidiaries in Western Europe and Canada had not sold these goods to the U.S. market, it is more likely that other foreign companies would have supplied the goods, not U.S. factories. Thus it is hardly justifiable to say that the imports cited were responsible for the loss of any significant number of jobs.

"While U.S.-owned facilities in Canada and Western Europe were selling $259 million of goods to the United States in 1960, these same subsidiaries were importing $1,246 million worth of goods from the United States. Using the same job-sales ratio, these exports from the United States created more than 100,000 jobs."

Harnischfeger Corp., Frederick Salditt: "Prior to our active participation in oversea investment and manufacture, the exports of our U.S. products lagged slightly behind the exports of our entire industry. With the advent of our active oversea manufacturing program, which involved the use of foreign subsidiaries, reinvested profits, etc., our exports of U.S.-produced goods have steadily increased. They have substantially surpassed the average for our industry, which has generally been on a steady to downward trend.

"This means that we have been able to maintain rather steady domestic employment and even increase it in some of our plants during a most difficult and competitive period. As a matter of fact, during the years 1958–59, we probably would not even have been a domestic taxpayer at all had it not been for our foreign operations and exports, and we most certainly would have employed fewer people in the States of Wisconsin and Michigan."

Sprague International Ltd., William M. Adams: "Although the argument has been propounded that the establishment of foreign manufacturing facilities exports U.S. jobs, our experience indicates that this is just not so. I cannot give you an accurate figure of how many of our employees owe their jobs directly to export, but I can tell you that, in many instances, lines would have been temporarily closed or restricted and employees laid off had it not been for the welcome export business that came into the house at that time.

"In other words, foreign plants stimulate exports and exports tend to cancel out the slack periods that occur from time to time domestically."

Pfaudler Permutit, Inc., William G. von Berg: "It is a peculiar fact that in spite of our buildup of foreign manufacturing facilities, our export volume from plants in the United States did not suffer, but instead showed a tendency to increase. The reasons are several.

"First of all, we supply frit, a compound used in the glassing operation, to our foreign plants.

"Second, special parts and components are supplied from our U.S. plants to our factories abroad. As the activity of our foreign plants increase, so do our exports of frit, parts, and components.

"Third, as oversea customers became accustomed to our equipment and familiar with its advantages, orders for equipment in sizes which could not be made by our foreign plants were transferred to the larger U.S. plants for manufacture."

Dresser Industries, Inc., H. Neil Mallon: "In addition to the significant contribution which Dresser's export trade has made to our country's balance of payments, during the past 3 years over 5,800,000 man-hours of factory labor have been devoted to the production of export products. There is no way to determine how many additional man-hours of labor are attributable to our export trade as the result of our purchase of materials, components, supplies and services from others. If we assume that our suppliers' sales require the same number of man-hours per dollar as did ours, this additional employment due to our exports amounted to 3,405,000 man-hours.

"We hope to continue to do our part in improving the balance of payments and in promoting full employment. We cannot do so unless we will be competitive with foreign manufacturers who already enjoy many advantages not available to us."

Dow Chemical Co., Tyrone Gillespie: "More than 3,000 people and more than $70 million in investment in the United States are directly employed in support of our foreign activities. Should foreign investment become unprofitable due to Government intervention, our judgment is that 60 percent or more of the domestic people and facilities supporting foreign sales might be idled."

Minnesota Mining & Manufacturing Co., Robert H. Tucker: "In 1951, a handful of our people handled our total foreign business. Today, 1 out of every 10 employees in our domestic factories owe their jobs to the fact that we are exporting products to foreign countries. Our experience is that exports are increased by foreign manufacturing operations. Business begets business."

I am of the opinion that the committee bill which actually discourages foreign investment would be far more harmful to American employment than would my amendment.

The memorandum also stated that if my amendment were adopted the conferees would be unable to agree on the committee version of the foreign income provisions but would have to adopt the much harsher rules of the House bill. This again is not correct. If my amendment were adopted the conferees would have much more latitude within which to reach an agreement than if the Fowler-Kerr amendment were adopted by the Senate. Furthermore, the Treasury has given no assurance that it will support the Fowler-Kerr amendment of the House bill, and we would be forced to take either the Treasury-Kerr amendment or the House bill.

### TAX STATUS OF COOPERATIVES

Mr. HUMPHREY. Mr. President, will the Senator from Oklahoma yield to me for a question?

Mr. KERR. I yield.

Mr. HUMPHREY. I have discussed this question with my colleague from Minnesota, because he is on the Finance Committee, but I would like to ask the Senator in charge of the bill the same question.

My colleague and I, in discussing this subject, agreed that the bill specifically provides that income which may be derived from a cooperative doing business with the Government is not taxable to the cooperative, if it is in turn distributed in accordance with statutory requirements.

Mr. KERR. My understanding is that that is to be merely a continuation of existing law.

Mr. HUMPHREY. The Senator is correct. I wished the Record to be clear that there was nothing in the bill which modified that interpretation or that principle of law.

Mr. KERR. That was the effect of the answer by the Senator from Oklahoma a while ago to the Senator's colleague. The answer is the same now.

Mr. HUMPHREY. So far as we are concerned on this question, then, the bill before the Senate would not tax at different rates the income derived by a cooperative, let us say, and grain storage with the Government, as compared to other income?

Mr. KERR. The Senator is talking about a contract with the Government?

Mr. HUMPHREY. That is correct.

Mr. KERR. That is the understanding of the Senator from Oklahoma.

Mr. HUMPHREY. There is no change?

Mr. KERR. That is correct.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DIRKSEN. Mr. President, I offer my amendment 8-23-62—H.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The Chief Clerk. On page 391, between lines 21 and 22, it is proposed to insert the following new section:

Sec. 27. Increase in Amount Individuals Are Permitted To Earn While Receiving Benefits Under Title II of the Social Security Act.

(a) Increase in Amount.—(1) Paragraphs (1), (3), and (4)(B) of subsection (f) of section 203 of the Social Security Act are each amended by striking out "$100" where ever it appears therein and inserting in lieu thereof "$150".

(2) The first sentence of paragraph (3) of such subsection (f) is amended by striking out ", except that of the first $500 of such excess (or all of such excess if it is less than $500), an amount equal to one-half thereof shall not be included".

(b) Conforming Amendment.—Paragraph (1)(A) of subsection (h) of section 203 of such Act is amended by striking out "$100" and inserting in lieu thereof "$150".

(c) Effective Date.—The amendments made by the preceding subsections of this section shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1962.

On page 391, line 22, it is proposed to strike out "27" and to insert in lieu thereof "28".

Mr. DIRKSEN. Mr. President, I shall be brief. This is actually a social security amendment. It deals with the amount of income or earnings a beneficiary under social security might have before there would be a reduction in benefits. Under existing law it is $1,200, plus the formula which takes it up to $1,750.

This would simplify it by making it $1,800 without any reduction in benefits.

I think the amendment needs no further discussion, because it has been before the Senate for a period of years.

Mr. KERR. Mr. President, I am entirely in sympathy with the objective of the distinguished Senator from Illinois. There have been times when the Senator from Oklahoma has been the author of a similar amendment. However, that was in connection with a social security bill, and in connection with action by the Congress to provide the additional revenue for the trust fund which would be required to meet the cost of benefits which would accrue to the beneficiaries by reason of the amendment.

Much as I sympathize with the objective of the distinguished Senator, I know he is aware that adoption of the amendment would cost hundreds of millions of dollars a year, which money would be taken out of the old-age and survivors' insurance or social security trust fund. I urge the Senator not to press the amendment to this bill, but to wait until a social security bill is before the Senate, when we shall also be considering raising additional revenue to meet the costs of additional benefits which would be created by the amendment.

Mr. DIRKSEN. Mr. President, if I may interpret that as some reasonable assurance that the distinguished Senator from Oklahoma will give attention to it when a social security bill is before the Finance Committee, I shall be glad to withdraw the amendment.

Mr. KERR. I thank the Senator.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. KERR. I assure the Senator that his requests will at any time be acted upon in the manner of a response for hearings and consideration.

Mr. DIRKSEN. I thank the Senator.

Mr. YARBOROUGH. Mr. President, I offer an amendment which I send to the desk, and ask unanimous consent that the reading be waived, and that it be printed at this point in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 134, beginning with line 24, it is proposed to strike out all through line 25 on page 135 and insert the following:

"(a) General Rule.—In the case of an individual citizen of the United States who establishes to the satisfaction of the Secretary or his delegate that he has been a bona fide resident of a foreign country or countries for an uninterrupted period which includes an entire taxable year, amounts received from sources without the United States (except amounts paid by the United States or any agency thereof) which constitute earned income attributable to services performed during such uninterrupted period shall not be included in gross income and shall be exempt from taxation under this chapter. The amount excluded under this subsection for any taxable year shall be computed by applying the special rules contained in subsection (c)."

On page 137, strike out lines 4 through 13 and insert the following: "a daily basis at an annual rate of $12,000."

On page 139, line 2, strike out "subsection (a)(1)" and insert "subsection (a)".

On page 139, strike out lines 3 through 20.

On page 140, beginning with line 16, strike out all through line 3 on page 141 and insert the following:

"(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1962."

Mr. YARBOROUGH. Mr. President, the amendment is identical with the amendment of the Senator from Tennessee [Mr. GORE] designated "8–27–62—G," which would limit the amount of earned foreign income that could be deducted, except that on page 2, line 7 of the Gore amendment, at which point $6,000 is provided, I have stricken out that amount and inserted $12,000.

The bill provides that $20,000 of earned income may be excluded from the individual's tax base if he lives abroad for up to 3 years. However, in the case of a U.S. citizen who has been a bona fide resident of a foreign country for more than 3 years, the total amount which may be excluded under the bill in this case is to be $35,000 per year instead of $20,000. The Gore amendment would reduce the earned income exclusion to $6,000 for a taxpayer who lives abroad for an uninterrupted period which includes an entire taxable year. My amendment is identical to the Gore amendment except that the amount excluded is $12,000.

I hope the distinguished Senator from Oklahoma will give serious consideration to accepting the amendment. Since I live in close proximity to Mexico, I know that people earning a dollar abroad have a higher purchasing power than people in the United States. That is true in many countries. It seems to me that $1,000 a month is a pretty generous exemption from taxation to allow a person.

I invite attention to the fact that that is twice as much as was contained in the amendment proposed by the distinguished Senator from Tennessee. He would have exempted $6,000 a year, or $500 a month. The proposed amendment would exempt $1,000 a month, or $12,000 a year, of the year's income. I have no further statement to make. I hope that the distinguished Senator from Oklahoma will give serious consideration to accepting the amendment.

Mr. KERR. Mr. President, I do not believe I completely understand the Senator's amendment. I cannot tell whether he would limit the exemption of an American citizen in the status of a nonresident of the country, and therefore a resident of the country in which he is working for a period of time under 18 months, under 2 years, or beyond 2 years. Would his amendment apply equally with reference to the American citizen who is a bona fide resident of another country for any period of time, or is there a period of time in which the bona fide resident in another country could acquire a different position under the amendment of the Senator from Texas than would be the case, let us say, for the first year of his absence from this country and being a bona fide resident of another country?

Mr. YARBOROUGH. The amendment is identical with the Gore amendment except that on page 2, line 7, of the Gore amendment, where he has provided an exemption of $6,000, I have provided $12,000, and that would be in lieu of the language in the bill on page 137. It would strike out lines 4 through 13.

Mr. KERR. Lines 4 through 13 on what page?

Mr. YARBOROUGH. Page 137 of the bill. That would include either an American temporarily abroad who had been a bona fide resident of a foreign country or countries for less than 3 years, in which case he would have a $20,000 exemption under the terms of the bill and would also apply to the American who had been abroad for more than 3 years, in which case the first $35,000 would be exempt under the bill. The amendment would treat them all in the same category and exempt the first $12,000 of earnings abroad from any taxation here. I have taken the language of the proposed Gore amendment, which would reduce the exempt amount to $6,000 and, in my amendment, changed the figure to $12,000.

It would apply to both categories. It would apply to the U.S. citizen who had been a bona fide resident of a foreign country or countries more than 3 years, and it would apply to the U.S. citizen who had been a bona fide resident of a foreign country or countries less than 3 years. It would have to be a bona fide resident in each case. But under the bill as drawn if a man goes overseas and stays 18 months—a little over a year—he receives an exemption on the first $20,000 of his income—if he stays there less than 3 years. If he stays more than 3 years, the exemption applies to the first $35,000 of his income. The amendment would roll it into one exemption. He would have $1,000 a month free and clear of any taxes whatsoever before he started on the usual deductions and exemptions that would apply to the rest of us living in this country. He would get $1,000 per month scot free under that provision.

Mr. KERR. Mr. President, I must oppose the amendment. I tried to make clear this afternoon in the discussion of the amendment of the Senator from Tennessee [Mr. GORE] that the bill would not give to bona fide residents of our country working in a foreign country a benefit which they do not have under existing law. The bill would take from bona fide residents working in foreign countries benefits which they now have under the law. Under existing law, if an American citizen is a bona fide resident of another country for 18 months, the income he earns in that country, regardless of what the amount may be, is not subject to tax by our Government. We changed that. We provided that his exemption cannot exceed $20,000 for the first 3 years, and cannot exceed $35,000 thereafter.

As I stated today, the provision applies to American citizens who go abroad to operate businesses owned in this country and which are in competition with other local businesses in the respective foreign countries.

I referred to the fact that Sears, Roebuck was such a company. When a company such as Singer Sewing Machine Co., or whatever the American industry may be, goes into Buenos Aires, Rio de Janeiro, or any other city in Latin America, Central America, Western Europe, or anywhere else in the world, it must compete with local distributors, not only of products produced or manufactured in the countries in which the business is located, but also against the products shipped in from any other industrial or productive area in the world. Senators can well understand that if an American company putting a place of business in South America could get a local national to operate it as efficiently as an American citizen trained here and going there could do, it would get the local national to do it because the local national of equal ability would receive a more favorable response and be a more effective operator of the business than someone sent from the United States.

But such is not the case. The only reason trained American citizens are sent abroad is that thereby the business can be more efficiently and successfully operated.

But to encourage American citizens to take their families and move away from these shores and go into a foreign country and handle a business there requires enough incentive to persuade them to leave the more favorable environment that exists here at home.

I ask Senators to remember that American businesses in the main sell in foreign countries products which are manufactured or produced in the United States. Every time they sell a dollar's worth of such products they help to insure jobs to American workmen here at home in our factories and our mills and in other productive facilities. Therefore, it is not only to the advantage of the American company doing business there to have the most efficient management possible, but it is also to the advantage of the economic condition of this country. It is to the advantage of the industry that produces products which are made here by labor paid here in communities supported by such industries which ship into other countries, to sell there. The profits come back to this country and are taxed by our Government, whereby dollars come to our country, which help our balance of payments.

The only reason that American companies pay the salaries they do and offer the incentive that they do is that they must do it to keep the kind of talent which can efficiently compete in foreign countries with others who are doing business there.

If we did not permit these exemptions, the corporations would have to pay much higher salaries. Citizens who are residents of foreign countries must pay local taxes in those foreign countries. To the extent that they pay local taxes on their salaries in foreign countries they receive a credit here against the tax liability that they would have on the same salary.

Therefore, the Senator's amendment would defeat its own purpose by impairing the efficiency of operation of the American companies doing business in foreign countries, with the advantage to our own economy and our own labor force that I have outlined.

Therefore I hope the Senator's amendment will be disapproved, as was the amendment of the Senator from Tennessee.

Mr. YARBOROUGH. Mr. President, I should like Senators to recall from their own experience how many people have come to their offices from their home States wanting Federal employment, provided they could go overseas. I point to the experience of the Peace

Corps, not to a business activity. I point to young people and to the American spirit which permeates our whole society. Every Senator has had the experience of seeing people from his State asking if they could go to work overseas in a Government job. They want to go overseas.

Business organizations do not have a difficult time recruiting people to go overseas. The very reason that the distinguished Senator from Oklahoma gives as a reason for defeating the amendment is a reason why the amendment ought to be adopted. An American living overseas receives a double tax deduction. He can deduct from his U.S. income tax base the amount of tax he pays to the foreign government. In addition, he can deduct from the tax itself, already computed on a diminished base, a certain percentage of the amount of his foreign tax. Although the tax bill discontinues this double exemption practice for developed countries, the practice is to be continued in the case of underdeveloped countries.

The American living abroad is, as far as taxes are concerned, favored above any other American. He gets all tax exemptions that people get at home, and in addition he gets many special exemptions as well as travel and other expenses. He is in a very favored position.

In addition, the living costs in many countries are very much lower. When we add the $12,000 allowance, he is in an exceedingly favorable position.

I point out that many Americans come back with their earnings saved. Unless they have spent their time in Paris or in Germany, they come back with their savings, especially if they have lived in some of the underdeveloped countries of the world.

We maintain a great Army, a great Navy, a great Air Force, and a strong State Department to protect our people overseas. We have commercial attachés all over the world, consular officers, and consulates general, and embassies. We support these people with the military might of the most powerful nation in the world, and in that way protect investments and protect our personnel. Surely they ought to be willing to pay something for that protection while they earn their income.

I commend the distinguished Senator from Oklahoma. As he has correctly said, under present law such income is all tax free. Limitations of $20,000 and $35,000 have been set. That is a step in the right direction. However, I point out that it is still exceedingly generous if we exempt a thousand dollars a month of that sum, free from income taxation.

I point out further that there is no equity in allowing individual U.S. citizens living abroad, either temporarily or on a more permanent bona fide basis, to pay less taxes than citizens and residents here at home. All benefit from services rendered by both the U.S. Government and the governments of their host countries. All should contribute toward the cost of United States and free world protection. It is particularly inappropriate to allow a phasing in of taxes on fringe benefits.

I hope the distinguished Senator from Oklahoma will accept the amendment. Apparently he will not accept it, and I regret that he cannot do so.

Mr. **KERR**. I cannot accept the amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment was rejected.

The **PRESIDING OFFICER**. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

## COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Rivers and Harbors Subcommittee of the Committee on Public Works and the Permanent Subcommittee on Investigation of the Committee on Government Operations be authorized to meet during the session of the Senate tomorrow.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **DOUGLAS**. Mr. President, I ask unanimous consent that the Subcommittee on Economic Stabilization of the Committee on Banking and Currency may be permitted to meet tomorrow during the session of the Senate.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **ENGLE**. Mr. President, I ask unanimous consent that the Subcommittee on Merchant Marine and Fisheries of the Committee on Commerce be permitted to meet during the session of the Senate tomorrow. I understand that the request has been cleared on both sides of the aisle.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

## THE FEDERAL BUDGET AS AN ECONOMIC DOCUMENT

Mr. **HUMPHREY**. Mr. President, it took the great depression of the 1930's to teach the American people that the Federal Government has a continuing responsibility for promoting economic growth and stability. They were no longer content with the Government merely playing a passive role in economic affairs. Thus, the severest depression in our history produced numerous reforms designed to strengthen the private economy.

The determination that the Government should use its powers to maintain economic stability was reflected shortly after the close of World War II, in the passage of the Employment Act of 1946. This declared it to be a fundamental national policy for the Federal Government to promote maximum employment, production, and purchasing power. It was hoped and expected that these objectives would be achieved through timely and adequate use of the tools of monetary, fiscal, and debt management policy.

Since the Employment Act was passed, the country has experienced four business recessions—in 1948–49, 1953–54, 1957–58, and 1960–61. They were relatively mild as the history of business cycles goes, and there is no doubt that the institutional reforms of the 1930's have contributed substantially to their mildness. But we were living in a period of the cold war and it was essential that the country marshal all its strength to meet the challenge from the Communist world. Underutilization of material and human resources should be a concern at any time. But for the economy not to measure up to its potentialities as an engine of production when national survival is at stake, surely calls for some soul searching.

I should like to address myself to an important aspect of the problem of the failure of the economy during the past decade to meet the needs of the time. I submit that until we scrap the obsolete accounting procedures of the Federal administrative budget, we will be unable to create the dynamism which one has a right to expect from the leader of the free world.

It may seem rash to maintain that one of the principal roadblocks which has prevented us in the past from facing up to the economic realities, and which, if uncorrected, will continue to do so in the future, is our faulty budgetary accounting procedures. In a democracy, sound information is indispensable for responsible discussion of public policy. When the key document of Government planning, the budget, serves as a poor guide to the Government's impact on the economy because of the failure to reflect the full range of Federal receipts and expenditures, and because of the misleading character of the accounting concepts that are employed, it is not surprising that unsound fiscal decisions are so frequently made.

The Director of the Bureau of the Budget, David E. Bell, has recently described the conventional budget as follows:

> The administrative budget, the set of figures normally discussed in Congress and in the press, is badly incomplete, misleading in thinking, and a confusing conglomeration of different kinds of activities.

The administrative budget is incomplete, because it omits trust funds for social insurance, highways, and other purposes, amounting to about $27 billion a year. It is misleading in timing, because it is based on cash receipts and payments rather than on accrued receipts and payments, the practice followed by modern business corporations. It is a conglomeration of different kinds of activities in counting, for example, loans the same as expenditures, and current outlays for goods and services the same as long-term capital investments.

These and other limitations of the administrative budget for gaging the impact of the Federal Government on the economy are discussed at length in a study released at the beginning of the year by the Joint Economic Committee. This 189-page report entitled "The Federal Budget as an Economic Document," which was prepared by Dr. Roy E. Moor, of the committee staff, deserves greater attention than it has thus far received. It contains comprehensive analyses of the effectiveness of budgetary concepts in measuring the economic consequences of Government fiscal policies, and concludes with suggestions for making the budget a more useful economic document.

Whatever our philosophy of the budget may be, we should welcome this unbiased and scholarly effort to reexamine the budget from the point of view of providing more meaningful information on the financial operations of the Federal Government. Let me refer briefly to some of the improvements suggested.

In order to make possible a reasonable appraisal of the realism of the budget figures and of their economic impact, the economic assumptions underlying the revenue estimates should be stated more specifically.

Since the budget totals are made up of different types of estimates—those based on contemplated administrative actions, new legislative proposals, projected changes in the private economy, or other projections of varying degree of uncertainty, it would contribute greatly to a better understanding of the budget document if the different types of estimates were distinguished.

Another improvement would be to incorporate within the budget some of the materials on Government economic impact that are now available only within the various executive agencies.

More adequate information should be supplied on the operations of Government enterprises. These enterprises are frequently shown only by a net surplus or net deficit figure.

The budget contains only annual data. Since economic conditions are constantly changing, many of the estimates made in the annual budget become unrealistic if not misleading soon after they are published. It is suggested that the annual budget issued in January should be followed up by publication of revisions quarterly.

There is surprisingly little cost data in the budget. Such data are presumably available within the various Government agencies and it would be useful to have the information summarized in the budget.

It is suggested that the budgetary time horizon be extended. The data relate generally to a single year. It would be useful in appraising the significance of programs to know the anticipated costs over the project's life and also the estimated benefits expected over at least a reasonable period in the future.

The report closes by emphasizing that the budget document contains little information on alternative policies and the reasons for choosing among them. It states:

> If there is one general theme which should underlie reform of the budget document, that theme would be the provision of information necessary to make choices among alternative budgetary policies. The * * * purport of this entire study is that more information for the measurement of alternatives should be provided in the budget document.

Mr. President, about the time that the report was released, the Congress received the new Federal budget for fiscal 1963. It was clear that it had already introduced a number of modifications along the lines suggested in the Joint Economic Committee report. It contained a more comprehensive and explicit discussion of the economic assumptions underlying the revenue estimates. It included additional materials designed to show the impact of the budget totals on the economy. For the first time, the Presidential budget message translated Federal fiscal activities into national income accounting terms. And it contained new tables showing obligations incurred, Federal civilian employment, and the investment character of Federal budget expenditures.

I am sure that the Budget Bureau will experiment with some of the other improvements proposed by Dr. Moor. But until serious consideration is given to one budgetary reform which, I regret to say, was not discussed in the Joint Economic Committee report; namely, distinguishing between the capital budget from the current budget, I do not believe that the budget document is likely to serve as an adequate tool for measuring alternatives in fiscal policy. It should be mentioned that although the Joint Economic Committee report takes no position on the capital budget proposal, it does present in a 35-page appendix materials on the operations of capital budgets in various foreign countries and in various States.

Mr. President, if in place of a hodgepodge administrative budget we established two budgets—the current budget covered by current revenues, and the capital budget financed largely by borrowings backed up by capital assets and by earnings from these projects, we would go a long way in providing ourselves with the tools to meet more effectively the problems that confront our Nation in the 1960's. By so reforming the budget, we would be following the practice of the business world, which differentiates between investment and current expense items in its bookkeeping procedures. We would no longer unduly swell up budget totals and budgetary deficits, with the consequence that essential public projects are starved. By removing confusion in our basic measurements, we would shed myths and illusions about fiscal policy which have militated against meeting the requirements of a dynamic society.

---

## DENVER POST EXCELLENT ANALYSIS OF PROXMIRE PROPOSAL TO RAISE SCHOOL AGE TO 17

Mr. PROXMIRE. Mr. President, recently I introduced a Senate resolution calling on the States to raise the school-leaving age to 17.

The purpose of this amendment was twofold. It would have reduced unemployment by sharply reducing the hundreds of thousands of young people who are out of school and out of work.

Bureau of Labor Statistics studies show that this teenage group constitutes a remarkably large share of our total unemployment.

Secondly, this amendment would have been directed at correcting the human tragedy of the youth who quits school without an adequate education or skill, drifts into the employment force and suffers for a lifetime because of his lack of basic education.

The Denver Post in a very fine and perceptive article by Roscoe Fleming analyzes this resolution and concludes:

> Whether or not PROXMIRE has the whole solution, he does have something we should be thinking about—hard.

I ask unanimous consent that this excellent article from the Denver Post be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### PROXMIRE PLAN DESERVES STUDY

(By Roscoe Fleming)

Senator WILLIAM PROXMIRE, of Wisconsin, would make it "the sense of the Senate" that children must go to school until age 17; or until graduation from high school.

The general U.S. rule is compulsory education until age 14. Even that was once resisted by some old codgers who could not see the sense of children gettin' their brains spoiled by all the booktrash, especially when they were needed as laborers on the farm or in town.

The idea of keeping children in school until age 14 was a great advance in its day. But now maybe we need a new advance.

PROXMIRE notes that dropouts begin at 14, and that each year a million boys and girls or more leave school, and promptly furnish our largest single-age group of jobless. By 1970, he says, under the present rule a million and one-half will be leaving school before completion.

Another sad feature is that the accounts of holdups, break-ins, and crimes of violence in general, show that many are committed by young predators.

PROXMIRE says 1 in 4 of all our 11 million students in high school will drop out before graduation. One-third of all unemployed are aged 14 to 19. And half of all jobless are under 24.

This world and the next—the world of lunar landings and enormous scientific and technical advance—simply won't have much use for untrained youth.

Business Week magazine, in reporting this, displays a striking sketch. It shows a personnel manager beckoning past a whole line of mature men, to a pint-sized kid at the end—who nonetheless has a tasseled cap, a gown, and an armful of books.

Many employers who used to stipulate an elementary school certificate now demand a high school diploma even for people who start in sweeping floors. The employers are more interested in potentiality than in muscle, and know there is far more chance that the high school graduate will move up and prove more useful year by year.

Cost more money? Of course it would cost much more money, to keep all children through high school. But all good things cost money, and there's no discharge in that war.

Are we glad, or are we not, that our forebearers put our proportionately more, of much less ample incomes, to set a schoolhouse on every hill, not far from the church?

Sometimes it seems to me that the greatest America story of all is the steady insistence on and growth of public education in the United States, to the point where, as we saw at Colorado University last week, one State university graduates 700 persons, nearly half of them winners of masters' and doctors' degrees, in one summer commencement.

Yet we are complaining that we don't as yet have enough really trained people to cope with the complexities of the new age—not only its mechanical ones, but its social and psychological ones.

If we have anything to reproach our forefathers with—and ourselves when a few decades younger—it is that we didn't spend enough either in money or effort in the best investment any community, State, or nation can make. Now, it is well nigh the imperative investment in the new state of the world.

Whether or not Proxmire has the whole solution, he does have something we should be thinking about—hard.

## OUR POLLUTED GREAT LAKES

Mr. HART. Mr. President, each day brings new evidence of the major contribution that was made to the future of our Nation by the Senate Select Committee on National Water Resources on which I served under the able chairmanship of the Senator from Oklahoma [Mr. Kerr]. At my request, a hearing was held by that committee on Detroit on October 29, 1959.

At that time the voices that were being raised, in Michigan, in concern over pollution and other water problems characteristic of even the humid regions of the Midwest and East, were few and far between. Water just was not news in Michigan.

Well, we have had the report of the Senate committee and we have had the passage of 34 months. Attention is more and more being focused on the threat of pollution to commercial and sport fishermen, to would-be bathers, to industrial developers, and indeed to all who prize the quality of our water.

Today it makes good sense in Michigan that we are seeking a new commercial fisheries laboratory and a Public Health Service water pollution laboratory at Ann Arbor; that we are joining Federal, State, and local forces for a frontal attack on pollution in the Detroit River; and that we are looking to ways of preventing further fouling of the greatest inland body of water in the world—the Great Lakes.

The Detroit News, of September 3, 1962, carried an excellent editorial which fully recognizes and accurately describes our situation. Their expression of concern should have the widest attention and I ask unanimous consent that the editorial be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Incipient Disaster

The paradox of the Nation's water problem is that so many people, both humble and powerful, are aware of its threats to personal and national existence, yet it rouses no public fury.

Some may have thought James A. O. Crowe, the Detroit News outdoor editor, was straining for the sensational in his story of Sunday, August 26, when he wrote that the Great Lakes could die as did the passenger pigeons and the buffalo herds.

If those words are sensational, what of these from Vice President Lyndon Johnson, while he was still a Texas Senator:

"As majority leader of the U.S. Senate, I am keenly aware that water management is our No. 1 economic problem."

It is a problem promising putrefaction in Detroit's front yard. In Lake Erie's 10,000 square miles of once-sparkling purity, there is sickness. While we watch, it becomes epidemic. The other Great Lakes are vulnerable to the cause of Erie's death.

It is dying because government, industry, commerce, individuals, all of us mistook freedom for license. In early days, proud Detroiters built their homes and their businesses to look toward the river and the lakes. The time now has come when beauty flees the corpse and we look the other way from our guilt.

The hard-driven businessman may snort at esthetics, at the sportsman, at Government interference. All right. The time also has come for a look at the hard facts about which business leaders prefer to talk. Here are some:

It takes 60,000 to 70,000 gallons of water to make a ton of steel, 600,000 gallons for a ton of synthetic rubber, 200,000 gallons for a ton of rayon, a thousand gallons to make a pound of high-grade paper. During the Korean war, it took 29 million gallons of water to produce just the aluminum for a single bomber.

Senator Kerr, Democrat, of Oklahoma, is a tough businessman, many times a millionaire, an oil tycoon. He also is the ranking Democrat of the Senate Public Works Committee, an authority on water resources, author of a book on conservation. He writes:

"Conservation is the cheapest crusade in history. We must protect and improve what water we have, and we must find more water. That is the price of survival."

The plight of Lake Erie, Detroiters will say, is not a direct problem of theirs. The sickness of Lake Erie is not confined. The flight of wild life, the death and disappearance of once great shoals of fish, closed beaches, all testify to a sickness that is spreading like an epidemic into the other Great Lakes.

Its approach is felt in Chicago, in Minneapolis, Duluth, along the Canadian shore. It is spreading into Lakes St. Clair, Huron, Michigan, Lake Superior, greatest of the inland oceans, soon must be touched by forebodings.

Those living inland from the Great Lakes may say: "This is the problem of the lakefronters." Is it? Senator Kerr emphasizes the story of Roosevelt City, within 60 miles of New York City, snug, watered by underground sources through artesian wells.

One November morning, the water taps dribbled dry, city pumps sucked sand, the schools and factories closed. Town residents drove to nearby communities to take baths and to eat. Their only water came from emergency tank trucks. Had they lived on the beaches of Lake Erie they still could not have drunk.

From border to border and coast to coast, water is America's national problem. Senator Hart, Democrat, of Michigan, who accompanied Senator Kerr to a series of 20 hearings on water resources about the Nation and joined him in sponsoring corrective legislation, described himself as "appalled."

"All of us were willing to spend millions to bring grass to the deserts of the West," he said. "While we were doing so, we were making deserts in the East where there once was a wealth of clean water.

"Of course, water is recreation, a source of food, a dwelling place for wildlife, a resource for industry. It is more. In the modern world, water means homes, no more, no less."

The Great Lakes are a resource and a problem we share with Canada. Ultimately, only joint effort by the two Governments can avert disaster. For the dedicated, there is much to be done meanwhile.

Our scientists have the ability to control and end pollution. There is legislation and the statute books of Great Lakes States which, if toughly enforced, could end most of the poisoning of our Great Lakes drinking fountains with industrial wastes and municipal sewage.

In a world looking thirstily for water, the lakes are worth more than all the gold in Fort Knox. To turn to them in emergency and find them fouled beyond use would be a greater tragedy and more irreparable loss than to open the Nation's vaults and find them but filled with trash.

The first attack on the problem of the Great Lakes is to understand the threat. The next step is to dedicate ourselves to be heard and to fight back. The Great Lakes States send a sufficiently powerful bloc of Senators and Representatives to Congress to shake that body into action—once the demand for action at home becomes a roar.

To dam the rivers to save water and fuel industry in the West is a great objective. To preserve what we already have where it is needed most should have priority.

## SOVIET AID TO CUBA

Mr. ENGLE. Mr. President, on August 31, my friend from New York [Mr. Keating] addressed himself to the subject of Soviet aid to Cuba. Yesterday my distinguished colleague from New York appeared on a television program discussing the same subject. On the floor of the Senate on the same day he again brought up the same subject.

In his statement issued in connection with the television program, Senator Keating called on the administration to "tell the American people the whole truth."

Mr. President, the administration has been telling the American people the whole truth. Let me address myself to the record.

On August 22 the President of the United States, in his press conference, was asked about new supplies being landed in Cuba. The President answered the question clearly and explicitly in saying that new supplies in large quantities were being landed. Let me read into the Record the questions and answers on the subject from his press conference.

Question. Mr. President, do you have any information or indication that Communist-bloc troops or new supplies of any kind have been landed in Cuba recently?

The President. Yes, new supplies definitely, in large quantities. Troops, we do not have information, but an increased number of technicians.

Question. What is the significance of this, in your opinion?

The President. Well, we are examining it now.

Question. Do you think it is aimed at any other Central American country?

The President. No, there is no evidence of that. And we are not talking about—as far as the numbers, we are not talking about the kind of entrants in numbers which would provide support for the sort of operations you suggested. What we are talking about are supplies and technicians of rather intensive quantity in recent weeks.

Question. Mr. President, you spoke of the increased supplies going to Cuba. What countries are they going there from?

The President. The bloc.

Of course, that refers, in that instance, to the Soviet bloc.

On August 24 the Department of State gave a background press and radio news briefing on this subject. The background press conference is a well established procedure employed in Washington over many, many years by many administrations to get additional facts on foreign policy questions out to the American people through the press.

I submit for the RECORD an article from the Washington Post, an article from the New York Times, and other articles—most of them dated August 25.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Post, Aug. 24, 1962]

### UNITED STATES DOUBTS AID TO CUBA IS MILITARY

(By Peter Lisagor)

WASHINGTON, August 24.—The many Communist-bloc supplies and technicians reaching Cuba in recent weeks are believed here to be directed at propping up Premier Castro's wobbly economy rather than building up an arsenal.

Informed officials admit to a paucity of hard evidence as to the contents of some 30 ships known to have arrived at Cuban ports in the last month.

They also say that the rumor mills in refugee-cluttered Miami and the Caribbean appear to have exaggerated the size and purpose of the admittedly unusual number of shipments from Communist countries.

[A State Department spokesman said today: "We have seen nothing of any military offensive significance. The ships coming in during the last few weeks must be seen in the larger context of the Soviets' trying to keep Castro afloat."

[He confirmed that 15 Communist ships—some apparently carrying military equipment—were due to dock in Cuba this weekend.]

#### FOUR THOUSAND MIGRANTS

The estimates here are that the ships have brought in 4,000 to 5,000 personnel, some of them Cubans returning from training schools, some Communist-bloc technicians.

They also have brought in quantities of trucks, tractors, and crates that could contain small arms or other military equipment.

Officials say the situation will be carefully watched to see if the supplies continue to come into Cuba at the same high rate.

But at the moment, they add, there are no indications of anything like a massive buildup of combat materiel.

The Cuban economy is pictured here as being in such dismal shape as to give communism a bad name even among Marxists. The Castro regime has had to suspend some of its top industrial managers in the last few days for their failures.

#### SUGAR INDUSTRY HARD HIT

The sugar industry, the backbone of the Castro economy, is described by diplomatic sources here as in critical condition. Worker absenteeism has contributed to the island's economic deterioration.

For these reasons, the belief here is that the shipments are more likely to be of economic significance rather than military, although more guns and military hardware may be considered essential for several purposes.

---

[From the New York Times, Aug. 25, 1962]

### RUSSIANS STEP UP FLOW OF ARMS AID TO CASTRO REGIME

(By Joseph A. Loftus)

WASHINGTON, August 24.—U.S. officials said today that Soviet equipment and technical personnel, military and civilian, were pouring into Cuba.

At least 20 cargo ships and an unspecified number of passenger ships have arrived at Cuban ports since large-scale deliveries were resumed late in July after a lull, it was said.

The equipment may include ground-to-air missiles, largely defense weapons. There apparently is transportation, electrical and construction equipment, such as communications vans, radar vans and mobile generator units. These appear to be going into coastal and air defenses.

#### TOTAL PUT AT 3,000 TO 5,000

Technicians, probably half of them military, are estimated at 3,000 to 5,000. These include several hundred who arrived earlier in the year.

Intelligence reports do not indicate the arrival of troops or equipment that would add significantly to the limited offensive power of the Cuban forces.

These forces, according to officials here, are incapable of getting off the island. The only on-island targets are the U.S. naval installation at Guantanamo Bay and anti-Castro guerillas, the existence of which the regime of Premier Fidel Castro has acknowledged.

The new equipment would also tend to discourage Cuban rebels in any plans or hopes for mounting another invasion.

#### HEMISPHERE ALERTED

A Government official said the deliveries were a matter of concern to the entire Western Hemisphere.

Moscow's broadcast explanation has been that its ships are carrying machine tools, wheat, agricultural machinery, tinned goods, combine harvesters, fertilizers, and cereals.

However, 40-foot crates indicate to observers that the contents are equipment not used in agriculture or on household tables. Trucks drive onto the ships and then leave with tarpaulins covering their cargoes. Some ships are unloaded under strict security conditions. Several ports beside Havana are being used.

There is no evidence that troops from the Soviet bloc or nuclear warheads have arrived in Cuba.

Earlier this week, exiled Cuban leaders in the United States reported that more than 5,000 soldiers from Soviet bloc countries had been landed in Cuba during the last 2 weeks by Soviet ships. Similar reports circulated earlier.

U.S. officials have reported in each instance that they knew of no military forces being landed in Cuba. The reports have been ridiculed by the Communist press in Havana.

One official's view is that the Soviet Union, fully approving of the Castro brand of communism, agreed to a deeper involvement in Cuban affairs. Propped up by a major power, the Castro regime is in a better position to stiffen the backs of its supporters and frighten its enemies.

Although the shipments are large enough to cause concern, they are far smaller than the volume that the Soviet Union has sent, for example, to Indonesia.

Some of the foreign technicians in Cuba are clearly economic and agricultural. The military technicians are apparently there to train Cubans in the maintenance and use of the equipment. There is no solid information that any of these military personnel are in combat units.

---

[From the Washington Post, Aug. 25, 1962]

### UNITED STATES EYES RISING RED AID TO CUBA

(By Donald May)

Russia is pouring from 3,000 to 5,000 men and military technicians into Cuba and providing the Castro regime with modern equipment, possibly including surface-to-air missiles, U.S. officials reported yesterday.

Shipments of technicians and equipment have been going on for several weeks and more cargoes are en route, the officials said.

The Kennedy administration was said to be watching the situation closely and with some concern.

#### BUILDUP COMES QUICKLY

According to the officials, the buildup has come about rather quickly. It started in late July and apparently means the Soviet Union decided some months ago to give more support to the Fidel Castro regime as at least a semimember of the Soviet bloc.

In addition to the military supplies there has been material for civilian use. But officials said some electronic gear has been sighted that conceivably could be turned into a system that could monitor U.S. missile launchings from Cape Canaveral on the Florida coast.

U.S. experts believe the total military buildup will not increase significantly the quite limited offensive capabilities of the Cuban Army. Instead, the equipment appears to be designed to improve the country's coastal and air defenses. The technicians appear to be there to teach Cubans how to use it.

#### LINKED TO MOSCOW TRIP

Raul Castro, Cuba's Armed Forces Minister, made a mysterious visit to Moscow last month and some Cuban observers feel he sought and obtained the supplies.

Of the Soviet technicians, at least half are believed to be military specialists assigned to help set up the new equipment and train Cubans to use it.

Despite frequent reports from Cuban exile groups about "Soviet troop" landings in Cuba, officials here said none of the arrivals was seen to wear uniforms. They also said there was no solid information that any of the recent arrivals were organized in combat military units.

---

[From the New York Herald Tribune, Aug. 25, 1962]

### UNITED STATES REPORTS ON RUSSIA'S ISLAND BASE

WASHINGTON.—The Russians are pouring men and military hardware—including possible surface-to-air missiles—through a long pipeline to Fidel Castro in Cuba.

Halfway across the world, from Soviet ports to the Caribbean, hard by the tip of the southeastern United States, the extent of recent Soviet shipments is beginning to worry administration specialists here.

The big Soviet buildup, U.S. officials reported yesterday, began about a month ago. Today there are between 3,000 and 5,000 Soviet technicians of all levels of military organization installed by the regime of Premier Castro.

Presence of specialists and assorted weapons is a hand-in-hand operation for Castro and the Russians that can function this way:

They can strengthen the Castro Cuban coastal and air defenses.

They present a readymade Soviet base from which further operations—or simply the potential threat of expanding adventures—can be held as a club over the United States.

The Russians for years have demanded that we dismantle NATO bases near their frontiers. They can be expected to use their Cuban buildup as a quid pro quo: They'll quit, if we also withdraw elsewhere.

Beefing up Castro's gunsmoke strength with knowledgeable specialists and equipment also has the intent of discouraging mounting anti-Castro sabotage inside the country. In effect, his big brothers have come to Castro's aid with physical power within sight of the "Yanqis."

For some time there had been an inclination here to soft-pedal the Soviet buildup in Cuba. Obviously there is a clash of opinion among people who are supposed to assess and estimate those power problems. It's a question of how much, or little, alarm exists.

For example, in addition to the Monroe Doctrine, there have been resolutions since 1959 by the Organization of the American

States, condemning just what the Russians have been doing. Still, the U.S.S.R. has continued to dispatch, unchecked, forces and arms into the Americas.

### WORRIERS WIN

Some U.S. experts believe there's plenty to be alarmed about and that the public-at-large should be made aware of this. Their critics, also experts, claim that it isn't as rough as it may seem on the surface.

The worriers appear, at least as of yesterday, to have come out on top so that a picture of the Soviet buildup in Cuba was analyzed.

Their presentation came after an attorney, who got world notice for his work in the release of U–2 Pilot Francis Gary Powers, got the official OK to go to Cuba.

James B. Donovan, New York lawyer, has his passport validated to go to Cuba. There, he will try to negotiate an exchange of prisoners seized by Castro after the 1961 fiasco of the Bay of Pigs invasion. Castro wants them ransomed for nearly $60 million.

Mr. Donovan said he was assured by Castro's regime that he would be welcome. He also met Attorney General Robert F. Kennedy Thursday. About that meeting, Mr. Donovan kept mum.

### STEP UP PATROLS

But the worrisome phase of Soviet meddling in the Caribbean makes Mr. Donovan's mission something of a sidelight even with the assumption that he'll be talking to the top people in the Castro regime.

Since the Russians intensified their activity in the Caribbean, it's a safe enough guess that the United States will step up patrols. This probably means more Navy sea and air patrons out of Guantanamo Bay.

Surveillance from that base has been a regular duty. Possibly added to its expansion will be longer range observation by the Navy and Air Force. That could possibly lead to incidents.

Castro has complained regularly at what he called violation of Cuban airspace by low-flying U.S. aircraft. Now that he has the potential to use ground-to-air missiles, thought to be like the U.S. Nike, it's conceivable a U.S. plane could be brought down.

The decision to divulge details of the Soviet buildup which coincides with Russian pressure on Berlin, resumption of Soviet nuclear weapons tests and the astro-twins space feats, must have been made in the last 48 hours.

At his press conference Wednesday, President Kennedy made a terse reference to Cuba but he supplied no details. The nature of the supplies, covering trucks to radar vans and electronic equipment carried in 15 to 20 Soviet vessels, was disclosed yesterday.

### PROTEST MARCH IN TIMES SQUARE

Fifty demonstrators paraded around the Armed Forces recruiting office booth in Times Square last night to protest the reported landing of Russian troops and supplies in Cuba, expected to begin today.

The demonstration was sponsored by the Cuban Rescue Committee, of 466 Eighth Avenue. It included mostly Cubans and persons of Cuban descent, with a scattering of American students and a few children. Twenty patrolmen and four sergeants were assigned to the demonstration, which was orderly.

---

[From the St. Louis Post-Dispatch, Aug. 26, 1962]

## Spurt in Soviet Aid to Cuba Is Said To Signify Firmer Stand

(By Thomas R. Phillips)

Washington, August 25.—A lull in the shipment of military equipment and technicians by the Soviet Union to Cuba that has existed since early this year was broken late in July by the resumption of large-scale deliveries.

At least eight ships delivered military cargo between July 26 and August 8. There have been additional deliveries since then. Cargoes delivered and cargoes in ships now on the way from Soviet ports are believed to total about 20, an estimate that may be about 2 ships off, either plus or minus.

### MANY TECHNICIANS SENT

At the same time, large numbers of Soviet technicians have also arrived in five or more passenger ships. There is no indication that the current rush of Soviet personnel and equipment to Cuba has ended.

It is estimated now that there are from 3,000 to 5,000 Soviet technicians in Cuba, with more to come. Until the recent massive increase, they were numbered in hundreds. From one-half to two-thirds are believed to be military technicians, trainers, and advisers.

These statements are intelligence estimates made by responsible officials. It is emphasized that not all this intelligence is positive or "hard." The data were released, apparently, because of exaggerated reports that have been published, commonly based on information from Cuban refugees with island connections.

### NO FOREIGN TROOPS

Some have claimed that there are 18,000 Russian and 5,000 Chinese troops in Cuba. According to U.S. intelligence there are no Russian or Chinese in Cuba in uniform or in standard military-type organizations.

The recent military deliveries include large quantities of transportation, electronic, and communications equipment. This includes such items as communications vans, radar vans, and generating units on large tractor-trailers.

Crates 40 feet long were unloaded at some ports and hauled away on trailers under maximum security conditions. It is believed that much of the equipment was for coast defense and air defense purposes. It is believed officially that missiles similar to the U.S. Nike air defense missiles were an important part of the shipments.

### MISSILE EQUIPMENT

This estimate is qualified by the fact that the crates were not unloaded where the equipment could be observed. However, radar and other equipment observed was obviously part of air defense missile unit equipment.

It is stated officially that the new equipment does not add significantly to the small Cuban defensive potentiality. It is also stated that the large additional number of technicians is compatible with the requirement for setting up and training Cuban personnel in the operation of the equipment.

This position is questioned in military circles.

The official explanation of the sudden and massive spurt in Soviet deliveries to Cuba is that from the Soviet point of view this is a decision to prop up the Castro regime, which is now confronted with economic troubles and popular discontent.

### NO COLLAPSE IMMINENT

The Soviet Union is now more deeply involved in the Castro regime and committed to maintain it. While Castro is having troubles of many kinds, it is not believed that his regime is in danger of imminent collapse.

For such large amounts of personnel and equipment to reach Cuba at this time, the decision to ship had to have been made 5 or 6 months ago. Commencing in February, the Soviet and Cuban radio and press accused the United States of preparing aggression against Cuba. Apparently these claims were taken seriously.

Coast and air defense military equipment would be the natural answer to such fears, since Castro is already well supplied with tanks and other ground military materiel.

### IMPACT ON NAVAL BASE

If air defense missiles were deployed around the U.S. Guantanamo Bay Naval Base in Cuba, there could be serious results. Although the two landing strips there are approached from the sea, it is often necessary for planes to circle. The small extent of the Guantanamo base makes it difficult for high-speed jet aircraft to keep within its boundaries.

The Cubans have been subjected to a large amount of propaganda about U.S. violations of its airspace. If a trigger-happy Cuban crew with its Russian advisers shot down an American military plane that accidentally strayed over Cuban territory, a serious international incident would be created.

The Russian technicians operate in high-security areas. Only specially qualified Cubans are allowed in these areas.

The Moscow Radio, broadcasting in Spanish to Cuba, explains that the shipments arriving are thousands of tons of tinned goods, lumber, fertilizer and harvesting machinery.

It is rumored that the United States is seriously considering an air and sea blockade of Cuba.

Mr. ENGLE. Mr. President, it will be noticed that all these stories contain the same set of facts. All of them mention 3,000 to 5,000 Soviet technicians. All of them mention the possibility of ground-to-air missiles. All of them mention the strengthening of coastal and air defenses. It will be noticed also, Mr. President, that all these articles relate that the information came from U.S. officials. What we have here, quite clearly, is evidence that the administration held a background press conference to get these facts out to the American people.

These articles were published after the original statement made by the President of the United States in his press conference on August 22.

On Wednesday, August 29, the State Department also briefed a bipartisan group in the House of Representatives—in fact, invited all House Members who so desired to attend. I ask unanimous consent to make a part of the Record the statement supplied to the House of Representatives at that time.

The PRESIDING OFFICER (Mr. Long of Hawaii in the chair). Without objection, it is so ordered.

The statement was ordered to be printed in the Record, as follows:

### Soviet Military Aid to Cuba

After a lull since early 1962 the Soviet Union resumed large-scale military deliveries to Cuba in the last week in July. Since then, Soviet ship movements to Cuba have totaled at least 25, including at least 5 passenger ships. This is in addition to normal tanker and cargo movements. The shipments contained both military and economic goods and personnel. Although full details are not yet available on the contents of the ships, nor of the breakdown between military and nonmilitary, information to date indicates the following:

Cargo: Military cargo, perhaps as much as half of the total, included large quantities of transportation, electronic, and construction equipment, such as communications vans, radar vans, trucks, and mobile generator units. Much of the equipment is likely to go into the improvement of coastal and air defenses. The size and shape of some of the boxes delivered suggests that it is possible they could contain ground-to-air missiles for antiaircraft use, but we have no information on that as yet. These missiles are not adaptable for nuclear use.

Nonmilitary cargo, roughly half of the total, consists of deliveries, already behind schedule, of industrial and agricultural equipment under aid and trade agreements.

Personnel: A large number of additional Soviet specialists arrived in Cuba in the same period. With the recent arrivals, the total number in Cuba or on the way, both military and nonmilitary, may be as high as 5,000. The breakdown between military and technical personnel is not known, but the additional numbers of military specialists are not incompatible with the training and setting up of the complex military equipment which has arrived. There is no evidence of the arrival of Soviet combat troops from other Soviet bloc countries.

The shipments consist of both economic goods and defensive military goods. They appear designed to enhance the Cuban regime's defense capabilities against an internal threat, and to increase the effectiveness of the Cuban military establishment for possible internal use. Information to date indicates that the shipments will not improve significantly the very limited offensive capabilities of the Cuban armed forces.

The recent shipments indicate a significant increase in Soviet involvement in Cuba. The increased amount of military assistance accompanies stepped-up Soviet economic aid to try to relieve Cuban shortages. The shipments must have been planned several months ago to have arrived when they did. The Cuban regime, facing economic deterioration and rising popular discontent, probably hopes to strengthen its internal position through new demonstrations of Soviet support.

### RECENT STATEMENT BY THE U.S. DEPARTMENT OF STATE CONCERNING U.S. POLICY TOWARD CUBA

U.S. policy is to bring all the pressure we can to isolate Cuba and to prevent Cuba from being able to have an impact on the rest of Latin America. The United States, in cooperation with friendly member states of the Organization of American States and other international bodies, will take all feasible measures to give the Cuban people a chance to choose freely the government they want. We believe that the Cuban people would not choose Castro communism.

We remain concerned over the threat which the Cuban regime poses for the peace and security of the hemisphere. Through effective collective action we will defeat the Cuban regime in its announced objective of creating Communist revolutionary regimes in other Latin American countries. The Foreign Ministers of the American Republics, at their meeting in January 1962, found the Cuban regime incompatible with the inter-American system, excluded the Cuban regime from participation in that system, and recommended a series of measures to assist OAS member states individually and collectively to combat Communist subversion.

---

### RECENT STATEMENT BY EDWIN M. MARTIN, ASSISTANT SECRETARY OF STATE FOR LATIN AMERICAN AFFAIRS, AS REPORTED BY THE U.S. NEWS & WORLD REPORT, AUGUST 6, 1962

Question. Is the fixed goal, then, to get rid of Castro?

Answer. We want to get rid of Castro and the Soviet Communist influence in Cuba—not just Castro. I think the Soviet Communist influence is more serious than Castro, although Castro should be added in. But we also are, meanwhile, very anxious to prevent him from having any impact elsewhere.

Question. Is Castro really just a Communist stooge?

Answer. No; I don't think so. I think it is very difficult always for an outsider to understand the real power relationship within a political organization. It's hard in this country, sometimes, to know who is pulling strings.

But, insofar as we know the situation from outside, I think we would have to say that right now Castro is the boss. Now, this doesn't mean he has a completely free hand or that he doesn't take advice, but there was some feeling 6 months ago that he was falling into the background and being taken over by the old-line Communist crowd. Although this may have been the case then, it certainly is not the case now. Castro is making the statements of policy.

Question. How long do you think he can hold the situation together down there?

Answer. It's very hard to say.

Question. Do you think 20 years, 50 years, or 2 years?

Answer. Well, it would be closer to 2 years than the other two figures. Maybe this is wishful thinking, but this would seem to me true.

I think there is, undoubtedly, some tension between the old-line Communists and Castro and his crowd. I think it's in part the kind of tension that is normally generated by a bad situation. Basically, though, it's a competition for power, accompanied by some personal frictions.

As of the moment, though, I think that the old-line Communists realize that their popular appeal would not permit them to maintain control very long without Castro—he is popular with the countryside. Nor would they wish to lose Castro as their principal source of appeal in the rest of Latin America.

Question. Might the whole situation just collapse, economically?

Answer. It's not impossible, but hardly something we can count on to solve our problem at any early date. With the economic situation worsening as it is doing—and, if you believe only what Castro says, it's quite bad—this undoubtedly puts a great deal of pressure on the Government. When you think of the problems even relatively well-organized, well-disciplined societies have had with an extensive rationing system, you can imagine, with the degree of shortage they have, what a shamble it must be there.

Question. Is Russia supplying much to Cuba?

Answer. They are supplying a substantial amount of things, but not nearly enough really to meet the gap and prevent the difficulties they are now having. And, of course, increasingly, at least for another year, Russia will have to be supplying on credit because the poor sugar harvest has meant that they've had to cut back their commitments for delivery of sugar.

Question. Do you think Castro can be pushed out of Cuba without military invasion from the outside?

Answer. Yes; I think that's possible.

If you look around Latin America, people apparently with a lot stronger positions than he has have collapsed and been thrown out without outside intervention. But, again, I don't want to suggest we can relax.

Question. Do you think some other "Castros" may develop elsewhere in Latin America?

Answer. At the moment, I'm reasonably optimistic on this point, although one certainly can't rule out the possibility completely. Castro's image, I think, has considerably diminished in attractiveness over the past 6 to 9 months—partly because his confession that he has always been a Marxist-Leninist has disabused those who thought he was a Latin American reformer and somebody they could copy—that was in their image—and, secondly, because of the economic conditions within Cuba.

Mr. ENGLE. Mr. President, on August 30, a letter was sent to the Committee on Foreign Relations. It contained substantially the same information. This letter was sent for the use of all members of the Foreign Relations Committee.

In addition, on August 30 in his press conference President Kennedy was again asked about the Cuban situation. He was specifically asked about a statement made by the Senator from Indiana [Mr. CAPEHART], calling for a U.S. invasion of Cuba to stop the flow of troops and supplies. I wish to read into the RECORD the questions and answers on that matter from the President's August 30 news conference:

Question. Mr. President, Senator [HOMER E.] CAPEHART, Republican, of Indiana, in a speech the other day said that the Communists are sending troops into Cuba, not technicians, as you told us last week.

The reference, of course, is to the press conference of August 22.

CAPEHART, according to the United Press International, also called for a U.S. invasion of Cuba to stop the flow of troops and supplies. Would you comment, sir?

Answer. We have no evidence of troops. And I must say that I know that this matter is of great concern to Americans and many others. The United States has obligations all around the world, including West Berlin and other areas, which are very sensitive, and, therefore, I think that in considering what appropriate action we should take, we have to consider the totality of our obligations, and also the responsibilities which we bear in so many different parts of the world. In response to your specific question, we do not have information that troops have come into Cuba, No. 1. No. 2, the main thrust, of course, is assistance because of the mismanagement of the Cuban economy which brought widespread dissatisfaction, economic slowdown, agricultural failures, which have been so typical of the Communist regimes in so many parts of the world. So that I think the situation was critical enough that they needed to be bolstered up.

However, we are continuing to watch what happens in Cuba with the closest attention and will respond to—will be glad to announce any new information, if it should come, immediately.

By the way, that promise has been kept.

Question. Mr. President, did you answer my question, on CAPEHART's suggestion that we invade Cuba? Was that your answer?

Answer. I am not for invading Cuba at this time. No, I don't—the words do not have some secondary meaning. I think it would be a mistake to invade Cuba.

Question. Mr. President, the Soviets, as you well know——

Answer. Because I think it would lead—that it should be—an action like that, which could be very casually suggested, can lead to very serious consequences for many people.

* * * * *

Question. Mr. President, I wonder if a distinction could be made with respect to the troops in Cuba. Some of us were told at the State Department the other day——

This referred to the background briefing—

that there is Russian military personnel in Cuba, that these are military technicians, and they are people who are probably going to operate missiles, similar to the Nike missiles.

Is this in accord——

Answer. I don't know who told you that at the State Department, that they are going to operate Nike missiles, because that information we do not have at this time.

There certainly are technicians there, and they may be military technicians. We don't have complete information about what's going on in Cuba, but since the word "troops" has been generally used, they had a military advisory commission there for a long period of time, so there may be additional military advisory personnel or technicians. But on the question of troops, as it is generally understood, we do not have evidence that there are Russian troops there. There is an expanded advisory and technical mission. That is correct.

Question. Are there no antiaircraft missiles shipped into Cuba?

Answer. We have no information as yet.

Question. Mr. President——

Answer. That does not mean that there have not been, but all I am saying is that we have no such information as yet.

The statement made by the Senator from New York [Mr. KEATING] with reference to this matter appears on page 18359 of the CONGRESSIONAL RECORD of August 31. In addition, as I have previously said, Senator KEATING on September 4 made a further reference to the Cuban situation. His remarks appear on pages 18438–18440 of the CONGRESSIONAL RECORD for September 4.

The Senator from New York was in error on his information. On August 31 he made the statement:

The convoy moved on military order and contained the first amphibious vehicles observed in Cuba.

Our intelligence, as indicated by the President in his statement of September 4, makes it very clear that we have no information with respect to amphibious vehicles. The President said:

There is no evidence—

First—

of any organized combat force in Cuba from any Soviet bloc country;

Second—

of military bases provided by Russia;

Third—

of a violation of the 1934 treaty relating to Guantanamo;

Fourth—

of the presence of offensive ground-to-ground missiles;

Fifth—

of other significant offensive capability either in Cuban hands or under Soviet direction and guidance.

The President went on to say:

Were it otherwise, the gravest issues would arise.

I wish to place in the RECORD at this point the full transcript of the news conference at the White House yesterday afternoon, September 4, 1962, in which the President's position is fully set forth; and I ask unanimous consent that the full transcript of the conference be printed in the RECORD.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

NEWS CONFERENCE AT THE WHITE HOUSE WITH PIERRE SALINGER, SEPEMBER 4, 1962

Mr. SALINGER. I am going to read a statement, which is a statement of the President.

"All Americans, as well as all of our friends in this hemisphere, have been concerned over the recent moves of the Soviet Union to bolster the military power of the Castro regime in Cuba. Information has reached this Government in the last 4 days"——

Question. Are you giving us paragraphs?

Mr. SALINGER. I will.

Question. Is there a "that"?

Mr. SALINGER (reading). "Information has reached this Government in the last 4 days from a variety of sources which establishes without doubt that the Soviets have provided the Cuban Government with a number of antiaircraft defense missiles wtih a slant range of 25 miles which are similar to early models of our Nike. Along with these missiles, the Soviets are apparently providing the extensive radar and other electronic equipment which is required for their operation. We can also confirm the presence of several Soviet-made motor torpedo boats carrying ship-to-ship guided missiles having a range of 15 miles. The number of Soviet military technicians now known to be in Cuba or en route—approximately 3,500—is consistent with assistance in setting up and learning to use this equipment. As I stated last week, we shall continue to make information available as fast as it is obtained and properly verified.

"There is no evidence of any organized combat force in Cuba from any Soviet bloc country; of military bases provided to Russia"——

Question. Don't you mean "by"?

Question. They are not making any available.

Question. They are not giving any bases to Russia.

Mr. SALINGER (reading). "To Russia; of a violation of the 1934 treaty relating to Guantanamo; of the presence of offensive ground-to-ground missiles; or of other significant offensive capability either in Cuban hands or under Soviet direction and guidance. Were it to be otherwise, the gravest issues would arise.

"The Cuban question must be considered as a part of the worldwide challenge posed by Communist threats to the peace. It must be dealt with as a part of that larger issue as well as in the context of the special relationships which have long characterized the inter-American system.

"It continues to be the policy of the United States that the Castro regime will not be allowed to export its aggressive purposes by force or the threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere. The United States, in conjunction with other hemisphere countries, will make sure that while increased Cuban armaments will be a heavy burden to the unhappy people of Cuba themselves, they will be nothing more."

Question. Pierre, was this statement discussed this afternoon with the leaders of both parties?

Mr. SALINGER. The situation, the current situation, in Cuba, as well as the information contained in the statement, was discussed by the President with the Secretary of State and other key officials of the administration, with a bipartisan group of leaders from both Houses of Congress here at the White House immediately prior to the release of this statement.

Question. Who were the Members?

Mr. SALINGER. I will read the names of those who were present.

Senators MANSFIELD, FULBRIGHT, RUSSELL, SPARKMAN, DIRKSEN, KUCHEL, HICKENLOOPER, and WILEY.

Representatives: The Speaker, the majority leader, VINSON, SELDEN, HALLECK, ARENDS, and CHIPERFIELD.

Question. Was anybody else from the Cabinet besides the Secretary of State there? Mr. McNamara?

Mr. SALINGER. Secretary McNamara was present; that is correct.

Question. How long did this meeting last?

Mr. SALINGER. About 1 hour.

Question. Did the President ask what they thought of this statement or did he read it to them?

Mr. SALINGER. No, the statement was not read to them. The information which it contained was given to them.

Question. Is it correct to infer that the entire tenor of the statement is to make it clear that the Cuban buildup at the moment, so far, is defensive or defensive weapons?

Mr. SALINGER. I think the statement speaks for itself, Ralph.

Question. Is the implication of the statement, Pierre, that so long as it remains defensive, you are not going to do anything about it?

Mr. SALINGER. The statement speaks for itself. I do not intend to go beyond the statement.

Question. What is "slant range"?

Mr. SALINGER. For background:

* * * * *

It means it can't go straight up 25 miles.

Question. It means horizontal distance?

Mr. SALINGER. That is right.

Question. None of the Soviet land-based missiles of which this Government is aware could be used to hit the mainland of the United States?

Mr. SALINGER. Again, I think we have described what the missiles were that we currently have information on.

Question. Is that the end?

Mr. SALINGER. That is the end.

Question. Thank you, sir.

Mr. ENGLE. In order that there may be no doubt as to a full discussion of this matter, I also wish to place in the RECORD the transcript of the press conference of September 3, 1962, in which Mr. Salinger was asked various questions with reference to this matter; and I ask unanimous consent to have printed at this point in the RECORD the full transcript of the discussion at that time.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

NEWS CONFERENCE AT THE WHITE HOUSE WITH PIERRE SALINGER, SEPTEMBER 3, 1962

Mr. SALINGER. I have nothing.

Question. Do you have any comment on the Russian charge that a U–2 overflew the Soviet territory?

Mr. SALINGER. No, I have no comment. I think, however, that the State Department will have something to say about it in the very near future.

Question. When?

Mr. SALINGER. In the very near future.

Question. What about Senator KEATING's comment about the Russia-Cuba buildup? It was announced that the White House would announce the inaccuracies later in day.

Mr. SALINGER. If we can deal with the U–2, then I will get on that.

Question. What do you mean by "the near future?"

Mr. SALINGER. The next several hours.

Question. Has the President been in consultation with the State Department on it?

Mr. SALINGER. The President is apprised of the situation.

Question. When was he informed, Pierre, and how?

Mr. SALINGER. This morning. He was apprised this morning.

Question. Before he landed back here?

Mr. SALINGER. No, I think when he landed he was told of the Soviet note.

Question. Pierre, can you tell us whether the spokesman in London, in the Air Force, who made the statement this morning, has been instructed to say more or say nothing from now on?

Mr. Salinger. I am going to say absolutely nothing on this subject.

Question. Not you. I am asking about the spokesman in London.

Mr. Salinger. I am not going to say anything about any other spokesman. In other words, I am not commenting on the situation, period.

Question. Pierre, when the State Department puts out its answer——

Mr. Salinger. I didn't say they were going to put out their answer. I said they would have something to say about it.

Question. Will this be in the form of a written statement or will there be someone who can be questioned?

Mr. Salinger. I am sure there will be somebody present who can be questioned.

Question. Pierre, are we going to understand that the State Department is going to handle this inquiry?

Mr. Salinger. That is correct.

Question. Did your conference this morning with Mr. Manning and Mr. Sylvester have to do with the U-2 incident?

Mr. Salinger. It did not.

Question. Pierre, has the note been received here yet?

Mr. Salinger. I will refer you to the State Department on that.

Question. Is the State Department in consultation with other agencies so the answer will be coordinated?

Mr. Salinger. The State Department will handle this matter.

Question. The State Department, whatever their reaction or whatever they do publicly in this, they are serving as the spokesman for the Government in this whole matter?

Mr. Salinger. The State Department will make any statement they care to make.

Question. Pierre, will you explain to us why, on an incident of this kind, the White House has nothing to say, yet last week when a plane was allegedly shot at by a Cuban patrol boat, and the plane was flown by a Reserve pilot, and we only have his word that this happened, the White House saw fit to make a statement? What is the difference between these two incidents?

Mr. Salinger. The State Department will handle this matter.

Question. Pierre, can you tell us what the status of the U-2's are right now? Are they flying for NASA or the Air Force?

Mr. Salinger. Any statement on this matter will be made by the State Department.

Question. Aside from this matter—

Mr. Salinger. I don't intend to say anything about it, Bob; not one single word.

Question. Is the President going to have a press conference this week?

Mr. Salinger. I don't know yet. I will let you know this afternoon.

Question. Pierre, who apprised the President of this?

Mr. Salinger. I believe Mr. Bundy did.

Question. Can you tell us what the Pentagon press officials were in here for?

Mr. Salinger. No.

Question. Pierre, in another field, what is the White House role, if any, in the action of the Armed Forces radio broadcast in Iran? Have you called for any report on that? Have you received any reports on it?

Mr. Salinger. We have received a report on it and our information is that the hoax was perpetrated on the Armed Forces radio in Teheran and we are looking into the matter.

Question. What was the hoax, Pierre?

Mr. Salinger. I refer you to the story that emanated from there.

Question. You say the hoax was perpetrated on the Armed Forces radio?

Mr. Salinger. Yes.

Question. Now, about Senator Keating and the Cuban situation.

Mr. Salinger. I am going to discuss this subject for background only.

Question. What is this?

Mr. Salinger. This is Senator Keating on Cuba.

First, I notice in the UP report that Senator Keating said a White House spokesman had called the studio and stated that the President or the White House would reply to Senator Keating's inaccuracies upon his return. That is inaccurate.

I called Mr. Chancellor and took exception with a statement he made at the opening of his broadcast in which he said that the President had stated that there were no Soviet military personnel in Cuba. The President did not state that.

A reading of his press conference remarks of last Wednesday will show what he did say on that subject.

As far as Mr. Keating's remarks about the numbers of technicians or ships, I see nothing in that matter which has not been made public by the Government before.

Question. Do you mean the figures he has are figures that have been made public by the Government?

Mr. Salinger. I couldn't tell you—there may be variations of hundreds or so, but the general information that he made public has been made public by the Government before on the subject of troops and so on.

Question. In general, it is correct, the information?

Mr. Salinger. But what I am trying to point out is that there is nothing new or different about his statements on troops or ships.

Question. Then we have a question, don't we, of timing; which came first? Are we saying now that there are 5,000 Soviet troops which have landed in Cuba?

Mr. Salinger. I am not saying that at all. I don't think he said that.

Question. Keating said there were 1,200 Soviet troops.

Mr. Salinger. He has two different figures. Again, I want to remind you that everything on this Cuban thing is on background.

A reading of Senator Keating's statements on technicians and ships reveals nothing that has not been revealed before.

Question. Are you confirming that there are Soviet troops in Cuba? Twelve hundred?

Mr. Salinger. I refer you to the President's statement last Wednesday. He made very clear what our information was at that time, and he also stated at that time if we had any other verified information on this subject we would make it public. That is our policy.

Question. There has been no change since last Wednesday; is that the idea?

Mr. Salinger. When and if we receive any further verified information dealing with movements of technicians, troops, or any other subject involving Soviet military aid to Cuba, we will make it public, as the President indicated.

Question. Aren't we in a peculiar situation here where you are discussing, as a press secretary, a remark by the President, and we can't——

Mr. Salinger. You can certainly quote the President's remarks at the press conference.

Question. But we are on background when you are discussing something the President said in the press conference.

Mr. Salinger. Certainly what the President said in the press conference is on the record.

Question. Smitty raised a vital point. The whole device of background, as we understand it, is to protect officials when they are dealing with delicate foreign policy matters.

Mr. Salinger. You don't think this is a delicate foreign policy matter?

Question. No. You are dealing with the Hill. It is a political matter.

Mr. Salinger. Maybe Senator Keating would like it to be.

Question. You have confirmed what he said, but you won't confirm it on the record.

Mr. Salinger. I am going to stand by what I said and by the rules under which I said it.

Question. What kind of background is this—White House officials, Government spokesmen, or what?

Mr. Salinger. You can say White House officials.

Question. Pierre, hasn't the State Department, perhaps for background if not officially, put out various figures about the number of ships and personnel and so forth?

Mr. Salinger. That is correct, and I believe—although I considered this a violation of the rule at the time—I believe that Mr. Wilson's question at the President's press conference last Wednesday was an indication of where some of this information came from.

Question. Pierre, the President, in his press conference, said that as far as we can say now, in the term as it is generally used, we do not know of any Russian troops in Cuba.

Mr. Salinger. As the word "troops" is generally understood; that is correct.

Question. Are we standing by that today?

Mr. Salinger. We are standing by that today.

Question. Despite what Keating said this morning?

Mr. Salinger. I believe we are having a semantical discussion.

Question. How do you define "troops?"

Question. You have used the words "technicians" and "ships." You have not used the word "troops."

Mr. Salinger. I am using the words that the President used in his press conference.

Question. Keating said the word "troops" there, in the commonly accepted term of "troops."

Mr. Salinger. I agree with what you said.

Question. I agree this is getting into a semantical big, but you said Keating did not disclose anything which had not been revealed before, and yet he used "troops" and you don't. Do you think there ought to be a separation there?

Mr. Salinger. I choose to stand by the language the President used in his press conference.

Question. Pierre, is it a correct interpretation for us to say that a high White House official disclosed today that he called the National Broadcasting Co., and corrected something John Chancellor said? The same high White House official said——

Mr. Salinger. I am not going to tell you——

Question. I know you will not tell us how to write it. But under the ground rules, that is what you are saying.

Mr. Salinger. Under the ground rules, I would say you would say that a high White House official said that Pierre Salinger, the press secretary of the President, called.

Question. Pierre, how do you define "troops" and what is the difference between "troops" in your definition——

Mr. Salinger. I will not get into that definition with you, Bob.

Question. Isn't that the problem we are trying to straighten out here?

Mr. Salinger. I am going to stand by the language the President used. The situation on the broadcast this morning, if I could give you a comparison, would be of a Senator being interviewed on a television show and the Senator said, "Today is Tuesday," and the fellow interviewing him said, "Senator, that is an extraordinary statement." That is what happened this morning.

Question. Pierre, do you know whether the Russian soldiers are in Cuban uniforms in Cuba?

Mr. Salinger. I have said everything I am going to say on the subject.

Question. Pierre, this is a procedural subject. Could we please clear up now, because it has been going on 18 months, why you cannot allow this to be attributed to the White House Press Secretary?

Mr. Salinger. I have chosen to do it this way.

Question. Could you explain?

Question. You could put this off the record, if you like.

Question. Could you explain it?

Mr. Salinger. No, I don't think I am called upon to explain it.

Question. If we go out from here and write a story saying that the White House official today said there was nothing new that hadn't been previously reported about Keating's report that there were 5,000 troops in Cuba, this is not going to square with my understanding of what the President said. That is the point I am trying to belabor on this.

Mr. Salinger. Senator Keating chooses to use "troops" and we referred to them as "technicians," which is our information.

Question. You earlier used the words "military personnel."

Mr. Salinger. That is right, and the President in his own press conference stated there were military personnel in Cuba and had been for some time.

Question. Would those be prisoners of war under the rules if they were captured, or civilians, or what?

Mr. Salinger. No, he made a specific reference to a Soviet military mission.

Question. I think besides what Keating said, Pierre, I keep trying to find out what is a "troop," what is a "soldier." Is a technician with a rifle a soldier?

Mr. Salinger. The President stated explicitly what our understanding of the situation was last Wednesday. When and if we have any new information, you can be sure we will make it public, and it will not be for background. It will be on the record.

Question. Why does the White House take such an interest in one aspect of our foreign policy and refer to the State Department to take other aspects?

Mr. Salinger. If you ever end up sitting in this chair, you can take that up.

Question. I am not going to end up sitting there, and you are sitting there now.

Mr. Salinger. You are a lucky fellow, too.

Question. Pierre, does this administration have any plan for a total blockade of Cuba?

Mr. Salinger. I am not going to discuss the subject any further.

Question. Pierre, did you call Chancellor while he was still on the air or after he signed off?

Mr. Salinger. He was still on the air.

Question. What time was this?

Mr. Salinger. It was about 8:05 this morning.

Question. Did he change his statement?

Mr. Salinger. He changed his statement on the air afterward.

Question. Who did he say called him?

Mr. Salinger. He didn't say who called him. He said, "An error has been called to my attention, and in a fast-moving broadcast like this, sometimes we make errors," and he corrected what the President said.

Question. Are you satisfied with his statement?

Mr. Salinger. Totally satisfied.

Question. There has been reference to British ships carrying supplies to Cuba.

Mr. Salinger. That question also came up at last Wednesday's broadcast.

Question. Pierre, I am handicapped, not having seen this broadcast.

Mr. Salinger. You are not really handicapped.

Question. We are all cleared up on troops and technicians, I see, but what about this question of number? The President didn't use any number, regardless of what kind of persons they are.

Mr. Salinger. Other Government agencies have used numbers.

Question. They say Keating used two different numbers, 1,200 and 5,000. Which is the Government saying it is?

Mr. Salinger. Again, I am not going further. I stand on what I said.

Question. You are agreeing with Keating?

Mr. Salinger. If you read the transcript of what he said, you can see the context in which he used the figures.

Question. Did the President see the broadcast?

Mr. Salinger. He did not see the broadcast, nor did I talk to the President before I talked to Mr. Chancellor.

Question. Are there any Chinese troops in Cuba? I am not kidding. Naval officers at Guantanamo said there are.

Mr. Salinger. I have said everything I am going to say on the situation.

Question. Can you say anything about the situation in West Berlin, the movement of armored cars?

Mr. Salinger. No.

Question. Pierre, another happy field, what is your attitude toward the Bolivian President canceling his trip to the United States because of the sale of tin out of our stockpile?

Mr. Salinger. That is a subject which we are studying at the present time, and I would think we would have something to say about that later.

Question. You would think?

Mr. Salinger. Yes.

Question. Like today?

Mr. Salinger. It is possible.

Question. Pierre, to clarify the semantic problem on the "troops" or "military technicians," could the military mission in Cuba be compared with our military advisers in South Vietnam?

Mr. Salinger. I will let you draw that comparison yourself.

Question. In another field, is the President contemplating a nonpolitical or political trip to New Hampshire?

Mr. Salinger. There is no scheduled trip to New Hampshire at the present time. There are two Senate seats up in New Hampshire and I would not be surprised to see the President go to New Hampshire before the campaign is out.

Question. Would that be sometime near to the 18th when he votes in Massachusetts?

Mr. Salinger. I couldn't tell you that now.

Question. Pierre, for technical reasons, can we expect the State Department statement on the U-2 before lunch?

Mr. Salinger. That is possible.

Question. What was the question?

Mr. Salinger. The question was whether you might expect the U-2 statement from the State Department before lunch. It depends how late you eat lunch, really.

Question. Have you any more jollies?

Question. No, I am clear.

Mr. ENGLE. In other words, Mr. President, on six different occasions authoritative spokesmen for the administration have laid before the American people the full facts as we have them with reference to the military buildup in Cuba. The President stated—and I repeat his statement—that whenever he has firm information he will make it available to the American people. I think he has done so, and the record completely refutes the first statement of the Senator from New York [Mr. Keating] that the administration should tell the American people the whole truth. The administration has told the American people the whole truth.

I assert that the Senator from New York [Mr. Keating] was wrong. He implied that the President of the United States and the administration were not giving the American people the whole truth. The fact is that in five separate instances prior to his statement of September 4, the President or administration spokesmen laid the facts on the table.

First, on August 22 at the press conference, in which the President answered specific questions on Cuba.

Second, on August 24, when the press and radio received a complete background briefing—out of which are supplied news stories appearing in the major metropolitan press.

Third, on August 29, when all of the House Members were invited to a briefing on the Cuban situation; and I may add that many attended.

Fourth, when a letter went to the Foreign Relations Committee of the Senate briefing the members on the Cuban situation; and

Fifth, on August 30, in the press conference held by the President, in which he again answered specific questions on the Cuban situation.

In short, in five different instances prior to Senator Keating's allegation, the President or administration officials had spoken forth on this subject.

So Senator Keating was wrong. He was wrong also in his statement that 5,000 men in Soviet uniforms were unloaded less than 100 miles off the shores of continental United States. There is no verification of this statement. As the President clearly indicated in his statement yesterday, September 4, there is no verification that Soviet troops are on Cuban soil. I agree that we can argue about what we mean by troops, and whether or not technicians are troops. I assert that technicians are not troops in the general sense understood by the American people—that is, attack forces.

Senator Keating was wrong in saying, as he did in his speech on the Senate floor on August 31, that "amphibious vehicles were observed." According to our intelligence, there is no verification of that fact.

Senator Keating was wrong in his implication that the island of Cuba has been turned into an offensive base against the United States and Latin America when he said it was "turned into an armed camp, a smoking grenade in the heart of the Western Hemisphere." The facts are that we have no evidence at all that offensive armaments—and by that I mean armaments for use in offensive combat—are being landed in Cuba.

The only evidence we have is that antiaircraft defensive missiles with slant range of 25 miles have been put in place, together with the attendant radar and electronic equipment, and that certain patrol boats carrying ship-to-ship guided missiles having a range of 15 miles have been put in Cuba. At the present time the armaments being supplied to Cuba appear to be of the defensive type. Nothing in Cuba at the present time could be regarded as a major offensive threat against the United States.

Senator Keating asserted that the Monroe Doctrine has been violated. The Monroe Doctrine has not been violated. The Monroe Doctrine applies to a situation in which a foreign power by force overthrows an established regime in this hemisphere. The Soviets are in Cuba by invitation of the Castro government—which came into power before the present administration took office. The Monroe Doctrine, neither in its historical nor its literal sense, applies to a situation in which a government in power invites the assistance of a foreign power and receives such assistance. I should like to place in the RECORD an article, written by the distinguished columnist, Arthur Krock, which was published in the New York Times of September 4. The article deals with the problems of the Monroe Doctrine in the missile age. I offer the article for printing in the RECORD, and also an article entitled "Soviet-Cuban Treaty." The latter deals with the same subject matter, and was published on the same day in the Washington Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 4, 1962]

### EFFECT OF THE MISSILE AGE ON HISTORIC DOCTRINES

(By Arthur Krock)

WASHINGTON, September 3.—It now develops that the United States for some time has maintained a Navy patrol in the high seas off the Cuban ports, its purpose being to try to discover the complete nature of the cargoes and personnel which Soviet Russia has been landing on the island. At President Kennedy's news conference last week the questions addressed to him were limited to his views toward military intervention in Cuba and invasion by the United States. No one asked him about the ever-tightening naval patrol, so that its presence was first established in a Washington dispatch to this newspaper over the weekend.

This is obviously a very cautious operation, despite the fact that there is some fluttering about it in the dovecotes in the Department of State, or it is ineffective for its purpose. That is to acquire sound information on which the President can make a definite determination whether the Soviet supplies to Cuba threaten the security of the United States. For, though the foreign press and leaders of the anti-Castro Cubans in this country report that some of the Soviet "technicians" sent to the island strongly resemble active military personnel, and that some Russian matériel being landed has as much a potential for offensive as for defensive military activity, Mr. Kennedy has announced no official confirmation of either.

If or when this confirmation comes, however, only the consideration of national security will supply the President with a solid foundation for whatever his course of action may be. He repeated last week that the Monroe Doctrine means, and always has, that "we would oppose a foreign power extending its power to the Western Hemisphere." And he automatically found the Soviet Union guilty on this charge by adding that this "is why we are opposing * * * what is happening in Cuba today."

But the contrast between the manner in which this opposition is now being expressed and its historic implementation sharply reveals how the cold war and the transoceanic atomic missile have changed diplomacy and the enforcement of treaties and doctrines. Presidents Polk and Cleveland, for example, were only two of the White House incumbents who warned off projected foreign power expansions in this hemisphere far less menacing than that Mr. Kennedy has certified to be proceeding in Cuba. His "opposition," on the same cited basis of the Monroe Doctrine, has been limited to a cautious naval patrol with inconclusive findings, cutting off our trade with Cuba, and, with small success, asking other members of the Organization of American States and certain NATO allies to do the same.

#### THE U.S. POWER EXPANSIONS

But though politicians think it necessary to continue to swear unswerving fealty to the Monroe Doctrine, few are unaware that changing times have compelled a new and modified application of it in international practice. To wage the free world struggle against the spread of aggressive international (Russian) communism, the United States has a ring of bases around the Soviet Union, Armed Forces in Europe and Asia and espionage agents wherever their placement helps to assure the security of the Nation. Moreover, Washington some years ago made the Monroe Doctrine a wholesale hemispheric, and hence clearly a much less enforcible, commitment. So that, while President Kennedy expressed the meaning of the doctrine as Monroe, Polk, and Cleveland did, he cannot invoke it with the diplomatic consistency and immunity from disaster they enjoyed.

His one and only test for compulsive action toward Cuba is whether the United States will be endangered otherwise. And two particular cold war developments have made this test even more difficult to resolve. One is that the United States has not only allowed, but initiated, postwar worldwide commitments that tie down its freedom of action as the sleeping Gulliver's was by the people of Lilliput. The second (which is now being demonstrated in Cuba) is that aggression by infiltration, the aggression hardest to prove as justification for military retaliation, is a skill and science in which Moscow excels.

But how refreshing it would be if the President and the Department of State would turn away from slogans and openly concede the new facts of history and diplomacy.

---

[From the Washington Post, Sept. 4, 1962]

### SOVIET-CUBAN TREATY

The Soviet-Cuban treaty may only proclaim transactions already under way for the economic and military supply of Cuba, but it makes it very clear that the relationship that is developing is precisely the sort of connection with a European power which the Monroe Doctrine was intended to prevent.

What was feared in 1823 when the Holy Alliance was threatening the Latin American revolutions was the establishment in this hemisphere of a "political system" that was "essentially different" from that of America. And that is what the democratic countries of the hemisphere have to fear now.

President Monroe's message made quite clear the sort of intervention to which we objected. He said that we would regard as a manifestation of "an unfriendly disposition toward the United States, any interposition for the purpose of oppressing" the South American countries, or for "controlling in any other manner their destiny."

On the foreign acts we found hateful, the Monroe Doctrine was clear and unambiguous. It was not as clear in stating what we would have done if our wishes had been disregarded by the Holy Alliance. There is nothing ambiguous about our feelings today, either, but what ought to be done about the Cuban crisis is not as plain.

The Monroe Doctrine was directed toward an impending threat and an imminent hazard. The threat and the hazard did not immediately materialize. There have been occasions when the doctrine was flagrantly disregarded, however. And this country has not always been ready to fly instantly to arms. From 1862 to 1867, Great Britain, Spain, and France intervened in Mexico's affairs and on the withdrawal of Great Britain and Spain, France put Emperor Maximilian on the throne and Austria supported him with arms. Secretary of State Seward wrote reproachful notes. The House adopted a resolution stating:

"*Resolved*, That the Congress of the United States are unwilling, by silence, to leave the nations of the world under the impression that they are indifferent spectators of the deplorable events now transpiring in the Republic of Mexico; and they therefore think fit to declare that it does not accord with the policy of the United States to acknowledge a monarchical government, erected on the ruins of any republican government in America, under the auspices of any European power."

Secretary of State Seward warned in 1862 that "no monarchical government which could be founded in Mexico, in the presence of foreign navies and armies in the waters and upon the soil of Mexico, would have any prospect of security or permanency." Events vindicated his judgment in 1867 when Maximilian was killed and his regime overthrown.

It may be said with equal confidence that no Communist regime, "in the presence of foreign navies and armies" in the waters about it and on the soil of the country, has any good prospect of "security and permanency." We are indebted to the Soviet Union and to the Government of Cuba for an agreement that ought to make the foreign nature of this Government clear to the whole Western Hemisphere and to the world.

Mr. ENGLE. Mr. President, what is our position? I think the President made it very clear in his statement of yesterday. He alluded to the defensive nature of the arms and equipment presently being unloaded in Cuba. Apparently, it is the purpose of the Soviets to bolster the fears of the Cuban people aroused by Castro that they may be invaded. The fears have been added to by some of the emotional statements made with reference to this subject, particularly those that call for an immediate invasion of Cuba. The action of the Soviets clearly gives support to the Cuban regime which plays upon the fears of the Cuban people. It is not helpful to us to have those fears substantiated by emotional statements from Members of this most deliberative body in the world.

As long as the equipment landed in Cuba is defensive in nature, it poses no threat to the United States or to our Latin American neighbors. Even offensive equipment of certain types would not pose a major threat to the United States. Can anyone imagine Cuba's initiating an invasion of the United States?

On the other hand, if ground-to-ground missiles are put in place in Cuba, they could deliver a nuclear warhead against targets in the United States. I think it is clear that in that event we must take action immediately. I believe that the Cuban Government, and the Soviets, too, ought to be put on notice that if ground-to-ground missiles capable of carrying nuclear warheads are put in place in Cuba, we intend to move to take them out. Otherwise, our policy will be to interdict—to stop—the export of arms, propaganda, and the Communist philosophy from Cuba into the Western Hemisphere. We should pursue every reasonable method which will make that possible.

Finally, I emphasize that we must see the situation in Cuba in the perspective of the global obligations of the United

States of America. We are faced with problems in Berlin, in Europe, in Vietnam, in Laos, in the Far East, in the Mideast, and in Africa. Cuba is a carbuncle in the Caribbean—and not, at the moment at least, a cancer. We should treat the Cuban situation like a carbuncle—isolate it and prevent its spread. But we should not be led into unreasonable emotional or extreme actions that can only disrupt our international relationships. In short, I am confident that the President of the United States will continue to respond on the basis of an objective analysis of the facts to the situation we face in Cuba.

I am glad that we have a President of the United States young in years but old in judgment who calmly responds and coolly responds to one crisis after another, as he will to the one in Cuba.

Mr. KEATING. Mr. President——

The PRESIDING OFFICER. The Senator from New York.

Mr. KEATING. Mr. President, I shall not detain the Senate very long at this hour. I shall speak at greater length tomorrow in answer to the distinguished Senator from California and with reference to further matters on the situation in Cuba.

First, I welcome and I commend the President of the United States for speaking out on this subject. I want to make it very clear—let there be no doubt about it—that I have never said that the President, or, indeed, the administration, has made an untruthful statement about Cuba. I have said that the whole story has not been told the American people. That is still the case, Mr. President, even after the latest White House announcement yesterday.

If the Senator from California contends that the administration has made available to the people the facts contained in my remarks on the Senate floor last Friday and yesterday, all I can say to him is, Where was our most efficient press corps, the greatest press corps in the country, and perhaps in the world?

The fact is that all the administration announced, until yesterday, was general information similar to a very recent letter I received from the State Department. I apologize for the embarrassment which I am sure I am about to cause the Senator from California. On the 14th day of August, in an effort to get some official information, I wrote to the Department of State to ask them about Cuba and the buildup there, if there was one. Sixteen days later, on August 30, the Department wrote a letter to me, which arrived at my office just today. I quote one paragraph of this letter dated August 30, the very day the President made some important comments on Cuba at a press conference. This letter—an incredible letter in the light of what has happened since August 30, and indeed what had happened before that—reads in part as follows:

> Several Soviet passenger and cargo ships arrived in Cuba during late July and early August—

I interpolate to say that "several" is a board word. The Department said nothing about the number, the large number, involved—

> carrying large quantities of supplies and substantial numbers of technicians of various kinds.
>
> The Department has established that personnel landed from approximately five of the ships. We have no specific information about the number of persons.

I repeat, Mr. President, "We have no specific information about the number of persons."

> We have no information that any Soviet-bloc troops have landed in Cuba. Although the full significance of these developments is not yet clear, there is no evidence that supplies and technicians have arrived in Cuba in such numbers as to provide support for external aggression from Cuba against other countries.

The Senator from California also maintains that these weapons in Cuba are defensive.

Mr. ENGLE. Mr. President, a parliamentary inquiry. Will the Senator yield for a parliamentary inquiry? Who has the floor?

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. KEATING. I will yield for a parliamentary inquiry, if the Senator wishes to make it.

Mr. ENGLE. I wanted to find out who had the floor, because I wanted to know who was yielding to whom.

Mr. KEATING. I have the floor at the moment, I believe.

Mr. ENGLE. That is very fine. I am glad to have the Senator have the floor.

Mr. KEATING. I am sure many unhappy Cuban people do not regard these as defensive weapons. I am sure Cuba's Caribbean neighbors do not regard them as defensive weapons.

A gun—and there are plenty of guns there—a tank, a Mig airplane, can be offensive as well as defensive. It is a question of who holds the gun. It is defensive or offensive according to the intentions of the man who triggers it.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. KEATING. I would like to complete my statement, as the Senator did.

Mr. ENGLE. Very well; go ahead.

Mr. KEATING. I did not interrupt the Senator from California. I would prefer to complete my statement, if I can, but I am willing to yield for a question.

Mr. ENGLE. Very well. Proceed.

Mr. KEATING. Who is to say whether a weapon is offensive or defensive? It depends entirely on the direction in which it is aimed.

Ground-to-air missiles, it is said, are defensive weapons. They can be. But is it defensive to fire on an American plane over international waters, as was done last week?

The Monroe Doctrine, I contend, has been violated. I will speak at greater length on this question tomorrow. I intend to quote from the Monroe Doctrine and I will also discuss some of the historical background of this important policy pronouncement.

Mr. President, the Monroe Doctrine has been violated. What is more, it has been drastically reinterpreted in recent months. It now applies to all Latin American countries except one—Cuba. It is a Monroe Doctrine minus one. Apparently, we do not now object to the fact that Cuba is a base for foreign imperialism. We will only object if this Communist imperialism is extended to other nations by Cuba. Presumably, also under the interpretation of the Senator from California, we would not object elsewhere if local Communists took over by a coup d'etat, and then invited Mr. Khrushchev's troops in. In fact, it is beginning to look as if the only nation that the Monroe Doctrine does not clearly apply to is the United States.

As I have said, I shall have some further comments tomorrow. I appreciate this opportunity to reply briefly tonight to the Senator from California.

Mr. ENGLE. Mr. President, let me summarize very briefly what I said. I said that what is being moved into Cuba today is in the nature of defensive or passive systems. They have an antiaircraft missile which is as obsolete as our old Nike. It will shoot 25 miles. Some patrol boats are going in there. They have radar and electronic equipment going with them.

My complaint about the statement made by my friend from New York is that he said the President was not telling the American people the truth, or all the truth; and what I said was that on August 22 the President in his press conference made a statement on this subject matter.

On August 24 the press and radio personnel were given a background briefing. I have a copy of the transcript. The press releases are before every Senator.

On August 29 there was a briefing for all House Members who wanted to attend.

On August 30 the same information was sent to the Foreign Relations Committee of the U.S. Senate.

On the same date, August 30, the President of the United States himself again answered questions with reference to the Cuban situation.

In other words, in five instances the President of the United States gave the people of America the best information he had. There may have been other information, but to say that it was firm or solid is another matter, because "intelligence" is what intelligence is. Sometimes intelligence is good and sometimes it is not. It must be verified.

The President spoke today about the installations in Cuba. The first information he had on that subject was last Friday. This information has to be evaluated. It has to be taken "over the coals" to see whether it makes any sense.

The President of United States has clearly kept his word, which he gave in his press conference, which I read, in which he said that as fast as information became available he would give it to the American people.

Secondly—and I emphasize this—our posture is that when the Cubans are dealing in the area purely of defensive armaments we are not so much concerned. If they ever should get into a posture in which they have offensive armaments, either to invade other Latin American countries, or have ground-to-ground missiles—and this is important—

which could deliver a nuclear warhead against the cities of the United States we must take action; and I will so urge on the Senate floor. Those are the two points. That is the position we take. That is the position I wish to reaffirm as I close.

## THE WESTERN STATES DEMOCRATIC CONFERENCE

Mr. MORSE. Mr. President, several weeks ago I accepted an invitation extended to me by the Western States Democratic Conference to make a speech at their opening banquet in Seattle, Wash., the night of August 5.

The Western States Democratic Conference is a conference of Democratic leaders of the 13 Western States, including Hawaii and Alaska. The conference this year was dedicated to a discussion of the great problems which involve the welfare of the people. It sought to call the attention of the Democratic Party and the American people to the fact that, when all is said and done, in a democracy the thing which counts most happens to be the welfare of the people. It was a conference which, on the basis of the program and the agenda announced in advance, sought to challenge the Democratic Party to keep faith with Jeffersonian democracy and to put the rights and interests of the people always first.

It was a great honor to accept that invitation. The chairman of the Western States Democratic Conference this year was the national committeeman from my State, a great Democrat, a fine lawyer, a leader in my State for years, a former Assistant Secretary of the Interior, C. Girard Davidson.

I responded to the invitation by preparing a manuscript for a speech which I proposed to deliver at the conference.

I arrived at Seattle in the early evening of August 5, having previously released my speech to the press. When I arrived at the banquet the chairman of the conference and the other members on the program committee discussed with me the subject matter of my speech.

It will be recalled by the present Presiding Officer of the Senate [Mr. LONG of Hawaii in the chair], that August 5 was in the midst of the period when the Senate was engaged in the debate on the satellite communications bill, a bill with respect to which the Democratic Party made a sorry record and took an action in collusion with the Republicans in the Senate which, in my judgment, will rise to plague the Democratic Party for years to come, and so long as it permits the communications satellite law to remain on the books without drastic revision and amendment.

I knew the party-splitting nature of that subject matter. The manuscript which I prepared for the Western States Democratic Conference did not have a word about the satellite communications bill in it. But the manuscript, which I shall have printed in the RECORD shortly, devoted itself to the accomplishments of the Kennedy administration and pointed out the record which we were making in the Congress. I am proud to stand on that record. I was pleased to present that record to the Western States Democratic Conference.

When the chairman of the conference, Mr. Davidson, and his associates on the program committee of the Western States Democratic Conference learned of the subject matter of my speech and read my speech, they goodnaturedly said, "That is not the speech we want you to give. There is only one thing we want to hear from you, because all afternoon in one of our general committees there has been a prolonged discussion and considerable controversy over the position of the Kennedy administration on the satellite communications bill, and that is the subject matter we want discussed. We think you should know that the point of view which you and your associates in the Senate in opposition to the bill have been presenting to the American people in recent days is clearly the point of view of the majority expression which we heard all afternoon in our discussion of the subject matter in this conference."

I pointed out to the chairman of the conference and to his associates that the other side was not represented, that I thought, if we were going to have a discussion of the satellite communications bill, someone should be there to represent the administration's point of view. I pointed out that, although I did not share the point of view of the administration and thought the administration was making a horrendous mistake, a mistake which could not be reconciled with the thesis of the Western States Democratic Conference—namely, the thesis of putting the interests of the people first, rather than brash materialism as to passing a bill which, for the first time in all of America's history, would legalize a cartel, nevertheless I did not share the view that my speech ought to be on that subject matter.

I was a guest of the conference. I was urged to accede to their wishes for a discussion of the satellite. A decision was reached whereby I presented my speech as written, and briefly summarized my position and the position of my associates in opposition to the satellite bill.

I ask unanimous consent that the manuscript of the speech which I had prepared and delivered at the banquet to which I referred on August 5, 1962, at the Western States Democratic Conference be printed in the RECORD at the close of my remarks tonight.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit I.)

Mr. MORSE. Mr. President, the chairman of the banquet was one of our great Democrats of the West. He is one of the great Democratic Governors of the Nation—Governor Rosellini of the State of Washington. In attendance at the banquet was the national chairman of the Democratic Party, Mr. John Bailey.

In the course of my speech on the satellite bill I pointed out that the Democratic Party had a major responsibility of keeping the contract that it had entered into with the American people at Los Angeles, in 1960, when the Democratic Party presented its platform to the American people.

I apparently hold to the old-fashioned view that a political platform is a contract that a political party offers the voters, and that the consideration involved in that contract, as we lawyers say, happens to be the commitment for deliverance on the planks of the party platform in exchange for the votes of the people who have faith in the platform and confidence in the good faith of the party which offers the contract to the American voters.

In my Seattle speech I pointed out that the Democratic Party still had a long way to go to carry out its pledges and promises made in 1960. I pointed out that there was no plank in the Democratic platform of 1960 which promised the American people that the party would set up the most powerful monopoly in the history of our country and turn over to that monopoly billions of dollars of American taxpayers' investment in the space satellite system that we have developed at great cost to the American taxpayers and to the profit of the first cartel in our country.

We have set up a monopolistic combine that throws out free enterprise, for there is no free enterprise in the cartel system under the space satellite law that the Senate unfortunately passed and that the President unfortunately signed. Under that law those corporations in America that are not among the select few named in the cartel are on the outside looking in. They must come to that cartel with hat in hand and make whatever deal, if any, they can make with the cartel to participate in the development of a space satellite communications system.

Not only am I shocked by it, and not only was that little band of willful men and one woman shocked by it during the historic debate, but with every passing day increasingly thousands of American citizens are shocked by it as they begin to understand the tremendous giveaway of the Kennedy administration under a Democratic banner of the satellite systems in collusion with Republicans on the other side of the aisle.

When it was discovered that every Republican was for the bill, that ought to have been enough warning to the Kennedy administration to stop, look, and listen in regard to the dangers of the bill. But the bill passed, and it is legislative history. Those of us who stood on the floor of the Senate as liberals have stood up before against a galloping wrong majority in the Senate. But we are proud of the record we made and we are perfectly willing to let history—yes, and the American voters—be our judges.

Mr. President, in the course of my speech at the Seattle banquet I set out the major reasons and arguments of those of us opposed to the bill. The national chairman of the Democratic Party was present. There is no question about the fact that I discovered after the banquet that the point of view that I had expressed was the point of view that had been shared and expressed by many of the delegates at the conference in a controversial debate that afternoon preceding my speech. At the time I was not aware of the arguments that had been made. I had only been told by members of the program committee, "There was a hot debate and a controversial discussion of the subject this afternoon."

Following my speech at Seattle I returned to Washington, D.C. After the Western States Democratic Conference adjourned the following Wednesday, the chairman of that conference, Mr. C. Girard Davidson, flew to Washington, D.C., and gave me an account of the happenings that followed my speech. I had been receiving telegrams and long-distance calls protesting the action taken by the chairman of the national Democratic Party, Mr. John Bailey. I received many communications from the conference in support of the position I had taken. I was in no way responsible for the fact—nor did I know it when I left Seattle—that in the discussion that afternoon in the committee meeting, previously referred to, it had been proposed that a resolution be offered at the conference protesting immediate action on the satellite bill by the Senate, and recommending that action on the satellite bill be postponed until after the election, and that it then be taken up after the bill had gone to the American people for discussion in a political campaign. They apparently were aware that that was the position that this little band of willful men and one woman had taken in the historic debate on the subject in the Senate. Mr. Davidson reported to me that the day following my speech the national Democratic chairman, Mr. Bailey, used all the influence at his command not only to seek to prevent consideration of what became known as the resolution in support of Senator MORSE's position, but to obtain support in the conference for a resolution that would support the administration's position on the satellite bill.

This apparently caused a great deal of ill feeling, conflict, and controversy. Mr. Davidson reported that the national Democratic chairman met with individual delegations and made it very clear that support of the resolution that became known as the Morse resolution would meet with his ill favor. Many of the Democrats at the western conference took the view—and I share the view—that the national Democratic chairman was acting in a field that was none of his business. If he wants to follow that course of action, he may. That is his business. I will make it mine, too.

Then two spokesmen for the administration appeared on the program. One of them was the Attorney General of the United States, the brother of the President. He spoke at a breakfast, and made a very fine speech, as the Attorney General can. But the chairman of the conference, Mr. Davidson, reported to me that Mr. Bailey saw to it that a delegate favorable to his point of view asked the Attorney General a question, in order to open up the satellite discussion. Then followed a discussion on the part of the Attorney General, which he had a perfect right to engage in. I heartily approve his right to engage in it; but the discussion was exceedingly critical of the position taken by the senior Senator from Oregon, the result being further dissension and conflict in the conference. Another representative of the administration in a banquet speech made certain comments, which I am satisfied were made in good faith and in a jocular vein, but which were nevertheless misinterpreted by the conference. A serious controversy was opened up.

Out in the West we do not run away from a controversy; nor are we afraid of ideas; nor are we rubber stamps for any administration on any issue, our own or any other. When we think an administration is wrong on an issue, we keep faith with our trust as officeholders and follow where the facts lead. We do not hesitate to make clear our opposition when we think our administration is wrong, as the Kennedy administration was dead wrong on the satellite issue. As a result of the controversy it was decided that no resolution would be passed, neither in support of those of us who were opposed to the administration's position, nor in support of the administration's position. But the fact that no resolution was offered was picked up by the anti-Morse press and presented to the voters of my State in journalistic colorful language interpreted to mean that the Senator from Oregon had been repudiated at the conference. This so incensed the executive committee of the conference that on Sunday, August 12, 1962, the executive committee of the conference issued the following press release:

> Newspaper misinterpretation of western sentiment, following alleged failure of leaders to stand by WAYNE L. MORSE, Democrat, of Oregon, on the satellite communications bill at a Western States Democratic Conference meeting in Seattle this week, resulted in a long distance caucus of the Western States Democratic Conference executive committee which today released the following statement:
>
> "In view of statement of President Truman and testimony at hearings raising serious unanswered questions we request postponement of congressional consideration of Telstar bill for several months to allow full hearing and resolution of issues raised."
>
> Executive committee was canvassed by Herb Legg, State chairman of the Washington Democratic Central Committee and member of the Western States Democratic Conference executive board, in the absence of C. Girard Davidson, executive committee chairman, who is in the East.
>
> Lucy Redd, national committeewoman from Utah and member of the executive committee, pointed out in her wire supporting the request for delaying vote on Telstar bill that Roger Kent's position was against any stand which might be considered anti-administration. Kent is the newly elected chairman of the Western States Democratic Conference.
>
> The Western States Democratic Conference had decided in Seattle to exert its influence on congressional delegations internally and to bypass resolutions which could be misinterpreted by press as anti-administration or anti-MORSE.
>
> The statement just released by the executive committee reflects the majority opinion of that group.

Mr. President, I put my speech and this news release in the RECORD tonight so that there may be an official record to turn to in reply to the twisted, deceptive, and distorted articles of the anti-Morse journalists in my State. I have the assurance of Mr. Davidson and many members of the Western States Democratic Council that there was no question about the sentiment of that council being opposed to the position of the administration in regard to the gigantic and shocking giveaway of the people's interests in the space communications system in which the people had invested huge sums of money.

I say to Mr. Bailey that there is no place in the West for the machine politics which he apparently is so accustomed to in the East. As far as my campaign is concerned, I can conduct my campaign for reelection to the Senate without any assistance or any opposition from Mr. Bailey. As far as the senior Senator from Oregon is concerned, Mr. Bailey is welcome to stay as far away from the State of Oregon as Connecticut, because we need no help from him in Oregon. I want no help from him in Oregon, because no one gets a second opportunity to try to cut my throat. Once he is off my list, he is off my list. That is the position that Mr. Bailey occupies tonight.

EXHIBIT I

REMARKS OF SENATOR WAYNE MORSE AT WESTERN STATES DEMOCRATIC CONFERENCE, SEATTLE, WASH., AUGUST 5, 1962

Governor Rosellini and fellow Democrats, this year of 1962 presents a unique challenge to Democrats here in the Northwest and everywhere in the Nation. It is to break for the first time since 1934 the so-called tradition that the party holding the Nation's executive offices loses votes and seats in Congress in a nonpresidential election year.

I am here today to tell you that we can break that pattern and that we need to break it if the welfare of the American Nation and the American people is to be served.

We have in President Kennedy a man who is doing his utmost in urging and arguing with Members of Congress to get enactment of a whole program of progressive domestic legislation. What we must do in each of our States, and what President Kennedy must do throughout the country, is to explain to the people this fall the need for the legislation, which remains to be passed.

We have already accomplished a good deal. The first major legislation of the new administration and the 87th Congress was the Area Redevelopment Act, a measure twice vetoed by the previous administration. Since the first funds for the area redevelopment program were appropriated last September, 76 projects have been approved for assistance.

They have meant an investment of $32½ million in Federal funds which have helped create an estimated 17,500 direct new jobs and some 12,000 indirect jobs. Communities have been surveyed to determine their extent of chronic unemployment, and over 900 have been designated as eligible for this infusion of capital to stimulate business and employment. They include within their borders a third of the Nation's unemployed.

This Federal capital has been matched with $35 million additional from non-Federal sources. And this is only the beginning. Eight hundred more projects are in the works.

We have also enacted the Manpower Development and Training Act, designed to cope directly with the problems of automation by training displaced workers in new and marketable skills. Under it, over 100,000 men and women will be trained in skills for which there is a demand in business and industry.

Other legislation has strengthened the minimum wage law and unemployment compensation. All these measures are in keeping with the tradition of the Democratic Party—and in my opinion, its historic obligation—to serve the human welfare needs of the American people. Franklin Roosevelt made countless contributions to human progress; but in many ways the greatest was his determination that human beings must not become mere victims of economic forces. He established once and for all in this country the policy of using Government to make certain that the economic system serves people, and not the other way around.

One of his great legacies was the Employment Act of 1946, and I was proud to be a leading cosponsor of it, along with such great western Senators as Senators Murray and O'Mahoney.

The legislation I have described is in keeping with the Roosevelt legacy. It is designed to assure that the blessings of automation do not become a curse for those displaced by it, and a drag upon our productive capacity instead of a boon to it.

We have also enacted a new housing law, one which has helped boost new private home construction to record levels.

Some progress has also been made in a field of special interest to the western conference—conservation of natural resources. We have begun a model range rehabilitation program. We are making progress in improving the management of our forests. Recreation has finally been recognized as an industry and as a requirement of our expanding population which no longer can be left to chance. Recreation is now a part of Federal project planning, along with other benefits.

We have also expanded greatly on the water pollution control program, having passed legislation on the subject which had previously been vetoed. As a result, we are better able to combat pollution of our water supply and we are helping local communities finance public works which they otherwise would have to set aside, in most cases.

In the International field, we have made the first new advances in foreign policy in almost a decade, with creation of the Peace Corps and the Disarmament Agency. Through them, we have been able to present to the non-Communist world something of the best of America, and demonstrated that the United States stands for something beside "massive retaliation."

MUCH REMAINS TO BE DONE

But we still have a lot more to do. Many key features of the Democratic platform and the President's legislative program remain unenacted. In education, medical care for the elderly, general public works, meaningful tax revision, civil rights, and farm legislation we must still make good our campaign promises of 1960.

Fortunately, the Democratic Party has never shunned critical self-appraisal. We must be the first to understand our shortcomings, and not wait for the voters to educate us on election day.

We still have a long way to go in carrying out our pledges and our platform. More than that, we have concentrated on discussing the legislative program with each other, and not with the voters. We have not done nearly enough of explaining to the American people the economic and international problems they face, and what we Democrats are trying to do about them.

The President rightfully called for a dialog among businessmen and Government about budget policies; but it remains for concrete proposals to be made which will require public attention and consideration of budget policies.

We have not, for example, done much to explain the need for a capital budget which, in my opinion, is vital to the health of the economy as well as to resource development. The separation of wealth-producing investments from operating expenditures has a profound bearing on the whole question of getting the country moving again. My own capital budget bill is drafted as an amendment to the Employment Act of 1946, because I recognize that the public panic over what looks like deficit spending is often due to a misunderstanding of the budget.

My request of last April to the Budget Bureau to show me how the current budget would look in the form of a capital budget has so far brought no response. When the Budget Bureau in the Truman administration prepared it in that form, it showed about $1 in $5 as an investment.

Neither have we explained to the American people that in relation to other factors in our economy, the debt is not as serious now as it was at the close of World War II. In 1946, it was 133 percent of our gross national product, whereas today it is 50 percent. Even our population has expanded to the extent that the per capita national debt is much smaller than in 1946.

Like any other economic unit, we should feel confidence, not fear, from the fact that our income and our assets have risen several times as much as our debt has risen. This does not mean that debt is a good thing; but let us keep it in perspective.

The Republicans refuse to do this, and in too many cases have been allowed to carry the day with their false charges that the Democratic Party is a party of deficits and debts We are the party of progress and prosperity. The GOP knows the cost of everything and the value of nothing. We must take the economic battle to them, starting right now.

DEMOCRATS MUST CAMPAIGN ON ISSUES

From the President on down, Democratic candidates need to talk issues to the American people. Let us remember that whenever America is determined to be governed by reactionaries, Republicans and not Democrats are picked for the job. We have never yet beat Republicans by being more conservative, and we never will.

We win when we have faced up to the needs of the times, drafted a program to meet those needs, and taken our case to the people in determined and outspoken fashion.

Our form of government is not essentially one of a dialog among the "in group." In the end, it is a dialog between those who go to the polls and those who run for office.

I do not know of any domestic or international issue on which Democrats need to shun full and open debate with our Republican friends. I do not know of a single foreign or domestic issue in which they have the better case.

We have only scratched the surface on medical care for the elderly. We have yet to explain the facts and comparative merits of the Anderson measure, putting it under social security, as against exclusive reliance upon some form of public assistance.

We have never really explained the capital budget at all, and what it could mean in providing a sound standard of investment in all resources and in economic growth.

Our reasons for believing a full executive department is needed for urban problems have never been fully spelled out.

The Republican responsibility for food storage gluts which gave rise to the Billie Sol Estes scandal has yet to be pinpointed.

Too little has been said to the American people about the U.N. bond issue, and its importance, or about the use of the World Court to help settle those disputes among nations which are really legal controversies.

The effect of the "education gap" on the next generation and its status in world affairs must be discussed at every political campaign meeting.

These are the things we must do if Democrats are to be elected this fall, President Kennedy reinforced for his race of 1964, and the welfare of the American Nation and the American people is to be served.

## TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

## BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WILLIAMS of New Jersey:

S. 3697. A bill for the relief of Jose Maria Lago Vazquez and Manuela Fernandez de Lago; to the Committee on the Judiciary.

By Mr. DIRKSEN:

S. 3698. A bill to incorporate the McCarran Foundation, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. DIRKSEN when he introduced the above bill, which appear under a separate heading.)

## INCORPORATION OF THE McCARRAN FOUNDATION

**Mr. DIRKSEN.** Mr. President, 8 years ago this month the Senate of the United States lost the services of one of the great legislators of this century when Senator Pat McCarran, of Nevada, died suddenly in his home State following a heart attack.

Senator McCarran's accomplishments included the Administrative Procedure Act, the Internal Security Act, the Immigration and Nationality Act, the Federal Airport Act, and a great many other monuments to his skill as a legislator, his capacity for hard work, his dedication to the welfare of this country, and the esteem in which he was held by his colleagues.

I introduce, for appropriate reference, a bill which would grant a congressional charter to the McCarran Foundation, a proposed nonprofit educational and patriotic foundation which would honor the name and the memory of our departed colleague by seeking to carry forward some of the objectives which he always held close to his heart: development of a better knowledge and understanding of the philosophy and basic principles of the Declaration of Independence and the Constitution of the United States; development of ways to make patriotism, Americanism, and good citizenship more effecitve; and broadening of the knowledge and understanding of all the people of the Nation of what it means to be an American.

The individuals who are named in this bill as the founding members of the McCarran Foundation are all persons of high standing and character. Two of Senator McCarran's children are included in this group, which also includes two judges of U.S. circuit courts of appeals, judges of the Nevada State Supreme Court, and a past president of the American Bar Association, among others.

This bill complies in every way with the longstanding requirements of the Senate Judiciary Committee respecting the form of congressional charters. For instance, the bill specifically provides that the foundation may not engage in any political activity, and this is spelled out in specific language which bars the foundation and its members, officers and trustees, as such, from contributing to or otherwise supporting or assisting any political party or candidate for elective public office, or from advocating, sponsoring, promoting, or opposing legislation in the Congress of the United States or in the legislatures of the several States.

I might also point out that enactment of this bill does not involve either authorization of any expenditure of Federal funds nor any Federal appropriation.

I believe it is an entirely proper and fitting tribute to the late Senator McCarran that this bill should be enacted, and I do not believe there is any likelihood of any opposition from any of my colleagues.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3698) to incorporate the McCarran Foundation, and for other purposes, introduced by Mr. DIRKSEN, was received, read twice by its title, and referred to the Committee on the Judiciary.

## REVENUE ACT OF 1962—AMENDMENTS

Mr. MILLER submitted amendments, intended to be proposed by him, to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, which were ordered to lie on the table and to be printed.

## ADJOURNMENT TO 9 A.M. TOMORROW

Mr. MORSE. Mr. President, in accordance with the previous order, I move that the Senate stand in adjournment until 9 o'clock tomorrow morning.

The motion was agreed to; and (at 11 o'clock and 48 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Thursday, September 6, 1962, at 9 o'clock a.m.

## NOMINATIONS

Executive nominations received by the Senate September 5, 1962:

### District of Columbia Juvenile Court

Morris Miller, of the District of Columbia, to be chief judge of the juvenile court of the District of Columbia for the term of 10 years. (A new position.)

Marjorie McKenzie Lawson, of the District of Columbia, to be associate judge of the juvenile court of the District of Columbia for the term of 10 years. (A new position.)

### In the Navy

The following-named (Naval Reserve Officers' Training Corps candidates) to be permanent ensigns in the line of the Navy, subject to the qualifications therefor as provided by law:

Larry R. Croll
Colin M. Clark

John N. Hendricks (Navy enlisted scientific education program) to be a permanent ensign in the line of the Navy, subject to the qualifications therefor as provided by law.

Jesse W. Armstrong (Navy enlisted scientific education program) to be a permanent lieutenant (junior grade) in the line of the Navy, in lieu of ensign as previously nominated and confirmed, subject to the qualifications therefor as provided by law.

Robert M. Wells (civilian college graduate) to be a permanent lieutenant and a temporary lieutenant commander in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve Officers) to be permanent lieutenants and temporary lieutenant commanders in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Adib H. Barsoum
James W. Hayes
"J" Jerome Rinaldi
Norman Ronis

The following-named (Naval Reserve Officers) to be permanent lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Michael J. Dunne
Luther C. Hansbarger
Robert M. O'Brien
José C. S. Smith

The following-named (Naval Reserve Officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

Richard E. Cannon
Dale L. Eichelberger
Gary L. Kellett
George R. Looney
Thomas J. McGeoy, Jr.
Iwao Shiraki
Michael D. Smalkin

Vernon L. Redfield, U.S. Navy retired officer, to be a commander in the line of the Navy, for temporary service, pursuant to title 10, United States Code, section 1211.

The following-named personnel to be permanent ensigns in the Medical Service Corps of the Navy, subject to the qualifications therefor as provided by law:

John R. Baird
Gary D. Brown
Clarence L. Carnahan
Richard A. Cusick
John D. DeLaughter
Alexander R. Duncan
Casper J. Gogel
Thomas A. Hill
Lawrence T. Kinsella
James E. McGuire
William C. Parrish
John A. Peck
Warren R. Peterson
Durward L. Rhodes
Clarence B. Saye
Robert S. Skelly
Richard A. Stayton
Charles J. Theisen, Jr.
John R. Tucker
Elaine J. Walter

The following-named personnel to be ensigns in the Medical Service Corps of the Navy, for temporary service, subject to the qualifications therefor as provided by law:

George H. Ashton
Donald E. Baker
John S. Cannizzaro
Jake R. Carroll
Robert S. Cunningham II
John H. Gannon
Humphrey G. Gaunce
Kenton W. Gay
George J. Greider
Richard T. Hall
Jay A. Johnson
Robert A. Johnson
Romeo G. McCurry
Donald A. Perry
Paul A. Praria
William L. Self
Andrew F. Slover
Curtis W. Sperry
Chester Tworzyanski
Delmar L. Tilton
Robert O. Wallace
Carl A. Wesolowski
Harry G. White
Joe Winningham

The following-named officers of the Navy for permanent promotion to the grades indicated:

#### LINE

*To be captains*

James B. Cain
Robert R. Sparks
John W. Fair
Richard W. Hyde
Frederick W. Oliver
Eugene R. Hanson
John "L" Butts, Jr.
Edgar L. Margolf
Colin J. Ricketts
Harry E. Sorenson
Wade W. Lape
Roy M. Voris
Lloyd D. Ruth
Richard H. Mills
William J. Moran
Armistead B. Smith, Jr.
Louis L. Milano
John W. Crawford, Jr.
Maximilian W. Munk
Frank A. Andrews
William P. Willis, Jr.
William R. Kurtz
William E. Betzer
Vernon E. Binion
William L. Newton
William E. Heronemus
Robert D. McWethy
William M. Montgomery
William R. Werner
Edwin E. Kinter
John J. Hinchey
Kenneth E. Gulledge
Lewis J. Stecher, Jr.
Charles N. Payne, Jr.
Wallace H. Garrett, Jr.
Charles B. Momsen, Jr.
Robert G. Mills
George G. Halvorson
Francis S. Knight
William F. Vose
William D. Spiegel
Garrison Brown
George F. Britner, Jr.
Mark W. Woods
Arthur G. Hamilton, Jr.
Charles B. Bishop
James B. Osborn
Christian Fink
Donald T. Holmes
John R. Strane
Owen L. Maupin
Eugene I. Malone
Thomas Turner
Edwin M. Rosenberg
Leonard Erb
William A. Arthur
Robert H. Harwood, Jr.
Charles W. Pittman, Jr.
Richard L. Corkran, Jr.
Philip P. Cole
Mervin O. Slater
William J. Rusch, Jr.
David G. Adams, Jr.
John L. Marocchi
William M. Pugh II
William E. Sims
John P. Fox, Jr.
Robert C. Knight
James F. Schremp
Harold E. Rice
David C. Peto
Claude B. Shaw
John B. Davis, Jr.
Maddox N. P. Hinkamp
Howard L. Stone, Jr.
Henry B. Sweitzer
Charles E. Smith
Gerald E. Peddicord
Robert E. Mottern
William T. O'Bryant
Theodore L. Balis
Leo W. Early
James D. Small
Max C. Duncan
Alvin L. Gallin
George H. Mahler III
Frank M. Blanchard
John C. Hill II
Kendall W. Simmons
John W. Maddex
Parker B. Armstrong
Davis E. Bunting
Lindsay C. McCarty
Roy J. Robison
William J. Hurst
John D. H. Kane, Jr.
Eugene C. Barnhardt III
Richard H. Buck
Jack M. James
Richard M. Sewall
James W. Conger
Griffith P. Stokes
William F. Farrell, Jr.
Arthur C. Mullen
Leopold Weidlein
Marcy M. Dupre III
Frank G. Scarborough
James T. Alexander, Jr.
Robert S. Eastman
Thomas C. Harbert, Jr.
Walter B. Woodson, Jr.
Paul H. Durand
Lewis B. Jennings
Eric E. Hopley
Paul L. Ruehrmund, Jr.
Daniel E. Bergin, Jr.
Alden W. Whitney
Edward H. Winslow
Samuel G. Jones
Carol A. Turner
Joseph A. Bachhuber
Ward S. Miller
Robert B. Poage
Peter S. Smith
Willard L. Nyburg
Kenneth B. Brown
William E. Carver
Gordon C. Buhrer
William A. Robie
Alton B. Grimes
Lewis W. Squires
Travis O. Tabor III
Norman C. Nash
William E. Simmons
Albert F. Betzel
William G. Weber
Chester M. Lee
Charles McF. Young
John A. Lindbeck
William H. Pellett
John J. Rowan
Laurence B. Green
John P. Gutting
Drewery R. Wilhite

#### MEDICAL CORPS

*To be captain*

Roderick F. C. Macpherson

#### SUPPLY CORPS

*To be captains*

Scott K. Anderson
John S. Coiner
Winston L. Adair
William C. Richardson

#### CIVIL ENGINEER CORPS

*To be captain*

Griswold L. Moeller

#### DENTAL CORPS

*To be captains*

Wayne A. Nelson
Frank N. Ellis
Lloyd M. Armstrong

#### LINE

*To be commanders*

John W. Barden
Jesse L. White
Richard F. Schumaker
John B. Griffin
Harold B. Boaz
Peter Della Rocca

### In the Marine Corps

The following named (Naval Reserve Officers' Training Corps) for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Carl P. Ackerman
Donald F. Anderson
Larry R. Anderson
Michael W. Anderson
Edward M. Arnold
Charles L. Bacon
Allan P. Bakke
James R. Beery
Jerome H. Bentley III
Floyd E. Bertelson
George R. Bettle
Ronald J. Biddle
Max D. Bishop
Michael O. Boss
John W. Boyan
Jon F. Boyer
Clinton E. Braly
Roger S. Bride
Lloyd G. Brinson, Jr.
David W. Brown
Frederick G. Brown
Michael R. Brown
Arthur E. Burns III
James C. Burton
Robert N. Burris
Douglas E. Cameron
Michael J. Carley
Leon G. Chadwick III
Robert C. Champion, Jr.
William B. Charles
William H. Christoph, Jr.
Charles D. Clausen
William C. Clay III
David W. Clingman
Michael E. Cochran
Richard W. Coffman
Walter J. Costello, Jr.
William F. Cox
John D. Dalhouse
James A. Davis
LeRoy G. Davis
Willard H. Davis, Jr.
Walter E. Demick
John J. Devincens
Thomas P. Devitt
William P. Dickson
Ernest L. Dinius
John T. Dolan
David A. Downey
James F. Doyle
Neil H. Drake
Edward J. Dwyer, Jr.
James F. Ellis
Jerrold I. England
Brian J. Fagan
Malcolm B. Farish
Paul I. Faulkenberry
John T. Fischbach
John R. Fischer
Laurence D. Fortin
Robert P. Freeman
Richard A. Frindt
Richard F. Fullerton
Barry L. Garner
William E. Goodman
Charles R. Grant
William R. Green
Bruce D. Greene
John C. Greenwood
Stephen G. Gross
Joseph J. Hanley
Michael H. Harper, Jr.
James H. Harmon
Ronald A. Heintz
Edward M. Henderson,
Wayne F. Henderson
Stuart L. Henning
Walter H. Herkal, Jr.
Jerome L. Hess
Kent R. Hildreth
David P. Hochberg
James V. Hoekstra
Hall Holmes, Jr.
Keith D. Hornbacher
Robert A. Hughes
Richard C. Hulit
Bruce A. Hultman
James C. Hunt II
James J. Jaros
Donald J. Jeruc
Noel J. Johnson
Ward S. Johnson
Jack L. Jones
Norman G. Jungmann
Gerald T. Kalt
Richard J. Kapsch
Richard B. Kenyon
Theodore J. Keskey
John W. Kiser, Jr.
Larry G. Kleiboeker
John M. Klobucnik
William E. Konrath
Leonard R. Krolak
Timothy A. Lamphier
James H. Landgrebe
Michael J. Larson
Frederick Z. Leffler
William E. Leonard
Donald L. Lepsch
Stephen W. Lind
Henry Linsert, Jr.
Ernest K. Little
Charles J. Loch, Jr.
William G. Loeber III
Paul T. Looney
David A. Luhrsen
Robert A. Madeo
Phillip S. Makowka
Frank P. Marczak, Jr.
William R. McCarthy
Thomas A. McGowan
Bruce S. McKenna
Donald L. Meeker
Burton J. Merrick
Terry L. Miner
Patrick G. Mitchell
Anthony A. Monroe
William D. Moreland
David A. Morris
Robert S. Morrison
Richard E. Moser
Charles H. Mulherin, Jr.
Joseph F. Mullane, Jr.
David R. Nay
David A. Nelson
Richard M. Neville
James W. Nichols
Robert L. Oetting
Thomas M. Palmerlee
Henry L. Perzinskas
Lyle F. Pittroff
Ronald J. Plachy
David V. Porchey
Robert D. Porter
Charles P. Preston, Jr.
Ernest E. Price III
Philip Rafferty
John C. Rasnic
Joseph J. Redington III
James M. Richmond
James M. Ritzenthaler
Joseph J. Roniger, Jr.
Donald L. Rosenberg
James P. Ryan, Jr.
Donald J. Saltarelli
Benjamin H. Sanders
Roger D. Santelman
George T. Schmidt
Thomas E. Schwartz
Ronald S. Sciepko
David J. Sconyers
Glen C. Scrimger
Alfred T. Smith
Fred O. Smith, Jr.
William E. Smith
Thomas J. Snee
Robert W. Sonnen, Jr.
Clifford C. Sparks
Larry M. Sparks
James B. Sramek
John R. Stummer
Charles Swinburn
Bruce A. Tester
Patrick L. Townsend
Paul E. Tullis II
Robert S. Urland
Juri Valdov
Charles F. Vance
Thomas L. Vanderham
Gilbert L. Versailles
Bernard T. Walfoort
John S. Walker
Mark P. Wallig
John H. Warner
Daniel J. Wawrzyniak
John R. Weinhart
Peter D. Williams
Michael N. Winkelbauer
Siegfried R. Witt
Harold E. Zealley
John W. Zehnder

The following-named officers for temporary appointment to the grade of captain in the Marine Corps, subject to the qualifications therefor as provided by law:

Bobbie K. Brodie
Franklin H. Heins
Ralph K. Johnson
John A. Martin
Philip M. Schmidt
Raymond F. Wiley, Jr.

The following-named officers for temporary appointment to the grade of first lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Charles R. Allison
Connie A. Barsky, Jr.
Ronald G. Ciccone
John L. Clark, Jr.
William J. Cooper
Frederick B. Craig
John R. Dameron
George G. Dodd
Peter D. Everill
Steven E. Field
Dennis W. Harvison
Richard W. Hooper
Frank J. Horak, Jr.
Julius "P" Kish III
William G. Kogerman
James E. Lary
James L. Lumsden
Gary C. McClellan
Glen H. Oldham
William A. Olson
Charles E. Pattillo, Jr.
Albert J. Ransom
Herbert L. Roberts
Darrell S. Shelor
Cloyce E. Sinclair
Walter R. Smelich
William F. Snyder
David L. Steele
John Telles, Jr.
Charles R. Upshaw
Robert F. Warren
Frederick P. Wibbelsman

The following-named officers for permanent appointment to the grade of first lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Robert M. Balch
Malcolm T. Bird
Herman R. Bolen
Billy R. Bridgewater
Herman C. Brown
Jerome A. Buffington
Orlando L. Busby, Jr.
Paul F. Cameron, Jr.
Teddy J. Campbell
Charles R. Coxe
Herbert E. Craig
Laurence Delmore III
Jay H. Erickson
Dan F. Evans
Thomas C. Hargrove
Robert L. House
Floyd H. Heller
Douglas A. Kiersey
William E. Loftus
David L. McEvoy
Roland S. Merrill
Frank E. Millner
Wilton J. Norris, Jr.
George E. Perry
Lloyd G. Pool
Lawrence P. Reiman
James L. Riggs, Jr.
Wendell H. Rone, Jr.
Barrett R. Schultze
George F. Sheasley
Leon D. Tyrrell
Roger D. Walters
David G. Workmon

The following named (meritorious noncommissioned officers) for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

George E. Bement
Allan E. Berg
Walton M. Brann
Marvin C. Chambers
Lester R. Dearman
Alan B. Godfrey
Edwin A. Hagerman, Jr.
James H. Hanson
Alfred E. Lyon
Gerald G. Madson
Thomas R. Nelson
Paul A. Pankey
William R. Phillips
Lyman W. Vogel, Jr.
Allen B. Webb
Donald A. Wellman
Richard A. Whitehouse
Charles J. Whitman
Thomas J. Wise, Jr.

The following-named officers of the Marine Corps for permanent promotion to the grade of first lieutenant, subject to the qualifications therefor as provided by law:

James E. Givan
Jerrald E. Giles
Jay A. Freeman
John K. Goodyear, Jr.
Robert V. Kurilich
John W. Lewis
William S. Moriarty
Roger K. Ryman
Richard A. Miro
Thomas E. Swyney
James M. Tulley
Samuel S. Glaize
Ronald L. Bub

The following-named officers of the Marine Corps for temporary promotion to the grade of first lieutenant, subject to the qualifications therefor as provided by law:

Carl R. Ariola
Andrew J. Edwards, Jr.
Thomas V. Barrett
Thomas L. Cusick

## WITHDRAWALS

Executive nominations withdrawn from the Senate September 5, 1962:

Marjorie McKenzie Lawson, of the District of Columbia, to be judge of the juvenile court for the District of Columbia for the term of 10 years. (A new position.) This nomination was sent to the Senate August 6, 1962.

Morris Miller, of the District of Columbia, to be judge of the juvenile court for the District of Columbia for the term of 10 years. (A new position.) This nomination was sent to the Senate August 6, 1962.

# EXTENSIONS OF REMARKS

## Consumer Protection Proposals—Truth-in-Lending Legislation Urgently Needed

EXTENSION OF REMARKS

OF

### HON. MAURINE B. NEUBERGER

OF OREGON

IN THE SENATE OF THE UNITED STATES

*Wednesday, September 5, 1962*

Mrs. NEUBERGER. Mr. President, as President Kennedy said in his historic message on consumers' protection sent to Congress last March 15, consumers by definition include us all:

> They are the largest economic group in the economy, affecting and affected by almost every public and private economic decision. Two-thirds of all spending in the economy is by consumers. But they are the only important group in the economy who are not effectively organized, whose views are often not heard.

One of the most important consumers' protection proposals is Senator PAUL DOUGLAS' bill, S. 1740, the truth-in-lending bill, which I have joined in sponsoring. Unfortunately the Banking and Currency Committee on which I serve has not reported the bill favorably to the Senate. Senator DOUGLAS has held extensive hearings on this proposal, which has evoked widespread support among consumer groups. I praise the able leadership of my distinguished colleague from Illinois in developing and pressing for action on this legislation.

President Kennedy called specifically for the enactment of truth in lending legislation in his consumers' message. He declared:

> Excessive and untimely use of credit arising out of ignorance of its true cost is harmful both to the stability of the economy and to the welfare of the public. Legislation should therefore be enacted requiring lenders and vendors to disclose to borrowers in advance the actual amounts and rates which they will be paying for credit. Such legislation, similar in this sense to the truth-in-securities laws of 1933–34, would not control prices or charges. But it would require full disclosure to installment buyers and other prospective credit users, and thus permit consumers to make informed decisions before signing on the dotted line. Inasmuch as the specific credit practices which such a bill would be designed to correct are closely related to and often combined with other types of misleading trade practices which the Federal Trade Commission is already regulating, I recommend that enforcement of the new authority be assigned to the Commission. The Government agencies most concerned in this area have been cooperating with the subcommittee in developing the information necessary to prepare a workable and effective bill; and in view of the exhaustive hearings already held, I hope that the Congress can complete action on this important matter before it adjourns.

An excellent article on the consumer credit problem and on the need for truth in lending appears in the September issue of Frontier magazine. The article, "A Complicated Maze Puzzles the Consumer," was written by David Hamilton, professor of economics at the University of New Mexico.

As Professor Hamilton concludes his article:

> The present confusion in the consumer credit market leaves the customer hunting for the pea under the shell. A free market in credit cannot exist when one party to the transaction doesn't know the full sale price.

Mr. President, I ask unanimous consent that Professor Hamilton's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### A COMPLICATED MAZE PUZZLES THE CONSUMER

(By David Hamilton)

Senator PAUL DOUGLAS, whose Senate bill, S. 1740, would have required that interest rates on consumer credit be stated as a true annual rate, is having trouble injecting a bit of truth into the moneylending business.

A basic notion of any free market is that the buyer or consumer is properly informed. This notion was stated as a consumer right by President Kennedy in his March message to Congress which dealt with the consumer interest. The President stated that the consumer has a "right to be informed—to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts he needs to make an informed choice."

The conditions which exist in the market for credit depart a long way from this expressed ideal. Even an astute consumer has difficulty securing "the facts he needs to make an informed choice" in the credit market. The buyer is confronted by innumerable methods of quoting credit charges; some make it impossible to compare alternative credit sources and some completely obscure the credit charge.

Consumer credit is big business. The June issue of the Federal Reserve Bulletin indicates that in April 1962 consumers owed creditors $56.65 billion. Of this, $43.285 billion was installment credit; the remainder was noninstallment, short-term credit. (The Federal Reserve figures, however, do not include mortgage debt and thus underrepresent the total amount of debt which consumers owe by about $150 billion. The total consumer debt is closer to $200 billion.)

Rates on mortgage debt are usually clearly stated as a true annual rate. It is in nonmortgage debt that confusion reigns. Even though this type composes only about one-fourth of total consumer debt, it is sufficiently large to place a heavy burden on the consumer. The average cost, to the consumer, of this credit is as high as 15 percent; consumers are paying approximately $8.25 billion per year in carrying charges. (This is not much less than the annual cost of servicing the national debt.)

Nonmortgage consumer debt has grown rapidly in the last 10 years. In 1952, consumer credit of all types, exclusive of mortgage credit, amounted to $27.52 billion. In 10 years, the amount of outstanding debt just about doubled. There are several reasons for this mushroomed use of credit. An elaborating technology has made the modern home a small factory of machines driven by the electric motor. Just to set up housekeeping forces the average consumer into considerable debt. In addition, cities, a large part of which have been built since the automobile, are so planned that an automobile is now a necessity. Very few consumers, however, are able to muster enough cash in advance to pay for the "modern conveniences."

But the growth of consumer credit, especially in the past 10 years, is also a product of the ease in which credit may be obtained. The ingeniousness of the credit huckster seems to be unlimited. Within 10 years the credit card has become a part of the American middle-class way of life and revolving credit reaches almost every level of the status structure. Banks are extending check credit which is a form of generalized revolving credit. Revolving credit is simply a scheme whereby a consumer may maintain a permanent amount of debt on which he meets the interest charges. Theoretically, the principal is reduced by some fixed fraction, usually one-twelfth, each month. But since at any time the consumer also can add to the debt up to the ceiling amount, it is possible to remain permanently in hock.

#### VARYING TYPES OF CREDIT ARE AVAILABLE

The consumer is faced by William James' "blooming, buzzing confusion" in the credit market. To the different types of credit offered may be added the different sources of credit. The small loan company is augmented by the commercial bank, the credit union, the sales finance company, and the merchandizer who has now entered this lucrative business. All of them have their own ways of computing credit charges and compounding the confusion.

Sometimes credit charges are stated as the true annual rate. This simply means that a consumer who borrows $120 for 1 year at 6 percent will owe the principal, $120, plus $7.20 interest at the end of 1 year. To most consumers this is quite clear, simple, and conventional, but this type of credit lending is today the exception rather than the rule.

Most credit now provides for installment payment of the principal. When such provision is made a 6 percent rate may turn out to be closer to 12 percent on a true annual basis. If, for example, the consumer borrows $120 with the provision that he repay $10 of the principal each month, the principal sum which he possesses declines $10 monthly. The first month he has $120, the second $110, and the third $100 and so on to the last month when he has only $10. The average amount he borrowed is found by adding the declining balance each month and dividing by the number of months: In this case he had an average amount of $65. If his interest is figured as 6 percent of $120 or $7.20, as it most certainly will, his true annual rate will be approximately 11.1 percent.

However, sometimes credit charges are stated as a certain percentage per month on the unpaid balance. When this is the case the true annual rate is determined by multiplying the monthly percentage charge by 12. Thus, a 1 percent per month charge is, in fact, a true annual rate of 12 percent. A rate of 1.5 percent per month is 18 percent true annual rate and a rate of 2 percent per month is 24 percent true annual rate.

The relatively few consumers who may be able to rapidly convert such methods of interest charging to true annual rates are sometimes thwarted by the simple device of stating the cash price plus a dollar amount for interest. No interest rate is shown. In still other cases the consumer is merely told the amount of his monthly payment which includes both interest and an amount for principal retirement.

#### MANY DIFFICULTIES FACE THE BORROWER

With these varied ways of stating credit charge, it is increasingly difficult for the consumer to do comparative shopping for credit even when it is worth while to do so. The usual rates of credit sources vary significantly. Credit unions usually lend at rates which range between 8 and 12 percent, banks from about 8 to 18 percent, small loan companies, depending on the State, from 18 to 42 percent, and installment purchase credit lenders from about 12 to 24 percent.

A consumer purchasing a $300 refrigerator on time would find quite a variation in the total cost depending upon the source of credit. By paying for the refrigerator in 1 year, the total cost would be from $324 to $336 if he financed through a credit union, from $324 to $354 if through a bank, from $330 to $372 if by installment purchase credit, and from $354 to $426 if through a small loan agency.

Unless the consumer can convert credit charges to a uniform rate he cannot compare alternative costs of credit. Senator DOUGLAS' bill would require only that credit costs be stated as a true annual rate so that consumers could more easily compare actual credit rates. His bill would not regulate credit charges. The truth-in-lending bill offers the consumer protection analogous to the Securities Act of 1933, which required that the truth concerning new security issues be made available to potential security purchasers.

So far the career of his bill, a veteran of two Congresses, has demonstrated that it is the consumer who is least represented in Congress. Few bills have such massed opposion. Organizations as diverse as the American Bar Association ("Our study, in fact, indicates that a better argument can be made against the constitutionality of this bill than for it."); National Small Businessmen's Association ("Passage of this bill would mean an end to revolving credit and place all credit selling in jeopardy."); Montgomery Ward ("The bill is unworkable."); the National Association of Manufacturers ("We believe this proposal will have a 'boomerang effect,' creating more confusion and deception than it stops."); the National Retail Merchants Association; the National Automobile Dealers' Association ("The bill is unnecessary.") oppose it.

The arguments of its opponents are the usual sophistries heard in committee hearings on consumer legislation. It will not work—but if it will work it would have ill effects on the consumer, the economy, the business climate, and free enterprise.

One thing is clear. The present confusion in the consumer credit market leaves the customer hunting for the pea under the

**shell. A free market in credit cannot exist when one party to the transaction doesn't know the full sale price.**

---

## Major U.S. Economic Goals

EXTENSION OF REMARKS

OF

### HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

*Wednesday, September 5, 1962*

**Mr. WILEY.** Mr. President, as a nation in a world of great need and greater challenge we are dependent upon our free enterprise system to provide us with the goods, materials, and equipment to meet the needs of a fast-expanding population and promote progress, to create the jobs for U.S. workers, and to support a mighty defense.

In a weekend broadcast over Wisconsin radio stations, I was privileged to review major challenges confronting our free enterprise system. I ask unanimous consent to have the text of this address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

MAJOR U.S. ECONOMIC GOALS

As a nation—in a world of great need and greater challenge—we are dependent upon our free enterprise system to provide us with the goods, materials and equipment to meet the needs of a fast-expanding population and promote progress; to create the jobs for U.S. workers; and to support a mighty defense.

THE NATIONAL ECONOMIC PICTURE

Nationally, the economic picture reflects gigantic—almost incomprehensible—progress. Currently, the value of goods and services amounts to about $552 billion annually.

Despite such progress, we recognize that there are still serious problems in our system. The challenges include the following: Improving economic opportunities for success in small business—with a casualty rate of over 17,000 annually; improving the agricultural economy; creating jobs for the 4 million—including 60,000 in Wisconsin—still regrettably unemployed; and maintaining a good rate of progress to meet the needs of our people—and to further outstrip the Communist system—challenging us on the economic front.

In evaluating the national economic picture, we must always remember that free enterprise—not the Government, despite a $93 billion Federal budget—creates the "giant's share" of U.S. jobs and goods and services.

In reality, Government spending is not a measuring stick of progress. To the extent that it involves participation in normally nongovernmental economic-human welfare programs, rather, this represents a failure of our system to fulfill needs of the people and the country.

To help promote greater progress, then, we should shoot for the following goals:

1. Reestablishing confidence of the people in our economy. Lack of such confidence results in restrictive buying, overcautious investing, limited business and industries expansion by job creating enterprises; and other economic "holdbacks."

2. Economically, also, Uncle Sam needs to adopt a more realistic policy based upon a philosophy of "pay as you go"—not "go in debt as you go."

3. The Nation also needs a reform of its tax system. With skyrocketing costs of Government—particularly for defense—there is a special need for fair and equitable treatment of the taxpayer.

Generally, patriotic citizens are ready and willing to pay taxes; however, they are not willing, and should not be required, to pay for reckless spending; mishandling of funds; unfavorable tax treatment of themselves, or too favorable tax treatment of others; or other inequitable practices that foist an unfair share of the tax burden on any individual, business or other segment of the economy.

For the future we need also to accomplish the following:

1. Better educating our citizens—adult and in school—of the significance, and working principles of our economic system.

2. Encouraging more people, not only to understand and appreciate, but also confidently invest in enterprise, small and large, serving as a hub of economic life for a community.

3. Encouraging community support of community development programs, such as the establishment of corporations to provide financing for necessary projects.

4. Cooperative efforts to foster new enterprises under the area redevelopment program, now beginning to get underway in Wisconsin and elsewhere.

5. By reawakening our citizens' enterprising spirit full of faith and confidence, to improve the economic status of existing, and creating new, enterprises for a strong, free economy.

For security and for progress and peace we need, then, to maintain a sound, strong and vigorous economy.

---

# HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 6, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I Thessalonians 4: 9: *But as touching brotherly love, ye yourselves are taught of God to love one another.*

Almighty God, whose all-encircling love and providence are boundless, inspire us always to think and act in terms of the common good of humanity.

We earnestly beseech Thee to expand and enlarge our minds and hearts with a greater concern for the health and happiness of all mankind.

Grant that our groping souls may look and move forward to the dawning of that blessed day when man's aspiration and ambition shall be free from all provincial narrowness and sectarian antipathies.

May we be emancipated from everything that mars and limits the spirit of friendship and fraternity among the members of the human family.

Hear us in His name who taught us that the principle of our religion must be the fatherhood of God and our practice the brotherhood of man. Amen.

## THE JOURNAL

The Journal of the proceedings of Tuesday, September 4, 1962, was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On August 28, 1962:

H.R. 3728. An act to amend chapter 11 of title 38, United States Code, to authorize special consideration for certain disabled veterans suffering blindness or bilateral kidney involvement; and

H.R. 8564. An act to amend the Federal Employees' Group Life Insurance Act of 1954 to provide for escheat of amounts of insurance to the insurance fund under such act in the absence of any claim for payment, and for other purposes.

On August 29, 1962:

H.R. 11523. An act to authorize the employment without compensation from the Government of readers for blind Government employees, and for other purposes.

On August 30, 1962:

H.R. 11721. An act to authorize the payment of the balance of awards for war damage compensation made by the Philippine War Damage Commission under the terms of the Philippine Rehabilitation Act of April 30, 1946, and to authorize the appropriation of $73 million for that purpose.

On August 31, 1962:

H.R. 8730. An act for the relief of Sister Mary Alphonsa (Elena Bruno) and Sister Mary Attilia (Filipa Todaro);

H.R. 9915. An act for the relief of Umberto Brezza;

H.R. 10651. An act to amend title 28, United States Code, with respect to fees of U.S. marshals, and for other purposes;

H.R. 11040. An act to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes; and

H.J. Res. 864. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

On September 5, 1962:

H.R. 2446. An act to provide that hydraulic brake fluid sold or shipped in commerce for use in motor vehicles shall meet certain specifications prescribed by the Secretary of Commerce;

H.R. 3801. An act to authorize the Secretary of the Army and the Secretary of Agriculture to make joint investigations and surveys of watershed areas for flood prevention or the conservation, development, utilization, and disposal of water, and for flood control and allied purposes, and to prepare joint reports on such investigations and surveys for submission to the Congress, and for other purposes;

H.R. 6984. An act to provide for a method of payment of indirect costs of research and development contracted by the Federal Government at universities, colleges, and other educational institutions;

H.R. 7736. An act to amend the act of May 13, 1960 (Private Law 86-286);

H.R. 10263. An act to authorize the Secretary of the Air Force to adjust the legislative jurisdiction exercised by the United States over lands within Eglin Air Force Base, Fla.;

H.R. 10825. An act to repeal the act of August 4, 1959 (73 Stat. 280);

H.R. 11251. An act to authorize the Secretary of the Army to relinquish to the State of New Jersey jurisdiction over any lands within the Fort Hancock Military Reservation;

H.R. 11310. An act to amend section 3515 of the Revised Statutes to eliminate tin in the alloy of the 1-cent piece; and

H.R. 12081. An act to authorize the Secretary of the Army to convey certain land and easement interests at Hunter-Liggett Military Reservation for construction of the San Antonio Dam and Reservoir project in exchange for other property.

On September 6, 1962:

H.R. 1458. An act for the relief of Lee Dock On; and

H.R. 7638. An act for the relief of Kim Hyung In Comstock.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 518. Concurrent resolution expressing sympathy for the victims of the recent earthquake in Iran; and

H. Con. Res. 519. Concurrent resolution requesting the President to return to the House the bill (H.R. 10062) extending the application of certain laws to American Samoa.

## DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1963

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12648) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

The Chair hears none, and appoints the following conferees: Messrs. WHITTEN, NATCHER, CANNON, HORAN, and TABER.

## RUSSIAN SPACE FLIGHT

Mr. GEORGE P. MILLER. Mr. Speaker, I have asked for this time to insert in the RECORD a letter signed by the Administrator of NASA, Mr. James Webb, and addressed to Senator ROBERT S. KERR, chairman of the Science and Astronautics Committee in the Senate, and to myself in response to a letter we had addressed to him in which we expressly asked him to furnish us with any knowledge that had to do with unsuccessful Russian space flights.

The report of this interchanged correspondence appeared in the papers this morning. But in order that my colleagues may not only know of, but may read this important correspondence, I am asking unanimous consent that the two letters be inserted at this point in the RECORD.

SEPTEMBER 4, 1962.

Hon. JAMES E. WEBB,
*Administrator, National Aeronautics and Space Administration, Washington, D.C.*

DEAR DIRECTOR WEBB: In the past weeks there have been two reports in the press which have troubled us as chairmen of the House and Senate Committees on Space: (1) The Saturday morning newspapers carried an article reporting that the Soviet Union failed in an attempt to successfully send a space vehicle to Venus on August 25, 1962; (2) on August 30, 1962, Dr. L. I. Sedov, a leading Soviet space expert was interviewed by a professor of Tokyo University. The question was asked: "Since the Soviet Union has never made an advance announcement of launchings, some people suspect that there have been unsuccessful launchings in the past; would you tell me the truth, say, confidentially?" Sedov: "The Soviet Union makes an announcement as soon as a rocket is launched. There is no substantial difference between the Soviet Union and the United States in the way of announcement. If there is any failure, it must be known to the world."

It is our clear understanding that the Soviet Union does not announce all of its shots and therefore Dr. Sedov's answer appears to be in conflict with the information in our possession. Dr. Sedov's statement and the report of the Venus shot failure are so patently at variance that we feel it is important that if the U.S. Government possesses any information relative to unsuccessful attempts by the Soviet Union to launch a spacecraft to Venus, or other planetary probes, that this information should be made available to our committees and to the American people.

The world must of necessity admire the remarkable achievements of the Soviet Union in the field of space. A shadow is thrown over the entire space effort through their refusal to admit to failures. The United States is not without its failures, but we operate in a free society and our failures, as well as our successes, are made known to all.

We would appreciate an answer to this letter promptly.

Sincerely yours,

GEORGE P. MILLER,
*Chairman, House Committee on Science and Astronautics.*

ROB'T. S. KERR,
*Chairman, Senate Aeronautical and Space Sciences Committee.*

---

NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION,
*Washington, D.C., September 5, 1962.*

Hon. ROBERT S. KERR,
*Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.*

Hon. GEORGE P. MILLER,
*Chairman, Committee on Science and Astronautics, U.S. House of Representatives, Washington, D.C.*

GENTLEMEN: I agree. The Soviets' broad policy of announcing successes but declining to admit failure does cast a shadow over their entire space effort—remarkable as it might be.

You jointly proposed that if the U.S. Government possesses any information relative to unsuccessful planetary probes by the Soviet Union, that this information should be made available to your committees and to the American people.

In response to this proposal, inquiry was made of appropriate agencies of this Government. The response was as follows:

"The Soviet Union has pursued a vigorous but unsuccessful program to send instrumented space probes to the planets. Thus far, two attempts have been made to send spacecraft to Mars and four to Venus. Of these six attempts, only one probe was successfully launched on an interplanetary path, the Venus probe of February 12, 1961. However, it was only a qualified success because its radio transmission failed after several days, long before it reached Venus. None of the five remaining attempts achieved a successful trajectory because of rocket vehicle malfunctions.

"The same mission-planning philosophy and vehicle combination was used on each of the Soviet interplanetary series. A parking orbit technique is consistently exploited, whereby the first three stages attempt to launch the payload into a low earth satellite orbit as in the U.S. Mariner program. After one passage around the earth, the fourth or ejection stage is fired over Africa. If successful, this sends the instrumented probe on a ballistic path to the planets. Had the launching been successful in each of the six cases listed below, the probe would have arrived at Venus or Mars with too high a velocity to have been orbited around either planet. Optimum conditions were chosen for each launching attempted thus far so as to simplify the task of either guidance or performance—or both.

"1. October 10, 1960: An unannounced attempt to send a probe to Mars failed before a parking orbit was achieved. Had this probe been successful, it would have reached Mars in about 230 days.

"2. October 14, 1960: A second attempt to send a probe to Mars using virtually the same trajectory also failed before a parking orbit was achieved.

"3. February 4, 1961: The first attempt to send a spacecraft to Venus was successfully placed in its Earth parking orbit, but could not be ejected into its planned Venus trajectory. The Soviet Union announced the launching as a successful earth satellite Sputnik VII and claimed for it a new weight in orbit record of 14,300 pounds. Had this probe been successfully ejected, it would have taken about 105 days to reach Venus.

"4. February 12, 1961: A partially successful attempt to send a 1,400-pound spacecraft to Venus was made on this date. All vehicle stages functioned normally, and the probe was correctly placed on its interplanetary path. The Soviet Union correctly announced that this was the first time that a spacecraft was successfully ejected outward from orbit. The probe took 97 days to reach the vicinity of Venus. The Soviets apparently experienced a failure in the power supply or radio transmitter, and the probe was last heard from at a distance of 4.5 million miles from the earth.

"5. August 25, 1962: A third attempt to send a probe to Venus was made on this date. The payload was successfully placed into its satellite parking orbit, but apparently could not be ejected. Had this shot been successful, the probe would have arrived at Venus on about December 7, 1962, ahead of the U.S. Mariner II. It appears that the normal flight time of 112 days for this date was intentionally shortened to 104 days by sacrificing spacecraft weight. This launching attempt has not yet been announced by the Soviet Union.

"6. September 1, 1962: The fourth attempt to reach Venus was also successfully placed into a satellite parking orbit, but could not be ejected. The Soviet Union has not yet announced this attempt nor the presence of the unused components in orbit."

Sincerely,

JAMES E. WEBB,
*Administrator.*

## CONGRESSIONAL JOURNEYS

Mr. JOELSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

**Mr. JOELSON. Mr. Speaker, I believe that it is high time the ancient custom of congressional junkets be junked. In most cases they are a waste of taxpayers' money and hold the Congress up to disrespect and ridicule.**

There are, of course, many cases in which congressional trips are both justified and desirable because they serve valuable legislative purposes. However, I believe we should all exercise restraint as Congressmen to make sure that any trips we take are really useful for the national interest.

I want to make it clear that I am not referring to any specific trip by any colleague. As a matter of fact, I feel it unfortunate for the press to concentrate on one Congressman when, in plain truth, so many have engaged in journeys of questionable value.

## HOUSING FOR THE HANDICAPPED

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHLEY. Mr. Speaker, early this year I was invited to address the Northwestern Ohio Rehabilitation Association. This was an invitation which I happily accepted and which I am extremely glad I did because it led last week to the introduction of a bill, H.R. 13023, to provide a program of housing for the handicapped which in my opinion can become another landmark in the history of our national housing legislation.

My bill would amend the present direct loan program for housing for the elderly by making handicapped persons and families eligible as well as those of advanced age. I can think of no group more deserving of decent housing than our handicapped people who are willing to work but whose disabilities limit their earning capacity. The Office of Vocational Rehabilitation of the Department of Health, Education and Welfare estimates that there are today between 16 and 18 million severely disabled people in our country. Many have been able to make an adjustment to their disability either by themselves or with help and are able, by and large, to lead satisfactory and productive lives.

But there is a category of handicapped persons in this country who cannot work or are severely limited in their activity who with some attention and help, could become more economically productive citizens. My bill, Mr. Speaker, aims to give this category of the handicapped an important measure of that attention and help in the form of moderate-priced housing specially designed to meet their particular physical needs.

Put another way, its purpose is to provide the kind of housing which will allow a handicapped person to conserve his limited resources of strength and energy so that they can be directed to useful and economically productive pursuits.

The Office of Vocational Rehabilitation has found that the particular needs of the handicapped with respect to housing come in three main areas. The first has to do with structural features that are directly a part of housing design. Steps, hallways, doors, and wall sockets are typical architectural features. For a person confined to a wheelchair or limited by braces, doors, and hallways that are too narrow, steps, raised cupboards, and the like become obvious architectural barriers. The second area in which the handicapped person has special needs is the equipment in a house—such as an accessible sink, shelves, and stove. The third is the extensive area of assistive devices that aid the individual but are not part of the building or its equipment.

Mr. Speaker, much research and study has gone into providing housing for the handicapped by private institutions and organizations. The Institute of Physical Medicine and Rehabilitation of the New York University-Bellevue Medical Center has done prominent work in the design of houses suited to the handicapped. A Florida builder has worked closely with the institute, as have General Electric and other companies, to develop and build the functional home for easier living designed specifically for the physically disabled, the elderly, and the cardiac. These specially designed features have been used in Florida in privately built home developments for retired people and others there. In short, Mr. Speaker, there is a very definite tie-in between housing for the elderly and housing for the handicapped, and there is at the same time considerable support for the view that separate communities or groups of dwelling units specially designed for the handicapped are not to be encouraged. Further, there is sound basis for believing that in basic design there are, in fact, only inconsequential differences between what is helpful to the handicapped and to the elderly.

There is at this time no statutory authority for a program of housing designed for the physically handicapped. Under the bill which I have introduced, the cost of construction of a handicapped housing project would be financed by a Government loan on liberal terms—up to 50 years and at a low rate of interest. In addition, the administering agency, the Housing and Home Finance Agency, would be authorized to make supplemental grants to the sponsors of the housing in amounts sufficient to make up the difference between the economic rentals and the rentals which a limited number of handicapped tenants can afford. Eligible sponsors would be limited to nonprofit corporations, consumer cooperatives and certain public bodies. Not more than half of the dwelling units in the housing assisted by this legislation would be occupied by handicapped families.

The housing would not be elaborate or extravagant in design or materials, but it can be designed and equipped for dwelling by the elderly and under my bill by handicapped persons. Related facilities may be provided with proceeds of the loan. These would include cafeterias or dining halls, community rooms, infirmaries, and other health and service facilities.

In addition, the bill would provide that workshops may be included and that tools and equipment could be used by the tenants—either the elderly or the handicapped—for woodwork, painting, or the employment of other skills for the production of items which could be a source of income to the families who produce them.

Housing under the program is not limited to new structures but would include buildings which can be altered and modernized to meet the special needs of the handicapped. Eligibility for such housing would be limited to individuals—and their families—who have a physical impairment which can be expected to be of long-continued and indefinite duration and whom the Administrator of HHFA determines would be assisted to engage in useful productive activity.

In closing, Mr. Speaker, let me say that I cannot urge too strongly the merits of enacting a housing for the handicapped program. I have received strong assurances of support and cooperation from the Housing and Home Finance Agency and the Department of Health, Education, and Welfare through the Office of Vocational Rehabilitation. I urge my colleagues to cultivate this same concern and interest.

## PROGRAM FOR THE WEEK OF SEPTEMBER 10

Mrs. MAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mrs. MAY. Mr. Speaker, I take this time to ask the majority leader concerning the program for next week.

Mr. ALBERT. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield.

Mr. ALBERT. The program for next week is as follows:

Monday is District day, but there is no District business.

Also for Monday:

H.R. 10129, guarantee, aircraft purchase loans; 1 hour of general debate.

H.R. 12365, health clinics for migratory farmworkers; 1 hour of general debate.

Any rollcall votes, except on procedural matters, on Monday, Tuesday, or Wednesday, will go over, if unanimous consent is granted, until Thursday, because of primaries in Arizona, Colorado, Georgia, Minnesota, New Hampshire, Rhode Island, Utah, Vermont, Washington, and Wisconsin.

For Tuesday and Wednesday, H.R. 12080, banks, interest rates on deposits of foreign governments; 1 hour of general debate.

S. 4, Padre Island National Seashore; 1 hour of general debate.

H.R. 12718, AEC, Los Alamos community disposal; 1 hour of general debate.

For Thursday and the balance of the week:

S. 2768, purchase of United Nations bonds; 5 hours of general debate.

This, of course, is subject to the usual reservation that conference reports may be brought up at any time, and any further program will be announced later.

## ADJOURNMENT UNTIL MONDAY, SEPTEMBER 10

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

**Mr. GROSS.** Reserving the right to object, Mr. Speaker, can the gentleman at this time give us any indication when we might reasonably expect this long-drawn-out, dawdling session of Congress to end sine die?

**Mr. ALBERT.** I have no official knowledge of when the Congress might be able to adjourn. I would not care to make a guess on that based on unofficial information from another body.

**Mr. GROSS.** I, of course, as have all Members, discussed the situation. Some of the Members are saying to me that come the 1st of October or shortly thereafter they are going to take off for their districts. I wonder if there will be a quorum here to transact business after the 1st of October.

I also wonder if the gentleman could help me with another question. There is such a thing as title 2, section 39, of the United States Code, which is brief, and I should like to read it at this time:

> The Secretary of the Senate and the Sergeant at Arms of the House respectively shall deduct from the monthly payments of each Member or Delegate the amount of his salary for each day that he has been absent from the Senate or House, respectively, unless such Member or Delegate assigns as the reason for such absence the sickness of himself or some member of his family.

I wonder if the gentleman could help me on this question of whether there is any thought that this section of the United States Code might be enforced?

**Mr. ALBERT.** I would have to advise the gentleman that I have no official knowledge of absenteeism or absent Members, and cannot comment on that matter at this time.

**Mr. GROSS.** A quorum call would show whether the Member was present or absent, would it not?

**Mr. ALBERT.** According to the particular quorum call, yes.

**Mr. GROSS.** I notice that the Hatfields and McCoys in Massachusetts are going at it good and strong. I should like to get out to the district I have the honor to represent and do some campaigning. I just heard some Member say he would like to have me go, and I will be glad to accommodate him when all the business of this session has been transacted. I hope the distinguished majority leader can one day very soon give us some information about when we may adjourn.

**Mr. ALBERT.** I share that hope with the gentleman. The very minute I am able to give the gentleman any official information I will be glad to give it to him and to the House.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## CALENDAR WEDNESDAY BUSINESS

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule on Wednesday next be dispensed with.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## POSTPONEMENT OF ROLLCALLS

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that any rollcall votes except on procedural matters on Monday, Tuesday, and Wednesday of next week may go over until Thursday of next week.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

**Mr. GROSS.** Reserving the right to object, Mr. Speaker, would the gentleman agree to a unanimous-consent request on my part that any rollcalls which were made in order on any of those days would automatically be in order on Thursday of next week?

**Mr. ALBERT.** I would have to advise the gentleman I could not agree to any change in the rules of the House.

**Mr. GROSS.** Then, Mr. Speaker, I object.

**The SPEAKER.** Objection is heard.

## SOCIAL SECURITY HELPS FARMER

**Mr. RHODES of Pennsylvania.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a newspaper article.

**The SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

**Mr. RHODES of Pennsylvania.** Mr. Speaker, I was impressed by an article I read in a recent issue of the Pottsville Republican pertaining to a New Ringgold, Pa., farm family which got a helping hand from social security.

It came in the form of a disability check to Albert Petel, a farm operator, who was in a tractor-truck accident in 1961 and suffered serious and disabling injuries.

This is another example of how social security is beneficial to farmers and to all citizens who are a part of the program. It is most interesting because many farmers have opposed social security in the past. Most of them today recognize how important social security is to the farm community and all other segments of our population.

The social security program not only brought a measure of justice and decency to our aged and disabled citizens, it has done more than anything else to balance and strengthen the American economy.

Into the new Sixth Congressional District, comprising Berks, Schuylkill, and Northumberland Counties, come checks for social security benefits amounting to over $4 million a month.

This is a tremendous stimulant to business, particularly in the distressed coal region areas of the district.

As a cosponsor of the disability feature of the Social Security Act, I feel that this was one of the most important improvements that have been made since the act was proposed by President Franklin Roosevelt more than 26 years ago.

The attacks that are currently being made on the proposal to expand the social security program to include medicare reflects the same kind of bitter opposition displayed by the Republican leadership when the disability feature was first proposed. It was called a cruel hoax. It was denounced by GOP spokesmen as socialism. They said it would bankrupt the social security program and put a heavy tax burden on the working people.

The enemies of social security have not changed since the 1930's when all sorts of dire predictions were made by Republican opposition to this great program.

The adoption of a resolution by the national convention of Young Republicans in Minneapolis called for the repeal of compulsory social security. This gives evidence of the diehard Republican opposition to a social reform program which has helped lift our country from the soup kitchens and breadlines of the 1930's. Social security gives to our aged citizens an opportunity to live on a higher level with dignity and self-respect in their twilight years.

Many more improvements are necessary to make the social security program more adequate and realistic. That is one of the major objectives of the Kennedy administration, which I fully support.

Mr. Speaker, I include with my remarks this article from the Pottsville Republican:

### SOCIAL SECURITY HELPS FARMER

> Thanks to the alertness of a son and a program of regular social security talks to high school students, things will be a little easier for the Albert Petel family, of New Ringgold, who will now be receiving about $247 a month in social security disability insurance benefits.
>
> Albert Petel, a 46-year-old farm operator, was badly hurt in an accident in November 1961, when he was pinned between a tractor and a truck, with both legs broken across the knees, a blood clot in the right lung and other extensive injuries.
>
> Petel had been employed at a rock quarry in New Jersey when he and his family bought the farm in 1959, which he worked on a part-time basis on weekends. When he was laid off for the winter season in 1960, he decided not to return to his job, but to devote full time to the operation of the farm. Things were going well until the accident, which made it physically impossible for him to continue running the farm and which created a serious financial crisis for the family.
>
> Although he knew that social security provides payments upon retirement and to survivors upon a wage earner's death, he became aware of the disability provisions only because his son, who was a member of a class at Tamaqua High School, heard a talk on social security given by John Elnitsky, assistant manager of the local district office in Pottsville. After listening to his son and reading

the pamphlets which he had brought home with him, Petel applied for the disability insurance benefits and submitted the necessary medical evidence. Subsequently a determination was made finding him disabled as of November 20, 1961, the date of the accident. Benefits of $107 a month payable beginning with June 1962 for Mr. Petel, and $46.80 per month each for his wife and two minor sons. In accordance with the law, disability insurance benefits can only be paid after the expiration of a 6-month waiting period.

### HIGH SCHOOL TALK PAYS OFF

In addition to Petel, the family consists of Lorene, his wife, a son, Wayne, age 18, and two minor sons, Raymond 14 and Jay, who is 6. It was Wayne who heard the talk given at the Tamaqua High School, which, according to Jack G. Wasserman, district manager of the local office, is a regular annual service provided to most of the county high schools. Wasserman explained that the talks, given by fully trained and experienced social security representatives, to seniors, have a dual purpose. They not only help the graduating students learn the importance of the social security program to them in their future working lifetimes, but also, as in this case, help to inform the families about the expanded benefits which have been provided by many recent legislative changes in the original act.

To become eligible for disability insurance benefits, Wasserman stated the applicant must have an illness or injury so severe that it makes him unable to engage in any substantial gainful activity. In addition, the applicant must have worked under social security for at least 5 years out of the 10-year period prior to the date he became disabled.

The monthly payments of $247 will continue until Petel recovers his ability to return to work. Payments to the minor children will continue unless Mr. Petel recovers before they attain the age of 18.

Although social security records are confidential, Petel specifically gave his permission for his personal story to appear in the newspapers so that other Schuylkill County residents could become better acquainted with the disability provisions of the social security program.

Wasserman, who presented the first check, totaling almost $500, to the Petel family for the months of June and July, stated that there are many other people in Schuylkill County who are still unaware that the social security program now provides these disability insurance benefits. He urges anyone who may meet the requirements for disability insurance benefits, to contact the local office at 201 East Arch Street, Pottsville, for further information. The telephone number is 622-1490.

## LOANS FOR STUDENTS

Mr. **TOLL**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. **TOLL**. Mr. Speaker, one of the provisions of the National Defense Education Act which has really proven to be a tremendous help in the field of higher education is the loan program. Many worthy students have been able to continue in college because of these loans. As more students are seeking help to enroll in schools this fall, however, the funds available are not sufficient to provide the necessary loans. The proposal to double the amount available to the colleges should have been passed. The high cost of tuition limits the number of qualified students who can obtain the funds to continue their education. This limitation is not to the advantage of our citizens or of our country.

In my district the number of loan requests is considerably greater than last year. The great universities and colleges of my city are unable to meet the requests for loans. The city and State are cooperating in a splendid manner with education grants, but these sources cannot begin to adequately solve the problem. The Federal loan program is acceptable and supported by all elements interested in higher education. It provides for the return of the public funds with interest. It contains special inducements for teachers so that teacher shortage can be overcome. It helps one of the most vital programs in the United States today.

I hope that those who realize how urgent the need is and how important the program is for the welfare of our country will act now to solve this problem.

## FEDERAL REGISTRATION OF FIREARMS?

Mrs. **SULLIVAN**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. **SULLIVAN**. Mr. Speaker, from time to time I have been receiving letters—as have other Members also—opposing any legislation to require the Federal registration of firearms owned by private citizens. I believe the letters have been instigated on the one hand by the National Rifle Association, and on the other hand by various rightwing political groups. The Rifle Association considers such legislation as a violation of the constitutional right to bear arms, and an interference with the legitimate recreation of honest sports enthusiasts; some of the rightwing groups tell us the idea is to disarm good Americans so that the Communists can take over.

Up to now, I have taken no direct interest in the controversy since I am not on the Judiciary Committee and such proposed legislation has never been brought before us for a vote. But the murder of a high school boy in Falls Church, Va., over the weekend makes us all wonder what must be done to keep guns out of the hands of mentally disturbed individuals like the 17-year-old Falls Church boy who has confessed killing the youth who discovered him in the backyard as a Peeping Tom.

The Vinson boy, who has been in and out of several mental institutions and has a record of actions which reflect a disturbed personality, bought a $65 gun in Annandale, Va., by claiming to be 23, and giving a false name and a fictitious address. The gun was manufactured in Massachusetts, sold to a Rockville, Md., wholesaler, and then to the Annandale, Va., retailer. This gun was a product of interstate commerce. It was, apparently, largely by luck that it was found by a neighbor and traced by good police work on the part of the Falls Church authorities to the boy who has admitted this and other crimes.

Mr. Speaker, I do not think it would advance the Communist cause or interfere with the good clean fun of honest sportsmen and hunters if we insisted on giving the FBI the authority to require registration of all privately owned pistols or revolvers, or similar weapons which feature so frequently in the crime news.

If we had such a requirement, it is hardly likely a 17-year-old school dropout, who had been in several mental institutions and had been arrested at various times for a series of very serious offenses, could have accumulated an arsenal of weapons.

Our laws are very stringent about keeping track of the taxes due or paid on firearms. The United States Code has section after section covering the registration of firearms from manufacturers to retailer so as to be sure we will get the excise taxes due on them. I believe it is at least as important for the Federal Government to keep track of those same weapons after sale by the retailer, so that when the FBI finds mentally disturbed people, with police records, accumulating arsenals of weapons, the local authorities can be forewarned. I believe Federal listing would also eliminate the fictitious names and addresses so often employed by disturbed people in buying guns.

I urge the Judiciary Committee to make a study of this problem and recommend legislation which we can enact and which will be within the Constitution. This would not eliminate crime, of course, but it would certainly make it possible to prevent some of these awful crimes of violence if we know that people with criminal records or history of mental illness are buying guns.

## CORAL GABLES PEOPLE-TO-PEOPLE PROGRAM PROVIDES EXCELLENT GUIDELINE TO FRIENDSHIP

Mr. **FASCELL**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. **FASCELL**. Mr. Speaker, 6 years ago this month the people-to-people program was initiated to encourage private citizens to join hands with peoples throughout the world in our mutual struggle against oppression, fear, poverty, and distrust.

The program was designed to establish bonds of lasting and expanding friendship that would serve to better international social, economic, and cultural life.

I am indeed proud that the first city in the United States to extend the hand of friendship to a city in Latin America was a city from my congressional district in the State of Florida—Coral Gables.

Mr. Fred Hartnett and Mr. Keith Phillips, both former mayors of Coral Gables, urged participation in this fine program and when Mr. Robert Kingsley suggested his birthplace of Cartagena, Colombia, the City Council of Coral Gables approved the program and Mr. Walter Walters was chosen as the first president of the Coral Gables People-to-People Committee.

It might have seemed strange—perhaps brash—to some for the city of Coral Gables, a city of some 37,000 persons, to extend the hand of friendship to Cartagena, a city with over 180,000 people, but they shared a mutual climate and juxtaposition to the ocean and this was sufficient for the Gablelites to launch what has become an outstanding program in people-to-people effort that every city in this Nation could well emulate.

The charter and bylaws of the Coral Gables committee provide that every recognized civic association or club in the city be represented on the board of directors—the city commissioners serve as honorary members and in addition appoint one member each to the board.

The committee operates, however, as a nongovernmental organization and has been headed by several leading Gableites such as Lucille Neher, Warren Blackmon, Robert Kingsley, and Ira Willard. Edmund Russo, who is currently serving as the committee's president, devotes almost full time to the program's administration.

The Cartagena People-to-People Committee, which is headed by Senora Evelia de Porto Mejia, grew out of an amazing organization, the Society of Love of Cartagena—Sociedad de Amor de Cartagena—which was formed in 1949 by 40 of the city's leading women.

Two of these women, who were possessed of far-reaching ideas of humanitarianism, were Senora Majia and her sister, Senora Judith Porto de Gonzales. They realized that a permanent solution to the problems of their country could only be reached through a system of basic education for their peoples.

Public schools do indeed exist in Colombia—but only 1 out of every 30 persons has a chance to acquire what we would consider a basic, normal education.

Thus, the society began operation of three schools with only a handful of students. Today, it operates 20 schools with over 5,000 students.

To fill the shortage of teachers, the society has established its own teachers' training college and to care for the students' medical needs, it has opened three modern medical-dental centers.

Many of the local business firms and the Colombian Government now contribute to the financial support of this program and recently the society began providing one hot meal a day at the schools.

The Coral Gables People-to-People Committee took the society's program into its heart and has rendered every available assistance, providing such necessities as three sewing machines to make students' clothing, school supplies, and a station wagon.

The two sisters, along with Rafael Escallon, publisher of the daily newspaper Diario de la Costa and a member of the Colombian Federal Senate, have been the driving force behind the success of the society and the people-to-people program in Cartagena.

Senora Mejia and Senora Gonzales came to the United States in 1961 as the Cartagena representatives to the World Conference of Municipal Governments held here in Washington and visited Coral Gables to extend their thanks and further tie the bonds of friendship between the two cities.

As a guideline to other cities who would like to participate in the great purposes of the people-to-people program, I wish to detail at this time the activities of the people of Coral Gables and Cartagena since these two cities became one in friendship and understanding.

Exchange visits: Since the onset of this program, the citizens of Coral Gables and Cartagena have exchanged visits. These exchanges have revealed the people of the two cities to be delightfully interesting companions with common ideals and aspirations. By deliberate intent, visitors to each city have been hosted by men and women with similar business and cultural backgrounds. My own administrative assistant, Mr. John Buckley, and his wife, Meriam, participated in one of these visits as my representatives where they were hosted at the home of Senator Ishmael Porto.

Cultural exchanges: One of the most successful cultural programs was a Colombian art exhibit held at Lowe Art Gallery at the University of Miami for 6 weeks in June and July of 1960. The International Petroleum Co., Ltd., sponsored the event and the Coral Gables People-to-People Committee presented and publicized it.

Library: Coral Gables raised $300 to buy more books for the Colombo-Americano Center library. This library has been largely stacked with books made available from Coral Gables. Recently, in Coral Gables, a Colombian Week was held and 1,200 packets were distributed in the local schools which contained information concerning Colombia, and especially Cartagena.

Student exchanges: Recently, 15 students from the University of Cartagena visited the campus of the University of Miami under the people-to-people program. After a week's visit where they had the opportunity to participate in American campus life, they returned to Cartagena accompanied by 15 students from Coral Gables who returned the campus visit. Also, the Coral Gables group is making it possible for a Cartagena graduate student in medicine to study for a year at the University of Miami.

Cartagena Plaza: Cartagena Plaza in Coral Gables has been dedicated as a symbol of the friendship that the two cities have established. In the center of this plaza sits an interesting monument. It is a statute of a pair of shoes about 4 feet long. This is a replica of the bronze shoes which constitute a famous landmark in Cartagena. The unusual monument subject was inspired by the celebrated Cartagena poet, Luis Carlos Lopez, who commented in verse about the past of Cartagena as compared to the present, and said:

> Yet, with your sad and neglected aspect, you can still inspire the sort of affection one feels for his comfortable old shoes.

Thus, an old pair of shoes became a sort of unofficial city symbol of Cartagena. Coral Gables had a replica of the Cartagena monument cast by Clayton Henry Charles, the chairman of the art department of the University of Miami, and this monument now stands in prominence in Cartagena Plaza. The city of Cartagena has recently dedicated a new park as Coral Gables Park to be an associate symbol to correspond to the plaza in Coral Gables.

Baseball competition: On August 24, 1962, a 12-man baseball team traveled to Cartagena. This team was chosen from the American Legion Junior League in Coral Gables. They will meet a Cartagena team in a series of games, and then this fall, the Cartagena team will come to Coral Gables and renew the competition. This is just one more attempt to create stronger friendships between Coral Gables and Cartagena. The series of games was arranged by Mr. Paul Brocchini, the director of the Colombo-Americano Center in Cartagena.

The Park of the Americas in Miami was founded with the idea of every American nation having a monument. Colombia did not have one, so the people of Cartagena sent a bronze statue of General Santander, the Colombian liberator, and Coral Gables provided a pedestal, and today it stands proudly among the other great men of all the Americas. The monument was dedicated by Colombian President Lleras, and has become another symbol of the friendship that exists between Cartagena and Coral Gables.

A high U.S. Information Agency official, who has charge of the people-to-people program coordination, said that over 1,200 cities have formed affiliation with foreign cities and none has a better program than that of Coral Gables. It would be a definite credit to any Member of Congress to urge that cities in his district form people-to-people affiliations. If all American cities would have a program as successful as that of Coral Gables, the cause of international friendship would be advanced and the United States of America would find faithful friends in all parts of the world.

---

## GOLD RESERVES BEING DEPLETED

**Mr. HALEY.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a newspaper article.

The **SPEAKER.** Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. **HALEY.** Mr. Speaker, many of us are concerned about the fact that our gold reserves are being depleted and are going into the hands of foreign countries. Only recently it was necessary to make a large withdrawal from our gold stockpile at Fort Knox in order to meet the commitments of the United States to certain other nations.

If a real effort is to be made to stop the flow of our gold to foreign nations, it seems to me that this could be done simply by bringing a halt to that program which the American people do not favor, namely the so-called foreign aid program.

In my own congressional district, there is a strong and still growing opposition to the foreign aid program. My people continue to ask how long must they support the other countries of the world. Typical of the criticism of this program is the following editorial written by Mr. Harris Sims. Mr. Sims is the editor of the Lakeland Ledger, an outstanding daily newspaper of Florida. Mr. Sims and the Ledger are to be commended for calling attention to the wastefulness of this program and to the fact that the American people are sick and tired of supporting this program.

### FOREIGN AID BILLIONS

One of these days the taxpayers of the United States are going to rise up and declare war on the foreign aid program.

There must be a good many men and women who are sick and tired of working to support Communists, Fascists, revolutionaries, counterrevolutionaries, rightists, leftists, tribesmen, neutralists, and all of the rest, in almost every nook and cranny in the world.

It is partciularly noninspiring for the people of this Nation to go home after a hard day's work, turn on the television set, and see what's going on in some of these countries which have heavy appetites for tax dollars from the United States of America.

A 15-minute news résumé may feature demonstrations by thousands of able-bodied patriots who semingly have nothing else to do but ride on trucks or streetcars. They wave flags, destroy property, and stage fights with their local authorities.

The next scene is also very good for after-dinner digestion. It usually shows a few thousand soldiers, with appropriate civilian reception committee standing along the roadway, welcoming the latest dictator while the deposed political giant is taking off for the hills.

Apparently, only the recipients of foreign aid from the United States can afford such luxuries. Citizens of this Nation are too busy working to earn their daily bread.

The American people historically are warmhearted and generous in responding to pleas for aid from distressed areas of the world. China is a specific case in point. On various occasions that nation has been stricken by epidemics or faced starvation. Millions of dollars worth of food and medicine were given by the people of this Nation. Yet today, the Chinese Communists have vowed to destroy the democracy and freedom of the very people who so befriended them.

On this foreign aid issue, there is no doubt that most of the taxpayers of this country are more than willing to help others to help themselves. But it is one thing to provide technical assistance with limited financial aid, and something else, indeed, to pour billions down the sink holes of Europe, Asia, and Africa.

We seem to recall that there was considerable embarrassment in Washington when it was disclosed that foreign aid bureaucrats were shipping a dietary food to Asia. Apparently, we had fed the natives so well that they had become overweight. We just had to help them reduce.

In Lakeland last year, a group of Congressmen let loose with some barbs on what they called the greatest giveaway program in all history. One of the neighborly acts detailed was the spending of $75 million to relocate some Nubian statues along the Nile River.

There was the national news report that so much assistance from the United States was reaching Saigon that the authorities were having trouble spending all of the American tax dollars. They finally solved the problem by purchasing fleets of expensive Mercedes-Benz automobiles.

The latest affront to the American people was just delivered to a House committee in Washington. The State Department, through the Agency for International Development, has just contributed millions in "birthday" gifts to some new nations.

And there was $29 million to assure the survival of a prime minister, who was ousted just the same; and Indonesia got $5,600,000 to build a road to the site of the Asian athletic games.

In the meantime, in communities like Lakeland throughout the United States, public-spirited citizens are hard pressed to raise funds to support medical research, to help children stricken with cerebral palsy, to assist the aged and infirm, to meet the endless other demands that humanitarian people must meet.

If the bureaucrats in Washington are permitted to keep on handing out the billions which they do so little to earn, the day may come when the people of the United States will no longer be giving foreign aid; we will be receiving it.

## MR. PHILIP CORTNEY, A BUSINESS EXECUTIVE WITH SOCIAL RESPONSIBILITIES

Mr. **PATMAN.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD in two instances and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. **PATMAN.** Mr. Speaker, the New York Times last Sunday carried a most interesting biographical sketch of Mr. Philip Cortney, written by Richard Rutter.

Much of the Rutter article deals with Mr. Cortney's success in managing Coty, Inc., a firm which he heads. I will not review that, although it is most interesting and shows Mr. Cortney to be an exceptionally able corporate executive.

The statement which particularly interested me is the quotation from Mr. Cortney in which he says "a business is a part of the country it is in. Management acquires duties with advantages."

I have had the pleasure of knowing Mr. Cortney for many years and I can say from personal experience that this quotation truly reflects the beliefs and actions of this man. I could add that I also know from personal experience that Mr. Cortney is a great and effective friend of small business—not just the small businesses that distribute his company's product, but all small businesses. He has a deep and abiding faith in the vitality that small and independent business give to the economy of a nation, and in the political democracy to which such enterprises so greatly contribute.

Mr. Cortney's interests and his efforts on behalf of the country's well-being do not stop with small business. He is an outstanding student of monetary policies and a good student of all economic matters. I would like to insert in the RECORD the concluding paragraphs from the New York Times' sketch of Mr. Cortney, as follows:

### CONCEPT DEFINED

The head of Coty defines his basic concept of management: "I represent the consumer." He describes his job as consisting of "defining policy, choosing the men to execute it, supervising the execution and making the key decisions."

Mr. Cortney has a strong sense of the business man's obligations to his community, his country and, in fact, to the entire free world. "A business is part of the country it is in," he says. "Management acquires duties together with advantages."

His keen sense of duty has made Mr. Cortney a director of the National Industrial Conference Board, chairman of the Committee of the International Aspects of Atomic Energy of the National Association of Manufacturers and a past chairman of the U.S. Council of the International Chamber of Commerce.

His abiding interest in economics and monetary problems—"my only real hobby"—has led him to become a member of the American Economic Association and a fellow of the Royal Economy Society of Great Britain. He has written many articles on economic and monetary issues and he has published a book, "The Economic Munich."

In 1947, he organized La Maison de France, aimed at improving economic and business cooperation between France and this country. It established the Marquis de Lafayette Fellowship Foundation to help French students to study and travel in this country. Philip Cortney is a commander of the French Legion of Honor.

Mrs. Cortney is the former Marcelle Denya, a French opera and concert singer.

The Cortneys, who have no children, live in a midtown Manhattan apartment with a view of Central Park.

## PUBLIC REACTION TO FOUNDATION STUDY

Mr. **PATMAN.** Mr. Speaker, on July 23, 1962, and August 20, 1962, I presented to the House my first and second interim reports on the study of 524 tax-exempt foundations, which has been conducted by the House Small Business Committee. They appear in the CONGRESSIONAL RECORD of those dates.

Our study has been confined to privately controlled, tax-exempt foundations that are required to file tax return form 990–A or 1041–A. This excludes first, religious organizations; second, educational organizations if they normally maintain a regular faculty and curriculum and normally have a regularly organized body of pupils or students in attendance at the place where their educational activities are regularly carried on; third, charitable organizations, or organizations for the prevention of cruelty to children or animals, if supported in whole or in part by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; and, fourth, or organizations operated, supervised, or controlled by or in connection with a religious organization described in section 501(c)(3) of the Internal Revenue Code.

Since July 23, I have received thousands of letters in support of our investigation. They express deep concern over the ever-growing number and influence of tax-exempt foundations.

The reactions to our study will no doubt be of interest to the Members. I, therefore, wish to insert in the Record at this point excerpts from a few of the letters received to date. These are in addition to those which I placed in the Record of August 23, 1962:

H.Z., Brooklyn, N.Y.: "According to today's papers, you charge that many tax-exempt foundations are violating income tax laws and that the Internal Revenue Service has been lax. I agree with you 100 percent."

M.B.S., La Marque, Tex.: "I am most interested in your effort to look into the foundations. This is an untapped source of taxation for our Treasury. Charity is the last thought in their minds * * * How I can help?"

J.P.K., New York, N.Y.: "I read (with delight) your recommendation that tax exemptions to foundations be suspended until Congress had tightened the laws."

H.F.W., Newport, Ky.: "Was reading of your fine patriotic work on tax-exempt foundations. Keep the ball rolling, you are doing splendidly—also your committee—my hat is off to you."

H.P.L., Jackson Heights, N.Y.: "We want to commend you very much for the excellent work you have done and are doing, to bring out in the open the facts regarding foundations. Please continue this until something is really accomplished by way of correction."

E.S.C., Waco, Tex.: "Read with much interest a summary of your report relative to trusts, etc., and their effect on our economy. * * * I believe they should not go untaxed."

H.E.C., Miami, Fla.: "Within the last week or so I have read two accounts of your report on tax-exempt foundations, and wish to express my appreciation for your having focused attention on this situation."

M.A., Beverly Hills, Calif.: "It would seem to me that you've hit the nail on the head in requesting an investigation of foundations."

G.R., Niagara Falls, N.Y.: "Please do continue to pursue with vigor the course you are taking in fighting the tax exemptions of these foundations which I have just read about in our newspaper.

"Thanks to you and the others who have the knowledge and courage—it takes that to pursue this just cause."

R.M.K., Laguna Beach, Calif.: "I've read your comments in the Congressional Record of July 23 regarding moratorium on foundation tax exemptions and heartily concur."

S.W.C., Orange, N.J.: "A note to commend you on your request that an investigation of the tax-free foundations be made.

"You will have the support of many, all of whom will wish you the best of luck—a thorough investigation of these should be made."

H.M.G., Kew Gardens, N.Y.: "Good boy, I say, after reading in Sunday's newspaper that you charged that many of the tax-exempt foundations are tax dodges and charitable in name only. They're charitable, all right, to their heirs. Don't fail to follow through on this, Representative Patman."

R.E.D., La Jolla, Calif.: "Thank you for your rare courage. * * * Many people in this locality feel that a lax and irresponsible manipulation of their funds disqualify many of these foundations for the privilege of tax exemption. Do try to have a moratorium on tax exemption for foundations until Congress has devised new laws.

"Congratulations, and keep up the good work."

J.W.M., Freeport, Tex.: "The recent news reports regarding your intention to look into the tax-exempt foundations was good news indeed."

A.F.J., Baltimore, Md.: "The July 23 issue of the Congressional Record came today and I am grateful to you and your staff for the tremendous research on the foundations. * * * What you have done is magnificent in conception and execution. Do press on."

R.F., Redlands, Calif.: "Please continue to work to make these foundations pay taxes same as everyone else. Aren't most of these foundations just tax dodges in the first place?

"Keep up the good work."

A.M.S., Buffalo, N.Y.: "I approve 100 percent of your report calling for an immediate moratorium on the granting of tax exemption to foundations."

E.K., Garden Grove, Calif.: "Thank you for your stand in favor of American liberty and against the unfair tax laws in regard to foundations. If there is anything I can do here in California to help you, please, please let me know.

"Again, thank you and be assured you have strong support at the informed grassroots level."

C.A.J., Norfolk, Va.: "I would like to congratulate you on the stand you have taken in investtigating the Hughes tax free foundation."

A.H., San Diego, Calif.: "Thank you for your investigation into the tax free foundations.

"Please do not give up."

E.E.M., Kansas City, Mo.: "* * * These tax-exempt foundations were just created to avoid paying taxes. So now almost everyone with a pile of money creates a tax-free foundation before they die."

O.D., Houston, Tex.: "I want to commend and congratulate you on your statement that foundations should be taxed."

H.A.G., Arkley, Iowa: "I feel you deserve to be commended on the courageous proposal, at such a time, to urge tax exemption suspension to foundations and charitable trusts."

C.R.H., Sebastopol, Calif.: "Thank you so very much for your investigation of the tax-free foundations."

D.S., N. Linthicum, Md.: "Your newspaper comments regarding tax-exempt foundations and their violation of the tax laws and your views thereon have been shared by this writer for a considerable period of time."

J.T.S., Lake Charles, La.: "I read about your proposal to put a moratorium on tax exemptions for foundations and charitable trusts. You are beginning our fight for victory where it should be started. * * *

"If you would please send me information on any speeches etc. you make on this subject I will try to support you in any way possible."

J.W.D., Reseda, Calif.: "I heartily agree with your statement that tax exemptions for foundations be stopped until tax laws governing them can be investigated."

J.H.T., Tonawanda, N.Y.: "You have a good hold on a lion's tail: I hope and trust you will be able to hang on to it.

"Your recommendation that income-tax exemptions to foundations be halted until the laws are changed is a fine one. * * * Best of luck."

A.H.G., New York, N.Y.: "With great pleasure I read of your activity about foundations. * * *

"I hope you will continue your campaign."

F.L., Los Angeles, Calif.: "Please, may I have a copy of your report on the tax-exempt foundations?

"I have followed your presentation of this situation, and please accept my gratitude for your excellent work."

P.F.R., Ontario, Calif.: "* * * We want you to know we firmly support your efforts to investigate these tax-exempt foundations. * * * This is a step in the right direction, to relieve some of the burden from those less fortunate."

P.W., Princeton, N.J.: "Congratulations on your stand regarding foundations. Once again you have brought your great insight and wisdom to another neglected area of our economy."

P.M., Baltimore, Md.: "You certainly put your finger on an important tax item when you speak about these so-called foundations, as is reported in our Baltimore Sun. * * *

"I surely hope that you will proceed with your investigation. There is much to investigate."

G.B., Bishop, Calif.: "Thank you for the wonderful work you are doing on the tax-exempt foundations.

"We are convinced it is being used by many foundations as legalized tax dodging and would like to see a thorough investigation made with possible new laws regulating the foundations."

C.V., Hewlett, N.Y.: "Your suggestion that tax-free foundations should operate under tightened regulations has met with high praise among business people of our area.

"I am writing to you to suggest that you continue your study as a basis for immediate new legislation governing tax-exempt institutions."

A.T., Los Angeles, Calif.: "Thank you for the stand that you have taken on the tax-exempt foundations. We hope that you will be able to get a new law regarding these foundations."

H.H.H., Daingerfield, Tex.: "* * * We want to congratulate you on the beginning of an investigation of these foundations. * * *

"Trusting that you will be successful in your investigation and with best regards to you."

J.T.J., San Antonio, Tex.: "Thanks for your effort to get to the bottom of this tax-exempt foundation business."

M.A.B., Vista, Calif.: "You are to be commended for your courage in going into the matter of the tax dodging foundations. * * *

"We need new laws to abolish these loopholes."

K.H.J., North Adams, Mass.: "If I am correctly informed, you have proposed a congressional study of the uses of tax-exempt funds by private foundations. We certainly need it."

C.M., San Jacinto, Calif.: "I wish to thank you for your courage in calling to the attention of the Congress the needed investigation of tax-exempt foundations."

W.M., Miami, Fla.: "I want to take this opportunity to commend you on your attempts to investigate some tax-free foundations. You are certainly probing where it hurts. * * *

"You will no doubt stir up a storm or two by investigating the actions of these foundations. I hope you will not be discouraged in this probe."

G.W.H., Cold Spring, Ky.: "I have read the results of your work in investigating the tax-exempt foundations, and I am quite encouraged to know that you are on this job."

J.W.B., Battle Creek, Mich.: "I have read your remarks relating to tax-exempt foundations and charitable trusts as reported in the Congressional Record for July 23, 1962.

"I wish you would accept this citizen's profound thank you for the staggering job of detailing you, your staff and members of the Small Business Committee, have done in your interim report on this subject."

E.M.P., San Francisco, Calif.: "* * * Since action to correct this situation has not been taken, I hope you will be able to continue and expose those foundations guilty of legalized tax dodging.

"I have written Secretary of the Treasury, Douglas Dillon, my Senators and Congressman asking them to declare a moratorium on tax-exemption for foundations until Congress has devised new laws. I do not believe any foundations, large or small, should enjoy immunity from taxes if their activities do not warrant it."

F.K., Baton Rouge, La.: "I am happy to see that you are urging a thorough study of the tax-free foundations."

H.M.W., Ojai, Calif.: "I would like to take this opportunity to thank you for your efforts to curb the tax exemptions of foundations. I hope there will be a continuation that will result in Congress devising new laws to restrain these tax-exempt foundations."

J.W.G., Plainfield, N.J.: "I was interested in the report appearing in the July 23 CONGRESSIONAL RECORD on tax-exempt foundations.

"You are to be congratulated for your courage in bringing this issue before the public."

W.B., Paradise, Calif.: "Thank you for all you are doing in connection with the tax-exempt foundations. We urge you to continue investigating these foundations."

J.E.O., Paradise, Calif.: "We appreciate all your efforts in connection with the tax-exempt foundations.

"Please continue your work in this investigation."

M.S.B., Spokane, Wash.: "We support you in your inquiry into the tax exemptions granted foundations."

C.J.D., El Paso, Ill.: "First of all permit me to thank you for alerting the American people on the subject of foundations and their vast economic power and, in my opinion, their unwarranted tax exemption."

E.A.E., Balboa, Calif.: "You are to be complimented for your interest and forthrightness in bringing this subject into national focus. It has been my personal observation for some time that there have been reasons other than just pure philanthropy for the establishment of some of these foundations and I have no doubt that the general taxpayer is paying bills that could properly be shared by the income of many of these captive funds."

P.H.C., Los Angeles, Calif.: "Please accept our congratulations on your extremely courageous investigation on the tax-exempt foundations.

"It has taken a man of rare courage to check the facts about the untouchable foundations."

M.M., Miami, Fla.: "It was heartening to read of your speech on these tax-exempt foundation funds. I am so glad you are bringing this information out into the open for all to see."

M.Q., Chula Vista, Calif.: "Thank you for your courageous stand in attacking the laws that permit tax exemption for the foundations which represent such great blocks of wealth in this country.

"That huge fortunes such as the Guggenheim, Sloan, Carnegie, Rockefeller, Ford, should be maneuvered beyond the reach of taxability in the name of philanthropy represents one of the greatest frauds of all times. The average American has no inkling of the hoax which has been perpetrated upon the taxpayers of this country.

"May your exposure arouse the public so this outrage may be stopped."

M.N.A., Long Beach, Calif.: "As the one who coined the words 'tax incentive' and 'tax penalty' in a paper, the regulatory function of taxation (fifth tax tenet) for a Stanford degree, before present specialists were 'dry behind the ears,' may I support your inquiry into the lawless status and operations of foundations, and lawless statutes and regulations that make foundations the biggest group of tax cheaters and 'villains' in the United States."

K.B., Santa Monica, Calif.: "Your investigation into the tax-free foundations is mighty heartening. * * *

"It is my sincere hope that your committee will proceed and insist on a full investigation."

D.R.W., Dallas, Tex.: "Your remarks concerning the tax-exempt foundations appear to be well founded and it appears to me that a full-scale investigation should be made."

V.R.H., Flagstaff, Ariz.: "I personally would say your present congressional investigation into foundations could well be one of the most important Congress has made for a long time."

J.E.D., San Jose, Calif.: "Commend you for your stand on stopping the granting of exemptions to charitable trusts and foundations."

L.P., Lake Lure, N.C.: "I recently read in the newspaper about the wonderful job you are doing in regard to the investigation of the tax-exempt foundations. I must congratulate you as a man that is not afraid to go after them."

R.A.S., Whittier, Calif.: "Want to commend you on your report on tax-exempt foundations."

C.H.B., Los Angeles, Calif.: "A word to compliment you on your study of tax-exempt foundations. I was just afraid it would never happen—and it is so obviously overdue."

J.P.C., Bronx, N.Y.: "I read an account of your investigation of U.S. tax-free foundations in the New York Times of July 24, 1962. I found it very interesting and wish to inform you that for a long time I have looked forward to a sincere report on such matters. * * *

"Thank you for your activities in this field and I hope that you will continue your splendid reports."

J.T.E., Garwood, N.J.: "We were very much encouraged to read today that someone in Washington understands that working people bear a disproportionate share of taxes. * * *

"Again, thank you for speaking out for us."

H.F.P., Santa Barbara, Calif.: "This has long been a subject that has sorely needed revision, Mr. PATMAN, and you have shown exemplary courage."

S.T.T., Atlanta Ga.: "It is encouraging to read in the Atlanta Constitution of this date that you have made a sweeping indictment of foundations and the IRS. * * *

"'More power to you and God bless every effort you make."

C.W.D., Long Beach, Calif.: "We were happy to read of your efforts to halt the granting of tax exemptions to foundations until the laws covering them are tightened."

A.F.J., Baltimore, Md.: "I do hope you will press into the exempt status of foundations."

J.L.B., Miraleste, Calif.: "I wish to congratulate you on your stand on the present laws for tax-exempt foundations. In my opinion the situation of these foundations has become deplorable."

S.B., Waco, Tex.: "We note with a great deal of interest that you are highly in favor of closing some of the tax loopholes on charitable institutions. We certainly agree that it is worthwhile to see if these institutions are performing the function for which they were established and if they are not they certainly should pay their fair share of tax."

C.V.N.C., Oakland, Calif.: "Our deepest gratitude to you for making possible the August 6 item 'Foundations and Tax Exemption,' U.S. News & World Report."

W.L.K., San Antonio, Tex.: "* * * I think it is a refreshing thing to see a committee of the Congress taking a firm stand on matters that are in the best interest of our country in the face of certain determined opposition. * * *

"Please accept my grateful thanks for your contribution in behalf of good government."

R.A.F., St. Petersburg, Fla.: "* * * It is good to see some members of our Congress are not afraid to buck the foundations."

E.M.M., Glen Cove, N.Y.: "Allow me to congratulate you for airing the matter of the tax-exempt foundations."

F.A.B., Manchester, Conn.: "* * * I hope the probe now being made on tax-free foundations will prove a long step in the right direction."

F.T.B., Santa Barbara, Calif.: "I have just read this weeks Newsweek and wish to state that I share your views regarding tax-exempt foundations and trusts."

F.P.S., Oakland, Calif.: "Please keep up your fight."

S.W.A., Austin, Tex.: "* * * You are doing a wonderful job. * * * More power to you."

M.L.K., Venice, Fla.: "I was glad to see that someone of importance has brought to the eye of the public the inequities of our Federal tax structure."

J.W., Birmingham, Ala.: "I hope you are able to accomplish some measure of control by taxation or otherwise over these tax-exempt foundations."

J.F., Los Angeles, Calif.: "I agree with you on this foundation method of evading taxes."

B.A.P., Hawthorne, Calif.: "I read (with pleasure) of your inquiry into tax-free foundations."

W.W., Phoenix, Ariz.: "Congratulations on your inquiry into tax-exempt foundations."

F.C.Q., Dewitt, N.Y.: "It would be to the best interests of this Republic if this could receive proper investigation, and I shall write to Congressmen in this area to support your interest in this field."

L.T.D., Newport Beach, Calif.: "I note in the Herald Express here under dateline July 21 that you are going to push for an investigation of the tax exemption privileges granted the many foundations.

"The quicker this gets going the better."

A.M.C., New Orleans, La.: "Thank you for your initiation of the present investigation of the tax-exempt foundations."

H.A.T., Long Beach, Calif.: "So, congratulations on your report which you will see from the enclosed article is being called 'explosive.'"

D.A.H., Morristown, N.J.: "Thank goodness someone is going to investigate tax-free foundations."

J.B.B., Richmond, Va.: "Keep up the fight."

M.F.R., Chicago, Ill.: "You are to be congratulated for your attempt to halt exemption of any foundation and your study in regard to same."

P.S.H., San Diego, Calif.: "We have read with great interest of your report on tax-exempt foundations and wish to commend you for your good work."

M.I., Galveston, Tex.: "Thank God someone has finally come to the aid for America and the American people. Why should the foundations be tax exempt?"

P.R.L., San Diego, Calif.: "Thank you for speaking out against the present laws that permit legalized tax dodging by tax-exempt foundations."

"I am writing my Senators and Congressman concerning the necessity for new tax laws for foundations."

M.D., Buffalo, N.Y.: "Thank you for that informative and interesting article on tax-exempt foundations which you placed in the CONGRESSIONAL RECORD of July 23. What a huge task of dredging your Small Business Committee must have done to get such detailed information which you placed in your statistical report. A crackdown on some of these fantastic tax chiselers is long overdue * * *.

"Congratulations, Mr. PATMAN; I hope you can finish your task without getting the ax from some VIP's who feel a draft from the salutary airing."

B.R.F., Santa Barbara, Calif.: "I understand you have attacked the tax-exempt foundations in a speech in Congress, and I wish to express my appreciation and the hope you will go further on this * * *"

M.G.B., Los Angeles, Calif.: "* * * it is one of the worst rackets in history, and more springing up each day."

N.W., Hemet, Calif.: "Thank you for your courage in calling to the attention of the Congress the needed investigation of the tax-exempt foundations."

J.G., North Hollywood, Calif.: "It would be wonderful if a moratorium could be declared on tax-exempt foundations until Congress has devised new laws."

L.M.S., Berkeley, Calif.: "I am so glad that you are bringing up the tax-free foundations and their nonpayment of any income tax. Many of us have been aware of this racket for a long time."

## RESOLUTION DECLARING COMMUNIST ARMS AND MUNITIONS CONTRABAND IN WESTERN HEMISPHERE

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, in September a year ago I introduced House Joint Resolution 590 which was referred to the Committee on Foreign Affairs.

This resolution would declare Communist arms and munitions contraband in the Western Hemisphere and direct the President to utilize appropriate forces in the United States to carry out a blockade.

This resolution was needed a year ago and it is needed most urgently today. It is a well-known fact, and has been admitted, that the Soviet Union has just recently sent to Cuba large quantities of rockets and missiles, in addition to thousands of troops and so-called technicians. The pattern in Cuba is so obviously a part of the grand design of the international Communist conspiracy that it is shocking to me and to the American people that a blockade against these Communist munitions and manpower has not been put into effect. Why has no such action been taken? Is is because the internationalists who are all too numerous in the State Department are blocking this most necessary action? Must we wait any longer to stop this Communist base buildup just 90 miles off our shores? Will we wait until the entire Western Hemisphere is under the domination and control of the Communists? If we do not do something about Cuba now, Mr. Speaker, it will be too late. Warnings are not enough. We need to adopt a firm policy now.

Mr. Speaker, I again urge the Committee on Foreign Affairs to report House Joint Resolution 590 so that it can be voted upon by the Congress.

## FALTERING PROGRAM OF DIRECT LOANS FOR VETERANS IN MICHIGAN

Mr. BENNETT of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BENNETT of Michigan. Mr. Speaker, at the end of July the Detroit regional office of the Veterans' Administration had pending approximately 2,000 applications for veterans' direct loans in the State of Michigan, but no funds to process these loans. The reason they have no funds, is because the $700 million which was authorized by Congress to be spent in the financing of direct loans has not been applied by the Veterans' Administration for the purpose which Congress intended it to be applied.

We have a depression in my district. It has grown worse, during the last year and a half. Many of the 2,000 veterans who had applications pending in July were from my district, and badly in need of housing. This money is not for gifts or grants. It is for loans, repayable by the veteran with interest.

The Veterans' Administration has not lost a dime on this program; they have made millions of dollars on it. Why they have not authorized the expenditure of the money that Congress gave them I do not know and for reasons best known to them they refuse to incriminate themselves, as to why they are sitting on this money. I do know, Mr. Speaker, that there is not a foreign country anywhere on earth that is waiting for money we have appropriated for their benefit.

This administration is not holding back a single penny of foreign aid funds at a time when they are withholding several hundred million dollars authorized by Congress for direct loans for veterans' housing. Foreign aid money is giveaway money. Money for veterans' homes is repayable with interest. The administration has reached a low point in withholding these congressionally authorized funds for loans at a time when they are literally throwing away billions forcing gifts on other countries who do not understand or appreciate our generosity.

Mr. Speaker, the House of Representatives should find out who is to blame for deliberately defying the mandate of Congress providing veterans' funds and then take steps to deal appropriately with those who so lightly regard an act of Congress.

## NO ROLLCALL VOTES UNTIL THURSDAY, SEPTEMBER 13

Mr. ALBERT. Mr. Speaker, I renew my request that rollcall votes except on procedural matters on Monday, Tuesday, and Wednesday of next week may go over until Thursday.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## FIFTH ANNUAL REPORT OF U.S. PARTICIPATION IN ATOMIC ENERGY AGENCY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 538)

The SPEAKER laid before the House the following message from the President of the United States which was read, and together with the accompanying papers, referred to the Joint Committee on Atomic Energy and ordered to be printed:

*To the Congress of the United States:*

I transmit herewith, pursuant to the International Atomic Energy Agency Participation Act, the fifth annual report covering U.S. participation in the International Atomic Energy Agency for the year 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, *September 6, 1962.*

## SEVEN-POINT PROGRAM AND JOINT RESOLUTION TO PREVENT COMMUNIST PENETRATION IN THE AMERICAS, REAPPLY MONROE DOCTRINE, AND CONTRABAND RED ARMS AND MUNITIONS

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HOSMER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. HOSMER. Mr. Speaker, between July 27 and July 31, 3,000 to 5,000 Soviet personnel arrived in Cuba to augment Castro's Communist army already over 400,000 strong. Eleven Soviet cargo ships arrived during the same period and unloaded at the ports of Havana, Matanzas, Bahia de Nipe, Bahia Honda, and Mariel. Soviet personnel did all the unloading during night hours under strictest security conditions.

Eyewitnesses say empty trucks were lifted into the holds of these ships where they were loaded and covered with tarpaulins. They then were hoisted back on the docks and driven away by Soviet personnel. All indications are that military hardware and communications equipment formed a large part of the cargo. Crews of American airplanes flying over the ships on their way to Cuba observed the military nature of their deck cargo. Eyewitnesses saw tanks, communication trucks, and large truck-trailers about 40 feet long coming off the ships.

Only one of the five Soviet passenger ships arrived openly. It was ceremoniously welcomed by Cuban Communist officials and carried about 400 agricultural experts and technicians. The other four vessels arrived secretly, at night, and carried Soviet personnel to man and maintain the Soviet military equipment. It is utterly immaterial whether these Soviet personnel are technically members of the Soviet armed forces or claim a technical civilian status. They are, in fact, on a military mission and performing military duties in connection with military equipment hostile to the United States of America.

At least 15 more ships from the Communist bloc, containing more of the same kind of cargo and personnel, arrived in Cuba during August or were en route. An unprecedented Communist military buildup is taking place almost within sight of the southern coastal cities of the United States. Soviet armor within the last week fired on U.S. naval aircraft with the intent to kill.

Although President Kennedy states the situation is being examined, I submit the time for examination has passed and the time for action is at hand. I specifically recommend the President at once take the following seven steps:

First. Take a firm stand against Communist expansion into the Americas; then tell and show the world we mean what we say—that the Monroe Doctrine is not dead.

Second. Declare the Western Hemisphere a peace zone, and tell the world we mean to keep it that way through use of national power, if necessary.

Third. Declare all Communist war material, including fuel, as contraband and prohibit its shipment into the peace zone of the Americas.

Fourth. Use U.S. national power to send back, jettison, or seize all contraband sent into the peace zone.

Fifth. Adopt as U.S. policy the ousting of Castro's Communist dictatorship from Cuba, and enlist active support from anti-Castro and anti-Communist forces in Latin America to help us get the job done.

Sixth. Develop and expedite a tailor-made information program for our hemisphere which makes it clear we will not tolerate guerrilla invasions and power seizures of Latin American countries by Cuban or other Communist forces or Communist expansion of any kind.

Seventh. Use our national power to the extent and in the manner required to free the Cuban people and give them the right of self-determination.

To implement the portions of these recommendations dealing with application of the Monroe Doctrine, early in this Congress I introduced a joint resolution to forestall intervention, domination, control and colonization by the international Communist conspiracy in the New World. Because of the administration's opposition, this joint resolution is now dying in a Foreign Affairs Subcommittee pigeonhole. I urge the administration to reverse its attitude and seek immediate passage of this joint resolution.

Simply stated, the joint resolution does the following:

First. Recognizes the vital danger to all American nations of a direct or indirect intervention by international communism into any one of them.

Second. Reaffirms the Monroe Doctrine's warning to European nations to keep "hands off" the two American continents.

Third. Applies the Monroe Doctrine to international communism, whether operating openly or under subversive camouflage.

Fourth. Labels any direct or indirect intervention by international communism anywhere in the New World as a danger to peace and security of all American States justifying immediate exercise of these nations' inherent right of self-defense.

Fifth. Authorizes immediate individual or collective self-defense action by American nations to forestall subversive intervention by international communism anywhere in the Americas.

Sixth. Provides for an inter-American administration of any American nation rescued from international communism, pending restoration of a government of the people, by the people and for the people.

If Communist efforts to control countries on the American Continents are not thwarted, the United States will become subject to destructive sneak attack from Red missile bases at short ranges to the south. Wholesale mischief to our defense, electronic, and other installations can be accomplished by Red electromagnetic equipment beamed at the United States from the south.

Communist regimes in the Caribbean, Central or South America, or any of them, will not alone imperil the United States and its American neighbors. By thus exposing the United States to attack from the south, the relative power of the free world and the Communist empire will be so drastically unbalanced that all Western nations and thus Western civilization itself would be overwhelmed and destroyed.

The manipulations of international communism in the New York approach closer and closer to obvious intervention upon our continents. For too long, we, as a nation, have left the initiative to Communist enemies dedicated to our destruction. We have waited for their blows to fall, and then only improvise some hasty action to fend them off. In this atomic age only a few microseconds of attack warning may exist between survival and extinction. They are far too short for us any longer to tolerate the possibility of devastating military surprise from international communism south of our border.

This Nation must develop, enunciate, and pursue forthright and effective policies within the inter-American peace structure that actually will keep international communism off the American Continents. That is all I am asking the President and the Congress to do. It is what a vast majority of the American people know in their hearts and their minds must be done.

I am seeking U.S. action and initiative to stop the Reds now, before it is too late. Unless we do so, we permit the stage to be set for a series of Red backdoor takeovers that eventually will engulf not only the Americas, ourselves, but the entire free world as well.

It is our duty to act now and to act decisively to forestall this threat.

It is in our tradition of initiative to achieve and preserve freedom begun in 1776 that we do so.

It is possible for us so to act wholly within the framework of accepted international law and principles in so doing.

The joint resolution was carefully drafted with that duty, that tradition and that possibility in mind. It was conceived originally by Prof. Samuel F. Bemis, of Yale University, an outstanding historian and authority on diplomatic relations in the Americas.

The joint resolution incorporates and extends to present facts and situations a long series of inter-American diplomatic policies and declarations from the Monroe Doctrine of 1823 onward. It spells out clearly what has not been clear before. Namely, that intervention in an American state by international communism is not a mere "internal" matter pertaining to the victim nation alone, and thus subject to the "good neighbor" policy's inhibition against interference by one American state in the internal affairs of another. The joint resolution recognizes and declares that in law, as well as in fact, such action constitutes a foreign intervention prohibited by the Monroe Doctrine. As such, it is clearly labeled by the joint resolution as a threat to peace and security, and thus subject to counterintervention and restoration of a free government to the people.

In connection with the application of the doctrines of contraband I have urged the President to make, I already have introduced another joint resolution which will bar Soviet shipments of arms and munitions to the Western Hemisphere, together with the personnel who maintain and man such hostile hardware. This is House Joint Resolution 524—declaring Communist arms and munitions contraband in the Western Hemisphere and making provisions for enforcement of the same. Like my Monroe Doctrine joint resolution, this contraband joint resolution is also dying in a Foreign Affairs subcommittee pigeonhole because of the administration's opposition. Again I urge the administration to seek immediate passage of these two joint resolutions.

Briefly, the contraband joint resolution is a formal declaration that Communist arms and munitions are contraband in the Western Hemisphere, a direction to the President to promulgate a specific list of contraband arms and munitions, including petroleum products, and an authorization for enforcement of the declaration by appropriate use of U.S. airpower and U.S. seapower.

This is the way it works:

On the declaration of a contraband, international law recognizes a right of enforcement. The procedure is peaceful. A U.S. patrol aircraft spots a Communist-bloc ship headed toward Cuba or elsewhere in the Americas. It signals for a U.S. destroyer to intercept and search the ship.

If Communist arms or munitions are found aboard, the ship is warned to turn around.

If its captain refuses, or tries again to proceed toward a port in the Americas Navy men can either reboard the merchantman and jettison its contraband cargo or bring it to a U.S. port to have confiscation adjudged.

The advantages of this unique approach, based on modernization of long standing principles of international law, are many:

Only a few U.S. aircraft and ships would be required. These would operate on the high seas. There would be no interference with the integrity of any nation's territorial waters or domestic soil. In contrast, blockading Cuba would require a ring of vessels for many hundreds of miles around the large island, drawing U.S. naval forces from other world trouble spots where they are needed.

Once firmly established, the precedent would be applicable universally in the Western Hemisphere.

U.S. forces would be acting in a strong area of U.S. seapower and airpower almost 5,000 nautical miles from the U.S.S.R.'s nearest home bases.

Moreover, it is highly unlikely the Soviets would attempt to escort "merchant ships" with their own warships or otherwise engage in retaliatory mischief. It would be hard to imagine shrewd Kremlin realists risking the start of all-out war under the most disadvantageous conditions possible from both power and propaganda standpoints, that is, where their challenge would have to be made in an area of overwhelming U.S. strength and for the obviously warlike purpose of forcing arms and munitions into an otherwise peaceful hemisphere.

For over two centuries the Western Hemisphere has been a vast reservoir of physical and moral strength in the struggles of freedom against tyranny. Communist strategy clearly aims at eliminating this checkmate to Red goals, and the imposition of mischiefmaking arms and munitions upon the American nations is one of their major tactical moves to do so.

Equally obvious is the fact that the United States must act decisively to counter this deadly thrust. Failure, weakness, and lack of decision here on our own doorstep cannot but doom us to defeat from the broader challenge of worldwide domination hurled at us by the international Communist conspiracy. Not only does it undermine our position as leader of the free world in crises such as Berlin and Laos; it rots away the entire foundation of free-world security and survival.

Not only are ample foundations for action to contraband Communist arms and munitions in the Western Hemisphere found in the Monroe Doctrine and article 51 of the U.N. Charter but elsewhere and repeatedly in our history.

President Theodore Roosevelt in his time amply affirmed the right of the United States to protect U.S. interests with U.S. military forces, particularly naval units.

President Franklin D. Roosevelt, before our entry into World War II, not only enunciated our right to continental defense but in effect established the Western Hemisphere as a "peace zone," making acts of belligerency "off limits" in the "waters of which we deem necessary for our defense."

Further, deep rooted in Marxist-Leninist dogma is a reverse application of the Monroe Doctrine so fundamental to Communist strategy that objection to our modernization of the law of contraband could not be voiced without imperiling one of their own most vital strategies.

It is the peace zone-war zone concept which holds that all Communist-dominated territory is a peace zone in which they will tolerate no outside interference. The zealous intensity with which the Kremlin acted to preserve this concept from violation during the Hungarian revolution amply demonstrates the importance they attach to it.

A concomitant of the doctrine is that all non-Communist territory is regarded as a war zone in which action by them to forward Communist goals by application of violence at times, places, and in the degree of intensity regulated by historical materialism, is always sanctioned.

Committed to application of the principles of the Monroe Doctrine in one direction, the international Communists can hardly object effectively to its application in the opposite direction by our intolerance of their interference in our own peace zone by contrabanding the shipment of Communist arms and munitions to the Americas.

Although the principles of contraband, much older in international law than those of blockade, have thus far been applied only during the state of military conflict, there is no reason why they cannot be modernized for application to the current situation.

In closing, I reiterate my strong recommendation to President Kennedy to adopt the seven-point program I have today outlined, that forthwith the Monroe Doctrine be restored as active U.S. policy and that it be implemented not only by application of contraband to Communist arms and munitions, but by every other appropriate and timely application of U.S. national power that developing circumstances warrant.

Former President Harry Truman did not examine the situation overlong when Russia flouted our prestige and interests in Korea. He moved. Asia is not all Red today because he did move with courage when the Kremlin tested our will.

Former President Eisenhower likewise took fast and effective action whenever the Reds pushed too hard, and it was Khrushchev who gave ground. Witness the latter's withdrawal of his ultimatum on Berlin.

President Kennedy has ample precedent for forthright and courageous actions. He invites invidious comparisons and further Communist aggressions by his seeming agonizing indecision in taking them.

## WASHINGTON COVER-UP

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. MEADER] may extend his remarks at this point in the RECORD.

The **SPEAKER.** Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mr. MEADER.** Mr. Speaker, Clark Mollenhoff in "Washington Cover-Up" has performed a valuable public service in chronicling the growth of bureaucratic censorship of information about the public business.

The other blade of this two-edged sword—executive publicity and propaganda activities financed from tax funds—remains to be described.

Suppression of truth and slanted, self-serving releases, press conferences and planted news stories add up to a formidable brainwashing weapon which may well be employed by the bureaucracy to undermine the foundation of informed public opinion upon which must rest any structure of government based upon the will of the people.

Mr. Mollenhoff's book is readable.

An able lawyer, he could have exposed and evaporated the apparition of "executive privilege" conjured like a cloud of smoke to conceal bureaucratic bungling and burglary. But who would read such a book? Even lawyers would have few clients who would concern themselves with a constitutional dissertation.

A diligent reporter, who day in and day out has personally observed the frustrations of the press, the General Accounting Office, and congressional committees to get the truth, the whole truth, and nothing but the truth from executive agents and agencies with respect to their discharge of a public trust and their expenditures of public funds, Mollenhoff is convinced that the American people should know what is going on.

A crusader for truth and candor in accounting to the American people, Clark Mollenhoff is seeking in "Washington Cover-Up" to arouse the American people to a danger of which I fear they are unaware. I hope he succeeds.

## MILITARY MISSIONS IN SPACE

The **SPEAKER.** Under previous order of the House, the gentleman from California [Mr. MILLER] is recognized for 30 minutes.

**Mr. GEORGE P. MILLER.** Mr. Speaker, last spring a gentleman who addressed the American Astronautical Society made this comment:

> To the extent that space developments have military applications, these developments are as important to our security as maintaining modern conventional land, naval, and air forces. Many military missions in space may not yet be clear, but they are expected by most of the experts to emerge with the passage of time. We have no choice but to guard against unknown dangers by continuing to support our military space programs. From the standpoint of national security, there is no safe substitute.

Now, that statement may sound as though it originated with the editor of a military trade journal or with the Air Force or even in the U.S. Senate. It did not. I was the speaker on that occasion, and I stand behind every word I then said.

I hope you, my colleagues, will forgive me for taking this somewhat devious method of putting myself on record as an advocate of a strong military posture in space. I have done it simply to indicate that this is nothing new in my attitude and that it was not caused by the recent notable achievements of the Russians in space.

Those Soviet achievements, however, have evoked a strident clamor from some quarters, leaving the public with the impression that our national space program is wasting its substance in visionary scientific puttering while our military effort in space starves for lack of financial food and bureaucratic affection.

Mr. Speaker, if I may be permitted to indulge in a bit of understatement—this is not quite the case.

I guess I have been as much impressed as anyone by the voices raised in the Senate on this matter—particularly those of the junior Senators from Nevada, Arizona, and Connecticut—although my reactions are possibly of a different character than that which the Senators sought to create. If I assess their views correctly, they would feel happier if the administration concentrated more on military space activities and less on peaceful ones.

I am not surprised that the Senators from Nevada and Arizona are interested in this matter. They are good Air Force Reserve generals and are quite properly concerned with the defense of the Nation. I am, however, a little startled to find them apparently unaware of what has been going on these past few years. One is almost led to believe that Congress has never before considered the military use of space and that awareness of its potential has just materialized for the first time.

I am sure that the distinguished Speaker of the House, who served as chairman of the Select Committee on Astronautics and Space Exploration—and other Members too—recall how much attention was given to this very problem when the McCormack-Johnson Space Act was written in 1958. The select committee spent 2 months in hearings and another 2 months in executive deliberation on that act. Of the 51 witnesses who were called before the committee, 22 were high ranking military officers or civilian officials in the Defense Department. The military potential of space was explored thoroughly at that time and special care was taken in the act to see that it would be developed.

Thus, in the very beginning of the Space Act we provided this:

> Activities peculiar to or primarily associated with the development of weapons systems, military operations, or the defense of the United States (including research and development necessary to make effective provision for the defense of the United States) shall be the responsibility of, and shall be directed by, the Department of Defense.

A large part of the debate in both Houses centered on the military ramifications of space, and both the present Speaker of the House and the present Vice President, who then served as chairman of the Senate Space Committee, took particular pains to explain this phase of the act to their respective Chambers.

Moreover, in the House version of the act there was a Division on Military Applications set up within NASA and charged with responsibility for helping to develop the military use of space. I will have more to say on this later, but for the present let me simply note that the Senate removed this provision from the act.

I realize the Senators from Nevada and Connecticut were not in Congress when all this happened and might not be expected to be aware of it unless they studied the history of the Space Act. The Senator from Arizona was in the Senate then. The record discloses no objection on his part when the Division on Military Application was eliminated.

In 1960, at the instance of the present Speaker of the House and our committee, the House approved an amendment to the Space Act in which it sought to strengthen the military space function. This bill provided that "the Department of Defense shall undertake such activities in space, and such research and development connected therewith, as may be necessary for the defense of the United States." The House passed this bill, but again the Senate failed to act.

Since 1959 the Committee on Science and Astronautics, which I have the honor to chair, has been meeting day in and day out, year in and year out. Perhaps 90 percent of our work has been devoted to space, and we have never failed to try to keep abreast of military developments and desires in the field. We have constantly called officers of all the armed services before us to keep us up to date. I suspect that there is more than one military authority who would be rather pleased if we left the military alone. We have also poked and prodded both NASA and the Defense Department toward mutual cooperation until they are bruised in their administrative ribs.

On the basis of our experience, if there is any inhibition on the part of military authorities in identifying military prospects and missions in space, it is being magnificently concealed. As we see it, the problem is not one of inhibition, but one of reducing ideas to a point of feasibility where it is worthwhile to pursue them.

The analogy between the present state of affairs and the prevalent atmosphere in the days of Billy Mitchell, a comparison which the critics wave about with abandon, seems to me a poor one. Billy Mitchell knew exactly what he wanted—manned bombers. But the space program's critics are vague about what they want. Something really good, they say, is bound to turn up. That's fine. I agree. And as it does, I say "let's go." I cannot understand, however, initiating a program when the requirement it must meet is unknown or can be better met by another system. Is this myopia on my part? Does this make me a Pollyanna where space exploration is concerned?

I am only an ex-artilleryman from World War I and perhaps do not possess the military sophistication of my colleagues in the other body—but I do not believe my logic can be refuted if I go to the professionals for advice on security matters. I believe the Office of the Secretary of Defense and our Joint Chiefs of Staff know what they are about in regard to tactics and strategy. If they do not, the taxpayers of America are being mesmerized into the biggest boondoggle in recorded history. This is what we pay them for and if we cannot rely on their judgment, whose shall we rely on? I recognize that Congress must sometimes take the lead in directing our defense efforts. But the issue here is more than guidance on a specific policy or exploiting known potential. It involves evaluation of the entire spectrum of technology and weapons systems. The Defense Department, which must solve the total military equation and not just isolated parts, says it is not ignoring the military potential of space, but is bringing that phase along as rapidly as conditions warrant.

The balanced program we are following is the one devised by the President after meticulous study of the Nation's needs, resources, and aspirations. It was formulated with the specific aid of Vice President JOHNSON, who not only chaired the Senate Space Committee for 3 years but who, as chairman of the National Aeronautics and Space Council, is directly responsible for overseeing the development of our total space program. I am positive in my own mind that both President Kennedy and Vice President JOHNSON are keeping a sharp eye upon all the needs of our space effort—civilian, and military. When more should be done—and can be done—in either area, I am confident it will be done.

Dr. Harold Brown, director of defense research and engineering, has told us:

> We must engage in a broad program covering basic building blocks which will develop technological capabilities to meet many possible contingencies. In this way we can provide necessary insurance against military surprise in space by advancing our knowledge on a systematic basis so as to permit the shortest possible timelag in undertaking full scale development programs as specific needs are identified.

This makes sense to me.

Certainly, I will not stand here and say that more and better military space programs should not be undertaken. What I do say is that a considerable effort in this field has long been underway and that the Monday-morning quarterbacks whose teeth start chattering after every Russian spectacular might exhibit a bit more faith in those who have the actual responsibility for the defense of the country. Our defense officials are not dolts, and I suspect that their decisions are based on information and intelligence which is somewhat superior to that of their lay critics. If not, we are indeed in a bad way.

Parenthetically, I find it interesting that some of the most articulate defenders of our constitutional system are not above a backhand jab at that system when it thwarts their own immediate objectives. Thus Defense Department civilians, who are charged by the Constitution with broad control of military policy, become "whiz kids" when they fail to respond to the pet ideas of these otherwise champions of the law.

Mr. Speaker, just what is it the Russians have accomplished with their twin cosmonauts?

Those who say our own program is weak imply that this achievement amounts to a military breakthrough. Their case would be more impressive if they would describe in detail how or why it is a breakthrough. Apparently, they cannot. They just say that it means we are further than ever behind the Soviets—and then they proceed to beat the military drums with an energy which, I must confess, I find myself envying.

One of the most interesting witnesses produced by the critics is Sir Bernard Lovell, director of the Jodrell Bank radio telescope in England and an eminent scientist. The press quotes Sir Bernard as saying that the Russian feat means that the Soviets are not far from having the capability to knock down orbiting U.S. spacecraft. "They have a clear superiority in the military if not the scientific sense," he is quoted.

I cannot confirm or deny the possible truth of these statements, or the extent of Sir Bernard's military qualifications for that matter. Nonetheless, I think there must be a slight mixup somewhere.

Last winter I spent a little time with Professor Lovell at Jodrell Bank and again in Washington. We discussed at length the controversial U.S. military project Westford—at which the good professor stood totally aghast. "Well," we told him, "some people think the Russians might soon be able to knock down communications satellites. So they think we might need an alternative system."

Professor Lovell's response was a masterpiece of conviction. To the notion that the Soviets were anywhere near ready to shoot down our satellites, he said: "That is absolute fantasy." Those are his precise words. I know because I wrote them down. He went on to describe the Soviet space effort as "single-minded," "undeviating," "prestige oriented," and "relatively unsophisticated." He said that a "poor" nation, such as Russia, would regard something like our own Air Force saint program to be a "frill"—the hard and expensive way of doing things. They would never bother with it.

If Professor Lovell is now correctly quoted by the critics of our space program, it would appear he has been introduced to some drastic new thoughts in the past few months. Perhaps new evidence has made him change his mind. On the other hand, maybe he was right in the first place.

No one in our Government has denied that the Soviets are first in the ability to launch large boosters. Their powerful rocket, developed through repeated use to a high degree of reliability, can be launched with such precise timing that it reportedly placed Cosmonaut Popovich within 3 miles of Cosmonaut Nikolayev, speeding overhead at 5 miles per second.

But does this mean the Russians are about to take off for the moon?

Not quite, unless they have a new booster as yet undemonstrated.

The cosmonauts announced that their spacecraft weighed about 5 tons, as did those of their predecessors. Thus if they sought to land a 10,000-pound *Vostok* on the moon, it would be necessary for them to place 200,000 to 300,000 pounds in orbit about the earth.

The greatest weight the Soviets claim to have lifted into space to date is 14,000 pounds, on their Venus shot of February 1961—a shot which got lost, incidentally, and which even Professor Lovell could not find for them. While this exceeds our present capability, it is apparent that the Soviets have a long way to go from 14,000 pounds to an earth orbital capability of 200,000 to 300,000 pounds.

Now then, does the Soviet accomplishment signify a weapons system in being? Not on its face, certainly.

The people with whom I have talked, and they number quite a few, point out that this was a controlled experiment, where orbit angles and altitudes were of the Russians' own making and where there was a chance for cooperation between the two vehicles. Even then, there was no contiguous rendezvous. To effect rendezvous with a military space vehicle not launched by the Soviets would be a far more sophisticated problem. First, the satellite must make one or more passes over the Soviet tracking system to determine its orbit parameters. Then, there must be alinement and countdown of the intercept missile with enough fuel aboard to maneuver the craft into a prohibitive number of possible orbit configurations. It is fallacious to conclude, on the basis of any experiment so far demonstrated, the existence of an operational capability of any kind of weapon system.

It is true that this is a step in the direction that we, as well as the Russians, must take either for landing on the moon or for a manned orbital weapon. However, there is no suggestion yet that the needed navigation, control, and propulsion equipments have been developed to perform this mission. Moreover, as Professor Lovell himself has suggested, there is doubt that the Russian program is so broad that a military weapon of this type is being developed concurrently with their rendezvous capability, which is a necessary step for them to land on the moon. There is even some evidence that their program may be directed primarily toward the propaganda to be gained by manned lunar landing, with advantage taken of any military fallout.

Of course, this is not a safe conclusion to draw and we cannot bank on it. Nor should we overlook the fact that the Soviets have now demonstrated two important capabilities: First, that they have sufficient launch facilities and rocket reliability to launch two manned spacecraft within a short time, and second, that they have the ability to time launches with great precision. These capabilities are an important step toward the development of the rendezvous and docking technique which will be of great value in achieving many advanced objectives in space exploration, some of which may have potential military value.

These, I think, are the formidable implications of their recent feat. But these implications are no reason for us to put our program in a constant state of flux, with projects starting, stopping, and shifting in response to each new Soviet development. Our undertaking is gigantic, immensely complex. It cannot be assembled and disassembled and redesigned and reassembled without losing its direction and momentum, and the space contest itself.

I do not believe we are doing badly. I would like to remind my colleagues that the Soviets were working on manned space flight at least as far back as 1955. This was evident from the report of Professor Sedov, chairman of the Soviet Interplanetary Communications Commission, to the International Astronautical Federation at that time. Six years later the Soviets had a man in space. We put a man there in 3 years from the time we went to work on it. Their spacecraft was larger than ours, but I see nothing in that record to wince at.

Mr. Speaker, the Senator from Nevada says that our peacefully oriented space program is emphasized "to the detriment of development of vitally needed military capabilities in space."

He goes on to say we must "look at the record"—which he proceeds to look at and from which he concludes that we cannot trust the Russians.

I completely agree. But why stop with looking at the Russians' record? Let us look at our own.

That record shows that we are putting up over $1½ billion for military space activities in fiscal 1963. Is this a pittance? In terms of numbers of dollars it is about half the entire Federal budget of three decades ago. Secretary McNamara has described it as a huge program.

And this is only for 1 year.

The total military expenditure for space per se, to date, is $4,819 million. This figure can be compared to the amount of money spent or being spent by NASA through fiscal 1963 of $6,445 million. In other words, of all the money being spent by the United States for space exploration—43 percent is military. I find it difficult to view this record as flagrant disregard for the military's interests.

Here is the breakdown:

First, for research and development satellite systems, such as Vanguard, Explorer, and Discoverer, DOD has spent or is spending in the neighborhood of one-half a billion dollars.

Second, for reconnaissance and intelligence satellite systems such as Samos and Midas, whose missions are to provide the United States with early warning, and intelligence of the politically inaccessible areas of the world, DOD has spent or is spending in this area over a billion and a half dollars.

Third, in the fields of communication and navigation satellite systems, such as Advent, Courier, and the Transit projects, DOD has spent or is spending over $400 million.

Fourth, the Spadats System, with a mission of detecting and tracking uncooperative manmade objects in outer space, DOD has spent or is spending in this area over $100 million.

Fifth, in the space plane research and development area for such projects as the X-15, Dyna-Soar, et cetera, DOD is spending or has spent over $500 million.

Sixth, in the Satellite Inspector System, which has the mission of rendezvousing unmanned spacecraft with uncooperative satellites in space to determine their mission, DOD is spending approximately $75 million.

Seventh, for the development of large boosters, such as Titan III, Centaur, and very large motor development, DOD has spent or is spending a little under a billion dollars.

Eighth, in the miscellaneous area for numerous miscellaneous research and development projects, DOD is spending over one-half billion dollars.

Mr. Speaker, at this point I think it would be useful to take a look at the six-point program proposed by Senator CANNON, of Nevada, on August 20 and see how it holds up.

First, he urged programs "to conduct near space operations using manned maneuverable vehicles capable of self-defense and having the capability of conducting offensive, defensive, and passive support missions."

As an example, he cited the Dyna-Soar program, recently renamed the X-20 and added:

> While specifically a test bed, this project is critically important to the attainment of effective military capabilities in space. Such a vehicle is needed to demonstrate the feasibility of rapid launch capability, maneuverability in space, maneuverability during reentry, precision recovery with conventional landing, reuse and the ability to incorporate weapons.

This statement stems from several widespread misconceptions. The Department of Defense and the National Aeronautics and Space Administration have excellent reasons for conducting the important research involved in their joint efforts in the X-20 program. The X-20 will explore the problems and conditions of hypersonic flight over the velocity range between the X-15 research aircraft and orbital velocity. It will demonstrate a pilot's capability to control reentry and recovery from orbit. The pilot will be able to extend his flight path by several thousand miles straight ahead or to either side followed by conventional landing.

Just a few days ago, the Department of Defense awarded a contract for the development of a powerful new launch vehicle, the Titan III, with a first stage generating up to 2½ million pounds of thrust, to provide the power to lift the X-20 research airplane into orbit. The schedule calls for flights in the mid-1960's.

But it is not necessary to wait for the Titan III and the X-20 to demonstrate the feasibility of rapid launch capability, maneuverability in space, maneuverability during reentry, precision recovery with conventional landing, and reuse. NASA is already conducting a program, Project Gemini, designed to accomplish all of these objectives several years sooner than will be possible with the X-20. The Gemini will be much lighter than X-20, will require a much smaller and less expensive launch vehicle, the Titan II, and will carry two men instead of one. The first Gemini launch will take place about a year from now.

Project Gemini will enable the United States to conduct experiments in rendezvous and docking about 18 months from now. The results of this research will be available to any agency of the United States requiring it.

In his second point, Senator CANNON suggested developing a standard national space launch system in support of military requirements with application to the civilian requirements of our overall national space effort. I am happy to report that such a system is already in existence.

Responsibilities in the national launch vehicle program have been divided between NASA and the Department of Defense. Until recently, there were 10 vehicles in this program. The addition of Titan III makes 11. Development of six of the vehicles, four large and two small ones, is managed by NASA. Development of the other five is managed by the Air Force for the Department of Defense. All, however, are available to any agency of the Government having work to do in space.

What are these vehicles? They range from the Scout, a four-stage solid-propellant vehicle that can place a 150-pound satellite in orbit, to the giant Nova, which will lift 300 tons or more.

The five smallest vehicles—Scout, Delta, Thor-Agena, Atlas, and Atlas-Agena—are already operational. Development of the others is in various stages of progress.

The Titan II, as stated previously, will be available next year for flights in the Gemini program. It will be able to orbit payloads of more than 6,000 pounds.

Next up the line is the Centaur, a pioneer research effort in which liquid hydrogen will provide the power to boost 8,500 pounds into orbit or speed a ton to Mars. The Centaur will be available in the mid-1960's.

Vehicle No. 8, the well-known Saturn, is the laregst U.S. launch vehicle currently in the flight-test phase. The first stage has been flown successfully twice. Two-stage flights will begin next year. About a year to 18 months from now, the first model of Saturn, the C-1, will begin carrying useful payloads. The Saturn C-1 will be capable of lifting 15,000 to 20,000 pounds into orbit. A later model of this vehicle, the Saturn C-1B, will have an improved second stage and will have the capability to lift almost 30,000 pounds into orbit, beginning about 1965.

The Titan III will provide approximately the same power as the Saturn C-1B. However, it will have the military advantages of instant readiness because it employs storable liquid propellants and solid-propellant booster motors.

The largest launch vehicle under development by this country is the Advanced Saturn, sometimes called the Saturn C-5. This will have a first stage consisting of five giant F-1 engines, each as powerful as the total of all eight engines of the earlier Saturn. The three-stage Advanced Saturn, with the capacity to launch 220,000 pounds into low orbit, will be employed in our endeavor to land men on the moon. The first flight test is scheduled for 1965.

The final vehicle in our program is the Nova. In the current fiscal year, NASA is conducting intensive studies to determine just how large and powerful the Nova should be. Both liquid and solid propulsion are being investigated for the lower stages of the Nova and both chemical and nuclear propulsion are being studied for the upper stages. Nova's job will be to carry out the space missions of the early 1970's.

Senator CANNON's third point envisioned near-space operations using unmanned satellites with the capability of performing military communications missions.

Research and development to this end has been carried out in the Advent program since 1958 and was recently redirected by the Department of Defense. In addition, there are the Telstar, Relay, and Syncom programs, with the Department of Defense providing the ground environment in the latter program.

In his fourth point Senator CANNON advocated establishing and operating greatly improved earth-based installations for tracking and controlling friendly vehicles and for detecting and tracking potentially unfriendly vehicles.

We already have in existence extensive tracking and data acquisition facilities for the purpose of tracking and controlling friendly vehicles. Moreover, an impressive and hard-driving program is well underway to extend these facilities and to increase their capability for handling our Gemini and Apollo programs.

These facilities, operated by NASA, are devoted to the needs of our civilian program, but are available to the Department of Defense to fulfill any requirement it may have. In addition and separately, the Department of Defense has extensive facilities devoted to its own needs, including the tracking of "potentially unfriendly vehicles."

The extent and nature of these facilities are classified, but it is certain that their adequacy has been considered by the appropriate authorities in the Department of Defense, and in the administration, in making their recommendations regarding our space program.

Senator CANNON's fifth point urged establishing and operating in-space facilities for applied research and development testing. As an example, he cited "a military orbital development system for the purpose of providing an orbital space test station whereby space vehicle components and subsystems may be tested in the actual space environment, which cannot be fully duplicated on earth. The training and performance of in-space supply, maintenance, crew rotation and rescue missions can also be integrated through the use of the orbital test station."

As Senator CANNON has described this station, it would be a vehicle for the purpose of conducting research and development. NASA is on record that it plans to include a manned space station in its program for flights later in this decade. But there is nothing intrinsically military about such a station. A mannned orbiting space station will undoubtedly have significant military implications; it will have even broader scientific value. Such a program is a planned follow-on to the national effort in Projects Mercury, Gemini and Apollo now underway.

Therefore it is reasonable that NASA should operate the space station program. However, the requirements of the Department of Defense will be considered in laying out the program, and the capabilities of the Department of Defense will be employed. Such a program will cost several billion dollars. It is not only important to avoid wasteful duplication, it is essential.

Finally, Senator CANNON proposed in-space bioastronautics experiments through the employment of an orbital space satellite. Everyone familiar with space problems agrees that this should be done.

But—

He says—

> the military's bioastronautics orbital space satellite program, designed for the determination of the feasibility of extending manned military operations in space through exposure of selected biological payloads to the space environment needs to be pursued as soon as possible.

Again, there is a suggestion that the military services should duplicate work now in progress under the civilian space agency. There is nothing particularly military about solutions to problems involved in the effects of long-term weightlessness, radiation, and isolation. The capabilities of both civilian and military research agencies should be brought to bear on these problems in a coordinated manner.

On the record, then, it appears that the critics of our space program are not asking that we do twice as much—but that we do everything twice. I do not think the economy will take that, but even if it would—it just does not make sense.

And how about the reciprocal use of the knowledge we are gaining? Science knows no exclusive applications. Technologically speaking, what is developed by civilians can be used militarily and vice versa.

That is why we have an Aeronautics and Astronautics Coordinating Board set up between NASA and the Defense Department. The Board consists of numerous scientific panels with an equal number of military and civilian specialists serving on each. It has been operating for several years, and very well, too.

This is why there is regular, permanent liaison between NASA's Office of Manned Space Flight and the Manned Space Flight Command of the Air Force Systems Command. The Air Force recently created this command just to take advantage of NASA's work in the field.

This is why 181 Army, Navy, and Air Force personnel are assigned to NASA as part of its operating organization. In fact, the Gemini and life sciences programs of NASA are both headed by Air Force officers. NASA's use of qualified military personnel is well known.

This is why all of NASA's major space missions to date have been launched from a military facility—Cape Canaveral—using military-developed boosters that can accommodate either a warhead or a scientific payload.

Does this sound as though the civilian space effort is frustrating our poor, defenseless military men who want so badly to be allowed to use space technology in their profession?

Not to me, it does not.

Is it any wonder that I am completely dumbfounded to hear the Senator from Connecticut saying:

> The machinery of cooperation between NASA and Defense will have to be overhauled in a manner which gives due consideration to the requirements of defense as well as to the requirements of science.

If what I have been talking about is not "due consideration" then I am sadly afraid that I need a refresher course in semantics. It looks to me that what the Senator wants is not "due consideration" but "complete control." Unless, of course, he does not know about the existing state of affairs.

Mr. Speaker, if it is necessary that we accelerate the military space effort, perhaps the answer lies in putting the Military Applications Division back into NASA—as the House of Representatives sought to do in 1958 and which has been done successfully within the Atomic Energy Commission.

Maybe this system should be applied to solve our current problems. As a matter of fact, during a recent briefing of congressional staffs by Deputy Secretary of Defense Gilpatric, the service Secretaries, the civilian Chiefs of Staff, and General Lemnitzer of the Joint Chiefs of Staff—Secretary Gilpatric was asked if he would pose any objection to establishing a defense application group within NASA to take care of the military space requirements. Mr. Gilpatric asked Air Force Secretary Zuckert to answer this question, and Mr. Zuckert's answer was: We, in essence, have already started this by assigning General Ritland's manned space flight group to collaboration with NASA.

Mr. Speaker, the Soviets are going to score a lot more with their space program. This should not surprise anyone by now. Nor should we be surprised when Mr. Khrushchev rattles his rockets internationally after every success. Why should he not? After all, this is the main string to the Soviet bow so far as impressing the West is concerned.

But I do not believe we need to throw the panic switch at each new Russian achievement in space. Second, in my opinion, it would be the height of diplomatic irresponsibility to mimic the Soviets or to abandon our emphasis of the peaceful exploration of space—an emphasis which the American Government evolved with careful deliberation in the National Aeronautics and Space Act of 1958.

The United States is scoring, too. If you want to look at box scores of successful space endeavors of all kinds, the present status is roughly: United States, 85; U.S.S.R., 22.

Tiros, Transit, Telstar, Echo, Pioneer V—these remarkable American ventures—which have no Communist counterpart that we know of—have had their effect, not only on the public at large and the scientific fraternity but on military and diplomatic circles around the world.

Let us not kid ourselves. In this modern age our first line of defense rests with what others think of us. And I submit that the broad scope of our peaceful space program, plus the enormous promise it holds for a better life for all men, is doing much to enhance America's stature in the world community.

If we fail in this area and thus gradually sink in the estimation of other nations, if we abandon peace as our fundamental policy in space in favor of an all-consuming military role—then we are asking for it. We may then have to use our military might and suffer all the dreadful consequences of being forced to do so.

This is not naive idealism as the space program critics contend. This is hardheaded realism. The naivete rests with those who have not yet graduated from the Neanderthal school that still thinks the only way to win a fight is with fists instead of ideas.

In conclusion, Mr. Speaker, it seems fairly well established that the real cause of all this squabble about the military in space stems from an inhouse difference of opinion within the Military Establishment. The problem is not that our civil space program is retarding the military. On the contrary, it is enhancing it and will continue to do so in the future. The problem is that the military space enthusiasts have not been able to obtain all the green lights they want from their bosses.

Certainly, I do not feel competent to judge this military matter. I am confident the controversy will be resolved in time—and expeditiously, I hope.

I am serving notice now, however, that I do not intend to stand idly by and see one of the most promising endeavors ever attempted by this or any other nation—our civil space program—set up as a patsy in a bureaucratic donnybrook for which it is in no way responsible.

## CUBA

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from Alabama [Mr. SELDEN] is recognized for 30 minutes.

Mr. SELDEN. Mr. Speaker, the ultimate responsibility for our foreign policy lies with the executive branch of our Government. Yet, the Congress has the right and duty to speak out on issues which vitally affect the security of every American.

Cuba today is a captive nation. It is a land occupied by Soviet personnel, governed by a puppet regime. Like Hungary's Kadar, Cuba's Castro now requires military reinforcement from the Kremlin to maintain his grip on his captive people.

As chairman of the House Subcommittee on Inter-American Affairs, I have made every effort for almost 3 years to alert the executive branch and the American people to the grave danger Cuba and communism pose to our hemisphere.

In January 1960, I stated that democracy was dead in Cuba and asked for a firmer stand against Castro.

In March 1960, I asked for immediate action to counter Castro's campaign of anti-U.S. propaganda.

In June 1960, I stated that this country could not afford to ignore "mounting evidence that the present Cuban Government is being used to further the international Communist conspiracy."

In August 1960, I criticized the failure of the Inter-American Conference at San José, Costa Rica, to face up directly to the threat of Castro.

In March 1961, I urged the ending of trade with Cuba.

In April 1961, I introduced a House resolution calling for imposition of sanctions against Cuba and the immediate exclusion of Cuba from the Inter-American Defense Board. This resolution was overwhelmingly approved by the House.

In June 1961, I urged collective action against Cuba by the Organization of American States.

In October 1961, I pointed out that the failure of the OAS to face up to the Castro threat was weakening the principle of hemispheric cooperation.

Early this year, following the Conference at Punta del Este, Uruguay, where the nations of the Western Hemisphere for the first time publicly recognized the danger of a Communist Cuba, I reported to the House:

> The United States and its hemispheric allies must proceed with the work set out by the final act of Punta del Este. We must continue and intensify our efforts to free the Cuban people from the tyranny of Castro and to turn back the international threat his government poses.

To be sure, mine has not been the only voice to warn of the Castro menace and the dangers of a continued wait-and-see policy toward Communist Cuba. Nor can the responsibility for the current deterioration of this country's Cuban policy be laid exclusively at the feet of the Democratic or Republican Parties, or the Eisenhower or Kennedy administrations. The foreign policy errors leading to the present crisis span two administrations. Unfortunately, the cautious action we have taken in regard to Cuba has usually been too little or too late.

But little is to be gained from looking back, unless we find some guide to future policy. We must first realize that the arrival of Soviet military personnel and equipment in Cuba in recent weeks requires a total reassessment of U.S. strategy and thinking toward that country.

Let us not compound past mistakes. There was the mistake of waiting to see whether the Castro regime was not simply one of agrarian reform. Then there was the mistake of waiting to see whether Castro was indeed a Communist. And more recently, there was the mistake of waiting to see whether the Castro regime would not fall of its own weight.

We have waited and we have seen. Today we see Russians and Russian rocket equipment off the U.S. coastline. And let there be no mistake and no illusions concerning the defensive nature of these Soviet weapons. These arms tighten an already iron grip on the people of Cuba. To eliminate Castro and communism in Cuba today is beyond the capability of the Cuban people. It will require, in my opinion, a military operation that they alone cannot undertake.

The American people should know the critical nature of the current Cuban situation. They should understand that there is now no easy, painless way out of this crisis. Castro's regime will not conveniently disappear, nor can it be eliminated without a major effort on our part.

The course ahead is dangerous, and our people must fully understand the perils and grim possibilities involved should this Nation take action to eradicate Castroism from the hemisphere. For Cuba is not an isolated problem. It is a part and parcel of the worldwide struggle between the free and Communist worlds—a battle being waged also in Berlin, in southeast Asia, in the Middle East.

It is for the President alone to assess the dangers and calculate the risks in each and all of these areas. It is for him to weigh the risks involved by action—as well as the risks involved by failing to act.

Of this we can be sure: The history of the cold war demonstrates that whenever the free world has faced up to the Communist threat, the Communists have backed down; and whatever the perils involved should the President act to meet the Communist menace to our hemisphere, the American people are prepared to meet their responsibilities on behalf of freedom.

Let Castro and his Kremlin masters make no mistake. The people of the United States are gravely concerned over what has taken place in Cuba and, as the President himself has warned, "our restraint is not inexhaustible."

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. SELDEN. Mr. Speaker, I am happy to yield to the gentleman from Florida, who is a very distinguished member of the House Committee on Foreign Affairs and of the Subcommittee on Inter-American Affairs.

Mr. FASCELL. Mr. Speaker, I wish to commend the distinguished gentleman from Alabama [Mr. SELDEN], chairman of the Subcommittee on Inter-American Affairs, on which I am honored to serve, for the clarity of his presentation, its timeliness, and the recommendations which he has made. I concur, and commend him for it, in the clarion voice which he has expressed for over 3 years, not only on the Cuban situation but on the Latin American situation, a voice which he has diligently applied not only on behalf of the people whom he represents in his district but for the United States of America. It has been my pleasure and my privilege to have been associated with him in his efforts to give congressional expression within the limitations and the manner in which Congress may act by resolution or otherwise to take affirmative action on the issues and on the matters which we discussed.

Mr. Speaker, the situation that confronts the American people with respect to Cuba is really symbolic of the problem that confronts the free world and communism. It is a crisis which we can well afford to take some time today to analyze and discuss.

Twenty-nine years ago ten Latin American Communist parties met in the Caribbean area to sign a manifesto calling for the Communist takeover of Cuba.

Today, that takeover is an accomplished fact.

Twenty-nine months ago—in February of 1960—I warned that we should not be surprised one day to find a Soviet missile base in Cuba—proof positive of Communist encroachment in Latin America.

Today, that Soviet missile base exists in Cuba.

Two years ago this month I warned that Soviet activity in Cuba was producing a volcano that was likely to blow up in our faces.

Today, that volcano is exploding.

In March of 1961 I told President Kennedy that the existence of a Soviet Government in Cuba was imperiling every free government in the Western Hemisphere and urged him to invoke a total economic embargo against this Communist government and to take all other noneconomic actions necessary to return Cuba to the free world.

In August of 1961 my bill prohibiting the interstate or foreign shipment of Cuban goods was passed unanimously by this House. I said at that time that I could not see how we in the United States could stand still any longer and allow Castro's Communist Cuba to continue its outrageous acts.

It was during this same month of August 1961, that I introduced my amendment to the Mutual Security Act, which is now public law, enabling the President to invoke a total and absolute embargo against Cuba—which he did in February of 1962.

I have called for a massive step-up in U.S. political activities in Latin America to combat communism. I have called repeatedly for the Organization of American States and the United States to support and advocate full actions against Cuba.

I have demanded repeatedly that we—the free nations of the Western Hemisphere—must take whatever steps are necessary to eradicate communism from Cuba. I have stated, time and again, that, failing to achieve this concerted action through the Organization of American States within a reasonable period of time, the United States must not hesitate to act in its own national interest and defense.

The safety of this Nation is the highest law.

Today, with the Soviet takeover of Cuba standing as an accomplished fact, the Sino-Soviet-bloc powers flaunt the Monroe Doctrine, the various inter-American defense treaties, and do outrage to the democratic American conscience.

Cuba, today, stands as an ideological, political, economic, and military outpost of international communism—a Soviet base in the Western Hemisphere for aggression against the free world—not only military aggression, but aggression through propaganda and subversion.

As such a base, its existence does violence to every principle of freedom in the Western Hemisphere that has been pronounced by Jose Marti, George Washington, Simon Bolivar, and President James Monroe.

If we are to preserve the historical values of the democratic profile of the Americas, we can no longer simply espouse high-sounding principles without taking meaningful action.

We have declared the inter-American system to be incompatible with any form of totalitarianism.

We have declared that the existence of international communism in Cuba jeopardizes the American solidarity and security.

We have declared hemispheric opposition to intervention by any extraterritorial power.

However, not withstanding these excellent declarations of both policy and principle, we are today faced with communism in control of Cuba.

A calm and realistic analysis, today, reveals:

First. The Cuban exiles cannot possibly, by themselves, overthrow Castro and communism in Cuba.

Second. Communism will remain in Cuba so long as the Sino-Soviet-bloc powers are allowed freely to bolster the island forces.

Third. Communism will remain in Cuba so long as not only the Sino-Soviet bloc, but our own allies and Latin American friends continue economic trade with Cuba.

Fourth. Communism is acquiring a stronger base in Cuba for every day that the free world hesitates to take positive, eliminative action.

We must not permit the inter-American policy of nonintervention to become a policy of nonaction which will end in nonexistence of the free world.

We—and I am speaking of the member nations of the hemisphere—must act immediately in our national interest.

President Kennedy has clearly stated that we will not tolerate acts of aggression by this Communist dictatorship which will foster further convulsions and revolutions.

I say that the very existence of the Soviets in Cuba is an act of aggression.

The member nations of this hemisphere—as well as our friends and allies around the world—must take positive action now—both economically and militarily—to remove this fester on the face of freedom and to return Cuba to democratic progress.

With the continuing buildup of the Soviet engine of communism in Cuba, it becomes apparent that this removal will not be accomplished by lofty words or the passing of time—but only through force.

This is a hard declaration to make—but the will of the Cuban people alone is not enough to topple the Communist military machine.

In reaching this decision of force, I make the warning that we must fully comprehend that Cuba is not merely an isolated problem of communism. Cuba must be considered in the total logistics of the struggle between the Communists and the free world.

With the Communist buildup that has been tragically permitted in Cuba over these many months, it is painfully obvious that only a major military effort will unseat this regime and we must be aware of and prepared for the strong possibility that the Soviets will seek to force the United States into a position of committing itself totally in Cuba as a military diversionary tactic for other Soviet moves around the world.

It would be sheer naivete and irresponsibility to advocate total force against communism in Cuba without assuming that the Sino-Soviet-bloc powers would not react. We must be fully prepared to meet whatever that reaction might be—whether it occurs in East Berlin, Turkey, or whatever spot the Communists chose.

We must not, however, let fear of their reaction force us into a position of inaction.

We must proceed immediately, totally, and finally with the isolation of Cuba.

I have long advocated collective action—both military and economic—by all of the American Republics against Cuba. It was in January of 1960 that Castro first called me a member of a crime syndicate and an international gangster as a result of my demands for economic sanctions against his brutal regime. I have many times stated that the first order of business for the Organization of American States is complete sanctions against Cuba.

We have made considerable progress along these lines in the past months. The actions of the Punta Del Este Conference and the recent vote barring Cuba from the Latin American Free Trade Association stand out as affirmative declarations of position.

We must continue to strive for full collective sanctions—there are still some of the hemispheric countries that trade with Cuba. This must cease.

However, while working for further collective economic sanctions, at this moment in the destiny of freemen, we must appreciate and realize that the clock has run out for collective military action against communism in Cuba.

An honest appraisal yields the conclusions that the Latin American countries—individually or collectively—cannot and will not take the lead in any positive military action against Castro. These countries are experiencing sufficient difficulty in trying to enforce economic sanctions.

I am certain that the Latin American Republics will in time be prepared to take military action. But the United States must take the lead and trust that the other American Republics will join us as they have in other fights for freedom.

Thus the conclusion is once again that the responsibility for leadership and action rests with the United States.

We have never hesitated before to blaze the trail of freedom; we must not falter now.

The only way to meet this challenge is with force in all of its forms—but let us not forget that when we are ready to take that action it must be in the harsh, cold light of the reality of international intercourse between the Communists and the free world.

Mr. Speaker, the people of my district of south Florida, only a few miles away from Communist Cuba, see the stark horrors of communism reflected daily in the eyes of the homeless refugees from Cuba.

They realize what a multifaceted problem President Kennedy is faced with in combating communism in Cuba. They realize the pitfalls of force as well as the dangers of inaction. Whatever the President's decision, rest assured the people of south Florida will support it.

One of the more knowledgeable and informed voices of south Florida is that of John S. Knight, publisher of the Miami Herald. Mr. Knight recently published an editorial on the Cuban crisis which, in my opinion, accurately reflects the feeling of the majority of the people in my district.

I would like to read this editorial to you:

### Kennedy Must Face the Fact: Only Force Can Oust Castro—Views on the News

During the last week of July, some 15 Soviet ships arrived in Cuban ports.

According to the New York Times, they were carrying "civilian technicians for industry and agriculture, with additional groups of military advisers to train Cubans in the use of modern weapons."

When asked about this development at his last two press conferences, President Kennedy confirmed the report but said, "We have no evidence of troops. * * * I know this matter is of great concern to Americans and many others."

The President is correct. Americans, in particular, are deeply concerned. The unloading of cargoes at four ports in dark of night seems to support contentions that the Soviet Union is bolstering Cuban defenses with additional weapons and specialized equipment.

The logistics of modern war demand many more men behind the lines than troops in the field. So the Russians now in Cuba may not be "troops" in the usual military sense. They are called "specialists."

But, as the Miami Herald has asked so pointedly, "Is there any real difference?"

#### TECHNICIANS, SI?

As the Soviet buildup of "advisers" and "technicians" in Cuba goes forward, the apprehension of the American people will increase.

Even now, demands are mounting that we invoke the Monroe Doctrine under which the United States has historically resisted the attempts of European nations to intervene in the affairs of Latin America.

At last Wednesday's press conference, President Kennedy was asked this question: "Mr. President, would you tell us what the Monroe Doctrine means to you today in the light of world conditions and in Cuba?"

The President: "The Monroe Doctrine means what it has meant since President Monroe and John Quincy Adams enunciated it, and that is why we would oppose a foreign power extending its power to the Western Hemisphere, and that is why we oppose what is happening in Cuba today."

President Kennedy went on to say that we have cut off trade with Cuba and "worked * * * in other ways * * * to isolate the Communist menace in Cuba."

To other questioners, the President replied that we have no evidence of antiaircraft missiles being shipped into Cuba but he conceded that the Government's information is incomplete. He said also that the Russian technicians "may be military technicians."

#### OVERCOMMITTED

But the heart of the President's hesitancy to intervene militarily in Cuba is found in this press conference statement:

"The United States has obligations all around the world including West Berlin and other areas, which are very sensitive, and therefore, I think that in considering what appropriate actions we should take, we have to consider the totality of our obligations, and also the responsibilities which we bear in so many different parts of the world."

In simpler terms, this means that we are committed far beyond our capacity to be effective if trouble should break out in several areas simultaneously.

Kennedy fears that our intervention in Cuba at this time would cause Mr. K. to get nasty over Berlin. The President would prefer to deal with one crisis at a time.

### STILL, ONE ANSWER

But notwithstanding Mr. Kennedy's dilemma, the Cuban question must be met with force if force is required.

The Cuban economy, as the President has stated, may be in a deplorable condition but its weakness will not in itself cause Castro to fall.

As one Latin newspaper correspondent told Roscoe Drummond: "Fidel Castro is proving himself totally incompetent to manage the affairs of his nation but extraordinarily skillful in managing the apparatus of a police state."

Castro has the loyalty of the armed forces. The troops are given preferred treatment to discourage defections from the dictatorship.

So the question remains: How long will the United States stand by and watch Cuba becoming a strong, well-armed base for communism in Latin America?

Or, bringing the subject closer to home, does the United States intend to permit the establishment of missile and rocket bases some 90 miles from our shores?

### CUBA'S DIFFERENT

I am among those who long ago opposed the idea that Castro should be thrown out simply because we did not approve of him. Cuba had a right to have a revolution. The fact that we did not like what happened in Cuba was beside the point.

But today's situation is totally different. Castro has betrayed the people who supported the revolution. He is a Communist dictator who would spread that insidious ideology throughout Latin America.

He has collaborated with a foreign power—Russia—to extend its system to the Western Hemisphere. This is a flagrant violation of the Monroe Doctrine, and should be dealt with as such.

### NOT FOR INVADING

One can be sympathetic with the gravity of the many problems facing the President and yet not agree that merely cutting off trade with Cuba will rid us of Castro.

Kennedy says that he is "not for invading Cuba. * * * I think it would be a mistake to invade Cuba." The President then stumbled through this sentence: "Because I think it would lead—that it should be—an action like that, which could be very casually suggested, can lead to very serious consequences for many people."

My interpretation of this is, that given sufficient provocation in the form of an overt hostile act by Castro, Jack Kennedy would love to invade Cuba and wipe out the sad memory of the fiasco at the Bay of Pigs.

But in the absence of such a fortuitous development, he is reluctant to move because of Berlin and possibly the adverse reaction of world opinion.

### NOW IS THE TIME

Still, the day is approaching when Kennedy must act.

For people will not long understand why U.S. troops are sent to root out Communist guerrillas in South Vietnam when we do nothing to prevent the Russians from taking over Cuba.

The Cuban situation can no longer be regarded merely as the unhappy aftermath of an anti-Batista revolution.

Castro's Russian-supported police state now constitutes a deadly peril to this hemisphere—ideologically and militarily.

Mr. Kennedy should be making his plans accordingly.

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SELDEN. Mr. Speaker, I thank the gentleman from Florida. I might add that his voice has been loud, clear, and prophetic as far as the Cuban situation is concerned, and I commend him for speaking out again on what he believes to be in the best interests of his people and of the Nation.

Mr. ROGERS of Florida. Mr. Speaker, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman.

Mr. ROGERS of Florida. Mr. Speaker, I commend the gentleman from Alabama as well as my colleague, the gentleman from Florida [Mr. Fascell] for their close attention to this problem ever since it developed. They have followed it most closely and I think their work on their committee which is the Subcommittee on Latin America of the Committee on Foreign Affairs of the House has been inspiring to Members of the House because of the firm policy that you have been demanding and trying to direct in this field. I commend you for it.

Mr. Speaker, America is deeply disturbed over the buildup of Soviet military personnel and materiel in Cuba. This buildup has been carried out in complete and absolute defiance of the U.S. policy of protecting this hemisphere from outside interference.

This policy was established when President James Monroe set forth the Monroe Doctrine on December 2, 1823. This doctrine was unilateral in nature and warns of U.S. action if an extracontinental power attempts to establish influence anywhere on the American Continents.

Because Cuba has expropriated millions of dollars worth of American property, because Cuba has bitterly attacked and destroyed the principles of freedom and human dignity, because Cuba has attempted to spread the Communist plans of oppression throughout Latin America, and because Cuba has turned a bloody Red, there is a definite need to reassert the Monroe Doctrine, particularly now, when the Soviet Union has flooded Cuba with Communist military equipment, supplies, and personnel, thereby formally establishing a Soviet satellite in the Western Hemisphere. I have introduced a resolution, a formal legislative measure to reaffirm the Monroe Doctrine. Adoption of this resolution by the House of Representatives, which is significantly poised on the eve of the closing days of the 87th Congress, will give clear indication to those who administer our foreign policy that the American people want to revitalize this doctrine, return to our proud heritage, and establish an effective course in dealing with this new threat of communism to the American Hemisphere.

Mr. SELDEN. The gentleman from Florida [Mr. Rogers] has long been an outspoken and articulate foe of communism in Cuba and the Western Hemisphere, and his work in this field is well known by the Members of the House. I commend him for his statement.

## NAJEEB HALABY

The SPEAKER pro tempore (Mr. Libonati). Under the previous order of the House, the gentleman from Texas [Mr. Wright] is recognized for 30 minutes.

Mr. WRIGHT. Mr. Speaker, I take this time to bring to the attention of the Members of the House some of the very fine and hitherto unsung services of the great Administrator of the Federal Aviation Agency, Mr. Najeeb Halaby.

Mr. Halaby is an Administrator who has the vision to see the needs of the future, the courage to stand for solutions to those needs, and I believe the ability to put them into force. Like all men who take a stand, Mr. Halaby has occasionally run aground of public and personal criticism. This is the lot of all men who do things.

While respecting to the utmost the convictions of those of my colleagues who have found things in Mr. Halaby's record to criticize, I should like to stress the powerfully overriding nature of his constructive services. I am convinced, Mr. Speaker, that the truly significant contributions made by this able Administrator so far outweigh any deficiencies that may be found as a result of his very progressive efforts to vitalize this important Agency, that by comparison the deficiencies dwindle in significance.

The man who makes no mistakes is the one who does nothing and attempts nothing. He who does the most is the most likely to be criticized. Mr. Najeeb Halaby is a very able Administrator with a spectrum of experience that eminently qualifies him for his post at the head of this important Federal Agency.

At the age of 17, he won his student pilot's license. Later he bought and flew his own plane. In the World War II years, he served first as an instructor for the Army Air Corps, then as a test pilot for Lockheed, and later joined the Navy, where he organized and established the Navy's first test pilot school and became its chief instructor.

He flight-tested America's first jetplane, the Lockheed YP-80, and later made the first continuous transcontinental jet-powered flight. Who could be better qualified as an expert on aviation?

Today, at the age of 46, he has achieved a record of accomplishment not only in aviation but as an attorney, businessman, and Government administrator.

As an administrator, Mr. Halaby has always insisted on knowing the facts. Once they were in, he has not hesitated to speak up for what he believes is right.

Najeeb Halaby is a man of direct action. When there is a major aircraft accident, you will find Mr. Halaby on the scene, taking personal charge of the FAA phase of the investigation.

When the improved Lockheed Electra needed to be tested for airworthiness, it was Mr. Halaby himself who took up the plane and put it through a rigorous series of tests. This was after Halaby's appointment but before he took office.

When he wondered if Government regulations were needed to control the new sport of skydiving, Mr. Halaby strapped on a parachute and made a jump for himself.

When he was at the controls of an FAA plane that clipped the wing of an airliner while taxiing on the ground, Mr. Halaby promptly fined himself $50.

Although some of his critics accuse him of seeking more power, the facts show that Mr. Halaby has done a great deal to decentralize the FAA, vesting more authority in the regional offices around the Nation.

He also has gone to the grassroots of aviation in seeking to make the FAA more responsive to the needs of the industry. He sent out letters asking the views of 300,000 U.S. pilots and went around the country to a series of "air share" meetings—"hangar flying" sessions in which pilots were encouraged to sound off not only with their gripes but with constructive suggestions.

Recently one of our distinguished and respected colleagues on the floor of the House made some remarks with respect to the record of the Federal Aviation Agency regarding supplemental air carriers. Because of my interest in this matter I immediately asked the Federal Aviation Agency, and Mr. Halaby in particular, for their comments with respect to this discussion.

There were 31 supplemental air carriers, I discovered, on that night of November 8, 1961, the night of the tragedy of the Imperial Airlines accident. Now, has Mr. Halaby done nothing to correct the situation that existed prior to that time? I think that he has done much and that the record will disclose that he has.

As a result of that tragedy and congressional interest and the FAA's own expanded and determined inspection program, four of those operating certificates were subsequently suspended. I believe a matter of primary interest would be that the accident rate in the supplemental air carrier business has dropped from 38 fatalities per 100,000 hours flown in 1961 to no fatalities from January 1, 1962, to the present time.

On last July 10 the Congress voted to amend the Federal Aviation Act, strengthening the hand of the CAB in dealing with supplemental carriers. The law required the supplementals to apply for new operating authority and gave the CAB the responsibility for issuing certificates after it was determined that the applicant was "fit, willing, and able." The CAB, in turn, asked the Federal Aviation Agency to determine whether the applicants were meeting the operating safety rules and whether the flight operations were safe. While the FAA was examining for safe operation in the technical sense, the CAB's Bureau of Economic Regulations was directed to determine legal eligibility, economic capacity, ability, and willingness to comply with the Board's economic regulations.

Under the new law, and with the determination of the FAA as well as the CAB to bring new standards to the supplemental air carriers, six of the companies in business last November did not even bother to apply for new operating certificates. In addition, the FAA has officially recommended the denial of applications of four others because they do not meet the operating standards.

The Agency did, of course, state to the CAB that 20 applicants were, on the date indicated, complying with the safety rules and regulations administered by the FAA. The FAA did not have responsibility, I discover, for making a recommendation on the basis of economic qualifications, traditionally and legislatively the responsibility of the CAB, or upon their record of compliance or violation of the Board's economic regulations. Nor was it the responsibility of the FAA to consider the cost, the convenience or the desirability of their service as would customers such as the Military Air Transport Service.

It seems that the CAB records disclosed that seven supplemental carriers, which one of our colleagues cited as having been cleared by the FAA and later found unfit by the CAB, have not finally in complete fact been found unfit by the CAB; at least, official action by that Board has not been taken in this respect. What apparently has happened is that because of the past record of violation of the Board's regulations, primarily pertaining to allowable numbers of flights between given terminals, one of the bureaus of the CAB took a position—subject to change or revision by the Board itself when all the evidence is in—in opposition to the application. But the important point, it seems to me, is that this view was not reached on the basis of the safety factors which under the law are the responsibility of the FAA to determine.

The Military Air Transport Service has, as was indicated by our colleague from Pennsylvania, disqualified three of the seven, but once again its decision to disqualify them was reached on an entirely different basis than those which fall under the purview of either the FAA or the CAB. MATS is a customer. If the carrier does not convince them of its capability to provide the quality of service they desire and need, MATS can eliminate that carrier from the bidder list, as was indeed done in three cases. But this does not necessarily mean that MATS found the carrier unsafe. For example, one carrier doing exclusive military contract flying was suspended by the Agency because of crew training practices, even though it was performing in an acceptable fashion for the Air Force customer.

In regard to the matter of Associated Air Transport's certificate, this was suspended by the Federal Aviation Agency on March 9, 1962. The management later sold their certificate to new management located in Burbank, Calif. The new management made application for renewal of the Federal Aviation Agency certificate and, although from a safety viewpoint FAA was of the opinion this carrier was fit and able, FAA withheld reissuance until the CAB approved the acquisition. The CAB then issued a show cause order charging in effect that the new management did not obtain CAB permission prior to obtaining control of the company, and that California Airmotive, a certificated repair station, had a controlling interest in the company.

CAB subsequently withdrew its show cause order on a finding that California Airmotive was no longer affiliated with the company, and it was the CAB which advised FAA it could proceed with certification.

FAA, therefore, approved the operation of the newly managed and operated Associated Air Transport on July 27 following an intensified reinspection of this carrier.

It is true that MATS did disqualify Associated under its former management and so did the Federal Aviation Administration. MATS has not conducted a capability survey on the newly certificated Associated Air Transport. So the charges recently made in this regard really concern an old management and do not apply to the present company.

In regard to another carrier involved, United States Overseas Airlines, there were thorough reinspections by the FAA in January 1962. FAA at that time reissued their operating certificate. MATS subsequently canceled the United States Overseas Airlines contract based primarily on poor service, past violations which were filed in 1960 and the first part of 1961 and poor housekeeping.

Mr. Halaby advises me that he was naturally concerned over this action and directed the Assistant Administrator for the FAA eastern region to reinspect this carrier when this occurred. This was accomplished to the satisfaction of the eastern region after expending more than 1,700 man-hours of inspection. In order to be doubly certain, Mr. Halaby then directed three key headquarters officials to check on the findings of eastern region. In view of a questionable credit rating on the carrier, Mr. Halaby checked with Mr. Boyd, Chairman, CAB, who later advised him that the CAB considered the carrier financially acceptable in view of a recent $1,017,000 judgment received against the U.S. Government. The later action of the Board in issuing a show cause order for withdrawal of the carrier's economic license was predicated upon violation of the Board's economic regulations and not upon safety considerations or financial capability. The recent FAA inspections of United States Overseas Airlines indicated that this company was operating safely and, as a matter of fact, has incorporated safety practices that they intend to require on other carriers. A MATS capability survey will be conducted on this carrier within the next few days.

I felt, Mr. Speaker, that these matters should be entered into the RECORD in order that the House might have a full and complete history of the activities that have been conducted by the Federal Aviation Agency, particularly with regard to the specific carriers under discussion, in its earnest endeavor to promote the air safety of this Nation.

It is not an easy task that Mr. Halaby faces. Any time a man has the responsibility of determining whether a carrier is safe or whether an airport is safe, he naturally is forced occasionally to step on sensitive economic toes and thus in a position to receive severe criticism. Mr. Halaby has not sought to avoid criticism. He has taken a stand and he has done his job. He has made his decisions without fear and without favor.

Particularly important, I think, is the effort in which he is presently engaged, along with the Civil Aeronautics Board, to create regional airports throughout the United States for the purposes of safety, economy and maximum convenience to the flying public. This is not an easy job. It is in some cases a thankless job. It is a job that requires courage to undertake. It has been known among those in responsible positions in aviation for many years that eventually it would have to be done. Najeeb Halaby, seeing the need, is proceeding to do it.

So, Mr. Speaker, I feel that a man who has acted with such courage, a man who has been so decisive, a man who is so eminently qualified from a personal standpoint as Najeeb Halaby, deserves the commendation and the respect of the Congress in his difficult and arduous efforts to promote air safety in the United States.

## ADEQUATE STAFFING OF CONGRESSIONAL COMMITTEES

The SPEAKER pro tempore (Mr. Libonati). Under previous order of the House, the gentleman from Iowa [Mr. Schwengel] is recognized for 30 minutes.

Mr. SCHWENGEL. Mr. Speaker, for over 3 months now I have been promoting a bill that would make for a more effective Congress. It is H.R. 570.

Mr. Speaker, as one who has viewed the actions, the inaction and the inadequate actions of the Congress during the last several years, and especially this year, the need for an effective Congress I suggest has become abundantly clear. Here we are, Mr. Speaker, on the 6th of September in session with apparently no prospects for adjournment until after October 1. This, I sincerely believe, reflects a lack of firm leadership and poor planning as well as a grave lack of research and study due to inadequate staffing of important committees of the Congress.

That is the reason for the introduction of H.R. 570 which provides that a minority party may, on its own motion, if it believes that they have inadequate staff to have up to 40 percent on the staff of any of the major committees of the House so that they could not only be an effective opposition, but more importantly be a positive opposition and have an opportunity to study propositions that would provide other answers and, I would believe, more sound answers to many of the complex problems that confront a free, vigorous, and growing society like our own.

Mr. Speaker, since I have introduced this bill, many Members of the Congress on both side of the aisle, many people in Government and many political writers and a host of avid students of government have come out in support of this very much needed legislation which is an amendment to the House rules to provide for adequate staffing of the minority. That kind of support is much appreciated. They all want a more effective Congress. There are many in this Congress and many in the country who must sense this need just now and they ought to take a look at the possibilities of this approach.

I point out, Mr. Speaker, that it has been a rule and a very good one, I believe, for years to grant the minority party regardless of what party it may be equal time on the House floor when a bill comes to the House floor. I think that is a sound and a fair rule and that kind of procedure is applauded by all students of government. If this is sound, then it ought to be sound to let the minority have an opportunity to prepare an adequate case to take full advantage of the equal time they have on the House floor.

Mr. Speaker, recently, I think it was on the 17th of August, Life magazine came out with an article, an editorial under the title, "Now Is the Time for a More Effective Congress" or "For Congress To Take Some Leadership." I believe there is a lot of good sense in what the editorial writer had to say in that important magazine. I have written the editor of that magazine to commend him for this contribution. But, I point out it is impossible to have a more effective Congress unless more of the very important committees of the Congress have an opportunity to be more effective opposition and, indeed, to be a constructive opposition which is much needed now and much more needed now as we live in these very difficult times and when we have to contend with so many difficult problems both on the domestic front and on the foreign front.

Today, Mr. Speaker, I have more evidence of support nationwide, and I ask unanimous consent that the articles and editorials I have may be inserted in the Record at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

### NEED FOR MINORITY STAFFING SHOWN IN FOOD STAMP INQUIRY URGED BY CONGRESSMEN PAUL FINDLEY AND DURWARD HALL

Mr. SCHWENGEL. Mr. Speaker, out in the farm country of Iowa where I come from, we do not always expect to find in the New York Daily News columns of major concern to us. However, the astute columnist of the New York News, Frank Holeman, on August 22, 1962, printed a column, which hits the bull's-eye regarding recent charges made in connection with the food stamp plan. When you read this column, you will see why there is need for minority staffing in Congress, for the Republicans should be able to pursue this matter to its logical conclusion. There are dozens of examples like this every week in Congress. The time is here when action on these matters is called for, and the first step that must be taken is the obtaining of adequate minority staff for the Republican Members of the House and Senate.

### Capital Circus

(By Frank Holeman)

Washington, August 21.—President Kennedy is going to have trouble getting the $900 million public works bill through the House of Representatives. The reason: A lot of Congressmen are afraid he would play politics with the dough.

Whatever gave them such a wild notion as that? After all, the President has said time and time again he would use the money only where it was urgently needed, and where many people are out of work. Who in the world would play politics with human misery?

Well, Representative Durward Hall, Republican, of Missouri, thinks he has caught the administration doing it in the food stamp program, which cost $25 million last year and has been budgeted for $50 million this year.

"The food stamp pilot program being administered by the Department of Agriculture has become a brazen political slush fund," Hall charged on the floor of the House. He urged that action on the much larger standby public works bill be held up, pending a full-scale investigation of the food stamp scheme.

Representative Paul Findley, Republican, of Illinois, a member of the House Agriculture Committee, wrote Chairman Harold Cooley, Democrat, of North Carolina, asking for such a probe. Cooley has just rejected the request with this one majestic sentence:

"Dear Mr. Findley: Your letter of August 10 requesting that the House Committee on Agriculture conduct an investigation of the food stamp program is utterly ridiculous.

"Sincerely yours,

"Harold."

Sylvester R. Smith, Administrator of the Agricultural Marketing Service, which really runs the program, expressed the pious hope that "it will not be threatened by efforts to make it a partisan political issue."

Representative Leonor Sullivan, Democrat, of Missouri, has thanked her fellow Missourian, Hall, for having made a partisan political issue out of the program because we Democrats could not pick a more clear-cut issue of how the two parties differ in meeting the needs of the American people.

### THERE'S A FAINT AROMA ABOUT THE STAMPS

What are the facts? After an impartial investigation, I'm forced to one of two conclusions: (1) Nearly all the needy, unemployed people in the United States live in congressional districts represented by Democrats; or (2) there is some real hanky-panky going on, which should be exposed immediately for the good of the country. Here's why:

The food stamp program was set up in April 1961, on a pilot basis in eight areas of chronic unemployment, selected by Agriculture Secretary Freeman. It so happened that all eight areas were represented by Democrats.

Early this month, the Agriculture Department announced that the pilot program had worked so well it was going to be extended, in three stages—October 1, November 1 and December 1—to 18 more congressional districts. All but one of these were Democratic districts. The lone lucky Republican was Representative Alvin O'Konski, of Wisconsin, who got the Duluth-Superior area OK'd while Freeman was fighting his losing battle for the original administration farm bill.

Somehow the Agriculture Department planners overlooked the area that has the highest rate of unemployment in the country, according to the Labor Department—Johnstown, Pa., with more than 12 percent idle.

### REPUBLICAN PLEAS FALL ON DEAF EARS

The Johnstown area is represented in Congress by a Republican, John P. Saylor. His pleas to be included in the food stamp program were ignored, as were those of other GOP Members in badly depressed areas.

But the expansion planners did include St. Louis, represented by Mrs. Sullivan, although that city is no longer even on the official list of areas with substantial unemployment.

They also thoughtfully added Nash County, N.C., in Cooley's district, and Choctaw County, Okla., represented by Majority Leader Carl Albert.

The score now is 25 to 1 in favor of the Democrats.

It is quite a feat in any Congressman's cap to have the food stamp program in his district. It means that the folks on relief there are getting more and better food than people on relief elsewhere.

Under the plan, families approved by State and local welfare agencies get food stamps instead of handouts from Government surplus food stocks. They take the stamps to the grocery store and buy a greater variety of food. The grocer redeems the stamps at his bank, which eventually collects from the Commodity Credit Corporation of the Agriculture Department.

### FREEMAN IS THE FOOD STAMP SANTA CLAUS

Freeman has complete freedom in picking a test area, under a law left over from the New Deal days. The only criteria are it must be an area of substantial unemployment or eligible for area redevelopment aid, and local officials must be willing to cooperate.

Oddly, those are the same broad criteria for projects to be approved under the pending public works bills. The administration asked for $600 million immediately, plus $2 billion standby. The Senate voted $750 million now and $750 million standby. The House bill, just cleared by the Public Works and Rules Committees, calls for $900 million now with no standby.

This week, House Democratic leaders are quietly polling the Members to see whether they have the votes to pass their bill.

Is it any wonder the Republicans and anti-administration Democrats are closing ranks again to the dismay of Kennedy's lieutenants?

It reminds me of the fisherman who was amazed at the struggle of a fish he caught. "What you squirming for, little fish?" he asked. "I ain't going to do nothing but gut you."

### KEATING PLAN DRAWS OVER 25,000 LETTERS TO REPUBLICAN NATIONAL COMMITTEE AFTER ROSCOE DRUMMOND COLUMN, WHOEVER SAID, REPUBLICANS DON'T CARE? THEY DO, AND THEY WANT ACTION

Mr. Speaker, a few weeks ago I heard that a flood of mail was coming to the Republican National Committee as the result of a column by the noted columnist, Roscoe Drummond, of the New York Herald Tribune syndicate. I read on August 21, 1962, a column by Paul Healy, of the New York News, about the Keating plan and the mail response to it. I was delighted to hear officially that over 25,000 requests had been made for copies of the Keating statement which my respected colleague, the gentleman from Missouri, Tom Curtis, read into the Record, at the time of the Gettysburg Conference weekend. The drawing power, yes, indeed, the pulling power, of Mr. Drummond should be a source of inspiration to us who are fighting the good fight regarding minority staffing. My colleague the gentleman from Missouri, Tom Curtis, knows firsthand the respect with which the Drummond columns are held around the country, as Mr. Drummond has discussed staffing in a number of them. Accordingly, I am delighted to see the New York News give credit to the mail results that Mr. Drummond obtained, and let us remember, all he did was to tell people where the Republican National Committee was and where to write to. Mr. Healy, whose Saturday Evening Post personality feature stories have been a pleasure to many of us so often, is right in concluding his column by a discussion of the need for minority staffing. We will find increasing need to act on this matter in the period ahead.

### Capital Circus

(By Paul Healy)

Washington, August 20.—How do you run against glamour? If you are the Republican Party, how do you compete with a first family which acts out the vicarious dreams of many Americans by actually living "la dolce vita?"

Take this last weekend for example. While President Kennedy was dedicating dams against western backdrops and then sunning himself at Peter Lawford's pool at Santa Monica, Mrs. Kennedy was strolling on the Italian beaches in Pucci pants after a late torchlight party at a Neapolitan villa.

The image that Kennedy and his attractive family have been projecting for a year and a half has reached the proportions of a "personality cult," in the opinion of Sister Mary Paul Paye, writing in the current issue of the Nation. Sister Mary Paye, who is studying for a Ph. D. in mass communications at Syracuse University, finds the situation unhealthy.

"The trend is away from government by party toward government by a personalized Presidency," she writes. "Mr. Kennedy has exploited this tendency to a greater degree than any of his predecessors."

Sister Mary Paye warns that the American people may be responding to the Kennedys the way they have responded to movie stars and the way "other nations have responded to their monarchs."

"Adulation of a monarch or a star may be permissible," she concludes. "Similar treatment of a President, considering the power he wields, can never be."

Well, the Republicans are far from ready to believe that the American people have "adulation" for Kennedy. But they can't argue with the fact that his popularity rating in the polls is high and that the wanderings of his handsome wife and children hog all communications outlets.

Thus are compounded normal problems of a minority party crying for public attention, with important elections coming up. The GOP has no White House publicity-control tower nor has it come up with a mother-daughter combination on water skis.

### KEATING OFFERS NEW STRATEGY

The problem has been pondered by Senator Kenneth Keating, Republican, of New York, in an 11-page statement, calling for "a new Republican offensive." The statement, issued just before the all-Republican conference at Gettysburg on June 30, has been reprinted by the Republican National Committee. Since more than 25,000 frustrated Republicans from all over the country have written in requesting copies of the Keating party strategy, it is worth looking at.

Keating, having had the distinction of being dunked in Attorney General Robert Kennedy's children's pool, can speak with first hand authority on what he and his fellow party laborers are up against.

He first acknowledges in his statement that "propaganda is a mighty weapon" in the tug-of-war for the voters' attention.

"No one realizes this more clearly—or personifies it more uniquely—than the present incumbent of the White House," he goes on. "A normal week's crop of headlines, radio and television newscasts underscores the dominance of the personable, populous, peripatetic and publicity-conscious first family. Horses, dogs, children, yachts, movie colony buddies, and gala society events create as much or more news copy than governmental endeavor, and in the final tally probably constitute a political 'plus.' "

### WANTS A MICROPHONE TO THE PEOPLE

Like most of his colleagues, Keating has no desire to ridicule the way of life of the Kennedy clan. Instead, he suggests that the GOP go all out to establish an image of its own. This is the reason he proposed the all-Republican conference to serve as a top-level party public relations and advisory body. He hopes it can become a "microphone" through which Republicans can let the world know they have been a responsible party and have some positive ideas.

In this connection, the New York Senator counsels against "sloganeering." He writes: "Many find it insulting. The mental age of the average voter, I hold, has risen far above the oft-quoted 12 years."

But he urges his colleagues to "engage in a battle against cliches," including the one which suggests that the GOP has more rich men at its top than the Democrats.

The American people can be made to realize, Keating argues, that his party has much the better record on civil rights, Government fiscal policy and keeping the peace.

To sell these principles, Keating wants the GOP to establish a hard core of 500 highly intelligent young debaters who in turn would train other Republican spokesmen and seek out candidate talent at all levels.

### THE NEED IS MEN AND MONEY

Manpower—and more money to pay for it—is the key to Keating's suggested massive offensive against the Kennedy clan. Keating would like to have much of this manpower in Congress in the form of Republican staff members on committees. He noted that while the Democrats have a 3-to-2 majority in both Houses, the committee staffs have scandalous Democratic majorities of 12 to 1 in the Senate and 14 to 1 in the House.

These expert staffs dig out and supply most of the political ammunition which a minority party so badly needs in campaigns. Democrats are well aware of this, and they are not likely to change the ratio because of organized pleas from the other side of the aisle. Committee chairmen don't embarrass easily.

Keating's ideas are a long way from being realized, but they have stirred some talk. Many Republicans in Congress would like to make the overriding issue in the coming elections "lack of leadership." They think that theme might make the public think twice about the family in the White House.

### EDITORIAL SUPPORT MOUNTS FOR NEED OF MINORITY STAFFING

Mr. Speaker, the need for adequate minority staff continues to receive editorial support from around the Nation. One of the pleasures of this crusade has been to receive letters from dedicated people in many States whom we have never met, and who feel so strongly about this subject that they mail to us what their local papers or stations are saying about this matter. The Republican Party must move in this matter. The House and Senate leaderships can read the facts as easily as I can. The Aurora (Ill.) Beacon-News on August 4, 1962, editorial is typical of the Midwest support for adequate minority staffing:

### Two-Party Protection

Republican Governors are the latest to add their voice to the plea for more minority party staff members of congressional committees.

Statistics bear out their concern. The Democratic majority in the Senate is roughly 2 to 1; committee staffs are divided 462 for the Democrats and 39 for the Republicans.

In the House of Representatives, where Democratic Congressmen hold a 3-to-2 margin, the staff assignments favor the majority 531 to 45.

Senator Carl Curtis, Republican, of Nebraska, and Representatives Thomas Curtis, Republican, of Missouri, and Fred Schwengel, Republican, of Iowa, are leading the movement for a more equitable division. Their argument: Stronger minority staffs would reduce dependence on the executive branch.

The Billie Sol Estes scandal shows the need for staff work for both parties. Beyond that, the future of the two-party system may be dependent upon the ability to mount an effective opposition.

### JAMES RESTON, CHIEF WASHINGTON CORRESPONDENT, NEW YORK TIMES, DISCUSSES CONGRESS, AND MINORITY STAFFING

Mr. Speaker, you can hardly pick up a newspaper or column these days without reading something about the problems facing Congress and the need for minority staffing. In a recent Sunday column, August 19, 1962, Mr. James "Scotty" Reston, discusses his views of Congress. Included in his report is the fact that the minority needs equal professional staff. We must all begin to move toward solving this pressing problem:

### Washington—Those "Honorable Gentlemen" on Capitol Hill

(By James Reston)

Washington, August 18.—Scarcely a week passes now that some capricious, unfair, or dictatorial personal act does not stain the reputation of the Congress of the United States.

The latest was Senator Stuart Symington's angry prejudgment of former Treasury Secretary George Humphrey's testimony in the nickel stockpile case, and his refusal either to let Mr. Humphrey reply or to let the Senate subcommittee vote on his action.

Earlier, the liberals in the Senate, defeated in their filibuster against the administration's Telstar communications bill, tied up the Senate from Tuesday to Friday mainly to express their resentment against the overwhelming vote of the majority. The result is that the Senate is now so far behind in its business that the House of Representatives has taken a 10-day recess so that the Senate can catch up.

Before that, it was a childish argument between Senator Carl Hayden, of Arizona, and Representative Clarence Cannon, of Missouri, over where conference meetings between the two Houses should be held and who should serve as chairman.

#### THE PETTY TYRANTS

The catalog could be extended almost indefinitely to demonstrate, not that the Congress itself has excessive powers—that is not the point—but that it has given over many of its powers into the hands of a handful of the individual committee chairmen who often use this authority in a willful and undemocratic manner.

It is not only that some chairmen exercise this power to block consideration of a tax bill or of an education bill (President Kennedy negotiated personally with Chairman Wilbur Mills, of the Ways and Means Committee, on the tax bill as if Mr. Mills were the head of a sovereign nation), but that their powers are exercised outside the Congress and often for personal reasons.

One incident will illustrate the point. Chairman Cannon, of the House Appropriations Committee, asked Vice President Lyndon Johnson to make a speech at a small college in Cannon's district in Missouri. The Vice President said he was sorry but he had promised to make a talk on the same day at the installation of a dean of the law school at the University of Texas. Mr. Cannon was resentful and made his views widely known. As a result, President Kennedy himself called Johnson and said he did not think it wise to ruffle Chairman Cannon and insisted that Johnson take a special Air Force jet plane to Missouri to meet Cannon's wishes.

What is worse than the inefficiency, the hypocrisy, the double standards of conflicts of interest, and the misuse of power by a few petty tyrants in the Congress is the comparative indifference of the press of the Nation to these actions.

Congress has not been reorganized since 1946, and the regulations covering the expenditure by Congressmen of counterpart funds and their conflicts of interest have not been reviewed for many years before that. Yet the prevailing view here is that the whole thing is a hopeless mess.

#### UNRESOLVED, UNDEBATED

All efforts to get the Congressmen to disclose their outside earnings; to account for the foreign currencies they get out of the counterpart funds in U.S. embassies when they go overseas; to save time by adopting the rule of relevancy in Senate debate, or to adopt electric voting in the House, or to hold joint hearings on many bills; to protect witnesses before congressional committees; to establish a fair system of ethics and fundraising in campaigns; to give equal professional staff to the Republican minority; and to modify the seniority system of picking chairmen—none of these things ever gets even a decent hearing.

Maybe these are not all prudent modifications, but the point is that men who are supposed to symbolize the democratic process do not even give them a democratic chance.

As George Galloway, the senior specialist of the Legislative Reference Service of the Library of Congress has written, the improvement of Congress is a more vital issue for the welfare of the Nation and the world than the outcome of the congressional elections or the identity of the next President.

"There is no divine command," Mr. Galloway wrote in "The Legislative Process in Congress," "which spares the American Congress from the seeds of destruction which have undermined other great parliaments."

### NEWSPAPERS DISCUSSING KEATING REPUBLICAN REBUILDING STATEMENT AND NEED FOR MINORITY STAFFING

Mr. Speaker, local correspondents of major newspapers are continuing to discuss the constructive statement issued recently by Senator Kenneth Keating of New York about the problems facing the Republican Party, especially the number one need here on the Hill, the need for adequate minority staff. On August 26, 1962, the Boston Herald carried a byline article by Paul Healy which outlines the Keating proposals and the need for action regarding minority staffing. It is interesting to note that the Members of the other body who have served in this body previously, seem to be especially sensitive to this issue. Among those who have spoken up are Senators Scott, Carl Curtis, Prouty, and Javits. The points made by Senator Keating require action, and soon.

### Keating Ponders Problem of Running Against Glamour

(By Paul Healy)

Washington.—How do you run against glamour? If you are the Republican Party, how do you compete with a First Family which acts out the vicarious dreams of many Americans by actually living "la dolce vita?"

Take one last weekend for example. While President Kennedy was dedicating dams against Western backdrops and then sunning himself at Peter Lawford's pool at Santa Monica, Mrs. Kennedy was strolling on the Italian beaches in Pucci pants after a late torchlight party at a Neapolitan villa.

#### A NEW TREND

The image that Kennedy and his attractive family have been projecting for a year and a half has reached the proportions of a "personality cult," in the opinion of Sister Mary Paul Paye, writing in the current issue of the Nation. Sister Mary Paye, who is studying for a Ph. D. in mass communications at Syracuse University, finds the situation unhealthy.

"The trend is away from government by party toward government by personalized Presidency," she writes. "Mr. Kennedy has exploited this tendency to a greater degree than any of his predecessors."

Sister Mary Paye warns that the American people may be responding to the Kennedys the way they have responded to movie stars and the way other nations have responded to their monarchs.

"Adulation of a monarch or star may be permissible," she concludes. "Similar treatment of a President, considering the power he wields, can never be."

Well, the Republicans are far from ready to believe that the American people have adulation for Kennedy. But they can't argue with the fact that his popularity rating in the polls is high and that the wanderings of his handsome wife and children hog all communications outlets.

Thus are compounded normal problems of a minority party crying for public attention, with important elections coming up. The GOP has no White House publicity control tower nor has it come up with a mother-daughter combination on water skis.

#### NEW STRATEGY

The problem has been pondered by Senator Kenneth Keating, Republican, of New York, in an 11-page statement, calling for a new Republican offensive. The statement, issued just before the all-Republican conference at Gettysburg on June 30, has been reprinted by the Republican National Committee. Since more than 25,000 frustrated Republicans from all over the country have written in requesting copies of the Keating party strategy, it is worth looking at.

Keating, having had the distinction of being dunked in Attorney General Robert Kennedy's children's pool, can speak with firsthand authority on what he and his fellow party laborers are up against.

He first acknowledges in his statement that "propaganda is a mighty weapon" in the tug-of-war for the voters' attention.

"No one realizes this more clearly—or personifies it more uniquely—than the present incumbent of the White House," he goes on. "A normal week's crop of headlines, radio and television newscasts underscores the dominance of the personable, populous, peripatetic and publicity-conscious First Family. Horses, dogs, children, yachts, movie colony buddies and gala society events create as much or more news copy than governmental endeavor, and in the final tally probably constitute a political 'plus.' "

#### WANTS MICROPHONE

Like most of his colleagues, Keating has no desire to ridicule the way of life of the Kennedy clan. Instead, he suggests that the GOP go all out to establish an image of its own. This is the reason he proposed the all-Republican conference to serve as a top-level party public relations and advisory body. He hopes it can become a microphone through which Republicans can let the world know they have been a responsible party and have some positive ideas.

In this connection, the New York Senator counsels against "sloganeering." He writes: "Many find it insulting. The mental age of the average voter, I hold, has risen far above the oft-quoted 12 years."

But he urges his colleagues to "engage in a battle against cliches," including the one which suggests that the GOP has more rich men at its top than the Democrats.

The American people can be made to realize, Keating argues, that his party has much the better record on civil rights, Government fiscal policy, and keeping the peace.

To sell these principles Keating wants the GOP, to establish a hard core of 500 hightly intelligent young debaters who in turn would train other Republican spokesmen and "seek out candidate talent at all levels."

### MEN AND MONEY

Manpower—and more money to pay for it—is the key to Keating's suggested massive offensive against the Kennedy clan. Keating would like to have much of this manpower in Congress in the form of Republican staff members on committees. He noted that while the Democrats have a 3 to 2 majority in both houses, the committee staffs have scandalous Democratic majorities of 12 to 1 in the Senate and 14 to 1 in the House.

These expert staffs dig out and supply most of the political ammunition which a minority party so badly needs in campaigns. Democrats are well aware of this, and they are not likely to change the ratio because of organized pleas from the other side of the aisle. Committee chairmen do not embarrass easily.

Keating's ideas are a long way from being realized, but they have stirred some talk. Many Republicans in Congress would like to make the overriding issue in the coming elections lack of leadership. They think that they might make the public think twice about the family in the White House.

### COMMITTEE STAFFING SPEECH BY SENATOR HUGH SCOTT

Mr. Speaker, many Members of this body, and members of the press, as well as students and college professors have asked me about the excellent statement prepared by Senator Hugh Scott, of Pennsylvania, regarding the need for minority staffing. Although several hundred copies of this statement have been prepared, they have been picked up in quantities far beyond our expectation and we have run out for the time being. More are being run off, but in the meantime, the Senator's practical suggestion regarding the setting up of an ad hoc House-Senate Republican Committee on Staffing needs the fullest discussion and support. Because of the many friendly messages of encouragement that Senator Scott has had, and because many of us in this body will wish to carry our full share of this effort to getting the staffing project moving forward, I am including in these remarks the full text of Senator Scott's prepared remarks for the press regarding staffing:

### SPEECH ON COMMITTEE STAFFING BY U.S. SENATOR HUGH SCOTT, REPUBLICAN, OF PENNSYLVANIA

A most important problem faces the Congress if it is to meet its obligation to provide adequate research and staff assistance on a fair and equitable basis to members of both parties. As one who has served as a Member of both the House of Representatives and the Senate, I observe that this situation has too long suffered from neglect and indifference.

Senators are all familiar with the objectives of the Legislative Reorganization Act of 1946 in regard to committee staffs. The staffs were to be nonpartisan, selected and promoted solely on the basis of merit. The report accompanying the act, recommended that committee staff personnel "should be appointed without regard to political affiliation and should not be dismissed for political reasons." The intention was to establish a type of legislative civil service headed by a director of congressional personnel, but this body amended the act, empowering each committee of the Senate and House to choose its staff by majority vote. The ideal of the professional nonpartisan staff remained as the core of the resources (including the Legislative Reference Service and Legislative Counsel) that were to enable Congress to fulfill its historic and proper function in the legislative process.

Ernest S. Griffith, dean of the School of International Service of the American University, and former Director of the Legislative Reference Service of the Library of Congress, commented optimistically on the position of the Congress following the Legislative Reorganization Act. He suggested that—

"Congress has mastered or has provided itself with the tools to master, the problem of assuring itself an unbiased, competent source of expert information and analysis which is its very own. By the same token it has mastered the problem of recapturing its constitutional role as the independent policy determiner—a self-respecting coequal of the bureaucracy, its legal master in policy matters, and in practice its competent partner or its intelligent critic. Congress has done this without sacrificing its own amateur standing as the elected representatives of the people. This has been no small contribution to the content of governance in a complex and technical age."

Since this has by no means occurred, I take a much less sanguine view of our situation. Not only have we failed to develop the strength of congressional staffs, but we have also witnessed the deterioration of the nonpartisan concept of the Legislative Reorganization Act. Roscoe Drummond, distinguished columnist of the New York Herald Tribune, through a series of perceptive columns, has called national attention to the abuses of the majority power. Congressional Quarterly and the North American Newspaper Alliance have also carried major articles on the subject of staffing. Certainly, there has been a failure to live up to the spirit of the Legislative Reorganization Act, but was the nonpartisan staff concept adequate in the first place? Our system of committee government within the Congress is based on a differentiation of majority and minority roles. We cannot expect committee staffs to function in an isolated nonpartisan world. Rather, it is my firm belief that we must broaden our concept of congressional staffing to recognize the two-party basis of the committee system, and the necessity for equitable control of staff resources between majority and minority.

I am in no way suggesting that we move away from a professionally competent staff, but, that we insure a fair distribution of such staff resources as exists and work to increase the number of qualified staffs across the board. Such a move will improve, not impair, the effectiveness of congressional government.

I am concerned about the unhealthy imbalance that has developed in majority versus minority staff in place of the original though inadequate goal of nonpartisan staffs. This situation has an important bearing on the future of the two-party system in this country. For the first time since 1952, the Republican Party finds itself without control of either the executive or legislative branch. It has had to learn anew the role of the loyal opposition. In this experience, it has been gravely handicapped by its lack of staff resources. Until effective control by the majority of the vast bulk of these resources is expanded to close the information gap of the minority side, the problem will remain acute.

One hears too often that the Republican Party has few ideas, few alternatives, and little vision, or that it is merely the party of blind opposition and obstruction. This is a myth spread by our opponents, but it can also be a self-fulfilling prophecy when the party in power denies the minority adequate staff to develop distinctive constructive policies.

The most severe limitation to the effectiveness of a Representative or Senator is time. Faced with a busy schedule of committee work, speaking, corresponding with constituents, and performing a heavy burden of legislative duties we must have staff assistance if we are to study and comment in depth on the major issues of the day. Staff is essential for the research, preparation, and presentation of major policy speeches. They are required for a coordinated effort among colleagues within the Congress and for the effective utilization of radio and TV time.

The limitation of time is doubly acute for the Republican minority in the Senate. As a distinct minority in this body, we Republicans have an extra burden in adequately covering our committee assignments. If we find it difficult for an individual Senator to do his homework in comparison to a Congressman, how much more difficult it is for a Republican Senator to do his job properly, covering more area per man, with less staff, than his Democratic colleagues. Deprived of competent, adequate professional staff, and in such a statistical minority, we cannot begin to match the resources of the bureaucracy downtown, or of a much better staffed Democratic majority on the Hill.

The minority in the Senate is also faced by a geographical imbalance. We have lost key seats in the North and West and we are just beginning to see the emergence of a genuine two-party system in the South. Many of these States have Republican Governors and/or Congressmen. If we, the Republican Party in the Senate, are to give adequate representation to Republicans in these areas, we need more staff. If we are to study such crucial problems as conservation, water resources, and reclamation we need staff authorized to make field trips and carry out investigations to fill in the broad gaps of our knowledge. The ideal of good government requires that we be a national party with a national vision serving the national interest, not a regional party hamstrung by a glaringly deficient number of minority staff assistants.

We of the minority are greatly concerned because the means of offering constructive alternatives, through adequate help in researching policy problems, is presently unavailable to us. Many of us have supported Republican initiative on a number of fronts, including, for example, the fields of employment, worker retraining, and civil rights. But, without adequate staff good ideas die for lack of public airing.

In our system of Government, we cannot rely on one party, the majority party, to produce all the ideas. By the very nature of politics, there are areas of public policy where the party in power cannot or will not act. The minority party must prod the majority party into action. It must nurse the neglected orphans of majority politics. The most glaring example of majority party paralysis is civil rights, but on every issue there will be some facets the majority will ignore or deemphasize in terms of its own party interests. This is simply politics, and this is the reason the minority must be in a position to think out and develop its own position on every major public issue. It must have the resources to provide a real competition of ideas in the political marketplace. It should have a staff to read and study the Congressional Record, the latest books and magazines, professional journals, and learned papers; to monitor news broadcasts and analyses, to channel ideas to appropriate party spokesmen; to think out what should be the role of the minority in each particular area of policy.

Good minority staffing should service minority needs in addition to the actual membership of the committee where possible. Where a Member has a particular interest, say in foreign policy, agriculture, public works or economic policy, he should be able to tap the expertise of minority staff familiar with that area. When staffing is kept to a bare minimum, this kind of cooperation in pooled resources among the minority is not possible.

Apart from proposing new programs or alternatives to the administration's proposals, much of the hard work of legislation and oversight rests in the sifting, evaluation, and reassessment of old programs. Too often in our budgeting and program development we start with last year's base and merely weigh the proposed additions. We should be examining the historical basis of proposals as well, including support, where warranted, of existing programs which are serving their purpose, or the elimination or pruning of existing programs no longer useful as presently operated. Government is or should be a dynamic business, responsive to the genuine needs of the citizenry. Yet without the prodding and questioning of the Republican minority, who have no vested interest in the growth of the bureaucracy, these new empires of agency personnel may become frozen into the structure of Government. Obviously, effective oversight and investigation of the administration's programs requires adequate minority staffing.

An ambitious and attractive President can exploit the national media far more effectively than a numerical minority of individuals in Congress. If the minority is to cope effectively with its responsibility as to programs presented by the President and the majority, it must have resources to document its arguments. The real results of minority effort either in the form of constructive alternatives or sound criticism of administration policies, come in the committee reports, the speeches prepared by minority spokesmen when the bill comes before the Chamber for consideration, the amendments offered on the floor and in other similar forms. It is doubly important that the minority have these resources, for the editors and newsmen who control the news media of our country will tend to judge the minority and its actions by what it reads of their reactions on the wire services and receives from its own services.

Mailings of minority views by the Republicans on the Joint Economic Committee, including my colleague, the Senator from Connecticut, PRESCOTT BUSH, and my House colleague, Representative CURTIS of Missouri, and others, have been well received. The House Republican Policy Committee's release of the report of its task force on Operation Employment last year is an excellent example of what needs to be done much more often. The response of the press to this sort of thing has been encouraging, but this needs to be done on a regular, systematic basis. It is disturbing to me that many minority reports are never written, filed or distributed for one basic reason: lack of adequate staffs.

The minority Member needs information from sources other than the administrative departments and the majority controlled staffs. While it may be going too far to suggest that these sources are captive, it is not unreasonable to expect some will not go out of their way to volunteer information inimical or embarrassing to the policy objectives of the President and the majority party.

This need for independent information is particularly crucial in the field of foreign policy. I have commented on the floor of this Chamber, with other of my colleagues, on particular aspects of the administration's foreign policy that appeared to us to be deficient. There are policies concerning trouble spots in the world that need searching review and responsible constructive criticism from the minority. The strong pro-Arab bias in our Near East policy, and the troika experiment in Laos are two problems of deep personal interest to me. Yet, without the inclusion of minority staff members in connection with foreign policy surveys in Washington and abroad, the minority must depend on secondary and not always explicit sources for these policy reviews.

A recent Senate mission to Africa and the Congo included three Senators of the majority party and their staff. If the minority had had a part with a minority staff member in this survey team, it might have been better equipped to deal with the subsequent furor over the Katanga. The Joint Economic Committee's study of the U.S. economic policy in Latin America would have been entirely a majority party project but for the initiative of the senior House Republican on the committee. It has been stated that the staff of the Committee on Foreign Relations is nonpartisan. This is an excellent staff. Yet, can a nonpartisan staff serve two masters which have differing degrees of commitment to any given administration policy? Can it do an equal job with both? Do the critics of administration policy, especially from the academic world, enjoy equal access to both majority and minority Members, or are the best ideas channeled to the majority, or smothered before they reach minority Members who may be more receptive to them? Without adequate minority staff, I fear that we shall continue to operate at a decided disadvantage to our colleagues on the majority side of the aisle.

These arguments have all dealt with the more general problem of increasing the effectiveness of the minority in congressional government. They are set forth within the context of a need for greater congressional staffing regardless of majority and minority roles. We may disagree as to the exact form staffing arrangements should take, but we should all agree that good government suffers when the minority is deprived of the means to (1) develop constructive alternatives, (2) offer sound criticism and evaluation, (3) document and communicate its views, and (4) check information supplied by the majority against impartial sources. The fact that these minimal minority rights have not been achieved is by itself the most serious and disturbing aspect of the entire problem. It has serious implications for the future of our two-party system. Our system of government was founded on the unwritten understanding that the party in power will not attempt to exterminate the party in opposition; that the ins and outs can exchange roles periodically; that the majority may press its advantage, but still will respect the integrity of the minority.

The majority is not playing by the rules of the game, and if the American people knew the full facts of the story, their sense of justice and fairplay would cry out against the shame of a loaded legislative procedure. Would they endorse a ratio of 14 or 12 to 1 between majority and minority staffs? Would they approve a system that places virtually complete control of congressional committee staffs under the majority chairmen? The chairman empowered to hire and fire, set salaries, and determine tenure? Would they condone the limitations placed upon the minority in terms of office space, travel, telephone calls, secretarial services, and other essentials to the mechanics of adequate staffing? Would they affirm the policy of some committee chairmen not permitting minority staff to question witnesses? Would they justify the power of a majority chairman to select witnesses to arrive at prearranged conclusions? Would they applaud the inaction of some of the minority who would rather keep the personal prerequisites they have than risk losing them by rocking the majority boat too hard? I hardly think so. This is not a party partisan issue. This is not a division between liberals and conservatives. It is a contest between those who are dedicated to achieving effective congressional government, and those who are complacently content with the inequities that breed inefficient committee work and detract from the power and prestige of the Congress. It is a cause that includes in its ranks representatives of business and labor, civic action groups, the individual voter—all those who are dedicated to good government above petty political gain.

Why then have we not corrected the wrongs? Why are the loaded dice still in play? No one can be against good government—or can they? I should like to examine a few of the roadblocks or excuses for inaction, and answer them one by one.

There are some who deny that the problem even exists. Chairmen of several committees have challenged assertions that the nonpartisan staff concept has broken down. They have also challenged tabulations of majority and minority staffs compiled in the House by Representative FRED SCHWENGEL, and in the Senate by my esteemed colleague, the Senator from Nebraska, CARL T. CURTIS, and further researched by Roscoe Drummond, Congressional Quarterly, and the North American Newspaper Alliance. If the problem does not exist, why are so many of my Republican colleagues so exercised about it? In the past few months there have been speeches on the floors of the House and Senate by numerous Members. Representative FRED SCHWENGEL, of Iowa, has received letters supporting his stand for more equitable minority staff from ranking Members of the Congress and outstanding Republicans across the country. These are indications of a real discontent, not an imagined inequity.

The problem is real. One could point out a number of instances in the various Senate committees where more staffing is needed. A few examples will illustrate where the lack of staffing has limited the effectiveness of the Senate and Congress. The Aeronautical and Space Sciences Committee is moving into new virtually unexplored policy areas, yet it recently reviewed the $3.8 billion NASA budget in less than a week of cursory hearings. Observers have commented on the lack of critical discussion of major policy problems before various committees.

The Appropriations Committee has assumed a new importance with the increasingly frequent requests on the part of the Executive for greater authority and discretionary power. The minority needs adequate resources if it is to find out what the administration is doing and planning. Without sufficient minority staff, the majority will have unchecked control of the power of the purse.

The Armed Services Committee, with a defense budget of almost $48.5 billion, with the rapidly changing technology of weapons and weapon systems, with the recent charge of President Eisenhower to adopt a more critical attitude to defense spending, has perhaps the most demanding requirements for staff.

The committees with major responsibilities for domestic and foreign economic policy; Banking and Currency, Finance, Public Works, and Joint Economic, may be called upon in the next 6 to 12 months to face the first recession of this administration. Will they have sufficient staff, both the majority and minority, to assess the adequacy of the administration policies?

Will the minority, which has already made a major contribution toward the solution of the unemployment problem through a House Republican task force, have the resources to develop new approaches to the vexing long-term problems of our economy? The minority has at present only one professional economist on the Joint Economic Committee.

One could go on at length but these illustrations should give us a sufficient indication of the magnitude of the problems we face.

The actual numerical ratio between the majority and minority staffs has also been challenged. Again it should be stressed that the distinction is between staff controlled by and responsible to majority and minority respectively. Different tabulations vary somewhat, perhaps by one or two per committee. We can quibble endlessly about figures, especially when the exact information about staffing is so difficult to obtain, but, and I stress this, the basic proportions stand as imbalance.

---

### Schwengel-Curtis Breakdown for Committee Staffs—Rundown Shows 993 Democrats, 84 Republicans on Committees

(By Sid Goldberg)

New York, April 22.—Republicans in the Senate and House are moving to increase minority representation on committee staffs. Right now the imbalance between Republicans and Democrats on these staffs, all of whom are appointed by the committee chairmen, is spectacular.

On the Senate committees, there are 462 Democrats to 39 Republicans.

On the House committees, there are 461 Democrats to 43 Republicans.

On the joint committees, there are 70 Democrats to 2 Republicans.

This adds up to a total of 993 Democrats compared to 84 Republicans—more than 10 to 1—who perform the vital tasks of doing the research and drawing up the reports for the regular and joint committees of Congress.

This ratio (which jumps to 35 to 1 for the joint committees) clashes head on with the proportion of Republicans to Democrats among the elected Members of both Houses. In the Senate the Democrats outnumber the Republicans by about 2 to 1, and in the House by about 3 to 1.

In the Senate, Carl T. Curtis, of Nebraska, had an aid personally visit each committee and get from minority members or staffmen an up-to-date rundown of party allegiances.

In the House, the job was taken on by Representative Fred Schwengel, of Iowa, who, with the assistance of other House Members and some national Republican leaders, obtained the committee-by-committee breakdown. It took about 3 months to get, and the list has just been completed and given to NANA for distribution.

A Republican source said the breakdown would have been vastly more difficult to get if it had not been for the cooperation of some Democrats.

"The country would get much more positive action from Congress if committee staffs were more equitably divided," Representative Tom Curtis of Missouri told NANA. "As it stands now, minority Members must rely on the research and reports of staffers who sympathize with the opposing party.

"Not only is the political division of the staffs imbalanced, but the total size of the staffs is dreadfully insufficient," said Curtis, who was one of several Republicans, working closely with Schwengel. He pointed out that on his committee, Ways and Means, there is only one staff member who works part time in the important area of foreign economic policy. "We need at least 10," he said.

Tom Curtis added that the Ways and Means Committee has no staffer who works full time in the social security field. The situation, he said, is similar in many House and Senate committees and is made worse by the political dominance of one party.

On April 4 Representative William E. Miller, of New York, the GOP national chairman, wrote Representative Schwengel:

"This is a matter of extreme urgency because the condition is so serious it can undermine the very effectiveness and even routine functions of Republican Members of the House."

Schwengel has introduced House Resolution 570 which would enable the minority members of a committee, when most of them feel the staffing arrangement is unfair, to obtain a minority-majority staff proportion of 40 to 60. Also, the 40 percent of the staff appointed by the minority side would be paid by and be responsible to the minority members, not the committee chairman.

A comparable resolution has been introduced to the Senate by Carl Curtis, and his resolution has the additional provision that all special committees, too, must have minority staff representation.

Representative Joseph W. Martin, of Massachusetts, on April 11 pointed out in a letter to Schwengel that "This move is not new. England has long recognized this vital need of representative government and has carefully made sure the minority is adequately staffed."

Several Democrats in both the House and Senate agree that reform is needed in the manner in which staff members are chosen.

#### JOINT COMMITTEE STAFFS HAVE ONLY TWO REPUBLICANS

New York, April 22.—Following is a breakdown of party sympathy among staff members of joint committees, as compiled by Representative Fred Schwengel, of Iowa:

| Joint committee | Democrats | Republicans |
|---|---|---|
| Atomic Energy | 20 | 0 |
| Defense Production | 5 | 0 |
| Disposition of Executive Papers | 0 | 0 |
| Economic | 16 | 1 |
| Internal Revenue Taxation | 19 | 0 |
| Library | 0 | 0 |
| Printing | 8 | 1 |
| Reduction of Nonessential Federal Expenditures | 2 | 0 |
| Total | 70 | 2 |

#### *House GOP staffmen outnumbered 461 to 43*

| Committee | Democrats | Republicans |
|---|---|---|
| Agriculture | 10 | 1 |
| Appropriations | 48 | 13 |
| Armed Services | 15 | 0 |
| Banking and Currency | 12 | 2 |
| District of Columbia | 8 | 1 |
| Education and Labor | 45 | 2 |
| Foreign Affairs | 15 | 0 |
| Government Operations | 46 | 3 |
| House Administration | 4 | 2 |
| Interior and Insular Affairs | 7 | 2 |
| Interstate and Foreign Commerce | 25 | 0 |
| Judiciary | 42 | 1 |
| Merchant Marine and Fisheries | 8 | 1 |
| Post Office and Civil Service | 16 | 0 |
| Public Works | 40 | 5 |
| Rules | 2 | 1 |
| Science and Astronautics | 16 | 0 |
| Un-American Activities | 51 | 1 |
| Veterans' Affairs | 12 | 2 |
| Ways and Means | 17 | 4 |
| Select—Small Business | 18 | 2 |
| Select—Export Control | 4 | 0 |
| Total | 461 | 43 |

#### SENATE GOP STAFFERS OUTNUMBERED 462 TO 39

New York, April 22.—Following is a committee-by-committee breakdown of party sympathy among Senate staff aids as compiled by Senator Carl T. Curtis, of Nebraska:

| Committee | Democrats | Republicans |
|---|---|---|
| Astronautical and Space Sciences | 11 | 1 |
| Agriculture and Forestry | 6 | 1 |
| Appropriations | 33 | 3 |
| Armed Services | 25 | 1 |
| Banking and Currency | 17 | 3 |
| Commerce | 27 | 3 |
| District of Columbia | 7 | 1 |
| Finance | 5 | 1 |
| Foreign Relations | 28 | 0 |
| Government Operations | 44 | 4 |
| Interior and Insular Affairs | 17 | 1 |
| Judiciary | 146 | 11 |
| Labor and Public Welfare | 28 | 4 |
| Post Office and Civil Service | 10 | 1 |
| Public Works | 11 | 2 |
| Rules and Administration | 10 | 1 |
| Small Business | 18 | 0 |
| Aging | 19 | 1 |
| Total | 462 | 39 |

While some refuse to face the fact of partisan control of committee staffs, and the imbalance between the majority and the minority, there are others who regard the abuses that have been revealed as deviations from the norm of professional nonpartisanship. They oppose reforms suggested by the minority for fear that an alleged "party "spoils system" will destroy the professional competency of staff. This is not our intent. The touchstone of our approach is: "That course of action to achieve the most effective congressional government." We must recognize that these are legitimate functions for both majority and minority to perform, and that this requires adequate staff resources. A full solution of the problem would require both a redistribution of staff between majority and minority on a more equitable basis, and an overall increase in staffing levels—quantitatively and qualitatively. The disciples of nonpartisanship make a basic error by attempting to eradicate the two-party distinction from our committee system of government and its sine qua non, committee staffing.

Some of my Republican colleagues ask why am I so concerned about staffing now. Instead, they argue, we should concentrate on at least regaining control of the House this November. When we are back in power, we will be able to right the wrongs, maybe even with a bit more charity than has been shown to us, they say.

What is required is a statesmanlike solution and not political revenge. Our best course of action is to press immediately and persistently for a solution to the staffing problem, in keeping with the principles of responsible government.

The excuses for inaction can be multiplied and refuted. Those who disagree have their own arguments justifying the status quo. Yet when we pause to examine the immense and growing workload of legislative business, the backlog of bills not yet reported from committee, the prospects for a possible fall session during an election year, can we be complacent? My esteemed colleague, the junior Senator from Vermont, Mr. Prouty, has asked in a speech before this body, if the committee system, the backbone of our operation, is to have "ribs on only one side." "Do we not abuse the greatest body in the world?"

What progress has been made in correcting the situation I have outlined and what more needs to be done?

There have been several significant attempts in recent months to break the staffing barrier which deserve recognition and due credit.

Our colleagues, Senator Carl T. Curtis and Senator Kenneth B. Keating, attempted in February to establish at least a 1 to 10 minority-majority staffing ratio on Senate investigations and special studies. I think you will all recall the outcome of that test. The issue was decided on a straight party-line vote 30 to 55.

In March my good friend and colleague, the junior Senator from Vermont, Mr. PROUTY, introduced Senate Resolution 309, which provided that "the staff of each committee and subcommittee of the Senate should include such number of individuals designated by the members thereof who are members of the minority party as may be required to uphold in equitable recognition of the minority rights of those members." He was joined in that by Senators JAVITS, BOGGS, ALLOTT, MILLER, and myself. In the House, Congressman FRED SCHWENGEL, of Iowa, has introduced House Resolution 570, which would enable a majority of the minority members of a committee, when they are not satisfied with the staffing of their committee, to request that 40 percent of the professional staff be appointed by them and assigned to such committee business as they, the minority members, deem advisable. Representatives SCHWENGEL and CURTIS of Missouri, deserve special recognition for their initiative in bringing this problem to the attention of the House. I can remember some years ago that the Representative from Missouri, Mr. CURTIS, was almost alone in decrying the imbalance in committee staffs, and the inadequacy of staffing levels regardless of majority or minority. Today, a large number of the Republicans in the House have indicated their support for broadened, more equitably balanced, congressional staffing. A partial list of the Republican Congressmen favoring reform includes: Congressmen ALGER, AYRES, BASS, BROMWELL, CONTE, CRAMER, DERWINSKI, Congresswoman DWYER, Congressmen ELLSWORTH, FRELINGHUYSEN, FULTON, GOODELL, GRIFFIN, DURWARD HALL, KEARNS, LINDSAY, MCVEY, JOE MARTIN, MATHIAS, BILL MILLER, MORSE, ANCHER NELSEN, PELLY, SCHWEIKER, SCRANTON, SIBAL, STAFFORD, TABER, TOLLEFSON, Congresswoman JESSICA WEIS, and Congressman BOB WILSON.

The Representatives and Senators who have fought for increased staffing on an equitable basis have received strong endorsement for their cause from a broad range of editorial opinion. Typical of the comments of outstanding Republican leaders not in the Congress is a letter from former Vice President Richard M. Nixon to Representative SCHWENGEL, which appeared in the CONGRESSIONAL RECORD of June 25. Mr. Nixon remarked: "Indeed, the issue is not partisan at all. The shoe after all may well be on the other foot as early as January 1963, but the overriding consideration, all political preferences aside, is simply that democratic governmental processes demand an informed and responsible opposition. Your resolution surely works toward that goal, and thus it ought to be vigorously supported by every thoughtful Member of Congress."

No action has been taken on either the Prouty or Schwengel resolutions to date, yet they are significant illustrations of the deep concern the staffing issue has created among dedicated and respected members of the minority, and they point to possible solutions of the problem.

There have been some encouraging recent developments in the campaign for adequate minority staffing that also deserve comment. My good friend and colleague, Senator KEATING, in an excellent statement entitled, "A New Republican Offensive," singled out committee staffing as the No. 1 issue for the Republican conference. The following week the Republican Governors attending the 54th National Governors' Conference at Hershey, Pa., unanimously passed a resolution favoring reform of committee staffing and encouraging the Republicans in Congress to urge their leadership "to insist upon and take immediate action to correct the inequities which currently exist in committee staffing." I have had the benefit of the views of a number of Republican Governors, and I find that the current staffing ratio is of particular handicap to them. These men face an especially difficult assignment as a minority representation of this country's Governors when they or their representatives are called upon at frequent intervals to testify before various committees of the Congress. They do not now receive adequate congressional staff assistance in preparing minority views and testimony, in organizing briefings with minority Members of the House and Senate, in developing their ideas during hearings, or in following them up with the various levels of the Government. One point of particular concern is that the Democratic majority staffs, in dealing with problems of Federal-State relationships, are more favorably disposed toward increasing the responsibilities of the Federal Government than in developing the authority of our State, county, and local governments.

I could go on and document the views of members of my own party, but how do the members of the majority party feel? There are many who know that the present system is wrong, that it is unfair and unhealthy. Members of the Senate and House in the majority party who love the institutions of the Congress and are concerned about its position and its balance in relation to the increasing Executive power could well give more active attention to this problem. There are Democrats who are aware that the problem of staffing could develop into an important campaign issue. Differing points of view are not being brought out between majority and minority, and the electorate may be particularly sensitive to the Republican demands for more equitable staffing resources.

What is the attitude of majority staff to the situation of the minority? Some are candid enough to admit that the level of committee debate and of the legislative process in general would improve markedly with the introduction of more new challenging ideas. Virtual one-party control of committee staff has stifled the atmosphere of committee work. How many good staff people have left the Hill because they did not find their work sufficiently stimulating and challenging? Many have. I am confident that adequate minority staffing would go a long way toward infusing new life and vitality into the entire committee system.

I have stated the arguments for and documented the broad and growing base of support for a reform in committee staffing. What should our course of action be from here?

First, we should resolve to take immediate action. Nothing is to be gained by waiting. We should begin to move on this problem at once, regardless of whether we can bring it to a successful conclusion before the end of this session. The issues at stake are far more fundamental than the shifting of personnel between the majority and the minority.

Next, after careful consideration, I recommend that an ad hoc committee be established to consist of three Senators and three Representatives who have expressed interest in staffing reform. This committee, with staff assistance, should review actions taken to date and make further representations to the minority leadership. The work yet to be done is considerable. Facts must be organized, research must be pursued, support must be mobilized, strategy must be planned.

If the ad hoc committee is to complete its preliminary work with reasonable speed, it will have to utilize outside resources. Under the pressing legislative schedule that we all face, and with the fall elections drawing near, we cannot realistically expect a group of Senators or Representatives to be able to cover all the aspects of this problem. We must draw upon resources in the Republican Party and among public-spirited citizens regardless of party affiliation from across the country. We shall need all available help if we are to get our story to the public at large and to state our case persuasively to the political scientists, national leaders, and other individuals who influence and arouse public opinion.

In addition to gathering data and planning a strategy to correct the basic problem of imbalance in committee staffs, the ad hoc committee should explore possible innovations in the staffing arrangements of the minority itself—reforms that could be instituted, unlike the other problems I have stressed, without recourse to the majority. Of course, an increase in minority staff would greatly facilitate the adoption of such innovations by providing the minority with more staff flexibility.

One important innovation that should be explored is the establishment of leadership seminars. Periodically the joint Republican leadership of the House and Senate (or of each body independently) could meet with key minority representatives from areas with particular problems not common to all areas with Republican representatives. They would cover one subject at each session, rotating the subjects considered on a periodic basis. Academicians and lay experts could be invited to present position papers or to testify. These sessions would provide the leadership with continuing familiarity with a broad number of subjects in substantial depth.

The leadership seminars would also provide a voice for and an outlet for ideas of Republicans who do not normally participate in leadership decisions. They should tap Republican sources and assistance at all levels, placing primary emphasis on practical experience and knowledge. The seminars would provide a forum for any individual member who has obtained a specialized knowledge of a subject of national, area, or group interest through surveys, trips abroad, or by reason of his own study and interest.

In this way, the leadership seminars, in addition to coordinating minority policy, could become the mechanism for a two-way process of channeling ideas from the leadership down to the Republicans on the various committees and their staffs, and stimulating and communicating new policy ideas and alternatives from the lower ranks of the committee staff and committee membership to the leadership. I join my colleagues in the other House, Representative CURTIS of Missouri, in believing that this two-way communication of ideas between the leadership and rank and file is needed in order to build a strong and healthy minority party in the Congress.

Another innovation that should be considered is the formation of a staff clearinghouse—a central unit that could recruit and refer qualified job applicants to vacancies on the committees. This would seem to be an essential step toward raising the professional level of minority staff, yet it has not been instituted on any systematic basis.

When the ad hoc committee has completed its preliminary work, and consulted with the minority leadership, it should ask for a meeting with the majority leadership to present the case for adequate staffing. I feel that this course of action offers us the best hope for an early solution to the staffing problem which remains as one of the gravest weaknesses of, and one of the most serious limitations to effective, constructive congressional work.

**Mr. HECHLER.** Mr. Speaker, will the gentleman yield?

**Mr. SCHWENGEL.** I yield to the gentleman.

Mr. HECHLER. I am very much interested in the gentleman's remarks. As a member of the Committee on Science and Astronautics, for example, where the membership is nonpartisan in nature, would such a move as the gentleman proposes force partisanship into the committee? On issues that committee has to deal with we have a remarkable absence of partisanship which I believe is in the public interest.

Mr. SCHWENGEL. I am glad the gentleman raised this point. I know, he too is an avid student of political science and I believe the gentleman taught political science at the college level before he became a Member of the Congress. I say to the gentleman, I have discussed this matter and this very point that you raise, with recognized students of government who saw the good sense of the bill and that is the reason we wrote our bill as we did so that the minority may on their own motion when they feel there is inadequate staffing in a committee, to have up to 40 percent of the staff of any of the major committees of the House. The committee is forced to take advantage of this as a reading and study of this bill will reveal.

This would not affect any committee where the minority is completely satisfied with the staff, such as the gentleman's committee and other committees like Foreign Affairs, where they are completely satisfied. In those committees they could not get a majority of the minority to take advantage of this rule. But I can show you committees where the staffing is completely inadequate. Just take a look at the Committee on Government Operations and you will agree with me that something needs to be done in a situation like that.

Mr. HECHLER. Mr. Speaker, will the gentleman yield further?

Mr. SCHWENGEL. I shall be very glad to.

Mr. HECHLER. Might I commend the gentleman on his interesting position on this issue? I would raise this question also as a political scientist, to get the gentleman's comments. The gentleman said something about this Congress being here late because it was ineffective. I believe the gentleman will agree that his side of the aisle has been very effective on some key votes and that we would perhaps be in session much longer if it were any more effective.

Mr. SCHWENGEL. We have, of course, been very effective in defeating some legislation which we feel is very bad or very inadequate, but we are forced, because of the inadequacy of staffing on the minority side of committees, to be in more situations completely negative because we do not have the staffing to bring out a substitute for legislation that is proposed.

My guess is that if we have this opportunity, you would be better on your side, or if we were in the majority we would be better on our side. We would not have legislation such as we had the other day, authorizing $900 million for public works under the guise of curing unemployment. No other testimony, in my opinion, is better than the testimony of Mr. Meany, who leads the greatest labor movement we ever had, when he told us that the most we could expect from the expenditure of this $900 million would be to provide 250,000 jobs. The committee put it at 125,000. I say that is a lot of money to spend to employ 125,000 unemployed when we have had up to 5 million in a year. It seems to me that if we had had adequate staff we could have brought out a substitute bill that would have been more realistic and more effective.

Mr. HECHLER. Mr. Speaker, will the gentleman yield further?

Mr. SCHWENGEL. I yield.

Mr. HECHLER. I would say that anything that would contribute to a more constructive approach by both sides of the aisle would be in the best interest in the House of Reprsentatives. I would not want the gentleman's remarks to indicate that I support in any way his position regarding the accelerated public works bill which provided such a great stimulus for West Virginia and other areas of the country with a high percentage of unemployment.

Mr. SCHWENGEL. I am interested in doing something for West Virginia and doing all we can to take care of the unemployed everywhere, but I think there are other answers to this problem that we should try to find, and I think that if we have adequate staffing in some of these committees we would find some better answers and the public interest would be served.

Mr. HECHLER. I commend the gentleman for stirring up discussion on this issue.

Mr. SCHWENGEL. I thank the gentleman very much for his inquiries that made possible some additional observations on matters about which I have strong feeling.

Mrs. MAY. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the distinguished gentlewoman from Washington.

Mrs. MAY. I should like to carry a little further the discussion that has just taken place. I wish to refer to a point brought up by my distinguished colleague from West Virginia. The gentleman will recall that we on the minority side just last year, the distinguished gentleman included, engaged in weeks and months of work on a study called Operation Employment in which we used our own staffs in our own offices and developed what we believe to be strong and effective recommendations which the minority thought would do much to alleviate this national problem. West Virginia was mentioned and, of course, specific suggestions were made about the gentleman's State. Since that time because of the lack of legalistic help, including counsel, the gentleman has been talking about and which he attempts to correct by the introduction of his bill, we have not been able to present these constructive alternatives to the Congress in an effort to make them effective. Does not the gentleman agree if we had been able to do this, perhaps the majority would have been able to accelerate that program, at least under titles proposed by their own President, President Kennedy?

Mr. SCHWENGEL. Yes; I agree completely with the distinguished gentlewoman on that point. And let me add further, and I thank the gentlewoman for bringing up the question of Operation Employment, in which we of the minority were involved—I might say I was a member of that discussion group as the gentlewoman knows, and I got quite a thrill out of studying the area on fiscal policy by Henry Wallich, who is a member of the economics department of Yale University and a very avid student. The result of that study was helpful to me. It was put in the CONGRESSIONAL RECORD. But, as the gentlewoman knows, we had no chance to apply the principles involved because of an inadequate staff in the committee that had to deal with this question. I think we performed a great public service in showing first of all that we do have interest and concern here for employment and the policy that can influence unemployment and that there are other answers that need exploring but unfortunately when it gets down to the technical point and dealing with the matter in the committee it was impossible for us to do so adequately in most instances, as the staffs of the committees are composed now.

Mrs. MAY. The gentleman observed the remark which emanated from our side that we should give President Kennedy a Republican Congress for his own good and it would follow, perhaps, we would give as Republicans an adequate minority staff.

Mr. SCHWENGEL. This is one way for what is now the minority to have an adequate staff. I want to say to the gentlemen on that side if we get a majority, of course, we will, I hope we will, I am doing everything I can to make this happen in my State and elsewhere, I will still introduce this bill when we have a majority so that the minority on that side next year will have a chance to take advantage of the opportunities that I want the minority to have on our side.

Mr. HECHLER. If that is the purpose of the bill, I am sorry I will have to oppose it.

Mr. SCHWENGEL. That is not the purpose of the bill, I may say to the gentleman. This is one way to have an adequate staff next year, and I am sure we will have it.

## A VITAL BILL IN THE FIGHT FOR AIRPLANE NOISE ABATEMENT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 20 minutes.

Mr. HALPERN. Mr. Speaker, I am delighted with the action of the Senate Commerce Committee in approving S. 3138, introduced by the distinguished Senator from New York, the Honorable KENNETH KEATING. I am privileged to have sponsored the House version of the bill, which I feel is essential if ever there is to be effective alleviation of the noise problem.

This bill amends the existing Federal Aviation Act of 1958 by directing the

Administrator of the Agency to conduct and encourage research to determine criteria for and means of abating objectionable air noises.

The legislation would provide the tools so vitally needed to effectively implement noise abatement. It spells out once and for all in the Federal Aviation Act the FAA's responsibility over plane noise control. And, of importance, it demonstrates the determination of Congress to effect an accelerated and expanded program of the aircraft noise abatement and directs the FAA Administrator to act immediately to meet this problem.

Further, the measure would speed up research on the internal design and development of engines so as to cut down noise at its source and would clearly determine and enforce procedures to diminish plane noise, such as altitude minimums, traffic regulations, and ground noise suppression.

Existing law already gives the FAA full power to establish and enforce safety regulations, but there is no specific language in the act covering noise abatement responsibility. This is a basic reason for the confusion and lag in this field. This bill would clearly give the FAA a definite legislative mandate of authority over noise and removes any further excuses for inactivity on this problem.

But, Mr. Speaker, as important as this step is, it must also be clearly established that the FAA's jurisdiction covers all aircraft noise—both on the ground and in the air. That is the objective of another of my bills now before the committee which I trust will be approved. It would cover noise generating from warmups as well as from takeoffs and landings.

For much too long, Mr. Speaker, the question of jurisdiction over plane noise between the FAA and the New York Port Authority has been bouncing back and forth like a ping-pong ball—much to the dismay of the suffering victims of this deafening uproar. Until the problem of jurisdiction is resolved once and for all, it will remain as an excuse for not getting effective results. This jurisdiction issue should properly belong to the FAA.

On June 12, I urged the House Commerce Committee to take up this and other legislation concerned with the problem. I was assured by the chairman that full consideration is being given to my request. Again, I plead with the committee to follow the splendid and enlightened example set by the Senate and take swift action on these proposals.

Mr. Speaker, millions of dollars are being spent to improve airports and accommodate aircraft traffic. Virtually nothing is being spent to safeguard the health, comfort, and welfare of the people who are being tortured by the raucous din of aircraft noise. It seems to me that any nation that can send a rocket millions of miles through space to Venus can certainly devise, through concerted efforts, methods to quiet the nerve-shattering noise of jets and other modern day aircraft.

Recently I attended a meeting at Idlewild Airport to discuss the noise problem with FAA officials. At that meeting, the FAA contended that it lacked adequate authority to regulate airplane noise at the present time, and, furthermore, that the state of engine development has not progressed sufficiently to make such noise regulation possible. This bill, which I cosponsored with Senator Keating, gives both authority and a mandate to the FAA to move forward against the problem of air noise with all speed and without in any way compromising any principles of air safety.

I compliment the junior Senator from New York on his devoted efforts in the all-out attack on aircraft noise. Also, I want to commend the Senate committee for recognizing the need for farsighted action in this field.

I am certain my appreciation is echoed by countless others whose lives have been unmercifully plagued by the scream and roar of jet and propeller-driven aircraft. To those people who live near airports or under existing flight paths, a measure of relief is in sight—providing this House follow the Senate lead.

Mr. Speaker, I come before this House today to fervently plead for the support of all our colleagues in the fight for rapid committee and floor approval of our bill. This legislation will go a long way in aiding the millions of people who suffer from the unconscionable noises produced by today's airplanes.

---

## FEDERAL REGISTER

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. Walter] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WALTER. Mr. Speaker, today's Federal Register gives the Civil Aeronautics Board's notice of proposed rulemaking in the supplemental airline field.

I have been critical in the past of the CAB, particularly after the Imperial Airline crash at Richmond November 8. I believe Chairman Alan S. Boyd and his associates now are showing a strong determination to clean up the supplemental field, and I want to commend them for this new approach.

The requirements laid down by the CAB, appearing in today's Federal Register, are, in my opinion, solid requirements. This is an indication the CAB is going to be strong on the fitness issue regarding the nonskeds:

Civil Aeronautics Board

(14 CFR, pt. 208)

(Docket No. 13984)

TERMS, CONDITIONS, AND LIMITATIONS OF CERTIFICATES TO ENGAGE IN SUPPLEMENTAL AIR TRANSPORTATION

*Notice of proposed rulemaking*

September 4, 1962.

Notice is hereby given that the Civil Aeronautics Board has under consideration the adoption of a new part 208 of the Economic Regulations which would contain the Board's substantive regulations implementing paragraphs (1), (2), and (3) of section 401(n) of the Federal Aviation Act of 1958, as amended, and make these requirements applicable to authority issued under section 417 of the act and sections 7 and 9 of Public Law 87–528.

This regulation is proposed under the authority of sections 204(a), 401(n), and 417 of the Federal Aviation Act of 1958, as amended (72 Stat. 743, 76 Stat. 144, 145; 49 U.S.C. 1324, 1371, 1387) and sections 7 and 9 of Public Law 87–528, 76 Stat. 146, 148. The principal features of the proposed regulation are explained in the explanatory statement below, and the proposed new part 208 is set forth below.

Interested persons may participate in the proposed rulemaking through submission of 10 copies of written data, views or arguments pertaining hereto, addressed to the Docket Section, Civil Aeronautics Board, Washington 25, D.C. All relevant matter in communications received on or before September 17, 1962, will be considered by the Board before taking final action on the proposed rule. Copies of such communications will be available for examination by interested persons in the Docket Section of the Board, room 711, Universal Building, 1825 Connecticut Avenue NW., Washington, D.C., upon receipt thereof.

By the Civil Aeronautics Board:

[seal] Harold R. Sanderson,
*Secretary.*

Explanatory statement: Public Law 87–528, of July 10, 1962, amends the Federal Aviation Act of 1958 to authorize the Board to issue certificates of public convenience and necessity for supplemental air transportation under new section 401(d)(3) of the act. In addition, new section 401(n) gives the Board express statutory authority to impose certain requirements upon supplemental carriers that will assure the public of financially responsible and safe transportation. Maintenance of liability insurance, in such amount as prescribed by the Board, is made mandatory, as is the requirement that a supplemental carrier be and continue to be fit, willing and able to perform the services authorized and to conform to the provisions of the act and the requirements of the Board thereunder. The Board has discretionary authority to require performance bonds conditioned upon the carrier's making appropriate compensation to shippers and travelers, as prescribed by the Board, for nonperformance of contracts for air transportation services, and also to impose minimum requirements as to the extent to which the authorized services must be performed. The regulations proposed herein implement the insurance, performance of contracts, and minimum operations provisions of the statute.

To implement section 401(n)(1), the Board proposes to adopt, with clarifications and some changes, the liability insurance requirements now set forth in policy statement No. 13, section 399.37 of the Board's policy statements, as the insurance requirements which the Board would impose under this legislation. The permissible exclusion relating to aircraft of a type not declared to the insurer is omitted; the exclusion relating to liability assumed by contract is reworded for clarification; and the exclusion relating to the carrier's own property is also clarified. The Board believes that these requirements provide adequate protection to the public and do not constitute an undue burden on the supplemental carriers because most of them now have such insurance in force.

Section 401(n)(2) authorizes the Board to require supplemental air carriers to make appropriate compensation, prescribed by it, to travelers and shippers for failure on their part to perform air transportation services in accordance with agreements therefor. The Board is also authorized to require supplemental carriers to file performance bonds or equivalent security arrangements to secure the payment of such compensation. In light of the fact that under the new legislation supplemental air carriers will be required to demonstrate their continuing financial and managerial fitness, and in light of the considerable expense of securing performance bonds, it appears to the Board that it may be sufficient to require these carriers to assume the obligation vis-a-vis their passengers contemplated by this statutory provision. A requirement that the obligation be secured by performance bonds may be added later if experience shows that it is needed. The Board therefore proposes to require that supplemental carriers provide alternate transportation or promptly refund the value of the transportation not furnished in case of delayed or canceled charter and individually-ticketed passenger flights in interstate or oversea transportation, and that these carriers expressly assume and define such obligations in their tariffs filed with the Board. As of this time, it also does not appear necessary to the Board to impose similar performance requirements applicable to cargo transportation.

However, for the protection of both passengers and shippers, the proposed regulation provides that supplemental air carriers may subcontract services which they have obligated themselves to perform, only to air carriers which themselves are authorized to perform such services. For instance, a passenger charter could not be subcontracted to an operator not an air carrier (e.g., a so-called "part 45 operator") or to an air carrier not authorized to perform such passenger charters.

Extended periods during which a carrier does not operate unavoidably impair the efficiency of the carrier's organization and thus its fitness to operate. Experience with the previous class of supplemental air carriers also indicated that dormant certificates might lead to trafficking in such certificates or to seizure of control by incompetent management or by persons previously responsible for violations of the act or the Board's regulations. After careful consideration of the various criteria that could be applied to all supplemental aid carriers regardless of the kind of services authorized by the certificate, the Board has decided that a requirement based on the number of operating hours per quarter is the fairest and most reasonable measure of minimum services to be performed. The Board therefore proposes to adopt a standard of 250 operating hours of revenue flight per calendar quarter as the minimum extent of service that will assure continued operational proficiency and actual performance of the services authorized by the certificate.

The Board proposes that the requirements to be imposed on certificated supplemental air carriers, as contained in this notice, will also be attached as terms, conditions, and limitations of interim certificates or interim authorizations issued under section 7 of Public Law 87-528, pending issuance or denial of certificates to engage in supplemental air transportation under section 401(d)(3) of the act. Therefore, it is proposed that a final rule will be adopted before October 8, 1962, the day on which the statutory operating authority granted by section 8 of Public Law 87-528 will terminate. The requirements of the regulation would further apply to authorizations issued under section 417 of the act and section 9 of Public Law 87-528.

The proposed new part 208 is set forth as follows:

"GENERAL PROVISIONS

"§ 208.1. Applicability.

"This part contains the Board's substantive regulations implementing paragraphs (1), (2), and (3) of section 401(n) of the act. The requirements of this part shall constitute terms, conditions, and limitations attached to certificates issued pursuant to section 401(d)(3) of the act. The requirements shall also attach to special operating authorizations issued under section 417 of the act, and to interim certificates or authorizations issued pursuant to section 7, and to authority issued pursuant to section 9, of Public Law 87-528.

"§ 208.2. Separability.

"If any provision of this part or the application thereof to any air transportation, person, class of persons, or circumstances is held invalid, the remainder of the part and the application of such provisions to other air transportation, persons, classes of persons, or circumstances shall not be affected thereby.

"§ 208.3. Definitions.

"For the purposes of this part, supplemental air carrier shall mean any air carrier holding a certificate issued under section 401(d)(3) of the Federal Aviation Act of 1958, as amended, or a special operating authorization issued under section 417 of the Federal Aviation Act, or operating authority issued pursuant to section 7 or 9 of Public Law 87-528.

"LIABILITY INSURANCE REQUIREMENTS

"§ 208.10. Liability insurance requirements.

"(a) On or before October 8, 1962, as a condition precedent to beginning operations in air transportation, each supplemental air carrier shall file an affidavit with the Board that such carrier has in effect liability insurance coverage that substantially complies with the requirements of this part. On or before November 8, 1962, each such air carrier shall file a copy of the insurance policy required by this part and the certificate of insurance issued by the insurer stating that such policy complies with all the requirements of this part in accordance with section 208.14. The Board will review the policy and certificate for compliance; if the policy or certificate does not comply with the requirements of this part, the Board will notify the air carrier and the insurer by registered mail stating the deficiencies of the policy or the certificate of insurance. If no objections are raised by the Board within 30 days after receipt of the policy and the certificate of insurance, such policy and certificate shall be deemed filed with and approved by the Board as complying with the requirements of this part.

"(b) On and after February 1, 1963, no supplemental air carrier shall perform any service unless the carrier maintains a currently effective policy (or policies) of liability insurance filed with and approved by the Board as complying with the requirements of this part.

"(c) Such insurance policy shall be issued by a reputable and financially responsible insurance company which is legally authorized to issue policies of that type in any State, territory, or possession of the United States, or the District of Columbia.

"§ 208.11. Minimum limits of liability.

"(a) Except as provided in paragraph (b) of this section, the minimum limits of liability insurance carried by a supplemental air carrier shall be as follows:

"(1) Liability for bodily injury to or death of aircraft passengers: A minimum of $50,000 for any one passenger, and a minimum total amount for each accident in any one aircraft equal to the sum produced by multiplying $50,000 by 75 percent of the total number of seats.

"(2) Liability for bodily injury to or death of nonpassengers: A minimum of $50,000 for one person in any one accident, and a minimum of $500,000 for each accident.

"(3) Liability for loss of or damage to property: A minimum of $500,000 for each accident.

"(b) Liability insurance applicable to circumstances in which the amount of recovery is limited by the Warsaw Convention, 49 Stat. 3000, T.S. 876, or treaties amendatory thereof, need not exceed such limits.

"§ 208.12. Terms and conditions of insurance coverage.

"(a) Insurance contracts shall provide for payment, within the specified minimum limits of liability, by the insurer of any final judgments recovered against the insured for bodily injury to or death of any person, or loss of or damage to property of others, resulting from negligence of the insured, or his duly authorized agent, in the operation, maintenance, or use of any aircraft on a flight conducted by a supplemental air carrier pursuant to authority granted by the Civil Aeronautics Board, or under an invalid claim of such authority.

"(b) The liability of the insurer shall apply to any and all such flights conducted by the insured air carrier, irrespective of whether the aircraft involved in such liability are specifically described in the policy, and shall not be subject to any exclusion by virtue of violations, by said carrier, of any applicable safety provisions of the Federal Aviation Act of 1958, as amended, or of any rule, regulation, order or other legally imposed safety requirement prescribed by the Federal Aviation Agency.

"(c) Such liability shall not be contingent upon the financial condition, solvency or freedom from bankruptcy of the insured. The limits of the insurer's liability for the amounts prescribed herein shall apply separately to each accident, and any payment under the policy because of any one accident shall not reduce the liability of the insurer for payment of final judgments resulting from any other accident.

"(d) Within the limits of liability herein prescribed, the insurer shall not be relieved from liability by any condition in the policy or any endorsement thereon, or violation thereof by the insured air carrier, other than the exclusions set forth in section 208.13, or such other exclusions as may be individually approved by the Board. Such policy shall not be subject to cancellation, change or suspension, by either party, on less than 30 days' notice, by registered mail, to both the other party to the insurance contract and the Board.

"§ 208.13. Authorized exclusions of liability.

"Unless other exclusions are individually approved by the Board, any insurance policy or policies may contain only one or more of the following authorized exclusions:

" 'The insurance afforded under this policy shall not apply to:

" '(1) Any loss against which the named insured has other valid and collectible insurance, except that the limits of liability provided under this policy shall be excess of the limits provided by such other valid and collectible insurance but in no event exceeding the limits of liability expressed elsewhere in this policy;

" '(2) Liability, beyond or in addition to liability imposed by law, assumed by the insured under any contract or agreement;

" '(3) Bodily injury, sickness, disease, mental anguish or death of any employee of the insured while engaged in the duties of his employment, or any obligation for which the insured or any company as his insurer may be held liable under any workmen's compensation or occupational disease law;

" '(4) Damage to or destruction of property owned, rented, occupied or used by, or in the care, custody or control of the insured;

" '(5) Personal injuries or death or damage to or destruction of property, caused directly or indirectly, by hostile or warlike action, including action in hindering, combating or defending against an actual, impending or expected attack by any government or sovereign power, de jure or de facto, or military, naval, or air forces, or by an agent of such government, power, authority or forces; the discharge, explosion, or use of any weapon of war employing atomic fission or atomic fusion, or radioactive materials; insurrection, rebellion, revolution, civil war or usurped power, including any action in hindering, combating, or defending against such an occurrence; or confiscation by any government or public authority.'

"§ 208.14. Filing of policy and certificate of insurance.

"(a) Each supplemental air carrier shall file with the Board a copy of the policy or policies of insurance and all endorsements thereof and a duly executed certificate of insurance, signed by an authorized representative of the insurer. Whenever any change is made in a previously issued policy, a new certificate of insurance shall be filed with the Board at least 30 days prior to the proposed effective date of the change, and such certificates shall be accompanied by a copy of the new endorsement or endorsements made to such policy.

"(b) Each certificate of insurance shall expressly certify that the insurance company has issued to the insured air carrier a policy (or policies) which:

"(1) Incorporates the minimum limits of liability set forth in section 208.11;

"(2) Contains the specific terms and conditions of coverage set forth in section 208.12; and

"(3) Incorporates only exclusions which have been specifically authorized in section 208.13 or individually approved by the Board.

"PERFORMANCE REQUIREMENTS

"§ 208.20. Assumption of performance obligations in tariffs.

"Supplemental air carriers shall assume, and publish as part of the rules and regulations of their tariffs applicable to passenger service in interstate and oversea air transportation, the following obligations without prejudice, and in addition, to any other rights or remedies of passengers under applicable law:

"(a) In case of flight delays of more than 4 hours beyond the departure time stated in the charter contract or time of departure stated on an individual flight ticket, the carrier must provide alternate air transportation at no additional cost to the passenger or charterer, or immediately refund the full value of the unused ticket or the unperformed charter contract.

"(b) In case of unscheduled flight delays en route exceeding 2 hours, the carrier must, upon request and at the passenger's or charterer's option, furnish alternate transportation to the specified destination, or immediately refund the full value of unperformed transportation.

"(c) In case of flight cancellations or flight delays, refunds shall be paid immediately upon presentation of an unused flight coupon or upon demand of the charterer to the air carrier or its agent.

"§ 208.21. Substitution or subcontracting.

"Supplemental air carriers may subcontract the performance of services which they have contracted to perform, only to air carriers authorized by the Board to perform such services.

"MINIMUM EXTENT OF SERVICE

"§ 208.25. Minimum service requirements.

"Each supplemental air carrier shall perform services authorized by the Board for at least 250 hours of revenue flight in each calendar quarter, and shall file the reports of such operations required by the Board to determine compliance with this requirement."

[F.R. Doc. 62-8976; Filed, Sept. 5, 1962; 8:54 a.m.]

## REPORT OF HON. ROLAND V. LIBONATI, U.S. CONGRESSMAN, MEMBER OF THE HOUSE VETERANS' AFFAIRS COMMITTEE, TO THE 44TH ANNUAL STATE CONVENTION, AMERICAN LEGION, DEPARTMENT OF ILLINOIS, AUGUST 4, 1962, PRUDENTIAL AUDITORIUM BUILDING, CHICAGO, ILL.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. LIBONATI] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LIBONATI. Mr. Speaker, I had the honor of presenting the following report of the House Veterans' Affairs Committee with incidental remarks of its accomplishments to date this session:

Comrade Commander Karl Yost and comrades, I am honored by the enthusiastic welcome that you have accorded me. It is with a deep feeling of humility that I address you at your 44th annual convention, on the Veterans' Affairs Committee report as a Member of the 87th Congress.

Although you may be critical of the lack of accomplishment of the committee in certain specific areas, yet upon a minute appraisal of the entire program you must admit that great strides in legislation affecting service-connected veterans have been enacted into law. I submit to you the following facts and data for your consideration:

In discussing veterans' legislation, it is important to remember that our system of veterans' programs has been developing for many years; therefore, the most important bill which is considered by the Congress is one which is seldom mentioned and that is the annual appropriations bill considered by the Subcommittee for Independent Offices of the Appropriations Committee. We have the most extensive veterans' program of any nation on earth. The budget estimate under consideration for the fiscal year 1963, which begins on June 30 of this year, totals $5,248,833,000. Most of this is spent for direct veteran benefits: $1 billion is expended to operate our medical and hospital program; $3,867 million is paid directly to veterans, widows, and children for compensation or pension; $166,500,000 is paid for readjustment benefits. Most of this is for the education and training allowance for the few remaining veterans and war orphans who are taking education and training. We spend about $75 million each year for construction, maintenance, and modernization of the VA hospital system.

Our payments for compensation to veterans range from participants in the Spanish-American War to members currently being discharged from the Armed Forces for disability. Pension payments are being made to living veterans from the Indian wars of the 1880's forward and we are paying pensions to survivors of the Mexican War, Indian wars, Civil War, Spanish-American War, World War I, World War II, the Korean conflict, and the current peacetime service.

The most important legislative action the Congress will take this year will be the passage of the appropriations bill that will finance this extensive and comprehensive program for another year. The American public takes a generous attitude toward its veterans. The public is contributing 7 cents out of each taxpayer's dollar for veteran benefits and has shown a willingness to support the extensive hospital and medical program, compensation for the disabled and survivors of service-connected dead and pensions for those veterans, who, because of very low income, are in need.

In a program as large and complicated as the veterans' program, there is a continuing necessity for amendment, modernization, and change in the laws regulating the program. The Committee on Veterans' Affairs is constantly studying the operation of the veterans' program and each year processes quite a number of relatively minor bills which are aimed at correcting inequities and simplifying administration. We refer to a bill as being a minor bill when it involves a relatively small cost. Of course, if the bill provides an increased benefit for an individual with a particular situation, he does not consider the bill to be minor at all. The following bills are receiving active consideration in the Congress at the present time. A reading of the brief titles of the bill will serve to show the type of minor, corrective legislation which must constantly receive attention by the Congress. If additional information on any of these legislative proposals is desired, it may be obtained by writing directly to the House Committee on Veterans' Affairs.

H.R. 846, provide additional compensation for veterans having service-incurred disability of deafness of both ears.

H.R. 848, vocational rehabilitation provided veteran incurring disabilities in service after World War II and before the Korean conflict or after the Korean conflict.

H.R. 852, independent medical advice used in adjudication of compensation claims.

H.R. 856, modified plan of life insurance coverage for holders of NSLI policies.

H.R. 857, statement of facts in appealed claims.

H.R. 858, increased salaries of managers and directors of professional services of VA hospital, domiciliaries and centers.

H.R. 859, repeal of obsolete provisions of law relating to mustering-out payments for Korean veterans.

H.R. 860, repeal obsolete portions of law relating to unemployment compensation for Korean conflict veterans.

H.R. 861, effective date of certain statutory awards.

H.R. 873, increased compensation for service-connected disabled veterans for certain anatomical losses.

H.R. 1811, permit war orphans' training abroad under limited circumstances.

H.R. 2417, dependency and indemnity compensation increase for dependent parents and children.

H.R. 3728, disability compensation for blinded veterans.

H.R. 4012, specially adapted housing for certain service-disabled blinded veterans.

H.R. 4901, burial allowance for certain veterans.

H.R. 5234, recognition of void or voidable marriages of widows or children of veterans.

H.R. 5939, approval of courses under war orphans' educational assistance program.

H.R. 8282, pension for hospitalized veterans with dependents.

H.R. 8415, disbursement of funds of certain veterans.

H.R. 8802, waiver of certain housing indebtedness.

H.R. 8992, administrative changes for VA Department of Medicine and Surgery.

H.R. 9561, medical care for service-connected disabled veterans residing abroad.

H.R. 10066, statutory award for veterans with loss of ability to speak (aphonia).

H.R. 10068, exchange of U.S. Government life term insurance for endowment-at-age-96 policy.

H.R. 10069, research in prosthetic appliances.

H.R. 10669, assignment of national service life insurance.

House Resolution 73, pilot study into problems of elderly, chronically ill, or handicapped veterans.

In addition to this wide variety of minor legislative proposals which merit consideration, there are several issues of major importance under consideration. The most important of these is the service-connected compensation increase bill. In order to understand the problems relating to this legislative proposal, it is necessary that some history be related because this bill has, unfortunately, become involved with another legislative issue—the proposal to reopen the national service life insurance program for World War II and Korean veterans. Therefore, it is necessary to discuss both of these issues if one is to have an understanding of the current status of the service-connected compensation proposal.

The last increase for the service-connected disabled veterans was in 1957. The cost-of-living index has advanced about 5½ percent since that time. In view of this, one of the first actions the Committee on Veterans' Affairs took in the 1st session of the 87th Congress was the passage of a compensation rate increase bill, H.R. 879. This bill provided rate increases ranging from 5.3 to 11.1 percent, with the higher increases for the seriously disabled veterans. The additional first-year cost of this bill is estimated at $87,933,000. This bill was promptly passed by the House and sent to the Senate early in the first session. It was referred to the Senate Finance Committee where the national service life insurance amendment was added as a rider. The Senate later passed the amended bill and it was referred back to the House.

To understand the significance of this action, it must be realized that the two issues are completely unrelated and the adding of the national service life insurance reopening rider was an attempt to secure passage of an unrelated and controversial legislative proposal on the strength of the noncontroversial service-connected compensation increase bill.

The national service life insurance reopening proposal has been before the Congress for many years. There are few pieces of legislation which have received as much attention. It has been the subject of hearings of the Veterans' Affairs Committee in the 82d, 83d, 84th, 85th, 86th, and 87th Congresses and on each occasion, after proper hearings, the bill has been rejected. This bill is opposed by the current administration and was opposed by the previous administration. There have never been hearings held on the national service life insurance proposal in the Senate until last year when a 1-day hearing was held 2 weeks after the bill was ordered reported. The bill has been added as a rider to various unrelated bills on four other occasions. Each time the Congress removed the national service life insurance amendment.

It should be pointed out that the national service life insurance reopening proposal, added to the compensation bill by the Senate, had several very serious policy deficiencies. The major ones are:

1. It would not permit service-connected disabled veterans the privilege of reopening or reapplying.

2. It proposed to offer term insurance to World War II and Korean veterans. We now have a serious problem with World War I veterans, who have retained term insurance and cannot afford to pay the high premiums at their advanced age, yet this bill proposed to create the same problem on a larger scale for World War II veterans.

3. The bill used an old actuarial table which would result in the veteran being charged about twice as much premium as necessary and later receiving a dividend from the VA.

Since the House bill contained only provisions relating to service-connected compensation, the House was thus placed in the position of going to conference and accepting in total the insurance bill or rejecting it in total. Obviously the House Veterans' Affairs Committee was not inclined to accept this badly drafted proposal. Therefore, no further action was taken and the 1st session of the 87th Congress closed without securing a compensation increase for disabled veterans. This cost more than 2 million veterans $87 million. In an effort to revive the compensation increase proposal, the House has passed another bill quite similar to the compensation increase bill passed in the first session. This bill is H.R. 10743. Its first year additional cost is $98,264,000. It would provide a cost-of-living increase for all disabled veterans, with higher rates for the seriously disabled. This bill passed the House on April 2, 1962, and is now pending before the Senate. We very much hope that the Senate will not add the controversial national service life insurance reopening proposal to this bill and again subject the disabled veterans of the Nation to the prospects of losing a compensation increase.

It should be recognized that there is a great deal of divided opinion about the merits of the national service life insurance proposal. All of the major veteran organizations favor this bill. This administration and the previous administration opposed this proposal on the basis that since there is no war, there is no basis for expanding the Government's role in war risk insurance. Regardless of the merits of the national service life insurance reopening proposal, one thing does seem clear—this controversial, unrelated bill should not be permitted to jeopardize the chances of the service-connected disabled veterans of the Nation receiving a cost-of-living rate increase.

On August 16, the House considered H.R. 12333, a bill that was recommended unanimously by the Veterans' Committee. The bill permitted for 1 year the granting of national service life insurance to certain veterans heretofore eligible for such insurance. The bill included the non-service-connected disabled. An amendment sponsored by Congressman Ayres of Ohio, and Congressman Teague of Texas, was adopted excluding the non-service-connected veterans, thus making the bill effectual only for service-connected veterans. The bill was passed in this form. The consideration of the bill I opposed, and include my remarks herein. The bill is now pending in the Senate.

[From the Congressional Record, Aug. 16, 1962]

(P. 16762)

"Mr. Libonati. Mr. Speaker, will the gentleman yield?

"Mr. Smith of California. I yield to the gentleman.

"Mr. Libonati. As a matter of fact, this bill does not contemplate any expenditures of money by the Government; is that not true?

"Mr. Smith of California. As I understand it, there will be administrative costs of something a little over $7 million in the first year, but as time goes on that money is supposed to be repaid so that, actually, the statements made before the Rules Committee are to the effect that it will not cost the Government any money.

"Mr. Libonati. And with reference to the 3-percent figure retained for administrative costs—that amounts to about $5 a year per policy; is that not correct?

"Mr. Smith of California. That is correct.

"Mr. Libonati. As a matter of fact, in eliminating those who are not service connected from this bill and excluding those persons, you are contemplating a more unsettled financial situation so far as the service-connected veterans are concerned; are you not?

"Mr. Smith of California. I am afraid I do not follow the gentleman's question.

"Mr. Libonati. If service-connected disabled veterans are insured under this bill, they cannot procure any insurance from private insurance companies; is that not so?

"Mr. Smith of California. I do not know, but an individual might have an injury and there might be many insurance companies that do insure individuals who might have some disabilities.

"Mr. Libonati. But the majority of them would be disqualified by the doctor's certificate as to such disability; would they not?

"Mr. Smith of California. May I simply state this, so far as I am concerned, I think the Federal Government should offer insurance and do everything the Government possibly can for any service-connected disabled veteran. In my own opinion, there is not too much that the Government can do for them, and I am for that. On your question as to eliminating them, I cannot answer that.

"Mr. Libonati. Does the gentleman from California feel that this position that is being taken today on recommitting the bill with a crippling amendment is purely to protect the insurance companies; is that not so?

"Mr. Smith of California. I could not make any such statement as that.

"Mr. Libonati. What other reason would you give for not permitting a group of servicemen to support and carry on a program such as this which is self-liquidating where their premiums would pay for the expense of administrative costs and where they could be insured at a low rate. What other reasons would you have for recommitting this bill, which was voted out of the committee unanimously?

"Mr. Smith of California. Basically, I favor private enterprise. I would not reopen this at this time to 16 million people who are potential customers for private enterprise."

* * * * *

(P. 16763)

Mr. Sisk. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. Libonati].

"Mr. Libonati. Mr. Speaker, the sole purpose of this bill is to permit these veterans who have dropped their insurance after they came out of the service to reinstate their insurance.

"As you will recall, the average of those who served in World War II was 19 years. We realize that whatever premiums they would have to pay after leaving the services they were unable to pay, just as those who served in World War I.

"We did take the term insurance out of this bill. The Veterans' Committee voted that out, and approved the action. The term insurance is removed so that we would not disqualify the general business trend of private business.

"Unfortunately, some people think that by closing this avenue of insurance they benefit the private insurance corporations. In reality, when you open up insurance to people, even under this closed rule, you create a sentiment and a confidence in these same individuals for private insurance—insurance for the education of their children, insurance for whatever possessions they may have, and in all other fields of insurance. That was proven after the first war, that it was a stimulation to the insurance business.

"Leading insurance men spoke before our committee who are Members of the House and stated they felt the same way about this question. This opens up insurance 5-year level premium term, 20-year endowment at age 60 and 65, 30-payment life, and ordinary life.

"I do not see any reason why this Congress should prevent a group of veterans from reinstating their policies, if they show good health, under the same terms in an independent relationship to their classified groups. I think a great criticism would result if you defeat this bill. You would place upon the House a threat of defamation of honesty of purpose, you will not be serving these young servicemen who are able to pay the minimum premiums, you are mitigating against them because of private interests or private corporations. I do not accuse anybody. I am a friend of the chairman of my committee. I think he is honest and sincere and I have no doubt about his integrity. But I think he has made a mistake by making this move on the floor of the House. No one could attest to the fact that by changing the rules now you weaken the fund by limiting it to the service-connected disabled.

"You may be called upon to replenish that fund, if in accordance with the medical situation they will succumb earlier than was expected under actuary tables.

"Most of them cannot get private insurance companies now to issue policies because of their physical condition. I say to you that it is a reflection upon the integrity of this House to defeat this bill by recommitting it with a crippling amendment and destroying its general purpose.

"Mr. Speaker, every service organization—every national veterans' service organization—has asked for this relief for many years. Now we have an opportunity to give them what they so justly deserve, because of the conditions that they found themselves subsequent to the war they were not able to continue payments on their policies. The committee took out the term insurance on the bill because it was shown that in World War I some had to pay as high as $16,000 on a $10,000 insurance policy, and that included Gen. "Black Jack" Pershing. So, we realize that later on in life they would also be confronted with these high premiums of $57.50 a month, which is more than one can be expected to pay under term insurance. So we gave them this general health type of insurance with the provision that all expenses be taken out by the Government for the administration of the act, and all surplus moneys returned to the Treasury.

"Mr. Speaker, I hope the House will defeat the motion to recommit with amendment and pass the rule."

* * * * *

(P. 16781)

"Mr. Ayres (interrupting the reading of the motion to recommit). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the Record. The members of the committee, I am sure, are familiar with its contents.

"The Speaker. Is there objection to the request of the gentleman from Ohio?

"There was no objection.

"The Speaker. The question is on the motion to recommit.

"Mr. Libonati. Mr. Speaker, on that I demand the yeas and nays.

"The yeas and nays were refused.

"The Speaker. The question is on the motion to recommit.

"The question was taken; and on a division (demanded by Mr. Libonati) there were—ayes 124, noes, 87.

"Mr. Libonati. Mr. Speaker, I demand tellers.

"Tellers were refused.

"Mr. Libonati. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

"The Speaker. The Chair will count. [After counting.] Two hundred and forty-four Members are present, a quorum.

"So the motion to recommit was agreed to."

Since presenting this matter before the convention, and in order to give the latest results of the bill's consideration, I include the following information:

One of the major problems receiving attention in the Congress is the operation of the veterans' direct home loan program. About 10 years ago Congress created the direct home loan program to provide loan funds for veterans residing in small towns and rural areas where private financing was not available. Under this program, 206,910 loans have been made at a face value of $1,773,611,000. Last session the Congress voted several hundred million dollars for veterans' direct loans; however, in October of last year these funds were suspended because of the prospects of a big deficit in the Federal budget. Since that time, the waiting list has reached 45,297—its highest point in history. The Veterans' Affairs Committee became concerned about the situation and its Subcommittee on Housing made an inquiry. As a result of this inquiry, the following resolution was adopted:

> *Resolved*, That it is the sense of the Subcommittee on Housing of the House Committee on Veterans' Affairs that the failure of the Administrator of Veterans' Affairs to request in full the amounts authorized to be advanced under section 1823(a) of title 38, United States Code, by the Secretary of the Treasury for the making of direct loans under section 1811 of such title 38 is inconsistent with the intent of the Congress in the enactment of Public Law 87-84 and the Administrator should, as promptly as possible, request the advancement of the full amount authorized.

We are now told that additional money will be made available July 1, 1962, and the Veterans' Administration will again be processing loans for those individuals at the top of the waiting list. Unfortunately the waiting list is so large that the funds which become available in July will only take care of a relatively small number at the top. Those further down on the waiting list cannot expect relief for 6 to 9 months. The Committee on Veterans' Affairs has expressed its concern about this situation particularly in view of the fact that the direct loan program is one of the soundest operations the Federal Government has. It results in no actual cost to the Government—in fact, it has made money. It has shown a profit of about $75 million since its beginning.

One of the very active issues under consideration by the Congress is the peacetime GI bill. This legislation is sometime referred to as the cold war GI bill. It is the proposal which would provide readjustment benefits to individuals entering the armed services after January 31, 1955, the end of the Korean conflict, similar to those received by veterans of the Korean conflict. A bill of this type passed the Senate at the end of the last Congress but was not favorably considered in the House and died with that Congress. The Senate Labor and Public Welfare Committee has again reported such a bill and it is now pending on the Senate calendar. There is a great deal of divided opinion on the merits of this legislation and the divisions are as follows:

Those who support the bill are AMVETS, DAV, and VFW. The bill is supported by the National Association of State Approval Agencies, National Education Association, American Vocational Association, Association of Chief State School Officers, American Association of Junior Colleges, and quite a number of other relatively small educational groups.

The bill has been opposed by this administration and was opposed by the previous administration, the VA, Bureau of the Budget, and Department of Defense appeared in opposition to the bill. The American Legion and the American Council on Education, which is the organization of most of the colleges of America, have declined to support the bill.

Those arguing in favor of readjustment benefits and particularly the educational benefits, point to the wonderful achievements of World War II and Korean GI bills and emphasize that the service being rendered by the peacetime veteran of today is considerably different from traditional peacetime service in the Armed Forces. It has been pointed out that our servicemen are serving all over the world in combat-ready situations and many are performing field operational missions. The most recent example of this are the activities of the U.S. Armed Forces in Thailand.

The cost of the proposal is one of the big problems. The VA has estimated the first year cost of the education provision of the bill under consideration in the Senate at $222 million. There are quite a number of similar bills pending in the House and this measure is under study at the present time. There have been suggestions that since this group of veterans are not serving in a period of war, we should follow the pattern set in compensation legislation and provide some readjustment benefits but less than those received by the wartime group. This has caused consideration to be given to drafting an education and training bill which would provide assistance but at a lesser rate than those received by World War II and Korean veterans.

This issue is extremely important. It has long-range implications. Passage of such a bill would create eligibility for about 6 million veterans, who have already been discharged or are not serving in the Armed Forces. It would create a precedent for the future and undoubtedly would establish for all time the policy that service in the Armed Forces earns educational scholarship. In view of the far-reaching implications of this legislation, it is necessary that it receive the most careful consideration. There is a great deal to be said on both sides of this issue and it is most difficult to predict the outcome.

Probably the most controversial subject in the field of veterans' legislation is the non-service-connected pension issue. We now have a very extensive non-service-connected pension program. One billion two hundred million veterans and widows are receiving a pension. Sometime in fiscal year 1963, half of all living World War I veterans will be on the rolls. We will spend $1.6 for non-service-connected pensions for veterans and widows in fiscal year 1963. About 90 percent of this expenditure will be for World War I veterans and their widows.

Under existing law, a 65-year-old veteran, with 10-percent disability, who is unemployable, may receive pension assistance if he is married and has income of less than $3,000 or if he is single and his income is less than $1,800 per year. The amount of pension payable is based on income, with rates varying from $95 for the veteran with two dependents to $25 for the veteran or widow with no dependents in the upper-income group. The pension program which is operating today is based on the concept of paying a non-service-connected pension for those who are in need. Most veterans and widows at advanced ages have no difficulty in meeting requirements of law pertaining to disability and unemployability. The income limits established by the law are the principal tests of need. Under existing law, a veteran or widow can receive a non-service-connected pension in addition to other income and thus be assured of a total income that will place them in the top quarter of all Americans age 65.

There are some individuals and groups that think the present pension system is not liberal enough and are seeking to change it in various ways. There are about 170 bills pending before the Committee on Veterans' Affairs. These bills vary from the straight $100 a month pension bills, which require only 1 day honorable service, to bills which make relatively minor changes in existing program. Without exception it can be said that all of these bills propose liberalizations which pay more and more pension to persons with less need.

The World War I veterans' organization is pushing a bill, H.R. 3745, and is currently resorting to the use of a discharge petition in their attempt to gain enactment of this legislation. The Committee on Veterans' Affairs held hearings on H.R. 3745 and other pension bills last session, but has not seen fit to favorably report a bill of this type. The various veteran organizations have considerably different views on this subject. The American Legion specifically rejected H.R. 3745 in its last national convention and is advocating a bill which would make certain changes in income levels and rates within the framework of the existing law. AMVETS is supporting a similar bill. VFW supports a program calling for a separate and liberalizing program for World War I veterans; however, that organization has not identified a specific bill as fulfilling its legislative objective. The organization, Veterans of World War I of the U.S.A., Inc., has as its official legislative objective H.R. 3745, the subject of the current discharge petition. There are substantial numbers of veterans in the ranks of this organization and not affiliated with any veteran group who are urging passage of the so-called "no strings attached bill." This is the bill which would pay $100 a month at age 60 to a veteran with an honorable discharge. H.R. 3745 has serious technical deficiencies. Its first year additional cost is $944 million. It has an accumulative additional cost of $11 billion. Three-fourths of these expenditures would go to adding veterans in the top 25 percent of the income bracket to the pension rolls. Only one-fourth of these expenditures would go to veterans and widows now on the pension rolls who have been able to meet needs tests and have limited income. H.R. 3745 would provide a pension of $102 per month; however, it would grant no increase to about 100,000 veterans who are so severely disabled that they require the aid and attendance of another person.

The bill establishes income limits but renders these limits virtually meaningless by excluding income from social security, railroad retirement, Federal civil service retirement, and all other forms of public and private retirement and annuity plans. This means the veteran who derives his income from a retirement plan would not be required to count it as income but the veteran who derives his income from rental of a farm or real estate, dividends from stocks or bonds, from a savings account, share in a business or part-time work would be required to count his income. This is obviously grossly discriminatory.

The most serious policy implication of a bill such as H.R. 3745 is that it would result in giving highly preferential treatment to the non-service-connected veteran, with only 90 days' service, as compared to benefits payable to service-connected veterans and survivors of service-connected dead. H.R. 3745 would pay a tax free pension of $102 per month to several hundred thousand veterans with very short periods of service and who have substantial resources of their own and who are not in need of help from the Government. In several hundred thousand cases, the bill would operate to insure income levels to retired veterans in amounts ranging from $5,000 to $8,000. It should be emphasized that the average income for an American family is only about $5,500 per year. This should be compared with the benefits now payable to the service-connected group. A 50-percent disabled veteran receives only $100 a month and those familiar with veterans' affairs know that a veteran must have a very substantial disability to be rated 50 percent. Two parents, living together, who lost a son in the war on whom they were dependent, can receive no help at all if their income exceeds $2,400 per year. A totally disabled service-connected veteran receives $2,700 a year in compensation and national studies have shown that the average income of this group from all sources is only about $2,900 per year. An orphan child, who lost a parent in the war and later lost the other parent, receives only $70 per month in compensation.

It was my contention that in view of the above report formulated by Chairman Teague, that a compromise could be initiated in this area of legislation. The H.R. 3745 discharge petition filed in the House was signed by 206 Congressmen. Mr. Haley and myself, who are the only World War I members of the Veterans' Affairs Committee, had been using our good offices to confer with Director John Gleason who was interested in the legislation to effect a compromise with the administration by reopening hearings on pension legislation. We realized that H.R. 3745, even though passed by the House, would not have a chance in the Senate toward enactment. Senator Byrd of Virginia was outspoken in his objection to it, and certainly when the bill went to his committee it would be the end of the road. But Senator Byrd did qualify his attitude by stating that a bill that would rectify certain provisions in Public Law 86–211 liberalizing the pensions therein, could be considered. Both Congressman Haley and myself, throughout these negotiations, realized that we could not possibly sign the discharge petition and carry through our appeal for a compromise program. The administration conceded that discussion should be had by the Veterans' Affairs Committee of the House and hearings were held on August 7, 8, 9, 15, and 16. The service organizations testified at length suggesting various changes in Public Law 86–211; among the most important were increasing of the pension allotment for widows and veterans, raising the income limitations excluding railroad retirement, excluding the corpus as a contributory factor toward the determining of eligibility and amount, and excluding the various benefits that would go to the surviving mate through death, such as insurance policies, and so forth. The suggestion for the broader income limitations was reflected in the argument of the decrease of the buying power of money since the present limitations were put in by the Congress in 1939 with $1,200 for single, and $2,400 for married veterans. The 1962 dollar has the purchasing power of 45 cents of the 1939 dollar, and so these income limitations should be increased. Continued hearings will be held the first week in September, upon which the list will be determined and action of the Veterans' Affairs Committee in the amendment of Public Law 86–211. Once the compromise is effected with the approval of the administration, the bill will be passed in both Houses without any difficulty. I feel that my position in this matter was sincere and practical, and although some of my friends may be critical of my position, both Congressman Haley and myself thought that to accomplish this one must reserve a neutral position as far as signing of the discharge petition. Unless this compromise is affected, I shall sign the discharge petition with many others who are holding off with the same reservation. I feel it incumbent upon me to do so in view of the fact that I promise to sign the discharge petition if I find that a compromise would be denied.

It is obvious, therefore, that passage of a general pension bill, which has virtually no service requirements and needs test will result in hundreds of thousands of short term non-service-connected veterans, who are well able to take care of themselves, receiving far better treatment than the service-connected disabled and the survivors of service-connected dead. This kind of thing would do serious damage to the entire structure of the veterans program and cannot be defended in the eyes of the public.

One part of the non-service-connected pension issue which has greatly concerned the Committee on Veterans' Affairs is the failure of several hundred thousand veterans and widows to elect the higher pension benefits voted by the Congress in Public Law 86-211. When revisions to the non-service-connected pension law, Public Law 86-211, were passed to become effective July 1, 1960, the bill contained a savings clause, which provided an election right to 1,197,000 veterans, widows and orphans, who were receiving a non-service-connected pension at the time of enactment. In other words, any veteran, widow, or orphan on the pension rolls at the time of enactment had the right to continue to receive the pension rates paid under the old law or, if because of low income, they could receive a higher pension rate under the new law, they had the right to elect the benefit most advantageous to them.

At the time of enactment, Veterans' Administration estimated that 70 percent of the veterans, widows, and orphans on the rolls, or 838,000 cases, would receive a raise. In its latest report, Veterans' Administration indicates that only 19.2 percent of veterans, widows, and orphans, eligible for election, have elected the higher benefits of the new law. This means that 500,000 veterans, widows, and orphans, according to Veterans' Administration estimates, should have elected the benefits of the new law and received higher pension rates.

In view of the great disparity between the estimates of Veterans' Administration and actual elections to date, the Committee on Veterans' Affairs and Veterans' Administration estimates, year, extensive investigations aimed at determining why the rate of election is so low. These investigations consisted of two nationwide studies by Veterans' Administration and investigations by the committee which led to the examination of approximately 5,000 veterans' case folders and personal interviews with veterans and widows in various sections of the United States. These interviews were conducted with veterans and widows, who obviously could obtain higher pensions by electing, and were aimed at determining the reasons why these eligible veterans and widows were not availing themselves of the higher pension rates voted them by Congress.

In its survey, the Veterans' Administration estimated that 52.4 percent of veterans, widows, and orphans, who were on the pension rolls on June 30, 1960, could benefit by electing to move under the new law. Veterans' Administration estimated that the average increased benefit which would be obtained was $12.28 a month for widows and $13.69 per month for veterans. Veterans' Administration estimated that since the enactment of Public Law 86-211, eligible veterans, widows, and orphans have lost $145,853,841 by not electing the higher benefits legislated by Congress. Veterans' Administration estimates that the average total lost each year is approximately $83 million and losses are running at the rate of approximately $7 million per month. Veterans' Administration set the figure of veterans, widows, and orphans eligible for an increase but not electing at 530,811 cases. It should be emphasized that these cases are in the lower income brackets because these are the only individuals who could benefit by electing the higher benefits of Public Law 86-211.

A typical case would be a widow who has less than $600 a year income and is receiving a pension of $50.40 from the Veterans' Administration. This person is eligible to receive $60 a month, an increase of $9.60 or 16 percent per month. Under the new law a typical veteran's case would be a married veteran who has income of less than $1,000 per year and is now receiving $78.75. This veteran is eligible for a pension of $90 a month under the new law, an increase of $11.25 or 12.5 percent per month.

It seems incredible that hundreds of thousands of veterans, widows, and orphans would fail to elect to receive the higher benefits made available to them. In an effort to learn the reason for this, the committee studied thousands of cases and interviewed many widows and veterans and asked them for their reason for not electing. The major reason offered by veterans and widows was they had been advised by others they should not move to the new law because it could cause them to lose their pension or have their pension reduced in the future.

For those interested in veterans' service work, there is no area in which greater good can be accomplished than seeking to reach those veterans and widows who do not understand or have been misadvised about their rights for higher pension rates. We find that many of those veterans and widows reside in the low-income areas and many are located in small towns and rural areas where they are difficult to reach. It is apparent, however, that if a concerted effort can be made by the thousands of veteran service officers employed by the major veteran organizations and States and counties, several hundred thousand low-income veterans and widows can be advised of their rights and given substantial additional assistance. It is our view that this type of pension activity is far more important than passing indiscriminate pension bills aimed primarily at paying a $100-a-month pension to the upper income group simply because they served 90 days.

It has been the view of the Veterans' Affairs Committee that the hospital and medical benefit is the most important program available to veterans, both service connected and nonservice connected alike. It costs about $1 billion to operate our 174 VA hospitals. We hospitalize about 112,000 patients each day. There are about 15,000 members in the VA domiciliary homes and there are about 9,000 veterans in State soldiers homes receiving Federal assistance. The VA hospital system has been developing for a great many years and was substantially expanded following World War II. The VA hospital plant facility is valued at $2½ billion. Some of its buildings are 75 years old. Most of the hospitals are temporary war hospitals taken over by the VA following World War II.

The Congress and the administration have adopted a long-range renovation and repair program which will cost about $1 billion over a period of 10 years. This program calls for the replacement of about 11 complete hospitals and substantial modernization and renovation of most of the others. This program is moving along satisfactorily and is viewed by the Committee on Veterans' Affairs as most important.

The philosophy that has dominated the thinking of the Veterans' Affairs Committee for many years is that as the war years fade in the distance and there is less public interest in veterans' programs, it is very necessary that the various veteran programs be reasonable and supported by the public. There is not sufficient money to do all of the things that everyone wants to do; therefore, it has been necessary to proceed with an order of priority. There is general agreement that the hospital and medical program must come first. Compensation for the service-connected disabled and survivors of service-connected dead must receive a high priority since it seems unquestionable that the Government's first obligation is to this group. Non-service-connected pension programs should be made available to aging veterans and widows and those seriously disabled, even thought from a non-service-connected cause, but these programs should be kept in bounds and in proper relation to the service-connected programs.

Readjustment benefits should be provided for servicemen who experienced severe disruption of their civilian life. Experience gained from the World War II program indicates that readjustment benefits are far preferable to the bonus concept. It is costing about $5 billion a year to operate it. It is being operated in a very efficient fashion by the Veterans' Administration. It has the general support of the public. There are many minor changes which are needed from time to time and as conditions change and major groups become involved, new concepts may be needed.

These must be approached with great caution and no steps should be taken which would endanger the very substantial benefits which millions of veterans and their families now enjoy.

Two recent bills passed by the House, one affecting peacetime veterans' hospitalization, Senate bill 3109, eliminates discrimination that now exists, and would leave preference to war veterans. The purpose of the bill is to furnish hospital and medical care, including outpatient treatment, to peacetime ex-servicemen for service-connected disabilities on the same basis as such care and treatment is furnished war veterans. Now Public Law 87-583. This means that they can be provided treatment for a minor service-connected disability even though they have no such disability which can be rated as much as 10 percent disabling for the purpose of awarding compensation.

The second bill is blinded veterans training, Senate bill 2869, Public Law 87-591. The purpose of this bill, which is also known as H.R. 10857, is to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training.

The purpose of this report is to acquaint members of the Legion as to the accomplishments to date of Veterans' Affairs Committee of the House in the 87th Congress. The report does not, in its comments, reflect my personal attitude toward the legislation discussed, but rather the general feeling of the members of the committee.

It is my candid opinion that where duly Federal recognized service organizations pass a national convention mandate, that the action in itself is sufficient prima facie reason for an investigation by the Veterans' Affairs Committee for the purpose of holding hearings, and determining the question at hand.

It is my fond hope that upon my return to Washington that the committee will consider further legislation to be enacted affecting the reopening of the NSLI insurance to all veterans; and to broadening and liberalizing by amendment the provisions in Public Law 86-211 to effectuate a realistic pension measure and be corrective to meet the critical objections to the law which have prevented thousands of veterans and widows from electing to sign up under it and then perfect the original purposes of the act.

*Résumé of bills enacted into law, with a summary of Veterans' Affairs Committee acts since the 80th Cong. to date, Aug. 6, 1962*

BILLS ENACTED INTO LAW

| Bill No. | Title | Date of approval | | | Law No. | Remarks |
|---|---|---|---|---|---|---|
| | | House | Senate | President | | |
| H.R. 5723<br>Mr. Teague of Texas<br>Mar. 20, 1961. | To extend the veterans guaranteed and direct home loan program and to provide additional funds for the veterans' direct loan program. | Apr. 13, 1961 | June 26, 1961 | July 6, 1961 | 87-84 | |
| H.R. 806<br>Mr. Teague of Texas<br>Jan. 3, 1961. | To amend sec. 4004 of title 38, United States Code, to require that the Board of Veterans' Appeals render findings of fact and conclusions of law in the opinions setting forth its decisions on appeals. | Mar. 6, 1961 | July 7, 1961 | July 20, 1961 | 87-97 | |
| H.R. 7148<br>Mr. Teague of Texas (by request)<br>May 17, 1961. | To equalize the provisions of title 38, United States Code, relating to the transportation of the remains of veterans who die in Veterans' Administration facilities to the place of burial. | June 19, 1961 | July 6, 1961 | July 21, 1961 | 87-99 | |
| H.R. 2953<br>Mr. Teague of Texas<br>Jan. 3, 1961. | To amend sec. 521 of title 38, United States Code, to provide that certain service shall be creditable for pension purposes. | Mar. 6, 1961 | July 7, 1961 | do | 87-101 | |
| H.R. 6269<br>Mr. Teague of Texas (by request)<br>Apr. 12, 1961. | To extend the provisions for benefits based on limited periods immediately following discharge from active duty after Dec. 31, 1956, to veterans discharged before that date. | June 19, 1961 | do | do | 87-102 | |
| H.R. 845<br>Mr. Teague of Texas<br>Jan. 3, 1961. | To amend title 38, United States Code, to increase the rate of special pension payable to certain persons awarded the Medal of Honor, and for other purposes. | Mar. 6, 1961 | July 11, 1961 | Aug. 14, 1961 | 87-138 | |
| H.R. 4539<br>Mr. Teague of Texas<br>Feb. 17, 1961. | To amend sec. 723 of title 38 of the United States Code to provide for immediate payment of dividends on insurance issued under sec. 621 of the National Service Life Insurance Act of 1940 which has been converted or exchanged for new insurance under such section, and for other purposes. | Mar. 21, 1961 | Sept. 1, 1961 | Sept. 13, 1961 | 87-223 | |
| H.R. 1098<br>Mr. Thomson of Wisconsin<br>Jan. 3, 1961. | To amend sec. 901 of title 38, United States Code, to provide that a flag shall be furnished to drape the casket of each deceased veteran of Mexican border service. | Aug. 21, 1961 | do | Sept. 14, 1961 | 87-240 | |
| H.R. 6969<br>Mr. Teague of Texas<br>May 10, 1961. | To amend sec. 417 of title 38, United States Code, to provide that death pension may be paid in lieu of dependency and indemnity compensation in certain cases involving service-connected deaths occurring after Dec. 31, 1956. | do | Sept. 7, 1961 | Sept. 21, 1961 | 87-268 | |
| H.R. 8414<br>Mr. Teague of Texas (by request)<br>July 31, 1961. | To amend sec. 5011 of title 38, United States Code, to clarify the authority of the Veterans' Administration to use its revolving supply fund for the repair and reclamation of personal property. | do | do | Sept. 26, 1961 | 87-314 | |
| H.R. 3587<br>Mr. Teague of Texas<br>Jan. 3, 1961. | To amend sec. 612 of title 38, United States Code, to provide outpatient medical and dental treatment for veterans of the Indian wars on the same basis as such treatment is furnished to veterans of the Spanish-American War. | Mar. 6, 1961 | Sept. 14, 1961 | Oct. 4, 1961 | 87-377 | S. 2051, added as amendment in Senate, included in final enactment. |
| H.R. 8415<br>Mr. Teague of Texas (by request)<br>July 31, 1962. | To change the classes of persons eligible to receive payments of benefits withheld during the lifetime of deceased veterans while being furnished hospital or domiciliary care. | Apr. 2, 1962 | July 18, 1962 | July 25, 1962 | 87-544 | |
| H.R. 1811<br>Mr. Loser<br>Jan. 4, 1961. | To amend ch. 35 of title 38, United States Code, relating to war orphans' educational assistance, in order to permit eligible persons thereunder to attend foreign educational institutions under certain circumstances. | do | do | do | 87-546 | |
| H.R. 10068<br>Mr. Teague of Texas<br>Feb. 5, 1962. | To amend sec. 742 of title 38, United States Code, to permit the exchange of 5-year term policies of U.S. Government life insurance to a special endowment at age 96 plan. | do | do | do | 87-549 | |
| H.R. 8282<br>Mr. Teague of Texas<br>July 20, 1962. | To amend sec. 3203(d) of title 38, United States Code, to provide that there shall be no reduction of pension otherwise payable during hospitalization of certain veterans with a wife or child. | do | do | July 27, 1962 | 87-556 | |
| H.R. 10669<br>Mr. Teague of Texas (by request)<br>Mar. 12, 1962. | To liberalize the provisions of title 38, United States Code, relating to the assignment of national service life insurance. | do | do | do | 87-557 | |
| H.R. 10060<br>Mr. Teague of Texas (by request)<br>Feb. 5, 1962. | To amend sec. 216 of title 38, United States Code, relating to prosthetic research in the Veterans' Administration. | do | do | Aug. 6, 1962 | 87-572 | |
| H.R. 8002<br>Mr. Teague of Texas<br>Aug. 30, 1962. | To amend certain administrative provisions of title 38, United States Code, relating to the Department of Medicine and Surgery in the Veterans' Administration. | do | do | do | 87-574 | |

SUMMARY OF VETERANS' AFFAIRS COMMITTEE ACTION—BILLS AND RESOLUTIONS REFERRED AND HEARINGS-EXECUTIVE SESSIONS CONDUCTED

| | Congress | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 80th | 81st | 82d | 83d | 84th | 85th | 86th | 87th |
| Bills and resolutions referred | 498 | 619 | 436 | 402 | 537 | 491 | 628 | 584 |
| Hearings sessions | 60 | 64 | 50 | 46 | 71 | 69 | 55 | 36 |
| Hearings, printed pages | 3, 596 | 2, 355 | 2, 562 | 5, 337 | 4, 271 | 4, 834 | 3, 472 | 2, 459 |
| Executive sessions | 49 | 34 | 27 | 55 | 37 | 28 | 21 | 14 |
| Bills reported | 60 | 44 | 36 | 36 | 48 | 44 | 42 | 51 |
| Bills in House | 16 | 1 | | 14 | 1 | 5 | 2 | 6 |
| Pending in Senate committees | 6 | 16 | 14 | 2 | 17 | 11 | 6 | 14 |
| Bills on Senate Calendar or in Senate | | 1 | 1 | 2 | | | 1 | 6 |
| Recommitted | | 1 | 1 | | | 1 | | |
| Bills vetoed | 1 | 2 | 4 | | | 1 | | |
| Bills passed over veto | | 1 | 2 | | | | | |
| Laws enacted | 36 | 24 | 22 | 25 | 30 | 26 | 33 | [1] 118 |

[1] 1 law included the substance of 2 bills reported separately.

## REPORT TO THE CONGRESS, BY REPRESENTATIVE ROLAND V. LIBONATI, ON THE STUDY OF OUR NATIONAL FORESTRY POLICY AND STANDARDS CONTRIBUTING TO THE DEVELOPMENT AND ECONOMIC STATUS OF THE GREAT AMERICAN PULP INDUSTRY, THROUGH THE COOPERATION OF NATIONAL, STATE, COUNTY, COMMERCIAL, AND FARMERS' INTERESTS, IN THE PROPAGATION, CONTROL, AND MANAGEMENT OF FORESTRY RESOURCES

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. LIBONATI] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LIBONATI. Mr. Speaker, it was the good fortune of a considerable number of Congressmen to join, by invitation, with our distinguished colleague, the Honorable VAUGHAN GARY, of Virginia, to attend a forestry demonstration in his congressional district, just south of Richmond, Va., on May 8, 1962.

The Seaboard Air Line Railroad, sponsor of the program, was genial host in a most interesting invasion of the sciences contributing so much to the advancement of the pulp industry. We were welcomed aboard by J. R. Getty, general traffic passenger manager, at the Union Station, leaving Washington at 8 a.m. Breakfast was served and we were southbound. Upon our arrival in the Richmond area we were greeted by a high school drum and bugle corps and a number of distinguished citizens and officials. We then entered buses that carried us to our destination, Mineola Farm Tract, Chesterfield County, 1 mile north of Chester, Va.

After the introductory remarks of Robert N. Hoskins, general forestry agent, Seaboard Air Line Railroad, of Richmond, and the presentation, for the address of welcome, of the Governor of Virginia, Albertis S. Harrison, by John W. Smith, our genial host and president of the Seaboard Air Line Railroad Co., the instructive portion of the program was initiated.

An interesting survey of the industry and its development in various phases was given by Dr. M. D. Mobley, executive secretary, American Vocational Association, Washington, D.C.; Mr. George W. Dean, State forester, Virginia Forest Service, Charlottesville, Va., and Dr. R. E. McArdle, retired Chief Forester, U.S. Forest Service, Washington, D.C.

Then, the superduper demonstration program was in order, as follows:

### WOODS DEMONSTRATION PROGRAM, CHESTER, VA.

Location: Mineola farm tract, located in Chesterfield County, Va., about 1 mile north of Chester.

Date: May 8, 1962, Tuesday.

Time: 10 a.m., eastern standard time (11 a.m. eastern daylight saving time).

Introductory remarks: Robert N. Hoskins, general forestry agent, Seaboard Air Line Railroad Co., Richmond, Va.

Introduction of Governor: John W. Smith, president, Seaboard Air Line Railroad Co., Richmond, Va.

Address of welcome: The Honorable Albertis S. Harrison, Governor of Virginia.

Talk: "Forestry in the Vo-Ag Program," by Dr. M. D. Mobley, executive secretary, American Vocational Association, Washington, D.C.

Talk: "Virginia Forest Service Forestry Program," by George W. Dean, State forester, Virginia Forest Service, Charlottesville, Va.

Talk: "The Small Farm Woodland Owner," by Dr. R. E. McArdle, retired Chief Forester, U.S. Forest Service, Washington, D.C.

Introduction of local guests.

### DEMONSTRATION PROGRAM

Station 1: "Cone Collection and Nursery Production," Clem A. Halupka, Continental Can Co., Inc., Hopewell, Va. "Forest Genetics," Dr. Bruce Zobel, School of Forestry, North Carolina State College, Raleigh, N.C.

Station 2: "Mechanical Tree Planting and Hand Planting," Geo. W. Mosely, Forestry Equipment Co., Jacksonville, Fla. "Fire Control," Robert W. Slocum, Virginia Forest Service, Richmond, Va.

Station 3: "Aerial Detection of Insects," Robert Heller, U.S. Forest Service, Beltsville, Md. "Service Forestry," H. J. Andersen, Halifax Paper Co., Roanoke Rapids, N.C.

Station 4: "Hardwood control," S. M. Hughes, Riegel Paper Corp., Bolton, N.C. "Markets and Marketing of Creosoted Wood Products," R. R. Rowe, United States Steel Corp., Pittsburgh, Pa.

Station 5: "Production and Treatment of Farm Products," A. H. McCullough, Koppers Co., Inc., Florence, S.C. "Pulpwood Production and Paper Manufacturing," H. S. James, Jr., Union Bag-Camp Paper Corp., Franklin, Va.

Station 6: "Sawmilling," D. W. House, Southern Wood Preserving Co., Atlanta, Ga. "Seasoning of Lumber," P. M. Williams, Jr., Moore Dry Kiln Co., Jacksonville, Fla.

Station 7: "Pole Production and Classification," Tom Sawyer, Atlantic Creosoting Co., Portsmouth, Va. "Cross Tie Production," E. L. Kidd, Tie and Timber Department, Seaboard Air Line Railroad Co., Jacksonville, Fla.

Luncheon: 12:15 p.m., eastern standard time (1:15 p.m., eastern daylight saving time), courtesy Seaboard Air Line Railroad Co.

Special events: Water bombing, Steve Ayers, U.S. Forest Service, Washington, D.C. Helicopter seeding, James K. Vessey, U.S. Forest Service, Atlanta, Ga.

Introduction of distinguished visitors: Robert N. Hoskins.

Comments: The Honorable J. VAUGHAN GARY, Member of Congress, Third Congressional District of Virginia, Richmond, Va.

Comments and introduction of principal speaker: Warren T. White, assistant vice president, Seaboard Air Line Railroad Co., Richmond, Va.

Address: Charles B. Stauffacher, executive vice president, Continental Can Co., Inc., New York, N.Y.

Special feature: Operation of International Paper Co.'s Buschcombine, by N. T. Busch, Southern Kraft Division, Mobile, Ala.

Conclusion: 2:20 p.m., eastern standard time (3:20 p.m. eastern daylight savings time.)

Agencies cooperation with the Seaboard Air Line Railroad Co. in this program: Atlantic Creosoting Co.; Continental Can Co., Inc.; Forestry Equipment Co.; Halifax Paper Co.; International Paper Co.; Koppers Co., Inc.; Moore Dry Kiln Co.; Riegel Paper Corp.; Southern Wood Preserving Co.; Union Bag-Camp Paper Corp.; United States Steel Corp.; Virginia Electric and Power Co.; agricultural education division, State board of education; Agricultural Stabilization and Conservation Service; Farm and Home Administration; Mineola Land Corp.; North Carolina State College School of Forestry; Soil Conservation Service; State department of agriculture and immigration; State department of conservation and development; U.S. Forest Service; Virginia Extension Service; Virginia Forest Service.

The seedling was traced botanically in its gathering and germination, from nature's enwrapped pod through its sprouting and tree growth, to its ultimate marking for the bladed and circular saw truck, whose iron arms embraced the tree, simultaneously cutting through at the base of the trunk and lifting it to the bed of the truck alongside, shearing off the branches and foliage with tremendous speed, and depositing the trimmed log in its proper place thereon. In a question of minutes, a full load was ready to transfer to the hauling trucks to the railroad or the mills.

### REFORESTATION REPORT, 1961–62

A total of 38,828,330 tree seedlings were planted in Virginia in this period. Last year, 1960–61, 45,463,000 were planted. Over 5,000 acres were reforested by direct seedling—a record according to the Virginia division of forestry.

The number of seedlings planted in Virginia since the beginning of the reforestation program—1917—totals 338,199,130.

The greater bulk of seedlings planted were loblolly pine, 90 percent of total 36,021,000; white pine, 2,630,000; shortleaf pine, 601,000; Virginia pine, 283,000; and yellow poplar, 153,000; locust, cedar, spruce, pitch pine, table pine, and scotch pine, together 60,000.

The seedlings, 29,722,000 grown by the Virginia division of forestry at the New Kent County nursery; some at Charlottesville; 2 million from Government agencies. The remaining 8 million were grown by the forest industry, mostly Continental Can Co., of Hopeville. A total of 21,100,000 seedlings planted by farmers and other small landowners. The pulp and paper industries provided 4,325,850 free on a matching basis. Other wood using industries gave 600,500.

The forest industry planted over 18,227,380 seedlings on its own free land—15,767,300 by the pulp and paper industry, and 2,460,080 by lumber companies and other wood-using industries.

The importance of the use of forest lands is growing rapidly throughout the country and in Virginia. There are four major uses developed through the years:

First. Wood production.

Second. Use as watersheds.

Third. As habitat for wild game and fish.

Fourth. In outdoor recreation.

The competition for the use of land is increasing with our increase in population, therefore, we must make more effective use of what lands we have and scientifically increase their productibility for the purposes intended to the greatest yield of all the products and services that can be realized. It takes good management of forest lands to permit the various uses so as to minimize the counter interference that may impair its resources.

### PULPMILLS

There are 364 woodpulp mills in the United States—1959. Each mill consists of the manufacturing facilities used in producing a specific type of pulp such as sulfite or groundwood. The average capacity of all woodpulp mills—in 1959—about 226 tons per day. Average capacity per plant—two or more mills operated as a unit—291 tons per day. The type of woodpulp produced are sulfite, sulfate, groundwood, soda, and semichemical.

The daily capacity of all pulpmills in the United States amounted to 82,155 tons—1959—or 2,813 million tons per year.

The sulfate mills accounted for 53 percent of sulfite and groundwood, 28 percent daily production soda, semichemical and miscellaneous 19 percent; 54 percent of total daily pulpwood capacity produced in the South, 29 percent in the North, and 17 percent in the West.

The South's attraction to the industry rests on the following factors—favorable timber supply and timber cost. Such factors as labor supply, availability of water, chemicals, and power, and excellent transportation facilities for both pulpwood and the finished products.

Pulpwood consumption has increased steadily from 6.1 million cords—1920—to 35.2 million cords—1958. About 85 percent of the pulpwood consumed in 1958, or 29.8 million cords, consisted of round pulpwood cut directly from the forests, and about 15 percent or 5.4 million cords were mill residues obtained from sawmills and other primary manufacturing plants.

The Virginia mill capacity can be best studied from the following table:

| Plant No. | Plant name | Plant location | Mill capacity in tons per 24 hours | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Sulfite | Sulfate | Ground wood | Soda | Semichemical | Miscellaneous |
| 151 | Chesapeake Corp. of Virginia | West Point | 600 | | 600 | | | | |
| 152 | Continental Can Co., Inc | Hopewell | 850 | | 700 | | | 150 | |
| 153 | James River Pulp Corp | Columbia | 25 | | | 25 | | | |
| 154 | Mead Corp | Lynchburg | 175 | | | | | 175 | |
| 155 | Owens-Illinois Glass Co | Big Island | 150 | | | | | 150 | |
| 156 | Southern Johns-Manville Products Corp. | Jarratt | 200 | | | 200 | | | |
| 157 | UnionBag-Camp Paper Corp | Franklin | 600 | | 600 | | | | |
| 158 | West Virginia Pulp & Paper Co | Covington | 940 | | 580 | | | 360 | |
| | State total (8 plants) | | 3,540 | | 2,480 | 225 | | 835 | |

### WOODPULP

Woodpulp is a basic fiber. Take a sheet of paper, tear it and hold one of the torn edges to the light. Along the edge appears a slight fuzz. Here and there strands will project separately like fine hairs. These strands are cellulose fibers. Paper is made by floating millions of such fibers suspended in water onto a moving screen. As the water is drained through the screen, these fibers form a thin mat which, squeezed and dried, becomes paper. Tearing pulls the fibers apart, leaving the fuzz along the edge.

Most of the cellulose fibers come from wood. Cellulose, a complicated combination of carbon, oxygen and hydrogen, is found in wood in the form of small threads. They average from one-twentieth to one-sixth of an inch in length, and their length is 100 times their width. Glued together by another complex substance, lignin, these fibers constitute half the bulk of an average tree. Complex chemical and mechanical processes are used by the woodpulp industry to extract these fibers from the lignin and other substances found in the wood, and to prepare them for commercial use.

Yet, tiny as these fibers are, streaming out of pulp mills by the ton—they form the raw material for thousands of products essential to modern living—books, newspapers, facial tissue, wrapping paper, paper bags, shipping sacks, paper milk bottles, paper drinking cups, cartons, boxes, tar paper and myriads of other paper products.

So also by chemical treatment which dissolve the fiber and change its molecules, are rayon and cellophane and explosives, and photographic film, and plastics in many forms and shapes, from the base and headpiece of the telephone to the pipe that carries crude petroleum from the oilfields. The cord used to reinforce the rubber in tires and the ingredient used to make ice cream fluffy originate in woodpulp.

### THE FOREST

A tree builds itself by growing successive layers of cells, each new layer adding to the annual rings seen in a cross section of a log. It is its own chemical factory producing fibers nourished by sun and rain. A system of tubes conducts water from the soil upward to the leaves. In the green pigment of the leaves, the energy of the sun's rays brings about the formation of sugars and starches from the chemical combination of water and carbon dioxide. The resulting carbohydrates formed by this process called photosynthesis are used as food for the growth of the tree.

Each species of tree grows fibers uniquely its own. Some like those found in spruce, pine, and fir, are long and slender. Others like those found in poplar and cottonwood are short and stubby. Fibers differ in color, softness, and strength.

These differences, although minute, determine the qualities of products made out of pulpwood.

The sciences of physics and chemistry have developed methods of reconciling these differences in the pulping process, working and blending the fibers to produce the right kind of pulp for a particular end product.

The problems of the industry are manifold and through research and forest care and control the tree growth from the seedling stage to its harvest is a special botanical science. A modern pulp company will plan its wood requirements long in advance. Some from their own expansive acres, some from independent pulpwood producers, and some from independent farmers. The pulpwood cutters will be careful to leave behind seedlings or seed trees to provide other crops in the future.

Practical forest conservation is of paramount importance. Tree farming of tremendous acreages are of signal importance to remaining in the business.

The maintaining of private forest laboratories and experimental stations where expert foresters investigate the propagation of improved species of seedlings through genetics, effect of soil and climate on growth. They work with the National and State Governments in combating the ravages of fires, insects, and disease—the greatest enemy of the forests. Fire towers and firefighters are provided—powerful insecticides are developed and sprayed by airplane to arrest blights and plagues. The habits of insects are studied as well as their likes and dislikes.

The modern forest, man planted, is alive with activity. Construction of roads and draining systems, thinning of old stands to untrap sunlight, and promote faster growth. The marking of special trees to be left as seed throwers. The planting of seedlings in old fields. Tree farm signs pledging owner of timber to manage it according to standards and not overcut. The swing of axes and the hum of saws keeps a steady rhythm—while the new growth is replenishing the supply.

About one-third of the land area of the United States is wooded. Federal and State Governments own 25 percent of the commercial forest land in reserve. Railroads, pulp companies, and lumber companies and other industrial enterprises own 16 percent. Farmers and other industrial enterprises control 59 percent.

Nine-tenths of the country's wood supply came from these industrial and private owners where good forestry is practiced under the guidance of scientific experts with the States, counties, and Federal Government and including personnel of the groups themselves.

A modern pulp mill costs millions of dollars to build—and it must remain where it is built. Therefore, out of their need for a continuing and assured supply of fiber, the growing of a self-replenishing forest, thus becomes a stabilizing influence in our forest economy.

*The paper industry in the United States*

| | |
|---|---|
| Total number of plants in the United States | 5,312 |
| States containing plants | 47 |
| Cities and towns with plants | 1,153 |
| Number of employees in paper industry | 560,000 |
| Wages and salaries paid annually (including fringe benefits) | $3,400,000,000 |
| Annual sales | $12,500,000,000 |
| Federal taxes paid annually | $600,000,000 |
| State and local taxes paid annually | $200,000,000 |
| Capital spent for new plant and equipment between 1951 and 1960 | $5,736,000,000 |
| Paper and paperboard produced annually (tons) | 34,000,000 |
| Amount of paper used annually by each person in the United States (pounds) | 435 |
| Wood pulp produced annually (tons) | 25,000,000 |
| Pulp produced annually from sources other than wood (straw, rags, cotton fiber, hemp, bagasse and other grasses) (tons) | 1,000,000 |
| Reused pulp fibers, i.e., waste paper (tons) | 9,400,000 |
| Annual payments for pulpwood | $800,000,000 |
| Annual investment in research | $65,000,000 |

The economic analysis of the southern pulp and paper industry for 1960, calls to our attention the following facts and statistics:

| | |
|---|---|
| Primary pulp and paper mills | 73 |
| Total purchases of pulpwood | $471,020,000 |
| Total number of employees: | |
| Mill and factory | 77,788 |
| Forestry and reforestation | 8,656 |
| Total 1960 payroll: | |
| Mill and factory | $429,203,800 |
| Forestry and reforestation | $33,742,900 |
| Replacement value of mills | $3,737,625,000 |
| Number of forest owners [1] | 11,827,162 |
| Acres, commercial forest land [1] | 193,288,000 |
| Acres, paper company forest | 21,809,600 |
| Cords pulpwood produced: | |
| From independent owners | 19,309,900 |
| From company owners | 4,241,100 |
| Outlying concentration woodyards | 661 |
| Equivalent number of full-time jobs provided by wood harvesting | 96,127 |
| Landowners aided by industry | 36,157 |
| Acres they own | 8,872,700 |
| Seedlings supplied landowners | 61,101,337 |
| Seedlings planted by industry | 325,326,284 |
| Company nurseries | 20 |
| Seedlings produced | 241,696,221 |
| Foresters employed by industry | 1,396 |
| Cost, improving company forests | $34,301,600 |
| Acres of company forest open to hunting and fishing | 17,885,400 |
| Acres, State game refuges | 1,068,500 |
| Company forest recreation areas | 129 |
| Paper company scholarships | 135 |
| Youths in industry-sponsored forest camps | 1,087 |
| Company-sponsored school forests | 170 |

[1] 1958 Timber Resource Review figures.

We owe a personal debt of gratitude to Congressman VAUGHAN GARY and Robert N. Hoskins for their arrangements and plans in setting up this project. We thank the many experts, both National and State, for their myriad of intelligent contributions to the subject at hand. We are greatly appreciative of the important role played by the leaders of the industry in making possible the progress made by their concerns in this important area of the economy and sending their experts to acquaint us with the details of its every operation and research in the interest of an established economy.

And, of course, we cannot forget our genial hosts, the Seaboard Air Line Railroad president, Mr. John W. Smith, Mr. Warren M. White, assistant vice president, and Robert N. Hoskins, general forestry agent of the Seaboard.

The address of the Honorable Albertis S. Harrison, Governor of Virginia, emphasized the terrific economic impact that the industry exerts on the economy of Virginia and the national economy. His concept of the future of these efforts has the approval and cooperation of his administration. He should be complimented on his sincere interest in the welfare of the people of the State of Virginia and the further fact that he has accomplished though his good offices and influence the expansion of the industrial and forest propagation of lands in the Commonwealth.

---

## PROGRESS IN SPACE

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKED pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER. Mr. Speaker, the address which the gentleman from California just delivered is a highly significant one. It places in perspective the magnificent progress which our Nation is making in all aspects of space. It clears the record and establishes without peradventure of doubt that President Kennedy's leadership has not only moved us forward remarkably in the space program, but indicates that the President has a full awareness of the military aspects of space necessary for the preservation of our national security. On the other hand, President Kennedy realizes full well the dangerous implications to the human race which would result from a space program oriented toward war rather than toward the peaceful advancement of mankind.

I would like to call attention to the brilliant address made by Deputy Secretary of Defense Roswell L. Gilpatric, yesterday in South Bend, Ind., the hometown of our distinguished and able colleague, the gentleman from Indiana [Mr. BRADEMAS]. Secretary Gilpatric wisely stated, in part:

> The United States believes that it is highly desirable for its own security and for the security of the world that the arms race should not be extended into outer space, and we are seeking in every feasible way to achieve this purpose. Today there is no doubt that either the United States or the Soviet Union could place thermonuclear weapons into orbit. We have no program to place any weapons of mass destruction into orbit. An arms race in space will not contribute to our security. I can think of no greater stimulus for a Soviet thermonuclear arms effort in space than a U.S. commitment to such a program. This we will not do.

Secretary Gilpatric made it clear that the Kennedy administration is pursuing cooperative efforts in space through the United Nations, and other agencies, and he added:

> We will, of course, take such steps as are necessary to defend ourselves and our allies if the Soviet Union forces us to do so.

These remarks by a high Pentagon official serve to supplement what the able chairman of the House Committee on Science and Astronautics, the gentleman from California [Mr. MILLER], has told us today.

I would like to point out further that many expenditures by agencies such as the National Aeronautics and Space Administration, National Science Foundation, Weather Bureau, Bureau of Standards, and so forth—expenditures which do not show up in the defense budget—are clearly of value in enhancing our national defense. For example, all military branches are very much interested in more accurate weather information, which is of incalculable value in wartime. Although the several branches of the armed services spend only several hundred thousand dollars each on research and development in the application of the military aspects of weather information, of course the military value of the work of the NASA and the Weather Bureau in this field is very great.

Recently, a subcommittee of the House Committee on Science and Astronautics held hearings on meteorological satellite development, and I had the honor to chair these hearings. There were some inferences that the military might be interested in proceeding on their own in the development of a meteorological satellite in the event of further delay in the launch schedule on the planned Nimbus satellite. However, testimony offered to our subcommittee on September 4 by the Honorable John H. Rubel, Assistant Secretary of Defense, refuted these inferences and stated clearly that the military interest in weather satellite development was well and adequately protected through the existing programs of the NASA and the Weather Bureau.

Mr. Speaker, I believe that the address of the gentleman from California [Mr. MILLER] will go down as one of the truly historic contributions toward a better understanding of the entire space picture. Finally, Mr. Speaker, I wish to commend and congratulate the gentleman from California [Mr. MILLER] for the leadership which he is giving as chairman of the House Committee on Science and Astronautics, in an area which most certainly will control the future destiny of the peoples of our Nation and the entire world.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. WRIGHT, for 30 minutes, today.

Mr. PILLION (at the request of Mrs. MAY), for 1 hour, on Monday, September 10.

Mr. PILLION (at the request of Mrs. MAY), for 1 hour, on Tuesday, September 11.

Mr. SCHWENGEL (at the request of Mrs. MAY), for 30 minutes, today.

Mr. HALPERN (at the request of Mrs. MAY), for 20 minutes, today, on two different subjects and to revise and extend his remarks.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ROUSH.

Mr. PUCINSKI.

Mr. ANFUSO.

Mr. ROGERS of Florida.

(The following Members (at the request of Mrs. MAY) and to include extraneous matter:)

Mr. CUNNINGHAM.

Mr. JENSEN.

(The following Members (at the request of Mr. WRIGHT) and to include extraneous matter:)

Mr. FISHER.

Mr. FASCELL.

Mr. BENNETT of Michigan.

## SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2421. An act to provide for retrocession of legislative jurisdiction over U.S. Naval Supply Depot Clearfield, Ogden, Utah;

S. 3071. An act for the relief of Hidayet Danish Nakashidze;

S. 3221. An act to provide for the exchange of certain lands in Puerto Rico; and

S. 3628. An act to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy.

## ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 59 minutes p.m.), under its previous order, the House adjourned until Monday, September 10, 1962, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2482. A communication from the President of the United States, transmitting proposed supplemental appropriations in the amounts of $8,394,000 for the executive branch and $185,000, together with a proposed language provision for the District of Columbia, for the fiscal year 1963 (H. Doc. No. 537); to the Committee on Appropriations and ordered to be printed.

2483. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952; to the Committee on the Judiciary.

2484. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952; to the Committee on the Judiciary.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. GRIFFITHS: Committee on Ways and Means. H.R. 3985. A bill to amend the Tariff Act of 1930 to impose a duty upon the importation of bread; with amendment (Rept. No. 2325). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 12599. A bill to amend the Internal Revenue Codes of 1954 and 1939 to provide for the elimination of certain tax inequities through the permissive taxation of certain jointly owned railroad terminal and switching facility corporations as partnerships; with amendment (Rept. No. 2326). Referred to the Committee of the Whole House on the State of the Union.

Mr. WATTS: Committee on Ways and Means. House Concurrent Resolution 356. Concurrent resolution to designate bourbon whisky as a distinctive product of the United States; with amendment (Rept. No. 2327). Referred to the House Calendar.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAKER:

H.R. 13060. A bill amending title I of the Social Security Act so as to require that, in the administration of State programs for medical assistance for the aged established pursuant to such title, a statement of a claimant for assistance under any such program with regard to his financial status shall be presumed to be factually correct for purposes of determining his eligibility for assistance under such programs; to the Committee on Ways and Means.

By Mr. BERRY:

H.R. 13061. A bill to establish a program for the Government purchase and resale of domestically produced, newly mined processed mica and mica ore; to the Committee on Interior and Insular Affairs.

By Mr. CORMAN:

H.R. 13062. A bill to provide for the issuance of a special postage stamp in commemoration of the 250th anniversary of the birth of Padre Junipero Serra; to the Committee on Post Office and Civil Service.

By Mr. FOGARTY:

H.R. 13063. A bill to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes; to the Committee on Education and Labor.

By Mr. HALPERN:

H.R. 13064. A bill to control the human intake of agricultural commodities containing radioactive substances, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. McFALL:

H.R. 13065. A bill relating to tort actions against Federal employees who are designated management representatives for safety; to the Committee on the Judiciary.

By Mr. MILLS:

H.R. 13066. A bill to amend section 5 of the Federal Alcohol Administration Act to provide a definition of the term "age" as used in the labeling and advertising of whisky; to the Committee on Ways and Means.

By Mr. STUBBLEFIELD:

H.R. 13067. A bill to amend title VIII of the National Housing Act with respect to the authority of the Federal Housing Commissioner to pay certain real property taxes and to make payments in lieu of real property taxes; to the Committee on Banking and Currency.

By Mr. WALTER:

H.R. 13068. A bill to amend the Subversive Activities Control Act of 1950 with respect to the granting of bail to defendants in criminal cases pending appeal or certiorari; to the Committee on Un-American Activities.

By Mr. CHIPERFIELD:

H.R. 13069. A bill to provide assistance to certain States bordering the Mississippi

River in the construction of the Great River Road; to the Committee on Public Works.

By Mr. WIDNALL:

H.J. Res. 875. Joint resolution clarifying the responsibility of the Joint Committee on the Library with respect to historical exhibits and objects, and other antiquities located in the U.S. Capitol Building, and for other purposes; to the Committee on House Administration.

By Mr. ROGERS of Florida:

H. Con. Res. 520. Concurrent resolution reaffirming the Monroe Doctrine as a fundamental part of the foreign policy of the United States; to the Committee on Foreign Affairs.

By Mr. BOGGS:

H.Res. 795. Resolution authorizing the printing of a document entitled "Free Trade, Tariff Legislation, and Common Markets for the Western Hemisphere" as a House document and to provide for the printing of additional copies; to the Committee on House Administration.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JONES of Alabama:

H.R. 13070. A bill to authorize and direct the Administrator of the Farmers Home Administration to quitclaim certain property in Jackson County, Ala., to Skyline Churches Cemetery, a corporation; to the Committee on Agriculture.

By Mrs. KELLY:

H.R. 13071. A bill for the relief of Gilbert Fitzgerald Thomas and his wife, Norma Ina Beatrice Thomas, nee Kendall; to the Committee on the Judiciary.

By Mr. LANE:

H.R. 13072. A bill for the relief of Robert O. Nelson and Harold E. Johnson; to the Committee on the Judiciary.

By Mr. MARTIN of Massachusetts:

H.R. 13073. A bill for the relief of Mrs. Rose M. Powers; to the Committee on the Judiciary.

By Mr. McDONOUGH:

H.R. 13074. A bill for the relief of Helene Auguste Marie Niesel; to the Committee on the Judiciary.

H.R. 13075. A bill for the relief of Truman W. Maltby; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 13076. A bill for the relief of Monica Elaine Awang; to the Committee on the Judiciary.

# SENATE

## Thursday, September 6, 1962

The Senate met at 9 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Most merciful God, fountain of all wisdom and goodness, we thank Thee for the gift of sleep when the tangled web of weary striving and confused thinking emerges clarified and straightened by the touch of a new day.

We come with grateful hearts in this temple of freedom, bowing at the altar of prayer which our fathers set up at the Nation's birth. In so turbulent a time, with its tumult and shouting, for our soul's sake we must find the quiet places, the still waters, the green pastures, if our jaded and frayed spirits are to be restored.

Knowing that out of the travail of many a violent age a great new birth has come, by Thy grace keep our faith steady lest for the lack of it we lose what Thou dost intend in this prophetic day.

We ask it in the Redeemer's name. Amen.

## THE JOURNAL

On request of Mr. Humphrey, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 5, 1962, was dispensed with.

## REPORT ON U.S. PARTICIPATION IN THE INTERNATIONAL ATOMIC ENERGY AGENCY—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 538)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Joint Committee on Atomic Energy:

*To the Congress of the United States:*

I transmit herewith, pursuant to the International Atomic Energy Agency Participation Act, the fifth annual report covering U.S. participation in the International Atomic Energy Agency for the year 1961.

John F. Kennedy.

The White House, *September 6, 1962.*

## TRANSACTION OF ROUTINE BUSINESS

The PRESIDENT pro tempore. Under the agreement, morning business is in order for 15 minutes.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that statements in the morning hour be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. Humphrey, and by unanimous consent, the Committee on Post Office and Civil Service was authorized to meet during the session of the Senate today.

## EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### Report on Summary of Reviews of Maintenance and Supply Support of Certain Equipment Furnished Under Military Assistance Program

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the summary of reviews of the maintenance and supply support of Army equipment furnished to Far East countries under the military assistance program, dated August 1962 (with an accompanying report); to the Committee on Government Operations.

### Report on Examination of Procurement of Defective Controllers for Vertical Gyro Indicating Systems From Summers Gyroscope Co., Santa Monica, Calif.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of the procurement of defective controllers for vertical gyro indicating systems from Summers Gyroscope Co. (now Guidance Technology, Inc.), Santa Monica, Calif., dated August 1962 (with an accompanying report); to the Committee on Government Operations.

### Robert O. Nelson and Harold E. Johnson

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation for the relief of Robert O. Nelson and Harold E. Johnson (with an accompanying paper); to the Committee on the Judiciary.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. METCALF, from the Committee on Interior and Insular Affairs, without amendment:

S. 3566. A bill to change the name of Harpers Ferry National Monument to Harpers Ferry National Historical Park (Rept. No. 1999).

By Mr. MOSS, from the Committee on Interior and Insular Affairs, with an amendment:

S. 1924. A bill to amend the act of August 27, 1954 (68 Stat. 868) with respect to the Uintah and Ouray Reservation in Utah (Rept. No. 2000).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 11164. An act to approve an amendatory repayment contract negotiated with the Quincy Columbia Basin Irrigation District, authorize similar contracts with any of the Columbia Basin irrigation districts, and to amend the Columbia Basin Project Act of 1943 (57 Stat. 14), as amended, and for other purposes (Rept. No. 2002).

By Mr. MONRONEY, from the Committee on Commerce, with amendments:

S. 962. A bill to amend the Federal Aviation Act of 1958, as amended, to aid the Civil Aeronautics Board in the investigation of aircraft accidents, and for other purposes (Rept. No. 2001).

## ABATEMENT OF OBJECTIONABLE AIRCRAFT NOISE—REPORT OF A COMMITTEE (S. REPT. NO. 1998)

Mr. ENGLE. Mr. President, I am pleased to submit a report from the Committee on Commerce urging favorable consideration of S. 3138, a bill to amend the Federal Aviation Act of 1958, in order to provide for research to determine criteria and means for abating objectionable aircraft noise. This measure would authorize the Administrator of the Federal Aviation Agency to conduct such research within the Agency, jointly in cooperation with any public or private agency, or through outside grants, contracts, or other arrangements.

This country can be deservedly proud of having the finest, safest, and most efficient air transportation system in the world. The benefits which have accrued to every citizen and every sector of the economy are self-evident. The policy of continued encouragement, development, and perfection of our air transportation system is one with which few will take issue. In executing such a policy, however, we cannot callously ignore the hardships which aviation progress has imposed upon those living in areas adjacent to or in close proximity to airports. Progress produced our great turbine-powered air fleet. It has also produced objectionable noise. This is a problem which is becoming increasingly acute in my own State of California. It is a simple matter for those who are not confronted with the problem to dismiss it lightly—to say this is the price which must be paid for progress. I am convinced that this attitude would not prevail if those who hold it could visit such communities as Inglewood and Playa del Rey, which are situated near Los Angeles International Airport, and experience, if only for a short period, the anxiety, sleepless hours, shattered windows, and falling dishes which residents of these and similar communities experience every hour of every day. To these people who must shoulder that part of the burden of paying, the price of aviation progress is indeed high.

Regulations affecting flight, holding and approach patterns, ceilings, and other air traffic control procedures, and the implementation of more adequate zoning restrictions and similar efforts, can unquestionably provide relief from objectionable aircraft noise. Continued maximum cooperation between local, State, and Federal authorities, airport operators, airlines, airframe and engine manufacturers is essential to the alleviation of the noise problem. Each has a vital interest and a clear responsibility in assuring that every effort is made to minimize the hardships which the airport neighbors must endure.

I am convinced, however, that if the ultimate solution is to be found, maximum effort and attention must be focused on the source of the problem; the aircraft engine. The avenue of solution is research. It is toward this end that this bill is directed. It will clarify and make unmistakably clear the Federal Aviation Agency's statutory duty to encourage and cooperate with others in such a research effort. I think passage of this bill will constitute clear recognition on the part of the Congress as to the severity of the noise problem and the hardships which it imposes on airport neighbors. Words, however, expressing the Congress' deep sympathy and understanding of these problems are not enough—they will not alleviate them. While we can neither ban the airplane or legislative noise out of existence, passage of this bill will represent an affirmative and substantial step toward solution of this critical and complex problem. It is time for the Congress to act. Accordingly, I urge my colleagues in the Senate to vote favorably on S. 3138.

The PRESIDENT pro tempore. The report will be received and printed, and the bill will be placed on the calendar.

## REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL EMPLOYMENT AND PAY

Mr. BYRD of Virginia. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit a report on Federal employment and pay for the month of July 1962. In accordance with the practice of several years' standing, I ask unanimous consent to have the report printed in the RECORD, together with a statement by me.

There being no objection, the report and statement were ordered to be printed in the RECORD, as follows:

### FEDERAL PERSONNEL IN EXECUTIVE BRANCH, JULY AND JUNE 1962, AND PAY, JUNE AND MAY 1962

### PERSONNEL AND PAY SUMMARY

(See table I)

Information in monthly personnel reports for July 1962 submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures is summarized as follows:

| Total and major categories | Civilian personnel in executive branch | | | Payroll (in thousands) in executive branch | | |
|---|---|---|---|---|---|---|
| | In July numbered | In June numbered | Increase (+) or decrease (−) | In June was— | In May was— | Increase (+) or decrease (−) |
| Total [1] | 2,511,025 | 2,496,495 | +14,530 | $1,190,950 | $1,259,014 | −$68,064 |
| Agencies exclusive of Department of Defense | 1,438,694 | 1,426,889 | +11,805 | 661,420 | 695,855 | −34,435 |
| Department of Defense | 1,072,331 | 1,069,606 | +2,725 | 529,530 | 563,159 | −33,629 |
| Inside the United States | 2,350,365 | 2,335,972 | +14,393 | | | |
| Outside the United States | 160,660 | 160,523 | +137 | | | |
| Industrial employment | 575,689 | 580,572 | −4,883 | | | |
| Foreign nationals | 170,144 | 171,109 | −965 | 27,429 | 27,098 | +331 |

[1] Exclusive of foreign nationals shown in the last line of this summary.

Table I breaks down the above figures on employment and pay by agencies.

Table II breaks down the above employment figures to show the number inside the United States by agencies.

Table III breaks down the above employment figures to show the number outside the United States by agencies.

Table IV breaks down the above employment figures to show the number in industrial-type activities by agencies.

Table V shows foreign nationals by agencies not included in tables I, II, III, and IV.

TABLE I.—*Consolidated table of Federal personnel inside and outside the United States employed by the executive agencies during July 1962, and comparison with June 1962, and pay for June 1962, and comparison with May 1962*

| Department or agency | Personnel | | | | Pay (in thousands) | | | |
|---|---|---|---|---|---|---|---|---|
| | July | June | Increase | Decrease | June | May | Increase | Decrease |
| Executive departments (except Department of Defense): | | | | | | | | |
| Agriculture | 111,996 | 110,529 | 1,467 | | $46,898 | $47,453 | | $555 |
| Commerce | 31,627 | 31,432 | 195 | | 17,565 | 18,346 | | 781 |
| Health, Education, and Welfare | 78,794 | 77,244 | 1,550 | | 36,223 | 37,452 | | 1,229 |
| Interior | 64,457 | 63,366 | 1,091 | | 31,282 | 32,461 | | 1,179 |
| Justice | 32,342 | 32,056 | 286 | | 18,990 | 20,642 | | 1,652 |
| Labor | 8,875 | 8,953 | | 78 | 4,735 | 4,975 | | 240 |
| Post Office | 591,334 | 588,477 | 2,857 | | 249,288 | 263,940 | | 14,652 |
| State [1] [2] | 40,680 | [3] 40,231 | 449 | | 20,814 | 19,030 | $1,784 | |
| Treasury | 84,549 | 83,036 | 1,513 | | 44,576 | 48,754 | | 4,178 |
| Executive Office of the President: | | | | | | | | |
| White House Office | 444 | 467 | | 23 | 259 | 260 | | 1 |
| Bureau of the Budget | 498 | 497 | 1 | | 380 | 398 | | 18 |
| Council of Economic Advisers | 67 | 56 | 11 | | 38 | 38 | | |
| Executive Mansion and Grounds | 75 | 77 | | 2 | 33 | 44 | | 11 |
| National Aeronautics and Space Council | 23 | 23 | | | 19 | 20 | | 1 |

See footnotes at end of table.

TABLE I.—*Consolidated table of Federal personnel inside and outside the United States employed by the executive agencies during July 1962, and comparison with June 1962, and pay for June 1962, and comparison with May 1962*—Continued

| Department or agency | Personnel |  |  |  | Pay (in thousands) |  |  |  |
|---|---|---|---|---|---|---|---|---|
|  | July | June | Increase | Decrease | June | May | Increase | Decrease |
| Executive Office of the President—Continued |  |  |  |  |  |  |  |  |
| National Security Council | 43 | 44 |  | 1 | 31 | 33 |  | 2 |
| Office of Emergency Planning | 505 | 513 |  | 8 | 370 | 404 |  | 34 |
| Office of Science and Technology [4] | 22 |  | 22 |  |  |  |  |  |
| President's Commission on Campaign Costs | 1 | 3 |  | 2 | 1 | 4 |  | 3 |
| Independent agencies: |  |  |  |  |  |  |  |  |
| Advisory Commission on Intergovernmental Relations | 26 | 39 |  | 13 | 22 | 24 |  | 2 |
| American Battle Monuments Commission | 444 | 443 | 1 |  | 82 | 89 |  | 7 |
| Atomic Energy Commission | 6,958 | 6,863 | 95 |  | 4,652 | 5,054 |  | 402 |
| Board of Governors of the Federal Reserve System | 609 | 599 | 10 |  | 378 | 400 |  | 22 |
| Civil Aeronautics Board | 839 | 836 | 3 |  | 564 | 607 |  | 43 |
| Civil Service Commission | 4,176 | 4,123 | 53 |  | 2,382 | 2,492 |  | 110 |
| Civil War Centennial Commission | 5 | 5 |  |  | 4 | 4 |  |  |
| Commission of Fine Arts | 6 | 6 |  |  | 5 | 5 |  |  |
| Commission on Civil Rights | 92 | [3] 99 |  | 7 | 42 | 45 |  | 3 |
| Delaware River Basin Commission | 2 | 2 |  |  | 2 | 2 |  |  |
| Export-Import Bank of Washington | 273 | 273 |  |  | 141 | 185 |  | 44 |
| Farm Credit Administration | 235 | 236 |  | 1 | $163 | $173 |  | $10 |
| Federal Aviation Agency | 44,719 | 44,411 | 308 |  | 28,110 | 27,786 | $324 |  |
| Federal Coal Mine Safety Board of Review | 7 | 7 |  |  | 4 | 5 |  | 1 |
| Federal Communications Commission | 1,533 | 1,511 | 22 |  | 902 | 960 |  | 58 |
| Federal Deposit Insurance Corporation | 1,262 | 1,254 | 8 |  | 747 | 810 |  | 63 |
| Federal Home Loan Bank Board | 1,203 | 1,175 | 28 |  | 719 | 766 |  | 47 |
| Federal Maritime Commission | 186 | 188 |  | 2 | 121 | 118 | 3 |  |
| Federal Mediation and Conciliation Service | 372 | 383 |  | 11 | 301 | 324 |  | 23 |
| Federal Power Commission | 1,005 | 988 | 17 |  | 627 | 698 |  | 71 |
| Federal Trade Commission | 1,133 | 1,126 | 7 |  | 705 | 751 |  | 46 |
| Foreign Claims Settlement Commission | 70 | 70 |  |  | 46 | 48 |  | 2 |
| General Accounting Office | 4,702 | 4,758 |  | 56 | 2,773 | 3,021 |  | 248 |
| General Services Administration | 31,905 | 31,522 | 383 |  | 14,389 | 15,380 |  | 991 |
| Government Printing Office | 6,959 | 6,929 | 30 |  | 3,821 | 4,171 |  | 350 |
| Housing and Home Finance Agency | 13,634 | 13,469 | 165 |  | 7,751 | 8,223 |  | 472 |
| Indian Claims Commission | 24 | 20 | 4 |  | 19 | 19 |  |  |
| Interstate Commerce Commission | 2,442 | 2,442 |  |  | 1,500 | 1,633 |  | 133 |
| James Madison Memorial Commission |  | 1 |  | 1 | 1 | 1 |  |  |
| National Aeronautics and Space Administration | 24,389 | 23,690 | 699 |  | 16,532 | 15,878 | 654 |  |
| National Capital Housing Authority | 427 | 426 | 1 |  | 179 | 199 |  | 20 |
| National Capital Planning Commission | 56 | 56 |  |  | 37 | 37 |  |  |
| National Capital Transportation Agency | 94 | 93 | 1 |  | 50 | 57 |  | 7 |
| National Gallery of Art | 324 | 326 |  | 2 | 129 | 148 |  | 19 |
| National Labor Relations Board | 1,964 | 1,941 | 23 |  | 1,217 | 1,300 |  | 83 |
| National Mediation Board | 133 | 117 | 16 |  | 80 | 134 |  | 54 |
| National Science Foundation | 896 | 900 |  | 4 | 529 | 545 |  | 16 |
| Outdoor Recreation Resources Review Commission | 5 | 9 |  | 4 | 9 | 18 |  | 9 |
| Panama Canal | 14,703 | 14,509 | 194 |  | 4,671 | 5,383 |  | 712 |
| President's Committee on Equal Employment Opportunity | 51 | 47 | 4 |  | 30 | 32 |  | 2 |
| Railroad Retirement Board | 2,141 | 2,129 | 12 |  | 1,068 | 1,157 |  | 89 |
| Renegotiation Board | 195 | 194 | 1 |  | 155 | 159 |  | 4 |
| St. Lawrence Seaway Development Corporation | 171 | 168 | 3 |  | 99 | 103 |  | 4 |
| Securities and Exchange Commission | 1,349 | 1,336 | 13 |  | 813 | 864 |  | 51 |
| Selective Service System | 6,826 | 6,805 | 21 |  | 2,055 | 2,239 |  | 184 |
| Small Business Administration | 3,214 | 3,181 | 33 |  | 1,824 | 1,974 |  | 150 |
| Smithsonian Institution | 1,422 | 1,416 | 6 |  | 619 | 645 |  | 26 |
| Soldiers' Home | 1,048 | 1,040 | 8 |  | 317 | 359 |  | 42 |
| South Carolina, Georgia, Alabama, and Florida Water Study Commission | 61 | 60 | 1 |  | 41 | 45 |  | 4 |
| Subversive Activities Control Board | 28 | 27 | 1 |  | 23 | 23 |  |  |
| Tariff Commission | 280 | 279 | 1 |  | 184 | 199 |  | 15 |
| Tax Court of the United States | 150 | 150 |  |  | 108 | 115 |  | 7 |
| Tennessee Valley Authority | 18,354 | 18,660 |  | 306 | 11,117 | 11,760 |  | 643 |
| Texas Water Study Commission | 15 | 17 |  | 2 | 6 | 8 |  | 2 |
| U.S. Arms Control and Disarmament Agency | 90 | 99 |  | 9 | 78 | 71 | 7 |  |
| U.S. Information Agency | 11,229 | 11,145 | 84 |  | 4,495 | 4,824 |  | 329 |
| Veterans' Administration | 177,229 | 176,562 | 667 |  | 72,321 | 79,319 |  | 6,998 |
| Virgin Islands Corporation | 697 | 725 |  | 28 | 159 | 212 |  | 53 |
| Total, excluding Department of Defense | 1,438,694 | 1,426,889 | 12,365 | 560 | 661,420 | 695,855 | 2,772 | 37,207 |
| Net change, excluding Department of Defense |  |  | 11,805 |  |  |  | 34,435 |  |
| Department of Defense: |  |  |  |  |  |  |  |  |
| Office of the Secretary of Defense | 1,989 | 1,921 | 68 |  | 1,411 | 1,430 |  | 19 |
| Department of the Army | 394,134 | 393,857 | 277 |  | 189,064 | 197,833 |  | 8,769 |
| Department of the Navy | 347,878 | 348,058 |  | 180 | 180,551 | 193,505 |  | 12,954 |
| Department of the Air Force | 303,799 | 306,196 |  | 2,397 | 149,626 | 160,518 |  | 10,892 |
| Defense Atomic Support Agency | 2,077 | 2,082 |  | 5 | 972 | 1,056 |  | 84 |
| Defense Communications Agency | 191 | 163 | 28 |  | 105 | 100 | 5 |  |
| Defense Intelligence Agency | 231 | 212 | 19 |  | 131 | 134 |  | 3 |
| Defense Supply Agency [5] | 20,442 | 15,769 | 4,673 |  | 6,758 | 7,612 |  | 854 |
| Office of Civil Defense | 1,050 | 1,215 |  | 165 | 809 | 867 |  | 58 |
| U.S. Court of Military Appeals | 41 | 39 | 2 |  | 31 | 33 |  | 2 |
| Interdepartmental activities | 36 | 38 |  | 2 | 25 | 22 | 3 |  |
| International military activities | 57 | 56 | 1 |  | 47 | 49 |  | 2 |
| Armed Forces information and education activities [6] | 406 |  | 406 |  |  |  |  |  |
| Total, Department of Defense [7] | 1,072,331 | 1,069,606 | 5,474 | 2,749 | 529,530 | 563,159 | 8 | 33,637 |
| Net change, Department of Defense |  |  | 2,725 |  |  |  | 33,629 |  |
| Grand total, including Department of Defense | 2,511,025 | 2,496,495 | 17,839 | 3,309 | 1,190,950 | 1,259,014 | 2,780 | 70,844 |
| Net change, including Department of Defense |  |  | 14,530 |  |  |  | 68,064 |  |

---

[1] July figure includes 15,688 employees of the Agency for International Development as compared with 15,495 in June and their pay. These AID figures include employees who are paid from foreign currencies deposited by foreign governments in a trust fund for this purpose. The July figure includes 3,783 of these trust fund employees and the June figure includes 3,778.

[2] July figure includes 851 employees of the Peace Corps as compared with 784 in June.

[3] Revised on the basis of later information.

[4] New agency established July 2, 1962, created pursuant to Reorganization Plan No. 2 of 1962, effective June 8, 1962. 20 employees were separated from the White House Office on June 30, 1962, and appointed to the new agency.

[5] In July 4,624 employees and their functions were transferred to the Defense Supply Agency as follows: 4,060 from the Department of the Air Force, 474 from the Department of the Navy, and 90 from the Department of the Army.

[6] New agency established July 1, 1962, pursuant to Department of Defense Reorganization Act of 1958 (Public Law 85-599). 395 employees were transferred to the new agency from the Department of the Army effective July 1, 1962.

[7] Exclusive of personnel and pay of the Central Intelligence Agency and the National Security Agency.

**TABLE II.**—*Federal personne. inside the United States employed by the executive agencies during July 1962, and comparison with . une 1962*

| Department or agency | July | June | Increase | Decrease |
|---|---|---|---|---|
| Executive departments (except Department of Defense): | | | | |
| Agriculture | 110, 840 | 109, 358 | 1, 482 | -------- |
| Commerce | 30, 990 | 30, 793 | 197 | -------- |
| Health, Education, and Welfare | 78, 254 | 76, 720 | 1, 534 | -------- |
| Interior | 63, 963 | 62, 861 | 1, 102 | -------- |
| Justice | 31, 996 | 31, 715 | 281 | -------- |
| Labor | 8, 784 | 8, 862 | -------- | 78 |
| Post Office | 589, 896 | 587, 045 | 2, 851 | -------- |
| State [1, 2] | 10, 534 | 10, 478 | 56 | -------- |
| Treasury | 83, 943 | 82, 433 | 1, 510 | -------- |
| Executive Office of the President: | | | | |
| White House Office | 444 | 467 | -------- | 23 |
| Bureau of the Budget | 498 | 497 | 1 | -------- |
| Council of Economic Advisers | 67 | 56 | 11 | -------- |
| Executive Mansion and Grounds | 75 | 77 | -------- | 2 |
| National Aeronautics and Space Council | 23 | 23 | -------- | -------- |
| National Security Council | 43 | 44 | -------- | 1 |
| Office of Emergency Planning | 505 | 513 | -------- | 8 |
| Office of Science and Technology [3] | 22 | ---------- | 22 | -------- |
| President's Commission on Campaign Costs | 1 | 3 | -------- | 2 |
| Independent agencies: | | | | |
| Advisory Commission on Intergovernmental Relations | 26 | 39 | -------- | 13 |
| American Battle Monuments Commission | 8 | 8 | -------- | -------- |
| Atomic Energy Commission | 6, 928 | 6, 831 | 97 | -------- |
| Board of Governors of the Federal Reserve System | 609 | 599 | 10 | -------- |
| Civil Aeronautics Board | 838 | 835 | 3 | -------- |
| Civil Service Commission | 4, 172 | 4, 119 | 53 | -------- |
| Civil War Centennial Commission | 5 | 5 | -------- | -------- |
| Commission of Fine Arts | 6 | 6 | -------- | -------- |
| Commission on Civil Rights | 92 | [4] 99 | -------- | 7 |
| Delaware River Basin Commission | 2 | 2 | -------- | -------- |
| Export-Import Bank of Washington | 273 | 273 | -------- | -------- |
| Farm Credit Administration | 235 | 236 | -------- | 1 |
| Federal Aviation Agency | 43, 767 | 43, 442 | 325 | -------- |
| Federal Coal Mine Safety Board of Review | 7 | 7 | -------- | -------- |
| Federal Communications Commission | 1, 530 | 1, 508 | 22 | -------- |
| Federal Deposit Insurance Corporation | 1, 260 | 1, 252 | 8 | -------- |
| Federal Home Loan Bank Board | 1, 203 | 1, 175 | 28 | -------- |
| Federal Maritime Commission | 186 | 188 | -------- | 2 |
| Federal Mediation and Conciliation Service | 372 | 383 | -------- | 11 |
| Federal Power Commission | 1, 005 | 988 | 17 | -------- |
| Federal Trade Commission | 1, 133 | 1, 126 | 7 | -------- |
| Foreign Claims Settlement Commission | 66 | 66 | -------- | -------- |
| General Accounting Office | 4, 614 | 4, 680 | -------- | 66 |
| General Services Administration | 31, 895 | 31, 512 | 383 | -------- |
| Government Printing Office | 6, 959 | 6, 929 | 30 | -------- |
| Housing and Home Finance Agency | 13, 455 | 13, 291 | 164 | -------- |
| Indian Claims Commission | 24 | 20 | 4 | -------- |
| Interstate Commerce Commission | 2, 442 | 2, 442 | -------- | -------- |
| James Madison Memorial Commission | ---------- | 1 | -------- | 1 |
| National Aeronautics and Space Administration | 24, 377 | 23, 678 | 699 | -------- |
| National Capital Housing Authority | 427 | 426 | 1 | -------- |
| National Capital Planning Commission | 56 | 56 | -------- | -------- |
| National Capital Transportation Agency | 94 | 93 | 1 | -------- |
| Independent agencies—Continued | | | | |
| National Gallery of Art | 324 | 326 | -------- | 2 |
| National Labor Relations Board | 1, 931 | 1, 908 | 23 | -------- |
| National Mediation Board | 133 | 117 | 16 | -------- |
| National Science Foundation | 886 | 890 | -------- | 4 |
| Outdoor Recreation Resources Review Commission | 5 | 9 | -------- | 4 |
| Panama Canal | 168 | 165 | 3 | -------- |
| President's Commission on Equal Employment Opportunity | 51 | 47 | 4 | -------- |
| Railroad Retirement Board | 2, 141 | 2, 129 | 12 | -------- |
| Renegotiation Board | 195 | 194 | 1 | -------- |
| St. Lawrence Seaway Development Corporation | 171 | 168 | 3 | -------- |
| Securities and Exchange Commission | 1, 349 | 1, 336 | 13 | -------- |
| Selective Service System | 6, 671 | 6, 648 | 23 | -------- |
| Small Business Administration | 3, 167 | 3, 135 | 32 | -------- |
| Smithsonian Institution | 1, 409 | 1, 403 | 6 | -------- |
| Soldiers' Home | 1, 048 | 1, 040 | 8 | -------- |
| South Carolina, Georgia, Alabama, and Florida Water Study Commission | 61 | 60 | 1 | -------- |
| Subversive Activities Control Board | 28 | 27 | 1 | -------- |
| Tariff Commission | 280 | 279 | 1 | -------- |
| Tax Court of the United States | 150 | 150 | -------- | -------- |
| Tennessee Valley Authority | 18, 352 | 18, 654 | -------- | 302 |
| Texas Water Study Commission | 15 | 17 | -------- | 2 |
| U.S. Arms Control and Disarmament Agency | 90 | 99 | -------- | 9 |
| U.S. Information Agency | 3, 092 | 3, 069 | 23 | -------- |
| Veterans' Administration | 176, 209 | 175, 531 | 678 | -------- |
| Total, excluding Department of Defense | 1, 376, 870 | 1, 365, 661 | 11, 747 | 538 |
| Net increase, excluding Department of Defense | ---------- | ---------- | 11, 209 | |
| Department of Defense: | | | | |
| Office of the Secretary of Defense | 1, 933 | 1, 874 | 59 | -------- |
| Department of the Army | 344, 323 | 344, 223 | 100 | -------- |
| Department of the Navy | 324, 902 | 324, 737 | 165 | -------- |
| Department of the Air Force | 277, 831 | 279, 929 | -------- | 2, 098 |
| Defense Atomic Support Agency | 2, 077 | 2, 082 | -------- | 5 |
| Defense Communications Agency | 184 | 156 | 28 | -------- |
| Defense Intelligence Agency | 231 | 212 | 19 | -------- |
| Defense Supply Agency [5] | 20, 442 | 15, 769 | 4, 673 | -------- |
| Office of Civil Defense | 1, 050 | 1, 215 | -------- | 165 |
| U.S. Court of Military Appeals | 41 | 39 | 2 | -------- |
| Interdepartmental activities | 36 | 37 | -------- | 1 |
| International military activities | 39 | 38 | 1 | -------- |
| Armed Forces information and education activities [6] | 406 | ---------- | 406 | -------- |
| Total, Department of Defense | 973, 495 | 970, 311 | 5, 453 | 2, 269 |
| Net increase, Department of Defense | ---------- | ---------- | 3, 184 | |
| Grand total, including Department of Defense | 2, 350, 365 | 2, 335, 972 | 17, 200 | 2, 807 |
| Net increase, including Department of Defense | ---------- | ---------- | 14, 393 | |

---

[1] July figure includes 2,808 employees of the Agency for International Development as compared with 2,701 in June.

[2] July figure includes 669 employees of the Peace Corps as compared with 614 in June.

[3] New agencies established July 2, 1962, created pursuant to Reorganization Plan No. 2 of 1962, effective June 8, 1962. 20 employees were separated from the White House Office on June 30, 1962, and appointed to the new agency.

[4] Revised on basis of later information.

[5] In July 4,624 employees and their functions were transferred to the Defense Supply Agency as follows: 4,060 from the Department of the Air Force, 474 from the Department of the Navy, and 90 from the Department of the Army.

[6] New agency established July 1, 1962, pursuant to Department of Defense Reorganization Act of 1958 (Public Law 85–599). 395 employees were transferred to the new agency from the Department of the Army effective July 1, 1962.

**TABLE III.**—*Federal personnel outside the United States employed by the executive agencies during July 1962, and comparison with June 1962*

| Department or agency | July | June | Increase | Decrease |
|---|---|---|---|---|
| Executive departments (except Department of Defense): | | | | |
| Agriculture | 1, 156 | 1, 171 | -------- | 15 |
| Commerce | 637 | 639 | -------- | 2 |
| Health, Education, and Welfare | 540 | 524 | 16 | -------- |
| Interior | 494 | 505 | -------- | 11 |
| Justice | 346 | 341 | 5 | -------- |
| Labor | 91 | 91 | -------- | -------- |
| Post Office | 1, 438 | 1, 432 | 6 | -------- |
| State [1, 2] | 30, 146 | [3] 29, 753 | 393 | -------- |
| Treasury | 606 | 603 | 3 | -------- |
| Independent agencies: | | | | |
| American Battle Monuments Commission | 436 | 435 | 1 | -------- |
| Atomic Energy Commission | 30 | 32 | -------- | 2 |
| Civil Aeronautics Board | 1 | 1 | -------- | -------- |
| Civil Service Commission | 4 | 4 | -------- | -------- |
| Federal Aviation Agency | 952 | 969 | -------- | 17 |
| Federal Communications Commission | 3 | 3 | -------- | -------- |
| Federal Deposit Insurance Corporation | 2 | 2 | -------- | -------- |
| Foreign Claims Settlement Commission | 4 | 4 | -------- | -------- |
| General Accounting Office | 88 | 78 | 10 | -------- |
| General Services Administration | 10 | 10 | -------- | -------- |
| Housing and Home Finance Agency | 179 | 178 | 1 | -------- |
| National Aeronautics and Space Administration | 12 | 12 | -------- | -------- |
| National Labor Relations Board | 33 | 33 | -------- | -------- |
| National Science Foundation | 10 | 10 | -------- | -------- |
| Panama Canal | 14, 535 | 14, 344 | 191 | -------- |
| Selective Service System | 155 | 157 | -------- | 2 |
| Independent agencies—Continued | | | | |
| Small Business Administration | 47 | 46 | 1 | -------- |
| Smithsonian Institution | 13 | 13 | -------- | -------- |
| Tennessee Valley Authority | 2 | 6 | -------- | 4 |
| U.S. Information Agency | 8, 137 | 8, 076 | 61 | -------- |
| Veterans' Administration | 1, 020 | 1, 031 | -------- | 11 |
| Virgin Islands Corporation | 697 | 725 | -------- | 28 |
| Total, excluding Department of Defense | 61, 824 | 61, 228 | 688 | 92 |
| Net increase, excluding Department of Defense | ---------- | ---------- | 596 | |
| Department of Defense: | | | | |
| Office of the Secretary of Defense | 56 | 47 | 9 | -------- |
| Department of the Army | [4] 49, 811 | 49, 634 | 177 | -------- |
| Department of the Navy | 22, 976 | 23, 321 | -------- | 345 |
| Department of the Air Force | 25, 968 | 26, 267 | -------- | 299 |
| Defense Communications Agency | 7 | 7 | -------- | -------- |
| Interdepartmental activities | ---------- | 1 | -------- | 1 |
| International military activities | 18 | 18 | -------- | -------- |
| Total, Department of Defense | 98, 836 | 99, 295 | 186 | 645 |
| Net decrease, Department of Defense | ---------- | ---------- | 459 | |
| Grand total, including Department of Defense | 160, 660 | 160, 523 | 874 | 737 |
| Net increase, including Department of Defense | ---------- | ---------- | 137 | |

---

[1] July figure includes 12,880 employees of the Agency for International Development as compared with 12,794 in June. These AID figures include employees who are paid from foreign currencies deposited by foreign governments in a trust fund for this purpose. July figure includes 3,783 of these trust fund employees and the June figure includes 3,778.

[2] July figure includes 182 employees of the Peace Corps as compared with 170 in June.

[3] Revised on basis of later information.

[4] Subject to revision by subsequent reports from overseas.

TABLE IV.—*Industrial employees of the Federal Government inside and outside the United States employed by the executive agencies during July 1962, and comparison with June 1962*

| Department or agency | July | June | Increase | Decrease |
|---|---|---|---|---|
| Executive departments (except Department of Defense): | | | | |
| Agriculture | 3,879 | 3,837 | 42 | |
| Commerce | 5,884 | 5,882 | 2 | |
| Interior | 8,723 | 8,607 | 116 | |
| Post Office | 254 | 258 | | 4 |
| Treasury | 5,144 | 5,103 | 41 | |
| Independent agencies: | | | | |
| Atomic Energy Commission | 271 | 268 | 3 | |
| Federal Aviation Agency | 2,833 | 2,346 | 487 | |
| General Services Administration | 1,870 | 1,835 | 35 | |
| Government Printing Office | 6,959 | 6,929 | 30 | |
| National Aeronautics and Space Administration | 24,389 | 23,690 | 699 | |
| Panama Canal | 7,310 | 7,376 | | 66 |
| St. Lawrence Seaway Development Corporation | 133 | 134 | | 1 |
| Tennessee Valley Authority | 15,321 | 15,630 | | 309 |
| Virgin Islands Corporation | 697 | 725 | | 28 |
| Total, excluding Department of Defense | 83,667 | 82,620 | 1,455 | 408 |
| Net increase, excluding Department of Defense | | | 1,047 | |
| Department of Defense: | | | | |
| Department of the Army: | | | | |
| Inside the United States | [1] 146,500 | [2] 146,477 | 23 | |
| Outside the United States | [1] 5,050 | [2] 5,024 | 26 | |
| Department of the Navy: | | | | |
| Inside the United States | 201,748 | 203,787 | | 2,039 |
| Outside the United States | 458 | 449 | 9 | |
| Department of the Air Force: | | | | |
| Inside the United States | 135,125 | 138,894 | | 3,769 |
| Outside the United States | 1,063 | 1,456 | | 393 |
| Defense Supply Agency: | | | | |
| Inside the United States | 2,078 | 1,865 | 213 | |
| Total, Department of Defense | 492,022 | 497,952 | 271 | 6,201 |
| Net decrease, Department of Defense | | | 5,930 | |
| Grand total, including Department of Defense | 575,689 | 580,572 | 1,726 | 6,609 |
| Net decrease, including Department of Defense | | | 4,883 | |

[1] Subject to revision.

[2] Revised on basis of later information.

TABLE V.—*Foreign nationals working under U.S. agencies overseas, excluded from tables I through IV of this report, whose services are provided by contractual agreement between the United States and foreign Governments, or because of the nature of their work or the source of funds from which they are paid, as of July 1962 and comparison with June 1962*

| Country | Total | | Army | | Navy | | Air Force | | National Aeronautics and Space Administration | |
|---|---|---|---|---|---|---|---|---|---|---|
| | July | June | July | June | July | June | July | June | July | June |
| Australia | 1 | 1 | | | | | | | 1 | 1 |
| Canada | 36 | 35 | | | | | 36 | 35 | | |
| Crete | 60 | 59 | | | | | 60 | 50 | | |
| England | 3,151 | 3,351 | | | 90 | 91 | 3,061 | 3,260 | | |
| France | 22,728 | 22,475 | 18,521 | 18,654 | 11 | 11 | 4,196 | 3,810 | | |
| Germany | 80,947 | 80,686 | 67,865 | 67,732 | 84 | 84 | 12,998 | 12,870 | | |
| Greece | 265 | 262 | | | | | 265 | 262 | | |
| Greenland | 133 | 133 | | | | | 133 | 133 | | |
| Japan | 53,452 | 54,676 | 19,268 | 19,304 | 14,265 | 15,312 | 19,919 | 20,060 | | |
| Korea | 6,164 | 6,208 | 6,164 | 6,208 | | | | | | |
| Morocco | 2,540 | 2,574 | | | 766 | 764 | 1,774 | 1,810 | | |
| Netherlands | 53 | 52 | | | | | 53 | 52 | | |
| Trinidad | 614 | 597 | | | 614 | 597 | | | | |
| Total | 170,144 | 171,109 | 111,818 | 111,898 | 15,830 | 16,850 | 42,495 | 42,351 | 1 | 1 |

**STATEMENT BY SENATOR BYRD OF VIRGINIA**

The cost of civilian employment in the executive branch of the Federal Government reached its alltime high in fiscal year 1962 which ended June 30, and average employment over the full 12 months was at its highest point since fiscal year 1954.

Federal civilian payroll costs during the year totaled $14,296 million plus $314 million in U.S. pay for foreign nationals not on the regular rolls. The personal service cost of the Government exceeded $1 billion a month for the fourth consecutive year.

The payroll cost for employment by civilian agencies in fiscal year 1962 was $7,978 million and for civilian employment in military agencies was $6,318 million.

Figures by fiscal years since 1954 follow:

*Annual Federal expenditures for civilian payroll, executive branch, fiscal year 1954–62*

[In millions of dollars]

| Fiscal year | Civilian agencies | Department of Defense [1] (civilian employment) | Total |
|---|---|---|---|
| 1954 | $4,865 | $4,588 | $9,453 |
| 1955 | 4,921 | 4,700 | 9,621 |
| 1956 | 5,359 | 5,167 | 10,526 |
| 1957 | 5,602 | 5,399 | 11,000 |
| 1958 | 6,040 | 5,415 | 11,455 |
| 1959 | 6,564 | 5,766 | 12,330 |
| 1960 | 6,877 | 5,760 | 12,637 |
| 1961 | 7,622 | 6,026 | 13,648 |
| 1962 | 7,978 | 6,318 | 14,296 |

[1] Excludes U.S. pay for foreign nationals not on regular rolls.

Employment by executive branch agencies during fiscal year 1962 (ended June 30) averaged 2,443,808 as compared with an average of 2,372,445 in the previous year. Employment by civilian agencies averaged 1,385,132, an increase of 50,043 as compared with an average of 1,335,089 in the previous year. Civilian employment by military agencies averaged 1,058,675, an increase of 21,319 as compared with an average of 1,037,356 in the previous year.

Average employment by fiscal years since 1954 follows:

*Average civilian employment by Federal agencies, executive branch, fiscal years 1954–62*

| Fiscal year | Civilian agencies | Department of Defense [1] (civilian employment) | Total |
|---|---|---|---|
| 1954 | 1,183,389 | 1,252,775 | 2,436,164 |
| 1955 | 1,182,663 | 1,184,627 | 2,367,290 |
| 1956 | 1,189,458 | 1,174,584 | 2,364,042 |
| 1957 | 1,219,835 | 1,174,263 | 2,394,099 |
| 1958 | 1,242,941 | 1,104,403 | 2,347,344 |
| 1959 | 1,266,566 | 1,085,676 | 2,352,242 |
| 1960 | 1,331,605 | 1,054,740 | 2,386,345 |
| 1961 | 1,335,089 | 1,037,356 | 2,372,445 |
| 1962 | 1,385,132 | 1,058,675 | 2,443,808 |

[1] Excludes foreign nationals not on regular rolls (averaging 169,835 during fiscal year 1962).

JULY 1962 EMPLOYMENT

Monthly reports on personnel certified to the committee showed civilian employment by executive agencies of the Federal Government during July totaled 2,511,025 an increase of 14,530 over the previous month.

Civilian agencies reporting the larger increases were Post Office Department with 2,857; Department of Health, Education, and Welfare with 1,550; Treasury Department with 1,513; Agriculture Department with 1,467 and Interior Department 1,091. The increases in the Departments of Agriculture, Interior, and Post Office were largely seasonal.

Total employment inside the United States in July was 2,350,365 an increase of 14,393 as compared with June. Total employment outside the United States in July was 160,660, an increase of 137 as compared with June.

Employment by civilian agencies in July totaled 1,438,694, an increase of 11,805 over June. Civilian employment by military agencies in July totaled 1,072,331, an increase of 2,725 as compared with June.

FOREIGN NATIONALS

The total of 2,511,025 civilian employees certified to the committee by executive agencies in their regular monthly personnel reports includes some foreign nationals employed in U.S. Government activities abroad, but in addition to these there were 170,144 foreign nationals working for U.S. agencies overseas during July who were not counted in the usual personnel report. The number in June was 171,109. A breakdown of this employment for July follows:

| Country | Total | Army | Navy | Air Force | National Aeronautics and Space Administration |
|---|---|---|---|---|---|
| Australia | 1 | | | | 1 |
| Canada | 36 | | | 36 | |
| Crete | 60 | | | 60 | |
| England | 3,151 | | 90 | 3,061 | |
| France | 22,728 | 18,521 | 11 | 4,196 | |
| Germany | 80,947 | 67,865 | 84 | 12,998 | |
| Greece | 265 | | | 265 | |
| Greenland | 133 | | | 133 | |
| Japan | 53,452 | 19,268 | 14,265 | 19,919 | |
| Korea | 6,164 | 6,164 | | | |
| Morocco | 2,540 | | 766 | 1,774 | |
| Netherlands | 53 | | | 53 | |
| Trinidad | 614 | | 614 | | |
| Total | 170,144 | 111,818 | 15,830 | 42,495 | 1 |

## BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

S. 3699. A bill for the relief of Theodore S. Zoupanos; to the Committee on the Judiciary.

By Mr. DIRKSEN:

S. 3700. A bill for the relief of Jan Mrugala; to the Committee on the Judiciary.

By Mr. HILL (for himself and Mr. SPARKMAN):

S. 3701. A bill providing for the extension of patent No. 2,439,502, issued April 13, 1948, relating to an automatic fire alarm system; to the Committee on the Judiciary.

By Mr. KEATING:

S. 3702. A bill relating to the effective date of the qualification of Bricklayers Local 45 (Buffalo, N.Y.) pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954; to the Committee on Finance.

(See the remarks of Mr. KEATING when he introduced the above bill, which appear under a separate heading.)

## RESOLUTION

## PROPOSED SELECT COMMITTEE ON TECHNOLOGICAL DEVELOPMENTS

Mr. LONG of Louisiana submitted the following resolution (S. Res. 380); which was referred to the Committee on Labor and Public Welfare:

*Resolved*, That (a) there is hereby established a select committee of the Senate to be known as the Select Committee on Technological Developments (referred to hereinafter as the "Committee") consisting of nine Members of the Senate, of whom six shall be members of the majority party and three shall be members of the minority party. Members and the chairman thereof shall be appointed by the President of the Senate. Vacancies in the membership of the Committee shall not affect the authority of the remaining members to execute the functions of the Committee, and shall be filled in the same manner as original appointments thereto are made.

(b) A majority of the members of the Committee shall constitute a quorum thereof for the transaction of business, except that the Committee may fix a lesser number as a quorum for the purpose of taking sworn testimony. The Committee shall adopt rules of procedure not inconsistent with the rules of the Senate governing standing committees of the Senate.

(c) No legislative measure shall be referred to the Committee, and it shall have no authority to report any such measure to the Senate.

(d) The Committee shall cease to exist on January 31, 1965.

SEC. 2. (a) It shall be the duty of the Committee to conduct a comprehensive study and investigation with respect to—

(1) the extent to which departments and agencies of the United States Government, through research and development activities undertaken directly or by the use of facilities of private contractors and grantees, are responsible for scientific and technological developments achieved within the United States;

(2) the effect of such activities upon the scientific, technical, and economic progress of the United States and upon the structure of the economy of the United States; and

(3) the nature and extent of the action which is required to provide for the effective employment of such activities to promote to the greatest practicable extent the scientific, technical, and economic progress of the United States, the effective utilization of the manpower and material resources of the United States, the promotion of higher standards of living for the people of the United States, and the achievement of the maximum economic strength of the United States.

(b) On or before January 31 of each year, the Committee shall report to the Senate the results of its studies and investigations, together with its recommendations for any additional legislative or other measures which it may determine to be necessary or desirable to attain the objectives specified in paragraph (3) of subsection (a).

SEC. 3. (a) For the purposes of this resolution, the Committee is authorized to (1) make such expenditures; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony orally or by deposition; and (7) employ and fix the compensation of such technical, clerical, and other assistants and consultants as it deems advisable, except that the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1949, as amended, for comparable duties.

(b) Upon request made by the members of the Committee selected from the minority party, the Committee shall appoint one assistant or consultant designated by such members. No assistant or consultant appointed by the Committee may receive compensation at an annual gross rate which exceeds by more than $1,400 the annual gross rate of compensation of any individual so designated by the minority members of the Committee.

(c) With the prior consent of the executive department or agency concerned and the Committee on Rules and Administration, the Committee may (1) utilize the services, information, and facilities of any such department or agency, and (2) employ on a reimbursable basis the services of such personnel of any such department or agency as it deems advisable. With the consent of any other committee of the Senate, or any subcommittee thereof, the Committee may utilize the facilities and the services of the staff of such other committee or subcommittee whenever the chairman of the Committee determines that such action is necessary and appropriate.

(d) Subpenas may be issued by the Committee over the signature of the chairman or any other member designated by him, and may be served by any person designated by such chairman or member. The chairman of the Committee or any member thereof may administer oaths to witnesses.

SEC. 4. The expenses of the Committee under this resolution, which shall not exceed $——— through January 31, 1965, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the Committee.

## EFFECTIVE DATE OF QUALIFICATION OF BUFFALO (N.Y.) BRICKLAYERS LOCAL 45 PENSION FUND AS A QUALIFIED TRUST

Mr. KEATING. Mr. President, I introduce, for appropriate reference, a bill relating to the effective date of the qualification of the Buffalo, N.Y., Bricklayers Local 45 pension fund as a qualified trust under the Internal Revenue Code. I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. METCALF in the chair). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3702) relating to the effective date of the qualification of Bricklayers Local 45 (Buffalo, N.Y.) pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954, introduced by Mr. KEATING, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Bricklayers Local 45 (Buffalo, New York) pension fund, which was established by a collective bargaining agreement effective June 1, 1958, and which has been held by the Internal Revenue Service to constitute a qualified trust under section 401(a) of the Internal Revenue Code of 1954, and to be exempt from taxation under section 501 (a) of such Code, for years ending on or after November 29, 1960, shall be held and considered to have been a qualified trust under such section 401(a), and to have been exempt from taxation under such section 501(a), for the period beginning on June 1, 1958, and ending on November 29, 1960, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interests of its beneficiaries.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 2184) for the relief of Mrs. Heghine Tomassian, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the joint resolution (S.J. Res. 60) to establish the Sesquicentennial Commission for the Celebration of the Battle of New Orleans, to authorize the Secretary of the Interior to acquire certain property within Chalmette National Historical Park, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 12648) making appropriations for the

Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITTEN, Mr. NATCHER, Mr. CANNON, Mr. HORAN, and Mr. TABER were appointed managers on the part of the House at the conference.

## ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2421. An act to provide for retrocession of legislative jurisdiction over U.S. Naval Supply Depot Clearfield, Ogden, Utah;

S. 3071. An act for the relief of Hidayet Danish Nakashidze;

S. 3221. An act to provide for the exchange of certain lands in Puerto Rico; and

S. 3628. An act to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy.

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. HART:

Address delivered by Senator HARTKE before Labor Day celebration at Anderson, Ind., on September 3, 1962.

## THE TAX BILL

Mr. MORSE. Mr. President, I wish to thank the editors of the Washington Post for setting out in such concise, condensed, and unanswerable form the thesis of the speech which I would otherwise make against the shocking tax bill which now is before the Senate. I refer to the editorial entitled "Tax Bill Perversity," which is published this morning in the Washington Post. I ask unanimous consent that the editorial be printed at this point in the RECORD. It will constitute my speech, and will save the Senate's listening to me speak at some length this morning in opposition to the pending bill.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### TAX BILL PERVERSITY

Faith in the processes of democratic government is hardly likely to be enhanced by the Revenue Act of 1962 which is about to be passed by the Senate. A week ago it was fair to charge that the administration's original proposals had been mutilated almost beyond recognition. In the interim the Senate in a veritable fit of perversity passed amendments which will make our system of personal taxation more inequitable and more difficult to administer than ever before.

In tracing the process of transmogrification, it is necessary to go back to President Kennedy's tax proposals of April 1960. At that time he outlined measures designed to close tax loopholes which covered interest and dividend income, savings institutions, expense accounts, and foreign corporate subsidiaries. His loophole-closing measures would have added $2.3 billion to Federal revenues, thus more than offsetting the investment-credit loss of $1.7 billion. But in their passage through the House and the Senate Finance Committee, the loophole-closing provisions were systematically weakened or eliminated and the bill that reached the floor of the Senate, shorn of its dividend-interest withholding provision, would have resulted in a net revenue loss of nearly $700 million.

But the Senate was not satisfied with the handiwork of its Finance Committee and it proceeded to pervert as well as attenuate the remains of what had been a good tax bill. By a vote of 51 to 13 it joined the House in overturning a 1959 Supreme Court decision which declared that business-lobbying expenditures are not tax deductible. And it adopted an amendment offered by Senator DIRKSEN which exempts from taxation the profits on homes sold for less than $30,000 by persons over 65. The first measure will, according to Senator DOUGLAS, "legitimize tremendous expenditures by special interests to affect legislation" while not providing comparable treatment to lobbyists for the general interest. DIRKSEN's amendment opens another capital-gains loophole which will work to the benefit of those who are not in need of tax relief.

The worst, however, is yet to come. Yesterday the Senate voted to table a measure already passed by the House (H.R. 10), which would allow self-employed persons to deduct up to $1,750 annually in order to finance retirement plans. Assured of passage in the Senate, this bill would provide a tax windfall for upper income professionals. It is estimated by the Treasury that 53 percent of the tax benefits would accrue to persons with incomes of more than $20,000 who constitute only 3 percent of the self-employed.

In the 28 months which have elapsed since the President made his original tax proposals the administration has suffered a series of humiliating defeats which it accepted without strong protest in order to obtain a few pallid reforms. But there is no longer any justification for giving ground. The self-employed pension bill is a piece of special interest legislation which should be promptly vetoed if it cannot be killed by other means.

Mr. MORSE. Mr. President, I only add to the editorial the point I made the other day; namely, this bill is for tax dodgers. The bill does not keep faith with the promises of the Democratic Party for tax reform. It is a shocking bill which, in my judgment, betrays the faith of the American taxpayers in the Democratic Party. It transfers to the shoulders of those least able to pay the tax burdens which should be assumed by those most able to pay.

## CRITICISM OF NATIONAL CHAIRMAN OF THE DEMOCRATIC PARTY

Mr. MORSE. Mr. President, last night I criticized the role played by the national chairman of the Democratic Party, Mr. John Bailey, at the Western States Democratic Conference of 13 Western States. He brought to that conference the machine politics of the East characterized by smoke-filled hotel room pressures. He left behind him a trail of deep resentment on the part of many western Democrats who have a Democratic record of supporting Jeffersonian democracy that is not surpassed by the chairman of the Democratic Party.

## TRIBUTE TO JUDGE EDWARD A. BEARD

Mr. SCOTT. Mr. President, Judge Edward A. Beard, of the District of Columbia municipal court, is an excellent judge. He well deserves the tribute paid to him in an editorial in the Washington Daily News of September 5, 1962. I ask unanimous consent to insert the editorial in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### APPLAUSE FOR JUDGE BEARD

Here's a belated huzzah for Municipal Judge Edward A. Beard who, while sitting in District juvenile court for 2 weeks recently in the absence of Judge Orman W. Ketcham not only managed to keep up with the regular docket but disposed of some 400 other cases in Judge Ketcham's sorry backlog of work undone.

The fact that Judge Beard was able to do this—and do it with a great deal of ease and commonsense—demonstrates what the Washington Daily News has been saying for the past several years—that Judge Ketcham, however well meaning, simply is not able to run the court as it can and should be run.

By taking swift, stern action against traffic offenders, Judge Beard disposed of some 200 jammed up cases in short order. Many other cases involving minor offenses—some dating back for months—he simply dismissed.

"I could see no reason to try youngsters who have been home awaiting trial for 8 months to a year and who had got in no further trouble," he explained. As for the News editorial of August 7 which called for the wholesale dismissal of juvenile cases so old that the youngsters had forgotten the offense, Judge Beard simply remarked that he had beat us to the punch.

And so he had, we're delighted to agree. In fact, he found one case so old that even the arresting policeman was a bit hazy about it. Naturally, that went out, too.

We hope the two new judges appointed by President Kennedy to help Judge Ketcham run this court will avail themselves of Judge Beard's experience and comments.

In fact, the new three-man court, and the community at large, could very well take a fresh look at the juvenile court and its problems—not particularly those relating to the way it has been run in recent years, but to the court's overall philosophy, such as the kind of cases which properly should be referred to it. We're confident they could come up with some fresh and challenging ideas.

## ACHIEVEMENTS OF THE PEACE CORPS

Mr. DODD. Mr. President, the New York Times of September 1, 1962, contained an account of a news interview held in Singapore by R. Sargent Shriver describing some of the achievements of the Peace Corps.

It was only a year ago that the first Peace Corps contingent was dispatched overseas. There were some who held grave misgivings about this project but a year's experience has laid to rest those misgivings.

All Americans may take justified pride in the accomplishments and progress of the Peace Corps. All of us owe a great debt to those young Americans who are laboring in our behalf and in behalf of the peoples of underdeveloped areas in such distant places as Thailand, North Borneo, Tanganyika, and Cyprus.

Under the driving, idealistic leadership of a great public servant, Sargent Shriver, the Peace Corps has more than redeemed the hopes of those of us who supported this project from its inception.

I ask unanimous consent to insert at this point in the Record the brief New York Times article I referred to above which provides some idea of the scope and vitality of the Peace Corps operation.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Shriver Sees Major U.S. Gain in Peace Corps Work in Asia—Operation Is Going Almost Too Well To Be Believed

Singapore, August 31.—Peace Corps operations in Asia are "going almost too well to be believed," according to Sargent Shriver, Director of the Corps, a U.S. volunteer program to assist developing countries. A year ago today the first contingent of the Corps was dispatched overseas.

Mr. Shriver declared in an interview that all the countries he had visited on his current Asian tour had asked for "three to four times as many" Peace Corps workers as had been assigned. Of 2,600 volunteers sent overseas, Mr. Shriver said, 400 are in southeast Asia and another 400 are coming to the area in September.

Corps members in southeast Asia are engaged principally in farm development, roadbuilding, teaching, and medical work. Many are teaching English to southeast Asians eager to learn a language in which they can communicate with people from other countries. All the American volunteers speak the language of the people with whom they work.

In addition to their regular work, Mr. Shriver said, most Peace Corps members have undertaken some kind of extracurricular activity, such as coaching sports, directing Scout troops or running camps for underprivileged children.

#### SLOGANS SHIFT

All this, he declared, has helped to establish a more favorable image of the United States in Asian countries. The slogan "Yankee go home" has been replaced by "send us more Peace Corps volunteers," Mr. Shriver said.

The health of Peace Corps workers, who live exactly as local people do and eat the same food, has been "incredibly good," Mr. Shriver declared. He said that major illness had been almost unknown in the Corps, although all members abroad had experienced minor intestinal upsets from unfamiliar diets.

Mr. Shriver asserted that all members of the Peace Corps were thoroughly trained in simple precautions against illness, such as boiling drinking water and keeping inoculations up to date. He added that a U.S. Public Health Service physician was responsible for the health of Corps members in each country.

Mr. Shriver was barely preceded to the British Crown Colonies of North Borneo and Sarawak by 60 young men and women, some only 18 years old, who constitute the first U.S. Government mission of any kind in those primitive territories.

#### ROADS ARE STRESSED

Establishing roads is the principal project of the Corps in North Borneo and Sarawak, which contain some of the most extensive jungle areas in the world, Mr. Shriver said. Some Corps members will be living in the long houses of the Dyaks and other tribal people who inhabit the more remote parts of the two British colonies.

Mr. Shriver said that in Thailand, where the Prime Minister, Field Marshal Sarit Thanarat, had asked that the Peace Corps contingent be tripled, the Government plans to make a television film of Corps members at work.

As far as Mr. Shriver knows, Thailand may be the first country that has offered to publicize U.S. aid activities as part of its information program.

## TRIBUTE TO SENATOR KEFAUVER

**Mr. DODD.** Mr. President, the August 24, 1962 edition of the Keene Evening Sentinel, published in Keene, N.H., contained an editorial about our distinguished colleague, the senior Senator from Tennessee, Estes Kefauver, which I think ought to be given wide circulation.

The editorial recounts the long and lonely struggle carried on by Senator Kefauver to provide for the American people protection against unsafe and ineffective drugs. It reminds us of the abusive treatment meted out to our colleague and some of the defeats he encountered along the way. I believe this editorial is a reflection of the fact that the American people are coming to appreciate the important contributions to their welfare that are being made daily by the great senior Senator from Tennessee.

I ask unanimous consent that the editorial entitled "Short Memories" be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Short Memories

Most American newspaper readers have very short memories. But for those whose memories are more durable, there was a sardonic background to a story in the headlines earlier this week.

The story reported that the Senate Judiciary Committee had unanimously approved a bill which would give President Kennedy virtually all the authority he needs to protect the public from unsafe and ineffective drugs.

It required a tragedy—the deformities apparently caused by the drug thalidomide—to prompt the Senators to provide the drug bill with a set of dentures to replace all the teeth they had earlier extracted from it.

Senator Estes Kefauver, Tennessee Democrat, who headed a Senate Antitrust Subcommittee probe of the drug industry in 1959, had offered stiff reform proposals in the first place, but the drug manufacturers' lobby had been too much for him.

This week, when the Senate Judiciary Committee reversed itself in the aftermath of the thalidomide scare, Kefauver's reform measures were put back into the legislation.

Those with good memories could not help but recall the wild-swinging campaign conducted against Kefauver by the Pharmaceutical Manufacturers Association, a campaign bolstered impressively by reprints of editorials from American newspapers—most of them, not surprisingly, in the South.

Many of the comments at that time were concerned with the price phase of the Kefauver probe, but the most important result of the investigation was the drug bill drafted by Kefauver, establishing safeguards to the Nation's health.

Money, however, not health, was uppermost in the minds of many newspapers in December 1959.

The Harrisonburg (Va.) News Record said: "The drug investigation is part of a 2-year probe of 'administered prices'—prices supposedly set arbitrarily without regard to supply and demand. The bread, steel and auto industries have already gotten the Kefauver treatment."

The Charleston (S.C.) News & Courier said: "Whether the Senate Antitrust Subcommittee, headed by Senator Estes Kefauver, Democrat, of Tennessee, can conduct a fair and sensible investigation of drug prices is yet to be seen. Senator Kefauver is a confirmed headline hunter. Whatever he undertakes should be regarded warily."

The Montgomery (Ala.) Journal said: "Senator Estes Kefauver, of Tennessee, is a smart man, but is one of our most easily recognized demagogs. This Senator has previously conducted some investigations which caused headlines but no legislation. He is now conducting another investigation; this time it is the price of drugs and medicines."

The Dallas (Tex.) News said: "It appears that the 59'ers of the political mining camps have discovered that there are votes in 'them thar scandals.' The scandal now alleged by a new Kefauver investigating committee is that the Schering Corp. has made a profit of 7,079 percent on a new drug combination which it recently marketed. The News is inclined to suspect a charge like that because of its sheer dimensions.

"The most patent, the most dangerous and most prevalent markup in American life today is the political markup. What men like Estes Kefauver cost the taxpayer, compared to what the Kefauvers are worth to the taxpayers, would probably be much more than 7,079 percent."

There were many more similar views expressed, and thoughtfully forwarded to other American newspapers by the Pharmaceutical Manufacturers Association in a not very subtle attempt to promote more of the same.

It would be interesting to know how many, if any, of the same newspapers are now satisfied that—quite aside from the price factor—Kefauver's investigation of the drug industry wasn't a waste of time, after all; that the public needs the protection it will belatedly get from the bill approved this week by the Senate Judiciary Committee.

It would also be interesting to know how many U.S. legislators have learned that the practice of closing doors after horses are stolen—as was the case in the thalidomide tragedy—is not a particularly progressive method of operation.

## SOVIET SPACE VEHICLES

**Mr. KERR.** Mr. President, on Tuesday September 4 the distinguished chairman of the House Committee on Science and Astronautics, the Honorable George P. Miller, and I, as chairman of the Senate Committee on Aeronautical and Space Sciences, jointly addressed an inquiry to the Administrator of the National Aeronautics and Space Administration. In our letter we referred to published reports that the Soviet Union had tried unsuccessfully to send a space vehicle to Venus on August 25 and to a subsequent denial by a leading Soviet space expert to the effect that the Soviet Union does not withhold information on such failures.

It was our conclusion that once again information of great significance concerning a Soviet launch failure had been widely circulated throughout the world on an unofficial basis and that an official spokesman for Soviet space programs had attempted to discredit this information.

In his reply to the Space Committees of the House and Senate, Mr. Webb quotes a report which he obtained from "appropriate agencies of this Government" stating that the Soviet Union has made two attempts to send spacecraft to Mars and four to Venus and that of these six attempts, only one probe was successfully launched on an interplanetary path.

The whole world can see that once again the Russians have been less than honest in releasing information about their space program. The advantages of our own policy of frank disclosure will be readily seen.

All Members of the Senate will, I am sure, find these letters of great interest. I ask unanimous consent that the two letters be printed in the RECORD at this point for the information of the Members of the Senate.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON AERONAUTICAL
AND SPACE SCIENCES,
*September 4, 1962.*

Hon. JAMES E. WEBB,
*Administrator, National Aeronautics and Space Administration, Washington, D.C.*

DEAR DIRECTOR WEBB: In the past weeks there have been two reports in the press which have troubled us as chairmen of the House and Senate Committees on Space: (1) The Saturday morning newspapers carried an article reporting that the Soviet Union failed in an attempt to successfully send a space vehicle to Venus on August 25, 1962; (2) on August 30, 1962, Dr. L. I. Sedov, a leading Soviet space expert was interviewed by a professor of Tokyo University. The question was asked: "Since the Soviet Union has never made an advance announcement of launchings, some people suspect that there have been unsuccessful launchings in the past; would you tell me the truth, say, confidentially?" Sedov: "The Soviet Union makes an announcement as soon as a rocket is launched. There is no substantial difference between the Soviet Union and the United States in the way of announcement. If there is any failure, it must be known to the world."

It is our clear understanding that the Soviet Union does not announce all of its shots and therefore Dr. Sedov's answer appears to be in conflict with the information in our possession. Dr. Sedov's statement and the report of the Venus shot failure are so patently at variance that we feel it is important that if the U.S. Government possesses any information relative to unsuccessful attempts by the Soviet Union to launch a spacecraft to Venus, or other planetary probes, that this information should be made available to our committees and to the American people.

The world must of necessity admire the remarkable achievements of the Soviet Union in the field of space. A shadow is thrown over the entire space effort through their refusal to admit to failures. The United States is not without its failures, but we operate in a free society and our failures, as well as our successes, are made known to all.

We would appreciate an answer to this letter promptly.

Sincerely yours,
GEORGE P. MILLER,
*Chairman, House Committee on Science and Astronautics.*
ROB'T S. KERR,
*Chairman, Senate Aeronautical and Space Sciences Committee.*

---

NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION,
*Washington, D.C., September 5, 1962.*

Hon. ROBERT S. KERR,
*Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.*

Hon. GEORGE P. MILLER,
*Chairman, Committee on Science and Astronautics, U.S. House of Representatives, Washington, D.C.*

GENTLEMEN: I agree. The Soviets' broad policy of announcing successes but declining to admit failure does cast a shadow over their entire space effort—remarkable as it might be.

You jointly proposed that if the U.S. Government possesses any information relative to unsuccessful planetary probes by the Soviet Union, that this information should be made available to your committees and to the American people.

In response to this proposal, inquiry was made of appropriate agencies of this Government. The response was as follows:

"The Soviet Union has pursued a vigorous but unsuccessful program to send instrumented space probes to the planets. Thus far, two attempts have been made to send spacecraft to Mars and four to Venus. Of these six attempts, only one probe was successfully launched on an interplanetary path, the Venus probe of February 12, 1961. However, it was only a qualified success because its radio transmission failed after several days, long before it reached Venus. None of the five remaining attempts achieved a successful trajectory because of rocket vehicle malfunctions.

"The same mission-planning philosophy and vehicle combination was used on each of the Soviet interplanetary series. A parking orbit technique is consistently exploited, whereby the first three stages attempt to launch the payload into a low earth satellite orbit as in the U.S. Mariner program. After one passage around the earth, the fourth or ejection stage is fired over Africa. If successful, this sends the instrumented probe on a ballistic path to the planets. Had the launching been successful in each of the six cases listed below, the probe would have arrived at Venus or Mars with too high a velocity to have been orbited around either planet. Optimum conditions were chosen for each launching attempted thus far so as to simplify the task of either guidance or performance—or both.

"1. October 10, 1960: A unannounced attempt to send a probe to Mars failed before a parking orbit was achieved. Had this probe been successful, it would have reached Mars in about 230 days.

"2. October 14, 1960: A second attempt to send a probe to Mars using virtually the same trajectory also failed before a parking orbit was achieved.

"3. February 4, 1961: The first attempt to send a spacecraft to Venus was successfully placed in its earth parking orbit, but could not be ejected into its planned Venus trajectory. The Soviet Union announced the launching as a successful earth satellite Sputnik VII and claimed for it a new weight in orbit record of 14,300 pounds. Had this probe been successfully ejected, it would have taken about 105 days to reach Venus.

"4. February 12, 1961: A partially successful attempt to send a 1,400-pound spacecraft to Venus was made on this date. All vehicle stages functioned normally, and the probe was correctly placed on its interplanetary path. The Soviet Union correctly announced that this was the first time that a spacecraft was successfully ejected outward from orbit. The probe took 97 days to reach the vicinity of Venus. The Soviets apparently experienced a failure in the power supply or radio transmitter, and the probe was last heard from at a distance of 4.5 million miles from earth.

"5. August 25, 1962: A third attempt to send a probe to Venus was made on this date. The payload was successfully placed into its satellite parking orbit, but apparently could not be ejected. Had this shot been successful, the probe would have arrived at Venus on about December 7, 1962, ahead of the U.S. Mariner II. It appears that the normal flight time of 112 days for this date was intentionally shortened to 104 days by sacrificing spacecraft weights. This launching attempt has not yet been announced by the Soviet Union.

"6. September 1, 1962: The fourth attempt to reach Venus was also successfully placed into a satellite parking orbit, but could not be ejected. The Soviet Union has not yet announced this attempt nor the presence of the unused components in orbit."

Sincerely,
JAMES E. WEBB,
*Administrator.*

---

## TRIBUTE TO AN ALASKA LADY

Mr. BARTLETT. Mr. President, September 23 will mark the 90th birthday of one of Alaska's great ladies, Mrs. Margaret Keenan Harrais, of Valdez.

During her 48 years in Alaska she has devoted herself to community and public service. She has possessed always a young spirit in a pioneer land. Her experiences during almost half a century in Alaska and the contributions she made as educator, U.S. commissioner, and more recently as deputy magistrate for the State, a position from which she is about to retire, now are told in an excellent article written by a Valdez neighbor, Frances Walker. Mrs. Harrais' inspiring friendship has meant much to Mrs. Bartlett and me, as it has to countless Alaskans and all Alaska salutes her. My wife and I have perhaps especial reason to do so because it was long, long ago that we attended school in Fairbanks, Alaska, when Mrs. Harrais was superintendent there. Her life has been a model of all that is good and decent and constructive. All who know Mrs. Harrais, and those who have heard of her will want to join me in expressing the hope and wish that she will have many happy birthday anniversaries.

I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### MRS. HARRAIS WILL RETIRE

(By Frances Walker)

VALDEZ.—Numerous messages of congratulations are being received this week by Mrs. Margaret Keenan Harrais, who will resign as deputy magistrate at Valdez. The resignation will end a career of nearly half a century in Alaska. Mrs. Harrais will observe her 90th birthday September 23.

Originally Mrs. Harrais had been expected to end her deputy magistrate's duties this week, but she is continuing for a short time at the request of the superior court Judge Edvard V. Davis. The judge asked her to continue until he is able to name a successor, probably next week.

A schoolteacher by profession, Mrs. Harrais came to Alaska in 1914 at the age of 42 after a successful career in Idaho. In the span of years that followed, she served as first woman superintendent of schools in Fairbanks, administered "the last spanking he ever had in school" to Senator E. L. BARTLETT, Democrat, of Alaska, and drilled a sound foundation of parliamentary law into a freshman legislator, William A. Egan, now Governor of Alaska.

In addition, Mrs. Harrais served as a member of the territorial board of education for 18 years, and after the death of her husband, Martin, in 1936 succeeded him as U.S. commissioner in Valdez. Twice she was offered the U.S. commissioner's post in Anchorage and twice she refused the honor to stay home in Valdez. With statehood, her duties remained virtually the same under the new title of deputy magistrate.

While superintendent of schools in Fairbanks from 1916 until 1919, Mrs. Harrais, as "Margaret Kennan, spinster," wrote with an indelible pencil upon the memories of her pupils. Few could forget the whooping $10,000 war bond drive in which each of the 200 children enrolled in school purchased a $50 war bond through his or her own earnings. Parents were asked not to help. Mrs. Harrais set up an employment office at school and assisted the children in finding spare time jobs.

The women of Fairbanks and certainly the editor of the News-Miner, the late W. F. Thompson, could never forget her. She edited the unusual "Women's Edition" of the News-Miner on Thanksgiving eve, 1917, which enlisted the services of 55 women. The newspaper sparked to success a benefit which raised nearly $4,000 in less than 1 month to sponsor six beds in the American Ambulance Hospital near Paris. Only one bed, at $600, had been anticipated for all of Alaska, but Fairbanks alone had paid for six.

It was during her Fairbanks stay that Miss Margaret Keenan met Martin Harrais, a University of Washington graduate and an early day prospector of the neighboring camp city of Chena. Harrais, who had made and lost several large fortunes in gold, was keenly interested in statehood and had tossed his hat into the hot, five-pronged candidate field in 1912 which reelected Judge James Wickersham as Delegate to Congress. In 1920, Harrais transferred his mining interests to the McCarthy-Chitina district, taking with him Miss Keenan as his bride.

While he prospected, Mrs. Harrais taught at the tiny McCarthy school with the same devoted interest as she had handled the Fairbanks school system. On the eve of the 1929 stock market crash, Harrais was on the verge of another fortune, this time in copper. The crash not only dashed all hopes for success but with it went their investments and savings in Seattle banks and business buildings.

Undaunted the intrepid pair began anew, first near Cordova, then in Valdez where in 1934 Harrais accepted an appointment as U.S. commissioner. Upon his death 2 years later, Mrs. Harrais succeeded him in this capacity, maintaining an office in the Federal building until it was leveled by fire a few years later.

Since then, the perfectly kept records of the Valdez district, that include the 1912 recordings in the firm hand of Alaska statesmen, Anthony J. Dimond, have been kept in the front room of her modest home. A faded, timeworn shingle with the inscription, "U.S. commissioner," still hangs over her doorway.

Throughout her years of service as U.S. commissioner and as deputy magistrate, Mrs. Harrais has conducted her office with such integrity that most of those whom she has fined or sentenced have offered a hesitant, respectful "thank you" as they departed.

Honors have come her way. In the latter 1920's, Mrs. Harrais was asked to serve on a 15-member national committee to survey and submit a report on law enforcement for the National Association of Women's Clubs. Her report, written at McCarthy, appeared with such notables of the times as Mrs. H. W. Peabody, Commander Evangeline Booth, and Carrie Chapman Catt.

In 1941, the 1,080 U.S. commissioners in other States and the 72 in Alaska were asked to write a report offering suggestions or criticisms of the U.S. commissioner system. Just two submissions were included in the final report, one from a district judge, and one from a U.S. commissioner, Mrs. Harrais.

Wide attention of the U.S. Interior Department was afforded Mrs. Harrais in 1944 when she engaged in a "merry scrap" with Secretary of the Interior Harold L. Ickes, the "old curmudgeon" and "Lord of Alaska." Her plea for statehood brought a sheaf of replies from well-placed Government officials, including Ickes.

In addition, Mrs. Harrais found time to serve as Democratic territorial committeewoman and also president of the Alaska Women's Christian Temperance Union as well as membership in the Woman's Club. In Valdez she worked as chairman of the Valdez Hospital Board and took a keen interest in the El Nathan Children's Home. In her spare time she devoted herself to the task each winter of mending the mittens, sweaters and socks for the 100 children of the home. Since the home has been closed she has turned to knitting afghans for disabled soldiers in veterans hospitals and is presently working on her 91st afghan. Folks in Valdez supply the yarn.

It was while she was in Fairbanks that Mrs. Harrais fell into the habit of writing a newsletter home during the week between Christmas and New Year's because she was too busy during the school year and her summers were also occupied.

These letters have now arranged themselves into neat chapters of her life, with the most hilarious by far being the account of the "Woman's Edition" of the Fairbanks Daily News-Miner. Pieced together, the chapters give a glowing account of her entire life as well as an accurate history of her pioneer period. The book, if published, could rank in importance with the "Diary of Judge Wickersham."

Mrs. Harrais, of Scotch-Irish ancestry, was reared in Ohio, graduated from Valparaiso University, then engaged in a teaching career in Idaho.

In retirement Mrs. Harrais is looking forward to knitting more afghans for disabled veterans in the winter months, and devoting herself to her garden in the summer. Her interest in Alaska and the world at large will remain the same.

---

## RUSK ASKS OAS PARLEY ON CUBA

Mr. WILEY. Mr. President, the Communist-supported arms buildup in Cuba is a matter of great concern, not only to the United States, but to the Western Hemisphere. For this reason, I urged last week that the Organization of American States—OAS—investigate these arms shipments to Cuba.

I quote from the statement:

> The Organization of American States (OAS) has a fundamental responsibility for investigating—and taking action against—this menace to peace.
>
> The OAS, too, I believe, could well (1) redefine its policy on such threatening actions; (2) determine more effective measures against export of communism and aggression from Cuba to the Latin American nations; and (3) reexpress a warning to the European-Asian Communist countries against further arms shipments invasion of the Western Hemisphere.

I am particularly gratified therefore that Secretary Dean Rusk has now proposed to members of the OAS that a foreign ministers' conference be held in September to discuss the possibility of new sanctions against Cuba.

I ask unanimous consent to have an article from today's Washington Post relating to this matter printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### RUSK ASKS OAS PARLEY ON CUBA—FOREIGN MINISTERS WOULD CONSIDER NEW SANCTIONS

(By Dan Kurzman)

Secretary of State Dean Rusk proposed to members of the Organization of American States yesterday that a foreign ministers' conference be held late in September to discuss the possibility of new sanctions against Cuba.

Rusk asked the ambassadors of the OAS nations at an "informal" meeting to relay the request to their governments, U.S. sources said. The conference would take place in the United States, as the foreign ministers will be in New York for the United Nations General Assembly session opening on September 18.

The American proposal was made after Rusk explained and expanded on President Kennedy's announcement on Tuesday that Russia is dispatching large shipments of defensive military equipment to Cuba, together with about 3,500 technicians. The diplomats asked many questions about the nature and amount of aid being given, but, U.S. sources said, offered no opinions about the significance of this aid or what might be done about it.

The United States feels that the time is now psychologically ripe for a new foreign ministers' conference in view of Russia's increasing involvement in Cuba.

"This new Russian aid to Cuba could be a mixed blessing," one U.S. official said. "It should serve to dispel any doubts among the other Latin American countries that Cuba is a full-fledged Soviet satellite."

The OAS ousted Cuba from its ranks earlier this year at Washington's behest, but five countries opposed the move for "legal" reasons, weakening U.S. efforts to isolate Cuba completely.

Washington may propose at the projected conference that OAS members cut off all trade with Cuba. Some Latin American countries still maintain commercial relations with Havana.

In the past several months, U.S. officials pointed out, two of the countries that were opposed to an excessively tough policy toward Cuba—Argentina and Ecuador—have broken off diplomatic relations with Havana, a development that should further ease the way toward a strong united anti-Castro policy.

#### NO ALARM AT SOVIET AID

At the same time, administration leaders reemphasized that there is no reason for alarm about the Soviet shipments, which they maintain comprise strictly defensive weapons according to what is now known.

One official said there is little meaning in statements like those of Senator KENNETH

B. KEATING, Republican, of New York, that the Soviet technicians are in reality soldiers. Not only is there no evidence of this, the source said, but 3,500 common foot-soldiers would probably pose less danger to hemispheric security than 3,500 trained technicians.

U.S. officials stated further that if Russia has refrained from supplying Eastern Europe and Communist China with sophisticated offensive weapons, it probably will not furnish Cuba with such arms.

#### SOVIET SOURCES AGREE

Soviet sources agreed with this view, maintaining that Russia has no intention of furnishing Cuba with anything but defensive weapons.

"Actually, we are helping to stabilize the situation in Latin America," the Russian sources said. "Cuba will be so powerful defensively that your leaders will have to give up all thought of a new invasion, and think only of peace."

The informants said Cuba explained to the Soviet Union that it had to have sufficient defensive weapons to assure that no new U.S. military venture would be attempted, and Moscow heeded the plea.

In another development, the Czechoslovak Ambassador yesterday delivered a Cuban note to the United States charging that American planes have been guilty of about 20 violations of Cuban airspace. The Cuban diplomat said Edwin M. Martin, Assistant Secretary of State for Inter-American Affairs, promised to investigate the charges.

The Ambassador indicated that the note did not necessarily represent a reply to recent U.S. charges that two Cuban naval vessels fired on a U.S. Navy plane 15 miles off the Cuban coast.

The official Cuban newspaper Revolucion said yesterday that President Kennedy's statement on Tuesday was an "inadmissible intervention" in Cuba's internal affairs and "a new step along the path of criminal aggression." The newspaper added, "Don't think, Mr. Kennedy, that Cuba can be intimidated."

Premier Fidel Castro himself has issued no comment on the situation.

Mr. HUMPHREY. Mr. President, if there is no further morning business, I shall suggest the absence of a quorum.

Mr. LAUSCHE. Mr. President, the Senator from Minnesota need not do that. As agreed to last night——

The PRESIDING OFFICER. Does the Senator from Ohio have morning business to submit?

Mr. LAUSCHE. No, Mr. President, not morning business.

The PRESIDING OFFICER. If there is no further morning business to be submitted, morning business is closed.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. LAUSCHE. Mr. President, I shall vote against the pending bill. I shall vote against it for a number of reasons.

If there are to be tax reductions, I should like to support them. But the reductions should be made on the basis, first, of achieving reductions in our expenditures.

I shall vote against the bill because its enactment will, first, reduce the revenues of the Federal Government by $440 million in the fiscal year 1962; second, enactment of the bill will conflict with the advice and the request of the principal beneficiaries of the bill; third, enactment will prevent consideration of the various items in the bill in their relationship to the overall tax reduction bill which will come before Congress in the next session; fourth, enactment will place the Government in a position of dealing unequally with different businesses in general, and also with businesses of a similar nature; fifth, enactment will decrease needed revenues, not only in the fiscal year 1963, but also in each year thereafter for as long as the provisions of the bill remain in effect.

With regard to item No. 1 as one of the bases for voting against the bill, I point out that, on page 9, the report on the bill shows that the revenue losses by means of the bill as it came before the Senate would be $630 million. I have used the figure $440 million, because there seems to be some controversy as to the exact amount. But the report shows that the loss will be $630 million.

It is my view that inasmuch as in early January the Treasury Department made available to businesses, through a reformation of the formula on depreciation, the sum of $1,500 million in the first year, we, by means of the enactment of this bill, contemplate providing another $630 million, as set forth in the report, or $440 million, which is my conservative estimate of what the bill will cost.

According to present figures, it is expected that there will be a deficit of $3,900 million in the fiscal year 1963. This $3,900 million does not at all include the losses which will be sustained as a result of the enactment of the pending bill. Thus, if we add to the $3,900 million my figure of $440 million—reflecting the losses which will be sustained if the bill is enacted—there will be a deficit of $4,340 million, to begin with.

But we must move on from that basis. For example, there are pending before the Senate a number of bills, as follows:

First. The standby public works bill, which will cost $1,500 million.

Second. The $2,700 million Federal-aid bill for colleges, universities, and student scholarships.

Third. The proposed Federal employees pay raise bill, which may provide an increased expenditure of one and a half billion dollars.

Fourth. The youth employment opportunities bill, which initially calls for an expenditure annually of $240 million.

Fifth. The proposed temporary extended unemployment compensation bill could require outlays of several hundred million dollars.

Sixth. The $500 million proposal to subsidize local, governmentally operated, transportation systems.

All of these figures forebode, in my judgment, a deficit operation in fiscal 1963 of at least $6 or $7 billion.

I submit we cannot suffer that situation in the face of the 26 deficits that we have had in the last 32 years of operation of this Government.

Now I come to my second point, and that is, the passage of the bill will conflict with the advice of the principal beneficiaries of the bill. The A.T. & T. is to be a beneficiary of at least $75 million. My understanding is that it will be $130 million. It testified that the bill should not be passed.

The U.S. Chamber of Commerce and the National Association of Manufacturers, having members that would be beneficiaries under the bill, testified that it should not be passed.

I cannot understand how, in the face of that advice and that judgment, given by corporations and individuals who are to be the principal beneficiaries of the bill, we ought to pass it, having in mind the dire impact will have on the fiscal situation of the future.

The AFL–CIO advise that the bill should not be passed, but they are not beneficiaries.

To me it seems that when A.T. & T., the national chamber of commerce, and the National Association of Manufacturers as beneficiaries take the position that it is not in the best interest of the country to pass the bill, we definitely ought not do so.

Point No. 3 is that it will prevent a consideration of the various items in the bill in their relation to the overall tax reduction proposal that will come before the Congress in the next session. That subject has been under discussion. The President has stated that he will recommend that the tax bill passed in the year 1963 be made retroactive as of January 1, 1963.

Mr. Reuther, president of the United Automobile Workers of America, called for a $10 billion income tax cut. He, however, concentrated the recommendation to be applicable to the lower and middle income brackets.

President Kennedy has said that his tax cut proposal would provide a reduction for both corporate and individual income tax liabilities. This approach was endorsed as recently as July 3, 1962, by the Americans for Democratic Action, in advocating a reduction in the lowest income tax bracket rate to 10 percent from the present level of 20 percent.

If we are to have this subject before us in 1963, with all of its ramifications, I submit that we ought not in 1962 deal with it on a piecemeal basis. The whole context of the problem ought to be brought before the Senate, not only the proposed reduction that is to be made in 1963, but the several aspects contained in the bill now pending before the Senate.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. MORSE. I just could not agree with the Senator from Ohio more. If we are to have a tax reform bill, I think it ought to be considered in the light of the totality of the problem. What we are going to do here today is pass a makeshift bill, and a very bad makeshift bill. We are passing it under the great pressure the Senator from Ohio knows is being visited upon every Member of this body to get any compromise we have to accept in order to get some tax label bill passed so Congress can adjourn. Of course, what we ought to do is adjourn, go home, and let the voters react to this proposal, have the election, and then come back in November after the election or in January, and face the total tax reform problem and pass a sound bill, and not this kind of an unsound bill.

**Mr. LAUSCHE.** The fact that the President submitted a bill early that is different from what we are now acting upon and the fact that he will submit a bill in 1963 clearly indicates to me that to have an intelligent, related approach, the aspects of the bill pending before us and those that will come in 1963 ought to be viewed at one time. What we might want to do in field A will depend upon what happens in field B, C, or D.

**Mr. MORSE.** Mr. President, will the Senator yield for half a second?

**Mr. LAUSCHE.** Yes, I yield.

**Mr. MORSE.** I think it is very wise for the Senator from Ohio to point out for the official record that this is not the President's bill. This is a far cry from what the President of the United States recommended. I shall be very much interested, because I think this bill is going to be passed, in seeing whether or not the President of the United States signs a bill so different from the bill that he recommended, so unjust in many of its particulars, so full of tax escape loopholes.

I say to the President of the United States from my desk this morning, "America will be watching your pen when this bill reaches your desk, and, in my judgment, you owe it to the Democratic Party and you owe it to the taxpayers of this country to veto this monstrosity when it reaches your desk."

**Mr. LAUSCHE.** Mr. President, next year there may come before us the question of changes in our tax structure again. There is a discussion about imposing:

First. Federal taxes on interest income from local and State bonds.

Second. The elimination of deductions for State or local taxes.

Third. The prohibition of splitting income by married couples.

Fourth. The elimination of deductions for interest paid on home mortgage loans.

Fifth. Curtailing deductions for medical expenses and for contributions to charitable and similar nonprofit organizations.

Sixth. Tightening of our present tax treatment of income from capital gains.

With these matters coming before us, I submit we cannot intelligently deal with them, and adequately, in the next year, if we have made disposition of items which will have a direct relationship to the separate items I have mentioned.

Now I come to item No. 4. It will place the Government in a position of dealing unequally with different businesses in general and also with businesses of a similar nature. In regard to this item, I have in mind the different treatment which is given to a businessman who wants to construct a building needed for his enterprise, as distinguished from the treatment given to the one who installs machinery and equipment. I also have in mind that the public utilities, contrary to what the Treasury Department recommended, are generally to be allowed a 3-percent tax credit as an inducement for expansion. The bill would not deal equally with the same businesses in a class, nor would it deal on a basis of equality with businesses in general.

**Mr. MORSE.** Mr. President, will the Senator yield at that point?

**Mr. LAUSCHE.** I yield.

**Mr. MORSE.** I am glad the Senator has brought out this difference between the deduction allowance for equipment to operate a business and the denial of that deduction for the building in which the equipment is to operate. Does the Senator agree with me that the equipment cannot operate unless the owner erects a building in which to place the equipment so that he has a place in which it can operate?

**Mr. LAUSCHE.** That is correct.

**Mr. MORSE.** The Senator pointed out that the bill contains this unfairness, in that it has one rule for the machinery, but a lack of the same policy for the building itself.

**Mr. LAUSCHE.** Yes. That is my view of it.

In addition, those who have been alert and who have installed modern equipment as they have gone along will not receive the benefits of the bill. Those who have been slothful will. I submit that is not equality of treatment.

Fifth. The bill would decrease needed revenues not only in fiscal year 1963 but also in each year hereafter. This is not to be a 1-year shot. It is to be a permanent tax bill. It would decrease the revenues each year hereafter so long as these provisions remain in the statutes of our country.

As a summary, I voted against lifting the debt ceiling. I did so because I thought the time had come to begin to pay off our debt, especially in a period of prosperity. How could I in July vote against lifting the debt ceiling and in September vote for a measure which would induce borrowing and create a situation when the administration again would have to come back to the Congress for another authorization to remove the limitation on the right to borrow?

There will be a $6 billion deficit in fiscal year 1963. There is a prospective $10 billion deficit, in my opinion, in fiscal year 1964.

This morning I read in the newspaper that the authorities are down in the caverns of Fort Knox hauling out gold. For what? Our international short-term creditors are demanding gold, being unwilling to take our dollars.

Daily in the newspapers is the discussion of the grave problem dealing with out adverse international balance of payments on dollars.

**Mr. MORSE.** Mr. President, will the Senator yield?

**Mr. LAUSCHE.** I yield.

**Mr. MORSE.** The Senator takes note, I am sure, that some of the same countries which want our gold also want our foreign aid, but our administration is not willing to eliminate the millions and millions and millions of dollars of waste in the foreign aid program, which has caused some of us to vote against the foreign aid bill.

**Mr. LAUSCHE.** During this debate there has been a discussion of the gold situation. There was a time when we had $24 billion worth of gold. That is now down to about $16 billion worth; $11 billion of that $16 billion worth of gold is earmarked by statute as being the support for our currency and for deposits in the Federal Reserve banks—$11 billion taken from the $16 billion leaves only $5 billion worth of gold available to pay $20 billion worth of debts, if our creditors demand gold instead of dollars.

For a month there was some sort of tranquillity in the international field, and there was confidence restored that we would not suffer a further attrition of this limited gold possession, but, as I say, I was startled this morning to see that at Fort Knox they are moving out gold, taking it to the banks in New York, where it will be used to pay off the short-term creditors.

If we have a deficit of from $6 to $7 billion in fiscal year 1963 and a deficit of $10 billion in fiscal year 1964, there will be a further loss of gold.

The public does not generally understand the significance of this situation in our Government. In my opinion it is rather generally unmindful of what is happening.

I submit that the bill which is pending before the Senate, if passed, instead of remedying problems confronting our country, would aggravate them.

There is a grave question about the need of providing an incentive to industry and business for the purpose of inducing them to install capital equipment and machinery. An examination of the fiscal situation of corporations will show that money is available. If there is any hesitation about investing, it is because of fear rather than the absence of money.

To summarize, I am in favor of tax reductions, but those tax reductions must be first built upon a reduction of expenditures. There seems to be no purpose to reduce expenditures, and I cannot go along with the proposal. I shall vote against the bill.

---

## RICHARD RODGERS

**Mr. JAVITS.** Mr. President, we have a New Yorker of whom we are extremely proud—Richard Rodgers, the great composer.

The hearings on various bills for support of the arts which have just been concluded by a special subcommittee of the Committee on Labor and Public Welfare have repeatedly emphasized the tremendous contribution that our artists are making toward enhancement of our national prestige abroad. One man whose music and songs have become world famous as well as an integral part of American culture is the great composer, Richard Rodgers. Who does not know his songs from "Oklahoma," "South

Pacific," "The King and I," "The Sound of Music," "No Strings," and many other famed works from his pen?

The 60th birthday of this talented, great-hearted and much beloved American was celebrated on June 28, 1962, and a luncheon in his honor was held on that day by his friends. I ask unanimous consent to have printed in the RECORD excerpts from the speeches of tribute by Robert W. Dowling; August Heckscher; Robert Moses; Dr. William Schuman, of the Lincoln Center for the Performing Arts; Dr. Peter Mennin, president of the Juilliard School; Bennett Cerf, publisher; Mary Martin; Stanley Adams, president of ASCAP; David Keiser, president of the New York Philharmonic; and Dr. Lawrence H. Chamberlain, vice president and provost of Columbia University, which were so deservedly paid to Richard Rodgers at the luncheon held at the Waldorf-Astoria Hotel, New York.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Mr. DOWLING. Our guest of honor anticipated this event back in 1946 for in that year he composed and coproduced "Happy Birthday," and I am very privileged indeed to extend to him on behalf of Mayor Wagner and the 8 million people of our city our gratitude for what he is and our affectionate best wishes.

AUGUST HECKSCHER. Now, I am very proud and happy to be able to carry to this occasion a message from the President of the United States:

"I am delighted to join with you all in greeting Richard Rodgers on this significant birthday. He has written the music which the generation sings, songs of land and sea, of war and peace, reminding us in charming ways of the strange and wonderful experience it is to be an American in the 20th century. The musical theater in our country has reached new heights in considerable part due to his gifts. With all of you, I wish for Mr. Rodgers many more years and many more songs for our delight.

"JOHN F. KENNEDY."

There is really nothing that I can, or perhaps, should add. When we think of Dick Rodgers we think, do we not, of an inextinguishable and irrepressible quality about the man, music that comes from him as naturally as water bubbles up from a spring.

For such a man a birthday cannot be, in the end, a terribly significant event. The pattern of his life seems to be that of a radiance which moves outward from the center, not that of a journey marked by rather dreary milestones with its beginnings and its ends, with its uphills and downs.

And yet, in spite of all that, it is wonderful, it seems to me, that we are having this party, which brings us all together, and I cannot but express my own delight that I am able to take part in the tribute.

In speaking of Mr. Rodgers, I could speak of the hours of wonder I have had along with millions of others, due to his music. I could speak, more solemnly, of what he has meant to the American theater here and across the world.

ROBERT MOSES. A tired public official does not regard the theater as a place of wrath and tears. He goes to Broadway not for torture and catharsis but to be transplanted into a world of melody somewhere between grand opera and Viennese waltzes. This is the domain where Dick Rodgers, working with Larry Hart, then with Oscar Hammerstein and now on his own, has reigned supreme.

New York put its OK on "Oklahoma," and a Western State anthem in the authentic American idiom was born. And so it went until the conviction grew that in this composer there was more than a touch of the universal.

The yodeling of funereal Wagnerian Valkyries is for the afficionados. The tired husband cannot endure, even to support his wife's claims to culture, the throaty bellowing of vast pachyderms emoting in a foreign language, and so he surreptitiously closes his eyes and hopes he won't be caught napping.

But this barbarian is wide awake at Dick Rodgers' shows, chuckles, hums, marks time, and helps the conductor direct the orchestra.

Dick Rodgers, we salute you. Millions of feet will continue to beat time to your tunes when the works and voices of more pretentious men, who strut and fret on the stage today are mercifully forgotten.

Thank you for preserving our optimism, our faith and our very sanity in a bewitched, bothered, and bewildered world, and for giving us so many moments of unalloyed happiness.

Dr. WILLIAM SCHUMAN. I like to feel that I am not a freak because I neither sleep at Rodgers' plays nor at Wagnerian operas, nor at symphony concerts or concerts of chamber music or choral music or any other kind of music.

Dick Rodgers is a musical anti-isolationist. He has done more than almost any other man I can think of in the field of music to break down this kind of false isolationism to to which the commissioner made such witty and feeling reference.

I would say that, although I have been asked to speak for music, I can really only speak for myself and those of my colleagues whom I see in the audience, and many of them are here today. No one has the power to speak for the art of music, but I would like to feel, and I believe, that if all my colleagues knew Dick Rodgers as I know him, the artist and the man, and if they knew his music as well as I know it, and I mean literally hundreds of songs, including the verses, they would join me in the kind of salute that I want to give him, which is to thank him and to tell him of our respect and our affection.

Dr. PETER MENNIN. Through his music, through his efforts as an artist he has also contributed to the Juilliard School of Music in the encouragement and the help to young people who perhaps in the future will also one day be contributing to music.

We are all in his debt for these riches, and I hope that everyone will join with me in wishing him a very happy birthday with the highest degree of affection and sincerity.

BENNETT CERF. I'm sure there are a lot of people in this room who know Dick better than I do, but I am also sure that nobody knows him longer than I do, because, eons and eons ago, Dick's older brother Mortimer, Dr. Mortimer Rodgers, known as "Sunshine," because he hasn't smiled in 30 years—he and I were great friends at Columbia.

At that time, I remember a little, white-faced boy named "Richard" tagging after us. Well, there came a time when Dick turned 16 and wrote his first songs for the Columbia varsity show, and ever after that, Mortimer and I have been tagging after Dick, because in that first song that he wrote for the Columbia varsity show—I believe, of 1922 or somewhere around that time—the song, "Peeking, Peeking, Back in a Baby Bungalow." Now, it had the same lilting joy, it had the same beautiful melody that Dick Rodgers puts into his songs today, and I am convinced, he will still be putting into them when he is 80 years old, as well as now.

Miss MARY MARTIN. It's almost impossible to express with new and different words how all of us of the theater feel about Richard Rodgers on this, his birthday, and every day, so I would like to say some old and familiar words to express how I feel about him:

"If they asked me, I could write a book
About the way he walks, and whispers, and looks;
I could write a preface on how we met,
So the world would never forget;
And the simple secret of the plot
Is just to tell you that I love him a lot;
Then, the world discovers as my book ends
How Richard Rodgers and Mary Martin are friends."

STANLEY ADAMS. Dick, the American Society of Composers, Authors, and Publishers, known as ASCAP, is the guardian and custodian of the performing rights of your 361 songs. In that guardianship, ASCAP enjoys this great responsibility. It is truly one of the outstanding and unique catalogs of the musical world, songs you wrote more than 30 years ago are as popular today as they were then.

The score of one of your new plays on Broadway is eagerly awaited on the other side of the globe. The songs of the American musical theater and your songs, Dick, are the greatest exports America has, accepted and loved wherever people gather to sing and to give their hearts to music.

As your songs poured out, year after year, gathering glory and gathering affection, they fit into a pattern, the pattern of a life in song. We know them, from "Garrick Gaieties" to "No Strings."

Here, we hand you a life in pictures that parallels your life in song. It records how old you looked then and how young you look now. ASCAP and its 8,000 members from the whole field of music present this to you with deep respect and with deep affection, "The 60th Birthday Picture Book of Richard Rodgers."

DAVID M. KEISER. You are all familiar with "Oklahoma," "South Pacific." "The King and I," "The Sound of Music,' and now, "No Strings."

How many of you also know "Victory of the Sea," and "Valiant Years," serious works for documentary motion pictures, that show another side of this versatile composer and that I recommend to you all as well.

To the Philharmonic Mr. Rodgers has brought many benefits and in ways in which no other director has done or probably can do. First of all, he has conducted the orchestra himself, with great ability. His works have been performed on numerous occasions in Carnegie Hall and at many Guggenheim concerts in the stadium, where the 15th Rodgers and Hammerstein night is scheduled for August 11 at 8:30 and will, as in the past, surely be one of the great popular nights of the summer.

Through the affection and esteem in which they hold Richard Rodgers, numerous great stars of the stage have helped our orchestra by appearing at our annual fund drive luncheons and elsewhere. One of the most recent is Mary Martin, who has just spoken to you so charmingly today.

On our board of directors since 1954, Dick's advice has been eagerly sought and cheerfully given; as a member of the important musical policy committee, his professional knowledge has been invaluable.

Dr. LAWRENCE H. CHAMBERLAIN. They say that a man is known by the company he keeps. I think it is also true that a university is known by the kind of men it produces. Of course, we cannot claim all credit for things that Mr. Rodgers has done, but Columbia is very happy to be associated with him in the many things that he has done.

The word "creativeness" has been used a number of times, and there is nothing that I can add to the musical side, but there is an aspect of Mr. Rodgers' work that is truly creative and, I think, is not generally fully understood. He has phrased it himself by saying that Broadway is a two-way street, and what he means by this is that if the theater and the musical theater is to have its greatest future, to realize its real potentiality, there must be closer and more continuous contact between the theater, itself, the professional theater, and the world of education; and I'll not take the time today to tell you all the things that he has done in this area.

But for those of us who have been inspired and who have caught something of his dream of what can be done, the announcement which I am about to make simply makes a fitting climax.

It is my observation that there is a very close connection between creativity and generosity because, really, creativity is the giving of one's self. Mr. Rodgers, throughout his career, has shown this generosity to the point that, on this occasion, when we are supposed to be celebrating his birthday, he himself has made a gift.

On behalf of President Kirk, who is in Europe and not able to be here today, I am happy to make the announcement that the Rodgers and Hammerstein Foundation has made an initial pledge of $150,000 toward the principal theater of the projected Columbia University Art Center.

This, of course, is the culmination of the dream I mentioned a moment ago.

I have this additional message from President Kirk: The university is most grateful for this splendid action by the Rodgers and Hammerstein Foundation toward the principal theater to be incorporated in the new Arts Center in Columbia.

I have proposed that this theater be called "the Rodgers and Hammerstein." If that should come to be the case, nothing could give more satisfaction to me, to the Columbia community, or to the friends of Richard Rodgers and Oscar Hammerstein everywhere.

The only thing I can add to that is to say, "Many happy returns of the day."

Mr. Rodgers. On a 60th birthday, I imagine it is mandatory to have a philosophy. Somebody once wrote Oscar a letter and said, "What is the saddest word that you know of?", and he replied, "But."

I have arrived at a philosophy, sitting here, and it is equally short, and what I have to say will be equally short. I have never done anything alone in my life. I had to be conceived by two people. I had to be nursed, I had to be brought up, I had to be taught. I was given a scholarship in music, I was sent to Columbia University by parents who were not rich but who could do it. I have shows but I have chorus girls dancing in them; I don't do the dancing. I have these men playing on the stage, they do my work for me.

I wish that this could be a model for what is going on. Then the walls, the barbed wire, would come down. People would not be running out of a country. They would be doing something for each other.

This morning I talked to Alan Lerner on the phone and he said, "You'll have to say something." He said, "For God's sake don't be humble."

Well, I'll come to my one-word philosophy. It's one I've lived by and one I expect to live by. And the word is: "Help."

Thank you.

## THE TELSTAR ACHIEVEMENT

Mr. JAVITS. Mr. President, it is most interesting that the great scientific achievement of Telstar is the product of 2,000 small and large business firms in practically all of our States. The totality of their efforts made Telstar possible. I consider the development so important that I ask unanimous consent that there be printed in the Record at this point a summary of the firms that participated in that great American achievement and where they come from. The number of participating firms in each State is provided in this list, and the names of the firms themselves are available in my office to any of my colleagues who are interested.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Telstar is the name of the Bell System's experimental communications satellite. This project has been specifically concerned with learning how a communications satellite gets along in outer space, how it works and how it can link earth stations. While it is not an operating system, Telstar has already provided much of the technical data and operational know-how such a system will require.

Project Telstar is unique. It is the first use of space for other than official Government purposes. And communicating by satellite may, for a long time, be the only direct contact most Americans will have with space-age technology. But it won't be just a novelty.

A satellite communications system is needed because people are making more and more oversea telephone calls. Today the American Telephone & Telegraph system operates more than 600 telephone-grade circuits for oversea communications. By 1965, it is said twice that many will be needed and that by 1970, the demand will have doubled again. And in 1980, it is estimated that 10,000 circuits will be needed for telephone use alone—with perhaps an additional 2,000 for more specialized communications.

Hopefully, a satellite communications system will be able to help meet this demand efficiently and economically.

The satellite corporation, as being set up by recent legislation, will not be ready for commercial business for some time, probably not before 1965, and even then satellite communication is an economic unknown.

### PROJECT TELSTAR'S COST

Since its formal inception in 1961, about $50 million has been spent on Project Telstar.

A satellite communications system is possible today because two streams of research have been fused: private research in communications techniques, Government-sponsored research in rocketry. Without the transportation provided by Government-developed rockets, Telstar would not have gotten off the ground. Without the communications industry research and development, there would have been no Telstar to get off the ground.

Bell Laboratories built five flyable Telstar satellites at a cost of about $1 million apiece, including development expenses. Many more millions were spent on developmental models. Each satellite requires detailed attention by a corps of highly skilled scientists and craftsmen. It is not a process easily shifted to mass production. There are 3,600 sapphire-covered solar cells set in the satellite's surface. Inside, there are 4,300 other parts; 2,500 of them are active semiconductor devices.

Telstar was shot into the sky by a Delta launch vehicle. This rocket was developed for the National Aeronautics and Space Administration by the Douglas Aircraft Co.

About 2,000 suppliers had a role in the success of Project Telstar. They provided a good deal of equipment and services which the final production team at Bell Laboratories fashioned into the Andover earth station and the experimental satellites. Four out of five of them are small businesses, with less than 500 employees.

These suppliers are located in 37 of the 50 States and the District of Columbia. They range from a single firm in Janesboro, Ark., and Huntington, W. Va., to more than 550 businesses in New Jersey who had a part in the program.

### RESEARCH AND DEVELOPMENT

The story really starts in the 1930's. That's when Bell Labs invented the sensitive horn reflector antenna and low noise receivers—equipment which plays a crucial role in satellite communications today.

Since World War II, the Bell Laboratories have produced the Bell solar battery, the transistor and the solid-state ruby maser.

These are some of the financial dimensions of the project. Telstar is not just the product of a lot of money and engineering skill. It's not just the contributions of 2,000 suppliers coordinated by the purchase orders and exacting specifications of Bell Labs. Telstar is principally the product of a way of thinking, a way of acting.

This is the intangible vitality that gives the private sector of the economy its perpetual modernness. It comes from the decision to look to the future; to see tomorrow's needs, and plan for the day after. This is the decision that produced Telstar.

The number of participating firms in each State is listed as follows:

| | |
|---|---|
| Alabama | 1 |
| Arizona | 1 |
| Arkansas | 1 |
| California | 100 |
| Colorado | 2 |
| Connecticut | 84 |
| Delaware | 5 |
| Florida | 25 |
| Indiana | 12 |
| Iowa | 3 |
| Kansas | 1 |
| Kentucky | 4 |
| Maine | 43 |
| Maryland | 22 |
| Massachusetts | 117 |
| Michigan | 20 |
| Minnesota | 12 |
| Missouri | 3 |
| Nebraska | 1 |
| New Hampshire | 10 |
| New Jersey | 468 |
| New York | 449 |
| North Carolina | 44 |
| Ohio | 73 |
| Oklahoma | 2 |
| Oregon | 4 |
| Pennsylvania | 202 |
| Rhode Island | 8 |
| South Carolina | 2 |
| Tennessee | 4 |
| Texas | 3 |
| Virginia | 5 |
| Washington | 3 |
| West Virginia | 1 |
| Wisconsin | 14 |
| Washington, D.C | 3 |

## THE CUBAN SITUATION

Mr. JAVITS. Mr. President, on the question of Cuba we have heard a great deal and we are told a great deal about what the United States should do for Latin America. I feel that I have been as forward looking and as active in that area as anyone in the Congress in all the years I have been in the other body and in this body.

As often happens in life, however, the tables are sometimes turned. For, the question now is, What will Latin America do for us? I think that this should be a very welcome moment to the people of Latin America. The people of Latin America do not have to give us aid to build up our industry, or technicians to develop our resources, or medicine, medical help, universities; or even the exchange of fellowships, though we welcome that and it is a very exciting educational activity in which to participate. But what Latin America will have to give us right now is understanding and support—and support which may be of a very material kind—for as a result of what has happened in Cuba, not only we, but also all the Americas are faced with a grave challenge.

Notwithstanding the very reassuring words of our President and his legal interpretation of the Monroe Doctrine, the fact is that Chairman Khrushchev has said the Monroe Doctrine is a dead letter. President Kennedy has said that the Monroe Doctrine still remains the binding policy of our Nation. Both cannot be right and they are not. As I understand, the Monroe Doctrine relates to the establishment certainly of any military base in any country of the Western Hemisphere by any foreign power which was not there when the Monroe Doctrine was announced.

Whether technically or not, those who are on Cuban soil as soldiers begin to establish the impression clearly that the U.S.S.R. has set up a military base in the Western Hemisphere in Cuba. The President may be perfectly correct. I agree with him about our not being precipitate and hotheads in the situation; yet improvidence or lack of decisiveness could destroy all of us in a situation of that character.

The issue is very clear, and the issue is only partially dealt with by the idea of containment, which is essentially what the President gave voice to the other day. The issue will still remain even if the Cuban Communist regime does not move out of its own area and into aggression against other states. Certainly it is now a base for subversion and a base for Communist infection—with the danger of aggression—for all of the Americas, and in a most vigorous and intransigent way that has been, is being, and will be transmitted to the other American Republics.

One thing is clear to me. This is a challenge and a very grave emergency for our country which has been building up, as we all very well knew, for the last year and a half. But there is a great will in this country, in my opinion, to deal with it primarily in terms of agreement, at least with the great majority of the other American states.

If there is one thing I feel personally the American people are convinced of, it is that if it is humanly possible to do so, we should have a common policy and a common course of action with the other American States under the Charter of the Organization of American States and the treaties and agreements entered into, since it only takes a three-quarters vote to act. That is something which we must understand.

The vote may not be unanimous. But a three-quarters vote is a large vote, and to be truly effective, should include the principal countries of Latin America, the countries of great population, great territory, and perhaps in a somewhat more advanced state economically than some of the others. So that is what I meant a minute ago when I said this is an occasion when the countries of Latin America have an opportunity to do something for and with us.

The United States wants a common policy, in my view, with respect to Cuba, if action should be required, in order to insulate this menace or perhaps even to move against it in some appropriate way. The people of the United States know that the days of unilateral so-called "gunboat" diplomacy in Latin America by us are gone; they are obsolescent—but this does not mean inaction—it means, on the contrary, more effective action.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. May I have 2 additional minutes?

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from New York.

Mr. JAVITS. The way in which our country could best move with the consent and approval of the great majority of its citizens is to obtain a consensus—and I use that word advisedly—among enough of the Latin American nations so that our action would be, even if mainly implemented by us as their agent, a group action. Such action is extremely desirable. So as one American and as one Senator, I would address a plea to our Latin American neighbors on the basis of the presentation made yesterday to them by our Secretary of State, Dean Rusk, and in the spirit of the bipartisan foreign policy which I think is the most noble spirit Congress has developed in modern times.

I feel deeply honored that it is the spirit of Senator Arthur Vandenberg which would appeal to our Federal legislators in the other Latin American countries, as the leaders of their people, to give guidance and leadership to their people so that in this hour, which I think is getting more and more serious in the eyes of the American people, we may have their good will, their cooperation, their backing and support in the action which would appear to be indicated with respect, first, to the insulation of the Communist menace in Cuba, and perhaps in consultation with the other American states in some effort to protect even more the Americas against the Communists.

The details for implementing that will, I am sure, be the subject of discussion. I have my ideas; others have theirs. But for the purpose of my remarks today I hope very much that we may speak in this way as people to people with the understanding and plea that this is one time that the Latin American peoples can do something for us to back and support us.

Mr. MORSE. Mr. President, I yield myself 2 minutes.

In the spirit of bipartisanship referred to by the Senator from New York, I wish to join him in his discussion of Cuba. I join him in my capacity as chairman of the Subcommittee on Latin American Affairs. I would have the RECORD show that I completely agree with the steps which have been taken by the President of the United States thus far in connection with the Cuban danger. I heartily endorse the appeal of the President of the United States and the Secretary of State to our American friends and allies to the south of us.

This is, as the senior Senator from Oregon has said in regard to the Cuban matter for many months, a joint problem which confronts our Latin American neighbors as well as the United States. In a very real sense it is a greater threat to our Latin American friends than it is to the United States.

I, along with the Senator from Iowa [Mr. HICKENLOOPER] attended the Punta del Este Conference earlier this year. At Punta del Este, as the Senator knows, we adopted a series of resolutions which were combined into the Act of Punta del Este. One of those resolutions, unanimously adopted, made very clear that the free nations of the Western Hemisphere intend to stand together against the threat of the spread of communism into the hemisphere from Cuba.

I would only add to what the Senator from New York has said that it is highly to be desired that there be some action through the Organization of American States in regard to the Communist threat to the Western Hemisphere from the Russian buildup in Cuba. I hope that very soon a Conference of OAS of the foreign ministers of Latin American countries and the United States will be called for a discussion as to the modus operandi that ought to be adopted in meeting the Communist buildup by Russia as a beachhead in Cuba.

I am satisfied, if such a conference is had, and the modus operandi are discussed, that we will reach not only a three-fourths vote, but I would be very much surprised if we did not reach a unanimous vote. It is crystal clear that the free nations of the hemisphere must stand together against this threat.

Let us assume, unpleasant as the thought is, for even a fleeting moment that a three-fourths vote is not had. Then the United States will still have the responsibilty, to take what course of action the facts show may be necessary to take, to protect the security of the American people from the threat of a Russian Communist beachhead almost on our very shores. Whatever action we take to protect our own national security we will likewise thus take to protect the national security of every free nation to the south of us.

Mr. JAVITS. Mr. President, I thank the Senator from Oregon. I associate myself with his views as he has expressed them.

Mr. MORSE. Mr. President, I suggest the absence of a quorum. I ask the minority leader if he is willing to share the time on the quorum call.

Mr. DIRKSEN. Certainly.

Mr. MORSE. Mr. President, I suggest the absence of a quorum and ask that the time be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**Mr. MORSE.** Mr. President, reserving the right to object, I should like to ask the acting majority leader a question. Will Senators be ready to proceed with their speeches?

**Mr. HUMPHREY.** Yes; but first I have items to place in the Record.

**Mr. MORSE.** The quorum call has been taking place with the understanding that there would be an equal division of the time required for the call. If it is necessary to have another quorum call, I feel that I have a duty to make certain that Senators will be here to speak at some length on the bill.

**Mr. HUMPHREY.** I have asked the aids of the Senate to communicate with two Senators who wish to speak. They will be here promptly. If it is necessary to have another quorum call, I shall ask unanimous consent that the time be divided equally between the two sides.

The **PRESIDING OFFICER** (Mr. Mansfield in the chair). Such consent cannot be requested at this time; but if there is no objection, the call for the quorum may be rescinded, and the renewal of that request may be made at the proper time.

**Mr. MORSE.** I have no objection.

The **PRESIDING OFFICER.** Without objection, the request of the Senator from Minnesota is agreed to.

## HOPE IN THE CONGO

**Mr. HUMPHREY.** Mr. President, I would like to call to the attention of the Senate a very important and encouraging sequence of events which has just taken place in the troubled Congo, an area which has been of great concern to us all.

Acting U.N. Secretary General U Thant 2 weeks ago proposed a plan for national reconciliation in the Congo which provides for a sound basis for bringing about Congolese unity. This plan contains the following principal points:

First, the adoption of a Federal constitution which contains necessary powers delegated to the Federal Government and all other powers reserved to the provincial governments.

Second, the development of a fiscal program including Federal and provincial revenues, a program of foreign exchange control, and a unified currency.

Third, integration of the military.

This plan was publicly endorsed by many governments of the free world including those of Belgium and Britain. Our own Government gave full support to the plan. Significantly, the Soviets attacked it. Prime Minister Adoula immediately accepted the plan in all its detail as a just and honorable basis for national reconciliation. President Tshombe of Katanga Province substantially accepted the plan.

The important thing, however, is not to haggle over the language of Mr. Tshombe's reply but to move forward immediately on implementing the practical details of the plan as the Acting Secretary General has urged. It will serve the world well if both Prime Minister Adoula and President Tshombe approach these steps in good faith. If this is done and done promptly frustration, despair, and danger may give way to peace and hope.

I think it is important at this critical juncture to give full credit to the United Nations which by its patient and untiring efforts may have opened a door which many thought was closed forever. The difficult part may be yet to come but I wish to assure the Acting Secretary General and his staff that they have the full support of the American people in this endeavor.

Mr. President, I do not want to go into the Congo situation in detail today because we are now in a delicate moment where the real work must be done behind closed doors by those on the spot and not on the public forums of the world. If the job at hand is tackled in earnest the time may soon come when the Congo crisis will be nothing but a bad dream of the past.

Mr. President, I ask unanimous consent to place in the Record a recent speech by Assistant Secretary of State G. Mennen Williams, which explains in substantial detail the program proposed by the U.N. Acting Secretary General, U Thant, as a plan for reconciliation in the Congo and a basis for Congo unity.

There being no objection, the speech was ordered to be printed in the Record, as follows:

### The United Nations Plan for the Congo

(Address by the Honorable G. Mennen Williams, Assistant Secretary of State for African Affairs, before the Jewish War Veterans National Convention, Detroit, Mich., Thursday, August 30, 1962)

Fellow veterans, I am pleased to address a veterans' group today becouse I want to speak about a country balanced between strife and progress—the Republic of the Congo. I can think of no more timely or more important topic to discuss with you who have experienced past failures to find peaceful solutions.

A United Nations plan for Congo unity was announced on August 20 by Acting Secretary General U Thant, and its early acceptance was indicated by Congolese Prime Minister Cyrille Adoula. Last Friday, Robert Gardiner, chief of the U.N. operation in the Congo, presented the United Nations plan for uniting that unfortunately divided country to representatives of Katanga Province.

Since its presentation to the Katangan provincial government of Mr. Moise Tshombe, Mr. Adoula announced that his Government had studied the Secretary General's plan and gave its agreement to it. He noted that his Government's only criterion for judging the Congo problem was in the context of 14 million human beings aspiring for a better life, and added:

"We hope all countries will adopt this view and support in all phases the Secretary General's plan, which takes into account our observations and is in accord with the Government of the Congo's point of view. If all of these conditions are realized, we do not doubt an era of peace and prosperity would begin for the Congo, which could, in fruitful cooperation with all nations make its contribution to the international community."

Over this past weekend, the U.S. Government also announced its support of the Acting Secretary General's efforts to reach a settlement in the Congo.

The U.S. announcement pointed out that the U.N. plan offers a reasonable basis upon which Congolese leaders can settle their differences. Our Government said that the plan offers compelling reasons for other nations to lend their support and that statesmanship in the Congo can put that nation on the road to federal unity and progress.

Such progress, the United States concluded, will enable the United Nations and countries like the United States to devote greater resources to economic and technical assistance in the Congo.

It is gratifying to be able to say today that many interested nations have indicated their firm support for the U.N. plan. For example, last weekend, Britain announced its support of the plan and on Tuesday the Belgian Government issued a statement of support.

While there has not yet been time for an official acceptance of the U.N. plan from the provincial government of Katanga, provision for a federal system of government for the Congo enhances the possibility of its acceptance by Katanga. Evariste Kimba, who handles foreign affairs for Mr. Tshombe, said in a letter to Secretary General U Thant following his announcement of the plan on August 20 that the plan "contains a number of positive elements." There is considerable reason to hope that Mr. Tshombe will support the plan. On August 1 and August 21, he stated his belief that Katanga was ready to join a Congolese federation.

On the initial evidence, then, we are hopeful that the U.N. plan is the basis for Congolese unity and can put an end to Katanga's secession.

The resolution of this problem is naturally one which the Congolese themselves must achieve. You will recall the United Nations was invited into the Congo by the Congolese Government to assist that new nation in overcoming postindependence disorders, in safeguarding Congolese unity, and in rebuilding the nation's administrative and economic health. The United Nations prevented unilateral Soviet intervention and succeeded to a large extent in keeping order. It has helped maintain Congolese administrative services and assisted in the reestablishment of parliamentary government.

The principal block to Congolese unity and economic progress today is this Katangan problem. Prime Minister Adoula's government was established under orders from Parliament to end this secession, and no Congolese Government can long hope to remain in office without demonstrating progress toward this goal. Until this is achieved, Congolese resources, both human and material, will be diverted from the essential long-range task of nation building and economic progress. Until unity is achieved, the threats of chaos and renewed Soviet intervention are ever-present dangers.

We welcome the plan put forth by Acting Secretary General U Thant, because it offers a reasonable way to achieve these goals and head off these dangers.

Because this U.N. plan was not widely publicized at the time of its announcement, I would like to take a few minutes this morning to point out its salient features. There are seven principal points in the U.N. plan:

1. The National Government, after consultation with the Provincial governments and interested political groups, will present a Federal constitution to the Parliament in September. The United Nations is providing legal experts to assist in drafting this document. Under present law, this constitution cannot become law without a two-thirds vote of the Parliament, in which all Provinces and parties are represented, plus approval by the provincial assemblies. Under the proposed Federal constitution, certain powers will be delegated to the National Government. These include—

(a) Foreign affairs.

(b) National defense (other than local police functions).

(c) Customs.

(d) Currency, exchange control, and fiscal policy.

(e) Interstate and foreign commerce.

(f) Taxing powers sufficient for National Government needs.

(g) Nationality and immigration.

(h) Post and telecommunications.

Powers not delegated to the National Government will be reserved to the provincial governments.

2. The National Government, after consultation with the provincial governments and interested political groups, will present to the Parliament a new law to establish definitive arrangements for division of revenues between the National and Provincial Governments, and regulations and procedures for the use of foreign exchange. U.N. experts also will assist in the preparation of this law.

Until that process is completed, the National Government and Katanga should agree to share revenues, duties and royalties equally, and all foreign exchange earned by any part of the Congo will be paid to the Monetary Council of the National Government or an agreed-upon institution.

The Monetary Council should control use of all foreign exchange and make available for essential needs in Katanga at least 50 percent of the foreign exchange generated in that Province. This provision is of particular importance because upon Congolese independence Katanga generated 50 percent of the Congo's foreign exchange earnings.

3. The National Government will ask the International Monetary Fund to help with a plan for national currency unification, which will be implemented within the shortest possible time.

4. Rapid integration and unification of all military units must be accomplished. A commission composed of representatives from the National Government, Katanga and the United Nations should prepare a plan within 30 days to go into effect within the following 60 days. Provision is made, however, for the Provinces to retain control of their local police forces.

5. There should be a general amnesty.

6. All Congolese authorities—national, state and local—should cooperate fully with the United Nations in carrying out U.N. resolutions.

7. The National Government should be reconstituted to provide a suitable representation for all political and provincial groups.

The U.S. Government believes that this program is eminently reasonable and necessary. It provides for full consultation and hearing of interested groups, and the plan provides for democratic approval of the constitution and other laws. We believe that if prompt action is taken on this plan by all Congolese authorities, it will get the Congo back on the road to a peaceful and viable future.

This, then, is the Congo situation as it stands at this moment. It is delicate; it is difficult; but it is by no means devoid of hope.

In some respects, the current Congo situation is reminiscent of the young, radical America of 1783, when the Dean of Gloucester said:

"As to the future grandeur of America and its being a rising empire under one head * * *, it is one of the idlest and most visionary notions that was ever conceived * * *. The mutual antipathies and clashing interests of the Americans, their difference of governments, habitudes and manners, indicate that they will have no center of union and common interest. They never can be united into one compact empire under any species of government whatever."

However, as our Constitution led us to unity and an integrated nation, so the U.N. plan offers a path to peaceful reconciliation of differences in the Congo. And this country has pledged its full support to that plan.

Today, I want to call on you and all other Americans to back your country's support of the United Nations on this important issue. I know you share our hope and our desire that reason will prevail over ruin in the Congo. And there really is no alternative to Congolese unification except chaos and civil war.

If the United Nations is unable to achieve unity in the Congo, there is a strong possibility that country will be plunged into a destructive civil war as the rest of the Congo seeks to reintegrate Katanga by whatever means available or necessary. These conditions, in turn, would breed external subversion and loss of true independence.

This is the principal reason why the United States is so concerned with the Congo situation. This is why our policy continues to be to help establish a unified and stable Congo—a Congo on good terms with the West and able to resist extremist and Communist influence and penetration. This is why we continue to welcome all steps toward political reconciliation of the Congo.

Since the beginning of the crisis, both the United States and the United Nations have looked on reconciliation as one of their major tasks. This is why we look so favorably on the plan drawn up by Secretary General U Thant.

Once a peaceful reunification of the Congo is achieved, then all parties involved can turn to the really important job of helping the Congo build itself into a strong, viable nation. The U.N. plan offers real promise for a settlement under which the United Nations can work itself out of the expensive job of peacekeeping and policing the country and into the constructive job of economic and technical assistance.

Once this transition is accomplished, we will have made a major contribution toward lasting peace and security, not only in Africa but throughout the world.

This is what we hope will be achieved through the United Nations Congo plan of reconciliation. And this is why we are giving our full support and best efforts toward making this plan succeed.

We hope you will join us in support of this endeavor.

## HIGHER EDUCATION AND ITS RELATIONSHIP TO ECONOMIC GROWTH

**Mr. MANSFIELD.** Mr. President, will the Senator from Minnesota yield me 1 minute?

**Mr. HUMPHREY.** I yield 1 minute to the Senator from Montana.

**Mr. MANSFIELD.** Mr. President, we all recognize the ever-increasing importance of college education and postgraduate work in this advanced technical age in which we live. The need for advanced education is not only limited to a person's advancement but there is also a direct relationship between education and economic growth. This is a subject recently discussed by the able president of Montana State College, Roland R. Renne, in an article he prepared for the September edition of Montana Education, the official publication of the Montana Education Association.

Mr. President, I ask unanimous consent that the article may be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### HIGHER EDUCATION AND ECONOMIC GROWTH

(By Roland R. Renne)

Quality education and research are essential to the future sound growth and prosperity of Montana and the Nation. The best proof of this is our record to date. There is no doubt that great natural resources, a capitalistic form of enterprise, freedom of trade and movement of products, services, and people among the 50 States have all contributed significantly to our record of growth and power. But these three factors are not unique with America.

What is unique and undoubtedly the most important single factor accounting for our progress is our system of universal free public schools. The emphasis on individual attainment and the opportunity to develop one's abilities to the fullest possible extent through publicly financed schools from kindergarten through college have raised the standards and increased the wants of our people, and have at the same time provided the means of fulfillment by increased productivity and invention.

The record is perhaps best exemplified in the field of agriculture. Just 100 years ago, the Congress of the United States created the Department of Agriculture and, by passage of the Morrill Act, authorized the establishment of at least one land-grant college of agriculture and mechanic arts in each State. Grants of land for the endowment of such colleges were authorized and annual appropriations made to meet part of the costs of instruction. Later (1887) an extensive system of agricultural research through experiment stations was set up to uncover new scientific facts and develop improved methods of production and marketing agricultural products. Still later, in 1914, a system of adult education was established and financed by joint contributions of Federal, State, and county governments. This cooperative extension service takes the latest discoveries of the agricultural experiment stations and passes them on to farm and ranch operators who put them to practical use. In Montana, the main station is at Bozeman and the seven branch stations are spread over the State to meet the varied soil, weather, and other production influences peculiar to the different areas of Montana.

So effective has been this three-way system of resident instruction, research, and adult education that today American agriculture efficiency and achievement are the envy of the entire world. Only 8 percent of our population is required to produce all the food and fiber we need, with considerable to spare to help feed and clothe people in other lands. In some countries, over 90 percent of the population is required in agriculture and even the more advanced nations have about half of their labor force engaged in farming. Only one-fifth of our income is spent for food while in most other leading nations 40 to 50 percent is required.

This progress in agriculture has released millions of people from farming to do other things and has made possible our highly diversified, industrialized, and powerful Nation. In other words, we can have a high standard of living and at the same time spend billions on military strength. We can and do have both "guns and butter."

If there ever was a convincing record of the contributions of quality higher education and research to economic growth, it is plainly before us in what has happened and is happening in American agriculture, and Montana is high among the States in the dynamic growth and progress of its agriculture.

It seems strange, therefore, in the face of such convincing evidence, that the percentage of our national income spent on education, both public schools and higher education, has declined steadily for more than a decade and that Montana public education and research are suffering a serious dollar crisis. Today, less than 1 percent (nine-tenths of 1 percent) of our gross national product is spent on higher education and only 3 percent on elementary and secondary education. The figures for Montana are quite comparable.

In the meantime, business and industry have stepped up their expenditures for research and development. In fact, in American industry competition has become "a race in innovation." Talk with businessmen in almost any field and you find them convinced that growing research budgets are a necessity for companies who want to survive. They say "Just stop your research for a year while your competitors keep right on. You'll be dead. Research fosters steady growth even in times of recession."

In the electronics industry, for example, it is estimated that products unknown 10 years ago account for 80 percent of its current sales. Chemical companies expect 60 percent of their 1975 sales to be based on new products which are now in the introductory stages or still to be invented. The National Science Foundation reports that during the decade 1945–55 the rate of growth of industrial research was about 14 percent per year, greater than that of any other major economic activity.

The scientists for this expanded research program and increased economic activity come from our college classrooms and laboratories. If the job of the colleges is poorly done, it will result in our inability to maintain an effective rate of growth and cause a serious lessening of our economic and national strength.

For the past several years, we have been living with shortages of chemists, physicists, engineers, and other physical scientists. For many years, we have known that we need more doctors and other medical personnel, including nurses, than have been available to maintain a desirable standard of health services. Shortages of qualified school teachers have constituted a serious problem since World War II, especially in the fields of mathematics and science. The expansion of college enrollments, with prospects of even greater numbers just ahead, has given us fair warning that there will soon be acute shortages of competent college and university teachers. We have also been hard pressed to provide adequate numbers of skilled workers and technicians in many fields.

This demand for an ever-growing number of scientifically educated and trained people seems to be built into our American system of free enterprise and economic growth. The availability of trained manpower hastens economic growth; its absence acts as a brake on advancement. There would be compelling reasons for our concern over a shortage of trained manpower, even if the Communist threat to freedom did not exist.

The investment we make in education is the heart of the solution to our manpower needs. Strengthening and improving educational institutions is the most important means of securing adequate numbers of highly trained people needed in numerous fields of activity. Aside from health, education constitutes society's major investment in people. We have reached the point where education must be recognized as an investment in quite new and different terms.

Whenever private enterprise or a business corporation sees an opportunity to expand, to increase its output and make a larger profit, it does not hesitate to increase its capital investment and enlarge its plant. Investment proceeds automatically by plowing back funds from earnings into capital expansion. Where such earnings are inadequate, borrowing occurs either through banks, issuance of bonds, or issuance of stock, but investment in people (education) is largely undertaken by the community from public funds.

Support for this public investment, of course, is dependent upon decisions by taxpayers or their elected representatives to transfer funds from other uses. However, the process by which the investment need or the relative investment needs are weighed is not automatic. Frequently, it is a much debated controversial subject because there are many who through ignorance, selfishness, misinformation or for other reasons, are not convinced that a tax dollar can be spent as efficiently for public investment as a dollar can be spent in the private sector of our economy. The result, too often, is that the tax cost is not related to benefits received, immediately or over the longer pull, but is branded as wasteful, so the public investment is not made.

The hour is late. Indeed it is later than we think. In a year or two much larger numbers of Montana high school graduates will be knocking at our college doors to be prepared for more effective service in our highly scientific and technological age. If our Montana economy is to grow and develop as it could and should, her leaders in business, agriculture, labor, and government must see to it that her higher educational institutions—the university system—receive adequate financial support. Only with adequate financial support can these institutions render services vital to growth and development.

The degree to which this responsibility is met will determine, more than any other single factor, the degree of Montana's future economic and cultural progress.

## EXPRESSION OF THANKS TO SENATOR MORSE, SENATOR ENGLE, AND SENATOR KEATING

**Mr. MANSFIELD.** Mr. President, at this time I wish to thank the Senator from Oregon [Mr. Morse], the Senator from California [Mr. Engle], and the Senator from New York [Mr. Keating] for the consideration they showed last night in allowing the Senate to proceed to the third reading of the tax bill before they made their speeches and remarks. They held them in abeyance until that was done; and I thank them for the consideration they have shown.

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

**Mr. HUMPHREY.** Mr. President, I wish to renew my request of a few minutes ago for unanimous consent that there be a quorum call, and I call it to the attention of the minority leader. I ask unanimous consent that there now be a quorum call, and that the time required for it be divided equally between the two sides.

**The PRESIDING OFFICER** (Mr. Burdick in the chair). Is there objection? Without objection, it is so ordered.

**Mr. HUMPHREY.** Then, Mr. President, I now suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

**Mr. HUMPHREY.** Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. HUMPHREY.** Mr. President, I understand the Senator from Wisconsin [Mr. Proxmire] would like to speak on the tax bill, and I will yield 15 minutes to him.

**Mr. PROXMIRE.** I thank the Senator.

**The PRESIDING OFFICER.** The Senator from Wisconsin.

**Mr. PROXMIRE.** Mr. President, any revenue measure which comes to the Senate or the House should meet, above all, the standard of justice and equity. It is important that it provide adequate revenues; but justice and equity should be the prime criteria for judging any revenue measure.

The tax bill before the Senate as it emerged from the administration was designed to do a number of things, but two primarily: First, to stimulate investment in plant and equipment; second, to plug a number of loopholes in our tax laws. As designed by the administration, it was expected to increase revenues by some $500 million. This was the estimate of the Treasury.

The kind of tax bill now pending does not meet either the criteria of justice or the criteria of revenue adequately. Furthermore, it will not achieve either of the two purposes for which the administration designed it. It will not stimulate investment. It will not significantly plug loopholes.

Mr. President, last year our Government's mammoth deficit was some $6 to $7 billion. In the coming year virtually everyone expects that we will suffer another heavy deficit. Under these circumstances it is unwise for the Congress to adopt a revenue measure which would sharply reduce revenues.

This is especially true in view of the fact that only a few weeks ago the administration acted to modify depreciation schedules to reduce, in effect, the tax liability of American business by $1½ billion. This was a wise and necessary action. But it means that in the present year the big deficit previously predicted will be increased another $1½ billion.

### RED-INK BILL

The bill which is before the Senate cuts even deeper into red ink. The $500 million surplus which the bill would have provided, as originally designed by the Treasury and the administration, now turns out to be a $700 million revenue loser.

Mr. President, I want very briefly to run through the reasons for that revenue loss and point out how thoroughly and completely unjustified each of these cuts below administration recommendations is.

The issues I am going to discuss have to do with the actions taken by the Congress in contradicting the position originally taken by the administration and the President.

### UTILITY GIVEAWAY THOROUGHLY UNJUSTIFIED

The administration recommended that utilities not be given an investment credit. Secretary Dillon made a very comprehensive study, one of the finest and most scholarly studies I have read, showing that the investment credit could not possibly increase the investment by utilities in plant and equipment.

I comprehensively documented the case against this utility giveaway by putting into the RECORD two superlative scholarly studies nailing the case to the mast in detail. The studies were made by higher competent economists. The credit for utilities is going to cost the Government of the United States $225 million, and the testimony is overwhelming on the part of competent economists who have studied the subject that it could not increase the investment by utilities in plant and equipment. As a matter of fact, not only economists, but competent businessmen who are closest to this situation, even though they would benefit greatly, have said so. The vice president and comptroller of the American Telephone & Telegraph Co. testified that in the experience of this great company this investment credit provision was unwise and would not increase the A.T. & T. investment in plant and equipment, although A.T. & T. would get a $75 million annual windfall, one-third of all the benefits going to utilities.

### ADMINISTRATION'S PLUGGING FOREIGN INVESTMENT LOOPHOLE PLUGGED

In the second place, the Senate acted to eliminate the action which the administration recommended which would have ended the deferral of taxes. And in its other action on foreign investment it reduced by $175 million the revenues designed to be obtained originally by the administration.

### GAS PIPELINE GIVEAWAY

In the third place, probably the least justifiable provision in the bill is that gas pipelines are given, not an investment credit of 3 percent as all other utilities are given, but an investment credit of 7 percent. Of course, the administration recommended that gas pipelines be given no investment credit whatsoever, and Secretary Dillon was very specific in pointing out that there was no excuse at all to give gas pipelines an investment credit, since they build their pipelines on the basis of certificates of convenience and necessity, and since they have been expanding very rapidly indeed, and every pipeline is going to be built without any relation to their corporate income tax or any modification of their corporate income tax.

### BUSINESS EXPENSE LOOPHOLE KEPT OPEN

In the fourth place, Mr. President, the Senate acted to refuse to close business expense loopholes significantly. It acted against the recommendations of the administration, and it acted in doing so in a way that loses virtually $200 million of revenue which otherwise would have flowed to the Treasury.

As the Senator from Tennessee [Mr. GORE] pointed out so eloquently, this was not only a matter of raising revenues which should be raised and of having people pay taxes which should be paid, but also a very real and definite moral issue. One of the most unfortunate aspects of American economic life is the expense account racket, which we all recognize. It is one of the most morally degrading aspects of American life. Businessmen themselves in many cases recognize it is wrong, but Congress has decided not to take effective action against it, although there was a minor improvement in the law.

### TWIN CITIES RAPID TRANSIT GETS FREE-VETO-PROOF RIDE

In addition to these actions, the Senate insisted on loading onto the tax bill special interest legislation for the Twin Cities Rapid Transit System. One company is to be given relief in the tax bill, a relief which the President refused to approve in a bill submitted to him last year. In fact, the President specifically vetoed the bill because it was unjustifiable. The Senate acted to put that relief for the Twin Cities Rapid Transit System onto the tax bill to make it vetoproof.

Mr. President, any Senator who conscientiously acts on the proposed legislation should be inclined to vote against the bill if only on the grounds of the special interest legislation for one company, and the precedent it would provide.

### BILL SUBSIDIZES BUSINESS LOBBYING

In my judgment, the worst provision in the bill is the subsidizing of lobbying of the Congress, of State legislatures, and of city councils by business through the Federal Government, in effect, paying half the cost of that lobbying. This will be true because this bill authorizes corporations for the first time to deduct lobbying expenses in computing taxes. I think all of us who have served in State legislatures or in the Congress recognize that lobbying by business groups is very intense and very effective. Mostly, that lobbying is informative. I see no reason why it should be discouraged. As a matter of fact, there is a constitutional protection for lobbying. But I cannot see any justification for Congress writing into the tax laws a subsidy, in effect, for corporations to engage in this kind of lobbying, particularly in view of the fact that it would give a special advantage to those who seek pecuniary advantage out of legislation, as opposed to those who stand up to fight for conviction, for ideals, and for principles, but not so that they will get particular financial advantage from legislation.

Mr. President, in the Washington Post and Times Herald there was published this morning a very excellent editorial commenting on the tax bill, indicating why the tax bill should be rejected. I quote briefly from that editorial:

> Faith in the processes of democratic government is hardly likely to be enhanced by the Revenue Act of 1962 which is about to be passed by the Senate. A week ago it was fair to charge that the administration's original proposals had been mutilated almost beyond recognition. In the interim the Senate in a veritable fit of perversity passed amendments which will make our system of personal taxation more inequitable and more difficult to administer than ever before.
>
> In tracing the process of transmogrification, it is necessary to go back to President Kennedy's tax proposals of April 1960. At that time he outlined measures designed to close tax loopholes which covered interest and dividend income, savings institutions, expense accounts and foreign corporate subsidiaries. His loophole-closing measures would have added $2.3 billion to Federal revenues, thus more than offsetting the investment-credit loss of $1.7 billion. But in their passage through the House and the Senate Finance Committee the loophole-closing provisions were systematically weakened or eliminated and the bill that reached the floor of the Senate, shorn of its dividend-interest withholding provision, would have resulted in a net revenue loss of nearly $700 million.

### SENATE REDUCED ADMINISTRATION'S RECOMMENDATION FOR PLUGGING LOOPHOLES BY A WHOPPING $1.2 BILLION

In that connection I point out that with the $600 million of loss through the knocking out of the withholding provision; with the $225 million of loss through the provision for investment credit for utilities, which was opposed by the administration; with the $190 million of loss as a result of the Senate failing to follow the administration's proposals for eliminating entertainment as a business expense; with the $175 million loss through failing to follow this administration's recommendation to tighten up the evasion in foreign investment; there is a total of $1,200 million of provisions recommended by the administration for loophole closing which were rejected by the Senate.

This involves $1,200 million, ignoring the fact of the Dirksen amendment and ignoring the Douglas depletion allowance amendment or the Williams of Delaware depletion allowance amendment.

Mr. President, I quote further from the editorial:

> But the Senate was not satisfied with the handiwork of its Finance Committee and it proceeded to pervert as well as attenuate the remains of what had been a good tax bill. By a vote of 51 to 13 it joined the House in overturning a 1959 Supreme Court decision which declared that business-lobbying expenditures are not tax deductible. * * * The * * * measure will, according to Senator DOUGLAS, "legitimize tremendous expenditures by special interests to affect legislation" while not providing comparable treatment to lobbyists "for the general interest."

### NOT A KENNEDY OR BYRD BILL—A KERR BILL

Mr. President, I do not think anyone, on the basis of the Senate's record, could call this a Kennedy bill. It certainly is not a Kennedy bill. No one could call it a Dillon bill. It has very little identification with the recommendations made by the Secretary of the Treasury. No one can call it the Byrd bill. I would expect the chairman of the Finance Committee to vote against the bill. For the first time in 30 years, he filed minority views.

This is the bill of the distinguished Senator from Oklahoma [Mr. KERR], the very able uncrowned king of the Senate.

In this connection, Mr. President, I should like to quote from a telling column published in the New York Times this morning entitled "A First Reader on Washington for Children of the Space Age":

> Look, Jerry, look. See the New Frontiersman. Look and see the New Frontiersman run. He is running to the Capitol to save the program. Be careful. Do not get in his way or he will have to step on you. Why does the New Frontiersman have to step on people who get in his way?

> Because, little children, he is pragmatic. He is tough minded. He is hard nosed. Look at his hard nose. See his tough mind. Is he not a splendid sight? He will soon teach Senator Robert S. Kerr to leave the program alone. It is lucky that you are not Senator Robert S. Kerr or you would have to look the New Frontiersman in the eye and feel his hard nose.
>
> But what is this? Senator Robert S. Kerr is throwing the program out the window. See the medicare bill fly away. See the tax bill fly away. See the trade bill scattered on the air. This will make the New Frontiersman very cross, will it not? Poor Senator Robert S. Kerr.
>
> Look, the New Frontiersman is advancing. Why is the Senator not running? Why is he smiling? Why is he tweaking the New Frontiersman's nose? Look, he is giving the New Frontiersman a new program. It is the Senator Robert S. Kerr program. The New Frontiersman is accepting it. He is smiling at the Senator and shaking the Senator's hand. What a splendid sight. This is democracy in action.
>
> Why did the New Frontiersman not stop the Senator from throwing the President's program out the window? Children, you have much to learn. Remember, the New Frontiersman is pragmatic. Stand back. Stand back. He is leaving for the White House. You must not smile at him or he will ask if you think there is something funny about trying to run a country.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. Mr. President, I ask that I may have 2 minutes more.

Mr. MANSFIELD. Mr. President, I yield the Senator 2 additional minutes.

Mr. PROXMIRE. Mr. President, the fact is that this is a special interest tax bill. It is a tax bill for the gas interests. It is a tax bill for one company in Minnesota. It is a tax bill for the tax dodgers overseas and for the business expense tax dodgers. It is a tax bill that will increase our deficit, not decrease it. It is a tax bill which will provide no justice and no equity for the little taxpayer. It will provide no relief whatsoever for the little taxpayer, although it will reduce revenues by some $700 million.

Mr. President, in conclusion, it seems to me that the one criterion on which any revenue measure must pass, if it is to be approved by the Congress, is that it be just and equitable.

Well justice and equity lost. Why? Justice lost because special interests care very deeply about tax legislation. They fight for it. They work for it. They spend time and effort—thousands of hours and huge sums—lobbying the public and the Congress.

They have able and diligent representatives in the Congress who know how to fight for their interest.

The special interests won because they cared—deeply cared. On the basis of any evaluation of the measure that comes before the Senate it is not just, it is not equitable; it is discriminatory and unfair. Mr. President, it should be rejected. For that reason I intend to vote against the tax bill. I yield the floor.

Mr. KERR. Mr. President, will the Senator from Montana yield to me 10 minutes on the bill?

Mr. MANSFIELD. I yield 10 minutes to the Senator from Oklahoma.

Mr. KERR. Mr. President, I have been very interested in the remarks of the Senator from Wisconsin. I wish to congratulate him on the high quality of the reading material he has been investigating and going over. I have been going over some of the reading material that he has made available to Senators. Day before yesterday, in supporting his amendment to strike from the bill the investment credit provision for regulated utilities, he placed into the Record about 22 pages of material which, I am frank to confess, Mr. President, I do not understand.

The Senator is one of the most renowned advocates of economy in the Senate. I am sure that his putting into the Record the material at a cost to the taxpayers of nearly $2,000 showed marked restraint on his part, because he could have put in $5,000 worth of material. When he put in only about $2,000 worth, he was very moderate and entirely consistent with his advocacy of rigid economy.

He put into the Record a study which, he said, was a very scholarly study. Perhaps it is. The Senator from Oklahoma is not a very scholarly person and therefore would not be expected to recognize the attributes of scholarly writings when he sees them. The study is by Mr.—I presume it is a mister, though the sex is not stated—A-v-r-a-m K-i-s-s-e-l-g-o-f-f and Mr. F-r-a-n-c-o M-o-d-i-g-l-i-a-n-i. I notice that some of the footnotes referred to I. Friend and J. B-r-o-n-f-e-n-b-r-e-n-n-e-r, F. Modigliani and O. H. S-a-u-e-r-l-e-n-d-e-r, R. Eisner, and T. H-a-a-v-e-l-m-o.

Mr. President, I think they are economists. Since the Senator from Oklahoma is not an economist, he would not be expected to understand such things.

But the algebraic equations in the material inserted in the Record are what particularly intrigue the Senator from Oklahoma. For example, on page 18450 of the Record I noticed equations based upon the period 1924–41. The economic study of the Senator from Wisconsin was purportedly made in 1957. But I think it was an anthology of either mythology or antiquity.

On page 18450 I read that—

$$(I/A)_t = 18.9 - .162(\Pi^r/A)_t + 62.9_{rt}$$

Then appear some other algebraic figures with which the Senator from Oklahoma is not familiar. A plus sign over a minus sign appears. The Senator from Oklahoma has always thought that plus/minus equals minus. I do not know whether that is true in this case or not, but I rather suspect it is.

We then find:

$$\begin{array}{cc} (\pm .805) & (\pm 42.7) \\ R = .22 & S = 122.0 \end{array}$$

Then just below that equation I discover, to my mystification but delight, because I am curious—I love to learn things even if I do not understand them—that—

$$(2)$$

$$(I/A)_t = 297 - .909(\Pi^r/A)_{t-1} + 61.7_{rt-1}$$

I am mystified because in the equation above we had discovered that—

$$(I/A)_t = 18.9 - .162(\Pi^r/A)_t + 62.9_{rt}$$

Down beneath that equation I discovered, according to the printed expression, that the same designation, that is, $(I/A)_t$ equals 297 minus .909—something.

As I go through the study and observe the equations, I come to the statement,

> This idea has been aptly developed by H. B. Chenery in "Overcapacity and Acceleration Principle," Econometrica.

The first time I looked at the expression I thought it was Metrecal. But I knew it could not have been because Metrecal had not been discovered when this knowledge first dawned upon whoever it was that the Senator from Wisconsin was quoting.

Then I thought it might mean "egocentric." But I know that nothing the Senator from Wisconsin would put into the Record could possibly be such or indicate such.

But I was glad that the idea was aptly developed by Mr. Chenery. If it had been a "c" it might have been chicory, and I know what that is. That is something that one who lives in the South puts into his coffee if he wants to ruin it. I am not right sure, but I believe if this thing that he put into the Record was not ruined when he put it in, then it has been accomplished for him.

I notice that:

$$AP_t^{t+1} = (I+i)^2P_{t-1}.$$

A man who can figure that out and put it in the Record for the benefit of posterity has rendered a service that probably no other man in the Senate could render.

It distresses me that I am unable to evaluate the extent of the service. It even distresses me that there might be other Members of the Senate who are unaware of the extent of the service this renders. I am sure that it is a service, or the Senator from Wisconsin would not have done it.

Then I read:

> This leads by substitution in equation (3) to:
>
> $$I_t = a[P_{t-1(1+i)}2/S_{t-1} - (P/S)_t]$$
> $$= a(I+i)^2[P_{t-1}/S_{t-1} - I/(I+i)^2(P/S)]$$

Right now I would suggest that the Public Printer use bigger type; or, if the Senator from Wisconsin is going to put this sort of thing in the Record, he should furnish Senators with magnifying glasses.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. MANSFIELD. I would suggest most respectfully that the Senator from Oklahoma join the Senator from Pennsylvania [Mr. Clark], who is urging that a new format be adopted for the Congressional Record. The Senator from Pennsylvania would also include cartoons and illustrations, and so forth.

Mr. KERR. Cartoons could not compete with this, because I could look at cartoons and get some idea of what the cartoonist had in mind. I am unable to conceive what the perpetrator of this thing had in mind.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. I yield 2 additional minutes to the Senator from Oklahoma.

Mr. KERR. Exploring through the ramifications of these algebraic equations has given me more pleasure than when I flunked Greek. I want to say about Greek, however, that there is a possibility that a man of limited intelligence can eventually learn something about Greek. On the other hand, if the Senator from Wisconsin understands what he put into the RECORD he has missed his calling. He ought to be out at CalTech directing the space probe that is on its way to Venus now. Instead of correcting its line of flight at 100 million miles out in space, to deflect it from its course, which would have taken it within 250,000 miles of Venus, with a correction calculated to get it within 9,000 miles of Venus, a man with the ability to understand these equations could very easily get the space probe within a quarter of a mile of Venus and never even touch a mountain peak or fall into a crater which is terrible, because it might be better if he did.

In view of the fact that the taxpayers have paid nearly $2,000 to put these algebraic equations into the RECORD, so that Senators in their spare time might conjure them, and so that posterity through all the years to come might be mystified or enthralled or captivated by them, I wish to express whatever is due the Senator from Wisconsin for having put them in the RECORD, because never again will the Senator from Oklahoma need to be bored or uninterested or minus something to captivate his imagination or to challenge his attention. Who knows—perhaps some day in the occupancy of this earth by the Senator from Oklahoma he may have a small portion of that kind or degree of intelligence which the Senator from Wisconsin possesses, which permitted the Senator from Wisconsin to make available to the Senator from Oklahoma and others this delightful, fascinating, mysterious, and unintelligible conglomeration of figures by a man whose name I spelled but could not pronounce, in order that all this may be available to the Members of the Senate to help them arrive at the conclusion as to how to vote on the pending bill.

Mr. MANSFIELD. Mr. President, I yield 15 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, I thank the majority leader. I now yield to the Senator from Wisconsin.

### PROXMIRE REPLY TO KERR ON SCHOLARLY WORK IN RECORD

Mr. PROXMIRE. I know the Senator from Pennsylvania has only 15 minutes, and that he would like to deliver his speech.

In response to the Senator from Oklahoma I merely wish to say that the Senator has made a typical response to my speech, which wholly ignored the merits of what I had to say about the tax bill.

The Senator spent all his time deriding scholarly studies I put into the RECORD. These were studies which had been cited by the Secretary of the Treasury as definitive and authoritative. They showed that in the utility industry and in the telephone industry, demand rather than cost elements determined investment in plant and equipment. The only way the investment credit could possibly stimulate investment would be by working through the corporation income tax, that is on cost.

It is perfectly clear, in view of the very comprehensive study to which the Senator from Oklahoma has referred, and that I placed in the RECORD, that it is not possible for investment to be stimulated by reducing utility costs. Mr. Kisselgoff and Mr. Modigliani, two very eminent economists who developed cost studies of this kind, are recognized economists throughout the world, and are extremely able. Mr. Paul Clark is another eminent economist who contributed excellent work. Both studies are recognized as definitive studies in this field.

It is a sad day in the Senate when a Senator cannot put into the RECORD definitive and authoritative works in economics by recognized scholars in the field, without that work being sarcastically ridiculed, demeaned, and held up to scorn because the subject is complicated. Admittedly this is the kind of writing that takes hard work to understand.

While I have respect for the general intellectual capacity of the Senator from Oklahoma, the Senator from Oklahoma it is true may not be able to understand some of the complex economic studies without a great deal of effort.

On the other hand, I think there are Members of the Senate, a number of them on both sides of the aisle, who may be able to understand this more readily than can the Senator from Oklahoma.

Mr. President, should we follow a policy in the Senate of introducing nothing into the RECORD which the Senator from Oklahoma cannot understand that might reduce the size of the RECORD? But does it mean that he becomes the Senate's censor? I certainly think it was worth while to put this tremendously important and authoritative work into the RECORD, because these studies bore directly on my amendment. They were completely relevant in support of my position and in opposition to a provision that would have cost the Government not $2,000, but $225 million. In this kind of fight on the floor of the Senate to save the general taxpayers $225 million, it is well worth calling scholarly work to the attention of all Senators.

I thank the Senator from Pennsylvania for yielding to me.

Mr. CLARK. Mr. President, this is indeed a sad day for the Senate. We are about to pass a bill which I hope will not bear the name of any Senator. I would like the names of all Senators to go down in history as eminent and able men whose names are affixed only to legislation of which they can be proud in the long course of history.

Searching around for a name for the bill, I have concluded that it might be just as well to call it the "tax dodger's delight." I think that would perhaps be better than to try to tag its authorship on any particular Senator, because so many Senators during the course of the long and sometimes tedious debate on the bill have played their fair share in earning for it the title which I suggest.

The original administration tax incentive and reform proposal would, according to the Treasury Department, have increased annual revenues by $768 million. That was the kind of bill I hoped to be able to vote for and see enacted. One of my purposes during my term of office in the Senate has been to do what I could to eliminate inequitable and unjust tax loopholes through which large sums of money were seeping day by day, month by month, and year by year. This constant seepage resulted from inequitable loopholes, taken advantage of by those who, while we may not want to charge them with the harsh term "tax dodger," nonetheless were taking every possible advantage of tax avoidance made possible by these loopholes. In large part they not only have not been closed, but, in some instances, have been widened. In at least one major instance, that of lobbying expenses, a new loophole has been created which did not exist before the bill which is about to be passed came to the floor .

The $768 million of tax savings which the President's original proposal contemplated were reduced by the House to $135 million. I think that was most unfortunate; but we still had in the House bill legislation which would have increased, not decreased, revenues.

As the bill now is before the Senate, my best estimate of the revenue loss is $490 million. Stated differently, the Treasury, during the first full fiscal year that the bill will be in effect, would have been $1,258 million better off under the original proposals of the administration than under the Senate committee bill. The Treasury would have been $625 million better off under the House version than under the Senate version. In my opinion, the Treasury will be close to $500 million worse off as the result of what the Senate is about to do than it is today.

I am aware that these estimates are not firm. They could not be, under the constantly changing situation as amendments are adopted or rejected on the floor of the Senate. I am aware also that the Treasury was willing to go along with the statement in the committee report that the net loss of revenue under the committee bill might be as small as $15 million. The gross loss, they said, would have been $210 million. But I have some reason to believe that the Treasury—at least, some of the responsible officials of the Treasury who are charged with making these estimates—were very unhappy with the figures of a $210 million gross loss and a $15 million net loss. I think that in moments of candor, perhaps off the record, many responsible Treasury officials would candidly admit that the $500 million estimate I have given, which is based in large part on Treasury estimates but supplemented by studies made by the very able staffs of Senator DOUGLAS and Senator GORE, is much closer to the actual fact.

I think we may take it pretty much as true that the bill which orginally was designed to close inequitable and unjust loopholes and to grant an investment credit to corporations and businesses, in the hope that the credit would stimulate their retooling, cut their costs, and thus contribute to a step-up in our economy and and increase in our gross national product, has now been converted into something far different.

Let me review briefly the major loopholes the administration requested legislation to close, which are not closed or only partially closed in the pending bill.

The first is the expense-account situation. In June of 1960, the Senate adopted, by a vote of 45 to 39, an amendment which I sponsored, which was called at that time the anti-swindle-sheet amendment. That amendment, which was promptly kicked out in conference by the Senate conferees, a majority of whom were opposed to it on the floor, would, I think, have pretty well curtailed tax abuses of expense accounts and would have brought back, in my opinion, some fundamental integrity and ethics in the area of what is and what is not necessary and legitimate business expense. The Senate the other day reversed its action of 1960, and the end result is that a pale and ineffective expense-account amendment has been adopted, which in truth means no substantial change in what has come to be referred to as our expense-account economy. It other words, in large part, the loophole of the swindle sheet is still in effect.

Next, the effort to close the loophole dealing with the capital gain treatment of income derived from the sale of depreciable real property, which the administration favored taxing at ordinary tax rates, was completely eliminated.

Third, no effort was ever made to repeal the 4-percent dividend credit and the $50 dividend exclusion, although their repeal was originally recommended by the administration.

Fourth, the treatment of foreign income was far less rigorous than the administration had requested. The bill which the Senate is about to pass relaxed the administration proposals, with a substantial loss of revenue.

Fifth, the proposal of the administration with respect to mutual insurance companies was also relaxed, with the result that the net yield will be less than the administration asked for.

Sixth, and perhaps most important of all, the withholding of tax on dividends and interest was eliminated from the House bill, resulting in the largest loss of revenue of all—approaching $900 million per annum of revenue owed to the Government under existing law.

I have tried to follow the arguments in opposition to the withholding tax; and I find myself as confused as the Senator from Oklahoma [Mr. Kerr] purported to be a few moments ago when he was commenting on some very helpful and useful treatises on the tax effects on our economy, which the Senator from Wisconsin [Mr. Proxmire] introduced into the Record. I simply cannot understand how anyone——

The **PRESIDING OFFICER**. The time yielded to the Senator from Pennsylvania has expired.

Mr. **CLARK**. Mr. President, I ask for 5 more minutes.

Mr. **MANSFIELD**. Mr. President, I have only 27 minutes remaining under my control. Will the Senator from Delaware yield 5 minutes to the Senator from Pennsylvania?

Mr. **WILLIAMS** of Delaware. Yes. Mr. President, I yield 5 minutes to the Senator from Pennsylvania.

The **PRESIDING OFFICER**. The Senator from Pennsylvania is recognized for 5 additional minutes.

Mr. **CLARK**. I thank the Senator from Delaware.

Mr. President, I cannot understand how anyone who has studied the situation could oppose the imposition of the withholding tax on dividends and interest. However, I have made my argument in that regard, and a large portion of the Senate disagrees with me.

Seventh, a brandnew loophole—one with respect to lobbying expenditures—has been introduced into the bill.

The end result must be that a Senator is torn between deciding to vote for the bill or deciding to vote against it.

On the one hand, the administration suggests that the loss of revenue will be far less than many of us think, and urges that if the bill goes to conference, the House will stand firm for its version of the bill, and the conference report will be one which some of us might be able to accept.

On the other hand, the Senate version of the bill does not do in any way what the President wants to have done or what the House wanted to have done, or what some of us—but, unfortunately, not enough—here in the Senate want to have done.

Therefore, I am in a dilemma. I should like to be able to think that when the bill goes to conference, there will be a chance that the conference report will be such that those of us who hold to my philosophy can conscientiously vote for it.

On the other hand, this is a bad bill. I think—and I express only my own opinion—that it is an iniquitous bill.

It is very difficult for me to understand why the administration and the Treasury are willing to take a bill which is so far removed from what the President wanted.

I think it might be better if we put off the whole matter until next year. But because I should like to see the Senate face up to the revenue implications of the bill, I shall shortly offer a motion to recommit, with instructions to the Finance Committee to obtain from the Treasury current estimates of the revenue losses and revenue gains from the bill in its present form, and to report the bill back to the Senate at the earliest practicable time, with instructions which will equalize the revenue losses and the revenue gains to be derived therefrom.

But before I do so, I wish to refer briefly to another matter: During this session of Congress there has been a great deal of criticism because of our efforts to impose rigorous conflict-of-interest restrictions on the executive branch of the Government and on nominees to judicial offices and other offices. We have been rather strict in that regard. But with respect to ourselves, I think it only fair to say that we have been lax.

I have felt increasingly, as time has passed, that it would be wise for every Senator to have printed in the Congressional Record, at the beginning of each session, a statement, in general terms, of his assets, so that the public generally could determine to what extent, if at all, he was affected by conflicts of interest as he proceeded to act in committee and to vote on the floor with respect to particular pieces of legislation.

It has not seemed to me that it would be either necessary or desirable for members of the general public or, indeed, for other Senators to know the net worth of Senators; but I think it desirable that they know what securities Senators hold and from what sources they derive outside income, if any. This seems to me to be particularly pertinent in connection with tax legislation.

So, Mr. President, I ask unanimous consent to have printed at this point in the Record, as part of my remarks, a list of the securities which I held on August 27, 1962.

There being no objection, the list was ordered to be printed in the Record, as follows:

### List of Securities Held By Senator Joseph S. Clark, August 27, 1962

#### BONDS

*Government*

U.S. Treasury, 2½ percent.

U.S. Treasury notes, 4¾ percent.

*Municipals*

Allegheny County, Pa., Peoples Road.

Ambler Junior High School Authority, Pennsylvania.

Bethlehem School District.

City of Philadelphia, 3 percent.

City of Philadelphia, 3½ percent.

City of Lebanon, Pa., 3.30 percent.

Commonwealth of Pennsylvania Turnpike Rev. Ref., 3½ percent.

Cumberland County Institutional District, 3½ percent.

Gettysburg School Authority, Pennsylvania, 3½ percent.

Haverford Township School District, 3½ percent.

Radnor Township School District, 2.55 percent.

Pennsylvania State Public School Building Authority, 3½ percent.

State Highway and Bridge Authority com., Pennsylvania, 2½ percent.

State Highway and Bridge Authority com., Pennsylvania, 3½ percent.

West Goshen Sewer Authority, 3 percent.

#### COMMON STOCKS

American Telephone & Telegraph.

Armstrong Cork.

Avery Island, Inc.

Campbell Soup Co.

First Pennsylvania Banking & Trust Co.

Franklin Life Insurance Co.

Friends Suburban Housing, Inc.

Insurance Co. of North America.

International Business Machines Corp.

Johns-Manville.

Modern Community Developers, Inc.

Oxford Paper Co.

Penguin Books Regd.

Rohm & Haas Co.

Scott Paper Co.

Sel-Rex Corp.

#### PREFERRED STOCK

Newmont Mining Corp., 4 percent cumulative preferred.

#### MISCELLANEOUS

Bayhil Fund

Oil royalties paid by Humble Oil & Refining Co. on wells drilled on Clark family property at Avery Island, La.

Mr. **CLARK**. Mr. President, I point out, with respect to two of the items, that the Bayhil Fund is a closely held investment trust connected with an investment banking and brokerage firm which——

The PRESIDING OFFICER. The additional time yielded to the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, I ask for 1 more minute.

Mr. MANSFIELD. Mr. President, I yield 1 more minute to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 1 more minute.

Mr. CLARK. I thank the majority leader.

Mr. President, I was saying that the Bayhil Fund is a closely held investment trust connected with an investment banking and brokerage company which employs my son, and that the oil royalties paid to me by the Humble Oil & Refining Co. constitute the major part of my income outside my Senate salary.

So, Mr. President, I move that House bill 10650 be recommitted to the Senate Finance Committee, with instructions to obtain from the Treasury Department current estimates of revenue losses and revenue gains from the bill in its present form, and to report the bill back to the Senate at the earliest practicable time, with recommendations which will equalize the revenue losses and the revenue gains to be derived therefrom.

Before I yield to the majority leader—who, I understand, will make the point of order which he has told me he is prepared to make—I wish to state that I would not request a yea-and-nay vote on the question of agreeing to the motion to recommit.

I regret very much that the majority leader feels it necessary to make the point of order.

I yield the floor.

Mr. MANSFIELD. Mr. President, I, too, regret it; but I do so only because I have heard rumors to the effect that two Senators on the other side might also offer motions to recommit. So I think it necessary to face up to that situation at the present time.

But before I make my point of order, I should like to request—as the Senator from Pennsylvania [Mr. CLARK] has also requested—that there be printed in the RECORD a list of my assets; I have none.

Mr. President, I make the point of order that the motion of the Senator from Pennsylvania is out of order.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The Chair is ready to rule.

The unanimous-consent agreement, entered into last evening, limits debate on the pending bill today to not exceeding 4 hours, beginning not later than 9:15 a.m. It further provides that after the limitation of debate has expired, a vote shall follow on the final passage of the bill, thereby fixing a specific day for passage. Any action that might or would prevent this final vote would be in contravention of the unanimous-consent agreement. If the motion to recommit were agreed to, it would prevent a vote on the final passage of the pending bill; and therefore the motion to recommit is not in order.

Mr. MANSFIELD. I thank the Chair. I say to the Senator from Pennsylvania that I deeply regret having had to do this; but, unfortunately, I had no other choice.

Mr. CLARK. Mr. President, will the Senator from Montana yield 30 seconds to me?

Mr. MANSFIELD. Mr. President, I yield 1 minute to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 1 minute.

Mr. CLARK. Mr. President, I shall not appeal from the ruling of the Chair, although in my judgment the ruling is erroneous.

I point out that almost 2 hours remain before the time scheduled for a vote on the bill; that the vote on the motion to recommit would be, so far as I am concerned, a voice vote, and would take perhaps 2 minutes, thus not interfering in any way with the scheduled vote; and a majority of the Senate should always have the authority to modify an earlier consent agreement; and that therefore the point of order is not, either pragmatically or legally, well taken.

Mr. BUSH. Mr. President——

Mr. WILLIAMS of Delaware. Mr. President, I yield 10 minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 10 minutes.

Mr. BUSH. Mr. President, I regret very much that I feel constrained to vote, on the question of final passage, against the pending measure.

It is now estimated by the staff of the Joint Committee on Internal Revenue Taxation that the bill in its present form will produce a net loss of revenue approximating $600 million. Coupled with this, we see no potential reduction in expenses of our Government for the coming year, but, on the contrary, we appear to be facing a deficit now of a minimum figure of $5 billion. That figure has been reliably estimated as a very conservative figure. I have heard at least one estimate, from a source I consider reliable that would place the deficit at approximately $10 billion in the fiscal year of 1963.

In the face of this very serious budgetary situation, which has very formidable implications so far as our balance-of-payments problem is concerned. I do not see how I can support a measure which will produce an additional deficit by virtue of the provisions in it.

The key item in the bill, I suppose, or the largest item, is the so-called investment tax credit provision. Having reviewed carefully the debate here and the testimony in hearings, I find very little support for the tax credit measure. It is opposed by most of the important organizations who, one would think, would be most interested in it and most competent to assess its value to American industry and business. The tax credit provision is directed solely toward that group. It is opposed by the U.S. Chamber of Commerce. It is opposed by the National Association of Manufacturers. It is opposed by the AFL-CIO. It is opposed by the American Farm Bureau Federation.

When one sees that group united in opposition to this provision, one sees a degree of unanimity that seldom appears.

This particular tax credit is a discriminatory measure in that it tends to militate against the well operated, successful, farsighted company that has gone ahead and refurbished its plant, bought new machinery and equipment, so that for the next 5 years, let us say, it is going to be in very good shape, whereas a company which has been laggard in keeping up with modern equipment, and has done little modernization or improvement of plant, will get a windfall through the tax credit.

What we need in American business is not a tax credit for a small segment of American industry; what we need is a general tax revision bill, one which deals primarily with the income tax, which looks toward eliminating inequities in the income tax, both corporate and personal, and which provides more of an incentive for the savers of our country, at all levels, to invest in expanded plant facilities of all kinds, including real estate and buildings, which are excluded under this provision of the bill. What is needed is an incentive tax reform measure.

We have had testimony, as I have said, from leading industrial and commercial groups that this bill does not provide the incentive that is so sorely needed.

I saw in the papers this morning mention of the fact that the unemployment rate rose sharply and unexpectedly in mid-August, to a seasonally adjusted 5.8 percent of the work force, from 5.3 percent a month earlier. The rise disappointed Federal officials, who were pleased last month when the rate had fallen from 5.5 percent in mid-June.

This increase in the unemployment rate comes in the face of the pending tax bill, which appears likely to pass the Senate, as it did the House, and become law. So it seems clear that the so-called investment tax credit in prospect has had very little effect in reviving business confidence, as evidenced in the unemployment figures.

I recognize that there are some very useful features in the tax bill. Here again we face the same dilemma we always face in omnibus bills. I have frequently opposed an omnibus bill on the basis that we have to take the bitter with the sweet, but I am afraid it will be a long time before Congress will get away from the practice of considering omnibus bills. I think it is the type of legislation which enables unnecessary and unwarranted provisions to get into the bill in order for the Congress to avail itself of the more desirable provisions which do appear in the bill.

Here we face in the omnibus bill a net loss of some $600 million, as estimated by the staff of the Joint Committee on Internal Revenue Taxation, in the face of a Federal deficit of from $5 billion to as much as $10 billion for the fiscal year 1963.

I fear the passage of this bill will forestall the possibility of a real tax reform measure in 1963. This has been promised by the administration, but even now we hear rumors from administration sources that there will not be any general tax reform bill in 1963.

If a tax reform bill is indeed considered, I feel that the pending bill will be a stumbling block and will be a hurdle that the Congress will find difficult in negotiating. We would be much better off, in my opinion, if we postponed action on this tax legislation until next year, when the whole question of tax reform, the whole question of incentive taxation, can be seriously considered by the House Ways and Means Committee and then carefully reviewed by the Senate.

Among those who have the control of the investment of the savers of this country—corporate and individual savers—it is almost unanimously agreed that what is needed is a revision of the income tax laws of this country, which are oppressive, and which not only do not provide incentives, but which provide obstacles, which provide deterrents, to the investment of savings for the creation of new job opportunities for the rapidly growing population of this country.

I may say that the unemployment situation is a very serious one, to which the Joint Economic Committee of the Senate and House, of which I have been a member for a number of years, has given very considerable attention.

I hope that next week, when the Finance Committee gets down to business on the proposed Trade Expansion Act, which is now before it—and I hear the committee will be marking up the bill next week—it will scrutinize very carefully the provisions of this bill which may have a very serious adverse affect upon employment in this country.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUSH. Will the Senator yield me an additional 5 minutes?

Mr. WILLIAMS of Delaware. Yes; I yield the Senator from Connecticut an additional 5 minutes.

Mr. BUSH. Particularly, I hope the committee will give attention to amendments which provide congressional guidelines for trade agreements, which will give the Congress the constitutional authority which is inherent in it.

The question of the Common Market is involved. The bill is written under the assumption that the United Kingdom is to be a member of the Common Market. At the present time there seems to be grave doubt whether, indeed, the United Kingdom will be admitted to the Common Market, or whether it will decide it wishes to ask for admission. With such a grave doubt overhanging the bill, which is keyed so directly to the Common Market, it seems to me doubtful whether we ought to pass a bill so keyed without definite assurance—indeed, without positive assurance—that the United Kingdom will be a member of the Common Market.

Mr. President, the bill before the Finance Committee should be strengthened by giving the Tariff Commission a better status. That is an expert commission. It is a commission which has a large staff devoted to one subject, which is the study of the effects of tariffs, or other changes in our import and export laws, upon American business, upon American employers, and upon American jobs. I hope that amendments will be adopted which will take into account that very important factor, rather than to disarm the Tariff Commission, as I believe the House bill is intended to do.

I also express the hope that attention will be given to the most-favored-nations amendments, which will ask those with whom we make trade agreements to extend, as we do, most-favored-nations treatment to other countries. The effect of this would be to open up the markets of the Common Market to countries in the Far East, like Japan, markets largely now closed to these important allies of ours in the Far East. Also, our friends in Latin America are likely to be strongly discriminated against unless the most-favored-nations rule is indeed modified so as to make our partners in trade agreements agree to most-favored-nations treatment the same as we do.

Finally, Mr. President, I hope that the traditional and historic concept of no serious injury, which began with Cordell Hull and President Franklin Roosevelt, and was further adhered to by President Truman and his administration and by President Eisenhower and his administration, will not be abandoned, as it appears the House bill would intend to abandon it.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a brief summary of some of the amendments which, in cooperation with other Senators, I have offered in connection with the trade bill.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

## SUMMARY OF THE BUSH AMENDMENTS

### 1. RESTORE BALANCE—TRADITIONAL SAFEGUARDS

(a) Restore peril point procedure (amendments 6 (par. 1); 12).

On reductions exceeding 50 percent (80-percent test), make peril point findings mandatory (amendments 3c; 4).

Clarify peril point criteria (amendment 6 (par. 2)).

(b) Restore escape clause (amendments 18–22; 28a).

Clarify serious-injury criteria (amendment 26).

### 2. INSURE INTEGRITY FOR OUR TRADE CONCESSIONS

(a) In view of most-favored-nation rule:

Amendment 11a: Between EEC and United States (treatment by EEC of our exports equivalent to that we grant EEC).

Amendment 11b: Negotiations only with the principal supplier.

Amendment 11c: Benefit Asia by opening markets in Europe.

(b) In view of widespread discrimination against U.S. exports: Amendments 16a–16e require Executive action to counteract discrimination.

(c) Enforcement as to most-favored-nation rule: Amendments 17a and 17b.

### 3. ADJUSTMENT ASSISTANCE (TITLE III)

(a) Industries: Escape clause only (amendments 20–22).

(b) Firms, not industries: Area Redevelopment Act (amendments 23, 24, 29, 33).

(c) Workers, not industries: Manpower Development and Training Act (amendments 25, 30–32, 34).

### 4. LEGISLATIVE OVERSIGHT

(a) Report by President to Congress in peril point cases (amendment 12).

(b) Congress authorized to make Tariff Commission recommendations effective—escape clause cases: By privileged resolution—simple majority vote—60 days (amendment 28b).

### 5. CLARIFY NEGOTIATING POWER AND PROCEDURE

(a) Industry advisers during negotiations (amendment 15).

(b) Expand exports (amendment 1).

(c) State missing portions of EEC power: 80 to 25 percent test (amendment 3a).

Delete giveaways (amendment 3g).

Tropical: Directly competitive test (amendments 5b and 5f).

(d) Delete 5-percent duty elimination power (amendment 2).

### 6. GROWTH INDUSTRIES (AMENDMENT 37)

(a) Preserve job-creating potential of high growth industries from destruction by excessive imports.

Tariff Commission advice to President prior to negotiations warning of such effect. .

(b) Restore such job-creating potential by regulation of imports:

Tariff Commission findings.

Authority for the President to act if he deems national interest requires.

The Bush amendments carry out six key reforms of the trade bill.

### 1. RESTORE TRADITIONAL SAFEGUARDS

(a) Peril point procedure: They restore the existing peril point procedure. This requires the Tariff Commission to find the extent to which each duty proposed for negotiations can be reduced without causing serious injury to domestic industry, agriculture, or workers. The President is free to exceed these "peril points," but he must explain to the Congress in each instance why he did so.

The Bush amendments would make the peril point findings binding on the President on articles proposed for elimination of duty under the special EEC authority of the bill. This is necessary because the United States will be negotiating in broad categories of products with the EEC; selective, item-by-item negotiations will not be possible within these categories. The Bush amendments would remove from the legal definition of each such category those individual articles where the Commission finds that an elimination of duty would cause serious injury to the domestic industry, sector of agriculture, or workers producing the articles.

To provide greater certainty in peril point determinations, the Bush amendments would clarify the criteria of serious injury. Whenever the Commission finds that a duty reduction would result in increased imports which would take over a larger share of the domestic market than that accounted for by imports during a representative base period, and a decline in employment, wage payments, or profits, the Commission would be required to find that duty reduction could not take place without causing serious injury.

(b) Escape clause procedure: The Bush amendments would restore the existing escape clause. This was enacted in 1951 and improved by amendments in 1955 and 1958. Its key concepts are:

(1) A finding of injury may be made if increased imports result in part from a trade agreement concession.

(2) The increased imports causing injury may be an absolute increase or an increase relative to declining domestic production.

(3) The industry in question is that sector of the producing organizations engaged in the production of articles like or directly competitive with the imported article under investigation;

(4) Serious injury is determined on the basis of declining trends in production, sales, employment, wage payments, profits, or a higher or growing inventory in conjunction with an increase in the share of the market accounted for by imports.

H.R. 11970 repeals the existing procedure and each one of these concepts.

The criteria of serious injury are clarified to specify that a finding of injury by the Commission is mandatory when it determines that increased imports are accounting for the greater share of the domestic market than enjoyed by imports during a representative base period and there is a decline in employment, wage payments, or profits in the domestic industry producing articles competitive with the imports under investigation.

### 2. MAINTAIN LEGISLATIVE OVERSIGHT OF THE TRADE AGREEMENTS PROGRAM

The Bush amendments restore the requirement that the President must explain to Congress in writing his reasons for ignoring the Tariff Commission's peril point determinations when he reduces U.S. duties beyond the limits set by the Commission in its peril point investigation.

In escape clause cases, the Bush amendments would restore and strengthen the right of the Congress to make effective Tariff Commission recommendations when the President fails to do so. Under existing law the President must report to Congress his refusal to act on Tariff Commission recommendations; Congress then by a privileged resolution, adopted by a two-thirds majority within 60 days, may itself make the Commission's recommendations effective. H.R. 11970 deletes the privileged resolution and changes the two-thirds majority vote to a majority of the authorized membership of each House. The Bush amendments reinstate the privileged resolution and change the required vote to a simple majority.

### 3. INSURE THE INTEGRITY OF U.S. TRADE BENEFITS

(a) In the light of the operation of the most-favored-nation rule: The Bush amendments specify three principles which are designed to secure true reciprocity and actual value received for U.S. exports from U.S. tariff concessions; and, to open up European markets for Asiatic exports in order to strengthen those countries against economic penetration of communism as well as relieving the excessive pressure of their exports on the U.S. market.

Thus, the Bush amendments make it a condition of any new tariff concession granted to the Common Market that U.S. exports of the items covered by such concessions be admitted into the Common Market countries on terms as favorable as we extend to EEC exports. Under these amendments our tariff bargaining must be conducted with the principal supplier of each article so that we may demand the highest price from the nation that benefits the most from our concession. Finally, recognizing that European countries restrict the entry of Asiatic imports by quotas and other nontariff barriers, while further penalizing Asiatic trade by withholding most-favored-nation treatment, the Bush amendments make it a condition of the grant of any new tariff concession to any country that it admit exports from Asiatic countries on terms as favorable as the recipient country requests of us for its exports to the United States. This principle will enable the United States, while increasing access for its exports to European markets, to apply leverage to European countries to take their share of Asiatic imports. This will relieve the pressure on the U.S. market which now exists as a result of European restrictions which divert most Asiatic trade to this country.

(b) In the light of the existence of widespread discrimination against U.S. exports and nullification of U.S. trade benefits: If the conditions referred to above, after being accepted by our trading partners, are subsequently dishonored by them, the Bush amendments would require the President to suspend the benefit of the concessions which we granted to those countries on the strength of their commitments. Our concessions could be reinstated when their discriminatory practice ceased.

The meaning of section 252 of the bill prohibiting the President from granting new tariff concessions to countries which discriminate against and, thus, burden U.S. commerce and which directs him to withdraw prior concessions from such countries when their actions are inconsistent with our rights under existing trade agreements, is made more definite by the Bush amendments in deleting qualifying words, such as "unjustifiable" and "unlimited," which would make the President's duty to act purely discretionary on his part. These words also imply that restrictions or discriminations which burden our commerce contrary to the provisions of trade agreements could somehow be "justifiable."

### 4. CLARIFY NEGOTIATING POWER AND PROCEDURE

(a) Industry advisers: The negotiating teams of other countries customarily contain industry representatives. The high caliber of the technical advice available to these delegations places the United States at a disadvantage. The Bush amendments would require the President to receive advice and information from representatives of industry, agriculture, and labor during the course of negotiations concerning articles affecting their production.

(b) Expansion of exports as a primary purpose: The trade bill sets forth four separate purposes which are to govern the use of the President's power. Only one relates to an expansion of our exports. The Bush amendments would require this purpose always to be included among the purposes for which the President uses tariff-reducing power in trade negotiations.

(c) Complete the standards essential for identifying categories for duty-free EEC bargaining: If the exports of the United States and the EEC amount in the aggregate to 80 percent of world trade, H.R. 11970 authorizes the President to eliminate the duties on the articles in the category. This test of itself does not establish that the United States has any significant competitive strength in world trade in the article. The Bush amendments require that the United States account for at least 25 percent of the exports.

Since the 80-percent test in theory is designed to identify categories in which the United States and the European Common Market have competitive commercial strength in foreign trade, the statistical determination should exclude the value of cargoes financed under foreign aid programs. Such cargoes do not result from commercial demand for the exports in question. Their inclusion in the statistics simply distorts the identification of articles whose commercial competitive strength evidences some ability to withstand the effects of duty-free treatment for competitive imports.

The Bush amendments also complete the explicit statement of qualifications upon which the tropical agricultural and forestry commodity authority for duty elimination rests. The assumption is that products of the Tropics are not competitive with products of the United States. Since it is known that some species of tropical commodities, such as starch, lumber, fiber, and the like, are directly competitive with Temperate Zone products, the Bush amendments add the qualification to the tropical section that the articles selected for duty-free treatment not be directly competitive with items produced in substantial quantity in the United States.

(d) Delete the authority to transfer low duty items to the free list: The Bush amendments delete the power that would be granted to the President to eliminate duties on the ground that they are 5 percent ad valorem or less. The low level of a duty is probably as much the function of repeated reductions under the various extensions of the trade agreements authority as any other factor. The level of the duty does not in and of itself indicate the importance of the duty to the competitive position of the domestic industry. "Administrative convenience" is the principal reason advanced for this power. It would be illogical to remove the remaining protection from domestic industries, agriculture, and workers on such a basis.

### 5. ELIMINATE SPECIAL ADJUSTMENT ASSISTANCE AS AN ALTERNATIVE TO REGULATION OF DAMAGING IMPORTS

The Bush amendments would reinstate the existing "no serious injury" rule which has been the guiding principle of our trade agreements program since 1934. The amendments, therefore, would delete from the bill the power of the President to grant special assistance to firms and workers as an alternative to regulating imports by tariff adjustment and quotas to correct serious import injury caused domestic industries, agriculture, and workers.

Recognizing the applicability of the Area Redevelopment Act and the Manpower Development and Training Act, passed by this Congress, to the situation of firms and groups of workers in distressed circumstances, the Bush amendments would make the remedies of those acts available to firms and groups of workers in cases where there is not widespread import injury.

The effect of the Bush amendments on title III of the bill, therefore, is to limit industries injured by imports to escape clause relief; and to limit the assistance to firms and workers to the benefits provided in present law.

### 6. PRESERVE THE NEW-JOB-CREATING POTENTIAL OF DYNAMIC GROWTH INDUSTRIES

When an industry or its workers are injured by imports, the economy suffers. The Bush amendments recognize that the Nation's economy also suffers when rapidly increasing imports saturate the domestic market to such an extent that the growth potential which has sustained the expansion of growth industries is destroyed. Where an industry with a sustained rate of growth suffers a serious impairment of that rate of growth as a result of excessive imports, the Bush amendments would provide for a Tariff Commission finding to that effect. The President would be cloaked with the power to adjust duties to the extent necessary to remove that impairment. This important concept would also be used by the Tariff Commission in peril point investigations in order to advise the President of any probable impairment to the growth factor of dynamic industries.

**Mr. BUSH.** Mr. President, I yield the floor.

**Mr. WILLIAMS of Delaware.** Mr. President, I yield myself 10 minutes.

**The PRESIDING OFFICER.** The Senator from Delaware is recognized for 10 minutes.

**Mr. WILLIAMS of Delaware.** Mr. President, the bill as it is pending before the Senate and as it was reported by the Senate Finance Committee, in my opinion, represents a substantial improvement over the bill as it was first approved by the House of Representatives. I think many of the changes incorporated in the bill by our committee are good. I am in complete agreement with many of these changes and support them. I think many features of the bill would be a substantial improvement over our existing tax laws, and particularly those relating to the change in the method of taxing some mutual savings banks and savings and loan associations.

For the first time we have touched somewhat on the treatment of taxing of cooperatives, although in this connection I must say I do not think we have approached a solution to the problem. There are many features of the proposal in the bill which I do not think will work from the standpoint of cooperatives or from the standpoint of more equitably taxing this group. At the same time, there is a serious question as to the constitutionality of this section.

There will still be a situation in which farmers will be taxed on income which they never receive and over which they have no control.

Personally, I would have preferred a formula which I supported in the committee, this was the proposal recommended by the American Farm Bureau Federation, which I think would have come far closer to correcting this problem than the provision ultimately incorporated in the bill. Nevertheless, we are confronted with the bill as it is now before the Senate.

The investment credit provision which has been incorporated in the bill, is in my opinion unsound and I think will come back to haunt the Senate and the Congress. I have always favored a more liberal depreciation formula. I think American business generally favors such a liberalized formula.

But I do not like a formula wherein one can get a depreciation credit up to 107 percent of the cost of the asset as is possible under the Senate bill, and up to 114 percent of the cost under the House bill. That is an unsound principle.

Furthermore, the formula is too complicated for the average businessman to understand. It was opposed almost unanimously by American industry.

Walter Slowinski, appearing in behalf of the U.S. Chamber of Commerce, with respect to the "investment credit" provisions, said:

> The chamber again recommends against the adoption of this novel and untried preferential tax credit subsidy for business. It is also unnecessarily complex, and it will be difficult to administer.

Harold H. Scaff, chairman, Tax Committee, National Association of Manufacturers said:

> Investment credit would simply provide reduction in effective tax rates for taxpayers who use their income and other funds as the Government thinks it best for the economy at a particular time.
>
> There has been a tendency to promote and discuss the investment tax credit apart from the price which it would exact in terms of other changes in the tax law. Even without the exaction of such a price, we would oppose the credit for the reasons set forth in the appendix attached hereto. Very simply, we believe that tax reductions should be afforded by direct means. We would take this position even if, in our opinion, all of the other provisions of H.R. 10650 constituted sound tax policy.

Charles B. Shuman, president, American Farm Bureau Federation, took the position that "these provisions are both unsound and likely to have a number of undesirable effects. It would be far better to liberalize the treatment of depreciation and work toward a general reduction in income tax rates."

> The proposed investment credit is a selective form of tax relief—in reality a subsidy. * * * The result would be to give some taxpayers a competitive advantage at the expense of others.

Stanley H. Ruttenberg, research director, AFL–CIO, urged the committee to "delete this provision from the bill," because those he represented thought:

> It is a multibillion-dollar windfall that will not really contribute anything to our national goals and will not relieve our balance-of-payments problems as it is claimed.

Mr. President, even after taking into consideration the increased revenues which would be provided by some of the changes in existing tax structures, based upon estimates furnished by the staff, the bill still would lose about $600 million annually. We would lose this revenue at a time when the only manner in which we could finance the loss of revenue is to further increase the national debt, to borrow the money and charge it up against our grandchildren.

I have never favored tax reductions that can be financed only on borrowed money.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement of the estimated full-year revenue effect of H.R. 10650.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Estimated full-year revenue effect of H.R. 10650,*[1] *as passed by the House of Representatives, as amended by the Senate Committee on Finance, and as amended by the Senate*

[Millions of dollars]

| | As passed by the House of Representatives | As amended by the Committee on Finance | As amended by the Senate |
|---|---|---|---|
| Investment tax credit | −1,395 | −1,340 | −1,340 |
| Withholding on dividends and interest | +550 | | |
| Reporting of dividend and interest payments | | +275 | +275 |
| Mutual banks and savings and loan associations | [2] +170 | [2] +180 | [2] +180 |
| Entertainment, etc., expenses | +125 | +85 | +85 |
| Capital gains on depreciable property | +110 | +105 | +105 |
| Mutual fire and casualty companies | [3] +25 | [3] +25 | [3] +25 |
| Cooperatives | +30 | +30 | +30 |
| Foreign items: | | | |
| Controlled foreign corporations | +50 | +50 | +50 |
| Gross-up of dividends | +25 | +15 | +15 |
| All other foreign items | +25 | +25 | +25 |
| Secs. 21–26 of Senate Finance Committee bill | | −5 | −5 |
| Other (sections added by Senate) | | | −30 |
| Total | −285 | −555 | −585 |

[1] At levels of income and investment estimated for the calendar year 1962, without taking into account effect of provisions on the economy; estimates are rounded to nearest $5,000,000.

[2] The level of income for these thrift institutions in 1962 has been revised upward since the preparation of the revenue estimates for the House bill.

[3] Revenue gain which would result if this provision were in effect for 1962 and had been in effect for the 5 preceding years, so that amounts added to the protection against loss account in the 1st year and not offset by losses would be brought into taxable income in 1962.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. **WILLIAMS** of Delaware. Mr. President, a statement was issued by the Treasury Department, dated August 29, indicating that our national debt today stands at $301.8 billion, as compared with $293 billion only a year ago today. In other words, there has been an increase of $8.8 billion in our national debt during the past 12 months.

We are still operating in the red and there is no prospect of a balanced budget at any time in the foreseeable future. Quite the contrary, our spending is increasing.

During the same period we have been losing gold at the rate of $1½ billion a year. Our gold holdings today stand at $16,098 million. One year ago the holdings were $17,600 million.

Mr. President, I noticed in the Washington Evening Star for yesterday an article calling our attention to the fact that our gold supply is getting smaller. The United States has been forced to dip into the Fort Knox gold for the first time in 17 years. It has become necessary to dip into these reserves to meet our commitments. Our gold reserves are going down all the time. This drain is largely the result of continued deficit planning of the administration, and bills approved by the Congress.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the article to which I referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### UNITED STATES FORCED TO DIP INTO FORT KNOX GOLD

For the first time in 17 years, a large amount of gold has been removed from storage at Fort Knox, Ky., in order to meet foreign demand for U.S. bullion.

The Treasury said today recent shipments from the Fort Knox depository represented the first significant reduction since 1945 in the amount of gold stored there.

Officials would not disclose the value of the bullion moved from Fort Knox to the Treasury's assay office in New York City. According to some accounts, which were neither confirmed nor denied, the total approached $500 million.

Before the shipments were made, the Fort Knox bullion hoard totaled $12.5 billion.

The Treasury emphasized that shipments of gold to the New York assay office have been routine in recent years because of the steady drain on the U.S. gold supply. However, officials said most shipments in the past were made from the mints in San Francisco and Denver.

The U.S. gold supply now totals $16.1 billion, down from a postwar peak of about $24 billion. The reduction came about because Americans have been spending, lending, and investing abroad more dollars than they have received from foreign sources.

Last year's payments deficit was $2.5 billion, a drop of about $1.5 billion from that of 1960. So far this year, the deficit has been running at an annual rate of about $1.5 billion.

The Government has undertaken a number of programs to reduce the deficit, and Secretary of the Treasury Dillon has predicted payments will be in balance by the end of next year.

But meanwhile, foreign governments and foreign central banks have continued to buy American gold as they have built up supplies of dollars. Gold sales to foreigners in the past 12 months have exceeded $1.3 billion.

**Mr. WILLIAMS** of Delaware. Mr. President, recently we had before our committee, the Director of the Bureau of the Budget, Mr. Bell. He boasted of the fact—and seemed rather proud of it—that this administration has been able to convert a prospective surplus last year of around $1 billion into a $4 to $5 billion deficit.

This is the first time I ever heard of a Budget Director boasting of a deficit.

He told our committee this deficit was deliberately planned by the administration. They are still in the process of deliberately planning deficits and trying to live beyond our income.

The time is long overdue when we should recognize that we cannot spend ourselves into prosperity on borrowed money. That was unsuccessfully tried during the 1930's. It is being tried again today. As evidence that it is not succeeding, the Senator from Connecticut [Mr. Bush] has just put into the Record reports showing that unemployment is again rising. This rise in unemployment comes at a time when we are still trying to borrow money and spend ourselves into prosperity.

This investment credit proposal is unsound and we cannot afford the loss in revenue at this time. For that and many other reasons I shall not support the bill at this time. I do not think we could justify a tax reduction at any time in the face of continued deficits. If the administration wishes a tax reduction, I will be the most enthusiastic supporter, if the reduction is approached with the idea of first cutting down on Government spending.

The **PRESIDING OFFICER**. The time of the Senator has expired.

**Mr. WILLIAMS** of Delaware. I yield myself 5 additional minutes.

If the administration would cut down on Government spending so that the saving could be passed on to the American taxpayers, it would be a constructive step. It would do more to stimulate business than anything else we could do.

I am a great believer in the thought that the American people better know how to spend their money than any bureaucrat in Washington knows. But we cannot get away from the fact that the administration proposals all call for more and more spending as time goes on. There has not been a single appropriation bill before the Congress which has not averaged 5 percent, 8 percent, and sometimes 10 percent in increased expenditures. Many proposals now await consideration by Congress, none of which would reduce expenditures, but all of which would increase expenditures.

Recently the Joint Committee on the Reduction of Nonessential Federal Expenditures called attention to the fact that 34,900 new employees have been added in the month of June alone. These were added to the 70,000 which had been added in the preceding 11 months. We were adding employees during that particular period at the rate of 8,000 a week or assuming a 5-day week this was at the rate of 1,600 every day. If we were to consider operations of the Government on an 8-hour working day we find we are adding 200 employees an hour.

The American people cannot afford to support any unnecessary bureaucrats on the Federal payroll.

Personally I think this whole question of tax revision should be postponed until the President sends his tax message to the Congress next year. We can then consider all these questions together.

There are some good features in the bill, however, I believe it should be pointed out that the bill has made great steps toward the elimination of tax havens. I am glad to see such a provision incorporated in the bill. This is a long overdue correction. It may not completely solve the problem, but at least it is a major step in the right direction.

Certain modifications and corrections have been made with respect to expense accounts. Perhaps the provision does not go far enough in relation to expense accounts, but I still say that, as Members of Congress, rather than point the finger of scorn too much at the American businessman about his expense accounts, we should first attempt to set our own house in order. Sometimes we find in our own backyard some abuse in connection with congressional expense accounts. In that connection I ask unanimous consent to have printed at this point in the Record two articles dealing with the subject.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 4, 1962]

### Powell Tours Europe Highspots

(By Drew Pearson)

Adam Clayton Powell, the debonair Congressman from Harlem, has been sending postcards home from one of the most unique junkets in congressional history.

With Congress stewing over vitally important legislation, Powell has gone off to the nightclubs of Paris, the theaters of London, the film festival of Venice, and the delights of a cruise through the Greek islands, largely at Government expense.

He has taken with him two lady members of his staff, Mrs. Tamara J. Wall, a young blonde divorcee, and Miss Corrine Huff, receptionist in Powell's office, a dark-complexioned former runner-up in the Miss Universe contest. Officially, they will study equal opportunity for women.

Meanwhile, the education bill for aid to colleges and universities is deadlocked in the Education and Labor Committee of which Powell is chairman. Powell, who heads the largest Baptist church in the world, the Abyssinian Baptist Church of Harlem, favors outright grants to Catholic colleges—as do other House Members. The Senate opposes outright grants as contrary to separation of church and state, but is willing to vote loans.

The Congressman from Harlem did not seem worried about remaining in Washington to struggle with a bill badly needed to help the colleges.

#### CLUBS, ARMY CARS

Just before he sailed, he asked the State Department to arrange a plush sightseeing tour of Europe, and the State Department accordingly sent the following cable to its Embassies in London, Paris, Rome, Athens, and Venice:

"Congressman Adam C. Powell, chairman, Committee on Education and Labor, accompanied by Mrs. Tamara J. Wall and Miss Corrine Huff, staff members traveling Western Europe, accordance following itinerary:

"August 8, sailing *Queen Mary*, arriving Southampton, August 13; Paris, August 16; Venice, August 20; Rome, August 23; Athens, August 27; Delphi, August 30; sailing *Leonardo da Vinci*, September 15 from Gibraltar. Arrival times and flights forwarded when firm.

"Provisions handbook congressional travel apply. Codel and party authorized use local currencies 19FT561 funds. Meet assist appoint control officers."

This means that "codel," the cable abbreviation for Powell's congressional delegation could get counterpart funds in each city without having to account for them. Counterpart funds are local currencies which American Embassies have on hand usually in payment for surplus farm products, and the State Department's cable meant that Powell and his two secretaries could dip into these funds for shopping, nightclubbing, tips to doormen, etc.

#### MEET US WITH $300

"Request one single and one double with bath as follows," continued the State Department cable. "London-Cumberland Marble Arch Hotel; Paris Hotel San Regis; Venice Royal Denieli; Rome (1), Excelsior (2) Flora (3) Victoria, whichever has special Embassy rates; Athens, beachhouse at Astir Hotel; Delphi, new Government hotel name unknown. Confirm Department soonest.

"London," continued the State Department cable, "request three tickets August 14, 15 best shows playing, except Broadway plays." (Powell has seen the shows on Broadway in New York, so didn't want to repeat those which have moved to London.)

"Paris—codel (congressional delegation) desires use U.S. Army car and chauffeur. Reserve three for first show and dinner best table Lido August 16."

The Lido is the Paris nightclub famous for its undraped girlies, and the head of the Abyssinian Baptist Church had the American Embassy, busy with Common Market and NATO problems, make sure he had the best table at the first show in order to study equal opportunities for women.

"Venice—if the film festival going on request three tickets August 20 or 21. Codel also requests use consulate's motorboat (for the Grand Canal of Venice).

"Athens—arrange use rental car trip to Delphi payable 19FT561 funds August 30." (This again meant the use of counterpart funds for a sightseeing trip.)

"Delphi—codel inquires whether boat trip about 6 days around islands possibility. Possible visit Rhodes."

The Greek islands obviously are a fascinating laboratory in which to study equal opportunities for women.

"Southampton—codel requests be met at *Queen Mary* Cherbourg with $100 U.S. equivalent in local currencies for each member party."

This meant that the busy U.S. Embassy in Paris had to send a man to Cherbourg, requiring a day round trip, just so the Congressman from Harlem and his two secretaries would have $300 worth of French francs to spend immediately after they got off the boat. The average tourist steps up to the money change office and gets his money exchanged in 5 minutes. He doesn't have a representative from the American Embassy in Paris spend a whole day providing him with francs.

---

[From the New York Times, Sept. 6, 1962]

### Powell's Shameless Junket

In the midst of the important closing period of the congressional session, when a record of accomplishment versus do-nothingism is in the balance, the chairman of a major committee of the House is traveling about Europe on a frivolous junket. Almost needless to say, this is Adam Clayton Powell, chairman of the Education and Labor Committee, a Democrat from Harlem who annually vies with Buckley of the Bronx for the dishonor of being among the most absent Members of Congress.

Representative Powell sailed for Europe August 8 with Mrs. Tamara J. Wall, associate labor counsel for the committee, and Miss Corrine Huff, receptionist in his office. They are due back about September 21. Mr. Powell is supposedly conducting an inquiry into equal opportunities for women in Europe, a study that will take him to a Paris nightclub show, a Venice film festival, and possibly on an Aegean cruise. State Department officials have been alerted to arrange hospitality and entertainment, as well as counterpart funds—other countries' reimbursement for our foreign aid—which conveniently need not be accounted for in detail by our traveling Congressmen. Mr. Powell is not alone in the enjoyment of this and other abuses of the congressional privilege.

The reckless, irresponsible conduct of Mr. Powell is a disgrace to the people of his district, to the U.S. Congress and to the Kennedy administration, which to its discredit sent Secretaries Ribicoff and Goldberg to New York last year to attend a Powell glorification dinner.

We say it is time for the people of Harlem to wake up, quit making a hero out of this man who holds in such contempt his obligations in public office, and retire him from Congress before he has a chance to make good on his repeated promises to retire himself. As for the House of Representatives and the Kennedy administration, have they no discipline for a Member, and especially a committee chairman, who runs away to Europe for 6 weeks on idle whimsy like this "inquiry" just at a time when Congress is (belatedly) trying to get down to serious business.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. Mr. President, how much time have we remaining?

The PRESIDING OFFICER. The Senator has 1 hour and 9 minutes remaining.

Mr. WILLIAMS of Delaware. How much time does the Senator from New York desire?

Mr. KEATING. I should like 25 minutes. I do not wish to interfere with any Senator who desires to speak on the tax bill, because that will not be the subject of my remarks.

Mr. WILLIAMS of Delaware. I yield 25 minutes to the Senator from New York.

---

## BUILDUP IN CUBA

Mr. KEATING. Mr. President, for the last few days we have all been absorbed in the latest, the most up-to-date details of Soviet military expansion on the island of Cuba. Members of Congress including myself have made available to the American people detailed reports of day to day ship movements, vehicle alinements, and personnel maneuvering in and around Cuba with the object of making clear to the American people the fact that the last month has seen a tremendous increase in the Soviet commitment to Cuba and in the Communist forces now deployed on the island.

It has now been revealed that 64 ships with materiel and troops have arrived in Cuba—a fact, which has been somewhat played down, even by those of us who knew the facts. A much smaller number of ships has been referred to up to this point.

One of the results of the increased public discussion and interest in the Cuban situation—and to date it has been the only significant development on the part of our Government—but a very constructive one—is an official announcement from the President admitting for the first time that the Cubans possess missiles, extensive radar and electronic equipment, torpedo boats and guided missiles, and at least 3,500 so-called military technicians.

I do not intend to belabor the significance of the word "technicians," but anyone who has seen a modern American Army or Air Force recruitment poster knows that the military men in modern service are no longer GI Joes of what was called in World War I the flatfoot variety. They are very definitely technicians, with a knowledge and ability to operate complicated weapons and weapons systems. In fact, the promise of being trained as a "technician" is one of the most effective incentives for enlistment. I am sure the Soviet Army also has its share of such technicians.

I refer to a statement in a news item published in today's issue of the Washington Post, which is undoubtedly typical of the reaction of someone in the Department of State. No one in the military forces could possibly have made such a statement. It is the reaction of those who wish to play down the situation, and who feel that those of us who believe that the American people should be alerted are unduly concerned. I read the statement of the official, without designating him. He said:

> There is little meaning in statements like those of Senator Keating that the Soviet technicians are in reality soldiers. Not only is there no evidence of this, the source said, but 3,500 common foot soldiers would probably pose less danger to hemispheric security than 3,500 trained technicians.

The clear implication of that article is that the Senator from New York has said there are 3,500 foot soldiers in Cuba. Of course, I have never made any such assumption or statement. Such is not the fact, and I entirely agree that technicians of that kind pose a much greater threat to the security of the United States than do foot soldiers.

There are no foot soldiers, so far as I know, in Cuba. The soldiers who are there are what would be called in our Army, for the most part, Signal Corps personnel, labor battalions. They are under military discipline, they are under military orders, they move in military formation, they are dressed in uniforms, and they are what in American parlance are called soldiers. However, I am willing to accept the phrase "military technicians."

Mr. President, I am much more deeply concerned with the subtle shift in U.S. policy toward Cuba. Our Government describes the buildup in Cuba as a defensive rather than as an offensive capability. Whether a gun is offensive or defensive depends entirely on the man who holds the gun. Mig airplanes, tanks, halftracks, or missiles can be used in defense, it is true, but likewise they can also be used in offense, and whether they are defensive or offensive depends entirely on the intentions of the operator.

Furthermore, it is a little hard to understand what defensive purpose amphibious vehicles would have. It was said by the Senator from California [Mr. Engle] last night that the remarks of the Senator from New York, which were made on two occasions in considerable detail, were wrong because he had said there were amphibious vehicles in Cuba. What the Senator from New York has said was that amphibious vehicles had been observed in Cuba. I repeat the statement.

However, it is quite interesting that the distinguished Senator from California, who had indicated that there would be an effort made to show the inaccuracy of the remarks of the Senator from New York, pointed out nothing except this one sentence in the entire remarks of the Senator from New York.

That the facts given to the Senate on last Friday and on last Tuesday were accurate to the extent of 97 or 93 percent has been more than confirmed by subsequent disclosures.

Apparently the attitude of our Government is that we have no objection and that we raise no protest if these weapons which are in Cuba are directed only against the Cuban people; that it has ceased to be aggression in our vocabulary when Soviet Russian technicians and equipment are brought to Cuba to force their will upon the people of Cuba. The President referred only very briefly to "the unhappy people of Cuba." It is apparently of no concern to us that they are threatened by the so-called defensive weapons, that their homeland is put under the control of Communists from Moscow, that their children are sent to Russia for education, that their best brains and most capable workers are fleeing in droves from the tyranny that Castro and Khrushchev have established in Cuba. All this, we are now told, is not the concern of the people of the United States.

We have been told that this buildup in Cuba is permissible unless an overt offensive attack is made from Cuba upon some other country in this hemisphere; that the Cuban question is no longer to be considered on its own merits but "as a part of the worldwide challenge posed by the Communist threat to the peace."

The background, the geography, the entire basis of the Communist enslavement of Cuba is to be ignored, as in effect we seem to be prepared to accept the status quo of Cuba, whatever it may be.

Mr. President, this approach represents a serious shift of U.S. policy, a complete reinterpretation of the Monroe Doctrine, and even more sharply a repudiation of the policies which the people of this country supported last year and the year before.

There has been a lot of talk as to what the Monroe Doctrine really means. Under the interpretations which have been forced upon it in the last few months, there is indeed very little meaning left in the doctrine. But if we can look briefly to President Monroe's own words in his seventh annual message of December 2, 1823, the essential meaning—and commonsense behind the Monroe Doctrine is perfectly clear. If we will substitute in our minds the words "Communist powers" where President Monroe spoke of "allied powers," the reasonableness and significance of President Monroe's words will be just as apparent today as when they were first enunciated.

I wish to recite briefly the pertinent part of the Monroe Doctrine. Said President Monroe:

> The political system of the allied powers is essentially different in this respect from that of America. This difference proceeds from that which exists in their respective Governments; and to the defense of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole Nation is devoted. We owe it, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the Governments who have declared their independence and maintained it, and whose independence we have, on great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny, by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States. It is impossible that the allied powers should extend their political system to any portion of either continent without endangering our peace and happiness; nor can anyone believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interposition in any form with indifference.

This is the substance and the core and the meaning of the Monroe Doctrine.

There is no doubt in my mind that President Monroe would clearly have considered the present situation in Cuba a direct threat against which the Monroe Doctrine should be enforced. Indeed, as late as June 1960 the previous administration affirmed these principles. The Department of State issued a press release dated July 14, 1960, which I ask unanimous consent to have printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Without objection, it is so ordered.

(See exhibit 1.)

**Mr. KEATING.** I shall not read it all, but, prior to the issuance of the press release Mr. Khrushchev, on July 12, 1960, had said that the Monroe Doctrine has outlived its time, has died a natural death.

Khrushchev further said that the Monroe Doctrine allowed the United States to perpetuate the reign of colonialism and monopoly in Latin America. He said:

> Should the United States take aggressive action against the Cuban people upholding their national independence, we would support the Cuban people.

Then he characterized—and, Mr. President, how significant this is—as "silly fabrications" reports that the U.S.S.R. wanted a military base in Cuba.

He said:

> It is a silly fabrication because all we need to do is use our reliable rockets from the U.S.S.R. that can hit any target in the world.

Following that, the Department of State, on July 14, 1960, issued a press release in which it said:

> In the first place, the principles of the Monroe Doctrine are as valid today as they were in 1823 when the doctrine was proclaimed. Furthermore, the Monroe Doctrine's purpose of preventing any extension to this hemisphere of a despotic political system contrary to the independent status of the American States is supported by the inter-American security system through the Organization of the American States. Specifically, the Organization of American States Charter and the Rio Treaty provide the means for common action to protect the hemisphere against the interventionist and aggressive designs of international communism.

Then, skipping a part of the statement, which will be printed in its entirety in the RECORD, the State Department official said, on July 14, 1960:

> One of the principal purposes of the Rio Treaty was to provide a method for dealing with threats of imperialistic powers seeking to establish their domination in the Western Hemisphere.

Then, further in the statement, we read:

> The principles which the U.S. Government enunciated in the face of the attempts of the old imperialism to intervene in the affairs of this hemisphere are as valid today for the attempts of the new imperialism. It consequently reaffirms with vigor the principles expressed by President Monroe:
>
> "We owe it * * * to candor * * * to declare that we should consider any attempt on their [European powers] part to extend their system to any portion of this hemisphere as dangerous to our peace and safety."

The press release concluded:

> Today, nearly a century and a half later, the United States is gratified that these principles are not professed by itself alone, but represent through solemn agreements the views of the American community as a whole.

Those were the official views of the Department of State as expressed on July 14, 1960.

Oh, Mr. President, how far from those views we have come in the month of September 1962.

**Mr. SMATHERS.** Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from New York yield to the Senator from Florida?

**Mr. KEATING.** I yield.

**Mr. SMATHERS.** I have not been privileged to hear all that the able Senator from New York has been saying in respect to the present situation. I merely wondered whether he has any specific recommendations as to what the U.S. Government should do today. What is it that the Senator from New York would have our Government do?

**Mr. KEATING.** I have already made a number of recommendations. I intend to cover them again in my remarks, not simply to reiterate them. I have made four specific recommendations.

If the Senator from Florida is willing, I should prefer to proceed with my speech, because I fear that I will be confronted with a time limitation element which will cut me off. I realize that I am transgressing on another debate.

**Mr. SMATHERS.** I appreciate the Senator's situation. I merely wondered if the Senator was going so far at this moment as to suggest that U.S. troops be used to storm the shores of Cuba.

**Mr. KEATING.** I am not, and I never have. The statement by the distinguished Senator from California [Mr. ENGLE] on a television program yesterday morning, in which he may have created the impression that I had done so, is completely away from the fact. I do not advocate, I do not favor at this time, an invasion of Cuba by American forces.

**Mr. SMATHERS.** I wondered, then, if the Senator from New York had some intermediate recommendations or steps.

**Mr. KEATING.** I have made four recommendations.

**Mr. SMATHERS.** As the Senator from New York knows, we have discussed this subject on the floor of the Senate on previous occasions. The junior Senator from Florida has suggested two intermediate steps which he has long felt should be taken. Would the Senator from New York agree that the time has just about arrived, or even is long since overdue, for that matter, when we should go about the business of creating a NATO type organization for the Western Hemisphere comprising those nations which are like minded with us, and which, at some future date, if and when necessary, would have the military authority to protect not necessarily the United States, but some Central American country; and second, in time to come, to recognize a government in exile, so that through the government in exile not only equipment but, in some instances, funds could be sent through it to the nationals of such a country which is fighting for its freedom, and to those who want to to fight for its freedom from outside the country.

**Mr. KEATING.** I am aware of the firm, solid position of the Senator from Florida on this issue. I would support, and support enthusiastically, the suggestions which he has made. The ones I have made are somewhat different; but I know that his are constructive, helpful suggestions, and I would enthusiastically endorse them.

**Mr. BUSH.** Mr. President, will the Senator from New York yield?

**Mr. KEATING.** I will yield, although I wish to complete my address within the time allotted to me.

**Mr. BUSH.** The Senator from New York has raised a very important question. I should like to make a comment and ask the Senator's opinion, especially in response to what the Senator from Florida has said. It will not take more than 2 minutes.

**Mr. KEATING.** I am happy to yield.

**Mr. BUSH.** First, in January 1960 and again in January 1961, I submitted Senate Concurrent Resolution 5. Without reading the whereas clauses, I shall read the resolving clause, which is brief:

> *Resolved by the Senate (the House of Representatives concurring)*, That (a) if one or more of the high contracting parties to the Inter-American Treaty of Reciprocal Assistance should be threatened in any manner with domination, control, or colonization through the intervention of the world Communist movement, any other such party would be justified, in the exercise of individual or collective self-defense under article 51 of the Charter of the United Nations, in taking appropriate steps to forestall such intervention and any domination, control, or colonization of any nation of the Western Hemisphere by the world Communist movement.
>
> (b) If any such defensive measures are taken by any defending nation of the Western Hemisphere, such nation should report promptly the action so taken to the Inter-American Organ of Consultation, to the end that an emergency committee, established in the manner provided by the Convention of Havana of 1940, may be organized to provide for the provisional administration of the nation so defended, pending its restoration to a government of the people, by the people, and for the people.

Would not such action by Congress strengthen the hand of the President of the United States at this time?

**Mr. KEATING.** I sincerely hope that Congress will take some action expressing its sense on this subject. I feel certain that it would strengthen the hand of the President.

**Mr. BUSH.** Mr. President, I ask unanimous consent that the resolution be printed in the RECORD following the remarks of the Senator from New York.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 2.)

**Mr. KEATING.** Mr. President, President Kennedy, in October 1960, before his election, made a clear and forthright statement, just as clear and forthright as the statement issued by the Department of State in July 1960 about our policy toward Cuba. He said:

> We must let Mr. Khrushchev know that we are permitting no expansion of his foothold in our hemisphere—and that the OAS will be given real strength and stature to resist any further Communist penetration, by whatever means necessary.

That was said nearly 2 years ago, before Mr. Khrushchev expanded his foothold by sending missiles, technicians, torpedo boats, and other military equipment to Cuba. Yet we have done nothing.

Even more recently, in April of 1961, the President declared:

> Let the record show that our restraint is not inexhaustible. Should it ever appear that the inter-American doctrine of noninterference merely conceals or excuses a policy of nonaction—if the nations of this hemisphere should fail to meet their commitments against outside Communist penetration—then I want it clearly understood that this Government will not hesitate in meeting its primary obligations which are to the security of our own Nation.

**The PRESIDING OFFICER** (Mr. McNAMARA in the chair). The time yielded to the Senator from New York has expired.

**Mr. KEATING.** Mr. President, I shall need 20 minutes more.

**Mr. WILLIAMS of Delaware.** Mr. President, I do not have quite that much time to yield. I yield the Senator from New York 10 minutes, and then we shall see what can be arranged after that.

**Mr. KEATING.** Very well.

**Mr. SCOTT.** Mr. President, I should like to have 10 minutes, if the Senator from Delaware will reserve it.

**Mr. WILLIAMS of Delaware.** Mr. President, at this time I yield 10 minutes to the Senator from New York, and then we shall see if that much time will suffice.

**The PRESIDING OFFICER.** The Senator from New York is recognized for an additional 10 minutes.

**Mr. KEATING.** I thank the Senator from Delaware.

Mr. President, we do not intend to abandon Cuba, the President assured the people of the Western Hemisphere on that day. But significantly enough, in the same statement, the President said—and these are the especially pertinent words:

> Too long we have fixed our eyes on traditional military needs, on armies prepared to cross borders or missiles poised for flight. Now it should be clear that this is no longer enough, that our security may be lost without the firing of a single missile or the crossing of a single border.

Mr. President, I think the best comment on and the best answer to President Kennedy's statement on Soviet aid to Cuba must be given in his own words. We can no longer afford to think only of organized combat forces, of military bases, of violations of the 1934 treaty, or of offensive ground-to-ground missiles, for as the President himself so very effectively pointed out barely a year ago:

> Our security may be lost without the firing of a single missile or the crossing of a single border.

Mr. President, it is my contention that a very substantial measure of our security has already been lost by the heavy Russian buildup in Cuba over the last months. First and foremost, the entire world has learned that American words are not necessarily going to be followed by American action; that what we say one day, we may very conveniently want to forget the next day; that the Communists can continue, step by step, to push us against the wall, where vital security interests are concerned, and that we will yield gracefully, as we have done in Laos already, and as we are now doing in Cuba. Once again, let me quote the words of the President, last April, when he said:

> The message of Cuba, of Laos, of the rising din of Communist voices in Asia and Latin America—these messages are all the same. The complacent, self-indulgent, the soft society, are being swept away with the debris of history. Only the strong, only the industrious, only the visionary can survive.

Mr. President, I sincerely hope that Cuba is not going to be handled in the same manner as Laos, and that the message which the world will again receive from the United States will not be retreat and defeat.

Second, Mr. President, a substantial measure of American security has already been lost because of the strategic proximity of Cuba to our major missile launching site, Cape Canaveral. I pointed out last Friday that it is entirely within the present electronic capabilities of the Soviet Union to devise methods of overhearing and eventually interfering with American missile launchings at the cape. I am reliably informed—and I have checked this out with a number of experts, both in and out of the Government, and all of them agree—that the Communists undoubtedly can construct the equipment necessary to eavesdrop on our radio control system and eventually to interfere with it in a number of different ways. As a result, rockets may find themselves off course, astronaut launchings may be endangered, and the security as well as timing of our entire space effort may be dangerously handicapped.

Any such operations by the Soviet Union would be very costly; but we know that the Soviets are today spending more money to jam the Voice of America than we spend on the entire U.S. Information Agency. Surely, it would be equally worthwhile for the Russians to take the necessary steps, which are clearly within their capabilities, to jam American space efforts.

Last evening the distinguished junior Senator from California asserted more than once that the President has withheld nothing from the American people, and that this administration has given the full facts.

First, let me say that never has it crossed my lips at any time that the President or any administration official has given the American people an untruth. What I have said is that the full facts have not been given. I am very glad the President spoke out Tuesday night, and I commend him for it. But I have not yet heard the President make any statement with regard to the present strategic vulnerability of Cape Canaveral. To my knowledge, the President has never informed the American people that Cape Canaveral is secure from this type of interference. The President very significantly, in my judgment, omitted any reference to the danger which a virtual Soviet occupation of Cuba creates for Cape Canaveral. To my mind and, I would venture to say, to the minds of most Americans, such a threat is very serious. I know the American people would be very grateful if the junior Senator from California could point to any statement, published or otherwise, which provides information on this extremely serious problem.

Third, Mr. President, the security of the United States is substantially endangered when in any part of the world the Soviets succeed in so escalating the forces of conflict that our Government is tempted to hesitate before defending legitimate American interests. This principle of escalation is a vital key to the doctrine of strategic deterrents in the nuclear age. It does not really matter whether the Soviets actually want to or intend to use in actual combat—which certainly is unlikely at the moment—against the United States any of the troops or technicians which they have sent to Cuba. What does matter is that by their very presence in Cuba, American policymakers and military planers are obliged to think harder and hesitate longer before undertaking any form of action. In cold war terminology, this means the Soviets are escalating the nature of the conflict that would be required to dislodge communism from Cuba or any other place. And by that very process, they are in a large measure deterring effective American action.

Mr. President, to put this in more familiar language, the Russians have raised the ante on Cuba. We will have to raise our own ante or the Soviets will succeed in calling us out of the game. We have only to think how little force, efficiently applied, would have been necessary to dislodge Castro early in 1961, and how much more force will be required to dislodge him after the Soviets have fully established their new weapons, to understand how our security has been deeply and substantially jeopardized by the latest Soviet acts.

Fourth, Mr. President, our security has been weakened, because the United States has so shifted the meaning of the Monroe Doctrine that not only is it meaningless as a political force to be invoked against other nations, but in fact it has become a pair of handcuffs restricting U.S. action, through the imposition of what amounts to an OAS veto. Either the Monroe Doctrine means what President Monroe said it meant—that alien imperialism must not be permitted to become established in this hemisphere—or it does not mean anything. It is ridiculous to interpret the Monroe Doctrine to mean that the Communists can take over and can send huge forces into the area, so long as it is done covertly, but that we will offer no opposition, open or covert, until all nations of the hemisphere unanimously approve.

Furthermore, Mr. President, it is no service to the interests of this Nation or the hemisphere to suggest that the Monroe Doctrine does not apply where one government may invite another government in. President Monroe made it quite clear that circumstances can vary, that governments can be established, which "our southern brethren" as he put it, if left to themselves, would certainly not adopt of their own accord. In my judgment, the government of Fidel Castro is no more an established government with the support of the populace than is Walter Ulbricht's satellite regime in East Germany. Both would topple to the ground without the support of the Red army. To assert that Castro's government has any greater legitimacy or popular support than the government of East Germany is doing a disservice to the basic principle of national self-determination. I think it is clear from the language President Monroe used that he understood this. Let us not try to confuse it.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The time of the Senator has again expired.

Mr. KEATING. I ask for 5 additional minutes.

Mr. WILLIAMS of Delaware. I can yield the Senator only 2 minutes, unless the Senator from Pennsylvania [Mr. SCOTT] wants to yield some time to the Senator.

Mr. KEATING. I will use the 2 minutes and will make further comments later in the day.

Mr. WILLIAMS of Delaware. I would like to do it, but I am almost out of time.

Mr. KEATING. Mr. President, I have made a number of proposals in the past, including among them the complete boycott of Cuba, full OAS investigation, more effective NATO controls over the shipment of strategic goods to Cuba and over the use of NATO shipping to supply Castro, immediate end to American efforts to return vessels with military capabilities to the Castro government through the Federal courts—as was sought to be done the day before yesterday in Florida—and if no other course is successful, serious consideration of a limited blockade of all military shipments to Cuba and possibly other trouble spots within this hemisphere.

I have at no time called for an immediate landing by the U.S. Marines or an invasion of Cuba, because I believe that there are a number of other avenues which we can pursue more effectively.

But the first and foremost requirement for any sound U.S. policy is a full discussion of the facts of the situation—what is going on in Cuba right now.

It was said last evening full information had been given, but in the face of the fact that all this information had been given——

The PRESIDING OFFICER. The additional time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I yield the Senator 3 additional minutes.

Mr. KEATING. I thank the Senator. On August 14 I asked the State Department for official information. Yesterday there arrived on my desk a letter dated August 30. I must read it:

> Several Soviet passenger and cargo ships arrived in Cuba during late July and early August carrying large quantities of supplies and substantial numbers of technicians of various kinds—

Nothing about 60 or 64 ships.

> The Department has established that personnel landed from approximately 5 of the ships. We have no specific information about the number of persons. We have no information that any Soviet bloc troops have landed in Cuba. Although the full significance of these developments is not yet clear, there is no evidence that supplies and technicians have arrived in Cuba in such numbers as to provide support for external aggression from Cuba against other countries.

That is certainly not my idea of specific information.

It was said last evening that the background briefings had been given about the facts of this situation.

The American people are entitled to know the facts, and also where the facts come from, and also not to have them given in confidence so that they cannot be passed on to the people. Unless new data can be more validly presented than simply as reports from here or there, there is no reason whatsoever why it should be accepted by the American people as official. What is more, I find it very hard indeed to reconcile what the State Department told me in writing on August 30 as to its lack of information and evidence with all these significant briefings which we are now told had been going on for weeks, but which at the time were completely unknown to the American people.

In conclusion, Mr. President, what the American people need, first and foremost, are the full facts—the full facts about Soviet troop landings, the full facts about the potential danger to Cape Canaveral.

Again, I commend the President for making a very fine start in that direction Tuesday night.

Mr. President, to date, the American people have not had a full and frank discussion of the real issues involved in the Cuban crisis. As the letter I received from the State Department indicates, there is no desire to make those facts available except under the most intense pressure. In fact, I am well aware of the pressure which has been applied to various newsmen who have sought to discuss this matter more fully. The full facts, Mr. President, are what I am asking for today. The full facts are what the people of the United States are entitled to.

In closing, Mr. President, let me quote once again the words of the President of the United States on April 20, 1961:

> Too long we have fixed our eyes on traditional military needs, on armies prepared to cross borders or missiles poised for flight. Now it should be clear that this is no longer enough—that our security may be lost without the firing of a single missile or the crossing of a single border.

I ask unanimous consent to include at the conclusion of my remarks certain comments in the press on this subject. Even though I am not in full agreement with all the points made in these

**analyses, I believe both William S. White and Lavid Lawrence have made a fine contribution to public understanding of the issues before us.**

**The PRESIDING OFFICER. Without objection, it is so ordered.**

**(See exhibit 3.)**

EXHIBIT 1

JULY 14, 1960.

In his remarks concerning the Monroe Doctrine at his press conference on July 12, Mr. Khrushchev again displayed his extraordinary ability to ignore facts.

In the first place, the principles of the Monroe Doctrine are as valid today as they were in 1823 when the doctrine was proclaimed. Furthermore, the Monroe Doctrine's purpose of preventing any extension to this hemisphere of a despotic political system contrary to the independent status of the American States is supported by the inter-American security system through the Organization of the American States. Specifically the Organization of the American States Charter and the Rio Treaty provide the means for common action to protect the hemisphere against the interventionist and aggressive designs of international communism. Likewise, Mr. Khrushchev failed to mention that the Rio Treaty is the first of the regional treaties for which provision is made under article 51 of the United Nations Charter.

Mr. Khrushchev might appropriately reflect on the fact that one of the considerations for establishing the Rio Treaty was that: "The American regional community affirms as a manifest truth that juridical organization is a necessary prerequisite of security and peace, and that peace is founded on justice and moral order and, consequently, on the international recognition and protection of human rights and freedoms, on the indispensable well-being of the people, and on the effectiveness of democracy for the international realization of justice and security."

One of the principal purposes of the Rio Treaty was to provide a method for dealing with threats of imperialistic powers seeking to establish their domination in the Western Hemisphere.

A further remarkable development was revealed in Mr. Khrushchev's meeting with the press. Speaking as the head of the Soviet Government, he arrogated to himself the power to determine what international agreements should or should not be binding—even though the Soviet Union is not a party thereto. In this particular instance it was not only the Rio Treaty, but also the treaty between the United States and Cuba covering Guantanamo, which he has sought to abrogate. While disregard for treaties to which it is a party may be viewed by the U.S.S.R. as a convenient approach to international relations, such an effort can only be regarded by law-abiding states as another example of Soviet intervention in the affairs of other countries.

Mr. Khrushchev's latest references to United States-Cuban relations are of a piece with his threat of July 9. As a pretext for his threat, he conjured up the strawman of a nonexistent menace of U.S. aggression against Cuba.

The threat of the use of force, made so blatantly by the Soviet Chairman in relation to the affairs of nations of the Western Hemisphere, is contrary to the basic principle of the United Nations Charter which rejects the use of force in the settlement of international disputes. This naked menace to world peace, brandished so callously by the Soviet leader, reveals the hypocrisy of his protestations in behalf of peace.

Moreover, these statements of Mr. Khrushchev appear to be designed to establish a "Bolshevik doctrine" providing for the use of Soviet military power in support of Communist movements anywhere in the world. Mr. Khrushchev speaks approvingly of the historically positive role of the Monroe Doctrine during the 19th century, when it was applied against the European imperialisms of that day, but declares that "everything has changed abruptly" now that it stands in the way of the new imperialism: international communism.

The principles which the U.S. Government enunciated in the face of the attempts of the old imperialism to intervene in the affairs of this hemisphere are as valid today, for the attempts of the new imperialism. It consequently reaffirms with vigor the principles expressed by President Monroe: "We owe it * * * to candor * * * to declare that we should consider any attempt on their [European powers] part to extend their system to any portion of this hemisphere as dangerous to our peace and safety."

Today, nearly a century and a half later, the United States is gratified that these principles are not professed by itself alone, but represent through solemn agreements the views of the American community as a whole.

---

EXHIBIT 2

SENATE CONCURRENT RESOLUTION 5

Whereas intervention by the world Communist movement directly or indirectly in the affairs of any of the independent nations of the Western Hemisphere would threaten the sovereignty and political independence of that nation and other such nations; and

Whereas the free and independent nations of the Western Hemisphere have long since ceased to be objects for domination, control or colonization by other powers; and

Whereas the direct or indirect intervention by the world Communist movement by whatever means such intervention might be disguised, in any American nation, would constitute in effect such domination, control or colonization by a non-American power, and would violate the sovereignty and political independence of an American nation; and

Whereas any such intervention by the world Communist movement in the affairs of any nation situated in the Western Hemisphere would constitute a threat to the peace and safety of the United States and the other nations of that hemisphere; and

Whereas the American Republics have condemned emphatically intervention or the threat of intervention even when conditional from an extracontinental power in the affairs of the American Republics; and

Whereas the intervention of the Sino-Soviet powers in the American Republic of Cuba is threatening hemispheric unity and jeopardizing the peace and security of this hemisphere; and

Whereas in the rapidly evolving atomic age the threat presented by any such intervention might develop with such rapidity that there would not be time to assemble a meeting of the Inter-American Organ of Consultation to provide for joint action to repel the danger: Therefore be it

*Resolved by the Senate (the House of Representatives concurring)*, That (a) if one or more of the high contracting parties to the Inter-American Treaty of Reciprocal Assistance should be threatened in any manner with domination, control, or colonization through the intervention of the world Communist movement, any other such party would be justified, in the exercise of individual or collective self-defense under article 51 of the Charter of the United Nations, in taking appropriate steps to forestall such intervention and any domination, control, or colonization of any nation of the Western Hemisphere by the world Communist movement.

(b) If any such defensive measures are taken by any defending nation of the Western Hemisphere, such nation should report promptly the action so taken to the Inter-American Organ of Consultation, to the end that an emergency committee, established in the manner provided by the Convention of Havana of 1940, may be organized to provide for the provisional administration of the nation so defended, pending its restoration to a government of the people, by the people, and for the people.

---

EXHIBIT 3

THE MENACE OF COMMUNIST CUBA

(By William S. White)

The Soviet Union's publicly boasted military penetration of the Western Hemisphere in Castro Cuba is many things, apart from the most insolent menace to the New World that the United States has ever tolerated.

It destroys forever the airy assurances of pseudoliberals that "revolutionary movements" are fine things, indeed—so long as they involve leftwingers and not rightwingers.

It places a terrible responsibility before history upon all those Americans who cheered Fidel Castro on in Cuba long past the point where it was plain that he was transplanting the evil fungus of armed international communism to within 90 miles of our Florida coastline.

UNMASKS COMMUNISM

It bankrupts the whole evangelistic theory, parroted with religious ferver, that communism results from capitalistic injustice, et cetera, and will vanish at once, given the spreading of sufficient welfarism among the masses. Cuba before Castro, was never half so underprivileged as dozens of other lands which have nevertheless never sought the lethal embrace of Moscow.

It fully supports what has long been fully obvious—that communism, like Hitlerism before it, is a movement of bandit ferocity and cannot be explained by old-lady minds as simply springing from too little milk for the kiddies and too little free land for "the workers and peasants."

It brings into the gravest question the practicality of the vast effort being made by the United States through the Alliance for Progress to cure all the ills of Latin America with economic aid. Foreign aid is a sound and splendid thing—when it is given to nations willing and able to use it for freedom's strength and openly and unashamedly against communism.

But the bulk of the more powerful Latin American nations, while avidly ready for our economic aid, repeatedly have refused to follow us in any total quarantine of Castro Cuba. It is fashionable to say that we, the United States, should never "force our views" upon the recipients of our aid. This is the line even when precisely our views are essential to maintain that freedom from "foreign domination" for which the Latins so endlessly clamor—especially those who have snuggled up closest to international communism.

And brought into question, too, is the very validity of the Organization of American States. This association of the nations of this hemisphere was created to prevent just the kind of foreign penetration which is and long has been so openly involved in Castro Cuba.

But an effective majority of the OAS has thus far been unwilling to take any fully rational step against Castro Cuba. The most ironic of all excuses is given by the nation closest in geography to us, Mexico. She has said that while she would like to help, she just can't find any precedent for it in international practice. There is a sour jest in this—for Mexico, of course, is famous for its scrupulous respect for both law and justice.

### COURSE FOR THE UNITED STATES

So what is now left to the United States?

We should try one more time to persuade the Organization of American States to act in honesty and honor against the Soviet cancer in the Caribbean.

Failing this, we should raise a new collective military organization from among the minority who are our real friends in Latin America. Much the same was done in 1949, when we created the North Atlantic Treaty Organization from within the United Nations when it became clear that the U.N. would do nothing about Soviet aggression in Europe.

And failing this, the United States should act alone to clear the Soviet military apparatus from Castro Cuba, come what might.

---

### KREMLIN'S NEW U-2 SMOKESCREEN

(By David Lawrence)

The Soviet Government is raising a fuss about the flight of a U-2 plane that accidentally approached a Russian island north of Japan, but the main purpose of the smokescreen of words is to bluff the United States into a policy of inaction in Central and South America.

For the Soviets see a big prize ahead. They hope to take over the countries of this hemisphere one by one, using Cuba as a military and political base from which to continue infiltration operations that will reach into every country on the North and South American continents.

More shiploads of war materials for the use of so-called technicians—who are really professional trainers of military forces—are on the way to Cuba, according to Senator KENNETH KEATING, of New York, Republican, who has just announced in a speech to the Senate that Communist-bloc military men in Cuba already number nearly 5,000. The White House says the number is approximately 3,500.

For the time being, President Kennedy chooses to regard the buildup as defensive on the part of Cuba. If it should develop into an offensive operation, the President declares the United States will take action against the flagrant violation of the Monroe Doctrine and that other Latin American countries will participate.

This warning comes because the doctrine is not only the policy of the United States but also of the Organization of American States. It bars any nation in any other hemisphere from establishing a military foothold in any country in this hemisphere. A statement approved by President Eisenhower and issued by the U.S. Department of State on July 14, 1960, said:

"In the first place, the principles of the Monroe Doctrine are as valid today as they were in 1823 when the doctrine was proclaimed. Furthermore, the Monroe Doctrine's purpose of preventing any extension to this hemisphere of a despotic political system contrary to the independent status of the American States is supported by the inter-American security system through the Organization of American States.

"Specifically the OAS Charter and the Rio Treaty (Sept. 2, 1947) provides the means for common action to protect the hemisphere against the interventionist and aggressive designs of international communism."

Later—on August 24, 1960—President Eisenhower said:

"The Monroe Doctrine has by no means been supplanted—it has been merely extended."

President Kennedy reaffirmed the position taken by preceding administrations relative to the Monroe Doctrine when, after the failure of Cuban exiles to invade Cuba in April 1961 he said:

"Let the record show that our restraint is not inexhaustible. Should it ever appear that the inter-American doctrine of noninterference merely conceals or excuses a policy of nonaction—if the nations of this hemisphere should fail to meet their commitments against outside Communist penetration—then I want it clearly understood that this Government will not hesitate in meeting its primary obligations which are to the security of our own Nation."

Now the situation has reached a point of decision. Shall the governments of Central and South American countries be gradually infiltrated and taken over by the Soviets? The Communist apparatus and agents already have begun to infiltrate every country, from Mexico down to the tip end of South America. If the Organization of American States does nothing and if the United States is acquiescent, the Communist foothold in Latin America will be strengthened and the Monroe Doctrine will be dead for all time.

It has been sugested that, if the United States takes forceful action in Cuba, this will cause the Soviets to raise questions about Western military bases in various parts of Europe. But this, too, would be merely a smokescreen, because Moscow knows that not a single group of military advisers or technicians from the West is today based in any of the Communist bloc countries. There is no parallel, therefore, and the issue remains whether the aggression via Cuba and the Soviet threat to Central and South American countries shall be ignored or some military and economic action shall be taken to nip it in the bud now before the buildup becomes a real menace to the security of the United States.

For in Cuba—just 90 miles from Florida—the Soviets have established their military advisers "to train Cuban servicemen," as the official Moscow communique describes it.

In accordance with precedent and custom, Mr. Kennedy may decide to ask Congress for a joint resolution authorizing him to take whatever military steps are deemed necessary to uphold the Monroe Doctrine. Since the present session of Congress may adjourn soon, such power might well be given to the Chief Executive as Commander in Chief of the Armed Forces so that he may be able to act promptly in whatever emergency may suddenly arise in Cuba or anywhere else in Latin America.

---

## WILL CUBA BE ANOTHER "WALL OF SHAME"?

Mr. PEARSON. Mr. President, during the last 6 weeks the Soviet Union made a fateful decision to supply large-scale, industrial-military aid to Cuba. This decision by the Soviets to strengthen their foothold in this hemisphere has gone unchallenged by our Government.

Statements have been made on the Senate floor that the Soviets have landed troops in Cuba. The President has responded that "we have no evidence of troops." The State Department admits that 3,000 to 5,000 Communist bloc "technicians," some of which are military specialists, have arrived in Cuba, along with military hardware. Whether these are "troops" or "technicians" is a matter of semantics. The clear fact is, the Soviet Union has reinforced its base within 90 miles of our shores with surface-to-air missiles, missile-equipped torpedo boats, trucks, munitions, radar and other electronic equipment, and the men who know how to use them. Moreover, while our attention has been focused on the recent arrival of 20 Soviet ships, the fact is that over 60 ships, many of them leased from Great Britain, Greece, Norway, Italy, and West Germany—all NATO allies of the United States—have delivered Mig fighters, tanks, and artillery.

The present faltering and mismanaged Cuban economy and trumped-up fears of an American invasion have provided an excuse for the Soviets to furnish the Castro regime with these supplies and troops. The Soviet interest, however, is not concerned with the welfare of the Cuban people but with strengthening its base in this hemisphere; a base which will be costly for the United States to neutralize; a base from which it can export the Communist revolution to Latin and South America; a base from which it can apply leverage to offset U.S. activity in other areas of the world.

Cuba has thus become a strategically placed pawn in the cold war.

The next move is up to the President.

### WHAT HAPPENED TO THE MONROE DOCTRINE?

The Monroe Doctrine was the result of an earlier attempt by Russia to push its domination into North America. It was announced by President Monroe in 1823 and has become a keystone of American foreign policy. President Monroe stated:

> We owe it therefore to candor, and to the amicable relations existing between the United States and those (European) powers, to declare that we should consider any attempt on their part to extend their system to any portions of this hemisphere, as dangerous to our peace and safety.

The President reaffirmed this policy on September 4, 1962, but only insofar as it applies to the use of military force by Cuba to extend communism into South America. To date the President has preferred to consider the Soviet-supplied arms as defensive weapons, but recognizing their offensive potential has warned that "the Castro regime will not be allowed to export its aggressive purposes by force or threat of force."

If the Monroe Doctrine is in fact a part of our foreign policy, then it must apply to the Cuban situation in a broader sense. It must restrict nonmilitary as well as military aggression. We have learned from costly experience that a Communist aggression utilizes devices much more subtle than outright military action and granted a militarized base in the Western Hemisphere, the Soviets will export revolution to all of the Americas.

Failure to give this full meaning to the Monroe Doctrine, in this particular case, as difficult as this might be, will make of Cuba a Western Hemisphere Berlin wall, a wall of shame, a symbol of uncertainty and indecision.

### SOLUTIONS—OPPORTUNITIES LOST

Invasion, or support of invasion, of Cuba by the United States has been ruled out by the President as antagonistic to some 220 million Latin Americans and untold millions in the undecided nations of the world. Yet it is a painful paradox to recall American military intervention in South Korea, Lebanon, and the Dominican Republic, and to observe current action in South Vietnam, Laos and Thailand, while we verbally sidestep the Soviet takeover of Cuba at our very doorstep.

The American policy of unilateral economic isolation was doomed at its inception because many members of the Organization of American States refused to cooperate. Any possibility of imminent internal Cuban collapse has now been eased by Russian economic aid.

Rebellion within a police state, heavily armed with Soviet weapons, is virtually impossible, as the Hungarians learned so violently.

Who would suggest that Castro could be wooed back to the hemisphere fold of free nations as a reformed neighbor?

### MY POSITION

The responsibility for the administration of foreign affairs is vested by the Constitution in the President. Congress cannot, therefore, initiate the negotiations required to meet this deadly challenge to the sovereignty of the nations of this hemisphere. Numerous Members of Congress have warned of the danger of playing down the threat which Soviet intervention in Cuba poses. The failure of the "Bay of Pigs" invasion has apparently cooled administration enthusiasm for sponsoring a positive policy in this case.

These four positive successive steps could be taken:

First. The President should call upon the Organization of American States to condemn Cuba for its military buildup. At the same time the member countries should assure Cuba that they will not be parties to an invasion of Cuba if that country's militarizing ceases and if it abstains from subversive activities in the Americas.

Second. The President should call upon the members of NATO to discontinue the use of their ships for transporting military supplies and personnel into this hemisphere.

Third. The President should inform the Soviet Union that further shipment of military supplies to Cuba will be considered an aggressive act in violation of the Monroe Doctrine and ships carrying such supplies will be stopped and turned back.

Fourth. The President should call upon the Organization of American States to notify the Castro regime that unless free elections under OAS supervision are conducted in Cuba within a reasonable time, the threat of the Communist dictatorship to the welfare of the people of Cuba and to the security of this hemisphere will require a full blockade of the island.

These are harsh steps with recognized dangers. Our past is dotted with the errors resulting from timidity and indecision which handed the Communists priceless victories—the Rhine, the 38th parallel, the Berlin wall. We will not be secure if Cuba is added to this list.

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. WILLIAMS of Delaware. Mr. President, I yield 5 minutes of my time to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I shall vote against the tax bill. This has been a very difficult decision for me to make, because there are some good provisions in the bill which I would like to see put into the law, and there are some provisions in the bill of which I do not approve. In my opinion, it is a marginal bill, and for that reason it is a very difficult decision to determine how to vote on it.

The sections I would like to see become law, and which I hope will become law in any tax revision that is submitted at the first of the year by the President, concern:

First, revision of existing law with respect to the bad debt reserve provisions applied to mutual savings banks, domestic building and loan associations, and certain cooperative banks.

Second, correction of an imbalance which exists in the treatment of mutual fire and casualty insurance companies as compared to stock fire and casualty insurance companies.

Third, revision of the tax treatment of cooperatives and patrons.

Fourth, elimination of some tax havens abroad and lobbying abuses.

These are all provisions which would be helpful, and I would like to see them included in a tax revision bill.

Contrasted with these favorable provisions, is the question of the provision for investment credit. I voted against this section when it came before the Senate as an amendment, which, as I understand, would result in an annual revenue loss of approximately $1,300 million. This provision is not fair, as I see it, because it will help some industries, but not others which are in the same category and in the same position.

I am in favor of a proper allowance for depreciation that will not be limited to a specific period of time. If industries have a proper allowance for depreciation, they will have a greater opportunity for improving their plants.

In addition, as a member of the Appropriations Committee, I have watched the appropriation bills this year. I cannot see that we have been able to effect any substantial decrease in appropriations to any of the departments; certainly we have not been able to do so up to the present time. We know that with the problems we have in relation to our national security the Defense Department appropriations are going to increase over the next few years, rather than decrease.

So this issue involves the question of constant Federal deficits and a constant drain on our gold supply.

These are very fundamental reasons for opposing the bill. Although, as I have said, it does contain some good provisions, it is still a marginal bill. If the Senate passes the bill, it will then go into conference. There are more provisions in the House version of the bill that I would oppose. The Senate conferees will be in a position of having to yield something to the House conferees, which may result in the version of the bill containing certain provisions which I might strongly oppose.

We are also told there will be a new tax bill submitted for our consideration next year.

The bill, as amended by the Senate, would decrease governmental revenues on a full-year basis by $585 million, and I believe perhaps even more.

For all the reasons I have stated, I shall vote against passage of the bill. As I say, I do it with considerable hesitation because of the good features in the bill, and because we know certain tax provisions should be improved. The overall balance is against the bill, and I shall vote against its passage.

Mr. WILLIAMS of Delaware. Mr. President, I yield 10 minutes to the Senator from Pennsylvania [Mr. Scott].

## INFORMING THE AMERICAN PEOPLE ON WHAT IS REALLY HAPPENING IN CUBA

Mr. SCOTT. Mr. President, in his September 5 statement on Cuba, President Kennedy said that the administration would "continue to make information available as fast as it is obtained and properly verified." All Americans, I am sure, received this assurance with much relief. The American people become very restless if facts to which they are entitled, without danger to our security, are not made promptly available to them so that they can understand the policies of their Government. To a certain extent, the assurance by the President of a steady flow of facts will do much to prepare the American people for developments in our foreign policy.

It should be noted that revelations to date with regard to the very serious crisis in Cuba have come on the initiative of the press and of the Congress. Revelations have been made by the press which were not made to the American people by the State Department and which were not the subject of statements by the President. They were revealed by such eminent Members of each body as the distinguished junior Senator from New York [Mr. Keating], the distinguished Representative from California, Mr. Hosmer, and several others.

Right now, many Americans are worried about published information which has not received verification from the administration. Especially numerous are reported facts of this sort about the Cuban situation. American fears could be alleviated if President Kennedy would fill the information vacuum concerning Cuba by "obtaining and properly verifying" the following news reports:

First. Is the international brigade of Communists in Cuba now numbering in the thirty thousands? Is this brigade partially composed of 1,500 Ghanaian troops, 900 Red Chinese, 200 Algerians, and numerous Communist contingents from other Latin American countries? Are other troops from Asia and Africa billeted in Cuba? Where are these troops located? Are the Russians in Las Villas Province, the Red Chinese on the Isle of Pines, and the Ghanaians near Cienfuegos and Mariel? How many other Communist countries have military and technical personnel and in what numbers?

A dispatch by a writer for the London Daily Mail points out, for example, that from 5,000 to 8,000 Russians have arrived so far. The writer states:

> A Western ambassador in Havana told me categorically—

I should like for Senators to note this quotation, because if the Western ambassador could talk to a London newspaperman, I ask whether anybody is talking to our State Department about the same things. And if they have been talking to our State Department, why have the American people not been told?

I read what the Western ambassador said:

> "I have reported to my government despite all denials, that many of these men are Soviet troops, that they are arriving in increasing numbers, and this is all part of a carefully planned military operation to underwrite the Castro regime."

The writer of the article also says:

> Arrivals of the Russians in large numbers is seen by many diplomats in Havana as driving a final nail into the coffin of the Monroe Doctrine—the statement of U.S. foreign policy which established, over a century ago, the "hands off" attitude to outside powers with ambitions in the American hemisphere.
>
> This much is certain from what I have just seen in Cuba:
>
> No large-scale attempt to overthrow the Castro regime could now be launched by the United States or Cuban exiles without Russian blood being spilled in the process.
>
> I watched the Russians in two separate encampments—after being told they were a "ghost army" existing only in the imagination of Americans.
>
> They looked pretty healthy ghosts to me.

That has to be contrasted with the President's press conference statement of "no troops," and with the incredible letter received by the Senator from New York [Mr. KEATING], on the 30th of August, stating that we have no information that any Soviet bloc troops have landed in Cuba.

However, I wish to congratulate the Senator from New York for hearing from the State Department, in reply to his letter of August 14, by letter of August 30, which is only a 16-day lapse in the reply to a minority Member of this body. I think that establishes a record. I hope that someday we may hear from them in even as brief a period of time as 13 days, or perhaps even 14 days after we address a communication to them.

I hope the President will have an opportunity to obtain the reports and to properly verify them.

Second. Is the Soviet Union setting up a base in Cuba for the tracking of space experiments? I refer to our space experiments off Cape Canaveral.

Third. How many missile sites are in being or are planned for the near future, using Soviet missiles? What is the range of such missiles?

Fourth. Is the Soviet Union supplying Cuban Communists with diversified late-model weapons? Is there a ring of such weapons—heavy artillery and antiaircraft guns—surrounding the U.S. base at Guantanamo? Are all the Russian arms shipments payments or base rights given to them by Castro?

Fifth. How large is Castro's army? Does it now contain in the neighborhood of 300,000 troops? Is this the largest army in Latin America?

Sixth. Have Soviet Migs replaced the United States and British warplanes in the Cuban air force? Are there more than 100 jet fighters at 14 bases in Cuba?

Seventh. What is the significance of the arrangements for establishment of regular airline service between Havana and Moscow?

Eighth. Are the Russians handling all the installment of modern military equipment in Cuba? Is the operation of all such equipment in the hands of the Russians also?

Ninth. What is the precise number of Red Russian-owned or leased ships now docking at Cuban ports? Is the increase considerably higher than the 60 ships observed since mid-July?

Mr. President, all the above facts, if verified, clearly point to a violation of the Monroe Doctrine by the Soviet Union. I believe that most, perhaps all, can be verified. The doctrine warns greedy foreign powers that "we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety." Mr. President, Khrushchev has already said that the Monroe Doctrine is dead. Castro has called the doctrine a worthless document. Plainly both these Communists are taking themselves seriously and acting as if the doctrine did not exist.

But the Monroe Doctrine does exist. The big question is whether the United States intends to implement it. On this point, the President of the United States has again assured us that our Government "will not hesitate in meeting its primary obligations, which are to the security of our Nation." But the news items I have gathered do raise the question, "When is the security of our country threatened?" When Communist infiltration of the magnitude now going on in Cuba takes place, many Americans feel that a definite threat already exists. President Kennedy could well allay these fears by acting as quickly as possible in examining, verifying publicly and making available to the American public the whole story of this Red base of operations 90 miles from our shores.

If the facts are true, then a number of steps are open to the United States to deal with the Communist menace. Among the most feasible is to convince the Organization of American States to deal firmly with Castro. Mr. William S. White in his September 5 column has this to say:

> We should try one more time to persuade the Organization of American States to act in honesty and honor against the Soviet cancer in the Caribbean.

The Secretary of State has called a conference of Latin American ambassadors. I suggest that we request all of our neighbors in this hemisphere to join with us in convening the Organization of American States, that we take the lead in securing the consent of as many of them as will join us in a multilateral warning to the Communist States to cease the arming in Cuba. I propose that we set a deadline, after which we should proceed, multilaterally if possible, unilaterally otherwise, to declare foreign military exports to Cuba to be contraband and subject to blockade. If we do so proceed, we can stop Communists from exporting revolutions to this hemisphere. If we do not, we will before long be faced with Communist dictatorships elsewhere in Latin America.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. I yield an additional minute to the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a report known as an uncensored, eyewitness report entitled "Russians in Cuba Are Real," appearing in the Harrisburg Patriot and the article by Columnist William S. White, to which I previously referred.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

### COLUMN BY WILLIAM S. WHITE

WASHINGTON.—The Soviet Union's publicly boasted military penetration of the Western Hemisphere in Castro Cuba is many things, apart from the most insolent menace to the New World that the United States has ever tolerated.

It destroys forever the airy assurances of pseudoliberals that revolutionary movements are fine things indeed—so long as they involve leftwingers.

It places a terrible responsibility before history upon all those Americans who cheered Fidel Castro on in Cuba long past the point where it was plain that he was transplanting the evil fungus of armed international communism to within 90 miles of our Florida coastline.

It bankrupts the whole evangelistic theory, parroted with religious fervor, that communism results from capitalistic injustice, et cetera, and will vanish at once, given the spreading of sufficient welfarism among the masses.

Cuba, before Castro, was never half so underprivileged as dozens of other lands which have never sought the lethal embrace of Moscow.

It fully supports what has long been fully obvious—that communism, like Hitlerism before it, is a movement of bandit ferocity and cannot be explained by old-lady minds as simply springing from too little milk for the kiddies and too little free land for the workers and peasants.

It brings into the gravest question the practicality of the vast effort being made by the United States through the Alliance for Progress to cure all the ills of Latin America with economic aid.

Foreign aid is a sound and splendid thing—when it is given to nations willing and able to use it for freedom's strength and openly and unashamedly against communism.

But the bulk of the more powerful Latin American nations, while avidly ready for our economic aid, have repeatedly refused to follow us in any total quarantine of Castro Cuba. It is fashionable to say that we, the United States, should never force our views upon the recipients of our aid.

This is the line even when precisely our views are essential to maintain that freedom from "foreign domination" for which the Latins so endlessly clamor—especially those who have snuggled up closest to international communism.

Brought into question, too, is the very validity of the Organization of American States. This association of the nations of this hemisphere was created to prevent just the kind of foreign penetration which is and long has been so openly involved in Castro Cuba.

But an effective majority of the OAS has thus far been unwilling to take any fully rational step against Castro Cuba. The most ironic of all excuses is given by the nation closest in geography to us, Mexico. She has said that while she would like to help, she just can't find any precedent for it in international practice. There is a sour taste in this—for Mexico, of course, is famous for its scrupulous respect for both law and justice.

So what is now left to the United States? We should try one more time to persuade the Organization of American States to act in honesty and honor against the Soviet cancer in the Caribbean. Failing this, we should raise a new collective military organization from among the minority who are our real friends in Latin America.

Much the same was done in 1949, when we created the North Atlantic Treaty Organization from within the United Nations when it became clear that the U.N. would do nothing about Soviet aggression in Europe.

And failing this, the United States should act alone to clear the Soviet military apparatus from Castro Cuba, come what might.

### Uncensored, Eyewitness Report—Russians in Cuba Are Real

(By Keith Morfett)

(Editor's Note.—Keith Morfett, roving Latin American correspondent, for the London Daily Mail, has visited Cuba eight times during the past 2½ years, most recently last week. He flew to Miami to write the revealing, uncensored story which the Patriot presents here because of its significance in the light of the Soviet buildup in nearby Cuba.)

Thousands of strapping young Russians are moving quietly into tented military encampments close to the outskirts of Havana in a vast Soviet buildup that is causing deep concern among diplomats in the Cuban capital.

From 5,000 to 8,000 Russians have arrived so far.

A Western ambassador in Havana told me categorically:

"I have reported to my government, despite all denials, that many of these men are Soviet troops, that they are arriving in increasing numbers, and this is all part of a carefully planned military operation to underwrite the Castro regime."

Many of the Russians are in their early 20's. All have reached Cuba aboard three Soviet passenger liners.

At the same time, a continuous armada of cargo ships is now stretched out between Russia's Black Sea ports and Cuba, carrying trucks, jeeps, machinery, food, guns—and ground-to-air missiles for Fidel Castro's armed forces.

Arrivals of the Russians in large numbers is seen by many diplomats in Havana as driving a final nail into the coffin of the Monroe Doctrine—the statement of U.S. foreign policy which established, over a century ago, the "hands off" attitude to outside powers with ambitions in the American hemisphere.

This much is certain from what I have just seen in Cuba:

No large-scale attempt to overthrow the Castro regime could now be launched by the United States or Cuban exiles without Russian blood being spilled in the process.

I watched the Russians in two separate encampments—after being told they were a "ghost army" existing only in the imagination of Americans.

They looked pretty healthy ghosts to me.

Hefty, athletic, and looking a lot better fed than their Cuban hosts, they crowded up to barbed-wire fence at the first camp I found near the village of El Cano.

They appeared to be members of the kind of unit usually moved in advance of regular fighting troops to set up camps, establish communications networks and accomplish other related chores.

In the tropical heat they looked unhappy and homesick. They had cloth caps and denim trousers and clustered together for comfort like sheep on the range in a rainstorm.

The contrast between the El Cano crowd and the next lot I looked at was so great that it became clear Cuba's Russians fall into two distinct categories.

The El Cano Russians were recruited into "labor battalions" rather like the British Army's Pioneer Corps. They will dig ditches, lay cables and do all the donkey work.

A few miles away, down a rutted side road the whole countryside was suddenly swarming with Soviets. This time they were obviously on different business. Hundreds of them moved around among military vehicles parked under trees, in fields alongside hedges and between row upon row of khaki-colored tents.

Nearby, antiaircraft guns in freshly dug pits were manned by Cuban militiamen. Machineguns were mounted at all approach roads into the camp. By the tasks they were doing, checking their equipment on radio trucks, command vehicles and signal equipment, these Russians appeared to be military technicians such as signal, staff, and electronic engineers.

---

## REVENUE ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

Mr. MANSFIELD. Mr. President, I yield 7 minutes to the Senator from Oklahoma.

Mr. KERR. Mr. President, H.R 10650 is important urgent tax legislation. At a time when we are concerned with the rate of growth of our economy, it offers effective stimulus to that growth At a time when we are concerned with the continuing deficit in our balance of payments, it offers significant help to reducing and eliminating that deficit—and thus reducing the chronic drain on our gold reserves. At a time when we are concerned with the effect of our tax system on our society and our economy, it offers a solution to a number of longstanding tax problems. The provisions of this bill have been voted by the Senate after more than a year of careful consideration in the Congress, after 5 months of hearings and work by the Senate Finance Committee, and after more than a week of debate in this Chamber.

H.R. 10650 is a sound bill. Its provisions correct inequities and remove loopholes which have defied solution for years—the taxation of business income earned abroad, the taxation of personal income earned by nonresident citizens, the collection of taxes on interest and dividend income, the tax treatment of entertainment and travel expenses, the taxation of cooperatives, mutual thrift and mutual fire and casualty insurance companies, and the taxation of proceeds from the sale of depreciable property.

H.R. 10650 taxes those who have escaped taxation in the past, but, in no case is it punitive in intent or effect. Throughout the long process of shaping this bill both the Congress and the Treasury have met with responsibility and with understanding the needs of American business.

The main provision of the bill—the investment credit—will, I am convinced, in years to come, be viewed as the most important single measure to strengthen and revitalize the American economy enacted by the 87th Congress. It will provide American producers with the stimulus they need both to modernize to meet foreign competition and to accelerate expansion of our domestic economy. In addition, the foreign income provisions are designed to prevent any possible interference with productive American business operations overseas, and one particular section is specifically designed to assure that no additional burden is placed on firms primarily engaged in the sale of American-made products.

The sections of the bill covering taxation of income earned abroad are not aimed at capturing every possible dollar of tax revenue. They are aimed at ending tax abuses which harm this country by discouraging the return flow to our shores of dollars earned overseas. For balance-of-payments reasons, it is vitally important that we remove these tax barriers against the repatriation of money earned abroad by American citizens and American businesses.

Two other provisions deserve mention:

The reporting requirement on dividend and interest income may not be as effective as withholding, but it represents a significant step forward in an area in which tax evasion has long been widespread.

The provision covering travel and entertainment expenses, as voted by the Senate, puts us in a good position to work out in the conference committee an effective means of curbing disgraceful abuses without interfering with genuine business travel or entertainment.

Finally, the bill is one which reflects a high degree of fiscal responsibility. While some initial revenue loss is possible, the fact remains that over the long run, enactment of H.R. 10650 will contribute immeasurably to the growth of the American economy. This will mean larger tax collections, without higher tax rates in the years to come. Now there are estimates that the full year revenue loss under the bill as amended would be as low as $240 million. The highest estimate—the one made by the staff of our Joint Committee on Internal Revenue Taxation—reaches $585 million. My own estimate is that the loss even in the beginning would be much less than either.

The distinguished Senator from Virginia [Mr. Byrd], in offering his reporting amendment to the bill, stated that in his judgment it would be as effective in collecting taxes as the withholding amendment would have been. I say that if it is half as effective, there will then be no deficit by reason of the enactment of the bill.

Will anyone seriously argue that this is too high a price to pay for legislation to increase the growth and vigor of the American economy, to strengthen our Nation's economic position in the world, and to improve the fairness of our tax system?

In summary, this bill gains ground in almost every single area sought by the President. It provides a critically needed source of new vitality for our domestic economy. It contains significant help to our balance-of-payments position. It plugs a number of tax loopholes, it removes a number of tax inequities, and it does these things without imposing hardship on any single taxpayer or on the taxpaying American public as a whole.

It is a good bill, and I believe it deserves the support of every Member of this body who would help build a stronger, healthier, revitalized American economy.

The bill as it is before the Senate has the support of the administration through the Treasury Department. That is a well-known and significant fact. I hope that it will be passed.

The **PRESIDING OFFICER**. The time of the Senator has expired.

Mr. **MANSFIELD**. Mr. President, I yield 2 additional minutes to the Senator from Oklahoma.

Mr. **KERR**. On page 18451 of the RECORD for September 4, I ask unanimous consent that the language beginning at the figure (3) down to and including the equation designated as "(4)" be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

$$I_t = a[AP_t^{t+1}/S_{t-1} - (P/S)_t] \tag{3}$$

where $I_t$ is investment, in real terms, in a given year $t$; $AP_{t+1}$, output anticipated in the given year for the next year,[11] $t+1$; $S_{t-1}$, the amount of capacity in existence in the previous year; and $a$, a proportionality constant, reflecting the intensity of response to the stimulus to invest as well as the cost of providing additional capacity.

Since we have no direct information on anticipated output, $AP_t^{t+1}$, it is necessary to introduce some hypothesis as to how this variable might be approximated. Methods frequently used by electric utilities for estimating prospective demand are based on their past experience and amount roughly to an extrapolation of the sales trend. Since the latest information available on output is $P_{t-1}$, then, if demand is assumed to grow at a constant rate of $i$ percent per year, we may write

$$AP_t^{t+1} = (1+i)^2 P_{t-1}.$$

This leads by substitution in equation (3) to:

$$\begin{aligned} I_t &= a[P_{t-1(1+i)}2/S_{t-1} - (P/S)_t] \\ &= a(1+i)^2[P_{t-1}/S_{t-1} - 1/(1+i)^2(P/S)] \\ &= a'[P_{t-1}/S_{t-1} - (1-\gamma)(P/S)_t] \end{aligned} \tag{4}$$

where $a' = a(1+i)^2$ and $\gamma = 1 - 1/(1+i)^2$.

Mr. **KERR**. I say to the distinguished Senator from Wisconsin, who said that what he put in the RECORD was well known to himself, I would be very glad if at the appropriate time he would demonstrate his mastery of the science of mathematics and the information he put in the RECORD, by explaining it either orally or by written word of his own. If he would do so, the Senator from Oklahoma would be grateful.

Mr. **BUTLER**. Mr. President, I should like to ask the Senator from Delaware to yield me some time so that I may ask some questions of the Senator from Oklahoma.

Mr. **WILLIAMS** of Delaware. I yield 2 minutes to the Senator from Maryland.

Mr. **BUTLER**. Mr. President, earlier this week the Senate voted to eliminate subsection (C) of section 3 of H.R. 10650. This subsection was added by the Finance Committee as the result of an amendment which I proposed.

That amendment, as reported by the Finance Committee, would have made deductible ordinary and necessary business expenses incurred "in direct connection with communication of information between the taxpayer and an employee or stockholder with respect to legislation or proposed legislation of direct interest to the taxpayer."

In view of the adoption of section 3 without the amendment proposed by the Committee on Finance, would the cost of preparing and distributing the annual reports of companies be deductible if such reports comment on the pendency or the likelihood of legislation which would directly affect the company if the report does not exhort stockholders to write their Representatives or Senators with respect to such legislation?

Mr. **KERR**. I believe the answer to the Senator's question is "Yes," if there is no suggestion that they intervene by seeking out their legislators.

The **PRESIDING OFFICER**. The time of the Senator has expired.

Mr. **WILLIAMS** of Delaware. I yield 1 more minute to the Senator from Maryland.

Mr. **BUTLER**. Would section 3 as adopted by the Senate also make deductible the expenses of preparing and distributing regularly published internal news media intended for the information of employees or stockholders if such media comments on the pendency or the likelihood of Federal, State, or local legislative activity which would have direct impact on the company if such media does not exhort stockholders or employees to take any affirmative action with their Representatives or Senators, or other legislative representatives?

Mr. **KERR**. I believe the answer to that question is "Yes," if there is no suggestion that they intervene by seeking out their legislators.

Mr. **BUTLER**. Is the Senator's understanding that section 3 as approved by the Senate would also permit the deductibility of the cost of preparing and conducting or circulating other communications to employees or stockholders, if such communications are informative only and do not seek legislative action or the part of the recipients?

Mr. **KERR**. The answer is "Yes," if there is no suggestion of seeking legislative action, and the material is not designed or intended for that purpose.

Mr. **BUTLER**. I thank the Senator.

Mr. **MANSFIELD**. I yield 1 minute to the Senator from Florida.

Mr. **SMATHERS**. I associate myself with the able Senator from Oklahoma in stating I believe that this is a good bill. Actually this bill has been criticized from the so-called liberal side because Senators on that side believe it does not go far enough. It has been under fire also from what we call the conservative side, because Senators on that side feel that the bill goes too far. That is usually the legislative process; that happens when we finally get a good bill.

The bill closes many loopholes. It brings into the Treasury approximately $755 million in the closing of the loopholes. On the other hand, by virtue of the investment credit features, the outflow is a little more than $1 billion, which is calculated solely for the purpose of stimulating the economy.

I congratulate the very able Senator from Oklahoma who is in charge of the bill on the floor of the Senate, for his leadership in this whole matter. I congratulate also the able chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD] for the contribution which he has made. It is a good bill. It deserves the endorsement of the Members of the Senate.

Mr. **WILLIAMS** of Delaware. I yield 5 minutes to the Senator from New York.

Mr. **JAVITS**. Mr. President, I have had a struggle with my conscience about this bill, and I finally decided to vote in favor of it, for these reasons.

I believe the bill is a start upon that degree of tax reform, and especially tax incentive reform, which I have myself urged very strongly be undertaken this year and not deferred until next year.

I still believe that the President is unwise, in the interest of the economy, which, notwithstanding a few rosy glows, still shows that it needs the incentive and forward drive which an incentive tax cut would give, in not proposing his plans to us this year but, instead, deferring them until next year.

We shall at least begin, in the bill, with this kind of tax reform.

Hence, I feel that that preponderates over the reservations which I have with respect to a number of features of the bill.

My reservations relate to certain provisions of the bill. For example, regarding the so-called lobbying expenses, though I think they could be somewhat justified on the ground that freedom of action in business management should equate generally with freedom of action in trade unions, the whole provision needs judicious handling by American business and effective enforcement by the Federal Government.

I believe that the provisions for the taxation of controlled foreign corporations will inhibit American business instead of freeing its hands in terms of foreign competition, which is urgently needed in the interest of the American economy and of our peace leadership in the world. However, I believe that the Senate provision is superior to the House provision in this respect, and I hope—if I may have the attention of the Senator from Oklahoma to my remarks on this subject—that the Senator from Oklahoma will be as tough minded in the conference on the matter of the Senate's provision with respect to section 12 as he has shown himself to be durable and capable on the floor of the Senate.

---

[11] In this study we shall consistently measure demand by output. Demand so defined exceeds sales by the loss of energy in the process of transmission and the use of energy by the utilities themselves; it may be regarded as the amount of production necessary to meet the given sales.

With respect to the provisions dealing with entertainment expenses which are contained in the bill, I believe that the provisions now in the law could be administered effectively for that purpose. However, I do not see that any very great harm will be done by this provision of the bill in terms of what is legitimate and accepted in promoting American business activities.

I am gratified that the provision for withholding taxes on dividends and interest has been deleted in the Senate bill because I believe that it was burdensome and unworkable, particularly for low-income recipients. The proposal which I and others made to the Finance Committee, for increased reporting by payers of interest and dividends to the Internal Revenue Service, has been adopted and will enable the new automatic data processing equipment to aid enforcement. Again, I very strongly urge the Senate conferees to insist on the Senate provision.

Finally, with respect to the equipment tax credit, I know that it is not in favor with some elements of business, and that it is not in favor with some elements of labor. I have the highest respect for people who feel that way. However, I deeply believe that the American productive machine is falling so rapidly behind in terms of obsolescence that we must not only couple the equipment tax credit with the new depreciation schedules which we are giving American producers, but must also put the whole impact of public opinion behind the fact that the credit should and must be used for new equipment.

Estimates as to the amount of the American industry's equipment which is obsolescent are ghastly. It is estimated it will take $95 billion in new investment to bring the American business machine abreast of its responsibility.

For all of these reasons I shall vote for the bill, knowing always that legislation is neither black nor white, but gray. I believe that the advantages preponderate over the disadvantages. I especially emphasize, in closing, the fact that this is the first installment on tax reform and tax incentive urgently required if we are to get the economy moving forward, as the President promised in the 1960 campaign, but which he definitely has not done yet, as witnessed by the figures on endemic employment and other indexes, such as the lack of confidence in many quarters in the economy. I add merely that I deplore greatly the unwillingness of the President and the administration to share their "creative tax plans," to use the words of the President, with the country, as I believe this would be an earnest to the country of the intention to go through with a truly effective tax reform program early in 1963.

As the matter stands now, with the President submitting his plans next year, we shall be lucky to get tax reform by late in the next session of Congress, when we should be thinking about it, at the latest, in January, February, and March.

I thank the Senator from Delaware for yielding time to me.

Mr. MANSFIELD. Mr. President, I yield myself 6 minutes.

I shall not detain the Senate long. I recognize that after a debate of 9 days Senators are anxious to get on to other matters. But I want to take a few moments to explain my position on the bill, and to indicate the Treasury's position by means of a letter I have received from Secretary Dillon.

First, Mr. President, I pay my respects to the arduous work done by the Finance Committee in the consideration of the bill. That committee has had a heavy agenda during this session of the 87th Congress, and in order to resolve that agenda its members have had to make considerable sacrifices. In particular, I pay tribute to the beloved chairman, the Senator from Virginia [Mr. BYRD], to the able floor manager of the bill, the Senator from Oklahoma [Mr. KERR], and to the ranking minority member, the Senator from Delaware [Mr. WILLIAMS]. I should also like to commend two members who dissented from many of the committee's recommendations, and who, through pertinent and well-argued debate, put their case to the Senate. I refer to the Senator from Tennessee [Mr. GORE] and the Senator from Illinois [Mr. DOUGLAS].

Mr. President, H.R. 10650, as amended, is an imperfect measure; it does not entirely satisfy any Member of this body. The Senator from Virginia, the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Illinois, and other Senators would prefer to eliminate the investment incentive from the bill. The Senator from Oklahoma, the Senator from Montana, and other Senators would have preferred a more effective provision relating to the collection of revenues due from dividends and interest. The Senator from New York [Mr. JAVITS] and the Senator from Minnesota [Mr. MCCARTHY] believe the foreign tax provisions are too stringent. There are other parts of the bill that find Senators in opposition, and there are omissions in the bill that many Senators regret. In this respect the situation is no different from that which has prevailed upon the adoption of every other tax bill that has come before Congress in my time. Because a major revenue measure is ultimately bound to affect every aspect of our economy, it reflects the divisions of interest that characterize the economy itself. The decisive question must be, not whether the bill is perfect in every respect, but whether, on balance, it serves the national interest.

In my judgment, this bill does.

Its major provision contains a credit for new investment in machinery and equipment. In the opinion of the Secretary of the Treasury, this tax incentive is necessary for the modernization of the American industrial plant. In the opinion of virtually every other qualified observer, the modernization of our industrial plant is necessary if this country is to compete in the world economy of the 1960's.

We are, I trust, about to adopt a major trade program that will enable us to deal with the great new economic engine represented by the EEC. In the trade relationships envisioned by the trade bill, there will be few benefits for a nation stuck with an antiquated industrial plant. We must modernize if we are to trade on favorable terms. The new depreciation schedules put into effect by the administration during the summer, and the investment incentive provided in this bill, are, in the judgment of men who bear the responsibility for American fiscal policy, essential to modernization.

The bill contains other salutary features. It raises new revenue from mutual thrift institutions—a long overdue reform in the tax schedules; it closes a number of tax haven abuses; it throws the burden on the taxpayer, instead of the Government, to prove that his entertainment expenses were required by his business activities. In some respects the House bill is stronger in dealing with these abuses, and I express the hope that the bill will be toughened by the conference.

As for the revenue loss occasioned by the investment incentive, and by the absence of a withholding provision: The Treasury's estimate is that the bill falls short of a balance by about $210 million on a full-year basis. The Secretary says, however, that "this is a gross estimate that does not take into account the feedback effects of the investment credit. When those effects are considered, it is my judgment that the bill is at least in balance."

Mr. President, I ask unanimous consent that the letter from Secretary Dillon to me, dated August 27, 1962, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 27, 1962.

Hon. MIKE MANSFIELD,
*U.S. Senate.*

DEAR SENATOR MANSFIELD: The tax bill now before the Senate has a direct and important bearing upon the future course of our economy. It might be helpful, therefore, if I summarize briefly the administration's views on this key measure.

Both the Congress and the Treasury have worked long and painstakingly on this legislation, which has been under consideration since April 1961. The problems it seeks to solve are as difficult as they are important, and they clearly warrant the time devoted to dealing with them.

The President, in his tax message of April 1961, recommended that action be taken in a number of areas. In reviewing the bill in its present form, I find that, while the administration program has not been fully accepted, there has nevertheless been a significant advance over present law in all but one of the areas contained in the President's recommendations—the dividend credit and exclusion. The bill includes one major provision not requested by the President: deduction of certain lobbying expenses.

The central element of the President's recommendations was the need for an incentive for investment in machinery and equipment that would stimulate a higher rate of economic growth and better enable our industry to compete in markets at home and abroad. The investment credit contained in this bill will operate as a powerful stimulus to investment. In combination with the Treasury's recent administrative reform of depreciation, the credit will, at long last, give to American business tax treatment on new investment in machinery and equipment approaching that of its chief competitors in Western Europe, Canada, and Japan. Its adoption will constitute a major advance toward our national goals of greater economic growth and the increased productive efficiency and competitiveness necessary to a solution of our balance-of-payments problem.

To offset the initial revenue loss involved in the investment incentive—and to achieve much needed reforms in our tax laws—the President recommended a number of important changes in those laws. As I have stated, the bill contains provisions which deal with all but one of the areas in which changes were requested by the President. For example, solutions have been found for problems that have long plagued the Congress concerning the taxation of mutual thrift institutions, cooperatives, and mutual fire and casualty insurance companies. The bill's provisions will effect a far greater degree of equity in the tax treatment of these mutual institutions in relation to their competitors.

In the area of depreciable personal property, the bill closes a broad avenue of potential abuse under which ordinary income could be converted to capital gains on the sale of depreciable property. The bill thereby permits the Treasury's recent and much needed administrative reform of depreciation to operate without any possibility of windfall tax gains on sale of assets subject to faster depreciation.

In the field of foreign income, the bill at one stroke would sweep away abuse after abuse possible under present laws that now permit very significant escapes from taxation. The core of these changes lies in the "tax haven" provisions of the bill, which provide a workable set of rules to end the abuses we all know exist in this area. These rules have been carefully constructed to avoid hampering the expansion of our export trade or restricting business activities that are not artificially tax motivated. When one takes account of the wide variety of our foreign activities abroad, the highly technical nature of present law in this area, and the divergent opinions on the concept of tax deferral for foreign income, the provisions of the bill in this area represent a major accomplishment.

Along with ending tax haven abuses, the bill is designed to shut off such avenues of escape from our tax laws as the establishment of foreign residence by individuals seeking to free their earnings from tax, the creation of foreign trusts to enable them to accumulate income tax free, the resort to foreign investment companies to convert oridnary income into capital gain, the investment in foreign real estate to escape our estate tax laws, and—as respects dividends earned in developed countries—the undertaxation that exists because of the partial double counting of foreign taxes under the foreign tax credit. The bill will also greatly strengthen the administration of our tax laws on foreign income through the establishment of more effective information and reporting requirements.

As for expense accounts—a problem that has concerned the Congress for a number of years—the bill contains provisions that will strengthen the hand of the Internal Revenue Service in ending flagrant and unconscionable abuses that have led us to be known as an "expense account society." In addition to requiring detailed substantiation of entertainment and other expenses, the bill and accompanying committee report propose standards of deductibility with respect to entertainment, business gifts, and travel that are substantially more restrictive than present law. While the improvement over present law is marked, it is still considerably less than that recommended by the administration or that provided in the version passed by the House. In addition, the Finance Committee's report on expense accounts is not as clear as could be desired and is likely to raise difficult problems of interpretation in the future.

I regret that the Senate Finance Committee bill does not contain the withholding approach adopted by the House to end the present evasion of taxation on dividends and interest. But the committee bill does recognize that persistent evasion in this area is an extremely serious matter and must be halted. The dual requirement to report information on dividend and interest payments, both to the Government and to the payee, is bound to improve compliance and enforcement in this field. Nevertheless, this is a matter on which we must focus constant attention, for it is imperative that our tax laws be enforced. I therefore feel—as does the President—that the affirmative advantages of withholding will inevitably be recognized.

There is one provision of the bill that was not in the President's message—a deduction for certain lobbying expenses. This is a provision which the administration has consistently opposed for reasons set forth in my testimony before the Senate Finance Committee.

Now, for the fiscal aspects of the bill, our estimates show that it falls short of a balance by $210 million on a full-year basis. However, this is a gross estimate that does not take into account the feedback effects of the investment credit. When those effects are considered, it is my judgment that the bill is at least in balance.

We would, of course, have preferred that the bill be in balance even on a gross basis. The inclusion of the withholding requirements on dividends and interest would have achieved that balance. In fact, withholding would have produced an overall revenue gain under the bill of about $300 million.

Even without the withholding provisions, however, the bill as reported provides more than $800 million of new revenue from tax reforms. This revenue offsets practically all of the gross cost of the growth incentive embodied in the investment credit. Indeed, if the dividend and interest information reporting requirements of the Senate bill prove to be as efficacious as the committee staff estimates and half of the gain that we would realize from withholding is achieved through the application of those requirements then, under the Treasury's estimate of the revenue presently lost through evasion in this area, the revenue-raising features of this bill would be increased to just under $1 billion. This would leave the bill approximately in balance on a gross basis.

In closing, I would like to say that the bill now before the Senate represents a major advance toward our national goal of a revised and modernized tax system. In its tax reform provisions the bill makes substantial headway in eliminating many long recognized abuses. The investment credit provides a significant stimulus both to economic growth and to the maintenance of America's competitive position in the world—an important consideration as we enter a new era of freer trade. The bill, in short, is a significant first step toward the reform of our present outmoded tax laws. As such, I believe it merits the support of every Member of the Senate, and I urge its favorable consideration and passage.

With best wishes.

Sincerely,

DOUGLAS DILLON.

Mr. MANSFIELD. In summary, Mr. President, the bill appears to be desirable and in the Nation's interest. It ought to be stronger, in my opinion; I hope it will be when it goes to the President. There has been a great outcry from some quarters that it does not close all the loopholes and meet all the abuses that are thought to exist under present law, and indeed the bill does not meet all the expectations of the Senator from Montana. But I think it is well to remember the advice of Mr. Dooley, as he was quoted the other day by the Senator from Minnesota [Mr. MCCARTHY]. He told of a lady who could never seem to keep her boardinghouse entirely clean; she worked from morning until night, and still it showed signs of dirt and damage. She despaired; she said it was like a pigpen. "Madam," said Dooley's friend Gallagher, "the trouble with this house is that it is occupied entirely by human bein's. If t'was a vacant house," he says, "it cud aisily be kept clean."

Mr. President, I urge the passage of this imperfect bill.

Mr. President, I yield 2 minutes to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Mr. President, the tax bill now before the Senate should be passed.

It is true that there is perhaps no single section of the bill to which objections cannot be raised—on the ground that it goes too far—or, conversely, not far enough. But it is equally true that every single section nevertheless embodies progress toward achievement of a fairer tax structure. In addition, this legislation contributes to our domestic economic growth and to improvement in our balance of payments position. These contributions are of great importance when we face such heavy responsibilities on the international scene.

This bill has been represented by opponents as a hodgepodge of compromises which may even make our overall tax system worse rather than better. The changes made in administration proposals by the other body have been criticized, the changes and amendments made by your committee after 5 months of hearings and work have been criticized. The changes made by this body have been criticized.

As I see it, the overall effect of this bill is to greatly improve our tax system. Let me summarize some of the main provisions of this bill. A careful reading of the legislation will show that it represents a considerable step forward in tax reform.

For example, the present bill provides for reporting of income from interest and dividends, which is a substitute for withholding on such income. Reporting, to be sure, may not have the effectiveness of withholding, and this is a fair criticism. It may merely prove that in order to stop the flagrant tax evasion in this area that is now passing the billion-dollar-a-year mark, and rising every year, withholding should be adopted in the future. The reporting route deserves a fair trial, and there is no question but that it will stop a significant part of this tax evasion. But in view of the strong objections raised to withholding—both by payers of dividends and interest and by recipients who were falsely led to believe that withholding would endanger their current living standards, the reporting requirement is the most which could be enacted at this time. It is a step which may prove efficacious. It will, at the minimum, end any excuse for inadvertent nonreporting of dividend and interest income. It should also end some of the temptation for deliberate nonreporting.

The provisions for taxation of cooperatives, mutual thrift, and mutual fire and casualty companies also do not go as far as some would have liked, but also represent forward steps. They meet problems that have defied solution in the tax field for years. By imposing taxes on these institutions more nearly in accord with those imposed on their business competitors, they contribute to increased fairness in our tax system.

The provisions on travel and entertainment expenses are not as stringent as those sought by the administration, but they will prevent the disgraceful abuses now rampant in this area of tax deductions. Its defeat would make a mockery of President Kennedy's call for the death of that slogan of expense account society, that cry of all free spenders of other people's money, that banner of waste, luxury, and cynical disregard of tax equity—the slogan "it is deductible."

Perhaps most importantly, the broad objective of improving the fairness of our tax structure is served by the 12 separate sections in the bill designed to deal with a whole galaxy of inequities stemming from the present preferred tax treatment given to various types of income from foreign sources. The area of taxation of foreign income presented perhaps the most difficult set of problems which the Finance Committee confronted in its months of study of H.R. 10650. Not only are there technical problems of almost unimaginable proportions but, in addition, each proposed move in the area of taxation of foreign source income presents the danger that elimination of abuses may, simultaneously, work hardships on—or, at minimum, disadvantage legitimate business undertakings by Americans and American businesses overseas.

We cannot continue to condone tax avoidance on the part of Americans who shift their residence abroad for the purpose of escaping U.S. tax on their oversea earnings. We cannot continue to condone the creation of foreign trusts for the purpose of accumulation of untaxed income. We cannot continue to condone the use of foreign investment companies as a device to build capital free of U.S. tax. We cannot continue to condone the shifting of short-term capital abroad for the purpose of avoiding U.S. tax on a portion of the resulting interest income. We cannot continue to condone investment in foreign real estate by American citizens for the purpose of escaping inheritance taxes. We cannot continue to condone the creation and subsequent liquidation of foreign subsidiaries for the purpose of escaping ordinary income taxes and qualifying for taxation only at the advantageous capital gains rate. And finally, we cannot condone the proliferating use of "tax haven" subsidiaries overseas which exist purely for the purpose of escaping American taxes.

All of these abuses are effectively blocked or limited by the foreign income sections of H.R. 10650.

But at the same time, we have clearly recognized the need for—and desirability of—economically sound American business operations in other nations. Only real tax abuses must be stopped. These are all which will be stopped under the legislation now before us.

There are a number of specific provisions of the bill which are designed to assure that only recognizable tax abuses will be affected. Only companies earning a substantial portion of their income from tax haven operations—at least 30 percent—will be covered. Companies which pay relatively high local taxes in the country of incorporation or which make relatively large repatriations of foreign income—or some relatively large combination of both—will be exempted from coverage by this section of the bill. U.S.-controlled subsidiaries which are engaged largely in the sale of American-made products and which reinvest most of their income in the export sales aspect of their business will be exempted.

What will be curbed is tax haven abuses—oversea operations of American-controlled subsidiaries which have no demonstrable reason for existence other than tax avoidance. These purely tax haven operations are injuring the American economy.

They induce an outflow of investment funds from this country, which works a twofold injury upon us: it adds to our balance-of-payments deficit and it drains away money which might be put to productive use here building American industry and creating American jobs. Continued tax avoidance possibilities of tax haven operations also serve effectively to block the return flow of funds to this country, where their investment in American enterprises would benefit us all.

As this country enters a period of freer trade, it is imperative that we increase investment at home and expand our sales of goods abroad. The foreign income sections of H.R. 10650 are designed to assist in the attainment of this twin objective. As such, they reinforce and complement the objectives of the Trade Expansion Act and, as such, they are also closely linked with, and complementary to, the most important single section of the pending tax bill—the investment credit.

Without question, the two most serious economic problems we face today are our lagging rate of economic growth and the chronic deficit in our international balance of payments. While I could not claim that the investment credit promises instant or complete solution of either problem, its potential as a tool for solving both is too great for us to squander.

Our rate of economic growth must be accelerated if we are to meet successfully what President Kennedy has called "the major domestic challenge of the sixties"—insuring gainful employment for the millions of young workers who will be entering our labor force and for the millions of older workers who find their skills made obsolete by rapidly changing technology.

Without more rapid growth it will also be impossible for us, as a nation, to improve the lot of the disadvantaged members of our society—those who subsist on limited diets, occupy substandard housing, and send their children to inadequate schools—all those who live in economic or social distress.

But our economic health has importance far beyond our domestic needs. A billion people in the uncommitted world are being told that this Nation is weak and incapable of vital and continued development, and that a system of total state control is the only salvation for the underdeveloped. The Soviet Union's rapid expansion is extolled, and the United States is pictured as a dangerous model for economic development—weakened by recessions, plagued by chronic unemployment, and unable to extend a decent standard of living to all its people.

Our ability to maintain adequate defenses for ourselves and our allies, and to contribute to the development of a free world, also depends on our economic strength. We cannot meet domestic and international needs with a faltering economy.

Likewise, our strength and prosperity at home and our security in the world depend significantly upon reducing the deficit in our international balance of payments and dispelling all doubts concerning the stability of the dollar.

Recurring drains on our stock of gold, which undermine confidence in the dollar, cannot be stopped unless our international payments are brought into equilibrium.

The dollar is the major reserve currency of the free world. Upon confidence in its stability depends the stability of other major currencies, our economic relations with all other nations, the viability of the international payments system and the economic health and national security of every friendly and uncommitted nation.

The investment credit plan contained in the legislation before us will prove an effective measure for increasing our rate of economic growth and reducing the deficit in our international payments.

By providing business with a direct incentive to investment in productive equipment, it will stimulate growth directly as increased orders for machinery and equipment create additional jobs and larger payrolls. But the major thrust of the credit will be longer term.

The credit will encourage the modernization of our factories and farms, the development of new technology and its rapid incorporation in the production process. The resulting gain in productive efficiency will bring important direct benefits.

It will insure our ability to keep American wages the highest in the world. The superior health, education and skill of our workers do not, by themselves, guarantee maintenance of their productivity margin over workers elsewhere—the margin which justifies our wage standards. To these endowments of our work force must be added use of the most modern and efficient equipment available anywhere in the world.

Increased productive efficiency will also enable us to assure that even when our goal of full employment is reached, our workers may enjoy an ever-improving standard of living without the threat of inflation. Renewal of inflation at some future date would force us to adopt restrictive budgetary policies which would starve needed welfare and resource development programs. It would also force us to turn, once again, to a policy of monetary restraint—thus dampening our economic growth and placing at a disadvantage those who must compete in the money markets to finance the construction of homes, schools and other public facilities.

Possibly most important of all, however, increased productive efficiency will enable us to sell American goods at competitive prices everywhere in the world. This will mean expanded export markets which, in turn, will mean more jobs for American workers and a more vigorous, more rapidly growing American economy.

Increased export sales also offer the only complete solution to our balance-of-payments problem—short of the unthinkable alternative of withdrawal from our world commitments.

Many steps to reduce our international payments deficit have been undertaken. But the long-term answer lies in increasing our surplus of exports over imports.

The proposed Trade Expansion Act, on which this Senate will soon be voting, will, by lowering tariff barriers, encourage increased imports as well as exports. Thus, in the new world of freer trade, our producers must be able to maintain competitive prices in order to outsell foreign producers in our own home markets as well as to expand export sales. Improved productive efficiency is therefore essential to improvement of our trade balance on both sides of the export-import ledger.

There are those who have suggested that the investment credit is by no means the best method of increasing our economic growth—who charge that it is no more than a giveaway of tax revenue to American business.

They propose adding to Government expenditures as a means of increasing total demand, and thereby growth. Or they suggest reducing taxes for individuals, as a means of increasing demand and growth.

But increased Government expenditures—for education, public construction, health services, resource development or any of a host of entirely worthwhile programs—do very little in the short run to increase the productive efficiency and competitiveness of our industry. And it is in the short run—right now—that we need to increase our competitiveness and our export sales. Those who are still nervously watching our balance-of-payments figures will not hold off speculating against the dollar while essential but long-range Government programs add to our national resources. The payoff from increased investment in productive equipment is, on the other hand, fast.

Stimulating investment by building up from an enlarged base of demand also takes time we do not have. In addition, if we were to rely solely on tax reductions to increase demand to the point where it would put pressure on existing industrial capacity—and thus force investment in expanded facilities—a revenue loss far greater than the $1 billion cost of the credit would be required.

We have, at present, excess capacity—another point made by some opponents of the credit. But steps are being taken outside the tax area—President Kennedy's proposed public works and unemployment insurance programs are such steps—to assure maintenance of strong and growing demand which will use our industrial capacity to the full. Although the investment credit will itself create additional demand, that is not its primary purpose.

The investment credit, will, however—coupled with the foreign income tax proposals in the pending bill—help solve a significant national problem as no proposed alternative would. This is the growing movement of investment capital from this country overseas.

Part of this outflow is solely for the purpose of avoiding taxes. The foreign income provisions of H.R. 10650 are aimed at reducing such tax-induced movements abroad.

But much of the outflow results from the more liberal tax treatment of investment in other industrialized countries. Quicker recovery of the cost of investment is now possible under more liberal tax laws in effect elsewhere. But enactment of the investment credit—which will apply, of course, only to investment in the United States—will close this cost recovery gap. It will thus help to block the movement overseas of both capital and jobs. No program for increasing demand in this country—by whatever means—will do this so directly.

Increasing the level of investment in productive equipment does increase national economic growth. To those who doubt this, I suggest a careful look at our recent economic performance, compared with that of other nations. A striking pattern emerges: The higher the level of investment, the greater the economic growth. The statistical picture is not without small deviations, but nearly so.

During the 10-year period, 1951 through 1960, investment in the United States averaged 5.7 percent of gross national product. After us, in ascending order, came Canada, with 8.0 percent; France, 8.4 percent; Italy, 9.1 percent; and West Germany, 11.5 percent. Growth rates for those countries followed exactly the same order: 3.3 percent for the United States; 3.9 percent for Canada; 4.3 percent for France; 5.9 percent for Italy, and 7.5 percent for West Germany. Available figures for Japan suggest that for the last half of the decade, she had the highest investment rate of all—and the highest growth as well. Among the major industrial nations, only the United Kingdom and Belgium had a higher level of investment than ours without a higher level of growth.

The effect of investment levels on export prices—and export markets—is suggested by the fact that from 1953 to 1960, our export prices for manufactured goods rose 14 percent while those of our foreign competitors remained the same or dropped. Moreover, the success of our competitors in stabilizing export prices came not from a slower rate of wage increases but a faster rise in productivity.

The potential gain to our American economy from the investment credit far outweighs the one item of risk. The risk—which is real—is the creation of additional technological unemployment as new and more modern equipment is put into place.

But if we attempt to stand still, we will create more unemployment in the long run.

For those of our businesses in which technological change is lagging, we will merely postpone the day of reckoning—and perhaps not even postpone it very long. We will insure only that their readjustment, when it comes, will be more protracted and more difficult—if, indeed, they survive at all. For inefficient companies do go out of business, thus lowering the ax of unemployment with one blow on all their workers and causing acute hardship for entire communities. The task of retraining or relocating workers then becomes almost unmanageable.

For the Nation as a whole, our failure to approve the investment credit would involve even greater risks. For unless we modernize our equipment, expand our productive base and assure maintenance of our economic vitality, there can be no assurance of security for our Nation and no lasting prosperity for our people.

The investment credit is the heart of the bill, but the other provisions, taken as a whole, are at least of equal importance. The overall effect of the bill will be positive, because the most of the provisions of every important change represent gains in tax fairness and increased economic efficiency.

This bill will go far toward eliminating many inequities, many abuses, many tax problems that have existed for years. In addition, it will provide significant help for our domestic economy and for our balance of payments.

It deserves the wholehearted support of Senators.

Finally, Mr. President, tax measures are never to be found in the category of what we call easy and pleasant legislation. We are dealing with the economic fabric of our society when we pass tax laws, and we are obviously affecting the economic life of individuals and business institutions. Tax measures are very controversial.

The purpose of the tax measure now being considered is to close some of the loopholes in the existing tax laws, and to provide additional incentive for investment and development in American industry. Those two purposes are, in part at least, being fulfilled by the measure before us and now about to be voted upon.

As I have said before, the failure to include a provision for the withholding of taxes on dividends and interest is a serious weakness in the bill; but it is my hope that the methods which have been proposed and are now underway administratively to improve the collection of taxes on interest and dividends will be beneficial. If not, we can return to a consideration of this proposal, and we shall.

I must say, further, that we have gone a long way toward meeting the requests of the President. Let that be clear. The bill does have administration support as it stands.

The Senator from Oklahoma [Mr. KERR], who has handled this highly complex and controversial legislation deserves our commendations for his detailed knowledge and exploration of its many provisions.

Senators on the other side of the aisle have given their cooperation in bringing this measure to a vote. We thank them.

Finally, it is my hope that when the bill comes back from conference, some improvements will have been made as a result of the deliberations between the conferees of the two Houses.

Next year Congress will have an opportunity to consider general tax legislation, and it will be then that Congress can work its will on overall tax policy. The senior Senator from Minnesota belives that there is a necessity for a general overhauling of the tax laws, particularly to provide greater incentive for expansion and development and also to increase consumer purchasing power.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time required for it be taken equally out of the time available to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I yield 2 minutes to the Senator from Iowa [Mr. HICKENLOOPER].

The PRESIDING OFFICER. Only 1½ minutes remain for each side.

Mr. HICKENLOOPER. Mr. President, I shall need only one-half a minute.

Mr. WILLIAMS of Delaware. Very well; I yield.

Mr. HICKENLOOPER. Mr. President, on behalf of my colleague, Senator MILLER, and myself, I send to the desk an explanation of the reasons why we will vote against the omnibus tax bill; and I ask unanimous consent that the explanation be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR HICKENLOOPER AND SENATOR MILLER IN EXPLANATION OF THEIR VOTE ON HOUSE BILL 10650

We oppose the omnibus tax bill because its bad features far outweigh its good features.

It has some desirable features, such as tightening up deductions for business extravagance, business gifts, entertainment and travel expenses; investment returns on interest and dividends and the closing of some loopholes in the foreign income field.

On the other hand some of its undesirable features include the investment tax credit provision which would reduce Federal income by over a billion dollars and is highly discriminatory, benefiting primarily a limited number of large taxpayers; the almost unworkable provisions applicable to foreign business operations which would tend to frustrate the expansion of foreign trade and actually put foreign competitors in a more favorable position; and the deductions allowed for increased clearing of land which would only be of prime benefit to large landowners and bring more land into competitive production in an already surplus market.

To reduce Federal income at this time without at the same time reducing Federal expenditures is unwise. Especially is this so in the face of the greatest international tensions which this country has faced for many years. To keep on spending more than we take in will inevitably lead to further devaluation of the American dollar and to a further reduction of the purchasing power of our money.

We believe that tax reduction is essential, but it must be accompanied by sound and sensible reduction of Federal expenditures. Moreover, tax reduction should be of general application rather than advantageous to a comparative few.

The net reduction of Federal income under this bill would be over three-quarters of a billion dollars and we cannot afford this reduction at this time of great international tensions and in the face of increased spending demands of the administration.

Mr. WILLIAMS of Delaware. Mr. President, I yield the remaining time under my control to the junior Senator from Iowa [Mr. MILLER].

Mr. MILLER. Mr. President, following the passage of the tax bill by the House, an excellent article by the Honorable JOHN W. BYRNES, U.S. Representative from Wisconsin, was printed in the April issue of the Tax Review. The article is entitled "The Revenue Act of 1962: A Dissent." While I recognize that a number of problems which arose in connection with the House version of the bill have been avoided by the action of the Senate, nevertheless I think the article by Mr. BYRNES merits the attention of the people, and many of the statements in the article are entirely responsive to the situation presented by the bill as it is now before the Senate. Therefore, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### THE REVENUE ACT OF 1962: A DISSENT

(By Hon. JOHN W. BYRNES, U.S. Representative from Wisconsin)

If one is old fashioned enough to believe that one of the ingredients of sound fiscal policy in a time of prosperity is a balanced budget, the need for generous doses of tranquilizer pills is apparent when a close look is taken at present Federal fiscal and tax policies. There has been submitted, it is true, a balanced budget for fiscal 1963, but it is balanced only on paper, and the paper balance is achieved only through a process of wishful thinking.

Such wishful thinking for fiscal 1963 is a continuation of a trend already established. Since the original, seven new estimates have been made of the deficit for 1962, as follows: $2.1 billion in March 1961, $2.8 billion in March 1961, $3.6 billion in May 1961, $3.7 billion in June 1961, $5.3 billion in October 1961, and $7 billion in January 1962. The latest estimate now appears to be off by at least $1 billion and the deficit will probably be around $8 billion.

On paper the Federal budget for fiscal 1963 calls for expenditures of $92.5 billion to be covered by $93 billion of receipts. This precarious balance of less than one-half of 1 percent is to be achieved through an increase of about $11 billion in receipts from corporate and individual income taxes attributable to a continuing high level of economic activity.

The realization of the necessary income in order to achieve this balance is predicated on some very highly speculative assumptions. It assumes that the recovery will continue on a steady rise for the next 16 months. Remember always that the projection and guesses go to July 1963. This steady rise is to carry the gross national product through this year to a record $570 billion. Yet, we have already seen some slippage in January and February.

What about expenditures? While a balanced budget is of extreme importance, it is important to look at the level of Federal expenditures and particularly the change in that level from year to year.

Expenditures proposed for fiscal 1963 exceed those of 1962 by almost $3.5 billion, and this follows an increase in Federal spending between 1961 and 1962 of about $7.5 billion. In this 2-year span, we have raised Federal expenditures by more than $11 billion.

This is clearly not a trend that is consistent with improvement of our international or domestic economic position. This kind of a trend cannot be supported by economic growth. It can only be supported by increased taxes.

If you think this is bad, look at some of the assumptions upon which the $92.5 billion level of expenditures is based.

It assumes that the farm program proposed by the administration will reduce the cost of the Department of Agriculture by more than $500 million, while still expanding the food stamp plan, lowering prices to the consumer and raising farm income—a real neat trick.

It assumes an end to the postal deficit. Yet, the postal rate increase bill which passed the House and is pending in the Senate is several hundred millions short of reaching a balance and the Congress is presently being asked for a 14-percent increase in postal workers' salaries which would add some more hundreds of million dollars to the postal deficit.

The expenditures are also based on the assumption of a resolution of the Berlin problem by June. For example, no funds were provided in the budget to carry the reservists and National Guard units called up last fall beyond June 30, and the administration is now requesting additional funds.

The interest on the debt is underestimated. If we have a deficit budget and the economic activity the Treasury is forecasting, then it is only reasonable to expect interest rates to rise.

We could go on and on enumerating the precarious assumptions on which the balanced budget is predicated. Suffice it to say, the budget has as many "ifs" as it has dollars—all of which must be favorably resolved if it is to be balanced on June 30, 1963.

It is alarming to note that the reliable and respected staff of the Joint Committee on Internal Revenue Taxation estimated on April 2 that present taxes would bring in $4.3 billion less revenue in fiscal 1963 than the budget predicts and, on this basis alone, a deficit of $3.8 billion is now indicated.

Knowing the propensities of Congress in an election year and the philosophy of the administration toward spending, I have no hesitation in predicting that we can well wind up with a deficit of from $5 to $7 billion next year.

Even if the budget, as presented, would produce a balance, there is a basic philosophy expressed in the administration's program that should cause grave concern. It is the philosophy that all increases in revenue resulting from improvement in the economy and from economic growth are to be preempted—yes, dedicated even in advance of realization—by Government for enlarged Government spending.

It is on Government spending that we are to place our reliance for curing every ill and for strengthening our economy. To advance economic growth, we are to place primary reliance upon the rocket power of climbing Federal spending. Every dollar of increased revenue is to be preempted for Government spending and not one cent is to be put to work to provide greater impetus to the private sector of our economy.

We did not achieve our position of world leadership by this route. This philosophy, if pursued, means we are to reduce our reliance on our private enterprise system and increase our reliance on Government in complete disregard of the fact that it is individual effort and enterprise that is the source of all present and future Government income. If there was ever a dangerous and reactionary road, this is it.

In report after report, including his economic and trade messages, the President has emphasized the need for growth, the strengthening of incentives for individual effort and for productive investment, the need to put our economy on a basis which will permit us to be competitive with the other industrial nations of the world—particularly with the rising Common Market area of Western Europe. Yet the growth-stunting potential of our tax system is completely ignored. The President's only mention of tax reduction is as a temporary expedient to fight recession—a preposterous proposal that Congress should surrender its taxing power, no matter how limited, to the Executive.

We have been told often in the past—like a broken record—"We know the rates are too high, we know it's unfair to apply this rule of taxation or that. We know tax relief is needed—but the Government needs the money."

Last December the President, in talking about the need for changes in tax depreciation allowances, said, "We are not unsympathetic, and I can think of very few changes that would be more useful to the country in stimulating employment and keeping us competitive, particularly with Western Europe. And the only reason we have limited ourselves to the proposal which is now before the House Ways and Means Committee is because we do not have the available revenue to provide for a tax reduction this year."

The philosophy of the budget and other messages, if pursued, will mean that we will never "have the available revenue to provide for a tax reduction," because any potential revenue that might be available for such a purpose is being preempted for additional Government spending. Keep in mind that the President, in his budget message proposing $93.5 billion in spending, said, "Many desirable new projects and activities are being deferred."

Thus, the administration has talked about "tax reform" only in terms of taxing some people more while taxing others less. What the administration is really talking about is tax juggling, not tax reform. It strives to leave the impression that it can work miracles by closing loopholes in our tax laws.

The term "loophole," correctly used, defines a method used to avoid taxes which was not intended by Congress. Because we have a lot of ingenious tax experts in our land, unintended avenues for avoiding taxes are opened up from time to time. They, of course, should be closed. There are also inequities and these should be corrected. We have corrected some in the current tax bill.

The point, however, is that provisions of law that Congress enacted intentionally or are in the code historically in order to create equity are not loopholes. Yet it is these that seem to be the favorites of the demagogs, even though each has its history and reason for existence.

Many of these so-called loopholes exist to overcome the burdening disincentive caused by our extremely high tax rates. Eliminate the high rates and you eliminate the "loopholes."

The Treasury has announced it will unfurl new "tax reform" proposals early this summer. If the philosophy behind them is in keeping with the administration's tax bill which has passed the House, I must say that I can only view our fiscal and economic future with alarm.

While some of its 23 sections are good, desirable, laudable—and this can probably be attributed to the law of averages—overall, the bill violates the very basic concepts of sound tax policy and fiscal responsibility.

Regardless of how much figure juggling is done, the bill involves a revenue loss of $1 billion in fiscal 1963. In one swoop, there goes the balanced budget which the budget message itself says is so important under present conditions. If this revenue loss would produce sound, growth-inducing tax reform, the House might have been justified in accepting the risks involved in a deficit budget.

The bill does not justify such risks.

Consider its two major provisions—the so-called investment credit and the tax on controlled foreign corporations.

Talk about closing loopholes. The investment credit is the biggest loophole and unwarranted subsidy ever seriously considered by the Congress. It is an outright subsidy of almost $2 billion to a segment of the business community which business neither seeks nor wants.

It isn't often that we find the AFL–CIO, the NAM and the chamber of commerce all in bed together—but they all agree that this provision is unsound.

It can be supported by business only on the very selfish ground that they will be able to get their hands in the till and divide up $2 billion.

It is perfectly clear that the Treasury never intended this to be a permanent part of the code, but when the public wakes up to the absolute windfall that will be enjoyed by some, plus the inequities and discrimination it will visit upon others, the temporary nature of the provision will be assured.

This credit has nothing to do with depreciation reform. It amounts, in essence, to payment by the Government of a part of the cost of buying certain depreciable property, but the taxpayer is not even required to adjust the basis of the asset by the amount of the credit, and this is the least that should be done.

It is supposed to be an incentive, but it applies to assets already placed in service just as long as it was subsequent to December 31 of last year.

What is needed is true depreciation reform. I have proposed that a provision for accelerated depreciation be substituted for the credit. It would permit an additional depreciation of 20 percent of the depreciation otherwise allowable.

This is not intended as the ultimate answer to the need for depreciation reform, but, coupled with the Treasury's consolidation and reduction of the useful lives prescribed in Bulletin F to be announced soon, it will at least be a move in the right direction.

The provision for applying withholding to dividends and interest is an administrative monstrosity, but the proposal to tax the undistributed earnings of controlled foreign corporations is not only that but highly dangerous as well.

Everyone talks about the need to simplify the code. If you want to see a tax nightmare, take a good look at section 13 of the tax bill, then get in a good supply of aspirin.

Section 13 contains an attack on American-owned business in foreign countries unprecedented in its harshness, its complexity, and its irrationality.

At this decisive time, when the smallness of the world has just been dramatically and heroically demonstrated, and when we have every reason to be thankful to American-owned business overseas for contributing to our balance of trade by providing a market for American-made products and contributing to our balance of payments by returning dividends and interest to this country, the bill unleashes an unprovoked attack on methods of doing business.

Entirely aside from its drastic substantive effects, this provision would discourage Americans from attempting to compete abroad merely because of its inordinate complexity.

One example: Section 13 is not content with taxing royalties actually received as such by foreign corporations. It proposes to impute royalties to a foreign corporation. Royalty income would be imputed to foreign corporations which have income from sales of manufactured items where it can be argued that part of the sales income is attributable to the use of patents, formulas, copyrights, or processes developed in the United States.

It means, for example, that any American-owned foreign corporation selling products abroad will be forced to allocate some portion of its sales proceeds to the patent or process and this will be taxed to the U.S. shareholder as royalty income.

The Treasury has complained about the difficulty of administering section 482 and the man-hours of revenue agents' time required to allocate income properly. By comparison to the problems that will arise from trying to impute royalty income, the administration of section 482 is a revenue agent's dream.

In my 16 years on the Ways and Means Committee, I have come to recognize the lust of the Treasury for complexities and their insatiable appetite for authority to make rules and regulations. I cannot, for the life of me, however, understand the philosophy behind section 13, and I cannot believe that the Senate, when it studies its far-ranging implications, will not reverse the mistake made by the House in adopting it.

Our immediate needs, if we are to develop sound tax policy, are apparent:

The current tax bill should provide for a constructive step toward depreciation reform instead of a discriminatory subsidy which will neither provide incentive toward the kind of investment we need nor provide a basis upon which such investment can be planned. It should take care of genuine foreign tax havens instead of penalizing and making impossible the efforts of American business to compete in a world which is growing more competitive every minute.

Future tax bills should be aimed at true tax reform and not at tax law juggling. The attack must be upon the excessingly high rates and the practical confiscations of profits and capital resulting from the present law if we are to evolve a truly growth-producing tax structure.

The basic need is an attitude toward Government spending which will not only strengthen our domestic and world economic and monetary position but will provide the leeway we desperately need for the kind of meaningful tax reform which we must have if we are successfully to compete in the new world in which we live. We need to discipline ourselves to the urgencies of the hour, for the race which looms ahead will go to the lean and self-reliant and not to the fat and well coddled.

Mr. MILLER. Mr. President, on Saturday, March 31, there appeared in the New York Daily Mirror an excellent editorial attacking the proposed withholding of tax on interest and dividends. Although such a provision is not in the bill, so many statements in favor of that proposal have been made that I believe it well to have the editorial brought to the attention of the readers of the Congressional Record. Therefore, I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Fiasco of a Tax Bill

Knuckling under to the administration's pressure and prodding, the House has passed the tax revision bill which President Kennedy labeled a "must." We can only hope that the Senate will exhibit stronger resolve and better judgment than did the House and will take a long, realistic look at the absurdities, inequities and failings of the legislation.

Apart from the enormous bureaucratic mushrooming and staggering expense that will be required to administer the bill if it ever becomes law, the package can be criticized on many scores. Today, we intend to confine our remarks to the proposal to withhold 20 percent of interest paid on savings accounts.

Presumably, by imposing a withholding tax on dividend and interest money, the bill will produce an extra $650 million in revenue. Nobody argues that tax delinquents and deadbeats should not be forced to pay their share. But has Congress fully considered the administrative cost, the consequences and the unfairness of collecting this "extra revenue" by this method?

The way it will work with savings accounts is that a flat 20 percent will be withheld on interest credited to the depositor. This 20 percent will be lopped off his account whether or not he actually owes the money in taxes.

In other words, Uncle Sam will automatically get his fat cut of every saver's earned interest even where the Government isn't entitled to it.

Now, what happens when the saver wants that cut returned to him because his tax liability will not be high enough to warrant the application of this 20 percent levy on interest? Well, the saver merely has to make application for a refund and then cool his heels while his claim goes through the usual bureaucratic processing—and millions of taxpayers can testify from experience how long and agonizing is the wait for a refund.

### THE ABSURDITIES NEVER END

Moreover, the saver has to make application for this refund every single time the bank credits his account with earned interest. Thus, if interest is credited quarterly, the depositor, deprived of 20 percent of the money, must petition the Government to give it back to him four times a year.

Regular saving and the compounding of interest has been a cornerstone of this country's economy. Traditionally, by leaving his money in the bank, a depositor earns interest on every penny of his interest.

But now, only 80 percent of his earned interest can begin earning new interest immediately. The remaining 20 percent will have been handed over to the Government in anticipation of a tax bill which the depositor may never have to pay. When this 20 percent is refunded, it will have been deprived of its earning capacity for whatever length of time the Government held on to it.

The absurdities don't end there, either. The Government gets its 20 percent rakeoff even if the saver is a child, a nonworking dependent, or an elderly widow.

If such persons wish to be exempted from the withholding tax, they must file a certificate with the institution where their money is on deposit. This might be all right for people who are aware of this provision in the law and understand its import. But how about all the others, and we can presume there will be great numbers of them, who do not know that such a certificate must be filed or neglect to do so for one reason or another?

Going one step further, who knows how many tens of thousands of persons will never file their refund claims for tax deductions on earned interest because they do not understand the machinations of this complicated legislation?

The bookkeeping, correspondence, and recordkeeping that this new withholding system will involve is fearsome to contemplate.

There must surely be a better way to catch up with the taxpayers who fail to report their interest and dividend earnings.

The PRESIDING OFFICER. One minute remains.

Mr. MANSFIELD. Mr. President, I yield back 1 minute.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Is the vote to be taken at the conclusion of the debate or at 1:15, the time agreed to?

The PRESIDING OFFICER. The vote is to come immediately following conclusion of the debate.

Mr. MANSFIELD. Mr. President, on the question of whether the bill shall pass, have the yeas and nays been ordered?

The PRESIDING OFFICER. No.

Mr. MANSFIELD. Mr. President, on this question I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from Tennessee [Mr. Gore]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

Mr. KEFAUVER. Mr. President, on this vote I have a pair with the Senator from Missouri [Mr. Symington]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

The vote was recapitulated.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. Eastland], the Senator from Washington [Mr. Magnuson], the Senator from Oregon [Mrs. Neuberger], and the Senator from Tennessee [Mr. Gore] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Wyoming [Mr. Hickey], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from Nevada [Mr. Bible], the Senator from Mississippi [Mr. Eastland] and the Senator from Washington [Mr. Magnuson] would each vote "yea."

On this vote, the Senator from Wyoming [Mr. Hickey], is paired with the Senator from Oregon [Mrs. Neuberger]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Oregon would vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Arizona [Mr. Goldwater], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senators from Vermont [Mr. Aiken and Mr. Prouty] are absent on official business.

If present and voting, the Senator from Vermont [Mr. Aiken], the Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], and the Senator from New Hampshire [Mr. Murphy] would each vote "yea."

On this vote, the Senator from Kentucky [Mr. Morton] is paired with the Senator from Arizona [Mr. Goldwater]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Arizona would vote "nay."

The result was announced—yeas 59, nays 24, as follows:

[No. 247 Leg.]

YEAS—59

Allott
Beall
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Chavez
Church
Cooper
Cotton
Dirksen
Dodd
Ellender
Engle
Ervin
Fong
Fulbright
Hartke
Hayden
Hill
Holland
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
McCarthy
McClellan
McGee
Metcalf
Monroney
Moss
Mundt
Muskie
Pastore
Pearson
Pell
Randolph
Robertson
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Talmadge
Wiley
Williams, N.J.
Young, N. Dak.
Young, Ohio

**NAYS—24**

Bartlett
Boggs
Burdick
Bush
Clark
Curtis
Douglas
Gruening
Hart
Hickenlooper
Hruska
Keating
Lausche
McNamara
Miller
Morse
Proxmire
Russell
Saltonstall
Stennis
Thurmond
Tower
Williams, Del.
Yarborough

**NOT VOTING—17**

Aiken
Anderson
Bennett
Bible
Bottum
Eastland
Goldwater
Gore
Hickey
Kefauver
Magnuson
Mansfield
Morton
Murphy
Neuberger
Prouty
Symington

So the bill (H.R. 10650) was passed.

Mr. KERR. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. BYRD of Virginia. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon; and that the Presiding Officer appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Smathers, Mr. Williams of Delaware, Mr. Carlson and Mr. Bennett conferees on the part of the Senate.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that the bill, H.R. 10650, be printed with the amendments of the Senate numbered; and that in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in sections, subsections, et cetera, designations, table of contents, and cross references thereto.

The PRESIDING OFFICER (Mr. Hart in the chair). Is there objection to the request by the Senator from Virginia? The Chair hears none, and it is so ordered.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 973, H.R. 10.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals, which had been reported from the Committee on Finance, with amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Self-Employed Individuals Tax Retirement Act of 1961".

Sec. 2. Qualification of Plans.

Section 401 of the Internal Revenue Code of 1954 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended—

(1) by adding at the end of paragraph (5) of subsection (a) the following new sentence: "For purposes of this paragraph and paragraph (10), the total compensation of an individual who is an employee within the meaning of subsection (c)(1) means such individual's earned income (as defined in subsection (c)(2)), and the basic or regular rate of compensation of such an individual shall be determined, under regulations prescribed by the Secretary or his delegate, with respect to that portion of his earned income which bears the same ratio to his earned income as the basic or regular compensation of the employees under the plan bears to the total compensation of such employees.";

(2) by adding at the end of subsection (a) the following new paragraphs:

"(7) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that, upon its termination or upon complete discontinuance of contributions under the plan, the rights of all employees to benefits accrued to the date of such termination or discontinuance, to the extent then funded, or the amounts credited to the employees' accounts, are nonforfeitable. This paragraph shall not apply to benefits or contributions which, under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by paragraph (4), may not be used for designated employees in the event of early termination of the plan.

"(8) A trust forming part of a pension plan shall not constitute a qualified trust under this section unless the plan provides that forfeitures must not be applied to inincrease the benefits any employeee would otherwise receive under the plan.

"(9) In the case of a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of subsection (c)(1), a trust forming part of such plan shall not constitute a qualified trust under this section unless, under the plan, the entire interest of each employee—

"(A) either will be distributed to him not later than his taxable year in which he attains the age of 70½ years, or, in the case of an employee other than an owner-employee (as defined in subsection (c)(3)), in which he retires, whichever is the later, or

"(B) will be distributed, commencing not later than such taxable year, (i) in accordance with regulations prescribed by the Secretary or his delegate, over the life of such employee or over the lives of such employee and his spouse, or (ii) in accordance with such regulations, over a period not extending beyond the life expectancy of such employee or the life expectancy of such employee and his spouse.

"(10) In the case of a plan which provides contributions or benefits for employees some or all of whom are owner-employees (as defined in subsection (c)(3))—

"(A) paragraph (3) and the first and second sentences of paragraph (5) shall not apply, but—

"(i) such plan shall not be considered discriminatory within the meaning of paragraph (4) merely because the contributions or benefits of or on behalf of employees under the plan bear a uniform relationship to the total compensation, or the basic or regular rate of compensation, of such employees, and

"(ii) such plan shall not be considered discriminatory within the meaning of paragraph (4) solely because under the plan contributions described in subsection (e)(3)(A) which are in excess of the amounts which may be deducted under section 404 (determined without regard to section 404(a)(10)) for the taxable year may be made on behalf of any owner-employee; and

"(B) a trust forming a part of such plan shall constitute a qualified trust under this section only if the requirements in subsection (d) are also met."; and

(3) by redesignating subsection (c) as subsection (h) and inserting after subsection (b) the following new subsections:

"(c) Definitions and Rules Relating to Self-Employed Individuals and Owner-Employees.—For purposes of this section—

"(1) Employee.—The term 'employee' includes, for any taxable year, an individual who has earned income (as defined in paragraph (2)) for the taxable year. To the extent provided in regulations prescribed by the Secretary or his delegate, such term also includes, for any taxable year—

"(A) an individual who would be an employee within the meaning of the preceding sentence but for the fact that the trade or business carried on by such individual did not have net profits for the taxable year, and

"(B) an individual who has been an employee within the meaning of the preceding sentence for any prior taxable year.

"(2) Earned income.—

"(A) In general.—The term 'earned income' means the net earnings from self-employment (as defined in section 1402(a)) to the extent that such net earnings constitute earned income (as defined in section 911(b) but determined with the application of subparagraph (B)), but such net earnings shall be determined—

"(i) without regard to paragraphs (4) and (5) of section 1402(c),

"(ii) in the case of any individual who is treated as an employee under sections 3121 (d)(3) (A), (C), or (D), without regard to paragraph (2) of section 1402(c), and

"(iii) without regard to items which are not included in gross income for purposes of this chapter, and the deductions properly allocable to or chargeable against such items.

For purposes of subparagraph (A), sections 911(b) and 1402, as in effect for a taxable year ending on December 31, 1961, and subparagraph (B), as in effect for a taxable year beginning on January 1, 1962, shall be treated as having been in effect for all taxable years ending before such date.

"(B) Earned income when both personal services and capital are material income-producing factors.—In applying section 911(b) for purposes of subparagraph (A), in the case of an individual who is an employee within the meaning of paragraph (1) and who is engaged in a trade or business in which both personal services and capital are material income-producing factors and with respect to which the individual actually renders personal services on a full-time, or substantially full-time, basis, so much of his share of the net profits of such trade or business as does not exceed $2,500 shall be considered as earned income. In the case of any such individual who is engaged in more than one trade or business with respect to which he actually renders substantial personal services, if, with respect to all such trades or businesses he actually renders personal services on a full-time, or substantially full-time, basis, there shall be considered as earned income with respect to the trades or businesses in which both personal services and capital are material income-producing factors—

"(i) so much of his share of the net profits of such trades or businesses as does not exceed $2,500, reduced by

"(ii) his share of the net profits of any trade or business in which only personal services is a material income-producing factor.

The preceding sentences shall not be construed to reduce the share of net profits of any trade or business which under the second sentence of section 911(b) would be considered as earned income of any such individual.

"(3) OWNER-EMPLOYEE.—The term 'owner-employee' means an employee who—

"(A) owns the entire interest in an unincorporated trade or business, or

"(B) in the case of a partnership, is a partner who owns more than 10 percent of either the capital interest or the profits interest in such partnership.

To the extent provided in regulations prescribed by the Secretary or his delegate, such term also means an individual who has been an owner-employee within the meaning of the preceding sentence.

"(4) EMPLOYER.—An individual who owns the entire interest in an unincorporated trade or business shall be treated as his own employer. A partnership shall be treated as the employer of each partner who is an employee within the meaning of paragraph (1).

"(5) CONSTRUCTIVE OWNERSHIP.—An individual shall be treated as owning any interest in an unincorporated trade or business which is owned, directly or indirectly, by his spouse or minor children. An individual who owns any interest in an unincorporated trade or business or is an employee of such trade or business shall be treated as owning any interest in such unincorporated trade or business which is owned, directly or indirectly, by his ancestors or lineal descendants. Any interest treated as owned by any individual by reason of the application of the preceding sentences shall not be treated as owned by him for the purpose of applying such sentences in order to make any other individual the constructive owner of such interest. For purposes of this paragraph, a legally adopted child of an individual shall be treated as a child of such individual by blood.

"(6) CONTRIBUTIONS ON BEHALF OF OWNER-EMPLOYEES.—The term 'contribution on behalf of an owner-employee' includes, except as the context otherwise requires, a contribution under a plan—

"(A) by the employer for an owner-employee, and

"(B) by an owner-employee as an employee.

"(d) ADDITIONAL REQUIREMENTS FOR QUALIFICATION OF TRUSTS AND PLANS BENEFITING OWNER-EMPLOYEES.—A trust forming part of a pension or profit-sharing plan which provides contributions or benefits for employees some or all of whom are owner-employees shall constitute a qualified trust under this section only if, in addition to meeting the requirements of subsection (a), the following requirements of this subsection are met by the trust and by the plan of which such trust is a part:

"(1) In the case of a trust which is created on or after the date of the enactment of this subsection, or which was created before such date but is not exempt from tax under section 501(a) as an organization described in subsection (a) on the day before such date, the trustee is a bank, but a person (including the employer) other than a bank may be granted, under the trust instrument, the power to control the investment of the trust funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, and exchanges). This paragraph shall not apply to a trust created or organized outside the United States before the date of the enactment of this subsection if, under section 402(c), it is treated as exempt from tax under section 501(a) on the day before such date. For purposes of this paragraph, the term 'bank' means a bank as defined in section 581, a corporation which under the laws of the State of its incorporation is subject to supervision and examination by the commissioner of banking or other officer of such State in charge of the administration of the banking laws of such State, and, in the case of a trust created or organized outside the United States, a bank or trust company, wherever incorporated, exercising fiduciary powers and subject to supervision and examination by governmental authority.

"(2) Under the plan—

"(A) the employees' rights to or derived from the contributions under the plan are nonforfeitable at the time the contributions are paid to or under the plan; and

"(B) in the case of a profit-sharing plan, there is a definite formula for determining the contributions to be made by the employer on behalf of employees (other than owner-employees).

Subparagraph (A) shall not apply to contributions which, under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by subsection (a)(4), may not be used to provide benefits for designated employees in the event of early termination of the plan.

"(3) The plan benefits each employee having a period of employment of 3 years or more. For purposes of the preceding sentence, the term 'employee' does not include any employee whose customary employment is for not more than 20 hours in any one week or is for not more than 5 months in any calendar year.

"(4) Under the plan—

"(A) contributions or benefits are not provided for any owner-employee unless such owner-employee has consented to being included under the plan; and

"(B) no benefits may be paid to any owner-employee, except in the case of his becoming disabled (within the meaning of section 213(g)(3)), prior to his attaining the age of 59½ years.

"(5) The plan does not permit—

"(A) contributions to be made by the employer on behalf of any owner-employee in excess of the amounts which may be deducted under section 404 (determined without regard to section 404(a)(10)) for the taxable year;

"(B) in the case of a plan which provides contributions or benefits only for owner-employees, contributions to be made on behalf of any owner-employee in excess of the amounts which may be deducted under section 404 (determined without regard to section 404(a)(10)) for the taxable year; and

"(C) if a distribution under the plan is made to any employee and if any portion of such distribution is an amount described in section 72(m)(5)(A)(i), contributions to be made on behalf of such employee for the 5 taxable years succeeding the taxable year in which such distribution is made.

Subparagraphs (A) and (B) shall not apply to any contribution which is not considered to be an excess contribution (as defined in subsection (e)(1)) by reason of the application of subsection (e)(3).

"(6) Except as provided in this paragraph, the plan meets the requirements of subsection (a)(4) without taking into account for any purpose contributions or benefits under chapter 2 (relating to tax on self-employment income), chapter 21 (relating to Federal Insurance Contributions Act), title II of the Social Security Act, as amended, or any other Federal or State law. If—

"(A) of the contributions deductible under section 404 (determined without regard to section 404(a)(10)), not more than one-third is deductible by reason of contributions by the employer on behalf of owner-employees, and

"(B) taxes paid by the owner-employees under chapter 2 (relating to tax on self-employment income), and the taxes which would be payable under such chapter 2 by the owner-employees but for paragraphs (4) and (5) of section 1402(c), are taken into account as contributions by the employer on behalf of such owner-employees,

then taxes paid under section 3111 (relating to tax on employers) with respect to an employee may, for purposes of subsection (a)(4), be taken into account as contributions by the employer for such employee under the plan.

"(7) Under the plan, if an owner-employee dies before his entire interest has been distributed to him, or if distribution has been commenced in accordance with subsection (a)(9)(B) to his surviving spouse and such surviving spouse dies before his entire interest has been distributed to such surviving spouse, his entire interest (or the remaining part of such interest if distribution thereof has commenced) will, within 5 years after his death (or the death of his surviving spouse), be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse) which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which will be immediately distributed to such beneficiary or beneficiaries. The preceding sentence shall not apply if distribution of the interest of an owner-employee has commenced and such distribution is for a term certain over a period permitted under subsection (a)(9)(B)(ii).

"(8) Under the plan—

"(A) any contribution which is an excess contribution, together with the income attributable to such excess contribution, is (unless subsection (e)(2)(E) applies) to be repaid to the owner-employee on whose behalf such excess contribution is made;

"(B) if for any taxable year the plan does not, by reason of subsection (e)(2)(A), meet (for purposes of section 404) the requirements of this subsection with respect to an owner-employee, the income for the taxable year attributable to the interest of such owner-employee under the plan is to be paid to such owner-employee; and

"(C) the entire interest of an owner-employee is to be repaid to him when required by the provisions of subsection (e)(2)(E).

"(9)(A) If the plan provides contributions or benefits for an owner-employee who controls, or for two or more owner-employees who together control, the trade or business with respect to which the plan is established, and who also control as an owner-employee or as owner-employees one or more other trades or businesses, such plan and the plans established with respect to such other trades or businesses, when coalesced, constitute a single plan which meets the requirements of subsection (a) (including paragraph (10) thereof) and of this subsection with respect to the employees of all such trades or businesses (including the trade or business with respect to which the plan intended to qualify under this section is established).

"(B) For purposes of subparagraph (A), an owner-employee, or two or more owner-employees, shall be considered to control a trade or business if such owner-employee, or such two or more owner-employees together—

"(i) own the entire interest in an unincorporated trade or business, or

"(ii) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in such partnership.

For purposes of the preceding sentence, an owner-employee, or two or more owner-employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such owner-employee, or such two or more owner-employees, are considered to control within the meaning of the preceding sentence.

"(10) The plan does not provide contributions or benefits for any owner-employee who controls (within the meaning of paragraph (9)(B)), or for two or more owner-employees who together control, as an owner-employee or as owner-employees, any other trade or business, unless the employees of each trade or business which such owner-employee or such owner-employees control are included under a plan which meets the requirements of subsection (a) (including paragraph (10) thereof) and of this subsection, and provides contributions and benefits for employees which are not less favorable than contributions and benefits provided for owner-employees under the plan.

"(11) Under the plan, contributions on behalf of any owner-employee may be made only with respect to the earned income of such owner-employee which is derived from the trade or business with respect to which such plan is established.

"(e) Excess Contributions on Behalf of Owner-Employees.—

"(1) Excess contribution defined.—For purposes of this section, the term 'excess contribution' means, except as provided in paragraph (3)—

"(A) if, in the taxable year, contributions are made under the plan only on behalf of owner-employees, the amount of any contribution made on behalf of any owner-employee which (without regard to this subsection) is not deductible under section 404 (determined without regard to section 404(a)(10)) for the taxable year; or

"(B) if, in the taxable year, contributions are made under the plan on behalf of employees other than owner-employees—

"(i) the amount of any contribution made by the employer on behalf of any owner-employee which (without regard to this subsection) is not deductible under section 404 (determined without regard to section 404(a)(10)) for the taxable year;

"(ii) the amount of any contribution made by any owner-employee (as an employee) at a rate which exceeds the rate of contributions permitted to be made by employees other than owner-employees;

"(iii) the amount of any contribution made by any owner-employee (as an employee) which exceeds the lesser of $2,500 or 10 percent of the earned income for such taxable year derived by such owner-employee from the trade or business with respect to which the plan is established; and

"(iv) in the case of any individual on whose behalf contributions are made under more than one plan as an owner-employee, the amount of any contribution made by such owner-employee (as an employee) under all such plans which exceeds $2,500; and

"(C) the amount of any contribution made on behalf of an owner-employee in any taxable year for which, under paragraph (2)(A) or (E), the plan does not (for purposes of section 404) meet the requirements of subsection (d) with respect to such owner-employee.

For purposes of this subsection, the amount of any contribution which is allocable (determined in accordance with regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance shall not be taken into account.

"(2) Effect of excess contribution.—

"(A) In general.—If an excess contribution (other than an excess contribution to which subparagraph (E) applies) is made on behalf of an owner-employee in any taxable year, the plan with respect to which such excess contribution is made shall, except as provided in subparagraphs (C) and (D), be considered, for purposes of section 404, as not meeting the requirements of subsection (d) with respect to such owner-employee for the taxable year and for all succeeding taxable years.

"(B) Inclusion of amounts in gross income of owner-employees.—For any taxable year for which any plan does not meet the requirements of subsection (d) with respect to an owner-employee by reason of subparagraph (A), the gross income of such owner-employee shall, for purposes of this chapter, include the amount of income for such taxable year attributable to the interest of such owner-employee under such plan.

"(C) Repayment within prescribed period.—Subparagraph (A) shall not apply to an excess contribution with respect to any taxable year, if, on or before the close of the 6-month period beginning on the day on which the Secretary or his delegate sends notice (by certified or registered mail) to the person to whom such excess contribution was paid of the amount of such excess contribution, the amount of such excess contribution, and the income attributable thereto, is repaid to the owner-employee on whose behalf such excess contribution was made. If the excess contribution is an excess contribution as defined in paragraph (1)(A) or (B)(i), or is an excess contribution as defined in paragraph (1)(C) with respect to which a deduction has been claimed under section 404, the notice required by the preceding sentence shall not be mailed prior to the time that the amount of the tax under this chapter of such owner-employee for the taxable year in which such excess contribution was made has been finally determined.

"(D) Repayment after prescribed period.—If an excess contribution, together with the income attributable thereto, is not repaid within the 6-month period referred to in subparagraph (C), subparagraph (A) shall not apply to an excess contribution with respect to any taxable year beginning with the taxable year in which the person to whom such excess contribution was paid repays the amount of such excess contribution to the owner-employee on whose behalf such excess contribution was made, and pays to such owner-employee the amount of income attributable to the interest of such owner-employee which, under subparagraph (B), has been included in the gross income of such owner-employee for any prior taxable year.

"(E) Special rule if excess contribution was willfully made.—If an excess contribution made on behalf of an owner-employee is determined to have been willfully made, then—

"(i) subparagraphs (A), (B), (C), and (D) shall not apply with respect to such excess contribution;

"(ii) there shall be distributed to the owner-employee on whose behalf such excess contribution was willfully made his entire interest in all plans with respect to which he is an owner-employee; and

"(iii) no plan shall, for purposes of section 404, be considered as meeting the requirements of subsection (d) with respect to such owner-employee for the taxable year in which it is determined that such excess contribution was willfully made and for the 5 taxable years following such taxable year.

"(F) Statute of limitations.—In any case in which subparagraph (A) applies, the period for assessing any deficiency arising by reason of—

"(i) the disallowance of any deduction under section 404 on account of a plan not meeting the requirements of subsection (d) with respect to the owner-employee on whose behalf an excess contribution was made, or

"(ii) the inclusion, under subparagraph (B), in gross income of such owner-employee of income attributable to the interest of such owner-employee under a plan,

for the taxable year in which such excess contribution was made or for any succeeding taxable year shall not expire prior to one year after the close of the 6-month period referred to in subparagraph (C).

"(3) Contributions for premiums on annuity, etc., contracts.—A contribution by the employer on behalf of an owner-employee shall not be considered to be an excess contribution within the meaning of paragraph (1), if—

"(A) under the plan such contribution is required to be applied (directly or through a trustee) to pay premiums or other consideration for one or more annuity, endowment, or life insurance contracts on the life of such owner-employee issued under the plan,

"(B) the amount of such contribution exceeds the amount deductible under section 404 (determined without regard to section 404(a)(10)) with respect to contributions made by the employer on behalf of such owner-employee under the plan, and

"(C) the amount of such contribution does not exceed the average of the amounts which were deductible under section 404 (determined without regard to section 404(a)(10)) with respect to contributions made by the employer on behalf of such owner-employee under the plan (or which would have been deductible under such section if such section had been in effect) for the first 3 taxable years (i) preceding the year in which the last such annuity, endowment, or life insurance contract was issued under the plan and (ii) in which such owner-employee derived earned income from the trade or business with respect to which the plan is established, or for so many of such taxable years as such owner-employee was engaged in such trade or business and derived earned income therefrom.

"In the case of any individual on whose behalf contributions described in subparagraph (A) are made under more than one plan as an owner-employee during any taxable year, the preceding sentence shall not apply if the amount of such contributions under all such plans for such taxable year exceeds $2,500. Any contribution which is not considered to be an excess contribution by reason of the application of this paragraph shall, for purposes of subparagraphs (B) (ii), (iii), and (iv) of paragraph (1), be taken into account as a contribution made by such owner-employee as an employee to the extent that the amount of such contribution is not deductible under section 404 (determined without regard to section 404(a)(10)) for the taxable year, but only for the purpose of applying such subparagraphs to other contributions made by such owner-employee as an employee.

"(f) Certain Custodial Accounts.—

"(1) Treatment as qualified trust.—For purposes of this title, a custodial account shall be treated as a qualified trust under this section, if—

"(A) such custodial account would, except for the fact that it is not a trust, constitute a qualified trust under this section;

"(B) the custodian is a bank (as defined in subsection (d)(1));

"(C) the investment of the funds in such account (including all earnings) is to be made—

"(i) solely in regulated investment company stock with respect to which an employee is the beneficial owner, or

"(ii) solely in annuity, endowment, or life insurance contracts issued by an insurance company;

"(D) the shareholder of record of any such stock described in subparagraph (C)(i) is the custodian or its nominee; and

"(E) the contracts described in subparagraph (C)(ii) are held by the custodian until distributed under the plan.

For purposes of this title, in the case of a custodial account treated as a qualified trust under this section by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"(2) Definition.—For purposes of paragraph (1), the term 'regulated investment company' means a domestic corporation which—

"(A) is a regulated investment company within the meaning of section 851(a), and

"(B) issues only redeemable stock.

"(g) Annuity Defined.—For purposes of this section and sections 402, 403, and 404, the term 'annuity' includes a face-amount certificate, as defined in section 2(a)(15) of the Investment Company Act of 1940 (15 U.S.C. sec. 80a–2); but does not include any contract or certificate issued after December 31, 1961, which is transferable, if any person other than the trustee of a trust described in section 401(a) which is exempt from tax under section 501(a) is the owner of such contract or certificate."

Sec. 3. Deductibility of Contributions to Plans.

(a) Inclusion of Self-Employed Individuals.—Section 404(a) of the Internal Revenue Code of 1954 (relating to the deductibility of contributions to pension, annuity, profit-sharing, or stock bonus plans or plans of deferred compensation) is amended—

(1) by striking out in paragraph (2) "and (6)," and inserting in lieu thereof "(6), (7), and (8), and, if applicable, (9) and, in the case of a plan described in paragraph (9) of this subsection, which meets the requirements of section 401(a)(10) and of section 401(d) (other than paragraph (1)),"; and

(2) by adding after paragraph (7) the following new paragraphs:

"(8) Self-employed individuals.—In the case of a plan included in paragraph (1), (2), or (3) which provides contributions or benefits for employees some or all of whom are employees within the meaning of section 401(c)(1), for purposes of this section—

"(A) the term 'employee' includes an individual who is an employee within the meaning of section 401(c)(1), and the employer of such individual is the person treated as his employer under section 401(c)(4);

"(B) the term 'earned income' has the meaning assigned to it by section 401(c)(2);

"(C) the contributions to such plan on behalf of an individual who is an employee within the meaning of section 401(c)(1) shall be considered to satisfy the conditions of section 162 or 212 to the extent that such contributions do not exceed the earned income of such individual derived from the trade or business with respect to which such plan is established, and to the extent that such contributions are not allocable (determined in accordance with regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance; and

"(D) any reference to compensation shall, in the case of an individual who is an employee within the meaning of section 401(c)(1), be considered to be a reference to the earned income of such individual derived from the trade or business with respect to which the plan is established.

"(9) Plans benefiting owner-employees.—In the case of a plan included in paragraph (1), (2), or (3) which provides contributions or benefits for employees some or all of whom are owner-employees—

"(A) the limitations provided by paragraphs (1), (2), (3), and (7) on the amounts deductible for any taxable year shall be computed, with respect to contributions on behalf of employees (other than owner-employees), as if such employees were the only employees for whom contributions and benefits are provided under the plan;

"(B) the limitations provided by paragraphs (1), (2), (3), and (7) on the amounts deductible for any taxable year shall be computed, with respect to contributions on behalf of owner-employees—

"(i) as if such owner-employees were the only employees for whom contributions and benefits are provided under the plan, and

"(ii) without regard to paragraph (1) (D), the second and third sentences of paragraph (3), and the second sentence of paragraph (7); and

"(C) the amounts deductible under paragraphs (1), (2), (3), and (7), with respect to contributions on behalf of any owner-employee, shall not exceed the applicable limitation provided in subsection (e).

For purposes of this paragraph and subsections (e) and (f), the term 'owner-employee' has the meaning assigned to it by section 401(c)(3) (determined with the application of section 401(c)(5)).

"(10) Special limitation on amount allowed as deduction for self-employed individuals.—Notwithstanding any other provision of this section, the amount allowable as a deduction under paragraphs (1), (2), (3), and (7) in any taxable year with respect to contributions made on behalf of an individual who is an employee within the meaning of section 401(c)(1) shall be an amount equal to—

"(A) so much of the contributions made on behalf of such individual in such taxable year which are deductible under such paragraphs (determined with the application of paragraph (9) and of subsection (e) but without regard to this paragraph) as does not exceed $1,000, plus.

"(B) one-half of the contributions made on behalf of such individual in such taxable year which are deductible under such paragraphs (as so determined) as exceeds $1,000. For purposes of section 401, the amount which may be deleted, or the amount deductible, under this section with respect to contributions made on behalf of such individual shall be determined without regard to the preceding sentence."

(b) Limitations on Deductible Contributions on Behalf of Owner-Employees.—Section 404 of the Internal Revenue Code of 1954 (relating to the deductibility of contributions to pension, annuity, profit-sharing, or stock bonus plans or plans of deferred compensation) is amended by adding after subsection (d) the following new subsections:

"(e) Special Limitations for Owner-Employees.—

"(1) In general.—In the case of a plan included in subsection (a) (1), (2), or (3), which provides contributions or benefits for employees some or all of whom are owner-employees, the amounts deductible under subsection (a) (determined without regard to paragraph (10) thereof) in any taxable year with respect to contributions on behalf of any owner-employee shall, subject to the provisions of paragraph (2), not exceed $2,500, or 10 percent of the earned income derived by such owner-employee from the trade or business with respect to which the plan is established, whichever is the lesser.

"(2) Contributions made under more than one plan.—

"(A) Overall limitation.—In any taxable year in which amounts are deductible with respect to contributions under two or more plans on behalf of an individual who is an owner-employee with respect to such plans, the aggregate amount deductible for such taxable year under all such plans with respect to contributions on behalf of such owner-employee (determined without regard to subsection (a)(10)) shall not exceed $2,500.

"(B) Allocation of amounts deductible.—In any case in which the amounts deductible under subsection (a) (with the application of the limitations of this subsection) with respect to contributions made on behalf of an owner-employee under two or more plans are, by reason of subparagraph (A), less than the amounts deductible under such subsection determined without regard to such subparagraph, the amount deductible under subsection (a) (determined without regard to paragraph (10) thereof) with respect to such contributions under each such plan shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

"(3) Contributions allocable to insurance protection.—For purposes of this subsection, contributions which are allocable (determined under regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance shall not be taken into account.

"(f) Certain Loan Repayments Considered as Contributions.—For purposes of this section, any amount paid, directly or indirectly, by an owner-employee in repayment of any loan which under section 72(m)(4) (B) was treated as an amount received under a contract purchased by a trust described in section 401(a) which is exempt from tax under section 501(a) or purchased as a part of a plan described in section 403(a) shall be treated as a contribution to which this section applies on behalf of such owner-employee to such trust or to or under such plan."

Sec. 4. Taxability of Distributions.

(a) Employees' Annuities.—Section 72(d) (2) of the Internal Revenue Code of 1954 (relating to employees' annuities) is amended to read as follows:

"(2) Special rules for application of paragraph (1).—For purposes of paragraph (1)—

"(A) if the employee died before any amount was received as an annuity under the contract, the words 'receivable by the employee' shall be read as 'receivable by a beneficiary of the employee'; and

"(B) any contribution made wtih respect to the contract while the employee is an employee within the meaning of section 401 (c)(1) which is not allowed as a deduction under section 404 shall be treated as consideration for the contract contributed by the employee."

(b) Special Rules Relating to Self-Employed Individuals and Owner-Employees.—Section 72 of the Internal Revenue Code of 1954 (relating to annuities, etc.) is amended by redesignating subsection (m) as subsection (o) and by inserting after subsection (l) the following new subsections:

"(m) Special Rules Applicable to Employee Annuities and Distributions Under Employee Plans.—

"(1) Certain amounts received before annuity starting date.—Any amounts received under an annuity, endowment, or life insurance contract before the annuity starting date which are not received as an annuity (within the meaning of subsection (e)(2)) shall be included in the recipient's gross income for the taxable year in which received to the extent that—

"(A) such amounts, plus all amounts theretofore received under the contract and includible in gross income under this paragraph, do not exceed

"(B) the aggregate premiums or other consideration paid for the contract while the employee was an owner-employee which were allowed as deductions under section 404 for the taxable year and all prior taxable years.

Any such amounts so received which are not includible in gross income under this paragraph shall be subject to the provisions of subsection (e).

"(2) Computation of consideration paid by the employee.—In computing—

"(A) the aggregate amount of premiums or other consideration paid for the contract for purposes of subsection (c)(1)(A) (relating to the investment in the contract),

"(B) the consideration for the contract contributed by the employee for purposes of subsection (d)(1) (relating to employee's contributions recoverable in 3 years), and

"(C) the aggregate premiums or other consideration paid for purposes of subsection (e) (1) (B) (relating to certain amounts not received as an annuity),

any amount allowed as a deduction with respect to the contract under section 404 which was paid while the employee was an employee within the meaning of section 401(c)(1) shall be treated as consideration contributed by the employer, and there shall not be taken into account any portion of the premiums or other consideration for the contract paid while the employee was an owner-employee which is properly allocable (as determined under regulations prescribed by the Secretary or his delegate) to the cost of life, accident, health, or other insurance.

"(3) Life insurance contracts.—

"(A) This paragraph shall apply to any life insurance contract—

"(i) purchased as a part of a plan described in section 403(a), or

"(ii) purchased by a trust described in section 401(a) which is exempt from tax under section 501(a) if the proceeds of such contract are payable directly or indirectly to a participant in such trust or to a beneficiary of such participant.

"(B) Any contribution to a plan described in subparagraph (A)(i) or a trust described in subparagraph (A)(ii) which is allowed as a deduction under section 404, and any income of a trust described in subparagraph (A)(ii), which is determined in accordance with regulations prescribed by the Secretary or his delegate to have been applied to purchase the life insurance protection under a contract described in subparagraph (A), is includible in the gross income of the participant for the taxable year when so applied.

"(C) In the case of the death of an individual insured under a contract described in subparagraph (A), an amount equal to the cash surrender value of the contract immediately before the death of the insured shall be treated as a payment under such plan or a distribution by such trust, and the excess of the amount payable by reason of the death of the insured over such cash surrender value shall not be includible in gross income under this section and shall be treated as provided in section 101.

"(4) Amounts constructively received.—

"(A) Assignments or pledges.—If during any taxable year an owner-employee assigns (or agrees to assign) or pledges (or agrees to pledge) any portion of his interest in a trust described in section 401(a) which is exempt from tax under section 501 (a) or any portion of the value of a contract purchased as part of a plan described in section 403(a), such portion shall be treated as having been received by such owner-employee as a distribution from such trust or as an amount received under the contract.

"(B) Loans on contracts.—If during any taxable year, an owner-employee receives, directly or indirectly, any amount from any insurance company as a loan under a contract purchased by a trust described in section 401(a) which is exempt from tax under section 501(a) or purchased as part of a plan described in section 403(a), and issued by such insurance company, such amount shall be treated as an amount received under the contract.

"(5) Penalties applicable to certain amounts received by owner-employees.—

"(A) This paragraph shall apply—

"(i) to amounts (other than any amount received by an individual in his capacity as a policyholder of an annuity, endowment, or life insurance contract which is in the nature of a dividend or similar distribution) which are received from a qualified trust described in section 401(a) or under a plan described in section 403(a) and which are received by an individual, who is, or has been, an owner-employee, before such individual attains the age of 59½ years, for any reason other than the individual's becoming disabled (within the meaning of section 213(g) (3)), but only to the extent that such amounts are attributable to contributions paid on behalf of such individual (whether or not paid by him) while he was an owner-employee,

"(ii) to amounts which are received from a qualified trust described in section 401(a) or under a plan described in section 403(a) at any time by an individual who is, or has been, an owner-employee, or by the successor of such individual, but only to the extent that such amounts are determined, under regulations prescribed by the Secretary or his delegate, to exceed the benefits provided for such individual under the plan formula, and

"(iii) to amounts which are received, by an individual who is, or has been, an owner-employee, by reason of the distribution under the provisions of section 401(e)(2)(E) of his entire interest in all qualified trusts described in section 401(a) and in all plans described in section 403(a).

"(B)(i) If the aggregate of the amounts to which this paragraph applies received by any person in his taxable year equals or exceeds $2,500, the increase in his tax for the taxable year in which such amounts are received and attributable to such amounts shall not be less than 110 percent of the aggregate increase in taxes, for the taxable year and the 4 immediately preceding taxable years, which would have resulted if such amounts had been included in such person's gross income ratably over such taxable years.

"(ii) If deductions have been allowed under section 404 for contributions paid on behalf of the individual while he is an owner-employee for a number of prior taxable years less than 4, clause (i) shall be applied by taking into account a number of taxable years immediately preceding the taxable year in which the amount was so received equal to such lesser number.

"(C) If subparagraph (B) does not apply to a person for the taxable year, the increase in tax of such person for the taxable year attributable to the amounts to which this paragraph applies shall be 110 percent of such increase (computed without regard to this subparagraph).

"(D) Subparagraph (A)(ii) of this paragraph shall not apply to any amount to which section 402(a)(2) or 403(a)(2) applies.

"(E) For special rules for computation of taxable income for taxable years to which this paragraph applies, see subsection (n) (3).

"(6) Owner-employee defined.—For purposes of this subsection, the term 'owner-employee' has the meaning assigned to it by section 401(c)(3) (determined with the application of section 401(c)(5)).

"(n) Treatment of Certain Distributions With Respect to Contributions by Self-Employed Individuals.—

"(1) Application of subsection.—

"(A) Distributions by employees' trust.—Subject to the provisions of subparagraph (C), this subsection shall apply to amounts distributed to a distributee, in the case of an employees' trust described in section 401 (a) which is exempt from tax under section 501(a), if the total distributions payable to the distributee with respect to an employee are paid to the distributee within one taxable year of the distributee—

"(i) on account of the employee's death,

"(ii) after the employee has attained the age of 59½ years, or

"(iii) after the employee has become disabled (within the meaning of section 213 (g)(3)).

"(B) Annuity plans.—Subject to the provisions of subparagraph (C), this subsection shall apply to amounts paid to a payee, in the case of an annuity plan described in section 403(a), if the total amounts payable to the payee with respect to an employee are paid to the payee within one taxable year of the payee—

"(i) on account of the employee's death,

"(ii) after the employee has attained the age of 59½ years, or

"(iii) after the employee has become disabled (within the meaning of section 213(g) (3)).

"(C) Limitations and exceptions.—This subsection shall apply—

"(i) only with respect to so much of any distribution or payment to which (without regard to this subparagraph.) subparagraph (A) or (B) applies as is attributable to contributions made on behalf of an employee while he was an employee within the meaning of section 401(c)(1), and

"(ii) if the recipient is the employee on whose behalf such contributions were made, only if contributions which were allowed as a deduction under section 404 have been made on behalf of such employee while he was an employee within the meaning of section 401(c)(1) for 5 or more taxable years prior to the taxable year in which the total distributions payable or total amounts payable, as the case may be, are paid.

This subsection shall not apply to amounts described in clauses (ii) and (iii) of subparagraph (A) of subsection (m)(5) (but, in the case of amounts described in clause (ii) of such subparagraph, only to the extent that subsection (m)(5) applies to such amounts).

"(2) Limitation of tax.—In any case to which this subsection applies, the tax attributable to the amounts to which this subsection applies for the taxable year in which such amounts are received shall not exceed whichever of the following is the greater:

"(A) 5 times the increase in tax which would result from the inclusion in gross income of the recipient of 20 percent of so much of the amount so received as is includible in gross income, or

"(B) 5 times the increase in tax which would result if the taxable income of the recipient for such taxable year equaled 20 percent of the amount of the taxable income of the recipient for such taxable year determined under paragraph (3)(A).

"(3) Determination of taxable income.—Notwithstanding section 63 (relating to definition of taxable income), for purposes only of computing the tax under this chapter attributable to amounts to which this subsection or subsection (m)(5) applies and which are includible in gross income—

"(A) the taxable income of the recipient for the taxable year of receipt shall be treated as being not less than the amount by which (i) the aggregate of such amounts so includible in gross income exceeds (ii) the amount of the deductions allowed for such taxable year under section 151 (relating to deductions for personal exemptions); and

"(B) in making ratable inclusion computations under paragraph (5)(B) of subsection (m), the taxable income of the recipient for each taxable year involved in such ratable inclusion shall be treated as being not less than the amount required by such paragraph (5)(B) to be treated as includible in gross income for such taxable year.

In any case in which the preceding sentence results in an increase in taxable income for any taxable year, the resulting increase in the taxes imposed by section 1 or 3 for such taxable year shall not be reduced by any credit under part IV of subchapter A (other than section 31 thereof) which, but for this sentence, would be allowable."

(c) Capital Gains Treatment of Certain Employees' Trusts Distributions.—Section 402(a)(2) of the Internal Revenue Code of 1954 (relating to capital gains treatment for certain distributions) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to distributions paid to any distributee to the extent such distributions are attributable to contributions made on behalf of the employee while he was an employee within the meaning of section 401(c)(1)."

(d) Capital Gains Treatment of Certain Employees' Annuity Payments.—Section 403(a) of the Internal Revenue Code of 1954 (relating to taxability of a beneficiary under a qualified annuity plan) is amended—

(1) by striking out in paragraph (2)(A)(i) "which meets the requirements of section 401(a) (3), (4), (5), and (6)" and inserting in lieu thereof "described in paragraph (1)";

(2) by adding at the end of paragraph (2)(A) the following new sentence: "This subparagraph shall not apply to amounts paid to any payee to the extent such amounts are attributable to contributions made on behalf of the employee while he was an employee within the meaning of section 401(c)(1)."; and

(3) by adding after paragraph (2) the following new paragraph:

"(3) Self-employed individuals.—For purposes of this subsection, the term 'employee' includes an individual who is an employee within the meaning of section 401(c)(1), and the employer of such individual is the person treated as his employer under section 401(c)(4)."

### Sec. 5. Plans for Purchase of United States Bonds.

(a) Qualified Bond Purchase Plans.—Part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 (relating to deferred compensation, etc.) is amended by adding at the end thereof the following new section:

"Sec. 405. Qualified Bond Purchase Plans.

"(a) Requirements for Qualification.—A plan of an employer for the purchase for and distribution to his employees or their beneficiaries of United States bonds described in subsection (b) shall constitute a qualified bond purchase plan under this section if—

"(1) the plan meets the requirements of section 401(a) (3), (4), (5), (6), (7), and (8) and, if applicable, the requirements of section 401(a) (9) and (10) and of section 401(d) (other than paragraphs (1), (5)(B), and (8)); and

"(2) contributions under the plan are used solely to purchase for employees or their beneficiaries United States bonds described in subsection (b).

"(b) Bonds to Which Applicable.—

"(1) Characteristics of Bonds.—This section shall apply only to a bond issued under the Second Liberty Bond Act, as amended, which by its terms, or by regulations prescribed by the Secretary under such Act—

"(A) provides for payment of interest, or investment yield, only upon redemption;

"(B) may be purchased only in the name of an individual;

"(C) ceases to bear interest, or provide investment yield, not later than 5 years after the death of the individual in whose name it is purchased;

"(D) may be redeemed before the death of the individual in whose name it is purchased only if such individual—

"(i) has attained the age of 59½ years, or

"(ii) has become disabled (within the meaning of section 213(g)(3)); and

"(E) is nontransferable.

"(2) Must be purchased in name of employee.—This section shall apply to a bond described in paragraph (1) only if it is purchased in the name of the employee.

"(c) Deduction for Contributions to Bond Purchase Plans.—Contributions paid by an employer to or under a qualified bond purchase plan shall be allowed as a deduction in an amount determined under section 404 in the same manner and to the same extent as if such contributions were made to a trust described in section 401(a) which is exempt from tax under section 501(a).

"(d) Taxability of Beneficiary of Qualified Bond Purchase Plan.—

"(1) Gross income not to include bonds at time of distribution.—For purposes of this chapter, in the case of a distributee of a bond described in subsection (b) under a qualified bond purchase plan, or from a trust described in section 401(a) which is exempt from tax under section 501(a), gross income does not include any amount attributable to the receipt of such bond. Upon redemption of such bond, the proceeds shall be subject to taxation under this chapter, but the provisions of section 72 (relating to annuities, etc.) and section 1232 (relating to bonds and other evidences of indebtedness) shall not apply.

"(2) Basis.—The basis of any bond received by a distributee under a qualified bond purchase plan—

"(A) if such bond is distributed to an employee, or with respect to an employee, who at the time of purchase of the bond, was an employee other than an employee within the meaning of section 401(c)(1), shall be the amount of the contributions by the employee which were used to purchase the bond, and

"(B) if such bond is distributed to an employee, or with respect to an employee, who, at the time of purchase of the bond, was an employee within the meaning of section 401(c)(1), shall be the amount of the contributions used to purchase the bond which were made on behalf of such employee and were not allowed as a deduction under subsection (c).

The basis of any bond described in subsection (b) received by a distributee from a trust described in section 401(a) which is exempt from tax under section 501(a) shall be determined under regulations prescribed by the Secretary or his delegate.

"(e) Capital Gains Treatment Not To Apply to Bonds Distributed by Trusts.—Section 402(a)(2) shall not apply to any bond described in subsection (b) distributed to any distributee and, for purposes of applying such section, any such bond distributed to any distributee and any such bond to the credit of any employee shall not be taken into account.

"(f) Employee Defined.—For purposes of this section, the term 'employee' includes an individual who is an employee within the meaning of section 401(c)(1), and the employer of such individual shall be the person treated as his employer under section 401(c)(4).

"(g) Proof of Purchase.—At the time of purchase of any bond to which this section applies, proof of such purchase shall be furnished in such form as will enable the purchaser and the employee in whose name such bond is purchased, to comply with the provisions of this section.

"(h) Regulations—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section."

(b) Clerical Amendment.—The table of sections for such part is amended by adding at the end thereof the following new item:

"Sec. 405. Qualified bond purchase plans."

### Sec. 6. Prohibited Transactions.

Section 503 of the Internal Revenue Code of 1954 (relating to prohibited transactions) is amended by adding at the end thereof the following new subsection:

"(j) Trusts Benefiting Certain Owner-Employees.—

"(1) Prohibited transactions.—In the case of a trust described in section 401(a) which is part of a plan providing contributions or benefits for employees some or all of whom are owner-employees (as defined in section 401(c)(3)) who control (within the meaning of section 401(d)(9)(B), determined with the application of section 401(c)(5)) the trade or business with respect to which the plan is established, the term 'prohibited transaction' also means any transaction in which such trust, directly or indirectly—

"(A) lends any part of the corpus or income of the trust to;

"(B) pays any compensation for personal services rendered to the trust to:

"(C) makes any part of its services available on a preferential basis to; or

"(D) acquires for the trust any property from, or sells any property to;

any person described in subsection (c) or to any such owner-employee, a member of the family (as defined in section 267(c)(4)) of any such owner-employee, or a corporation controlled by any such owner-employee through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation.

"(2) Special rule for loans.—For purposes of the application of paragraph (1)(A), the following rules shall apply with respect to a loan made before the date of the enactment of this subsection which would be a prohibited transaction if made in a taxable year beginning after December 31, 1961:

"(A) If any part of the loan is repayable prior to December 31, 1964, the renewal of such part of the loan for a period not extending beyond December 31, 1964, on the same terms, shall not be considered a prohibited transaction.

"(B) If the loan is repayable on demand, the continuation of the loan beyond December 31, 1964, shall be considered a prohibited transaction."

### Sec. 7. Other Special Rules, Technical Changes, and Administrative Provisions.

(a) Retirement Income Credit.—Section 37(c)(1) of the Internal Revenue Code of 1954 (relating to definition of retirement income) is amended—

(1) by striking out subparagraph (A) and inserting in lieu thereof the following:

"(A) pensions and annuities (including, in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1), distributions by a trust described in section 401(a) which is exempt from tax under section 501(a)),"; and

(2) by striking out "and" at the end of subparagraph (C), by striking out "or" at the end of subparagraph (D) and inserting in lieu thereof "and", and by adding after subparagraph (D) the following new subparagraph:

"(E) bonds described in section 405(b)(1) which are received under a qualified bond purchase plan described in section 405(a) or in a distribution from a trust described in section 401(a) which is exempt from tax under section 501(a), or".

(b) Adjusted Gross Income.—Section 62 of the Internal Revenue Code of 1954 (relating to the definition of adjusted gross income) is amended by inserting after paragraph (6) the following new paragraph:

"(7) Pension, profit-sharing, annuity, and bond purchase plans of self-employed individuals.—In the case of an individual who is an employee within the meaning of section 401(c)(1), the deductions allowed by section 404 and section 405(c) to the extent attributable to contributions made on behalf of such individual."

(c) Death Benefits.—Section 101(b) of the Internal Revenue Code of 1954 (relating to employees' death benefits) is amended—

(1) by striking out clause (ii) of paragraph (2)(B) and inserting in lieu thereof the following:

"(ii) under an annuity contract under a plan described in section 403(a), or"; and

(2) by adding at the end thereof the following new paragraph:

"(3) Self-employed individual not considered an employee.—For purposes of this subsection, the term 'employee' does not include an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals)."

(d) Amounts Received Through Accident or Health Insurance.—Section 104(a) of the Internal Revenue Code of 1954 (relating to compensation for injuries or sickness) is amended by adding at the end thereof the following new sentence: "For purposes of paragraph (3), in the case of an individual who is, or has been, an employee within the meaning of section 401(c)(1) (relating to self-employed individuals), contributions made on behalf of such individual while he was such an employee to a trust described in section 401(a) which is exempt from tax under section 501(a), or under a plan described in section 403(a), shall, to the extent allowed as deductions under section 404, be treated as contributions by the employer which were not includible in the gross income of the employee."

(e) Amounts Received Under Accident and Health Plans.—Section 105 of the Internal Revenue Code of 1954 (relating to amounts received under accident and health plans) is amended by adding at the end thereof the following new subsection:

"(g) Self-Employed Individual Not Considered an Employee.—For purposes of this section, the term 'employee' does not include an individual who is an employee within the meaning of section 401(c)(1) (relating to self-employed individuals)."

(f) Net Operating Loss Deduction.—Section 172(d)(4) of the Internal Revenue Code of 1954 (relating to nonbusiness deductions of taxpayers other than corporations) is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by striking out the period at the end of subparagraph (C) and inserting "; and"; and

(3) by adding after subparagraph (C) the following new subparagraph:

"(D) any deduction allowed under section 404 or section 405(c) to the extent attributable to contributions which are made on behalf of an individual who is an employee within the meaning of section 401(c)(1) shall not be treated as attributable to the trade or business of such individual."

(g) Certain Life Insurance Reserves.—Section 805(d)(1) of the Internal Revenue Code of 1954 (relating to pension plan reserves) is amended—

(1) by striking out in subparagraph (B) "meeting the requirements of section 401(a) (3), (4), (5), and (6) or" and inserting in lieu thereof "described in section 403(a), or plans meeting"; and

(2) by striking out in subparagraph (C) "and (6)" and inserting in lieu thereof "(6), (7), and (8)".

(h) Unincorporated Businesses Electing To Be Taxed as Corporations.—Section 1361 (d) of the Internal Revenue Code of 1954 (relating to unincorporated business enterprises electing to be taxed as domestic corporations) is amended by inserting before the period at the end thereof the following: "other than an employee within the meaning of section 401(c)(1) (relating to self-employed individuals), or for purposes of section 405 (relating to qualified bond purchase plans) other than an employee described in section 405(f)".

(i) Estate Tax Exemption of Employees' Annuities.—Section 2039 of the Internal Revenue Code of 1954 (relating to exemption from the gross estate of annuities under certain trusts and plans) is amended—

(1) by striking out in subsection (c)(2) "met the requirements of section 401(a) (3), (4), (5), and (6)" and inserting "was a plan described in section 403(a)"; and

(2) by adding at the end of subsection (c) the following new sentence: "For purposes of this subsection, contributions or payments on behalf of the decedent while he was an employee within the meaning of section 401(c)(1) made under a trust or plan described in paragraph (1) or (2) shall be considered to be contributions or payments made by the decedent."

(1) by striking out in subsection (a)(2) Annuities.—Section 2517 of the Internal Revenue Code of 1954 (relating to exclusion from gift tax in case of certain annuities under qualified plans) is amended—

(1) by striking out in subsection (a)(2) "met the requirements of section 401(a) (3), (4), (5), and (6)" and inserting in lieu thereof "was a plan described in section 403(a)"; and

(2) by adding at the end of subsection (b) the following new sentence: "For purposes of this subsection, payments or contributions on behalf of an individual while he was an employee within the meaning of section 401(c)(1) made under a trust or plan described in subsection (a) (1) or (2) shall be considered to be payments or contributions made by the employee."

(k) Federal Unemployment Tax Act.—Section 3306(b)(5) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"(B) under or to an annuity plan which, at the time of such payment, is a plan described in section 403(a), or

"(C) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a);".

(l) Withholding of Income Tax.—Section 3401(a)(12) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"(B) under or to an annuity plan which, at the time of such payment, is a plan described in section 403(a); or

"(C) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a)."

(m) Information Requirements.—

(1) In general.—Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"Sec. 6047. Information Relating to Certain Trusts and Annuity and Bond Purchase Plans.

"(a) Trustees and Insurance Companies.—The trustee of a trust described in section 401(a) which is exempt from tax under section 501(a) to which contributions have been paid under a plan on behalf of any owner-employee (as defined in section 401(c)(3)), and each insurance company or other person which is the issuer of a contract purchased by such a trust, or purchased under a plan described in section 403(a), contributions for which have been paid on behalf of any owner-employee, shall file such returns (in such form and at such times), keep such records, make such identification of contracts and funds (and accounts within such funds), and supply such information, as the Secretary or his delegate shall by forms or regulations prescribe.

"(b) Owner-Employees.—Every individual on whose behalf contributions have been paid as an owner-employee (as defined in section 401(c)(3))—

"(1) to a trust described in section 401(a) which is exempt from the tax under section 501(a), or

"(2) to an insurance company or other person under a plan described in section 403(a),

shall furnish the trustee, insurance company, or other person, as the case may be, such information at such times and in such form and manner as the Secretary or his delegate shall prescribe by forms or regulations.

"(c) Employees Under Qualified Bond Purchase Plans.—Every individual in whose name a bond described in section 405(b)(1) is purchased by his employer under a qualified bond purchase plan described in section 450(a), or by a trust described in section 401(a) which is exempt from tax under section 501(a), shall furnish—

"(1) to his employer or to such trust, and

"(2) to the Secretary (or to such person as the Secretary may by regulations prescribe),

such information as the Secretary or his delegate shall by forms or regulations prescribe.

"(d) Cross Reference.—

"For criminal penalty for furnishing fraudulent information, see section 7207."

(2) Clerical amendment.—The table of sections for such subpart B is amended by adding at the end thereof the following:

"Sec. 6047. Information relating to certain trusts and annuity and bond purchase plans."

(3) Penalty.—Section 7207 of the Internal Revenue Code of 1954 (relating to fraudulent returns, statements, or other documents) is amended by adding at the end thereof the following new sentence: "Any person required pursuant to section 6047 (b) or (c) to furnish any information to the Secretary or any other person who willfully furnishes to the Secretary or such other person any information known by him to be fraudulent or to be false as to any material matter shall be fined not more than $1,000, or imprisoned not more than 1 year, or both."

Sec. 8. Effective Date.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1961.

## TRIBUTE TO SENATOR KERR

Mr. MANSFIELD. Mr. President, before the Senate begins consideration of H.R. 10, I wish to pay my respects to the distinguished Senator from Oklahoma [Mr. Kerr]. He has in his usual manner performed magnificently in managing the tax bill which has just been passed by the Senate.

It was not an easy task. It took 9 days of effort, of explaining, and of understanding. This was a highly technical bill, and very few Members of the Senate understood it in its entirety. One of the few who did was the floor general for the bill which has been passed.

I think we ought to recognize that of all the committees this year, the Finance Committee has had by far the heaviest load to carry. It is my belief that under the outstanding chairmanship of the Senator from Virginia [Mr. Byrd], it has done as well and better than could be expected in reporting proposed legislation to the Senate.

Mr. President, I could not let this occasion pass without paying a deserved tribute to the distinguished Senator from

Oklahoma for the outstanding work that he has done in explaining, in managing, and in looking after the bill on the floor of this body.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

Mr. MANSFIELD. Now, Mr. President, in accordance with the promise made, H.R. 10 is before this body. It is my hope that we shall be able to debate the bill as fully and as deliberately as we desire, but I also express the hope that before too long it will be possible to come to a decision on this bill, so that the will of the Senate can be made known and thereby final action brought to the measure.

---

## A STUDY IN HEROISM—SYNANON FOUNDATION, A NEW METHOD FOR TREATING NARCOTICS ADDICTS

Mr. DODD. Mr. President, as chairman of the Senate Subcommittee To Investigate Juvenile Delinquency, I spent the first week in August of this year holding hearings on the use of narcotic drugs by juveniles and young people in the State of California.

Drug addiction is one of the most baffling social and emotional diseases known to our society. It is a vicious affliction because it dehumanizes the individual, it takes away one's motivation, it destroys willpower, and it turns men and women into walking corpses moved about by a force beyond their control.

So far, in spite of all of the efforts put forth, we have failed to find a cure for this terrible illness. We have failed in psychiatric treatment methods; we have failed in medical treatment methods; and we have failed to eliminate narcotics addiction through punishment and correctional efforts.

In our Federal hospitals for drug addicts and in various State mental institutions and psychiatric clinics experts are continuously working with hundreds of patients. These scientists have found ways to cure the physiological dependence on drugs. But they have not devised successful methods to handle the emotional and psychological conflicts and deviancies which drive the potential victims of narcotics to escape reality, to run away from life, and to seek out the criminal drug peddler because they cannot face the ups and downs of everyday living without a "chemical crutch." Although psychiatrists and psychologists provide various types of therapy while the addict remains in the hospital, they have difficulty keeping him there once the physical effects of excessive drug use are eliminated. The addict returns to the city streets again and again to meet his contact because, although the doctors have cured his physiological dependence on drugs, they cannot give him the willpower to refrain from repeated addiction. Thus a vicious cycle begins anew. The addict's desire for the drug is so strong that he will steal and rob and even kill for it. And where there is demand, there is supply.

Increasingly stricter laws make the risks involved in dope pushing extremely high. However, even the death penalty for possession of opiate drugs will not eliminate the traffic as long as the demand is there, as long as those once poisoned must addict others who then in turn peddle the drug to support the habit, a habit over which they have no control, a habit which is stronger than some men's wills. As long as people demand drugs, as long as no cure is found for the affliction, the drug will be made available to them. The higher the risk, the higher the price, the higher the profit.

We must conclude that the only possible way to destroy this evil is to kill the desire to use the drug by those already addicted or those on the verge of contamination.

In view of past failures, I want to speak today about what may well be the first hopeful method of curing drug addicts that has ever been devised. In Santa Monica, Calif., I found a new social experiment operating on a small scale which, if followed through, studied, and improved by correctional experts, psychiatrists, and other social scientists may lead the way in the future to an effective treatment for not only drug addicts, but also criminals and juvenile delinquents guilty of other offenses. The program of which I speak, called Synanon, is operated in an abandoned armory where some 100 heroic ex-addicts, young men and women, live and work and counsel one another. A major part of the program is similar to group therapy in many respects, but it also contains elements that apparently are not present in any of the treatment methods attempted in correctional institutions, psychiatric clinics, or even in the two Federal hospitals for drug addicts existing in this country. The central ingredient of Synanon is the close-knit community, or perhaps family-type social climate where hardened drug addicts help each other to get another grip on life.

At Synanon these once desperate men and women find a kind of refuge from the life they could not bear, but more than that, they find often for the first time a place where they can rest and heal their wounds. And more important, they find hope for recovery from the disease most had come to regard as incurable.

At Synanon they find a family, a human group, a society where each individual can live as a member of the community rather than as a patient, an inmate, or a prisoner. It is this kind of a sheltered environment, this kind of family-type atmosphere that is increasingly recognized as necessary for the emotional stability of human beings.

Many people, and particularly those prone to drug addiction, need more than the "normal" amount of love, friendship, and human warmth. They cannot live with the cold, formal, impersonal, and authoritarian social relationships prevalent in correctional institutions or hospitals.

The major difference between Synanon and other treatment facilities for addicts, mental patients, or delinquents is that the program at Synanon is not run by State authorities or by professionals. This may also be the key factor in the success of the project. There are no doctors and patients at Synanon. All patients are doctors and all doctors are patients.

Each new member, once he has survived withdrawal, the physical ordeal of living 6 to 7 days without taking a shot of heroin, is involved in intensive individual and group discussions with the other addicts. As the addict gains new understanding of why he took drugs and why he no longer needs drugs to live a normal life, he in turn becomes part of the treatment for new addicts coming to Synanon. The important part of this "getting well together" is the frank and fearless way these people communicate with each other on the most intimate level. Their understanding of their own problem, the understanding acquired through personal experience, is an important ingredient of the entire treatment program. Through these group and individual counseling sessions, the hardened ex-addicts can show the newcomers ways by which they themselves have withstood the craving for narcotics ever present in an addict, but rarely understood by anyone else.

And finally, the daily activities and work necessary to maintain the small community shared among the participants makes everyone's contribution meaningful. It gives everyone a significant place in a going concern and it makes each individual an important member of the group. In effect, the project substitutes for the right kind of family most addicts never had; for the education in social living they did not receive; and for a tolerable place in life these people never acquired because of one reason or another.

Every aspect of the addict's life at Synanon strengthens his personality. Although most of the members go through three phases of treatment beginning with residence and work in the building, continuing through outside employment and terminating with both work and residence outside, these phases are incidental to the program. The core of the treatment is the way of life at Synanon, the values, the convictions, and the insights which the individual acquires through association with the other members in the seminar sessions, in recreational activities, and in the cooperative work relationships that are necessary to keep the institution going.

One might say about this new project that it is difficult to single out one or two components of the whole that are more responsible than others for its success in helping narcotics addicts regain a sure footing. It is rather the particular combination of the various elements that seems to have produced this unique institution which has come to be described as "the most significant attempt to help addicts off drugs that has ever been made."

The Synanon program was originated by Charles E. Dederich, a former business executive and past alcoholic, and contains some of the functions of Alcoholics Anonymous. He is aided by professional people who give of their time and energy in helping the addicts on their long road back. One such individual who should receive credit is Dr. Lewis Yablonsky who brought this institution to my attention and to the attention of the subcommittee.

Some of the participants in the Synanon program, both male and female, have been drug addicts for as long as 20 years or more. These are hardened addicts who now for the first time in their lives have abstained from using heroin and other drugs for 1 or 2 or even 3 years. Most of their former lives have been spent in prisons and mental hospitals without a cure and without hope for a cure.

I heard the testimony of seven of these brave young people who appeared before the committee and told tales of human degradation that would shock the average citizen beyond belief. I think I should name these seven people, not as "horrible examples" to to exploit their difficulties but to praise them for having the courage to bare their stories and their struggles so that other suffering humans might draw inspiration from their experiences. They have no objections to repeating their personal histories in public; in fact, part of their treatment is to be able to "talk out" their difficulties, and in so doing gain insight and understanding of their own problems. I feel that by giving them recognition for their achievements they will be further encouraged to remain free of the drug habit. I will name them, their crimes, and their present adjustment just as they submitted this information—for the record—at our recent hearings:

Jack Hurst, age 31, from California. Addicted to heroin 9 years. Off drugs at Synanon: 3½ years. Maintained approximately $25 a day habit through burglary, shoplifting, bad checks, and selling narcotics. Was in custody in the Los Angeles County Jail and Army hospital. At Synanon, he is a member of the Synanon board of directors.

Carmen Armstrong, age 29, from New York City. Addicted to heroin 10 years. Off drugs at Synanon: 1 year, 5 months. Maintained approximately $25 a day habit through prostitution and shoplifting. Was in custody at Lexington Federal Hospital and Bellevue Hospital in New York City four times. At Synanon she is one of the administrators at Synanon nursery facility.

Herman Gayer, age 37, from California. Addicted to heroin for 14 years. Off drugs at Synanon: 3 years and 1 month. Maintained $25- to $50-a-day habit through armed robbery, burglary, selling narcotics, and procurement—prostitution. Was in custody in the Los Angeles County jail three times and in San Quentin Prison for 36 months. At Synanon he is a "third stager," which means he works out in the community as a salesman. He is a member of the Terminal Island Prison project and returns to Synanon frequently to counsel newer members.

Jeanne Camano, age 29, from California. Addicted to heroin for 3 years. Off drugs at Synanon: 3 years. Maintained approximately $25-a-day habit through prostitution, theft, and selling narcotics. Was in custody at Langley Porter Neuropsychiatric Hospital and San Francisco General Hospital. At Synanon she is the coordinator in charge of office files and has worked in the community for 1 year.

Ronald Pacific, age 22. Addicted to marihuana 2 years and heroin 4 years, total of 6 years' addiction. Off drugs at Synanon: 7 months. Maintained approximately a $20-a-day habit through burglary and robbery. At Synanon he is in charge of maintenance and the Synanon motor pool.

Betty Coleman, age 39, from California. Addicted for 9 years. Off drugs at Synanon: 3 years. Maintained approximately $25 a day habit through prostitution, selling narcotics, and work. Was in custody at the County Jail, Camarillo State Hospital, and Lexington Federal Hospital. At Synanon she is a member of the board of directors and head of the finance department, chief girls' counselor, and supervisor of Women's Terminal Island Prison project.

Frank Lago, age 31, from New York City. Addicted for 12 years. Off drugs at Synanon: 2 years and 6 months. Maintained approximately $25-a-day habit through robbery, selling narcotics, and procurement—prostitution. Was in custody at Danbury Federal Prison, Lexington Federal Hospital three times, Bellevue Psychiatric Ward two times, and Rikers Island, N.Y., Prison two times. At Synanon he is a coordinator and plans to attend city college art class under the California vocational rehabilitation program.

There we have it. Just seven young people who have a total time of 63 years as addicts and who have spent years in jails, penitentiaries, and hospitals; who have committed an unbelievable range of crimes from burglary, shoplifting, and forgery, to robbery, armed robbery, selling narcotics, and prostitution.

They were considered hopeless cases a few years ago. Today they can look forward to a life free from the ravages of drug addiction.

The program has survived now for several years in spite of mistrust and attacks by the public, by some professionals, and also by the State on several occasions. The participants have organized into a foundation finally recognized and incorporated as a nonprofit corporation and have maintained their existence through public support, through donations of food, furniture, and other equipment by business concerns in the community and through the faith in the program of the members and the directors, most of whom were confirmed drug addicts a few years ago.

Today they are productive members of their small community. They all have worked hard to turn the old armory building into a home and they have maintained themselves by organizing the collection of food and clothing in the larger community. Every day they send a truck into the city to pick up unsold bread from bakeries and other food items that can no longer be sold by the stores and restaurants for one reason or another. Together they have built an institution as peculiar, but as courageous, as the individual men and women who live there. Because of this unique method of self-maintenance, Synanon can be operated at a cost of some $60 per patient a month. This is a fraction of what it costs to maintain patients at one of the Federal hospitals for drug addicts, and the more than 200 addicts helped at Synanon, that is individuals who have not relapsed to drug use to date, compare favorably with the 40 patients that, by the hospital's own admission, were helped in the Riverside Hospital in New York City after an expenditure of $4 million.

I want to emphasize that the people at Synanon as many other addicts at one time used $25 to $50 worth of narcotics per day. They often had to steal $100 worth of goods daily to support the habit, and their crimes, together with the court processes against them and their upkeep in public institutions, cost the community virtually millions of dollars.

Increasingly today the Synanon project is being studied by criminologists and sociologists, and it is my hope that it will spread and expand with chapters being organized in all parts of the country with high addiction rates. It is also my hope that Federal agencies, such as the President's Committee on Juvenile Delinquency and the National Institute of Mental Health, will consider the program as a source of study and as a source of investment of some of the funds available for testing new ways of fighting crime and delinquency.

I have recommended that the director of Synanon, Mr. Dederich, apply for funds to the National Institute of Mental Health, so that he can expand his program and introduce it in correctional and other institutions throughout the country. I propose also that social scientists and heads of treatment institutions for addicts request funds to experiment with the Synanon idea. It is my belief that we have found something new and workable in this project and we must develop it to the fullest extent.

Mr. President, there is indeed a miracle on the beach at Santa Monica, a manmade miracle that I feel can benefit thousands of drug addicts.

In bringing this project to the attention of my colleagues here on the floor of the Senate, I want to pay tribute to the founding members of this new institution and to give its present and future participants some of the encouragement and recognition which they have often lacked in the past.

## SECRETARY FREEMAN'S PLEDGE OF AGRICULTURAL COMMODITIES TO THE UNITED NATIONS

Mr. HICKENLOOPER. Mr. President, I was very much surprised to read in the newspapers today of the pledge of the Secretary of Agriculture at the United Nations yesterday, whereby we take the first step in relinquishing our control over the distribution of our surplus food and agricultural commodities.

In his speech yesterday delivered before the United Nations he said:

> The United States herewith pledges $40 million in commodities and an additional $10 million in cash and ocean transportation services on U.S. vessels. This is the American contribution to the total $100 million for all countries taking part in this experimental program.
>
> The U.S. contribution of commodities and transportation services will be made through the Public Law 480 program, while the cash contribution will come from the U.S. foreign assistance program. In view of our internal procedures for annual appropriations, we are planning that the cash contribution be provided from the appropriations of 3 years separately, beginning with the one now before the U.S. Congress.

I am perfectly aware of the broad authority contained in Public Law 480. I am also aware of the fact that last year at the FAO Conference in Rome Mr. McGovern, then Director of the food-for-peace program, and others indicated that the United States would participate in such a program through the United Nations. But, I feel quite certain that the Department of Agriculture and Secretary Freeman have stepped far beyond the intent of Congress with regard to this program.

The administration presented to Congress this year a very comprehensive farm program containing over 100 pages—and divided into 7 major titles. Title II of S. 2786, and the companion bill in the House—H.R. 10010—dealt with the Agricultural Trade Development Act.

Title II of the administration bill provided, among other things, a major amendment to the Agricultural Trade Development and Assistance Act of 1954. It proposed to add a new title—title V—and provided for sections 501, 502, 503, and 505. Had the Congress approved title V, then the Secretary of Agriculture would have had sufficient authority to have entered into agreements with the United Nations and make commitments for the United States to participate.

I call the attention of the Senate to the fact that both the Senate Committee on Agriculture and the House Committee deleted this new title and this new authority.

The agricultural legislation is now under consideration by the conferees of the House and Senate. It puzzles me that the Secretary of Agriculture would commit the United States, in light of the clear rejection of this proposal by both Agriculture Committees.

I think this is the first step in relinquishing U.S. control of the distribution of our agricultural commodities. In my estimation, this is the first step toward giving the Communists under the domination of the Soviet Union an equal share as to the operation of our so-called food-for-peace program.

I raise the question again—If the Secretary had this authority under Public Law 480, then why did he ask the Congress to give it to him in 1962? And, since both Houses have rejected the new title V of Public Law 480, then why did a Cabinet officer make such a far-reaching commitment only yesterday, while the agricultural legislation is still under active consideration by both Houses of Congress?

---

## FEDERAL EMPLOYMENT

**Mr. HICKENLOOPER.** Mr. President, one of the areas of tremendous growth within the structure of our Republic is Federal employment.

President Kennedy, in the course of his campaign, stated:

> I abhor the waste and incompetence of large-scale Federal bureaucracies in this administration, as well as in others. (Liberal Party acceptance speech, New York City, Sept. 14, 1960.)

And later, in his statement to Cabinet officers and agency heads, he declared:

> I am also especially desirous that the number of Government employees be limited to the minimum consistent with getting the job done. There is no question that employment can be held substantially below the levels which would be possible under the funds authorized by the Congress if strong efforts are made to achieve increases in productivity and efficiency, to use better techniques of management and production, and to staff each activity with only the minimum number of employees needed to carry out our objectives. (Office of the White House, press secretary, Oct. 26, 1961.)

The facts, nevertheless, show that instead of reducing the Government payroll the Kennedy administration, in addition to replacing the 452,553 who left the Government service in calendar 1961, also hired 75,854 additional employees in calendar 1961 for a total of 528,407 in 1 year alone.

There is an additional factor which has gone largely unnoticed in both the press and public comment. When you add the 67,804 new employees for the first 6 months of 1962, plus the 217,531 replacements for the first 6 months of 1962, you find the administration has hired an 18-month total of 813,742 Federal employees since taking office.

If, therefore, the Kennedy administration is sincerely interested in positive steps to reduce unneeded, unnecessary, and nonessential expenditures, the solution should be obvious not only to the President but to the country as well.

Were the President to declare a moratorium on all but absolutely essential positions, the current nonmilitary attrition rate of 20.93 percent would reduce Federal payrolls by half-a-million employees per year. I do not advocate mass firing of Government employees, merely not filling the vacancies when they leave the Government service.

This means that current Federal civilian payroll costs, including foreign nationals, of $14.5 billion could be reduced by a potential $2.9 billion per year, a substantial saving in this day of staggering Government debt and dwindling gold reserves.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter received by the Republican policy committee from the Civil Service Commission, documenting the employment reductions that could be realized by a moratorium on nonessential hiring.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CIVIL SERVICE COMMISSION,
*Washington, D.C., August 27, 1962.*

Mr. DAVID S. TEEPLE,
*Secretary and Staff Director, Republican Policy Committee, U.S. Senate, Washington, D.C.*

DEAR MR. TEEPLE: In reply to your letter of August 17, 1962, the annual separation rate for the U.S. Government during the fiscal year 1962 in the United States was 20.93 percent. This includes all types of separations from Federal agencies. If we eliminate transfers between agencies, terminations of temporary or excepted appointments, and leave without pay, the rate would be 11.74 percent.

Rates for the component types of separations are:

| | |
|---|---|
| Quits | 8.24 |
| Transfers | 1.53 |
| Discharge | .58 |
| Reduction-in-force | .66 |
| Termination | 6.09 |
| Displacement | .02 |
| Extended leave without pay | 1.57 |
| Death, retirement, disability, etc | 2.24 |

Sincerely yours,

NICHOLAS J. OGANOVIC,
*Deputy Executive Director.*

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

**Mr. MANSFIELD.** Mr. President, what is the pending business?

**The PRESIDING OFFICER.** The pending business is the committee amendment in the nature of a substitute for H.R. 10.

**Mr. MANSFIELD.** I thank the Chair.

---

## PROPOSAL FOR U.S. NAVAL-AERIAL BLOCKADE OF CUBA

**Mr. MILLER.** Mr. President, David Lawrence, in his column entitled "Cuba and the Monroe Doctrine," published in the Washington Evening Star of Tuesday, September 4, 1962, suggests that a world war might be prevented by a naval-aerial blockade of Cuba. He apparently speaks of an unlimited blockade. His arguments are cogent, although I myself would not advocate more than a war materiel blockade at this time.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article by Mr. Lawrence, together with an interesting eyewitness report concerning Russians in Cuba, which was published in the Washington Daily News of September 5, 1962.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, Sept. 4, 1962]

### CUBA AND THE MONROE DOCTRINE—U.S. NAVAL-AERIAL BLOCKADE TO FORCE EXPULSION OF SOVIET MILITARY URGED

(By David Lawrence)

The Soviets have political control of Cuba and now have openly acknowledged that they are supplying Castro with military aid.

This action flagrantly violates and denounces the Monroe Doctrine. President Kennedy, however, said, in effect, 6 days ago that he will not "invade" Cuba at this or any other time. Does this mean that the Soviet Government can consider it has obtained a free hand to take over any Central American or South American country and can assume there will be no opposition by the military forces of the United States?

This is the dilemma in which the Washington Government finds itself today as news dispatches from Moscow tell of the issuance of a formal communique in which the Soviets inform the world they have agreed to comply with the request of the Cuban Government to supply it with "help by delivering armaments and sending technical specialists for training Cuban servicemen."

The Soviet Government contends that "all Cuba's true friends have every right to respond to this legitimate request" and that the Cuban Government has "every justification for taking necessary measures to insure its security and safeguard its sovereignty and independence."

So the Soviet formula for conquest is at last made clear. The Communists infiltrate a country, get possession of the government there, and cause it to file with Moscow a request for military aid. This is supposed to be the legal justification for sending armament and military personnel to "train" the local troops. It so happens that the Monroe Doctrine, since the 1820's, has warned the world that no European country would be permitted to get a military foothold anywhere in this hemisphere.

President Kennedy may not realize it, but what he said at his news conference last Wednesday could be responsible for his present embarrassment. Had he not responded at the time to an impromptu question and had he consulted with the Secretary of State before issuing any statement, it is doubtful whether Mr. Kennedy would have given the reply he did on the spur of the moment. A correspondent had asked the President to comment on the suggestion of Senator CAPEHART, of Indiana, that Cuba be invaded by the United States. Here is the verbatim reply as taken from the tape recording:

"The President: I am not for invading Cuba at this time. No, I don't—the words do not have some secondary meaning. I think it would be a mistake to invade Cuba—

"Question. Mr. President, the Soviets, as you well know—

"The President:—Because I think it would lead to—that it should be very—an action like that, which could be very casually suggested, could lead to very serious consequences for many people."

Just previously in the same news conference, the President, in discussing possible action in Cuba, had referred to American "obligations all around the world, including West Berlin and other areas, which are very sensitive," and had added:

"Therefore, I think that in considering what appropriate action we should take, we have to consider the totality of our obligations, and also the responsibilities which we bear in so many different parts of the world."

This comment could mean that the President is fearful that, if he takes action in Cuba, it might lead to greater pressures in West Berlin—a reaction which the Soviets doubtless are trying to foster. The Soviets, on the other hand, may be waiting to see whether the United States is hesitant to use military force even as close as 90 miles away from its shores. They could misconstrue the President's reluctance as implying that the United States might not even fight to protect West Berlin or any part of Europe when a showdown came.

The situation strangely parallels the 1930's which Winston Churchill describes in his book "The Gathering Storm," published in 1948. He speaks of the "milestones to disaster" in the 1930's and of the series of acquiescences in Hitler's aggressions in the Rhineland, in Austria, and in Czechoslovakia, until finally the climax came in Poland. Mr. Churchill writes:

"Here is a catalog of surrenders, at first when all was easy and later when things were harder, to the ever-growing German power. * * *

"Still, if you will not fight for the right when you can easily win without bloodshed; if you will not fight when your victory will be sure and not too costly; you may come to the moment when you will have to fight with all the odds against you and only a precarious chance of survival.

"There may even be a worse case. You may have to fight when there is no hope of victory, because it is better to perish than live as slaves."

What could Mr. Kennedy really do now? He could order a complete naval and aerial blockade of Cuba and demand that all Russian advisers brought in by the Cuban Government to train military forces in that country be expelled at once. He could proclaim that no further shipments of any kind, either by air or by sea, military or nonmilitary, will be permitted to enter Cuba from any country until the Cuban Government restores to American citizens the properties taken from them in the last few years.

To apply this policy could lead to some fighting. But whatever sacrifices are made would achieve the patriotic purpose of preventing any misunderstanding as to the resoluteness of the West in and around Berlin. It could prevent a world war.

---

[From the Washington Daily News, Sept. 5, 1962]

### EYEWITNESS REPORT OF RUSSIANS IN CUBA

(By Andrew Fyall, London Daily Express)

(NOTE.—A British newsman who has come out of Cuba tells of the breadth of the Russian aid that is helping build a Communist-style stronghold 90 miles off the coast of the United States.)

MIAMI, September 5.—I have just returned to Florida after a week in Fidel Castro's fortress island, where censorship and suppression are a part of life.

My dispatches from Havana last week were all conveniently "lost" by the Cubans.

Now I can reveal what I saw in the island.

In the fields around Havana I saw row after row of canvas tents—the home of the Soviet "technicians," all brawny young men tanned by the hot tropical sun, superbly fit and constantly in training.

They glared at me suspiciously over a barbed wire fence as I drove past their camp near El Cano, 12 miles from Havana.

A radio mast was plainly visible from the roadway.

#### SCORES OF TRUCKS

Several hundreds of yards away, in a thicket of palm trees, scores of Russian military vehicles and trucks were lined up.

But the only guns and uniforms in sight were worn by Cubans.

At the gate of the camp, which could have housed up to 3,000 men, Cuban soldiers carrying Czech submachineguns mounted guard.

A few miles away antiaircraft guns were being hauled into position in a field adjoining a Cuban Army camp. All along the road from El Cano to Havana troops were on the move.

In Havana, the busiest place is the waterfront.

Every day sees the arrival of a new ship, usually Russian, but often a British vessel on charter to the Russians.

A few bring food urgently needed in Cuba. But most bring Russians in baggy ill-fitting suits and army trucks which are quickly whisked off to secret destinations.

Some ships are unloaded at night and no one knows what comes off them.

I asked several prominent Cubans the reason for this military buildup in a country where eggs are rationed to five a month and butter is almost a luxury.

#### AT WAR WITH UNITED STATES

Their replies were summed up in the words of a young army officer who said: "We are not just preparing for an invasion.

"We already consider we are at war with the United States. Our people don't mind some hardships while we are building up our defense strength."

He claimed he was speaking for 90 percent of Cuba's people, but in the absence of free elections his words are clearly questionable.

From all parts of the world dedicated Communists, like Physics Teacher Trevor Marshall, from Birmingham, England, have flocked to Cuba.

Marshall, who admitted he is a Communist, has joined with Russians and Czechs in helping to mold a new destiny for Cuba.

Like most instructors he is a privileged person. With his wife and two children he occupies two rooms in the Havana Libre (once the Havana Hilton), his bill heavily subsidized by the Government.

Cuba's few tourists—a handful of Canadians and British citizens from neighboring islands—are turned away by a gun-carrying reception clerk.

#### TOURIST ON THEIR OWN

The "technicos" and instructors are all important. The tourists have to look after themselves as best they can.

There is suspicion and distrust throughout the island. I was well aware that my every move was watched.

And when I left, a young army intelligence officer at the airport insisted that I should remove my shoes and socks so that he could look between my toes for hidden valuables or hidden plans.

He peered at my feet, stuck his hands inside my socks, withdrew them empty and said: "All right, sir. Now you can leave Cuba."

---

## RELIGION IN SCHOOLS

**Mr. MILLER.** Mr. President, today's Wall Street Journal contains an article entitled "Jefferson's Thoughts on Religion in Schools," written by the distinguished columnist John Chamberlain, in which Mr. Chamberlain discusses a recent book entitled "Jefferson on Religion in Public Education," written by Robert M. Healey, a member of the faculty at the University of Dubuque Theological Seminary.

Because of the current controversy over the recent Supreme Court so-called prayer decision, I believe the article by Mr. Chamberlain and also the book by Professor Healey merit the attention of readers of the CONGRESSIONAL RECORD, I ask unanimous consent that Mr. Chamberlain's article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### JEFFERSON'S THOUGHTS ON RELIGION IN SCHOOLS

When the Founding Fathers put into the first amendment to the Constitution the clause reading that "Congress shall pass no law respecting an establishment of religion, or prohibiting the free exercise thereof," did they mean to banish prayer from the public schools?

The answer, as Robert M. Healey makes plain in his "Jefferson on Religion in Public Education," is that they weren't that definite. Since Thomas Jefferson was the moving spirit behind the adoption of the Bill of Rights, which included the first amendment, surely he must have had something important to say on the scope of the religious clause to which the founders would have given assent.

Jefferson's oft-quoted phrase about "building a wall of separation between church and state" has been taken by a majority of the present Supreme Court Justices to mean that he was a strict, a very strict, constructionist in the matter of the first amendment. By strict constructionism public school prayer would be out. But Professor Healey, who teaches at the University of Dubuque Theological Seminary, has diligently searched through all of Jefferson's writings on the subject of religion and education and found little to justify the Supreme Court's most recent stand.

Like others of the American Revolutionary generation, Jefferson wished to have no part of a state church . On the other hand, Jefferson was a religious man. He believed that the order, or the design, of the universe proved the existence of God, and he never tired of referring to God as the "Giver of Life," the "Author of Morality," the "Author of Nature," the Benevolent Governor of the World," and the "Creator, Preserver, and Supreme Ruler of the universe."

### CHILDREN AS MORAL BEINGS

As a theorist of education, Jefferson conceived it to be the duty of the public schools to train children as moral beings, endowed as such by the Creator. Though Jefferson considered it entirely possible for atheists to have a good moral sense, he himself felt that "primitive Christianity," as exemplified by the life of Jesus, had much to say on the subject of morality. And he was not for excluding this from the schools.

The proof? Professor Healey finds it in a number of places in Jefferson's proposals for building a tax-supported system of primary, secondary, and university education for his own State of Virginia. For example, at one point, Jefferson hoped to bring the College of William and Mary under State control. In outlining a curriculum for the college he advocated that two professorships of divinity be abolished. But he urged that the college maintain "a perpetual mission among the Indian tribes" which, among other things, would "instruct them in the principles of Christianity."

Again, in a proposed curriculum for the University of Virginia which was drawn substantially as Jefferson had written it, provision was made for the "professor of ethics" to present "the proofs of the being of a God, the Creator, Preserver, and Supreme Ruler of the Universe, the Author of all the relations of morality, and of the laws and obligations these infer."

Thus it can be seen that Jefferson did not interpret the first amendment to mean the exclusion of references to God or Christianity in State-supported schools. What Jefferson, along with his friend and colleague James Madison was worried about was sectarian domination of public education.

In a letter to Thomas Leiper, written toward the end of his second Presidential term, Jefferson said: "The moral branch of religion which is the same in all religions * * * instructs us how to live well and worthily in society."

### A BENEVOLENT DEISM

Jefferson, in short, was a man of his times, which were favorable to the feeling that the squabbling of the sects might give way to a benevolent deism in religion in which the things that were common to all faiths would be stressed and doctrinal differences would be forgotten. Quite unconsciously, so Professor Healey says, Jefferson wanted to put the force—and the money—of the State behind the fostering of his own "general religion" of "peace, reason and morality." Inasmuch as this type of religion called for no organized church, Jefferson did not think of its presence in the schools as having anything to do with "an establishment of religion."

Since Jefferson's day the benevolent hopes of the deists have been rudely shattered. But this still does not mean that the Founding Fathers were averse to opening the school day with a very general prayer, or that they were against mentioning the fact in school that morality can have a religious base. On Professor Healey's showing, the author of the Bill of Rights and his friends were merely against making the priests of any single sect into officers or favored beneficiaries of the State.

JOHN CHAMBERLAIN.

## A WAR MATERIEL BLOCKADE OF CUBA?

Mr. MILLER. Mr. President, over 2 years ago, reports were widely circulated that secret shipments were being received at Havana from Soviet vessels, and that some of the crates being unloaded were large enough to hold aircraft assemblies or missile parts. At that time, the Secretary of State, Mr. Christian Herter, was attending a meeting of the Organization of American States. I called upon him to urge that, in concert with the Organization of American States, a blockade be imposed upon Cuba with respect to war materiel. I suggest that all other items—food, clothing, medical supplies, industrial equipment, and the like—be exempt from the blockade. It was to be a blockade, with no war materiel into Cuba and no war materiel out of Cuba. Unfortunately, my plea was apparently ignored. In any event, I have received no information to indicate that the idea was ever even proposed—formally or informally—at the meeting.

Since that time, there have been several developments. The meeting of the OAS at Punte del Este, Uruguay, last January, revealed a deplorable lack of unity over the threat of world communism—a situation which might well have precluded Mr. Herter from making an effort to pursue my suggestion a year and one-half earlier. The Alliance for Progress has been launched, without any apparent effort to premise it on unified action on the Communist takeover of Cuba. President Kennedy has intimated that we would go it alone, if necessary, should the other members of the OAS persist in their apathy and should the situation in Cuba become sufficiently serious with respect to our security. A Soviet-initiated crisis over Berlin has arisen, and, despite the wishful thinking of some writers, has not cooled off, but has continued to smolder dangerously. Some 50,000 tons of war materiel have poured into Cuba from Communist-bloc nations, putting the international Communist conspiracy in firmer control than ever. And now we learn that since June some 61 vessels have unloaded more war materiel and some 5,000 Soviet technicians, including 3,500 Soviet-bloc military men, into Cuba. The President has recognized the situation, by warning Cuba against aggressive action in this hemisphere, while at the same time saying that this Soviet assistance was not of an offensive character. Perhaps it was intended that the American people be reassured that there is nothing to worry about over the Cuban situation; but if this was the intention, one wonders why it was necessary for a warning to be issued to Cuba. Also, one wonders why no warning was issued to the other nations involved in this penetration by the international Communist conspiracy of the Western Hemisphere.

The situation is further complicated by the Berlin situation, for we all know that the Communist-inspired crises around the world are a part of an integrated plan of aggression against the free world.

The President has been silent over the question of whether the Monroe Doctrine has been violated; if it has been, what is to be done; and where the line is to be drawn if, in his opinion, there has as yet been no violation. Inasmuch as the line between offensive and defensive war materiel can be very fine—especially if so-called defensive weapons are to be transshipped to feed the fires of revolution, infiltration, or guerrilla warfare in Western Hemisphere countries, and inasmuch as it is officially recognized by our Government that the Soviet-bloc nations are part of the international Communist conspiracy to aggressively overthrow the free world nations, it would appear that merely to split hairs over the question of the "offensive" or "defensive" character of the war materiel involved is of little practical use.

The question which thus arises is whether a blockade of war materiel should be invoked.

The answer should not be the easy-way-out statement that such a blockade would be an act of war. Nor is it any response at all to say, as the President did, that it would be a mistake to invade Cuba at this time. It is partially responsive to suggest that such action might lead to reprisals by the Soviet elsewhere—in Berlin, for example. But such a suggestion implies such a weakness of the administration over Berlin as would cause the Soviets to think that these so-called reprisals would be tolerated. Furthermore, our position in West Berlin bears no resemblance whatsoever, from the standpoint of agreements and rights arising from conquest, to the Soviet position in Cuba.

I think it is time, Mr. President, to point out that a war materiel blockade of Cuba, now in control of the international Communist conspiracy, is not an act of war. Once this myth is cast aside, the situation can be viewed in a more realistic light.

The imposition of a limited blockade of war materiel under the circumstances existing in Cuba raises the question of the extent to which such a blockade would be permissible under the Charter of the United Nations. Article 2, paragraph 3, of the charter provides that—

> All members shall settle their international disputes by peaceful means in such

a manner that international peace and security, and justice, are not endangered.

Paragraph 4 of the same article provides that—

> All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations.

Offhand, it might be argued that a so-called Pacific blockade is a threat of force or use of force against the territorial integrity or political independence of the state blockaded. However, inasmuch as Cuba is clearly under the control of the international Communist conspiracy, the answer could be given that its political independence no longer exists.

Article 51 of the U.N. Charter provides as follows:

> Nothing in the present charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security.

It has been argued that it is an extreme view to assert that "resort to force by a member is unlawful, regardless of any wrongs or dangers which provoked it, and that if no collective United Nations relief is available, the member may still have to submit indefinitely without redress to the continuance of these wrongs and dangers," Stone, "Aggression and World Order 95, 1958." The question, then, is whether a blockade limited to war materiel—which is a use of force under paragraph 4 of article 2—is a measure of self-defense under article 51. It has been argued that "to exclude action taken against an imminent danger but before an armed attack occurs bears no relation to the realities of a situation which may arise prior to an actual attack and call for self-defense immediately if it is to be of any avail at all. No state can be expected to await an initial attack which, in the present state of armaments, may well destroy the state's capacity for further resistance and so jeopardize its very existence," Bowett, "Self-Defense in International Law 191–92, 1958."

Here is where the fine line must be drawn between what is "imminent" and "not imminent," and between what are "defensive" and "offensive" weapons. I suggest that the installation of ground-to-air missiles, the provisioning of Mig fighters, and tons and tons of small arms and ammunition cannot be justified as necessary to the "defense" of Cuba. Moreover, as long as the governing authorities of Cuba represent the international Communist conspiracy, the aggressive character of that Government is clear; and the "imminence" of the threat of attack by such an aggressive Government, especially as a mere agent for the power of Moscow, is as "imminent" as the power of Moscow decides to make it.

Another point should be made with respect to the excessive amount of war materiel being shipped into Cuba. If it is not to be used against the United States—although only Soviet Russia will make that determination—then it exists as a ready source of supply for purposes of revolution, infiltration, or guerrilla activities in other nations in the Western Hemisphere. This poses a threat of armed attack which would be clearly in violation of the Monroe Doctrine. In 1947, the United States took the view that furnishing of war materiel by Albania, Bulgaria, and Yugoslavia to guerrilla forces in Greece fighting against the Greek Government constituted an "armed attack" by those states on Greece—see Kelsen, "The Law of the United Nations 798, 1951." I suggest that a threat to do so falls within the concept of "armed attack" as enunciated by Bowett, previously referred to.

Another point that is to be made is with respect to the provision in paragraph 4 of article 2 against the use of force against "the territorial integrity or political independence" of any State. I have already pointed out that Cuba, being under the control of the international Communist conspiracy, no longer has "political independence." The international Communist conspiracy has already violated paragraph 4 of article 2, insofar as it has, through the use of force, taken over control of the territory of Cuba. Accordingly, the Soviets, representing the headquarters of the international Communist conspiracy, are in no position to complain against a war materiel blockade which would be calculated to prevent them from continuing the violation of the territorial integrity of Cuba.

One final argument should be made. Professor Stone suggests that there may be cases in which the failure of the collective-measures procedures of the Charter to successfully meet infringements of the rights of States may give rise to a right to use self-help outside article 51, to protect those rights. This would seem to be particularly applicable to cases involving a violation of the Monroe Doctrine, and more particularly to a violation by the international Communist conspiracy. Goodrich and Hambro also support Professor Stone's position, as follows:

> The provisions of article 51 do not necessarily exclude the right of self-defense in situations not covered by this article. If the right of self-defense is inherent as has been claimed in the past, then each Member retains the right subject only to such limitations as are contained in the Charter.

Goodrich and Hambro, "Charter of the United Nations 301, 1949." The authors caution, however, that abuses could arise from unilateral action pursued under this doctrine.

From what I have said, Mr. President, I trust it is clear that a war materiel blockade is not "an act of war" either under the U.N. Charter or under the inherent right of self-defense. I emphasize that this is particularly true when we are dealing with a country that is without political independence and has become but a mere subdivision of the international Communist conspiracy.

It is time to recognize the international Communist conspiracy for what it is—an aggressive, ruthless, godless, monolithic force bent on destroying the free world, with the United States as its No. 1 target.

It is time to realize that firmness, backed by the necessary power, is the only effective way to stop this aggressive force.

And it is time to make clear that whether our rights in Berlin or our rights under the Monroe Doctrine are transgressed, all necessary action to put a stop forthwith to such transgressions will be employed.

I yield the floor.

**Mr. PROXMIRE.** Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER** (Mr. SMITH of Massachusetts in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. SMATHERS.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

**Mr. SMATHERS.** Mr. President, H.R. 10 relates to the retirement needs of self-employed individuals. It would enable self-employed individuals to establish qualified retirement plans for their own benefit and for the benefit of their employees if there are any. Under existing law, since 1942, self-employed individuals have been denied the benefits of qualified retirement plans because technically they are not employees, although corporate owner-managers are permitted to participate in retirement plans created by their corporation. Enactment of this bill will eliminate this discrimination against more than 7 million self-employed individuals which has continued for 20 years.

Legislation to correct this discrimination has been proposed in various forms since 1947. It has been the subject of many hearings and considerable deliberation by the tax committees of Congress over the last 10 years. Specifically, the Ways and Means Committee held public hearings on the subject in 1952, 1953, 1955 and again in 1958. In 1959, panel discussions were held by the Ways and Means Committee. The Committee on Finance held public hearings on this subject in 1959, 1960, and in 1961.

In various forms, H.R. 10 has been ordered reported by the Ways and Means Committee in four separate Congresses, has passed the House three times, and has been favorably reported by the Committee on Finance on two occasions. This brief legislative history is indicative not only of the considerable attention Congress has given the problem through the years but also of the tremendous work that has gone into writing this particular legislation.

The bill now before the Senate is the culmination of many years of work by the tax committees of the Congress. It represents an acknowledged improvement over prior versions of the legislation.

Before proceeding with a description of the bill, I would like to make clear at this point that the committee's bill would not affect, in any manner, corporate pension plans now in existence, nor would it impose any restrictions on contributions which may be made by corporations on behalf of their owner-managers or their employees. This bill is restricted in its application to self-employed individuals. While there may be abuses in the corporate pension area which should be studied, it was the judgment of your committee that the correction of those abuses should be considered on their own merit and not as part of this legislation which relates solely to self-employed individuals.

H.R. 10 treats self-employed individuals as employees for retirement plan purposes. By treating them as employees, H.R. 10 permits them to be covered under a qualified employees' pension, profit-sharing or bond purchase plan. However, to prevent these plans from becoming tax avoidance devices for the self-employed, limitations are placed upon amounts which they may contribute for their own benefit; penalties are provided where they make withdrawals before retirement on permanent disability; and payout of their benefits under the plan must commence by age 70½ thereby preventing lifetime accumulations which might escape income tax altogether.

In addition, coverage of employees of self-employed individuals is required and contributions for them must be nondiscriminatory and fully vested, thereby providing pension programs for people in retirement. A program would be provided not only for the self-employed, but also for the employees of the self-employed, which I think number a little over 18 million people.

The House bill treated self-employed individuals under different rules depending upon whether they had three or fewer employees or more than three employees. It required a self-employed individual with more than three employees to cover each of them with more than 3 years' service, under this plan. If he had three or fewer employees, the self-employed individual was not required to include them in the retirement program. The committee has simplified the House bill and also has made it more equitable by requiring all self-employed persons who desire retirement plan coverage for themselves to cover all their employees under their retirement plan regardless of the number of employees they might have. This is a distinct improvement over the House bill.

The committee's bill also requires that each employee of the self-employed be granted nonforfeitable rights to contributions. The House bill would have required vesting only where there were more than three employees of the self-employed. The Committee on Finance felt it was unfair to deny employees a vested right to contributions made for them when their employer will always have a vested right to contributions he makes on his own behalf. Here again, we have improved upon the House bill.

Under the House bill, contributions for self-employed individuals were based upon their self-employment earnings. However, this made it possible for them to receive retirement benefits based upon investment income rather than earnings from personal services. The committee felt this was unwise and we provided instead that contributions for self-employed be based upon their earned income which the bill defines generally to mean compensation for personal services; however, special rules apply where net income of the self-employed individual is from a trade or business in which both capital and personal services are material income-producing factors. This change not only places contributions for self-employed persons on a more proper basis but also serves to reduce substantially the revenue loss under the bill.

The committee bill allows self-employed persons to contribute to a qualified retirement plan, on their own behalf, 10 percent of their earned income, up to $2,500. However, the amount which may be deducted on a tax return is limited still further. Although the first $1,000 contributed may be deducted in full, only one-half of contributions between $1,000 and $2,500 may be deducted. Under this rule, a self-employed individual who makes the maximum allowable contribution of $2,500 may actually deduct on his tax return only $1,750. Moreover, the committee bill definitely limits to $2,500 a year the amount contributed for any self-employed individual regardless of the number of businesses or employees he may have. The House bill, by contrast, provided a basic limitation on contributions for self-employed persons of 10 percent of self-employment earnings or $2,500, whichever was lesser, but this basic limitation could have been exceeded by self-employed persons with more than three employees where considerable amounts were actually contributed for employees. In such a case there was no dollar limit on deductible contributions.

In other words, the House bill had no limitation in some respects, so long as the retirement program which was set up for employees was as generous and as beneficial to the employees as it was to the self-employed. In the Senate committee bill we have added limitations so that under no conditions can a self-employed deduct from his income tax return more than $1,750, irrespective of what he might be doing for his employees. We further have required that he not be permitted to set up a retirement program for himself unless he also sets up a retirement program for his employees.

The Committee on Finance felt that this provision gave self-employed persons who had diverse business interests and large numbers of employees unwarranted advantages over other self-employed persons. For this reason, and to further protect the revenues, the committee bill has cut back substantially on the tax deduction privileges of the House bill.

Under the House bill, retirement plans covering self-employed individuals with three or more employees could be coordinated with social security under special rules which permitted the self-employed individual to take into account only social security taxes actually paid by him on behalf of his employees and self-employment tax paid for himself. Self-employed individuals with three or fewer employees would have been permitted to coordinate their plan for employees under the more beneficial rules of existing law. The committee bill adopts the more rigid coordination rule of the House bill, but applies it to all plans covering self-employed individuals without regard to the number of employees. This not only simplifies the bill, but makes it certain that no self-employed person can establish a plan under which his employees ostensibly are covered, but where no contribution would be made for them because their retirement benefits would be provided through social security.

The bill as approved by the Finance Committee requires self-employed individuals to consent to be covered under qualified employees' retirement plans. There was no comparable provision in the House bill. This consent requirement improves upon the House bill in two important respects: First, it allows existing plans covering employees of the self-employed to continue to function under the present law unless the self-employed person chooses to participate under the plan. If he does consent to coverage, the plan would have to be modified to incorporate the new requirements of this bill. Second, without the consent provision, a self-employed person who is a minority partner in one partnership and a controlling partner in another would have to establish a plan for employees of his controlled partnership if the other partnership, in which he is a minority partner, established a plan covering its self-employed partners. Under the Finance Committee provision, he could choose not to participate in any plan and the rules of this bill would not apply.

Under the committee bill, as under the House bill, if the self-employed person establishes a trusteed plan, the trustee must be a bank. However, a custodial account in a bank, in lieu of a trust, will be permitted if the investments of the custodial account are solely in stock of a regulated investment company. Or, if the self-employed individual desires, he may establish an annuity plan with an insurance company or he may invest in nontransferable face-amount certificates with a company which issues them.

As an alternative form of investment, this bill, like the House bill, permits establishment of qualified bond purchase plans. These plans will not require a trustee but will permit investment directly in a special issue of Federal bonds which may not be redeemed prior to age 59½ and which will be nontransferable. Although these bonds may be purchased by anyone, their cost will be deductible only if they are purchased under a qualified bond purchase plan or under a qualified retirement plan. However, because they cannot be redeemed prior to age 59½, they will be somewhat unattractive to ordinary investors.

I have mentioned several times a qualified plan. I should like to remind the Senate that in every one of these cases where we talk about a retirement pension program, the particular plan or program must be approved by the Treasury Department. In no instance will there be a case where an individual can set up a program that he thinks he would like to have and begin to deduct a certain amount of money from his income tax return because he thinks it qualifies as a retirement plan for himself. It must in every instance be approved by the Treasury Department. The Treasury Department in every instance will look at the plan and determine whether or not it is rational, whether or not it is fair, whether or not it is reasonable under the circumstances, whether or not it complies with the law. If it is not so approved by the Treasury, the plan would not be eligible for tax benefits under H.R. 10.

Both the committee bill and the bill as passed by the House prevent self-employed individuals from obtaining capital gains treatment on lump sum distributions they may receive from retirement plans, and also deny them the estate and gift tax exemptions in the case of transfers of their interests in qualified retirement plans.

Of course, what we mean by that is that we do not want to permit a situation to develop under which a person can set aside a certain sum of money during his working years, and then when he becomes of retirement age and eligible to receive that money—of course he then must pay taxes on the portion of the money he receives, that is, on which he has not paid taxes—at that point we do not want to give him the right to take that money in a lump sum and avoid paying taxes at what we call the ordinary tax rate by claiming a capital gain treatment. We have proscribed and refused to permit that kind of program to be put into effect.

Because of the additional restrictions of the committee bill, the revenue loss from the proposed legislation has been substantially reduced as contracted with the House bill. Specifically, the committee bill is estimated to cost $180 million in a full year of operation. The House bill would have cost about twice this amount. This is not a loss in the sense that the money will be forever gone and uncaptured; it is merely a deferral payment of taxes on this amount of money.

The House bill, in the manner in which it was sent to the Senate, would have cost a little more than $360 million. So we say we have reduced the cost to the Treasury by our restrictions in the proposed legislation. We have not reduced it forever, but at least for the time being we have reduced it to about $180 million.

I believe the bill merits the support of every Member of the Senate. Long ago the Congress recognized the basic wisdom of granting tax deferment to encourage the growth of qualified pension plans, and thereby enable employers and employees to set aside funds to provide for old age.

Unfortunately, however, this sound method of permitting the individual to provide for his needs in later years has to date been confined to corporate employees. Although many persons have for years recognized the unfairness of denying similar treatment to our 7 million self-employed—along with their more than 11 million employees—nothing has as yet been done about it. The primary reason, I believe, is that thus far no one has been able to produce a reasonable plan satisfactory to all points of view. It is my sincere conviction that the pending bill, which is the result of many years of consideration, along with the combined efforts of the Senate Finance Committee and the Treasury Department, does provide a workable and reasonable approach.

Our form of government is founded on the philosophy that the individual should provide for himself to the extent possible, and that his Government should intercede only where he is unable to do so. That was the philosophy of the 1942 act, which authorized and permitted the establishment of corporate pension programs, which some 20 million people are under today. It is the philosophy of H.R. 10 to make it possible for people to set aside certain sums of money during their productive working years, so that they will not have to become subjects of charity or wards of the State after they have reached their nonproductive years and the time comes for their retirement. That is the philosophy of the bill.

The millions of self-employed—farmers, the small businessman, the lawyers, the doctors, the architects, the accountants, the artists, the singers, the writers, all of the many independent business people not employed by corporations—want to be able to care for themselves in their declining years. They do not want to become public charges. Yet many of them cannot do so unless granted some sort of tax deferment such as this particular bill and the bill passed by Congress in 1942 provide.

A great majority of the self-employed are people of only modest means. They cannot understand why they should be denied the opportunity to participate in qualified pension plans while a great multitude of corporate employees, many of them with much larger incomes, are extended this privilege.

When we consider the corporate pension program, we must remember that the president, the vice president and even the chairman of the board of a company are considered as employees. So we find that many persons who earn many times more money than the self-employed earn are permitted a rather generous retirement program, whereas the self-employed person—the accountant, the barber, the farmer, the lawyer, the doctor, the dentist, the real estate operator—are not themselves permitted, under present law, to set aside a retirement program which will enable them to deduct that amount of money which they might put into the program and have it deducted from their income tax, at the moment, so that they would not have to pay a tax on it. The only way in which they can create a retirement program now is to pay taxes on their earnings and with what they have remaining pay into a retirement program. They naturally claim—and we believe justifiably so—that that is unfair discrimination against the self-employed.

This bill will answer the problem, and is eminently reasonable. The self-employed individual will be enabled to participate only if he opens his plan to his employees on a nondiscriminatory basis. His contributions for himself are carefully circumscribed, and keyed to the contributions vested in his employees.

What is meant by "vesting" is that when an employee is entitled to a retirement program set up for him—and this is different from the House bill and different from any other programs—at the time the money is deposited for the employee it becomes his; it cannot be taken away from him under any condition. It vests in him.

The revenue loss to the Government will be kept to a minimum. In short, the 7 million self-employed, along with their 11 million employees, will have opened to them the opportunities of the qualified pension, annuity, and profit-sharing system, and yet on a most modest basis that is carefully restricted to prevent any abuse.

I am aware that there are those who are still critical of this measure, despite all of the painstaking effort that has gone into developing this limited approach to an obvious need. Their primary objection, as I understand, is that there are still others who are not covered by qualified pension plans and who need such coverage as much as the self-employed group, and that, in addition, the pension system needs overhauling in certain respects.

While I do not agree with all of these arguments, I would not deny the validity of some of them. But it seems to me that contentions of this kind miss the point.

To me, these arguments are based on the theory that one improvement should not be made unless others are made simultaneously, one inequity should not be eliminated if another remains, legislative corrections should not be adopted until perfection can be accomplished.

The statutory system relating to qualified pension plans is a complicated one which has been developed over a period of years. Perhaps it is not perfect and requires reconsideration in some respects. But that is no reason for continuing the obvious inequity that has existed for two decades in the case of the self-employed. They should not be required to wait until a system perfect in all other respects has been developed. They should be given relief now, and other problems can be met as answers are found.

I earnestly hope that every Member of the Senate will give his support to this long overdue correction in the law relating to qualified pension, annuity, and profit-sharing plans.

Mr. President, I submit two committee amendments and ask for their immediate consideration.

The PRESIDING OFFICER. The first committee amendment will be stated.

The LEGISLATIVE CLERK. On page 56, line 14, it is proposed to strike out "1961" and insert "1962".

On page 61, line 15, strike out "1961" and insert "1962".

On page 61, line 17, strike out "1962" and insert "1963".

On page 82, line 12, strike out "1961" and insert "1962".

On page 108, line 5, strike out "1961" and insert "1962".

On page 108, line 7, strike out "1964" and insert "1965".

On page 108, line 9, strike out "1964" and insert "1965".

On page 108, line 12, strike out "1964" and insert "1965".

On page 117, line 17, strike out "1961" and insert "1962".

Mr. SMATHERS. Mr. President, I ask unanimous consent that the amendments be agreed to.

The PRESIDING OFFICER. Unanimous consent is not required.

Mr. LONG of Louisiana. Mr. President, before the vote is taken on the amendment, I have an amendment which affects the general nature of the bill. I have no objection to the amendments offered by the Senator from Alabama, except that if they shall be agreed to, I should like to have the bill remain subject to amendment. My amendment states the principle that a person would be entitled to deduct 50 percent of that which he sets aside.

Mr. SPARKMAN. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. SPARKMAN. I was about to ask for recognition upon the completion of the remarks by the Senator from Florida in order to discuss my proposal.

But the proposal which went forward was a committee amendment. This amendment brings the bill up to date—from 1961 to 1962. But it was not my amendment.

Mr. SMATHERS. That is correct. These are technical amendments to carry out the wishes of the committee; then we shall consider the amendments of the Senator from Alabama and the Senator from Louisiana.

Mr. LONG of Louisiana. I thank the Senator from Florida.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator frcm Florida.

Mr. SPARKMAN. I believe this is only the first amendment—an amendment to change the date. Is that correct?

The PRESIDING OFFICER. That is correct.

The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendments of the Senator from Florida will be stated.

The LEGISLATIVE CLERK. On page 85, line 9, after "owner-employee" it is proposed to insert "or any employee within the meaning of section 401(c)(1)".

On page 85, lines 12 and 13, strike out "subsections (e) and (f)" and insert "subsection (f)".

On page 86, line 5, strike out "Owner-Employees" and insert "Self-Employed Individuals".

On page 86, lines 21 and 22, strike out "Owner-Employees" and insert "Self-Employed Individuals".

On page 87, line 1, strike out "owner-employees" and insert "employees within the meaning of section 401(c)(1)".

On page 87, line 4, strike out "owner-employee" and insert "employee within the meaning of section 401(c)(1)".

On page 87, line 7, strike out "owner-employee" and insert "employee".

On page 87, line 14, strike out "owner-employee" and insert "employee within the meaning of section 401(c)(1)".

On page 87, lines 17 and 18, strike out "owner-employee" and insert "employee".

On page 87, line 24, strike out "owner-employee" and insert "employee within the meaning of section 401(c)(1)".

Mr. SPARKMAN. Let me ask the Senator from Florida a brief question. He will recall that earlier I spoke to him about a provision which seemed to me not to be what should have been intended. It was the provision which placed no limitation on a certain part of the earnings of a person who owns not more than 10 percent of his business. Do I correctly understand that these amendments make that correction?

Mr. SMATHERS. That is correct; and that was the intention of the committee.

Mr. SPARKMAN. I understand there was an oversight.

Mr. SMATHERS. Yes; there was an oversight. This amendment would restrict everyone to a limitation of $2,500 in contributions a year and to a tax deduction of a maximum of $1,750 a year. The Senator from Alabama is correct. It was the intention to do that in the bill, and we thought it had been done.

The PRESIDING OFFICER. Is there objection to considering en bloc the amendments of the Senator from Florida? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendments of the Senator from Florida.

The amendments were agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the amendments were agreed to be reconsidered.

Mr. SMATHERS. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to reconsider was laid on the table.

Mr. SPARKMAN. Mr. President, I have followed with interest the remarks of the Senator from Florida.

There is a great deal of justice in this program. I am in complete sympathy with those who feel that the present tax law relating to tax-exempt retirement plans discriminates in favor of employees of corporations and against those taxpayers who do not happen to be employed by a corporation. This is an inequity that should be corrected. I am likewise in sympathy, however, with those who say that we cannot correct this inequity simply by increasing the number of people who fall within the favored class of taxpayers, while leaving other taxpayers outside the favored class.

It was for this reason that I introduced S. 377 early in the first session of this Congress. My bill was predicated upon a recommendation made by the Senate Small Business Committee, after a rather thorough study of this problem. My bill was cosponsored by the distinguished majority whip, Senator HUMPHREY, and by Senators MORSE, BIBLE, RANDOLPH, BARTLETT, WILLIAMS of New Jersey, JAVITS, COOPER, GRUENING, and YARBOROUGH.

Our bill would give all taxpayers who have not been able to participate in a qualified retirement plan, an opportunity to do so. This would include the self-employed taxpayers covered by H.R. 10, as well as other taxpayers for whom retirement plans have not been established.

If I may, Mr. President, I should like to give a brief factual comparison of the provisions of H.R. 10 and those of my bill, S. 377.

H.R. 10, as amended by the Finance Committee, would allow self-employed persons to be treated as employees for retirement plan purposes. The effect of this would be to permit the self-employed to establish tax-exempt trusts and to deduct annual contributions to the trust for himself and his other employees. In most cases, the plan must cover the other employees, if any, of the self-employed person. The limitation on contributions to the plan is 10 percent of earned income, as defined in the bill, or $2,500, whichever is less. I believe that under the terms of the bill, the $2,500 was changed to $1,750. The amount of this which is deductible for income tax purposes, however, is limited to 100 percent of the first $1,000 and 50 percent of the rest—which brings it down to the $1,750. The maximum deduction would be $1,750—$1,000 plus 50 percent times $1,500. There is no such maximum of $1,750 in the case of one who owns 10 percent or less of his business. That was true when I prepared this statement, but this has been corrected by means of the amendment of the Senator from Florida. Such a person can contribute any amount—so long as his contribution is under a plan that is nondiscriminatory; and he may deduct the first $1,000 and 50 percent of the amount over $1,000.

My bill, S. 377, is different in its basic concept, as well as in some of its technical features. S. 377 would allow anyone, who is not, or has not been, covered by a qualified pension plan, to deduct annual retirement deposits. It would apply to the self-employed, as well as to any employee, and would permit individuals to join together in a qualified retirement plan. The bill limits the deductions from gross income to $1,000 or 10 percent of adjusted gross income, whichever is less. An increase in this maximum is allowed persons over 50 years of age as of January 1, 1961, and a

5-year carryover of unused deductions is allowed. H.R. 10 does not provide for such an increase, nor for a carryover of unused deductions.

Much of H.R. 10 deals with special rules peculiarly applicable to retirement plans set up by self-employed persons, and, obviously, there are no comparable provisions in S. 377.

Retirement plans under H.R. 10 would be funded by, first, contribution to a trust; second, purchase of annuity contracts from an insurance company; third, deposits in a custodial account if its investments are made solely in (a) stock of a regulated investment company which issues only redeemable stock or, (b) life, endowment, or annuity contracts of an insurance company; fourth, nontransferrable face-amount certificates; fifth, a new series of Government bonds.

Retirement plans under S. 377 would be funded by, first, contributions, in money, to a trust or custodial account, if its investments are solely in—(a) stock or securities listed on a recognized stock exchange. I may say there is a self-dealing limitation prohibiting investments in the stock or securities of a corporation 10 percent or more of the voting stock of which is owned by a member of the plan, (b) securities of the United States or any State or territory or the District of Columbia, or (c) stock of a regulated investment company; second, payments, in money, to a life insurance company as premiums under a restricted retirement policy, as defined in the bill.

Retirement plans qualifying under both H.R. 10 and S. 377 would be afforded tax exempt status similar to that now enjoyed by corporate pension plans.

Under H.R. 10, benefits cannot be payable, except in special situations, before age 59½, but must begin before age 70½. Under S. 377, the retirement plans must provide for the distribution of benefits prior to age 72.

As one can see, there are several differences between the two bills in the areas discussed above. These are:

First. H.R. 10 would permit contributions to a qualified plan in property other than money, whereas S. 377 would not. Under existing law, an employer may contribute property other than money to a plan. The value of such a contribution is considered the fair market value rather than the taxpayer's adjusted basis. However, an employer contributing such property must pay tax on the excess of fair market value over his adjusted basis.

This might be an area which is, or could be, subject to abuse. Even though tax must be paid on the gain, probably at capital gains rates, a taxpayer could, through over-valuation of the property, effect an overall tax savings.

Second. S. 377 permits the trustee or account custodian to invest in stock or securities listed on any recognized exchange, or in securities of the several States, territories, and the District of Columbia; whereas H.R. 10 limits the types of investments permitted to be made by an account custodian to stock of a regulated investment company issuing only redeemable stock, or life, endowment, or annuity contracts issued by an insurance company.

As I have said, Mr. President, although there are differences in some of the technical provisions of the two bills, the major difference lies in their basic concept. My bill will correct the inequity found in existing tax law, whereas H.R. 10 will not.

I very much wish the committee might have seriously considered S. 377. I realize that it has not had the long history behind it that H.R. 10 has. I have been familiar with H.R. 10 down through the years. But I have always felt that H.R. 10 was limited to entirely too narrow a field. As a matter of fact, it has become thought of more or less as a bill to provide tax relief for the setting up of pension plans for professional people. I know that is not accurate, but it has been thought of in that light, largely because it has been confined to a rather narrow field.

If we are going to treat of this program, I do not see why we do not treat it effectively and at the root, and let every person who is a taxpayer have the benefit of coverage by a tax retirement plan on the same basis. So long as we do not do that, establishing a plan of this kind, technically, and really, is requiring, to a certain extent, those who are left out to help support these pension plans.

That is one argument in favor of H.R. 10. Persons who are covered by that bill have, in effect, through their taxes, helped support other pension plans. Now what we are doing by passing H.R. 10 is simply broadening the field of those who are profiting by the taxes paid by everybody, and we are narrowing the number that are contributing so largely toward the support of the pension plans. I wish we would go into it fully.

I thought the Senator from Florida was going to give the estimated cost of H.R. 10. I wonder if I may ask him whether the Treasury submitted an estimate.

**Mr. SMATHERS.** Yes. I regret that the Senator from Alabama did not hear me. I said it would cost in deferred taxes $180 million. It is estimated that the cost under the bill will be $180 million in its first full year of operation.

**Mr. SPARKMAN.** What would it build up to?

**Mr. SMATHERS.** That would be it, as distinguished from the House version of the bill, which would have cost $360 million.

**Mr. SPARKMAN.** The Treasury gave an estimate of the cost of my proposal as in the neighborhood of $377 million. I am sorry I do not have the basis of that information available at the present time. This plan covers more persons, but covers them with a lesser cost. The limit in my bill would be $1,000 that could be deductible for the pension plan, whereas in H.R. 10 the amount is as high as $1,750. Therefore, it would be my guess—and it is nothing but a guess—that the cost of the two plans would be the same.

I may say to the Senator from Florida that I have not yet definitely decided, but I am considering very seriously offering S. 377 as an amendment in the nature of a substitute.

**Mr. SMATHERS.** Mr. President, if the Senator will yield, I would like to say first to the Senator from Alabama that I cannot help but be, in many ways, greatly sympathetic with his proposal. As a matter of fact, at one time I think I was a cosponsor of the bill.

**Mr. SPARKMAN.** The Senator from Florida certainly joined in the Small Business Committee report advocating this kind of program.

**Mr. SMATHERS.** And I have no doubt that, sooner or later, we are going to have to make this type of pension program available to anyone who is not otherwise in a position to get into such a program. In other words, the major objection at the moment to S. 377 is this. We recognize that what it tries to do is meritorious. We recognize that, sooner or later, the House Ways and Means Committee and the Senate Finance Committee are going to have to consider those persons who are not now under any pension program, and who are in no position to get under any pension program. When practically everybody should be given the opportunity to get under a pension plan. In my judgment, it is just a matter of time before this goal is achieved. What we are endeavoring to do now is permit self-employed persons who up to this time have not been able to get under any pension program, to get under a pension plan which the restrictions imposed by the pending bill.

Generally speaking, those covered under the Senator's bill can at any time go under a corporate program. They are already under social security in some respects.

**Mr. SPARKMAN.** They could, if they were working for a corporation, but consider the little corner grocer who has a couple of people working for him. He cannot do it. I do not like to harp on this, but what is happening is that we are gradually benefiting everybody except the littlest little man, and I am not so sure he will ever have sufficient push to get under the program.

**Mr. SMATHERS.** On that point, there is no prohibition against a corner grocer setting up a pension plan.

**Mr. SPARKMAN.** No, but he is not required to do it.

**Mr. SMATHERS.** He is not required to do it. That is correct.

**Mr. SPARKMAN.** Under the bill so far, a corporate structure or an employer of a certain number, if I remember correctly, is required to do it. So such employees would be under the plan of H.R. 10.

**Mr. SMATHERS.** The fact of the matter is that if the corner grocer wanted to set up a retirement program under H.R. 10, as amended, he could do it, but before he could get a pension plan for himself, he would have to offer it on a nondiscriminatory basis to his employees.

**Mr. SPARKMAN.** Yes. I realize that.

**Mr. SMATHERS.** We are, in effect, reaching out into the areas the Senator wants to reach. What the Senator would do is to go a little further and a little faster than we have sought to go. I am sympathetic with his proposal and feel that we are moving in that direction.

I have heard much expression from members of the Finance Committee that they expect to get around to a broader consideration of the whole pension problem in a reasonably short time.

Mr. SPARKMAN. I say to the Senator from Florida, regardless of what course the bill may take, or what course my proposal may take if offered as a substitute, I certainly hope the Senator will keep in mind the fact which he has admitted in the presentation of the bill, H.R. 10. The Senator has admitted this would not take in everyone. The bill I have prepared was prepared at the request of the Senate Select Committee on Small Business. It would make it possible for everyone to get in and to get coverage. I hope the Senator from Florida will keep that inarticulate group in mind.

Mr. SMATHERS. I thank the Senator from Alabama. I say to that inarticulate group that they could have no better spokesman than the chairman of the Senate Select Committee on Small Business, who historically has interested himself in their problems.

The Senator is correct. This is a problem, and we shall have to consider it. As has been previously stated, there would be no particular logic in saying to those self-employed people who would come under the law, who now are prohibited from setting up retirement programs, that we would keep them from enjoying benefits merely because, at the moment, everyone is not being covered.

Mr. SPARKMAN. Not at all. I hope the Senator from Florida understood the first part of my statement, that I was in sympathy with the proposed legislation.

Mr. SMATHERS. I certainly did.

Mr. SPARKMAN. I certainly would not play the part of the dog in the manger. I believe in bringing all the people under the program as best we can in an equitable manner. I do not believe in leaving out that rather large group of people who do not have much opportunity to take care of themselves.

. Mr. BURDICK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from North Dakota.

Mr. BURDICK. I commend the able Senator from Alabama for his contribution this afternoon. I came to the Chamber late, but I understand that the Senator's proposal would include all of the employed people who are not now covered by plans.

Mr. SPARKMAN. It would cover all the self-employed people and all others who are employed who are not now covered by plans.

Mr. BURDICK. Can the Senator tell me if there is any logical or any other reason why an employed person working for the corner drugstore should be treated in a different manner from the treatment a professional man receives?

Mr. SPARKMAN. There is not one in the world, as I see it.

Mr. BURDICK. And there are literally thousands and thousands of those employees.

Mr. SPARKMAN. Yes.

Mr. BURDICK. I urge the Senator from Alabama to offer his bill in some form, as an amendment or otherwise. I shall be happy to support it.

Mr. SPARKMAN. I thank the Senator from North Dakota.

Mr. President, I yield the floor.

Mr. LONG of Louisiana. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 85, it is proposed to strike out line 23 and all that follows through line 8 on page 86, and to insert: "be an amount equal to one-half of the contributions made on behalf of such individual in such taxable year which are deductible under such paragraphs (determined with the application of paragraph (9) and of subsection (e) but without regard to this paragraph)."

Mr. LONG of Louisiana. Mr. President, this amendment seeks to provide tax equality for those who are demanding tax equality—no more, no less.

I am offering the amendment on behalf of two members of the Finance Committee, the Senator from Minnesota [Mr. MCCARTHY] and myself. If I do say it, neither of the Senators has been adamant against H.R. 10. We have been willing to vote for H.R. 10 if it would do what it was contended H.R. 10 would do, which is to give professional people the same type of tax benefit which is provided under social security, railroad retirement, Government employees' retirement, and other retirement programs. We are willing to give them tax equality. We are willing to give them the tax advantage other citizens have.

It has been stated already by the Senator who is in charge of the bill, who has considerable sympathy for this position, that if we add this amendment to the bill, we will be able to override a Presidential veto, if the bill should be vetoed. If we do not add such an amendment—I ask Senators to mark my words—the bill is going to be vetoed, and there will be an effort made even to filibuster the attempt to override the veto. These people who have asked for tax equality will not get tax equality. They will wind up being defeated again.

Mr. SPARKMAN and Mr. McCARTHY addressed the Chair.

Mr. LONG of Louisiana. I yield to my distinguished friend from Alabama first.

Mr. SPARKMAN. I must leave the Chamber, and I should like to bring up a question before I leave.

I know something about the Senator's proposal and about what his discussion will be.

I heard his words; I do not know that I should say they were words of criticism, but he did mention the inadequacy of the bill.

Mr. LONG of Louisiana. I am for the bill, if Senators will accept my amendment.

Mr. SPARKMAN. Yes. The Senator was present during at least part of the time I was talking about S. 377. Does not the Senator believe that while we are at this we ought to cover the "little man" as well as the professional man?

Mr. LONG of Louisiana. So far as I am concerned, I should be perfectly willing to make this as broad as the Senator wishes to make it, to apply it to everybody to whom the Senator wishes to apply it, provided it is consistent with principle.

I am not willing to vote to provide for a doctor, a dentist, or anybody else some tax favoritism over a Government employee, railroad employee, workingman, farmer, or some other taxpayer. If the Senate does not accept my amendment, it will be providing such tax favoritism. The Senator knows this.

Nearly every workingman in America is covered under social security. Those people must put up half of the money, and must pay taxes on that money. The employer puts up the other half, and that is deductible. The tax is postponed until the employee draws the money after retirement. The employee pays taxes on the half he pays. That is how he is taxed today.

How could we justify giving to a doctor better tax treatment than we give to the salaried workingman? How could we justify giving to a doctor better tax treatment than we give to a nurse in a hospital? We cannot justify that.

I am perfectly content to vote to say that if a man is self-employed then the 50 percent which might be regarded as an employer contribution should not be taxed. He could have a deduction for that. The other 50 percent, which would be regarded as being put up in his capacity as an employee, would be taxed.

The Senator from Florida agreed to take this amendment a couple of years ago. The committee agreed to take the amendment. I thought it was agreed to. Then one day, when the Senator from Louisiana was in his home State trying to get reelected, the committee took 70 percent of it. In effect, they said that the person could take a 100-percent deduction on the first $1,000 and then a 50-percent deduction on the other $1,500. That would amount to about 70 percent. I think I am 100 percent correct and that the Senator from Minnesota is 100 percent correct, and that we can live with this principle.

Mr. SPARKMAN. Can the Senator from Louisiana be 100 percent correct, if he would make it applicable only to the relatively narrow class to which H.R. 10 would be applicable? In order to be 100 percent correct, should he not take in the coverage of S. 377?

Mr. LONG of Louisiana. Mr. President, so far as I am concerned, I would be perfectly content to see the principle applied to every citizen in America. In fact, the principle is being applied to nearly every citizen now. We are doing this under the social security system. We are doing it under the railroad retirement system. We are doing it under our own Government retirement program.

I ask the Senator to examine his own retirement program. The Senator is putting up 7½ percent of his salary, on which he is paying taxes. The Government is putting up an amount to match that, which goes into the retirement fund. When the Senator retires he will be able to get back the amount he has paid, without paying taxes. That amount has already been taxed. The other amount, plus the increment on the total amount, will be taxable.

After the Senator retires, he would pay taxes on the half of the retirement contribution that he had not paid, plus taxes on the amount which has been earned.

Mr. SPARKMAN. I would like to ask the Senator another question, and I invite the attention of the Senator from Florida.

Mr. LONG of Louisiana. I yield.

Mr. SPARKMAN. I should like to have the attention of the Senator from Florida in connection with the question I wish to ask the Senator from Louisiana.

I was under the impression that H.R. 10, either as it was reported by the Senate Committee on Finance or as it came from the House, had in it the same deferment or a similar deferment requirement. In other words, eventually the taxpayer would have to pay taxes on the benefits received. Am I wrong in that statement?

Mr. LONG of Louisiana. I should like to answer the Senator from Alabama because I believe I understand the problem. I have been on the committee with the Senator from Florida. The portion which has not been taxed would be taxed when the amount is drawn out of the fund.

Mr. SPARKMAN. Virtually the same system.

Mr. LONG of Louisiana. Yes. But under the bill the first $1,000 would go in tax free. When the account is drawn down, the amount would be taxable, plus that which had been earned. As to the second $1,500, it would be split half-and-half; $750 would be taxed and $750 would not be taxed. That portion which had not been taxed would be subject to taxation at the time when the account was drawn upon by the beneficiary.

What I am trying to say is that with regard to the second $1,500 the committee agreed that the principle is precisely correct. That would be consistent with the social security program, the railroad retirement program, and the program we voted for ourselves.

Incidentally, as the Senator knows, taxpayers thought that we voted ourselves quite a generous program. That is what we voted for ourselves. That is what we voted for our own employees. That is what we voted for railroad employees, for Government employees, and workers under the social security program. If the plan is good enough for 90 percent of the people, why is it not good enough for the remaining 10 percent? Those people come in and say that they want the same advantages provided for others. Why do we not give them what they have requested? That is what the amendment provides. I hope that it merits the Senator's support.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. McCARTHY. I wish to add my thoughts in support of the amendment of the Senator from Louisiana. Back in 1960 the Senator and I filed minority views, in which we made the same point.

Up to this point the difficulty with H.R. 10 is that those who are concerned about the inequity looked at almost the worst abuses we had in the pension program and said, "In the name of equity, we want you to give us the same kind of privileges given to these people who are really enjoying an unwarranted privilege."

In the committee we said that there are two ways to make straight the way of the Lord. One is to lower the mountain; the other is to raise the valley. We proposed to do both.

Insofar as we can argue in terms of equity, the proposal is defensible. It would set a $2,500 limitation, but would provide that the deduction actually amount to only 50 percent of every dollar that would go into the pension fund.

Mr. LONG of Louisiana. I thank the Senator. He has worked with me on that very proposition in the committee. We have studied it for years. We are satisfied the solution is correct. The committee knows that we are right about it. The committee accepts 70 percent of the principle. They have been reluctant to take the rest of it.

As a practical matter, I wish to point out that I have never voted to override a veto of President John F. Kennedy. If we must override his veto, I do not wish to hold my nose while I do so.

I should like to say the principle of my amendment is right. We should not give a tax advantage to professional people that we are not giving others. I point out to Senators that while we may have 70 votes in favor of the measure, should the President write the kind of veto message that I know he can write against the proposed deduction on the first $1,000, some of those votes will be lost.

Mr. McCARTHY. We may have 70 votes committed to a bill designated H.R. 10, but we do not have 70 votes committed with full knowledge of what is in H.R. 10 and what would be involved following a Presidential veto, if one were necessary. If following a Presidential veto the Senate should become fully informed about what inequities would be created by virtue of the passage of the bill in its present form, we might not have 70 votes, or even a majority.

Mr. LONG of Louisiana. I think the Senator is correct. A filibuster has been threatened against the bill in its present form. In my judgment, if the amendment is agreed to, there would be no inequity. We would be adopting the principle which would reduce the immediate cost of the bill by almost 50 percent. It is a principle with which our Nation could live. We could afford to apply the principle to everybody under a principle of tax equality. My guess is that most doctors and dentists would be very glad to receive the deduction by setting aside $2,500.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. Will the Senator explain what his amendment would do?

Mr. LONG of Louisiana. It would provide that a self-employed person could set aside $2,500 for his retirement. It would regard half of that amount as the employer's contribution.

It would regard the other half as the employee's contribution, with the result that the taxpayer would be obtaining a deduction of $1,250 by putting up $2,500.

That parallels the retirement program we provided for others. It is the program that Representatives and Senators voted for themselves. We put up 7½ percent, which has been taxed. The Government matches that with 7½ percent of our salary, which has not been taxed. We pay taxes on the second 7½ percent when we retire and draw it out. That is what we have done with social security. That is how the railroad retirement program works, if I recall correctly. That is how most of the contributory retirement programs work. The amount the employee puts up himself has been taxed. The part the employer puts up has not been taxed. So I say that if we adopt the principle, we can extend it to as many people as would like to be under it without any great cost to the Government.

Mr. PASTORE. If a self-employed person has two people working for him, what arrangements would be made for the two people? How does the Senator get the half-and-half proportion?

Mr. LONG of Louisiana. In exactly the same way. The half that the employer would put up would not be taxed. The half that is regarded as the employee's contribution would be taxed.

Mr. McCARTHY. It is the same way in which the contributory pension funds operate. What the employer pays in is not taxed. What the employee pays in is taxed when the amount comes out.

Mr. PASTORE. I understand the program would pertain to doctors or lawyers who earn $20,000 to $30,000 a year more than to anyone else. Certainly such professional men have secretaries and nurses. I understand that under the provisions of the bill H.R. 10, before such a person could buy a pension plan for himself, he would be required to buy a pension plan for everyone who works for him. Under the proposed legislation, would the employee have to make any kind of contribution toward the retirement fund, or would all of that money come out of the gross earnings of the self-employed?

Mr. LONG of Louisiana. As the bill is now written, suppose $2,500 were set aside for a secretary. The first $1,000 would be totally deductible.

The next $1,500 would be deductible in halves—$750 would be deductible and $750 would be postponed until after retirement, for tax purposes. In effect, the committee has said that the principle is 70 percent correct, because they have taken the amendment with regard to the second $1,500.

The principle of our amendment is 100 percent right. That is the way that people are taxed for social security purposes. Half the amount is taxable; half is not taxable.

Mr. PASTORE. I do not think the Senator understands my point. The Senator made an analogy a short while ago to Members of Congress. He said that even Members of Congress have a retirement plan to which they contribute one-half and the Government contributes the other half.

Mr. LONG of Louisiana. The Senator is correct.

Mr. PASTORE. It is true that the half that Members of Congress contribute is after taxes. I realize that. They must pay a tax on that amount. Under H.R. 10, would an employee of that self-employed person be required to make any contribution toward the retirement plan the employer takes out for his organization?

Mr. McCARTHY. He might and he might not. So far as employees are concerned, the employer would have to set up a pension program for them which would be approved under existing law. The plan might be noncontributory. It might be a 50 percent plan, operating in the same way as programs for employees of corporate pensions today may be treated. But the plan would have to be approved by the Department of the Treasury.

Mr. PASTORE. I realize that. But what I am trying to line up in my mind is the fact that the Senator is making an analogy that we should give everyone the same equitable treatment. I subscribe to that philosophy. But the point is that the H.R. 10 plan, as I understand, does not provide that the amount would come out of the pockets of the employees of the self-employed. He has to make a full contribution to the retirement plan.

Mr. LONG of Louisiana. It could be either way. However, if he sets up a plan in which the employer makes the entire contribution, the amount that was set aside for the employee would be taxed the same as the part set aside for the employer. Therefore, the first thousand dollars would not be taxed, and as to the next $1,500 on one basis half would be taxed and half not taxed.

What I have tried to do is to provide that in any event we would treat it just as though it was a contributory retirement plan for the employee, so that half of it would be taxable, which would be regarded as the employee contribution, and the other half would not be taxable. I hope the Senator realizes that no matter how we look on it, this money is a part of the compensation that the employee receives, just as we pay a tax on the 6 percent that we put up.

Mr. WILLIAMS of Delaware. If it is a contributory plan in which the employee pays a part of the cost, the portion which the employee puts up comes out of the earnings, and he pays a tax on it. If it is a noncontributory plan, half of it is taxable.

Mr. PASTORE. The Senator has not answered my question.

Mr. McCARTHY. The pension program set up for the employee would not necessarily run in the same way as the law would run against a self-employed person. The pension program the man set up for his employees—if he had one employee for more than 3 years, that is—he would have to set up an approved pension program. The program would have to be approved by the Treasury Department. The Treasury has approved some programs which are noncontributory, in which a portion of the fund is put in by the employer. In that case the employee would not make any contribution. He would pay no taxes until he drew out the money.

He might set up a plan in which the employee contributed one-fourth or one-half or three-quarters. The Senator from Louisiana and I would provide that 50 percent would be deductible, and the other 50 percent would not necessarily run to the pension program of the employees. However, the plan would have to be approved.

Mr. PASTORE. If it is a noncontributory arrangement on the part of the employee, under the suggestion of the Senator from Louisiana and the Senator from Minnesota, the fact is that it would become unfair to the self-employed person if he had to pay the whole contribution toward the employee's retirement. He would be paying the full 100 percent of it after paying taxes.

Mr. McCARTHY. He could deduct what he puts in. All that he puts into the pension program for his employee is a business expense, just like wages and salaries.

Mr. PASTORE. That is, under the Senator's amendment?

Mr. McCARTHY. Under the bill. He deducts the entire amount as a business expense. I am referring to the self-employed person.

Mr. PASTORE. If a doctor has two nurses and sets up a plan under which he contributes the entire amount toward the nurses' retirement, he can deduct all of that money. Is that correct?

Mr. McCARTHY. As a business expense.

Mr. LONG of Louisiana. My amendment does not apply to the employee. I regret that I was in error in that respect. It does not apply to the employee at all. If a doctor sets up a plan for himself and his nurses, and he contributes the entire amount for the nurses, none of that money is taxable to the nurses.

Mr. PASTORE. Is it taxable to the doctor?

Mr. LONG of Louisiana. Fifty percent of it.

Mr. PASTORE. Why should he be taxed for the 50 percent if he is giving it away for someone else's benefit?

Mr. LONG of Louisiana. He gets a deduction for the entire amount that he is contributing for his nurses. He gets a deduction for one-half of what he has contributed for himself.

Mr. PASTORE. The Senator has answered my question.

Mr. LONG of Louisiana. On the theory that he is both employer and employee.

Mr. PASTORE. If a doctor buys a plan, he can deduct one-half of his own contribution.

Mr. LONG of Louisiana. That is correct.

Mr. PASTORE. Under the Senator's plan, what he pays toward the pension plan of his nurses is all taxable. Is that correct?

Mr. LONG of Louisiana. Yes; it is all taxable.

Mr. PASTORE. That is the question I asked a half hour ago.

Mr. LONG of Louisiana. I thank the Senator. Sometimes it is rather hard to explain these things. This is a very complicated bill. I invite attention to the fact that the bill is 117 pages long.

Mr. HART. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HART. I should like very briefly to comment on the earlier exchange between the Senator from Louisiana and other Senators with respect to how many votes there are for H.R. 10. I am typical of the new Members of the Senate who are not members of the Committee on Finance, and who are professional people. We have been beseeched and besieged by many professional people in our State, including very good friends of ours, to support H.R. 10.

I cannot speak for other Senators. My response over a long period of time has been that I am sympathetic to the idea of extending retirement plans to professional men. I hope to be able to support a program which is an effective instrument to achieve this completely desirable objective. I have never committed myself to saying yes or no to a particular plan, explaining that, as was dramatically illustrated by the exchange on the floor just now, I am not clear as to what the precise and ultimate formula should be.

Let me make it clear that there are many of us who may be regarded vaguely as being in favor of H.R. 10, but who most certainly are not in favor of H.R. 10 without the protective, equitable amendment which is now offered by the Senator from Louisiana and the Senator from Minnesota. There is absolutely no justification for a Member of the Senate going home to explain to a man on social security that, "Yes, I voted to support a pension program for a lawyer on terms more favorable than that which applied to you." That does not make sense. I suspect that a good many of my lawyer friends who wrote to me would agree with me if they understood that this was the problem implicit in the pending bill.

Mr. LONG of Louisiana. I thank the Senator.

Mr. McCARTHY. The Senator put into the RECORD Treasury estimates to the effect that the amendment would reduce the cost of the program from about $203 million to $100 million.

Mr. LONG of Louisiana. It would cut the cost in half. Of course we could extend the principle to as many as we want to extend it to.

Mr. McCARTHY. There are additional inequities in the pension program. We are committed to a thorough study of the pension program. There are indications that the Treasury Department is studying the program. We may hold hearings and bring in a comprehensive bill and revise the whole tax law with regard to the pension program for the United States.

Mr. LONG of Louisiana. I thank the Senator.

The PRESIDING OFFICER (Mr. PELL in the chair). The question is on agreeing to the amendment.

Mr. SMATHERS. Mr. President, I appreciate the dispatch with which the Senate tries to operate, but I think that we who oppose the amendment should be permitted to say a word.

When the distinguished Senator from Louisiana first offered the amendment in the Committee on Finance, it was received favorably, even as it makes an impression upon Senators who are now in the Chamber. However, it was felt that if we were to have a self-employment retirement bill which would work, it should not be made so restrictive, and the incentive for small businessmen should not be reduced to the point where he would not set up a retirement system for himself and his employees.

Mr. LONG of Louisiana. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield.

Mr. LONG of Louisiana. So far as I am concerned, I would not even insist on the inclusion of employees, if the principle itself be adopted, because I think the principle could be made applicable to anyone. He could set up a retirement program, or he would not have to, if he did not want to; but if he did, he would get a 50-percent deduction.

Mr. SMATHERS. What we were trying to do, and where we went further than the House bill, was to require that any self-employed person who wanted to avail himself of a retirement program must set up a retirement program for his employees. We felt that that was the only fair way to proceed. We believed, as was originally expressed by the Senator from Alabama, that eventually it was desirable to bring almost everyone under some kind of qualified retirement program, so that no one would become a public charge.

If we required a small businessman, or professional man, including a doctor in a small town—all doctors do not live in big towns, and not all are rich, although many of them are—and furthermore, as self-employed persons, doctors and lawyers comprise about 8 percent of the self-employed in the Nation—to establish a program for himself and employees that we should provide a sufficient incentive to do so. We were seeking to enable him to enter into a retirement program, which would allow him a maximum tax deduction of $1,750 on a total yearly contribution of $2,500.

We felt that if this tax deduction were further reduced, we might as well, in many respects, forget about setting up a self-employment retirement program, because we would then find, if we followed the philosophy recommended by the Senator from Louisiana [Mr. LONG], that we would have only the rich people in it. It would be a heavy burden on the little man. Probably he would not avail himself of the opportunity to have a self-employment retirement program, because he, in turn, being covered himself, would have to include his employees in the plan.

So what we tried to do was to recognize the merit of the philosophy of the Senator from Louisiana to the extent that we could, without destroying the necessary incentive to create such a program. That is exactly what we did.

Mr. PASTORE. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield.

Mr. PASTORE. Will not the Senator from Florida admit that we here deviate somewhat from the established philosophy of supporting pension plans, with certain exemptions, under the internal revenue law, when we allow an individual who is self-employed, who does not have any employees, to deduct the full amount he contributes to the plan and have it deductible in toto? That has never been heard of before. In all such plans there is participation. The employee makes a contribution and the employer makes a contribution, as is done under social security, and as is done even in the Government. Every civil service employee has to make a certain contribution, which is not tax free, toward his retirement. The only benefit he gets is that the Government itself makes a contribution of the other half.

In this particular case it is said that we will allow an individual to deduct the entire amount of his contribution. There are many self-employed persons who do not have employees.

Mr. SMATHERS. Those who do not have employees under a corporate pension program could receive a maximum tax deduction of $1,750.

Mr. PASTORE. I am not talking about those who are under a corporate setup; I am talking about the self-employed. What is sought to be done is to stimulate a little investment in participation on the part of the self-employed.

Mr. SMATHERS. Under the bill, the proposal applies to a man who is the sole owner of a corporation, but he can deduct only $1,750; whereas under the corporate program he can deduct everything which he contributes to the retirement program.

Mr. McCARTHY. The inequity as between the self-employed and some incorporated self-employed, who have been taking advantage of the existing laws, is that there are some corporate plans in which the employee makes no contribution.

I intend to offer an amendment to tighten up on the one operation, so that they can take advantage, as in the past. I shall offer an amendment which would prevent that kind of abuse, so that if we adopt the amendment sponsored by the Senator from Louisiana and the Senator from Minnesota—and I hope the Senator from Louisiana will cosponsor my second amendment with me—I think we will have tightened up the bill to such a point that everyone can vote for it and vote to override a veto, which I do not think will follow. But we can then vote for the principle of H.R. 10—what we refer to as H.R. 9½—and what will be left will be better than H.R. 10.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield.

Mr. WILLIAMS of Delaware. I shall support the amendment of the Senator from Minnesota and the Senator from Louisiana. I think it is a worthwhile amendment and makes a constructive correction in the bill. It would merely be extending to the group of self-employed the same privileges which are extended under existing law to other employees. In the interest of fairness, I think the amendment should be approved.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana for himself and the Senator from Minnesota.

Mr. SMATHERS. Mr. President, on this question I ask for a division.

On a division, the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. McCARTHY. Mr. President, I intend to offer an amendment which relates to the problem which has been referred to with respect to incorporated owner-employees. This particular provision was discussed in some detail in the minority views which were filed in September 1961, over the names of the Senator from Illinois [Mr. DOUGLAS] and the Senator from Tennessee [Mr. GORE].

I was quite willing to join with them in the minority views with regard to this section of the bill, but since their views also cover other sections and other provisions in H.R. 10, I declined to join in the total minority views.

This particular section of their minority views makes special reference to the failure of the bill to deal with the incorporated owner-employee.

It points out, however, that when in 1960 the Committee on Finance acted on the same bill, it included a section designed to eliminate the abuses in the incorporated owner-employee area. But when the bill was reported again in 1961, for some reason these provisions were not adopted by the Committee on Finance.

It is my hope that the Senate, in considering the bill this time, will return to the position which was essentially the same position taken by the Committee on Finance about 1 year ago—2 years ago, really, but 1 year before the pending bill was reported by the Committee on Finance—and will include the amendment which I shall propose, designed to eliminate abuses in the incorporated owner-employee area.

H.R. 10, as reported by the committee, includes a specific requirement that only the employee pension plan requirements, would not apply to pension plans for owner-employees of incorporated businesses.

These requirements are:

First. That if it is a trustee plan, the trustee must be a bank or similar institution with fiduciary powers, but another person, who may be the employer, may be given power to control investments of the trust fund.

Second. In the case of owner-employees, benefits may not be payable before the owner-employee reaches age 59½, except in the case of severe disability or death, and benefit payments must begin before he reaches age 70½; in the case of self-employed individuals other than owner-employees, and employees of self-employed individuals, benefits must be payable at age 70½ or retirement, whichever is later. Benefits in the foregoing cases may, under regulations, be payable over a period no longer than the life expectancy of the employee—including owner-employees—or the life expectancy of the employee and his spouse.

Third. In the case of plans of owner-employees with employees, contributions for employees must be nonforfeitable at the time they are made.

Fourth. In the case of a profit-sharing plan, a definite formula for determining employee contributions must be provided.

Fifth. Plans covering owner-employees must provide contributions for each full-time employee who has 3 years of employment.

Sixth. An owner-employee must consent to be covered by the plan.

Seventh. No excess contribution may be made.

Eighth. Where an owner-employee has employees, the plan may be coordinated with social security—under special rules—only if allowable contributions for him are not more than one-third of the total contributions made under the plan.

Ninth. If an owner-employee dies, his entire interest must within 5 years be (a) distributed to designated beneficiaries, (b) used to provide immediate annuities for them, or (c) paid out, under a plan of distribution already commenced, to a beneficiary over the life expectancy of the owner-employee or over the joint life expectancy of the owner-employee and his spouse.

Tenth. Excess contributions, if made, must be returned to the person who made them, and income earned by the plan which is attributable to the interest of an owner-employee with respect to whom an excess contribution was not timely returned must be taxed to the owner-employee.

Eleventh. For purposes of qualifying the plan and determining what limitations are applied to contributions for owner-employees, two or more businesses controlled by an owner-employee or by a group of owner-employees must be considered as a single business.

Twelfth. Contributions on behalf of any owner-employee must be determined on the basis of his earned income from the trade or business with respect to which the retirement plan is established.

(B) In addition, owner-employee plans are subject to the following general requirements of the bill for all self-employed persons:

First. An owner-employee is allowed to contribute each year for a retirement plan for himself up to 10 percent of his earned income for that year or $2,500, whichever is smaller;

Second. The first $1,000 so contributed and 50 percent of the contribution in excess of $1,000 may be deducted for tax purposes;

Third. The owner-employee must provide for retirement benefits for his employees, if he has any;

Fourth. The retirement fund must be lodged with a bank as trustee, or invested in nontransferable annuities with an insurance company or in nontransferable face amount certificates, or invested in a new series of U.S. Government bonds authorized for this purpose.

A major objective of H.R. 10 was the attempt to achieve equity in tax treatment for retirement plans between first, the self-employed who are not incorporated, and second, the owner-managers of incorporated businesses. The latter are allowed under present law to participate with their employees in retirement plans and to enjoy the same tax advantages as their employees in being able to deduct funds which the company sets aside for their retirement. The earnings on such funds are also exempt from current taxation.

What the bill succeeds in doing, however, is to discriminate in favor of the owner-managers of incorporated businesses. H.R. 10 imposes a number of restrictions upon the retirement plans and the deduction of contributions to plans included in the act. These restrictions do not apply to owner-managers of incorporated businesses for the simple reason that they are not covered in the act.

H.R. 10 denies capital gains on lump sum distributions to the retirement plans of the self-employed, whether or not they are owner-employees. However, employees of the self-employed would be entitled to capital gains, and employees of corporations, including owner-managers, would continue to enjoy capital gains treatment on such distributions.

H.R. 10 does not extend estate and gift tax exemptions on retirement plan benefits to the self-employed, whether or not they are owner-employees, insofar as contributions were made to the plan by or for the individual while he was a self-employed person. However, ordinary employees, including owner-managers of corporations, would continue to have such exemptions.

**Mr. LONG of Louisiana.** Mr. President, I ask unanimous consent that the Senator from Minnesota may yield momentarily to me, without losing his right to the floor.

**The PRESIDING OFFICER.** Is there objection? Without objection, it is so ordered.

**Mr. McCARTHY.** I yield.

**Mr. LONG of Louisiana.** Mr. President, under those conditions, I move that the vote by which the amendment was agreed to be reconsidered.

**Mr. DIRKSEN.** Mr. President, which amendment is it? Is this the Senator's amendment?

**Mr. LONG of Louisiana.** Yes.

**Mr. DIRKSEN.** Then, Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The Senator from Minnesota has the floor, and he yielded temporarily to the Senator from Louisiana.

**Mr. McCARTHY.** I do not yield for the purpose of a quorum call.

I understand that the pending question is on agreeing to the motion to lay on the table the motion to reconsider. I yielded to the Senator from Louisiana for the purpose of permitting him to move that the vote by which the amendment was agreed to be reconsidered. I now move to lay on the table the motion to reconsider.

**The PRESIDING OFFICER.** The pending question is on agreeing to the motion to lay on the table the motion to reconsider. But the question now is, Does the Senator from Minnesota yield to the Senator from Illinois for a quorum call?

**Mr. McCARTHY.** I yield to the Senator from Illinois for a question, but not for a quorum call at this point.

**Mr. DIRKSEN.** Mr. President, the Senator from Minnesota moved that the motion to reconsider the vote by which the amendment was agreed to be laid on the table.

**Mr. McCARTHY.** Yes.

**Mr. DIRKSEN.** The Senator from Minnesota then lost the floor, right there.

Mr. President, I suggest the absence of a quorum.

**Mr. McCARTHY.** Then the pending question is on agreeing to the motion to lay on the table the motion to reconsider; and the absence of a quorum has been suggested. Very well.

**The PRESIDING OFFICER.** The absence of a quorum has been suggested; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. DIRKSEN.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. LONG of Louisiana.** Mr. President, something of a truce has been worked out with the other side; and I withdraw my motion.

**Mr. McCARTHY.** And I withdraw my motion to lay on the table.

**The PRESIDING OFFICER.** The motions are withdrawn.

**Mr. DIRKSEN.** Mr. President, has the Chair stated for the record the action taken?

**The PRESIDING OFFICER.** Yes.

**Mr. LONG of Louisiana.** Mr. President, I should like it understood that in withdrawing my motion to reconsider—although I believe we have the votes to sustain it, if we persisted in this matter today—there is something of a gentleman's understanding that the opponents of the amendment will not make such a motion in my absence.

**Mr. DIRKSEN.** That is understood.

**Mr. LONG of Louisiana.** Then, Mr. President, I ask unanimous consent that I may withdraw my motion that the vote by which the amendment was agreed to be reconsidered.

**Mr. DIRKSEN.** And the Senator from Minnesota has withdrawn his motion to lay on the table the motion to reconsider. Is that correct?

**The PRESIDING OFFICER.** Yes; and, without objection, the motions are withdrawn.

**Mr. McCARTHY.** Mr. President, I offer the amendments which I send to the desk.

The **PRESIDING OFFICER**. The amendments submitted by the Senator from Minnesota will be stated.

The **LEGISLATIVE CLERK**. On page 56, in line 24, it is proposed to strike out "(c) (2)" and to insert "(c) (2) (A)".

On page——

Mr. **McCARTHY**. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered; and the amendments of the Senator from Minnesota will be printed in the RECORD.

The amendments submitted by Mr. MCCARTHY are as follows:

On page 56, line 24, strike out "(c) (2)" and insert "(c) (2) (A)".

On page 58, line 5, before the comma insert "or are owner-employees".

On page 60, line 8, strike out "(2)" and insert "(2) (A)".

On page 61, line 1, strike out "(B)" and insert "(C)".

On page 61, line 15, strike out "(B)" and insert "(C)".

On page 61, after line 18, insert the following:

"(B) OTHER EMPLOYEES.—In the case of an individual who is an employee without regard to paragraph (1), the term 'earned income' means the compensation received from the employer.

On page 61, line 19, strike out "(B)" and insert "(C)".

On page 63, line 6, strike out "or".

On page 63, line 9, strike out the period and insert a comma, and after line 9 insert the following:

"(C) in the case of a corporation (other than a corporation described in subparagraph (D) or (E)), is a shareholder who owns more than 10 percent of the value of the outstanding stock of the corporation or who owns more than 10 percent of the total combined voting power of all classes of stock entitled to vote,

"(D) in the case of a corporation with respect to which, for the taxable year, an election under section 1372 (relating to elections by small business corporations) is in effect, is a shareholder who owns more than 10 percent of the outstanding stock of the corporation, or

"(E) in the case of an unincorporated association which is a corporation within the meaning of section 7701(a) (3) and which is engaged in a trade or business in which professional services is a material income-producing factor, owns more than a 10 percent interest in such association."

On page 63, beginning with line 19, strike out all through line 10 on page 64 and insert the following:

"(5) CONSTRUCTIVE OWNERSHIP.—An individual shall be treated as owning any interest in an unincorporated trade or business, and any stock in a corporation, which is owned, directly or indirectly, by his spouse or minor children. An individual who owns any interest in an unincorporated trade or business or is an employee of such trade or business, or who owns any stock in a corporation or is an employee of such corporation, shall be treated as owning any interest in such unincorporated trade or business, and any stock in such corporation, which is owned, directly or indirectly, by his ancestors or lineal descendants. Any interest or stock treated as owned by any individual by reason of the application of the preceding sentences shall not be treated as owned by him for the purpose of applying such sentences in order to make any other individual the constructive owner of such interest or stock. For purposes of this paragraph, a legally adopted child of an individual shall be treated as a child of such individual by blood.

On page 64, line 20, strike out "pension" and insert "stock bonus, pension,".

On page 66, line 12, after "profit-sharing" insert "or stock bonus".

On page 71, beginning with line 11, strike out all through line 4 on page 72 and insert the following:

"(B) For purposes of subparagraph (A), an owner-employee, or two or more owner-employees, shall be considered to control a trade or business if such owner-employee, or such two or more owner-employees together—

"(i) own the entire interest in an unincorporated trade or business,

"(ii) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in such partnership, or

"(iii) in the case of a corporation, own either more than 50 percent of the value of the outstanding stock of the corporation or more than 50 percent of the total combined voting power of all classes of stock entitled to vote.

For purposes of the preceding sentence, an owner-employee, or two or more owner-employees, shall be treated as owning any interest in a partnership, and any stock in a corporation, which is owned, directly or indirectly, by a partnership or by a corporation which such owner-employee, or such two or more owner-employees, are considered to control within the meaning of the preceding sentence.

On page 76, line 8, beginning with "repaid" strike out all through the period in line 9 and insert the following: "repaid—

"(i) if the excess contribution was made on behalf of an owner-employee other than an owner-employee as defined in subsection (c) (3) (B), to the person who made such excess contribution, or

"(ii) if the excess contribution was made on behalf of an owner-employee as defined in subsection (c) (3) (B), to such owner-employee.

On page 77, lines 3, 4, and 5, strike out "the owner-employee on whose behalf such excess contribution was made, and pays to such" and insert "the person specified in clause (i) or (ii) of subparagraph (C), and pays to the".

On page 85, line 17, after "for" insert "owner-employees and".

On page 85, lines 21 and 22, strike out "an employee within the meaning of section 401 (c) (1)" and insert "an owner-employee or who is an employee within the meaning of section 401(c) (1) (whether or not such employee is an owner-employee)".

Mr. **McCARTHY**. Mr. President, these amendments are designed to safeguard against abuses which exist at the present time, and might well be expanded in the future, under owner-employee types of business operations.

As I indicated earlier, in the report which was filed on the bill on September 13, 1961, the Senator from Illinois [Mr. DOUGLAS] and the Senator from Tennessee [Mr. GORE] filed minority views. Insofar as the particular section of their minority views relating to the provision under discussion is concerned, I am quite in agreement with it. But the fact that in their minority views they covered other parts of the bill and made comments on parts of H.R. 10 with which I did not agree moved me to withdraw my name from the minority views.

The fact is that in 1961, when the Finance Committee reported a bill similar to H.R. 10, it included some provisions which tightened up the law with regard to incorporated owner-employee business organizations. We found cases in which one individual had as many as 200 or more pension programs which he had set up in separately incorporated operations. The evidence showed widespread abuse. In part, the agitation for H.R. 10 on the part of the self-employed arose from the fact that they could look across the road and could see what the incorporated owner-employees were doing with pension programs as a device for avoiding taxes or postponing taxes or spreading their income and projecting it into the future, so that if they paid taxes at all, they would be paid at a rate different from the rate which would apply for the year in which the income was earned.

Basically, what I propose to do is to have the incorporated owner-employee treated the same way the unincorporated owner-employee is treated, or the one who is popularly called self-employed. I think this is a necessary tightening up of the present pension law. It is a relatively simple proposition. It is one on which the Senate Finance Committee acted, with some minor limitations. I would say my proposal is somewhat tighter than what the Senate Finance Committee recommended in 1960, but the differences are not significant; and if they are found to be extreme or harsh, since this language would be in conference, it would be quite possible to make the necessary adjustments in conference.

Therefore, I urge that the Senate today adopt this amendment to H.R. 10.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. **SMATHERS**. Mr. President, I wish to say that the committee had some discussion of the amendment offered by the Senator from Minnesota and some other amendments similar in nature. Actually, one might say, this particular amendment goes far beyond the premises and principles involved in the self-employment retirement program. It gets into the field of corporate owner-manager pension plans, and it is far-reaching in its implications.

I say to the able Senator from Minnesota, as the Senator in charge of the bill on the floor, I would be willing to take this particular amendment to conference for the purpose of consideration, with the understanding that there was no direct commitment made, but that the Senator from Minnesota raised a point that ought to be considered, and that we would consider it in the conference.

Mr. **DIRKSEN**. Mr. President, if the Senator will yield, certainly I would not want to let the legislative record on the bill show that there has been a commitment on an amendment which goes so deeply into the whole corporate pension field that nobody understands the implications of it. Coming out of the blue sky, as it has, I think we ought to be certain that there is no commitment on the part of the Senator in charge of the bill on the floor, and that it goes to conference only for the purpose of consideration.

**Mr. McCARTHY.** The only commitment is that it be considered on its merits. This is a continuing commitment of anyone who goes to conference.

I do not agree that no one understands it. It is quite true that no one understands the complexity of the whole pension structure that has developed in this country. That is an advantage the Treasury officials have over us. They have some officials who understand it, but the rest of us do not get beyond the curtain, so we have to operate in the dark to some extent. But it is understood that there are certain abuses in the area of incorporated owner-employee corporations. In effect, an individual can incorporate himself. We found a case where one person had incorporated himself some 200 times, and each time he had set up a separate pension plan. Since he was treating the employee the same way he was treating the employer, he was treating the workers the same way the directors and officers were being treated, because they were the same person. There was complete equity.

We attempt to tighten up that situation to prevent abuses which will discredit to a large extent the whole pension program, the corporate pension program as well as the individual pension program, which we are approving in the pending bill. There should be some backing up in this field.

I do not ask for a commitment, because there is a continuing commitment that the conferees, who are familiar with the general program, will take this amendment as an indication that the Senate is concerned about the abuses, and it is within the terms of the act, and that, whatever they accept as their obligation as conferees, they should consider the intent, and to some extent, since I believe my amendment is sound, consider the language as suitable for consideration and acceptance.

**Mr. DIRKSEN.** Mr. President, I merely observe that the amendment goes into a new field, and since it comes out of the woodwork, as it were, it is difficult to analyze and see what its impact is going to be. Obviously, nobody defends abuses. Nobody would try to defend them. This is a self-employed pension plan, so to speak, and not a corporate plan.

I am ready to correct abuses at any time, but the essential point is that if it goes to conference, I do not want them to get the idea, as has so often been expressed on the Senate floor, that suddenly the conference is bound to take a particular action. It must be abundantly clear that if the conferees want to throw it out, they are not inhibited from doing it by any action on the floor of the Senate.

**Mr. McCARTHY.** The Senate voted by a majority vote for repeal of the dividend credit a year or more ago, and when the House conferees approached the Senate conferees on the question the chairman of the Senate conferees moved to recede from the Senate's position. I thought this was overreaching. I do not mean to discount the kind of representation we will have on this issue, because this proposal is really not out of the woodwork. It was considered in the bill in 1960.

**Mr. SMATHERS.** That is correct.

**Mr. McCARTHY.** It was touched on in the minority views, and it was touched on very strongly in the minority views in 1960. So this is not anything new. It was approved by the Finance Committee in 1960, not in quite the same terms, because the bill was different; but this is not a de novo matter. This is really not something that should be dropped in the rotunda.

**Mr. DIRKSEN.** I remind the Senator of the struggle carried on by the Senator from Pennsylvania [Mr. Clark] when, after the Senate had taken a position, he was so determined that conferees would be appointed who would carry out the will of the Senate and not retreat from it. I do not want our conferees to be in that hard and fast position, but to take this measure only to the bosom of the conference for consideration, and nothing more.

The Senator from Illinois, as the Senator from Minnesota knows, is no stranger to conferences. He has served in conferences on the other end of the Capitol as well as on this end, and he knows something about the way the conferences work. I want to be sure that no hands are tied and no obligations are imposed.

**Mr. SMATHERS.** I thank the Senator, and I assure him that this matter will be taken to conference only for consideration.

I yield to the Senator from Louisiana [Mr. Long].

**Mr. LONG of Louisiana.** Mr. President, I believe the Senator has been fair in this matter, as one who worked with the Senator on the entertainment deduction matter. We worked to see that the abuses were eliminated and tried to preserve legitimate deductions. I hope the Senator in conference will try to bring us back something that closes the worst abuses in this field, because he knows, as well as others of us know, that this is a field containing one of the most flagrant loopholes in the tax laws.

If we can make progress in the field of eliminating some of the extreme abuses, I think we shall accomplish something worthy of the effort made by the Senator from Minnesota and other Senators who feel that way about the problem. Perhaps the amendments are too sweeping, but I hope the Senator will try to bring back from the conference something to cover the abuses in this field.

**Mr. SMATHERS.** I am delighted to take the amendments to conference for the purpose of considering the problem. We shall try to stop the abuses in this field if at all possible.

**The PRESIDING OFFICER.** The question is on agreeing to the amendments offered by the Senator from Minnesota [Mr. McCarthy].

The amendments were agreed to.

**The PRESIDING OFFICER.** The bill is open to further amendment.

**Mr. SPARKMAN.** Mr. President, I offer an amendment in the nature of a substitute, and I ask unanimous consent that the reading of the amendment may be dispensed with and that it may be printed in the Record at this point.

**The PRESIDING OFFICER.** Is there objection to the request by the Senator from Alabama? The Chair hears none, and it is so ordered.

The amendment in the nature of a substitute, which was ordered to be printed in the Record, is to strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Individual's Tax Retirement Act of 1961".

Sec. 2. Voluntary Retirement Plans.

(a) Deduction for Amounts Paid as Retirement Deposits.—

(1) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by renumbering section 217 as 218, and by inserting after section 216 the following new section:

"Sec. 217. Amounts Paid as Retirement Deposits.

"(a) General Rule.—In the case of an individual (other than an individual described in subsection (e)), there shall be allowed as a deduction the amount paid by him within the taxable year as a retirement deposit, but not in excess of the amount computed under the provisions of subsections (b), (c), and (d) of this section. Amounts paid by an individual as a retirement deposit within four and one-half months after the close of a taxable year may, at the election of the taxpayer (made under regulations prescribed by the Secretary or his delegate) be treated as having been paid on the last day of the taxable year.

"(b) Limitations.—Except as provided in subsections (c) and (d), the total amount deductible under subsection (a) by any individual for any taxable year shall not exceed $1,000 or 10 percent of his adjusted gross income (computed without regard to the deduction allowed by subsection (a)), whichever is the lesser.

"(c) Special Rule.—In the case of any individual who reached his fiftieth birthday before January 1, 1961, the annual limit on the amount deductible by him under subsection (a) shall be increased over that provided in subsection (b) by one-tenth for each full year of his age in excess of fifty and not in excess of seventy, determined as of January 1, 1961. The increased deduction under this subsection shall not apply to taxable years of an individual after the taxable year in which he reaches age seventy.

"(d) Unused Deduction Adjustment.—

"(1) Allowance.—The limit on the amount annually deductible under subsection (a) as determined under subsection (b) or (c), as the case may be, shall be increased in the case of an individual having an unused deduction by an amount equal to the excess, if any, of $1,000 over the amount deductible under subsection (a) without reference to this subsection, but not in excess of the taxpayer's unused deduction adjustment.

"(2) Computation.—The unused deduction adjustments for any taxable year shall be the aggregate of the unusued deduction carryovers.

"(3) Definition of unused deduction.—For purposes of this subsection, the term 'unused deduction' means the excess, if any, of (A) the amount which, if paid as a retirement deposit, could be deducted under subsection (a) by an individual during the taxable year, over (B) the amount so paid or treated as having been paid during such year.

"(4) Amount of carryover.—If for any taxable year beginning after December 31, 1960, an individual has an unused deduction, such unused deduction shall be an unused deduction carryover for each of the succeeding five taxable years. The entire amount of the unused deduction carryover for any taxable year shall be carried to the first succeeding taxable year. There shall be carried to each of the other four succeeding taxable years only so much of such unused deduction carryover as was not availed of as a deduction in one or more of the prior taxable years to which such unused deduction carryover may be carried.

"(e) Individuals to Whom Section Does Not Apply.—Subsection (a) shall not apply for any taxable year to an individual—

"(1) who during the taxable year receives a payment under,

"(2) in respect of whom during the taxable year a contribution is made or treated as having been made under, or

"(3) who during the taxable year or any prior taxable year received a distribution of his interest in a pension or annuity plan of an employer qualifying under section 401(a), or under section 165(a) of the Internal Revenue Code of 1939.

"(f) Definition of Retirement Deposit.—As used in this chapter, the term 'retirement deposit' means a payment in money to a restricted retirement fund described in section 405(a), or to a life insurance company (as defined in section 801) as premiums under a restricted retirement policy. In the case of retirement deposits paid as premiums under a restricted retirement policy, if the policy provides for life insurance protection, that portion of such premiums which (under regulations prescribed by the Secretary or his delegate) is properly allocable to the cost of such life insurance protection shall not be deductible under this section.

"(g) Definition of Restricted Retirement Fund.—For definition of 'restricted retirement fund,' see section 405(a).

"(h) Definition of Restricted Retirement Policy.—For purposes of this chapter, the term 'restricted retirement policy' means an annuity, endowment, or life insurance contract, or combination thereof, other than a term insurance contract, issued by a life insurance company on the life of an individual—

"(1) in which such individual has complete ownership and with respect to which such individual, in such form and manner as may be prescribed by the Secretary or his delegate, has notified the insurance company of his intention to deduct premiums from gross income pursuant to and subject to the limitations of this section and has had an endorsement to that effect entered thereon as provided in section 6047, and

"(2) which provides that it shall be nonassignable except as to the right of the insured (A) to designate one or more beneficiaries to receive the proceeds in the event of his death, or (B) to designate a joint, survivor, or joint and survivor annuitant effective upon his reaching age sixty-five.

"(i) Cross References.—For amounts includible in taxable income with respect to retirement deposits, see sections 18 and 79."

(2) The table of sections for part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out

"Sec. 217. Cross references."

and by inserting in lieu thereof the following:

"Sec. 217. Amounts paid as retirement deposits.
"Sec. 218. Cross references."

(3) Section 62 of the Internal Revenue Code of 1954 (relating to definition of adjusted gross income) is amended by inserting after paragraph (6) the following new paragraph:

"(7) Deduction of Amounts Paid as Retirement Deposits.—The deduction allowed by section 217."

(b) Returns of Life Insurance Companies and Banks With Respect to Restricted Retirement Policies and Funds.—

(1) Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to information returns) is amended by adding at the end thereof the following new sections:

"Sec. 6047. Returns of Life Insurance Companies With Respect to Restricted Retirement Policies.

"(a) Initial Returns.—Every life insurance company, upon receiving notification from an individual of his intention, with respect to any contract issued by such company, to deduct premiums paid as retirement deposits pursuant to section 217, shall within 60 days thereafter endorse on such contract the words 'Restricted Retirement Policy Pursuant to Section 217 of the Internal Revenue Code of 1954' and shall make a return in accordance with regulations prescribed by the Secretary or his delegate.

"(b) Further Return.—Thereafter, in the event that—

"(1) such a contract is surrendered for its cash value or assigned, or

"(2) a nonforfeiture option under such a contract (other than reduced paid-up insurance) becomes operative, or

"(3) any part of the cash value of such a contract is borrowed or advanced (other than borrowing or advance solely to pay a premium thereon, in an amount not in excess of one annual premium which is repaid in full within 12 months following the due date of such premium)

such company shall make a return in accordance with regulations prescribed by the Secretary or his delegate.

"(c) Exception.—The return provided for under subsection (b) shall not be required in the case of exercise by an individual of any cash, loan, or nonforfeiture value to the extent it had accrued on such contract prior to the time it became a restricted retirement policy as defined in section 217(h).

"Sec. 6048. Returns of Banks With Respect to Restricted Retirement Funds.

"Every bank which becomes a trustee or custodian of a restricted retirement fund created pursuant to section 217 shall file such returns, in such form and at such times, as may be prescribed under regulations prescribed by the Secretary or his delegate."

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Sec. 6047. Returns by life insurance companies with respect to restricted retirement policies.
"Sec. 6048. Returns by banks with respect to restricted retirement funds."

(c) Restricted Retirement Funds.—

(1) Part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by adding at the end thereof the following new section:

"Sec. 405. Restricted Retirement Funds.

"(a) For purposes of this chapter, the term 'restricted retirement fund' means a trust or custodian account established under a retirement plan for individuals. For the purposes of this section, the term 'retirement plan' means either a trust instrument creating a trust or a written agreement creating a custodian account for the exclusive benefit of the participating individual or individuals who are members of a plan for the purpose of investing and reinvesting, and of distributing to the respective members prior to the date they have reached age 72, or to their beneficiaries (which term, whenever used in this section, includes the estate of the individual), the corpus, profits, and earnings of the trust or the assets of the custodian account, if under the plan—

"(1) the interest of a member is nonassignable, except that he may have the right—

"(A) to designate one or more beneficiaries to succeed to any interest in the trust or custodian account to which he may be entitled at his death;

"(B) in the case of a trust if the plan so provides, to direct the trustee to transfer his interest to a custodian account or to another trust to be designated by him which is established pursuant to a retirement plan for individuals; and

"(C) in the case of a custodian account if the plan so provides, to direct the custodian to transfer his interest to a trust or to another custodian account to be designated by him which is established pursuant to a retirement plan for individuals;

"(2) the trustee or custodian is a bank (as defined in section 581); and

"(3) the trustee or custodian—

"(A) is authorized and directed under the trust instrument or agreement creating the custodian account to invest and reinvest the assets of the trust or account only in stock or securities listed on a recognized exchange (other than stock or securities in a corporation in which a member of the plan owns (including ownership attributed under section 318(a)(1)) more than 10 percent of the voting stock), bonds or other evidence of indebtedness issued by the United States, any State, Territory, or the District of Columbia or instrumentalities of any of the foregoing, and stock in a regulated investment company meeting the requirements of section 851;

"(B) is prevented under the trust instrument or agreement creating the custodian account from applying amounts paid into the fund as premiums on a restricted retirement policy containing insurance protection unless the insured pays so much of such premiums as is attributable to such insurance protection; and

"(C) is directed under the trust instrument or agreement creating the custodian account not to exercise any right to extended paid-up term insurance.

"(b) For purposes of this chapter and of subtitle F (relating to procedures and information), a custodian account meeting the requirements of this section shall be treated as if it were an organization separate and apart from the member or members participating in the retirement plan under which it is established, and the income of the fund held in such custodian account shall be treated in accordance with the provisions of section 501 and shall not be included in the income of such member or members or their beneficiaries except to the extent and in the manner provided in sections 78 and 79.

"(c) The trustee or custodian shall be empowered to return any amount paid to the fund by a member in excess of the amount deductible under subsections (b), (c), and (d) of section 217 on satisfactory proof that it is in excess of such deductible amount."

(2) Subsection (a) of section 501 of the Internal Revenue Code of 1954 (relating to exemption from tax of certain organizations) is amended to read as follows:

"(a) Exemption From Taxation.—An organization described in subsection (c) or (d), section 401(a), or section 405(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502, 503, or 504."

(3) The provisions of section 503 shall be applicable to a restricted retirement fund in the same manner that they are applicable in

the case of a trust described in section 410(a).

(4) Subsection (a)(2)(A) of section 511 of the Internal Revenue Code of 1954 (imposing a tax on the unrelated business income of certain organizations) is amended to read as follows:

"(A) ORGANIZATIONS DESCRIBED IN SECTION 501(C) (2), (3), (5), AND (6) AND SECTIONS 401(A) AND 405(A).—The taxes imposed by paragraph (1) shall apply in the case of any organization (other than a church, convention, or association of churches, or a trust described in subsection (b)) which is exempt, except as provided in this part, from taxation under this subtitle by reason of section 401(a), section 405(a), or of paragraph (3), (5), or (6) of section 501(c). Such taxes shall also apply in the case of a corporation described in section 501(c)(2) if the income is payable to an organization which itself is subject to the taxes imposed by paragraph (1) or to a church or to a convention or association of churches."

(5) The table of sections for part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the folowing:

"Section 405. Restricted retirement funds."

(d) Distributions From Restricted Retirement Funds and Under Restricted Retirement Policies.—

(1) Part II of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically included in gross income) is amended by adding at the end thereof the following two new sections:

"Sec. 78. Distributions From a Restricted Retirement Fund.

(a) Inclusion in Gross Income.—Amounts of money and the fair market value of property distributed to an individual or his beneficiary or beneficiaries from a restricted retirement fund (as defined in section 405(a)) shall be includible in the recipient's gross income for the taxable year in which received. Nothwithstanding the provisions of section 63 (relating to the definition of taxable income), the taxable income of the recipient for such year (and for any year included in the computation under subsection (b) of this section) for purposes of sections 1 and 2 shall be deemed to be not less than (i) the amount so distributed to him plus (ii) any amount includible in his gross income for the taxable year under section 79(a), minus the amount of any deductions allowed by section 151 (relating to deductions for personal exemptions).

"(b) Minimum and Maximum Tax on Certain Distributions.—In the case of distributions made to an individual prior to his reaching age 65, the tax attributable to the amount included in gross income under subsection (a) shall be 110 percent of the aggregate amount of the taxes which would have been payable had such amount been included in such individual's gross income ratably over the taxable year and the four taxable years immediately preceding (or such lesser number of immediately preceding taxable years in which retirement deposits were made or treated as having been made by him under section 217).

"(c) Lump Sum Distributions, etc.—If within one taxable year the entire interest of an individual in all restricted retirement funds in which he is a participant—

"(1) is distributed to him after he has reached age 65 and after having been accumulated during at least five taxable years (whether or not consecutive), there having been no prior distributions to him, or

"(2) is distributed to his estate or other beneficiary or beneficiaries after his death, the tax attributable thereto in the year of distribution shall not be greater than five times the increase in tax resulting from the inclusion in the gross income of the distributee of 20 percent of such distribution.

"(d) Annuity, Endowment, or Life Insurance Contracts.—Annuity, endowment, or life insurance contracts distributed to an individual or his beneficiary shall not be taxed under this section but shall be taxed as provided in section 79.

"Sec. 79. Distributions Under a Restricted Retirement Policy.

"(a) Taxability of Individual or Beneficiary.—Amounts paid to an individual or his beneficiary or beneficaries under a restricted retirement policy (other than on account of the death of the insured) shall be taxable under section 72 (relating to annuities) in the year in which so paid, except that section 72(e)(3) shall not apply. Notwithstanding the provisions of section 63 (relating to the definition of taxable income), the taxable income of the recipient for such year (and for any year included in the computation under subsection (d) of this section) for purposes of sections 1 and 3 shall be deemed to be not less than (i) the amount so paid to him plus (ii) any amount includible in his gross income for the taxable year under section 78(a), minus the amount of any deductions allowed by section 151 (relating to deductions for personal exemptions). In computing, for purposes of section 72(c)(1)(A), the aggregate amount of premiums or other consideration paid for the policy, and for purposes of section 72(e)(1), the aggregate premiums or other consideration paid, only such amounts as were not deductible under section 217 shall be included.

"(b) Amounts Paid by Reason of the Death of the Insured.—In the case of amounts paid or made available to a beneficiary (which term as used herein shall include the estate of the insured) under a restricted retirement policy by reason of the death of the insured, such amounts, less that part thereof which, under regulations prescribed by the Secretary or his delegate, is attributable to premiums paid to a life insurance company under the contract which are not deductible under section 217, shall (notwithstanding any other provision of this chapter) be includible in gross income of the beneficiary in the year in which so paid or made available.

"(c) Borrowing, etc.—If in any taxable year any part of the cash value of the restricted retirement policy is borrowed by or advanced to the insured (other than a borrowing or advance solely to pay a premium thereon in an amount not in excess of one annual premium, which borrowing or advance is repaid in full within 12 months following the due date of such premium) the amount so borrowed or advanced shall, for the purpose of this section, be deemed to have been paid to the insured in such year. If in any taxable year a nonforfeiture option (other than to receive reduced paid-up insurance) becomes operative as to any restricted retirement policy an amount equal to the cash surrender value of such policy shall be treated as having been paid to the insured in such year. The provisions of this subsection shall not apply in the case of exercise by the insured of rights with respect to any cash, loan, or nonforfeiture value solely to the extent that it had accrued under any such policy prior to the time it became a restricted retirement policy within the meaning of section 217(h).

"(d) Minimum and Maximum Tax on Certain Distributions.—In the case of an amount paid or deemed under subsection (c) to have been paid to an individual under a restricted retirement policy prior to his reaching age 65, the tax attributable to the amount included in his gross income under this section shall be 110 percent of the aggregate amount of the taxes which would have been payable had the amount so paid or treated as having been paid been included in the insured's gross income ratably over the taxable year and the four taxable years immediately preceding (or such lesser number of immediately preceding taxable years in which retirement deposits were made or treated as having been made by him under section 217).

"(e) Lump Sum Distributions, etc.—If within one taxable year the entire interest of the insured under all restricted retirement policies in which he is the insured—

"(1) is paid to him after he has reached age 65 and after such policy has been in force for at least five years, there having been no prior distributions to him thereunder, or

"(2) is paid to his estate or other beneficiary or beneficiaries after his death,

the tax attributable thereto in the year so paid shall not be greater than five times the increase in tax resulting from the inclusion in the gross income of the recipient of 20 percent of such payment."

(2) The table of sections for part II of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Sec. 78. Distributions from a restricted retirement fund.

"Sec. 79. Distributions under a restricted retirement policy."

(e) Treatment of Amounts Received by a Surviving Spouse or Other Beneficiary Under a Restricted Retirement Fund or Restricted Retirement Policy.—Section 691 of the Internal Revenue Code of 1954 (relating to recipients of income in respect of decedents) is amended by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) Distributions to a Surviving Spouse or Other Beneficiary of a Participant in a Restricted Retirement Fund, etc.—For purposes of this section, distributions to a beneficiary of a member of a restricted retirement fund (as defined in section 405(a)), or to a surviving annuitant or distributee under a restricted retirement policy (as defined in section 217(h)), shall be deemed to be an item of gross income in respect of a decedent which is not properly includible in respect of the taxable period in which falls the date of his death or a prior period, within the meaning of this section."

Sec. 3. Effective Date.

The amendments made by section 2 shall apply only with respect to taxable years beginning after December 31, 1960.

Mr. SPARKMAN. I shall explain the measure briefly. This is the amendment about which I spoke earlier in the afternoon as a proposed substitute for H.R. 10.

The basic difference between this measure and H.R. 10 is that my proposal would cover the whole field of the self-employed and the employees who are not now covered by pension plans.

There is one further difference. Whereas H.R. 10 would allow a deductible premium, fee, or payment of up to $1,750, this proposal would cut it off at $1,000.

I believe this is a good proposal. I think it really ought to be adopted. The Senator from Florida himself admitted that H.R. 10 would go only part way and would leave uncovered a great many people. The Senator expresses the hope that at some time in the future we may get around to covering those people. I think it would be much better to give them all coverage at this time, at a lower level, than to give coverage to perhaps half as many, and perhaps not that many, at a much higher level.

I hope the Senate will favorably consider my proposal.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Alabama.

**Mr. SMATHERS.** Mr. President, I hope the Senate will reject the amendment offered by the able Senator from Alabama. As was stated a moment ago, we are in complete sympathy with what the Senator seeks to accomplish. We believe that at some future time the House Ways and Means Committee and the Senate Finance Committee will consider a program such as the Senator advocates. This would mean that everybody who is not now under some private pension program would be brought under some form of private pension program.

We do not exactly know what the cost would be. The Senator has an estimate which, as is usually the case, is that it would not cost much, but our staff tells us it would cost in the neighborhood of $2 billion.

For this and other reasons which I announced a moment ago, I hope the Senate will reject the amendment in the nature of a substitute offered by the Senator from Alabama.

**Mr. SPARKMAN.** Mr. President, will the Senator yield?

**Mr. SMATHERS.** I am happy to yield.

**Mr. SPARKMAN.** I do not know where the Senator gets the figure of $2 billion. As I said, the number covered by the proposal probably would be about twice as many as those to be covered by H.R. 10. The amount involved would be only a little more than half. The Senator from Florida has informed me that H.R. 10 involves a cost of about $185 million a year. If that is so, I do not believe my proposal would cost a great deal more than the cost of H.R. 10.

I am sorry I do not have exact figures. I cannot understand how the tremendous figure given by the Senator from Florida could possibly be realistic.

**Mr. SMATHERS.** I appreciate what the Senator from Alabama is saying. Of course, the proposal would cover every employee who is not now covered by any pension program other than social security. Obviously a great number would be involved.

In any event, for the benefit of the Record, I think it might be well, since the staff is making an estimate again, to be sure it is correct. If it is agreeable with the Senator from Alabama, that figure will be placed in the Record. I may have overstated the case. I do not believe so, but if I did I shall be glad to correct the figure.

In any event, I hope the Senate will reject the amendment in the nature of a substitute offered by the Senator from Alabama.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Alabama.

The amendment in the nature of a substitute was rejected.

The **PRESIDING OFFICER.** The bill is open to further amendment.

**Mr. MANSFIELD.** Mr. President I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. CARLSON.** Mr. President, last year when the Senate Finance Committee considered H.R. 10, the self-employed individuals retirement bill, we amended the bill to provide that, if the funds of a qualified plan are invested solely in annuity, endowment or life insurance contracts, the plan might be set up in a custodial account with a bank instead of requiring a bank as trustee as provided in the House-passed bill. It has since been brought to my attention that this amendment did not remove the basic objection we were trying to remove from the bill and that further amendment is necessary and desirable.

Section 401(d)(1) of the bill provides that for certain plans bank trustees are required in order to assure responsible administration and, more especially, adequate compliance with the reporting provisions of the bill. In the trust which uses policies, contracts, and services of a life insurance company exclusively and in which the life insurance company files all of the required information, there is no reason for the additional requirement that a bank be a trustee or a custodian. All of the funds go into life insurance polices and contracts and the life insurance company is fully capable of making the necessary reports.

The added expense of requiring a bank as trustee or custodian should not be forced on trusts of this nature, especially since it would increase greatly the administrative costs of small plans and similarly reduce the benefits which could be provided.

Even more important than the element of expense is the fact that there is no assurance that the banks will accept the administration or custody of the many small trusts authorized by the bill since there is little indication that they can be very profitable to banks and the life insurance companies have demonstrated that they can fulfill the reporting requirements which are thought necessary by the Treasury and Internal Revenue Service.

It is my understanding that the life insurance associations have demonstrated to the Treasury that they are not only able but willing to assume the reporting responsibilities which would be outlined by the Secretary of the Treasury or his delegate and that the Treasury has no objection to this amendment. My amendment would remove the bank trustee requirement in the case of fully-insured trusts and at the same time would make certain that life insurance companies would make full reports on such plans.

My proposed amendment reads as follows:

> Section 401(d)(1). In the case of a trust which is created on or after the date of the enactment of this subsection, or which was created before such date but is not exempt from tax under section 501(a) as an organization described in subsection (a) on the day before such date, the trustee is a bank, but a person (including the employer) other than a bank may be granted, under the trust instrument, the power to control the investment of the trust funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, and exchanges). This paragraph shall not apply to a trust created or organized outside the United States before the date of the enactment of this subsection if under section 402(c) it is treated as exempt from taxation under section 501(a) on the day before such date; or to the extent provided under regulations prescribed by the Secretary or his delegate to a trust which uses annuity, endowment, or life insurance contracts of a life insurance company exclusively to fund the benefits prescribed by the trust provided that the life insurance company supplies annually such information about trust transactions affecting the owner-employee as the Secretary or his delegate shall by forms or regulations prescribe. For purposes of this paragraph, the term "bank" means—

And so forth. There is a further amendment which is largely technical in nature, involving the repayment of excess contributions to a plan. Under the bill a plan is disqualified if, with certain exceptions, there are excess contributions to the plan. Disqualification may be averted, however, if the excess contribution is returned to the taxpayer within 6 months after notice. The bill states in this regard that the "amount of such contribution" must be returned.

It was probably not intended that amounts consumed by expenses or other charges by the trust or carrier be returned to the individual. Instead, it is logical that only the net amount of the contribution be returned to the covered individual. Therefore, I suggest that section 401(e)(2)(C) and (D) be amended to clarify the meaning of this section. It is my understanding that the Treasury has no objection to this amendment either.

My proposed amendment reads as follows:

> (C) Repayment within prescribed period.—Subparagraph (A) shall not apply to an excess contribution with respect to any taxable year, if, on or before the close of the 6-month period beginning on the day on which the Secretary or his delegate sends notice (certified or registered mail) to the person to whom such excess contribution was paid of the amount of such excess contribution, the net amount of such excess contribution, and the income attributable thereto, is repaid to the owner-employee on whose behalf such excess contribution was made. * * *
>
> (D) Repayment after prescribed period.—If an excess contribution, together with the net income attributable thereto, is not repaid within the 6-month period referred to in subparagraph (C), subparagraph (A) shall not apply to an excess contribution with respect to any taxable year beginning with

the taxable year in which the person to whom such excess contribution was paid repays the amount of such excess contribution to the owner-employee on whose behalf such excess contribution was made, and pays to such owner-employee the amount of net income attributable to the interest of such owner-employee which, under subparagraph (B), has been included in the gross income of such owner-employee for any prior taxable year.

Mr. SMATHERS. Are two amendments required to accomplish the purpose the Senator has in mind?

Mr. CARLSON. Two amendments are required to accomplish the purpose I have in mind. I offer my amendments.

The PRESIDING OFFICER. The amendments will be stated.

The Legislative Clerk. On page 76, line 7, after the word "the", to insert "net"; and in line 21, following the word "the", to insert the word "net"; and on page 77, line 5, after the word "of", to insert "net".

On page 65, line 19, to strike out the period and insert a semicolon and add the following language: "or to the extent provided under regulations prescribed by the Secretary or his delegate to a trust which uses annuity, endowment, or life insurance contracts of a life insurance company exclusively to fund the benefits prescribed by the trust provided that the life insurance company supplies annually such information about trust transactions affecting the owner-employee as the Secretary or his delegate shall by forms or regulations prescribe."

Mr. CARLSON. These two amendments jointly are necessary to make the change which I believe should be made in the bill. I ask the distinguished Senator whether he would be willing to accept the amendments.

Mr. SMATHERS. The proposal was discussed by the Committee on Finance, and the committee went part of the way that the Senator from Kansas wanted us to go with respect to eliminating banks as trustees where the retirement fund had been put into an insurance account or into an annuity or some other contractual obligation with an insurance company.

We originally required the bank to be the custodian of the funds and to administer them. We believe that the amendments offered by the Senator from Kansas have great merit. As the Senator in charge of the bill on the floor I am happy to take them to conference for further consideration.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. SMATHERS. Further, we should remember that under these pension programs the Treasury still must approve a program in each case. Under the type of contract which would be with an insurance company, if the insurance company itself became the custodian, the plan would still have to be approved by the Treasury Department, and all the information which the bank customarily gave to the Treasury, and the information which the bank would ordinarily give to the beneficiary, the insurance company would be required by the Treasury Department to give to the beneficiary, as proposed by the Senator from Kansas.

Mr. CARLSON. The Senator from Florida has expressed the situation exactly as I intended it to be. The Treasury must approve it.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. HARTKE. As I understand the Senator's amendments, they provide that if the insurance policy itself is cashed for any reason prior to retirement, the regular tax must be paid. Is that correct?

Mr. CARLSON. The Senator is correct.

Mr. HARTKE. This would in no way eliminate the tax payment for any reason the person decided not to continue with the plan. Is that correct?

Mr. CARLSON. That is correct.

Mr. HARTKE. In other words, this is an alternate method of providing——

Mr. CARLSON. A type of trust fund.

Mr. HARTKE. Although the insurance company would not act in the technical sense as a trustee.

Mr. CARLSON. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Kansas.

The amendments were agreed to.

Mr. McNAMARA. Mr. President, I call up my amendment which is at the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 117, between lines 14 and 15, insert the following new section:

Sec. 8A. Amendment to the Second Liberty Bond Act To Create a New Series of Bonds Containing Adjustments, Under Certain Conditions, in Maturity and Redemption Values To Compensate for Increase in the Cost of Living Which May be Purchased by Individuals and Eligible Institutions.

The Second Liberty Bond Act, as amended, is amended by adding at the end thereof the following new section:

"Sec. 26(a) The Secretary of the Treasury is authorized and directed to issue, for purchase only by individuals and eligible institutions (as defined in subsection (b)(2)), United States bonds which shall, in the manner and to the extent provided by this section, compensate the holders of such bonds for increases in the cost of living occurring after the date of purchase of such bonds. The various issues and series of bonds issued under the authority of this section shall be in such forms, shall be offered in such amounts (subject to the limitation imposed by section 21 of this Act), and shall be issued in such manner and subject to such terms and conditions consistent with this section, as the Secretary of the Treasury may from time to time prescribe. Except as otherwise provided in this section, bonds issued under authority of this section for purchase by individuals shall be subject to all provisions of law (including this Act) applicable in the case of bonds issued under authority of section 22 of this Act, and bonds issued for purchase by eligible institutions shall be subject to all provisions of law (including this Act) applicable in the case of bonds issued under authority of the first section of this Act.

"(b) For purposes of this section—

"(1) The term 'approved pension or profit-sharing plan' means a pension plan, or a profit-sharing plan the primary purpose of which is to provide retirement benefits for employees and benefits for their beneficiaries, which—

"(A) meets the requirements of sections 401(a) (3), (4), (5), and (6) of the Internal Revenue Code of 1954, and

"(B) is approved by the Secretary of the Treasury, under regulations prescribed by him, as providing satisfactory periodical adjustments of benefits under such plan to compensate for increases in the cost of living.

The adjustments under subparagraph (B) must be required under the plan to be made at least annually and not more frequently than quarterly.

"(2) The term 'eligible institution' means—

"(A) a trust described in section 401(a) of the Internal Revenue Code of 1954 and exempt from tax under section 501(a) of such Code which is a part of a pension or profit-sharing plan of an employer, and

"(B) a life insurance company (as defined in section 801(a) of the Internal Revenue Code of 1954) which has obligations under contracts described in sections 805(d) (1), (A), (B), (C), and (D) of such Code.

"(c) Bonds issued under authority of subsection (a)—

"(1) may be issued on an interest-bearing basis or, in the case of bonds issued for purchase by individuals, on a discount basis or on a combination interest-bearing and discount basis;

"(2) shall mature twenty years from the date as of which issued;

"(3) shall be sold at such price or prices, and may be redeemed before maturity, upon such terms and conditions as the Secretary of the Treasury may prescribe;

"(4) shall provide an interest rate (or in the case of bonds issued at a discount, an investment yield) which is the same as that provided for savings bonds issued under section 22 of this Act;

"(5) shall be issued in such denominations, expressed in terms of their maturity values, as the Secretary of the Treasury from time to time determines fulfills the needs of the individuals and eligible institutions;

"(6) may, under regulations prescribed by the Secretary of the Treasury with the approval of the President, be retained after maturity by their owners and continue to yield interest at rates consistent with the provisions of paragraph (4);

"(7) shall be nontransferable; and

"(8) may be purchased only by or for individuals and eligible institutions.

"(d)(1) The amount of bonds issued under authority of subsection (a) which may be purchased by or for an individual in any one year shall not exceed $10,000 (computed with respect to the issue price). The total amount of such bonds which may be held by or for an individual at any time shall not exceed $60,000 (computed with respect to the issue price).

"(2) The total face amount of bonds issued under authority of subsection (a) which may be held at any time by an eligible institution shall not exceed—

"(A) in the case of an eligible institution which is a trust described in section 401(a) of the Internal Revenue Code of 1954, an amount (determined under regulations prescribed by the Secretary of the Treasury) necessary to meet obligations of the trust under an approved pension or profit-sharing plan; and

"(B) in the case of an eligible institution which is a life insurance company, an amount equal to the pension plan reserves which are allocable to contracts described in sections 805(d)(1) (A), (B), (C), and (D) of the Internal Revenue Code of 1954 which are purchased or provided under an approved pension or profit-sharing plan.

"(e)(1) Subject to the conditions prescribed in paragraphs (2) and (3), upon the surrender at or after maturity, or upon redemption before maturity, of a bond issued under authority of subsection (a), of the Consumer Price Index (as published by the Secretary of Labor) for the month preceding the month in which such bond is surrendered or redeemed exceeds the Consumer Price Index for the month in which such bond was issued, there shall be paid to the holder of such bond (in lieu of the amount otherwise payable with respect to such bond without regard to the provisions of this paragraph) an amount determined—

"(A) by multiplying the amount otherwise payable with respect to such bond by the Consumer Price Index for the month preceding the month in which such bond is surrendered or redeemed, and

"(B) by dividing the product obtained under subparagraph (A) by the Consumer Price Index for the month in which such bond was issued.

"(2) Paragraph (1) shall apply with respect to a bond purchased by or for an individual only if such individual—

"(A) before the month in which such bond is surrendered or redeemed, has attained the age of sixty years or has died after attaining the age of sixty years, or

"(B) after the purchase of such bond, has become disabled or has died after becoming disabled.

For purposes of this paragraph, in the case of a bond purchased by or for two individuals as joint owners or as co-owners, any condition prescribed in subparagraph (A) or (B) shall be satisfied with respect to such bond if such condition is satisfied by either of such individuals. For purposes of subparagraph (B), an individual shall be considered to be disabled only if he is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, and if proof of the existence thereof is furnished in such form and manner as the Secretary of the Treasury may require.

"(3) Paragraph (1) shall apply with respect to a bond purchased by an eligible institution only if—

"(A) such bond is held to maturity, or

"(B) in the case of a bond redeemed before maturity, the eligible institution establishes to the satisfaction of the Secretary of the Treasury that such redemption is necessary to enable the eligible institution to fulfill obligations described in subsection (d)(2)(A) or contracts described in subsection (d)(2)(B)."

Sec. 8B. Section 21 of the Second Liberty Bond Act, as amended, is amended by adding at the end thereof the following new sentence: "For purposes of this section, the face amount of obligations issued under authority of section 26 shall be determined without regard to the provisions of subsection (e) of such section."

On page 117, line 15, change "Sec. 8" to read "Sec. 9".

On page 102, line 18, insert after "subsection (b)" the following: "or section 8".

On page 103, line 2, after "subsection (b)" strike the period and insert the following: "or section 8."

**Mr. McNAMARA.** Mr. President, my amendment would have the Treasury issue bonds, purchasable by individuals and organizations for retirement purposes, which would have a constant purchasing power. Its adoption would mean that all American citizens—including those covered by H.R. 10—could save for their retirement secure in the knowledge that the dollar they save today would be worth a dollar when they retire 20 or 30 years hence. Without this amendment any legislation we pass to encourage saving for retirement may well prove either mutile or a snare and a delusion to those who take advantage of the seeming opportunity it may offer.

The stated purpose of H.R. 10 is to encourage the establishment of voluntary retirement plans by self-employed individuals.

As chairman of the Special Committee on Aging, I am thoroughly convinced that the Congress should do all it can, in terms of sound legislation, to enable everyone to look forward to the later years of life with the assurance that he or she will have a comfortable retirement income.

The Congress laid the basis for this as it created our present Social Security Act. Now all the politically and economically intelligent groups of producers in this country are protected by social security.

But social security is and was intended to be only the base for a retirement income.

Our people—doctors, lawyers, Indian chiefs; workers in the plant or on the farm—all of them, should be encouraged to provide meaningful, supplementary retirement incomes for themselves.

H.R. 10 purports to make it possible for a particular group to provide its members with retirement incomes more easily than they can now do so.

My amendment would make those retirement incomes—for this group and for all other Americans—meaningful. It would make it possible for the first time in our history to guarantee that the dollar put away for retirement will buy a dollar's worth of goods and services when retirement eventually comes.

In hearing after hearing held by members of the Committee on Aging throughout the country, one theme was repeated over and over again by elderly men and women from every walk of life. That theme was the heartbreaking damage wrought by inflation on the savings of elderly men and women who had carefully planned for a nondependent life with dignity in their old age.

We heard story after story of men and women who, beginning early in life, had brought insurance—all they could afford and in apparently adequate amounts. People who had carefully husbanded their resources: bought bonds or put their money in savings institutions. People by the thousands who had done this religiously for 20 and 30 years or more. People, who found when retirement came that inflation had made a mockery of their plans; that the dollars which were to purchase a retirement living now bought only half a life. Decent, hard-working, thrifty people who, despite a lifetime of doing what they should have done, ended up on or near relief. People who might just as well have lived riotously, spent their income as they earned it, saved nothing at all for all the good it did them.

Senators who support the bill and Senators who oppose it—all, I am sure, favor the devising of ways to encourage all of our people to provide in their youth and maturity for an old age of independence and dignity.

Without such a plan as my amendment proposes all our efforts may well be in vain.

A man can plan for retirement only if he can plan with the assurance that inflation cannot rob him of the value of his insurance or his savings.

The availability of constant purchasing power bonds is the only way this can be done. For some time now, lacking such bonds and aware of what inflation has done to their elders, tens of thousands of our people, little versed in the economics of the stock market and unaware of its ways, have been rushing to put their money into speculative stocks. They do it even after crashes, such as the recent one, have made them pitifully aware of the dangers of their ignorance. They do it because they have no alternative. No other way of saving with a guarantee of future purchasing power.

Still other tens of thousands, because of this same lack of assurance, refuse to save. They spend as they earn, all that they earn, and more. Both groups contribute to the inflation that can rob us all.

This administration seems to be doing an admirable job of controlling inflation. I hope it and all future administrations continue to do so. But we cannot guarantee that inflation has been or will be halted forever. We can, by adopting this amendment, guarantee that it need not impair retirement incomes.

It is Government's responsibility to preserve the value of the dollar insofar as it can be done without imperiling or damaging the national welfare.

Sometimes Government policy encourages inflation; sometimes, through inaction, it permits it. In neither case should Government put the burden of such policies on those who are old and retired and whose livelihood, being dependent on a past rather than a current economy, cannot keep pace with inflation.

My amendment creates constant purchasing power bonds. They would be available to individuals and to eligible institutions such as pension plans and life insurance companies. They could be bought in an amount not in excess of $10,000 per year or $60,000 per lifetime per individual. If they were cashed in relatively early after purchase, they would pay off just as would ordinary Government savings bonds. But if they were held until age 60 or later—or for 20 years in the case of institutions—they would pay off their face value plus any adjustment necessary due to an increase in the cost of living between the date of purchase and the date of redemption.

Should there be no inflation, the value of a bond would remain constant and the holder would receive its face value plus interest. Should inflation occur, our Government would discharge its obligation to protect the older person against undue suffering therefrom. Issuance of the bonds would in itself be a marked aid against inflation. It would turn millions of dollars into savings, and it would markedly reduce the rapid turnover in Government bonds.

Let us truly encourage our people—all of them—to save for the old age which so many will live to enjoy. Let us honestly encourage them by guaranteeing an honest return in purchasing power for their later years on the money they save in their working years.

Let us adopt this amendment. We can do nothing that will prove more significant to future generations of our country's older people.

I am sure that, in general, the amendment will be of great benefit to all kinds of retirement plans and retired persons.

Mr. SMATHERS. Mr. President, first, I congratulate the able Senator from Michigan on his long and thorough efforts on behalf of the elderly people of the United States. As chairman of the Committee on Problems of the Aged and Aging, he has traveled throughout the United States during the past few years and has listened to their many problems. Not only has he lent a sympathetic ear, but from time to time he has proposed constructive measures which were calculated to relieve the problems as presented to him.

The amendment which he has now offered is another one which is calculated, in the long run, to be of great benefit to the elderly. As I understand the amendment, it seeks to have retirement funds, as they are accumulated, invested in Government bonds which would be guaranteed, so to speak to purchase as many goods and services and as much food and other articles at the expiration date of the bond, or at the time it is cashed, as the bond was worth at the time the money was placed in the retirement program. That would be a far-reaching program, if it were undertaken as a part of this bill.

I have no doubt that the Senator from Michigan is completely correct in saying that one of the tragedies of American life today is to have people who have placed their funds in retirement programs, or who have saved their money for the day when they retire, find, when they retire, that the money which they have set aside for use in their retirement is worth about half what it was at the time it was earned. I know that is true in my State. Many people are suffering from the diminution of the value of the dollar.

I do not know, however, that the Senator's proposal is, at the moment, the right answer to the problem. In any event, if the amendment were adopted at this time, I am afraid it would have a disastrous effect on the value of the dollar. I fear it would have a disastrous effect on the Government bond market, because there is not now on the market this kind of noninflationary bond. I am afraid the word would be broadcast throughout the world that the United States did not have much confidence in its fiscal position or fiscal policies, and that we expected great inflation to prove it, through the issuance of a new type of bond. This was what the French did at a time when they were undergoing great inflation which contributed to the fiscal problems of France and finally resulted in the failure of one of its governments.

While I believe the intention of the amendment is perfectly sound, and I agree with the purpose which it seeks to accomplish, and I commend the Senator from Michigan for offering the amendment, nonetheless, I believe the Senator is ringing the bell at the wrong address. I think this type of proposal needs first to be considered by the House Committee on Ways and Means and then by the Committee on Finance.

H.R. 10 contains provisions whereby retirement funds may be used for the purchase of Government bonds. Rather than require a person to go to a bank to create a trust fund or to buy an insurance policy, H.R. 10 makes it possible for them to buy Government bonds for retirement purposes.

The big difference between what we have done and what the Senator from Michigan seeks to do is that we do not guarantee the purchasing power of the dollars, which would be realized from the cashing of the bonds at the time they expired and were presented for cashing, would be the same.

Mr. McNAMARA. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I am glad to yield to the able Senator from Michigan.

Mr. McNAMARA. I appreciate the very kind remarks of the Senator from Florida concerning my efforts. I notice that he suggests that my amendment should be introduced as a separate bill and referred to the Finance Committee. I did everything I could to that end.

In 1960, I introduced this amendment in the form of a bill; and it was given the number Senate bill 3684.

Again—in 1961—it bore the number S. 2181. That bill is now pending before the Senate Finance Committee; so there is no need to go over this route again. The Senator from Florida has the bill before his committee; and I think the more the Senator goes into the bill, the more he will agree that it provides a logical procedure. Without some sort of guarantee of purchasing power, retirement funds which are set aside will mean very little.

As for saying to people throughout the world that we are worried about our fiscal situation, I think quite the reverse would be the case; it would be a guarantee that we expect to continue to provide the soundest possible economy. And it would not cost much, if anything at all.

Now that the Senator from Florida has indicated an interest in Senate bill 2181, which is pending before his committee, I hope he will follow his own suggestion and pursue the question a little in the committee, late though it is in the session, because it is a good bill and it would be good for the country.

At this time I am somewhat in a dilemma; it is difficult for me to know whether to pursue this amendment or whether to leave it to the Senator from Florida.

Mr. SMATHERS. Mr. President, let me say to the Senator from Michigan that I shall be glad to ask the chairman of the committee to seek comments on the bill from the Government departments, particularly the Treasury Department, and to obtain their views about the bill, recognizing that there is merit in the argument presented by the Senator from Michigan.

Mr. McNAMARA. Mr. President, on the basis of that statement—and I know the Senator from Florida is interested in H.R. 10 and is sincerely interested in the overall program—I accept his word that he will take it up with the chairman of the committee and will seek reports from the Government agencies involved. On that basis we may make a little progress.

With that understanding, Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment of the Senator from Michigan is withdrawn.

The bill is open to further amendment.

Mr. DIRKSEN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICEER. The amendment of the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. On page 58, in line 21, after the word "spouse", it is proposed to insert:

> A trust shall not be disqualified under this paragraph by reason of distributions under a designation, prior to the date of enactment of this paragraph, by any employee under the plan of which such trust is a part of a method of distribution which does not meet the terms of the preceding sentence.

Mr. DIRKSEN. Mr. President, under the text of the bill with respect to the distribution under a qualified trust, there is a requirement that all of it will be distributed either by age 70½, both for an owner-employee and an employee, or will be distributed, commencing not later than such taxable year, in accordance with regulations prescribed by the Secretary.

It appears that under trusts which are now in existence, the spouse would be designated as a survivor; and if, perchance, under the text of the bill the Secretary might undertake to change the terms of the trust, this amendment would protect a trust in being at the time of the enactment of the bill.

I have discussed the amendment with the Senator from Florida and with the staff.

Mr. SMATHERS. Mr. President, as I understand the amendment, it is actually more restrictive in some respects than the original language of House bill 10. It does not open any loophole.

Mr. DIRKSEN. That is correct.

Mr. SMATHERS. It is a desirable type of amendment.

Therefore, I recommend that the Senate agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CURTIS. Mr. President, I call up my amendment which is at the desk. I be dispensed with, and that the amend-ask that the reading of the amendment ment be printed in the Record as if read.

The **PRESIDING OFFICER.** Is there objection? Without objection, it is so ordered.

The amendment offered by Mr. Curtis is on page 117, after line 14, to insert the following:

Sec. 8. Deduction for Bond Purchases by Individuals Not Covered Under Employee Plans.

(a) Allowance of Deduction.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by renumbering section 217 as 218, and by inserting after section 216 the following new section:

"Sec. 217. Certain Bond Purchases.

"(a) Allowance of Deduction.—Subject to the limitations provided by subsection (d), there shall be allowed as a deduction to an individual described in subection (b) amounts paid by him within the taxable year for the purchase in his name of bonds described in subsection (c).

"(b) Individuals to Whom Applicable.—

"(1) In general.—Subsection (a) shall apply to an individual for any taxable year only if he has earned income (as defined in 911(b)) for such taxable year and only if during such taxable year—

"(A) he does not receive an amount any portion of which is attributable to an employer contribution under an employee plan, or

"(B) an employer contribution is not made (or treated under section 404(a)(6) as having been made) for him under an employee plan, whether or not his rights under the plan are nonforfeitable.

"(2) Employee plan defined.—For purposes of paragraph (1), the term 'employee plan' means—

"(A) a pension, profit-sharing, or stock bonus plan described in section 401(a) if the trust forming part of such plan is exempt from tax under section 501(a), an annuity plan described in section 403(a), or a qualified bond purchase plan described in section 405(a), or

"(B) a pension plan established for its employees by the United States, a State, or the District of Columbia, or any political subdivision, agency, or instrumentality of the foregoing, or by any organization which is exempt from tax under section 501(a).

For purposes of this paragraph, references to provisions of this chapter shall be treated as including references to the corresponding provisions of the Internal Revenue Code of 1939.

"(c) Bonds to Which Applicable.—Subsection (a) shall apply only to a bond issued under the Second Liberty Bond Act, as amended, which by its terms, or by regulations prescribed by the Secretary under such Act—

"(1) may be issued only on a discount basis and provides for payment of investment yield or interest only upon redemption;

"(2) may be purchased only in the name of an individual;

"(3) matures when the individual in whose name it is purchased attains (or would have attained) the age of 64½ years, but may be held after maturity and earn interest upon the maturity value for such period as the Secretary may prescribe by regulations;

"(4) may be redeemed before maturity only if the individual in whose name it is purchased dies or becomes disabled (within the meaning of section 213(g)(3)); and

"(5) is nontransferable.

"(d) Limitations.—Subsection (a) shall apply, for any taxable year, to amounts paid within such taxable year for bonds described in subsection (c) only to the extent that—

"(1) such amounts do not exceed $300, and

"(2) such amounts do not exceed the earned income (as defined in section 911(b)) of the taxpayer for the taxable year.

"(e) Taxability of Proceeds.—For purposes of this chapter—

"(1) any increment in value represented by the difference between the price paid and the redemption value received (whether at or before maturity) for bonds described in subsection (c) shall be considered as interest; and

"(2) section 1232 (relating to bonds and other evidences of indebtedness) shall not apply with respect to the redemption of any such bond, if a deduction was allowed under subsection (a) with respect to the purchase of such bond.

"(f) Proof of Purchase.—At the time of purchase of any bond to which this section applies, proof of such purchase shall be furnished in such form as will enable the purchaser to comply with the provisions of this section."

(b) Clerical Amendment.—The table of sections for such part VII is amended by striking out

"Sec. 217. Cross references."

and inserting in lieu thereof

"Sec. 217. Certain bond purchases.

"Sec. 218. Cross references."

(c) Adjustment to Basis.—Section 1016 (a) (relating to adjustments to basis) is amended—

(1) by striking out the period at the end of paragraph (20) (as added by section 12(b) of this Act) and inserting in lieu thereof a semicolon; and

(2) by adding after paragraph (20) the following new paragraph:

"(21) in the case of a bond described in section 217(c), for the amount allowed as a deduction under section 217 with respect to the purchase of such bond."

On page 17, line 15, strike out "118" and insert "34".

Mr. **CURTIS.** Mr. President, this amendment is the one on which I spoke twice as an amendment to the Dirksen amendment to the tax bill, H.R. 10650. The substance of the amendment is exactly the same; changes have been made only in references to the section number and the page numbers.

I favor House bill 10. I believe that so long as the employees and officers of corporations can have pensions prior to taxes and pension funds based on earnings which are not taxed until they are drawn as benefits, we cannot deny that right to other citizens.

House bill 10, which is before the Senate, would extend to business and professional people who are not incorporated substantially the privileges which corporate entities now have. It would mean that the doctor, the lawyer, the grocer, or the farmer could set up a pension plan. It could be a trustee plan; it could be an insurance plan.

The realities of the situation are that many persons are unable to set up a plan; many of them will never work for a concern which has a pension plan with these tax benefits.

Therefore, I have offered this amendment, which provides that in any calendar year in which an individual is not covered by a corporate plan or a plan under this bill or a pension plan established for its employees by the United States, a State, or the District of Columbia, or any political subdivision, agency, or instrumentality of the foregoing, or by any organization which is exempt from tax under section 501(a), the individual shall have the right to purchase Government bonds prior to the payment of his taxes. The limit is $300 a year. The bonds would mature when he reached age 64½. He would not be able to draw them out prior to that time, unless under the social security law he were adjudged to be totally disabled. In the case of his death, the bonds would be paid. Otherwise, the bonds must remain for his old-age retirement.

The amendment would promote thrift, and promote the sales of Government bonds. It would put the bonds in the hands of individuals, rather than in the hands of banks; and the amendment would equalize opportunity.

Moreover, the amendment would mean that the rank and file of the people whom Senators represent would have the same opportunity to save for their old age which the more successful few who will come under H.R. 10 and the privileged few who come under the corporate plans would have.

Let me say to the distinguished Senator from Florida [Mr. Smathers], who is in charge of the bill, that if he feels he cannot accept the amendment, I shall be willing to agree to a time limitation. I believe there should be a quorum call. The amendment might then be disposed of without the necessity of prolonged debate or without the necessity of repeating the debate when other Senators arrive in the Chamber.

Mr. **SMATHERS.** Mr. President, if the Senator will yield, I say to the able Senator from Nebraska that it is most regrettable that we cannot accept his amendment. There is much merit in his amendment. He has argued it very eloquently in the committee many times. However, it was the judgment of the Finance Committee that we not accept it, because it has certain basic weaknesses in it.

I suggest to the Senator from Nebraska a gentleman's agreement that the Senator from Nebraska will take 10 minutes and that Senators who oppose it will take 10 minutes, and that there then be a quorum call, to be followed by a vote.

Mr. **CURTIS.** I assume that could be done, but would such an agreement be binding on other Senators?

Mr. **MANSFIELD.** Mr. President, if the Senator will yield, I am sure the two Senators concerned can reach an adjustment without any question.

Mr. **CURTIS.** Mr. President, I ask unanimous consent that there may be a quorum call without the Senator from Nebraska losing the floor.

Mr. **THURMOND.** Mr. President, reserving the right to object—and I do not object—I have a statement of 13 or 14 minutes' duration that I wish to make as soon as I can obtain the floor. I wanted to make it plain to Senators that I will make the statement as soon as I can be recognized.

Mr. **MANSFIELD.** Mr. President, will the Senator from Nebraska yield for the purpose of having that request acceded to for action at the appropriate time?

Mr. **CURTIS.** I shall abide by whatever the leadership wishes. What was the request?

The PRESIDING OFFICER (Mr. Young of Ohio in the chair). Will the Senator from Nebraska yield to the Senator from South Carolina?

Mr. CURTIS. Very well. I yield to the Senator from South Carolina.

The PRESIDING OFFICER. Without losing the privilege of the floor.

Mr. MANSFIELD. Mr. President, can the unanimous-consent request of the Senator from Nebraska be acted upon at this time relative to the time and the retention of the floor?

The PRESIDING OFFICER (Mr. Smith of Massachusetts in the chair). Is there objection? Without objection, it is so ordered. The Senator from South Carolina is recognized.

---

## FOREIGN POLICY TOWARD COMMUNIST CUBA

Mr. THURMOND. Mr. President, throughout the country the American public is greatly alarmed over the ever-growing menace created by Communist power in Cuba.

This alarm is well founded.

There have been a number of official statements issued by the U.S. Government in the past few days concerning the situation in Cuba, but these statements are obviously designed to allay the distress of the American public while the United States does nothing to alleviate the cause of the alarm.

Last week in his press conference the President, in answer to questions, stated that the Monroe Doctrine was still a part of U.S. foreign policy and that action would be taken under the Monroe Doctrine to prevent any export of communism to other parts of the Americas by military force or threat of force.

The President's comments indicate strongly that the Monroe Doctrine has recently been reinterpreted with major omissions to the extent that the Monroe Doctrine is no longer a bulwark of U.S. foreign policy which it was for over a 100 years.

The Monroe Doctrine was announced on December 2, 1823, by President James Monroe as a part of his annual message to Congress. This bold pronouncement was in the best tradition of "open diplomacy" and far more productive than the unostentatious diplomatic protests which have become so routine in our modern conduct of diplomatic affairs. It demonstrated to the world that the then small United States more than made up for its relatively weak military position with strong convictions and determination. This declaration put the world on notice that the United States would tolerate no outside intervention in the Americas.

Since its pronouncement, the Monroe Doctrine has served as the basis of direct and indirect U.S. action on a number of occasions. It was the basis for direct U.S. military intervention in Cuba in 1906, in 1912, and again in 1917.

In 1849, Spain was believed to be negotiating with England with a view toward ceding Cuba to England. The full impact of the Monroe Doctrine was contained in a message imparted to the Spanish Ambassador by the U.S. State Department. The Spanish Ambassador was told:

> This Government is resolutely determined that the island of Cuba shall never be ceded by Spain to any other power than the United States. The cession of Cuba to any foreign power would, in the United States, be the instant signal for war.

This message was delivered in a period, of course, when Spain and all other foreign powers believed with good reason that the United States would fight, if necessary, to protect its vital interests, and, therefore, war in 1849 was unnecessary.

The historical import of the Monroe Doctrine is that the United States will not tolerate outside intervention in the Americas and that the United States will take whatever measures are necessary to prevent outside intervention in the Americas, including the use of military force.

Cuba is a part of the Americas. There is now and has been outside intervention in Cuba. There are today Soviet military forces in Cuba by our own Government's admission. The Communist government of Cuba is a puppet of the Soviet Union. The United States State Department takes the position that Cuba is a part of the Sino-Soviet Bloc. Under these circumstances there can be no question but that the Soviet Union and the Communist puppet government of Cuba are right now, as they have been for some time, flaunting the Monroe Doctrine. Even our State Department cannot deny this.

To say that the United States will take action under the Monroe Doctrine if there is an attempt to export communism from Cuba to other parts of the Americas by force or threat of force, is but to admit that the Monroe Doctrine has not been applied by the United States in the case of Cuba itself, and to admit that an exception has been made to that Doctrine. It is to admit that the clear historical meaning of the Monroe Doctrine has been abandoned as a cornerstone of United States foreign policy and that there has been substituted therefor, in desecration of the name of the Monroe Doctrine, a policy of expediency, hesitation, and indecision. If an exception to the Monroe Doctrine is made in the case of Cuba to avoid a direct confrontation of Communist power, how can we expect the Communists to believe that we will not make another exception for their further encroachment in the Americas?

After one exception can the American people believe that another exception will not be made if the Communists move into Costa Rica or Guatemala? Can our Latin American neighbors have any confidence that the United States will be any more resolute in coming to their aid against communism than in the case of Cuba, when the judgment of our Latin American neighbors must be reached by balancing the oral assurances of our Government against the U.S. record of inaction against foreign intervention in Cuba? How can we expect our European and Asian allies to have faith that we will stand firmly by their side against the forces of communism, when we have not taken firm action on Cuba, which adjoins our own shores?

A Monroe Doctrine, invariably enforced, is a pillar of strength on which the American people and our allies could place confidence. A Monroe Doctrine reinterpreted to permit exceptions for the sake of expediency is but a reed in the wind on which no one can put a finger, much less place faith.

Too many fundamental principles which have formed the foundation on which our Nation has achieved greatness are being sacrificed and abandoned to the realm of relativity through the process of reinterpretation. The Monroe Doctrine, which has constituted the one unwavering element of our foreign policy since 1823, must not be allowed to become a hollow and irrelevant cliche as a result of expedient redefinition in order to avoid a difficult decision.

The situation in Cuba does present a difficult choice and the responsibility which falls on the present administration in seeking a course designed to successfully resolve it is a heavy one. Americans should be fully appraised of the ramifications of any policy which is adopted toward the Cuban situation. Whatever actions this country takes with regard to Cuba, whether alone or in concert with other nations of the Western Hemisphere, will have far-reaching implications throughout the world, particularly in such trouble spots as Berlin. The complications involved, however, can never justify an abandonment of the Monroe Doctrine nor an underestimation of the menace constituted by a Sino-Soviet base of operations in the Western Hemisphere. The security of the United States and the security of the entire Western Hemisphere are seriously threatened by the Communist domination of Cuba.

Cuba at this time is rapidly being converted into an island fortress. It is small comfort that the emphasis of the present military buildup is along defensive lines, if, indeed, that be the case. The expulsion of Sino-Soviet domination from the Western Hemisphere will constitute a more formidable undertaking with every passing day, and we should have no doubt, in view of their past performance, that the Communists will step up their offensive from Cuba against other American States in direct proportion to their increasing military potential in Cuba.

While it is clear that there is little hope for unanimous action by all the nations of the Western Hemisphere to eradicate Communist tyranny from Cuba, it is impossible not to believe that many, certainly a majority, of the Latin American States would participate with the United States in an action of intervention against the Cuban Communist regime in their own self-defense. Many Latin American nations, particularly those small nations in Central America, are now in dire circumstances due to Communist infiltration, subversion, agitation and propaganda directed against them from Cuba. The longer a decision on Cuba is postponed the less able to participate will be our Latin American friends; and if the decision is postponed too long, some of them may well by that time have already fallen to the intensive Communist barrage and themselves constitute a part of the Sino-Soviet bloc.

This is no time to follow a "watch and see" or "let the dust settle" policy on Sino-Soviet intervention in the Western Hemisphere. In this matter, time is not on our side.

The application of the Monroe Doctrine in its pertinence to the present situation was clearly set forth in an editorial in the Wall Street Journal of September 5, 1962, and I ask unanimous consent that this editorial be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### THE MONROE DOCTRINE

The year was 1823. Imperialist Russia, filled with ambitions to extend its domain, was pushing its power along the northwest coast of North America. In an alliance with Austria and Prussia, whose territories included parts of what is now East Germany, the Russians were threatening to intervene in revolutions in Central and South America.

In that situation the U.S. Secretary of State, John Quincy Adams, proposed and the President of the United States, Mr. Monroe, issued a statement addressed to the European powers.

"We owe it therefore to candor," said the President of the United States, "and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system to any portions of this hemisphere, as dangerous to our peace and safety."

The United States, in those days, was a weak country. It comprised less than half its present continental expanse; it numbered barely 9 million people; it had only a small Navy and less Army. It was certainly no such power in the world as Austria, Prussia, France or Imperial Russia. And as a matter of fact, in most of the chancelleries of the world there was contemptuous amusement at President Monroe's bold pretensions.

For they were bold. It took considerable courage for the President to act alone instead of waiting for Great Britain, which had suggested a joint statement but somehow never got around to acting on it. Neither Mr. Adams nor Mr. Monroe were quite sure how they would implement their policy if it were challenged by the great powers. But believing the step necessary to this country's peace and safety, they did not let uncertainty paralyze their decision.

Those quiet words, shorn of all bombast, served their purpose for 140 years, through many tests, because the world came to believe we meant what we said. The Monroe Doctrine did not keep the United States out of wars. It did assure that no foreign power would come to threaten us upon our own doorstep.

Or at least, the Monroe Doctrine did so until our own day.

It can hardly be a secret to anyone that a new imperialist Russia is extending its system to this hemisphere. The system of the present Government of Cuba is the Communist system. And this week the Castro regime signed a military pact with the Soviet Union in which it is frankly and publicly acknowledged that the Soviet Union will help train and provide arms to the Cuban Army.

But a difference between the centuries is that today Secretaries of State and Presidents of the United States have reacted differently. Both President Eisenhower and President Kennedy have asserted that the Monroe Doctrine is not dead. But up to yesterday neither had chosen to implement it; both have relied instead upon the so-called machinery of the inter-American security system.

That is, the U.S. Government has put its trust in the hope that others will act rather than in acting itself. Where once a weak nation was bold enough to put its shield over the other nations of the hemisphere, a strong nation has hoped that its weak neighbors will somehow rise and shield it from a danger on its own doorstep.

So matters stood until yesterday. Now President Kennedy has issued a statement saying that the Castro government of Cuba will not be permitted to extend its influence further in the Western Hemisphere and strongly implied that the United States will stand by its doctrine of 140 years ago.

Just 2 years ago—in July 1960—Mr. Khrushchev said the Monroe Doctrine was dead. The President of the United States says it is still alive. Now the problem today, as it was in the days of imperial Russia, is for the United States to convince the world that it means exactly what it says.

Mr. THURMOND. Mr. President, the distinguished columnist, William S. White, has also done an excellent summation of the Cuban situation in his column appearing in the Washington Evening Star on September 5, 1962, entitled "The Menace of Communist Cuba." I ask unanimous consent that this column be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### THE MENACE OF COMMUNIST CUBA

(By William S. White)

The Soviet Union's publicly boasted military penetration of the Western Hemisphere in Castro Cuba is many things, apart from the most insolent menace to the New World that the United States has ever tolerated.

It destroys forever the airy assurances of pseudoliberals that revolutionary movements are fine things, indeed—so long as they involve leftwingers and not rightwingers.

It places a terrible responsibility before history upon all those Americans who cheered Fidel Castro on in Cuba long past the point where it was plain that he was transplanting the evil fungus of armed international communism to within 90 miles of our Florida coastline.

#### UNMASKS COMMUNISM

It bankrupts the whole evangelistic theory, parroted with religious fervor, that communism results from capitalistic injustice, et cetera, and will vanish at once, given the spreading of sufficient welfarism among the masses. Cuba, before Castro, was never half so underprivileged as dozens of other lands which have nevertheless never sought the lethal embrace of Moscow.

It fully supports what has long been fully obvious—that communism, like Hitlerism before it, is a movement of bandit ferocity and cannot be explained by old-lady minds as simply springing from too little milk for the kiddies and too little free land for the workers and peasants.

It brings into the gravest question the practicality of the vast effort being made by the United States through the Alliance for Progress to cure all the ills of Latin America with economic aid. Foreign aid is a sound and splendid thing—when it is given to nations willing and able to use it for freedom's strength and openly and unashamedly against communism.

But the bulk of the more powerful Latin American nations, while avidly ready for our economic aid, repeatedly have refused to follow us in any total quarantine of Castro Cuba. It is fashionable to say that we, the United States, should never force our views upon the recipients of our aid. This is the line even when precisely our views are essential to maintain that freedom from foreign domination for which the Latins so endlessly clamor—especially those who have snuggled up closest to international communism.

And brought into question, too, is the very validity of the Organization of American States. This association of the nations of this hemisphere was created to prevent just the kind of foreign penetration which is and long has been so openly involved in Castro Cuba.

But an effective majority of the OAS has thus far been unwilling to take any fully rational step against Castro Cuba. The most ironic of all excuses is given by the nation closest in geography to us, Mexico. She has said that while she would like to help, she just can't find any precedent for it in international practice. There is a sour jest in this—for Mexico, of course, is famous for its scrupulous respect for both law and justice.

#### COURSE FOR UNITED STATES

So what is now left to the United States?

We should try one more time to persuade the Organization of American States to act in honesty and honor against the Soviet cancer in the Caribbean.

Failing this, we should raise a new collective military organization from among the minority who are our real friends in Latin America. Much the same was done in 1949, when we created the North Atlantic Treaty Organization from within the United Nations when it became clear that the U.N. would do nothing about Soviet aggression in Europe.

And failing this, the United States should act alone to clear the Soviet military apparatus from Castro Cuba, come what might.

Mr. THURMOND. Mr. President, in my weekly report to the people released Monday, September 3, 1962, I pointed out that not only are there Soviet troops in Cuba and missile bases in Cuba, but also there is strong evidence that the Soviets have built or are in the process of building a space satellite tracking station on the north coast of Cuba. Little, if anything, has been reported in the press on the evidence which points to the construction of a Soviet satellite tracking station in this Communist outpost. Although both of the national wire services carried stories concerning my weekly report to the people of September 3 on the Cuban situation, neither made any reference to this particular item. It is interesting to note that in an article released by the United Press International from Mexico City dated September 4, which appeared in the Washington Post this morning, September 6, there is related a report that a satellite tracking station is under construction near Bahia Honda in Cuba. Because of rather obvious security implications, it would not be appropriate at this time to publicly discuss the full implications of the existence of a Soviet satellite tracking station in Cuba, only a short distance from the Florida coast and Cape Canaveral. It is sufficient to say that there are very serious implications, some of them of a military nature. I ask unanimous consent that a copy of my weekly report to the people for September 3, 1962, and a copy of a news article entitled "Exiles Release Details of Cuban Arms Buildup," which appeared in the Washington Post for September 6, 1962, be printed in the Record at this point in my remarks.

There being no objection, the report and article were ordered to be printed in the Record, as follows:

### Cuban Policy Paralysis Costs

(Weekly newsletter of Senator Strom Thurmond, Democrat, of South Carolina, Sept. 3, 1962)

The policy of the United States on Cuba provides for history an almost perfect record—a perfect record of errors. Castro and communism took over in Cuba without even fighting a battle, much less a war. The takeover was accomplished with an official nod of approval from the United States, plus direct assistance in the form of a U.S. embargo on arms to the Batista government which Castro succeeded in power.

At best, our Government's refusal to acknowledge Castro's Communist ties was an example of gross misjudgment. Castro's participation in the Communist insurrection in Bogotá, Colombia, on April 9, 1948, and the days following, while Castro was "visiting" Bogotá as a member of the World Federation of Democratic Youth, was known to almost every intelligence agency in the Western Hemisphere. Efforts of the Communists to break up the ninth inter-American conference resulted in the murder of countless persons and property damage in Bogotá estimated at over $21 million. This was a major incident, the files on which should not have been overlooked.

Even after Castro's takeover, our response to the danger was lethargic. Only after Castro's Red government seized properties of American citizens did the United States take Cuba off the preferential sugar quota and break diplomatic relations. The inevitable firing squad purge which follows a Communist takeover went virtually unchallenged.

A plan was finally set in motion to do something about the presence of a Communist outpost in the Americas. The plan formulated and approved called for an invasion of Cuba, financed and sponsored by the United States and carried out by Cuban refugees. The invasion was originally scheduled for November 30, 1960, but was delayed because of the change in administrations. The new administration, like its predecessor, considered the danger of a Communist Cuba so grave as to justify the invasion. It was therefore rescheduled for April 17, 1961.

Then the blunders began in earnest. Instead of keeping Castro in the dark as to what level of force to expect when the invasion began, the United States announced in advance of the invasion that no American forces would go to the aid of a revolution against Cuba's Communist government. This discouraged a popular uprising and took much of the pressure off Castro. The plan called for a second air strike to follow that of April 15 to complete the destruction of Castro's then-meager air force, but at the last minute, diplomatic qualms caused it to be canceled. The invaders were left at the mercy of the Communist forces. The United States denied, then admitted, its major part in the invasion.

Because of timidity and indecision, the justified and necessary invasion became a fiasco. The United States not only had to bear all the criticism which would have followed a successful liquidation of communism in Cuba, even had U.S. forces been directly committed, but the United States also had to bear the loss of confidence and respect resulting from the obvious incompetence which caused the invasion to fail and the invaders to be sacrificed. Since the ill-fated invasion blunders, our policy toward Communist Cuba can best be described as "timid," and the situation has grown from bad to worse.

Communism is now firmly intrenched in Cuba. The Communists have had more than 2½ years to purge and indoctrinate the Cuban people. Communist agents and specialists from all over the world have been moved into Cuba in large numbers. Castro's military forces are the largest and best equipped—with Russian and Czech arms and jet aircraft—in Latin America. From Cuba flows an ever increasing tide of Communist propaganda and subversion directed at Latin America. There is substantial evidence that there are now at least four intermediate range ballistic missile bases in Cuba. Recent reports strongly indicate that an undetermined number of Soviet military forces has landed in Cuba. There is also every reason to believe that the Soviets have built or are building a space satellite tracking station on the north coast of Cuba. This will constitute a major advantage for the Soviet space program because the Soviets have no other such site available in the Western Hemisphere.

All Latin America is in turmoil because of Communist pressures launched from Cuba. As long as Cuba is Communist controlled, there can be no stability in Latin America. We can't buy our way out with the Alliance for Progress, which has been aptly dubbed the "alliance for socialism." If, as has been proposed, we cut off military aid to Latin American countries, it will create a vacuum of power in all Latin America as it did in Cuba and permit communism to take over without fighting a battle.

The longer the United States waits to expel communism from Cuba, the more difficult will be the job. All Americans are reluctant to commit American men to battle, but it is now clear that it is American liberty at stake. If circumstances in 1960 and early 1961 justified decisions by two administrations that a U.S.-sponsored invasion of Cuba was essential, how can the far worse circumstances of today require less? Inaction can be justified at this point only by a no-win policy of paralysis.

---

[From the Washington Post, Sept. 6, 1962]

### Exiles Release Details of Cuba Arms Buildup

(By Jaime Plenn)

Mexico City, September 4.—A detailed report on distribution of nearly 20,000 Russian, Chinese, Algerian, and African military men, naval and air bases and guided missile launching pads in Cuba was released here today by a Cuban student exile office.

The report, with a map assertedly showing the bases under Soviet control, was obtained from anti-Castro resistance forces "and other sources," according to Angel Gonzalez, head of the Directorio Revolucionario Estudianti, exiled in Mexico.

The report said that between June 25 and August 15 at least 10,000 military men from behind the Iron Curtain joined the 8,000 foreign mercenaries already in Cuba.

All are disguised as technicians, the statement said.

One missile station is being installed near the port of Bahia Honda in Pinar del Rio Province and another near Varadero Beach in Matanzas Province, the statement said. Both are on the northwest coast of Cuba about 100 miles from the Florida coast.

"Every province in Cuba has been fortified," the statement declared, and "new concentration camps have been established to hold militia and army officers who protested being displaced by Soviet and Chinese commanders."

More than 3,000 Russians were landed at Bahia Honda for work on a launching pad and a nearby satellite tracking station, the report said. About 15 Russian vessels have been unloading personnel and equipment in recent weeks, it said.

Near Varadero Beach a base has been staffed by 1,500 Russians, Gonzalez declared.

Information from the underground, as relayed by the exile student group, is similar to reports made the past week by newly arrived Cuban refugees from Havana.

Mr. THURMOND. Mr. President, we have waited for the dust to settle in Cuba. The dust which settled is both red and active. It is in the process of contaminating the entire Western Hemisphere. The time has come for Cuba to be decontaminated. The best method of decontamination can be determined with the advice of our military leaders, once the basic decision to decontaminate is made by our civilian leaders.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be recinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

Mr. CURTIS. Mr. President, I ask for a vote on my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska.

Mr. CURTIS. Mr. President, I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Smith of Massachusetts in the chair). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of certain measures on the calendar to which there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

## FAVORING TRAVEL BY LEGISLATIVE AND GOVERNMENT EMPLOYEES ON U.S. AIR FLAG CARRIERS

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1884, Senate Concurrent Resolution 53.

The **PRESIDING OFFICER.** The resolution will be stated by title for the information of the Senate.

The **LEGISLATIVE CLERK.** A concurrent resolution (S. Con. Res. 53) favoring travel by legislative and Government employees on U.S. air flag carriers.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution which had been reported from the Committee on Commerce, with an amendment, on page 2, line 1, after the word "that", to strike out "where travel is to be performed by legislative and Government employees that said travel be performed by them on United States air flag carriers on space available basis" and insert "when travel on official business is to be performed on civil aircraft by legislative and Government officers and employees, that said travel be performed by them on United States flag air carriers, except where travel on other aircraft (a) is essential to the official business concerned, or (b) is necessary to avoid unreasonable delay, expense, or inconvenience"; so as to make the concurrent resolution read:

*Resolved by the Senate (the House of Representatives concurring)*, That it is the sense of the Senate and the House of Representatives that when travel on official business is to be performed on civil aircraft by legislative and Government officers and employees, that said travel be performed by them on United States flag air carriers, except where travel on other aircraft (a) is essential to the official business concerned, or (b) is necessary to avoid unreasonable delay, expense, or inconvenience.

The amendment was agreed to.

The concurrent resolution was agreed to.

The title was amended, so as to read: "Concurrent resolution favoring air travel by legislative and Government officers and employees on United States flag air carriers."

The preamble was amended, so as to read:

Whereas Congress has by statute directed the preferential use of United States flag merchant vessels in connection with all travel by Government employees; and

Whereas as a matter of general policy the executive branch of the Government has for many years urged the preferential use of United States flag air carriers by governmental employees and United States governmental departments and agencies have adopted regulations accordingly; and

Whereas the development and preservation of a sound and strong United States civil air fleet is most vital to the national welfare and interest and its strength and prestige constantly maintained and preserved: Now, therefore, be it

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1922), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE RESOLUTION

The purpose of the resolution is to express in unequivocal terms the sense of the Congress that all official air travel by employees and officials of the Federal Government should be performed on U.S.-flag carriers except under the most limited circumstances.

### ANALYSIS OF THE RESOLUTION

The resolution expresses the sense of the Congress that all official travel by Federal officials and employees should be performed aboard U.S.-flag carriers subject to the following limited exceptions:

(1) Where travel aboard an aircraft other than a U.S.-flag carrier is essential to the official business concerned; or

(2) Where such travel is necessary to avoid unreasonable delay, expense, or inconvenience.

It is the intention of the committee that the exceptions cited be construed narrowly. The resolution applies only to official Government travel and not personal travel. The term "Government employees" includes every employee of the executive, judicial, and legislative branches of Government including elected and appointed officials. All air travel by such persons which is paid for by the Federal Government, subject to the exceptions cited, must be aboard U.S.-flag air carriers. The committee recognizes that the term "Government employees" includes legislative employees. It appreciates the argument that inclusion of the phrase "legislative and" in the resolution is redundant. The committee, however, included this phrase to make it unequivocally clear that if any ambiguity in fact exists with respect to interpretation of the term "Government employees" that inclusion of the words "legislative and" would remove any scintilla of doubt.

The committee recognizes in incorporating the exceptions into this declaration of congressional intent that there are instances where inspection, studies, or observations of aspects of foreign aircraft necessitate the use of such aircraft. The committee also recognizes that in limited instances use of U.S.-flag carriers might result in unnecessary layovers, travel via unnecessarily circuitous routes, cases where time is of such essence that schedules of U.S. carriers might not be adequate and where foreign policy objectives might be frustrated. However, the committee wishes to emphasize that with the magnificent, extensive, and efficient network of worldwide service provided by American carriers, instances requiring use of foreign carriers should be rare.

The committee also wishes to caution that the second exception should not be applicable in those instances where travel aboard foreign aircraft would result in such small savings that it would defeat the objectives of the resolution to provide American carriers with needed revenue, and to strengthen this country's balance-of-payments position.

The committee wishes to make clear that the resolution is not intended to favor one mode of transportation over another. Its purpose is only to make clear the policy with respect to the use of U.S. transportation facilities wherever feasible, and to make this policy clear with respect to air travel, as it presently is with respect to travel aboard ocean carriers. This policy declaration is consistent with the provision of the Merchant Marine Act of 1936 (49 Stat. 2015), which states:

"Any officer or employee of the United States traveling on official business overseas or to or from any of the possessions of the United States shall travel and transport his personal effects on ships registered under the laws of the United States where such ships are available unless the necessity of his mission requires the use of a ship under a foreign flag."

### BACKGROUND OF THE RESOLUTION

This committee has for some time expressed concern with respect to the practice of Federal employees on official business purchasing air transportation aboard foreign aircraft. It has on many occasions urged the adoption of appropriate regulations by the various Federal agencies to prevent unnecessary diversion of Government air travel to foreign air carriers.

Two years ago, the chairman of your committee requested the State Department, the International Cooperation Administration, and the U.S. Information Agency to make a study of vouchers for travel originating in Washington, D.C., destined to foreign points. The results of the study indicated that during a 4-month period, from these three agencies alone, almost one-third of all international air passenger and cargo transportation from Washington, D.C., was by foreign air carriers.

Your committee was distressed that the various agencies of Government did not heed the admonition of the committee. As a consequence, on March 29, 1961, your chairman addressed a letter to the President which stated, in part, as follows:

"For several years the Senate Interstate and Foreign Commerce Committee has been concerned with the amount of travel on foreign airlines by U.S. Government employees and their dependents—travel paid for by Government funds * * * I have also noted that the June 1960 issue of Survey of Current Business published by the Department of Commerce reports that in 1959 foreign airlines received over $200 million from American citizens traveling abroad, eight times the amount that they received in 1950 from the same source.

"On December 19, 1960, the State Department issued definite instructions to the three agencies mentioned above to use American-flag carriers for their travel. A copy of this directive is attached. I bring this to your attention because of your interest in our balance-of-payments problem and with the thought that consideration might be given to having the Director of the Bureau of the Budget issue a directive to all Government departments along the lines of the directive issued by the State Department. Such a directive would serve two purposes: One, it would help us keep the American dollars in the possession of our own companies; secondly, it would give a needed assist to our American-flag carriers who find themselves taking second place in the international air travel market to the foreign airlines who are Government-owned, wholly or in part, or completely subsidized."

The full text of the letter is set forth in the appendix. On April 6, the White House replied: "This matter is being given high priority by the Bureau" [of the Budget]. The text of that letter is set forth in the appendix. On April 17, 1961, the Honorable David E. Bell, Director of the Bureau of the Budget, transmitted a memorandum to the heads of all executive departments advising them of the "promulgation of an amendment" to the standardized Government regulations so as to require wherever feasible the use of American air carriers when traveling by air. The memorandum of transmittal, together with the amendment is also set forth in the appendix.

### NEED FOR RESOLUTION—CONCLUSION

The Federal Government, over the years, has expended considerable sums both directly, in the form of subsidy, and indirectly, to encourage the development of an adequate system of American domestic and international air transportation.

The efforts of Government and private industry have resulted in establishing the world's finest, fastest, and safest air transportation system. Your committee is strongly of the view that with this substantial investment, it would be senseless not to employ every reasonable means to insure the continued excellence and economic health of the American air transportation system. Air travel performed in connection with official business of the Federal Government exceeds $100 million annually. The adoption of a firm policy to insure that these transportation dollars are spent with American carriers obviously can contribute substantially to their well-being, and to alleviating this country's unfavorable balance-of-payments position.

While your committee recommends the Bureau of the Budget for the promulgation of the April 17, 1961, amendment to the Standardized Government Travel Regulations, it observes that the amendment permits a rather broad use of discretion on the part of employees contemplating air travel. It is hoped that with adoption of this resolution doubt concerning the Government's policy with regard to the use of American-flag carriers will be removed.

In the event that the policy set forth in this resolution is not closely adhered to, this committee may well find it necessary to consider the need for legislation to effectively control all Government-financed travel and transportation practices. It is hoped that such a course of action will prove unnecessary.

## ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of measures on the calendar to which there is no objection, in sequence, beginning with Calendar No. 1940.

The PRESIDING OFFICER. Without objection, it is so ordered.

## RETIREMENT OF RETIRED MILITARY OFFICERS BY CONTRACTORS

The Senate proceeded to consider the bill (H.R. 11217) to amend section 6112 of title 10, United States Code, which had been reported from the Committee on Armed Services, with an amendment, after line 7, to insert a new section, as follows:

Sec. 2. Section 1409 of the Supplemental Appropriation Act, 1953 (66 Stat. 661), and section 1309 of the Supplemental Appropriation Act, 1954 (67 Stat. 437; 5 U.S.C. 59c), are each amended by striking out the word "two" and inserting in lieu thereof the word "three".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1979), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### EFFECT OF THE BILL

In proposing two changes in existing law, the bill would make uniform for retired officers of all services the penalty involving forfeiture of retired pay for the violation of the statutory restrictions against the selling of supplies and war materials.

First, the bill repeals the existing provision of law (sec. 6112(b), title 10, United States Code) which provides that a retired Regular Navy or Marine Corps officer who engages in selling or contracting for himself or others with the Department of the Navy will not be entitled to retired pay. This forfeiture penalty is a lifetime ban. All Regular retired officers of the military service are subject to the forfeiture penalty under another provision of law (5 U.S.C. 49(c)), which provides for a forfeiture of retired pay for retired Regular officers of all the uniformed services who engage in selling or contracting for themselves or others with any defense agency within 2 years after retirement.

The second feature of the bill, in the form of a committee amendment, would amend 5 U.S.C. 59(c). The present forfeiture provision applicable to Regular officers of all the uniformed services would be amended by increasing from 2 to 3 years the period within which such officers will be subject to a forfeiture of retired pay if they engage for themselves or for others in selling or contracting with any of the designated agencies. Specifically, this provision of law presently provides for a forfeiture of retired pay if a retired Regular officer of any of the uniformed services engages for himself or others in the selling or contracting for the sale of supplies and war materials to any agencies of the Department of Defense, the Coast Guard, the Coast and Geodetic Survey, or the Public Health Service for a period of 2 years following retirement.

There are two reasons for the increase of the prohibited period from 2 to 3 years. First, the committee considers that in connection with selling activities by retired officers, a period of 2 years may be insufficient to prevent undue influence resulting from the prior active service associations on the part of some retired officers, especially those in the higher ranks. The second reason for increasing the period applicable to all Regular retired officers is the apparent lack of effort regarding the enforcement of section 281, title 18, United States Code, which provides for criminal sanctions against retired officers who engage in certain selling activities to the department from which they are retired at any time following retirement.

## BILL PASSED OVER

The bill (H.R. 8038) to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers or other things which are similar in size and shape to the lawful coins or other currency of the United States, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

## MERGER OF DOMESTIC TELEGRAPH CARRIERS

The bill (S. 3646) to amend the Communications Act of 1934, as amended, relative to merger of domestic telegraph carriers was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, with an amendment, to strike out all after the enacting clause and insert:

That subsection (c) of section 222 of the Communications Act of 1934 is amended by striking out "(1)" after "(c)," and by striking out all of paragraph (2).

Sec. 2. Notwithstanding any provision, in any consolidation or merger of domestic telegraph carriers heretofore approved by the Federal Communications Commission pursuant to section 222 of the Communications Act of 1934 for the divestment of the international telegraph operations theretofore carried on by any party to the consolidation or merger, and notwithstanding any order heretofore made by said Commission with respect to such divestment, the consolidated or merged carrier resulting from any such consolidation or merger shall not be under any requirement for the divestment of its international telegraph operations.

Mr. MANSFIELD. Mr. President, this is the bill which the chairman of the Commerce Committee promised the Senator from Tennessee [Mr. Kefauver] he would bring before the Senate. It relates to the Western Union Telegraph Co. The purpose is to eliminate from the Communications Act the requirement that Western Union divest itself of its international telegraph operations. If this divestment provision is not eliminated, Western Union will be prohibited from operating in the international communications field and limited to domestic communications operations.

Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1982), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### GENERAL STATEMENT

When H.R. 11040, the communication satellite bill, was being debated on the floor of the Senate, an amendment was offered which would amend the Communications Act of 1934 so as to eliminate the requirement that Western Union divest itself of its international telegraph operations. Senator Warren G. Magnuson, chairman of your committee, urged that the amendment be introduced as a bill and considered separately. He indicated that the Commerce Committee would move promptly and report the bill to the Senate so action could be taken in this session. He immediately introduced S. 3646 that embodied the proposal contained in the amendment. S. 3646 was cosponsored by Senator Kefauver and Senator Lausche and endorsed by Senator Pastore, chairman of the Subcommittee on Communications. An open hearing was held on August 27, 1962.

S. 3646 would amend section 222 of the Communications Act by deleting paragraph 2 of subsection 222(c) under which Western Union is required to divest itself of its international operations, i.e., the handling of telegraph traffic between the continental United States and oversea points, and thereby be engaged only in domestic telegraph operations, i.e., the handling of telegraph traffic between points on the North American Continent. Paragraph (2) reads as follows:

"Any proposed consolidation or merger of domestic telegraph carriers shall provide for the divestment of the international telegraph operations theretofore carried on by any party to the consolidation or merger, within a reasonable time to be fixed by the Commission, after the consideration for the property to be divested is found by the Commission to be commensurate with its value, and as soon as the legal obligations, if any, of the carrier to be so divested will permit. The Commission shall require at the time of the approval of such consolidation or merger that any such party exercise due diligence in bringing about such divestment as promptly as it reasonably can."

Section 222, added in 1943 to the Communications Act by Public Law No. 4, 78th Congress, 1st session, was enacted to exempt from the antitrust laws a merger or consolidation between Western Union and its principal competitor for domestic telegraph traffic, Postal Telegraph, Inc., then on the verge of bankruptcy. Western Union absorbed Postal pursuant to section 222 in that same year and thereby acquired a dominant position with respect to the handling of message telegraph traffic within the continental United States.

Western Union, however, at the time of merger also handled telegraph traffic between the continental United States and oversea points (foreign and nonforeign) in competition with a number of other telegraph companies primarily engaged in such oversea service. These oversea, or international, carriers, however, did not maintain facilities for the collection and delivery of traffic within the United States except in a few so-called gateway cities, principally New York, Washington, and San Francisco. Thus, it was the industry practice when a message was filed with either Western Union or Postal Telegraph for such carrier to select the oversea carrier which would handle the message out of the United States. Messages filed with Western Union were either turned over to its international department or to other oversea carriers with whom Western Union had contractual relations. Similarly, messages filed with Postal were taken overseas by its affiliated oversea carrier or turned over to other oversea carriers pursuant to contract.

In order to meet the possible situation of Western Union, after acquiring Postal, using its domestic position to favor its own oversea system so as to discriminate against competing oversea carriers in the distribution of international telegraph business, a provision was inserted in section 222 that as a condition of merger between Western Union and Postal Telegraph, Western Union would be required to divest itself of its international operations. This divestment provision was included in the merger legislation to overcome the fears of the international telegraph and radio carriers which competed with the Western Union cable system.

In addition, a further provision was included in section 222 of the Communications Act that required Western Union to distribute telegraph traffic filed with it anywhere in the continental United States among such carriers, including its own international department (until its divestiture), in accordance with a formula to be approved or prescribed by the Federal Communications Commission. This formula has been in effect for almost 19 years. Your committee directs attention to the fact that the elimination of the divestment provision by this legislation would leave unaffected paragraph 1 of subsection 222(e) of the Communications Act of 1934, as amended, which requires Western Union to distribute international traffic in accordance with a formula approved or prescribed by the Federal Communications Commission.

It had been anticipated at the time of the enactment of the telegraph merger legislation that the divestiture required by merger legislation would be effectuated within a reasonable time, but for one reason or another such divestment has not been consummated, although there is presently pending an agreement between the American Securities Corp. and Western Union with regard to the sale of the international cables. American Securities and Western Union have expended considerable time and effort to resolve certain conditions which would lead to the finality of the agreement. Time will only tell whether their efforts will be successful.

In any event, during the 19 years Western Union has been subject to the divestment provision it has continued its international operation and as a consequence has been under a most severe competitive handicap.

Western Union has, since the first transatlantic cable was laid in 1866, been engaged in telegraph operations both as a domestic and international carrier. The American Telephone & Telegraph Co., Western Union's major competitor, is permitted to engage in both domestic and international communications operations. At present international voice communications are being handled in the main by A.T. & T.'s submarine cables. The implementation of a communication satellite system will provide an opportunity for various communications carriers to effectively compete in the international field on all forms of telecommunications such as video, voice, high-speed data facsimile, and telegraph. Western Union now has under construction approximately 5,000 miles of domestic microwave facilities which will span the continent and provide facilities for effective competition with A.T. & T. in all forms of telecommunications in the domestic field. To make such competition effective in its broadest aspects, Western Union should be permitted and not restricted from extending its domestic facilities into the international field by whatever facilities are available. Such enhancement of competition is undeniably in the public interest.

### DEVELOPMENTS SINCE MERGER

One of the most significant developments in recent years in international telecommunications has been the institution starting about 1956 of a program by American Telephone & Telegraph Co. in cooperation with telecommunications agencies abroad to connect the United States with oversea points through submarine cables capable of transmitting voice communications. Prior to that time oversea telephone service was available only by radio except with Cuba.[1]

Submarine telephone cables now are in service to the United Kingdom, France, Bermuda, Puerto Rico, Cuba, Hawaii, and Alaska. A third transatlantic cable will connect the United States with the United Kingdom, another cable will be laid to Jamaica and then to the Canal Zone and Colombia, one will connect the United States with the Virgin Islands and Venezuela, another will connect Puerto Rico with Antigua, and still another will extend from Hawaii to Midway, Guam, and then to Japan and Okinawa.

All of these new telephone cables have high-capacity transmission characteristics which, unlike the telegraph cables installed many years ago are capable with few exceptions of providing all communications services that A.T. & T. provides within the continental United States. This includes all types of telephone services, leased-channel telephone and telegraph services, teletypewriter exchange service, and other forms of record services including the transmission of high-speed data.

Neither Western Union nor its competitors in the international telegraph field are in position to install submarine cables of equivalent quality at this time under present conditions.

Prior to the advent of the high-capacity submarine telephone cables, A.T. & T. international operations, as distinguished from its domestic operations, did not encompass record communications but were essentially confined to the rendition of message telephone and leased-channel telephone services. Conversely, the international telegraph carriers' operations between the continental United States and oversea points were essentially confined to record services, principally message service, teleprinter exchange service, and leased-channel service.

However, rapid advances in the field of automatic data processing and computer operations have stimulated a demand for a new type of record service—the transmission of data at high speed. This, however, requires a relatively broad bandwidth, nearer the width of a voice channel than that of the much narrower conventional telegraph channel. Insofar as there is a demand for oversea high-speed data transmission, it can be satisfied only by means of submarine telephone cables.

Moreover, this type of demand has accelerated a demand that the customer be furnished a bandwidth over which he has the option of sending, either simultaneously or alternately, voice, teleprinter, or data.

If the demand for this combination grows in the international field as it has domestically, it will mean that the traditional international separation of voice and record communications cannot be maintained, since the demand will have to be accommodated by either the international telegraph carriers or A.T. & T. or both. It should be noted that the Federal Communications Commission has already authorized A.T. & T. to furnish facilities over certain of its new cables to satisfy such demand from the Department of Defense.

Moreover, as mentioned above, at the present time the only facilities capable of meeting a demand for high-speed data transmission are the submarine telephone cables. Thus if the international telegraph carriers are to handle such traffic they must lease facilities in such cables.

The international carriers, in fact, are now leasing facilities in the telephone cables to satisfy the increasing demand for their present services, in view of the cost of laying cables of their own and the difficulty of obtaining frequency space for radio transmission. Not only have they leased voice channels from A.T. & T., which are then subdivided into telegraph channels, they have also leased facilities in the British Commonwealth cable recently laid between the United Kingdom and Canada.

Within the United States, there has been a steady increase in the furnishing of broadband channels which may be used by a customer of the carrier alternately or simultaneously for both voice and record communication. This is particularly true in the private line services, whereby a customer may combine his requirements for voice and record communication by subscribing to a channel of sufficient bandwidth to meet both requirements. Improvements in the art of telecommunications have made this possible with the result that traditional distinctions between voice and record-type services have become less significant in recent years. It has also altered the competitive relationship between Western Union and A.T. & T.

---

[1] The telegraph cables used by the international telegraph carriers did not have the technical characteristics necessary for telephone transmission.

At the time of the domestic merger and for a period of years thereafter, A.T. & T. jointly with other companies in the Bell System and the independent segment of the industry was offering in addition to voice communication, record communication service—teleprinter exchange and private line—in direct competition with Western Union. A.T. & T. was offering no record communication services in the international field.

On the other hand, Western Union was not then offering anything but record communication services, whereas today it is offering record-voice and voice-only services in the private line domestic field. These new Western Union services have been made possible by its own program of plant expansion and by its leasing of facilities from the Bell System. It is now in a position to compete domestically more effectively with A.T. & T. in the sale of broadband services, which can be used for transmitting voice, record data, facsimile, or any other type of digital communications. This competition should be extended to the international field.

Your committee feels that the enactment of this legislation removing the divestment mandate and permitting Western Union to remain in the international communication field will provide more opportunity for effective competition in telecommunications which should enhance the public interest.

#### CONCLUSION

By amendment to the Communications Act of 1934, Congress granted authority to the Federal Communications Commission to approve mergers of domestic telegraph carriers but required that any such merger should provide for the divestment of the international operations of any major company within a reasonable time. Under the 1943 amendment the Federal Communications Commission approved the merger of the Western Union Co. and the Postal Telegraph Co. and directed that Western Union divest itself of its international communications operations. S. 3646 would amend the Communications Act of 1934 by repealing the provision requiring this divestiture, thus permitting Western Union to retain its international telegraph operations and to compete effectively with the American Telegraph & Telephone Co. which is presently permitted to operate both domestically and internationally.

At the time of the passage of the 1943 amendment, telegraph and telephone operations were wholly separate and the competitive conditions in the record and voice transmissions could be considered as separate units. However, technical developments since 1943 have done much to diminish the significance of difference between record and voice transmission. It is also evident that technological innovations are continuing at a rapid pace and some of the problems attendant upon the development of new methods of long-distance communications were dramatically demonstrated during the hearings and discussions on the Communications Satellite Act of 1962 recently passed by the Congress. These technical developments have changed, and are continuing to change, the competitive situation and Western Union is today subject to competition in the domestic and international field that could not have been foreseen in 1943. Some of the considerations which led to the enactment of this restrictive condition in 1943 may still be relevant. However, it is quite evident that conditions have changed so greatly since 1943 that other considerations outweigh those which led to the enactment of the divestiture provision. Permitting Western Union to engage in the international, as well as the domestic communications field, will provide it with an opportunity to compete effectively with other communications operations.

Your committee is convinced that the elimination of this restrictive provision will strengthen the hand of Western Union in the arena of telecommunications and that the public will be the beneficiary. Your committee urges the enactment of this legislation.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## BILL PASSED OVER

The bill (S. 3451) to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed and for other purposes was announced as next in order.

The **PRESIDING OFFICER**. Is there objection to the present consideration of the bill?

Mr. **MANSFIELD**. Over.

The **PRESIDING OFFICER**. The bill will be passed over.

## ELECTION OF FEDERAL HOME LOAN BANK DIRECTORS FOR PUERTO RICO

The bill (H.R. 10383) to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal home loan bank directors was considered, ordered to a third reading, read the third time, and passed.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1985), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### PURPOSE OF THE BILL

This bill would amend subsection (e) of section 7 of the Federal Home Loan Act, so as to extend to the Commonwealth of Puerto Rico a status comparable to that of a State of the Union in the nomination and election of directors of the Federal home loan bank of the district in which Puerto Rico is located. At the present time that district is the district of the Federal Home Loan Bank of New York, which is now composed of the States of New York and New Jersey, the Commonwealth of Puerto Rico, and the Virgin Islands of the United States.

The granting of this recognition to Puerto Rico appears to be fully warranted by the degree of self-government which the Commonwealth has attained and by the growth and stature which the savings and loan associations located in the Commonwealth have achieved.

## JOINT RESOLUTION PASSED OVER

The joint resolution (H.J. Res. 489) to provide protection for the golden eagle was announced as next in order.

The **PRESIDING OFFICER**. Is there objection to the present consideration of the joint resolution?

Mr. **MANSFIELD**. Over.

The **PRESIDING OFFICER**. The joint resolution will be passed over.

## REFERRING PRIVATE BILL TO COURT OF CLAIMS

The resolution (S. Res. 320) to refer a private bill to the Court of Claims was considered and agreed to, as follows:

*Resolved*, That the bill (S. 1460) entitled "A bill for the relief of Andrew J. Metcalf", now pending in the Senate, together with accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate at the earliest practicable date.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1987), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The referred bill, S. 1460, would direct the Secretary of the Army to pay to Andrew J. Metcalf such amount of salary as he would have received had he continued in his employment with the Department of the Army at Fort Lewis, Wash., from the date of his discharge, June 30, 1948, through the date on which he reached 65 years of age. A similar bill of the 86th Congress, S. 2182, was vigorously opposed by the Department of the Army.

The claim of Mr. Metcalf arises from his allegedly improper dismissal from his position as crane operator-railroad mechanic, Transportation Corps, Fort Lewis, Wash., as of June 30, 1948. The incident upon which his discharge was based occurred, according to the Army report, on June 1, 1948. Mr. Metcalf reported for work at about 8:45 a.m. on that date. However, he placed 8 a.m. on the timecard, signifying he had reported at that time. It happened that his superior observed the actual time of his arrival at 8:45 a.m. and circled the time entered by Mr. Metcalf and placed his initials thereunder. Later, Mr. Metcalf returned and erased the circle, even though he was informed by a fellow employee that the supervisor had placed the circle on the sheet. This action was construed to be a falsification of payroll records and a charge of misconduct was brought against him by his supervisor on June 8, resulting in his suspension from June 14 to June 30, at which time he was dismissed. The letter notifying him of the removal action also advised him of his right to appeal the action to the Civilian Personnel Office within 15 days.

Mr. Metcalf then issued a written denial and there followed a series of hearings by grievance committees and exchanges of letters, charges, and countercharges. The gravamen of Mr. Metcalf's complaint was that the Army violated its own grievance regulations by not properly notifying him of the appeals procedures. The lengthy controversy that ensued, which is set forth in chronological detail in the Army report, went through practically all echelons of the Army up to the Office of the Secretary. Finally, because the case had become something of a cause celebre, Mr. Metcalf was granted a review of the record in Washington, D.C., by the Employee Grievance Review Board of the Department of the Army. The Board met on November 7 and December 4, 1952, and after a review of the case concluded that the removal was justified and not the result of any arbitrary or capricious action on the part of Mr. Metcalf's superiors, and that his separation was in the best interest of the service.

That there is some substance to Mr. Metcalf's complaint may be gathered from an admission made by the Assistant Secretary of the Army in a letter to the sponsor of the bill, dated December 31, 1952, in which it was stated, with reference to the Employee Grievance Review Board, that—

"After careful deliberation the Board concluded that the record could have been developed in stricter conformity with the technical requirements established under the Department's grievance procedure."

The question seems to be whether the failure of technical compliance resulted in real prejudice to the rights of Mr. Metcalf. As far as the matter of principle is concerned, as distinguished from a matter of actual damage, the committee notes that its attention has been drawn to a ruling of the Supreme Court that in removal cases "scrupulous observance of departmental procedural safeguards is clearly of particular importance" (*Vitarelli* v. *Seaton*, 359 U.S. 535, June 1, 1959). It is thus argued that a discharge is null and void if a department fails or refuses to follow its own grievance procedure. In respect to the case at hand, it may be further noted that such rule of law was not pronounced until after the 6-year statute of limitations (28 U.S.C. 2501) had run on Mr. Metcalf's claim for lost salary.

The situation is further complicated by the suggestion in an Army letter to Mr. Metcalf (quoted in the Army report) that even if his request for a further appeal were to be honored nothing would be gained from a financial standpoint because even if he were restored to the rolls he would not be entitled, under Public Law 623, 80th Congress, to compensation for the period of separation since he did not have competitive (permanent) status but was holding a war-service appointment. Were he restored to the rolls, the letter continued, he would be displaced immediately since the Civil Service Commission had issued a displacement order covering the position he held.

Since all of the proceedings in this case have been administrative in nature they were necessarily confined to Mr. Metcalf's legal rights in the matter. Consideration of any equities running in his favor was beyond the province of the various reviewing boards. The committee believes that it would be expeditious and proper for the Court of Claims to weigh whatever equities may exist. Further, the court is better equipped to determine whether, in any event, money damages would be payable to the claimant. For these reasons, the committee finds that this is a proper case to refer to the Court of Claims for recommendations and, accordingly, recommends that Senate Resolution 320 be favorably considered.

## LT. DON WALSH AND LT. LAWRENCE A. SHUMAKER

The bill (H.R. 6021) for the relief of Lt. Don Walsh and Lt. Lawrence A. Shumaker was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1988), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Department of the Navy recommends against enactment of this legislation.

The facts surrounding this legislation and the conclusion of the House of Representatives are contained in House Report No. 1577 on H.R. 6021, and are as follows:

"Lieutenants Walsh and Shumaker commenced diving operations in the *Trieste* on May 12, 1959. Except for a few members of the naval service who have participated in the diving schedule of the *Trieste* for short periods of time, they are the only servicemen who have participated as crewmembers or operators of the bathyscaph during its submerged operations. The two young officers were parties to historic feats with the *Trieste*. In February 1960 Lieutenant Walsh received the Legion of Merit and Lieutenant Shumaker a Secretary of the Navy letter of commendation for their outstanding performance of duty as crewmembers. The hazardous nature of duty on board the *Trieste* was recognized by the Congress when it enacted Public Law 86-635, approved July 12, 1960, which authorized, prospectively, incentive pay for hazardous duty 'as an operator or crewmember of an operational, self-propelled submersible, including undersea exploration and research vehicles.'

"When the Comptroller General of the United States, in decision B-142475 of May 16, 1960, ruled that duty on board a bathyscaph was not duty on board a submarine as contemplated in section 204(a)(2) of the Career Compensation Act of 1949, several bills were introduced in the Congress to entitle the operators of the *Trieste* to incentive pay for hazardous duty. In a report to the chairman, Committee on Armed Services, House of Representatives, dated July 15, 1960, the Department of Defense endorsed H.R. 12260, 86th Congress, which proposed authorizing such pay for the operators of the *Trieste* and operators and crewmembers of other unconventional submarines which might be developed. However, this purpose was accomplished by a Senate amendment to the bill, H.R. 10500, which became Public Law 86-635. While this amendment was not given retroactive effect, this committee feels that the comment from the Senate report shows clearly the basis for private relief in this instance. Senate Report No. 1732, 86th Congress, 2d session, stated as follows concerning extrahazardous duty pay in the undersea research vessel known as a bathyscaph: The Committee on the Judiciary is impressed by the fact that the following quotation takes express notice of the fact that only two officers would be affected.

" 'ENTITLEMENT TO INCENTIVE PAY FOR DUTY ABOARD A BATHYSCAPH

" 'The committee amended the bill so as to provide that members who serve as operators or crewmembers aboard the undersea research vessel, known as a bathyscaph, will be entitled to submarine pay.

" 'The Comptroller General has ruled that a bathyscaph is not a submarine within the meaning of this latter term for the purposes of entitlement to incentive pay.

" 'The Department of the Navy is actively interested in oceanographic research and is conducting or supporting a major portion of the program. In 1958 the Navy purchased from Auguste and Jacques Piccard the bathyscaph *Trieste*. This craft has been operated by the Navy Electronics Laboratory at San Diego. On January 23 of this year the *Trieste* successfully dived to a depth of 35,800 feet in the Challenger Deep near Guam.

" 'The *Trieste* can submerge deeper than any other underwater craft known today.

" 'The hazards inherent in the operation of this deep-diving craft are comparable to or greater than those encountered in conventional-type submarines. For this reason, the Department of the Navy has assigned as operators of this unique submersible experienced personnel, qualified in submarines, and well fitted for the arduous, dangerous, and demanding duties.

" 'The committee amendment would entitle those who served aboard such vessels to receive submarine pay. At the present time this amendment would affect only two officers who are serving aboard the Navy bathyscaph *Trieste*. Both in terms of the physical hazards and the duties involved, it is only equitable that those who undergo such assignments be entitled to submarine pay.' "

After citing the foregoing, the House committee recommended that the bill be considered favorably. It would appear to the committee that the conclusions of the Department of the Navy in regard to this claim are somewhat narrow insofar as its application to these two claims is concerned. While it may be true that enactment of this bill could be used as a precedent for seeking other retroactive pay adjustments, particularly with respect to other forms of incentive and hazardous duty pay, the committee is of the opinion that the claims set forth in this bill are meritorious, and that any other claims which may be processed by way of private legislation should be considered completely on an ad hoc basis and settled on their individual merits and not upon the approval of this legislation. In view of all of the foregoing, the committee concurs in the action of the House of Representatives and recommends that the bill, H.R. 6021, be considered favorably.

## LIBRANDE P. CALTAGIRONE

The bill (H.R. 12024) for the relief of Librande P. Caltagirone was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1989), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Administrative Office of the U.S. Courts, in a report to the chairman of the Committee on the Judiciary of the House of Representatives, advised the Congress that it believes the legislation is meritorious.

In its favorable report on the proposed legislation the Committee on the Judiciary of the House of Representatives said:

"In considering the report rendered to the committee by the Administrative Office of the U.S. Courts and the information supplied in support of the bill, the committee is impressed by the unusual circumstances of this case. Mr. Caltagirone is a blind attorney. Nothwithstanding this handicap, he completed his prelaw college work and then graduated from Temple University Law School with honors. As is stated in the report of the Administrative Office, Mr. Caltagirone was appointed law clerk to Judge George A. Welsh, of the eastern district of Pennsylvania, on December 4, 1944, just 13 days before Mr. Caltagirone's 29th birthday. As a result of service through the years in this position, Mr. Caltagirone progressively qualified for higher classifications. At the time of his involuntary separation from his position on June 8, 1962, Mr. Caltagirone was serving in grade GS-12 and earning $9,735 per annum. Records available to us indicate that he had no prior service which is creditable for retirement purposes. Therefore, at the time of his involuntary separation, Mr. Caltagirone was 46 years of age and had given 17 years and 7 months of service.

"Judge Welsh, by whom Mr. Caltagirone was employed, retired effective August 29, 1957, under the provisions of 28 U.S.C. 371 (b). Despite his retirement, Judge Welsh continued to render substantial judicial services and was therefore permitted to retain his personal staff, of which Mr. Caltagirone was a member. However, on May 10, 1962, Chief Judge John Biggs, Jr., of the U.S. Court of Appeals for the Third Circuit notified this Office that the Judicial Council of the Third Circuit had determined that Judge Welsh's activities had been very substantially curtailed and, therefore, that Mr. Caltagirone's employment should be terminated. This determination was within the area of competence of the circuit judicial council, since the Judicial Conference of the United States, in authorizing the retention of the staff of retired judges who continue to render substantial service, directed that 'the question as to whether or not the services performed are substantial will be a matter for determination by the particular circuit judicial councils involved (Ann. Rep. 1950, pp. 21, 22).'

"This committee conducted a short hearing on this bill on Thursday, August 2, 1962. The testimony presented at that hearing described the dedicated service rendered by this lawyer during the period that he served as a law clerk to Judge George A. Welsh. As may be concluded from the facts outlined above and in the report of the Administrative Office, the inequity of the situation relates to the unique and specialized nature of the employment of this capable blind lawyer. This derives from the fact that the position he had filled for approximately 17½ years was, in fact, eliminated by the determination of the Judicial Council of the Third Circuit that Judge Welsh would no longer be permitted to retain his personal staff. At the time of his involuntary separation, Mr. Caltagirone was approximately 46½ years of age. The strict requirements of the retirement law make it impossible for Mr. Caltagirone to receive retirement compensation based upon his years of service. Section 2256(d) of title 5 of the United States Code provides that employees covered by the civil service retirement system who are involuntarily separated from their positions are entitled to retire and receive an immediate annuity if they have served for at least 25 years, or are 50 years of age and have completed 20 years of service.

"As has been stated, the purpose of H.R. 12024 is to waive the statutory requirement in Mr. Caltagirone's case, so that he will be eligible for an immediate annuity calculated on the basis of his present service and age. In the absence of legislative relief, Mr. Caltagirone will either have to wait until he is 62 years of age on December 17, 1977, and then receive the deferred annuity, or request a refund of his retirement deductions. This committee agrees with the statement in the report of the Administrative Office of the U.S. Courts that either choice seems to be very hard for Mr. Caltagirone in the light of his present situation. It is obvious that Mr. Caltagirone's only recourse is to appeal to the Congress for legislative relief as embodied in H.R. 12024. This committee agrees that this is a meritorious case and recommends that the bill be favorably considered."

The committee concurs that the proposed legislation is meritorious and recommends it favorably.

---

### PLACID J. PECORARO

The bill (H.R. 10242) to amend Private Law 86–339 was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1990), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The facts in connection with this legislation are contained in House Report No. 1405 on H.R. 10242, and are as follows:

"Private Law 86–339 which was approved June 11, 1960, conferred jurisdiction upon a U.S. district court to hear, determine, and render judgment 'in accordance with the procedures of the Federal tort claims provisions of title 28 of the United States Code' on the claims of Placid J. and Gabrielle Pecoraro and their minor child, Joseph Pecoraro. This law was enacted to vest jurisdiction in a U.S. district court to hear these claims which were based upon permanent personal injuries allegedly the result of improper handling of the delivery and improper medical care at the time of the birth of the minor son, Joseph Pecoraro, at the U.S. Army Hospital, Paris, France, in September of 1948 and resulting damages and expenses. The bill which ultimately was enacted as Private Law 86–339 was introduced as a private claims bill providing for payments of $25,000 to Gabrielle Pecoraro, $10,000 to Placid and Gabrielle Pecoraro, and $100,000 payable to the parents in behalf of the minor child Joseph Pecoraro. The Department of the Army opposed the payment of any monetary award by private legislation, but indicated in its report to the committee that it would not object to the enactment of a bill providing jurisdiction in a U.S. district court as if the matter was one which could be tried under the procedures of the Federal Tort Claims Act. The Army report stated in this connection:

"'While the Department of the Army is opposed to the award of any sum to the Pecoraros, it is recognized that the claim is based upon alleged negligence, that no opportunity has existed for presentation of evidence to support the claim to an administrative agency, and that the facts and circumstances of this case have never been judicially adjudicated. Although it is felt that any adjudication afforded the claim of the Pecoraros will result in a denial thereof, the enactment of a law vesting jurisdiction in a U.S. district court to hear this claim under the procedures of the Federal Tort Claims Act, should it be deemed that a justiciable issue exists, would not be objectionable to this Department. As Sergeant Pecoraro is a resident of Rochester, N.Y., and as his attorney practices in that city, the U.S. District Court for the Western District of New York would appear to be an appropriate and convenient forum in which to authorize suit.'

"The bill was therefore amended in accordance with this recommendation with a specific reference to the procedures of the Federal tort claims provisions of title 28 of the United States Code."

The amendment provided by the present bill, H.R. 6121, has been rendered necessary because when the action was brought under the authority of Private Law 86–339 the U.S. District Court for the Western District of New York held that the action was barred by section 2680(k) of title 28 providing that the tort jurisdiction provided in section 1346(b) and the tort claims procedure provisions of chapter 171 of that title are not to apply to "any claim arising in a foreign country." The court's decision is set out following this report.

The interpretation placed by the court upon the language of the private law has therefore made it impossible to carry out the original purpose of that law, which was to provide a forum to hear the merits of the claims.

On the basis of the foregoing, the House committee recommended favorable consideration of this legislation. The committee, after a study and consideration of H.R. 10242, concurs in the action of the House of Representatives and recommends that the bill be considered favorably.

---

### HATTIE AND JOSEPH PATRICK, SR., AND OTHERS

The bill (H.R. 4635) for the relief of Hattie and Joseph Patrick, Sr., and others was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1993), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The facts and circumstances surrounding this claim and the conclusions of the House Committee on the Judiciary are set out in House Report No. 120, as follows:

"On November 9, 1946, five children, Joseph Patrick, Jr. (then age 9), Shirley Ann Smith (then age 4), Betty Ann Smith (then age 3), Stanley Smith (then age 5), and James Edward Harris, Jr. (then age 3), were playing in a vacant house previously occupied by P. J. Daniels. Joseph Patrick, Jr., found a bomb fuse under the house, and, not knowing what it was, told the other children he was going to throw it against the house. When he threw it and it struck the house, the fuse exploded. Joseph Patrick, Jr., was killed, and the other children were wounded. The report sent to the committee on the bill by the Department of the Army states that the fuse which exploded in this manner was presumed to have been one of a group of approximately 200 bomb fuses which were thrown by Army personnel into Arbuckle Creek at the boundary of the Avon Park Army Airfield.

"The Army report states that at a period estimated to be September or October 1945, Army personnel of unknown identity deposited approximately 200 bomb fuses, AN–M103 and AN–M101A2, in Arbuckle Creek, a stream of water flowing along the boundary of Avon Park Army Airfield, Fla. Apparently this method of disposal was adopted to expedite clearing an ordnance area. The fuses were in their original containers and undamaged when thrown into the deep water from a bridge which constituted a secondary entrance to the airfield. The water in Arbuckle Creek at that time was of sufficient depth that the fuses were submerged and unobserved. However, a severe drought in the spring of 1946 left several above the water level. Some fishermen evidently discovered the fuses but did not recognize them as such (even though labels were still on most of the containers), and carried some home as souvenirs.

"One of them, being used as a toy, exploded on May 25, 1946, fatally injuring Richard Jones, the 3-year-old son of Mr. and Mrs. Alton Jones of Avon Park. Mr. Jones filed a claim in the amount of $1,000 for the damages sustained on account of the death of his son, Richard Jones. The claim was settled administratively, and on March 25, 1948, a check in the amount of $1,000 was mailed to Mr. Jones in care of his attorney.

"In cooperation with the local police, the following measures were taken in an effort to prevent any recurrence of the above-cited tragedy:

"(a) All bomb fuses which could be located were collected and arrangements were made for disposal of them by demolition, and

"(b) A campaign was conducted through newspaper articles and school announcements in Avon Park and nearby communities to locate any additional fuses and for collection of any explosives.

"Sometime during the month of April 1946 a fisherman, Moses Moore, went fishing in Arbuckle Creek, just south of the bridge, on the west bank. While thus engaged, he picked an object out of the creek that resembled a tin can, approximately 18 inches long. The can was partially opened and he removed its contents, subsequently identified as a nose bomb fuse, AN–M103. He gave it to one P. J. Daniels, who later threw the fuse in the lot behind the house in which he was living, and he did not see it again.

"On November 9, 1946, the five children described above were injured in the explosion of the fuse found under the house previously occupied by P. J. Daniels.

"The Army report reflects the fact that the military recognizes that the Army personnel who threw the fuses into the creek were not acting in a proper and responsible manner. In a letter from the commanding officer, Headquarters, Avon Park Army Airfield, Avon Park, Fla., dated November 13, 1946, to the commanding general, MacDill Field, Tampa, Fla.—subject: Preventive action taken regarding accidents occurring at Avon Park, Fla.—it was stated in part as follows:

"'4. It is recognized that the method of disposal of fuses adopted by former personnel assigned to this station was not in accordance with regulations.'

"A board of officers was convened at the Army airbase, MacDill Field, Fla., on November 19, 1946, to inquire into this matter. The report of that board stated, concerning the responsibility of the United States for the accident:

"'1. The bomb fuse which exploded causing the death of John [Joseph] Patrick, Jr., and injuries to Shirley Ann Smith, Betty Anne Smith, Stanley Smith, and James Edward Harris [Junior] is assumed to be the property of the U.S. Government under authority of paragraph 143, article of war 83, Manual for Courts-Martial, which states in part: "Although there may be no direct evidence that the property was military property belonging to the United States, still circumstantial evidence such as evidence that the property shown to have been lost, spoiled, damaged, or wrongfully disposed of by the accused was of a type and kind issued for use in, or furnished and intended for the military service, might warrant the court in inferring that it was such military property."'

"The board also noted that the Army made prompt attempts to remove fuses and warn the public as to the danger when a child was killed in May of 1946. However, the second explosion involving the children named in this bill did occur, and this committee feels that there is a moral responsibility on the part of the Government to provide the relief as set forth in the amendment recommended in the Army report. That report sets out in detail the extent of the injuries and the medical expenses which resulted from the explosion. From an examination of these facts the committee has concluded that the amounts recommended by the Army are clearly justified. Accordingly it is recommended that the amended bill be considered favorably."

The committee is in agreement with the conclusions reached by the House Judiciary Committee and the Department of the Army. The investigation made by the Department of the Army reveals that the Government has a taint of responsibility for the death and injuries sustained by the claimants in the explosion of the bomb fuse. The committee is of the view that there is a moral obligation upon the Government to make some financial contribution for the consequences of this explosion. Accordingly, the committee recommends favorable consideration of H.R. 4635, without amendment.

---

## JURISDICTION OF U.S. DISTRICT COURTS

The Senate proceeded to consider the bill (H.R. 1960) to amend chapter 85 of title 28, United States Code, relating to the jurisdiction of the U.S. district courts and for other purposes, which had been reported from the Committee on the Judiciary, with amendments, on page 2, line 1, after the word "perform", to strike out "his duty" and insert "a duty owed to the plaintiff or to make a decision in any matter involving the exercise of discretion"; and, after line 9, to strike out:

(e) a civil action in which each defendant is an officer or employee of the United States or any agency thereof acting in his official capacity or under color of legal authority, or an agency of the United States, may be brought in any judicial district where a plaintiff in the action resides, or in which the cause of the action arose, or in which any property involved in the action is situated.

And, in lieu thereof, to insert:

(e) A civil action in which each defendant is an officer or employee of the United States or any agency thereof acting in his official capacity or under color of legal authority, or an agency of the United States, may, except as otherwise provided by law, be brought in any judicial district in which: (1) a defendant in the action resides, or (2) the cause of action arose, or (3) any real property involved in the action is situated, or (4) the plaintiff resides if no real property is involved in the action.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1992), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

This legislation does not create new liabilities or new causes of action against the U.S. Government. The bill, as amended, is intended to facilitate review by the Federal courts of administrative actions. To attain this end, the bill does two things. First, it specifically grants jurisdiction to the district courts to issue orders compelling Government officials to perform their duties and to make decisions in matters involving the exercise of discretion, but not to direct or influence the exercise of the officer or agency in the making of the decision. Secondly, it broadens the venue provisions of title 28 of the United States Code to permit an action to be brought against a Government official in the judicial district (1) where a defendant resides, or (2) in which the cause of action arose, or (3) in which any real property involving the action is situated, or (4) if no real property is involved in the action, where the plaintiff resides. This bill will not give access to the Federal courts to an action which cannot now be brought against a Federal official in the U.S. District Court for the District of Columbia.

Where a statute does not specifically provide for review of the actions of a Government official, the aggrieved party may obtain judicial review through invoking one of several nonstatutory proceedings. Which of these he chooses turns upon the relief sought. In certain cases, the relief desired can be obtained only by compelling a Government official to perform an act which he is required to do by statute but which he has nevertheless failed to do. Traditionally, the appropriate remedy in that case has been a writ of mandamus. However, unless jurisdiction is otherwise acquired, the U.S. district courts have long disclaimed jurisdiction to hear petitions for mandamus.

The single exception to the general proposition that the U.S. district courts do not have jurisdiction over original actions for mandamus is the U.S. District Court for the District of Columbia. This court, in addition to being a Federal court, is also charged with the enforcement of domestic law. Its jurisdiction is derived not only from title 28 but also from the laws of the State of Maryland, which governed the area ceded to the District of Columbia in 1801. That body of law included jurisdiction to issue writs of mandamus in original proceedings.

The result of this historic accident has been that a person who seeks to have a Federal court compel a Federal official to perform a duty of his office must bring his action in the District Court for the District of Columbia. This the committee considers an unfair imposition upon citizens who seek no more than lawful treatment from their Government.

The problem of venue in actions against Government officials for judicial review of official action arises when the action must be brought against supervisory officials or agency heads whose official residences are, with few exceptions, in the District of Columbia. The need to bring an action against an agency head rather than an official in the field may arise either because of a statute authorizing such a suit or because of the doctrine of indispensable parties. The question of when a superior officer is an indispensable party is not altogether clear from the cases. Suffice it to say that if it is determined that a superior officer whose official residence is in the District of Columbia is an indispensable party, that action must be brought in the U.S. District Court for the District of Columbia.

The venue problem also arises in an action against a Government official seeking damages from him for actions which are claimed to be without legal authority but which were taken by the official in the course of performing his duty.

The committee is of the view that the current state of the law respecting venue in actions against Government officials is contrary to the sound and equitable administration of justice. Frequently, the administrative determinations involved are made not in Washington but in the field. In either event, these are actions which are in essence against the United States. The Government official is defended by the Department of Justice whether the action is brought in the District of Columbia or in any other district. U.S. attorneys are present in every judicial district. Requiring the Govermnent to defend Government officials and agencies in places other than Washington would not appear to be a burdensome imposition.

On the other hand, where a citizen lives thousands of miles from Washington, where the property involved is located outside of the District of Columbia, where the cause of action arose elsewhere, to require that the action be brought in Washington is to tailor our judicial processes to the convenience of the Government rather than to provide readily available, inexpensive judicial remedies for the citizen who is aggrieved by the workings of Government.

However, disregarding considerations of convenience, broadening of the venue provisions of title 28 to permit these actions to be brought locally is desirable from the standpoint of efficient judicial administration. Frequently, these proceedings involve problems which are recurrent but peculiar to certain areas, such as water rights, grazing land permits, and mineral rights. These are problems with which judges in those areas are familiar and which they can handle expeditiously and intelligently.

In addition, the present venue provision results in a concentration of these actions in the District Court for the District of Columbia, a court which is already heavily burdened. Court congestion is increased and substantial delays are incurred. The broadened venue provided in this bill will assist in achieving prompt administration of justice by making it possible to bring these actions in courts throughout the country, many of which are not nearly as burdened as the District Court for the District of Columbia.

To achieve these results, section 2 of this bill amends section 1391 of title 28 of the United States Code to provide that an action may be brought against an officer or an employee of the United States or any agency thereof acting in his official capacity or under color of legal authority, or an agency of the United States, in any judicial district where a defendant resides, or in which the cause of action arose, or in which any real property involving the action is situated, or if no real property is involved in the action, where the plaintiff resides.

The Department of Justice in its report on the bill expressed concern that the bill might be interpreted to give the district courts jurisdiction to order a Government official to act in a manner contrary to his discretion. The committee, therefore, has adopted the amendment set forth to section 1 which specifies that the court can only compel the official or agency to act where there is a duty, which the committee construes as an obligation, to act or, where the official or agency has failed to make any decision in a matter involving the exercise of discretion, but only to order that a decision be made and with no control over the substance of the decision. The Department of Justice also expressed concern that where the plaintiff resides in a different judicial district than that in which real property involved in the action is situated, it would not be in the interest of an expeditious proceeding to have the action brought in the judicial district where the plaintiff resides. The committee considered this suggestion meritorious and approved the amendment set out to section 2 of the bill. The committee also approved an amendment to section 2 of the bill providing that the provision with respect to venue should apply only to the extent that it is not otherwise provided by law. Examples of such proceedings covered by this provision are proceedings brought with respect to Federal taxes and under section 5 of the act of September 26, 1961, relating to immigration.

The words "original jurisdiction" as used in section 1 of the bill are not intended to limit the existing powers of district courts to issue mandatory injunctions in aid of jurisdiction otherwise acquired. Likewise, there is no intent that the bill affect the doctrine of exhaustion of administrative remedies.

As stated in the House report, the bill does not define the term "agency," but the committee agrees that it should be taken to mean any department, independent establishment, commission, administration, authority, board, or bureau of the United States, or any corporation in which the United States has a proprietary interest.

The report of the Judicial Conference of the United States, as incorporated in the letter from Warren Olney III, Director of the Administrative Office of the U.S. Courts, affirmatively recommending the enactment of H.R. 1960 is attached hereto and made a part hereof. The report from the Department of Justice to the Judiciary Committee of the U.S. Senate on H.R. 1960 and its companion Senate bill, S. 20, is also attached hereto and made a part hereof.

## NATIONAL CULTURAL CENTER WEEK

The joint resolution (S.J. Res. 214) authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

*Resolved by the Senate and House Representatives of the United States of America in Congress assembled,* That the President of the United States is hereby authorized and requested to issue a proclamation designating the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; urging all persons, organizations, and governmental agencies involved in fostering the performing arts in this Nation to publicize and observe such week; and calling upon the Governors of the States to join in promoting the National Cultural Center campaign.

The preamble was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1991), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purpose of the joint resolution is to authorize and request the President of the United States to issue a proclamation designating the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week.

## RESIDENTIAL OCCUPANTS OF UNPATENTED MINING CLAIMS

The bill (S. 3451) to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed and for other purposes was announced as next order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 1, line 3, after the word "to", to strike out "any" and insert "an"; in line 5, after the word "Secretary", to strike out "after due process,"; in the same line, after the word "invalid", to insert "an interest in"; in line 8, after the word "to", to strike out "any" and insert "an"; on page 2, line 5, after the word "invalidated", to strike out "after due process"; in line 20, after the word "a", to strike out "seasonal or year round" and insert "citizen of the United States or a person who has declared his intention to become such who is a"; in line 22, after the word "of", to strike out "January 10, 1962, of land" and insert "July 23, 1962, of improvements"; in line 25, after the word "placed", to insert "which constitutes for him a principal place of residence, and he and his predecessors in interest have been in possession for not less than seven years prior to July 23, 1962"; on page 3, line 11, after the word "necessary", to insert a colon and "*Provided further*, That in all appropriate cases Federal departments shall consult with county and other concerned local government subdivisions or agencies to determine the effect of a proposed conveyance upon the services of government which might be then required."; in line 20, after the word "the", to strike out "applicant" and insert "applicant,"; in line 23, after the word "use", to strike out "will" and insert "may"; in line 25, after the word "a", to strike out "preference"; on page 4, line 6, after the word "Said", to strike out "preference"; in line 7, after the word "within", to strike out "two" and insert "five"; in line 8, after the word "grant.", to insert "Where the lands have been withdrawn in aid of a function of a Federal department or agency, the head of such department or agency may permit the applicant to use and occupy the land for residential purposes under such terms and conditions as may be appropriate during the life of the applicant with provision for removal of any improvements or other property of the applicant within one year after the death of the applicant."; after line 15, to strike out:

Sec. 5. The Secretary of the Interior prior to any conveyance under this Act shall determine the fair market value of the lands involved (exclusive of any improvements placed thereon by the applicant or by his predecessors in interest) or interests in lands as of the date of this Act. In establishing the purchase price to be paid by the claimant to the Government for land, or interests therein, the Secretary shall take into consideration any equities of the claimant and his predecessors in interest, including conditions of prior use and occupancy. In any event, the purchase price to be paid to the Government shall not exceed the fair market value of the land or interest therein to be conveyed as of the effective date of this Act nor be less than 50 per centum of such value.

And, in lieu thereof, to insert:

Sec. 5. The Secretary of the Interior shall set the price to be paid for conveyance upon the following criteria: (a) Whenever it shall be shown to his satisfaction that the land to be conveyed has been held in good faith by an applicant, his ancestors or grantors for more than twenty years prior to the date of this Act, the applicant shall pay such filing and processing fee as may be uniformly required, the cost of survey, if any is required for the disposition of the land involved, and the payment of not less than $5 per acre or fraction thereof nor more than the fair market value of such lands on the date of appraisal (exclusive of any improvements placed thereon by the applicant or his predecessors in interest) and in such appraisal the Secretary shall consider and give full effect to the equities of any such applicant; (*b*) *Provided,* That when the above conditions exist except that the land has been held for less than twenty years prior to the date of this Act, in addition to a filing fee and cost of survey, if applicable, the payment shall be the fair market value of the lands involved (exclusive of any improvements placed thereon by the applicant or by his predecessors in interest) on the date of appraisal but in no event less than $5 per acre or fraction thereof: *Provided further,* That whenever the conveyance is a life estate or less, the applicant shall pay such filing and processing fee as may be uniformly required and an additional payment of not less than $5 per acre or fraction thereof not more than 50 per centum of the resultant value that would be obtained from appraisal made under the terms of part (a) of this section, which amount may be made payable on an annual payment schedule.

On page 6, line 18, after the word "Act.", to strike out "Except where a mining claim has been or may be located at a time when the land included therein is" and insert "with respect to any mining claim, embracing land applied for under this Act by a qualified applicant, except where such mining claim was located at a time when the land included therein was"; in line 23, after the word "location,", to strike out "or where a mining claim was located after July 23, 1955,"; on page 7, after the word "States", to insert "from any qualified applicant who has filed an application for land in the mining claim pursuant to this Act,"; in line 9, after the word "States", to insert "which would not exist in the absence of this Act"; after line 10, to strike out:

SEC. 7. (a) In any conveyance under this Act there shall be reserved to the United States (1) all minerals and (2) the right of the United States, its lessees, permittees, and licensees to enter upon the land and to prospect for, drill for, mine, treat, store, transport, and remove leasable minerals and mineral materials and to use so much of the surface and subsurface of such lands as may be necessary for such purposes, and whenever reasonably necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing such minerals on or from other lands.

(b) The leasable minerals and mineral materials so reserved shall be subject to disposal by the United States in accordance with the provisions of the applicable laws in force at the time of such disposal.

(c) Subject to valid existing rights, upon issuance of a patent or other instrument of conveyance under this Act, the locatable minerals reserved by this section shall be withdrawn from all forms of appropriation under the mining laws.

(d) Nothing in this section shall be construed to preclude a grantee, holding any lands conveyed under this Act, from granting to any person or firm the right to prospect or explore for any class of minerals for which mining locations may be made under the United States mining laws on such terms and conditions as may be agreed upon by said grantee and the prospector, but no mining location shall be made thereon so long as the withdrawal directed by this Act is in effect.

(c) A fee owner of the surface of any lands conveyed under this Act may at any time make application to purchase, and the Secretary of the Interior shall sell to such owner, the interests of the United States in any and all locatable minerals within the boundaries of the lands owned by such owner, which lands were patented or otherwise conveyed under this Act with a reservation of such minerals to the United States. All sales of such interests shall be made expressly subject to valid existing rights. Before any such sale is consummated, the surface owner shall pay to the Secretary of the Interior the sum of the fair market value of the interests sold, and the cost of appraisal thereof, but in no event less than the sum of $50 per sale and the cost of appraisal of the locatable mineral interests. The Secretary of the Interior shall issue thereupon such instruments of conveyance as he deems appropriate.

And, in lieu thereof, to insert:

SEC. 7. In any conveyance under this Act the mineral interests of the United States in the lands conveyed are hereby reserved for the term of the estate conveyed. Minerals locatable under the mining laws are disposable under the Act of July 31, 1947, as amended (30 U.S.C. 601-604), are hereby withdrawn from all forms of entry and appropriation for the term of the estate. The underlying oil, gas and other leasable minerals of the United States are hereby reserved, but without the right of ingress and egress for exploration and development purposes. Such minerals may, however, be leased by the Secretary under the mineral leasing laws.

On page 9, line 18, after the word "privileges", to insert "to qualify as an applicant"; and after line 20, to insert a new section, as follows:

SEC. 9. Payments of filing fees and survey costs, and the payments of the purchase price for patents in fee shall be disposed of by the Secretary of the Interior as are such fees, costs, and purchase prices in the disposition of public lands. All payments and fees for occupancy in conveyances of less than the fee, or for permits for life or shorter periods, shall be disposed of by the administering department or agency as are other receipts for the use of the lands involved.

So as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior may convey to an occupant of an unpatented mining claim which is determined by the Secretary, to be invalid, an interest in an area within the claim of not more than (a) five acres or (b) the acreage actually occupied by him, whichever is less. The Secretary may make a like conveyance to an occupant of an unpatented mining claim who, after notice from a qualified officer of the United States that the claim is believed to be invalid, relinquishes to the United States all right in and to such claim which he may have under the mining laws or who, within two years prior to the date of this Act, relinquished such rights to the United States or had his unpatented mining claim invalidated. Any conveyance authorized by this section, however, shall be made only to a qualified applicant, as that term is defined in section 2 of this Act, who applies therefor within five years from the date of this Act and upon payment of the amount established pursuant to section 5 of this Act.

As used in this section, the term "qualified officer of the United States" means the Secretary of the Interior or an employee of the Department of the Interior so designated by him: *Provided,* That the Secretary of the Interior may delegate his authority to designate qualified officers to the head of any other department or agency of the United States with respect to lands within the administrative jurisdiction of that department or agency.

SEC. 2. For the purposes of this Act a qualified applicant is a citizen of the United States or a person who has declared his intention to become such who is a residential occupant-owner, as of July 23, 1962, of improvements now or formerly in an unpatented mining claim upon which valuable improvements had been placed, which constitutes for him a principal place of residence, and he and his predecessors in interest have been in possession for not less than seven years prior to July 23, 1962.

SEC. 3. Where the lands have been withdrawn in aid of a function of a Federal department or agency other than the Department of the Interior, or of a State, county, municipality, water district, or other local governmental subdivision or agency, the Secretary of the Interior may make conveyances under section 1 of this Act, only with the consent of the head of that governmental unit and under such terms and conditions as that unit may deem necessary: *Provided further,* That in all appropriate cases Federal departments shall consult with county and other concerned local government subdivisions or agencies to determine the effect of a proposed conveyance upon the services of government which might be then required.

SEC. 4. Where the Secretary of the Interior determines that a disposition under section 1 of this Act is not in the public interest or the consent required by section 3 of this Act is not given, the applicant, after arrangements satisfactory to the Secretary of the Interior are made for the termination of his occupancy and for settlement of any liability for unauthorized use, may be granted by the Secretary, under such rules and regulations for procedure as the Secretary may prescribe, a right to purchase any other tract of land, five acres or less in area, from those tracts made available for sale under this Act by the Secretary of the Interior, from the unappropriated and unreserved lands and those lands subject to classification under section 7 of the Taylor Grazing Act, upon the payment of the amount determined under section 5 of this Act. Said right must be exercised within five years from and after the date of its grant. Where the lands have been withdrawn in aid of a function of a Federal department or agency, the head of such department or agency may permit the applicant to use and occupy the land for residential purposes under such terms and conditions as may be appropriate during the life of the applicant with provision for removal of any improvements or other property of the applicant within one year after the death of the applicant.

SEC. 5. The Secretary of the Interior shall set the price to be paid for conveyance upon the following criteria: (a) Whenever it shall be shown to his satisfaction that the land to be conveyed has been held in good faith by an applicant, his ancestors or grantors for more than twenty years prior to the date of this Act, the applicant shall pay such filing and processing fee as may be uniformly required, the cost of survey, if any is required for the disposition of the land involved, and the payment of not less than $5 per acre or fraction thereof nor more than the fair market value of such lands on the date of appraisal (exclusive of any improvements placed thereon by the applicant or his predecessors in interest) and in such appraisal the Secretary shall consider and give full effect to the equities of any such applicant; (b) *Provided,* That when the above conditions exist except that the land has been held for less than twenty years prior to the date of this Act, in addition to a filing fee and cost of survey, if applicable, the payment shall be the fair market value of the lands involved (exclusively of any improvements placed thereon by the applicant or by his predecessors in interest) on the date of appraisal but in no event less than $5 per acre or fraction thereof: *Provided further,* That whenever the conveyance is a life estate or less, the applicant shall pay such filing and processing fee as may be uniformly required and an additional payment of not less than $5 per acre or fraction thereof nor more than 50 per centum of the resultant value that would be obtained from appraisal made under the terms of part (a) of this section, which amount may be made payable on an annual payment schedule.

SEC. 6. The execution of a conveyance authorized by section 1 of this Act shall not relieve any occupant of the land conveyed of any liability, existing on the date of said conveyance, to the United States for unauthorized use of the conveyed lands or interests in lands, except to the extent that the Secretary of the Interior deems equitable in the circumstances. Relief under this section shall be limited to those persons who have filed applications for conveyances pursuant to this Act within five years from the enactment of this Act. With respect to any mining claim, embracing land applied for under this Act by a qualified applicant, except where such mining claim was located at a time when the land included therein was withdrawn from or otherwise not subject to such location, no trespass charges shall be sought or collected by the United States from any qualified applicant who has filed an application for land in the mining claim pursuant to this Act, based upon occupancy of such mining claim, whether residential or otherwise, for any period preceding the final administrative determination of the invalidity of the mining claim by the Secretary of the Interior or the voluntary relinquishment of the mining claim, whichever occurs earlier. Nothing in this Act shall be construed as creating any liability for trespass to the United States which would not exist in the absence of this Act.

Sec. 7. In any conveyance under this Act the mineral interests of the United States in the lands conveyed are hereby reserved for the term of the estate conveyed. Minerals locatable under the mining laws are disposable under the Act of July 31, 1947, as amended (30 U.S.C. 601–604), are hereby withdrawn from all forms of entry and appropriation for the term of the estate. The underlying oil, gas and other leasable minerals of the United States are hereby reserved, but without the right of ingress and egress for exploration and development purposes. Such minerals may, however, be leased by the Secretary under the mineral leasing laws.

Sec. 8. Rights and privileges to qualify as an applicant under this Act shall not be assignable, but may pass through devise or descent.

Sec. 9. Payments of filing fees and survey costs, and the payments of the purchase price for patents in fee shall be disposed of by the Secretary of the Interior as are such fees, costs, and purchase prices in the disposition of public lands. All payments and fees for occupancy in conveyances of less than the fee, or for permits for life or shorter periods, shall be disposed of by the administering department or agency as are other receipts for the use of the lands involved.

Mr. CHURCH. On June 20 I introduced this bill, S. 3451, to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed. This legislation was given a very careful hearing by our committee, and it has been amended with what I believe are reasonable and constructive changes to improve its operation. There is a companion bill awaiting action in the House.

The problem which confronts the Secretary of the Interior and the Secretary of Agriculture in administering the mining laws is that through long tradition the private citizen has not only had the right to go upon public lands and stake a claim, but also so long as he performed the work required under the law he could reside on the mining claim while continuing his search and development of minerals. In fact, under the law he could extract all of the minerals without the necessity, the expense, or the protracted procedure of obtaining a patent, and this was often done.

When the Congress passed Public Law 167 in 1955, a procedure was included which resulted in the Government undertaking a comprehensive examination of mining claims to determine the use being made of them, and this, in turn, has led to the Government invalidating many of these claims. Quite often, however, people are residing on these claims and still working them, though not in a full commercial sense, and these claims have become their homes. The result is that, while the claim may not now be patentable, these people are being told that they must move from their homes which they have long lived in, and in some cases severe hardship results.

The purpose of this legislation is to give to the Secretary of the Interior a full kit of legal tools and the discretion, when the public interest will not be injured, to permit persons who live on mining claims for residential purposes, who were in possession at least 7 years prior to July 23, 1962, where this is a principal home for them, and their mining claim has been invalidated or relinquished, to continue to reside in their home.

The bill is a relief measure designed to aid those qualified people on whom a hardship would be visited were they to be required to move from their long-established homes.

The Secretary is given discretion to determine not only whether he will permit continued residence, but the type of residence that will be permitted. He may issue a full title, a life estate, or something less, all contingent upon his determination of whether the public interest will be best served, along with his determination as to whether a hardship would result were he not to grant continued occupancy. The bill recognizes that it is not the way of a just government to disturb arrangements, sanctioned by time and custom, which can be regularized without injury to the general welfare.

In reporting the bill, the committee made several amendments, all designed to afford the greatest possible relief to the deserving but not to those who are not deserving. People who are squatters upon the public land or whose mining claims are obviously without a bona fide basis, are not intended to be the recipients of relief under the bill.

Mr. METCALF. Mr. President, I am pleased to be able to support the bill sponsored by the distinguished Senator from Idaho. I should like to ask a few questions about the bill. I would like to inquire of the Senator in regard to section 2 as to the position a person might find himself in, in the following situation:

In a few cases, people have resided on mining claims for many years and meet all the qualifications described in section 2, but since 1955, for one technical reason or another, they may have refiled and restaked their claim so that it still covers the area upon which their residence exists. Would it be the intent of this act to construe their possession as being of 7 years' duration or more despite a restaking since 1955?

Mr. CHURCH. Generally speaking the answer would be "Yes." Where the occupant-owner of improvements has continuous occupancy and he and his predecessors in interest have been in possession for not less than 7 years, the fact that he restaked his claim should not run against him. If the applicant can show that he has continuous residence and use, it would be intended that his application be given consideration and that he not be ruled out because of this restaking. However, where a person had moved on to a claim since 1955 and can show no prior residence, he would be excluded. The purpose of the act is to grant relief and the entire intent is that it is permissive with the Secretary of the Interior. Thus, it would be expected that the Secretary will examine more difficult cases or problem cases and reach a reasonable solution, keeping in mind that the purpose of the act is to permit qualified people, on whom a hardship would otherwise be visited, to continue to reside in their homes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1984), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE

The objective of S. 3451 is to give the Secretary of the Interior a full kit of legal tools and the discretion, when the public interest will not be injured, to permit persons who live on mining claims for residential purposes, who were in possession at least 7 years prior to July 23, 1962, where this is a principal home for them, and their claim has been invalidated or relinquished, to continue to reside in their home. The bill is a relief measure designed to aid those qualified people on whom a hardship would be visited were they to be required to move from their long-established homes.

### NEED

In the mountain West, there is a long tradition supporting the right of a private citizen to go upon the public lands, to stake a mining claim, and thereafter to have and retain a possessory interest immune to interference from anyone. The power of the Government to challenge the validity of a mining claim has been recognized, but the Government traditionally has interfered little, and locators and their successors in interest have felt secure in their right to possession.

Nothing in the mining laws requires a locator to proceed to patent. He may never do so, yet his estate is fully maintained in its integrity so long as the law, which is a muniment of his claim, is complied with. Thus, although some miners obtain patent to their claims, many others, content to enjoy their right of possession to the exclusion of third parties, have not undertaken the expensive and protracted procedures necessary to obtain a patent.

Often in the past, the mining locator established his home upon his claim and worked his claim from his home. These homes have become, in many instances, permanent residences for the prospector's heirs. By long-established custom, mining claims embracing residential improvements have been sold for the value of the improvements, the seller giving a quitclaim deed.

Thus there can be found throughout the West, hundreds of unpatented mining claims, valuable chiefly for the fact that they have been used, sometimes for generations, as actual homesites, and as a principal place of residence, by families which have inherited them from the original locators, or paid value for the improvements, in reliance upon the customs prevailing in the area that effective title could be obtained by gift, inheritance, or quitclaim deed.

But, for one of a variety of reasons, many of the claims may not, in fact, be patentable at the present time. In some cases, the mineral veins which justified the original location have been worked out. In others, mineral deposits which would have sustained a patent application some years ago will no longer suffice, because rising costs and artificially fixed prices for the minerals have rendered actual mining operations uneconomic. In still other cases, due to the absence of surveys, or to inaccuracies in them, such claims have been located upon land which was, in fact, withdrawn from mineral entry, or has since been withdrawn, so that patent applications will not lie.

In all such cases the claims are subject to invalidation at the initiative of the Government. The situation was further clarified by the passage of Public Law 167 of the 84th Congress. This statute, enacted in 1955, prohibits all uses not reasonably incident to prospecting, mining, or processing operations on unpatented claims located after July 23, 1955. Moreover, it authorizes procedures under which prior locators, or their successors in interest, may be required to prove the validity of their claims or be subject to the same prohibitions. This law has resulted in an intensified program to eliminate uses of mining claims inconsistent with mining purposes. As to those who have purchased claims and given value in the expectation that they would be allowed to live on the claims, the results, in many cases, will produce real hardship.

Although the residential uses present an anomaly to the law, it is clear that there are, in many cases, substantial equities based on custom, need, and value given, in favor of many of these people. It is to the problem of resolving the anomaly, while recognizing the equities, that this legislation is directed.

It is not the way of a just Government to disturb arrangements, sanctioned by time and custom, which can be regularized without injury to the public interest. This the bill seeks to do.

SECTION-BY-SECTION ANALYSIS

Section 1 gives to the Secretary of the Interior discretionary authority to convey to an occupant of an unpatented mining claim not more than either 5 acres of land or the acreage actually occupied, whichever is less. The section further limits conveyances to those occupants whose mining claims are determined by the Secretary to be invalid or where the occupant himself, after notice that the claim is believed to be invalid, relinquishes to the United States all right to the claim. In order to avoid hardship and discrimination, the section extends the same privilege to occupants whose unpatented mining claims were invalidated or relinquished within 2 years prior to the effective date of the act.

The term "may convey" is fully intended to establish the discretionary nature of the authority conveyed to the Secretary. He will be expected to promulgate rules and standards as to the normal situation where the act will be applicable and for the handling of special or complex cases.

Where land is now needed or known to be needed for public uses or purposes he is under no directive to grant the use of land. In addition, he will be expected to exercise sound descretion in setting standards as to the circumstances under which a fee simple patent, life estate, lease, or term permit would be appropriate to the facts and consistent with the public interest.

In order to assure that the workload of the agencies will not be unduly increased, and to allow applicants a full opportunity to file, a period of 5 years from the effective date of the act is provided for making a filing.

The Secretary of the Interior may also delegate his authority under this act to the agencies managing public domain land, either in his Department or other departments. It is expected he will cooperate with the other departments in the promulgation of rules, regulations, and procedures, so that they will be properly consistent for all agencies, yet responsive to the needs which may be manifest for the various agencies.

The term "(a) 5 acres or (b) the acreage actually occupied by him, whichever is less" is intended to be a limitation to be judiciously applied, especially when a patent is to be issued. It is not the intent of this act to grant an acreage which may then be readily subdivided and sold but rather to grant only the acreage which the Secretary determines is needed for the applicant to use as his residence.

Section 2 defines a qualified applicant. He must be a citizen or a person who has declared his intention of becoming a citizen. He must be a residential occupant-owner as of July 23, 1962. This does not mean in actual physical residence on that date but rather that the residence must have been habitable and, as is explained below, used during the preceding 7 years in a manner consistent with the purposes intended to be covered by the act.

The committee substituted the term "and which constitutes for him a principal place of residence" for the term "seasonal or yearround" for the purpose of more clearly setting forth what is required to become a qualified applicant. In some circumstances climatic conditions make year-round residence impracticable. The language used intends to specify that the applicant must be one who uses his claim as one of his principal places of residence. Casual or intermittent use, such as for a hunting cabin or for weekend occupancy, are not intended to be covered and the Secretary shall require applicants to submit proof of residence as a part of determining whether the applicant is qualified.

The use of the property for commercial purposes not connected with previous efforts to extract minerals, in addition to residence, would not be covered by this act, but a record of use for garden-type agricultural purposes would be if incidental to regular residential occupancy. The establishment of taverns, restaurants, stores, and offices, for example, is not intended to be regularized by this legislation. Where it is appropriate that such use may be continued upon invalid mining claims, the departments may use other authority available to them. Should experience indicate that there are commercial uses not relating to mining disclosed by the operation of this act and actions taken under the mining law, which cannot be adequately handled by existing law, the department may wish to analyze its findings and experience and report its recommendations to the Congress.

The applicant's use must be not only residential but also he must be the occupant owner of improvements. The purposes of this act do not extend to renters or to squatters. In some cases there will be persons who located mining claims and constructed the residence thereunder. In other cases, the person will have purchased or inherited the claim and improvements. In a few cases there may be other residents on a claim who can produce evidence that they purchased either the improvements or the privilege of constructing improvements. It is intended to cover this type of situation if the other conditions surrounding the claim also are appropriate for relief.

The applicant must be one whose residence stems from a lawfully filed and occupied mining claim or one whose occupancy has the color of law due to a claim of title. On-the-ground evidence or other proof should disclose that at some time in the past a bona fide effort was made by the applicant or his predecessor in interest to actually conduct the type of mining enterprises intended by the mining law of 1872.

The applicant and his predecessors in interest must have been in possession of the claim for not less than 7 years prior to July 23, 1962; that is, since July 23, 1955.

It was in 1955, that, at the request of this committee, the Congress enacted legislation which clearly reiterated that the 1872 mining law was to be used for those who sought to explore, prospect for, develop, and mine locatable minerals. Since that time, it has been quite clear that the mining law was neither intended to be, nor was to be, used as a device to obtain a homestead or other residence on public land. This 7-year proviso, taken together with the requirement of an applicant being a residential occupant owner as of July 23, 1962, clearly controls not only who may be a qualified applicant but also constitutes a clear intent that on claims filed since July 23, 1955, residence will not ripen into an application. Those who have filed mining claims since July 23, 1955, as well as those who may have filed them since July 23, 1962, should be aware that there is no basis for the subsequent granting of residential occupancy under this act because their mining claim is found invalid.

It is the committee's intention that where husband and wife are occupying an unpatented mining claim for residential purposes, and an application is made under the act, the applicant would be deemed to be the husband and wife. Thus, for example, where a conveyance of a life estate is made under the act or a permit is issued for the use and occupancy of the land during the life of the applicant, the surviving spouse would have the right or permission to remain on the land during the remainder of his lifetime after the death of the other.

The term "valuable improvements" is intended to include a presently habitable residence which has been used for this purpose, plus other accessory buildings incidental to residence, such as a toolshed, garage, barn, or chickenhouse presently fit for use.

Section 3 protects the interest of the Government by prohibiting conveyances of any land withdrawn in aid of another department or agency unless the consent is first obtained from the head of the governmental unit involved. Authorized conveyances could be made only under terms and conditions deemed necessary by the agency having jurisdiction over the land.

Our lands which have been withdrawn, such as national forest or parks, the broad public purposes of these withdrawals has been already established by the Congress, including adequate provision for occupancy or where appropriate for the alienation of Federal title. It is, therefore, appropriate that in these cases, or where State, county, municipality, water districts, have had land withdrawn in aid of one of their programs, their consent be obtained as to both the terms and conditions of the action taken upon an application for relief. The legislation does not intend that applicants shall displace public use of public land, or that land should be patented in fee in areas where such action would produce results at odds with public land programs. For these situations, where equities exist or hardship would result, the qualified applicants can generally be granted life estates for the remainder of their lives or permission to occupy the land for appropriate periods.

In addition, the type of grant to be made in any circumstance may affect the services which local government may have to provide, such as road maintenance, snow plowing, schoolbus, or power services. The section requires consultation with concerned local governments so that the action taken to regularize a residence will be decided with their views in mind.

Under section 4 the Secretary of the Interior, in those instances where the specific land occupied under the mining claim cannot be made available, may grant a right to the occupant for the purchase of another tract of public land. A sale of a substitute tract could only be made after an agreed termination of the occupancy of the unpatented mining claim and settlement of any liability for unauthorized use. The right would have to be exercised within 5 years.

There may be cases where this action would be in the public interest. The land to be made available would first have to be selected, designated, and classified for residential use by the Secretary of the Interior, not the applicant. The applicant may not displace an applicant under the Small Tract Act, for example. The land to be designated must be unappropriated and unreserved public domain lands and lands subject to classification of section 7 of the Taylor Grazing Act.

For example, a qualified applicant may desire a patent on the land he now occupies but the Secretary may conclude that neither a patent or a life estate or less would be consistent with the intent of the act. This might occur when the applicant has a residence which he values and seeks to perpetuate beyond the period feasible under a life estate. The Secretary may, under this section, offer the applicant the opportunity to a patent to other land in the category described above. It may be expected, where the applicant may be offered a life estate or less, he would perhaps desire the possible opportunity provided by section 4. The possible unsuitability of the offered land to the applicant will not diminish his opportunity to settle on the original offer of the life estate or lesser on the area now occupied, provided he makes a final choice within 5 years from the date of this act.

However, where the applicant seeks a patent to the land he now occupies, but the Secretary in his discretion finds this is not in the public interest, the applicant may be offered a patent to other land as provided by section 4. He will be expected, in this case, to make his selection from the offered land.

In selecting areas to meet the intent of section 4, the Secretary will be expected to choose lands as close to the land of the applicant as possible which fall within the category defined by this section.

The last sentence of section 4 is intended to clearly enunciate the policy of Congress that where Federal land has been withdrawn, emphasis will be given to the granting of a life estate or less. This does not exclude the use of life estates or less on other lands when the public interest so indicates.

The authority granted by this sentence is not intended to exclude the use of a patent in appropriate cases on lands withdrawn for national forests, parks, and other Federal purposes. In some cases, communities or settlements exist where the grant of a patent in fee will be clearly in the public interest. In other cases there will be a long history of constant use for all or most of each year where the grant of a patent is entirely consistent with sound land use and the extinguishment of the residence on the death of the owner would destroy a valuable investment.

For most cases, however, the withdrawal of the land has been for the purpose of promoting its use by the public. Mining is a legitimate use but either permanent or indeterminate use as a residence not related to mining is not in the public interest. It is for this reason that the committee wished to clarify that a life estate or less was to be offered.

Therefore, on withdrawal public land, such as a national park or a national forest, the general rule will be that the applicant may be given a life estate or less. Where the history of occupancy is well established and its continuation does not interfere with an existing program in the immediate area or one presently known, it is anticipated that arrangements will be made to permit the applicant to continue in residence for a period not to exceed his lifetime. The committee expects that this will be done and that compassion and liberality will be judiciously applied.

An applicant will be considered to be a husband and wife, at the time of application, and the estate will run through the lifetime of each of these two persons. The provision for removal of the improvements 1 year after the death of the last survivor or termination of the estate shall include the right of the applicant or heirs to remove the property or improvements themselves during this period and the prompt elimination of the improvements remaining thereafter by the agency administering the land.

Should the property be voluntarily and permanently vacated by the applicant before the life estate or less expires, and this is clearly established, there should be regulatory provisions for extinguishment of the grant so that the improvements will not be occupied by unauthorized users.

Section 5. The fact that the use of mining claims for other than mining purposes is improper, when not incidental to a mining operation, has received a great deal of public attention over the last 25 years. The Congress has had this matter called to its attention on several occasions by groups who recognize the effect improper use of mining claims has upon those who seek to use them solely for the purposes intended by law.

For example, in 1952 an extensive report, "The Problem of Mining Claims on the National Forests," was made to the Secretary of Agriculture by the National Forest Advisory Council. Its members, under the Secretary's direction, visited 50 national forests in the West and documented their report with 126 examples of loss of mining claims inconsistent with the mining law.

In 1955 the Congress amended the mining law in an effort to eliminate its abuse. This legislation has been helpful. The Comptroller General has just this year reported to the Congress on uses being made on mining claims.

In considering the purpose of this legislation, the committee also was faced with the problem of establishing an equitable solution to the financial aspects of the issue before it.

Notwithstanding the public attention the issue of improper use of mining claims has received, the committee was aware that longstanding custom was involved and that, in some instances, persons relying on this custom, or in ignorance, have purchased improvements on old mining claims with the intention that the use would be mainly residential with only minor efforts to develop and extract minerals.

Therefore, the committee concluded that the responsible and compassionate financial course would be to treat the claimants eligible for patents as falling in two broad groups: those whose location and use of the claim, including that of their ancestors or grantors, covered a period longer than 20 years before the date of this act and those whose mining claim covered a lesser period.

Both groups would be expected to pay such filing and processing fee as may be required and to pay the cost of necessary surveys of the land to be patented. In this connection, note is made of the fact that the cost of a survey is one also borne by an applicant for a mining patent applicant.

Both groups are entitled to have the value of the land determined exclusive of improvements by the applicant or his predecessors in interest.

A minimum charge of $5 per acre or fraction thereof was placed in the act, which is consistent with the mining law. This is intended to be an expression, for those persons receiving a patent under subsection (a) of a possible lower level for charges that might be made, especially since in their case the Secretary shall consider and give full effect to the applicant's equities.

It is intended that there be included in the consideration of equities the pecuniary situation of the applicant, ability to pay, whether he previously paid market value for the property, the original date when the mining claim was first staked, whether there are substantial reasons to believe that a concerted effort was made to develop and extract the minerals sought as compared to a casual attempt, and whether the present occupant was relying on custom in his occupancy.

Those in the category under subsection (b) will be expected to pay fair market value for the land for these will be those claims filed within the last 20 years, the period during which there has been greater public notice that use of a mining claim for other than mining purposes is inconsistent with the mining law. However, since the purpose of the legislation is to afford relief through permitting continued occupancy in qualified cases and appropriate circumstances, the bill does permit the Secretary to make conveyances on the terms specified.

Where the conveyance is for a life estate or less, the appraisal criteria of subsection (a) prevail, except the cost of a survey, since it will not be needed, is omitted, and the equities may be considered.

In applying the rule of equity here, in addition to the equity factors above, the term of the estate, its probable or known length, and the age of the applicant may be considered.

The last clause of the section provides that the payment shall be computed at not more than 50 percent of the value determined under (a) in this section. The intent is that full recognition will be given here to the final elimination of the occupancy of the public land involved and the grant to the applicant. Where a patent in fee is granted under either (a) or (b) the occupant-owner will have perpetual title and be free to sell or otherwise dispose of the real property and improvements. A life estate or less conveys a greatly circumscribed privilege. It cannot be sold, assigned, or pass by devise or descent. It is merely the privilege to occupy for life or a stated number of years. In some cases this will result in total loss of the investment in the homesite due to its immobility. In many cases, however, the holder will have to keep the residence up or meet certain requirements of the type imposed by local government relative to sanitation right up to the end of use. The committee, therefore, placed an upper limit on the charge that could be made of not to exceed 50 percent of the resultant value obtained from an appraisal made under (a) above. The final phrase makes clear that it is not intended that there be an annual rental but rather a single charge for use, which the applicant may pay over a period of years when the Secretary finds that a hardship would be created by making the payment in a lump sum.

The Secretary will be expected to make a schedule of payments. The estate conveyed shall contain terms which provide for the extinguishment of any balance of payments due but not paid upon the death of the final holder of the estate.

Section 6 protects the interest of the United States in the following respects:

(1) An occupant would not be relieved from liability for unauthorized use even if a conveyance of land is made under the act, except to the extent the Secretary of the Interior deems equitable.

(2) If an unpatented claim was located on land withdrawn from entry, the United States would specifically be authorized to impose trespass charges. However, in other instances, occupancy trespass charges, as distinct from the unauthorized removal of timber or Federal property destruction, could not be imposed for any period prior to either the final determination of the invalidity of the mining claim, of its voluntary relinquishment, whichever occurs first. This latter relief would only be available to those who are eligible for relief under the act, receive a conveyance, and apply for a conveyance within 5 years from the date of enactment. This date coincides with the provisions under section 1 for the filing of applications. Where lands are withdrawn

in aid of a function of a Federal department or agency other than the Department of the Interior, and where such department or agency would normally collect trespass damages, the arrangements for the settlement of any liability for unauthorized use contemplated by this section would be those which are satisfactory to the department or agency responsible for the administration of the land.

In view of the fact that the committee amended section 2 so that only those claims filed prior to July 23, 1955, are eligible for consideration, an amendment was made to eliminate language in the third sentence of the section as to claims filed after July 23, 1955, which would be inoperative due to the qualification requirements in section 2.

Section 7 treats the reservation of the mineral interests of the United States. Since the purpose of the legislation is to provide for residences on very small units of land, it is desirable that these people be granted a quiet occupancy.

The language recommended by the committee is designed to protect the occupancy of the area by the grantee during the period of his occupancy, as well as the Government. Thus, an occupant to whom an estate in the land is granted for residential purposes, would be fully protected against someone else going on the area to do prospecting work which could seriously annoy the applicant.

To protect the interests of the United States, all minerals are reserved for the term of the estate conveyed.

Minerals locatable under the mining laws or disposable under the act of July 31, 1947, are withdrawn for the term of the estate conveyed.

Leasable minerals may be leased by the Secretary, including all necessary protections for the occupant and the use of directional drilling to protect the Government's interests.

Section 8 provides that rights and privileges to qualify as an applicant under this act may pass only through devise or descent.

Section 9. The bill made no provision for the disposition of fees, survey costs or the payment of the purchase price for a patent or a life estate or less. This section provides for the application of existing law and thus the ultimate application of receipts to the proper accounts, including the operation of the laws relating to payments in lieu of taxes.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

## APPROPRIATIONS FOR MILITARY CONSTRUCTION

**Mr. MANSFIELD**. Mr. President, I ask unanimous consent that the Senate be permitted to consider tomorrow the military construction appropriation bill, H.R. 12870, making appropriations for military construction for the Department of Defense.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

## ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

**Mr. MANSFIELD**. Mr. President, I move that when the business for today has been completed, the Senate adjourn until 10 o'clock tomorrow morning.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

## COMMITTEE MEETING DURING SESSION OF THE SENATE TOMORROW

**Mr. MANSFIELD**. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate tomorrow.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The **PRESIDING OFFICER**. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

**Mr. HARTKE**. Mr. President, I wish to speak on the subject at hand; namely, H.R. 10, the passage of which is long overdue if the inequities of our tax structure are to be corrected.

Mr. President, the bill has been passed by the House and approved with amendments by the Senate Finance Committee and was reported to the Senate nearly a year ago.

However, let me digress for a moment on the subject of revenue loss and point out that apparently there are some persons who expound the theory that we must have a balanced budget, yet insist on the passage of legislation which throws this very balance out of whack.

I have consistently supported the principle of withholding of taxes on dividends and interest. The closing on this very loophole the insistence, if you will, that we collect taxes due from all by the withholding method as we now do on wages and salaries would have meant some $800 million in additional revenue to the Treasury. The Senate Finance Committee and this body opposed it. Yesterday, Wednesday, September 5, I offered another of several amendments to H.R. 10650. My amendment would have withheld interest on bonds and dividends from stocks only. This amendment was defeated, and with that vote an estimated $530 million to the Treasury was lost.

I should like, to remind those who are so quick to accuse others of budget-busting reexamine their position on withholding and see if they are being fair and consistent.

The principle involved in H.R. 10 would result in a small loss to the Treasury. But it, too, is consistent. It is designed to encourage voluntary pension plans among the self-employed—professional and business people, such as doctors, lawyers, dentists, storekeepers, real estate agents, architects, engineers, contractors, brokers, farmers, and all others who maintain their own businesses and professional offices.

In short, the bill permits self-employed persons to be treated for retirement fund purposes as employers of themselves, which, indeed, they are. At long last, by the passage of H.R. 10, employers will be on the same basis for taxation of retirement funds as their employees have been and are.

In 1942 the Congress undertook encouragement of private retirement funds to augment social security. There had been provisions for pension plans since the 1924 Revenue Act. But it remained for the encouragement of 1942 to stimulate the private pension programs to their present position. There are now more than 45,000 plans covering some 20 million employees. Eighty-five percent of the money put into these pension funds is from employers.

The act of 1942 allowed the employer to deduct payments into such pension funds for his employees as tax-deductible expenses. Such employer contributions and any earnings of the fund were held not taxable until distributed as employee benefits. This meant a great tax advantage to those who benefited from such funds. They were sure of being taxed for the income from the retirement funds after they had retired and their earnings greatly reduced or ended. In other words, the money that was laid aside for their retirement was then—and is now—taxable at a much lower rate than it would have been had it been taxed as income from the employer at the time it was paid into the fund.

The only prerequisite, so far as the Federal Government is concerned, to be able to have such tax treatment is to be an employee. If you are the employer, or if you are self-employed without employees, you cannot get any tax benefit in setting up a retirement program.

A self-employed person of 35 years, married and with a $10,000 taxable income would pay $260 in taxes if he were to earn an additional $1,000. This would leave him $740 additional to invest. Let us assume he does invest this money for 30 years at 4 percent compound interest. He would by age 65 accumulate $36,900. If on the other hand, the same man were employed by someone else and he received $1,000 from his employer deposited in a pension fund earning the same interest, at age 65 there would be $58,300 more for his retirement.

This is a gross inequity. It was recognized shortly after the act of 1942 became operative. By 1950 the American Bar Association drafted legislation to overcome what it considered discrimination against the self-employed. In 1951, Representative EUGENE KEOGH and the late Representative Daniel Reed introduced legislation to allow tax deferment on a limited amount of money set aside by the self-employed for their retirement. Since its introduction, this bill has had wide support, but somehow it has always failed of passage.

In 1958 the House passed the bill and the Senate did not have time to act. I well remember in 1959 associating myself with a number of my colleagues in the Senate in a version of the bill that allowed the Senate Finance Committee to begin consideration of this matter at an early date while H.R. 10 was pending in the House. The junior Senator from

Florida [Mr. SMATHERS] was the leader of the group on the Senate side. Among others, Senator KEFAUVER worked for passage. Full hearings were held by the Finance Committee. However, it was not until this Congress that the Senate was in position again to consider this matter. I am proud that I was the author of the Senate bill S. 197, considered in advance of the appearance of H.R. 10 of the 87th Congress.

It has been thoroughly considered by this body. Its passage should be affirmed without delay, and I shall be pleased to support the passage of the measure, which is long overdue.

Mr. MOSS. Mr. President, I have consistently supported H.R. 10 ever since I came to the Senate. This measure which will enable self-employed persons to provide for their own retirement is both fair and equitable.

Yesterday when an attempt was made to attach this bill as an amendment to the tax bill, H.R. 10650, I voted to table the amendment. I did not consider it in the best interest of H.R. 10 to attach it to another measure which was already extremely complex, which had been extensively amended on the floor, and which I felt might not be acceptable to a majority of the Members of the Senate or to the administration. I felt it far wiser to let H.R. 10 stand on its own merits. It is fully capable of doing so.

The people of Utah are greatly interested in H.R. 10, and many of them representing an excellent cross section of the self-employed farm folks, small retailers, accountants, lawyers, dentists, physicians, and other self-employed and their employees have written to me during this and the last Congress urging its enactment.

Naturally, they have given a lot of thought to their old age, and the vast majority of them have nothing other than social security to live on once they retire. They cannot understand why they are being penalized because they are self-employed and do not work for a corporation. With but few exceptions, these are the average people of my State, the middle-income group often referred to as the backbone of this great country of ours.

These people are not asking the local, State, or Federal governments to take care of them in their retired years. They are asking simply for a postponement of tax liability so that they may themselves be able to set something aside for their own old age. They are willing to put up the money when they are able to spare it from the demands of their businesses. All they are asking of us, the Congress of the United States, is that we offer them the same tax consideration that 23 million corporate employees are already receiving, so that they can provide for themselves.

I think this is reasonable and practical, and I am confident that most of the Members of this body will agree with me. The fight to pass H.R. 10 has been underway now for over 10 years. The measure has always had bipartisan support from Members who feel that enactment of this bill is the best way to deal with this unfair situation. In my opinion, it is imperative that H.R. 10 be passed, as passed the Senate Finance Committee, without crippling amendments here and now. The self-employed and their employees have already waited too long for a fair retirement plan.

Mr. ALLOTT. Mr. President, I am pleased to rise in support of H.R. 10 which, as we know, is designed to allow self-employed persons to participate in voluntary retirement programs, within limits, on the same tax basis as employees.

I believe firmly in the principle of equal and uniform treatment for all taxpayers. This bill will extend to self-employed individuals and employees of these individuals the favorable tax benefits present law provides in the case of qualified retirement plans established by employers for their employees. These benefits are now denied them merely because of the nature of their business or employment.

I have consistently fought for and urged such legislation since coming to the U.S. Senate in 1954. I have cosponsored legislation similar to H.R. 10 in past Congresses.

Mr. President, this legislation does not pose a new question before Congress. I believe it was first considered in 1951. The bill passed the House in the 85th Congress and the 86th Congress and again in the present Congress. It has been thoroughly gone through by both the Senate Finance Committee and the House Committee on Ways and Means on a number of occasions. When the House passed this legislation in this Congress and the Senate Finance Committee favorably reported it last August, I know that I speak for many of my colleagues in this Chamber when I say that I believed that at last we were in a good position to give final approval and send the bill to the President for his signature. Now we are again approaching the end of the Congress with H.R. 10 still awaiting our action. Make no mistake, there are millions of people in all parts of this country who will be watching and waiting for us to work our will on this bill prior to adjournment. I was among those here who would have preferred to have seen this matter taken care of in the Internal Revenue Act of 1962 on which we completed action yesterday, but the majority, in its wisdom dictated no. That leaves it squarely before us here, today, to act. We are the hope of the self-employed—the farmer, the small businessman, the barber and beautician, the doctor, the dentist, the accountant, the architect, the garageman, the service station owner, the homebuilder, the plumbing contractor, the realtor, the retail druggist, the retail grocer, the food broker, the manufacturer's representative, the professional engineer, the florist, and many, many others.

With this in mind, I have studied each objection raised to this bill. It does not set a precedent for other forms of tax deferral. Rather, it follows precedent already set under which some 19 million employees now are covered, in addition to those in the civil service, Armed Forces, and railroad retirement systems. It certainly is not class legislation, for many of the self-employed are the rugged individuals who often wonder if they are not working more for themselves for pride than for profit.

We then come down solely to the impact upon the budget. The revenue loss under H.R. 10 is estimated to amount to $180 million for the first full year of operation. The estimated cost of H.R. 10 as passed by the House was $325 to $358 million in a full year of operation. H.R. 10, as amended by the Senate Finance Committee, is now in such form that even the objections of the Treasury Department have been withdrawn. Mr. President, considering the just ends to be accomplished I, for one, am willing to be counted among those who say that the revenue effect on the budget is not more than we can bear and I believe my colleagues know me to be something other than a freespender.

One other point, Mr. President, which I do not believe we should overlook. The money which the self-employed would place into approved retirement savings would move directly in the mainstream of our capital dollars. The inevitable result will be increased savings in the American tradition of thrift which in turn will add to the capital financing available for the further economic growth we all favor. There is timely importance in any sound move in the direction of making more money available to the investments market to facilitate domestic and industrial expansion. By thus helping to build American enterprise, we in turn, would provide additional sources of tax revenue to help offset any loss.

There is some feeling, Mr. President, that we should enact legislation which is all-inclusive and not restricted only to the self-employed. However, such a move might lend credence to the supposition which I have tried to discount; that is, the impact this legislation would have upon the Treasury. All-inclusive legislation, depending upon the added numbers who might take advantage of the tax-forgiving features of the bill, might be extremely costly.

Secondly, it is well to point out here that most pension plans are the result of collective bargaining. The pensionless employee today has the opportunity to obtain pension plan benefits by negotiating with his employer just as he has the opportunity to obtain higher wages, better working conditions, sick leave, paid holidays, and so forth.

It may be that, some time in the future, when the complexion of our national economic picture warrants, we might want to extend coverage of this measure to the pensionless employed. However, it would, in my opinion, be a mistake to do so now. The real injustice—that which we are trying to correct now—is done to the self-employed.

It is my hope that the Senate will take prompt affirmative action in approving H.R. 10. It contains reasonable limits on the amount of tax deferral to be allowed each year, and in total, on the means of retirement savings which can be utilized comparable to those of other private retirement programs already approved. Certainly legislation that has been pending for 11 years to correct an inequity that has been existing for 20 years must be considered priority legislation. To wait longer is to compound inequity.

---

## USE OF CERTAIN TOKENS, SLUGS, AND DEVICES SIMILAR IN SIZE AND SHAPE TO U.S. CURRENCY

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1942, H.R. 8038.

**The PRESIDING OFFICER.** The bill will be stated by title.

**The LEGISLATIVE CLERK.** A bill (H.R. 8038) to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States.

**The PRESIDING OFFICER** (Mr. CARLSON in the chair). Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with amendments, on page 1, line 4, after the word "of", to strike out "that section" and insert "subsection (b)"; after line 5, to strike out:

§ 491. Tokens or paper used as money

(a) Whoever, not lawfully authorized, makes, issues, or passes any coin, card, token, or device in metal, or its compounds, intended to be used as money, or whoever, with intent to defraud, makes, utters, inserts, or uses any card, token, slug, disk, device, paper, or other thing similar in size and shape to any of the lawful coins or other currency of the United States or any coin or other currency not legal tender in the United States, to procure anything of value, or the use or enjoyment of any property or service from any automatic merchandise vending machine, postage stamp machine, turnstile, fare box, coinbox telephone, parking meter, or other lawful receptacle, depository, or contrivance designed to receive or to be operated by lawful coins or other currency of the United States, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

On page 3, at the beginning of line 6, to strike out "(c)", and in the same line, after the word "this", to strike out "section" and insert "subsection".

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1981), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE AMENDMENTS

The purpose of the amendments is to strike from the bill a proposed broadening of section 491(a) of title 18, and to leave section 491(a) as it now appears in the Federal criminal law in regard to the making, issuing, and passing of tokens and similar devices.

### PURPOSE

The purpose of the bill, as amended, is to amend section 491(b) of title 18, of the United States Code to broaden the Federal criminal law dealing with the manufacture and sale of slugs and similar devices.

### STATEMENT

Section 491(b) of title 18, United States Code, provides that—

"(b) Whoever manufactures, sells, offers, or advertises for sale, or exposes or keeps with intent to furnish or sell any token, slug, disk, or other device similar in size and shape to any of the lawful coins of the United States, or any token, disk, or other devices issued or authorized in connection with rationing by any agency of the United States with knowledge or reason to believe that such tokens, slugs, disks, or other devices may be used unlawfully or fraudulently to procure anything of value, or the use or enjoyment of any property or service from any automatic merchandise vending machine, postage-stamp machine, turnstile, fare box, coin-box telephone, parking meter, or other receptacle, depository, or contrivance, designed to receive or to be operated by lawful coins of the United States, shall be fined not more than $1,000 or imprisoned not more than one year, or both."

The proposed legislation will broaden this statutory prohibition to make it read as follows:

"(b) Whoever manufactures, sells, offers, or advertises for sale, or exposes or keeps with intent to furnish or sell any token, slug, disk, device, paper, or other thing similar in size and shape to any of the lawful coins or other currency of the United States, or any token, disk, paper, or other device issued or authorized in connection with rationing or food and fiber distribution by any agency of the United States, with knowledge or reason to believe that such tokens, slugs, disks, devices, papers, or other things are intended to be used unlawfully or fraudulently to procure anything of value, or the use or enjoyment of any property or service from any automatic merchandise vending machine, postage-stamp machine, turnstile, fare box, coin-box telephone, parking meter, or other lawful receptacle, depository, or contrivance designed to receive or to be operated by lawful coins or other currency of the United States shall be fined not more than $1,000 or imprisoned not more than one year, or both."

The committee has received considerable evidence that with the growth in the manufacture and use of vending machines, a substantial problem has arisen in regard to the use of slugs and similar devices including paper, the size of currency, in connection with such machines.

The committee has been impressed with the need for greater protection than that which is now provided by section 491 of title 18.

The committee has felt, however, that the bill, in proposing to revise the present law in regard to the passing of such slugs and similar devices is too broad. The committee was impressed with the comment of the Department of Justice that—

"This legislation is subject to one major criticism to which the Department directed comment in its report on July 20, 1961, on H.R. 1965. In seeking to make it a Federal criminal offense to use any card, token, slug, disk, device, paper, or other thing similar in size and shape to any of the lawful coins or other currency of the United States or any coin or other currency not legal tender in the United States, to procure things of value from automatic merchandise vending machines, the measure would seem to delve into matters more properly for State legislation. Such uses would appear to be in the nature of obtaining property under false pretenses or larceny, offenses of a type characteristically dealt with by State and local governments."

The committee feels that the bill as amended to go only to the matter of the manufacturing of such devices with knowledge, or reason to believe, that they will be unlawfully used is meritorious and recommends it favorably.

Attached and made a part of this report are (1) a letter dated July 21, 1961, from the Department of Justice; and (2) a letter, dated August 14, 1961, from the Department of the Treasury.

**Mr. DIRKSEN.** Mr. President, for myself and on behalf of the Senator from Missouri [Mr. LONG], I submit an amendment.

**The PRESIDING OFFICER.** The question, first, is on agreeing to the committee amendments.

**Mr. MANSFIELD.** Mr. President, I ask that the committee amendments be considered en bloc.

**The PRESIDING OFFICER.** Without objection, the committee amendments are agreed to en bloc.

The amendment of the Senator from Illinois will be stated.

**Mr. DIRKSEN.** Mr. President, I ask that the reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

Beginning with line 3, page 1, it is proposed to strike out all to and including line 12, page 2, and insert in lieu thereof the following:

"That that portion of section 491 of title 18, United States Code, which precedes subsection (c) thereof is amended to read as follows:

" 'SEC. 491. TOKENS OR PAPER USED AS MONEY.—(a) Whoever, being 18 years of age or over, not lawfully authorized, makes, issues, or passes any coin, card, token, or device in metal, or its compounds, intended to be used as money, or whoever, being 18 years of age or over, with intent to defraud, makes, utters, inserts, or uses any card, token, slug, disk, device, paper, or other thing similar in size and shape to any of the lawful coins or other currency of the United States, or any coin or other currency not legal tender in the United States, to procure anything of value, or the use or enjoyment of any property or service from any automatic merchandise vending machine, postage-stamp machine, turnstile, fare box, coinbox telephone, parking meter, or other lawful receptacle, depository, or contrivance designed to receive or to be operated by lawful coins or other currency of the United States, shall be fined not more than $1,000, or imprisoned not more than one year, or both.'

"On page 3, line 6, strike out the word 'subsection', and insert in lieu thereof the word 'section'."

**Mr. DIRKSEN.** Mr. President, when the bill was brought before the Committee on the Judiciary—and the amendment I propose was in substantially the same form, carried as a section in the House bill—the contention was made that the penalty provision in this section would apply to a child who might pass a slug equivalent in size to 1 cent, thereby coming under the penalty provisions of the bill. The amendment provides that the penalty provision shall not attach except in cases of those who are 18 years of age or over. I think that cures the difficulty and the objection.

**The PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 8038) was read the third time, and passed.

Mr. DIRKSEN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I am informed that the Senator from Minnesota [Mr. Humphrey] is ready to make a very inspiring speech. On that basis, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Carlson in the chair). Without objection, it is so ordered.

Mr. MANSFIELD. Furthermore, I understand that his speech will be on House bill 10.

Mr. HUMPHREY. Mr. President, let me say to the distinguished majority leader that although the speech I am about to make may not be particularly germane to House bill 10, it will be a matter of keen interest to all Senators, and I hope all of them will give me their rapt attention.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. HUMPHREY. I thank the Senator.

## HURRAH FOR THE IRISH

Mr. HUMPHREY. Mr. President, in the midst of debate on taxes and toxins, and international alarms of every kind, I should like to recall the recent contest of international talent and beauty which brought to our shores representatives of feminine loveliness from every land.

By decision of an international panel of judges, the title of Miss Universe was conferred this year on the charming young lady from Argentina, Senorita Norma Nolan.

It may strike many as curious that her family name is Nolan. She is the granddaughter of an Irish farmer, who with thousands of his countrymen emigrated to South America over a century ago.

In tribute to her Hibernian ancestors, as it happened, I addressed the Friendly Sons of St. Patrick of Boston on the friendly "invasion" of South America by Irish Legionnaires and by the farmers of Ireland.

It is my firm belief that patience, calmness, and deeper study of the culture and language of the idealistic and proud people of Latin America will draw us closer, through increased understanding, to these great neighbors of ours. To this end, I wish to include my remarks on the historic exodus of the Irish to South America.

In the generation when independence was battled for, on both continents of America, a fascinating character came to the United States as an exile, after the uprising in Ireland in 1798. His name was John Devereux. Some 20 years later, while on a sea trip to the Caribbean, he met the leader of the movement for independence in Venezuela, Simon Bolivar. They took to each other like a torch to the dry prairie, and agreed on a venture which gave the Irish an influential part in the Latin American Revolution.

Mr. President, I digress to say that all too few of our fellow Americans have recognized the important role that the courageous, the daring, and the imaginative Irish have played in the development of our friendly neighbors to the south—the countries of Latin America. Because we tend to identify Latin America with the Spanish culture, all too often we have forgotten the great contributions made by those fine Irish patriots.

So today, because of the keen interest in matters relating to Latin America, I address the Senate on a series of historical developments which I think will give us a better understanding of some of our contemporary problems.

Mr. John Devereux, the Irish patriot, proposed to supply with private resources 10,000 Irishmen for the largest contingent of foreign volunteers. This lifted Bolivar from the depths of despair and abandonment of his revolutionary efforts to the highest optimism. In exchange for a great army of liberation, he would commission John Devereux as general of a division, and pay him a small fee for each trained man he recruited.

With flair and enthusiasm, Devereux set forth for Dublin, to enlist fighters for freedom. In resplendent uniform and with purest blarney, he fired the imaginations of men and women alike, and before long had recruiting centers going full blast in the British Isles. He was swamped with applicants for service in the Army of Venezuela. Even the great Irish Liberator, Daniel O'Connell, wrote to Bolivar, asking that he accept the services of his son, Capt. Morgan O'Connell. Since Devereux also had an answer for the severe problems of unemployment and deep recession which developed in the 5 years following demobilization at Waterloo, his acclaim was universal. Best of all, he offered a new world to rescue, by request of its patriots, from the oppression of a royalist mother country. For Irishmen the combination was utterly irresistible.

Ten regiments with superb morale and in new uniforms sailed from Dublin, headed for Venezuela—a great new world for commerce, as well as a good life, not to mention independence for the peoples of South America.

The authentic memoirs of Gen. Daniel F. O'Leary, in whom Simon Bolivar placed great confidence and authority, contain the fantastic records of their military campaigns, through which the royalists were chased from the countries of Venezuela, Colombia, Ecuador, Peru, and Bolivia, and from which only the toughest and luckiest survived.

Lamentably, the rank and file of the Irish Legion came to grief in the endurance of hardships much greater than any the experienced soldiers had encountered on the battlefields of Europe. At all times it was a race against illness and death, since Bolivar's armies had none of the necessities, and fought under merciless conditions of climate and terrain, over thousands of miles of territory.

However, the officers of the Irish Legion remained to become the staff of command and chiefs of instruction of the native fighters in European discipline and tactics. They were constantly guided by the superb and unquenchable spirit of Simon Bolivar, who refused to accept discouragement, and kept planning, struggling, marching, and winning victories until the whole of the northern five countries were made independent. Today, their descendants are honored in society as the Sons and Daughters of the Spanish Revolution. General Devereux lies enshrined in the National Pantheon in Caracas, Venezuela. As commander of the ill-fated Irish Legion, he became a distinct and permanent adornment to Bolivar's general staff, although he never fought in a single engagement. Such was the inspiration and charm of his Irish personality.

There were other emigrations from Ireland to Argentina and Chile, starting with the Irish missionaries of the 16th century and the military men in the service of the Spanish Government in the 17th century, and yet another influx of farmers and shepherds from the west of Ireland after the great potato famine of 1846. For the latter, the Argentine pampas seemed very much like Ireland, and their farms spread across the country. Also, largely due to their talent is the fame of the Argentine-bred horse today. I must mention the fact that Argentina owes its Navy to Adm. William Brown, from West Ireland, who allied himself with Gen. San Martin, another liberator of South America.

The outstanding Irishman in the early history of Chile was Ambrose O'Higgins from County Meath, who became a brigadier general in the Spanish Army about 1776. Through statesmanship and humanity he played an important part in the assimilation of the native population into South American culture. He was the first military man to become a Spanish noble and viceroy. He died in 1801 just as the desire for freedom started to rise in the northern provinces of the continent.

His son, Bernardo O'Higgins, took the new view in politics, and worked for independence, achieving fame as the liberator of Chile.

I shall always recall visiting the Chilean Senate and seeing the portrait of Bernardo O'Higgins, liberator of Chile—a magnificent portrait of a truly great patriot.

It should please Senators to know that numerous Irish-Latins are celebrating St. Patrick's Day this weekend all over South America. Their forebears had substantial roles in the liberation of their countries, and/or used their enterprise and know-how to develop agriculture, business, and politics in the great nations of the American alliance. Among the most distinguished families today are the Murphys and O'Briends of Paraguay, the O'Haras of Montevideo, the O'Reillys of Bolivia, the Gallaghers of Peru, the O'Learys of Colombia.

Even the United Nations relies on the Irish Legions to assist its efforts for peace and progress. There is no doubt that in the days when military means were the only means of settling disputes among nations, the Irish were there. Now that peace is an adventure, calling for brave volunteers, good will, and imagination in abundance, we can still be assured that the Irish will be there.

I remind my colleagues that the following were my remarks on St. Patrick's Day before the Friendly Sons of St. Patrick. I repeat them here:

> If you stop to think you will realize that had your grandparents zigged instead of zagged, they would have landed in Buenos Aires or Venezuela, instead of New York or Massachusetts. In which case, you would be speaking Spanish now and studying English as a foreign language. You would be proudly welcoming the proposal of another distinguished Irish-American by the name of Kennedy, for an Alliance for Progress.

Now is the time for all good Irishmen in North America to give their cousins in Latin America, once again, that encouragement and assistance along the road to the good life, which started with Irish Legionnaires and Irish farmers over a century ago. Study the Spanish and Portuguese languages, and Latin American culture. Visit the countries of South America. Work in every way that you can for the success of the Alianza de Progresso of the 20th century.

These remarks were motivated by what I said at the very begining of my statement; namely, that Senorita Norman Nolan, Miss Universe, who is a representative of Latin America, does not have an unusual name for a Latin American.

I again stand in respect and admiration of the Irish, who conquer so well and do it so magnificently, who not only have attained fame in the art of politics and science, who not only have gained fame as poets, writers, farmers, and workers, but one of whom in this instance has earned the highest title to be gained for beauty and charm; namely, Miss Universe. I think it is well to have this discussion as further proof of the need for the Alliance for Progress program.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the distinguished majority leader.

Mr. MANSFIELD. As the Senator knows, I was a member of the committee which visited South America last September; and I remember that another Irishman was present. His name was HUBERTO O'HUMPHREY.

Mr. HUMPHREY. I thank the majority leader for that kindly reference.

---

## THE CONGO

Mr. HUMPHREY. Mr. President, on another item, I will not say of more importance, because there can hardly be a matter of more importance than that of our neighbors to the south and the need for little better understanding of their culture, background, and lineage. I should like to comment on a press statement which I found on the Associated Press ticker.

Today the Soviet Union has denounced the Congo conciliation plan proposed by U.N. Acting Secretary General U Thant. As we recall, the Soviet Union had recently been asked by the Secretary-General to lend its support to the peacekeeping operations of the United Nations in the Congo. It is quite obvious that the Soviet Union is not very much interested in peacekeeping operations either in the Congo or anywhere else.

It has been the contention of the Senator from Minnesota that the efforts of the United Nations to bring about a reconciliation in the Congo and to promote the unity of this country are in our national interest as well as in the interest of world peace.

I believe sometimes one can obtain evidence to prove his case not only by the positive claims he, himself, makes, not only by the associations of those who are for his particular argument; but sometimes the evidence is even more impressive when one finds who is against his case and who is against the proposal that has been advanced.

It is well known that the Soviet Union has blocked or has attempted to block every effort of this Government, of the United Nations, and of other governments to bring about peace and reconciliation in the Congo.

The most recent evidence of this is today's comment by Tass, the official news agency of the Soviet Union. The ticker tape reads:

> The Soviet rejection, as distributed by Tass, made no mention of Thant's declaration that the Russian people would support the U.N. operations in the Congo if they were told both sides of the story. The Kremlin reply to Thant said the Soviet Government "shares your anxiety over the dangerous situation" in the Congo, but added: "It is an open secret that the main culprits of the Congolese tragedy are the Governments of the United States, Britain, and France, which are protecting the interests of the international monopolies that run the Congo Republic and countries bordering on it.

Of course, it is well known that our Government has begun to take an active part in attempting to strengthen the Central Government at Léopoldville; and has taken an active role in strengthening the United Nations in order to maintain a degree of peace in this area.

I salute the Assistant Secretary of State for African Affairs, Mr. G. Mennen Williams, for the manner in which he has patiently, quietly, ably, and effectively, pursued a course that lends itself toward reconciliation and accommodation of certain conflicting interests within the Congo. Secretary Williams has come to his job with a sense of political skill and knowledge which few persons possess, but in his own way he has informed himself of the problems in Africa by travel, study, and careful attention to economic and social details.

As a result of these intensive efforts on the part of the Secretary and his associates, under the general policy directions of the President and the Secretary of State, we can say tonight that the U.S. policy relating to the Congo is making continuous progress.

Mr. Tshombe, the President of Katanga, has already indicated acceptance of the basic principles and program outlined by the Acting Secretary General of the United Nations.

It is my sincere hope that every voice in America and the voice of every statesman representing every nation in the United Nations, will be raised to do everything possible to bring about the reconciliation which has been so well advanced by the Acting Secretary General of the United Nations and so well outlined by our own Assistant Secretary of State.

As Senators know, the proposal advanced by the United Nations would provide for a type of federated state in which certain powers would be delegated to the National Government, including foreign affairs, national defense, currency, exchange control, fiscal policy, and a taxing power sufficient for national government needs; and in addition, matters relating to nationality, immigration, and communications.

The National Government would conclude its arrangements on finance with the Province of Katanga and provide, under the terms of the proposal of the United Nations, for a wide degree of autonomy for the various sections of this very large country, which is having such a difficult time at the present moment.

Again I commend our officials in the State Department and the Acting Secretary General of the United Nations upon their outstanding work and their constant attention to a problem which could be of ever increasing importance if the situation in Africa should in any way deteriorate.

## UNITED NATIONS FOOD PROGRAM

Mr. HUMPHREY. Mr. President, I was a bit distressed to read that the proposal made by Secretary of Agriculture Freeman to extend U.S. cooperation in the United Nations food program had been brought under attack in the Senate. I noticed that the distinguished Senator from Iowa [Mr. HICKENLOOPER], as the press report says, questioned the pledge by Secretary of Agriculture Freeman for

U.S. cooperation in a United Nations food program.

I think it is quite clear that on several occasions, both in the present administration and in the previous administration, this body has passed resolutions urging cooperation in at least a beginning of some form of United Nations food program. The effort expended thus far is a modest one, and I believe it falls full well within the scope of authority granted by the Congress to the executive branch, in this instance the Department of Agriculture.

My main purpose in mentioning this item is that as we sense the needs of the populations of the world for a better supply of agricultural commodities, it seems to me we can make a great contribution, not so much in regard to the tonnage of commodities we supply at this moment or the units we may supply but, more importantly, in respect to the technology and know-how we can supply.

It is my hope that a great deal of our effort will fall in that category, even more than in the past.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MILLER. The junior Senator from Iowa is not familiar with the plan of the Secretary of Agriculture. I wonder if the Senator from Minnesota could tell us whether the plan proposed by the Secretary of Agriculture is outside the Food and Agriculture Organization activities and the contribution by the United States.

Mr. HUMPHREY. It is within the purview of the Food and Agriculture Organization program activities and is the result of the recommendation by the Food and Agriculture Organization a year ago in Rome, to which meeting the President sent the Secretary of Agriculture to make our pledge as one of the participants in the FAO in terms of a contribution, not in dollars, but in supplies of surplus American foodstuffs.

Mr. MILLER. I thank the Senator. Mr. President, the junior Senator from Iowa was present at the conference to which the Senator from Minnesota has referred, and recalls that the contribution of food surpluses or services or money was a definite program which was advanced by the United States. As I recall, it was enthusiastically received by the delegates to the conference.

However, I believe that probably the amounts were not decided upon.

Mr. HUMPHREY. I believe the Senator is correct.

Mr. MILLER. It may be that the criticism of the Secretary of Agriculture springs more from the amount involved, as being the initial stage of the program, rather than the essence of the program itself. I merely make that observation, because I think perhaps it should be clarified.

Mr. HUMPHREY. I thank the Senator. I recall that the Senator was present at that particular conference. I believe I am correct in saying it was a conference at which our leadership was well respected. As the Senator has said, the response was favorable.

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

Mr. CHURCH. Mr. President, I rise in support of H.R. 10, as reported from the Senate Finance Committee. This is a worthy and significant tax relief measure designed to encourage the establishment of voluntary pension plans by self-employed individuals.

I agree with the committee that one of the principal effects of H.R. 10 would be "to help keep small business strong and independent professional practice thriving." Indeed, this is a time to strengthen the role of the small businessman and the professional man in making their important contribution to our Nation's economic and social well-being. Forces tending toward economic concentration and corporate largeness make it essential for Government to provide for the legitimate needs of the individual entrepreneur. The enactment of this legislation will tend to furnish an incentive for men and women to seek careers as independent business owners and as professional people.

In my own State of Idaho, approximately 15 percent of our total work force is self-employed in agricultural and nonagricultural pursuits. Idaho still retains the flavor of individual free enterprise, whether on the farm or in the towns and cities. The corner grocery store, the local hardware dealer, and the independent merchant are still important to the economy of my State. Doctors, dentists, lawyers, accountants and other self-employed professional people should have as much right as corporate executives to invest income in a pension plan without being discriminated against in the taxes they pay.

Farmers, too, when owner-operators of their farms, should have the same privilege.

This bill is really a self-help measure. It tends to correct an inequity existing in our tax laws which discriminates against self-employed individuals who wish to set aside funds in a planned pension for their eventual retirement. Employees of corporations having pension plans have long been accorded this benefit under our present tax laws. In an effort to correct this situation, some States have enacted bills authorizing the incorporation of an individual. H.R. 10 would enable the self-employed, on a national basis, to plan for their retirement without having to utilize—where existing—devices making them artificial employees of their own corporations. This seems to me to be a better solution of the problem.

The Senate version of H.R. 10 establishes requirements for the contribution of income to approved retirement plans which are adequate to assure compatibility with present tax laws. I believe that the safeguards established by this bill are adequate to protect the integrity of our tax system.

Mr. MILLER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 87, it is proposed to strike the period in line 19 and insert the following: ", or 10 percent of the earned income derived by such employee from the trades or businesses with respect to which the plans are established, whichever is the lesser."

Mr. MILLER. Mr. President, the purpose of my amendment is to make absolutely certain that the intention of the drafters of the bill is carried out.

In the section of the bill relating to the limitation on single plans relating to employees, the limitation on page 87 of the bill is "$2,500, or 10 percent of the earned income derived by such owner-employee from the trade or business with respect to which the plan is established, whichever is the lesser."

In the next section a special provision relates to contributions made under more than one plan. The language provides that when there are two or more plans, the limitation shall be $2,500.

I am quite sure that the intention is that it shall be $2,500 or, as in the case of a single plan, not to exceed 10 percent of the earned income derived from the trades or businesses with respect to which the plans were established.

I have discussed the amendment with the Senator in charge of the bill. I understand it is acceptable. I am sure it would do no harm. It is designed only to carry out the intent of the authors of the bill.

Mr. SMATHERS. Mr. President, I have discussed the amendment with the able Senator from Iowa. I think his statement about it is exactly correct. It would merely make more exact that which we intended to do. Therefore, I should like to recommend that the Senate agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was agreed to.

Mr. SMATHERS. Mr. President, some comment has been made to the effect that H.R. 10 is nothing more than a bill to take care of doctors, dentists, and lawyers. I have asked the staff to determine how many self-employed people there are who would be eligible for the benefits of H.R. 10 and how the number would be broken down into trades and businesses. The information taken from Government files in the Census Bureau shows that there are apparently 7,003,000 self-employed people. Of the 7,003,000 in the United States today there are 151,000 physicians, surgeons, and occulists, 83,000 dentists and dental surgeons, and 161,000 lawyers who could come under the provisions of this bill.

When we consider the percentage of the total number of self-employed, we find that 8 percent of the total number of self-employed comprises doctors, dentists, and lawyers. However, if we compare the number of doctors, dentists, and lawyers percentagewise with the total number of the self-employed plus the employees of the self-employed, which the bill covers, we arrive at a total of 18 million self-employed and their employees and find that the doctors, dentists, and lawyers comprise only 3 percent of those eligible for coverage under H.R. 10.

I submit that information merely to support the contention that H.R. 10 is not solely a bill for the benefit of doctors, dentists, and lawyers. It is not merely a bill for so-called professional people. On the contrary, it is a bill that would benefit people engaged in agriculture, forestry, the fishing industry, the mining industry, the construction industry, the manufacturing industry, the transportation industry, wholesale trade, retail trade industry, insurance industry, and others. Among the services, beauty shops and barber shops would benefit. Repair services, except for the automobile industry, would benefit.

I ask unanimous consent that the breakdown be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Industrial distribution of 7 million self-employed income taxpayers eligible to establish retirement plans under H.R. 10*

| Industrial group: | |
|---|---|
| Agriculture, forestry and fisheries | $1,229,000 |
| Mining | 54,000 |
| Construction | 702,000 |
| Manufacturing | 239,000 |
| Transportation, communication, and sanitary services | 255,000 |
| Wholesale trade | 328,000 |
| Retail trade | 1,214,000 |
| Food stores | 249,000 |
| General merchandise | 104,000 |
| Eating and drinking places | 228,000 |
| Other retail trade | 633,000 |
| Trade, not allocable | 148,000 |
| Finance, insurance and real estate | 782,000 |
| Real estate | 411,000 |
| Insurance agents, brokers, and services | 169,000 |
| Other | 202,000 |
| Services | 1,994,000 |
| Beauty shops and barber shops | 241,000 |
| Business services | 211,000 |
| Repair services, except automotive | 152,000 |
| Physicians, surgeons, and oculists | 151,000 |
| Dentists and dental surgeons | 83,000 |
| Other medical and health services | 183,000 |
| Legal services | 161,000 |
| Other services | 812,000 |
| Nature of business not allocable | 58,000 |
| Total | 7,003,000 |

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield.

Mr. ELLENDER. Does the Senator have any idea how much the bill would cost the Government?

Mr. SMATHERS. The bill is a tax deferral bill. Taxes would finally be paid at the other end—when benefits are received. Before we agreed to the amendment of the colleague of the able Senator from Louisiana [Mr. LONG], the cost is estimated to be $180 million in the first year. The amendment of the junior Senator from Louisiana, which was adopted reduces this cost to $115 million.

Mr. ELLENDER. That is the cost for the first year only?

Mr. SMATHERS. That is the estimate of the cost for the first year, and I believe it would represent the maximum cost of the program each year.

Mr. ELLENDER. Does the Senator mean per year?

Mr. SMATHERS. The maximum cost per year, because each taxpayer would be allowed to deduct each year up to roughly $1,250.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH obtained the floor.

Mr. BARTLETT. Mr. President, will the Senator from West Virginia yield to me for not more than a minute?

Mr. RANDOLPH. I am very happy to yield to the Senator from Alaska.

---

## CONSTRUCTION OF WAREHOUSE AND DOCK FACILITIES IN ALASKA

Mr. BARTLETT. Mr. President, misleading statements have been nationally circulated during the past week criticizing a recent $1.5 million Area Redevelopment Administration loan to construct a warehouse and dock facilities which will substantially benefit southeastern Alaska and particularly Saxman, Alaska.

On August 15 the National Republican Congressional Committee issued, for so-called background material, a release entitled "Issue of the Day" which had as its subject the ARA loan to this community. The text of the release reads as follows:

> One of the most brazen and shocking examples of the utter incompetence of the Area Redevelopment Administration is the approval of a $1,500,000 project for a community in Alaska that has an adult population of only 75.
>
> The town, Saxman, will receive the money for construction of port facilities which will benefit the Canadian railroad and cut out the historic Alaskan Steamship Line.
>
> This project is a pet of Senator BOB BARTLETT, Democrat, of Alaska, and reveals just how far the New Frontier will go in squandering the taxpayers' money to please a Democrat. (BARTLETT voted in favor of the President's compulsory hospitalization plan for the elderly.)
>
> The Seattle Argus points out that the traffic to be developed will be carried by the Canadian National railroad out of midwestern Canadian origination points. This type of cargo normally originates in Puget Sound, Oregon, or coastal California points.
>
> The Argus reported that no hearings were held, the loan was quietly approved, at the urging of Senator BARTLETT, and only an alert taxpayer who attended the Saxman City Council meeting brought the matter out into the open.
>
> The Argus asked: "By what logic does an agency of the Federal Government advance $1.5 million of the taxpayers' money—a loan which no private business would make—to enable foreign transportation to take away historic business from American railroads, steamship lines and barge companies?"
>
> The ARA, in its usual inaccurate way, has stated that a cement company is all ready to move into nearby Ketchikan to use the new facilities. No record of any land transfer, or anyone who knows about the alleged cement company has been found in Ketchikan. The ARA also said the new port will reduce shipping costs, yet no great volume of shipping is expected by Ketchikan merchants, and what shipping is generated will be robbed from U.S. firms and diverted to Canadian interests.
>
> Senator BARTLETT perhaps expressed the attitude of the New Frontier best when he triumphantly said in his newsletter:
>
> "This will be one of the largest loans so far approved by the ARA in its year's operation for public facility purposes."
>
> With America's merchant marine volume on the downturn, with Canada erecting new tariff walls, it is indeed strange that a U.S. Senator can, in good conscience, demand, and an administration, in the name of sanity, grant a project that will benefit another country.
>
> Logic is apparently a stranger to the New Frontier—but spending is a habit that isn't supported by anything but Democratic Party politics.

The entire story is misleading and facts are ignored or distorted.

The loan will help Alaska first by creating year-round employment possibilities for the natives in Saxman, a village of some 140 residents located 2 miles from Ketchikan which has a population of over 7,000. The Republican "Issue" suggests that Saxman is remote and isolated. Actually, the economy of Saxman is closely integrated into the economy of all southeastern Alaska and the program will expand employment, income, and consumer demand in the entire southeastern region with its population exceeding 35,000.

Anyone who opposes this effort to solve the native unemployment problem in this region must be unfamiliar or unsympathetic with the problems of the Alaska native communities in southeastern Alaska. Under the arrangement made, the city of Saxman has negotiated a lease for the facilities, during which time the loan will be repaid from receipts of the lease and after which Saxman will own the facility, free of any debt. The profit will accrue to the native community for local project use.

At the present time, merchants in Ketchikan, in Sitka, in Juneau and, in fact, all of southeastern Alaska are not able to order in carload lots from the factory. They are accustomed to considering Seattle as their warehouse. This creates an inflationary influence on the cost of living because Alaska merchants cannot take advantage of bulk carload lot quotations or shipping rates and must pay the rehandling and warehousing charges for these services performed outside Alaska.

The loan will permit the construction of dock and rail facilities and the construction of a bonded warehouse. This in turn will permit merchants of southeastern Alaska to order directly from the factory in carload lots for delivery of the loaded rail cars in Saxman, Alaska. The movement of the freight from the factory to Saxman is anticipated to be by rail either through Seattle or through Prince Rupert, British Columbia, and then from Seattle or Prince Rupert by American-flag rail-barge to Saxman. There may be some advantage in the latter route for freight moving between interior points in the United States to Alaska since freight rates from the Midwest and east coast to Prince Rupert, British Columbia, are the same as corresponding rates to Seattle. While Seattle is approximately 700 miles from Saxman, Prince Rupert is less than 100 miles. However, west coast suppliers will still be competitive because of their advantage of a shorter overall movement and because arrangements are being made, as mentioned, with American-flag water carriers operating from both Seattle and Prince Rupert. Local distribution from the warehouse in Saxman to points in southeastern Alaska will be accomplished first through the employment of local water carriers and the State ferry system.

Without attempting to answer each misleading inference that has been given in the Republican release, it should be noted that there has not been and there is not expected to be any significant shift from American suppliers to Canadian suppliers. During the past several months the Canadian National Railways has inaugurated a rail-water through service from points in the United States by way of Prince Rupert to the Alaska rail belt area at substantial savings to the Alaska shippers. With the exception of one item, all goods and commodities shipped have originated from midwestern and eastern points in the United States. Therefore, the traffic moving to Saxman will also originate from suppliers in the East, Midwest, and west coast of the United States.

Contrary to what has been suggested, this proposal was developed over a period of several years and is recognized as being economically sound and feasible.

A private Chicago investment firm has negotiated a loan of one-half million dollars for this project as working capital and a recognized Connecticut research firm has closely analyzed the project and supports its economic feasibility.

The partisan Republican release reported that no hearing was held on the loan. This was a blatant effort to mislead. Any responsible person familiar with the loan procedure for the Area Redevelopment Administration, Small Business Administration, or any other like Federal agency, knows that public hearings are not held as part of the processing of a loan application.

High transportation costs have been a stumbling block preventing the full development of Alaska resources and have contributed substantially to the high cost of living in Alaska. In recent months, substantial rate reductions have been made on shipments to Anchorage and the railbelt area. This is new for Alaska. It was brought about by technological improvement and competition among the carriers. At the present time the Anchorage railbelt area is served by several reliable water carriers employing modern and efficient rail-barge or containerized service. On the other hand, these more efficient type services have not been introduced in southeastern Alaska, there has been limited competition and freight rates have not been reduced. The construction of the new warehouse and transportation facilities in southeastern Alaska will bring to the trade a more economical service and encourage competition.

It is unhappily in keeping with the self-seeking and restrictive Republican attitudes of some Seattle political interests still to think of Alaska as their possession. This feeling is clearly expressed in the statement that the loan will "cut out the historic Alaska Steamship Lines" located in Seattle. In fact, it was Seattle interests that originated the project and the bonded warehouse and dock will be operated as a public facility open to all carriers from Seattle or elsewhere.

The release stated the project is my pet. This is true. I have worked for years to lower transportation costs to Alaska by trying to bring in competition and tighter regulation. With others, I have searched for ways to solve our native unemployment problem. This project will greatly improve both the transportation and unemployment situation.

It may be understandable for the Seattle Argus, Fulton Lewis, Jr., and the Washington, D.C., office of the National Republican Congressional Committee to support the Seattle Republican interests at the expense of Alaska, but I am confident that those in Alaska understand the transportation needs of the State and the needs of our native population.

---

## REVISION OF UNIFORM CODE OF MILITARY JUSTICE

Mr. ERVIN. Mr. President, on Saturday, August 25, the Senate passed with amendments H.R. 11257. This measure is a major revision of one part of the Uniform Code of Military Justice. In effect, this bill considerably enlarges the scope of punishments which certain commanders may give in the form of nonjudicial punishment under article 15. At the same time, the Senate committee added an amendment which guarantees to all military personnel, except those embarked in or attached to a vessel, the statutory right to demand a trial by court-martial in lieu of accepting punishment under the new article 15. In view of the importance of this measure, I ask unanimous consent that an excerpt from the committee Report No. 1911 be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### AMENDMENT

On page 2, line 6, insert the following new sentence after the word "demand".

"However, except in the case of a member attached to or embarked in a vessel, punishment may not be imposed upon any member of the Armed Forces under this article if the member has, before the imposition of such punishment, demanded trial by court-martial in lieu of such punishment."

### PURPOSE OF THE AMENDMENT

The committee amendment provides that except for those who may be attached to or embarked in a vessel punishments may not be imposed under the new article 15 if the military member demands a trial by court-martial in lieu of the nonjudicial punishment.

The present language of the Uniform Code of Military Justice makes no provision for a trial by court-martial in lieu of nonjudicial punishment. Existing regulations, however, as contained in the Manual for Courts-Martial, provide that members of the Army and Air Force have the right to demand a trial by court-martial in lieu of nonjudicial punishment prior to the imposition of the punishment.

At the same time, these regulations (par. 132) provide that no member of the Navy or Coast Guard may demand trial by court-martial in lieu of nonjudicial punishment. The bill extends to a considerable degree, as compared to existing law, the nonjudicial punishments which may be imposed by a commanding officer. Under such circumstances the committee feels that all military members, except those attached to or embarked in a vessel, should have the statutory right to demand a court-martial in lieu of accepting nonjudicial punishment. Except for the military members aboard ship, the effect of the committee amendment will be to continue the existing practice in the Army and Air Force and, at the same time, extend the right to members of the Navy, Marine Corps, and Coast Guard.

Because of testimony by the Navy, the right to demand a trial by court-martial in lieu of nonjudicial punishment was not extended to those aboard ship, in view of the unique responsibilities of the ship's captain and in the interest of maintaining morale and discipline aboard ship. Since it would be the ship's commander who would impose nonjudicial punishment, the right to demand a trial would involve (1) the question of maintaining discipline where a person aboard ship could refuse the punishment to be imposed by the commanding officer for minor infractions, and (2) the matter of a court-martial being conducted by a junior officer appointed by the commanding officer to make a judgment on the same set of facts that have been considered by the commanding officer. The committee would like to emphasize that only in rare cases would it appear that personnel would demand a trial by court-martial. It would be expected that nonjudicial punishment would be accepted for most minor infractions.

### PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to amend article 15 of the Uniform Code of Military Justice to give increased authority to designated commanders in the Armed Forces to impose nonjudicial punishment. Such increased authority will enable them to deal with minor disciplinary problems and offenses without resort to trial by court-martial.

### EXPLANATION AND BACKGROUND

*Nonjudicial nature of article 15 punishment*

Under existing law, article 15 of the Uniform Code of Military Justice provides a means whereby military commanders deal with minor infractions of discipline without resorting to criminal law processes. Under this article commanding officers can impose specified limited punishments for minor offenses and infractions of discipline. This punishment is referred to as "nonjudicial" punishment. Since the punishment is nonjudicial, it is not considered as a conviction of a crime and in this sense has no connection with the military court-martial system.

*Legislative background of article 15*

Under existing law article 15 is a part of the Uniform Code of Military Justice (10 U.S.C. et seq.) which was approved May 5, 1950. This uniform code, applicable to all of the Armed Forces, provides a comprehensive body of disciplinary and criminal law in the Armed Forces and establishes a court-martial system to try cases arising in the military services. Article 15, as a part of this code, provides a means whereby military commanders may impose nonjudicial punishment for minor infractions of discipline.

The authority for nonjudicial punishment, however, predates the 1950 code by many years. It has been acknowledged over a long period that military commanders should have the authority to impose nonjudicial punishment as an essential part of their responsibilities to preserve discipline and maintain an effective armed force.

Article I of the "Rules for the Regulation of the Navy of the United States," adopted by the Continental Congress in 1775, required Navy commanders to "discountenance and suppress all dissolute, immoral, and disorderly practices; and also, such as are contrary to the rules of discipline and obedience, and to correct those who are guilty of the same according to the usage of the sea." Originally, there were no specific limitations on the authority of the commander of a ship. By custom and usage, he was permitted to "imprison, and also inflict reasonable corporal punishment upon a seaman, for disobedience to reasonable commands, or for disorderly, riotous, or insolent conduct" (3 Kent, Commentaries, 181–182). Later, by regulation and by statute, limitations were placed on the punishment that could be imposed by naval commanders at "captain's mast" proceedings.

In the Army, nonjudicial punishment as it is presently known, was first authorized by the Articles of War of 1916, although prior to that time a "summary court," consisting of "the line officers second in rank at the post or station" was authorized to hear and determine a case and impose punishment on enlisted men consisting of a fine of not more than 1 month's pay, or imprisonment for not more than 1 month. This punitive power, first authorized by the Army in 1890, was later increased by the Congress to authorize not more than 3 months' fine, imprisonment, or hard labor. By the 1916 Articles of War, under the heading of "Disciplinary Powers of a Commanding Officer," article 104 authorized commanding officers to impose punishment consisting of admonition, reprimand, withholding of privileges, extra fatigue, and restriction upon members of their commands. Subsequent amendments to the Articles of War carried forward this authority and added authority to forfeit a part of the pay of an officer.

The Articles of War were made applicable to the Air Force when it became a separate armed force in 1947.

*Need for the legislation*

The Department of Defense has stated that problems adversely affecting morale and discipline have been created in the Armed Forces because of the inadequate powers of commanding officers to deal with minor behavioral infractions without resorting to the processes of the military court-martial system. The limited nonjudicial punishment authority has proved unsatisfactory to commanders in the field. The alternative solution has been to impose a trial by summary or special court-marital. In most cases, a court-martial results in a serious impairment of the services of an officer or enlisted man. Such a conviction stigmatizes a person with a criminal conviction on his record, which not only remains throughout his military career, but follows him into civilian life. It may well interfere with his civilian job opportunities, as for example, when he is required to show on a questionnaire whether he has ever been convicted, and it may adversely reflect on him if he is involved in difficulty with civilian law-enforcement agencies.

The bill, by providing increased authority for nonjudicial punishment, will enable commanders to deal promptly and efficiently with problems of discipline. At the same time, the increased nonjudicial authority should permit the services to reduce substantially the number of court-martials for minor offenses, which result in stigmatizing and impairing the efficiency and morale of the person concerned. As an example, the Army has indicated that they would expect that about 75 percent of their summary courts-martial would be eliminated by the enactment of this legislation.

*General scope of the legislation*

The increased nonjudicial punishment authority provides for punishments which approximate those which may now be given as a result of conviction by a summary court. In one instance, relating to reduction in grade, the authority in the bill is more restrictive than the statutory authority of a summary court-martial, although it exceeds the authority that can, under current regulations, be exercised by such a court. Under existing regulations, enlisted men above E–4 may not be reduced more than one grade by summary court-martial despite statutory authority to reduce to the lowest enlisted grade. The committee recommends, and the military services have agreed, that regulations pertaining to reduction under the authority of this bill will provide, as in the case of summary courts-martial, that an enlisted man above grade E–4 cannot be reduced more than one pay grade. The committee recognizes that during war or national emergency hereafter declared by the Congress, circumstances may require that this limitation be revised.

The bill also contains a feature not presently in article 15 authority, relating to detention of pay.

---

## U.S. PROPOSALS SUPPORTED ON DISARMAMENT AND NUCLEAR TESTING

Mr. RANDOLPH. Mr. President, I propose to speak briefly concerning the negotiations which have been proceeding in Geneva on disarmament and on a treaty for banning nuclear weapon tests.

It is appropriate to quote in this connection a passage from a speech by President Kennedy to the General Assembly of the United Nations a year ago. When he presented the U.S. program for disarmament, our President said:

> Today, every inhabitant of this planet must contemplate the day when this planet may no longer be habitable. Every man, woman, and child lives under a nuclear sword of Damocles, hanging by the slenderest of threads, capable of being cut at any moment by accident or miscalculation or by madness. The weapons of war must be abolished before they abolish us.
>
> Men may no longer pretend that the quest for disarmament is a sign of weakness, for in a spiraling arms race a nation's security may well be shrinking even as its arms increase.

We know of the 50-megaton bomb which the Soviet Union exploded last year, the continued testing on both sides, and the spiraling nuclear arms race. We also know of the ability of both the United States and the U.S.S.R. to destroy the cities of the other with missiles carrying megaton warheads.

This is a tremendously unsafe world in which we live, on the ragged edge of its own destruction, unsafe not just for the Russians, because we have these weapons also, but unsafe for us here in the United States.

Our Government must make its very best effort to try to find a feasible way of controlling and turning down the arms race. It is for this overriding reason that I urged the creation of a Department of Peace in the 1940's, when a Member of the House and strongly supported the establishment of the Arms Control and Disarmament Agency a year ago.

I express my tribute to the Senator from Wisconsin [Mr. WILEY] who, in the 1940's, also offered a plan for a Department of Peace.

This new agency, fashioned on a bipartisan approach, is now engaged in a major research program and in supporting the disarmament negotiations at Geneva.

As the result of its efforts, the United States has presented to the Geneva Conference a proposal for general and complete disarmament in a peaceful world which is probably the most comprehensive disarmament plan ever formulated by any government. I believe that our Government's proposal fully protects the security interest of the United States.

Some citizens have criticized it as being utopian in concept, as being a trap which would permit the Soviet Union to outdistance or destroy us.

It is my considered belief that these criticisms do not reflect an understanding of our proposal. The plan we sponsor calls for the elimination of national armies and armaments except those needed to preserve internal security and to support the United Nations peace force. Under this plan all the reductions would be carried out under strict control, so that the United States would know whether the Soviet Union is making the reductions which it is supposed to make, and vice versa. In addition, our proposal provides—and these are very realistic basic provisions—that the Soviet Union would have to desist from certain of its efforts at indirect aggression and subversion against other countries. And there would be established and strengthened the means of enforcing such obligations and generally keeping the peace.

The U.S. proposal also calls for disarmament in three stages and the United States could refuse to pass on from the first to the second stage if it believed that the treaty was not working. Of course, if there were a serious violation by the Soviet Union at any time, the United States could cease to be a party to the treaty. Incidentally, in stage I and even stage II, the reductions which are called for by the United States would leave us with a very substantial nuclear force with which to deter the Communists from any acts of aggression.

It is regrettable that the news from Geneva on the comprehensive disarmament negotiations has not been encouraging, but has been negative as we continue our search for peace. However, there have been some significant and worthwhile developments at Geneva. The United States has presented a thorough explanation of its proposals to the 18-nation Disarmament Conference, which includes many of the leading nonalined countries of the world, such as India, Brazil, Mexico, Sweden, Burma, and others. In the main, the response to our proposals has been gratifying. The result has been that the Soviet Union has been placed in the position of having to discuss these developments more seriously and in greater detail than they at first conceived that they would study and consider them.

Although there are a number of very significant differences between the United States and the Soviet Union, there are also many points of common approach to the problem of disarmament.

Mr. President, I sensed this approach to understanding, in degree, when, together with the able Senator from Colorado [Mr. ALLOTT], I participated in the sessions of the Disarmament Committee on which I served as a representative of our legislative body at the Interparliamentary Union meeting in Rome in April of this year. There I not only heard the spoken words but I sensed the reaction of persons sitting at that Conference table who were intensely interested in the promotion of reasonable programs for world peace.

It is my judgment, therefore, that the negotiations at Geneva on general and complete disarmament are worth while and must be continued so long as serious discussion takes place, even if prospects for immediate agreement are not substantial.

But that is no reason for the United States to have other than a positive approach. This is no time for timidity; this is a time for an all-out attack, as it were, useful as we know these negotiations must ultimately be, in creating the understanding, the appreciation, and the mutual respect which are still very real elements in the yearnings of men and women, regardless of the countries in which they live. The stakes are so vital that we cannot afford to do anything less than to keep trying—yes, sometimes it is difficult to keep trying—with all the energy, resourcefulness, and patience that can be mustered.

Sometimes people are reluctant to face the forces that are at work in a changing world and would rather withdraw from the impact of changes which are dynamic. I remind Senators that it is not so much the fact of change in international negotiations; it is the probing necessary to assess the depth and scope of change. Here are wrought the ingredients paramount to the promotion of these discussions. Yet we pursue the path toward peace—pursue it with patience and purpose.

It is also indicated that attention be accorded to recent technical developments in the nuclear test ban field.

Project VELA was started during the Eisenhower administration in order to improve our capability for detecting and identifying nuclear weapon test explosions. Since the fall of 1959, the United States has spent about $90 million on these objectives. This research, including much current experience in the detection of nuclear explosions and earthquakes in this and other countries, has produced two key technical developments.

The first establishes a better capability for long-distance detection of earth tremors caused by nuclear explosions or earthquakes, and makes it possible to propose a simpler and more economical system of internationally supervised long-range detection stations. We are informed that it is now possible to design a system which requires fewer scientific detection stations—including fewer in United States and the Soviet Union—which relies much more on stations outside the United States and the Soviet Union to detect nuclear explosions in those countries, and which permits these stations to be manned with nationals of the country where they are located—nationals who would be under continuing international supervision.

The second key technical development is that an earlier estimate of the number of tremors from earthquakes which might be confused with tremors from nuclear explosions has been shown by actual observation and research to be several times too large. Since there are fewer earthquakes which produce tremors similar to those of an explosion, the number of onsite inspections needed to identify the cause of the tremor is understandably less. I am told that the recent earthquake catastrophe in Iran did not change the validity of this development, in the opinion of our experts.

These technical developments do not eliminate the need for onsite inspections. They have, however, shown the way to a control system which would cost less to construct and operate, which would be simpler to manage, which could begin operation in a matter of months from ratification of a treaty, and would in no manner jeopardize our national security.

The new proposals were proposed by the Arms Control and Disarmament Agency and were approved by President Kennedy on the unanimous recommendation of the Secretary of State, the Secretary of Defense, the Atomic Energy Commission, and the Director of the Central Intelligence Agency, as well as the Arms Control and Disarmament Agency.

The new proposals are not concessions in any sense. They are a true reflection of scientific findings, which cannot be disregarded in this field.

Both this and the last administration have sought a nuclear test ban treaty, because, even though any such treaty would entail some risk of our being victims of cheating, that risk is far outweighed by the danger to our security resulting from a continuation of the nuclear arms race. Each series of weapon tests is apt to produce less of significance to the development of new weapons by the United States. At the same time, if the Soviet Union is now behind us in certain areas, as we have reason to believe, unlimited testing will inevitably permit it to reach nearer to our achievement.

Unlimited testing will also spur other countries which do not now have the bomb to exert every effort to produce it. The dangers of accidental nuclear war will be multiplied many times over. Moreover, a nuclear war between countries other than the Soviet Union and the United States could well bring a nuclear holocaust on all nations and practically all peoples of the earth.

If we cannot secure a test-ban treaty, banning tests in all environments, because of the Russian refusal to agree to the onsite inspections necessary to verify a ban on underground tests, then I believe we should seek a ban on all tests in environments other than underground. This is the proposal which was made August 27, 1962, at Geneva, to prohibit nuclear-weapon tests in the atmosphere, in outer space, and in the oceans.

For this kind of ban, each country can establish its own monitoring system, and no control posts or onsite inspections in the Soviet Union, to prevent cheating there, are necessary.

This form of a ban would not stop all tests, and would not hold in check completely the nuclear arms race. But it would ban the tests which cause fallout, pollution of our oceans, and dumping of radioactive debris in space. It would make it even more difficult for countries that do not have the bomb to produce it, and it would be a significant first step toward a comprehensive test-ban treaty and toward disarmament.

For these compelling reasons, I earnestly support the President of the United States in his latest proposal.

Likewise, I speak approvingly of the statement of policy which Deputy Secretary of Defense Roswell L. Gilpatric is said to have set forth in a speech last night—that, as reported in today's Washington Post—"the United States has no plans to extend the arms race into outer space by orbiting H-bombs, although, he said, the United States now has this capability along with the Soviets."

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of these remarks the article, from the Washington Post, "There Will Be No Space Arms Race Unless Reds Force One, United States Says," to which I have referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept 6, 1962]

### THERE WILL BE NO SPACE ARMS RACE UNLESS REDS FORCE ONE, UNITED STATES SAYS

(By Howard Simons)

A leading Pentagon official said last night that the United States has no plans to extend the arms race into outer space by orbiting H-bombs, although, he said, the United States now has this capability along with the Soviets.

At the same time, Deputy Secretary of Defense Roswell L. Gilpatric suggested that the administration would change its policy of keeping weapons out of space if the Soviet Union forced it to do so.

In a speech before representatives of Midwest industries and universities in South Bend, Ind., Gilpatric said:

"The United States believes that it is highly desirable for its own security and for the security of the world that the arms race should not be extended into outer space, and we are seeking in every feasible way to achieve this purpose.

"Today there is no doubt that either the United States or the Soviet Union could place thermonuclear weapons in orbit.

"We have no program to place any weapons of mass destruction into orbit. An arms race in space will not contribute to our security. I can think of no greater stimulus for a Soviet thermonuclear arms effort in space than a U.S. commitment to such a program. This we will not do."

In effect, Gilpatric was saying that the Kennedy administration would resist being pushed by critics from within or pulled by the Soviets from without into making outer space a battleground.

This was the administration's second public answer to congressional and other critics, who in recent weeks have chided the administration for failing to meet a potential Soviet military challenge in space.

At his press conference 2 weeks ago, President Kennedy said that military applications in outer space beyond those already being pursued were not clear.

Expanding on the President's press conference remarks, Gilpatric noted that the administration has an active and extensive military space program with two objectives:

1. To insure that the United States will be able to cope with military challenge in outer space.

2. To improve the Nation's capabilities—through activities in space and observations from space—in fields such as communications, navigation, meteorology, mapping and geodesy.

On the question of insuring freedom in outer space, Gilpatric said the administration still supports the unanimously adopted United Nations resolution that calls for preserving outer space for peaceful purposes and for the betterment of mankind.

But, Gilpatric cautioned, at the same time the administration is pursuing cooperative efforts in space through the U.N. and other agencies, "we will, of course, take such steps as are necessary to defend ourselves and our allies if the Soviet Union forces us to do so."

Gilpatric's statement on the military and outer space appeared as a lengthy insert in a speech replying to criticism of another kind directed at the administration—why the Midwest was suffering from defense-contract anemia.

In recent months, spokesmen for the Midwest have charged that the defense-dollar-rich States were getting richer and the defense-dollar-poor States were getting poorer, most notably, the Midwestern States.

Gilpatric acknowledged that the Midwest was the section of the United States that "has been most adversely affected by changes over the past decade in the patterns of defense procurement."

But, he said, in an obvious jab at the Eisenhower administration, "it is significant that these discussions are occurring now, in 1962, rather than in 1954, 1955, or 1956 when the major changes actually occurred." The trend of defense awards in the Midwest is now upward, he said.

Mr. RANDOLPH. Mr. President, the quest for peace is not a Pollyannish program. This search for understanding and possible agreement is worth the application of the best brains and is worth the patience necessary to continue the effort.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The committee amendment in the nature of a substitute for the bill is open to further amendment.

Mr. SMATHERS. Mr. President, the Senator from Tennessee [Mr. GORE] is on his way to the Chamber.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, our tax laws have been written piecemeal, seldom following any clear design or pattern. As a result, many inequities among groups of taxpayers, as well as a myriad of opportunities for tax avoidance, exist.

The taxpayer who can take advantage of capital gains can avoid a tax burden which the individual who has only ordinary income cannot escape. A taxpayer who has investments in the extra active industries, especially oil and gas, can avoid, through percentage depletion and intangible drilling cost deductions, carrying his fair share of the taxload. The taxpayer who has investments abroad gets a credit, rather than a deduction, for his foreign taxes, plus an indeterminate deferral of U.S. taxes if his investment is in a technically foreign subsidiary. A taxpayer who has corporate investments and whose income is largely unearned bears a lighter taxload, by reason of the $50 exclusion and the 4-percent credit for dividends received, than the taxpayer who must, by his own labor and skill, earn his income.

There are many other ways in which a fortuitously circumstanced individual can escape bearing his fair share of the total tax burden. One of the most glaring examples, perhaps, is the manipulation of corporate pension and profit-sharing plans.

It is claimed by proponents of this bill that existing laws relating to pension plans are inequitable, in that the self-employed are excluded, and thereby discriminated against. It is proposed by this bill to cure this alleged inequity, by allowing certain of the self-employed to participate to a limited extent in the favored treatment now allowed corporate owner-managers. An alleged inequity is thus sought to be cured by the creation of another loophole, rather than by the closing of existing loopholes. It seems never to occur to some that provisions of law can be equalized by taking away some benefits to which the recipients have no legitimate claim.

This bill, H.R. 10, is fallacious both in principle and premise.

The measure provides a deduction from earned taxable income of self-employed individuals for personal investment made by the individual for his own personal benefit. This is not only erroneous in principle but the extent and amount of the deduction would be unjustly disproportionate to that enjoyed by ordinary taxpayers. The personal exemption for the average citizen would remain at $600, but for the self-employed, it would be $2,350, provided $2,500 was invested in a retirement plan, according to the terms of the bill as approved by the Finance Committee.

This bill is advanced on the premise that one inequity justifies another. Admittedly, this has appeal. But if Congress followed such a course of action, it would bring about more, not less, injustice in tax law.

It is quite understandable that some self-employed citizens and many others look with envy at the tax advantages of their friends and neighbors who happen to be officers or employees of certain corporations. A quick glance at some of the tax advantages provided by law for corporate pension and profit-sharing plans will explain why this is true.

The law permits corporations fully to deduct from taxable income their contributions to qualified pension plans. Some corporations have pension plans only for their salaried employees. Others have plans for all employees, but many of these have separate and less generous plans for hourly employees.

Moreover, the corporate contribution to the pension plan of which an employee is, or may become, a beneficiary, is not currently taxable as income to the employee-beneficiary. Such benefits become taxable income to the employee only when an actual distribution is made to him. If the pension plan generally serves the purpose of providing an annuity for retirement and an orderly annual distribution is made to the employee from such a pension plan, then it becomes taxable income to the employee-beneficiary as received. So long as these benefits are within reasonable limits, they serve a useful social purpose, and it is proper for the Government to encourage employers to assist in providing reasonable security for their employees during retirement.

The proponents of this bill claim a discrimination against the self-employed exists because the self-employed are unable to receive a tax benefit for accumulating and setting aside their own retirement funds for their own particular and peculiar benefit. It is conveniently overlooked that existing laws relating to pension and profit-sharing plans permit a tax deduction by the employer for setting aside funds for the benefit of his employees, a different matter altogether.

Provisions of existing law certainly do allow abuses in the field of pension and profit sharing. The correct solution to the alleged inequity, however, lies neither in the creation of yet additional inequities nor in the wholesale condemnation of a proper pension plan philosophy with appropriate implementing laws and regulations.

It is said that incentives are required to attract capable corporate management because otherwise corporate executives would quit work rather than pay taxes. However this may be, it is in part because of the various mechanisms by which income is actually taxed at less than the prescribed progressive rates that such high rates, from top to bottom of the graduated scale, are required to provide revenue for essential Government services.

It is also said that qualified pension plans represent a tax advantage that has been won by organized labor, and it is implied that this bill would only extend to the self-employed the same tax treatment granted to union labor. About the justification for qualified pension and profit-sharing plans as a matter of public policy, I will have more to say later. I say in passing that if this amendment provided no greater benefit to certain of the self-employed than that which is available to the average union member who is a beneficiary of a corporate pension plan, there would not be nearly so great a clamor for its enactment.

Many questions are involved. There is, first of all, a philosophical question. Should government, particularly the Federal Government, encourage employers to assist in the provision of economic security and decent living standards for their employees for the years in which these employees are no longer productive? This question has been answered affirmatively by the Congress. There are opportunities for abuse, however, and corrective legislation is needed. On the other hand, should the Federal Government reward a taxpayer for setting aside some of his own funds for his own use at some later date? So far as I am concerned, the answer to this question is an unqualified "No." This also goes for the owner-managers of closely held corporations.

There are also practical questions involved. If the Federal Government should be of assistance in this field, by what means should it render such assistance, and to what extent?

Prior to the advent of the modern state, the church or some other social institution provided for most of the unproductive members of society. With the coming of the modern state, this function was gradually taken over by the state, at least in the Western World. One can follow the development of the poor laws in England, for example, from Elizabethan times through the fruition of the industrial revolution in the 19th century.

With the full flowering of the industrial revolution, the Western nations, one after the other, began to institute some system of social insurance to provide, first, that the worker would not be a charge on the state in his nonproductive years, and second, to provide these same individuals with as decent a standard of living as practicable when they could no longer currently earn a living wage.

The United States was slow to recognize the obligations and proper functions of government in this area. Prior to the 1930's, about the only organized governmental system for caring for the indigent was the county poor farm, an institution which has largely passed, unlamented, from the scene. Of course, as long as the United States was a rural, agricultural, family-farm-based society, the incapacitated, disabled, and unproductive could be cared for, for the most part, by the family unit.

Long after the United States became an urban, corporate society, however, the Federal Government continued to ignore the failure of the old institutions to provide adequately for the unproductive.

Happily, a start was finally made in the 1930's with the initiation of a social security system by the Federal Government, with the States cooperating in certain programs. This system provides only minimum coverage for minimum needs.

As an adjunct to social security, then, and in recognition of the fact that the corporate employee did not always receive in current compensation his fair share of the earnings of his corporate employer, the Federal Government quite properly began to encourage corporations to establish pension funds for the benefit of their employees. Unfortunately, the laws and regulations were not sufficiently detailed to prevent many abuses by corporations' owners and managers, while at the same time they did not require sufficient coverage for the lower salaried or hourly workers employed by corporations.

Although private pension plans of one kind or another have been in existence in this country since 1875, they did not reach significant proportions until after the enactment of the 1942 tax code. Since that time private pensions and profit-sharing plans have grown rapidly both in numbers of individuals participating in such plans and in the assets represented by the accumulated reserves of such plans.

At the present time, some 25 million employees are covered in some degree by corporate, State, or municipal pension and profit-sharing plans with assets of more than $52 billion. These pension plans are for the most part established by employer contributions, although employee contributions account for approximately 15 percent of current contributions. There are perhaps 60,000 qualified plans in existence and the Treasury is now receiving requests for rulings on about 7,000 new plans every year.

These figures are certainly sizable and indicate to some extent the significance of pension plans today. And yet there is a great deal which at first glance these figures do not tell.

Our total civilian labor force amounts to about 73 million people. The 25 million individuals participating in pension and profit-sharing plans thus represent only about one-third of the labor force. Coverage is, therefore, nowhere near complete.

Even though there are about 25 million employees participating in these plans, the participation of about half this number is more apparent than real. A majority of employees ostensibly covered by pension plans have no vested rights whatsoever in the assets of their plans and will never receive one dollar in benefits from the plan in which they are now supposedly participating.

One of the real inequities or shortcoming now existing in the pension field is, therefore, a lack of coverage for several million bona fide employees of corporate and other types of enterprises, plus a lack of definite and early vesting of rights in the assets of the various plans in which covered employees are participating.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. DOUGLAS. In other words, most of the private pension plans are not, in technical phrase, vested.

Mr. GORE. Not for hourly employees.

Mr. DOUGLAS. That is correct. The pension is conditional, first, upon reaching an age—let us say 65—and, second, upon being employed continuously for a given number of years, commonly 20 or 25 years; is that not true?

Mr. GORE. Yes; I think that is true.

Mr. DOUGLAS. This, therefore, excludes the large proportion of hourly workers.

Mr. GORE. That is true. I had an experience in my own State with regard to an employee who had been steadily in the employment of the same corporation for 15 years except for a period of about a week. At some time during that period he resigned or had some words with the foreman or something. At any rate, there was about a week's interruption of his employment. When this poor man came to the time for retirement, he had absolutely nothing, because he did not have the so-called continuous period of 10 years of employment, though in fact he had had a continuous period of employment, with the exception of a week, for 15 years.

Mr. DOUGLAS. Is it not true that frequently the necessary qualifying period is 20 years of continuous employment?

Mr. GORE. As the Senator knows, the plans follow no specific pattern.

Mr. DOUGLAS. That is correct.

Mr. GORE. There is the general pattern of a long period of steady employment. There is a nonvesting pattern.

I suggest to the Senator that in some respects the nonvested corporate pension plan for employees tends to operate somewhat like economic peonage.

Mr. DOUGLAS. That is, when a person reaches the age of 45, or perhaps even 40, he does not wish to change his job because he fears that if he changes his job he will lose his claim to pension rights.

Mr. GORE. He knows he will lose it.

Mr. DOUGLAS. Yes.

Mr. GORE. Because the pension plan in which he is allegedly a participant does not vest. There is no right. There is no benefit he can take with him and move to some other job. So if he changes jobs he loses it.

Mr. DOUGLAS. So the prospect of supplementary pensions for manual workers is illusory, for a very large proportion.

Mr. GORE. I am sorry to say that that is true. I have before me an example of a bank which has 550 employees. That would be a sizable bank. The pension plan vests only after 20 years of service. So a person who has worked for 19 years and 6 months for this bank, and who might wish to change jobs, would have absolutely nothing.

Mr. DOUGLAS. On the other hand, if a self-employed person—a doctor or a lawyer—were involved, he would continue to be self-employed, and would not lose his claim to a pension because he might move to another section of the city and move to Arizona or to Florida. Wherever he went he would carry his pension rights with him; is that not true?

Mr. GORE. The Senator means that would be true under the terms of the pending bill?

Mr. DOUGLAS. Yes.

Mr. GORE. Yes. I do not claim that is a fault with the bill.

Mr. DOUGLAS. No. However, when it is said that the bill would merely give to the self-employed the advantages which the employed now receive, that is not true, because the bill would give to them a greater advantage, since in the nature of the case their pensions would be vested, whereas in the nature of the case probably the vast majority of the pensions for the hourly workers would not be vested, and, in fact, the protection which they are said to receive is illusory.

Mr. GORE. The point that the Senator has made is a valid one. If there is to be a pension plan in which the Government would participate by way of tax incentives for the self-employed, the junior Senator from Tennessee wishes that rights under the plan become personally vested, and whatever personal benefit a person would have would be his in reality. He could hold it, move it, and keep it.

Mr. DOUGLAS. Yes. If we wish to introduce the principle for the self-employed, should we not require vesting in the supplementary pension plans of employers so that wherever a man goes he could carry his protection with him, and, in effect, he would buy a slice of future protection with each year's work, instead of going all or nothing, and instead of playing Russian roulette, so to speak?

Mr. GORE. About 60,000 pension plans have already been approved. Applications are coming in at the rate of 7,000 a year. Obviously there should be some standards by which the Treasury Department can be guided. It seems to me that one of those standards should be a reasonable vesting provision and period.

I do not know that I would want to insist that pension rights vest within 1 year. It seems to me that a legitimate aim of a business concern in providing security for its employees for their retirement would be continuity of employment. But I do not think the plan should be so rigid that a man could work 10 years for a company, which company has had a tax deduction for contributions to the pension allegedly set aside for the benefit of that employee, and then at the end of that time have nothing. It seems to me that there should be some reasonable vesting period in all pension plans for which a tax deduction is given.

Mr. DOUGLAS. Is it not true that since probably only a relatively small fraction of the employees will ever be able to claim benefits under the private pension plans, in practice the huge private pension reserves which are being built up will not be called upon and will remain as permanent funds under the control of the trustees, and, therefore, to an increasing degree, control over American industries will pass into their hands?

Mr. GORE. That certainly is a danger, and one more reason why the subject should be carefully examined, and Congress should act in that field.

This is the real inequity in the pension field, and only by expanding and broadening coverage for the ordinary employees can such employees participate fully and equitably in the profits of the corporations and other enterprises for which they labor and produce. Only in this way can the ordinary employee be guaranteed decent living standards in his nonproductive years, unless Government programs are to be extended, broadened, and amplified.

The proposition that the Federal Government should give reasonable tax deductions to business enterprises for setting aside funds for reasonable benefits for the bona fide employees of those enterprises is well established and quite properly so. This principle should continue to be followed, and a greatly expanded social security system is needed as well.

Rewarding the individual by reducing his own taxes merely because he sets aside funds out of his own current income for his own benefit during later years, however, is an altogether different matter. Under no philosophy of taxation except a taxation based on consumption, rather than income, could such a proposition be acceptable. The sales tax is based on this philosophy. To date, the Federal Government has not seen fit to adopt such a tax except to a limited degree in certain excises. Many of us would like to eliminate or reduce most of these excises.

So much for the philosophical aspects of the problem. Practical application of the philosophy through laws and regulations gives rise to many problems. There are actually not two types of individual taxpayers to consider, as many seem to believe; that is, the employee and the self-employed. Rather, there are four types of individual taxpayers to be dealt with in the private pension and profit-sharing field. These are: First, the ordinary salaried or hourly employee of a corporation or of an enterprise otherwise organized; second, the employee-managers, who constitute the effective management of the large corporations; third, the owner-manager of the closely held corporation; and, fourth, the self-employed individual.

This measure deals only with the self-employed and to a limited extent, with their employees.

The ordinary employee of the corporation or other type of enterprise needs additional pension plan protection. This bill does very little toward that end.

The individual taxpayers who comprise the effective management of the large corporations are not dealt with in this measure. Limits should be placed on the tax deductions which corporations can receive for benefits to these employee-managers.

Existing law permits perhaps the greatest abuses in the case of the owner-manager of the closely held corporation. The Treasury has made recommendations to correct some of the abuses now being practiced but I do not find these recommendations dealt with in this bill as reported by the Finance Committee.

The self-employed are dealt with here by allowing the self-employed to set aside for their own benefit savings out of current, untaxed income. Within the limits imposed, the self-employed will, should this bill become law, be taxed not on income but on income less current savings, or consumption. This sets a precedent, a far-reaching and potentially dangerous precedent.

The self-employed, if they have sufficient income to be able to take full advantage of these provisions, are able, without benefit of the provisions of this bill, to provide for their own disability and retirement. The lawyer and doctor, for example, enjoy high compensation and a part of their current income, after taxes, can be set aside for future needs. Furthermore, they build up a practice which will bring them an income in later years. There is no enforced retirement for doctors and lawyers. The farmer, retailer, or other small businessman can build up an investment in his farm or business which will provide for himself and his family in his later, less productive years. This is the traditional way of building up an investment in this country and is still possible, despite the competition from large enterprises, so long as we have an expanding and growing economy.

Of course, there are several million self-employed individuals who are unable to set aside substantial sums of money out of current earnings. These people must spend all of their current earnings to maintain themselves and their families. These are the self-employed who are most in need of assistance in providing for their nonproductive years but this bill is of no assistance whatsoever to this large group. A tax deduction for setting aside $2,500 per year out of current income is worse than meaningless to the head of a family earning $3,500 per year. It is meaningful, of course, to the doctor or lawyer earning upward of $25,000 per year. It is helpful to those who need no help.

H.R. 10 has a long history, but I do not propose to detail it here. In 1960, spokesmen for the Treasury Department objected to the enactment of the bill in the form in which it had passed the House of Representatives. The Treasury made a counterproposal. In effect, this counterproposal stated:

> We will go along with the creation of a loophole in the tax laws which will reduce our revenues at a time when we cannot afford such a reduction, and which will benefit certain of the well-to-do self-employed,

> if, in exchange, the Congress will give us some tools with which we can fight abuses which are rampant in the corporate owner-employee field.

This counterproposal of the Treasury, insofar as it related to correcting abuses in present law, was, in some respects, admirable. Certainly there are abuses in the pension and profit-sharing fields, particularly when one individual is the owner of all or most of the stock of a corporation of which he is also the manager and the only highly compensated employee.

Unfortunately, the Treasury recommendations did not go as far as they should. More unfortunately, the Finance Committee watered down even those inadequate recommendations in reporting H.R. 10 to the Senate in 1960. The abuses now possible under existing law could and should be corrected without providing new inequities, new loopholes and additional loss of revenue. The bill now before the Senate, however, is worse than the 1960 bill in that it makes no pretense whatsoever at dealing with the shortcomings in our corporate pension laws.

The net effect of this bill is further to erode the tax base, thereby necessitating higher and higher tax rates if the necessary total revenues are to be raised. The increased burden must be borne by the salaried taxpayer for whom there is no way of escape, or by the small enterprise, whether a corporation or not, of insufficient affluence to enable its owners and managers to take advantage of the many opportunities for tax avoidance now afforded by the tax laws.

Many abuses allowed, and even encouraged, by existing law have been brought to the attention of the Finance Committee. Among these abuses are:

First. Existing law provides for capital gains treatment under certain circumstances for lump sum distributions of the proceeds from pension and profit-sharing plans. Instances have been brought to the attention of the Finance Committee in which lump sum payments in excess of $800,000 have been made to corporate executives and accorded the 25 percent capital gains tax rate. This type of income bears no relationship whatsoever to capital gains but is, instead, accumulated and deferred ordinary income. There is no equity involved in according such income the favorable capital gains treatment.

In a letter to the chairman of the Finance Committee on April 1, 1960, concerning the House bill in the 86th Congress, Under Secretary of the Treasury Fred C. Scribner, Jr., stated:

> The present long-term capital gains treatment accorded to lump sum distributions by qualified plans at termination of the employee's service or at his death should be removed.

Despite this recommendation, this proposed bill contains no corrective language in this regard.

Second. One individual who is the owner-employee of several corporations can participate in pension and profit-sharing plans in each of his corporations, thereby converting much of the income of these corporations, which should be taxed at corporate rates, into tax-exempt or tax-deferred income for himself or his family.

The same letter of Under Secretary Scribner, from which I quoted above, stated:

> Individuals should not be permitted to arrange to increase the allowable amounts that can be contributed on their behalf to qualified pension plans merely because they split their activities into several businesses, each with a different pension plan.

This bill fails to deal with this problem at all.

Third. Large estates are being built up out of untaxed income and passed on to members of the beneficiary's family, escaping any tax whatsoever, either current income tax, deferred income tax, or estate tax.

Again, Under Secretary Scribner's letter stated:

> The exemption from estate and gift taxes of pension rights attributable to employer contributions under qualified plans should also be reexamined.

Despite this recognition of the problem, the Finance Committee refused to take action, when considering H.R. 10, to limit abuses of this type now being practiced by the owners and managers of corporations.

Fourth. Existing law places no limits on the amounts which a corporation can deduct for contributions to pension and profit-sharing plans for the benefit of the high-salaried executive of the large corporation. Many corporations have pension plans which provide for pensions amounting to 50 percent or more of the employee's salary during his peak earning years. Although the bill sets limits on the amount which the self-employed individual can set aside untaxed for himself during his earning years, it does not place any limits whatsoever on the benefits which can accrue to the high-salaried corporate executive.

This is a thoroughly unjustifiable piece of legislation. It would establish a new and dangerous precedent in our tax laws and reduce revenues at a time when such a reduction can hardly be viewed with equanimity, and it would do nothing whatsoever to correct flagrant tax avoidance abuses.

The bill H.R. 10, in the form in which it was reported by the Finance Committee in 1960, did take some steps, though short and feeble ones in the direction of correcting some of the more obvious shortcomings in the law relating to pension and profit-sharing plans of owner-employees of corporations. This measure overlooks the work of the Finance Committee altogether in that regard.

In my opinion, the revenue aspects of this bill have been passed over far too lightly.

The Treasury Department, in estimating the revenue loss which will be incurred under this bill and its predecessors, has used certain assumptions. To begin with, the income figures used, at least as recently as 1960, are for 1953. Since that time, personal income has risen appreciably. Furthermore, the Treasury has assumed that only 15 percent of the maximum allowable deductions will be taken by those in the lower income brackets, while two-thirds of the maximum allowable deductions will be taken by those in the upper brackets.

In my opinion, these assumptions are far too modest, at least for those in the upper brackets. The senior Senator from Illinois [Mr. DOUGLAS], in his individual views in the report on this bill in 1960 outlined some of the monetary advantages which will accrue to those taking advantage of this bill. They are substantial. Let me outline another approach to these advantages.

In assuming that only two-thirds of the wealthy will take advantage of the maximum benefits conferred on them by this bill, the Treasury must have assumed that, in many years, those with large incomes will need all their income for current expenses. But this bill is so generous to the wealthy that they can even borrow money for investment under this bill and come out ahead.

Let me illustrate. Let us consider a doctor who is in the 70 percent income tax bracket. Suppose this doctor's wife wishes to go to Europe next year rather than set aside $2,500 for retirement under the provisions of this amendment. The accountant who prepares the income tax return for the doctor at the end of the year would call his attention to the fact that, if he did not invest $2,500 under terms of this bill, as reported by the committee he would have to pay $1,225 to the Government, anyway, in taxes. He would point out to the doctor that, if he were temporarily short of funds, he could borrow $1,275, invest $2,500, and have no additional tax liability.

If the doctor has to pay 6 percent interest on the $1,275 he borrows, and his H.R. 10 investment earns only 4 percent interest, the profit to him, after 20 years, on this one transaction alone, will be almost $4,000. And he has invested none of his own money. He has merely invested $1,225 which rightfully belonged to the Federal Government, plus $1,275 he borrowed.

Let no one try to persuade me that those in the high-income tax brackets will not take full advantage of this bill. Of course, those in the low tax brackets cannot get this kind of benefit.

Incidentally, the Treasury assumptions themselves serve to illustrate the gross inequity of the bill. If only 15 percent of those in the lower brackets can take advantage of the bill, while two-thirds—more in my opinion—of those in the upper brackets can take full advantage of it, the bill is clearly a tax relief measure for the rich. The lost revenues will have to be made up by levying yet additional taxes on the lower and middle income groups.

Existing law can and should be corrected without introducing new and harmful giveaway provisions. Let us amend existing law to correct the notorious abuses now rampant in owner-manager and other corporate pension plans without introducing new loopholes and new inequities by way of this measure for the benefit of a few of the more affluent self-employed.

The bill deals only with the self-employed and, to a limited extent, their employees.

**Mr. SPARKMAN.** Mr. President, will the Senator yield?

**Mr. GORE.** I yield.

**Mr. SPARKMAN.** The Senator has stated some very interesting figures regarding the number of people covered by pension plans. I wonder if the Senator has figures as to the self-employed and employees who are not covered by pension plans, and also the number that would be covered by H.R. 10.

Earlier in the afternoon I discussed rather briefly a bill, S. 377, which I, together with 10 or more other Senators, had introduced, that would have provided similar coverage, though not as big as the one proposed, but up to $1,000 rather than $750. The benefits would have been made available to all employees and self-employed who were not already covered by pension plans.

My amendment was rejected. I still believe that we ought to give everyone an equal opportunity. I made the point that while I was sympathetic with what is being done in relation to H.R. 10, I felt that it was not entirely fair to pick out a more or less selected group and give them that privilege and deny it to a great number who are inarticulate and who would not have the pressing forces to push through the proposed legislation.

**Mr. GORE.** I gather that the able Senator from Alabama is imbued with the notion that his responsibility is to represent all the people.

**Mr. SPARKMAN.** That is correct. Also, I do not like programs that pick out a favorite class and exclude those who are more or less unable to help themselves.

**Mr. GORE.** I thoroughly agree with the Senator. I have a similar amendment.

**Mr. DOUGLAS.** I have an amendment also.

**Mr. SPARKMAN.** I wonder if the Senator from Tennessee has the figures.

**Mr. GORE.** There are about 25 million employees under pension plans. I understand that it is estimated there are about 7 million so-called self-employed with taxable income who would theoretically be covered by the pending bill.

When we combine the two, we still do not reach even half of our working force. This is a field that needs study. It needs corrective legislation. I am not sure that we cannot devise a plan that would be fair and equitable for the self-employed. My objection to the pending bill has been largely based upon the point the able junior Senator from Alabama has made, that we select a fairly small group and confer upon them a benefit to which the mass of our people would not be entitled.

**Mr. SPARKMAN.** I feel that rather keenly. However, I offered my amendment earlier in the day, and did not get very far with it. The Senator is a member of the Committee on Finance, along with the Senator from Florida. It may be that this problem requires more careful study. I hope the Senator from Tennessee and the Senator from Illinois and the Senator from Florida, all of whom are members of the Finance Committee, will keep in mind the great group which is still uncovered. Something must be done about them.

**Mr. DOUGLAS.** Do I correctly understand that what the Senator from Alabama is proposing is that there should be a special privilege for them?

**Mr. SPARKMAN.** Not at all. They should be treated alike.

**Mr. DOUGLAS.** In other words, everyone should have a special privilege conferred upon him?

**Mr. SPARKMAN.** No. They should all be treated alike. Then it is not a special privilege.

**Mr. GORE.** Does not the junior Senator from Alabama hold to the view that if Congress is to enact a law providing a benefit for a few, it ought earnestly and sincerely try to make it available to all?

**Mr. SPARKMAN.** That is exactly my point.

**Mr. GORE.** Then all three of us are expressing the same point of view.

**Mr. DOUGLAS.** Except that those who get inside the magic gate will slam the door to keep anyone else from getting in.

**Mr. SPARKMAN.** I am not sure about the slamming of the door. Those who have been left outside might not have the strength to push their way in.

**Mr. GORE.** Perhaps upon reconsideration of the principle involved in the amendment of the Senator from Alabama, the Senate will adopt it.

Mr. President, I send an amendment to the desk and ask that it be not read, but printed in the RECORD at this point.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

On page 117, after line 14, insert the following new section:

"SEC. 8. ELIMINATION OF CAPITAL GAINS TREATMENT OF EMPLOYEES' TRUST DISTRIBUTIONS AND ANNUITY PAYMENTS.

"(a) CERTAIN EMPLOYEES' TRUST DISTRIBUTIONS.—Section 402(a) (relating to taxability of beneficiary of exempt trust) is amended by striking out paragraph (2) and by striking out subparagraph (C) of paragraph (3).

"(b) CERTAIN EMPLOYEES' ANNUITY PAYMENTS.—Section 403(a) (relating to taxability of beneficiary under a qualified annuity plan) is amended by striking out paragraph (2).

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act."

On page 96, strike out lines 17, 18, and 19.

On page 96, line 20, strike out "(E)" and insert "(D)".

On page 97, strike out lines 3, 4, and 5 and insert:

"(n) TREATMENT OF CERTAIN LUMP-SUM DISTRIBUTIONS FROM EMPLOYEES' TRUSTS OR UNDER EMPLOYEES' ANNUITY PLANS.—"

On page 97, line 18, strike out "or", and after line 18 insert the following:

"(iii) in the case of any employee other than an employee within the meaning of section 401(c)(1), on account of the employee's separation from the service, or

On page 97, line 19, strike out "(iii)" and insert "(iv)".

On page 98, line 8, strike out "or" and after line 8 insert the following:

"(iii) in the case of any employee other than an employee within the meaning of section 401(c)(1), on account of the employee's separation from the service, or

On page 98, line 9, strike out "(iii)" and insert "(iv)".

On page 98, beginning with line 12, strike out all through line 5 on page 99 and insert the following:

"(C) EXCEPTIONS.—This subsection shall not apply—

"(i) to amounts described in clauses (i), (ii), and (iii) of subsection (m)(5)(A) (but, in the cases of amounts described in clauses (i) and (ii), only to the extent that subsection (m)(5) applies to such amounts), or

"(ii) if the recipient is the employee, unless contributions which were allowed as a deduction under section 404 have been made on behalf of such employee for 5 or more taxable years prior to the taxable year in which the total distributions payable or the total amounts payable, as the case may be, are paid."

On page 45, beginning with line 15, strike out all through line 15 on page 46 and insert the following:

"(c) TECHNICAL AMENDMENT.—Section 403(a) of the Internal Revenue Code of 1954 (relating to taxability of a beneficiary under a qualified annuity plan) is amended by inserting after paragraph (1) the following new paragraph:".

On page 117, line 15, strike out "(8)" and insert "(9)".

## ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, September 6, 1962, he presented to the President of the United States the following enrolled bills:

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2421. An act to provide for retrocession of legislative jurisdiction over U.S. Naval Supply Depot Clearfield, Ogden, Utah;

S. 3071. An act for the relief of Hidayet Danish Nakashidze;

S. 3221. An act to provide for the exchange of certain lands in Puerto Rico; and

S. 3628. An act to amend title 10, United States Code, to authorize the appointment of citizens of nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy.

## ADJOURNMENT TO 10 A.M. TOMORROW

**Mr. MANSFIELD.** Mr. President, under the order previously entered, I move that the Senate now stand in adjournment until 10 o'clock a.m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 46 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Friday, September 7, 1962, at 10 o'clock a.m.

# EXTENSIONS OF REMARKS

## Pakistan International Airlines

EXTENSION OF REMARKS

OF

### HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. ANFUSO. Mr. Speaker, the Honorable Ayub Khan, President of the Republic of Pakistan, disclosed last week that he would pay an official state visit to the United States during the middle of September. I understand that he will be visiting with the President at the White House for conferences at that time. His visit brings to mind the great cooperation between our two countries these many years.

When the President of Pakistan visited the United States a few years ago, he was given a parade up Broadway and many Americans had the pleasure of meeting first hand this unique gentleman. More recently, when Mrs. John F. Kennedy, wife of the President, visited Pakistan, good will was continued when she flew aboard the Pakistan International Airlines' jet to Karachi.

The President of Pakistan will arrive aboard a Pakistan International Airlines plane for his visit and has been greatly responsible for the establishment and growth of this friendly government airline, which flies not only to our eastern neighbor, but also stops in London, Rome, Frankfurt and many other cities of the West.

Pakistan and the United States have always been close friends. As a matter of fact, aboard each Pakistan International Airlines jetplane is shown a first-run American movie. On every flight both first-class and tourist-class passengers see first-run American films at no charge. The food, of course, is a combination of American, European, and Far Eastern, depending on the personal tastes of the passenger. Small gifts of perfume are even given out, and the stewardesses are dressed in the native costumes of Pakistan.

As a member of the House Committee on Science and Astronautics, I have had occasions to meet with some of the executives of the Pakistan International Airlines, as well as their Government executives. They are a most progressive group. Their courtesy, cooperation and friendliness have been most important in the relationship between our two countries.

Abroad their planes they offer almost everything, from haute cuisine hors d 'oeuvres to flaming desserts. Their Boeing 707, Boeing 720-B, Super Constellations, are American airplanes with Pakistan crews and still another sign of friendly cooperation. Their service links New York with London, Rome, Geneva, Frankfurt, Beirut, Teheran, Karachi, Bombay, Dacca and Delhi, and is helping to bring the United States closer to our friends from the Far East, and our friends in Europe as well.

I want to take this opportunity to personally welcome Pakistan International Airlines to the United States. They have recently opened new offices at 608 Fifth Avenue in New York City and we all wish them well in this endeavor.

Welcome to America.

## National Wool Act

EXTENSION OF REMARKS

OF

### HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. FISHER. Mr. Speaker, this body, and our colleagues in the Senate have, since 1954, expressed a sincere interest and confidence in the sheep industry of our Nation through the passage of the National Wool Act and its extension. This is a unique piece of legislation in many ways, and one of the most important parts is section 708, often referred to as the self-help section.

In effect, section 708 provides the mechanics whereby members of the sheep industry can join Government in a contract which says, in essence, "you have given us financial help through legislation and we, in return, pledge a part of these funds to a program to help ourselves." Section 708 is the vehicle used by all sheepmen to finance advertising and promotion of wool and lamb. The aim is to broaden markets for these products and thereby strengthen the entire industry.

The American Sheep Producers Council was formed in the fall of 1955 after sheep owners from coast to coast had given strong approval of the basic idea through a referendum. The ASPC is owned, financed, and directed by these people who own sheep. Delegates and directors are selected in accordance with our democratic principles and these men and women establish policy and employ staff members to put the policy into action.

Since this program began, the industry has faced great problems, suffered substantial reserves, and enjoyed few victories. In spite of circumstances which were anything but favorable, the ASPC has made substantial progress.

Some critics have pointed out mistakes with evident relish, but the directors of the council are human and have used these errors as steppingstones to a better, more efficient operation.

Since the early spring of this year, substantial modifications of the basic council program have been made and results seem most encouraging.

In 1959 industry members were asked whether or not they still approved of the basic plan for promotion through a referendum. Approval was voiced by a larger number of voters and by a larger majority than in the first referendum conducted 4 years earlier. The Secretary of Agriculture has called once more for an expression from the people who pay the bill—sheep owners.

This referendum is scheduled for the period from September 10 through September 21, 1962, and is being conducted by the Agricultural Stabilization and Conservation Service county offices, which are mailing ballots this week to all known woolgrowers. The question is whether or not the membership of this great industry have enough confidence in themselves and their way of life to again step forward and sign our mutual pact of practical cooperation. It is my sincere hope that the program of the ASPC will be continued and that all sheep owners will so express themselves when they vote. Any producer not receiving a ballot should contact his local ASCS office and request one—and vote. By approving this self-help measure, sheep owners have reaffirmed their desire to do their part in improving their industry through the medium of promotion and advertising under section 708 of the National Wool Act.

## Our Senior Citizens

EXTENSION OF REMARKS

OF

### HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. ROUSH. Mr. Speaker, today there are more than 17 million persons over age 65 in the United States. These people are not an abstract statistic. They are individual human beings—people who have fought our two world wars, who stood by America in the depression—people who have given the best years of their lives to make our country great. We cannot allow our elder citizens to be discarded and neglected. Their wisdom and experience can serve the Nation well for years to come. These men and women are a national asset, not a sterile burden. They are still productive and should take a place of honor in our society.

The four great problems of the aged are employment, income, housing, and health. I am proud to be a Member of a Congress and administration which have attacked these problems by operating and perfecting existing programs and seeking to create new ones.

#### EMPLOYMENT OPPORTUNITIES

The great problem in employment is the reluctance on the part of employers to hire older workers. A nationwide program to combat discrimination and to provide direct help in obtaining employment is carried on through the Federal-State employment service system of the Department of Labor. Services include employment counseling, job solicitation, and placement. In fiscal year 1961, 1.1 million older workers were placed in gainful employment by this service.

Also, the Office of Vocational Rehabilitation of Health, Education, and Welfare helps older workers who are disabled to return to work. During fiscal year 1961, 1.204 million workers were rehabilitated in Indiana. Assuming that Indiana is close to the national average, about 30 percent of these workers were over 45.

### INCOME PROTECTION

The second great problem of the elderly is maintenance of income. Because of retirement, the person over 65 is forced to get by on drastically reduced income. The median annual income of couples over 65 is $2,350, compared with $5,314 for couples under 65. But senior citizens are protected from poverty and degradation by the Social Security Act. The Social Security Administration protects the elderly through two programs: Public assistance and old-age survivors, and disability insurance—OASDI.

About one-fourth of the population over 65 are indigent, and qualify for old-age assistance under public assistance. According to the latest available statistics, in June 1962, 24,967 Indiana residents received a total of $1,712,179—an average of $68.58 per person.

But the greatest help to the aged is social insurance provision provided by OASDI. This program pays retirement benefits to older workers and survivor benefits to their widows and dependent children. More than 7 out of 10 Americans over 65 are receiving benefits under this program. In 1961, 452,819 Indiana beneficiaries received $363,515,000 in OASDI payments.

Furthermore, following in Franklin Roosevelt's footsteps, President Kennedy secured the following benefit increases in OASDI from Congress in 1961: The retirement age for men was lowered from 65 to 62. The minimum monthly benefit was raised from $33 to $40. Worktime requirements for fully insured status were liberalized; and widows' benefits were increased.

### ADEQUATE HOUSING

The third problem of the aged is adequate housing. The report to the President of the Federal Council on Aging indicates that twice as many people over 65 live in low-rental housing—$30 a month—than younger people, which means that the quality of their housing is often poor. A remedy to this is now being sought by a number of Federal programs. First, the Public Housing Administration pays grants to local housing authorities in order to subsidize rents of low-cost apartments for the elderly. Under the Kennedy administration, the allowance per room has been raised $500 and single men and women as young as 62 have been extended eligibility. The estimated expenditure for this purpose in fiscal 1962 is $22.5 million. Second, the Community Facilities Administration makes available loans to private corporations or consumers' cooperatives in order to finance medium-cost housing construction for the elderly. The Kennedy administration has raised the loan authorization for this program from $50 million to $125 million. Third, for elderly persons who desire to buy homes but find difficulty because they are considered poor mortgage risks, the Federal Housing Administration has a program of mortgage insurance on liberal terms. The anticipated figure for this program in fiscal 1962 is $60 million.

### HEALTH CARE AND HEALTH CARE COSTS

The fourth and greatest problem confronting our aged is health. At the very time that their income is at a lifetime low, their medical expenses are at a lifetime high. After age 65, 9 out of 10 persons are hospitalized at least once; 2 out of 3 twice or more. And they stay longer. The average stay of the person over 65 is 14.9 days as compared with 7.6 days for the person under 65. According to Health, Education, and Welfare, half of all aged couples have medical costs exceeding $800 per year, and half of all unmarried aged persons have costs exceeding $600 per year. Furthermore, private insurance coverage of the elderly is grossly inadequate. Only 30 percent of persons over 65 have three-fourths of their hospital costs covered, as compared with 54 percent for persons under 65.

These statistics conclusively show that our older citizens are confronted with medical bills far out of proportion to their ability to pay. The American people have gone to a great deal of trouble to insure that our elders live out their well-deserved retirement in peace and prosperity. We have set up a comprehensive social security system and have constantly added new programs and increased benefits. But we have not protected against the costs of illness.

At the present time the only operational program specifically directed toward giving medical aid to the aged is the Kerr-Mills Act. But beneficiaries are limited by a strict means test and only half the States have agreed to participate in the program. Indiana has not yet enrolled.

Therefore, further action is needed. Such action has already been proposed by President Kennedy. It is the medicare or King-Anderson bill. Medicare is a comprehensive medical care plan providing four types of hospital and related services; inpatient hospital services, skilled nursing home services, outpatient hospital diagnostic services, and home health services. Up to 90 days of hospital care and up to 180 days of skilled nursing home care will be provided. While medicare will not pay doctors' bill or surgeons' fees, it will defray the most costly of all the medical expenses which the elderly must face. Finally, it insures the integrity of our medical institutions by expressly forbidding Government interference with hospital operation or the patient's choice of doctor.

### ELDER CITIZENS AND THE ECONOMY

Last year the Federal Government spent over $15 billion in programs for the aged. The figure is expected to rise to $25 billion by 1967. This should make it quite clear that we are moving ahead with programs for our senior citizens.

Every dollar spent is but small recompense for the services these people have rendered to our country, and I assure you that I shall give these programs my continued and vigorous support.

A great portion of this expenditure is a repayment of moneys contributed earlier by the beneficiaries to the social security fund during their productive years. Every dollar spent has a threefold effect. First, it helps the individual live a better and happier life. Second, it serves to bolster the independence of individuals, thus reducing the possibility that they will become a burden on the local and State tax rate; and, third, it allows our older citizens to continue to be an effective force in the economy and not a drag upon it.

### SUMMARY

The Nation is becoming aware of the serious problems confronting the elder citizens. In order to take advantage of the potential contributions this growing segment can make to the future of our Nation, the problems of employment, income protection, adequate housing, and health care must be met. I am happy that so much progress is being made in these vital areas and I pledge my continued support to the forward looking programs which are being presented to meet the needs of our elder citizens.

---

## Over 50,000 Returns Received as Rogers Announces Questionnaire Results

EXTENSION OF REMARKS

OF

## HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. ROGERS of Florida. Mr. Speaker, each year it has been my practice to send out a questionnaire to the people of the Sixth District of Florida asking their views on some of the important issues before the Congress.

At the cutoff date for tabulation this year, 50,213 returns had been received. This is the largest response I have seen to any similar poll. That so many people have taken the time to reply is most gratifying and indicates the great interest and concern of our citizens in the affairs of their Government.

It is my belief that these results give a good cross section of American public opinion. Every part of the country is represented in south Florida today, and these people tend to reflect opinions based on their past experiences and backgrounds elsewhere, as well as new outlooks they have assumed since moving to Florida. The native and longtime Florida resident is also well represented in this tabulation.

The questionnaire is distributed through district newspapers as a public service, and by direct mailing. The full range of citizenry is asked to respond, no mailings are done to any special group. The occupational classifications of those who answer indicate that complete diversification has been achieved.

Because of the importance of the views of so many of our citizens, I insert the results of this questionnaire at this point in the RECORD:

[In percent]

| | Yes | No | No answer |
|---|---|---|---|
| 1. Should the United States reduce foreign aid? | 87.0 | 10.8 | 2.2 |
| 2. Do you favor the Rogers bill to ban all trade with Castro's Cuba? | 96.2 | 2.9 | .9 |
| 3. Do you favor a reduction of transportation taxes? | 74.3 | 21.5 | 4.2 |
| 4. Do you favor U.S. purchase of U.N. bonds? | 29.9 | 63.8 | 6.3 |
| 5. Should a new Federal department of Cabinet rank be created for urban affairs? | 20.1 | 72.7 | 7.2 |
| 6. Do you approve an increased social security tax to provide medical care for the aged? | 47.2 | 50.4 | 2.4 |
| 7. Do you favor Federal aid for— | | | |
| A. School construction? | 42.5 | 55.2 | 2.3 |
| B. Teachers' salaries? | 30.8 | 65.9 | 3.3 |
| 8. Should the United States lower tariffs to compete in the European Common Market? | 60.5 | 31.8 | 7.7 |
| 9. Do you favor my proposal for systematic annual reduction of the national debt? | 93.1 | 3.4 | 3.5 |

---

## A Plan To Reduce Federal Personnel

EXTENSION OF REMARKS

OF

## HON. BEN F. JENSEN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. JENSEN. Mr. Speaker, as nearly everyone present must know by now, I have been strongly and consistently critical of Federal hiring policies. The ever-increasing number of employees fastened onto our ship of state is unconscionable.

Thus in times past I have been successful in amending certain bills to provide that vacancies could be filled only one in four until a certain reduction was reached. This became known as the attrition method of personnel reduction.

Recently I have seriously considered asking the membership of this House to support a successor amendment to my rider of a decade ago. However, I am pleased to note by a recent Washington Post, in Jerry Kluttz' column, that the Civil Service Commission and the Bureau of the Budget are preparing a directive which would require examining agency needs before advancing people automatically into vacancies caused by retirements. This would appear to be a long step in the right direction.

I would like to include herein for the benefit of the House the pertinent excerpt from Jerry Kluttz' column of September 1, 1962, and my letter to Chairman Macy of the Civil Service Commission, complimenting him on this new program.

The article and letter follow:

[From the Washington Post, Sept. 1, 1962]

### DOWNGRADING OF JOBS LEFT VACANT STUDIED BY ADMINISTRATION

(By Jerry Kluttz)

Spurred by Congress, the Kennedy administration is taking a harder line on filling vacancies in Federal agencies. The elimination and downgrading of more vacated job and agency reorganizations has been suggested.

Civil Service Chairman W. Macy told the Senate Appropriations Committee that the "existence of a vacancy should offer the opportunity to determine whether a reorganization of functions and staffing can be accomplished to secure more efficient organization."

Further, he added, "good position classification procedure requires that every job that is vacated be studied to determine whether the existing grade is warranted in the event the position should be refilled."

Macy revealed that the Budget Bureau, on behalf of the President, would send a directive instructing agencies to follow the above practices before filling vacancies.

Senator MAGNUSON, Democrat, of Washington, suggested the use of retirements to either hold down or cut Federal employment. But CSC's Executive Director, Warren Irons, commented that he'd like to see the committee "urge the same kind of review for every vacancy that occurs—not just retirements, but those who resign or leave the service for other reasons."

---

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C., September 4, 1962.*

Hon. JOHN W. MACY, JR.,
*Chairman, Civil Service Commission,*
*Washington, D.C.*

DEAR MR. MACY: In his weekend column in the Washington Post, Jerry Kluttz has reported that your Commission intends to prepare a directive for the Bureau of the Budget to send to all Federal agencies instructing them to observe a stricter procedure in filling vacancies caused by retirements.

Mr. Kluttz further reported that your agency's executive director recommended a study be made before filling a vacancy caused by any reason.

As a sometime author of a personnel reduction amendment tied to the attrition method, I desire to take this opportunity to applaud your efforts along the lines described. I recognize that your plan is not based on my formula, which involved purely numerical reduction to a stated plateau. Nevertheless it is encouraging that a new game of musical chairs is not automatically to be played every time a vacancy occurs, without first examining agency requirements.

If you can bring this off, you will establish yourself as a truly fine public servant.

This proposed directive is a great first step. Next I hope it can be supplemented by arm's length discussions with agency heads and personnel chiefs, to instill in the latter a dedicated approach to trying to make do with the same if not fewer hands.

If the agencies themselves can become imbued with the spirit of turning out their missions with a streamlined force, that will make the formal observance of the directive less onerous. The directive will still be a guide; the execution will have to come from an inner desire on the part of agency officials to cut down on Government costs, rather than increasing them at every turn.

Forgive my harangue, Mr. Chairman. I am delighted to take notice of your efforts. Having my name on the Jensen rider meant nothing to me as such. I would have fought as hard for the amendment had anyone else offered it. So now that your program is outlined it should obviate any legislative edict at this time.

Thank you for indulging me this time to comment.

Sincerely yours,

BEN F. JENSEN.

---

## Labor Day Address by Senator Hartke

EXTENSION OF REMARKS

OF

## HON. PHILIP A. HART

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

*Thursday, September 6, 1962*

Mr. HART. Mr. President, on September 3, 1962, Labor Day, my friend, the junior Senator from Indiana [Mr. HARTKE] delivered a searching message which I feel should be called to the attention of all the distinguished Members of this great deliberative body. Therefore, Mr. President, I ask unanimous consent to have Senator HARTKE's 1962 Labor Day message inserted in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

### ADDRESS BY SENATOR VANCE HARTKE, DEMOCRAT, OF INDIANA, BEFORE LABOR DAY CELEBRATION AT ANDERSON, IND., MONDAY, SEPTEMBER 3, 1962

All of us here are aware of the grave and perilous times in which we live. It is a time of great change, with new nations emerging from the old, and old nations searching for new ideals. For some it is the twilight of an era; for others it is the dawn.

It is also a time in which the world has been divided into two camps—one in which the people have the choice of freedom, the other where the freedom of choice no longer exists.

We are a strong nation. And because we are strong, and because we sincerely believe in the nobility of the individual, we have become the leader in the struggle to see that all men have the freedom to choose how and under what form of government they will live.

Such a role is not an easy one. It carries with it great responsibility. To enslave men's minds is far easier than it is to free them once they have been shackled.

Labor Day is a day of message. A message of the past, today, and the future. We could hear the message of the struggles of labor of the past—or the message of the successes of labor of the past. We could hear the messages of the struggles of labor today or—the message of the success of labor today. We could tell of the message of the coming struggles of labor or of the success which we are confident will come to labor in the days to come.

But the message I want you to hear today is a different one. The message I bring to you is of poverty.

Poverty is no longer necessary.

Poverty must be abolished.

Poverty and its causes must be exposed and eliminated.

Many efforts to end poverty have been made and organized labor deserves the credit for being a leader in this field. But we should not be misunderstood; it is not labor's sole responsibility to end poverty. The ending of poverty is the responsibility of each of us. It will require the joint effort of labor, management, churches, school, and government.

The first step in ending poverty is to be willing to acknowledge that it exists. Some say—whether sincerely or ignorantly, that is for them to say—that we live in abundance; that our farms produce more than we can eat, that our factories produce more than we can use. It is true that America is a land of abundance and this is especially so in contrast to the acute need in many other countries. It is also true that many individuals have more than they can eat each day and more things than they can use. For after all, one big steak is about all a man can hold and a man can drive only one car at a time. But the naked truth is that we in American have many individuals who have insufficient food and are suffering from malnutrition. Similarly many people would use more of the things produced in our factories if they only had the money with which to buy them.

Now it is evident that a man without money and without a job looks for a way out. It is not enough to say that any man that wants a job bad enough can get one. This is a wornout expression which just plain is not so. Possibly when this country was new and undeveloped, some concept that any man can find a job was understandable—but a way for a man to find a job today is much more complex and frequently beyond the reach of an individual's personal desire. And to some even the personal desire has been drilled or killed. We should know by now that a man who is without a job is a social liability. He doesn't support his family and pays no taxes to support his government. A man without a job may not be in poverty; but a man in poverty is almost always a man without a job.

The chief concern must be with those groups which are vulnerable or those who are at a disadvantage. For example those who are marginal workers, the underemployed—that is, those who work for less than a decent living wage—migrant workers, low income farmers, workers in industry without minimum wage laws or labor organizations, young people without a high school education, displaced employees with skills or trades no longer in demand, the overaged and women.

Poverty does not build character. A hungry stomach does not build character. Poor medical attention does not build character. Lack of schooling does not build character. All in all poverty and all that goes with it is the greatest waste in abundant America. It is the waste of man.

For these reasons it is vitally important—not only to the American people but to the entire free world—that a progressive and forward-looking legislative program be laid before the Congress.

Such a program was laid before Congress by President Kennedy in the last two sessions—last year and this. The Democratic leadership in Congress recognized its importance and acted upon it.

This is not to say that we were successful with every bill that was introduced. We weren't. The opposition used every means at their disposal to block much needed legislation in a futile effort to discredit the administration.

These men, who believe that the only advantage of having an open mind is that it can be slammed shut on certain subjects, demonstrated the narrowness of their horizons by voting against every piece of important legislation brought to the floor of either House.

But in spite of all their efforts to divert, demean, and defeat the administration's program, and in spite of their almost fanatical desire to march backward into the 19th century, all they succeeded in doing was to draw attention to their own lack of constructive ideas.

Important legislation was passed in both last year's and this year's sessions. Much of it was required by our expanding economy and the increased cost of living. A prime example is the new minimum wage law which passed in the first session.

As it stands on the books today, this law raises the minimum wage from $1 an hour to $1.25 over a 4-year period. It also increases its benefits to cover 3,600,000 persons who were previously not protected by any form of minimum wage whatever. This was the first expansion of coverage since the law was passed during the early days of the Franklin Roosevelt administration.

Another example is the extension of the Unemployment Compensation Act. In general, the economic situation of the country is good. It is true that there are pockets of unemployment in various parts of the United States, but Congress is aware of this fact and appropriate legislation is being passed to ease these unfortunate situations. And because of the steps already taken, unemployment dropped by 23 percent in the first 18 months of President Kennedy's term in office.

In round figures, this means 1 million fewer persons without jobs than there were a year and a half ago.

For those who still remain unemployed, the Federal Unemployment Compensation Act has been extended for an extra 13 weeks. This brings to 39 the total number of weeks that an unemployed worker may receive benefits. The extension has done a great deal for those hurt by the recession. It is helping them to maintain themselves and their families until new jobs can be found.

There is, however, a more positive approach to the unemployment problem. I am referring to the Manpower Training Act of 1961—one of the most progressive pieces of legislation enacted by the Congress in recent years.

The passage of this bill has made it possible for workers whose skills have become obsolete to receive training in jobs never before open to them. For instance, the coal industry, which has suffered many setbacks in the last decade or so, has been forced to cut back on the number of miners due to automation and the closing down of certain mines.

Each miner who has been laid off knows no other profession. Generally, such a man was raised in a mining community and automatically followed in his father's and grandfather's footsteps. The opportunity to learn another trade was lost in the necessity of earning a living.

The Manpower Training Act makes it possible for these men—and others like them in other fields—to receive training in such things as mechanics, steamfitting, sheetmetal work, or in any one of a dozen related industries.

Believe me, ladies and gentlemen, it is laws such as these—introduced by the President and passed upon by the Senate and the House of Representatives—that boost our economy and make it possible for unemployment to drop in areas hard hit by automation, the migrations of industries, and the general shifts in job opportunities which are natural and normal in a healthy society.

I have mentioned a few of the approaches that government on a national level has made to end poverty. But the end of poverty cannot come from government alone. It cannot come from labor alone. The ending of poverty calls for an expanded and coordinated attack.

But just as business and employment need a healthy climate in which to survive, so does freedom and democracy. No man's mind and soul can be free as long as he is chained to the ignorance and privation of the past. His imprisonment is our imprisonment. And only by setting him free can we ever know freedom ourselves.

We have set about doing this in a manner never before attempted by man. No nation in history has ever before approached the peoples of the world in such unselfish friendship. The formation of the Peace Corps, with its volunteers from every State in the Union and from every walk of life, carry to every corner of the world the idealism and opportunity for which this country is justly proud.

Think of the impact that our young men and women have when they bring their background and skills to the peoples of other nations. This is humanitarianism in its truest form. It is also a major step toward building good will and understanding among the emerging nations of the world.

America has opened new frontiers in extending its abundance and the benefits of a free society to other countries. The forward motion of this frontier is essential to the continued vigor and security of the free world. The precious gift of liberty we enjoy must never be allowed to perish because we lacked vigilance and concern for our fellow man.

It is with this broader vision that President Kennedy presented his program to Congress. Many of the bills introduced were designed specifically to strengthen our alliances with other nations. Others strengthened our Armed Forces and made provisions for an expanded space program.

Since earliest times, man has dreamed of soaring beyond the confines of his planet. Now that dream has become reality. Within the next few years, we will be exploring the moon. A new era has been reached and its horizons are unlimited.

To further the conquest of space, the administration proposed, and the Congress passed, a bill authorizing more than $1.7 billion for our National Aeronautics and Space Administration. Out of this, $1.3 billion was earmarked for research and development. The rest will be used to pay salaries and erect new buildings.

It is impossible to overstate the importance of this race for space. In the last few years we have all seen the tremendous strides that the Soviet Union has made in this area. If we allow our space and missile program to lag at this point—if we don't do everything in our power to stay abreast of the Russians and eventually surpass them—then the race will be lost for good and we will be forced to resign ourselves to taking second place.

This must not happen. It is not simply a matter of pride. Or the desire to see the United States first in everything she does. It is a matter of hard, cold reality. Freedom will be lost the day we lose the ability to defend it. The Soviet Government knows this. We must never forget it.

Nor must we forget that while space is the world of tomorrow, freedom must be defended in the world of today. This can only be done by creating and maintaining a climate that is healthy and in which freedom can grow and mature.

One of the means by which this can be accomplished is through bills aimed at helping friendly nations grow in strength and defend themselves. A large portion of these nations lay to our south, in Central and South America.

This legislation is aimed chiefly at advances in fields which directly affect the lives of Latin Americans.

It is a program devoted to social progress. The effort is to create a social framework within which all the people of a nation can share in the benefits of prosperity and participate in the process of growth.

No country can prosper economically if social progress lets the great majority of the people remain in poverty while a privileged few reap the benefits of rising abundance. The purpose behind this bill is to overcome the barriers of geographical and social isolation, illiteracy, and lack of educational opportunities, as well as archaic tax and land tenure structures. Only by removing these can there be a broad participation in economic growth.

A bill which relates to this, and one which is outstanding in the field of humanitarian legislation, is the creation of the White Fleet Emergency Assistance Act, of which I am a cosponsor.

This resolution was unanimously adopted by the Senate in support of President Kennedy's proposal for a force of mercy ships which will stand ready to rush assistance to disaster areas in any coastal region of the world. It is also designed to carry on a regular program of logistics support in the fields of public health as well as in other areas where technical assistance will be of benefit.

The fleet will be made up of vessels no longer on active service. These ships are currently part of our mothball fleet and as such are serving no useful purpose.

Once reactivated, they will be operated by nonprofit charitable organizations of the United States devoted to providing emergency aid and assistance for the relief of human suffering.

Legislation such as this speaks for itself. Its importance is undeniable.

There are many countries throughout the world that are desperately in need of our help. If we are not willing or able to give it to them, they will have only one direction in which to turn. And if this happens, the disaster will be ours as much as it will be theirs.

For we must never forget that we live in a world in which a totalitarian cult of cynicism is at large. It breeds by sowing its poisonous seeds in the fertile soil of ignorance and poverty. And when some of these seeds take root and grow, it is left to us to reap the bitter harvest.

Because this system exists, and because it was born, reared, and dedicated to a philosophy of world conquest and domination, we are forced to live in an atmosphere of continual confusion and mistrust. The world has become an arena, and the star attractions are doubt and fear.

Dr. John H. Stambaugh, vice chancellor of Vanderbilt University said recently: "The historical cycle of this body politic indicates that man progresses from bondage to spiritual faith, from spiritual faith to courage, from courage to freedom, from freedom to abundance; then comes the waning, from abundance to selfishness, from selfishness to apathy, from apathy to dependence, and from dependency right back into bondage again."

I believe that the experiment in democracy in which we are participating in this country can break this cycle. History need not repeat itself.

But this is the challenge which has been flung in the face of the free world. And if the world is to survive free—indeed, if mankind is to survive at all—then we must be willing to accept the challenge as freemen living in a free society, and with all the advantages that such a society has to offer.

Such tyranny is like a contagious disease—it spreads if it is allowed to go unchecked. But like any other virus, it can be cured if it is caught in time and treated with the right medicine.

In this case, the time to arrest the disease is now. And the medicine to use is an unshakable belief that our cause is just, an honest appreciation of ourselves as a people and as a country, and a determined will to remain masters of our own minds and souls.

The bills which I have outlined to you today were designed specifically with this in mind. Yet they are only a few of the many that were passed by both sessions of Congress during the last year.

They represent, however, important issues and solutions. These, and others like them, will have the greatest impact on our economy and on the stability of our friends abroad.

In a few months, Congress will meet again. A new legislative program will be presented by the President, and there will be old and new problems to solve. Then, just as they are now, the nations of the free world will be looking to us for leadership. If we fail them—if we fail our responsibility to the cause of freedom—we fail ourselves and the beliefs that our fathers and forefathers were willing to give their lives for. We must not let this happen. We dare not let this happen.

---

## Federal Communications Commission Probe of Radio Station WGES—Now Known as KYNR—in Chicago Asked

EXTENSION OF REMARKS

OF

## HON. ROMAN C. PUCINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. PUCINSKI. Mr. Speaker, recently the McLendon Corp. acquired ownership of radio station WGES in Chicago and, despite assurances to the Federal Communications Commission to the contrary in its application for assignment of license, the McLendon Corp. promptly dropped all of its foreign language programs including German, Italian, Polish, Swedish, Hungarian, Slovak, and Spanish programs.

This action was taken by the new management 5 days after the assignment of license became effective on August 8, 1962.

I believe this wanton disregard of representations to the FCC by a licensee should be of concern to all Members of Congress because it involves the fundamental question of how much credence can be placed on testimony presented under oath to a Federal regulatory body.

On October 13, 1961, the McLendon Corp. petitioned the FCC for assignment of the WGES license issued in 1959 to radio station WGES, Inc., controlled by John A. Dyer and associates. The McLendon Corp. purchased the station for $2 million.

In its transfer application dated October 13, 1961—file No. BAL-4363—the McLendon Corp. stated in part as follows:

> The Commission's records will reflect that the programing of WGES has been essentially the same for several decades. The cosmopolitan complex of Chicago makes it obvious that there is a need for the type of specialized programing that the station has done in the past. As is indicated in the reply to paragraph 12 of section IV of this application, the assignee intends to retain the present personnel of the station in order to be assured that there will be continuity in the programing.

Attached to this transfer application was a program schedule which listed a whole series of foreign language programs which were at the time being carried by WGES.

Despite these assurances that the new owner would not eliminate the foreign language broadcasts and despite the McLendon Corp.'s claim that the license should be renewed so that these foreign language programs could continue serving public necessity and convenience in the Chicago area, on August 13, 1962, 5 days after the assignment became effective, the McLendon Corp. advised all of its foreign language broadcasters that they would be removed from the station effective August 28, 1962. This has been done.

The McLendon Corp. stated it would devote its entire 24-hour-a-day broadcasting operation to programs designed exclusively to serve the needs of Chicago's Negro community.

This abrupt departure from the original program schedule filed with the FCC in the application for assignment by the McLendon Corp. was called to my attention by many of my constituents who have learned to rely on these foreign language programs for news and entertainment during the past 30 years of continuous broadcasting over station WGES.

Recalling that Newton Minow, Chairman of the Federal Communications Commission, has stated repeatedly that while the FCC will not engage in any form of censorship of programing, the FCC would require strict compliance with program schedules filed with renewal application for radio licenses, I immediately protested to the Federal Communications Commission this major departure of the McLendon Corp. from its original application.

I was joined in this protest by others, including William Klein, conductor of the "Germania Hour," Chicago's oldest foreign language program, listened to daily by hundreds of thousands of Americans of German descent in the Chicago metropolitan area.

As a result of these protests, the FCC, through its Acting Secretary Ben F. Waple, sent the McLendon Corp., in Chicago, the following letter on August 21, 1962:

> The McLendon Corp.,
> *Radio Station WGES,*
> *2708 West Washington Boulevard,*
> *Chicago, Ill.*
>
> Gentlemen: On June 13, 1962, the Commission approved your application (BAL-4363) for assignment of license of station WGES, and the assignment became effective on August 8, 1962. The assignment was approved in part upon the representations made in the application, and particularly in exhibit G thereof, that the long-existing specialized programing format, including foreign language broadcasts, would be continued.
>
> The Commission has now been advised that shortly after you assumed operation of station WGES, employees were advised that effective August 28, 1962, all foreign language broadcasts were to be discontinued. In view of the representations made in the application, it is requested that within 10 days from the date of this letter you advise whether the Commission's information as to a planned discontinuance of foreign lan-

guage broadcasts is correct and, if so, when and on what basis the decision was made.

Very truly yours,

BEN F. WAPLE,
*Acting Secretary.*

On August 24, 1962, the Federal Communications Commission sent the McLendon Corp. the following telegram:

The McLENDON CORP.,
*Radio Station WGES,*
*Chicago, Ill.:*

Your immediate comments requested on following complaint received from William D. Saltiel, counsel for the Germania House: "My client has received notice of cancellation of its program to be effective August 25, 1962. A news release by McLendon Corp. of August 23, 1961, gave assurance to my client and other foreign language programs that no changes would take place after it received FCC approval of the transfer of license. Gordon McLendon, president of the corporation, stated in this release: 'A radio station is licensed in the public interest, convenience, and necessity, and we never change station programing as long as it is established that such programing is the best way to utilize facilities to serve the public needs and tastes.'

" 'WGES has for over 25 years presented programs given by minority groups, German, Italian, Polish, and Negro, as well as other and smaller nationality segments,' said Mr. McLendon. Upon this assurance my client did not protest the transfer of the franchise and license, nor did other programers. We are now faced with cancellation next Saturday."

BEN F. WAPLE,
*Acting Secretary, Federal Communications Commission.*

This telegram had reference to the following press release issued by the McLendon Corp. in Chicago on August 23, 1961, shortly before it filed its formal application for assignment of license issued to station WGES:

THE McLENDON CORP.,
*August 23, 1961.*

DALLAS—The McLendon Corp. of Dallas, which has purchased radio station WGES, announced today that upon FCC approval of the transfer, it plans no changes in the programing of that station.

WGES is presently programing toward minority groups in Chicago—Negro and also German, Italian, Polish, as well as other and smaller nationality segments.

"A radio station is licensed in the public interest, convenience, and necessity," Gordon McLendon, president of the corporation, said, "and we never change a station's programing as long as it is established that such programing is the best way to utilize that facility to serve the public needs and tastes."

On August 28, 1962, the McLendon Corp. sent the FCC a very long letter with numerous exhibits as its reply to the two FCC communications. In this lengthy reply, the McLendon Corp. attempts to justify its abrupt shift in policy by claiming that several other stations in Chicago carry foreign language programs while not a single station carries programs exclusively designed for Chicago's large Negro community.

I am at a loss to understand what the McLendon Corp. means by "exclusive Negro programing," but this is a decision that one would quite properly leave to the judgment of the broadcaster. That is not the issue in this case. There is only one issue here: How much credence can be placed on the veracity of statements made before the Federal Communications Commission in applications for a broadcast license?

Mr. Speaker, following is the reply I submitted to the Federal Communications Commission, at the Commission's invitation, in behalf of those of my constituents who suffered an irreparable personal loss when their favorite foreign language programs were dropped by station WGES, which has since been renamed by the McLendon Corp. as station WYNR:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C., August 31, 1962.*

Mr. BEN F. WAPLE,
*Acting Secretary, Federal Communications Commission, Washington, D.C.*

DEAR MR. WAPLE: Thank you very much for your letter of August 29, in which you were kind enough to furnish me with a copy of the response forwarded to the Federal Communications Commission by the McLendon Corp. as its answer to the Commission's original inquiry regarding discontinuation of foreign language broadcasts by radio station WGES (now WYNR).

In taking advantage of your kind invitation to comment on the McLendon response, permit me to advise you that I feel more convinced than ever that the Commission should reopen this entire case and compel the McLendon interests to show cause why the license obtained for radio station WGES (now WYNR) should not be revoked.

In their voluminous effort to justify the abrupt change in policy, which is completely contrary to the applications they originally filed with the FCC when the renewal and assignment of license was pending, the McLendon interests make out an excellent case on just how little value can be placed on sworn statements filed with the FCC.

The McLendon interests have introduced a whole series of collateral arguments which I submit have nothing to do with the issue before the Commission.

It is my contention that this matter deserves a thorough study, with hearings under oath, by the Commission so that we can ascertain how much credence does any regulatory body have a right to place on sworn statements filed with that body. This is the only issue as far as I am concerned.

If, indeed, the public interest can be served by having the licensee drop all foreign language programs and devote the entire broadcasting schedule to programs directed to the Negro community, this conclusion was just as apparent to the McLendon interests when they filed their original brief as it is today.

The McLendon interests had until August 8, 1962 when the assignment of license became finally consummated, to amend their original petition. It is quite apparent to me from their exhibit E, which purports to be a letter written by Mr. Gordon McLendon to Dr. John A. Dyer, that the McLendon interests did not want to disclose their plans for abandoning the foreign language programs until the ink was dry on the assignment.

While I do not have a copy of Dr. Dyer's letter of August 22, 1961, to Mr. McLendon, it is quite apparent from Mr. McLendon's reply of August 23, 1961, that Dr. Dyer, the potential seller of this license, was deeply concerned about the abandonment of foreign language programs on station WGES. It would appear to me that the Commission in its searching investigation should obtain the article in Billboard Music Week, referred to in Mr. McLendon's letter to Dr. Dyer, and also the release by All-State Records. If necessary, the authors of these articles should be subpenaed by the Commission because it is my firm belief that the Commission will find evidence indicating that the McLendon interests were already planning in 1961 to abandon foreign language programs on station WGES in the face of their sworn assurances to the Commission that no such action would be taken.

It is my understanding that Dr. Dyer would be perfectly willing to testify under oath before the Commission as to the evidence which led to his concern over this drastic change in programing on WGES.

The McLendon interests alleged in their reply that they dropped these foreign language programs because the broadcasters were following a "brokering" policy, which is contrary to the policy established by the McLendon Corp. Their brief is notably silent on any efforts or suggestion that the McLendon interests made to these foreign language broadcasters that such "brokering" policy would be abandoned by the new management, nor is there anything in this brief to indicate that an offer was made to the foreign broadcasters to become salaried employees of the new management. As a matter of fact, this brief is conspicuously silent about one Paul Miczko, a Polish language news commentator, who was in fact a salaried employee of radio station WGES and whose broadcasts were eliminated along with all the other foreign language programs.

I have discussed this matter with the foreign-language broadcasters, and they all advise me, and are prepared to testify under oath, that the station made no effort to alter its relationship with these foreign-language broadcasters consistent with the McLendon Corp.'s policy of nonbrokerage.

The McLendon Corp. alleges that there are seven radio stations which serve the Chicago metropolitan area and which "broadcast either exclusively in foreign language or devote a major portion of their broadcasts to such programs." The Commission's records can show the fallacy of this allegation.

The seven stations listed by the McLendon Corp. are radio stations WSBC, WCRW, WEDC, WOPA, WHFC, WEAW, and WJOB. The Commission's records will show that stations WSBC, WCRW, and WEDG share the same wavelength; and when one station is on the air, the other stations are off the air.

I am not aware of any foreign language programs on WCRW. By listing these three stations individually, it is apparent that the same attitude expressed in the original application for renewal and assignment of this license continues even to this late date.

Radio station WOPA is located in Oak Park and has a very limited range in Chicago. WHFC is in Cicero and, similarly, has a limited reception in Metropolitan Chicago. WEAW is located in Evanston, and to the best of my knowledge carries some foreign language programs only on Sunday.

WJOB is located in Hammond, and during my 30 years of observing foreign language broadcasts in Chicago, I have never been able to hear this station in Chicago, even though I am acquainted with the broadcasters on this station and frequently have wanted to hear their programs.

This allegation raises a serious question about the credibility of the McLendon interests' reply.

The McLendon Corp. alleges that during the year in which this entire matter was pending before the Commission, it had conducted studies to determine how best the station could serve the public interest. But it is most significant that a final decision had not been made until sometime after August 8 to abandon the foreign language programs—significant because August 8 is the day after which no further action could have been taken either by Dr. Dyer, the seller, the broadcasters, or perhaps even the Federal Communications Commission itself.

I submit that by waiting until after August 8 before a decision was made, the McLendon interests have denied both Dr. Dyer and the foreign language broadcasters their right to due process before the Commission, and I refuse to accept the theory that this decision being made after August 8 is merely coincidental. Certainly it is the responsibility of the FCC to exhaust all avenues of investigation on this particular point.

The McLendon Corp. submits seven photostatic copies of the questionnaire which this corporation sent out to prominent people in Chicago inquiring about the type of programing they would prefer for WGES. Accepting these exhibits at face value, I should like to call the Commission's attention to the fact that six out of the seven people who replied to this questionnaire in this exhibit significantly indicated they would prefer ethnic music directed at distinct groups of varying cultures: Negro, Polish, Spanish, Greek, Slavic, etc.

This would indicate to me that the prominent Negro leaders of the community in Chicago themselves approve of continuing foreign language programs in addition to the Negro broadcasting on the station.

The McLendon Corp. also submits a series of memorandums on meetings that Mr. J. Schatz had with various people in Chicago relative to the station's consideration of devoting the entire broadcast period to Negro-oriented operations. I have been unable to find a single memorandum of any discussion that Mr. Schatz might have had with leaders of other ethnic groups in Chicago to determine how WGES could serve the public interest with their cooperation.

It is patently clear from these memorandums that the McLendon Corp. had made up its mind to try to corner the Negro market in Chicago and then set out to prove its point.

It is my earnest hope that the Commission will reject such tactics.

It is entirely possible that the best interests of the Negro community in Chicago can be served by a station devoting all of its broadcast hours to Negro-oriented programs. This is a decision which I would leave to any broadcaster in Chicago, for certainly I would find repugnant any effort by anyone, including myself, to try to impose my views on the judgment of a broadcaster or engage in any form of censorship; but I submit this is not the issue in this case. The issue here is whether or not this license was obtained through deceit and whether or not the American people have a right to place any credibility on sworn statements filed with the Federal Communications Commission or any other regulatory body.

To permit this matter to go unchallenged would be to acquiesce in making a mockery of proceedings before the Federal Communications Commission.

For this reason and many other which I will be very happy to develop before the Commission if this entire matter is reopened, I do hope that the FCC will issue a show cause order on the McLendon Corp.

Sincerely yours,

ROMAN C. PUCINSKI,
*Member of Congress.*

## Social Security: A Proposal for Action

EXTENSION OF REMARKS

OF

## HON. JOHN B. BENNETT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. BENNETT of Michigan. Mr. Speaker, ever since it has been my privilege to serve in the Congress, representing the 12th Congressional District of Michigan, I have been greatly concerned about improving our Federal social security system. My aim has always been to improve and strengthen it, to make the system more meaningful for the 17 million beneficiaries now on the rolls and the untold millions of people who will henceforth become eligible for retirement, disability, and survivor benefits. Now and then improvements have been made in this law but I have repeatedly maintained that the law is still not adequate to meet the pressing needs of the retired, the disabled, the widows, and the orphans. I have proposed several helpful changes in the system, some of which were accepted and are now incorporated into the social security system. However, some very important proposals are still awaiting action by the Congress. I trust that action can be taken before the Congress adjourns.

Our elder citizens are faced with difficult problems with respect to health, finances, housing, and employment. They have the usual diseases associated with age, diseases which are long in duration and frequently require expensive medical care in hospitals and nursing homes. By and large, they do not have the income to pay for such care. The census data for the year 1960 show that 53 percent of persons aged 65 and over had less than $1,000 annual cash income. Another 24 percent had an annual cash income ranging between $1,000 and $2,000, so that 77 percent of our aged population had less than $2,000 annual income.

Early this year, approximately 17 million individuals were receiving benefits under the old-age, survivors, and disability insurance program. The amount of benefits paid to these beneficiaries in 1961 amounted to $12.7 billion. Expenditures under this program will continue to grow because of the growth in the labor force, the higher benefit rates to which people come on the benefit rolls, and because of the disability benefit provision under the 1956 amendments. Furthermore, the proportion of older people in our population is increasing and when the insurance program has been in operation for a longer period of time, more individuals will reach retirement age each year and will qualify for these benefits.

There are many retired people today in every State of this Union whose social security pensions are so small they must seek assistance from various welfare and charitable organizations to maintain the barest type of existence. No sound reason has been advanced for permitting this lamentable situation to continue any longer.

There are those who argue that we cannot afford to increase social security pensions and liberalize other benefits because of the great cost. But I feel certain most working men and women throughout the country would be willing to absorb a part of this cost if they were assured they would receive a pension at the time of retirement which would enable them to live decently and comfortably without other assistance.

We have been very generous in our aid to foreign countries to enable them to improve their economies and provide better living conditions for their people. We can ill afford to neglect those at home to whom we owe our first and primary duty.

Basically our social security system is one of the soundest in the world. It is consistent with our free enterprise system where the worker, the employer, and the Government all join together in contributing to a plan which will assure a high standard of living for those who are no longer able to pursue gainful employment. Congress has made many improvements in this basic law since it was first adopted some 27 years ago. But the program cannot stand still. It must be geared to changes in our economic growth and progress in order to meet constantly changing conditions and particularly to keep pace with increased costs of living.

It is all very well to discuss the matter and present theories for a solution—but this is a slow and tedious process. The time has come when we must do something practical about the problem.

Our social security system is based on the sound principle that workers and their employers should contribute a share of earnings each year during their working life toward a source of income when they can no longer work. It recognizes that, for most American families the paycheck represents a place to live, adequate food and clothing, and necessary medical care. When that paycheck stops—because of death, retirement, or disability—the social security benefit indeed becomes the difference between a life of dignity and self-respect and one of humiliating destitution.

Because I am concerned with maintaining a sound and fair social security system, I introduced H.R. 11390, providing principally for hospital, nursing home, and surgical services to all those eligible for old-age and survivors insurance benefits, facilitating retirement at an earlier age, and increasing benefits. This bill is similar to the one I introduced in the two previous Congresses. My bill has seven principal points which I now wish to explain.

First. Add a new program which will provide for the cost of hospitalization, surgery, and nursing home care for the retired worker, his wife or widow, when they have reached retirement age, or at any age for a worker retired on disability, providing his gross income did not exceed $2,400 for a single individual and $3,600 for a couple.

Second. Reduce the retirement age to 62 for men and to 60 for women, paying full benefits at these ages, thus eliminating the present reduced benefits for those who elect to apply at age 62.

Third. Widows who have remained at home to care for their minor children and who presently become ineligible for a mother's benefit after the children have reached the age of 18 years, would become eligible at age 50—now 62—so that they can qualify for benefits at an earlier age.

Fourth. Raise the minimum benefit from $40 to $75 to help reduce the need for supplementation of social security benefits through the "needs test" public assistance program.

Fifth. Increase present benefits generally by 5 percent. The new maximum benefit would be $155.40 but this would not become effective for several years to come because a person would have to have an average monthly wage of approximately $500 to receive the maximum benefit.

Sixth. Raise the wage base for tax and benefit purposes from $4,800 to $6,000 per year.

Seventh. Liberalize the definition of total and permanent disability and the qualifying period in present law so more people can qualify for benefits under this program.

### 1. MEDICAL, NURSING, AND HOSPITAL CARE

One of the most important features of my bill is a provision for medical, nursing, and hospital care for those people who are on the social security retirement rolls.

The rising cost of medical care, and particularly hospital care, over the past decade has been felt by everyone, but especially by older people. They have larger than average medical needs. As a group, they use approximately 2½ times as much hospital care as the average for persons under 65 years of age, and many have special needs for long-term institutional care. Their incomes are generally much lower than those of the working population, and in many cases are either fixed or declining in amount. They have less opportunity than employed persons to spread the cost of medical and hospital care through health insurance. A large number of our older citizens must, therefore, turn to public assistance for payment of their medical and hospital bills. It is imperative that a satisfactory solution to this pressing problem be found.

My bill recognizes the inability of numerous retired people to pay out of meager pensions which are now available to them for the cost of medical care associated with hospitalization. My plan would pay the cost of hospital care and surgical services provided in the hospital up to 60 days for people eligible for social security benefits. If further care in a nursing home is indicated by the physician, additional costs up to 120 days of combined hospital and nursing home care would be provided.

The method of confining payments to those hospital services where cost schedules have already been tested by Blue Cross plans, also preserves the professional independence of doctors. It is designed simply to provide a form of insurance protection for those people on social security whose income is so limited that they cannot afford to pay the premiums for this kind of prepaid care.

We must make this forward step because I am convinced our older people are not getting their share of the modern but increasingly costly miracles of medical care. The high cost of medical care is felt more acutely by older people, moreover, because their illnesses are usually of longer duration.

According to the most recent nationwide survey of medical needs and costs, conducted for the Health Information Foundation in 1957–58, the average annual cost for private care for people 65 and over was $177 as compared with $86 a year for persons under age 65, or more than double. If public and philanthropic expenditures are added to the private costs of medical care for the aged, the per capita average cost would now be more than $290 per year or a total of almost $5 billion.

The wider application of preventive measures which we are setting today will lead to less infirmity in older years in the future. This is one of the reasons why I am not persuaded by the argument sometimes presented that my proposal would lead eventually to excessive medical costs. Another is that I am confident the doctors of this country are competent enough, and honest enough, to insure against any abuse of this provision.

While progress is underway toward the goal of providing better voluntary prepayment coverage for older people, the fact still remains that although 71 percent of our people under 65 have some form of prepayment insurance, only 46 percent of people 65 and over are now insured. Moreover, among these older people, the proportion with insurance declines with advancing age so that fewer than one-third are insured among those aged 75 and over.

Many older people are without adequate medical care protection not because of negligence. It is simply because it is not available to them at a price they can pay, or they had been refused insurance, or had it canceled. Thus, my plan is designed specifically to meet the medical care needs of people with a low retirement income who would otherwise be self-sufficient. We will not only be preserving individual self-respect, but we will also be helping hospitals to meet the mounting costs of providing the best kind of medical care for people who cannot now afford it.

### 2. REDUCTION OF RETIREMENT AGE

My second change—a reduction of the retirement age to 62 for men and 60 for women without a reduction in benefits—is also one of the most important features of my bill. It will reach down to provide social security benefits for millions of men and women today who have been arbitrarily retired from their jobs and must now wait months and often years, a period during which savings are depleted, assets are liquidated, and often charity must be solicited from friends, relatives, or public funds, until they can qualify for their social security benefits. For the truth of the matter is that, even under the present law, less than 10 percent retire voluntarily to qualify for social security benefits. Most people retire because of company retirement provisions or because of ill health.

Too often the eligibility age for social security is confused with a compulsory retirement age. Yet, 27 years of experience with the system has shown us that the man or woman who is able to work beyond retirement age—and is allowed to work beyond that age—will almost invariably continue on the job. The fact that the average social security benefit for the retired worker today at age 65 is $77 a month is one understandable incentive.

Another compelling reason for lowering the retirement age is the tragic fact that older workers, who are the special victims of plant relocations and retooling operations, find it almost impossible to secure new jobs or the opportunity to develop new and marketable skills. It is an anomaly of our times that the new machines which add so greatly to our productivity as a nation are viewed with fear and apprehension by older men and women who, after a long working life, find their jobs threatened by the age of electronics. One necessary way of adjusting to this fact is by lowering the floor for eligibility so that the displaced workers of our modern productive plant can begin to receive benefits at an earlier age if they have been forcibly retired before they are 65.

### 3. ELIGIBILITY OF WIDOWED MOTHERS

My third proposal—to make widowed mothers eligible at age 50, instead of requiring them to wait until they are 62 as in present law—will round out the purpose of the 1939 amendments which took special account of the fact that the widows and orphans of workers who die prematurely are entitled to protection against wage loss caused by the death of the family breadwinner. Under this provision each child was made eligible for a benefit during his minority and the widowed mother received her own benefit until her youngest child reached the age of 18. The purpose of the amendment was to make it possible for the widowed mother to remain in the home and care for her children—in the same way she would have done had her husband not died—by providing social security benefits in lieu of his wages. This is, indeed, a laudable purpose and one which I heartily endorse. But it does not go far enough. Too often, I am afraid, the cancellation of the benefit check because the children are grown works a cruel hardship on the mother who, having raised her family, finds herself, in middle age, thrown off the social security rolls. At the end of the year 1958, approximately 40 percent of the women receiving mother's benefits were between the ages of 40 and 50. After age 50, as could be expected, the number of eligible mothers tapered off abruptly.

My proposal would accomplish two purposes:

First. For those mothers who are 50 or over when the youngest child reaches 18, the benefit would be continued for the rest of their lives.

Second. For those mothers who are younger than 50, when the youngest child reaches 18, the waiting period for benefits would be cut by 12 years because they would be eligible for benefits at age 50 instead of at age 62.

Mr. Speaker, I submit that all evidence shows that it is extremely difficult for women without work experience to find a job after 50. Approximately half of the women age 45 to 54 are in the labor force today and of those who have jobs, the great majority are in the low-pay service jobs in private households, business establishments, and industry. Therefore, this change is of the most urgent importance.

### 4. INCREASE MINIMUM BENEFIT

The fourth improvement I propose would increase the amount of the present minimum benefit from $40 to $75 per month—a change which would be of particular importance to those people who can qualify for social security only on the basis of low wages—especially domestic workers and those agricultural workers who do day work. Obviously, the present minimum benefits of $40 a month, cannot even be described as a subsistence income in our high-cost economy of today, yet about 10 percent of the people now receiving social security benefits receive this minimum amount. Because this benefit is so low, it is necessary for the public assistance agencies to supplement these social security benefits to bring them up to the barest minimum required for existence.

### 5. CHANGING BENEFIT FORMULA

The fifth provision would make a related increase in benefits for all people now receiving benefits and those who will apply for them in the future.

As I have previously stated, the minimum under my proposal would be $75, or an 87 percent increase over the present minimum of $40. This percentage would gradually decrease until those who are now receiving approximately $71.50 and over would receive a 5-percent increase. Moreover, since my bill would credit earnings up to $500 a month—instead of $400 under present law—the maximum old-age benefit which eventually could be paid when the new $6,000 annual wage base goes into full effect would be $155.40 per month instead of the present maximum of $127.

This revision in the benefit formula recognizes the fact that social security benefits must reflect the increases that have taken place in the cost of living. I am sure I do not need to emphasize the fact that a cost-of-living adjustment is urgently needed by our older people. For they are the special victims of the sharp rise in the price of meat, and milk, and medical care. They are trying to exist on a fixed income which buys less and less with each passing day.

### 6. INCREASE IN SOCIAL SECURITY WAGE BASE

The sixth change proposed in the system is to bring the social security wage base, for benefit and tax purposes, more closely in line with modern price and wage levels. The original wage base of $3,000 covered the full earnings of 97 percent of all workers in covered employment in 1939. For the wage base of $4,200 the figure was only 72 percent, and for the present wage base of $4,800, the figure is 75 percent. Of men with earnings during the whole year, only 47 percent have all their earnings covered under the present ceiling of $4,800. Thus, for a majority of men who are regularly employed, the present ceiling puts a dead stop to further benefit increases no matter how much their earnings rise. Under my proposed $6,000 wage base, 90 percent will have their entire wages covered.

### 7. LIBERALIZATION OF PERMANENT AND TOTAL DISABILITY

My seventh proposal would establish a more liberal definition of permanent and total disability for the benefits which were authorized by the 1956 amendments and modify the stringent length of service requirements. These more realistic provisions would not only apply to the benefits payable to people aged 50 and over, but also to the disability freeze which applies to workers at any age.

I presume that every Member of Congress has received mail from people who have considered themselves qualified for these payments but have been rejected by the Social Security Administration. The definition of disability in the law is strict and it is even more strictly administered.

This conclusion seems to be borne out by the facts. In September 1956, right after the act was passed, it was estimated that about 400,000 people would qualify the first year. The President's budget message in January 1957 dropped the figure to 380,000 and later in the year the bureau of old-age and survivors insurance issued a revised estimate of 275,000. Actually as of June 1961 some 558,000 disability beneficiaries were on the rolls.

The change I propose would modify the requirement in present law that the disabled person must be unable to engage in any substantial gainful activity by stating that he must be unable to engage in a substantial gainful activity which is the same or similar to the occupation or employment last performed by him on a regular basis before the onset of such impairment. This latter terminology is closer to what Congress really intended in passing the 1956 amendments and will insure administration of the act in a way that will give the American worker real protection against crippling injury or disease.

My bill will also reduce the quite stringent requirements, that an individual to qualify, must have 20 out of the last 40 quarters of coverage before he is disabled. I propose that this period be reduced to 15 out of the last 30 quarters. Such a revision, I believe, will take care of some of the tragic cases of middle-age workers who are incapacitated in the early years of their coverage under this system.

In conclusion, let me say that we must keep our social security system up to date because we believe in the inherent dignity and worth of each individual.

If the welfare and security of our social security beneficiaries is to be properly protected, the Congress must no longer postpone action on these vital matters. My bill embodies the much-needed changes presently required in our social security program. I sincerely hope the Members of this Congress will enact this program into law.

---

## National Airlines Marks Fourth Anniversary of First U.S. Jet Flight, New York to Miami

EXTENSION OF REMARKS

OF

### HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. FASCELL. Mr. Speaker, 4 years ago—on December 10, 1958, at 9:30 in the morning, a giant Boeing 707 jet aircraft roared skyward from New York International Airport inaugurating domestic jet flight service in the United States.

That aircraft carried the blue star of National Airlines, the "Airline of the Stars," and winged south to its destination and home base of Miami, Fla.

Jet Flight No. 1, which was the plane's official designation, carried 111 passengers, 14,000 pieces of first-flight mail and 56 first-jet-flight air express shipments.

The flight was under the command of Capt. Roger B. Whitaker, pilot; with George E. Caviani, copilot, and Rozal "Roy" Strong, as flight engineer. The stewardesses on this historic flight to the Sunshine State were Esther Arango, Anita Philip, Lee Haddock, and Sally Brenner. It is a standing testimony that all of the crew members are still employees of National Airlines with the exception of Stewardess Brenner, and she only strayed far enough to marry a National captain.

Captains Whitaker and Caviani and Flight Engineer Strong are still flying DC-8's out of Miami, Fla. Stewardess Arango, who is married to Michael Daugherty, of Miami, works as a stewardess line supervisor. Stewardesses Haddock and Philip are with the line based at New York.

The passenger list of jet flight No. 1, which included a party of 60 persons going to colorful Tropical Park at Miami, contained the names of many distinguished newspaper, radio, television, racing, and industry leaders and personages. These first jetters were Harry Robinson, Mrs. Harry Robinson, Mrs. Herman E. Robinson, Gombos Zolton, Mrs. Lenke Billings, Thomas R. Lloyd, Paul Benson, Al Captstaff, Mrs. Captstaff, Harold Weissmann, Mrs. H. Weissman, Herb Kamm, Mrs. Herb Kamm, Bill Slocum, Milt Gross, Mrs. Milt Gross, Ted Smits, Mrs. Ted Smits, James Colt, Lou O'Neil, Robert Sylvester, Robert Clyton, Mike Lee, Saul Rosen, Frank Graham, Mrs. Frank Graham, Saul Silberman, R. B. Gautier, Joseph Weintraub, Mrs. Mel Robinson, Wm. C. Gaither, H. A. Johes, Clure Mosher, Charles Sheehan, Steve Ellis, Mrs. S. Ellis, John Kelly, Sr., Sonny Werblin, Phi Iselin, Mrs. Phil Iselin, Towsend B. Martin, J. Samuel Perlman, Dan Kelly, Mrs. Dan Kelly, Charles Sabatini, Mrs. Charles Sabatini, Mrs. Sonny Werblin, Joseph Tyroler, Mrs. J. Tyroler, Marshall Cassidy, James A. Barnes, Wesley H. Newhouse, James Edwards, Mrs. James Edwards, Frank Stevens, Robert Considine, Mrs. Robert Considine, J. J. Anderson, Mrs. J. J. Anderson, Richard Mulligan, C. Beard, R. J. Brown, Gasner, Gasner, Havas, C. Lewis, W. Carter, Irving Kahn, Chase, R. McKeken, J. Carter, S. Saffon, Harry Rudkin, M. Somach, Mrs. M. Somach, Hood Bassett, Mrs. H. Bassett, Howard Cummings, Mrs. H. Cummings, J. Brady, Mrs. J. Brady, Miss Hazel Kemp, Miss Ida Purcell, Mrs. I. Kahn, Russ Sabor, Warren Freeman, Carl Erbe, Mrs. Harry Rudkin, I. Coleman, A. Farr, R. Stritch, Dave Levenson, M. Clark, Ralph Wilson, B. Cotter, David Knopt, Thomson Schea, Mrs. T. Schea, B. Slutsky, Kenneth Strayer, John Fox, G. Haydu, J. Dunn, S. Connor, Mrs. S. Connor, C. Yeagen, Mrs. C. Yeagen, Rocchi, and Mrs. Rocchi.

National Airlines personnel took this first jet flight as simply another natural step in the progress of their company—for National is an airline of many outstanding firsts in the aviation industry.

Among these are such records as: First airline to fly four-engined aircraft between Miami and New York; first airline to fly nonstop schedules between Miami and New York; first airline to schedule nonstop flights between New York and Havana; first airline to equip its entire four-engined fleet with radar; first airline with DC-6's; first with scheduled nonstop flights between Florida and Houston; first with package vacations, both summer and winter; first with low-cost day and night coach service on the east coast; first with scheduled nonstop flights between Florida and California; first domestic trunkline to provide coach service to every city in its system.

National Airlines was born in St. Petersburg, Fla., when the airline was founded by G. T. "Ted" Baker with the award of a Government contract to fly the mails on a 146-mile route form St. Petersburg to Daytona Beach, via Tampa, Lakeland, and Orlando, in 1934. The entire fleet of the infant airline consisted of two 4-passenger Ryan monoplanes, the same type of plane that Colonel Lindbergh flew across the Atlantic. During the first year of operation, the National Airlines System carried 387 paying passengers, 24,000 pounds of mail and 2,000 pounds of air express.

The small airline expanded rapidly. In 1936 the single-engine Ryans gave way to trimotored Stinsons, and in 1937 National purchased the first of three Lockheed Electras—high performance, 10-passenger, all-metal transports.

On July 8, 1937, National Airlines System became National Airlines, Inc., with incorporation under the laws of Florida. National Airlines is still a Florida corporation.

The route system was extended on July 15, 1937, to Miami from Tampa. In the following year, National was the successful bidder for the airmail route from Jacksonville to New Orleans, and in November 1938, inaugurated service on that route.

The U.S. Congress passed the Civil Aeronautics Act of 1938, which created the Civil Aeronautics Board, and in March 1939, National was issued its original certificate of convenience and necessity authorizing the carriage of mail, passengers, and property over its system.

The airline received the first of its 14-passenger Lockheed Lodestars in November 1940. During its delivery the plane set a transcontinental record of 9 hours and 29 minutes, which held for more than 15 years.

In 1944, the young airline moved into the bigtime with a CAB award of the route from Miami to New York via major east coast cities. It was at the same time that National extended south to Key West, Fla., the southernmost city in the continental United States.

The first scheduled nonstop flight between Miami and New York was made by National on February 14, 1946, in one of the airlines new DC-4's. This flight also established the overwater route that is still used today between these cities.

National moved its headquarters from St. Petersburg to Jacksonville, Fla., in 1940 and in mid-1946 established the main operating base and headquarters at their present location in Miami. It was during this year that National moved into foreign service with a route extension to Havana, Cuba, a flight that is unfortunately temporarily suspended at this time.

National Airlines placed the first all-new, postwar airplane, the DC-6, in service between Miami and New York, in July, 1947, and inaugurated all-cargo service with twin-engine C-46's in 1948.

The famed "millionaire's vacation on a piggy bank budget," National's summer package vacation plan, was launched in 1949 along with low-cost, air-coach service. This pioneering by National is credited with extending the vacation period of Florida to the full year's length, instead of just the winter season, and the success of the National Airlines campaign has contributed greatly to the stability of the Florida resort area.

National extended its potential passenger market in 1951 by means of several interchange agreements with American and Delta providing service between Miami, Los Angeles, and San Francisco, and Miami-Pittsburgh-Buffalo-Cleveland-Detroit. Another interchange agreement with Pan American and Panagra linked New York and Buenos Aires, by way of Washington and Miami, in 1955.

National was the first airline to operate a helicopter—the Sikorsky S-55. This service operated in 1954 and 1955 providing intercity service from Palm Beach to Key Largo, Fla. It proved to have a great public convenience, but had to be discontinued pending the development of a more economical type helicopter.

DC-6B's were added to National's fleet in 1952, DC-7's in 1954, and DC-7B's in 1957 along with the Super-H Constellation.

The first domestic jet flight came in 1958 with a Boeing 707 and prop-jet Lockheed Electras were added to the line 1959. These were modified into Super-Electra II's in 1961. Currently, National services the Nation with Super-H Constellations, DC-7B's and DC-7's, DC-6B's and DC-6's, and the turbofan jet DC-8, which went on to the Florida-California run in 1961. This DC-8 is the type plane that holds worlds records for flying faster, farther, and higher than any other commercial aircraft.

In Miami, a $1,500,000 executive and general office building has been erected on the NAL complex at Miami International Airport. Nearby is NAL's $2-million engine overhaul base and maintenance hanger, the first designed especially for jets. The National hangar, which is the largest span-cantilevered reinforced concrete building in the world, has won an honor award of the American Institute of Architects for its design.

The president and chief executive officer of National Airlines is dynamic L. B. Maytag, Jr. He is the former president and board chairman of Frontier Airlines.

Dudley Swim, a former Western Airlines director, with more than 25 years in the transportation field, is chairman of the board of directors.

National Airlines now serves all three coasts of the Nation—the east, the west and the gulf coasts—flying to 40 cities in 15 States, and the District of Columbia.

National Airlines has long been a leader in domestic aviation. Florida is justly proud of "the Airline of the Stars" and salutes her as the fourth anniversary of domestic jet service approaches.

On January 1, 1963, this progressive airline will add another first to its long and impressive list when it becomes all jet-powered—marking it as the first domestic trunk in the United States to offer exclusive jet service to its customers.

---

## Catholic War Veterans Endorse Section 12 of H.R. 7927 To Stop the Free Delivery of Communist Propaganda by the U.S. Postal System

EXTENSION OF REMARKS

OF

### HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 6, 1962*

Mr. CUNNINGHAM. Mr. Speaker, section 12 of H.R. 7927, which passed the House last January and which is the postal rate bill, provides that the U.S. postal system shall no longer deliver free, or at subsidized rates, the several million pieces of Communist political propaganda that are flooding this country every year. In addition to the many organizations, including the American Legion and the Veterans of Foreign Wars, who have endorsed section 12, I am pleased to have learned today that at the 27th national convention the Catholic War Veterans of the United States of America, meeting last month in Philadelphia, Pa., adopted a resolution strongly supporting section 12 as a part of the bill H.R. 7927.

---

# SENATE

FRIDAY, SEPTEMBER 7, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Almighty Father, the source from which we come, the goal to which we travel, the light and strength of these our pilgrim days, as we set our faces once more toward daily tasks that clamor for attention, we pray for strength sufficient to endure as those seeing the invisible.

At the beginning of this day's deliberations we would be still and know that Thou art God. Into Thy hands we commit ourselves and our cause even as we pray "Thy Kingdom Come." We would keep within the grasp of Thy firm hand the threads of this day's words and deeds that we may not mar the fair design of what Thou dost wait to do for us and through us.

In Thy radiance may trivial rounds become sacraments and even bitterness and disappointment and temporary failure be transfigured and redeemed.

We ask it in the ever blessed name of Jesus, savior of men. Amen.

## THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 6, 1962, was dispensed with.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the following committees and subcommittees were authorized to meet during the session of the Senate today:

The Permanent Investigations Subcommittee of the Committee on Government Operations.

The Committee on Post Office and Civil Service.

The Rivers and Harbors Subcommittee of the Committee on Public Works.

## EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

### Authorization for President To Order Units and Members in the Ready Reserve to Active Duty for Not More Than 12 Months

A communication from the President of the United States, transmitting a draft of proposed legislation to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes( with an accompanying paper); to the Committee on Armed Services.

### Report on Review of Voluntary Agreements and Programs

A letter from the Attorney General, transmitting, pursuant to law, his report on voluntary agreements and programs, as of August 9, 1962 (with an accompanying report); to the Committee on Banking and Currency.

### Report on Review of Maintenance of Wheeled Tactical Vehicles at Fort Bragg, N.C., Fort Knox, Ky., and Fort Hood, Tex.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the review of maintenance of wheeled tactical vehicles at Fort Bragg, N.C., Fort Knox, Ky., and Fort Hood, Tex., Department of the Army (with an accompanying report); to the Committee on Government Operations.

### Report on Review of Utilization and Maintenance of Army Equipment Furnished Under Military Assistance Program for Thailand

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a confidential report on the review of the utilization and maintenance of army equipment furnished under the military assistance program for Thailand (with an accompanying report); to the Committee on Government Operations.

### Report on Review of Utilization of Excess and Surplus Personal Property Within Department of Defense

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of the utilization of excess and surplus personal property within the Department of Defense, dated August 1962 (with an accompanying report); to the Committee on Government Operations.

### Report on Liquidation of Reconstruction Finance Corporation

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report on the progress of the liquidation activities of the national defense, war, and reconversion activities of the Reconstruction Finance Corporation, as of June 30, 1962 (with an accompanying report); to the Committee on Banking and Currency.

### Report on Contracts Negotiated for Experimental, Developmental, or Research Work

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report on contracts negotiated for experimental, developmental, or research work, for the period January 1, 1962, through June 30, 1962 (with an accompanying report); to the Committee on Government Operations.

### Temporary Admission Into the United States of Certain Aliens

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered, granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 3297. A bill for the relief of Joannis Dounis (Rept. No. 2005);

S. 3298. A bill for the relief of Stanislaw Bialoglowski (Rept. No. 2006);

H.R. 10160. An act for the relief of Mrs. A. R. Lendian (Rept. No. 2007);

H.R. 11866. An act for the relief of Kim Chung Shin (Mary Rathbun) (Rept. No. 2008); and

H.R. 12459. An act to provide for the relief of certain enlisted members of the Coast Guard (Rept. No. 2009).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 3282. A bill for the relief of Yu Sui Wing, also known as Yee Shui Ling (Rept. No. 2010); and

S. 3452. A bill for the relief of Dr. Hassen M. Nouri (Rept. No. 2011).

By Mr. KEFAUVER, from the Committee on the Judiciary, with amendments:

S. 2873. A bill for the relief of Claude S. Reeder and Reeder Motor Co., Inc. (Rept. No. 2004).

By Mr. KEATING, from the Committee on the Judiciary, with amendments:

S. 2182. A bill to amend title 18, United States Code, to prohibit schemes in interstate or foreign commerce to influence by bribery the outcome of sporting contests, and for other purposes (Rept. No. 2003).

By Mr. EASTLAND, from the Committee on Agriculture and Forestry, without amendment:

H.R. 9728. An act to amend the Cooperative Forest Management Act (Rept. No. 2012).

By Mr. EASTLAND, from the Committee on Agriculture and Forestry, with amendments:

H.R. 12688. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other puposes (Rept. No. 2013).

By Mr. McCARTHY, from the Committee on Agriculture and Forestry, without amendment:

S. 3589. A bill to authorize the Secretary of Agriculture to acquire certain lands in Wright County, Minn., and exchange them with the State of Minnesota for State-owned lands in the Superior National Forest, and for other purposes (Rept. No. 2017).

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, without amendment:

S. 3475. A bill to provide further for cooperation with States in administration and enforcement of certain Federal laws (Rept. No. 2018).

By Mr. JORDAN of North Carolina, from the Committee on Agriculture and Forestry, without amendment:

S. 2805. A bill to provide for a program of agricultural land development in the State of Alaska (Rept. No. 2014); and

H.R. 12589. An act to amend the Smith-Lever Act of May 8, 1914, as amended (Rept. No. 2015).

By Mr. JORDAN of North Carolina, from the Committee on Agriculture and Forestry, with amendments:

H.R. 11665. An act to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes (Rept. No. 2016).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 3019. A bill to provide for the conveyance of certain real property of the United States to the State of Maryland (Rept. No. 2020); and

S. 3283. A bill to amend the enabling Act of the State of Arizona for the purpose of facilitating the sale or lease of certain lands granted to such State to local governments for use for public purposes (Rept. No. 2019).

## TO PRINT AS A SENATE DOCUMENT THE STUDY ENTITLED "PROBLEMS AND TRENDS IN ATLANTIC PARTNERSHIP"—REPORT OF A COMMITTEE

Mr. FULBRIGHT, from the Committee on Foreign Relations, reported an original resolution (S. Res. 381) to print as a Senate document the study entitled "Problems and Trends in Atlantic Partnership"; which, under the rule, was referred to the Committee on Rules and Administration, as follows:

*Resolved*, That there be printed as a Senate document a staff study entitled "Problems and Trends in Atlantic Partnership—

Some Comments on the Institutions," prepared at the request of the chairman of the Committee on Foreign Relations, and that six thousand additional copies of such document be printed for the use of the Committee on Foreign Relations.

## EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Francis H. Russell, of Maine, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Tunisia;

John L. Seigenthaler, of Tennessee, to be a member of the U.S. Advisory Commission on Information;

Abba P. Schwartz, of Maryland, to be Administrator, Bureau of Security and Consular Affairs, Department of State;

Adlai E. Stevenson, of Illinois, and Francis T. P. Plimpton, of New York, to be representatives to the 17th session of the General Assembly of the United Nations;

Albert A. Gore, U.S. Senator from the State of Tennessee, Gordon Allott, U.S. Senator from the State of Colorado, and Arthur H. Dean, of New York, to be representatives to the 17th session of the General Assembly of the United Nations;

Charles W. Yost, of New York, Philip M. Klutznick, of Illinois, and Jonathan B. Bingham, of New York, to be alternate representatives to the 17th session of the General Assembly of the United Nations; and

Carl T. Rowan, of Minnesota, and Mrs. Marietta P. Tree, of New York, to be alternate representatives to the 17th session of the General Assembly of the United Nations.

Mr. FULBRIGHT. Mr. President, also from the Committee on Foreign Relations, I report favorably 226 nominations for appointment and promotion in the diplomatic and foreign service. All of these names have already appeared in the CONGRESSIONAL RECORD. In order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The nominations ordered to lie on the desk are as follows:

Givon Parsons, of Texas, and sundry other persons, for appointment and promotion in the diplomatic and foreign service.

By Mr. HART, from the Committee on the Judiciary:

Thurgood Marshall, of New York, to be U.S. circuit judge, second circuit.

## BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THURMOND:

S. 3703. A bill to authorize and direct the Administrator of General Services to convey certain surplus property to the Aiken County Historical Commission for use as a historic monument; to the Committee on Government Operations.

By Mr. BURDICK (for himself and Mr. MANSFIELD):

S. 3704. A bill to authorize establishment of the Fort Union Trading Post National Historic Site, N. Dak., and for other purposes; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. BURDICK when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 3705. A bill to amend the District of Columbia Police and Firemen's Salary Act of 1958, as amended, to increase salaries, to adjust pay alinement and for other purposes; to the Committee on the District of Columbia.

By Mr. WILLIAMS of New Jersey:

S. 3706. A bill for the relief of Mr. and Mrs. Edward Schumann; to the Committee on the Judiciary.

By Mr. METCALF:

S. 3707. A bill for the relief of Dr. Glen Fulcher; to the Committee on the Judiciary.

By Mr. RUSSELL (for himself and Mr. SALTONSTALL):

S.J. Res. 224. Joint resolution to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes; to the Committee on Armed Services.

(See the remarks of Mr. RUSSELL when he introduced the above joint resolution, which appear under a separate heading.)

## RESOLUTION

## TO PRINT AS A SENATE DOCUMENT THE STUDY ENTITLED "PROBLEMS AND TRENDS IN ATLANTIC PARTNERSHIP"

Mr. FULBRIGHT, from the Committee on Foreign Relations, reported an original resolution (S. Res. 381) to print as a Senate document the study entitled "Problems and Trends in Atlantic Partnership," which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. FULBRIGHT which appears under the heading "Reports of Committees.")

## ESTABLISHMENT OF FORT UNION TRADING POST NATIONAL HISTORICAL SITE, N. DAK.

Mr. BURDICK. Mr. President, I introduce, for appropriate reference, a bill to authorize the establishment of the Fort Union Trading Post National Historical Site, N. Dak.

Mr. President, on June 29, 1961, the Secretary of the Interior, Stewart L. Udall, designated Fort Union as a national historical site. The fort, located at the confluence of the Yellowstone and Missouri Rivers, was one of the most important fur trading and military posts on the Missouri River. At one time, during the 1830's and 1840's, when the post was owned by the American Fur Co., it became the greatest fur trading post on the North American Continent. In 1822, the Rocky Mountain Fur Co. established Fort Floyd which 6 years later was purchased by the American Fur Co. and renamed Fort Union.

In 1865, after the fur trade along the Missouri River had diminished, the U.S. Army purchased the fort and converted it into a military post. Two years later it was dismantled and the materials were utilized in building nearby Fort Buford.

Under the direction of the National Park Service and officials of the State of North Dakota, a thorough study has been made of the old post and it is now possible to reconstruct it just as it was in the first half of the 19th century.

The people of North Dakota are most anxious to have this important segment of the State's early history restored and are hopeful that the Senate will see fit to act favorably upon this bill.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. BURDICK. I yield.

Mr. MANSFIELD. Fort Union has a connection with a development of the Montana Territory as well. I wish to commend the Senator from North Dakota for making his proposal and, with his permission, I should like to be a cosponsor.

Mr. BURDICK. I would be very happy to have the majority leader associated with me as a cosponsor of the bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3704) to authorize establishment of the Fort Union Trading Post National Historic Site, N. Dak., and for other purposes, introduced by Mr. BURDICK (for himself and Mr. MANSFIELD), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

## AUTHORIZATION FOR PRESIDENT TO ORDER UNITS AND MEMBERS IN THE READY RESERVE TO ACTIVE DUTY FOR NOT MORE THAN 12 MONTHS

Mr. RUSSELL. Mr. President, on behalf of myself and the senior Senator from Massachusetts [Mr. SALTONSTALL], I introduce, for appropriate reference, a joint resolution to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes, requested by the President of the United States. I ask unanimous consent that the letter from the President, requesting this authority, be printed in the RECORD.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection the letter will be printed in the RECORD.

The joint resolution (S.J. Res. 224) to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes, introduced by Mr. RUSSELL (for himself and Mr. SALTONSTALL), was received, read twice by its title, and referred to the Committee on Armed Services.

The letter presented by Mr. Russell is as follows:

The White House,
*Washington, D.C., September 7, 1962.*
Hon. Lyndon B. Johnson,
*President of the Senate,*
*Washington, D.C.*

Dear Mr. President: I transmit herewith a draft of a proposed bill to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes.

In my judgment this renewed authorization is necessary to permit prompt and effective responses, as necessary, to challenges which may be presented in any part of the free world, and I hope that the Congress will give its prompt support to this authorization, as it did, so effectively, a year ago.

Sincerely,

John F. Kennedy.

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS—AMENDMENTS

Mr. COOPER (for himself and Mr. Miller) proposed an amendment to the amendments of the House to Senate bill 2965 to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. MILLER submitted an amendment, intended to be proposed by him to the amendments of the House to Senate bill 2965, supra, which was ordered to lie on the table and to be printed.

## CHANGE OF REFERENCE

Mr. RUSSELL. Mr. President, on August 29, 1962, a letter from the General Counsel of the Department of Defense enclosing a draft of proposed legislation to exempt certain Reserve officers of the Army or Air Force from the dual compensation restrictions of the Economy Act of June 30, 1932, as amended, was received in the Senate and referred to the Committee on Armed Services.

Although the legislative proposal involves amendments to title 10 of the United States Code, the subject matter involved is dual compensation. Since the Committee on Armed Services has not exercised jurisdiction over this subject, I ask unanimous consent that the Committee on Armed Services be discharged from further consideration of this communication and that it be rereferred to the Committee on Post Office and Civil Service.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## AMENDMENT OF RESOLUTION CREATING THE SELECT COMMITTEE ON SMALL BUSINESS—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. MILLER. Mr. President, on behalf of the Senator from Indiana [Mr. Capehart], I ask consent of the Senate that the Senator from Colorado [Mr. Allott] may be made a cosponsor of Senate Resolution 333, amending resolution creating the Select Committee on Small Business.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## THE UNITED STATES VERSUS THE SINO-SOVIET BLOC IN LATIN AMERICA—THESIS BY BRIG. GEN. WILLIAM C. LEWIS, JR.

Mrs. SMITH of Maine. Mr. President, it was just a month ago, on August 7, 1962, that, in his pursuance of the War College extension course of the Air University, my executive assistant, William C. Lewis, Jr., a brigadier general in the Air Force Reserve, filed a thesis entitled "The United States Versus the Sino-Soviet Bloc in Latin America."

I feel that it was a most timely and revealing analysis of one of the gravest threats to our country today. Not only is it particularly timely in view of the accelerated Russian buildup in Cuba in the past month, but also because of the fact that the Alliance for Progress program is now 1 year old.

I invite the attention and the reading of it to Members of this body for it provides a historical perspective that I have not seen in any other paper on the subject. While it is concise, it is comprehensive—it is a primer on the subject that I wish every Senator would read.

I ask unanimous consent that it be placed in the Record.

There being no objection, the thesis was ordered to be printed in the Record, as follows:

### The United States Versus the Sino-Soviet Bloc in Latin America

(Prepared by William C. Lewis, Jr., brigadier general, U.S. Air Force Reserve, for completion of vol. I of course 4, War College extension course, Air University, Aug. 7, 1962)

### I. INTRODUCTION

#### *A. Importance of Latin America to the United States*

Until recent years—specifically, until Castro made Cuba a Communist state—the United States has taken Latin America for granted and has neglected Latin American relations as of secondary importance to problems in other areas of the world.

#### 1. Political

No longer is such the case. In May 1961 Secretary of State Dean Rusk identified Latin America (along with Africa, Asia, and the Middle East) as the "battleground of freedom" (6: 1).

The dramatic nature of the United States "about face" on its foreign policy on Latin America is underscored in the fact that the largest and most important segment of the current program of the Agency for International Development is the Alliance for Progress aid to Latin America.

#### 2. Economic and military

The economic importance of Latin America to the United States is indicated in our annual $10 billion trade with, and our $8.4 billion investment in, Latin America (24: 5).

Its hemispheric security importance should be evident to us—but we seem to take that for granted. Most Americans think of the importance of Latin America in terms of it being our neighbor to the south.

Before the Castro-Communist takeover in Cuba, it was hardly thought that a Communist threat to the security of the United States would come from the south in the Western Hemisphere. Rather the threat was expected from the north over the Arctic area and Canada. Consequently, our defenses have been concentrated in the DEW Line and BMEWS installations in Canada and the Arctic region.

#### *B. Geopolitical aspects*

Of all the theorists on global patterns of power and geopolitics, only Maj. Alexander P. de Seversky, author of "Air Power: Key to Survival," has assigned primary importance to Latin America. His evaluation has been succinctly summarized as follows:

"Most significant is De Seversky's view of Latin America. His global view, based on a polar map, brings back the concept of Western and Eastern Hemispheres, but these hemispheres face each other across the Arctic rather than across the Atlantic and Pacific Oceans. He draws a circle around the United States, representing the feasible bombing range at the time of his writing. He draws an ellipse, on a similar basis, around the Soviet Union. The overlap of the circle and ellipse is the 'area of decision' where De Seversky thinks the mastery of the air will be decided. The part of the American circle beyond the overlap is the area of American aerial dominance. Most of Latin America falls in this area. Latin America, in De Seversky's view is the raw-material reserve for American industry. 'South America is our aerial backyard, safely outside the potential 5,000-mile striking range of Soviet aviation' " (11: 15).

This is a much higher evaluation of the global power importance of Latin America than that assigned under the Mackinder "Heartland" theory. Mackinder rated Latin America no higher than of tertiary importance as a part of the outer or insular crescent—and after the primarily important "Heartland" and the secondarily important "Rimland" (11: 7–10).

With missile ranges exceeding 5,000 miles and with 100-megaton nuclear warheads, the seapower theory of Mahan, the landpower theory of Mackinder and the airpower theory of de Seversky are still all the more subject to question. Even so, the potential importance of Latin America in global patterns of power is inescapable.

### II. SINO-SOVIET BLOC POSITION IN LATIN AMERICA

To gain perspective on the U.S. reversal of policy on Latin America, it is necessary to make a comparative review of the past and present actions of the United States and the Sino-Soviet bloc in Latin America. In this manner can we best evaluate from where we have come and where we are now—if not, where we are heading.

It is only within the last decade that the Sino-Soviet bloc has made a serious effort of penetration of Latin America (21: 21). But the intensity of that effort has steadily grown and reached a climax with the Castro-Communist takeover of Cuba.

#### *A. Depth and breadth of communism in Latin America*

Opinions vary as to the extent and depth of communism in Latin America (24: 23). Perhaps one telling measurement of official U.S. evaluation of the Communist threat is the $20 billion Alliance for Progress program. It probably would never have come into being if the Communist threat in Latin America was not of grave proportions.

#### 1. Party Membership

Quantitatively, Communist Party membership in Latin American countries is relatively insignificant. Even in Cuba it is estimated at only 50,000, or less than 1 percent of the population, although it is the only legal party in Cuba (10: 36). But this small percentage is misleading. More significant is the qualitative strength.

For example, the Communist Party controls the Government in Soviet Russia with a membership of only 3 percent of the population. It controls the Cuban Government with only a 1-percent party membership—and Cuba is the Communist beachhead and springboard headquarters in Latin America.

### 2. Cadre Strategy and Tactics

Rather than build up large party memberships, the current policy of international communism is to "build and maintain compact, dedicated, and well-trained cadres of Communist activists" in the various Latin American countries (38: 29). In fact, this deemphasis on party membership has cut party membership in the Latin American area from an estimated 500,000 in 1947 to less than 250,000 now.

Cleverly the Communist forces have adjusted and changed their tactics to the recognition that in underdeveloped areas like Latin America, the "revolution of rising expectations" is fed by the twin forces of independence and nationalism (41: 11). In their infiltration of labor, student, professional and other key groups of individual Latin American countries, the Communist forces manipulate and guide the forces of independence and nationalism to their own goal of ultimate control (38: 30).

In this connection, a favorite source for quotation by analysts and historians is the article, "The International Communist Movement at the New Stage," by Boris N. Ponomarev (a key member of Central Committee of the Communist Party of the Soviet Union) in the October 1958 issue of the Moscow Kommunist.

In his article, "Revolution in the Western Hemisphere," appearing in the January 11, 1961, issue of Editorial Research Reports (10: 37), F. Yorick Blumenfeld observed that Communist Party clandestine operations in all Latin American countries are "designed to provoke dissension and lead to ultimate breakdown of free institutions" and that they "are being supported and financed by the Communist Parties of the Soviet Union and China."

He quotes the Ponomarev article:

"Latin America is a seething volcano. As in one country, so in another, outbursts are taking place which are sweeping away reactionary regimes and loosening the nooses which U.S. monopolies have thrown on their economy. The Communist Parties in Latin America ever more closely coordinate their activities in the struggle against the common enemy, U.S. imperialism. The revolutionary movement is of a universal nature."

Those prominently critical chroniclers of communism, the Overstreets, also make significant reference to the Ponomarev article with:

"Taking the world as a whole, the article saw it as a most promising field of action: 'New sites of revolutionary movement are being created all the time.' In 'the countries of the East, Latin America, and some European countries, the labor movement distinguishes itself by its militant character and solidarity; it displays examples of Marxist-Leninist vigor and is rising.'

"But, said Ponomarev, the labor movement in underdeveloped countries must not be thought of as always rising against the government. In some countries, the government itself must be rated as 'progressive,' and in these, the labor movement is part of the national struggle for 'liberation not only from the foreign yoke but also from the social slavery.' The Communist Party, in each such case, must make certain that labor leaders draw their inspiration 'from the treasure-house of Socialist ideology,' and that they rely upon this ideology for 'operative perspectives' " (31: 39).

Yet, the Ponomarev proposal to develop Soviet orientation within underdeveloped countries in an advanced second stage of "socialism," rather than emphasis of Communist cooperation with bourgeois nationalists, who have cast out the so-called imperialists, was rejected at the end of the 21st Communist Party Congress (January 1959), when Latin America began to be discussed in conjunction with Asia and with Africa. And so, the policy of identifying Soviet interests with nationalist movements and their leaders still prevails (40: 40).

## *B. Positive and negative appeals*

While the infiltration tactics of the Communist activists accentuate the negative attacks on alleged "imperialism" and "warmongering" and Khrushchev's threatening the use of the nuclear bombs (31: 49, 50, 53), the Sino-Soviet bloc makes some very positive appeals with effectiveness. These appeals are centered on the achievement and economic "sympatico" aspects.

### 1. Image of Power, Progress, and Benevolence

The overall purpose of the Sino-Soviet bloc in Latin America has been described as creating a favorable "image of power, progress, and benevolence" (38: 29). On the image of power, the U.S.S.R. effectively points to its scientific and space achievements. On progress, it points to its own dramatic economic gains. And it combines both of these in its claim of benevolence toward the Latin American countries.

### 2. Kindredship

A strong appeal of kindredship is made to the impatient masses of Latin America that as the Russian Communists overthrew their oppressor Czars, so can the masses of Latin America overthrow their traditional oppressor caudillos (strong men on horseback), who have historically ruled by military dictatorship (21: 21). Concentrated in that appeal is an attack on alleged "U.S. imperialism" (33: 34).

Yet, a competitive schism between the Soviet Union and Red China is developing on this appeal (31: 56, 57, 58). There is a growing attitude in Latin America that the Soviet Union has already become a settled society from which the "Latinos" can learn nothing.

In contrast, Red China, as a much more underdeveloped country, is regarded more as a kindred soul to underdeveloped Latin America (34: 15–20). Some observers feel that there is no schism but that an agreement has been reached between the Soviet Union and Red China reserving Latin America for future dominance by Red China (21: 21).

## *C. Military assistance to Latin America*

With the exception of military equipment to Cuba, the Sino-Soviet bloc has given no military assistance to Latin American countries.

## *D. Economic relations and assistance*

### 1. Trade Program

1954 marked the beginning of a vigorous trade program by the Sino-Soviet bloc with Latin America (12: 7). The trade pattern of the Sino-Soviet bloc with Latin America has a clear demarkation between the Soviet Union and her satellites. The satellites are more the sellers—the exporters—to Latin America. Russia is essentially more a buyer and importer of Latin American products (38: 30).

One of Latin America's most urgent problems is finding world markets for her persistent price-depressing surpluses of primary commodities. While the Sino-Soviet bloc attracts Latin America with an indicated willingness to absorb substantial amounts of such surpluses (38: 30), the bloc has acted to the contrary on occasions, such as in 1958 when the U.S.S.R. dumped a sizable amount of tin on the world market. This caused disastrous world price results to the great economic detriment of Bolivia. Venezuela fears similar Soviet operations in the international petroleum market (2: 17) (3: 11).

### 2. Economic Aid

Economic aid is of even more recent vintage than the beginning of trade programs (13: 13). However, with the exception of Cuba, that aid has been comparatively small and limited to credits to Argentina and Brazil (5: 29).

The principal item has been the U.S.S.R.'s extension of a $100 million credit to Argentina for the purchase of petroleum equipment in the development of its oil resources. This is not only a friendly gesture by the Soviet Union but it encourages "nationalist opposition to Western private participation in the development of petroleum resources throughout Latin American" (13: 15).

Although aid by the Communist bloc is much smaller than that of the West, it is far more selectively centered on "openings in Latin America whenever a country would become sufficiently hard pressed for imports to accept Soviet aid" (5: 32).

### 3. Technical Assistance

Similarly, technical assistance is small—almost negligible—but selective and meticulous to avoid using economic relations as instruments of political pressure, with Soviet bloc technicians appearing to be under orders to refrain from any activity that might be misinterpreted (19: 45).

While the technicians avoid participation in the activities of the Communist cadres, the political implications of Soviet technical capability are not lost. As the technicians act, the Soviet political leaders proclaim that the Soviet bloc offers far greater hope to underdeveloped countries for industrial development and economic growth than do the "colonial" powers (3: 11).

## *E. Cultural relations*

Perhaps the most extensive and intensive effort of the Sino-Soviet bloc to penetrate Latin America is in the field of cultural relations. A more accurate description of such efforts would be "people-to-people political tourism."

Featured in this program are the all-expense paid junkets to Russia, Red China, and the Soviet satellites given to "delegations" from all key segments of the Latin American population (3: 9, 10) (2: 16). In addition to the exchange visits, there are exchanges of exhibits, literature, art, and films (38: 31).

Such exchanges do much to offset the fact that Sino-Soviet formal diplomatic relations with Latin America are very limited as the great majority of the Latin American countries still withhold diplomatic recognition of the Soviet Union (38: 32).

## *F. Overall evaluation*

### 1. Relativity

With the exception of the Castro-Communist takeover of Cuba, it can be concluded that while the Sino-Soviet bloc has made gains in Latin America, those gains are limited. This does not mean that they are not significant gains. Yet, their significance is essentially in relative terms—their position today compared with what it was 5, 10, or 15 years ago in Latin America.

And the significance of this relativity is actually in its indication of the potentials for the Sino-Soviet bloc—of not how great a threat the bloc is now, but rather how great a future threat it is. For clearly other underdeveloped areas of the world—Asia and Africa—have been far higher priority targets of the bloc than Latin America (3: 13).

### 2. Cuba

Dominant in this measurement of relativity is the Castro-Communist takeover of Cuba. Clearly, were Cuba not in the Communist camp—were it not the Communist beachhead and springboard in the Western Hemisphere that it has become—the Communist activity in other areas of Latin America would not be so disturbing.

While it is clear that the Soviet Union seeks to exploit to the fullest the trouble that Cuba may create for the United States, it is not clear that Khrushchev wants to assume the responsibilities of Castro to the extent of making Cuba an all-out satellite (27: 53). In fact, his thus far indicated reluctance gives greater credence to the claim of some that, within the Sino-Soviet bloc, Red China has been awarded the future dominance of Latin America.

### 3. Latin America on Communist Timetable

The question is where is Latin America on the Communist timetable for world conquest? Certainly, until the unexpected windfall of Cuba to the Communist camp, Latin America was near the end of the timetable and far behind Asia and Africa as a target for conquest. Has the acquisition of Cuba prompted the adoption of a leap-frog policy and the jumping of Latin America ahead of, or concurrent with, the places held by Asia and Africa?

## III. U.S. POSITION ON LATIN AMERICA

### *A. Castro*

Castro's coming to power "triggered" Latin America into becoming a major field of attention for the Soviet Union. (3: 8). But this came after almost 2 decades of neglect of Latin America by the United States—a period now referred to by "Latinos" as the "era of neglect." Historian Morgenthau concludes that the responsibility for this neglect is that of everybody—but yet nobody—because of our tendency for government by faceless committees (26: 259).

Wherever that responsibility lies—whatever the causes for the rise of Castroism in the Western Hemisphere—one thing is clear. Like nothing else, Castro's seizure of Cuba has alerted the people of the United States to the threat of communism.

Public opinion pollsters have reported that even stronger than the dread of war "has been the feeling that the United States was being 'humiliated' and 'pushed around' and 'losing' to communism without a shot being fired" and that "Castro's actions in Cuba were particularly important in generating this reaction" (23: 38).

### *B. Historical policy*

The weakened position of the United States in Latin America, in a way, stems greatly from its having a similar attitude to that of the Soviet Union toward Latin America—of placing it low in the priorities of interest. Clearly, it came after Western Europe, Nationalist China and Korea. Clearly, in looking first to the West and then to the East, the United States turned its back on its taken-for-granted neighbors to the south.

#### 1. Non-Annexation

It was certainly not because of lack of American concern for Western Hemisphere security for such concern had been traditional, starting with the Monroe Doctrine and continuing through the good-neighbor policy of the second Roosevelt. More likely, it was because we had found territorial acquisition by other than peaceful means so repugnant that we bent over backward to avoid any act that could be misinterpreted as power grab, because we sought to be the opposite of Communist aggression.

With the sole exception of the Mexican War, the United States was expanded through real estate transactions rather than military victories (26: 26). Our isolated forays into Central America were primarily for defensive purposes (26: 5). An interesting evaluation of U.S. policy on Central America has been given by historian Hans J. Morgenthau with:

"In view of this relationship between the American purpose and territorial expansion, McKinley's and Theodore Roosevelt's policies toward the former Spanish possessions do not differ materially from Taft's and Wilson's policies toward Haiti, Honduras, Mexico, Nicaragua, Panama, and Santo Domingo. The new tradition of American foreign policy, initiated by the Spanish-American War, remained unbroken from 1898 to 1917, the Wilsonian phase, in contrast to McKinley's and Roosevelt's, is marked by a more clearly defined relationship between temporary territorial expansion, on the one hand, and the American purpose and the concrete national interests of the United States, on the other. Intervention for a particular purpose now replaced annexation."

"All Wilsonian interventions were responses to threats to American interests—political, military, economic—emanating from one or another of the Central American republics, and the nature and intensity of the interventions were commensurate with the threat. The measures taken or enforced in the cause of intervention—political and fiscal reform, economic and social improvements, sanitation—sought to provide circumstances conducive to the achievement of at least a certain measure of equality in freedom among the peoples concerned" (26: 101).

#### 2. Equality in Freedom

Even our temporary annexation of Cuba and the Philippines was certainly not our goal when we went to war with Spain. We went to war out of sympathy for the Cuban revolutionaries and the unjustified sinking of the battleship *Maine* in Havana Harbor. We used our power not for territorial annexation by force but rather for the purpose of "equality in freedom" for the peoples of those countries. And we relinquished that power by giving them their independence (26: 37, 90, 91, 98–100).

#### 3. Monroe Doctrine—Good-Neighbor Policy—OAS

The good-neighbor policy of Franklin Delano Roosevelt, with its attendant abrogation of the Platt amendment (9: 39) (27: 54) (giving the United States the right to intervene in Cuban affairs), was actually a forerunner of a sharp turnaway from the Monroe Doctrine to the concept of regional collective security that came into formal being with the Organization of American States (17: 13–15, 21). It was a turnaway from unilateral action by the United States for the security of the Western Hemisphere.

##### (a) Collective security replaces unilateral action

And that turn was so sharp that it is now advocated that the words "Monroe Doctrine" are injudicious and inadvisable in the definition of American policy (35: 60) Thus, the emphasis has shifted almost completely away from the tremendous power of the United States to an emphasis of American diplomatic persuasion for agreement by Latin American countries for collective security.

As high minded and as high principled as that shift of emphasis, with the long and strong history of the great respect that Latin American countries and their peoples have for power, serious doubts exist about the wisdom of it. Those doubts reach their strongest moments at the very OAS conferences when it is so difficult, if not impossible, to get a clear majority of the member nations to support U.S. advocacy of strong action—such as economic sanctions against Castro's Cuba.

### *C. Alliance for Progress*

Just as Castro symbolizes the dominant hope for ultimate Communist conquest of Latin America, so does the Alliance for Progress symbolize the current major effort of the United States to prevent a Communist takeover in Latin America. It symbolizes the shift in American policy away from the exercise of its tremendous physical power, for the benefit of the people as exemplified in the Spanish-American War and the various forays into Central America, to a policy of diplomatic and economic persuasion.

It is a 10-year, $20 billion economic and technical aid program that dwarfs the mutual security program of military assistance, special assistance, and technical cooperation for Latin America (totaling $131 million for fiscal year 1961) (14: 13–17), as well as the financial assistance offered by the Export Import Bank and the Inter-American Development Bank.

#### 1. Objectives and Aims

While the program of the Alliance for Progress had been initiated under President Eisenhower in a modest degree, its title was first proposed by President Kennedy on March 13, 1961, when he invited the American nations to join in a vast effort "to complete the revolution of the Americas, to build a hemisphere where all men can hope for a suitable standard of living and all can live out their lives in dignity and freedom."

As the U.S. answer to the "revolution of rising expectations" in Latin America, basically the Alliance for Progress proposes U.S. economic and technical aid in a joint venture aimed at the industrial and economic expansion of Latin America. Among the aims are improving the health and living conditions, stabilizing the prices on basic exports of Latin American countries, providing long-term low-interest development loans, land reforms and tax reforms.

#### 2. Criticism of Program

Since it has had only 1 year of existence, measurement of its soundness and success is difficult. It is made all the more difficult because the progress of the Alliance for Progress in the first year has not been great enough for conclusive measurement.

##### (a) Strings attached

But it has been long enough for the raising of vigorous criticism of the program and its administration. If there were any oversimplified explanation that could be given for such criticism and dissatisfaction with the Alliance for Progress in its first year, it would be in the fact that, because two of its aims are land reform and tax reform, the aid of the United States has "strings attached."

This places the United States right in the middle of crossfire from the extremists. From the extreme left, the Communists attack the "strings" of the Alliance for Progress as another "imperialist plan," and they point to their own policy of "no strings attached" on aid from the Sino-Soviet bloc. Rabid Latin American nationalists vigorously accept this claim. On the other extreme, the old ruling classes view the "tax reform, land reform" nature of the Alliance as a threat to their privileges and just a kind of disguised Castroism.

##### (b) Threat to private enterprise

Business interests in both Latin America and the United States are fearful that the program of the United States is a threat to the replacement of private enterprise with public ownership. They fear that it will lead to a laxity in financial discipline—that "the Latin Americans think that all they have to do is to get in line for their money" (8: 8).

##### (c) Inefficient management

Administration of the Alliance has been repeatedly and publicly attacked. The Washington Post characterized it as "a car with a half-dozen drivers" (43: A14). Life magazine gave the term of "googleplex" to its managing bureaucracy (22: 4). Perhaps the sharpest condemnation came from Newsweek magazine in its April 9, 1962, issue with "Many aid experts call it the sickest agency in Washington—torn by dissent, short staffed, mired in bureaucracy" (28: 55).

### (d) Foot dragging by Latin America

Here in the United States, the principal criticism of the Alliance has been the foot dragging of the Latin American governments on their willingness to start land reforms. Many feel that there is a lack of real intent for self-help—that too many of the Latin American governments have the misconception that the only self-help required of them is merely to make a loan application and then sit back.

Even President Kennedy publicly voiced his impatience on this score when on the first anniversary of the Alliance he stated to the Latin American Ambassadors gathered at the White House:

"Those who make peaceful revolution impossible will make violent revolution inevitable.

"These social reforms are at the heart of the Alliance for Progress. They are the precondition to economic modernization."

Yet, there are understandable—if not acceptable—reasons for what appears to be "foot dragging." Some of the smaller countries just simply do not have the know-how to devise suitable tax and agrarian legislation. It will take them more time.

The more common reason for lack of action on land reform and tax reform is that the elected heads of the Latin American governments feel that they cannot go too fast lest they be removed from office by the electorate or revolutionaries. They are in the middle between the extreme right ruling classes and the extreme left agitators.

In short, the great deterrent to action on land reform and tax reform is political timidity. There is a concurrent financial timidity in which the talk of "social revolution" prompts the acceleration of flight capital out of the countries—and tends to weaken the governments.

Complications are created by the mutual jealously among beneficiary governments as to comparative amounts of aid received. This is a long experienced disadvantage in foreign aid throughout the world (36: 33). It is perhaps worse in Latin America than in other areas of the world because of the feeling that the United States has too long neglected them.

Pleas of political instability create pressures to relax criteria and requirements. They underscore a basic weakness of the Alliance in that it aims to bolster up weak governments, whose support by the Latin American people themselves is actually in grave doubt. This plays right into the hands of the Communist agitators.

### 3. Latin American Criticism of Program

### (a) Foot dragging by United States

In reverse, Latin Americans have complained about "foot dragging" on the part of the United States. They complain about redtape bureaucracy and delays on processing of loan applications. They are keenly disappointed that no concrete action or progress has been had on the stabilization of Latin America's chief export commodities.

### (b) Failure to stabilize world market price

Latin American resentment was expressed by the chosen spokesman for Latin American countries, the Financial Minister, Jorge Mejia Palacio, of Colombia, at the annual meeting of the Inter-American Development Bank, Buenos Aires on April 23, 1962, when he said:

"The losses suffered in the markets and prices of coffee since Punta del Este are two or three times greater than the extraordinary aid received. Instead of improving, we have become poorer in general terms * * * the help that is given us, however generous it may be, will not be blood to vitalize our economies, as was planned, but simply tranquilizers to avoid total collapse."

Sensitivity to this problem was registered by the U.S. Senate as recently as July 5, 1962. On that date the Senate passed special legislation to enlarge U.S. sugar imports from Latin American countries at premium prices.

Preferential arrangements given African associated territories by the European Common Market has created problems for Latin America. Attempting to alleviate these problems, the United States has been urging the Europeans to open their markets to all tropical products, including those of Latin America. It is clear that until the coffee surplus of Latin America is considerably eased, other aids from the United States will be limited in psychological effectiveness.

### (c) Propaganda inadequacy

Perhaps one of the indicated greatest weaknesses of the Alliance for Progress thus far is its alleged failure to get its aims and objectives across to the masses of Latin America. Such criticism was expressed by the authoritative publication, the Vision Letter of March 27, 1962 (42: 1). The April 16, 1962, Washington Post editorially said, "One reason the Alliance is lagging is that people still don't know about its great purposes" (43: A14).

### (d) Overpromised and overpublicized

Yet, there has been considerably strong feeling, in and out of Congress, that the United States has already overpromised and overpublicized the $20 billion program. It is felt that we may have built the hopes of the Latinos too high and have given the impression that we are going to do more for them than we either intend to, or can, do.

It is too early to evaluate the prospects of the Alliance achieving its goals. Another year at least will be necessary for more realistic measurement. But, as of now, it would appear that it will fall short of its goals—with the only question being how far short.

### 4. Basic Limitation

While the Alliance is clearly the current, major effort of the United States to prevent the Sino-Soviet bloc from expanding its Cuban beachhead into the rest of Latin America, many observers seriously doubt that it alone can accomplish this objective. Perhaps the most pungent expression on this came from Senator MARGARET CHASE SMITH (ranking Republican of the Senate Appropriations Subcommittee on Foreign Relations) in her March 24, 1962, report to the Senate on her study of the Alliance for Progress. Senator SMITH stated:

"The tides for evolutionary change are ebbing and running out. The tides for revolutionary change are rising. Our Alliance for Progress program is aimed to vitalize the forces for evolutionary change and to stem the violent forces of revolution.

"The motives of the Alliance for Progress are most admirable—and I deeply wish success for the program. But let us be realistic; it is not going to win Latin America firmly to our side—any more than the beneficent tumultuous Presidential good-will trips to Latin America—by itself.

"In fact, it is not going to be even moderately successful or have any long-lasting hemispheric security effect until we first re-establish respect for our Nation with Latin America, unless we rebuild an image of will and determination.

"The damage of the Cuban fiasco will last for generations because it has tarnished our hemispheric and international image almost beyond repair. This was the one overpowering impression of my visit to Latin America—matched only by the inescapable conclusion that the key to reparation of this frightful damage is the desperately needed rebuilding of respect" (37: 4556, 4558).

### *D. Military assistance*

In the period of the fiscal years 1946–61, the United States extended $5,362,900,000 in aid to Latin America. Of this amount, $4,886,900,000 was economic aid (of which $3,796,700,000 was in loans) as compared to $476 million in military assistance (25: 45, ex. 2).

### 1. Comparison With Economic Assistance

From this it can be seen that the emphasis of our aid to Latin America has been better than 10 to 1 economic assistance over military assistance. Despite the comparatively small size of military assistance, prospects are that this 10-to-1 ratio may be increased even more in view of the pressures against military assistance.

### 2. Opposition to Military Assistance

These pressures stem from several objections. The major criticisms are "(1) that military aid to dictatorial governments has tended to identify the United States with maintenance of dictatorships; (2) arms tend to strengthen and perpetuate militarism in Latin America; and (3) military assistance to certain governments has created friction in the hemisphere (some governments are said to have used American arms for aggressive purposes)" (10: 35).

### 3. Support of Military Assistance

Perhaps the most effective segment of the military assistance program is, interestingly enough, one that, instead of being criticized and opposed, is praised and supported. That segment is the training of Latin American officers in the United States and at the Army and Air Force Caribbean schools in the Panama Canal Zone.

### (a) Schools

In fact, many key Members of Congress feel that these two service schools are prime examples of what the United States should be doing to create better international good will (25: 2, 14). The effectiveness in Latin America is even greater because of the leadership and influence that the military has traditionally exerted at home.

These young Latin American officer-students are highly potential leaders in their respective countries. Training given them at these schools creates and solidifies bonds of friendship with our country, as well as giving them the most friendly understanding of our way of life. Our training for them is truly an investment in the future.

### (b) Military as stabilizing factor

The contradictory attitudes of opposition to military assistance to Latin America on the one hand, but enthusiastic approval of the training of Latin American officers by the United States on the other hand, would seem to cast some perspective on Senator MARGARET CHASE SMITH's Senate statement of March 24, 1962, that:

"Some respected Members of the U.S. Senate frown upon our having any military ties with South American countries. They would have us stop all of our military assistance to South American countries.

"With this I am in basic disagreement. I am because, in my opinion, the greatest friends that the United States has in South America are the members of the military forces—and the greatest enemies of communism are the members of the military forces.

"It is unanimously acknowledged that in most of the South American countries, the greatest factors for political stability of each country are the military forces even though they refrain from political activity" (37: 4557).

### *C. Public image improvement*

Perhaps the pendulum of the feeling against the military has reached its peak and is now swinging back to the other favorable side. In the June 18, 1962, issue of the Washington Post, staff reporter, John G. Norris wrote that "behind the Pentagon announcement of the launching of a 'civic action' aid program in Ecuador is a major U.S. effort to improve the 'public image' of the armies of underdeveloped, Western-oriented countries" (29: A7).

## IV. CONCLUSION AND RECOMMENDATIONS

### *A. At the crossroads*

Perhaps the shortest and best summary of the Latin American situation is the statement of U.S. Senator GEORGE D. AIKEN in his Senate Foreign Relations Subcommittee report of January 21, 1960, in which he stated:

"It means recognition of the fact that Latin America is in a race between evolution and revolution. The crucial question is whether Latin American democratic political institutions are sturdy enough to bring about the needed economic and social reforms quickly enough. U.S. policy should be directed to helping this process through any appropriate means available" (1: 1).

It is not an overdramatization to say that Latin America is at the crossroads. In fact, Jose Figueres, former Costa Rican president and one of the leaders of Latin America, has characterized the current situation as "1 minute to midnight" (8: 23).

More definitively, the crossroads could be called "Four Corners" symbolizing (1) the historical Latin American military dictatorships of the past, (2) the Sino-Soviet road, (3) the Western democracy (United States) road, and (4) a middle-of-the-road. It is fairly clear that the "Latinos" have been marching away from the military dictatorship road and will not turn back.

Whether they take the Sino-Soviet road to another type of dictatorship—political as distinguished from military—or the road advocated by their big brother to the north, the United States—will depend upon which force captures their faith and imagination. Because of their driving twin motivations of independence and nationalism, there is a good chance that they will take neither. Instead they may be motivated to choose the middle-of-the-road.

#### 1. Time Versus Impatience

Yet, there are two even more important factors that will control the destiny of Latin America. They are the factors of time and patience. In the midst of a dynamic social transition, whether Latin America turns to revolution or evolution to effect the inevitable changes depends upon the degree and intensity of impatience and the time to be taken for such changes.

If the "Latinos" prove to be too impatient and resort to rapid—almost overnight—changes, then they will have chosen the violent and disruptive way of revolution. And through revolution, the Sino-Soviet bloc has its best chance of taking control of Latin America. Should such be the result, the "Latinos" will ultimately wake up to find that they still have dictatorship—only having traded forms of dictatorship—and, too late, that they have "been taken."

Should they have a reasonable degree of patience—and if there is sufficient time—the chances are greater for effecting the inevitable changes by orderly and peaceful evolution. Such is the basic hope for the United States. For in that event, it is most likely that the Latinos will choose either the Western democracy road or, at worst, their own neutralist middle of the road. In doing so, they would have rejected the Sino-Soviet road.

#### 2. Choice: Castroism or Alliance for Progress

As of now, their choice seems to be boiled down to either (1) the violent way of Castroism on social and economic reforms (however illusory Castro's have proved to be) or (2) the peaceful and orderly—but slower—way offered by the Alliance for Progress. Oversimplified, the issue is Castroism versus the Alliance for Progress.

### *B. Contrast in strategy and tactics*

Strategy and tactics for the Sino-Soviet bloc in Latin America are much simpler and easier than those of the United States because their objectives and policies are much more simple. They advocate the revolutionary and violent overthrow of the governments by the masses. They appeal to emotions instead of reason.

Our strategy and tactics are much more difficult and complicated because we advocate change with stability through the peaceful and orderly agreement of all major segments of Latin America.

We appeal to reason. This means that we are in the middle between the ruling landed aristocracy and the rising reformists of the masses. The former, in fiercely striving to maintain the status quo of their economic strangleholds, are antagonized by our support of the demand of the masses for social and economic reforms. The latter are impatient with our attempts to reason with the ruling landed aristocracy to give up much of their power.

Thus, one of the keys to whether change comes by the Communist way of revolution or our way of evolution is the degree of resistance to change on the part of existing ruling powers in Latin America.

As Senator MARGARET CHASE SMITH has put it:

"For the greater the resistance to change, the greater the pressures build and the greater the choice becomes restricted to either no change at all or the revolutionary, violent and bloody change. The greater the resistance to change, the less the chance for change by evolution instead of change by revolution" (37: 4556).

### *C. Aims and objectives*

Diagnosis of our problems on Latin America comes much easier than the advocacy of solutions. Complex problems cannot be overcome with simple solutions. But in the recognition of the complexity of the problems, it is well for us to focus on the clear and simple factors of our primary objectives.

We seek to keep Latin America from falling in the Sino-Soviet camp. The Communists hope to fan the emotional hunger of the masses for independence and nationalism into revolution ultimately prostituted into a Communist takeover. They seek to expand their Cuban beachhead through exportation of Castroism.

#### 1. Social and Economics Reform

We recognize that social and economic reform—land, tax and political reform—are inevitable in Latin America. But our objective is to achieve these inevitable changes through orderly evolution. And that orderly evolution has its price.

#### 2. Balanced Program

The price is compromise between the clashing factions of Latin America. Therein exist the greatest complexities and difficulties for us. They make a balanced program of action mandatory. They rule out an all-eggs-in-one-basket approach.

They require that, while we must give encouragement and support to the non-Communist reformists, we must also reason with the ruling landed aristocracy on the inevitable changes and adjustments that face them. They require that, while we must give full support to the Alliance for Progress program with its economic and social aims, we cannot abandon our military assistance program to Latin America.

They require that, while we must discourage military incursions into Government control and withhold support from military dictatorships, we must maintain our military friendships and understanding at the highest effectiveness for the military is the most stabilizing force in Latin America. It gives the greatest hope for our maintenance of the desperately needed stability in the longer evolutionary process—and our greatest bulwark against Communist revolution.

They require that, while, in the good-neighbor policy and the Organization of American States, we wisely discarded unilateral intervention by one country in the affairs of another in this hemisphere, we must not permit our membership in the Organization of American States to so "straitjacket" our security policy that we cannot face and act on the fact that situations do arise in some nations, which are adverse to the security of others.

They require that, while we should avoid "rattling the sabre" at Castro, and thus impairing our relations with other Latin American nations, we must stand up to him and avoid repetition of the timid, half-hearted attempted straddles like the disastrous invasion failure, if we are to retain the respect and confidence of the "Latinos."

One of the soundest prescriptions for the easing, if not curing, of our Latin American ills is that which was given by F. Yorick Blumenfeld in the concluding paragraph of his article "Revolution in the Western Hemisphere," of the January 11, 1961, issue of Editorial Research Reports, in which he stated:

"Latin American experts seem in agreement that only by avoiding support of extreme dictatorships of either right or left, by expanding present exchange programs and information activities, by cooperating with individual countries in stabilizing world prices for raw materials, by encouraging free trade agreements, and by curbing the activities of certain large American corporations will the United States be able to prevent the violent overthrow of free governments being sought by Fidel Castro and the Communist bloc" (10: 40).

### *D. Leadership, respect, and confidence*

To this I would add: And by rebuilding an image of will and determination with the hemispheric leadership that the "Latinos" expect and demand of us to recoup the respect and confidence so gravely lost in the past decade.

The United States has put most of its Latin American eggs in the one basket of the Alliance for Progress. Yet, in all realism, we cannot expect the Alliance for Progress by itself to win Latin America to our side. As a structure of good will, friendship, and greater ties between the United States and Latin America, it is no stronger than the foundation upon which it is built.

In this instance, the current foundation is extremely weak and has been dangerously undermined by our tragic record on Castro, climaxed by the unsuccessful invasion attempt that dangerously eroded what remaining respect and confidence the "Latinos" have for us.

That foundation must be rebuilt with solid, concrete footings of a sturdy and rich mixture of the cement of respect and the sand of courage and confidence.

## V. BIBLIOGRAPHY

1. AIKEN, GEORGE D. (U.S. Senator), "Latin America: Venezuela, Brazil, Peru, Bolivia, and Panama," a report on a study mission to the Committee on Foreign Relations, U.S. Senate, 86th Congress, 2d session, January 21, 1960, pages 1–17.

2. Alexander, Robert J., "Communism in Latin America," the New Leader, January 30, 1961, pages 15–19.

3. Alexander, Robert J., "Soviet and Communist Activities in Latin America," "Problems in Communism," volume X, No. 1 (January–February 1961), pages 8–13, U.S. Information Agency, Washington, D.C.

4. "Allied and Communist Actions and Reactions in Latin America," War College nonresident program, volume I, chapter 18, Air University, U.S. Air Force, Maxwell Air Force Base, Ala.

5. Aubrey, Henry G., "Sino-Soviet Economic Activities in Less Developed Countries, Comparisons of the United States and Soviet Economics," Joint Economic Committee Print, 86th Congress, 1st session, 1959,

part II, 445-454, 463-466, in WCNP volume I, chapter 8, pages 25-35.

6. "Background, Highlights of Foreign Policy Developments—1961," Department of State publication 7278, Washington, D.C., Department of State, May 1962, page 1.

7. Ball, George W., "A New Frontier in Free-World Economic Cooperation," the Department of State Bulletin, XLIV, No. 1135 (Mar. 27, 1961), 449-454, in WCNP volume I, chapter 19, pages 15-20.

8. Bennett, Rosita Rieck, "The Alliance for Progress: Report on the First Year," Washington, D.C., Legislative Reference Service, the Library of Congress, April 30, 1962.

9. Berle, Adolf A., Jr., "The Cuban Crisis—Failure of American Foreign Policy," Foreign Affairs, volume XXXIX, No. 1 (October 1960), pages 40-55, copyright 1960 by the Council on Foreign Relations, Inc., New York, in WCNP volume I, chapter 18, pages 39-47.

10. Blumenfeld, F. Yorick, "Revolution in the Western Hemisphere," Editorial Research Reports, volume I, No. 2, January 11, 1961, pages 23-40, Washington, D.C.

11. Cohen, Victor H., "Global Patterns of Power," "Power Politics and International Relations" (November 1958), 26-45, staff development course, detachment No. 1, Headquarters Continental Air Command, Maxwell Air Force Base, Ala., in WCNP, volume I, chapter 10, pages 5-16.

12. Cohen, Victor H., "The U.S. Foreign Aid Program," revised for the War College nonresident program, March 1961, from lectures, and from articles prepared for detachment No. 1, Headquarters Continental Air Command, Maxwell Air Force Base, Ala., in WCNP, volume I, chapter 6, pages 5-16.

13. "The Communist Economic Threat," Department of Defense pamphlet 4-8 (Feb. 12, 1960), 1-22, in WCNP, volume I, chapter 8, pages 5-15.

14. Department of State et al., "Latin America, Mutual Security Program, Fiscal Year 1961, a Summary Presentation," March 1960, pages 102-109, in WCNP, volume I, chapter 18, pages 13-17.

15. Department of State intelligence report No. 7998, "A Comparison of U.S. and Soviet Bloc Aid Personnel in Less Developed Countries," Washington, D.C., April 16, 1959 (unclassified).

16. Fleming, D. F., "Beyond the Cold War," The Annals, volume 324 (July 1959), 111-126, in WCNP volume I, chapter 20, pages 25-36.

17. Finney, Robert T., "Alliances and Collective Security," lesson 9, "International Organizations and Collective Security," May 1959, detachment No. 1, Headquarters Continental Air Command, Maxwell Air Force Base, Ala., in WCNP volume I, chapter 11, pages 3-23.

18. Herter, Christian A. (Secretary of State), "Secretary Herter Summarizes U.S. Foreign Policy Under the Eisenhower Administration, 1953-61," The Department of State Bulletin, XLIV, No. 1127 (January 30, 1961), 143-150, in WCNP volume I, chapter 19, pages 73-80.

19. Heymann, Hans, Jr., "Soviet Foreign Aid as a Problem for U.S. Policy," World Politics, XII, No. 4 (July 1960), 525-540, in WCNP volume I, chapter 8, pages 37-48.

20. Jordan, Amos A., Jr., "Military Assistance and National Policy," Orbis, II, No. 2 (summer 1958), 236-253, in WCNP volume I, chapter 6, pages 19-28.

21. Kalvoda, Joseph, "Communist Strategy in Latin-America," the Yale Review, L, No. 1 (September 1960), 32-41, in WCNP volume I, chapter 18, pages 21-26.

22. Life magazine, March 16, 1962, page 4.

23. Lubell, Samuel, "From the Citizens' Viewpoint," "Public Understanding and Free World Defense," "the General Electric Defense Quarterly, III, No. 4 (October-December 1960), in WCNP volume I, chapter 19, pages 37-41.

24. Mansfield, Mike (U.S. Senator), "Latin America and United States Policies," a report on a study mission to the Committee on Appropriations, U.S. Senate, 87th Congress, 2d session, January 13, 1962, pages 1-16.

25. McClellan, John L. (U.S. Senator) and others, "Special Report on Latin America," a report by the Subcommittee on Appropriations for the Departments of State and Justice, the Judiciary and the U.S. Information Agency to the Committee on Appropriations, U.S. Senate, 87th Congress, 2d session, Senate Document No. 80, March 19, 1962, pages 1-62.

26. Morgenthau, Hans J., "The Purpose of American Politics," pages 5, 26, 37, 90, 91, 98-101, 259, Alfred A. Knopf, New York (1960).

27. Markland, Harry B., "Fidelism for Export," Current History, XL, No. 236 (April 1961), pages 219-224, in WCNP volume I, chapter 18, pages 51-56.

28. Newsweek magazine, April 9, 1962, page 55.

29. Norris, John G., "Pentagon 'Civic Action' Holds Military Hopes," the Washington Post, June 18, 1962, page A7, Washington, D.C.

30. Ohly, John H., "Competitive Aspects of Foreign Aid," the Stanford Research Institute Journal, III (fourth quarter, 1959), 173-178, in WCNP volume I, chapter 8, pages 17-23.

31. Overstreet, Harry and Bonaro, "The War Called Peace," pages 39, 49, 50, 53, 56-58, W. W. Norton & Co., Inc., New York (1961).

32. Palmer, W. B. (general), "The Military Assistance Program as a Tool for Peace With Honor," the Department of State Bulletin, XLII, No. 1079 (Feb. 29, 1960), 329-333, in WCNP volume I, chapter 6, pages 43-47.

33. Parsons, J. Graham, "The American Role in Pacific Asian Affairs," the Department of State Bulletin, XLII, No. 1081 (Mar. 14, 1960), 404-410, in WCNP volume I, chapter 17, pages 33-39.

34. Penty, George, "Red China's Bid for Latin America," This Month, volume 1, No. 4 (May 1962), pages 15-30, New York.

35. Perkins, Dexter, "Cuba and the Monroe Doctrine," Foreign Policy Bulletin, XXXIX, No. 24 (Sept. 1, 1960), 185-186, in WCNP volume I, chapter 18, pages 59-60.

36. Schlesinger, James R., "Foreign Aid: A Plea for Realism," the Virginia Quarterly Review, XXXV, No. 2 (spring 1959), 222-239, in WCNP volume I, chapter 6, pages 31-39.

37. Smith, Margaret Chase (U.S. Senator), "Alliance for Progress," Congressional Record, March 24, 1962, pages 4955-4959.

38. "Soviet Bloc Latin American Activities and Their Implications for U.S. Foreign Policy," United States-Latin American Relations, a compilation of studies prepared under the direction of the Subcommittee on American Republics Affairs of the Senate Committee on Foreign Relations, 86th Congress, 2d session, Document No. 125, August 31, 1960, study No. 7, pages 691-701, in WCNP volume I, chapter 18, pages 29-36.

39. Trudeau, Arthur G. (lieutenant general), "Soviet Economic Threat," Military Review, XLI, No. 1 (January 1961), 34-43, in WCNP volume I, chapter 19, pages 5-12.

40. "U.S. Foreign Policy: Middle East," a staff study prepared for the use of the Senate Committee on Foreign Relations, 86th Congress, 2d session, study No. 13, June 9, 1960, pages 1293-1302, 1317-1323, in WCNP volume I, chapter 14, pages 35-44.

41. "U.S. Foreign Policy: U.S.S.R. and Eastern Europe," a study prepared by a Columbia-Harvard research group at the request of the Senate Committee on Foreign Relations, 86th Congress, 2d session, committee print, February 14, 1960, study No. 11, pages 5-17, in WCNP volume I, chapter 13, pages 5-14.

42. "The Vision Letter," March 27, 1962, page 1, Vision Magazine, Inc., New York.

43. The Washington Post, "Publicizing the Alliance," editorial, April 16, 1962, page A14, Washington, D.C.

## COMMENDATION OF RAYMOND FARRELL, COMMISSIONER OF THE IMMIGRATION AND NATURALIZATION SERVICE

Mr. PELL. Mr. President, in February of this year I rose to support wholeheartedly the nomination of Raymond Farrell for the position of Commissioner of the Immigration and Naturalization Service. At that time I stated that I believed President Kennedy most wisely made an excellent appointment in his selection of a career official, Ray Farrell, for this responsible post. I am very pleased to note that on August 22 of this year, the Attorney General of the United States stated at an incentive awards program that "an outstanding example is Raymond F. Farrell, a career employee of the Immigration and Naturalization Service, who was made Commissioner of the Service last January."

Mr. President, I am extremely pleased that a fellow Rhode Islander was singled out by the Attorney General in this manner.

## TRIBUTE TO SENATOR MUNDT

Mr. TOWER. Mr. President, the distinguished Republican Senator, Karl Mundt, of South Dakota, has played a central role in virtually all of the investigations conducted by the Congress during most of the 24 years he has been a Member of the House of Representatives, beginning in 1939, and the Senate since 1949. He has played a judicious and objective role in the Alger Hiss hearings, the Army-McCarthy hearings, over which he presided, the exposure of racketeers in the labor field, and is currently adding effective illumination and perspective to the Billie Sol Estes inquiry. He was a front runner in urging the advantages of, and the need for, a two-party system in the South, and urged this at a time when his political realinement proposals were ridiculed and termed futile. He is continually presenting new proposals with energy, and his regard for traditional values and the conservative philosophy are widely known and respected. Senator Mundt's exceptional record and contributions to the national scene are delineated admirably by Willard Edwards, veteran member and discerning observer of the Chicago Tribune's Washington bureau, in an article titled "Mundt Sorts Good and Bad Guys" appearing in the Record following my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Mundt Sorts Good and Bad Guys

(By Willard Edwards)

Washington, September 1.—The Senate hearing had been long and confusing. Television lights shed a hot glare, promoting discomfort in this crowded chamber. Senators had been stirred to irritation by evasive witnesses. The purpose of the inquiry seemed lost in a maze of complicated and contradictory testimony.

At this point, a calm voice was heard. It came from a placid, pipe-smoking individual who had been listening quietly.

"In this melodrama of Billie Sol Estes," he began, "we are trying to find out who are the good guys and who are the bad guys."

### HE RESTORES PERSPECTIVE

In a few minutes, he had summed up the salient points of the evidence, balanced them judiciously, noted inconsistencies, and reduced verbal chaos to order. Perspective was restored. The hearing resumed, its objectives clarified.

The incident was typical of the methods and personality of Senator Karl E. Mundt, Republican, of South Dakota, who has been separating the good guys from the bad guys in congressional investigations during most of the 24 years he has served on Capitol Hill.

It has been Mundt's fate to appear, usually in a central role, in virtually all of the sensational investigations that have seized national attention in the last two decades. No other Member of Congress can come close to this record.

His current participation in a probe of the Estes scandal is unexciting by comparison with some of his past inquiries—the Alger Hiss spy case, the Army-McCarthy hearings, over which he presided, the 3-year exposure of racketeers in the labor field.

### CAN DAZZLE LISTENERS

From this vast experience he has learned how to sift the kernels of fact from mountains of verbiage and he was exercising this talent on the occasion noted above.

He was also exercising another gift—the ability to clothe his thoughts in down-to-earth phrases. He has, perhaps the best command of the English language in the Senate and can, when called upon, indulge in spellbinding, dazzling listeners with oratorical flourishes. But he loves a colloquialism which punches home the truth so all can understand.

This propensity is the more surprising because Mundt has a somewhat pedantic background. He was a school instructor and school superintendent, a writer and [he will reluctantly admit] a poet in his youth who has had a sample of his verse published in a respected anthology. But he was also a farmer and a salesman and never succumbed to the ivory tower trappings of the academic world.

### DEBATE DEFEATS RIVAL

Mundt came to Congress in 1938, serving 10 years in the House before moving on to the Senate. He was reelected in 1960 to a third 6-year term. He usually has a tough race because labor pours big money into his State to defeat him. He was trailing in the last campaign until his opponent made the mistake of challenging him to a series of debates.

Their main encounter on statewide television came the same night as the first Kennedy-Nixon TV clash. Mundt slugged his rival into helplessness and he never recovered. Mundt won by a comfortable margin. Nixon, by general agreement, lost the Presidency that night through excessive amiability.

This coincidence had an ironic flavor, tracing back to events of 14 years ago. Mundt and Nixon were both members of the House Committee on Un-American Activities which was confronted in 1948 with the problem of deciding whether Alger Hiss, a former State Department official, was a Communist.

In the accounts which have gained wide circulation since that spectacular affair, Nixon was generally given most of the credit for eventually unmasking Hiss.

### KNEW ABOUT HISS FIRST

Nixon's role in the exposure of Hiss cannot be discounted. But the legend grew that he was the only committee member to remain suspicious of Hiss after the latter's first denial that he ever knew Whittaker Chambers, the repentant Russian agent who accused him.

Mundt not only suspected Hiss. He knew the diplomat was a Communist early in the hearings, before Nixon became convinced. As chairman of the subcommittee which first heard Chambers, he had been visited secretly by a State Department security officer who showed him the confidential files on Hiss, disclosing his Communist connections.

Jack Puerifoy, the security officer, later an Ambassador, was defying orders from President Truman and Secretary of State Dean Acheson in going to Mundt. He swore the Congressman to secrecy and Mundt, through the years, kept that pledge. He told the story only recently, released by Puerifoy's death from his promise.

Mundt's most difficult investigative role was performed in 1954 when he presided at the extraordinary hearings involving the Pentagon and the late Senator Joe McCarthy, of Wisconsin. At the end, his forbearance and good humor under tremendous pressures were acclaimed by both sides.

### SHUNS HYSTERICAL CLAMOR

As a veteran in the field of Communist investigations, coauthor of the first major measure designed to control Communist activities in the United States, he did not join in the hysterical clamor regarding McCarthy's methods. He sought, as others did, to restrain the Wisconsin Senator and parted with him, regretfully, when McCarthy assailed President Eisenhower. But he was one of the 22 Senators who voted against censure of McCarthy.

While investigations have claimed much of Mundt's time in Congress, his other activities encompass a wide area.

He would be entitled these days to a certain complacency and an "I told you so" attitude if he were inclined to such a mood. A columnist of New Frontier sympathies wrote with some alarm this week:

"Everybody in Washington laughed some years ago when Senator Mundt, of South Dakota, sat down at his political piano and interwove 'Dixie' with a corn and wheat tune. Yet this seems to be on its way."

The reference was to a campaign for "political realinement" launched by Mundt in the midforties and formally organized in 1951. Through the years, originally almost alone, he plugged in North and South, urging the advantages of a two-party system which would permit men of the same political philosophy, despite different political labels, to cast their votes for the same candidates.

### BUBBLING WITH NEW IDEAS

Political experts told Mundt he was engaged in a futile campaign. Dixie could never be cracked by the Republicans. They began to regard him with respect several years ago.

"This year, for the first time in American history, we have 39 Republican candidates running for the office of U.S. Senator," he exulted. "This is by far a new record. It is even more novel and refreshing that virtually all of these candidates have at least a chance of election next November, including several States in the Deep South."

At 62, Mundt is bubbling with new ideas and plans of this nature. He is a breezy man, easily stirred to laughter, completely informal. In most Senate offices, the central occupant is reverently addressed as "Senator." Members of Mundt's staff call him Karl and work cheerfully for long hours.

His easy adjustment to the wear and tear of a long public career is attributed by friends to the sprightly influence of Mary Mundt, his wife of 38 years. They are a famous team in the Capital. She displays a deceptive and charming naivete which masks political acumen. The Senator pays close attention to her advice.

### TRUMAN GRABBED HIS IDEA

The extent of his interests and accomplishments is somewhat staggering. He instigated in the forties the proposal for technical assistance to underdeveloped nations which was later appropriated by President Truman and called the point 4 program.

He saved the "Voice of America" program from extinction in 1947 and, while he confesses many disappointments in the foreign propaganda operations of the U.S. Information Agency he maintains faith in its purposes and objectives, under proper administration.

He is currently engaged in an energetic campaign for establishment of a freedom academy which would train Americans to fight the Communist conspiracy. The cold war battle with Russia cannot be won, he says, unless we build up a corps of individuals skilled in psychopolitical warfare.

He drafted the original proposal for a conservative political action group which eventually emerged as Americans for Constitutional Action, an organization which supports candidates devoted to constitutional concepts, regardless of party.

### PUSHES FOR VOTING REFORM

He is pushing for reform of the electoral college system which, he notes, permits the voting blocs in 12 big cities of 8 pivotal States to dominate a national election under the winner-take-all process whereby a plurality of one vote can swing the entire bloc of electoral college votes of a State to one candidate.

He is an acknowledged authority on agricultural problems and his solution for surpluses is an original as his political proposals. Too much attention has been paid, he thinks to cutting the supply of farm products while ignoring plans to increase the demand for them. He envisions the conversion of agricultural products into paper and motor fuel, thus eliminating surpluses and creating new demands which will restore farm prosperity.

Mundt believes that the voters in the sixties must decide issues which transcend party lines and shape the course of the Nation in the seventies and eighties. The basic issues confronting the people of America, he said, concern the bigness, the cost and the authority of the Federal Government and how far it should take us into the welfare state.

### HOPES FOR REALINEMENT

Most Republicans, he says, believe Government has gone too far and most Democrats are harnessed to the theory that Government should spend more and have increasing power.

But here are important exceptions to this generalization and he hopes for a political realinement which will enable candidates to affiliate with other like-minded citizens in a party which consistently opposes or supports the policies in question.

Until this realinement is reached, citizens must change their party labels to move forward or away from "big brother government."

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

Mr. MANSFIELD. Mr. President, I move that the unfinished business be laid before the Senate and be made the pending business.

The motion was agreed to; and the Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. Gore] to the committee amendment.

---

## THE MEDICARE BILL

Mr. WILEY. Mr. President, recently there was published in the Green Bay Press-Gazette an editorial in regard to medicare in the State of Wisconsin. It seems that my opponent is using my vote on medicare as what he thinks is a major issue. He has neglected entirely the real issues.

But in view of the fact that the matter is under discussion, I ask unanimous consent to have printed in the Record the editorial and also, following it, a statement by me on the subject "Why Did You Vote as You Did on the Medicare Bill?"

There being no objection, the editorial and the statement were ordered to be printed in the Record, as follows:

[From the Green Bay Press-Gazette, Sept. 4, 1962]

### Medicare in the Senate Race

Governor Nelson, who is seeking the Democratic nomination for U.S. Senator, has had much to say about Senator Alexander Wiley's vote against the King-Anderson bill to provide hospital care for persons over 65. The Governor has told a rather complicated story intended to make it appear that Senator Wiley was solely responsible for the defeat of this measure.

Senator Wiley has now replied to that charge. Instead of arguing about the influence of his particular vote, the Senator has denounced the bill as undeserving of his support. The statement, which is a good one, makes these points against the bill:

1. The first $90 of hospital bills would have to be paid by the patient.

2. There was no provision for the payment of doctors' bills.

3. It didn't even pay for medicine outside the hospital. Nor did it cover most of the outpatient care.

4. Neither was there any direct benefit for those under 65 although all workers would pay increased taxes for 20 to 40 years.

Senator Wiley then pointed out that the Kerr-Mills bill which is now on the statute book provides for Federal grants of 50 to 80 percent to States to help furnish comprehensive medical assistance not only for aged individuals who are recipients of old age assistance, but also for those who are not if their means are insufficient to meet the cost of medical expense. The Senator says "24 States at present have Kerr-Mills programs in operation. Wisconsin is not one of them."

Senator Wiley's statement is pointed. Wisconsin is not getting benefits under the Kerr-Mills bill, and the reason it is not, is largely because Governor Nelson did not supply the necessary leadership to get any action on State legislation necessary to make the bill operative in Wisconsin. Governor Nelson and many others who were stanch supporters of the King-Anderson bill apparently did not want to put the Kerr-Mills bill into operation fearing that to do so would show that there was no necessity for the bill which would put medicare under a social security financing program.

It is quite probable that if Governor Nelson had made half as much effort to get Kerr-Mills legislation for Wisconsin as he is now making to place the responsibility for the failure of the King-Anderson bill, Wisconsin would have that legislation and many needy persons would be benefiting from it.

A recent Associated Press dispatch reports that Massachusetts received a "$52 million jackpot, with more to come, since it went into the Federal-State plan of medicare for the aged 2 years ago."

That means that Massachusetts adopted legislation to make the Kerr-Mills bill effective there.

The Kerr-Mills program paid out a total of $166 million in Federal funds the first 2 years of its existence up to March this year. New York got $79 million of the total, Massachusetts, $52 million; and Michigan, $18,400,000. California received only $4 million but its program is new and may shortly be greatly expanded.

Assemblyman Jerome Quinn, of Green Bay, has a bill pending in the legislature which seeks similar benefits for Wisconsin people. Thomas J. Lucas, Sr., director of public assistance for the Wisconsin Welfare Department, estimated the total cost of the program for Wisconsin at $10 million. The State would have been required to pay 46.9 percent of the total or $4,690,000. If those who are now showing so much concern for the aged had pushed a little bit for this legislation, many Wisconsin residents, including some on public welfare and others with small incomes who are making their own way, could have been receiving benefits from it.

The simple fact is that many needy Wisconsin residents over 65 years of age have been deprived of the benefits of the Kerr-Mills bill worth $5,310,000 per year in Federal aid because the State did not provide the leadership necessary to obtain it.

---

### Statement by Senator Wiley, of Wisconsin, September 5, 1962

Why did you vote as you did on the medicare bill?

(a) The medicare bill, known as the King-Anderson bill, was an amendment which had never been heard by a committee. It was an amendment to the public welfare bill.

(b) In view of the adamant position of the House Ways and Means Committee against medicare, had the medicare amendment been accepted, it could have meant a deathknell to the public welfare program—a loss to Wisconsin of $37 million.

(c) Under the public welfare bill, Wisconsin will now get almost $37 million a year in Federal payments, under the revised formula contained in the public welfare law, 87–543 as signed by the President.

(d) There were 31 Republicans and 21 Democrats who voted as I did because they felt the Kerr-Mills bill passed in the last Congress had not had an adequate tryout.

(e) In fact, the medicare bill was a goldbrick without any gold in it. It did not provide for all medical costs for inpatients. Payments were limited to room and board and drugs used when in the hospital. Excluded, however, were medical or surgical services provided by a physician, resident, or intern, except services provided in pathology, radiology, psychiatry, or anesthesiology.

(f) The bill did provide for 90 days in the hospital, 120 days convalescence in a rest home, and 240 home visits a year by a nurse, but it did not contain any provision for doctors' bills, drugs, and medicines for outpatient care.

* * * * *

(h) Had the program been approved, the cost of the contributions to the social security system, including medicare by both employers and employees, would have ranged from 3⅝ percent in 1963 to 4⅝ percent after December 31, 1967. This would have added to the cost of goods because of increased costs in the overhead of all industries. This would have created a demand for increased wages, increased cost of goods and with the competition of foreign imports, you can readily see what the situation would be. In most cases, the industrial factory workers' payments to the social security system, including medicare, would be over $200 a year.

If the medical care program had been approved and later changed to provide for all services required in medical care, as in certain countries in Europe, the percentages deducted from wage earners and employees could go as high as 23 percent.

Bear in mind, the cost would fall on everyone covered by social security, and the young men and women in their thirties would pay until they were 65.

(i) Wisconsin and other States have a public welfare program as follows:

Old people on relief are eligible for this medical care in all of the 48 States. They can get nursing home care in 48 States, hospitalization in 46, physicians' services in 42, prescribed drugs in 40, and dental services in 38. And in those States where the Kerr-Mills program has been put into operation, hospitalization, physicians' services, nursing home care, drugs, and dental care are provided.

(j) Remember this, that in the medicare bill, the patient has to pay $90 first.

(k) Federal statisticians figure that the medicare bill would have cost $1.2 billion the first year and increasing amounts in later years.

But there's another phase to this bill—it is the opening wedge to socialized medicine. Recently we saw what happened in Canada, and if you want to know what socialized medicine is, go to England. That's what the Governor wanted, but the sensible Republicans and Democrats said "nothing doing."

(l) The Government figure shows that one out of every two persons aged 65 has some kind of health coverage, and that the percentage is rising. Some figure that by 1970, 90 percent will have coverage. Many insurance companies write new policies for the aged and many unions demand more retirement health benefits in their contracts with management.

The Governor would want, of course, to abolish all these.

(m) The Senators who voted as I did are as follows:

Aiken (Republican, of Vermont), Allott (Republican, of Colorado), Beall (Republican, of Maryland), Bennett (Republican of Utah), Boggs (Republican, of Delaware), Bottum (Republican, of South Dakota), Bush (Republican, of Connecticut), Butler (Republican, of Maryland), Byrd (Democrat, of Virginia), Capehart (Republican, of Indiana), Carlson, (Republican, of Kansas), Cotton (Republican, of New Hampshire), Curtis (Republican, of Nebraska), Dirksen (Republican, of Illinois), Dworshak (Republican, of Idaho), Eastland (Democrat, of Mississippi), Ellender (Democrat, of Louisiana), Ervin (Democrat, of North Carolina).

Fong (Republican, of Hawaii), Fulbright (Democrat, of Arkansas), Goldwater (Republican, of Arizona), Hayden (Democrat, of Arizona), Hickenlooper (Republican, of Iowa), Hill (Democrat, of Alabama), Holland (Democrat, of Florida), Hruska (Republican, of Nebraska), Jordan (Democrat, of North Carolina), Kerr (Democrat, of Oklahoma), Long (Democrat, of Louisiana), McClellan (Democrat, of Arkansas), Miller (Republican, of Iowa), Monroney (Democrat, of Oklahoma), Morton (Republican, of Kentucky), Mundt (Republican, of South Dakota), Murphy (Republican, of New Hampshire), Pearson (Republican, of Kansas).

Prouty (Republican, of Vermont), Randolph (Democrat, of West Virginia), Robertson (Democrat, of Virginia), Russell (Democrat, of Georgia), Saltonstall (Republican, of Massachusetts), Scott (Republican, of Pennsylvania), Smathers (Democrat, of Florida), Smith (Republican, of Maine), Sparkman (Democrat, of Alabama), Stennis

(Democrat, of Mississippi), Talmadge (Democrat, of Georgia), Thurmond (Democrat, of South Carolina), Tower (Republican, of Texas), Wiley (Republican, of Wisconsin), Williams (Republican, of Delaware), Young (Republican, of North Dakota).

---

## PEACE WITH JUSTICE

**Mr. WILEY.** Mr. President, I wish to discuss what I believe is the most important problem facing all of us—the problem of war or peace.

There was a time when we in the United States could sit back and watch the power struggles of the Old World with a certain smugness, for we were not part of them, and they concerned us little, except as grist for the newspapers' mill. But those days are long past. Today the United States is the leader of the free world, and has no choice but to concern itself with events in far-distant places. We are locked in a contest with the Communist world, which is determined that its way of life shall prevail, and it uses the most unscrupulous means to advance that goal. We are even more determined that freedom shall prevail; and in this determination we have the allegiance and sympathies of the millions of people all around the world who want to be free to live their own life in their own way, to cultivate their vine and fig tree. Perhaps our strongest supporters, although their voices cannot be heard, are the peoples enslaved by communism, for the truth of the matter is that one of the oldest, most persistent, and hardiest aspirations of man is the aspiration toward freedom. In the long run, this will be decisive.

But in the meantime, we have the terrific problem of maintaining the peace without yielding to communism an iota of our vital interests. It is a problem that has taxed, and will continue to tax, our ingenuity to the utmost. It has cost billions and billions of dollars, and will continue to weigh heavily on us all. Some of this money has undoubtedly been wasted, but generally speaking it has been worth it, for liberty has no price.

Mr. President, I came to Washington in January of 1939. Hitler, of course, was getting ready for the big plunge; but no one seemed to think that. The world, while upset in Europe with Hitler tactics, was rather complacent. We in this country were seeking to get our economy started, as it had not been in high gear for a number of years.

In another sense, the world was large. Many of us, noninterventionists, lived in the outmoded concept of Washington—that we had nothing to do with the quarrels in Europe.

Well, that was my first session. At the end of the session, I found I had been appointed a member of the American Inter-Parliamentary group that was to attend the meeting in Oslo, Norway, in September. I arranged matters so that I could get away previous to the adjournment. I took my wife and our daughter and her husband along. We went to England and to Scotland, and from there we sailed to Bergen, Norway. Sailing up Bergen Harbor was an experience I shall never forget, because my father had sailed out of that harbor when he came to this country in the sixties. I attended the Inter-Parliamentary session, visited the King, went on to Stockholm, and from there to Copenhagen. Then Hitler went into Poland. The European war was on. Still we Americans were noninterventionists.

In January of 1941, I was in New York, where I had been asked to address a group of businessmen. I sat next to a banker who told me that the Japanese were pulling out their money. I could not understand that, for if there was any country in the world where a foreign country could have its money safe, it was America. Nevertheless, I came back to Washington and submitted in the Senate a resolution reading as follows:

> *Resolved*, That on Thursday, February 20, 1941, at 2 o'clock postmeridian, the Senate proceed to the consideration of executive business with closed doors, and that the Secretary of State and his Under Secretaries be requested to attend to discuss the Eastern situation and other related matters with the Senate.

On March 4, 1941, on the Senate floor, among other things, I said:

> What is our military position and condition in the Philippines?
>
> And the condition of our fleet? Is it like the Russian fleet was in the Japanese war?

But no attention was paid to my resolution and remarks, and Pearl Harbor came upon us 10 months later—December 7, 1941. After Pearl Harbor, the Washington Post said, in an article:

> Ten months before Pearl Harbor Senator WILEY introduced another resolution asking the Secretary of State to report in executive session of the Senate Foreign Relations Committee on the threat of war in the Far East and our preparations to meet it.
>
> At that time the State Department knew that war in the Pacific was rapidly approaching. But the resolution was pigeonholed. The committee did not get the information sought. No adequate preparations to meet an attack were made. The United States was humiliated at Pearl Harbor and a great sacrifice of human life will be necessary to regain what we have lost in the Far East.

As one southern newspaper said:

> If attention had been paid to Senator WILEY's resolution, it would have saved 2 years of war, thousands of human lives, and a billion dollars in wealth.

I cite this because, in spite of war in Europe, in spite of the Japanese drawing out their money, we were asleep. If the Army and Navy had been alert at Pearl Harbor, the thing that happened would not have happened.

Mr. President, what shape are we in today? Of course, the world has changed since 1941. We had 2 years after Pearl Harbor to pick up the pieces. Now, with the intercontinental missiles the Russians possess, we would have only 15 minutes. After the war started in Europe, 15 months before Pearl Harbor, I continued to call for building up our country's defense forces. I recommended that the shipyards be constructed in the Great Lakes area and utilized to help produce America's ships. In June of 1941, speaking in Milwaukee, I said:

> We need a great defense laboratory for the Navy, the State Department, the War Department. It isn't enough for this administration to write our defense plans in the shifting sands of day-to-day expediency.

That was 6 months before Pearl Harbor.

Mr. President, in more ways than one we have seen tremendous changes. I have enumerated one, indicating the change in weapons. When I went to Washington for the first time, it really was a big world. It took 12 hours to go from Milwaukee to Washington. Now, I do it in less than 2 hours. Then the trip across the Atlantic took days; now, we do it in a few hours. All these changes in the physical world, coupled with the other changes I have enumerated, should bring us up sharply, so that we shall not again fall asleep.

The orbiting of the astronauts certainly calls our attention to the fact that we are living in a new world. Our eyes are being opened to new horizons; and with these new horizons come new challenges to which we cannot close our eyes. If others fail, we must not. Why? Because we are trustees of the great values that the race has evolved. We are the inheritors of the past and the builders of the present. But, more than that, as I have said, we are trustees; we are custodians. If we fail to protect and guard the great liberties we are custodians of, we may find that the remnant of the race may return to the caveman stage.

Mr. President, I thrill to the thought that we have a great purpose in life: It is to protect the great freedoms which we possess. A few centuries back, these freedoms were in the hands of kings and the church, and man was but a serf. Then, on this continent the light broke, and men became astronauts in the political field. They sailed out beyond the old moorings, where a man was but a clod, and they reached up for light—the light of infinite intelligence; and it did not fail them.

It is well for us to sit down and count our blessings; and when we think of the past, we realize we have a tremendous reservoir of those blessings. We must not be renegades to our forebears. We must carry on. Let us all become astronauts of the spirit, and then we will fulfill the obligations which are ours.

There are two basic ways to preserve the peace and prevent world war III: Building our strength to maintain freedom, and working for a peaceful world in which that strength will be unnecessary. Thus, our policy has two barrels: Strength and reason. Each of these paths has many byways, and the United States has explored them all. We have built up a tremendous nuclear force for the sole purpose of deterring Communist aggression. The Soviet Union knows that should it launch a sneak attack it will be subjected to devastating retaliation. But both nations probably would be destroyed if war came. In its own terms, then, nuclear deterrence has been a success. The terrible consequences of a nuclear holocaust have actually prevented its occurrence.

Mr. President, I say this because letters received this morning ask, "Why don't we go in and knock the blazes out of Cuba?"

There is even condemnation of the President. I do not agree with that condemnation. I feel we must use commonsense and use reason and judgment. If we got into a war, we do not know whether it would start a universal blaze or whether it could be kept local. In my opinion, in view of the fact that Cuba is more or less a satellite of the Soviet Government, it would probably precipitate a third world war. That we must not have.

Nuclear deterrence can only be part of our total strategy. If they are thwarted in their larger designs, the Communists look for lesser victims, to whittle down the strength of the West. They are like the pack of wolves picking off the stragglers in the wintry forest. If we are to preserve the peace we must see to it that the Communists do not pick off enough stragglers to leave us exposed and at bay. That is the reason we aid countries like South Vietnam. There are risks involved, but the smaller risk, taken now, may prevent the big risk of world war III.

Our defense includes assistance to deserving small and weak states, struggling to preserve their independence at the edges of Communist power. It includes the NATO alliance, the heart of our foreign policy for the past 13 years. And the tools in our defense arsenal range from the Atlas, Titan, and Polaris missile forces to the special skills and knowledge of our antiguerrilla experts in Vietnam. Thus the nations of the free world, under the guidance and leadership of the United States, have developed a wide range of defenses designed to deter Communist expansion, and if deterrence fails, to combat it and punish it. That is the first half of our program for peace with justice. We aim to preserve the peace by making war an unprofitable activity for the Soviet Russian imperialists.

But the building and maintaining of our strength is only half of our program for preventing world war III and maintaining the present uneasy peace. The first barrel of our program is strength, but the second barrel is reason. By this I mean that while it is necessary to pursue the negative path of war prevention by building war capabilities, it is necessary at the same time to have a positive reasonable plan to build a better world in which to live in peace. The United States has pursued for many years the goal of a disarmed world composed of independent nations, living together in peaceful prosperity. Indeed, this is what we mean by "peace with justice." So we cannot let our concern with strength make us forget our positive goals.

The Russians speak of competitive coexistence, and nothing would make us happier than to be able to compete peacefully, with this free enterprise system of ours against the Communist state system. We believe that in a worldwide competition between the two systems, aimed at developing the backward nations of the world, the way of freedom and prosperity that we have perfected in this country would drive the Communist system right into the dust—provided that the backward nations were really free to make their own choice, of course. This is why the United States has continually taken the initiative in striving for a safeguarded disarmament. For if we were freed of the necessity of carrying a $50 billion annual defense budget, imagine the effect on free enterprise's ability to compete peacefully with the Communist economic system.

We could reduce taxes here at home to ease up the burden on both consumers and business investors. This would stimulate industry and employment here at home. At the same time, a safeguarded disarmament would free the funds necessary to really attack the root sources of Communist appeal in these underdeveloped areas—the poverty and disease and ignorance that is the breeding place for alien ideologies. We could mount a massive freedom program designed to provide the skills, knowledge, and capital needed to get these nations operating as modern industrial partners. In a competition like that the Communist failures in providing for the needs of their own people in East Germany, in China, and in Cuba would stick out like sore thumbs; and the free enterprise system, with political as well as economic freedom would surely prevail. But perhaps this is obvious to the Communists at Geneva, too, for unhappily they have continually turned down the most reasonable measures that we have offered to them for safeguarded steps toward mutual disarmament.

It will be noticed that I use the word "safeguarded" whenever I mention disarmament. This is because the West has learned from bitter experience that a Communist agreement on paper alone is next to worthless. No, we must have positive rights of inspection and verification of compliance if we are going to be able to safely reduce our armed strength. And again, our disarmament program is reasonable—we ourselves are willing to submit to the very same inspection and verification procedures that the Russians refuse to agree to. This is not a one-sided program, asking them for more than we would be willing to do—it is a reasonable, well-balanced, and fair program that they continually reject. That is why we must maintain our posture of strength while seeking the paths of reason to a free and peaceful world.

But if we can hold off the threat of Communist expansion by maintaining a peace-preserving posture of strength, we may be able to achieve our kind of free and prosperous world even in the absence of a Soviet agreement on disarmament. Our plans for a world of plenty do not, and should not, depend on what the Russians do or do not do. Even while carrying the $50 billion burden of the arms race, our economic plenty still provides the means to render assistance to the underdeveloped nations in the form of industrialization loans, stabilization aid, technical assistance, and many direct people-to-people programs like Public Law 480, which provides some of the surplus bounty that our amazing farm system produces to the hungry peoples of many lands. This food is used in school-lunch programs and similar activities designed to alleviate the miseries on which Communist propaganda feeds. But I believe that a nation as great and humanitarian as this one would have undertaken such a merciful program even if Marx and Lenin had never been born. For we are not just fighting against something; we are fighting for something, and shall never weary of carrying the burden of the self-imposed tasks which our religious morals and ethics demand. We want to eliminate hunger and disease because it is right, not just because communism exploits them mercilessly, although this is certainly a good secondary reason.

Communism exploits hunger in Africa and Asia and Latin America, while it cannot even relieve hunger at home in Russia, let alone in China or Cuba. Of course, this is never admitted in the Communist propaganda. But let the United States be successful in achieving a safeguarded disarmament, setting the stage for a real, peaceful competition, and the nations of the world would soon see for themselves whose bins were capable of providing wheat and corn to hungry peasants and whose were not. Yet once again I am forced to say that perhaps this is one of the reasons why we are having so much trouble trying to get the Russians to sign a reasonable disarmament agreement at Geneva. They are afraid of getting shown up in a peace race, so they continue to shout and brag and accelerate the arms race that their ambitions are responsible for.

I am optimistic about the longrun possibilities of maintaining the peace and avoiding world war III, even in the face of continuing competition between the Soviet Union and the United States. Obviously, if the West ever wants to drop its defense of freedom and its quest for a free and peaceful world, then, as Khrushchev promises, there need never be a world war III. All we have to do is quit. But this is not a quitting nation, and man's longing for freedom never ceases, as Mr. Khrushchev knows very well. He has seen it flare up in East Germany, and in Hungary and Poland. We can rest assured that it will flare up again.

We are not going to give up our rightful, God-given freedoms just to appease Khrushchev and prevent world war III. Let him give up his evil plans for expansion instead. In this I believe we have the crux of the matter. Each side has its own view of the kind of a world it wants, and each side is working hard to achieve its own kind of world. Our kind of a world would have peace with justice as its permanent condition. The Communists' kind of world would have universal domination by the Kremlin. To overcome the Russian drive for world domination will not be easy, nor will it be without its dangers and its sacrifices.

I am still optimistic—history is on the side of freedom. And as long as we stay strong enough to crush Russia if she starts a war, there will be no war. As long as we continue to work with the stick and the carrot at Geneva, there is a hope that reason will prevail and that with a safeguarded disarmament, we can turn to the challenge of importing American know-how and aid to the three-quarters of the world that is underdeveloped.

Yes; the American foreign policy has been a good one so far, and it has been followed regardless of which party is in power, for it represents the deepest beliefs and yearnings of all Americans, regardless of their station. Our goal is peace with justice—freedom for every nation and every individual to develop as he wishes, within a commonly agreed law and order. Surely this is a goal worthy of all the sacrifices that will be required to attain it.

**Mr. MANSFIELD.** I did not hear all the speech of the Senator from Wisconsin, but I did hear the latter part of it, with reference to Cuba, and I wish to commend him for the statesmanlike stand he has taken on this issue. I would hope Members of Congress and the people of the United States would have an awareness of the tremendous, and almost insurmountable, difficulties a President of the United States has; regardless of party. I would hope they would keep in mind that there are tinderbox situations in the area of Berlin, which situation perhaps is becoming worse with each passing day; in southeast Asia, which still has a long way to go to achieve stability; in Africa and elsewhere; and while it is good to criticize constructively, and not destructively, I would hope we would be able to exercise a degree of self-restraint and develop an appreciation of the difficulties which confront the President of the United States. While the President may be the head of the Democratic Party, he is in his present office, first and foremost, as the President of all the people of the United States.

These are facts which we ought to consider. These are the practical realities with which we are confronted. I would hope that we would subordinate our emotions to the facts as they really are and to the possibilities which may develop.

---

## PARLIAMENTARY INQUIRIES RELATING TO NOMINATION OF THURGOOD MARSHALL TO BE A U.S. JUDGE

**Mr. JAVITS.** Mr. President, I wish to propound a series of parliamentary inquiries to the Chair with relation to the discharge of a committee from the consideration of a nomination for a judge, which I understand would appear on the Executive Calendar, if carried.

Mr. President, rule XXVI requires that—

> All reports of committees and motions to discharge a committee from the consideration of a subject, and all subjects from which a committee shall be discharged, shall lie over 1 day for consideration, unless by unanimous consent the Senate shall otherwise direct.

I therefore ask, Mr. President, whether at any time today a petition to discharge the Judiciary Committee from the consideration of a judgeship nomination may be filed.

**The PRESIDING OFFICER** (Mr. Pearson in the chair). The Chair is advised by the Parliamentarian that it must be filed during an executive session of the Senate, and not in legislative session. Whether it could be filed today will depend upon the holding of an executive session.

**Mr. JAVITS.** May any Member of the Senate, at any time that he gains the floor, notwithstanding the pending business, move for the Senate to proceed into executive session?

**The PRESIDING OFFICER.** The Chair is further advised that a motion to proceed to the consideration of executive business is privileged and not debatable, and that it may be made at any time.

**Mr. JAVITS.** And the motion having been filed and having gone over for a day, must the Senate be in executive session again on the following day when the motion may be considered in order to give consideration to the motion to discharge?

**The PRESIDING OFFICER.** The Chair is advised that the motion would be subject to consideration at the next executive session, whether it be the next day or some other day. The Chair is further advised by the Parliamentarian that a resolution to discharge a committee from further consideration of a nomination should be submitted in executive session. Unanimous consent is required for its consideration when submitted, and it will go over until the next executive session on another day upon objection being made, and it will be laid before the Senate during that session for consideration.

**Mr. JAVITS.** The objection relates only, in the Chair's opinion, as I understand, to the effort to have the petition considered on the day it is filed in executive session; there is no unanimous consent required to go into executive session in order to file a petition, or to go into executive session on the day when the petition is entitled to consideration. Is that correct?

**The PRESIDING OFFICER.** The Senator is correct.

**Mr. JAVITS.** And when the petition is considered in executive session, does it become the pending business until disposed of, or until the Senate goes out of the executive session, which I gather can also be the subject of a motion?

**The PRESIDING OFFICER.** The Chair is advised that it can be displaced at any time by a majority vote, but otherwise it is in order until it is disposed of.

**Mr. JAVITS.** A motion to go into executive session is decided by the usual motion. Is that correct?

**The PRESIDING OFFICER.** That is correct, by a majority vote, without debate.

**Mr. JAVITS.** Mr. President, I see the majority leader on his feet and I did not give him notice of this, so I will withdraw it a once if the majority leader believes it should not be asked.

May I therefore inquire whether the leadership has any intention with respect to the discharge of the Judiciary Committee in relation to the Thurgood Marshall nomination?

**Mr. MANSFIELD.** Mr. President, in response to the question raised by the distinguished Senator from New York, I wish to say that the Senator from Montana has been in contact with certain members of the Judiciary Committee, notably the Senator from Michigan [Mr. Hart], over the past several weeks, and also with the Senator from New York [Mr. Keating], to a lesser degree, and on occasion with the Senator from New York who now controls the floor [Mr. Javits].

It would be my hope that we would be able to follow the regular procedure in bringing the nomination of Judge Thurgood Marshall to the floor. I would point out to my distinguished colleague that on at least two occasions this year we bypassed the committee, once in relation to the bill to establish an Urban Affairs Department in the Cabinet of the administration, and again on the health-care proposal. On both of those occasions we were defeated, although it is my firm—my very firm—belief that had we been able to get those matters out through the regular procedure of the committee system, both of the measures would have been passed in this body.

I cite this only to raise a danger signal, so to speak, which would be attached to any move to bypass a committee.

I am hopeful—very hopeful—that the nomination of Judge Thurgood Marshall will be reported out of the Judiciary Committee before too long. If it is not, then the leadership is prepared to take whatever action may be necessary to see that this situation is faced up to by the Senate before adjournment this year.

**Mr. JAVITS.** May I say to my colleague that I have the greatest respect always for his good faith, and in this situation as well. It is very obvious that in order to effectuate the result which so many of us have in mind, as my colleague has stated, the Senator from Michigan [Mr. Hart] and my own distinguished junior colleague from New York [Mr. Keating] have taken a very important part.

**Mr. MANSFIELD.** And the senior Senator from New York [Mr. Javits] as well.

**Mr. JAVITS.** I thank my colleague, but other Senators, as members of the committee, really have done the job.

In view of the fact that a majority vote obviously is required even in order to go into executive session, this is, as we all know, realistically, a procedural matter within the control of the leadership.

It is therefore my view, Mr. President, that first I must express myself as being determined, through any means open to me, including a motion to go into executive session and the other procedural steps which the Presiding Officer has described, to bring this matter before the Senate before we adjourn. At the same time, I realize that the auspices of the distinguished majority leader are a far greater guarantee of success than mine would be.

I therefore believe that we have to give an opportunity which is consistent with the time, so that seasonably this motion may be made, even if it is made by me, by my colleague, Mr. Keating, by the Senator from Michigan [Mr. Hart], or by any combination of us.

I say that because it seems to me that today, September 7, is just about the right time to move. However, events within the past few days have indicated that the Senate may be in session somewhat longer than any of us anticipated. We may be talking not about a week. but perhaps 2 weeks or 3 weeks, or perhaps 4 weeks.

Thus I explain to the Senate and to the others who might be interested, why, under the circumstances, I believe the path of prudence indicates perhaps we ought to wait yet another week, without in any way jeopardizing the ultimate result.

Again I pledge to the Senate and to all those who are interested that I am determined, as one Senator, that this issue will be placed before the Senate in some fashion, even if it is only on a motion to go into executive session for this purpose. I shall seek the vote of the Senate, seasonably, so that without question, as the minority leader, who is now in the Chamber, and the majority leader, have both expressed themselves on this proposition, the Senate shall have the opportunity to act.

Mr. President, it will have that opportunity.

I must say I shall yield in every way to my colleagues who are the leaders, who have the first responsibility, and to my colleagues on the committee. But I shall feel myself determined, at last resort, as it were, to see that this matter actually is brought before the Senate.

I thank my colleague for his usual courtesy.

Mr. GORE obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield to me with the understanding that he will not lose his right to the floor?

Mr. GORE. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I appreciate the consideration shown by the distinguished Senator from New York [Mr. JAVITS]. I assure him that, insofar as the Senator from Montana is concerned, in his capacity as majority leader he will do everything he possibly can to see that this nomination is brought to the Senate before the Senate adjourns, to the end that the Senate can work its will one way or the other. In my opinion, it has been in the Judiciary Committee entirely too long, and the time for action and decision is long overdue.

Mr. JAVITS. Mr. President, again I wish to say I am sure we are all on the same side—the Senator from Montana [Mr. MANSFIELD], the Senator from Illinois [Mr. DIRKSEN], the Senator from Michigan [Mr. HART], my colleague from New York [Mr. KEATING], and myself. It is only a matter of getting the machinery in motion. That was the only thing to which I addressed myself. I thank my colleague.

Mr. KUCHEL. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. KUCHEL. Mr. President, the Senator from New York is precisely correct. I want to say that, in my judgment, the votes are available in the U.S. Senate to confirm the nomination of this distinguished American lawyer to be a member of the Court of Appeals of the United States for the Second Circuit. The votes are available to repudiate the contemptuous manner in which some people in this Senate and in the country would treat a Presidential nomination simply because the nominee happens to be a black man.

The U.S. Senate has a bounden duty to act this session with respect to the nomination of Justice Marshall. I am personally glad that the leader of the Democratic Party in the Senate has indicated that the U.S. Senate will have that opportunity. There are plenty of us on this side of the aisle to assist in bringing that nomination before the Senate in one fashion or another.

Then, Mr. President, the U.S. Senate will have helped to vindicate its constitutional responsibility to this country.

Mr. MANSFIELD. Mr. President, before I conclude I wish to say that Judge Marshall should be judged on the basis of his ability as a judge. He has served on the bench for some months now. I think he has made an excellent record. I think that and that alone should be the criterion.

I thank the Senator from Tennessee for his courtesy. If he will yield to me with the understanding that he will not lose his right to the floor, I should like to suggest the absence of a quorum.

Mr. GORE. I yield.

Mr. MANSFIELD. I make that suggestion.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the Senator from Wisconsin without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## RESTRICTIVE MONETARY POLICY STAGNATES AMERICAN ECONOMY

Mr. PROXMIRE. Mr. President, I wish to thank the distinguished Senator from Tennessee for yielding to me for a brief statement on monetary policy.

Perhaps the most complicated and least understood of our economic policies is the monetary policy. It is most unfortunate because control of the money supply has been the traditional way that our Government has influenced the course of our economy. Virtually everyone accepts that method as a proper and appropriate way for the Government to stimulate the economy when it needs stimulation, or to restrain the economy when inflation threatens. Our Government has used its control of the money supply repeatedly during the past 40 years to stimulate the economy when it is moving too slowly and to restrain it when inflation threatens.

The Washington Post has contributed a series of editorials on the present policies of the Federal Reserve Board. Of course, the Federal Reserve Board is the governor of our monetary system and of our monetary policy. It controls the supply of money. The editorials have contributed a great deal not only to a better understanding of the whole function of our monetary policy, but also to a very careful and responsible criticism of Federal Reserve policies. It argues that these policies are now restraining our economy at a time of heavy and continuing unemployment and too-slow economic growth.

On September 3, in its second editorial on the policy, the Washington Post stated:

> At the recent hearing of the Joint Economic Committee a rather monotonous dialog developed between Chairman William McC. Martin and his congressional antagonists in which he countered the charge that the Federal Reserve System is pursuing a "tight money" policy by asserting that bank reserves are now ample to handle the present demand for bank credit. The validity of Mr. Martin's point is beyond dispute, but one can raise the far more relevant question as to why the demand for bank loans is so weak. Was this demand choked off by restrictive monetary policies which have raised interest rates and made investment less attractive?

The argument that tight money has been choking off recovery is irrefutable. The fact is that the Fed has permitted the Nation's available reserves of credit to become tight. They are below the $500-million benchmark. They have been consistently below that figure for some time.

Furthermore, the fact is that the policies that have been followed by the Federal Reserve have so restrained the demand for credit, as the editorial implies, that, of course, it can be said as a technical fact that credit is available for those who want it at the price which they have to pay under those circumstances. By that definition one might say credit is always available, if one is willing to pay whatever high interest rates are demanded.

The editorial continues as follows:

> Since the middle of 1959 the Federal Reserve authorities have kept a very tight rein on the money supply (currency plus demand deposits). It was contracted sharply in 1959–60 and then permitted to rise until April of this year, but since that time it has been declining. This restrictive policy has led to a sharp rise in the ratio of the gross national product to the money supply or what is called the income-velocity of money.

Mr. President, the editorial is, of course, correct in pointing out, or implying, at least, that the measure of the tightness of the monetary supply is the relationship between the money supply the Federal Reserve makes available and the gross national product, which is the job that money supply must do.

The editorial continues:

> At the present time the income-velocity of money is nearly 3.8, the highest level since 1929, and it indicates that each dollar is

> turning over at an annual average rate of 3.8 times.

The fact is that the velocity of money is the best evidence of tightness. The editorial contends that money is now tighter in this country than it has been since 1929. With all respect to the editorial writer on the Washington Post, I would correct that statement by saying that it is tighter than it was in 1929. We must go back to a period even before the reign of Andrew Mellon as Secretary of the Treasury to find a period when money was tighter.

The editorial continues:

> Because the money supply is growing at a slower rate than GNP, interest rates, or the costs of credit, have risen. Long-term rates, as measured by the yields on Government and high-grade corporate bonds, while slightly lower than they were at the beginning of 1960, have been higher during the present recovery than in those which preceded it. As a result the volume of investment is lower than it might have been and overall economic growth has been inhibited.

### MITCHELL BRINGS NEW REALISM TO FED BOARD

Fortunately there is developing on the Federal Reserve Board a difference of opinion. President Kennedy has made one appointment to the Federal Reserve Board. He is George Mitchell, an eminent economist and banker, who has had great experience in the Federal Reserve System. I am proud to say that Mr. Mitchell hails from Richland Center, Wis. He is providing some reason and understanding of the impact of monetary policy on our economic system.

The editorial shows how:

> This line of reasoning has been supported by George W. Mitchell, the only Kennedy appointee to the Federal Reserve Board of Governors. In a speech delivered at the University of Wisconsin, Mr. Mitchell remarked that "At any given time the economy can adapt to a smaller money supply and this will show up as increased velocity. The important question is, Does the adaptation involve less spending than otherwise would have occurred?" Mr. Mitchell then goes on to suggest that high income velocity results in "a high level of short-term interest rates, so high as to place a floor under long-term rates, which in turn inhibits borrowing to finance capital outlays."

The editorial further points out:

> These remarks and Mitchell's conclusion that "a more aggressive monetary policy * * * might have led to a fuller utilization of resources" are sharply at variance with Reserve Board Chairman Martin's testimony before the Joint Economic Committee. There he suggested that "Slightly less easy money is likely to be more helpful. * * *" The tenor of the Chairman's remarks would suggest tighter money and higher interest rates in the near-term future while Mitchell's comments could presage a long overdue reversal of monetary policy. At the moment it is difficult to predict which view will prevail, but one can be certain that the outcome of this dispute will have a significant impact on the course of economic activity.

### CONGRESSIONAL OBLIGATION TO NATION ON MONETARY POLICY

The Constitution gives Congress authority over the monetary policy of the country. We have created the Federal Reserve Board as an agent of Congress, and we have the duty to tell the Federal Reserve how we feel about these things. If anyone doubts that the Federal Reserve Board is concerned about the attitude of Congress he need only listen to the testimony that is given before the Committee on Banking and Currency and the Joint Committee on Economic Policy in connection with appointments to the Federal Reserve Board. The position of Congress is very important.

As one Senator who serves on both committees, I wish to emphasize that I feel very strongly about the importance cf our monetary policy. Of course, that is not the only important economic policy of our Government. There is also the fiscal policy—taxing and spending, and wage policy—but the one area in which we can proceed to stimulate the economy with fair unanimity of support in business, labor, and on the part of the economic fraternity, is in connection with monetary policy. Yet our monetary authorities are following a restrictive policy. It need only be stated that very recently the announcement was made that our level of unemployment had reached the 5.8 level, showing the sharpest rise within a long time.

Mr. President, I ask unanimous consent that the editorial may be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### Federal Reserve Policies: II

> The disagreement between the Federal Reserve System authorities and their critics over the financing of fiscal deficits is closely related to a more general controversy over the growth of the money supply.
>
> At a recent hearing of the Joint Economic Committee a rather monotonous dialogue developed between Chairman William McC. Martin and his congressional antagonists in which he countered the charge that the Federal Reserve System is pursuing a "tight money" policy by asserting that bank reserves are now ample to handle the present demand for bank credit. The validity of Mr. Martin's point is beyond dispute, but one can raise the far more relevant question as to why the demand for bank loans is so weak. Was this demand choked off by restrictive monetary policies which have raised interest rates and made investment less attractive?
>
> Such an hypothesis appears to be supported by recent statistical evidence. Since the middle of 1959 the Federal Reserve authorities have kept a very tight rein on the money supply (currency plus demand deposits). It was contracted sharply in 1959–60 and then permitted to rise until April of this year, but since that time it has been declining. This restrictive policy has led to a sharp rise in the ratio of the gross national product to the money supply or what is called the income velocity of money. At the present time the income velocity of money is nearly 3.8, the highest level since 1929, and it indicates that each dollar is turning over at an annual average rate of 3.8 times. Because the money supply is growing at a slower rate than GNP, interest rates, or the costs of credit, have risen. Long-term rates, as measured by the yields on Government and high-grade corporate bonds, while slightly lower than they were at the beginning of 1960, have been higher during the present recovery than in those which preceded it. As a result the volume of investment is lower than it might have been and overall economic growth has been inhibited.
>
> This line of reasoning has been supported by George W. Mitchell, the only Kennedy appointee to the Federal Reserve Board of Governors. In a speech delivered at the University of Wisconsin, Mr. Mitchell remarked that "at any given time the economy can adapt to a smaller money supply and this will show up as increased velocity. The important question is, Does the adaptation involve less spending than otherwise would have occurred?" Mr. Mitchell then goes on to suggest that high income velocity results in "a high level of short-term interest rates, so high as to place a floor under long-term rates, which in turn inhibits borrowing to finance capital outlays."
>
> These remarks and Mitchell's conclusion that "a more aggressive monetary policy * * * might have led to a fuller utilization of resources" are sharply at variance with Reserve Board Chairman Martin's testimony before the Joint Economic Committee. There he suggested that "slightly, less easy money is likely to be more helpful * * *." The tenor of the Chairman's remarks would suggest tighter money and higher interest rates in the near-term future while Mitchell's comments could presage a long overdue reversal of monetary policy. At the moment it is difficult to predict which view will prevail, but one can be certain that the outcome of this dispute will have a significant impact on the course of economic activity.

### INTERNATIONAL BALANCE OF PAYMENTS NOT SIGNIFICANTLY INFLUENCED BY INTEREST RATE DIFFERENTIALS

Mr. PROXMIRE. I should like to read briefly from the other Post editorial and comment on it. It discusses the other side of this controversy. Some say, "Yes, if we have an easier monetary policy, and if interest rates are lowered, the economy will be stimulated, but we would lose capital to the higher interest rates abroad. Capital would flow out, and the adverse balance of payments would be aggravated." Now, is this true?

The editorial is a partial, although not complete, answer to that charge. I quote from the editorial:

> Any reasonable analysis of Federal Reserve policies must take into account the constraints imposed by the international balance-of-payments deficits and the gold losses of recent years.
>
> According to the traditional rules of the gold standard system, countries confronted with balance-of-payments difficulties should pursue restrictive monetary policies. By raising interest rates, a country with a balance-of-payments deficit would attract inflows of short-term foreign capital and improve its trade balance by driving down wages and export prices. But in practice these rules worked badly, and one can find no better examples of their egregious failure than in the experience of Great Britain after 1926 or in the United States in 1931–32. In both instances restrictive monetary policies conflicted sharply with the requirements of the domestic economy.

The editorial argues that did halt our gold outflow, but did so at too great a lost in domestic economic depression. Mr. President, I disagree. I argue that interest differentials do not significantly affect the flow of capital. Testimony before the joint committee overwhelmingly supports my view. I have challenged the Federal Reserve authorities and I have challenged others who take this view to come up with studies to show that what they say is correct. Every study that has come to us contradicts their position, and supports my view.

The editorial goes on to say:

> A return to the traditional deflationary therapy is unthinkable at this time when

> wage rates are rigid. Levels of unemployment, high enough to facilitate the classical adjustment process, for one thing, would be politically intolerable. Nevertheless the Federal Reserve authorities have restricted the annual growth of the money supply to less than 1 percent since 1959 and have kept interest rates at high levels in order to stem the outflow of short-term capital and maintain our gold stock.

Studies by Dr. Philip Bell, of Haverford, and Dr. Robert Roosa, of the Treasury Department, and Dr. Gemmill, an economist for the Federal Reserve Board, all contradict the position that the interest rate differentials result in a significant outflow of capital. They assert exactly the opposite.

### INTEREST RATES ABROAD NOW ACTUALLY LOWER THAN U.S. RATES

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am glad to yield to the Senator from Illinois, the vice chairman of the Joint Economic Committee, and an eminent economist.

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Tennessee yield?

Mr. PROXMIRE. I ask unanimous consent that I may yield to the Senator from Illinois without the Senator from Tennessee losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. May I ask if it is not true that short-term interest rates in all the European countries, with the exception of Great Britain and France, are actually lower that the short-term interest rates in the United States?

Mr. PROXMIRE. The Senator from Illinois is absolutely correct.

Mr. DOUGLAS. So there is no gain in interest rates in transferring the liquid holdings of Europeans to banks in continental Europe?

Mr. PROXMIRE. If there is any influence of the interest rate differential it must be within the short-term area. For long-term obligations other considerations far outbalance interest rate differentials.

Mr. DOUGLAS. As a matter of fact, so far as long-term investments are concerned, we have invested abroad much more than the Europeans have invested in the United States in long-term investments.

Mr. PROXMIRE. The Senator is right. We have just concluded a debate on how tax policies affect investment abroad. We know that there are many reasons—lower wages, expansion of markets—why investment overseas has taken place, but there is no study to support the view that interest rate differentials are a significant factor.

Mr. DOUGLAS. The danger of withdrawals is supposed to come from West Germany and Switzerland, not Great Britain or France. Great Britain is having trouble herself. As we pointed out, the interest rates in West Germany and Switzerland on the short-term demand deposits are appreciably lower than those in the United States. Does not the Senator think it is extraordinary that this mistaken idea can be perpetuated by Mr. Martin of the Federal Reserve Board and others in spite of the fact that all the evidence is against them?

Mr. PROXMIRE. It is most extraordinary, particularly when Mr. Martin and Mr. Dillon—but particularly Mr. Martin—come before committees of Congress and argue that there is no conflict between our domestic and international monetary policies. In other words, these policies are consistent, and they argue—although they cannot contradict the arguments of the Washington Post, the Senator from Illinois, and the Senator from Wisconsin—that the policies they are following help our domestic economy as well as, in their judgment, being necessary in the international flow of capital.

#### INFLATION NO LONGER ALIBI FOR HIGH INTEREST RATES

Mr. DOUGLAS. For some time Mr. Martin justified high interest rates on the ground that they were necessary to check inflation. Is it not true that in the last 5 years the wholesale price level has been almost completely steady and that there has been no increase in wholesale prices?

Mr. PROXMIRE. The Senator is absolutely correct. I could not agree with him more. Statistics show that the present wholesale price level is 100.1 percent, of the 1957–59 average, which is about as perfect a stability of prices as we could achieve. In other words price increases are one-tenth of 1 percent, over 5 years or statistically insignificant.

Mr. DOUGLAS. So far as the cost-of-living index is concerned, or the consumer price index, as it is technically called, that shows an increase of only 5 percent over 5 years, which may well be accounted for by the improvement in the quality of the commodities. Is not that correct?

Mr. PROXMIRE. The Senator is correct. This is one of the best showings of any country in the world, far better than the showing of European countries in the area of price stability.

Mr. DOUGLAS. Is it not true that even within the consumers price index, the increase in commodities has been very slight, the main increase having taken place in the field of services such as medical care, and the like?

Mr. PROXMIRE. I agree. It is hard for me to understand how an increase in medical care and services could be significantly caused by interest rates.

Mr. DOUGLAS. Exactly so. Since it is no longer possible for Mr. Martin and Mr. Dillon—and I reluctantly must include Mr. Dillon in this category—to say that high interest rates are necessary to stop inflation, they now say high interest rates are necessary to check the outward movement of gold.

In other words, has not Mr. Martin's policy been one of high interest rates and has he not used almost every excuse possible to justify high interest rates?

Mr. PROXMIRE. That has been the position which has been consistently taken over the years by the Chairman of the Federal Reserve Board. It is most unfortunate, in view of the fact that, in contrast, the Senator from Illinois led the fight on the accord between the Treasury——

Mr. DOUGLAS. To create the accord.

Mr. PROXMIRE. Yes; to create the accord between the Treasury and the Federal Reserve Board and to end the policy of pegging Government bonds and of artificially low interest rates. The Senator from Illinois has not been wedded to any dogmatic position that interest rates should be low. He has said that at times when there are inflationary forces in the economy, interest rates should certainly be higher than they were in the past. He has acted conspicuously in support of that position. He has done so against powerful opposition.

Mr. DOUGLAS. At the time of the accord Mr. Martin was Assistant Secretary of the Treasury and was commonly believed to be the intellectual force behind the policy of pegging interest rates. This was the position of the Treasury. He did not resign and never criticized the Treasury policy, so far as I know.

Mr. PROXMIRE. That is news to me.

Mr. DOUGLAS. He was Assistant Secretary of the Treasury at that time and was the ablest member inside the Treasury Department.

Mr. PROXMIRE. I did not realize that.

Mr. DOUGLAS. I congratulate the Senator from Wisconsin on his remarks. It is interesting to observe, as the Senator from Wisconsin has said, that the Washington Post is changing its position in this matter.

Mr. PROXMIRE. I certainly welcome it to the fold. Once again, I think this is the position of a newspaper which is enlightened, is not dogmatic, is looking at the facts, and believes it is now time for a change in the situation. It is not wedded to a rigid position regardless of changing economic circumstances.

Mr. DOUGLAS. Has the Senator from Wisconsin noticed a somewhat similar change in the policy of the New York Times?

Mr. PROXMIRE. A change in its views on monetary policy?

Mr. DOUGLAS. To a lesser degree, but some softening of its former position of high interest rates and rigid credit control.

Mr. PROXMIRE. I am happy to hear that. I would welcome that position.

#### TAX BILL POSITION REVERSED

Mr. DOUGLAS. As proof that newspapers can learn, is it not true that the Washington Post, which 2 weeks ago was so enthusiastic about the tax bill that was about to come to the floor of the Senate and was critical of its opponents, has now become more critical than ever about the bill?

Mr. PROXMIRE. The Senator from Illinois is correct. Also, the New York Times, in an editorial this morning, while it ended by swallowing the bill, did so with considerable discomfort and turned green in the process.

Mr. DOUGLAS. It behaved very much like children being given a dose of castor oil?

Mr. PROXMIRE. It did, indeed.

Mr. DOUGLAS. Perhaps the Senator from Tennessee and the Senator from

Wisconsin, and maybe the Senator from Illinois have helped to educate the editorial writers of those two great newspapers which deservedly rank among the best in the country.

Mr. PROXMIRE. I was happy to see that the New York Times quoted the Senator from Tennessee in its editorial this morning.

Mr. GORE. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

The PRESIDING OFFICER. The Senator from Tennessee has the floor.

Mr. PROXMIRE. Mr. President, the Senator from Tennessee yielded the floor temporarily to the Senator from Wisconsin.

Mr. GORE. I read the editorial in the Washington Post of yesterday with some appreciation and also with some amusement, because the editorial made identically the same points against the bill which the senior Senator from Illinois and I made at a press conference some 2 weeks ago, and the Washington Post published an editorial then accusing us of throwing the baby out with the wash.

Mr. DOUGLAS. That is correct; and of making a cynical deal.

Mr. GORE. So this result shows one value of debate on the floor of the Senate.

Mr. DOUGLAS. That is correct; that it can change the opinion of honest persons. I am grateful to the Post and Times for being willing to change their minds.

Mr. PROXMIRE. This debate may have a constructive effect in view of the fact that it takes substantial time to change views. The Post and Times are cases in point. Next year another tax bill is expected. I hope that in the meantime—in the next 4, 5, or 6 months—that the kind of information, understanding, and enlightenment of taxpayers, the press, and Senators which the Senator from Illinois and the Senator from Tennessee have so brilliantly contributed, will filter through to be understood and appreciated by more members of the press and the Senate.

Mr. GRUENING. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. GRUENING. I share the views just expressed. I was happy to be among the relatively small number of Senators who voted against the tax bill yesterday, as did my colleague from Alaska [Mr. Bartlett]. I share pretty much the views which were expressed in the Washington Post editorial excepting that I did not approve the withholding of interest on savings bank deposits and consider its deletion from the House bill one of the few improvements made by the Finance Committee. If it has not already been placed in the Record, I ask unanimous consent that it be printed. It is an excellent analysis of the weaknesses of the tax bill and of its deterioration from the standards which were prescribed by President Kennedy when he asked Congress to pass a bill which would close tax loopholes.

There was an excellent cartoon by that great cartoonist, Herblock, in the Washington Post this morning picturing that loopholes not only have not been closed, but have been further widened, and actually that some additional loopholes have been created.

I think this tax bill a most unfortunate piece of legislation. As amended it has become special interest and not a public interest bill. I am glad to be on record as having voted against it.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the editorial mentioned by the Senator from Alaska be printed in the Record following the completion of my remarks and after I have placed in the Record the third editorial of the Washington Post.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOUGLAS. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. DOUGLAS. The Senator from Wisconsin has spoken hopefully of a so-called tax reform bill which the administration is alleged to be planning for next year. Does the Senator from Wisconsin think that after the performance of the House and the Senate—and, indeed, of the administration—this year, there is any hope for substantial tax reform unless there is a profound change in the composition of the House and Senate or of the opinions of the existing Members of the House and Senate?

Mr. PROXMIRE. I think a change would be mighty helpful; but I must say that I have more hope than faith.

Mr. DOUGLAS. It is not a very substantial hope; it is like trying to make soup of the shadow of a crow that has starved to death.

Mr. PROXMIRE. I think that is about the level of my hope; although I have great faith in the ability in the Senator from Illinois and the Senator from Tennessee. I believe that if they will keep on in this fight, however discouraging it may seem now, they may win.

Mr. DOUGLAS. The Senator from Wisconsin has been a worthy ally. We could not have had a better ally.

Mr. PROXMIRE. To continue with my reading of the editorial:

### HEALTH OF ECONOMY MOST SIGNIFICANT FACTOR IN INTERNATIONAL PAYMENTS

But the fundamental conflict between the objectives of domestic economic growth and a balance-of-payments equilibrium which this policy entails was clearly recognized. Early in 1961, after the Federal Reserve System had abandoned its "bills only" policy of dealing almost exclusively in short-term Government securities, an attempt was made to execute Operation Nudge. That policy called for the lowering of yields on long-term Government bonds and the stimulation of investment through a decline in the long-term interest rates. At the same time, the level of yields on short-term governments was to be maintained in order to discourage the outflow of capital. It is difficult to say whether this policy would have worked if the Federal Reserve authorities had made sufficiently large purchases of long-term Government bonds, but in any case it was abandoned.

The Washington Post is absolutely correct, although the Federal Reserve has never announced that it was abandoning the policy. Statistics show that they have followed exactly the opposite policy for the last year. In other words, the Federal Reserve followed policies which tended to drive up long-term interest rates more than short-term interest rates—exactly contrary to the position they avowedly had taken.

The final paragraph of the editorial reads as follows:

Expert opinion differs about the causal role of interest-rate differentials in international capital movements. Federal Reserve authorities have frequently suggested that confidence in the dollar plays an equally important role. Although the state of dollar confidence has many facets, there can be little doubt that the international dollar would be vastly strengthened if the American economy were growing at a rate comparable to that of the Common Market countries. But this cannot be accomplished if we continue the efforts to reach a balance-of-payments equilibrium by means which inhibit domestic economic activity. President Kennedy stated the issue clearly when he said that "economic progress at home is still the first requirement for progress abroad."

This is the fundamental position taken by the editorial, and it is absolutely correct. Unless we do something to get our economy moving and use monetary policy vigorously to do so, we shall continue to move along too slowly, with unnecessary high unemployment. The economy will not grow; and our international payments position will worsen.

Mr. President, I ask unanimous consent that the editorial from the Washington Post be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Washington Post of Sept. 7, 1962]

### Federal Reserve Policies: III

Any reasonable analysis of Federal Reserve policies must take into account the constraints imposed by the international-balance-of-payments deficits and the gold losses of recent years.

With the return to international currency, convertibility at the end of 1958, a gold-standard system, similar to that which existed in the 1920's, was established in the free world. Each country now maintains fixed exchange rates which can vary only within very narrow limits. Thus, the British pound is worth $2.80; the German mark 25 U.S. cents; the French franc 20 U.S. cents; and the Canadian dollar 92.5 U.S. cents.

According to the traditional rules of the gold standard system, countries confronted with balance-of-payments difficulties should pursue restrictive monetary policies. By raising interest rates, a country with a balance-of-payments deficit would attract inflows of short-term foreign capital and improve its trade balance by driving down wages and export prices. But in practice these rules worked badly, and one can find no better examples of their egregious failure than in the experience of Great Britain after 1926 or in the United States in 1931–32. In both instances restrictive monetary policies conflicted sharply with the requirements of the domestic economy. In the United States a massive monetary contraction and a sharp rise in interest rates halted the gold outflow, but at the price of deepening and prolonging the depression.

A return to the traditional deflationary therapy is unthinkable at this time when wage rates are rigid. Levels of unemployment, high enough to facilitate the classical adjustment process, for one thing, would be politically intolerable. Nevertheless the Federal Reserve authorities have restricted the annual growth of the money supply to less than 1 percent since 1959 and have kept interest rates at high levels in order to stem the outflow of short-term capital and maintain our gold stock.

But the fundamental conflict between the objectives of domestic economic growth and a balance-of-payments equilibrium which this policy entails was clearly recognized. Early in 1961, after the Federal Reserve System had abandoned its "bills only" policy of dealing almost exclusively in short-term Government securities, an attempt was made to execute Operation Nudge. That policy called for the lowering of yields on long-term Government bonds and the stimulation of investment through a decline in long-term interest rates. At the same time, the level of yields on short-term Governments was to be maintained in order to discourage the outflow of capital. It is difficult to say whether this policy would have worked if the Federal Reserve authorities had made sufficiently large purchases of long-term Government bonds, but in any case it was abandoned.

Expert opinion differs about the causal role of interest-rate differentials in international capital movements. Federal Reserve authorities have frequently suggested that "confidence in the dollar" plays an equally important role. Although the state of dollar confidence has many facets, there can be little doubt that the international dollar would be vastly strengthened if the American economy were growing at a rate comparable to that of the Common Market countries. But this cannot be accomplished if we continue the efforts to reach a balance-of-payments equilibrium by means which inhibit domestic economic activity. President Kennedy stated the issue clearly when he said that "economic progress at home is still the first requirement for progress abroad."

Mr. PROXMIRE. Mr. President, I thank the Senator from Tennessee for yielding to me.

### EXHIBIT 1

### TAX BILL PERVERSITY

Faith in the processes of democratic government is hardly likely to be enhanced by the Revenue Act of 1962 which is about to be passed by the Senate. A week ago it was fair to charge that the administration's original proposals had been mutilated almost beyond recognition. In the interim the Senate in a veritable fit of perversity passed amendments which will make our system of personal taxation more inequitable and more difficult to administer than ever before.

In tracing the process of transmogrification, it is necessary to go back to President Kennedy's tax proposals of April 1960. At that time he outlined measures designed to close tax loopholes which covered interest and dividend income, savings institutions, expense accounts, and foreign corporate subsidiaries. His loophole-closing measures would have added $2.3 billion to Federal revenues, thus more than offsetting the investment-credit loss of $1.7 billion. But in their passage through the House and the Senate Finance Committee the loophole-closing provisions were systematically weakened or eliminated and the bill that reached the floor of the Senate, shorn of its dividend-interest withholding provision, would have resulted in a net revenue loss of nearly $700 million.

But the Senate was not satisfied with the handiwork of its Finance Committee and it proceeded to pervert as well as attenuate the remains of what had been a good tax bill. By a vote of 51 to 13 it joined the House in overturning a 1959 Supreme Court decision which declared that business-lobbying expenditures are not tax deductible. And it adopted an amendment offered by Senator DIRKSEN which exempts from taxation the profits on homes sold for less than $30,000 by persons over 65. The first measure will, according to Senator DOUGLAS, "legitimize tremendous expenditures by special interests to affect legislation" while not providing comparable treatment to lobbyists "for the general interest." DIRKSEN's amendment opens another capital-gains loophole which will work to the benefit of those who are not in need of tax relief.

The worst, however, is yet to come. Yesterday the Senate voted to table a measure, already passed by the House (H.R. 10), which would allow self-employed persons to deduct up to $1,750 annually in order to finance retirement plans. Assured of passage in the Senate, this bill would provide a tax windfall for upper-income professionals. It is estimated by the Treasury that 53 percent of the tax benefits would accrue to persons with incomes of more than $20,000 who constitute only 3 percent of the self-employed.

In the 28 months which have elapsed since the President made his original tax proposals the administration has suffered a series of humiliating defeats which it accepted without strong protest in order to obtain a few pallid reforms. But there is no longer any justification for giving ground. The self-employed pension bill is a piece of special interest legislation which should be promptly vetoed if it cannot be killed by other means.

Mr. GRUENING. Mr. President——

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the Senator from Alaska, without losing my right to the floor.

The PRESIDING OFFICER (Mr. PELL in the chair). Is there objection? Without objection, it is so ordered.

## ALASKA: A COUNTRY IN ITS OWN RIGHT, SAYS AUTHOR-EDITOR PAUL BROOKS

Mr. GRUENING. Mr. President, describing the splendors of Alaska is a labor of love for those who have seen them. The vastness of the region, the virtual inaccessibility to areas of unprecedented splendor, and the incompleted surveys of the natural wealth of the State unite to keep from most Americans knowledge of the treasures of the 49th State.

Therefore, I am pleased to bring to the attention of my colleagues in the Senate a remarkable unveiling of some of the beauties of Alaska as they are described by the editor in chief of Houghton Mifflin, Mr. Paul Brooks, in his article "Alaska: Last Frontier," which appears in the September 1962 issue of the Atlantic Monthly.

Mr. Brooks and his wife spend their holidays exploring national parks which to date have not been inundated with visitors. His account of their month-long visit to Alaska's Mount McKinley National Park and the arctic tundra land will, I am confident, induce readers of the magazine to visit Alaska.

The author is an experienced naturalist. His descriptions of Alaskan wildlife, terrain, and flora are superb.

In describing tundra, Mr. Brooks writes:

> At every step the dense, scrubby mat squirmed beneath our feet as if we were walking on bedsprings. We were, in fact, striding on top of a lilliputian forest of trees and shrubs; dwarf birch and dwarf willow; miniature spruce; creeping blueberries and mats of cranberry; Labrador tea, with its spruce-like stem and white flowers; crowberry and the rough-leafed buffalo berry and succulent sedums. Slabs of upturned sod showed where a grizzly bear had been scratching for a favorite food, the root of the vetch (wild pea) or of the saxifrage. Above all—or, rather, below all—there grow here the delicate branching reindeer moss and papery lichen so important to the winter diet of the caribou.

Later the author gives his impression of Alaskan wildlife. Here is one such account:

> We had seen two big bulls the previous evening. A bull moose, God knows, is impressive anywhere, but the Alaska moose is even larger than his brethren to the south. I shall never forget that first glimpse of incredibly broad flat antlers swaying among the willow tops. As the tall forequarters emerged into the open, one had a sense of sheer muscular power in a body that is grotesque only if one forgets its adaption to the way of life of the moose, grazing as it does on the highest tree tips it can reach. Later that evening we had watched another bull belly deep in a pond, feeding on subaqueous plants, torrents of water cascading from his antlers whenever he raised his head. The Alaska moose is one of the great American mammals that is holding his own.

In fairness though, it must be pointed out that moose, while being, as the author notes, "one of the great American mammals that is holding his own," also are quite a nuisance to Alaskan farmers, when they decide to visit farm areas, to partake of man-raised grains. It is difficult for the farmer to appreciate the species which has just consumed the feed grains which the farmer had intended to feed his dairy cows. But this is only one of many problems to be solved in Alaska.

Elsewhere in his article, Mr. Brooks recounts his first experience in casting for grayling, a fish much like the trout; and a similar experience awaits the travelers who come to the State.

Paul Brooks opens his narrative by suggesting that Alaska is America's last frontier.

His closing summation suggests that conservation is good business in Alaska where—and I quote—"more than half the population depends on wildlife resources: salmon, caribou, moose, and, less directly but ever more important, those 'lovers of pure wilderness' who will continue to come north in increasing numbers while that wilderness remains unspoiled."

Mr. Brooks believes Alaska offers Americans a second chance to practice the principles of conservation. His article should stimulate discussion.

Mr. President, I ask unanimous consent that the full text of the article entitled "Alaska: Last Frontier" be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### ALASKA: LAST FRONTIER

(By Paul Brooks)

(The editor in chief of Houghton Mifflin, Paul Brooks, spends every holiday exploring the more remote and primitive of our national parks. As this goes to press he and his wife are deep in Canyonlands, that area in Utah which is now being considered for a new park.)

"To the lover of pure wilderness," wrote John Muir 80 years ago, "Alaska is one of the most wonderful countries in the world." It still is. A month's travel and camping, barely touching on its wonders, can at least give you the sense, if not the substance, of this vast area which is indeed a country in its own right. Sheer size becomes here a quality as well as a quantity; distance is a palpable fact, of which you are always aware. Superimpose the outlines of Alaska on a map of the continental United States, placing Fairbanks, the principal inland city, on St. Louis. Point Barrow will reach to the Great Lakes; Ketchikan, southernmost city in the coastal strip, will be in the Atlantic off Florida, and the Alaska Peninsula will cross Texas to the Mexican border. Look at the globe and you will see that Nome is west of Hawaii, in the last time zone before tomorrow. Most striking, to eyes accustomed to maps crisscrossed with highways, is the virtual absence of roads. That amazing feat of construction, the Alaska Highway, gets you to Anchorage and Fairbanks and northeast to Circle; but it is an artery without veins, a trunk road that has yet to sprout branches. North and west there is nothing. This is America's last frontier. It is not only a joy but a responsibility. Still largely a virgin land, it offers a God-given opportunity to practice the principles of conservation that we have learned elsewhere at such appalling cost.

We had been well advised to enter Alaska by ship through the historic Inside Passage, an island-sheltered waterway extending for almost a thousand miles from Puget Sound to Skagway, near the border of the Yukon. This is the country of Muir's "Travels in Alaska." "The island-bound channels are like rivers," he wrote, "the tide currents, the fresh driftwood, the inflowing streams, and the luxuriant foliage of the outleaning trees make this resemblance all the more complete." My wife and I sailed from Vancouver, streaming slowly north and west for 4 nights and 3 days, "tracing shining ways through fiord and sound," as Muir puts it, "past forests and waterfalls, islands and mountains and far azure headlands." Hours passed without sight of a human habitation. Bald eagles circled overhead, flocks of scoters skimmed over the water, but the only signs of man were the occasional seine boats fishing for salmon. Here the towns, widely scattered along the coast, are like islands in themselves, oriented seaward: Ketchikan lives on the salmon run; Juneau, the State capital, flanked by mountains to the east, has a total of 90 miles of roads, unconnected with the hinterland. As one travels northward, the mountains close in on the sea. Great glaciers, white on top and blue along the forward edge of the melting ice—some of them now slowly retreating into the valleys they have molded—give a sense of a land still in process of formation.

Historically as well as scenically, the Inside Passage is the true approach to Alaska. These tortuous channels and churning tide rips, the first—and for some the last—stage in the Klondike gold rush of the late nineties, have been lovingly refurbished as a tourist attraction. The ship goes as far as Skagway, docking beside the beach where mountains of miners' luggage were once piled in massive confusion and horses and mules were slung overboard to swim ashore. A bulging city of tents at the height of the stampede, it is now a sleepy village, starting point of the narrow-gage railway that squirms up over White Pass, graveyard of men and mules. One can still see bits of the old foot trail from the train and get a sense of the triumph the sourdoughs must have felt when they reached the long lake at the summit. Here they built boats to sail 60 miles to the headwaters of the Yukon River and—if they survived the rapids—on downstream to Dawson and the Klondike. In 1900 more boats were built on the shores of Lake Bennett than anywhere else in the world.

At Whitehorse we had to leave the sourdoughs' route. The great stern-wheelers, which until a few years ago would have taken us down the Yukon, now rot on the bank, their towering pilothouses nesting sites for cliff swallows. Reluctantly, we enplaned for Fairbanks. Yet we need not have worried about leaving the frontier behind. Fairbanks, metropolis of mid-Alaska, is a frontier town, a pinpoint of population on an empty map. With less than 25,000 inhabitants, it is a supply depot for thousands of square miles to the north and west. Eskimos in parkas mingle on Second Avenue with briefcased businessmen. It is also an intellectual center, but in a frontier setting. The University of Alaska lies across the Tanana River from Fairbanks as Harvard lies across the Charles from Boston, but there are detectable differences between the two. The Boylston professor at Harvard has the right to pasture a cow in the yard, but I have yet to see a Harvard biologist build his own loghouse or Harvard students cut classes in the fall to lay in their winter's supply—not of debutantes, but of moose meat. Self-sufficiency, yes, but with it a sense of mutual help: the simple friendliness of frontier life, where least of all is any man an island.

In their ecological study "Wildlife in Alaska," Starker Leopold and F. Fraser Darling tell how they were impressed with "the grandeur and magnificence of this vast terrain," and they wondered whether man with his modern technology "was going to be the despoiler or the good steward of this last frontier." Mount McKinley National Park is a unique spot to observe man's stewardship. Comprising over 3,000 square miles in the Alaska Range southeast of Fairbanks, it can be reached by the Alaska Railroad ("not responsible for train delays because of moose on right-of-way") or, more recently, by car via the Richardson and Denali Highways. It is traversed by a single, dead-end road about 100 miles long, rising from an elevation of 1,700 feet at the park entrance to almost 4,000 at the highest pass. The rest is wilderness. There are not many trails; if you leave the road, you walk up the broad river bottoms or over the rolling tundra, which stretches as far as the eye can see, to the base of the distant mountains. Few trees obscure the view, either of snow-clad Mount McKinley or of the animals, from Alaska moose to red-backed mouse, who unconcernedly share their ancient heritage with man.

On our first hike through the park we began to get some sense of what the term "tundra" really means. Prior to this trip we had only the vaguest idea of it, a hazy composite picture of flat plains ending in ice, summer wild flowers, ducks nesting in potholes, and in winter, Siberian sleigh drivers throwing the least attractive child to the wolves. Now the picture became a little sharper. From a distance the tundra looks like a smooth meadow, through which one might stroll as casually as a Vassar girl gathering flowers for the daisy chain. Not so. At every step the dense, scrubby mat squirmed beneath our feet as if we were walking on bedsprings. We were, in fact, striding on top of a lilliputian forest of trees and shrubs: dwarf birch and dwarf willow; miniature spruce; creeping blueberries and mats of cranberry; Labrador tea, with its sprucelike stem and white flowers; crowberry and the rough-leafed buffalo berry and succulent sedums. Slabs of upturned sod showed where a grizzly bear had been scratching for a favorite food, the root of the vetch (wild pea) or of the saxifrage. Above all—or, rather, below all—there grow here the delicate branching reindeer moss and papery lichen so important to the winter diet of the caribou. We were reminded of the miniature plant communities on the windswept rocks of Isle Royale National Park in Lake Superior. But in the Arctic it is not the gales and icy spray from above that dwarf the vegetation; it is the layer of eternal ice below, the so-called permafrost. During the brief arctic summers only the top layer of earth has time to thaw; beneath lies a layer of permanently frozen ground.

Here only shallow-rooted plants can exist. Poplar, paper birch, sizable willows, and white spruce can live where there is 4 feet or more of unfrozen soil during the summer. Where the permafrost begins only 2 feet down or less, one gets occasional stands of black spruce and the sort of scrubby ground cover through which we were now hiking. Curiously enough, the same condition that limits growth of vegetation is also responsible for its very existence. The Arctic is semiarid—Fairbanks has less than 12 inches of annual rainfall, and McKinley Park 15—but the short, cold summers minimize evaporation, and the frozen subsoil makes possible this luxuriant growth by preventing normal drainage and holding the groundwater where roots can get at it.

In summer the tundra teems with life. Plump Arctic ground squirrels squeaked at us from their doorways, freezing bolt upright before diving into their holes, like the prairie dogs of the plains. These rodents are an essential link in the Arctic food chain. Foxes prey heavily on them, and they are an important part of the wolves' diet when caribou are scarce. For grizzly bears they are tasty tidbits; we saw many holes in the hillside where the bears had been patiently trying to dig the squirrels out of their burrows. Finally, they are the main support for the park's greatest bird, the golden eagle. Ground squirrels are to the eagles what rice is to the Chinese. Near the top of one of the passes on the winding park road—may it never be "improved"—we had made a short climb to look down into the nest of a golden eagle built in a cranny of the cliff, and for an hour we watched and sketched the two black-and-white young, whose feathers were still fluffy but whose powerful yellow beaks looked ready for ground squirrels.

The tundra is also a densely populated nesting ground for birds that we generally see only on migration. Driving through the park during the late afternoon, we had found practically every roadside pond occupied: here a red-throated loon, looking in the low light like a plate by Louis Agassiz Fuertes; there a pintail with half-grown young; farther on, a family of horned grebes, the adults in their rich nuptial plumage, with several of the tiny young riding on the mother bird's back.

Now a soft whistle caught our ear: on top of the next rise was a golden plover that had made the long oversea flight from its winter home in the Hawaiian Islands. What a strange sensation to meet in the mountains, hundreds of miles from salt water, birds that one always associates with sand beaches or the sea. Shorebirds don't belong in trees, but a lesser yellowlegs screamed at me from the tip of a scraggly spruce, and an arctic tern had buzzed me so close that I heard the whoosh of his wings as I explored the delta area where both were nesting. Short-billed gulls were everywhere along the road and the gravel bars. And above the rolling tundra, hovering and plunging like a sparrow hawk, was a long-tailed jaeger, startlingly beautiful in form and motion, with his black cap and white throat and needle-like tail—a sea hawk that winters at sea in the Southern Hemisphere.

The rolling tundra is a good place for birding; it is also a good place to get momentarily lost. The smooth rounded hillocks, devoid of trees or other landmarks, blend into each other at surprisingly short distances to make an undulating sea of green. Out of the wind we were hot and thirsty under an almost cloudless sky, but we soon came on a stream of ice-cold water running through patches of snow that had survived since winter under the dense shade of the willow thickets—a reminder that in these mountains summer's lease is short. The willow stands were dense because they had been browsed by moose, the tips of the branches torn off in a sort of natural pollarding process that results in thick broomlike growth and, happily for the moose, tends to keep the tender fresh sprouts within his reach. Now, at midday, no moose were in sight, but we had seen two big bulls the previous evening. A bull moose, God knows, is impressive anywhere, but the Alaska moose is even larger than his brethren to the south. I shall never forget that first glimpse of incredibly broad, flat antlers swaying among the willow tops. As the tall forequarters emerged into the open, one had a sense of sheer muscular power in a body that is grotesque only if one forgets its adaptation to the way of life of the moose, grazing as it does on the highest tree tips it can reach. Later that evening we had watched another bull belly deep in a pond, feeding on subaqueous plants, torrents of water cascading from his antlers whenever he raised his head. The Alaska moose is one of the great American mammals that is holding its own. Though the species was seriously threatened in the gold rush days, when it was the staple food for miners and trappers, it has, under hunting regulations, come back in numbers and even extended its range.

Indeed, recent studies suggest that more liberal game laws may be desirable in some areas to prevent overpopulation in relation to food supply. We had learned something about this problem on our visit to Isle Royale. Owing to a lack of natural predators, the moose on the island had gone through two cycles of population explosion and subsequent starvation before a pack of wolves, arriving on the ice from the mainland, at last began to keep them in check. In McKinley Park, where the wolves have always existed, the numbers of moose have not exceeded the carrying capacity of the range.

Early in our hike we had our first good look at a grizzly bear. He was emerging from a thicket, but we were some distance off, out in the open, which was fine. Uncaged and unmolested, the grizzly bear is not a dangerous beast. But he doesn't like to be taken by surprise. We had been advised to whistle, or otherwise politely make our presence known, when walking through the dense willow thickets along the streambeds. Realizing that any whistling on my part would rouse a well-attuned bear to cold fury, I left this little courtesy to my more musical wife. Since this bear could hardly stumble on us, we were perfectly safe, and we could study him at leisure. Compared to the sleek black bears we knew so well in the Great Smoky Mountains, he looked round and woolly, like a huge and purposeful teddy bear. As with most grizzlies in summer, his forequarters and prominent hump were bleached by the sun to an almost straw-yellow; face and hindquarters were dark. (After the fall molt, his whole body would be dark brown.) Unlike most wild creatures, he did not seem particularly alert. Why should he be, since he had no natural enemies, and in the park not even that ultimate enemy, man? Seldom have I sensed more keenly than at this moment the spirit which lies at the core of wilderness philosophy. There is something refreshing to the soul in sharing your lebensraum with a wild animal that neither attacks you nor flees at the sight of you. You feel slightly complimented, as Thoreau did "when nature condescends to make use of me without my knowledge, as when I help scatter her seeds in my walk." Though we were of no immediate use to the grizzly, we could at least accept the basic principle of his inalienable right to his domain.

As I said above, streambeds here serve for trails. In the next few hours we found out why. The dry tundra of the high ridges, consisting of matted plants and mosses and even bare rock, is easy walking; the scrub on the slopes is not bad if you don't fight it; but the wet tundra of bogs and niggerheads and shoulder-high brush is simply hell. We had been told, but we had to learn for ourselves. A mile or so beyond the spot we had stopped to quench our thirst, we reached the bank of the creek near which, some miles downstream, stood the log cabin that was our goal for the night. This was not one of those broad river valleys, characteristic of the north country, that are largely dry in midsummer; it was a swift mountain stream, with a narrow, well-defined bed, thickly wooded islands, rock-strewn rapids, and occasional stand and gravel bars. Fondly hoping to keep our feet dry, we started to follow a well-worn trail along the bank, so neat and clear that we thought it must be manmade. Soon it branched and branched again and finally petered out completely in a nightmarish jungle of willow and alder and dwarf birch; a moose paradise, but purgatory for anything on two legs. We slithered slowly ahead by literally walking in the trees, with unsure foothold on springy horizontal branches, or teetering on the hummocks between them. We could well believe the park ranger who told us that, though he is a fast walker, he once took 12 hours to negotiate 10 miles of niggerheads. So we stumbled back to the creek and waded in, forgetting about dry feet and crossing from gravel bar to gravel bar through snowmelt water up to our knees.

When at length we picked up a bit of blazed trail running through a small spruce forest, we knew that the cabin was at hand. There it stood in a grassy clearing, surrounded by a litter of tiny flat-topped log houses—winter quarters for sled dogs—and, well away from the trees, a miniature peak-roofed log cabin held 20 feet in the air by spruce poles banded with sheet metal: the cache, universal trademark of the Alaska wilderness. The grizzly bear is the main object of the domestic defenses in the arctic. He may leave you alone, but your food supply is fair game. Before we could enter the cabin we had to remove the "bear door" with which every wilderness structure is equipped—heavy planking with a porcupine surface of 6-inch spikes driven through from the back. Similar shutters covered the windows. Even this doesn't always work. Friends of ours who have a camp outside the park returned in the spring to find it a shambles. The bears had consumed everything in sight.

The cabin had no defenses against the only wild animal that was out for our blood. In this damp sheltered spot the mosquitoes rose from the grass like fighter pilots in the Battle of Britain. Protected by liberal applications of Off, we soon got used to them.

The creek down which we had hiked ran through a series of rocky pools a hundred yards from the clearing. Here was my first chance to cast for grayling, which take the place of trout in arctic waters. Fish after fish rose beautifully to a dry fly, and in an hour I had all we could use for supper, several running to 12 inches or more. They didn't fight so doggedly as a brook trout or rainbow of equivalent size, but they were, to our taste, even better eating. We cooked the catch on the cabin's 1911 wood-burning stove and went to bed content. The sky was still light between the spruce tops, for summer days here are long, but the silence was complete. Looking back over the hours just passed, I felt again that wilderness is a positive concept and that wilderness travel is a good deal more than simply getting along without roads, just as peace is more than getting along without war.

In outdoor recreation, the means don't merely shape the ends, they become the ends. Ask any fisherman. And, thinking of roads, a jarring question kept intruding itself. Had this obvious relation of means to ends eluded the authorities who have begun to convert the unique and beautiful road through McKinley Park into a common highway? The present road serves its purposes admirably. Driving slowly, one can stop almost anywhere for an intimate view of a moose browsing, a beaver building his dam, fox cubs playing at the entrance to their den, a golden eagle returning to its nest. This and the magnificent scenery are what most visitors come for. There is no point in hurrying, because the road does not go anywhere. Why, then, construct at vast expense a broad hard-top speedway, with shoulders built up above the surrounding countryside, marring the landscape, inviting fast driving, destroying by its very size and design the subtle relationship between the visitor and what he came to visit?

Spiritually as well as topographically, the high spot of the McKinley trip was our day with those two great naturalists, the Murie brothers, among the mountain sheep. To be introduced to Dall sheep by Olaus and Adolph Murie is like being introduced to St. Peter by the Pope. Better, really, since none of us today felt quite ready for St. Peter. It was a bright windy morning, the air washed by last night's drizzle. Adolph, who conducts his summer studies in the park, knew exactly where the rams were likely to be—knew it, I'm convinced, a shade before they had made up their own minds. He set a course across the tundra and then on up a long draw to the foot of a steep talus slope. We stopped often to identify wild flowers: the low evergreen crowberry, the tall white saxifrage, that delicate deep-blue delphinium, the Jacob's ladder, and several of the 20-odd varieties of willow. A showshoe rabbit bounded through the scrub, and flocks of red polls rattled overhead.

No sooner were we near the rocks than we heard the clear manlike whistle of a marmot; there he was, upright on a boulder, whistling back memories of the Olympics and the Rockies and the other high free places where we had listened to him with affection over the years. He was an old friend. But a moment later there trotted into view, not bounding like a deer, but pacing smartly up the incline, an animal that we had read about often, the very symbol of the arctic, Rangifer arcticus, the Barren Ground caribou. A mature bull, he held his head high as if to balance his fine spread of antlers. His coat was a grayish brown, lacking as yet the white bib that would appear in winter; but his white hocks stood out clearly as he emerged onto the bare ground. We were lucky to see him, since the spring migration had already passed through.

Though small compared with the great aggregations north of the Arctic Circle, a number of caribou herds, like the one in McKinley Park, survived the indiscriminate slaughter of the early days, which has been compared to the slaughter of the bison on the prairies. (Unlike the moose, they have not recovered dramatically under protection, in part because the widespread burning of the range, which actually increases the moose's food supply of second-growth scrub, destroys the lichens on which the caribou depend.) In the complex web of life the McKinley caribou have an important relation to the sheep, as Adolph Murie shows in his classic study "The Wolves of Mount McKinley." Browsing on the lower slopes, they form a sort of buffer between the sheep on the high ridges and the hungry timber wolves.

Mountain sheep are seldom found far from the rocks. The reason is clear. I can't imagine a wolf or any other predator catching a sheep on the sliding shale up which we were scrambling. We climbed in short bursts, more or less on all fours, the wind helping to blow us uphill as we neared the crest. A last hitch and we were over the top. Like a sailboat rounding a breakwater, we were suddenly snug and sheltered, looking down into an enclosed world of rounded hills and flat grassy plateaus divided by knife-edged ridges and sculptured cliffs of bare rock. Behind us the wind crackled with a sound of tearing paper, and the odor of sage was in the air. The green slope at our feet was dotted with the blue of wild forget-me-nots, the yellow of arctic poppies, and clumps of tiny pink cranberry blossoms. Far to the southwest rose the white mass of Mount McKinley, towering over the neighboring peaks as if they were mere foothills—Denali, the Indians called it, the Great One.

For a moment, as we lay catching our breath, we saw nothing stirring. Then, on a ridge opposite, there appeared, one by one, 14 white figures walking slowly in single file. Even at a distance their great curving horns identified them as rams. The horns of the Dall sheep are slenderer than those of his larger and darker cousin to the south, the bighorn. The whole animal gives you an impression of delicate poise and effortless control. He is a pure creature of the mountaintops, unimaginable on any less rugged terrain. Close up, his facial resemblance to domestic sheep somehow underscores this essential wildness.

We were shortly able to look a ram in the eye. Following the rooftree of the ridge we had just climbed, we peeked cautiously around a great boulder. From a few yards away an old ram and a young spikehorn stared back at us, alert and curious, but unalarmed. We advanced a few more steps, dropping below the ridge, since sheep like to have the top berth. Calmly they went back to their grazing. Taking the hint, we got out our sandwiches. For perhaps half an hour we and the sheep shared the mountain meadow, while across the valley, as if in happy augury, two golden eagles soared and plunged. Then we decided that we were probably lying between the old ram and his favorite resting place; it was only polite to go. We were content. For this we had come. For this, indeed, McKinley Park had been founded: to save the homeland of the wild white sheep who have dwelt among these cliffs for untold thousands of years.

We were determined to pitch our tent, for at least a few days, north of the Arctic Circle. We wanted a glimpse of that vast expanse of arctic tundra that encircles the globe between the northern limit of the forest and the southern limit of the ice cap—a land almost as broad as the sea, and like the sea, an environment all of its own. We drove back to Fairbanks, where a professor at the university proposed a splendid if slightly startling plan.

Two of his friends were just starting on a voyage in a skin boat up the Noatak River, which drains several hundred square miles of northwestern Alaska, opposite the tip of Siberia. We could fly to Kotzebue, the "Eskimo capital," and from there get a bush pilot to take us up the river, spot the skin boat from the air, and land on the nearest gravel bar, where we should meet the voyageurs and, incidentally, deliver a package of reading matter and a bottle of rum. Our instructions sounded easier to follow than most directions to a dinner party in the suburbs. "They will have the only skin boat on the river. Will have a white tent flying two strips of Hi-viz orange fluorescent cloth." What could be simpler?

Now, as we peered down from the little four-seater plane, it seemed that our rendezvous had gone awry. Our pilot, Nelson Walker, knew this country as well as the caribou or the Eskimos. We had spotted a cow moose feeding in a pond, and a grizzly who broke into gallop at the sight of this strange bird overhead. But for the last hour we had searched every bend of the river, banking to right and left like a march hawk hunting for a mouse. No boat, no tent, no Hi-viz. Nothing for it but to set up camp and await their arrival. Our gasoline was running low, but Nelson, like the true bush pilot he was, had his private cache of five-gallon tins in the willow scrub at a fork in the river.

We landed with a series of bumps on the gravel bar where the two streams met. One tin was empty, broken open by grizzlies; the rest, as usual, were intact, since a single taste of high octane is enough, even for a bear. Refueled, we flew back downstream to find a campsite. Since the river was high, the gravel bars were short and narrow. Nelson found one that he felt would do; he circled, flew over it once, and came in. It was rougher this time—what his friends call "one of Nelson Walker's controlled-crash landings." Safely down, he contemplated several rocks, any one of which might have smashed us up, and remarked in wonder, "How did I manage to miss all of 'em?" We promised to clear a proper airstrip against his return. Lightened of its load, the plane rose easily and headed south for Kotzebue. We were alone on our gravel bar, with a hundred miles of elbowroom in every direction.

Using rocks instead of pegs for the guy ropes, we pitched our tent well out on the bar where, owing to a slight breeze, there seemed to be more gaps between the mosquitoes. We had wondered about firewood in this treeless country, but found ample piles of willow-scrub driftwood that had been drying since the spring freshets. I loaded the 30-30 rifle which I had been persuaded to take along as a last resort against importunate grizzlies, though I much preferred the method suggested by Mamie Beaver, Eskimo lady in Kotzebue—that is, banging two tin plates together. Even this proved unnecessary. Whenever we left camp to fish for grayling or to explore the tundra, we divided our food supply into several different caches so that a visiting grizzly might not get it all at once. But the only fresh tracks we found on our return were those of a large moose and a caribou.

And so for a few days we enjoyed a taste of the far-northern tundra—the breathtaking vastness, the utter silence, and the sunlit nights. Time came for the plane to return. With loving care we staked out a landing strip, marking each end with white rags, and rolled away the largest rocks.

So silent is the Arctic that we were instantly alerted by the first faint hum of the approaching plane. Moments later it swept by, dipped wings in salute, and dropped down down softly beside us.

Flying south through scattered showers, we could read the landscape below us a little more intelligently than before. We carried away some sense of a wilderness whose only limits are the limits of the land itself. We also bore with us a hope for the future which I believe to be founded on fact. No part of the earth today is too remote for exploitation. But in Alaska it must be obvious to every chamber of commerce that conservation is good business. More than half the population depends on wildlife resources: salmon, caribou, moose, and less directly but ever more importantly, those "lovers of pure wilderness" who will continue to come north in increasing numbers while that wilderness remains unspoiled.

We in America have conquered a continent, and we now realize at what cost. Alaska today offers us something that history seldom affords—a second chance.

---

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

Mr. BUTLER. Mr. President——

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the senior Senator from Maryland [Mr. BUTLER] without losing my right to the floor.

Mr. BUTLER. No, Mr. President; I merely wish to ask what the pending business is. I have no desire to have the Senator from Tennessee yield to me, although I thank him very kindly.

Mr. GORE. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, in support of this amendment, I ask unanimous consent to have printed at this point in the RECORD an excerpt from the recommendation of the Eisenhower administration, as set forth in a letter published in the Senate Finance Committee hearings 2 years ago, on owner-manager pension plans.

There being no objection, the excerpt from the letter was ordered to be printed in the RECORD, as follows:

> 10. The present long-term capital gains treatment accorded to lump-sum distributions by qualified plans at termination of the employee's service or at his death should be removed. Instances have come to our attention where employees have received lump sums in excess of $800,000 taxable at capital gains rates. These lump-sum distributions are not true capital gains and the present capital gains treatment seems to have been extended to them primarily to mitigate the impact of the progressive tax rates on sums which have accumulated over long periods of time. This aim would be served better by providing some form of direct averaging treatment for these lump-sum distributions, such as would be provided by H.R. 10 for lump-sum distributions received after the age of 65.

Mr. GORE. Mr. President, I ask for a vote on my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. GORE] to the committee amendment.

Mr. SMATHERS. Mr. President, before the vote is taken, let me say that I have to resist the amendment of the able Senator from Tennessee, although I recognize that there is considerable merit to the amendment he has offered.

However, I point out that this area does not actually involve self-employed persons. The amendment of the Senator from Tennessee would impose a tax on lump-sum benefits under the corporate pension program. Although there are some persons who receive enormous sums of money under that program, and one would think they should not receive capital-gains treatment, nevertheless there are some 20 million or 25 million other persons who would be affected by this proposed tax treatment of their benefits, and many of them do not receive large sums of money when they retire. In fact, I think we could show that some of them actually would be paying more tax, under this amendment, on what they would receive—on the basis of the averaging method proposed by the able Senator from Tennessee—than the cost to them if they actually had never entered the retirement program, but had used their money to purchase an insurance policy.

So, as I have said, the Finance Committee looked at the amendment and thought it had considerable merit, but thought there should be an overall study of the corporate pension plans, because I would not say that today there may not be some sizable abuses in connection with the corporate pension plans.

So, Mr. President, I shall vote against the amendment.

Mr. GORE. Mr. President, I wish to call attention to page 99 of House bill 10. On that page we find, beginning in line 12, a subsection entitled "Limitation of Tax." This subsection of the bill would provide the same treatment for lump-sum distribution of pension funds for the self-employed, that my amendment provides for lump-sum distribution of corporate pension plan funds. In other words, both by my amendment and by the pending bill a type of 5-year averaging would be permitted in lieu of a 1-year capital gain.

I submit, Mr. President, that in the case of some pension plan accumulations, this treatment might result in even less taxes than by the capital gains treatment; but in the case of enormous accumulations, it would mean more taxes for both the self-employed and the owner-employee. But in the case of large accumulations from tax-exempt funds, I think it is fair that something more than capital gains taxes be applied.

I would also like to call to the attention of the Senate that the amendment I have submitted is the kind of provision which was recommended to the Congress by the Eisenhower administration. The Kennedy administration, I believe, has made no specific recommendation on this point. It has taken the position that there should be an overall legislative treatment of pension plans, and therefore has recommended delay of action on H.R. 10 until such overall treatment can be made. But, since the Congress has not delayed action on H.R. 10, since it has passed the House, since it is now before the Senate for passage, I think it entirely reasonable and proper—indeed, necessary—that we deal with this abuse, because the Treasury Department of the Eisenhower administration informed the committee that they had knowledge of lump-sum distributions of as much as $800,000, with only capital gains treatment.

Whenever a large sum, be it $800,000, $1 million, or $2 million, is accumulated from tax-exempt funds, I feel that when there is a lump-sum distribution there should be something more than a capital gains tax. Indeed, this is not a capital gain, but deferred and accumulated ordinary income. Just why capital gains treatment should be accorded in this case, I do not know. Nevertheless, that is the application of the tax to this kind of lump-sum distribution now, and I feel confident that most Members of the Senate will want to correct the abuse.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. DOUGLAS. Those of us who work with the intricacies of tax laws know, of course, that the capital gains tax rate is only half that of the ordinary corporate income tax, or a maximum of 25 percent; but this fact is not commonly known by the general public or those who are listening to this debate. This 25-percent rate is also much lower than the ordinary income tax rates of those in the upper brackets.

This means, does it not, that the man who received an $800,000 lump-sum settlement would pay a maximum tax of only $200,000, whereas if it were treated as ordinary income, which it really is, he would pay a tax of $500,000 or more at the least?

Mr. GORE. On that order. However, my amendment would not require the payment of the normal tax on this large income in 1 year. It would permit, in effect, the averaging over 5 years, which was the recommendation of the Eisenhower administration.

Mr. DOUGLAS. In other words, the tax on the $800,000 would average out to a tax on about $160,000 a year?

Mr. GORE. Approximately.

Mr. DOUGLAS. I think it is important that this basic fact be in the Record, because I am still one who believes that the Record has some influence on public opinion. While it is printed in about 50,000 copies, and may have approximately 10,000 readers, the framers of public opinion, particularly in the smaller communities, read it very carefully.

Mr. GORE. I have placed in the Record already the letter of Secretary Scribner. I also had an exchange of views in the hearing with the Chief Counsel of the Treasury, Mr. Lindsay, who is one of the ablest and finest young men I have seen in public service in a long while.

Mr. DOUGLAS. If the Senator will yield further, I am very glad he has paid this tribute to Mr. David Lindsay, who was the Chief Counsel of the Treasury under the Eisenhower administration. I agree with the Senator from Tennessee in what he has said about Mr. Lindsay. I think he is one of the most honorable, high-minded, public-spirited men I have ever known in Government service.

Mr. GORE. I thank my friend. I concur in that statement. I would like to say something now that has not been publicly related. Perhaps it is of no particular news value, but I think the Record should show that I thought so much of Mr. Lindsay that I went to President Kennedy and suggested that here was a young man who was able, and devoted to the public service, and recommended that he not only be retained, but that he be given a promotion to Under Secretary. The position was subsequently offered to Mr. Lindsay, but, unfortunately for the country, he had already made commitments to a private law firm and was unable to accept.

The whole question of corporate pension plans is one that needs urgent attention. Perhaps the Senate will recall the departure of certain persons from Government service in high position who felt they must return to private life lest they lose their corporate pension rights.

I am not adverse to pensions, but I think there is a public interest involved in the size and the manner of accumulating pensions, particularly so when they are accumulated from funds upon which no income taxes have been paid. This creates a public interest.

Because some Senators have entered the Chamber since I referred to the letter of former Under Secretary Scribner, I would like to read the portion of his letter which relates to the particular subject matter of my amendment. I am reading from page 8 of the hearings of the Senate Finance Committee on May 11 and 12 on pension plans for owner-managers of corporations:

> The present long-term capital gains treatment accorded to lump-sum distributions by qualified plans at termination of the employee's service or at his death should be removed. Instances have come to our attention where employees have received lump sums in excess of $800,000 taxable at capital gains rates. These lump-sum distributions are not true capital gains and the present capital gains treatment seems to have been extended to them primarily to mitigate the impact of the progressive tax rates on sums which have accumulated over long periods of time. This aim would be served better by providing some form of direct averaging treatment for these lump-sum distributions, such as would be provided by H.R. 10 for lump-sum distributions received after the age of 65.

That ends the quotation from the letter by Under Secretary of the Treasury Fred C. Scribner, Jr., on this particular point.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUTLER. Will the Senator, for the information of the Senate, give a concrete example of the operation of his amendment? If the capital gain, or the so-called capital gain, accrued in 1 year, what effect would adoption of the Senator's amendment have on the tax due on that particular capital gain?

Mr. GORE. There would be a capital gains rate of 25 percent.

Mr. BUTLER. What would be the effect of the 5-year averaging of that particular capital gain? Would it be affected?

Mr. GORE. That would depend upon the income of the individual from other sources, and upon the size of the pension plan.

As Under Secretary Scribner said, he thought the reason that capital gains treatment had been applied to the lump-sum distribution was because of the severity of the normal income tax rate on that much income in 1 year. Therefore, he recommended the spread, some type of spread such as is contained in H.R. 10 for the self-employed.

Mr. BUTLER. In other words, the Senator's amendment would substitute, in the place of capital gains treatment, ordinary income treatment on a 5-year average basis?

Mr. GORE. That is approximately correct. I should like to point out that by terms of the amendment the tax would be computed by first determining the amount of the additional tax imposed by adding one-fifth of the lump-sum payment to other income of the recipient in the year of payment, and then multiplying this extra increment of tax by 5. The actual top rate will, of course, vary with not only the amount of the lump-sum payment, but also the other taxable income of the recipient in the year in which this fund is drawn down.

Mr. BUTLER. Somewhat the same effect would occur if a professional man who had performed professional services over a period of 5 years, but had not rendered a bill in that time, rendered the bill all at once and received the money in a lump sum.

Mr. GORE. Yes, that would be a somewhat comparable situation.

Mr. BUTLER. What is the period of time in the existing law in connection with the services of a professional man? Is that not less than 5 years, for averaging?

Mr. GORE. I am not informed on that particular point. I am unable to answer.

Mr. BUTLER. I thought perhaps the Senator's amendment was patterned on that provision in the law.

Mr. GORE. No, I followed the recommendation of Under Secretary of the Treasury Scribner on this, as well as the provision in the pending bill with respect to the self-employed.

If it is fair to require normal rates on lump-sum distribution for pensions accumulated by the self-employed under the bill, it seems to me it would be fair to require the same thing for the pension plan of a corporate employee. If we are to extend this treatment to the self-employed, it seems to me that it would be only fair to have the same treatment for corporate employees.

Mr. BUTLER. Will the Senator yield for another question?

Mr. GORE. I yield.

Mr. BUTLER. The Senator's amendment certainly would have an effect of disrupting established pension plans, which have been established over the years. Rather than doing, as H.R. 10 would do—starting a new system of pensions and taxing from inception—the Senator's amendment would disrupt plans already established.

Mr. GORE. No, it would not disrupt any plan. It would merely provide a method of taxation upon a certain type of distribution.

Mr. BUTLER. But it would affect capital gains already made, would it not?

Mr. GORE. Not those already made.

Mr. BUTLER. Is it only for this year forward?

Mr. GORE. It would affect the taxation of the sums already accumulated, if they were distributed in a lump sum after the effective date of this bill, should it become law.

Mr. BUTLER. That is the point I wished to make. In other words, the Senator's amendment would be, in effect, retroactive.

Mr. GORE. No.

Mr. BUTLER. In that it would tax capital gains already realized.

Mr. GORE. The pension funds already accumulated have been established, presumably, to provide an annuity for the employee after retirement from his employment. There is no necessity, in any of the plans of which I have any knowledge—in fact, I doubt if the Treasury Department would approve a plan which required a lump sum distribution. So this would not be a retroactive provision at all. It would merely provide that in the event there were a lump sum distribution in the future the distribution would not be regarded as a capital transaction—which it really is not—but would, instead, have applied a modified normal tax. This seems to me to be eminently fair.

As the junior Senator from Florida said, it may be possible to find some exceptional case in which this would prove to be some disadvantage. In most cases we could cite it would not work a hardship.

Mr. BUTLER. To prevent any possible hardship, would the Senator consider a modification to his amendment which would make it apply only to plans created after the effective date of the amendment? These people have vested rights under the plans, whatever those rights are. If there are some persons who have a right to lump sum distribution under a plan, it would seem to me that is a contract between the company and the employee which must be lived up to, and the person should not be penalized in respect to the right he has already achieved under the law and within the law.

Mr. GORE. It seems to me that the provision is so eminently fair it does not require such a change. It seems to me there is no necessity on the part of a beneficiary of a pension plan to choose a lump sum distribution. He can choose an annuity, in which case this would not apply.

Mr. BUTLER. I say, with all respect to the Senator's opinion, that is a matter the annuitant himself must decide, when the time comes for him to receive his annuity. If he has a plan set up under which he can get a lump sum, it seems to me he has at least a moral vested interest in the right under that plan, and that the Senator's amendment would seriously affect his right and very much reduce the amount of money to which he would be entitled, which he thought he would get over the years as he paid into the plan.

Mr. GORE. If this fund has been built up out of tax-exempt moneys, I do not think he should be entitled to a capital gains rate. We received evidence before the committee that some people had many pension plans.

One statement was to the effect that some people had as many as 200 pension plans.

Mr. BUTLER. The fact is that the Government of the United States, through the Department of the Treasury, offered capital gains treatment on those particular plans. The time for the Government to speak would be when the plan was established.

There is an old maxim of equity that he who remains silent when he should have spoken will not be heard to speak when he should remain silent. This is the time the Government should remain silent. If the law is changed, it should be changed in such a way that the vested interest of the employee, whoever he may be, would not be interfered with.

Mr. GORE. It seems to me that this is an abuse that ought to be corrected now. If it were corrected now, the law as corrected would apply only to lump-sum distributions in the future. There is no retroactive feature about it.

Mr. BUTLER. The Senator admits that it would affect capital gains heretofore realized, which in my opinion would seriously affect the whole plan.

Mr. GORE. The tax would be payable on whatever distribution might be made after the enactment of the bill. That is what I propose; that is what the Eisenhower administration proposed. That is what the bill proposes in the case of the self-employed.

Mr. BUTLER. Perhaps I used the wrong word. It would change the tax treatment on accretions to the fund during the life of the fund.

Mr. GORE. It would as of the enactment of the bill.

Mr. BUTLER. No; as of the enactment of the amendment.

Mr. GORE. If the amendment were in the bill; yes. I understand.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. SMATHERS. The able Senator from Maryland has put his finger on the issue that is involved, which I believe ought to be given more attention. As I told the able Senator from Tennessee, I think what he is endeavoring to do has a great deal of merit. But the difficulty is that, as now proposed, his amendment would in effect change the ground rules in a great many respects after contracts had in effect been entered into. Money has been put aside. Original capital, as it might be called, has been put aside. Accretions have been made to that capital through investments, interest, and so on.

It is understood by the man who puts the money aside each time that it is to be his. We have encouraged pension programs. We have encouraged people to take care of themselves in the future by saying:

> Let us get this kind of program going. When you finally get your money, in order to avoid paying a very high tax on it, we are going to give you capital gains treatment. Therefore, there is an inducement to you to become a part of a pension program.

After they have entered into such a program and have proceeded under it for 15 to 20 years, they would then suddenly be confronted with the fact that Congress had changed the rules, and their investment would not recieve capital gains treatment.

I agree with the Senator from Maryland that the amendment of the Senator from Tennessee would be eminently more fair if it were so worded as to provide that it would be applicable to future plans that are entered into. That is what we are doing in the case of the self-employed. Their plans are totally future plans. Then we would not change the ground rules, so to speak, in the middle of the game.

**Mr. GORE.** Mr. President, the characterization of "changing the ground rules in the middle of the game" is hardly appropriate. There is an abuse of the tax laws. The Eisenhower administration recommended that this loophole be closed. In my opinion, it was never consciously contemplated by the Congress that an individual should be permitted to have 10, 12, 15, 20, or 100 different pension plans and lay up tax-exempt funds of $1 million, and then have a lump-sum distribution and pay only a capital gains tax on that amount. Why did the Treasury ever do that? Mr. Scribner said:

> These lump-sum distributions are not true capital gains, and the present capital gains treatment seems to have been extended to them primarily to mitigate the impact of the progressive tax rates on sums which have accumulated over long periods of time.

That is the reason for it. He said that the purpose could be better served by an averaging, as is proposed in H.R. 10. So there is a loophole. There is an abuse that needs correction. We should have corrected it when correction was recommended by the Eisenhower administration 2 years ago. Indeed, Congress should have corrected it on its own initiative long before that. But now we do have before the Senate proposed legislation dealing with pension plans. This is the time to correct the abuse.

**Mr. DOUGLAS.** Mr. President, will the Senator yield?

**Mr. GORE.** I yield.

**Mr. DOUGLAS.** Is it not true that Mr. Scribner, the Under Secretary of the Treasury at the time, was probably one of the most conservative Under Secretaries ever to serve in the Treasury Department, and that he served under probably the most conservative Secretary of the Treasury of all time—Mr. George Humphrey?

**Mr. GORE.** I cannot disagree with my distinguished friend.

**Mr. DOUGLAS.** So if we are trying to establish the responsibility of the proposal, it comes from the extreme right wing of the Republican Party.

**Mr. GORE.** At least it indicates that men of a conservative bent of mind, which those men were, recognized that an abuse existed and asked that the Congress correct the abuse.

**Mr. DOUGLAS.** In other words, it was too raw even for them.

**Mr. GORE.** That is well stated. I trust that the Senate will agree to the amendment.

**The PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Tennessee.

**Mr. DIRKSEN.** Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. DIRKSEN.** Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

**The PRESIDING OFFICER** (Mr. JORDAN of Idaho in the chair). Without objection, it is so ordered.

**Mr. DIRKSEN.** Mr. President, the matter that is pending before the Senate is a tremendously important matter because it will have an impact upon the private pension plans which are in existence in the country today, and which include literally millions of people.

Under present law, lump-sum distributions from "qualified" profit-sharing plans are taxable as long-term capital gains. Because a "qualified" profit-sharing plan must not discriminate in favor of highly paid employees, officers, shareholders, or supervisory personnel, the vast majority of the beneficiaries of this capital gains treatment are people of modest incomes.

I believe that point merits emphasis.

The amendment which has been proposed to H.R. 10 would eliminate the capital gains treatment provided for lump-sum distributions. Such a change in the law would affect the retirement security of millions of employees, and requires the most careful consideration and study.

At that point I might say that I am aware of what the Treasury Department had to say under the Eisenhower administration with reference to this matter. The Treasury did point out in a letter to the Committee on Finance that there are abuses. I do not gainsay that at all. There may or may not be. The important thing, however, is the impact of what is before us upon these pension plans and the necessity, in my judgment, for far more study than it has received. This was recognized by the Committee on Finance when it refused to consider a Treasury proposal eliminating capital gains during the hearings on H.R. 10 in May of 1960. The committee press release announced that there was insufficient time to consider adequately the Treasury proposal.

I believe that is the heart of the matter. Because of the importance of the proposal that is now before the Senate, and because of the inadequacy of proper consideration by the Senate Committee on Finance, I must register my opposition to the amendment. There is even less time now to consider the amendment to H.R. 10. I am confident that the Members of the Senate do not know what the full implications of it are.

**Mr. WILLIAMS of Delaware.** Mr. President, will the Senator yield?

**Mr. DIRKSEN.** I yield.

**Mr. WILLIAMS of Delaware.** I concur with the Senator from Illinois that this proposal should first be considered by a committee. I understand that this matter is supposed to be a part of the studies of the administration, and perhaps it will be a part of the recommendations to Congress at the next session. I do not believe we should start making changes in existing rules without the industry and those affected having an opportunity to appear before the committee, and for the committee to hear their side of the case, as well as to hear the presentation of the Treasury on the subject.

I believe that it would be most unwise to legislate in this field on the floor of the Senate at this time, without those affected being given an opportunity to be heard, because we could very well invalidate contractural arrangements and could invalidate some existing pension plans, which have been negotiated between management and unions. I do not believe we can afford to establish rules which would invalidate these plans without those affected having an opportunity at least to present their case, and without the committees of Congress and the Senate knowing the full implications behind our action. This is not the time to act on it.

**Mr. DIRKSEN.** That is precisely the point I was going to make next, namely, that the tax-writing committees of the House and the Senate should have an opportunity to offer their comments, and the committees and their staffs should study the information produced at the hearings and review the entire tax law pertaining to qualified profit-sharing plans. In the absence of these orderly legislation processes the Council of Profit-Sharing Industries strongly urges the rejection of any change in the existing method of taxing a lump-sum distribution from a profit-sharing plan in connection with the consideration of H.R. 10.

**Mr. CARLSON.** Mr. President, will the Senator yield?

**Mr. DIRKSEN.** I yield.

**Mr. CARLSON.** I concur in the views expressed by the distinguished Senator from Illinois. I do not think we should act today without realizing that we are, in my opinion, endangering the pension funds of thousands of employees in this country. It is a far-reaching change which is proposed, and it is one which has grave implications to thousands of people who are employed on salaries.

The capital gains treatment was adopted by Congress almost 20 years ago, after careful study. We have been operating under that program. It has been flourishing. The people have built up substantial sums of money. It occurs to me that it is their money and they should be allowed to use it in any way they wish. I am not only concerned about this proposal; I am opposed to it.

I have had prepared a little history of capital gain treatment for lump-sum total distributions to an employee from a stock bonus, pension, or profit-sharing plan of an employer. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

### HISTORY OF CAPITAL GAIN TREATMENT FOR LUMP-SUM TOTAL DISTRIBUTIONS TO AN EMPLOYEE FROM A STOCK BONUS, PENSION, OR PROFIT-SHARING PLAN OF AN EMPLOYER

Section 165(b) of the Internal Revenue Code of 1939, as added by section 162 of the Revenue Act of 1942, provides for taxability of an employee beneficiary of a stock bonus pension, or profit-sharing plan established by an employer, as follows:

"(b) Taxability of beneficiary: The amount actually distributed or made available to any distributee by any such trust shall be taxable to him, in the year in which so distributed or made available, under section 22(b)(2) as if it were an annuity the consideration for which is the amount contributed by the employee, except that if the total distributions payable with respect to any employee are paid to the distributee within one taxable year of the distributee on account of the employee's separation from the service, the amount of such distribution to the extent exceeding the amounts contributed by the employee, shall be considered a gain from the sale or exchange of a capital asset held for more than 6 months."

The capital gain treatment, in its application to lump-sum distributions from a profit-sharing plan, followed closely upon perhaps the most comprehensive study of profit sharing and incentive taxation that has ever been made. In a report of a subcommittee of the Committee on Finance (Rept. No. 610, 76th Cong., 1st sess.), which was made pursuant to Senate Resolution 215 (75th Cong.), it was recommended on grounds of broad social and economic policy that there be complete exemption from all income taxes of payments to employees from accumulated profit-sharing retirement funds. The provision for capital gain treatment, therefore, steers a middle course between this recommendation of complete exemption and subjecting lump-sum distributions to the sharply graduated income tax rates, which were increased still further by the Revenue Act of 1942 as a war tax measure. Despite the need for additional revenue, the Committee on Finance assumed the initiative by adding the amendment providing for captial gain treatment. As expressed in the report of the Committee on Finance on the Revenue Act of 1942 (S. Rept. No. 1631, 77th Cong., 2d sess., p. 138).

"The provisions of the House bill with respect to section 165(b), concerning the taxation of the beneficiary of a trust which meets the requirements of section 165(a), have not been changed except to take care of the situation where an employee receives the total distributions that he is entitled to under the plan in 1 taxable year on account of his separation from the service. In such a case, it is provided that the amount of such distributions to the extent that it exceeds the amounts contributed by the employee shall be considered a gain from the sale or exchange of a capital asset held for more than 6 months. For example, if under a profit-sharing trust, the total distributions to which an employee is entitled are paid to the employee in the year in which he retires or severs his connection with his employer, or to his widow if he dies during the course of his employment, the amount received by the employee or widow to the extent it exceeds the employee's contributions will be considered a gain from the sale or exchange of a capital asset held for more than 6 months."

It is clear, therefore, that the Committee on Finance had the tax treatment of distributions from a profit-sharing trust uppermost in mind in providing for capital gain treatment. This public policy has been continued now for almost 20 years. It was reviewed, reaffirmed, and expanded somewhat in the enactment of the Internal Revenue Code of 1954. Section 402 of the 1954 code incorporated several changes into the language of section 165 of the 1939 code. The 1954 changes were explained in the report of the Committee on Finance as follows (S. Rept. No. 1622, 83d Cong., 2d sess., p. 54):

"Under the present law lump-sum distributions made by qualified trusteed plans to employees because of separation from service are taxed as long-term capital gains. However, capital gains treatment is not granted to similar lump-sum distributions made under qualified insured plans. In addition, whether the plan is insured or trusteed, lump-sum distributions made to the beneficiary of an employee who dies after retirement are taxed as ordinary income.

"Your committee's bill adopts the provisions of the House bill which are designed to eliminate this discriminatory treatment. Capital gains treatment is extended to lump-sum distributions made to employees because of separation from service under qualified insured plans as well as under trusteed plans. In addition, for both insured and trusteed plans, capital gains treatment is extended, as in the House bill, to lump-sum distributions made to beneficiaries of employees who die after retirement."

It has been suggested that the capital gain treatment is not really required because the employee could take out his profit-sharing credits in periodic installments over a period of time, or else buy a single premium annuity. However, the employee's profit-sharing accumulation is his own property, and he should be permitted to treat it as he pleases. Some employees may want a lump-sum distribution at retirement in order to pay off the mortgage on their homes or to invest in a small business. With a lump-sum distribution, funds are available for the retiree in the event of illness or some other emergency. Furthermore, requiring periodic payments or annuities is impractical in the case of death or disability involving younger employees.

The capital gain treatment was adopted by Congress almost 20 years ago after careful consideration of the entire problem of employee retirements. Under this provision, profit-sharing plans have flourished and become an important part of our American system. If the capital gains treatment is removed, it would deal a serious blow to these profit-sharing plans and their millions of participants. Certainly, it would be most unwise to have such a far-reaching reversal of public policy made as a floor amendment without opportunity for study by the tax-writing committees of Congress.

**Mr. DIRKSEN.** Mr. President, the Senator from Kansas is correct. Congress approved this plan way back in 1942. That was 20 years ago. It reaffirmed its action in 1954, when it reviewed the code.

**Mr. WILLIAMS of Delaware.** Mr. President, will the Senator from Illinois yield?

**Mr. DIRKSEN.** I yield.

**Mr. WILLIAMS of Delaware.** Not only has Congress approved these plans, but a plan is not effective until after it had been approved by the Treasury Department. So we could be in a position of invalidating a plan approved by Congress and approved by the Treasury Department without giving those affected an opportunity to be heard.

**Mr. DIRKSEN.** Exactly. The essential point is that since this has been congressional policy for 20 years, it ought not to be so lightly disdained and cast aside.

**Mr. BUTLER.** Mr. President, will the Senator from Illinois yield?

**Mr. DIRKSEN.** I yield.

**Mr. BUTLER.** I pointed out to the Senator from Tennessee that I believe these people have a legally vested interest in the plans. We simply cannot divest property without hearing them, at least. They have a property right in the plan.

**Mr. DIRKSEN.** I wanted to observe, further, that this is a fair, practical method of lump-sum distributions, but it is also particularly applicable to this type of effort.

**Mr. GORE.** Mr. President, will the Senator from Illinois yield?

**Mr. DIRKSEN.** I yield.

**Mr. GORE.** The distinguished Senator from Maryland said that the beneficiaries of pension plans have a vested interest in them. That is true. But that does not deter, or should not deter, Congress from enacting taxes affecting income or other things in which taxpayers have a vested interest. I have a vested interest in my farm and my business. Indeed, I have an interest in my job. But I pay taxes on the income from them.

**Mr. BUTLER.** Mr. President, will the Senator from Illinois yield further?

**Mr. DIRKSEN.** I yield.

**Mr. BUTLER.** It seems to me that the example of the Senator from Tennessee is not apropos. This is an action of a taxpayer and its employees, authorized by Federal law, and approved by the Treasury of the United States. The amendment would change the rules completely after the interest had become vested.

**Mr. GORE.** Mr. President, will the Senator from Illinois further yield?

**Mr. DIRKSEN.** I yield.

**Mr. GORE.** This is an abuse. It is an abuse for a citizen to use a multiplicity of corporations as a facade through which he converts income to a pension plan and later pays only a capital gains tax through lump-sum distribution.

A beneficiary can still have the choice of drawing his pension as an annuity for his old age, which is the purpose for which Congress has encouraged pension plans, or to take a lump-sum distribution.

The amendment which the Eisenhower administration recommended provides that in case he chooses a lump-sum distribution instead of an annuity, then he ought to pay the normal tax on the income which had earlier escaped tax and been exempt from tax.

The amendment gives him the privilege of averaging it out over a 5-year period. This is exactly what is recommended or proposed in the bill for the self-employed. It is fair and reasonable. It will prevent abuses but will work no hardship on one who is not trying to practice an abuse.

**Mr. DIRKSEN.** Mr. President, I am not certain whether the Eisenhower administration put the seal of approval on the proposal or said the whole question ought to be reconsidered. It could be; I do not dispute the contention. I do say that since the so-called averaging proposal is before us, we should see what inequities may develop as a result of it. That fortifies the contention I have made that the question ought to have further study and the committee ought to hear further testimony. Those who will be affected should have a better opportunity to present their side of the case. That is why we say it is precipitate to handle the question on the floor of the Senate.

**Mr. WILLIAMS of Delaware.** Mr. President, will the Senator from Illinois yield?

**Mr. DIRKSEN.** I yield.

**Mr. WILLIAMS of Delaware.** That is the point I was making. I agree fully with the Senator from Tennessee that Congress has the right to change the tax laws. Perhaps in this field the law needs to be changed. I do not argue that point. The point I make is that if we are to make changes, we should at least give those who would be affected an opportunity to be heard. The committee should have an opportunity to study the proposal in the normal process, rather than to be confronted with an amendment which I had never seen until this morning. I understand it was offered last night and printed in the RECORD, but we had no opportunity to see it until this morning.

I do not believe this is the proper way to legislate on such a far-reaching proposal, one which affects numerous plans throughout the country.

**Mr. DIRKSEN.** I agree.

**Mr. BUTLER.** Mr. President, will the Senator from Illinois further yield?

**Mr. DIRKSEN.** I yield.

**Mr. BUTLER.** I suggested to the Senator from Tennessee earlier in the debate that he modify his amendment and make it apply only to plans which will come into existence after the enactment of H.R. 10. That seems to me to be perfectly justifiable and consonant with the plan outlined in H.R. 10. Then all plans would be on the same basis. But to pick out a plan that has been in existence for 20 years, in which a person has a vested right, and then to change the mode of taxation which the Treasury itself has approved is not just.

**Mr. DIRKSEN.** Mr. President, it is not necessary for me to labor the question any further. I simply say that millions of people might be affected. The proposal has not been adequately explored by the Committee on Finance. It could have a tremendous impact and could develop glaring inequities. For that reason, I believe the amendment ought to be rejected. That is the case for the moment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

**Mr. GORE.** Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

**Mr. PASTORE.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

### H.R. 10 IS A BAD BILL

**Mr. DOUGLAS.** Mr. President, in my opinion, H.R. 10, or the Keogh bill, named after its chief sponsor in the House, should not be passed. This measure violates every rule of equity and fair play in that it sets up a program in which only a few of the already fortunately situated can participate. Furthermore, it sets a dangerous precedent by allowing a tax deduction to be taken by a taxpayer for actions which that taxpayer voluntarily takes for his own peculiar benefit.

On very practical grounds there are also serious objections. The bill singles out for assistance, a class of people, the self-employed, who as a group are, generally speaking, least in need or deserving of assistance. The doctor, lawyer, or small businessman is not forced to retire at a specified age. He typically builds up a practice or business, takes in younger associates, and continues to benefit from such practice or business well beyond the earning years of the average employee. There is no retirement age of 65 for the self-employed, since they own their jobs or professions.

### ERODES TAX BASE

Then, too, the bill badly erodes the tax base at a time when the crying need is for tax reform through broadening that base. If we can afford the revenue loss which this bill represents, we can certainly suffer such loss in order to gain more worthy objectives.

The bill fails even to accomplish its major ostensible objective of equating retirement privileges of the self-employed with those of the executive of closely held corporations. To achieve parity in this regard, limitations of considerable stringency would need to be placed on corporate executives.

The entire pension and profit sharing area is in dire need of a thorough cleanup. The enactment of this legislation does nothing to improve existing law. It merely rather loosely bastes another patch on this crazy quilt.

This bill would extend to the so-called self-employed individuals certain tax benefits in connection with funds which such individuals set aside for their retirement. A part of the funds so set aside—up to $1,250 a year—would be deductible from current income for income tax purposes, and the earnings on such funds would be entirely exempt from current taxation. Although the funds and earnings would be taxable when withdrawn, the opportunity to postpone taxation of the funds and earnings represents a very significant tax advantage, especially to those people receiving very large incomes when the funds are set aside.

### SUBSIDIES INVOLVED

Mr. President, I should like to develop that point in a little detail. The sponsors of this measure deny that it involves a tax privilege. They say the $1,250 a year is not exempted from taxation, because after it is put into a private pension plan, some years later—when the person is older, and draws the pension—the same $1,250 of principal will be taxed when it comes out of the pension plan. But this argument ignores four specific features in connection with the plan.

### DEDUCTION IN THE NATURE OF AN INTEREST FREE LOAN

In the first place, it is an interest free loan, which the community makes to the pensioner upon the principal itself. The $1,250 a year which is exempted from taxation, and which in the aggregate will amount to close to $200 million a year, is not taxed. That means that either the $200 million has to be made good by other taxpayers, who would thus have their income decreased, and thus have decreased the opportunities for investment which otherwise they would have with the earnings which these investments would make. Or if it results in a Government deficit or in an increased Government deficit, the deficit will have to be made good by the Treasury, by borrowing money, and then paying interest on it, and ultimately having the interest paid by the taxpayers. In other words, while the principal of the payment may be returned at the end—although there are grave doubts that it will then be subject to taxation—there will be an initial loss, by the taxpayers and by the Government, of the amount of taxes thus foregone, and this is interest free, so to speak, and the burden is assumed by the taxpayers as a whole. But that is only the beginning.

### INTEREST EARNED ON FUND NOT TAXABLE

Second, during the period when this principal is in a private annuity fund, it is accumulating interest, is receiving earnings, but the interest is nontaxable. Therefore, this income—which, if received from a direct investment by the self-employed individual, would have been taxable—is not taxable, and is lost to the community and, therefore, this is a second subsidy.

### LOWER TAX RATE EVEN IF TAXES PAID

Furthermore, when the self-employed person retires and becomes an annuitant or gets a lump-sum settlement, his income is customarily lower than it was when he made the accumulation. Therefore, since the income is lower because his earning power is lower than in his most active working years, the amount he receives will be subjected to a lower tax rate than the rate it would have been subjected to if it had been taxed at the time when it went into the pension fund.

### SPECIAL EXEMPTIONS AND CREDITS FOR RETIRED

But even this is not all, because Congress and the country little realize the exemptions which now are given to retired persons over age 65. He may, in fact, pay no taxes at all.

In the first place, there is the double exemption; the normal exemption of $600 a person becomes $1,200 a person for those over age 65, and in the case of a man and wife both over age 65, it amounts to $2,400, instead of the customary $1,200.

Then there is a $240 tax credit for those who receive retirement income, if they are over age 65, and this retirement income tax credit is allowed to those who receive income from dividends, interest, rents, royalties, and pensions. That means that if both husband and wife qualify, they will get a tax credit of $480, and $480 is the basic tax upon $2,400. So there is already a tax exemption of $2,400 a person, or $4,800 for a man and wife, for those over age 65 who have retirement income of given amounts. In addition, there is the 10-percent standard deduction.

So a man and wife over 65 who have their savings invested in pensions would get over $5,300 before any tax whatever was paid, and if they were fortunate enough to have more money saved and if they invested in common stock, there would be the $50 exclusion and the 4-percent dividend credit, which could enable them to have up to $6,100 in income from dividends before they paid a single cent of tax. In other words, persons over age 65 are already very much better taken care of than is commonly believed. But this measure adds a further privilege for the well to do whose incomes are above $5,000 or $6,000 a year, when they reach age 65. So, Mr. President, this is a very large subsidy to a small group.

### INDIVIDUAL SUBSIDY LARGE

In its original form, before the Long amendment was added, if a person with a wife and two dependents contributed $2,500 a year and could then deduct $1,750 a year, the amount of tax he would be saved each year would thus amount to an after tax return of about $500 if his income were $20,000 a year. It is somewhat difficult to ascertain the precise effect of the Long amendment. It does diminish the amount of taxes saved to the individual or after tax return, but in my judgment it reduces by not far from 20 percent the amount of taxes for a person with a $20,000 income, if he saves the full maximum amount of $2,500 a year and puts it into a pension fund.

I point out that over a period of 30 years if a contribution of this amount is made each year the amount of taxes thus saved attributable to these deductions would be not far from $12,000 to $15,000. Over a period of 30 years the total sum accumulated under the retirement plan would be somewhere around $100,000, assuming an interest rate of 3½ percent, of which slightly less than half would be accumulated interest nontaxable. Had that interest income been taxable, assuming the individual yearly earnings to be $20,000, the taxes collected upon the interest income would have been $15,000.

So that this proposal would give a total tax subsidy to a $20,000-a-year man of $27,000 to $30,000.

### AGGREGATE SUBSIDY LARGE

In the aggregate, although the bill as introduced last year would have meant approximately a $200 million immediate direct income loss each year, and although the Long amendment has reduced this somewhat, with the McCarthy amendment being adopted it is difficult to get a precise figure now as to the total revenue loss. I think it can be said that the McCarthy amendment may increase the income loss more than the Long amendment diminishes the loss, and therefore the total loss in revenue will be well over $200 million a year initially, and more than that later as the accumulated interest is not taxed.

I am in the main addressing my figures to the original bill, with impromptu allowances for the changes introduced yesterday by the Long and McCarthy amendments.

### SMALL GROUP BENEFITS

I point out that a relatively small group of comparatively well paid persons are the ones who will benefit from this provision. There are about 7 million self-employed individuals in the country who might benefit by the legislation. This, however, is only one-tenth of the total working force, so that this is a benefit confined to one-tenth of the working population in turn.

### HALF OF THE TAX BENEFITS TO THOSE WITH $20,000 INCOME

However, according to the estimates of the Treasury, about 80 percent of the tax reductions which would be allowed by the bill would be received by self-employed persons with an annual income in excess of $10,000 a year; 80 percent of the benefits, therefore, will go to those with incomes of over $10,000 a year, and approximately 50 percent or one-half of those benefits will be received by self-employed persons with incomes in excess of $20,000 a year. There are only about 380,000 persons in this group or about one-half of 1 percent of the working force.

I may say that I have been going over the recent statistics of income, and that statement seems to be approximately correct.

### DISTRIBUTION OF DOCTOR'S EARNINGS

The distribution of net income for the various professional classes of all doctors and others who are in sole proprietorship and providing medical and other health service amounted to over $4 billion in 1960. This is shown by the statistics of income for 1960. Of that $4 billion, only 9 percent was earned by doctors receiving incomes of less than $5,000. Only 11 percent was earned by doctors with incomes of between $5,000 and $10,000.

In other words, only 20 percent of the income received by doctors was received by those doctors whose income was less than $10,000.

Thirty-nine percent was earned by doctors who earned incomes of between $10,000 and $25,000 a year. Thirty percent was earned by doctors with incomes that were between $25,000 and $50,000 a year. Ten percent of all net profits was earned by doctors with an income of over $50,000 a year. Or 40 percent of all income earned by doctors was earned by those doctors with incomes of over $25,000 a year.

Similar figures can be presented with respect to lawyers—and it is primarily the doctors and lawyers who are the moving spirit behind the bill.

### INCOME DISTRIBUTION OF LAWYERS

Of all net profits owned by sole legal proprietorships, only approximately 14 percent earned less than $5,000. Only 21 percent of all net profits was earned by lawyers with incomes of between $5,000 and $10,000. Thus, 35 percent, or slightly over one-third of all the net profits, was earned by lawyers with incomes under $10,000.

On the other hand, about 40 percent of all net profits by those providing legal services were earned by sole proprietorships with net incomes of between $10,000 and $25,000. Twenty-four percent of all profits earned by legal sole proprietorships were received by those who earned more than $25,000.

To summarize those last two figures, 64 percent of legal income in terms of sole proprietorships was earned by those getting over $10,000 a year; 24 percent, or about one-quarter, by those who had incomes of more than $25,000 a year.

In other words, the benefits of this legislation would go to some of the most affluent groups in the community.

The average annual income of all doctors in 1955 was $18,122. That was 7 years ago. That of family physicians was $15,000 a year. In 1958 the average annual income of dentists was $13,956, or about $14,000 a year. Since then their income has increased.

In 1954 the average annual income of lawyers was $10,258. It is higher now. The average annual income of senior public accountants in 1958 ranged from $8,000 to $10,000.

These incomes compare with an average annual income in 1960 of all wage and salary workers of only $4,705, and of all wage and salary workers in manufacturing of $5,342.

In other words, the group who benefited by H.R. 10 is on the whole a very affluent group who are going to get these unique and tremendous favors.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes; I am glad to yield.

Mr. GORE. And only those in reasonably fortunate financial circumstances could afford to invest $2,500 a year in a retirement policy for their own benefit.

Mr. DOUGLAS. That is correct.

Mr. GORE. And particularly if parents had a choice between investing that amount in a policy for their own benefit or in educational policies for their children, we might find many parents choosing to place their children first.

Mr. DOUGLAS. Exactly so.

Now I come to a very important point, one that I want to speak on carefully lest what I say be misunderstood.

### TAX EVASION AND AVOIDANCE

Last year the Secretary of the Treasury appeared before the Senate Appropriations Committee. He gave testimony, which is printed at page 182 of the hearings before the Subcommittee on Appropriations dealing with the Post Office and Treasury. He stated that in 1959 approximately $27.9 billion of income was not reported on tax returns and that $3.5 billion of this was from individuals who were not required to file returns.

This left $24.4 billion—or the difference between $27.9 billion and $3.5 billion—which was reportable income but which was not reported on tax returns and upon which there had been evasion or avoidance of taxes.

It is interesting to see from where this came, functionally.

### DIVIDENDS AND INTEREST A MAJOR SOURCE

With respect to dividends, $900 million which was taxable was not reported.

On interest, $2.8 billion which was taxable was not reported.

That is a total of $3.7 billion. Since then, for the fiscal year 1963 the Treasury has increased its estimate so that the Treasury Department believes the figure for dividends and interest, which was paid out but not reported is not $3.7 billion—but will be closer to $5 billion.

We fought that battle in connection with the withholding tax owed on dividends and interest. The evasion or avoidance involves approximately 11 percent on dividends and 34 percent on interest. In order to prevent the evasion and avoidance, the administration originally proposed that the basic tax be withheld both on dividends and on interest. This provision passed the House but was stricken out by the Senate Finance Committee. I tried, with the help of the Senator from Tennessee and the Senator from Wisconsin, to restore withholding in the Senate. We got only 20 votes, although it would have brought in approximately $900 million of much needed revenue which is already owed in taxes. It was not a new tax, but was merely a better way of collecting an existing tax.

The Senator from Indiana the other day tried to provide for withholding merely on dividends. That would have been a very simple thing, and the administrative difficulties would have been very slight. He also was "snowed under."

This shows something of the temper of the Senate and the temper of the bipartisan political alliance which governs both parties in this Senate.

With respect to annuities and pensions, it was estimated that the amount of income on which taxes were evaded or avoided was $600 million.

### WAGE EVASION VERY SMALL

With respect to wages and salaries, the income on which taxes were evaded or avoided was estimated at $6½ billion.

I should like to point out in this connection that approximately $200 billion a year is paid out in wages and salaries, so the percentage of evasion or avoidance on income from wages and salaries is only 3 percent, whereas it is approximately 11 percent on dividends and 34 percent on interest.

### SELF-EMPLOYED EVASION LARGE

Next we come to business and farm profits, for the self-employed. The evasion or avoidance in this regard was, on income, no less than $12 billion. That is the biggest aggregate sum of all. It is estimated that $2 billion of this was farm income not reported and $10 billion income of the self-employed in nonfarm occupations. The total percentage of income not declared, upon which taxes were not paid, is estimated at approximately one-fourth of the total.

I wish to say that I recognize, in the case of some of these folks, they do not keep books; they merely put the money in their pockets or into a checking account and spend it as it comes in, and at the end of the year it is difficult to remember all the sources. I recognize also that taxes are collected on 75 percent of the income.

I do not wish to indict in any form the majority of the people in the self-employed occupations who are honorable and want to pay every cent of their taxes due. It is significant, however, that a quarter of the taxes due are not paid. That is significant. Those facts cannot be denied.

### BREAKDOWN OF THE SYSTEMS ABROAD

We sometimes complain about the breakdown of the income tax system in Greece, Italy, and France. That is very serious. We have sent experts to Greece to try to reform the tax system there, and we have offered advice to France and Italy. But in France, Italy, and Greece the percentage of the self-employed is greater than the percentage in this country, and this accounts in large part for the fact that the revenue systems of those countries do not collect as much of the taxes as they should. Instead of sending experts to Greece, Italy, and France to tell those countries how to do this, I think it might be helpful if the administration and the Treasury Department would help us out at home.

### H.R. 10 IS TAX RELIEF FOR HIGHER INCOME GROUPS WITH ALREADY LARGE INCIDENCE OF EVASION AND AVOIDANCE

I am not indicting the self-employed as a class. Let that be clear.

I think it can be said that its tax favor which is proposed in H.R. 10 would go to a group in which the percentage of evasion or avoidance of taxes is the highest of any group in the country, except that of the group which receives interest, and that a majority of the income received by the professional men and by the self-employed is received by those whose incomes are more than $10,000 a year. In other words, this is a proposal for tax relief for those who need it the least. It is to be tax relief for a group which, on the whole, has the greatest evasion or avoidance of taxes.

Mr. President, I ask unanimous consent that the table from the testimony by the Secretary of the Treasury before the Subcommittee on Appropriations for the Treasury and Post Office Departments 1961, page 182, be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

*Income received by individuals during 1959 not accounted for on tax returns by type* [1]

| | *Billion dollars* |
|---|---|
| Total income not reported on tax returns | [2] 27.9 |
| Less: Income received by individuals not required to file returns | 3.5 |
| Equals: Total reportable income not accounted for on tax returns | 24.4 |
| Dividends | .9 |
| Interest | 2.8 |
| Annuities and pensions | .6 |
| Business and farm profit | 12.0 |
| Wages and salaries | 6.5 |
| Other income [3] | 1.6 |

[1] Estimates based on preliminary data.

[2] "The Federal Revenue System: Facts and Problems, 1961," p. 10 (publication of Joint Economic Committee).

[3] Unreported income from all other sources not specified, such as rents, royalties, and capital gains.

Source: Research Division, Internal Revenue Service, May 4, 1961.

With respect to the revenue effects of this underreporting, we have made estimates for some of the categories but not for all. The failures to report dividend and interest incomes were estimated to have reduced revenues by $342 and $522 million, respectively, or a total of $864 million at the 1959 income levels. Our studies in the other areas have not progressed far enough to make comparable estimates. One problem is that while this income should have been reported under the tax filing requirements, not all of the income would have been taxable even if reported. For example, some of the unreported income from businesses and farms would have been on returns which would not be taxable after allowances for deductions and exemptions. As a rough overall estimate I would say that the total revenue loss from the failure to report the $24.4 billion was at least $4 billion.

Source: Hearings: Treasury-Post Office Subcommittee, Senate Appropriations Committee, 1961, p. 182.

### LOOPHOLES IN TAX LAWS

Mr. DOUGLAS. Mr. President, we have gone pretty far in this country in eroding the tax base through creating loopholes or truckholes. The depletion allowances are the most scandalous of all examples, with respect to which we lose $3 billion a year in taxes.

Day before yesterday I tried to reduce the depletion allowance on oil and gas, to obtain a little more than $300 million in revenues and we were "snowed under." My amendment, voted on late at night, received 23 votes. A somewhat similar amendment, though not as good an amendment, I think, offered by the Senator from Delaware, received 30 votes.

The capital gains provision taxes what is frequently ordinary income as a capital gain, thereby taxing at only one-half of the normal rate and never more than 25 percent. Great abuses exist on that score.

The Senator from Tennessee has tried to cut off one tiny tip of one of the tentacles of that octopus. There are other abuses in regard to the capital gains tax, applying it to cattle and to many forms of income which would be taxed as ordinary income.

There are great abuses in the field of stock options.

There has been a failure to apply withholding.

Entertainment expenses have many abuses, but the Senate by an overwhelming vote refused to curb the abuses.

A new loophole is to be opened up on lobbying.

A windfall of $1.3 billion has been given to the corporations in the investment credit.

All these things indicate that special privilege group after special privilege group is able to get favored treatment from the Congress without much opposition from the Treasury Department or the administration and almost none from the leaders of Congress.

H.R. 10 is another such provision. As I say, it, too, would cost at least $200 million a year, initially, and the cost would increase through time. It is to be a subsidy to a class which needs it the least, and again I repeat, to the class which, unfortunately, has next to the highest percentage of tax evasion or avoidance.

I suppose the bill will be passed, though I shall demand a yea-and-nay vote.

Once we start the business of favored tax treatment for some, we shall open up precedents and immediate demands for extension of the treatment. If we provide favored tax treatment for pension contributions by the self-employed, how can we deny them to employees of private concerns which do not have private pension plans?

### LOOPHOLES UNIVERSALIZED

Yesterday the Senator from Alabama [Mr. SPARKMAN] proposed such an amendment. He was voted down. But if we pass the proposed legislation with that provision, similar provisions will be suggested in the future, and it will be impossible to turn them down. If we give that privilege to the self-employed, how can we deny it to workers for workers' contributions under private pension plans, or workers' contributions under the social security, or workers' contributions under the Railway Retirement Act, or workers' contributions under governmental pension plans? All those groups will demand similar treatment.

Several years ago I estimated that the provisions of H.R. 10 would result in an annual loss of revenue, when universalized, of well over $2 billion a year. In 1959 my colleague, the junior Senator from Illinois [Mr. DIRKSEN] estimated that it would open up at least a $3 billion hole in Federal revenues over a period of years. I think he was fairly conservative in his estimate. But the measure which he sponsored yesterday, and which the Senator from Florida [Mr. SMATHERS] is sponsoring today, would start this procession with an initial loss of about $200 million, and it would multiply and ramify.

There are some who say, "If you grant this treatment to the self-employed, you must grant it to others. If you grant a special privilege to some, you must universalize it." There will be great pressure in that direction. It is pretty hard to say "No" to such an argument.

I have been in favor of limiting debate in the Senate. But when I find that no debate on civil rights is limited, that cloture is not applied to civil rights, but that the bipartisan alliance applies cloture to those who try to defend what they believe to be the people's rights in space communication, it seems to me to be a one-sided application of the rule. As long as favoritism is practiced, I do not think it is improper for the two Senators from Tennessee [Mr. KEFAUVER and Mr. GORE] and the Senator from Oregon [Mr. MORSE] to stand on their feet here fighting such a bill heroically, as they did a few weeks ago. I am not one to stab them in the back while they are doing it.

I would dislike to see granted to the self-employed the privilege which I fear is about to be granted. But I can prophesy what will happen if we do do it. It will spread and multiply.

I believe the classic illustration is the upas tree, which multiplies very rapidly and spreads its poisonous exhalations over a community.

Mr. President, we need to reform our system of taxation. But Congress is so organized and the special pressures are so great, that every time an effort is made to close loopholes, the Congress only opens up more loopholes. That was our experience with the tax bill which was passed yesterday by a big vote of 59 to 24. I am proud to have been one of the 24 Senators who opposed it.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. LAUSCHE. I subscribe completely to the views expressed by the Senator from Illinois that we ought not to approach the proposal on the basis of the cost that the program would immediately entail, but we should look at it from the standpoint of its long-range impact. As surely as day follows night, if the bill is passed we shall be faced with demands for similar treatment on the part of other persons in our economy similarly situated. If we apply the great American principle that there should be equality of treatment at the bar of justice for all people in our society and our economy, I cannot see how next year and the following years we shall be able to deny to others the treatment accorded to those covered by the bill.

One of the grave mistakes that we are always making is to look at the immediate impact but never at the long-range aspects. A precedent is about to be established. With such a precedent in existence, I cannot see how we could ever deny to others that which we are giving to the class covered by the bill.

Mr. DOUGLAS. I thank the Senator from Ohio. His statement reflects the rigid standards of analysis and integrity which he applies to public issues.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. GORE. I have listened with great interest to the exchange between two very able and distinguished Senators, the senior Senator from Illinois [Mr. DOUGLAS] and the senior Senator from Ohio [Mr. LAUSCHE].

I should like to ask if those of us who are honored and chosen to represent all the people should not consider the fairness, the equity, and the democracy of extending a privilege to all the people which we are willing to extend to a few. To look at the problem in still a different way, if inequity exists, if a few have the privilege and abuse the privilege which the fiscal requirements of our Government does not permit us to extend to all the people, should we not, instead of having one abuse excuse another, start to eliminate the excesses and inequities of existing law in favor of the few?

Mr. DOUGLAS. I quite agree.

Mr. LAUSCHE. I am a lawyer, I have a brother who is a lawyer, and I have a brother who is a dentist. If this privilege is granted to us, how will I be able to say to anyone else that the same privilege shall not be granted to him?

Mr. DOUGLAS. It will be very difficult for the Senator to do so. As a matter of fact, an amendment has already been submitted to this effect. The Senator from Alabama [Mr. SPARKMAN] proposed an amendment yesterday to extend this privilege to the employed in organizations which do not have a private pension plan. It was not accepted, but it will be in the future. The Senator from Nebraska [Mr. CURTIS] offered an amendment to supplement H.R. 10 and the Dirksen amendment to provide exemption from taxation for purchases of Government bonds.

## THE NOMINATION OF THURGOOD MARSHALL

Mr. HART. Mr. President, this morning the Committee on the Judiciary held a meeting, and I am glad to be able to report to the Senate that, after very strong discussion and disagreement, the committee acted favorably on the motion of the junior Senator from Michigan to report favorably the nomination of Thurgood Marshall to be a judge of the U.S. Court of Appeals for the Second Circuit. I realize that in due course this action by the committee will be reported. However, because this is a matter which has concerned a great many people in this country, I feel that the action of the committee should be reported promptly, even though in this informal fashion.

The majority leader is to be congratulated because we now see that the commitment he made to the Senate some time ago has been kept. He assured the Senate that before we adjourned we would have an opportunity to vote yes or no on the nomination, sent to us long ago by President Kennedy, of a distinguished American lawyer.

This is neither the time nor the place to discuss in detail the reasons which, I am sure, made most of us feel that President Kennedy had made a superb choice in the nomination and why we will be delighted to support the nomination when it comes before us officially. Because it has been a matter of continuing concern, not alone in the Senate but throughout the country, we feel that for that reason itself the action of the Committee on the Judiciary a few moments ago should be reported.

Mr. DOUGLAS. I want to express my personal pleasure and satisfaction that the committee has thus acted. A large share of the credit for this is due to the junior Senator from Michigan, who very persistently but with his characteristic modesty has been pushing for action both in the subcommittee and in the full Committee on the Judiciary. The committee is to be congratulated, but the Senator from Michigan deserves our thanks.

Mr. HART. The Senator from Illinois well knows that in matters like this no one person is a particularly significant factor. Many Senators inside the committee as well as outside were pushing hard on this nomination.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KEATING. Mr. President, I join with the Senator from Illinois in expressing gratitude to the Senator from Michigan for his great help in bringing this nomination to a vote in the committee. It was not easy. The committee has held this nomination for an inexcusably long time. The Senator from Michigan has been very diligent in pressing for action.

The committee's favorable action will be warmly applauded by all Americans interested in fairplay and the appointment to our courts of the best qualified men available. My only regret is that it has taken so many months for the committee to express its confidence in a man so superbly qualified for judicial service. I do not believe that the Senate would long tolerate any attempt on the floor further to obstruct final Senate action on this nomination.

Judge Marshall is a great lawyer, and I have been informed by Chief Judge Lombard that he has performed magnificently on the bench since his recent appointment. As a Senator from the

State where Judge Marshall is serving, I am delighted that a man of his qualifications will be serving on this important court.

The report of the committee should be promptly filed so that we can take action in the Senate on the nomination in the early part of next week. I express my gratitude to all who have helped to bring about this fine result.

Mr. DOUGLAS. The junior Senator from New York has also played a very important part in this nomination. I congratulate him across the aisle and thank him for his efforts.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LAUSCHE. I am much pleased by this news. Joining in the words of the Senator from Michigan, what has happened today corroborates the statement made by the Senator from Montana [Mr. MANSFIELD] on the floor about 2 weeks ago, assuring us that the matter would come before the Senate.

From my own standpoint, it would have been very painful and inexplicable and harmful to our country if this matter had not come before the Senate and action had not been taken from it. I commend the Senator from Michigan.

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

### REGRESSIVE TAX SYSTEM POSSIBLE

Mr. DOUGLAS. Mr. President, the direction we seem to be moving in is to exempt all savings from taxation. That began in 1954, when we placed a 4-percent tax credit on dividends, decreasing not merely the taxpayer's income but making a direct deduction from taxes. We have extended this in the 7-percent investment credit which will give about a $1,300 million windfall to corporations, without inducing, in my judgment, very much added investment, and which will amount, probably, to a very appreciable decrease in corporation taxes.

We are now about to provide—because I believe that is what the vote in the Senate will be—an exemption from taxes on savings up to $1,250 a year for the retirement plans of the self-employed.

### OTHER PROPOSAL FOR DEDUCTIONS

The Senator from Ohio is completely correct that this is not the end, that the precedent thus established will go on to other than retirement plans. My colleague, the junior Senator from Illinois [Mr. DIRKSEN] was correct when in March of 1959 he said this will ultimately cost around $3 billion a year. This is not going to stop with retirement plans. There are already proposals being made to exempt from taxation the cost of sending children to college. It is even more worthy to save for the education of one's children than to save for one's own retirement. There are proposals to exempt from taxation the amounts invested in the purchase of houses. We are likely to wind up with a tax solely on consumption. This is the way we are moving.

### LOCAL AND STATE TAXATION REGRESSIVE

I would like to remind the Senate and the country that the present system of general property taxes and sales taxes, which finance local and State governments, is highly regressive in nature, that is, those with smaller incomes pay a larger percentage of their means in taxes than those with greater incomes. A study made some years ago based on an examination I made of assessing officers which showed that the homes of workingmen are assessed at a higher percentage of their real value than the estates of the wealthy or the property of corporations.

There is a very fine industrial company in my State where we learned that the initial investment was approximately $77 million. It was carried on the local tax rolls at $1 million, or 1⅓ percent of its cost. However, a workingman's $10,000 home was assessed at approximately $8,000, or 80 percent of its cost. When I examined the head of the assessing officials of the country, he stated that while this perhaps may have been a somewhat lurid example, nevertheless, it was a common practice. This means that the costs of local government, largely supported by the general property tax, fall with a heavier hand upon those having small amounts of property than upon those having large amounts of real property. Of course, personal property, which is primarily held by the well-to-do, largely escapes taxation.

When we turn to State revenues, so largely financed by sales taxes, the sales taxes are exclusively imposed upon consumption; they do not apply to savings They almost never apply to services. It is characteristic that as incomes increase, the percentage spent on goods diminishes, while the percentage spent for services and the percentage saved increases. That is, with added increments of income, the proportions invested or saved and the proportions spent on services as opposed to necessities increase.

Conversely, as incomes diminish, the proportion spent on commodities increases, and the proportion spent on services and savings decreases.

So if the Federal system, now progressive in the arithmetical sense, is converted into a regressive system, we will have a completely regressive system of taxation in the country; namely, one in which those having small or medium-sized incomes will pay a larger percentage of their income in taxes than those having higher incomes. This is already true so far as the financing of State and local governments is concerned.

A study by Dr. Musgrave some years ago showed that except for the two extremes; namely, the extremely low income groups and the extremely high income groups, the degree of arithmetical progression in the Federal tax system roughly offset the degree of the arithmetical regression in the local tax system.

Even the proportional system of overall taxation will be destroyed by amendments such as this and will make the whole tax structure regressive.

I believe in progressive taxation; namely, that the rate of taxation should increase as income increases, because I think this is in much greater conformity to relative ability to pay and that this ability to pay increases at a greater ratio than income. There is a minimum of subsistence which all people need; but there is a diminishing utility derived from additional increments of income. But even if one does not believe in progression, even if one believes in proportionality, the rate should be the same regardless of income.

What we are doing today, what we have been doing in the past, and what we are likely to do in the future will be to transform a system which, overall, is roughly proportional into a system which, overall, will be regressive.

The Senator from Ohio was never more correct—and he has been correct many times—than when he said we should look not merely at the immediate results, but also at the ultimate consequences.

### PREMATURE COMMITMENTS

Many Senators have been rushed off their feet on this measure by propaganda to which they have been subjected from their lawyer, doctor, accountant, and independent businessmen friends. They have made commitments to which they feel in honor bound, because, not fully understanding the issue, they gave a premature commitment. One should beware of that.

I was thinking this over last night, and some lines from Alfred Lord Tennyson's poem "Maud" came to my mind. The poem is about a man who had made an improper promise; and because he had made an improper promise felt himself bound by it and concluded he had to go through with it, even though he knew it was wrong. As I remember those lines—I have not checked them this morning—they are to the effect that "faith unfaithful made him falsely true."

We may experience, in the voting which will take place, some of these effects. I intend to vote against H.R. 10. The bill may be slightly mitigated by the Gore amendment and by the Long amendment; but taken in its totality, it is a bad bill. It gives favors to those who need them the least, to the group which already, as a group—although not, of course, each individual—is not now paying taxes on approximately one-fourth of its income. So, Mr. President, when the roll is called on the bill, I hope there will be many Senators who will vote "nay."

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, I offer the amendment which I send to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The **Legislative Clerk**. On page 117, after line 14, it is proposed to insert the following new section:

SEC. 8. LIMITATION ON DEDUCTIBILITY OF EMPLOYER CONTRIBUTIONS TO QUALIFIED PENSION, PROFIT-SHARING, STOCK BONUS, AND BOND PURCHASE PLANS

Section 404(a) of the Internal Revenue Code of 1954 (relating to deduction for contributions of an employer to an employee's trust, etc.) is amended by adding after paragraph (10) (as added by section 3(a) of this Act) the following new paragraph:

"(11) Limit of deductions with respect to each employee.—

"(A) ANNUAL LIMIT.—Except as provided in subparagraph (B), the total amount deductible under paragraphs (1), (2), (3), and (7) in any taxable year for contributions to a trust, an annuity plan, one or more trusts, or one or more trusts and an annuity plan made with respect to any employee, including an employee within the meaning of section 401(c)(1), shall not exceed whichever of the following amounts is the lesser:

"(i) $5,000, or

"(ii) 10 percent of the compensation paid or accrued to such employee during such taxable year.

"(B) OVERALL LIMIT.—The total amount deductible under paragraphs (1), (2), (3), and (7) in all taxable years for contributions to a trust, an annuity plan, one or more trusts, or one or more trusts and an annuity plan made with respect to any employee, including an employee within the meaning of section 401(c)(1), shall not exceed $250,000."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of the Revenue Act of 1962.

On page 117, line 15, strike out "8" and insert "9".

On page 117 strike the period at the end of line 17 and insert ", except that the amendment made by section 8 shall apply only with respect to contributions made on behalf of any employee (other than an employee defined in section 401(c)(1) of the Internal Revenue Code of 1954, as amended by section 2(3) of this Act) with respect to service rendered after December 31, 1964".

Mr. GORE. Mr. President, existing law places virtually no limitations on the amounts which corporations may set aside, tax free, each year, for the benefit of their management personnel. In this way, the managers of corporations can adjust their compensation to spread it over a period of years. Some of these benefits run quite high in relation to the current earnings of the corporate official.

This amendment would place limits on the amount of the deduction which a corporation may take. The limits, on contributions made to a pension plan with respect to any employee are 10 percent or $5,000 per year, whichever is the lesser, with an overall, lifetime limit of $250,000.

Mr. President, it seems to me that an overall limit of one-quarter of a million dollars is surely high enough. Indeed, I think the limit should be much lower than that. But adoption of this amendment would be a start in the right direction; it would be the first step in applying limitations upon the amount of tax deduction which corporations can take for the building of big bonus plans for the benefit of corporate officials.

Certainly the ordinary hourly worker or salaried employee would never be able to take advantage of such generous limits as these. They are, in my judgment, most generous, and should be sufficient to take care of any corporate executive in his retirement.

I call attention to the fact that this amendment would become effective only with respect to contributions made with respect to service rendered after December 31, 1964. This would give ample time for corporations and their officials to adjust existing plans or future plans to comply with this amendment, should it be enacted.

Mr. SMATHERS. Mr. President, I shall be happy to take this amendment to conference, for consideration.

The PRESIDING OFFICER (Mr. METCALF in the chair). The question is on agreeing to the amendment of the Senator from Tennessee to the committee amendment.

The amendment to the amendment was agreed to.

Mr. LAUSCHE. Mr. President, I contemplate voting against the pending bill. Its enactment would result in unequal treatment by the Government of various segments of our society.

One of the pillars or principles upon which our Government has survived has been that prejudicial discrimination shall not be practiced against any citizen.

This bill would select a special class for special benefits. The bill would not be all embracing in its effect; it would not make available to all citizens the benefits which would be conferred upon the special class.

Mr. President, it would be in my personal interest to support this bill. A moment ago I stated that I have a brother who is a lawyer; I have another brother who is a dentist; I have another who is in the insurance business; and I am a lawyer. Each one of us would be a special beneficiary of the provisions of this bill. But how could I support a bill which would give special tax privileges to the lawyers, to the doctors, to the dentists, to the insurance agents, and to others who are self-employed, but would not give that privilege to all citizens alike?

It is argued that the bill would cost about $200 million, by way of loss of taxes. Two hundred million dollars is the figure reached when one calculates the losses which would be incurred because of the special class which would be covered. But what would be the eventual loss when all citizens under social security say to Congress, "We want to be treated, in connection with the payment of taxes, in the identical way that the self-employed are treated." By how much would the cost figure for the bill be increased when the industrial workers, now contributing to coverage in private plans, ask that they be spared the payment of taxes on the amounts they contribute to those funds? By how much would the cost of the bill be increased when the members of the railroad retirement system come into the corridors of this building and say to us, "You have given a special tax concession to the self-employed. By what principle and on what theory do you deny it to me? Am I, because I am a railroad worker, to be treated differently from the way the lawyers, the doctors, the insurance agents, and the other self-employed are treated?" And what would we say to the Government employees, who, likewise, do not have this concession?

A moment ago the Senator from Illinois [Mr. DOUGLAS] pointed out that undoubtedly this proposed tax concession would spread beyond the realm now contemplated.

The Senator from Nebraska [Mr. CURTIS] submitted an amendment which provided that those who purchased Government bonds would be given a special tax concession.

From time to time I receive from Ohio letters from citizens who urge me to support a plan by which the parent of a child attending college would have exempted from taxation the money spent in financing that education.

Mr. President, $200 million would be only the beginning. The eventual cost—as was stated on the floor of the Senate in 1959—would probably be $3.3 billion a year.

I put this question especially to those who are concerned about the fiscal plight of our country: If we keep on spending more and more, through the borrowing of money, and if that situation is bad, how can we hope to improve it when we adopt the philosophy, "We will spend more, and tax less, and borrow more, and improve the economic and social health of our country."

Mr. President, it simply cannot be done.

What am I to reply when I receive from a citizen a letter stating, "You are voting for and passing everything that is of benefit to you, but you are not thinking of me at all. You are now contemplating raising the salaries of Congressmen to more than $22,500, but you are not thinking of me."

Mr. President, let us consider the bill now before us: A special tax concession would be given by it to a special group, unmindful of the fact that millions of others, similarly involved in work and business, but not self-employed, would not at this time have the benefits of the provisions of this bill.

But, Mr. President, if the bill is enacted, all of them will have such benefits; they will come here in droves, and we will not be able to deny them that right.

I think we would make a most serious mistake if we were to pass this bill. It would create great troubles.

But if we adopt the proper principle and follow the honest course, and thus give to all what the few covered by this bill would be given, we will more and more shake the pillars upon which our Government rests. We are shaking them every day; the entire structure is trembling. But we give no heed to the long-range future. Instead, we think only of the demands of the moment. We say, "The bill will cost only $200 million, and we can stand that"; but we give no thought to what the long-range cost will be.

Mr. President, I will not take such a stand in voting on this bill.

Mr. President, I practiced law for 40 years. I know many, many lawyers in Cleveland. I would like to be of help to them, but I cannot be of help to them without thinking of what the impact will be on the Nation as a whole. I will vote against the bill.

I yield the floor.

Mr. SMATHERS. Mr. President——

## JUDICIARY COMMITTEE ACTION ON THE THURGOOD MARSHALL NOMINATION

Mr. JAVITS. Mr. President, will the Senator yield 1 minute to me?

Mr. SMATHERS. Yes; I yield to the Senator from New York, without losing my right to the floor.

Mr. JAVITS. Mr. President, I wish to express my gratification at the action of the Judiciary Committee in now voting to report the nomination of Judge Thurgood Marshall, especially following the colloquy the majority leader and I had earlier today with respect to a petition to discharge the committee from further consideration of the nomination. The vote of 11 to 4 in favor of reporting the nomination is especially gratifying.

I think the Senate has a right to hold its head high on this matter, in that it has been done through the regular committee process and will now be ready for action on the floor. I am deeply gratified. Now the Senate will have an opportunity to act on the nomination in a deliberate way, which is helpful to the dignity of the Senate and of the Federal courts.

I believe the nomination of Judge Marshall deserves the confirmation of the Senate. Other Senators who disagree with me will have an opportunity to say so, and the processes of government can move forward.

The nomination has been long delayed, in my opinion unhappily delayed, and, from the standpoint of the dignity of the Senate and the courts, unwisely delayed. Nevertheless, it is never too late to do the right thing, and I express my gratification that at long last it is being done now.

## SELF-EMPLOYED INDIVIDUALS TAX RETIREMENT ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals.

Mr. SMATHERS. Mr. President, I send to the desk two technical amendments and ask to have them stated.

The PRESIDING OFFICER. The amendments offered by the Senator from Florida will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 61, line 13, to strike out "subparagraph (A)" and to insert "this subparagraph".

On page 86, line 10, it is proposed to strike out "deleted" and to insert "deducted".

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

Mr. SMATHERS. Mr. President, I wish to yield to the able Senator from Colorado [Mr. CARROLL] for an explanation of an amendment which he wishes to offer.

Mr. CARROLL. Mr. President, first of all, I should like to commend the able Senator from Florida for the work he has done on this legislation, through the years. Congress has been considering such legislation as this for several sessions. I have received hundreds of letters on this bill. I suspect that all of the self-employed within the State of Colorado are in favor of this type of legislation.

If my memory serves me correctly, it was in 1958 that the able Senator from Alabama [Mr. SPARKMAN] presented a bill of this type. I was pleased to join with the Senator in cosponsoring that bill. Under the provisions of that bill any taxpayer, except those now under tax-exempt retirement plans, could set aside 10 percent of his yearly earnings—but not to exceed $1,000 annually—into annuity life insurance or into a bank trust fund.

The bill we have before us today is not as sweeping, as inclusive as the 1958 bill. This legislation (H.R. 10) may not satisfy everyone, but, in my opinion, it is a step in the right direction. It is not as strong a bill as was initially presented, but I think, as a result of the hard work, some compromises, and some adjustments, we have made a beginning in this field which seems to be so vital to self-employed persons. These persons will now be able to prepare for their old age and retirement with pension plans similar to those enjoyed by those employed in corporations. They will have much the same tax benefits as do those employees.

I have an amendment. I will not offer it today but I intend, in the future, to see that it receives the full attention of the Congress. I would like to call to the attention of the able Senator from Florida the fact that of all the self-employed groups in our Nation the only one not covered by social security is doctors in private practice.

It is true that doctors who do medical work for corporations, nonprofit organizations, or hospitals are covered by social security. Doctors in private practice are not. However, there are young men in the medical profession, and sometimes even older men, who are anxious to participate in a social security program. They are prevented from participating in a social security program because they are specifically exempted under the Social Security Act and the Internal Revenue Code.

This is unjust, and my amendment is designed to correct this injustice.

I would like to explain my amendment and ask for a comment from the Senator from Florida. Under present law there is one self-employed group that comes under social security on a voluntary basis—the ministers. Ministers are not compelled to participate in the social security program. They can come in or stay out. There are many reasons why we made this provision; these reasons have to do with special church, State, religious, and tax questions.

In my amendment, I seek to broaden this voluntary category to include the medical profession. I seek to mitigate the exemption under the Social Security Act and to modify the exemption under the Internal Revenue Code.

The purpose of the amendment is to permit doctors—the only group not under the social security system—to come into social security on a voluntary basis. Doctors would have 2 years to file certificates as to whether they wanted to come under social security or not.

There are hundreds of young doctors throughout this Nation who would like to have the benefits of social security. Yet under present law they cannot come into the program.

When I was a member of the House Ways and Means Committee, some 12 years ago, I can remember there was not a professional group in the United States which wanted to come under social security. Today lawyers dentists, accountants, engineers, every professional group, every group that is socalled self-employed, are now under social security. It is significant that now, not one of these groups protests against the social security program.

I would like the able Senator from Florida to comment on the possibility of the Finance Committee's considering this measure early in the next session.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. SMATHERS. First, I want to congratulate the able Senator from Colorado on his amendment. I thank him for his very reasonable approach to the problem that we have in considering this particular type of amendment, which would amend the social security law by means of the pending bill, and which is calculated to set up a new class of retirement program for self-employed persons. I agree with his argument. I am one of those who believe that we should open the social security program to doctors and other professional people who want to join on a voluntary basis.

I would say, however, I hope the Senator will not press for his amendment with respect to this bill. I give the Senator the assurance that the junior Senator from Florida, as a member of the Finance Committee, will remember the amendment of the Senator from Colorado next year when the committee is considering changes in the social security law. In my mind the amendment will be the amendment of the Senator from Colorado. I give the Senator my assurance that I will support his amendment in the Finance Committee and in the Senate when it is presented as an amendment to the social security law.

In view of the fact that the amendment is not exactly germane to the pending bill, I ask the Senator to withhold pressing it with respect to the bill, so that we may consider it next year in the Finance Committee.

Mr. CARROLL. I thank the able Senator from Florida. I want the Record to show the reason why I do not present the amendment. The hour is late, and this important bill has been under consideration for a long period of time. It is a meritorious amendment.

The able Senator from Florida says he will fight for the amendment. If he will fight for the amendment as hard as he has fought for H.R. 10, I am sure we shall be successful.

I know the able Senator from Florida is a member of the Senate Finance Committee. I have also discussed this amendment with the majority leader and with members of the Finance Committee. I hope some action will be taken on the amendment next year.

I would like to make one observation with respect to the remarks by the Senator from Florida. The Senator said that doctors and other professional groups should be considered. There are no professional groups, under social security, which are excluded and have a specific exemption, other than doctors.

I do not wish to compel any doctor, young or old, to come under social security. I do think, however, that young and even older doctors should be entitled to the benefits of the law if they wish to come in on a voluntary basis.

I thank the able Senator from Florida. I withhold the amendment. I will press it at a later time.

Mr. SALTONSTALL. Mr. President, it is gratifying to see legislation finally come before the Senate to correct an inequity that has long existed in our tax laws. H.R. 10 will do this by providing tax treatment for the self-employed equal to that which has long been given to corporate employees in the setting up of retirement pension plans. I have long advocated such legislation.

It is only proper and fair that the large number of small business, farm, and professional people of this Nation be permitted to deduct from their taxes in a given year funds to be set aside for their retirement and not have such amounts taxed until they are received through the form of a pension in later years.

The foundation of this Nation rests upon the dignity of the individual. Nowhere is this principle better expressed than through the independence and individuality of our self-employed citizens who contribute so much to our country's growth and development.

While the old-age and survivors insurance program is one of the most significant pieces of legislation ever enacted by the Congress, it is not intended to provide more than the minimum benefits necessary for a subsistence standard of living. It is only proper and just that during years of maximum earning power, a person be permitted to set aside funds to provide for those years when his earnings will be less. He will be able thereby to supplement what benefits social security affords in order to give him a decent standard of living during retirement years.

This bill will serve also to further the national purpose by encouraging more people to provide for their old age. This is done through the provision that the retirement pension plan will apply not only to self-employed persons, but, under certain conditions, to those who are in their employ but are prevented under existing law from participation in a retirement plan.

This bill will substantially assist the national defense of our country. This will be done through encouraging our engineers and scientists to achieve a degree of self-reliance which goes hand in hand with the fullest development of their technical competence. For example, the scientist or engineer who feels that his retirement privileges are equal, whether he joins a large corporation or strikes out for himself, will choose the outlet likely to make the best use of his talents and give him the greatest freedom of thought and action.

The benefits to be derived through enactment of this amendment are just recognition of the fact that the individual and individual opportunity have been part of our proudest heritage in this democracy.

Mr. HRUSKA. Mr. President, I rise to support H.R. 10. By permitting self-employed persons to establish voluntary pension plans, we will enable these individuals to enjoy the same advantages that corporations now afford their officers and employees. We will correct an inequitable situation of many years standing.

Under the present law, money which corporations pay into qualified pension plans for the benefit of their officers and employees is deductible from taxes. The employees for whose benefit the funds are established are not taxed on the corporation's contributions, or the income which accrues thereon, until the money is actually paid out to them during retirement. This tax advantage has encouraged the establishment of retirement funds. There can be no doubt that this provision of the law has served a worthwhile purpose.

However, there is no reason these advantages should not be extended to the self-employed. The fact that they do not carry on their business or profession in the form of a corporation can be no justification for arbitrarily denying them the same treatment offered to others.

The concept of equal treatment for the self-employed is not new. Legislation of this type has been studied and considered by the Congress over a period of several years. The House passed bills similar to H.R. 10 in the 85th and 86th Congresses and again during the 1st session of this Congress. The Senate Finance Committee in both the 86th and 87th Congresses approved H.R. 10.

It is a sound piece of legislation. Under it a self-employed individual would be treated as his own employer for the purposes of establishing a retirement plan. Each year he would be permitted to contribute $2,500 or 10 percent of his earned income, whichever is smaller, to a qualified retirement program of which he would be the beneficiary. As in the case of any other employer, this contribution would be tax deductible, except that the deduction would be limited to 100 percent of the first $1,000 plus 50 percent of the remaining contribution. This means that the total tax deduction for any one year could be no more than $1,750, even though as much as $2,500 might be contributed.

Like other employees, the self-employed individual would not be taxed on the money paid into a retirement fund for his benefit until after he retires and actually draws the benefits. Under the bill, the benefits could be paid out after the recipient reaches the age 59½ but not later than age 70½. The tax on these funds would, therefore, be deferred until that time.

The bill also makes provision for those persons who are employed by the self-employed individual in the operation of his business. In order to qualify, a plan must cover all full-time employees with more than 3 years' service. Contributions on behalf of these employees must vest in the employee and be nonforfeitable at the time they are made. These requirements would help to insure that there would be no discrimination in benefits as between the self-employed individual and his employees.

In July 1961, during hearings by the Senate Finance Committee, Treasury Department officials opposed enactment of H.R. 10. I understand the Department has not changed its position with respect to the present version. A few days ago, during the debate on the tax revision bill, our distinguished majority leader expressed the opinion that the tax bill might be vetoed if H.R. 10 were to be tacked on as an amendment.

This threat of a veto seems most curious when we recall President Kennedy's statements when he was serving as a Senator. It might be well to recall Mr. Kennedy's message, when a candidate in 1960 for the Presidency, to the American Thrift Assembly:

> Thank you for providing me with an opportunity to comment upon the proposal to amend the Revenue Act to permit small businessmen, farmers and self-employed people to make provisions for their retirement with the same tax advantages now possessed by corporate employees. As you know, this proposal has been before the Congress for 9 years. During that time extensive hearings have been held. Committee reports have been filed and the original proposal has undergone considerable modification to meet objections against it. These objections now seem to have been overcome, for the Treasury reports there will be little loss of tax revenues. The objectives of encouraging thrift and independence in retirement have my wholehearted support. I am particularly pleased that it is planned to eliminate the discrimination against employees and permit them to participate in pension plans.

And it might be well to look again at a New York Times article reprinted in the Congressional Record for April 20, 1961, which quotes Mr. Kennedy when he was serving in the Senate:

> I am myself disposed to support the type of provisions which are contained in the Simpson-Keogh bill. I personally feel that there has been ample testimony from many sources over a long period of time in both Houses and that it is time to take floor action on this legislation. * * * I hope that it will be acted upon favorably during this Congress.

One of the Treasury Department's main arguments against H.R. 10 has been the revenue which would be lost if the bill is enacted. It was estimated that the potential loss under the House version of the bill would run as high as $358 million annually. However, if the amendments suggested by the Senate Finance Committee are adopted, this loss would be reduced to an estimated $180 million annually, a reduction of almost half, which should certainly overcome much of the Treasury Department's objection.

Several of the objections which heretofore have been raised to H.R. 10 have also been satisfied in the present version of the bill. The objective of the bill remains the same, but it has been refined in several respects.

Unlike its predecessors, the bill now before us would permit self-employed persons to compute their contributions on the basis of earned income alone. Earlier bills and the House version of the bill would have allowed all income to be included, whether derived from invested capital or personal services. The amendment alone is estimated to save between $75 and $100 million annually.

Former objections that the bill discriminated against the employees of self-employed individuals have also been met. All full-time employees with more that 3 years service would now be covered.

The committee amendment which limits the amount of the contribution which can be deducted from taxes to $1,750 annually constitutes another substantial saving. This limitation was not contained in earlier bills.

As requested by the Treasury Department, the bill contains additional restrictions for retirement plans established by individuals who are sole proprietors or own more than a 10-percent partnership interest in capital or profits. These individuals are also precluded from obtaining certain gift and estate tax advantages which are provided under the present law with respect to distributions from qualified retirement plans.

Every reasonable effort has been made to keep the revenue loss at a minimum and still retain the essential features of the bill. The bill should certainly deserve much wider support as a result of the committee's amendments. In view of these amendments, I would hope that the Treasury Department too would now see fit to support the bill.

Mr. President, the first bill on this subject was introduced some 11 years ago in the 82d Congress, and similar bills have been introduced in each succeeding Congress. The bill before us has been pending on the Senate Calendar for almost a year. The farmers, professional people, and small businessmen who are so deserving of this relief must not be put off any longer. Involved is a basic question of justice and fairplay for some 7 to 10 million American citizens who would be affected by the bill. Simple justice requires that H.R. 10 be passed.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 10) was read the third time.

Mr. MANSFIELD. Mr. President, with the concurrence of the Senate I should like to make an unusual request, which is not to be considered as a precedent. In view of the fact that work is piling up, I should like to ask unanimous consent that there be a yea-and-nay vote on the question of passage of the bill.

Mr. CURTIS. Mr. President, reserving the right to object, has the bill been read the third time?

The PRESIDING OFFICER. Yes; the bill has been read the third time.

Mr. JAVITS. Mr. President, I suggest to the majority leader that there is a sufficient number of Senators in the Chamber now to order the yeas and nays.

Mr. MANSFIELD. I thought there were not. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. I thank the Senator from New York for saving me embarrassment.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUSCHE (when his name was called). Mr. President, on this vote I have a pair with the junior Senator from South Dakota [Mr. BOTTUM]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. MILLER (when his name was called). Mr. President, on this vote I have a live pair with the senior Senator from Utah [Mr. BENNETT]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. CANNON], the Senator from California [Mr. ENGLE], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Nevada [Mr. BIBLE], the Senator from Wyoming [Mr. HICKEY], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Nevada [Mr. CANNON], the Senator from California [Mr. ENGLE], the Senator from Wyoming [Mr. HICKEY], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from New Jersey [Mr. CASE], the Senator from Arizona [Mr. GOLDWATER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from Vermont [Mr. AIKEN] is absent on official business.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from New Jersey [Mr. CASE], the Senator from Arizona [Mr. GOLDWATER], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Kentucky [Mr. MORTON], and the Senator from New Hampshire [Mr. MURPHY] would each vote "yea."

The respective pairs of the Senator from Utah [Mr. BENNETT] and that of the Senator from South Dakota [Mr. BOTTUM] have been previously announced.

The result was announced—yeas 75, nays 4, as follows:

[No. 248 Leg.]

YEAS—75

Allott
Bartlett
Beall
Boggs
Burdick
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Capehart
Carlson
Carroll
Chavez
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Eastland
Ellender
Ervin
Fong
Fulbright
Gruening
Hart
Hartke
Hayden
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan, N.C.
Jordan, Idaho
Keating
Kefauver
Kerr
Kuchel
Long, Hawaii
Mansfield
McCarthy
McClellan
McGee
Metcalf
Monroney
Moss
Mundt
Muskie
Pastore
Pearson
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.

NAYS—4

Douglas
Gore
McNamara
Morse

NOT VOTING—21

Aiken
Anderson
Bennett
Bible
Bottum
Cannon
Case
Engle
Goldwater
Hickenlooper
Hickey
Lausche
Long, Mo.
Long, La.
Magnuson
Miller
Morton
Murphy
Neuberger
Symington
Young, Ohio

So the bill (H.R. 10) was passed.

Mr. DIRKSEN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. SMATHERS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the bill (H.R. 10) be printed with the amendment of the Senate; and that in the engrossment of the amendment of the Senate to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in section, subsection, and so forth, designations, and cross-references thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Smathers, Mr. Williams of Delaware, Mr. Carlson, and Mr. Bennett conferees on the part of the Senate.

## LIST OF SECURITIES HELD BY SENATOR SCOTT, OF PENNSYLVANIA

Mr. SCOTT. Mr. President, I am including in this statement a list of securities held by me. Most of these were inherited from my father in 1952.

In two instances I hold 200 shares of securities valued below $50 a share, and the remainder represent an average below 100 shares each.

My assets can be reliably stated to be less than 5 percent of that of my senior colleague.

The list of securities is as follows: U.S. E bonds, Anken Chemical, Champion Spark Plug, Burroughs Corp., General Motors, State of Israel bond issue, Simulmatics, United States Steel, National Bank of Fredericksburg, Capitol Hill Associates, City Tavern Association.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SCOTT. I yield.

Mr. CLARK. I should like to ask my friend from Pennsylvania how he computed the 5-percent figure.

Mr. SCOTT. If I stated that to the Senate I would have to say that it came from various conversations with the senior Senator from Pennsylvania a year or 2 ago.

Mr. CLARK. I should like to say to my friend that I believe his figure is highly inaccurate, but that my statements to him were accurate.

Mr. SCOTT. My holdings are somewhat less than 5 percent of those of my senior colleague.

Mr. CLARK. Quite to the contrary.

Mr. SCOTT. I did discuss this statement with my senior colleague before I made it, except as to the actual percentage involved.

## SOVIET ARMS IN CUBA

Mr. SCOTT. Mr. President, since the first reports of the arrival of Soviet arms and so-called advisers in Cuba, many distinguished Senators, and members of the other body as well, have shown their concern over our national security through lengthy and penetrating analyses of the whole Cuban situation. All these statements have been well-documented and have raised questions to which answers are imperative. In this manner, Congress has truly underlined its historical capacity to question and examine administration policies and to offer serious and well-thought-out alternatives. For taking such swift, yet pertinent and well-advised, action, every Senator and Congressman who has participated in the Cuban debate should be highly commended.

But there are still some who say that concern by Republicans over Cuba is guided solely by political considerations. Such an analysis of the situation could not be further from the truth. To be sure, critical opposition, due to the nature of our party system, is a responsibility of the minority party. But this in no way prevents such opposition from being an intelligent and constructive contribution to a discussion of our Nation's security. Critical opposition by the minority is initiated by concern over the welfare of our country.

It is the duty of the minority party to review the administration's policies point by point, to compare them with the facts at hand, and to list the contradictions and discrepancies such comparison reveals. This point in summarized well in the editorial by Mr. Arthur Krock in today's New York Times. He comments: "It is the duty of the political opposition to bring the administration's handling of the Cuban problem into the area of political debate, so long as this is done responsibly. That, not a moratorium of silence, will uphold the democratic principle of the people's right to information on which alone they can base an intelligent conclusion."

Mr. President, because of the significant commentary it contains on partisan politics and foreign policy, I now ask unanimous consent that Mr. Krock's editorial be reprinted in the Record, together with an article on the Cuban situation from the Cuban Student Directorate of Miami, Fla.

There being no objection, the editorial and article were ordered to be printed in the Record, as follows:

### ROLE OF PARTISAN POLITICS IN FOREIGN POLICY

(By Arthur Krock)

Washington, September 6.—Senator Mansfield's expression of hope that the administration's Cuba policies will be excluded as an issue between the major parties in this year's political campaign aims at a goal which, for several good reasons, is impossible to attain. Foremost among these reasons is that foreign and domestic affairs have become inseparable in the age of the cold war and the contraction of the entire planet into the range of nuclear missiles. The gravity of the Cuban situation is a direct product of these.

Until or unless, therefore, President Kennedy should announce in the course of the congressional campaign that the situation in Cuba endangers our national security, and takes the military countermeasures such a judgment would require, it is the duty of the political opposition to bring the administration's handling of the Cuban problem into the area of political debate, so long as this is done responsibly. That, not a moratorium of silence, will uphold the democratic principle of the people's right to information on which alone they can base on intelligent conclusion.

What the Senate majority leader has proposed is a familiar interpretation of the true application of bipartisan foreign policy by spokesmen of the party in power. For years this has been expressed in the slogan that "Politics stops at the water's edge," but conveniently construed by administration spokesmen to mean that criticisms of foreign policy are improper and unpatriotic in an immediate contest for votes. Yet except in the time of actual war or a national combat status this interpretation has never been accepted by the party out of power or by the American people as a whole. And it is not likely to be in this year's campaign, if the President's latest evaluation of the problem created by the Soviet Union's military aid program for Cuba endures that long.

The late Senator Vandenberg, of Michigan, was the principal agent in making bipartisanship in foreign policy a postwar Republican precept. Since his death he has been cited repeatedly by whichever was the party in power as an advocate of the course Senator Mansfield has now proposed with respect to Cuba. The Republicans charged that Vandenberg's bipartisan principle was violated by the attacks of Mr. Kennedy as the Democratic presidential candidate of 1960 on the foreign policies and acts of the Eisenhower administration. Democratic campaigners this year can be expected to make the same charge against Republican candidates who assail this administration's record in dealing with Cuba.

#### VANDENBERG'S OWN DEFINITION

But the Democrats can no more rely on Vandenberg to sustain that position than the Republicans could in 1960. On January 5, 1950, the Senator wrote the following definition in his diary: "To me bipartisan foreign policy means a mutual effort, under our indispensable two-party system, to unite our official voice at the water's edge so that America speaks with maximum authority against those who would divide and conquer us and the free world. It does not involve the remotest surrender of free debate in determining our position. On the contrary, frank cooperation and free debate are indispensable to ultimate unity. In a word, it simply seeks national security ahead of partisan advantage. Every foreign policy must be totally debated * * * and the loyal opposition is under special obligation to see that this occurs."

Vandenberg emphasized this reservation even more emphatically in his last diary entry, about the middle of February 1950, in noting the inclusion in the "New Statement of Republican Party Principles" these words he had supplied: "We shall be vigilant in critical exploration of administration foreign policy. * * * We offer the American people leadership in new efforts to achieve this vital effort [to reverse] the hard fact that though they won the war nearly 5 years ago they have not yet won the peace."

And the Senator made his own Harold E. Stassen's complaint of the kind of preaction consultation on foreign policy the Republican leaders were getting from the Truman administration—a comment applicable to the Bay of Pigs invasion of Cuba: "They never bring us in before the takeoffs, just after the crash landings."

---

[From Cuban Student Directorate, Miami, Fla.]

### MORE INFORMATION ON THE LANDINGS OF RUSSIAN TROOPS AND MILITARY EQUIPMENT IN CUBA—INTERNATIONAL TREATIES THAT HAVE BEEN VIOLATED BY THESE EVENTS

The cargo, consisting of arms and military equipment was unloaded at the same time that the troops were disembarking. In the majority of cases, the cargo was taken and unloaded at the very same base that the soldiers and military experts were stationed. At these bases the foreigners replaced the Cuban militia and the rebel army who previously occupied them. Thus, military strongholds are now under the absolute control of the foreign, extracontinental troops.

Reliable sources have informed that the principal objective of the Minister of the Armed Forces Paul Castro's visit to the U.S.S.R. was to obtain military aid from the Sino-Soviet bloc. An agreement was reached according to which the Communists will send to Cuba a total of 30,000 men of various nationalities.

It is definitely known that once the disembarkation has been completed, in the center and western part of the island, the distribution will be as follows:

Western army: Chinese.

Central army: Algerians, Russians, Hungarians, and Czechs.

Isle of Pines army: Africans under the command of William Galvez, from Cuban army.

The distribution arises from the fact that the commanding posts of the above-mentioned armies have been assigned officers of the same nationality as the respective troops.

Reports recently received contend that the missile stations will be finished in about 60 days. Only then are the Cubans planning to announce officially Cuba's adherence to the Warsaw Pact, signed by the Minister of the Armed Forces, Maj. Raul Castro, in his last trip to the Soviet Union.

These events, that in Cuba are public knowledge, carried out under the protection of a totalitarian dictatorship at the service of the power belonging to the Sino-Soviet bloc, constitute without doubt an extracontinental intervention in this hemisphere, as well as an impending threat to its peace and security. The violation of the following treaties is manifest and obvious.

The "Inter-American Treaty of Reciprocal Assistance" (Rio de Janeiro, 1947), article 6; the "Letter of the Organization of American States" (Bogotá, 1942), especially articles 4 and 25; the "Declaration of the Seventh Conference of Ministers and Secretaries of State" (Punta del Este, Uruguay, 1962).

Consequently, the sanctions foreseen in articles 6 and 8 of the Inter-American Treaty of Reciprocal Assistance; article 30 of the Letter of the Organization of American States; and the resolution II of the Eighth Foreign Ministers Conference, should be applied in the Cuban case.

## PRODUCTION OF DOCUMENTARY EVIDENCE REQUIRED IN CERTAIN CIVIL INVESTIGATIONS—CONFERENCE REPORT

**Mr. KEFAUVER.** Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes. I ask unanimous consent for the present consideration of the report.

The **PRESIDING OFFICER.** The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 18, 1962, p. 13985, CONGRESSIONAL RECORD.)

The **PRESIDING OFFICER.** Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

**Mr. KEFAUVER.** Mr. President, this is an important piece of legislation, which has been recommended by the President, the Attorney General, and the American Bar Association. In its present form there is no objection to it.

The purpose of the bill is to enable the Department of Justice to secure certain documents by way of civil demand in antitrust cases. The present procedure makes it necessary to convene a grand jury for another purpose and then get the documents in that way. The bill would alleviate that kind of procedure.

The bill as it passed the Senate contained two provisions which have been taken out by the conference. One of them provided for a demand to be made on another corporation other than the one that was under immediate antitrust investigation. In the House of Representatives an amendment was adopted which required that the one on whom the demand was made must be under investigation in an antitrust case.

Another House change removed the provision making information available to the Federal Trade Commission as well as to the Antitrust Division of the Department of Justice.

Personally, I thought these two provisions which were taken out of the bill were important and should not have been taken out. However, in order to reach agreement, the Senate conferees receded and agreed to the two House amendments. Therefore, the report comes to us as the unanimous report of the conferees. I move its adoption.

**Mr. DIRKSEN.** This matter had long consideration in the Subcommittee on Monopoly and Antitrust Legislation and was roundly considered by the full Judiciary Committee. When it went to the House the bill was modified by the subcommittee before it finally came to the floor for action. The House recommitted the bill to the House Judiciary Committee. With respect to the one amendment to which the distinguished chairman of the subcommittee has alluded, we believe it is in good form, and we urge concurrence in the conference report.

**Mr. HRUSKA.** Mr. President, the conferees, in deciding to uphold the action of the House in limiting the investigatory powers contained in the bill, focused their attention at great length on this limitation. In my judgment, and apparently in the judgment of the House and of the conference committee, the action was sound and very much to be desired. Otherwise, there would have been vested in the Department of Justice a power to ramble virtually at will into the confidential records of any business corporation. That would not have served the purpose for which the bill is designed. I am pleased that the section was inserted, and I believe the bill is the sounder for it.

The **PRESIDING OFFICER.** The question is on agreeing to the conference report.

The report was agreed on.

## MILLIONS OF AMERICANS MOVE INTO OPEN FIELD—HUNTING AREAS NEEDED MORE AND MORE

**Mr. YARBOROUGH.** Mr. President, C. R. Gutermuth, the distinguished vice president of the Wildlife Management Institute of Washington, D.C., and a leader of wildlife conservation in America, said in the September 1962 article in the American Rifleman:

> Out of the cumulative experiences of past generations of American sportsmen, there has emerged the composite hunter of 1962. He comes from no particular walk of life, since hunting is one of the most cosmopolitan sports. The next hunter you meet in the field may be a bank president or a day laborer, a shop clerk or a corporation executive—it is difficult to distinguish one from the other in field clothes.

Mr. President, the Federal Government has an increasing responsibility to meet the needs of the composite hunter of 1962, as well as the needs of his children and grandchildren. We are taking some steps in that direction.

For example, a 1961 act cleared the way for use of $105 million from the U.S. Treasury to buy wet lands for waterfowl. The Outdoor Recreation Resources Review Commission has set forth recommendations to help create game areas. An agreement has been made by the Departments of Interior and Defense to open and develop land around Federal reservoirs for recreation and wildlife.

One of the facts which I regard as most significant is the statement by the Department of Agriculture that 51 million fewer acres will be needed in crop production in the United States by 1980. This is despite the certain increase in population.

Opening up of this unused cropland for recreational purposes can be a goal worthy of a forward-looking government, concerned for the needs of the people.

There are many areas where the Federal Government can work in concert with States to help provide more recreational facilities, particularly in hunting, fishing, camping, boating, and so forth.

Mr. Gutermuth has performed a great service by his article "Public Hunting in America," from an address he delivered at the NRA annual meetings in Washington, D.C., earlier this year. C. R. Gutermuth's 40 years of work in conservation and wildlife management qualifies him as one of the outstanding authorities in America. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### PUBLIC HUNTING IN AMERICA

(By C. R. Gutermuth)

Oddly, in this land of abundance, we have been showered too abundantly with explanations of why public hunting is doomed, why it is falling into disfavor with landowners, and why it is destined to become a thing of the past.

Why should people be saying that public hunting is doomed when it is among the top outdoor sports?

Personally, I do not think we are faced with any insurmountable obstacles. There are some trouble spots, to be sure. But they are few in number and can be solved if sportsmen can be awakened to the fact that public hunting, like many other sports, continually is besieged by changing factors.

People who want to hunt today and want their children to hunt tomorrow must resist being overwhelmed by these difficulties. They must single them out, evaluate their true threat, and move to correct or conteract them wherever necessary.

Hunting in America has gone through several phases. None can be outlined in sharply etched lines; each has been like a wave sweeping across the Nation in response to deep-lying social and economic forces in the American culture. Every one has left a heritage of experience that affects the thinking and behavior of the modern hunter.

The first was the pioneer phase that rolled west of the Appalachians shortly after the American Revolution, reached the Rockies before 1900, and whose backwash still can be seen, just subsiding, in arctic Alaska and northern Canada. Hunting then was a necessity of life, with the survival of the individual and sometimes of whole settlements depending upon the skill of the hunter. Our heritage from this phase was a concept of hunting rights entirely different from that found in most European countries, where the game belongs to the landowner as fully as do his sheep, cattle, and poultry. In America, the ownership of the game, until reduced to possession by an individual, is vested in the commonwealth. This is an extension of English law, based upon the Magna Carta; but in this country it was solidified against the anvil of the American frontier. The point is basic to any consideration of hunting today and in the foreseeable future.

A second phase began as soon as the frontier gave way to a rural economy based upon permanent settlements and specialized skills. It was at this point that sport hunting first began to emerge. A man no longer had to hunt for meat, but if he cared to do so, or if he wished to hunt for sport, there were practically no restrictions. There were almost no game laws, and those that did exist were little enforced, if at all, and there was an abundance of open, undeveloped land to absorb the insignificant hunting pressure. Good hunting could be found on the edge of towns, posted property was almost unheard of, and farmers were tolerant of the few hunters who tramped across their fields each fall.

It was during this second phase that the concept of free hunting actually came into being. We talk much of free hunting today, but during the early 1800's it really was free, both of restrictions and of expense, other than the cost of basics—powder, shot, and horse transportation.

A third phase began soon after the turn of the century. The automobile age changed everything in America, and the institution of public hunting was not spared its influence.

Before 1900 most people in the middle class had not been able to afford the pleasures of hunting. The workweek was 6 days, from 9 to 12 hours each day. Except for rural residents who could steal a day or a few hours from their chores, sport hunting was a luxury enjoyed by the well-to-do, a pastime for youngsters, and sometimes a necessity for the very poor. The great masses of the middle class never had time to enjoy hunting until the machine age liberated them from economic drudgery and gave them, in the mass-produced automobile, a mobility and leisure that their fathers scarcely could have visualized.

### CONCEPTS UPSET

This mechanization upset all of the earlier concepts of public hunting, especially near cities. In earlier times, a farmer glancing out from his milkshed might have seen two or three hunters on his land in the course of a week, and he usually knew who they were. After the development of the automobile, he was confronted with, what seemed to him, an army of strangers, many of whom had little conception of rural courtesy, and some of whom were surly and handled firearms carelessly. The farmer fell back on his age-old rights and posted his property, an act that squeezed the displaced hunters over on the lands of more tolerant neighbors who already were overburdened with uninvited guests. Other shooters sought out the remaining undeveloped lands that were shrinking rapidly under the expansion of the human population.

Game populations also suffered under the mounting hunting pressures, and it soon became obvious that some form of rationing would be required to spread the supply among the growing number of hunters and to carry a breeding stock through to spring. From this came the closed season, the bag limit, the outlawing of unsportsmanlike hunting practices, and the end of market shooting. All of these reforms had been tried in several States, but they did not receive general acceptance until well into the 20th century.

Before 1900, most of the States relied upon the local and county police to enforce their game laws. The officers usually were too preoccupied with problems in town to do much patrolling in woods and fields. This finally led to the appointment of special law-enforcement staffs under the authority of State game and fish commissioners. Game wardens originally were paid from a share of fines levied against violators, but flagrant abuses under that system soon caused most States to put their officers on a salaried basis. To pay the expense of these officers, a direct tax, in the form of the hunting license, was levied against the sportsman.

This was another significant development. It gave the hunter a financial stake in the wildlife resources that was shared by no other segment of the public. If it had been decided that State game commissions should have been financed from general funds, the story of modern wildlife management might have been different.

The Federal Government entered the picture in 1900 with the passage of the Lacey Act, which, among other things, prohibited the interstate shipment of game taken in violation of State laws. It elevated the Bureau of Biological Survey, the forerunner of the U.S. Fish and Wildlife Service, to an enforcement agency and laid the groundwork for the Migratory Bird Treaty of 1916, which firmly established the position and responsibility of the Federal Government in wildlife affairs.

From pure law enforcement, the various State agencies branched out with more positive programs designed to increase rather than merely save wildlife. This was spurred by sportsmen who had found that protection alone was not enough to assure a daily bag of the kind to which the hunters of those days were accustomed.

### GAME FARMS ESTABLISHED

Inspired by the success of the ringnecked pheasant introduction in Oregon shortly after 1881, some States established game farms to extend the range of the newcomer. Many were successful, and artificial propagation was shifted to native species in an effort to supplement breeding stocks. That trial-and-error process wasted both money and effort. Pen-raised quail were dumped into coverts already filled with quail; elaborate and unsuccessful attempts were made to raise ruffed grouse; pheasants and chuker partridges were released far and wide, and most of them disappeared almost as soon as they left the delivery crates.

To protect the game still further, vermin control programs were promoted, and bounty payments, initiated originally to protect livestock, were made for all conceivable enemies of game birds and mammals. The buck law was initiated as a cure-all in deer management. Winter feeding of wildlife was advocated, and set the table for predators and pestilence.

These simple, direct approaches were accepted avidly by the sportsmen. They were things that the people could do themselves to help increase the game supply. Organizations and individuals threw themselves into the task, raising and releasing game, feeding birds, and shooting hawks and crows. When those methods failed to produce the desired results, the sportsmen often urged their legislatures to reduce their own hunting privileges with closed seasons, reduced bag limits, and other restrictions.

All of the above needs to be known to gauge where we are and where we are going. Actually, this latter phase in the development of American hunting consolidated the moral and financial responsibility of the sportsmen toward the wildlife they hunted. Those of you in my age bracket who did much of your early hunting during that period will remember it with nostalgia. The antagonism of landowners toward hunters that characterized its opening years was alleviated considerably by educational programs sparked by the leading sportsmen's magazines and by national sportsmen's organizations like the Old American Game Protective Association and the Izaak Walton League of America. Those private efforts were bolstered by liaison work and active campaigning by the State fish and game departments, and, as soon as the earlier conflicts had been resolved, there was plenty of elbow room for all.

That was a period of liberal open seasons and bag limits, and of self-sacrifice on the part of sportsmen. Every hunter thought that he knew exactly what should be done to increase the supply of game, and there were few wildlife biologists to disillusion him.

What might be called the modern phase of American hunting began about 1933, when Aldo Leopold published his book, "Game Management," and brought into existence an entirely new approach toward wildlife production. His theory, based on the reproductive characteristics of the wildlife species in relation to the natural environment, upset completely many of the old ideas and practices that had been so popular in the past. It accounted for the failures of many restocking efforts and of artificial feeding. If the environment, or habitat, was not suitable, Leopold said, it was useless to try to introduce birds through stocking. If local covers already were filled to capacity with wild cottontails, it was wasteful to try to increase the population still further by dumping additional half-tame rabbits. The way to increase wild creatures was to expand the habitat, and the natural reproduction of the native populations would occupy it fully.

This theory was accepted by most of the State agencies, and it formed the basis for modern wildlife management. Many sportsmen also accepted the new concept, even though watching pheasants fly from a release box had been a more satisfying experience that planting multiflora hedges and waiting for results. In some States, however, the administrators found themselves saddled with firmly established bounty payments, game farms, and buck laws, all legacies from earlier days that they willingly would have discarded in favor of the new and more modern practices.

In 1937, Congress enacted the Pittman-Robertson Federal Aid in Wildlife Restoration Act and, in so doing, provided the most useful tool yet devised for augmenting wildlife. It allocated the 11 percent excise tax on sporting arms and ammunition to the States under a formula based on both the land area and number of hunting licenses sold in each State. With the required 1 to 3 matching funds from State game departments, Pittman-Robertson provided the money to do such remarkable things as accelerate the return of deer hunting in many Eastern States, greatly expand the numbers and range of the pronghorn antelope in the West, and make the chukar partridge a relatively common game bird in areas too dry to support native species. It provided public shooting areas and refuges and developed much information on wildlife diseases, food habits, and habitat needs. Without Pittman-Robertson aid, hunting definitely would be much less rewarding today.

### SPECIAL LICENSES AND PERMITS

Three years earlier, in 1934, Congress had passed the Migratory Bird Hunting Stamp Act, which provided funds for the establishment of waterfowl refuges directly from the pockets of the wildfowlers. As an outgrowth of the stamp idea, many States began to require special hunting licenses and permits, in addition to their general licenses, usually earmarking the proceeds for projects to assist the species for which the permit was required. Nebraska, for example, requires upland bird hunters to purchase a special stamp, and a number of States have stamps or special big-game licenses. Virginia requires a use stamp of all hunters on the national forests within its borders, the revenue being used for habital improvement on the Federal lands under a cooperative agreement with the U.S. Forest Service.

Out of the cumulative experiences of past generations of American sportsmen there has emerged the composite hunter of 1962. He comes from no particular walk of life, since hunting is one of the most cosmopolitan sports. The next hunter you meet in the field may be a bank president or a day laborer, a shop clerk or a corporation executive—it is difficult to distinguish one from the other in field clothes.

The composite hunter has definite prejudices and strong beliefs that come directly from the past. He feels that he has a proprietary interest in the game that he hunts, and a moral responsibility for its perpetuation. Because he buys a hunting license, he considers himself a shareholder in the State game agency and entitled to a voice in its affairs.

To the State game administrators, he sometimes is a problem since he often becomes impatient with modern, scientifically sound wildlife management. Due to the conditioning that he or his father received in the old days, when game management was looked upon as a much simpler problem, he frequently is distrustful of the trained scientist who opposes buck laws, stocking, bounty payments, and the other discredited cure-alls of the past. While he would like to hunt more than he does, he is ultraconservative toward the liberalization of game laws. If a longer season or a larger bag limit is proposed, he immediately fears that it will exterminate the game. Yet he is equally critical of the authorities when they must curtail hunting privileges in the face of real necessity.

He is suspicious of nonhunting nature groups, although in the off-season he may enjoy wildlife photography or nature study himself. As long as he pays the required license fees and keeps within the legal restrictions, he considers both free hunting and the right to bear arms to be his birthright as an American citizen.

Do not misinterpret this analysis. The composite hunter of today is not the killer that some writers picture; he represents a cross section of society. As an average citizen he has some of the good features and the bad of the typical American. The average hunter is honest, law abiding, and concerned over the future of his favorite sport, and, whenever he can be shown a clear need, he is willing to make sacrifices to assure its continuation.

Now then, with all this background, what is in store for the hunter? We know that he is moving very swiftly into a future that he must share with 200 million other Americans whose food, commerce, and residential requirements must be met. The question that we must ask ourselves, in all seriousness, is whether there will be room for hunting in the America of tomorrow.

I, for one, am not as pessimistic about the future as some others who have explored this subject in recent years. People have been predicting the imminent end of sport hunting for the last half century. Still, in many respects, hunting is better today than ever before. The dark spot in the picture is in waterfowl hunting since it depends upon a specialized type of habitat which is under heavy attack from economic and other forces, including the weather; but deer and elk hunting, and many types of upland game shooting, are much better in some places than they have been for some year past.

### MAJOR PROBLEM OF FUTURE

The major problem of the future will be space in which to hunt, not a shortage of game. Commercial shooting preserves and private and leased hunting areas will assure many of the people of places to hunt for a long time to come. Public shooting grounds will take care of loads of others. Shooting preserves are going to plan an even more important role in the future scheme of things, not only in providing their patrons with places to shoot, but in absorbing hunting pressure that otherwise would be forced upon open lands, especially around metropolitan centers. The States should be doing more, however, to require the highest possible quality and standards for shooting preserves.

There are many reasons to believe that there always will be lots of places to shoot a gun at something other than clay pigeons and paper targets. Basic laws already on the Federal statute books provide machinery for coping with some future wildlife problems. The Duck Stamp Act probably has saved several species of waterfowl during the present crisis by providing funds for essential refuges. A 1961 act authorized an advance of $105 million from the U.S. Treasury to buy wet lands for waterfowl. The staggering accomplishments under the previously mentioned Pittman-Robertson Federal Aid Act have been responsible for doubling the range and numbers of several species of wildlife that might otherwise have become museum pieces. The act has provided huntable wildlife in areas where no game populations existed before, and has developed a backlog of information and techniques for the continuance of such work.

Secondly, there have been a number of Federal directives and proposals in recent months that, if translated into action, will open much now-closed acreage to public hunting and assure the preservation of wildlife and recreational lands. Some of the recommendations of the Outdoor Recreation Resources Review Commission will help to stimulate more widespread support for the establishing of additional game management areas in all parts of the country. The Departments of Interior and Defense recently agreed to open and develop the land around Federal reservoirs for maximum recreation and wildlife production. This new agreement reversed a detrimental policy that was adopted several years ago, and will provide innumerable public benefits.

Another sweeping directive from the Pentagon ordered the commanders of all military installations to work out wildlife management and public recreation programs in cooperation with State conservation departments. The new policy almost completely reverses the previous situation, and the sportsmen should make sure it is implemented.

Both the U.S. Forest Service and the Bureau of Land Management, which between them control nearly 400 million acres of the most important and extensive public hunting grounds in the Nation, are striving to broaden their recreational programs. Some access roads are being built to distribute hunting pressure and to open inaccessible portions of the lands. Steps also are being taken to secure access rights to the national forests and public domain across intervening private lands. This thorny problem blocks hunting access to millions of acres of Federal lands.

The Secretary of Agriculture made the startling disclosure recently, in announcing a new farm program, that 51 million fewer acres will be needed in crop production by 1980. He urged Congress to authorize new programs to give farmers technical and financial assistance in devoting the acreage to wildlife and recreation. He wants lands now devoted to the wasteful and needless production of surplus crops used to provide two products for which there appear to be unlimited demand—wildlife and recreation.

This thinking, which was unheard of on the national level only 10 years ago, means that we are on a frontier of considerable importance to the hunter and recreationist. Private lands provide most of the upland game and a goodly portion of the big-game hunting opportunity, and if this new agricultural thinking is put into law and implemented, we have the pleasant prospect of getting millions of acres of better grade wildlife habitat.

Many promising things also are being done on the State level. Nearly all of the conservation departments of the Eastern and Midwestern States, where the need is most urgent, have initiated programs designed to assure the sportsman of more places to hunt. These programs vary from outright purchase to long-term leasing.

New York, Michigan, and Pennsylvania pioneered this work many years ago and, among them, they acquired millions of acres of land where the sportsman is welcome. It is unfortunate that more States did not follow their lead in acquiring large tracts of tax-delinquent and submarginal land when it was available for next to nothing during the depression years. In spite of the handicap of rising land costs, however, many of the States are making excellent progress in this field.

Several States—California, New York, New Hampshire, Vermont, New Jersey, and Wisconsin—are going all out now on the acquisition of recreational lands. California, since 1947, has allocated $18 million in State parimutuel funds to wildlife projects, including land acquisition for public hunting. New York recently embarked on a far-reaching program of recreational land acquisition financed by a $75 million bond issue. Wisconsin just launched a $50 million program of a similar nature to be financed by the earmarking of a 1 cent tax on cigarettes. Pennsylvania's Legislature has tentatively approved a $70 million program. Other States are watching with interest, and more programs undoubtedly will follow. Much of this land will be open to hunting, and will be of good quality.

### OTHER WAYS DEVISED

Some States, which have not yet obtained adequate funds for such elaborate programs, have devised other ways of opening new areas to hunters. The posting of safety zones around dwellings, occupied buildings, and working areas on farms has opened much previously closed land to hunting. Surveys have shown that many farmers are more concerned with being relieved of nuisance and hazard problems associated with hunting than in obtaining supplementary incomes, especially on the smaller farms in the Eastern States. Special attention usually is given to the lands of cooperating farmers by conservation officers. Massachusetts has employed this system with considerable effect, and a number of States have adopted modifications of the same plan. Nearly the same principle has been developed into a national program by the Izaak Walton League of America.

Many States also have produced good hunting by various means in areas where little hunting existed before, especially on State forests, State parks, and other public property. In cooperation with State foresters, the game agencies have broken up large blocks of unproductive wildlife cover by bulldozing or controlled burning and have planted the strips to grasses, fruit-producing shrubs, and other wildlife foods. Fire lanes, powerlines, and other required clearings have been treated similarly.

### RECOVERY RATE IMPROVED

Massachusetts does this and has added an interesting frill, borrowed from commercial shooting preserve operators. As a marginal pheasant State, it has been under pressure from organized sportsmen to continue game-farm production, even though studies have proved that, under normal stocking procedures, only 1 pheasant in each 10 bagged was pen raised. The game-farm birds now are released during the hunting season on food patches bulldozed and planted on State forests, and the recovery of the birds has been high. This is an imaginative and productive use of resources that heretofore had been wasted. The areas also receive a high degree of successful use by rabbit, quail, grouse, and deer hunters.

These are practices that can be used in other States to provide better hunting and to assure more sportsmen of places to hunt. There are many other methods already being tried by other States that should be adopted elsewhere.

The States and the Federal Government, however, cannot do the whole job. The sportsman must do a great deal more than merely purchase the required hunting licenses and permits to help himself to better hunting in the future.

One of the most important things that he can do is to make a real effort to understand the basic principles of modern wildlife management. Nearly all of the States are handicapped in attempts to provide better hunting by misguided public sentiment, stemming usually from sportsmen's groups. The public often insists that bounty payments be continued, even though professional wildlife opinion is nearly unanimous in stating that bounties are a waste of funds. The millions of dollars that are spent on bounties could be used profitably for the purchase and development of wildlife lands. Many States still are saddled with costly and wasteful game-farm programs, at a time when the squandered money should be put to better use.

Some State departments also are slow to realize the challenges and opportunities of the 1960's. It is up to the sportsmen to insist upon the initiation of programs and practices that look to the future of hunting.

Except for the pressures brought to bear on game commissions and State legislatures, many hunting regulations could be liberalized greatly, providing much additional sport for more hunters. Deer are almost universally underharvested, but many States are forced to adhere to rigid buck laws or to have such limited antlerless deer seasons that many animals are wasted through disease and winter starvation. Most States easily could expand their deer seasons, which would distribute hunting pressure over a longer period of time and break up concentrations of hunters that lead to hazardous hunting conditions.

Instead of that, ill-advised efforts by both sportsmen and legislators in some States have succeeded in taking the regulatory powers for the opening and closing of seasons away from the fish and game departments and handing the control or veto power to county boards, and you know what happens. County supervisors are not equipped to make the necessary checks, investigations, and determinations, so you get political decisions.

The same problem of underharvest applies to many small-game species in a lot of States, because unrealistic regulations have been adopted by game departments to satisfy overconservative sportsmen. It is interesting to note that in those States where sportsmen became aroused because the Federal Government found it necessary to restrict duck hunting there are few shooters who get incensed about the chronic failure to harvest available quail, grouse, rabbits, squirrels, and other resident species.

### WHAT THE HUNTER CAN DO

Hunters can do a great deal to provide additional sport. For one thing, they can seek out areas away from the crowds where hunting pressures are light. This requires some effort, but less than most sportsmen seem to realize. On the opening day of the deer season, it is common to see cars lined up almost bumper to bumper along woods roads with so-called hunters standing around waiting for the deer to come out. The few who venture a mile or so from the roads rarely see another hunter outside their own party, and they are the ones who usually drag in a deer before dark. A lot of small-game hunters are following the same practice, joining the crowds along the main roads while hunting areas in the back country go almost untapped.

The individual hunter can help to maintain his own sport by conducting himself as a sportsman at all times while on private property. Much posted land is open to the man who asks permission to hunt, and it will remain open to him as long as he conducts himself as a gentleman. He has an obligation to teach his sons the same outdoor manners, and if he can instill a little decency into others, so much the better.

Good sportsmen will go all out to promote programs like the NRA hunter's code of ethics and shooting safety programs, and the "Hunt America Time" program of the Izaak Walton League of America. The success of such projects will have an important bearing on the amount of public hunting that will be available on private lands 5, 10, or 20 years from now. Furthermore, when the time ever comes that millions of hunters are making use of name-and-address cards like those bearing the NRA code of ethics, and are identifying themselves to landowners when they ask for permission to hunt, you can begin to quit worrying about the future of public hunting in this country.

The sportsman of the future may have to accept a degree of regimentation that some of us would regard as oppressive today. The same holds for automobile use, daily activities, and community living. It is likely that people will be told when and where they can hunt as well as what and how much they can shoot. Special licenses for specific areas and possibly for prescribed times may become commonplace. Various kinds of special permits already are in use in most Western States to regulate hunting on specific herds or to apply more gun pressure on ranges less accessible to the public.

There also may be some extension of restrictions upon who may hunt. Thirty-two States already have adopted the excellent hunter safety training program of the NRA. Knowledge of proper firearms use and hunter courtesy is going to become a prerequisite to the issuance of licenses to young hunters. New York's Conservation Department is conducting a study to see if the eyesight of hunters has a bearing upon hunting accidents. My own impression is that it is not only the keenness of a hunter's vision, but whether he is the type that shoots at something that he thinks he sees that causes him to kill or wound a fellow hunter.

I feel that hunting is a sport that we shall all be able to enjoy for as long as sportsmen and wildlife administrators can work together to solve mutual problems. Many hunters undoubtedly will have to pay more and travel farther for their sport. The hunting will not be entirely like it is today. Modern outdoor sports are not what many of us knew 30 or 40 years ago. But there will be hunting, and it will be good.

## REQUEST FOR PRESIDENTIAL AUTHORITY TO CALL UP RESERVISTS

**Mr. PROUTY.** Mr. President, even though President Kennedy under his emergency powers already has authority to call to active duty up to 1 million members of the Ready Reserve, I shall support the request he has made of Congress.

I have known for some time that the President has been studying the desirability of ordering to active duty approximately a quarter of a million men. That he has chosen to request to call up only 150,000 and to seek additional authority to do it, I find both surprising and disturbing.

I hope that his failure to rely on emergency powers will not be construed in hostile quarters as a sign of timidity on the part of the United States. This would be disastrous in view of recent events in East Germany. The Communist government there recently added to the military service 25,000 more men than President Kennedy wishes to call up, and the same government is positioning great supplies of rockets obtained from the Soviet Union which can be used to harass planes in the Berlin corridors.

These events in East Germany and recent developments in Cuba make it unmistakably clear that this country must take a much stronger position than it has assumed in the past.

I am sure that the President will have the full support of the American people and the Congress if he serves notice on the Soviet Union that the United States will hold it responsible for any aggressive acts committed by the East Germans.

He must let the Soviet Union know that while we do not seek conflict, we will not cower and retreat before the threat of it.

## MILITARY CONSTRUCTION APPROPRIATIONS, 1963

**Mr. HUMPHREY.** Mr. President, I move that the Senate proceed to the consideration of H.R. 12870.

The **PRESIDING OFFICER.** The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

The **PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments; on page 2, line 4, after the word "expended", to strike out "$197,477,500" and insert "$193,634,000".

On page 2, line 14, after the word "expended", to strike out "$214,349,500" and insert "$196,423,000".

On page 2, line 24, after the word "expended", to strike out "$863,722,000" and insert "$859,892,000".

On page 3, line 9, after the word "expended", to strike out "$33,192,000" and insert "$38,662,000".

On page 5, after line 22, to strike out:

During the current fiscal year, not to exceed a total of $781,170,500 shall be available for obligation against the Department of Defense family housing management account for the purpose of section 501(b) of Public Law 87-554, approved July 27, 1962, as follows:

For the Army:
Construction, $65,930,500;
Operation and maintenance, $135,115,000;
Debt payments, $49,863,000.
For the Navy and Marine Corps:
Construction, $113,710,500;
Operation and maintenance, Navy, $58,360,000; Marine Corps, $7,700,000;
Debt payments, Navy, $25,744,000; Marine Corps, $4,691,000.
For the Air Force:
Construction, $129,040,000;
Operation and maintenance, $98,986,000;
Debt payments, $89,574,000.
For Defense agencies:
Operation and maintenance, $2,456,500.

And, in lieu thereof, to insert:

During the current fiscal year, obligations may be incurred against the Department of Defense family housing management account for the purpose of section 501(b)(2) of the Military Construction Authorization Act of 1962 (Public Law 87-554) in an amount not to exceed $712,427,500.

**Mr. STENNIS.** Mr. President, the bill before the Senate is commonly known as the military construction appropriation bill. It pertains to military construction throughout the United States and around the world. It provides for construction for the Navy, the Army, the Air Force, and the Marine Corps, and includes items such as runways, warehouses, docks, all kinds of ships, laboratories, and other related construction for military purposes, and, in addition, family housing.

This year the budget request for military construction authorization was $1,644 million. When the authorization bill was enacted, the amount was reduced to $1,455 million.

The budget request for the appropriation bill now under consideration is $1,594,729,500. That includes most of the authorizations for this year and a pickup of some authorizations for prior years. The bill before the Senate does not recommend that sum to the Senate. The House, in the bill it passed, recommended $1,369,741,000. The Senate bill is $20,130,000 under the amount provided by the House. That makes the amount in the bill now before the Senate $245,118,500 less than the budget request. That is a sizable sum of money.

I shall start by giving some approximation of the purposes to which the decreases apply; that is, in what areas the reductions apply.

In round numbers, the Senate committee has reduced the request for family housing by $119 million. That reduction will be explained in detail later. The Senate committee has recommended a reduction of $10,500,000 in bachelor officers' quarters, and the remaining $115 million reduction is applied throughout the bill. Much of the decrease represents reduced amounts—that is, partial reductions—in items which were allowed; other reductions represent items removed from the bill. Some of the decrease represents items which the Senate took out of the bill, or other reductions that have been made. Some of it represents reductions made by the House.

I wish to pay special tribute to the chairman and other Members of the House subcommittee, the chairman being Representative SHEPPARD, of California, who does excellent work, and a very large amount of work, on the bill and the items which go into it from year to year. After having observed his work and that of his subcommittee for several years, and having a special responsibility in connection therewith, I can testify that his work and that of his subcommittee is outstanding.

Mr. President, I have stated the highlights of the many figures in the bill. Because of special circumstances, I shall defer a further explanation of the bill and ask unanimous consent that I may yield to the distinguished senior Senator from Alaska for such reasonable time as he may desire.

The **PRESIDING OFFICER.** Under those conditions, the Senator from Alaska is recognized.

**Mr. BARTLETT.** I thank the Senator from Mississippi. I shall not consume much time.

Mr. President, I do not want the occasion to pass without my recording my views with respect to the bill. The Senator from Mississippi has performed admirably. The Senate—indeed, the entire country—has a right to take pride in what he has done. This is not the biggest appropriation bill which has come before the Senate this year; nevertheless, it deals with approximately $1,300 million, as the Senator from Mississippi has said. Even in the United States of America these days, that is a lot of money.

The subject is extremely important. It is my belief that the chairman of the subcommittee, the Senator from Mississippi [Mr. STENNIS], and his colleagues have presented to the Senate a bill which is protective of the national interest, the defenses of our country, and, at the same time, protective of the taxpayers. Of course, this is of a pattern with the legislative work uniformly done by the Senator from Mississippi. At a later date in this session, I hope I shall have an opportunity to comment further upon this subject, because serving under the Senator from Mississippi in his capacity as chairman of the so-called military muzzling committee, I continue to gain ever-increasing respect for his ability, his temperate attitude, and his judicial demeanor.

I wished to express these thoughts for the record.

**Mr. STENNIS.** Mr. President, on behalf of the entire subcommittee, I sincerely thank the Senator from Alaska.

**Mr. BARTLETT.** I should like to ask one further question, if I may. Only this morning I received a radiogram from several real estate owners in Anchorage, Alaska, who own rental units—principally, or perhaps altogether, apartment units. They are concerned that the bill provides funds for new housing at Elmendorf Air Force Base and at Fort Richardson Air Force Base and at Army installations immediately adjacent to Anchorage. It is said that in the community there is a surplus of civilian housing available for occupancy by military personnel; and they are distressed to learn that more military housing units are to be constructed there.

I understand that the bill contains a provision to the effect that construction of military housing units within our domestic borders will not be started until the military authorities have consulted the Housing and Home Finance Agency, to determine whether there already exists within a given civilian community sufficient housing close to the military installation. Is that correct?

**Mr. STENNIS.** I hope the question of the Senator from Alaska can be answered generally in the affirmative, and that he can be given such assurance. The provision he refers to was in the military construction authorization bill passed upon by the Armed Services Committees of both Houses.

I shall try to answer the Senator's question from a practical standpoint. His question brings up the whole subject of family housing for the military, as covered by the pending bill.

Fourteen thousand four hundred and seventy-five new units for this fiscal year were covered by the appropriations requested. But after a full review of the subject, and a full review, insofar as we could make, of the needs, and after giving some consideration to the formula devised by the military in connection with what would be regarded as "adequate quarters available"—and I point out that the Federal Housing Authority said it would accept the formula if justified by the facts—the committee did not accept the Department of Defense formula. We thought it would result in a failure to use many houses in private ownership and available for such use; we thought that would be the result if we allowed sufficient funds for the entire number of houses requested in connection with this bill. Therefore, we voted to reduce the number by one-half.

Part of the definition in connection with the "adequacy" of available civilian family housing was as follows: Even though a house might be suitable in every way and might be available for rent, if it were located at a distance which would require a drive of more than 45 minutes to the place where the military man performed his duties, the house would be deemed "inadequate"—beyond the reasonable limits for driving.

We checked on that in a very simple way—by asking a number of Senators how long a time is required for them to drive from their homes to the Capitol. We found that many of them have to drive for more than 45 minutes.

Another standard proposed was the following: Even though suitable houses might be available, if—the amount of rent, plus utilities (except telephone) not included in the rent, does not exceed the greater of (i) basic allowance for quarters, or (ii) 20 percent of the sum of base pay plus basic allowance for quarters, the house would be classified as "inadequate." In other words, if an officer's housing allowance were $150 and if a house rented for $180 that would be satisfactory—inasmuch as when 20 percent of $150 is added to it, the total is $180. But if the house rented for more than $180, it would be classified as "inadequate." Incidentally, we found that more than 400 of them would "fall by the wayside" under those definitions; in other words, either they were at a greater distance than a 45-minute drive, or they rented for more than the allowance plus 20 percent. But we did not accept the Department of Defense formula in making our decision.

A third basis was that a house would be classified as "inadequate" if unsanitary or certain other conditions existed. We accepted that formula.

**Mr. SALTONSTALL.** Mr. President——

**Mr. STENNIS.** Mr. President, the Senator from Massachusetts has done a great deal of work on the bill and over the months has been a constant ally and companion of the chairman. I am glad to yield to him.

**Mr. SALTONSTALL.** Mr. President, I support what the Senator from Mississippi has said.

We allowed funds for 7,500 houses, instead of for the 14,475 requested; but we added a new allocation formula. We did not specify where a certain number of houses would be built—for example, at Fort Devens, Mass., or at Biloxi, Miss., or at Anchorage, Alaska. Instead we provided that the Department of Defense and the services should determine the number of houses to be built in the various locations; the number of houses we have allotted for the Army, the Navy, and the Air Force are to be built where the Department of Defense and military services think they are most needed and where the existing quarters are inadequate—according to our particular use of that term. So I believe we have made a great improvement—provided the House agrees with us on this point.

In addition, we inserted provisions for putting the management in one office in the Department of Defense. We give this housing official authority in regard to the maintenance and operation funds, instead of our designating the amounts to be spent in that connection.

Those are two fundamental changes.

I think the Senator from Mississippi will agree with me that we restored the full amount requested for fabricated houses for construction abroad. We also restored the full amount for the renovation of houses.

So, as the Senator from Mississippi has said, by means of the action we took in regard to the definition of "inadequate," and our action in permitting the Defense Department and military services to determine where the houses should be built, our action in allowing a lump sum for maintenance and operation purposes, and our restoration of the full amount for the fabricated houses to be built abroad, I believe that the housing provisions we recommend for inclusion in the bill permit a reduction of the amount, while providing a program which in my opinion is better than we have ever had before.

**Mr. STENNIS.** I thank the Senator from Massachusetts.

**Mr. BARTLETT.** Mr. President, following the explanation which has been very well given by the Senator from Mississippi and the Senator from Massachusetts, I wish to say that it seems to me that the committee's conclusions are logical, and they seem to me to be protective of both the vital interests of the military and of those who are in the business of building and renting houses for occupancy by either civilians or the military.

**Mr. STENNIS.** I thank the Senator from Alaska.

Mr. President, in commenting on my answer to the question, the Senator from Alaska asked about the Federal Housing Administration. I point out that I am not trying to be critical of that agency or of anything it has done. The basic law provides that it shall participate in the determination of need. But we found that the military had worked out its formula of "adequate" or "inadequate," as regards a dwelling house. As I have said, the formula was that if the house was more than a 45-minute drive from the place where the military man worked or if the rent was more than 20 percent of allowance for base pay, whichever is greater, the house would be judged "inadequate."

When the officials of the Federal Housing Administration testified before us, they said they approved what the military had done—which meant, in short, that the officials of the Federal Housing Administration did not exercise their judgment, but merely rubberstamped the formula which had been developed by the military. But that is the formula which we found unacceptable from our viewpoint. So we set out to determine what would be a sound legislative formula.

**Mr. BARTLETT.** And the committee devised its own?

**Mr. STENNIS.** Yes; we started to devise our own. The Federal Housing Administration goes into this question on the basis of a legislative formula. I think they have arrived at a different answer. But if the military request formula were used to start with, they would arrive at the same formula, because they would have adopted the pattern to start with.

We shall consult the House committee on this subject, and we hope to solve the problem over the years. First, we must take care of remote areas and those who are actually away from housing of any kind. Then we must take care of those who need to be close for efficiency of operation, those who must get to the post quickly. Some of them should not live more than 5 minutes away from their post of duty. They would be considered first.

Year by year we want to provide adequate housing for the military. That is a part of the policy and a part of the program, and we want to adhere to it. But in that formula there must be some consideration for the taxpayer and the cost of the program, because it costs a great deal of money. If the houses are built to endure for 40 or 50 years, we do not want to have a great number of them abandoned after 5 or 10 years. We found that $16 million worth of houses at certain installations, according to another hearing and another viewpoint, might not be used beyond a few years. We found that 280 houses were put at a new military installation solely on the ground that a new division was being created and would go there. We know from experience that when a division is created the question of where the division will be located, or where the homes will be located, or how long it will take them to go there, is not settled for some time. We found 500 houses located in another place where it was thought they would not be needed very long.

**Mr. SALTONSTALL.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I yield to the Senator from Massachusetts.

**Mr. SALTONSTALL.** The Senator from Mississippi has made an important point about housing, to which I wish to add the fact that the bases are constantly changing due to new types of equipment and new needs in the military services. Therefore, as concerns housing, we want to go forward, as the Senator has well said, where housing is needed most—and that question is left to the Department of Defense and military services to decide—but at the same time we must consider the fact that the needs of the services in the various areas are shifting so rapidly that houses become unoccupied in various places because of the changes, and therefore, we should make haste a little more slowly and go forward with a program for new houses that we believe will constitute a proper program over the years.

**Mr. STENNIS.** The Senator from Massachusetts has stated the situation correctly. I thank him for his observation.

**Mr. JAVITS.** Mr. President, will the Senator yield?

**Mr. STENNIS.** Before I yield to the Senator from New York, let me cite a figure. Lest some persons get the idea that not much military housing is available 303,500 military housing units are already in being. They have been built over the years. We are adding 7,500 units. In addition, we are providing additional funds for renovation and bringing up to date something like 2,884 units.

Mr. SALTONSTALL. We provided all the funds the services asked for.

Mr. STENNIS. Yes, we provided all the funds they asked for.

To give the Senate some idea of what we are talking about, these houses cost, on the average, including streets and grading and all the rest of the necessary work, about $19,600 each. In addition, it costs the Federal Government approximately $900 a year to operate and maintain such houses.

I now yield to the Senator from New York [Mr. JAVITS] who is a member of the subcommittee. Even though he has not been with us long, he has made a contribution.

Mr. JAVITS. Mr. President, I am honored to serve on the subcommittee under the distinguished chairman.

The Senator from Mississippi is proceeding courageously, with an eye to the effectiveness of the services and, as he has said, quite properly, for the protection of the taxpayers. I emphasize that this is an experiment; and I hope the armed services, instead of fighting the program, will use it. In other words, they have the opportunity to set the priorities.

The Senator from Mississippi was gracious enough to suggest that I make the statement on the floor that when they come back next year they will be able to tell us not only that they have pursued this policy and how it has worked out, but that they have reviewed the entire housing policy with respect to rental housing units erected under Government programs, including Wherry houses and others, so that we may have some help in having a complete survey of the situation with respect to these matters.

Also, this will convince them that when we say we propose to watch the taxpayers' dollars, we mean it. The best is not too good for the Armed Forces, I am sure we will all agree, but that does not mean we must spend money without care, without regard to requirements, abandonments, and all the other factors which make for hardheaded business. I am confident that American businesses give the best to those who work for them overseas, for example, but it is done with an eye for efficiency and all the other considerations we propose.

I am new on the subcommittee. The chairman has taken a brave stand. He comes from a State which has many military posts. He knows the views of the military. I hope the Senate will support him.

Mr. President, will the Senator from Mississippi yield to me now, or in a little while, for 2 or 3 minutes, so that I may make a brief statement on Berlin?

Mr. STENNIS. I should like first to yield to the Senator from Massachusetts [Mr. SALTONSTALL] to make a statement on the bill. Then I shall be glad to yield to the Senator from New York.

Mr. SALTONSTALL. Mr. President, I shall not take very long. It seems to me the bill the committee has reported can be summed up in five items:

First, we have approved construction of all necessary structures for each of the services in the United States and elsewhere for the proper protection of the security of the country.

Second, we have made certain changes in the housing, which have already been fully discussed.

Third, we appropriated all of the unobligated balances. The House reduced some of those. We put them back in the bill because we found that the so-called unobligated balances had since been obligated, and therefore should be included.

Fourth, we included in the bill all the necessary amounts for new hospitals or for additions to hospitals. So we have not cut down in any respect on hospitals or care for the sick in our armed services.

Fifth, and finally, I think we have provided a reasonable amount for research and development of new equipment. We did not include in the bill all the research money requested, but where we left it out we believed the present facilities were adequate for the time being.

So in those five ways I think we have provided the necessary military construction for the coming year.

I hope the differences between the two branches with respect to individual units, but especially with respect to the housing change, which I think is the most fundamental improvement in the military construction bill I have seen, can be adjusted in conference.

I commend the chairman, as the Senator from New York has done, on his initiative in being willing to sponsor the change, which I hope will be accepted in our conference with the House.

Mr. STENNIS. I certainly thank the Senator from Massachusetts. His fine knowledge and support of the bill in all of its major features has made it possible to report the bill in its present form. The Senator's contribution was invaluable.

Mr. President, before we leave the subject of housing I wish to state one essential and basic fact. There are 14,475 units covered in the bill. We took out half of the money, so only half of the units could be built. However, we did leave in the bill, as eligible, all those listed to be built. The priority will have to be determined by the military services themselves.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Texas.

Mr. YARBOROUGH. I compliment the committee for its careful consideration of the badly needed Air Training Command facility at Lackland Air Force Base. This facility is for the purpose of handling the increased number of officers who will undergo training at that installation.

In the interest of time I will not comment at length. I would like to make reference to those pages of the hearings which show the very careful consideration given to this item by the committee, beginning first on page 417 and again on page 774. I think those pages and the succeeding pages show that the committee gave this question thorough and careful study. I express the hope that when this bill goes to conference the Senate conferees will insist upon the Senate version.

The committee has shown great consideration for the taxpayers by cutting the budget estimates by $245 million. The committee is entitled to consideration on its request for that facility which is so badly needed for the training of 600 additional officers a year.

Mr. STENNIS. For the committee, I thank the Senator for his remarks. We think it is an important program. It is a training program for young college graduates who did not take ROTC. They are engineers, scientists, physicists, and chemists, and their experience is needed in this modern age. Excellent officers are being obtained from this source.

There are some modest adjustments to be made in that figure, even yet.

Mr. YARBOROUGH. The committee is to be commended for what it has done. We have heard for many years of the waste of manpower by the Armed Forces. This training which the Air Force is planning to give and which the committee, by its action, would provide for under the terms of the bill, would make possible the training of people with advanced education. This appropriation will bring great benefit to our country.

I thank the committee.

Mr. STENNIS. I thank the Senator.

Mr. SPARKMAN. Mr. President, will the Senator from Mississippi yield to me?

Mr. STENNIS. I am glad to yield to the Senator from Alabama, who has a question on the bill.

Mr. SPARKMAN. Mr. President, I have been interested, in looking through the bill, in regard to the several different places in which there appear provisions relating to family housing. I was not present in the Chamber when the Senator dealt with that subject. I came in as the Senator from Massachusetts was making some comments about it.

The bill deals only with appropriated housing?

Mr. STENNIS. That is correct.

Mr. SPARKMAN. If Capehart housing were still being provided, would that be carried in this bill?

Mr. STENNIS. No. Only the appropriated funds are to be provided for Capehart housing, to take care of operation and maintenance.

Mr. SPARKMAN. That would be carried in the construction authorization bill.

Mr. STENNIS. The Senator is correct.

Mr. SPARKMAN. The Senator may have discussed this previously; I am not sure.

**Mr. STENNIS.** No.

**Mr. SPARKMAN.** What is the situation at the present time with reference to Capehart housing, Wherry housing, and defense housing generally?

**Mr. STENNIS.** Heretofore the Capehart housing was authorized as a line item in the authorization bill. The last legislation in that regard was last year.

**Mr. SPARKMAN.** I believe a certain number of units were authorized.

**Mr. STENNIS.** The Senator is correct. A certain number of units were authorized. Probably all of those have been constructed or are being constructed by now. Certainly they are nearing completion.

We allowed some appropriated fund housing last year, also.

**Mr. SPARKMAN.** I realize that.

**Mr. STENNIS.** This year it is all to be under appropriated funds. First it must be authorized, and then the money must be appropriated.

**Mr. SPARKMAN.** Does this indicate we are moving into a full appropriated housing program?

**Mr. STENNIS.** It means we have already moved into it, yes.

**Mr. SPARKMAN.** I am pleased to hear that. The Senator knows that from the first I have advocated—as I know he has felt—we should use appropriated housing rather than the other programs.

**Mr. STENNIS.** Yes. I remember that the Senator was helpful in getting this matter on the track, the way it is now.

The Senator from Mississippi again wishes to thank him for his help and interest.

**Mr. SPARKMAN.** I wish to express appreciation to the Senator for his constructive efforts.

**Mr. STENNIS.** I thank the Senator. I appreciate his statement.

I repeat the fact that all the housing units which were requested in the bill are left in as eligible. But, as a practical matter, we reduced the number that could be built, because we included only enough money for 7,500 units for this year. The services will now be required to make a determination of priority. But we did provide that they must keep the same proportion for the Army, the Navy, and the Air Force as those services originally requested.

I see the Senator from Utah [Mr. MOSS] on his feet. I promised to yield to the Senator from Wisconsin. Mr. President, I ask unanimous consent that I may yield to the Senator from Wisconsin for 3 minutes without losing my right to the floor.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

## TOGETHER IN WAR AND PEACE

**Mr. WILEY.** Mr. President, this morning I spoke on the significance of war and peace. After listening to the distinguished Senator from New York, I was reminded of the fact that we were called into consultation with the President in relation to the situation in Cuba and the world. Our discussion became public property.

There is no need to put blinders over our eyes. We face one great challenge, and that is, can we keep out of a third world war? I am sure we recognize in these perilous times—and they are perilous—that Berlin, Laos, Cuba, the Near East, and Africa are all boiling pots. This is a time for us to remember that we are one people on the issue of foreign policy. There can be no difference. The President of the United States is our President. He speaks our voice in relation to foreign policy.

I feel that the principles expressed by the Senator from New York would meet with agreement among the large percentage of thinking Americans. They realize that by man's ingenuity the world has been shrunk to the point at which we are only 15 minutes away from Russia. That was not so when I came to the Senate 24 years ago. Then we were many days away.

Let us get the facts of life and then recognize the situation as it is. I feel sure that if the President is calling for volunteers, he speaks the sentiment of America. I have no doubt about it. I feel that it is in the interest of all of us. As the father of 4 and grandfather of 10, and with numerous relatives, I have but one real objective in life, and that is to preserve our great American heritage.

Being a son of immigrants, I recognize the need for doing whatever is necessary. I also recognize that we are a government of, by, and for the people, and not a people that is for a government.

I recognize also that in the Executive is the function of spearheading our foreign policy. I also recognize that in the legislative branch is the function to cooperate in relation to that policy.

I thank the Senator.

**Mr. MANSFIELD.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I yield.

**Mr. MANSFIELD.** I have never heard so much so well said in so few words.

**Mr. JAVITS.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I yield.

**Mr. JAVITS.** I, too, join the majority leader in his statement. I know that the Senator said some pleasant things about me, but that is immaterial. I have rarely heard the Senator so deeply moved. He is one of our elder statesmen. He is one of the most distinguished and most beloved of Senators. I have never heard him so moved in response to the deep patriotic cords of his heart. I am deeply honored to have been present when he made his statement.

**Mr. KUCHEL.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I am glad to yield. May I announce that we must get on with our consideration of the bill after the present discussion.

I yield to the Senator from California.

**Mr. KUCHEL.** Mr. President, I would be recreant in my duty if I did not rise to salute the senior Senator from Wisconsin [Mr. WILEY]. Senator ALEXANDER WILEY has been a Republican in the true sense of the progressive which has distinguished Wisconsin over the years. In the Senate, he has amassed a reputation for statesmanship and honorable devotion to the legislative process. What he said today is a reflection of the feelings of all Senators, both those on this side of the aisle, where I am honored to sit with him, and on the other side of the aisle as well. As our world inches toward an abyss, we—all 180 million of us—need to stand together behind the decisions of the Chief Executive of our country to demonstrate that America is united, and that the Congress has a solemn duty to demonstrate that, with respect to American security, no politics shall ever be involved. "ALEX" WILEY is a great credit to his country and to his State.

## MILITARY CONSTRUCTION APPROPRIATIONS, 1963

The Senate resumed the consideration of the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

**Mr. STENNIS.** Mr. President, the Senator from Utah has a question to ask.

**Mr. MOSS.** I thank the Senator. I wish to interrogate the Senator a little further in relation to the provisions of the appropriation bill having to do with housing. The funds for housing have been trimmed by 50 percent. Included among the housing requested by the services is some very much needed housing, particularly by the Air Force at Hill Air Force Base and at Wendover, which is undergoing modification for an extremely important mission, and also housing at the Utah general depot, which is in Ogden, and at Dugway Proving Ground, which has had a considerable increase in the mission assigned to it. I am concerned about these figures, because I know that the requests were trimmed. It seems to me we are down to bedrock. We cannot sustain a 50-percent cut in the appropriation and still come anywhere near meeting the grave need that exists for that military housing.

I should like to ask my distinguished friend whether the cut will mean that all such housing requests must be slashed by 50 percent.

**Mr. STENNIS.** Mr. President, the Senator from Utah has raised a very important question. I call attention to the fact that each of the units to which he has referred is an Air Force unit. Under the budget request the Air Force would get 7,151 of the 14,175 units requested. We reduced that number by about half, but provided that the Air Force would still get actually 50 percent of it. So in round numbers the Air Force alone would get 3,706 units.

One of the units in Utah to which the Senator has referred was to have received 67 units at Dugway Proving Ground and the other 200 at Hill Air Force Base. The requests were both strongly justified. I have emphasized that members of the committee thought that remote areas ought to be taken care of first, and those activities which require military personnel to carry out their function on a quick basis should come next. But as to priority in the Air

Force, the Air Force and Department of Defense is supposed to be able to make that determination better than the committee.

I believe they will give it thorough consideration. If the Senator's group is entitled to a high enough priority to get all the housing that they had in the bill, they will get it.

**Mr. MOSS.** But the decision now rests with the Air Force as to how it allocates the money in the bill among the various requests for Air Force housing.

**Mr. STENNIS.** The Department of Defense and the Air Force. The Senator is correct.

**Mr. MOSS.** One of the most urgent areas has to do with the Hill Air Force Base. It is not in a remote area. However, there has been a great increase in the mission that has been assigned to Hill. That is where the Minuteman missile is now being assembled and given its final checkout. It is dispatched from there to the sites where it is being put in an alert status. This is a very pressing problem and has been for some time. It is quite acute now.

**Mr. STENNIS.** We appreciate that fact. That is why we did not undertake to apportion this housing. The Air Force is the one which is charged with the mission, and we thought they were the ones who would be in a better position to judge the acuteness of the situation. Therefore, they will apply the priority list. The installations will get all or half or none, according to the Air Force and the Department of Defense priorities. They are in the military business. They are the ones who will make the decision.

**Mr. MOSS.** That will be true of the other services also, such as the Army and the Navy?

**Mr. STENNIS.** Yes. The Navy is getting its pro rata share of the money to apply to its pro rata share of the housing. The Department of Defense and the Navy will make the decision there, as to whether operation X gets all or part or none of its housing requests. Perhaps next year—I say perhaps, because next year will have to speak for itself—we will have another housing program, and it may be about the same size as the one we have approved today. If the Senator's bases do not get all of their list this year, then next year, if they are entitled to it on the priority list, they will get the rest of it.

**Mr. MOSS.** I thank the chairman of the subcommittee. I realize the magnitude of the problem of the Appropriations Committee. The needs are pressing, but in view of the funds available it is necessary to have some limit, and it is necessary to keep within the ability of our income to meet those needs.

Therefore, I am not unmindful of the great difficulty in appropriating money. I do wish to be recorded as saying that these requests are certainly well justified. It is something which I believe has been examined into and given very careful consideration, and I am regretful that we cannot fulfill the requests that were made.

**Mr. STENNIS.** I regret it, too. However, since we have started the debate on the bill, word has come from far off Alaska protesting the building of so many houses there, and saying that houses are for rent, that they are vacant, and that they cannot be filled. I appreciate the Senator's remarks. I believe his group will be taken care of.

**Mr. SALTONSTALL.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I yield to the Senator from Massachusetts.

**Mr. SALTONSTALL.** With respect to the Hill Air Force Base in Utah, we put back all the money for the facilities that the House had cut out. We gave it the full amount because we realized the importance of the work that was being done there. So far as housing was concerned, we had to treat that in the same way that we treated the others.

**Mr. STENNIS.** Yes. The Senator from Massachusetts has brought out a good point.

**Mr. MOSS.** I am appreciative of that. I express my appreciation to the committee for its understanding of the problem with respect to the range facilities and the other facilities at the Hill base. We were talking about housing. I am not unmindful of that fact. I appreciate what the committee has done in that regard.

**Mr. STENNIS.** There is one other point that has not been brought out with respect to housing. In round numbers, $44 million is made available in the bill for construction costs for housing in foreign countries. The House deleted all of the items from the bill with respect to foreign housing and raised a very serious question that it militated greatly against our balance-of-payments situation.

We went into that point, because we thought some of this housing was needed. Secretary McNamara himself testified that out of the $44 million involved in foreign housing, even if all were built, the cost would be only $6.8 million by way of a deficit in our balance of payments, because they had decided to use houses, the elements and items of which are made in this country, and then send them to foreign sites for erection. In other words, they would be knocked-down houses. He said he would be personally responsible for seeing to it that only $6.8 million of the $44 million, assuming that all of the housing was built, would be charged to us in our balance of payments. We put the amount back in the bill. Of course, the bill will be in conference, and the item will be submitted to the House.

**Mr. PROXMIRE.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I yield.

**Mr. PROXMIRE.** On page 9 of the bill, section 109 is set forth that the construction cost of a house for a general is limited to $22,000. The limitation on a colonel's house is $19,800; and for a major and lieutenant colonel it is $17,600; and so forth, down to an enlisted person, in which case the limitation is $13,200.

I notice in the next few lines that it says:

> Except that when such units are constructed outside the continental United States or in Alaska, the average cost per unit of all such units shall not exceed $32,000, and in no event shall the individual cost exceed $40,000.

Offhand, this of course looks extremely high, particularly in view of the fact that the limitation on the General's house is $22,000. I wonder if full documentation was given in support of this very heavy increase for the cost allowable for construction of military housing overseas.

**Mr. STENNIS.** This is to meet a practical situation. In every instance where there is an installation with a line item for housing, we ask the U.S. Engineers what the cost ratio for construction at that particular site is. In Alaska it costs 2½ times as much to construct a house as it does to construct the same house in Washington, D.C. In other words, the cost ratio is 2½ to 1. In Okinawa I think it is 1 to 1.

**Mr. PROXMIRE.** That is what bothers me. I can understand with respect to Alaska. However, this opens the limitation completely for every construction outside the continental limits of the United States, under the bill as now drafted.

**Mr. STENNIS.** This limitation really comes from the authorization bill. It is very difficult to work it out, but it is accurate and it is as practicable as it is possible to make it. It will not, when all is considered, take the lid off. I can assure the Senator of that. The legislative history that applies to these figures will keep the activity within reasonable bounds.

**Mr. PROXMIRE.** This is a remarkable appropriation bill, because the Senate committee reduced the budget estimates very sharply. As a matter of fact, the reduction is $245 million.

**Mr. STENNIS.** That is correct.

**Mr. PROXMIRE.** That is an extraordinary reduction in the budget request of the administration. I think it is one of the largest percentage reductions in appropriations to come before Congress this year. It is below the House by a substantial amount. I notice that in the formal text of the Senator's statement it is said that the Department of Justice made reductions of approximately $800 million before the bill was presented to the Congress.

**Mr. STENNIS.** Yes.

**Mr. PROXMIRE.** So this bill represents a substantial reduction below the figure that had already been reduced befor the bill came to Congress.

**Mr. STENNIS.** It represents the application and also the scrutiny, if I may use that word, of some legislative formulas. We are trying to develop some of our ideas that might take into consideration the overall effect on the taxpayers.

**Mr. PROXMIRE.** I notice in the Senator's formal statement a reference to the effect on the formula for hospital construction, pointing out that the Hill-Burton construction figures made applicable to military construction several years ago saved the taxpayer about 25 percent on military hospital construction. I understood the Senator to say that the formula for housing prior to this bill which was suggested by the military as the criteria justifying military construction was for a 15-minute distance.

**Mr. STENNIS.** A 45-minute distance.

**Mr. PROXMIRE.** It has been extended to 45 minutes?

**Mr. STENNIS.** No; we have a 45-minute distance formula. If the house available for rent is more than 45 minutes beyond where the man does his work for the day, it has been excluded and ruled as inadequate. Our committee rejected that principle and said the house should be eligible even if it were beyond 45 minutes; that the eligibility should depend upon the circumstances under which the man might be working.

**Mr. PROXMIRE.** Was a substitute formula proposed?

**Mr. STENNIS.** It has not yet been firmed up. We want to consult with the House committee on the question. We do not try to lay down a dogmatic legislative formula. We express the hope that a legislative formula can be devised.

**Mr. PROXMIRE.** Would the committee also reject the formula of 20 percent in excess of the housing allowance?

**Mr. STENNIS.** Yes; we rejected that for the time being. We want to consult with Representative SHEPPARD and his committee who, I think, will have excellent ideas along those lines.

**Mr. SALTONSTALL.** Mr. President, will the Senator from Mississippi yield?

**Mr. STENNIS.** I yield.

**Mr. SALTONSTALL.** I may add, in answer to the very pertinent question of the Senator from Wisconsin, that what is considered adequate as regards distance, what is adequate as regards facilities for housing, and what is adequate as regards pricing, comprise some of the criteria which we used in establishing the formula, which in substance is a formula, as I see it, that puts responsibility on the various Secretaries to determine where housing is most needed. Then they can proceed to build, within the limit of 14,475 houses, 7,500 houses in the areas where they are most needed, based upon the various criteria that are established. Distance, cost, and so forth, are among criteria.

**Mr. PROXMIRE.** On the basis of the Senator's extensive service on the Committee on Armed Services and the Committee on Appropriations, would it be his opinion that the policy he would suggest is that the armed services cooperate in developing a formula, and let Congress know what the formula is and how it is being applied? The Senator's committee rejected the past formula for family housing as improper, and very wisely so, I think. Should the armed services now work together with the committees to develop another formula, or should Congress say, in effect, "This is what you will get. Use your own judgment. But this is the limit of appropriations"?

**Mr. SALTONSTALL.** The Senator from Wisconsin used the word "formula." I would rather use a different word—"criteria"—if there is a difference between them, because I think it is impossible to establish a firm formula. On the other hand, if there is a certain basic area in which to judge whether housing is adequate or not at any fort or any airfield, there is a better basis on which to act.

**Mr. PROXMIRE.** I am merely asking, Will there be criteria which will be announced and which can be reviewed by Congress?

**Mr. SALTONSTALL.** Certainly. There are such criteria, even now, to a great degree.

**Mr. STENNIS.** To emphasize what the Senator from Massachusetts has said, we are trying to evolve a formula which we believe will be in keeping with reasonable appropriations. But we do not try to say now what that shall be. We shall consult with the services and try to persuade them to help.

**Mr. SALTONSTALL.** This year the construction witnesses from the Army, the Navy, and the Air Force, were some of the best ever to appear before the committee.

**Mr. STENNIS.** I heartily agree.

**Mr. PROXMIRE.** I notice that the amount for military construction for the Army, Navy, and Air Force is all under the amount the House appropriated; but for defense agencies, the Senate amount exceeds the House figure by some $5,470,000. Why is that?

**Mr. STENNIS.** Will the Senator please restate his question? I was checking an item in the hearings and did not understand him.

**Mr. PROXMIRE.** I think the committee rendered an excellent service overall. I notice that for the Army, Navy, and Air Force the Senate Appropriations Committee figure in the bill is substantially less than the amount provided by the House in each case; but for defense agencies the Senate figure is over the House figure by more than $5 million. Why?

**Mr. STENNIS.** In many instances the "Defense agencies" projects represent quarters or buildings which are being renovated to provide space to take care of new duties which have been taken over by the Department of Defense under reorganization acts. As I recall, at the time these estimates were presented to the House, the plans had not advanced as far toward completion as they had when the Senate considered the items, so the House rejected some of them, at least, because the projects had not reached the stage of planning which the House demanded at that time.

When the items were presented to the Senate committee, we were in a position to go further with them because the amounts were then justifiable to the extent of restoring them to the bill. This is a new approach with respect to procurement rentals. The Senator may recall that Secretary McNamara said he hoped to save $300 million in procurement costs.

Most of these quarters are near the city of Washington, and are being rebuilt on the inside.

**Mr. PROXMIRE.** So the increase of between 13 and 15 percent of the overall figure was a result of the projects being at a more advanced stage by the time they reached the Senate Committee on Appropriations.

**Mr. STENNIS.** Yes; and we restored the figures.

**Mr. PROXMIRE.** I note from page 6 of the Senator's presentation, that $30 million was requested by the Army for planning, minor construction, and access roads, and the Senate approved $29 million. Offhand that seems to be a vast sum of money for those three purposes.

**Mr. STENNIS.** A large military construction program cannot stop when the fiscal year stops. Then, too, there is constant revision, and planning is taking place for 2 or 3 years in advance. In many of the construction programs a considerably greater percentage of the total amount is spent for warehouses, for example, than for minor construction. That is below a certain cost, where it is not necessary to have line item authorization, as we call it. Throughout the entire Army that will apply to many different items, all of which are considered small. So $30 million, over a 12-month period for all three of those purposes, is not considered excessive at all.

**Mr. PROXMIRE.** Is there a breakdown of that amount anywhere in the hearings?

**Mr. STENNIS.** I do not know that there is much of a breakdown. Frankly, we are so familiar with that subject that we do not require much proof.

**Mr. PROXMIRE.** Does this program compare reasonably well with past experience?

**Mr. STENNIS.** Very reasonably, considering the size of the program which we have approved.

**Mr. PROXMIRE.** On page 7, the Senator said that the largest amount in the total allowance of $25 million for service school facilities is $11,730,000 for the renovation of Bancroft Hall at the Naval Academy.

**Mr. STENNIS.** Yes.

**Mr. PROXMIRE.** At page 276 of the hearings, Admiral Johnson testified with respect to three line items having to do with the rehabilitation of Bancroft Hall, which contains the dormitories for the midshipmen, at a total cost of $9,951,000.

He said:

> This is the third increment, but we are asking for funding of the amendments to the first two increments in the rehabilitation of Bancroft Hall, which has been going on for several years, as the Senator knows. We require an increase of $2,605,000 over the first increment funding of $6 million.

He explains this as resulting from a misjudgment of the difficulty of reconstruction and reconditioning of the building. Further, he says that even the amount requested will not be enough; that apparently another request for more than $5 million will be made.

It seems to me that this will be an expensive renovation, considering that it is not being built from scratch.

**Mr. SALTONSTALL.** The program involves more than rehabilitation. The Senator should remember that the enrollment at the Naval Academy has almost doubled. I think there are now about 3,000 students. Bancroft Hall is the place where all the students eat and have their recreational facilities. Whereas in the past one room has sufficed for two persons, it is now occupied by four. If the Senator from Wisconsin should visit Annapolis, he would see the great expansion which has taken place there. The enrollment has doubled, and the size of Bancroft Hall must be enlarged, because it is the principal building of the entire Naval Academy at Annapolis. There are laboratories and places of instruction in other buildings; but the entire life of the Naval Academy is centered in Bancroft Hall; and when the increase of the enrollment at the Naval Academy is realized, one appreciates the necessity for enlarging Bancroft Hall.

I may say that I spent one of the most pleasant weeks of my life when I lived with the midshipmen for a week, at the time of the crew races. Our crew won one race, and lost the other. But if the Senator from Wisconsin will go to the Naval Academy and will examine Bancroft Hall, he will well realize the need for enlarging it. I went all through it a year ago.

**Mr. PROXMIRE.** The trouble is that our cadets at West Point and midshipmen at Annapolis are considered to be living Spartan lives; yet the rehabilitation of this one building is proposed to cost more than $11 million.

**Mr. SALTONSTALL.** I think that much more than "rehabilitation," as that term is generally used, is involved in this case. When the Senator uses the term "rehabilitation," as a graduate of Princeton and perhaps Harvard——

**Mr. PROXMIRE.** Yale and Harvard.

**Mr. SALTONSTALL.** I think perhaps he misuses the term in this case. Actually, Bancroft Hall must be enlarged sufficiently to provide facilities for almost double the number for which it was built.

**Mr. PROXMIRE.** But, in addition, we find the following on page 278 of the hearings.

> When we entered into the first rehabilitation contract we found that it ran approximately $2,600,000 over the authorized amount. The estimate was back-checked and it was found to be due to a number of reasons. The principal one is that the interior structural work in Bancroft Hall, particularly in wing 6, was found to be in such condition that it had to be virtually completely removed and a new system of interior partitions, floors, ceilings, et cetera, was required.
>
> The original approach had been to try to salvage as much of the old as possible and patch it up. We had to drop that approach and go into a complete replacement. In addition to this, other conditions were found which added to the cost.
>
> I should mention also that the original estimate was made by an architect who based his prices on new construction and not on alteration work, which in some cases proved to be more expensive.
>
> This, in general, is the background for the price increase.

**Mr. SALTONSTALL.** I think that is true. I cannot answer in detail all the Senator's questions; but certainly the cost of rehabilitation is often much greater than the cost of new construction.

A few years ago, the Senator from Mississippi and I, as members of the Appropriations Committee, had to decide whether the White House would be repaired or whether an entirely new building would be constructed. It would have been cheaper to have built an entirely new building.

Similarly, when the work on Bancroft Hall was begun, it was found that it would be necessary to do a great deal more than had been contemplated, in order to make the building, when enlarged, suitable for use for a number of years in the future with the greatly increased enrollment.

Although the work will be much more expensive than was realized at the time when it was begun, I think the Senator from Wisconsin will find that there will be no waste, and the quarters will not be of a type which will permit luxurious living. Certainly the midshipmen live very simply; certainly the rooms in which they live are Spartan, from the viewpoint of both Massachusetts and Wisconsin.

**Mr. PROXMIRE.** I thank the Senator from Massachusetts.

**Mr. STENNIS.** In discussing Bancroft Hall, let me say, first of all, that no space for additional facilities is available.

**Mr. SALTONSTALL.** Yes, and that is a most important point.

**Mr. STENNIS.** In addition, for historical reasons it is not desired to give up Bancroft Hall.

It is also important to realize that once the work on Bancroft Hall was begun, most unusual conditions were encountered.

**Mr. PROXMIRE.** Let me point out that on page 9 of the bill, in line 20, we find the statement that the total cost of the Air Force Academy may be as much as $140,986,000. Yet a few years ago only one university in the country had so large an endowment.

**Mr. STENNIS.** The point is that the total cost is not to exceed that amount—the total since the beginning of the construction work.

**Mr. PROXMIRE.** But $140 million seems to be an enormous amount for the construction of facilities at one institution.

**Mr. STENNIS.** I agree.

**Mr. SALTONSTALL.** We must agree as to that.

However, that argument was made 3 or 4 years ago, when the construction work on the Air Force Academy was under way, and it was found that the total expense would be much more than we had expected it would be.

In our judgment, a total of $140,986,000 will be all that is wise.

**Mr. STENNIS.** That ceiling was established 3 years ago, and we are merely bringing it forward. As the Senator knows, each appropriation bill is for only 1 year. In this bill there is no money for the Air Force Academy.

**Mr. PROXMIRE.** Let me ask another question. From reading pages 5 and 6 of the bill, I notice that the position of the Senate committee is different from that of the House. In the first place, the Senate committee has voted to make a sharp reduction in the amount for family housing. But in the second place, the specific items for the Army, the Navy, and the Air Force, as broken down for debt payments, construction, and operation and maintenance, have been eliminated by the Senate committee, and the executive is given carte blanche authority to proceed in any way it may wish.

Although I assume there are advantages in having such flexibility, I wonder about this provision, because certainly some limits should be provided, so that if all the funds are not used for a specific purpose by a particular service, the amounts not used can be required to lapse and be recovered, rather than used to increase some other spending beyond congressional intent.

**Mr. STENNIS.** That is a good point. Let me point out that this is the first year for the new plan of providing a total of appropriated funds for family housing. This point was covered in the authorization bill. The Department of Defense requested a revolving fund, and intended to put back the allowances for various items, and to build houses without having to have specific authority from Congress. But all that was rejected by the Armed Services Committee, and this plan was adopted.

In acting on this appropriation, the House—with very fine purposes, indeed—placed ceilings on the various items for operation and maintenance and the other categories. The services said—and we had strict, pinpoint testimony on this point—that they agree generally to this plan, and will live within it as nearly as possible; but they said it is too tight, and does not give the necessary flexibility. They said, "We are plowing new ground, and we do not have the necessary guidelines; and this is the first year of operation."

So we said we would eliminate the restrictions voted by the House, and would take the item to conference. But we put them on notice that in the conference we shall ask that the services be allowed to proceed for 1 year on an experimental basis, while trying to live within the guidelines laid down by the House, but being given the necessary flexibility for 1 year, if they cannot live within those guidelines—but with the understanding that next year we shall firm this up, in light of the further experience which will be had by that time.

I believe that a year from now we shall have a bill spelling out the various points the Senator from Wisconsin raises. I believe it will be to his liking; and we shall get him to be an assistant architect, to help work out the formula.

**Mr. PROXMIRE.** So this is a new approach?

**Mr. STENNIS.** Yes; and it is experimental. So we shall obtain that additional information, work out the guidelines, and then firm up the rules.

**Mr. PROXMIRE.** On page 7 of the bill there is a restriction on "cost-plus-a-fixed-fee contract for work where cost estimates exceed $25,000." Beginning in line 7, the provision is:

> SEC. 102. None of the funds appropriated in this Act shall be expended for payments under a cost-plus-a-fixed-fee contract for work where cost estimates exceed $25,000 to be performed within the United States, except Alaska, without the specific approval in writing of the Secretary of Defense setting forth the reasons therefor.

I am concerned with the reason for the $25,000 limitation. It seems to me that in connection with small contracts it would be particularly important to use some sort of competitive procurement—

particularly, advertised competitive procurement, if the contract is of that sort.

Mr. STENNIS. The formula represented in that language on page 7 was worked out 2 or 3 years ago, and is merely brought forward every year.

Mr. PROXMIRE. I am sure it is. I recognize that.

Mr. STENNIS. It has worked out satisfactorily. After all, contracts of $25,000 and under are rather small ones in this vast program. We just do not have many items that do not cost any more than $25,000.

Mr. PROXMIRE. The usual approach to this question is that on big contracts, we cannot rely upon competitive bidding because there are only a few large contractors who can do the job, and it must be done on a negotiated basis. Sometimes it is done on a negotiated basis with a fixed fee. But it seems to me that on small contracts, where small business can compete, and where there are hundreds of people who can usually supply what is needed, competitive bidding would be in order.

Mr. STENNIS. I think ordinarily engineers and others who bid on these small contracts do compete. Ninety-five percent of the construction provided in last year's bill was placed by competitive bidding.

Mr. PROXMIRE. And not on a cost-plus-fixed-fee basis?

Mr. STENNIS. No.

Mr. PROXMIRE. That is negotiated, as well as advertised competitive bidding. It is my understanding that only 5 percent of Defense procurement is by advertised competitive bidding.

Mr. STENNIS. No open competitive bidding.

Mr. PROXMIRE. I wish to commend the Senator. I have been critical of some spending in this field, feeling that our military budget has too often been accepted because it is deemed somehow unpatriotic to criticize it. I think the committee has done a solid, tough-minded, perceptive job on this bill and has actually reduced the military budget substantially, on top of the reduction made by the Secretary. I think the American taxpayers owe thanks to the Senator from Mississippi [Mr. Stennis], the Senator from Massachusetts [Mr. Saltonstall], and the other members of the committee.

Mr. STENNIS. I thank the Senator on behalf of the committee. I may add to the remarks of the Senator from Wisconsin that the Senator from Mississippi is convinced that there can be and must be reductions and other economies in connection with the military program. The Senator from Mississippi believes that some elements of the program could be sharply reduced in operations, because of the advent of new and complicated weapons. I do not mean abandon the old methods, but sharply reduce them.

Mr. President, the actual number of housing units to be renovated, as provided in the bill, is 2,884. The bill carries an item of $13.2 million for that purpose. We did not make any reduction.

Mr. SPARKMAN. Mr. President, will the Senator yield to me for a brief statement, in which the Senator from Mississippi will also be interested?

Mr. STENNIS. Mr. President, I ask unanimous consent that I may yield 2 minutes to the Senator from Alabama.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. SPARKMAN. Mr. President, after receiving an increasing number of complaints that Federal rural housing loans are being denied to eligible families on our farms and in rural areas because funds for the program have been impounded by the Bureau of the Budget, I, on August 23, wrote to the President calling his attention to this matter and suggested that he might take action to release these funds.

It appears that the limitation on the use of available funds was based on the assumption that the program for rural housing loans was a 4-year program and, therefore, available funds should be spread over a 4-year period. This, of course, is a complete misrepresentation of the 1961 Housing Act, which established a fund of $428 million to provide direct Federal housing loans for families in rural areas where normal sources of credit are not otherwise available. There is nothing in the law, nor was it the intention of those of us who sponsored the 1961 Housing Act, that the terminal date of 1965 for this program would imply that funds should be parceled out over a 4-year period.

Mr. President, I am pleased to announce to the Senate that at 3 o'clock today an announcement was made by Secretary Freeman that an additional $152 million will be made available for rural housing loans. Today's action makes a total of $182 million available through the Farmers Home Administration for this type of credit during fiscal 1963.

I am, of course, delighted that the President has seen fit to release these funds, for I think they will be of great benefit to many of our people who live in rural areas, and, I may add, to the economy of the country.

Mr. STENNIS. Mr. President, I wish to agree with the sentiment and the substance of the statement of the Senator from Alabama. It is one of the soundest investments we are making in America. Without the rural housing program to which the Senator has referred, our rural communities, which have been so hard hit by the changed agricultural picture, would not have had a chance to survive and sustain themselves and would have lost their identity. Through the program, they have survived, and there are places for people to live there. The Senator from Alabama has been a great source of strength in this program over the years.

I may say that I had been urging the Department of Agriculture and the White House to do this very thing, because in Mississippi we are in distressed circumstances, and there is need for the program. The borrowers are there, they are certified, and everything else is ready, but the money is not available.

Mr. SPARKMAN. I thank the Senator from Mississippi for the opportunity to make this announcement.

Mr. STENNIS. Mr. President, may I raise a question? Is there any question on the bill?

Mr. MANSFIELD. Mr. President, if the Senator will yield, may I ask a question on behalf of the Presiding Officer, the junior Senator from Montana [Mr. Metcalf] and myself?

Mr. STENNIS. I yield to the distinguished majority leader.

Mr. MANSFIELD. Are we correct that in the military construction bill now before us there are funds allocated for the construction of 200 Air Force housing units at Glasgow Air Force Base, Mont.?

Mr. STENNIS. That is correct. There is this limitation: Glasgow is one of several installations of the Air Force requesting housing units. It was allowed as eligible for these requests, but there is only enough money provided in the bill to build 50 percent of them in the ensuing year. The Senator from Mississippi believes, due to the fact that Glasgow is what is called a remote area——

Mr. MANSFIELD. It is, indeed. It is far more so than Hill Air Force Base in Utah and others which the Senator from Mississippi mentioned previously.

Mr. STENNIS. On that basis, the Senator from Mississippi would think it would be due a high priority consideration, but the subcommittee and the committee thought it should leave that decision up to the Air Force.

Mr. MANSFIELD. But the 200 unit recommendation is in the bill as reported by the committee?

Mr. STENNIS. That is correct. There is an authorization for the Glasgow base in the bill at this time for 200 units. If it is on the priority list of the Air Force and the Department of Defense, there is money in the bill for it.

Mr. MANSFIELD. I thank the Senator. I wish to state that my colleague and I will call that to the attention of the Air Force at the appropriate time.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from California.

Mr. KUCHEL. I feel highly honored to be a member of the Senate Appropriations Committee, on which serve many able Members of this body.

Mr. STENNIS. The Senator is a valuable member of our subcommittee, too, and we appreciate his services.

Mr. KUCHEL. I thank the Senator. I very much have enjoyed my service on the subcommittee, of which our able colleague from Mississippi is chairman. I observe his high dedication to duty to this country and its security as indicated by the able comments which our distinguished colleague has just concluded in support of one of the most important pieces of legislation to come before Congress each year.

My particular comment is this: A facility of expression in English is obviously supremely important for every American, but I think the time has arrived in the development of this globe when a facility to express oneself in a second language is almost indispensable, surely so with respect to men and women representing our country in foreign lands, both in the military and the civilian establishment.

The Defense Department has seen fit, after urging by the subcommittee, the chairman of which is the Senator from Mississippi, to consolidate its language functions at the Presidio at Monterey, Calif.

There, Mr. President, with all the modern, efficient techniques of teaching, men and women in the military services may learn to speak, to understand, and to express themselves orally and in writing in all those many tongues which are represented in the areas to which American military personnel in uniform today are required to go.

This year the Department of Defense and the Bureau of the Budget under this administration recommended an increase or an expansion in the facilities there. I believe I should say not merely as a Californian but also as an American that I am most grateful the subcommittee and then the full Committee on Appropriations approved and included that particular item. I think it is completely correct to say, considering the teaching techniques by the Army, representing all of the services in the development of the ability of men and women in the military services to speak more than one language, that this facility constitutes an increasingly important part of America's Defense Establishment.

For that in particular, I say to the Senator from Mississippi, I know the Defense Department once again is indebted to his leadership. That is all I say, except to repeat the feeling of honor I have in serving under the Senator.

Mr. STENNIS. I thank the Senator from California very much. He has made a contribution with reference to this matter.

Mr. President, I think this illustrates an item as to which the legislative will finally has prevailed. The services now have a fine language school. It is under the charge of the Army, but the personnel of the Army, Navy, and Air Force are taught. Therefore, we can afford to build it into an A-1 institution, rather than to spread the facilities out and duplicate them three times. I believe it is in good condition now. The item is in the bill. I thank the Senator for his interest and his help.

Mr. KUCHEL. I thank the Senator from Mississippi.

Mr. STENNIS. Mr. President, I see in the Chamber the Senator from New Mexico [Mr. Chavez] who at one time was the chairman of the subcommittee which handled the pending bill, and presently is chairman of the subcommittee dealing with appropriations for the Department of Defense.

The Senator from New Mexico is a member of our subcommittee. It is delightful to have him present and to have the benefit of his counsel. We want him to be one of the conferees on the bill. The country has benefited much from his work in former years, when he gave so much of his time, day and night, to these complicated questions which he handled so well.

We are delighted to have the Senator with us.

Mr. CHAVEZ. I thank the Senator.

Mr. STENNIS. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of further amendment, and that any point of order against the committee amendments be reserved.

The PRESIDING OFFICER (Mr. Proxmire in the chair). Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I offer a committee amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 2, line 24, it is proposed to strike out "$859,892,000" and insert in lieu thereof "$860,782,000."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. STENNIS. Mr. President, this is a matter that has come up at the last minute. It represents an item at the Air Force installation at Lackland Air Force Base. The amendment would readjust some items which had been restored to the bill. It would take out one. We thought we were providing the essential facilities for special training, but in checking with the Air Force, we find that the provision did not cover exactly the units intended. The Senator from Massachusetts and I are in accord with respect to the amendment.

Mr. SALTONSTALL. I agree. The Senator has taken it up with me. I believe that the amendment should be agreed to.

Mr. STENNIS. I thank the Senator.

Mr. President, I ask that the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi.

The amendment was agreed to.

Mr. STENNIS. Mr. President, I have a summary of the entire bill which was prepared by the committee staff. I ask unanimous consent that it be printed at this point in the Record in further explanation of the bill.

There being no objection, the summary was ordered to be printed in the Record, as follows:

### Military Construction Bill, Fiscal Year 1963

#### SUMMARY OF BILL

The total appropriation recommended by the Senate Appropriations Committee amounts to $1,349,611,000. This is an amount $20,130,000 under the $1,369,741,000 provided by the House and $245,118,500 under the revised budget estimate of $1,594,729,500.

For the Department of Defense, the committee recommends an appropriation of $38,662,000 to finance construction for the following agencies: Defense Atomic Support Agency, $2,173,000, Defense Communications Agency, $1,446,000, Defense Intelligence Agency, $2,800,000, National Security Agency, $18,946,000, and Defense Supply Agency, $8,797,000. In addition, the committee recommends an appropriation of $4,500,000 for the Department of Defense planning and minor construction, and $20 million for the construction of loran stations by the Coast Guard.

For military construction, Department of the Army, the committee has approved an amount totaling $193,634,000. This is a decrease of $3,843,500 under the $197,477,500 approved by the House, and a decrease of $40,787,500 from the revised budget estimate of $234,421,500.

For military construction for the Department of the Navy, the committee has approved an amount totaling $196,423,000. This is a decrease of $17,926,500 under the $214,349,500 allowed by the House, and a decrease of $110,439,000 from the budget estimate of $206,862,000 which included special foreign currency programs.

For military construction for the Department of the Air Force, the committee has approved an amount totaling $859,892,000. This is a decrease of $3,830,000 under the $863,722,000 allowed by the House, and a decrease of $84,554,000 from the budget estimate of $944,446,000.

For the Army, Navy, and Air Force Reserve and the Army and Air Force National Guard, the committee recommends the budget estimate, which was also provided by the House, as follows:

| | |
|---|---|
| Army Reserve | $8, 000, 000 |
| Naval Reserve | 7, 000, 000 |
| Air Force Reserve | 5, 000, 000 |
| Army National Guard | 7, 000, 000 |
| Air National Guard | 14, 000, 000 |

#### GENERAL STATEMENT

The Department of Defense advises that before it submitted this budget to the Congress, it made extensive reductions in line items presented by the services. In fact, the Assistant Secretary of Defense for Supplies and Logistics advised while appearing before our subcommittee that the military departments had submitted a budget for over $2 billion for new operational facilities. Thus, the Department of Defense made reductions of approximately $800 million before the bill was presented to the Congress. Your committee reviewed all line items in the bill. Nearly 1,000 pages of testimony were taken and the justifications for each project were individually reviewed by the subcommittee.

Before I discuss the reductions and restorations made for the services, I would like to highlight the types of military construction projects contained in each of the principal mission categories under which the Department of Defense is now grouping facilities.

In the strategic retaliatory forces one finds there was a request for $556 million, which includes about 35 percent of this bill. Included in this category are $23 million for Polaris, $262 million for Minuteman facilities, $225 million for Atlas and Titan facilities, $10 million for guided air missile facilities, $21 million for SAC base improvements, and $15 million for other projects.

The continental air and missile defense forces call for $30 million, which is only 1.9 percent of this bill. The general purpose forces this year require $126 million, which is 7.9 percent of the construction budget. The air and sea lift forces are requiring this year only three-tenths of 1 percent, or $5 million. The Guard and Reserve Forces have asked for a total of $41 million, which amounts to only 2.6 percent of the budget.

In the research and development field, the bill contains $125 million, or 7.8 percent of the total construction budget. For general support there is $558 million, which amounts to approximately 37 percent of all moneys asked for.

Finally, minor construction and planning and support call for $129 million, or 7.8 percent of the budget.

I bring out these facts because I thought it would be of interest to Members of the Senate in showing that we are spending the bulk of our construction money on our offensive forces.

### FAMILY HOUSING

One of the most complex problems faced by the committee during the consideration of this bill was related to family housing. This year, the Department of Defense has come in for a rather extensive housing program. The Department of Defense, in the past year, has completely revised its approach to the management and building of family housing within the three services. I am sure you remember last year that, due to certain inadequacies and the way the program was administered, the Armed Services Committee of both the House and Senate saw fit not to renew the authority for the Capehart housing. Instead, it was decided to go to a direct appropriation method of family housing.

Managementwise, the Department of Defense has taken a number of steps to insure better administration of the family housing program for the services. A separate housing managment staff has been established in the Office of the Secretary of Defense and in each of the three Departments. These offices are taking steps to establish modern accounting, planning and control techniques.

For the fiscal year 1963 the services proposed the construction of 14,475 family housing units and the improvement of 2,884 substandard units to public quarters standards, requesting a total of $289,810,000. This amount was divided as follows: Army, $57,421,000; Navy $84,440,000; Air Force, $134,701,000. In the above totals Navy requested $5,942,000 for the improvement of substandard units, and the Air Force requested $7,306,000.

The committee conducted a thorough review of family housing for all of the three services and decided that the 14,475 unit program was too large an undertaking for the current fiscal year. Accordingly, the program was reduced to 7,500 units, costing a total of $143,742,000. The funds and units are distributed as follows: Department of the Army, $29,865,000 for 1,600 units; Department of the Navy, $43,880,000 for 2,195 units; Department of the Air Force, $69,997,000 for 3,780 units. The units for each of the services include both housing for the continental United States and overseas.

The committee did not delete any specific projects from the housing program, but has made available funds to construct only the 7,500 units mentioned above. The Department of Defense and the services are charged with the responsibility of selecting where the housing units will be constructed on the basis of priority and need within the services.

In other action concerning housing, the committee has made restoration to the bill of the language requested by the President in House Document 493, 87th Congress, 2d session, which reads as follows:

"During the current fiscal year, obligations may be incurred against the Department of Defense family housing management account for the purpose of section 501(b)(2) of the Military Construction Authorization Act of 1962 (Public Law 87-554) in an amount not to exceed $712,427,500."

It was felt by the committee that this language would give the Department of Defense flexibility required to adequately manage the housing for all three services.

### BACHELOR OFFICERS' QUARTERS

The committee made an extensive review of the whole problem of bachelor officers' quarters for the services. The total amount requested for all three services amounted to approximately $21 million. The committee did not specifically disapprove any of the officers' quarters in the budget request; however, the funds approved for the construction of these facilities have been reduced by 50 percent. It has been left to the discretion of the service departments to determine the projects which should be constructed within the approved total funding. One exception was made by the committee in its recommendation.

A special study was made of the bachelor officers' quarters at the naval station, Adak, Alaska. The condition of the quarters at this station require that they be replaced at the earliest possible time. Presently, the quarters are located in quonset huts which are in a badly deteriorated condition and the heating has proved an almost insurmountable problem.

### DEPARTMENT OF DEFENSE

The committee recommends an appropriation of $38,662,000 for the various defense agencies. This is a reduction of $7,338,000 from the budget estimates of $46 million. A new section has been inserted in the bill to provide for the defense agencies.

The Department has formed a number of new agencies for which construction is urgently needed to house the new operational activities; namely, these are the Defense Supply Agency, the Defense Intelligence Agency, the Defense Atomic Support Agency, the Defense Communications Agency, and the National Security Agency. The committee has also approved $4,500,000 for general support programs, planning and design, and minor construction.

### DEPARTMENT OF THE ARMY

The committee approved an appropriation of $208,634,000 for military construction within the Department of the Army. This represents an appropriation of $193,634,000 for the Active Forces, $8 million for the Army Reserve, and $7 million for the Army National Guard. This is a reduction of $40,787,500 from the revised budget of $249,421,500.

The first part of the Department of the Army's requests were concerned with the continental air and missile defense forces. The projects the committee included in the bill were primarily for continuing the program of improvements to the existing Nike-Hercules program. These improvements are for the improvement of kits and high-power acquisition radar and for more efficient communications of the Army Defense Command with its companion elements of the Continental Air Defense Command.

The next category of Army projects is for the general purpose forces which are the combat units and their direct combat support elements either deployed overseas or stationed in the United States. This grouping of projects totaled approximately $33 million and provides facilities for training, logistic support, and the billeting of these operational units. Major items approved were Army airfield runways, maintenance hangars, and parking aprons at Fort Bragg, Fort Lewis, and Fort Riley; a storm drainage project at Fort Campbell, Ky.; units facilities and logistical support items at Korea and Okinawa; improved storage for ammunition stocks in Europe and surface-to-surface missile units in Germany.

In the area of research and development, the Army presented a program of approximately $16 million. Among the larger projects approved were a $1,500,000 nuclear effects laboratory at White Sands, N. Mex., and $4,600,000 for a facility at White Sands to test an advanced concept of radars. The committee also approved $7 million as the final increment of the Signal Research and Development Laboratory at Fort Monmouth, N.J.

The other projects approved by the committee for the Army fall within the broad base for training, supply, maintenance, medical services, headquarters' communication network, and Army security requirements. The total approved for these categories amounts to approximately $85 million. Following are some of the larger items approved: A special warfare center headquarters and school building at Fort Bragg, N.C.; a 285-bed hospital and medical support facility at Fort Hood, Tex.; and a 50-bed hospital and medical support facility at White Sands, N. Mex.; $3 million for a central powerplant and transmission system at an oversea security communications center; and $1,205,000 for a tropo-scatter communications system. Also, there were large housing programs for the enlisted men at Fort Dix, N.J., and Fort Leonard Wood, Mo.

The balance of the appropriations requested by the Army totaled approximately $30 million for planning, minor construction, and access roads. For this the committee approved $29,100,000. The committee believes that the appropriations recommended for the Army provide a well-balanced construction program, and one which will make material advances in the Army's program to modernize its facilities and to provide for the updating of weapons systems presently in use.

### DEPARTMENT OF THE NAVY

The committee recommends an appropriation of $203,423,000 for military construction within the Department of the Navy. This represents an appropriation of $196,423,000 for the Active Forces and $7 million for the Reserve Forces. This amount represents a reduction of $110,439,000 from the revised budget estimate of $313,862,000.

This year's funding program for the Navy is a part of the long-range plan for the orderly development and modernization of the Naval Shore Establishment. All of the Navy's projects are integral parts of various weapons systems and operational support needs.

The committee recommended an appropriation of $16,911,000, exclusive of bachelor officers' quarters, for shipyard facilities. Fifteen of these line items directly or indirectly support the fleet ballistic missile or Polaris program. Also included in this category are three line items totaling $1,139,000 in support of the antisubmarine warfare program.

In this year's program the Navy has money to undertake extensive upgrading of its fleet base facilities. There are in the bill two line items totaling $6,746,000 for the modernization of two piers—one at Charleston, S.C., and one at Norfolk, Va. This requirement stems from the continued buildup of longer, deeper draft, guided missile destroyer types and nuclear submarine units being, or to be, home ported now and in the near future at these two locations. Also included in this class of facilities are personnel facilities at naval shipyards and at Portsmouth, N.H.; the naval station, Key West, Fla.; and the naval station, Whidbey Island, Wash.

A major portion of the Navy program is included in the naval weapons facility class. The committee has recommended a total of approximately $46 million for this type of construction. These facilities are required for training aviators; for supporting the striking power of the Navy and the air arm of the Marine Corps; and for furthering important ordnance research, development, test, and evaluation of ship and aircraft guided missiles, including the Polaris missile. Examples of projects recommended by the committee are approach lighting and aircraft systems training building at the naval air station, North Island, Calif.; replacement of an aircraft and parking apron, Marine Corps Auxiliary Air Station, Yuma, Ariz.; and a computation and analysis building at the Naval Weapons Laboratory, Dahlgren, Va. It should be pointed out that the greater part of these funds are for guided missile and major Polaris support facilities at classified locations.

There is recommended in this bill approximately $6 million for Marine Corps facilities at Camp Pendleton, Calif., and Camp Smedley D. Butler, Okinawa. The mission of the Marine Corps shore facilities is to support the Marine Corps forces in order that they be maintained to engage promptly and effectively in combat operations with continuing maximum effort devoted to improvement and readiness at all levels.

The committee has recommended the full request made by the Navy of $25,923,000 for service school facilities. Projects included in the service school request are for antisubmarine warfare training facilities and for fleet ballistic missile training facilities. The largest amount in this total is $11,730,000 for the rehabilitation of Bancroft Hall at the Naval Academy, Annapolis, Md., and $3,960,000 for facilities for the Naval Training Center, Great Lakes, Ill. Also included in this grouping is the officer candidate dormitory, Officer Candidate School, Newport, R.I., for $2,272,000.

Under the category of medical facilities, the Naval Bureau of Medicine and Surgery has asked for a new hospital at Long Beach, Calif., and the modernization of the Naval Medical School, Pensacola, Fla. The committee recommends approval of these items, especially the hospital at Long Beach, Calif., where a need has been demonstrated for a medical facility to take the place of a hospital ship now serving the Long Beach command.

The Office of Naval Research made a request for two facilities totaling $5,847,000. Included in this amount was the Naval Research Laboratory, Washington, D.C.; and an alteration for a simulation laboratory at the Naval Training Device Center, Port Washington, N.Y. The committee did not recommend either of these projects, feeling that the Naval Research Laboratory, Washington, D.C., should be deferred for further study, and a thorough check should be made to determine whether or not this is the place to permanently establish this imporant installation. The research laboratory is now operating in temporary-type buildings, which must be replaced in the future at great cost to the Government. The bill recommends approximately $36 million for communications facilities both overseas and in the United States. Three of the ten line items included in this category are radio direction finder facilities at two classified locations, and the fleet radio transmitting facility at the Naval Communications Station, Eritrea.

The committee recommended approximately $21 million for yards and docks. There are two projects in this class at specific locations, the second increment of improvements to the power system on Guam and the replacement of a pier breakwater at Norfolk, Va. Also included are four projects for funding continuing authorizations in the amount of approximately $17 million.

### DEPARTMENT OF THE AIR FORCE

The Department of the Air Force has received approval for a total of $878,892,000 for military construction. Of this amount, $859,892,000 is for the Active Forces and $19 million is for the Reserve Forces. Actually, the budget request of the Air Force for facilities, missiles, and other construction amounted to about $812 million, exclusive of family housing. Of this amount, about 82 percent is devoted to the relatively fixed construction cost to accommodate new weapons systems. These fixed costs primarily are associated with the highly complex technical facilities for ballistic missiles, space activities, research and development, and modern aerospace communications and intelligence systems. Technical facilities for ballistic missiles total approximately $497 million, comprising the largest single portion of the Air Force program. For the Minuteman missile program, $272 million has been approved. This amount includes funds for construction of four more operational squadrons. It also provides for additional work and cost related to the first 12 squadrons which were initially financed in prior years.

An appropriation of $225 million is approved to complete the construction for operational Atlas and Titan facilities. The committee has approved the additional amounts requested for Atlas and Titan to insure that essential progress is not impeded and that appropriate and timely contractual actions continue to be taken as necessary. Other major amounts approved for technical facilities for new systems include funds for the Gam–77 Hound Dog and the Gam–87 Skybolt air-to-surface missiles. The committee has approved approximately $46 million for space programs.

There are substantial amounts in this bill for major communications and nuclear detection systems and a total of approximately $28 million for research and development programs. In addition, the committee has approved for general support programs, a total of $64 million for planning, minor construction, and access roads.

The Air Force this year in its hospital program presented six hospitals for funding, totaling $22 million. The committee has approved all six Air Force hospitals. Parenthetically, it will be noted that the Air Force is now constructing hospitals in conformity with a cost formula worked out by the Senate Appropriations Committee 2 years ago. I am glad to report to the Senate that this formula, worked out by the committee using Hill-Burton construction figures for private hospitals, has saved the taxpayers approximately 25 percent on hospital construction in the armed services.

The committee has approved approximately $24,500,000 for Air Force pavements and another $8 million for base communications and air navigational aids. These facilities are of utmost importance in keeping our airplanes on an ever-ready alert system. Also involved is the matter of greater safety for our flying personnel and airplanes. Another large item approved for the Air Force was $15 million in troop housing. The Air Force is presently conducting a program of replacing its substandard World War II-type barracks with permanent structures. The committee found this construction to be well within the statutory limits set by law for construction of facilities of this nature.

The committee did make a number of reductions in the Air Force program. These reductions related to items that the committee, after thorough hearings and investigation, decided were no longer a valid Air Force requirement or that the construction could wait another year until requirements were more firm or until the Air Force presented a more valid justification.

### CONCLUSION

This concludes my presentation of the military construction bill. The Appropriations Committee made a very extensive review of every line item in this bill, both classified and unclassified. The reductions in this bill have, in some instances, been extensive, particularly in regard to the family housing program. However, it is the opinion of the committee that this bill furnishes for the Department of Defense and the services the funds necessary to carry on a successful construction program and to meet all necessary service requirements.

**Mr. STENNIS.** Mr. President, I ask unanimous consent that a comparative statement of appropriations for 1962 be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Comparative statement of appropriations for 1962, and estimates and amounts recommended in the bill for 1963*

| Item | Appropriations, 1962 | Budget estimates (revised), 1963 | Amount recommended by House | Amount recommended by Senate | Increase (+) or decrease (–), Senate bill compared with— | | |
|---|---|---|---|---|---|---|---|
| | | | | | Appropriations, 1962 | Budget estimates, 1963 | House bill |
| Defense | $27,000,000 | | | | –$27,000,000 | | |
| Military construction, Army | 157,934,000 | [1] $234,421,500 | $197,477,500 | $193,634,000 | +35,700,000 | –$40,787,500 | –$3,843,500 |
| Military construction, Navy | 192,278,000 | [2] 306,862,000 | 214,349,500 | 196,423,000 | +4,145,000 | –110,439,000 | –17,926,500 |
| Military construction, Air Force | 498,346,000 | [3] 944,446,000 | 863,722,000 | 860,782,000 | +362,436,000 | –83,664,000 | –2,940,000 |
| Military construction, Defense agencies | | [4] 46,000,000 | 33,192,000 | 38,662,000 | +38,662,000 | –7,338,000 | +5,470,000 |
| Loran station, Defense | 10,000,000 | 22,000,000 | 20,000,000 | 20,000,000 | +10,000,000 | –2,000,000 | |
| Military construction, Army Reserve | 14,381,000 | 8,000,000 | 8,000,000 | 8,000,000 | –6,381,000 | | |
| Military construction, Naval Reserve | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | | | |
| Military construction, Air Force Reserve | 4,608,000 | 5,000,000 | 5,000,000 | 5,000,000 | +392,000 | | |
| Military construction, Army National Guard | 21,868,750 | 7,000,000 | 7,000,000 | 7,000,000 | –14,868,750 | | |
| Military construction, Air Guard | 18,275,000 | 14,000,000 | 14,000,000 | 14,000,000 | –4,275,000 | | |
| Total | 951,690,750 | [5] 1,594,729,500 | 1,369,741,000 | 1,350,501,000 | +398,810,250 | –244,228,500 | –19,240,000 |

[1] Includes $57,421,500 in H. Doc. 493.

[2] Includes $81,862,000 in H. Doc. 493.

[3] Includes $132,446,000 in H. Doc. 493.

[4] Includes $5,000,000 in H. Doc. 493.

[5] Includes $276.729,500 in H. Doc. 493.

**The PRESIDING OFFICER.** The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

**Mr. HART.** Mr. President, I should like to raise with the distinguished Senator from Mississippi a concern which has been expressed to me with respect to two Air Force base housing projects in Michigan. The concern arises from the reduction by the committee in the amount of funds available for family housing programs. I hope very much that in the allocation of whatever funds are available for that purpose, accommodations for approximately 432 men in 2 dormitories at the Sawyer Air Force Base and 1 dormitory to accommodate 260 men at Kincheloe Air Force Base and an additional authorization for 400 units of family housing at each of those 2 bases, which have been contemplated based upon the housing provision, will be given very serious consideration and included in the project.

Mr. STENNIS. First, as to the housing items, they are included in the bill as being eligible to be constructed, but we are not appropriating enough money under the present form of the bill to build all the houses on the eligible list. But we are leaving each of the services a pro rata share of the money; and they will make up the priority list. The installations mentioned by the Senator are eligible. Depending upon their relative need at those institutions, all or some will be built.

Mr. HART. It is my understanding that the need is very great, and I hope the Air Force will so consider it. I appreciate the explanation of the Senator from Mississippi.

Mr. STENNIS. I am glad to have the inquiry of the Senator from Michigan. In relation to the barracks item which the Senator mentioned, the committee restored that item to the bill. If the House agrees to it in conference it will be constructed.

Mr. HART. I thank the Senator from Mississippi very much for that action.

Mr. STENNIS. Mr. President, on behalf of the entire subcommittee, I thank our very able staff members who have worked on the bill. They include Mr. V. M. Rexroad and also Mrs. Gloria Butland, who have been outstanding in their work.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. SALTONSTALL. I point out also that Mr. Fred Rhodes, who helped us very much, should also be recognized.

Mr. STENNIS. I thank the Senator. Mr. Fred Rhodes also assisted the committee greatly.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill H.R. 12870 was passed.

Mr. STENNIS. Mr. President, I move that the Senate insist upon its amendments and request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to; and the Presiding Officer appointed Mr. STENNIS, Mr. CHAVEZ, Mr. MONRONEY, Mr. SALTONSTALL, and Mr. KUCHEL conferees on the part of the Senate.

Mr. STENNIS. Mr. President, I ask unanimous consent that I may yield to the Senator from New York [Mr. JAVITS] for 4 minutes.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Mississippi? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I am grateful to my colleague, and I ask unanimous consent that my remarks may be printed in the RECORD following debate on the appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

## THE PRESIDENT'S AUTHORITY TO CALL UP RESERVES—CUBA AND BERLIN

Mr. JAVITS. Mr. President, the President of the United States has sent a message to the Congress and has had bills introduced which would give to him the authority to call up an additional 150,000 reservists.

Every Member of Congress, I am sure, feels as I do. We face this situation with a heavy heart. The people of the country should know how seriously we regard the international events which place this heavy responsibility on the President.

The President is entitled to have the feeling that we in the Congress understand the situation we face. Despite the fact that it is always an extremely unhappy event to have to give this kind of authority, for the calling up of reservists, that is our duty, part of that for which we are sent to Congress. We must give strict attention to the situation.

I have little doubt that the Congress will give the President of the United States this authority as the Commander in Chief, since he requires it based upon his appraisal of the capability of the United States.

For my part, I have always cooperated in the bipartisan foreign policy. I intend to continue to do so. I think we owe it to the country to emphasize how serious are these events.

The Soviet Union is showing the greatest intransigence in respect to Berlin, which still remains the focal point of attention between ourselves and them. It has now taken occasion to fly directly into the teeth of a doctrine of the United States—the Monroe Doctrine, which is over 130 years old—and to move into the Caribbean, only 90 miles off our shores, with a grave threat, apparently in the process of complete realization, to build up a Soviet base.

Mr. President, these events cannot be regarded with equanimity by the American people. There is only so far that words can go in these matters. As we saw in respect to the previous Berlin crisis, the Communists must understand at some stage that the United States means business. Apparently the only time they understand that is when we indicate we intend to have forces in being which are adequate to do the jobs which we deeply feel our American security requires.

Yesterday a car was fired upon in the eastern sector of Berlin. It was a U.S. car. That is all reported in the papers.

The Russians have sent us a very nasty and disagreeable note on the same subject.

All this indicates that I hope, at one and the same time that we equip ourselves to meet any eventuality—which we must do, because these are grimly serious events, as to which the Soviet is obviously also grimly serious—we will also retain, as our Government is retaining, the willingness, the desire and the anxiety to negotiate, which we have repeated time and time again. That is fine.

Second, we must be constantly reviewing policies in terms of seizing the diplomatic initiative ourselves. I have recommended in respect to Berlin a number of diffrent ways we could take the initiative. We might annex West Berlin to West Germany. It might take some other form, such as a boycott of trade between West Germany and East Germany, or some other thing.

I hope that we are proceeding not merely on one front, but on all three.

We should have adequate military preparation to back up what our national interest and security requires.

Second, and equally important, there should be a full and obvious desire to negotiate—an anxiety to negotiate to settle these problems peaceably.

Third, and equally important, we should take the diplomatic initiative. This must not be neglected. We have been found wanting in this regard time and time again. It is possible to take the diplomatic initiative on Berlin. It is possible to take it with respect to the Organization of American States on Cuba.

We owe it to the American people, from whom we are asking these sacrifices, to proceed along these other fronts with the same diligence and the same alacrity with which we proceed with respect to the calling up of reservists.

I am grateful to the Senator from Mississippi for yielding to me.

## THE GROWING MENACE IN CUBA

Mr. STENNIS. Mr. President, we face a growing menace in Cuba. This menace did not arise within a day. It cannot be stopped within a day.

It is, however, steadily getting worse—far worse—and it will continue to worsen until we take a firmer and more positive stand—perhaps the most drastic action, the use of force, if necessary.

For 2 years I have been deeply concerned and have followed closely this problem. We should make a most determined drive among our NATO and other Western allies in an effort to get them to cut off—immediately—all shipping and trade relations, direct and indirect, with Cuba.

Next, we should go the utmost in an all-out drive for concerted action among all members of the Organization of American States. We do not know what can be accomplished through the Organization of American States, but the President can go all out in insisting on a cooperative and concerted action on the part of all nations in the Western Hemisphere.

This includes measures which will prevent infiltration of other Latin American countries and stop other Castros before they get started.

At the same time, we should be prepared to go it alone, if necessary, to stop this arms buildup in Cuba; and, by force—which we hope will never have to be used—if necessary.

The arms buildup thus far already endangers the small nations of Central and South America. A further arms buildup, certain to come as the months come and go, can quickly develop into an actual danger to us. A great part of our Nation is within firing distance of long-range and even medium-range missiles. This threat and the blackmail effect of such a threat would be intolerable. The time to avoid this intolerable situation from developing is now. Any move in this direction must be halted now.

Let us carefully put together the details and plans of a firm policy to halt this buildup and to resist any further encroachment in this hemisphere. Let us make up our minds to follow this course, and give notice accordingly.

There is no time to waste. The time for action is now. There is no need to wait for time to call up Reserves. We have the strength and the power now to back up our decision to resist any further movement of arms and encroachments in this hemisphere. A firm and positive stand now will save us from even graver problems in the future.

These grave problems, I fear, are certain to come as the months and years come and go, unless we take this step.

The first step is to make clear to our enemies, to our friends, and to the neutrals alike, that we have made our decision, that we are firm in our determination, and that we actually mean business.

Mr. President, I wish to make it clear that I do not propose an invasion of Cuba now. I do not propose an immediate blockade. Those things, even if we were going to take such steps, could not be done at once, or overnight. They would have to be carefully planned. Efforts through diplomatic channels would have to be made first as to many of these steps I have advocated.

My point is that we must begin to definitely plan now, and we must announce definitely what we shall do, as soon as we can. We must be absolutely certain that our people have made up their minds and are prepared. I believe in that way, and in that way only, can we head off and avoid very dire consequences to ourselves in the years to come.

**Mr. CHAVEZ.** Mr. President, will the Senator yield?

**Mr. STENNIS.** I yield to the Senator from New Mexico.

**Mr. CHAVEZ.** I appreciate the remarks made by the Senator from Mississippi.

**Mr. STENNIS.** I thank the Senator.

**Mr. CHAVEZ.** I believe I know the problems in respect to Cuba and the problems in respect to Latin America as well as anyone in the State Department. The people of Latin America are not in favor of conditions as they now exist in Cuba. I believe we should have this goal under the Alliance for Progress. Part of the whole idea is peace in Latin America, in addition to the other things which go with the Alliance for Progress.

But, right or wrong, I am for my country. If it is necessary for America to take action against Cuba, I am for it.

**Mr. STENNIS.** I thank the Senator. I commend him for his remarks. They are very fine.

## TITLE TO OR INTEREST IN CIVIL AIRCRAFT OF THE UNITED STATES

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1956, Senate bill 2773.

**The PRESIDING OFFICER.** The bill will be stated by title for the information of the Senate.

**The Legislative Clerk.** A bill (S. 2773) to amend section 503 of the Federal Aviation Act to provide substantive Federal law relating to the validity of conveyances which affect title to or interest in civil aircraft of the United States and related equipment.

**The PRESIDING OFFICER.** Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, with amendments, on page 1, after the enacting clause, to insert:

That section 503(a) of the Federal Aviation Act of 1958 is amended by adding thereto the following new subsection:

"(4) Any tax lien arising under the internal revenue laws of the United States, the District of Columbia, any State of the United States or any political subdivision thereof, and the possessions of the United States, are specifically excluded from the recording provisions of this section."

On page 2, at the beginning of line 4, to insert "Sec. 2."; on page 3, after line 12, to insert a new section, as follows:

Sec. 3. That section 503(e), redesignated herein as section 503(f), of the Federal Aviation Act of 1958 is amended to read as follows:

"(f) Except as the Administrator may by regulation prescribe, no conveyance or other instrument shall be recorded unless it shall have been acknowledged before a notary public or other officer authorized by law of the United States, or of a State, or possession thereof, or the District of Columbia, to take acknowledgment of deeds."

At the beginning of line 22, to change the section number from "2" to "4"; and on page 4, at the beginning of line 1, to change the section number from "3" to "5", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 503(a) of the Federal Aviation Act of 1958 is amended by adding thereto the following new subsection:

"(4) Any tax lien arising under the internal revenue laws of the United States, the District of Columbia, any State of the United States or any political subdivision thereof, and the possessions of the United States, are specifically excluded from the recording provisions of this section."

Sec. 2. That section 503 of the Federal Aviation Act of 1958 is amended by relettering subsections "(e)", "(f)", "(g)" and "(h)" as subsections "(f)", "(g)", "(h)" and "(i)", respectively, and by adding thereto the following as subsection (e):

"(e) Any conveyance, lease, mortgage, equipment trust, contract of conditional sale, other instrument executed for security purposes, or assignment or amendment thereof or supplement thereto, which affects the title to, or any interest in, any aircraft, aircraft engine, propeller, appliance, or spare part referred to in subsection (a) of this section, which is valid as against the parties thereto to transfer or create the title or the interest which it purports to transfer or create under the laws of that State, District or Columbia, territory, or possession of the United States in which such conveyance or other instrument is delivered, shall, upon the filing of such conveyance or other instrument for recordation pursuant to subsection (a) of this section, be valid throughout the United States, in respect of the title or interest so transferred or created, as against all creditors, subsequent purchasers, encumbrancers, or other persons, irrespective of the location of such aircraft, aircraft engine, propeller, appliance, or spare part and irrespective of the place of delivery pursuant to such conveyance or other instrument of such aircraft, aircraft engine, propeller, appliance, or spare part, except that any such conveyance or other instrument recorded pursuant to subsection (a)(3) of this section shall be effective only in accordance with the terms of subsection (d) of this section. Where the place of intended delivery of any such conveyance or other instrument filed for recordation pursuant to subsection (a) of this section is specified in such conveyance or other instrument, it shall constitute presumptive evidence that such conveyance or instrument was delivered at the place so specified."

Sec. 3. That section 503(e), redesignated herein as section 503(f), of the Federal Aviation Act of 1958 is amended to read as follows:

"(f) Except as the Administrator may by regulation prescribe, no conveyance or other instrument shall be recorded unless it shall have been acknowledged before a notary public or other officer authorized by law of the United States, or of a State, or possession thereof, or the District of Columbia, to take acknowledgment of deeds."

Sec. 4. Nothing contained in this Act shall be held or construed to take precedence over the applicable provisions of the Convention on the International Recognition of Rights in Aircraft (4. U.S.T. 1830).

Sec. 5. This Act shall not affect any conveyance or other instrument filed for recordation under section 503 of the Federal Aviation Act of 1958, as amended, before the effective date of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1995), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### ANALYSES AND NEED FOR LEGISLATION

The bill, with minor amendments, incorporates recommendations originally proposed by the Bar Association of the City of New York and is designed to facilitate identification of local laws governing validity of aircraft conveyances. More specifically, the bill would provide for the creation of a Federal substantive law relating to the validity of the instruments affecting title to, or interests in, U.S. civil aircraft and related equipment. These would include various instruments executed for security purposes such as conveyances, leases, mortgages, equipment trusts, conditional sales contracts, etc. Asignments, amendments, and supplements to such instruments would similarly be covered.

To determine the validity of an instrument, one would need only to look to the substantive law of the particular State in which the relevant instrument was delivered. If the instrument was valid under the law of that particular State and was recorded under the applicable provisions of the Federal Aviation Act of 1958, the instrument would then be deemed valid in all jurisdictions of the United States.

The fact that the determination of the validity of aircraft conveyances involved extremely cumbersome and complex procedures was recognized by the Congress when it originally enacted the Civil Aeronautics Act of 1938. The act contained a provision which provided for the establishment of a central national recording system for all instruments affecting title to or interest in civil aircraft of this country. This provision was incorporated in section 503 of the Federal Aviation Act of 1958 substantially without change. It continued the previously established recording system and provides that no conveyance or instrument affecting aircraft shall be valid until filed for recordation except as to parties to the instrument or persons with actual knowledge of its existence. Having filed the instrument for recordation under the law, all persons are deemed to have notice of its existence and its effect on title to the property covered thereby. Consequently, to determine whether there are any incumbrances on the aircraft, it is only necessary to consult the central file.

While existing law has assisted materially in facilitating the determination as to the validity of instruments, it does not establish the substantive validity of the instrument as proposed by this measure. Considerable doubt and confusion still exist in this field. The laws of the various States differ quite substantially with respect to the validity of various instruments. In attempting to resolve the issue as to which jurisdiction's laws should apply in determining such an instrument's validity, it is arguable that the law of one of three of the following jurisdictions is applicable: The jurisdiction in which the property is located; the jurisdiction in which the parties reside; or the jurisdiction in which the instrument was executed and delivered.

The needless complexities and difficulties in making such a determination were aptly described by Mr. Dee Martin Calligar representing the New York City Bar Association in testimony before your committee. Assume, for example, that the first theory cited above was applicable. In this regard Mr. Calligar stated:

"At the time a chattel mortgage, for example, is given to the financing institution by the air carrier, its aircraft may be located in or over any number of States * * *. At the moment the chattel mortgage on the air carrier's fleet of aircraft (many of which would be in the air) is executed the laws of many States would come into play, and a moment later the laws of different States would apply, notwithstanding any contradiction between the laws of such States. Moreover, there is no real logic in considering the law of State X paramount as to the validity of a chattel mortgage on a specific aircraft when the aircraft is at that moment traveling over the State at a speed in excess of 500 miles an hour and at a height in excess of 40,000 feet.

"At the present time, to be assured that a chattel mortgage on an air carrier's fleet is valid, the parties must know the number of States in or over which the property is located at the precise second the mortgage is executed and must have ascertained and complied with the laws of each of them."

Such unnecessary and costly procedures which one must now go through to determine the validity of aircraft conveyances would be remedied by this legislation. The bill selects, and your committee is convinced most logically, the place where the instrument is delivered. Consequently, a prospective purchaser would not only be able to readily ascertain whether encumbrances are recorded against any aircraft but would in addition be able to determine the validity of any instruments affecting the aircraft's title simply by consulting the law of the place where such instruments were delivered. Similarly, parties to such instruments would need only to conform their instrument to the law at the place of intended delivery to insure their validity.

### COMMITTEE AMENDMENTS

Your committee adopted two minor amendments. The first amends section 503 (e) of the Federal Aviation Act which requires that "no conveyance or other instrument shall be recorded unless it shall have been acknowledged before a notary public or other officer authorized by the law of the United States, or of a State, Territory, or possession thereof, or the District of Columbia, to take acknowledgment of deeds."

Representatives of the Federal Aviation Agency testified that the requirement of this section was unnecessarily burdensome and directed to no useful end when applied to certain conveyances or instruments of title which do not normally depend for validity upon being acknowledged before a notary public to establish their authenticity. This would include various governmentally issued documents such as judicial decrees. Certified copies of these official records are presently admissible in the courts to determine private rights by virtue of rule 44 of the Federal Rules of Civil Procedure. Consequently, more stringent proof of authenticity would appear unnecessary. The representatives also testified that the Agency had received numerous complaints from various private citizens and Government officials to the effect that the procedure was cumbersome and unnecessary. The Agency, of course, was not in a position to remedy the situation since the procedure was specifically required by the act. Since no useful purpose is served by requiring inclusion of certain instruments under section 503(e), your committee amended this section so as to provide that it will be applicable to conveyances or instruments unless the Administrator, by regulation, prescribes otherwise.

The other amendment would exempt State, local, and Federal tax liens from the recording provisions of section 503 of the Federal Aviation Act by adding a new subsection (503(a)(4)). This would conform the law to common usage which has been dictated by practical necessity. Conflict between present law and common usage has as a consequence produced unnecessary confusion. Section 503(a) refers to the recordation of "conveyances." Section 101 of the act defines "conveyances" so as to include bills of sale, conditional sales contracts, mortgages and, in general, any "other instrument affecting title to, or interest in, property." To comply strictly with the statute, the Administrator found it necessary to define the term "conveyance" to include liens. He did this on the theory that liens, although not specific alterations of title, nevertheless involved important charges on the property and from the standpoint of a purchaser, are in a real sense instruments "affecting title to, or interest in, property."

The problems in recording notices of tax liens prove particularly troublesome, since the Internal Revenue Code (26 U.S.C. 6321, 6323) provides that notices of Federal tax liens shall be filed with the U.S. district court, or the office provided by State law in the jurisdiction where the taxpayer's property is located. The Internal Revenue Service has long, as a matter of practice, only filed its notices of tax liens locally and not with the Federal Aviation Agency. Accordingly, a purchaser in examining the central filing system maintained by the Agency could easily be misled in assuming that the absence of tax lien notices in the Agency's file meant that no such lien existed.

To remedy this situation, two alternative solutions are presented: an amendment to the Federal Aviation Act to exclude tax liens from the recording provisions or an amendment to the Internal Revenue Code requiring that Federal tax liens must be filed with the Federal Aviation Agency. Your committee is convinced that an amendment to the Federal Aviation Act is clearly the most practical and logical choice. A Federal tax lien is a general charge on all real and personal property of a delinquent taxpayer and does not describe specific property. Consequently the Internal Revenue Service would have no practical means of ascertaining which, of the many delinquent taxpayers, owned aircraft. It would have to either file every tax lien with the Agency or be required to make a most needless and time-consuming search of the Agency's aircraft registration records. In addition, since a lien is a charge on after-acquired property, effective operation of the recording system would require that all new applicants for aircraft registration certificates be checked against the current delinquent list in order that existing liens could be recorded against the newly acquired aircraft. There is also the possibility that in creating an exception for aircraft to the general scheme of tax enforcement, questions would be raised regarding the sufficiency of local notices of tax liens against other forms of property.

### CONCLUSION

The sole purpose of the bill is directed toward the unnecessary ambiguity, complexity, and time-consuming procedures involved in determining the validity of aircraft conveyances. Passage of this measure will minimize these problems and greatly facilitate the ease by which aircraft can be financed. In supporting enactment of the bill, the Federal Aviation Agency stated:

"We believe S. 2773 has been carefully tailored to meet the precise problem presented, and we are in favor of its enactment. It will not interfere with our administration of the recording system and promises to increase the utility and effectiveness of that system."

Your committee fully agrees with the Agency and accordingly, urges favorable consideration of this bill.

## GRANTING OF EASEMENTS UPON REAL PROPERTY OF THE UNITED STATES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1326, the bill H.R. 8355.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 8355) to authorize executive agencies to grant easements in, over, or upon real property of the United States under the control of such agencies, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with an amendment on page 3, after line 17, to strike out:

(d) The term "real property of the United States" excludes the public lands (including minerals, vegetative, and other resources) in the United States, including lands within reservations formed from the public domain and other lands permanently or temporarily withdrawn from any or all forms of appropriation provided for in the public land laws, and including lands administered by the United States Forest Service.

**Mr. COOPER.** Mr. President, on behalf of the Senator from Oklahoma [Mr. KERR] and myself, I offer an amendment to the committee amendment which I send to the desk and ask to have stated.

**The PRESIDING OFFICER.** The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, beginning with line 18, through line 3 on page 4, in lieu of the matter proposed to be stricken by the committee amendment insert the following:

(d) The term "real property of the United States" excludes the public lands (including minerals, vegetative, and other resources) in the United States, including lands reserved or dedicated for national forest purposes, lands administered or supervised by the Secretary of the Interior in accordance with the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented, Indian-owned trust and restricted lands, and lands acquired by the United States primarily for fish and wildlife conservation purposes and administered by the Secretary of the Interior, lands withdrawn from the public domain primarily under the jurisdiction of the Secretary of the Interior, and lands acquired for national forest purposes.

**Mr. METCALF.** Mr. President, I have objected to the passage of the bill, which would give blanket authority to the secretaries of various agencies to pass across public lands, although, with our many millions of acres of public lands, I recognize the need for general authority to give a right-of-way to people in the more complex situations that we have today. I would still object to the bill if it were not for the amendment of the Senator from Kentucky, because it seems to me that Congress has a special trust relationship for the lands of national parks and the wildlife refuges which are administered by the Secretary of the Interior. We would be very much opposed to the bill if it were not for the amendment offered by the Senator from Kentucky. It is only because of my recognition of the need for greater flexibility and latitude in acquiring these rights-of-way across larger public lands that I reluctantly acquiesced to the bill with the amendment. But I am sure with my remarks the responsibilities of the secretaries will be carried out and the rights of the public protected.

**Mr. COOPER.** I appreciate the remarks of the Senator from Montana.

**The PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Kentucky to the committee amendment.

The amendment to the amendment was agreed to.

The committee amendment, as amended, was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

## SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

**The PRESIDING OFFICER** laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 86) favoring the suspension of deportation of certain aliens, which were, on page 3, strike out line 25, and insert "A–5782421, Sedwick, William Anton;"; on page 4, strike out line 6; on page 4, strike out line 12; on page 4, strike out line 15; on page 5, line 2, after "months", insert "pursuant to section 19(c) of the Act of February 5, 1917, as amended (8 U.S.C. 155(c))", and on page 5, after line 4, insert:

SEC. 4. The Congress approves the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 6 of the Refugee Relief Act of 1953, as amended (67 Stat. 403, 68 Stat. 1044):

A–12123633, Ah, Liang Tay;
A–10257014, Djedda, Salim Haron;
A–10255888, Braude, Simon.

**Mr. MANSFIELD.** I move that the Senate concur in the amendments of the House.

**The PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

## THE NOMINATION OF THURGOOD MARSHALL

**Mr. HART.** Mr. President, earlier today announcement was made that the Committee on the Judiciary had acted favorably on the nomination of Judge Thurgood Marshall to be a judge of the Second Circuit Court of Appeals. I wonder whether the distinguished majority leader would indicate to those of us who are interested—and I assume that is the full membership of the Senate—what his schedule might be with respect to the nomination. I appreciate the fact that the formal report of the committee has not been received, but action was nonetheless taken this morning in committee.

**Mr. MANSFIELD.** I believe that the Judiciary Committee should have ample time to complete its reports, both majority and minority—and I assume there will be minority views filed. It is the hope of the leadership—and this is tentative—that we will be able to take up the nomination of Judge Thurgood Marshall for consideration and debate in the Senate by Tuesday next. I would say, however, that that is tentative, and I know that the Senator will allow the leadership a little leeway, but I hope that the leadership will be able to call it up by Tuesday next if the reports of the committee are ready by that time.

**Mr. HART.** I appreciate very much the expression of the majority leader. A great deal of the credit for the action is due the leadership. If circumstances develop which should set the matter back by a day or two after Tuesday, that will be understandable. The position taken by the leadership in support of the nomination I am sure was an important factor in the action of the committee.

**Mr. MANSFIELD.** I thank the Senator. The leadership on the other side was very cooperative.

**Mr. KEATING.** Mr. President, I wish to add one comment. It would have been well-nigh impossible to approve the nomination had it not been for the help extended by the majority leader and the minority leader. I express my thanks to them.

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

**The PRESIDING OFFICER** laid before the Senate the amendments of the House of Representatives to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State, and local public bodies, which were, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Public Works Acceleration Act".

SEC. 2. (a) The Congress finds that (1) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (2) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become more conducive to industrial development and better places in which to live and work. The Nation has a backlog of needed public projects, and an acceleration of these projects now will not only increase employment at a time when jobs are urgently required but will also meet longstanding public needs, improve community services, and enhance the health and welfare of citizens of the Nation.

(b) The Congress further finds that Federal assistance to stimulate public works investment in order to increase employment opportunities is most urgently needed in those areas, both urban and rural, which qualify as redevelopment areas because they suffer from persistent and chronic unemployment and economic underdevelopment, as well as in other areas which have suffered from substantial unemployment for a period of at least twelve months.

SEC. 3. (a) For the purposes of this section the term "eligible area" means—

(1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and

(2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas".

(b) The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of States and local governments for which Federal financial assistance is authorized under provisions of law other than this Act, by allocating funds appropriated to carry out this section—

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments.

(c) All grants-in-aid made from allocations made by the President under this section shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, and, except as otherwise provided in this subsection, shall be made in accordance with all of the provisions of such law except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period. Notwithstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

(d) There is hereby authorized to be appropriated not to exceed $900,000,000 to be allocated by the President in accordance with subsection (b) of this section, except that not less than $300,000,000 shall be allocated for public works projects in areas designated by the Secretary of Commerce as redevelopment areas under subsection (b) of section 5 of the Area Redevelopment Act.

(e) The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

(f) Funds allocated by the President under this section shall be available only for projects—

(1) which can be initiated or accelerated within a reasonably short period of time;

(2) which will meet an essential public need;

(3) a substantial portion of which can be completed within twelve months after initiation or acceleration;

(4) which will contribute significantly to the reduction of local unemployment;

(5) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

(g) Not more than 10 per centum of all amounts allocated by the President under this section shall be made available for public works projects within any one State.

(h) The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

SEC. 4. (a) No part of any allocation made by the President under this Act shall be made available during any fiscal year to any State or local government for any public works project, unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government during such fiscal year for all its capi-amount approximately equal to the non-tal improvement projects is increased by an Federal funds required to be made available for such public works project.

(b) No part of any allocation made by the President under this Act shall be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

SEC. 5. (a) Paragraph (4) of subsection (b) of section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act."

(b) Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"(e) The Administrator is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the Administrator (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended."

SEC. 6. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of this section no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act."

And to amend the title so as to read: "An Act to provide authority to accelerate public works programs by the Federal Government and State and local bodies."

Mr. KERR. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. COOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COOPER. Does an amendment to amend the bill take precedence over the amendments which the Senator from Oklahoma has offered?

The PRESIDING OFFICER. The precedence of motions on the Senate bill amended by the House is in the following order:

First. Refer amendment to standing committee. That has been done.

Second. Amend the amendment.

Third. Agree to the amendment.

Fourth. Disagree and ask conference.

Mr. COOPER. I take it that an amendment is in order.

The PRESIDING OFFICER. The Senator is correct.

Mr. COOPER. I send the amendment to the desk.

The clerk will state the amendment offered by the Senator from Kentucky.

The LEGISLATIVE CLERK. On page 6, lines 12 and 19, strike out "section 9" and insert "section 3".

## THE SITUATION IN CUBA

Mr. MANSFIELD. Mr. President, according to press reports, the Republican leadership contemplates introducing a "Formosa resolution" on Cuba. Formosa is 9,000 miles away. Cuba is 90 miles away. The problem in Formosa was to keep a remote area out of hostile hands. The problem in Cuba is that it is a neighborly land which has been in hostile hands since the years of the Eisenhower administration and which we need to try to get back among the good neighbors of the Western Hemisphere.

A resolution authorizing the President to use armed forces against Cuba in present circumstances seems to imply a military attack—an aggressive act, a warlike act against the island, with American troops. What else can it imply? Thousands of Cubans would die in such an attack and untold numbers of Americans. Is that what is wanted? In the case of Formosa, the resolution had only defensive connotations. If a resolution on Cuba is going to be couched in the same framework as the Formosan resolution, if it is going to be "like a Formosa resolution," it would be necessary to say that Congress authorizes the President to use the Armed Forces to defend the United States against an attack by Cuba.

Does the Congress think the President needs to be reminded by congressional resolution to defend the United States against a military attack from Cuba?

Actually, a resolution by Congress was hardly necessary to authorize President Eisenhower to use Armed Forces to defend Formosa. The United States had legal responsibilities and commitments remaining from World War II. The President has constitutional power to command the Armed Forces. Many Members voted for the Formosa resolution because President Eisenhower appeared to be uncertain of the constitutional authority. Democrats were glad to give him the support he felt he needed.

President Kennedy is not uncertain of his responsibilities under the Constitution and has not asked Congress to uphold his hand. If he feels that need, there is no doubt that he will ask for a resolution, and I have no doubt that the Congress will give it to him.

A resolution of the Formosa type on the Cuba situation, however well intentioned, and I have no doubt this proposal is well intentioned, might serve to confuse the President's authority in the conduct of a most delicate aspect of our foreign relations which has ramifications far beyond Cuba—in all of Latin America, in Europe, and in Asia, and elsewhere as well.

If the Congress wishes to help in this situation and to make certain that it will not precipitate the loss of untold numbers of American lives in an invasion of Cuba, then, perhaps, the best thing it can do is to consider a resolution which will make no reference to the use of the Armed Forces which the President is already empowered to use under the Constitution to defend the United States and to carry out its legitimate obligations. Rather, if we do consider a resolution, it might be best to confine it to a condemnation of recent trends in Cuba and an expression of support for the President in this most difficult situation which he inherited when he took office and a proposal for a study of the situation by the Foreign Relations Committee as the able members of that committee see fit to study it with a view to bringing Cuba back into the inter-

American system of friendly neighbors. A resolution along these lines would supplement the very able straightforward statement which the President made on September 5 and to the bipartisan leadership of both Houses the evening before. The Senate will recall that in that statement the President gave the American people a great deal of pertinent information on the developments in Cuba. He made clear that he would take the necessary measures to prevent Cuban aggression from spilling over into the rest of the hemisphere. And he made that statement, I repeat, after consulting with the leaders on both sides of the aisle.

The Cuban situation is a foreign policy responsibility at this point. It is not the constitutional course, it is not the responsible course, to authorize the President to do by congressional resolution what he is already authorized to do—to command the Armed Forces of the United States and to conduct its foreign relations. It is a course which might jeopardize the peace and security of the United States. May I say that all Americans recognize the seriousness of the situation in Cuba, and it is understandable that they would like to do something about it. The important thing, however, is not to give the appearance of doing something without actually doing something. The important thing is to avoid an irresponsible course of action which will not produce effective results.

Mr. SALTONSTALL. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield, if I have the time.

Mr. SALTONSTALL. I listened this morning to the discussions with relation to the proposal of a resolution by Congress. As I have listened to the Senator from Montana, I do not interpret the purpose of a resolution in the same way as he interprets it. I believe the purpose of a resolution by Congress at this time would be to show the people of the country and the people of the world that Members of Congress were behind the President in any firm action that he believed it was necessary to take in relation to Cuba for the security of our country.

Mr. MANSFIELD. I hope there has not been and is not now any doubt, so far as Congress is concerned, of standing behind the President in the crisis not only as it affects Cuba but also as it affects Berlin, which is perhaps more dangerous, and as it affects southeast Asia, and elsewhere. I am sure the Senator from Massachusetts would agree to that.

Mr. SALTONSTALL. I agree with the Senator from Montana. I believe the President now has asked Congress for the possible use, as standby, of the Reserve Forces, if it is necessary to use them.

Mr. MANSFIELD. Yes.

Mr. SALTONSTALL. So far as I am concerned, as a member of the Committee on Armed Services, I hope that we would give the President that authority, but that he would not find it necessary to call up the Reserves, but that he would have the backing of Congress if he did.

As I see it, the purpose of a resolution, if it were passed by Congress, would be to express just as clearly as we can that we would not be aggressive or take action that would lead to war or lead to unfortunate shooting or the advance of our troops, but that it would show just as clearly as we can show that the representatives of the people of the United States are behind the President in any firm action he might take with relation to Cuba or elsewhere in the world. That is how I would interpret the purpose of a resolution.

Mr. MANSFIELD. I am delighted with the explanation given by the distinguished Senator from Massachusetts.

Mr. SALTONSTALL. That is my personal feeling.

Mr. MANSFIELD. As one of the leaders of his party, the Senator from Massachusetts will recall that he has been at the White House on a dozen or a score of occasions when the President called the leadership of both Houses there to apprise them of the situation current at specific moments.

I point out that so far as the Formosa resolution was concerned—and the term as I saw it on the news ticker was like "a Formosa resolution" or like "the Formosa resolution"—that was something which, in my opinion, was not necessary at that time, because everything given to President Eisenhower under the Formosa resolution and everything given to President Eisenhower under the resolution covering the Middle East related to powers which the President already had and did not require authorization by Congress.

Mr. SALTONSTALL. The purpose of those resolutions, as I interpret them, was the same as the purpose for which the resolution is suggested now. As I said before, it would show the unity of the Representatives in Congress of the people of the United States.

Mr. MANSFIELD. I appreciate that comment. On those occasions, however, President Eisenhower asked for the resolutions. On this occasion, the President has not asked for such a resolution; but I am sure that if he ever thought it necessary, he would make a request for it; and if and when he does, I feel certain that Congress will wholeheartedly support him, regardless of party.

Mr. SALTONSTALL. I do not remember, but I will take the Senator's word for it, if he actually recalls that President Eisenhower asked for the resolutions. I think he may have said he would accept one, or words to that effect; but I do not think he asked for such a resolution.

Mr. MANSFIELD. The Senator from Massachusetts will recall that hearings were held jointly by the Committee on Foreign Relations and the Committee on Armed Services, whose chairmen, respectively, at that time, were the late Senator from Georgia, Mr. George, and the present distinguished senior Senator from Georgia [Mr. RUSSELL]. Secretary of State Dulles and others appeared before us when the meetings were held in the old Supreme Court chamber. That resolution was not initiated by Congress; it was initiated by the administration.

Mr. SALTONSTALL. I will accept the Senator's memory on that.

Mr. MANSFIELD. I may be wrong, but that is my recollection.

---

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the amendments of the House of Representatives to its bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government, and State and local bodies.

Mr. KERR. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a summary of the Public Works Acceleration Act, S. 2965, as passed by the House.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

### SUMMARY OF PUBLIC WORKS ACCELERATION ACT—(S. 2965 AS PASSED BY THE HOUSE)

S. 2965, as passed by the House would authorize an immediate $900 million public works program in those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas" and in those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months. Of the $900 million authorized to be appropriated, $300 million would be reserved for allocation in areas designated under section 5(b) of the Area Redevelopment Act.

### PUBLIC WORKS PROGRAMS AUTHORIZED

The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than those contained in S. 2965. The President is authorized to allocate funds appropriated to the heads of departments and agencies of the Federal Government responsible for the construction of Federal public works projects, or for the administration of existing Federal grant-in-aid programs. Funds made available to accelerate work under existing Federal grant-in-aid programs are subject to all the provisions of law governing those programs except existing provisions requiring allocation of funds among the States and provisions limiting the total amount of grants for any period. Notwithstanding any limitation in existing grant-in-aid programs requiring a grant to be less than 50 percent of the cost of a project, grants may be made with funds provided by this bill which will bring the total of Federal contributions to the project up to 50 percent of the cost of such a project. In addition, if an applicant State or local government does not have economic and financial capacity to assume all of the additional financial obligations required, grants-in-aid may be made which bring the total of all Federal contributions for an eligible project undertaken by such applicant up to 75 percent of the cost of such project.

The President shall prescribe rules, regulations, and procedures which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing these rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment, and

(2) the income levels of families and the extent of underemployment in eligible areas.

S. 2965, as passed by the House, authorizes the Housing and Home Finance Administrator to make a grant-in-aid, from any allocation made by the President for that purpose, to any public entity eligible for a loan under section 202(a)(1) of the Housing Amendments of 1955 (the public facility loans program). These grants could not exceed 50 percent of the cost of construction of an eligible project (75 percent in the case of an applicant State or local government which does not have economic and financial capacity to assume all of the additional financial obligations required). In addition, S. 2965, as passed by the House enables an applicant community (regardless of it size) to resort to the existing public facility loan program for a loan to finance any project for public works or facilities to be initiated or accelerated as a result of a grant-in-aid from an allocation made by the President under this bill.

### RESTRICTIONS AND LIMITATIONS

Funds made available can be used only for projects which (1) can be initiated or accelerated within a reasonably short period of time, (2) will meet an essential public need, (3) will contribute significantly to the reduction of local unemployment, (4) are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist, and (5) a substantial portion of which can be completed within 12 months after initiation or acceleration. No part of any allocation made by the President may be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

Not more than 10 percent of funds allocated may be made available for public works projects in any one State.

Financial assistance provided under this act must produce a net increase in expenditures by the applicant for capital improvement projects approximately equal to the non-Federal funds required to be made available for the project.

### ADVANCE PLANNING

S. 2965, as passed by the House would amend the public works planning program established by section 702 of the Housing Act of 1954 to waive repayment of a planning advance for any project, construction of which is initiated as a result of a grant made under this act.

**Mr. KERR.** Mr. President, this is an excellent bill. I hope it may be speedily passed by the Senate. I observe in the Chamber the distinguished chairman of our committee [Mr. CHAVEZ], who has done so much work on the bill. I am happy to pay tribute to him for his leadership of our committee, both in the preparation of the bill which was passed by the Senate some months ago and in the consideration of it as it was returned to us by the House.

The distinguished Senator from Kentucky [Mr. COOPER] has offered an amendment with reference to which it is the opinion of the Senator from Oklahoma that it is in connection with an error which, on the face of the language of the bill, is discernible as purely a technical error.

I refer to the remarks of the distinguished Member of the House from Minnesota [Mr. BLATNIK] on the floor of the House on Friday, August 31, at page 18299 of the RECORD, in which he asked unanimous consent to make the following correction in the engrossed copy of the House amendments:

> On page 6, in lines 12 and 19, strike out "section 9" and insert "section 3".

Representative BLATNIK made it clear in his remarks on the floor of the House that in view of the fact that there was no section 9 in the bill after the House had amended it, the number which should have been inserted was "3" instead of "9"; that no other interpretation was possible; that it was clear that the clerical staff had made a mistake by entering the figure "9" instead of "3"; and that although there was objection to giving unanimous consent for the correction, the legislative history clearly indicates that the figure should have been "3", not "9".

It is my purpose to make that clear in this legislative record in connection with the act. I am of the opinion that it is sufficient, and that if the Senate passes the bill in the form in which it was passed by the House, with this legislative record having been made, the bill then can go to the President and be signed by him and be administered just as it would have been if this error had not been made, for on the face of the bill, and in light of the statements made in the House and the statements made here in the Senate, it is apparent that it was a clerical error, not a substantive one, and therefore would not impair either the validity or the strength of the act.

I hope that will be the opinion of the Senate, and that the Senate will pass the bill in exactly the same form in which it was passed by the House.

**Mr. MILLER.** Mr. President, will the Senator from Oklahoma yield?

**The PRESIDING OFFICER** (Mr. PROXMIRE in the chair). Does the Senator from Oklahoma yield to the Senator from Iowa?

**Mr. KERR.** I yield.

**Mr. MILLER.** The Senator said that in his opinion the situation is clear. Let me ask whether it is clear insofar as a majority of the members of the House are concerned.

**Mr. KERR.** I cannot answer that question. I referred to the page of the CONGRESSIONAL RECORD which shows what was said by the Member of the House from Minnesota, Mr. BLATNIK, when he discussed the matter. I am aware of the colloquy which occurred there between the gentleman from Florida [Mr. CRAMER], and the gentleman from Minnesota [Mr. BLATNIK]; and the RECORD speaks for itself. Mr. BLATNIK was the manager of the bill in the House. In my opinion it is clear that the only interpretation which can be given is that the figure "9" should be "3", and that if that is made clear—as I have done in the Senate today—that will be a part of the legislative history, and will be controlling with reference to the interpretation of the bill if it is passed by the Senate in the same form in which it was passed by the House.

**Mr. MILLER.** The reason why I ask the question—and let me say that I appreciate the Senator's comments—is this: Is it not entirely possible that the error was deliberate, in that it was recognized by some of those who voted for the bill that it was an error, and their votes for the bill were cast in the realization that the error was present and might vitiate the bill?

**Mr. KERR.** I have no way of reading what was in the minds of Members of the House who did not disclose it by making it a matter of record. The Senator from Iowa may have access to what was in their minds, either by some means of mental telepathy or word of mouth or letter about which I do not know. But certainly I have no knowledge or intimation that such is the case.

**Mr. MILLER.** I realize that neither of us can tell what was in the minds of the Members of the House, and that they are the ones best qualified to speak on that point. But it seems to me to be very important that we not have to determine the legislative intent of the House Members on the basis of the opinion of just one or two Members of the House. I suggest that it would be dangerous for the Senate to attempt to make such an interpretation without having more of an indication from many more Members of the House—preferably, a majority of the House Members—if we are, in fact, trying to make a record in regard to the legislative intent.

**Mr. KERR.** I am only trying to make clear what I believe to be the intent in connection with the language of the bill as passed by the House, and I am trying to make clear what the legislative history will be in the event the bill is passed by the Senate in the same form in which it was passed by the House.

**Mr. CLARK.** Mr. President, will the Senator from Oklahoma yield?

**Mr. KERR.** I yield.

**Mr. CLARK.** As a background for my question, I call the attention of the Senator from Oklahoma to the bill as it was passed by the House, particularly section 3(f)(3) of the bill as passed by the House, which appears on page 5, where it is set forth that the funds allocated by the President under this section shall be available for projects "a substantial portion of which can be completed within 12 months after initiation or acceleration."

My question is whether the Senator from Oklahoma will agree with me that the words "a substantial portion of which can be completed within 12 months after initiation or acceleration" mean merely that at least half of the project should be completed within the 12-month period, and do not mean that the entire project, or even 80 percent or 90 percent of it, needs to be completed within the 12-month period.

**Mr. KERR.** That very question came up on the floor of the House, in the course of colloquy between the gentleman from Michigan [Mr. BENNETT] and the gentleman from Minnesota [Mr. BLATNIK]; and Mr. BLATNIK said, in reference to it:

> A substantial portion of it should be completed in 12 months. That means at least half or more than half, so that we do not get into a long-term, large project which might take years and years to complete, perhaps long after the need for this program has passed.

In that connection, I should like to say to the Senator from Pennsylvania that I agree with the understanding he has indicated he has about the language of the bill.

He will recall that his own original proposal called for completing any given project within 18 months after initiation. So it seems to me that, keeping within the spirit of that provision, at least half of a project should be completed within 12 months, and that full completion should be had within 18 months.

However, I agree that we should avoid—as the Senator has said—the "driving of the last nail" concept.

So I would say that if the project can be half completed in 12 months or fully completed within 18 months, the terms of the legislative intent will have been met.

**Mr. CLARK.** I agree, and I thank the Senator from Oklahoma.

**Mr. RANDOLPH.** Mr. President, will the Senator from Oklahoma yield?

**Mr. KERR.** I yield.

**Mr. RANDOLPH.** I wish to make a brief observation, and then ask a question.

I join the Senator from Oklahoma in speaking of the continued intense interest of the chairman of the Public Works Committee [Mr. CHAVEZ] in the measures which come before that committee. It is apparent that his presence here today and his presence late into last evening, when he thought there was a possibility that this measure might come before the Senate, attest to his continued concern with problems affecting the national interest.

I wish to ask the Senator from Oklahoma this question: Is it not clear that the colloquy already mentioned, which took place between Representative BLATNIK and Representative CRAMER on the floor of the House, followed by several days the action taken by the House in voting against recommitting the bill? Was not the prior action of the House in voting against recommittal and in effecting passage on a voice vote affirmative action on the merits of the legislation?

**Mr. KERR.** That is correct.

**Mr. RANDOLPH.** And is not that action of the House the best evidence of the interest of a majority of the membership of that body? It was one of approval of the provisions of the House version of the bill, substantially as reported by its Public Works Committee.

The Senate Committee on Public Works has considered the House-passed measure and recommends its approval by the Senate. Our committee considers the amendment now before this body to be unnecessary at this time.

We believe the Senate itself will act properly in approving the provisions of the House bill.

**Mr. KERR.** That is the opinion of the Senator from Oklahoma. He thinks it is clear. He thinks the Member of the House from Minnesota made it clear. He thinks the Public Works Committee of the Senate made it clear. He thinks the Senator from Oklahoma made it clear on the floor. He thinks the Senator from West Virginia made it clear. He thinks this part of the legislative history is clear so that if we pass the bill as passed by the House it will be implemented in accordance with the language of the bill and in accordance with what has been said here.

---

## SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the action previously taken on Senate Concurrent Resolution 86 be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. MANSFIELD.** Senate Concurrent Resolution 86, to which the Senate agreed on July 25, 1962, recorded congressional approval of suspension of deportation in 67 cases in which the Attorney General had suspended deportation pursuant to sections 244(a)(4) and 244(a)(5) of the Immigration and Nationality Act, and section 19(c) of Public Law 863 of the 80th Congress.

On August 20, 1962, the House of Representatives agreed to Senate Concurrent Resolution 86 with amendments to delete three cases and to add three additional cases referred to the Congress under section 6 of the Refugee Relief Act of 1953, as amended.

An additional case referred to the Congress under the provisions of section 4 of the Displaced Persons Act of 1948, which was not included in the Senate concurrent resolution, as amended, merits approval.

I move, therefore, that the Senate concur in the House amendments to Senate Concurrent Resolution 86, with a further amendment to add the additional case, and I send to the desk the amendment.

**The PRESIDING OFFICER.** The amendment will be stated.

The **LEGISLATIVE CLERK.** On page 5, it is proposed to add the following new section:

SEC. 5. The Congress approves the granting of the status of permanent residence in the case of the alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U.S.C. 1953):

A–7116387, Rock, Feiga Altmann.

**The PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Montana that the Senate concur in the House amendments to Senate Concurrent Resolution 86, with a further amendment of the Senate.

The motion was agreed to.

---

## USE OF WOOD IN SCHOOL CONSTRUCTION

**Mr. MORSE.** Mr. President, I wish to call to the attention of educators, members of boards of education, those whose tax money supports our schools and those whose private contributions support private and parochial schools, the fact that, through the use of wood, great savings can be achieved in school construction.

Wood research is making vast strides. Quality woods with sealed ends, prepainted and carefully manufactured, can now be obtained. Wood is more than a good construction material, it is a product which has character—yes, and even personality.

Good schools, well constructed at the lowest cost consistent with fulfilling educational needs, are an essential part of meeting America's growing educational challenges. Real savings in school construction produce added funds for equipment, teachers' salaries, and other essentials for good education for our children.

In Oregon, for example, fine wood schools have been built at costs well under $10 per square foot, some 20 percent less than masonry schools. In Portland, where little wood was used, the cost of a school was $18.27 per square foot, compared to only $11.47 per square foot for a school in Beaverton.

With the new trends in architectural design, wood offers great opportunities for more than economy in construction and maintenance. It offers beauty as well as warm, comfortable, and pleasant atmosphere. It is shock resistant, an important factor where earthquakes, winds, and other similar problems exist. In California, as a case in point, wood has long been widely used to eliminate possible loss of life due to toppling which occurs when an earthquake hits a brick or masonry structure.

The contentions against wood are fire hazard and insurance costs. Adequate exits plus sprinklers are the key to fire safety. It is recognized that fires, even in so-called resistive structures, usually are caused by stored material. Firemen know that wood does not quickly buckle and collapse, as do metals. Sound construction, exits, and sprinklers can make a wood building safer than those constructed mainly from other materials.

I urge educators to examine an article from the Western Conservation Journal for May–June 1962 and I ask unanimous consent that the article, entitled "Wood in Schools Stages a Big Comeback," be printed at the close of my remarks.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 1.)

**Mr. MORSE.** Mr. President, should any educators be interested in further details, the West Coast Lumbermans Association, the Western Pine Association, Portland, and the Douglas Fir Plywood Association, Tacoma, Wash., stand ready to assist in supplying all pertinent facts, as well as do the many producers of lumber, plywood, and other wood products.

### EXHIBIT 1

### WOOD IN SCHOOLS STAGES BIG COMEBACK AS ARCHITECTS AND SCHOOL BOARDS DISCOVER ITS LOWER COSTS

A new California junior college, by capturing the year's highest architectural honors, has afforded the latest climax in wood's comeback as a prime material in the Nation's huge school building boom.

Foothill Junior College, located in hills near Palo Alto, so impressed the American Institute of Architects, it was chosen from 392 top design entries for the AIA's only First Honor Award for 1962.

"For warmth and magnificence, this new campus stands unexcelled," exclaimed a visiting educator, and none has stated it better. The five distinguished architects who formed the AIA board of judges were moved to write, while selecting Foothill College from the flood of entries:

"It is the jury's opinion that fundamental logic so basic to architecture was often ignored. Superficiality, the patent solution, and the lack of individuality and artistic expression were strikingly obvious. We call for our colleagues to reexamine this basic doctrine of simplicity and human need, and to strive through their works to give greater essence to the environment which they create."

After making this criticism of their profession, the AIA judges selected only one design—a wood college—as that which most clearly solves a problem of environment, and best creates an environment for better learning.

### IT'S HANDSOME

Foothill is one of 70 junior colleges in California, but in its first year it has become the most renowned. Educators from all over the country have been impressed with this wood-built college's quiet dignity, its noninstitutional air, its rightness for a residential locale. A spokesman for its 4,000 students remarked: "It's handsome, it has quality, and we respect it."

Architects Ernest J. Kump in association with Masten & Hurd applied fresh design to warm materials, and achieved fame with their showcase for redwood and Douglas fir.

This "Lhasa of learning"—its styling somehow suggests Tibet—contains nearly 3 million board feet of redwood and fir. Its 39 structures, mostly single story, fit snugly on two hilltop mesas. They cover space equal to 7½ football fields, but they don't seem that large.

The campus is a succession of broad, low-pitched shake roofs, each crowned at the center with a tapered pillbox cap. The pitched Douglas fir roof beams are supported by concrete buttresses. Walls combine redwood siding, stucco and glass. Interiors are saw-textured redwood and acoustical plaster.

Three high school districts joined forces to build Foothill College, and actual construction cost them $8,500,000, or $17 a square foot. In California, this is somewhat below the cost of many of the colleges, reflecting the economy possible in wood schools.

All through California, Washington, and Oregon, school districts are building new plants of wood frame to save money, and many are achieving friendlier surroundings for their children by using wood siding and paneling, exposed beams and roof decking as well.

### RETURN TO WOOD

"The big change in schoolhouse materials has been the return to wood," declares the National Citizens Commission for the Public Schools. And nowhere has this been truer than all along the west coast.

In ever-booming California, four-fifths of the schools, perhaps more, are built with wood framing and roof structures. And the Golden State puts up 20 million square feet of schools every year—nearly one-third of a billion dollars worth annually.

In northern counties and south to San Francisco and beyond, wood enhances the exteriors and interiors of many schools. Some of the most beautiful schools in the Nation are in that region.

In the sun-baked southern counties, a new school blossoms into a veritable thicket of fir, hemlock and pine lumber at the framing stage. Then quite generally, the predominant local architecture decrees that stucco and plaster seal most of the lumber in.

The Los Angeles area is hundreds of miles from major sawmill country, but it is a tremendous consumer of forest products. In all parts of California, educators and architects agree that wood frame proves to be the most economical and most convenient in construction.

In a State which may have to build $7 billion worth of schools in the next 10 or 12 years, building materials must be judged on economy and performance. And wood has stayed in front. This illustrates the reasons why:

### COSTS MUCH LOWER

The Santa Monica Board of Education hired an architect to design the same school in three basic types. The subsequent bids ran $114,000 for wood frame, $130,700 for steel frame, and $145,988 for reinforced concrete. Needless to say, the school was built of wood.

Numerous architects throughout California are demonstrating that wood is a superior school material, that it is suited to modern design, fills requirements of today's changing technique in teaching. And at the same time wood saves the taxpayers money.

In Washington and Oregon, districts that are building new plants most economically are doing so with Pacific Northwest woods. They're getting more attractive environments for learning, and schools that blend more pleasingly with the residential areas where most are situated.

Among all the west coast communities that have committed their school programs solidly to wood, Tacoma has the most emphatic story. The Puget Sound city joined scores of other areas in an attempt to keep up with the tremendous upsurge in school-age children after World War II. And like many other districts, Tacoma plumped for the idea that schools had to be built of expensive "fire resistive" materials.

Serving a population of 160,000, Tacoma has built or planned close to 30 new schools or additions in the past 5 or 6 years. Thanks to a money crisis, it has been building of wood most of that time.

The great awakening came in 1956, after bonds to raise $8,500,000 were voted for 19 school projects. In the first five wood was passed up. Then come the shocker. Key project was the city's first new high school in 50 years. The lowest bid was so high the district was forced to drop a $490,000 auditorium entirely, and other items also were dropped to bring costs down. The design was in prestressed concrete.

### EIGHT PROJECTS OF WOOD

Citizens began to speak up. A lumbermen's committee went to work and set up a public forum for school leaders, architects and engineers.

The last eight projects covered by the bond issue were built of wood. Final score was: Masonry and steel, $200,000 over budget, not counting loss of the auditorium; wood frame, $446,000 under budget. Nonwood: $13.73 per square foot; wood, $11.69—a difference of 17.4 percent favoring wood.

Crowning the program is Mount Tahoma Senior High School, a winner of national acclaim. Architect Robert Billsbrough Price designed Mount Tahoma with "all the wood the law allows." Savings with wood went into an Olympic-sized pool, an amphitheater, upholstered seats, draperies, artwork—and nearly $50,000 transferred over into furnishings. The cost: $12.70 a square foot.

In Tacoma's current series financed by a later $4,200,000 bond issue, seven of nine projects are of wood. Average cost of the first seven contracted is between $500,000 and $800,000 by using a full $2 below the State's allowable figure.

Since swinging back to wood, this former lumber capital has saved between $500,000 and $800,000 by using lumber and plywood in its schools.

In Oregon, school building costs have been lowest where forest products were most used. Wood has saved $60,000 or more on typical elementary plants, and up to an amazing $150,000 or more on junior highs.

### PER SQUARE FOOT COSTS

Beaverton, Coos Bay, Roseburg, Canby, Waldport and other districts have built fine grade schools of wood at costs well under $10 a foot. Springfield, Ashland and Prineville have constructed junior highs between $9.02 and $9.68.

In a study made last year, it was shown that 10 typical elementaries containing quantities of lumber and plywood averaged only $9.08. Ten built mostly of masonry averaged $1.73 more, or at 20 percent greater cost. In Portland, where little wood is used, elementaries cost nearly 54 percent more than upstate wood schools.

The contrast is indeed startling between Sunset High in the Beaverton district, and Portland's newest, Marshall High. Sunset is built around four courts where wood is attractively used. This single-story, wood frame plant cost $11.47 a square foot.

A dozen miles away, the city's Marshall High, a massive concrete, steel and glass edifice, cost $18.27 a foot. Its three-level design and special footings cost more, but not 65 percent more. The bill for Marshall: $18.27 a foot. And some folks complain that Sunset was too lavish.

Some foes of wood assert that wood schools are not safe, but modern design has knocked this notion into the trash can. The newer grade schools are all single story, except where enough land cannot be obtained. Increasing numbers of high schools also are going single story.

The well-planned one-story wood school offers the best combination of life safety factors—against fire, winds, earthquakes, against structural collapse, noxious fumes, and against panic, and entrapment.

### EXITS MOST IMPORTANT

Safety in schools is a matter of exits and good housekeeping, and not of the structural materials. Exits that allow speedy evacuation by more than one route are paramount. Sensitive fire alarms, good fire doors, 1-hour firewalls in corridors, sprinklers in fire-prone areas are all of great value. But exits are the vital key to public safety.

Stored materials and furnishings usually have more to do with the start of a fire than does the structure itself. Dozens of fires in commercial buildings and hotels prove that "fire restive" construction cannot assure immunity from fires. School people should strive for the "firesafe" building.

Elaborate tests carried on by the Los Angeles Fire Department in old, abandoned schools have shown that a contents fire can generate enough smoke and heat to make whole floors unlivable within 2 to 7 minutes. This can happen before any part of the building itself catches fire.

Once pupils and teachers are safe from the fire, next consideration is how to minimize damage to the building. Firemen would rather work under or on a roof supported by wood beams than bare steel beams in a fire, simply because metal expands, softens, and collapses from the heat, while wood glu-lam or sawn beams will char and hold fast.

Recent controlled tests at Southwest Research Institute in Texas backed this fact on a scientific basis, but firemen know it from hundreds of actual blazes.

### WOOD RESISTS SHOCKS

Wood structures are highly resistant to the forces of severe earthquakes and winds. The elasticity of wood permits it to bend under the blow or shock and spring back without shattering.

California is stricter with its schools than most States are. This special concern dates back to 1933 and a disastrous quake that wrecked hundreds of buildings, including schools, mainly in the Long Beach-Compton area. Luckily, classes were not in session.

The State quickly passed its now famed Field Act "for protection of life and property" in schools. Among the hundreds of schools built or strengthened under its requirements, only one has suffered any primary damage in a tremblor—and that one was built of brick. Older and newer wood schools in the vicinity were little damaged.

Wood framing and beams go into more than 80 percent of California's schools. It supplies the qualities for resisting nature's forces, and the added cost involves "a few more nails" and expense of not more than 3 percent in all.

"Not only is wood predominant in our schools," declared a State official, "its use actually is growing as more ways are found for adapting it in certain critical areas where it has been banned previously."

Two-story schools may employ wood structurally, when fire resistive covering is used as required. San Diego, for example, is building a two-story addition of some 40,000 square feet, basically of wood. Outside balconies and stairs serve the second floor.

### INSURANCE COMPARISONS

Sometimes heard is this from schoolman or architect: "We would like to use wood, but insurance rates are too high."

Savings possible on wood construction and the savings in interest on money that does not have to be borrowed more than make up the difference on insurance. For every $3 saved on building costs, an additional dollar is saved on interest charges where the debt is paid off in 20 years.

On the all-wood Hunt Junior High in Tacoma, fire coverage costs about $1,300 a year. The rate on concrete and steel would be about $600 less. But wood saved $122,000, probably more, on construction. This saving plus the interest on it, another $30,000 at least, would pay the higher insurance cost for a couple of hundred years.

Similar instances are numerous, but the Hunt experience helps to place the insurance argument in truer perspective.

Is maintenance on wood as costly as is sometimes claimed? Few school systems keep records that are detailed enough to back up such claims. Joe Drake, maintenance boss for Salem schools, says, "Maintenance is no great problem with wood, if you use it right and apply correct finishes. We always build with wide overhangs, and that reduces care for windows and siding."

### EASY TO MAINTAIN

Good designers are helping to dispel the idea that wood is too costly to maintain. Stained rustic siding is increasing in popularity, partly because it is easily kept up.

For corridor walls, certain woods such as west coast hemlock have proved to be durable and handsome as well. Eugene Architect Clare Hamlin has found hemlock lumber much cheaper than nonwood wainscoting materials. He points to a junior high where hemlock in corridors has required little care in its 15 years of service, and is as warm in tone as ever.

Wood is durable. Some of America's oldest homes were built more than 2 centuries ago, of wood. The oldest college building used continuously for teaching west of the Mississippi still graces the Pacific University campus at Forest Grove, Oreg. It was built in 1850.

Schools are more likely to become obsolete by design or location, than to wear out. Three- and four-story schools, such as Bryant at Tacoma, are being torn down these days because their designs do not meet today's stricter standards for safety and efficiency.

Schools will keep up with the times, if they're built of wood. Today's plants must be adaptable to change, and wood is easier to alter or enlarge. Growth or starter schools are common these days, designed for later expansion. Architects for Foothill College tell of one 10-year-old school in which not one inside wall remains in its original position.

### BUILDING INNOVATIONS CITED

When neighborhoods shift, a wood school is easier to move or to tear down, with some salvage value received. Because of changing times, one school leader even suggests a 30-year expendable school. Wood structures easily last for 75 years, given normal care.

Numerous innovations in the use of wood are available to school builders. Precutting and prefabrication are techniques that can reduce onsite costs. At Tacoma, 3 acres of roof framing went into place in 1 week's time at Mount Tahoma High. This was speeded by assembling roof units on jigs on the ground.

Especially in classrooms, schools lend themselves to preassembly of components, because design can call for repetition of roof, wall, window, and sometimes floor section. Such moneysaving techniques appear desirable wherever they do not detract from a good teaching arrangement.

Glue-laminated beams easily span a corridor, two flanking classrooms and support overhangs besides. Glulams also are fashioned into beautiful arches or tapered shapes to support auditorium or gymnasium roofs.

Prefinished materials, including prime-coated lumber, plastic-coated plywood, hardboards, and other wood fiber paneling and tile are available, along with pressure-treated wood members for special uses.

Wood, in the hands of the skilled architect familiar with its great beauty and versatility, contributes much to an environment for better learning. The architect who knows and loves wood needs no urging to use it in schools for the children of today and tomorrow.

## CLASS TAX LEGISLATION

**Mr. MORSE.** Mr. President, now I wish to make a very brief statement in regard to H.R. 10, which was passed earlier this afternoon. The senior Senator from Oregon voted against the bill. He will always be proud to stand on his record against that bill, because it was another example of class legislation, and the Senator from Oregon does not vote for class legislation that results in discrimination against the people as a whole.

It will be recalled that a couple of days ago the senior Senator from Oregon opposed an amendment, which was subsequently withdrawn, to the tax bill, that would have permitted parents of college students to deduct certain amounts of money from their Federal taxes and use them to send students to college. I took the position then that that was class legislation. I took the position then that it was unfair legislation. I took the position then that what they were seeking to do was to have taxpayers who do not have children ready to go to college assume a greater burden of taxes than the parents of college students. I suggested then, where is the end of this going to be if it is done every time some pressure group in this country is politically strong enough to get through the Congress of the United States another exemption for themselves from the general tax burden that ought to be paid by all the people in accordance with their ability to pay?

As a matter of tax policy and as a matter of legislative policy, from the standpoint of the public interest, I am simply against all this epidemic which seems to hit the Congress every now and then in regard to tax exemption for some special group in this country.

All of us, on the basis of our ability to pay, should pay taxes uniformly. Those taxes should go into the Treasury of the United States. Out of the Treasury of the United States should come those sums of money which, as a matter of public policy, in the wisdom of Congress, and in the judgment of the President, should be used to support public policy programs.

I do not believe in taxation by pressure, Mr. President. I do not believe in tax exemption by way of political power for special groups in this country. In my judgment, H.R. 10 represents just that kind of class legislation, and I shall be no party to voting for that kind of legislation.

I expressed a hope yesterday in regard to the so-called tax reform bill, which is no reform bill at all, but a bill for tax dodgers. In my speech yesterday, I asked the President of the United States to take a look at it, because the country will be looking at him when he takes his pen in hand and makes a decision as to whether or not he will sign or veto the monstrosity that was passed in the Senate yesterday.

I say to the President of the United States again, "The people will have their eyes on your pen if H.R. 10 goes to the White House for signature in any such form as it left the Senate." I call upon my President to veto what in my judgment was the second monstrosity which was passed by the Senate in the past 2 days, because this, in my judgment, is class legislation at its worst.

In my judgment, no group of citizens—be they in the upper income paying brackets or in any other income paying brackets in this country—is entitled to the discriminatory favoritism which the Senate of the United States has granted this afternoon.

I want the people of my State to know, in the midst of the campaign in which I am engaged, exactly where their senior Senator stands; and that is why I make the explanation of my vote on the bill. I shall welcome any opposition on my vote on this issue in my State, because the senior Senator from Oregon does not vote in the Senate of the United States for favoritism to any group in this country based upon the principle of class legislation.

Mr. President, my vote today against H.R. 10 is the result of one simple fact about the bill—it is class legislation. It is unquestionably designed to provide retirement income tax benefits to professional people. This is not undesirable in itself; but I cannot see how this one group can be extended this kind of relief when it will continue to be denied to many more people who are in equal need of it.

I am proud to be a cosponsor of the substitute bill offered yesterday by the Senator from Alabama [Mr. SPARKMAN], S. 377. It is the product of work done by the Senate Small Business Committee. It is designed to make truly effective a retirement plan for people not now eligible for one. As a matter of fact, I offered the same measure as a substitute the last time H.R. 10 was on the Senate floor, and at that time the Senate tabled the whole matter.

My objections to H.R. 10 in the form in which it was voted on by the Senate were really outlined by the Senator from Alabama on September 6. The amendments adopted subsequently did not change the basic objection to H.R. 10.

It is that H.R. 10 permits the professional man, or woman, to take advantage of a retirement plan; and it permits the owner or manager of a business to do so at the time when a plan is established for his employees. But it does nothing for the employee whose boss does not choose to set up any pension or retirement plan at all. I think that the Treasury estimate used by the backers of H.R. 10 in an effort to minimize its tax loss really assumes that the retirement advantage it offers will be used in the main by professional people and not by small business managers and owners at all.

The bill as passed by the Senate makes the employee, including salaried employees, completely dependent on the boss' decision whether or not to set up a retirement plan. If the boss does not choose to set up a plan for himself and his employees, then the salesman or the clerk or the secretary has no right to take advantage of the retirement tax benefit on his own or her own.

I do not think that is right or fair. The substitute measure which I do favor would not make the employee dependent upon the setting up of a retirement plan by the employer. One could be established or not, just as under H.R. 10. But if it is not, then S. 377 would permit the employee to go ahead and deduct annual retirement deposits from his tax, just as the professional person with no employees may do under H.R. 10.

In many ways H.R. 10 is so heavily weighted in the direction of professional people that I think it can safely be called class legislation on their behalf.

Throughout the debate there were implications that if this tax privilege were sufficiently limited, and the loss to the Treasury thereby kept to a minimum, then it would be acceptable to everyone. That is exactly reverse logic. The more this provision is limited in its availability to taxpayers, the more certainly it is special privilege legislation, and the more reason it should be rejected.

I did not nibble at the bait and thereby get caught in the trap that ensnared many of my liberal associates here in the Senate when it was argued that the amendments to this bill have so softened it up that if could be supported.

I have three comments to make to that specious argument.

First, the amendments did not change the fact that the bill is class legislation. The amendments did not change the fact that tax favoritism was given to people in the upper income brackets with the resulting unfair discrimination against people in the lower income brackets. The amendments did not extend the availability of this provision to the general public, nor even to employees of a noncorporate enterprise which has no retirement program.

Second, the amendments do not change the fact that the bill opens the legislative lid of a Pandora's box for further demands from other special class groups in America asking for exemption from the taxes that they should pay on the basis of their ability to pay, in order that they might use the tax deduction for some special purpose to their own liking or alleged need. As I have said before in this speech, all Americans should be taxed uniformly on the basis of the principle of ability to pay. Then all the tax money collected should go into the Treasury of the United States. Then the Government, through the check and balance legislative process should decide as a matter of public policy what programs in the public interest should have the support of the Federal Treasury.

But there is no uniformity under H.R. 10.

I warn the Senate today that if we do not put a stop to class legislation taking the form of a tax exemption or deductibility for a preferred class in America as represented by this bill, we will destroy the Federal income tax system. There are many selfish groups in our country who would like to do just that. I am glad that I stood today with a gallant minority in opposition to this surrender of my party in the Senate and in coalition with the Republican side—this surrender of the principle of the uniform taxation based upon ability to pay.

Third, I did not swallow the sugarcoated pill argument that the amendments sufficiently improved the bill to justify voting to send it to conference. I have been here 18 years, and have observed this legislative gimmick work time and time again and like the old shell game. It still succeeds in deceiving many Senators. I did not fall for the legislative shell game that worked so well on the floor of the Senate this afternoon. What I mean is this:

I seriously doubt that the Senate amendments will come back from conference. Many times during my 18 years in the Senate I have been asked to vote for some bill because some window-dressing amendments have been added to it and thereby offer a political face saver to the politician who is looking for a chance to vote for a bill which he knows in fact is not a good bill.

Even if each one of these amendments came back to the Senate from conference, the bill would still be a bad bill from the standpoint of the public interest, because it is class legislation of an exceedingly dangerous sort as far as a legislative precedent is concerned.

There is one thing that especially worries me these days in American life and that is an attitude which seems to have developed on the part of so many people, that if they can get something for nothing or get some special favor granted them, although it is at the cost of the welfare of others, it is all right and constitutes good citizenship on their part, to use political pressures to obtain such favored treatment.

I would warn the American people that this is very dangerous. This public attitude can corrupt government. There have been too many examples of it in recent weeks here in the Senate. I shall be no party to giving support to such a growing public attitude. I am convinced that if politicians would stand up against it and point out to the American people the dangers in such a selfish attitude, the people upon reflection would agree and would approve the course of action the small group of us took this afternoon when we voted against this unsound bill.

This administration started out with a tax program designed to remove special-privilege tax loopholes and eventually to reduce rates for all. We have not reduced rates for all; and in the last 2 days the Senate has passed two bills creating bigger and better tax loopholes for a few favored groups.

Both bills must be vetoed if this administration is to retain the principle of eliminating loopholes as the basis for its tax program.

**Mr. MILLER.** Mr. President, will the Senator yield?

**Mr. MORSE.** I yield to the Senator from Iowa.

**Mr. MILLER.** I wish to say to the Senator from Oregon that I subscribe very much to what he had to say about the dilemma in which the President will find himself when presented with the tax bill. Does not the Senator from Oregon agree that if the bill with the incentive tax credit contained in it becomes law it will literally hamstring the President for suggesting genuine tax reductions in the next session of Congress?

**Mr. MORSE.** I do not think there is any question about it.

We have opened a Pandora's box this afternoon. We have invited one group after another to use great lobby power and political power to get one type of tax exemption after another. We will cut to bits the whole tax system of this country based upon ability to pay if we follow that kind of precedent established here again this afternoon.

Most frankly I wish to say that I do not know what has happened in the closing weeks of this session of Congress. I do not know what has happened to my party. I do not know what has happened to the judgment of Democrats in regard to these pieces of legislation which, in my opinion, are setting such unfortunate precedents, which will rise to plague the party in 1964, 1966, and 1968, as they are already plaguing the party in this historic campaign of 1962. I wish the men in the Senate would listen to their Democratic leaders at the precinct level of America. They are shocked by the record of the Democratic Party in the last month in the Congress of the United States. They simply do not understand what has happened to their party, in view of the great platform of 1960, which we are so far from carrying out.

The kind of legislation to which we should be devoting ourselves is what was set forth in that platform, instead of the class legislation to give discriminatory favoritism to powerful pressure groups in this country.

I am on record, Mr. President. I wanted to go on record this afternoon, for I wanted the people of my State to know exactly why the senior Senator from Oregon voted as he did.

I did not play politics with this issue, Mr. President, as I do not play politics with any issue, for if I had wanted to play politics I would have gone along with the stream. In my judgment, on an issue like this, one has to be willing to paddle his canoe against the current. In my judgment, if we do not get the Democratic canoe going upstream against this current pretty soon it will go over the falls, and, in my judgment, it will be destroyed in the campaigns of 1962 and 1964.

---

## ORDER FOR ADJOURNMENT UNTIL 10 A.M. ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations tonight it stand in adjournment to meet at 10 o'clock on Monday morning next.

The PRESIDING OFFICER (Mr. Burdick in the chair). Without objection it is so ordered.

---

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the House amendments to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. COOPER. Mr. President, I wish to make a few comments on the amendment I have offered to the House amendments to S. 2965, the public works bill, for myself and the junior Senator from Iowa [Mr. Miller].

The amendment I offered was for the purpose of correcting an error in the House version of the bill, S. 2965, which is now before the Senate.

Before I explain the nature and the purpose of the amendment, I think it would be proper to explain to my colleagues the provisions of the measure before the Senate, and to compare it with the version which was passed by the Senate several weeks ago.

Senators will remember that the original S. 2965, proposed by the administration, would have provided a total authorization of $2.6 billion; $2 billion would have been authorized for use by the President in standby authority, to be made available and to become effective when certain circumstances obtained; that is, with respect to an increase in unemployment.

The second important provision of the original bill was that $600 million should be authorized for immediate use for the initiation of public works during fiscal year 1963.

Senators will also remember the method of financing which was proposed in the original bill; $600 million was to be by regular authorization, to be supported by appropriations provided by the Appropriations Committee. The standby authority was to be financed to the extent of $2 billion by unobligated funds to be drawn from independent agencies of the Government such as the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Housing and Home Finance Agency, and even the World Bank.

In the committee, the minority opposed the standby authority of $2 billion and the peculiar method of financing. I must say it was not only unusual, but perhaps the first time such a method had been proposed. The committee rejected our efforts to delete the standby provision of the bill and the method of financing it.

The bill, as it was reported, provided $2.6 billion. At that time, with the support of the Democratic majority, although they had opposed it in the committee, the method of financing by borrowing from the unobligated balances of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, Housing and Home Finance Agency, and the World Bank, was stricken from the bill, and it was provided that the authorization should be supported by the Appropriations Committee.

The bill as it finally passed the Senate provided $750 million standby authority for the President and authority for $750 million to be made available during fiscal year 1963.

The bill went to the House. The House committee reported its own bill. When the bill reported by the House committee came before the House itself, an amendment was offered to strike certain sections of the bill reported by the House Committee on Public Works, and to insert an amendment to provide an entirely new measure in its place. This struck the entire provision which would have given standby authority to the President of the United States, but it provided $900 million for the initiation of public works in fiscal year 1963.

It came back to the Senate in that form, and was referred to the Senate Committee on Public Works. Then the bill was voted out of the Senate Committee on Public Works in the same form as was passed by the House and it is now before the Senate.

It is admitted by all that there is an error in the bill as it was passed by the House and sent to the Senate. The error is in the bill now before the Senate. The amendment which I have offered would correct the error.

I should like to explain to the Senate the circumstances under which the error occurred. When the House committee reported its bill to the floor, it contained a section 9. When the bill was amended on the floor of the House, the new version of the House bill did not contain any section 9. Section 3 in the House version of the bill is identical with section 9 of the bill that was reported from the committee. Nevertheless, in section 5 of the House bill, where reference should have been made to section 3 of the House bill, reference was made to section 9, when in fact there is no section 9 in the bill.

After the bill was passed, Representative Blatnik, who I think was manager of the bill, asked unanimous consent of the House to request the Senate to return the House bill to the House, and that when it was returned, the Clerk be authorized and directed to correct the engrossed copy of the House amendment.

Mr. RANDOLPH. Mr. President, will the Senator yield at that point?

Mr. COOPER. I yield.

Mr. RANDOLPH. Though I have no direct information, my understanding is that the minority leader, Mr. Halleck, was not disposed to object to the request of Representative Blatnik. That is only an understanding. But I think that observation should be included at this point in the Record, when the Senator is discussing the legislative history.

Mr. COOPER. I thank the Senator.

According to the Congressional Record of August 31, page 18299, the following statement was made:

> Mr. Blatnik. Mr. Speaker, I ask unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965 with the House amendments thereto; and that when said bill and amendments are returned to the House, the Clerk be authorized and directed to make the following corrections in the engrossed copy of the House amendments:
>
> On page 6, in lines 12 and 19, strike out "section 9" and insert "section 3."

That is the amendment which I have offered today.

According to the Record, Mr. Auchincloss stated:

> It is evidently and clearly an oversight when the amendment to the bill was introduced striking the coordinator from the bill. I have no objection to this amendment and withdraw my reservation of objection.

Subsequently Mr. Gross made the objection:

> Mr. Gross. Mr. Speaker, I object to the request of the gentleman from Minnesota. This is a technical error that can be corrected either by the Senate or in conference. I object.

The House not being able to act upon the motion of Mr. Blatnik to correct the error, there was no correction, and the bill is before the Senate without the correction having been made.

It may be asked why I am offering the amendment. I am sure that it may sound frivolous to some. I am sure it could appear that way to some Senators. Also it could be said that the reason I am offering the amendment is that, if it should be accepted by the Senate, the bill would have to return either to the House for a second passage or to a conference.

If the Senate should accept my amendment, it would be necessary for the bill to be acted upon by the House, or, if there should be a conference, it would have to be acted upon by the conference. If that should occur, either the House or the conference could correct the error. Then I am sure the question may be raised as to whether my amendment was being offered only to send the bill back to conference or to the House, thereby bringing about the defeat, or at least a delay, of the bill.

I wish to be frank. I know these questions might be raised. While my amendment would have the effect of sending the measure back to the House or conference, my purpose in offering the amendment is not to delay or defeat the bill. I voted for the public works bill in the Senate Committee on Public Works. The first bill was reported, although I had opposed the standby authority and the peculiar method of financing included in it. I offered amendments to the public works bill on the floor of the Senate. They were defeated, but I voted for the bill.

I have said to many Senators that I favor the public works bill, particularly in view of the unemployment situation, and at a time when there are those who, through no fault of their own, cannot obtain employment.

It is argued that it is not necessary to correct the error in the bill and that it could be corrected by the legislative history or by an interpretation on the floor. I do not know. It may be possible to correct it by interpretation on the floor. But it is not certain.

So the first point I make in offering my amendment to correct the bill is that I believe those who support a public works bill ought not to run the risk of seeing an ineffective bill or a nullity passed because of an error in the bill.

When we speak about the legislative history to correct an error in a bill to make certain its intent, certain rules of interpretation are applicable. A very good memorandum on the subject has been prepared by the office of the legislative counsel. I believe it sets out clearly the statement of the rules of interpretation as they have been laid down by the courts with respect to legislation enacted by the Congress.

Senators must remember that in the first instance the bill is intended to express the intent of Congress.

I quote from a memorandum in the case of *Mitchell* v. *Great Works Milling Company*, 17 Fed. 498, which is still quoted as an authority. I quote from page 4 of the memorandum:

> We must take it to be true that the legislature intend precisely what they say, and to the extent which the provisions of the act require, for the purpose of securing their just operation and effect.

If it is to be corrected by legislative interpretation, of course we are in the difficult position that no report of the committee is before us. If this error was made in the House, I do not know that we can, by our action or by our interpretation, correct or make clear what the House intended to do. In fact, the only applicable thing before the Senate as far as action of the Senate is concerned, is that the Senate Committee on Public Works, with full knowledge of the error in the bill, reported it. If we act upon the bill with full knowledge of the error, it would seem to me that our action would be inconsistent with the interpretation which the Senator in charge of the bill, the Senator from Oklahoma, would like to see placed upon this language.

However, I will not argue this point at length, because I recognize that this would be a question for the courts. To be perfectly honest, there is a real question whether it will be tested in the courts. I assume that if the bill passes the Senate without being corrected, legislative action is ended. If the President signs it, I would assume that the agencies of Government which would carry out the provisions of the act would be impelled to carry them out. I do not know whether anyone would actually assert a substantial interest in the act, or question the validity of the point I have made, to say that this error invalidates the bill.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MILLER. Recognizing that it might be difficult for an individual to establish a substantial interest in a taxpayer's suit, I am wondering whether it would not be entirely possible for someone who felt aggrieved in some area redevelopment project, whose property might be affected, to obtain relief in a Federal court and to tie up the project by prolonged litigation, inasmuch as Federal funds were involved, under the defective section of this bill.

Mr. COOPER. I believe that is wholly possible. I am one who wants to see the public works bill passed. I say it is rather careless, not proper, for the friends of the bill to look at this error and allow it to pass, knowing that it is an error which might invalidate the bill.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. McNAMARA. If the error the Senator is referring to makes reference to section 9 in the bill, when there is no section 9, but should refer to section 3——

Mr. COOPER. Yes.

Mr. McNAMARA. Since there is no section 9, and it is such an obvious error, it seems to me there would be no basis for litigation under the circumstances. I have no fear about that.

Mr. COOPER. I said only a few moments ago, that it is entirely possible, if the question were raised in court, for the court, looking at the whole matter, and recognizing that Congress does not mean to pass a bill without securing its just operation and effect, might say that the language was plain and that the error would not invalidate the act.

However, I do want to say that there is some risk attached to it. I cannot understand why the Senate, knowing that the bill is incorrect, would not want to correct it. When I offered the amendment to correct the bill in the Committee on Public Works the amendment was defeated. I know the effort will be made to defeat it on the floor. The reason is that the Democratic leadership does not want the bill to go back to the House. I am not so afraid of that. I notice that when the bill was passed in the House it was passed by a vote 221 to 192.

I come to my last point. Even though it may not be important in connection with this bill, it is nevertheless a bad precedent to set, and a rather bad procedure for the Senate to follow, to pass a bill knowing that it contains an error.

It cannot be said that importance is not attached to the correction of errors, because the method is provided for the correction of errors. The method is provided, first, that it be corrected by either House when the error is known. Second, if the error is not known until the bill is passed by both Houses, that error shall be corrected by the adoption of a concurrent resolution. That indicates the purpose of Congress in the passage of bills to be careful about errors and to insist that they be corrected. Further, in the rules relating to the enrollment of bills—although that rule may not be applicable in this case—it is provided that the Secretary of the Senate shall correct a bill as it was passed. That means he would have to correct it so as to have it enrolled in the form in which it actually passed the Senate, even though he knew there was an error in it, because the Secretary of the Senate cannot correct an error without authority of the Senate to do so.

All these rules show the intention of the Senate and of the House to see that legislation is passed without errors even in the language or in typography. There is a reason for this. Assuming that in this case the error, which is apparent, does not affect in any way the operation of the bill, I would think that if it becomes a common practice to pass bills knowing that there are errors in them, it is a bad precedent, because there could be instances where the passage of an incorrect bill might invalidate it.

We also know that a majority of the committee and a majority of the Senate do not want to correct the error because they do not want the bill to go back to other House.

How many times could that argument be used in the future? Suppose the House passes a bill by a close vote and it comes to the Senate and the Senate decides that it does not want it to go back to the House. Where would we stop? Where would we draw the line in the acceptance of errors before we would decide to send it back to the other House?

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. McNAMARA. The question I should like to ask the Senator is this: I understand that a member of the committee in the House indicated that they did not think it was necessary to take the bill back. We are not acting arbitrarily, therefore, in opposition to the House, but, instead, we are acting in conjuction with the House.

Mr. COOPER. I would have to say to the Senator that he is wrong in that regard. The manager of the bill asked that the bill be returned to the House so that it could be corrected. I have placed that fact in the Record. I have referred to the Record of August 31, page 18299.

Mr. MILLER. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. MILLER. I should like to ask the Senator from Michigan how he can make that statement in face of the reported statement by Mr. Blatnik, when he said:

> Mr. Speaker, I ask unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965 with the House amendments thereto; and that when said bill and amendments are returned to the House, the Clerk be authorized and directed to make the following

> corrections in the engrossed copy of the House amendments.

That does not indicate to me, if I correctly read the English language, that there was any consent or agreement on the part of the House that this amendment was not necessary.

Mr. McNAMARA. Mr. President, since the question of the Senator from Iowa was directed to me, I should like to have an opportunity to answer.

Mr. COOPER. Certainly; I yield.

Mr. McNAMARA. There is no question that the Senator from Iowa has quoted the RECORD correctly; but there was an inquiry by the gentleman in the House. I do not speak for him; he is capable of speaking for himself. He later got information, upon pursuing the point, that the action he sought could be taken by the legislative processes of the House. That has already taken place; and, as we were told in our committee, and with the additional legislative history that can be made on this particular point in the Senate, there would be no need to send the bill back. This is what I understand very clearly to be the position of the gentleman from Minnesota, Mr. BLATNIK, in the House of Representatives. The situation now is different from what it was at the time the question was raised on the floor of the House.

Mr. COOPER. I have explained the purpose of offering the amendment. I contend that the error should be corrected for the reasons I have given: first, to make certain that when the bill passes, it will have full force and effect; second, I think it is a bad precedent for the Senate to pass a bill knowing that it contains an error, when the rules of the Senate and the processes of the Senate in connection with legislation are designed to correct error. This is bad precedent and could haunt the Senate in future legislation, even though it may not be harmful in this case.

Mr. RANDOLPH. Mr. President, will the diligent Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. RANDOLPH. I know of no Member of this forum for whom I have higher personal and official esteem than the senior Senator from Kentucky. This expression is not merely a pleasantry which is presented by the Senator from West Virginia. I conclude now, as always, that when the Senator from Kentucky speaks, he explains his opinion from considered judgment. But I disagree with him in this instance. Often we stand together. I hope that nothing will be done in reference to further action on the proposed legislation which might militate against its passage before the conclusion of the 2d session of the 87th Congress. In saying this, I believe I interpret, at least in degree, the thinking of the Senator from Kentucky. He favors the legislation. We are in disagreement as to how, perhaps, it may come to speedy enactment.

Mr. COOPER. Yes; I have said I favor the proposed legislation. I have supported it for many years.

I thank the Senator from West Virginia for his remarks; but I have given reasons why I believe the correction should be made. I think the statements which have been made reinforce my position; namely, that this is an important bill and that we should not ignore the usual processes and rules of the Senate.

Mr. HUMPHREY. Mr. President, first, the comments of the distinguished senior Senator from Kentucky are always worthy of the most serious consideration by the Senate. I, for one, know that he supports the public works program and that his efforts here are not made to delay or to obstruct. I want that to be made quite clear.

I have examined into this situation which we are now discussing; namely, the amendment of the Senator from Kentucky. My interest in it is not only because I am an active supporter of the public works bill and have collaborated with and cooperated with my good friend, the Representative from the Eighth District of Minnesota, Representative BLATNIK, in matters relating to public works; but my interest in the amendment comes because, after a careful examination of the record of the House and after discussion with Representative BLATNIK, it is quite clear that the intent of the House in reference to section 9 and section 3; namely, the striking out of section 9 and the inserting of section 3, was unmistakable.

As was stated by Representative BLATNIK, of Minnesota, the situation was as follows, and I quote from the RECORD of August 31, page 18299:

> Mr. BLATNIK. The truth is when we offered the amendment we changed the sections in our prepared amendment, line by line, correcting the error as far as our committee was concerned. It was suggested at the desk to the Member offering the amendment that to save time he merely used the phrase "and renumber the following sections accordingly," which he did. This was an oversight since the amendment presented to the desk contained the language necessary to make the changes inadvertently omitted. So section 9 of the original bill became section 3. However, in a cross-reference of the original language of the bill itself, where we refer to section 9 in two instances, this also should have been changed to section 3 as the amendment of the committee showed when brought to the desk. This is purely a technical correction. This same thing has happened on a few occasions before, in one instance in connection with a foreign aid bill. The intent, of course, is clear, that these two cross-references should be section 3.

Everyone agreed to the proposal presented by Representative BLATNIK. There was no disagreement as to the intent of the House. The ranking Republican Member agreed. Even the Representative who was interrogating Representative BLATNIK agreed as to what the intent was. The minority leadership of the House and the ranking minority Member, as well, did not object to the interpretation and the request made by Representative BLATNIK.

Ordinarily, it would be right and proper to proceed according to the way the Senator from Kentucky has suggested. But the Senator from Kentucky, in his customary fairness and frankness, has stated the situation accurately.

This public works acceleration bill was hotly contested in the House of Representatives, as it was in the Senate. It was controversial. There were yea-and-nay votes. While the yea-and-nay vote in the House of Representatives gave a substantial majority to the bill, nevertheless there was pretty much a party-line division. Ordinarily, once the majority had expressed its will so conclusively, a request on the part of the manager of the bill to make certain technical corrections would automatically be honored.

And it was quite obvious that the minority leadership of the House and the ranking Republican member of the House Public Works Committee were prepared to follow the normal procedure of honoring the request of the manager of the bill to make certain technical corrections which did not deal at all with substantive matters.

But what happened? The fact is that Representative GROSS, of Iowa, objected to that request. That objection was indicative of the opposition which had been registered against the bill at the time when it was considered and voted on in the House. In other words, the majority of the House had expressed their will, and had passed the bill, and then the bill came to the Senate. And when the Member of the House who had handled the bill on the floor of the House and had had that primary responsibility made his request, he did not contemplate that objection would be made, because it was realized and agreed by the ranking minority Member that the error was a technical one, and that the intent of the House had been made manifest and was clear. But then objection was made by the Representative from Iowa to the unanimous-consent request after the House had expressed its will. Certainly I do not criticize him for making whatever decision he wished to make; that was his privilege. But certainly, too, it was a warning flag, to those of us who support this legislation, that a little technical error, which had nothing to do with the substance of the bill—and that was fully understood when the explanation was made—might delay the progress of this vital piece of legislation.

Mr. President, this legislation is too important to be killed because of an inadvertent, clerical error, primarily an error at the desk in the other body in interpreting a request about modifying an amendment.

Therefore, Mr. President, when we in the Senate today consider the proposal the distinguished Senator from Kentucky has made, certainly we must bear in mind the entire situation. The Senator from Kentucky is very fair, and he has pointed out the whole problem. Certainly there is much merit to the argument he has made about the precedent which might be established, though this has happened before; and under ordinary circumstances I would say his amendment should be agreed to without delay. However, these are not ordinary circumstances.

We hope we are coming to a period in the deliberations of Congress when we shall be able to adjourn sine die. We know we have serious and important and controversial legislation ahead of us. We know that all forms of delaying tactics can be engaged in.

Therefore, inasmuch as it is now quite clear, and has been made clear by all those who have handled this legislation, the managers of the bill in the House and the managers of the bill in the Senate—that the technical error which was made has no relevancy to the substance of the bill and does not in any way change the substantive matter contained in the bill, it is important for us to realize that to run the risk of sending the bill back to conference or of returning it to the other body, for new action, would be anything but prudent.

I may add that if, later on, it develops that some Member of the Senate wishes to correct this technical, inadvertent error, the Congress can legislate on an amendment to the act as simple as the one proposed by Representative BLATNIK—in short, by merely referring to the bill as enacted, and by taking action on an amendment, as new legislation, to that act, rather than delaying the progress of this legislation so vital to the unemployed men and women of this Nation.

But it is my view that in light of the explanations which have been made, and in light of the frank, cooperative statement made by the chairman of the Public Works Committee, and in view of the action taken by the manager of the bill in the House, there is no doubt what the situation is, and it is clear that the error made by inserting "9", instead of "3", was only a technical error which has no relationship to the substantive legislation.

Everyone knows that when a court examines legislation, it considers carefully the legislative intent and the legislative history.

I also understand that the distinguished Senator from Oklahoma [Mr. KERR] has consulted with the Bureau of the Budget, and that the Bureau of the Budget and its attorneys find that, in view of the intent which has been developed, there is no basic need to make a correction.

Mr. RANDOLPH. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. On the point just made, I can substantiate what the Senator from Minnesota has said as to the viewpoint of the Bureau of the Budget.

Will the Senator from Minnesota yield further?

Mr. HUMPHREY. I do, indeed.

Mr. RANDOLPH. Let me ask a question: In light of the situation at this session, is there not the added danger that in delaying action solely to correct what was clearly a minor technical inadvertence which crept into the House bill, there might develop, in the hectic closing days of the session, a period of tension which could contribute to the demise of this worthwhile legislation?

Mr. HUMPHREY. That is a very real possibility, if recent developments portend anything as to the future, because there have been days, here in the Senate, when I wondered whether we would get anything done, in light of the tensions and the difficulties encountered.

I must say that in view of the fact that the Senate passed the bill a long time ago, and in view of the fact that a considerable length of time elapsed before action was taken on the bill by the other body, and in view of the fact that there is recognition that the bill involved a hard-fought partisan battle, obviously we must face up to this situation, and those of us who want a public works program should accept what was before us.

I believe the bill was passed by the Senate on May 28—which proves the point the Senator from West Virginia has made. In short, if it took from May 28 to the latter part of August to get the bill passed by the other body, then, Mr. President, I wish to say that although I love my work and although I have indicated that we may be here as late as Christmas, yet I do not think we should push January 1 as the date of the sine die adjournment—although, in view of the indications, that may be the case.

Mr. RANDOLPH. Mr. President, will the Senator from Minnesota yield again?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. Time does run its troubled course; and are there not indications that as we come to the final stages of this session, the status of pending legislation is often on the ragged edge?

Mr. HUMPHREY. Yes, I think there are such indications. But I hope this stage of the session will not be too troubled. In fact, I believe that if we engage in wise planning, the difficulties will be less than may be feared and the tensions may decrease.

Mr. RANDOLPH. Mr. President, will the Senator from Minnesota yield for the spinning of a yarn?

Mr. HUMPHREY. I yield. We can use a story.

Mr. RANDOLPH. A farmer and his wife had a grandfather's clock which they loved very much. Yet, as they became older, and when time was for them perhaps running out, the mechanism of that cherished clock became weary and finally stopped. It no longer struck the hours, and its hands were too weary to turn around the dial. They loaded the clock onto their old buckboard, and took it to the county seat town; and there the watchmaker found that the repairs which were required would take several days. So he asked them to return the following week.

On that date, they returned; and the clock was ready. They took it home, and set it in its accustomed place, at the foot of the steps, just off the parlor. They were so delighted to have it back with them again for it was almost a member of their household. That night they sat listening to the ticking of the clock, and especially to its hourly striking, which was very resonant. Usually they retired at 9 o'clock. On this night they did not. But when 11 o'clock struck, they thought they had rocked in their chairs long enough, and they would go to bed because of a happy weariness.

But after they had climbed the narrow staircase the husband said to his wife, "Let us talk awhile, and we can hear it strike 12."

So they did. But when it struck 12, it then struck 13, and then 14, and then 15, and then 16—and on and on; and when it struck 40, the farmer threw off the bedcovers, and exclaimed "Ma, let us get the heck out of here. It's later than I ever knowed it to be."

This, Mr. President, is a story from the hills, used by me when the hour grows late at campaign meetings. The Senator can understand it.

Mr. HUMPHREY. Yes; but it has a great moral lesson, if the Senator is indicating that we should get out of here.

Mr. RANDOLPH. Indeed so. [Laughter.]

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. McNAMARA. While the Senator is making a history of the progress of this legislation through both Houses, to some degree, I think it should be added that this measure was reported from the Public Works Committee of the Senate, after due consideration of the problem we face, by a vote of 11 to 1. Three or four Senators were absent from the committee meeting at the moment the vote was taken, and it was agreed that the clerk would poll them for their vote. I do not know what the result was, but the measure was reported from the committee by a vote of 11 to 1.

Mr. HUMPHREY. The Senator's observation is very helpful and pertinent.

Mr. MILLER. Mr. President, in connection with a discussion of the legislative history with respect to the technical error, which might also be an error of substance in the eyes of a judge with respect to this bill, I point out that there are two kinds of situations which may be presented to the court when legislative intent is the question.

One—and this is the only one that the Senator from Iowa has ever experienced—is a situation in which the error results from inadvertence or oversight on the part of the legislative body. In such a situation, a court is sometimes called upon to draw a very fine line between interpreting the law on the one hand, which is within the proper province of the judicial branch of the Government, and, on the other hand, making law, which is within the province of the legislative branch of the Government.

When an error or oversight or cloud exists as the result of inadvertence or oversight on the part of the legislative branch of the Government, it is traditional that the judicial branch will try to cooperate with the legislative branch through the process of interpreting what we call legislative intent. Legislative intent must be established with respect to the interpretation of a law.

In this case we have a situation in which there is no law. As the Senator from Kentucky [Mr. COOPER] pointed out, we have a nonexistent law because section 9 is nonexistent.

I can understand how a court, even in that situation, might try to give efficacy to the legislative intent; but I can also understand how the court might find it very difficult to enter the field of law in that situation, notwithstanding the fact that it was a situation arising from inadvertence or oversight.

As I have said, the Senator from Iowa knows of no situation similar to the situation in this case in any of the cases he has read regarding legislative intent. I know of no example of deliberate action of the legislative branch of the Government, saying in effect, "We are going to deliberately legislate an error in the law." I question whether a judge would think it proper for the judicial branch of the Government to make law.

I believe that situation is exactly what will be presented if the amendment of the Senator from Kentucky is not adopted. Not only is it extremely dangerous to the effectiveness of this law, but I think it would establish a very dangerous precedent.

I can understand cooperation existing between the judicial branch and the legislative branch when an error has arisen as a result of inadvertence; but if the legislative branch deliberately legislates an error, it is asking quite a bit for the judicial branch to make a law for the legislative branch.

I can well understand how a judge might say, "The legislative branch had its chance, it knew exactly what it was doing, and it is within the province of the legislative, and not the judicial, branch of the Government to correct the error."

Mr. President, I send to the desk an amendment, and ask that it be printed in the Record, and lie on the table and be printed.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, will be printed in the Record.

The amendment ordered to be printed in the Record is as follows:

> Sec. 7. This Act shall take effect November 15, 1962.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. MUNDT. I should like to associate myself with the point of view expressed by the Senator from Iowa. It seems to me that when errors of this type occur there is a proper procedure for correcting it. The only valid, legal, and sensible procedure is by amendment.

Legislative history is created not by one or two or more Senators making statements on the floor of the Senate, not even by what is said by the chairmen and ranking members of commitees; legislative history is created with validity only by a demonstration that it is supported and endorsed by a majority of the Members of the Senate. If there is a discussion and some Senators say "We understand it this way" and other Senators say "We understand it that way," and an effort is made to create authorizations for expenditures by virtue of such expressions of intent, it seems to me that the legislation is thrown into chaos.

Members of the Committee on Appropriations will be called upon to act rather promptly in connection with whatever is decided with relation to this public works bill. I think a point of order would lie, with validity, against any appropriation which we might bring in which is not based upon a definite authorization. Furthermore it would require an overwhelming majority of the Senate to approve an appropriation which was passed without authorization, and it would be subjected to all kinds of legal contests, even though an overwhelming majority were rallied behind it.

The proper, expedient, and correct procedure to follow is to offer whatever amendments are required to correct the error, have the amendments agreed to, go to conference, obtain concurrence by the other House, and legislate in the Senate in conformity with precedent, propriety, and the constitutional provisions under which this great body operates.

I congratulate the Senator for having called this question emphatically to the attention of the Senate. I hope when we work our will on the problem that confronts us, we will do it, as legislators, by legislation, and not by something which is trumped up to say "This is the legislative intent," when Solomon himself could not say what was the legislative intent, save only as recorded in a vote by Members of the Senate.

Mr. MILLER. I thank the Senator from South Dakota for his kind remarks, and also the point he makes with respect to appropriations. I reemphasize that I can see trouble ahead when and if this problem is presented to the court, because while it could be argued—assuming that the amendment of the Senator from Kentucky should not prevail—that a majority of the Senate defeated the amendment and, with their eyes wide open, passed the bill knowing that there was an error in it, and therefore it reflects legislative intent, I can also understand that a court might say, "When the legislative branch of the Government does such a thing deliberately, we do not think the judicial branch should extend the hand of cooperation to the legislative branch. We will draw the line when this happens through inadvertence or oversight, but if the legislative branch expects the judicial branch to legislate, it had better make clear, through its own legislative process, exactly what is intended, and, when the opportunity presents itself, correct a bill when it needs correction."

## PROPOSED PRESIDENTIAL AUTHORITY TO EMPLOY ARMED FORCES

Mr. MILLER. Mr. President, with respect to the proposal to have Congress pass a resolution similar to the one adopted in 1955 authorizing President Eisenhower to employ our Armed Forces as he deemed necessary to protect Formosa and the Pescadores Islands from the Communist Chinese threat, I would hope that such a resolution would be most carefully weighed and worded. As Commander in Chief of the Armed Forces, the President already has this authority, so I am not persuaded that such a resolution is necessary.

If, on the other hand, the purpose of the proposed resolution is to reflect determination and clear purpose of the American people to firmly meet the problem of Cuba, then it would seem appropriate for the resolution to reaffirm the principles of the Monroe Doctrine, to make a finding that such principles have been violated, and to call upon the President to establish a war materiel blockade of Cuba, preferably in cooperation with the Organization of American States but unilaterally if need be, as I recommended in my statement on the floor of the Senate yesterday.

Mr. President, with respect to reports that the President is sending to Congress the draft of a bill which would authorize him to order 150,000 reservists to duty for 12 months and to extend for 12 months other periods of service, I note that the President's press secretary commented that this stems from the critical nature of the international situation. I note also that a report states that diplomatic observers see psychological warfare implications in the President's request, such as impressing Premier Khrushchev with the determination of the administration to maintain a firm stand in Berlin and all Europe. My reaction is that Mr. Khrushchev would not be impressed at all. As a matter of fact, last year at the time of the Berlin crisis, I suggested that the strategy of the leaders in the Kremlin might well be to have a turning on and a turning off of various crises, hoping that our reservists would be called up and then sent home, then called up again and sent home again, in an on-again-off-again strategy designed to wear us down psychologically and financially.

No, Mr. President, Premier Khrushchev is not going to be impressed by the callup of 150,000 more conventional troops. As I stated a year ago, President Kennedy's call for sacrifice must be a two-way street. It means matching sacrifices of New Frontier domestic spending programs with the sacrifices occasioned by military preparations and military activities. This he has not seen fit to do, and until he does, I shall be unimpressed by the proposed legislation.

I might say that, in my opinion, Mr. Khrushchev would be far more impressed if we stopped trading with Communist bloc nations, if we closed down his embassies and legations here, and if we imposed a war materiel blockade of Cuba, or if we indicated that these actions would be undertaken if he persists in perpetrating crises around the world and persists in his aggressive philosophy of world domination.

## STRIKE BY ORDER OF RAILWAY TELEGRAPHERS AGAINST THE CHICAGO & NORTH WESTERN RAILROAD

Mr. MUNDT. Mr. President, a very serious situation confronts the people of the great farm heartland of America, represented by the States of the Midwest.

In the past few days we have heard and read a great deal about taxes and their effect as to the shoring up of our economy. We have heard it said that a change in the tax structure is needed to get our economy moving at a faster pace.

I call to the attention of the Senate the fact that in the Midwest, on this Friday afternoon in the closing hours of this session of the Senate, the economy of

South Dakota, Wisconsin, Illinois, and a number of other States served by the Chicago & North Western Railroad is not moving ahead. In fact, the economy is fast coming to an almost complete halt. I say this because in the Midwest today there has been called against the Chicago & North Western Railroad a strike by the union known as the Order of Railway Telegraphers. This strike, now in its 9th day, has brought to a halt all rail movement on the over 10,000 miles of track of the third largest railroad in this great Nation. This strike by 1,000 union members of the Order of Railway Telegraphers has idled more than 16,000 other railway union members, depriving them of their full economic income, and has virtually stopped entirely the handling of the freight loads over the railways of that area.

For more than 5 years the Order of Railroad Telegraphers has been trying to have included in its contract with the railroad a rule which states:

> No position in existence on December 3, 1957, will be abolished or discontinued except by agreement between the carrier and the organization.

This rule, if it had been placed in effect, would have kept the railroad from modernizing and making more efficient its operations throughout America through the years.

Last April, President Kennedy appointed a distinguished, impartial panel of factfinders, as authorized by the Railway Labor Act, to investigate the Northwestern labor dispute. After many hearings, in which both sides were heard, this Emergency Board made its report and recommendations to President Kennedy. In summary, the Board recommended:

First. The union withdraw its proposed rule.

Second. The railroad should provide a comprehensive program of employee protection as outlined in the Board's report.

As to the union's demand for a veto power, the Emergency Board concluded that such a demand "would seriously impair efficiency and would represent an undesirable approach to job security."

The North Western Railroad accepted the recommendations of the Presidential Emergency Board, recommendations which imposed responsibilities and duties upon them as well as denying to any group of employees the right to stultify, to stop, and to paralyze the progress of technocracy.

The union rejected the recommendations made by the Presidential Emergency Board and has defied those recommendations and called a strike which is causing undue economic hardship in the Midwest.

In my opinion, it is indeed unfortunate for all America and for the economy of this country that this union has not faced up to its responsibilities and accepted the Emergency Board recommendations, thereby settling the differences over the conference table in negotiations. The demands of this union—with 1,000 strikers affecting the employment and family incomes of over 16,000 other union members—constitute "featherbedding" of the worst kind.

It is a demand for power over the future of the railroad. We are all familiar with the report of the Presidential Commission earlier this year, which recommended that the railroads should not be required to maintain jobs for which there are no duties, and that all employees should perform a fair day's work for a fair day's pay. That is the good old American principle which made our country great, and which has built our mighty unions into the strong forces which they are. That principle should be respected.

During the past few days I have had telephone calls, telegrams, airmail letters, and conferences in my office, all urging me to take action to bring an end to this unfortunate strike. I only wish it were within my power to do so. I have done everything I can conceivably do in that direction. I wired the Secretary of Labor, supporting him in his efforts to mediate the strike as soon as possible.

In South Dakota the strike is having an adverse effect on the defense buildup of our Nation. We talk about our concern over the building of a Red fortress in Cuba. We talk about the necessity of appropriating billions of dollars for our national security. We hear that the President will again request authority to call reservists from their civilian jobs and put them into uniform.

But we have a strike which deals directly against the security of America. For example, in western South Dakota, the Chicago & North Western Railroad services the area which is being dotted by missile sites. Construction on the missile sites is grinding to a halt because of the present serious shortage of needed equipment. Most serious is the shipment of intersite cable for communications between sites. In our area time is at a premium, and work is being pushed to have the cables laid before the ground freezes. It is unfortunate that the irresponsible union leadership of this small union has seen fit to delay construction of missile sites which are basically a part of our defense posture, a the very time that the President is rumored to be asking the Congress to give him authority to call more men into the armed services.

Furthermore, the strike, coming in the midst of the harvest in this area, is terribly devastating to the income of our farmers and to the overall economy of our farm States. Our elevators are bulging with grain. Some of it is lying on the ground in huge piles, deteriorating. It is not being moved to market. The economic loss to the farmers in my area is untold and is mounting astronomically every day that the strike continues.

Mr. President, those results have been caused because the union leadership has not faced its responsibilities. We are about to harvest out in South Dakota a sugarbeet crop estimated at a value of about $2.5 million.

These sugarbeets must be shipped by rail from the harvest area to the processing plant in Belle Fourche, S. Dak., by the railroad now on strike. Sugarbeets are perishable. They will not await the beginning of their deterioration while endless negotiations go on between the strikers and their employees.

Today, as I speak on the Senate floor—at this very hour—the sugarbeet producers of southeastern South Dakota are meeting in Vermillion, S. Dak., to discuss ways and means to solve their problem. They have telegraphed me. They have called me on the telephone. My colleague, Mr. BOTTUM, and Representative REIFEL of the First Congressional District are attending a meeting of people who see the fruits of their hard toil throughout the summer months of production turning to ashes in their hands as their sugarbeets are threatened by deterioration because the railroad is unable to deliver them to the sugar mill.

Mr. President, the services of this railroad transportation are essential if we are to protect and salvage the crop. It has been said that the beets cannot be trucked to market at all, and that they will be lost unless the service is reactivated. Think what a $2.5 million loss will mean to South Dakota agriculture because this union of 1,000 members, in a nine-State area, flouts the President and his Emergency Board recommendations.

I should add that the bentonite plans in the northern Black Hills area of South Dakota are closing down. Other types of plants are also grinding to a halt or have announced that they will have to close in the near future if the strike is not settled. Other States have the same problem. Other Senators can speak about the problems in their States. I know what the strike means to the economy of South Dakota. I know what the strike means to the defense posture of America as it paralyzes the important defense work being done within the boundaries of my State.

Thousands of people have been furloughed from jobs which they need, and more are being furloughed. Jobs are denied them because of the obstinacy of a small union of 1,000 people.

The President's Emergency Board has made recommendations for the settlement of the strike. The public is demanding that it be settled. Our economy requires that it be settled. Our national defense and our possibilities of survival require that it be settled.

Therefore I call on President Kennedy to demonstrate the same concern and leadership in bringing this strike to a halt that he used in reversing the proposed increase of steel prices a few short weeks ago.

I will let others who are more familiar with the steel industry than I decide in their own minds whether the action he took with respect to the steel price increase situation was appropriate or inappropriate, whether it was necessary or unnecessary, and whether it was done with propriety or impropriety.

In taking such action, at least the President was demonstrating concern about the national economy. All I ask of him now is that he demonstrate the same concern over the economy of the nine-State area, and that he demonstrate the same concern in settling this strike that he demonstrates in seeking to call new reservists into uniform because of the ugly situation in Cuba and the problems incubating around the Berlin wall in Berlin.

Let us see today the same enthusiasm for bringing pressures to bear on the leadership of this small union of a thousand members that the President himself brought to bear on the steel officials, so that we can see a halt to this uncalled-for strike.

Surely the President supports the position taken by his own Emergency Board. All that is required from him is action, leadership, and a determination to bring an end to this unjustified strike. All that is needed from him is a demonstration of the same anxiety, concern, and determination to protect the economy of this nine-State area that was manifested by his actions, justified or unjustified, in trying to do something to protect the economy when he felt that the steel price increase was imperiling it.

Surely, Mr. President, somewhere in all the powers granted to and exercised by the President, there is one authoritative provision which could be used to bring the union into line.

Or let the President take to the television and the radio, as he did in the steel price matter. Let him speak to Americans through the press and other media of communications, to arouse public opinion against this strike, and to provide the methods and procedures required in order to begin to bring it to an end.

In the spirit of the President's philosophy, let action be taken which will get the railroads moving and the economy of the Midwest moving once again.

In short, let President Kennedy act now to get America moving again in the Midwest on the railroad tracks. Failure to do so means that we jeopardize our defense, destroy farm income, and weaken the economy of a nine-State area at a time when we all desire to have the economy of America growing.

Mr. President, I have before me a number of news stories which appeared in South Dakota and other newspapers, which I ask unanimous consent to have printed in the RECORD at this point in my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Huron (S. Dak.) Plainsman, Aug. 31, 1962]

### NO FAST SETTLEMENT SEEN IN RAIL STRIKE—PARTIES RESUME NEGOTIATIONS—WISCONSIN MILLS MAY CLOSE DOWN

CHICAGO.—Full-scale negotiations resumed today for the first time since a strike closed down the Chicago & North Western Railway, but a Federal mediator said, "I don't see any quick settlement."

Mediator Francis A. O'Neill, Jr., made the statement after top officers of the 10,565-mile railroad and of the striking AFL–CIO telegrapher's union had met for more than 2 hours.

"They went over the issues in a cool, calm, and collected manner," O'Neill said. "We neither went forward nor backward."

The day-old walkout of 1,000 telegraphers which brought the Nation's third largest railroad to a halt was already having an impact upon life in the Midwestern Farm Belt. Wisconsin papermills said they might have to close, wheat farmers feared there would be no boxcars to carry their crops to market, and hundreds of towns were without railroad service.

Chicago commuters who rely on the North Western—36,000 entering and leaving the city daily—struggled for the second consecutive day to make the trip to and from their jobs.

National Mediator Francis A. O'Neill, Jr., was guardedly optimistic as he brought the opposing sides together.

"I'm going into this meeting with every hope we can find an area of agreement," he said. "If we find such an area it (the negotiations) will get off the ground, it will move fast. So far, we have not found an area."

O'Neill said he would keep at the job of trying to resolve the railroad-union job security dispute through the Labor Day holiday. He said "there is no real animosity in this case," but added that the North Western and the striking Order of Railroad Telegraphers had failed to agree on any of 10 points recommended by a Presidential factfinding Board.

Railroad President C. J. Fitzpatrick and and ORT President George Leighty were the chief negotiators. Leighty said there had been no change in either side's position, but added, "I think we should be able to reach a reasonable agreement in a reasonable time. I'll keep talking as long as O'Neill wants me to."

Outgoing Labor Secretary Arthur Goldberg said at Washington there "has to be" a settlement.

In Wisconsin's Fox River Valley 11 papermills announced they would have to close down if the strike is not settled in 4 days. Some 450 Wisconsin communities were left without rail service.

Shipments of wood pulp and iron ore were stranded near Escanaba, on Michigan's economically blighted Upper Peninsula.

South Dakota's U. & I. Sugar Co. feared a shortage of boxcars to pick up the sugarbeet crop, to be harvested next month.

At the Ankeny, Iowa, John Deere & Co. farm implement plant, workcrews hammered away at an emergency loading dock along the tiny Fort Dodge, Des Moines & Southern Railway in order to move a shipment of cottonpickers needed within the next 10 days and originally ticketed for the North Western. Plant officials said they have $7 million worth of farm equipment to ship in the next 6 weeks.

Cedar Rapids, Iowa's Quaker Oats Co. plant reported delays in raw materials and finished product shipments, which were being shuttled to other railroads by truck.

Paul Guiser, of the South Dakota Wheat Commission, warned of a possible pileup of newly harvested wheat crops in the Great Plains because of the strike. At Rapid City, S. Dak. a Milwaukee Road locomotive picked up 15 carloads of wheat from the North Western.

Iowa's Meredith Publishing Co., Hawkeye-Portland Cement, Firestone Tire & Rubber, and Goodyear Tire & Rubber reported serious shipping problems due to the strike.

Air Force officials in South Dakota reported the strike has already set back construction of missile bases by a week and created a shortage of cable for communications equipment.

Army Corps of Engineers officials said the strike may delay work on the $50 million Oahe Dam and the $124 million Big Bend Dam in South Dakota.

Gov. Archie Gubbrud, of South Dakota, appealed to President Kennedy to halt the walkout.

The North Western carries 80,000 passengers daily, 70,000 of them on Chicago-area commuter trains.

Some Chicago commuters came to work by air. Chicago Helicopter Airways added two flights to the Loop.

A commuting insurance salesman from McHenry, Ill., just "stayed home and harvested hay."

---

[From the Huron (S. Dak.) Daily Plainsman, Aug. 30, 1962]

### TELEGRAPHER STRIKE HALTS SPRING WHEAT SHIPMENTS—10,000 MILES OF BIG ROAD CLOSED DOWN—16,000 EMPLOYEES GIVEN "FURLOUGHS"

CHICAGO.—The Nation's biggest rail strike in 16 years shut down the 10,565-mile Chicago & North Western Railway today and there was little hope of an early settlement.

The iron wheels on the North Western's 9-State midwestern network stopped rolling as last-ditch efforts by Labor Secretary Arthur Goldberg failed to head off the walkout of 1,000 telegraphers at 7 a.m. central daylight time.

Another 16,500 North Western employees refused to cross picket lines and the railroad ordered operations halted.

Full-scale negotiations stopped at 2 a.m. but resumed on a restricted basis at midday. National Mediator Francis O'Neill, who took over the negotiations after Goldberg gave up, met with Telegraphers' Attorney Lester Schoene and said he planned to get together later with Railroad Board Chairman Ben W. Heineman. He indicated he might try to get the two sides together at the same bargaining table later in the day.

O'Neill served advance warning that the railroad and the striking AFL–CIO Order of Railroad Telegraphers were still far apart on the basic issue of job security.

Picket lines sprang up at depots throughout the Middle West and there were reports that some passengers had been stranded at Eau Claire and Green Bay, Wis. Private cars and a plane aided the stranded Green Bay passengers. In Chicago, the city transit authority reported 1,200 extra riders on the city's elevated and subway trains.

The strike cut off transportation to one-third of Chicago's army of suburban railroad commuters and threatened economic hardship across the Middle West and the Great Plains.

#### DEPOT IS DESERTED

A total of 72,000 commuting passengers—approximately 36,000 persons riding in and out of Chicago each day—had to find other means of transportation. Commuters got up with the dawn to catch trains before the strike deadline or else drove extra miles to link up with other rail lines. Car pools were organized in the suburbs. The monolithic, gray North Western depot, straddling two blocks west of the Loop, became a ghost building.

Out in the farm country, the strike threatened a serious boxcar shortage for shipment of wheat from the Great Plains to the flour mills of Minneapolis. Progress on construction of the $350 million Oahe Dam and $124 million Big Bend Dam in South Dakota could be hobbled.

South Dakota Gov. Archie Gubrud warned that an extended strike could be a serious threat to the State's economy.

#### BIGGEST SINCE 1946

In terms of trackage involved, it was the biggest walkout since railroad engineers went on strike and tied up all the Nation's railroads in 1946. The last two major strikes affecting individual railroads halted operations on the Louisville & Nashville from March 14 through May 10, 1955, and on the big Pennsylvania network from September 1 through 12, 1960.

The North Western ranks as the Nation's third largest railroad in terms of operating trackage behind the Santa Fe and the Southern Pacific. Its rail system covers Illinois, Wisconsin, Michigan, Minnesota, Iowa, North and South Dakota, Nebraska, and Wyoming.

The telegraphers demand a "job freeze" retroactive to 1957, with provisions that no jobs be eliminated without consultation with the ORT. A presidential emergency board ruled against the job freeze proposal and the North Western maintained that union demands would amount to a veto power over its modernization plans.

President Kennedy sent Goldberg flying to Chicago Wednesday in hopes of ramming through a last-minute settlement. Goldberg got the news of his appointment to the Supreme Court as he bargained with the railroad and union chiefs.

But he was unable to cap his last major administration assignment with success.

### THREE-STATE UNION BASE SET UP HERE—1,000 IDLED IN SOUTH DAKOTA

Nearly 1,000 employees in South Dakota were idled today and construction of Air Force missile bases set back a week by a strike of the Order of Railroad Telegraphers against the Chicago & North Western Railway.

A spokesman for the missile site activation task force (SATAF) as Ellsworth Air Force Base near Rapid City said supplies for contractors building missile bases throughout western South Dakota would be rerouted to trucklines and other rail carriers.

"Most serious is the shipment of intersite cable for the communications between sites," the Air Force spokesman said. "Time is at a premium because work is being pushed to get the cables laid before the ground freezes."

Normal production will be resumed as soon as alternate shippers are put into service, the Air Force said.

The strikers set up operations here to direct Dakota division pickets at Watertown, Huron, Belle Fourche, and Rapid City, S. Dak., and Chadron and Long Pine, Nebr., and Casper, Wyo.

Shipments to and from the South Dakota cement plant at Rapid City were diverted entirely to the Milwaukee road which normally shares the load with C. & N.W.

About 50 men were idled at Rapid City, 49 at Belle Fourche and 283 at Huron. Two pickets showed up with printed placards at the Belle Fourche terminal but a construction crew continued work on track repair in the area.

The U. & I. Sugar Co. said it would not be hurt for the time being but $2.5 million in sugarbeets are in the ground in this area and in eastern South Dakota. Boxcars must be spread throughout eastern South Dakota to pick up the beets when they are harvested in September and October.

"We can't ship the beets by truck, we have to have the railroad to operate," George Lash, plant superintendent at Belle Fourche, said.

All of the bentonite plants in the northern Black Hills and Belle Fourche area were shut down with the exception of the Eastern Clay Co. which was shipping the bentonite to Deadwood by truck to catch the Chicago, Burlington & Quincy trains.

Archer-Daniels-Midland, one of the bentonite firms, said they would not be laying off any personnel but would use them for maintenance work if the strike did not last too long.

Pickets Jack Schmeler and John Kirkman of Belle Fourche, said they were instructed by the union not to make any statements.

John Sibert, area director for the U.S. Army Engineers, said the strike would have no immediate effect on the progress of the Oahe Dam project at Pierre. "However, if it were continued over a long period, it could have serious effects on completion of various features that make up the project, including the installation of additional power units," Sibert said.

Pickets were allowing employees to enter the terminal at Rapid City to pick up paychecks but advised drivers of all cars pulling into the lot that the strike had begun, and rail operations were shut down.

Loss of the rail service may result in a pile-up of freshly harvested wheat in many cities served only by the one railroad.

A Milwaukee road engine picked up about 15 C. & N.W. cars at Rapid City to move them to wheat terminals on the Milwaukee tracks.

Progress of a project vital to the $124 million Big Bend Dam project was expected to be halted unless the strike is settled soon, but construction of the dam itself is not expected to be affected.

J. C. Patterson, area Army engineer at Big Bend, said the Missouri Basin Construction Co. needs the C. & N.W. to ship crushed rock from quarries in eastern South Dakota to Pierre and Fort Pierre for a bank stabilization project at the upper end of the proposed Missouri River Reservoir.

He said a big load arrived yesterday, but it would be spent in a few days.

Patterson had hoped to finish one side of the river this fall to permit diversion of the Missouri's channel on one side while the other side is worked on during the winter.

The strike was expected to affect progress at the nearly complete $350 million Oahe Dam near Pierre, since its only rail supplier is the C. & N.W., and some Minuteman missile bases under construction in western South Dakota.

Some 283 railroad workers here alone were put out of work by the walkout, and a spokesman for the railroad estimated that a payroll up to $150,000 monthly would be lost to the city.

Gov. Archie Gubbrud, calling the strike a potential threat to the economy of the State, said at Pierre, "We sincerely hope they can get together. A strike at this time is just not good for the economy."

Gubbrud and the State public utilities commission Wednesday wired President Kennedy to ask him to do something to halt the strike.

Senator JOSEPH H. BOTTUM, Republican, of South Dakota, and his Democratic opponent in the November 6 election, former Food for Peace Director George S. McGovern, both implored Labor Secretary Arthur J. Goldberg to help settle the dispute.

Paul Guiser, chairman of the South Dakota Wheat Commission, said the stfike would have a definite effect on movement of wheat into terminal markets, and an effect on movement of wheat from the Great Plains States into export channels. He said the commission may hold a special meeting to deal with the problem, but that most officials are out of State at present.

---

[From the Wall Street Journal, Sept. 6, 1962]

### SHIPPERS ON STRUCK C. & N.W. FURLOUGH MORE WORKERS; MOVEMENT OF GRAIN SLOWED

CHICAGO.—Shippers along the Chicago & North Western Railway continued to lay off workers as the strike that has closed the railroad and curtailed their operations goes into its second week.

Officials of the railroad and the striking Order of Railway Telegraphers continued separate talks with a Federal mediator yesterday. With no apparent signs of progress, shippers expressed fears of increasing trouble if the strike is prolonged.

The halt in rail service, which stems from a dispute over union job security demands, is resulting in worker layoffs, production slowdowns and higher shipping costs for companies using alternate shipping means. The strike has halted all C. & N.W. trains over its 10,600-mile system that winds through nine States. It is being felt most acutely in communities with no other rail service.

Francis A. O'Neill, Jr., a member of the National (Railway) Mediation Board, met yesterday morning with officials of the Telegraphers Union, and later with management. There was no word of progress.

Following yesterday's talks, Mr. O'Neill said, "Both sides are still pretty solid in their positions." He said he is trying to reach some common ground that might satisfy both the union and railroad. No new proposals nor hints of compromise have been effered by either party, he added.

The mediator, who said he will stay in Chicago until a settlement is reached, plans to meet with railroad officials late this morning, and will probably talk to the union later today.

### MOVEMENT OF GRAIN BOGGED DOWN

The lack of rail service is severely hampering movement of grain in the C. & N.W.'s predominantly agricultural territory. An official of Iowa Farmers Grain Co., Des Moines, a cooperative organization of some 300 elevators based there, said elevator operations "are tremendously bogged down" due to the strike. With no outbound shipments, storage bins have filled up and the elevators can't accept grain from farmers.

In Milwaukee, Continental Grain Co. laid off 12 of 28 workers who load and unload grain at its elevator there, Bernard Steinweg, manager, said. "We are unable to take grain in or ship it out by rail, which brings our operation to a virtual standstill," he said. "A prolonged strike will undoubtedly result in further layoffs," he added.

Cargill, Inc., Minneapolis, shut down its Chicago soybean processing plant for repairs last Thursday, and decided not to reopen this week because of the strike. It would have been too costly to start the mill for the limited production that trucks could have handled, a spokesman explained. The plant normally processes about 30,000 bushels of soybeans daily, he said.

Quaker Oats Co., Chicago, is shipping "a large percentage" of its normal output from its Cedar Rapids, Iowa, cereal plant by leasing trucks and working overtime, a spokesman said. Quaker leased about 20 trucks to shuttle shipments to another nearby railroad and employees worked through the Labor Day weekend to keep shipments moving, he said. This method has resulted in substantial extra shipping costs, he added.

### MIDLAND ELECTRIC CLOSES MINE

General Mills, Inc., Minneapolis-based flour miller and packaged foods processor, called the impact of the strike on its operations "substantial." Two of the concern's plants, a Minneapolis flour mill and a soybean plant in Belmond, Iowa, are served exclusively by the C. & N.W. A General Mills spokesman said, "We are trying to keep these in operation and will do so as long as possible by using other means of transportation."

Extra truck shipments are resulting in "substantially increased costs," the General Mills spokesman said. He said he didn't know how long the company could operate the two plants by relying entirely on truck shipments.

J. I. Case Co., farm machinery manufacturer, also is turning to trucks to handle output of its Racine, Wis., and Rockford, Ill., plants, a spokesman said. He said Case doesn't anticipate slowing production "for the time being." But "if this goes a month or two, who knows?" he added.

Midland Electric Coal Co., Chicago, closed its Middle Grove, Ill., mine and laid off all 300 workers for the duration of the strike, Thomas Mullins, president, said. The mine, served only by the C. & N.W., had been turning out about 6,000 tons of coal daily. The mine couldn't ship out coal and couldn't get any empty freight cars to stockpile it in, so it was forced to close, he said.

The telegraphers' union is demanding that no telegrapher's job be abolished except by negotiated agreement between union and railroad management. The C. & N.W. contends this amounts to demanding a job freeze and a veto power over the railroad's right to modernize its operations.

The railroad said it would accept the report of a Presidential emergency board that recommended the union drop its demand and that the railroad provide extensive layoff benefits, pensions, displacement allowances, and job retraining for telegraphers who lose their jobs. The union claims it has neither accepted nor rejected the report, but so far has stuck to its job security demand.

Since late 1957, when the dispute started, the railroad has trimmed about 600 telegraphers from the payrolls through station consolidation and abandonment, and now hopes to eliminate about 70 more.

---

[From the Chicago Tribune, Sept. 1, 1962]

## RAILWAYS ASK PRESIDENT TO HALT C. & N.W. STRIKE

(By Thomas Wolfsmith)

Community agencies, shipper groups, and railroad leaders asked President Kennedy yesterday to use his influence to end the 8-day strike against the Chicago & North Western Railway.

James E. Wolfe, chief railroad negotiator in the industry's fight to end featherbedding jobs, called on the President to halt the strike by 1,000 telegraphers, which has idled the 10,000-mile North Western system in a 9-State Midwest area.

Wolfe, chairman of the western carriers conference committee and chairman of the labor committee of the Association of Western Railways, has led the railroads' attempt to change work rules which are costing the industry nearly $600 million a year.

### SOUTH DAKOTA HEARD FROM

Wolfe was joined by the South Dakota Industrial and Expansion Agency and the Farmers Elevator Association in pleas to use his influence to get the striking Order of Railroad Telegraphers to accept a Presidential Emergency Board report.

Ben W. Heineman, North Western chairman, received a vote of confidence yesterday from the road's board of directors who voiced opposition to the union's demand for a voice in management decisions on elimination of jobs.

### CITES PRESIDENT'S ROLE

Heineman called the strike over job security "senseless and unnecessary" in a letter to Chicago area suburban mayors and village presidents.

He said later that a strike such as the one now in progress "is won or lost in the court of public opinion—this was really the intention of the Railway Labor Act."

An emergency board determines the issues and the public makes its position known, he said, and the President "is the greatest mobilizer of public opinion."

Wolfe charged that the railroad unions have considered the Railway Act "nothing but a scrap of paper." He said the act contemplated that the recommendations of an emergency board would be accepted through the "force of public opinion." The North Western has accepted the Board's report, but the union has not, he said.

Meanwhile, the farmers association meeting in Huron, S. Dak., said the walkout was "inflicting staggering losses on the economy of South Dakota." It charged projects were being shut down throughout the State "by this union attempt to force the negotiation of job curtailment on railroad management."

### FACE MANY LAYOFFS

The South Dakota industrial agency told Kennedy and W. Willard Wirtz, newly appointed Secretary of Labor, that the strike will force the layoff of hundreds of workers in the Black Hills pulpwood industry. It said the State faces serious economic loss.

While groups made pleas to President Kennedy for action to halt the strike which began August 30, Francis A. O'Neill Jr., member of the National Mediation Board, continued to move between the carrier and the union in hopes of finding a road to an agreement.

O'Neill said the dispute ranked among the "toughest types to settle, when you have an emergency board report which is pretty specific." Both parties have different interpretations of the report, he said.

### NO CLARIFYING ASKED

Asked if the Board might be reconvened to clarify its recommendations, O'Neill said neither side has suggested that as yet. Such an action would be highly irregular.

O'Neill met yesterday with Theodore Van Patten, North Western director of personnel, for about an hour, and later conferred with George E. Leighty, president of the Telegraphers Union. No progress was reported in the talks.

### CENTERS ON JOB ELIMINATIONS

The dispute concerns the elimination of 620 jobs by the North Western after the union had served a demand that no position in existence on December 3, 1957, be eliminated without its approval.

An Emergency Board set up by President Kennedy recommended the union withdraw its demand and work out agreements on a 10-point program covering compensation, retraining, and notice of layoff.

The union, while agreeing that some jobs must be abolished through station consolidation and automation, is asking a voice in the decisions on elimination. The carrier has asserted such a right would amount to a veto over its management rights.

---

[From the Sioux Falls (S. Dak.) Argus Leader, Aug. 31, 1962]

## RAILWAY STRIKE AFFECTS THOUSANDS

CHICAGO.—Management and union officials arranged new bargaining talks Friday in an attempt to get trains rolling on the strikebound Chicago & North Western Railway.

The impact of the walkout Thursday morning by less than 6 percent of the carrier's 16,500 employees deepened.

### SYSTEM TIED UP

The strike over job elimination issues by fewer than 1,000 AFL–CIO telegraphers made a ghost carrier of the Nation's third largest rail system.

The strike halted all trains on the 10,600 miles of tracks used by the railroad in nine Midwestern States. Members of other rail unions refused to cross the telegraphers' picket lines.

Twenty daily longrun trains and 180 commuter runs were stopped. Some 35,000 daily commuters in the Chicago area who rode the trains from suburbs to and from work scrambled for other means of transportation.

### CAR POOLS FORMED

There were jams on buses, other rail lines and expressways. Car pools and even helicopters helped get the commuters on their way.

About 40,000 freight cars, 417 passenger cars and 750 diesel locomotives stood idle.

The railroad estimated its loss of revenue at $600,000 a day and the loss of pay to employees at $2.375,000 a week.

The normally bustling North Western station, the carrier's general headquarters, was a cavern. Lights were dimmed and restaurants, snack shops and newsstands were closed. One ticket window remained open—for persons wishing to cash in tickets.

There were no horse players waiting for the special trains to Arlington Park, but there were more than 12,000 at the track.

### EL TRAINS PACKED

Hundreds of commuters said they drove miles to board other suburban lines. Passengers stood in many coaches and Chicago Transit Authority elevated trains were packed.

Two additonal helicopter flights were added during the rush hour from O'Hare International Airport on the far northwest side to Megis Field on Lake Michigan near the Loop.

On a Milwaukee Railroad train from nearby Elgin, a conductor gave up trying to collect fares when he was unable to push through crowded aisles.

### SHIPMENTS DELAYED

The strike threatened grain shipments from the Great Plains to flour mills in Minneapolis. Manufacturers served only by North Western rail facilities moved their urgent shipments by truck to and from plants. Much of the normal movement of industrial and farm supplies was delayed or halted.

George E. Leighty, president of the Telegraphers, said there is not "a Chinaman's chance" of a quick settlement. He said any settlement depended on Ben W. Heineman, North Western chairman.

---

# STRIKING OF MEDALS FOR 100TH ANNIVERSARY OF ADMISSION OF WEST VIRGINIA INTO THE UNION

**Mr. HUMPHREY.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1848, S. 3154.

The **PRESIDING OFFICER.** The bill will be stated by title for the information of the Senate.

The **LEGISLATIVE CLERK.** A bill (S. 3154) to amend Public Law 86–184, an act to provide for the striking of medals in commemoration of the 100th anniversary of the admission of West Virginia into the Union as a State.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

**Mr. HUMPHREY.** I wish to assure the Senator from South Dakota that the minority has cleared this matter. There is no objection to it.

**Mr. MUNDT.** I thank the Senator for his assurance.

**Mr. RANDOLPH.** Mr. President, I trust that during the centennial year in West Virginia, the year 1963, the Members of the Senate and of the House of Representatives, in fact, the citizens of the whole United States and peoples of other countries, millions of them, will make a pilgrimage into West Virginia. We want our visitors to see our hills, sometimes rolling and sometimes rugged, but always beautiful. We want our visitors to sense the history of an area born of conflict in the War Between the States. We want our visitors to be on the soil of a State associated with the earlier years and activities of George Washington, the Father of the Republic. Here transpired the historical events which have meant so much, not only to us as West Virginians, but also to the peoples of the Nation. It was in the darkest hours of the American Revolution that George Washington is said to have exclaimed when he was sorely troubled and he feared for the cause for which he fought so valiantly, "Give me a banner to plant upon the hills of West Augusta"—that being another name for what is now known as West Virginia—"and I will gather around me those men who will set this bleeding Nation free."

There is a sense of history. We want those who come next year to visit us to understand it and to be strengthened by its existence.

We want those who come to witness the efforts we are making to further the diversification of industry in our State. We desire that our visitors anticipate with us the creativeness and the resourcefulness of a people who, although very proud of their heritage, are very generous in their hospitality and very genuine in their cooperation with others from distant States and countries.

Mr. President, on behalf of Gov. W. W. Barron, of West Virginia, and the approximately 1,800,000 persons who populate our State, to invite the Members of this forum—and, of course, the Members of the other body, regardless of the political aisle that divides us, to journey to West Virginia.

This is a very sincere invitation.

My esteemed colleague, Senator Byrd, and I, in offering the legislation for the striking of medals to commemorate the 100th anniversary of West Virginia, are not only symbolizing the greatness of a State, in its centennial year, but we are also thinking in terms of a State with a future—a promising and positive future.

The Governor and officials of West Virginia, the centennial commission, and hundreds of our fellow citizens on committees in the 55 counties, are working diligently for a better State and a suitable and meaningful centennial program of activities, events, and exhibits.

I am appreciative of the fact that the Senator from Minnesota has given me this opportunity, in extemporaneous references, to talk briefly yet earnestly of West Virginia and our people.

Mr. HUMPHREY. I wish to assure the Senator from West Virginia that many of us will visit his wonderful State and those marvelous and wonderful people. I commend the Senator upon his initiative in the matter of the striking of medals for the centennial. I also commend his colleague from West Virginia.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That Public Law 86-184 is hereby amended by striking out, in section 1, line 7, the words "not more than two hundred thousand silver medals" and inserting in lieu thereof "not more than twenty platinum medals, twenty thousand silver medals, and seven hundred and fifty thousand bronze medals."

Sec. 2. Public Law 86-184 is further amended by striking out, in section 2(b), line 2, the words "in silver".

## EXTENSION OF DURATION OF COPYRIGHT PROTECTION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1850, House Joint Resolution 627.

The PRESIDING OFFICER. The joint resolution will be stated for the information of the Senate.

The Legislative Clerk. A joint resolution (H.J. Res. 627) extending the duration of copyright protection in certain cases.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HUMPHREY. Mr. President, I have a letter from the Senator from Tennessee [Mr. Kefauver] to the majority leader relating to the bill. I ask unanimous consent that it may be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Committee on the Judiciary,
*August 28, 1962.*

The Honorable Mike Mansfield,
*Chairman, Democratic Policy Committee,*
*P-34 Capitol, Washington, D.C.*

Dear Mr. Chairman: On August 20, the Senate Judiciary Committee ordered favorably reported to the Senate House Joint Resolution 627 (Report 1888) extending the duration of copyright protection in certain cases.

The measure is a temporary one designed to prolong copyrights in certain cases, minimizing the hardships faced by those whose works were published in the early 1900's, saving copyrights not yet expired. This resolution would simply prolong copyrights for a reasonable period while Congress studies improvement for our entire copyright system.

It is my sincere hope that the policy committee at its next meeting will consider clearing the bill for floor debate.

Kindest regards.

Sincerely,

Estes Kefauver,
*U.S. Senator.*

Mr. HUMPHREY. Mr. President, in order to inform our colleagues as to the purpose of this particular measure, I ask unanimous consent that an excerpt from the committee report be printed in the Record at this point.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE

The purpose of this legislation is to continue until December 31, 1965, the renewal term of any copyright, subsisting on the date of approval of this measure, where such renewal term would otherwise expire prior to December 31, 1965. The purpose of the joint resolution is to provide an interim extension of the renewal term of copyright pending the consideration by the Congress of a general revision of the copyright laws, including a proposed increase in the length of the copyright term.

This legislation merely provides for the prolongation of the subsisting renewal term of copyright and does not involve creation of a new term of copyright. It does not involve, nor has the committee considered, the fundamental questions that will arise when a general revision of the copyright law is undertaken.

The bill was ordered to a third reading, was read the third time, and passed.

## EARTHQUAKE RELIEF FOR IRAN

Mr. HUMPHREY. Mr. President, the director of the food-for-peace program, special assistant to the President, Richard W. Reuter, has informed the Senate, through the chairman of the Senate Committee on Agriculture and Forestry, with respect to the distribution of food for peace commodities in meeting the emergency needs of the Iranian people following their recent earthquake disaster. Mr. Reuter was kind enough to make available to me, at my request, a copy of the letter to the chairman of the committee, the Senator from Louisiana [Mr. Ellender]. The letter is dated September 4, and it tells in specific detail the vast food supplies which have been made available promptly and effectively to the people in Iran who have been the victims of this terrible catastrophe in these vast sections of the country.

I am very much pleased that our Government has responded quickly. The Iranian people are our friends. The Government of Iran is an ally and a friend. The Vice President of the United States has been in Iran in recent days, conveying the friendship and solidarity of the people of the United States to the Government of Iran in their resistance to Communist infiltration and aggression.

It will be of interest to the American people to know that because of the supplies of food which we have in the Commodity Credit Corporation, we were able to act promptly to relieve human suffering and respond to the request and the plea of a fine and noble people, the people of Iran.

This is another example of what it means to have available in stock—on the shelves, so to speak—supplies of food and fiber which are so important for peace and good health and happiness.

I remind critics of our great agricultural endeavors, particularly those who have been critics of our farm people and their fabulous production, that it is because of this food and fiber which is wholesome and nutritious, and which meets high quality standards, that we are able to respond when there is great need. No other country on the face of the earth can do this as fully, as adequately, and as promptly as the United States.

Furthermore, it should be noted that our Armed Forces in Europe, as well as our military missions in other parts of the world, have responded to the needs of the Iranian people in this instance, just as they did in Chile a couple of years ago, when a tragic earthquake took a terrible toll of life and property in that country.

I am proud that our military forces stand not only as guardians of freedom around the world, but also as the agents of the American people in a humanitarian concern for the well-being of people everywhere.

Mr. President, I ask unanimous consent that the report from Mr. Reuter, to which I have referred, be printed at this point in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

The White House,
*Washington, September 4, 1962.*

Hon. Allen J. Ellender,
*Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

Dear Mr. Chairman: I thought the Committee on Agriculture and Forestry would be interested in a report on the immediate effectiveness of our food-for-peace commodities in meeting the emergency needs of the Iranian people following their earthquake disaster.

U.S. food-for-peace supplies presently in Iran are adequate to meet emergency food needs and AID/Washington has already authorized necessary diversion to the earthquake area. Stocks on hand total more than 17 million pounds and are currently being drawn upon for immediate distribution to disaster victims. Supplies of flour, milk, beans, and oil sufficient to meet the needs of 100,000 people for 6 weeks can be made available. Additional supplies adequate for an extended further period are presently en route on the *Green Island* scheduled to arrive September 13; on the *Steel Artisan* and *Overseas Joyce*, both scheduled to arrive September 25; and the *Steel Seafarer* due October 3. Two additional flour and milk shipments are already in position for arrival later in October.

These supplies in Iran and being shipped to Iran are under the food-for-peace title II Public Law 480 program providing 30,000 tons of wheat and 20,000 tons of barley for drought relief and food-for-wages programs reaching almost 500,000 Iranians and under a 32,603,000-pound title III voluntary agency CARE program that provides school lunch and family feeding assistance to some 200,000 recipients during fiscal year 1963. The drought relief, school lunch and family feeding programs can be maintained, on a reduced basis, according to present Washington projections, during this emergency feeding.

AID/Washington has requested AID/Iran for information for replacement of such borrowed supplies and has requested long-range rehabilitation needs for the winter period as soon as available. The Department of Agriculture is stepping up its procurement under both title II and III programs in order to refill the pipeline for normal programing as soon as possible.

Provided these emergency diversions are agreed to by the Government of Iran, the food-for-peace program stocks can adequately meet apparent emergency needs without the diversion of food from other countries. Such diversions from food-for-peace programs in neighboring countries would be available, however, if later information should indicate greater food needs than now envisaged.

In addition to the above there are presumably small stocks of wheat available in Iran under title I sales for local currency contracts. The Department of Agriculture has shipped some 100,000 tons of wheat to Iran since January of this year. There are still 2,000 tons of wheat and 5,000 tons of edible oil available for shipment to the Government of Iran under outstanding title I sales agreements. It is presumed that these will not be required for the present emergency in light of other available stocks but may then be important to help cushion the inflationary tendency on food items of a disaster of this magnitude.

Material Resources Office of AID, after consultation with me, moved initially on this emergency Monday morning, September 3. Agriculture and AID coordinated the emergency planning in my office this morning, September 4.

I will keep you informed should there be any major revision of the food-for-peace program during this emergency.

Sincerely,

RICHARD W. REUTER,
*Special Assistant to the President,*
*Director, Food for Peace.*

Mr. HUMPHREY. Mr. President, Mr. Reuter is the new director of the food for peace program. I commend him for his effective leadership and his administrative competence, which are demonstrated by this work.

Mr. MUNDT. Mr. President, I should like to associate myself with the comments made by the distinguished acting majority leader [Mr. HUMPHREY] concerning the great use which is being made of our surplus commodities in order to meet emergencies such as the one which has so unfortunately devastated Iran. I recall that when the original food for peace legislation was being conceived and written—incidentally, by the Senate Committee on Agriculture and Forestry, of which the distinguished Senator from Minnesota was then a member——

Mr. HUMPHREY. As was also the distinguished Senator from South Dakota.

Mr. MUNDT. I was happy to be associated with the Senator. It was a committee project. I suppose it had the sponsorship of every member of the committee. We worked on it for a long time, putting together different ideas that had been advanced basically in the Senate up until that time. As he knows, we talked about it and hoped that this great food reservoir could be put to this type of use, not only because of its humanitarian reaction, which, of course, was paramount, but also as a tool for peace, to demonstrate to men of good will everywhere that the United States had not only the will but also the means to come to the rescue of people in desperate straits. When the Soviet Union responded with adjectives, we responded with action. When they provided forensics, we provided food.

I agree with the statement of the Senator from Minnesota that the large surpluses which our farmers are able to produce have many advantages, along with some of the disadvantages which accrue from the fact that the law of supply and demand is out of balance. This type of use of our abundance pays dividends which I wish could be placed in the credit balance of agriculture, so that the farmers of America might receive credit for it, and that those who sometimes complain, and understandably so, about the costs of our farm program would realize that there are great dividends, sometimes intangible, which should, in some form or other, be included as an offset to the expense of the farm program.

Mr. HUMPHREY. I thank the Senator from South Dakota. I am sure that every other Senator concurs in his remarks. While there is a constant reminder of the costs of the farm program, all too seldom are we reminded of what the program has done for our own people, for the prosperity of our own country, and for the health and well-being of people all over the world. The farm people of America, as much as or more than anyone else, ought to have a sense of accomplishment and a humble pride in their contribution to the peace of mankind and to the health and welfare of mankind. The farmers of America have produced an abundance of food which has saved millions of lives and has literally dried the tears of many people who have been in pain chiefly because of hunger.

## FEDERAL AID TO EDUCATION

Mr. MOSS. Mr. President, as the 87th Congress draws to a close we have a record of many words—and few deeds—in behalf of what I believe is the Nation's No. 1 domestic concern, the education of our youth.

Despite the urging of President Kennedy and despite the wise action of the Senate in acting favorably on a good school bill, S. 1021, in the first session of this Congress, the record is a shameful one. As we go back to our respective States this fall, we will all at one time or another pay tribute to the value of our educational system in keeping our Nation free and strong. These high sounding phrases will sound cynical indeed to the teachers and parents of our schoolchildren.

This week nearly 40 million young people returned to the classrooms of our public schools—to find in far too many instances conditions worse than when they left last June. Many will meet new teachers for the first time. And far too many of these teachers, nearly 100,000 according to the U.S. Office of Education, will be professionally unqualified for the solemn responsibility which they have. An estimated 10 million of these children will be in overcrowded classrooms, many in actually unsafe buildings, faced with another 9 months of uninspiring environment, lackadaisical instruction from overworked teachers, inadequate and out-of-date textbooks. Can this situation really be expected to give them the understanding of, and dedication to, the ideals of this Nation which we politicians describe so eloquently, and neglect so tragically? The answer is "No."

We are so often told by those who oppose increased Federal financial support for education that the States can do the job without any national program of financial aid. Let us look at the record of the State of Utah which I have the honor to represent.

Utah ranks very high—fourth in the Nation—in the number of fully qualified teachers, with 95.8 percent of all its teachers holding at least the bachelor's degree. Of this we are justifiably proud. We are not proud of the fact that we rank 29th in teachers' salaries—$500 below the National average and nearly $2,000 below the highest State. In addition we rank 44th in percent of increase in teachers' salaries, having raised them only 2.2 percent last year as compared with a national average increase of nearly 5 percent. This indicates that Utah has reached its limit of resources for instructional costs.

Before it is said that Utah should solve this situation for itself, consider these facts: Utah ranks first in the Nation in percent of personal income devoted to public elementary and secondary schools. Our citizens in Utah invest, on the average, $5.50 of every $100 of personal income in public education. The national average is only $3.70 per $100. The States paying teachers on the average nearly $2,000 more than Utah—and who have a higher percentage of unqualified teachers—are not required to make more than average effort to meet their school costs.

Utah, despite this tremendous effort, can raise only $347 per child enrolled, compared with a national average of $414, and the highest amount of $615. To meet the national average of per pupil investment Utah would have to increase its per capita expenditure to $6.60 per $100 of personal income to raise an additional $15.7 million annually.

Personal income, by way of a reminder, must also account for all of an individual's other needs such as housing, food, clothing, and taxes of all kinds. The people of Utah have for a long time sacrificed on luxuries which residents of other States consider necessities, in order to finance their schools. I would not say that we love our children more than those of other States, but I do maintain that perhaps we have given far more thought to their future, and to the future of this Nation. We recognize how fortunate we are that our dedicated corps of teachers has continued to submit to this kind of exploitation—for that is what it is—and we honor them for it—with words, for that is all we have left.

It is unfair and unjust for the people of States such as Utah to be forced to bear such an inequitable share of the cost of educating the future citizens of this Nation. The appropriate use of the Federal tax gathering machinery for education is the only answer for the alleviation of such unreasonable inequities. A good beginning toward the solution of this situation was embodied in S. 1021. This would have provided Utah with $6.3 million in Federal funds annually for the next 3 years. It is for this reason that I joined with the majority of the Senate to pass this bill last May.

Why do I rise to address the Senate today on this matter? Frankly, to plead with Senators to devote much of their time and efforts during the period before the 88th Congress to informing the American people—including our colleagues in the House of Representatives—of the truth about Federal aid to education. As statesmen, we have the responsibility to tell the truth to our constituents. As politicians, we have the opportunity to do so. As Americans, we can do no less than try.

> A nation which expects to remain ignorant and free in a state of civilization expects what never was and never will be.

This quotation from Thomas Jefferson has rung through these halls a thousand times. Let us stop idly mouthing these words and accept the challenge to this Nation which they represent. The time is now. The task is ours.

## THE 89TH ANNIVERSARY OF BIRTH OF DAVID O. McKAY, PRESIDENT, CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

Mr. MOSS. Mr. President, tomorrow, the 8th day of September 1962, will be the 89th anniversary of the birth of David O. McKay, who is president of the Church of Jesus Christ of Latter-day Saints.

President McKay has held this high and significant position for many years and is still exercising, in the full vigor of a man many years his junior, the great responsibilities of his office.

Only a week ago President McKay traveled to far off Scotland, to hold meetings of the church in that land and to organize a stake. A man many years younger than President McKay would have thought twice about making a trip of that sort, traveling overseas, devoting about 3 days to his work there and spending a day in traveling each way to fulfill one of his obligations.

President McKay is revered and loved by all citizens of Utah, those who are members of the church which he heads and all others who are residents of our State. He is known throughout the Nation and throughout the world as one of the great religious leaders of our time. President McKay when a young man was an educator, and spent his youth teaching in the schools of our State. But for the past 50 years or more he has devoted all his time exclusively to the work of the Church of the Latter-day Saints.

I like to call attention to his outstanding career, because in these times we have need for great religious leaders; and Mr. McKay stands high in the hearts of the people of his community and his State. He has performed valuable services of a most important and remarkable character. He has done this with devotion and inspiration. All of us wish continued health and happiness for him and for his wife.

## THE SMALL LIBERAL ARTS COLLEGE

Mr. LONG of Hawaii. Mr. President, the month of September is with us again. It is during this month that 46 million children and young people are entering school. Every phase of this vast program of education is important. I wish to call the attention of my colleagues, however, to a consideration of the future promise, the past contributions, and the present advantages of a cherished part of this great American institution: the small, independent, liberal arts college.

I am sure every Senator is keenly aware that all higher education in the United States will be severely hard pressed to meet the needs of our rapidly expanding younger generation.

It has been estimated that the body of the world's knowledge is doubling every 15 years. Our current college enrollment of 3¾ million students will soar to more than 6 million by 1970. Our colleges and universities will require more than $15.4 billion in additional facilities by the end of this decade to satisfy the demands of both excellence and numbers.

We shall strive to meet this huge challenge, largely through the further expansion of the great universities of the Nation; but in our efforts, we should not overlook the smaller, independent colleges—schools that are anxious to do their part in increasing the country's educational opportunities.

According to the Office of Education, there were during the 1957–58 academic year 968 privately controlled colleges with enrollments of less than 1,000. These colleges had a total of 365,335 resident degree-credit students.

What is not well known, however, and what I should like to underscore, is that these small, privately supported, liberal arts colleges are willing and able to accommodate an increasing number of students, without sacrificing the quality of education and the administrative efficiency for which they are noted.

The Council for the Advancement of Small Colleges, Inc., a national association of 59 schools, reported that in the fall of 1960, 31 CASC colleges rejected 1,800 unqualified applicants, although 39 member schools could have admitted an additional 3,000 well-qualified students. Similar member reports for the fall of 1961 were received by the council.

Many of these schools can expand, both inexpensively and without doing violence to their programs, simply because they have not attained the so-called minimum economic size of a small 4-year college—a size that has been estimated to be between 750 and 1,500 students. Small colleges are an "untapped resource" that should be included in our plans to accommodate the increasing number of students who will be seeking admission to our colleges and universities.

But just because the potential of these small, independent colleges has not been completely tapped, we should not assume they have not been playing a vital part in the educational program. On the contrary, they have as a whole prepared more Americans for positions of leadership than their enrollment would indicate.

In an interesting article in the September 1956 Reader's Digest, Prof. Elton Trueblood, of Earlham College, Indiana, documented the outstanding contributions small colleges have made to the ranks of our men of science, of business, and of the humanities.

He cited a Wesleyan University study which showed that "small liberal arts colleges are far and away the most productive sources of future scientists." Of the 50 institutions of higher education judged outstanding for the scientific eminence of their graduates, 39 were small, privately supported colleges.

Another study described by Professor Trueblood covered a sample of 33,500 business executives. It disclosed that 88 percent of them were college graduates and that 71 percent of this number came from generally small, liberal arts schools. Further, of the 106 board chairmen and presidents of the Nation's 66 $1 billion corporations in 1952, 66—or almost two-thirds—were graduates of small colleges.

Understandably, these institutions have prepared a considerable number of scholars in the humanities. Another Wesleyan report showed that of the 10 schools which on the basis of enrollment produced the highest proportion of scholars, 4 were small colleges.

The Congress of the United States has also felt the influence of smaller schools. According to the biographies listed in the current Congressional Directory and to data published by the Office of Education, 16 Senators and 53 Congressmen graduated from or attended small, independent, liberal arts colleges.

The obvious question, then, is why have small colleges made such a large contribution, relative to their enrollment, to the Nation's leadership in so many fields? The answer, I believe, is almost as obvious: small, independent, liberal arts colleges have fully prepared their students to live in, to work in, and to contribute to our ever-changing, ever-challenging world.

They have prepared their graduates so well for the very reason that they are small, and independent, and dedicated to the liberal arts.

They are the grassroots guardians of the liberal arts in the United States. And a liberal arts background, I suggest, may be recommended for all young people determined to play constructive and meaningful roles in society.

No less a renowned figure in America today than Astronaut John H. Glenn, Jr., has attested to the value of a liberal arts education in this era of remarkable progress. Colonel Glenn, who attended Muskingum College, a small, church-related, liberal arts school in his hometown of New Concord, Ohio, had this to say earlier this year before the Senate Aeronautical and Space Sciences Committee:

> My best advice to [those] starting out in this field * * * is to get the finest basic, good, general education they can.

Nonetheless, some college and university officials have complained that the value of liberal arts is being increasingly weighed in utilitarian and income-producing terms, rather than in terms of the pursuit of knowledge for its own sake.

I, for one, am not so disheartened. Indeed, it is assuring that there should be a national recognition that a liberal arts education—the "basic, good, general education" endorsed by Colonel Glenn—is a valuable preparation for even the most specialized of careers.

In addition, however, to their devotion to the liberal arts, small colleges offer precious benefits which they—as small, independent institutions—are especially suited to uphold. These benefits are the reasons why small colleges have successfully helped to prepare so many of their graduates for leadership.

The greatest benefit which the small, private college offers its students is good teachers and good teaching.

In an 1871 address in New York City before his fellow alumni of Williams College, then Congressman James A. Garfield paid tribute to Mark Hopkins, his teacher and longtime president of that Massachusetts college, in these words:

> Give me a log hut, with only a simple bench, Mark Hopkins on one end and I on the other, and you may have all the buildings, apparatus, and libraries without him.

It has often been pointed out that in a small college, good classroom teaching is the basis for faculty advancement. More courses for students in the beginning years are taught by senior faculty members than in the large universities.

It is not necessarily a lower student-instructor ratio that distinguishes small-college teaching. It is the quality of the instruction and the accessibility of the instructor. I am certain those of my colleagues who share with me the experience of having attended a small college will recall not one, but several, instructors who stand out as truly great teachers.

Another advantage that contributes to the small school's greater attention to the individual student is what I have heard referred to as "a sense of community." In a small college, the typical student may more readily identify himself with his school and his fellow students. Such a sense of belonging—of community—bolsters his confidence and increases his incentive to achieve.

Moreover, the size of the small college affords its students greater opportunities for meaningful participation and for actual leadership experience in student curricular and extracurricular pursuits.

The truly outstanding young person will likely fulfill his potential regardless of circumstances. But the small college encourages and enables any promising student to sharpen his talents as keenly as his willingness to work and to participate will permit. As wealthy as America may be, we cannot afford to rely upon native brilliance to supply us completely with the talent that is indispensable to the future growth of the Nation.

A third valuable feature of the small, independent colleges is the freedom to pioneer and experiment in educational methods. They may reasonably blaze trails into areas where other institutions might not choose to venture for fear of jeopardizing their reputations or incurring criticism for squandering their resources. The small, private school has the independence, the flexibility, and the administrative simplicity to make its pioneering feasible.

Surely American education is richer for the successful experiments of Antioch College, Ohio, and Berea College, Kentucky, in work-study curriculums; and of Reed College, Oregon, in student freedom from typical undergraduate regulations, to name but a few of many examples. No frontier can be settled without pioneers. On the educational frontier, the small colleges are among the vanguard.

The fourth advantage of the small institution is less obvious, but nonetheless real: the ability clearly to define a personality of its own, giving coherence and strength to the dedication and commitment of its students, faculty, and administration to its established ideals. We know that community of effort, channeled in a common direction, develops more forceful motivation for learning.

The final advantage I should like to mention is one that is very dear to me: the strong religious basis of many small, privately supported colleges. Dr. Wilson M. Compton, former president of the Council for Financial Aid to Education, put it this way:

> The small college has the means of doing two things which are very precious. First, it can treat the student as an individual; and second, more than any other part of the system of higher education, it can maintain the religious and spiritual element in life.

Our many smaller colleges today are carrying on a part of the American dream: the comprehensive education—education that undertakes the spiritual growth of our youth.

These, then, are some of the real benefits which the small, independent, liberal arts college offers the young people of America: devotion to the liberal arts, dedicated teaching, sense of community, pioneering spirit, coherent personality, and religious inspiration. They are the reasons why I am firmly convinced that there is nothing to match the impact and the influence which the truly great small college exerts on its students.

James Bryant Conant once reported to the Harvard board of overseers that "our purpose is to cultivate in the largest possible number of our future citizens an appreciation of both the responsibilities and the benefits which come to them because they are Americans and are free."

Mr. President, our small, independent, liberal arts colleges are fulfilling that purpose. These institutions, which have done and are doing so much to increase our national reservoir of leaders and dedicated citizens, should neither be overlooked nor neglected. They are sorely needed and should therefore be recognized, encouraged, and supported.

I am confident that through the enlightened concern and vigorous efforts of our Nation's leaders, the small colleges of the Nation will continue to equip our young people with the "basic, good, general education" they will need to carry on and further America's leadership in tomorrow's world.

---

## NOMINATION OF JUDGE THURGOOD MARSHALL

Mr. HART. Mr. President, from the Committee on the Judiciary, I report, with the recommendation that the nomination be confirmed, the nomination of Thurgood Marshall, of New York, to be a U.S. circuit judge for the second district.

The PRESIDING OFFICER. The nomination will be received and placed on the Executive Calendar.

Mr. HUMPHREY. Mr. President, I wish to commend the Senator from Michigan for his diligence, perseverance, patience, and effectiveness in bringing this nomination to the Senate from the Committee on the Judiciary. I know of the Senator's great concern and his tireless efforts. We are indeed fortunate that he has persevered and that, in a sense, he has triumphed.

As I indicated a little more than a week ago, every effort will be made on the majority side—and I know we shall have the cooperation of the minority, as well—to have the nomination confirmed, so that Mr. Marshall—an experienced, able, and honored lawyer—may take the post of judge of the U.S. circuit court of appeals.

I commend the Senator from Michigan and his colleagues.

**Mr. HART.** Mr. President, I am most grateful for the kind remarks of the distinguished majority whip.

In the minds of those of us who feel so strongly the necessity that the Senate act on this nomination, there is no doubt that essential to the favorable action obtained, and perhaps most influential of all, was the support given to the nomination by the majority leader, the Senator from Montana [Mr. MANSFIELD], and by the majority whip, the Senator from Minnesota [Mr. HUMPHREY].

The reporting of the nomination was in no sense a personal triumph. The place of Thurgood Marshall is firmly established in American jurisprudence. The efforts on both sides of the aisle were to enable the Senate to have an opportunity to act on the nomination.

Now the nomination is before the Senate. I am sure the President of the United States, who wisely and courageously submitted the nomination, will look forward with all of us to the day, not far distant, when we may finally be able to confirm the nomination of this very distinguished American and very able judge.

**Mr. GRUENING.** Mr. President, will the Senator from Michigan yield?

**Mr. HART.** I yield.

**Mr. GRUENING.** I wish to join in the commendation of the Judiciary Committee for the reporting of the nomination of Judge Thurgood Marshall. Judge Marshall is an outstanding American who certainly has most magnificently advanced the cause of America and of freedom. I know he will make an excellent judge. I am happy to join in the remarks of the distinguished majority whip [Mr. HUMPHREY], and the remarks of the distinguished Senator from Michigan [Mr. HART], in applauding this action.

Mr. President, this is a great day for America and for democracy. It is another demonstration of the fact that in America we must rise above any considerations of race, creed, color, or any other prejudices, and that all Americans should be treated and have their deserts on the basis of their character and abilities, and on no other basis.

**Mr. HART.** Mr. President, the Senator from Alaska has stated eloquently and accurately the considerations involved in this case.

I think it appropriate to refer briefly at this time to a statement made by the chairman of the American Bar Association's Standing Committee on the Federal Judiciary. As we know, it has been the practice to have nominations evaluated by this committee.

In the case of the nomination of Judge Thurgood Marshall, the chairman of that committee, Bernard G. Segal, of Philadelphia, reported that this committee of the American Bar Association interviewed in person or by telephone more than 50 judges and lawyers, approximately half of that number in the second circuit, to which court Judge Marshall has been nominated, and the remainder from other parts of the country. They interviewed in person or by telephone Justices of the Supreme Court of the United States, judges of the U.S. courts of appeals of five different circuits, judges of U.S. district courts, two former Attorneys General of the United States, and two former Deputy Attorneys General of the United States, and, as Mr. Segal went on to tell us, a fair cross section of practicing members of the bar. Included among these were key advisers on judicial selection to the last four Presidents of the United States; the chairman of the Standing Committee on Federal Judiciary of the American Bar Association, Mr. Segal; and Cloyd LaPorte, of New York, representing the second circuit on the committee. Each met separately with Judge Marshall and questioned him at length.

Mr. Segal reported:

> Our committee's investigation developed that Mr. Marshall is a lawyer of highest character and integrity, and of undoubted loyalty to the Government of the United States and adherence to the principle of ordered liberty under the rule of law. Justices of the Supreme Court and judges of other Federal courts in various parts of the country before whom Thurgood Marshall appeared, attested to his legal competence, and lawyers associated with or opposed to him in litigated matters, confirmed the excellence of his professional work. I personally read briefs prepared by Mr. Marshall, and I considered them to be of high caliber. We found every evidence that he has a keen appreciation of the canons of ethics of the American Bar Association and that he has complied with them in every respect, and we received no evidence to the contrary. Our committee, consisting of one member from each of the 11 circuits into which the Federal judicial system is divided, had no hesitancy whatever in unanimously concluding that Mr. Marshall was well qualified for this appointment.

Mr. President, I think this expression from that committee of the American Bar Association itself is of very great significance in connection with this important nomination.

---

## MATANUSKA VALLEY, 1962

**Mr. GRUENING.** Mr. President, on September 1, the Anchorage Daily Times discussed the benefits which have come to Alaska as a result of a farsighted program initiated 27 years ago by President Franklin Delano Roosevelt.

The program, possibly the best known and most successful farming venture in our Nation's history is the colonization project which brought 1,000 people to Alaska's Matanuska Valley and today provides the backbone of the State's agriculture economy.

President Roosevelt evisioned the project as including three opportunities: First, to take Americans from stricken agricultural areas and give them a new start; second, to stimulate population growth in Alaska; and, third, to demonstrate the agricultural potentialities of Alaska.

The Matanuska Valley was chosen for the program after consultation with Alaskans as to the site. Execution of the program was entrusted to the Federal Emergency Relief Administration.

When the project was yet in a rumor stage, thousands of letters requesting details poured into Washington, D.C., from interested farmers. However, the applicants were limited to 200 families, and to be chosen from only three States, Michigan, Wisconsin, and Minnesota. The reason for the restriction given at the time was that the climates of these States would best predispose the settlers to life in Alaska. This reasoning scarcely justified the exclusion of other States.

Speed prompted some initial mistakes, of course, and many who wrote to request a chance to participate were never given the opportunity. But whatever the initial errors of execution, including the original 40-acre land limitation—the undertaking, characteristic of the imaginative concepts and enterprise of the New Deal, was destined to be a success and to achieve its principal purposes. It publicized Alaska in a way that was needed. It led other Americans to look again to the northland as a possible realm of opportunity and to try their fortunes there. It added an element of stability which a farm population can supply. So in 1962 it is most fitting that the Anchorage Daily Times should publish an editorial entitled "They Tamed the Wilds To Make a Farmland."

The editorial observes that—

> The dream of Matanuska was no more fantastic than many of the contemporary dreams that see Anchorage as a city of 225,000 of 1980, the shores of Knik Arm lighted by civilization like San Francisco Bay, the construction of causeways, Rampart hydroelectric project and dozens of other things.

Mr. President, I ask unanimous consent that the aforementioned editorial be printed in the RECORD at the close of my remarks. As the editorial points out:

> The Matanuska Valley development gave literal meaning to the phrase "land of milk and honey" and does "reflect a great project that has enriched Alaska with strong, loyal, and fine people—the greatest resource in all the world."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Anchorage Daily Times, Sept. 1, 1962]

### THEY TAMED THE WILDS TO MAKE A FARMLAND

The Palmer Fair over the Labor Day weekend is an annual testimonial to many things: that dreams can become a reality; that men in high places can be wrong; that Government subsidies can pay big dividends; that the American system of free enterprise is best, and that Alaska is a land of milk and honey.

The fair is an outgrowth of a razzle-dazzle project of the Roosevelt New Deal in which 200 families were brought to Alaska from drought-stricken farms of Michigan, Minnesota, and Wisconsin.

The families were brought to the beautiful Matanuska Valley under tutelage of New Deal welfare agencies. They were assigned 40-acre tracts and subsidized until they got into production.

Agricultural development in the valley had been a dream of Alaskans for many years.

The dream was no more fantastic than many of the contemporary dreams that see Anchorage as a city of 225,000 by 1980, the shores of Knik Arm lighted by civilization like San Francisco Bay, the construction of causeways, Rampart hydroelectric project and dozens of other things.

When the colony was first started it was heralded as a fiasco. People in some areas of the Nation pitied the colonists in the belief they had been condemned to Siberia.

One pompous U.S. Senator condemned the Roosevelt administration for sending the colonists to a place where it was so cold that even icicle radishes would not grow.

Despite the hullabaloo around them, the farmers built their enterprises and have made the valley the backbone of the State's agriculture.

The Federal Government spent $4 million on the colonization project. Annual production from the valley now exceeds that original investment.

Behind the displays at the fair is the story of conflict, obstacles and success through the years.

The valley is a stable, dynamic area of the State because the people who live there insisted that the economy be built on the traditional pattern of free enterprise under the American system. They refused to adhere to the "planned economy" and "subsistence basis" that had been promulgated for them from Washington, D.C.

Instead of becoming peons under a strange system, the farmers saw to it that they made their valley an area of freemen operating in a free economy. They refused to be corralled under plans that would make it doubtful that their sons could inherit their properties, or that the farmers could market their products if, as, and when they chose.

The Matanuska Valley development gave literal meaning to the phrase "land of milk and honey." Dairy farming is a mainstay of the economy there. Honey has actually been produced.

The exhibits and the program of events that are expected to attract 18,000 visitors in 1 weekend mark the success of the valley farmers taming a wilderness and making it productive.

But more than that, they reflect a great project that has enriched Alaska with strong, loyal, and fine people—the greatest resource in all the world.

## RAMPART CANYON DAM—AN ESSENTIAL OF THE MOMENT

**Mr. GRUENING.** Mr. President, several years ago, after the Eisenhower administration had refused a request to put into the budget an item for a study of the greatest hydroelectric site in the Western World—the Rampart Canyon Dam—the Senate, in answer to my pleas to the Public Works Committee and to the Appropriations Subcommittee, placed in the budget an item of $100,000 for the studies of Rampart. Studies of so extensive a project would be of several kinds. There would be engineering studies to ascertain the physical viability and advisability of such a project. There would be test borings of the rock at the bottom and sides of the Yukon River. There would be economic reports to discover whether there would be a market for the great production that would be generated by a dam with a total capacity of nearly 5 million kilowatts, 2½ times the capacity of Grand Coulee. There would be fish and wildlife studies to see what the impact of the dam would be on the animal resources of the region, for behind the dam a great lake, 400 miles in length, 10 percent larger than Lake Erie, would be created.

I am happy to report that after the bill containing the Rampart Dam item was vetoed by President Eisenhower and the projects in that bill came back to the Senate and the House for further revision, and the Rampart Dam appropriation was more than cut in half, the bill was again vetoed, but in this case the veto was overridden. So a start was made on Rampart.

Since that time Congress has annually voted needed appropriations, which now are nearing a million dollars.

Economic studies have been completed by the extremely knowledgeable and well-qualified Development & Resources Corp. of New York. This corporation is headed by the skilled engineers who formerly headed the Tennessee Valley Authority. Their report unqualifiedly states that the production of Rampart will be spoken for as soon as it is generated, and that actually more power will be needed.

In consequence of this, a total river development has been urged, and the Public Works Committee has already authorized a study of another site upstream from Rampart, the so-called Woodchopper site.

This report has been reprinted as a Senate document and is available to those interested in this great project.

An excellent editorial entitled "Rampart: An Essential of the Moment," was printed recently in the Anchorage Daily News, and I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### RAMPART: AN ESSENTIAL OF THE MOMENT

Whoever the voters decide should comprise the next delegation to Congress from Alaska, these Members should agree to toss aside any political differences to keep the Rampart Dam project alive and progressing.

It is one of the most important pending missions that will ever come before the two Senators and single Congressman representing this State. Rampart should not bog down in political anathema. It is now under consideration by members of the Committee on Public Works.

It should be continued vigorously toward appropriation and construction by the next congressional delegations and those succeeding. Rampart Dam will have tremendous impact not only on Alaska but will affect the economy of the United States as well.

That Rampart is not just another pork barrel is apparent in the report of the district engineers and the very thorough study made by the Development & Resources Corp. of New York.

Rampart is a project that will require some $1.3 billion to build says the report. It will take nearly 30 years to produce its full capacity of 3,735,000 kilowatts by 1990. By 1972 it can be producing from its first generators some 350,000 kilowatts which will be enough to energize some of the service industries that will be needed during construction.

Three major projections underlie the economic feasibility and necessity of the Rampart Dam. These are: (1) The continuing growth of the population of the Nation which by the year 2010 will reach 370 million; (2) the increase in the manufacturing rate of the Japanese and their need for more and more raw and semiraw resources; and (3) the demand for the development and processing of Alaska's resources themselves.

Some of the big-industry, low-cost power needs which Rampart could supply would include electric furnace pigiron and steel, ferroalloys, copper, magnesium, and caustic soda, and many others. The fast-growing Western States would supply the major market for these industrial-type products. All of these exist in raw material form in Alaska.

By far the greatest potential for Rampart would be manufacture of aluminum. Free world aluminum requirements are bound to grow and already, according to the study, an interest is being shown in Rampart by that industry. By 1990, the date for the completion of Rampart, aluminum producers will require 11 to 26 million kilowatts of additional power capacity. Should only 10 percent of this locate in Alaska as a result of Rampart's cheap power (2 to 4 mills), it would require a million to two and a half million kilowatts that is now nonexistent.

The Japanese aspect is almost as promising. The Japanese have become one of the world's greatest exporters of manufactured goods yet they are one of the poorest nations in raw materials. Says the Rampart report in this respect: "Japan's existing and foreseeable deficiencies in certain raw materials and in low-cost products of power-intensive industries have stimulated worldwide effort by the Japanese to secure economical, dependable foreign sources of supplies. Alaska is one of the areas to be explored by the Japanese from this standpoint. With Rampart it would offer a still more attractive prospect."

Rampart is not a long-range, far-in-the-future project, but an essential of the moment. It has long since been proven that where low-cost electrical energy is developed that industry for that power shortly follows. The axiom will hold good for Alaska as it has for other parts already so tested. Like TVA, Bonneville, and Moses Lake to name only a few, industry on a national scale will follow in the wake of a Rampart Dam.

## A GREAT SOCIAL EVENT

**Mr. HUMPHREY.** Mr. President, before the Senate adjourns tonight I desire to call the attention of the Presiding Officer [Mr. BURDICK] and the Senator from Alaska [Mr. GRUENING] to a matter which will be of keen interest to them, and to the social columnists in Washington, D.C., and throughout the Nation. I regret that this event may not be covered by some of the columnists who write so beautifully and brilliantly about the great social events and social life of Washington, D.C. If my colleagues will bear with me for a moment, I should like to explain what I am referring to.

Mr. President, I was touched today when I read a press release from the U.S. Department of Agriculture announcing that Smokey the Bear has taken a bride and she is on her way to Washington at this very moment.

I submit that this is the social event of the year and it ought to be so acknowledged and recorded.

The bride is an 18-month-old bear named Goldie whose previous home has been the Ghost Ranch Museum at Abiquiu, N. Mex. She is due to arrive at the MATS terminal of the National Airport here in Washington Saturday at 1 p.m., and will be whisked away immediately by police escort to the waiting Smokey at the National Zoological Park, where the bride formally will be given away.

The wedding between the 12-year-old firefighting Smokey and his young mate is of such importance that it will be attended by Edward P. Cliff, Chief of the Forest Service; Ralph Wible, president of the Association of State Foresters, and Dr. Theodore Reed, Director of the National Zoological Park.

I ask my colleagues if they can name any other social event that has attracted a more illustrious group of guests and distinguished participants? Certainly it will be classed as one of the top social zoological events in Washington.

If it were all up to Smokey, though, he would just as soon remain a bachelor. Marriage was the idea of the State forestry agencies and the Department of Agriculture's Forest Service, who decided there should be an heir to the Smokey name. Just in case Smokey might resent this planned marriage and decide to be antisocial to his bride, he and Goldie will live in adjoining cages for a few months—in other words, "getting to know you"—Senators may recall the words of that beautiful song.

But Smokey should find some consolation in the fact that the marriage arrangers did not just choose his mate arbitrarily. Like Smokey, Goldie is a black bear, cinnamon phase, although she looks like a blonde. And also like Smokey, she is an orphan. She was found by a timber operator in the Cibola National Forest in New Mexico. Senators will recall that Smokey was orphaned by a forest fire in the Lincoln National Forest in 1950.

Goldie is being flown to Washington in a New Mexico land office plane and will receive special care during the flight by New Mexico State Forester Ray Bell. The plane will make a stop in Oklahoma City, and Goldie and party will spend tonight in Indianapolis. Mr. Bell frankly admits that the 90-pound Goldie is not easily moved, but has predicted she will walk off the plane in Washington.

Upon Goldie's arrival at the zoo, Mr. Bell and Harry Radcliffe, who represents the Ghost Ranch Museum, will give the bear—or should I say will give the bride away—to Dr. Leonard Carmichael, Secretary of the Smithsonian Institution, since his organization will care for the young bride.

Goldie's approaching departure from New Mexico was announced 2 or 3 weeks ago, and since then thousands of youngsters have visited Ghost Ranch to bid their farewells to her. As I recall, it was 12 years ago when the schoolchildren of New Mexico gave Smokey to all of the schoolchildren of America as a living reminder of the dangers of forest fire.

We must remember that Smokey is now also a television star. He is not only a great symbol in America for protection from forest fires, but he is one of the most beloved, admired, and respected television stars of our time.

America should be proud of Smokey, for he has done his job well. Foresters estimate he saves about one-half billion dollars a year in timber not burned. I am sure everyone—with the possible exception of Smokey—shares my delight in the marriage of Smokey and Goldie and my hope that they will, indeed, have a long, happy, and successful marriage. And I might add one additional hope, that they have an heir so future generations may see and enjoy other Smokeys who will make an equal contribution to the prevention of the needless destruction of our Nation's forests.

Mr. President, Smokey is a great conservationist. Now Smokey, like other members of the male species, will find out who is "boss."

## BERYLLIUM RUSH ON IN ALASKA

**Mr. GRUENING.** Mr. President, certain cities, like certain brave men or beautiful women, continue to be discovered.

Nome, Alaska, is such a city. Catapulted into worldwide prominence when gold was found nearby, Nome for a time was the goal of the turn-of-the-century Argonauts. In 1898 and 1899 prospectors found gold in the sands along the shore and, according to history, 15 miles of the beach were covered with tents and with men intent on separating the heavier gold from the sand and gravel.

Men fought and died for gold. Claim jumpers followed the prospectors north to Nome and novelist Rex Beach incorporated that story in his famous book "The Spoilers."

From the Seward Peninsula upon which Nome is located new wealth poured into the Nation. In the 7-year period from 1899 to 1906 $27 million worth of gold was taken from that portion of Alaska. A former Member of the Senate, Senator Key Pittman of Nevada, had firsthand familiarity with Alaska dating from the rush to Nome.

But gold mining techniques changed and by 1929, 71 percent of Alaska's placer gold was extracted by dredges. The heavy machinery for this work was expensive, but in 1928 the Fairbanks Exploration Co. was established. A subsidiary of the U.S. Smelting, Refining & Mining Co. of Boston, the company had in 1928 assembled dredges in the Fairbanks and Nome areas.

Weather played an important role in the development of Nome. That Bering Sea town had always been isolated after the departure of the last southbound boat in the fall, until the arrival of the first steamer after the pack-ice breakup in late spring, but this climatic cutoff was corrected when airplanes were able to fly in and out of Nome in the midtwenties.

Progressing steadily, Nome experienced a drastic setback in September of 1934 when fire destroyed most of the city. But this town less than 100 miles below the Arctic Circle fought back. Nome rebuilt.

The dredged gold bolstered the economy, but in recent years that supply has diminished and the price fixed 28 years ago makes it next to impossible for gold mining to continue. True, planes now could transport residents rapidly to other parts of Alaska or "outside" for visits, but roads were sparse and none connected Nome with the interior of the State or with the Bristol Bay, Pacific Ocean, or southeastern areas. Where could a growth factor be found?

The answer appears to have been the subject of a news story appearing in the September 3, 1962, edition of the New York Times entitled "Beryllium Rush Is On in Alaska After United States Finds New Deposits."

U.S. Department of the Interior Geological Survey spokesmen report that new deposits of beryllium ore in the Lost River area about 70 miles northwest of Nome have started a rush of prospectors to the 49th State.

Beryllium ore, says the Geological Survey, is not as easy to detect as gold. This seems to fall into the pattern of our increasingly complex society.

But in this space age it seems appropriate that a discovery of beryllium ore should have been made on the peninsula which once gushed gold.

Beryllium is valuable as a strengthening and hardening material when alloyed with copper and nickel. It has potential use in supersonic planes, spacecraft, missiles, and nuclear reactors. Nome area beryllium likely will be used in space vessels which will cruise those vast unchartered seas between Earth and Venus.

Certain cities, Mr. President, like certain brave men or beautiful women cannot hide. Nome, Alaska, is such a city.

Mr. President, I ask unanimous consent that the New York Times news article be printed in the RECORD, along with the Department of the Interior news release about the discovery of beryllium ore in Alaska.

There being no objection, the article and release were ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 3, 1962]

### BERYLLIUM RUSH IS ON IN ALASKA AFTER UNITED STATES FINDS NEW DEPOSITS

WASHINGTON, September 2.—Discovery of new deposits of beryllium ore in Alaska has started a rush of prospectors to the 49th State.

The recent discovery was made during geologic mapping by a field party of the Interior Department's Geologic Survey. The Department said the resultant movement of prospectors to the site, in the Lost River area about 70 miles northwest of Nome, was reminiscent of the gold-rush days of the 1890's.

Within a few hours after announcement of the discovery, planes were bringing in parties of fortune seekers. Many claims were hurriedly staked.

Beryllium, a scarce metal worth about $70 a pound, is valuable as a strengthening and hardening material when alloyed with copper and nickel and has potential use in supersonic planes, spacecraft, missiles and nuclear reactors.

The ore was discovered by a party led by C. L. Sainsbury, using a portable detector. The Department said the detector had been built by William W. Vaughn, an electronics engineer, in the Survey's Electronic Laboratory at Denver.

The device shoots gamma rays into an ore sample. If beryllium is present, neutrons are emitted and are registered on a counting device, giving the approximate percentage of the metal in the sample.

As beryllium ore is not as easy to detect visually as gold or many other ores, the Geological Survey displayed samples of the beryllium ore so treasure hunters would know what to seek.

Mr. Sainsbury used the detector to test specimens brought to him. Brief "schools" of this sort were held in Nome and at the site of the discovery.

The new discovery of beryllium is 4 to 7 miles from a like deposit, now being explored by mining interests, that was found by the same Geological Survey team last summer.

In the Lost River area on the western Seward Peninsula, in northwestern Alaska, beryllium occurs as the mineral chrysoberyl. The mineral is intergrown with fluorite and tourmaline in veinlets in limestone, usually associated with dikes of igneous rock that intrude the limestone.

Individual zones of beryllium ore are as much as several hundred feet long and 30 feet wide, the Department said.

Ore zones investigated so far by the Geological Survey are scattered widely in a 6-mile area considered favorable ground for prospecting.

The Survey said the association of beryllium ore with previously mined tin deposits in the Lost River area, and the fact that the chrysoberyl was finely divided and not easily recognized, suggested that more of this type of beryllium ore might await discovery near tin deposits elsewhere in the world.

---

BERYLLIUM DISCOVERY BY GEOLOGICAL SURVEY LEADS TO RUSH OF PROSPECTORS TO NOME AREA OF ALASKA

Recent discovery by the Geological Survey of new deposits of beryllium ore in the Lost River area in Alaska, about 70 miles northwest of Nome, has started an influx of prospectors reminiscent of the gold-rush days of the 1890's, the Department of the Interior reports.

The discovery was made during geologic mapping by a Geological Survey field party headed by C. L. Sainsbury. Within a few hours after public announcement of the find, planes were spiraling down to land parties of fortune seekers. Many claims were hurriedly staked out.

Beryllium, a scarce metal worth approximately $70 a pound, is valuable as a strengthening and hardening material when alloyed with copper and nickel and also has considerable potential for use in supersonic planes, spacecraft, missiles, and nuclear reactors.

Discoveries that led to the sudden influx of beryllium seekers to the Lost River area on the western Seward Peninsula of Alaska were made possible with a special portable detector built by Electronics Engineer William W. Vaughn in the Survey's Electronic Laboratory at Denver, Colo. The detector shoots gamma rays into ore samples. If beryllium is present, neutrons are emitted and are registered on a counting device, thus giving the same approximate percentage of the metal in samples being studied.

Because visual detection of the beryllium ore is not as easy as with gold or many other ores, the Geological Survey party displayed samples of the ore so the treasure hunters would know what to look for. As an additional service to the prospectors, Sainsbury used the detector to test specimens brought to him and confirm whether they contained beryllium. Brief "schools" of this sort were held both in Nome and at the scene of the discovery.

The rush also was characterized by comedies of error. One group of early arrivals saw another group on a distant hill, but assumed they were geologists on a routine study of the general area. Thus, they made a leisurely tour of inspection before starting to stake claims. Actually, however, the other party consisted of rival claim seekers who were busily plotting out one of the more desirable mineralized zones.

The newest discoveries of beryllium by the Geological Survey are 4 to 7 miles from a similar deposit, now being explored by mining interests, that was found by the same Geological Survey team last summer.

In the Lost River area the beryllium occurs as the mineral chrysoberyl intergrown with fluorite and tourmaline in veinlets in the limestone, usually associated with dikes of igneous rock that intrude the limestone. Individual zones of beryllium ore are as much as several hundred feet long and 30 feet wide.

Ore zones investigated thus far by the Geological Survey are scattered widely in an area over 6 miles long, all considered favorable ground for prospecting.

The Geological Survey said that the association of beryllium ore with previously mined tin deposits in the Lost River area, plus the fact that the chrysoberyl is finely divided and is not easily recognized, suggests that more of this type of beryllium ore may await discovery near tin deposits elsewhere in the world.

---

## ADJOURNMENT UNTIL 10 A.M. MONDAY

Mr. HUMPHREY. Mr. President, if there is no further business, I move, in accordance with the order previously entered, that the Senate stand in adjournment until 10 a.m. on Monday next.

The motion was agreed to; and (at 6 o'clock and 21 minutes p.m.) the Senate adjourned, pursuant to the previous order, until Monday, September 10, 1962, at 10 o'clock a.m.

---

# HOUSE OF REPRESENTATIVES

## MONDAY, SEPTEMBER 10, 1962

The House met at 12 o'clock noon.

Rt. Rev. Dr. Theodosios L. Sideris, bishop of Ancona, Greek Orthodox Archdiocese of North and South America, sixth archdiocesan district, Pittsburgh, Pa., offered the following prayer:

Eternal God, from whom all blessings flow, we reverently bow our heads in prayer before Thy magnificence, thanking Thee for Thy many and bountiful gifts. We pray for our beloved President of these United States, for the Members of this respected Congress, and for all principals and authorities, that they may be enabled to discharge the duties of their respective office with honesty and ability.

We further pray for our brethren, our fellow citizens throughout the United States, and for all mankind throughout the world, that we may be blessed in the knowledge, sanctified in the observance of Thy most holy law, and that we may abide in union and peace, guided always by Thy divine providence.

In these difficult and strenuous times in which we live, we realize even more the importance of Thy strength and wisdom to offset the human weakness and limitations we experience from time to time.

Heavenly Father, we beseech Thee to strengthen our leaders and people, that we might become the living example for all nations in the universal struggle for peace and concord.

May the Lord bless us and keep us, make His face to shine upon us and give us everlasting peace. Amen.

---

## THE JOURNAL

The Journal of the proceedings of Thursday, September 6, 1962, was read and approved.

---

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 4635. An act for the relief of Hattie and Joseph Patrick, Sr., and for the legal guardian of Betty Ann Smith and the legal guardian of Stanley Smith, and for the legal guardian of James E. Harris, Jr.;

H.R. 6021. An act for the relief of Lt. Don Walsh and Lt. Lawrence A. Shumaker;

H.R. 10242. An act to amend Private Law 86-339;

H.R. 10383. An act to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank Directors;

H.R. 12024. An act for the relief of Librande P. Caltagirone; and

H.J. Res. 627. Joint resolution extending the duration of copyright protection in certain cases.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 8038. An act to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States;

H.R. 8355. An act to authorize executive agencies to grant easements in, over, or upon real property of the United States under the control of such agencies, and for other purposes; and

H.R. 11217. An act to amend section 6112 of title 10, United States Code.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested a bill of the House of the following title:

H.R. 10. An act to encourage the establishment of voluntary pension plans by self-employed individuals.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Smathers, Mr. Williams of Delaware, Mr. Carlson, and Mr. Bennett to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 10650. An act to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Smathers, Mr. Williams of Delaware, Mr. Carlson, and Mr. Bennett to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. CHAVEZ, Mr. MONRONEY, Mr. SALTONSTALL, and Mr. KUCHEL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills, a joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2773. An act to amend section 503 of the Federal Aviation Act to provide substantive Federal law relating to the validity of conveyances which affect title to or interests in civil aircraft of the United States and related equipment;

S. 3154. An act to amend Public Law 86-184, an act to provide for the striking of medals in commemoration of the 100th anniversary of the admission of West Virginia into the Union as a State;

S. 3451. An act to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed, and for other purposes;

S. 3646. An act to amend the Communications Act of 1934, as amended, relative to merger of domestic telegraph carriers;

S.J. Res. 214. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; and

S. Con. Res. 53. Concurrent resolution favoring air travel by legislative and Government officers and employees on U.S.-flag air carriers.

The message also announced that the Senate agrees to the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 86) entitled "Concurrent resolution favoring the suspension of deportation of certain aliens" with an amendment as follows: Page 2, after line 3, insert:

Page 5, after line 4, insert:

"SEC. 5. The Congress approves the granting of the status of permanent residence in the case of the alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U.S.C. 1953):

"A-7116387, Rock, Feiga Altmann."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) entitled "An act to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes."

## MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR THE DEPARTMENT OF DEFENSE FOR FISCAL YEAR 1963 AND FOR OTHER PURPOSES

Mr. SIKES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for fiscal year 1963 and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Florida. The Chair hears none, and appoints the following conferees: Messrs. SHEPPARD, SIKES, CANNON, JONAS, and TABER.

## AMENDING INTERNAL REVENUE CODE OF 1954

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, reserving the right to object, can the gentleman give us any information as to when he would expect to go to conference, either this week or next week?

Mr. MILLS. In all probability, it would be next week; I cannot be certain, but not before Friday of this week.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none, and appoints the following conferees: Messrs. MILLS, KING of California, BOGGS, KEOGH, MASON, BYRNES of Wisconsin, and BAKER.

## VOLUNTARY PENSION PLANS BY SELF-EMPLOYED INDIVIDUALS

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, I wonder if the chairman of the committee could advise us whether the conference on this bill will be under the same schedule he recently suggested?

Mr. MILLS. It would be. It would be impossible for us to get to conference before Friday of this week on either of these two bills.

Mr. BYRNES of Wisconsin. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none, and appoints the following conferees: Messrs. MILLS, KING of California, BOGGS, KEOGH, MASON, BYRNES of Wisconsin, and BAKER.

## NATIONAL SAFETY COUNCIL 50TH ANNIVERSARY YEAR

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (S. J. Res. 222) providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year."

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Whereas October 1962 marks the beginning of the fiftieth anniversary observance of the founding of the National Safety Council; and

Whereas the council has striven faithfully during this half century to develop and implement sound, effective programs directed toward the prevention of accidents of all kinds; and

Whereas the prevention of accidents is of the greatest importance to the success of our economy and the well-being of our Nation; and

Whereas the records have shown a notable and steady decline in the rates of accidental death and injury as a result of national programs of the organized safety movment; and

Whereas this decline in accident rates demonstrates the value of nationwide safety activities as carried on under the leadership of the National Safety Council; and

Whereas the Congress enacted a Federal charter for the National Safety Council; and

Whereas the National Safety Council, as a guardian of the public interest, has proved its dedication to the safety and welfare of the Nation's citizens, as set forth in its Federal charter: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President is authorized and requested to issue a proclamation designating the period October 1962 through October 1963 as "National Safety Council Fiftieth Anniversary Year," and calling upon the governments of the States and communities and the people of the United States to join in observance of this significant occasion and to increase their efforts to reduce the number of accidents in homes, in industry, in public places, and on our streets and highways.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

## STANDBY AUTHORITY TO CALL UP MILITARY RESERVISTS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, I take this time to advise the House that the distinguished chairman of the Committee on Armed Services, the gentleman from Georgia [Mr. VINSON], will today introduce a resolution implementing the President's request for standby authority to call up military reservists for 1 year.

I am sure the American people will support the President's decision in this instance in overwhelming numbers. This action reaffirms the policy of the Government of the United States that, in this dangerous age in which we live, we shall at all times operate from a position of strength and preparedness. We shall be ready for any and every emergency around the clock and through the calendar.

To this same end, this Congress in the last 18 months has provided additional funds totaling some $9 billion to improve both our nuclear and our conventional capabilities.

To this same end also, I am sure the Congress will expedite action on the resolution to be introduced today by the gentleman from Georgia to implement the President's request.

### CRIMES AND OFFENSES

**Mr. FORRESTER.** Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8038) to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, strike out all after line 2 over to and including line 13 on page 2 and insert "That that portion of section 491 of title 18, United States Code, which precedes subsection (c) thereof is amended to read as follows:

"'§ 491. Tokens or paper used as money

"'(a) Whoever, being 18 years of age or over, not lawfully authorized, makes, issues, or passes any coin, card, token, or device in metal, or its compounds, intended to be used as money, or whoever, being 18 years of age or over, with intent to defraud, makes, utters, inserts, or uses any card, token, slug, disk, device, paper, or other thing similar in size and shape to any of the lawful coins or other currency of the United States or any coin or other currency not legal tender in the United States, to procure anything of value, or the use or enjoyment of any property or service from any automatic merchandise vending machine, postage-stamp machine, turnstile, fare box, coinbox telephone, parking meter or other lawful receptacle, depository, or contrivance designed to receive or to be operated by lawful coins or other currency of the United States, shall be fined not more than $1,000, or imprisoned not more than one year, or both.'"

Page 3, line 7, strike out "(c)".

**The SPEAKER.** Is there objection to the request of the gentleman from Georgia?

**Mr. MEADER.** Reserving the right to object, Mr. Speaker, may I ask the gentleman from Georgia to make an explanation of the purpose of the bill and the significance of the amendments of the Senate in which he asks concurrence?

**Mr. FORRESTER.** I may say to the gentleman from Michigan that the amendment of the Senate is nothing but adding a section as to the passing of slugs. It would not be applicable to a person under the age of 18 years.

**Mr. MEADER.** It prohibits the manufacture of slugs or the passing of slugs?

**Mr. FORRESTER.** It prohibits the manufacture of slugs, but we have had legislation for that a long time. It is simply adding other things to it, such as paper, to affect currency.

**Mr. MEADER.** Has the gentleman conferred with the appropriate Members on this side of the aisle or the subcommittee that handled the legislation?

**Mr. FORRESTER.** I certainly have. This legislation has passed the House on a couple of occasions. I have contacted the gentleman from Indiana [Mr. HALLECK], and the gentleman from Virginia [Mr. POFF], who, I understand, is the senior Member on that side, but who is not present here today.

**Mr. MEADER.** The Members on our side were agreeable to the acceptance of the amendments?

**Mr. FORRESTER.** That is correct.

**Mr. MEADER.** I withdraw my reservation of objection, Mr. Speaker.

**The SPEAKER.** Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

**Mr. FORRESTER.** Mr. Speaker, I ask unanimous consent that the gentlewoman from Missouri [Mrs. SULLIVAN] may extend her remarks at this point in the RECORD.

**The SPEAKER.** Is there objection to the request of the gentleman from Georgia?

There was no objection.

**Mrs. SULLIVAN.** Mr. Speaker, as the author of H.R. 8038, I am grateful to all of the Members of both the House and Senate who participated in the development of this legislation to the point, now, where we are perfecting it for final passage. I introduced the original legislation in the previous Congress, so I have lived with it for quite a long time, and it is a great source of satisfaction now to see it taking final form for submission to the President.

Since the House passed this bill in somewhat broader form just a year ago, on September 6, 1961, I am sure there is no reason now for me to take up the time of the Members with a detailed discussion of its provisions. The Senate modified it somewhat, and inserted language specifying that it applies only to those 18 years of age or older—so that a child using a slug to obtain a penny's worth of gum or candy would not be subject to prosecution as a criminal under Federal law. The amendments do not seriously weaken the bill, and thus I am glad to join in urging House concurrence in the Senate amendments, so that the bill can go on to the White House.

I do want to take a few moments, however, to thank the gentleman from Georgia [Mr. FORRESTER], chairman of the subcommittee which considered this bill in the House Judiciary Committee, for the tremendous amount of work he put into this legislation and the help and encouragement he gave me on this matter. At first, the bill seemed somewhat frivolous to some Members—seemingly applying to slugs in slot machines and pinball machines, and so on. But in the course of the fairminded hearings conducted by the gentleman from Georgia, the extent of the problem this legislation is intended to solve became more evident. It does not apply to gambling devices at all. Much as we might decry automation, it is spreading widely, and the vending machines and automatic currency and coin changers are no longer rarities. Even the Post Office is involved now.

The gentleman from Georgia, Congressman FORRESTER, not only handled the legislation in committee and here on the House floor, but took the unusual step of offering his help and assistance as a witness on the Senate side, and, thanks to him, and to Senator LONG of Missouri, and others, it was approved.

The bill now before us reflects the value and merits of the congressional committee system. I doubt if the gentleman from Georgia [Mr. FORRESTER] had very many letters from his own district on this bill; as sponsor of the bill I received practically no mail on it. And yet, the gentleman from Georgia, noting an important national problem involved, took the time and the effort to make a full study of the issues involved in this legislation and helped tremendously to steer it through to passage. This is a good illustration of the hard work done by many Members on committee assignments which do not affect their own districts in any unusual or distinctive fashion.

I think if more people were aware of the long hours and the hard work each of us must expend in committee work not directly related to our localized district problems, there would be a better understanding of the truly impressive achievements of this body.

The old idea that Congressmen take an interest only in those issues or causes which can be translated into votes back home is certainly disproved by this rather technical but important bill now being readied for final passage.

### GUARANTEED AIRCRAFT PURCHASE LOANS

**Mr. SISK.** Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 778 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10129) to amend the Act of September 7, 1957, relating to aircraft loan guarantees. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California [Mr. Sisk] is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield to the gentleman from California [Mr. Smith] 30 minutes, and pending that yield myself such time as I may consume.

Mr. Speaker, House Resolution 778 provides for the consideration of H.R. 10129, a bill to amend the act of September 7, 1957, relating to aircraft loan guarantees. The resolution provides an open rule with 1 hour of general debate.

The purpose of H.R. 10129 is to extend for 5 years the act of September 7, 1957, Public Law 85-307, which authorizes the Government to guarantee private loans to certain smaller airlines for the purchase of aircraft. This authority to guarantee loans expired September 7, 1962.

The act authorizes the Board to guarantee loans made to eligible carriers for the purchase of aircraft to improve their service and efficiency. The purpose is to enable these carriers to borrow funds on reasonable terms, thus reducing costs of operation. Experience with the act has amply demonstrated that lenders, with the Government guarantee, generally are willing to offer more favorable terms than without a guarantee.

The act limits guarantees to $5 million per air carrier. A guarantee may not exceed 90 percent of the face value of the loan and 100 percent of unpaid interest.

Mr. Speaker, I urge the adoption of House Resolution 778.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, I join in the remarks just made by the gentleman from California [Mr. Sisk]. I agree completely with him as to the purpose of the bill as he has made the statement here today.

This resolution will provide for 1 hour of debate under an open rule for the consideration of H.R. 10129.

May I simply say further that although progress has been made in reequipping the smaller carriers, much still remains to be done. It is the view of the committee and of the Board that continuation of the reequipment program of smaller carriers is of importance to their financial success and their prospects for long-range reduction in subsidy required.

It is my understanding, during the time that we have had this guarantee loan in progress, there have been no defaults and some $30 million has been guaranteed.

The only difference in the statement of the gentleman and my understanding of this bill is that I thought it increased the amount to one carrier from $5 to $10 million. I may be wrong in that. This bill does extend the act for 5 years. But, I understand from the minority senior member of the committee here that it does increase the amount to one carrier from $5 to $10 million.

Mr. Speaker, I know of no objection to the rule and, frankly, I know of no objection to the bill.

Mr. SISK. Mr. Speaker, I have no further requests for time, and if the gentleman from California has no further requests for time, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

### HEALTH CLINIC FOR DOMESTIC MIGRATORY FARMWORKERS

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 781, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12365) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. Smith], and yield myself such time as I may consume.

Mr. Speaker, House Resolution 781 provides for the consideration of H.R. 12365, a bill to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes. The resolution provides an open rule with 1 hour of general debate.

The principal purpose of H.R. 12365 is to authorize an appropriation of up to $3 million for the fiscal year ending June 30, 1963, and for each of the 2 following fiscal years to enable the Surgeon General of the Public Health Service to make grants to public and other nonprofit agencies for paying part of the cost of establishing and operating family health service clinics and special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families.

The grant program provided under H.R. 12365 is well suited to improve health services for domestic agricultural migratory workers and their families and thus to improve their health conditions. Responsibility for planning and conducting the individual programs would remain in the States and local communities where these particular health problems exist.

If all of the $3 million authorized for each year by this legislation is appropriated, it is expected that $2.5 million will be used for grants to States, local communities, and nonprofit organizations. All of these grant applications will be channeled through the State health departments. The legislation does not authorize the use of these funds for the construction of hospitals, clinics, or health facilities, nor is it contemplated that the funds will be used for the payment of hospital bills. It is contemplated that the grants will be used to pay part of the cost of establishing and operating family health service clinics, and special projects which are aimed at improving health services for domestic agricultural migratory workers and their families.

Mr. Speaker, I urge the adoption of House Resolution 781.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, once again I am pleased to say that the gentleman from California [Mr. Sisk] and I are in agreement. It is surprising how, on noncontroversial bills, our thoughts and language are similar. On this occasion I want to subscribe to the statement made by the gentleman from California, and join my statement with his in support of the rule and the legislation.

May I simply add that I know the need for this piece of legislation. Our agricultural system throughout the United States is largely geared to this migratory agricultural worker system. Probably as many as a million people every year may work in 31 different States. The income of these people is relatively low. Their health problems throughout the season throw quite a burden on the local communities, doctors, and taxpayers. This bill will allow the Federal Government on a matching basis to come in and assist those communities in the matter of the health problem of these migratory workers.

I think it is a good piece of legislation. I know of no objection to the bill or to the rule.

Mr. Speaker, I yield back the balance of my time.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

### GUARANTEED AIRCRAFT PURCHASE LOANS

Mr. WILLIAMS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10129) to amend the act of September 7, 1957, relating to aircraft loan guarantees.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10129, with Mr. George P. Miller in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WILLIAMS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill proposes to extend for 5 years the act of September 7, 1957, Public Law 85-307, authorizing the Government to guarantee private loans to certain smaller airlines for the purchase of aircraft. This authority to guarantee loans expired September 7, 1962.

The act authorizes the Civil Aeronautics Board to guarantee loans made to eligible carriers for the purchase of aircraft to improve service and efficiency. The act enables eligible carriers to borrow funds on reasonable terms, thus reducing costs of operation. The committee was informed by the Board that lenders, with the Government guarantee, generally are willing to offer more favorable terms than without a guarantee, so that the act has been of considerable benefit to participating airlines.

H.R. 10129 was introduced by the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Arkansas [Mr. HARRIS], in accordance with a request made by the Board in a letter to the Speaker of the House dated February 6, 1962.

Hearings were held May 9 and 10, 1962, by the Subcommittee on Transportation and Aeronautics. Testimony was received from Hon. Alan S. Boyd, Chairman, Civil Aeronautics Board; Hon. Clarence D. Martin, Jr., Under Secretary for Transportation, Department of Commerce, and several public witnesses. No one appeared in opposition.

Several amendments were suggested. One proposed to transfer the program to the Department of Commerce. Other amendments proposed included: Increasing the maximum loan guarantee to any one carrier to $15 million, extending the program to cargo carriers, to the supplemental carriers, and to certain additional carriers in the Caribbean area.

The proposed guarantee of loans to cargo carriers involves questions beyond the problem we are trying to meet, which is to help the smaller airlines to provide better service at less cost and subsidy by helping them obtain more efficient equipment.

In the proposal to extend the loan guarantee program to the cargo carriers two questions are presented: First, is the purpose to promote the development of air cargo transportation; or, second, is the purpose to promote the development of an aircraft especially designed for the transportation of cargo? No question of subsidies is involved as all the cargo carriers are not eligible for subsidy.

If the answer to the first question is in the affirmative, would not Government guarantee of loans be an indirect subsidy to assist one mode of transportation in competition with other modes, or with other air carriers?

Would such subsidy be justified in view of the general situation in the transportation industry, especially in air transportation?

If the purpose is to develop a specially designed aircraft for cargo, is this the way to do it? Would the proposed amendment accomplish very much in view of the limited market for such a plane?

Those were questions we could not answer satisfactorily on the basis of the record made in the hearing. The objections to loans to the cargo carriers were rather succinctly summarized in the statement to the committee by the Federal Aviation Agency. In that statement the FAA said:

> The guarantee by the Government of loans to private borrowers is an exceptional method of achieving national policies. It is not the norm. There is a strong national policy to encourage the scheduled local service carriers which at present are the principal beneficiaries of the act. The local service carriers and the metropolitan helicopter carriers both receive subsidies authorized by the Congress, a clear indication of Congress feeling that fostering local air service is in the national interest. Furthermore, operations within Hawaii, Alaska, or the Commonwealth of Puerto Rico pose special problems for the United States which deserve special considerations. One of the things that makes this country strong and contributes to the national integration of our distant States and territories is a fast, reliable transportation system promoting a free flow of persons and goods.
>
> Entirely different considerations are involved in weighing the national interest served by extension of the guarantee loan benefits to scheduled all-cargo carriers. The Nation does not depend on them in the same manner or for the same reasons as it depends on the local service carriers. The service scheduled all-cargo carriers render is to a large extent also available from scheduled passenger carriers who carry freight, both in their passenger aircraft and in special all-cargo aircraft. In addition, a substantial amount of cargo, particularly under contract with the military, is carried by supplemental carriers.

So, since this is a separate problem, not related to the situation confronting the local service airlines upon which we focused in the hearings, it was decided that this should be considered as a separate matter. If a case can be made out next session, there is ample time to act then.

We also considered the proposal to transfer the program to the Department of Commerce made by the President in his message on the transportation system, April 5, 1962, and also recommended by the witness for the Department of Commerce in our hearings. Witnesses in the hearing testified that the program has been handled by the Civil Aeronautics Board efficiently and to the satisfaction of all concerned. We, therefore, could not see any advantage in transferring the program to the Department of Commerce at this time.

Transfer of the loan guarantee programs presently administered by the Civil Aeronautics Board and the Interstate Commerce Commission to the Department of Commerce would be another matter which should be considered separately. However, we could not see the advantage of a piecemeal transfer, especially in view of the fact that there has been no criticism at all at the way the CAB has been handling the aircraft loan guarantee program.

The committee agreed to an amendment increasing the maximum in loans which may be guaranteed for any one carrier from $5 to $10 million.

It was testified in the hearings that without this increase a majority of the local service carriers would not be eligible for additional loan guarantees because they are now near the $5 million limit.

The committee also agreed to an amendment adding section 3 to the bill in order to emphasize the congressional intent that the Comptroller General, acting as the agent of the Congress, shall have the information he deems necessary to audit the aircraft loan guarantee program. A number of laws state that the Comptroller General shall have access to all files of the departments and agencies audited by the Comptroller General and his General Accounting Office. For instance, section 313 of the Budget and Accounting Act of 1921 states that all Federal agencies "shall furnish to the Comptroller General such information as he may from time to time require of them" and that the Comptroller General "or any of his assistants or employees" shall have access to "any books, documents, papers, or records." In spite of this and other similar provisions, some Federal agencies have attempted to withhold information which the Comptroller General has requested to audit their operations. The most recent case developed as the Comptroller General audited a loan guarantee program similar to the one expanded by H.R. 10129. The Interstate Commerce Commission, which is authorized under the Transportation Act of 1958 to guarantee loans to railroads, refused to make available to the Comptroller General its files on a $35,659,400 loan to the New York, New Haven & Hartford Railroad Co. Section 3 of H.R. 10129 reaffirms the congressional intent that all information which the Comptroller General determines is necessary to carry out his auditing duties shall be made available to him.

### PROGRAM HAS BEEN A SUCCESS

A significant portion of the equipment modernization by eligible carriers, achieved during the life of the act, has been financed by guaranteed loans. As of December 31, 1961, a total of $30,349,503 has been borrowed on such loans, with $23,379,152 still outstanding at that date. These funds have been used to purchase, first, 33 twin-turbine-engine F-27 aircraft; second, 12 twin-engine—piston-type—Convair 340/440 aircraft, which can be converted to turbine power; third, 3 twin-engine—piston-type—Martin 404 aircraft; fourth, 5 single-engine—piston-type—Vertol 44-B helicopters; and, fifth, 1 twin-turbine-engine helicopter. At the time of the hearings, applications have been approved for one jet aircraft, and three additional twin-turbine helicopters, and applications were pending for the guarantee of loans for the purchase of eight twin-turbine helicopters, four CV-240's, and two DC-6's.

Although much use has been made of the act, not all of the eligible carriers have reequipped, and, in many cases, these carriers must acquire modern equipment if their subsidy needs are to be reduced. In the coming years, it is anticipated that suitable new equipment will be offered for sale by manufacturers, and that many of the trunk carriers will be disposing of excellent equipment at reasonable prices. The development of air transportation would be delayed if the smaller carriers could not obtain loan guarantees when they cannot otherwise borrow funds to purchase this more efficient equipment on reasonable terms.

It thus appears that there will be need for loan guarantees during the foreseeable future. Accordingly, the legislation in effect provides that the authority contained in section 3 of the act is extended for another 5 years from the present expiration date of September 7, 1962.

As of March 31, 1962, the Civil Aeronautics Board had guaranteed loans of $40,226,526. There have been no defaults.

The Board charges a fee for handling applications. At the time of the hearings in May, the Board had collected $231,683 in fees. This, the committee was told, covers the cost of administration.

Both Government and industry witnesses agreed that the loan program has reduced operation costs for the carriers eligible for loans under the act.

The act limits loan guarantees to carriers certificated by the Board for, first, local or feeder services; second, metropolitan helicopter service; third, service within Alaska, Hawaii, or Puerto Rico; fourth, service between the mainland United States and Alaska; or fifth, between Florida and the British West Indies.

The act limits guarantees to $5 million per air carrier. A guarantee may not exceed 90 percent of the face value of the loan and 100 percent of unpaid interest.

The loan itself may not exceed either 90 percent of the purchase price or $5 million. Loans must be repaid within 10 years. A guarantee may be made only if the Board finds that the air carrier would not otherwise be able to obtain funds for the purchase of aircraft upon reasonable terms and only if the aircraft purchased needed to improve the service and efficiency of the air carrier. In general, the Board determines the reasonableness of other terms and conditions of the loan.

### NEED FOR CONTINUING PROGRAM

Although the smaller carriers have made progress in obtaining more efficient equipment, much remains to be done. It is the view of the committee and of the Board that continuation of the reequipment program of the smaller carriers is of importance to their financial success and their prospects for long-range reduction in subsidy requirements.

Congress has indicated clearly on more than one occasion its desire to foster and develop modern and efficient air transportation for the smaller communities. Despite the need for the service, the subsidy costs of local service operations are a matter of grave concern to all of us. More efficient and economical equipment is needed to reduce operating expenses. Your committee is convinced that the loan guarantee legislation enacted 5 years ago has improved the operating efficiency of the local service airlines and thereby reduced their subsidy needs. The committee likewise believes that by stabilizing equipment financing costs further reductions in subsidy will result from an extension of the program even if no special low-cost plane is developed for local service use within the the next 5 years.

As Mr. Joseph P. Adams, general counsel, Association of Local Transport Airlines, testified in the hearings:

> The legislation approved by your subcommittee 5 years ago has been a triumphant success. It has brought financial stability to the operations of the short-haul air transport industry and it has made possible for the industry to mark up giant strides in revenue passenger-miles each year since the passage of the legislation while the trunkline industry has been marking time in the same statistical field of passenger service.
>
> Your foresight and aviation transportation experience has made it possible for the member carriers of ALTA alone to purchase 33 postwar turbopowered airplanes, 19 postwar piston-powered aircraft and all with governmental guaranteed loans of some $35 million.
>
> Not one cent of this loan amount is in default.

Between 1957 and the year ending June 30, 1961, local service commercial revenues double. A witness for the carriers testified in the hearings that:

> The ability to acquire new equipment under the guaranteed loan act was a significant if not the most important feature in this unusual growth record.

The Federal Aviation Agency, in a statement of the committee approving extension of the act, said that:

> The availability of Government guarantees has enabled the local service carriers to modernize their fleets, improve their service, and reduce operating costs.

Continuing, the FAA statement said:

> So long as the local service carriers remain on subsidy, it would seem to be in the Government's interest to improve their operations wherever possible through such devices as loan guarantees which, to date at least, result in no cost to the Government. For this reason, we favor extension of the act.

The FAA, however, recommended extending the act for only 3 years, to permit completion of a study now underway by the FAA to determine the feasibility of developing a local service aircraft. The agency hopes to present its finding during the next session of Congress.

### NEED FOR ECONOMICAL EQUIPMENT

It was hoped that enactment of Public Law 85-307 would encourage the development of a suitable economical aircraft to replace the DC-3.

In reporting on the original legislation, your committee stated—House Report No. 981, 85th Congress, 1st session:

> The relatively high cost per passenger-mile of operating the DC-3 is one of the major problems of short-haul carriers.

This problem has not been solved. Due to the lack of a suitable replacement at prices the carriers can pay, local service airlines now have more DC-3 aircraft in operation than when the act was passed.

The DC-3, introduced in 1937, was a major event in commercial air transportation. This new vehicle soon became the workhorse of the airlines but it long since has been replaced in domestic long-haul operations. Huge sums have been spent in successfully developing larger and faster aircraft to meet the increasing demands in the long-haul market, and we now are embarking on a plan to develop supersonic airlines.

But a vast market in the short-haul market, here and abroad, remains untapped. What is needed is not a faster or larger aircraft, but one which is more economical and can operate from short runways. We note with approval that this problem is receiving new emphasis by the CAB, FAA, and the industry.

As stated in the report, although a major objective of the original legislation was to enable the smaller airlines to replace the DC-3 with more economical aircraft, the total number of DC-3's in operation has increased in the last 5 years. When the original legislation was enacted in 1957, the local service carriers, the Alaska carriers, and the Hawaiian carriers were operating approximately 220 DC-3 aircraft. As of September 30, 1961, the number of DC-3's in operation had increased to about 240.

The explanation of this is that the demands for service have increased but there is now no suitable all-around, short-haul plane available in the price range which many of the airlines feel they can pay. I understand a DC-3 can be bought for $50,000 or less, while a modern, intermediate-range aircraft, with spares, represents an investment approaching $1 million. Some of the smaller carriers just do not have that kind of money. What the smaller airlines would like to have is a plane that can take off on runways of 3,000 feet, or less; which carries 20 to 30 passengers and has excellent cargo-handling features. It should cruise about 350 to 400 miles per hour, but have efficient low-speed performance for bad-weather landings at smaller airports. Its initial cost should be not more than $450,000 to $500,000, which should compare favorably with the $150,000 DC-3 new-plane cost before World War II.

Extension of the guaranteed loan program is necessary to encourage the development of a plane to meet the special needs of the local service carriers and to hold down operating costs for smaller airlines eligible for loan guarantees.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. WILLIAMS.** I yield to the gentleman from Iowa.

**Mr. GROSS.** What is the life of the loans that are guaranteed?

**Mr. WILLIAMS.** Not to exceed 10 years.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield further?

**Mr. WILLIAMS.** Surely.

**Mr. GROSS.** What is the total of the outstanding loans?

Mr. WILLIAMS. The total of loans guaranteed for local services lines is shown on page 13 of the hearings and amounts to $22,908,406. The total to all carriers, as of March 31, 1962, was $40,026,526, as shown by the report. As of March 31, the balance of outstanding loans was $25,955,099, as shown on page 16 of the hearings.

Mr. GROSS. If the gentleman will yield further, what average interest rate is paid on these loans?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Arkansas.

Mr. HARRIS. In the basic act itself there is no specific provision as to the amount of interest rates set out therein. Of course, what is expected under the proposal here and under the basic law to which the gentleman from Mississippi [Mr. WILLIAMS] referred is to get the best rate that we can in the market.

Mr. GROSS. But, of course, the Federal Government does guarantee 100 percent of the interest; does it not?

Mr. HARRIS. If the gentleman will yield further, "Yes"; that is correct. The Federal Government guarantees up to 90 percent of the loan.

Mr. WILLIAMS. Permit me to say that none of the loans are in default at the moment.

Mr. SCHENCK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I know of no opposition to this legislation, which would extend for 5 years the Government guarantee of loans to certain smaller airlines for the purchase of aircraft to improve the efficiency of their operations.

The loan guarantee program was established by Public Law 85-307, approved September 7, 1957. The legislation was enacted to enable certificated local service, territorial, and helicopter air carriers to obtain reasonable financing for the purchase of modern aircraft more suitable to their needs, and thereby obtain more economical operations, with the view of decreasing the dependence on Federal subsidy.

The following classes of air carriers are eligible: First, local service airlines; second, metropolitan helicopter operators; third, airlines providing service within Alaska, Hawaii, and Puerto Rico; fourth, airlines operating between Florida and the British West Indies.

As of March 31, 1962, the Civil Aeronautics Board has guaranteed loans totaling $40,026,526. There have been no defaults. The Board at that date had collected $231,683 in fees for handling applications. We were told that this covers cost of administration.

Congress adopted this program in 1957 to help the smaller airlines buy more efficient equipment. Witnesses in the hearings testified that it had reduced operating costs and had permitted the smaller airlines to provide more and better service.

Authority of the Board to guarantee loans under the 1957 legislation expired September 7. The pending bill provides for a 5-year extension and increases the maximum loans to any one carrier from $5 million to $10 million. It is necessary to raise the ceiling to $10 million because a number of the local service carriers have borrowed almost the maximum. If they are to get any benefit of the extension of the program, an increase in the ceiling is necessary.

The committee also adopted an amendment which added a new section 3 to the bill reading as follows:

> The Board shall make available to the Comptroller General of the United States such information with respect to the loan guarantee program under this act as the Comptroller General may require to carry out his duties under the Budget and Accounting Act, 1921.

This will insure that the Comptroller General, acting as the agent of the Congress, shall have the information he deems necessary to audit this program.

Congress has adopted a policy of encouraging the local service carriers to provide air transporation to the smaller cities. Special considerations of national policy involve operations in Hawaii, Alaska, and Puerto Rico.

Smaller carriers eligible for loans under this program are handicapped by lack of financial resources, so that they generally cannot obtain credit to purchase aircraft on the same terms as the larger carriers.

There are objectional features, of course, to any program of Government guarantee of loans to buy operating equipment but in this instance, the legislation enacted in 1957 seems to have put the smaller airlines in a better position to serve the public and saved them money which would have gone into higher interest payments if the Government guarantee had not been available. So long as the local services carriers must depend on subsidy, it would seem to be good business for the Government to guarantee loans for the purchase of more efficient equipment when such loans reduce the cost of operations for the participating airlines and thus reduce their dependence on Goverment subsidy.

Amendments were considered to transfer the program to the Department of Commerce, as recommended by the administration, and to make the cargo carriers eligible. Both were rejected.

Inasmuch as the Civil Aeronautics Board is handling the program successfully, without any complaints, we decided to let well enough alone. As for the cargo carriers, it was decided that this proposal goes into matters beyond the scope of the program to help the smaller airlines and that more information than was developed in the hearings is needed to make a sound judgment.

Mr. HARRIS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the purpose of this legislation is to extend the aircraft loan guarantee program enacted 5 years ago to help the smaller airlines of the country, principally the local service or feeder airlines.

The program has enabled these lines to hold down expenses of obtaining equipment and has made possible better service with improved equipment.

The Subcommittee on Transportation and Aeronautics held hearings on extension of the present act and a number of proposed amendments. On the basis of the record made in those hearings, the Committee on Interstate and Foreign Commerce recommends favorable action on H.R. 10129, as amended and reported to the House.

### PROVISIONS OF EXISTING LAW

Existing law authorizes the Civil Aeronautics Board to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by the lender to local service, helicopter, and certain other carriers. Such guarantees may extend so as to include unpaid interest and 90 percent of the unpaid principal of any loan. The terms of any loan must provide for full repayment within 10 years. The total amount of loans to any one carrier cannot exceed $5 million.

In addition, the Board in guaranteeing any loan must find that the carrier would otherwise be unable to obtain necessary funds for the purchase of aircraft on reasonable terms. Further, guarantees can only be extended in those cases where the Board finds that the loan was necessary to improve service and efficiency of operation. In connection with cost to the Government, the Board is directed by statute to prescribe and collect from the lending institution a reasonable guarantee fee.

### PRESENTLY ELIGIBLE CARRIERS

Carriers eligible for loan guarantees under existing law are as follows: Local service carriers: Allegheny Airlines, Inc., Bonanza Air Lines, Inc., Central Airlines, Inc., Frontier Airlines, Inc., Lake Central Airlines, Inc., Mohawk Airlines, Inc., North Central Airlines, Inc., Ozark Airlines, Inc., Pacific Air Lines, Inc., Piedmont Airlines, Inc., Southern Airways, Inc., Trans Texas Airways, Inc., West Coast Airlines, Inc.; Hawaiian carriers: Aloha Airlines, Inc., Hawaiian Airlines, Inc.; Alaskan carriers: Alaska Airlines, Inc., Bristol Bay Airlines, Inc.—apparently no longer operating—Alaska Coastal-Ellis Airlines, Inc., Cordova Airlines, Inc., Kodiak Airlines, Inc., Munz Airways, Inc.—apparently no longer operating—Northern Consolidated Airlines, Inc., Pacific Northern Airlines, Inc., Reeve Aleutian Airways, Inc., Western Alaska Airlines, Inc., Wien Alaska Airlines, Inc.; Caribbean area and Florida to British West Indies: Caribbean Atlantic Airlines, Inc., Mackey Airlines, Inc.; metropolitan helicopter service: Chicago Helicopter Airways, Inc., Los Angeles Airways, Inc., New York Airways, Inc.

### BENEFITS OF PROGRAM

The guaranteed loan program has made it possible for the eligible airlines to provide substantially improved service to the smaller communities of the Nation, and has reduced the subsidy needs of these carriers in relation to the service provided.

Operating statistics for the period immediately prior to the start of this program as compared with latest available figures reveal interesting facts regarding improved service being provided, for which the industry gives much credit to the loan guarantee program.

In 1956, scheduled revenue plane-miles flown amounted to 46,278,367. This compares with 97,723,724 for the 12-month period ending June 30, 1961. In

1956, the average route miles in operation amounted to 20,000 as compared with 34,545 in 1961. Revenue passenger-miles in 1956 amounted to 448,036,000 compared with 1,233,876,000 for the 12 months ending June 30, 1961. Total passengers carried during calendar year 1956 numbered 2,451,155 compared with 5,966,911 for year ending June 30, 1961. Scheduled flight departures increased from 587,420 in calendar year 1956 to 1,071,873 for fiscal year 1960.

The Civil Aeronautics Board advises as of December 31, 1961, a total of $30,349,503 had been borrowed on such loans, with $23,379,152 still outstanding at that date. These funds have been used to purchase first, 33 twin-turbine-engine F-27 aircraft; second, 12 twin-engine — piston-type — Convair 340/440 aircraft, which can be converted to turbine power; third, 3 twin-engine—piston-type—Martin 404 aircraft; fourth, 5 single-engine—piston-type—Vertel 44B helicopters, and fifth, 1 twin-turbine-engine helicopter.

Mr. Chairman, for the information of the House, I include in the RECORD at this point the act—Public Law 85-307—establishing this program, which is as follows:

PUBLIC LAW 85-307, 85TH CONGRESS S. 2229, SEPTEMBER 7, 1957, 71 STAT. 629

An Act to provide for Government guaranty of private loans to certain air carriers for purchase of modern aircraft and equipment, to foster the development and use of modern transport aircraft by such carriers, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That it is hereby declared to be the policy of Congress, in the interests of the commerce of the United States, the postal service, and the national defense to promote the development of local, feeder, and short-haul air transportation. In furtherance of this policy it is deemed necessary and desirable that provision be made to assist certain air carriers engaged in such air transportation by providing governmental guaranties of loans to enable them to purchase aircraft suitable for such transportation on reasonable terms.

SEC. 2. As used in this Act—

(a) "Board" means the Civil Aeronautics Board.

(b) "Aircraft purchase loan" means any loan, or commitment in connection therewith, made for the purchase of a commercial transport aircraft, including spare parts normally associated therewith.

SEC. 3. The Board is hereby authorized to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by such lender to any air carrier holding a certificate of public convenience and necessity issued by the Board (a) designated therein to be for local or feeder air service, or (b) providing for operations wholly within the Territory of Hawaii, or (c) providing for operations (the major portion of which are conducted either within Alaska or between Alaska and the United States) within the Territory of Alaska (including service between Alaska and the United States, and between Alaska and adjacent Canadian territory), or (d) providing for operations within the Commonwealth of Puerto Rico (including service to the Virgin Islands and the Dominican Republic), or (e) providing for operations between Florida and the British West Indies (including service to Cuba), or (f) for the purpose of authorizing metropolitan helicopter service. Such guaranty shall be made in such form, on such terms and conditions, and pursuant to such regulations, as the Board deems necessary and which are not inconsistent with the provisions of this Act.

SEC. 4. No guaranty shall be made:

(a) Extending to more than the unpaid interest and 90 percent of the unpaid principal of any loan.

(b) On any loan or combination of loans for more than 90 percent of the purchase price of the aircraft, including spare parts, to be purchased therewith.

(c) On any loan whose terms permit full repayment more than 10 years after the date thereof.

(d) Wherein the total face amount of such loan, and of any other loans to the same carrier, or corporate predecessor carrier or carriers, guaranteed and outstanding under the tems of this Act exceed $5,000,000.

(e) Unless the Board finds that, without such guaranty, in the amount thereof, the air carrier would be unable to obtain necessary funds for the purchase of needed aircraft on reasonable terms.

(f) Unless the Board finds that the aircraft to be purchased with the guaranteed loans is needed to improve the service and efficiency of operation of the air carrier.

SEC. 5. The Board shall prescribe and collect from the lending institution a reasonable guaranty fee in connection with each loan guaranteed under this Act.

SEC. 6. (a) To permit it to make use of such expert advice and services as it may require in carrying out the provisions of this Act, the Board may use available services and facilities of other agencies and instrumentalities of the Federal Government with their consent and on a reimbursable basis.

(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act.

SEC. 7. (a) Receipts under this Act shall be credited to miscellaneous receipts of the Treasury.

(b) Payments to lenders required as a consequence of any guaranty under this Act may be made from funds which are hereby authorized to be appropriated to the Boards for that purpose.

(c) Administrative expenses under this Act shall be paid from appropriations to the Board for administrative expenses.

SEC. 8. This Act shall become effective upon enactment, and the authority contained in section 3 hereof shall expire five years thereafter.

Approved September 7, 1957.

Mr. WILLIAMS. Mr. Chairman, I have no further requests for time.

Mr. SCHENCK. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 8 of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the word "five" and inserting in lieu thereof the word "ten".

The CHAIRMAN. The Clerk will read the first committee amendment.

The Clerk read as follows:

Page 1, line 6, insert:

"SEC. 2. Subsection (d) of section 4 of such Act is amended by striking out '$5,000,000' and inserting in lieu thereof '$10,000,000'."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 1, line 9, insert:

"SEC. 3. Section 6 of such Act is amended by adding at the end thereof the following new subsection:

"'(c) The Board shall make available to the Comptroller General of the United States such information with respect to the loan guaranty program under this Act as the Comptroller General may require to carry out his duties under the Budget and Accounting Act, 1921.'"

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. ALBERT] having assumed the chair, Mr. GEORGE P. MILLER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 10129) to amend the act of September 7, 1957, relating to aircraft loan guarantees, pursuant to House Resolution 778, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND

Mr. SCHENCK. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

## HEALTH CLINICS FOR DOMESTIC MIGRATORY FARMWORKERS

Mr. ROBERTS of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12365) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 12365, with Mr. GEORGE P. MILLER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. ROBERTS of Alabama. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill—H.R. 12365—deals with the health problems of our migratory farm families. Specifically, it would amend title III of the Public Health Service Act to authorize the Surgeon General to make grants to public or other nonprofit agencies for paying part of the cost of establishing and operating family health service clinics and special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families. It authorizes an appropriation of up to $3 million for the fiscal year ending June 30, 1963, and for each of the 2 following fiscal years.

The legislation also authorizes the Surgeon General to encourage and cooperate in intrastate and interstate programs for the purpose of improving the health conditions of migratory workers and their families.

The terms of the legislation provide for sharing of project costs between the Federal Government and the project grant applicant. While no specific State or local matching is required by the legislation, it is anticipated that State and local contributions of funds, personnel, services, facilities, and equipment will exceed the amount of Federal grants.

State and local health and welfare agencies, growers' associations, health and welfare councils, medical societies, educational institutions, and other qualified community groups would be eligible to apply for migrant health grants.

This program places primary emphasis on the establishment and operation of family-type outpatient clinic services for preventive and curative care, located where migrant families can reach them easily, and operated under circumstances which make their services truly accessible. These clinics, already in limited use in such places as Fresno, Calif., and Palm Beach County, Fla., have demonstrated that taking health services to the migrants either through mobile units or through temporary facilities will result in effective use of the services offered. It is expected that this will reduce the number of cases which will have to be hospitalized, thus reducing the physical and financial burden otherwise required to be borne by local taxpayers, doctors, and existing medical facilities.

Other projects will focus on the development of effective ways to help the migrants to understand and assume greater responsibility in meeting their problems.

Still other types of health activities which would be undertaken include visits by public health nurses to migrant labor camps; sanitary inspections of camps, worksites, and temporary rest stops to assure the maintenance of adequate sanitary facilities, including safe and adequate water supplies; and the exchange of information between health workers in different areas to assure the availability of needed health services and to eliminate unnecessary duplication.

Testimony before our committee and that of the Senate has indicated strong support for this legislation. Such groups as the American Public Health Association, the Association of State and Territorial Health Officers, the National Education Association, the National Consumers League, the National Council of Churches, the National Child Labor Committee, and the National Farmers Union have emphasized the need for concerted effort to be made by local communities, the States, and the Federal Government.

The movement of the migrants from State to State makes their welfare an interstate concern, deserving of Federal notice and effort. The communities in which migrants work cannot be expected to shoulder the entire burden of health care and other services. At present, the responsibility must rest with all of us—the growers for whom the migrants work, the towns and States through which they must pass, and the Nation for whom they produce.

It is not intended that the Federal Government will take over the financial burdens already assumed by the States and local agencies, but instead, through the provision of project grants, to stimulate new migrant health activity with the resulting projects becoming self-sustaining in the future wherever possible.

The million American farm migrants need a decent and healthy environment, and a chance to avoid those illnesses which can so easily be prevented, but are a constant plague to them.

The poverty of these migrants, their lack of health knowledge, and their physical isolation and mobility, all tend to limit their access to community health services. Their poor health not only affects their own lives and opportunities, but is a threat to the members of the permanent communities through which they migrate.

Ordinarily, communities in the migrant work areas have facilities and personnel designed to meet only the health needs of their own local residents. These facilities and personnel are not capable of meeting the health needs of large numbers of persons who work temporarily in their areas.

Local laws and ordinances establishing residence requirements for health care frequently bar migrant workers from health services which otherwise might be available to them. Even in those cases where local facilities are available to migrant workers, they often are available at times, places, and under conditions which result in the workers being unable to avail themselves of the services.

President Kennedy, in his health message of February 1962, said that agricultural migrants and their families have unmet needs far greater than those of the general population. He went on to say:

> To help improve their health conditions, I recommend, in addition to expanding the special Public Health Service activities directed to them, the enactment of legislation to encourage the States to provide facilities and services for migrant workers.

Mr. Chairman, I urge the enactment of this legislation, which would be a step toward meeting the urgent health needs of our domestic agricultural migrants and their families.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from Iowa.

Mr. GROSS. I notice in the letter from the Bureau of the Budget under date of June 3, 1961, that it is proposed there be set up another of these advisory committees under the terms of this legislation, but I do not find the provision for an advisory committee in the legislation itself. Was the advisory committee stricken from the legislation?

Mr. ROBERTS of Alabama. That is correct.

Mr. GROSS. I am glad to hear that.

Mr. ROBERTS of Alabama. I thank the gentleman.

Mr. GROSS. At least that portion of the money that might otherwise be spent on an advisory committee can be used to take care of the health needs of the migratory workers.

Mr. ROBERTS of Alabama. I will say to the gentleman also that the committee made a change so far as the life of the program is concerned and instead of making it permanent legislation, only gave it 3 years of life so that we can take a look at the program to see if it is carried out properly.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I am glad to yield to the gentleman from Florida, a member of the Subcommittee on Health and Safety.

Mr. ROGERS of Florida. Mr. Chairman, I rise in support of this legislation, H.R. 12365, a bill to provide health facilities for domestic migratory farmworkers.

The plight of the migratory farmworker is one which has received a great deal of attention. These people perform a valuable service to American agriculture and, without their services, millions of dollars' worth of crops would rot in the fields and on the vine each year. This important segment of America's labor force is skilled in many respects and the work of the migratory farmworker could not be performed by the otherwise unemployed without loss of produce and injury to the vegetation bearing this produce.

These people are not only valuable because they are experienced in their particular skills, but because they are in the right places at the right time. They make themselves available at harvesttime, then move on to other harvest areas when the work is done. Moving in three general areas, they travel thousands of miles each year. Their lives are without the roots known to stable society.

The domestic migrant farm labor force follows three patterns of movement. The east coast stream works in Florida in the winter and journeys to the upper east coast and Middle Atlantic States for the harvest periods during the balance of the year. The Central States stream moves through the central South and Midwest, and the west coast steam of migratory farmworkers works the Rockies and the Pacific coast.

Being composed mainly of minority groups, and having little if any schooling and knowledge of the English language, the migrant's living conditions leave much to be desired in many areas. Although the American farmer has done much to provide adequate housing and sanitation for his workers, the cost of such facilities is high. The average wages of the migrant laborer do not allow him to acquire living fixtures in each area of employment, and the uncertainty of his return to the same area add to this problem.

Thus with little knowledge or interest in improving his surroundings, the domestic migratory farmworker becomes as much a potential menace to society as he is an asset to it. Migrant camps are breeding grounds for chronic diseases, many of them the result of neglect and ignorance. Intestinal disorders, respiratory infections, venereal disease, diphtheria, and typhoid are common maladies in migrant camps. These diseases are increased threats to the surrounding permanent residents because of poor sanitation. Such diseases would pose a serious health hazard to any community if isolated. But consider the problem as amplified by the constant movement of the migratory farm labor force throughout the Nation. In effect, the migrant laborer is a carrier of disease to literally any part of the Nation.

To cite specific examples, take the case of a 1960 diphtheria outbreak in a Texas migrant labor camp. Seven cases were discovered in migrant worker families. The third week a diphtheria epidemic had spread among 43 local residents, including 2 cases in an adjoining county. Five cases of diphtheria occurred among migrant children in Illinois. Since the families of several diphtheria-infected children had come from the Texas diphtheria area, there was thought to be some relationship to this new outbreak. Later the next year, diphtheria was reported in a labor camp housing 75 migrants in Florida. Other diphtheria outbreaks have been reported in Michigan and California.

There have been reports of such diseases as typhoid fever, hepatitis, and Asian flu spreading in this same manner.

Mr. Chairman, the threats to the national health can be readily seen if the health conditions of the migratory farm laborer are not better controlled. The States have done much to improve conditions, as have local communities. Palm Beach County in my own district has an excellent program, but much still must be done. With the interstate nature of the migrant stream, the need and justification for Federal action is apparent.

The program envisioned in H.R. 12365 is one which would authorize an expenditure of not more than $3 million annually for 3 fiscal years. Though this program has no fixed formula, it is a program designed to stimulate local funds in excess of those provided by the Federal Government.

Under no conditions would these Federal funds be used to construct new buildings or clinics. They would be used to provide moneys for the contracting agencies to employ professional, technical, and supporting staff. Some funds would be used to procure the necessary supplies such as drugs to be used where field treatment was administered, and some funds would be used for educational aids to demonstrate health and sanitation methods to migrants. It must also be emphasized that these funds would not be contemplated for the payment of migrant hospital bills. Should hospitalization be necessary, it would be counted as part payment of the local share.

Mr. Chairman, this legislation was reported from the Committee on Interstate and Foreign Commerce after extensive hearings were held. The committee knows of no opposition to this legislation. Because of the interstate nature of the health conditions of America's domestic migratory farm labor force I urge your approval of this measure.

Mr. ROBERTS of Alabama. I thank the gentleman.

Mr. BENNETT of Florida. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman.

Mr. BENNETT of Florida. Mr. Chairman, H.R. 12365 should be promptly made law, as its merits are obvious. The Federal Government should certainly make these funds available to assist family clinics for domestic agricultural migratory workers. This is a minimum effort to eliminate some of the bad conditions surrounding the use of migratory labor.

I have heard from the Florida Fruit and Vegetable Association that since the employer of agricultural labor needs a large number of workers for a relatively short period of time migratory workers have been the inevitable result. The association has stated to me that its members are "attempting within the limitation of our resources, to alleviate the problems that go with the migratory labor stream." They favor whatever appropriate assistance can be given by the Federal Government, and so do I. H.R. 12365 is such a measure.

It seems to me that the situation would also be helped considerably if an appropriate minimum wage law could be enacted. In January of 1961 I introduced H.R. 305, similar to legislation I had previously introduced in this field. Although it is now too late to pass H.R. 305 in this session of Congress, I hope that it can be considered in its present or in some modified form as a basis for doing justice to these workers. To the extent that such a law might result in somewhat more expensive commodities, that is the free enterprise system as it should be, passing on the costs of proper working conditions to those consumers who use the produce. This is preferable to a welfare or charity program paid for by general taxation. For the purposes of the record the following are the terms of the bill H.R. 305:

### H.R. 305

**A bill to amend the Fair Labor Standards Act of 1938 to establish a minimum wage rate applicable to migrant agricultural workers**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3 of the Fair Labor Standards Act of 1938 is amended by adding at the end thereof the following new paragraph:

"(p) 'Migrant agricultural employee' means a person engaged in migratory agricultural labor, as defined by the Secretary: *Provided,* That persons coming from foreign countries as well as persons crossing State lines shall be included as migrant agricultural employees, and in no case shall there be included as migrant agricultural employees any persons who have resided in the State where the labor takes place for more than one year preceding such labor."

SEC. 2. Section 6(a) of the Fair Labor Standards Act of 1938 is amended by striking out the period at the end of paragraph (3) and inserting a semicolon, and by adding at the end thereof the following new paragraph:

"(4) if such employee is a migrant agricultural employee, not less than the applicable rate established by the Secretary of Labor (but which in no case shall exceed $1 per hour) in accordance with recommendations of a special committee which he shall appoint. The provisions of subsections (b), (c), and (d) of section 5 shall apply to such committee in the same manner they apply to the special industry committees provided for Puerto Rico and the Virgin Islands by this Act. Such committee shall have the same powers and duties with respect to the application of this Act to migrant agricultural employees as pertain to special industry committees established under section 5 with respect to employees employed in Puerto Rico or the Virgin Islands. In determining minimum wage rates which it will recommend, the committee (1) shall not use the standards prescribed in section 8, but shall fix the rates at the highest minimum rates (not in excess of the rate prescribed in section (b)(1)) which it determines, having due regard to economic and competitive conditions, will not substantially curtail employment of migrant agricultural employees, and (2) in making classifications shall do so on the basis of the type of crop grown or on the basis of geographical areas, rather than on the basis of classifications within industries."

SEC. 3. (a) Paragraph (6) of subsection (a) of section 13 of the Fair Labor Standards Act of 1938 is amended by inserting after "agriculture" the following: "(other than a migrant agricultural employee)".

(b) Subsection (b) of section 13 of such Act is amended by inserting before the period at the end thereof the following: "; or (6) any migrant agricultural employee".

SEC. 4. The amendments made by this Act shall take effect on the date the Secretary makes effective his regulations defining migrant agricultural employee.

Mr. RYAN of New York. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from New York.

Mr. RYAN of New York. Mr. Chairman, I rise to support H.R. 12365. In the first place I want to commend the distinguished chairman of the subcommittee, the gentleman from Alabama [Mr. ROBERTS], and the distinguished chairman of the full committee, the gentleman from Arkansas [Mr. HARRIS] for bringing this bill to the floor. It provides for grants to public and nonprofit agencies for family health clinics for migratory workers and for special projects to improve health conditions of migratory workers. I have long been concerned with the plight of the migratory worker and his family and introduced H.R. 8882 which is almost identical to the bill before us today. When the Interstate and Foreign Commerce Committee held hearings on this subject, I testified and outlined the pressing need for such legislation. I was pleased that Boisfeuillet Jones, Special Assistant to the Secretary of Health, Education, and Welfare for Health and Medical Affairs, testified in support of my bill, H.R. 8882.

The fact that there is an imperative need for legislation concerning the health of migratory workers is indisputable.

It seems unbelievable that in this day and age there could be a group of people in this country whose level of health compares to that of the general population in the year 1900. Back in 1900 the communicable diseases were the leading causes of death in this country. These diseases included influenza and pneumonia, tuberculosis, and the infectious digestive diseases such as diarrhea and gastritis, and so forth. We have conquered most of these diseases through sanitation, better nutrition, and immunization. Yet today these are still the diseases which plague the migrant worker and his family.

The President's Commission on Migratory Labor reported in 1951 that infant mortality, maternal mortality, dysentery, smallpox, and typhoid were far more prevalent among migatory workers than among the general population. More recent State and local surveys indicate that this situation has not improved in the last 10 years.

Migrants usually work in rural counties or in remote areas where the services of public health nurses and doctors are not readily available. They live on the fringes of our communities, strangers to basic health services which the rest of us have accepted and known all our lives. They usually remain strangers because they do not have access to these health services. Sometimes it is simply because they have no means of transportation from a labor camp to a doctor or a health center. Again, since they are unaccustomed to regular health care, they may not use preventive health services, or take care of a medical problem in its early stages, because to do so would mean the loss of part of their meager earnings.

It is also quite often impossible for communities to stretch their health services to meet the seasonal impact of migrant groups. Some communities have meager health resources even for permanent residents. Another part of the problem is that no single community or State feels that this is its problem alone.

The Secretary of Health, Education, and Welfare, Abraham Ribicoff, in testifying before the Senate Subcommittee on Migratory Labor last year, described some of the health problems of migratory workers. He said:

> Migrant workers and their families are more vulnerable than the general population to illness and accidents as a result of their substandard living and working conditions, their own ignorance and poverty, and community neglect. Meeting their health needs is an almost impossible task for many of their work communities. Some have meager health resources even for permanent residents. Many require far greater expansion and adaptation of service to the migrants' special situation than is now realistically possible if they are to serve the health needs of migrant workers and their families effectively.

This bill would give the Federal Government a more active role in helping communities to establish migrant health services. Federal grants to public or nonprofit agencies could stimulate the development of special services for migrants which might never be developed simply because the money required is not available. Federal project grants and technical assistance would be used in conjunction with established community health services to encourage and assist them in family health service clinics geared to meet the special needs of the migrant and his family. This bill also provides for special project grants to develop improved methods of providing health services for migrants and for training personnel especially to serve them.

Mr. Chairman, in 1843 Thomas Carlyle described the life of the worker of his day in the following words:

> It is not to die or even to die of hunger that makes a man wretched. Many men have died. But it is to live miserably and know not why, to work more and gain nothing, to be heart worn, weary, yet isolated and unrelated.

These words could have been written today to describe the life of the migrant farmworker in the United States. H.R. 12365 is a step in the direction of changing that life and bringing the migrant farmworker into the 20th century. I urge all my colleagues to support this measure.

Mr. ROBERTS of Alabama. I thank the gentleman and appreciate his support of the legislation.

Mr. SCHENCK. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, the Subcommittee on Health and Safety, of which I have the honor to be the ranking Republican member, has considered this legislation rather extensively and has held rather extensive hearings. The committee is unanimous in reporting the legislation to the parent committee, and the parent committee also reported the legislation out unanimously.

Mr. Chairman, this bill represents an effort to alleviate the serious health problems of our domestic agricultural migratory workers and their families.

Almost a million of these people live and work for short periods of time, chiefly during harvest seasons, in nearly one-third of the counties in the various States. Neither these States nor the local communities can take care of the health requirements of the large number of men, women, and children who are there only temporarily and then move on to other places to work. Their facilities and personnel are designed for local residents, and are not equipped to take care of the additional load.

Furthermore, these facilities and services are not available at times when the migrants can use them, or in places which are easily accessible to them. Migrants are also frequently ineligible because of residence restrictions which prohibit or limit the rendering of public services to these individuals although they are available to other citizens. Those services which have been made available to migrants are scattered, uncoordinated, and inadequate, with little provision for continuity of care.

The migrant farmworkers and their families are in the lowest economic group of our population, and they are less able to pay for their health care than most people, although their need for it is greater. Their substandard living and working conditions make them more vulnerable to sickness and accidents, and they do not receive preventive attention, such as innoculations and prenatal care, that most people can take for granted. Because of this, and because they often do not receive medical care for an illness until it has become quite serious, they are more likely to need hospitalization, frequently as emergency cases. Since they can rarely pay for their care, unpaid hospital and medical bills of migrant workers have become a matter of concern for hospitals in rural areas and for the communities as well.

The fact that many of the migrant workers, although they are American citizens, do not speak English, and often do not understand or appreciate health and sanitation requirements aggravates the difficulties.

The imperative need for a health program for our domestic migrant agricultural workers is more apparent by contrast with the provisions made for health services for foreign migrant agricultural workers who come to the United States temporarily to work on our farms. Over 300,000 workers enter the country each year from Mexico and the British West Indies, and they are protected by contracts which guarantee them medical care and accident insurance.

Both of these groups, the domestic and the foreign agricultural workers, are required by our economy. Our agriculture depends on the ready availability of mobile workers, particularly at harvest time, and it would be a great loss if these skilled workers were not ready to gather the crops.

Because these workers are necessary; because they have serious health handicaps; because their requirements cannot be fulfilled by States or local communities without help; and because of their interstate movement, the Federal Government has an obligation to assist in providing health care.

This bill would give such assistance through grants to States, local communities, and nonprofit organizations. The States and local areas would retain the responsibility and the authority to plan and carry out the programs. The Federal Government would assist financially, provide leadership in finding solutions to migrant health problems, help to coordinate health services for migrants so as to eliminate gaps and avoid duplications, and promote interagency, inter-State and intra-State planning to insure continuity of health services as families move from place to place.

The bill authorizes an appropriation of up to $3 million for the fiscal year ending June 30, 1963, and for each of the 2 following fiscal years. Under the legislation, the PHS could make grants to help improve migrant health conditions. State or local health and welfare agencies, church groups, growers' associations, medical societies and other qualified community groups would be eligible to apply for grants.

Project grants could be used to pay part of the cost of establishing and operating family health service clinics and other special projects to improve health services for migrant families.

In addition to family-type outpatient clinic services for preventive and curative care, projects to extend public health nursing services to migratory workers could be set up under the proposed legislation. Another type of project would provide consultation and aid to camp owners and employers, on methods of improving sanitary conditions in labor camps, in the fields, and at temporary rest stops en route between work locations.

Programs to develop better coordination of migrant health services—geographically and agencywise—would result from the bill. Health education specially suited to the unique conditions of the migrant population would be another valuable type of project.

Hospitalization would not be provided for, but we can expect that with better health care and preventive services, the necessity for hospital care would be greatly reduced.

In conclusion, I should like to emphasize that there is a long and solid historic background for our acceptance of limited and appropriate Federal responsibility for the health of migrant agricultural workers. Over the last quarter of a century, many professional studies, recommendations, and demonstrations have pointed to this fact.

This bill would provide the kind of effective assistance that has been shown to be necessary. And while it calls for Federal financial aid and advice, the design and execution of the specific health programs will remain in the hands of the States and local communities who know their own problems and resources.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. SCHENCK. I yield to the gentleman.

Mr. TEAGUE of California. Mr. Chairman, I am happy to associate myself with the remarks of the gentleman from Ohio and to state that I, too, support this legislation.

Mr. SCHENCK. Mr. Chairman, I reserve the balance of my time.

Mr. ROBERTS of Alabama. Mr. Chairman, I yield to the distinguished chairman of the full committee, the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I want to compliment the chairman and the other members of the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce for their consideration and action on this legislation. This matter has been pending before the Congress for some time. The record, of course, shows that the other body considered and passed a similar bill some months ago. Earlier, during this year, I directed the subcommittee to conduct hearings and give consideration to the proposal as there was much merit to it.

I want to say to the House, I think the subcommittee has done a commendable job in its consideration of the proposal and recommendation to the full committee. This is, of course, confirmed by the fact that the full committee unanimously reported this proposal to the House of Representatives and it is being considered accordingly here today.

Mr. Chairman, this legislation provides for a 3-year health program for migratory workers and their families which has been long overdue. I would say to the Members of the House that the instant program is a small point 4 program for our own people. Since we are engaged in point 4 programs for peoples all over the world, it is about time that we are beginning to think about similar programs for our own people.

The 3-year program which I am talking about would enable the Surgeon General of the Public Health Service to make grants to public and other nonprofit agencies for paying part of the cost of establishing and operating family health service clinics and other special projects to improve health services for domestic agricultural migrant workers and their families.

The maximum authorized cost of this program for each of the 3 years would be $3 million. It is expected that $2.5 million of this amount will be used for grants to States, local communities, and nonprofit organizations. All of these grants will be channeled through the State health departments.

The remainder of $500,000 will be used to pay for special services of Federal employees. It is contemplated that several teams of Federal employees will be formed to assist States, local communities, and private nonprofit organizations to coordinate needed health services for migrant workers in order to eliminate present gaps and duplications in these services.

The Members of the House might well ask: Why another Federal program? Is it not the responsibility of the States and local communities to take care of the migratory workers who come to these States and communities?

There are several answers to these questions. Domestic agricultural migrant workers numbering nearly 1 million persons live and work only for brief periods in about 1,000 counties located chiefly in 31 States. Ordinarily communities in these areas have only health facilities and personnel designed to meet the health needs of their own local residents. These facilities and personnel are not capable of meeting the health needs of large numbers of persons who work temporarily in these areas.

Second, local laws and ordinances establishing residence requirements for health care frequently bar migrant workers from health services which otherwise might be available to them. Even in those cases where local facilities are available to migrant workers, they often are available at times, places, and under conditions which result in the workers being unable to avail themselves of the services.

There are additional reasons why these local health facilities cannot meet the demands placed upon them by migratory workers. Many of the migrant workers, while American citizens, do not speak English and many of them have an inadequate appreciation of health and sanitary problems, thus making it difficult for local health personnel to meet the health needs of migrant agricultural workers and their families.

There is, however, an overriding reason why the Federal Government should assume some measure of responsibility in this area. Our agriculture throughout the Nation is geared to the ready availability of migrant agricultural workers, particularly at harvest time. Crops worth millions of dollars would rot in the fields and on the vines, bushes, and trees if these workers were not available in sufficient numbers at the right places and at the right times.

Much of the work performed by migrant agricultural workers is skilled work. It cannot be performed by persons otherwise unemployed without causing grave injuries and loss to the produce and to the trees, vines, and plants bearing the produce.

There are important precedents for Federal legislation aimed at meeting health and safety needs of individuals who are peculiarly involved in interstate commerce. As a matter of fact the origin of the U.S. Public Health Service can be traced to the urgent need for meeting the health requirements of merchant seamen. In 1798, the Fifth Congress of the United States passed an act for the relief of sick and disabled seamen.

Pursuant to this legislation the U.S. Marine Hospital Service was established which was a forerunner of the U.S. Public Health Service.

Many of the same considerations which then were material in enacting merchant seamen health legislation are present today and warrant the passage of migrant worker health legislation. In earlier days the utilization of local hospitals by impecunious, sick, and injured seamen imposed an undue burden upon local facilities and resources. Today, much in the same manner, sick and injured migrant workers and their dependents impose an undue burden on local facilities and resources.

The services of seamen were considered indispensable to the uninterrupted operation of our vitally needed merchant fleet. Today we must recognize that migrant agricultural workers are required to assure continued operation of a large segment of the Nation's agricultural activities.

The 84th Congress recognized the interstate character of matters relating to migratory workers. Our committee reported legislation which the Congress enacted providing for the regulation of interstate transportation of migrant farmworkers.

It is important to note that health services are presently being made available to foreign migrant agricultural workers who come to the United States. Approximately one-half million foreign agricultural workers enter the United States each year for temporary work in agriculture. In 1961 they included about 300,000 Mexican nationals and a monthly average of about 8,000 British West

Indians. The contracts and international agreements for both these groups of foreign workers guarantee them benefits that contribute directly or indirectly to the health status of these workers.

It certainly seems reasonable to provide similar benefits for our domestic agricultural workers. These domestic migratory agricultural workers are in the lowest economic strata of our population. Their health needs are great; however, they have little opportunity and even less financial ability to meet these needs.

As I have pointed out, these needs cannot be met adequately by States and local communities without some measure of Federal participation. It is contemplated that the funds made available under this program will be used to pay part of the cost of establishing and operating family health service clinics. The legislation does not, however, authorize the use of these funds for the construction of hospitals, clinics, or health facilities.

No specific State or local cash matching is required by the legislation. However, the amount of funds which will be expended by the States, communities, and nonprofit organizations is expected to exceed the amount of Federal grants. Such matching will take the form of making available services, facilities, and equipment. Past experience with similar Federal grants indicates that such programs stimulate non-Federal expenditures considerably in excess of the Federal grants.

Other types of health activities which would be undertaken include visits by public health nurses to migrant labor camps; sanitary inspection of camps, worksites, and temporary rest stops to assure the maintenance of adequate sanitary facilities including safe and adequate water supplies; and the exchange of information between health workers in different areas to assure the availability of needed health services and to eliminate unnecessary duplication.

Experience has demonstrated that serious communicable diseases which afflict many of the migrant workers and their families threaten residents in the permanent communities where migrant agricultural workers and their families stop over in pursuit of their work.

Thus, the legislation is designed to meet not only the needs of the migrant workers themselves, but also the needs of the States and local communities in which these laborers work and through which they pass in pursuit of such work.

Our committee has been unanimous in favoring the adoption of this legislation and I trust that the House will overwhelmingly support the conclusion of the committee that this legislation is necessary.

Mr. ROBERTS of Alabama. Mr. Chairman I ask unanimous consent that the gentleman from New York [Mr. Zelenko] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ZELENKO. Mr. Chairman, it is with much pride and satisfaction that I rise in favor of H.R. 12365, a bill introduced on June 29, 1962, by the Honorable Kenneth A. Roberts, of Alabama, to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers.

With Senator Harrison Williams, of New Jersey, I have been actively and continuously fighting for legislation to improve the conditions of the migratory laborer. I have sponsored 10 migratory labor bills personally and have the honor of chairing the Select Subcommittee on Labor, to which the majority of these were referred.

Senator Williams and I have met many times both with the President's Committee on Migratory Labor and privately to discuss and lay legislative groundwork to eliminate the plight of the migrant worker. Our staffs have worked hand in hand until we have reached this point. This great House of Representatives is now in a position to pass legislation favoring the migrant worker, as the Senate has previously done.

On March 7, 1961, I introduced H.R. 5285, amending title III of the Public Health Service Act to authorize grants for improving domestic agricultural migratory workers' health and conditions and on February 15, 1962, I amended the legislation by introducing H.R. 10027, to authorize grants for family clinics for our migrant agricultural workers. I am proud that Mr. Roberts' bill is identical to mine in most every respect.

My subcommittee held public hearings in Washington and in New York City in the spring of 1961 to consider four migratory labor bills. During these hearings I was in a position to receive and evaluate much testimony regarding the status of the migratory worker. During the development and consideration of these bills, the staff of my Select Subcommittee on Labor visited migratory work camps to make on-the-spot observations. In addition, numerous interviews and consultations were held with migrant families, growers, State and local health personnel, and others with firsthand knowledge of the serious problems, including those relating to health, although, of course, the health bill was not specifically before the subcommittee.

The evidence we received from this intensive research demands remedial legislation.

Out of all these studies a common conclusion has emerged, that these workers live and work under conditions sharply contrasting with our general standards of living. The time for study has now passed and the need for effective action is imperative. Such action can only be activated through the exercising of leadership by the Federal Government.

It must be noted that the health problems facing agricultural migratory workers are not limited to any one State or, indeed, any group of States. The scope of the migratory health problems are interstate and can only be handled properly and effectively by Federal and State cooperation.

In conclusion, there has been a growing public awareness in recent years that the plight of the migrant worker is foreign to our American institutions. This long-festering sore in our society and in our economy provides a propaganda weapon for those who oppose our traditions and ideals. Failure to take prompt remedial action may be viewed as a repudiation of our moral responsibility to our own people, thereby abetting our adversaries in the struggle for the minds of men.

I respectfully urge my colleagues to support the bill before us and to give continued support to legislation designed to remedy and eliminate the second-class citizenship of the migratory agricultural worker.

Mr. SCHENCK. Mr. Chairman, I yield such time as he may require to the gentleman from California [Mr. Hiestand].

Mr. HIESTAND. Mr. Chairman, we need to improve health services for these men, women, and children. The proposed interstate program will fill a void by helping State governments in establishing and operating family health service clinics for over 1 million needful Americans.

I am concerned about the welfare of all Americans. The interstate migratory worker provides a much needed service. He works hard for meager returns and his mobile working conditions have resulted in a lack of health facilities. We should and can do something to help him and at the same time relieve the strain on local health facilities which cannot meet their needs at harvest time.

It seems incredible that the Federal Government should already be providing funds to foreign migrant agricultural workers in America but not to our own. This bill (H.R. 12365) will correct that injustice. Mexican and West Indies nationals currently enjoy these very same services.

This bill does not violate the important role of State governments in the field of public health, for they will be authorized to provide the actual health services. The interstate nature of the problem has involved the Federal Government. Diseases are contracted and carried from State to State by these workers and an integrated program will relieve much suffering.

It has long been one of the tragic features of American society that, in many cases, we show foreign peoples more consideration than we do our own. In the field of health, the American taxpayer has supported extravagant programs in other countries. I firmly believe that we should put our own house in order first.

Whenever we can help our own people we should, and I cast my vote for this interstate legislation in the knowledge that positive benefits to workers will be the result.

Mr. COHELAN. Mr. Chairman, I rise in support of this bill which I have joined in sponsoring—a bill which would authorize an urgently needed and long overdue program of health clinics for domestic migratory farmworkers.

A tremendous gap exists today, Mr. Chairman, between our health knowledge and its application to the health needs of our migrant farmworkers and their families. These people—because of inadequate housing, poor sanitation, substandard working conditions, and a lack of immunization against disease—generally have a greater need for health care than our population as a whole.

At the same time, migrant farmworkers are in the lowest economic strata of our society and commonly are not in a position to afford the care they need. In addition, because of their mobility, many communities reject responsibility for their health needs.

This matter is a problem in my own State of California, but it is more than the problem of a single State, a single locality, or a single community. Domestic agricultural migrant workers and their families comprise a population of approximately 1 million persons. These men and women and children live and work for varying periods of time each year in about 1,000 of our Nation's counties. The major impact falls in 31 States, but nearly all are affected in some degree.

Some States and some communities have made efforts to provide adequate health services to meet the needs of these workers and their dependents. Many, however, simply lack the necessary local resources.

This, Mr. Chairman, is a national need. This is a carefully drawn bill which seeks to meet that need by stimulating and assisting local effort. I believe that by enacting this bill we can take another step toward meeting our responsibilities to these people, who in a very real sense can be termed our "forgotten workers," and I urge that we take this step without further delay.

**Mr. SCHENCK.** Mr. Chairman, I have no further requests for time.

**Mr. ROBERTS of Alabama.** Mr. Chairman, I have no further requests for time, and ask that the Clerk read.

**The CHAIRMAN.** There being no further requests for time, the Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title III of the Public Health Service Act (42 U.S.C., ch. 6A, subch. II) is amended by inserting at the end of part A thereof the following new section:

"GRANTS FOR FAMILY HEALTH SERVICE CLINICS FOR DOMESTIC AGRICULTURAL MIGRATORY WORKERS

"SEC. 310. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1963, the fiscal year ending June 30, 1964, and the fiscal year ending June 30, 1965, such sums, not to exceed $3,000,000 for any year, as may be necessary to enable the Surgeon General (1) to make grants to public and other nonprofit agencies, institutions, and organizations for paying part of the cost of (i) establishing and operating family health service clinics for domestic agricultural migratory workers and their families, including training persons to provide services in the establishing and operating of such clinics, and (ii) special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families, including training persons to provide health services for or otherwise improve the health conditions of such migratory workers and their families, and (2) to encourage and cooperate in programs for the purpose of improving health services for or otherwise improving the health conditions of domestic agricultural migratory workers and their families."

**The CHAIRMAN.** Under the rule the Committee rises.

Accordingly the Committee rose, and the Speaker pro tempore (Mr. Albert) having resumed the chair, Mr. George P. Miller, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12365) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes, pursuant to House Resolution 781, he reported the bill back for the House.

**The SPEAKER pro tempore.** Under the rule the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

**Mr. HARRIS.** Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1130) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes, a similar Senate bill, strike out all after the enacting clause and insert the provisions of the House bill just passed.

The Clerk read the title of the bill.

**The SPEAKER pro tempore.** Is there objection to the present consideration of the Senate bill?

There being no objection the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title III of the Public Health Service Act (42 U.S.C., chapter 6A, subchapter II) is amended by inserting at the end of part A thereof the following new section:

"GRANTS FOR FAMILY HEALTH SERVICE CLINICS FOR DOMESTIC AGRICULTURAL MIGRATORY WORKERS

"SEC. 310. (a) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1962, and for each fiscal year thereafter, such sums, not to exceed $3,000,000 for any year, as may be necessary to enable the Surgeon General (1) to make grants to public or other nonprofit agencies, institutions, and organizations for paying part of the cost of (i) establishing and operating family health service clinics for domestic agricultural migratory workers and their families, including training persons to provide services in the establishing and operation of such clinics, and (ii) special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families, including training persons to provide health services for or otherwise improve the health conditions of such migratory workers and their families, and (2) to encourage and cooperate in intrastate or interstate programs, for the purpose of improving health services for or otherwise improving the health conditions of domestic agricultural migratory workers and their families.

"(b) The Surgeon General is authorized to appoint an expert advisory committee to advise him in connection with the administration of this section, including the development of program policies and the review of grant applications."

**Mr. HARRIS.** Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Harris: Strike out all after the enacting clause and insert the following:

"That title III of the Public Health Service Act (42 U.S.C., ch. 6A, subch. II) is amended by inserting at the end of part A thereof the following new section:

" 'GRANTS FOR FAMILY HEALTH SERVICE CLINICS FOR DOMESTIC AGRICULTURAL MIGRATORY WORKERS

" 'SEC. 310. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1963, the fiscal year ending June 30, 1964, and the fiscal year ending June 30, 1965, such sums, not to exceed $3,000,000 for any year, as may be necessary to enable the Surgeon General (1) to make grants to public and other nonprofit agencies, institutions, and organizations for paying part of the cost of (i) establishing and operating family health service clinics for domestic agricultural migratory workers and their families, including training persons to provide services in the establishing and operating of such clinics, and (ii) special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families, including training persons to provide health services for or otherwise improve the health conditions of such migratory workers and their families, and (2) to encourage and cooperate in programs for the purpose of improving health services for or otherwise improving the health conditions of domestic agricultural migratory workers and their families.' "

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider and a similar House bill (H.R. 12365) were laid on the table.

---

## BILLS FROM WAYS AND MEANS COMMITTEE SCHEDULED FOR SEPTEMBER 11, 1962

**Mr. MOSS.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

**The SPEAKER pro tempore.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. MOSS.** Mr. Speaker, I would like to inform the House that on tomorrow the gentleman from Arkansas [Mr. Mills], chairman of the Committee on Ways and Means, will ask unanimous consent to call up the following bills which have been unanimously reported from his committee:

H.R. 3985, imposing import duty on bread.

H.R. 10080, tax treatment of contributions for judicial reform.

H.R. 10117, medical benefits in qualified pension plans.

H.R. 10620, increase in ceilings on medical deductions.

H.R. 12242, tariff classification of particleboard.

H.R. 12599, tax treatment of railroad terminal facilities.

House Concurrent Resolution 356, designating bourbon whisky as a distinctive product of the United States.

These bills will be called up but not necessarily in the order in which I have indicated.

Mr. GROSS. Mr. Speaker, what was that last bill?

Mr. MOSS. Designating bourbon whisky as a distinctive product of the United States.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. MOSS. I yield.

Mr. TEAGUE of California. Do I understand correctly that these bills have all been reported unanimously and that approval has been received from the minority members of the Ways and Means Committee?

Mr. MOSS. The gentleman is correct.

## TELEGRAPHERS' STRIKE ON C. & N.W. RAILROAD

Mr. BERRY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BERRY. Mr. Speaker, one of the most serious blows that has been struck in the Middlewest for a long time is the telegraphers' strike which has shut down all transportation on the Chicago & North Western Railroad.

Coming at this time the strike is exceptionally serious—not so much to the railroad, but to the Federal Government and to the public generally. Thousands of tons of sugarbeets will have to be moved within the next 30 days. These can only be moved by rail. The Midwest has enjoyed a bountiful harvest and thousands of bushels of grain must be moved to prevent spoilage. In addition, this is the season of the year that livestock must be moved in order to avert serious loss by farmers and ranchers and feeders.

As serious as this normal movement of sugarbeets, grain, and livestock is, even more serious is the fact that the Air Force is right in the middle of a project of installation of some 1,500 Minuteman missile silos that must be constructed for the defense of the Nation. Construction on these silos is slowly grinding to a halt because of lack of delivery of essential materials. I grant you, Mr. Speaker, the organization of railroad telegraphers has a right to air their differences with the railroad company, but the public likewise has an interest in this dispute and the Nation has an interest in this dispute.

Within the past few months we have seen very swift and definite action taken against companies which attempted to work their will in establishing a price increase on their commodity. I am certain similar action on the part of the President and the Secretary of Labor could bring immediate settlement of this dispute that is seriously affecting the Midwest both economically and the Nation defensewise.

Mr. Speaker, I make a part of this statement a letter from Ward Van Horn, a rancher in the Belle Fourche, S. Dak., area, which indicates the effect of the strike upon one segment; namely, the livestock industry in that particular part of the country. The letter is as follows:

> I am a rancher in Harding County, S. Dak., an inland county without a railroad. I operate a ranch of about 600 head of cattle and 2,500 head of sheep. I have been very active with the affairs of the ranchers in this community during my entire life. I have served as the president of the Western Wool Growers, am presently a member of the South Dakota Sanitary Board, and I serve as a director for the Production Credit Association, whose loans are primarily to livestock men.
>
> My particular ranch is located 60 miles from the railroad to the south and 65 miles from the railroad to the north. The railroad point to the north is not considered a center for the sheep marketing industry. My normal shipping point is Belle Fourche, S. Dak., which is true for most ranchers within 100 miles of Belle Fourche.
>
> I can conservatively estimate that over 400,000 sheep or lambs will move through markets or private buyers in Belle Fourche between now and the first of November; 100,000 cattle or calves should move during this same period.
>
> I am greatly distressed by the action taken by the Telegraphers Union in calling a strike markets or private buyers in Belle Fourche against the Chicago & North Western Railroad at this time. There is no other railroad that serves this marketing area and I fear that trucks will not be sufficient to carry these feeder livestock to the farm area, which will greatly depress the price. This is our sole marketing period and we cannot afford to lose our gross income for an entire year. Therefore, if these critters cannot reach the ultimate market, the rancher will be at the mercy of any type of market they can obtain.
>
> I am also familiar of the effect that this will have on the local community of Belle Fourche. There will be a limit on credit that can be extended, and with the mining industry shut down for lack of transportation of bentonite, the possibility of failure to receive sugarbeets for the local sugar plant, the inability to receive supplies for the missile bases, the slowdown or shutdown on construction work on highways, and the incidental lack of supplies because of transportation to the ordinary business, it may create many other adverse effects to the local ranchers.
>
> Realizing the rights of labor to organize and to peacefully strike, I cannot see the Government standing idly by and letting all other businesses suffer for a handful of employees. Must my neighbor and I be forced to subsidize, by loss of earnings, someone else's labor problems.
>
> This is a matter that demands immediate attention, because our season will soon be past.

## SMALL BUSINESS ADMINISTRATION AND COMMERCIAL BANK TIES IN PLAN TO PROVIDE CAPITAL TO SMALL BUSINESS COMMUNITIES

Mr. EVINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. EVINS. Mr. Speaker, the recent announcement of a new loan program to assist small businesses by Mr. John E. Horne, Administrator of the Small Business Administration, and by Mr. Sam M. Fleming, president of the American Bankers Association, by making available additional long-term capital for small businesses, is a significant and important step in assisting the small business community.

This program will fill an important need for long-term capital by small businesses.

In the past, the SBA has encouraged participation by commercial banks in small business loans. However, it has been virtually impossible for small businessmen to obtain loans from banks or loans in which banks participate for periods longer than 5 years because of the banks' general practice and regulations, which tend to restrict them from making long-term loans with depositors' funds since this has generally been regarded an undue risk.

Under the new program, loans repayable in installments up to 10 years may be made to small businessmen with a bank taking 50 percent or more of the SBA loan.

The banks will make and service the loans for the SBA and the banks' share of the loans will be repayed before the SBA starts collecting on its share of the loan principal.

Under the new program, maximum SBA loans are increased to $400,000 from the previous $200,000 limit, which in itself will be a valuable help to many qualified borrowers.

Mr. Horne and Mr. Fleming, who also is president of the Third National Bank, Nashville, Tenn., are to be commended for developing and making this program available. Mr. Horne has long been interested in providing greater assistance to members of the small business community, and Mr. Fleming deserves much credit for his work on this program and for encouraging 15,000 commercial member banks of the ABA to participate in this program.

Mr. Speaker, this joint program of the SBA and the ABA is a step forward in the promotion of small business and in assisting small businesses in order that they may continue to maintain their important place in the American economy.

Mr. Speaker, under unanimous consent, I include the Small Business Administration announcement of the new program and an article on the announcement from the Washington Post at this point in the Record:

> A new program to provide term loans for small businesses was announced today by John E. Horne, Administrator of the Small Business Administration, and Sam M. Fleming, president of the American Bankers Association.
>
> "I wish to commend the American Bankers Association for its efforts in helping us to develop this new bank participation program," Mr. Horne said. "This cooperative effort on the part of Government and the banking industry to help meet the credit needs of small businesses is most gratifying.
>
> "Under this new program it should be easier for small businessmen to obtain secured term loans—up to 10 years—from their banker, with the Government underwriting a large part of the transaction.
>
> "The essence of the program is this: The banks will make and service the loans for the Small Business Administration, and will provide a large share of the loan funds. The banks' share will be repaid before the SBA

starts collecting a cent on its share of the loan principal."

Here is the way the program works: If a small businessman needs $100,000 for qualified business purposes—and he can repay the loan in 10 years—the SBA will advance up to $50,000 of the money, with the bank taking a corresponding share.

For servicing the loan, the bank may deduct from the interest collected for the account of SBA one-half of 1 percent a year on the unpaid balance of the SBA portion, of the loan, plus its regular interest on its own share. All repayments on the principal of the entire loan will go to the bank for the first 5 years. The SBA will defer collection on its share until after the bank's share has been retired.

The new loan program was developed by C. R. Lanman, Deputy SBA Administrator for Financial Assistance, and Arthur Maxwell, Chairman of the Small Business Credit Committee of the ABA.

Mr. Lanman said, "One of the greatest needs of small businessmen is long-term loans to help them expand and create more jobs. We are aware that banks have ample resources to finance small business, but many banks are understandably reluctant to enter the term financing field, particularly as to the longer maturities. Yet longer maturities often are assential to properly finance some needs of the business concern.

"We believe we have developed a loan plan which meets our dual objectives of providing small business financing, while at the same time utilizing the resources of the private banking system," he said. "SBA will, in most instances, rely substantially on the bank's credit judgment, but, since the plan is still selective from SBA's standpoint, sufficient safeguards are provided to protect the Government's interest.

"The American Bankers Association not only has assisted us in working out this new loan program," Mr. Lanman said, "it also is cooperating with us in explaining the program to the Nation's 15,000 commercial banks."

Mr. Fleming said, "I am pleased that the American Bankers Association and the Small Business Administration, working together, have entered into this cooperative venture which should make it possible to greatly increase the amount of credit extended to the small business concerns of this country by commercial banks.

"Ultimately, we hope that the program will produce the desirable result of decreasing Government lending in the small business area, with commercial banks and other private lenders increasing loans in keeping with their traditional role.

"I hope," Mr. Fleming said, "that ABA member banks will participate in the new program to the fullest extent possible so that we may give more help to small business and also reemphasize the principle of providing private rather than Federal Government credit for this important segment of the Nation's economy."

Here are the essential details of SBA's new simplified bank participation loan program with the early maturity feature:

All loans under this program will be of the immediate participation type only, i.e., SBA stands ready to advance its share of the loan as soon as the bank is ready for disbursement. The loans will be serviced by the banks. As a service fee the banks will be permitted to deduct from the interest collected for the account of SBA one-half of 1 percent a year on the unpaid principal balance of SBA's share of the loan.

The bank's participation will be the greater (a) 50 percent of the total amount of the loan, or (b) an amount equal to the bank's loan or loans to be repaid with a part of the new loan.

These loans shall be amortized on a level principal payment basis, plus interest.

The period of time during which the bank's share will be repaid will be based on the same proportion of loan maturity that the bank's participation bears to the total amount of the loan. For example, the bank would be repaid over a period of 3 years if it participates 50 percent in a 6-year loan; the bank would be repaid over a period of 6 years if it participates 60 percent in a 10-year loan, etc.

Since SBA will not receive any repayment of principal for at least the first half of the term of the loan, it will be necessary that these loans be adequately secured generally by fixed assets, and that the reasonable depreciated value of the fixed assets will at all times be in excess of the outstanding loan balance.

No preference shall be established in favor of the lending institution in any collateral security for the loan.

Applications for such loans will be made by the bank on SBA's simplified one-page form No. 527. Because of statutory requirements, a one-page certification is required from the bank's borrower. With the exception of the note, the bank may use its own forms of mortgages, agreements, etc., and need not submit copies of the loan documents to SBA until after the bank has received the funds from SBA and effected disbursement.

It is contemplated that the banks will submit only the stronger credits for loans under this program—not the weaker or marginal ones.

---

[From the Washington Post]

### To Aid Small Business—SBA, Bankers Join in Loan Program

A joint Government-industry program to make more loan money available to small businesses was announced yesterday.

The Small Business Administration (SBA) said it has worked out arrangements with the American Bankers Association (ABA) for 50–50 participation in loans payable in up to 10 years.

Sam M. Fleming, president of the ABA, said the joint lending would make it easier for firms to borrow the funds they need to modernize productive facilities, cut costs, and compete with foreign manufacturers.

Repayments will be credited to a bank's share of a loan until it is liquidated. Hence, on a 10-year loan the first 5 years of repayments would go to the bank. Thereafter, the SBA would be repaid.

Interest on the bank's part of a loan will not be limited. The SBA is prohibited from charging more than 5½ percent.

SBA administrator John E. Horne said most businessmen would rather borrow from a local bank, even at the higher rate, than from a Government agency.

The need for the joint lending arrangement, Fleming said, stems from the fact that banks rarely are willing to lend for more than 5 years. Most firms need longer term loans, he said.

Horne said the loans would be secured by property owned by the borrower, SBA will let the banks deduct one-half of 1 percentage point of SBA's interest to cover the administrative cost of processing the payments, Horne said.

At a news conference yesterday in SBA headquarters in the Lafayette Building here, Fleming promised that the bankers' association will "do its utmost to encourage its 14,000 member banks to participate to the fullest possible extent." In a letter sent to all ABA members Fleming predicted the cooperative plan should "increase greatly the amount of credit which can be extended" to small businesses by their local banks.

"It is evident that the SBA is moving in the direction of further reliance on the support and assistance of commercial banks."

Fleming said the tremendous demand from smaller companies for funds to modernize and expand has created a need for capital which banks hitherto have been unable to provide on terms that small businesses can meet.

Under the new program loans of up to $400,000 or more will be available to qualified borrowers. SBA's limit is $200,000 on any one loan, the bank would put up that much on a maximum loan and could provide more if it chose. For its services in credit investigation, making and servicing the loan, the bank may deduct from the interest it collects for SBA one-half of 1 percent a year on the unpaid balance of SBA's share of the loan, in addition to its regular interest on its own share.

All repayments on the principal of the entire loan will go to the bank until the bank's share is paid off. SBA will start collecting on its share then, and at that point the bank may or may not go on making the collections for the Government—or it may elect to buy the loan from SBA as an investment of its own.

## UTAH STATE UNION OF THE BROTHERHOOD OF LOCOMOTIVE FIREMEN & ENGINEMEN

**Mr. HARRIS.** Mr. Speaker, I ask unanimous consent that the gentleman from Utah [Mr. Peterson] may extend his remarks at this point in the Record and include extraneous matter.

**The SPEAKER pro tempore.** Is there objection to the request of the gentleman from Arkansas?

There was no objection.

**Mr. PETERSON.** Mr. Speaker, I have given a great deal of thought in recent months to the problem of our railroads and today am even more forcefully reminded of this problem on receipt of a resolution adopted in a meeting last week of the Utah State union of the Brotherhood of Locomotive Firemen & Enginemen, which, under leave to extend my remarks, I include:

Whereas the Brotherhood of Locomotive Firemen & Enginemen duly assembled, in their Utah State union meeting, has heard the report of the Presidential Railroad Commission explained and the manner in which the carriers propose to make its adoption effective; and

Whereas our negotiating committees have found that the recommendations of the Presidential Railroad Commission, if given effect, would reduce the number of jobs of railroad engineers, helpers (firemen), conductors, brakemen, and switchmen by nearly half, with resultant serious impairment of safety and efficiency of railroad operations, would require more work of employees at lower rates of pay, would deprive railroad operating employees of the fruits of collective bargaining gained in many years of negotiation, and, would also by reason of abolition of existing railroad terminals in Utah and elsewhere, destroy many railroad communities and cause the dislocation of home of thousands of railroad workers; and

Whereas it is the opinion of the members of the Utah State meeting that in these times any proposal producing additional unemployment, longer working hours at lower rates of pay, the decimation of railroad communities in Utah and elsewhere, as well as impairment of railroad safety, service, and efficiency, is un-American, injurious to our national and local economies, contrary to established trends in labor relations, and deteriorative of the general well-being of our country, and must be condemned as such: Therefore be it

*Resolved, and it is hereby the decision of this Utah State meeting,* That we approve of the action taken by our negotiating committee in condemning the report of the Presidential Railroad Commission of February 23, 1962, as unfair, inappropriate, and ruinous proposal for settlement of the wages and work rules disputes on the Nation's railroads; and be it further

*Resolved,* That existing controversies concerning wages, rules, and working conditions ought to be resolved in collective bargaining, without regard for the recommendations of the Presidential Railroad Commission, on bases which will maintain existing jobs, and improve and enhance wages and working conditions of railroad employees. A copy of this resolution shall be forwarded to the President of the United States, the Secretary of Labor, members of the Utah Senate and House of Representatives, the Governor of Utah, State senators and representatives, and the presidents of the rail unions involved.

Because of this reminder, I would like to outline my thinking today, present to my colleagues the conclusions I have reached, and suggest a course of action on the part of Congress so that the problem of our railroads can be analyzed for solution. I believe there is a solution to the problem—I think the ultimate solution should benefit all parties concerned and protect the public interest, which is, after all, the first concern of Congress.

I said the problems are the problems of our railroads—I would like to explain why I refer to them as our railroads. Certainly, the railroads of this Nation are privately owned and privately managed.

However, the railroads exist today largely as a result of a compact made in the beginning of this Nation's growth as an industrial power. This compact was entered into by the railroads and the people of the United States. Vital and dramatic, it provided a key for the extension of our frontiers and the welding of this Nation into a political, social, and economic unit.

What was that compact? Simply, that in return for rights of eminent domain and other privileges granted by the people, the railroads of the Nation are pledged to provide adequate train service for this country in peace and war.

More than a year ago I called your attention, Mr. Speaker, to the fact that it was then 92 years since the dramatic completion of the first transcontinental railroad route in America, when the famous golden spike was driven at a point called Promontory in the mountains north of the great Salt Lake in my native historic Utah, connecting the tracks of the Central Pacific, now the Southern Pacific, and the Union Pacific Railroads.

Let me recount here again the part played by the railroads in the development of our great country. Even today the Promontory Point occasion remains a great engineering feat. It marked the beginning of a new and vital era of national development. Immense regions were opened up to farming, mining, lumbering, and manufacturing. Struggling pioneer settlements found themselves linked to new life and growth, and distance was no longer a trade barrier.

As I told my colleagues here more than a year ago, early in life my father taught me a respect for the importance of the railroads. He was a conductor on the Southern Pacific for 45 years and remembered the days when towns sprang into being and commerce developed wherever the rails were laid down or were extended. Millions of acres of land were put under cultivation, and land values were multiplied. The railroads encouraged expansion at a time when that continental expansion was sorely needed, and they have been an indispensable part of American life ever since.

This role, I submit, has not yet ended. Today, as in the past, the railroads are vital in the commerce and economy of the United States. Let us look at the present situation: The railroads tell us that they are in financial trouble and that they are being forced to enter into mergers to preserve a profitable ratio of income to expense.

The mergers presently proposed by the railroads cover over one-half the total mileage of 217,000 miles of the class I railroads. They include the giants such as the Pennsylvania and New York Central Railroads; and the Great Northern, Northern Pacific, and Burlington Railroads. The general pattern of all the mergers proposed is the same—to merge competing railroads, even though the financial condition does not appear to warrant such a step.

While the railroads contend they are near financial disaster, we have no proof that such is the case. We must bear in mind that these statements are being made in the heat of the present drive for mergers, and also at a time when an effort is being made to change the working rules of the railway unions.

Before the Government permits the merger drive to succeed, resulting in a reduction of vital railroad trackage and equipment, and the resulting loss of trained employees, I believe both Congress and the public is entitled to know, among other things, the full details of the intricate railroad accounting practices and procedures upon which the railroads base the claim that they are in financial difficulty.

We need an explanation of what items the railroads list as operating expenses. I have been informed that all railroads belong to many trade associations. For example, the Pennsylvania Railroad belongs to the Association of American Railroads; the Associated Railroads of Pennsylvania; the Associated Railways of Indiana; the Association of Western Railways; the Bureau of Information of the Eastern Railways; the Chicago Railroad Freight Collection Association; the Commerce Law Committee; the Eastern Carriers' Conference Committee; the Eastern Committee for the National Railroad Adjustment Board; the Eastern Demurrage and Storage Bureau; the Eastern Railroad Presidents Conference; the Illinois Freight Association; the Illinois Railroad Association; the Legal Committee for Indiana Railroads; the Michigan Railroads Association; the National Coal Policy Conference; the New York State Association of Railroads; the Official Classification Committee; the Ohio Railroad Association; the Ore and Coal Exchange; the Southeastern Railroads Associated Bureaus; the Special Transportation Committee; the Traffic Executives Association, Eastern Railroads; and the Virginia Railway Association, to name some of the affiliations of the Pennsylvania Railroad.

These associations levy assessments based, usually, on gross income. The railroads treat these assessments as though they were operating expenses. They report them to the Interstate Commerce Commission as payments for services rendered and are treated in the same manner as legal expenses, consultant fees, and advertising costs. These associations may raise or lower the amount of the assessments as they see fit. When paid by the member railroad the net income is reduced by the amount of the payment. These funds then become available for such purposes as the association deems to its advantage. Is it possible that they are used to advertise the financial plight of their own members?

How much money is paid to this type of fund? This is another question that needs answering. I have been informed that in 1959 the Pennsylvania Railroad paid more money to these trade associations than it paid to its stockholders as dividends. In that year the Pennsylvania reportedly paid $3,328,896 to the trade associations while it paid only $3,291,939 to its stockholders.

Again, it is estimated that nearly $1 million has been spent recently in a publicity campaign seeking public support of the railroads' position on work rules of the industry. If, in fact, the railroads have deposited $5,800,000 in a foreign bank as a reserve fund to fight their employees in collective bargaining talks—strike insurance they call it—I think we are entitled to know about it.

Therefore, I urge that Congress initiate its own separate investigation of the railroad problem as it relates to financial stress; employer-employee relationship; and to mergers; with the end in mind of solving it. And so today I have introduced a resolution to authorize such an investigation which I hope will be adopted. In the meantime I feel that we should forthwith adopt Senator KEFAUVER's recommendation of a 2-year moratorium on mergers.

---

## HISTORY, OPERATION, AND FUNCTIONING OF OUR POLARIS FLEET BALLISTIC-MISSILE-FIRING SUBMARINES, AND THEIR CONTRIBUTION AS THE GREATEST DETERRENT TO WAR AND THE MOST POWERFUL FORCE FOR THE MAINTENANCE OF THE PEACE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. LIBONATI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. LIBONATI. Mr. Speaker, there are many thrills of pride that a Member of the Congress is cognizant of through the breathtaking experiences of his participation in historical events, epoch-making incidents, together with the deep sense of humility upon meeting persons of prominence in world affairs. It is only through a dedication to the local democratic processes at home and attention to legislative duties that one can prevent a swelling of the hatband measurement.

Three months past—June 7, 1962—a group of Congressmen were invited to a briefing and study of our nuclear submarine, U.S.S. *Sam Houston, SSBN 609*, docked at Norfolk, Va. She had her test run last Spring.

The Congressmen in attendance were Messrs. Nygaard, Finnegan, Conte, Edmondson, Shelley, Carl J. King, V. W. Thompson, of Wisconsin, Libonati, and Mr. Gehrig, Senator Symington's administrative assistant.

After several hours of thorough briefing on the subject of the Polaris fleet, its history and operations, by Rear Adm. J. S. McCain, Jr., commander of amphibious training, Atlantic Fleet, and Captain Rosenberg, Atlantic Fleet Headquarters, together with movies and charts, we traveled to Norfolk docks to board the *Sam Houston* SSBN. The *Sam Houston* was manned by the gold crew: commanded by Comdr. J. H. Hawkins; executive officer, Comdr. F. W. Graham; navigator, Lt. Comdr. R. L. Enos; doctor, Lt. K. T. O'Donnell; and engineer, Lt. W. S. Cole, Jr.

Upon boarding the sub, and slow-footedly measuring the space between the rungs of the stainless steel ladder, hand under hand down into her innards to the conning tower deck. This is the most fascinating part of a vessel—the controls are there. As you peer about, you notice the so-called diving stand resembles the cockpit of a plane. There were two operators called a planesman and helmsman controlling the course and depth of the sub now underway.

They watch the sensitive indicators on the instruments: Depth below keel, fairwater plane angle, stern plane angle, rudder angle, depth error, course error, depth rate, and many others. The slender indicators—clock hands—and cylindrical vials of rising and lowering red-colored fluid indicators—like a thermometer.

Commander Hawkins and the other officers of the ship briefed us here on the operation, functioning, and utility of the ship together with the respective duties of the men and officers. A tour of the ship on inspection resulted in a complete survey and explanation of its instrumentation, readings of registering indicators, view of operational machinery, and also the many adjunct gadgets supplemental to the main purposes of the larger units.

We were given an opportunity to handle and look through the periscope—it was a wonderful treat—the vast ocean waves sparkling in the sunlight and incoming and outgoing ships of all sizes and types cutting through the buoyant waters.

During the day each Congressman meets the members of the crew representative of his State—pictures were taken after the interviews. It is surprising how many people are known in common with fellow city folk, even though unacquainted themselves. These young men enjoyed the visit immensely, and were happy to meet a Congressman from their native city or State.

As a parting farewell from the ship, the officers who had been so gracious and informative, lined up with us at the dock and pictures were taken of the entire group.

Rear Adm. J. S. McCain, Jr., Captain Rosenberg, and other officers of the command were there to welcome us back from our searfaring venture and see us off to Washington. We were all proud of our association and experiences with these brilliant military leaders dedicated to the service of our Nation in war and peace.

Even from our short experience aboard, we understood the prophetic statement of Adm. James S. Russell, U.S. Navy:

> The Polaris submarine system will combine the advantages of attack by ballistic missile with the already proven potential of concealment and mobility offered by the nuclear-powered submarine. By moving about, remaining submerged for long periods and constantly changing positions, the Polaris submarine will be virtually invulnerable to surprise attack. Further, it will remove a portion of that which necessarily will be an enemy's primary target—our own strategic striking forces—far away from our shores and population centers. * * * The Polaris system will take our missile bases to sea.

I further realize the reason for the positive feeling of this new security when the President of the United States, John F. Kennedy, only 9 days after becoming Chief Executive of the United States—and Commander in Chief of its Armed Forces—ordered the immediate expenditure of unobligated Navy shipbuilding funds for the construction of more nuclear-powered Polaris fleet ballistic missile submarines. Thus, on January 29, 1961, the U.S. Navy was authorized to build a total of 19 Polaris submarines: 3 were in commission, 3 were launched, 8 were under construction, and the building of 5 more was ordered to begin immediately. In addition, the President authorized the procurement of long-leadtime items for 5 more. In his fiscal-year 1962 budget request, the President has asked for 10 more Polaris submarines.

A sub goes on patrol, it operates below the sea for over a hundred days, with its 16 nuclear missiles.

All provisions are stored in storage bins. Tons of ration-dense food, precut meats, are placed in the refrigerators. Sacks of potatoes and onions are stacked under the tables in the crew's dinette. Cases of hydrated milk, dehydrated peas and beans, bottled ketchup, celery, salt, and chile sauce are distributed along the narrow corridors. Loads of fresh fruit and fresh milk are stored in every available area. The crew, tired from these chores working long hours, are anxious to enter a quiet routine at sea.

The skipper, Cmdr. J. H. Hawkins—Gold Crew—and the navigator, Lt. Cmdr. R. L. Enos, in the officer's wardroom study the many charts for the voyage. The ship's doctor, Lt. K. T. O'Donnell, makes the final medical check of the crew to determine the sailors' fitness to go out on patrol.

The air-breathing submarines cruise the surface to conserve batteries—a necessary exposure is a forced routine. The U.S.S. *Sam Houston* may never have to crash dive—except if firing her load surfaced and surprised—ever do to the reason that she stays submerged all the time.

Upon the officer's order over the loud speaker—dive—dive—and with two blasts on the sounding alarm. The helmsman called back, "rudder amidship, engine ahead two thirds." The chief of the watch studying the diving control board as the row of bright red circles—showing valves open—changes to a solid line of red bars and he called out, "straight board." The auxiliary man of the watch said "blower secured, all induction and exhaust valves shut and locked." And then the chief of the watch said, "All main vents cycled and shut." The conning officer gives the depth, course, and speed orders, and the ship is down.

The descent of the ship is accompanied with terrific noises—like the jangling scraping of chains—blended with the screeching moans of an ill-oiled meat chopper, the dull pounding of a maul in a tank partly filled with water, with the grumbling noise of a prelightning bolt, to say nothing of swishing and splashing as the big hulk pits its powerful engines against the enormous groaning pressures of the tons of displaced waters. The flickering of the lights on the board changing the shapes of the indicator circles and bars give one an eerie feeling of the mysteries of the depths of the sea.

For purposes of observation before surfacing the conning officer commands, "Up periscope," foots a pedal, and in 10 seconds the polished steel cylinder slides silently above the water. The optics do not move and the hand grips—switches to operate electric motors to revolve the periscope—revolve the periscope while the officer observes the surface of the sea. By stepping on the other pedal the periscope retracks to the "faired position, flush with the top of the sail"—meaning tower—to prevent clogging in case the ship surfaces through a polar ice cap.

Near the attack periscope—and a spare conventional periscope—is the 80,000-piece type II star tracker periscope that searches out a particular star; then tracks it automatically while feeding the data to a large computer studded with crazily blinking green lights. This is navda—navigation data assimilation computer—the very grain of this incredibly complex ship.

### NAVDAC'S SINS

Near NAVDAC, hanging like sides of beef, are three grey binnacles that each house a separate SINS—ship's intertial navigation system. Each is a super-secret collection of, among other things, acceleration gages and spinning gyroscopes that calculate exactly how far the ship has traveled and in what direction. With SINS, the ship can navigate weeks at a time while submerged without external fixes. Navigation data from the SINS systems, the star tracker, radar, radio sonar, and loran—long range radio navigation—are fed into the NAVDAC computer; and, at the press of a button, the navigator starts a whining printer that stamps out the ship's precise position on a paper tape. Main reason that the ship's position must be known so accurately: the missiles have to know where they are. NAVDAC continuously feeds position data into the dozing brain of each Polaris missile through its always-connected "umbilical" cord.

### SHERWOOD FOREST

Just aft of the conning station, with its SINS and NAVDAC and star tracker, is Sherwood Forest—so named because it is all green, and completely dominated by the 16 vast steel cylinders that house the missiles. Through access doors, sailors can get at the missile along its three-deck-high length. Spare guidance units—two men can lift one—lie in sealed cases.

### COUNTDOWN

Some chills ought to run up your spine just looking at the LOP—launch operational panel—because, except for training, it will be used only in case of war. Two hefty key-operated lockswitches dominate the LOP, part of the Navy's secret "fail-safe" method to prevent accidental or deranged firings. And although there is nothing secret about the panel markings—only in how everything works—you capture the drama of this great venture when you look at some of the labels near each light and switch: Firing solenoids unlocked, ejection pressure normal, access door locked shut, pressurization valve, tube pressurized, missile selected, breathe automatic, launcher ready, holddowns retracted, launcher retracted, launcher request hold, prepare, muzzle latch open, muzzle locked open, launch valve—off—prepared; prepared, fired.

Throughout this sequence, the 5-ton steel hatch opens and locks. As the last solenoid valve snaps open, compressed air belches under the missile to send it roaring up out of the sea. Then just above the surface the engine erupts with an ear-splitting roar and the missile streaks for the heavens on the saddest of all possible missions.

Paradox within a paradox: the lethal perfection of this ship is one of the great safeguards against aggression and war for peaceful people of this planet. Any nation that attacks us knows that retaliation is certain.

### STEEL SHOWBOAT

The U.S.S. *Sam Houston* had to be as reliable, and as strong as human ingenuity could make it; and it is largely made from steels that didn't even exist 10 years ago. To resist the enormous pressure of very deep dives, the hull—two-thirds of the ship's total weight—is made from HY-80, an ultratough armorplate steel developed jointly by the Navy's Bureau of Ships and United States Steel metallurgists. The U.S.S. *Sam Houston* also contains air and oxygen cylinders and tubing from the mills of National Tube, and electrical cable from American Steel & Wire, division of United States Steel.

The future submarines will be constructed larger, heavier and faster. The dive will be much deeper than the U.S.S. *Sam Houston* and her sister ships. The researchers of the steel industry—United States Steel—are experimenting with many alloys—other metals mixed with iron—of steel to develop stronger steels to withstand the prevailing enormous pressures of the great depths of the sea—steels that are easier to weld and fabricate into the still secret visionary designs of the future. The perfection of our security as a nation demands that the geniuses of engineering, chemistry—especially metallurgy—and physics in the science laboratories of universities and industry—and the patriotic response is overwhelming.

### THE POLARIS FLEET—OUR NUCLEAR MISSILE SUBMARINES

Mr. Speaker, the development of the maximum "deterent ability" of the United States has been the spectacular operational results of the Polaris fleet of submarines throughout the tests conducted by the Navy even in polar regions.

Although our Government is committed to a policy of nonaggression, our leadership of the freedom-loving nations depends upon our development of superior strength to deter aggression by our massive ability to retaliate.

Our initiation of a new "deterrent ability" was the sea patrol of our first ballistic submarine, the U.S.S. *George Washington*, with a full load of tactical missiles, on November 15, 1960, off the coast of South Carolina at Charleston—described so huge—380 feet long, weight comparable to 2½ typical naval destroyers—that it could not fit in a baseball park. Its nuclear reactor can operate the ship with all its equipment for hundreds of thousands of miles without refueling. With its self-contained oxygen generating equipment, the ship is thus free to cruise months at a time without surfacing. It was the first of the Navy's 45 Polaris submarines, and it carries 16 Polaris missiles, range 1,200 miles. It takes only a few minutes to fire them. They have a destructive power combined greater than all the bombs dropped by both sides during World War II. It navigates so deep and so fast, that it is practically impossible to detect or destroy.

It does not take an expert to realize that the advances made in all the fields of science somehow become interrelated in bending these new discoveries to the art of waging war, and that radical changes are being made in heretofore accepted modern basic studies of tactics in the field of military science—changes in the training methods of combat and defense, and reorganization of its units and expert commands.

The land, sea, and air forces of our Nation are going through almost revolutionary changes at every level of onetime tested accepted methods of operation of fighting forces in the field, supply, and reserves, touching both men and material.

Electronics have opened up a new vista of operations. Scientists are glued to their experiments to develop a ray that will "freeze" a motor block in a plane winging as a bird in the sky. The dream of scientific accomplishment—an interceptor missile to return an enemy missile to its launching area is being perfected.

The question of safety in the air depends upon whether or not our enemies have developed these counter defensive rays or instruments of destruction.

The further question of how much the land forces are subject to the severe devastation from missiles if our domination of air protection is lost, is another.

The permanency of protection and punishing power of the Polaris fleet ballistic missile operations has been proven in the last 10 launched tests successes.

The sea is our protection, and instead of the 45-submarine goal set up at the present time for the Polaris fleet, we should build 70. The United States, the leader of the liberty-loving nations of the world cannot shirk her responsibilities to her allies—with 70 of these "volcanic sea wolves" hidden deep in the sea trenches of the oceans of the world—the enemy will deliberate long before striking out at a land target with missiles of destruction.

Our allies will know that lying near her shores down deep on a shelf of an ocean ridge is a friendly volcanic sea wolf with more devastating power than Dante's description of Hades' fire with her target—the enemy thousands of miles away.

Along the coasts of enemy nations, even at the poles of the earth, her missile trajectory leads to entire cities, and as chained lightning in the sky, descends earthward pulverizing completely the works of men.

At least a Polaris fleet at sea, if our misfortunes in the air and on land render our striking power impotent or crippled, will blow the enemy, cities and all to kingdom come.

It is best to prepare for the worst so that the destiny of this Nation shall not be measured in defeat by the failure to construct the powerful deterrents to enemy attack. The Polaris sub is the greatest preventive force for maintaining the peace or winning a war.

### HISTORY

The five Polaris fleet ballistic missile firing submarines went on operational patrol making a total of 80 ready-to-fire missiles on ocean station.

The U.S.S. *Washington* was the first operational missile submarine to go on patrol on November 15, 1960, with 16 tactical missiles. She has since been joined by the U.S.S. *Patrick Henry* on December 30, 1960; by the U.S.S. *Robert E. Lee* on May 2, 1961; by the U.S.S. *Theodore Roosevelt* on July 19, 1961; and by the U.S.S. *Abraham Lincoln* August 12, 1961.

In addition to the Polaris missile itself, the fleet ballistic missile weapon system includes nuclear powered missile launching submarines, support facilities and personnel. To the credit of those responsible for the program, the system became operational nearly 3 years ahead of original schedule.

The first launching of a Polaris test vehicle from a submerged submarine occurred on July 20, 1960, about 30 miles at sea off Cape Canaveral, Fla., at 12:39 p.m., eastern standard time. Less than 3 hours later at 3:32 p.m., eastern standard time, U.S.S. *George Washington* fired a second polaris.

Polaris is a two stage ballistic missile powered by solid fuel, rocket motors and guided by a self-contained inertial guidance system independent of external commands or control. The inertial guidance system is a refinement of earlier inertial systems and is the smallest in use in operational U.S. ballistic missiles.

Operational submarines are carrying the 1,200 nautical—1,380 statute—mile range Polaris A-1 missiles. The A-1 missile is 28½ feet long, 4½ feet in diameter, and weighs about 30,000 pounds. Each motor exerts thrust through four nozzles in the motor base. Direction is exercised by devices called jetavators. Both motor cases are made of steel.

Flight tests of the second generation Polaris A-2 missile began on November 10, 1960. Polaris A-2 will have a range of 1,500 nautical miles—1,725 statute miles. Polaris differs from A-1 in several ways. The A-2 second stage motor is made of wound fiber glass, and the first stage is about 30 inches longer. Solid propellant used in the longer range missile has a higher specific impulse. Polaris A-2 became operational in 1962. Six of the first seven tests of the A-2 version were completely successful.

The development of Polaris A-3 gave the missile a 2,500 nautical—2,875 statute—mile range.

There are three classes of FBM submarines, each capable of firing all three versions of the Polaris missile.

The *George Washington* class submarines are about 380 feet long with a beam of about 33 feet and displacement of 5,900 tons.

*Ethan Allen* class submarines are 410 feet long and displace 6,900 tons.

*Lafayette* class submarines will be 425 feet long and displace 7,000 tons. All three classes are driven by steam turbines powered by water-cooled nuclear reactors.

Polaris missiles are launched by an air ejection system which forces the missile from its launching tube and propels it up through the water to a point above the surface. At that point the rocket motor ignites and sends the missile on its way.

Getting information from the highly precise ships inertial navigation system—SINS—the fire control system feeds coordinated information to the missile guidance system as to ship locations, local, vertical, true north, target location, and trajectory to be flown. Connections are supplied until the instant of fire. The fire control mechanism can prepare missiles for launching at about the rate of one per minute.

Each FBM submarine has two crews, called Blue and Gold, about 110 officers and men. The crews will alternate on long patrols with the off-duty crew employed in training ashore at specially designed training simulators. The average precommissioning training period for FBM personnel is about 8 to 12 months.

Support facilities of the FBM weapons system include missile testing sites, naval shipyards, submarine tenders, an experimental testing firing ship, and a navigational test ship.

The chief flight test site is the Atlantic Missile range, Cape Canaveral, Fla. Other tests on various parts of the missile have been conducted at Point Mugu, Sacramento, San Francisco, and China Lake in California at San Clemente Island off the California coast, and in Carderock and Cumberland, Md.

A Naval Weapons Annex at Charleston, S.C., is commissioned to serve as a missile assembly and loading point.

One submarine tender has been commissioned to provide supplies, service, and all the major repairs in the FBM submarines. This includes supplying missiles and loading them into submarines. Now a second tender is provided.

### ADMIRAL RICKOVER

We have only to look back upon the earlier controversial division of opinion as to the feasibility of developing the Polaris subs at all as a deterrent force. One of the most outspoken advocates of the program was our Admiral Rickover.

The man most responsible for the construction of the world's first nuclear-powered submarine was then Rear Adm. Hyman G. Rickover whose persistence and rugged mental concepts forced his superiors to concede to his plan for nuclear-powered ships after great hesitancy and procrastination on their part.

He was later snubbed by not being invited to official ceremonies commemorating the successful voyage of the *Nautilus* at the White House. A clumsy excuse was given that officers of lesser rank were never invited to tall brass ceremonies and he was no exception.

In 1953 he was almost "benzined out" of the Navy—promotion boards twice passed him over in selection captions for promotion to rear admirals—a fact that ordinarily requires retirement.

But, congressional admirers of his nuclear work virtually ordered the Board to reconsider their decision. A special promotion board was convened with the knowledge that they had better give the promotion. It was a must if the Navy expected any of the Navy recommendations to be acted on by the Congress. The Board was accommodating.

Admiral Rickover's difficulties with his superiors was mainly the zeal with which he had pushed the development of nuclear-powered ships. He gave public utterances to his disdain for delaying redtape methods. It was fortunate for the welfare of our Nation that Admiral Rickover enjoyed the confidence, respect, and admiration of the Congress of the United States. Congressional pressure moved the acceleration of time to obtain the perfection of forced nuclear pressure by saving the ardent researcher in this field.

Senator HENRY M. JACKSON, a prominent member of the Joint Atomic Energy Committee on the *Nautilus* achievement said on August 11, 1958:

> Particularly I feel we must not forget Admiral Rickover, the father of nuclear seapower. The Navy and the Nation owe Rickover a great debt of gratitude.

In 1953, the former Secretary of the Navy, Dan Kimball said:

> Admiral Rickover more than any individual is responsible for the rapid development of the nuclear ship program. He has accomplished the most important piece of development in the history of the Navy.

Admiral Rickover directed the planning and construction of the *Nautilus* from the beginning of the Navy's atomic project in 1947.

His work as Chief of the Atomic Energy Commission Naval Reactors Branch and as Assistant Head of the Navy's Bureau of Ships for Nuclear Propulsion gave him the complete supervision of the important segments of the program.

His supervision of the design of the nuclear functioning plant at Shippingport, Pa., is prophetic of his early dreams. The events following these accomplishments revolutionized the lives of men and nations. The political implications of this undersea revolution led to U.S. commitments to 43 different nations all over the world. It has over 200 air and naval bases around the periphery of the Communist empire. The nuclear subs were an essential adjunct to bring American power within effective striking range of the Soviet Union in a major war. The increase of the range of effective missiles protects the near bases to the Soviet Union from massive retaliation. In a geographical sense it may alter the present concept of the vast, expensive, and intricate network of U.S. bases and political arrangements now in operation.

At this time the critical issues between the great powers are stalemated at a dead level—a dangerous impasse exists that if not resolved could lead to a limited war. But the complex arguments and the many tired reinterpretations of old solutions advanced at every conference reenacts the tug of war of words bogged in recriminations and threats.

We now have the greatest deterrent to all-out war, the product of the brilliant minds of Admiral Rickover, the atomic submarine genius, and Wernher von Braun, the Army's German-born missile expert—such as the atomic submarine *Nautilus* with its atomic missiles on board waiting under the polar ice—180 miles from the North Pole—having traveled 1,383 miles under ice in 5½ days.

The latest subs to go under the North Pole icecap were the *Skate, SSN 578,* and *Sea Dragon, SSN 5840.* The former under the command of Comdr. Joseph L. Skoog and the latter under Comdr. Charles D. Summit. In another epoch-making event, the ships met at the North Pole at 8:36 p.m., eastern daylight time, on July 30, 1962.

Thus the seapower—long the bulwark of our defense and offense—joined airpower in the development of strategic concepts which designed primarily for the use in war, can really serve to maintain world peace.

In order to inventory the development and accomplishments of the Polaris fleet ballistic missile weapon system and its present and future deterrent ability the following fact sheet is both instructive and informative:

## THE POLARIS FLEET BALLISTIC MISSILE WEAPON SYSTEM FACT SHEET

### THE STATUS

As of April 1, 1962, five Polaris fleet ballistic missile (FBM) firing submarines were fully operational and on patrol. With each submarine carrying 16 missiles, there was a total of 80 ready-to-fire Polaris missiles at sea.

The U.S. Navy's fleet ballistic missile weapon system became an operational system on November 15, 1960, when the nuclear-powered submarine U.S.S. *George Washington* (*SSBN 598*) left Charleston, S.C., to go on patrol with a full load of tactical Polaris missiles. She was joined in her silent domain by U.S.S. *Patrick Henry* (*SSBN 599*) on December 30, 1960; by U.S.S. *Robert E. Lee* (*SSBN 601*) on May 2, 1961; by U.S.S. *Theodore Roosevelt* (*SSBN 600*) on July 1961; and, by U.S.S. *Abraham Lincoln* (*SSBN 602*) on August 28, 1961.

### THE SYSTEM

Besides the missile itself, the fleet ballistic missile weapon system includes nuclear powered missile launching submarines, support facilities, and personnel. The system became operational more than 2 years ahead of the original schedule. All phases of the program were brought along in parallel and through interlocking channels designed to have each component ready at the target date.

The first launching of a Polaris test vehicle from a submerged submarine took place on July 20, 1961, about 30 miles at sea off Cape Canaveral, Fla., at 12:29 p.m. e.s.t. Less than 3 hours later, at 3:32 p.m. e.s.t., *George Washington* fired a second Polaris. Later the *George Washington* conducted further test launchings. Each FBM submarine undergoes a series of such launches before going on patrol. On November 25, 1961, the Secretary of the Navy announced that the last 10 consecutive Polaris test launches by submerged submarines had been complete successes.

The Polaris weapon system development is being managed for the Navy by the Director of the Special Projects Office, Rear Adm. Ignatius J. "Pete" Galantin, who relieved Vice Adm. William F. Raborn, Jr., on February 26, 1962. Assisting him is an imposing team of Navy missile experts, major industrial firms, and scientific leaders.

Operational ballistic missile submarines are under the control of the Commander in Chief, U.S. Atlantic Command, who exercises his authority through the Commander in Chief, U.S. Atlantic Fleet and Commander, Submarine Force, U.S. Atlantic Fleet.

Target selection and assignments for operational fleet ballistic missile submarines are made under the control of the Joint Chiefs of Staff along with the assignments to other parts of the Nation's strategic retaliatory force.

The Special Projects Office will continue to manage the research and development programs for longer range versions of Polaris missiles, advanced versions of Polaris firing submarines, and associated equipment.

### THE CONCEPT

With almost unlimited cruising range and with endurance limited only by the crew, the FBM nuclear submarine is capable of extended submerged operation in the international waters of the world which comprise about 70 percent of the earth's surface. Free of the need to surface or extend a snorkel above the surface for continuous operation, FBM nuclear submarines remain hidden by an oceanic curtain, their locations unknown to any potential enemy. The FBM submarines are at all times under U.S. control. The Polaris missile, powered by solid propellant, will be ready for launch within minutes of receiving the command without the need for long countdown. Mobile, hidden, ready for instant action (or carefully considered delayed action), the FBM system provides the United States a powerful deterrent to those who might start a global war.

### THE MISSILE

Polaris, named for the North Star, is a two stage ballistic missile powered by solid fuel rocket motors and guided by a self-contained inertial guidance system independent of external commands or control. Propellant is basically a polyeurethane compound with light metal additives for higher specific impulse.

The 1,200 nautical (1,300 statute) mile range operational missile is designated Polaris A-1. It is about 28 feet long, about 4½ feet in diameter, and weighs about 30,000 pounds. Each motor exerts thrust through four nozzles in the motor base. Thrust vector (direction control) is exercised by devices called jetevators. Both motor cases are made of steel. The five Polaris submarines now at sea carry this generation missile.

Flight tests of the second generation Polaris A-2 missile began on November 10, 1960. The first A-2 test missile was launched from a submerged submarine on October 23, 1961, by the U.S.S. *Ethan Allen* (*SSBN 608*) off the Florida coast. Polaris A-2 will have a range of 1,500 (1,725 statute) miles. The second stage motor case is made of wound Fiberglas, and the first stage motor is about 30 inches longer than the Polaris A-1 first stage. The solid propellant used in the longer range missile has a higher specific impulse than its predecessor. Polaris A-2 is expected to be operational by mid-1962.

Future development of a Polaris A-3 is to give the missile a 2,500 nautical range.

### MISSILE GUIDANCE

The inertial guidance system used in Polaris is a refinement of earlier inertial systems and is the smallest in use in U.S. ballistic missiles. Using extremely precise gyroscopes, accelerometers and its own electronic computer, the guidance system puts the missile on correct course at the time of the launch. Should the missile be moved off course by high winds or other effects, the guidance system automatically computes a new correct course and puts the missile on it. The guidance system also maintains the stability of the missile in pitch, yaw and roll planes. At the precise instant required the guidance system shuts off the rocket motors and triggers separation of the reentry body from the missile. The reentry body then follows a ballistic trajectory to the target.

### THE FBM SUBMARINE

FBM submarines of the *George Washington* class are about 380 feet long with a beam of about 33 feet and displacement of about 5,900 tons. Two larger classes of FBM submarines are being built. *Ethan Allen* class submarines are about 410 feet long and displace about 6,900 tons. *Lafayette* class submarines are about 425 feet long and displace some 7,000 tons. *Ethan Allen* and *Lafayette* FBM submarines will be able to launch all the three generations of Polaris missiles. *George Washington* class *SSBN's* will be given this capability as they return to the United States for overhaul. At present, they are A-1 capable only.

All three classes are driven by steam turbines powered by water-cooled nuclear reactors. Each class carries 16 Polaris missiles stowed in eight pairs of vertical launching tubes in the space immediately behind the sail. Each submarine has a 300-ton capacity or greater air-conditioning plant. FBM submarines are also equipped with air scrubbers and precipitators to remove irritants from the air and maintain the proper balance of oxygen, nitrogen and other atmospheric elements. Electrolytic oxygen generators permit the submarine to manufacture its own oxygen from sea water.

### NAVIGATION

Two positions must be known for success in missile launching: target and launcher. In the FBM system this puts great importance on navigation since the position of the launcher is the position of the ship and is continuously changing. Several methods complement each other in the FBM submarine to provide a very high order of accuracy in determining ship's position. Heart of the system is the ship's inertial navigation system (SINS), a complex system of gyroscopes and acclerometers which relates movement of the ship in all directions, ship speed through the water and over the ground, and true north to give a continuous report of ship position.

Each submarine has three SINS, each checking on the other. Systems similar to the SINS used in FBM submarines guided the *Nautilus* and *Skate* on their historic voyages beneath the polar ice in 1958 and, more recently, *Triton* on her 84-day underwater cruise around the world. The converted mariner class cago ship U.S.S. *Compass Island* (*EAG 153*), serving as navigation test ship has steamed well over 100,000 miles in development tests of the submarine navigation system. A number of equipments are included in the submarine navigation system to provide an all weather capability of checking on the accuracy of SINS. These include both optical and electronic devices. All are highly automated.

### FIRE CONTROL

The fire control system feeds coordinated information to the missile guidance system as to ship location, local vertical, true north, target location and trajectory to be flown. Corrections are supplied until the instant of fire.

The fire control mechanism can prepare missiles for launch at the rate of about one per minute.

### COMMUNICATIONS

Radio communication with submerged submarines has been possible for a number of years. The systems used have been devised with special care to protect the locations of the submarine and leave the advantage of concealment unimpaired. Recent tests have again demonstrated that the Navy's worldwide communication system has the power and coverage necessary to exercise command of the always-submerged FBM submarines.

### LAUNCHING

Polaris missiles are launched by an air ejection system which forces the missile from its launching tube and propels it up through the water to a point above the surface. At that point the rocket motor ignites and sends the missile on its way. The system takes advantage of the reliability and instantaneous ignition characteristics of solid propellant fuel used in Polaris. The result is increased safety for submarine and crew. Each launching tube has its own air supply and is independent of the other 15 tubes. Vital parts of each missile are accessible for inspection and maintenance even when loaded in the launching tubes and while the submarine is under way at sea.

### PERSONNEL

Each FBM submarine has two crews, called blue and gold, of about 110 men and officers. The crews alternate on the long patrols with the off-duty crew employed in training ashore at specifically designed team training simulators.

### TRAINING

The average precommissioning training period for FBM personnel is about 8 to 12 months. Initially training was conducted by the factories supplying the equipment but the Navy now has its own training facilities, principally at the Navy Guided Missile School, Dam Neck, Va. After pretraining in transistor theory, digital computing theory, Boolean logic, and electronic circuitry, FBM personnel get an intensive equipment training course. Maintenance instruction culminates in a course devoted to the functioning of the entire weapon system.

### SUPPORTING FACILITIES

Support facilities include missile testing sites, naval shipyards, submarine tenders, an experimental test firing ship, and navigational test ship.

Chief testing site is the Atlantic Missile Range, Cape Canaveral, Fla. The Navy complex includes launching pads, a missile assembly building, missile checkout building and associated supply and maintenance buildings and shops.

U.S.S. *Observation Island* (each 154) experimental missile test firing ship is based at Port Canaveral. The ship, a post-World War II Mariner class cargo ship modified extensively to serve as a firing test ship, has a complete submarine type fire control, navigation and launching system. The ship serves as both a floating launch complex for missile flight testing and as a working example of the kind of installation which could be placed aboard surface ships. *Observation Island* has served the additional role as floating school for training FBM submarine crews and will be the seagoing link between the Atlantic Missile Range and FBM submarines as they visit the Cape for training with missiles.

Flight tests of Polaris are conducted at Cape Canaveral. Other tests on various parts of the missile have been conducted at Point Mugu, Sacramento, San Francisco, and China Lake in California, at San Clemente Island off the California coast, and in Carderock and Cumberland, Md.

Among naval shipyards being equipped to meet the special requirements of the FBM submarines are Portsmouth, N.H., and Charleston, S.C.

A naval weapons annex at the Naval Ammunition Depot, Charleston, serves as a missile assembly and loading point. Here completed sections and subsystems of the missile, including motors, controls, guidance, etc., are received from contractor plants, assembled, checked out and stored or loaded aboard FBM submarines.

The submarine tender, U.S.S. *Proteus* (*AS 19*), anchored at Holy Loch, Scotland, provides supplies, service and all but major repairs to the FBM submarines. This includes supplying missiles and loading them into submarines. A second tender, U.S.S. *Hunley* (*AS 31*) was launched on September 28, 1961. Construction of a third tender has begun.

### CHRONOLOGICAL DEVELOPMENT OF THE FLEET BALLISTIC MISSILE SYSTEM PROGRAM

November 28, 1955: Navy stated long range objective to develop a solid propelled ballistic missile for use in submarines.

March 20, 1956: OSD Ballistic Missile Committee approved Navy's solid propellant program for component development to determine weapon system feasibility.

March 1956: Authorization received for a navigation development program, a weapon system test and development program, an FBM surface combatant development program, and an FBM submarine development program.

December 1957: SECDEF authorized acceleration of the Polaris program to achieve completion of the first Polaris submarine weapon system in 1960.

January 1958: Navy proposed that program be further accelerated and augmented.

January 11, 1958: First FBM test flight, Point Mugu, Calif.

September 24, 1958: First Polaris AX test vehicle flight, Cape Canaveral, Fla.

June 9, 1959: First FBM submarine, U.S.S. *George Washington,* launched Groton, Conn.

August 14, 1959: First air-eject launched test flight, Cape Canaveral, Fla.

August 27, 1959: First seaborne launch of a large solid propellant ballistic missile (U.S.S. *Observation Island* at sea off Cape Canaveral, Fla.).

September 21, 1959: First Polaris A1X test vehicle flight, Cape Canaveral, Fla.

December 30, 1959: First FBM submarine, U.S.S. *George Washington,* commissioned, Groton, Conn.

January 7, 1960: First inertially guided Polaris test vehicle flight, Cape Canaveral, Fla.

March 29, 1960: First fully integrated FBM system test. (A1X test vehicle launched from U.S.S. *Observation Island.* Submarine type navigation, fire control and launching equipment used. Missile inertially guided.)

April 14, 1960: First successful underwater launch of a large solid propellant ballistic missile, San Clemente Island, Calif. (Polaris flight test vehicle using reduced quantity of propellant to produce planned 23 second flight. Launched from static underwater launcher.)

April 25, 1960: First 1000 nautical mile Polaris test vehicle flight.

July 20, 1960: First launch of Polaris test vehicle from submerged nuclear FBM submarine (U.S.S. *George Washington*) at sea off Cape Canaveral, Fla. (Second Polaris launch same date, 2 hours 53 minutes after first).

October 15–18, 1960: U.S.S. *Patrick Henry* successfully fired four Polaris test vehicles 500 miles at sea under operational rather than test conditions.

November 10, 1960: First test vehicle in the second generation 1,500 nautical mile range Polaris A–2 was successfully launched at Cape Canaveral, Fla., missile went over 1,400 nautical miles.

November 15, 1960: U.S.S. *George Washington* (*SSBN 598*) departed Charleston, S.C., to go on operational patrol.

December 30, 1960: U.S.S. *Patrick Henry* (*SSBN 599*) departed Charleston, S.C., to go on operational patrol.

January 21, 1961: U.S.S. *George Washington* arrived New London, Conn., having completed her first patrol. She had been gone 67 days and had set a new record for length of time submerged—66 days, 10 hours.

March 3, 1961: U.S.S. *Proteus* arrived at Holy Loch, Scotland.

March 8, 1961: U.S.S. *Patrick Henry* came off patrol and came alongside U.S.S. *Proteus* at Holy Loch, Scotland. She bettered the *George Washington's* record by staying submerged 66 days and 22 hours.

May 2, 1961: U.S.S. *Robert E. Lee* (*SSBN 601*) departed Charleston, S.C., to go on operational patrol.

July 19, 1961: U.S.S. *Theodore Roosevelt* (*SSBN 600*) departed Charleston, S.C., to go on operational patrol.

August 28, 1961: U.S.S. *Abraham Lincoln* (*SSBN 602*) departed Charleston, S.C., to go on operational patrol.

October 23, 1961: First launch of 1,500 nautical mile range Polaris A–2 test vehicle from submerged submarine (U.S.S. *Ethan Allen* (*SSBN 608*)) at sea off Cape Canaveral, Fla.

December 7, 1961: Last production model of Polaris A–1 delivered.

February 26, 1962: Rear Adm. Ignatius J. "Pete" Galantin relieved Vice Adm. William F. Raborn, Jr. as Director, Special Projects Office.

### SHIPBUILDING

At the end of 1961, 29 fleet ballistic missile submarines were authorized. Six were in commission, three more launched and an additional 20 were under construction. The ships are listed below with significant dates, builder, sponsor, and commanding officers.

*U.S.S. George Washington* (*SSBN 598*)

Keel laid (see note below), November 1, 1957.

Launched, June 9, 1959.

Commissioned, December 30, 1959.

Builder, Electric Boat Division, General Dynamics.

Sponsor, Mrs. Robert B. Anderson.

Commanding officers, Capt. James B. Osborn (blue crew). Comdr. John L. From, Jr. (gold crew).

First deployment, November 15, 1960.

NOTE.—U.S.S. *George Washington,* laid down as U.S.S. *Scorpion,* was later cut in two and had a 130-foot missile section inserted to convert the hull to the first FBM submarine.

*U.S.S. Patrick Henry* (*SSBN 599*)

Keel laid, May 27, 1958.

Launched, September 22, 1959.

Commissioned, April 9, 1960.

Builder, Electric Boat Division, General Dynamics.

Sponsor, Mrs. Leslie C. Arends.

Commanding officers, Capt. Harold E. Shear (blue crew), Comdr. Robert L. J. Long (gold crew).

First deployment, December 30, 1960.

*U.S.S. Theodore Roosevelt* (*SSBN 600*)

Keel laid, May 20, 1958.

Launched, October 3, 1959.

Commissioned, February 13, 1961.

Builder Mare Island Naval Shipyard.

Sponsor, Mrs. Alice Roosevelt Longworth.

Commanding officers, Capt. William E. Sims (blue crew), Comdr. Oliver H. Perry, Jr. (gold crew).

First deployment, July 19, 1961.

*U.S.S. Robert E. Lee* (*SSBN 601*)

Keel laid, August 25, 1958.

Launched, December 18, 1959.

Commissioned, September 16, 1960.

Builder, Newport News Shipbuilding & Dry Dock.

Sponsor, Mrs. Hanson E. Ely.

Commanding officers, Comdr. Reuban F. Woodall (blue crew); Comdr. Joseph Williams, Jr. (gold crew).

First deployment, May 2, 1961.

*U.S.S. Abraham Lincoln* (*SSBN 602*)

Keel laid, November 1, 1958.

Launched, May 14, 1960.

Commissioned, March 11, 1961.

Builder, Portsmouth Naval Shipyard, N.H.

Sponsor, Mrs. Mary Lincoln Beckwith.

Commanding officers, Capt. Leonard Erb (blue crew); Comdr. Donald M. Miller (gold crew).

First deployment, August 28, 1961.

*U.S.S. Ethan Allen* (*SSBN 608*)

Keel laid, September 14, 1959.

Launched, November 22, 1960.

Commissioned, August 8, 1961.

Builder, Electric Boat Division, General Dynamics.

Sponsor, Mrs. Robert H. Hopkins.

Commanding officers, Capt. Paul L. Lacy, Jr. (blue crew); Comdr. William M. Behrens, Jr. (gold crew).

*U.S.S. Sam Houston* (*SSBN 609*)

Keel laid, December 28, 1959.

Launched, February 2, 1961.

Commissioned, March 6, 1962.

Builder, Newport News Shipbuilding & Dry Dock.

Sponsor, Mrs. John B. Connally.

Commanding officers, Capt. W. P. Willis (blue crew); Comdr. J. H. Hawkins (gold crew).

*U.S.S. Thomas A. Edison* (*SSBN 610*)

Keel laid, March 15, 1960.

Launched, June 15, 1961.

Commissioned, March 10, 1962.

Builder, Electric Boat Division, General Dynamics.

Sponsor, Mrs. John E. Sloane.

Commanding officers, Capt. C. M. Young (blue crew), Comdr. W. Dedrick (gold crew).

*U.S.S. John Marshall (SSBN 611)*

Keel laid, April 4, 1960.

Launched, July 15, 1961.

Builder, Newport News Shipbuilding & Dry Dock.

Sponsor, Mrs. Robert F. Kennedy.

Commanding officers, Comdr. R. W. Stecher (blue crew), Comdr. R. D. Donavan (gold crew).

*U.S.S. Lafayette (SSBN 616)*

Keel laid, January 17, 1961.

Builder, Electric Boat Division, General Dynamics.

Sponsor, Mrs. John F. Kennedy.

Commanding officers, Comdr. P. Hannifin (blue crew), Comdr. L. W. Zech, Jr. (gold crew).

*U.S.S. Alexander Hamilton (SSBN 617)*

Keel laid, June 26, 1961.

Builder, Electric Boat Division, General Dynamics.

Commanding officer, Comdr. N. B. Bessac (blue crew).

*U.S.S. Thomas Jefferson (SSBN 618)*

Keel laid, February 3, 1961.

Launched, February 24, 1962.

Builder, Newport News Shipbuilding & Dry Dock.

Sponsor, Mrs. Robert S. McNamara.

Commanding officers, Comdr. L. H. Rathbun (blue crew), Comdr. C. Priest, Jr. (gold crew).

*U.S.S. Andrew Jackson (SSBN 619)*

Keel laid, April 26, 1961.

Builder, Mare Island Naval Shipyard.

Commanding officer, Comdr. A. J. Whittle (blue crew).

*U.S.S. John Adams (SSBN 620)*

Keel laid, May 19, 1961.

Builder, Portsmouth Naval Shipyard, N.H.

*U.S.S. James Monroe (SSBN 622)*

Keel laid, July 31, 1961.

Builder, Newport News Shipbuilding & Dry Dock.

Commanding officer, Cdr. W. H. Sandeford (blue crew).

*U.S.S. Nathan Hale (SSBN 623)*

Keel laid, October 2, 1961.

Builder, Electric Boat Division, General Dynamics.

Commanding officer, Cdr. J. W. Russel (blue crew).

*U.S.S. Woodrow Wilson (SSBN 624)*

Keel laid, September 13, 1961.

Builder, Mare Island Naval Shipyard.

*U.S.S. Henry Clay (SSBN 625)*

Keel laid, October 3, 1961.

Builder, Newport News Shipbuilding & Dry Dock.

*U.S.S. Daniel Webster (SSBN 626)*

Keel laid, December 28, 1961.

Builder, Electric Boat Division, General Dynamics.

*U.S.S. James Madison (SSBN 627)*

Builder, Newport News Shipbuilding & Dry Dock.

*U.S.S. Tecumseh (SSBN 628)*

Builder, Electric Boat Division, General Dynamics.

*U.S.S. Daniel Boone (SSBN 629)*

Keel laid, February 6, 1962.

Mare Island Naval Shipyard.

*U.S.S. ——— (SSBN 630)*

Builder, Newport News Shipbuilding & Dry Dock.

*U.S.S. ——— (SSBN 631)*

Builder, Electric Boat Division, General Dynamics.

*U.S.S. ——— (SSBN 632)*

Builder, Newport News Shipbuilding & Dry Dock.

*U.S.S. ——— (SSBN 633)*

Builder, Electric Boat Division, General Dynamics.

*U.S.S. ——— (SSBN 634)*

Builder, Mare Island Naval Shipyard.

*U.S.S. ——— (SSBN 635)*

Builder, Newport News Shipbuilding & Dry Dock.

*U.S.S. ——— (SSBN 636)*

Builder, Portsmouth Naval Shipyard, N.H.

### MAJOR CONTRACTORS AND GOVERNMENT AGENCIES

More than 11,000 contractors and Government agencies are engaged in work on the Polaris FBM system. Some major contractors and Government agencies are listed below:

*FBM submarines*

Electric Boat Division, General Dynamics Corp., Groton, Conn.

Newport News Shipbuilding & Dry Dock Co., Newport News, Va.

Mare Island Naval Shipyard, Vallejo, Calif.

Portsmouth Naval Shipyard, Portsmouth, N.H.

*Submarine propulsion*

Westinghouse Electric Corp., Pittsburgh, Pa.

General Electric Corp., Lynn, Mass.

*Navigation*

Autonetics Division, North American Aviation, Inc., Downey, Calif.

Sperry Gyroscope Co., division of Sperry Rand., Inc., Great Neck, Long Island, N.Y.

*Communications*

Sylvania Electric Products Co., Buffalo, N.Y.

Princeton Labs, RCA, Princeton, N.J.

Bell Telephone Labs., Whippany, N.J.

International Telephone & Telegraph Labs, Nutley, N.J.

*Fire control*

Ordnance Department, General Electric Co., Pittsfield, Mass.

*Missile checkout*

Nortronics Division, Northrop Corp., Anaheim, Calif.

*Launching*

Westinghouse Electric Corp., Sunnyvale, Calif.

*Missile system manager*

Lockheed Missile & Space Co., Lockheed Aircraft Corp., Sunnyvale, Calif.

*Missile propulsion*

Aerojet-General Corp., Sacramento, Calif.

Hercules Powder Co., Wilmington, Del.

*Missile guidance*

Massachusetts Institute of Technology, Cambridge, Mass.

Ordnance Department, General Electric Co., Pittsfield, Mass.

Hughes Aircraft Corp., Culver City, Calif.

*Warhead*

Lawrence Radiation Lab., Atomic Energy Commission, Livermore, Calif.

*Instrumentation*

Interstate Electronics, Inc., Anaheim, Calif.

---

## PICKERING IS DEAD

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Libonati] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. LIBONATI. Mr. Speaker, there are few men in the newspaper profession who have, as journalists, analyzed the controversial problems of the nations of the world with such clarity of thought as did John Pickering, newspaperman and publicist.

He was mentally equipped to serve in this role. He could category emotional concepts of appeal to their proper relationship to the subject under judgment. His articles were masterpieces of calculated facts, written for the average reader and expert to understand. He never departed from the core of his subject. He held a high respect for men who told the truth—and weighed the issue upon a balanced scale of human justice. He never permitted his own opinions to seep into his writings. He wrote exactly what he saw and learned through personal investigation. He was a master of the written word. As a writer upon political matters his statements were terse and with pungent terms that gave a certain directness to the intended message.

There is no question that his early training at the Universities of London and Paris prepared him well, in a literary sense, for his chosen career. His service in the American Expeditionary Forces in France, in World War I, contributed much to his experience.

He enjoyed a full life in his field. His newspaper career covered almost every phase of a working journalist. He started with the Chicago City News Bureau, 1922–23; the Chicago Tribune, 1923–25; and the Paris edition of the New York Tribune, 1925–38. His entry upon the USIA assignment took him to Vietnam, Cambodia, Laos, and Thailand. He served as political writer for the Chicago Sun from 1941–48. He retired last year as Director of the U.S. Information Agency for the Far East.

He served as campaign manager in the 1948 political campaign for Cook County State's Attorney John S. Boyle, now chief justice of the criminal court. His masterful talents played an important part in the success of that campaign.

His next successful political venture was in the Senator Paul H. Douglas campaign of 1954, handling the publicity. He had a natural knack of being able to reach into the common people's thoughts and shaping the publicity of the campaign to fit their public standards and desires.

He covered the legislature during the sessions in Springfield, and was accepted and loved by the legislators as a friendly, confident, and devoted member of the third estate—the newspaper reporters.

The passing of this genius of the public word is a great loss to his profession and the public good. His honesty of purpose was never questioned. His loyalties remained firm throughout his entire life. The high respect that was his will not be forgotten by those who knew him. The people of Chicago and the Nation have lost a worthy citizen, and the press one of its outstanding publicists, who honored their fraternity.

We, the Members of the Congress from Cook County and the State of Illinois, send out heartful condolences to his loving wife, Dorothy, and to his daughter, Mrs. Diana Greene, in their great loss.

### DEATH: THE NEW CHANCE

On this Christ-lost earth of strife
Men want to leave this life.
Old friends, day by day, depart
To find new life, another start.

The pessimist faces death with cheer
Yet, doctors' hold it's mighty queer
That when a pulse is going slow,
Hears murmers, names of long ago.

Sees eyes, peering into space
Searching for a friendly face.
Then, God, in His mercy, wise
Gives the sign—and this one dies.

R. V. L.

[From the Chicago Sun-Times, June 8, 1962]

### JOHN PICKERING DIES; FORMER NEWSMAN HERE

John E. Pickering, 63, former Chicago newspaperman and publicist, died Wednesday night at West Palm Beach, Fla., aboard his yacht Diana.

Mr. Pickering, who retired last year as Director of the U.S. Information Agency for the Far East, was a political writer from 1941 to 1948 for the Chicago Sun.

He managed the 1948 political campaign for Cook County State's attorney of John S. Boyle, now a criminal court judge. He also handled publicity for the 1954 election campaign of Senator PAUL H. DOUGLAS, Democrat, of Illinois.

Born in Kansas City, Mo., Mr. Pickering was educated at the University of London and the University of Paris. He served in France with the U.S. Army in World War I.

He worked for the Chicago City News Bureau from 1922 to 1923; the Chicago Tribune from 1923 to 1925, and the Paris edition of the New York Herald Tribune from 1925 to 1938. With the USIA, Mr. Pickering worked in Vietnam, Cambodia, Laos, and Thailand.

Surviving are the widow, Dorothy, and a stepdaughter, Mrs. Diana Greene.

Services were being arranged at the Mizell-Faville-Zern Funeral Home, West Palm Beach.

---

[From the Chicago Daily Tribune, June 8, 1962]

### J. E. PICKERING, EX-NEWSPAPERMAN HERE, DIES

John E. Pickering, 63, a political writer and former Chicago newspaperman, died June 6 in West Palm Beach, Fla. He had retired last year as a Deputy Director for the U.S. Information Agency for the Far East. He formerly was a public relations man for Senator PAUL DOUGLAS and administrative assistant to former State's Attorney John S. Boyle.

He began his newspaper career with the City News Bureau in 1922. He was a reporter for the Chicago Tribune from 1923 to 1925 and a correspondent for the Paris edition of the New York Herald Tribune until 1938. He worked for the Chicago Sun in 1941, before joining the Information Agency. He was a veteran of World War I.

Surviving are his widow, Dorothy; and a stepdaughter, Mrs. Diana Greene. The body is in the Mizell-Faville-Zern Chapel in West Palm Beach. Funeral arrangements were incomplete.

---

## GRANTING AUTHORITY TO PRESIDENT TO CALL UP ADDITIONAL RESERVISTS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Iowa [Mr. SCHWENGEL] is recognized for 30 minutes.

Mr. SCHWENGEL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, I take the floor to make some comments today about a recent international development occasioned by the President's announcement or that deals with the President's announcement in regard to asking for a resolution from the Congress to give him authority to call up 150,000 reservists who would be expected, as I understand it, to do duty for 12 months, which period of service may be increased.

Mr. Speaker, you will recall that the President called 250,000 reservists to duty, with another emergency, the Berlin emergency. It was the feeling of many in and out of the Government that this whole Berlin question was not appropriately and adequately dealt with from the beginning, nor is it being properly and adequately dealt with now. Some people have said that this move had a psychological warfare implication, such as impressing the Communist world with a determination of an emergency to maintain a firm stand against the terrible tyranny of the Red doctrine.

Mr. Speaker, my reaction to this, if it is for the purpose of impressing the Iron Curtain countries, I believe they would not be impressed at all. If they are to be impressed, and I agree they recognize power, then it is going to call for the calling up of a lot more than 150,000 reservists, which this calls for.

Mr. Speaker, I sincerely believe that here is another example of touching a problem without tackling it. Also, might I suggest, it is touching it and tackling it too late. We should have been tackling this problem long ago, tackling it with intelligence and determination. As another great patriot of another day has said, we should have been tackling it with a "firmness in the right" that we understand and in my opinion much better than those of the tyranny of godless communism.

Mr. Speaker, in my college days I played football—real football—under a great coach, Don Faurot, who has a great record as a coach and who is, I believe, a statesman in the world of athletics. He taught us as college students on a football team to want to win and to win fairly and squarely. He taught us that when we were on defense to tackle low, to tackle hard, and in every instance while on defense to indicate confidence in ourselves and never demonstrate a fear of the opposition. He always started, too, with the first team—the best team. He taught us also how to win football games. Our winning teams had a good quarterback who always was filled in with the strategy to be recognized in anticipation of what the opponent might have and then to seek to benefit from a sound strategy of our own. We had good plays and everyone on the team was required to understand the strategy of our offense, and every person on the team was expected to know the plays and fulfill his part as a blocker, as an interference man, and as a ball carrier. Every player was expected to work in cooperation with each other and the other members of the team to attain the goal of winning the ball game.

Mr. Speaker, I believe that this is what is needed so much as we contend with the materialistic philosophy and the ideals that are revealed by what I call a terrible modern tyranny, communism, as it is reflected in Russia.

Mr. Speaker, it seems to me that the actions of this administration might be compared to playing touch football. We ought to know that we cannot stop the offense of our enemies—the enemies of freedom, of the democracies, of governments like our own—by touching them on the shoulder or by gently getting in their way. In my opinion, we are going to have to adopt a program that indicates that we intend and mean to tackle with determination this challenge, to battle with vigor the tyranny of the Communist doctrine and with the problems that are presented on the foreign front, and which in my opinion jeopardize in every instance the advances of freedom and the liberty with which we could, I believe, bury the communism of Russia. In my opinion, we need to develop a better offense. The strategists on the foreign front, which I think lies to a large extent with our State Department and its advisers and the Chief Executive, in cooperation with Congress, need to develop a better strategy to win with freedom those goals without which we cannot have peace and without which we cannot have the more abundant life that we want for ourselves and that we have demonstrated many times, we want for all humanity.

I raise this point of policy and strategy, Mr. Speaker, because I am convinced that we have been floundering on the foreign front and because we have not come to grips with the problems that have been presented. I would like to see that strategy, one that would say to the world that the United States of America stands for those things which promote freedom in the world. This will give us both a character and a reputation, and the prestige that we want and need I am convinced will follow.

We have learned from our history that when we give freedom and opportunity to others we have more freedom and opportunity ourselves. It is tragic to note, Mr. Speaker, that the people of Cuba have been denied the freedoms that have been theirs and the opportunity to have more freedom and therefore the rewards, the advantages, spiritual and material, that come with freedom.

It may be necessary to call up 150,000 reservists. If the arguments that are presented by the State Department, the Defense Department, and others indicate that, I will most surely support that. I believe, however, that it is much more necessary to make clear to the world what the American ambition is for our people, for our friends, for our neighbors, and for all of humanity. This is not hard for those who are students of government in this country to understand. I think we need a proper revelation of these things and we need to promote the

American ideal among ourselves and all over the world with vigor, with intelligence, and with a greater sense of dedication. I believe all of this can do more than saber rattling and all the demonstrations of all the power that we can muster to enhance the cause of freedom. Let us note at this critical time, and this is a critical time, I believe, what Lincoln said on the eve of another great conflict. These words seem in a way to leap out and to speak loudly to us today. He said at the close of that great speech at Cooper Union:

> Neither let us be slandered from our duty by false accusations against us, nor frightened from it by menaces of destruction to the Government nor of dungeons to ourselves. Let us have faith that right makes might, and in that faith, let us, to the end, dare to do our duty as we understand it.

Mr. Speaker, these are eloquent words. They are appropriate. They need to be thought on and acted on.

Mr. Speaker, the question I would like to ask now is this, to those of this administration and to all who have a great interest, as all of us on both sides of the aisle have, in solving the problem. What is the American defense policy? Are we to rely always in solving what appears to be an international emergency by calling up reservists?

If this is true, are we then going to give greater attention to the developing and strengthening of the reservist program, or just how are we going to deal with this defense question that needs our attention?

And when is our Government going to write a policy statement that will first of all help Americans to understand what our foreign policy really is, and one that will help to advance our cause by giving a proper comparison of the ultimate goals of the people of the two great contending systems which dominate in the world of politics today

A proper comparison of this, Mr. Speaker, and its revealing to ourselves and the world, will leave no question as to which way is the right way. This, too, I hold, would make us consistent with what our forefathers had in mind for us and the world when they gave us this great American ideal. They said it so plainly in 1776 with the writing of the Declaration of Independence, and, my, how these selfsame goals and ambitions were assured and encouraged with what many people in foreign countries have referred to as the greatest document on government ever written, the Constitution of the United States, whose 175th anniversary we will commemorate on the 17th of this month.

## ANALYSIS OF STATEMENT OF THE MOSCOW CONFERENCE OF THE REPRESENTATIVES OF THE COMMUNIST AND WORKERS PARTIES HELD ON DECEMBER 6, 1960

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. UTT] is recognized for 2 hours.

Mr. UTT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. UTT. Mr. Speaker, I have taken this time to present to the Members of the House an analysis of the statement of the Moscow Conference of the Representatives of the Communist and Workers Parties held on December 6, 1960. This is an informative and frightening document. The analysis comes from a high and unimpeachable source and should not only be read but studied by all Americans who are concerned over the rapid expansion of the international Communist conspiracy and its subversive effects on our national life. It could well be called the second Communist manifesto.

The international Communist organizations believe that total victory for them is in the final countdown. The chief target of this conspiracy is the United States of America, and that the conspiracy is now in the last stage for world conquest is apparent. If you will study this document and the analysis thereof, you will readily see that the non-Communist world, including the United States, is innocently or ignorantly implementing the statement.

One of the Communist assets of the Communist conspiracy is its ability to have others, both individuals and organizations, do their work for them and, thus, give the whole conspiracy an air of respectability. The work we are doing for them is apparent on every hand, and the following analysis will indicate at least 20 areas where the so-called non-Communists are advancing the cause of communism. The analysis follows:

> "If a situation changes within 24 hours, then tactics must change within 24 hours."—V. I. Lenin.

The 1960 Moscow conference consisted of representatives from 81 of the 87 Communist and workers parties from around the world. (Gus Hall, secretary of the Communist Party, U.S.A., said the CPUSA did not attend because of the McCarran Act.) As is the usual case, the Moscow statement was endorsed unanimously by the participants of the congress. No dissent has been noted from CPUSA.

The Communist Party magazine, Political Affairs, stated in its February 1961 issue, "The document should be widely circulated in all ranks of the people. All Americans should read and discuss it. And all party members, clubs, and leaders should study it thoroughly."

If this lengthy (20,000-word) statement is considered of such importance by the Communists, it is doubly important to the non-Communists. For from it we are able to tell exactly what we can expect from the enemy both from within our midst and from around the world. It is the purpose of this analysis to help the American public obtain a general picture of the current policies and goals which the Communists in the Kremlin have set down for the world in general and the United States in particular. It is up to each individual American to take note for himself just how and by whom these Communist goals are being advanced on the American scene.

Despite its length, this analysis should not be looked upon as a complete study. It is a mere summary of the contents of the 20,000-word document. A proper study requires close scrutiny of each sentence. One can be sure that party members all over the world are so studying it. It is, after all, the latest party directive, and a very comprehensive one. Also, a complete study would include the 1957 declaration and peace manifesto which was readopted by the 1960 conference in Moscow.

Some elements of the American press have labeled the statement of the 1960 Moscow conference as a new Communist manifesto. Some reporters have gone so far as to say it constitutes a revision of Marxism. Gus Hall, general secretary of the CPUSA, refers to it as a statement. There is no indication that the Communist themselves view it as anything other than an advanced party directive.

Many statements and demands in this 1960 Moscow statement are a repetition of formerly stated goals and party instructions. Others are newly prescribed tactics and actions, to conform to the changed situation resulting from recent international developments, recent gains by the Communists in various areas, and sociopolitical and economic trends in the United States. It is noteworthy that, although the Moscow conference convened before our November elections, their statement was not completed and made public until a month later. Realistic planning in the Kremlin would quite naturally have to take into account the outcome of our presidential election. Indeed one might wonder that the Moscow statement was not delayed still longer, at least until President Kennedy's Cabinet selections were more certain.

It is noteworthy that each directive in the Moscow statement is widely expanded upon in various Communist publications, including those of Red China—a refutation of claims of differences between the Soviets' aims and that of the Chinese Communists—Communist world domination.

In its opening paragraph the main themes are stated as:

"Topical problems of the contemporary international situation and the further struggle for peace, national independence, democracy, and socialism."

Before continuing with the study, we must first understand the Aesopian (or code word) meaning of certain words in the above.

"Peace," in this context, is well known to mean the final capitulation of the free world to communism regardless of how it is brought about—with or without the use of military force.

"National independence" means the abolition of colonialism in all its forms. (Communist forms, of course, are not counted as colonialism.)

"Democracy" means, in particular, the overthrow of non-Communist and anti-Communist governments through the pressures of public opinion and popular or mass movements (which are, in the Communist lexicon, democratic action). Democratic freedoms are most permissive of subversion, and the resultant public attitudes are most readily exploited for mass pressure against a government. Thus, a democratic (in the sense of the word, not of a political party) government can be forced into the Socialist camp by slow stages, by legal means, if control is gained of the means for forming or even pretending to represent public opinion.

"Socialism" is used in the sense that Soviet Russia is a Socialist state—the utopia of communism not yet having been achieved.

### LAST STAGE

The following statement of the 1960 party directive indicates that the Communist struggle has reached the last stage for world conquest:

"Our epoch, which is marked basically by the transition from capitalism to socialism * * * is an era of struggle by two opposing social systems, an epoch of Socialist revolutions and national liberation movements, an era of the overthrow of imperialism, liquidation of the colonial system, an era * * * of the worldwide triumph of socialism and communism."

The above phrases such as "Socialist revolution," "national liberation," "liquidation of the colonial system," etc., need no explanation. However, it is well to examine the less obvious meanings which the above holds for members of the Communist Party.

Communists take their line of directives from official speeches and statements. What is said in off-the-cuff press interviews and unofficial speeches is not the official line. The student may determine the difference by this means; only the official speeches and statements refer to Marx and Lenin.

In order for the comrades to know the exact meaning of current official statements, certain key words are used from previous official statements, going back in most cases to the works of Marx and Lenin.

In the above quote from the 1960 party statement, the key words are "epoch" and "transition from capitalism to socialism." To every Communist they have a familiar ring, and in this instance are the source of great encouragement to the comrades. Here is why: Lenin stated as follows (from "Foundations of Leninism," by Joseph Stalin):

"The transition from capitalism to communism represents an entire historical epoch. Until this epoch has terminated, the exploiters will inevitably cherish the hope of restoration, and this hope will be converted into attempts at restoration * * * and after their first serious defeat, the overthrown exploiters—who had not expected their overthrow, who never believed it possible, who would not permit the thought of it—will throw themselves with tenfold energy, with furious passion and hatred grown a hundredfold into the battle for the recovery of their lost paradise on behalf of their families who had been leading such a sweet and easy life and whom now the common head is condemning to ruin and destitution. * * * For a long time after the revolution, the exploiters will inevitably retain a number of enormous and real advantages: they will have money left (it is impossible to abolish money all at once), some movable property, often of considerable value."

A study of the takeover of industry and capital in Communist China will show that the above Lenin statement has been dutifully followed. In the period of transition many industrialists and capitalists stayed on with their properties, managing them for the state until the properties could be taken over by the state without undue disruption of production. (The subsequent fates of the individual capitalists concerned varied greatly.)

### CAPITALISM

Continuing on the subject of capitalism, the 1960 Moscow statement demands "nationalization of the most important branches of the economy, and the democratization of administration."

This is to be done by limiting "the might of the monopolies * * * and isolation of the more reactionary forces."

The U.S. Government is already in business in many areas, particularly in housing and real estate, and has been so for some time. But now, bearing in mind the proclaimed goals in the above quotes, one must view with alarm the precarious situation in which the electrical industry now finds itself. In early 1961 several officials of several concerns were fined and imprisoned for price fixing. Following that, in March 1961, the Justice Department joined TVA (Tennessee Valley Authority) in suing 10 electrical firms for a total of $12 million for damages in price rigging. At the same time, it was announced that all the States, all cities, and all private utilities firms in the country could do likewise. At this writing a number have already filed suits.

If these multiple suits involving many millions of dollars should cause bankruptcy in the entire industry, it might be deemed necessary for the Government to nationalize the electrical industry in order to protect the thousands of small stockholders as well as the wage earners. This industry is definitely an important branch of the economy; if production should stop in these electrical companies it would soon stop in other industries who rely on their products.

The direct blame in such an eventuality must be placed on those company officials who pleaded guilty on nolo contendere. Beyond their offenses in the legal and moral sense lies the fact that they have provided collectivist propagandists with the very sort of ammunition the latter need to bring public sentiment to bear for the nationalization of major industries. American industrialists must beware of any such practices, lest they share the same fate as the companies mentioned above.

Another statement in the Moscow directive aimed at producing public sentiment for Government takeover of industry is the following:

"Capitalism more and more hinders the utilization of the achievements of modern science and technology."

Already there has appeared in the Communist Sunday Worker an article condemning science and research industries for allotting so little profit sharing to those persons in their employ whose particular inventions have produced enormous profits to their companies.

This directive is laying out the line of attack, and the science industries must gather their forces for a counterattack if they do not wish this industry to be taken over by government.

When the Moscow statement says that "capitalism will be defeated in the field of material production," one must review the present economic situation of the United States. Our troubles stem from several factors: The outgoing of foreign aid over a period of some 15 years; the rising trade competition from countries having received this aid; the rising unemployment caused by the above; the flight of investments abroad; the flight of gold abroad; the constant demand for high wages by labor; the continuous rise of taxes, especially on corporate income; the strangling low rate of depreciation allowance on new equipment; and the large Government spending.

### THE STRUGGLE FOR MEN'S MINDS

Here we find one of the most important aims of the Kremlin which is set forth in the 1960 party statement:

"By force of its example the world system of socialism is revolutionizing the minds of the workers in the capitalist world."

And:

"In the people's democracies Socialist ideology has gained remarkable success in the struggle against bourgeois ideology. This struggle is a long one and will be continued until complete liberation of the consciousness of the people from survivals of bourgeois ideology."

This aim was first activated by Stalin in an order to Dr. Ivan Pavlov, the world-famous Russian physiologist, in 1919. The order was, "I want the masses of Russia to follow a pattern of thinking and reacting, along a Communist pattern. All of them * * * we must abolish individualism" ("The White Knights," 1956, by Boris Sokoloff, p. 68). Since then the project has been used in all other countries in varying degrees of success. An example of its success in this country, i.e., the liberation from bourgeois ideology, can be found in a statement by Paul Kecskemeti, author of "Strategic Surrender" (1958), a Rand Corp. study made for the U.S. Air Force. He said (p. 258), "we shall have to revise some of our deeply rooted traditional attitudes such as our rejection of compromise and our faith in extreme, ideal solutions * * * they * * * [will] jeopardize our very survival."

When the Moscow statement speaks of revolutionizing the minds of the workers, it boasts of the unusual success the Communists have already had in the United States. The workers, that is, the poor working people, are led to believe that they are receiving more and more social security without realizing that this security makes deeper and deeper inroads into their paychecks by taxes. They are led to believe that what they get from government is free, whereas in fact the government is a rather prolificate and rather inefficient spender of their money. What is worse, many people are being led to accept Socialist ideas, materialism, and to equate personal desires with civil rights; freedom to pursue happiness with the right to government guaranteed financial security; and equality of opportunity with equality of economic status. These represent dangerous successes for the Communists in their "struggle for the minds of men."

A further idea of the degree of Communist success in the liberation of the consciousness from survivals of bourgeois ideology can be gained by considering two recent and extreme changes in American attitudes:

Had President Roosevelt, in 1937–38, invited Hitler to visit at the White House, and agreed to cultural exchange with Nazi Germany, the American public would have risen in righteous wrath. But in the intervening 20 years, the public mind was conditioned to accept Khrushchev as a guest of the Nation in 1959. They also accepted cultural exchange with the Soviet Union, a country whose masters are on equal footing with Hitler in ruthlessness and atrocities.

Likewise, the American public has been conditioned to forget the fact that all Communist states are slave states. On the contrary, they have had their attention diverted to the colonies, and have been led to believe these people have suffered oppression and must be freed. The untold and numerous horrors occurring behind the Iron Curtain go unheeded. (This myopia toward Communist atrocities is aided considerably by the high incidence of TV shows, movies, articles, and books pertaining to Nazi and Fascist atrocities during World War II.)

### FOREIGN AID

The 1960 Moscow statement contends that—

"American imperialism strives to dominate many states, using aid as its chief means. It also violates the sovereignty of developed capitalist states."

Some pages later we find a contradiction to this statement:

"It is the duty of working peoples and all democratic forces of industrially developed capitalist countries to give them [the recently liberated colonies] every support * * * and to help them in the successful solution of tasks of economic and cultural renewal. Acting thusly, they are defending the interests of their own countries."

The first statement condemns American foreign aid, and the second demands it. In the past, emphasis was on American foreign aid alone. The statement now demands that all industrially developed capitalist countries must be called upon to contribute. This acknowledges the industrial resurgence in Western Europe and the Communist need to drain their resources too.

The propaganda to be used to sell the idea of foreign aid to the public in capitalist countries (that is, to sell it to the capitalists themselves) is contained within the same paragraph which demands foreign aid. The line for selling is "They are defending the interest of their own countries."

The contradictions within the statements above represent the intertwining of two party line themes. One is for propaganda and the other for subversion. Because the Communists openly denounce capitalist aid to underdeveloped countries, the American public assumes it is an effective weapon against communism and therefor supports foreign aid. Meanwhile, party members and activists are more quietly instructed to promote increased foreign aid to hasten the drain of wealth from all capitalist countries. (Foreign aid, along the lines America has generally followed, was first conceived in the Kremlin for the specific purpose of draining the wealth of the United States. The blueprint for it was set forth by Earl Browder in 1944 (when he was still head of the CPUSA) in the book "Teheran—Our Path in War and Peace." It called for an annual export of American goods amounting to $40 billion, backed by Government finance.)

The Communists can crowd many instructions into one brief paragraph. Note that the word "successful" precedes "solution of tasks of economic and cultural renewal." This reminds the comrades that foreign aid must be so administered that it will promote a socialist economy in the countries receiving it, not private enterprise. In this light it is interesting to note the following in the 1960 Moscow statement:

"The West German monopolies, pursuing their imperialist policy, are trying more actively to exploit the underdeveloped countries."

West Germany is helping underdeveloped countries with long-term, low interest loans. The United States, on the other hand, does not expect to recover what is advanced in foreign aid. Since the kind of economic solutions West German aid promotes is not socialistic success, Moscow calls it exploitation.

### AREAS RIPE FOR AGITATION—A REVIEW

Within the first few pages of the Moscow statement there is an interesting review of situations in selected areas of the world. Most of these are areas of recent or current turmoil. Many of them are places where we can logically expect continued and even increased strife.

1. Victory of the widely popular revolution in Cuba has become a remarkable example to the peoples of Latin America.

Partly the remarkable example is that the United States did not prevent Castro from coming to power but, on the contrary, actually helped him. This was revealed by the Senate Internal Security Subcommittee hearings.

2. The anticolonialist movement for freedom and national independence in Africa has developed into an invincible force.

This refers to the success of the Communist line of anticolonialism and also to the strong influence of the Communists in a number of the new African governments.

3. The antiimperialist national uprising in Iraq came to a successful conclusion.

This is an apparent satisfaction with the government which took over after the assassination of the important members of the pro-Western government in Iraq in July 1958.

4. The militant determination of the workers is shown by the active demonstrations by the masses in Italy in defense of democracy.

In January and February of 1961 there were disruptive student demonstrations against the Austrians in the former Austrian territory of Bolzano. More demonstrations and greater agitation is the Tyrolean area can be expected.

5. The struggle for democracy against the reactionary regime of personal authority in France is increasing.

This is an encouragement to the French comrades in their plan to destroy De Gaulle by political manipulations; greater internal unrest may be expected, especially on the Algerian issue.

6. The powerful movement by the masses against the Japanese-American military alliance, in favor of peace, democracy, and national independence, has developed in Japan.

The influence of the Communists in Japan has been growing rapidly. The successful demonstration against President Eisenhower's scheduled visit to Tokyo in 1960 illustrates their success in fostering anti-Americanism.

7. Major strikes by workers have developed in the United States, Argentina, Uruguay, Chile, India, Britain, Canada, Belgium, and other capitalist countries.

Strikes, of course, are major weapon of the Communists in capitalist countries anywhere. This may be, in part, a call for a stepup in activities and perhaps for coordination of strikes in some of the areas named.

8. The actions of the Negroes in the United States for their rights are becoming more powerful.

This is the only mention made in the Moscow directive of the race issue in the United States. But its meaning is clear—continue agitation in those regards. Communist publications over the past 30 years—and especially in the last 5—have promoted racial strife in the United States in the name of Negro rights. Their publications indicate that they have organized the sit-ins, as well as other activities, to promote racial hatred, and that such activities will be stepped up.

9. The aspiration to unite national forces against Fascist dictatorship in Spain and Portugal is growing.

This accounts for the stepped-up propaganda in the press, radio, and TV against Franco of Spain and Salazar of Portugal. The United States vote with the Soviet Union and against Portugal in the U.N. seems significant in this light.

10. The democratic movement is becoming stronger in Greece.

We may expect greater activity against the present Greek Government. The World Marxist Review of February 1961 gives a short report of Communist successes in Greece of late.

11. The tyrannical military regimes of Colombia and Venezuela have been overthrown.

This is an apparent satisfaction with the present governments in those two countries and an instruction to Communists both in the United States as well as in Colombia and Venezuela to court the new governments.

12. A blow has been inflicted on the openly pro-American puppet governments in South Korea and Turkey.

Evidently the Communists feel that the overthrow of Syngman Rhee and Adnan Menderes in 1960 is a prelude to their own complete takeover of these two countries. The government of John M. Chang has never been able to bring order to South Korea, nor to end the student demonstrations. South Korean students have taken up the North Korean chant for peaceful unification and the removal of U.S. troops.

As for Turkey, since the Turkish people are so adamantly anti-Communist, apparently the Communists intend to work through a new political party there. An article in New Times, No. 32, 1960, titled "Operation Ataturk" indicates that Communist infiltrators will start a new political party called the Ataturk Party, or some titled with that connotation.

13. There is a stirring of the national democratic movement in South Vietnam and Laos, directed against the American imperialists and their stooges.

Daily events to this writing advance the likelihood of a quick Communist takeover in these two countries.

14. The Indonesian people are liquidating the economic positions of the imperialists, particularly the Dutch colonialists who have remained in its country.

This refers in particular to western New Guinea which remained a Dutch possession after the independence of Indonesia.

The following items appear much later in the text of the Moscow statement, but seem to have the same purpose:

15. The conference * * * angrily condemns the inhuman system of racial persecution and tyranny in the Union of South Africa.

Greater unrest and agitation can be expected in South Africa.

16. The conference expresses warm sympathy and support for the heroic Algerian people.

It has been long obvious that the demand for liberation of Algeria is Moscow inspired. By political manipulations among the allies of France as well in France itself, De Gaulle has been maneuvered into the untenable position of being supported by the left for his Algerian policies, and losing his supporters from the right.

It is interesting to note that neither Nationalist China nor Communist China were mentioned in this sweeping report. The review ends with the following:

"The mass movement in defense of peace is extending: It embraces all continents. All this is graphic proof that the waves of the anti-imperialists, national liberation, antiwar, class struggle are rising higher."

The interpretation of these words is simply that the Communists are rapidly gaining. But in the light of Communist statements regarding the specific areas listed above, it is well to take note of a report in the Washington Evening Star of February 12, 1961, written by Staff Writer Earl H. Voss:

"The Kennedy administration is compiling a list of potential crisis areas in the hope that special attention in advance can prevent their becoming acute * * *.

"Independence movements are active underground in Angola. Mozambique is considered a potential candidate for similar activity. The United States, remembering its own Revolution, is naturally sympathetic to independence movements in Africa. The Kennedy administration hopes to identify itself with the aspirations of the people there.

"But Portugal is a member of NATO and, in addition, controls the Azores Islands in the Atlantic where the United States has an important airbase.

"Strategists plan to take a new look at how much the United States would lose if Portugal were to oust America from the Azores or pull out of NATO in retaliation for some friendly gesture toward the independence movements in Portuguese Africa.

"These losses would then be compared with what the United States would gain, in Africa and other areas, by a more openly sympathetic attitude toward peoples living under colonial rule.

"The late Secretary of State, John Foster Dulles, drew widespread criticism when he supported Portugal's sovereignty over Goa, an enclave on the Indian subcontinent, to preserve Portuguese approval of the American base in the Azores.

"The Union of South Africa already has been the scene of widespread strikes and demonstrations by Negroes against the strict segregationist policies of the white Europeans who control the nation.

"Most experts predict further trouble there and some foresee its turning into another Congo problem in more acute form.

"From Iran there have been sporadic reports of unrest and predictions of a coup on the Nasser-Kassem pattern.

"Indonesia recently has received military aid, including naval vessels, from the Soviet Union. At the same time, agitation for annexation of West Irian or western New Guinea followed by charges of aggression against Indonesia in the U.N. Security Council and a veto by the Soviet Union is expected.

"Strategists in Washington see Red China's shortage of food and raw materials as an incentive for expansion into southeast Asia. The Mekong River Valley would be a natural highway for a Communist Chinese invasion force.

"The U.S. mobile reserve of three divisions, even if quickly transportable, would hardly be a match for the tens of hundreds of divisions Red China could throw into the fight, it is reasoned.

"If the people in the area could be interested in development of the Mekong River, with irrigation projects, power development, and other measures, long-range strategists believe the Red Chinese takeover would be made less easy."

### FARMER-LABOR PARTY

"The fraternal worker-peasant alliance, the maintenance and strengthening of which is, as Lenin taught, one of the highest principles of the dictatorship of the proletariat, has been consolidated under the leadership of the working class."

Let us speculate on the above. The 1960 Moscow directive is geared for all countries. How, then, does worker-peasant apply to the United States? Can this mean labor-farmer? It states that the "highest principles of the dictatorship of the proletariat has been consolidated under the leadership of the working class." According to Communist publications, in particular Political Affairs of February 1955 and the Sunday Worker of August 14, 1960, the Communists are preparing to set up a third party in the United States called the Farmer-Labor Party. Can we interpret the above Kremlin statement to mean that the dictatorship of the United States will come through the new Farmer-Labor Party?

The use of the title, Farmer-Labor Party will serve a useful purpose for the Communists. Knowing that no people in the world including Americans would vote for and elect a political party openly called the Communist Party, they have disguised it by simply writing out the Communist symbol—that is, the hammer and sickle which represents workers and farmers. They count on the majority of the voters not recognizing the written out symbol.

This particular passage from the Moscow statement is interesting from another point of view. It is one of those relatively rare cases wherein, in the midst of their generous use of the words "freedom, independence, liberation," etc., the Communists frankly state that their aim is dictatorship.

### USE OF ORGANIZATIONS

"Methods of management of the Socialist economy and of economic planning are becoming more and more perfect, further development of Socialist democracy is taking place. * * * Some functions of the state are gradually being handed over to social organizations."

A study of the functions of various philanthropic and research organizations such as the Ford Foundation, the Carnegie Foundation, the Rockefeller Foundation, the American Assembly at Columbia University, the Rand Corp., to name a few, are making greater contributions to the direction of government. A large number of Government policies find their beginnings in the reports of these organizations.

An example of organizational recommendations to government is a release of February 15, 1961, from the Ford Foundation, which announced "a cooperative program with 9 State legislatures and 31 universities to provide legislative internships to 300 graduate students. * * * The interns—mainly young lawyers, journalists, and political scientists—will be assigned by the legislatures to work with standing and interim committees and research departments, and in the offices of speakers, chief clerks, and other officials."

### CULTURAL EXCHANGE

"It is one of the greatest achievements of the world Socialist system that the Marxist-Leninist proposition that a lessening of antagonism among the classes is followed by a lessening of antagonism among nations."

Here is another example of the Aesopian language. Whenever any mention is made of Marx or Lenin within a sentence, the entire meaning is the opposite to that written. Let it be put this way: In our own lingo, if one says, "Tell it to the marines," the translation is, we know, "It isn't so."

In order for the comrades to fully understand that the above Kremlin statement "isn't so," but is for propaganda purposes only, there is included, "the Marxist-Leninist proposition."

"Lessening of antagonism among nations" means, to the comrades, the reducing of resistance in capitalist nations, in this instance through the peaceful coexistence theme, cultural exchange, and people-to-people, programs. Every Communist knows that the real Marxist-Leninist proposition on this point calls for the creation and exploitation of class and race antagonisms in capitalist societies. So contrary to the hopes and expectations of Western societies, these programs are used by the Communists to bring about greater antagonisms, both among classes and nations, until they become so weakened and divided that the Communists can take them over.

The lowering of resistance in capitalist societies is further indicated in the following:

### WORLD SYSTEM AND PATRIOTISM

"The great Socialist comity (Sodruzhestvo) has come into being and is growing stronger. Political isolation and national egoism, which are part of capitalism, have been replaced by fraternal friendship and mutual assistance by the peoples, engendered by the Socialist system."

The above explains clearly why patriotism and American history are being played down to a great degree in our educational system. The 1960 Moscow directive demands socialist patriotism, and goes on to say:

"Manifestations of nationalism and national narrowmindedness do not disappear automatically with the establishment of the Socialist system—it requires a Marxist-Leninist internationalistic policy of Communist workers' parties, education of all working people in the spirit of combining internationalism with patriotism, and a firm struggle to overcome the vestiges of bourgeois nationalism and chauvinism.

"The time has come when the Socialist states, having formed a world system, have become an international force, exerting a great influence on world development."

The antinationalism line is repeated several more times than I have quoted. It emphasizes this because the main aim of the Communists in a world system, under Communist control, of course; and education of the working people along Marxist-Leninist internationalistic lines is necessary to bring that about.

Education along these lines can be seen in the following which a small child in a Maryland school was asked to memorize:

If I love only myself, my parents will suffer.

If I love only my parents, my friends will suffer.

If I love only my friends, my community will suffer.

If I love only my community, my country will suffer.

If I love only my country, the world will suffer.

Quite likely many American adults would see nothing wrong with that little memorization exercise, and certainly nothing subversive in it. Yet subversive it is. The adult reading something of this sort is inclined to interpret its meaning according to what he already believes. But the child has no basis for interpretation and must take it for what it actually says, and from this his beliefs develop. Subversive literature in general, is not intended for changing opinions but for forming them; in due course changing the basic outlook of the youth toward whom it is directed. Similarly, cultural exchange is not, from the Communist point of view, so much a campaign to sell their culture as it is a way of subverting or unselling ours; neutralizing national pride and patriotism is to make way for the vague "mass consciousness" of Socialist patriotism and internationalism.

### DISARMAMENT AND NUCLEAR TEST BANNING

The Moscow statement not only demands disarmament but provides the propaganda of fear to be used to attain this goal—on Communist terms, of course.

"Monstrous means have been created for mass destruction and annihilation. * * * Such a war would bring death and suffering to hundreds of millions of people, including those in nonbelligerent countries."

The inclusion of nonbelligerent countries is an obvious threat to the so-called neutrals and, as well, to those countries not stated as neutral. Great emphasis is placed on the danger of general and nuclear war:

"The arms race continues. * * * The American militarists are preparing to resume pernicious atomic tests, military provocations, with the threat of serious international conflicts, continue. * * *

"Demand the immediate prohibition of the testing, manufacture, and use of nuclear weapons and all other weapons of mass annihilation. * * *

"It is * * * imperative (that) this struggle must be waged with ever increasing drive."

In the light of the above lines from the Kremlin, one should take note of certain ideas expressed in a panel discussion of disarmament at the Massachusetts Institute of Technology on April 8, 1961. The panel consisted of Mr. Noel-Baker, a British member of Parliament and Nobel Peace Prize winner; Dr. Herman Kahn, Rand Corp. physicist; Prof. Paul Tody, Harvard chemist; and Rishcad S. Leghorn, president of the Itex Corp. It was presided over by Jerome B. Wiesner, science adviser to President Kennedy. Here are some salient parts of a report of that panel discussion, as recorded by William Hines, Washington Star science writer, on April 9, 1961:

"Referring to a speech here yesterday in which Secretary of State Rusk spoke of the tensions in Laos, Cuba, Congo, and Vietnam, Mr. Noel-Baker asked:

" 'Would these crises have happened if there had been no arms race?' "

(NOTE.—There is no indication in the report that any of the panel or its moderator even suggested that the implication in Mr. Noel-Baker's question was incorrect.)

Mr. Hines' article included further:

"Dr. Kahn predicted a dangerous diffusion of atomic know-how if arms are not brought under control through an effective agreement between the United States and Russia. * * *

"Professor Doty and Mr. Leghorn both criticized the United States for an aggressive military policy that creates tension. The Russians, for their part, create tensions politically and through subversion, and these are comparable to what we create by such activities as daily flying hundreds of bombers right up to the Soviet border, the two experts asserted."

(NOTE.—Mr. Hines' article does not mention any remarks by the President's science adviser, Jerome Wiesner, only that he presided over the panel.)

In addition to the overall war-scare theme, propaganda to be used to gain support of the broad popular masses is that the moneys now used for arms and armies should be used to "raise the living standards of the peoples' masses. * * * It is necessary in every country to deploy a broad movement for the use of facilities and resources freed through disarmament for peaceful production, housing construction, health, national education, social security, development of scientific research."

Although the Moscow directive does not go into detail on the propaganda for diverting funds from national security programs in individual countries, the themes above are greatly expanded upon in such Communist publications as the Sunday Worker and Political Affairs. As an example, the Sunday Worker of March 23, 1958, published with approval the legislative program of the AFL–CIO which was demanded of every Congressman. Here are the demands:

1. Cut taxes on low and moderate incomes.
2. Overhaul the unemployment benefit system.
3. More extensive public works programs.
4. Enact school construction bill now.
5. New housing construction drive.
6. Aid for chronically blighted areas.
7. Expand social security program.
8. Expand minimum wage coverage.

These same themes are stressed in Gus Hall's instructions to the CPUSA in the February edition of Political Affairs, 1961.

### MILITARY ALLIANCES

It is the aim of the Kremlin to disintegrate the NATO, CENTO, and SEATO. The "lines" are set in the Moscow statement:

"The system of military blocs set up by the United States is being weakened both by the struggle going on between their members and as a result of the struggle which the people are waging for the abolition of these blocs. * * *

"The chief force of aggression and war is U.S. imperialism * * * with the participation of the imperialists in Britain, France, and West Germany, has drawn many countries into the NATO, CENTO, SEATO."

In the case of the NATO, it is being weakened particularly by the struggle—people are waging for the abolition of these blocs. The Communists plan to influence the overthrow of President Salazar of Portugal (the pirating of the *Santa Maria* focusing world attention on the Portuguese dictator. (See Sunday Worker, February 12, 1961, p. 6); and the overthrow of Franco in Spain by legal means. (For exact details, see World Marxist Review, April 1961, p. 11.)

The United States plans to end further economic and military aid to the Franco government and will withdraw U.S. military bases from that country.

In conjunction with the Kremlin aims against the NATO, there is presently vigorous propaganda against West Germany and, to a lesser degree, against President de Gaulle in France. (At present the Communists are supporting the De Gaulle Algerian policy.) Student rioting in Italy has already begun, and the Tyrolean issue worsens. If these member nations develop internal political upheaval, the NATO will disintegrate.

There are, of course, strong international pressures from Soviet Russia which also could cause the demise of the NATO.

CENTO is no longer a strong alliance since the revolutions in Iraq and Turkey.

SEATO, which has never included among its members the two nations in the Far East with the strongest armies—South Korea and Nationalist China—has been impotent in preventing Communist victories in Laos and Vietnam.

Sometimes omissions from a Communist directive are as important as the inclusions. There was no mention made of the OAS in the above-quoted paragraph from the Moscow statement. Nor is there noticeable comment on the OAS in others of their recent publications. This means that the Kremlin, with an eye to trends in the U.S. plans with regard to Latin America, expect to use this alliance of Latin American States to further their own cause in that hemisphere. It could easily account for its vigorous but totally ineffectual activities.

### BASES

Continuing from the above statement concerning military blocs, the Moscow directive goes on to say that another threat to world peace is the presence of the network of military bases which "Also threatens the very existence of those states which grant territory for bases for the U.S. militarists."

Threats against those nations where U.S. bases are located, and demands for their removal have been promoted in the Communist press for some years. There have been numerous demonstrations in England against these U.S. bases, and in the November 3, 1961, issue of New Times there is a demand that the new U.S. Polaris submarine base at Holy Loch in Scotland be withdrawn. More recent demonstrations show an intensification of this effort. It is significant that many of the demonstrators at Holy Loch are being imported from England.

### CHINA

It seems curious that the 1960 Moscow statement barely mentions China. Here, again, is the technique of deliberate omission; which seems to say in this case, "Not forgotten, but not emphasized."

"The people's revolution in China * * * exerted tremendous influence on the peoples, especially on the peoples of Asia, Africa, and Latin America."

Students of the conspiracy will understand the above since they are well aware that Russia and Communist China divided up their work for world conquest; Red China was allotted free Asia, northern India, Latin America, and Africa. Russia is concentrating on southern India, Iran, Pakistan, Europe, and the United States. (This does not at all preclude them helping each other in any area.)

No mention of Nationalist China was made, nor any reference to the controversy over Red China's admittance to the U.N. It is possible that the reason behind these omissions may be that overt pressures are not desired on these matters at present, or that for the time being the question of China will be kept on ice until the West German issue is settled to Communist satisfaction. The Moscow statement places great emphasis on West Germany.

### WEST GERMANY

"In West Germany militarism has been reborn * * * under the command of Hitlerite generals. * * * The aggressive plans of West German imperialism must be opposed by the united might of all peace-loving states."

There is a followup on this theme in the New Times, No. 3 issue, 1961: "Can a German Peace Treaty be concluded in the present situation? Yes * * * the year 1961 must see the German problem solved."

It is well to note that the word "must" is used in both the above quotes. And the following are the terms demanded by the statement:

"The conclusion of a peace treaty with Germany, the transformation of west Berlin to a free demilitarized city."

### YUGOSLAVIA

Only slight mention is made of Yugoslavia in the 1960 party statement. It states that—

"The Communist parties unanimously condemn the Yugoslav variety of international opportunism."

It seems significant that the Tito regime is not condemned, even by inference. Only the Yugoslav variety of international opportunism is condemned.

Political Affairs, in the detailed analysis of the Moscow statement by Gus Hall, has this to say on Yugoslavia, and nothing more of consequence:

"To talk about today's two world coalitions in terms of the usual military blocs or the usual power groupings is to miss the real meaning of the present-day world divisions. As a matter of fact, this is actually a way of creating a smokescreen, or running interference for the camp of imperialism, because it hides the true nature of this historic struggle. For this type of valuable service, U.S. imperialism pays an annual reward to the Yugoslav revisionists in the form of financial and economic grants."

Are we thus to be encouraged to keep on rewarding Yugoslavia for some valuable service she is rendering us? There is no indication that Moscow is seriously worried by Yugoslav revisionism; Yugoslav votes in the U.N. on the side of Soviet Russia preclude any such conclusion.

"All Marxist-Leninist parties independently work out a policy proceeding from the specific conditions of their countries."

The above means to U.S. Communists and activists that they must take cues from the Moscow statement in working out definite plans of action within the United States. In turn then, loyal Americans in examining the Moscow statement must also consider how the instructions will most likely be applied in the United States and at the same time look about to see how a good many of them are already being carried out. The remainder of this analysis will generally follow that approach.

### USE OF NONCOMMUNIST LIBERAL ORGANIZATIONS

The 1960 Moscow statement demands—

"The widest possible united front of the supporters of peace and fighters against the imperialist policy * * * is required. * * * The movement of peace partisans is the most widespread movement of our times, embracing people of various political and religious convictions and belonging to various social classes, but united by the noble striving to prevent new wars and insure a stable peace."

This is a direct order to the comrades to work with non-Communists, and especially non-Communist organizations, who have been influenced to work for peace (at any price), cultural exchange, peaceful coexistence, disarmament, etc. This is an important new phase in the conspiracy. Communists were directed long ago to work through front organizations, but not so strongly as they are now directed. Indeed, what is called for now is more of an open cooperation in many cases, rather than the subtle subversion and influence which has been the usual case in the past.

In this connection, it is useful to note the amplification on this phase which was written by Gus Hall, secretary of the CPUSA, in Political Affairs, February 1961. He explains it in detail and says:

"The united front must be a way of life for our party * * * so that when an issue does appear we will be in a position to deal with it as a natural event in the course of our regular relations with our [sic] unions, churches, or neighborhood organizations. * * * United front relations in the struggle must necessarily start from the self-interest of the people we are working with. * * *

"The problem is not one of sending people into organizations. Many are already there. The central question for us is to help our members * * * where they are. * * * This is the nub of the problem. * * * This is the most vital element of our work * * * to build united front relations at every level."

Elsewhere in the same writing, and on the same general subject, Gus Hall says:

"Involved in these actions are social and professional bodies of a general character, such as church groups, organizations of scientists, community institutions, fraternal, and other societies which express themselves for peace in various ways and press on particular issues."

The Sunday Worker of March 12, 1961, reports that—

"Six of America's most prominent AFL–CIO international officers and the American Friends Service Committee have issued a call for a national conference of trade unionists on peace, jobs, and freedom, to be held in Chicago on April 14 and 15 of this year."

The Moscow statement directs that non-Communists are to be encouraged to work for the following goals:

"All the democratic and peace-loving forces have at present no more urgent task than deliverance of mankind from a worldwide thermonuclear catastrophe. * * * Intensify the struggle for the abolition of bases, which is an important condition for the strengthening of national independence."

It goes on to say that there can be no peace "until disarmament is implemented * * * end of the arms race, the banning of atomic weapons as well as their tests and production, the elimination of foreign military bases and withdrawal of foreign troops from alien territories, the dissolution of military blocs, the conclusion of a peace treaty with Germany, the transformation of West Berlin to a free demilitarized city * * * prevention of the rebirth of Japanese militarism."

The Moscow statement says that these goals are essential above all, and goes on to say that—

"The Communist parties consider the struggle for peace to be its primary task. * * * They call on * * * all * * * people, regardless of political or religious convictions."

This is probably one of the most important of the Moscow directives in its application to the United States, and for that reason some of the demands have been requoted here. It will result in a further encouraging of liberal speakers before women's clubs, men's clubs, and various organizations throughout the country. These demands will also be heard from the pulpits in sermons by liberal-influenced pastors and in political meetings of both Democratic and Republican Parties. More and more Communists and progressive thinkers will be invited to address college students.

### PEACEFUL COEXISTENCE

The 1960 Moscow statement places great emphasis on peaceful coexistence. It goes so far as to demand that this should be U.S. policy.

"The unshakable basis of the foreign policy of the imperialist countries is the Leninist principle of peaceful coexistence and the economic competition between the Socialist countries and capitalist countries."

Since the Moscow statement repeatedly refers to the United States as an imperialist and capitalist country, there is no mistaking their demand that we should embrace coexistence as our basic policy with them. Yet, in fact, the Kremlin would not want us to practice coexistence according to Lenin; for Lenin said, "The existence of the Soviet Republic side by side with the imperialist states for a long time is unthinkable. One or the other must triumph in the end." The use of Lenin's name in the statement, however, makes it clear to all Communists that the coexistence theme is a tactic, not an objective. The use of the coexistence theme as a tactic was first introduced by Stalin in 1951.

The Moscow statement says further of coexistence that it is "the only correct and sensible principle of international relations * * * which was proposed by Vladimir Ilich Lenin and further elaborated in the Moscow declaration and peace manifesto of 1957."

The current line is summed up by stating these two alternatives:

"Peaceful coexistence between states with different systems or destructive war. * * * There is no other way."

Again in the above there are certain key words which cause any Communist to refer back to Lenin. In this case the words are "system" and "states." Here in a little more detail is what Lenin said about coexistence; which makes clear to any Communist that it is a temporary condition and a tactic, rather than a goal:

"We are living in a system of states, and the existence of the Soviet Republic side by side with the imperialist states for a long time is unthinkable. One or the other must triumph in the end. And before that end supervenes, a series of frightful collisions between the Soviet Republic and the bourgeois states will be inevitable."

Every Communist knows the above Lenin statement by heart. They also know of this further statement by Lenin on the same subject which Khrushchev has shown himself to be keenly aware of:

"As long as we have not conquered the world, as long as * * * we are weaker than the capitalist world * * * we must know how to take advantage of the antagonisms and contradictions existing among the imperialists. * * * To accept battle at a time when it is obviously advantageous to the enemy and not to us is a crime. * * * As soon as we are strong enough to defeat capitalism as a whole, we shall immediately take it by the scruff of the neck."

The Moscow statement of 1960 reiterates this when it says:

"The line of peaceful coexistence is a line of mobilization of the masses. * * * Peaceful coexistence * * * does not mean rejection of class war."

So important is the line on peaceful coexistence, that the entire pattern of instruction on it is repeated several times, perhaps to make doubly sure that all of the comrades get the straight word on it. First the purpose is explained, the importance emphasized, and the manner of using the line is described:

"Coexistence between states of differing social systems is a form of class struggle between socialism and capitalism. In the conditions of peaceful coexistence favorable opportunities are created for developing the class struggle in capitalist countries and the national liberation movement of peoples of colonial and dependent countries. Communists consider it their duty to strengthen the faith of the popular masses in the possibility of strengthening peaceful coexistence, in their determination to avert world war."

Then, once again, there is a clear reminder to the comrades that the peaceful coexistence line is a tactic, not a goal; that it does not mean friendship with the capitalists, but it is a weapon for the destruction of capitalism:

"Peaceful coexistence of states with different social systems does not mean reconciliation between Socialist and bourgeois ideologies. On the contrary, it implies an intensification of the struggle of the working classes and of all the Communist parties for the triumph of Socialist ideas."

The emphasis is added. And the reader's attention must be brought to the repeated use of the words, "states with different social system." It is to remind the comrades never to lose sight of Lenin's attitude on peaceful coexistence.

### COLONIAL AND DEPENDENT COUNTRIES

The 1960 Moscow statement demands that "all forms of colonial oppression must be removed."

Aside from the liberation of African colonies from colonial oppression in order to pave the way for Communist conquests there, this demand quite evidently applies to and includes certain territories under U.S. control. From reading other Communist publications, their use of the words "dependent countries" and "all forms of colonial oppression" must be interpreted to mean Puerto Rico, the Panama Canal Zone, and Okinawa. This is born out by the Sunday Worker of January 29, 1961, which states on page 9, "the United States is a colonial power itself in Puerto Rico, Okinawa, and other foreign lands." The Communist aim is for independence of Puerto Rico, the return of the Canal Zone to Panama, and the removal of U.S. forces from Okinawa.

The No. 1 issue of New Times, 1961, contains a two-page map of the world which indicates all colonies and dependent countries not yet liberated. (That term, of course, means to the Communists, taken over, colonized, or captured by themselves.)

### INTENSIFICATION OF INFILTRATION

The 1960 Moscow statement demands "intensification of the work of Communists in trade unions, cooperatives, and among the unorganized population."

This, of course, is directed at all countries. Unorganized population can apply to the backward tribes, such as in Africa. But it can and does apply to many Americans who are not affiliated with some large national or international association. The application of trade unions to the U.S. situation is quite clear; but how can it be applied to cooperatives?

In the Iron Curtain countries of both Asia and Europe, cooperatives usually mean farm co-ops; and in newly taken-over countries cooperatives are often established—temporarily—between capitalist industries and the state. Of course, this kind of cooperative exists only until such time as the state can take over entirely without disruption of production. But the similarity of the word "cooperatives" to co-ops in the United States in grocery and housing industries gives pause for thought.

### YOUTH

Although Communist publications have been stressing work with youth over the past 5 years or more, the 1960 party statement makes only one reference to it. It states:

"New opportunities have appeared to bring the younger generation into the struggle."

In recent issues of Political Affairs and the Sunday Worker (particularly the Aug. 14, 1960, issue of the latter), great emphasis has been made on the subversion of American youth. These publications have also pointed to the success of student demonstrations in South Korea, Turkey, Cuba, Japan, and the Congo at every opportunity. They congratulated the American students who took part (so successfully) in the demonstrations against the Un-American Activities Committee in San Francisco, May 1960.

These publications have quite openly laid out plans for further, larger and more coordinated demonstrations in the United States, "such as occurred in South Korea, Japan, and Turkey." Gus Hall, in Political Affairs, says "not since the thirties has there been such a growth of student organizations as now. * * * The party must give much higher priority for the work among youth in all fields of endeavor."

Quite possibly nothing more was needed in the Moscow directive than the words "new opportunities" to let their comrades around the world know that the accent for these times is on youth.

### INDIVIDUALITY VERSUS CONFORMITY

Individuality, of any sort, is anathema to communism. The creation of social or mass conscience, and the sponsoring of conformity is directed by the following in the Moscow statement:

"The harmful consequences of the individuality cult * * * which shackles the development of creative thought."

This is a self-contradicting sentence, but nevertheless understood by the comrades. It contains both a demand as well as the propaganda line to attain the demand. It explains why we so often hear the phrase "suppression of academic freedom" from those who would themselves shackle the freedom of professors and teachers who do not conform to liberal thinking. In other words, conservative professors and teachers belong to the individuality cult (condemned by Stalin to Pavlov in 1919), and because they do not conform to the ideological lines followed by liberal professors and teachers they obviously shackle the development of creative thought.

The attack against the individuality cult is also a demand for regimentation. Public housing developments and even private tract housing developments are contributing much toward stamping out individuality. With the advent of these planned communities, planned community living follows; community thinking, community recreation, community activities.

Next to the abolition of private property, which Marx put first and foremost, the abolition of individuality is essential to the Communist victory. This is the primary change necessary in human nature, in order to create the Soviet man. For the Soviet man must be of mass conscience, not of individual conscience. Unless human nature can be changed in this regard, communism can never completely triumph. In this area of the conspiracy, Pavlovian theories as being practiced is making rapid gains, especially in the United States.

### REVOLUTION

Just after the 1960 Moscow statement was issued, many American analysts and observers heralded it as, among other things, "a new Communist manifesto," "a revision of Marxism-Leninism," and the question, "A renunciation of war and violence as a means to their goal?" We need, therefore, to examine most carefully those parts of the 1960 Moscow statement which deal with revolution and the overthrow of non-Communist governments. As it moves into this general subject area, the statement says:

"The Communist parties, guided by Marxist-Leninist doctrine, have always been against the exporting of revolution."

This might, on the one hand, be interpreted by the naive simply as a bland denial of the Kremlin's worldwide subversive activities; or even of some specific campaign such as the loudly proclaimed export of revolution from Cuba to Latin America in general. But it can also be seen as word to the comrades in separate countries that they must lay much groundwork themselves before there can be any open involvement of the Soviet Union. Particularly this latter interpretation could apply to the United States, wherein the transition from capitalism to socialism (which is repeatedly mentioned in one way or another in the statement) must be brought about, in part at least, while officialdom maintains an anti-Soviet attitude. This means certainly that much of the transition must be brought about by legal means and by indigenous (i.e. American) politicians, public officials, labor and professional leaders. For while the Moscow statement says "Marxist-Leninist parties head the struggle * * * for establishment of the dictatorship of the proletariat in one form or another" it follows immediately with "the forms and ways of development of socialist revolution will depend upon the concrete relationship of class forces in one country or another."

In what form might the dictatorship of the proletariat be established in this country? In the form, perhaps, of an overwhelming Federal bureaucracy directed by an administration biased toward or obligated to the nominal leaders of the working class? Such a form as this might allow for the peaceful conquest which the Communists no doubt would prefer. The Moscow statement says, on this score:

"The working class and its vanguard, the Marxist-Leninist party seek to carry out the Socialist revolution by peaceful means."

According to Moscow this now seems possible because "in present conditions, in a number of capitalist countries the working class, led by its advance party, has the opportunity * * * of winning power without civil war, and of insuring the transition of the basic means of production into the hands of the people."

Which should cause us to look again at such events as the enormous possibility bankrupting suits against General Electric and Westinghouse which could lead to the nationalization of these basic industries. We should take note, as well, of localized demands for Government ownership, such as that made recently by a teamsters union official for Government ownership of the transportation system in the Philadelphia area.

We should especially be concerned over the attempts now underway to put the Landis proposals into effect (without specifically following the course of action which was included with those proposals). This is the attempt to ease the various Federal regulatory agencies, such as FPC, ICC, etc., out of the hands of the legislative branch and put them under control of the executive branch.[1]

If a Socialist revolution is to be carried out by a peaceful means in the United States of America, what more likely ways are there than these of insuring the transition of the basic means of production into the hands of the people? (In Communist Aesopian language the people is translated to mean "into the hands of those who subjugated the people.")

Now let us consider if this further comment in the 1960 Moscow statement might apply to the United States of America:

"The working class has the chance * * * to win a stable majority in parliament * * * and create the necessary conditions for the peaceful implementation of the Socialist revolution.

"All this will only be possible by means of the broad, uninterrupted development of the class struggle of the working and peasant masses and the middle urban strata against big monopoly capital, against reaction, for deep social reform, for peace and socialism."

The agitation on the American scene against capital for deep social reform and for peace and socialism would seem to be apparent enough. The call for action against reaction is an urgent demand by the Kremlin which is discussed in the next section of this analysis.

But before going into that, there is one more point regarding the Communist attitude on revolution which is of particular importance in view of the many misinformed reporters who interpreted the statement to mean that the Communists have "renounced war and violence as a means toward their goal." On this matter the 1960 Moscow statement states:

"It is essential to keep another possibility in sight—the nonpeaceful transition to socialism."

Is not nonpeaceful the opposite of nonviolent? The Moscow statement goes on to remind the comrades:

"Leninism teaches, and historical experience confirms, that the ruling classes do not cede power voluntarily. The degree of bitterness and the forms of the class struggles * * * depend * * * on the strength of the resistance."

What could be more clear than that? Aside from the fact that it is an almost verbatim repetition of the Communist Party line throughout its history, this quite clearly includes war and violence in the Kremlin's plans if necessary and strategically feasible.

### ATTACKS AGAINST ANTI-COMMUNISTS

There is one note of uncertainty in the 1960 Moscow statement when it mentions a growing awareness among non-Communists of recent Communist gains, and a stiffening of resistance against further Communist advances. Hence the demand mentioned in the preceding section of this analysis, for action against reaction, that is to say, against anticommunism. The effectiveness of this campaign, according to the Moscow statement, will largely determine whether the transition from capitalism to socialism will be peaceful or nonpeaceful. The Moscow statement says:

"In each country the real possibility of one or the other methods of transition to socialism is determined by concrete historical conditions. In our time, when communism is * * * an actual social system * * * favorable conditions are created for extending the influence of Communist parties for the resolute exposure of anticommunism."

The "extending * * * influence of Communist parties" in the United States is clearly seen in the many programs for America called for by the CPUSA in the February 1961 issue of Political Affairs, which are already being pushed in Washington, D.C." The resolute exposure of anticommunism "consists on the one hand of selling socialism and communism as the wave and hope of the future, and on the other hand of outright attacks against anticommunism. The Moscow statement says:

"The interests of the working people, the cause of * * * peace, and * * * Socialist ideal * * * demand a resolute struggle against anticommunism, this poisoned weapon which * * * is [used] to fence off the masses from socialism. The work of explaining the ideas of socialism to the masses must be intensified."

Which means we can expect efforts to increase the already prevalent teaching of socialism in our schools, and even more open than now, promotion of socialistic ideas in movies, television, and magazines.

The sales pitch for "explaining * * * socialism to the masses" remains much the same as it has been, but with an accent on volume sales:

"Communism insures freedom from fear of war, lasting peace, freedom from * * * oppression and exploitation, freedom from unemployment and poverty [repetition here of the same themes in different words] * * * rapid development of productive forces * * * all-around spiritual development * * * development of all talents * * * boundless scientific and cultural progress for society. All strata of the population profit from the victory of the new social order, except a small group of exploiters. This must be brought to the attention of millions * * * in countries of capitalism."

This is the Communist sales pitch.

The direct attack against anticommunism is spelled out for the United States in Gus Hall's followup instructions to the CPUSA in the February 1961 issue of Political Affairs. To be sure, some of Hall's writing is simple paraphrase of the Kremlin instructions, such as when he says:

"Anticommunism is a vicious weapon against peace."

But Hall's instruction's are more clear on the lines of attack:

"Anticommunism is not a question for Communists alone, but a democratic question which must be the concern of all."

Hall names some specific targets:

"The Un-American Activities Committee and its Senate counterpart, the Internal Security Committee," which he says, "wage an increasing assault on the liberties of Communists and all other Americans. Both are monstrosities which must be abolished."

---

[1] There is a fine line of distinction between Government regulation and Government control; which line must never be crossed if economic freedom and private property rights are to be maintained.

The Communists have been out to abolish those institutions and to neutralize the Federal Bureau of Investigation for some time. More revealing of the increased vigor in the Communists' struggle against anticommunism are the attacks in the months following Hall's February instructions on private organizations and individuals who are trying to stimulate popular resistance to Socialist trends and Communist aggressions. The February issue of Political Affairs was barely off the presses when an attack began on the John Birch Society, a private organization dedicated to combating Communist influences and promoting constitutional government. In quick succession there followed an attack against a U.S. Army general in Europe (Gen. Edwin Walker) who had directed anti-Communist information and indoctrination programs for troops under his command; and against the Freedom Forum at Harding College, Searcy, Ark., headed by Dr. George Benson, which has been working for several years on an "American Education Series" which stresses the principles of limited and balanced Federal Government, and of private and free, capitalistic enterprise.

That General Walker was relieved of his command and the John Birch Society has been pilloried from coast to coast reveals the ability of the Communists to bring non-Communists and even anti-Communists into the struggle against anticommunism. The ranks of the attackers range from housewives, Members of Congress, leading pastors and professors, to the high command in the Pentagon. This is the highest degree of Communist success—to maneuver and influence the non-Communists to do their work for them.

A word of counsel and of encouragement to anti-Communists everywhere: See, first, to the correctness of your principles and goals, then take heart from the diverse attacks upon you for your stand. You cannot fight a war without offending the enemy—and for a time you may have to endure the resentment of some of your unenlightened friends as well.

The conference predicts:

"New victories of the world Communist and workers movement in its struggle for a bright future for the whole of mankind, and for the triumph of the cause of peace and socialism."

However, this follows the warning that—

"Historical experience shows that the survivals of capitalism in the minds of people persist over a long period even after the establishment of a Socialist system. This demands extensive work by the party on the Communist education of the masses and a better Marxist-Leninist training and steeling of party and government cadres."

In other words, the roots of capitalism—the desire to own property—run deep. Quite evidently this warning note pertains to the Soviet Union itself and its satellites. The natural desire to possess something of one's own is one facet of human nature which must be eradicated completely in order to create the Soviet man.

It is interesting to note that Milovan Djilas, reputedly dissident Yugoslav Communist, mentioned this in his book, "The New Class." In it he roundly criticized "contemporary Communist bureaucrats" (government cadres) for acting as though they owned the properties they were supposed to manage "for the people." Nowhere in the book did Djilas defend the right to private property.

The theme of centralized planning and control, which is the essence of socialism, gives pause for reflection on the enormous and still fast-growing bureaucracy of our own Government. Consider in this connection these words of R. H. S. Grossman in "Toward a Philosophy of Socialism," Turnstile Press, London, 1952:

"The forces of history are all pressing toward totalitarianism; in the Russian bloc, owing to the conscious policy of the Kremlin; in the free world, owing to the growth of the managerical society"

Considered in the above lights, should we not view with some alarm the request by the Kennedy administration for a marked increase in the number of supergrade civil service positions (along with moves to extenuate the size and power of Federal bureaucracies)?

It cannot be overstressed that the foregoing is but a summary evaluation of the 1960 Moscow conference statement. It is not impossible that even some important points have been missed. So important in the statement to the conspiracy that every Communist publication reproduced it in its entirety, as well as providing followup instructions. If there is to be an intelligent and effective opposition to the Communist plans for the destruction of the United States, this party directive must be studied as thoroughly by anti-Communists as it is by the Communists.

What this statement is, is the start of the countdown.

And we must look to other factors as well. Herbert Aptheker, commenting on the Moscow Conference statement in Political Affairs, January 1961, takes as his particular theme the moral breakdown of the United States.

We are, he says, in "the process of rotting, and the United States is suffering from a moral and ethical breakdown without a peer in the major capitalist countries. The colossal proportions of corruption in the United States is a matter of notoriety—it is a major national catastrophe.

"Everything in our land," he said, "would seem to be fraudulent from underweight chickens to aerated gasoline, from coached experts to ghost-written graduate theses, from general business practices to price-fixing of trusts, from bought-and-paid-for State legislatures to 'reached' Federal agencies and corrupt presidential assistants."

Then Aptheker reminds the comrades of the fall of the Roman Empire. There is no doubt in his mind that the same fate awaits the United States of America in the near future.

Much of what Aptheker says in these regards is unquestionably true. And a morally decadent nation certainly cannot defend itself against a determined enemy. If this Nation is to survive, Americans all—individual citizens as well as Government officials—will indeed have to look to their morals.

But they must do more than just that. Being good, moral individuals is not enough. They must also cease embracing Communist goals, no matter how attractive these are made to look at times. It is a fact that non-Communist elements are working feverishly in our midst to bring about a transition from capitalism to socialism; many of them no doubt are convinced in their own minds that by what they are doing they are fighting communism, or at least obstructing the aims of the Soviet Union. Indeed, much of the socialist and welfare state legislation, which fits so well the Communist purpose, is promoted on the claim that it is the only way to beat the Soviet Union.

What is needed, in addition to some introspect on our individual morals and ethics, is a review of and return to our fundamental principles of government and economics. President Kennedy said in his state-of-the-Union message:

"I speak today in an hour of national peril and national opportunity. Before my term has ended, we shall have to test anew whether a nation organized and governed such as ours can endure."

But it is really not a question of whether or not a nation organized such as ours can endure. The principles on which our Government was organized, as set forth in our Constitution, and of the economic system which flourished under such Government to make this a great Nation, are just as sound today as they ever were. The question is whether or not, we, the people and our officials in Government can or will put those principles back into action. On those American principles, backed up by the personal integrity and moral courage of Americans, rests the fate of this Nation and, in turn, of the world.

## THE QUALITY STABILIZATION BILL

Mr. MOELLER. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. BREEDING] may address the House for 1 minute, revise and extend his remarks, and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BREEDING. Mr. Speaker, there is a growing feeling among the American people that Congress and this administration is antibusiness.

R. J. Wilkinson, the executive manager of the Master Photo Dealers & Finishers Association, writing in the September issue of Photo Developments, gives Congress a way to show that this image is wrong. All it has to do is enact the quality stabilization bill.

In simple but strong language, Mr. Wilkinson hurls a challenge to Congress and to our President. He says, "Let's see how really friendly to business our Government people are."

I believe Mr. Wilkinson is right. I have given the quality stabilization bill long and serious study. I introduced it on August 31 because I am convinced that this bill is in the best interest of all segments of distribution and the consumer.

I commend you to the reading of the following excerpts from Mr. Wilkinson's editorial:

> This association represents business and is deeply concerned with the welfare of the business people specifically engaged in retailing photographic goods and equipment and those who process millions of films for the users of that equipment.
>
> At the moment, the people we represent are the victims of a merciless, unscrupulous, and growing attack on their business, by predatory elements in both the retail photographic business and the photo finishing business. In the case of the retailer of photographic products, practically everything on his shelf is now being sold by someone nearby at cost, near cost, or, in some cases, below cost, as "bait" because these products are quality branded products with well established and well known market values. These alone make bait.
>
> At the present moment, there is before the Congress a bill well known to photographic dealers and everybody else that has a quality brand name product which they manufacture or attempt to market. It is known as the quality stabilization bill.
>
> Sixty-two great national organizations of business people have asked their Government to provide the protection for business which this legislation is aimed to provide.
>
> It does not aim to put discount houses out of business nor stop anybody from selling anything. It has no such provisions.
>
> Neither does it provide for Government control or management of business dealings.
>
> It simply provides that a manufacturer of a quality brand name product upon which

his own and his employees' prosperity and future depends, may not be willfully exploited and destroyed in the marketplace by destructive marketing practices.

The manufacturer establishes, in the full heat of competition with other manufacturers of similar goods, the competitive marketing policy which he believes will give him the maximum of sales and distribution of his product, not its destruction.

It enables those manufacturers who voluntarily choose to do so, to be able once again to tell a dedicated retailer that he has a future for himself and his employees in putting his energy and money into the distribution of these products; that the retailer will be free to compete on a basis of merit with other sellers of other products; that he will be able to sell his goods, pay his employees, pay his city, State, and Federal taxes and continue in business as an honorable part of the distribution system that has made this a great country.

The alternative is bankruptcy and unemployment.

It is all to the credit of prominent members of both political parties that they have joined hands in advocating, promoting and even testifying before congressional committees as to the urgency and the need for such legislation.

Let us see how really friendly to business our Government people are. Your Representative in Congress will have a chance to vote on this business protecting measure. So will your Senators. And finally our good President with all his burdensome problems of a worldwide nature—will have a chance to vote "yes, I am friendly to business" by affixing his signature to this important business legislation.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SAYLOR (at the request of Mr. HALLECK) for September 10 through September 12, 1962, on account of death in his family.

Mr. TRIMBLE (at the request of Mr. BECKWORTH), on September 11, 12, and 13, 1962, on account of official business.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. UTT (at the request of Mr. TEAGUE of California), for 2 hours, today.

Mr. SCHWENGEL (at the request of Mr. TEAGUE of California), for 30 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. MATHIAS (at the request of Mr. TEAGUE of California) and to include extraneous matter.

Mr. EVINS and to include extraneous matter.

Mr. REUSS.

Mr. RIVERS of Alaska.

(The following Member (at the request of Mr. TEAGUE of California) and to include extraneous matter:)

Mr. JENSEN.

(The following Members (at the request of Mr. HARRIS) and to include extraneous matter:)

Mr. ANFUSO.

Mr. BENNETT of Florida and to include extraneous matter in the remarks he made in the Committee of the Whole today.

## SENATE BILLS, JOINT RESOLUTION, AND CONCURRENT RESOLUTION REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2773. An act to amend section 503 of the Federal Aviation Act to provide substantive Federal law relating to the validity of conveyances which affect title to or interests in civil aircraft of the United States and related equipment; to the Committee on Interstate and Foreign Commerce.

S. 3646. An act to amend the Communications Act of 1934, as amended, relative to merger of domestic telegraph carriers; to the Committee on Interstate and Foreign Commerce.

S.J. Res. 214. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; to the Committee on the Judiciary.

S. Con. Res. 53. Concurrent resolution favoring air travel by legislative and Government officers and employees on U.S.-flag air carriers; to the Committee on Post Office and Civil Service.

## ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 75. An act to amend section 2103 of title 28, United States Code, relating to appeals improvidently taken;

H.R. 857. An act to improve due process in the consideration and final adjudication of disputed claims for veterans' benefits by providing that the claimant shall be furnished a brief statement of the facts and law applicable to the case appealed and afforded an opportunity to reply thereto;

H.R. 860. An act to repeal certain obsolete provisions of title 38, United States Code, relating to unemployment compensation for Korean conflict veterans;

H.R. 1322. An act for the relief of Georges Khoury;

H.R. 1450. An act for the relief of Maria Odelia Campos;

H.R. 1463. An act for the relief of Judy Josephine Alcantara;

H.R. 1678. An act for the relief of Jacques Tawil;

H.R. 2611. An act for the relief of Charles F. Ward, Jr., and Billy W. Crane, Sr.;

H.R. 4628. An act for the relief of Fotios Sakelaropoulos Kaplan;

H.R. 5234. An act to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes;

H.R. 5317. An act for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Nale Har Yee, Shee Bell Yee, and Male Jean Yee;

H.R. 7328. An act for the relief of the estate of Louis J. Simpson, deceased;

H.R. 7437. An act for the relief of Stella Rosa Pagano;

H.R. 7900. An act for the relief of Lt. (jg.) James B. Stewart;

H.R. 9775. An act for the relief of Nihat Ali Ucuncu;

H.R. 9834. An act for the relief of Estelle L. Heard;

H.R. 10195. An act to validate payments of certain special station per diem allowances and certain basic allowances for quarters made in good faith to commissioned officers of the Public Health Service;

H.R. 10493. An act to amend title 18, United States Code, section 4163, relating to discharge of prisoners;

H.R. 11017. An act to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11031. An act for the relief of George Wm. Rueff, Inc.;

H.R. 11122. An act for the relief of Edward J. McManus;

H.R. 11863. An act for the relief of Vernon J. Wiersma;

H.R. 11996. An act to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession;

H.R. 12157. An act to amend the Bankruptcy Act in respect to the salaries of retired referees;

H.J. Res. 627. Joint resolution extending the duration of copyright protection in certain cases; and

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area of both States bordering the Delaware River and Bay.

## SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 167. An act to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes.

## ADJOURNMENT

Mr. MOELLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 12 minutes p.m.) the House adjourned until tomorrow, Tuesday, September 11, 1962, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 or rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2485. A letter from the Comptroller General of the United States, transmitting a report on the review of maintenance of wheeled tactical vehicles at Fort Bragg, N.C., Fort

Knox, Ky., and Fort Hood, Tex.; to the Committee on Government Operations.

2486. A letter from the Comptroller General of the United States, transmitting a report on the review of the utilization and maintenance of Army equipment furnished under the military assistance program for Thailand; to the Committee on Government Operations.

2487. A communication from the President of the United States, transmitting a draft of a proposed bill entitled "A bill to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes"; to the Committee on Armed Services.

2488. A letter from the Director, Bureau of the Budget, Executive Office of the President, relative to reporting that the appropriation to the Department of the Air Force for "Military personnel, Air Force," for the fiscal year 1963, has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation, pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 665); to the Committee on Appropriations.

2489. A letter from the Director, Bureau of the Budget, relative to reporting that the appropriation to the Department of the Navy for "Military personnel, Navy," for the fiscal year 1963, has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation, pursuant to section 3679 of the Revised Statutes, as amended (31 U.S.C. 665); to the Committee on Appropriations.

2490. A letter from the Director, Bureau of the Budget, Executive Office of the President, relative to reporting that the appropriation to the Department of the Navy for "Miliary personnel, Marine Corps," for the fiscal year 1963, has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation, pursuant to section 3679 of the Revised Statues, as amended (31 U.S.C. 665); to the Committee on Appropriations.

2491. A letter from the Administrator, General Services Administration, transmitting a report on the progress of the liquidation activities of the national defense, war and reconversion activities of Reconstruction Finance Corporation, pursuant to Public Law 163, 83d Congress, as amended, and with Reorganization Plan No. 1 of 1957 (2 F.R. 4633); to the Committee on Banking and Currency.

2492. A letter from the Attorney General, transmitting a report containing the results of a continuing review of the outstanding voluntary agreements and programs, pursuant to section 708 (e) of the Defense Production Act of 1950, as amended; to the Committee on Banking and Currency.

2493. A letter from the Comptroller General of the United States; transmitting a report on the examination of the procurement of defective controllers for vertical gyroindicating systems from the Summers Gyroscope Co. (now Guidance Technology, Inc.), Santa Monica, Calif., under Departments of the Navy and Air Force prime contracts NOas 56-188f and AF 33(600))-33298; to the Committee on Government Operations.

2494. A letter from the Comptroller General of the United States; transmitting a report on the review of the utilization of excess and surplus personal property within the Department of Defense; to the Committee on Government Operations.

2495. A letter from the Comptroller General of the United States, transmitting summary report on reviews of the maintenance and supply support of Army equipment furnished to Far East countries under the military assistance program (MAP); to the Committee on Government Operations.

2496. A letter from the Administrator, General Services Administration, transmitting a report relating to contracts negotiated for certain work for the 6-month period ending June 30, 1962, pursuant to section 302(c) (11) of Public Law 152, 81st Congress, as amended; to the Committee on Government Operations.

2497. A letter from the Assistant Secretary of the Interior, relative to an application for a loan of $1,009,500 and a grant of $94,500 to the Settlement Canyon Irrigation Co. in Tooele County, Utah, pursuant to 71 Stat. 48; to the Committee on Interior and Insular Affairs.

2498. A letter from the Acting Secretary of Labor, transmitting a draft of a proposed bill entitled "A bill to include certain officers and employees of the Department of Labor within the provisions of sections 111 and 1114 of title 18 of the United States Code relating to assaults and homicides"; to the Committee on the Judiciary.

2499. A letter from the acting Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

2500. A letter from the Acting Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

2501. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, relative to the cases of Yassin Umar, Hala Umar, and Madiha Yassin Umar, involving the provisions of section 13 of the act of September 11, 1957, and requesting that they be withdrawn from those before the Congress and returned to the jurisdiction of this Service; to the Committee on the Judiciary.

2502. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases where the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of such aliens, pursuant to the Immigration and Nationality Act; to the Committee on the Judiciary.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BLATNIK: Committee on Public Works. H.R. 12818. A bill to amend the act of July 13, 1946, to authorize the construction, maintenance, and operation of certain additional toll bridges over or across the Delaware River and Bay; without amendment (Rept. No. 2328). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Illinois:

H.R. 13077. A bill to amend section 104(s) of Public Law 480, 83d Congress, as amended, to require that 5 percent of the foreign currencies hereafter acquired by the sale of U.S. surplus agricultural commodities be set aside for the sale of dollars to American tourists abroad; to the Committee on Agriculture.

H.R. 13078. A bill to provide assistance to certain States bordering the Mississippi River in the construction of the Great River Road; to the Committee on Public Works.

By Mr. CANNON:

H.R. 13079. A bill to provide assistance to certain States bordering the Mississippi River in the construction of the Great River Road; to the Committee on Public Works.

By Mr. CURTIS of Massachusetts:

H.R. 13080. A bill to provide for a survey of a channel between Point Shirley and Deer Island, Mass.; to the Committee on Public Works.

By Mr. HARRIS:

H.R. 13081. A bill to authorize mortgage insurance and loans to help finance the cost of constructing and equipping facilities for the group practice of medicine or dentistry; to the Committee on Interstate and Foreign Commerce.

H.R. 13082. A bill to amend section 1403 of the Federal Aviation Act of 1958 to perfect certain provisions of the International Aviation Facilities Act; to the Committee on Interstate and Foreign Commerce.

By Mr. LENNON:

H.R. 13083. A bill to authorize the project for flood control at Cape Fear River Basin, N.C.; to the Committee on Public Works.

H.R. 13084. A bill authorizing the modification of the existing project for Wilmington Harbor, N.C.; to the Committee on Public Works.

H.R. 13085. A bill to authorize the project for hurricane-flood protection at Wrightsville Beach, N.C.; to the Committee on Public Works.

H.R. 13086. A bill to authorize the project for beach erosion control and hurricane-flood protection at Carolina Beach and vicinity, North Carolina; to the Committee on Public Works.

By Mr. VINSON:

H.J. Res. 876. Joint resolution to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes; to the Committee on Armed Services.

By Mr. HERLONG:

H.J. Res. 877. Joint resolution proposing an amendment to the Constitution of the United States reserving to each State the exclusive power to apportion membership of its legislature; to the Committee on the Judiciary.

By Mr. KEARNS:

H.J. Res. 878. Joint resolution providing that the Secretary of the Interior shall prepare a comprehensive plan for removing the temporary buildings, and roads, which are blighting the Mall in the Nation's Capital and replacing them with seasonal flowers to make the Mall as beautiful as the public parks and gardens of France and England; to the Committee on Public Works.

By Mr. HERLONG:

H. Con. Res. 521. Concurrent resolution reaffirming the Monroe Doctrine as a fundamental part of the foreign policy of the United States; to the Committee on Foreign Affairs.

By Mr. PETERSON:

H. Res. 796. Resolution to authorize the Committee on Interstate and Foreign Commerce to conduct an investigation and study of the railroad industry of the United States; to the Committee on Rules.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CAHILL:

H.R. 13087. A bill for the relief of Morris Aronow and other employees of the Post

Office Department; to the Committee on the Judiciary.

By Mr. CHENOWETH:

H.R. 13088. A bill for the relief of Willy Sapuschnin; to the Committee on the Judiciary.

By Mr. MARTIN of Massachusetts:

H.R. 13089. A bill for the relief of Jacinto Aguiar; to the Committee on the Judiciary.

By Mr. O'NEILL:

H.R. 13090. A bill for the relief of Lem Buck You, Lem Soo Ying and Lem Stanley; to the Committee on the Judiciary.

H.R. 13091. A bill for the relief of Madan L. Chaudhary; to the Committee on the Judiciary.

By Mr. SCHENCK:

H.R. 13092. A bill for the relief of Mrs. Voula Rozakis; to the Committee on the Judiciary.

## PETITIONS, ETC.

Under clause 1 of rule XXII,

408. The SPEAKER presented a petition of Virgil L. Cotton and others, Flint, Mich., relative to requesting separation of the colored and white races in the schools, and suggesting that anyone involved with the forced integration of the schools be impeached from office, regardless of what office he holds, which was referred to the Committee on Education and Labor.

# SENATE

### MONDAY, SEPTEMBER 10, 1962

The Senate met at 10 o'clock a.m., and was called to order by Hon. FRANK E. Moss, a Senator from the State of Utah.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, all the paths of our direst needs lead to Thee and Thy everlasting mercy. 'Midst all the traffic of our busy ways we are grateful for this morning sanctuary of the spirit.

Be to us a quickening presence, a sustaining power, a refuge from the tumult and confusion of our times.

We pray for the President, the Vice President, the Congress, and for all in every land who bear the responsibility of public office.

As those here face the thorny problems which still confront them, make those who speak for the Nation patient in argument, charitable in judgment, and slow to wrath.

Help us each to keep to the end of our brief day the unbroken vigil of the inner light, and to leave the world better for our sojourn in it.

In the dear Redeemer's name we ask it. Amen.

## DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., September 10, 1962.*

*To the Senate:*

Being temporarily absent from the Senate, I appoint Hon. FRANK E. MOSS, a Senator from the State of Utah, to perform the duties of the Chair during my absence.

CARL HAYDEN,
*President pro tempore.*

Mr. MOSS thereupon took the chair as Acting President pro tempore.

## THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 7, 1962, was dispensed with.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## CALL OF LEGISLATIVE CALENDAR DISPENSED WITH

On request of Mr. MANSFIELD, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

## COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Post Office and Civil Service and the Committee on Armed Services were authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Morning business is in order.

## EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### REPORT ON MODIFICATIONS AT CAPE CANAVERAL, FLA.

A letter from the Acting Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on certain modifications to the gantry at launch complex No. 12, Atlantic Missile Range, Cape Canaveral, Fla.; to the Committee on Aeronautical and Space Sciences.

### REPORT ON CONSTRUCTION AT WALLOPS STATION, VA.

A letter from the Acting Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the construction of a Scout launch facility at the Wallops Station, Va.; to the Committee on Aeronautical and Space Sciences.

### REPORTS ON REAPPORTIONMENT OF APPROPRIATIONS

A letter from the Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of the Air Force for "Military personnel, Air Force," for the fiscal year 1963, had been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

A letter from the Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of the Navy for "Military personnel, Navy," for the fiscal year 1963, had been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

A letter from the Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of the Navy for "Military personnel, Marine Corps," for the fiscal year 1963, had been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

### REPORT ON APPLICATION FOR LOAN UNDER SMALL RECLAMATION PROJECTS ACT OF 1956

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, an application for a loan and grant under the Small Reclamation Projects Act of 1956, to the Settlement Canyong Irrigation Co., in Tooele County, Utah (with accompanying papers); to the Committee on Interior and Insular Affairs.

### INCLUSION OF CERTAIN OFFICERS AND EMPLOYEES OF DEPARTMENT OF LABOR WITHIN PROVISIONS OF SECTIONS 111 AND 1114, OF TITLE 18, UNITED STATES CODE, RELATING TO ASSAULTS AND HOMICIDES

A letter from the Acting Secretary of Labor, transmitting a draft of proposed legislation to include certain officers and employees of the Department of Labor within the provisions of sections 111 and 1114 of title 18 of the United States Code, relating to assaults and homicides (with accompanying papers); to the Committee on the Judiciary.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTSON, from the Committee on Banking and Currency, with an amendment:

S.J. Res. 133. Joint resolution to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives (Rept. No. 2021).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 3160. A bill to amend the act of March 8, 1922, as amended, to extend its provisions to the townsite laws applicable in the State of Alaska (Rept. No. 2022).

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KUCHEL (for Mr. MURPHY):

S. 3708. A bill for the relief of Sofia Mitropoulos; to the Committee on the Judiciary.

(See the remarks of Mr. KUCHEL when he introduced the above bill, which appear under a separate heading.)

By Mr. KEATING:

S. 3709. A bill for the relief of Richard Pang; to the Committee on the Judiciary.

(See the remarks of Mr. KEATING when he introduced the above bill, which appear under a separate heading.)

## CONCURRENT RESOLUTION

## PRINTING OF ADDITIONAL COPIES OF JOINT ECONOMIC COMMITTEE HEARINGS ENTITLED "STATE OF THE ECONOMY AND POLICIES FOR FULL EMPLOYMENT"

Mr. DOUGLAS submitted a concurrent resolution (S. Con. Res. 90) authorizing the printing for the use of the Joint Economic Committee of additional copies of its hearings entitled "State of the Economy and Policies for Full Employment," which, under the rule, was referred to the Committee on Rules and Administration.

(See the above concurrent resolution printed in full when submitted by Mr. DOUGLAS, which appears under a separate heading.)

### RESOLUTION

### PRINTING OF ADDITIONAL COPIES OF COMMITTEE PRINT ENTITLED "HOUSING FOR THE ELDERLY"

Mr. McNAMARA submitted a resolution (S. Res. 382) to print additional copies of a committee print entitled "Housing for the Elderly," which was referred to the Committee on Rules and Administration, as follows:

> *Resolved*, That there be printed for the use of the Special Committee on Aging eight thousand additional copies of its committee print of the Eighty-seventh Congress, second session, entitled "Housing for the Elderly."

### SOFIA MITROPOULOS

Mr. KUCHEL. Mr. President, the distinguished junior Senator from New Hampshire is absent from the Senate. He desires a bill to be introduced. I request consent that I may introduce, on behalf of the junior Senator from New Hampshire [Mr. MURPHY] a bill for appropriate reference.

The ACTING PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred.

The bill (S. 3708) for the relief of Sofia Mitropoulos, introduced by Mr. KUCHEL (for Mr. MURPHY), was received, read twice by its title, and referred to the Committee on the Judiciary.

### RICHARD PANG

Mr. KEATING. Mr. President, I introduce for appropriate reference a private immigration bill for the relief of Richard Pang.

Richard Pang was born in 1926 at Camp John Hay, a U.S. establishment at Baguio City in the Philippines. He came into this world a citizen of the Philippines, by reason of his birth at Camp Jay; a citizen of the Republic of China, by reason of the Chinese nationality of his parents; and a national of the United States, by reason of the Commonwealth status of the Philippines at the time. He has spent his entire life in the Philippines and the United States and has lived for the last 8 years in Ithaca, N.Y. Now he is about to be deported to Formosa, an island on which he has never spent 1 day of his life and with which he has absolutely no ties.

If Richard Pang were a criminal, perhaps his banishment from our shores would be understandable. If he had shown himself at any time in his life to be unworthy of our concern, perhaps we would have to stand aside and permit the Immigration Service to force his exile to Formosa. But Richard Pang's only fault is that he wants to be an American. Our immigration laws, which are devoid of compassion and riddled with inequities, deny him this wish. The Immigration Service, is powerless to exercise any discretion no matter how unjust be the literal application of the law to these circumstances. But the Senate does not suffer any such impediment and I believe it will grant relief in this case when all the facts have been considered.

Richard Pang has lived his entire life under the American flag, first in the Philippines and for almost a decade in New York. He has received a master of science degree from the graduate school of Cornell University. His training and ability can be of substantial benefit to his community and our country. A request that he be allowed to pledge allegiance to the flag under which he has lived all his life has been made by the president of Cornell University and prominent citizens from all walks of life in Ithaca.

I say America can afford to let down the bars for Richard Pang. Indeed, I say that America cannot afford not to let the bars down in such cases if we are to live up to our heritage of freedom and justice.

The House Committee on the Judiciary has turned down a private relief bill in this case. Its action is difficult to understand. In any event, it should not deter the Senate from taking whatever action we deem justified. Nothing prohibits us from adding this bill as an amendment to another House measure or from asking the House Committee to reconsider its action after approval of this bill by the Senate. In the interim, I have requested that the Immigration Service postpone its order of deportation. This is the one discretionary power the Service clearly possesses. I hope that my request will be granted in order that the Senate will not be deprived of an opportunity to grant relief in this case.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3709) for the relief of Richard Pang, introduced by Mr. KEATING, was received, read twice by its title, and referred to the Committee on the Judiciary.

### PRINTING OF ADDITIONAL COPIES OF JOINT ECONOMIC COMMITTEE HEARINGS ENTITLED "STATE OF THE ECONOMY AND POLICIES FOR FULL EMPLOYMENT"

Mr. DOUGLAS. Mr. President, on behalf of the Joint Economic Committee, I submit, for appropriate reference, a concurrent resolution authorizing the printing of 5,000 additional copies of its hearings entitled "State of the Economy and Policies for Full Employment."

The concurrent resolution provides for the printing of 5,000 additional copies of the Joint Economic Committee hearings entitled "State of the Economy and Policies for Full Employment." Because of the timely nature of the hearings and the widespread interest that they evoked, the Joint Economic Committee anticipates heavy demand from the press, universities, and professional groups. Under the normal allowances established by the Joint Committee on Printing, the Joint Economic Committee would receive less than 2,000 copies of the hearings, which would meet only a fraction of the anticipated demand.

The committee went to considerable trouble to hear testimony from outstanding economists not only from the United States but from Europe as well; the hearings were carried on for 3 weeks and represent an exceptionally heavy volume of information which should be of considerable educational value to the many teachers, businessmen, and professional economists throughout the country who undoubtedly will request copies in the next few months.

The ACTING PRESIDENT pro tempore. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 90) was referred to the Committee on Rules and Administration, as follows:

> *Resolved by the Senate (the House of Representatives concurring)*, That there be printed for the use of the Joint Economic Committee five thousand additional copies of its hearings of the Eighty-seventh Congress, second session, entitled "State of the Economy and Policies for Full Employment."

### PRINTING OF REVIEW OF REPORT ON ALAMEDA CREEK, CALIF. (S. DOC. NO. 128)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico [Mr. CHAVEZ], I present a letter from the Secretary of the Army, transmitting a report dated August 16, 1962, from the Chief of Engineers, Department of the Army, together with accompanying papers and an illustration, on a review of the report on Alameda Creek, Calif., requested by resolutions of the Committee on Public Works, U.S. Senate, adopted April 15, 1949, and June 17, 1949. I ask unanimous consent that the report be printed as a Senate document, with an illustration, and referred to the Committee on Public Works.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

**By Mr. WILEY:**

Excerpts from address delivered by him over Wisconsin radio station, relating to the Wisconsin primary election.

Excerpts from address delivered by him on Labor Day, relating to the significance of labor to national life.

### CHALLENGE FOR AMERICA: TRADE OR FADE

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be printed in the RECORD an excellent article in support of the Trade Expansion Act written by David J. Winton, a leading citizen and businessman of Minnesota.

I believe that this article is timely in view of the consideration that will soon be given by the Senate to this Trade Expansion Act.

I want to commend Mr. Winton for his lucid and cogent argument on behalf of this legislation. I would like to read one of the concluding paragraphs from Mr. Winton's speech which is an excellent summation of the argument on behalf of this legislation:

> The Trade Expansion Act through increased world trade will help boost the rate

of America's industrial growth. It will assist in reemploying our unemployed workers, and ease our balance-of-payments position. As our allies grow in strength, they will grow in their ability to pay their full share of NATO and other defense costs. This, combined with their, and our, foreign aid to the newly founded and underdeveloped countries will strengthen and unify the free world as a whole.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### CHALLENGE FOR AMERICA: TRADE OR FADE—H.R. 9900 AND THE EUROPEAN COMMON MARKET

(By David J. Winton, vice chairman of Macalester College, director of committee for national trade policy, director of National Planning Association, president of Winton Lumber Co., chairman of Kenwood Oil Co.)

By 1932, aided and abetted by the Smoot-Hawley Tariff Act, the United States had reached the unenviable distinction of having an average 48½ percent tariff. Actually, it was higher than 48½ percent because many prohibitive tariffs shut out entire categories of goods. This high tariff wall contributed to a catastrophic decline in foreign trade—both imports and exports, not only in the United States, but worldwide.

In 1934, the Trade Agreements Act was adopted by Congress. It has been renewed in various forms and names for 28 years. It has reduced tariffs to about 12½ percent on the average today. Again it is not an exact measure of the extent of protection for the United States. Many prohibitive tariffs on specific goods remain today.

The Reciprocal Trade Agreements Act, our present act dealing with tariffs, expires June 30, 1962. H.R. 9900, the Trade Expansion Act, is now before Congress. The President urges its passage so that he can deal particularly with the problems likely to be created for American trade by the development of the European Common Market.

The European Common Market is an economic union of France, West Germany, Italy, Belgium, Holland, and Luxembourg—a union including some 170 million people. At the present time England, Ireland, Denmark, and Norway are negotiating to join the Common Market as full members; while Austria, Sweden, and Switzerland are seeking associate memberships. If all these countries join the Common Market there will be 325 million people included in an economic union with an industrial growth rate now roughly 2 to 2½ times the present growth rate of the United States. This could be a desirable market for American industry. Participation without discrimination will be most valuable to us. To gain access to this market is one of the main purposes of H.R. 9900.

The main difference between H.R. 9900 and the present Reciprocal Trade Act is found in the tariff changes designed to meet the Common Market competition and permit our U.S. goods to penetrate that market.

Here are the main changes: H.R. 9900 permits reduction of tariffs up to 50 percent on entire categories of items gradually over a 5-year period in place of the present act's maximum of 20-percent tariff reduction on an individual item-by-item basis. Under H.R. 9900, jointly and gradually over a 5-year period, tariffs can be eliminated completely on those goods 80 percent of which are produced in the United States and the Common Market. Further, under this bill, tariffs against raw materials from the newly developed and emerging countries can also be eliminated by the President. Because H.R. 9900 is a recognized instrument of foreign policy and since some domestic industries may be hurt by tariff reduction under the act, it contains trade adjustment features such as compensation for employees, companies, or industries harmed as the national welfare is advanced.

This paper discusses particularly two questions in connection with H.R. 9900 about which there has been much misunderstanding. First, can the United States compete with foreign wages and costs? Second, how will the external tariffs and the internal tariffs of the Common Market discriminate against their imports and particularly their imports from the United States, or our exports to these European countries?

#### THE EUROPEAN MARKET

This past summer the State Department sent the author to Geneva as a public member of the U.S. delegation to the GATT conference there. As a result, I was in Europe much of the summer. I had not been there long before I began to see the significance of the renewed economic strength of our European partners and allies, and what this rich, vast market could mean to us in the United States. I am so impressed that I urge every businessman, every labor leader and every farm leader who can, to go to Europe and see this remarkable economic transformation for himself. Europe is on the make industrially. This is the kind of development that American businessmen who believe in the private enterprise system can appreciate and enjoy.

One of my earliest memories of France many years ago, is of a workingman dressed in a blue smock and riding a bicycle with a long loaf of bread and a bottle of wine sticking out of a (musette) bag hung over his shoulder. This same chap has continued through the years. His day may not be completely over yet, but it is passing fast. For the bicycle is reaching for a motor scooter; the man with a gasoline engine on two wheels is reaching for a three-wheeler; and the three-wheeler for four wheels. And the four-wheeler Frenchman today, occasionally has a boat on a trailer behind. France in the early 1960's looks more like my home State of Minnesota two decades ago than the France and Europe one may have known in the recent past.

Installment buying is just starting in Europe. Recently I saw figures that showed installment debt in England to be $32 per person, Germany $27, and France $18. In the United States it is $212. We in the United States have 105 television sets per 100 families; Germany has 26 television sets per 100 families. As European living standards go up, a large demand is being created for television and many other kinds of durable goods which American business produces so efficiently. This European Common Market is growing and expanding 2 to 2½ times as fast as our U.S. markets, and it will eventually include 325 million people. This is the kind of potential market American businessmen are always dreaming about finding.

Look back for a moment on the France and Italy of 1948. Production and income were at poverty levels. They were overshadowed by the threat of Communist domination. Then came the industrial growth of the last decade and a half. Today these nations are enjoying rapidly rising standards of living and economic growth. We can take honest satisfaction in the comparison, for American aid stimulated the resurgence of industrial life in Europe after the Second World War. Our generosity here, an excellent example of enlightened self-interest, wrote one of the most glorious pages in American business history and in the record of Congress. For it was largely business that paid the taxes and Congress that voted the funds making the Marshall plan possible. In Western Europe it is fair to say we have helped run Karl Marx off the main street and up the alley.

A short time ago, February 22, 1962, to be exact, the Saturday Evening Post quoted a spokesman for the Kennedy administration. He said: "Our main battle point in the cold war is not Berlin or Cuba. It is the economic front. If we lose there, we lose everywhere. The President is asking for tools to fight for our survival." I believe this to be true.

Further, I believe in healthy business competition between our industries and those of Western Europe. We businessmen, labor leaders and farm leaders can understand this. The flow of goods both ways will raise living standards both in America and in Europe.

So far, for the vast majority of the products we make, we have been able to compete successfully with foreign producers. And I believe we can continue to hold our own very well in international markets, even though we live in an increasingly competitive world—a world experiencing rapid technical advance and economic growth.

One thing is abundantly clear: Exports create jobs for workers, markets and profits for businessmen and farmers. What is not so widely known is that foreign trade between the United States and the rest of the world provides all important markets for every single one of the 50 States. The accompanying chart at the end of this section shows how much businessmen, workers, and farmers in each and every State of the United States all benefit from our foreign trade.

More workers gain jobs than lose their jobs through foreign trade. According to a recent report by the AFL–CIO, the number of workers whose jobs depend on foreign trade is 10 times the number of jobs lost through imports.

Lionel D. Edie & Co., of New York, is a firm of practical economists. They make their living giving economic advice to their clients. They have allowed us to quote from their copyright release of January 26, 1962—telling how the Detroit automobile industry met the competition of imported foreign cars—and also from their release of February 28, 1962, about the comparison of the quantity of electrical power per worker in the United States and in Europe. The most important parts of these two releases follow:

#### "POINT AND COUNTERPOINT

"In 1955 we imported 57,000 cars. In 1957 and in 1958 imports rose steadily. Plot the monthly figures on a chart and the line goes up and up. Then in 1959 the blow really came. We imported more than 665,000 foreign cars. Foreign cars had by then obtained more than 10 percent of the market.

"But American industry had become aware of the challenge. They were getting ready to compete with the foreign cars. The American people wanted smaller and more efficient cars, OK, American industry would provide them.

"In 1959 we produced 755,000 compact cars. In 1960 we really went to town; we produced almost 2 million compact cars.

"The rise and demise of imports: We reacted late, but when we did react we beat the competition hands down. As we reacted, foreign car imports declined. We met this competition.

"[Thousand units]

| "Year | Foreign car imports | Compact car production |
|---|---|---|
| 1955 | 57 | 249 |
| 1956 | 108 | 179 |
| 1957 | 259 | 190 |
| 1958 | 431 | 273 |
| 1959 | 668 | 755 |
| 1960 | 445 | 1,945 |
| 1961 | 250 | 1,960 |

"Points to be made. This very brief review of the way American industry reacted to foreign competition has some very interesting facets to it that should be realized by those who underestimate our ability or inclination to compete:

"1. The importation of foreign cars although marginal was threatening. At no time were foreign car imports more than 11 percent of total car registrations.

"2. Foreign cars sold at prices substantially lower than American cars. Pricing competition was a major factor.

"3. Maintenance costs of foreign cars were below American cars. They burned gasoline more efficiently and required less lubrication.

"4. There was little comparable to foreign cars on the domestic market. American Motors was the only organization producing a domestic compact car. American industry had to gear up in order to compete. It had to design from scratch, and produce from scratch. It had to put in place entirely new assembly lines. To put it simply, they had to make tremendous capital investments to compete. It made them.

"5. Exports of American cars fell from 1955 to 1959, but since 1959 have risen moderately. This is particularly noticeable in the face of the extremely high tariffs and other obstacles levied against American cars by foreign countries.

"6. This case study encompasses almost all those negative factors that people use to claim we can't compete with foreigners. But compete we did, compete we can, and compete we will."

There is a strong relationship between the way Detroit met the imported small car competition and the power back of each worker in the United States and Europe. Let's see what Edie says about that:

"PRODUCTIVITY AND POWER

"The findings. Let us present our findings in two ways: First we compare energy utilization levels in industrial production and then in civilian employment.

*"Kilowatt-hours produced per point of industrial production* (*indexes*)

"[Billion units]

| "Year | United States | Common Market | United States as a multiple of Common Market |
|---|---|---|---|
| 1954 | 5.80 | 1.55 | 3.7 |
| 1955 | 5.93 | 1.52 | 3.9 |
| 1956 | 6.26 | 1.53 | 4.1 |
| 1957 | 6.51 | 1.54 | 4.2 |
| 1958 | 7.10 | 1.58 | 4.5 |
| 1959 | 6.91 | 1.59 | 4.3 |
| 1960 | 7.06 | 1.59 | 4.5 |

*"Kilowatt-hours produced per civilian employee*

"[Thousand units]

| "Year | United States | Common Market | United States as a multiple of Common Market |
|---|---|---|---|
| 1954 | 9.0 | 2.6 | 3.5 |
| 1955 | 9.9 | 2.7 | 3.7 |
| 1956 | 10.5 | 2.9 | 3.6 |
| 1957 | 11.0 | 3.1 | 3.6 |
| 1958 | 11.3 | 3.2 | 3.5 |
| 1959 | 12.1 | 3.5 | 3.5 |
| 1960 | 12.7 | 3.8 | 3.3 |

"Both these tabulations indicate the same things: The relative utilization of electrical energy is higher in the United States than in the Common Market and there is no material change taking place in the relative trend of U.S. consumption (of electric power in industry).

"What do these tabulations mean to us? They mean that there is a solid basis for assuming a substantially higher productivity in the United States than in the Common Market. We can compete on a cost basis."

Here is one more basic reason why American industry can meet successfully the competition of foreign costs and wages. Because of foreign costs and wages. Because our workers have more power and tools to work with.

Another instance of meeting competition was pointed out to me at a recent chamber of commerce meeting. Each winter the National Chamber of Commerce recruits speakers to tour the country and explain the chamber's position on important pieces of legislation before the Congress.

This year officials of the National Chamber of Commerce traveled to 15 cities in 3 weeks and explained six pieces of proposed legislation at each place. The National Chamber of Commerce stands firmly behind H.R. 9900 with only one reservation. This reservation is in connection with that portion of the "trade adjustments" part of the act covering longer payments to employees of industries adversely affected. The chamber feels that payments to laid-off employees should be limited to payments made and determined by the individual State involved. At the invitation of the national chamber, I explained H.R. 9900 to businessmen in New York, Providence, Syracuse, Columbus and Charleston, W. Va.

The third morning at breakfast in Syracuse Virgil Day, vice president of General Electric, who was part of the Chamber Aircade, volunteered: "Winton, I have a good example of our ability to compete. Our company has a plant at Utica making radios. Three years ago we were down to 300 employees. We considered abandoning the plant. Instead we studied how the Japanese made their radios. We decided we couldn't do it exactly their way, but gave the problem another hard look—more research, redesign and automation. Today we can meet the Japanese competition here in the United States and next year we think we can meet their competition abroad."

I said: "That's wonderful. How many employees do you have at your Utica plant today?"

Virgil Day replied: "That's the best part of the story. We now have 1,900 employees at Utica."

Much of our confusion about our ability to compete comes from equating wage rates with costs. They are not the same at all. It is costs we must compete against, not wages. The more one studies the problem of foreign trade and foreign competition, the more sure you are that America not only can, by and large, successfully compete, but we are competing successfully, and we are going to continue to compete successfully in world markets, not on every item but on the vast majority of products.

TRADE ADJUSTMENT PROVISION

Of course, there are cases where we can't compete, such as the extreme example of artificial flowers where it is all hand labor. The same is true of trout flies and, of course, some more important items. Occasionally, for example, we have lost a sale of heavy electrical equipment to England or Germany. But sometimes, in fact often, an industry that reacts fearfully about imports, or the threat of imports, is already "sick" from the competition of substitutes made in America, or changing whims in our consumer choices, or a dozen different and local competitive conditions. However, industries harmed by enlarged imports via H.R. 9900 will not on balance, adversely affect our total economy. In fact, quite the reverse is true. We have a favorable trade balance of some $4 to $5 billion now—exports $20 billion, imports $15 billion. We have many more jobs because of our present export-import picture than we would have under a restrictive trade program because many export jobs would disappear. According to the AFL–CIO, the Brookings Institution and a host of other agencies down through the years, reducing and eliminating trade restrictions worldwide will improve living standards everywhere and will increase employment in the United States. We can't enjoy a favorable balance of trade if we don't accept imports. Otherwise, how can foreign countries buy our exports?

H.R. 9900 is more than a Trade Act. It is a key instrument of our foreign policy. It is important to remember this. If in the larger welfare of the Nation some are harmed, it is proper that both workers and employers receive adjustment assistance. The bill provides for this in specific detail.

EXTERNAL-INTERNAL TARIFF PROBLEMS

Our exports to the Common Market countries have increased 100 percent in the past 7 years, while the rest of our exports to other countries have increased only 30 percent. So we are talking about a very important market for us. To continue to enjoy this greatest of all oversea markets, we must give the President power to penetrate the external tariffs of that market—to bargain for lower tariffs against our goods. This is exactly what H.R. 9900 is designed to do.

As things are now we are in jeopardy. We stand to lose a substantial amount of this vast and growing market. This is because the original tariffs of the Common Market countries—that is the old tariffs between these countries—gradually, over some 7 years, will be reduced to zero. But the tariffs of the Common Market countries as a union against the rest of the world, including the United States, will be averaged from the individual tariffs of the member countries. The result: a big area of free trade among the Common Market members and a restrictive wall of protection around these same nations against the world, including the United States.

The President must have unusual powers to negotiate penetration of this wall. That is what H.R. 9900 is designed to do. The squeeze on U.S. business caused by the present structure of the internal and external tariffs to the Common Market is very important to understand, and then, to see how the President plans to meet the problem. We must remember the internal tariffs between Germany, France, Italy, Belgium, Holland, and Luxembourg will gradually evaporate and they will be on a free trade basis with each other in the near future. But the external tariffs of these same countries will be maintained against the United States unless something is done about it. Again we come to the solution, H.R. 9900.

Let us take fishing rods as a hypothetical example. A manufacturer in Chicago could price his fishing rods at $40, and prior to the Common Market, sell them in Hamburg, Germany for $50, including a tariff of 25 percent. A similar rod could be made in France and priced there at $40 to sell in Hamburg for the same $50, again including the 25-percent tariff. But when the internal tariff between Germany and France disappears, the French producer could sell his rod in Germany for $40 without duty. And if the present external tariff on fishing rods is 40 percent for France, 30 percent in Italy, 25 percent in Germany, 10 percent for Holland and Belgium, and 5 percent for Luxembourg, the Common Market's external tariff on this item would be the average of these old tariffs—120 divided by 6 or 20 percent. Our American manufacturer would be priced out of the Common Market. He would have to get $48 ($40 plus $8 duty) for his fishing rods in Hamburg in order to keep his net price of $40.

This external-internal tariff squeeze on U.S. exporters has already started on a number of items, and we will feel steadily growing pressure on our exports to Europe in the months ahead. Tariff discrimination against our goods caused by the Common Market will grow gradually but forcefully unless we give the President the wherewithal to negotiate away this discrimination.

### CONCLUSION

This study is based on a fundamental belief in our ability to successfully compete in the world market. Also it is hoped that this statement will clarify some of the dangers inherent in the existing structure of external and internal tariffs of the Common Market. We must act now. Europe is moving ahead at a rapid rate.

We must not overlook the forces at work in the international scene. There is a new resurgence of Russian aggressiveness; including prolonged tension over Berlin, bomb testings, subversion in Latin America and southeast Asia.

Russia is doing, and will continue to do, all in her power to foster a trade war between the United States and the rest of our allies, to sever Western Germany from the Western Alliance and destroy NATO. Should Russia succeed, we in America face not only business stagnation and recession, but the loss of our freedom and our way of life.

On the other side, H.R. 9900 offers a peaceful means of retaliation against world communism coupled with an immense opportunity to bind the free world together in economic abundance. With the power to reduce our own tariffs, the President has the best tool with which to bargain and get our goods into Western Europe. Thus, we can enlarge world trade with fewer restrictions both to and fro, and with great economic and security advantage to both our allies and ourselves.

The Trade Expansion Act through increased world trade will help boost the rate of America's industrial growth. It will assist in reemploying our unemployed workers, and ease our balance-of-payments position. As our allies grow in strength, they will grow in their ability to pay their full share of NATO and other defense costs. This, combined with their, and our, foreign aid to the newly founded and underdeveloped countries will strengthen and unify the free world as a whole.

H.R. 9900 is the indispensable agent in this plan for progress.

## THE PRESCRIPTION FOR UNEMPLOYMENT

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be printed in the Record an excellent and thought-provoking article by the distinguished economist, Leon H. Keyserling, in which he offers his program for a nationwide economic effort to fully develop our economic potential and to put to work all able-bodied members of our working force.

The article appeared in the August 5, 1962 issue of the New York Times magazine. Again, Mr. Keyserling presents a program of economic action that is designed to stimulate the economy and thereby absorb the unemployed, including those to be displaced by automation.

There being no objection, the article was ordered to be printed in the Record, as follows:

### One Prescription for Unemployment

(By Leon H. Keyserling)

Unemployment in the 1930's, rising to one-third of those able and willing to work, was a national disaster. But it did not indict us as a nation, for there was little knowledge of how to overcome it. More recently and today, unemployment at persistently high levels, while far from disaster, does indict us all, for the remedies are now well known. They involve practicable and immediate changes in national policies.

It is a happy augury, in a democracy where effective action depends upon popular consent, that leaders in all walks of life are moving toward an increasing accord, not only that unemployment must be dealt with, but also as to how to deal with it. The program suggested here will not meet with universal agreement, but I hope that it may help to crystallize the growing consensus to the point of action. It calls for:

1. A large and immediate tax reduction, to increase private incomes available for spending. More spending for goods and services would mean more employment to produce them. Controversial, time-consuming tax reforms, such as closing loopholes, should be deferred.

2. A large and immediate increase in Federal spending, to meet essential public needs. This would also mean more jobs.

3. An unequivocal Presidential assurance against repetition of the recent degree of intervention in price decisions, wagemaking and industrial disputes. This would remove a main barrier to confident business investment in new plant and equipment. More investment would create more jobs.

4. Far more liberal monetary and credit policies by the Federal Reserve System.

5. Better public explanation of how these job-creating efforts are consistent with preventing inflation and solving our international balance-of-payments and gold problem, lest concern about these issues prevent expansionary measures.

6. Improved communications between the Government and the public, including economic groups, to increase confidence and cooperation.

Before discussing this program, let us examine the nature of the problem.

Official figures now show full-time unemployment to be about 5½ percent of the civilian labor force—or close to 4 million, seasonally adjusted. But this calculation omits the full-time equivalent of part-time unemployment, which lifts unemployment to more than 7 percent.

In addition, in view of the high birth rate immediately after World War II, our total labor force should have grown by 1 million or more in the past year; actually, it grew far less. Why? Because, with jobs scarce, many without work are not actively seeking it and therefore are not counted in the statistics.

Allowing for them, and also for workers employed but underutilized because of slack plant operations, I estimate the true level of unemployment at close to 8 percent currently—about 6 million, seasonally adjusted. This is about twice the level consistent with maximum employment. Counting dependents, the material privation and morale-shattering experience of having the breadwinner idle now hit directly 10 million or more Americans.

This situation has not arisen suddenly. Since the end of the Korean war, unemployment, with some fluctuations, has moved inexorably upward in the long run. The trough of each recession has shown more unemployment than the trough of the preceding one, and the peak of each recovery has shown more unemployment than the peak of the preceding one.

The current recovery, underway for about a year and a half, now shows unemployment about 35 percent higher than when the recovery from the 1953–54 recession had run about the same length of time. And this is not just because there was so much unemployment when the current recovery started. This recovery to date has reduced unemployment only about two-fifths to two-thirds as much as comparable periods of recovery since World War II. Unemployment has become a chronically worsening problem.

Unemployment hurts us all. During 9 years from the end of the Korean war to mid-1962, about 24 million man-years of excessive unemployment meant that we produced about $375 billion less in goods and services (measured in 1960 dollars) than we should have. With this additional output, we could have lifted the living standards of 77 million Americans who still live in poverty or lesser deprivation; reduced the deficiences in public programs—education, health, development of natural resources, urban renewal and housing—and carried with less strain our defense and international obligations. The actual rise in unemployment in June, together with other signs of a slowdown in the economy, suggests a substantial chance of another recession next year.

If the chronic rise in unemployment contines, we could during the 4 years 1962–65 forfeit another 18 million man-years of employment opportunity, and lose another $300 billion worth of production. By 1965, unemployment could be 50 percent higher than now, even if that year were not recessionary.

Standard explanations of high unemployment include these points:

1. A large part of it is structural—i.e., much of the labor force is not fitted for new types of jobs resulting from technology and automation.

2. Much unemployment is due to particular handicaps among individuals—insufficient education, poor health, dearth of ambition, lack of mobility.

3. Much unemployment is concentrated in so-called distressed areas or in particular industries.

But while these standard explanations have some validity, they are grossly irrelevant to the problem of chronic unemployment. The relevant point is this:

Each year, because of natural causes, the number of people able and willing to work increases. Every year, because of advances in technology and skills, each employed person can produce more for every hour worked.

This is called increase in productivity. Thus, unless demand for the goods and services which people produce when employed rises steadily and rapidly enough to absorb both the growing number of people available for jobs and their increase in productivity, unemployment rises in the long run.

To be sure, when unemployment rises, the individuals and localities most "vulnerable" for one reason or another get hit first and hardest. But during periods when demand for goods and services rises sufficiently, most of the "vulnerables" find job opportunities. They become less "vulnerable" by training on the job, and those needing prejob training can get it because there are jobs to train them for. Further, the programs now essential to help restore adequate demand for goods and services would reduce their "vulnerability"—for example, expanded outlays for education and health. In short, with enough jobs to go around, the special causes of unemployment shrink to manageable proportions; without enough jobs, these special causes are progressively aggravated.

Turning to my proposals in more detail:

First, large tax reductions are needed now to increase private incomes available for spending. These cuts should be retroactive to July 1 (the start of fiscal 1963). Deferring action until further trends can be observed would only make us more "too late" than we are now; and uncertainties now surrounding tax policy are very damaging.

Tax reduction should be applied almost entirely to middle- and low-income families, who, more than others, translate enlarged after-tax income into immediate consumer demand. Some reduction in corporate and higher income tax rates may help to speed action. However, industry, with large unused capacities, needs tax concessions far less than larger private and public markets for its products. And investors have already received about $1.5 billion in tax concessions through revision of Treasury regulations; this would be lifted to about $2.5 billion if the President's tax credit proposal became law.

While proposals to "reform" the tax structure by closing "loopholes" are ultimately desirable, they would cause more acrimony and delay than we can afford now. They would not now stimulate the economy and indeed might repress it slightly.

Second, there should be a large increase in Federal outlays for essential public needs. The task of creating enough additional demand to restore reasonably full employment is too big to be accomplished by tax cuts alone. Besides, the Nation needs more schools and other publicly financed goods and services, not just more private consumer goods. I suggest, for fiscal 1963, combined tax reduction and increased spending having an annual value of about $10 billion.

We should reexamine the areas where increased public spending would have the largest and most useful job yield. Because of the rate of technological progress and changes in patterns of demand, there is not much room for enlarged employment in some of our mass-production industries nor in agriculture. Tremendous acceleration of housing, urban-renewal, mass-transportation facilities, and health and educational and other human services would combine service of urgent needs with translation of the upsurging technology into more jobs. Such programs would also generate two or three dollars of job creating private investment and consumer outlays, in the same fields, for every new dollar of public outlays. Active programs in these areas are lamentably small, relative to need.

Third, I believe that the President should declare clearly against further intervention of the recent sort in price decisions, wagemaking and industrial disputes. Some price-wage decisions and work stoppages do affect nationwide employment. But, except in total war, the consequences of erroneous private action in these areas are very unlikely to be damaging enough to justify on balance the adverse consequences of recent interventions.

The steel price forceback was probably unavoidable in view of what had immediately preceded it, including the highly publicized Government interest in the steel wage settlement. Yet the resulting impasse in the relationship between the Government and the managers of private enterprise, who find themselves uncertain as to where this type of intervention might hit next, has become a main factor against sufficient job creating business investment. The Government's "guidelines" approach, while potentially valuable, should be deferred until it can be thought through more carefully on a more limited basis in an environment more favorable to its acceptance.

Fourth, the Federal Reserve System should liberalize its monetary and credit policies. The trend now is toward tight money and still higher interest rates, on the ground that only this can maintain oversea confidence in the dollar and prevent the outflow of gold, especially if we liberalize fiscal [tax] policy. But to loosen fiscal policy and tighten monetary policy at the same time is like a doctor's prescribing more rest and more exercise for the same patient. A combination of more liberal fiscal and monetary policies, by reducing unemployment and improving economic performance, actually will help our balance-of-payments and gold position.

Fifth, I believe that the President would be well advised to launch a sustained and factual educational effort to dispel fears that a program of tax cuts and spending [enlarging the Federal deficit] would be inflationary at home and aggravate our balance-of-payments and gold problem abroad.

The relevant facts are these: Economists generally recognize that a budget deficit is not inflationary if it results in total activity well below our full productive capabilities. Full production for fiscal 1963 would be about $620 billion.

My proposal, allowing for the induced economic expansion, would result in a fiscal 1963 deficit of $6.5 to $7 billion. It would also, I estimate, result in production of somewhat more than $600 billion—significantly below the inflationary danger point, but high enough to offer a realistic prospect of reasonably full production and employment by 1964. This condition, along with the closing of some tax loopholes when the time is more propitious than now, would yield enough revenues to balance the budget even with the reduced tax rates and increased spending which I propose.

Many analysts feel that, if the President's program remains as it now stands, production in fiscal 1963 will be no better than about $565 billion, and that, if a recession develops, it may well sink to $555 billion or lower. The result, through loss of revenues: a deficit of at least $4 billion, and perhaps of $7 billion or more. Thus, the true alternative is between choosing a planned deficit that will be highly beneficial to employment and production, and stumbling once again into a deficit through neglect of the needs of the economy.

It is worth noting that the ailment of chronically rising unemployment has probably created more inflation (through the inefficiencies of economic slack and efforts to compensate for low volume by higher prices) than have recent budget deficits in aid of economic performance.

To illustrate, in the years 1952–55, marked by reasonably high employment and economic growth, the average annual Federal deficit was $6.5 billion while consumer prices were virtually stable. During the economic stagnation of 1955–57 there was an average annual Federal surplus of $1.7 billion, but the average annual increase in consumer prices was 2.5 percent. During the 1957–58 recession, the average annual Federal deficit was only $2.8 billion (contrasted with the $6.5 billion earlier), but the average annual rise in consumer prices was 2.7 percent. (Budget figures for fiscal years in uniform 1957 dollars.)

Fear of aggravating our balance-of-payments and gold outflow problems has been a major obstacle to accepting the idea of a planned deficit. Actually, the major causes of these problems, the movement of American capital to Western Europe and the withdrawal of foreign funds from the United States, stem primarily from the existence of much lower unemployment and generally better economic performance overseas. We should only worsen these problems by trying to solve them through policies which repress our own employment and economic growth.

Sixth, we need more harmony in our public and private efforts on the job front. The first step here would be to improve the process by which the Government communicates and justifies its own intentions to those who must evolve complementary private economic policies. There is now pending a useful suggestion that the Federal budget be restated—e.g., with capital investments separated from current costs—to bring into clearer perspective the relationship between the budget and the national economy.

This idea should be carried further, under the Employment Act of 1946, through a description of our whole economy in operation, its resources and needs, its attainable goals, and the private and public economic policies most suited to their achievement. Many others have advanced this proposal, sometimes calling it a national economic budget; I have called it a national prosperity budget or an American economic performance budget. So that all Americans may pull together instead of drifting apart, we must develop some common definition of what we are trying to do and why—a great national purpose in our economic life.

No President has been better endowed to lead in these tasks than President Kennedy. In view of the increasing consensus regarding our economic problems, I believe that he can build a more massive and intelligent popular support for a nationwide economic effort than any yet attained. But there is no time to spare. In domestic and, especially, in worldwide terms, time is racing far ahead of us. If we do not catch up, we shall not prevail.

## KODAK TO EXHIBIT AT WORLD'S FAIR

Mr. KEATING. Mr. President, several weeks ago the Eastman Kodak Co. of Rochester, N.Y., announced plans for an exciting and imaginative exhibit at the New York World's Fair, 1964-65. Plans were revealed at a ground-breaking ceremony at Flushing Meadow Park on August 21. Photography gives both employment to hundreds of thousands and enjoyment to millions in this country and abroad. I ask unanimous consent that the speech by President William S. Vaughn describing the Kodak exhibit appear at this point in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

### REMARKS BY WILLIAM S. VAUGHN, PRESIDENT OF EASTMAN KODAK CO., AT GROUND-BREAKING CEREMONIES FOR THE KODAK WORLD'S FAIR EXHIBIT, FLUSHING MEADOW PARK, N.Y., AUGUST 21, 1962

Mr. Burrows, Mr. Moses, members of the press, honorable and distinguished guests, it is indeed a pleasure to be here with you this morning. Your presence adds validity to our own belief that this exposition has true significance—for industry, for our company, to this community and our State, and to the Nation. We are confident, further, that its appeal will be truly international.

On this occasion we mark the beginning of our contribution to that appeal. On these grounds you see today the foundations for a pavilion symbolic of photography's remarkable growth and achievements over 140 years.

At its outset, photography was a promising but cumbersome practice, something between art and alchemy. Later, as it became less difficult for the user and more manageable in the laboratory, photography and its influence began to grow. Today it is the world's leading hobby. Its sphere has extended to medicine, education, industry, commerce, government, and the sciences. It is one of the most versatile tools in the service of mankind.

In the finished pavilion on the Kodak site, visitors will find the most complete and colorful exhibit ever assembled to display photography's impact on our lives. We are confident that it will bring new awareness of photography's pervasive scope.

Part of the scope to which we refer is the enjoyment that millions associate with photography as a leisure activity. But there is more—the historian's interest in what went before, preserved on film, photography's ability to measure and document scientific progress, industry's growing use of photography as an ingenious and trustworthy production tool. The Kodak exhibit will present these many areas of interest.

Accomplishments of the past will also be on display. We will not neglect those pioneers who gave photography its start—Niepce and Daguerre. The first, Fox Talbot, inventor of the negative and print method and Scott Archer, who in 1851 developed the wet process using glass plates.

Niepce, Daguerre, Talbot, and Archer were Europeans, but it was an American, George Eastman, who pioneered roll film and the simple, hand-held cameras that made picture taking both popular and practical for millions. Eastman's first Kodak camera reached the market in 1888. In August of 1889, just 50 years after Daguerre demonstrated his picture process before the French Academy, the first Eastman transparent-base roll film was announced.

Eastman built his company upon research. But his interest in experimentation was not limited to the sciences. He was as well a pioneer in mass production and international marketing. In that latter regard he was well aware of the rewards possible from the promotion of photography at international expositions.

As early as 1891, Eastman was planning to make the world's Columbian Exposition in Chicago a mecca for amateur picture takers from all parts of the world. When the exposition opened 2 years later, Kodak Exhibit Center provided darkrooms so that visitors might develop and print their own photos before leaving the fairgrounds. Photographic enlargements of then unbelievable size, up to 4 by 6 feet, amazed visitors.

The first full-size X-ray photograph of an entire human body was displayed by our company at Chicago's Century of Progress Exposition in 1933. The Kodak Pavilion at the Brussels Fair of 1958 was a focal point for picture takers. The company's Cavalcade of Color at the New York World's Fair of 1939 and 1940 gave great impetus to color photography's widespread popularity. Almost 8 million visitors to that exhibit saw tiny Kodachrome slides projected at 50,000 times their orginal size.

We mention these examples from the past only as precursors of what is to be presented by Kodak on this site in 1964 and 1965. We intend to offer fairgoers an exhibit as appealing, as instructive, and we believe, even more dramatic than those which have previously appeared under the Kodak emblem.

Exhibits will be designed with doing as well as seeing in mind. We also intend to present visual impressions that only photography can capture and convey, impressions too fleeting for the unaided eye to recall and interpret.

In physical design the Kodak Pavilion is the result of many months of thought and effort. Those chiefly responsible, the company's architects and designers, Will Burtin and others of his organization, have worked diligently and to excellent purpose. We are pleased at this time to reveal the result of their efforts.

We believe that this pavilion will be regarded as unique architectural showcase. A floating carpet of concrete, supported by four main columns, will provided a surface for gently sloping walkways, gardens, and fountains. There will be attractive settings for camera users who wish to photograph their families and friends.

Beneath the concrete carpet, at ground level, the visitor will find numerous exhibit areas of interest. Here he will be able to pass at leisure through the world of photography and, also, view exhibits which record Kodak achievements in other fields such as chemicals, plastics, and synthetic fibers.

A large and striking tower of photography will add visual drama. The equivalent of an eight-story building in height, the tower will have around its shaft five giant photographs. We expect that each of these will be more than 2,000 square feet in size, illuminated by day and by night, and visible from afar as well as nearby.

The tower will also house a large theater capable of accommodating thousands during the course of each day's fairgoing hours. We are, at the present time, planning a 12- to 14-minute motion picture for showing there. To this production and to all that will appear at our exhibit we will draw upon our years of technical experience and the results of continuing research. Extensive study has gone into new methods of photographic display. Our aim is a total presentation as exciting in technique as in topical matter.

We have already referred to the part played by photography in modern life, in business, in science, in health, in a variety of fields. But to many of us photography is even more than pleasurable hobby or commercial medium. We nourish the sincere belief that photography, as a means of communication, can make substantial contributions to world understanding and progress.

Photography is a language of its own. Being universal in its appeal, it needs no translation. It can demonstrate that people throughout the world share many of the same problems. The same human aspirations, and a paramount hope for peace. It needs no footnotes, no interlingual dictionaries. We believe that no other medium is more admirably suited to carry the theme of the New York World's Fair—"Peace Through Understanding."

By 1964 the industrious and imaginative efforts of Mr. Moses and his associates will have come to fruition. Flushing Meadow will have been transformed by then into a symbol of human achievement. We are pleased to mark at this time the beginning of Kodak's part in this challenging enterprise. We appreciate your willingness to share this occasion with us. But let me add this note: Won't you come, too, and see us at the fair.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

---

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and be made the pending business.

The ACTING PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate resumed the consideration of the amendments of the House of Representatives to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Kentucky [Mr. COOPER] on page 6 in line 12 of the House amendments to Senate bill 2965.

---

## CAN WE RESIST THE ONRUSH OF COMMUNISM?

Mr. WILEY. Mr. President, last Friday it was my privilege to speak on the subject of war or peace. I prepared those remarks preparatory to a visit to Wisconsin, but never got to use them.

Today, I shall speak on another subject, namely, what I regard as the three great issues.

The first is whether we can keep the peace. The second is whether we can resist the onrush of communism. That is what I shall discuss today.

Before the week is over, I shall discuss what I regard as the third great issue; namely, whether we can maintain the economic solidarity of this country.

So far as I am concerned, those are the three big issues.

When I first came to Washington, Berlin, Czechoslovakia, Bulgaria, Rumania, the Baltic States, and Eastern Germany were free. Now they have been taken into the Communist orbit. Many other things have changed since those days, and we must consider them in considering the issue—the future of communism.

We have had a war. We have laid aside many of our old ideas in relation to geography. In those days the world was really big. It took 12 hours to travel from Milwaukee to Washington. I have done it now in a little over an hour. It took the better part of a week to travel across the Atlantic; and now we are only 15 minutes away from Russia, with the intercontinental missiles that she has. Just recently, Russia put two cosmonauts into orbit in separate capsules. Just what the full meaning of that experiment is, we cannot yet foresee.

We, of course, have placed men into orbit, but only one of them traveled three times around the earth, whereas the Russian cosmonauts stayed aloft for days and traveled millions of miles.

We stayed out of the war until Pearl Harbor. At that time I was a noninterventionist, but Pearl Harbor changed my viewpoint.

It was several years after Pearl Harbor that we dropped the bomb at Hiroshima. It killed 100,000, and wounded another 100,000. That was a baby bomb compared with what we have and what the Russians now have.

Some may ask, But what has this to do with containing communism? It is very evident that we must contain communism in some other way except by war, because a war would destroy mankind. Are we losing the war? The rising power of democratic nations, the hesitancy of uncommitted countries to yield to communism, and the internal difficulties of the Communist nations give us the answer. In short, at present we are not losing the cold war.

In a superficial sense we may have have met the challenge of communism—but no in Cuba, the Congo, or Laos.

Lenin said:

> When the American bourgeoisie lose their heads; when they arrest large numbers of people on suspicion of their being Communists, and when they create an atmosphere of panic by spreading alarming rumors of Bolshevist plots, we should thank these American gentlemen. They are working for us.

Khrushchev said that he "would bury" us.

Yes, we have shrunken the world by our inventive genius, but we have not shrunken the ignorance that is widespread. We still have the prejudice that is based upon race, color, and religion; and we—at least, some of us—still fail to understand our American way of life, and that we are trustees of it.

And let it be said that we are not free from the demagog and his tactics.

Communism has as its objective taking away the idea of a government "of, by, and for the people." In other words, communism does not recognize the basic human rights that are set forth in our Constitution.

Someone has said:

> It is good, of course, to salute the flag and to love one's country, but it is better still to love justice and righteousness and extend the doctrine of brotherhood.

In so doing, we become vigorous soldiers against atheistic communism.

Let us realize that the struggle is not for physical survival, but, as I have suggested, for the maintenance of human and spiritual values. We must make that very clear, and we must also distinguish between communism as a philosophical system and the brute force of Russian and Chinese imperialism.

Communism and its ideas can be overcome only by better ideas.

One of the weapons of communism is diversion. That is a military term which is used when one seeks to convince his opponent that the danger lies at one place, and attacks at another point. I believe the man who said:

> The dangers from communism have never been more real than they are today.

Consequently, we must be on our toes and must be alert and adequate to meet any emergency—in short, alert to meet the challenge where it is most crucial.

President Kennedy, speaking a few days ago, said:

> We are in a decade of crises, and we can't afford inefficiency and waste—the key to this century is power.

He was referring to the power that comes from generators. I want to apply the same term to the mind of man.

In his talk, the President referred to the differences that existed between the various segments of our society. I repeat, I am speaking about the power that would eliminate the attacks upon free enterprise and the attacks upon government, "of, by, and for the people."

I want power that will demonstrate the brotherhood of man, so that nations will obliterate the differences that separate them.

I want the power that will cause men to realize the significance of a God of the spirit. Do I want too much? That has been the wish of all the prophets and saviors of the race, and we are still in the wilderness, seeking for "the way, and the truth and the life."

### WORLD COMMUNISM, A CONTINUING THREAT TO THE FREE WORLD

The major source for the Communist threat to the free world is twofold. It is the physical dimension, and thus power, of the movement and the nations it now embraces. It is also the goals and modus operandi of the movement in achieving those goals.

Looking at a map of the world today, one cannot avoid being struck by the massive configuration of power world communism represents. Over one-third of the world's population and almost one-fourth of the area of the world are now under direct Communist control. These figures, I hasten to add, do not take into account the worldwide scope of the movement which, according to Khrushchev, has Communist Parties operating in 87 countries uniting into one movement a membership numbering more than 36 million people.

This total complex of physical and political power, my friends, represents a threat of enormous dimension to our security and that of the free world. The use, or rather, abuse of this power today is the fundamental cause of the political problems facing the world; for—intoxicated by the heady wines of success in territorial expansion, political aggrandizement, and scientific achievement—the Communists believe that the balance of world power has shifted to their advantage.

We cannot, and, indeed, we do not concede this point, but nevertheless, the danger to us stems from a Communist belief in this erroneous assumption and in conducting their foreign policy accordingly. It is this peculiar mixture of ideological belief and aggressive behavior that generates the danger for us today.

Yet, we cannot deny the fact that forces are at work in the world that add substantially to our problem; forces, in a sense, independent of communism. In this instance, I am thinking particularly of the vast, uncongealed power potential that is seen in the emerging new nations of the underdeveloped areas of the world. Whether their loyalties in international politics will be given to the Communist world or the democratic free world stands as one of the great questions of the immediate future.

Aside from these general problems, what are the specific manifestations of the Communist threat?

In approaching this question, I would first consider the specific Soviet threat, and, secondly, the threat from other areas of the world.

Let us first look at specifically the Soviet threat as it has taken shape in the problem of Berlin and the challenge in space.

A glance at the daily press is sufficient to apprize one of the great danger to world peace that Berlin represents. The sight of a dying refugee lad of 18 strung up on the barbed wire barricade along the Berlin wall has stirred the inner emotions of free Berliners sufficiently to inspire widespread unrest in the city and to raise the threshold of potential war.

We are deeply committed in Berlin.

We cannot back down before the Soviet threats and demands to force our withdrawal from the city.

Here is a test of strength that knows no parallel in recent years. It is a test of strength before which we cannot falter.

Submission to the Soviets in this contest would be the signal for a retreat for us in the global confrontation with communism. It would be new Munich, the launching of a new era of appeasement—the end of which would spell our doom as a nation and great power.

I do not deny that the risks are great in defending our position in Berlin.

I do not deny that solutions are extraordinarily difficult and that the alternatives presented to us are drastically limited.

But these risks we must accept, and in our search for an acceptable solution, however limited the alternatives, we must hold firmly to the principles of free choice upon which our vital interests and sacred honor rest.

A second threat to us from the Soviet Union comes in the shape of the current space race.

Recent success of the Soviet tandem orbital shots drives home again the unpleasant, bitter reality that we are in a desperate, indeed, a deadly race with the Soviet Union in space exploration.

Some may question the utility of our great investments in space. And I do not deny that these investments have been enormous. But, all Americans must comprehend the fact that space power means political power and that political power is a vital asset in the arsenal of survival.

The Soviet Union has accrued enormous political benefits from its successes in space. Since Sputnik I, the world has transformed its image of Russia. No longer is this the land of peasants, slovenly, awkward, inarticulate, and illiterate—the peasants that one finds so skillfully described in the writings of Turgenev. Rather, Russia, in the mind of the world today, is a land of proven technological and scientific success, a Russia in the technical sense that the 19th century Russian westernizer hoped would take place. As a consequence of the changed image of the Soviet Union, Russian prestige in world politics has increased enormously. And our prestige as the great technological and scientific wonder of the world has, I regret to say, declined.

Moreover, the political factors involved in the space race are compounded by the far-reaching military implications. We cannot overlook these implications in our assessment of the Communist threat.

Soviet Russia, therefore, poses a great threat to the free world, but, unfortunately, the threat of communism as a universal ideology and complex of power has a much broader dimension. Communist China has yet to throw its full weight in the great contest for survival. Ever since the Korean war, the Chinese Communists have, by and large, concentrated their energies on building communism in their country. Periodic peripheral thrusts at Quemoy and Matsu, Vietnam, and Laos have been serious irritants in world affairs, but, by and large the Chinese have yet to make their full influence and power felt. They are still kept out of the United Nations. But, how long can this go on? Now, we can only contemplate the mischief they will cause in world affairs. Soon, this potential threat of China will become a real threat. Then our problems and those of other free peoples will be compounded. For there can be no doubt that the free world will meet its greatest challenge when this reckless, massive, ideologically immature giant steps onto the stage of world affairs to play the major role its power and influence warrant.

My message to the Senate, therefore, is not at all comforting. The beautiful quiescent days of national insularity have gone forever. What I bring to the Senate is a call to meet this great challenge to our survival. It will not be a challenge easily managed. The problems it will generate will be overwhelming and continuous. It will be so because the nature of international relations, especially as the Communists conceive it, is a continuous commitment to power conflicts and the generation of an unending procession of problems. In this era of prolonged anxiety we will have to bear our responsibilities manfully. Indeed, we must. This is our only alternative to survive as a people and a great power.

I conclude my remarks by saying what I said in the beginning: There are three great challenges to this country, our way of life, to the things we call American, and our leadership in a world of, for, and by the people. The challenges are: First, can we keep the peace? Second, can we contain communism? Third, can we maintain the economic solidarity of the American Republic?

Mr. MILLER. Mr. President, I commend the distinguished Senator from Wisconsin for his outstanding speech. There are many points in his speech which need to be repeated over and over. I think he has rendered a service to the country for giving such a fine dissertation on communism and its problems as he has done today.

## THE CONGO AND THE U.N.

Mr. MANSFIELD. Mr. President, in the current issue of the Saturday Evening Post there appeared an editorial entitled "The Congo and the U.N." I ask unanimous consent that the editorial may be printed in the body of the RECORD. I think it is worthwhile. It covers the situation rather thoroughly. Certainly, it is worth consideration by Members of the Senate.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### THE CONGO AND THE U.N.

In one of the more ironic twists of our times, ultraconservatives who pride themselves on being more anti-Communist and more devoted to the cause of freedom than others are clamoring for U.N. troops to withdraw from the Congo. They are urging the U.S. Government to put its trust in wily, opportunistic Moise Tshombe, secessionist president of Katanga Province. An organization called the American Committee for Aid to Katanga Freedom Fighters in a full-page newspaper advertisement recently proclaimed, "It's time for the U.N. army to get out of the Congo" and asked the question, "Why not let the Congelese settle their own affairs?"

It would be hard to conceive of a more disastrous step than for the U.N. to pull out of the Congo now. Nothing could be more naive than to expect that the Congolese could or would settle their own affairs.

The United Nations, heaven knows, has its limitations as a world peace organization. When the great powers come into direct collision, it is largely useless, but it can on occasion move into peripheral situations and prevent a great power collision that might otherwise occur. That has been its task in the Congo.

The United Nations went into the former Belgian Congo in the summer of 1960 to attempt to bring order to that unhappy land after the Congo army had run amok and Belgian troops had moved back in. The Communists at that point made a brazen attempt to bring the Congo under their domination. More than 300 Communist "technicians" swarmed in. Communist sympathizers infiltrated the government of Premier Patrice Lumumba, which swung further and further to the left. The controlled radio and press adopted a strident anti-Western tone. The Russians, in the face of a series of U.N. resolutions, began sending trucks and planes into the Congo.

U.N. Secretary General Dag Hammarskjold called upon the Communists to halt their intervention. U.N. troops shut down major airfields to all but U.N. traffic, and after Lumumba was ousted, President Joseph Kasavubu ordered Russian and Czech "technicians" out of the Congo.

That the Communists had been frustrated by the U.N. was clear enough that fall when Nikita Khrushchev pounded his shoe on a desk at U.N. headquarters in New York, demanded Dag Hammarskjold's resignation and vainly insisted that a troika or three-headed directorate, be installed in place of the Secretary General.

Two years have passed, and the Communists so far have been foiled in their efforts to bring the Congo under their domination. The Central Congo Government now run by Premier Cyrille Adoula, shaky though it may be, is friendly to the West and committed, as Secretary of State Dean Rusk has said, "to genuine independence and progress for the Congo."

Moise Tshombe, although long regarded as a reliable anti-Communist, has recently been flirting with the Communists. His Conakat Party, which still insists in the Central Government Parliament at Léopoldville, has been teaming up with leftists against the Adoula government. Tshombe calls us "racist capitalists" and says the U.S. Department of State is "under the thumb of voracious financiers."

The object of our policy in the Congo is to enable the Congolese people to achieve a stable independent government. But time is rapidly running out for the present government. It cannot survive if it is to continue to be deprived of revenues from Katanga's rich copper and uranium deposits. Some measure of progress toward unification is a political necessity. The continuing secession of Katanga, as U.S. Under Secretary of State George Ball says, will "threaten the entire Congo with chaos and civil war and lead to the establishment of a Communist base in the heart of central Africa. The armed secession in Katanga plays into the hands of the Communists. This is a fact that all Americans should ponder."

The Adoula government recently proposed a federal constitution that would give Katanga a considerable measure of local autonomy. Tshombe called the constitution "what we always wanted." But our Government wisely decided not to rely solely on his word. Mr. Tshombe in the past has repeatedly adopted cooperative poses only to change his stance when the crisis of the moment had passed.

Accordingly in recent weeks our Government has devised a broad series of pressures and inducements to try to compel Tshombe to end his secession. U.N. Secretary General U Thant, who called Tshombe and his Katangan associates "a bunch of clowns," thereby confusing tragedy with comedy, has also proposed economic pressures, including the freezing of payments to Katanga by the wealthy, Belgian- and British-controlled Union Minière mining syndicate.

The officials who planned these pressures had no certainty that Tshombe would give in—or resort to another round of violence. But until a measure of stability is restored in the Congo, it would be foolhardy for the U.N. to withdraw. We must support the U.N. presence there. The alternative, as President Kennedy has said, is "complete chaos."

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today, it stand in adjournment to meet at 10 a.m. tomorrow.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

## DISARMAMENT: THE NECESSITY OF INFORMING THE PUBLIC

Mr. MILLER. Mr. President, the most important problem facing the world today is prevention of total nuclear war, which would destroy civilized society. From the standpoint of the national interest of the United States, however, solution to the problem must be consistent with our freedom and our way of life. "Better red than dead" is a materialistic philosophy which has no relevance to such a solution. To this end there is now great discussion concerning a ban on the testing of nuclear weapons which is highlighted by the current series of Soviet detonations going on in the atmosphere. It overshadows the disarmament negotiations, if they can be called negotiations, now going on in Geneva. To test or not to test is a subject which affects all people on this earth and generations as yet unborn.

There has never been a time in history when major powers voluntarily laid aside their arms. We do remember that in the 1920's and 1930's there were serious efforts to achieve this end. There was the Kellogg Peace Pact; there was the Washington Naval Treaty; and there were other conferences and documents which expressed this noble purpose. Some nations, including the United States, because of their sincere desire to reduce or eliminate the scourge of war, did in fact lay down their arms in part. But, while they were doing so, other nations, notably Nazi Germany and Imperial Japan, secretly increased their armaments. There was no foolproof inspection at that time and there was no change of heart by basically aggressive nations. Winston Churchill records this cruel and misguided period between the wars in the first volume of his monumental history of World War II, "The Gathering Storm." He completes the tale in the last volume of the six. The theme of that last volume, "Triumph and Tragedy" is "How the great democracies triumphed and so were able to resume the follies which had so nearly cost them their life."

Our philosophy in the United States is to live in peace with others. A nuclear test ban and a disarmament treaty would be consistent with our philosophy. But the goal, or the philosophy, of Soviet communism is to subjugate the world and us by one means or another. This avowed goal is expressed in the writings of Lenin; it is expressed in Khrushchev's famous phrase "we will bury you," and it is recognized as a Soviet goal by all people who have taken the trouble to acquaint themselves with the actions of the Soviet Union during recent history.

Can we, the United States, expect to alter that philosophy? Consider for example that in 3½ years of assiduous negotiations for a nuclear test ban, we have achieved no progress. My colleagues will recall that these negotiations were interrupted in 1961 when the Soviet Union, without any warning, and after secret preparations, began a massive series of nuclear tests, thus ending the moratorium on testing that had been in effect for 3 years.

We want a nuclear test ban. We want to work toward and eventually achieve a meaningful disarmament treaty. But we hear now alarmist speeches which could very well stampede us into making an inadequate treaty with a nation never known to keep its word. We hear that a nuclear arms race is a grave risk to our security. Is it a greater risk to have an arms race or to proceed with a treaty which can very well leave us disarmed when an aggressive nation confronts us with force clandestinely achieved and decisive in its power? An inadequate disarmament treaty with Soviet Russia is certainly more risky than escalation. Viewed calmly, a war by miscalculation is a real danger, though hypothetical. The Soviet determination to dominate us is not hypothetical at all, it is an announced policy. Which is the greater risk?

The Secretary of State told the Disarmament Conference at Geneva on July 24:

> The United States does not insist on foolproof arrangements in a disarmament agreement and is ready to share certain risks.

He gave no indication of what kind of risks we would be willing to share, but the statement was unfortunate because it seems to follow an "accommodation" policy vis-a-vis the Soviets. Moreover, it encourages advocates of a headlong approach to a nuclear test ban agreement whose approach is that the risk of war grows every day; that modern weapons beget a greater risk of war. Of course, this is possible, but have we not learned that the risk of war is least to a nation that is powerful and makes it crystal clear to every other nation that it is determined to remain strong enough to deter aggression? Is there any doubt about this principle as we review history? Had France retained its power and shown a willingness to use it, would Hitler have reentered the Rhineland in 1936? Had Britain made it clear that she would use her naval power, would Mussolini have attacked Ethiopia in 1935? Had the United States made it known that she not only had the power but the will to use it, would there have been a Korean war? A few years ago we let it be known that our Navy would be used to keep the Chinese Communists from crossing the Formosa Strait to attack Taiwan, and there has been no attack. What if we had adopted such a policy in 1940, and announced it to the world and to Japan? Would Japan have attacked? I believe that the answer to these questions is "No." Aggression would have been prevented, because the would-be aggressor would know, first, that power to resist its aggression existed, and, second, there was no point in taking a calculated risk of aggression because the will to commit the power to stop the aggression was beyond the shadow of a doubt.

We know that strength is the key to peace. Let us never forget this. Let us not gamble with security because of a desire to achieve a disarmament treaty, unless we know for a certainty that we are protected. Let us not take on the risk of anything less than certainty.

Consider our problems now of achieving a nuclear test ban. If the present Soviet tests bring them to what they regard as nuclear superiority, they will stop testing. Informed opinion holds that they already have nuclear parity. Putting it another way, they did not hesitate to negotiate while preparing for tests and then they tested in 1961, breaking the moratorium unilaterally. Does this not mean that regardless of what we do, the Soviets will test and develop and test until they feel that they have superiority, regardless of whether negotiations are going on or not? If they do not feel that way, why did they test in 1961? For what purpose would they test if not to seek superiority in nuclear weapon technology? I believe it is not a question, as has been suggested, of paying a price of forbearance to allow the Soviets to approach parity. I believe an analysis will show that they have parity now and that they will test and retest until they have superiority. They do not want a test ban, certainly not an enforcible one, until they have achieved superiority. Then we will not want one because we will not be able to afford one. If we had a test ban after they had achieved superiority, then we would have more than a risk. We would be doomed.

Should not the policy of this country be to continue to strive for the protection afforded by nuclear weapons superiority? Presumably, this will demand testing on our part. Should we not let the initiative for achieving a nuclear test ban come from the Soviet Union? And it will come when they feel that they have nothing to gain by further testing and when they feel that they will not catch up. They will have believed our determination not to be surpassed.

As much as anyone else, I want to live and have my people live in a disarmed and peaceful world, but we shall never realize this without strength, conviction, and well-designed plans.

There are some aspects of our test ban and disarmament proposals I should like to discuss.

The manner in which recent findings from the Vela program was released to the public, our friends and enemies, was certainly not in the best interests of the Nation and our disarmament negotiators in Geneva. Many of the delegates in Geneva are grasping for straws endeavoring to find something that will break the impasse. News of a purported breakthrough in detection was bound to cause commotion. When U.S. revised proposals were not radical, the negotiators as well as our Government were placed in a bad light. Two developments came from Vela. One, that we could differentiate more precisely between a natural seismic disturbance and a nuclear explosion, although there still remain many disturbances we cannot identify as one or the other. But the other finding from Vela showed us that we could not detect nearly as small an underground explosion in earth as we thought we could. What concessions can we make at Geneva as a result of Vela? Perhaps a few less inspections at best. And we can make no concessions with respect to inspections to detect preparations for testing—a matter that is strangely omitted from news releases on the subject.

Some people have stated that very little can be learned from underground tests. This is a fallacy. Vast knowledge can be gained from underground tests in all fields of weapon development. Weapon technology is fast moving; a clandestine, underground Soviet test program could put them ahead of us in a very short time. We could not realistically include underground testing in a nuclear test ban without Western-monitored control posts throughout the Soviet Union.

During the negotiations of recent years, the Soviets have been adamant on the point of inspection. They call this espionage. They have not receded from this position in the slightest. It seems to be a matter of principle with them or it may be that they will not tolerate inspection because they plan to cheat. In any event, it is very doubtful that there is any purpose to be served by U.S. concessions on the number of inspections required in a treaty. The Soviets steadfastly declare they will not tolerate any inspections. Mr. Zorin, the Soviet representative at Geneva, has already greeted our concessions on the number of inspections by saying that he sees no great hope of a solution.

There are two warnings we should heed before entering into a test ban agreement. If the Russians tested, in order to convince the world that the Soviets abrogated the treaty we would have to offer positive proof. Only an inspection on the site with neutrals present would suffice. Secondly, any test ban the United States and U.S.S.R. entered into would have to include all other nuclear nations within a relatively short period of time. Otherwise, Russia, or

Communist China herself, could conduct their test programs in China with impunity.

It has been stated that proliferation of nuclear weapons and the technology for making nuclear weapons is the greatest threat to the peace of the world today. A test ban between Russia and the United States is supposed to stop proliferation. Let us look at the facts rationally. Regardless of efforts to the contrary, technology is going to diffuse to other nations—either whole plants which could be used to build tested weapons or know-how which would facilitate development. It is true that a test ban would slow weapon development and retard the trend toward cheap weapons; but, on the other hand, peaceful reactors could help to defray the costs of weapon manufacture. Weapons might even be sold by one nation to another. A nation acquires nuclear weapons for either status and prestige in the world, or to use on a potential enemy. It is difficult to see how a rapprochement between the United States and Russia could alter either of these two reasons. I suggest that proliferation should be only a minor consideration in reaching agreements with Russia, for a test ban would only slightly slow proliferation.

Turning now to disarmament, we heard recently in this Chamber that this Government should go on record as having the intention of achieving a workable and forcible disarmament program. I believe to begin with, we should preserve the knowledge in the world that we have the intention of remaining strong enough to deter aggression. Conversely, we should go on record as having no intention of achieving disarmament in part or in whole without corresponding foolproof safeguards that we will not be surprised or attacked by an aggressive power. To do less is to assume a risk too great to be accepted by a government dedicated to the preservation of freedom. If nuclear war is insane let us remember that to open oneself to fatal attack is also insane.

The Washington Post reported on August 7 that the U.S. delegation has stated in Geneva that it is prepared to freeze conventional arms production at the start of stage I of the disarmament program instead of at the end of that stage. Mr. Zorin replies that this considerable U.S. concession does not change the basic American unwillingness to halt the production of all nuclear delivery systems in the first stage. Suppose we halted the production of ballistic missiles in the first stage? Have we the slightest assurance without foolproof inspections that the Soviets would halt production of their missles?

It seems conceivable that if we actually carried out a concession of this kind and then awoke one morning to find that the Soviet policy of cheating had continued undetected so that we were no longer able to deter aggression, the American people would demand impeachment of any President who had permitted such a situation to arise.

There is another aspect of this problem which deserves more than the silent treatment it has thus far received from the administration. This is the development of an antimissile defense. Why should there not be inspection with respect to this? What good does it do to stop making nuclear weapons if the other side could neutralize our stockpile of such weapons by developing an antimissile defense? The result would be the same as if the other side continued to produce nuclear weapons because there was no foolproof inspection system.

Two years ago, a British writer, Constantine FitzGibbon, published a book which provides a glaring example of how false disarmament might be accomplished. This book is entitled, "When the Kissing Had to Stop." Although the account is fictional, this is how we might achieve our own defeat by our haste in making a treaty for disarmament. In the book on page 29, an address on the subject of peace by the hypothetical Soviet Premier, Mr. Kornoloff, to the political, cultural, and scientific leaders of the Soviet Union as well as many representatives from the Eastern European countries and China is reported as follows:

> Amidst mounting applause he told his distinguished audience that the Soviet Union, wearied by the long series of fruitless summit conferences and by the complete lack of progress in the disarmament talks that have been going on for the last 7 years, has decided to force the issue by herself disarming unilaterally. This, he said, would be done by stages, and the first stage had already begun, with the dismantling of the rocket bases in the People's Republic of Poland. Journalists and others from all lands would be permitted, and indeed encouraged, to visit the rocket bases and see the work of demolition now being carried out. The next step would be the dismantling of the missile bases in the other Warsaw Pact countries, and then in the Soviet Union itself. Mr. Kornoloff said that he had every reason to believe that Russia's great peace-loving ally, the People's Republic of China, was contemplating taking a similar step. However, the final scrapping of all missile bases would naturally depend on some measure of similar disarmament on the part of the United States, Britain and other NATO powers. As soon as nuclear disarmament was achieved, the Soviet Union proposed to disband its conventional armed forces. Mr. Kornoloff said that never before in history had such a gesture for peace been made. Since this staged disarmament would be carried out in full view of the world press, this should dispose once and for all of the malicious American slander that the Soviet Union had no intention of truly disarming. The Soviet Union, he said, stood now, as it had always stood, for peace. It was now up to others to prove that their past statements were more than mere lipservice paid to this great ideal which, in Soviet Russia, was a proven reality. Mr. Kornoloff spoke for 5 hours.

The book continues:

> The President has so far refused to comment on the surprise Soviet move. It is known, however, that the State Department regards Mr. Kornoloff's speech with a measure of skepticism. A State Department spokesman said: "We'll believe it when we see it."

The hypothetical Soviet Premier actually does pull down some rocket installations in Poland which he no longer needs, and then, to give further evidence of his good faith, he decrees the dismantling of bases in Rumania. He is advised by a bewildered subordinate that there are no bases in Rumania. Kornoloff chuckles and says on page 96: "Exactly. Run up some dummy ones, fast, then pull them down with maximum publicity."

A feature of the disarmament plan is the zonal inspection scheme. This has been the subject of much discussion. I cannot picture the Nation living under a lottery. We must have a foolproof system of inspection. The random sampling of the zonal system was taken from industry and business techniques. It is true that a good estimate of the number of bad items on an assembly line can be obtained from sampling, but the items appear at random; there is no one behind the line conniving to produce the wrong answer. The point I am making is that the zonal inspection system has not been tested. To test its suitability is an expensive and prolonged undertaking. That is why it was offered as an illustrative example in the draft disarmament treaty. The difficulty of finding a few hidden missiles and their warheads, enough to blackmail the United States, is fantastic. They could remain hidden until the world was completely disarmed.

Much has been said about the sword of Damocles over our heads in the form of nuclear war by accident. However, if the Soviets were as apprehensive about this as some other people, they would be willing to relinquish some of their secrecy for more security. We need be no more apprehensive about this than they.

When some administration spokesmen talk about an accommodation with the Soviets, we should not be misled into thinking that the basic nature of communism, as an aggressive philosophy, will be changed; nor that the leaders of Russia will abandon communism. We should be alert to the fact that any agreement signed by these leaders will be consistent with their plan and their objective of world domination.

Thus far in Geneva they have conceded not one point of substance. In fact, they have been quite frank about their position of no concession on points of substance. Talk of a nuclear test ban agreement is one thing, but it takes two sides, both sincere, to make and keep an agreement. With the Soviet-directed crises in Cuba, in Berlin, in Laos, and in South Vietnam, we have received no indication whatsoever of sincerity on the part of the Soviet leaders other than their sincere intention to spread communism around the world by any means—fair or foul. Under such circumstances, it is time for us to stop making concessions or talking about possible concessions which carry risks with them and for the Soviets to display a change of intentions by accepting a foolproof inspection system on nuclear testing, on preparation for nuclear testing, and on the development of an antimissile defense as long as nuclear weapons are stockpiled.

**Mr. MANSFIELD.** Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

---

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the House amendments to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. COOPER. Mr. President, I do not intend to take much time in explaining the amendment which I offered last Friday for myself and the distinguished Senator from Iowa [Mr. MILLER]. My reasons for offering the amendment are clearly set forth in the RECORD of the proceedings of last Friday's session of the Senate. I shall now give a brief explanation of the purpose of the amendment.

When the bill passed by the Senate, S. 2965, was sent to the House, the House did not accept the Senate bill. The House Committee on Public Works had reported to the House its bill, H.R. 10113.

The bill which had been reported by the House Committee on Public Works was comprised of 12 sections. An amendment which was offered on the floor of the House struck out sections 3, 4, 5, 6, 7, and 8, leaving six sections, which was adopted as a substitute for the Senate bill. I think the operative section of the House substitute is section 3. Section 3 provides the criteria for making funds available to persistent labor surplus areas and to areas covered by the Area Redevelopment Act. It provides to the President the authority to allocate $900 million to various agencies of the Government for public works projects in such areas.

While section 3 provides an authorization of $900 million to make the bill effective, the actual amount to be made available will depend upon the action of the Appropriations Committees and the Congress.

Nevertheless, in section 5 of the House substitute, which would provide the Housing and Home Finance Agency with authority to make grants-in-aid for local public works if this measure becomes law, there is no reference to section 3. According to section 5, the Administrator would derive his authority from "section 9." The bill reported by the House Public Works Committee contained a section 9, but there is no section 9 in the bill passed by the House. So the bill before us contains a known error.

I must say, in frankness, that I think it is one of inadvertence, because after the bill had been passed by the House, Representative BLATNIK, the House manager of the bill, asked unanimous consent that the House request that the bill be returned by the Senate and that the Clerk of the House be authorized to correct the error; but objection was made.

So the bill came to the Senate with the error. It was referred to the Committee on Public Works, where I moved that the error be corrected by inserting in section 5 as the source of funds for grants by the HHFA the reference to the correct paragraph—to paragraph 3, instead of paragraph 9. But my proposal was opposed by the majority members of the committee, and it was defeated.

I have made the same motion in the Senate.

As I said on Friday, my motion may appear to some to be frivolous and without importance. I do not think so. I directed my remarks to this subject last Friday.

It is argued by the Senator in charge of the bill on the floor of the Senate, the distinguished Senator from Oklahoma [Mr. KERR], and by other Senators that the error can be corrected by interpretation on the floor of the Senate.

I think it is the rule, that if no interpretation of any kind is made, and if the validity of the bill should be questioned, and the issue should be determined by the courts, the courts could examine the bill and the legislative proceedings as a whole. If the intent of the legislative body is unclear, the courts could take the position that the legislative body did not intend to do a nullity, and considering the history of the development of the bill, in committee and on the floor, determine that the reference to "section 9" was inadvertent and that "section 3" was intended—to make the bill operative.

On the other hand we cannot know whether an interpretation made on the floor has validity in this case. And when this doubt is known to all of us, I hold that it is our duty to correct known errors. Those who favor the bill should not run a risk in failing to do so.

I cannot say that if the bill were to be interpreted by a court, the court would say the bill was inoperative. When I consider all the facts in connection with the bill—the fact that there is no section 9, and that the content of section 9 as originally reported and the content of the present section 3 are similar—I believe it is possible that a court would say that it was the intention of the House to refer to section 3, instead of section 9.

But some rather peculiar questions are raised: First, can the Senate determine what the House intended to do? I do not believe that it can. The managers of the bill in the House are the ones who have the capacity to speak for the House bill.

Then it may be said that the Senator from Oklahoma [Mr. KERR], as the Senator in charge of the bill, can interpret what is intended by the bill, in explaining the error. But there is a curious inconsistency in this connection.

Mr. MILLER. Mr. President, at this point will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. MILLER. I know that during the debate last Friday, considerable point was made of the fact that there was a certain intention on the part of the sponsor and floor manager of the bill in the House.

I hold in my hand a book entitled "Statute Making," written by Armand B. Coigne, and published by the Commerce Clearinghouse, copyright 1948. In this book, on the subject of construction and legislative intent, the statement is made:

> The statements of the personal intention of members made during debates have been held not to be a proper source for the consideration of legislative intent, even when made by the sponsor.

And the following cases are cited:

> *U.S. v. Trans-Missouri Freight Association*, 166 U.S. 290, 17 Sup. Ct. 540; *Hance Bros. v. American Railway Express Co.*, 19 N.Y.S. 530, 116 Misc. 653.

Mr. COOPER. I believe the Senator from Iowa is correct—that is with respect to one aspect of the rule of interpretation.

I believe the basic rule is set forth in the memorandum prepared by the office of the Legislative Counsel, under the title "Use of Extrinsic Aids in Interpretation of Statutes." On page 2, where the reference is to a decision by the U.S. Supreme Court in *United States v. Missouri Pacific Railroad Co.* (1929, 278 U.S. 269, 278); this is the language of the Court:

> But where the language of an enactment is clear and construction according to its terms does not lead to absurd or impractical consequences, the words employed are to be taken as the final expression of the meaning intended.

In other words, if there is a clear statement in the language of the bill, it is to be taken as the intent of Congress, unless that construction would lead to an absurd or impractical consequence.

So, if a court were called upon to interpret the bill, it might say, "When '9' was used, Section '3' was intended." The court would conclude that Congress did not intend to do a nullity.

But we do not know whether that interpretation would be made.

I have raised the question of whether the Senate can interpret the intent of the House. It may be said that the Senator from Oklahoma [Mr. KERR] and other Senators are not trying to do so—that they are interpreting the intent of the Senate. But a curious situation arises in this connection. The majority members of the committee voted against saying that section 5 actually referred to section 3, and supported the section 5 as it appears in the bill—referring to the nonexistent section 9. All of this illustrates that it is wise to properly correct the bill.

Mr. President, I agree with what the Senator from Iowa said, namely, that what individual Members—except the managers of the bill—say about this matter has no importance at all, insofar as interpretation is concerned. The committee report and the statements made by the manager on the floor are the sources of evidence which a court would take into consideration. What other Members may say about the intent of the bill has no value at all, except as it draws explanatory statements from

Members in charge of the bill. What I say now has no legal value from the standpoint of interpretation. I can only point out to Members that we may be doing something which is improper, and which could work against the effectiveness of the bill, unless we correct in the proper way the known error in the bill.

Mr. RANDOLPH. Mr. President, will the able Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. RANDOLPH. On Friday evening the Senator from Kentucky stated his position, and he has reiterated it today. It was my understanding then, as it is now, that he believes that the inadvertent and/or technical error in numbering does not affect the substance of the House version of the bill. Is that correct?

Mr. COOPER. I say it is possible, and I will go further and say that I think it probable, if a court were required to interpret the bill, that in view of the history of the bill, it would find that it was the intent of the managers of the bill, and the House, to refer to section 3, rather than section 9. Such a conclusion is supported from the debate, and statements of Representatives BLATNIK and AUCHINCLOSS after the bill had been passed, after the mistake was discovered. That would be my judgment. On the other hand, I say there is a doubt about it which the Senate should take into account, and which places on the Senate the duty to correct the error.

Mr. RANDOLPH. May I inquire further?

Mr. COOPER. Yes.

Mr. RANDOLPH. Is it not true that the Senate's desire to agree to the House version of the public works acceleration bill is now indicated by the fact that the House bill calls for a 1-year action program, while the Senate bill called for an action program plus a standby program? And is it not true that the House bill calls for 75 percent of Federal participation in certain hardship or distress cases, the Senate bill called for 90 percent and that it is our desire to accept the House measure? These two basic differences have been resolved by the action of the Senate committee in recommending to this body that we agree to the House bill; is not that correct?

Mr. COOPER. The Senate Committee on Public Works voted to report the House substitute to the Senate with the recommendation that it pass. As the Senator knows, I offered an amendment in the committee to correct the error which was apparent in the House bill, and my amendment was defeated, being opposed by the majority Members.

Mr. RANDOLPH. Then, the Senator is saying to the Senate that there is no attempt on the part of the Senator from Kentucky to delay the passage of this legislation?

Mr. COOPER. No; I said that on Friday. Of course, I said then, and correctly, that if my amendment should be adopted, it would have the effect of sending the bill back to the House for action, or to conference. As was said so plainly by the majority whip [Mr. HUMPHREY] on Friday, that is what the majority does not want to do, because, as they have said, very clearly, they are afraid if that should happen the bill might not be acted upon by the House or in conference, and the bill might be lost.

I said that my action could be interpreted by some as a desire on my part to delay or defeat the bill because, if my amendment were adopted, the bill would go back to the House or to conference. But I pointed out that I support the bill. I voted for the bill when it was previously before the Senate. I shall vote for it when it comes up for final vote. Nevertheless, I have offered the amendment for the reasons I have stated, because I believe it is the proper course for the Senate to take—not only with respect to this bill but with respect to all legislation when the Senate knows that errors exist.

Some doubt whether the error in the bill can be interpreted and corrected by legislative history. I pointed out that, according to the rules of the courts, interpretations can come only from a committee report—and we have no committee report—or from the Senator in charge of the bill. The Senator from Oklahoma [Mr. KERR] has made his statements for the purpose of correction and showing that when the numeral "9" was used, it meant the numeral "3."

I think it was inconsistent that the Committee on Public Works did not make the correction.

I doubt if the Senate can interpret what the House meant.

So there is some danger, even if slight, that we might pass a nullity, and later, if it were questioned, a court might say, "This bill has no effect." It is doubtful whether a taxpayer could assert a sufficient interest to bring an action in court.

But if this bill were passed, the Committees on Appropriations would have to provide funds for it, and the Committees on Appropriations might raise questions.

Also, the General Accounting Office might raise a question. It could raise a question about the lawful use of the funds. I know the opinions of the General Accounting Office are advisory but I do notice in a recent report on the functions of the General Accounting Office, Senate Document No. 96, May 29, 1962, at page 5, the following statement as one of its functions:

> Rendering decisions at the request of heads of departments and agencies and disbursing and certifying officers on the legality of proposed payments or transactions, which decisions are binding on the executive branch.

Perhaps this statement is a little extensive. Such a question would perhaps go to court for decision.

If the bill is passed and the President signs it, the agencies will undoubtedly do his will, and the question may never be raised about its legal interpretation. But these possible complications—and I admit they are complications that may never arise—point up the importance of the Senate acting properly, and correcting the error.

I come to my final point: Is it a wise precedent for the Senate to pass a bill knowing that there is an error in it? I am sure that many times bills are passed with errors in them, but without knowledge of the errors. They can be corrected by concurrent resolution. But I think it a bad precedent for either House to pass a bill with knowledge of errors which could affect the operation of the bill. The House found an error in the bill, but only after passage, and then Representative BLATNIK tried to secure its correction in a proper legislative manner. The usual practice is for either body of Congress to correct an error when the bill is before it, or, after the bill is passed, by concurrent resolution.

It may be said that in this particular instance the error is of no importance and that "we want to get this bill passed." But it is a bad precedent. It may not make any difference in this case, but when other bills are before us, will the Senate use this expedient again? Will it say, "It makes no difference—we will ignore the rules of the Senate and House and pass the bill"? By doing that, at some other time if not this time, we may pass a nullity, and with full knowledge.

I have raised these questions because I think they ought to be raised, because I think we are setting a bad precedent. I believe the injunction of the rule is to correct an error, and not to pass a bill with a known error.

Mr. RANDOLPH. Mr. President, will the Senator yield one more time?

Mr. COOPER. I yield.

Mr. RANDOLPH. There is no argument between the Senator from Kentucky and the Senator from West Virginia about the fact that the House as well as the Senate has approved a necessary program of public works acceleration. Is that true?

Mr. COOPER. The House has passed its bill, and the Senate passed its bill several weeks ago. Today we are considering the House bill.

Mr. RANDOLPH. Today we find that the Senate, on recommendation of its Public Works Committee, is ready to accept the House version of public works acceleration. Is that correct?

Mr. COOPER. I do not know until the vote. I assume, if that is the intention of the majority, that will be the decision. I intend to vote for the bill even if my amendment is defeated. I know that the Senator is one of the sponsors of the bill and has worked diligently and devotedly for its passage—desiring to help the unemployed of his own State, West Virginia, and in the Nation.

Mr. RANDOLPH. Mr. President, as a practical matter, the Senator from Kentucky knows that the higher education bill is now in conference. The Senate passed one version, and the House another. The conference is stymied and will, in all candor, not arrive at a method for adjusting the various ideas in the two versions. But in the case of public works the desire on the part of the Senate Public Works Committee is to eliminate a conference, accept the House version, in the two principles I have indicated, the program of projects for immediate action and the lesser Federal contribution, in certain cases.

Does the Senator from Kentucky not agree, that this inadvertence and technical difficulty on the part of the House, with no misunderstanding as to the substance of the bill that we could proceed—that is, move the bill to the White House without further delay?

Mr. President, it is my belief that the Congress, both bodies having acted in the affirmative, are in accord that this vitally needed program should move forward.

The Senator from Pennsylvania [Mr. CLARK] has worked diligently on this subject. I joined with him in sponsoring the basic bill for public works. Members of the Senate Public Works Committee, chaired by Senator CHAVEZ and in the pending measure, led in floor managership by Senator KERR, are convinced that action now will aid to alleviate unemployment and strengthen the economic base of the Nation. A majority of our committee, and a majority of both branches of the national legislative forum on rollcalls, have stamped approval on such an effort as we contemplate in the interest of employment and merited public construction.

Mr. COOPER. I have made my argument, and I desire to close.

I am aware that the majority wants the bill to be passed without further amendment so that it will not be necessary to send it back to the House or to go to conference.

I can understand why those who feel very strongly about the bill—as does my friend from West Virginia [Mr. RANDOLPH]—should take that position. I am in the peculiar position of being one who voted for the bill and yet saying we should not pass the bill without correcting the error. I do it on the grounds I have stated. This is not purely a technical matter. It is only technical in the sense that there was an inadvertent mistake.

Mr. PASTORE. Mr. President, will the Senator yield to me?

Mr. COOPER. I will yield in a moment.

My chief point is that this would be a precedent. If, each time the majority wants to take action it ignores the rules, then we will have created a bad precedent for the future. In this case it might not be very important. But in the future bills might come before the Senate respecting which the majority, whether Democrat or Republican, with all its powers, might say, "We will bypass the rules and prevent the bill from going to the House again, and thereby have our way."

I do not think it is right in this case, or for the future.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. I agree with nearly everything the Senator from Kentucky has said. The Senator knows that many times I have been on his side.

Mr. COOPER. Yes, many times.

Mr. PASTORE. I know how meticulous the Senator is as to legislation and how learned he is in the law. I think he has raised a very valid point.

If the Senator from Rhode Island has one fault, it is a frankness in speaking on issues. He is not prone to be ambiguous, cagey, or even diplomatic, at times.

Mr. COOPER. I recognize and admire the Senator's frankness.

Mr. PASTORE. I feel this goes beyond what the committee under other circumstances would like to do. I think we must decide today whether we will accept a slight imperfection, with all of its consequences—which I do not think would be very serious—or whether we shall have no bill at all. To be frank about it, that is the question which confronts us.

If the bill has to go back to the House or has to go to conference, we will be sending it to its coffin. That is about the size of the problem.

That is the reason why the Senator from Rhode Island is willing to stomach this little imperfection today, and he hopes that it will not become a precedent.

I subscribe to everything the Senator from Kentucky has said. It would be a wonderful thing to correct the imperfection, if that could have been done in the House as the House leadership desired. But on a single objection it was not allowed to be corrected in the House. If we correct it in the Senate, the bill will have to go back to the House or have to go to conference, and it will go to its grave.

I think the bill is too immediately important for that, because many States are suffering from severe unemployment. This is a most important bill. We have long since argued its merits in the Senate, and we have already approved it.

I agree with the Senator from Kentucky. I think meticulously and technically he makes a valid point. He has everything in his favor. He is not hostile to the measure because he voted for the bill, when many other Senators did not. I voted then as he did. 'It is important here and now to take action. I would hope that the bill could be passed in the Senate in such a way as to send it to the President directly, because at this late stage, I fear that if we do not do that we will not have a bill at all. We would be denying help to distressed areas—to unemployed human beings for whom this bill holds out material, practical hope in the fastest fashion.

Mr. KERR. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KERR. Does the Senator want to correct the bill or defeat the bill?

Mr. COOPER. I have stated my position. I support the bill—and supporting it, want it to be correct. I know the Senator will give me full faith and credit.

Mr. KERR. I do. I was not present when the Senator stated his position.

Mr. COOPER. I said on Friday that I could understand very well that my amendment might be interpreted by some as being a desire to send the bill back to conference or to the House and delayed. I know it could be interpreted in that way if someone outside the Senate desired to do so—but I do not believe it will be interpreted that way in the Senate. I have advocated a reasonable public works bill for several years. We did not agree on the exact terms when the bill was before the committee. I offered amendments, as the Senator knows, but I voted for the bill. I intend to vote for this bill.

I have raised this question because I thought it was my duty to do so, and because I think that if we do not correct the error it will be a bad precedent.

The majority has great power. If it can say this in a particular case, because there is a difficult situation in the House which might result in trouble, then—not particularly with respect to this bill, but with respect to some other bill—it can say, "We will ignore the rules." I can visualize a situation in which some majority in the future—whether Democratic or Republican—could impose its will.

Mr. KERR. If the amendment, if adopted, would defeat the bill, or would be likely to defeat the bill, would the Senator still want to have it adopted?

Mr. COOPER. The Senator has asked me a question difficult to answer. I offered the amendment for the reasons I have stated. I do not want to see the bill defeated.

If I were a member of the majority—and there is a great majority—I would have greater confidence. I assume the majority can defeat the amendment I have offered, and will pass the bill. If my amendment should be adopted, and if the bill should go to the House, I would say, if I were a member of the majority, considering the size of the majority, I would have more confidence in my majority than my distinguished friend and his colleagues on the other side seem to have. I am showing more confidence in the majority being able to pass the bill in the House, with my simple amendment which does not change the substance of the bill, than are many majority Senators, as indicated by their arguments.

I have offered my amendment in good faith. It was offered for the same purpose that Representative BLATNIK offered his motion in the House. The purpose is to try to correct a known error and avoid an unfortunate precedent. I have offered it also because I think there is always the possibility—I do not think too much of a possibility in this case—that if we should pass the bill, and if this difficulty were not cleared up, it might be questioned.

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. COOPER. I yield.

Mr. KERR. If it should be determined there were a question about the matter, the Senator is aware of the fact that we could attach an amendment to the omnibus bill which will come before us in a few days.

Mr. COOPER. I think it could be so amended.

Mr. KERR. Does the Senator remember that, 3 or 4 years ago the TVA financing bill was passed?

Mr. COOPER. Yes. The Senator and I were working closely together on that measure.

**Mr. KERR.** I was working with the Senator for the benefit of his area, not mine.

**Mr. COOPER.** I understand that and am grateful. I doubt that the TVA bill would have passed without his leadership.

**Mr. KERR.** Does the Senator remember that at that time the President of the United States said, when the bill came to him, that he was going to have to veto it because of one clause which had to do with executive power?

**Mr. COOPER.** I remember it very well.

**Mr. KERR.** Does the Senator remember how that difficulty was resolved?

**Mr. COOPER.** I believe it was resolved by an amendment to the same bill.

**Mr. KERR.** If the Senator will permit me, I will refresh his memory. The Senator from Oklahoma, in conjunction with the Senator from Kentucky and the Senator from South Dakota, the late great Francis Case, who was with us then, discussed the question with a Presidential assistant, Mr. Merriam, and another Presidential assistant, Mr. Harlow.

We obtained assurances from the leadership in the Senate and from the leadership in the House so that the President would sign the bill, although it had a clause which was basically objectionable to him, when otherwise he would not have been willing to sign the bill.

As a result of the cooperative effort by the Senator from Oklahoma, along with the Senator from Kentucky and others, with the leadership in the House and the Public Works Committee in the House, and the leadership in the Senate and the Public Works Committee in the Senate, a joint resolution or a concurrent resolution—I have forgotten which—the President was assured, would immediately be passed to correct the language. Then President Eisenhower went ahead and signed the bill, and within 24 hours, the Congress passed the concurrent resolution making the law the way he wanted it.

**Mr. COOPER.** I remember the circumstances very well. In fact, I remember that the late Representative from Tennessee, Mr. Reece, and Representative Baker from Tennessee, and I went to the White House and talked with President Eisenhower. We urged him, as did our leadership, both Democratic and Republican, to sign the bill upon the assurance that later the concurrent resolution would be passed. He did sign the bill.

**Mr. KERR.** Does the Senator not believe there was a much more substantial correction involved as to that legislation than would be involved in this instance?

**Mr. COOPER.** Absolutely. It was vital to the TVA self-financing bill. I think that case was a little different. There was no objection on either side to the proposed legislation.

**Mr. KERR.** The Senator is aware of the fact that the leadership on his side did not object to the request of Representative Blatnik.

**Mr. COOPER.** Objection was made.

**Mr. KERR.** Not by the leadership on the Senator's side

**Mr. COOPER.** The Senator is correct. Objection was made by Representative Gross of the minority. The problem was transferred to the Senate. If it should become necessary to agree to a concurrent resolution, the majority would have the same problem we are facing today.

**Mr. KERR.** If necessary, the Senator from Kentucky and the Senator from Oklahoma, working together, might be able to obtain adoption of a little amendment to the omnibus bill.

**Mr. COOPER.** The concurrent resolution would have to be agreed to by the House. There might be some objection there.

**Mr. KERR.** I am not indicating that the correction should be made by way of concurrent resolution. If the bill were found to be faulty and an amendment were required, I merely ask the Senator if he and I working together with the other members of the Committee on Public Works on the omnibus bill would not have a very good prospect of having such an amendment agreed to.

**Mr. COOPER.** I think we could have it adopted in the Senate. I do not know about the House. The Senator is a most persuasive man.

**Mr. KERR.** I have only one more question to ask my friend from Kentucky. He knows that Kentucky would probably be one of the States that would benefit the most from the bill.

**Mr. COOPER.** I know that. I am very aware of it. Several years ago, when President Eisenhower was President, I proposed several times to our leadership and to the President that a moderate public works program be developed for distressed areas. I have supported such a proposal again and again. One of the reasons for my support arises from conditions in my State, particularly the eastern section of Kentucky, in which I live, and which I know intimately. I am fully aware of its problems. I support the bill because I believe there is a hard core of unemployed in my State and in many other States. I do not want them to go unhelped. I support the bill.

**Mr. KERR.** The Senator is aware of the fact that Kentucky would benefit much more from the bill than would the home State of the Senator from Oklahoma.

**Mr. COOPER.** I understand that. I know the great good will of the Senator from Oklahoma toward my State and other States. I know that such feeling is genuine on his part. I know that my amendment may appear to be technical. I am not what might be called a nit picker. Senators know that. But I have raised the question for reasons which are more substantial.

Since our dear friend, Senator Case, of South Dakota is dead and I am now in the position once occupied by him, I have the responsibility to raise substantial questions which have been raised by other minority members. If I did not do so, I do not think they would have much faith in me. They must trust me to look after their interests in the Public Works Committee.

If I did not think the point had any substantial import, and yet Senators on my side wished to raise a question, in such a case I would leave it to another Senator. But in this case I believe that under the rules of the Senate, it is an error which should be corrected.

I do not claim to be one of the great rulemakers of the Senate. But I can see we might get into a situation where, because of expediency, the Senate might begin to ignore its rules. To do so would be bad and would give power to any current majority which is not good.

**Mr. KERR.** Mr. President, will the Senator yield?

**Mr. COOPER.** I yield.

**Mr. KERR.** Which rules of the Senate does the Senator think are involved?

**Mr. COOPER.** I think my proposition is inherent in the rules. In practice, errors have been corrected by action of either body before the bill has been passed. But if the bill has been passed and a mistake is discovered, under the precedents the mistake has been corrected by a concurrent resolution.

I call the Senator's attention to rule XIV, paragraph 5, which relates to the enrollment of bills. The Secretary of the Senate is required to examine all bills which have been passed by both Houses to see that they are correctly enrolled. I should like to make clear that I do not think the Secretary could change a bill. He would have to enroll it as passed, even with an error, if it should contain one.

But the rule with respect to the enrollment of bills indicates that it is the desire of the Senate to pass correct bills. If there were no rules, commonsense would tell us that we should do so.

**Mr. KERR.** Does the Senator think that the most the Senate can do with reference to this error, in the absence of changing it by an amendment, is to make a legislative history setting forth what it really should be?

**Mr. COOPER.** I have discussed that point. Legislative history comes into play in discovering the purpose intended, when a mistake in a bill which has been passed is discovered. A court may look to the legislative history. I think it is straining the point to make legislative history to explain an error which the body itself will not correct. I believe that is rather unusual.

**Mr. KERR.** If the body feels that the error is purely technical and inconsequential, and one which is impossible of any other interpretation than that given by the legislative history, does the Senator think we would still be straining at a point to do it in that way? There is no section 9 in the bill.

**Mr. COOPER.** I understand. I have discussed that point. I have pointed out that even though there were no explanation of the point at all, if it were ever examined by a court, the court would probably look at the whole record and say that the House did not intend to pass a nullity and would give the law effect.

**Mr. KERR.** That is correct.

**Mr. COOPER.** I have said, however, that I doubt that a Senator can explain what the intent of the House would be. I doubt that there are many cases in which either body knowingly voted out a bill with errors in it. It is entirely different from voting bills containing inadvertent errors.

And, I think it is a bad precedent if a majority can determine, when it desires, to work its will against the rules or against the spirit of the rules to secure the passage of a bill. I do not think that is good.

I doubt that the Senator, with his great knowledge of legislation and our governmental system, believes it was intended in our system of government, in which protections are given to the minority, that a majority should bypass customary procedures when it desires to impose its will upon the minority. I happen to be for the bill. But in my judgment, to bypass the customary procedure would not be a good thing and would establish a bad precedent.

**Mr. KERR.** Mr. President, I thank the Senator for his forbearance, patience, and kindness to the Senator from Oklahoma in regard to the matter of the majority imposing its will on the minority. He is in as good a position as any Senator to know that the Senator from Oklahoma, through all the years he has been a member of the Public Works Committee, has sought and secured with the minority on that committee accommodations on legislation, so far as I know, on every bill that has ever passed out of that committee with the exception of the public works bill reported from the committee earlier this year. I believe the Senator will verify the statement that for more than 13 years the distinguished late Senator Case of South Dakota, who sat as the ranking minority member of that committee—the position now occupied by the distinguished Senator from Kentucky—and the Senator from Oklahoma worked together on that committee, and, without exception, until the one bill this year, resolved their differences, not on a partisan basis, but in a manner that was acceptable both to the Senator from South Dakota and the Republican minority, when they were in the minority, and the Senator from Oklahoma and the Democratic majority, when they were in the majority.

The Senator from Oklahoma feels that if there ever was an example of bipartisan cooperation, and if there ever was a complete absence of the majority being in the posture of merely passing a bill the way it wanted to pass it, in spite of the way the minority felt about it, that is the situation which has prevailed in the Public Works Committee.

**Mr. COOPER.** I agree with the Senator. My experience on the committee confirms what the Senator has said. When I referred to the majority imposing its will on the minority, I was not talking about the Senator from Oklahoma or in a personal sense at all. I have found him always fair and considerate of all of us who are members of the committee and in every other way. I was not placing emphasis on this particular case, or on a Democratic majority. I was referring to creating a precedent which could lead to that kind of situation in the future. I assure the Senator that I have no personal reference to him. I believe he knows that, for we have worked together on many issues.

**Mr. KERR.** I have one more question, if the Senator will yield.

**Mr. COOPER.** I yield.

**Mr. KERR.** I am sure it is not true, but I would like to have the Senator's comment on whether in this case, the minority, armed with a technicality, is seeking to impose its will on the majority.

**Mr. COOPER.** That is not my purpose. That is always possible, except that in this case I believe we are probably armed with the rules.

**Mr. KERR.** I see. I thank the Senator very much.

The **ACTING PRESIDENT** pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky.

**Mr. MILLER.** Mr. President, I rise in support of the amendment. I have a few comments to make on what the distinguished Senator from Kentucky has stated.

I note that the opponents refer to the error as being a slight imperfection, technical in nature. I suggest that that might be so in their opinion, but a court of law might look upon it in an entirely different light. I might also add that this involves a very deep and significant problem, far from a slight imperfection. The problem we have is not slight by any means. The reason is that this issue goes to the very heart of the separation of powers between the legislative and judicial branches of the Government. If we reject the amendment, we are, in effect, saying to the separate and independent judicial branch of the Government, "You will legislate for us. We have made an error. We have made it deliberately and knowingly and in violation of what we interpret to be the best traditions of this great legislative body."

"Now, because we have made an error and have deliberately made it, but because, incidentally, we have indicated that we do not think the error is very important, you will interpret it the way we like to have you interpret it, and we will leave it up to the court to fill in the gap."

I can very well understand a court of law saying:

"We will not be told by the legislative branch of the Government what to do. We will be only too happy to cooperate with the legislative branch of the Government in the case of an inadvertence or an oversight. However, we do not want you to come to the judicial branch of the Government with a deliberate error and ask us to legislate for you."

There is another point that I believe should be mentioned. I cannot understand the suggestions being made that the adoption of the amendment might represent the will of the minority overcoming the will of the majority. I cannot understand the concern about adding the amendment to the bill, and then having the bill committed to a coffin, to use the phrase of the distinguished Senator from Rhode Island. I suggest that if that is the attitude to be taken, perhaps that is one more reason why the court should interpret the legislative intent on the House side to be opposed to the bill. As I said last Friday, the court could well conclude, if this bill could not be passed on the second consideration in the House, that some of the Members who voted for it in the first instance, knowing of the imperfection, expected it to die in that fashion.

Now that the imperfection has come to light, the court could conclude that the House would be in the position where it would almost have to vote against it the second time.

If the bill has merit, it will not be difficult to pass it the second time in the House. I cannot understand all the concern about the amendment. What we ought to do is live up to our legislative responsibility. That is a part of the tradition of this body. To pass the bill with an unwillingness to correct an imperfection, with the opportunity to make that correction, violates the tradition of this body, of which I am privileged to be a Member.

The **ACTING PRESIDENT** pro tempore. The question is on agreeing to the amendment of the Senator from Kentucky.

**Mr. COOPER.** I suggest the absence of a quorum.

The **ACTING PRESIDENT** pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

**Mr. COOPER.** Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

The **ACTING PRESIDENT** pro tempore. The question is on agreeing to the amendment of the Senator from Kentucky [Mr. Cooper] for himself and the Senator from Iowa [Mr. Miller] to the House amendments to the bill, S. 2965. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

**Mr. HUMPHREY.** I announce that the Senator from Alaska [Mr. Bartlett], the Senator from North Dakota [Mr. Burdick], the Senator from Nevada [Mr. Cannon], the Senator from Connecticut [Mr. Dodd], the Senator from Arkansas [Mr. Fulbright], the Senator from Tennessee [Mr. Gore], the Senator from Indiana [Mr. Hartke], the Senator from Arizona [Mr. Hayden], the Senator from Alabama [Mr. Hill], the Senator from Montana [Mr. Metcalf], the Senator from Oklahoma [Mr. Monroney], the Senator from Oregon [Mrs. Neuberger], the Senator from Florida [Mr. Smathers], and the Senator from Massachusetts [Mr. Smith] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], the Senator from Alaska [Mr. Gruen-

ING], the Senator from Wyoming [Mr. Hickey], the Senator from Missouri [Mr. Long], and the Senator from Missouri [Mr. Symington] are necessarily absent.

On this vote, the Senator from Alaska [Mr. Bartlett] is paired with the Senator from South Dakota [Mr. Bottum]. If present and voting, the Senator from Alaska would vote "nay" and the Senator from South Dakota would vote "yea."

On this vote, the Senator from Nevada [Mr. Cannon] is paired with the Senator from New Hampshire [Mr. Cotton]. If present and voting, the Senator from Nevada would vote "nay" and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Colorado [Mr. Carroll] is paired with the Senator from Hawaii [Mr. Fong]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Hawaii would vote "yea."

On this vote, the Senator from Connecticut [Mr. Dodd] is paired with the Senator from Kentucky [Mr. Morton]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Kentucky would vote "yea."

I further announce that, if present and voting, the Senator from Indiana [Mr. Hartke], the Senator from Arizona [Mr. Hayden], the Senator from Wyoming [Mr. Hickey], the Senator from Alabama [Mr. Hill], the Senator from Missouri [Mr. Long], the Senator from Montana [Mr. Metcalf], the Senator from Oklahoma [Mr. Monroney], the Senator from Oregon [Mrs. Neuberger], the Senator from Florida [Mr. Smathers], the Senator from Massachusetts [Mr. Smith], and the Senator from Missouri [Mr. Symington] would each vote "nay."

On this vote, the Senator from Tennessee [Mr. Gore] is paired with the Senator from New Hampshire [Mr. Murphy]. If present and voting, the Senator from Tennessee would vote "nay" and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Alaska [Mr. Gruening] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from North Dakota [Mr. Burdick] is paired with the Senator from Indiana [Mr. Capehart]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Indiana would vote "yea."

On this vote, the Senator from New Mexico [Mr. Anderson] is paired with the Senator from Utah [Mr. Bennett]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Utah would vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. Aiken] is absent on official business.

The Senator from Utah [Mr. Bennett], the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Illinois [Mr. Dirksen], the Senator from Hawaii [Mr. Fong], the Senator from New York [Mr. Javits], the Senator from Kentucky [Mr. Morton], and the Senator from Kansas [Mr. Pearson] are necessarily absent. If present and voting, the Senator from Vermont [Mr. Aiken] would vote "yea."

On this vote, the Senator from Utah [Mr. Bennett] is paired with the Senator from New Mexico [Mr. Anderson]. If present and voting, the Senator from Utah would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from South Dakota [Mr. Bottum] is paired with the Senator from Alaska [Mr. Bartlett]. If present and voting, the Senator from South Dakota would vote "yea" and the Senator from Alaska would vote "nay."

On this vote, the Senator from Indiana [Mr. Capehart] is paired with the Senator from North Dakota [Mr. Burdick]. If present and voting, the Senator from Indiana would vote "yea" and the Senator from North Dakota would vote "nay."

On this vote, the Senator from New Hampshire [Mr. Cotton] is paired with the Senator from Nevada [Mr. Cannon]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Nevada would vote "nay."

On this vote, the Senator from Hawaii [Mr. Fong] is paired with the Senator from Colorado [Mr. Carroll]. If present and voting, the Senator from Hawaii would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from Kentucky [Mr. Morton] is paired with the Senator from Connecticut [Mr. Dodd]. If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Connecticut would vote "nay."

On this vote, the Senator from New Hampshire [Mr. Murphy] is paired with the Senator from Tennessee [Mr. Gore]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Tennessee would vote "nay."

On this vote, the Senator from Kansas [Mr. Pearson] is paired with the Senator from Alaska [Mr. Gruening]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Alaska would vote "nay."

The result was announced—yeas 30, nays 38, as follows:

[No. 249 Leg.]

YEAS—30

Allott
Beall
Boggs
Bush
Butler
Byrd, Va.
Carlson
Case
Cooper
Curtis
Goldwater
Hickenlooper
Hruska
Jordan, Idaho
Keating
Kuchel
Lausche
McClellan
Miller
Mundt
Prouty
Proxmire
Robertson
Saltonstall
Smith, Maine
Thurmond
Tower
Wiley
Williams, Del.
Young, N. Dak.

NAYS—38

Bible
Byrd, W. Va.
Chavez
Clark
Douglas
Eastland
Ellender
Engle
Ervin
Hart
Holland
Humphrey
Jackson
Johnston
Jordan, N.C.
Kefauver
Kerr
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McGee
McNamara
Morse
Moss
Muskie
Pastore
Pell
Randolph
Russell
Scott
Sparkman
Stennis
Talmadge
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—32

Aiken
Anderson
Bartlett
Bennett
Bottum
Burdick
Cannon
Capehart
Carroll
Church
Cotton
Dirksen
Dodd
Fong
Fulbright
Gore
Gruening
Hartke
Hayden
Hickey
Hill
Javits
Long, Mo.
Metcalf
Monroney
Morton
Murphy
Neuberger
Pearson
Smathers
Smith, Mass.
Symington

So the amendment of Mr. Cooper (for himself and Mr. Miller) was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk which I call up and ask to be read.

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Iowa will be stated.

The Legislative Clerk. It is proposed at the end of the bill to add the following new section:

Sec. 7. This Act shall take effect November 15, 1962.

Mr. MILLER. Mr. President, the purpose of my amendment is to require that action under this legislation not take place until after the fall elections. That is why the date of November 15 is specified.

The Senate is aware of the fact that during the House consideration of this measure some rather serious indictments were made by certain members of my party regarding the action which might be undertaken under the bill. The phrase "political slush fund" was used, for example.

The Senator from Iowa does not use that indictment and is not indicting anyone. The point to be made is that this is a very important bill in the minds of many people. It is a very expensive bill, and I do not believe it ought to be passed with any stigma or any atmosphere of party politics attached to it.

It will be passed in the Senate with some bipartisan support. The able Senator from Kentucky [Mr. Cooper] has previously indicated that he intends to support the bill, as he has in the past. When there is bipartisan support of a measure such as this, I think it is asking little enough to make absolutely certain that it does not interfere with or become an issue in the elections this fall.

I have in my hand a copy of the September 11, 1962, issue of the Washington World, and in it is an article entitled "Proof Grows of President's Power Policies." One of the incidents cited in the article is that of a Republican Member of the House Publics Works Committee who was told by an agency official that it would be unfortunate if he opposed the public works bill—now before us—in committee because then projects planned in his district would be canceled.

There is no authority cited for that statement. The name of the Representative concerned is not given. At most, it could be classified as hearsay. But all of us have heard of some undercurrent of pressure which exists, and which should not exist.

I ask unanimous consent that the article to which I have referred from the Washington World be printed in the Record at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Proof Grows of President's Power Policies

In Washington, there is increasing talk and a growing cause for alarm over this New Frontier power policy: If they don't agree with us, blackjack them into submission.

Much of the concern over the Kennedy administration's pressure politics has remained hidden, but some has bubbled to the surface. The power of the Presidency has been felt in the press, the public, the business community and, particularly, in the Congress.

Says Representative Bruce Alger, Republican, of Texas: "This Congress must remind President Kennedy that he is an elected head of the state, not a ruler by divine right nor one maintained by armed force."

Says Representative Steve Derounian, Republican, of New York: "He was inaugurated President and not coronated king."

Senator Robert S. Kerr, Democrat, of Oklahoma, incensed by the New Frontier's "influence by pressure" policy, told the Senate recently that he honored the President, but he honored the wishes of the people of Oklahoma even more.

Just what is this all about? Who's being pressured? How are they being pressured? Why are they being pressured?

The world has probed into the situation, sifting fact from gossip. Some of the information is from material compiled by the obviously concerned House Republican policy committee, but much of it is from Democrats, who also are repulsed by the idea of being bludgeoned into legislative submission.

Characteristic of the pressure is the fact that many Congressmen involved, although angry, still asked that their names be withheld for fear of provoking further reprisals.

Here is the eye-opening story:

### HIS "BLACKJACK" EXTENDS TO CONGRESS AND VOTERS

President Kennedy in 1960 took to the American people a racy, wide-ranging legislative program. He promised action, if elected President.

Since assuming the Presidency, Jack Kennedy has had a tough time trying to get action in the Congress. He has had to marshal all the forces at his command to acquire support for his programs.

This has not been easy, nor has the effort been limited to Washington, D.C.

Couples applying for marriage licenses in heavily Democratic Chicago have been asked to sign petitions favoring the administration's medical care proposal.

Postmasters in Mississippi recommended by Congressman John Bell Williams, Democrat, of Mississippi, couldn't get their nominations—because of some of Williams' votes opposing New Frontier programs.

Defense contractors in Michigan jumped on the phone to call their Congressmen in response to calls from the Department of Defense threatening cancellation of contracts unless a pet Kennedy project received House approval.

A St. Petersburg, Fla., newspaper reported that Democratic Congressmen in that State had been threatened with a loss of contracts, patronage, and even public works projects unless their voting records "improved" to the Kennedy administration's satisfaction.

One bitter Congressman describes the blackjack schemes as nothing more than "pressure, purchase, and promises."

The Democratic leadership was having difficulty in rounding up votes for the minimum wage bill. It was decided to dangle some bait: special standards for wreathmakers, processors of "shadegrown tobacco," workers employed as cotton ginners, radio station employees in cities of less than 100,000—all designed to attract individual votes. Even so, a Republican substitute won out.

Sometimes the pressure gets down to almost bare-knuckle tactics.

A Republican member of the House Public Works Committee was told by an agency official that it would be unfortunate if he opposed the standby public works bill in committee because then projects planned in his district would be canceled.

A prominent House committee chairman, admittedly cool to many New Frontier proposals, has become more friendly to the administration—after a series of discussions with the Attorney General about efforts to merge some of his business interests.

A day before the final vote on the House farm bill was scheduled, the administration sent out the big guns, dangling patronage and other plums. Postmaster General Day and Secretary of Agriculture Freeman made the speaker's lobby a miniature White House for consultation with members reported on the fence.

### MINORITY VIEWS ON FARM BILL PRESSURE

Minority members found so much pressure exerted on the administration's farm bill that they prefaced their views in the committee report:

"The administration has finally forced its bill (H.R. 11222) out of the Committee on Agriculture only by the repeated application of intense political pressure, the like of which we have never witnessed in the past.

"In spite of this pressure, the bill just barely cleared the committee (which is controlled by a margin of 21 to 14 by the majority) by a vote of 18 to 17 with one proponent publicly stating that he would oppose the bill on the floor of the House. And this action came only after three desperate attempts to report the bill on April 13, May 2, and May 7, 1962."

At one time, when it appeared the farm bill would never get out of committee, a Democratic committee member received a phone call from President Kennedy.

An inside-the-committee source reports that the Congressman was told that, unless he voted to report the bill, he would be defeated by whatever means possible in his upcoming Alabama primary election.

The administration was pinning its prestige on the farm vote and a count of noses disclosed that the vote would be close. Things got rough:

A Democratic Member from the Southwest, who sought to vote in the well of the House, was almost forcibly removed from the front of the Chamber until the leadership got the idea he would support the administration. (Once he was given the opportunity to vote, he instead supported the Republican recommittal motion.)

Representative Otis Pike, Democrat, of New York, issued a news release the day of the voting in which he called Democratic pressures on him "arm twisting" of the worst sort. He said the Post Office Department, which had several new branches pending in his district, sent a representative to discuss the farm bill in relation to construction of the mail facilities.

Pressure on the Democratic majority Members became so great that even an amendment providing that the total number of employees in the Department of Agriculture shall at no time exceed the number of farmers in America, was defeated 230 to 171.

Mr. MILLER. Mr. President, I would not be inclined to put my amendment to a vote if we could have the assurance, which I think we should have, that the administration of this piece of legislation, if it becomes law, will be carried out impartially, without favor or pressure, regardless of the party in control of a certain congressional district, regardless of the votes or attitude of the Member of Congress from that particular district or State, so that it can be said that this is a piece of legislation passed by the Congress with bipartisan support which will be administered in the same spirit in which it was passed.

I would appreciate the comment of the Senator from Oklahoma, as Senator in charge of the bill, with respect to this policy. I have nothing more to add at this time.

Mr. KERR. Mr. President, I want to say to my good friend from Iowa that I have searched this bill, and I have not discovered anything in it that would be helpful to the Senator from Oklahoma. If it would help, I would happily give the assurance the Senator has asked for. As far as the Senator from Oklahoma is concerned, it will be his purpose and he will do everything in his power to bring about the situation the Senator from Iowa has indicated should be the case.

I am sure he is aware of the fact that anything the Senator from Oklahoma might say would not be binding on the President of the United States. It is not binding even on the Senate. But the Senator from Iowa has expressed the hope and the belief of the Senator from Oklahoma. Certainly, it is the purpose of every Senator that I know of in favor of this bill that its benefits shall be as widespread as it is possible to make them with the amount to be appropriated, and that such benefits be made available in the form of jobs and improvements in the areas that need them, whether they are represented in the Congress of the United States by Democrats or Republicans. It would be very difficult to find many areas in the United States that did not have some relationship, not only to Republican or Democratic representation, but to Republican representation.

The Senator from Iowa knows that on the Public Works Committee projects offered there not only by the Republican members of the committee, but also by Republican Members of the Senate, are treated with the same consideration and the same favorable attention, and adopted just as easily, as are the projects sought by the Democratic Members.

I cannot look in any direction on the other side of the aisle without looking into the faces of Senators—including the face of the Senator from Iowa—who can verify that statement.

So far as the Senator from Oklahoma is concerned, it will be his hope and wish—and to the extent that his recommendation would have any effectiveness, the recommendation to make it so—that the bill be administered on a basis which is above partisan politics, because it deals with distressed human beings.

I am aware of the fact, I say to the Senator in all candor, that there are more distressed Democrats than there are distressed Republicans. I am perfectly aware of that fact, but so far as

I am concerned anything I can do will be in the effort to achieve the purpose that there be no partisanship in the administration of this measure.

**Mr. MILLER.** Mr. President, I appreciate the comments by the Senator from Oklahoma. I confirm what the Senator has said regarding the attitude which has prevailed on the Public Works Committee of the Senate while I have been privileged to be a member. However, the Senator knows that the attitude in that committee does not necessarily carry over, and unfortunately probably does not carry over, to certain areas of the administration.

I recognize, and I am sure the Senator from Oklahoma recognizes, that the line between unfortunate unemployed human beings, with respect to authorized projects with about the same need factor, can be very thin. Apparently, there has been, down through the debate on this amendment, considerable concern expressed over the possibility that that line would be drawn in such a way that a representative of the Democratic Party in a particular district would find a project being advanced in his district, whereas a Republican in another district might find the same type of project, with the same human beings involved, not authorized.

I recognize that the Senator from Oklahoma cannot tell the executive branch of the Government what to do, any more than the executive branch can tell the Senator from Oklahoma what to do, but I do believe that if the intention of the Senate is expressed, as the Senator from Oklahoma has so excellently expressed it, the administrators of these projects will think a long time before they seek to vitiate the intention that has been so ably expressed.

I thank the Senator from Oklahoma for his comments.

**Mr. HRUSKA.** Mr. President, will the Senator yield?

**Mr. MILLER.** I yield to the Senator from Nebraska.

**Mr. HRUSKA.** I wonder if the Senator from Iowa recalls the disclosures and the discussion on the floor of the other body with reference to the administration of the food stamp plan. It might have been that the 25 congressional districts represented by Democratic Representatives were fully deserving of the food stamp plan and all that went with it. I have an idea they were. I have an idea that the findings by the Department of Agriculture, which administered that plan, were to the effect that the people there should have received the benefits of the food stamps.

However, it developed also in that discussion that there was only one congressional district represented by a Republican Representative which received the benefits of the food stamp plan.

That might have been coincidence. It might have been on the basis of a very fine analysis of all the economic factors which existed. But there were some people who were a little skeptical about the matter of coincidence in that particular case. Some skepticism, and even cynicism, was expressed with respect to some of the remarks made on the floor of the other body.

Has the Senator from Iowa the idea that perhaps another incident of like nature might occur?

**Mr. MILLER.** I say to the able Senator from Nebraska that the coincidence to which he referred is but one of several which have arisen within the past 18 months which give cause for concern about the impartiality of the administration on some of these projects and programs, when they affect human beings, regardless of party affiliation. I appreciate the Senator's bringing this to the attention of the Senate.

I suggest, however, that at the time the food stamp plan was debated, probably the same legislative attitude was not elicited from the Senator in charge of the bill as has been done today. If we were dealing with the food stamp plan on the floor today and the able Senator from Oklahoma were in charge of that bill and gave the same assurances in that respect as he has just now given to the Senate with respect to the pending bill, probably the abuses the Senator indicated would not have happened with respect to the food stamp plan. If they did occur, I do not think it would be very long before they were stopped. That is why I appreciate the comments and the attitude of the Senator from Oklahoma.

**Mr. HRUSKA.** I thank the Senator from Iowa.

**Mr. KERR.** Mr. President, I ask unanimous consent that the RECORD reflect it to be the sense of the Senate that this bill be administered on a basis that will be free of any partisan favoritism by any agency of the Government having responsibility under it.

The **PRESIDING OFFICER** (Mr. WILLIAMS of New Jersey in the chair). Is there objection to the request by the Senator from Oklahoma?

**Mr. CHAVEZ.** Mr. President, will the Senator yield?

**Mr. KERR.** I yield to my friend.

**Mr. CHAVEZ.** The next bill which is to come before the Senate is the highway bill, or the road bill. I know that bill is going to be administered, as to the building of highways, just as well in Republican States as it will be administered in Democratic States. Roads are going to be built everywhere.

**Mr. KERR.** Mr. President, I very much fear that the statement by the Senator from New Mexico is entirely accurate.

**Mr. HICKENLOOPER.** Mr. President, what was the Senator's request? The Senator made a unanimous consent request.

**Mr. KERR.** Will the reporter read it, please?

The Official Reporter (Julian R. Serles, Jr.) read as follows:

> Mr. KERR. Mr. President, I ask unanimous consent that the RECORD reflect it to be the sense of the Senate that this bill be administered on a basis that will be free of any partisan favoritism by any agency of the Government having responsibility under it.

**Mr. KERR.** My unanimous consent request, Mr. President, is that that be shown as a part of the legislative history on the bill.

The **PRESIDING OFFICER.** Is there objection to the request by the Senator from Oklahoma?

**Mr. HUMPHREY.** Mr. President, reserving the right to object, it seems to me that legislation has been administered in a manner which was honorable and objective, and I do not think any unanimous consent request ought to imply that there might be anything to the contrary. I know that that is the feeling of the Senator from Oklahoma, as he has expressed himself earlier.

The charges which are made about partisanship in the administration of these measures are without foundation in fact. The food stamp plan, for example, is administered in areas where there is distress. Frankly, it ought to be broadened, but it is a pilot program under authority of the Congress. It does not have broad range authority.

Members of Congress who are sharply critical of the food stamp plan and of its administration never voted for it in the first place.

I do not "buy" the argument that partisanship has been involved. To the contrary, there has been no partisanship. I think the Senator from New Mexico made it quite clear that in respect to the largest public works program we have, the road program, there has been administration on an objective, honorable, sensible basis. Any other program would be administered in the same way.

However, this program is directed in part toward those areas of the country in which there is serious unemployment. If such areas happen to have Democratic Representatives in Congress or Democratic Senators, I do not think anyone ought to say that it is partisan, and therefore the program cannot be made to work. Furthermore, I suggest it is pretty difficult to determine what areas are Democratic and what areas are Republican. Anybody who has been through an election knows that.

In my State it is pretty well divided. Yet it may shift. We have a Republican Governor. Two-thirds of our delegation are Republican representatives. How are we going to administer a program there on a partisan basis? I suppose that if we get a project in Minnesota, it will be charged that it was designed to help Republicans because we have a Republican Governor. However, we do not intend to be burdened with him too long.

**Mr. KERR.** Mr. President, will the Senator yield?

**Mr. HUMPHREY.** I yield.

**Mr. KERR.** I wonder if the Senator will withhold his partisan speech until I get unanimous consent on my bipartisan request.

**Mr. HUMPHREY.** In light of the Senator's most magnificent suggestion, I say that I was not making a partisan reference. I recall the partisan attack which has been made. I do not consider my reference partisan at all. I submit there is no evidence that there has been any partisanship in the administration of the food stamp plan or the other plans that have been offered.

There surely has been none in the Area Redevelopment Administration.

I am not going to object to the Senator's request, but I do not believe that the Senate ought to agree to a resolution providing that it is the sense of the Senate that the President should be honest. The President of the United States has done a good job.

Mr. KERR. Mr. President, I do not yield for that purpose.

The PRESIDING OFFICER. Is there objection to the request?

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HRUSKA. Does the Senator have an idea, at the conclusion of the subject, that his unanimous-consent agreement might result in a veto for the reason stated by the Senator from Minnesota?

Mr. KERR. I do not think it would result in a veto. I did not ask for the adoption of a resolution. As the Senator from Minnesota indicated, no resolution is involved. I merely asked unanimous consent that it be recorded in connection with the legislative history of the bill that it is the sense of the Senate that the law be administered without partisan favor or discrimination.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HICKENLOOPER. Reserving the right to object—and I do not intend to object—I thought a statement of the Senator from Oklahoma was very fair and fine. But I call the attention of the Senator from Oklahoma to the fact that if the unanimous-consent request to indicate the sense of the Senate does not have the force and effect of law, the very bill that we are acting upon, in connection with which the proponents are attempting to make a soliloquy or discussion on the floor of the Senate to subsitute a portion of a measure that is not even in the bill and give that the force and effect of law would fall.

Mr. KERR. Mr. President, I withdraw my request.

Mr. HICKENLOOPER. I make no objection.

Mr. KERR. I withdraw my request.

Mr. HICKENLOOPER. I am merely pointing out that it is either law both times or it is not law either time.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. HOLLAND. Am I correct in my understanding that the bill would involve no back-door financing, but merely authorizations for appropriations?

Mr. KERR. That is correct.

Mr. HOLLAND. Am I correct in my understanding that, unlike the Senate bill passed several months ago, against which the Senator from Florida voted, the bill provides for only one program——

Mr. KERR. One year.

Mr. HOLLAND. A 1-year program to be now authorized by the Congress itself, rather than to have two programs, which the prior bill contained, one of which would be authorized by the Congress to take effect immediately, but the other of which would have been authorized to be set up at the sole discretion of the Executive at some time in the future?

Mr. KERR. No. It would have been triggered by certain events occurring, which then would have resulted in the President's discretion to put them in effect.

Mr. HOLLAND. Am I correct in my understanding that the second aspect of the Senate bill, against which I voted, is not contained in the present bill?

Mr. KERR. The Senator is correct.

Mr. HOLLAND. I thank the Senator. I will be glad to vote for the bill for this one reason. I was not able to vote for the Area Redevelopment Act for various reasons which will appear in the RECORD as of that time. I am not unwilling, but instead am very willing, to grant aid to areas in which there is heavy and long continued unemployment. The bill has for its essence the setting up of speedy public works programs of various kinds in areas of that sort. For that reason I shall support the bill.

Mr. KERR. I thank the Senator.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. ELLENDER. As I understand, the President could not merely select a project here and there, but the projects would have to be authorized by Congress.

Mr. KERR. The project must either be an authorized project—for example, a project under the Corps of Engineers, the Bureau of Reclamation, or sewage disposal,—or it must be an authorized program.

Mr. ELLENDER. That is what I wished to make certain.

Mr. KERR. The Senator is correct.

Mr. ELLENDER. It would have to be an authorized project under the law as it now exists.

Mr. KERR. Yes; or an authorized program which is provided for in the law. The Senator is correct.

Mr. LAUSCHE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. LAUSCHE. The bill would change the formula under which participation of local and State governments would pay into the general fund needed to promote a project. In other words, if existing law provides a formula for the State to pay 66 percent and the Goverment 33 percent, of the cost of the project, under the bill the formula would be changed to 50 percent–50 percent.

Mr. KERR. Up to 50 percent–50 percent.

The language to which the Senator refers is the very essence of the bill. The very essence of the bill is to improve the economics insofar as the local community is concerned in connection with projects which are authorized and eligible, but which, because of its economic distress, the community cannot take advantage of. The very essence of the bill is to make it possible for the Federal Government to make a greater contribution, and thereby make it possible for a community to proceed with a project which it could now have if it had the money to put up the additional amount required under existing law.

Mr. LAUSCHE. But the language does not establish that fact. Whether the State does or does not have money, under the proposed legislation it would be entitled to participate by putting up less than it would have to put up under the old law. My difficulty is that under the separate programs—community facilities, area redevelopment, and others—great thought was given to the amount that the local and State governments should put up. We have suddenly come along with a new program. We would sweep aside, so far as the new program is concerned, all the requirements specifically set forth in specific programs of the past. I do not think we ought to do so in that way.

Mr. KERR. We would not sweep aside all restrictions or requirements. We would make it possible, insofar as the amount authorized under the bill is concerned, to increase Federal participation in programs. Projects of the Corps of Engineers usually require 100 percent participation by the Federal Government anyway, as would also a project of the Bureau of Reclamation. But with reference to projects such as sewage disposal facilities and others in which local participation in excess of 50 percent is required, it would be possible for many communities in which economic distress is great to get additional participation by the Federal Government, requiring less participation by the local government.

Mr. LAUSCHE. I can understand the sincerity of the Senator's position, but regrettably I believe it is a mistake to change the basic formula. I will offer my amendment.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. PROUTY. When the House report was issued, no section of Vermont was listed as a redevelopment area. Since that time, however, our three northeastern counties, Orleans, Caledonia, and Essex, have come under that classification. Is it the Senator's understanding that these counties would qualify under the revision?

Mr. KERR. Very definitely. They would be just as eligible as if they had been so designated before the bill was introduced.

Mr. PROUTY. I thank the Senator.

Mr. COOPER. The Senator from Ohio [Mr. LAUSCHE] raised a question concerning the share of the Federal Government in existing Federal-State programs. To the extent of whatever appropriations are made under this authorization, the areas which would be eligible for the grant-in-aid program would always be eligible for a grant of 50 percent; and in certain cases, where communities are found not to have the economic or financial capability to match a 50-percent grant, the Federal share could go to 75 percent.

The bill passed in the Senate provided for grants up to 90 percent for such communities. Therefore we have a reduction in the House substitute. The question which the Senator has raised was raised in committee when we first considered the original bill several weeks ago, and on the floor of the Senate when the Senate bill was passed. Amendments were offered to achieve the objective the Senator desires, but they were rejected.

**Mr. LAUSCHE.** I understand that amendments were offered in committee on the original bill, which sought to achieve the same objective that I have in mind, but those amendments were turned down.

**Mr. COOPER.** Yes; in committee and also on the floor. If we are to have a public works acceleration bill for distressed areas, we must have such a provision to reach the areas and State governmental subdivisions which do not have the financial capability to meet the 50-percent requirements; otherwise, the bill would be ineffective in those areas where it is most needed.

**Mr. KERR.** Mr. President, I renew my unanimous-consent request.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. MILLER.** Mr. President, I withdraw my amendment.

The **PRESIDING OFFICER.** The Senator has a right to withdraw it.

**Mr. LAUSCHE.** Mr. President, I contemplate offering an amendment that would strike from the House amendments the language which alters the amount of money that local and State governments may post to qualify themselves for participation in the grants that are to be made.

On page 3 of the amendments pending before the Senate there are now provisions which would liberalize the requirement of moneys that must be posted by the local and State governments.

I contemplate offering an amendment that will keep all the existing laws in effect dealing with grants that the local and State governments must put up. The particular language that I shall ask to strike is as follows:

> Notwithstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

To summarize, I do not see any reason why we should in this law change the formula of participation. If the existing formula is that the State or local government shall put up 66 percent, I do not believe that by this bill we should reduce the requirement to 50 percent.

I now offer my amendment, which I send to the desk and ask to have stated.

The **PRESIDING OFFICER.** The clerk will state the amendment.

The **LEGISLATIVE CLERK.** On page 3, line 19, of the House engrossed amendments to the bill, beginning with the word "except" strike out all down through the period on page 4, line 5, and insert in lieu thereof a period.

**Mr. LAUSCHE.** Mr. President, I have already stated my reason for offering the amendment. My judgment is that we ought not, in the pending bill, change a well-thought-out formula in requiring participation by States and local communities in the financing of projects. The area redevelopment bill, the community facilities bill, and other programs were carefully thought out, and specific requirements were imposed upon local and State governments. This bill contemplates eliminating those provisions.

It is argued that a community which is in financial distress and which it is contemplated to aid by giving it a greater contribution, must be aided if the project is to be deveolped. However, let us take a State with ample wealth. The law now requires that the State put up 66⅔ percent and that the Federal Government put up 33⅓ percent. In that instance there would be no reason to relieve the State of its two-thirds contribution. The reason is that it ought to continue its contribution of two-thirds of the cost of the project.

The pending bill, in effect, says, to a State or community, "Even though you are wealthy, even though you can put up 66⅔ percent, we will relieve you of that responsibility and require you to put up only 50 percent."

I have offered my amendment because ever since I have been in the Senate I have noted that an effort is constantly made to keep reducing the local and State government's part of building the projects. Time and again bills are offered to reduce the amount. Efforts were made in some fields to increase the amount. I believe President Eisenhower tried to have it increased in one field, but his request was not listened to. My amendment is somewhat along the same line. I do not believe the time is at hand when we ought to begin, even in this special program, to change the basic requirements. That is what is attempted to be done in the pending bill.

**Mr. HRUSKA.** Mr. President, will the Senator yield?

**Mr. LAUSCHE.** I yield.

**Mr. HRUSKA.** In the summary of the bill which is on each Senator's desk, the last paragraph on page 2 reads:

> ADVANCE PLANNING
>
> S. 2965, as passed by the House would amend the public works planning program established by section 702 of the Housing Act of 1954 to waive repayment of a planning advance for any project, construction of which is initiated as a result of a grant made under this act.

Therefore, it is not a matter of reducing the contribution of the local agency; it is a matter of completely waiving it. Does the Senator's amendment cover this section as well?

**Mr. LAUSCHE.** It does not. I did not reach that section. My amendment deals only with the requirement that all existing laws shall prevail when a grant is made, except that the amount of the local and State contributions shall be lessened. I am trying to cure that part of the bill which provides that the amount required under existing law for State and local governments to contribute shall be changed. I did not reach this item, but the argument which I make is applicable to the item referred to by the Senator from Nebraska even with greater force than it is applicable to the items that I have tried to reach, because in my instance the percentage is changed, whereas in the instance mentioned by the Senator from Nebraska the local and State governments and others are completely released, according to what the Senator has stated.

**Mr. HRUSKA.** That is what the summary states, and I presume that that is what the bill provides.

**Mr. LAUSCHE.** I cannot understand this at all. In these times we should not change the formula. If we once change it, even though it applies to a special program, it will mean that we will have put the train on the rails and we will change it permanently.

**Mr. HRUSKA.** I am in sympathy with the Senator's amendment. I shall vote for it and support it, because I believe his reasoning is sound.

**Mr. LAUSCHE.** That is all I have to say.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was rejected.

**Mr. LAUSCHE.** Mr. President, to be consistent, I shall now offer an amendment to strike the last paragraph of the language just quoted by the Senator from Nebraska. I do not have it before me now, but I think the argument which I made applies with even greater force to that part of the bill.

**Mr. KERR.** Let me remind the Senator from Ohio that the only significance of the language that the Senator from Nebraska referred to is with reference to projects initiated as a result of grants under this act. The language referred to by the Senator from Nebraska does not relieve the local community of reimbursing the Federal Government for planning in advance. Many projects are carried forward under the law in accordance with which planning was made. The forgiveness of repayment of planning expense is limited to projects which may be constructed with money which Congress appropriates under this specific authorization.

**Mr. HRUSKA.** That is true; but that is in the part which the Senator from Ohio would like to reach by his amendment, is it not?

**Mr. KERR.** The Senator from Ohio has a right to offer his amendment. I wanted to be certain that he understood the very limited application of the language to which the Senator from Nebraska referred.

**Mr. HRUSKA.** It is not a repealer.

**Mr. KERR.** I hope the distinguished Senator from Ohio will not press his amendment.

**Mr. LAUSCHE.** What was the basic reasoning for making this exception?

**Mr. KERR.** It was thought by the committee, and I am sure by the House of Representatives, that if a local community were not in a position to put up a part of the cost of the project required under existing law, it might not be able to repay the advance the Government had made in connection with the planning of the project. The bill provides for communities which do not have the economic means to operate under existing law. If the project is in a community where the economic conditions are such that it is regarded as appropriate to make a contribution greater than that permitted under existing law, I am sure the Senator from Ohio can understand that such a community might lose the project merely because it could not reimburse the Government planning money. I do not believe he would want to have such a situation result.

**Mr. LAUSCHE.** Does the Senator from Oklahoma take the position that the language to which we are referring deals only with projects initiated under this program?

**Mr. KERR.** Under this specific act, and paid for with appropriations under this particular authorization; that is correct. It would not change the law at all with reference to any project built under existing law. This is money appropriated under a special authorization.

**Mr. LAUSCHE.** Does the Senator make his statement basing it upon this language:

> If construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

**Mr. KERR.** Under this act; that is correct.

**Mr. LAUSCHE.** I withdraw the amendment.

**Mr. HRUSKA.** Is section 6(a) the section by which that amount is made possible for these purposes?

**Mr. KERR.** Will the Senator tell me where the language is that he has in mind?

**Mr. HRUSKA.** What section is referred to in the last paragraph of page 2 of the summary which has been furnished Senators?

**Mr. KERR.** It is section 6(g), which reads:

> Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act—

That act being the title of the bill.

**Mr. HRUSKA.** Senators have not been favored with copies of the amendments. I do not find copies of them on the desks of Senators. Certainly none is on my desk.

**Mr. COOPER.** I must agree that there has been great difficulty in securing copies of the House amendments, but I will try to answer the Senator's question. The reference we find in section 6 is as follows:

> Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:
>
> "(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act."

Mr. President, I ask unanimous consent that section 702 of the Housing Act of 1954, with the House amendment shown in black brackets as printed in the House report, be made a part of the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

### SECTION 702 OF THE HOUSING ACT OF 1954

(Public Law 560, 83d Cong.)

#### RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided,* That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further,* That advances outstanding to public agencies in any one State shall at no time exceed 12½ per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

(b) No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other areawide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided,* That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further,* That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayment and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of $12,000,000 which may be made available to the revolving fund on or after July 1, 1956; $12,000,000 which may be made available to such fund on or after July 1, 1957; $14,000,000 which may be made available to such fund on or after July 1, 1958; $10,000,000 which may be made available to such fund on or after July 1, 1961; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of $58,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.

(f) The Administrator is authorized to use during any fiscal year not to exceed $50,000 of the moneys in the revolving fund (established under subsection (e), to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided,* That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent.

[(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.]

**Mr. COOPER.** Mr. President, I have investigated and studied to ascertain the meaning of section 6, adding a new subsection (g) to section 702 of the Housing Act.

**Mr. HRUSKA.** It is good to have such reassurance, but Senators will be called upon to vote a $900 million authorization; yet we have no copies of the amendments on our desks. It is not a very businesslike arrangement by which to proceed.

**Mr. COOPER.** I have been trying to obtain copies since last Friday, but have not been able to get any.

Section 702 of the Housing Act of 1954 provides that planning advances or loans may be made in order to encourage a reserve of planned public works. It provides that when construction of a project is started, the advance must be repaid.

Section 6 of the amendments of the House bill before us amends section 702 of the Housing Act by providing that such advances need not be repaid if construction is initiated as a result of a grant-in-aid made under the Public Works Acceleration Act. I think it was considered that if a project was determined eligible for a construction grant, the planning advances for the project could also be made a grant, if construction is actually started.

**Mr. HRUSKA.** I thank the Senator from Kentucky. His statement is reassuring.

The **PRESIDING OFFICER** (Mr. MUSKIE in the chair.) The question is on agreeing to the motion of the Senator from Oklahoma to concur in amendments of the House of Representatives.

The motion was agreed to.

**The PRESIDING OFFICER.** That completes the consideration of the amendments of the House.

**Mr. MILLER.** Mr. President——

**Mr. MANSFIELD.** Mr. President, I move to reconsider the vote by which the motion was agreed to.

**Mr. KERR.** I move to lay that motion on the table.

**The PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Oklahoma to lay on the table the motion of the Senator from Montana to reconsider. [Putting the question.]

**Mr. MILLER.** Mr. President——

**The PRESIDING OFFICER.** The motion to lay on the table is agreed to.

**Mr. MILLER.** Mr. President——

**The PRESIDING OFFICER.** The Senator from Iowa.

**Mr. MILLER.** What is the pending business?

**The PRESIDING OFFICER.** There is no pending business at the present time.

**Mr. MILLER.** May I inquire what was the original motion to which the motion to reconsider was offered?

**The PRESIDING OFFICER.** It was the motion of the Senator from Oklahoma to concur in the amendments of the House.

**Mr. MILLER.** The bill has not been finally passed, has it?

**The PRESIDING OFFICER.** The Senate has agreed to the amendments of the House. That completes the legislative action on the measure.

**Mr. MILLER.** Does not the Senate then have to pass the bill as amended?

**The PRESIDING OFFICER.** The Senate's consideration of the measure is now completed.

**Mr. MILLER.** I was on my feet seeking recognition at the time the question was put.

**The PRESIDING OFFICER.** The Chair was putting the question on the motion of the Senator from Oklahoma and did not hear the Senator from Iowa.

**Mr. MANSFIELD.** Mr. President, I believe there are some Senators who wish to have a yea-and-nay vote taken on this question. I ask unanimous consent that the action taken by the Senate be rescinded, and that a yea-and-nay vote be taken within 10 minutes afterward.

**The PRESIDING OFFICER** (Mr. MUSKIE in the chair). Is there objection?

**Mr. KERR.** Mr. President, reserving the right to object, let me ask whether the effect of the unanimous-consent request of the Senator from Montana is that the only matter left for decision would be the question of concurring in the amendments of the House of Representatives.

**Mr. MANSFIELD.** Yes, in 10 minutes.

**Mr. KERR.** Is that satisfactory to the Senator from Iowa?

**Mr. MILLER.** In responding to the question, let me say that I wished to speak for about 7 or 8 minutes on this question, and I had several questions to ask.

**Mr. MANSFIELD.** Mr. President, I renew my request, and change the time to 15 minutes, to be equally divided between the Senator from Iowa [Mr. MILLER] and the Senator from South Carolina [Mr. THURMOND].

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

The Senator from Iowa is recognized for 7½ minutes.

**Mr. MILLER.** Mr. President, I should like to ask the Senator from Oklahoma several questions, in reflecting the legislative intent. I read from page 4 of the House amendments:

> If the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

Let me ask the Senator from Oklahoma what will be used to determine whether the State or local government has the financial capacity. Has any legislative record been made on this point?

**Mr. KERR.** Section 3 of the House amendments provides:

> For the purposes of this section, the term "eligible area" means—
>
> (1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and
>
> (2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas."

**Mr. MILLER.** Let me refer the Senator from Oklahoma to page 4, line 3. I believe the phrase to which I referred is to be found there. The Senator will note that the phrase used there is:

> If the State or local government does not have economic and financial capacity.

The question I should like to have answered, so that we may have a little legislative history on this point, is, What tests will be used? I believe the House amendments are silent on that point.

**Mr. KERR.** If the Senator from Iowa will read further down on page 4, he will find the following language:

> The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

**Mr. MILLER.** But let me point out that what the Senator from Oklahoma has read really has no bearing on the financial capacity of a State or local government.

I should like to point out that there may be two local governments, and each may have the same relative need. But the determination may be made that one has a financial need greater than the other. Perhaps that financial need is based upon a bonding requirement that the local voters have adopted, whereas the voters of the other local government have not decided to have bonds issued. Is the Federal Government to determine, by the vote of some local citizens who rejected a proposed bond issue, that the necessary financing is not available, and that therefore the Federal Government is to pour funds into that local area? Should not there be something more concrete than the mere statement "financial ability"?

**Mr. KERR.** I must say to my good friend the Senator from Iowa, that I think the language of the House amendments is adequate to give the guidelines in which the Senator from Iowa is interested. For example, on page 5, paragraph (h) provides:

> The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

With reference to the specific provisions, I read now from page 4, beginning in line 2:

> Or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

It seems to me to be a matter of decision by the agency of government having jurisdiction of the project to be initiated, and that in the exercise of such jurisdiction the affected administrator would be controlled by the language with reference to the criteria to be used in determining areas of substantial unemployment and the criteria, as included, for determining—

> those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas."

**Mr. MILLER.** Let me ask this question: Would not the Senator from Oklahoma agree that when the local agency of government has a bonding authorization and when the local citizens are to decide, by voting, whether there shall be a bond issue, that is not within the concept of financial need or is outside the purview of need for financial assistance, where self-help is possible?

**Mr. KERR.** In my judgment, under the language of this measure, if a local unit of government had unused bonding capacity which it could use, but has declined to use, that would render it ineligible for this additional amount up to 75 percent.

**Mr. MILLER.** I thank the Senator from Oklahoma; that is very responsive to my question.

My second question is with reference to projects which can be substantially completed within 12 months. The Senator from Pennsylvania [Mr. CLARK] and the Senator from Oklahoma had a colloquy on that point last Friday.

I wish to bring out a further point; namely, is it not the intention that the completion be by means of the use of normal operating methods, rather than through the use of overtime?

**Mr. KERR.** I would not be in a position to answer that question in the affirmative, because if the Senator from Iowa will refer to the House amendments on page 4, paragraph (f) will be found to read as follows:

> Funds allocated by the President under this section shall be available only for projects—
>
> (1) which can be initiated or accelerated within a reasonably short period of time; * * *

The **PRESIDING OFFICER.** The time available to the Senator from Iowa has expired.

Mr. **MILLER.** Mr. President, I ask unanimous consent that I may have 2 additional minutes.

Mr. **MANSFIELD.** Mr. President, I must object, because the agreement was that half of the time would be allotted to the Senator from South Carolina [Mr. THURMOND]. If he wishes to yield some of his time, that is another matter.

Mr. **THURMOND.** How much time have I?

Mr. **MANSFIELD.** Seven and one-half minutes.

Mr. **THURMOND.** I yield 1 minute, if it is understood that I may have 6½ minutes.

The **PRESIDING OFFICER.** The Senator from Iowa is recognized for 1 more minute.

Mr. **MILLER.** I yield to the Senator from Oklahoma, who is about to answer my question.

Mr. **KERR.** I have read from subsection (f), at the bottom of page 4. I do not find in the House amendments anything which would prohibit the payment of overtime.

Mr. **MILLER.** I thank the Senator from Oklahoma.

Mr. President, I have a statement on the bill. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR MILLER

### THE $900 MILLION IMMEDIATE PROGRAM

The President of the United States has promised the people a balanced budget for the next fiscal year. This promise was made with the realization that inflationary pressures generated by the deficit of several billion dollars for the last fiscal year and the estimated deficit of several billion dollars for the current fiscal year will cause a further loss in value of our money, a further increase in the cost of living, and a weakening of confidence on the part of foreign creditors leading to a further drain on our precariously low gold reserves.

The $900 million authorization for an immediate public works program was not included by the President in his budget. No witnesses before the committee provided assurance that the addition of such an expenditure would not unbalance the President's budget. Indeed, due to unfavorable economic reports, there is serious doubt that the anticipated revenue on which the balanced budget was premised will materialize. To add to the spending requested by the budget would only make the situation worse.

It would seem that other items of Federal expenditure contained in the budget might have a lower priority than the $900 million immediate public works program contained in S. 2965. However, the President has not indicated which budget expenditure items, if any, should be eliminated or reduced to make room for this $900 million expenditure to help relieve the unemployment problem. If he would do so, it would do much to dismiss the inference now present that the $900 million expenditure lacks priority.

Although the proposed bill appears to contain safeguards against wasteful expenditures of Federal moneys by requiring that a project "meet an essential public need," testimony from the Director of the Area Redevelopment Administration reveals that once a local community has classified a project as a "need now" project, the only standard used at the Federal level is "first come, first served." Recognizing that the ARA has not had much time to perfect its procedures, it would seem that the terms "essential public need" and "need now" should be more meaningful in their application. For example, a so-called "need now" project submitted by one community may have only been "needed" for a year or two. Still, it would take priority over a "need now" project submitted later by another community even though it had been "needed" for 10 years.

If we believe in the capitalistic economic system which has provided the United States with the highest standard of living in the world, then it is to private business that we must look for sustained job opportunities for the millions of unemployed who are walking the streets looking for jobs—not to federally aided public works projects. Proof positive of this was furnished by the Administrator of the Area Redevelopment Administration, who pointed out that economic recovery in the case of the Carbondale, Ill., ARA project related to private business, "which is providing permanent jobs"; whereas the public facility projects envisioned by the $900 million immediate public works program "do not have as much benefit as the loan in the Carbondale area, which was to a private business."

But continued serious deficits, loss in value of our money, increased costs of living leading to demands for wage increases, squeezes on profits which would otherwise provide capital investment required for business expansion, and new job opportunities—these factors discourage private business. Indeed, private investment in fixed assets dropped $1 billion during the calendar year 1961. So the President's promise of a balanced budget was clearly in the national interest. More important is delivery on that promise, and I, for one, do not propose to take action which will prevent him from doing so.

There is latent in the bill the possibility of diluting the beneficial effects through the use of overtime payments. The distinguished Senator from Oklahoma [Mr. KERR] has frankly stated that overtime payments should not be ruled out under the language of the bill. This means that, in order for a project to come within the concept of one which can be substantially completed within 12 months, the payment of overtime to insure such completion might be considered. I believe this would be wrong. What the bill is designed to do, insofar as unemployment is concerned, is to relieve the greatest number—to spread the beneficial results of employment to the greatest number, rather than having a smaller number receive benefits through payment of overtime.

Mr. President, I am anything but a pessimist, but history shows that public works legislation has not had a sustained favorable impact on unemployment. This cure was tried during the Roosevelt administration in the thirties, but unemployment nevertheless remained terribly high until World War II bailed us out of the depression. Continued deficit spending and inflation discouraged the growth of private business needed to provide sustained high employment. The figures below should be a warning to those voting for passage of this bill, particularly in light of the billion dollar deficits of the past 2 years and the expected billion dollar deficit for the current year. I include a table, setting forth the situation on unemployment, Federal employees added to the payroll, Federal deficit, and spending on public works during the years 1933 through 1940, in the RECORD at this point in my remarks:

*Unemployment—Deficit spending table*

| Year | Unemployed | Percent unemployed | Federal employees added | Annual Federal deficit | Spending on public works |
|---|---|---|---|---|---|
| | *Thousands* | | | *Billions* | *Millions* |
| 1933 | 12,830 | 24.9 | −2,966 | $2.6 | $442 |
| 1934 | 11,340 | 21.7 | 98,354 | 3.6 | 698 |
| 1935 | 10,610 | 20.1 | 86,595 | 2.8 | 883 |
| 1936 | 9,030 | 16.9 | 126,407 | 4.4 | 729 |
| 1937 | 7,700 | 14.3 | 49,013 | 2.8 | 1,024 |
| 1938 | 10,390 | 19.0 | −2,643 | 1.2 | 783 |
| 1939 | 9,480 | 17.2 | 83,206 | 3.9 | 992 |
| 1940 | 8,120 | 14.6 | 212,421 | 3.9 | 948 |
| Net total increase | | | 650,387 | | 6,499 |

In conclusion, Mr. President, let me point out that on February 1, 1961, there were 2,358,141 employees on the Federal payroll. By the end of July 1962, this figure had grown to 2,511,025—an increase of 152,884. Thus we see, with the passage of this bill, the familiar pattern established in the thirties, and there is nothing whatsoever to indicate that the effect will be any different. At a time when there is talk of increasing international tensions, when our national defense budget is seeking ever higher levels, and when we are involved in a deadly economic competition with the Soviets, I think we ought not to be passing legislation which fails to meet the real cause of unemployment.

Mr. **THURMOND.** Mr. President, if I know the temper of the Senate, it will approve S. 2965. However, I can see no justification for passing it, and desire to make a few remarks to set out my position on this bill.

The primary purpose of this measure, which authorizes the appropriation of $900 million for public works projects, is to combat unemployment. In the guise of doing this, Congress is abdicating its traditional role of determining what public works programs and projects shall be undertaken by the National Government and the policies relative thereto.

It is highly unlikely that the bill will accomplish its stated purpose of providing immediate employment for the unemployed and generally create jobs in areas of underemployment. At the time when this measure was originally introduced, the country was in a period of recession and unemployment was higher than usual. Since that time, however, the economic complexion of the country has changed for the better and unemployment has dropped from the high of 5 million for the first quarter of 1961 to 3.8 million for the second quarter of 1962. The outlook is brightening and the prospects for improvement are encouraging. This bill if enacted will only add to the deficit and impede a faster economic recovery. The unemployment picture has improved to such an extent that the President, relying largely on this factor, declined to ask Congress for a "quickie" tax cut this year. This is a strong argument in opposition to the pending proposal.

The expenditure of the $900 million which is authorized to be appropriated by this bill will necessitate further deficit financing and thereby increase our national debt. From September 1 of last year until September 1 of this year the national debt has increased by over $8 billion so that it is now over $301 billion. This measure will necessitate a further increase in the debt ceiling. No part of the $900 million authorized to be appropriate by this bill is contained in the budget, and therefore it will be an unexpected increase in a deficit which will be very large as things now stand. This bill will promote the trend of the continuing decline in the value of the dollar. The decline in purchasing power which results from the steady decline in the value of the dollar further accentuates the imbalance between consumption of goods and services and the productive capacity of the Nation, which naturally contributes to unemployment. In the long run, the inflationary effects of this measure will far outweigh the benefits which are claimed it will have in solving the unemployment problem.

At the end of this past fiscal year there were billions of dollars in unobligated balances of existing appropriations, which, if used wisely, would go a long way toward solving this problem. This is money which Congress has already appropriated for various programs, but which has not been put to use.

Under the provisions of this bill, the President is authorized to use the funds provided for the construction of any Federal public works project, either civil or military, which has been authorized by Congress. He may also use the money for any public works projects of States and local governments for which Federal financial assistance is otherwise authorized. This would give the President the power to initiate a public works project which may have been authorized 20 or 30 years ago, but which has never been sufficiently justified before the Appropriations Committee to have specific funds allocated to it. Thus the President could completely bypass the appropriation processes of Congress and order the construction of projects which would not be financed if reviewed and studied by Congress in the discharge of its constitutional responsibilities to appropriate funds. The Public Works Committee is presently considering several different projects for inclusion in an omnibus bill. It is apparent that the same end could be accomplished by that committee, and by increasing specific programs by specific amounts in areas of underemployment. In this way, Congress could retain its traditional authority and there would be no need for the giveaway of this vast amount of power to the President.

**Mr. MANSFIELD.** Mr. President, how much time have I left?

The **PRESIDING OFFICER.** One minute.

**Mr. MANSFIELD.** I yield the 1 minute to the Senator from Louisiana [Mr. Long.]

## PERSONAL STATEMENT

**Mr. LONG of Louisiana.** Mr. President, I rise to a point of personal privilege. The Wall Street Journal of today states that the junior Senator from Louisiana proposes to filibuster against H.R. 10 in the event his amendment is not retained in conference. A similar statement was made by that publication last Friday. Ordinarily I do not complain about such statements. However, I made no such threat. I have done my share of filibustering in this session. There will be no further filibustering on the part of the junior Senator from Louisiana, and I trust that the Wall Street Journal will set the record straight.

---

## STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the amendments of the House of Representatives to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

**Mr. COOPER** subsequently said: Mr. President, I ask unanimous consent to have printed in the Record prior to the vote on the public works acceleration bill a statement which I have prepared.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Statement by Senator Cooper

A study of the progress of the public works bill through the Senate and House this year gives ample evidence of responsible action by Republicans in tightening its provisions. In the areas of total money authorized, manner of financing, and standby authority, Republicans in both Houses worked, and were in many cases successful, to make the bill a more responsible and effective piece of legislation.

1. The bill requested by the administration and originally presented to the Senate Public Works Committee included $2 billion in standby authority—$750 million to departments responsible for Federal public works programs, $750 million for grants-in-aid programs of public works, $250 million for loans for the State share of those programs, and $250 million for supplemental needs divided among the Federal and grant-in-aid programs. In addition, Senator Chavez, chairman of the committee, offered an amendment to authorize up to $600 million for an immediate public works program, which was supported by the administration.

In committee, I moved and was supported by the other minority members, that only the Chavez amendment be reported to the Senate as the public works bill. In other words, we approved the spending of $600 million for an immediate program, but opposed the authorization of $2 billion for the standby program. The amendment was defeated in committee by the majority members, and the bill as reported to the Senate included both the standby authority, and $600 million immediate authority.

Before the Senate took up the bill, I think largely because of the work of minority members of the Public Works Committee, Senator Kerr offered for the majority members of the committee, an amendment which reduced the $2 billion standby authority to $750 million, but which increased the immediate program from $600 to $750 million. Republicans, led by the late Senator Case, continued to offer amendments on the floor which would have eliminated the standby program, and cut the immediate authority back to the $600 million recommended by the President and approved by the committee. Senator Kerr's proposal was adopted, however, and as the bill went to the House, the $2.6 billion requested by the administration had been cut by $1.1 billion to $1.5 billion, $750 million of which was allocated for the controversial standby program.

The House Public Works Committee, and last week the House itself, supported the position of the minority members of the Senate Public Works Committee and most Senate Republicans. By a vote of 221 to 192, substituting the bill recommended by the House Public Works Committee for the Senate bill, the House eliminated the standby program and authorized $900 million for an immediate program. Thus, the program suggested by the administration has at this point been cut from $2.6 billion to $900 million—a reduction of $1.7 billion or two-thirds—largely because of the points brought out by Republicans that such a vast expenditure for a pilot program is irresponsible and unnecessary.

2. Republicans also acted responsibly in opposing the original method of financing. As presented to the Public Works Committee, the President could, after determining an acceleration period, cause the unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to departments and agencies such as the Federal Deposit Insurance Corporation, the Federal Home Loan Bank, and even the World Bank, to be transferred to accounts of other departments and agencies or to some new agency to be used to carry out the purposes of the standby act. Agencies would have been required to turn over to whatever agency was established to administer the expenditure of the $2 billion, funds that Congress had provided for their uses, whether or not they desired to do so. In the Senate Committee on Public Works I moved, supported by Republican members, to strike this irresponsible method of financing, proposed by the administration—but our motion was defeated by the Democratic majority on the committee. Once the proposal was understood, the Senate agreed that this unique method of financing could be detrimental to the security of many agencies. On the Senate floor, this financing proposal was abandoned quickly by the majority, and the bill was amended to authorize appropriations for the standby program in the regular manner, largely as a result of united Republican opposition to the bizarre scheme.

The bill which was passed by the Senate today is a much better bill than that originally presented to the Senate by the administration, and was improved at every stage by responsible Republican action.

I am for a public works program, and I am concerned about unemployment in areas which have been left behind. I know that in the long run, the ability to provide jobs for our people depends on a strong economy. Basic measures are needed such as tax reform, tax reduction and the elimination of unnecessary expenditures to give the people confidence in our economy. But the proposed bill represents a new attempt to relieve unemployment, and I think it can be useful as an auxiliary measure in areas where people are unemployed. We must not forget these people, who through no fault of their own, cannot find work. We must help them.

The **PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Oklahoma [Mr. Kerr] that the Senate agree to the House amendments. The yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Louisiana [Mr. ELLENDER], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Montana [Mr. METCALF], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], the Senator from Missouri [Mr. LONG], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Texas [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Missouri [Mr. LONG], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

On this vote, the Senator from Montana [Mr. METCALF] is paired with the Senator from New Hampshire [Mr. MURPHY]. If present and voting, the Senator from Montana would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Kansas would vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from South Dakota [Mr. BOTTUM]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from South Dakota would vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Indiana [Mr. CAPEHART], the Senators from New Hampshire [Mr. COTTON and Mr. MURPHY], the Senator from Illinois [Mr. DIRKSEN], the Senator from Hawaii [Mr. FONG], the Senator from New York [Mr. JAVITS], the Senator from Kentucky [Mr. MORTON] and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

If present and voting, the Senator from Vermont [Mr. AIKEN], and the Senator from New York [Mr. JAVITS] would each vote "yea."

On this vote, the Senator from South Dakota [Mr. BOTTUM] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from South Dakota would vote "nay" and the Senator from Louisiana would vote "yea."

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Hawaii would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from New Hampshire [Mr. MURPHY] is paired with the Senator from Montana [Mr. METCALF]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Montana would vote "yea."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Kansas would vote "nay," and the Senator from Oklahoma would vote "yea."

The result was announced—yeas 45, nays 22, as follows:

[No. 250 Leg.]

YEAS—45

Beall
Bible
Boggs
Byrd, W. Va.
Case
Chavez
Clark
Cooper
Dodd
Douglas
Eastland
Ervin
Hart
Holland
Humphrey
Jackson
Johnston
Jordan, N.C.
Keating
Kefauver
Kerr
Kuchel
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McGee
McNamara
Morse
Moss
Muskie
Pastore
Pell
Prouty
Proxmire
Randolph
Russell
Scott
Sparkman
Talmadge
Wiley
Williams, N.J.
Yarborough
Young, Ohio

NAYS—22

Allott
Bush
Butler
Byrd, Va.
Carlson
Curtis
Goldwater
Hickenlooper
Hruska
Jordan, Idaho
Lausche
McClellan
Miller
Mundt
Robertson
Saltonstall
Smith, Maine
Stennis
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NOT VOTING—33

Aiken
Anderson
Bartlett
Bennett
Bottum
Burdick
Cannon
Capehart
Carroll
Church
Cotton
Dirksen
Ellender
Engle
Fong
Fulbright
Gore
Gruening
Hartke
Hayden
Hickey
Hill
Javits
Long, Mo.
Metcalf
Monroney
Morton
Murphy
Neuberger
Pearson
Smathers
Smith, Mass.
Symington

So Mr. KERR's motion was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from West Virginia to lay on the table the motion by the Senator from Montana to reconsider the vote, by which the Senate concurred in the amendments of the House.

The motion to lay on the table was agreed to.

## ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, earlier today the Senate granted a unanimous-consent request that, when it concludes its deliberations today, it adjourn to meet at 10 o'clock tomorrow morning. At this time I ask unanimous consent that the time for meeting be changed to 11 o'clock tomorrow morning, instead of 10 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1776, and that the Senate disagree to—

Mr. President, I withdraw that motion, because the Senator who offered the particular amendment with which I wanted to move to disagree is not in the Chamber, and I notice "amendments" are to be considered. We will wait, and consider that bill later.

## AMENDMENT OF PERISHABLE AGRICULTURAL COMMODITIES ACT, 1930, RELATING TO PRACTICES IN MARKETING PERISHABLE AGRICULTURAL COMMODITIES

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1037) to amend the provisions of the Perishable Agricultural Commodities Act, 1930 relating to practices in the marketing of perishable agricultural commodities, which were, on page 1, strike out all after line 2, over through and including line 4, on page 2, and insert:

That paragraphs (6) and (7) of the first section of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a), are amended to read as follows:

"(6) The term 'dealer' means any person engaged in the business of buying or selling in wholesale or jobbing quantities, as defined by the Secretary, any perishable agricultural commodity in interstate or foreign commerce, except that (A) no producer shall be considered as a 'dealer' in respect to sales of any such commodity of his own raising; (B) no person buying any such commodity solely for sale at retail shall be considered as 'dealer' until the invoice cost of his purchases of such commodity in any calendar year are in excess of $100,000; and (C) no person buying any such commodity for canning and/or processing within the State where grown shall be considered a 'dealer' whether or not the canned or processed product is to be shipped in interstate or foreign commerce, unless such product is frozen or packed in ice, or consists of cherries in brine, within the meaning of paragraph 4 of this section. Any person not considered as a 'dealer' under clauses (A), (B), and (C) may elect to secure a license under the provisions of section 3, and in such case and while the license is in effect such person shall be considered as a 'dealer';

"(7) The term 'broker' means any person engaged in the business of negotiating sales and purchases of any perishable agricultural commodity in interstate or foreign commerce for or on behalf of the vendor or the purchaser, respectively, except that no person shall be deemed to be a 'broker' if such person is an independent agent negotiating sales for and on behalf of the vendor and if the only sales of such commodities negotiated by such person are sales of frozen fruits and vegetables;".

Sec. 2. The first section of such Act (7 U.S.C. 499a) is further amended by adding at the end thereof the following new paragraphs:

"(9) The term 'responsibly connected' means affiliated or connected with a commission merchant, dealer, or broker as (A) partner in a partnership, or (B) officer, director, or holder of more than 10 per centum of the outstanding stock of a corporation or association;

"(10) The terms 'employ' and 'employment' mean any affiliation of any person with the business operations of a licensee, with or without compensation, including ownership or self-employment."

On page 2, line 5, strike out "Sec. 2." and insert "Sec. 3."; on page 2, line 13, strike out all after "$50" down through and including "$25" in line 17; on page 3, line 7, strike out "Sec. 3." and insert "Sec. 4."; on page 3, line 24, strike out "Sec. 4" and insert "Sec. 5."; on page 4, line 1, strike out "Sec. 5." and insert "Sec. 6."; on page 5, line 5, strike out "Sec. 6." and insert "Sec. 7."; on page 6, line 11, strike out "Sec. 7." and insert "Sec. 8."; on page 6, line 14, strike out "Sec. 8." and insert "Sec. 9."; on page 7, line 10, strike out "Sec. 9." and insert "Sec. 10."; on page 7, line 20, strike out "Sec. 10." and insert "Sec. 11."; and on page 9, line 13, strike out "Sec. 11." and insert "Sec. 12.".

Mr. HOLLAND. Mr. President, I move that the Senate disagree to the amendments of the House, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Presiding Officer apponted Mr. Johnston, Mr. Ellender, Mr. Holland, Mr. Aiken, and Mr. Young of North Dakota conferees on the part of the Senate.

## FISH AND WILDLIFE BENEFITS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1815, H.R. 1171.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (H.R. 1171) to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, with amendments, on page 2, line 23, after the word "hatcheries", to strike out "and" and insert "game ranges, and other"; on page 3, line 12, after the word "upon", to strike out "the wildlife populations" and insert "fish and wildlife populations and management operations"; at the beginning of line 18, to insert "in existence or approved by the Migratory Bird Conservation Commission as of the date of enactment of this Act"; on page 4, line 1, after the word "stamps", to insert "Lands acquired pursuant to this section shall become a part of the particular conservation area to which they are adjacent."; in line 14, after the word "reasonable", to strike out "charges, fees, and" and insert "charges and fees and issue"; in line 18, after the word "purposes", to strike out "of this Act"; and in line 19, after the amendment just stated, to insert "The Secretary may issue regulations to carry out the purposes of this Act.".

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendments be agreed to en bloc, and that the bill as thus amended be treated as original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, there will be no further action taken on the bill today.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KUCHEL. Under the unanimous-consent agreement entered into, by which the committee amendments were agreed to, I assume there would be no parliamentary difficulty in one of my colleagues offering an amendment subsequently.

Mr. MANSFIELD. Oh, no.

Mr. WILLIAMS of New Jersey subsequently said: Mr. President, I submit an amendment to H.R. 1171 to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes. I ask that the amendment may be printed and not read and that the text of the amendment be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, the amendment will be printed without reading.

The amendment is as follows:

At the end of the bill, insert the following:

"Sec. 6. Section 9(a) of the Trading With the Enemy Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That upon a determination made by the President, in time of war or during any national emergency declared by the President, that the interest and welfare of the United States require the sale of any property or interest or any part thereof claimed in any suit filed under this subsection and pending on or after the date of enactment of this proviso the Alien Property Custodian or any successor officer, or agency may sell such property or interest or part thereof, in conformity with law applicable to sales of property by him, at any time prior to the entry of final judgment in such suit. No such sale shall be made until thirty days have passed after the publication of notice in the Federal Register of the intention to sell. The net proceeds of any such sale shall be deposited in a special account established in the Treasury, and shall be held in trust by the Secretary of the Treasury pending the entry of final judgment in such suit. Any recovery of any claimant in any such suit in respect of the property or interest or part thereof so sold shall be satisfied from the net proceeds of such sale unless such claimant, within sixty days after receipt of notice of the amount of net proceeds of sale serves upon the Alien Property Custodian, or any successor officer or agency, and files with the court an election to waive all claims to the net proceeds, or any part thereof, and to claim just compensation instead. If the court finds that the claimant has established an interest, right, or title in any property in respect of which such an election has been served and filed, it shall proceed to determine the amount which will constitute just compensation for such interest, right, or title, and shall order payment to the claimant of the amount so determined. An order for the payment of just compensation hereunder shall be a judgment against the United States and shall be payable first from the net proceeds of the sale in an amount not to exceed the amount the claimant would have received had he elected to accept his proportionate part of the net proceeds of the sale, and the balance, if any, shall be payable in the same manner as are judgments in cases arising under section 1346 of title 28, United States Code. The Alien Property Custodian or any successor officer, or agency shall, immediately upon the entry of final judgment, notify the Secretary of the Treasury of the determination by final judgment of the claimant's interest and right to the proportionate part of the net proceeds from the sale, and the final determination by judgment of the amount of just compensation in the event the claimant has elected to recover just compensation for the interest in the property he claimed.'"

Mr. WILLIAMS of New Jersey. There are many Senators who are interested in this matter, and I would welcome cosponsors of the amendment.

Mr. KEATING subsequently said: Mr. President, I submit two amendments intended to be proposed to the pending bill (H.R. 1171) and ask that they be printed and ordered to lie on the table.

The first amendment would permit the sale of the General Aniline & Film

Co. to private enterprise. It is identical to the provisions of a bill which recently passed the House of Representatives unanimously and to legislation which I have sponsored in the Senate since 1959. It is supported by this administration and was supported by the previous administration, as well as by a host of labor, management, and civic organizations.

The second amendment would permit a lump-sum settlement in the amount of $500,000, of an estimated $3 million worth of claims for so-called heirless property. Under the provisions of existing law, all of this money would be used for the relief and rehabilitation of victims of persecution now in this country. It likewise has the support of this administration and a bill for the same purpose but a smaller amount had the support of the previous administration. I have not been advised of any opposition to this measure from any source.

I intend also to join in amendments to the pending bill to be offered by other Senators all of which are designed to permit a final settlement of the 17-year-old American war claims problem on a fair and equitable basis. We were assured by the majority leader when it was planned to offer similar amendments to the Philippine claims bill that he would provide another vehicle for consideration of these proposals later in the session. I want to express my gratitude to the majority leader for his cooperation and express my hope that these amendments will be approved by the Senate when they are motioned up for consideration.

Mr. President, I ask unanimous consent that the texts of my proposed amendments be printed at this point in the Record.

The PRESIDING OFFICER. The amendments will be received, printed, and will lie on the table; and, without objection, the amendments will be printed in the Record.

The amendments are as follows:

A

At the appropriate place in the bill add a new section to read as follows:

"Sec. . Section 9(a) of the Trading With the Enemy Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That upon a determination made by the President, in time of war or during any national emergency declared by the President, that the interest and welfare of the United States require the sale of any property or interest or any part thereof claimed in any suit filed under this subsection and pending on or after the date of enactment of this proviso the Alien Property Custodian or any successor officer, or agency may sell such property or interest or part thereof, in conformity with law applicable to sales of property by him, at any time prior to the entry of final judgment in such suit. No such sale shall be made until thirty days have passed after the publication of notice in the Federal Register of the intention to sell. The net proceeds of any such sale shall be deposited in a special account established in the Treasury, and shall be held in trust by the Secretary of the Treasury pending the entry of final judgment in such suit. Any recovery of any claimant in any such suit in respect of the property or interest or part thereof so sold shall be satisfied from the net proceeds of such sale unless such claimant, within sixty days after receipt of notice of the amount of net proceeds of sale serves upon the Alien Property Custodian, or any successor officer or agency, and files with the court an election to waive all claims to the net proceeds, or any part thereof, and to claim just compensation instead. If the court finds that the claimant has established an interest, right, or title in any property in respect of which such an election has been served and filed, it shall proceed to determine the amount which will constitute just compensation for such interest, right, or title, and shall order payment to the claimant of the amount so determined. An order for the payment of just compensation hereunder shall be a judgment against the United States and shall be payable first from the net proceeds of the sale in an amount not to exceed the amount the claimant would have received had he elected to accept his proportionate part of the net proceeds of the sale, and the balance, if any, shall be payable in the same manner as are judgments in cases arising under section 1346 of title 28, United States Code. The Alien Property Custodian or any successor officer, or agency shall, immediately upon the entry of final judgment, notify the Secretary of the Treasury of the determination by final judgment of the claimant's interest and right to the proportionate part of the net proceeds from the sale, and the final determination by judgment of the amount of just compensation in the event the claimant has elected to recover just compensation for the interest in the property he claimed.' "

B

At the appropriate place in the bill add a new section to read as follows:

"Sec. .(a) Section 32(h) of the Trading With the Enemy Act is amended by striking out all that follows the first sentence in the first paragraph down through the third paragraph, and inserting in lieu thereof the following: 'In the case of any organization not so designated before the date of enactment of this amendment, such organization may be so designated only if it applies for such designation within three months after such date of enactment.

" 'The President, or such officer as he may designate, shall, before the expiration of the one-year period which begins on the date of enactment of this amendment, pay out of the War Claims Fund to organizations designated before or after the date of enactment of this amendment pursuant to this subsection the sum of $500,000. If there is more than one such designated organization, such sum shall be allocated among such organizations in the proportions in which the proceeds of heirless property were distributed, pursuant to agreements to which the United States was a party, by the Intergovernmental Committee for Refugees and successor organizations thereto. Acceptance of payment pursuant to this subsection by any such organization shall constitute a full and complete discharge of all claims filed by such organization pursuant to this section, as it existed before the date of enactment of this amendment.

" 'No payment may be made to any organization designated under this section unless it has given firm and responsible assurances approved by the President that (1) the payment will be used on the basis of need in the rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivisions (C) and (D) of subsection (a)(2) of this section; (2) it will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the payment made to it) and permit such examination of its books as the President, or such officer or agency as he may designate, may from time to time require; and (3) it will not use any part of such payment for legal fees, salaries, or other administrative expenses connected with the filing of claims for such payment or for the recovery of any property or interest under this section.'

"(b) The first sentence of section 33 of such Act is amended by striking out all that follows 'whichever is later' and inserting a period.

"(c) Section 39 of such Act is amended by adding at the end of subsection (b) the following new sentence: 'Immediately upon the enactment of this sentence, the Attorney General shall cover into the Treasury of the United States, for deposit into the War Claims Fund, from property vested in or transferred to him under this Act, the sum of $500,000 to make payments authorized under section 32(h) of this Act.' "

## LEGISLATIVE PROGRAM AND ORDER FOR EXECUTIVE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, for the information of the Senate, there will be no further votes this afternoon. There are some speeches to be made.

I ask unanimous consent that at the conclusion of the morning hour tomorrow the Senate proceed to the consideration of the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, for the information of the Senate, it is the anticipation of the leadership to take up the nominations listed on the Executive Calendar, including that of Judge Thurgood Marshall, to be a judge of the circuit court of appeals.

## ESTIMATED INCOME TAX FOR FISHERMEN

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. SALTONSTALL. The Senator mentioned Calendar No. 1776, H.R. 6413. The measure means a good deal for us in Massachusetts.

Mr. MANSFIELD. It does indeed, but what I referred to was an amendment which the Senator from Kansas [Mr. Carlson] had submitted. There are amendments to the measure, so I do not know which one it was. That is why I am holding it up. If the Senator can find out the whys and wherefores, we shall be delighted to bring it up.

Mr. SALTONSTALL. I understand that the Senator from Kansas has withdrawn his amendment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business, Calendar No. 1815, be laid aside temporarily, and that the Senate proceed to the consideration of Calendar No. 1776, H.R. 6413.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 6413) to extend to fishermen the same treatment accorded farmers in relation to estimated income tax.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to the consideration of the bill, which had been reported from the Committee on Finance, with amendments, on page 2, line 18, after "December 31,", to strike out "1961" and insert "1962"; and after line 18, to insert a new section, as follows:

Sec. 3. (a) Section 170(b)(1)(A) of the Internal Revenue Code of 1954 (relating to limitation on amount of deduction for charitable contributions by individuals) is amended by striking out "or" at the end of clause (ii), by inserting "or" at the end of clause (iii), and by inserting after clause (iii) the following new clause:

"(iv) an organization referred to in action 503(b)(3) organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of a college or university which is an organization referred to in clause (ii) of this subparagraph and which is an agency or instrumentality of a State or political subdivision thereof, or which is owned or operated by a State or political subdivision thereof or by an agency or instrumentality of one or more States or political subdivisions,".

(b) Section 170(b)(1)(B) of such Code is amended by striking out "any charitable contributions to the organizations described in clauses (i), (ii), and (iii)" and inserting in lieu thereof "any charitable contributions described in subparagraph (A)".

(c) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1960.

Mr. MANSFIELD. Mr. President, I move that the Senate agree to the date on page 2, line 18, "1962."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I move that the Senate disagree to the committee amendment beginning with section 3, beginning at line 19, page 2.

The PRESIDING OFFICER. The question is on agreeing to the stated committee amendment.

The committee amendment beginning with section 3 was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there is no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The amendment to the title proposed by the committee was rejected, as follows:

"An Act to amend the Internal Revenue Code of 1954 to extend to fishermen the same treatment accorded farmers in relation to estimated income tax, and to increase the limitation on the amount of allowable charitable contributions which may be made by individuals to certain organizations."

Mr. MANSFIELD. Mr. President, I express the hope that no motion will be made to reconsider the vote by which the bill was passed, because I wish to make absolutely certain that one or two of those who do not happen to be present today will have an opportunity to confirm the action taken by the Senate.

Mr. SALTONSTALL. Coming from Massachusetts, where the bill will mean a great deal, I appreciate the statement of the majority leader. I hope there will be no objection to the bill. It means much to the fishermen to carry out their income tax obligations in the way the bill prescribes.

Mr. MILLER. Mr. President, will the Senator yield for a question?

Mr. SALTONSTALL. I yield.

Mr. MILLER. I notice that on page 3 of the bill there is a proposed committee amendment relating to charitable contributions.

Mr. MANSFIELD. That is correct. The amendment was rejected.

Mr. President, the thanks of the distinguished Senator from Massachusetts [Mr. Saltonstall] really should go to the Senator from Kansas [Mr. Carlson] and the distinguished chairman of the committee, the Senator from Virginia [Mr. Byrd], and others, who have indicated a very personal interest in the measure, because they knew of the vital interest the measure was to those engaged in deep sea and other fishing. That included the Senator from Washington [Mr. Magnuson].

Mr. SALTONSTALL. I thank the majority leader. Of course, we are under obligation always to the Finance Committee when it does the right thing.

## GI BILL EDUCATED EX-SAILOR WINS HARPER $10,000 BOOK AWARD

Mr. YARBOROUGH. Mr. President, an article in this morning's New York Times illustrates the results that have been obtained in the past through GI education programs. Richard McKenna, an enlisted man who served in the Navy 22 years in the Far East has written a book, "The Sand Pebbles," which has been selected as the Harper Prize Novel of 1962. The selection carries with it an award of $10,000. In addition, Mr. McKenna's novel is a Book-of-the-Month Club selection, and the Saturday Evening Post has bought it for serialization.

There are two different major motion picture companies bidding for the story. It deals with a period and place in the Chinese revolution between 1925 and 1927 with American sailors caught up in it.

The achievement illustrates what can be done and what is being done with the GI bill.

McKenna left the Navy at the age of 40 to study under the GI bill, at the University of North Carolina. He graduated Phi Beta Kappa. The GI bill changed the course of his life, and provided the world a writer whose talents might have been lost without such an opportunity for educational advancement.

Mr. President, a GI bill is needed today more than ever to give men like Richard McKenna the chance to realize their potential. A GI education bill is a particularly effective way of meeting this need since, in our complex society, many young men enter the Armed Forces without much education. A few years in the Armed Forces serves in most cases as a period in which great strides in maturity are taken. At the stage in their lives when they leave service these young men have a strong desire to return to school and advance their education. But they do not have the money.

Mr. President, S. 349, the cold war GI bill now pending in the Senate, is designed to meet this need. It will furnish young veterans with partial-subsistence-level educational assistance.

Mr. President, S. 349 was considered briefly 2 weeks ago, but was temporarily laid aside when the Senate proceeded to the consideration of the tax bill. The 37 cosponsors hope that decisive action can be taken on this vital legislation as soon as possible.

Mr. President, I add that I hope that may be done, if not in this session, then in the next.

I ask unanimous consent to have printed in the Record at this point the article "Ex-Sailor, 49, Wins Harper Prize of $10,000 for His First Novel" from the New York Times of Monday, September 10, 1962.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Sept. 10, 1962]

### Ex-Sailor, 49, Wins Harper Prize of $10,000 for His First Novel—Richard McKenna's "The Sand Pebbles" Also Is Selected by Book-of-the-Month Club

(By Arthur Gelb)

Success has come late, but abundantly, to Richard McKenna.

An enlisted man who served in the Navy for 22 years in the Far East, Mr. McKenna began his first novel 3 years ago and will be nearly 50 years old when it it is published in January by Harper & Row.

Born to improverished parents in a small desert town in Idaho, Mr. McKenna entered the Navy at 18 during the depression and did not discover until his retirement that he had a thirst for formal education and a literary bent. His book, "The Sand Pebbles," has just been chosen from 545 entries by a jury composed by Louis Auchincloss, Elizabeth Janeway, and Philip Roth, as the Harper Prize Novel of 1962. The selection carries with it an award of $10,000.

The Book-of-the-Month Club has given "The Sand Pebbles" its large cash blessing; the Saturday Evening Post bought it last week for serialization; and two major motion picture companies have started bidding for it.

The novel, a fat one, deals with a group of sailors, missionaries, and Chinese caught up in the revolutionary conflict in Hunan Province between 1925 and 1927. It is a lusty, action-packed tale written with a knowledgeable grasp of the historical significance of its setting and a sensitive eye for character. In style, it is plainly influenced by Hemingway.

#### INSPIRED BY YARN

On a visit to New York from his adopted home in Chapel Hill, N.C., to discuss his next novel with his publisher, Mr. McKenna explained yesterday that "The Sand Pebbles," was inspired by a sailor's yarn about the Chinese revolution.

"I first heard it when I went to China as a young sailor," he said. "In one sense my novel has been in preparation for 30 years, and all my service in China was a kind of field research, although I did not know it then."

The author is a quiet man who would rather listen than talk. There is little in his manner to suggest the river gunboat sailor he was, though it is true that, like his sailor-hero, Jake Holman, in "The Sand Pebbles," Mr. McKenna can happily down a dozen fried eggs for breakfast. He also shares with his hero an intimate knowledge of, and a lyrical love for, machinery.

But everything else about Mr. McKenna bespeaks the scholar he has become since 1953, when, at the age of 40, he entered the University of North Carolina and sped through courses in literature, science and anthropology, making straight A's and Phi Beta Kappa.

Mr. McKenna gives an impression of immense reserves of strength and discipline. Under brows as unruly as an unweeded lawn, his keen eyes gaze at the world with candor and benevolent humor. His viewpoint, in his novel, is a combination of his former and his present selves.

"I've tried to tell the story both through the naive eyes of the sailor and the sophisticated eyes of the scholar," he said.

Mr. McKenna, who had always felt a vague sense of separateness from his fellow sailors, even as a young man, became oppressed by naval life as he grew older.

"By 1953," he said, "I was in a highly neurotic state and could see no future for myself. At this point I happened to get hold of Thoreau's 'Walden' which I'd never read. It was like medicine."

Mr. McKenna decided that the retirement pay due him as chief petty officer would be enough to sustain him in a Waldensian cabin in the desert; he would furnish the cabin chiefly with books, and retire there to read and learn.

A Navy captain suggested the alternative of entering the University of North Carolina with funds from the GI bill.

"When I got out of the Navy," Mr. McKenna said, "I felt my mind had been in a deep freeze. I felt I couldn't learn enough, fast enough."

After graduation, Mr. McKenna began writing short stories and selling them. One story he struggled with and could not write eventually became the concluding chapter of "The Sand Pebbles."

In love with his work and stunned by the discovery, so late in his life, or his gift, Mr. McKenna has an almost desperate sense of urgency about his future writing.

### FIGHTING TIME

Ruefully quoting "Time's winged chariot hurrying near," Mr. McKenna confesses that he can hardly bear to pause and evaluate his success, though he knows it is bound to bring about certain changes in his style of living he feels he must hurry on to his next project, and his next, with the same fierce concentration he brought to the writing of "The Sand Pebbles," before his time runs out.

In Chapel Hill, Mr. McKenna sees very few people, and is locked in his workroom during most of every day. He relaxes by reading, doing woodwork and bird watching.

---

## "WASHINGTON COVER-UP"—A BOOK REVIEW

Mr. THURMOND. Mr. President, I have just finished reading an advance copy of the new book, "Washington Cover-Up," written by Clark Mollenhoff, the distinguished and much-honored Washington correspondent for the Cowles publications. The book has impressed me so much that I have devoted my weekly newsletter of September 10, 1962, to a review of its contents.

I ask unanimous consent, Mr. President, to have my newsletter and copies of two book reviews printed in the Record. One is entitled "Clark Mollenhoff Raps Bureaucracy in Fine New Book" and was published in the September 9, 1962, issue of the News and Courier of Charleston, S.C. The other is entitled "Deadly Parallels Cited in 'Washington Cover-Up'" and was published in the Greenville News of Greenville, S.C., on August 13, 1962. The latter book review was written by the noted columnist, Mr. Holmes Alexander.

Mr. President, I feel that it is particularly important that every Member of the Congress read this book because we all need to learn more about the so-called right of executive privilege and its cost to the Congress and the country.

There being no objection, the material was ordered to be printed in the Record, as follows:

### "Washington Cover-Up"—Senator Strom Thurmond Reports to the People

A new book, entitled "Washington Cover-Up," hits the Nation's bookstands this week. It is concerned with the subject of "executive privilege"—the so-called right of the executive branch to withhold information from the Congress. In fact, it is the first exhaustive work on the subject, and it lays bare numerous cases of waste, corruption, maladministration, and security risks which were covered up by use of this Executive-originated doctrine and later uncovered by other means.

The author of the book is Clark Mollenhoff, a Pulitzer Prize-winning Washington correspondent who is a close personal friend of Attorney General Robert Kennedy and President John Kennedy. This personal friendship, however, does not prevent Mr. Mollenhoff from expressing himself very candidly against use of "executive privilege" by the President in the recent investigation into military speech censorship policies.

In the book, Mr. Mollenhoff cracks Republicans as well as Democrats in their use of "executive privilege." He points out that the Kennedy brothers are not the only ones who have taken a different view when they moved to the other end of Pennsylvania Avenue. For instance, Republican Attorney General William P. Rogers and President Eisenhower's counsel, Gerald Morgan, were once congressional investigators who protested loudly against the withholding of information from the Congress by the executive branch. When they went downtown, however, they advised Eisenhower administration officials to invoke the legally questionable doctrine 17 times.

In tracing the use of executive privilege to cover up embarrassing administrative actions, Mr. Mollenhoff goes all the way back to President George Washington and winds up with a brief treatment of President Kennedy's letters in 1962 (because the manuscript had already been written by then) authorizing Defense Secretary Robert McNamara and Secretary of State Dean Rusk to refuse to identify Defense and State Department censors with specific speech deletions in the censorship investigation. He points out that there is no historical justification in alleged examples of how George Washington and Thomas Jefferson set precedents for hiding behind what I have called the "executive fifth amendment." He also makes the point that executive privilege has never been tested in the courts.

The biggest gain made in the game of bureaucratic coverup was pulled off on May 17, 1954, the same day of the fateful Supreme Court decision in the school segregation case. On that date President Eisenhower directed that no information or advice given within the executive branch be given to the late Senator Joe McCarthy's subcommittee. Mr. Mollenhoff described this letter as constituting "a naked claim of an authority for unlimited secrecy, without regard for laws or the spirit of a democracy." This letter was later used by a number of subordinate administration officials to refuse information to the Congress.

Mr. Mollenhoff points out in this book that President Eisenhower was permitted to "get by" with his May 17, 1954, letter because "many editorial pages of a press that was normally much more objective had developed an attitude that anything that is bad for Joe McCarthy is good for the country." A similar attitude was reflected by administration defenders when efforts were made to have the censors themselves testify as to whether their censorship actions—many of which were not defended even by the administration—reflected individual caprice on their part or were in accord with established Government policies. Others who had flailed "executive privilege" when it had been used against them did not speak out in this instance, except for Congressman John Moss, chairman of the House Government Information Subcommittee.

This book presents invaluable evidence of the insidious poison of "executive privilege," and how it can be used to cover up in efficiency, corruption, and other embarrassing incidents of bureaucratic bungling. The full facts on Government operations must be available for study by the Congress if the people are going to be able to govern themselves with any semblance of efficiency and good judgment through their elected representatives.

Sincerely,

Strom Thurmond.

---

[From the Greenville (S.C.) News, Aug. 13, 1962]

### Deadly Parallels Cited in "Washington Cover-Up"

(By Holmes Alexander)

Washington.—On February 8, 1962, President Kennedy laid hands on the lid of a Pandora's box when he instructed Secretary McNamara to take personal responsibility for censorship of military speeches, but on no account to permit individual censors to come before the Senate's Special Preparedness Investigating Subcommittee. The President wrote in part:

"I have concluded that it would be contrary to the public interest to make available any information that would enable the subcommittee to identify and hold responsible any individual with respect to any particular speech that he has reviewed.

"The principle which is at stake here cannot be automatically applied to every request for information. Each case must be judged on its own merits. But I do not intend to permit subordinate officials of our career services to bear the brunt and congressional inquiry into policies which are the responsibilities of their superiors."

In a book entitled, "Washington Cover-Up," to be published next month, the much-honored correspondent Clark R. Mollenhoff, an admirer of the President and an even closer friend of Attorney General Kennedy, speculates that this letter may loose upon President Kennedy a swarm of unforeseen and noxious troubles.

Mollenhoff recalls that a similar gag decision by President Eisenhower, used to prevent Senator McCarthy from questioning a Department of the Army official, later became the cause of just about the only scandals which the Eisenhower administration suffered. They were those which blighted the career of the "Assistant President," Sherman Adams, which brought about the Dixon-Yates debacle and which resulted in the disclosure of mismanagement and corruption in the foreign aid program, making it harder every year to get that program through Congress with the funds that an administration believes desirable.

On May 17, 1954, President Eisenhower used the same method as Mr. Kennedy later used—a letter to his Secretary of Defense, Charles Wilson—to prevent a Pentagon subordinate, John Adams, from testifying before a Senate committee. Mr. Eisenhower wrote in part:

"Because it is not in the public interest that any of their [the subordinates] conversations or communications, or any documents or reproductions * * * be disclosed, you will instruct employees of your Department * * * not to testify. * * * This principle must be maintained regardless of who would benefit by such disclosure."

The deadly parallels in the Eisenhower and Kennedy positions are self-evident, Mollenhoff goes on to show, in lethal detail, how Eisenhower administrators used these instructions on no less than 17 occasions to jump behind "executive privilege" when their mistakes in judgment or actions were about to be exposed. Many, but not all, Democratic liberals of the day (Senators SYMINGTON and JACKSON were honorable exceptions) and much of the liberal press, in the author's phrase, "had developed an attitude that anything that is bad for Joe McCarthy is good for the country."

This sort of "justification" came up again last winter when it seemed that nobody except radical rightists, like General Walker and Senator STROM THURMOND, would be much miffed by "muzzling the military." Perhaps Mr. Kennedy's instructions to McNamara was intended to be an isolated instance, not applicable to all investigations. But with the Billie Sol Estes case still unresolved, and with criticism mounting on many fronts against the present administration, a time of proof may be at hand.

Mollenhoff is not a negative gadfly. He shows that, contrary to common opinion, which has been misled by official misstatements, there is no historical justification in alleged examples of how George Washington and Thomas Jefferson set precedent by hiding behind "executive privilege." He proposes a permanent cure for official coverup. In the absence of specific laws for withholding information, the author says, all officials except the President himself should be obligated to explain all their actions to Congress and the General Accounting Office.

The book is as good as a congressional investigation, and it deserves wide public and official attention.

[From the Greenville (S.C.) News and Courier, Sept. 9, 1962]

### CLARK MOLLENHOFF RAPS BUREAUCRACY IN FINE NEW BOOK

"Washington Cover-Up," by Clark R. Mollenhoff. Doubleday, 239 pages, $4.50.

"Washington Cover-Up," as its jacket proclaims, tells "how bureaucratic secrecy promotes corruption and waste in the Federal Government."

Every businessman, taxpayer, newspaper or radioman ought to read this book, which tells how a growing class of department heads in the Federal Government is taking advantage of a mythical right claimed by the President to invoke secrecy of vital Government information from congressional investigation committees.

He outlines how Presidents Truman and Eisenhower and, now, President Kennedy have shielded heads of departments who have failed to reveal evidence which would have saved taxpayers millions of dollars and punished those responsible for frauds which cost the taxpayers similar millions.

Much of this protection, Mr. Mollenhoff points out, is the result of ignorance on the part of the Chief Executives. But he also points out the stubbornness revealed by these Presidents in failing and refusing to study the faults in this system and to put an end to it.

The author shows that the Teapot Dome investigations and the resulting convictions were accomplished through investigations conducted largely over the objections of the Chief Executives. He cites instances in the Truman, Eisenhower, and Kennedy administrations where revelations of fraud and inefficiency have been blocked by this shield of secrecy provided by the Presidents.

The author also cites instances of officials who have demanded the negation of such executive secrecy before being appointed to high office by the President, and have completely reversed themselves after such appointment.

"Official suppression of the truth generally is regarded as something alien to the American tradition of freedom and is incompatible with our system of self-government," he quotes Senator Thomas C. Hennings as saying. "Yet, despite these national attitudes, censorship and suppression of the truth are slowly becoming more and more commonplace in our Federal Government, and secrecy threatens to become the rule rather than the exception."

In an investigation of the Navy Department, he cites an added cost of $125,000 to get information from other sources which would have been available had the President ordered the Department head to reveal the necessary information.

He mentions expensive coverups of graft and mismanagement in foreign aid programs, the building of a farm-to-market road in Peru which led to nowhere, the misappropriation of vast quantities of wheat sent to that country for famine relief and the building there of an irrigation dam for which there was no water.

## VISIT TO THE SENATE BY CHILEAN PARLIAMENTARY GROUP

**Mr. MORSE.** Mr. President, this noon the Committee on Foreign Relations and the Subcommittee on Latin American Affairs had the pleasure and honor of serving as host to a very distinguished group of parliamentarians from Chile, a friendly sister republic to the south of us.

We were also honored by the attendance of some of our colleagues in the Senate who are not members of the Committee on Foreign Relations. I may say to my colleagues in the Senate that they are always welcome at these official welcoming functions. This noon, for example, we had the honor of the presence of the Senator from Nebraska [Mr. HRUSKA], the Senator from Ohio [Mr. YOUNG], and the Senator from Utah [Mr. MOSS], in addition to several members of the Foreign Relations Committee.

These distinguished parliamentarians were presented to us at the luncheon by one of the great friends of the United States in Embassy Row, so to speak, Ambassador Mueller, of Chile, who has come to be beloved not only so far as the executive branch of the Government is concerned, but also on the Hill, as we say.

It is now my distinct pleasure, Mr. President, officially to introduce our visitors for the RECORD. We have explained to our fellow Chilean parliamentarians, in the manner of the parliamentary fraternity, that this afternoon in the Senate is an afternoon of speechmaking, which explains, as we told them before they entered the Chamber, the many empty seats. We explained to them that we have done our voting for the day, and that the meeting of the Senate this afternoon is one in which Senators make a record on some of the issues that are presented to the Senate.

They laughingly responded to that explanation by saying that they will feel very much at home, because parliamentary bodies in democracies are the same in this particular around the world. Yet we wanted them to come into this historic Chamber, which means much to the free world, and in these troubled times means so much to the whole matter of Western hemispheric union and the development of the cooperation that is so necessary in order to carry out the great ideals of our great President of the United States with respect to the historic Alliance for Progress program.

We did not want them to return to Chile without visiting within these hallowed walls. Therefore it is a great privilege to present our guests:

The Honorable Jacobo Schaulsohn, President of the Chamber of Deputies from Santiago, Radical Party. First elected to the Chamber in 1949. [Applause. Senators rising.]

The Honorable Humberto Aguirre-Doolan, Senator from Concepcion, Radical Party. First elected to the Chamber of Deputies in 1949 and to the Senate in 1953. [Applause.]

The Honorable Humberto Del Rio, Member of the Chamber of Deputies from Cauquenes, Liberal Party. President of the Agricultural Committee. First elected to the Chamber in 1949. [Applause.]

The Honorable Renan Fuentealba, Member of the Chamber of Deputies from Coquimbo, Christian Democratic Party. First elected to the Chamber in 1957. President of the Christian Democratic Party. [Applause.]

The Honorable Victor Gonzalez-Maertens, Member of the Chamber of Deputies from Temuco, National Democratic Party, Padena. First elected to the Chamber in 1957. [Applause.]

The Honorable Julio Subercaseaux, Member of the Chamber of Deputies for the First District of Santiago, United Conservative Party. First elected to the Chamber in 1961. [Applause.]

Mr. President, to our Chilean friends I wish to say the Senate of the United States extends a very warm and cordial welcome, and we hope that they will have a very profitable and pleasant and enlightened trip as they go from point to point in this Republic. Thank you for coming. [Applause.]

**The PRESIDING OFFICER.** The Chair is happy to join in expressing to our distinguished visitors the official welcome of the Senate. The Chair appreciates the privilege of doing so.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S.J. Res. 222) providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year."

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 8038) to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 10) to encourage the establishment of voluntary pension plans by self-employed individuals; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Mills, Mr. King of California, Mr. Boggs, Mr. Keogh, Mr. Mason, Mr. Byrnes of Wisconsin, and Mr. Baker were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Mills, Mr. King of California, Mr. Boggs, Mr. Keogh, Mr. Mason, Mr. Byrnes of Wisconsin, and Mr. Baker were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Sheppard, Mr. Sikes, Mr. Cannon, Mr. Jonas, and Mr. Taber were appointed managers on the part of the House at the conference.

## ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 167. An act to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes;

H.R. 75. An act to amend section 2103 of title 28, United States Code, relating to appeals improvidently taken;

H.R. 857. An act to improve due process in the consideration and final adjudication of disputed claims for veterans' benefits by providing that the claimant shall be furnished a brief statement of the facts and law applicable to the case appealed and afforded an opportunity to reply thereto;

H.R. 860. An act to repeal certain obsolete provisions of title 38, United States Code, relating to unemployment compensation for Korean conflict veterans;

H.R. 1322. An act for the relief of Georges Khoury;

H.R. 1450. An act for the relief of Maria Odelia Campos;

H.R. 1463. An act for the relief of Judy Josephine Alcantara;

H.R. 1678. An act for the relief of Jacques Tawil;

H.R. 2611. An act for the relief of Charles F. Ward, Jr., and Billy W. Crane, Sr.;

H.R. 4628. An act for the relief of Fotios Sakelaropoulos Kaplan;

H.R. 5234. An act to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes;

H.R. 5317. An act for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Nale Har Yee, Shee Bell Yee, and Male Jean Yee;

H.R. 7328. An act for the relief of the estate of Louis J. Simpson, deceased;

H.R. 7437. An act for the relief of Stella Rosa Pagano;

H.R. 7900. An act for the relief of Lt. (jg.) James B. Stewart;

H.R. 9775. An act for the relief of Nihat Ali Ucuncu;

H.R. 9834. An act for the relief of Estelle L. Heard;

H.R. 10195. An act to validate payments of certain special station per diem allowances and certain basic allowances for quarters made in good faith to commissioned officers of the Public Health Service;

H.R. 10493. An act to amend title 18, United States Code, section 4163, relating to discharge of prisoners;

H.R. 11017. An act to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11031. An act for the relief of George Wm. Rueff, Inc.;

H.R. 11122. An act for the relief of Edward J. McManus;

H.R. 11863. An act for the relief of Vernon J. Wiersma;

H.R. 11996. An act to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession;

H.R. 12157. An act to amend the Bankruptcy Act in respect to the salaries of retired referees;

H.J. Res. 627. Joint resolution extending the duration of copyright protection in certain cases; and

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay.

## THE FUTURE OF LATIN AMERICA AND THE PROBLEM OF THE SOVIET QUISLING REGIME IN CUBA

Mr. DODD. Mr. President, over the past several weeks, some of our most distinguished Senators have made statements on the subject of Cuba, expressing diverse opinions. This is as it should be, if the Senate is truly to fulfill its advisory function in the critical realm of foreign affairs.

For my own part, I have hesitated to speak before today for several reasons. In the first place, I do not regard the Cuban situation as one which lends itself to a simple one-word or one-action solution.

I do not believe that the way to deal with it is to send in the marines tomorrow.

In the second place, I know how great the cares of the President are, and how many different factors must be taken into consideration in establishing our policy toward Cuba and toward Latin America as a whole. I do not wish to add to the great burden he is carrying. I want to help our President, and that is why I speak today.

But, in the course of the current debate on Cuba, there are certain things that have not yet been said; there are certain aspects of the situation that have not been given due consideration.

I speak today in the hope that I can contribute, at least in small measure, to the discussion which is essential to the clarification of our collective thinking on Cuba.

Mr. President, we live in a time when historic retribution is quick to follow upon each political folly or lapse of judgment.

Three and a half years ago, Fidel Castro and a band of several thousand guerrilla followers were made masters of Cuba when the dictatorial regime of Fulgencio Batista crumbled.

In retrospect, the innocence and gullibility of our policymakers at that time with regard to Castro seem almost incredible. There is strong evidence to show that, if the Eisenhower administration misjudged the Cuban situation so gravely, they did so because vital information was suppressed at desk position and because spurious estimates by publicly unknown subordinates became the basis for policy decisions of the gravest import for the Western Hemisphere.

Because of these totally misleading estimates, for more than another year, despite Castro's daily abuse of America, the official policy was to keep our minds open, to give Fidel Castro a chance, to avoid doing anything that would, so we were warned, drive him into the arms of Moscow.

But today Castro's Cuba is as completely communized as the Soviet Union or Red China. The Iron Curtain has been rung down 90 miles from our shores.

The Cuban peasants are being forced into state farms. The workers are exploited and oppressed more brutally than chattel slaves. An omnipresent secret police keeps every Cuban under daily surveillance. The land does not produce, and the shop shelves are bare. The one thing of which there is a surplus is Communist literature, designed to help brainwash Cubans of all ages.

The economy of Cuba has become completely slave to the Soviet economy. And, in recent weeks, there has been ominous news concerning the arrival in Cuba of massive shipments of Soviet military equipment and of thousands of Soviet military personnel. What this adds up to is that Cuba has today become a full-fledged military and political satellite of the Soviet Union.

On many points the recent reports have been publicly confirmed by the President or else privately confirmed to the press by the Department of State.

About the following points, I believe there is no dispute:

First. During the last week of July, 11 Soviet cargo ships and 5 Soviet passenger vessels arrived in Cuba.

Second. The passenger ships carried approximately 5,000 Soviet personnel, whom the Cuban press described as agricultural and industrial experts who had come to Cuba for the humanitarian purpose of assisting the Cuban people. President Kennedy, himself, has confirmed that approximately 3,000 of the Soviet experts who have already arrived in Cuba, or are on their way, are, in fact, military experts.

Third. The material unloaded included tanks, planes, antiaircraft missiles, missile-equipped torpedo boats, and other military hardware of various kinds, communications equipment and heavy trucks.

Fourth. All of the ships arrived at night and were unloaded at night, according to eyewitnesses, by Soviet personnel.

Fifth. At least 15 additional ships bringing cargoes from the Communist bloc countries are at present on their way to Cuba. Some of these ships fly flags of NATO countries.

I can understand the State Department's desire to avoid statements which might unnecessarily aggravate the situation or alarm the American public. On the other hand, I believe that in a situation such as this the American public has a right to the unvarnished facts. From this standpoint I find it difficult to understand the assurances that were initially given to the American public that the Communist bloc personnel who entered Cuba aboard the ships which recently docked there were technicians in the nonmilitary sense. President Kennedy did the right thing in his statement of last Tuesday, when he set the record straight on this point and spelled out some of the details about the recent shipments.

But I have reason to believe, on the basis of information from reliable sources, that the situation in Cuba is even more grave than has yet been indicated to the American public.

What is more, the recent shipments of Soviet arms to Cuba are by no means the first. It can be stated as a matter of fact, that the Soviet bloc, prior to July of this year, had already delivered to Cuba 500 tanks of various sizes, 500 to 1,000 artillery pieces, between 50 and 75 Mig jet fighters, some 200,000 small arms, and mortars, antiaircraft guns and other military hardware in substantial quantity. With these earlier shipments, it goes without saying, had come Soviet bloc specialists and instructors to train the Cuban Red Army in its use.

### IS THE BUILDUP DEFENSIVE?

The fantastic buildup of Soviet planes and tanks and missiles and advisory personnel that has gone on in Cuba over the past year cannot be dismissed as purely defensive.

As the distinguished Senator from New York [Mr. Keating] pointed out last Wednesday, weapons per se cannot be divided into clearly defined defensive and offensive categories. Most weapons can be used for either purpose. It all depends on who wields the weapons and on the intent of the wielder.

No quantity of Soviet arms could give Castro the capability to invade the United States. But accepting this fact, I still say that the massive buildup of Soviet arms in Cuba constitutes a threat to the security of the United States and of the Western Hemisphere, and that this buildup must be regarded as an act of aggression and as a prelude to further aggression.

It is an act of Soviet aggression against the people of Cuba, in the sense that it endows the quisling tyranny with greater military power to keep them in subjection.

It is a prelude to further aggression in the sense that the large shipments of Soviet arms which have already been unloaded in Cuba are now being transshipped, through clandestine routes, to Castroite movements in other Latin American countries, some of which are already openly fielding guerrilla forces.

It poses a distinct threat to the security of the United States in the sense that it gives Castro the military power to overthrow, or repeat his attempt to overthrow, the Government of Panama, thus placing the Panama Canal under the direct control of Moscow. In doing so, Khrushchev and Castro would not stage a frontal attack on Panama; they would attack by proxy, using an indigenous extremist movement as a front, and pretending to the world that the entire action had been initiated by the Panamanian people.

The Soviet arms buildup in Cuba poses a threat to the security of the United States in the sense that it places the Soviet Union in control of territories and of physical facilities which could prove of the greatest strategic importance in the event of a military showdown with the Soviets.

There is a growing feeling in our country, a feeling that cuts across party lines and political labels, that the time has come to face up frankly to these facts. There is a feeling that we cannot afford to delay much longer, because the longer we delay, the more difficult it will be to cope with the problem.

The existence of this popular conviction has been demonstrated by the many editorials and columns in the American press. The temper of the American people on this matter is further demonstrated by the very heavy mail which Congress is now receiving on the subject of Cuba, urging a stronger policy toward the Castro regime. My own office alone has received literally hundreds of such letters and telegrams. One of the chief reasons why I am speaking today is that I consider it my duty to let my constituents know where I stand on this issue.

### HOW OUR POLICY WENT ASTRAY IN CUBA

Three and a half years ago, as I pointed out in my opening remarks, the Castro movement consisted of a mere handful of guerrillas in the Sierra Maestra Mountains. At that time we might have prevented the establishment of a Communist beachhead on our very shores if we had listened to the warnings of our Ambassadors in Latin American countries and of our intelligence agencies. They warned us that, while there might not be conclusive proof that Castro, personally, was a Communist, there was proof that a number of his chief lieutenants were Moscow-trained Communists and that the movement, as a whole, was to a dangerous degree under Communist influence. There were also many things in Castro's personal career, including the leading role he had played in the Bogotá riots of 1948, which at least strongly suggested that Castro himself had ties with the Communist apparatus.

Had we listened to these warnings, we would have striven to bring about an orderly transition from the Batista regime to a democratic and constitutional regime, directed against Castro as well as the extreme right. But, unfortunately, there were those in the State Department at the time who were prone to accept as gospel the evaluation of the Castro movement which found its way into the staid columns of the New York Times through the pen of Mr. Herbert Matthews.

Mr. Matthews assured the American public that Castro was not a Communist and that the Castro movement was not Communist dominated; and Matthews built up a hero image of Castro in which all the virtues of Robin Hood and Thomas Jefferson, of George Washington, and Abraham Lincoln, were combined in a single man.

The American people were fed more of the same hokum over the CBS network in a documentary film prepared by their Cuban correspondent, Mr. Robert Taber. Mr. Taber, who was dismissed by CBS when he was called before the Senate Subcommittee on Internal Security, later blossomed forth as director of the Fair Play for Cuba Committee, a Castro-subsidized front organization which for some time enjoyed a considerable vogue in this country. It also developed that Mr. Taber had a long criminal record, which included convictions for robbery and kidnaping.

Because we were thus misled as to the true nature of the Castro movement, because the reports of our ambassadors and of our intelligence services were minimized or ignored, because some of the experts in our Latin American division assured their superiors, in almost vehement terms, that there was no proof that Castro was a Communist or that his movement was Communist dominated—because of these things we did nothing to prevent Castro from coming to power in Cuba. Indeed, to the extent that our diplomacy did intervene in Cuba, it intervened in a manner that was mathematically guaranteed to assure the installation of a Castro regime.

The Batista regime crumbled primarily because it was venal and inept and cruel and had lost popular support. But it was American policy that was responsible for the timing of Batista's downfall and for the fact that, when he fell, the only man who could fill the vacuum that was thus created was Fidel Castro.

No effort had been made to encourage the formation of a middle-of-the-road alternative to both Batista and Castro.

No effort was made to explore the possibility of an election under OAS auspices, which our Ambassador to Cuba had advocated and believed possible.

As another variant, we might have explored the possibility of democratic reform under a non-Castro regime by stabilizing the situation until President Rivero Aguero, who had been elected as Batista's successor in November 1958, could be formally installed in an inaugural ceremony that was scheduled for February 24, 1959.

But apparently no alternative to a Castro takeover was given serious consideration. Our position was that Batista had to go and go immediately; and if Castro was the only man on the scene able to take over at that time, then the prudent thing to do was to be nice to Castro and to give him a chance to prove that he was basically a "decent fellow."

Because this was our attitude, no effort was made to warn the Cuban people, the overwhelming majority of whom were anti-Communist, of the dangerous degree of control which Moscow-trained Communists exercised in the Castro movement.

When the Castro regime publicly revealed its true colors, a decision was made, during the last months of the Eisenhower administration, to give active assistance to the Cuban opposition in an effort to overthrow the Castro dictatorship. This effort could have succeeded; indeed, I am certain it would have succeeded, had we determined in advance to support the Cuban freedom fighters on their beachhead with American air cover, to assure the success of their undertaking. But in this case, a policy which had been rightly and soundly conceived was, I have reason to believe, undermined by divisions within the ranks of the President's principal advisers.

There was, in particular, great concern that active American involvement in the Cuban invasion would alienate many of the Latin American and Afro-Asian nations and further complicate our position within the United Nations.

With some advisers pulling one way, and some advisers pulling the other way, the Cuban freedom fighters and the cause of Cuban freedom became the inevitable casualties.

The freedom fighters did not receive the air support which had been considered essential to the success of the invasion; and the result was the Bay of Pigs disaster.

### THE HIGH COST OF NOT TAKING DECISIVE MEASURES

To overthrow the Castro regime today—I have no illusions on this score—will require a far greater effort than it would have required 1 year ago.

But the cost of overthrowing it today would be infinitely smaller than the price we will have to pay 2 or 3 years hence, when we may very well be confronted not with a single Castro regime, but with some half-dozen Castro regimes scattered through Latin America.

Each year that we fail to face up to the danger of Castroism, the cost of confronting it goes up in geometric proportion.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an article on Cuba written by the distinguished columnist Roscoe Drummond, which appeared in the August 29 issue of the Washington Post. I consider it an article of such significance that I hope all Senators will find the time to read it.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DODD. The basic argument of Mr. Drummond's column is that we cannot expect the Castro dictatorship to die on the vine; that while there is hunger, undernourishment, and monumental mismanagement under the Castro regime, Castro, despite all this—I quote—"is steadily tightening his grip on the Cuban state and on the Cuban people—with so much Soviet help that he is both ally and captive."

Perhaps the most cogent argument against the "let Castro die on the vine" thesis was made by the internationally famous liberal historian, Salvador de Madariaga, one of Europe's most revered elder statesmen, who for many years played a distinguished role in the League of Nations. Professor de Madariaga makes this statement in his recent book "Between the Bear and the Eagle":

> The argument that Castro had better be left alone and given enough rope to hang himself is worthless. The experience of other nations fallen into the unscrupulous hands of the Communist Party allows of no such optimism. Time could only make of Cuba an impregnable base for communism to spread all over Latin America. The Latin American governments who shilly-shally over it are only preparing the rope with which they will be hanged. Castro must go soon.

I concur wholeheartedly in this opinion. If we permit the Castro regime to remain on the Latin American vine, in the hope that it will perish, the chances are that, instead of perishing of its own weakness, it will spread its disease to the rest of the vine.

We have committed ourselves to a massive program, the Alliance for Progress, in an effort to rehabilitate and modernize the economies of the Latin American countries. But this entire program is vitiated from the outset by the mere existence of the Castro dictatorship.

The fact is that we are losing the cold war in Latin America and we shall continue to lose it so long as we use foreign aid, unsupported by vigorous political action, as the chief instrument of American policy.

I have heard from many sources that, in most of the Latin American countries, the Alliance for Progress program is virtually unknown to the man on the streets. True, the intellectuals do know about it; but, as things are today in Latin America, the majority of the intellectuals are prone to condemn the Alliance as a device for the enslavement of Latin America by "American imperialism."

We put up money to build schools and combat illiteracy and encourage higher education. But all too often the teachers in these schools and the professors in the universities are members of Communist-dominated unions, who use their American-supported educational facilities to teach their wards to hate America and despise capitalism, and to admire everything that bears the Soviet brandmark.

A recent survey in Venezuela showed that the percentage of Communist teachers in grade schools ranged from a high of 86 percent in some schools to a low of 33 percent in other schools. It also showed that there were 800 card-carrying students in the engineering school of the University of Venezuela.

In Brazil, according to the newspapers, the Communists also completely dominate the student movement. I quote from a New York Times dispatch from Rio de Janeiro, dated July 23:

> The leftist-dominated National Students Union has elected an unopposed list of officers on a platform including opposition to the U.S.-sponsored Alliance for Progress.

In Mexico, according to a detailed report I have recently received, the Communists exercise a degree of control over the teachers' union which is nothing short of terrifying.

I want to say a few words about the situation in Brazil, because the dangerous turmoil that today exists in that country is characteristic of much of Latin America—and will, I am afraid, remain characteristic so long as the Kremlin is permitted to maintain an advance base for political and military subversion on the shores of the Western Hemisphere.

President Goulart's government, according to all reports, is weak and divided, and the Communists are gaining influence on many fronts—in the trade union movement, among the unemployed, among the impoverished peasants of northeast Brazil, among the students and intellectuals, in the ranks of government workers, and even in the top echelon of the Brazilian Government.

Although President Goulart during his visit to the United States sought to dissociate himself from his pro-Communist brother-in-law, Leonel Brizola, Governor of the State of Rio Grande do Sul, Brizola still remains in office, and his popular influence has, if anything, increased. He has repeatedly called for the expropriation of all U.S. property in Brazil; and on February 16 of this year he set an example for other Brazilians by arbitrarily confiscating all of the properties of the International Telephone & Telegraph Co. located within his state frontiers, offering only token compensation.

It is also significant that the new Prime Minister of Brazil, Dr. Francisco Brochado da Rocha, was Secretary of Justice and the Interior in the government of Brizola at the time when the International Telephone & Telegraph property was expropriated, and he is credited by many persons with having been the actual brain behind the expropriation.

The temper of the statements that the Brazilian people are listening to from their political leaders offers small reason for encouragement. For example, on May 22 of this year, Governor Brizola addressed a group of law students, at a meeting which was generously attended by Government dignitaries and members of Soviet bloc embassies. In this nationally televised diatribe, which would have done credit to Fidel Castro, the Governor told his audience that Brazil was being occupied and sacked by the "imperialistic capitalists of the United States."

He said that Brazilians should have the courage to take over U.S. firms in Brazil, to tell Americans to get out, unless they bring their families and children to Brazil and become Brazilians and learn Portuguese.

He also said that one more chance should be given democracy in Brazil. And he served notice on the present government that it must make all the reforms demanded: Change the constitution. Kick the U.S. interests out of Brazil. Stop the Alliance for Progress—and do it now—or else the revolutionary forces would do it in their own way. And he added that he would gladly accept leadership of the revolution.

There are some who say that we cannot deal with the problem of Castroism in Latin America unless we first deal with the problems of poverty and social backwardness and military dictatorship. I say that the converse is true: That we cannot properly deal with the problems of poverty and political instability unless we first deal with the problem of Castroism. In the interim period, we have no alternative but to endeavor to deal with both problems simultaneously.

It is not true that communism breeds only on poverty and political tyranny. I would point out to my colleagues that the government of Romulo Betancourt in Venezuela is commonly acknowledged to be one of the most democratic and socially progressive in Latin America, that the people of Venezuela enjoy a higher standard of living than any of their Latin American neighbors. But despite all these things—or is it precisely because of them?—the Communists have made the Government of Venezuela their No. 1 target in Latin America. Under Castroite instigation, Venezuela over the past 2 years has been the scene of riot after riot and uprising after uprising.

Let there be no mistake about it: The mere existence of Castroism makes political stability impossible in Latin America, and makes turmoil an epidemic condition. Fidel Castro, under Moscow's direction, has become both the principal organizer and charismatic symbol of the political and social chaos that today racks the lands of Latin America.

More than one Latin American political leader has faced up to the fact that so long as this turmoil is permitted to exist, there can be no way out but total chaos and ultimate communism. Speaking on August 16, for example, the Argentine Minister of Economics, Alvaro Alsogaray, stated the following:

> If there is no political stability, if every day we are threatened by coups d'etat, if at every moment we are fearful that blood is to be shed among Argentines * * * if we look more like an anarchical state than an organized country, then this system of modern free economy with a social distribution of wealth, fails at its base and cannot work. We cannot attract capital under the permanent threat of revolution.

If the economies of Latin American countries are to be developed at a tempo adequate for our times, it will require all the private capital, both domestic and foreign, that can be mobilized and brought to bear on the problem, through political encouragement and economic inducement. But the fact is that, since Castro took power in Cuba, there has been a serious flight of capital from virtually all the Latin American countries, a process of disinvestment rather than of investment. The inroads that Castroism has made in Latin America, the apparent stabilization of the Castro dictatorship, our failure thus far to take any active measures to terminate the problem, have all helped to produce a great outpouring of "frightened capital," seeking investment in safer areas.

I say that no foreign aid program, no matter how generously conceived, can act as a substitute for private capital. Foreign aid can render support to a program of private investment in the development of backward countries. But one of the prime functions of our foreign aid program, as I see it, is to create a climate that is hospitable to private investment. No sovereign government can be denied the right to expropriate property, in return for proper compensation, if it considers such action to be in the national interest. On the other hand, we must endeavor to set forth the facts about expropriation and the role of private capital to our Latin American friends. We must endeavor to explain to them that expropriation, historically, has weakened the economies of those nations who have practiced it; that it has resulted in an immediate deterioration in the management of the expropriated industries; that it has, at a later date, retarded their modernization and made it more difficult for them to compete in the world's markets; that it has, in effect, killed the goose that lays the golden egg by discouraging further capital investment in these countries.

I am convinced that we can get this across to the Latin American peoples because reasonable nationalists and true progressives have long since come to realize that expropriation is self-defeating. They have come to realize that the welfare of their people depends on their ability to foster a spirit of partnership between their governments and foreign investors, perhaps based on the profit-sharing formula which has now become so widespread.

Expropriation of foreign enterprises today remains the policy of only two groups: the lunatic nationalists like Mossadegh and the Communists. The Communist agitation for expropriation runs parallel to their vicious encouragement of antiwhite terrorism in the countries of Africa. The latter policy is designed to drive the white people physically out of Africa in order to create a political and social vacuum. The policy of expropriation, similarly, is designed to frighten out foreign capital already in the country and to keep away foreign capital that might have come in, for the purpose of creating an investment vacuum and further aggravating the economic hardship and social chaos on which communism fattens.

I come back to the point that there can be no serious program of economic rehabilitation in Latin America so long as the Castro tyranny, which is the prime source of the expropriation sickness and of political turmoil in Latin America, is permitted to exist.

I say that the Alliance for Progress and the continued existence of the Castro regime are mutually incompatible—that one or the other will have to go.

### THE NEED FOR A LIBERATION POLICY

I believe that the security of the hemisphere demands decisive action to put an end to the tyranny that today oppresses the Cuban people.

I cannot, however, agree with those who are today urging that we invade and occupy Cuba with American forces.

The call for an American military occupation of Cuba is false in its emphasis and lays us open to unnecessary attack by the Communist and Castroite propaganda apparatus. Because of this, an American military occupation of Cuba, even if carried out with dispatch and efficiency, might very well produce a worsening of the political situation throughout Latin America.

The Cuban people must be liberated from Soviet slavery. The right of self-determination must be restored to them. But the task of liberation must be carried out, in the first instance, by the Cuban people themselves. The role of the United States and of the other American nations must be limited to supporting the forces of Cuban freedom.

There is too great a tendency to accept Communist revolutions as irreversible and Communist regimes as permanent.

Indeed, this assumption somehow seems to have become an essential ingredient of our foreign policy.

It is an ingredient which seems to have had a paralyzing effect on our understanding and on our will.

It is not too much to say that unless we can succeed in shaking off this paralysis, the triumph of the Communist world over the free world is inevitable.

Even those who urge conciliation with communism will not dispute the statement that the Communists seek to subject the remaining free governments of the world by every means at their disposal—by propaganda, by political agitation, by infiltration, by guerrilla action, and, in certain cases, by direct military aggression. Nor would they question the statement that, employing these means, the Communists since World War II have annexed or succeeded in taking over the following roster of countries and territories: Lithuania, Latvia, Estonia, Czechoslovakia, Poland, Hungary, Rumania, Bulgaria, Yugoslavia, Albania, East Germany, North Korea, mainland China, North Vietnam, Tibet, northern Laos, and Cuba.

Rosters of names, I know, make dreary reading. But I do not think it would hurt us to repeat this roster to ourselves at regular intervals.

True, we did succeed in preventing the Communists from taking over in Greece, in Guatemala, and in South Korea. But the final outcome of the struggle is a matter of simple arithmetic if the Communists continue to annex new territories while we limit ourselves, at each juncture, to defending, sometimes successfully, sometimes unsuccessfully, what remains of the free world.

I believe that if Communist counterrevolutions are possible, revolutions for freedom are also possible. I believe that if Communist regimes can be imposed on peoples, there are also ways in which these regimes can be deposed. I believe that the entire record of the postwar period, indeed, underscores the vulnerability of Communist regimes and the feasibility of overthrowing them.

The Communist regimes are different from the orthodox tyrannies of the past in the sense that they are totalitarian, that under communism, not merely is opposition political activity proscribed, but every phase of human activity is brought under the control of the all-powerful state.

Wherever they have taken power, these regimes have shown themselves to be monumentally inefficient. That this is so should not be surprising, because the concept on which they are based runs completely counter to the grain of human nature. Whether it is in the Soviet Union or in Czechoslovakia or in China or in Cuba, these regimes have demonstrated an infallible genius for undermining agricultural production by destroying the will of the peasant classes to produce. In the name of creating an ultimate utopia, they have invariably subjected their newly acquired peoples to far crueler economic hardship than they had ever before experienced.

This combination of ineptness and cynicism, of economic hardship and religious persecution and total political tyranny, has, in turn, produced in the countries subjected by communism a hatred more violent and more universal in nature than anything heretofore recorded by history. The phenomenon of total dictatorship has, in fact, produced the phenomenon of the "total revolution," in which entire peoples, including the military forces under supposedly Communist direction, have revolted against their Communist masters.

The French Revolution was opposed not merely by the aristocracy, but by substantial sections of the middle class and, in certain parts of France, even by the peasants.

The American Revolution, in terms of popular support, was at best a majority proposition, with substantial portions of the population remaining loyal to the British Crown, while other portions remained uncommitted.

The Bolshevik Revolution of 1917 and the Communist revolutions that have taken place since that time, were distinctly minority affairs, in which disciplined conspiratorial parties, numbering only a tiny fraction of the total population, succeeded in imposing their will on their peoples by force and by subterfuge.

But there was no such national division at the time of the East German uprising in 1953, of the Polish uprising of 1956, of the Hungarian revolution of October 1956, of the Tibetan uprising of March 1959. These national uprisings against Communist tyranny have been marked by their universal nature, by the fact that in each case the armed forces sided with the people against the tyrants. The report of the United Nations Committee on Hungary, for example, made the point that, when the Red army invaded Hungary to put down the revolution, there was not a single recorded instance of Hungarian fighting against Hungarian. It was the Hungarian people as a whole fighting against the tanks of the Red army.

That the phenomenon of "total revolution" is not a freak or historical accident is further demonstrated by the fact that we have had four such uprisings over the past 9 years. This is all the more remarkable, because in each case these uprisings took place without foreign support of any kind, without internal organization, in the very teeth of the Soviet Army or the Red Chinese Army, and without any hope of intervention or military assistance by the free world.

The Polish revolution was frozen halfway because of the massive presence of the Soviet Red Army within Poland and on its frontiers. The East German uprising and the Hungarian revolution were defeated only by the open intervention of the Red army against the peoples of East Germany and of Hungary. The Tibetan uprising, similarly, was not put down by any Tibetan quisling apparatus; it had to be put down by the overwhelmingly superior military forces of Communist China.

If such a total revolution against communism were to take place in Cuba, however, its immediate success would be assured for the simple reason that the Soviet Union and Communist China would be in no position to intervene in Cuba as they did in Hungary and East Germany and Tibet.

Against this background, Mr. President, I do not think it unrealistic to suggest that we should strive to assist the Cuban freedom movement to build up its forces and to foster the conditions for a total anti-Communist revolution, uniting the Cuban people and the Cuban armed forces against the quisling tyrants who oppress them.

We should not wait for this revolution to take place accidentally or spontaneously. On the contrary, short of open military intervention by American military forces, we should do everything in our power to encourage and to assist the forces of Cuban liberation.

I believe that the proposal of Professor de Madariaga for collective action by the Organization of American States in support of Cuban freedom is the ideal for which we should strive. But if such action cannot be organized, if our Latin American friends continue to shilly-shally, then, as President Kennedy suggested in his historic speech before the American Society of Newspaper Editors after the Bay of Pigs disaster, we must be prepared to act alone in support of the Cuban people.

> Our patience is not inexhaustible—

Said the President:

> Should it ever appear that the inter-American doctrine of noninterference merely conceals or excuses a policy of nonaction—then I want it clearly understood that this Government will not hesitate in meeting its primary obligations, which are to the security of the Nation.

Like all of my colleagues, I have given much thought to the situation in Cuba. I should like to submit for their consideration a six-point plan of action for the liberation of Cuba.

I submit this plan with no sense of finality.

I recognize that other and more effective measures may conceivably be devised for coping with the problem.

I recognize, too, the infinite complexities that the administration must take into consideration in determining its course of action.

I believe, however, that in this critical situation, a moral obligation devolves upon the Senate and especially upon the members of the Foreign Relations Committee, to give this matter their most earnest consideration and to set forth their opinions and their suggestions in the hope that they can thus be of some assistance to the few men upon whom rests the ultimate responsibility of decision.

I believe the first measure we must take is to commit ourselves to a "declaration of independence and freedom for the Cuban people," so that the whole world will know that the decision has been made to completely eradicate the malignancy of Castroism.

Second, I believe that we should inform the Cuban exiles in this country that we are prepared to support the establishment of, and grant recognition to, a broadly representative provisional Cuban Government-in-exile. If the Cuban political leaders cannot achieve the minimum agreement essential to the establishment of such a provisional government, then I believe that the faculty of the University of Havana, most of which is now in this country, or alternatively, the several hundred members of the Havana Bar Association who have sought refuge here, should be constituted as a provisional government, committed to the holding of free elections within 1 year of the liberation of Cuba.

As a third and immediate measure—in anticipation of action by the Organization of American States—I believe we should invoke the Monroe Doctrine to proclaim a total embargo on shipments of Communist military materials and military personnel to Cuba.

The words of President Monroe never had clearer application than they have today in Cuba.

In his message to Congress on December 2, 1823, President Monroe asserted—

> as a principle in which the rights and interests of the United States are involved, that the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European power.
>
> We owe it therefore to candor, and to the amicable relations existing between the United States and those [European] powers, to declare that we should consider any attempt on their part to extend their systems to any portions of this hemisphere, as dangerous to our peace and safety—

I ask my colleagues to note carefully the wording of this statement, to note that President Monroe spoke of extending—

> their systems to any portion of this hemisphere.

I would also ask them to note with care the words of President Monroe when he said further in his statement that the United States would view as an—

> unfriendly act any interposition for the purpose of oppressing them—the Latin American republics—or controlling in any other manner, their destiny, by any European power.

I believe that this wording applies clearly to the situation that exists in Cuba today. I cannot understand, indeed, how my good friend, the distinguished Senator from California, could take the stand that the Monroe Doctrine did not apply to Cuba because the Soviet armaments and Soviet personnel now in that country were there by virtue of an official request from the Government of Cuba. He stated:

> The Monroe Doctrine applies to a situation in which a foreign power by force overthrows an established regime in this hemisphere.

As I read the Monroe Doctrine, it applies to "any interposition" for the purpose of oppressing the Latin American peoples or controlling their destiny "in any other manner."

Nor can I understand the legitimacy which he accords the Castro government in his statement. The Castro government was not elected by the people of Cuba and does not represent them. It is not an indigenous government, but a quisling Soviet regime which has been imposed on the Cuban people by deception and by fraud and by terror, and which now maintains itself in power only thanks to the massive presence of Soviet arms.

At the time President Monroe made his historic declaration, the United States was only a minor power compared with the great nations of Europe, and its navy was by no means the first in the world. Today we are indisputably the world's greatest power, while our navy dwarfs the navies of all the Communist nations combined. If the Monroe Doctrine cannot be enforced today to deal with a situation that more clearly violates its intent than has any other situation since its proclamation, then I say that the candid thing to do would be to strike the doctrine from our books.

It is, however, my confident expectation that, with or without the support of our Latin American neighbors, the wisdom of the Monroe Doctrine in its specific application to Cuba will be recognized, and the necessary action will be taken to implement it.

In invoking the Monroe Doctrine to prevent the shipment of Communist military materials and military personnel to Cuba we could, I am certain, make it abundantly clear that our action was directed not against the Cuban people but against the Soviet quisling regime. We might even give consideration to substituting a food ship, loaded with American surplus food, for every shipment of Communist arms of military contraband that was turned back.

Fourth, I believe that we should greatly intensify our entire propaganda effort with the frankly declared purpose of assisting the Cuban people to liberate themselves. We must direct this propaganda not merely to the people of Cuba, but to all the peoples of the Americas, documenting the facts about Castro's communism, about the treachery by which he imposed his Communist tyranny on the Cuban people, about the abandoned promises for free elections, about the catastrophic economic mismanagement that characterizes his regime, about the thousands of Soviet and Chinese experts who are now flooding the country, about the abject economic and political tutelage to the Soviet Union into which Castro has led Cuba.

As a fifth step, I believe we should be prepared, preferably in concert with the OAS nations, to impose a total blockade on all shipments to Cuba, other than shipments of food and consumer goods.

Sixth, I believe we should be prepared to give open and increasing assistance to Cuba's heroic freedom fighters, who are daily defying Castro's execution squads.

I note that there have been some editorials in our country which have deplored the action of the group of Cuban refugee students who recently bombarded Havana from makeshift craft that they had sailed from Miami.

According to these editorials, the U.S. Government should now take the most stringent action to prevent any such future expeditions by Cuban patriots operating from our shores. I would point out to these editors that none of them, to my knowledge, made similar protests when the Castro movement was seeking to overthrow the Batista regime, and when agents for the Castro movement were active in this country, raising funds for its support and purchasing arms and ammunition which they sent by plane and by ship to the Castro guerrillas from Florida ports. Indeed, it is amazing, in retrospect, to realize that there was no public protest over the virtually total suspension of American law enforcement when it was a matter of "arms for Castro."

I suggest that it is our moral duty to give the Cuban freedom fighters of today at least the same leeway that we gave the agents of Castro only several years ago. Indeed, I would urge that we not only support the resistance movement in Cuba, but that we openly support the creation of a "Cuban Freedom Legion" in exile, whose ranks would be open to all Latin American nationals.

To be realistic, we cannot completely exclude the possibility of military assistance to the Cuban freedom fighters. But I believe that this is a decision that can only be made at a later date and against the background of a plan of action similar to the one I have here outlined.

Let us not be deterred from a policy of liberation by the fact that the Communist nations and certain of the Afro-Asian nations will scream at the top of their lungs that American imperialism is engaging in military aggression.

It is the Soviet Union which stands convicted of political and military aggression in Cuba, and which, from its Cuban beachhead, is daily practicing political aggression against the countries of the Western Hemisphere.

Moreover, the Soviets and the Afro-Asian extremists have long ago forfeited all right to protest against unilateral military action.

A free Hungary threatened no one; but, in open defiance of the United Nations, the Soviet Union sent in an army of 5,000 tanks to crush the Hungarian revolution in blood and to impose an inglorious quisling regime which could not have mustered a hundred votes in the whole of Hungary.

Goa threatened no one; but, in violation of the U.N. Charter, India invaded and annexed the territory of Goa.

West New Guinea, as a colony of the Netherlands, threatened no one, and the Netherlands Government had already committed itself to a policy of self-determination for the Papuan people. But Indonesia has now succeeded in forcing the peaceful surrender of west New Guinea to Sukarno's imperialist ambitions, flagrantly violating the two cardinal tenets on which the United Nations is founded—the right of self-determination of peoples and the repudiation of force as an instrument for the settlement of disputes.

Let us not be deterred from our commitment to a free and independent Cuba by the hysterical protests of tyrants or opportunists who usurp the name of the Cuban people or hypocritically invoke the United Nations Charter. For I believe that the justice of this policy of liberation will be vindicated by the Cuban people themselves in free elections, under OAS auspices, on the morrow after their liberation.

### THE NEED FOR A FREEDOM ACADEMY

In concluding my remarks, I wish to urge that instead of endeavoring to cope with disasters when they have grown full bloom, we must in the future find some way of anticipating disasters and preventing their emergence.

The situation in Cuba today and the ominous rumblings in so many Latin American countries, again point up the dismal fact that the Communists know how to wage political warfare and we do not—that we have been losing the cold war because, in effect, we have been amateurs fighting against professionals.

It was precisely to cope with this deficiency that the Senate, in the closing days of the 1960 session, passed a bill calling for the creation of a Freedom Academy—where research into the entire spectrum of Communist strategy and tactics could be carried out under the direction of the most competent men available from government and from private life; where measures could be devised to meet and contain the Communist offensive and to restore the initiative in the cold war to the free world; and where Americans called upon to represent their countries abroad, either in the service of their Government or in the service of private business, could be schooled in the interlocking complexities of political warfare.

The Senate Judiciary Committee, in reporting this measure favorably, described the bill as "one of the most important measures ever introduced in the Congress." But unfortunately, after being passed by the Senate, the bill died in the House because of honest but, I believe, misguided fears that the Freedom Academy, if it were ever established, would be taken over by those who are soft on communism, or, even worse, by infiltrees.

When the bill was reintroduced in the Senate in February 1961, it was referred to the Senate Foreign Relations Committee for consideration, at the specific request of the committee chairman and by unanimous consent. I regret to report that, over the intervening year and a half, no hearings have been held on this bill, and chances are that it will not be brought to the floor for public debate before the close of the session.

The establishment of such a training academy has been strongly advocated by nationally recognized authorities in the field of the cold war. For example, the Strausz-Hupe group in their book "A Forward Strategy for America," pointed out that while the United States has established academies to train men for war and a Foreign Service Institute to train diplomats, no comparable establishment trains Americans in the art of psychological warfare.

> It is in the field of revolutionary conflict techniques—

Said Dr. Strausz-Hupe and his colleagues—

> that the Communists hold a decisive margin of superiority over the Western Powers.

The need for a cold war training institution was also recognized by the so-called Sprague committee, which reported to President Eisenhower just before the close of his term. The committee strongly recommended that consideration be given to the establishment of a National Security Institute which "would provide concentrated exposure to and study of Communist ideology, techniques, and operations, worldwide, as well as of our total governmental informational resources, and the best ways to orchestrate and use them."

The need for such an institute has also been recognized and endorsed by the editors of our greatest national periodicals—Life magazine, Saturday Evening Post, and Reader's Digest; by the American Federation of Labor, with its extensive experience in combating communism both in this country and abroad; and by organizations like the Cold War Council, which was founded by people once prominent in the ADA, and the American Security Council, whose membership is primarily conservative and big business.

But above all, the need for a Freedom Academy has been underscored by the events that have taken place, at dizzying pace and in so many different parts of the world, since the Freedom Academy bill was first introduced.

There are those who have accused this administration of adhering to a "no win" policy, that is, of not wanting to win the cold war. I believe that this charge is as mischievous as it is false. I am convinced, in fact, that there is no one in this administration who does not want to win the cold war.

The trouble is—and this is a trouble that has been true of every American administration since the close of World War II—that we do not know how to go about winning the cold war.

The trouble is that, while the Communists wage total political warfare, our own conduct is governed by conventional concepts of war and peace; when there is no war in the military sense of the word, we consider ourselves to be at peace and we conduct ourselves accordingly.

The trouble is that, while the Communist training schools every year turn out thousands of professional revolutionaries, some of them specialists in certain areas, others trained as conflict managers who know how to orchestrate all the instruments of political warfare, the free world continues to believe that traditional diplomacy and a conventional foreign service is all that is necessary to deal with the menace of communism.

The trouble is, in short, that, on the one side in the cold war, there are free world amateurs who look upon the struggle with communism as a phenomenon that can be resolved if we avoid provocation and conduct ourselves according to the Queensbury rules of 19th century diplomacy; while on the other side there is an international conspiracy disposing of tens of thousands of ruthless professionals dedicated to the total destruction of the free world, and nothing less than this.

I plan to speak at a later date on the theme that our chief trouble is that we do not know how to win.

Meanwhile, I would again point to the many ominous signs in the world situation as a reminder that the time has come for an end to amateurishness and an end to innocence.

We cannot afford any more Cuban disasters, or the luxury of performing postmortems for the purpose of discovering how and why these disasters occurred. The politics of hindsight must give way to the politics of foresight.

We must accept the fact of fourth-dimensional warfare, or psychological warfare, and we must equip ourselves with the knowledge and the means and the trained personnel required to meet the Communist onslaught in this dimension.

But above all, we must accept the underlying fact that we are locked in a life-and-death struggle with an enemy of infinite cunning and infinite ruthlessness.

Because the acceptance of this basic fact is the beginning of all political wisdom in the world in which we live today.

**Mr. KEATING.** Mr. President, will the distinguished Senator from Connecticut yield?

**Mr. DODD.** I am happy to yield to the distinguished Senator from New York.

**Mr. KEATING.** I am sorry that every Member of the Senate was not present to hear the analysis of the situation in Cuba delivered by the distinguished Senator from Connecticut.

The Senator from Connecticut has advanced a program which does not involve armed action against Cuba at this time, action which I think most of us would agree would be a mistake; but he does set forth a six-point program, clearly after considerable study. There are two points about the Senator's address to which I should like to add a word.

One has to do with the analysis which the Senator from Connecticut has made of the nature of the weapons which are now located in the advanced Soviet base which is Cuba, weapons which cannot in any sense be considered purely defensive. Whether a weapon is defensive or offensive depends entirely upon the triggerman or the operator of the particular weapon and the person or the nation against which the weapon is turned. True, Mig fighters, tanks, missiles, antiaircraft guns, and torpedo boats are defensive weapons; but they are also offensive if the desire is to use them offensively.

The other point relates to the analysis of the Monroe Doctrine. As the Senator has said, it was contended by the distinguished Senator from California [Mr. ENGLE] and has also been contended by others—and I venture to say that the Senator from California was enunciating the present policy of this administration—that the Monroe Doctrine is not here involved because Soviet Russia was invited to Cuba by the existing Government of Cuba.

Think what that reasoning leads to. It means that in any Latin American country, all that needs to happen is a coup d'etat, following which the government which takes over by force may call in Soviet Russia or Communist China, or some other Communist country; and thereby the Monroe Doctrine will not apply. At present the situation is the Monroe Doctrine minus one country; and the next country which has a coup d'etat will make the situation the Monroe Doctrine minus two. Pretty soon, all that will be left will be the Monroe Doctrine applying to the United States of America.

President Monroe made it abundantly clear that if the Monroe Doctrine is to remain in force—and I do not believe it is the policy of the United States to have it junked—it should cover cases in which our southern brethren—meaning the Latin American Republics—had imposed upon them by force from the outside the ideologies and the principles of a foreign power, which they would not of their own accord adopt. That is exactly what has happened in Cuba. Today Cuba is a Communist state; and communism was imposed upon Cuba by the world Communist movement, of which it is now apparent that Fidel Castro is a part, and admittedly so. Castro and Khrushchev have had the effrontery not only to admit but also to boast that they are making a military base of Cuba and are increasing military supplies and military personnel there.

I believe, as does the Senator from Connecticut, that we in Congress who feel strongly about this situation have a duty to speak out on this question and to be certain that the American people are fully informed about it.

Ours is a government of the people. The American people, if they know all the facts in relation to this situation, will, in my judgment, be able, through their congressional representatives and in conjunction with the executive branch, to support a conclusion and a solution which will protect the security of our country. I feel that the Senator from Connecticut has today made a significant contribution to that end.

**Mr. DODD.** Mr. President, I am deeply grateful to the distinguished Senator from New York. As usual, he is very generous.

As I have said openly, my intent was to make a small contribution to the current discussion of this subject. I think the Senator from New York has himself made a most significant contribution to it. All we are trying to do is to think things out and set forth our views.

I am aware that this is a difficult problem. There is no easy solution of it. It is satisfying to know that in this wonderful body we can speak our minds, and perhaps, in that way, help those who have the principal responsibility to make the right decision.

As I have said on many other occasions, I am glad to have the warm and comforting words of the great statesman from New York [Mr. Keating].

Exhibit 1

[From the New York Herald Tribune, Aug. 29, 1962]

### Castro Not Dying on Vine—Fidel's Fall Seen Possible, but Only if He Is Pushed

(By Roscoe Drummond)

Port-of-Spain, Trinidad.—Nowhere in Latin America have I encountered any support for the wishful thinking in Washington that Castro is going to die on the vine or that the Cuban dictatorship will soon fall from its inner weaknesses.

The prevailing view in the Latin American capitals I have visited is that while conditions in Cuba are getting steadily worse, the Castro regime itself is becoming steadily more entrenched.

One South American newspaper correspondent, who had spent considerable time in Cuba and left only recently, put it this way: "Fidel Castro is proving himself totally incompetent to manage the affairs of his nation, but extraordinarily skillful in managing the apparatus of a police state."

This raises a question of acute importance to policymakers in Washington who are rather counting on waking up some morning and finding that Castro has disappeared in the dust.

#### QUESTION IS POSED

The question is whether any Communist police state, holding all the weapons of terror and repression in its own hands, can ever be overthrown by a popular uprising armed with little more than sticks and stones.

There is no doubt that conditions are deteriorating inside Cuba. There is clearly developing an angry, resentful, frustrated and humiliated people who, while still passionately supporting the "Castro revolution," are heartsick over what Castro has done to the revolution.

The evidence is mounting that there is hunger and undernourishment. Cuba used to produce food for export and now cannot supply the needs of its own population. Private farmers have no incentive to increase their crops, and the peasants on the state collective farms are wondering when they are going to receive "their land" as promised by Castro. They still can't quite realize that Castro's Communist state has taken over both the land and the peasants to work it.

The situation is so out of hand that you have the upside-down condition of farmers appealing to the cities to send them food.

Economic aid from the Soviet Union and Red China is failing to live up to promises—even as Fidel has failed to live up to his promises. Castro is finding that Communist bloc assistance—except arms—is not only doled out very carefully, but is also costly. Cuba's slim reserves of foreign currency are steadily being drained away, largely because Cuba no longer has the exports it can sell to the hard-currency countries.

But Latin American sources on the continent are convinced that Castro is steadily tightening his grip on the Cuban state and on the Cuban people—with so much Soviet help that he is both ally and captive.

Castro's armed forces seem to be all that he needs—and more—to prevail over any opposition that might develop. The Soviet Union is stepping up its shipments of arms and thousands of technicians. Castro has recruited the forces in ample volume. There is every reason to assume that the army is loyal to Castro's bidding. While the regime has been unable to feed his people properly, it has taken care to see that its troops are a favored class. This means that the Castro army is massively armed, well fed, and heavily disciplined for its duty—to keep the dictatorship in control at all costs.

#### A LIBERAL'S VIEW

A distinguished European liberal who has recently visited Latin America contends that Cuba ought to be liberated by the Organization of American States. These are the words of Salvador de Madariaga:

"The argument that Castro had better be left alone and given enough rope to hang himself is worthless. The experience of other nations fallen into the unscrupulous hands of the Communist Party allows of no such optimism. Time could only make of Cuba an impregnable base for communism to spread all over Latin America. The Latin American governments who shilly-shally over it are only preparing the rope with which they will be hanged. Castro must go soon."

But wishful hoping will not free the Cuban people. Castro will fall—only if he is pushed.

**Mr. DODD.** Mr. President, I ask unanimus consent to have printed at this point in the Record several articles relating to the Cuban situation.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Sept. 2, 1962]

### Red Decision To Boost Aid to Castro Is Seen

(By Donald May)

The Soviet Union appears to have made a major policy decision to prop up the Castro regime in Cuba and draw it closer to the Communist camp, U.S. observers said yesterday.

Administration officials, who a week ago reported a big increase in Soviet military aid to Castro, gave this updated account of the situation:

Military supplies believed to include transportation, electronics, and construction equipment which had been reported being unloaded at Cuban ports late July and early August, apparently are being transported to sites around the island.

Officials feel it is a pretty safe prediction that the supplies will turn out to include Soviet antiaircraft missiles similar to the U.S. Nike. The prediction is based on other equipment which has been identified and the fact that Russia has given such missiles to Iraq and Indonesia.

A number of small patrol craft arrived as deck cargo aboard Soviet ships. It is not clear whether they were torpedo boats, as reported Friday by Senator Kenneth B. Keating, Republican, of New York.

#### ELECTRONIC EQUIPMENT

There is no evidence yet that Moscow has sent equipment to monitor U.S. rocket launchings at Cape Canaveral, Fla. The electronic equipment which appears designed to bolster coastal and air defenses.

It is theoretically possible that such equipment could be used to interfere with ground signals that control the Canaveral rockets. But officials doubt that Russia or Cuba would try this. The United States could retaliate. The result would be a very expensive "rocket-jamming war."

It is considered very improbable that stations located in Cuba could send out signals to alter the course of U.S. rockets. This would mean obtaining the exact secret codes by which the rockets are controlled.

The most probable estimate of the number of Soviet-bloc technicians to arrive in Cuba recently is 3,000. It could be 5,000. There is no good estimate of what percentage are military technicians, but probably more than half are.

Though there are still many rumors that the military technicians are troops organized into combat units, all U.S. information from trained observers indicates the contrary. They are not in uniform and appear to be limited to installing the new military equipment and training Cubans in its use.

Senator Homer E. Capehart, Republican, of Indiana, has called for a U.S. invasion of Cuba and Keating has accused President Kennedy of withholding information about Soviet troops from the American public.

Much of the U.S. policy thinking on Cuba recently has centered on the broader trend of Russia's deepening involvement in Castro's affairs.

The Cuban economy is not thought to be on the brink of collapse but it has been going steadily downhill.

#### SUGAR CROP FAILURE

Cuba's 1962 sugar crop appears to be a failure. The harvest produced 4.8 million tons against an announced goal of 5.4 million tons, compared with a yearly average of 6 million tons over the previous 5 years.

The coffee harvest now underway in Oriente Province may also be in trouble. Because of labor problems, there apparently is a large-scale mobilization of students being carried out by the Government to harvest the crop.

Cuba's Labor Ministry announced last week a freeze on wages and curbs on absenteeism and vacation time. Cuban labor unions have made voluntary sacrifices in the past but this was the first time the order came directly from the Government.

#### FOOD RATIONS CONTINUE

Food rationing has been in effect since March. The economy also is plagued by lack of consumer goods, inflationary prices, and low production. Foreign exchange is at a new low.

Russia announced last Tuesday that Soviet shipments of economic aid goods to Cuba in 1962 would be twice that of last year. And since much of Cuba's economic troubles come from administrative bungling, some officials believe Russian advisers may now take an increased role in Government management.

In past years Russia has made Cuba pay with sugar for goods delivered. Now, it appears, the Kremlin is beginning to give aid on a pay later basis.

Recent U.S. policy has been aimed at cutting off Cuba economically. The question being analyzed now is whether Russia's substantially increased economic aid can counter the isolation policy by keeping the Cuban economy on its feet.

Many officials still doubt that Russia is willing to launch an all-out aid program in Cuba.

---

[From the New York Herald Tribune, Sept. 3, 1962]

### Soviet Cuba Today—Inside Story

(By Keith Morfett)

Thousands of strapping young Russians are moving quietly into tented military encampments close to the outskirts of Havana in a vast Soviet buildup that is causing deep concern among diplomats in the Cuban capital.

From 5,000 to 8,000 Russians have arrived so far.

A Western ambassador in Havana told me categorically:

"I have reported to my government, despite all denials, that many of these men are Soviet troops, that they are arriving in increasing numbers, and that this is all part of a carefully planned military operation to underwite the Castro regime."

Many of the Russians are in their early twenties. All have reached Cuba aboard three Soviet passenger liners.

At the same time, a continuous armada of cargo ships is now stretched out between Russia's Black Sea ports and Cuba, carrying trucks, jeeps, machinery, food, guns—and ground-to-air missiles for Fidel Castro's armed forces.

This much is certain from what I have just seen in Cuba:

No large-scale attempt to overthrow the Castro regime could now be launched by the United States or Cuban exiles without Russian blood being spilled in the process.

I watched the Russians in two separate encampments—after being told they were a "ghost army" existing only in the imagination of Americans.

They looked pretty healthy ghosts to me. Hefty, athletic, and looking a lot better fed than their Cuban hosts, they crowded up to a barbed-wire fence at the first camp I found near the village of El Cano.

They appeared to be members of the kind of unit usually moved in advance of regular fighting troops to set up camps, establish communications networks and accomplish other related chores.

In the tropical heat they looked unhappy and homesick. They had cloth caps and denim trousers and clustered together for comfort like sheep on the range in a rainstorm.

The contrast between the El Cano crowd and the next lot I looked at was so great that it became clear Cuba's Russians fall into two distinct categories.

The El Cano Russians were recruited into labor battalions rather like the British Army's Pioneer Corps. They will dig trenches, lay cables, and do all the donkey work.

A few miles away, down a rutted side road the whole countryside was suddenly swarming with Soviets. This time they were obviously on different business. Hundreds of them moved around among military vehicles parked under trees, in fields, alongside hedges, and between row upon row of khaki-colored tents.

Nearby, antiaircraft guns in freshly dug pits were manned by Cuban militiamen. Machineguns were mounted at all approach roads into the camp. By the tasks they were doing, checking their equipment on radio trucks, command vehicles and signal equipment, these Russians appeared to be military technicians such as signal, staff, and electronic engineers.

Out in open spaces around the camp, dozens of them were dressed in identical physical training outfits of the kind troops would wear. They were doing gymnastics under the direction of instructors. Others were playing volley ball—dressed in the same dark blue trunks and running shoes. Still others were out on an improvised running track.

In every field for a couple of miles around were military vehicles, including some armed cars. Groups of heavily armed Cuban militia patrolled the camp's perimeter.

Many of the Russians at this encampment were billeted in what was the former boys reformatory at Torrens, about 14 miles from Havana. But they had quickly spilled over into tents.

Still more tents were being erected by the Russians as I drove past. Trucks filled with more Russians were rolling in through the bright red dust from the port town of Mariel, where a high wall—called "Little Berlin" by the locals—is being built to screen off the dock area. Three miles from the Torrens encampment in the direction of Havana is a big Soviet vehicle park.

More Russian vehicles are packed in neat rows near Havana's seafront Malecon Drive, behind the American memorial commemorating the sinking of the battleship *Maine* during the war against the Spanish. These vehicles are all painted blue and stamped with the name "Zil."

Down in Havana's dockyards, trucks were leaving the Soviet vessels from early morning until late at night piled high with huge, unmarked wooden crates.

All dock entrances are heavily guarded. Hundreds more military trucks, jeeps, and command vehicles were lined up five deep for quarter of a mile along the street called San Pedro on the Havana waterfront. These vehicles are all marked in Russian "Goriskovsky Avtozavod" and are being moved quickly to all parts of the island.

The Soviet liner *Gruziya*, yellow hammer and sickle painted on its scarlet funnel, was unloading while I was in the dock area.

In addition to its Russian passengers, the *Gruziya* brought back to Havana hundreds of young Cubans who had been on special courses in Moscow and Leningrad. All carried cheap Russian travel bags which matched their blue uniforms. They were met at the docks by their families. The next day about 2,000 young Cubans boarded the *Gruziya* for the return journey to Russia.

The Cuban Government insists that the young Russians now pouring into Cuba—yet to be seen on the streets of Havana—are all civilians.

The tightest censorship ever imposed since Castro came to power is now operating in the Cuban capital. Extent and scope of the Soviet buildup is being deleted from cable dispatches by military censors.

Twenty Soviet ships have reached Havana Harbor in the last 3 weeks. In addition to the Soviet vessels, a fleet of chartered ships including some flying the British flag are under commission for the Cuban buildup.

Ten more Soviet vessels are at this moment Havana-bound on the high seas. They include the *Ustiuzhna*, the *Ivan Polzunov*, the *Usoliet*, and the *Ojotsk*. From Soviet ports also now Havana-bound are the East German *Westfalen*, the Norwegian *Tive Lilian*, the Greek cargo ship *Parnow*, the Italian *Airone*, the West German *Atlas*, and half a dozen ships flying the Liberian flag.

A number of British vessels are on the way to Russian ports to begin the long haul to the Caribbean.

What is behind it all? It began following the recent visit to Moscow by Fidel Castro's brother Raul Castro, who heads the Cuban armed forces, and Economic Chief Ernesto (Che) Guevarra.

I understand the Cuban Government urged Soviet Premier Khrushchev to provide the revolution's leaders with some sort of guarantee that the now openly Communist Cuban regime would not be allowed to collapse in the face of mounting economic chaos and shortages.

The Cubans sought similar guarantees against the possibility of direct American intervention to topple Castro's regime. They suggested Cuba might join the Warsaw Pact.

Instead of a pact, Mr. Khrushchev gave them a promise—and a better guarantee than they had bargained for. "I'll send you Russians," he reportedly said. "What better guarantee could you ask than that?"

While the Russians continue to arrive, Castro is anxious to keep his part of the bargain. This is that no incident of any kind involving the Americans should be allowed to arise while the Russians are still settling in.

This, it is believed in Havana, is why no fire was returned when an exile group steamed into Havana Bay 10 days ago and pumped cannon shells into a seafront hotel housing Communist technicians. It is also why Fidel Castro not only denied that his ships fired on an American plane last Friday, but also why he was reported enraged at the trigger-happy gunners who allowed it to happen. The Russians want no trouble, not at the moment anyway.

An air of anxiety now pervades Havana. It's as though every one knows something big is about to happen—but no one knows quite what it will turn out to be. The presence of the Russians has given many Cubans a sense of quiet despair. They are convinced that "the Yanks won't come now—it's too late and they know it."

The city itself is almost totally Sovietized. The only hint of efficiency anywhere is in the big bright posters everywhere extolling the glories of the revolution, the workers, and solidarity with the Soviets. The posters are superbly painted and lend the only color to the city of drabness and despair.

During the last few hours before I left Havana, six more Cubans went to the firing wall. Four hundred Cubans were rounded up amid rumors of a plot to topple Castro. Communist newsmen in the city—whose sources are usually good—say they expect a Castro speech soon giving details of how the plot was smashed.

The militia has been mobilized for a week. The food shortage is worsening daily. More Cubans are guardedly critical of Castro than at any time in the past 2 years. They must be careful. The "Committee for the Defense of the Revolution" has its ears on every street and block.

Notices I had not seen before in the bare-shelved shops say "No dogs here—but we have teeth to bite those who talk against the revolution."

All security has been tightened. Every Cuban must now get not only police permission but also clearance from his local vigilante committee before he can even apply for an exit permit to leave the island.

The once elegant splendor of the big hotels is no more. Havana Hilton, where I stayed, is dirty, and everything is breaking down including the bathroom taps. Instead of a menu in the hotel restaurant, two plates of cold food are carted around on a trolley, and guests have to point to the plate they prefer.

At Havana Airport I watched a pitiful sight. Clothes of all kinds taken from departing Cubans as well as other cheap belongings were piled into a big heap. I was taken by militiamen to a small room and searched in case I was taking out anything for Cubans. Rings, watches, family heirlooms, all these must be left behind.

[From the New York Herald Tribune, Sept. 4, 1962]

### Uncensored, Eyewitness Report No. 2.—Life in Castro's Sovietized Cuba

(By Keith Morfett)

Forty-three months after the sweep of his bearded heroes into Havana from the mists of the Sierra Maestra, Fidel Castro has turned Cuba into a tropical 1984.

The swelling concentration of Russians in camps beyond the capital has coincided, over the last 10 days, with a final, unsecretive, spurt toward total sovietization and the creation of a closed society of 6 million people barely 50 minutes by air from the Florida coast.

All pretense is now tossed aside. Cubans are at last learning the meaning of the Migs in their skies and the "big brother" images of Lenin and Mao Tse-tung that look down from walls, billboards and banners across the islands, towns, and cities.

Before a crowd of Campesinos the other day Fidel Castro, speaking with the simplicity of a schoolmaster addressing children, said: "Put up your hands all those who think they knew what a revolution was 3 years ago." Not a single hand went up.

Castro said: "Put up your hands, all those who think they know what a revolution is now." Suddenly you couldn't see the heads for the waving hands.

Castro was unquestionably correct as Cubans are just discovering, the revolution was not the mountain battles against the troops of Batista; it was not the heady sense of victory at the seizure of Havana, nor the long, bitter wrangle over taking from America what Cubans considered their own.

The revolution is now. Even the slight degree of cautious gradualism of former days has gone out the window. The Soviets have arrived, and today the curtain is falling on Cuba with a finality that is startling even to many of those once proud of the name "Fidelista."

From this week on, Cuban citizens increasingly will be prisoners in their own homeland. Exit permits will be hard to get. Every obstacle against leaving is set up.

All emphasis on the country's future direction will be unashamedly Communist. Minister of Industry Ernesto (Che) Guevarra was in Moscow to set the final seal on the massive movement into the Caribbean of Russian personnel, armaments, food and oil that will now form the island's lifeline.

In Sloppy Joe's Bar just off the Prado, where Alec Guinness shot scenes for "Our Man in Havana," I looked across the world's longest bar at the barman with the world's longest face.

"No, senor. No hay beer. No senor. No hay whiskey. No senor. No hay gin. No senor. No hay orange juice."

His face brightened—but saddened just as suddenly with an awareness of the bitter irony of what he was saying.

"Senor, solo Cuba Libre." We both laughed. And he made me up the rum drink that is known nowadays as "Free Cuba."

The bare-shelved shops of Havana are no better. I cannot buy an egg—but I can buy a newly arrived booklet by Mao Tse-tung on "Correcting Contradictions in the Minds of the People."

I cannot buy a beef sandwich or a tin of milk or a pair of shoes—but I can buy a badge with Lenin's head on it or a dozen records of Russian folk songs.

I can make a telephone call, but I must not mind if a vibrant recorded voice comes on before the number goes through, chanting: "You are in the glorious free territory of Cuba. Venceremos [We will win]."

This is the lot of Cubans in Havana and throughout the island.

Cut this Soviet lifeline and Cubans must starve. Attack this island and Russians must die. It is now as simple as that.

I found Havana a strange city. Its streets are almost as free of traffic as a country town on a Sunday afternoon. Its restaurants are dismal, deserted places that you telephone first to see if they have food to serve at all.

Even the fish that abound off Cuba's coasts and the big Morro crabs from Havana Bay are seldom on sale in the city. The fishing fleets are tied up most of the time for "security reasons." And the chances are that if Ernest Hemingway's "Old Man" put out after marlin at the gulf stream's edge, he would be blasted out of the water by a Cuban gunboat.

But if Cubans are going short of things to eat, there's plenty of "new thought" to fill their minds. While I was in Havana a new batch of school textbooks, fresh from the printers, was going into the schools. There is a "new" geography book for 7-year-olds. Its author is Castro Cabinet member, Nunez Jimenez. Its title "This Is My Country."

It is superbly printed and illustrated, but all the maps of Cuba and its countryside are inset with little pictures of the revolution's leaders. Its first five pages consist of extracts from Castro speeches and under an early chapter heading, you read:

"Imperialism and the exploitation of the people."

The first grade learns that "in our schools before the triumph of the revolution, Yankee imperialists taught our children the theory that our country, 180 kilometers from United States, would never be able to free itself from the tentacles that imprisoned Cuba. Today, the struggle of the people destroys the lies of the false geography."

After this and other glimpses into the "new" geography in the same vein, it is no longer surprising to come across columns of slogan chanting schoolboys, marching like a miniature militia through Havana's streets.

The Castro revolution is creating its own art, its own music, its own poetry. A new volume of poetry has also gone into the schools. I have it beside me at this moment. Here is a poem written in tribute to Castro troops that fought in last year's disastrous invasion attempt by the Florida-based exiles.

The poem's title: "Bay of Pigs."

"With my useless hands,
That know nothing else but how to write,
I wish to gather your heads,
My brothers, compatriots.
The heads of those who died under a different sun,
The heads that flew to undo the abuses.
And in my being will be your blood,
And the need for avenging your deaths.
Now I do not fear the words:
'Justice'; 'liberty'; 'bread'."

Or this one—the lines of which will soon be known by heart by a million schoolchildren:

"I believe in the life that is to come for all,
I believe in the life that was born out of the fires of hatred,
I believe in the Communist Party,
I believe in the revolution,
I believe in the budding roses,
And in the peasants of my country."

With this "Orwellian" world, comic contrasts sit strangely in the sadness of its streets.

Like the stickers on all the buses saying: "Consume the produce of your country"—when Cubans would quite happily consume anything from anywhere to supplement beans and dry bread.

Like the single island of elegance atop Havana's highest skyscraper where diplomats (and an occasional Cuban Cabinet minister) eat duckling while Cubans far below go empty bellied to their beds.

Said one Cuban: "It's way up there in the sky so no one can see what's on their plates."

Like the new tourist literature, superbly done, that claims in bold letters across the front of gay brochures: "Cuba has a flavor all its own."

Like the barmen in the world-famous "Floridita," who have removed the solid gold brooches, shaped into their names, from the lapels of their white jackets.

They stand now before the large lettering along the bar, "Da Cuna del Daiqueri" [the cradle of the Daiqueri] and explain a little sadly: "It seemed all wrong to keep wearing the gold brooches—with customers coming in with open-neck shirts."

Like the taximan who jerks his thumb toward the building that housed the U.S. Embassy and says reassuringly: "I tell you frankly, senor, the Yanquis will be back in there 12 months from now."

But when you hope it will be nice for him he adds, apologetically: "Ah senior, I am leaving soon with my family for Florida."

Through all of this the Cubans have retained their infinite capacity for courtesy and friendliness.

In many visits to Cuba I have never once been treated with discourtesy—despite being taken much of the time for an American. The same applied on this occasion, even though I tried to buy American magazines. The shelves were stacked high with Mao and Lenin, and a flood of Communist-bloc literature.

From the harbor wall where boys still cast for snapper, I looked back before leaving on a city that has worn itself out.

Russians move in by the thousands; but the heady fervor of rebellion has spent its force.

For Havana, 3 years and 7 months later, the "Barbudos" [bearded ones] are but a memory of what might have been.

Nothing is left now but the soldiers * * * and the slogans * * * and everywhere the guns.

---

[From the U.S. News & World Report, Sept. 3, 1962]

### Growing Turmoil in Latin America—Are Reds Winning?

(Reported from Buenos Aires, Rio de Janeiro, Caracas, and Lima)

The Minister of Economics of Argentina, Alvaro Alsogaray, gave this gloomy picture of the outlook for his country on August 16:

"If there is no political stability, if every day we are threatened by coups d'état, if at every moment we are fearful that blood is to be shed among Argentines * * * if we look more like an anarchical state than an organized country, then this system of modern free economy with a social distribution of wealth fails at its base, and cannot work.

"We cannot attract capital under the permanent threat of revolutions."

What Alsogaray said of Argentina is basically the case of virtually every one of the South American nations.

In country after country in South America, you find the people grumbling about their governments and demanding a change.

Communists, cashing in on this dissatisfaction in many countries, are making gains, more active than ever. Old-style military men and new-style soldier moderates are pressing for power, seizing it in some cases.

Turmoil is rising fast on this continent. And President Kennedy's plans to modernize this half of the hemisphere are getting much of the blame—or credit.

Leaders of some democratic governments, on the defensive, are blaming Mr. Kennedy's Alliance for Progress for many of their troubles. They say that the Alliance has raised false hopes of quick solutions to problems rooted deep in centuries of backwardness.

Actually, the seeds of change were taking root in Latin America long before the Kennedy program began, long before Fidel Castro's Communists took over Cuba and reached out toward South America.

Whatever the cause, there is no doubt that the 10 countries of this continent are up against political turmoil generated deep down at the grassroots.

A crisis of authority is paralyzing governments. They are fighting resistance to change by entrenched cliques of wealthy landowners and bankers. They are also fighting off Communists and their allies who are demanding extreme solutions.

It is now a year since the Alliance for Progress went into operation. In that year only 3 of 10 South American countries—Bolivia, Chile and Colombia—have produced long-range development plans as agreed. And there is little sign of the reforms in education, taxes and land distribution which are considered essential to the Alliance.

The shape and extent of the challenge rising from angry people becomes clear in a survey of what is happening inside each country.

Argentine paralysis: Argentina is almost at a standstill. The most advanced country on this continent, Argentina is almost paralyzed by a running battle among its military leaders over what to do about a threatened comeback by the followers of Juan D. Perón, the dictator ousted in 1955.

The new Argentine President José María Guido, has barely survived a military crisis that brought his country to the brink of civil war. It was the second such crisis in his 5 months of office. More trouble lies ahead.

Military men took over last March when President Arturo Frondizi lifted a ban on the Peronists, who promptly staged a startling comeback in state and congressional elections. Guido, then Senate President, succeeded Frondizi. But the real power lies in the hands of the military men, and they are divided.

The military promise elections next year, but Perón's men, they say, will be barred from running candidates. Whoever wins will thus be caught in the same tug of war between the armed forces and Peronists, who dominate labor unions.

In the meantime, things are going from bad to worse in Argentina. Exports are crippled by a meatpackers' strike. Living costs are shooting up. The peso is sinking in value. Communists are making common cause with Perón's followers.

Brazil, Reds gaining: The giant among South America nations, Brazil, is up against roaring inflation. Communists are making such gains that many ordinary people in Brazil are beginning to echo the Reds' anti-United States line.

President João Goulart presides over a weak and divided Government. He wants to do away with the present parliamentary system which weakens presidential powers by sharing them with a prime minister. But the political issues are blurred, executive talent is limited, discontent is rising and Communists are gaining positions of power within labor unions and in the depressed areas of northeast Brazil.

Peru, military moderates: A military junta that seized power in Peru in July has gained considerable acceptance by taking a moderate position.

The soldier rulers promise new elections within a year to substitute for recent elections which the military refused to accept on charges of fraud at the polls.

Peru's economy, compared to that of other South American countries, is in fair shape. Yet more than 6 million of its 11 million people live in poverty, illiteracy, and squalor. Little has been done to help these people, and the Communists are busy among them.

Venezuela, Reds' No. 1 target: As a democratic country which leads all on this continent in terms of social gains made in recent years, Venezuela's democratic Government has become a prime target for Communists.

Under President Rómulo Betancourt, schools are going up, land is being parceled out to those who farm it, low-cost housing is rising in city and town. But lingering recession in some industries keeps the number of unemployed at about 300,000—or 12 percent of the work force.

Venezuelan Communists are trying their best to justify the prediction of Castro of Cuba that Betancourt would be "gone" by the year's end. Reds spearhead the opposition in the Chamber of Deputies, control young gangsters at the University of Caracas, stir up revolts in the armed forces, stage bank and store robberies. Jittery Venezuelan businessmen have been exporting their capital.

Chile, a squeeze: President Jorge Alessandri of Chile is caught in a squeeze between wealthy landowners who block reform bills in congress and a five-party Popular Front grouping which includes the Communists and which expects to win the presidency in 1964.

One result of the squeeze has been failure of the Government efforts to get more returns from income taxes. But taxes on the U.S.-owned copper companies are rising higher and higher.

Wealthy Chileans are sending their capital abroad in such quantities that reserves of foreign currencies have dropped sharply, and the value of the Chilean escudo has fallen too.

All over South America, troubles of a political and economic nature appear to be rising faster than ever in recent years.

Bolivia, the nearly bankrupt welfare state of the Andes, has been kept going by doses of U.S. aid doled out as direct gifts. Now powerful labor unions are resisting changes in the fantastic featherbedding practices of the nationalized tin mines.

In Ecuador, where the conservatives won a victory in last spring's elections sitdown strikes took over all the private banks in Guayaquil, the country's main port city. Political rioters had to be dispersed with tear gas by police. The chances of getting much-needed measures for land reform seemed slim.

Missing, dynamism: Through most of the countries of South America there is a shortage of dynamism in the democratic systems of government.

Experts of the Kennedy government who surveyed South America's leadership apparently counted on parties of the "democratic left" in various countries to supply the drive to push through reform programs vital to the Alliance for Progress.

Now, it appears, these parties just are not strong enough to do the job. In the recent Peruvian elections, where U.S. officials appeared to hope for a victory by the APRA Party, much of the "reform" fervor appeared to have gone out of that group. Landowners had become APRA supporters, and the relatively moderate APRA program drew less than 33 percent of the votes.

Military men rising throughout South America also are turning out to be a varied lot, no longer predictable. In Argentina the military leaders have so far shied away from taking the Presidential post and left it to a civilian. In Peru, where the military did take power, the soldier leaders show a willingness to break with the wealthy defenders of things as they are, display an interest in moderate reform.

Showdowns coming: All over South America there are signs that showdowns are taking shape in many countries. On one side are the Communist-led or Communist-influenced supporters of Castro-type dictatorship. On the other extreme are those who want to turn the clock back. Often the extremists work together to try to upset governments.

Big question in most of the countries of South America appears to be whether dynamic moderates can be found between these two extremes to provide a vehicle for carrying out the reforms which have been promised by the Alliance for Progress.

---

[From the Christian Science Monitor, Sept. 5, 1962]

## Argentine Speaks Out—Takes Strong Anti-Communist Stand

(By Jessie Ash Arndt)

Washington.—Elsie Kasting de Rivero (Mrs. Rivero Haedo) of Buenos Aires is a dramatist, three of whose plays were running there at the same time this season, a novelist—under the pen name of Virginia Carreño—a lecturer on the history of politics and of the theater, but above all, she is a militant anti-Communist.

This tall, handsome Argentine woman—as articulate in English as in Spanish—is convinced that unless the free world makes its influence far more potently felt than it has so far, Latin America will be lost to communism in less than 2 years. She expressed this view at the time she attended the convention of the General Federation of Women's Clubs here in June, en route home from a trip to Asia.

She knows the methods of the Communists (her mother is a native of Latvia) and she sees them being used in her own country. "We talk of the possibility of world war III; this is it," she says. "It is being waged by psychological warfare."

Mrs. Haedo sees evidence of infiltration and propaganda all through the cultural life of Argentina, and in the schools, from the elementary grades to the universities.

In the universities, many of the authorities are avowed leftwingers, she says, "and add to this the infiltration in the arts."

### DOMINATE THEATER

She stated that the Communists dominate the little theater—and there are 90 or more little theaters in Buenos Aires. In the cinema, the Soviet Union is supplying films free to exhibitors who show these as regular commercial fare to their patrons. The U.S. producers, of course, cannot do this and, unfortunately for the cause of the free world, Mrs. Haedo pointed out, the films they send to South America and other countries usually present the worst phases of American life and give a distorted idea of the United States. With Spanish the language of all the Latin American Republics except Brazil and Haiti, the distribution of subversive materials is relatively simple for the Communists.

In politics, she explained, the Communist aim is to stay in the background but to have many candidates, all of whom respond to the same Communist idea running under different party labels. This keeps the citizens battling against each other for issues that look different but really are merely a smokescreen for the dangerous national trend to the left.

This makes it difficult for good people to go into politics. They are not going to let themselves be destroyed by political campaigns, declared Mrs. Haedo. "We must reassess democracy, not from the legal aspect but from that of the spirit. We used to have in ancient times the 'infallibility' of soothsayers; then the 'infallibility' of kings; now it is 'infallibility' of numbers.

"Politics seems to have become an extension of the theater arts. We can't choose candidates who haven't the ability to speak or who have the wrong shape of nose."

### CHOOSE CANDIDATES

She pointed out that in small groups it was different. There it was easy to choose good candidates for office. They were known. People knew them and their families, their experience and their abilities, and voted accordingly.

"Also, a free leader must have a free press and other media of communication," Mrs. Haedo said, adding, "there are many Communist papers in Argentina."

Because of her outspoken anti-Communist stand, Mrs. Haedo is labeled in Argentina "a reactionary," she told me, but this does not alter her convictions.

Many Bolivians are now living in exile in other Latin American countries, she said, because Bolivia has already gone so far to the left, but they cannot work effectively against communism while in exile. In Argentina, for instance, they are not allowed to be vocal.

Women have a tremendous opportunity to make the counterinfluence felt, she believes, because of the fact that culture at present is the main field of Communist activity in Latin America.

### AGREE ON QUEMOY

Mrs. Haedo was accompanied on her trip to Asia by Irene Silva de Santolalla, who has just completed a 6-year term in the Peruvian senate. "We agreed," she said, "that Quemoy is the frontline of defense for South America. If that were to fall to the Communists, Taiwan were to go, there would be only water between us and Red China.

Despite Communist influence in Argentina, there is an extraordinary project in preservation of Baltic culture going on there, said Mrs. Haedo. Books are being published there in the Estonian language. Manuscripts are sent to Sweden for editing, they are illustrated by an Argentine artist, and the whole put together and published in Argentina.

---

[From the Christian Science Monitor, Sept. 5, 1962]

## PRESIDENT STATES POLICY—UNITED STATES DRAWS LINE FOR CUBA

(By Bertram B. Johansson)

President Kennedy has, in effect, restated Monroe Doctrine policy in contemporary clothing.

Without referring to the doctrine as such, but touching on matters involving U.S. and hemisphere security, he issued a special White House statement Tuesday evening setting unmistakable limits on possible Cuban aggression in the hemisphere.

The statement was restrained. It was firm. It was explanatory in nature, specifying the nature of Soviet weaponry in Cuba, especially the nature of antiaircraft missiles, and had several obvious functions.

It was meant to keep the public informed, allay congressional clamor for an invasion of Cuba, warn the Castro regime, and possibly to temper the type of national hysteria that flash-fired in the era of the Spanish-American War at the turn of the century.

### CONFERENCE HELD

The statement was issued by Press Secretary Pierre Salinger after the President had conferred for an hour with Secretary of State Dean Rusk, Defense Secretary Robert S. McNamara, and a bipartisan delegation of Members of Congress.

Though concerned with Soviet arming of Cuba, the operative sections of the Kennedy statement focused, not on the Soviet Union, but on Cuba's intentions.

In effect, the Kennedy statement attempts to pull the Cuban question one step back from the cold-war arena, and place responsibility on Cuba for any aggression in the hemisphere.

### RHETORIC COUNTERED

This tact is evidently a counter to Soviet rhetoric and oratory, which in effect constitutes a Soviet "Monroe Doctrine" implying that any "aggressive" move against Cuba would be considered a move against all of the Communist brotherhood of comrades and nations.

"It continues to be the policy of the United States," the President said, "that the Castro regime will not be allowed to export its aggressive purposes by force or by threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere."

President Kennedy's statement, which will not satisfy those who believe Communist aggression and infiltration in the hemisphere must be stopped now, appealed for consideration of the Cuban question "as part of worldwide challenge posed by Communist threats to the peace."

"It must be dealt with," he said, "as part of the larger issue as well as the context of special relationships which have characterized the inter-American system."

The President acknowledged the Soviet Union had provided Cuba with some 3,500 technicians, torpedo boats, and "a number of antiaircraft defense missiles with slant range of 25 miles which are similar to early models of our Nike."

He said also there was "no evidence of any organized combat force in Cuba from any Soviet-bloc country; of military bases provided to Russia; of a violation of the 1934 treaty relating to Guantanamo (the U.S. naval base in Cuba); of the presence of offensive ground-to-ground missiles; or other significant capability in Cuban hands or under Soviet direction and guidance."

---

[From the Wall Street Journal, Sept. 5, 1962]

## THE MONROE DOCTRINE

The year was 1823. Imperialist Russia, filled with ambitions to extend its domain, was pushing its power along the northwest coast of North America. In an alliance with Austria and Prussia, whose territories included parts of what is now East Germany, the Russians were threatening to intervene in revolutions in Central and South America.

In that situation the U.S. Secretary of State, John Quincy Adams, proposed and the President of the United States, Mr. Monroe, issued a statement addressed to the European powers.

"We owe it therefore to candor," said the President of the United States, "and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system to any portions of this hemisphere, as dangerous to our peace and safety."

The United States, in those days, was a weak country. It comprised less than half its present continental expanse; it numbered barely 9 million people; it had only a small Navy and less Army. It was certainly no such power in the world as Austria, Prussia, France, or Imperial Russia. And as a matter of fact, in most of the chancelleries of the world there was contemptuous amusement at President Monroe's bold pretensions.

For they were bold. It took considerable courage for the President to act alone instead of waiting for Great Britain, which had suggested a joint statement but somehow never got around to acting on it. Neither Mr. Adams nor Mr. Monroe were quite sure how they would implement their policy if it were challenged by the great powers. But believing the step necessary to this country's peace and safety, they did not let uncertainty paralyze their decision.

Those quiet words, shorn of all bombast, served their purpose for 140 years, through many tests, because the world came to believe we meant what we said. The Monroe Doctrine did not keep the United States out of wars. It did assure that no foreign power would come to threaten us upon our own doorstep.

Or at least, the Monroe Doctrine did so until our own day.

It can hardly be a secret to anyone that a new imperialist Russia is extending its system to this hemisphere. The system of the present Government of Cuba is the Communist system. And this week the Castro regime signed a military pact with the Soviet Union in which it is frankly and publicly acknowledged that the Soviet Union will help train and provide arms to the Cuban Army.

But a difference between the centuries is that today Secretaries of State and Presidents of the United States have reacted differently. Both President Eisenhower and President Kennedy have asserted that the Monroe Doctrine is not dead. But up to yesterday neither had chosen to implement it; both have relied instead upon the so-called machinery of the inter-American security system.

That is, the U.S. Government has put its trust in the hope that others will act rather than in acting itself. Where once a weak nation was bold enough to put its shield over the other nations of the hemisphere, a strong nation has hoped that its weak neighbors will somehow rise and shield it from a danger on its own doorstep.

So matters stood until yesterday. Now President Kennedy has issued a statement saying that the Castro government of Cuba will not be permitted to extend its influence further in the Western Hemisphere and strongly implied that the United States will stand by its doctrine of 140 years ago.

Just 2 years—in July 1960—Mr. Khrushchev said the Monroe Doctrine was dead. The President of the United States says it is still alive. Now the problem today, as it was in the days of Imperial Russia, is for the United States to convince the world that it means exactly what it says.

---

[From the Christian Science Monitor, Sept. 5, 1962]

## CUBA AND MONROE DOCTRINE

(By William H. Stringer)

WASHINGTON.—At his last news conference President Kennedy was asked point-blank what the Monroe Doctrine meant to him in the light of world conditions and Cuba. He replied that it meant the same as it has since President Monroe and John Quincy Adams enunciated it.

Yet there have been changes. Originally the Monroe Doctrine was a unilateral warning by the United States that European powers must not "extend their system" to any portion of the Western Hemisphere. The doctrine told czarist Russia to stop encroaching in the Pacific Northwest. It advised France to quit Mexico in 1865.

Since the good-neighbor policy, the United States has sought more and more to enlist all of the hemisphere's states in the defense of hemispheric integrity. The Rio Treaty of 1947 refined encroachments to include "an aggression which is not an armed attack." At 1962's Punta del Este conference the Organization of American States aimed the broadened doctrine, albeit mildly, at Castro's Cuba, declaring his regime to be "incompatible" with the American system.

The United States has sought to set in motion events that will eventually topple Fidel Castro—embargoing Cuban trade, talking up the Castro menace throughout Latin America, strengthening hemispheric sinew through the Alliance for Progress (a painfully slow process). Now Moscow has countered the United States threat to the Castro regime with what looks to be massive intervention.

The Soviet Union doesn't care about the Monroe Doctrine. Premier Nikita S. Khrushchev is being bold at Havana as he is at Berlin.

This isn't the first flouting of the doctrine. Napoleon III had a whole army operating in Maximilian's Mexico. But the flouting always ceased, in former decades.

What happens this time, after Moscow has dispatched an armada of ships bearing technicians and service troops, Communist-bloc artillery, and communications equipment, plus supplies for a floundering economy?

The Kremlinologists constantly remind us that Moscow seldom acts from a single motive. We have two explanations for the Soviet move. One is that Moscow cannot afford, in terms of world prestige, to see its Cuban ally collapse in economic chaos. This would be no advertisement for communism. Ergo, Moscow must sail to the rescue, and with sufficient military equipment to make Senor Castro invulnerable to internal revolt or small-scale amphibious attack.

The other explanation is that Moscow sees a way to make big trouble, close to home, for the United States; sees a chance to fortify a base for revolution that can reach out to all of Latin America; sees an opportunity to build a technological redoubt which can even track U.S. space experiments from Cape Canaveral.

Actually, the weighty probability is that both explanations will prove true. Having moved in to save the Cuban economy, Premier Khrushchev will exploit his leasehold to the full.

The question facing President Kennedy is what Moscow's boosted intervention will do to the "peace and safety" of the United States, which the original Monroe Doctrine was summoned up to protect.

Cuba as a creaking semi-Communist state was no great menace. Cuba as a Soviet-bloc state so heavily armed as to shift the military power balances in Latin America is a much bigger menace.

But if Cuba ever came to mean, to Premier Khrushchev or anyone else, that the United States, for fear of nuclear consequences, would hesitate to act when its "peace and safety" was threatened, then this would be the biggest peril of all.

This latter prospect was directly implicit in the reporter's question about the Monroe Doctrine.

---

[From the Seafarers Log, August 1962]

### NATO GOES CUBAN, MOVES RED CARGO

The current mass shipment of food, arms, and technical equipment from the Soviet bloc to Cuba has been accomplished with the aid of some of the closest allies of the United States in the North Atlantic Treaty Organization. Shipowners in Britain, Norway, and Greece, among other countries, supplied most of the tonnage running to Havana and other Cuban ports. The "emergency" shipments were made necessary by Cuba's failure to provide enough of the necessities of life for her people, under the present Communist system. President Kennedy disclosed that the United States had discussed the Cuban shipping excursions by NATO country shipowners and said he would make every effort to have them curtailed.

The move by our allies to ship Communist supplies to Cuba is considered a direct contradiction of NATO policy, which is to stand firm against the Communist menace. Any weakening of this structure could have severe repercussions to the Western World.

Mr. KEATING. Mr. President, the continuing issue in Cuba, as Marguerite Higgins has so succinctly put it in her latest column "is not whether the Soviet-supplied missiles are offensive or defensive or whether Soviet officers are in Bermuda shorts rather than battle gear," but whether or not our policy of hesitation and restraint is not encouraging the Soviets to press harder.

The same sentiments, in effect, were expressed by Robert Frost on his return from the Soviet Union, when he said:

> Khrushchev said he feared for U.S. modern liberals. He said we were too liberal to fight. I suppose he thought we'd stand there the next hundred years saying, "On the one hand; but on the other hand."

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the perceptive article by Marguerite Higgins.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### RUFFIANSHIP VERSUS RESTRAINT

(By Marguerite Higgins)

WASHINGTON.—The key issue in Cuba is not whether the Soviet-supplied missiles are offensive or defensive or whether Soviet officers are in Bermuda shorts rather than battle gear. The issue is whether American policies of so-called restraint tempt the Russians into putting on more pressure everywhere or whether U.S. restraint will be rewarded by Soviet restraint.

So far, President Kennedy, with, of course, the most honorable of motives, has most often taken the advice of those officials who counseled caution even at the price of letting the Russians get away with a slice here and a slice there of the U.S. world position in areas ranging from the Far East to central Europe to the Caribbean.

The President himself at a press conference stated part of the rationale for this attitude by indicating that America had to be cautious in Cuba because action against the Communist incursions there might result in Soviet counteractions in places like Berlin.

But what a tragedy if, for example, the initial slowness of American reaction should prove one day to be the factor that decided Khrushchev to authorize a new era of brinkmanship in Berlin by threatening to use the missiles newly emplaced along the Western air corridors to the city.

And with a new crisis boiling up, it seems important to bring to the surface what has been known for several months to insiders in Washington. This is that Americans of great stature, both in and out of Government, Democrats as well as Republicans, are now asking whether President Kennedy will preside over the decline of America as a great power.

Perhaps this seems unduly alarmist at a time when America is so psychologically attuned that headlines give greater attention to a "satisfactory conversation" between the American Secretary of the Interior and the Premier of the Soviet Union than to dispatches from Berlin saying that Russians have riddled an American military car with 40 machinegun bullets.

But nonetheless the question is being asked and soon, it can be predicted, will be put on the public record because the men involved know that the issues are too crucial to go undebated.

Indeed, some of President Kennedy's advisers most closely connected with the Berlin situation feel that in the coming months the United States is risking the most serious—and needless—confrontation with the Russians in Berlin because this country—not just in Europe but also in Cuba and elsewhere—has not faced up to the possibility that inaction vis-a-vis the Russians often runs greater risk than action.

As President Kennedy himself once remarked atmospherics have their uses, and the time to send sharp diplomatic protests to Moscow, to summon the Soviet Ambassador for stern confrontations, was at the beginning: That is, at the moment that the first Soviet ship of the recent armada (which everybody knew was on the way) headed toward Cuba in July. The long silence on this score plus official attempts to play down the importance of it all was an invitation, the argument goes, for Moscow to believe that America was looking for a way to evade the challenge.

Moscow's reaction, of course, was very ungentlemanly. For instead of playing Washington's game, Moscow threw its challenge contemptuously in America's teeth by openly announcing to the world that it was sending military personnel and supplies to Cuba. There is a conviction in many responsible quarters that a straight and tough stand from the beginning would have greatly inhibited the Soviets—and still might. Nonetheless, it is a great mistake to rule out publicly whatever means might be necessary to curb Soviet intrusion, including a blockade and all that flows from that. How can promises of any sort of immunity help but embolden such an opponent?

For Robert Frost spoke true and well in Moscow when he described Premier Khrushchev as both a ruffian and a great man. Ruffianship has never been inconsistent with greatness, and the gentlemanly approach to international politics has never impressed the Bolsheviks.

Indeed, just 18 months ago, Premier Khrushchev created a stir in diplomatic circles by this remark on Cuba: "How am I to believe that Kennedy is serious about Berlin when he permitted the failure of the invasion of the Bay of Pigs? After all, Cuba is at America's own back door." This was, of course, a conversational probe and Khrushchev later indicated he did not subscribe entirely to his own thesis.

But here in Washington, advocates of a firm line earnestly warn that nothing less than the future of this country is at stake unless President Kennedy becomes convinced of this proposition: That the risk of counterpressure to Soviet thrusts is less than the risk of doing nothing because the greatest danger is that the next time Khrushchev says America is afraid he might really believe it.

Mr. MANSFIELD. Mr. President, in the middle of the front page of the Baltimore Sun of today, Monday, September 10, 1962, is an article entitled "Russian 'Horse Trade' Hinted—KEATING Says United States May Be Eyeing Cuba-Berlin Deal."

I should like to read excerpts from the article, as follows:

> Senator KEATING said today "a horse trade" with Russia in Cuba and Berlin may be in the wind and branded it as a betrayal.

Further:

> KEATING said reports circulating here "suggest that the Soviet Union may want to put Cuba and Berlin up on the auction block together for a diplomatic deal that would make some of our most hard-boiled negotiators blush."

And, again:

> "In brass-tacks language," he said, "it would mean that Premier Khrushchev has told President Kennedy, 'you lay off on Berlin, we'll lay off on Cuba. But if you press us in Berlin, then we will put the screws on you in Cuba.'"
>
> KEATING said "the United States may well be toying with some Soviet deal to link the two," adding:
>
> "In some of his most recent utterances, the President has spoken of the two crises in the same breath and has in effect urged a 'wait and see' attitude."
>
> KEATING said the United States must make clear to the people of Cuba and the people of Berlin and to people everywhere, "that no such deal is in the cards."

The article was sent out by the Associated Press, and I assume it was published in other newspapers throughout the country.

Mr. President, these references in the morning's press to statements, purportedly made by the distinguished Senator from New York [Mr. KEATING], to which I have referred, and which use such words as "deal" or "a horse trade" between the United States and Russia over Berlin and Cuba must, I think, be discussed on the floor of the Senate.

Mr. President, the Senator from New York is a most responsible Member of this body whose understanding of foreign policy problems is deep and far reaching. He knows, for example, the difference between a fact and a rumor in the international situation. He knows that a sense of discernment between fact and rumor is essential if Senate discussion of foreign policy is to help to minimize rather than complicate the enormous burdens which the President bears in these matters. He knows, further, that President Kennedy did not create either the present Berlin situation or the present Cuban situation; that both were in existence long before he took office. He knows, too, I am sure, that the President is doing the best he can to deal with both issues in a way which safeguards the Nation and the interests of all of us. He knows, finally, that the President, as we all are, is most concerned that American lives not be expended unnecessarily through rashness or error in Cuba or Berlin.

Knowing how deep is the sense of responsibility of the Senator from New York, and his utter lack of partisanship where matters of great national concern are involved, I am somewhat at a loss to understand the news reports in this morning's press about a deal with Russia over Cuba and Berlin.

I am not quite sure what kind of a deal could be involved; but the Senator must know, since he speaks of it. It appears to be a most serious deal. And since the Senator from New York has referred to it, and the Senator is a most responsible man, I presume that the report has a serious foundation. It is always possible, of course, that the Senator was merely speculating on possible developments in a grave situation. The press may have misinterpreted his speculation. What was the Senator's fancy may have become fact by the peculiar chemistry in which the press sometimes indulges.

But I would most certainly like to know from the Senator from New York himself whether such was the case. If he was speculating, that would be an end to the matter.

But if the Senator from New York was doing more than speculating, if he knows of a deal involving a "horse trade" on Cuba and Berlin, that is a completely different matter. I am sure that the Senator from New York would agree that this is critical information of the greatest importance to the Nation. I am sure, too, that the Senator from New York would agree further that the President should also have access to this critical information and its source, since the President, beyond talking or speculating, has the responsibility for decisions involving the very lives of Americans with respect both to Berlin and Cuba, as well as elsewhere. So I would ask the Senator from New York, whether or not he has specific information that a deal is being worked out, or is even being seriously contemplated, involving some kind of trade as between the situations in Berlin and Cuba and, if so, can he give the Senate the details and his source of information?

Mr. KEATING. Mr. President, I appreciate the remarks of the distinguished Senator from Montana, our majority leader, whom we all deeply respect.

The news account to which he has referred, referred to a television program in Buffalo, in which I was very careful to say that the linking of Cuba and Berlin as a deal was a rumor which was prevalent in Washington; and I am sure the distinguished majority leader has not in these remarks for the first time heard the rumor that such a deal might be made.

Mr. MANSFIELD. Mr. President, at this point will the Senator from New York yield?

Mr. KEATING. I yield.

Mr. MANSFIELD. I must admit in all honesty that I have never heard of a "deal" being made relative to a combination of matters affecting Cuba and Berlin. Of course I have heard the President and Members on this floor, the present speaker included, in discussing the Cuban situation, mention the fact that the responsibilities of the President were worldwide in nature; in addition to having to keep an eye on Cuba, he also had to watch conditions in Berlin, in southeast Asia, in the Middle East, in Africa, and in the Far East, in the region of Formosa, as well. There are other points which could be mentioned.

But I must admit—and I say this most sincerely—that I have never heard of any kind of "deal" which would affect the interrelationship of Berlin and Cuba, insofar as the policy of our President is concerned.

Mr. KEATING. Of course, Mr. President, I accept as a fact the statement of the majority leader.

If the word "deal" were not used, perhaps the majority leader has previously heard the rumor that these were all part and parcel of one proposal.

Perhaps it would clarify the situation to include following my remarks excerpts from such respected publications as U.S. News & World Report and the Northern Virginia Sun which include just such reports. I ask unanimous consent that these two articles be printed at this point in the RECORD.

There being no objection, the two articles were ordered to be printed in the RECORD, as follows:

[From U.S. News & World Report]

War over Cuba, involving the United States with Russia, is moving closer, now that the Soviets have an advanced military base just off the coast of Florida.

President Kennedy, on September 7, asked Congress for authority to call up to 150,000 reservists. Main reason: The Russians' move into Cuba.

Soviet submarines, based on Cuba, are expected soon to lie athwart strategic lifelines of the United States to the Panama Canal, to the oil and raw materials of South America, ready to help Castro's Reds move to the mainland.

Missile-carrying Soviet submarines, based on Cuba, would threaten U.S. cities. Cuba, military leaders say, is an ideal base for high-accuracy missiles that can cover the heart of the United States.

In late 1959, long before the armed power of the Soviet Union moved into Cuba, Samuel Flagg Bemis, professor of diplomatic history and inter-American relations at Yale University, wrote an article for U.S. News & World Report. Professor Bemis, an outstanding authority in his field, warned that Communist power established in the Caribbean could "tip the balance of power fatally against the United States in the present deadly crisis of power and politics which we call the 'cold war.' "

With Cuba as a Soviet base, the United States suddenly finds itself engaged with threats from the four points of the compass—from Cuba on the south and along the Atlantic seaboard, from Russia against Berlin and Western Europe on the east, from Russia over the North Pole, from Russia and Red China to the west. Mr. Bemis warned in 1959 that "we simply cannot allow that to happen."

Now that it has happened and that the Soviets are involving the United States on a fourth front, the whole problem of Cuba is taking on a new dimension—one that admittedly is far more dangerous to the security of the United States than at any time in the past.

### A POLICY THAT FAILED

Soviet power, now firmly planted in the Caribbean, marks the collapse of a U.S. policy followed since Cuban exiles were allowed to invade Castro's Cuba without air cover or support in 1961.

American policy, up to this month, had been "to allow Cuba to wither on the vine." U.S. officials talked until recent days of isolating Cuba.

The idea at the highest level of the Kennedy administration has been to base this country's Cuban policy on the premise that the dictator of Cuba, in the end, would fall as the result of an economic breakdown.

Soviet boss Nikita Khrushchev, by throwing in economic aid to bolster Cuba's economy and military aid to stiffen its defenses and give the Reds striking power, has countered that U.S. policy. Castro, in effect, is covered by a Soviet guarantee against failure.

If a military base for communism located within 90 miles of Florida is to be removed, as officials talking privately see it now, the removal will have to be accomplished by military means.

Here again, however, President Kennedy finds himself boxed in by Khrushchev, now that Soviet power has been taken to Cuba.

The box: Let the United States make a move against Castro in Cuba, and Khruschev will heat up the Berlin crisis, move into Laos, strike at Iran or into the Middle East. Chinese Communist will move against Formosa or prod North Koreans to move into South Korea.

With Khrushchev of Russia and Mao of Red China working together during a Cuban showdown, the United States could find itself swinging in all directions.

Cuba under Soviet domination is described by military men as throwing the United States off balance.

### SOVIET BUILDUP

Armed forces within Cuba are gaining substantial strength.

President Kennedy himself, on September 4, reported that the Russians without doubt have put ground-to-air missiles similar to the early U.S. Nike-Ajax into Cuba. Mr. Kennedy also confirmed that there are now Soviet-made torpedo boats with ship-to-ship guided missiles in Cuba.

In addition, Castro has at least 60 operational Mig fighters, Soviet-made tanks and Russian 122-millimeter artillery plus other guns in quantity, modern antiaircraft guns, considerable numbers of Soviet jeeps and trucks, quantities of radar and other electronic equipment. Small arms, including the latest machineguns from Communist Czechoslovakia and ammunition for such arms, have been supplied in quantity.

Main factor in Soviet aid, as confirmed by the President's statement, is a minimum of 3,500 Russians, described by British newsmen in Cuba who saw them as "brawny young men * * * tanned * * * fit and constantly in training." An eyewitness report by one of the British observers set the number of these Russians at "from 5,000 to 8,000."

Senator Kenneth B. Keating, Republican, of New York, said that there were 5,000 Russian troops—not technicians—already in Cuba.

Such doubly confirmed reports, differing only as to the number which admittedly is growing day by day as Soviet freighters and personnel carriers arrive in Cuba, appear to be in line with earlier reports of Khrushchev's personal pledge to Raúl Castro, brother of Fidel. It supposedly was made to Raúl on his visit to Russia some months ago.

The Cuban, Defense Minister in his brother's dictatorship, asked Khrushchev to take Cuba into protection of the Warsaw Pact grouping. Khrushchev is said to have replied: "I will do better than that. I will send Russians to Cuba."

There are no reliable reports as yet that nuclear warheads or long-range missiles capable of delivering them on U.S. cities have been placed in Cuba. Chances are, experts say, that Khrushchev would insist on keeping such weapons aboard Russia's nuclear submarines, which, however, could use Cuban bases.

Dean Rusk, U.S. Secretary of State, summoned the Ambassadors of the Latin American countries to the State Department on September 5 to give them information gathered by the United States on the flow of Soviet military personnel and materiel to Cuba.

President Kennedy, in his statement of September 4, declared that if there were aggression from Cuba against any other part of the Western Hemisphere, then the United States would act. Threat from Cuba, as the President interpreted it, should be dealt with "as a part of the worldwide challenge posed by Communist threats to the peace."

Present policy of the United States, as it appears to the world, is to accept the buildup of Cuba as a Soviet base without using military force to prevent that buildup. Policy now is to avoid shooting.

With the Russians thus established on an island base within the Western Hemisphere, however, there are real chances of serious incidents. The U.S. base at Guantanamo is in more danger. Trouble for Venezuela, Guatemala, Panama, and other countries on the Latin American mainland is more likely than ever.

### WHAT IT WILL TAKE

Congressional leaders, by September 7, were agreed it might take U.S. military action in Cuba to remove the threat to U.S. security. Republican leaders urged legislation giving Mr. Kennedy authority to make what military move he deemed necessary. It was then that the President asked authority to call 150,000 reservists.

If it comes to a fight to oust Castro's dictatorship, the conflict may be bloody. U.S. soldiers in Cuba would find themselves up against not just Cuban Reds, but Russians too.

War over Cuba, discounted by administration leaders until recent weeks, has been brought closer by Khrushchev's act of moving Soviet arms and military men into an island of the Americas.

---

[From the Northern Virginia Sun]

## ALL TRAFFIC HARASSING EXPECTED; 1961 NOTE WARNED UNITED STATES ON CUBA

(By Robert S. Allen and Paul Scott)

The East Germans are expected to soon begin harrassing the allies' Berlin air traffic with newly installed electronic counter equipment.

These electronic devices, similar to those being installed in Cuba, are showing up along the three air corridors linking West Berlin to West Germany.

U.S. Intelligence estimates warn that the ECE stations are being readied to blockade the corridors by jamming the guidance control systems of allied aircraft flying into the big Templehof Airfield in West Berlin.

By really intensive use of these and other methods, the East Germans, if backed by the Soviets, can effectively block the corridors according to U.S. military experts. Planes flying these airlanes because of bad weather in the fall and winter months must depend about 80 percent of the time on radio guidance from ground control stations.

Already the Soviet puppet East German regime is preparing to justify this warlike takeover by listing the corridors as East German Republic airlanes in documents circulated to all countries recognizing the Communist government.

Copies of these explosive documents, obtained by U.S. intelligence agents are being carefully examined for their full significance by State Department experts on East German-Soviet affairs.

One opinion of these experts is that Soviet Premier Khrushchev is planning to use the East Germans to touch off a brandnew war of nerves over West Berlin to determine if the United States will stand firm.

Also that Khrushchev will link the East German blockade of the corridors closely with the use of ECE measures against U.S. planes flying over and around Cuba.

### THE SECRET NOTE

Although the communication was never made public, Khrushchev sent a blunt note to President Kennedy in April 1961 threatening West Berlin if the United States used troops against Cuba. This alarming note was delivered to the White House on the weekend before the ill-fated Cuban invasion.

A congressional source, who knows the whole story about the note, says that it scared McGeorge Bundy, the chief foreign policy adviser in the White House, into prevailing on the President to call off U.S. air strikes planned to help the Cuban rebels bomb out Castro's air force on the invasion eve.

This could explain why such a note was not made public—because it would make Americans begin to think what quid pro quo guides our foreign policy.

It might also shed new light on why Khrushchev is so boldly sending "an estimated" 20,00 military "technicians" and "advisers to Cuba without fear of U.S. counter military action.

These new Soviet threats are one of the reasons behind Vice President Lyndon Johnson's trip to Turkey, Greece, and Italy. He is obtaining assurances from Western leaders of these NATO allies that they will support U.S. military action if necessary, to break any Communist air blockade.

Before leaving on this trip, Vice President Johnson told a small gathering at his home that both President Kennedy and he expected Khrushchev to move against West Berlin last year.

He said this estimate was the reason why President Kennedy called up Reserve units to buildup U.S. forces in Western Europe.

### NEW CRISIS BREWING

The Joint Chiefs of Staff now believe that 1962 is the year that Khrushchev may try to force the West out of West Berlin. This military evaluation is supported by a Swedish intelligence report that Khrushchev is planning to create an incident and use it as an excuse to send Soviet troops into West Berlin.

**Mr. MANSFIELD.** Mr. President, if the Senator from New York will yield at this point, I would say he is correct in that respect. I have heard mention of Cuba, Berlin, southeast Asia, the Middle East, and whatnot, all together. So mention of them has been made, but never, to the best of my knowledge, with the connotation of a deal attached.

**Mr. KEATING.** The distinguished Senator from California [Mr. Engle]—who replied, one day last week, to an address which I had previously made about Cuba, and whose address has been challenged today by the distinguished Senator from Connecticut [Mr. Dodd] on important, vital particulars—stated; as a part of his address, that when President Kennedy was asked about a statement made by the Senator from Indiana [Mr. Capehart], calling for a U.S. invasion of Cuba, to stop the flow of Soviet men and supplies, the President said:

> The United States has obligations all around the world, including West Berlin and other areas, which are very sensitive, and, therefore, I think that in considering what appropriate action we should take, we have to consider the totality of our obligations and also the responsibilities which we bear in so many different parts of the world—

Adding:

> In response to your specific question, we do not have information that troops have come into Cuba.

That was on August 30.

In the text of the statement which the President made on Cuba, this statement was made:

> The Cuban question must be considered as a part of the worldwide challenge posed by Communist threats to the peace. It must be dealt with as a part of the larger issue as well as the context of the special relationships which have characterized the inter-American system.

The fact that the majority leader, who so ably and so loyally represents the administration on this floor, has made the statement which he has—namely, that there is no relationship between the two—is exactly what was asked for by me in the same television address, as the first and foremost point:

> First and foremost, we must make clear to the people of Cuba and the people of Berlin and equally clear to all the peoples of Latin America and the peoples of Germany and Europe that no such deal is in the cards.

The objective of these remarks and others which the Senator from New York has made has been to stiffen our position with regard to Cuba and to say to the President and the administration that there is backing in the Congress for a more vigorous position, a harder position, with regard to the Cuban situation, and, indeed, as regards Berlin.

Both Houses of the Congress, in my judgment, will respond to keeping Cuba and Berlin entirely separate and distinct, and in not making a concession on one in order to get a concession on the other, and in standing absolutely firm on Berlin, and at the same time in taking more vigorous steps than any which have been taken to date to prevent further shipping of military equipment and military personnel into Cuba.

The Senator from New York is well aware of the problems which the President faces, and it is not his desire to add to those problems.

**Mr. MORSE.** Mr. President, will the Senator yield?

**Mr. KEATING.** In just a moment.

The responsibility of the President is to make the final decisions; and it is an awesome responsibility in the face of world events as they exist today.

I thank my friend and colleague from Montana for his reference to the fact that I have tried to be responsible.

I have been critical, but I have tried to be responsible in such criticism. I shall continue to be, but I shall not hesitate to speak out at any time when I feel that additional facts should be brought out.

I again express my gratitude to the Senator from Montana for the manner in which he has raised this question, and the reassurance—which is the important thing—which I consider implicit in his remark to the effect that no deal or arrangement has been made, or, indeed, will be made, to trade off anything to do with Berlin against anything to do with Cuba.

**Mr. MANSFIELD.** Mr. President, will the Senator yield briefly at that point?

**Mr. KEATING.** I yield.

**Mr. MANSFIELD.** I am indebted to the Senator from New York for his clarification of the news story. There is no deal affecting the interrelationship of these two areas, Cuba and Berlin. I express the hope that, if anyone ever suggested such a possibility, he would immediately contact the President of the United States, who is, of course, in charge of our foreign policy, and who, I think, would be most happy to set the record straight on any occasion when such a situation was placed before him.

**Mr. KEATING.** When I received a call from the Secretary of State this morning, that is exactly what I said to him—that a statement by the President or the Secretary of State to the effect that these are not part and parcel of one transaction, to be traded off against each other, would be the very best way to set the record straight. I still think it would be. But the fact that the distinguished majority leader has made this statement on the floor gives me great confidence that that is the situation.

Let me further say that I recollect when I approached the State Department in mid-August asking for a report on the Soviet landings, I received, after 2 weeks, a reply that was so uninformative as to be virtually useless.

**Mr. MORSE.** Mr. President, will the Senator yield?

**Mr. KEATING.** I yield.

**Mr. MORSE.** I am pleased that the Senator from New York has had this colloquy with the majority leader growing out of the telecast program that he has already explained to the Senate; but I would like to make these comments, if he would permit me to do so, apropos his observations.

I assure the Senator from New York that President Kennedy does not barter freedom. Freedom is not for barter, and it would be unthinkable that President Kennedy for a moment would relate Berlin and Cuba for negotiating purposes in any negotiations with Russia.

As chairman of the Subcommittee on Latin American Affairs, I want to say that the President of the United States has no intention whatsoever of linking the two in any negotiation, because the two could not be linked without just such ugly rumors as the Senator said he heard arising in Washington—namely, that the President of the United States is bartering freedom.

I would have us all remember that in the very critical situation involving Cuba there must be complete unity among us in supporting the right arm of the President of the United States. In the very delicate and difficult crises that exist around the world, it is very easy, I think, in the field of semantics, to link Cuba and Berlin; but they are unlinkable in that each crisis involves its own set of facts.

I say to the Senator from New York and the American people that they can rest assured that the President of the United States does not trade off freedom in any negotiation in any field of foreign policy.

My subcommittee is maintaining very close contact with this administration. For example, Monday afternoon at 4:30, we are to have a conference with the United States Ambassador to the Organization of American States, Ambassador Morrison. Tomorrow, we will meet with other State Department officials on the same subject. As chairman of the subcommittee, I have taken the position from the very beginning of this crisis that we must be kept informed with regard to what is going on. I think we are. The Senator from New York and the American people can rest assured that these crises are being considered in their separable, individual natures, and they are not being considered in any negotiating package. Let me assure the Senator from New York of that fact.

The Senator will share my point of view that the time has come when we must ascertain the position of our associates in the Western Hemisphere, members of the Organization of American States, as to what the course of action should be, if there is to be joint action, in regard to the threat of the establishment of a Russian-Communist beachhead in Cuba. I think there is grave danger that such a beachhead might very well be established.

One of the most delicate problems we have—it is very risky even to comment on it publicly, but it should be commented on—is the problem involving the Monroe Doctrine. The Monroe Doctrine is not dead, but I do not think the Monroe Doctrine is the doctrine it was when it was first established by the United States, or when we enforced it 50 or 75 years ago. In part—and note my language—it was established in order to guarantee to our neighbors to the south of us that we would protect them, as well as ourselves, from any possible overrunning of them, or any one of them, by a foreign power.

We carried that out, although, as we know, the historians have written that in the early decades we carried it out through the British fleet. After all, our great ally, Great Britain, enforced the Monroe Doctrine for a good many years, in that other foreign nations knew if they sought to exercise any extraterritorial ambitions over Latin America we would stand firm on the Monroe Doctrine but the Monroe Doctrine would, in those days, be enforced by the British fleet.

A great many changes have occurred since the initiation of the Monroe Doctrine. For example, the section which declares that we will not become involved in European affairs is a completely dead letter. Insofar as it relates to this hemisphere, it is a two-pronged doctrine; and let us never forget it. It is a doctrine in which we made clear that from the standpoint of our own national security we did not propose to have foreign powers establish extraterritorial rights in the Western Hemisphere. But we also said we were opposed to that because we were going to protect our neighbors to the south who, in that time of history, were exceedingly weak nations and could have been easily overrun if they could not rely upon their great neighbor to the north to come to their defense and assistance if necessary.

In our conferences in Latin America for some time past we have found that the attitude of our Latin American friends today in some instances is not the attitude they adopted at the time the Monroe Doctrine was first initiated. This is a delicate subject, but some of them have taken the position—and it is well recognized—that any carrying out of any policy of the Monroe Doctrine as originally contemplated by the United States, so far as Latin American countries are concerned, would have to be done with their complete consent, cooperation, and association. In other words, the Latin Americans question the right of the United States to take the position that it can say to any foreign power, "Your relationships with country X, Y, or Z in Latin America are going to be determined by the United States."

So we enter into areas of conflict, which require the exercise of very delicate diplomacy.

During World War II, we negotiated a series of treaties and declarations by Western Hemisphere nations which sought to make incursions by Axis Powers into the hemisphere the subject of combined opposition and resistance by the signatories.

We sought, in other words, to enforce the Monroe Doctrine not unilaterally, but through hemispheric action.

That is how we changed the concept of the Monroe Doctrine during World

War II relative to the German-Italian-Japanese axis.

Since then, we have done much the same thing relative to communism. We have held a series of conferences in an effort to keep communism out of this hemisphere not simply as U.S. policy and by U.S. action but as a policy and action of the OAS.

I do not know of any country which signed the act of Punta del Este which would not want to cooperate with us in stemming the establishment of communism in Latin America by way either of a beachhead in Cuba or of a Communist taking over of X, Y, or Z country in Latin America, for there is a recognition that if that should happen in Latin America to one country, or to two or three, it could very well extend through the hemisphere.

There have been in the press some rather excited editorials whose writers have not taken into account that the Monroe Doctrine today is not the Monroe Doctrine established by President Monroe, because of these changes in the attitude of some of our Latin American friends in regard to the applicability of the Monroe Doctrine to certain types of facts now. I only mention it in passing in this discussion, because it ought to be noted in the Record.

So the senior Senator from Oregon believes our subcommittee ought to know what is going on within the Organization of American States and within the council of the Organization of American States. To that end I asked Ambassador Morrison this morning if he would make himself available to give us a very informal executive briefing in regard to the Organization of American States, as we have a right to ask. He has the privilege of giving it or of not giving it. I am sure he will give it.

We have asked officials of the State Department—either the Secretary of State or the Assistant Secretary of State for Latin American Affairs—to give us a briefing tomorrow in regard to this whole issue vis-a-vis Cuba and other Latin American states.

I appreciate the generosity of the Senator from New York in letting me make these comments at this length. I am about through. I felt that in the midst of this colloquy with the majority leader I owed it to my administration to make the statements I made.

I close by saying that I want the American people to know that they have every reason to place complete faith in the President of the United States, irrespective of their partisanship relative to this Cuban crisis, for the President of the United States has not placed Cuba and Berlin on the barter market.

The President is seeking to defend freedom both in Cuba and in Berlin on the basis of the facts involved in each crisis, and they are different in some respects. The common objective is not different; it is our policy in both places that freemen are not to be overridden by communism without American support of freemen. We intend to support freedom where freemen are willing to stand up and fight for freedom.

Mr. KEATING. Mr. President, it is very heartening to have this additional assurance from the distinguished Senator from Oregon, who acts as the chairman of the important subcommittee dealing with Latin American affairs of the Committee on Foreign Relations, and to hear from his lips the assertion that no effort will be made to relate Berlin to Cuba in connection with any negotiations.

I hope that when the President is asked again about the situation he will make that very clear. If he is going to say that the United States has obligations all around the world, including West Berlin and other areas, and if he is going to say that the Cuban question must be considered as a part of the worldwide challenge posed by Communist threats to the peace, then the very delineation which has been made by the Senator from Oregon might be added, in order that it might be made perfectly clear to the American people—because I am sure that is what they want—that there is no negotiation as between these two situations, and there will be no concessions made on the one issue in order to get concessions on the other.

I also wish to make it clear, knowing the President of the United States, having served with him, that there is not one doubt in my mind for a moment as to his intentions, his patriotism, or his desire to do the right thing under the circumstances. If these colloquies serve no other purpose, I hope they will serve the purpose of making it clear to the President's advisers that the Congress is behind the President in any decision which he may make which is a firm one, a solid one, one in which interests are not paired off one against the other.

I commend the Senator from Oregon for his action in trying to get from the members of the Organization of American States some information as to what their attitude will be. That is very important. We should make every effort to proceed in concert with our friends of the Latin American Republics. When I made four suggestions the other day, the second suggestion was that we try to do that very thing. The Senator from Oregon is on the right track on that point.

I must add one word about the Monroe Doctrine. It is now undergoing a reinterpretation. Before the Senator from Oregon came to the Chamber, the distinguished Senator from Connecticut [Mr. Dodd] was speaking on that subject. I think perhaps the Senator from Oregon did not hear him. The Senator from Connecticut said that if we say that the Monroe Doctrine does not apply, perhaps in all candor we should say that it no longer exists. In a colloquy with reference to the Monroe Doctrine I said that I think it applies in Cuba. I do not think it is an answer to say that the Cuban Government invited in the Soviets, and therefore the Monroe Doctrine does not apply in a case in which a country invites in a foreign power. If we are going to accept the Monroe Doctrine as President Monroe enunciated it, I point out that he expressly covered such a situation as that. He said that some foreign power might try to impose upon one of our southern brethren—meaning one of the Latin American Republics—a form of government they did not want.

That is exactly what has happened in Cuba. If we say that Cuba is out, and we now have a Monroe Doctrine minus one, then if there is a coup d'etat in some other country and that country calls in Soviet Russia, the Communist Chinese, or some other power, then we will have a Monroe Doctrine minus two. Are we going to keep the Monroe Doctrine alive? Certainly the American people look upon it as a very important part of our policy. If we are going to scrap it, ignore it, or completely reinterpret it, I think we must make clear what we are doing. I do not think we can interpret it in such a way as to keep it viable, and say that it does not apply if a country invites in a foreign European power or an outside power no matter what the government is that is established there, whether it is the will of the people or not.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. MORSE. I am glad the Senator from New York has raised those points, because I would be completely misunderstood, or I would have completely failed to present my view if I read in the Record any statement that would be subject to the possible interpretation that the Senator from New York may be making of what I have previously said here this afternoon.

Certainly Cuba cannot determine whether or not there is a Monroe Doctrine. Certainly country X, that may invite in Russia, cannot determine whether there is a Monroe Doctrine. I am talking about free nations in Latin America. I only wish to point out that we have to be very careful that we do not make an interpretation of the Monroe Doctrine applicable to them on a unilateral basis, for they are very sensitive now about the Monroe Doctrine, as to whether or not we are going to speak for countries X, Y, and Z, which are free countries, and not Communist countries. That is why I have urged that if there is an application of the Monroe Doctrine, we ought to do it in concert through the OAS with our free neighbors to the south of us.

I should like to make the point as clear as I know how to use the English language, that, Monroe Doctrine or no Monroe Doctrine, we have a duty to protect our own security. If the establishment of a Russian beachhead in Latin America for offensive purposes threatens the security of the United States, then no matter how many nations in Latin America or who in Latin America feels that we should not protect our own security, they must be ignored. But that has nothing to do with the Monroe Doctrine, I respectfully point out. That has to do with the responsibility of our Government to keep America secure from the danger of a Communist beachhead so close to our shores that our own security may become endangered.

I made that comment in effect the other day on the floor of the Senate when I was dicussing that problem much more briefly with the colleague of the Senator from New York [Mr. Javits]. I say nothing here today that I did not intend to make clear the other day, except I did not go into that detail.

If the Senator would permit me, I should like to ask unanimous consent to have printed in the RECORD, after the Senator's comments, that part of a lecture that I gave at the University of Arizona at Tucson some months ago, in which I discussed some of the problems involving the Monroe Doctrine.

Taking what I have said here this afternoon plus the lecture which I gave at the University of Arizona at Tucson, there could not be any possibility of anyone misunderstanding the position of the senior Senator from Oregon on this very delicate subject, unless one merely wishes to misunderstand it.

Mr. President, I ask unanimous consent to have printed in the RECORD following the speech of the Senator from New York my lecture at the University of Arizona at Tucson some months ago dealing with the Monroe Doctrine.

The PRESIDING OFFICER (Mr. HART in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See exhibit I.)

Mr. KEATING. Mr. President, I thank the Senator for his contribution. I yield the floor.

### EXHIBIT I

### PROBLEMS AND PROSPECTS IN LATIN AMERICA

(Remarks of Senator WAYNE MORSE at the 1962 International Forum, University of Arizona, Tucson, Ariz., Feb. 22, 1962)

In a dispatch to the American Ambassador in London dated July 25, 1895, Secretary of State Richard Olney set forth a classic of extreme interpretation of the Monroe Doctrine. "Today," he said, "the United States is practically sovereign on this continent, and its fiat is law upon the subjects to which it confines its interposition."

The basic fact of our relations today with Latin America is that we are abandoning the "Olney doctrine," and returning to a much more literal and genuine interpretation of the Monroe Doctrine, at least to that part of it which related to the Western Hemisphere.

What, after all, did the Monroe Doctrine really say? Certainly it scarcely resembled what the Secretary of State enunciated as our hemispheric policy in 1895. It actually had two parts, one covering our relations toward Europe, and the second covering our relations with other nations in the Western Hemisphere. Too many Americans have rather conveniently forgotten that one part of the Monroe Doctrine declared, and I quote: "Our policy in regard to Europe, which was adopted at an early stage of the wars which have so long agitated that quarter of the globe, nevertheless remains the same, which is, not to interfere in the internal concerns of any of its powers; to consider the government de facto as the legitimate government for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm, and manly policy, meeting in all instances the just claims of every power, submitting to injuries from none."

And again: "With the existing colonies or dependencies of any European power we have not interfered and shall not interere."

This resolve on our part to refrain from participating in the affairs of Europe is a dead letter. But what of that section of the Monroe Doctrine relating to the Western Hemisphere? It declared, and I quote: "That the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European powers." And again: "But with the governments who have declared their independence and maintained it, and whose independence we have, on great consideration and just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States."

The 1962 Declaration of Punta del Este was a much better restatement of the Monroe Doctrine than the Olney dispatch of 1895.

The United States is no longer "practically sovereign" in the Western Hemisphere.

Our relations with Latin America have been radically altered by two revolutionary changes since the end of World War II. The first of these has been the emergence of the United States from the confines of the Monroe Doctrine, from isolation, and the broadening of our foreign policy horizon from regionalism to globalism. The global commitments incurred by, or thrust upon, the United States in the late forties constituted a revolution in American foreign policy—a revolution, in the words of Prof. Hans Morgenthau, that marked "the permanent assumption by the United States of responsibilities beyond the limits of the Western Hemisphere."

The second great change has been the emergence of Latin America into the mainstream of world history, or, more precisely, the awakening of the long-quiescent peoples of Latin America to the great social forces—communism, democracy, and, above all, nationalism—that in our time have aroused all the people of the non-European world. Thus it may be said that while the United States has emerged from isolation to join and lead a worldwide community of wealthy and long-established democratic states, the nations of Latin America have emerged from isolation to join the new countries of Asia and Africa not in a community but in a common revolution. It is a revolution conceived in economic deprivation and political humiliation, nurtured by the force of natonalism and soaring hopes of economic advance, and dedicated to the goal of securing for themselves decent, dignified, and rewarding lives as modern nations.

Both the United States and the Latin American Republics came into their new roles with unresolved dilemmas and anomalies. The ambiguity for the United States was its failure until very recently to adjust the regionalism of the Monroe Doctrine to the new globalism of the problems that confront us.

While we spent billions to rebuild Europe, and more billions to help the new nations of Asia and Africa, we said to Latin America: "We are not going to help you, and under the Monroe Doctrine, we are not going to let anyone else help you, either."

Latin America came into the modern world afflicted with an even greater dilemma—the deep contradiction between the language of democracy and progress, and the reality of oligarchy and reaction that have conditioned the political life of Latin America since the days of Simon Bolivar.

"Democracy," said Benito Juarez a century ago, "is the destiny of future humanity." But the history of Latin America has, with rare exceptions, belied that destiny and an angry and aroused generation of Latin Americans now demands an end to the ancient hypocrisy and immediate efforts on the part of their governments to achieve performances that match their promises.

The Mexican writer and diplomat Octavio Paz (currently in the Office of External Affairs, Mexico City), expressed the basic contradiction incisively in an essay on the character of his country. "The liberal and democratic ideology," he wrote, "far from expressing our concrete historical situation, obscured it. The political lie installed itself almost constitutionally among our countries. The moral damage has been incalculable and reaches into deep layers of our character. Lies are something we move in with ease. During more than a hundred years we have suffered regimes of brute force, which were at the service of feudal oligarchies, but utilized the language of liberty."

Such considerations as these—too briefly defined—condition the relations between the United States and Latin America in the 1960's. The problem for both the United States and Latin America is to devise a hemisphere policy in a global context. I should like now to examine some of the elements that might comprise such a policy.

The basic policy of the United States toward Latin America today is to foster both security and progress in the shortest possible time. The Alliance for Progress has belatedly been recognized as a vital modern implementation of the Monroe Doctrine, along with the establishment of the Organization of American States, and the declarations that first nazism and later communism have no rightful place in the inter-American system.

The success of the Alliance for Progress, given the explosive social forces at work in Latin America today and our woefully belated willingness to come to grips with them, is problematical. Its conception and intent, however, are wisely attuned to the realities of the 1960's, to the need for a hemisphere policy in a global context.

The Alliance for Progress represents for the United States a new form of "intervention," an intervention in depth to cope with deeply rooted social and economic ills of Latin America. Before commenting on some of its problems and prospects, I should like to reexamine briefly the traditional concepts of intervention and nonintervention in relation to the new forces at work in Latin America.

Today's problem of nonintervention, simply stated, is whether the Organization of American States can or cannot intervene in the affairs of one of its member states in order to forestall intervention from beyond the American continents that threatens the security of the entire hemisphere.

The question is a simple one but any answer to it is enormously complicated by the fact that to the Latin Americans "intervention" is not an abstract concept but an historical experience deriving principally from their relations with the United States. It is not difficult to understand that, for deeply rooted historical reasons, the Latin American reaction to Soviet intervention in the hemisphere is conditioned by the experience of American intervention.

The attitude of the Latin Americans toward intervention by the United States is by no means one of unambiguous hostility, as is widely believed. It is rather an ambivalent attitude, depending upon the cause for which intervention is undertaken. In recent years there has been a steady procession of Latins coming to Washington to petition for U.S. assistance for overthrowing Batista or Castro in Cuba, Trujillo in the Dominican Republic, or some other Latin American ruler. To these exiles—of whom the most conspicuous at present are the large number of refugees from Communist Cuba—the doctrine of nonintervention in itself has no appeal. It is their contention that when we withhold assistance we are in effect intervening on the side of entrenched regimes. The United States is thus doubly damned, regardless of its acts or omissions, and I think that those well-meaning persons who suffer excessively from flagellations of conscience over our deviations from nonintervention would do well to face up to the fact that the United States cannot avoid playing a major, and often decisive, role in the affairs of the Latin American Republics.

"The moral here," as one perceptive student of Latin American affairs recently put it, "is that a great power such as the United States necessarily intervenes in the affairs of other countries, especially smaller ones, as much by what it does not do as by what it does. A policy of nonintervention, if that term is interpreted in the strictest, most liberal sense, becomes plainly impossible. The question, therefore, is not one of intervention or nonintervention per se, but of the ends and means of intervention."

Latin antipathy to intervention derives directly from the historical fact that most of the interventions of the past have been by the United States and for ends and by means that most Latins find objectionable. American interventions, it is widely believed—and not altogether inaccurately—have been designed to protect American business interests. Few Latin Americans are aware of the preeminently strategic considerations centering on the security of the Panama Canal that motivated the repeated interventions in Central America and the Caribbean in the first three decades of the 20th century—the only large-scale sustained interventions in which the United States has engaged.

An even more subtle ambivalence characterizes Latin American attitudes toward the problem of Communist intervention and subversion. Most Latin American governments are able at present to deal with the hard core of Moscow-trained Communists operating within their own frontiers. Soviet intervention in Cuba is another matter. While Castro has proclaimed himself a Marxist-Leninist, many Latin Americans, persuaded that he has the support of the Cuban people, are disposed to accept his open espousal of Marxism as an alarming but nonetheless legitimate exercise of the right of self-determination. This consideration is coupled with the sensitivity and fear of many Latin American governments to widespread and volatile fidelista sentiment in their own countries. One can express satisfaction, and even surprise, that the Punta del Este Conference went so far as to deprive Cuba of participation in the Organization of American States.

The compelling question at this juncture is the degree to which the governments of Latin America are prepared to tolerate the efforts of the Castro regime to subvert the legitimate representative governments that now prevail in most of Latin America. There can be no question that some progress was made at Punta del Este when shipments of arms and other implements of war from Cuba to subversives in other countries of the OAS were embargoed. Another measure to forestall intervention from Cuba was the setting up of a five-man committee of experts on how to combat subversion.

In the past there has been a tendency to regard intervention by the United States as intolerable and Communist intervention with indifference or only mild concern. The Alliance for Progress, and the excesses of the Castro regime, are bringing about a slow but discernible change in these attitudes. In due course these trends may be expected to generate new attitudes toward intervention, more favorable in regard to the United States, and more realistic in regard to Cuba and the Soviet Union.

The Alliance for Progress and the Cuban revolution represent two forms of revolution, which are engaged in a sustained contest for prevalence throughout Latin America. The Cuban revolution aims to impose a new form of tyranny on the peoples of the American republics, by consent if possible, by force, demagoguery, or subversion if necessary. The Alliance aims to generate the means for creating a decent social and economic life for all Latin Americans under free institutions.

It represents a new form of intervention in depth, designed to cope with ancient social and economic ills and to recast the societies of Latin America. I should like, in the remainder of these remarks, to consider some of its problems and prospects.

The basic problem of the Alliance for Progress is to carry out a social revolution with due process of law.

The social and economic problems that oppress Latin America are nothing less than staggering. It is highly unlikely that even a generation of concerted effort will overcome Latin America's grievous mismanagement and entrenched selfish interests, its political factionalism and racial, class, and national animosities. What is new in Latin America is not the existence of these ancient evils but the eruption in recent years of massive forces of popular protest and social discontent.

The social and economic grievances of the Latins can be indicated by a few facts and figures:

The fuedal land system created by the Spanish conquerors has persisted with some modifications to the present day. Three-fourths of all of the arable land in the entire continent is owned in the form of vast latifundia by 2 percent of the people. The result is the desperate "land hunger" of the millions of dispossessed.

Industry and commerce, the mines, oil fields, and other nonagricultural assets, when not owned by foreign capitalists, are dominated by a small oligarchy of great wealth, some of whom are also owners of latifundia. Taking all forms of wealth together, it is estimated that 50 percent of it is owned by only 2 percent of the people.

Over half of the people of Latin America are undernourished and over half are illiterate. For lack of schools and teachers, millions of children are deprived of even rudimentary formal education.

With an average per capita income of only $289 a year, levels of material consumption are far below the minimum required for a decent life by even the lowest income groups of Western Europe or North America.

In addition, Latin American is beset by a population explosion, with the result that per capita production of wealth has not only stopped growing but appears to be declining. Latin America's population, now 200 million, is increasing at a rate of about 2½ percent a year, the highest of any major region in the world. Over 40 percent of the population is under 15 years of age, with the result that the economically productive portion of the population must support a greater inactive proportion than those supported in more advanced countries.

The Latin American oligarchies bear a heavy burden of responsibility for the grave inequities of Latin American societies, although the harshest and most violent expressions of popular wrath are directed against foreigners. The latifundia are often inefficiently run and underproductive and land reform is probably the most explosive issue in Latin America today. Few of the landed oligarchy have shown any willingness to part with any of their property. Land is a form of wealth that is virtually tax free; by ancient custom the tax rates on land are very low and by ancient custom even these low taxes are commonly evaded. In fact, tax evasion by the rich, whatever their source of wealth, is so common as to be regarded almost as a prerogative of their station.

Another compelling economic problem—I can mention but a few—is the lack of desperately needed investment capital. Commercial interest rates range from about 12 percent to an illegal but not uncommon 35 percent. While Latins complain, often with justice, of American companies sending their profits home, a substantial amount of Latin America's own capital has been sent abroad—perhaps as much as $10 billion—by wealthy Latins who refuse to invest in their own countries because they fear revolution and, in their fear, so act as to make revolution more likely.

Still another source of grace economic maladjustment is the heavy dependence of the Latin American economies on single commodity exports, coupled with the fact that world market prices for most of these commodities have fallen seriously in recent years. Brazil, for example, derives 58 percent of her total export earnings from coffee. Some other figures for export earnings are as follows: Venezuela, 92 percent from petroleum; Colombia, 77 percent from Coffee; Bolivia, 62 percent from tin; Ecuador, 57 percent from bananas; Chile, 66 percent from copper.

Latin American countries are pressing the United States to enter agreements for the stabilization of raw materials export prices, especially for coffee, and it can be readily seen that such arrangements would constitute a significant form of assistance to the Latin American economies.

Probably the most pressing long-term need of Latin America is education, and the expansion of educational facilities and opportunities is quite properly one of the central objectives of the Alliance for Progress. Fifty percent of the children of Latin America have no schools to go to and only 20 percent of the pupils who attend primary schools are able to complete the full course. Standards of education must also be raised by improving methods and teacher training and adapting curricula to the pressing needs of a continent undergoing social transformation.

Another focus of effort under the Alliance program must be housing. The majority of the population of Latin America still live in rural areas but in recent years movement to the cities has proceeded apace and there now exists a terrific disproportion of people living in urban areas. There are thousands of families in Lima, Peru, for example, some 30 percent of the total population of the city, living as squatters under the most wretched conditions, and the same is true of Bogotá and of many cities of Brazil. While few of the Latin American Republics can afford to invest great sums in low-cost housing programs, more can be done than is now being attempted. There are great numbers of unemployed whose only capital is time—time which, properly utilized and directed, can be used for the construction of housing.

The most explosive question remains that of land reform, the reshaping of the vast, inefficient latifundia. It is estimated that per capita production of food in Latin America today is slightly lower than it was 25 years ago—not very much lower but it has got to be a great deal higher if living standards are to be raised to a tolerable minimum.

The solution is not necessarily in all instances the breaking up of the latifundia into tiny parcels. The great estates in Haiti, for example, were broken up into postage stamp plots and in two generations the land became barren because of poor conservation practices. Both Mexico and Puerto Rico have had considerable success in operating large farm units as cooperatives. The overriding needs in land reform, regardless of what form it takes, are efficient operation and democratic participation by those who for so long have been deprived and dispossessed.

The task of the Alliance for Progress in the face of these staggering problems is, in the words of President Kennedy, "to demonstrate to the entire world that man's unsatisfied aspirations for economic progress and social justice can be achieved by free men working within a framework of free institutions."

With an objective of social revolution without violent upheaval, the Alliance exceeds in scope and design the postwar Marshall plan for Europe, whose objective was one of restoration.

The extent to which it succeeds or fails will probably also be the extent of success with our modern version of the Monroe Doctrine.

## CONFERENCE BETWEEN ROBERT FROST AND KHRUSHCHEV

Mr. THURMOND. Mr. President, the American people should be indebted to Mr. Robert Frost for the very candid observations he has made in a news conference on his return from a recent visit to the Soviet Union and an hour-long conference with Mr. Khrushchev. In a few brief comments Mr. Frost has summed up the essence of the U.S. domestic and foreign policy and has given the American people a clear understanding as to why we are losing the cold war, why we are drifting toward socialism in our domestic program, and why we are trying to force socialism on foreign countries through our foreign-aid program. He reports that Mr. Khrushchev thinks we are "too liberal" to defend ourselves.

Mr. Frost's quotes on his impressions gained from his conference with Mr. Khrushchev are quite revealing and to the point. He is quoted in a UPI dispatch from New York this morning as having said:

> He [Mr. Khrushchev] said he feared for us because of our lot of liberals. * * * He thought that we're too liberal to fight. He thinks we will sit on one hand and then the other.

Mr. President, is that not exactly what we have been doing in our reactions—some too late—to Communist aggressive acts in the cold war? This is the essence of our no-win foreign policy—do nothing for fear we may cause an aggressive Soviet act to escalate into a nuclear holocaust in which we will all be incinerated. We are paralyzed by fear.

Mr. Frost's remarks point out that Mr. Khrushchev is convinced we will not fight because our "liberal" leaders are hoping for an accommodation with communism by heading our country in the direction of socialism—which Mr. Frost is frank to say he feels is best for the world. I have stated in speech after speech that the essence of our policy in the cold war is that we will move in this country toward socialism with the hope that Messrs. Khrushchev, Castro, Tito, and Mao Tse-tung will "evolve" in part toward the western position by installing a few incentives and easing restrictions on individual freedoms.

Reading on in the UPI dispatch from New York as published in the Washington Post of this morning, Mr. President, we find that Mr. Frost seems to share the idea of the "evolution" of the two systems. Here is the rest of the article:

> But Frost brought back a feeling that both Soviet and United States Governments were growing more alike each day—each moving toward a center ground.
>
> Frost said that he could notice the humanizing of Soviet life in Russian poetry. "I said to them that you could tell from their poetry that they were humanizing a little down from the severity of their idea—easing off toward democracy. They let me get away with it," he said.
>
> "I am not a Communist and I feel it quite hard to strain up to socialism. I go slow about it. I drag my feet. But I have about decided that socialism is the only way to handle the billions being born now." Frost said.
>
> "I see that ahead, but I'll be dead by then. I told the Russians that they're easing down to socialism and we're straining up to it."
>
> Describing the 10-day visit as "the time of my life," Frost confirmed that Khrushchev gave him a message for President Kennedy during their talk. He declined to say what it was. Asked when he planned to see Mr. Kennedy, he said, "I don't plan. I wait for the President."
>
> Frost said he regretted that he referred to Khrushchev in a Moscow press conference as a ruffian.
>
> "I should have modified that a little and said rough and ready, not ruffian," he said. "Ruffian is a pretty strong word."
>
> Frost, who continued on by a connecting airline to his home in Cambridge, Mass., denied that he read his poem, "Mending Wall," during his visit to embarrass the Russians about the wall in Berlin.
>
> "Everybody asks me for the poem," he explained. "If I don't do it I get blamed."
>
> He did liken the concept of a wall to current Soviet-United States relations, however.
>
> "All life is cellular," Frost said. "Even the Communists have cells. All cells are a matter of walls breaking down and renewing.
>
> "That's what happens after a war—new boundaries and a danger of new wars," Frost said.
>
> Frost who said he did not discuss Cuba with Khrushchev, was asked if he planned to return to the Soviet Union, where he went this time at Russian invitation.
>
> "Some day," he answered. "I said I would be back when I got older and wiser."

Mr. President, our no-win foreign policy is responsible for our plight today in Cuba, where a strong Communist military arsenal is being built to establish communism firmly throughout the Western Hemisphere, and in Berlin, where we are being constantly squeezed by the Communists to get out and forfeit the Western World's greatest outpost of democracy—and possibly all of Germany.

I have stated over and over again, Mr. President, that the American people must demand a change in our foreign and domestic policies if we are to win in this struggle which the forces of world communism have forced on us. Many in this country—and many in this body—have bought the so-called sophisticated approach to foreign policy and domestic policy on the basis that we must be modern in a modern world and that we must not provoke a nuclear holocaust in the atomic age. We have found, however, Mr. President, that the "sophisticated" policies have brought us the greatest debt load any nation has ever known, more restrictions on our individual freedoms than our people in America have ever known, and consistent and repeated reverses in the cold war to the point where the Communists today control 26 percent of the world's population and 36 percent of the world's land mass, including an outpost 90 miles off the Florida coast.

Mr. President, judging by the mail which is flooding my office and many editorial comments I have been reading in the past few weeks, the American people are well on the way to waking up in the cold war. In fact, they are ahead of their leaders, and if the leaders do not wake up soon, the people may react at the polls regardless of the pressures by both major political parties to keep Cuba and the cold war out of the political arena.

At this point in my remarks, Mr. President, I ask unanimous consent to have printed in the RECORD a newsletter I wrote on this overall subject for release on June 12, 1962, entitled "Socialism or Americanism?" and two other newsletters dated March 5, 1962, and May 14, 1962, entitled "What No-Win Means" and "A Win Policy," respectively.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

### SOCIALISM OR AMERICANISM?

(News release by Senator THURMOND, June 11, 1962)

On June 5 and 7 I had the opportunity to delve deeply into U.S. foreign policy when Under Secretary of State George Ball appeared before the Special Preparedness Subcommittee to explain why certain statements about communism and winning the cold war were deleted from military speeches by State Department censors. I asked Mr. Ball more than 200 questions on many aspects of foreign policy. The record on this cross-examination will not be available for some time, but it will prove to be very interesting reading.

One of the many points brought out was the fact that U.S. foreign policy is committed to check only the "externally aggressive" type communism, indicating that there is no opposition to communism as an ideology or to Fabian (gradual) socialism. In other words ideological differences are unimportant. This is one of the principal reasons we are losing the cold war, particularly the battle of ideologies, which consists of the fight for the minds of men around the world. Actually, there can be no such thing as a brand of communism which is not "externally aggressive," for commuism is dedicated to a world revolution and world domination by any means possible. The Senate indicated its feeling on brands of communism when it surprisingly voted 57 to 24 Wednesday to cut off all foreign aid to Communist or Marxist-led countries.

After Mr. Ball testified that he felt Fabian socialism and "nonaggressive" communism (the Tito type) did not constitute a threat to the United States, I read him a few quotes from a book entitled "New Fabian Essays." It was edited by Mr. R. H. S. Crossman, a member of the Fabian Executive Committee, and its foreword was written by Clement Attlee, former Prime Minister of Great Britain. In his comments Mr. Crossman said:

"The task of socialism is neither to accelerate this political revolution, nor to oppose it (this would be as futile as opposition to the industrial revolution a hundred years ago), but to civilize it.

"To do this we must realize that a victory for either side would be a defeat for socialism. We are members of the Atlantic alliance; but this does not mean that we are enemies of every Communist revolution. We are opposed to Russian expansion, but also to an American victory. Our object is to keep the cold war cold and, in particular so to restrain rearmament that it remains at a level which both sides can sustain over a period of years.

"If we construct an anti-Communist ideology, or take part in organizing an anti-Cominform, we shall merely intensify the cold war and confirm the illusion that the preservation of freedom requires the defeat of communism. In fact, if freedom is to survive, it is essential that neither the United States of America nor the Soviet Union should win, and that ideological passion should subside."

What Mr. Crossman has done here is to state U.S. foreign policy in a nutshell, just as Mr. Ball did when he sent to our subcommittee on March 29, 1962, the following comment as to why the word "victory" was stricken from military speeches: "The word 'victory' has a militaristic and aggressive ring less suited than the substituted phrase to describing our national objectives. It also implies an 'all or nothing' approach leaving no room for accommodation." Since filing this report, Mr. Ball has come under considerable fire for this comment. Thus he is now trying to disown his own statement.

Persons who are oriented toward the Socialist ideology do not seek victory for the United States over communism because, as Mr. Crossman points out, "a victory for either side would be a defeat for socialism."

Arthur Schlesinger, Jr., now a top Presidential adviser, stated the case for socialism in America in 1947. After ruling out communism, capitalism, and fascism, he made this comment: "Has non-Communist, libertarian socialism a future? One must answer that there is no inherent reason why democratic socialism should not be possible. There seems no inherent obstacle to the gradual advance of socialism in the United States through a series of New Deals."

We in the United States cannot serve the cause of socialism and Americanism at the same time, for one calls for a no-win policy in the cold war, and the other demands victory over the forces which have vowed to "destroy capitalism and dethrone God."

### WHAT "NO WIN" MEANS

(News release by Senator THURMOND, Mar. 5, 1962)

We have a "no win" foreign policy.

The phrase may be new, but the policy is not. When the Communists took over in China, we had a "no win" policy; only then it was called a policy of "letting the dust settle." At various times since, it has been given many names: "containment," "accommodation," and somewhere I have heard it called "the policy of the ostrich."

All of these titles are more or less descriptive, but "no win" is the most descriptive. China, Korea, Hungary, Tibet, the Congo, Laos, Vietnam, the Berlin wall—they all spell "no win."

We have a "no win" policy; this does not mean that it is our policy to lose. It means that we dare not try to win, for fear we may lose.

Two basic ingredients of such a policy are fear and naivete.

Fear tends to obscure the perspective. Nothing could obscure the horribly destructive power of a nuclear war; for the facts of such destructive potential are too awesome to be exaggerated even by the most advanced form of fear—panic, itself. Fear, however, can and does cause an exaggeration of the likelihood that a nuclear war will occur. Our policymakers—who admittedly bear an awesome responsibility—have allowed the gruesome potentialities of the weapons, themselves, to magnify out of proportion the danger that such weapons will be resorted to by the Communists.

No sane man wants a nuclear war. The Communists don't want a nuclear war. The Comunists want to dominate the world, but a world filled with people to perform slave labor, not a world of nuclear-burned ashes. They will threaten nuclear war, and often do, in the hope that we are paralyzed with fear while they expand their empire by the nonnuclear means of subversion, infiltration, espionage, propaganda, and any other foul means short of nuclear war itself.

Naivete is nothing more than wishful thinking and ignoring facts. No one wants to admit, even to himself, that his plans are based on fear and are without hope of success. Our policymakers have, therefore, pieced together a rationalization that we will not lose even with a "no win" or "do nothing" policy.

This rationalization is arrived at by the theory of "evolution." Simply stated, it is the belief that, given time, the Communists will "evolve," or gradually change into a more civilized and nonaggressive society with whom we can peacefully coexist. We don't necessarily have to lose, because "the leopard may change his spots."

We have been sitting on our hands waiting for the Communists to evolve since shortly after World War II. In that time, they have become a nuclear power, and exploded a 58-megaton bomb; they have leapfrogged our missile program and developed rocket engines with greater thrust and missiles with advanced guidance systems; they have brought under their domination about 15 countries and 900 million people. Their industrial capacity has evolved, but not their morals; their weapons have evolved, but their intentions and efforts are still to dominate and enslave the people of the world.

There is obviously no shortcut to victory for freemen. While we must carefully reckon with the possibilities of a nuclear war, we must also stop ignoring the probabilities of piecemeal slaughter and enslavement of the remaining free world, if we continue to passively await the evolution of Communists into civilized neighbors who operate by some moral code. There is some small possibility the Communists will evolve; but there is a great probability that unless we abandon the "no win" policy, only the Communists and their slaves will witness it.

We must have a "win" policy. The first step is to set a goal of victory over communism in the cold war. Concrete long-range and short-range objectives should be established for every arena of the cold war. Strategy and tactics should be employed which will utilize our every resource for the accomplishment of those goals.

### A WIN POLICY

(News release by Senator THURMOND, May 14, 1962)

In last week's newsletter I mentioned the rising tide of public sentiment against our no-win cold war policies. This strong expression of concern by grassroots America has gotten under the skins of policymakers at the State Department and White House. It has resulted in more attempts to explain and defend foreign policy, according to the Washington Post, "to keep political headwinds from spreading no-win attacks."

So now policymakers are declaring that anyone who advocates victory in the cold war is a warmonger because any move toward victory would escalate into a nuclear holocaust. Such statements have recently been uttered by the President, the Secretary of State, and our chief policy planner, Dr. Walt Rostow. This is merely a play on fear and does not reflect a valid assessment of Khrushchev's victory strategy. In public statements and by deeds he has ruled out nuclear war to attain his goal of world domination. He has no desire to rule a world filled with nuclear ashes, and he's not about to be provoked into such a war for another reason: he knows which side has the edge in destructive power.

The cold war can be won without a nuclear holocaust by forcing the Communists to change their goals rather than merely reacting to their victory tactics and hoping some day they will change. Here are 12 policies which, if followed, could put us on the road toward eventual victory in the cold war:

1. Recognize that we are in a war—a total war—with the forces of international communism and state as a policy that it is our intention to win this conflict pressed on us.

2. Act decisively to call Communist bluff and aggressive tactics before they reach uncontrollable proportions, and determine to fight, if necessary, to insure vital points and interests.

3. Maintain a military establishment which will insure not merely an adequacy but a supremacy of military power.

4. Blockade Cuba from Communist arms shipments and determine to undo Castro rather than hope he will undo himself.

5. Quit trading with Communist nations; quit sending them aid.

6. Negotiate, if we must negotiate with the Communists, on our terms and about things we don't like—not just their dislikes.

7. Take the offensive to sell our political and economic systems to the world.

8. Promote a sound domestic economy by putting first things first and eliminating the nonessentials and giving more attention to our declining gold reserves. We can lose the cold war through economic bankruptcy more easily than we can by overt Communist aggression.

9. Guard against being lulled into a deep Socialist sleep at home with handouts by advocates of an all-powerful central government. Tyranny by a homegrown dictatorship can be just as ruthless and suppressive of liberty as any outside force.

10. Institute programs to promote patriotism and to inform individual citizens as to the true and total nature of the Communist threat. Individuals must be alert to Communist propaganda, infiltration, subversion, and other insidious methods of Communist operations.

11. Rededicate ourselves, individually and as a nation, to a moral and spiritual regeneration in the fight against materialistic and atheistic communism. Spiritual and moral power can give us courage, strength, wisdom, and faith and also save us from softness and decay—physically, mentally, and morally.

12. Most importantly—reappraise our cold war policies and our estimates of the enemy. We must eliminate unrealistic policies which have been responsible for our cold war losses. These policies have been based on false conceptions—on ideas that we can trust the Communists, that they will change their goals on their own volition, that world popularity is more important than respect, that ideological differences are unimportant, that we can negotiate or buy our way out of the cold war, and that communism is a nationalist rather than internationalist disease.

The American people want a win policy in the cold war because we are a winning people and also because of the realization that there will be no second prize in a world dominated by communism.

Mr. THURMOND. Mr. President, in closing my remarks here today I must point out to the Senate that this distinguished poet has very eloquently "spilled the beans" on our no-win foreign policy and the direction in which our domestic policies are carrying us as a nation. His candor alone is worth some type literary prize. I only wish our leaders would be as frank with the American people as Mr. Frost has been in this news conference.

### AUTHORIZATION FOR COMMITTEE ON ARMED SERVICES TO FILE BILLS AND REPORTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate Armed Services Committee be granted permission to file bills and reports up until 12 o'clock tonight.

The PRESIDING OFFICER. Without objection, it is so ordered.

### EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Tom Killefer, of Virginia, to be Executive Director of the Inter-American Development Bank.

By Mr. ROBERTSON, from the Committee on Banking and Currency:

Walter C. Sauer, of the District of Columbia, to be First Vice President of the Export-Import Bank of Washington.

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service:

One hundred and fourteen postmaster nominations.

The PRESIDING OFFICER. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

### DIPLOMATIC AND FOREIGN SERVICE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations on the Executive Calendar be stated beginning with the diplomatic and foreign service.

The PRESIDING OFFICER. Without objection, it is so ordered.

The legislative clerk read the nomination of Francis H. Russell to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

### U.S. ADVISORY COMMISSION ON INFORMATION

The legislative clerk read the nomination of John L. Seigenthaler to be a member of the U.S. Advisory Commission on Information for the remainder of the term expiring January 27, 1964, and until his successor has been appointed and qualified.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

### UNITED NATIONS

The legislative clerk proceeded to read sundry nominations in the United Nations.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nomination for U.S. circuit court judge go over, and that the nominations at the bottom of page 2 of the Executive Calendar be stated.

The PRESIDING OFFICER. Without objection, it is so ordered.

### NOMINATIONS PLACED ON THE SECRETARY'S DESK—DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk proceeded to read sundry nominations placed on the Secretary's desk in the diplomatic and Foreign Service.

Mr. MANSFIELD. I ask unanimous consent that the nominations be considered and agreed to en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and agreed to en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the nominations confirmed today.

The PRESIDING OFFICER. Without objection, it is so ordered.

### LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

### ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 10, 1962, he presented to the President of the United States the enrolled bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes.

### ADJOURNMENT TO 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there is no further business to be transacted, I move that the Senate adjourn, under the order previously entered, until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 3 o'clock and 50 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, September 11, 1962, at 11 o'clock a.m.

### CONFIRMATIONS

Executive nominations confirmed by the Senate September 10, 1962:

Diplomatic and Foreign Service

Francis H. Russell, of Maine, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia.

U.S. Advisory Commission on Information

John L. Seigenthaler, of Tennessee, to be a member of the U.S. Advisory Commission on Information for the remainder of the term expiring January 27, 1964, and until his successor has been appointed and qualified.

United Nations

The following-named persons to the positions indicated:

Adlai E. Stevenson, of Illinois, to be representative of the United States of America to the 17th session of the General Assembly of the United Nations.

Francis T. P. Plimpton, of New York to be representative of the United States of America to the 17th session of the General Assembly of the United Nations.

Albert A. Gore, U.S. Senator from the State of Tennessee, to be representative of the United States of America to the 17th session of the General Assembly of the United Nations, to serve no longer than December 31, 1962.

Gordon Allott, U.S. Senator from the State of Colorado, to be representative of the United States of America to the 17th session of the General Assembly of the United Nations, to serve no longer than December 31, 1962.

Arthur H. Dean, of New York, to be representative of the United States of America to the 17th session of the General Assembly of the United Nations, to serve no longer than December 31, 1962.

Charles W. Yost, of New York, to be alternate representative of the United States of America to the 17th session of the General Assembly of the United Nations.

Philip M. Klutznick, of Illinois, to be alternate representative of the United States of America to the 17th session of the General Assembly of the United Nations.

Jonathan B. Bingham, of New York, to be alternative representative of the United States of America to the 17th session of the General Assembly of the United Nations.

Carl T. Rowan, of Minnesota, to be alternate representative of the United States of America to the 17th session of the General Assembly of the United Nations, to serve no longer than December 31, 1962.

Mrs. Marietta P. Tree, of New York, to be alternate representative of the United States of America to the 17th session of the General Assembly of the United Nations, to serve no longer than December 31, 1962.

Diplomatic and Foreign Service

The nominations beginning Givon Parsons, of Texas, now a Foreign Service officer of class 2 and a secretary in the diplomatic service, to be also a consul general of the United States of America, and ending W. John Wilson, of California, a Foreign Service Staff officer, to be a consul of the United States of America, which nominations were received by the Senate and appeared in the Congressional Record on August 21, 1962.

# EXTENSIONS OF REMARKS

## Wisconsin Primary Election

EXTENSION OF REMARKS

OF

### HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

*Monday, September 10, 1962*

Mr. WILEY. Mr. President, tomorrow the citizens of Wisconsin will have an opportunity to exercise once again the precious privilege of voting in the Wisconsin primary.

In a weekend address over Wisconsin radio stations, I discussed the great importance of maximum turnouts—not only in primaries, but in general elections.

I ask unanimous consent to have excerpts of my address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

On Tuesday, September 11, you will have an opportunity to exercise your precious right to vote in the Wisconsin primary elections.

In a free republic, you have a voice, not only in selecting officeholders to serve you in public life, but also in shaping State and National policies.

As a political right, this then is also a great opportunity (for which millions of people yearn elsewhere on the globe); and a great responsibility.

By your selections, you contribute to shaping the future of Wisconsin and the Nation.

Unfortunately, early predictions for the primary estimate that only 30 percent, or about three-quarter million of the State's more than 2,300,000 eligible voters, are expected to vote.

For myself, I sincerely hope this will not be true. Rather, I would urge all of you, regardless of political party, to go to the polls and speak with your voice in government.

Traditionally, too many people fail to realize the significance of their staying away from the polls. What does it mean?

First, a small turnout may result in selection of a candidate by a minority, not a majority, of the voters; second, nonvoters deprive themselves, not only of a voice in the election of candidates, but also of a voice in government—which creates the policies and programs affecting our daily lives and national destiny; third, failing to vote gives an extra strong vote to someone whose views may directly oppose your political philosophy; fourth, apathy toward voting reflects apathy toward the overall responsibilities of citizenship.

In a republic, the electoral process, then, is the means by which you, the voters, control the governmental machinery established to carry out the business of the people.

If we allow somebody else to tend our business, there can be a dangerous loss of freedom.

Prior to voting, all of us naturally need to educate ourselves upon the candidates and their qualifications, including records of the past and programs for the future; the issues of the times, such as promoting peace, U.S. security, sound economic progress, and human well-being; and then make our best judgment as to which candidate can best serve us at this critical time in history.

As citizens of a free, wonderful country, we—you and I—then possess a great power: a vote.

The ballot, then, is the means by which "we the people speak."

If we speak together, then, the laws and national policies of Wisconsin and the Nation will reflect our will and we can build a better, brighter future.

Let's all vote, and get our friends and neighbors to vote, in the primary on Tuesday.

---

## Castro Presents Danger Which Must Be Checked

EXTENSION OF REMARKS

OF

### HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 10, 1962*

Mr. EVINS. Mr. Speaker, recently there has been much written and said about the military assistance which Soviet Russia has been supplying the Communist regime in Cuba—a matter of grave concern to all Americans. This week in my weekly newsletter, Capitol Comments, I have discussed the Cuban situation and have pointed out that we must be prepared to move against Castro and his communistic regime.

Mr. Speaker, under unanimous consent I insert my newsletter today in the RECORD.

It follows:

SOVIET MILITARY AID TO CUBA IMPOSES THREAT—CASTRO MUST BE ELIMINATED

All Americans may well be concerned over the recent developments in Cuba which have seen moves by the Soviet Union to strengthen the military power of the Castro regime in Cuba.

The receipt of antiaircraft defense missiles, radar, electronic equipment, and other military supplies from Russia plus the landing of several thousand military technicians to operate and train Cubans in the use of these weapons has caused grave concern among Washington officials and among all our citizens.

Cuba, under the Castro regime, is a piercing thorn in our side and poses a threat to all nations in the Western Hemisphere. Without a doubt, dictator Castro and his leaders must be eliminated and freedom and liberty restored to the Cuban people.

President Kennedy has pointed out that present Russian military assistance to the Cuban Government is considered primarily as defensive and for internal use and has made it clear that the "Castro regime will not be allowed to export its aggressive purposes by force or the threat of force."

The United States will use whatever force may be necessary to prevent the further spread of communism within the hemisphere, the President announced. This must be our firm policy.

There is no doubt but that the United States could launch a successful invasion of Cuba and rid the nation of Castro and his Communist followers. We could send the Marines into Cuba and with our naval and Air Force capabilities blast Cuba into a quick surrender and capitulation. To do so at this time would make us the aggressors and warmongers in the eyes of our Latin American allies and the world. It is felt that the Cuban situation must be considered as a part of the worldwide threat of communism and weighed in connection with our total commitments around the globe. We have established American airbases and defense commands around Soviet Russia in a containment action. These as well as our important Guantánamo Naval Base in Cuba must be maintained and additional bases established. The issue must be dealt with in such a manner that it will not endanger our relations with the other free nations of the world which look to the United States as the citadel of democracy and democratic action.

The United States was successful at the Punta del Este Conference in having Cuba excluded from the Organization of American States. The OAS members also agreed at this recent inter-American conference that should Cuba launch any aggressive action, either overtly or covertly, that the member nations would take appropriate joint action to overthrow the Castro regime.

While Russia is increasing its military assistance to Cuba, there are numerous indications that the Castro government has largely been a failure among the Cuban people.

Cubans have been unable to operate successfully many of the industries which were previously under American management. There has been grave dissatisfaction and unrest in the operation of the Cuban agricultural policy which has seen production dwindle, tighter controls on all food stuffs, and strict rationing policies enforced. There are also reports of dissatisfaction and even some fighting in certain outlying provinces by anti-Castro forces. Failures of the Communist system in Cuba, particularly in the field of agriculture and the strict regimentation of the Cuban citizens, will not go unnoticed among other Latin American nations where the beginning operation of the Alliance for Progress is giving assurance of hope along with peaceful reform and needed improvements.

The Communist Castro regime in Cuba poses a serious problem for the United States and the entire Western Hemisphere. We must not allow the cancer of communism to spread but must be prepared to move against Cuba and communism at the opportune moment. Certainly if joint actions fail the United States must move unilaterally and alone to stop the spread of communism in this hemisphere and assure that Castro be eliminated.

---

## A Salute to Those Who Conserve Our Priceless Soil

EXTENSION OF REMARKS

OF

### HON. BEN F. JENSEN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 10, 1962*

Mr. JENSEN. Mr. Speaker, under leave to extend my own remarks in the RECORD, I include in part a copy of a letter with a proposed short speech to Mr. Wendell Pellett, Atlantic, Iowa, chairman of the Committee on Arrangements for the Iowa State Plowing Match to be held close to Atlantic, Iowa, on September 13, where Mr. Pellett invited me to speak. But since my duties in Congress demand my presence here at that time, I have sent the following to

Mr. Pellett, requesting it be read by someone:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C., September 5, 1962.*
Mr. WENDELL PELLETT,
*Atlantic, Iowa.*

DEAR WENDELL: I deeply appreciate your invitation to be present and to make a short talk at the Iowa State plowing match to be held close to Atlantic on Sepember 13.

* * * *

Many of my good friends in the Soil Conservation Service, including yourself, with whom I have enjoyed working for almost a quarter of a century in the all-important program of conserving our priceless soil, have told me they expect me to be present at the State plowing match. I can only offer my sincere regrets for the reason above stated. If I were present and made a talk, this is what I would say:

Mr. Chairman and friends, I deem it an honor to speak here today, and to commend everybody most highly for the part they have played in conserving our priceless soil. I especially want to commend Wendell Pellett and his committee for all the days and weeks they have spent in arranging this day.

At the outset, I must say that I take great pride in the fact that the farmers of the Seventh Iowa District, with the able leadership of the county commissioners and the soil conservation technicians, have built more miles of terraces and have more acres of contoured land, and more watersheds completely constructed, under construction, and in the planning stage in the Seventh Iowa District, than in any comparable area in the entire United States.

Hence, they have rendered a great and lasting service not only for themselves and their country, but an even greater service to those who come after us. I say that advisedly. As proof of that statement, look across the seven seas to the many lands where for hundreds upon hundreds of years past, the people, chiefly the thoughtless, powerful land barons, permitted their priceless topsoil to wash, blow, and erode away, and there, with no exception, the people suffer the ravages of communism, hunger, strife, and revolution, and you may be sure that scourge will continue in those many nations of this troubled world until the rulers and all-powerful land barons awaken to the fact that all wealth springs from Mother Earth, and that a nation's economy depends entirely on how well Mother Earth is treated. We are indeed fortunate that we learned this great lesson from the preachings and teachings of that great and good American, the late Hugh Hammond Bennett, the father of the Soil Conservation Service, starting only 27 years ago, and following the formation of the first soil conservation district in the United States.

I am very certain that the great majority of the American people will agree that when God created heaven and earth, He made heaven perfect in every detail, but that He purposely left the earth imperfect in many respects. Had he not done so, the first people on earth would have lived in ease and earthly comfort and long before our time all those humans would have perished as do the drones in the beehive.

Also let us never forget that history records major wars, with hardly a single exception, have been won by the side that had the greatest supply of food, feed, and fiber; for example, the Civil War, World Wars I and II, just to name a few.

Even in this atomic age, no nation or group of nations where multitudes cry for bread, and where freedom is gone, are their rulers anxious to become involved in a hot war with us and our peace-loving friends in other lands, where those people also conserve their soil and maintain high production, but should the day ever come when our good earth has lost its bounteous yield, that will be the day we become fair prey for the Communists or some other godless gang to defeat us in mortal combat.

So let us be worthy of the many blessings that have been showered upon us, and pray our children, and their children likewise, will enjoy the abundance which springs from our priceless soil, well kept.

So again I say, hats off to you who till the soil and keep it productive, even as now, with an oversupply of food and feed and fiber. How blessed we are, compared to the people in many lands who are this very minute praying just for a loaf of bread.

I hope this message will be read by someone at the State plowing match on September 13, where I would very much like to be in person.

I send greetings and my very best wishes to all assembled, while looking forward to seeing many of you after Congress adjourns.

Most sincerely yours,
BEN F. JENSEN.

---

## An American Idea in Korea

EXTENSION OF REMARKS
OF

## HON. VICTOR L. ANFUSO

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
*Monday, September 10, 1962*

Mr. ANFUSO. Mr. Speaker, many years ago, a very unusual man, Mr. Burton Browne, came upon an idea which has since revolutionized entertainment in the United States. Mr. Browne, like many of us, loved the "good old songs"; he liked the styles of the past century and the gracious living that took place. In those days man was king in everything he did, but today there are few places where the rush of business and the shortness of time enable man to really take the time to graciously relax. Mr. Browne found the solution in his Gaslight Clubs which are now right here in our own Washington, D.C., in my home State of New York, in Chicago, and even a branch in Paris, France. In the Gaslight Clubs, the decor is that of the turn of the century, the food boasts the original recipes of Commodore Vanderbilt. Here the old songs are sung to the accompaniment of a piano as old and tuneful as the songs themselves. The Gaslight Clubs have become an institution and are immensely popular. To be a member of the Gaslight is a key to prestige in any community.

Now Mr. Browne is embarking on another endeavor which involves the Gaslight Clubs, but also involves the Government of the United States. He is opening a Gaslight Club in the Republic of Korea, a club that will primarily serve the troops of the United Nations, the diplomatic corps, and the local business community. Here in the Korean Gaslight Club, the early American decor will be transformed to the East and American hospitality will prevail. United Nations troops, enlisted men, and officers alike, will have a safe place and a place with the finest reputation in which to spend their leisure hours.

In this Korean Gaslight Club there will be no financial profit, for Mr. Browne is reinvesting all moneys earned in local Korean industry, thereby making this visit to a foreign country a favorable one, not only for us, but for the Government and country of Korea as well.

Burton Browne is leading the way, his idea is sound and generous, and we hope it will meet with much success. Our boys away from home surely need and will much appreciate his generosity just as our men at home enjoy and appreciate his friendliness and the joyous spirit of his Gaslight Clubs.

---

## The Merrywood Apartment

EXTENSION OF REMARKS
OF

## HON. HENRY S. REUSS

OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES
*Monday, September 10, 1962*

Mr. REUSS. Mr. Speaker, I insert in the RECORD a statement I made on August 15, 1962, and letters which I sent on that date to the Secretary of the Army, Cyrus R. Vance; Commissioner Walter Tobriner; and Mr. Charles Horsky, adviser to the President for National Capital affairs:

STATEMENT BY REPRESENTATIVE HENRY S. REUSS, OF WISCONSIN, WEDNESDAY, AUGUST 15, 1962

The treelined shores of the Potomac Palisades upriver from Washington have remained unspoiled through the years. The green and pleasant vista north of Chain Bridge looks exactly as it did when George Washington and Lord Fairfax walked along the palisades; when Capt. Oliver Wendell Holmes, Jr., pulled President Abraham Lincoln down out of the range of a southern sharpshooter in the fort near Cabin John.

The Potomac Palisades area is doubly dear to Americans. It is a beautiful and refreshing area created by nature. And it has been the historic location of many of the persons and events that have formed the Nation. It has still the enchanting look of wilderness. And it carries with it sacred memories of those Virginians who so largely and so generously contributed to the making of a new breed on earth: the Americans.

Until now we have been fortunate. The unspoiled character of the Potomac Palisades has been preserved by zoning ordinances of Montgomery County, Md., and Arlington and Fairfax Counties, Va., restricting building heights to 35 feet (50 feet in Montgomery County), with single family houses on large lots, and forbidding tall apartment buildings which would destroy the natural line of the green trees along the shore.

The year 2000 plan for the Nation's Capital, promulgated on May 8, 1961, by the National Capital Planning Commission and the National Capital Regional Planning Council, provides for "open spaces along the Potomac." This is to be accomplished by purchase, tax concessions, and zoning, as part of our national policy (the year 2000 plan, p. 56).

Now suburban developers would replace the historic beauty of the Potomac with a series of high-rise apartments. It is ironic that such an exploitation should take place on the soil of Virginia, because at Monticello, at Manassas, at Williamsburg, and at Jamestown, Va., has shown the world how the past may be preserved to refresh the present and to enlighten the future.

Early this year, developers got hold of the 46-acre Merrywood property, right next to the District of Columbia line along the Potomac in Fairfax County, Va., and announced their plans to erect on it three 17-story apartment buildings, to house 1,000 families. In March, the Fairfax County Board of Supervisors voted to change its 35-foot height limitation zoning so as to legalize the Merrywood proposal.

This abandonment of the Fairfax County height limitation, and of the year 2000 plan open space provision, has led to other requests for rezoning to permit high-rise apartments on the Potomac. A 7.3-acre tract adjoining the Merrywood estate has recently been advertised in the Wall Street Journal for sale as "Potomac riverfront apartment land," at a price of more than $635,000. The ad reads in part:

"Adjoining land just purchased and rezoned for $16 million luxury high-rise apartment. No other apartments in area. Land this close to Washington and on Potomac River is practically unavailable."

The National Capital Planning Commission moved speedily to declare its opposition to the Merrywood high-rise apartment proposal. By its letter of April 10, 1962, it unequivocally opposed the proposed tall buildings as violative of the year 2000 plan:

APRIL 10, 1962.

Mr. WILLIAM H. MOSS,
*Chairman, Fairfax County Board of Supervisors, Fairfax Court House, Fairfax, Va.*

DEAR MR. MOSS: The National Capital Planning Commission has always been vitally concerned about the protection of the Great Falls and gorge of the Potomac River Valley above Washington, and its first regional park plan of 1926 indicated extensive areas for park acquisition. This plan eventually led to the passing of the Capper-Cramton Act in 1930, which in part provided for "the protection and preservation of the natural scenery of the gorge and the Great Falls of the Potomac."

The year 2000 plan, recently completed, concentrated high density areas in the transit radial corridors and reaffirmed the Commission's former convictions by recommending the preservation of the banks of the Potomac as a significant wedge of open space penetrating the urbanized areas. President Kennedy in his conservation message to Congress reminded us that, "We depend on our natural resources to sustain us—but in turn their continued availability must depend on our using them prudently."

Acquisition of land for the George Washington Memorial Parkway on the Maryland shore, paid for in part by the citizens of Montgomery County, has now been completed but much of the beautiful scenic bluffs on the Virginia side between Chain Bridge and Great Falls remain in private ownership. Also the first section of the parkway on the Maryland side will soon be completed and the skyline of the Virginia Palisades will be exposed and, for many miles, will constitute an essential visual part of the parkway.

The Commission is most concerned that the skyline and palisades be retained as nearly as possible in their natural state. Low density residential development is compatible with this objective. Tall buildings are not.

From time to time development projects such as the present Merrywood-on-the-Potomac will be proposed. We hope that suitable means may be found to achieve our common goal of preserving the Potomac Palisades and the west bank of the Potomac as a continuous natural area.

I am sure your board is also greatly concerned in the preservation of this fine natural resource which is a vital part of our great American heritage.

Sincerely yours,
MRS. JAMES H. ROWE, Jr.,
*Chairman.*

More recently, I have introduced two bills designed to empower the National Capital Planning Commission to prevent not only Merrywood-type developments but other undesirable building along the Potomac from Great Falls to Mount Vernon which would "materially impair the national historic, scenic, conservation or recreational interest in the Potomac River." The first such bill, H.R. 12137, would empower the National Capital Planning Commission to set aside suburban zoning ordinances violative of this principle. The second bill, H.R. 12536, would authorize the refusal of District of Columbia water and sewer services to projects so stigmatized by the National Capital Planning Commission.

The bills are now before the House Committee on Interior and Insular Affairs, and the House District of Columbia Committee, respectively. Unfortunately, today is August 15. We are near the end of the session. While I still hope for the passage of at least one of these bills prior to the end of the session, the odds are against it. Machinery for safeguarding the entire Potomac valley in the vicinity of Washington needs to be worked out over the next year or two. But meanwhile, unless the Merrywood development is stopped, there will be no Potomac Palisades left to save.

Fortunately, the Merrywood development can be stopped, under existing law and policy, and without any further legislation. As I have said, the year 2000 plan forbids high-rise apartments on the Potomac Palisades. This policy was specifically applied to Merrywood by the National Capital Planning Commission's letter of April 10, 1962.

Secretary of the Interior Udall has properly exercised his powers so as to effectuate the national policy against the Merrywood development, as set forth in the year 2000 plan and the April 10, 1962, letter. Secretary Udall has officially denied to the promoters of Merrywood the right to run a sewage disposal line under the George Washington Memorial Highway, which is controlled, by the Department of the Interior.

This is commendable as far as it goes. Unfortunately, however, there is nothing to prevent the Merrywood promoters from erecting their own sewage disposal unit, and dumping the effluent into the Potomac.

Water, however, is a different matter. The only practicable way in which the Merrywood promoters may secure water for their large development is by purchase from the city of Falls Church, which has the water supplying responsibility over the Merrywood area. The city of Falls Church, in turn, obtains its water from the District of Columbia Dalecarlia pumping station.

The statute and contract by which the District of Columbia supplies water to the city of Falls Church is instructive. The District of Columbia provides water to the city of Falls Church pursuant to the Act of June 26, 1947. That act contains the proviso "and provided further, that the Secretary of War, directly or upon the request of the Board of Commissioners, may revoke at any time any permit for the use of said water that may have been granted." (District of Columbia Code, sec. 43-1531 and sec. 43-1531a).

The District of Columbia supplies water to Falls Church under a contract dated November 1, 1961. The contract sets forth the rates and estimated requirements, although it makes it clear that the District is not obliged to deliver, nor Falls Church to receive, any particular amount.

Paragraph 3 of the contract provides:

"The Government, through the Chief of Engineers shall have the right at all times to investigate the distribution systems through which the water is transmitted and if, in his opinion, there is an excessive wastage of water he shall have the right to curtail the supply to be furnished under this agreement to the amount of such wastage."

Paragraph 9 of the contract provides:

"The Government may at any time terminate the services to be furnished under this contract and may by thirty days' notice to the Purchaser terminate the license for a right-of-way granted hereunder. The Purchaser may terminate this contract by thirty days' written notice to the Government."

In carrying out this contract, the Secretary of the Army and the District of Columbia Commissioners should carry out the mandate of the year 2000 plan, and the National Capital Planning Commission's letter of April 10, 1962, in the same manner as did Secretary Udall. The Secretary of the Army and the District Commissioners have simply to notify the Falls Church authorities that water service will not be available to Merrywood. Since under the contract the District may terminate its services at will, it obviously has a right to ask that the contract be amended to provide for curtailing water not just where "there is an excessive wastage," as under present paragraph 3, but where "there is a proposed use of the water by a building disapproved by the National Capital Planning Commission." Since the National Capital Planning Commission, by its letter of April 10, 1962, has disapproved the Merrywood project, Falls Church would simply be told not to serve it. Indeed, the District of Columbia could itself, if it wished, undertake to see that no Merrywood outlet was built from the Falls Church distribution system.

I would anticipate no difficulty from such action. Falls Church wants its water supply, and is surely not going to penalize its thousands of users by saying: "If we can't serve Merrywood, and thus ruin the Potomac Palisades, we are going to end our water supply for our thousands of citizens and customers altogether." Furthermore, the governing bodies in Arlington County and civic groups in all three counties—Arlington, Fairfax, and Montgomery—would applaud such a determination by the District of Columbia to preserve the Potomac to the extent that it can through it water sales.

The only people displeased would be the promoters of Merrywood and the Fairfax County Board of Supervisors. We should not attempt to please them at the price of ruining the Potomac.

It is unthinkable that the Nation's Capital preside at its own destruction by furnishing water to the Merrywood promoters. If the Secretary of the Army and the District Commissioners will coordinate their actions with those of the Secretary of the Interior, the high-rise Merrywood buildings will not be built. And we can then go on to evolve regional machinery that will protect the Potomac permanently.

---

AUGUST 15, 1962.

CYRUS R. VANCE,
*Secretary of the Army, the Pentagon, Washington, D.C.*

DEAR MR. SECRETARY: I enclose a copy of my statement of today expressing the hope that you, as Secretary of the Army, will coordinate action with Secretary of the Interior Udall to preserve the year 2000 plan of the National Capital Planning Commission and the National Capital Regional Planning Council.

You can do this by not providing water service to the proposed 17-story Merrywood project in Fairfax County, Va., pursuant to the District of Columbia Code, section 43-1531 and section 43-1531a and the contract entered into by you in 1961 with the city of Falls Church water authorities.

I would, of course, be glad to meet with you at any time to discuss this problem.

Sincerely,

HENRY S. REUSS,
*Member of Congress.*

AUGUST 15, 1962.

Hon. WALTER TOBRINER,
*Chairman, Board of Commissioners,*
*District Building, Washington, D.C.*

DEAR MR. TOBRINER: I enclose a copy of my statement of today expressing the hope that the District Commissioners will coordinate action with Secretary of the Interior Udall to preserve the year 2000 plan of the National Capital Planning Commission and the National Capital Regional Planning Council.

This can be done by not providing water service to the proposed 17-story Merrywood project in Fairfax County, Va., pursuant to the District of Columbia Code, section 43-1531 and section 43-1531a and the contract entered into in 1961 with the city of Falls Church water authorities.

I would be glad to meet with you at any time to discuss this problem.

Sincerely,

HENRY S. REUSS,
*Member of Congress.*

AUGUST 15, 1962.

Mr. CHARLES HORSKY,
*Adviser for National Capital Affairs,*
*White House, Washington, D.C.*

DEAR MR. HORSKY: I am enclosing copies of my letters of today to Secretary of the Army Vance and Commissioner Tobriner.

I would hope that the White House would encourage the Secretary of the Army and the District of Columbia Commissioners to coordinate their actions with Secretary of the Interior Udall so as to prevent the violation of the year 2000 plan of the National Capital Planning Commission and the National Capital Regional Planning Council.

If you wish, I shall at any time be glad to sit down and discuss this matter with you.

Sincerely,

HENRY S. REUSS,
*Member of Congress.*

## Labor Contribution to U.S. Progress and Security

EXTENSION OF REMARKS

OF

### HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

*Monday, September 10, 1962*

Mr. WILEY. Mr. President, in creating our Nation, labor has provided the manpower and brainpower, not only for progress, but for security.

On Labor Day I was privileged to discuss the significance of labor to our national life.

I ask unanimous consent to have excerpts from this address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

For the future, the Nation—as in the past—will depend upon the working men and women of America for the manpower and brainpower to promote progress in this most productive economic system in the history of the world.

Labor Day, now, offers the Nation an opportunity to: Pay tribute to, and create greater understanding of, the great, unique contribution of labor to our national progress and security; dedicate itself to resolving serious problems—such as too high unemployment of workers of Wisconsin and America; crystallize a more effective national labor policy; and establish greater goals for the years ahead.

In a land of freedom, as contrasted to communism, every worker remains entitled to and must have protected fundamental rights and rewards of work including: the taken-for-granted right of choosing his own vocation; a good wage (reflecting proportionately the value of his productivity); a place of stature and respect in the community; economic security for himself and his family; and a voice in creation of policies affecting his well-being, rights, and future.

Nationally, the voice of labor, through organization, expresses itself strongly on formulation of national labor policy. Generally, working men and women are utilizing such power to obtain a fair share of the rewards of productivity—including fair wages, better working conditions, warranted retirement benefits, and job security.

Labor, also, speaks with a powerful voice in the shaping of other national policies for domestic progress and security.

With such a growing power, however, goes hand in hand a responsibility to serve not only the working force, but the overall interests of the Nation.

The challenges confronting labor, then, include: (1) Adhering to—and further improving—a national labor policy that will best serve, and protect, the interests, not only of the worker, but of the Nation; (2) sharing in—and contributing to efforts to resolve economic problems, including unemployment resulting from: automation; less-than-full-capacity operations of business and industry; and other factors; (3) greater voluntary efforts to dedicate its great power and resources to meeting human economic needs of our citizens; supporting civic-national causes legislation for national progress; (4) serving freedom—and combating communism—by further exporting free trade unionism—together with the story of how it may serve workers and national needs elsewhere in the world.

In the world of tomorrow, our Nation will demand, and require, an even greater sense of public responsibility from the leaders and rank-and-file members of labor, management, and all walks of life. The purpose: to assure our Nation the capability to meet the challenges of its security and fulfill the needs of its people.

With this creative, farsighted, dedicated sense of civic and national responsibility, we, as a nation, shall—I am confident—win victory over communism and create an ever-better life for our people—and, yes, mankind around the globe.

## A New Approach to Equity for Our Gold Miners

EXTENSION OF REMARKS

OF

### HON. RALPH J. RIVERS

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 10, 1962*

Mr. RIVERS of Alaska. Mr. Speaker, for 4 years now I have been studying and working upon the problem of how to save gold mining under the American flag from extinction, in connection with which I have introduced four separate bills. The first three have been repudiated by the Department of the Treasury upon the contention that if enacted they would upset international monetary arrangements. During the period in question I have been joined in this cause by several of our colleagues from Western States, and we have devised what I consider to be a new approach. This is reflected in bills most recently introduced by several of us calling for establishment of a gold procurement and sales agency which would receive all newly mined gold as a commodity rather than a monetary metal at a fair price to our gold miners, and resell same for artistic, professional, and industrial uses. To emphasize the urgency of this matter, the Subcommittee on Mines and Mining of the House Committee on Interior and Insular Affairs held a hearing on September 6, at which time it was made amply clear in the record that Treasury and other interested executive departments are requested to considerately study and evaluate the new approach with an affirmative instead of a negative attitude during the forthcoming adjournment period, and be ready to present constructive testimony early in the next session on similar bills, and perhaps improved bills, which will be introduced next year.

My testimony submitted at the hearing on September 6 concisely portrays the situation as I see it. Because this subject is undoubtedly a matter of national concern, I include in these remarks the text of said testimony, which reads as follows:

STATEMENT OF HON. RALPH J. RIVERS, U.S. REPRESENTATIVE AT LARGE FROM ALASKA, BEFORE THE SUBCOMMITTEE ON MINES AND MINING OF THE HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS IN SUPPORT OF H.R. 12929 AND LIKE LEGISLATION, ON SEPTEMBER 6, 1962

Mr. Chairman, I wish to first convey my thanks for the scheduling of this hearing in regard to a new approach on the subject of providing an incentive to our gold miners for the production of newly mined gold.

My interest in gold mining stems from the years when I was a young man living in Alaska. I saw gold mining prosper after the increase in the Treasury price of gold from $20.67 to $35 per ounce in 1934, and in recent years I have seen costs rise to such prohibitive heights as to force hundreds of gold mines out of business, leaving behind deteriorating plants, ghost towns, and unemployment, for lack of any increase in price to offset the doubling of the cost of production.

From the highest annual production of gold in the United States in the amount of $170,205,000 in 1940, gold output has dropped to $53 million in 1961, of which 37 percent was derived as a byproduct of base-metal ores. From a production of about $25 million per year in Alaska in the late 1930's, the gold production in my State was down to about $4 million in 1961, and our dredges and other diggings will have to close down in the near future unless relief is soon forthcoming. From a high in the U.S. gold reserves of $24 billion in 1948, we now find our reserves down to about $16.1 billion. Of this decline about $6.7 billion has occurred in the last 5 years. Although this has been caused principally by the outflow of gold to foreign countries, of which we have recently heard so much, the situation has been aggravated by the decline of gold production in our country.

Another contributing factor has been the sharp increase in recent years of the use of gold for artistic, professional, and industrial purposes. The nonmonetary uses of gold have gone up from a value of $91,087,920 in 1958 to $129,500,000 in 1960. This latter figure is over twice the amount of new gold produced in the United States in 1960, and it is estimated that the demand for gold for nonmonetary uses will continue to increase in the years ahead. Of course, some gold is salvaged each year and reissued by private refiners and dealers. In 1960 the amount was $53,495,015. The amount issued by the Treasury in 1960 for nonmonetary uses was $76,004,985, being $23 million above domestic production in 1960.

As against the $16.1 billion presently in our declining gold reserves, we hold about $12 billion as backing for our ever increasing amount of paper currency, and about $4 billion is all that remains as backing for outstanding foreign dollar credits redeemable in gold on short-term demand, which credits amount to about $18 billion. Thus, while the Russians have been increasing their gold supply against the day when they decide to back their trade rubles with gold, our gold reserves have dwindled below the danger point, which presents us with another hazard in the cold war. The need in the United States for more gold is clear. The question—what to do about it?

President Kennedy and the Treasury say that an increase in the Treasury price of gold would seriously disrupt our international monetary arrangements with the countries of the free world. Accordingly, I am willing to accept the President's statement that there shall be no increase in the Treasury price of gold under his administration. Therefore, the only approach which remains open to help the gold miners and stimulate gold production is legislation authorizing and directing incentive payments for newly mined gold. Along this line I speak in favor of my bill H.R. 12929 and like bills introduced by Hon. Harold (Bizz) Johnson, of California, and several other of my colleagues. Since Mr. Johnson in his testimony has ably explained the provisions of these bills—and I commend him for the fine work he has done in this field—I will not go into the details again other than to say that the proposed gold procurement and sales agency within the Department of the Interior would divorce the Treasury from the field of selling gold for nonmonetary uses and channel all our newly produced gold as an industrial commodity through the new agency for resale at an advanced price for artistic, professional, and industrial uses. This divorcement of the Treasury and its official monetary price of gold form the operations of the proposed new agency, so far as newly mined gold is concerned, should enable the new agency to pay a fair price to our miners without disturbing international monetary arrangements. I believe, however, that the language of the legislation now before the committee should be amended to clarify the commodity status contemplated for our newly mined gold and that the mode and manner of providing a sufficient supply to meet industrial needs which are in excess of our own domestic production should be clearly spelled out.

To conclude, let me express my opinion—held by many others—that with gold production going down, industrial uses for gold going up, the amount of gold on hand becoming disproportionately small as compared to our ever-increasing volume of outstanding foreign dollar credits redeemable in gold, it is just a matter of a few years until our gold reserve will have reached the vanishing point. Before this happens, something has got to give.

Mr. Chairman, I extend my sincere thanks to you and the members of this committee for the kind attention and consideration accorded to me.

---

## Clara Barton Memorial Dedicated

EXTENSION OF REMARKS

OF

### HON. CHARLES McC. MATHIAS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 10, 1962*

Mr. MATHIAS. Mr. Speaker, yesterday, Sunday, September 9, the first monument erected to the memory of Clara Barton was dedicated by Gen. Alfred M. Gruenther, chairman of the American National Red Cross on Antietam Battlefield as a part of the Civil War Centennial Commemoration. In speaking of Clara Barton's life of service General Gruenther noted that it exemplified the American ideal of individual responsibility. "Participation in voluntary service is the personification of individual responsibility" said the general in congratulating the Washington County chapter of the American Red Cross on its service to the community and its efforts in erecting the Clara Barton Memorial.

The ceremonies were opened by Mrs. Nathan Raskin, chapter chairman. The Honorable William Preston Lane, Jr., former Governor of the State of Maryland, presided and introduced General Gruenther and Axel Steele, of Rohresville, the quarrymaster who originally cut the marble block from which the Clara Barton Memorial was hewn. Mr. Jackson E. Price, Assistant Director of the National Park Service, accepted the memorial on the behalf of the Department of the Interior. I also had the pleasure and privilege of being present.

A thumbnail sketch of Clara Barton was prepared by Mrs. Frank W. Mish, Jr.:

> Clara Barton, born in North Oxford, Mass., on Christmas Day 1821, was destined to become in the eyes of her contemporaries the greatest heroine America ever produced.
>
> After serving the wounded and dying on 28 battlefields at home and abroad, she became the founder of the American National Red Cross. In her capacity as president of this organization she was in Cuba in the Spanish-American War. Following this conflict Clara Barton assisted in such national holocausts as floods, famine, epidemics, tornadoes, and forest fires. Our peacetime disaster service and national first aid resulted from her efforts.
>
> Following a lifetime of distinguished service and extraordinary accomplishment, Miss Barton died April 14, 1912, in her Maryland home near Washington, D.C.

The Washington County chapter memorial committee acknowledged with deep appreciation the able help and assistance of Mr. Park W. T. Loy, executive secretary, Maryland Civil War Centennial Commission; Mr. Benjamin Davis, superintendent, Antietam Battlefield; Mr. James H. Ward—donor of the marble block; Mr. J. W. Ramsburg; Mr. Henry A. Bester, Jr.; and Mr. G. Victor Cushwa.

The inscription on the memorial reads:

> Clara Barton: During the Battle of Antietam, September 17, 1862, Clara Barton brought supplies and nursing aid to the wounded on this battlefield. This act of love and mercy led to the birth of the present American National Red Cross.

---

# SENATE

TUESDAY, SEPTEMBER 11, 1962

The Senate met at 11 o'clock a.m., and was called to order by Hon. Edmund S. Muskie, a Senator from the State of Maine.

Rev. Edward B. Lewis, pastor, Capitol Hill Methodist Church, Washington, D.C., offered the following prayer:

Our Heavenly Father, who by Thy love hast made us and in Thy love wouldst make us perfectly free, we bow in Thy holy presence, beseeching Thy continued help, wisdom, and guidance upon these, Thy servants, in the Senate of the United States of America. Be with them this day as they serve Thee and their people on this Senate floor, in committee, in conference, or representing our country with our President elsewhere.

We love this great country of ours. Help us to be worthy citizens of what we have been given by our forefathers. As we now are acclaimed as one of the world's greatest nations, may we find more of this greatness in humility, honesty, justice, forthrightness, and a deep religious faith that has blest us through our history. Help us with plenty to be thankful and to want to find ways for others to have plenty. Help us with knowledge to find ways for others to have the freedom of knowing. Help us with power to use this power in such a way that others will find strength to stand with us for that which is right.

Bless the President of the United States and his associates. Give him health, wisdom, and balance under tension.

Give to us the direction to find the way, the truth, and the life. Give us Thy salvation, through Jesus Christ our Lord. Amen.

## DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, D.C., September 11, 1962.*

*To the Senate:*

Being temporarily absent from the Senate, I appoint Hon. Edmund S. Muskie, a Senator from the State of Maine, to perform the duties of the Chair during my absence.

CARL HAYDEN,
*President pro tempore.*

Mr. MUSKIE thereupon took the chair as Acting President pro tempore.

---

## THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Monday, September 10, 1962, was dispensed with.

## REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Pursuant to the order of the Senate of September 10, 1962,

Mr. RUSSELL, from the Committee on Armed Services, reported favorably, with amendments, on September 10, 1962, the joint resolution (S.J. Res. 224) to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes, and submitted a report (No. 2023) thereon, which was printed.

## MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On September 7, 1962:

S. 1606. An act to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act; and

S. 2250. An act to provide for the incorporation of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic organized 1883, 78 years old.

On September 10, 1962:

S. 1308. An act to incorporate the Naval Sea Cadet Corps; and

S. 2321. An act to encourage and aid the development of reconstructive medicine and surgery and the development of medicosurgical research by authorizing and licensing of tissue banks in the District of Columbia, by facilitating ante mortem and post mortem donations of human tissue for tissue bank purposes, and for other purposes.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 1130) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House insisted upon its amendments to the bill (S. 1037) to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. GRANT, Mr. HAGEN of California, Mr. JENNINGS, Mr. TEAGUE of California, and Mr. MCINTIRE were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H.R. 6413) to extend to fishermen the same treatment accorded farmers in relation to estimated income tax.

The message also announced that the House had passed a bill (H.R. 10129) to amend the act of September 7, 1957, relating to aircraft loan guarantees, in which it requested the concurrence of the Senate.

## ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 2965. An act to provide authority to accelerate public works programs by the Federal Government and State and local bodies;

H.R. 852. An act to establish a procedure for the use of independent medical experts by the Board of Veterans' Appeals;

H.R. 4635. An act for the relief of Hattie and Joseph Patrick, Sr., and for the legal guardian of Betty Ann Smith and the legal guardian of Stanley Smith, and for the legal guardian of James E. Harris, Jr.;

H.R. 6021. An act for the relief of Lt. Don Walsh and Lt. Lawrence A. Shumaker;

H.R. 8038. An act to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States;

H.R. 10242. An act to amend Private Law 86–339;

H.R. 10383. An act to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank Directors; and

H.R. 12024. An act for the relief of Librande P. Caltagirone.

## HOUSE BILL PLACED ON CALENDAR

The bill (H.R. 10129) to amend the act of September 7, 1957, relating to aircraft loan guarantees, was read twice by its title and placed on the calendar.

## TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### MERGER OF CERTAIN COAST GUARD APPROPRIATIONS

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to provide for the merger of certain Coast Guard appropriations for operating expenses, reserve training, and retired pay (with an accompanying paper); to the Committee on Commerce.

### REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES IN FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D.C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission, as of June 30, 1962 (with an accompanying report); to the Committee on Commerce.

## PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the board of directors of the Kennewick Chamber of Commerce, Kennewick, Wash., commending the Washington delegation in Congress from that State relating to their efforts in behalf of the Hanford steam-electric plant; to the Committee on Interior and Insular Affairs.

The petition of Henry Stoner, of Canyon Village, Yellowstone National Park, Wyo., praying for the enactment of the joint resolution (S.J. Res. 217) making the 17th day of September in each year a legal holiday to be known as Constitution Day; to the Committee on the Judiciary.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. METCALF, from the Committee on Interior and Insular Affairs, with an amendment:

S. 3335. A bill to redesignate the Big Hole Battlefield National Monument, to revise the boundaries thereof, and for other purposes (Rept. No. 2024).

By Mr. KEFAUVER, from the Committee on the Judiciary, with amendments:

S. 654. A bill to amend title 18, United States Code, to make unlawful certain practices in connection with the placing of minor children for permanent free care or for adoption (Rept. No. 2025).

## REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated August 30, 1962, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MAGNUSON (for himself, Mr. BARTLETT, Mr. BURDICK, Mr. CANNON, Mr. CARROLL, Mr. CHAVEZ, Mr. ENGLE, Mr. GRUENING, Mr. HAYDEN, Mr. HICKEY, Mr. JACKSON, Mr. LONG of Hawaii, Mr. MANSFIELD, Mr. MCGEE, Mr. METCALF, Mr. MORSE, Mr. MOSS, Mrs. NEUBERGER, and Mr. YARBOROUGH):

S. 3710. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. BYRD of West Virginia:

S. 3711. A bill for the relief of Ernest E. Keller; to the Committee on Finance.

By Mr. CLARK (for himself, Mr. JAVITS, Mr. WILLIAMS of New Jersey, Mr. LONG of Hawaii, Mr. LONG of Missouri, and Mr. BIBLE):

S. 3712. A bill to assist in the provision of housing for elderly persons, and for other purposes; to the Committee on Banking and Currency.

(See the remarks of Mr. CLARK when he introduced the above bill, which appear under a separate heading.)

By Mr. HUMPHREY (for Mr. CARROLL):

S. 3713. A bill to provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes; and

S. 3714. A bill to amend the act of August 9, 1955, for the purpose of including the Southern Ute Indian Reservation among reservations excepted from the 25-year lease limitation; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. HUMPHREY when he introduced the above bills, which appear under a separate heading.)

## CONCURRENT RESOLUTION

## PRINTING OF ADDITIONAL COPIES OF HEARINGS RELATING TO HANDLING OF POOLED COTTON ALLOTMENTS OF BILLIE SOL ESTES

Mr. McCLELLAN submitted a concurrent resolution (S. Con. Res. 91) authorizing the printing of additional copies of the hearings on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes, which was referred to the Committee on Rules and Administration, as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That there be printed for the use of the Committee on Government Operations two thousand additional copies of all parts of the hearing held by its Permanent Investigating Subcommittee during the current session on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes.

## PROPOSED OFFICE OF ASSISTANT SECRETARY FOR FORESTRY RESOURCES

Mr. MAGNUSON. Mr. President, on behalf of myself and Senators BARTLETT, BURDICK, CANNON, CARROLL, CHAVEZ, ENGLE, GRUENING, HAYDEN, HICKEY, JACKSON, LONG of Hawaii, MANSFIELD, MCGEE, METCALF, MORSE, MOSS, NEUBERGER, and YARBOROUGH, I introduce, for appropriate reference, a bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources. I ask unanimous consent that the bill lie on the desk for 3 days in order to give other Senators the opportunity to add their names as cosponsors of the bill.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Washington.

The bill (S. 3710) to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources, introduced by Mr. MAGNUSON (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

## PROPOSED LEGISLATION RELATING TO THE SOUTHERN UTE INDIAN TRIBE

Mr. HUMPHREY. Mr. President, in the absence of the junior Senator from Colorado [Mr. CARROLL], I introduce, at his request, two bills involving the Southern Ute Indian Tribe, and I ask unanimous consent that a statement prepared by the Senator from Colorado, explaining these measures, be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. The bills will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bills, introduced by Mr. HUMPHREY (for Mr. CARROLL), were received, read twice by their titles, and referred to the Committee on Interior and Insular Affairs, as follows:

S. 3713. A bill to provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes; and

S. 3714. A bill to amend the act of August 9, 1955, for the purpose of including the Southern Ute Indian Reservation among reservations excepted from the 25-year lease limitation.

The statement by Senator CARROLL, presented by Mr. HUMPHREY, is as follows:

### STATEMENT BY SENATOR JOHN CARROLL

I introduce, for appropriate reference, two bills involving the Southern Ute Indian Tribe.

My distinguished Colorado colleague, Representative WAYNE N. ASPINALL, introduced similar bills in the other body. The House Interior Committee ordered both bills favorably reported on Friday, August 31, 1962. It is my hope that the Senate will act with equal dispatch.

The first bill would provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, in order to facilitate the construction of the Navajo Dam and Reservoir. The construction of the Navajo unit requires the acquisition of 707.5 acres of tribal land within the Southern Ute Indian Reservation. The tribe has asked that the United States acquire these lands by means of exchanging public domain for the tribal lands involved. This bill would authorize such an exchange. In addition, the proposed exchange would materially reduce trespass problems and include in the reservation a major part of a mesa that forms a natural and integral part of the eastern reservation grazing area. The bill which I introduce today includes amendments added by the House Interior Committee upon the recommendation of the Interior Department.

The second bill would permit members of the Southern Ute Indian Reservation, with the approval of the Secretary of the Interior, to enter into leases beyond the present 25-year limitation (with an option for a 25-year renewal) set by the act of August 9, 1955. In so doing, the Southern Utes would be placed in the same category for leasing purposes as members of the Palm Springs, Dania, and Navajo Reservations. The bill is needed in order to permit a lease with a term that is long enough to enable the lessee to obtain financing for the type of development that is contemplated for the Southern Ute Reservation.

## REVISION OF FORMULA RELATING TO FUNDS UNDER THE NATIONAL SCHOOL LUNCH ACT—AMENDMENTS

Mr. JAVITS submitted amendments, intended to be proposed by him, to the bill (H.R. 11665) to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes, which were ordered to lie on the table and to be printed.

## AUTHORITY FOR PRESIDENT TO ORDER UNITS AND MEMBERS IN THE READY RESERVE TO ACTIVE DUTY FOR NOT MORE THAN 12 MONTHS—AMENDMENT

Mr. MILLER. Mr. President, I submit an amendment to Senate Joint Resolution 224 and ask that it be printed and lie on the table. I also ask unanimous consent that the amendment be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

Insert the following before the resolving clause:

"Whereas there now exists in the Western Hemisphere a country whose government, being intimately linked with the Sino-Soviet bloc, is under the control and direction of the international Communist conspiracy; and

"Whereas on January 3, 1961, the President of the United States formally terminated diplomatic and consular relations with the government of said country, following a long series of harassments, baseless accusations, and vilifications by its officials; and

"Whereas on February 3, 1962, the President of the United States formally proclaimed an embargo upon trade between the United States and said country in accordance with the decisions of the meeting of foreign ministers of the Inter-American System at Punta del Este, Uruguay; and

"Whereas recent developments in said country have given rise to concern over the peace and safety of the United States and other peace-loving nations in the Western Hemisphere; and

"Whereas the principles of the Monroe Doctrine, enunciated by President James Monroe in his annual message of December 2, 1823, are an expression of the inherent right of self-defense of the United States: Now, therefore, be it".

Strike line 3 on page 1 and insert in lieu thereof the following:

"The President of the United States is hereby authorized and directed to take such action as is necessary to prevent any violation of the Monroe Doctrine.

"SEC. 2. Notwithstanding any other provision of law, until".

Renumber the remaining sections of the resolution.

Change the title of the resolution to read as follows:

"To reaffirm the principles of the Monroe Doctrine, to authorize and direct the President to take such action as is necessary to prevent any violation of the Monroe Doctrine, and to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes."

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. ENGLE:

Statement by Hon. Harold T. Johnson, a Representative in Congress from the State of California, at a hearing last week before the Mining Subcommittee of the House Committee on Interior and Insular Affairs.

By Mr. THURMOND:

Editorial entitled "Senator Goldwater Speaks," published in a recent edition of the Edgefield (S.C.) Advertiser.

## TAX REFORM

Mr. BUSH. Mr. President, I ask unanimous consent to have printed in the Record, following my remarks, an article written by Henry C. Wallich, a former member of the President's Council of Economic Advisers, and professor of economics at Yale University.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BUSH. Mr. President, the article by Mr. Wallich was published last Sunday in the New York Times magazine section.

I also ask unanimous consent to have printed in the Record, following that article, an article entitled "Real Tax Reform," which was written by William Henry Chamberlin, and was published today in the Wall Street Journal.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 2.)

Mr. BUSH. Mr. President, the interesting thing about these articles is that they reflect a growing sentiment among economists not all of whom, by any means, are economists labeled "conservative" or "reactionary"—that as we approach the need and the time for tax reform, we must take a much broader look at our whole tax structure, rather than simply think in terms of revising the income tax structure.

Mr. Wallich points out in his article that more than 85 percent of the Federal revenue of this country comes from the income tax, and that it has already passed the point of diminishing returns. Mr. Chamberlin points out the fact that we need to broaden our tax base; and he says that a tax cut seems justifiable only if Government expenditures can be reduced or if new sources of revenue, such as a general manufacturer's excise tax, are tapped by the Treasury. Mr. Wallich points out that Professor Galbraith—now our Ambassador to India, and a distinguished economist at Harvard University—has long since, in his book entitled "The Affluent Society," embraced the thought of a general tax—either a general production tax or a general sales tax—because our Government has reached the point where the income tax cannot sustain satisfactorily the burden of providing the income for our growing economy.

Mr. President, as we look forward to the possibility of tax reform legislation next year, I believe it important that students of this subject recognize the opinions of these experts, these thoughtful men, in this field, who seem quite independently to have reached the conclusion that not only must we balance our budget, but we must also revise the income tax downward, so as not to make it such a confiscatory tax, and at the same time study carefully the possibility of some sort of production tax or sales tax at the Federal Government level, so as to invigorate the spirit of the savers and investors in this country—a development which is greatly needed if we are really to provide a stimulus which will inspire the private sector and private individuals to proceed to do the things which necessarily must be done in order to expand the economy.

I think there is general agreement that the chief problem in our home economic life is that of what is called by administration officials the sluggish economy.

The ACTING PRESIDENT pro tempore. The time available to the Senator from Connecticut, under the morning hour limitation, has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Connecticut may proceed for 3 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BUSH. I thank the Senator from Montana.

Mr. President, I believe there is general agreement that what the country needs is invigoration of the spirit of the economic life of our country, so the savings of the people can be put to work in a way which really will create more jobs, will expand the spirit of enterprise, will bring about renovation and modernization, and will get the country moving—which is what the President has said we so sorely need—and I agree with him.

But I feel that in approaching the year when tax reform and tax revision are likely to be one of the most important domestic issues, more careful objective study must be given to this fundamental problem of taxation, the restraining effect which the income tax has upon our economy, and the possibility of the adoption of a broader tax base which will spread the load, much as has been done in most of the successful, expanding countries of Europe since World War II. The articles show that the United States relies more heavily on the income tax than does any other nation except one in the free world—and much more heavily than do other free nations whose growth rates have expanded more rapidly than that of the United States in recent years.

### Exhibit 1

[From the New York Times, Sept. 8, 1962]

### For Fastest Growth—What Kind of Tax?—With Some European Countries Forging Ahead and the United States Lagging, an Expert Suggests That Our System of Levies May Be in Need of Basic Revision

(By Henry C. Wallich)

(Henry C. Wallich, a professor of economics at Yale, was a member of President Eisenhower's Council of Economic Advisers. He is the author of "The Cost of Freedom.")

More Americans pay a sales tax and pay it more often, than any other kind of tax. Yet because so much of it is in pennies, the take from sales taxes is relatively modest. It does not begin to compare with the massive sums that some 40 million income tax payers annually turn over to the tax collector.

The present national argument about taxes—whether to cut them or to reform them, definitely not to abolish them—has brought out the interesting fact that Americans pay a higher proportion of their total taxes in the form of income taxes and other direct taxes than the citizens of almost any other industrial country. Conversely, they pay a lower proportion in the form of sales taxes and other indirect taxes.

The argument has also brought out that the industrial countries which have recently enjoyed the fastest economic growth are among those that rely much more on sales and similar taxes than on income taxes. This is strikingly true, for instance, as Prof. William J. Fellner of Yale has shown, of the European top-growth countries (France, Italy, and Germany) as well as of Japan. Other countries, relying more heavily on income taxes, have by and large grown less rapidly.

Findings like these do not prove anything conclusively, of course. The members of the "fast-growth club" may owe their success to some other factors, most likely to a variety of causes. And among the less developed countries of the world there are many that grow painfully slowly while relying exclusively on indirect taxes.

But in the cases of the successful countries of Europe, and of Japan, some logical connection between the tax system and growth does seem to emerge. No country can grow rapidly unless it plows back a high proportion of its output into production investment. High income taxes probably tend to reduce the supply of savings that are needed, because they weigh most heavily on high-income earners who do the most saving. They may also undermine the incentive to invest, as well as the urge to work and make money.

The successful countries are all countries that save and invest a high proportion of their incomes. Recently, the rate of growth has slowed in some of them, for instance in Germany, though to a level still well above the growth of the United States. This has been accompanied by some slowing of investment. The Germans attribute this to overfull employment, shorter hours worked and a squeeze on profits through rising wages. The tax system, insofar as it has favored investment and growth in the past, still does so today.

The United States has been very successful throughout most of its history, but today it has become a low-investment country and our growth has slowed. These are grounds for suspicion, at least, that our tax system may have been one of the culprits in a complicated case.

Tax comparisons among countries are the most odious of comparisons, because in no two countries are tax laws ever exactly comparable. The variety of taxes is a monument to the ingenuity of governments. The simple distinction of income and sales taxes does not begin to do it justice. Even the economists' distinction of direct and indirect taxes, which covers roughly the same ground, does not really bring order into this chaos.

In the United States, the Federal Government levies no sales taxes proper at all. It manages, however, to raise about 13 percent of its budgetary revenues from excises on gasoline, liquor and tobacco, on transportation, telephone calls and entertainment, and on a number of other articles and activities as well as from customs duties.

These are sales taxes in economic effect, if not in legal terminology. All the rest comes from taxes on income in one form or another. State and local governments do get a much larger share of their considerably smaller income from sales-type and property taxes.

The net result is that we hand over 62 percent of our taxes in the form of income taxes and 38 percent as sales and similar taxes. Only Sweden levies a slightly higher proportion of direct taxes. Meanwhile, France obtains only 26 percent from income taxes, the rest as sales and similar imposts; Italy 30 percent, including in all cases state and local revenues, but excluding social security taxes which do not seem to fit properly into either category. It is quite possible that these figures contain some of the European growth secret for which President Kennedy told his advisers to go looking.

How did the United States get so far out of line with the tax policies of the most successful countries? The United States had its first brush with the income tax during the Civil War. The tax was dropped thereafter, and did not rear its head again until 1913, following the passage of the 16th amendment. Introduced just in time to help finance World War I at rates up to 77 percent, it was cut back to a top rate of 24 percent during the 1920's by Secretary of the Treasury Andrew W. Mellon. As a peacetime tax, it came to full flower (if that is the word) during the great depression. Its sponsors had in mind two principal purposes—to discourage people who want to save (their money is needed to finance growth), and to redistribute income. Politics aside, both purposes had their justification in the climate of the times.

Those were the days when it was believed, with some apparent basis in contemporary fact, that the U.S. economy had reached full maturity, that it offered few opportunities for new investment and could look forward to but little future growth. This meant that there was little need for new savings. Wealthy Mr. Smith, who saved a good part of his income, thereby merely cut down consumption and destroyed jobs. By taxing him and easing the tax burden on impecunious Mr. Jones, who spent most of what he earned, it was thought that a positive stimulus to the economy would be achieved. Redistribution of incomes, through taxes and public expenditures, seemed the only means of raising lower bracket living standards in the absence of genuine growth.

Then came World War II, and with it tremendous financial needs and still higher taxes. In the different social climate of the post-World War II period, rates did not come down drastically as they did during the twenties. Today, with a lowest bracket rate of 20 percent and a top rate of 91 percent, we are very close to alltime peak levels.

Income tax adherents rightly argue that the income tax is much more sophisticated than a tax on commodities. Taxes on the sale or transportation of commodities are easy to administer. Since time immemorial, princes and potentates have levied them—at the city gate, at the harbor dock, at the places of primitive manufacture, or in the town market. The income tax is a tax on an abstract number which cannot be arrived at, for the larger taxpayers, without subtle accounting concepts like depreciation.

The income tax has been described as a fair tax because it demands more from the wealthy than from the poor. It also permits account to be taken of individual circumstances—such as the number of children, the age of the taxpayer, expense through illness, and the like—through appropriate exemptions and deductions. It is thought to encourage good citizenship because it is a clearly visible tax, allowing everyone to know exactly what the Government costs him, in contrast to sales and excise taxes that can be concealed in the price.

Finally, the income tax seems attractive to many because it is flexible in recessions. When a taxpayer's income falls, the progressive feature of the tax, which makes the rate rise with the income bracket, goes into reverse. The taxpayer's liability falls faster than income and affords him relief.

But in the postwar years, the income tax has also revealed grave weaknesses. Tax rates designed to cope with supposedly permanent stagnation are out of place in an economy geared for growth. We can no longer afford to discourage saving—it is needed to finance growth. Even though, in the present state of the economy, there seem to be more savers than investors, that is largely a question of the business cycle and should not determine longrun tax policy.

We also have every reason not to discourage the willingness to work or invest. And we need no longer look to the redistribution of Smith's income to Jones as the principal means of raising Jones' living standards. Economic growth is a much more powerful lever than redistribution. If the two conflict, more is to be gained, for both Jones and Smith, if we go for growth than if we go for redistribution. All this suggests that a tax system relying less heavily on high income taxes may be more in tune with our times.

Practical experience with high tax rates has tarnished the glamour of the income tax in other ways. Tax avoidance and tax evasion have become familiar terms in the economic dictionary. Tax avoidance is the legitimate effort of the taxpayer to take advantage of all the facilities the law provides to hold his taxes down. A whole profession of tax specialists has been reared in the overheated tax climate of a 91-percent top rate. In this strange world, a penny saved is 10 pennies earned, and a penny of deductible expenditures is almost no cost at all. When a large part of a businessman's time is devoted to tax problems, and a large part of his decisions governed by their tax consequences, little good can be expected for the economy.

Tax evasion is the name for illegitimate efforts to minimize taxes—tax cheating, for short. The U.S. taxpayer is probably one of the world's most honest—many other countries do not trust their taxpayers to assess themselves, as we do, but prepare returns for them. Yet high taxes put a strain on the honesty and raise the possibility that tax morale may soften and be neglected.

The tremendous pressure of the top rates has knocked some highly inequitable breaches in the wall separating pretax from posttax income. Groups with strong political backing have molded the law to fit their interests. It is possible today to write off the same building several times over, to deduct depletion on an oil well long after the investment has been repaid, to charge off business expenses that are pure fun, and to stash away income for the future with a minimum of present tax.

Whatever the logic behind these devices, they make a mockery of the rate structure, and they create invidious distinctions between those who have oil wells, expense accounts or deductions and pension funds, and those others with similar incomes who have not.

Even decisions regarding public expenditures are vitiated by high tax rates. When Mr. Jones, who has three children and pays a top rate of 20 percent, looks at a proposal for Federal aid to higher education, he may feel that he would be sending his offspring to college rather cheaply at that price. Mr. Smith, who also has three children but pays a top rate of 70 percent, figures that private education would cost him less.

Since in our taxable society there are more Joneses than Smiths, there is a chance that the Joneses may outvote the Smiths, and get the legislation passed. But the Smiths are apt to get more vocal about the matter, and perhaps they can pull the Congress their way. In any event, an arbitrary and irrational element is injected into national-expenditure decisions that distorts them one way or the other.

Even the ancient faith that income taxes cannot be shifted from seller to buyer has begun to wane. That many corporations can, in certain circumstances, pass along part or all of their income tax by raising prices has long been evident. Many corporate executives insist that this is precisely what they do. The personal income tax may be a little harder to shift. But the level of taxes certainly is a feature in wage negotiations. And would many corporate salaries be quite so high if executives could not point to the need to compensate for the tax bite?

The troubles of the income tax are beginning to make the sales tax intellectually respectable again. The new support comes from curiously ill-assorted elements. There are those who are concerned about economic growth and who believe that a little less income tax and a little more sales tax would be an improvement over the present mix. There are old-fashioned conservatives who are mainly concerned with getting their high rates down, and who see in a Federal sales tax a means of making that possible. And there are the liberals who want to raise public expenditures and who, feeling that the income tax has been milked almost dry, are trying to overcome their innate aversion to sales taxes.

For most liberals, to be sure, the sales tax still carries a stigma. But avant-garde thinkers like Harvard professors Alvin Hansen and John Kenneth Galbraith have given support to a Federal sales tax. Galbraith has argued, possibly to the chagrin of some of his disciples, that in an age of affluence a sales tax no longer means what a bread tax or a salt tax meant in ages gone by. Hansen has calculated that the income tax simply cannot yield the kind of money he believes the Government should spend. Some former critics have sought to make their peace with the sales tax by suggesting that it be coupled with a special tax on luxuries. All in all, the sales tax seems to be coming up in the world. And there is work for it to do.

In trying to establish priorities among the various objectives of contemporary tax policy, the goal of faster growth strikes me as by far the most important. Faster growth will, in fact, give everybody pretty much what he wants. It will make the cost of big government easier to bear for the well to do. It will permit larger public expenditures to satisfy the proponents of social priorities. If we can speed up growth by cutting back the income tax and introducing a Federal sales tax, the effort would be worth while.

The evidence that the maneuver will succeed is not conclusive, to be sure. In any case, no very striking result could be expected from such a reform alone. But there probably is enough sensible economics behind the case to justify moving in that direction.

We would have to move cautiously, however, because pitfalls are sure to beset the unwary sales tax enthusiast. Sales taxes have been the province of State and local authorities. A Federal sales tax would have to be designed so as not to interfere with this traditional source of revenue.

The question of coverage needs to be faced. Should the tax cover only goods, or also services? Should food be excluded? Should the rate be the same for all items? If a great many things were excluded, to which purpose tremendous political pressures are sure to be mobilized, and if the rate were severely fragmented, we might end up with little more than what we have now—a set of arbitarary Federal excise taxes.

I do not believe that in the near future there is much hope of reaching a national consensus on any of these questions, or even on the basic principle of a Federal sales tax. The experience of this year's tax bill, on its tortuous way through Congress, has made clear how very difficult it is to reach agreement even on relatively minor tax reforms. As a pratical matter, the most likely way in which we might some day get a Federal sales tax is through a national emergency calling for large extra revenues. A sales tax might then be introduced instead of or along with the traditional income tax hike. Obviously that is not a consummation to be wished.

Meanwhile I would not propose to include a sales tax among the changes in next year's tax reform. The chances are that such a proposal would merely delay or altogether block other reforms that now seem within reach. We need time for a national conversation over an issue of this magnitude. But this conversation should proceed. Then, when the merits of the case are demonstrated, we might get somewhere.

---

EXHIBIT 2

[From the Wall Street Journal, Sept. 11, 1962]

### REAL TAX REFORM—IT SHOULD BEGIN WITH A BLACK-INK BUDGET, ENCOURAGE SAVINGS AND INVESTMENT

(By William Henry Chamberlin)

President Kennedy acted wisely in deciding not to press for a hasty emergency tax reduction. That the present Federal taxation system is a serious impediment both to an adequate level of individual saving and to economic growth is indisputable. But deficit financing is a habit-forming financial drug.

No one is so naive as to suppose that a cut in taxes would have been matched by a parallel reduction in Government expenditure. A bigger deficit would have been calculated to impair foreign confidence in the dollar and to stimulate a further outflow of America's shrinking stock of gold. Faced with such a situation the Federal Reserve authorities would probably have felt it necessary to raise interest rates as an antidote to the drain on gold. And this might well offset any stimulus to the economy from the tax cut.

#### DEFECTS AND INEQUITIES

Both tax reduction and tax reform are now promised for 1963. If tax reform is to achieve its purpose, the defects and inequities in the present tax legislation should be clearly recognized and carefully studied. Such proposed measures as the introduction of a withholding system for dividend and interest payments and the removal of tax-exempt status for municipal and public authority bonds would be steps in the wrong direction.

Genuine tax reform should aim primarily at across-the-board reduction of personal income tax rates which are unrealistically high. Is it likely, for instance, that many taxpayers actually hand over to Uncle Sam the 91 percent of their income for which they are liable in the highest brackets? Anyone with this amount of wealth can easily obtain expert guidance to quite legally evade the full impact of the requirement to part with nine-tenths of his income.

In general, excessively high tax levies cut down drastically the amount of private capital available for savings and investment. And this has two undesirable economic and social consequences. It cuts down the new capital which is available for the creation of new jobs. And it discourages the individual from looking out for his own future by his own savings. A vicious circle is created, with many individuals so heavily mulcted by taxes that they feel unable to pay for medical care, housing, and other social services out of their own pockets, while public payments for these services create still heavier spending and hence more demand for new increases in taxes.

Serious consideration should be given to the possibility that the Federal Government has relied too much on direct, too little on indirect, sources of taxation. In view of the fact that the U.S. budget has been in the red far more often than not in recent years, a tax cut seems justifiable only if Government expenditures can be reduced or if new sources of revenue, such as a general manufacturers' excise tax, are tapped by the Treasury.

#### INDIRECT LEVIES

The first method of financing a tax cut is decidedly preferable. Unfortunately the present administration has shown little interest in economy and has been downright ingenious in finding new ways of dispensing public funds. This is why a reduction in rates of direct taxation may have to be paid for, in part at least, by more willingness to resort to indirect levies.

There should be, too, a much more generous allowance for depreciation of obsolescent machinery and equipment.

On this point American fiscal provisions are much less liberal than those of some of our European competitors. If we are to get our fair share of export trade in a world that has now recovered from the wartime destruction and is becoming increasingly competitive we should give our industrial firms an adequate incentive to replace old machinery with new. Many consider the Treasury's recent administrative changes inadequate.

The promotion of our export trade is, of course, important from two standpoints: It expands employment and it helps to offset the negative items which have been keeping our international balance of payments unfavorable for many years and causing a serious outflow of gold from the United States to Europe.

Serious consideration should be given to the correction of the injustice represented by the double taxation of corporate income paid out as dividends to individual stockholders and to the elimination or substantial abatement of the capital gains tax.

Under present legislation, corporation income is first taxed at a rate of 52 percent. Then this same income, insofar as it is paid out in dividends, is liable to further taxation at individual income tax rates. When stockholders are in the high-income brackets the Government, with a first bite of 52 percent on the corporate income and a second large bite when it is paid to an individual, may collect as much as 90 percent of the profits of an enterprise without investing any capital or incurring any risk of its own.

#### PROMOTING BUSINESS OPTIMISM

The capital gains tax is a levy of 25 percent on the difference between the price at which a stock was purchased and the price at which it was sold. It brings in little revenue and is open to criticism on several grounds. It tends to lock the investor into stocks and to aggravate the intensity of upward and downward movements on the stock exchange. The United States is the only leading industrial country that employs this form of taxation.

Tax reform along the lines which have been indicated would represent a victory of sanity over vindictiveness, of economic reason over a primitive "soak the rich" psychology that, in practice, does not achieve its objective. It would unloose a tremendous upsurge of business optimism and investor confidence. It would get America moving—and in the right direction.

But this kind of reform will not occur of itself, given the psychology that prevails in some influential circles in Washington. It will only be realized if a dumfire of popular support of such reforms strong enough to impress both Houses of Congress can be developed, if the people who believe that the individual is entitled to keep a reasonable share of his earnings can make themselves heard.

---

## PRESIDENTIAL AUTHORITY TO MOBILIZE RESERVISTS

Mr. LAUSCHE. Mr. President, I will support the President's request for authority to call up 150,000 reservists, if in his judgment they are needed for the protection of the security of our country and the maintenance of our honor. I will look with favor upon any Presidential action showing a firmer attitude toward the challenges which are being made to our security and the flouting of our honor in the eyes of the people of the world.

I cannot look with equanimity upon the condition which prevails today in Cuba. Admittedly, troops of the Communists—both from the Occident and from the Orient—are in Cuba. Admittedly, missiles with a range of 25 miles are there.

They will be fitted into launching pads on bases facing our country. They are fitted into torpedo boats that are now traveling the sea in the area of Cuba.

We are being pushed and pushed by Castro and Khrushchev. We are retreating and retreating. What is happening in Cuba, in my judgment, is a definite violation of the Monroe Doctrine.

In my opinion, we have opened the doors, practically, to the efforts of foreign countries to colonize nations in the Western Hemisphere.

We cannot maintain the respect of the people of the world, which is so essential for the maintenance of our country and its life, if we allow ourselves to be pushed and we retreat. How can we expect the Cambodians, the South Vietnamese, the Thai, and the many other people of the world to have confidence in us? It simply cannot be done. The Ambassador to Cambodia testified before a subcommittee of the Committee on Foreign Relations about a month ago, and he outlined the improvement of our position around the world. One of the things he said was that the sending of 5,000 marines into Thailand reawakened the confidence and the trust of the people. The word spoken was that that was the first indication we had given of any purpose to secure our word and preserve our honor.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. LAUSCHE. May I have 2 more minutes?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Ohio may have 3 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LAUSCHE. I cannot subscribe to the argument that the military posture in the Western Hemisphere has not changed. How can it be argued that the military situation has not been changed when we know of the presence of missiles and foreign troops in civilian clothing in Cuba? That argument cannot lodge itself in a rational mind. How can we feel comfort in the argument that these are defensive, and not offensive, missiles that are in Cuba? When does a defensive missile change into an offensive one? And how can we find comfort in the assertion that there are no intermediate-range missiles in Cuba? If they have brought in the 25-mile-range missile, is it not logical to assume that they have also brought in the intermediate-range missile? And if they have not, they will.

Whatever action the President takes in the direction of firmness, in the direction of making certain that our honor is not assailed and our security is not threatened, he will have my support. If we yield to being pushed and pushed, and if we retreat and retreat, we not only endanger the security of our country, but we forfeit the respect of the people of the world, the respect that is so vitally needed in this time of interminable international crisis.

I yield the floor, Mr. President.

Mr. MILLER. Mr. President, first let me say that I think the Senator from Ohio has done a service in strongly expressing the sentiment which I am sure is shared by all patriotic Americans.

In response to a query he voiced, whether there is a difference between defensive and offensive weaponry, let me say what I said on the floor when I advocated a war materiel blockade of Cuba. I said before that the difference depends entirely upon the whims, the plans, and the decisions made in the Kremlin as to whether or not there will be defensive or offensive use of these weapons.

Cuba no longer has any political integrity, because it is now but a mere cog in the international Communist conspiracy controlled by the leaders in the Kremlin. The lifting of a finger by the leaders in the Kremlin will determine whether there will be defensive or offensive use of the weapons in Cuba. It is that simple. I do not think we ought to try to split hairs by taking a shortsighted view as to whether certain weapons may inherently be defensive or offensive. It is the use of them and the will to use them which is important. I repeat, that decision will be determined by the leaders in the Kremlin. The sooner we recognize that fact and the sooner we recognize that Cuba is no longer an independent government, but a mere cog in the international Communist conspiracy, the better off we shall be.

## PRIMER ON PROFITS

Mr. MILLER. Mr. President, I ask unanimous consent to have printed in the RECORD an excellent article entitled "Primer on Profits," written by Arnold Collery, an associate professor of economics at Amherst College, appearing in the summer 1962 issue of Petroleum Today.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### PRIMER ON PROFITS

(By Arnold Collery)

The recent steel controversy had one side effect that perhaps all parties to the affair might consider to be salutary. Seldom before in the Nation's history has there been such widespread discussion of the meaning and role of profits in our society.

Unfortunately this discussion has sometimes been more productive of heat than light. Profit is a word with emotional overtones; for many it is a dirty word. A true understanding of the subject requires a more reasoned approach.

Any schoolboy can define profit; it is the difference between sales and costs. What almost no schoolboy and few adults realize, however, is that this definition is merely an introduction to one of the most difficult concepts in economics.

Suppose a man invests $100,000 of his own money and starts a new electronics business. At the end of the first year his accountant prepares a profit-and-loss statement that shows a profit of $10,000. Should our new businessman celebrate?

Well, it all depends. He might have lent his $100,000 to someone else and have earned $5,000 in interest. He might also, at the same time, have earned $25,000 as an executive, working for some other firm.

Would it be sensible, then, to say that his new business was profitable? Economists would say no; he actually lost money. Instead of earning $10,000 of profit, as the accountant reported, he lost $20,000.

Profit is not always what it may seem. Our owner-manager made an accounting profit but not a true profit. The difference is crucial to our discussion.

To obtain true profit from accounting profit, you must subtract something for the wages an owner could have earned if he had worked for someone else (economists call this implicit wages). You must also subtract something for the interest an owner could have earned if he had lent his capital to some other firm (economists call this implicit interest).

In the modern American corporation, of course, accounting profit would not contain implicit wages. Even in owner-managed corporations, reasonable salaries are paid to the owners and deducted from profit. Corporate profit as reported in annual reports differs from true profit mainly because implicit interest is not deducted as an expense in computing profit. That is, no allowance is made for the interest that might have been earned by the capital invested in the corporation if it had been invested elsewhere. Therefore, much of the profit reported by accountants is in reality interest and does not represent a true profit.

We have discussed two types of profit, implicit interest and true profit. It should come as no surprise that they do not necessarily serve the same functions. What is the function of profit in the form of implicit interest in a free enterprise economy?

Perhaps the easiest way to answer this question is to imagine that a 100-percent tax is imposed on a firm's accounting profit, that its accounting profit is confiscated. Suppose the firm had an accounting profit of $50,000 before the tax, none of which consisted of true profit because the firm could have earned $50,000 if it had invested its funds elsewhere. With all of the implicit interest taxed away, it would no longer be sensible for the business to continue to operate. Since the owner knows that he can earn $50,000 as interest by lending his capital elsewhere, he would get out of the business as quickly as possible.

It is clear, then, that the function of profit in the form of implicit interest is to keep the firm alive. Tax away a firm's accounting profit, when that profit is nothing more than interest the owner could have earned by lending his capital, and the firm dies.

#### WHAT WOULD HAPPEN IF ACCOUNTING PROFIT FOR ALL FIRMS WERE TAXED 100 PERCENT?

Someone could argue that the destruction of this business results because I have assumed that the accounting profit of only a single firm is taxed. What would happen if accounting profit for all firms as well as interest on all investment were taxed 100 percent?

It is true that the businessmen would no longer have any incentive to go out of one business in order to put his money into some other, since no matter what he did his entire income would be taxed away. However, although there would be no incentive to leave one business for another, that does not mean that nothing would happen.

If owners could earn neither interest nor profit on investment, they would not replace their old assets with new ones as they depreciated, but would attempt to place their wealth in the safest and most convenient asset available, which would probably be money. In a society where no one wished to hold real capital, the Government would have to become the owner of all such physical assets or else the society would become impoverished.

In brief, a 100-percent tax on the implicit interest of one firm would eliminate that firm, since the firm would invest its capital elsewhere. A 100-percent tax on all accounting profit, when it is implicit interest, and a 100-percent tax on interest itself would destroy capitalism.

#### SOME BUSINESSES ARE RISKY; A GOOD YEAR MAY BE BALANCED BY BAD ONES

Profit in the form of implicit interest provides the incentive for maintaining capital in its present occupation. Some true profit also serves this function. Why? Because some businesses are highly risky. One good year, when a high amount of true profit is earned, may be balanced by many bad ones.

If you look at the income statement of such a firm, when it is having a good year, you may conclude that it is cleaning up, that profit is astoundingly high. But in reality the firm may be barely getting by; it may be on the verge of extinction. That one good year might not be enough to compensate the firm for losses in past bad years or enough to compensate it for expected losses in the future.

A high tax on the true profit of such a firm in the good year would reduce the willingness of the firm to bear the risk of this business and could lead to its taking its capital elsewhere. In this sense true profit for risky firms serves a function similar to accounting profit. It is necessary if a firm is to maintain its capital in its present occupation.

Innately risky businesses are not the only sources of true profit. We live in an uncertain world and are unable to predict the future. Consequently, a simple change in costs or demand can result in true profit.

Imagine, for example, that consumers suddenly decide that they want to eat more strawberries—that strawberries are the key to eternal youth and beauty. If the drastic increase in demand had not been anticipated, and if it occurred after it was too late to plant strawberries that season, then farmers lucky enough to be growing strawberries would earn exceptionally large profits. And these would be true profits because they are in excess of a normal interest return on investment.

Now if the strawberry market is competitive, as it surely is in our economy, the existence of this true profit serves as a signal in the economy that the community wishes more strawberries. New firms enter the business and old ones expand. The next season you can count on an increased supply. As the supply of the product increases, the price declines and profit will return to normal; true profit will disappear.

What if the true profit were taxed away? In that case the incentive to expand strawberry production would disappear. The economic system would cease to be responsive to changes in consumer preferences. Resources would be badly allocated; the economy would be seriously damaged.

Another source of true profit is innovation. It appears when a firm has the courage and foresight to risk capital trying something new. If the firm is lucky or shrewd enough, it may find itself earning more than the normal (implicit interest) return on its investment. The expectation of this return provides the incentive for venturing into new fields.

But, again, if the system of enterprise is free and competitive, others will see the success and enter the business. Before long the true profit will disappear, the gravy having been soaked up by a horde of imitators.

We have seen that true profit results from risk, changing conditions, and innovation. However, there is no evidence that such profit is typical of our economy as a whole. When true profits are earned in some businesses because of a change in preferences toward the product of that industry, losses are being sustained elsewhere, because consumers are switching away from other products. Similarly, many new ventures are tried and fail. Then innovators earn no profits; they suffer losses.

If you could sum up all the losses and all the profits, it is not clear that the profits would exceed the losses. If our economy were dominated by risk-loving optimists, it would be not only possible but likely that losses would exceed profits, since the tendency would be to understate risks and see opportunities that do not exist. A dollar of true profit earned by one firm would be matched elsewhere by a $2 loss.

A final source of true profit is yet to be considered; it is monopoly. If you could obtain control of some industry and prevent others from entering it, then true profit might be earned, and there would be no reason to expect that it would disappear through time. We have seen that the profits of our fortunate strawberry growers would not be permanent because high profits would increase supply. But if there were only one producer of strawberries, who did not have to fear that others would enter the business if he earned more than a normal return on his investment, the situation would be different. It wouldn't follow that strawberry production would expand, that price would fall, and that profit would disappear. The true profit would be permanent.

The Government could tax away all monopoly profit without bad consequences for the economy. Unfortunately, however, true profit that results from monopoly is almost impossible to identify. About all you can do is look for industries that are inherently noncompetitive and regulate them. It was this idea of a natural monopoly, an inherently noncompetitive industry like the telephone business, that led to the development of the concept of a public utility.

There may be other businesses in the United States, not now regulated, that are earning true profit because of a monopoly position. A wise government would proceed cautiously, however, in attempting to remove these profits for fear that it would actually be taxing true profit that results from risk and uncertainty. Not only is monopoly profit almost impossible to identify, but there are general reasons for believing that it cannot often occur without Government sanction and support.

For monopoly profits to exist there must be barriers preventing new firms from entering the monopolized industry. The primary barrier to entry in many industries in the United States is the tremendous capital necessary to establish a new firm. But even here it is easy to exaggerate the barrier. It takes a great amount of capital to enter the steel business, but there are steel users, if no one else, who could raise that capital without serious difficulty. If the railroads or automobile firms decided that unusually good profit is to be earned from making steel, they could enter the steel business, not only to supply their own needs but to supply those of others.

### THE PARADOX OF THE FREE MARKET ECONOMY: BUSINESS DESTROYS THAT WHICH IT PURSUES

Surely some industries are more competitive than others, and true profit would tend to disappear there faster than elsewhere. But there is no evidence that there are industries in our economy that can indefinitely earn monopoly profits. It is the paradox of the free market economy that business, motivated primarily by the pursuit of true profit, destroys that which it pursues.

It is unfortunately true that profit to some people is a dirty word. This has a number of possible explanations. Undoubtedly an important one is simple ignorance. Economists have long explained how a competitive system, where men are motivated by the pursuit of profit, leads to a good allocation of resources and provides a stimulant to economic development. That more people do not hold this view is undoubtedly valid evidence of the astounding economic illiteracy of many of our citizens. Such ignorance can be harmful. It could even someday lead to a destruction of our system of private enterprise and the substitution of a less free and less efficient economic order.

Ignorance alone, however, is not a sufficient explanation. After all, ignorance should leave one neutral, but many Americans automatically think profits are too high and would vote for higher profit taxes. Although this attitude may arise from a mistaken association of all profit with monopoly profit and in some cases from a fundamental distaste for the private pursuit of material self-interest, I suspect that the major explanation lies elsewhere.

### IF WE DIVIDED THE PIE DIFFERENTLY, WOULD POVERTY BE WIPED OUT?

Many associate wealth with profit. Undoubtedly there is a good correlation; the richest people in our society are not rich because of their wages. Those who make this association are often inclined to believe that the good society would have no poor, that if we only divided the gross national pie differently, taking more money from the rich by taxing profits, poverty would be wiped out. One can sympathize with the motive without accepting the conclusion. One can believe that society should and can do something about the poor without believing that social justice can only be achieved by reducing or eliminating profits.

In 1961 corporate profits after taxes were $23 billion. The national income was $430 billion, and wages and salaries were $280 billion. Profits were little more than 5 percent of the national income and less than 10 percent of wages and salaries. And these profits, as we have seen, are largely composed of implicit interest, not true profit.

If all of profit after taxes had been confiscated and distributed to the wage and salary receivers in society, they could have experienced in the short run an increase in their incomes of only 10 percent. And for the gain in income they could have had that year, they would have suffered a permanent injury almost too great to contemplate, as the incentive to own capital, to produce, and to try new ventures disappeared. Those who would try to improve the division of the pie by eliminating profit ought to beware, or there may not be much of a pie to share.

---

## PRAYERS IN PUBLIC SCHOOLS

Mr. TALMADGE. Mr. President, Sunday, September 9, the Washington Star featured a column by the beloved chaplain of the Senate, Dr. Frederick Brown Harris, on the religious heritage of our Nation and the impact upon it of the recent Supreme Court decision prohibiting the voluntary saying of a nondenominational prayer in the public schools of New York. With the beauty of expression and penetrating incisiveness which are characteristic of the man, Dr. Harris emphasized the tragedy which would befall our Nation should we ever allow a small percentage of citizens to rob the overwhelming majority of citizens of the right of prayer. He correctly insists that it is a false conception of democracy that the minority can browbeat the vast majority and concludes with truth that if it is the objective of democracy to bring all down to a common denominator then perhaps some other form of government might better conserve the things that matter most. I ask unanimous consent, Mr. President, that the text of this masterful column entitled "On Vetoing Prayer," be printed herewith in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Sept. 9, 1962]

### SPIRES OF THE SPIRIT—ON VETOING PRAYER

(By Dr. Frederick Brown Harris, Chaplain of the U.S. Senate)

Never it seems in any of our lifetime was so much being written and said about prayer. The fact that any question has been raised as to the constitutional legality of petitions to the God immortal, eternal, invisible being offered within the confines of what might be thought of as governmental reservations has alarmed and even shocked millions of our people. The very idea that in God-fearing America, with its spiritual roots, there might be put up anywhere signs reading "No trespassing here by prayer" seems a betrayal of the Republic's unquestioned heritage.

It is because of the specter of this fear now stalking through the land that pulpits to proclaim the validity and necessity of communion with the Most High have been set up in many places apart from the dim religious light of sanctuaries dedicated to worship. The notion that the Constitution rules out rearing spires above places of instruction—yes, and places of business—is rejected by an overwhelming majority of our people.

The Library of Congress confirms that lately, as never before, there are those who come to do research on this matter of prayer. Eloquent and fervent voices have been raised in the Senate and the House. The President has broadcast to the people urging that there be more private home and church prayers arising to the God who is our hope and help, and who has made and preserved us a Nation. It is because the hearts of Americans have been so deeply stirred by all the discussions of the place for prayer that magazines and newspapers are presenting articles about the propriety of prayer in public life.

In all the nervous clamor of these days it ought to be borne in mind that so far the only restriction, as to the offering of prayer is that the Constitution would frown on the Government, itself, framing a prayer and then telling another arm of the Government to offer that exact prayer. To this date that is all that has been decreed on prayer. We prophesy that it is all that will be done unless a storm of tornado proportions is to be let loose in this free land.

School officials in the Capital of the Nation have rightly ruled that there is nothing to change the custom, going back to about 1805, to open schools daily with a reading from the Bible, and the offering (we do not like the word "recitation") of the Lord's Prayer which does not have upon it any church or governmental imprint.

We devoutly wish that every American, whatever his religious faith, could possess a copy of a striking article, "Children at Prayer." It is adorned with pictures of children at prayer in four Washington schools picked at random—one public school and three private schools, conducted under Protestant, Catholic, and Jewish auspices. The faces of these dear children, with their rapt countenances, all doing what comes naturally, is a smashing argument in favor of asking God, the Father Almighty, for His blessing and guidance in every school, public and private. In each schoolroom depicted, the scene is "Good morning, dear God, I offer to You my thoughts, words, and actions and all that I do." In this act of devotion there is more to be given to these young lives, as they face the beckoning years, than in anything which may come to them in the realm of secular knowledge, vital as that is.

These pictures of children bowing before their Maker, portraits of reverential awe, shout decisively that 2 percent of our population have no right to veto what these pictures portray. To allow 2 percent of our citizens to eliminate prayer from our public schools, prayer which 98 percent desire, is to put a tiny minority in the driver's seat. Of course if parents do not desire their children even to witness others lifting up their hearts for something outside themselves, then their rights ought to be protected by having such children excused until after the prayer. Even blind bats in mammoth caves have their right to darkness. But it is a false conception of democracy that the minority can browbeat the vast majority. If the objective of democracy is to bring all down to a common denominator—especially when it comes to the very breath of free life—then perhaps some other form of government might better conserve the things that matter most. But democracy, rightly understood, is not any such thing. In a true democracy the "ayes" have it until the "noes" can persuade the present majority that they are wrong.

Benjamin Franklin was saying that when the Constitution was being fashioned, in his eloquent speech in Independence Hall, advocating that their sessions be opened each day with prayer, as he put it—"To the God who governs in the affairs of men."

Alfred Tennyson issued one of the strongest protests against vetoing prayer any time, anywhere, in his inspired lines—

"For what are men better than sheep or goats
That nourish a blind life within the brain
If, knowing God, they lift not hands of prayer,
Both for themselves and those who call them friend?"

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

---

## NEW YORK STATE HEALTH DEPARTMENT INSTITUTES SURVEILLANCE SYSTEM TO DETECT TRENDS IN BIRTH DEFECTS

Mr. KEATING. Mr. President, the need for some means of quickly detecting unusual trends in congenital malformations among infants was graphically illustrated in Western Europe and England by the birth of several thousand deformed infants, following the use of the drug thalidomide during early stages of pregnancy. A surveillance system would have detected the abnormal situation when the number of cases was still relatively small.

I was gratified to learn that the Health Department of the State of New York has recently instituted steps to meet this pressing need. It has developed a system of continuing surveillance designed to help track down the cause of any unusual incidence of birth defects.

The surveillance system is based on a continuing analysis of the certificates of births and stillbirths filed by attending physicians. Each type of malformation will be analyzed and compared against the number of same malformations in previous years. Since the number of each type of malformation is relatively small, the occurrence of a relatively few additional cases would be quickly evident.

The New York State Health Department is now working toward the use of automatic data processing equipment to reduce the time needed to process and analyze the data contained in birth and stillbirth certificates. This equipment could indicate in a matter of minutes birth problems meriting further investigation.

The people of the United States and of the State of New York can take great pride in the initiative and ingenuity of the local government officials who have quickly perceived this important public need and taken action to foster the public interest. My fervent hope is that public health officials in other States, if they have not already done so, will follow the example set by the New York Health Department. The pooling of information gained from rapid processing of birth defect data on a nationwide scale would enhance the ability of medical investigators to pin down the actual cause of particular congenital malformations.

The Senate recently passed S. 1552, a bill to strengthen existing drug laws so as to protect the American people from unsafe and ineffective drugs. Should this bill ultimately be enacted into law, I think that enforcement of the Federal drug laws would be aided immeasurably by the cooperation of the States in reporting to Federal authorities any disturbing or unusual development in birth defects where they cannot be attributed solely to heredity. The sooner such reports are made, the better chances are of getting at the environmental cause, which could be the unknown side effect of a hitherto unsuspected drug.

Mr. President, I salute the New York State Department of Health for continuing in its tradition of progress wherever needs of the public health and well-being point the way to action. I ask unanimous consent to include in the RECORD at this point an article from the New York State Department of Health Bulletin of August 13.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### SURVEILLANCE SYSTEM TO INDICATE UNUSUAL INCIDENCE OF MALFORMED INFANTS INSTITUTED

The State health department has instituted a system of continuing surveillance that will permit early investigation to detect the cause of any unusual incidence of malformed infants.

The surveillance system is based on a continuing analysis of the certificates of births and stillbirths filed by attending physicians.

The need for some means of detecting unusual factors associated with congenital malformations was graphically illustrated on the European Continent and in England by the birth of several thousand deformed infants, following the use of a hypnotic drug during early months of pregnancy. A surveillance system would have detected the abnormal situation when the number of cases was still relatively small.

Under the department's surveillance system, each type of malformation will be analyzed and compared against the number of same malformations in previous years. Since the number of each type of malformation is small, the occurrence of a relatively few additional cases would be quickly evident.

Directors and chiefs of obstetrical services in all upstate hospitals are being notified of the surveillance program and have been asked to report on birth and stillbirth certificates all congenital defects and any abnormal conditions evident during the newborn period.

#### DATA PROCESSING

The health department is now working toward the use of automatic data processing equipment to reduce the time needed to process and analyze the data on birth and stillbirth certificates. Use of modern electronic computers for this purpose would be of great value, the department said, since such data processing equipment could indicate in a matter of minutes problems meriting further investigation.

The department is also studying other possible approaches to the detection of less severe conditions and conditions which are not evident during the first few days of life, but which nevertheless may be related to some new drug or other factor introduced into the environment.

---

## TARIFF COMMISSION REJECTION OF EQUALIZATION FEE OF COTTON TEXTILE IMPORTS

Mr. THURMOND. Mr. President, the cotton textile industry, an industry already sagging on the ropes from the punishment inflicted by the glut of low-wage textile imports invading the U.S. market, has taken yet another vicious blow in the form of a Tariff Commission ruling handed down September 6—a blow which many industry spokesmen believe could well be a knockout punch.

In this action the Tariff Commission rejected, by a vote of 3 to 2, an Agriculture Department proposal for the imposition of an equalization fee on cotton textile imports to balance the Government's export subsidy on raw cotton. This seemingly straightforward decision, when probed by an astute reporter, turns out to conceal a remarkably intricate political network of action and interaction. In addition, it reveals a Government philosophy regarding the relative values of survival of domestic industry as opposed to the international aims of the State Department that I, for one, find frightening.

I commend to the attention of Senators the excellent analysis of the Commission's action presented by the Wall Street Journal on September 7, with the hope that it may help some Senators see the administration's proposed foreign trade legislation in a new and clearer light.

Mr. President, I ask unanimous consent that the article from the Wall Street Journal and a statement I issued on the Tariff Commission decision be printed at this point in the Record.

There being no objection, the article and statement were ordered to be printed in the Record, as follows:

### Proposed Levy on Cotton Textile Imports Is Rejected by Tariff Commission, 3 to 2

Washington.—The Tariff Commission recommended against any new restraints on cotton textile imports and thereby bailed the Kennedy administration out of a possible serious jam with Congress and with some key U.S. trading partners around the world.

By a 3-to-2 vote, binding in its effect on the President, the traditionally protectionist tariff agency rejected a proposal advanced by the Agriculture Department for an 8.5-cent-a-pound equalization fee on cotton textile imports. The fee was intended to equalize the U.S. Government's export subsidy, of the same amount, on raw cotton; the aim of this export subsidy is to make U.S. cotton more competitive with world prices. But its effect is to allow foreign textile manufacturers to buy fiber from U.S. fields more cheaply than can their American competitors, and then send it back to the U.S. market in the form of finished goods at prices reflecting this price differential.

The Agriculture Department had argued that this thwarts the Government's domestic cotton price support program and makes it more costly. But Commission Chairman Ben Dorfman and Commissioners Joseph E. Talbot and William E. Downing disagreed. Their ruling left the President no choice but to obey, according to White House officials.

The negative ruling brought some quick response. Domestic cotton textile manufacturers, already up in arms over a rising tide of foreign competition, denounced the Commission vote. So did most cotton State lawmakers. And President Kennedy was as quick in moving to try to damp down this outburst with an order to the Agriculture Department to start looking around for some other solution and produce it in time for presentation to Congress next year.

#### TRADE OFFICIALS BREATHE EASIER

Top trade officials in the Kennedy administration breathed a sigh of relief. Reason: The President's highly prized trade liberalization bill, which emerged from the House pretty much intact, is faced with the threat of crippling amendments in the Senate. The administration, of course, wants to do nothing to inflame protectionist sentiments. Yet the long-awaited Tariff Commission report, 6 months in the making, threatened to do just that; had the tariff body proposed new curbs on cotton textile imports, the President could legally have avoided a final decision until after the trade bill had been passed. But he would have been under heavy pressure from textile State lawmakers to act. Delay would have spurred speculation and aroused suspicions that he was simply waiting to reject it after Congress had gone home.

Had he rejected such a recommendation, while his trade bill was still pending, however, the fire of textile State Congressmen and others of protectionist bent would have swung directly toward him, instead of the Tariff Commission, as is currently the case, and the measure might well have lost some valuable support. And had he approved a cotton equalization fee, say top officials, he might have swung some support toward his trade legislation, but he would have also outraged Far Eastern ally Japan and European textile producers such as Italy and Portugal. Worse, in the eyes of Kennedy trade officials, he would have greatly endangered a new 5-year 19-nation international textile agreement, due to go into effect the 1st of October. It's designed to ease the difficulties of the world's main textile producers and customers alike through a system of largely voluntary restrictions and other controls on cotton textile shipments.

"We would have had to renegotiate the whole agreement," said one White House adviser, "and I'm not sure it could have been done."

#### ONE-YEAR PACT IN EFFECT

Though this long-term agreement has yet to go into effect, a short-term, 1-year pact has been operating for almost a year, and under its terms the United States already has won voluntary agreements from foreign cotton producers in a number of instances to limit their shipments to this country. And in two cases the United States has invoked mandatory provisions of the agreement to halt exports to this country of some textile items from both Hong Kong and Portugal.

These moves, however, haven't quieted the clamor from U.S. textile manufacturers for stricter measures, as was evident from yesterday's reaction. President R. Dave Hall of the American Cotton Manufacturers Institute issued a statement that blasted the Tariff Commission for failing "to correct the most iniquitous situation existing in the whole area of our international trade relations." Saying that even with the international textile pact, imports of cotton textiles are "continuing at an alltime high," he called on the President to move "positively and immediately to take whatever steps are necessary to bring about a correction."

A. G. Myers, Jr., president of Textiles, Inc., Gastonia, N.C., and of the Combed Yarn Spinners Association, stated that if the inequity of cotton prices "is allowed to continue, the jobs of 2 million workers in the textile and garment industries will be in jeopardy." W. R. Austin, vice president of Avondale Mills, Sylacauga, Ala., and president of the Carded Yarn Association, said the Commission's decision means "almost certain drastic curtailment of production."

President Kennedy's move toward other aid for the industry got little applause. For example, Joseph L. Lanier, president of West Point Manufacturing Co., West Point, Ga., asserted: "The American textile industry needs help on this thing, and we need it now."

On Capitol Hill, Senator Talmadge, Democrat, of Georgia, reflected cotton State sentiment with a statement deploring the Tariff Commission vote. He gave no hint how it might affect his vote on the trade bill, but some observers conceded the Tariff Commission ruling might outrage textile State representatives enough to cost the administration a few votes on protectionist proposals for amending the bill. But the concensus was that such switches wouldn't be decisive, as Mr. Kennedy couldn't count on much support from the congressional textile bloc in any event.

The trade bill fight aside, freer trade partisans in the Kennedy administration hailed the Commission's findings as a distinct plus for the President's trade philosophy. Their reasoning is that it marks a significant change away from traditional protectionist remedies—tariff boosts, or quotas—toward either international, cooperative efforts such as the textile pact, or internal domestic reforms, such as modifications in this country's cotton price propping arrangements.

"Now the U.S. manufacturers will have to learn to live with the international agreement," said one administration official. "The only avenue open for easing the situation is reform of the domestic program; this proves that the discipline of living in the international marketplace without the old protections can have a useful effect, at least in one product."

The idea that the United States, under pressure from Europe's Common Market, must turn from trade restraints to internal adjustments in its own domestic programs or policies is fundamental to the Kennedy freer trade concept. How well it will actually work, even in the case of cotton textiles, however, is far from clear, despite the Tariff Commission turndown of the equalization fee. The test will come in how the Agriculture Department carries out its new Presidential mandate to come up with an alternative remedy for the cotton price differential. Early indications are that Agriculture Secretary Freeman faces a difficult task in fulfilling Mr. Kennedy's call for "a solution in the near future * * * to the inequity of the two-price system of cotton costs."

Officially, the Agriculture Department technicians are supposed to begin working with Congressmen, cotton producers and the cotton textile industry to develop legislative proposals. Actually, the Tariff Commission's recommendation and the President's directive to come up with something caught Secretary Freeman a bit off balance.

Some officials, even quite high ones, had expected the Tariff Commission to recommend some measure of protection against imports—if not the full 8.5-cent-a-pound import fee, then perhaps something around 5 or 6 cents.

Until yesterday, Secretary Freeman had planned to send the cotton plan to Congress as soon as it had acted on the watered-down farm bill currently in House-Senate conference. Now all that is out the window for now.

#### POSSIBLE COURSE OF ACTION

Here's what Mr. Freeman might do to ease pressure on the textile men:

Reduce the Government cotton price supports from the present 31.88 cents a pound to make cotton cheaper for domestic users; let cotton prices seek market levels and pay cotton farmers direct subsidies to maintain their incomes; or modify more drastically the already drafted cotton bill.

In all this, however, Mr. Freeman is faced with the fact that most measures to reduce the cost of domestic raw cotton to U.S. textile manufacturers would also reduce the return to U.S. cottongrowers and arouse the ire of important southerners who head key Capitol Hill committees. An exception would be direct subsidies to growers, but cotton farmers traditionally have rejected the idea of so brazen a Government handout.

One measure of the difficulties facing Mr. Freeman is simply that he has already been through the process once of seeking a solution to the cotton price differential and his first choice was the equalization fee. But the Tariff Commission's majority rejected the Agriculture Secretary's argument put forth at hearings last February that the high level of cotton textile imports interfered with Government cotton programs.

Actually the majority contended, imports have "contributed to the success of several of those programs, notably, the export-subsidy program for raw cotton and the domestic price-support program," these two constitute the heart of U.S. cotton production and marketing laws.

Without expanding imports of textiles, the Commission said, "the tendency would have been for U.S. exports of raw cotton to be smaller or lower priced." The Commission didn't elaborate, but this presumably refers to sales of raw cotton to foreigners who make it into textiles and resell the cotton in the U.S. market. If export demand fell, prices would have to be pushed lower in order to sell the cotton, it was reasoned.

"In short," the Commission said, "the application of an import fee would generate the very interference with the major agricultural programs for cotton that the application of such a fee is intended to prevent or correct."

The two commissioners dissenting to the recommendation, Walter R. Schreiber and Glenn W. Sutton, said the import fee ought to be imposed at the rate of 8.5 cents a pound of cotton contained in the imported textiles, but not less than 20 percent nor more than 50 percent of the value of the articles. Contending that the majority's line argument is "obviously circuitous, hypothetical, and self-defeating," they said that if foreign cotton textiles were blocked out of the United States, domestic consumption of U.S.-grown cotton would "inevitably" increase. This would cut amounts of cotton the United States would have to acquire and later dispose of at a loss under present cotton laws. The dissenters argued that imports of cotton textiles this year will be equal to 700,000 bales of raw cotton, nearly double imports of 394,000 bales last year and far above the previous record 526,000 bales brought in during 1960. The Agriculture Department estimates the United States will produce around 15 million bales of cotton this year, up from about 14.3 million last year; expected raw cotton exports of about 5 million bales would be down from about 6.6 million bales last year and 7.2 million bales in 1960.

FROM THE OFFICE OF U.S. SENATOR STROM THURMOND, DEMOCRAT, OF SOUTH CAROLINA

The action of the Tariff Commission in rejecting by a 3-to-2 vote the petition by the domestic cotton textile industry for approval of an import fee to offset the 8½-cent-per-pound cotton export subsidy being enjoyed by their foreign competitors is further indication of the administration's interest in appeasing foreign countries at the expense of our domestic industries. The domestic textile industry has a strong case for import quotas against the increasing tide of textile imports which continue to flood into this country because of the tremendous wage differential between the United States and other countries. The domestic industry, however, has an even stronger case with regard to the cotton export subsidy program. It gives their competitors an 8½-cent-per-pound advantage over them at the direction and expense of our own Government. In other words, the tax dollars paid by domestic manufacturers and workers are used to provide foreign manufacturers with a price advantage in the purchase of the raw product. For instance, a mill in South Carolina must pay 8½ cents per pound more for the cotton grown outside its own doors in South Carolina than the foreign manufacturer has to pay for cotton from the same field.

The textile industry should be grateful to Senator HARRY BYRD, chairman of the Finance Committee, for forcing publication of this decision before the Senate acts on the trade bill. This pending action had been used as a carrot to induce the domestic industry to go along with the trade bill.

The administration is now holding out a new carrot to the industry by asking the Agriculture Department to come up with some new plan for Congress to consider in trying to right this inequity. Quite probably it will be in the form of a subsidy to the manufacturers to offset the subsidy to the exporters, as this would be in keeping with New Frontier reasoning. A move to eliminate the export subsidy would meet with opposition from cotton farmers. Actually, the only reasonable answer is to at least apply the import fee suggested in the petition to the Tariff Commission. The best overall solution, however, lay in the application of import quotas by country and category, as recommended by our Special Senate Textile Subcommittee, and which I suggested to the President last week.

The Tariff Commission's decision today illustrates clearly a flagrant disregard for congressional intention in approving section 22 of the Agricultural Adjustment Act. It also gives a good example of just how an administration can use the Tariff Commission to delay, frustrate, and finally deny favorable action on a meritorious case when the administration itself has to admit that an inequity is involved. This provides ample reason for approval of the amendments which Senator Bush and I and others have offered to the trade extension bill.

---

## LOVABLE BILL DOHERTY OF LETTER CARRIERS SETS EXAMPLE FOR GOVERNMENT EMPLOYEES AND OFFICIALS

Mr. YARBOROUGH. Mr. President, on Tuesday, September 4, I had the privilege of addressing the National Association of Letter Carriers in convention at Denver, Colo., at a time when the Honorable William C. (Bill) Doherty, president of the organization, had announced his retirement.

At that time I said of Mr. Doherty, author of the book "Mr. Mailman—U.S.A.":

> He is more than your president—he is your ambassador to the Congress, and almost an ex-officio member of our Post Office and Civil Service Committee. Bill Doherty is one of the ablest men I have met in Washington in any branch of government.

Bill Doherty is my friend, a trustworthy public servant whose counsel will be sorely missed on Capitol Hill.

The Washington Daily News published an article by John Cramer on Thursday, September 6, captioned "An Accolade to Retiring Bill Doherty" which I believe is an excellent tribute to an outstanding servant of the people. I think John Cramer has risen to the challenge of writing an article worthy of the man. The able, lovable, efficient Bill Doherty will leave a void on Capitol Hill. He should go on to higher service, as he is now in full intellectual vigor. Mr. President, I ask unanimous consent that Mr. Cramer's article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Daily News, Sept. 6, 1962]

### AN ACCOLADE TO RETIRING BILL DOHERTY

(By John Cramer)

The man going down the road away from us is about 10 feet high.

He is William C. (Big Bill) Doherty, retiring president of the AFL–CIO Letter Carriers—a towering figure in the Federal employee union movement, a man with a brain as large as his troublesome girth, and a heart even larger.

In Denver sometime tonight, Mr. Doherty will hand his presidential gavel to Jerome Keating, longtime carrier vice president, who is succeeding to the presidency, because "Big Bill" voluntarily has decided it's time for a man of almost 60 to step down.

For Mr. Doherty this will end a remarkable 20-year stint as head of the closely knit, tightly disciplined union which he long ago built into Government's largest and most influential.

#### RESPECTED

My business is words. But I have no words which say the full measure of my admiration, affection and unreserved respect for this man who has played such an important role on the Government employee stage.

It is not a small stage. And Bill Doherty, large man that he is, never has played it as one.

In a labor union field remarkable for its high percentage of hack-type leaders, Bill Doherty always has been a big leaguer.

To hundreds of thousands of Federal workers, organized and unorganized, he has become the symbol of the best in the Government worker labor movement.

But only a very few realize how completely he has dominated it.

It's customary, in my business, to write about the "powerful, politically potent postal unions."

#### LETTER CARRIERS

Most of the time, those of us who use the phrase really mean the letter carriers. A couple of other postal groups have bona fide influence, too. But in recent years, the preeminence of the Doherty carriers has gone almost unchallenged.

Each of the last several Federal employee pay raise campaigns has been carrier-engineered, with top strategy directed by the Doherty-Keating team, and other unions either tagging along or dragging their feet. It didn't really matter.

The carriers, with the painstaking Jerry Keating backing up the imaginative Bill Doherty, have become the acknowledged masters of the complicated art of Washington lobbying.

Repeatedly, their lobby has been described as the best of them all.

It was Messrs. Doherty and Keating who called the signals when the carriers several times resorted to the rarely used discharge petition (requiring the signatures of two-thirds of the Members of the House) to force pay bills out of the hands of a reluctant Civil Service Committee to debate on the floor.

If memory serves, such a petition has been invoked successfully only seven times in history, but five times at the instance of the carriers.

#### SPARKED DRIVE

It was Bill Doherty who sparked the successful 1960 drive to override President Eisenhower's pay raise veto.

And it was Doherty again who determined the Senate schedule on the day of the fateful vote to override. He had a "deal" with Ex-Majority Leader LYNDON JOHNSON, Democrat, of Texas. The Senate, Mr. JOHNSON had agreed, wouldn't act until Doherty signaled that all potential override voters were present and accounted for.

So the Senate turned to other affairs, while one Senator flew in from New England and while ex-Senator Joseph O'Mahoney, Democrat, of Wyoming, and the late Senator Thomas Hennings, Democrat, of Missouri, came from their sickbeds.

Then Bill Doherty passed the word, and the Senate proceeded to override—by a margin precisely three votes more than careful Nosecounter KEATING had predicted weeks earlier.

James Watson, executive director of the National Civil Service League, has said that Bill Doherty, in recent years, has had more influence on Government pay policy than any other individual.

### A 1962 HIKE, TOO

That holds for the pending 1962 pay raise, too. Like its recent predecessors, this also is a Doherty-engineered raise—but with a different twist.

More than any other Federal pay hike in memory, this is a negotiated raise. Very early in the game, Bill Doherty made a bargain of sorts with high-ups in the Kennedy administration.

The resulting legislation, just now emerging from the Senate Civil Service Committee, offers a pay formula reasonably satisfactory to the administration—and quite satisfactory, indeed, to the letter carriers.

To a high degree, Bill Doherty has the unusual qualities of flair and color so helpful to one who aspires to lead * * * the rare ability to translate thoughts into words that will catch the public eye * * * the fine touch that does things the dramatic way, and thereby keeps him in the eye.

### KNOWS WAY

All this speaks of a man highly successful in his field, one who knows the sources of power and how to maneuver them.

It says nothing of Bill Doherty, the human being. I will tell you about that:

Son of Irish immigrants; 21 years a letter carrier in his native Cincinnati; father of eight; grandfather of a numerous tribe any day threatening to top 50; good husband; good father; good friend; a man who never forgets his heritage; a thoroughly fine guy.

He walks comfortably with the great. And President Kennedy, it's said, will use his talents by naming him an ambassador.

As you gather, I am sad at heart to see him going down the road away from us.

In my small world, it isn't, ever, going to be quite the same.

## QUALITY STABILIZATION IN MARKETING

**Mr. SCOTT.** Mr. President, there is today in the marketplace a form of merchandising at its primitive worst: a brutal struggle for survival in which the reputations of honest businessmen are being undermined and thoroughly confused consumers are being denied equitable treatment.

The above well-chosen words were written by Harry J. Bromley in a recent issue of National Jeweler. Mr. Bromley, who is the publisher of this magazine, vigorously endorses the quality stabilization bill, Senate Joint Resolution 159, of which I am proud to be a cosponsor.

Mr. Bromley correctly points out that chaos in retailing can only damage the whole economy.

The necessity for enactment of this quality stabilization bill has been made abundantly clear. Let us now move quickly so that this urgently vital legislation will be enacted this session.

The complete text of Mr. Bromley's column follows:

So effective are the attempts to dignify the current discounter fiasco as a new concept in merchandising that even some hard-bitten orthodox retailers are tempted to believe it. Actually a form of merchandising at its primitive worst, what is going on is blatant age-old price cutting with no holds barred.

A brutal struggle for survival in which what is being undermined are the reputations of honest businessmen; in which what is being denied is equitable treatment to thoroughly confused consumers.

Chaos in any of its segments can only damage the whole economy and the situation in retailing will prove to be no exception. Reaching into every hamlet and town, and representing investments up in the billions, there is a direct relationship and interdependence between orthodox retailing and banking, real estate, labor and virtually every other facet of the economy.

Yet, and without justification, orthodox retailing finds itself the first line of defense against insidious attacks on the very life blood of all business—the profit system.

The reflection of a warped public attitude which should be of grave concern to all who believe in free enterprise. Neither the name brand manufacturers whose products are the major keys in this unfortunate set of circumstances, nor those retailers who provide orderly distribution for such wares desire price fixing; they ask only for safeguards which (1) would restore stability to the marketplace, hence reviving sorely needed public confidence in its integrity; (2) apply brakes to a trend which could bring distribution into the control of a comparatively few huge enterprises; (3) curb "bait" practices that are now seriously mitigating against the effectiveness of name brand advertising as a selling force.

I submit its proponents are justified in believing these objectives could be accomplished through enactment of the Quality Stabilization Act.

## CONFLICTS OF INTEREST IN CONNECTION WITH DEFENSE CONTRACTS

**Mr. BEALL.** Mr. President, as a member of the Senate Armed Services Committee I have had an opportunity during recent years to hear a great deal of discussion concerning conflicts of interest in connection with defense contracts. This is an extremely important aspect of our national life and one which, if it is not watched closely, can lead to serious instances of cutting moral corners or to situations involving downright corruption. It is encouraging to know that the Congress is giving serious consideration to the conflicts-of-interest question for within the present laws there seems to be a wide latitude for actions which, at best, can be described as questionable.

One such action was described today by Reporter Howard Norton in the front-page article in the Baltimore Sun. Mr. Norton has an excellent reputation for integrity and objectivity, and it is for this reason that the facts he has presented carry a special impact. The article in question concerns a man who as a special assistant to the Secretary of the Navy negotiated a multimillion-dollar contract with the Franklin Institute and then almost immediately resigned to accept a position with this same outfit. Mr. Norton is to be commended for the work he did on this case, and I ask unanimous consent that a copy of his article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Ex-Navy Official Takes New Post

(By Howard Norton)

Washington, September 10.—A former high Navy official has set up shop here to represent a defense contractor with whom this same official negotiated a big contract, for the Navy, only last spring.

The ex-official is Eugene A. Robinson, who was special assistant to the Secretary of the Navy from July 1961 until he resigned this summer.

He was a political appointee from southern Florida.

The multimillion-dollar Navy contract and Robinson's new job were negotiated at the same time, by him.

### HELD NO VIOLATION

In fact, his pay now comes out of money provided by the contract which he negotiated while he was a Navy official.

The Navy's legal department has ruled that this sudden switch of loyalties does not violate the present conflict-of-interest laws.

These laws have not been altered, basically, since the Civil War. They do not cover situations of this kind.

But when the proposed job switch became known last spring the Navy insisted that Robinson would not take the private job.

This assurance came from the office of James H. Wakelin, Jr., Assistant Secretary of the Navy for Research and Development, April 11, 1962.

### HEADS DISTRICT OF COLUMBIA OFFICE

The facts are these:

Robinson is now assistant to the director of the Franklin Institute, of Philadelphia, in charge of the Washington office of the Franklin Institute Laboratories.

This is the same job that the Navy declared last spring he would not take.

Robinson and the Franklin Institute Laboratories have offices on the fifth floor of the building at 1710 H Street NW.

The Franklin Institute Laboratories contract with the Navy deals with weapons evaluation and analysis.

And in his capacity as head of the Washington office of the laboratories, Robinson will deal directly with the same Navy Department office from which he has just resigned.

This switch came out of a Navy decision, about a year ago, to consolidate its weapons evaluation and analysis work.

For 20 years, the major part of this work has been done by the Massachusetts Institute of Technology.

A qualified MIT official says that institute would have been most happy to continue its work because of the educational advantages it offered.

But MIT balked at taking on other parts of the weapons analysis and evaluation program, not then under its control. It did not want to manage the consolidated center of naval analyses which the Navy envisioned.

So the Franklin Institute was brought into the picture by Robinson in the course of his search for a new contractor to supervise the weapons testing.

The institute is primarily a museum.

It operates a small laboratory which has taken on a number of research contracts, Government and private, but it had never handled a major contract in this field.

### "CASH FLOW" DOUBLED

The new Navy contract more than doubled the "cash flow" through the institute. It has become the administrative head of the new center of naval analyses.

That the laboratories of the Franklin Institute are small and inexperienced in weapons analysis work does not matter, according to a Navy source, because the work is not going to be done there.

The actual scientific work will continue to be done in the Washington area and in Cambridge, Mass., where it has been done for about two decades.

Franklin Institute will only handle the money, pay the help and oversee the program in general.

But according to persons in a position to know, there have been some significant and highly generous changes in the new contract as worked out while Robinson was on the Navy payroll.

Under MIT management, the work was done for a flat contract amount, which included an overhead charge for such things as vacation pay, travel costs over and above the Government-allowed maximum, insurance, pension costs, entertainment, etc.

These overhead items, under the MIT contract, amounted to about 17 percent of the $2,137,603 which the MIT contract called for in the 1961–62 fiscal year, just ended.

### ADDS FIXED FEE

The new Franklin Institute contract adds a significant new item—a 6-percent fixed fee over and above the usual overhead.

For a contract the size of the one formerly held by MIT this would have added about $126,000 annually.

But the consolidated operation now being run by the Franklin Institute is bigger, and the Government outlay considerably larger. This means, of course, that the money cost of that 6-percent fixed fee will be higher.

### TO BE DIRECT CHARGE

According to one reliable source, the first 6 months of the Franklin Institute contract call for $2,427,000, nearly $300,000 more than the annual cost of the MIT work.

Moreover, according to this source, such things as vacation pay and travel costs are not to be charged against the overhead or the fixed fee under the terms of the Franklin Institute contract.

They are instead to be made a direct charge against the project. And this boosts the costs still more.

And there is one other unique feature in the Franklin Institute contract:

The contract itself was dated retroactively to January 1, 1962, despite the fact that MIT carried on the major part of the work until the end of June, and was still paying all the bills until that date.

So, throughout the spring of this year, under terms of its contract, the Philadelphia Museum was eligible to draw its 6-percent fixed fee, although it had no actual work to do.

In his new job as head of the Washington office of the Franklin Institute Laboratories, Robinson is assistant to Francis L. Jackson, director of the institute—the very man with whom he negotiated the contract while he was with the Navy.

While the shifting of the testing contract from MIT to the Franklin Institute was under negotiation, it was an open secret that Robinson intended to resign from the Navy and go to work for the contractor in Washington as soon as everything was arranged.

An official of the Franklin Institute explained that organization needed Robinson because of his extensive knowledge of the workings of the Navy hierarchy and because of the Franklin Institute's lack of experience in this field.

Robinson's career as assistant to the Navy Secretary, however, lasted only about 12 months.

Only this year has Congress come around to modernizing the conflict-of-interest laws, which are horse-and-buggy statutes in a space age.

The first such laws were written in Civil War days. They grew out of army procurement scandals of that time.

### FIVE ENACTED BEFORE 1873

Five of the statutes which are still on the books were enacted before 1873.

And the chief thing these statutes seek to prevent is that type of profit which would accrue to a Government official who "throws" some Government business to a firm in which he holds a financial interest.

By limiting its own scope to "business entities," the law simply does not cover many other kinds of organizations which deal with the Government.

### EXAMPLES GIVEN

In addition, the concept of "transacting business"—if narrowly construed as it would likely be in a criminal prosecution—would exclude many potentially profitable dealings with the Government.

For example: The law does not prohibit a Cabinet officer or any other high official from seeking to influence the granting of a valuable license for a television station to a business organization in which he is interested.

Nor does the law say anything against the use of similar influence in the granting of airline routes, radio wavelengths, electric powersites and the like.

Also the law fails to put any curbs on profit through nepotism.

The Government official is free to use his position in ways that will yield financial benefit to members of his family or his own private business associates.

He may also, without violating any law, work for the financial interests of an employer with whom he hopes to get a lucrative job when he leaves the Government.

For Members of Congress there is virtually no legal restriction on the kind of influence they may use to the financial benefit of constituents—or of the Congressmen and Senators themselves.

### DRAFTS CODE OF CONDUCT

The laws concerning retired military officers are vague and conflicting so the Department of Defense has drafted its own code of conduct and it is being observed as law by most retired uniformed personnel.

The problem that Congress faces in rewriting the conflict-of-interest laws was outlined by President Kennedy in a recent message to Congress.

He pointed out that while permitting "an astonishing range of private interests and activities by public officials which are wholly incompatible with the duties of public office," these laws at the same time "create wholly unnecessary obstacles to recruiting qualified people to Government service."

He was referring to the necessity of selling stocks and other interests in companies that might have dealings with the Government department to be headed by a prospective appointee.

The Senate Judiciary Committee has completed its work on the proposed Senate version of a new conflict-of-interest law, much the same as one already passed by the House.

But with the legislative logjam growing, and with the November election approaching, the chances of finishing the job this year does not look too good.

---

## EXECUTIVE PRIVILEGE

Mr. WILLIAMS of Delaware. Mr. President, last week there appeared a new book concerning a topic in which every Member of this body—and, in fact, every citizen who is concerned with the future well-being of our constitutional Republic—should be vitally interested.

Its author is a newspaper reporter who is well known and highly respected by all of us here, a man whose high standards of journalism ethics and competence as a skilled and hard-working reporter cannot help but establish a standard of excellence of which all of us may be proud.

I am speaking, of course, of Clark R. Mollenhoff, whose work for the Cowles publications has earned for him a whole host of awards and prizes in the field of journalism. I am also speaking of Mr. Mollenhoff's latest detailed literary effort entitled "Washington Cover-Up."

"Washington Cover-Up" quite briefly, concerns itself with the causes and, more importantly, the effects of what has come to be the increasing use of an executive certain to withhold information from Congress, the press, and the public.

In an excellently documented work, Mr. Mollenhoff outlines the history of the use of the executive privilege in withholding information from the public, describes in vivid detail several specific cases, and offers his recommendations for eliminating or at least alleviating the problem.

Clark Mollenhoff has written a fast-moving, well-documented book which deserves the attention of all of us. He makes specific recommendations to the Congress which the Congress certainly should consider. It is a vital book on an extremely important subject.

Mr. President, I ask unanimous consent at this time to have included as a part of my remarks reviews of "Washington Cover-Up" which appeared in the Washington Daily News on September 7, 1962, the Washington Sunday Star of September 9, 1962, and New York Daily News of September 10, 1962, and the summary written by Mr. Herbert Kelly.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Sunday Star, Washington, D.C., Sept. 9, 1962]

### SECRECY IN GOVERNMENT: ANALYSIS AND CURE

"Washington Cover-Up," by Clark R. Mollenhoff (Doubleday & Co.; $4.50).

Sporadically through American history, but particularly since World War II, investigating committees of Congress have asked the executive departments for information and the Chief Executive has resisted these requests. This, in Mr. Mollenhoff's words, is the "Washington Cover-Up."

Often the President-supported refusals to supply information have been submerged in other day-to-day developments of an unfolding scandal, since congressional demands for documents and details usually come during a much-headlined investigation. So the public generally is not made aware of the historic significance of each refusal. Lawmakers, too, though concerned with Government secrecy, are aware of it only as it affects their committee, their particular investigation.

Mr. Mollenhoff, a Pulitzer Prize-winning reporter for the Cowles publications, has covered every major congressional investigation since 1950 and has become increasingly concerned with the dangers implicit in concealing facts that the public has a right to know. His book is a documented account of the use and misuse of what goes under the name of "executive privilege."

### INCONSISTENT PRESIDENTS

He carefully notes how Presidents before their election go out of their way to promise freedom of information—only to take a different course once they assume office. He shows how subordinate officials have succeeded in misleading their chiefs in an effort to cover up, via "executive privilege," a package of evils from incompetence and waste of the public's money to outright corruption.

Most of the headline investigations of the postwar years are viewed here in the context of the attempts to frustrate congressional committees—from the Internal Revenue scandals of the Truman administration, to the case of Sherman Adams and his friend, Bernard Goldfine.

Mr. Mollenhoff draws an interesting parallel between the Truman and Eisenhower administrations. President Truman, he said, claimed no constitutional right to keep information from Congress because his advisers thought the precedents in history were too thin. Instead, the Truman administration relied on ducking and dodging to avoid embarrassment. President Eisenhower, however, was assured by his advisers that he had a constitutional right to keep Congress in the dark on executive department affairs.

As for President Kennedy, the author is adopting a wait-and-see attitude. He notes that President Kennedy invoked the claim of "executive privilege" during the hearings on alleged muzzling of military officers last February but later emphasized that each request for information will be judged on its merits.

Mr. Mollenhoff presents the continuing problem in this way. "Nothing," he writes, "speeds the growth of corruption more than policies that foster arbitrary secrecy. Secrecy allows little scandals to become major scandals, costly to the taxpayers, devastating to our foreign aid program, to our position of readiness, and to our national morale."

### THE REMEDIES

As a cure for unjustified secrecy, Mr. Mollenhoff proposes: All officials except the President should be obligated to explain all their actions to Congress and the General Accounting Office, unless specific laws are passed for withholding information. Congress should enact special laws to cover the specific areas in which withholding of records is deemed necessary to the public good. Congress should provide stiff criminal penalties for use against Government officials who withhold information from properly authorized congressional committees or the General Accounting Office. Congress should establish an effective means for systematic review of papers carrying national security classifications of "confidential," "secret," or "top secret." Or the President could establish a watchdog committee to review and challenge questionable use of national security classifications.

The problems he raises and illustrates so capably as well as his arguments for a solution provide a stimulating look at current history as it is played out daily from the Capitol to the White House.

MIRIAM OTTENBERG.

---

[From the Washington Daily News, Sept. 7, 1962]

## Scandal Coverups Called Political Way of Life Here

(By Kermit McFarland)

Whenever any Government official or agency withholds information from the public, the public has a right to stand up and holler. And should, because two of the major sources of excessive power in Government are the ability to spend lavish sums and the ability to cover up.

Other than military secrets, intelligence which might upset delicate diplomatic negotiations or information relating to legal cases still pending, there is nothing in the Government's business which needs to be hidden from anybody. It is the public's Government, and the public has a license to know what the Government is doing.

Yet this is not the case, in the past or now. And a newspaperman here in Washington, Clark Mollenhoff, has just written a book (Doubleday) reciting a sorry, if not sordid, story of how highhandedly information is withheld by Government officials, not only from the public but even from Congress. Appropriately, the book is called "Washington Cover-Up."

Unfortunately, as Mr. Mollenhoff says, there is a general tendency to regard secrecy in Government as merely a problem for the press. But it is a flagrant violation of the principle that Government officials are accountable to the people. It also is the route to corruption and incompetence.

Mr. Mollenhoff cites a long list of secrecy episodes, from the Teapot Dome scandal of the Harding administration down to some recent incidents in the Kennedy administration.

When scandals such as the tax finagling in the Truman administration and the Sherman Adams case in the Eisenhower administration are painfully exposed by congressional investigators, the pattern is always the same—and has been, Mr. Mollenhoff writes, since the scandals in the Grant administration:

"First come the accusations, followed by denials of any improprieties. Then comes the effort to hide the records. This is followed by the tardy admission of facts, but a denial of illegality, and finally the letter from the President lauding the dishonest public official for his fine service coupled with a 'regretful' acceptance of his resignation."

### BILLIE SOL CASE

Since this book was written, we have the Billie Sol Estes case.

The excuses for withholding information, from either Congress or the public, follow the same platitudes in administration after administration.

Giving out the information, they say, would "not be in the public interest." Or it is a matter of "executive privilege."

In May 1954, Mr. Mollenhoff recites, President Eisenhower issued a letter directing a Government official not to testify in the McCarthy-Army hearings. Mr. Eisenhower based his directive on the theory that all Presidents had a right to withhold information if they thought it "confidential or its disclosure would be incompatible with the public interest or jeopardize the safety of the Nation."

Enough to shut the door on almost anything.

Later on, a House investigating committee reported 19 agencies of the Government had misused this letter as a precedent for withholding public information.

### J.F.K.'S VIEW

When President Kennedy took office, he said: "For my part, I shall withhold from neither the Congress nor the people any fact or report, past, present, or future, which is necessary for an informed judgment of our conduct and hazards."

Yet it took a congressional committee a whole year to pry out documents confirming scandals in the foreign aid program in Peru. And the Senate, with administration backing, diluted to a meaningless phrase a House attempt to write into the law a requirement that funds for foreign aid would be shut off if the aid agency refused information to Congress.

As Mr. Mollenhoff suggests, the battle isn't over, or half won. Although his book, rounding up as it does so many instances of brazen secrecy between two covers, is revealing and startling, it doesn't attempt to tell all of the story. With the Washington bureaucracy, give or take a few exceptions, coverup is almost a way of life.

---

[From the New York Daily News, Sept. 10, 1962]

## Executive Privilege

We'd like to recommend to the customers today a new book, on the dangerous growth of secrecy and suppression of news in official Washington.

The book is "Washington Cover-Up," by Clark R. Mollenhoff; Doubleday & Co., Garden City, N.Y., 239 pages, $4.50.

Since George Washington was President, the question of what the executive branch of the Government may legitimately keep secret from Congress or congressional committees has been coming up from time to time.

There is no doubt that some things should be kept under the executive branch's hat; matters, for example, that affect national security.

But in recent decades—particularly during the Truman and Eisenhower administrations—the executive branch has been flourishing its so-called executive privilege more and more widely.

Things have come to a point where many a pipsqueak bureaucrat can cover up his mistakes by bleating that his acts are so important that Congress and the public must not be informed about them.

Mr. Mollenhoff tells this whole story. We hope his book may have the widest possible circulation, in the interest of blasting open a lot of news channels now dangerously closed.

---

## Use or Misuse of Executive Privilege

(By Herbert Kelly)

"Washington Cover-Up," by Clark R. Mollenhoff, Doubleday & Co., Inc.; $4.50.

In 1954, President Eisenhower invoked the doctrine of executive privilege to withhold information from a congressional committee which was investigating the loyalty-security program in the Defense Department.

The Eisenhower administration was trying at that time to curb the irresponsible activities of Senator Joseph R. McCarthy, who was smearing Army and Defense Department officials with reckless abandon.

The curbing of Senator McCarthy was welcomed by most of the press and the public and by a majority of his colleagues in Congress. Hence there was a tendency to accept without critical questioning the Eisenhower administration's contention that it had a right to forbid executive department officials to testify about a meeting in the Justice Department at which the strategy for combating Senator McCarthy was discussed.

### THE LETTER FROM IKE

A letter from President Eisenhower was put in the Record which maintained that the President has the authority to "withhold information whenever he found that what was sought was confidential or its disclosure would be incompatible with the public interest or jeopardize the safety of the Nation."

One of the few Washinton newspapermen who were disturbed by what they regarded as a sweeping assumption of Executive power to withhold information was Clark Mollenhoff, a crusader against secrecy in Government ever since he started his newspaper career as a reported for the Des Moines Register in 1941.

Mollenhoff, a member of the Washington bureau of the Register and the Tribune since 1951, pointed out that the Teapot Dome scandals of the Harding administration and the tax scandals of the Truman administration could have been hidden forever, if "executive privilege" was as broad as claimed by the Eisenhower administration.

The warnings voiced by Mollenhoff and a few others received little attention.

### ARBITRARY USE OF POWER

In "Washington Cover-Up," Mollenhoff documents incident after incident to show how the increasing application of the "executive privilege" doctrine led to indefensible attempts to withhold information. Examples include:

The Dixon-Yates contract, under which a private utility would have furnished replacement power in the TVA area. The contract was later revoked and found illegal because of a conflict of interest by a Government consultant who helped work out the plan.

The Wolf Ladejinsky case, in which Ladejinsky was unjustly called a security risk by Agriculture Secretary Ezra Taft Benson.

An investigation of Government controls over shipments of strategic materials to Communist countries. Executive privilege was invoked against disclosing a list of strategic materials—but an almost identical list was openly published by Britain.

The investigation of regulatory agencies, which revealed the activities of Bernard Goldfine and ultimately led to the resignation of Sherman Adams as an adviser to President Eisenhower.

Denial of information about foreign aid spending programs not only to congressional committees but also to the General Accounting Office, established by Congress to check on spending of all executive departments and agencies. This made it more difficult for Congress to point up mismanagement and some outright corruption in foreign aid programs in Laos and Peru.

Mollenhoff does not plead for special right of access to Government information for newspapers. His quarrel is with a doctrine that would permit a President to decide himself in an arbitrary way (and even delegate this authority to subordinates) what he'll keep secret.

His greatest concern is the use of executive privilege to withhold information from Congress. "The right of the public and the press to Government information," he says, "is for the most part contingent upon the power of Congress to obtain documents and testimony from the executive branch.

Mollenhoff thinks President Eisenhower never really understood the secrecy problem in his administration and the dangers that existed in invoking the executive privilege doctrine at the behest of his subordinates.

He withholds judgment on the Kennedy administration. Mollenhoff points out that the Kennedy administration got off to a wobbly start, so far as secrecy is concerned, when Secretary of State Dean Rusk ordered information about aid programs withheld from a congressional committee. Rusk later was overruled by the President.

President Kennedy did invoke the claim of executive privilege at the request of Defense Secretary Robert McNamara in the Senate hearing on "muzzling" of military officers. With this backing, McNamara refused to identify the censors of specific speeches by high military officers. Mollenhoff thinks Kennedy's letter to McNamara made an "ill-defined claim" that the national interest was at stake.

### SUGGESTIONS FOR CURE

Mollenhoff's recommendations for a permanent cure to the problem of excessive secrecy by the executive branch of the Federal Government are:

"All officials except the President should be obligated to explain all their actions to Congress and the General Accounting Office, unless specific laws are passed for withholding information.

"Congress should enact special laws to cover the specific areas in which withholding of records is deemed necessary to the public good.

"Congress should provide stiff criminal penalties for use against Government officials who withhold information from properly authorized committees of Congress or the GAO.

"The Congress should establish an effective means for systematic review of papers carrying national security classifications of 'confidential,' 'secret,' or 'top secret.' Or the President could establish a small committee to spotcheck, review, and challenge questionable use of national security classifications."

### SAFEGUARDS NEEDED

It would be difficult to enact legislation of the kind Mollenhoff proposes because it might be construed as a slap at whoever happened to be President at the time such legislation was considered.

However, any thoughtful student of government who reads Mollenhoff's book will surely conclude that some action should be taken to provide safeguards against arbitrary secrecy by the executive branch of the Federal Government.

---

## PUBLIC WORKS AND THE UNEMPLOYMENT CHALLENGE

Mr. RANDOLPH. Mr. President, yesterday the Senate completed action on the public works acceleration legislation.

In this connection I cite again for the record the need for alleviation of unemployment in many areas of our country. In West Virginia we have suffered from so-called structural or chronic loss of jobs. It is my belief that the enactment of the public works measure will ultimately enhance the work opportunities, contribute to the partial solution of recurring recessions, and, bring into being the construction of projects which strengthen the economic base of the United States.

We are, during this dynamic period of change and transition in our manufacturing and mining and distribution processes, faced with a serious threat from some 5.5 percent in unemployment. This is too high a figure, Mr. President and the statistics pose a problem. This challenge is emphasized in an editorial in the Evening Star of September 10, 1962. It draws a dramatic bead on the figures of unemployment whch are of genuine concern to all citizens who are interested in facing the facts—the realistic facts of our too high a rate of jobless workers.

I ask unanimous consent to include this, Washington, D.C., newspaper's editorial at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### UNEMPLOYMENT CHALLENGE

The latest employment statistics, for August, belong in what President Kennedy recently described as the mixed batch of mid-1962 economic indicators. "Every major figure," Deputy Assistant Secretary of Labor Seymour Wolfbein told a news conference, "went contrary to seasonal expectations."

For example: The civilian work force, which was expected to drop by 736,000 as teenagers left the labor market to await reopening of schools, rose instead by 113,000 to 73,695,000. Employment, expected to show a traditional August drop, this year by 278,000, increased contraseasonally by 198,000 to a record total of 69,762,000. Unemployment, instead of its anticipated drop of 450,000, fell off by only 86,000—bringing the unemployed total down to 3,932,000, but jumping the seasonally adjusted rate from 5.3 percent in July to 5.8 percent in August.

Two unusual factors were advanced in partial explanation for the freakish figures. One was that the mid-August count was taken in the week when the automobile industry was partly shut down for changeover to production of new models—an operation that does not fall every year in the same August week. The other was an unexpectedly large number of women listed as unemployed in mid-August though committed to jobs as schoolteachers in September.

Whatever the technical explanations, however, there is reason for disappointment at the adjusted unemployment rate even though the number of jobless dropped. Actually, administration spokesmen have referred to an unemployed rate of 4 percent as being compatible with their target of "reasonably full employment." For a total work force of 73,695,000, this rate would mean about 3 million jobless.

Although on all counts these latest figures are substantially better than comparative ones for a year earlier, there is the disquieting possibility that once more the residue of chronic unemployment after a recession will hold at a higher than previous level. After the 1954 recession, for example, unemployment flattened out at about 4 percent, and after the 1958 recession the jobless rate settled at about 5 percent. The average this year has been about 5.5 percent. The statistics pose a challenge, but the answers are far harder to discern.

---

## ANTITRUST LAWS ARE PROBUSINESS

Mr. KEFAUVER. Mr. President, Judge Lee Loevinger, the head of the Antitrust Division of the Department of Justice, has written a very excellent article in the August issue of Fortune magazine, entitled "Antitrust Is Probusiness." In this article, Judge Loevinger points out very forcibly that our antitrust laws and their proper enforcement are the chief protectors of our free competitive enterprise system. His argument is persuasive that for the welfare of business itself the antitrust laws should have the support of the business community and that business should be interested in bringing them up to date and strengthening them where they need amending.

I ask unanimous consent that Judge Loevinger's article be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### ANTITRUST IS PROBUSINESS

(By Lee Loevinger)

Is the present administration of the antitrust laws a fire-breathing dragon threatening business, especially big business, and thus antagonistic to free enterprise, or is it merely a paper tiger intent on watching mouseholes for minor violators while oblivious to the lumbering tread of elephantine monopolies? The first view has been reflected recently in the business press, where terms such as "antibusiness," "wild," and "fanatic" have been used to describe the current trustbusters. On the other hand, a liberal Senator recently expressed the second view, characterizing current antitrust enforcement as "toothless" and suggesting it was ineffective and inactive in attacking big business monopolies.

The facts support neither view. The antitrust laws themselves are the foundation and the bulwark of the free enterprise system. Those in charge of enforcing the antitrust laws understand this thoroughly and apply the laws to achieve this purpose. The present administration of antitrust is both thoroughly probusiness and steadfastly antimonopoly.

Why, then, are such charges made? It may help in answering this question to know that the same criticisms have been voiced by those with similar viewpoints throughout the history of antitrust enforcement.

Since the purpose of the antitrust laws is to set standards for business conduct, their enforcement necessarily involves legal proceedings against business. The Antitrust Division is no more antibusiness when it seeks to enforce the standards of business conduct set by the antitrust laws than the bar association is antilawyer or the medical society is antidoctor when it attempts to uphold ethical standards of professional conduct. Nevertheless, many businessmen seem to feel that business itself is being persecuted merely because antitrust cases are necessarily brought against some business firms.

On the other hand, those who are particularly fearful of the concentration of economic power feel that the antitrust division does not go far enough. The antitrust division neither has or seeks authority to control business activity generally or to impose arbitrary limitations on the mere size of business. It attempts only to enforce the standards specified by the statutes as construed by the courts. In doing this it brings cases only after thorough investigation and where it is thought that competent legal evidence fully supports charges that the law has been or is being violated. This does not always satisfy those who think that the power of big business should be curbed; such critics feel that antitrust enforcement is too timid and too limited to be effective.

Certainly antitrust enforcement is not perfect. No human effort is. Differences of judgment among lawyers are very common; and enforcement effort may be too rigorous at some times, too lax at other times. However, a long-range view suggests that generally a reasonable balance is maintained. A fair appraisal and understanding of antitrust enforcement can be made only in the light of the objectives and methods of the laws involved.

### THE OBJECTIVES OF ANTITRUST

In a broad view of the antitrust laws are statutory statements of ideals of the American people. Although there is infinite variety of detail possible, there are few fundamentally different methods by which society can achieve its economic aims. All involve the existence of laws that control or limit economic activity in some degree. Any society that has a business and economic system is based upon legal order. Most business enterprises, such as corporations, partnerships, trusts, and joint ventures, are creations of law, as are such elements of business as money and credit, bills and notes, contracts, property, and, most basic of all, the reasonable expectation of law and order. The law, which creates these economic instruments, also specifies their use and limitations.

Basically, there are three legal methods of doing this. The first is by a limitation on the form and extent of economic power. This is the method of competition or free enterprise. The second is by government's determination of the standards of economic performance, made effective either by the imposition of sanctions for failure to comply or by the offer of incentives for compliance. This is the method of regulation. The third alternative is the control of economic institutions by government through ownership. This is the method of socialism.

All governments utilize some elements of each method to some extent. In the United States the Post Office is owned by the Government and may be regarded as a socialized enterprise. The transportation industry is largely subject to Government control, and is an example of the methods of regulation. However, with respect to the greater part of the economy, the American method is that of free competitive enterprise maintained by the antitrust laws.

The first and most obvious objective of the antitrust laws is to avoid exploitation of the consumer by maintaining reasonable prices and good quality. It is assumed this can best be achieved by the maintenance of competition.

The second objective is economic efficiency, which is thought to result from an impersonal and automatic control of prices, products, quality of goods, and, perhaps most important, the allocation of manpower and resources. Our economic system is based on the premise that the automatic and impersonal action of the free market is likely to be more effective and more efficient in the long run than personal judgment, whether exercised through governmental power or through private monopoly.

The third objective is to insure technological and economic progress by full utilization of the diversity that a free competitive market offers. Our great resource of individual inventiveness and personal initiative can be fully utilized only in a free-enterprise system. Under a system of cartels or monopolies, inventions and technological innovations ordinarily will be employed only by the cartel or monopoly with established power over the relevant field. As one of our greatest judges, Learned Hand, has said, the Sherman Act is based on these premises "that possession of unchallenged economic power deadens initiative, discourages thrift and depresses energy; that immunity from competition is a narcotic, and rivalry is a stimulant, to industrial progress."

Fourth, by preventing concentration and thus maintaining dispersal of economic power, the antitrust laws lay the foundation and secure the conditions for preserving political democracy and civil liberties. In an economy composed of a single monopoly or a series of cartels, an individual skilled in a business, craft, or profession might find only a single employer. The overwhelming majority of citizens would then find their personal freedom wholly dependent on the tolerance of their employer. Precisely this situation exists in countries with a wholly socialized economy. Private monopoly is merely slightly less extensive in its effect. In the words of a recent opinion of the U.S. Supreme Court, "The Sherman Act was designed to be a comprehensive charter of economic liberty."

Finally, by seeking to maintain and preserve economic freedom the antitrust laws secure something valued as an end in itself. The American people believe freedom to be inherently good and to be an essential part of that ethical system in which the ultimate standard of value is the welfare of the individual.

### WHAT THE LAWS PROHIBIT

As modern industrial society is complex, so are the laws that govern it. The antitrust laws are numerous and involve many special rules for specific situations and some immunities and partial exemptions. Basically, however, four simple principles are involved.

The first and most general principle, in section 1 of the Sherman Act, is that all contracts, combinations, and conspiracies in restraint of trade are prohibited. Here the word "trade" means competition. The second, in section 2 of the Sherman Act, is that it is unlawful to monopolize, attempt to monopolize, or combine to monopolize. The third, in section 7 of the Clayton Act, is that no corporation shall acquire or merge with any other corporation where the effect may be to lessen competition substantially or tend to create a monopoly.

The fourth principle is in the Robinson-Patman Act, which is an amendment to section 2 of the Clayton Act. This prohibits discrimination in price between purchasers of the same commodity where the effect may be to lessen competition or tend toward monopoly. The act permits price differentials that make due allowance for differing costs arising from different conditions of sale, and it also specifies a number of detailed rules as to what is discriminatory.

There are some additional substantive provisions in the antitrust laws, such as the prohibitions against tying agreements and against interlocking directorates. But these are merely efforts to specify particular practices that Congress regards as restrictive of competition.

### HOW CASES ARE SELECTED

The basic antitrust enforcement policy of this administration is to achieve the objectives of the law by compliance. It does not seek to impose penalties upon business, to secure injunctions, or to win cases just for the sake of a statistical record. Were the program of enforcement perfectly effective, there would be universal voluntary compliance and litigation would be confined entirely to borderline cases in which the application of general principles require judicial determination. No such utopian condition seems imminent or prospective. However, such a hypothesis emphasizes the point that statistical measures of cases filed are not a good indication of the effectiveness of enforcement activity.

With respect to the specific cases that are brought, there is an inescapable burden of selection imposed by the limitations of manpower and money. There always are more complaints than it is possible to investigate fully and more potential cases than it is possible to prosecute.

Within this area of discretion, cases are now selected on the basis of economic significance and potential contribution to the achievement of antitrust objectives. Enforcement activity is not fashioned to fit any preconceived ideas as to which sections of law should be enforced or which areas of business should be prosecuted. While errors of judgment are always possible, enforcement policy now is guided solely by the policy and standards of the statutes on the basis of the specific facts in each case. Despite some published opinions to the contrary, enforcement policy and activity during the past year have been neither hostile to business nor punitive. For example, the proportion of criminal cases to total cases filed in 1961 was the lowest of any year in the last decade. (See table, below.)

Law enforcement does not, and should not, involve the promulgation of policy at all. It is rather the expression of the official view of the law. So some of the questions concerning enforcement can be answered best by discussing specific aspects of the law.

### ARE ANTITRUST STANDARDS UNCERTAIN?

Businessmen and their spokesmen sometimes claim the antitrust laws are too indefinite and uncertain. They say that this uncertainty makes it difficult or impossible to comply with antitrust standards. On the other hand, some business critics, often the same ones who claim uncertainty, also assert that the laws are too rigid and inflexible. It should be evident that it is impossible for laws to be both flexible and certain at the same time.

The antitrust laws combine both flexibility and certainty, both generality and detail, as do most of our important laws. The basic principles are stated in broad general terms, requiring interpretations by application to specific situations. Thus decisions in specific cases build a body of judicial precedents that supplements the statutes and provides guides to the meaning of the laws.

*The antitrust scoreboard*

| Year | Total cases filed | Civil | Criminal | Price fixing | Mergers (sec. 7, Clayton Act) | Individuals indicted |
|---|---|---|---|---|---|---|
| 1961 | 60 | 41 | 19 | 28 | [1] 18 | 44 |
| 1960 | 90 | 57 | 33 | 70 | 11 | 53 |
| 1959 | 63 | 29 | 34 | 42 | 10 | 54 |
| 1958 | 59 | 33 | 26 | 33 | 5 | 25 |
| 1957 | 56 | 30 | 26 | 34 | 1 | 57 |
| 1956 | 46 | 29 | 17 | 25 | 6 | 55 |
| 1955 | 54 | 33 | 21 | 25 | 5 | 81 |
| 1954 | 34 | 23 | 11 | 12 | ------ | 37 |
| 1953 | 29 | 10 | 19 | 21 | ------ | 73 |
| 1952 | 36 | 24 | 12 | 13 | ------ | 58 |
| 1951 | 49 | 35 | 14 | 20 | ------ | 62 |

[1] Another antimerger case was brought under the Sherman Act.

This is the common-law method of developing legal doctrine and is fundamental to our system of government. For example, the legal principle of most common and general application is the rule imposing liability for negligence. This rule states generally that anyone who fails to exercise the care of a reasonable man and thereby injures another must pay for the damages caused. This is a principle of wide application stated in simple and general terms and most flexible in its application. The interpretation or application of this principle has given rise to literally tens of thousands of cases that give specific content to the general rule.

Similarly, the Sherman Act is a charter of freedom that, in the words of Chief Justice Charles Evans Hughes, "has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape. The restrictions the act imposes are not mechanical or artificial."

Early in the history of the antitrust laws, the Supreme Court declared that the Sherman Act was to be applied in a reasonable manner, which would not interfere with the conduct of business by all normal methods, but would prohibit all acts and practices that restrained competition. Over the years the courts have recognized that certain practices are of a kind the statute was clearly intended to prohibit. Thus the Supreme Court has held that certain acts are unreasonable per se and therefore illegal. These are principally price fixing of every kind, agreements among competitors for the allocation of customers or territories, group boycotts, the pooling of profits by competitors, and other similar types of agreements not to compete.

Regarding these practices, there is great certainty and little flexibility. On the other hand, practices that are not per se unreasonable must be judged by their purposes and probable effects in the light of all relevant economic circumstances. For these, there is considerable flexibility but correspondingly less certainty.

### WHAT IS A MONOPOLY?

Enforcement of the Sherman Act provisions prohibiting monopoly inevitably involves some flexibility. Monopoly is a situation in which a single seller has complete control of the supply of a commodity in a given market. In real economic existence, such a situation is seldom, if ever, found. To pose a paradox, in theory monopoly is a practical concept, but in practice it is a theoretical one. In practice a single seller controlling the entire supply of a commodity is rarely found because the concepts of both commodity and market are so broad that there is nearly always some degree of competition with even an apparently monopolized product. Thus in the famous cellophane case the Supreme Court held that Du Pont did not have an illegal monopoly of cellophane, although it was the dominant manufacturer, because the relevant market included many other flexible packaging materials that were competitive with cellophane.

The courts do not deal in terms of perfect competition or complete monopoly, but practical applications of these concepts. As long ago as 1911, in the Standard Oil case, the Supreme Court said that the Sherman Act forbids "all contracts or acts which [are] unreasonably restrictive of competitive conditions." In the same case the Court referred to "substantial power over the * * * product" as amounting to monopoly. In a series of subsequent decisions the Court has made plain that monopoly is the power to control the price of a product or to exclude competition from a market.

There is no quantitative test to identify monopoly, and indeed the concept of economic power itself cannot be analyzed directly by objective criteria. Unfortunately, no objective or operational criterion of monopoly has been furnished by economics or any of the social sciences. While legal standards are vague, their application in prior decided cases gives them at least as much precision as the definitions provided by other disciplines for such concepts as competition and monopoly.

The Department of Justice continues to be guided by the Supreme Court's statement in the 1932 Swift case that "mere size * * * is not an offense against the Sherman Act unless magnified to the point at which it amounts to a monopoly * * * but size carries with it an opportunity for abuse that is not to be ignored when the opportunity is proved to have been utilized in the past."

Market power is recognized as an economic circumstance that is relevant in some, but not in other, antitrust cases. Practices such as price fixing, which are unreasonable per se, are equally forbidden for all business, whether big or small in market power. On the other hand, a far wider range of practices is prohibited only where they appear to be unreasonable in the setting of economic circumstances. In such cases the relative market size of the enterprise involved clearly is important. An acquisition or merger by a company already very large in relation to its market is far more likely to lessen competition substantially or tend to create a monopoly in violation of the antitrust laws than a similar transaction by a small company. But size alone is not controlling. For example, in a recent case the Antitrust Division acquiesced in the merger of two large oil companies, Standard Oil of California and Standard Oil Co. (Kentucky). The situation was such that the merger would create new competition in an area previously dominated by a larger oil company, Standard Oil of New Jersey. The introduction of new competition outweighed the increased market power of Socal and Kyso and consequently was thought to be consistent with antitrust objectives. Competition, rather than size, is the ultimate criterion.

Although we cannot formulate any exact quantitative definition of monopoly, we can thus establish standards in terms of intent, of conduct, and of the maintenance of competitive market conditions that serve as reasonable guideposts from case to case and mark out the area of illegal monopoly power.

### HOW TO GET CLEARANCE IN ADVANCE

The Department of Justice seeks to give as much assistance as it properly can to businessmen who are attempting to comply with the antitrust laws. The Department is not authorized to give advisory opinions to private persons or enterprises. However, it has a program, which has been in existence for a number of years, that permits the submission of matters to the Antitrust Division for release or clearance letters.

Antitrust release letters permit an advance review of business plans or proposed programs to ascertain whether they involve risk of criminal prosecution if adopted. The procedure is relatively simple and informal. Its elements are these:

1. A request for a release or clearance letter must be submitted in writing to the Department of Justice.

2. The submission must contain a full disclosure regarding a specific business proposal. If additional facts or data concerning the proposal are sought by the Antitrust Division, the information must be supplied upon request.

3. The submission must relate to a plan or program that is purely prospective and not operative. No consideration will be given to a request for an expression as to operations that are being conducted at the time.

4. The facts and plans disclosed must affirmatively show that the plan and the proposed operations will be fully consistent with the antitrust laws.

5. In the event of such a submission and showing, a release letter will be issued waiving the Government's right to institute criminal proceedings against the parties involved.

6. In the event of a submission that does not affirmatively show that the plan and proposed operations will be fully consistent with the antitrust laws, the Government may refuse to take a position or make any comment upon the proposal; or it may advise the parties that the proposal appears to be contrary to the antitrust laws, if that is the case.

7. The Government in any event reserves the right to institute civil proceedings if it appears that the legality of the activities or program in question should be tested.

8. If the plan in actual operation or the activities engaged in go beyond the statements set forth in the submission, or if there was not a full disclosure in the submission made to the Department of Justice, the Government reserves the right to proceed either civilly or criminally.

9. The submission of a request for a release or clearance letter does not prejudice the position or any right of the party making the submission. The submission may be withdrawn prior to the issuance of a letter. An unfavorable opinion by the Department of Justice is not binding, and does not legally preclude the proposed action if the party making the submission is prepared to defend the action in court.

10. The submission of a request for a release or clearance letter does not by itself create any immunity from prosecution, and such submission does not preclude the Government from taking any action that may be appropriate upon the basis of facts disclosed. Release and clearance commitments are given only in formal written communications. Such commitments are never given and are not authorized to be made except in writing over the signature of a responsible official of the Department of Justice.

Although the Government's commitment under the release program is limited to a waiver of its right to proceed in a criminal case, as a practical matter such a letter will seldom, if ever, be issued if the staff of the Antitrust Division believes that either a civil or a criminal proceeding should be instituted on the basis of the proposal submitted.

### MINIMIZING UNCERTAINTY

The merger-clearance program differs chiefly in the nature of the commitment, since legal actions against mergers are, except in the most extraordinary cases, civil rather than criminal. Under the merger-clearance program the submission and disclosure required are the same as under the release program mentioned above. Where the Antitrust Division finds that a proposed merger does not raise serious questions under the antitrust laws, it may issue a "clearance letter" stating that the Department does not intend to take legal action against the merger if consummated, but that it reserves the right to institute action later if subsequent developments or operations involve antitrust violations.

The Department of Justice cannot answer abstract or hypothetical questions, but it does seek by the release and clearance program to give businessmen as much assurance as possible under the antitrust laws and to minimize the inevitable area of uncertainty that is involved in the application of all law. Last year the Department received 18 requests for release or clearance and issued 8 letters.

It must be recognized that there is uncertainty not only in law, but in business, and, indeed, in living itself. Economic trends, the future of the market, international relations, public taste, technological developments, and a host of other matters are less predictable than the application of the antitrust laws. Those who would assume the power of management decision must be prepared to assume the responsibility for dealing with such uncertainties. One of the country's most prominent and successful businessmen, speaking to a chamber of commerce meeting recently, said: "I am tired of people who are trying to make business so complex that this is an excuse for violation of law or business failure." Those who fail can always find excuses. But there is no more reason for failure to comply with the antitrust laws than for failure to comply with any other laws.

### ANTITRUST ABROAD

It has been argued in the past that, whatever the domestic situation, the antitrust laws handicapped American business in foreign markets, and that it should be permitted to cartelize or monopolize in order to compete abroad. Consideration of this argument requires examination of the situation in other industrial countries.

Since the close of World War II, nearly all the major industrial countries have adopted new or substantially strengthened statutes to prohibit restrictive business practices. More significantly, a strong antitrust provision was written in the Treaty of Rome establishing the European Economic Community (Common Market) in 1957.

In December 1961, elaborate and extensive regulations were adopted by the Council of Ministers of the Common Market making more specific the antitrust provisions of the basic treaty. These became effective March 13, 1962, and require the filing of a wide variety of business agreements by August 1. (The deadline may be extended to November 1.) The regulations provide that violation of the antitrust laws of the Common Market may incur a maximum fine of $1 million or 10 percent of a company's annual gross income, whichever is greater. In this country, the maximum fine for antitrust violation is only $50,000. In addition, the organization of the Common Market has a Director General of Competition, with a substantial staff; and there is every indication that the antitrust provisions and regulations will be efficiently enforced.

The principal difference between American and European antitrust laws is in the method of dealing with monopoly or dominant enterprise. The prevalent European view is that government regulation of economic performance can prevent or ameliorate abuses rising from the possession of dominant market power. In contrast, the American view is that one of the principal values of competition is its function as an automatic regulator of economic performance, and that this is largely lost by resort to direct Government regulation. Therefore, we seek to prevent undue concentration of economic power in order to preserve an economic structure that will operate satisfactorily by the interaction of impersonal market forces.

One of the basic reasons for these differing American and European viewpoints is the relative size of the national markets. Many European countries have national markets no larger than those of some American States, or even than some of our larger metropolitan areas. Within those markets it may be impossible for an enterprise to become large enough to engage in certain industries without being dominant. Further, from the European viewpoint, it has been necessary for their enterprise to become large in relation to her own markets in order to compete with American enterprises in world markets.

It now appears that as the European market expand with the advent of the unified European community, the problems of monopoly or market domination and relative economic size will become essentially the same for Europe as they have been for America. This will probably tend to bring the European and American views into closer correspondence. It would be anomalous indeed were this country now to take the position that American enterprises must be permitted to cartelize or monopolize in order to compete with European enterprises. It is clearly the time for us to move forward toward a fuller realization of our ideals rather than backward toward the now outmoded systems and laws that European countries have themselves largely abandoned.

### COMPETITION IS GOOD FOR BUSINESS

Some businessmen, in both America and Europe, would prefer to avoid competition. This is understandable. Competition requires effort and ability; it poses a constant threat of failure for indifference, indolence, or incompetence. Cartels and monopolies promise assured profits without requiring commensurate effort, ability, or achievement. Nevertheless, competition, and the qualities that sustain it, have been the foundation of American business and American achievement. As President Kennedy said in his New Orleans speech in May, "Trade and competition and innovation have long been a significant part of the American character." There is increasing recognition today in Great Britain and in continental Europe, as in the United States, that cartels and monopoly breed economic stagnation and weakness, while competition leads to economic vigor, progress, and prosperity.

Thus the antitrust laws and their enforcement, by protecting and strengthening the role of competition, are truly and profoundly probusiness. This is demonstrated by the fact that of more than 1,200 complaints received by the Antitrust Division each year over two-thirds are from businessmen—small, middle-sized, and big businessmen. The great majority of antitrust investigations and of cases filed under the antitrust laws are the result of requests by business for this legal protection.

All businessmen should realize, as many do, that by keeping the economy free, by preventing restrictive and unfair practices, by protecting competition, and by permitting equality of opportunity for all, antitrust enforcement maintains the conditions that permit and foster the growth of American business.

Beyond this, the antitrust laws offer one common ground upon which those of varying political and economic viewpoints can, and indeed must, meet if Americans are to work together in building greater economic strength for the future. The concept of pluralism in the organization of power is the one positive and practical program that can challenge the strength of tyranny arising from the monopolistic concentration of power under the totalitarian systems.

This concept is built into the very structure of our Government. The Constitution itself provides for a system of checks and balances by organizing the power of government into three separate and coordinate branches. In the economic as in the political realm, we must insure that power is organized on a pluralistic, not a monopolistic, basis. The spirit of antitrust is the spirit of liberty, and its method is the most practical means of securing and maintaining liberty that mankind has yet learned.

---

## U.S. PRIVATE FOREIGN AID PROGRAMS

Mr. HICKENLOOPER. Mr. President, for some time the Senator from Massachusetts [Mr. Saltonstall] and I have been interested in some research in connection with the activities of American private enterprise abroad. We have had compiled a very interesting study.

I wish to point out that although there is a great deal of criticism in publications at various times and places about the so-called "Ugly American," this document is entitled "The Unselfish American."

The data and compilations which are in this document I shall ask unanimous consent to have printed in the Record at the conclusion of my remarks, but I merely wish to summarize by saying that the document shows that private activities abroad of American citizens, businesswise, from an eleemosynary standpoint and otherwise, represent a staggering amount.

Briefly, this study shows that in the year 1957, which is the last year for which figures are available in certain categories, American investments abroad resulted in 3,200,000 jobs for foreigners. American investments abroad paid $6,878 million in wages and salaries to foreigners. American investments abroad purchased $17 billion worth of materials and services. American investors paid $4.5 billion in taxes to foreign governments abroad. American assets in foreign countries in 1961 totaled $56 billion.

Direct investments of Americans abroad at that time totaled $35 billion. Mr. President, that is minimal. We have not been able to get fully documented a number of statistics related to American activities abroad. So the figures are minimal. The information comes from official records and statements to show that while the Government is active abroad, there is an unbelievably vast amount—as compared with what I thought was the amount before the study went into effect—of private American investment and private American activities that is directly and substantially contributing to the economic well being of foreign countries all over the world.

Mr. President, I ask unanimous consent that the documents to which I have referred be printed at this point in the Record.

There being no objection, the study was ordered to be printed in the Record, as follows:

### The Unselfish American—Foreword

In 1960 at least 73,000 people assisted in almost 11,000 private American foreign aid programs at a cost of three-quarters of a billion dollars. These totals increase yearly.

The conduct of foreign relations involves the survival of the American Nation. Since World War II, one of the vital facets of this foreign policy has been the military and economic assistance extended by this Government to the war-ravaged economies of the world as well as to the newly developing nations.

Time after time, the programs for foreign aid have been attacked by private citizens, by public officials, and by foreign governments, on the grounds that they were maladministered and wasteful; or, conversely, as being too restrictive and too limited.

Writers of every hue of the political spectrum have praised or damned almost every individual portion of the program. The program has been defended on humanitarian and economic grounds. Statements emanating from high official sources have said that 80 percent of all American Government foreign aid was spent in the United States. The program has been condemned on the grounds that it caused an imbalance of payments, an outflow of gold, and constituted a threat to American labor.

All too frequently the substantial contributions of our Government's foreign aid programs have been minimized.

The image of Americans abroad has been the subject of unceasing controversy culminating in the dramatic highlighting of the actions of a few who have been described, in composite, as "The Ugly American."

The purpose of this study is nonpartisan in nature. It does not concern itself with the advisability or inadvisability of the U.S. Government's military or economic foreign aid programs. It does, however, attempt to set the record straight and to show that, though there may be an "Ugly American," there is and has been for many years an "unselfish American."

An attempt has been made in this study to indicate the scope and extent of the purely voluntary, altruistic contributions made, not by the Government of the United States, but by American citizens in the areas of economic, technical, and spiritual assistance to the peoples of the world.

These are programs which are subsidized only by the true heart of America. These are programs of long standing. These are programs which gird the globe and to which, with unceasing dedication, thousands upon thousands of individual Americans have attempted to contribute to the betterment of humanity. Nothing has been asked nor desired in return.

Without some knowledge of these programs, no one can truly understand our foreign aid efforts. In this study we examine these programs based upon the organizations involved, the money expended, the personnel utilized, the activities performed and the geographical areas of the world in which they operate.

No pretense is made that this study is complete. Much of the information has yet to be collected. However, it is the hope of the Senate Republican policy committee that the facts contained herein will encourage others to set the record straight so that those who constantly criticize "The Ugly American," may also acknowledge the impressive contributions of "the unselfish American."

PRIVATE FOREIGN AID

The following statistics on private foreign aid are an understatement in every instance. None of the fact-gathering agencies, public or private, have a complete measure of voluntary giving of time, labor, money, food and equipment by Americans, whether on a person-to-person basis, or through a philanthropic group. The astounding variety and ingenuity of these private foreign aid programs is testimony once again of what may be accomplished in a free society. It is always difficult to apply calipers to such free activity.

The figures set forth below do not cover two other types of foreign aid:

1. They do not include the off-site investment of American businesses around the world to provide housing, schools, vocational training, hospitals, water and sanitation facilities, etc., for those working in the American plants, or living in the towns where such plants are located. Such projects are particularly important in the underdeveloped countries. The total American investment abroad is now $56 billion. Certainly the off-site investment figure should be an impressive one, if it is ever compiled.

2. They do not include the programs for the education of foreign students in the United States.

With these reservations in mind, the following figures give a general idea of private, voluntary foreign aid in 1960.

I. The people engaged in private foreign aid programs, 73,000. This total divided as follows: (a) at least 3,000 in the United States; (b) at least 39,000 U.S. citizens overseas; (c) at least 31,000 indigenous personnel overseas.

Number of religious and nonsectarian organizations carrying on private foreign aid programs at least, 646.

II. The value of private foreign aid at least, $718 million.

This total divided as follows: (a) $390 million in moneys, clothing, foodstuffs, medical supplies, educational and vocational equipment, etc., as collected and distributed by the 646 private organizations. This figure also includes the cost of supporting those engaged in private foreign aid programs.

NOTE.—This figure does not include surplus food commodities supplied to private agencies for distribution under Public Law 480, nor reimbursement by the Government for the cost of transportation of such commodities.

(b) Three hundred and twenty-eight million dollars in cash remittances and gifts sent abroad on a person-to-person basis, rather than through a religious or nonsectarian organization.

III. Activities undertaken by religious and nonsectarian organizations (1961).

| Type: | *Number* |
|---|---|
| Agriculture | 600 |
| Community development, rural | 4, 152 |
| Community development, urban | 596 |
| Educational-vocational training | 4, 089 |
| Research and survey | 109 |
| Other | 299 |
| Total | [1] 9, 845 |

[1] These totals will not be identical with the country by country totals because of the impossibility of identifying the nature of certain projects undertaken by religious groups.

NOTE.—Some of these projects are financed by contract with Government agencies. They are not included in the money figure given above.

The number of missionary and direct relief activities by religious groups is extremely high. At least 130 countries, territories, or dependencies are served in this fashion by U.S. missionary groups.

IV. Distribution of foreign-aid programs by country, or territory:

A. LATIN AMERICA

| Country | Agriculture | Medicine | Community development | | Education and vocational training | Research and survey | Other | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Rural | Urban | | | | |
| Argentina | 1 | 6 | | 1 | 28 | 3 | 1 | 40 |
| Bahamas | | 8 | | | 5 | | | 13 |
| Bolivia | 19 | 38 | 6 | 2 | 73 | | 1 | 139 |
| Brazil | 26 | 26 | 2 | 1 | 124 | 5 | 3 | 187 |
| British Guiana | | 2 | | | 1 | | | 3 |
| British Honduras | 3 | 1 | | | | | 1 | 5 |
| Chile | 17 | 126 | 4 | 6 | 91 | 2 | 6 | 252 |
| Colombia | 7 | | 15 | 4 | 20 | 1 | 1 | 48 |
| Costa Rica | 5 | 9 | 10 | | 13 | | 1 | 38 |
| Cuba | | 7 | | | 14 | | | 21 |
| Dominican Republic | 1 | 3 | | | 1 | | | 5 |
| Ecuador | 11 | 9 | 6 | 3 | 10 | | | 39 |
| El Salvador | 2 | 1 | | | 1 | | | 4 |
| Guatemala | 18 | 32 | 8 | | 43 | | 2 | 103 |
| Haiti | 3 | 14 | 1 | | 3 | | 1 | 22 |
| Honduras | 3 | 15 | 9 | | 20 | | 1 | 48 |
| Jamaica | 1 | 2 | | | | | | 3 |
| Mexico | 25 | 1, 002 | 21 | 2 | 51 | 1 | 3 | 1, 105 |
| Nicaragua | 2 | 29 | 1 | | 2 | | | 34 |
| Panama | 3 | 7 | 4 | | 9 | | | 23 |
| Paraguay | 3 | 13 | 2 | 1 | 4 | | 1 | 24 |
| Peru | 19 | 16 | 13 | 5 | 43 | | 2 | 98 |
| Surinam | | 1 | 1 | | | | | 2 |
| Uruguay | 1 | 2 | | 1 | 12 | | 2 | 18 |
| Venezuela | 5 | 7 | 1 | | 4 | | 1 | 18 |
| West Indies | | | 1 | | 8 | 4 | 5 | 18 |
| Trinidad | | 2 | | | | | | 2 |
| Total | 175 | 1, 378 | 105 | 26 | 580 | 16 | 32 | 2, 312 |

B. EUROPE

| Country | Agriculture | Medicine | Community development: Rural | Community development: Urban | Education and vocational training | Research and survey | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Austria | 3 | 3 | | 1 | 64 | 1 | 3 | 75 |
| Belgium | | | | | 14 | | 1 | 15 |
| France | 3 | 2 | 1 | | 60 | | 2 | 68 |
| Germany | 6 | 2 | | 1 | 147 | | 8 | 164 |
| Greece | 14 | 21 | 10 | | 18 | 2 | 6 | 71 |
| Italy | 8 | 61 | 10 | 22 | 104 | | 3 | 208 |
| Malta | 1 | 1 | | | | | | 2 |
| Poland | 4 | 8 | | 1 | 127 | | 2 | 142 |
| Portugal | | 3 | | | 3 | | | 6 |
| Spain | 1 | 2 | | | 1 | | | 4 |
| Trieste | | 2 | | | | | | 2 |
| Yugoslavia | 3 | 12 | 1 | | 11 | | 2 | 28 |
| Total | 43 | 117 | 21 | 25 | 549 | 3 | 27 | 785 |

### C. ASIA

| Country | Agriculture | Medicine | Community development | | Education and vocational training | Research and survey | Other | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Rural | Urban | | | | |
| **Near East:** | | | | | | | | |
| Gaza | | 3 | | 3 | 2 | | 3 | 11 |
| Iran | 14 | 23 | 17 | 1 | 78 | 3 | 5 | 141 |
| Iraq | 4 | 4 | 1 | | 12 | | | 21 |
| Israel | 7 | 21 | 2 | | 136 | 13 | 10 | 189 |
| Jordan | 12 | 11 | 4 | | 40 | 1 | 4 | 72 |
| Lebanon | 10 | 9 | 1 | | 30 | 1 | 3 | 54 |
| Turkey | 2 | 11 | 1 | 1 | 29 | 2 | 4 | 50 |
| Syria | 4 | 13 | 4 | | 24 | 1 | 4 | 50 |
| Egypt | 6 | 132 | 4 | | 23 | 2 | 10 | 177 |
| **Far East:** | | | | | | | | |
| Burma | 10 | 37 | 8 | | 36 | 3 | 8 | 102 |
| Cambodia | | 3 | | | 18 | | | 21 |
| Caroline Islands | | | | | 4 | | | 4 |
| Hong Kong | 4 | 31 | 18 | 8 | 60 | | 5 | 126 |
| Indonesia | 7 | 16 | 7 | | 43 | | 1 | 74 |
| Japan | 8 | 13 | 13 | 46 | 142 | 2 | 7 | 231 |
| Korea | 14 | 75 | 112 | 134 | 144 | | 6 | 485 |
| Laos | 1 | 2 | 5 | 2 | 28 | | 2 | 40 |
| Macao | | 441 | | 5 | 7 | | | 453 |
| **Far East—Con.** | | | | | | | | |
| Malaya | | | 52 | 220 | 277 | 1 | 5 | 555 |
| Marshall Islands | | | | | 1 | | | 1 |
| New Guinea | 4 | 30 | | | 4 | | | 38 |
| Philippines | 13 | 43 | 24 | 55 | 208 | 2 | 11 | 356 |
| Ryukyus | | 1 | | | 5 | | | 6 |
| Sarawak | 1 | 1 | 2 | | 11 | | | 15 |
| Singapore | | | | 1 | 20 | 2 | 2 | 25 |
| Solomon Islands | | 25 | | | | | | 25 |
| Taiwan | 6 | 59 | 2 | | 73 | 3 | | 143 |
| Thailand | 2 | 77 | 2 | | 16 | 1 | 1 | 99 |
| Vietnam | 16 | 33 | 30 | | 45 | | | 124 |
| **South Asia:** | | | | | | | | |
| Afghanistan | 1 | 5 | 1 | | 12 | 6 | 1 | 26 |
| Ceylon | 4 | 8 | 5 | 5 | 99 | 1 | 2 | 124 |
| India | 145 | 630 | 118 | 11 | 341 | 27 | 79 | 1,351 |
| Nepal | | | 10 | | | 1 | 1 | 12 |
| Pakistan | 8 | 59 | 6 | 2 | 78 | 10 | 13 | 176 |
| Total | 303 | 1,816 | 449 | 494 | 2,041 | 82 | 187 | 5,378 |

### D. AFRICA

| Country | Agriculture | Medicine | Community development: Rural | Community development: Urban | Education and vocational training | Research and survey | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Algeria | | 5 | | 1 | 18 | | 1 | 25 |
| Angola | 2 | 18 | | | 27 | | 1 | 48 |
| Basutoland | | 5 | | | 3 | | | 8 |
| Cameroun | 2 | 25 | | | 1 | | | 28 |
| Congo | 4 | 132 | 1 | 2 | 143 | 1 | 17 | 300 |
| Dahomey | | 1 | | | | | | 1 |
| Ethiopia | 12 | 11 | 1 | | 10 | | | 34 |
| French Somaliland | | 12 | | | 1 | | | 13 |
| Gabon | | 2 | | | | | | 2 |
| Ghana | 11 | 44 | 6 | | 15 | 3 | 2 | 81 |
| Guinea | | 1 | | | | | | 1 |
| Ivory Coast | | 1 | | | 1 | | | 2 |
| Kenya | 1 | 4 | 1 | | 6 | 1 | | 13 |
| Liberia | 7 | 220 | | | 16 | | | 243 |
| Libya | 2 | 8 | 4 | 2 | 3 | | 1 | 20 |
| Morocco | 4 | 162 | 3 | 1 | 68 | | 1 | 239 |
| Mozambique | 3 | 6 | | | 6 | | 5 | 20 |
| Niger | | 2 | | | | | | 2 |
| Nigeria | 8 | 45 | 1 | | 17 | | 5 | 76 |
| Rhodesia and Nyasaland | 2 | 23 | | | 79 | | 17 | 121 |
| Ruanda Urundi | | 5 | 1 | | 3 | | | 9 |
| Sierra Leone | | 7 | | | 1 | | | 8 |
| Somalia | 1 | | | | | | | 1 |
| Southern Rhodesia | 6 | | | | | | | 6 |
| Sudan | 1 | 2 | | | 1 | 1 | 1 | 6 |
| Tanganyika | 6 | 41 | 3 | 1 | 438 | 1 | 1 | 491 |
| Togo | | | | | 3 | | | 3 |
| Tunisia | | 22 | 1 | | 41 | | 1 | 65 |
| Uganda | 2 | 13 | | | 7 | 1 | | 23 |
| Union of South Africa | | 6 | | | 5 | | | 11 |
| Upper Volta | | 14 | | | | | | 14 |
| Total | 74 | 837 | 22 | 7 | 913 | 8 | 53 | 1,914 |

**V. Private investment in foreign countries: Private investment, more than any other type of foreign aid, is directly related to economic development. Some of the economic consequences of U.S. private investment abroad are shown in the following statistics:**

**(NOTE.—These figures are selected from the most comprehensive survey of U.S. business abroad, begun in 1957 and completed in 1960 by the Department of Commerce. The figures are for 1957, unless otherwise indicated.)**

| Country or area | Assets | Direct investment | Employment | Salaries and wages | Materials and services | Taxes |
|---|---|---|---|---|---|---|
| Canada | $14,044,000,000 | $8,600,000,000 | 670,000 | $2,654,000,000 | | $800,000,000 |
| Latin American Republics | 11,033,000,000 | 7,434,000,000 | 950,000 | 1,374,000,000 | | 1,083,000,000 |
| Western Hemisphere dependencies | 836,000,000 | 618,000,000 | 40,000 | 99,000,000 | | 36,000,000 |
| Europe | 9,239,000,000 | 4,151,000,000 | 1,080,000 | 1,950,000,000 | | 1,543,000,000 |
| Asia | 3,293,000,000 | 2,019,000,000 | 240,000 | 425,000,000 | | 776,000,000 |
| Africa | 1,286,000,000 | 664,000,000 | 100,000 | 123,000,000 | | 127,000,000 |
| Oceania | 1,400,000,000 | 698,000,000 | 100,000 | 219,000,000 | | 132,000,000 |
| International | 1,342,000,000 | 1,041,000,000 | 20,000 | 33,000,000 | | 7,000,000 |
| Estimated total, 1957 | 42,000,000,000 | 25,000,000,000 | [1] 3,200,000 | 6,878,000,000 | [2] $17,000,000,000 | 4,500,000,000 |
| 1961 estimate | 56,000,000,000 | 35,000,000,000 | ([3]) | ([3]) | ([3]) | ([3]) |

[1] Includes 21,000 U.S. citizens employed overseas.

[2] Excludes value of materials purchased from the United States.

[3] Figures not available.

**It is worth recalling that we have no separate figure as to the extent of off-site investment on the part of U.S. business abroad for educational, medical, sanitary, or general welfare services both for employees, their families, and the areas in which such plants are located.**

**In summary, therefore, in 1961 American assets in foreign countries totaled $56 billion and direct investments totaled $35 billion.**

**In 1957, the last year for which figures are available, American investment abroad resulted in 3,200,000 jobs, paid $6,878 million in salaries, purchased $17 billion worth of materials and services, and paid $4,500 million in taxes to foreign countries.**

Mr. HICKENLOOPER. Mr. President, I thank the staff of the Republican policy committee, which assisted in the compilation of that very illuminating set of statistics.

Mr. JOHNSTON. Mr. President, will the Senator yield so that I may ask a question?

Mr. HICKENLOOPER. I yield to the distinguished Senator from South Carolina.

Mr. JOHNSTON. Is the statement broken down in any way?

Mr. HICKENLOOPER. The statement is tabulated by countries but not by specific itemized investments. It is a short document, but all the statistics are documented, and we are certain that the studies are reliable. The statement is not long enough to indicate whether the activity is motor manufacturing, electronic manufacturing, or other activity. It is broken down by countries.

Mr. JOHNSTON. By countries, but not by commodities?

Mr. HICKENLOOPER. That is correct.

Mr. JOHNSTON. I should like to ask another question. Is the Senator a member of the Committee on Foreign Relations?

Mr. HICKENLOOPER. I am.

Mr. JOHNSTON. At any time has the Senator looked into the possibility of the various countries involved entering into some kind of agreement to protect our interests in foreign countries?

Mr. HICKENLOOPER. Yes; that subject has been under active consideration. We have urged much stronger defense of American property rights abroad. That is a part of the stimulus which generated the short study.

The Senator will recall that I offered an amendment relating to the confiscation or expropriation of American property rights abroad to the Foreign Aid Act. The amendment was not as strong as I should like to see it, but it was the best we could obtain under the circumstances.

But even today in one of the Latin American countries a most serious and devastating confiscation or expropriation procedure is being instituted at this very moment for the seizure not only of American property but also of foreign property. The United States must begin to become seriously concerned about the problem. If we do not do so, foreign investments will begin to be dissipated, seized, and expropriated at a greater speed.

Mr. JOHNSTON. I thoroughly agree with the Senator. I am glad to receive the information he has submitted.

Mr. HICKENLOOPER. The basis of the information is to show that, entirely aside from Government activity, American private activities abroad are really of staggering proportions and are of fantastic benefit to the various foreign countries. As the tabulation shows, there are a great many of them. The Senator can read it in the RECORD tomorrow. I hope he will do so, because the information is very illuminating.

## WYOMING'S MAJOR ECONOMIC PROBLEMS

Mr. McGEE. Mr. President, the August 29 issue of the Laramie, Wyo., Boomerang contained three articles that indicate both the seriousness of one of Wyoming's major economic problems and the promise of the future to change these problems to assets.

The first article deals with the closing of the Union Pacific Coal Co.'s No. 8 mine, the last operating mine in Sweetwater County. The Members of this body know that on several occasions I have stressed the plight of the coal industry in the West. This industry has lost much of its market to liquid fuels.

The other two articles in the Boomerang deal with the development of new outlets and uses for coal. Both articles cover presentations made at the 48th national meeting of the American Institute of Chemical Engineers held last week in Denver.

These articles concern the use of coal slurry pipelines and the production of high energy fuels from coal. I have been an advocate of increased research for new uses for western coal and am very pleased to note progress along these lines. The marvels of modern science and technology may yet provide Wyoming with new and dynamic industries.

Mr. President, I ask unanimous consent that these three articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

### U.P. COAL CLOSES NO. 8 MINE; LAST IN SPRINGS AREA

ROCK SPRINGS, WYO.—Company President Vern O. Murray announced Monday that the Union Pacific Coal Co. is in the process of dissolution and that its local No. 8 mine has been closed down.

Mining operations were stopped last week at the No. 8, and only 8 to 10 employees have been busy dismantling equipment.

Total production of the mine's several year history was 196,037,150 tons. The coal was used to supply a generating plant owned and operated by Pacific Power & Light Co.

The No. 8 was the last operating coal mine which belonged to the Union Pacific Coal Co. The company's D. O. Clark mine at Superior, Wyo., was closed down March 31, 1962. There were 75 miners employed by the company at that time.

Closing of the No. 8 marked the passing of an era, as it was the last coal mine in Sweetwater County.

### GILSONITE SLURRY LINE SAID PROOF COAL LINE POSSIBLE

DENVER.—A chemical company executive said Tuesday a Utah-Colorado gilsonite slurry pipeline has proved pipeline transporting of solids is practical.

J. H. Henderson of Salt Lake City, manager of engineering and product development for the American Gilsonite Co., said the Bonanza, Utah, to Grand Junction, Colo. line has been "eminently successful."

Henderson spoke to the 48th national meeting of the American Institute of Chemical Engineers.

"There exists a great potential for this means of transport, particularly where large tonnages are to be handled, or where other means of transportation are impractical or too costly," he said.

Gilsonite is mined at Bonanza and refined near Grand Junction. The 6-inch pipeline runs 72 miles through terrain that would otherwise require a 200-mile, all-weather highway.

The slurry is crushed gilsonite, a solid, natural hydrocarbon, in water.

### SEES COAL TARS FOR FUEL IN HIGH-VELOCITY PLANES

DENVER.—America's coal industry, in decline since World War II, may have a bright future, two speakers told a chemists' meeting Tuesday.

A French research scientist said the "ancestor of all fuels" may help solve problems of producing high-velocity airplanes.

An American industry official said coal may prove to be a good source of supplemental gas supplies.

Prof. M. Letort, general manager of fundamental research at the Centre de Etudes et Recherches des Charbonnages de France, told the 48th national meeting of the American Institute of Chemical Engineers the United States alone soon may require as much as 100 million gallons of high energy fuel a year.

"It may be interesting to note that tars from low temperature coal carbonization and tars from coal hydrogenation contain a number of aromatic hydrocarbons with a chemical structure essentially similar to high temperature tars, * * *" he said.

"These sources of supply ought to be taken into consideration, should high requirements for special fuels develop."

In another session, Henry R. Linden of the Institute of Gas Technology at Chicago said by the year 2000, more than half the U.S. gas demand may have to be met by supplemental supplies.

"Coal and high-grade oil shale are the primary raw materials for supplementing natural gas if ever demand exceeds supply in the future," he said. "Domestic petroleum resources would be an excellent source of supplemental high B.t.u. pipeline gas.

"However, the future recovery is estimated at 185 billion barrels, which is equivalent in heating value to only about 1,000 trillion cubic feet of natural gas.

"In contrast, coal reserves, of which more than half can be recovered at the present cost of 1½ times the present cost, are equivalent in heating value to about 17,000 trillion cubic feet of natural gas."

## HART, OF WYOMING

Mr. McGEE. Mr. President, we citizens of the State of Wyoming are fortunate to have as our insurance and inheritance tax commissioner a man of extensive experience and unquestioned ability, Gilbert A. D. Hart.

The September issue of the Journal of American Insurance contains an article on Mr. Hart and the State he serves. This article perceptively notes that one of the symbols for reliability and certainty—hallmarks of good insurance—is the famous Old Faithful geyser in Yellowstone Park. Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### CLOSEUPS OF OUR COMMISSIONERS—HART, OF WYOMING

The certainty of insurance for the uncertainties of this world has a world-famous symbol in Wyoming. There, with rare exception, Old Faithful geyser in Yellowstone National Park erupts with regular certainty every 65 minutes. The certainty is backed up with powerful resources, too, for each eruption sends 15,000 gallons of hot water spraying 120 feet high.

Old Faithful is acknowledged to be the greatest single attraction of all national parks. But Wyoming also has other distinctions befitting the concepts of insurance. The first guarantee of equal suffrage to women in the United States was embodied in the act of 1869 of the Territorial Legislature of Wyoming. And in 1873, just 17 years before Wyoming entered the Union, the Wyoming Stock Growers Association was organized in Cheyenne for better management and protection of livestock interests.

The Equality State is still primarily a livestock domain of native nutritional grasses. Its reputation was established more than 100 years ago when cattlemen trailed their great herds up from Texas in the spring of 1866 in search of better grazing. Native "livestock" was assured safe, permanent grazing when the National Elk Range, now supporting one of the world's largest herds, was established in the Jackson Hole area. Also located there, Grand Teton National Park, said to be unsurpassed for sheer beauty, draws its share of Wyoming's million or more visitors annually.

Still not fully developed, Wyoming's great mineral resources include coal, petroleum, bentonite, iron, copper, uranium, and a number of others, as well as a variety of nonmetallics. The State is the fifth largest oil producer and has the fifth largest proved oil reserve.

Insurance to the extent of $48.5 million in premiums of all kinds was in effect in the most recent year reported by Commissioner Hart. There are 580 companies and 3,000 agents licensed to do business in the State. Total revenues in taxes and fees were almost $1.5 million for the combined departments of insurance and inheritance tax, both of which are supervised by the commissioner's office.

Commissioner Hart joined the Wyoming department 3 years ago in April upon retiring after serving for 24 years as special agent, Intelligence Division, Internal Revenue Service. He first served as deputy commissioner for a short period and then was acting insurance commissioner before being appointed insurance and inheritance tax commissioner in January 1960. He is active in the National Association of Insurance Commissioners as a member of several different committees.

With a career beginning in Missouri, Commissioner Hart is a certified public accountant of 40 years experience before his appointment to the Wyoming department. He has served in both public and private accounting either as a teacher or in actual practice. For approximately 10 of those years he was a teacher of accounting at Rubican Business School and Font Bonne College in St. Louis, Mo. He is a graduate of St. Louis University with a major in accounting. The department which he now heads was established as a separate division of the government in 1919, and he is the 12th commissioner to hold the office.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## VISIT TO THE SENATE BY HON. PETER EMERY, MEMBER, HOUSE OF COMMONS, BRITISH PARLIAMENT

Mr. TOWER. Mr. President, I introduce to the Senate Mr. Peter Emery, who is a Member of the House of Commons of Great Britain, and is parliamentary private secretary to the Minister of State at the Foreign Office, Mr. Joseph Godber, who is the Common Market negotiator for the United Kingdom.

The ACTING PRESIDENT pro tempore. On behalf of the Senate, the Chair welcomes Mr. Emery, and hopes that his visit to the Senate will be a pleasant one.

[Applause, Senators rising.]

## PROTECTION OF HEMISPHERE FROM EUROPEAN AND ASIATIC AGGRESSION

Mr. TOWER. Mr. President, I am prepared to support the President's foreign and military policy if it serves U.S. needs. I am just truly perplexed, like many Americans, as to what that policy is.

Russian tanks, rockets, military planes, and high-velocity artillery have been brought into Cuba. They could be employed to try to neutralize our Guantanamo naval base there. They threaten the entire United States, east of the Mississippi. Pads for light rockets have already been built in Cuba by Russian and Chinese Red technicians. I am reliably informed that launching pads for medium rockets with a 1,500-mile-plus range can be built in under 4 days.

And it has been announced that the Russians have PT boats based on Cuba with rockets capable of firing 15 to 18 miles. I have only heard of one PT boat in history sunk by a major enemy fleet unit. What is to keep these PT boats from slipping in to hit either Guantanamo or Miami?

Yet we have not invoked the Monroe Doctrine, or even the latest variants thereof. And apparently the U.S. Marines and the U.S. Army divisions have been mislaid. Every time a crisis arises our Reserves are yanked out of their civilian lives. The last time this happened, the East Germans constructed the Berlin wall with impunity. Are we proposing to call Reserves now to cover capitulation or surrender in Cuba or in Berlin? Are we going to double our fist at home, while adopting a conciliatory attitude toward the Soviets everytime they foment a crisis on some cold war front?

I do not see that again imposing on civilians is the answer to the Cuban problem or a substitute to giving the American people the security they have a right to expect by eliminating an enemy ensconced right off our shores.

I noted that the other day the senior Senator from Minnesota [Mr. HUMPHREY] likened the presence of the Soviets in Cuba to our bases overseas. I want to correct the record on this. The whole free world was disarmed in the late forties when the Communists were consolidating their eastern European empire. That led to the U.S. draft law, that led to free world rearming and defensive alliances. That led friendly countries freely and willingly to grant us bases in their lands to help protect them from Soviet aggression.

In Cuba, a free people have been put in bondage by force and without elections. Tens and tens of thousands have fled the Castro bloodbath, prisons, and tortures. The Russians and Red Chinese are in Cuba illegally, immorally, and without the slightest right to be there. The difference between their position and ours should be apparent to free people everywhere.

Yes, Americans are perplexed about our foreign policy. Within the past few weeks we agreed to pull all our rockets out of England, and I understand, we are about to pull them all out of France. This U.S. unilateral nuclear disarming can be an invitation for attack upon us. It certainly endangers our fleet in the Mediterranean, which so long has acted as a major deterrent to Communist attack. Yet, while conducting nuclear disarming, we propose to call up civilians. Is Gen. Maxwell Taylor responsible for these moves to throw away our modern weapons and use conventional forces against nuclear arms? Or is this part of Walter Rostow's elimination of our so-called first attack weapons.

Administration advisers have devised a plan for us to give away our Air Force, Navy, Marine, and Army to the United Nations within 10 years. This past week, Secretary Freeman made the first move to carry out Harlan Cleveland's program for turning U.S. foreign aid over to the U.N. for distribution. Is this offer to give away our Armed Forces the reason why we seem to have ducked somewhere our big Marine force and Air Force, Navy, and Army?

We have today not a program of massive retaliation, but of massive appeasement. Our posture makes that of Chamberlain at Munich seem lionlike. The Senator from New York [Mr. KEATING] has expressed a valid concern that the "Soviet Union may want to put up Cuba and Berlin on the auction block together for a diplomatic deal that would make some of our most hardboiled negotiators blush."

I suggest we were held in higher esteem, and safer too, when we were a struggling nation, with self-respect and determination to protect ourselves than today when we are the most powerful Nation in the world—and acting the most craven.

Last year, I supported the President's callup, but what has been our experience since that time? Reserve troops were called up without adequate preparation to receive them into the Military Establishment. They were inadequately equipped and frustrated, in most cases, by the failure to employ them in some important or significant effort.

While the callup of Reserves may have seemed a good manifestation of American toughness and determination at the time, it was negated by subsequent inaction or conciliatory gestures in response to Soviet pressures.

The time has come for the Congress to recommend some resolute and decisive action to the President. Several good suggestions have been made by Senators on both sides of the aisle.

For example, the distinguished junior Senator from Mississippi [Mr. STENNIS] has suggested that "we should make a most determined drive among our NATO and other Western allies in an effort to get them to cut off immediately all shipping and trade relations, direct and indirect with Cuba." In addition, the Senator from Mississippi has urged an all-out drive for concerted action by the Organization of American States.

The junior Senator from Iowa [Mr. MILLER] has said that we should impose a "war material blockade" on Cuba.

The senior Senator from New York [Mr. JAVITS] in a noteworthy speech, September 6, called for a "common policy and a common course of action" with other nations of the Organization of American States.

In a Senate speech, also on September 6, the distinguished Senator from Pennsylvania [Mr. SCOTT] raised the question of whether or not the United States intends to implement the Monroe Doctrine. This, it seems to me, is an appropriate topic for debate at this time.

The distinguished Senator from Florida [Mr. SMATHERS] feels that we should take the leadership in creating a NATO type of organization in the Western Hemisphere, and also he agrees with me that steps should be taken toward recognizing a Cuban Government in exile.

The junior Senator from Kansas [Mr. PEARSON] has recommended positive steps, including a demand for free elections in Cuba, under OAS supervision.

The Senator from Connecticut [Mr. DODD] advocates open aid to the Cuban freedom fighters.

Mr. President, these proposals should be given our immediate and urgent attention. I suggest that we stop acting like Byzantine plotters and exercise our legal and moral right as free people to protect this hemisphere from European and Asiatic aggression.

Mr. MANSFIELD. Mr. President, on the news tickers this morning there is reference to a Soviet Foreign Office statement on Cuba and Berlin. In the case of Cuba the statement warns of a nuclear war. In the case of Berlin the statement concludes that the impending election precludes consideration of negotiations on our part until after that time and, in an unprecedented gesture of magnanimity assures us that the Russians will let the situation simmer for the present.

I want to say that insofar as Cuba is concerned, Soviet nuclear threats will not determine the course of U.S. policies. U.S. policies will be determined by President Kennedy on the basis of the requirements for the security of this Nation and the Western Hemisphere and the well-being of the peoples of the Americas.

He will neither be provoked into taking false steps nor deterred from necessary steps to these ends by what the Soviet Union may do or say about nuclear war. And there is no doubt that, in this course, he will have the support of Republicans and Democrats regardless of the November elections. If the Soviet Union sincerely desires to contribute to peace, its own as well as that of the Western Hemisphere, it will cease forthwith its military meddling in the Caribbean situation.

Insofar as Berlin is concerned, I would say to the Russians that the President is prepared to negotiate before, during, or after the November election. The difficulty in negotiations is not our election but the apparent unwillingness of the Soviet Union to negotiate sensibly to the end that this threat to peace in Europe and the world may be removed. Let the Soviet Union worry about what it will do to contribute to a just and equitable solution to the situation in Berlin and Germany. We will worry—Democrats and Republicans alike—about the November election. And there is no doubt that both Democrats and Republicans will support the President in any effort to deal—today, tomorrow, or in November or December—with this long-festering situation. There is no political capital for anybody in the Berlin situation, not for Democrats, Republicans, and least of all, for the Russians. There will be only the promise of widespread death and destruction until a just solution is found.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KEATING. Mr. President, the distinguished majority leader and I had some discussion yesterday on the floor of the Senate. Let me emphatically agree with him now that we in this country, regardless of party, know more about what our country will do in the face of an election than does Mr. Khrushchev.

First, let me thank the majority leader for the very forthright statement he has made; then let me confirm his point that the forthcoming elections will not be allowed in any way to interfere with the things that must be done; and also let me assure him that Republicans as well as Democrats will stand behind the President in whatever forceful position he finds it necessary to take, either with regard to Cuba or with regard to Berlin.

We will await with interest his proposals for such attention, because in my judgment they will have the united support of Congress.

Mr. MANSFIELD. I appreciate the words of the distinguished Senator from New York. I am reminded of a story that my father used to tell about the tinkers in Ireland. He said they were always fighting among one another, but as soon as some outsider came in they banded together and united against the outsider. So far as our elections are concerned, we Democrats and Republicans can tend to our own business, and do it very well. We do not need advice or counsel from the outside; nor do we need any statement from the Russians to tell us what to do in our own country.

Mr. DIRKSEN. Mr. President, I concur in the sentiments expressed by the distinguished majority leader. What has come over the news ticker this morning is one of the most singular things I have seen in a long, long time. I have before me a UPI dispatch with a Moscow dateline. I believe I should read portions of it into the RECORD in order to make sure that there is a record on this viewpoint. It begins as follows:

> MOSCOW.—The Soviet Union today warned the United States against attacking Cuba and said it would not press for Berlin negotiations until after the U.S. congressional elections in November.

I do not know what the elections have to do with it. I am wondering whether Mr. Khrushchev believes that some other breed of people less patriotic and less loyal and less devoted to their country and with a diminished interest in our national security and our foreign policy will be sitting in this or in the other body after the elections are over.

I suggest to the Minister of the Soviet Union that if he is using this as a calculated base, he is making a colossal mistake.

The dispatch goes on as follows:

> The Soviet Government said any aggression against Cuba could lead to a world war with nuclear weapons.

It occurs to me that perhaps Mr. Khrushchev should go back and examine the Monroe Doctrine, the declaration at Caracas, and the pact at Rio de Janeiro, and many other affirmations into which we have solemnly entered, if he wants to know what the spirit and the obligations of the Americas are.

The dispatch goes on to say:

> An official Soviet Government statement distributed by Tass said the United States could not negotiate on the Berlin and German questions at present because of the forthcoming elections.

I do not know what the forthcoming elections have to do with Berlin and with our Geneva negotiations on nuclear test bans. The elections are quite beside the point. We have always taken the position on Berlin that we have rights there and that our rights are documented. The President has asserted over and over again that such rights will be reasserted from time to time. In that firmness certainly every citizen, regardless of party, we expect to support the President in the firm policy.

The dispatch continues:

> "Well, the Soviet Government is ready to take this fact into account as well," the statement said.
>
> The statement warned, however, that "further delay of the solution of the problem of a German peace treaty might lead to new difficulties and new dangers."

That could well be. On several occasions the Republican joint leadership has expressed its opinion of what it refers to as "the wall of shame" in Berlin and the necessity for propagandizing and bringing that fact to the attention of people in every corner of the earth, and I am confident that Congress will not hesitate one moment in providing whatever funds and authority are required. The statement continues:

> The Soviets also said they were alerting the Red armed forces to bring them to "the highest state of combat readiness" as a countermeasure to President Kennedy's plan to call up 150,000 American military reserves, if necessary.

If I properly reconstruct and recall the amplifying statement made by Mr. Salinger when we were notified that the President was requesting this additional authority, it was made abundantly plain that the callup authority had no relationship to Berlin and had no relationship to Cuba. One must therefore infer that it bears upon the whole question of our national security.

The dispatch continues:

> Russia said that an assault on Cuba "will be the beginning of unleashing of war."

Mr. President, that is an amazing situation. The Soviet Union has no business in the Western Hemisphere. I am one of those who will not confess that the Monroe Doctrine, adopted in 1823, is out of date. It states very plainly that we will look with concern—and in so doing, we do it in candor—upon the establishment of any foreign system upon the American Hemisphere. There is a foreign system in this hemisphere today. Fidel Castro has confessed it himself. That is a matter of concern to this hemisphere, and certainly not to Mr. Khrushchev.

This is a completely unveiled and naked threat, and it must be answered in kind. Let there be no timidity on the part of our officials and no timidity in Congress, if I read this dispatch correctly, in telling Mr. Khrushchev what his place is and that we will fulfill our policy commitments to this hemisphere, commitments which were made plain to other countries as far back as 1823. We did so in the case of France in 1866, when Maxmilian was established on this hemisphere for a brief while. We did it before that time, and we have done it since then. We ought to assume now that we propose to carry out a firm policy and that we shall brook no interference from Mr. Khrushchev and the Soviet Union.

The dispatch contains other threats, and they ought to be met, and met boldly, before any country, including the Soviet Union, miscalculates the intention and firmness of the American people.

So I concur in the sentiments expressed by the distinguished majority leader.

Mr. MANSFIELD. I thank the distinguished minority leader.

Mr. MORSE. Mr. President, this morning I was visited by several newspapermen and asked to comment on the latest of Khrushchev's statements dealing with Russian policy toward Cuba.

I believe Russia will discover that any of its threats or propaganda or attempts to make a crisis out of Cuba will not stop the United States from carrying out her responsibilities toward freedom, should Russia decide to establish a beachhead for offensive military action in Cuba.

As I read Khrushchev's statement, I see once again the typical Communist propaganda, the fallacious use of semantics, which, in my judgment, indicate very clearly that he is well aware that the United States has no intention of standing by and permitting Russia to establish a beachhead for offensive action either against our Latin-American neighbors or against the United States, using Castro as his military stooge.

I am not one who takes the position that the Cuban issue may not have serious implications. Yet I say to the American people from my desk this morning: Approach this problem very calmly, for, in my judgment, there is no great danger of any Russian offensive course of action breaking out in the Western Hemisphere. The American people have every reason to place complete confidence in the statesmanship of the President of the United States in regard to the Cuban situation, the Berlin situation, the South Vietnam situation, and situations in other critical points or spots in the world.

It is easy to let some incident such as this Cuban one become inflammatory of American public opinion, particularly when certain journalists are constantly looking for scare headline stories.

There also are in America others who, in my judgment, for one reason or another, are attempting to become alarmists.

The ACTING PRESIDENT pro tempore. The time available to the Senator from Oregon, under the limitation in the morning hour, has expired.

Mr. MORSE. Mr. President, may I have 30 seconds more?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Oregon may proceed for 2 additional minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MORSE. Mr. President, the Subcommittee on Latin American Affairs, on which I have the honor and privilege to serve as chairman, is in close contact with the administration in regard to the Cuban situation. Tomorrow afternoon, at 4:30, we are having a conference with Mr. Martin, the Assistant Secretary of State on Latin America. Earlier this morning I had a consultation with the Secretary of State. Next Monday we shall have a conference with Mr. Morrison, the U.S. Ambassador to the Organization of American States.

I merely wish to say—and, because of restrictions of privilege, I can say no more—that in my judgment there is nothing to be alarmed about insofar as any danger of war arising out of the Cuban situation is concerned. Khrushchev's latest Communist propaganda is but the firing of a semantic missile. In my judgment the most dangerous warfare with which we are faced, insofar as Russia is concerned, is by way of the propaganda missiles of communism that Khrushchev is shooting into Latin America from Cuba.

As a delegate to the Conference of Punta del Este earlier this year, I think we should also take note of the fact that the Latin American Republics stand united with the United States in opposition to the spread of communism in the Western Hemisphere. In my opinion the members of OAS owe it to the world to make clear that they stand shoulder to shoulder with us in enforcing the joint commitments against the spread of communism in the Western Hemisphere as set out in the Act of Punta del Este.

Mr. KUCHEL. Mr. President, I remember the great words of Abraham Lincoln: "To remain silent, when there is a duty to speak, makes cowards of men."

Mr. President, the American people are not cowards. The President of the United States is not a coward. This country loves its freedom. This country desires to promote the cause of peace with justice on this globe.

That is why for many months, first under President Eisenhower, and now under President Kennedy, American representatives sought in a most painstaking fashion, in Geneva, in London, and elsewhere, to achieve a first-step disarmament and an enforceable ban on nuclear testing in the atmosphere.

A little more than a year ago the people of the United States and the people of the world felt that they were inching toward a possible solution. Then suddenly Premier Khrushchev announced to the world that the Soviet Union was commencing a new series of nuclear tests. In secret and in stealth the Soviet Union had been preparing for months to break the agreement which it had earlier voluntarily placed on itself, after President Eisenhower had announced in 1958 that the United States would voluntarily stop nuclear testing.

On this occasion there is no need for anyone to engage in imprecations on the Cuban fiasco of last year or to comment further on it, except to say that that is one of the sad and ugly pages in the history of our country.

The American people do not live in fear. The American people place their faith in their representatives in the White House and in the Congress.

The ACTING PRESIDENT pro tempore. The time available to the Senator from California, under the limitation in the morning hour, has expired.

Mr. KUCHEL. Mr. President, I request that I may proceed for 3 more minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, the American people are uneasy at the attempt by the Soviet Union to make of Cuba almost an island launching pad.

A few years ago I attended a meeting of the parliamentarians from the North Atlantic Treaty Organization countries. I listened with deep interest to the comments of the then Secretary General of NATO, Paul-Henri Spaak. He was asked what was the difference between an offensive weapon and a defensive weapon. Mr. President, what do you and I as laymen know about that subject? I listened to Mr. Spaak. He said there was no difference; he said any kind of weapon could be used for either purpose. That makes some sense to me, as a layman.

The problem which now faces us is, What should our Government do? I remember what Mr. Spaak said to us on that occasion, at the NATO headquarters in Paris. For the West to remain free, said this great Western statesman, be audacious, be audacious, be audacious.

I hope and pray that the President of the United States will speak out clearly and repeatedly that America's rights will not be trampled upon, whether they involve the Monroe Doctrine in this hemisphere or whether they involve our rights and those of our allies in Berlin or anywhere else on this globe.

My able friend, the Senator from Oregon [Mr. MORSE], has suggested that there need be no cause for alarm, and that our South American friends and colleagues will stand with us in this controversy. I hope so, because I remember Punta del Este, and I remember how he and my colleagues on the Republican side successfully demonstrated to the Members of the Senate that the American nations in this hemisphere are united against permitting the cancer of communism to breed and fester in this hemisphere.

The time has now come for the members of the Organization of American States to stand up and be counted. Deeds, not words, continue to be the honest guidelines in time of trouble and travail. The words of Punta del Este have been spread across the record. I trust that those south of the border who love freedom, like ourselves, will now support those words with an indication of support for the joint action which the free nations of this hemisphere should collectively undertake. Were our South American friends to walk away from this growing cancer and blight on the aspirations and practices of freemen, the Organization of American States would have demonstrated ineffectiveness and incompetency.

The ACTING PRESIDENT pro tempore. The additional time granted the Senator from California has expired.

Mr. KUCHEL. Mr. President, may I have 2 more minutes?

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, I read yesterday's United Press article in which the great poet, Robert Frost, who recently has returned to this country, was quoted. According to the article, he said he had an hour-long talk with Khrushchev.

I quote from the article:

> He said he feared for us because of our lot of liberals.
>
> He thought that we're too liberal to fight. He thinks we will sit on one hand and then the other.

Mr. President, the American people are, I repeat, peace loving; but we have fought wars before.

This is a time of danger. Risk is involved in everything that this country and the free world attempt to do. Our country cannot turn its back on the oppressions of a bearded pipsqueak any more than we can overlook the aggressive imperialism of the most powerful of dictators.

I merely say that, for myself, I do not see any reason why any responsible public servant of the Federal Government, either in this Chamber or at the other end of the avenue, ought to indicate specifically what we are going to do or what we are not going to do.

Mr. President, do you remember what Eisenhower did when the Formosa resolution was adopted? The press asked him, "What do you propose to do? When do we start fighting the Chinese?"

Eisenhower said, "I have no comment. I have my responsibilities, and I shall discharge them, and I shall make my decisions based on my responsibilities to the American people."

I implore the President of the United States to speak out again and again, in terms clear and unmistakable, that this country intends to abide by a rule of honor, that it intends to stay closely to its commitments and to its rights and to its responsibilities in this hemisphere and elsewhere, and that appropriate action will be taken to protect those rights and those responsibilities.

Speaking for myself, I think the Congress is ready, by appropriate resolution, to indicate, as the legislative branch of the American Government, that it gives the President not simply its faith, that it gives the President not simply a reiteration of the powers which he has, but that united it demonstrates to the world that Americans stand together in their love of and devotion to freedom, and in their approval of such specific action the President of the United States deems it necessary to take.

In that connection, I ask unanimous consent that two editorials, one from the Oakland Tribune of September 5, 1962, and another from the San Diego Union of September 7, 1962, bearing on this subject, be printed at this point in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Oakland (Calif.) Tribune, Sept. 5, 1962]

### AMERICANS ENTITLED TO THE TRUTH

For several weeks well-documented reports have been coming out of Cuba relative to substantial shipments of equipment, much of it of a military nature, from the Soviet Union to Castro.

What is even of greater concern is the report of large numbers of Soviet military personnel, a part of whom may be technicians, military or civilian. Calling them volunteers as the Chinese Communists did their forces in Korea will not change the facts.

The President and the State Department have been inclined to play down and to discount these reports. There are a growing number of U.S. Senators (both Democrats and Republicans), also with excellent channels of information, who believe this Soviet movement of men and supplies presents a grave challenge to our security.

We do not believe the American Government should, or the American people will, tolerate what in effect would be a Soviet base 90 miles from our shores. This is about the distance of Monterey from Oakland.

President Theodore Roosevelt would not have stood for such a threat to our ultimate security. We doubt if any other President would since President Monroe proclaimed the Monroe Doctrine.

The question to be answered is whether Fidel Castro and his group now in power in Cuba, backed by Soviet and Chinese Communist support, pose a threat to the other nations of the Western Hemisphere in general and to the United States in particular. We believe such a threat now exists.

As President Grover Cleveland said: "A condition and not a theory confronts us."

We have two choices: (1) Do nothing; (2) take some effective action.

If we do nothing we predict that the buildup will continue and both the Soviet and Cuban Governments will be tempted to additional provocations to see just how far this country can be pushed and its vital interests threatened.

If the decision is to take some effective action this can either be in concert with the other Western Hemisphere powers or unilateral action by the United States.

A tight naval blockade of Cuba to intercept military cargo would prevent the military buildup in Cuba. It would entail risks, but greater risks are involved in the future if we do nothing.

The Soviet Union might try to run the blockade. So be it. We have sufficient power to enforce it in the interests of our own security and the ultimate protection of Central and South America from the spread of Castroism and international communism.

We are nearing another decisive point in history.

---

[From the San Diego (Calif.) Union, Sept. 7, 1962]

### NO TIME FOR DOUBLETALK—IS THE MONROE DOCTRINE DEAD?

The increasing unrest in this country over the Soviet buildup of men and munitions in Cuba has elicited nothing but doubletalk from President Kennedy.

More than 20 Soviet ships have unloaded men, missiles and other military equipment there in recent weeks. At least another 15 ships, most of them chartered from our partners in the North Atlantic Treaty Organization also are headed for Cuba, laden with more men and equipment.

Mr. Kennedy seems to think there is no real cause for alarm. He concedes there may be Soviet technicians among the men being landed and went so far as to say "there may be military technicians." But he insists this country "has no evidence there are Russian troops there."

There may be a fine line between the definitions of "military technicians" and "troops" but we fail to see it.

Mr. Kennedy, however, has issued a statement warning Cuba that if it attempts to use its Soviet arms for aggression "it will be prevented by whatever means may be necessary."

He implies that Castro and communism will not be permitted to extend their power further in the Western Hemisphere. At no time, to our knowledge, has he said bluntly that we intend to maintain the Monroe Doctrine, the historical principle defined in 1823.

At the time, imperialist Russia was threatening to become involved in Central and South American revolutions. U.S. Secretary of State John Quincy Adams, with the approval of President Monroe, prepared this statement for issuance to European countries:

"We owe it * * * to the amicable relations existing between the United States and those (European) powers, to declare that we should consider any attempt on their part to extend their system to any portions of this hemisphere, as dangerous to our peace and safety."

It was a bold move, made by a then small nation with fewer than 9 million citizens and a small military force in comparison with those of imperial Russia, France or Austria.

In the 140 years since the doctrine was issued, the United States has become the world's ranking power. During all those years, the Monroe Doctrine has prevented foreign nations from threatening the Western Hemisphere because they believed we would implement it if necessary.

In July 1960 Khrushchev said the Monroe Doctrine was dead. The world may become convinced he was right unless this Nation again assures friends and foes that the Monroe Doctrine means exactly what it says. That is a job that only the administration can do. There is no more time for doubletalk.

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

## EXECUTIVE SESSION

The ACTING PRESIDENT pro tempore. In accordance with the order agreed upon yesterday, the business before the Senate is the Executive Calendar.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of new reports on the Executive Calendar.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider executive business.

## EXECUTIVE MESSAGE REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Post Office and Civil Service.

(For nominations this day received, see the end of Senate proceedings.)

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar under "New Reports" will be stated.

## POSTMASTERS

The legislative clerk proceeded to read sundry nominations for postmasters.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the postmaster nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations for postmasters will be considered en bloc; and, without objection, they are confirmed.

## EXPORT-IMPORT BANK OF WASHINGTON

The legislative clerk read the nomination of Walter C. Sauer to be First Vice President of the Export-Import Bank of Washington.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

## INTER-AMERICAN DEVELOPMENT BANK

The legislative clerk read the nomination of Tom Killefer to be Executive Director of the Inter-American Development Bank.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be immediately notified of the nominations confirmed.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

## U.S. CIRCUIT JUDGE—NOMINATION OF THURGOOD MARSHALL

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of the nomination of Thurgood Marshall to be a U.S. circuit judge for the second circuit.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

The legislative clerk read the nomination of Thurgood Marshall to be a U.S. circuit judge for the second circuit.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The question is, Will the Senate advise and consent to this nomination?

Mr. JOHNSTON. Mr. President, this particular nomination came before the subcommittee of which I am chairman, of the Committee on the Judiciary. We studied the nomination for many months, and compiled a large record, which is now before us.

Mr. President, I rise to speak against the pending nomination of Thurgood Marshall to be Federal judge in the Second Circuit Court of Appeals.

We have held hearings on this nomination, as I said a moment ago, for several months and the subcommittee of which I was chairman on this nomination went into Marshall's background most thoroughly. I want it fully understood that my opposition to Marshall to be a Federal judge in the Second Circuit Court of Appeals at New York has nothing to do with his political, social, racial, or religious background.

When I am called upon to study the qualifications of a man for the bench, I do so strictly upon matters which pertain to the law, the temperament, the ability, and the judgment of the man who is under consideration. When Thurgood Marshall was nominated to be this judge, I refused to comment to the press as to whether or not I felt he was qualified, stating that we must weigh all the facts that come before us.

The subcommittee, composed of Senator JOHN MCCLELLAN, of Arkansas, Senator ROMAN HRUSKA, of Nebraska, and myself as chairman, conducted these hearings and studied this man's background. This was done impassionately and judiciously.

As anyone will see if he will read and study the testimony that I now hold in my hand, I was not present at the first hearing, but Senator ROMAN L. HRUSKA presided over that meeting. At that meeting there were present the two Senators from New York, Hon. JACOB K. JAVITS, U.S. Senator from the State of New York, and also Hon. KENNETH B. KEATING, a U.S. Senator from the State of New York.

That hearing was very brief, but at the hearing, it will be noticed, there was put into the record a telegram from the dean of Fordham University Law School stating that he was pleased to recommend that the nomination of the Honorable Thurgood Marshall to the Court of Appeals for the Second Circuit be approved by the committee, also stating in the telegram that his reputation at the bar was outstanding, and that his experience and ability demonstrated superiority.

Also at that particular hearing a telegram was received from the Governor of New York, who also stated that the nominee was well qualified.

Let us see just what the background of the nominee is as a lawyer. I think that is the important question. According to the record of the first hearing, he was born July 2, 1908, at Baltimore, Md. His education was: 1925–30, Lincoln University, at Lincoln University, Pennsylvania, A.B. degree. At Howard University he received his LL.B. degree. He became a member of the bar in Maryland in 1933.

His experience was as follows: From 1933 to 1936, the private practice of law in Baltimore. Then he started the practice of law, only as an NAACP attorney, as follows: 1934–36, counsel for the Baltimore branch; 1936–38, assistant special counsel for the NAACP; 1938–50, special counsel in charge of legal cases; 1951 through 1961, director general of Legal Defense and Educational Fund, Inc., New York City.

In 1951 he was investigator of court-martial cases involving Negro soldiers in Japan and Korea.

In 1960, he was a consultant at Constitutional Conference on Kenya at London, England.

In 1961, he was head of the U.S. delegation at celebration of the independence of Sierra Leone, West Africa.

On October 5, 1961, he was appointed a U.S. circuit judge, second circuit, a recess appointment.

It will be recalled that the nomination came to us just as we were adjourning that year, and, of course, it was carried over, and he received a recess appointment later.

It will be noted that his law practice was for the NAACP.

As I previously stated, there were on this subcommittee the Senator from Arkansas [Mr. MCCLELLAN] and the Senator from Nebraska [Mr. HRUSKA]. We did not make any report to the full committee.

The full committee took this matter up, and reported it to the Senate prior to having received the testimony, although we had notified the full committee that we had concluded the hearings.

There have been attempts by radical publications such as the Washington Post and Times Herald to smear the investigation of the subcommittee by saying it was based solely on racial prejudice. This is untrue. I speak for the entire subcommittee, so far as that is concerned.

Mr. President, it is extremely important to the Senate and the Members of this body who must pass on this nomination, as well as the people over whose cases he will preside, that this man has practiced no law other than that of representing the NAACP for many, many years—more than 20 years. He has practiced in no other field of the law but in the passionate area of racial matters.

I can truthfully say that I believe if the nomination of someone should come before the Senate today, and if that person had done nothing but practice and defend against civil rights cases, we would hear a howling cry go up, "He is not qualified to be appointed to the bench under those circumstances."

For a man to be qualified to be a judge he ought to be well studied in the law and should have had experience in the courts in the various practices of the court over which he is to preside.

That is the reason we are taking the position we are taking today.

He has only represented one side of this issue. A Federal judge must preside over every manner and means of legal question, and the background of Thurgood Marshall shows he has not the qualifications to preside over the multitude of questions that will come before him, because he has practiced law for many, many years in but one narrow field of civil rights.

When we studied the nomination of Thurgood Marshall we called the nominee before us and he testified concerning his background. In investigating the background of any nominee for a Federal judgeship, an important aspect of such a study includes the organization to which the individual has belonged. In studying the background of Thurgood Marshall we discovered that, although he had practiced law in the State of New York, he had never been licensed to conduct this practice in that State even though he had served as legal counsel for the NAACP there since 1938.

Mr. President, in other words, for 24 years, or nearly a quarter of a century, the nominee practiced law in a State where he had never been licensed. The flimsy excuse that he was not actually practicing law, but was merely a legal front in the State of New York, does not hold water, and I am sure would not hold water before a competent Federal judge if such a question were to come before him for a decision.

The practice of law without license by Thurgood Marshall certainly denotes a careless attitude toward the law of the land. We who must pass on this nominee for a judgeship position must consider that what he would do in his personal life prior to getting this nomination, he might also practice after he received the appointment.

A judge cannot be careless when it comes to applying the law. The law is the law. The law says that Thurgood Marshall should have been licensed to practice in the State of New York. He was not licensed. When he serves on the bench in New York and the other States in the circuit, will he be as loose with the law as judge as he was in observing the law before he became judge? This is but one of the questions which entered the minds of those of us who have opposed the nomination of Marshall.

Several distinguished witnesses testified before the subcommittee, including Members of the U.S. Senate, that Thurgood Marshall had made a brilliant legal career before the bar. I shall not cite all the individual Senators who have referred to Marshall's legal practice, but suffice it to say there were commendations of Marshall's practice of law in the State of New York from many individuals. For one, there was the senior Senator from New York [Mr. Javits], who testified on page 1 of the hearings we held may 1, 1962. I am now quoting from the statement by the Senator from New York [Mr. Javits] to the subcommittee:

> Mr. Chairman, first I would like to introduce to the subcommittee Judge Thurgood Marshall for the Second Circuit Court of Appeals. Judge Marshall is serving on the bench by recess appointment made October 5, 1961, and his confirmation, of course, is before the Senate.
>
> Mr. Chairman, I could perhaps best state my own views about Judge Marshall, whom I have known for upward of 20 years personally, as a practicing lawyer in New York; that is, I have been practicing there, and Judge Marshall since 1936 has been engaged in various appellate and other proceedings in New York, essentially before our Federal courts.

Those are the remarks by the Senator from New York [Mr. Javits] about his practicing law there, and without a license.

Mr. President, there is unrefutable evidence that Thurgood Marshall had been practicing law in the State of New York.

Mr. President, I now suggest we look at page 102 of the testimony, and I wish to read part of this testimony to the Senate.

We start with questioning by L. P. B. Lipscomb, counsel for the subcommittee.

Some of the newspapers stated that this attorney was brought here by the subcommittee from Mississippi. Attorney Lipscomb has been with the Judiciary Committee as a consultant, working there for years. As usual, attorneys working for the full committee are assigned to the various subcommittees to assist in securing the evidence and testimony in the various hearings by the subcommittees, as we all know. That is what happened in this case. I want that plainly understood.

I quote, beginning with:

> Mr. Lipscomb. Judge Marshall, the 1961 edition of Martindale-Hubbell Law Directory, volume 2, under "New York Lawyers," lists you as being the director-counsel of the NAACP Legal Defense and Education Fund and parenthetically stated:
>
> "Admitted in Maryland; not admitted in New York."
>
> Have you ever been admitted to practice in the State of New York either of the other two courts comprising the Circuit Court of the Second Circuit of the United States?
>
> Mr. Marshall. No, sir. I have never been admitted to either of the three State courts. The only State court that I am a member of is the State of Maryland. I am, however, a member of the bar of the U.S. Court of Appeals for the Second Circuit, which is the circuit I am sitting on.

Mr. President, there in the witness' own words is his admission that he has never been licensed to practice in the State of New York. Yet we have the prior statements of Senator Javits and others to the effect that Marshall did practice in the State of New York. This evidence brings to the attention of the subcommittee another facet of the man's character—that he would practice law without a license to do so. It is a flimsy excuse to say that you are a lawyer's lawyer and that you prepared a case somewhere else than in the State of New York, where many of the cases were initiated and tried in New York.

On page 104 of the hearings Marshall was asked the following question by Counselor Lipscomb:

> Is it not customary when an attorney moves from one State to another, either from comity or by taking a bar examination, to be admitted to the bar in the State to which he moves?
>
> Mr. Marshall. If he practices in that State.
>
> Mr. Lipscomb. You did not practice in New York?
>
> Mr. Marshall. I did not.

Mr. President, certainly this is in conflict with the fine testimony made in behalf of Marshall by the Senator from New York [Mr. Javits] which I have just read to the Senate. It is difficult for me to conceive of a U.S. Senator expressing the profound confidence in the nominee for a Federal circuit judge, including such eloquent praise of the person's practice in the State of New York, as in this instance and yet have the nominee himself declare that he had never practiced in that State.

I do not question the statement of the Senator from New York before the subcommittee for, in fact, I know it to be a correct statement. But I think the U.S. Senate should be shown this conflict and usher this nominee to the U.S. circuit court so that we know what we are doing before we act.

Mr. President, Thurgood Marshall acknowledges that he moved to New York from Baltimore and resides in New York; that he belongs to the National Bar Association, which by the way, Mr. Marshall makes clear is made up of colored attorneys—he brought that out distinctly in his testimony—makes a living as a lawyer in New York, and yet states that he does not practice law in New York. We have the testimony of the distinguished Senator from New York [Mr. Javits] that—

> I have known for upward of 20 years personally, as a practicing lawyer in New York; that is, I have been practicing there and Judge Marshall, since 1936, has been engaged in various appellate and other proceedings, essentially before our Federal courts.

Mr. President, I would like to bring to the attention of the Senate an official citation of McKinney's consolidated law in New York, taken from the official hearing records:

> It shall be unlawful for a natural person to practice or appear as an attorney at law or as attorney and counselor at law for a person other than himself in a court of record in this State or in any court in the city of New York, or to furnish attorneys or counsel or an attorney and counsel to render legal services, or to hold himself out to the public as being entitled to practice law as aforesaid, or in any other manner, or to assume to be an attorney or counselor at law, or to assume, use, or advertise the title of lawyer, or attorney and counselor at law, of attorney at law, or counselor at law, or attorney, or counselor, or attorney and counselor, or equivalent terms in any language, in such manner as to convey the impression that he is a legal practitioner of law or in any manner to advertise that he either alone or together with any other persons or person has, owns, conducts, or maintains a law office or law and collection office, or office of any kind for the practice of law, without having first been duly and regularly licensed and admitted to practice law in the courts of record of this State, and without having taken the constitutional oath and without having subscribed and then taken the oath or affirmation required by section 468 of the Judiciary Law and filed the same in the office of the Clerk of the Court of Appeals as required by said section: *Provided, however,* That nothing in this section shall be held to apply to officers of societies for the prevention of cruelty, duly appointed, when exercising the special powers conferred upon such corporations under section 121 of the Membership Corporations Law. As amended L. 1917, c. 783; L. 1939, c. 822, 1, EFF. June 9, 1939.

Mr. President, I leave it to the U.S. Senate to determine whether or not the nominee did practice law in the State of New York while he was not licensed to practice there.

Going further into the testimony we find that the nominee was a member of the Lawyers Guild, which was cited by the House Un-American Activities Committee as being a Communist front which is, in that committee's words: "A foremost legal bulwark of the Communist Party, its front organizations, and controlled unions which since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof, including known espionage agents."

As I read the testimony, I find that on many occasions he has been a member of this and sundry other organizations which, in my opinion, does not help to qualify him to become a Federal judge. In reading from the testimony we find that he states he probably was not alert when he joined these organizations, although he did resign later.

Mr. President, by the nominee's own admission, in testimony at page 106 of the hearings, he was a member of the Lawyers Guild subsequent to the resignation of several lawyers who resigned from the Lawyers Guild on grounds that the guild was Communist dominated. I wish it clearly understood that I do not charge or even imply that Thurgood Marshall is a Communist. But the organization of which he was a member was dominated by the Communists.

What I am pointing out to the Senate here is that he lacked good judgment and belonged to a Communist-dominated organization when others were resigning right and left.

The nominee did eventually resign from the Lawyers Guild, but, to say the least, he showed poor judgment and a degree of irresponsibility by permitting himself to be the unwitting dupe of a Communist-dominated organization.

The testimony similarly shows that Thurgood Marshall was the principal speaker at a rally held by the American League for Peace and Democracy, an organization also identified as being a Communist-front group. In his testimony Marshall admitted that "I might have been naive" in accepting the speaking engagement.

I do not question that Marshall was naive and made a mistake and that he was duped into being a speaker at this meeting. However, I say that the U.S. Senate should not confirm the nominations of men who are easily persuaded to join organizations such as the one he joined; on the contrary, we should confirm nominations to the Federal court of individuals who are outstanding lawyers and citizens, and who will not be naive when they serve in the Federal courts.

Mr. President, in the practice of law, members of the profession hold high their ethics. These ethics are spelled out very explicitly in the canons of professional ethics of the American Bar Association. I fear that the American Bar Association did not go into all the facts as to what he did in the practice of law prior to making its recommendation. First is canon 28 entitled "Stirring Up Litigation, Directly or Through Agents," and the second is canon 35 entitled "Intermediaries."

I hold in my hand the record of the hearings on the nomination of Thurgood Marshall. On page 61 of the hearings I read exhibit 7, which was put into the record, as follows:

EXHIBIT NO. 7

CANON 28.—STIRRING UP LITIGATION, DIRECTLY OR THROUGH AGENTS [1]

It is unprofessional for a lawyer to volunteer advice to bring a lawsuit, except in rare cases where ties of blood, relationship, or trust make it his duty to do so. Stirring up strife and litigation is not only unprofessional, but it is indictable at common law. It is disreputable to hunt up defects in titles or other causes of action and inform thereof in order to be employed to bring suit or collect judgment, or to breed litigation by seeking out those with claims for personal injuries or those having any other grounds of action in order to secure them as clients, or to employ agents or runners for like purposes, or to pay or reward, directly or indirectly, those who bring or influence the bringing of such cases to his office, or to remunerate policemen, court or prison officials, physicians, hospital attachés, or others who may succeed, under the guise of giving disinterested friendly advice, in influencing the criminal, the sick and the injured, the ignorant or others, to seek his professional services. A duty to the public and to the profession devolves upon every member of the bar having knowledge of such practices upon the part of any practitioner immediately to inform thereof, to the end that the offender may be disbarred.

CANON 35.—INTERMEDIARIES [2]

The professional services of a lawyer should not be controlled or exploited by any lay agency, personal or corporate, which intervenes between client and lawyer. A lawyer's responsibilities and qualifications are individual. He should avoid all relations which direct the performance of his duties by or in the interest of such intermediary. A lawyer's relation to his client should be personal, and the responsibility should be direct to the client. Charitable societies rendering aid to the indigent are not deemed such intermediaries.

A lawyer may accept employment from any organization, such as an association, club, or trade organization, to render legal services in any matter in which the organization, as an entity, is interested, but this employment should not include the rending of legal services to the members of such an organization in respect to their individual affairs.

So from this we learn what Thurgood Marshall has been doing for the last 24 years. He has been traveling throughout the United States, trying to find cases here and there upon which to start lawsuits. That is the undisputed evidence.

Mr. President, the commonly accepted definition of "barratry" in criminal law is:

The offense of frequently exciting and stirring up quarrels and suits, either at law or otherwise (4 Bla. Com. 134; *State* v. *Batson*, 220 N.C. 411, 17 S.E. 2d 511, 512, 513). Common barratry is the practice of exciting groundless judicial proceedings (Pen. Code Cal. 158; *Lucas* v. *Pico*, 55 Cal. 128; *Com.* v. *McCulloch*, 15 Mass. 229; *Ex Parte McCloskey*, 82 Tex. Cr. R. 531, 199 S.W. 1101, 1102).

A frequently related offense or violation of ethics is the practice of "champerty." This is:

A bargain by a stranger with a party to a suit, by which such third person undertakes to carry on the litigation at his own cost and risk, in consideration of receiving, if successful, a part of the proceeds or subject sought to be recovered (*Small* v. *Mott*, 22 Wend., N.Y., 405, *Gilman* v. *Jones*, 87 Ala. 691, 5 So. 785, 7 So. 48, 4 L.R.A. 113; *Jamison Coal & Coke Co.* v. *Goltra*, C.C.A. Mo., 143 F. 2d 889, 895, 154 A.L.R. 1191. An agreement between owner of claim and volunteer that latter may collect claim at his own expense and divide proceeds (*Gibson* v. *Gillespie*, 4 W.W. Harr. (Del.) 331, 152 A. 589, 593). The purchase of an interest in a thing in dispute, with the object of maintaining and taking part in the litigation (7 Bing. 378). "Maintenance" consists in maintaining, supporting, or promoting the litigation of another. "Champerty" is a bargain to divide the proceeds of litigation between the owner of the liquidated claim and a party supporting or enforcing the litigation (*Draper* v. *Zebec*, 219 Ind. 362, 37 N.E. 2d 952, 956).

Mr. President, I make the charge that, in my opinion, Thurgood Marshall did practice barratry and maintenance and did violate canons 28 and 35 of the American Bar Association Canons of Professional Ethics, which I have just read to the Senate.

In the district court of Smith County, Tex., the seventh judicial district, in the case of the State of Texas against the National Association for the Advancement of Colored People, Judge Otis D. Dunnegan found the following facts which I will read from the official hearings on the nomination, beginning on page 16:

In the district court of Smith County, Tex., seventh judicial district, No. 56-649 State of Texas against the National Association for the Advancement of Colored People et al., findings of fact and conclusions of law—

This is not I speaking; this is the court:

In response to the request of the plaintiff in the above-entitled and numbered cause, I, the judge who tried said cause, do make and file the following as my findings of fact and conclusions of law therein:

FINDINGS OF FACT

1. That the National Association for the Advancement of Colored People is a nonprofit corporation duly incorporated under the laws of the State of New York.

2. That such corporation is doing both interstate and intrastate business within the State of Texas, and that it has transacted intrastate business in Texas from 1915 to the present.

3. That the defendant NAACP Legal Defense and Educational Fund, Inc. is a New York corporation duly incorporated under the laws of the State of New York.

It will be recalled that Mr. Marshall was connected with both these organizations. I continue to read from the findings of fact:

4. That it is a nonprofit organization now doing interstate business within the State of Texas.

5. That prior to the institution of this action the business transacted within the State of Texas by the National Association for the Advancement of Colored People was originally the same as that transacted in Texas by the NAACP Legal Defense and Educational Fund, Inc., and each constituted the alter ego of the other.

6. That after the institution of this lawsuit, and at the present time, the business of the two New York corporations is completely divorced and separated, each from the other.

7. That the Southwest Regional Conference of the NAACP is a subordinate and component part of the National Association for the Advancement of Colored People, a New York corporation, and has been such component part during all of its existence.

---

[1] Canon 28 was amended to its present form at this annual meeting on July 26, 1928, by inserting the words "or collect judgment" in the 6th line as printed above.

[2] Canon 35 was amended August 31, 1933, by inserting the words "by or" between the words "duties" and "in" on line 5 and by striking out the following concluding paragraph:

"The established custom of receiving commercial collections through a lay agency is not condemned hereby."

8. That the Texas State Conference of Branches is a subordinate and component part of the National Association for the Advancement of Colored People, a New York corporation, and consists of a statewide organization of all the local branches of the National Association for the Advancement of Colored People, a New York corporation, in the State of Texas.

9. That both the Southwest Regional Conference and the Texas State Conference of Branches were operated subject to and were a part of the National Association for the Advancement of Colored People at all times prior to the institution of this action and such was true at the time of the entry of the judgment in this cause.

10. That the following-named branches are local branches of the National Association for the Advancement of Colored People existent in Texas at the time of the bringing of this lawsuit:

Mr. President, I ask unanimous consent to have the list of branches of the NAACP printed at this point in the Record.

There being no objection, the list of branches was ordered to be printed in the Record, as follows:

Branch No. 1, Area 10, Abilene, Tex.; Branch No. 2, Area 13, Amarillo, Tex.; Branch No. 3, Area 4, Austin, Tex.; Branch No. 4, Area 5, Austin County (Sealy, Bellville), Tex.; Branch No. 5, Area 4, Bastrop, Tex.; Branch No. 6, Area 2, Bay City, Tex.; Branch No. 7, Area 5, Baytown, Tex.; Branch No. 8, Area 6, Beaumont, Tex.; Branch No. 9, Area 5, Brazos County (Bryan), Tex.; Branch No. 10, Area 1, Beeville, Tex.; Branch No. 11, Area 11, Big Spring, Tex.; Branch No. 12, Area 5, Brookshire, Tex.; Branch No. 13, Area 10, Brownfield, Tex.; Branch No. 14, Area No. 12, Brownwood, Tex.; Branch No. 15, Area 4, Burton, Tex.; Branch No. 16, Area 5, Carmine, Tex.; Branch No. 17, Area 4, Brenham, Tex.; Branch No. 18, Area 1, Corpus Christi, Tex.; Branch No. 19, Area 12, Corsicana, Tex.; Branch No. 20, Area 6, Crockett, Tex.; Branch No. 21, Area 8, Dallas, Tex.; Branch No. 22, Area 8, Denison, Tex.; Branch No. 23, Area 2, Eagle Lake, Tex.; Branch No. 24, Area 1, Edinburg, Tex.; Branch No. 25, Area 4, Elgin, Tex.; Branch No. 26, Area 8, Ellis County (Ennis), Tex.; Branch No. 27, Area 11, El Paso, Tex.; Branch No. 28, Area 2, Fort Bend County, Tex.; Branch No. 29, Area 9, Fort Worth, Tex.; Branch No. 30, Area 4, Franklin, Tex.; Branch No. 31, Area 2, Freeport, Tex.; Branch No. 32, Area 5, Galveston, Tex.; Branch No. 33, Area 8, Garland, Tex.; Branch No. 34, Area 4, Greggton, Tex.; Branch No. 35, Area 7, Gilmer, Tex.; Branch No. 36, Area 8, Greenville, Tex.; Branch No. 37, Area 6, Hardin, Tex.; Branch No. 38, Area 1, Harlingen, Tex.; Branch No. 39, Area 7, Harrison County (Marshall), Tex.; Branch No. 40, Area 4, Hearne, Tex.; Branch No. 41, Area 7, Henderson, Tex.; Branch No. 42, Area 7, Henderson County, Tex.; Branch No. 43, Area 5, Hitchcock, Tex.; Branch No. 44, Area 7, Hooks, Tex.; Branch No. 45, Area 5, Houston, Tex.; Branch No. 46, Area 12, Itasca, Tex.; Branch No. 47, Area 8, Kaufman, Tex.; Branch No. 48, Area 7, Kilgore, Tex.; Branch No. 49, Area 1, Kingsville, Tex.; Branch No. 50, Area 4, LaGrange, Tex.; Branch No. 51, Area 4, Lamarque, Tex ; Branch No. 52, Area 10, LaMesa, Tex.; Branch No. 53, Area 6, Liberty County, Tex.; Branch No. 54, Area 10, Littlefield, Tex.; Branch No. 55, Area 7, Longview, Tex.; Branch No. 56, Area 10, Lubbock, Tex.; Branch No. 57, Area 4, Luling, Tex.; Branch No. 58, Area 4, Lyons, Tex.; Branch No. 59, Area 5, Madison County, Tex.; Branch No. 60, Madisonville, Tex.; Branch No. 61, Area 9, Mansfield, Tex.; Branch No. 62, Area 12, Marlin, Tex.; Branch No. 63, Area 11, McCamey, Tex.; Branch No. 64, Area 11, Midland, Tex.; Branch No. 65, Area 7, Mineola, Tex.; Branch No. 66, Area 9, Mineral Wells, Tex.; Branch No. 67, Area 11, Monahans, Tex.; Branch No. 68, Area 9, Moshier Valley, Tex.; Branch No. 69, Area 7, Mount Pleasant, Tex.; Branch No. 70, Area 7, Nacogdoches, Tex.; Branch No. 71, Area 3, New Braunfels, Tex.; Branch No. 72, Area 11, Odessa, Tex.; Branch No. 73, Area 6, Orange, Tex.; Branch No. 74, Area 7, Paris, Tex.; Branch No. 75, Area 11, Pecos, Tex.; Branch No. 76, Area 8, Plano, Tex.; Branch No. 77, Area 7, Ponta, Tex.; Branch No. 78, Area 6, Port Arthur, Tex.; Branch No. 79, Area 10, Quanah, Tex.; Branch No. 80, Area 2, Refugio, Tex.; Branch No. 81, Area 1, Robstown, Tex.; Branch No. 82, Area 12, Runnels County, Tex.; Branch No. 83, Area 7, Rusk, Tex.; Branch No. 84, Area 12, San Angelo, Tex.; Branch No. 85, Area 3, San Antonio, Tex.; Branch No. 86, Area 4, San Marcos, Tex.; Branch No. 87, Area 4, Schulenberg, Tex.; Branch No. 88, Area 3, Sequin, Tex.; Branch No. 89, Area 8, Sherman, Tex.; Branch No. 90, Area 2, Shiner, Tex.; Branch No. 91, Area 1, Sinton, Tex.; Branch No. 92, Area 10, Slaton, Tex.; Branch No. 93, Area 4, Smithville, Tex.; Branch No. 94, Area 10, Spur, Tex.; Branch No. 95, Area 7, Sulphur Springs, Tex.; Branch No. 96, Area 4, Taylor, Tex.; Branch No. 97, Area 12, Temple, Tex.; Branch No. 98, Area 8, Terrell, Tex.; Branch No. 99, Area 7, Texarkana, Tex.; Branch No. 100, Area 5, Texas City, Tex.; Branch No. 101, Area 7, Troup, Tex.; Branch No. 102, Area 7, Tyler, Tex.; Branch No. 103, Area 9, Vernon, Tex.; Branch No. 104, Area 9, Victoria County, Tex.; Branch No. 105, Area 12, Waco, Tex.; Branch No. 106, Area 8, Waxahachie, Tex.; Branch No. 107, Area 2, West Columbia, Tex.; Branch No. 108, Area 5, Wharton County, Tex.; Branch No. 109, Area 8, White Rock, Tex ; Branch No. 110, Area 9, Wichita Falls, Tex.; Branch No. 111, Area 7, Winnsboro, Tex.; Branch No. 112, Area 2, Yoakum, Tex.

Mr. JOHNSTON. I continue to read from the findings of fact:

11. That each of the above-named statewide regional and local organizations of the defendant National Association for the Advancement of Colored People, along with the national association, are so meshed, interrelated, and intertwined with each other in their operation, functioning, and financing so as to constitute the entire group, a master organization with each the alter ego of the other.

12. That the said National Association for the Advancement of Colored People has used the subordinate and auxiliary branches, regional and State conferences of branches of the National Association for the Advancement of Colored People for the accomplishment of the directives and policies of the said national association.

13. That prior to the institution of this lawsuit, the activities of the NAACP Legal Defense and Educational Fund, Inc., were so meshed, interrelated, and intertwined with the activities of the National Association for the Advancement of Colored People and its subordinate and auxiliary component organizations as to constitute said NAACP Legal Defense and Educational Fund, Inc., the alter ego of the said National Association for the Advancement of Colored People.

14. That prior to the institution of this lawsuit, the acts of the NAACP Legal Defense and Educational Fund, Inc., and its paid employees constituted the acts of the National Association for the Advancement of Colored People.

15. That the NAACP Legal Defense and Educational Fund, Inc., was cognizant of the activities of its agents and employees concerned in this lawsuit; that it acquiesced in such conduct, and thereby ratified it.

16. That the National Association for the Advancement of Colored People was cognizant of the activities of its employees and agents in the State of Texas at all times material to this lawsuit; that it acquiesced in such activities and thereby has ratified them as its own activities.

17. That the local branches, hereinabove named, of the National Association for the Advancement of Colored People are subject at all times to the control of the National Association for the Advancement of Colored People.

18. The Board of Directors of the National Association for the Advancement of Colored People have plenary power and control over all of the affairs of the National Association for the Advancement of Colored People.

19. That the National Association for the Advancement of Colored People has the power and has, in the past, and does exercise control and supervision over the affairs of the constituent local branches.

20. The Board of Directors of the National Association for the Advancement of Colored People is empowered to establish, and under such power has established regional conferences, State conferences of branches and local branches for the advancement of the objectives of the association with such organizations being subservient to the actions and directives of said board.

21. That the NAACP Legal Defense and Educational Fund, Inc., was established by the National Association for the Advancement of Colored People for the purpose of providing a subsidiary of the National Association for the Advancement of Colored People for the purpose of providing a subsidiary which could carry on expensive portions of the activities of the National Association for the Advancement of Colored People and offer its contributors tax-free treatment of their contributions.

22. U. Simpson Tate was the attorney and salaried employee of the NAACP Legal Defense and Educational Fund, Inc., having the title of Southwest Regional Counsel.

23. While acting in such capacity on numerous occasions, the said U. Simpson Tate did counsel with, advise, and instruct the above-named local branches in Texas of the National Association for the Advancement of Colored People, which activity constituted the primary activity of the said U. Simpson Tate in his position as Southwest Regional Counsel.

24. That in so counseling with said local branches in Texas, the said Tate used and employed stationary of the NAACP Legal Defense and Educational Fund, Inc., and signed letters as the Southwest Regional Counsel.

25. That the said U. Simpson Tate, while employed by the NAACP Legal Defense and Educational Fund, Inc., worked for and carried out the directives of the National Association for the Advancement of Colored People in intrastate commerce within the State of Texas.

26. That the said activity of U. Simpson Tate was known to his employers, the NAACP Legal Defense and Educational Fund, Inc., and to the people whom he represented, the National Association for the Advancement of Colored People during all of the times pertinent to this lawsuit.

27. That such New York corporations ratified the acts and activity of the said U. Simpson Tate in the transaction of intrastate business for each such corporation.

28. That Edwin C. Washington, Jr., at the time of the institution of this suit and for a considerable period prior to such time, was an employee of the National Association for the Advancement of Colored People, and was under the supervision of the board of directors of the National Association for the Advancement of Colored People.

29. That the acts of the said Edwin C. Washington, Jr., were known to his employers and acquiesced in, and that such employer, the National Association for the Advancement of Colored People has ratified the actions taken by the said Edwin C. Washington, Jr.

30. That prior to this suit, the National Association for the Advancement of Colored People, through its branches and controlled associations including the NAACP Legal Defense and Educational Fund, Inc., has practiced law as a corporation in violation of the laws of Texas.

31. The said corporation and its affiliates retained legal counsel on a salary basis for the prosecution of lawsuits in which the association had no direct interest.

32. That one of the primary purposes of the said association and its affiliate organizations was the maintenance of lawsuits on behalf of others in which said association or its affiliate organizations had no direct personal, monetary, or legal interest.

33. That the said association and its affiliates promoted and encouraged the filing of lawsuits; that it required all such lawsuits to be approved by officials of the said association, a corporation, and that it refused financial assistance to any lawsuit over which it would not have complete management and control.

34. The National Association for the Advancement of Colored People, and its dominated NAACP Legal Defense and Educational Fund, Inc., its branches and its State and regional conferences have, contrary to the laws of Texas, practiced barratry within the State of Texas.

That is the court speaking, not me.

I read further from the court's findings of fact and conclusions of law:

35. That pursuant to directives from the National Association for the Advancement of Colored People, its branches, and its employees and affiliated organizations instituted a course of conduct designed toward bringing a large number of lawsuits, that this course of conduct as implemented on the local level with the knowledge, consent, and direction of the National Association for the Advancement of Colored People, was by the solicitation and procurement of plaintiffs for lawsuits in designated areas, which such lawsuits were to be filed, maintained, and prosecuted by the National Association for the Advancement of Colored People and its affiliated NAACP Legal Defense and Educational Fund, Inc., and its branches and State and regional organizations.

36. That pursuant to said directives of the National Association for the Advancement of Colored People, its employees, and the employees of the NAACP Legal Defense and Educational Fund, Inc., or their representatives, began a systematic campaign to secure refusals of the usage of public facilities in the State of Texas in order that additional lawsuits could be instituted.

37. That repeated letters of the salaried attorney of the NAACP Legal Defense and Educational Fund, Inc., to the various branches and branch officers of the National Association for the Advancement of Colored People made requests that the branches find "qualified plaintiffs" for the suits concerning public facilities who would be willing to appear in court as plaintiffs.

38. That the various officers, members, and employees of the said defendants sought out and solicited individuals in Gregg County, Tex., for the purpose of using them as plaintiffs in lawsuits against the Kilgore Junior College District; that the said officers, members, and employees solicited individuals and their parents to bring an action against the Kilgore Junior College District, Civil Action No. 1481 in the U.S. District Court for the Eastern District of Texas, sitting in Smith County, Tex., styled *Norma Joyce Allen, et al., plantiffs* v. *B. E. Masters, et al., defendants*, which said lawsuit would not have been brought by the plaintiffs but for the solicitation of the defendants herein.

Bear in mind that they were continually getting the approval of the National Association for the Advancement of Colored People, and Marshall was sitting at the head of it, telling them what to do.

39. That such lawsuit was instigated, financed, and prosecuted by the defendants herein.

Bear in mind that this case was in court. It was never appealed. I continue reading:

40. That the said U. Simpson Tate, in order to obtain plaintiffs for lawsuits to be prosecuted by the National Association for the Advancement of Colored People issued a memorandum dated May 26, 1954, urging all branch officers of the National Association for the Advancement of Colored People in Texas to get students to make application to attend certain colleges, with the direction that if these students were denied admission to said colleges, the officers were to inform his office at once, and that this memorandum was made for the purpose of soliciting plaintiffs for lawsuits to be brought, financed, and prosecuted by the National Association for the Advancement of Colored People and its affiliates.

41. July 6, 1950, U. Simpson Tate directed Dr. H. Boyd Hall of Corpus Christi, Tex., to find, secure, and solicited two or more persons who would agree to make application to attend Del Mar Junior College, Corpus Christi.

42. The U. Simpson Tate—

That was the attorney Marshall acknowledged had been employed to act as a representative for the defendants—

acting as a representative for the defendants herein during the period from June 1947 through March 1956, acted in concert with Rev. R. H. Hines, of Amarillo, in soliciting various individuals for permission to use their names as plaintiffs in lawsuits in the Amarillo area.

43. That said U. Simpson Tate, acting for and on behalf of the defendants herein, instructed Rev. A. H. Wilson of Galveston, Tex., to secure children to tender for registration and admission in certain schools in Galveston, Tex.; that such tender was to be for the formulation of a lawsuit against the Galveston schools.

44. That on August 15, 1951, U. Simpson Tate, regional special counsel, directed Mr. T. R. Register of Tyler, Smith County, Tex., to make a demand for use of Tyler State Park; that pursuant to such instructions, Mr. Register and others from the city of Tyler presented themselves to the State park, were refused and a lawsuit instituted against the State of Texas; that such solicitation was for the very purpose of instituting a lawsuit.

45. That on August 15, 1951, a letter was written by U. Simpson Tate to Mr. G. A. Carroll of Corpus Christi, Tex., directing him to secure plaintiffs for lawsuits against the State of Texas in connection with the Corpus Christi State Park; that this letter was in all respects and for the same purposes as that sent to Mr. T. R. Register, as stated above.

46. That on July 19, 1956, in a letter to John J. Jones of Texarkana, Tex., U. Simpson Tate, acting for and on behalf of defendants herein, instructed the said Jones to secure a few Negro children or adults to be refused the use of a park in Texarkana.

47. That pursuant to these instructions and other prior directives, persons under the direction of members of the Texarkana branch of the National Association for the Advancement of Colored People, did present themselves to the park in Texarkana.

48. That the said U. Simpson Tate, acting in concert with John J. Jones of Texarkana, Tex., and in behalf of defendants in this lawsuit, solicited plaintiffs for lawsuits against the Texarkana Junior College, Texarkana, Tex.

49. That the solicitations of the said U. Simpson Tate and John J. Jones resulted in the filing of a plea in intervention by the said U Simpson Tate in the District Court of the United States for the Eastern District of Texas sitting in Tyler, Smith County, Tex., civil action No. 366, entitled "*Wilma Dean Whitmore* v. *H. W. Stilwell*."

50. That in said plea in intervention, said U. Simpson Tate, as a representative of the defendants herein, purported to represent one Steve James Poston and one Jessalyn Yvonne Gray.

51. That the said U. Simpson Tate at the time the plea in intervention was filed and at the time a hearing on said matter was held, did not have authority to represent said persons, and the said intervenors named in said plea in intervention has no knowledge of such proposed action, had never given their consent for U. Simpson Tate to file an action in their behalf or for any one else to do so.

52. That the said Steve Poston and Jessalyn Gray had never seen U. Simpson Tate prior to the time of the hearing on the plea in intervention.

53. That on June 1, 1955, U. Simpson Tate forwarded petitions to the Houston branch of the National Association for the Advancement of Colored People with instructions to have citizens sign said petitions to be presented to the Houston School Board in order that a predicate might be laid for the filing of a lawsuit against such board.

54. That in so doing, said U. Simpson Tate was soliciting plaintiffs for a proposed lawsuit and using the members of the Houston branch of the National Association for the Advancement of Colored People as his agents for such solicitation.

55. That in the fall of 1955, U. Simpson Tate, together with Edwin C. Washington, Jr., and Dr. L. E. Smith, chairman of the Legal Redress Committee of the Houston branch of the National Association for the Advancement of Colored People, solicited plaintiffs for proposed lawsuits against the University of Houston and other public schools of Houston, Tex.

56. That during the summer of 1955, Edwin C. Washington, Jr., as field secretary of the National Association for the Advancement of Colored People, made a thorough and systematic canvass of the Dallas Independent School District for the purpose of soliciting and securing plaintiffs for a lawsuit against the Dallas Independent School District; that in making this canvass and solicitation, said Edwin C. Washington, Jr., employed the services of various members of the Dallas branch of the National Association for the Advancement of Colored People.

57. That during this canvass the said Edwin C. Washington, Jr., as representative of the National Association for the Advancement of Colored People and the members who were aiding him did solicit persons to file a lawsuit or lawsuits against the Dallas Independent School District; that, in effect, the said Edwin C. Washington, Jr., and his helpers were acting as agents and "runners" for the attorneys of the National Association for the Advancement of Colored People.

58. That the said Edwin C. Washington, Jr., as a part of his duties as field representative for the National Association for the Advancement of Colored People, mailed numerous forms, petitions, and other instruments, including blanks for the proposed plaintiffs to authorize the filing of lawsuits, to the various branches of the National Association for the Advancement of Colored People in Texas in furtherance of an effort to secure plaintiffs for suits in these areas.

59. Edwin C. Washington, Jr., was soliciting, recruiting, and encouraging, through the local branches, students, and parents of

students to become plaintiffs in lawsuits that they otherwise would not have brought.

60. That on August 19, 1956, Edwin C. Washington, Jr., solicited certain individuals for the purpose of securing plaintiffs in prospective lawsuits; that in this solicitation, Edwin C. Washington, Jr., was aided by Rev. S. Y. Nixon, of Longview, Tex., which such solicitations occurred in Gregg County, Tex.

61. That on November 17, 1955, A. Maceo Smith, executive secretary of the Texas State Conference of Branches through Mrs. C. V. Adair, executive secretary, Houston branch, NAACP, and Dr. Lonnie Smith, chairman, legal redress committee of the Houston branch, encouraged the Houston branch for the National Association for the Advancement of Colored People to initiate lawsuits against the Houston Independent School District as well as lawsuits against the Houston Transit System.

62. That in August of 1955, the said A. Maceo Smith, in his official capacity, urged the Houston branch of the National Association for the Advancement of Colored People to initiate a lawsuit against the operators of the Houston Municipal Airport.

63. That A. Maceo Smith, in each instance set out above, was acting as an employee and agent of the said defendants and especially of the defendant Texas State Conference of Branches; that the National Association for the Advancement of Colored People, through its Texas State Conference of Branches, knew of the activities of A. Maceo Smith stated above; that they acquiesced in such activities and have ratified them.

64. That each time A. Maceo Smith, Edwin C. Washington, Jr., U. Simpson Tate or other employee, officer, or director of the association or any of its affiliates urged, directed, or instructed any official of a local branch to do or perform certain acts, the local branch, under threat of expulsion from the association, was required to perform such acts in the manner and within the time required by such employee, officer, or director of the association.

65. That on the 19th day of September 1956, the attorney general of Texas timely and reasonably sought to investigate and examine the files, books, records, and accounts of the defendant corporations in their national headquarters in New York City, N.Y.

66. That the attorney general and his duly authorized representatives were refused and denied permission to investigate the following records of said corporation:

1. Membership lists;

2. Gross receipts, income, and expenditures;

3. Funds and salaries paid out, and to whom paid;

4. Social security reports to the Internal Revenue Department.

67. That the demand made upon said corporations was necessary on behalf of the attorney general of Texas to determine the extent of the operation of the said corporation, whether the laws of Texas had been violated, and whether any franchise taxes were owed the State of Texas.

68. That at the time of the presentation of the request to examine the books, records, documents, and accounts of said corporations, Thurgood Marshall, acting for and on behalf of said corporations, refused to permit the authorized representative of the attorney general to examine certain letters and correspondence, but while sitting at his desk mutilated such documents by cutting signatures and addresses and then delivering said mutilated copies to the representative of the attorney general.

69. That the national corporations failed and refused to allow the authorized representative to examine its books, records, and documents in accordance with the law of Texas.

70. That the defendant, the National Association for the Advancement of Colored People, and its affiliated organizations have engaged in political activities contrary to the laws of the State of Texas.

71. That the said National Association for the Advancement of Colored People, through its local branches, its Texas State Conference of Branches, and its Southwest Regional Conference, has attempted to influence legislation through the maintenance of active lobbyists both in Washington, D.C., and in Austin, Tex.

72. That the National Association of the Advancement of Colored People and its component organizations, and the NAACP Legal Defense and Education Fund, Inc., by and through its paid employees, have committed acts within the State of Texas, which are ultra vires, and contrary to the laws of the State of Texas.

73. That the defendants have committed acts of barratry in violation of the laws of the State of Texas; that the defendants have practiced law as a corporation contrary to the laws of Texas; that the defendants have conducted lobbying activities contrary to the laws of the State of Texas; and that the defendants have engaged in political activities contrary to the laws of the State of Texas by the endorsement and backing of specific candidates in elections within the State of Texas.

74. That there was no intimidation of any kind in any witness, party, branch officer, State officer, regional officer, or national officer of the said defendants; that all of the requests for records and accounts of the said defendants were reasonable, necessary, timely, and proper in every respect.

75. That the investigation and examination of the records of the defendants and each of them were made under the visitorial power of the attorney general.

76. That the investigation of the books and records of the defendants and each of them was conducted in a reasonable manner at reasonable times.

77. That none of the investigators of the State of Texas employed any device, trick, or artifice to obtain information or records of any of the defendants.

78. None of the defendants, their agents, servants, employees, directors, or branch officers were intimidated by investigators for the State of Texas.

79. None of the information, books, records, or accounts obtained as a result of the investigation preparatory to the institution of this suit was obtained by duress.

Signed this 7th day of June 1957.

OTIS T. DUNAGEN,
*Judge, Seventh Judicial District Court,*
*Smith County, Tex.*

Now I come to the "Conclusions of Law," which appear near the bottom of page 22:

### CONCLUSIONS OF LAW

1. That a nonprofit foreign corporation, such as the defendants herein, is required to file franchise tax reports and returns, and to pay franchise taxes to the State of Texas for the privilege of operating in intrastate commerce within the State of Texas.

They did not pay anything.

2. That a nonprofit foreign corporation is not required to obtain a permit from the Secretary of State as a condition precedent to their right to transact business within the State of Texas.

3. That as a condition to the right to do business within the State of Texas, all corporations authorized to do business in Texas—

It makes no difference whether they were trying to start county by-county in Texas or whether they came from another State—

whether domestic or foreign, for profit or nonprofit, are required to permit examinations of their books, accounts, and records by the attorney general of the State of Texas, and his authorized assistants, and by the State auditor of Texas and his authorized assistants.

4. That the functioning, operation, and business transactions of the National Association for the Advancement of Colored People, its Southwest Regional Conference, its Texas State Conference of Branches, and its local branches hereinabove named, and the NAACP Legal Defense and Educational Fund, Inc., as of the time of the institution of this suit and prior to that time, was so meshed, interrelated, and intertwined as to constitute each of said organizations the alter ego of the others; that the activities of the employees or officers of one of said corporations or its subsidiary organizations constituted the acts of the other corporation.

That tied them all together.

5. That the right to operate and transact intrastate business as a corporation, either domestic or foreign, within a State is a privilege and not a matter of right, and such corporations must comply with the laws of the State of Texas.

6. That a foreign corporation has no right to transact any intrastate business within the State of Texas which is prohibited by the law of its domicile or by the laws of the State of Texas.

7. That none of the defendants herein have the right to engage in the practice of law within the State of Texas.

8. That neither of the defendants has any right under the laws of Texas for their own profit or with the intent to distress or harass the defendant therein, willfully instigate, maintain, excite, prosecute, or encourage the bringing in any court in this State, whether Federal or State court, of a suit in law or equity in which such defendant has no direct interest—

That is the court speaking; not I.

that such defendants have no lawful right to violate article 430 of the penal code of the State of Texas.

9. That neither of the defendants has a lawful right under the laws of the State of Texas to seek to obtain employment in any claim to prosecute or defend an action by means of personal solicitation for such employment or by procuring another to solicit for said defendant employment in such claim.

10. That neither of the defendants herein has a lawful right under the laws of the State of Texas to incite or solicit lawsuits for filing or to solicit persons to file, maintain, or prosecute lawsuits, or to finance lawsuits so solicited or incited by the said defendants or any of them.

These are "conclusions of law":

11. That neither of the defendants herein has any lawful right under the laws of the State of Texas to hire or pay any litigant to bring, maintain, or prosecute a suit.

That gets them going and coming, because money is sent to them from the national association.

12. That the defendants herein have no lawful right to engage in political activities contrary to the laws of the State of Texas.

13. That the defendants herein have no lawful right under the laws of the State of Texas to engage in lobbying activities contrary to the laws of the State of Texas.

14. That the defendant National Association for the Advancement of Colored People, its local branches hereinabove named, its Texas State conference of branches, its southwest regional conference and its subsidiary organization, the NAACP Legal Defense and Educational Fund, Inc., have ratified by their conduct the activities of the said U. Simpson Tate, Edwin C. Washington,

Jr., A. Maceo Smith, and the other officers or members of the defendants in all of the occasions mentioned herein.

15. That the investigation and examination made by the attorney general of Texas and his authorized representatives did not constitute an unreasonable search and seizure under the constitutions of the United States and of the State of Texas, and neither were any of the other constitutional rights of any witness, party, officer, or other person infringed by the investigation of the defendants herein.

16. That there has been no intimidation of any person, party, witness, or officer of any of the defendants herein by any representative of the attorney general of Texas, the Department of Public Safety of the State of Texas, of any municipality of the State of Texas, or by any elected official within the State of Texas, with reference to the evidence adduced at the trial of this case or in any connection therewith.

17. That the defendants, through their agents and employees, have violated article 430, Vernon's Penal Code, relating to barratry, by the solicitation of students, parents of students, and other persons to bring lawsuits which were to be financed, sponsored, and maintained by the defendants herein.

18. That the defendants have violated the statutes of the State of Texas relating to political activities by a corporation by endorsing specific candidates for official governmental positions in the State of Texas on both the local or State level.

19. That the refusal of the National Association for the Advancement of Colored People and the NAACP Legal Defense and Educational Fund, Inc., to allow the attorney general or his authorized representatives to examine the books, records, and accounts of said corporations violates the provisions of articles 1366 through 1371, Vernon's Civil Statutes.

Signed this the 7th day of June 1957.

OTIS T. DUNAGAN,
*Judge, Seventh Judicial District, Smith County, Tex.*

The question was asked Judge Marshall, as Senators will note from the testimony, "Did they ever appeal this case?" And he had to answer that it was never appealed. Senators know as well as I do that if the defendants had thought they had grounds for appeal, certainly they would have appealed the case. This stands as the law of the land, so to speak, especially in Texas, since the case was not appealed. The district court heard the case.

Mr. President, I cannot see how the U.S. Senate can ignore the fact that this man has violated the code of ethics of his profession in many ways. He has had sufficient indiscretions during his career to bar him from holding the all-important position of judge on the Second Circuit Court of Appeals.

Mr. President, the contention on the part of anyone, including the radical newspapers, that the opposition to Thurgood Marshall by a majority of the members of the subcommittee on this nomination has been on a racial ground is furthest from the truth. We have seen in the hearings that this nominee has displayed carelessness in the practice of the law in his own personal life, that he has not used good judgment in that he has joined, belonged and taken part in organizations not having the best interests of our country at heart, and we have seen that his legal practice of the law has been confined to one narrow area and that he is not competent to preside over the many broad aspects of the law which will come before him as a Federal judge.

When Senators who are lawyers attended law school, they would not have thought of studying only one line of law concerning an activity to be followed in later years. What would Senators think of a man who attended law school and studied nothing except how to defend civil rights cases? What would Senators think of one who studied nothing but how to plan the trial of civil rights cases? Would not Senator consider such an individual to be very narrow?

What would Senators think of a man who had spent 24 years practicing law in one field, without leaving that field? Would not Senators believe that his mind would be warped? He would always be looking to uphold one side of a case.

What would Senators who are now clamoring for the confirmation of the nomination say if the President sent to the Senate a nomination for judge of the circuit court of appeals a lawyer who had practiced for 24 years, and in that length of time had done nothing but defend civil rights cases? Do Senators think the nomination would be confirmed? Would not the same be true if the nominee had been on the other side? That is the question before the Senate at the present time.

To question the background and character of nominees coming before the U.S. Senate is not only the duty of the subcommittee to which such an assignment is given, but it is also the duty of every Senator. In the present instance, we were given the duty to investigate the character and background of Thurgood Marshall. We tried to perform our duty properly. In my opinion he is not competent to be a Federal circuit judge. He is not competent to be a judge of our Federal circuit court because he has been engaged in only one field of the practice of the law.

He is no more competent to be a Federal circuit judge than was Bernard Flanagan to be a Civil Service Commissioner, nor Frank Reeves to be a District of Columbia Commissioner, both of whom failed to get Senate confirmation. Senators may recall that Mr. Flanagan made indiscreet entries on his civil service forms which conflicted with the truth.

Before the Senate is the question of the confirmation of the nomination of Thurgood Marshall, who has said he did not practice law in the State of New York. The senior Senator from New York [Mr. JAVITS] has said that he practiced there for 24 years.

In the case of Reeves, he had tax problems which placed him in a questionable position to hold the job of District of Columbia Commissioner. It is my opinion that the indiscretions of Flanagan and Reeves were no more serious than the indiscretions of Thurgood Marshall. This fact, coupled with the narrow confines of Thurgood Marshall's law practice, makes him unqualified for Federal circuit judge.

If there has been any racial discrimination and emotionalism involved in this nomination, it has been on the part of those who so zealously advocated his nomination that they did not even want to give the subcommittee time to hold its hearings and benefit the Senate with the facts surrounding the character and background of this nominee.

Mr. President, I hope the Senate will not support this nomination. The fact that Thurgood Marshall will preside as a circuit judge of the second district in New York and the surrounding area, and not in South Carolina, has not deterred me from my duty to fully examine his qualifications and give the Senate the benefit of these findings.

The nominee did resign from the Lawyers Guild.

He acknowledges that he is not licensed to practice in New York. At the present time he is serving on the circuit court of appeals. Among a population of more than 180 million people, I am satisfied that among the qualified lawyers many could be found who are better qualified to hold the position. I realize that the President has the right to nominate Federal judges. But the Senate also has a duty to perform. It is the duty of each Senator to study the qualifications of those nominated for Federal judgeships and not to confirm the nominations if, in their opinion, the nominees do not meet the qualifications for Federal judges.

I have studied the record in the case. I defy anyone to show in the record of the hearings any point at which it can be said the questions asked of Thurgood Marshall were designed other than to bring out facts. Those who listened to the proceedings of the subcommittee would have to say that the hearings were fair in every respect.

In asking these questions we were determined to bring out the facts, so that the Senate might have them. If Senators will take the time to read the hearings, I believe that Senators will not vote to confirm the nomination of Thurgood Marshall.

### TRUTH NOT WANTED

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the body of the RECORD two editorials from the Richmond (Va.) Times-Dispatch with respect to the nomination of Thurgood Marshall.

These refer to certain facts in regard to Thurgood Marshall's career as general counsel of the NAACP, which have not received the publicity they should.

It is my purpose to vote against confirmation of the nomination of Thurgood Marshall to the U.S. circuit court.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Richmond (Va.) Times-Dispatch, Feb. 5, 1962]

### TRUTH NOT WANTED

Methods used by a professor of history and attorneys for the National Association for the Advancement of Colored People, notably Thurgood Marshall, to distort history, in order to furnish ammunition to the U.S. Supreme Court for its school desegregation decision of 1954, were candidly described by the professor in question in an address to the American Historical Association. A substantial extract from that address appears at right. A longer extract appears in U.S. News & World Report for February 5.

This is one of the most remarkable documents we have encountered in months, if not years. For in it a professional historian openly declares before the assembled sanhedrin of historians, the American Historical Association, that:

"The problem we faced was not the historian's discovery of the truth, the whole truth and nothing but the truth; the problem instead was the formulation of an adequate gloss on the fateful events of 1866 sufficient to convince the Court that we had something of a historical case.

"It is not that we were engaged in formulating lies; there was nothing as crude and naive as that. But we were using facts, emphasizing facts, bearing down on facts, sliding off facts, quietly ignoring facts, and above all interpreting facts in a way to do what (Thurgood) Marshall said we had to do—'get by those boys down there.' "

According to Professor Kelly, it looked at first, as though JOHN W. DAVIS "would win the historical argument hands down," but when he (Kelly) and his associates began dealing with the "facts," in their own inimitable way, things changed.

Despite the admitted conclusions "of any reasonable objective historian," they cooked up the "face-saving draw" that Thurgood Marshall said would "win the ball game."

In the final analysis, of course, Chief Justice Warren decided to do some monumental distorting of his own. He stated contrary to fact in his formal opinion in the 1954 case that there was general disagreement among opposing counsel and historians as to what the 14th amendment was supposed to mean, as of 1866.

But while he decided to "junk the historical approach" and settle the issue "on straight-out sociological grounds," Professor Kelly et al., had their reward. For Kelly says that Thurgood Marshall wrote them that "enlisting the history profession on his side had been the NAACP's smartest move in the whole complicated case."

One wonders just what the "history profession" thinks of being "enlisted" in a piece of jobbery involving the juggling of facts in such a way as to produce an "adequate gloss," not to mention the bald admission of one of its members that his objective was not the "discovery of the truth."

Specifically, what is the reaction of the American Historical Association before whom these astounding admissions were made?

---

[From the Richmond (Va.) Times-Dispatch, Apr. 10, 1962]

### WHAT SAY ABA AND AHA?

Hearings have been set to begin April 16 on the nomination of Thurgood Marshall to the U.S. circuit court bench. It is to be hoped that there will be a full ventilation of the methods used by Mr. Marshall and a group of historians to juggle the facts of history, in order to "get by" the U.S. Supreme Court in the matter of the then impending segregation decision of 1954.

With unblushing candor, Dr. Alfred H. Kelly of Wayne State University, Detroit, explained the technique in an address to the annual meeting of the American Historical Association on December 28, 1961, in Washington. (A large extract from the text of Dr. Kelly's address was published on this page February 5.)

Dr. Kelly said that Thurgood Marshall, counsel for the National Association for the Advancement of Colored People, called on a group of historians, constitutional lawyers, and others to help him in the noble enterprise of putting "an adequate gloss" on the facts of history, especially with respect to what the 14th amendment was supposed to mean, as of 1866.

Dr. Kelly made no bones about "telling all." He informed the American Historical Association that he and his compatriots were not seeking "the truth, the whole truth and nothing but the truth," but were "using facts, emphasizing facts, bearing down on facts, sliding off facts, quietly ignoring facts, and above all interpreting facts in a way to do what (Thurgood) Marshall said we had to do."

He proudly declared that he and his associates had their reward, since Mr. Marshall congratulated them after the Supreme Court had upheld the NAACP's position, saying that "enlisting the history profession on his side had been the NAACP's smartest move in the whole complicated case."

It would be interesting to know just how members of the American Bar Association regard Marshall's performance in this matter, and also how members of the American Historical Association regard Kelly's.

Mr. EASTLAND obtained the floor.

Mr. SCOTT. Mr. President——

Mr. EASTLAND. I yield to the Senator from Pennsylvania with the understanding that it will not count as a speech for me and that I do not lose my right to the floor.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Without objection, it is so ordered.

Mr. SCOTT. Mr. President, I thank the distinguished Senator from Mississippi, chairman of the committee on which I have the honor to serve. I feel that the nomination of Thurgood Marshall was recognition of an able, dedicated, competent, and skilled member of the bar. It is most unfortunate that the confirmation has been so long in process of passing through the Senate. Judge Marshall, not only in his career as an attorney but also as a sitting judge for the past 10 months on the circuit court of appeals, has demonstrated judicial capacity. In my opinion, he has demonstrated his qualifications beyond question or just criticism. I do not believe that any of these nominations ought to be matters of politics. Most people feel the same way, I am sure. It is desirable to look at the individual and exclude all questions of race, color, or creed, and to determine whether or not he should be elevated to a lifetime position which is one of the highest and most trusted in the Federal Government. The nomination should be handled on the basis of merit and on the question of whether the President has exercised proper judgment in the selection of those whom he sees fit to honor with the advice and consent of the Senate.

I am glad that the nomination is now before the Senate. I will not, by a lengthy speech, delay its consideration. I feel that this recognition should not be long delayed. I believe that had 1600 Pennsylvania been a little more zealous and had there been a little more activity from that direction this result might have been accomplished much earlier. However, it is better late than never.

Mr. JOHNSTON. Mr. President, does the Senator mean to insinuate that the subcommittee would have acted sooner if pressure had been brought on it?

The PRESIDING OFFICER. Does the Senator from Mississippi yield?

Mr. EASTLAND. I yielded to the Senator from Pennsylvania with the understanding that I did not lose my right to the floor. I ask unanimous consent that when the Senator from Pennsylvania concludes, the Senator from Michigan [Mr. HART] may be recognized, and that it will not count as a speech by me and that I shall not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCOTT. Meanwhile, the Senator from South Carolina wishes to ask me a question.

The PRESIDING OFFICER. Does the Senator yield?

Mr. SCOTT. I am glad to yield for a question.

Mr. JOHNSTON. Does the Senator mean to say that the subcommittee of which I was the chairman would have acted sooner if pressure had been brought by the President?

Mr. SCOTT. What I say is not an insinuation. I am not undertaking to say what might have persuaded the subcommittee to act more promptly, except to suggest that had the Attorney General appeared in person, for example, with Thurgood Marshall at the time of the original hearing, perhaps the very presence of the Attorney General and his well-known persuasiveness might have caused the subcommittee to act with somewhat greater celerity or would have accelerated its desire to cooperate with the President of the United States and the Attorney General. I do not by that statement imply the bringing of pressure, any more than I would imply pressure on many other occasions when the Department of Justice exhibited zeal and concern for prompt decision on recommendations that it had made. I know that the capacity of the subcommittee for deliberation has long been recognized. I would not want the Senator from South Carolina to think that I had in any way reflected upon the capacity of his subcommittee to consider at length matters which come before it. I am merely suggesting that the Attorney General might have been more persuasive than was I or other Senators who had hoped that we could have had earlier action on the nomination, I in nowise intend to imply anything else.

Mr. JOHNSTON. In reply to the statement of the Senator, of course the subcommittee was doing its duty. When the hearings were postponed, it was for no other reason than that we found at certain times it was necessary to investigate certain aspects. The matter was assigned to the subcommittee by the full committee. For example, some of the newspapers have stated that the attorney who had been assigned to us by the full committee was brought up from Mississippi. That is not true. This attorney has been with us all the time.

Mr. SCOTT. I appreciate the Senator's point of view. The point I make is that we thank whatever gods there may be who rule over the decisions of the Senate and Senators that at long last there is an opportunity to act. I only wish the opportunity had been accorded to us earlier. There is great merit in the nomination. I very rarely oppose a nomination by any President of the United States of either party. I would hesitate to do so except where there was strong compelling reason for opposing it.

I conclude by saying that at last we are now at this point. I believe we all know what will happen. The nomination of

Thurgood Marshall will be confirmed. In my judgment he will serve on the Federal judiciary with honor, dignity, and with a true recognition of the concept of the service which is expected of those who ascend that bench.

Mr. JOHNSTON. There is one more question I think we had better clear up. I have been a member of numerous subcommittees which considered judgeship nominations. To my knowledge, up to the present time, the Attorney General has never appeared before any of those subcommittees.

Mr. SCOTT. I will again say that had the Attorney General appeared at the time the nomination of Thurgood Marshall was submitted and at the time Mr. Thurgood Marshall appeared before the committee, his appearance might have accelerated the hearings. I do not say that in any spirit of criticism; I simply wish to be helpful. I point out that that was one way by which the great concern which the Department of Justice and the President must have felt in connection with this nomination could have been expressed; and the long and somewhat interminable delay of something like 11 months is regrettable. That was all I was trying to imply.

Mr. HART. Mr. President, I think the Record might profit from an opinion with respect to the qualifications of Thurgood Marshall expressed not by Members of this body, on one side of the aisle or the other, but by the American Bar Association.

First, I am delighted that the Senate is now approaching the time when Senators may vote "yea" or "nay" on the nomination of Thurgood Marshall. I am confident that the vote will be overwhelmingly "yea." I regard it as a very great privilege to have reported the nomination from the Committee on the Judiciary.

In the course of the discussion today, if reference is made to certain specific aspects that were developed in the hearing before the subcommittee, I shall, before the final vote is taken, be glad to reply. It is not my purpose now to engage in a discussion bearing on the comments of the Senator from South Carolina, nor, indeed, to trace a gentle tone of political comment on the part of the Senator from Pennsylvania [Mr. Scott].

Interestingly, the President who preceded John F. Kennedy had several opportunities to appoint Thurgood Marshall when there were vacancies in that judicial circuit. Then we would have had an even earlier date to vote, had President Eisenhower acted as President Kennedy acted and nominated Thurgood Marshall.

Mr. SCOTT. Mr. President, will the Senator from Michigan yield, having referred to me?

Mr. HART. I gladly yield.

Mr. SCOTT. Perhaps the Senator from Michigan would like to go back to President Truman or President Franklin Roosevelt. If we keep this up, we could go back to Abe Lincoln, who was the progenitor of the whole idea of freeing the slaves. I would like to know how far back the Senator from Michigan would like to go. I would not want to stop with Eisenhower.

Mr. HART. No; I am sure it would be quite in order to go back to a time when the mind of man runneth not to the contrary. But the point is that the Senate now has an opportunity to act to enable the courts to benefit from the presence on the bench of this distinguished American leader, as a result of his nomination by President Kennedy.

Mr. SCOTT. I agree.

Mr. HART. Mr. President, with respect to the opinion of the American bar, we all know it has been a custom—not always a welcome custom, I might add—for appointing authorities to consult the American Bar Association before submitting nominations to the Federal bench to the Senate for confirmation. In the case of Thurgood Marshall, I should like to have the Record outline the reply that was made to the committee by the chairman of the standing committee of the Federal judiciary of the American Bar Association. He is Bernard G. Segal, a member of the Philadelphia bar.

Mr. Segal reported that the standing committee of the American Bar Association interviewed, in person or by telephone, more than 50 judges and lawyers, approximately half of that number in the second circuit, to which court Judge Marshall has been nominated and the remainder from other parts of the country. Mr. Segal reported that the committee interviewed, in person or by telephone, Justices of the Supreme Court of the United States, judges of the U.S. courts of appeals of five different circuits, judges of U.S. district courts, two former Attorneys General of the United States, two former Deputy Attorneys General of the United States; and, as Mr. Segal went on to tell us, a fair cross section of the practicing members of the bar. Included among these were key advisers on judicial selection to the last four Presidents of the United States.

Mr. Segal, as chairman of the standing committee, and Cloyd LaPorte, of New York, representing the second circuit on the committee, each met separately with Judge Marshall and questioned him at length. Mr. Segal reported:

> Our committee's investigation developed that Mr. Marshall is a lawyer of highest character and integrity, and of undoubted loyalty to the Government of the United States and adherence to the principle of ordered liberty under the rule of law. Justices of the Supreme Court and judges of other Federal courts in various parts of the country before whom Thurgood Marshall appeared, attested to his legal competence, and lawyers associated with or opposed to him in litigated matters, confirmed the excellence of his professional work. I personally read briefs prepared by Mr. Marshall, and I considered them to be of high caliber. We found every evidence that he has a keen appreciation of the canons of ethics of the American Bar Association and that he has complied with them in every respect, and we received no evidence to the contrary. Our committee, consisting of one member from each of the 11 circuits into which the Federal judicial system is divided, had no hesitancy whatever in unanimously concluding that Mr. Marshall was well qualified for this appointment.

Mr. President, much will be said before the vote on the nomination is reached; but I think that early in the discussion it is well to place in the Record this judgment of this professional man by his peers in the profession. In my estimation, and to use language much less judicial and judicious than Mr. Segal's, Thurgood Marshall, whose place as a lawyer in the American jurisprudence already is established, and firmly, will find a place in history along with other great judges. I am convinced that President Kennedy nominated wisely, and I trust that the Senate will approve the nomination overwhelmingly.

Mr. EASTLAND. Mr. President, under the same conditions, I ask unanimous consent that I may yield to the Senator from New Jersey.

The PRESIDING OFFICER (Mr. McCarthy in the chair). Without objection, it is so ordered.

Mr. WILLIAMS of New Jersey. Mr. President, I shall not delay the Senate long in its desire to vote on the nomination of a man who has advanced the cause of equality.

It was his sheer, unswerving determination—and his vast skill in constitutional law—that have made possible much of the progress we have witnessed toward justice for all our people in these last few historic years. He deserves recognition for his achievement. He has served the Nation well as director of the legal department for the National Association for the Advancement of Colored People. He has proven in recent months that he will become one of our eminent jurists. We now have the privilege, in this Chamber, of giving him that recognition. If there is one word which has guided him in his life, that word is "justice." And that is, of course, the highest recommendation for a candidate for a Federal judgeship.

I might add that we knew him in New Jersey and know of the campaigns he has helped to direct against discrimination in our own State. He has given special attention to discrimination involving veterans and in public housing.

Mr. President, I wish at this point to introduce into the Record two statements from New Jersey. One is from Gov. Richard J. Hughes. The other is from the two New Jersey representatives on the national board of the NAACP; Mr. Samuel Williams, of East Orange; and Dr. Ulysses S. Wiggins, of Camden.

There being no objection, the statements were ordered to be printed in the Record, as follows:

### Statement by Gov. Richard J. Hughes

Please convey to the Senate my conviction that the confirmation of Thurgood Marshall will add to the Federal judiciary a man of demonstrated brilliance whose experience and achievement merit beyond question his appointment to the circuit court. His appointment does honor to the integrity of the American legal system and the openness of American society. In your vote to confirm Mr. Marshall, you have my wholehearted support.

---

### Statement by Samuel A. Williams, Dr. Ulysses S. Wiggins, Members of Board of Directors, NAACP

Without a doubt, one of the greatest disappointments to the Negro people of the

> State of New Jersey is the failure of the U.S. Senate to confirm President Kennedy's appointment of the very able Thurgood Marshall as judge of the second district court of New York. The long delay and disappointment was caused by the refusal of the subcommittee of the Judiciary Committee to act. Other more recent appointments have been rushed through Congress, and no Senator has attacked Mr. Marshall on his record as a jurist. We can only conclude that the opposition has been solely because of his race and his former connection with the National Association for the Advancement of Colored People, an organization that has done so much for not only the minority of this Nation but for the entire country in the eyes of the world. In this connection, my dear Senator, the Negro citizens of New Jersey and many fairminded people of other races sincerely urge that you use every effort in your command to not only vote for the confirmation of Judge Marshall but also try to influence your colleagues in the Senate to do the same.

Mr. WILLIAMS of New Jersey. Mr. President, these statements add impressively to the list of testimonials already given in support of this nomination. Mr. Marshall has won admirers throughout our Nation and throughout the world because he has never hesitated to tell us the truth about ourselves, about the work we must yet do to establish equality for all, and about the injustices that we sometimes take for granted unless vigorous champions arise to tell us that such wrongs must be wiped out.

If we in this Nation are to convince peoples in other nations that we mean what we say when we talk about equality and justice, I think we owe them and owe ourselves the confirmation of this nomination.

Thurgood Marshall is qualified in every way for the position he now holds. We should act now to confirm what has already been acknowledged. President Kennedy is awaiting our decision. It is time that we give that decision to him and to the Nation.

Mr. EASTLAND. Mr. President, I am opposed to confirmation of the nomination of Thurgood Marshall to the position of U.S. circuit judge for the second circuit.

The fundamental nature of our system of constitutional government requires that judges appointed to the Federal bench for life be either lawyers or judges who possess a very special and peculiar type of qualification. No amount of education, training, or experience in some phase of law can suffice if the nominee has devoted his entire lifetime to the advocacy of a limited and circumscribed point of view in a legal area that has for generations been the most controversial, not only in our system of jurisprudence, but also in the political and public life of this country generally. Both the bar and the people have the right and duty to demand that Federal judges appointed by the President for life, above and beyond all other classes of people, be absolutely free from bias, prejudice, and predilections of every kind and character. While the present nominee should be rejected for this position on many counts, over and above all other reasons his nomination should not be confirmed because his lifetime has been devoted solely and alone to the advocacy of one side of legal controversies involving the limited area of civil rights litigation.

Confidence and respect for the judiciary can be maintained only when judges have had the character of training and experience that permits them to face every case or controversy with the type of judicial temperament that makes them free to weigh the issues solely and alone on the basis of the facts presented and the case law or statutes applicable thereto. This is even more true when we are today confronted with a situation in which the Supreme Court of the United States, through a long line of decisions, has been guilty of ignoring all principles of stare decisis and established constitutional interpretation, and has started plowing in new ground with startling and unique decisions that invade the reserved rights of the States and the people, has usurped powers delegated by the Constitution to the legislative and executive branches of the Government, and has arrogated to nine men appointed for life and their subordinates in the Federal judicial system powers and prerogatives not to be found in the written words of the Constitution itself or in any theory of government known throughout all history.

The biographical sketch of the nominee reveals that he was born on July 2, 1908. He received his education at Lincoln University, Pa., and his legal training at Howard University, Washington, D.C. He was admitted to practice in the State of Maryland in 1933. In listing his experience as a lawyer, he states:

> Years 1933–36, private practice of law, Baltimore, Md.

Under this he has a heading:

> NAACP: Years 1934–36, counsel for Baltimore branch. Years 1936–38, assistant special counsel. Years 1938–50, special counsel in charge of legal cases. Years 1950–61, director general of Legal Defense & Educational Fund, Inc., New York City.

Thus, by the nominee's own statement, his entire legal career has been devoted to being a counsel in one form or another to the organization known as the NAACP.

In response to a question, in the course of the hearings, as to whether since 1939 the nominee had participated in the preparation or trial of any case wherein the NAACP did not have a direct interest, the nominee replied:

> I have not directly participated in any—I think you are correct, but I think to put it exactly, I do know, however, I have talked over with lawyers common problems in other cases.

The nominee later recalled, after consultation, that there were two other occasions, once in Chicago and once in the Supreme Court, where he represented parties in cases he did not characterize as NAACP cases.

Thus, Mr. President, at the outset of this dissertation, we are confronted with the unanswerable fact that this nominee's entire legal experience has been devoted to representing either an organization or litigants who were involved in cases or controversies concerning the single area of legal jurisprudence commonly described as civil rights matters.

Warren D. St. James, a longtime member of the NAACP, wrote a definitive history of the NAACP as a case study of pressure groups, published by the Exposition Press, Inc., in 1958, and he described the origin of the organization as an outgrowth of the Niagara movement. He quotes Dr. Ralph E. Bunche as saying:

> The NAACP, propelled by dominant white hands, embarked upon the civil libertarian course that the Negro-inspired Niagara movement had futilely tried to navigate.

From its inception the organization has been a militant minority group dedicated to the achievement of its purposes through the fields of propaganda and political action. It admittedly has been interested in no public issues except those involving the narrow issue of civil rights. In 1940, as an adjunct to the NAACP, which was incorporated under the laws of the State of New York, the NAACP Legal Defense & Educational Fund was also incorporated under the laws of the State of New York. The nominee was connected with the legal defense and educational fund from its inception, and until 1956 or 1957 he held official positions in both the NAACP and the NAACP Legal Defense & Educational Fund, Inc. He once described the distinction between the two organizations as being that the legal defense fund does only legal and educational work and has nothing to do with lobbying or influencing legislation. Up until the divorce of these two organizations because of possible tax difficulties, the head of the NAACP served as the secretary for the Legal Defense & Educational Fund; and the nominee, who was the director general of the Legal Defense & Educational Fund, was the special counsel of the NAACP.

The nominee has been wholly and completely identified with the NAACP in all of its operations and manifestations, whether on the so-called legal or educational side, or in the field of lobbying, propaganda, or influencing legislation. If he is ashamed or unwilling to take the credit, responsibility, or blame for the acts and conduct of either the corporations he directed and represented, the activities and conduct of the lawyers who were under his direct supervision and control, or the membership of the farflung chapter which contributed the dues that paid his salary, then, for this reason alone, he should not be elevated to the Federal bench.

Since the subject of bias and prejudice is the paramount and overriding consideration in evaluating the qualifications of any individual, be he a nominee or candidate for a judicial position, let me first advert to a paper that was written, and testimony that was offered at the hearings before the Judiciary Subcommittee, by one Dr. Alfred H. Kelly, professor of history, Wayne University, Detroit, Mich. Dr. Kelly delivered an address on December 28, 1961, at the annual meeting of the American Historical Association in Washington, styled "An Inside View of Brown versus Board." Dr. Kelly said in the address that in July of 1953, Thurgood Marshall wrote to him to inquire if he would prepare a research paper on the intent of the framers of the 14th amendment respecting the constitutionality of racially segregated schools, and for this paper he was offered $400. According to Dr. Kelly, the NAACP office sent out a call to about 125 leading scholars of the country to assist in this project and a great number of first-rate professional figures responded.

Mr. President, time does not permit me to discuss Dr. Kelly's paper in detail. It is a most interesting document from a historical standpoint. Dr. Kelly spent considerable time in New York working with the NAACP lawyers on the project and his complete dissertation runs to several thousand words. For my part the theme can be summed up in two rather long quotations:

> I am very much afraid that for the next few days I ceased to function as a historian and instead took up the practice of law without a license. The problem we faced was not the historian's discovery of the truth, the whole truth, and nothing but the truth; the problem instead was the formulation of an adequate gloss on the fateful events of 1866 sufficient to convince the Court that we had something of a historical case.
>
> Never has there been, for me at least, a more dramatic illustration of the difference in function, technique, and outlook between lawyer and historian. It is not that we were engaged in formulating lies; there was nothing as crude and naive as that. But we were using facts, emphasizing facts, bearing down on facts, sliding off facts, quietly ignoring facts, and above all interpreting facts in a way to do what Marshall said we had to do—"get by those boys down there."
>
> I was trying to be both historian and advocate within the same paper, and the combination, as I found out, was not a very good one. I tried to draw conclusions which were at odds with the thing which most impressed me at the time—the damning modifications of the civil rights bill in the House and its apparent identity in purpose with the 14th amendment. I was facing for the first time in my own career the deadly opposition between my professional integrity as a historian and my wishes and hopes with respect to a contemporary question of values, of ideals, of policy, of partisanship, and of political objectives. I suppose if a man is without scruple this matter will not bother him, but I am frank to say that it bothered me terribly.

For those of us who deny and completely repudiate the constitutional validity of the Supreme Court's decision in the original school integration case of Brown against Topeka Board of Education, this is a most interesting sidelight. This proves the thesis we have argued that the Warren Court rejected the Constitution as written, the intent of the 14th amendment as it was adopted, and twisted the clock of time to their own peculiar notions of how modern pseudoscientific authorities in the field of psychology, sociology, and anthropology could form the basis for a Supreme Court decision on the meaning of the Constitution or the amendments thereto.

I think it was apparent from Dr. Kelly's statement that Dr. Kelly was hired to prostitute his profession as a historian; that he was hired, in effect, to lie, to lie to get by "those boys on the Supreme Court," to lie to get a decision that would uphold the point of view of NAACP, and that the man behind it all was this nominee. He is therefore ineligible to be appointed to the Federal judiciary.

But more important to the present issue is Dr. Kelly's profile and character analysis of Thurgood Marshall as an individual. In this portion of the paper he says:

> This may be the place to observe that it was in these conferences that I came to understand why Thurgood Marshall was such a cunning and powerful strategist in the campaign for Negro rights in America.
>
> The Saturday Evening Post a few years ago called him a charismatic personality; certainly he is all of that, for his dynamism, personality, magnetism, and charm are undeniable, while he radiates a tremendous sense of personal power.
>
> But I found even more interesting his slashing and mordant sense of humor, his profoundly moving sense of identity with the Negro's tragic role in America, and his tremendous moral commitment to the work in which he was engaged.
>
> The sudden shifts of mood he displayed on occasion were nothing short of astonishing. One morning in his office, he related to John Frank of Yale and myself, with tears in his eyes and a voice dulled with the cumulative grief of 300 years, the experiment of a leading sociologist with a group of little colored girls who were given their choice of playing with two sets of dolls, one white or caucasian, one black or Negro. Even at 3 years of age, he said the little colored girls preferred the white dolls, describing the black dolls as "bad" and "not nice" and the white dolls as "pretty" and "good."
>
> As Marshall told the story he seemed bowed down under an unbearable burden of tragedy.
>
> A few moments later, his ebullient hilarity restored, he good-naturedly railed at his secretary's negligence, informing her in a voice deliberately weighted with excess Negro accent not to forget "who d' H.N. is around here," and he found immensely amusing my discomfiture at being told what "H.N." stood for. I shall not tell you here.
>
> Sometimes Marshall could reveal a mood of sudden savagery and bitterness. Customarily he referred to the Mason and Dixon line as the Smith and Wesson line.
>
> On one occasion he read with savage delight from an Iowa frontier paper which portrayed a local Negro community as a mass of illiterate apes. For him, he made clear, this epitomized the white man's attitude toward his people.
>
> On still another occasion at an evening session at which I found myself playing devil's advocate with a bit too much enthusiasm and lack of tact, Marshall stopped suddenly and speaking into the growing silence around the table said:
>
> "Alfred, you are one of us here and I like you. But"—and this in a voice of terrible intensity—"I want you to understand that when us colored folks takes over, every time a white man draws a breath, he'll have to pay a fine."

When questioned at the hearings in regard to the final quotation from Dr. Kelly, "I want you to understand that when us colored folks takes over, every time a white man draws a breath, he'll have to pay a fine," the nominee denied that this had never been his conviction and that Dr. Kelly had misquoted him.

Dr. Kelly, testifying at a later point in the hearings, stated under oath in regard to the above quote as follows:

> The incident is correctly reported. I have already in my statement to this committee described that I remember the incident specifically. I think it can be given meaning only within the context of this man's sense of humor, but the incident is perfectly correctly reported.

This is an important point in the consideration of any nomination to an appointive life tenure to a judicial position. The Monday, September 10, 1962, edition of the Evening Star, in an editorial styled "Politics and Judges," says in part:

> The most serious specific complaint about him was that he had said: "When we colored folks take over, every time a white man draws a breath he'll have to pay a fine." This, certainly, is not typical of Mr. Marshall's frame of mind, and the man who was the source of the quotation says it was a remark made in a spirit of mordant humor.

If we grant as true everything that the Star and Dr. Kelly say about this statement, how can it be justified in the light of the nominee denying not only that it was his conviction, but further, that he never said it?

In this instance, it is a matter of making a decision between two conflicting statements of fact—is the nominee right as to the quotation being false, or is Dr. Kelly right about it being true? As to it being "mordant humor," that is an opinion given by Dr. Kelly.

Some apologists may feel that the following quote also evidences a mordant sense of humor and qualifies a judicial nominee to an appointment to the Federal bench for life:

> The NAACP does not need lawsuits any more because we have got the law, religion, and God on our side and the other side is putting all its faith and hopes in the Devil.

When confronted with this quote in the hearings, the nominee said:

> I did not say that. I know what I said and have said repeatedly. I have said that many cases have established the law. There I was talking about the decision in the Brown case. I said the law is clear. We do not need a whole lot of lawsuits to reestablish the law. What we need is to get conformity to the law.

Two reporters later testified before the subcommittee, under oath, that they accurately and truthfully reported the words the nominee spoke in a speech he delivered in Memphis, Tenn., on February 2, 1956. Paul Molloy, writing for the Memphis Commercial Appeal, reported the nominee as saying, in part:

> We have got the other side licked. It is just a matter of time. The period of peace and prosperity is past. Whichever State continues to defy the law will have to answer in court. We will finish the fight we started in 1953 and not for one moment will we deviate from our tactics and our goal. The NAACP does not need lawsuits any more, because we have got the law, religion, and God on our side, and the other side is putting all its faith and hopes in the Devil.
>
> * * * * *
>
> Fools that they are, they think that they can split us. We will meet them in every back alley, and when we bring them down the main road, the umpire (Supreme Court) will say, "You're still out." We have been peaceful recently, waiting for the other side to show its cards. They brought out all their top cards, and we know we can handle them. Now we are ready to go. But there is room for only one in the driver's seat, and that is the NAACP.

The nominee, after denying that he ever talked about meeting anybody in a back alley, added, before the subcommittee:

> I might point out that these newspapers that you have cited so far all have contained the most violent editorials condemning the school cases and everything around them, and certainly I would not expect them to report accurately what I said in any meeting.

(At this point Mr. LONG of Hawaii assumed the chair as Presiding Officer.)

Mr. EASTLAND. Mr. President, the entire text of both the newspaper accounts of this Memphis speaking engagement appears at pages 116 to 119 of the printed hearings. The time period within which we are now concerned is 1956–1957. No advocate could more closely identify himself with the strategy, tactics, and goals of the NAACP than does the nominee in this Memphis address. In addition to alining himself with the tactics I will soon discuss, Marshall stands convicted on the score of bias and prejudice of having made these remarks:

> On one occasion he read with savage delight from an Iowa frontier paper which portrayed a local Negro community as a mass of illiterate apes. For him, he made clear, this epitomized the white man's attitude toward his people.

Mr. President, I do not care under what circumstances or on what occasion the intemperate, prejudicial, and biased remarks may have been made. I do say without equivocation that no person who ever uttered such diatribes could be qualified to sit as a judge on either the circuit court of appeals or any other bench in this land, be it Federal or State. On this ground alone the Senate should reject this nominee out of hand.

Thurgood Marshall, as director counsel for the NAACP Legal Defense & Educational Fund, maintained his office and headquarters in New York City. He stated that between six and eight lawyers worked under his direction and control in the New York office. The NAACP Legal Defense & Educational Fund also maintained regional counsels in various areas of the United States—one in the District of Columbia, one in Richmond, Va., one in Dallas, Tex., and one in Los Angeles, Calif. In 1956 a suit was filed by the State of Texas against the NAACP, the NAACP Legal Defense & Educational Fund, and others, in the district court of Smith County, Tex., seventh judicial district, at Tyler. Numerous averments were made in the original and amended petitions regarding the unauthorized activities of the named defendants in operating in the State of Texas, and a permanent injunction was sought to prohibit the organization from engaging in such activities. The nominee appeared in this case, both in his capacity as attorney of record for the NAACP Legal Defense & Educational Fund and also the chief witness presented by the legal defense and educational fund in contesting the averments made in the lawsuit. Among other averments, the original petition alleged that:

> Plaintiff alleges that said defendant, the National Association for the Advancement of Colored People, and its affiliated organizations, have indulged in and are continuing to indulge in political activities contrary to the laws of the State of Texas.
>
> Defendants have, pursuant to a preconceived plan, solicited, recruited, and coerced students and parents of students to take steps in bringing lawsuits that otherwise they would not have taken.
>
> It is further alleged that by such solicitation and recruiting of prospective plaintiffs, the defendants have been guilty of barratry, in contravention of the laws of this State, and it is further alleged that these corporate defendants, pursuant to this preconceived plan, have unlawfully practiced the profession of law contrary to the laws of this State and in contravention of the canons of ethics of the legal profession.

Because of the large part that one Ulysses Simpson Tate, the regional counsel for the NAACP Legal Defense & Educational Fund at Dallas, Tex., played in the activities involved in this Texas lawsuit, Marshall was closely questioned during the course of the hearings as to his relationship as director counsel and the relationship of the Legal Defense & Educational Fund to U. Simpson Tate. He replied that at the time of this lawsuit Tate was what was called a retained lawyer, which meant that they paid him a certain stipend monthly on an annual basis to represent the Legal Defense & Educational Fund in the State of Texas, if they wanted any information, or what have you. Documents from the record of the trial indicate that Tate was paid an annual salary of $6,104. In a letter dated September 20, 1956, to Davis Grant, first assistant attorney general, Austin, Tex., Thurgood Marshall said:

> When we first retained Mr. Tate he desired to be classified as an employee in order to continue his social security, etc. However, it was decided that as of July 15 his status would be changed as to that of a retainer to bring him in line with the other lawyers outside of New York.

In the Texas case he testified further, at pages 1663 to 1665, in regard to the relationship of Tate to the Legal Defense & Educational Fund and its policy, that:

> I am familiar with the policy. I have been with the organization ever since it was set up.
>
> Insofar as Mr. Tate is concerned, we have regional counsel on a retainer in several areas of the country, and they are on retainer for the purpose of keeping us advised of any possible violations of civil rights, particularly against Negroes in this area, and to apprise of us what the conditions are, and, if they are requested, to give help in any matter that is referred to my office, or, on the other side, if somebody writes to us and says they are being denied their rights because of racial color or in particular States such as Texas, we would refer this matter to Tate and tell him to make an investigation and report to us with his recommendations.

Marshall was asked this question:

> After the report has been made to you, along with the recommendation, and you find it is the type of matter that the NAACP Legal Defense & Educational Fund, Inc., will render some legal service, aid, or assistance in, what then do you do?

He answered:

> We first find if it is the type of case that comes within our general policy provisions. Then we find out whether they have money enough to help and if both answers are yes we then authorize Tate to render whatever help he can to the party.
>
> And from then on the relationship is between the party at interest and Mr. Tate, as a lawyer.
>
> And our policy specifically provides that from then on his conduct is controlled solely by the canons of the American Bar Association.

And then this question:

> Mr. Marshall, do you supervise Tate in his work after you have once turned the matter over to him and told him to proceed?

He replied:

> We don't supervise him. We request it. We give help if he wants research on a particular point or sometimes he will send the pleading or a brief and ask us to help on it, and we will put some of our people to work on it and send him down our suggestions, but the decision is between Mr. Tate and whomever he is helping.

At a later point this question was asked:

> Mr. Tate is the only person that is employed on a retainer?
>
> That is the only one and that is the reason we have him on a retainer so that if we need him he is available.

And a further answer:

> There is nobody in the State of Texas authorized to represent the NAACP Legal Defense & Educational Fund except U. Simpson Tate.

When interrogated at the hearings before the subcommittee as to the degree of supervision he exercised over Tate, the nominee replied:

> You cannot supervise a man and require him to do what you want on a couple of thousand dollars a year.
>
> It was a cooperative deal for the most part. What I was trying to make clear in that case is that I did not want to appear to be escaping responsibility.
>
> For example, Mr. Tate would telephone us sometimes, he would write a letter sometimes. Sometimes it was clear and sometimes it was not, and we would operate as best we could under the circumstances recognizing that he was a good and competent lawyer.

Marshall was then asked if he stayed in reasonably close contact with Tate in regard to Tate's work. He replied:

> Not at all. We found out at that trial that in many cases we had we did not know anything about them, he had taken them on his own.

Mr. President, this is a combination of the testimony from the nominee in regard to his relationship with U. Simpson Tate taken from the transcript of testimony and documents in the trial of the Texas case and what the nominee stated in response to questions during the course of hearings before the subcommittee. This testimony is in direct conflict with that which the nominee gave in regard to Tate while appearing as a witness in a lawsuit that was filed by the NAACP and the NAACP Legal Defense & Educational Fund against the attorney general of the State of Virginia, and others, in the circuit court of the city of Richmond, at pages 371, 372, and 373 of the transcript. I ask unanimous consent that the testimony may be printed at this point in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

Marshall next explained that the fund had regional counsels covering the following districts: one in Washington for the District of Columbia and Maryland; one in Richmond for Virginia, North Carolina and South Carolina; one in Dallas for Louisiana, Texas, Oklahoma, Arkansas, and New Mexico, and one in Los Angeles for the area west of the Rockies. He was asked:

"Question. Now, do those four lawyers representing those four regions report directly to you or to someone else in your organization?

"Answer. Directly to me.

"Question. In all cases?

"Answer. In all cases, but not regularly. The one in Texas reports regularly.

"Question. Does the Texas man report to you at any particular time?

"Answer. He tries to report around the end of the month.

"Question. Each month?

"Answer. Practically.

"Question. Do you indicate to him the character of the reports to be made to you?

"Answer. I just want to know what is going on, and most of it is confidential suggestions as to what is going on, and it involves strategy, what is going on here and there. It is not the type of report that would be made public; it is a lawyer-to-lawyer type of thing.

"Question. It is a confidential report?

"Answer. Yes, sir.

"Question. Who is your counsel in Dallas?

"Answer. U. S. Tate.

"Question. What full name does he go by?

"Answer. I think it is Ulysses Simpson. He goes by U. S. Tate" (transcript pages 373, 374).

Then at page 375 of the transcript, as regarding U. S. Tate, he states further:

"Question. I understand that U. S. Tate, in Dallas, reports to you each month, and for how long a period has he been doing that?

"Answer. Since he has been employed down there. I don't know how long he has been on the staff.

"Question. Does he send reports at any time more frequently than once a month?

"[fol. 401] Answer. Oh, surely, if something more urgent comes up, I might call him on the telephone."

Mr. EASTLAND. I submit, Mr. President, that the nominee's statement in Richmond more accurately and truthfully reflects his relationship to U. Simpson Tate and the relationship of his Legal Defense & Educational Fund to this lawyer than do the statements he made during the Texas trial and at the hearings before the subcommittee. When the heat was on, the nominee wanted to sweep Tate under the rug and deny any knowledge or responsibility for the unlawful activities which Tate was found to have participated in in the State of Texas over a long period of years. The voluminous record of testimony and exhibits in the Texas case make it abundantly clear and establish beyond a shadow of doubt that Marshall as an individual attorney, as the counsel for the Legal Defense & Educational Fund, and as the director of this corporation, was charged with both actual and constructive knowledge of exactly what Tate was doing in Texas, and that both in his individual and representative capacities he was particeps criminis in all of the acts and conduct for which Tate and the NAACP Legal Defense & Educational Fund were found guilty of committing, contrary to the laws of the State of Texas.

The defendants in the Texas case did not appeal from the findings and judgment of the circuit court in Texas. They stand convicted of a multitudinous character of unlawful acts. The court made a total of 79 separate and specific findings and drew therefrom 19 conclusions of law.

Mr. President, I ask unanimous consent that the findings, which are most pertinent to the nominee and the corporations for which he was director and counsel, be printed in the RECORD at this point.

There being no objection, the findings were ordered to be printed in the RECORD, as follows:

FINDING NO. 5

That prior to the institution of this action the business transacted within the State of Texas by the National Association for the Advancement of Colored People was originally the same as that transacted in Texas by the NAACP Legal Defense & Educational Fund, Inc., and each constituted the alter ego of the other.

* * * * *

FINDING NO. 13

That prior to the institution of this lawsuit, the activities of the NAACP Legal Defense & Education Fund, Inc., were so meshed, interrelated, and intertwined with the activities of the National Association for the Advancement of Colored People and its subordinate and auxiliary component organizations as to constitute said NAACP Legal Defense & Educational Fund, Inc., the alter ego of the said National Association for the Advancement of Colored People.

FINDING NO. 14

That prior to the institution of this lawsuit, the acts of the NAACP Legal Defense & Educational Fund, Inc., and its paid employees constituted the acts of the National Association for the Advancement of Colored People.

FINDING NO. 15

That the NAACP Legal Defense & Educational Fund, Inc., was cognizant of the activities of its agents and employees concerned in this lawsuit; that is acquiesced in such conduct, and thereby ratified it.

* * * * *

22. U. Simpson Tate was the attorney and salaried employee of the NAACP Legal Defense & Educational Fund, Inc., having the title of southwest regional counsel.

23. While acting in such capacity on numerous occasions, the said U. Simpson Tate did counsel with, advise, and instruct the above-named local branches in Texas of the National Association for the Advancement of Colored People, which activity constituted the primary activity of the said U. Simpson Tate in his position as southwest regional counsel.

24. That in counseling with said local branches in Texas, the said Tate used and employed stationery of the NAACP Legal Defense & Educational Fund, Inc., and signed letters as the southwest regional counsel.

25. That the said U. Simpson Tate, while employed by the NAACP Legal Defense & Educational Fund, Inc., worked for and carried out the directives of the National Association for the Advancement of Colored People intrastate commerce within the State of Texas.

26. That the said activity of U. Simpson Tate was known to his employers, the NAACP Legal Defense & Educational Fund, Inc., and to the people who he represented, the National Association for the Advancement of Colored People, during all of the times pertinent to this lawsuit.

27. That such New York corporations ratified the acts and activity of the said U. Simpson Tate in the transactions of intrastate business for each such corporation.

* * * * *

30. That prior to this suit, the National Association for the Advancement of Colored People, through its branches and controlled associations including the NAACP Legal Defense & Educational Fund, Inc., has practiced law as a corporation in violation of the laws of Texas.

31. The said corporation and its affiliates retained legal counsel on a salary basis for the prosecution of lawsuits in which the association had no direct interest.

32. That one of the primary purposes of the said association and its affiliate organizations was the maintenance of lawsuits on behalf of others in which said association or its affiliate organizations had no direct personal, monetary, or legal interest.

33. That the said association and its affiliates promoted and encouraged the filing of lawsuits; that it required all such lawsuits to be approved by officials of the said association, a corporation, and that it refused financial assistance to any lawsuit over which it would not have complete management and control.

34. The National Association for the Advancement of Colored People and its dominated NAACP Legal Defense & Educational Fund, Inc., its branches and its State and regional conferences have, contrary to the laws of Texas, practiced barratry within the State of Texas.

35. That pursuant to directives from the National Association for the Advancement of Colored People, its branches and its employees and affiliated organizations instituted a course of conduct designed toward bringing a large number of lawsuits, that this course of conduct as implemented on the local level with the knowledge, consent, and direction of the National Association for the Advancement of Colored People, was, by the solicitation and procurement of plaintiffs for lawsuits in designated areas, which such lawsuits were to be filed, maintained and prosecuted by the National Association for the Advancement of Colored People and its affiliated NAACP Legal Defense & Educational Fund, Inc., and its branches and State and regional organizations.

36. That pursuant to said directives of the National Association for the Advancement of Colored People, its employees, and the employees of the NAACP Legal Defense & Educational Fund, Inc., or their representatives, began a systematic campaign to secure refusals of the usage of public facilities in the State of Texas in order that additional lawsuits could be instituted.

37. That repeated letters of the salaried attorney of the NAACP Legal Defense & Educational Fund, Inc., to the various branches and branch officers of the National Association for the Advancement of Colored People made requests that the branches find qualified plaintiffs for the suits concerning public facilities who would be willing to appear in court as plaintiffs.

38. That the various officers, members, and employees of the said defendants sought out and solicited individuals in Gregg County, Tex., for the purpose of using them as plaintiffs in lawsuits against the Kilgore Junior College District; that the said officers, members, and employees solicited individuals and their parents to bring an action against the Kilgore Junior College District, Civil Action No. 1481 in the U.S. District Court for the Eastern District of Texas, sitting in Smith County, Tex., styled Norma Joyce Allen, and others, plaintiffs, against B. E. Masters, and others, defendants, which

said lawsuit would not have been brought by the plaintiffs but for the solicitation of the defendants herein.

39. That such lawsuit was instigated, financed, and prosecuted by the defendants herein.

40. That the said U. Simpson Tate, in order to obtain plaintiffs for lawsuits to be prosecuted by the National Association for the Advancement of Colored People issued a memorandum dated May 26, 1954, urging all branch officers of the National Association for the Advancement of Colored People in Texas to get students to make application to attend certain colleges, with the direction that if these students were denied admission to said colleges, the officers were to inform his office at once, and that this memorandum was made for the purpose of soliciting plaintiffs for lawsuits to be brought, financed, and prosecuted by the National Association for the Advancement of Colored People and its affiliates.

41. July 6, 1950, U. Simpson Tate directed Dr H. Boyd Hall of Corpus Christi, Tex., to find, secure, and solicit two or more persons who would agree to make application to attend Del Mar Junior College, Corpus Christi.

42. That U. Simpson Tate, acting as a representative for the defendants herein during the period from June 1947 through March 1956 acted in concert with Rev. R. H. Hines, of Amarillo, in soliciting various individuals for permission to use their names as plaintiffs in lawsuits in the Amarillo area.

43. That said U. Simpson Tate, acting for and on behalf of the defendants herein, instructed Rev. A. H. Wilson of Galveston, Tex., to secure children to tender for registration and admission in certain schools in Galveston, Tex.; that such tender was to be for the formulation of a lawsuit against the Galveston schools.

44. That on August 15, 1951, U. Simpson Tate, regional special council, directed Mr. T. R. Register of Tyler, Smith County, Tex., to make a demand for use of Tyler State Park; that pursuant to such instructions, Mr. Register and others from the city of Tyler presented themselves to the State park, were refused and a lawsuit instituted against the State of Texas; that such solicitation was for the very purpose of instituting a lawsuit.

45. That on August 15, 1951, a letter was written by U. Simpson Tate to Mr. G. A. Carroll of Corpus Christi, Tex., directing him to secure plaintiffs for lawsuits against the State of Texas in connection with the Corpus Christi State Park; that this letter was in all respects and for the same purposes as that sent to Mr. T. R. Register, as stated above.

46. That on July 19, 1956, in a letter to John J. Jones of Texarkana, Tex., U. Simpson Tate, acting for and on behalf of defendants herein, instructed the said Jones to secure a few Negro children or adults to be refused the use of a park in Texarkana.

47. That pursuant to these instructions and other prior directives, persons under the direction of members of the Texarkana branch of the National Association for the Advancement of Colored People, did present themselves to the park of Texarkana.

48. That the said U. Simpson Tate, acting in concert with John J. Jones of Texarkana, Tex., and in behalf of defendants in this lawsuit, solicited plaintiffs for lawsuits against the Texarkana Junior College, Texarkana, Tex.

49. That the solicitations of the said U. Simpson Tate and John J. Jones resulted in the filing of a plea in intervention by the said U. Simpson Tate in the District Court of the United States for the Eastern District of Texas sitting in Tyler, Smith County, Tex., civil action No. 366, entitled *"Wilma Dean Whitmore v. H. W. Stilwell."*

50. That in said plea in intervention, said U. Simpson Tate, as a representative of the defendants herein, purported to represent one Steve James Poston and one Jessalyn Yvonne Gray.

51. That the said U. Simpson Tate at the time the plea in intervention was filed and at the time a hearing on said matter was held, did not have authority to represent said persons, and the said intervenors named in said plea in intervention has no knowledge of such proposed action, had never given their consent for U. Simpson Tate to file an action in their behalf or for anyone else to do so.

52. That the said Steve Poston and Jessalyn Gray had never seen U. Simpson Tate prior to the time of the hearing on the plea of intervention.

53. That on June 1, 1955, U. Simpson Tate forwarded petitions to the Houston branch of the National Association for the Advancement of Colored People with instructions to have citizens sign said petitions to be presented to the Houston School Board in order that a predicate might be laid for the filing of a lawsuit against such board.

54. That in so doing, said U. Simpson Tate was soliciting plaintiffs for a proposed lawsuit and using the members of the Houston branch for the National Association for the Advancement of Colored people as his agents for such solicitation.

55. That in the fall of 1955, U. Simpson Tate, together with Edwin C. Washington, Jr., and Dr. L. E. Smith, chairman of the legal redress committee of the Houston branch of the National Association for the Advancement of Colored People, solicited plaintiffs for proposed lawsuits against the University of Houston and other public schools of Houston, Tex.

Finding 68 is the only place wherein the nominee is mentioned by name. It states:

"That at the time of the presentation of the request to examine the books, records, documents, and accounts of said corporation, Thurgood Marshall, acting for and on behalf of said corporations, refused to permit the authorized representative of the attorney general to examine certain letters and correspondence, but while sitting at his desk mutilated such documents by cutting out signatures and addresses and then delivering said mutilated copies to the representative of the attorney general."

**Mr. EASTLAND.** Mr. President, the oral and documentary transcript of the proceedings in the Texas case which substantiates the findings of the court, which I have just read, are most lengthy and voluminous. The defendants and their counsel bitterly resisted the tenders of the documents into evidence, but they were admitted and the entire case is a monumental indictment against both the corporations and individuals, including the nominee herein, evidencing gross and flagrant violations of the laws of the State of Texas as well as acts and conduct on the part of lawyers that are contrary to the Canons of Ethics of the American Bar Association. The nominee cannot successfully deny and cannot evade his responsibility for participating, either actively or constructively, in these unlawful acts that were contrary to the laws of the State of Texas. Let me offer just a few illustrations.

**Mr. STENNIS.** Mr. President, will the Senator yield to me for a question?

**Mr. EASTLAND.** I yield for a question.

**Mr. STENNIS.** As the Senator will recall, he and I have been interested in legislation dealing with qualifications with reference to judicial offices. Several bills have been introduced. I know that with respect to two or three of them we were cosponsors. The proposed legislation deals with the proper legal training and proper experience and background for high judicial officers in the Federal Government.

In addressing myself to that background and referring to the facts with reference to the present nominee, I should like to ask the Senator whether it is not a fact that almost all—and I will give the figures later, if the Senator does not recall the dates—of the nominee's legal experience at the bar over the years since he has been an active lawyer has been confined to taking part in and espousing the cause of the NAACP.

**Mr. EASTLAND.** That is true. The testimony is that he gave advice in two other cases, one in the Supreme Court and another in a sort of off-the-cuff case.

**Mr. STENNIS.** I understand that he has been counsel for this organization since 1936, which was 2 or 3 years after he began his legal career.

**Mr. EASTLAND.** Yes; it covers the entire time that he was practicing law. He was counsel for the local branch in Baltimore. Then he became assistant counsel of the organization, and he rose until he organized the NAACP Educational & Legal Fund, of which he became counsel. I believe the record shows beyond any peradventure of doubt that his work has been devoted exclusively to the narrow field of civil rights legislation, and that he had no broad experience as a lawyer and no broad experience in the courts.

**Mr. STENNIS.** The record reflects the fact that since 1950 he has been general counsel for the NAACP organization, engaged virtually altogether in the purpose of eliminating all forms of segregation or laws of any kind that even touched upon that general subject. Is that not correct?

**Mr. EASTLAND.** The Senator is correct.

**Mr. STENNIS.** I am glad the Senator has brought out that point, because I doubt that the facts with respect to it are fully known; namely, that this nominee's legal career has been confined almost exclusively to one group of cases, one type of practice, and one type of outlook, if I may put it that way.

**Mr. EASTLAND.** I should like to ask a question of the Senator. Can the Senator possibly conceive that any man whose work for over 20 years and whose entire practice of law has been confined solely and exclusively in one little area of the field is qualified and competent to be a circuit court judge of the United States.

**Mr. STENNIS.** Certainly he is not; and he could not be. It does not make any difference who he is or what the color of his skin is, or what other background he had. He could not be qualified with that background of concentrated experience. He could not be qualified to be learned in other fields, or be impartial and unbiased in the field in which he has concentrated his experience.

**Mr. EASTLAND.** Could he be learned in a field that he never studied?

**Mr. STENNIS.** It is impossible that he could be. No one could be, even under the most encouraging circumstances; and with that experience he could not develop a judicial approach or an unbiased approach to the various problems, being animated, as he is, as a crusader in that one field for such a long time. Under those circumstances, he certainly could not develop a learning in other fields.

**Mr. EASTLAND.** The Senator knows, does he not, that it requires experience to learn anything by experience; that a boy coming out of college, regardless of his legal learning, is not a lawyer until he has had experience, and that experience is required to qualify one to be a judge? This is a case of a man who has not had experience as a lawyer and has not had judicial experience and therefore cannot qualify on any basis to be a circuit court judge.

**Mr. STENNIS.** The Senator is correct. I appreciate his yielding to me to give me a chance to express my opinion on this vital nomination. Our views are fundamental; they cannot be changed by argument or removed in any way by persuasion.

**Mr. EASTLAND.** Mr. President, I ask unanimous consent that I may yield to the distinguished junior Senator from South Carolina [Mr. THURMOND] with the understanding that I do not lose my right to the floor and that I be not charged with one speech.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. THURMOND.** Mr. President, I doubt seriously that any Member of Congress would be agreeable to having a participant who has always been associated with one particular side or team in an athletic contest designated as an official in future contests involving that team against any number of other adversaries. The Senate is faced today with a situation analogous to this, yet on a much higher plane. We are asked to confirm the nomination of a man to a seat on the Federal bench who, for almost the entirety of his legal profession, has been associated with only one particular side in a limited field of litigation.

Thurgood Marshall was admitted to the bar in the State of Maryland in 1933. He became associated with the NAACP as counsel for the Baltimore branch in 1934. He engaged in the general practice of law for only 3 years, from 1933 until 1936. From 1936 to this date he has been almost exclusively occupied, with the exception of perhaps 2 years in which he maintained a part-time law office in his mother's home in Baltimore, with his varied duties with the NAACP. Mr. Marshall has held several different titles in his long years of association with the NAACP, ranging from assistant special counsel to the director general of the Legal Defense & Educational Fund, Inc. While holding the title of executive director and counsel for the Legal Defense & Educational Fund, he concurrently held the title of special counsel for the parent organization, the National Association for the Advancement of Colored People. I think that his duties could be best summed up by saying that he was in charge of the exercised guidance over all litigation entered into by either the Legal Defense & Educational Fund or the NAACP proper. To that extent the nominee's experience over the years has been limited to questions involving constitutional issues relative to segregation and integration. Further than that, his experience has been limited to participating in only one side of that issue. It is apparent that in any litigation involving the question of integration or segregation the nominee's decision, should he be confirmed, would be foreordained.

The court to which this nominee has been appointed, the Second Circuit Court of Appeals, is one of the busiest in the Nation. The court hears a variety of cases ranging from admiralty law to constitutional questions. I do not feel that the nominee's background and experience qualify him for a position on this court. While it is true that he has a good record before the Supreme Court of the United States in terms of favorable decisions on the part of the Court, all of his appearances there have been in the field of his specialty. The questions which he might have to consider as a judge on the Second Circuit Court of Appeals would involve intricate points of law and would require a well grounded general knowledge of every aspect of the law. Judging from the nominee's background, he, of necessity, lacks this most essential legal background.

The favorable decisions which have been rendered by the Supreme Court of the United States have hinged upon sociological involvements rather than legal questions. I refer more specifically to the 1954 school desegregation case, Brown against Board of Education. The leading precedent in this field prior to this decision was Plessy against Ferguson, which was probably the last case in this area which was decided on the law and did not take into account the sociological implications which since that time have been foisted upon the courts. Without a doubt, the NAACP and its legal branch, the legal defense and educational fund under the guidance and control of the nominee, has been responsible for the shift in the Court's reliance from the law to sociology.

Perhaps the best evidence of the emphasis placed upon the sociological aspects of the Court's decision is contained in a paper prepared by Dr. Alfred H. Kelly, professor of history at Wayne University in Detroit, Mich. Dr. Kelly had a hand in the preparation of the brief in Brown against the Board of Education and this paper deals with his associations with the NAACP and the nominee during that period of time. I wish to quote certain revealing portions of this paper at this time:

> This is the argument, essentially, that you will find incorporated in the historical portions of the NAACP brief as it went to the Court. This is the argument Marshall used in oral argument in answer to the questions from the Justices. At this point, incidentally, I should confess something amusing about myself: I am convinced now, that this interpretation, which we hammered out with anything but historical truth as our objective, nonetheless contains an essential measure of historical truth. History is art as well as fact; everyone in this room knows that the facts do not automatically arrange themselves without the historian's creative leap which occurs in our craft as well as in the exact sciences, and in any event there are a considerable number of facts to support what I shall call the Graham-Frank theory of the amendment. Four years ago, in New York, Howard K. Beale assured me that something of this sort was also his theory of the amendment in relation to segregation. While he conceded that it had not been written specifically to prohibit segregation, he believed that it had indeed been drafted deliberately to effect a revolutionary equality in the Negro's status, with the legislative and judicial details of the amendment's implementation left to the creativity of subsequent generations.
>
> A good Freudian psychologist, I know, will be hugging himself with sardonic joy at this point, observing with self-satisfied glee that academic man obviously has as great a capacity for manipulating reality by myth in order to preserve his personal integrity as has an ordinary day laborer—perhaps an even greater capacity because of his superior mythmaking abilities. I do not know. * * *
>
> Chief Justice Warren's opinion noted briefly that there was a general disagreement among opposing counsel and historians about what the amendment as of 1866 had been intended to mean, and thereupon proceeded to junk the historical approach entirely and instead to settle the question of segregation on straight-out sociological ground: racial segregation in the schools, in the context of the 20th century, bred social inferiority for the Negro and must therefore be outlawed.
>
> A little commentary is in order before closing. In the first place, on the surface at least, Thurgood's black and white dolls won the case, not the historians. The Court settled the case by legislating upon the meaning of equality in mid-20th century. It did not overturn Plessy as bad history or bad law; instead, it simply consigned the case to the limbo of contemporary irrelevance.

Mr. President, those were the words of Dr. Alfred H. Kelly, professor of history at Wayne University, Detroit, Mich.

I ask unanimous consent that the entire paper be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### AN INSIDE VIEW OF "BROWN *v.* BOARD"

#### PROLOG

The preparation of this paper drove home upon its author one fundamental point which others of our craft doubtless have encountered many times previously: it is extremely difficult if not impossible for a historian to function adequately both as a primary source and as a secondary source with respect to one and the same object at one and the same time. The point of view of an immediate participant in a series of important events, however minor his role may have been, must of necessity be badly distorted in two fundamental respects: first, events in which the narrator actually participated assume for him a substance and importance all out of proportion to the ultimate significance they ought to have in any balanced historical account. This will be true simply because of the immense impact of the immediate upon the human mind. Events experienced at firsthand have a kind of permanence and validity for the observer which those events known only through secondary accounts and other men's documentary sources can never achieve. The consequence, even for an historian-participant, is a distorted image of the events in question, involving gross maladjustments of the realities of significance, relevance, time, place, and proportion which a competent historian, approaching the matter without the complications of personal involvement, presumably would have been able to avoid.

Equally obvious, also is the distortion which a historian-participant imposes upon events by reason of his intellectual and emotional involvement therein. Human nature will dictate an exaggeration of his own role; he will see causal connections hardly apparent to an outsider and quite possibly lacking in any inherent validity. When the matter is as controversial as is the school segregation question, any action he takes will drive him over into psychic commitment and thereafter cause him to defend and rationalize his actions, with respect to the great issues at hand, as a committed person. Consciously or unconsciously he will defend the value system implied in his role; probably he will also engage in a factual selectivity somewhat different—nay, even decidedly different—than that which would have controlled him had he functioned solely as an impartial outside historian. Even if we grant that any historian to some degree suffers from these same limitations of commitment and special interest, these liabilities can in nowise be compared to those under which the actual participant labors when he attempts later to set the story down on paper.

This narrative, in short, is hardly likely to bear close scrutiny as adequate history, either in perspective or impartiality. The author's role in *Brown* v. *Board of Education of Topeka* was hardly a major one; yet he was enough involved so that this account best is handled, in some part, in the first person. The author's sense of emotional and intellectual commitment, with their consequences for the hierarchy of social and political values presented here, will also be all too apparent. For what it is worth, however, the narrative follows.

One day in early July 1953, I received a letter from Mr. Thurgood Marshall, general counsel of the Legal Defense & Educational Fund of the National Association for the Advancement of Colored People. Would I be willing, Mr. Marshall inquired, to prepare a research paper on the intent of the framers of the 14th amendment with respect to the constitutionality of racially segregated schools?

The U.S. Supreme Court, Mr. Marshall explained, had recently heard arguments on a series of school segregation cases, four of them on appeal from the States and one of them from the Supreme Court of the District of Columbia. Instead of deciding the cases within the merits of the longstanding "separate but equal" rule, however, the Court had returned the cases to opposing counsel for reargument, posing to the lawyers on both sides the following questions, here somewhat paraphrased:

"What had been the intent of the framers of the 14th amendment," the Court had inquired, "with respect to school segregation? Had the authors of the amendment presumed that their constitutional handiwork would render segregated schools categorically unconstitutional? Or had they, as a possible alternative, presumed that Congress and the courts would have a discretionary power under the amendment to strike down school segregation, either by statute or court decision? And what had been the understanding of the several States who ratified the amendment with respect to its impact upon school segregation? And assuming that segregated schools violated the 14th amendment," the Court continued, "was it within the Court's authority to exercise its equity powers to effect a gradual desegregation and thereby to reconcile by degrees formally segregated public schools with the requirements of the Constitution?"

Thus it had become necessary, Mr. Marshall explained, for his organization to seek the aid of constitutional historians to answer the questions the Court had posed. My paper, if it consented to prepare it, would become the basis, along with a number of other studies, for a conference of several score scholars and lawyers to be staged by the NAACP in New York in late September. The purpose of the conference would be to advise and assist the NAACP in the formulation of its arguments and strategy for the forthcoming reargument before the Supreme Court. For the paper, Mr. Marshall offered me $400.

My paper, it must be emphasized here, was but one of five such prepared for the conference. C. Vann Woodward and John Hope Franklin, both historians of distinction, were retained by Marshall to prepare studies of differing aspects of southern reconstruction and its relation to the emergence of school segregation during and after that explosive era, while Horace Bond, then president of Lincoln University, was to prepare a paper on State educational systems during and after the period of the amendment. Howard Jay Graham, distinguished constitutionalist, was to prepare a paper on the abolitionist backgrounds of the 14th amendment, and their implication for the amendment's meaning. All these studies were fundamental to the September conference, all contributed valuable ideas to the brief which Marshall took to the Court in December.

It was obvious that the five school segregation cases which the NAACP had gathered under its wing, providing both legal assistance, money, and a general overall direction of strategy, had a momentous character. Even in 1953, it seemed probable that *Brown* v. *Board of Education of Topeka* and its sister cases would stand out in the Court's history in a fashion comparable to *Marbury* v. *Madison, Dred Scott* v. *Sandford,* or the notorious Schechter (sick chicken) case of 1935. For those persons in this audience who lack an immediate technical acquaintance with the vagaries of constitutional history, some further exposition of historical background is probably in order here.

At stake in *Brown* v. *Board* was the venerable "separate but equal" rule, which had first appeared in Justice Shaw's opinion in the Roberts case in Massachusetts more than a century before, and which the Supreme Court of the United States in 1896, after almost 50 years, had written into Federal constitutional law in the now celebrated case of *Plessy* v. *Ferguson*. Justice Brown's Plessy opinion in considerable part had rested upon a historical interpretation of the intent of the framers of the 14th amendment. It was self-evident, he had said, that Congress, in writing the equal protection clause into the Constitution, had not intended to destroy legalized segregation between the races. The learned Justice had offered no evidence in support of this rather too-pat historical affirmation; instead he had passed swiftly to a sociological justification for legalized segregation between the races. The Court, he said, could not be expected to disregard or to overturn the basic biological realities of life with respect to the relationships of the races as they found expression in the legal institutions of the several States. The Negro was entitled to equal protection, true, but segregated institutions did not violate that guarantee as long as substantial equality of facilities for the two races was preserved.

The immediate case at hand dealt only with the constitutionality of southern Jim Crow car laws, but with a grand sweep of the judicial arm, Justice Brown, in dicta at least, brought every conceivable form of legalized segregation, including that in public schools, within the encompassing folds of the Court's opinion. Thus the Court, by historical and sociological rationalization, had found it possible to reconcile with "equal protection" that which every observer then and now knows gave legal sanction to inherent inequality of privilege and protection. Ironically, Justice Harlan, the Kentucky ex-slaveholder, alone spoke out in protest, proclaiming "that the Constitution is colorblind."

It is easy to criticize the Plessy opinion today, and most constitutional writers have not hesitated to do so. One recent authority, Robert Harris, has castigated Brown's argument as "a compound of bad logic, bad history, bad sociology, and bad constitutional law, permeated with theories of social Darwinism" and presenting "overtones of white racial supremacy as scientific truth." The indictment is adequate enough on several counts, but it ignores two important facts: first, the Plessy opinion rested on a powerful body of specific precedent built up in long series of cases in the State courts over a period of more than 25 years. Second, the Court undoubtedly had merely translated into constitutional law the prevalent body of social myth, institutions, and statute law as it existed in the United States at the end of the 19th century. The concept of "separate but equal" had received official validation, in school segregation alone, in more than 30 cases between 1868 and 1896. Let us remember that even in our own time the President was obliged to use the Army to secure even nominal compliance with a Federal court desegregation order in Arkansas. Had the Court contravened the then prevailing legal myth, it doubtless would have found its dictum somehow flouted, circumvented, and ignored. Plessy, in fact, was about as valid for its time as *Brown* v. *Board* is for ours. And as Justice Holmes once sharply reminded learned counsel, the Supreme Court is not a court of justice but a court of law. And law is power rationalized as myth and given formal status and sanction by the legal organs of society.

Plessy stood like a rock of constitutional law for almost half a century, but by 1950 it had become apparent that the foundations of the opinion at long last were crumbling away under a protracted legal assault which reflected in turn a profound revolution in the role of the Negro in American society. The forward wash of this new tidal wave of social change first reached the Supreme Court in 1938, in the Gaines case, in which the Justices first recognized that Missouri, in refusing a Negro entry into the State university's law school, violated equal protection even when its authorities offered to send the applicant in question to law school in neighboring Illinois. The assault continued in a whole new series of school segregation cases, culminating in the Sweatt case of 1950, in which the Supreme Court struck down as a violation of equal protection a carefully established segregated law school which the State of Texas had created in an attempt to comply with the Court's increasingly stern injunctions with respect to equality of racially segregated facilities.

In this long series of cases from Gaines (1938) to Sweatt (1950), the Court never once hinted that the separate-but-equal rule was itself inadequate or subject to possible constitutional assault. Technically, instead, the Court merely was now treating with increasing seriousness the injunction that separate facilities must meet severe tests of quality in order to fall inside the equal protection rule. Not once did the Court suggest that separation itself was prima facie evidence of inequality, although that was undoubtedly the ultimate implication of the path along which it was now marching.

It was becoming increasingly apparent, in a pragmatic sense, that if the Court were to go much further with the legalized breakdown of segregation, the separate-but-equal rule itself would have to fall. And that meant something like a revolution in constitutional law. It would entail a piece of judicial lawmaking which could be justified only by a philosophy of extreme judicial activism, and this at the hands of a Court wherein several of the Justices had repeatedly expressed their disapproval of judicial activism and lawmaking by Court-made fiat.

Nevertheless, if the revolution in the Negro's legal status were to proceed much further, the attempt had to be made. And it was for this reason that the lawyers for the NAACP, who had directed the long legal battle in the courts from Gaines to Sweatt, decided sometime after 1950 to hurl a direct legal challenge at the Plessy rule itself. It was, Thurgood Marshall later told me, a deliberate policy decision on his part. Certainly it was an epochmaking one.

One possible ray of constitutional light there was. Technically—in the purely technical sense—the Supreme Court of the United States had never ruled that segregated schools were compatible with the 14th amendment. As observed above, Brown's strictures in Plessy with respect to segregated schools were mere dicta. And no more in the Cummings and Berea cases, or even in Gong Lum, which came to the Court in 1927, had the Court technically so ruled, though to all intents and purposes it had so assumed. This is the kind of nice distinction that constitutional lawyers grasp at; in fact, this nice argument appears in the Brown brief, although in the long run it turned out not to matter very much at all.

The new approach—that is, the direct attack on "separate but equal" as in compatible with equal protection—did not get far in the lower courts. When the association's lawyers used the argument in a segregation case in the Nation's Capital, here attacking segregation as inconsistent with the Civil Rights Act of 1866 and the due process clause of the fifth amendment, their analysis met blunt rejection at the hands of the Supreme Court of the District of Columbia. How was it possible, the court inquired somewhat caustically, to attack such a meaning to due process or to the Civil Rights Act when the same Congress which had passed both the Civil Rights Act and the 14th amendment had also legislated repeatedly for the support of segregated schools in the District? It was a hard question to answer. It is still a hard question to answer, historically, if not legally.

In sum, the NAACP did not do well in its new approach in the lower courts. It lost its key cases in South Carolina, Virginia, and Kansas, as well as in the Federal case in the District. Only in Delaware did the association score a technical victory; here Louis Redding, quiet, gentle, shrewd, and razor keen, had won a State supreme court decision that school segregation in that State violated the 14th amendment because Negro school facilities were not truly equal to those for whites. But this was the old strategy, already partially outmoded by the new approach.

The five cases came up to the Supreme Court early in 1953 and were argued there by counsel along much the same lines as in the lower courts. Instead of handing down a decision, however, the Court handed the cases back to opposing counsel with a request for reargument on the question of the historical intent of the framers of the 14th amendment. It was at once apparent that the NAACP and its lawyers had scored a tremendous breakthrough. What the Justices' request really seemed to say, the lawyers and scholars at work on the case presently were to agree, was something like this: "we would like to dispose of the Plessy rule, for once and for all, as constitutionally outmoded and incompatible with the realities of the Negro's role in contemporary American society. But we are fearfully embarrassed by the apparent historical absurdity of such an interpretation of the 14th amendment, and equally embarrassed by the obvious charge that the Court will be legislating if it simply imposes a new meaning on the amendment without regard to historical intent. Therefore, learned counsel, produce for us in this Court a plausible historical argument that will justify us in pronouncing, in solemn and awful sovereignty, that the 14th amendment properly was intended by its authors to abolish school segregation, or at least to sanction its abolition by judicial fiat. Thus fortified, we will declare segregated schools in the States to be unconstitutional as a violation of the 14th amendment. And school segregation in the District will fall under the parallel construction of Federal and State constitutional limitation."

The Court's order immediately produced a wild scramble on both sides for the services of constitutional historians, Reconstruction scholars, experts on public law, and so on. The questions the Court had asked were not the kind that lawyers ordinarily deal with, and in the face of them, the NAACP's lawyers confessed themselves, to the self-satisfied amusement of a number of historians and political scientists, to be substantially helpless. It was a scholar's inquiry which the Court had formulated, and not one within the ordinary purview of a lawyer's brief. The NAACP, by the way, was not alone in its embarrassment; counsel for the various respondent segregated school systems, now marshaled under the formidable legal generalship of veteran constitutional lawyer JOHN W. DAVIS, were equally embarrassed. On both sides the call went out for historical scholarship. And that brings us back to Marshall's letter to me, and to his subsequent telephone calls in which he outlined to me the dilemma in which he and his associates found themselves.

Let us now attempt, at least briefly, to examine the historical question which the Court had thrown at opposing counsel and upon which Mr. Marshall had asked me to write. It appeared that the answers that historical scholarship came forward with would determine, in considerable part, the strategy of the NAACP's argument before the Court, and in part, also, its chances for success. Scores of other historians, political scientists, and lawyers, however, were to lend their minds and imaginations to the problem before the brief went to the Court itself.

As a constitutional historian, I knew, of course, that the 14th amendment had evolved, in some considerable part, out of the Civil Rights Act of 1866. Accordingly, I went to work on the 1866 volumes of the Congressional Globe, reading anew the story of the debates that winter and spring for clues concerning the intent which Trumbull, Bingham, Steven, and the other congressional radicals might have had with respect to legalized segregation, and school segregation in particular. I did not really expect to find very much of anything. As any reasonably competent historian could have told the Court and the lawyers on both sides, the historical questions they had framed did not necessarily have very much relevance at all to the issues that seemed consequential then to the embattled radicals who had hammered out the Civil Rights Act and the 14th amendment that spring of 1866. The politicians of 95 years ago had other and for them more important matters on their minds. The whole thing was a good example of the way in which the matter of what is politically important and historically significant shifts from one age to another. As I said, I did not expect to find much of anything.

To my surprise, the debates reprinted in the 1866 volumes of the Globe had a good deal to say about school segregation. Unhappily, from the NAACP's point of view, most of what appeared there at first blush looked rather decidedly bad. It is impossible to enter here into elaborate technical detail, but the substance of the matter, at least on first inspection, was this:

The original civil rights bill, as reported out on the Senate floor by Lyman Trumbull early in 1866, had indeed been so broadly worded that it obviously would have struck down and outlawed entirely all State segregation laws—those sanctioning segregated schools as well as Jim Crow transportation facilities, and so on. Moreover, the desegregation features of the bill had indeed been attacked bitterly in the Senate as revolutionary and monstrous by several Senators, among them Garrett Davis of Kentucky, Reverdy Johnson of Maryland, and the conservative Republican Cowan of Pennsylvania. Cowan, in particular, had denounced the bill on the ground that it would obviously do away with all segregated schools in the several States, only to have several Republican radicals tell him that it was about time he woke up to the fact that there was a social and constitutional revolution going on in the country and that he had better accommodate himself to it. Nonetheless, the bill passed the Senate with its sweeping language intact, Trumbull having defended it as merely an implementation of the 13th amendment and what he insisted on calling the "bill of rights" incorporated in the "privileges and immunities clause" in article IV of the old Constitution. So far, very good from the NAACP point of view.

But when the civil rights bill reached the House, John A. Bingham, himself a radical of radicals and a member of the Committee of Fifteen, bitterly attacked the measure, on the grounds that Congress utterly lacked the power to legislate against legalized segregation in the States, either under the 13th amendment or the old "privileges and immunities" clause in article IV. To do so, he said, was grossly unconstitutional. And although Wilson of Iowa somewhat weakly protested that the bill as then written could not be construed as banning legally segregated schools, Bingham's attack sent the bill back to the House Judiciary Committee, where the disputed ambiguous language was stricken out. Thereafter, it was reported to the floor once more, this time in a form which absolutely eliminated the controversial segregation language. The conclusion for any reasonably objective historian was painfully clear: The Civil Rights Act as it passed Congress was specifically rewritten to avoid the embarrassing question of a congressional attack upon State racial segregation laws, including school segregation.

The debates on the 14th amendment itself, at first reading, hardly seemed to make the NAACP objective appear any easier. In the House, Thad Stevens bore down principally on the argument that the purpose of the amendment was to constitutionalize the Civil Rights Act—to remove doubts as to its constitutionality and to put the measure beyond the machinations of a future conservative Democratic majority in Congress. In the Senate the same argument received prominent attention.

Now note, if you will, the deadly implications of this situation for the NAACP's brief, at least, as we have carried the argument thus far. If the Civil Rights Act, as passed, specifically had been amended so as not to abolish legalized State segregation, and if the 1st section of the 14th amendment had been passed merely to constitutionalize the Civil Rights Act, then it could hardly be argued that the intent of Congress, in submitting the 14th amendment to the States, had been to knock out legalized racial segregation in the States—in schools, in transportation, hotels, or anything else. It looked as if JOHN W. DAVIS would win the historical argument hands down.

To be sure, there was a little more to the matter than the foregoing, fortunately quite a little more. In the Senate, Howard of Michigan, substituting for Fessenden in presenting the amendment to the floor, had asserted categorically that the first section, with its equal protection, privileges, immunities, and due process clauses, was intended to destroy all "class and caste legislation in the United States." Certainly that included school segregation statutes. That was hopeful language, to be seized upon eagerly and exploited for all it was worth. And in the Senate, in particular, the radical Republicans throughout the debate cast their argument in extremely broad terms, talking grandly of the Declaration of Independence, of the equality of man, of Lincoln's Gettysburg Address, and the like, and avoiding all questions of specific legislative and statutory consequence. Here, by all odds, was the best possible answer to a narrow construction of the amendment, although I fear I did not see it very clearly at the time.

The paper I prepared for the September conference was not adequate by any standard. I was trying to be both historian and advocate within the same paper, and the combination, as I found out, was not a very good one. I tried to draw conclusions which were at odds with the thing which most impressed me at the time—the damning modification of the civil rights bill in the House and its apparent identity in purpose with the 14th amendment. I was facing for the first time in my own career the deadly opposition between my professional integrity as a historian and my wishes and hopes with respect to a contemporary question of values, of ideals, of policy, of partisanship, and of political objectives. I suppose if a man is without scruple this matter will not bother him, but I am frank to say that it bothered me terribly. Howard K. Beale, a historian of distinction who attended the September conference and who, I discovered, had become something of a Sumnerian idealist on the subject of the Negro, looking at Reconstruction in a radically different way than he had earlier viewed it in "The Critical Year," confessed to me that he felt something of the same dilemma.

At the New York conference, I came face to face for the first time with the men who were directing the school segregation campaign. The NAACP office had sent out a call to about 125 leading scholars in the country—historians, constitutional lawyers, political scientists, educators, and the like—and a great number of men, several of them first-rate professional figures, had responded. They included Robert K. Carr, then of Dartmouth College and now president of Oberlin; Horace Bond; Prof. John Frank, then of the Yale Law School and now in private practice in New Mexico; Walter Gellhorn of the Columbia Law School; Milton Konvitz, the distinguished expert on civil rights; and Historians Howard K. Beale, C. Vann Woodward, and John Hope Franklin. In all, some 40 or 50 academicians were in attendance, along with some 30 or 40 lawyers, some of the latter being associated with the various cases themselves; others, headed by Robert Carter and the redoubtable Thurgood Marshall, being drawn from the NAACP's legal staff.

The conference, held at the Press Club on 43d Street and with headquarters at the thoroughly desegregated Algonquin Hotel, was organized in a series of seminar discussions around the so-called scholarly papers which the five historians had prepared. I found myself in such a seminar with a group of NAACP lawyers, all of them heavily concerned with the central problem they would have to argue before the Court—the meaning of the Civil Rights Act, its relationship to the 14th amendment, and the intent of the 1st section of the 14th amendment itself.

To my relief, I found that the lawyers present did not at all resent the fact that I had exposed a considerable difficulty in the argument they would have to make before the Court. On the contrary, they obviously wanted me to clarify as far as possible the difficulties they would confront were JOHN W. DAVIS and his staff as well prepared as they might be expected to be.

The central discussion swung around a basic question of strategy: ought the association's lawyers to use a generalized or a particularistic historical approach in their argument. Robert Ming, a Negro lawyer then in private practice in Chicago who had formerly taught law successively at Howard University and the University of Chicago, argued forcibly that the particularistic historical evidence favorable to the NAACP case was either so scanty or so unconvincing that sound strategy called for the abandonment of any attempt to make an argument basic on the framers' immediate historical intent. Dangerous as it was, he said, the Court's request ought to be bypassed and the case argued in terms of the approach Jay Graham had taken—the overall spirit of humanitarianism, racial equalitarianism, and social idealism which had dominated the rise of the abolitionist movement and which by implication thereby had determined the objectives of the radical Republicans who had written the 14th amendment.

It was a powerful argument, but it had one serious weakness: it would not meet the attack of lawyers for the respondent school boards who might show, with damning particularism, the amendment's specific intent. Several of us therefore argued in reply that the NAACP's lawyers might find it possible to deal with the historical argument successfully in immediate terms. They would at all events, be obliged to attempt it or run the risk of incurring the Court's direct censure and loss of the case. Ming, a hard and forceful debater and an incisive legal logician, remained unconvinced. As for the other lawyers present, most of them appeared to be plunged into a state of vast uncertainty, both with respect to the historical problem they confronted and the basic strategy it would be best for them to adopt in the forthcoming arguments.

One side point about the conference is worth making: the conference cost the NAACP, Thurgood Marshall later informed the delegates, upward of $30,000. Apparently, it also cost more than the NAACP officials had bargained for, for on the last day they found themselves a bit short of the cash necessary to meet our expense accounts. Accordingly, Marshall took off for Philadelphia, whose Negro leaders, he said, had not contributed their share so far to the expenses of the big legal battle now underway.

In his own words, "I put the touch on those boys down there and they paid off." My recollection is that he raised nearly all the $30,000 on that single trip, but I am not sure of that. All I remember for certain is that he walked into the plenary session of the conference that last afternoon and paid us off handsomely, in bright new greenbacks on our expense accounts, with no questions asked. In a small way, it was a dramatic reflection of the extraordinary revolution in the Negro's economic and power status in American society that had been underway for the last 20 years, and which had been vastly accelerated by the Second World War. The whole conference, in fact, illustrated the way in which a new Negro elite, ably generaled by the lawyers of the NAACP, was leading its newly found economic power, money, and prestige to the great court battle now underway. A hundred years earlier, by contrast, in the Reconstruction battles over the Negro's status, the freedman had been little more than a helpless pawn in a battle between white politicians. Now the Negro was in command of his own fight for equality, marching on the Supreme Court with an army of lawyers, educators, technical experts, and the like, over which a Negro organization, the New York office of the NAACP, retained firm control.

I left the September conference expecting to have no more to do with the segregation cases beyond what I might read in the newspapers. Ten days later, early in October, however, I was surprised to receive a phone call from Thurgood Marshall. In the curiously winning manner so characteristic of the man, he informed me that since I wasn't doing anything anyhow, I might as well come on down to New York for 4 or 5 days and waste my time there. My help, he said with careful flattery, was needed very badly on the brief. My vanity thus touched to the quick, I came.

Reaching New York on a Wednesday evening in mid-October, I found assembled around the table the core of legal experts from the NAACP's staff, others who had been called in to assist them, and the lawyers from the several State and Federal cases which had come up to Washington from the lower courts. This time there were only about a dozen of us. I cannot recall them all, but notable were Marshall himself; Robert Carter, then assistant counsel of the NAACP legal defense fund and now general counsel of the NAACP; Constance Motley, another NAACP lawyer; Jack Greenburg, who, since Marshall's elevation to the Federal bench, has become general counsel of the NAACP legal defense fund; Louis Redding, the quiet little man who had lately won his case in the Delaware Supreme Court; Spottswood Robinson, now dean of the Howard University Law School; and Robert Ming, rather harsh, aggressive, and wonderfully sharp, of whom I spoke earlier.

For several hours they picked my brains on American constitutional history, beginning with Lord Mansfield's case and going on to Gong Lum and Gaines. It soon became clear that they did not expect soft answers. They wanted hard questions and hard answers of the kind they might encounter from the Justices and opposing counsel when the cases were argued before the Court in December.

There were several such conferences in the next five evenings. From time to time others joined the lawyers around the conference table. I cannot recall them all, but John Hope Franklin was present on most occasions, as was John A. Davis, a political scientist from City College, and Kenneth Clark, a psychologist from the same institution. The questioning was hard and sharp; essentially the lawyers seemed to be using me and Franklin, in particular, to educate themselves, and I soon sensed that the role I was expected to play was that of Devil's advocate, a foil, or fencing instructor to prepare them all for the main event.

Incidentally, if I had ever entertained any lurking white-man's suspicions of the intellectual adequacy of this group of lawyers, all but one or two of whom were Negroes, these men soon kicked it out of me. Without exception, they were razor keen, deadly at argumentation and, as far as a layman who knew some law could tell, thoroughly competent in their profession.

On the morning after the first evening conference of this sort, Marshall called me early and when I reached his office I found him and Robert Ming waiting for me. Marshall now informed Ming and me that he wanted us to sit down and hammer out a draft of a brief for the Supreme Court.

To this end he locked us up, so to speak, in an isolated suite of offices over at the NAACP's main headquarters on West 40th Street. Ming and I spent the next 3 days there, with no one else present but a stenographer, walking up and down, dictating, arguing, and orating to one another. The brief drafting was mostly Ming and comparatively little Kelly; in the first place, Ming knew how to draft a brief and I didn't;

moreover, I found he had very positive ideas about what he wanted to say. My role, it appeared, was to challenge him repeatedly, to fight and quarrel with him, attack his history and constitutional law as unsound, and so on. Since being unpleasant comes naturally both to lawyers and academicians, we got on famously. Evenings, we went back to the general sessions, which invariably lasted until long after midnight. At the end of 3 days we had a brief which Ming said would do.

After 5 days, I went home completely exhausted; again expecting to hear no more of the school segregation cases. But early in November, Marshall called me, informed me once more that I was wasting time in Detroit, and this time in effect ordering me to come down to New York for another 5 days.

This time a still different task awaited me. On a Thursday morning, I met Thurgood Marshall in his office, where we were joined by John Frank of the Yale Law School, a nationally known lawyer and legal historian and author of a number of leading monographs on the 14th amendment. Marshall informed the two of us that Ming's draft was fine as far as it went, but that it didn't go far enough. Ming had proceeded on the theory, earlier outlined here, that it would not do to get too far involved in specific historical detail with respect to framer intent and that the association's case might best be cast in very generalized terms with a deliberate avoidance of the particular. This tactic, Marshall now informed us, might get past two or three of the Justices for whom, it was clear, he entertained no very great professional regard, but it would darn well never get past Frankfurter or Douglas. "I gotta argue these cases," Thurgood said, "and if I try this approach, those fellows will shoot me down in flames."

And so in the next few days, using the research that numbers of scholars had done, we wrestled with the matter of adequate answers to the deadly question of the congressional intent in drafting and modifying the civil rights bill, its relationship to the Committee of Fifteen. Thad Stevens' and Howards' expositions of congressional intent, and so on. The central question, all three of us felt, was that damning speech by Bingham which had forced modification of the Civil Rights Act, and the almost equally damning speech by Stevens proclaiming that the purpose of the first section of the amendment was merely the constitutionalization of the Civil Rights Act. Surely JOHN W. DAVIS would drive this sequence of events home; if he overwhelmed the Court with them, Marshall felt, the case might be lost.

I am very much afraid that for the next few days I ceased to function as a historian and instead took up the practice of law without a license. The problem we faced was not the historian's discovery of the truth, the whole truth, and nothing but the truth: the problem instead was the formulation of an adequate gloss on the fateful events of 1866 sufficient to convince the Court that we had something of a historical case. Never has there been, for me at least, a more dramatic illustration of the difference in function, technique, and outlook between lawyer and historian. It is not that we were engaged in formulating lies; there was nothing as crude and naive as that. But we were using facts, emphasizing facts, bearing down on facts, sliding off facts, quietly ignoring facts, and above all interpreting facts in a way to do what Marshall said we had to do—"get by those boys down there."

There was one optimistic element in all this, as Marshall pointed out: it was obvious as I remarked earlier, that the Court was looking for a plausible historical answer. It needed merely to be convinced that it was possible to say that the idea of segregation might have had something to do with the amendment, that it was not utterly absurd to argue some connection, so that either a new declaration of historical intent or perhaps merely an abandonment of the old affirmation of original intent as set forth by Justice Brown in Plessy could be advanced without making the Justices look ridiculous. In other words, Marshall said, we didn't need to win a historical argument hands down, all we needed was a facesaving draw. "A nothin' to nothin' score," Thurgood put it, "means we win the ball game." I believe, by the way, that this was a correct interpretation of the Court's mood.

This may be the place to observe that it was in these conferences that I came to understand why Thurgood Marshall was such a cunning and powerful strategist in the campaign for Negro rights in America. The Saturday Evening Post a few years ago called him a charismatic personality; certainly he is all of that, for his dynamism, personality, magnetism, and charm are undeniable, while he radiates a tremendous sense of personal power. But I found even more interesting his slashing and mordant sense of humor, his profoundly moving sense of identity with the Negro's tragic role in America, and his tremendous moral commitment to the work in which he was engaged.

The sudden shifts of mood he displayed on occasion were nothing short of astonishing. One morning in his office, he related to John Frank of Yale and myself, with tears in his eyes and a voice dulled with the cumulative grief of 300 years, the experiment of a leading sociologist with a group of little colored girls, who were given their choice of playing with two sets of dolls, one white or Caucasion, one black or Negro. Even at 3 years of age, he said, the little colored girls preferred the white dolls, describing the black dolls as "bad" and "not nice," and the white dolls as "pretty" and "good." As Marshall told the story, he seemed bowed down under an unbearable burden of tragedy. A few moments later, his ebullient hilarity restored, he good-naturedly railed at his secretary's negligence, informing her in a voice deliberately weighted with excess Negro accent not to forget "who d' H.N. is around here," and he found immensely amusing my discomfiture at being told what "H.N." stood for. I shall not tell you here.

Sometimes Marshall could reveal a mood of sudden savagery and bitterness. Customarily he referred to the Mason and Dixon line as "the Smith and Wesson line." On one occasion he read with savage delight from an Iowa frontier paper which portrayed a local Negro community as a mass of illiterate apes. For him, he made clear, this epitomized the white man's attitude toward his people. On still another occasion at an evening session at which I found myself playing Devil's advocate with a bit too much enthusiasm and lack of tact, Marshall stopped suddenly, and speaking into the growing silence around the table said: "Alfred, you are one of us here and I like you. But"—and this in a voice of terrible intensity—"I want you to understand that when us colored folks takes over, everytime a white man draws a breath, he'll have to pay a fine." A moment later, the good humor and charm returned. That same evening he told me in a mood of hilarious gaiety how his great-grandfather had managed to escape from slavery simply because he was, in Thurgood's words, so completely worthless that his grateful master carefully refrained from catching him again. "From all I know about my grandpappy," Thurgood said, "he was a real no good and his master was right."

Gradually, in the next 3 days, we hammered out a strategy. I like to believe that I played a major part in developing it, but every one of you knows how easily self-deceit functions in a situation of this kind; a little more objectivity tells me that probably we came to the basic idea together and that it had been implicit in the work of various of the legal and historical scholars who had put in so much spadework before now, probably more in the writings of Jay Graham and John Frank than anyone else. Briefly, the strategy we fell upon was to argue that Bingham had attacked Trumbull's civil rights bill not because he objected to banning segregation per se, but rather because he thought the powers of Congress inadequate, under the Constitution, to sustain such an enactment, so that a constitutional amendment would be necessary for this purpose. Thus by strong implication we made the 14th amendment actually a device for making legal that which Bingham attacked in the House debates on Trumbull's bill as hopelessly unconstitutional.

To put it differently, instead of equating the 14th amendment with the Civil Rights Act, we heavily emphasized the difference. The amendment, we told ourselves, had been necessary to accomplish a vast sweep of purpose far beyond the Civil Rights Act. Here we came down hard on Howard's announcement that the purpose of the amendment had been to abolish all class and caste in the United States. And we pounced on a phrase Jay Graham had dug up: Bingham, in defending the amendment in the House had indeed said Congress now was writing a constitutional provision, not drafting a statute; that statutes are writ sharp and narrow and specific, but constitutions are writ broad for ages yet unborn. In our minds' eye, Bingham almost seemed to be speaking for our purposes, saying to the Court in the 20th century that if your age, far beyond our span of time, sees in this amendment a new birth of liberty, it will be altogether legitimate for you to use it for that purpose.

This is the argument, essentially, that you will find incorporated in the historical portions of the NAACP brief as it went to the Court. This is the argument Marshall used in oral argument in answer to the questions from the Justices. At this point, incidentally, I should confess something amusing about myself: I am convinced now, that this interpretation, which we hammered out with anything but historical truth as our objective, nonetheless contains an essential measure of historical truth. History is art as well as fact; everyone in this room knows that the facts do not automatically arrange themselves without the historian's creative leap, which occurs in our craft as well as in the exact sciences, and in any event there are a considerable number of facts to support what I shall call the Graham-Frank theory of the amendment. Four years ago, in New York, Howard K. Beale assured me that something of this sort was also his theory of the amendment in relation to segregation. While he conceded that it had not been written specifically to prohibit segregation, he believed that it had indeed been drafted deliberately to effect a revolutionary equality in the Negro's status, with the legislative and judicial details of the amendment's implementation left to the creativity of subsequent generations.

A good Freudian psychologist, I know, will be hugging himself with sardonic joy at this point, observing with self-satisfied glee that academic man obviously has as great a capacity for manipulating reality by myth in order to preserve his personal integrity as has any ordinary day laborer—perhaps an even greater capacity because of his superior mythmaking abilities. I do not know.

There is not much more to the personal side of my story. I came down to New York once again in early December. By that time, Marshall, Carter, Greenberg, Motley, Robinson, and the other NAACP lawyers had polished the brief into something like a finished document suitable for the approaching Court argument. I read it over, subjected it to criticism in two or three lengthy conferences, spent a day in the bar association library picking up appropriate quotes and tidbits for the oral arguments. And that was all. A few days later, in mid-December, the Court heard the final arguments of learned counsel. The New York Times stories seemed to indicate that matters had gone well for what I now called "our side." In May came the now historic decision in *Brown* v. *Board* in which Mr. Justice Warren, speaking for a unanimous Court, threw out Plessy and announced that henceforth State statutes supporting school segregation were declared to be unconstitutional under the 14th amendment. The decision came just 97 years 2 months and 10 days after the Court's opinion in *Dred Scott* v. *Sandford*, in which Taney had declared that the Constitution and the American legal order thereunder made Negroes so far inferior that they had no rights which a white man was bound to respect.

It was apparent at once that Marshall's theory of a "draw bout" on the question of 14th amendment history had been altogether correct. Although John W. Davis and his cohorts had counterattacked NAACP history in a brief which shrieked in outraged indignation that opposing counsel had attempted a veritable rape upon Cleo's virtue, the Court obviously had found what it wanted. Chief Justice Warren's opinion noted briefly that there was a general disagreement among opposing counsel and historians about what the amendment as of 1866 had been intended to mean, and thereupon proceeded to junk the historical approach entirely and instead to settle the question of segregation on straightout sociological ground: racial segregation in the schools, in the context of the 20th century, bred social inferiority for the Negro and must therefore be outlawed.

A little commentary is in order before closing. In the first place, on the surface at least, Thurgood's black and white dolls won the case, not the historians. The Court settled the case by legislating upon the meaning of equality in mid-20th century. It did not overturn Plessy as bad history or bad law; instead, it simply consigned the case to the limbo of contemporary irrelevance. This does not mean that the historical argument was without meaning in the Court's opinion. It seems probable, at least, that had historical inquiry resulted in a general inability on the part of the NAACP to make a plausible case—shown, in short, that the 14th amendment clearly and obviously had not been intended to touch segregation—the Court's embarrassment would have been great enough to cause it to put over the critical decision to discard segregation under the amendment, at least for a time. But the historians had produced at least the "draw" that Marshall and his colleagues had asked for. It was all they needed in order to win. So we historians can assure ourselves, I think, that we had something to do with the victory. Thurgood, at all odds, presently wrote some of us letters of thanks, assuring us that enlisting the history profession on his side had been the NAACP's smartest move in the whole complicated case.

Another major legal technique—a legal absurdity, but one developed by the Court itself—undoubtedly contributed to the victory. This was the Court's decision to separate its fundamental finding that school segregation violated the 14th amendment from the actual implementation of that finding. The May 1954 decision carefully made that distinction, and it paved the way for the "all deliberate speed" order of a year later. The all-deliberate-speed order on its face was a logical, constitutional, and legal absurdity. The Court, in effect, was applying equity conceptions to the constitutional rights of individuals, a heresy hitherto unknown to the law. In effect it said, "The Constitution of the United States gives you certain constitutional rights with respect to desegregated schools. But you cannot have those rights at present, although some of you can have them after a while." Legally, this was nonsense; in effect it denied rights to which the appellant children were categorically entitled. To put it differently equity settlement historically applies to conflicts of vested interest, not constitutional guarantees of the rights of citizens as against the state.

Yet the application of equity conceptions to the Court's finding—constitutionally absurd—was doubtless also another fundamental requirement in the Court's unanimous decision in Brown against Board. The resultant stream of Court orders have been appalling enough in the problem of enforcement, for in substance the Court had pronounced upon the necessity of a revolution in the southern social order. But without resort to equity gradualism, the practical absurdity of the revolutionary pronouncement would have been so great as to have produced a judicial recoil—and a probable settlement of the five cases along the narrow lines of the Delaware decision—that the schools in question had not succeeded in meeting the requirements of "separate but equal" without overturning the Plessy opinion.

Even so, nine Justices, hitherto committed more emphatically than any of their recent predecessors to the philosophy of a judicial self-denying ordinance, had legislated the Court into the most difficult position occupied by that august tribunal since the Dred Scott decision. The Court's position with respect to the latest phase of America's tragic dilemma—the role of the Negro in America—was strikingly similar to that which it had occupied in the crisis of a hundred years earlier. To a constitutional historian the parallels were impressive. In both cases, the development of a profound schism with respect to the Negro's role in American society had developed in the Nation at large, a schism which split the country to a great degree, at least, along sectional lines between North and South. In both instances the Court yielded to the temptation, wisely or not, to pronounce upon constitutional law widely enough to attempt to establish a constitutional foundation upon which the National Government and the States might thereafter construct something like an integrated national policy.

In both instances, also, the Court undoubtedly was legislating—that is, acting in self-conscious consideration of the social and political consequences of its findings and deliberately shaping constitutional law to that end. And in both instances, the resultant decision stirred up a hornet's nest and contributed to protracted constitutional crisis, as one entire section of the Nation pronounced itself in revolt against the constitutional implications of the decision, and declared a general unwillingness to abide by it, or to translate it into living practice in its social order. In the Lincoln-Douglas debates, Lincoln came close to talking outright nullification of the Court decision, in language strangely similar in legal doubletalk to that of the present-day Virginia Committee on Constitutional Government with its curious and pathetic attempt to reincarnate the doctrine of interposition.

Yet the Court's position, beneath the surface, is far more powerful than it was 100 years ago. In 1857, the Court chose the side immediately dominant in a political sense—but it nonetheless blundered terribly in failing to estimate correctly the dynamics of the power drift in the country. Within 10 years, as a consequence, it found the whole of the Dred Scott case swept away—by war, by judicial appointment, by legislation, and by constitutional amendment.

This time, by contrast, all the signs indicate that the Court has chosen the winning side. The sectional power drift, the power drift in class relationships, and the party power drift—that is, the critical role of the Negro in the politics of several of the decisive Northern States including Michigan, Ohio, Illinois, and New York—all point in the same direction, toward the eventual fulfillment, not the repudiation, of the Court's great decision.

So does the progressive and dynamic alteration of the national value system with respect to the Negro's role in American life. In 1857, the Court spoke against the American conscience, certainly the conscience of most of the North. In 1954, the Court spoke for the American conscience, not only for nearly all the North but apparently for a great many in the South as well. The Court's power position—its ability to defend its version of the national constitutional myth, in other words, is vastly superior to what is was 100 years ago. It has had not only the historians, but what is far more important, the stream of history on its side. That this stream will reverse itself has become inconceivable. In Thomas Wolfe's words, "You can't go home again." Perhaps it was a profound perception of that fundamental sociological fact which in reality governed the Court's now celebrated excursion into its third great historic attempt to legislate upon the role of the Negro in America.

Mr. THURMOND. Mr. President, it certainly is not in the interests of the American people as a whole or the legal profession to argue extralegal considerations upon the Supreme Court as the basis for a decision of such constitutional importance.

Mr. President, it was brought out during the hearings on this nomination that the organization of which he is the chief legal officer was found guilty in Texas of the illegal practice of law and the maintenance of a law suit in violation of Texas' statutes. It is inconceivable to me that the nominee would have no knowledge of the activities being engaged in by the organization of which he was the chief legal officer.

The counsel for the subcommittee sought to question the nominee concerning another case of a similar type which arose in Virginia. Due to objections, however, he was unable to do so. I believe that all Senators should be aware of this matter before any action is taken on the confirmation of this appointment. The case in question is National Association for the Advancement of Colored People against Harrison, in the Supreme Court of Appeals of the State of Virginia. In this case the NAACP and its Legal Defense & Educational Fund, Inc., brought separate suits against the Attorney General of Virginia as to the constitutionality of certain of Virginia's statutes. The Supreme Court of Appeals for the State of Virginia upheld a lower court, which ruled that one of the statutes in question was constitutional and that the NAACP and its Legal Defense & Educational Fund were guilty of a violation of this statute. The court further found that the solicitation of legal business by the appellant—NAACP—its officers, members, affiliates, voluntary workers and attorneys violated the Virginia law and the canons of legal ethics. The court further held that attorneys who accepted employment with the NAACP and the Legal Defense & Educational Fund, to represent member litigants in suits solicited by the NAACP or those associated with it, violated the law of Virginia and the canons of legal ethics. Mr. President, I ask unanimous consent that the decision in this case, which appears in the 116 Southeastern Reporter Second, at page 55, be included in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Mr. President, it seems obvious to me that when two sovereign States arrive at the same conclusion concerning an organization and its leaders, based on a different set of circumstances, there must be a common plan or design on the part of that organization. Perhaps one such occurrence could be explained away as merely happenstance; but it is difficult, if not impossible, to explain away two separate but similar occurrences. This, in itself, should give the Senate cause to wonder as to the actual nature of and activities of the NAACP and its legal defense and educational fund. Furthermore, the chief legal officer, who has control of all the litigation engaged in, cannot be divorced from the activities of, and the guilt of, these organizations.

Mr. President, many articles have been written and many speeches have been made about the subversive elements which have infiltrated the NAACP. This infiltration has, of necessity, also occurred in all the affiliated bodies of that organization. The hearings on the nomination clearly indicate the loose-knit structure of the NAACP and the close association of its legal arm, the legal defense and educational fund. It would have been impossible for the legal defense and educational fund to have escaped this infiltration.

On February 23, 1956, the distinguished Representative E. C. Gathings, of Arkansas, made a most revealing speech in the House of Representatives as to the subversive character of the NAACP. This speech covers approximately 44 pages in the Congressional Record, volume 102, part 3, beginning on page 3216 of the Record. It is fully documented from the files of the House Committee on Un-American Activities, and I feel that it will be of great interest to all who have not had the opportunity to read it before. Representative Gathings' documentation presents the Communist-front records of some 78 officers, staff members, and others officially connected with the NAACP. This represents 44.1 percent of the NAACP's 177 officers and officials in 1954, and amounts to nearly half of its top officialdom. Realizing, Mr. President, that very few Members of this body have had the opportunity to read the Gathings speech, at this time I shall read to the Senate some excerpts from the speech:

> In 1925, the Communist line as published by the Daily Worker Publishing Co., in the official report of the Communist Party's fourth national convention held in Chicago, Ill., August 21–30, the party was directed to penetrate the NAACP.

Mr. President, what party was directed to penetrate the NAACP? The Communist Party.

I read further from the speech by Representative Gathings:

> The report reads:
>
> "Even in this organization [NAACP], under present circumstances it is permissible and necessary for selected Communists (not the party membership as a whole) to enter its conventions and to make proposals calculated to enlighten the Negro masses under its influence as to the nature and necessity of the class struggle."
>
> Here is the record from the files of the Committee on Un-American Activities, U.S. House of Representatives.

I read further from the speech by Representative Gathings, as it appears in the Congressional Record, volume 102, part 3, page 3216:

> The Daily Worker of July 15, 1949 (p. 5), in an article datelined Los Angeles, July 14, reported that "Roy Wilkins, acting secretary of the National Association for the Advancement of Colored People, told a press conference * * * he voted for Benjamin J. Davis, Negro Communist, at the last election. Davis is now on trial for his Communist beliefs, along with 11 other national Communist Party leaders in New York City. Wilkins, however, refused any comment on the trial itself." The same information appeared in the Daily People's World of July 13, 1949 (p. 1).
>
> Mr. Wilkins was a member of the national committee, International Juridical Association, as was shown on the leaflet entitled "What is the IJA?" and a letterhead of the group dated May 18, 1942; he was identified as being from New York State. The special Committee on Un-American Activities cited the International Juridical Association as "a Communist front and an offshoot of the International Labor Defense" (Rept. 1311 of March 29, 1944).

Continuing on this subject from the same page of the Congressional Record, under the subject of Roy Wilkins:

> In an article by Blaine Owen which appeared in the Daily Worker of June 17, 1936 (p. 1), entitled "1936 Communist Party Convention Significant to Negroes," he stated: "The greatest significance undoubtedly attends the 1936 convention of the Communist Party," Roy Wilkins, assistant national secretary of the National Association for the Advancement of Colored People and editor of the Crisis, said today. "It must be patent to anyone who has kept track of the news that the political leftwing—and especially the Communist program—has been an important factor in bringing the plight of the Negro people, along with other underprivileged groups, more sharply to the attention of those parties which have been in power. * * * Nevertheless, there is no doubt in my mind that the program and demands of the Communists have had a very wholesome effect of the Negro people themselves. They have been emboldened by the basic and basically right demands put forth." This, it was pointed out to Wilkins, is what the Communist Party means when it bases its entire campaign on the proposal for and toward the realization of the broad People's Front. He nodded.

From this same page of the Congressional Record, I quote further, with reference to W. E. B. DuBois, one of the founders of the NAACP:

> There was an entirely different school of thought, however, which was headed by Dr. W. E. B. DuBois, of Atlantic University. Dr. DuBois was a very bitter critic of the Washingtonian movement, which he referred to as "the Tuskegee machine." Dr. DuBois was leader of the leftwing element of American Negro Society which, in 1905, met at Niagara Falls, N.Y., and devised plans whereby complete social equality could be attained. This group was subsequently called the Niagara movement.
>
> The Niagara movement was not very effective, because it was hampered by lack of funds. However, in 1908, a race riot occurred in Springfield, Ill., the home of Abraham Lincoln, which aroused the interest of the dormant abolitionist movement in the North. As a result of the feeling which was aroused by the Springfield race riots, William English Walling made a strong appeal for the emancipation of the American Negro in the fields of political and social equality. This appeal later became the clarion for the formation of a new organization called National Association for the Advancement of Colored People, which joined the white liberals of the northern abolitionist traditions with the Negro liberals of the Niagara movement.
>
> Dr. DuBois was one of the founding fathers of the present-day NAACP, which was founded in 1909. This Dr. DuBois, who broke away from the Booker T. Washington group, was the leader of the Niagara movement. His record of citations from the House Committee on Un-American Activities takes up nine pages single-spaced:
>
> "February 21, 1956.
>
> "Subject: Dr. W. E. B. DuBois, founder NAACP, leader Niagara movement.
>
> "The public records, files, and publications of this committee contain the following information concerning the subject individual. This report should not be construed as representing the results of an investigation by or findings of this committee. It should be noted that the individual is not necessarily a Communist, a Communist sympathizer, or a fellow-traveler unless otherwise indicated.
>
> "The Worker (Sunday edition of the Communist publication, the Daily Worker) on April 27, 1947, reported that 'almost 100 Negro leaders, headed by W. E. B. DuBois, Paul Robeson, and Roscoe Dunjee, last week called upon President Truman" to repudiate decisively "steps to 'illegalize the Communist Party. * * * As Negro Americans * * * we cannot be unmindful that this proposal to outlaw the Communist Party comes precisely when our Federal Government professes grave concern over the democratic rights of peoples in far distant parts of the world' (p. 8 of the Worker).
>
> "Dr. DuBois sponsored a statement attacking the arrest of Communist Party leaders (Daily Worker, Aug. 23, 1948, p. 3); he sponsored a 'Statement by Negro Americans' on behalf of the Communist leaders (the Worker of Aug. 29, 1948, p. 11); he filed a brief in the Supreme Court on behalf of the 12 Communist leaders (Daily Worker, Jan. 9, 1949, p. 3); he signed statements on behalf of Communist leaders, as shown in the following sources: Daily Worker, January 17, 1949 (p. 3); February 28, 1949 (p. 9); Daily People's World, May 12, 1950 (p. 12); Daily Worker, September 19, 1950 (p. 2); and in 1952, he signed an appeal to President Truman, requesting amnesty for leaders of the Communist Party convicted under the Smith Act (Daily Worker, Dec. 10, 1952, p. 4); also an appeal on their behalf addressed to President Eisenhower (Daily People's World, Nov. 17, 1954, p. 2). Dr. DuBois was one of the sponsors of the National Non-Partisan Committee to Defend the Rights of the 12 Communist leaders, as shown on the back of their letterhead dated September 9, 1949.
>
> "A statement on behalf of Eugene Dennis, a Communist, contained the signature of Dr. DuBois, identified as an educator (Daily Worker of May 5, 1950, p. 2); he signed a telegram of the National Committee To Win Amnesty for Smith Act Victims, greeting Eugene Dennis on his 48th birthday (Daily

Worker, Aug. 11, 1952, p. 3); Eugene Dennis was formerly secretary general of the Communist Party.

"The Daily Worker of August 2, 1949 (p. 2), disclosed that Dr. DuBois endorsed Benjamin J. Davis, Jr., well-known Communist leader; he was honorary chairman of the Committee To Defend V. J. Jerome, chairman, cultural commission of the Communist Party, United States of America (letterhead dated June 24, 1952). A leaflet of the Civil Rights Congress (dated March 20, 1947) named Dr. DuBois as having defended Gerhart Eisler, Communist. He was one of the sponsors of the Committee To Defend Alexander Tractenberg, former member of the national committee of the Communist Party (Daily People's World of Apr. 17, 1952, p. 7; and the Daily Worker of Apr. 18, 1952, p. 6).

"The Daily Worker of February 16, 1948 (p. 16), reported that some '80 leading New York civic leaders, trade unionists, and professionals yesterday joined Dr. William Jay Schieffelin, president emeritus of the citizens union, to demand the prompt seating of Simon W. Gerson to the city council seat made vacant by the death of Councilman Peter V. Cacchione, Brooklyn Communist. * * * The civic leaders' statement is directed to Mayor O'Dwyer and city council majority leader Joseph T. Sharkey. It is a reprint of a letter to the New York Times by Dr. Schieffelin in which he charges that the real reason for the refusal to seal German (sic. Gerson) is "the current anti-Communist hysteria".' Dr. DuBois was named as having signed the statement. (See also advertisement in New York Times of Feb. 19, 1948, p. 13.,

"Dr. DuBois was a member of a committee formed to protest the arrest of Pablo Neruda, Communist Chilean senator and world famous poet; he signed a statement of the organization in support of Neruda. (Daily Worker of April 7, 1948, p. 13, and April 10, 1950, p. 2, respectively.) He was sponsor of a reception and testimonial for Harry Sacher, defense attorney for the Communist leaders. (Daily Worker of December 5, 1949, p. 2.)

"When Earl Browder (then general secretary, Communist Party) was in Atlanta Penitentiary serving a sentence involving his fraudulent passports, the Communist Party's front which agitated for his release was known as the Citizens' Committee to Free Earl Browder (Special Committee on Un-American Activities in Report 1311 of Mar. 29, 1944); the Attorney General of the United States had cited the Citizens' Committee as Communist (CONGRESSIONAL RECORD, vol. 88, pt. 6, p. 7447, and press release of Apr. 27, 1949). Dr. DuBois was a member of the Citizens' Committee * * * in 1942, as shown on their letterhead dated February 11, 1942; he sponsored a dinner of the group, according to the Daily Worker of February 5, 1942, and signed the call to the National Free Browder Congress, as shown in the Daily Worker of February 25, 1942, pages 1 and 4.

"A 1950 letterhead of the American Committee for Protection of Foreign Born carries the name of Dr. W. E. B. DuBois in a list of sponsors of that organization; the same information appears on an undated letterhead of the group, distributing a speech of Abner Green at the conference of December 2–3, 1950; a letterhead of the Midwest Committee for Protection of Foreign Born dated April 30, 1951, names him as a national sponsor of the organization. He signed the group's statement opposing the Hobbs bill (Daily Worker, July 25, 1950, p. 4); he signed their statement opposing denaturalization (Daily Worker of Aug. 10 1950, p. 5); and signed a telegram prepared and dispatched by the organization to the Attorney General of the United States, protesting holding nine noncitizens without bail under the McCarran Act. (Daily Worker of Nov. 24, 1952, p. 3). He was also listed in the Daily worker of October 21, 1954 (p. 2) as one of the 95 sponsors of the National Conference to Defend the Rights of Foreign Born Americans, to be held December 11 through 12 in New York City by the American Committee for Protection of Foreign Born.

"The special committee cited the American Committee for Protection of Foreign Born as 'one of the oldest auxiliaries of the Communist Party in the United States' (report of Mar. 29, 1944: also cited in report of June 25, 1942): the Attorney General cited the organization as subversive and Communist (press releases of June 1 and Sept. 21, 1948; also redesignated pursuant to Executive Order No. 10450, see consolidated list of Apr. 1, 1954).

"'For years, the Communists have put forth the greatest efforts to capture the entire American Labor Party throughout New York State. They succeeded in capturing the Manhattan and Brooklyn section of the American Labor Party but outside of New York City, they have been unable to win control' (Special Committee's Rept. 1311 of Mar. 29, 1944). Dr. DuBois spoke at a State conference of the American Labor Party (Daily Worker of Dec. 2, 1950, p. 5); he spoke at a dinner, April 18, opening the presidential campaign in New York City (Daily Worker of Apr. 14, 1952, p. 8, an advertisement; and the Daily Worker of Apr. 21, 1952, p. 1); he spoke at an election rally in Madison Square Garden, May 13, held under the auspices of the American Labor Party (Daily Worker of May 8, 1952, p. 8, an advertisement; and May 14, 1952, p. 1); and he spoke at an election rally in Madison Square Garden, October 27 (Daily Worker of Oct. 22, 1952, p. 8, an advertisement; and Oct. 29, 1952, p. 2).

"The Daily Worker of March 29, 1948 (p. 7), named Dr. DuBois as a member of the executive board and of the policy committee, Council on African Affairs; he signed the council's petition to the United Nations as shown in the Daily Worker of June 5, 1950 (p. 4); drafted their statement against the policy of the United States in Korea (Daily Worker of July 25, 1950, p. 3), and spoke at the council's conference on April 24 at Friendship Baptist Church in New York City (Daily Worker, April 23, 1954, p. 8, and April 26, 1954, p. 6). The Attorney General cited the Council on African Affairs as subversive and Communist (press releases of December 4, 1947, and September 21, 1948); also redesignated—consolidated list of April 1, 1954.

"The Attorney General cited the Jefferson School of Social Science as an 'adjunct of the Communist Party' (press release of December 4, 1947); also redesignated—consolidated list of April 1, 1954; the special committee reported that 'at the beginning of the present year, the old Communist Party Workers School and the School for Democracy were merged into the Jefferson School of Social Science,' (Rept. 1311 of March 29, 1944.) Dr. DuBois was honored at the Jefferson School, as shown in the Daily Worker on February 1, 1951 (p. 2); it was announced in the Daily Worker on January 2, 1952 (p. 7), that Dr DuBois was scheduled to conduct a seminar on 'Background of African Liberation Struggles' at the Jefferson School; the January 26, 1952, issue of the same publication (p. 7), named him as a faculty member of that school, as did the Worker, October 4, 1953 (p. 10) and the Daily Worker, October 14, 1953 (p. 8)—advertisement. He signed statements on behalf of the Jefferson School as shown in the Daily Worker, November 25, 1953 (p. 2) and the Daily People's World, July 6, 1954 (p. 7).

"In a report of the special committee, dated March 29, 1944, the National Council of American-Soviet Friendship was cited as having been, in recent months, the Communist Party's principal front for all things Russian (report dated March 29, 1944); the organization has been cited as subversive and Communist by the Attorney General (press releases of December 4, 1947, and September 21, 1948; also redesignated consolidated list of April 1, 1954). Dr. DuBois signed a statement of the national council in 1947 (Daily Worker, Oct. 17, 1947, p. 4); he signed the organization's statement protesting the Iron Curtain, as reported in the Daily People's World on May 20, 1948 (p. 5); he signed a statement of the council, praising Henry Wallace's Open Letter to Stalin in May 1948 (from a pamphlet entitled 'How To End the Cold War and Build the Peace,' p. 9); he signed their statement calling for a conference with the Soviet Union (Daily Worker, June 21, 1948, p. 3); he signed their Roll Call for Peace (Daily Worker of Aug. 31, 1948, p. 5); he sent greetings through the national council on the 31st anniversary of the Russian Revolution (Daily Worker, Nov. 10, 1948, p. 11); he signed the council's appeal to the U.S. Government to end the cold war and arrange a conference with the Soviet Union (leaflet entitled 'End the Cold War—Get Together for Peace,' dated December 1948); he spoke at the Congress on American-Soviet Relations, December 3–5, 1949, arranged by the national council and signed the council's letter to the American people, urging that a unified democratic Germany be established (Daily People's World, Aug. 13, 1952, pp. 4 and 6).

"A letterhead of the Conference on Peaceful Alternatives to the Atlantic Pact, dated August 21, 1949, lists the name of Dr. W. E. B. DuBois as having signed an open letter of the organization, addressed to Senators and Congressmen, urging defeat of President Truman's arms program; he answered a questionnaire of the Committee for a Democratic Far Eastern Policy in favor of recognition of Chinese Communist Government, as shown in Far East Spotlight for December 1949–January 1950 (p. 23).

"The Conference for Peaceful Alternatives to the Atlantic Pact was cited as a meeting called by the Daily Worker in July 1949, to be held in Washington, D.C., and as having been instigated by 'Communists in the United States [who] did their part in the Moscow campaign' (Committee on Un-American Activities in Report 378 on the Communist 'Peace' Offensive dated Apr. 1, 1951). The Committee for a Democratic Far Eastern Policy has been cited as Communist by the Attorney General (press release of April 27, 1949); also redesignated-consolidated list of April 1, 1954.

"A page of signatures from the Golden Book of American Friendship with the Soviet Union, 'sponsored by American friends of the Soviet Union, and signed by hundreds of thousands of Americans,' was published in the November 1937 issue of Soviet Russia Today (p. 79); the Golden Book was to be presented to President Kalinin at the 20th anniversary celebration. The page carried the title, 'I hereby inscribe my name in greeting to the people of the Soviet Union on the 20th anniversary of the establishment of the Soviet Republic,' and a facsimile of the name, W. E. B. DuBois, appeared on that page.

"The Golden Book of American Friendship was cited as a 'Communist enterprise' signed by 'hundreds of well-known Communists and fellow travelers' (Special Committee on Un-American Activities in Report 1311 of Mar. 29, 1944).

"A letterhead of the New York Committee To Win the Peace, dated June 1, 1946, contains the name of W. E. B. DuBois in a list of New York committee members. The National Committee To Win the Peace, with which the New York committee is affiliated, was cited as subversive and Communist by the U.S. Attorney General. (Press release of Dec. 4, 1947, and Sept. 21, 1948; also redesignated consolidated list of Apr. 1, 1954.)

"Dr. DuBois sponsored a petition of the American Council for a Democratic Greece, as disclosed by the Daily People's World of August 23, 1948 (p. 2); he signed a statement of the same organization, condemning the Greek Government, as reported in the Daily Worker of September 2, 1948 (p. 7). The American Council for a Democratic Greece has been cited as subversive and Communist, an organization formerly known as the Greek-American Council (Attorney General of the United States in press releases of June 1 and September 21, 1948); also redesignated—consolidated list of April 1, 1954.

"'Dr. DuBois was a sponsor of a conference of the National Council of Arts, Sciences, and Professions, October 9–10, 1948, as shown in a leaflet entitled 'To Safeguard These Rights,' published by the Bureau of Academic Freedom of the National Council; a letterhead of the National Council (received for files January 1949) named him as a member at large of that organization; he was named as vice chairman of the group on the leaflet, Policy and Program Adopted by the National Convention, 1950; a letterhead of the same organization's southern California chapter, dated April 24, 1950, lists him as a member at large of the national council; he was elected vice chairman of the group in 1950 (Daily Worker, May 1, 1950, p. 12); a letterhead of the group dated July 28, 1950, names him as vice chairman of the group; he endorsed a conference on equal rights for Negroes in the arts, sciences, and professions sponsored by the New York Council of the Arts, Sciences, and Professions (Daily Worker, Nov. 9, 1951, p. 7); the call to the conference contained the came information. A letterhead of the national council, dated December 7, 1952, named him as vice chairman.

"The call to a Scientific and Cultural Conference for World Peace, issued by the National Council of the Arts, Sciences, and Professions for New York City, March 25–27, 1949, as well as the conference program (p. 12), and the Daily Worker of February 21, 1949 (p. 9), named Dr. DuBois as one of the sponsors of that conference; he was a member of the program committee of the conference, honorary chairman of the panel at cultural and scientific conference (program, p. 7), and spoke on the 'Nature of Intellectual Freedom' at that conference (p. 78 of the edited report of the conference entitled 'Speaking for Peace').

"The National Council of the Arts, Sciences, and Professions was cited as a Communist-front organization by the Committee on Un-American Activities in its review of the Scientific and Cultural Conference for World Peace, released April 19, 1949; in the same review, the Scientific and Cultural Conference was cited as a Communist front which 'was actually a supermobilization of the inveterate wheelhorses and supporters of the Communist Party and its auxiliary organizations.'

"The Daily People's World of October 28, 1947 (p. 4), named Dr. DuBois as one of the sponsors of a national conference of the Civil Rights Congress in Chicago, November 21–23, 1947; he sponsored their Freedom Crusade (Daily Worker, Dec. 15, 1948, p. 2); the Call to a Bill of Rights Conference, called by the Civil Rights Congress, for July 16–17, 1949, in New York City, named him as one of the sponsors of that conference; the program of the National Civil Rights Legislative Conference, January 18–19, 1949, called by the Civil Rights Congress, lists him as one of the conference sponsors; he was chairman of a conference of the congress, as reported in the Worker of January 2, 1949 (p. 5); Dr. DuBois was defended by the Civil Rights Congress (Daily Worker, Feb. 13, 1951, p. 3); he signed the organization's open letter to J. Howard McGrath, U.S. Attorney General, on behalf of the four jailed trustees of the bail fund of the Civil Rights Congress of New York (advertisement, 'paid for by contributions of signers' which appeared in the Evening Star on Oct. 30, 1951, p. A–7); he participated in the organization's sixth anniversary dinner in New York City, March 26, 1952 (Daily Worker, Mar. 28, 1952, p. 4).

"The Civil Rights Congress was formed in 1946 as a merger of two other Communist-front organizations, the International Labor Defense and the National Federation for Constitutional Liberties; it is 'dedicated not to the broader issues of civil liberties, but specifically to the defense of individual Communists and the Communist Party' and 'controlled by individuals who are either members of the Communist Party or openly loyal to it' (Rept. 1115 of the Committee on Un-American Activities, dated Sept. 2, 1947); the Attorney General cited the congress as subversive and Communist (press releases of December 4, 1947, and September 21, 1948); also redesignated—consolidated list of April 1, 1954.

"Dr. DuBois spoke in Washington, D.C., on May 9, 1947, under the auspices of the Washington Book Shop, as shown by a leaflet of the bookshop, cited as subversive and Communist by the Attorney General; it had previously been cited by the Attorney General as follows: 'Evidence of Communist penetration or control is reflected in the following: Among its stock the establishment has offered prominently for sale books and literature identified with the Communist Party and certain of its affiliates and front organizations (press releases of December 4, 1947, and September 21, 1948; also redesignated—consolidated list of Apirl 1, 1954; and the Congressional Record, vol. 88, pt. 6, p. 7447). The special committee cited the Washington Book Shop as a Communist-front organization (report of March 29, 1949).

"The Workers Book Shop catalog for 1948 (p. 5), advertised Dr. DuBois' 'The World and Africa' for sale; the 1949–50 catalog (p. 11) advertised his 'Black Folk, Then and Now'; the Worker for March 1, 1953 (p. 16), carried an advertisement of Dr. DuBois' books, 'The Battle for Peace' and 'Black Reconstruction' on sale at the Workers' Bookshop, New York City. The Workers' Book Shops are a chain of Communist bookshops which are official outlets for Communist literature.

"As shown on the following sources, Dr. DuBois was a member of the Advisory Council of Soviet Russia Today: Letterhead of the publication dated September 8, 1947; a letterhead of September 30, 1947; and an undated letterhead received April 1948. The Daily People's World of November 6, 1952 (p. 7), reported that Dr. DuBois had written an article for the November issue of New World Review; and his article, entitled 'Normal United States-China Relations,' appeared in the issue of August 1954 (pp. 13–15). He was also shown by the Daily Worker of October 20, 1954 (p. 7), as one of those who attended the annual banquet held by New World Review on October 14 at which special tribute was paid to Mr. and Mrs. Paul Robeson. Soviet Russia Today has been cited as a Communist-front publication by the special committee in reports of March 29, 1944, and June 25, 1942; the Committee on Un-American Activities also cited it as a Communist-front publication in a report dated October 23, 1949. Soviet Russia Today changed its name to New World Review, effective with the March 1951 issue.

"The Daily Worker of July 6, 1951 (p. 7), reported that Dr. DuBois was author of the pamphlet, I Take My Stand for Peace, published by the New Country Publishers, official Communist Party publishing house which has published the works of William Z. Foster and Eugene Dennis, Communist Party chairman and executive secretary, respectively (Committee on Un-American Activities in its report of May 11, 1948).

"In 1947 and 1948, Dr. DuBois was contributing editor on the staff of New Masses magazine and later of Masses and Mainstream. (New Masses, July 22, 1947, p. 2; Masses and Mainstream, March 1948, vol. 1, No. 1; and issue of August 1950, p. 1; June 1954, inside front cover.) He contributed articles to the following issues of New Masses and Masses and Mainstream: New Masses for September 10, 1946 (p. 3) and June 10, 1947 (p. 20); Masses and Mainstream for April 1951 (pp. 10–16); and February 1952 (pp. 8–14).

"In 1940, Dr. DuBois signed New Masses letter to President Roosevelt as shown in New Masses for April 2, 1940 (p. 21); he was honored at a dinner in New York City, January 14, 1946, arranged by New Masses and at which awards were made for greater interracial understanding (Daily Worker of Jan. 7, 1946, p. 11, cols. 1 and 2); he endorsed New Masses, as reported in the Daily Worker of April 7, 1947 (p. 11); he sponsored a plea for financial support of New Masses, as disclosed in the issue of that publication for April 8, 1947 (p. 9); he received the New Masses award for his contribution in promoting democracy and interracial unity at the publication's second annual awards dinner (New Masses of Nov. 18, 1947, p. 7); the February 1953 issue of Masses and Mainstream carried a chapter from Dr. DuBois' book "The Soul of Black Folk," written 50 years ago (Daily Worker, Feb. 23, 1953, p. 7); he was author of "In Battle for Peace," described as the story of his 83d birthday, and which was published by Masses and Mainstream (the Daily Worker of June 18, 1952, p. 7; Daily People's World of Sept. 17, 1952, p. 7; the Daily Worker of Sept. 23, 1952, p. 7; and the Worker of Dec. 21, 1952, p. 7).

"The Attorney General of the United States cited New Masses as a Communist periodical (Congressional Record, vol. 88, pt. 6, p. 7448); the special committee cited it as a nationally circulated weekly journal of the Communist Party. (Report of Mar. 29, 1944; also cited in reports of Jan. 3, 1939, and June 25, 1942.) Beginning with the March 1948 issue, New Masses and Mainstream (Marxist quarterly) consolidated into what is now known as Masses and Mainstream, with the announcement that 'here, proudly, in purpose even if not in identical form, is a magazine that combines and carries forward the 37-year-old tradition of New Masses and the more recent literary achievement of Mainstream. We have regrouped our energies, not to retire from the battle but to wage it with fresh resolution and confidence' (Masses and Mainstream for March 1948, p. 3).

"A letterhead of the Committee To Secure Justice in the Rosenberg Case, dated March 15, 1952, carried the name of Dr. W. E. B. DuBois in a list of sponsors; he joined in a request of that committee for a new trial for Ethel and Julius Rosenberg (Daily Worker of June 12, 1952, p. 6); he participated in a rally October 23 in New York City, to demand clemency for the Rosenbergs (Daily Worker, Oct. 27, 1952, p. 8); he signed an amicus curiae brief presented to Supreme Court in Washington, D.C., urging a new trial for the Rosenbergs (Daily Worker of Nov. 10, 1952, p. 3; and the Daily People's World of Nov. 13, 1952, p. 8). He wrote an article entitled 'A Negro Leader's Plea To Save Rosenbergs' (the Worker of Nov. 16, 1952, p. 3–M); and the Daily Worker of January 21, 1953 (p. 7) reported that he had urged clemency for the Rosenbergs.

"The Daily Worker of April 11, 1949 (p. 5), reported that Dr. DuBois was a member of the Sponsoring Committee of the World Peace Congress in Paris; he was cochairman of the American sponsoring committee of the congress, as disclosed on a leaflet entitled 'World Congress for Peace, Paris,' April 20–23, 1949, he was proposed as a candidate for the World Peace Prize, awarded by the World Peace Congress (Daily People's World of Dec. 7, 1951, p. 4); he was a member of the Executive Committee of the World Peace Congress (Daily Worker of Sept. 14, 1950, p. 5); he was one of the sponsors of the Second World Peace Congress in Sheffield, England (Daily Worker of Oct. 19, 1950, p. 3) he was elected to the Presiding Committee of the World Peace Congress (Daily Worker of Nov. 17, 1950, p. 1); he was a member of the World Peace Council of that congress (Daily Worker of Nov. 24, 1950, p. 9); a mimeographed letter dated December 1, 1950, contains his name in a list of sponsors of the American sponsoring committee for representation at the World Peace Congress.

"Dr. DuBois was a member of the U.S. Sponsoring Committee of the American Intercontinental Peace Conference (Daily Worker of December 28, 1951, p. 2, and February 6, 1952, p. 2); the Peace Conference was called by the World Peace Council, formed at the conclusion of the Second World Peace Congress in Warsaw; he was awarded the International Peace Prize for 'six world figures' by the World Peace Council (Daily People's World of January 29, 1953, p. 7; the Worker of February 8, 1953, p. 5; and Daily People's World, November 25, 1953, p. 4). He awarded the Stalin Peace Prize for 1953 to Howard Fast in ceremonies held in the Hotel McAlpin in April 1954. (See Daily Worker, April 26, 1954, pp. 3 and 6 and the Worker, May 9, 1954, p. 9.)

"The Daily Worker of June 20, 1950 (p. 2), reported that Dr. DuBois signed the World Peace Appeal; the same information appears on an undated leaflet of the enterprise, received by this committee September 11, 1950. A mimeographed list of individuals who signed the Stockholm World Appeal To Outlaw Atomic Weapons, received for filing October 23, 1950, contains the name of Dr. Du Bois. He was chairman of the Peace Information Center where the Stockholm peace petition was made available. (Daily Worker of May 25, 1950, p. 2; and Aug. 16, 1950, p. 5.)

"The World Peace Congress which was held in Paris, France, April 20–23, 1949, was cited as a Communist front among the 'peace' conferences which 'have been organized under Communist initiative in various countries throughout the world as part of a campaign against the North Atlantic Defense Pact' (Committee on Un-American Activities in reports of April 19, 1949; July 13, 1950; and April 1, 1951). The World Peace Council was formed at the conclusion of the Second World Peace Congress in Warsaw and was 'hearlded by the Moscow radio as the expression of the determination of the peoples to take into their own hands the struggle for peace.' (Committee on Un-American Activities in a report dated April 1, 1951.)

"The World Peace Appeal was cited as a petition campaign launched by the Permanent Committee of the World Peace Congress at its meeting in Stockholm, March 16–19, 1950; it 'received the enthusiastic approval of every section of the international Communist hierarchy' and was 'lauded in the Communist press, putting every individual Communist on notice that he "has the duty to rise to this appeal".' (Committee on Un-American Activities in its report of April 1, 1951.)

"The American Peace Crusade, organized in January 1951, was cited as an organization which 'the Communists established as a new instrument for their "peace" offensive in the United States' (Committee on Un-American Activities in its reports of Feb. 19, 1951, and Apr. 1, 1951); Dr. DuBois was one of the sponsors of the crusade (Daily Worker of Feb. 1 1951, p. 2); minutes of the sponsors meeting which was held in Washington, D.C., March 15, 1951 (p. 4), named him as one of the initiators of the crusade and also as having been proposed as cochairman of that meeting; he was a sponsor of the American People's Congress and Exposition for Peace, which was held in Chicago, June 29–July 1, 1951, called by the American Peace Crusade to advance the theme of world peace (Daily Worker, Apr. 2, 1951, p. 2; May 1, 1951, p. 11; the American Peace Crusade, May 1951, pp. 1 and 4; the Daily Worker of May 9, 1951, p. 4; Daily Worker of June 11, 1951, p. 2; a leaflet of the congress; Daily Worker of July 1, 1951, p. 3; a leaflet entitled 'An Invitation to American Labor To Participate in a Peace Congress; the call to the American People's Congress; the Daily Worker of July 3, 1951, p. 2). He signed a petition of the crusade, calling on President Truman and Congress to seek a big-power pact (Daily Worker, Feb. 1, 1962, p. 1); he attended a meeting of Delegates Assembly for Peace, called by the crusade and held in Washington, D.C., April 1 (Daily Worker, Apr. 3, 1952, p. 3); he was one of the sponsors of a peace referendum jointly with the American Peace Crusade to make the end of the Korean war a major issue in the 1952 election campaign (Daily People's World of Aug. 25, 1952, p. 8).

"Dr. DuBois issued a statement on the death of Stalin which read in part as follows: 'Let all Negroes, Jews, and foreign-born who have suffered in America from prejudice and intolerance, remember Joseph Stalin' (Daily Worker of Mar. 9, 1953, p. 3); the Daily Worker of January 18, 1952 (p. 8), reported that he had renewed his fight for a passport in order to attend the American Intercontinental Peace Conference in Rio de Janeiro; it was reported in the Washington Evening Star on May 10, 1952 (p. B–21), that Dr DuBois was refused admission to Canada to attend the Canadian Peace Congress because he refused to undergo an examination by the Canadian Immigration Service. On September 14, 1952, the Worker (p. M6), reported that Dr. DuBois had experienced passport difficulties when leaving the United States; and on May 4, 1953 (p. 2), the Daily Worker reported that U.S. Delegate Betty Sanders told the opening session of the Continental Cultural Congress in Santiago, Chile, that DuBois would have attended in person 'as well as in spirit.' if he had not been denied a passport."

Continuing from the Congressional Record, volume 102, part 3, page 3219, I read:

October 13, 1955.

Subject: Arthur B. Spingarn, national president, member of board of directors, NAACP, 1954.

The public records, files, and publications of this committee contain the following information concerning the subject individual. This report should not be construed as representing the results of an investigation by or findings of this committee. It should be noted that the individual is not necessarily a Communist, a Communist sympathizer, or a fellow-traveler unless otherwise indicated.

Arthur B. Spingarn is listed as an individual participation in the Conference on Africa, held by the Council on African Affairs in New York City, April 14, 1944, according to the council's pamphlet. For a New Africa (p. 37).

The Attorney General of the United States cited the Council on African Affairs as subversive and Communist in letters to the Loyalty Review Board, released December 4, 1947, and September 21, 1948. The Attorney General redesignated the organization April 27, 1953, pursuant to Executive Order No. 10450, and included it on the April 1, 1954, consolidated list of organizations previously designated.

An undated leaflet, The Only Sound Policy for a Democracy, and the Daily Worker of March 18, 1945, (p. 2), listed Arthur Spingarn, president, NAACP, New York, N.Y., as one who signed a statement of the National Federation for Constitutional Liberties supporting the War Department's order on granting commissions * * * to members of the Armed Forces who have been members of or sympathetic to the views of the Communist Party. An advertisement in the New York Times, April 1, 1946, (p. 16), listed Arthur B. Spingarn as a signer of a statement of the National Federation for Constitutional Liberties opposing use of injunctions in labor disputes.

The Attorney General cited the National Federation for Constitutional Liberties as subversive and Communist in letters released December 4, 1947, and September 21, 1948; redesignated April 27, 1953, and included on the April 1, 1954, consolidated list. The group was cited previously by the Attorney General as part of what Lenin called the solar system of organizations, ostensibly having no connection with the Communist Party, by which Communists attempt to create sympathizers and supporters of their program. (Congressional Record, vol. 88, pt. 6, p. 7446.) The special Committee on Un-American Activities, in its report of March 29, 1944 (p. 50), cited the National Federation as "one of the viciously subversive organizations of the Communist Party." The Committee on Un-American Activities, in its report of September 2, 1947 (p. 3), cited the National Federation * * * as among a "maze of organizations" which were "spawned for the alleged purpose of defending civil liberties in general but actually intended to protect Communist subversion from any penalties under the law."

An undated letterhead of the Public Use of Arts Committee listed Arthur B. Spingarn as a sponsor of the organization. The special Committee on Un-American Activities, in its report of March 29, 1944 (p. 112), cited the Public Use of Arts Committee as a Communist front which was organized by the Communist-controlled Artists Union.

---

February 13, 1956.

Subject: Channing H. Tobias, chairman of the board of directors, NAACP, 1954.

The public records, files, and publications of this committee contain the following information concerning the subject individual. This report should not be construed as representing the results of an investigation by or findings of this committee. It should be noted that the individual is not necessarily a Communist, a Communist sympathizer, or a fellow traveler unless otherwise indicated.

An undated leaflet, "The South Is Closer Than You Think," named Channing Tobias as a member of the executive board and as cochairman of the New York committee, Southern Conference for Human Welfare. The Southern Patriot for December 1946 (p. 8), named him as an advisory associate for 1947–48 of the Southern Conference for Human Welfare. This organization has been cited as a Communist front by the special Committee on Un-American Activities (report of Mar. 29, 1944, p. 147); and, was the subject of a separate report by the Committee on Un-American Activities (Report No. 592, June 12, 1947) wherein it was cited as a Communist-front organization "which seeks to attract southern liberals on the basis of its seeming interest in the problems of the South" although its "professed interest in southern welfare is simply an expedient for larger aims serving the Soviet Union and its subservient Communist Party in the United States."

The Daily Worker of March 4, 1939 (p. 2) reported that Channing Tobias endorsed the fifth New York City Conference of the American League for Peace and Democracy; and a letterhead of the organization, dated June 12, 1939, showed him as a member of the executive board. The special Committee on Un-American Activities cited the American League for Peace and Democracy as "The largest of the Communist-front movements in the United States" and added, "The league contends publicly that it is not a Communist-front movement, yet at the very beginning Communists dominated it. Earl

> Browder was its vice president." (See report of Jan. 3, 1939, pp. 69–71 and Mar. 29, 1944, p. 37; also cited in reports, Jan. 3, 1941, June 25, 1942, and Jan. 2, 1943.) The Attorney General, in 1942, cited it as being established in 1937 "in an effort to create public sentiment on behalf of a foreign policy adapted to the interests of the Soviet Union."

In the Congressional Record of September 24, 1942, pages 7683–7684, in a letter the Attorney General cited the organization "as subversive and Communist"—Attorney General letters to the Loyalty Review Board, released December 4, 1947, and September 21, 1948; also redesignated April 29, 1953.

Continuing from page 3222 of the Congressional Record, with relation to Allan Knight Chalmers, national treasurer, member of the board of directors, NAACP, 1954:

> Rev. Allan Knight Chalmers was listed among the sponsors of the Greater New York Emergency Conference on Inalienable Rights in the program of that conference held February 12, 1940. The Special Committee on Un-American Activities cited the Greater New York Emergency Conference on Inalienable Rights as a Communist front which was succeeded by the National Federation for Constitutional Liberties (report of Mar. 29, 1944, pp. 96, 129). The Committee on Un-American Activities cited it as being among a "maze of organizations" which were "spawned for the alleged purpose of defending civil liberties in general but actually intended to protect Communist subversion from any penalties under the law" (report of Sept. 2, 1947, p. 3).
>
> A leaflet entitled "Protestantism Answers Hate" contains the name of Dr. Allan Knight Chalmers, Broadway Tabernacle, New York, in a list of sponsors of the call to a dinner forum in New York City, February 25, 1941, under auspices of Protestant Digest Associates. The Protestant Digest was cited by the special committee as "a magazine which has faithfully propagated the Communist Party line * * *."

Continuing from page 3232 of the Congressional Record:

### ROSCOE DUNJEE, NATIONAL BOARD OF DIRECTORS, NAACP, 1954

> The Daily Worker for April 16, 1947 (p. 2), reported that Roscoe Dunjee, attorney, Oklahoma City, Okla., was one of the signers of a statement defending the Communist Party. He was one of the signers of a statement condemning "punitive measures directed against the Communist Party" as shown by the April 20, 1947, issue of the Worker (p. 8). The Daily Worker for April 27, 1947 (p. 24), shows Roscoe Dunjee as one of the signers of a statement against the ban on the Communist Party. Roscoe C. Dunjee, publisher of the Black Dispatch, Oklahoma City, was a sponsor of a statement attacking the arrest of the Communist Party leaders, according to the Daily Worker, August 23, 1948 (p. 3). He sponsored the "Statement by Negro Americans" in behalf of the arrested Communist leaders as shown by the August 29, 1948, issue of the Worker (p. 11). The Daily Worker for March 7, 1950 (p. 4), reported that Roscoe Dunjee attacked Judge Medina in the case of the Communist leaders.
>
> Roscoe Dunjee was a member of the initiating committee, of the Congress on Civil Rights held in Detroit, Mich., April 27 and 28, 1946, as shown by the summons to the congress. The Daily Worker of April 16, 1947 (p. 2), reported that Roscoe Dunjee, of Oklahoma City, Okla., was one of the signers of a statement released by the Civil Rights Congress defending the Communist Party. The Civil Rights Congress was cited as subversive and Communist by the Attorney General of the United States (letters to the Loyalty Review Board, 1947 and 1948; included in consolidated list released Apr. 1, 1954). The Committee on Un-American Activities cited the organization as being "dedicated not to the broader issues of civil liberties, but specifically to the defense of individual Communists and the Communist Party" and "controlled by individuals who are either members of the Communist Party or openly loyal to it" (Rept. No. 1115, Sept. 2, 1947, pp. 2 and 19).
>
> Roscoe Dunjee was a signer of the call to the Second Southern Conference for Human Welfare, Chattanooga, Tenn., April 14–16, 1940. A letterhead of the conference, dated June 4, 1947, shows Roscoe Dunjee as vice president and a member of the national committee of that organization. He was also shown as vice president of the organization in an undated leaflet, The South Is Closer Than You Think, and the testimony of Walter S. Steele, public hearings, Committee on Un-American Activities, July 21, 1947, page 139. The Southern Conference for Human Welfare was cited as a Communist front which received money from the Robert Marshall Foundation, one of the principal sources of funds by which many Communist fronts operate. (Special Committee on Un-American Activities, report, Mar. 29, 1949, p. 147.) In its report of June 12, 1947, the Committee on Un-American Activities described the conference as a Communist-front organization "which seeks to attract southern liberals on the basis of its seeming interest in the problems of the South," although its "professed interest in southern welfare is simply an expedient for larger aims serving the Soviet Union and its subservient Communist Party in the United States."
>
> According to the Daily Worker for April 1, 1945 (p. 6m), Roscoe Dunjee was asked what he thought of New York's new antidiscrimination law, and was quoted as replying: "It shows a trend in the direction which the United States as a nation must take if we rise to the level of Russian morality * * *."

I shall not take the time to go into detail on another person who is discussed in the speech.

There is reference to Dr. S. Ralph Harlow, national board of directors, NAACP, 1954, in the Congressional Record, at page 3233; also to Dr. Robert C. Weaver, national board of directors, NAACP, 1954; Lewis Gannett, national board of directors, NAACP, 1954; Dr. Buell G. Gallagher, national board of directors, NAACP, 1954; Judge Hubert P. Delany—also spelled Delaney—national board of directors, NAACP, 1954; Norman Cousens, national board of directors, NAACP, 1954; Dr. Algernon D. Black, national board of directors, NAACP, 1954; Dr. Ralph Bunche, national board of directors, NAACP, 1954; Dr. H. Claude Hudson, national board of directors, NAACP, 1954; Carl R. Johnson, national board of directors, national legal committee, NAACP, 1954; Alfred Baker Lewis, national board of directors, NAACP, 1954; and Dr. James J. McClendon, national board of directors, national health committee, NAACP, 1954.

These statements appear in the Congressional Record, volume 102, part 3, pages 3233–3238.

Then there is reference to A. Maceo Smith, national board of directors, NAACP, 1954. Since this person has been mentioned as having been closely associated with the nominee, I wish to read part of his background:

> A. Maceo Smith was a signer of a statement released by the Civil Rights Congress of Texas against a ban on the Communist Party as shown by the Worker, April 27, 1947 (p. 25).
>
> The Attorney General of the United States cited the Civil Rights Congress as subversive and Communist in letters to the Loyalty Review Board, released to the press by the U.S. Civil Service Commission December 4, 1947, and September 21, 1948; redesignated April 27, 1953, pursuant to Executive Order No. 10450, and included on the April 1, 1954, consolidated list. The Committee on Un-American Activities, in its report of September 2, 1947 (pp. 2 and 19) cited the Civil Rights Congress as an organization formed in April 1946 as a merger of two other Communist-front organizations (International Labor Defense and the National Federation for Constitutional Liberties); "dedicated not to the broader issues of civil liberties, but specifically to the defense of individual Communists and the Communist Party" and "controlled by individuals who are either members of the Communist Party or openly loyal to it."

On page 3239, there is reference to James Hinton, national board of directors, NAACP, 1954; Theodore M. Berry, national board of directors, National Legal Committee, NAACP, 1954; and Earl B. Dickerson, national board of directors, National Legal Committee, NAACP, 1954.

I read from his background:

> Earl B. Dickerson protested approval of the Smith Act by the Supreme Court as "having a disastrous impact upon * * * struggle of Negro people" (Daily Worker, Oct. 1, 1951, p. 1). He filed a petition with the clerk of the U.S. Supreme Court supporting the pending application for a hearing on the constitutionality of the Smith Act as shown by the Daily Worker, October 4, 1951 (p. 15). Mr. Dickerson was identified in this source as a Negro attorney in Illinois. He spoke against the Smith Act according to the February 12, 1952, issue of the Daily People's World (p. 3), and was coauthor of a memorandum to the Supreme Court "on the menace of the Smith Act to the Negro people" (Daily People's World, July 15, 1952, p. 1). Earl B. Dickerson, president, National Lawyers Guild, Chicago, was a signer of an appeal to President Truman requesting amnesty for leaders of the Communist Party convicted under the Smith Act (Daily Worker, Dec. 10, 1952, p. 4). As shown by the Daily Worker, December 29, 1953 (p. 8) and the Worker, January 3, 1954 (p. 6), Earl B. Dickerson was one of 39 prominent Midwest citizens signing a plea for Christmas amnesty for Communist leaders convicted under the Smith Act, which was wired to President Eisenhower. He was one of the initiators of an appeal for reduced bail for Claude Lightfoot, Illinois Communist leader, indicted under a section of the Smith Act as shown by the September 12, 1954, issue of the Worker (p. 16).

At page 3241, there is reference to Benjamin E. Mays, national board of directors, NAACP, 1954; at page 3242, to A. T. Walden, National Legal Committee, NAACP, 1954; Arthur D. Shores, National Legal Committee, NAACP, 1954; and Lloyd Garrison, chairman, National Legal Committee, NAACP, 1954.

At page 3243 there is reference to Sydney A. Jones, National Legal Committee, NAACP, 1954; and W. Robert Ming, Jr., National Legal Committee, NAACP, 1954. Here is another person who was on occasion closely associated with the nominee and for that reason. I shall read from his background:

> An election campaign letter of the National Lawyers Guild, dated May 18, 1940, listed Robert W. Ming, Jr., as the candidate for delegate to the national convention, Washington, D.C., chapter. Robert Ming, Jr., Washington, D.C., was a member of the convention nominations committee, Fifth Annual Convention of the National Lawyers Guild, Book-Cadillac Hotel, Detroit, Mich., May 29 to June 1, 1941.
>
> The Special Committee on Un-American Activities, in its report of March 29, 1944 (p. 149), cited the National Lawyers Guild as a Communist-front organization. The Committee on Un-American Activities, in its report on the National Lawyers Guild, September 17, 1950, cited the organization as a Communist front which "is the foremost legal bulwark of the Communist Party, its front organizations and controlled unions" and which "since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof including known espionage agents."

There is reference also to Arthur J. Mandell, National Legal Committee, NAACP, 1954; Robert W. Kenny, National Legal Committee, NAACP, 1954; Milton R. Konvitz, National Legal Committee, NAACP, 1954; and Loren Miller, National Legal Committee, NAACP, 1954.

On page 3245: Subject, "Bartley Crum, National Legal Committee, NAACP, 1954."

Page 3246: Subject, "Morris L. Ernst, National Legal Committee, NAACP."

Page 3247: Subject, "Z. Alexander Looby, national board of directors, National Legal Committee, NAACP, 1954."

Page 3248: Subject, "Paul J. Kern, National Legal Committee, NAACP, 1954."

Page 3249: Subject, "Karl N. Llewellyn, National Legal Committee, NAACP, 1954."

Page 3250: Subject, "Shad Polier—Isador Polier—National Legal Committee, NAACP, 1954."

Page 3250: Subject, "Jawn Sandifer, National Legal Committee, NAACP, 1954."

Page 3250: Subject, "Sidney R. Redmond, National Legal Committee, NAACP, 1954."

Page 3251: Subject, "Edward P. Lovett, National Legal Committee, NAACP, 1954."

Page 3251: Subject, "Louis L. Redding, National Legal Committee, NAACP, 1954."

Page 3251: Subject: "Joseph B. Robinson, National Health Committee, NAACP, 1954."

Page 3251: Subject, "Dr. Edward L. Young, National Health Committee, NAACP, 1954."

Page 3252: Subject, "Viola Bernard, National Health Committee, NAACP, 1954."

Page 3252: Subject, "Dr. John P. Peters, National Health Committee, NAACP, 1954."

Page 3253: Subject, "Dr. Russell L. Cecil, National Health Committee, NAACP, 1954."

Page 3254: Subject, "Dr. C. Herbert Marshall, National Health Committee, NAACP."

Page 3254: Subject, "Gloster Current, director of branch department, NAACP, 1954."

Page 3254: Subject, "Franklin H. Williams, west coast regional secretary, council, San Francisco, Calif., NAACP, 1954."

Page 3255: Subject, "U. S. Tate, regional special counsel for Southwest, Dallas, Tex., NAACP, 1954."

Page 3255: Subject, "Clarence M. Mitchell, director, Washington Bureau, NAACP, 1954."

Page 3255: Subject, "Henry Lee Moon, director, Public Relations Department, NAACP, 1954."

Page 3256: Subject, "Clarence A. Laws, regional director, New Orleans, La., NAACP."

Page 3256: Subject, "Robert L. Carter, assistant special counsel, NAACP, 1954."

> Robert L. Carter wrote an article which was published in the Lawyers Guild Review (vol. VI, pp. 553–54, and 599–601). The Lawyers Guild Review was cited as "an official organ of the National Lawyers Guild" by the Committee on Un-American Activities, report on the National Lawyers Guild, September 21, 1950 (p. 13).
>
> The National Lawyers Guild was cited by the special Committee on Un-American Activities as a Communist front organization in its report of March 29, 1944 (p. 149). It was cited as a Communist front which "is the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions" and which "since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof, including known espionage agents." (Committee's review on the National Lawyers Guild, September 21, 1950.)
>
> It was reported in the Times Herald of April 28, 1948 (pp. 1 and 4) that Robert L. Carter, of the American Veterans' Committee, was a sponsor of a conference against anti-Communist legislation.

Page 3256: Subject, "Madison S. Jones, Jr., assistant field secretary, NAACP, 1954."

Page 3255: Subject, "Thurgood Marshall, special counsel, NAACP, 1954."

> Thurgood Marshall was a member of the national committee of the International Juridical Association, as shown in the pamphlet, What Is the IJA? The special Committee on Un-American Activities cited the International Juridical Association as "a Communist front and an offshoot of the International Labor Defense" (Rept. No. 1311, dated March 29, 1944). In a report on the National Lawyers Guild, prepared and published September 17, 1950, by the Committee on Un-American Activities, the International Juridical Association was cited as an organization which "actively defended Communists and consistently followed the Communist Party line."
>
> A list of officers of the National Lawyers Guild, as of December 1949 (printed in the committee's report on the National Lawyers Guild, p. 18) contains the name of Thurgood Marshall, New York City, among the members of the executive board. He was shown to be an associate editor of the Lawyers Guild Review in the issue of May–June 1948 (p. 422). It was reported in the Daily Worker of November 30, 1942 (p. 1), that Mr. Marshall, special counsel of the National Association for the Advancement of Colored People, was one of those who submitted a report denouncing lynching and discrimination which was adopted by the national executive board of the National Lawyers Guild. It was also reported in the Washington Evening Star (Feb. 8, 1948, p. A–22, and Feb. 12, 1948, p. A–8), that Mr. Marshall, identified as special counsel, NAACP, criticized the loyalty program in a public forum held under the auspices of the National Lawyers Guild in Washington, D.C.
>
> The National Lawyers Guild was cited by the special Committee on Un-American Activities as a Communist front in Report No. 1311 of March 29, 1944 (p. 149). In the committee's report on the organization, released in 1950, the guild was cited as a Communist front which "is the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions" and which "since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof, including known espionage agents."
>
> The Daily Worker of November 24, 1947 (p. 4), reported that Thurgood Marshall was among a group of attorneys who sent a telegram to New York Congressmen asking them to oppose the contempt citations in the case of the so-called Hollywood 10.

Mr. President, I have been giving to the Senate information about officers of the NAACP, taken from the official files of the Committee on Un-American Activities of the House of Representatives. As can be seen, the House Committee on Un-American Activities has complete files on these individuals, and they show the large number of Communist-front organizations or organizations which in some instances have been cited as Communist—to which these individuals belong. They are the group of people who have controlled and directed the NAACP. They are the group of people who hired attorneys and employees for the NAACP. They are the ones who directed the NAACP in its various activities. Among the persons listed is the individual who is before the Senate now for confirmation as a Federal judge, Thurgood Marshall. I quote from page 3255 of the CONGRESSIONAL RECORD of the date given:

> Thurgood Marshall was a member of the national committee of the International Juridical Association, as shown in the pamphlet, "What Is the IJA?" The Special Committee on Un-American Activities cited the International Juridical Association as "a Communist front and an offshoot of the International Labor Defense" (Rept. No. 1311, dated Mar. 29, 1944). In a report on the National Lawyers Guild, prepared and published September 17, 1950, by the Committee on Un-American Activities, the International Juridical Association was cited as an organization which "actively defended Communists and consistently followed the Communist Party line.

Mr. President, I think the people of the United States ought to know the kind of man who has been nominated, and whose nomination the Senate has been called upon to confirm for a high position on the circuit court of appeals, next to the highest court in the United States. I want the people of the country to know that he was a member of an organization known as the International Juridical Association. That organization was cited by the House Committee on Un-American Activities as one which actively defended Communists and consistently followed the Communist Party line.

Is that the kind of judge we want on the circuit court of appeals? Is there not a lawyer somewhere in the United States whom the President of this Nation could have found who was not a member of such an organization, and who could have been appointed to this high position? Surely there must be such a person somewhere—even a Negro, if the President is determined upon appointing to the court a person of any particular race. I have no prejudice against any person because of his race or color. An individual cannot help being of a certain color or race; but his record should be shown here. I have shown records not only of Negroes, but also of white persons. It makes no difference to me, in showing these records, what the color of a person may be, because we are entitled to know his connections and associations, his background and past experience.

The list of officers of the National Lawyers Guild contains the name of Thurgood Marshall, New York City, among the members of the executive board. He was shown at that time to be an associate editor of the Lawyers Guild Review. It was reported in the Daily Worker that Mr. Marshall, a special counsel of the National Association for the Advancement of Colored People, was among those who submitted a report denouncing lynching and discrimination, which was adopted by the National Executive Board of the National Lawyers Guild.

It was also reported in the Washington Evening Star that Mr. Marshall, identified as special counsel, NAACP, criticized the loyalty program, in a public forum held under the auspices of the National Lawyers Guild, in Washington, D.C.

Mr. President, I think the people of the United States and the Members of the Senate should know that this very person, who has been appointed to the circuit court of appeals, was a member of the National Lawyers Guild, and that the National Lawyers Guild was cited by the Special Committee on Un-American Activities as a Communist front. In the committee's report on the organization, the National Lawyers Guild was cited as a Communist front. This is what the committee said about the National Lawyers Guild:

> It is the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions [and] since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof, including known espionage agents.

Mr. President, the Communist publication now called the Worker, and formerly called the Daily Worker, reported that Thurgood Marshall was one of a group of attorneys who sent a telegram to members of the New York congressional delegation, asking them to oppose the contempt citations in the case of the so-called Hollywood Ten.

The record is entirely clear that this individual was not only an active member and chief attorney for an organization whose board of directors and membership list was composed of people who were also members of many Communist-front organizations, but that also his own record shows that he belonged to at least two of these organizations.

If any Member of the Senate challenges this statement, I ask him to stand up and speak out now. If any Member of the Senate denies that Thurgood Marshall was a member of the International Juridical Association, which was cited as an organization which actively defended Communists and consistently followed the Communist Party line, I ask him to stand up and defend Thurgood Marshall on the floor of the Senate.

Mr. CLARK. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I am pleased to yield to the Senator from Pennsylvania.

Mr. CLARK. I disagree emphatically and completely with the argument being made by the Senator from South Carolina. I consider Thurgood Marshall a loyal citizen of the United States.

Mr. THURMOND. Mr. President, that is not a response to the question I asked. I asked whether any Member of the Senate denies that Thurgood Marshall was a member of the International Juridical Association, which was cited by the Committee on Un-American Activities as an organization which actively defended Communists and consistently followed the Communist Party line. I asked any Member of the Senate who denies that to stand up and say so.

The Senator from Pennsylvania simply has said that he considers Thurgood Marshall a loyal American.

Mr. President, let the record speak for itself. I simply asked whether any Senator denies that Thurgood Marshall was a member of that organization or can prove that he was not a member of it. The House of Representatives Committee on Un-American Activities says Thurgood Marshall was a member of it, and also that that organization actively defended Communists and consistently followed the Communist Party line.

Mr. CLARK. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I yield.

Mr. CLARK. Let the RECORD show that there are five Senators in the Chamber.

Mr. THURMOND. Mr. President, let the record further show that the Senator from Pennsylvania does not deny that Thurgood Marshall was a member of the International Juridical Association—or, at least, that so far he has not denied it nor has he admitted it. And let the record further show that the Senator from Pennsylvania has not denied that Thurgood Marshall was a member of the National Lawyers Guild. If he denies that Thurgood Marshall was a member of the National Lawyers Guild, I should like to have him stand up and defend Thurgood Marshall on that point.

The Committee on Un-American Activities has held that the National Lawyers Guild—

> Is the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions and since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof, including known espionage agents.

That is what the National Lawyers Guild is or was according to the House Committee on Un-American Activities.

That committee is an official committee of the House of Representatives of the United States.

They found that this organization was composed of those lawyers who rallied to the legal defense of the Communist Party and individual members of the Communist Party, including known espionage agents.

Thurgood Marshall was a member of the National Lawyers Guild; and no Member of the Senate can stand up and dispute that fact.

I realize the tremendous power of bloc votes, and I realize the great pressure that is brought on Members of Congress to take this step or that step, or to follow this course or some other course, in order to try to win the bloc votes of certain groups.

But, Mr. President, in every instance the overall well-being of the United States of America, and of the Federal bench in this particular instance, should come first.

Perhaps Mr. Marshall has reformed; perhaps he has changed his thinking; perhaps he has now repudiated his previous associations.

But, Mr. President, why does the President of the United States have to appoint to the second highest court in the Nation a man with a background of this sort, when throughout the country there are thousands of lawyers, white or Negro, who do not have such a background and have not belonged to such Communist-front organizations?

As I have said, I realize the great influence of the NAACP and of certain other minority groups. I am laboring under no misapprehension in regard to what the Senate will do on the question of the confirmation of this nomination.

But, Mr. President, regardless of that, the Members of the Senate and the people of this country are entitled to have spread on the record the background of the person whose nomination is now before the Senate.

Members of the Senate have no choice in the selections, but we do have a choice in confirming nominations, and there is an obligation upon Members of this body to confirm the nominations of persons whose background and experience are sound, and who have not been members of questionable Communist-front organizations, as has Mr. Marshall.

Mr. President, in closing, let me say that I have just read to the Senate excerpts from Representative GATHINGS' speech of February 23, 1956, which speech condemns, by documentary evidence, the leadership of the NAACP for numerous Communist-front citations for 78 officers, staff members, and others. Mr. Thurgood Marshall has served almost his entire legal career as counsel to this organization. His associations and affiliations in the NAACP have not been conducive to an unbiased judicial temperament. As will be apparent from Representative GATHINGS' speech, many of the people with whom he has been closely associated over the years have highly questionable backgrounds. This, taken into consideration along with his lack of overall legal experience, convinces me that this most important seat on the Federal bench should be filled by someone other than Mr. Thurgood Marshall.

I reiterate that I would not vote to condemn any man by failing to confirm his nomination in the Senate because of his race or color. On the other hand, I shall not punish my conscience by voting to confirm the nomination of any man, black or white, who has been so prominently connected with an organization like the NAACP and other groups and who has a record like that of Thurgood Marshall.

For those reasons, I shall vote against the confirmation of Thurgood Marshall's nomination.

EXHIBIT 1

"NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, ETC., *v.* A. S. HARRISON, JR., ATTORNEY GENERAL OF VIRGINIA, ET AL.", "NAACP LEGAL DEFENSE & EDUCATIONAL FUND, INC., *v.* A. S. HARRISON, JR., ATTORNEY GENERAL OF VIRGINIA, ET AL. (202 VA. 142)"

(Supreme Court of Appeals of Virginia, Sept. 2, 1960, rehearing denied Oct. 12, 1960)

The National Association for the Advancement of Colored People and its Legal Defense & Educational Fund, Inc., brought separate suits against the attorney general of Virginia and others for declaratory judgment. The circuit court of the city of Richmond, Edmund W. Hening, Jr., J., rendered a decree adverse to the National Association for the Advancement of Colored People and its Legal Defense & Educational Fund, Inc., and they appealed. The supreme court of appeals, I'Anson, J., held that chapter 36 of the 1956 act making it unlawful for any person or organization having a direct interest in proceedings to promise, give, or offer any money or thing of value as inducement to any person to commence or prosecute further any original proceeding in any court or before any board or administrative agency, but exempting from its operation a host of potential litigants is unconstitutional because it violates right of freedom of speech under both State and Federal Constitutions and denies due process of law and equal protection of the laws under the 14th amendment to the Federal Constitution, but that chapter 33 dealing with malpractice is constitutional.

Decree affirmed in part and reversed in part, and causes remanded for entry of decree in accordance with opinion.

1. STATUTES 🔑241(1)

Penal statutes are to be strictly construed, but in construing them intention of legislature must govern, and such intention must be found by giving to the words used their ordinary and usual meaning.

2. ATTORNEY AND CLIENT 🔑32

Chapter, which amends statutes dealing with solicitation of any legal or professional business or employment, either directly or indirectly, and providing for disbarment of attorneys guilty of malpractice, and which broadens definition of "malpractice" to include acceptance of employment from any person, partnership, corporation, organization or association with knowledge that it violated statutes, and which broadens definition of "runner" to include any person, association or corporation acting as agent for another person, association, or corporation employing attorney in connection with any judicial proceeding in which such person, association or corporation is not a party and has no pecuniary right or liability, and which makes it unlawful for any person, association, or corporation to solicit any business for attorney or any other person, corporation, or association, is not vague and ambiguous (Code 1950, secs. 54–74, 54–78, 54–79).

3. ATTORNEY AND CLIENT 🔑32

Chapter, which amends statutes dealing with solicitation of any legal or professional business or employment, either directly or indirectly, and providing for disbarment of attorneys guilty of malpractice, and which broadens definition of "malpractice" to include acceptance of employment from any person, partnership, corporation, organization, or association with knowledge that it violated statutes, and which broadens definition of "runner" to include any person, association, or corporation acting as agent for another person, association, or corporation employing attorney in connection with any judicial proceeding in which such person, association, or corporation is not a party and has no pecuniary right or liability, and which makes it unlawful for any person, association, or corporation to solicit any business for attorney or any other person, corporation, or association, is applicable to activities of National Association for Advancement of Colored People and its Legal Defense & Educational Fund, Inc. (Code 1950, secs. 54–74, 54–78, 54–79).

4. ATTORNEY AND CLIENT 🔑 32

Acceptance of employment by an attorney in cases which the National Association for the Advancement of Colored People, its conference and branches act as intermediaries in solicitation of legal business not only violates statutes dealing with solicitation of legal business but also canons of professional ethics dealing with intermediaries and forbidding attorneys to aid unauthorized practice of law (Code 1950, secs. 54–74, 54–78, 54–79; Supreme Court of Appeals Rules for Integration of State Bar, rule 2, secs. 35, 47.

5. ATTORNEY AND CLIENT 🔑 32

Statutes enacted by the general assembly in the public interest to regulate the practice of law cannot be violated, and canons of legal ethics should not be ignored simply because those violating the statutes and ignoring the canons of legal ethics are asserting constitutional rights (Code 1950, secs. 54–74, 54–78, 54–79; Supreme Court of Appeals Rules for Integration of State Bar, rule 2, secs. 35, 47).

6. ATTORNEY AND CLIENT 🔑 32—CONSTITUTIONAL LAW 🔑 215, 253, 274

Chapter, which amends statutes dealing with solicitation of any legal or professional business or employment, and providing for disbarment of attorneys guilty of malpractice, and which broadens definition of "malpractice" to include acceptance of employment from any person, partnership, corporation, organization or association with knowledge that it violated statutes, and which broadens definition of "runner" to include any person, association or corporation acting as agent for another person, association, or corporation employing attorney in connection with any judicial proceeding in which such person, association or corporation is not a party and has no pecuniary right or liability, and which makes it unlawful for any person, association or corporation to solicit any business for attorney or any other person, corporation or association, is not unconstitutional, on ground that it violates Federal constitutional rights of freedom of speech and assembly, and denies to National Association for the Advancement of Colored People, its affiliates, officers, employees, voluntary workers, attorneys, and contributors due process of law and equal protection of the law guaranteed by the 14th amendment to the Federal Constitution (Code 1950, secs. 54–74, 54–78, 54–79; U.S.C.Const. Amend. 14).

7. ATTORNEY AND CLIENT 🔑32

A State, under its police power, has right to require high standards of qualifications and ethical conduct from those who desire to practice law within its borders, and it may revoke or suspend license to practice law of attorneys who are guilty of unethical conduct.

8. ATTORNEY AND CLIENT 🔑32

Statute which forbids laymen to solicit employment for attorneys, or engage in business of furnishing attorneys to render legal services, is a valid police regulation not violative of any constitutional restriction (Code 1950, secs. 54–74, 54–78, 54–79).

9. CONSTITUTIONAL LAW 🔑38

Test of constitutional validity of a law is not merely what has been done under it, but what may by its authority be done.

10. CHAMPERTY AND MAINTENANCE 🔑1

Aiding the indigent in legal proceedings is one of the generally recognized exceptions to the law of maintenance.

11. CHAMPERTY AND MAINTENANCE 🔑3—CONSTITUTIONAL LAW 🔑90, 211, 253, 274

Chapter making it unlawful for any person or organization not having a direct interest in proceedings to promise, give, or offer any money or thing of value as inducement to any person to commence or prosecute further any original proceeding in any court or before any board or administrative agency, but exempting from its operation a host of potential litigants is unconstitutional because it violates right of freedom of speech under both State and Federal Constitutions and denies due process of law and equal protection of the laws under the 14th amendment to the Federal Constitution (Code 1950, secs. 18.1–394 to 18.1–400; Const. sec. 12; U.S.C.A. Const. Amends. 1, 14.

12. ATTORNEY AND CLIENT 🔑 11—CONSTITUTIONAL LAW 🔑 90

A State may forbid one to practice law without a license, but it cannot prevent an unlicensed person from making a speech before an assembly, telling members of assembly of their rights and urging them to assert their rights (Const. sec. 12).

13. CONSTITUTIONAL LAW 🔑 90

State statutes must be specifically directed to acts or conduct which overstep legal limits, and must not include those which keep within the protected area of free speech (Const. sec. 12).

14. CONSTITUTIONAL LAW 🔑 209

Equal protection of the laws, as guaranteed under the 14th amendment to the Federal Constitution, does not preclude a State from resorting to classification for purposes of legislation, but such classification must be reasonable and not arbitrary, and must rest on some ground of difference or distinction which bears a fair and substantial relation to the subject or object of legislation, so that all persons similarly situated shall be treated alike (U.S.C.A. Const. Amend. 14).

15. ATTORNEY AND CLIENT 🔑 32—CONSTITUTIONAL LAW 🔑 90

The National Association for the Advancement of Colored People, its Legal Defense & Educational Fund, Inc., and those associated with them may not be prohibited from acquainting persons with what it is believed to be their legal rights and advising them to assert their rights by commencing or further prosecuting a suit against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee of such, but, in so advising persons to commence or further prosecute such suits, those organizations, or those associated with them, should not solicit legal business for their attorneys or any particular attorneys (Code 1950, secs. 18.1–394 to 18.1–400, 54–74, 54–78, 54–79; Const. sec. 12; U.S.C.A. Const. Amends. 1, 14).

16. CHAMPERTY AND MAINTENANCE 🔑 9

The National Association for Advancement of Colored People, its Legal Defense & Educational Fund, Inc., and those associated with them may not be prohibited from contributing money to persons to assist them in commencing or furthering prosecuting suits, which have not been solicited by those organizations or those associated with them, and channeled by them to their attorneys or any other attorneys (Code 1950, secs. 18.1–394 to 18.1–400, 54–74, 54–78, 54–79; Const. sec. 12; U.S.C.A. Const. Amends. 1, 14).

Robert L. Carter, New York City (Oliver W. Hill, Richmond, on the brief), for appellant NAACP.

Spottswood W. Robinson III, Richmond (Thurgood Marshall, New York City, on the brief), for appellant NAACP Legal Defense & Educational Fund, Inc.

David J. Mays, Richmond (John W. Knowles, assistant attorney general, Henry T. Wickham, Richmond, on the brief), for appellees A. S. Harrison and others.

Before Eggleston, C. J., and Sprately, Buchanan, Miller, Whittle, Snead, and I'Anson, JJ.

I'Anson, Justice:

"The National Association for the Advancement of Colored People, hereinafter referred to as the NAACP, and the NAACP Legal Defense & Educational Fund, Inc., hereinafter referred to as the fund, appellants herein, filed their separate bills of complaint in the court below against Albertis S. Harrison, Jr., attorney general of the Commonwealth of Virginia, the attorneys for the Commonwealth of the cities of Richmond, Newport News, and Norfolk, and the counties of Arlington and Prince Edward, Va., appellees herein, to secure a declaratory judgment construing chapters 33 and 36, 'acts of assembly, executive session, 1956,' codified as sections 54–74, 54–78, 54–79, code of 1950, as amended, 1958 replacement volume, and sections 18–349.31 to 18–349.37,[1] inclusive, code of 1950, as amended, 1958 Cum. Supp., as they may affect the appellants, their officers, members, affiliates of NAACP, contributors, voluntary workers, attorneys retained or employed by them or to whom they may contribute moneys and expenses, and litigants receiving assistance in cases involving racial discrimination, because of the activities of the NAACP and the fund in the past or the continuation of like activities in the future.

"The NAACP, in addition to seeking a construction of the aforementioned statutes, alleged that the statutes are unconstitutional and void because their enforcement would deny to it, its affiliates, officers, members, contributors, voluntary workers, attorneys retained or employed by it, and litigants whom it may aid, due process of law and equal protection of the laws in violation of the 14th amendment to the Constitution of the United States.

"The two suits were heard and considered together in the court below, by consent of all parties, on the appellants' bills; their exhibits, which included a transcript of the evidence, exhibits, the majority and dissenting opinions of the three-judge Federal court, and the judgment entered in the case of *National Association for the Advancement of Colored People* v. *Patty, D.C.* (159 F. Supp. 503) judgment vacated and remanded sub nom. *Harrison et al.* v. *National Association for the Advancement of Colored People* (360 U.S. 167, 79 S. Ct. 1025, 3 L. Ed. 2d 1152); the answers and exhibits of the appellees; and ore tenus testimony on behalf of the appellees and the NAACP, except one deposition taken on behalf of the NAACP. No testimony was taken on behalf of the fund.

"The court below held, so far as need here be stated, (1) that chapters 33 and 36 do not violate the constitutional guarantees of freedom of speech and assembly, due process of law and equal protection of the laws under the 14th amendment; (2) that the evidence shows that the appellants, their officers, affiliates, members, voluntary workers and attorneys are engaged in the improper solicitation of legal business and employment in violation of chapter 33 and the canons of legal ethics; (3) that attorneys who accept employment by appellants to represent litigants in cases solicited by the appellants, and in which they pay all costs and attorneys' fees, are violating chapter 33 and the canons of legal ethics; and (4) that the appellants and those associated with them advise persons of their legal rights in matters in which the appellants have no direct interest, and whose professional advice has not been sought in accordance with the Virginia canons of legal ethics, and as an inducement for such persons to assert their legal rights through the commencement of or further prosecution of legal proceedings against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an employee for either or both or any of the foregoing, the appellants furnish attorneys employed by them and pay all court costs incident thereto, and that these activities violate either chapter 33 or 36, or both.

"The court's decree enumerated certain detailed activities of the appellants which do not violate chapters 33 and 36, and since they are not challenged by any of the parties hereto, they need not be stated herein.

"From the decree of the chancellor we granted an appeal and supersedes in each cause. They will be considered together by us, as they were in the court below, except the statutes involved will be considered separately.

"The questions presented on these appeals are—

"1. Do the activities of the appellants, or either of them, amount to solicitation of business, prohibited by chapter 33?

"2. Do the activities of the appellants, or either of them, amount to an inducement to others to commence or further prosecute lawsuits against the Commonwealth, its officers, agencies, or political subdivisions, as prohibited by chapter 36?

"3. Do the provisions of either chapters 33 or 36 violate the Virginia bill of rights (constitution, sec. 12) and the 14th amendment to the Constitution of the United States?

"The evidence shows that the NAACP and the fund are nonprofit membership corporations organized under the laws of the State of New York with authority to operate in this Commonwealth as foreign corporations. The NAACP and the fund functioned as one corporation with the same officers, directors and members from 1911 until 1948, when, for tax purposes and other reasons, the fund was organized as a separate corporation.

"The principal purpose of the NAACP is to eliminate all forms of racial segregation. It has been described by its counsel as a political organization for those who oppose racial discrimination.

"Affiliated with the NAACP are approximately 1,000 unincorporated branches operating in 45 States and the District of Columbia. The branches are chartered by the NAACP, and, for failure of the branch officers to follow strictly the policies and directives of the national body, their charters may be revoked or their officers removed. The branches are generally grouped together in each State into an unincorporated association. In Virginia the association is known as the Virginia State Conference of NAACP Branches.

"The State conference holds annual conventions which are attended by delegates from the local branches. It takes the lead in NAACP's activities in this State under the administration of a full-time salaried executive secretary who is responsible to a board of directors. The executive secretary coordinates the activities of the branches in accordance with the policies and objectives of the conference and the NAACP, supervises local membership and fund raising campaigns, distributes educational material dealing with racial matters, and performs many other duties.

"The executive secretary, members of the legal staff, and other representatives of the State conference make speeches before local branches and other groups for the purpose of advising those present that all segregation laws are unconstitutional and void, and urging them to challenge laws to eliminate segregation through the institution of legal proceedings which the State conference, the NAACP, and the fund sponsor at no cost to the litigants.

"The aid given litigants to initiate suits is in the form of furnishing lawyers who are members of the legal committee of the conference, the NAACP, and regional counsel of the fund, the payment of court costs, and other expenses of litigation.

"The conference receives financial support to defray the cost of litigation it sponsors, and other expenses from the local branches, the national bodies, and contributions.

"Letters and directives addressed to officers of local branches and signed by the executive secretary of the conference, filed as exhibits by the appellees, show the plans, methods, and procedures used by the NAACP to sponsor litigation in school cases.

"A letter dated May 26, 1954, reads in part as follows:

"'It is of utmost importance that your branch retain the leadership in all actions engaged in in your community.'

"In a letter dated June 16, 1954, it is said:

"'The conference is proceeding with the development of its plan and will advise you thereof as soon as this work is completed.'

"A confidential directive of June 30, 1955, from the president and executive secretary to local branches relative to the handling of petitions for presentation to local school boards stated in part as follows:

"'Petitions will be placed only in the hands of highly trusted and responsible persons to secure signatures of parents or guardians only.

"'The signing of the petition by a parent or guardian may well be only the first step to an extended court fight. Therefore, discretion and care should be exercised to secure petitioners who will—if need be—go all the way.

* * * * *

"'The education committee chairman will forward completed petitions to the executive secretary of the State conference.

"'Following the above procedure, it becomes apparent that the faster your branches act the sooner will your school board be petitioned to desegregate your schools. Every act of our branch and the State conference officials from this point on should be considered as an emergency action, and must take precedence over routine affairs—personal or otherwise.'

"Another directive contained in part these instructions:

"'Organize the parents in the community so that as many as possible will be familiar with the procedure when and if lawsuits are begun in behalf of plaintiffs and parents.

"'If no plans are announced or steps taken toward desegregation by the time school begins this fall, 1955, the time for lawsuits has arrived. At this stage court action is essential because only in this way does the mandate of the Supreme Court that a prompt and reasonable start toward full compliance become fully operative on the school boards in question.

"'At this stage the matter will be turned over to the legal department and it will proceed with the matter in court.'

"An official report of NAACP and its Virginia conference activities from May 17, 1954, to September 13, 1957, shows the purpose and a continuation of their method of operation as follows:

---

[1] Now secs. 18.1-394 to 18.1-400, 1960 Cum. Supp.

" 'Up-to-date picture of action by NAACP branches since May 31.

" 'A. Petitions filed and replies. A total of 55 branches have circulated petitions.

" 'B. Where suits are contemplated. Petitions have been filed in seven counties/cities. Graduated negative response received in all cases.

" 'C. Readiness of lawyers for legal action in certain areas. Selection of suit sites reserved for legal staff. State legal staff ready for action in selected areas.

" 'D. Do branches want legal action?

" 'The majority of our branches are willing to support legal action or any other program leading to early desegregation of schools that may be suggested by the national and State conference officers. Our branches are alert to overtures by public officials that Negroes accept voluntary racial segregation in public education.'

"An explanation of the above report was made by the executive secretary of the conference as follows: The language, 'Where suits are contemplated,' referred to places where petitions had been denied by local school boards; 'Readiness of lawyers for legal action in certain areas,' meant financial aid was available; and 'Selection of suits reserved for legal staff,' meant that members of the legal staff would pick the places where suits would be brought.

"The State conference maintains a legal staff of 15 members, 1 of whom serves as chairman without compensation for that particular service. The members of the staff are elected at the annual convention of the conference after being nominated by a committee, which in turn receives its recommendations for candidates from the chairman of the legal staff, and there have never been additional nominations from the floor of the convention.

"The members of the legal staff of the conference are reimbursed for expenses incurred in speaking before local branches and other groups and are paid fees at the rate of $60 per day for their services in cases in which the NAACP has interested itself, 'as long as such attorneys adhere strictly to NAACP policies'; namely, that a school case must be tried as a direct attack on segregation. Every item of expense and all legal fees paid by the conference are approved by the chairman of the legal staff, except the expenses and fees of its chairman, which are approved by the president of the conference. One member of the legal staff testified that he entered two of the school segregation cases at the suggestion of the chairman, and that the relationship 'has been so pleasant and so profitable.' Only members of the legal staff are selected by NAACP to bring suits in which it has an interest, and the places for bringing such suits are selected by the chairman, who refers the case to a member of the legal staff residing in the area from which the complaining party came. Without exception, when a member of the legal staff brings a lawsuit in his community other members of the staff are associated with him.

"The chairman of the legal staff of the conference is a member of the legal committee of the NAACP, Virginia counsel for the NAACP, and its registered Virginia agent.

"The NAACP is not a legal aid society. Its policy during the past several years has been not to participate in cases simply because Negroes need assistance on account of poverty. Assistance is given only in cases involving constitutional rights, and then only so long as litigants adhere to the principles and policies of the NAACP and the conference.

"The initial contact in the Charlottesville school segregation case was made by the president of the local branch of the NAACP when he requested the chairman of the legal staff to speak at a meeting of parents of certain schoolchildren. At this meeting some of the parents signed authorization forms for the chairman to represent such parents and their children in legal proceedings to desegregate the schools of that city. Other authorization forms were distributed and signed with no attorney's name appearing thereon, but the name of the chairman of the legal staff was inserted later.

"In the Arlington school case, the petition presented to the local school board for desegregation of the schools was prepared by the State conference, and most of the signatures were obtained by the vice president of the Arlington branch, who was also one of the plaintiffs in a suit later instituted. She was told by the chairman of the legal committee of the conference and the regional counsel of the fund that they would institute legal proceedings if the school board denied the request to desegregate the schools.

"All authorization forms used in the school segregation cases were prepared by the chairman of the legal staff and most of them authorized the attorney named therein to associate such other attorneys as he desired. Usually, the general counsel of the NAACP and the regional counsel of the fund are associated in the trial of cases sponsored by the conference, even though such association is not directly authorized by the litigants.

"Ordinarily a complaint is filed with the executive secretary, who refers it to the chairman of the legal staff, and the chairman, with the concurrence of the president of the conference, decides whether suit will be instituted. The executive secretary, however, testified that he did not refer any of the plaintiffs in the school segregation cases to the chairman of the legal staff.

"Many of the litigants in school cases had no personal contact with any of the lawyers handling cases in which their names appeared as parties plaintiff, and learned of the institution of suits from newspaper accounts. Some of the litigants stated that they did not know the names of the lawyers representing them, but they did know they were NAACP lawyers.

"Only 1 witness, out of some 24 litigants in school cases, testified that he would have instituted legal proceedings if the NAACP had not agreed to finance them.

"The fund has a small membership and no affiliates. Its financial support comes from contributions solicited by letters and telegrams from New York City. The purpose of the fund, as stated in its certificate of incorporation, is as follows:

" '(a) To render legal aid gratuitously to such Negroes as may appear to be worthy thereof, who are suffering legal injustice by reason of race or color and unable to employ and engage legal aid and assistance on account of poverty.

" '(b) To seek and promote the educational facilities for Negroes who are denied the same by reason of race or color.

" '(c) To conduct research, collect, collate, acquire, compile and publish facts, information and statistics concerning educational facilities and educational opportunities for Negroes and the inequality in the educational facilities and educational opportunities provided for Negroes out of public funds; and the status of the Negro in American life.'

"The director-counsel of the fund is charged with the duty of carrying out the purposes set out in the charter and the policies fixed by its board of directors. He has under his direction a legal research staff of six full-time lawyers who reside in New York City but who may be assigned to places out of New York. In addition to the full-time legal staff, the fund has five regional counsel, including one residing in Richmond, Va., at an annual retainer of $6,000. The fund also has at its disposal social scientists, teachers of government, anthropologists and sociologists who are used principally in cases involving school litigation.

"The regional counsel of the fund residing in Richmond, Va., is also a member of the legal staff of the conference and the legal committee of the NAACP.

"The fund has been approved by the State of New York to operate as a legal aid society because of the provisions of the barratry statute of New York, but counsel stated it does not operate as such. A representative of the fund testified in the case of the *National Association for the Advancement of Colored People* v. *Patty, supra*, that it furnishes legal assistance when a conference lawyer requests it or when it is revealed from an investigation, made by the New York office through its regional counsel or one of the lawyers on the State conference staff, that discrimination exists because of race or color. All costs and expenses incurred in such suits brought on behalf of Negroes are borne by the fund. The assistance given may be in the form of providing lawyers to assist conference staff lawyers in the trial of a case, or in the preparation of briefs.

"Most of the litigants in the school segregation cases brought in this State were financially able, according to the standards set by the fund, to finance their own proceedings.

"The appellants contend that chapters 33 and 36 are: (1) penal statutes and should be strictly construed; (2) that the statutes are vague and ambiguous; (3) that the language of the statutes cannot be construed to apply to their activities; and in addition the NAACP says (4) if the statutes are construed to apply to their activities they are unconstitutional and void because they deny to it, its officers, employees, members, contributors, affiliates and attorneys the rights of freedom of speech and assembly, equal protection of the laws and due process of law under the 14th amendment to the Constitution of the United States.

"Chapter 33 amends and reenacts sections 54–74, 54–78 and 54–79, code of 1950. The pertinent parts of the chapter, with the amended parts in black brackets, are set out in the margin below.[2] These sections deal

---

[2] Be it enacted by the General Assembly of Virginia:

"1. That secs. 54–74, 54–78, and 54–79 of the Code of Virginia be amended and reenacted as follows:

"SEC. 54–74. * * *

"(6) 'Any malpractice, or any unlawful or dishonest or unworthy or corrupt or unprofessional conduct', as used in this section, shall be construed to include the improper solicitation of any legal or professional business or employment, either directly or indirectly, [or the acceptance of employment, retainer, compensation or costs from any person, partnership, corporation, organization, or association with knowledge that such person, partnership, corporation, organization, or association has violated any provision of article 7 of this chapter,] or the failure, without sufficient cause, within a reasonable time after demand, of any attorney at law, to pay over and deliver to the person entitled thereto, any money, security, or other property, which has come into his hands as such attorney; [provided, however, that nothing contained in this article shall be construed to in any way prohibit any attorney from accepting employment to defend any person, partnership, corporation, organization, or association accused of violating the provisions of article 7 of this chapter.]

"SEC. 54–78. As used in this article:

"(1) A 'runner' or 'capper' is any person, corporation, partnership, or association acting in any manner or in any capacity as an agent for an attorney at law within this State [or for any person, partnership, corporation, organization, or association which employs, retains, or compensates any attorney at law with solicitation of any legal or professional business or employment, either directly or indirectly, and provide for the disbarment of attorneys guilty of 'malpractice, or [of] any unlawful or dishonest or unworthy or corrupt or unprofessional conduct.'

"The 1956 amendments to section 54–74, subsection (6), broadens the definition of 'malpractice' to include the acceptance of employment from any person, partnership, corporation, organization or association with knowledge that such person, etc., has violated any provision of article 7, chapter 4, title 54, code of 1950 (secs. 54–78 to 54–83, inclusive).

"The amendment to section 54–78 broadens the definition of 'runner' or 'capper' to include any person, association or corporation acting as an agent for another person, association or corporation who or which employs an attorney in connection with any judicial proceeding in which such person, association or corporation is not a party and has no pecuniary right or liability therein.

"The amendment to section 54–79 broadens the offense specified which theretofore made it unlawful for any person, corporation, partnership, or association to act as a runner or capper for an attorney at law or to solicit any business for him, to make it unlawful for a person, association, or corporation to solicit any business for an attorney at law or any other person, corporation, or association.

"Violations of section 54–79 are made misdemeanors, and the license of any attorney violating any of the provisions of chapter 33 is subject to revocation or suspension.

"1. While it is true that penal statutes are to be strictly construed, yet in construing such statutes the intention of the legislature must govern and such intent may be found by giving to the words used their ordinary and usual meaning. *Tiller* v. *Commonwealth,* 193 Va. 418, 420, 69 S.E. 2d 441, 443; *Northrop and Wickham* v. *City of Richmond,* 105 Va. 335, 339, 53 S.E. 962, 963; *Gates & Son Co.* v. *Richmond,* 103 Va. 702, 706, 707, 49 S.E. 965, 966.

"2. We find no vagueness or ambiguity in the language of chapter 33. The words used are clear and definite in their meaning.

"It is clear from the language of the act that the intent and purpose of the legislature in amending and reenacting chapter 33 was to strengthen the existing statutes to further control the evils of solicitation of legal business for the benefit of attorneys by a person who is not a party to a proceeding and in which he has no pecuniary right or liability. Solicitation of legal business has been considered and declared from the vary beginning of the legal profession to be unethical and unprofessional conduct.

"3. There is no merit in the contention of the appellants that the statutes cannot be construed to apply to their activities. When we apply the plain language and meaning of the statutes to the evidence, it is perfectly manifest that the NAACP, its Virginia conference, its branches, and the fund are engaged in the unlawful solicitation of legal business for their attorneys, in which resulting litigation they are not parties and have no pecuniary right or liability, in violation of chapter 33.

"The declared purpose of the NAACP and the fund is to eradicate every form of racial discrimination. To accomplish this objective the NAACP has organized Negroes throughout the Commonwealth into branches, and formed a legal staff for the purpose of directing and controlling all actions pertaining to racial matters. Members of the NAACP, representatives of the conference, and its legal staff appear before the membership of local branches and other groups in communities in which the organizations wish suits to be brought and by persuasive methods urge those present to assert their constitutional rights to eliminate racial discrimination by becoming parties plaintiff to legal proceedings, when many of the prospective litigants have had no previous thought of doing so. The services of attorneys selected by the NAACP, its conference, and the fund are offered at no cost to the prospective litigants as an inducement to institute suits. The litigants and attorneys, however, must adhere to a policy of permitting the NAACP, the conference, and the fund to direct and control the litigation.

"The absence of the usual contact between many of the litigants and the attorneys instituting proceedings is indicative of the control of the litigation by the NAACP and the conference.

"Since the appellants do not operate as legal aid societies, the financial ability of litigants to prosecute their own cases is not considered by the NAACP, the conference, and the fund in soliciting litigants. A person does not have to be indigent for the NAACP, the conference, and the fund to pay all costs of litigation.

"The communications and activities of the NAACP, the conference, and branches, indicate their plans, methods, and procedures in obtaining litigants, and may be summarized as follows:

" 'Mr. Thurgood Marshall, chief legal counsel of the NAACP, has said that the hardest job his staff has had in bringing equal-education suits has been to persuade Negro teachers and representative Negro parents to stand as plaintiffs.' ('The National Association for the Advancement of Colored People: A Case Study in Pressure Groups,' St. James, Exposition Press. Inc., at p. 107).

"In short, the activities of the NAACP, its conference, and the fund clearly show that they are engaged in fomenting and soliciting legal business in which they are not parties and have no pecuniary right or liability, and which they channel to the enrichment of certain lawyers employed by them, at no cost to the litigants and over which the litigants have no control.

"There was evidence on behalf of the fund in the record of the case of the *National Association for the Advancement of Colored People* v. *Patty, supra,* heard by the three-judge Federal court, and filed as a part of the record in these causes, that it participates in cases only when a prospective litigant appears and requests assistance. However, that does not appear to be the case under the additional evidence taken in these causes, much of which was heard ore tenus by the court below. Legal business is solicited by the NAACP, representatives of the conference and its legal staff, of which the regional counsel for the fund is a member, and he and the fund are fully acquainted with methods and procedures used to obtain litigants to whom the fund gives assistance. The evidence shows that the regional counsel of the fund is usually associated with conference lawyers in school segregation cases, although he is not generally named in the authorization or power of attorney to institute suit.

"There is no merit in the appellants' argument that their activities are not what are commonly considered by the legal profession as solicitation of business contrary to the canons of legal ethics. They rely on several cases which are readily distinguishable under the facts from these causes now before us. Typical of the cases cited is *Gunnels* v. *Atlanta Bar Association,* 191 Ga. 366, 12 S.E. 2d 602, 132 A.L.R. 1165.

"In the Gunnels case the court upheld the right of the Atlanta Bar Association to furnish counsel to persons who had been victims of sharp loan practices. The attorneys did not receive compensation for their services and the bar association did not stand between counsel and client or exercise control over the litigation. The usual and proper relationship of attorney and client existed in that case, which does not exist under the evidence in the causes now before us.

"In referring to the relationship that should exist between attorney and client, in the case of *Richmond Ass'n. of Credit Men* v. *Bar Association,* 167 Va. 327, at page 335, 189 S.E. 153, at page 157, this court quoted with approval the following:

" 'The relation of attorney and client is that of master and servant in a limited and dignified sense, and it involves the highest trust and confidence. It cannot be delegated without consent, and it cannot exist between an attorney employed by a corporation to practice law for it, and a client of the corporation, for he would be subject to the directions of the corporation, and not to the directions of the client.' *(Re Co-Operative Law Co.,* 198 N.Y. 479, 92 N.E. 15, 16, 32 L.R.A. (N.S.) 55, 139 Am. St. Rep. 839, 19 Ann. Cas. 879.)

"4. The acceptance of employment by an attorney in cases which the NAACP, its conference and branches act as intermediaries in the solicitation of legal business not only violates chapter 33, but also canons 35 and 47 of the canons of professional ethics adopted by this court on October 21, 1938, 171 Va. p. xxxii.

"Canon 35 reads in part as follows:

" 'Intermediaries: The professional services of a lawyer should not be controlled or exploited by an lay agency, personal or corporate, which intervenes between client and lawyer. A lawyer's responsibilities and qualifications are individual. He should avoid all relations which direct the performance of his duties by or in the interest of such intermediary. A lawyer's relation to his client should be personal, and the responsibility should be direct to the client. Charitable societies rendering aid to the indigent are not deemed such intermediaries' (171 Va. p. xxxii).

---

in connection with any judicial proceeding in which such person, partnership, corporation, organization, or association is not a party and in which it has no pecuniary right or liability.] in the solicitation or procurement of business for such attorney at law [or for such person, partnership, corporation, organization, or association in connection with any judicial proceedings for which such attorney or such person, partnership, corporation, organization, or association is employed, retained, or compensated.]

"[The fact that any person, partnership, corporation, organization or association is a party to any judicial proceeding shall not authorize any runner or capper to solicit or procure business for such person, partnership, or corporation, organization or association, or any attorney at law employed, retained or compensated by such person, partnership, corporation, organization or association.]

"(2) An 'agent' is one who represents another in dealing with a third person or persons.

"SEC. 54–79. It shall be unlawful for any person, corporation, partnership, or association to act as a runner or capper [as defined in] sec. 54–78 to solicit any business for [an attorney at law or such person, partnership, corporation, organization or association,] in and about the State prisons, county jails, city jails, city prisons, or other places of detention of persons, city receiving hospitals, city and county receiving hospitals, county hospitals, police courts, [county] courts, municipal courts, courts [of record,] or in any public institution or in any public place or upon any public street or highway or in and about private hospitals, sanitoriums or in and about any private institution or upon private property of any character whatsoever."

"Canon 47 reads as follows:

"'Aiding the unauthorized practice of law: No lawyer shall permit his professional services, or his name, to be used in aid of, or to make possible, the unauthorized practice of law by any lay agency, personal or corporate' (172 Va. p. xxxv).

"In the ninth annual report of the Virginia State bar, page 39, is found an opinion, rendered by the committee on unauthorized practice, which is pertinent in these causes. A union retained an attorney on a salary basis to represent all of its individual members in their claims for compensation before the State industrial commission. He received no fees from the individuals for such representation. His sole compensation came from the salary paid him by the union. The committee held that the union was engaged in the practice of law without a license; that it was intervening between the attorney and his clients and that the attorney was violating the canons of legal ethics.

"Courts from other jurisdictions have held that corporations or associations carrying on activities somewhat similar to those of the appellants' were engaged in the illegal practice of law and their attorneys were violating the canons of legal ethics.

"In re *Maclub of America, Inc.*, 295 Mass. 45, 3 N.E. 2d 272, 105, A.L.R. 1360, an automobile association had been formed for the purpose of furnishing its members with lists of attorneys who would perform services for such members free of charge. The attorneys looked to the association for payment, but the association took no part in the direction or control of the case. The court held that the association was engaged in the illegal practice of law; that the relationship of attorney and client did not exist between the association's members and the attorney; that the particular attorney was compensated by the association and subject to its instructions; that the association possessed the right to hire and fire; and that the practice was considered a contract to furnish legal assistance rather than a contract to pay for legal assistance.

"In *People ex rel. Courtney* v. *Association of Real Estate Taxpayers*, 354 Ill. 102, 187 N.E. 823, 826, a corporation was organized to permit united protection of certain taxpayers in matters of taxation and legislation. The owners of real estate were invited to become members by the payment of a fee. Attorneys were selected and paid by the corporation to represent it in taxation litigation and the corporation would determine what questions would be litigated. The court held that, even though suits were brought in the names of individual members, and fees would have cost an individual approximately $200,000, the corporation was engaged in the illegal practice of law.

"For other cases, see *People ex rel. Chicago Bar Association* v. *Chicago Motor Club*, 362 Ill. 50, 199 N.E. 1; (a nonprofit corporation) *Doughty* v. *Grills*, 37 Tenn. App. 63, 260 S.W. 2d 379; *Hildebrand* v. *State Bar of California*, 36 Cal. 2d 504, 225 P. 2d 508; *Atchison, Topeka & Santa Fe Ry. Co.* v. *Jackson*, 10 Cir. 235 F. 2d 390, 393; *In re Brotherhood of Railroad Trainmen*, 13 Ill. 2d 391, 150 N.E. 2d 163, 167.

"5. The appellants also argue that because they are aiding others in asserting their constitutional rights chapter 33 should not be construed to limit their activities. This argument is without merit. Statutes enacted by the general assembly in the public interest to regulate the practice of law cannot be violated, and canons of legal ethics should not be ignored simply because constitutional rights are asserted. The law provides a procedure for one to follow in asserting his constitutional rights, as well as all other legal rights, and the objective may be achieved without violating statutes and the standards of the legal profession.

"6. The NAACP next contends that chapter 33 is unconstitutional and void because it violates the rights of freedom of speech and assembly, and denies to it, its affiliates, officers, employees, voluntary workers, attorneys, and contributors due process of law and the equal protection of the laws guaranteed by the 14th amendment to the Constitution of the United States. There is no merit in this contention.

"In support of the argument that chapter 33 violates their rights of freedom of speech and assembly, protected under the 1st amendment and guaranteed by the 14th amendment to the Constitution of the United States, they rely on such cases as *Watkins* v. *United States*, 354 U.S. 178, 77 S. Ct. 1172, 1 L. Ed. 2d 1273; *Sweezy* v. *State of New Hampshire*, 354 U.S. 234, 77 S. Ct. 1203, 1 L. Ed. 2d 1311; and *Thomas* v. *Collins*, 323 U.S. 516, 65 S. Ct. 315, 89 L. Ed. 430.

"In the Watkins case, supra, a congressional committee inquired of a witness as to his past associations and he refused to identify his associates during that period on the ground that he did not believe they were now identified with the Communist Party and the questions asked were 'outside the proper scope of the committee's activities.' On appeal from his conviction for contempt, the Supreme Court held that the pertinency of the question had not been shown; that Congress had not authorized the committee to make an investigation of this nature; and that a conviction for contempt for refusal to answer could not be sustained.

"In *Sweezy* v. *State of New Hampshire*, *supra*, the witness, a teacher in the State university, refused to tell a committee of the State legislature the substance of a lecture he had given at the university, or anything about his opinions and beliefs, on the grounds that the questions were not pertinent to the inquiry and infringed on his freedom of speech, protected under the first amendment. The court held that the witness was not in contempt, since the resolution of the legislature authorizing the inquiry was not broad enough to permit the question.

"Obviously, the holdings of the Watkins and Sweezy cases have no application here, since the court's decisions rested on the relevancy and pertinency of the questions asked by the committees.

"It is true that under the holding in the case of *Thomas* v. *Collins*, *supra*, representatives of the NAACP and the conference have a right to peaceably assembly with the members of the branches and other groups to discuss with and advise them relative to their legal rights in matters concerning racial segregation. But under the evidence of the causes before us the appellants and their associates go beyond that. They solicit prospective litigants to authorize the filing of suits by NAACP and fund lawyers, who are paid by the conference and controlled by NAACP policies, in violation of chapter 33.

"Chapter 33 does not deny the appellants, or those associated with them, freedom to speak and assemble. The purpose and intent of the chapter is to regulate the practice of law and to bring such practice in harmony with the ethical standards of the profession. It prohibits, under certain circumstances, the solicitation of legal business. The prohibition of solicitation of legal business is merely a regulation in the interest of the public and the legal profession.

"7. A State, under its police power, has the right to require high standards of qualifications and ethical conduct from those who desire to practice law within its borders (*Bradwell* v. *State of Illinois*, 16 Wall. 130, 139, 83 U.S. 130, 139, 21 L. Ed. 442; *Schware* v. *Board of Bar Examiners of State of New Mexico*, 353 U.S. 232, 77 S. Ct. 752, 756, 1 L. Ed. 2d 796, 64 A.L.R. 2d 288), and it may revoke or suspend the license to practice law of attorneys who are guilty of unethical conduct. *Richmond Association of Credit Men* v. *Bar Association*, 167 Va. 327, 334–336, 189 S.E. 153, 157; *Campbell* v. *Third District Committee*, 179 Va. 244, 249, 250, 18 S.E. 2d 883, 885.

"8. A statute which forbids laymen to solicit employment for attorneys, or engage in the business of furnishing attorneys to render legal services, is a valid police regulation not violative of any constitutional restriction. *McCloskey* v. *Tobin*, 252 U.S. 107, 40 S. Ct. 306, 64 L. Ed. 481; *Hightower* v. *Detroit Edison Co.*, 262 Mich. 1, 247 N.W. 97, 86 A.L.R. 509; *Kelley* v. *Boyne*, 239 Mich. 204, 214 N.W., 316, 53 A.L.R. 273; *Chicago, B. & Q. R. Co.* v. *Davis*, 111 Neb. 737, 197 N.W. 599, 601; 14 C.J.S. Champerty and Maintenance sec. 35, p. 381; Annotation, 53 A.L.R., pp. 279–280.

"We shall now direct our attention to chapter 36 (secs. 18–349.31 to 18–349.37, inclusive, code of 1950, as amended, 1958 Cum. Supp.). Acts of Assembly, Ex. Sess. 1956 p. 37, the pertinent parts of which are printed in the margin.[3]

---

[3] "Be it enacted by the General Assembly of Virginia:

"1. Sec. 1. (a) It shall be unlawful for any person not having a direct interest in the proceedings, either before or after proceedings commenced, to promise, give or offer, or to conspire or agree to promise, give or offer, or to receive or accept, or to agree or conspire to receive or accept, or to solicit, request or donate, any money, banknote, bank check, chose in action, personal services or any other personal or real property, or any other thing of value, or any other assistance as an inducement to any person to commence or to prosecute further any original proceeding in any court of this State, or before any board or administrative agency within the said State, or in any U.S. court located within the said State against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee for either or both or any of the foregoing; provided, however, this section shall not be construed to prohibit the constitutional right of regular employment of any attorney at law, for either a fixed fee or upon a contingent basis, to represent such person, firm, partnership, corporation, group, organization or association before any court or board or administrative agency.

"(b) It shall be unlawful for any person, not related by blood or marriage or who does not occupy a position of trust or a position in loco parentis to one who becomes the plaintiff in a suit or action, who has no direct interest in the subject matter of the proceeding and whose professional advice has not been sought in accordance with the Virginia canons of legal ethics, to advise, counsel or otherwise instigate the bringing of a suit or action against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee for either or both or any of the foregoing.

"(c) As used in this act, 'persons' includes persons, firm, partnership, corporation, organization or association; 'direct interest' means a personal right or a pecuniary right or liability.

"(c) Any person violating any of the provisions of sec. 1 of this act shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than one thousand dollars or confined in jail for not more than one year, or both.

* * * * *

"Sec. 6. This act shall not be applicable to attorneys who are parties to contingent fee contracts with their clients where the attorney does not protect the client from payment of the costs and expense of litigation, nor shall this act apply to a mandamus proceeding against the State comptroller, nor shall this act apply to any matter involving

"This chapter, like chapter 33, deals with the regulation and supervision of the practice of law and is a valid legislative enactment under the State's police power unless it invades rights protected and guaranteed by the State and Federal Constitutions.

"The NAACP contends that the chapter is unconstitutional and void because it violates the rights of freedom of speech and assembly and denies to it, its officers, employees, voluntary workers, attorneys and contributors due process of law and the equal protection of the laws under the 14th amendment to the Constitution of the United States.

"On the other hand, the appellees say that the chapter does not violate any constitutional guarantees, and that under the evidence the appellants have violated the statute, which is merely a common law definition of maintenance[4] with the recognized exceptions.

"Section 1(a) of the act makes it unlawful, with certain exceptions, for any person not having a 'direct interest' in a legal proceeding to promise, give, offer, donate money, personal services, or any other thing of value, or 'any other assistance as an inducement to any person to commence or to prosecute further any original proceeding in any court of this State, or before any board or administrative agency within the said State, or in any U.S. court located within the said State against the Commonwealth of Virginia,' its agencies or political subdivisions, or any officer or employee thereof.

"Section 1(b) makes it 'unlawful for any person, not related by blood or marriage or who does not occupy a position of trust or a position in loco parentis to one who becomes the plaintiff in a suit or action, who has no direct interest in the subject matter of the proceeding and whose professional advice has not been sought in accordance with the Virginia canons of legal ethics, to advise, counsel or otherwise instigate the bringing of a suit or action against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee for either or both or any of the foregoing.'

"9. We have frequently said that the test of the constitutional validity of a law is not merely what has been done under it, but what may by its authority be done. *Edwards* v. *Commonwealth,* 191 Va. 272, 285, 60 S.E. 2d 916. 922; *Richmond* v. *Carneal*. 129 Va. 388, 393, 106 S.E. 403, 405, 14 A.L.R. 1341; *Violett* v. *City of Alexandria,* 92 Va. 561, 574, 23 S.E. 909, 913, 31 L.R.A. 382.

"Under section 1(a) a friend or neighbor of a poor man is prohibited from aiding him in asserting his claim against the Commonwealth, its agencies or political subdivisions, if his claim does not fall within the exceptions enumerated in section 6 of chapter 36, no matter how meritorious it may be.

"10. The law has always recognized the right of one to assist the poor in commencing or further prosecuting legal proceedings. To deny this right would be oppressive and enable the other party, if his means so permit, an advantage over one with little means. Aiding the indigent is one of the generally recognized exceptions to the law of maintenance. *Gilman* v *Jones,* 87 Ala. 691, 5 So. 785, 786–787, 7 So. 48, 4 L.R.A. 113; *Rice* v. *Farrell,* 129 Conn. 362, 28 A. 2d 7, 9; 14 C.J.S. Champerty and Maintenance sec. 24, p. 368; 4 Blackstone's Commentaries, ch. 10, pp. 135 et seq.

"11. This section denies to an indigent person free access to the courts, both State and Federal, except those within the enumerated class under section 6 of chapter 36, which is a fundamental right of all men, and denies to him due process of law.

"A person who desires to aid an indigent suitor, unless his case falls within the excepted class, is deprived, under the terms of the act, of his fundamental right to use his property in a lawful manner and is made criminally liable if he does give such aid.

"Where the principle of free discussion is concerned, it is the statute and not the accusation or the evidence under it which prescribes the limits of permissible conduct. *Thornhill* v. *State of Alabama,* 310 U.S. 88, 60 S. Ct. 736, 84 L. Ed. 1093.

"Under section 1(b) of the act, no person or association, including the appellants, except those within the excepted classification, may advise or counsel any person or group with respect to instituting or prosecuting actions against the State, its agencies or political subdivisions, or their officers or employees, to assert what these persons or groups may believe are their legal or constitutional rights. Nor may the appellants render financial aid to these people in such litigation, even though the litigants may select and employ counsel of their own choosing, in accordance with the recognized canons of legal ethics.

"This section denies the right of freedom of speech, guaranteed by the Virginia bill of rights (Constitution, sec. 12), secured by the first amendment to the Constitution of the United States and guaranteed by the 14th amendment, which give one the right to hold views on all controversial questions, to express such views, and to disseminate them to persons who may be interested, and neither the Federal nor State Government can take any action which might prevent such free and general discussion of public matters as may seem to be essential to prepare people for an intelligent exercise of what they may consider to be their rights as citizens. See 16 C.J.S. Constitutional Law, section 213(1), pages 1093, 1094, and the many cases there cited.

"12. A State may forbid one to practice law without a license, but it cannot prevent an unlicensed person from making a speech before an assembly, telling them of their rights and urging them to assert same. See *Thomas* v. *Collins, supra* (concurring opinion, 323 U.S. 516, at page 544, 65 S. Ct. 315, at page 329, 89 L. Ed. 430).

"13. State statutes must be specifically directed to acts or conduct which overstep legal limits, and not include those which keep within the protected area of free speech. *Edwards* v. *Commonwealth, supra,* 191 Va. at page 285, 60 S.E. 2d at page 922.

"While the appellants, and those associated with them, cannot solicit and channel legal business to attorneys whom they pay, and who are subject to their directions, in violation of chapter 33, a statute which prohibits them from advising any person or group to institute suits for the purpose of asserting what they believe to be their legal rights is a denial of the right of freedom of speech, and is unconstitutional and void.

"Section 1(b) not only violates the right of freedom of speech, but section 6 of the act exempts from its operation a host of potential litigants, and says in effect that what is a criminal act when done by unexcepted litigants, including the appellants, is not a criminal act when done by excepted litigants. There is no reasonable basis for excepting a great number of litigants from the application of the act while making it applicable to others. Thus it denies to the unexcepted litigants the equal protection of the laws.

"14. Equal protection of the laws, guaranteed under the 14th amendment, does not preclude a State from resorting to classification for purposes of legislation, but such classification must be reasonable and not arbitrary, and rest on some ground of difference or distinction which bears a fair and substantial relation to the subject or object of legislation, so that all persons similarly situated shall be treated alike. *C. I. T. Corp.* v. *Commonwealth,* 153 Va. 57, 68, 149 S.E. 523, 525, 526; *Bryce* v. *Gillespie,* 160 Va. 137, 143, 168 S.E. 653, 655.

"For the reasons given, we hold—

"(1) That chapter 33 is a valid regulation of the practice of law, enacted under the police power of the State, and is not violative of any constitutional restrictions;

"(2) That the solicitation of legal business by the appellants, their officers, members, affiliates, voluntary workers, and attorneys, as shown by the evidence, violates chapter 33 and the canons of legal ethics;

"(3) That the attorneys who accept employment by appellants to represent litigants in suits solicited by the appellants, or those associated with them, are violating chapter 33 and the canons of legal ethics;

"(4) That chapter 36 is unconstitutional and void because it violates the right of freedom of speech under both the State and Federal Constitutions, and denies due process of law and equal protection of the laws under the 14th amendment. Therefore—

"15. (a) the appellants and those associated with them may not be prohibited from acquainting persons with what they believe to be their legal rights and advising them to assert their rights by commencing or further prosecuting a suit against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee of such but in so advising persons to commence or further prosecute such suits the appellants, or those associated with them, shall not solicit legal business for their attorneys or any particular attorneys; and

"16. (b) the appellants and those associated with them may not be prohibited from contributing money to persons to assist them in commencing or further prosecuting such suits, which have not been solicited by the appellants or those associated with them, and channeled by them to their attorneys or any other attorneys.

"The decree appealed from is affirmed in part, reversed in part, and remanded for the entry of a decree consistent with the views expressed herein."

Affirmed in part; reversed in part; and remanded.

**Mr. DODD.** Mr. President, a year ago the nomination of Thurgood Marshall as a member of the U.S. court of appeals was submitted to the Senate.

Few judicial appointments have come to men whose lives have been so dedicated to the protection of those constitutional rights which form the heart of the

---

zoning, annexation, bond issues, or the holding or results of any election or referendum, nor shall this act apply to suits pertaining to or affecting possession of or title to real or personal property, regardless of ownership, nor shall this act apply to suits involving the legality of assessment or collection of taxes or the rates thereof, nor shall this act apply to suits involving rates or charges for services by common carriers or public utilities, nor shall this act apply to criminal prosecutions, nor to the payment of attorneys by legal aid societies approved by the Virginia State bar, nor to proceedings to abate nuisances. Nothing herein shall be construed to be in derogation of the constitutional right of real parties in interest to employ counsel or to prosecute any available legal remedy under the laws of this State. The provisions hereof shall not affect the right of a lawyer in good faith to advance expenses as a matter of convenience but subject to reimbursement.

[4] Maintenance is "an officious intermeddling in a suit that in no way belongs to one by maintaining or assisting either party with money or otherwise to prosecute or defend it." 4 Blackstone's Commentaries, p. 135. See also 10 Am. Jur., Champerty and Maintenance, sec. 1, p. 549.

American system as has the life of Thurgood Marshall.

Few judicial nominees have come before the Senate so well recommended by their legal capacity and their personal character. Thirty-two times he has appeared before the Supreme Court of the United States as a counsel arguing cases. Twenty-nine times his arguments prevailed, many of them involving constitutional interpretations of vast importance.

For 12 months he has been subjected to the most searching investigation of every aspect of his life by prejudiced opponents of his nomination. The investigation has revealed nothing to the discredit of the nominee.

For 12 months he has been subjected to all the harassment and humiliation which prejudice and pettiness can inflict and he has borne all with a dignity, a restraint, and a humility which constitute the most telling rebuke to his detractors.

Again and again he has been called before the Senate subcommittee to answer all of the questions which determined and hostile opponents could devise. He has answered all with a clarity and a candor which quickly dispelled and exposed the feeble and contrived accusations which have been made against him.

In the end, the Senate Judiciary Committee voted 11 to 4 in favor of his confirmation, and there is no question in the mind of any fairminded person that Thurgood Marshall will be overwhelmingly confirmed by the entire Senate, and I am sure he will be.

Prejudice and pettiness have had their day, and now responsibility and fairness will render the decision.

There are many who have played an important part in bringing this nomination before the Senate for final action. Leading among them has been the Senator from Michigan [Mr. HART], and I am pleased and proud to have had an opportunity to stand at his side and play a small part in this debate.

I am honored to add my voice and my vote in committee and on the floor of the Senate in support of this nomination.

And I am proud as an American to see this long struggle at last resolved, as I am confident it will be very shortly, by the overwhelming confirmation of Thurgood Marshall, in a final victory which reveals the true voice of the American people and the true integrity of our free institutions.

Mr. KEATING. Mr. President, the distinguished Senator from South Carolina, in his remarks, cited as one of his objections to Judge Marshall the charge that he had been practicing law without a license in New York City. This suggestion is totally without merit. Both the Association of the Bar of the City of New York and the American Bar Association approved this nomination after an investigation of the nominee. Judge Samuel I. Rosenman, who was chairman of the committee on the judiciary of the Association of the Bar of the City of New York at the time it considered Judge Marshall's appointment, appeared as a witness at our hearings and endorsed the nomination in the strongest possible terms.

Bernard G. Segal, chairman of the American Bar Association's Committee on the Federal Judiciary at the time it considered Judge Marshall's appointment, submitted a report which is a part of our record, stating:

> We found every evidence that he has a keen appreciation of the canons of ethics of the American Bar Association and that he has complied with them in every respect, and we received no evidence to the contrary.

It cannot be seriously suggested that these bar associations would be supporting Judge Marshall for confirmation and making assertions such as those I have quoted if there were any basis whatever for the charge that Judge Marshall practiced law without a license.

Mr. JOHNSTON. Mr. President, I would like to call the Senator's attention——

Mr. KEATING. Mr. President, in order to keep the regular order——

The PRESIDING OFFICER. Does the Senator yield?

Mr. KEATING. I yield to the Senator from South Carolina.

Mr. JOHNSTON. If the Senator will turn to page 8 of the hearings, he will find, when Marshall was asked the question, "Are you a member of any other bar?" He replied, "Of any other bar, no, sir." Then, if the Senator will read on, he will find that he himself acknowledges that he had not a license to practice in New York.

Mr. KEATING. Mr. President, the issue is not whether he had a license to practice in New York but whether he engaged in general practice in New York, and there is no evidence that he did engage in such general practice.

The facts are that Judge Marshall has been a member of the Maryland bar since 1933, shortly after his graduation from the Howard University School of Law. He has been a member of the Supreme Court bar since 1939. He is also a member of the bar of the U.S. Court of Appeals for the Second Circuit, the court on which he is now serving, as well as the Courts of Appeals for the Fourth, Fifth, Sixth, and Eighth Circuits.

He is also a member of the bar of numerous district courts, and has been specially admitted to appear in many jurisdictions. He has never been in the general practice of law in New York. Therefore, he was under no obligation whatever to become a member of the New York bar.

Certainly he is a member of enough other bars to prove to the satisfaction of any objective person that he has never attempted to avoid any such requirement when it was applicable, or to practice anywhere without a license. His practice was in the Federal, not in the State court. He was admitted to practice in the Federal, not in the State courts. He has been sitting in the Federal, not in the State court. His nomination will be confirmed for the Federal, not the State court of New York.

I hope that this is clear enough for anyone to understand.

Mr. JOHNSTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from South Carolina?

Mr. KEATING. I yield for a question.

Mr. JOHNSTON. Does the Senator acknowledge that he had a law office in New York?

Mr. KEATING. He had an office in New York.

Mr. JOHNSTON. Does the Senator also agree he gave legal advice in New York?

Mr. KEATING. In New York he worked on briefs and did other legal work which did not require a license to practice in New York. Organizations like the Association of the Bar of the City of New York and the American Bar Association, who are so careful to uphold the standards of the canons of ethics, would not under any circumstances have given him the strong endorsement they have given had they had any doubt about the fact that he was thoroughly within his rights in doing what he did in the State of New York.

Mr. JOHNSTON. Does the Senator know the definition——

Mr. KEATING. Does the Senator wish to have me yield?

Mr. JOHNSTON. I am asking a question.

The PRESIDING OFFICER. Does the Senator from New York yield further to the Senator from South Carolina?

Mr. KEATING. I yield to the Senator.

Mr. JOHNSTON. The Senator knows the definition of practicing law in New York, does he not?

Mr. KEATING. Mr. President, I know the definition of practicing law in New York, as do the associations to which I have referred, and I do not intend to lend myself further to prolonging a discussion of this kind.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KEATING. I yield to my colleague.

Mr. JAVITS. I was about to ask the Senator a question. The Senator has practiced law for many years. So have I. Quite apart from whatever Judge Marshall did or did not do in New York, is it not likely that the Senator has, perhaps, been allowed to try cases in courts in States in which he was not admitted, both in State and Federal courts in particular cases, as a matter of courtesy by the trial judge? I know that I have.

Mr. KEATING. Yes. We have taken depositions in other States. We have looked up the law in other States. We have talked with clients in other States. That did not require us to be admitted to the bars of those States.

Mr. JAVITS. I thank my colleague.

Mr. President, almost all great men are controversial, and Judge Marshall obviously is no exception. But I have heard of no controversy about either the legal qualifications or judicial temperament of this nominee. One witness was called by the subcommittee apparently to prove that Judge Marshall had slurred the white race in a discussion with him.

Instead this witness, Dr. Alfred H. Kelly, testified that it was his opinion that Judge Marshall was "a man of the highest professional standards and ideals," and "a credit to the American bar and to the Federal judiciary." He described the attempt to treat Judge Marshall's alleged remark as a philosophical observation as "absurd, even grotesque, in its bizarre distortion of reality."

I will not delay the Senate with a recitation of the lengthy proceedings in the committee with regard to this nomination. Suffice it to say that almost all the questioning was irrelevant and that nothing brought out could possibly justify the intolerable delay in reporting the nomination to the Senate.

There were veiled suggestions in the interrogation of the nominee that his loyalty was in question. No one who knows Judge Marshall could tolerate any such innuendos.

The Communists, of course, have made efforts to infiltrate the NAACP, just as they have other civil liberties groups and the labor movement. The motivation for these tactics is not to aid the cause of civil rights or labor but to exploit the organizations involved for their conspiratorial ends.

The reaction of the NAACP to attempts by the Communists to move into this organization are discussed in J. Edgar Hoover's book "Masters of Deceit." He describes the action of the NAACP in 1950, which authorized its board of directors to revoke the charter of any chapter found to be Communist controlled. He points out:

> The NAACP's national leadership has vigorously denounced Communist attempts at infiltration.

The NAACP has screened delegates when necessary to keep Communists out of its conferences. Its leaders have made it clear over and over again that Communists are not welcome to participate in any NAACP activities. Thurgood Marshall's voice has been heard frequently and eloquently in these assaults against Communist hypocrisy and subversion.

J. Edgar Hoover recounts an interesting bit of history in his book growing out of the famous Scottsboro case. He tells how the old International Labor Defense, a Communist front, attempted to convert the Scottsboro case into a vehicle for Communist propaganda. The NAACP was also interested in the case, not as a vehicle for Communist propaganda but as a challenge to our own judicial standards. In J. Edgar Hoover's words:

> After the Scottsboro boys were first convicted, the NAACP charged that the defense "fell considerably short of perfection," and then retained the late famed Chicago criminal lawyer, Clarence Darrow, to represent the boys. In 1931 the late Walter White, then head of the NAACP, said the Daily Worker accused another defense attorney, Stephen R. Roddy, of being "a member of the Ku Klux Klan, of having conspired with the prosecution to electrocute the nine boys, of having been the inmate of an insane asylum." According to White, the Communists also charged the NAACP as being "in league with the lyncher-bosses of the South," as plotters to "murder the Scottsboro martyrs," as sycophantic "tools of the capitalists." The NAACP withdrew from the case, recognizing that the Communist Party was interested only in promoting "Red fascism" in America.

Despite this history, we still hear charges that the NAACP is "in cahoots" with the Communists. Those who make these reckless charges do not realize that unwittingly they serve the Communist cause by breeding confusion, racial antagonism, and dissension among Americans. Charges that the NAACP or men like Thurgood Marshall are in league with the Communists are just as unprincipled, just as ridiculous, and even more dangerous than the charges by the Communists in the Scottsboro case that the NAACP was in league with the Klu Klux Klan.

Thurgood Marshall's gallant leadership in the legal struggle for civil rights has strengthened, not weakened, America. His efforts have been devoted to realizing the most sacred ideals of our country, not any alien doctrines or principles. He has not been content with the conditions under which some Americans live. He has done as much as any one man could to secure the legal and constitutional rights of his fellow Americans. But since when has leadership in the struggle for equal justice in America been a cause for suspicion? If ever we condemn any American for fighting for his rights under the Constitution, the Communists will have gained a major victory.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. RANDOLPH. Is it anticipated that there will be a yea-and-nay vote on the question of whether the Senate will advise and consent to the nomination of Mr. Marshall?

Mr. KEATING. As yet I understand there has been no such request, but I rather anticipate there will be.

Mr. HART. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. HART. It is my anticipation that there will be such a request.

Mr. RANDOLPH. I thank both of my colleagues. There should be a yea-and-nay vote, justified in part to the extended consideration of the qualifications of the President's nominee, and the principle here involved.

Mr. KEATING. In the course of his work, Thurgood Marshall has demonstrated that he is a lawyer of exceptional ability and skill.

I think any of us in this body who are lawyers would feel pretty proud of our record if we had taken 32 cases to the Supreme Court of the United States and had prevailed in 29. Very few lawyers in their entire career have even argued as many as 32 cases in the Supreme Court; I know of none who has won 29 out of 32 cases.

Thurgood Marshall has demonstrated that he is a man of character and integrity. It is these qualities rather than the particular cause to which they have been devoted which qualified him for this nomination.

Judge Marshall will not serve on the court of appeals as a representative of any particular cause or group. His career as an advocate is behind him. He knows better than most of us of the majestic power of the law, a power superior to the private interests of any individual or organization. I am confident that Judge Marshall will apply the law with an even hand without fear or favor to any cause. While it would be too much to anticipate agreement with all of his decisions, I am confident also that in the years to come Judge Marshall will convince even his severest critics of his intellectual honesty and unfailing judiciousness.

Judge Marshall's nomination has been approved by the interested bar associations after investigation. His performance on the court has won the praise of Chief Judge Lumbard. The hours of questioning to which he was subjected did not develop a single fact casting doubt on his qualifications. On the basis of every relevant consideration, Judge Marshall should have been confirmed months ago. I hope that we put an end to the intolerable delay in this case by approving his confirmation overwhelmingly and promptly today.

As I have indicated, the evidence in this proceeding raised no doubt about Judge Marshall's loyalty. I would like to add another word on this subject. We all know that before any nomination is sent to the Senate, there is a thorough investigation by the FBI, which is headed by that great American, J. Edgar Hoover. If there had been the slightest doubt about the loyalty of the nominee after that report by J. Edgar Hoover was placed before the President of the United States, the President would never have sent the name of Judge Marshall to the Senate. To allege that there is an issue here about the loyalty or patriotism of Thurgood Marshall is to cast a reflection not only upon the nominee but on the President of the United States—a thoroughly unwarranted reflection. We who know the President of the United States know that if the report from J. Edgar Hoover had raised any question about the loyalty of the nominee, the nomination would never have been submitted to us.

This nomination deserves, and I am confident will receive, our overwhelming approval.

Mr. CLARK. Mr. President, I rise in proud support of President Kennedy's nomination of Thurgood Marshall to be a judge of the Circuit Court of Appeals for the Second Circuit.

This nomination reflects honor on the President and on the high tribunal to which he is appointed, as well as on Thurgood Marshall himself. When it comes to writing the history of the legal profession in this country, Mr. Marshall's key role in winning vital desegregation cases before the Supreme Court will assure him a place in the top ranks of his profession.

The high skill and dedication he has shown in legal cases involving the advancement of his race and the promotion of the basic freedoms of all Americans have been in the highest traditions if the bar.

While we cannot claim him as a native son, Pennsylvania was the State where

Mr. Marshall received his college education, and I take pride in noting that he was an honor graduate of Lincoln University in Oxford, Pa., in 1929.

I take further pride in noting that I received an honorary degree from that fine institution of learning only 2 years ago.

I regret very much that the southern Senators of my party have been responsible for the unjustifiably long delay in reporting the Marshall nomination. I regret even more that in a speech on the floor of the Senate this afternoon aspersions were cast, not directly, but indirectly, on the loyalty of Mr. Marshall as a true and loyal American citizen. I think it is worth noting that the American Bar Association—certainly no institution to harbor either radicals or Communists—has given a ringing endorsement of the President's nomination of Mr. Marshall, which I think in and of itself pretty well disposes of the comments made casting aspersions on his loyalty as a true American.

I ask unanimous consent that a testimonial sketch of Mr. Marshall entitled "Fighter for His People," which was published in the New York Times on September 8, may be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Fighter for His People: Thurgood Marshall

On 32 occasions, a tall, bulky man with a mustache has entered the marble halls of the Supreme Court in quest of rulings to change the status of Negroes in the United States. Twenty-nine times he has come out with victories.

By his mastery of constitutional law, the quiet force of his arguments, and the shrewdness with which he chose his tests, Thurgood Marshall has engraved the tablets of American law with many of his own convictions on civil rights. For almost a quarter of a century, Mr. Marshall was tactician and mastermind of a historic campaign against racial segregation. That phase of his career is now over. Yesterday the Senate Judiciary Committee confirmed President Kennedy's appointment of him as a judge of the U.S. Court of Appeals.

The judge's great-grandfather was brought to the United States as a slave from the African Congo. Mr. Marshall was born in Baltimore on July 2, 1908.

### FIGHTING WORDS

Judge Marshall clearly remembers the day in his youth when his father, steward at a fashionable country club on Chesapeake Bay, told him: "Son, if anyone ever calls you a 'nigger,' you not only got my permission to fight him—you got my orders to fight him." A few years later, when he was working as a delivery boy for a women's store, he carried out the paternal command.

He brushed past a woman getting onto a trolley car because he couldn't see over the stack of hat boxes he was carrying, and a man stung him with the racial epithet. The hat boxes flew in all directions and four fists flew, too.

In 1925, he entered Lincoln University in Pennsylvania, from which he was expelled in his sophomore year for overly diligent application to the job of hazing freshmen. But the university shortly rescinded its action, and he managed to graduate cum laude in 1929 despite a tendency to stay up all night playing cards or dominating bull sessions.

Young Marshall entered Howard University Law School, where: "I got the horsin' round out of my system. I heard lawbooks were to dig in. So I dug, way deep."

He graduated first in his class and his application was such that his weight dropped 40 pounds, from 165 to 125. He now has 210 pounds spread over a 6-foot-1-inch frame.

Of his early days in practicing law a secretary said: "He had a genius for ignoring cases that might earn him any money."

His first major victory came in 1935 when he compelled the admission of a Negro law student to the University of Maryland, where he had himself been unable to enroll.

In 1936 he joined the legal staff of the National Association for the Advancement of Colored People and, 2 years later became head of its legal arm, continuing to ignore opportunities to make big money. He went to work for the NAACP for $2,600 a year. When he left the organization he was earning $18,000 a year though it was estimated he could earn $50,000 in private practice.

For more than two decades along the whole battle front of civil rights litigation, he marshaled arguments and deployed an army of lawyers, putting many segregation practices to legal rout.

The greatest victory, of course, was the historic Supreme Court decision of May 17, 1954, holding racial segregation in public schools unconstitutional.

In the Deep South he sometimes encountered bristling hostility. Once, after winning acquittal for a Negro, he was arrested on a strictly retaliatory charge of drunken driving.

"The magistrate was a short man, and I put my hands on his shoulders and breathed just as hard as I could into that man's face," he said. The case was dismissed. "After leaving there, we drove to Nashville—and then, boy, I really wanted a drink," he recalled.

Though he had once said that he intended "to wear life like a very loose garment and never worry about nothin'," he admitted that there were times when he had been "scared half to death."

"But you can't admit it," he said, "you just have to lie like hell to yourself."

He argued cases "with great courtesy, and deference and with an undertone of intense inner conviction," an observer said. His tone was conversational, never oratorical. He avoided legal jargon and used simple words to advance tightly reasoned arguments.

But out of court he is quite a different man—high spirited, gregarious, jovial, flippant, and full of zest for such of life's pleasures as late nights of poker with bourbon on the side, western movies, baseball, hockey and football games, horseplay, small dinner parties, musical revues, dancing, telling jokes and downing three martinis before lunch. He is a man of easy laughter and his speech is salted with laconic wit. "He is at ease with absolutely everybody," it has been said.

His first wife, Vivien Burey, whom he married in 1929, died in 1955. He lives with his second wife, the former Cecilia Suyat, in Morningside Gardens, a cooperative development near Broadway at 123d Street, just at the western fringe of Harlem. They have two young sons, Thurgood, Jr., and John William.

Among his people, Judge Marshall has acquired the status of a folk hero. He has won verdicts against segregation in housing, education, transportation, and voter registration, and the Negro press has called him "Mr. Civil Rights." His monument is a series of landmark decisions that have weakened and toppled State laws supporting segregation. His impact is indicated by the fact that the NAACP had more cases before the Supreme Court in the last terms than any other institution except the Federal Government.

Mr. JAVITS. Mr. President, as we come close to the vote on the confirmation of the nomination of Judge Thurgood Marshall, it seems to me one thing stands out above all others, and that is that in my view, we shall be voting upon the dignity of the Senate more than upon anything else.

I came a rather long way to utter those words, because I think they are important. They reflect upon the Thurgood Marshall nomination and the long time during which we have dealt with it. They also reflect upon many other matters dealing with the public order and with constitutional rights which in this Chamber are not put in perspective, but shaped down to a question of the North versus the South or civil rights proponents versus those who believe in a social order which accommodates segregation.

But here I think is a very clear illustration of how the dignity of the Senate has been severely strained by the manner in which the appointment was handled, for I think what I call a shameful delay in confirming the nomination of Thurgood Marshall was—and I make this statement unilaterally, and I do not impugn anyone's good faith—essentially because he is a Negro.

I think an overwhelming vote of the Senate is necessary. I am very pleased to know that other Senators feel that there should be a yea-and-nay vote, and I certainly shall join in seeking one. I am very pleased to say that I think a resounding vote of confirmation will demonstrate that we, too, support the Nation's policy in respect of the dignity of this body, which during all these months has not acted upon the nomination of a judge deemed to be eminently qualified by the bar association, by the public, by the bench, and by the bar, for reasons which are not creditable to our Nation or to our institutions.

It seems to me, too, that such an overwhelming vote would be a significant encouragement to which Negroes in our country are entitled, especially considering the difficulties and vicissitudes they have experienced in recent days in the new technique for breaking antisegregation movements like the mass arrests for violations of a municipal ordinance in Albany, Ga., and the type of intimidation which has been practiced in many places, of which we saw another shameful example in the bombing of Georgia at Sasser.

I have known Thurgood Marshall for 20 years. He is a fine lawyer. His record of court cases before the Supreme Court of the United States shows that to be the fact. Perhaps even more than that, Thurgood Marshall is a professional as a lawyer. This will serve us in very good stead during his service on the bench, because he will bring to the bench a dispassionate mind which in my view will reflect great credit upon his appointment and upon the stock from which he derives. I believe he will be a hardheaded judge. I am confident that even in the civil rights cases, in which he has been practicing law professionally practically all his life, he will decide such cases as he sees them. I predict that the least surprised will be the most ardent civil rights proponents when as and if he will probably decide some civil rights cases against even them. I shall never forget the words of Cloyd LaPorte, president of the New York State Bar Association, at the time of the swearing in of Judge Marshall on October 23, 1961, when he said:

> We found Mr. Marshall well qualified, which is a high rating in our book, and reserved for only a few.

I find no validity in the charges which have been made with respect to his practicing law in violation of the canons of legal ethics or in violation of any statutes, or the charges based upon the procurement of clients.

Thurgood Marshall has practiced law in an area where he was under the greatest strain and greatest pressure with respect to associations, to which a man of lesser character and lesser conviction might have submitted out of a sense of frustration and out of a sense of outrage, considering what he saw with respect to what was going on in our country.

Thurgood Marshall never yielded for a moment to any such impulse. Instead, he remained a lawyer of the finest strain, faithful and responsible to the canons of ethics and the requirements of his profession, earning only encouragement and commendation from those who appraise the work of a lawyer.

In addition, as a practicing lawyer in the circuit in which Thurgood Marshall has been sitting as a judge and in which he will serve as a judge after the Senate acts, I say he will represent to us a very great advantage in terms of the profession, because he is a man with very unusual equipment for appeal work. He has himself engaged in many appeals. Few practitioners of the law better understand how to handle an appeal than one who has argued them.

He has prepared cases and briefs, and he has researched the law. He understands constitutional principles perhaps as well as any judge on the circuit court of appeals.

In view of his years of study, having given practically his entire life to these efforts I believe he will be a very fine judge.

Therefore, Mr. President, "All's well that ends well."

I have compared the time that it has taken to confirm the nomination of Thurgood Marshall with the time taken to confirm nominations of other judges who are Negroes. In some cases it required only a few days. It was 7 days in one case. Notwithstanding my own keen disappointment at the delay, now that we have arrived at a point close to the time of decision, I believe we must all be grateful that in our great country, though justice may be deferred, it will be done.

I should like to close on this note. Many are willing to act with the greatest diligence and with the most forceful advocacy in a cause of this character. That is a reason for great gratification. We are especially grateful to have Senators like my colleague from New York [Mr. KEATING], the Senator from Michigan [Mr. HART], the Senator from Colorado [Mr. CARROLL], the Senator from Nebraska [Mr. HRUSKA], the Senator from Illinois [Mr. DIRKSEN], and the majority leader, who at various stages of the proceedings gave this controverted matter the impetus that it justly required.

The majority leader must derive great gratification from the fact that through the regular procedures this matter has eventuated the way he had hoped it would, rather than in some other fashion. I am glad the regular procedures have been followed in this case to effect the desired result. Thurgood Marshall deserves it. He deserves to have the regular procedures work in his favor, so that no question may arise about failure of confirmation by the Senate because he is a Negro, or about following some special course to take care of him.

This result was achieved in spite of the fact that special counsel was engaged for cross-examining witnesses in the greatest detail. That is all right. I do not object to that. A great deal of time has been consumed. It has taken a great deal of time in committee, but nevertheless Thurgood Marshall now comes out with flying colors.

I am very glad that the case has been handled in this way. I am especially pleased that the majority leader, who I know was vitally concerned, saw it result in this way.

Again I congratulate Senators who carried the fight to bring about this result, of which the country can be proud.

Finally, I believe the vote today will sustain the dignity of the Senate and the dignity of every section of the country—South and North alike—in confirming the nomination of a good man to be a judge of the second highest court in the United States.

Whatever may be the feelings against a man of his race, in the final analysis, any prejudice will be washed out in a sense of decency of the American people and of Congress.

Mr. President, I believe there should be a yea-and-nay vote on the nomination. I will leave the procedure in that regard to the majority leader.

Mr. MANSFIELD. I assure the Senator from New York that there will be a yea-and-nay vote on the nomination.

Mr. TALMADGE. Mr. President, I believe it is the desire of the Senator from Mississippi [Mr. EASTLAND] to make further remarks.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the proviso that the Senator from South Carolina [Mr. JOHNSTON] does not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on the question of the confirmation of the nomination, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. EASTLAND. Mr. President, Thurgood Marshall was an attorney of record in the case of Sweatt against Painter, and others, reported in 339 U.S. 629. This is the case wherein the Supreme Court held that the petitioner, Sweatt, was entitled to admission to the University of Texas and pursuant to this decree he was so admitted. In addition to the nominee, attorneys by the names of W. J. Durham and W. B. Bunkley also represented Sweatt in this action. I might add here parenthetically, Mr. President, that both W. J. Durham and W. B. Bunkley were attorneys of record for one or the other of the named defendants in the previously discussed case of Texas against the NAACP, and others. Both of them were identified over the years in the activities of the NAACP and the State of Texas.

Exhibits in the Texas case against the NAACP reveal that Herman Marian Sweatt was subsidized for the purpose of instituting a lawsuit for admission to the University of Texas by a contract wherein it was agreed that he would be paid $11,500 for participating in the case as a plaintiff, and to pay him while he was attending school the same amount of money he would have made had he remained at work on the salary he was then making. One of the individuals who entered into and signed the contract with Sweatt was W. J. Durham, an attorney of record in the legal proceedings along with the nominee and W. B. Bunkley. The formalized contract between Sweatt and the representatives of the NAACP appears as plaintiff's exhibit in the Texas case.

Plaintiff's exhibit No. 46 in the Texas case are the minutes of a meeting held for the purpose of formalizing in Texas State the NAACP legal program for the immediate future. The minutes show that the meeting was held in the office of Attorney W. J. Durham and was attended by Mr. Durham and U. Simpson Tate, among others. A plan was devised to hold a Sweatt victory fund drive with a goal of $50,000, and $11,000 of the $50,000 would got to Herman Marian Sweatt in accordance with the previously discussed contract. The balance of the money was allocated to the prosecution of eight lawsuits of one kind or another involving some phase of integration. At least three of these cases are those wherein it later developed that U. Simpson Tate and others solicited plaintiffs, appeared in court as representing plaintiffs who had not authorized their names to be used, or the attorney to represent them, and the lawyers for the NAACP in this conference agreed as follows:

> Mr. J. H. Morton, of Alston, is to be asked to search for an applicant to the University of Texas who was refused on the grounds that similar courses are offered either at Prairie View or TSUN.

The nominee, innocent picture insofar as this Sweatt victory fund drive is concerned, writes a letter to U. Simpson Tate wherein he says, in part:

> DEAR TATE: This will acknowledge your letter of July 31, concerning the raising of the $50,000 fund in Texas. If you set up such a corporation in Texas you will still have to get tax exemption. This will take from 1 to 2 years because the rule of the

> Treasury Department is not to grant tax exemption of this type unless and until the corporation has been running a sufficient time to demonstrate that it is the proper type. There is no assurance that tax exemption will be granted even at the end of a reasonable time. I am reasonably certain that the board would not be in favor of a separate corporation in Texas.
>
> Therefore, it would be my suggestion that you organize a Texas committee of the NAACP legal defense and education fund. This committee would be set up along the lines as you are now thinking. When the committee is in its formative step it should then apply to the board for recognition as the Texas committee and I am reasonably certain the board would give recognition to such a committee.

This letter was signed "Thurgood," and typed underneath was the name "Thurgood Marshall, Special Counsel" and it was written on the letterhead of the NAACP Legal Defense & Education Fund, Inc.

Later, U. Simpson Tate addressed a letter to one Mr. Forrest Cunningham wherein he says in part:

> As to your daughter, I would suggest that you advise your friends who are interested in your daughter, that they make their checks payable to: The NAACP Legal Defense & Education Fund. Send the check to me and I will send the check to New York to the legal defense fund, and they in turn will send me a check for the same amount which I will return to you. The receipt which will be issued by the fund for your check will be sent to the person who makes the contribution and this will entitle him to full income tax deductions. You will not lose a penny on the deal. It is a roundabout way of doing it but it is the only way I know of doing it.

Mr. President, the nominee suggested to his regional counsel a scheme by which money could be raised on tax-exempt contributions that would finance the activities for which funds were allocated in the $50,000 to be raised by the Sweatt victory fund drive. As previously pointed out, the lawyers who set up the legal program to be implemented by the $50,000 fund were palpably guilty of barratry and a solicitation of plaintiffs in the scheme to plan the legal program for the Texas State NAACP. How much, if any money was raised on the plan is immaterial to the principles involved.

Thurgood Marshall could see the scheme and it is obvious that in at least one instance his subordinate, U. Simpson Tate, did his best to implement it.

Another exhibit in the Texas case indicates that in 1953 there was a balance of $1,531.64 in the account of the Legal Defense & Education Fund of Texas. A resolution was passed at the joint meeting of the Texas NAACP account committee and the statewide membership campaign, as follows:

> The NAACP Legal Defense & Education Fund be dissolved and that the balance in the account be transferred to the account of the Texas Conference of Branches of the NAACP.

By its very name it is a fair assumption that the NAACP Legal Defense & Education Fund was that character of fund that was obtained by tax-exempt contributions. When the balance was transferred to the Texas Conference of Branches, NAACP, it was going to an organization that admittedly had no tax-exempt status and had no right to use such funds to further its avowed purpose of political and propaganda activities.

Plaintiff's exhibit No. 487 in the case of Texas against NAACP, and others, of the minutes of the account committee of the board of directors of the NAACP Legal Defense & Education Fund, dated January 8, 1950. These minutes refer to the University of Louisiana case which was identified by the nominee as the case of the *Board of Supervisors of Louisiana State University Agricultural and Chemical College, et al.* v. *Wilson*, 340 U.S. 909, a case wherein Marshall appeared as an attorney of record representing Wilson. The minutes read in part:

> University of Louisiana case: Mr. Marshall opened the meeting with a report on this case. He stated that the U.S. Supreme Court had affirmed the decision of the local court. Certain information has come out pointing to the fact that Roy Wilson, the plaintiff in this case, does not have the character background that would entitle him to continue on as a student at the University of Louisiana. Therefore, the State had ordered the taking of all depositions to bring out these facts. Mr. Marshall reported that this was another case in which they had not checked the plaintiff.
>
> It was agreed that we should take affirmative action in letting it be known to the university that we do not approve nor would we sponsor the type of person such as facts have revealed Roy Wilson to be, as plaintiffs in our cases. Mr. Marshall believes that we have to dismiss as to this plaintiff but attempt to get someone as an intervenor so we can hold it as a class action.

Mr. President, this account of Marshall's representation or misrepresentation of Roy Wilson in the Louisiana case is a most flagrant instance of where plaintiffs are to be solicited from the highest level and inner sanctum of the NAACP Legal Defense & Education Fund. This agreement was suggested by the nominee himself, that an attempt be made to get someone as an intervenor so the Wilson suit could be considered as a class action. This is a gross violation of the canons of ethics of the American Bar Association. Where is there any difference between the solicitation for another plaintiff in the Louisiana case and U. Simpson Tate's gross barratry when caught by surprise and without any plaintiffs in what was known as the Tyler Park case in Texas, he said:

> We had expected that they would make a plea that they were segregated but that they were compelled to do so by State law. Instead, they denied any type of segregation and put us to our specific proof. We then sent out several letters that Negroes go into the park and demand the use of various facilities such as swimming pools, restaurants, bathhouses, dancehalls, and the like. I say to you sir, that I personally have sent out several (more than five) such letters and until this day I have not received a single instance of such segregation.
>
> Under the circumstances, I would be pleased to have you advise Mr. Durham and me on how we are to proceed. As I see it, we are in a poor position to bring the action in the State courts since we do not have a single plaintiff—not one.

The canons of professional ethics of the American Bar Association have been substantially incorporated into the statute law of most of the States in regard to the unauthorized practice of law.

Canon No. 28 provides in part:

> It is unprofessional for a lawyer to volunteer advice to bring a lawsuit, except in cases where ties of blood, relationship, or trust make it his duty to do so. Stirring up strife and litigation is not only unprofessional, but it is indictable at common law.

Canon No. 34 regards intermediaries and states in part:

> The professional services of a lawyer should not be controlled or exploited by any lay agency, personal or corporate, which intervenes between client and lawyer. A lawyer's responsibilities and qualifications are individual. He should avoid all relations which direct the performance of his duties by or in the interest of such intermediaries. A lawyer's relation to his client should be personal, and the responsibility should be direct to the client.

Canon No. 47 provides:

> That no lawyer shall permit his professional services, or his name, to be used in aid of, or to make possible, the unauthorized practice of law by any lay agency, personal or corporate.

Mr. President, it is my conviction from the careful study of the known activities of this nominee that he has never at any time, represented an individual client in the sense that representation is required by the canons of professional ethics of the American Bar Association. Thurgood Marshall has first, last, and always, represented the NAACP, its policies, and goals, and the individuals who happen to be parties to any particular controversy were inconsequential and meaningless to him.

It is my belief that U. Simpson Tate stated not only the policy of the Texas State conference of branches of the NAACP, but the avowed policy of both the NAACP, Inc., its officers and employees and the NAACP's Legal Defense & Education Fund, Inc., its officers, directors, and employees when he stated:

> As you know, it is well-established policy of the Texas State conference of branches of the NAACP that we will not finance any lawsuit of which we do not have complete control. This is true, not because we demand the right to run the show, but because we are more concerned with establishing correct and sound legal principles than we are with the defense of any single individual.

The findings of the Supreme Court of Virginia in the case of NAACP and others against Harrison are definitive insofar as the purposes and practices of the two New York corporations in regard to the unauthorized practice of law and these will be discussed in more detail at a later time. I respectfully submit that the States of Texas and Virginia are entitled to the ultimate degree of credence when it comes to passing upon what does and what does not constitute the unauthorized practice of law in the respective jurisdictions. Both the Federal courts, the courts of the several States and the American Bar Association are required to accept these findings as absolute. While it is true that the Virginia case is on appeal to the U.S. Supreme Court from the adverse judgment of the State's highest court, the findings and conclusions in the Texas case against these corporations and others, stands uncontroverted. No corporation can operate in a vacuum. It can only act through its authorized and responsible officers and employees, whether we are discussing the NAACP or the NAACP Legal Defense & Education Fund. What they do and have done is what this nominee did and has done. He is a part of the warp and woof of both of them. He cannot evade or equivocate a personal responsibility for those findings that have been made against his corporate client.

Mr. President, the case of the NAACP and others against Harrison and the NAACP Legal Defense & Education Fund against Harrison is of such importance to the issues involved regarding the nominee's acceptability for judicial appointment that I ask unanimous consent to have the entire opinion printed at this point in the Record.

There being no objection, the opinion was ordered to be printed in the Record, as follows:

### National Association for the Advancement of Colored People, etc. v. A. S. Harrison, Jr., Attorney General of Virginia, et al.—NAACP Legal Defense and Educational Fund, Inc. v. A. S. Harrison, Jr., Attorney General of Virginia, et al.

(Sept. 2, 1960, Record Nos. 5096, 5097; present, all the justices)

1. Attorneys: Solicitation of business and capping, chapter 33, acts of assembly, executive session, 1956, upheld.

2 and 3. Attorneys: Solicitation of business, activities of NAACP held improper solicitation.

4. Attorneys: Solicitation of business, not justified on grounds of protecting constitutional rights.

5. Freedom of speech: Not denied by chapter 33, acts of assembly, executive session, 1956.

6–8. Maintenance: Chapter 36, acts of assembly, executive session, 1956, held to deny constitutional rights.

1. By chapter 33 of the acts of assembly, executive session, 1956, the legislature amended former statutes defining and punishing malpractice by attorneys in such fashion as to broaden the definition of solicitation of legal business to include acceptance of employment or compensation from any person or organization not a party to a judicial proceeding and having no pecuniary right or liability in it. The chapter also made it an offense for any such person or organization to solicit business for any attorney. Appellants, the National Association for the Advancement of Colored People and the NAACP Legal Defense & Educational Funds, Inc., New York corporations whose major purpose was the elimination of racial discrimination, sought by declaratory judgment proceedings a construction of this chapter and of chapter 36 as they might affect appellants, their affiliates, officers, members, attorneys retained or paid by them, and litigants to whom they might give assistance in cases involving racial discrimination. Appellants asserted the enactments were penal and were vague and ambiguous. It was held, however, that chapter 33 was neither vague nor ambiguous, but to the contrary showed a clear legislative intent further to control the evils of improper solicitation of legal business for the benefit of attorneys.

2. The evidence showed that the NAACP had organized Negroes into local branches, which were associated in a State conference; had formed a legal staff to direct actions pertaining to racial matters; urged the institution of legal proceedings to challenge discrimination; and as an inducement to institute suits offered the services of attorneys selected and paid by it, the fund, and the conference. Such suits were strictly controlled by the NAACP, and between many litigants and the attorneys there was absent the usual professional contact. Financial ability of litigants to prosecute their own cases was not a consideration since neither the NAACP nor the fund operated as a legal aid society. Under this evidence the appellants and their local affiliates were engaged in the unlawful solicitation of legal business in violation of chapter 33.

3. There was no merit in appellants' argument that their activities were not such as are commonly considered by the legal profession as unethical solicitation of business. On the contrary, the acceptance of employment by an attorney in cases solicited by the NAACP would constitute a violation of canons 35 and 47 of the canons of professional ethics as well as a violation of chapter 33.

4. Nor could appellants' argument be countenanced that because they were allegedly aiding others in asserting their constitutional rights chapter 33 should be construed not to limit their activities.

5. Chapter 33 does not violate the rights of freedom of speech and assembly nor deny due process of law or the equal protection of the laws. A statute which forbids lay persons and organizations to solicit employment for attorneys or to engage in the business of furnishing attorneys to render legal services is a valid police regulation.

6. By chapter 36 of the acts of assembly, executive session 1956, in section 1(a) it was made an offense for any person to give any money or thing of value or personal services as an inducement to any person to commence or to prosecute further any legal proceeding. No exception was made as to indigent persons. It was held that under this statute indigent persons might be denied free access to the courts and others might be denied their fundamental right to aid indigents. For the denial of due process thus possible the section was declared unconstitutional, since the test of the constitutional validity of a law is not merely what has been done under it, but what may by its authority be done.

7. Chapter 36, section 1(b) made it a criminal offense for any person to advise or counsel the bringing of a suit against the Commonwealth or any of its agencies or officers unless the person so counseling was related to or in a position of trust with the plaintiff, or had a direct interest in the proceeding or had been consulted for professional advice. This statute was held unconstitutional because denying the right of freedom of speech.

8. Chapter 36 was unconstitutional for the further reason that it denied the equal protection of the laws to appellants, they being subject to its provisions while many other persons were expressly exempted. For the classification so established no reasonable basis could be found.

Appeal from decrees of the Circuit Court of the city of Richmond. Hon. Edmund W. Hening, Jr., judge presiding.

Affirmed in part; reversed in part and remanded.

The opinion states the case.

Robert L. Carter (Oliver W. Hill, on brief), for appellant, NAACP.

Spottswood W. Robinson, III (Thurgood Marshall, on brief), for appellant, NAACP Legal Defense and Education Fund, Inc.

David J. Mays (John W. Knowles, Assistant Attorney General; Henry T. Wickham, on brief), for appellees, A. S. Harrison, Jr., Attorney General, et al.

I'Anson, J., delivered the opinion of the court.

The National Association for the Advancement of Colored People, hereinafter referred to as the NAACP, and the NAACP Legal Defense and Educational Fund, Inc., hereinafter referred to as the Fund, appellants herein, filed their separate bills of complaint in the court below against Albertis S. Harrison, Jr., Attorney General of the Commonwealth of Virginia, the attorneys for the Commonwealth of the cities of Richmond, Newport News, and Norfolk, and the counties of Arlington and Prince Edward, Virginia, appellees herein, to secure a declaratory judgment construing chapters 33 and 36, Acts of Assembly, Ex. Sess., 1956, codified as §§ 54–74, 54–78, 54–79, Code of 1950, as amended, 1958 Replacement Volume, and §§ 18–349.31 to 18–349.37,[1] inclusive, Code of 1950, as amended, 1958 Cum. Supp., as they may affect the appellants, their officers, members, affiliates of NAACP, contributors, voluntary workers, attorneys retained or employed by them or to whom they may contribute moneys and expenses, and litigants receiving assistance in cases involving racial discrimination, because of the activities of the NAACP and the Fund in the past or the continuation of like activities in the future.

The NAACP, in addition to seeking a construction of the aforementioned statutes, alleged that the statutes are unconstitutional and void because their enforcement would deny to it, its affiliates, officers, members, contributors, voluntary workers, attorneys retained or employed by it, and litigants whom it may aid, due process of law and equal protection of the laws in violation of the Fourteenth Amendment to the Constitution of the United States.

The two suits were heard and considered together in the court below, by consent of all parties, on the appellants' bills; their exhibits, which included a transcript of the evidence, exhibits, the majority and dissenting opinions of the three-judge federal court, and the judgment entered in the case of *National Association for the Advancement of Colored People* v. *Patty,* 159 F. Supp. 503 (judgment vacated and remanded sub nom. *Harrison, et al.* v. *National Association for the Advancement of Colored People,* 360 U.S. 167, 79 S. Ct. 10256, 3 L. ed. 1152); the answers and exhibits of the appellees; and ore tenus testimony on behalf of the appellees and the NAACP, except one deposition taken on behalf of the NAACP. No testimony was taken on behalf of the Fund.

The court below held, so far as need here be stated, (1) that chapters 33 and 36 do not violate the constitutional guarantees of freedom of speech and assembly, due process of law and equal protection of the laws under the Fourteenth Amendment; (2) that the evidence shows that the appellants, their officers, affiliates, members, voluntary workers and attorneys are engaged in the improper solicitation of legal business and employment in violation of chapter 33 and the canons of legal ethics; (3) that attorneys who accept employment by appellants to represent litigants in cases solicited by the appellants, and in which they pay all costs and attorneys' fees, are violating chapter 33 and the canons of legal ethics; and (4) that the appellants and those associated with them advise persons of their legal rights in matters in which the appellants have no direct interest, and whose professional advice has not been sought in accordance with the Virginia canons of legal ethics, and as an inducement for such persons to assert their legal rights through the commencement of or further prosecution of legal proceedings against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an employee for either or both or any of the foregoing, the appellants furnish attorneys employed by them and pay all court costs incident thereto, and that these activities violate either chapter 33 or 36, or both.

---

[1] Now §§ 18.1–394 to 18.1–400, 1960 Cum. Supp.

The court's decree enumerated certain detailed activities of the appellants which do not violate chapters 33 and 36, and since they are not challenged by any of the parties hereto, they need not be stated herein.

From the decree of the chancellor we granted an appeal and supersedeas in each cause. They will be considered together by us, as they were in the court below, except the statutes involved will be considered separately.

The questions presented on these appeals are:

1. Do the activities of the appellants, or either of them, amount to solicitation of business, prohibited by chapter 33?

2. Do the activities of the appellants, or either of them, amount to an inducement to others to commence or further prosecute lawsuits against the Commonwealth, its officers, agencies, or political subdivisions, as prohibited by chapter 36?

3. Do the provisions of either chapters 33 or 36 violate the Virginia Bill of Rights (Constitution § 12) and the Fourteenth Amendment to the Constitution of the United States?

The evidence shows that the NAACP and the Fund are non-profit membership corporations organized under the laws of the State of New York with authority to operate in this Commonwealth as foreign corporations. The NAACP and the Fund functioned as one corporation with the same officers, directors and members from 1911 until 1948, when, for tax purposes and other reasons, the Fund was organized as a separate corporation.

The principal purpose of the NAACP is to eliminate all forms of racial segregation. It has been described by its counsel as a political organization for those who oppose racial discrimination.

Affiliated with the NAACP are approximately one thousand unincorporated branches operating in forty-five states and the District of Columbia. The branches are chartered by the NAACP, and, for failure of the branch officers to follow strictly the policies and directives of the national body, their charters may be revoked or their officers removed. The branches are generally grouped together in each state into an unincorporated association. In Virginia the association is known as the Virginia State Conference of NAACP Branches.

The State Conference holds annual conventions which are attended by delegates from the local branches. It takes the lead in NAACP's activities in this State under the administration of a full-time salaried executive secretary who is responsible to a board of directors. The executive secretary coordinates the activities of the branches in accordance with the policies and objectives of the Conference and the NAACP, supervises local membership and fund raising campaigns, distributes educational material dealing with racial matters, and performs many other duties.

The executive secretary, members of the legal staff, and other representatives of the State Conference make speeches before local branches and other groups for the purpose of advising those present that all segregation laws are unconstitutional and void, and urging them to challenge laws to eliminate segregation through the institution of legal proceedings which the State Conference, the NAACP and the Fund sponsor at no cost to the litigants.

The aid given litigants to initiate suits is in the form of furnishing lawyers who are members of the legal committee of the Conference, the NAACP, and regional counsel of the Fund, the payment of court costs and other expenses of litigation.

The Conference receives financial support to defray the cost of litigation it sponsors and other expenses from the local branches, the national bodies, and contributions.

Letters and directives addressed to officers of local branches and signed by the executive secretary of the Conference, filed as exhibits by the appellees, show the plans, methods and procedures used by the NAACP to sponsor litigation in school cases.

A letter dated May 26, 1954, reads in part as follows:

"It is of utmost importance that your branch retain the leadership in all actions engaged in in your community."

In a letter dated June 16, 1954, it is said:

"The Conference is proceeding with the development of its plan and will advise you thereof as soon as this work is completed."

A confidential directive of June 30, 1955, from the president and executive secretary to local branches relative to the handling of petitions for presentation to local school boards stated in part as follows:

"Petitions will be placed only in the hands of highly trusted and responsible persons to secure signatures of parents or guardians only.

"The signing of the petition by a parent or guardian may well be only the first step to an extended court fight. Therefore, discretion and care should be exercised to secure petitioners who will—if need be—go all the way.

"The Education Committee chairman will forward completed petitions to the Executive Secretary of the State Conference. * * *

"Following the above procedure, it becomes apparent that the faster your branches act the sooner will your school board be petitioned to desegregate your schools. Every act of our branch and the State Conference officials from this point on should be considered as an emergency action, and must take precedence over routine affairs—personal or otherwise."

Another directive contained in part these instructions:

"Organize the parents in the community so that as many as possible will be familiar with the procedure when and if law suits are begun in behalf of plaintiffs and parents.

"If no plans are announced or steps taken towards desegregation by the time school begins this fall, 1955, the time for law suits has arrived. At this stage court action is essential because only in this way does the mandate of the Supreme Court that a prompt and reasonable start towards full compliance become fully operative on the school boards in question.

"At this stage the matter will be turned over to the Legal Department and it will proceed with the matter in court."

An official report of NAACP and its Virginia Conference activities from May 17, 1954, to September 13, 1957, shows the purpose and a continuation of their method of operation as follows:

"Up to date picture of action by NAACP branches since May 31.

"A. Petitions filed and replies.

"A total of 55 branches have circulated petitions.

"B. Where suits are contemplated.

"Petitions have been filed in seven (7) counties/cities. Graduated negative response received in all cases.

"C. Readiness of lawyers for legal action in certain areas.

"Selection of suitsites reserved for legal staff.

"State legal staff ready for action in selected areas.

"D. Do branches want legal action?

"The majority of our branches are willing to support legal action or any other program leading to early desegregation of schools that may be suggested by the National and State Conference officers. Our branches are alert to overtures by public officials that Negroes accept voluntary racial segregation in public education."

An explanation of the above report was made by the executive secretary of the Conference as follows: The language, "Where suits are contemplated," referred to places where petitions had been denied by local school boards; "Readiness of lawyers for legal action in certain areas," meant financial aid was available; and "Selection of suits reserved for legal staff," meant that members of the legal staff would pick the places where suits would be brought.

The State Conference maintains a legal staff of 15 members, one of whom serves as chairman without compensation for that particular service. The members of the staff are elected at the annual convention of the Conference after being nominated by a committee, which in turn receives its recommendations for candidates from the chairman of the legal staff, and there have never been additional nominations from the floor of the convention.

The members of the legal staff of the Conference are reimbursed for expenses incurred in speaking before local branches and other groups and are paid fees at the rate of $60.00 per day for their services in cases in which NAACP has interested itself, "as long as such attorneys adhere strictly to NAACP policies"; namely, that a school case must be tried as a direct attack on segregation. Every item of expense and all legal fees paid by the Conference are approved by the chairman of the legal staff, except the expenses and fees of its chairman, which are approved by the president of the Conference. One member of the legal staff testified that he entered two of the school segregation cases at the suggestion of the chairman, and that the relationship "has been so pleasant and so profitable." Only members of the legal staff are selected by NAACP to bring suits in which it has an interest, and the places for bringing such suits are selected by the chairman, who refers the case to a member of the legal staff residing in the area from which the complaining party came. Without exception, when a member of the legal staff brings a lawsuit in his community other members of the staff are associated with him.

The chairman of the legal staff of the Conference is a member of the legal committee of the NAACP, Virginia counsel for the NAACP, and its registered Virginia agent.

The NAACP is not a legal aid society. Its policy during the past several years has been not to participate in cases simply because Negroes need assistance on account of poverty. Assistance is given only in cases involving constitutional rights, and then only so long as litigants adhere to the principles and policies of the NAACP and the Conference.

The initial contact in the Charlottesville school segregation case was made by the president of the local branch of the NAACP when he requested the chairman of the legal staff to speak at a meeting of parents of certain school children. At this meeting some of the parents signed authorization forms for the chairman to represent such parents and their children in legal proceedings to desegregate the schools of that city. Other authorization forms were distributed and signed with no attorney's name appearing thereon, but the name of the chairman of the legal staff was inserted later.

In the Arlington school case, the petition presented to the local school board for desegregation of the schools was prepared by the State Conference, and most of the signatures were obtained by the vice president of the Arlington branch, who was also one of the plaintiffs in a suit later instituted. She was told by the chairman of the legal committee of the Conference and the regional counsel of the Fund that they would institute legal proceedings if the school board denied the request to desegregate the schools.

All authorization forms used in the school segregation cases were prepared by the chairman of the legal staff and most of them authorized the attorney named therein to associate such other attorneys as he desired. Usually, the general counsel of the NAACP and the regional counsel of the Fund are associated in the trial of cases sponsored by the Conference, even though such association is not directly authorized by the litigants.

Ordinarily a complaint is filed with the executive secretary, who refers it to the chairman of the legal staff, and the chairman, with the concurrence of the president of the Conference, decides whether suit will be instituted. The executive secretary, however, testified that he did not refer any of the plaintiffs in the school segregation cases to the chairman of the legal staff.

Many of the litigants in school cases had no personal contact with any of the lawyers handling cases in which their names appeared as parties plaintiff, and learned of the institution of suits from newspaper accounts. Some of the litigants stated that they did not know the names of the lawyers representing them, but they did know they were NAACP lawyers.

Only one witness, out of some 24 litigants in school cases, testified that he would have instituted legal proceedings if the NAACP had not agreed to finance them.

The Fund has a small membership and no affiliates. Its financial support comes from contributions solicited by letters and telegrams from New York City. The purpose of the Fund, as stated in its certificate of incorporation, is as follows:

"(a) To render legal aid gratuitously to such Negroes as may appear to be worthy thereof, who are suffering legal injustice by reason of race or color and unable to employ and engage legal aid and assistance on account of poverty.

"(b) To seek and promote the educational facilities for Negroes who are denied the same by reason of race or color.

"(c) To conduct research, collect, collate, acquire, compile and publish facts, information and statistics concerning educational facilities and educational opportunities for Negroes and the inequality in the educational facilities and educational opportunities provided for Negroes out of public funds; and the status of the Negro in American life."

The director-counsel of the Fund is charged with the duty of carrying out the purposes set out in the charter and the policies fixed by its board of directors. He has under his direction a legal research staff of six full-time lawyers who reside in New York City but who may be assigned to places out of New York. In addition to the full-time legal staff, the fund has five regional counsels, including one residing in Richmond, Va., at an annual retainer of $6,000. The Fund also has at its disposal social scientists, teachers of government, anthropologists and sociologists who are used principally in cases involving school litigation.

The regional counsel of the Fund residing in Richmond, Va., is also a member of the legal staff of the Conference and the legal committee of the NAACP.

The Fund has been approved by the State of New York to operate as a legal aid society because of the provisions of the barratry statute of New York, but counsel stated it does not operate as such. A representative of the Fund testified in the case of the *National Association for the Advancement of Colored People* v. *Patty, supra,* that it furnishes legal assistance when a Conference lawyer requests it or when it is revealed from an investigation, made by the New York office through its regional counsel or one of the lawyers on the State Conference staff, that discrimination exists because of race or color. All costs and expenses incurred in such suits brought on behalf of Negroes are borne by the Fund. The assistance given may be in the form of providing lawyers to assist Conference staff lawyers in the trial of a case, or in the preparation of briefs.

Most of the litigants in the school segregation cases brought in this State were financially able, according to the standards set by the Fund, to finance their own proceedings.

[1] The appellants contend that chapters 33 and 36 are: (1) penal statutes and should be strictly construed; (2) that the statutes are vague and ambiguous; (3) that the language of the statutes cannot be construed to apply to their activities; and in addition the NAACP says (4) if the statutes are construed to apply to their activities they are unconstitutional and void because they deny to it, its officers, employees, members, contributors, affiliates and attorneys the rights of freedom of speech and assembly, equal protection of the laws and due process of law under the Fourteenth Amendment to the Constitution of the United States.

Chapter 33 amends and re-enacts §§ 54–74, 54–78 and 54–79, Code of 1950. The pertinent parts of the chapter, with the amended parts in italics, are set out in the margin below.[2] These sections deal with solicitation of any legal or professional business or employment, either directly or indirectly, and provide for the disbarment of attorneys guilty of "malpractice, or [of] any unlawful or dishonest or unworthy or corrupt or unprofessional conduct."

* * * * *

(6) "Any malpractice, or any unlawful or dishonest or unworthy or corrupt or unprofessional conduct", as used in this section, shall be construed to include the improper solicitation of any legal or professional business or employment, either directly or indirectly, or the acceptance of employment, retainer, compensation or costs from any person, partnership, corporation, organization or association with knowledge that such person, partnership, corporation, organization or association has violated any provision of Article 7 of this chapter, or the failure, without sufficient cause, within a reasonable time after demand, of any attorney at law, to pay over and deliver to the person entitled thereto, any money, security or other property, which has come into his hands as such attorney; *Provided, however,* That nothing contained in this Article shall be construed to in any way prohibit any attorney from accepting employment to defend any person, partnership, corporation, organization or association accused of violating the provision of Article 7 of this chapter.

* * * * *

§ 54–78. As used in this article:

(1) A "runner" or "capper" is any person, corporation, partnership or association acting in any manner or in any capacity as an agent for an attorney at law within this State or for any person, partnership, corporation, organization or association which employs, retains or compensates any attorney at law in connection with any judicial proceeding in which such person, partnership, corporation, organization or association is not a party and in which it has no pecuniary right or liability, in the solicitation or procurement of business for such attorney at law * or for such person, partnership, corporation, organization or association in connection with any judicial proceedings for which such attorney or such person, partnership, corporation, organization or association is employed, retained or compensated.

The fact that any person, partnership, corporation, organization or association is a party to any judicial proceeding shall not authorize any runner or capper to solicit or procure business for such person, partnership, corporation, organization or association, or any attorney at law employed, retained or compensated by such person, partnership, corporation, organization or association.

(2) An "agent" is one who represents another in dealing with a third person or persons.

§ 54–79. It shall be unlawful for any person, corporation, partnership or association to act as a runner or capper * as defined in § 54–78 to solicit any business for * an attorney at law or such person, partnership, corporation, organization or association, in and about the State prisons, county jails, city jails, city prisons, or other places of detention of persons, city receiving hospitals, city and county receiving hospitals, county hospitals, police courts, * county courts, municipal courts, * courts of record, or in any public institution or in any public place or upon any public street or highway or in and about private hospitals, sanitariums or in and about any private institution or upon private property of any character whatsoever.

The 1956 amendment of § 54–74, subsection (6), broadens the definition of "malpractice" to include the acceptance of employment from any person, partnership, corporation, organization or association with knowledge that such person, etc., has violated any provision of article 7, chapter 4, title 54, Code of 1950, (§§ 54–78 to 54–83, inclusive).

The amendment to § 54–78 broadens the definition of "runner" or "capper" to include any person, association or corporation acting as an agent for another person, association or corporation who or which employs an attorney in connection with any judicial proceeding in which such person, association or corporation is not a party and has no pecuniary right or liability therein.

The amendment to § 54–79 broadens the offense specified which theretofore made it unlawful for any person, corporation, partnership or association to act as a runner or capper for an attorney at law or to solicit any business for him, to make it unlawful for a person, association or corporation to solicit any business for attorney at law or any other person, corporation or association.

Violations of § 54–79 are made misdemeanors, and the license of any attorney violating any of the provisions of chapter 33 is subject to revocation or suspension.

While it is true that penal statutes are to be strictly construed, yet in construing such statutes the intention of the legislature must govern, and such intent may be found by giving to the words used their ordinary and usual meaning. *Tiller* v. *Commonwealth,* 193 Va. 418, 420, 69 S. E. 2d 441, 443; *Northrop & Wickham* v. *Richmond,* 105 Va. 335, 339, 53 S. E. 962, 963; *Gates & Son Co.* v. *Richmond,* 103 Va. 702, 706, 707, 49 S. E. 965, 966.

We find no vagueness or ambiguity in the language of chapter 33. The words used are clear and definite in their meaning.

It is clear from the language of the act that the intent and purpose of the legislature in amending and reenacting chapter 33 was to strengthen the existing statutes to further control the evils of solicitation of legal business for the benefit of attorneys by a person who is not a party to a proceeding and in which he has no pecuniary right or liability. Solicitation of legal business has been considered and declared from the very beginning of the legal profession to be unethical and unprofessional conduct.

---

[2] Be it enacted by the General Assembly of Virginia:

1. That §§ 54–74, 54–78 and 54–79 of the Code of Virginia be amended and reenacted as follows:

§ 54–74.

[2] There is no merit in the contention of the appellants that the statutes cannot be construed to apply to their activities. When we apply the plain language and meaning of the statutes to the evidence, it is perfectly manifest that the NAACP, its Virginia Conference, its branches and the Fund are engaged in the unlawful solicitation of legal business for their attorneys, in which resulting litigation they are not parties and have no pecuniary right or liability, in violation of chapter 33.

The declared purpose of the NAACP and the Fund is to eradicate every form of racial discrimination. To accomplish this objective the NAACP has organized Negroes throughout the Commonwealth into branches, and formed a legal staff for the purpose of directing and controlling all action pertaining to racial matters. Members of the NAACP, representatives of the Conference and its legal staff appear before the membership of local branches and other groups in communities in which the organizations wish suits to be brought and by persuasive methods urge those present to assert their constitutional rights to eliminate racial discrimination by becoming parties plaintiff to legal proceedings, when many of the prospective litigants have had no previous thought of doing so. The services of attorneys selected by the NAACP, its Conference and the Fund are offered at no cost to the prospective litigants as an inducement to institute suits. The litigants and attorneys, however, must adhere to a policy of permitting the NAACP, the Conference and the Fund to direct and control the litigation.

The absence of the usual contact between many of the litigants and the attorneys instituting proceedings is indicative of the control of the litigation by the NAACP and the Conference.

Since the appellants do not operate as legal aid societies, the financial ability of litigants to prosecute their own cases is not considered by the NAACP, the Conference and the Fund in soliciting litigants. A person does not have to be indigent for the NAACP, the Conference and the Fund to pay all costs of litigation.

The communications and activities of the NAACP, the Conference and branches, indicate their plans, methods and procedures in obtaining litigants, and may be summarized as follows:

"Mr. Thurgood Marshall, chief legal counsel of the NAACP, has said that the hardest job his staff has had in bringing equal-education suits has been to persuade Negro teachers and representative Negro parents to stand as plaintiffs."

("The National Association for the Advancement of Colored People; A Case Study in Pressure Groups," St. James, Exposition Press, Inc., at p. 107.)

In short, the activities of the NAACP, its Conference and the Fund clearly show that they are engaged in fomenting and soliciting legal business in which they are not parties and have no pecuniary right or liability, and which they channel to the enrichment of certain lawyers employed by them, at no cost to the litigants and over which the litigants have no control.

There was evidence on behalf of the Fund in the record of the case of the *National Association for the Advancement of Colored People* v. *Patty, supra,* heard by the three-judge Federal court, and filed as a part of the record in these causes, that it participates in cases only when a prospective litigant appears and requests assistance. However, that does not apear to be the case under the additional evidence taken in these causes, much of which was heard ore tenus by the court below. Legal business is solicited by the NAACP, representatives of the Conference and its legal staff, of which the regional counsel for the Fund is a member, and he and the Fund are fully acquainted with methods and procedures used to obtain litigants to whom the Fund gives assistance. The evidence shows that the regional counsel of the Fund is usually associated with Conference lawyers in school segregation cases, although he is not generally named in the authorization or power of attorney to institute suit.

(3) There is no merit in the appellants' argument that their activities are not what are commonly considered by the legal profession as solicitation of business contrary to the canons of legal ethics. They rely on several cases which are readily distinguishable under the facts from these causes now before us. Typical of the cases cited is *Gunnels* v. *Atlanta Bar Association,* 191 Ga. 366, 12 S.E. 2d 602, 132 A.L.R. 1165.

In the Gunnels case the court upheld the right of the Atlanta Bar Association to furnish counsel to persons who had been victims of sharp loan practices. The attorneys did not receive compensation for their services and the Bar Association did not stand between counsel and client or exercise control over the litigation. The usual and proper relationship of attorney and client existed in that case, which does not exist under the evidence in the causes now before us.

In referring to the relationship that should exist between attorney and client, in the case of *Richmond Ass'n of Credit Men* v. *Bar Association,* 167 Va. 327, 189 S.E. 153, this Court quoted with approval the following (167 Va. at p. 335, 189 S.E. at p. 157):

"'The relation of attorney and client is that of master and servant in a limited and dignified sense, and it involves the highest trust and confidence. It cannot be delegated without consent, and it cannot exist between an attorney employed by a corporation to practice law for it, and a client of the corporation, for he would be subject to the directions of the corporation and not to the directions of the client.' *Re Co-Operative Law Co.,* 198 N.Y. 479, 92 N.E. 15, 16, 32 L.R.A. (N.S.) 55, 139 Am. St. Rep. 839, 19 Ann. Cas. 879."

The acceptance of employment by an attorney in cases in which the NAACP, its Conference and branches act as intermediaries in the solicitation of legal business not only violates chapter 33, but also canons 35 and 47 of the canons of professional ethics adopted by this Court on October 21, 1938, 171 Va. p. xxxii.

Canon 35 reads in part as follows:

"Intermediaries: The professional services of a lawyer should not be controlled or exploited by any lay agency, personal or corporate, which intervenes between client and lawyer. A lawyer's responsibilities and qualifications are individual. He should avoid all relations which direct the performance of his duties by or in the interest of such intermediary. A lawyer's relation to his client should be personal, and the responsibility should be direct to the client. Charitable societies rendering aid to the indigent are not deemed such intermediaries." (171 Va. p. xxxii.)

Canon 47 reads as follows:

"Aiding the unauthorized practice of law: No lawyer shall permit his professional services, or his name, to be used in aid of, or to make possible, the unauthorized practice of law by any lay agency, personal or corporate." (171 Va. p. xxxv.)

In the Ninth Anual Report of the Virginia State Bar, p. 39, is found an opinion, rendered by the Committee on Unauthorized Practice, which is pertinent in these causes. A union retained an attorney on a salary basis to represent all of its individual members in their claims for compensation before the State Industrial Commission. He received no fees from the individuals for such representation. This sole compensation came from the salary paid him by the union. The committee held that the union was engaged in the practice of law without a license; that it was intervening between the attorney and his clients; and that the attorney was violating the canons of legal ethics.

Courts from other jurisdictions have held that corporations or associations carrying on activities somewhat similar to those of the appellants were engaged in the illegal practice of law and their attorneys were violating the canons of legal ethics.

*In re Maclub of America, Inc.,* 295 Mass. 45, 3 N.E. 2d 272, 105 A.L.R. 1360, an automobile association had been formed for the purpose of furnishing its members with lists of attorneys who would perform services for such members free of charge. The attorneys looked to the association for payment, but the association took no part in the direction or control of the case. The court held that the association was engaged in the illegal practice of law; that the relationship of attorney and client did not exist between the association's members and the attorney; that the particular attorney was compensated by the association and subject to its instructions; that the association possessed the right to hire and fire; and that the practice was considered a contract to furnish legal assistance rather than a contract to pay for legal assistance.

In *People ex rel. Courtney* v. *Association of Real Estate Taxpayers,* 354 Ill. 102, 187 N.E. 823, 826, a corporation was organized to permit united protection of certain taxpayers in matters of taxation and legislation. The owners of real estate were invited to become members by the payment of a fee. Attorneys were selected and paid by the corporation to represent it in taxation litigation and the corporation would determine what questions would be litigated. The court held that, even though suits were brought in the names of individual members, and fees would have cost an individual approximately $200,000, the corporation was engaged in the illegal practice of law.

For other cases, see *People ex rel. Chicago Bar Association* v. *Chicago Motor Club,* 362 Ill. 50, 199 N.E. 1; (a nonprofit corporation) *Doughty* v. *Grills,* 37 Tenn. App. 63, 260 S.W. 2d 379; *Hildebrand* v. *State Bar of California,* 36 Cal. 2d 504, 225 P. 2d 508; *Atchison, Topeka & Santa Fe Railway Co.* v. *Jackson* (10 Cir.), 235 F. 2d 390, 393; *In re Brotherhood of Railroad Trainmen,* 13 Ill. 2d 391, 150 N.E. 2d 163, 167.

[4] The appellants also argue that because they are aiding others in asserting their constitutional rights chapter 33 should not be construed to limit their activities. This argument is without merit. Statutes enacted by the General Assembly in the public interest to regulate the practice of law cannot be violated, and canons of legal ethics should not be ignored simply because constitutional rights are asserted. The law provides a procedure for one to follow in asserting his constitutional rights, as well as all other legal rights, and the objective may be achieved without violating statutes and the standards of the legal profession.

[5] The NAACP next contends that chapter 33 is unconstitutional and void because it violates the rights of freedom of speech and assembly, and denies to it, its affiliates, officers, employees, voluntary workers, attorneys and contributors due process of law and the equal protection of the laws guaranteed by the Fourteenth Amendment to the Constitution of the United States. There is no merit in this contention.

In support of the argument that chapter 33 violates their rights of freedom of speech and assembly, protected under the First Amendment and guaranteed by the Fourteenth Amendment to the Constitution of the United States, they rely on such cases as *Watkins* v. *United States,* 354 U.S. 178, 77 S. Ct. 1173, 1 L. ed. 2d 1273; *Sweezy* v. *State of New Hampshire,* 354 U.S. 234, 77 S. Ct. 1203, 1 L. ed. 2d 1311; and *Thomas* v. *Collins,* 323 U.S. 516, 65 S. Ct. 315, 89 L. ed. 430.

In the Watkins case, supra, a congressional committee inquired of a witness as to his past associations and he refused to identify his associates during that period on the ground that he did not believe they were now identified with the Communist Party and the questions asked were "outside the proper scope of the committee's activities." On appeal from his conviction for contempt, the Supreme Court held that the pertinency of the question had not been shown; that Congress had not authorized the committee to make an investigation of this nature; and that a conviction for contempt for refusal to answer could not be sustained.

In *Sweezy* v. *State of New Hampshire, supra*, the witness, a teacher in the State university, refused to tell a committee of the state legislature the substance of a lecture he had given at the university, or anything about his opinions and beliefs, on the grounds that the questions were not pertinent to the inquiry and infringed on his freedom of speech, protected under the First Amendment. The court held that the witness was not in contempt, since the resolution of the legislature authorizing the inquiry was not broad enough to permit the question.

Obviously, the holdings in the Watkins and Sweezy cases have no application here, since the court's decisions rested on the relevancy and pertinency of the questions asked by the committees.

It is true that under the holding in the case of *Thomas* v. *Collins, supra*, representatives of the NAACP and the conference have a right to peaceably assemble with the members of the branches and other groups to discuss with and advise them relative to their legal rights in matters concerning racial segregation. But under the evidence of the causes before us the appellants and their associates go beyond that. They solicit prospective litigants to authorize the filing of suits by NAACP and fund lawyers, who are paid by the conference and controlled by NAACP policies, in violation of chapter 33.

Chapter 33 does not deny the appellants, or those associated with them freedom to speak and assemble. The purpose and intent of the chapter is to regulate the practice of law and to bring such practice in harmony with the ethical standards of the profession. It prohibits, under certain circumstances, the solicitation of legal business. The prohibition of solicitation of legal business is merely a regulation in the interest of the public and the legal profession.

A State, under its police power, has the right to require high standards of qualifications and ethical conduct from those who desire to practice law within its borders (*Bradwell* v. *Illinois*, 83 U.S. (16 Wall.) 130, 139, 21 L. ed. 442; *Schware* v. *Board of Bar Examiners of the State of New Mexico*, 353 U.S. 232, 77 S. Ct. 752, 756, 1 L. ed. 796, 64 A.L.R. 2d 288), and it may revoke or suspend the license to practice law of attorneys who are guilty of unethical conduct. *Richmond Association of Credit Men* v. *Bar Association*, 167 Va. 327, 334–336, 189 S.E. 153, 157; *Campbell* v. *Third District Committee*, 179 Va. 244, 249, 250, 18 S.E. 2d 883, 885.

A statute which forbids laymen to solicit employment for attorneys, or engage in the business of furnishing attorneys to render legal services, is a valid police regulation not violative of any constitutional restriction. *McCloskey* v. *Tobin*, 252 U.S. 107, 40 S. Ct. 306, 64 L. ed. 481; *Hightower* v. *Detroit Edison Co.*, 262 Mich. 1, 247 N.W. 97, 86 A.L.R. 509; *Kelley* v. *Boyne*, 239 Mich., 204, 214 N.W. 316, 53 A.L.R. 273; *Chicago, B. & Q.R. Co.* v. *Davis*, 111 Neb. 737, 197 N.W. 599, 601; 14 C.J.S., Champerty and Maintenance, § 35, p. 381; Anno. 53 A.L.R., p. 279–280.

[6] We shall now direct our attention to chapter 36 (§§ 18–349.31 to 18–349.37, inclusive, Code of 1950, as amended, 1956 Cum. Supp.) Acts of Assembly, Ex. Sess. 1956, p. 37, the pertinent parts of which are printed in the margin.[3]

This chapter, like chapter 33, deals with the regulation and supervision of the practice of law and is a valid legislative enactment under the State's police power unless it invades rights protected and guaranteed by the State and Federal Constitutions.

The NAACP contends that the chapter is unconstitutional and void because it violates the rights of freedom of speech and assembly and denies to it, its officers, employees, voluntary workers, attorneys and contributors due process of law and the equal protection of the laws under the Fourteenth Amendment of the Constitution of the United States.

On the other hand, the appellees say that the chapter does not violate any constitutional guarantees, and that under the evidence the appellants have violated the statute, which is merely a common law definition of maintenance[4] with the recognized exceptions.

Section 1(a) of the act makes it unlawful, with certain exceptions, for any person not having a "direct interest" in a legal proceeding to promise, give, offer, donate money, personal services, or any other thing of value, or "any other assistance as an inducement to any person to commence or to prosecute further any original proceeding in any court of this State, or before any board or administrative agency within the said State, or in any United States court located within the said State against the Commonwealth of Virginia," its agencies or political subdivisions, or any officer or employee thereof.

Section 1(b) makes it "unlawful for any person, not related by blood or marriage or who does not occupy a position of trust or a position in loco parentis to one who becomes the plaintiff in a suit or action, who has no direct interest in the subject matter of the proceeding and whose professional advice had not been sought in accordance with the Virginia canons of legal ethics, to *advise, counsel or otherwise instigate* the bringing of a suit or action against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee for either or both or any of the foregoing." (Emphasis added.)

We have frequently said that the test of the constitutional validity of a law is not merely what has been done under it, *but what may by its authority be done*. *Edwards* v. *Commonwealth*, 191 Va. 272, 285, 60 S.E. 2d 916, 922; *Richmond* v. *Carneal*, 129 Va. 388, 393, 106 S.E. 403, 405, 14 A. L. R. 1341; *Violett* v. *City of Alexandria*, 92 Va. 561, 574, 23 S.E. 909, 913, 31 L. R. A. 382.

Under § 1(a) a friend or neighbor of a poor man is prohibited from aiding him in asserting his claim against the Commonwealth, its agencies or political subdivisions, if his claim does not fall within the exceptions enumerated in § 6 of chapter 36, no matter how meritorious it may be.

The law has always recognized the right of one to assist the poor in commencing or further prosecuting legal proceedings. To deny this right would be oppressive and enable the other party, if his means so permits, an advantage over one with little means. Aiding the indigent is one of the generally recognized exceptions to the law of maintenance. *Gilman* v. *Jones*, 87 Ala. 691, 5 So. 785, 786–787; *Rice* v. *Farrell*, 129 Conn. 362, 28 A. 2d 7, 9; 14 C. J. S. Champerty and Maintenance, § 24, p. 368; 4 Blackstone's Commentaries, ch. 10, pp. 135 et seq.

---

[3] Be it enacted by the General Assembly of Virginia:

1. § 1.(a) It shall be unlawful for any person not having a direct interest in the proceedings, either before or after proceedings commenced:

to promise, give or offer, or to conspire or agree to promise, give or offer, or

to receive or accept, or to agree or conspire to receive or accept, or

to solicit, request or donate,

Any money, bank note, bank check, chose in action, personal services or any other personal or real property, or any other thing of value, or any other assistance as an inducement to any person to commence or to prosecute further any original proceeding in any court of this State, or before any board or administrative agency within the said State, or in any United States court located within the said State against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee for either or both or any of the foregoing; provided, however, this section shall not be construed to prohibit the constitutional right of regular employment of any attorney at law, for either a fixed fee or upon a contingent basis, to represent such person, firm, partnership, corporation, group, organization or association before any court or board or administrative agency.

(b) It shall be unlawful for any person, not related by blood or marriage or who does not occupy a position of trust or a position in loco parentis to one who becomes the plaintiff in a suit or action, who has no direct interest in the subject matter of the proceeding and whose professional advice has not been sought in accordance with the Virginia canons of legal ethics, to advise, counsel or otherwise instigate the bringing of a suit or action against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee for either or both or any of the foregoing.

(c) As used in this act, "person" includes person, firm, partnership, corporation, organization or association; "direct interest" means a personal right or a pecuniary right or liability.

(d) Any person violating any of the provisions of § 1 of this act shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than one thousand dollars or confined in jail for not more than one year, or both.

* * * * *

§ 6. This act shall not be applicable to attorneys who are parties to contingent fee contracts with their clients where the attorney does not protect the client from payment of the costs and expense of litigation, nor shall this act apply to a mandamus proceeding against the State Comptroller, nor shall this act apply to any matter involving zoning, annexation, bond issues, or the holding or results of any election or referendum, nor shall this act apply to suits pertaining to or affecting possession of or title to real or personal property, regardless of ownership, nor shall this act apply to suits involving the legality of assessment or collection of taxes or the rates thereof, nor shall this act apply to suits involving rates or charges or services by common carriers or public utilities, nor shall this act apply to criminal prosecutions, nor to the payment of attorneys by legal aid societies approved by the Virginia State Bar, nor to proceedings to abate nuisances. Nothing herein shall be construed to be in derogation of the constitutional right of real parties in interest to employ counsel or to prosecute any available legal remedy under the laws of this State. The provisions hereof shall not affect the right of a lawyer in good faith to advance expenses as a matter of convenience but subject to reimbursement.

[4] Maintenance is "an officious intermeddling in a suit that in no way belongs to one by maintaining or assisting either party with money or otherwise to prosecute or defend it." 4 Blackstone's Commentaries, p. 135. See also 10 Am. Jur., Champerty and Maintenance, § 1, pt. 549.

This section denies to an indigent person free access to the courts, both State and Federal, except those within the enumerated class under § 6 of chapter 36, which is a fundamental right of all men, and denies to him due process of law.

A person who desires to aid an indigent suitor, unless his case falls within the excepted class, is deprived, under the terms of the act, of his fundamental right to use his property in a lawful manner and is made criminally liable if he does give such aid.

[7] Where the principle of free discussion is concerned, it is the statute and not the accusation or the evidence under it which prescribes the limits of permissible conduct. *Thornhill* v. *Alabama*, 310 U.S. 88, 60 S. Ct. 736, 84 L. ed. 1093.

Under § 1(b) of the act, no person or association, including the appellants, except those within the excepted classification, may advise or counsel any person or group with respect to instituting or prosecuting actions against the State, its agencies or political subdivisions, or their officers or employees, to assert what these persons or groups may believe are their legal or constitutional rights. Nor may the appellants render financial aid to these people in such litigation, even though the litigants may select and employ counsel of their own choosing, in accordance with the recognized canons of legal ethics.

This section denies the right of freedom of speech, guaranteed by the Virginia Bill of Rights (Constitution § 12), secured by the First Amendment to the Constitution of the United States and guaranteed by the Fourteenth Amendment, which give one the right to hold views on all controversial questions, to express such views, and to disseminate them to persons who may be interested, and neither the Federal nor State government can take any action which might prevent such free and general discussion of public matters as may seem to be essential to prepare people for an intelligent exercise of what they may consider to be their rights as citizens. See 16 C.J.S. Constitutional Law, § 213(1), pp. 1093, 1094, and the many cases there cited.

A State may forbid one to practice law without a license, but it cannot prevent an unlicensed person from making a speech before an assembly, telling them of their rights and urging them to assert same. See *Thomas* v. *Collins*, *supra*, (concurring opinion, 323 U.S. 516. p. 544, 65 S. Ct. 315, 89 L. ed. 430).

State statutes must be specifically directed to acts or conduct which overstep legal limits, and not include those which keep within the protected area of free speech. *Edwards* v. *Commonwealth*, *supra* (191 Va. at p. 285, 60 S. E. 2d at p. 922).

While the appellants, and those associated with them, cannot solicit and channel legal business to attorneys whom they pay, and who are subject to their directions, in violation of chapter 33, a statute which prohibits them from advising any person or group to institute suits for the purpose of asserting what they believe to be their legal rights is a denial of the right of freedom of speech, and is unconstitutional and void.

[8] Section 1(b) not only violates the right of freedom of speech, but § 6 of the act exempts from its operation a host of potential litigants, and says in effect that what is a criminal act when done by unexcepted litigants, including the appellants, is not a criminal act when done by excepted litigants. There is no reasonable basis for excepting a great number of litigants from the application of the act while making it applicable to others. Thus it denies to the unexcepted litigants the equal protection of the laws.

Equal protection of the laws, guaranteed under the Fourteenth Amendment, does not preclude a State from resorting to classification for purposes of legislation, but such classification must be reasonable and not arbitrary, and rest on some ground of difference or distinction which bears a fair and substantial relation to the subject or object of legislation, so that all persons similarly situated shall be treated alike. *C.I.T. Corp.* v. *Commonwealth*, 153 Va. 57, 68, 149 S.E. 523, 525, 526; *Bryce* v. *Gillespie*, 160 Va. 137, 143, 168 S.E. 653, 655.

For the reasons given, we hold:

1. That chapter 33 is a valid regulation of the practice of law, enacted under the police power of the State, and is not violative of any constitutional restrictions;

2. That the solicitation of legal business by the appellants, their officers, members, affiliates, voluntary workers and attorneys, as shown by the evidence, violates chapter 33 and the canons of legal ethics;

3. That the attorneys who accept employment by appellants to represent litigants in suits solicited by the appellants, or those associated with them, are violating chapter 33 and the canons of legal ethics;

4. That chapter 36 is unconstitutional and void because it violates the right of freedom of speech under both the State and Federal Constitutions, and denies due process of law and equal protection of the laws under the Fourteenth Amendment. Therefore,

(a) the appellants and those associated with them may not be prohibited from acquainting persons with what they believe to be their legal rights and advising them to assert their rights by commencing or further prosecuting a suit against the Commonwealth of Virginia, any department, agency or political subdivision thereof, or any person acting as an officer or employee of such, but in so advising persons to commence or further prosecute such suits the appellants, or those associated with them, shall not solicit legal business for their attorneys or any particular attorneys; and

(b) the appellants and those associated with them may not be prohibited from contributing money to persons to assist them in commencing or further prosecuting such suits, which have not been solicited by the appellants or those associated with them, and channeled by them to their attorneys or any other attorneys.

The decree appealed from is affirmed in part, reversed in part, and remanded for the entry of a decree consistent with the views expressed herein.

Affirmed in part; reversed in part; and remanded.

Mr. EASTLAND. Mr. President, since the organization of the National Association for the Advancement of the Colored People and the ending of the Niagara movement which preceded it, officers and directors of the National Association for the Advancement of the Colored People have been found to possess records of affiliation with organizations and associations that have been affiliated with or served as fronts for some aspect of the Communist Party and Communist conspiracy in these United States. In a tabulation that was inserted in the CONGRESSIONAL RECORD of February 23, 1956, wherein a check was made on the 1954 list of officers, board members, executive staff members, and others connected with the NAACP, it was found that out of a total list of 193 individuals, 89 of them belonged to or were affiliated with organizations that have been cited by the House Un-American Activities Committee as Communist or Communist dominated. This constituted 46.1 percent of the total. Sixteen of these individuals served in more than one capacity as an officer, board member, or staff member, and so forth. When you consider that these 16 persons have double offices or designations, the total list would be 177, of which 78 were cited by the House Committee on Un-American Activities. It is not my purpose at this time to reinsert in the CONGRESSIONAL RECORD the entire set of reports on the various and sundry individuals who were then and many of whom are now connected with the NAACP. The name of Thurgood Marshall is included in the list. Mr. President, it is my candid judgment that regardless of any circumstance that might be involved, no individual should ever be held to be eligible for a judicial appointment to the Federal bench for life if he has at any time in any period of his life been associated with any organization that has been designated as a Communist or Communist-front group or organization either by the House Un-American Activities Committee, the Internal Security Subcommittee of the Senate, the Attorney General, or the Subversive Activities Control Board. The bench and bar of this country are filled with lawyers and judges of outstanding records, experience and qualifications, about whom no single question could ever be raised as to them at any time having any part or parcel in any activity that could be designated as subversive in nature. This nominee is not one of that large, outstanding group of American citizens.

The hearings before the Judiciary subcommittee which considered the nominee contain information furnished from the files of the Committee on Un-American Activities of the House of Representatives that—

> Thurgood Marshall was a member of the National Committee, International Juridical Association, as shown in the pamphlet, "What Is the IJA?"
>
> The Special Committee on Un-American Activities, in Report 1311 released March 29, 1944 (p. 149), cited the International Juridical Association as "a Communist front and an offshoot of the International Labor Defense." The report on the National Lawyers Guild (released by this committee September 17, 1950, made H. Rept. 3123, Sept. 21, 1950, p. 12) cited the International Juridical Association as an organization which "actively defended Communists, and consistently followed the Communist Party line."
>
> A list of officers of the National Lawyers Guild, as of December 1949 (printed in the committee's report on the National Lawyers Guild, released September 17, 1950, p. 18) contains the name of Thurgood Marshall, New York City, among the members of the executive board. He was shown to be an associated editor of the Lawyers Guild Review in the issue of May–June 1948 (p. 422). It was reported in the Daily Worker of November 30, 1943 (p. 1), that Mr. Marshall, special counsel to the National Association for the Advancement of Colored People, was one of those who submitted a report denouncing lynching and discrimination, which was adopted by the National Executive Board of the National Lawyers Guild. It was also reported in the Washington Evening Star (Feb. 8, 1958, p. A–22 and Feb. 12, 1948, p. A–8), that Mr. Marshall, identified as special counsel, NAACP, criticized the loyalty program in a public forum held under the auspices of the National Lawyers Guild in Washington, D.C.
>
> The National Lawyers Guild was cited by the Special Committee on Un-American Activities as a Communist front in the report

of March 29, 1944 (p. 149). In the committee's report on the organization, released in 1950, the guild was cited as a Communist front which "is the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions" and which "since its inception has never failed to rally to the legal defense of the Communist Party and individual members thereof, including known espionage agents."

The Daily Worker of November 24, 1947 (p. 4) reported that Thurgood Marshall was among a group of attorneys who sent a telegram to New York Congressmen asking them to oppose the contempt citations in the case of the Hollywood writers.

Not contained in the above citations is the admission of the nominee that he was the main speaker at a Baltimore rally that was held by an organization known as the American League Against War and Fascism, or, as it was later known, the American League for Peace and Democracy, in the year 1936. The nominee stated that he appeared at this rally and spoke on the invitation of one Professor Mitchell from Johns Hopkins University. Information that Marshall spoke at this rally was obtained from hearings of the House Committee on Un-American Activities, Communist activities in the Baltimore area, part 3, March 25 and 26, 1954, wherein one Joseph S. Nowack, a former member of the Communist Party, testified that he got a speaker, Mr. Thurgood Marshall, who was at that time legal representative of the National Association for the Advancement of the Colored People, to speak at this rally in Baltimore. The American League Against War and Fascism, according to the House Un-American Activities Committee, was organized in 1933, and even after its name was changed, the committee states, "it remained as completely under the control of Communists when the name was changed as it had been before." This organization was also cited as subversive and Communist by the Attorney General of the United States on two different occasions.

Mr. President, why is it that for a high place in the Federal judiciary we cannot have a nominee who has not been affiliated with Communist front organizations? What was this nominee doing speaking at a meeting of one of the organizations?

The nominee was questioned in regard to his connection with the National Lawyers' Guild. He stated that he had been a member of the National Lawyers' Guild from its organization until he formally resigned in October of 1949. As is reflected in the House report, both the National Lawyers' Guild and the International Juridical Association were cited as Communist front organizations as early as March 29, 1944. The committee referred to the International Juridical Association as being a Communist front which was an offshoot of the notorious International Labor Defense. The nominee stated that he had heard about these 1944 citations and that as far as the International Juridical Association was concerned, his connection with that was only for about a year back in the thirties. Counsel asked the nominee: "Did you know personally or by reputation A. A. Berle, Jr., Assistant Secretary of State, who was a member of the Lawyers' Guild?" The nominee replied that he did not, and counsel then pointed out that Berle resigned from the organization on June 5, 1940, charging that the leadership of the organization was not prepared to take any stand which conflicts with the Communist Party line. Several other prominent attorneys who resigned from this organization in the early 1940's were mentioned to the nominee. He said he knew Frank P. Walsh. He did not know Joseph D. McGoldrick. He did not know Judge Ferdinand Pecora personally, but knew of him. Nathan Margold he stated he knew well, and that Morris Ernst was in that group, too—all of whom, with the exception of Morris Ernst, a House Un-American Activities Committee report reveals, resigned from the organization long before Marshall, on the ground that it was Communist dominated. The nominee was not only a member of the Lawyers' Guild, but he served as a member of the National Executive Board, and, despite his knowledge of the fact that the organization had been cited by the House Un-American Activities Committee as a Communist front, continued to work with it until the trial of eleven Communists before Judge Medina precipitated his resignation.

Mr. President, we are confronted with an argument that is something like whether the chicken or the egg came first. Have the Communists used the NAACP, or has the NAACP used the Communists? One fact or another must be true, when one considers the long record of affiliation of the officers and officials of the NAACP and the Communist interests in agitating the racial issue in the United States to the point where it foments revolution and rebellion and divides person against person and section against section and incites violence and disorder. No one can say that this nominee comes into court with clean hands. He knew, or should have known, exactly what he was doing at every step in the road of his affiliations with the National Lawyers' Guild. He saw the organization repudiated by reputable lawyers, but refused so to do himself. On this ground alone, the Senate should reject his nomination.

Mr. JOHNSTON. Mr. President, I noticed that the Senator from New York said we employed a lawyer, Mr. L. P. Lipscomb. I should like to call the Senator's attention to the fact that Mr. Lipscomb has been employed by the Senator from Mississippi [Mr. EASTLAND] since September 7, 1954, and has worked on the committee staff since August 1, 1958. While on the staff he was assigned to us only to assist us on this particular appointment. I wish to clear up that matter, because of the newspapers' understanding of this matter, and because I noticed that the senior Senator from New York repeated that statement on the floor. I know he wishes to have the record set straight.

I also wish to call to the attention of the Senate, and also to the attention of the press, the fact that another appointment from New York is before the committee at the same time; it is an appointment to the Southern District of New York—that of Irving Ben Cooper, who was nominated on September 23, 1961. Hearings have been held on the nomination; and I understand that the two Senators from New York have been taking some part in those hearings, and one of them may be on the subcommittee which is holding the hearings. So if they are criticizing others for holding up a nomination so long, I believe the committee still has this one nomination pending at the present time. The nominee received a recess appointment after Congress adjourned last year; and the committee received it on January 15 of this year, the same date when Thurgood Marshall's nomination was submitted to the Senate.

So it can be seen that we do investigate the cases which come before us—whether that of Thurgood Marshall or that of Irving Ben Cooper. Both of them have been looked into thoroughly, I think; and I believe perhaps that appointment will come from the committee some time soon. At any rate, I hope so.

Mr. KEATING. Mr. President, I point out the wide difference between the case of Judge Cooper and the case of Judge Marshall. There was no opposition to the nomination of Judge Marshall; there was nothing but praise and laudatory statements in his behalf. Not one witness appeared against his nomination.

In the case of the nomination of Judge Cooper, distinguished witnesses appeared on both sides. Although I concluded, based on all the evidence, to support the nomination of Judge Cooper, of course it was necessary to hear all those, on both sides, who wished to be heard. So the two cases are in no way comparable.

Mr. HART. Mr. President, after a time which has been described by some as far too long, we are approaching the point where the Senate may work its will on this nomination. I would be the last to seek to delay that happy event.

Mr. President, the Senator from Colorado [Mr. CARROLL] regrets that, due to other commitments, he is unable to be present on the floor of the Senate today. He has prepared a statement urging prompt confirmation of the nomination of Judge Thurgood Marshall; and I ask unanimous consent that the statement be printed at this point in the RECORD. In the Judiciary Committee, Senator CARROLL was a most vigorous advocate of confirmation of the nomination.

Mr. JOHNSTON. Mr. President, although I do not take the same position, I think it is proper to have printed in the RECORD the statement by the Senator from Colorado.

Mr. HART. I thank the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JOHN CARROLL

After many, many months, at long last, the Senate now has an opportunity to consider and confirm the nomination of Judge Thurgood Marshall to the bench of the Second Circuit of the U.S. Court of Appeals.

The obstacles and delays which have been placed in the path of this nomination have been, I may say, almost without precedent. Such delays in the regular order have been used in this case to thwart, for a time, the wishes of the President and to embarrass a distinguished jurist, Judge Marshall.

I am very pleased therefore that this nomination has at last been reported from committee to the Senate floor for action.

I hope and I trust that the Senate will promptly approve the nomination of Judge Marshall.

There can be little doubt that this nomination has received widespread support throughout the country. I myself have received many letters and wires from Colorado urging the speedy approval of this most worthy nomination.

Let me draw the attention of the Senate to five representative letters which I have received from organizations within my own State. The first is from Wallace Simpson Post No. 29, the American Legion. The next two letters and a resolution are from the Most Worshipful Prince Hall Grand Lodge of Colorado and its jurisdiction. The fourth is from the Denver branch of the National Association for the Advancement of Colored People and the last is from the Ancient Egyptian Arabic Order Nobles of the Mystic Shrine Syrian Temple No. 49.

I submit these letters at this point.

Wallace Simpson Post No. 29,
the American Legion, Department of Colorado,
*Denver, Colo., September 4, 1962.*

Member, Committee on the Judiciary,
*Washington, D.C.*

Sir: As the commander of Wallace Simpson Post 29, American Legion, Department of Colorado, at the request of the executive board, I am writing to you as a member of the Committee on the Judiciary, subject to the confirmation of Thurgood Marshall as a judge of the U.S. circuit court of appeals.

It is our understanding that the subject of Thurgood Marshall's confirmation comes before the full committee on Thursday, September 6, 1962.

Therefore, we solicit your endorsement of his confirmation; we strongly urge you to consider fully the distinguished qualifications, capabilities and integrity of character of the President's nominee, Thurgood Marshall. We earnestly solicit your support and urge you to request the committee to carry back to the entire Senate body a unanimous vote for confirmation of Thurgood Marshall as a judge of the U.S. circuit court of appeals.

Thanking you in advance, and, for the good of the Legion, I remain,

Respectfully yours,
Albert W. Jennings,
*Commander, Wallace Simpson Post 29, Department of Colorado.*

---

Pueblo, Colo.,
*August 28, 1962.*

Hon. John A. Carroll,
*U.S. Senator from Colorado,*
*Washington, D.C.*

Dear Sir: We, the Most Worshipful Prince Hall Grand Lodge of Colorado and its jurisdiction, (Colorado, Wyoming, and Utah), respectfully request that you, one of our elected officials from one of the States comprising our jurisdiction, do all you can to bring about the immediate confirmation of Thurgood Marshall as one of the judges of the U.S. circuit court of appeals.

Yours truly,
Randall A. Baker,
*Grand Secretary.*

---

Colorado Springs, Colo.,
*August 15, 1962.*

"Whereas the Honorable John F. Kennedy, the President of the United States, has appointed the Honorable Thurgood Marshall, former counsel of the NAACP Legal Defense & Educational, Inc., as one of the judges of the U.S. circuit court of appeals, and

"Whereas the confirmation of Thurgood Marshall has been before the U.S. Senate Judiciary Committee for an extra long time without that august body taking any action to confirm the appointment of Thurgood Marshall; and

"Whereas the U.S. Senate has in recent weeks confirmed several of the recent appointees of the President of the United States with extra haste; and

"Whereas this obvious and deliberate failure to hold a hearing by the U.S. Senate Judiciary Committee for the purpose of confirming the appointment of Thurgood Marshall is making the United States look small in the eyes of the world; and

"Whereas the United States can ill afford at this critical time in its history to receive any more bad publicity because of its treatment of its minority races: Now, therefore, be it hereby

"*Resolved,* That this 86th annual communication of the Most Worshipful Prince Hall Grand Lodge of Colorado and Jurisdiction (Colorado, Wyoming, and Utah) F. & A.M. does hereby request that the U.S. Senate Judiciary Committee hold an immediate hearing for the purpose of confirming Thurgood Marshall as one of the judges of the U.S. circuit court of appeals; and be it further

"*Resolved,* That a copy of this resolution be sent to the Honorable John A. Carroll, U.S. Senator from the State of Colorado, who is a member of the U.S. Senate Judiciary Committee, to be read into the records of that august body; and be it further

"*Resolved,* That a copy of this resolution be forwarded to each of the U.S. Senators from the States of Colorado, Wyoming, and Utah, which comprise this Prince Hall Masonic jurisdiction together with a letter urging them to do all they can to bring about the immediate confirmation of Thurgood Marshall by the U.S. Senate as one of the judges of the U.S. circuit court of appeals."

Unanimously passed by the Most Worshipful Prince Hall Grand Lodge of Colorado and Jurisdiction, F. & A.M., at its 86th annual communication on August 15, 1962, at Colorado Springs, Colo.

Randall A. Baker,
*Right Worshipful Grand Secretary.*
Pueblo, Colo.

---

August 31, 1962.

Hon. John A. Carroll,
*Senator from Colorado,*
*Washington, D.C.*

Dear Sir: I am writing to you at the request of the Most Worshipful Prince Hall Grand Lodge of Colorado and jurisdiction, F. & A.M. concerning Thurgood Marshall.

It is our understanding that the subject of his confirmation as one of the judges of the U.S. circuit court of appeals will come up before the full Committee on the Judiciary on Thursday, September 6, 1962.

We are sure that there can be no doubt about the integrity and ability of Thurgood Marshall. As one of the members of the U.S. Senate Committee on the Judiciary we earnestly and sincerely urge that you vote for the confirmation of Thurgood Marshall as one of the judges of the U.S. circuit court of appeals.

Sincerely yours,
Most Worshipful Prince Hall Grand Lodge of Colorado and Jurisdiction, F. & A.M.,
Isaac E. Moore, *Attorney.*

---

Denver Branch, National Association for the Advancement of Colored People,
*Denver, Colo., September 24, 1961.*

Hon. John Carroll,
*U.S. Senator from Colorado*
*Washington, D.C.*

Dear Sir: It was with much pleasure that I read where the President has submitted the name of Thurgood Marshall to be a U.S. circuit judge. We of the Denver branch know that he couldn't have made a finer selection.

We are writing to you to ask you to cast your vote for his confirmation when the time comes to do so in the Senate. We know that you will do so, and we ask you to do all you can to help his confirmation. We know that he must first come by the Judiciary Committee, so do all you can to beat down the objection which we know will come from the chairman of the committee. We will be watching the progress of the action pertaining to Mr. Marshall, and we know that you will vote for his confirmation.

The President has shown again that he is doing all he can to make democracy work in the United States.

Sincerely yours,
William H. Pinkett,
*President.*

---

Ancient Egyptian Arabic Order
Nobles of the Mystic Shrine,
Syrian Temple No. 49,
*Denver, Colo., October 13, 1961.*

Hon. John Carroll,
*Senator, State of Colorado,*
*Washington, D.C.*

Dear Senator Carroll: We wish to encourage your support for the nomination of Mr. Thurgood Marshall, to be a judge of the U.S. Second Circuit Court of Appeals. It is our opinion in Colorado, and the opinion of so many people in these United States that Mr. Thurgood Marshall has all the necessary qualifications to fill this position. His addition to the Federal bar is certainly merited and would certainly bring honor and further distinction to that great deliberating and judicial body.

It is our understanding that the Judiciary Committee of the Senate will receive this nomination before it goes to the entire Senate for confirmation. We certainly hope that your influence will be directed in behalf of this nomination.

As your many constituents, we are hopeful that you share our views regarding this very important matter. If it is at all possible, we would like to receive from you, a reply regarding your views, and other material pertinent to this nomination. You may send a copy to the Imperial Potentate Booker T. Alexander, 1308 Broadway, Tobin Building, Detroit 26, Mich., and a copy to Jake W. Coleman, Jr., Illustrious Potentate, Syrian Temple No. 49; to Marion H. Douglas, Illustrious Recorder, 3030 Franklin Street, Denver 5, Colo.

Respectfully submitted.
Jake W. Coleman, Jr.,
*Illustrious Potentate, Syrian Temple No. 49, AEAONMS.*
Denver, Colo.

This nomination has been shamefully delayed.

Let me give a brief outline of the history of this nomination:

Judge Marshall was first nominated to the bench of the Second Circuit on September 23, 1961. The Congress adjourned on the 27th of that month without taking action on the nomination.

It was thus necessary for the President to give Judge Marshall a recess appointment. This was done on October 23, 1961.

With the reconvening of the Congress, the President resubmitted Judge Marshall's nomination on January 15, 1962.

Contrary to usual practice, no hearings were held on this nomination until May 1, 1962.

The subcommittee then recessed and did not convene again until July 12. The nomination was not reported to the full committee until August 30.

The nomination was not reported to the full Senate until September 7.

This lengthy record is particularly striking when one considers the speed with which nominations to the Federal bench are normally approved. To take but two cases, Judge Williams Cox, of Mississippi, was nominated on June 20, 1961, and confirmed June 27, 1961; Judge J. Robert Elliott, of Georgia, was nominated January 23, 1962, and confirmed February 7, 1962.

I do not want it to appear that no objections to this delay were raised. As the Senate knows, I am a member of the Senate Judiciary Committee. Other members of committee—the able Senators HART, DODD, and LONG—and myself joined in the fight to obtain committee approval of this nomination. I am happy to report that our battle has been successful. The nomination is now before the Senate and we have received assurances from the leadership that the full Senate will have an opportunity to vote on this nomination in this session.

There is no need for me here to describe Judge Marshall's career in great detail. It is well known and respected throughout the world. Too numerous to count are the honors, citations, and degrees which this man has received.

There can be no doubt that his name is indelibly imprinted upon the history of constitutional law. Great steps have been taken, thanks to Thurgood Marshall, in the movement to guarantee that all American citizens, without regard to color, race, or creed receive the full protection of the law and full constitutional rights. As special counsel of the National Association for the Advancement of Colored People, he has participated in many of the historic court cases of the last two decades. He argued the Texas Primary Case in 1944, the Restrictive Covenant Cases of 1948, the University of Texas and Oklahoma cases of 1950, and most particularly, the school segregation cases of 1952 and 1953.

There is no doubt about the very high integrity and the very great ability of Judge Marshall. I am confident that he will make an exceptionally able judge.

When last I saw Judge Thurgood Marshall, I said to him, "You will be confirmed and you will be confirmed this session."

I urge the speedy confirmation of the nomination of Judge Thurgood Marshall.

Mr. HART. Mr. President, after listening today to the debate, I must describe my own reactions. For the first several hours I took careful notes of the substantive charges made by Senators who opposed the nomination.

Mr. President, rather than proceed with an item by item response, I suggest that any Senator who has any remaining concern about the wisdom of President Kennedy's nomination or the position which the Senate should take in acting on the nomination should read carefully the hearings held by the subcommittee, to which extensive reference has been made. I think therein lies the answer to each of the points which has been made.

Today we are talking about a nominee whose reputation in American jurisprudence is clearly established. I suspect that there are very few lawyers whose batting average before the Supreme Court of the United States compares with that of this nominee. Few American lawyers could obtain from the American Bar Association and from distinguished judges, legal scholars, and teachers the strong, unqualified endorsements which have been given Thurgood Marshall.

Mr. President, if one cannot take the time to read in full the subcommittee hearings, I respectfully suggest a reading of the remarks made before the committee at its closing hearing by Dr. Alfred Kelly. Dr. Kelly—as we have heard today—was associated very closely over a period of 2 weeks with Thurgood Marshall in the development of the brief which produced the decision in the case of Brown against Board of Education, in the Supreme Court. Dr. Kelly said:

> First, let me emphasize very strongly my firm belief in the integrity, honor, and decency of Judge Thurgood Marshall.

He also said:

> It is my conviction that Thurgood Marshall's victory in *Brown* v. *Board*, consistent as it was with the highest ethics of the legal profession, has already earned him a permanent position of honor in American history. And as a constitutional historian, I believe strongly that in his new capacity as a Federal judge, he will prove to be an outstanding and preeminent judicial figure.

Mr. President, that is the way I feel about the nomination, and that is the way most Senators feel about it.

To the point of the narrow nature of his professional activities, I think it might be interesting for the RECORD to contain a list of the cases in which Judge Thurgood Marshall has participated in hearing and deciding in the Second Circuit Court of Appeals. As has been indicated, this nominee has been on the Federal bench for almost a year, and there is a list in excess of 100 cases, of infinite variety and decision, in which Judge Thurgood Marshall has participated. As the senior judge of the circuit has said, he serves with great distinction.

I ask unanimous consent that the list of cases be made a part of the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

### LIST OF CASES IN WHICH JUDGE THURGOOD MARSHALL HAS PARTICIPATED IN HEARING AND DECIDING IN THE SECOND CIRCUIT COURT OF APPEALS

*Kahn* v. *S.E.C.* (S.E.C. case). Decided December 7, 1961.

*Berko* v. *S.E.C.* (S.E.C. case). December 7, 1961.

*Butler* v. *Sonneborn Sons, Corp.* (wrongful death action). November 20, 1961.

*James Wood General Trading* v. *Jacques Coe* (damages for failure to sell stock). December 26, 1961.

*Galbraith* v. *United States* (Federal Tort Claim Act case). December 1, 1961.

*Ash* v. *United States* (Federal Tort Claim Act case). December 1, 1961.

*Collier* v. *United States* (Federal Tort Claim Act case). December 1, 1961.

*Powell* v. *United States* (Federal Tort Claim Act case). December 1, 1961.

*Roger* v. *United States* (Federal Tort Claim Act case). November 15, 1961.

*Oil Transfer Corp.* v. *Tanker Atlantic Prince* (Admiralty case). January 3, 1962.

*Kelly* v. *Ford Instrument* (Veterans Act case). January 11, 1962.

*United States* v. *Minieri Saponaro* (criminal case). May 31, 1962.

*Paliaga* v. *Luckenbach Steamship, Turner Blanchard* (negligence case). March 22, 1962.

*Puddu* v. *Royal Netherlands Steamship Co.* (two decisions—January 3, 1962 first heard by regular panel; later, May 15, 1962 imbanc).

*Orgel* v. *Clark Boardman Co.* (damage and attorney fees action). March 22, 1962.

*Estate of Carlton* v. *Commissioner of Internal Revenue* (tax case). January 18, 1962.

*N.L.R.B.* v. *Philamon Laboratories* (N.L.R.B. case). January 17, 1962.

*N.L.R.B.* v. *Local 294, International Brotherhood of Teamsters Union* (N.L.R.B. case). December 6, 1961.

*Dior* v. *Alexander* (preliminary injunction case). February 14, 1962.

*Poss* v. *Lieberman* (libel action). February 13, 1962.

*Blue* v. *Pennsylvania Railroad* (negligence case). March 19, 1962.

*Massa* v. *Cia Anonima, Venezolana* (negligence case). January 15, 1962.

*United States* v. *Donovan & Andrews* (criminal case). March 23, 1962.

*United States* v. *Catlano* (criminal case). January 17, 1962.

*In re Shengro* (bankruptcy case). January 3, 1962.

*Spooner* v. *Corn Fire Insurance and Red Star* (admiralty case). January 3, 1962.

*Panpeloglon* v. *Cia Denav San George* (seaman case). June 6, 1962.

*Drakopoulos* v. *Cia Denav San George* (seaman case). June 6, 1962.

*Bardis* v. *Cia Denav San George* (seaman case). June 6, 1962.

*Dulien Steel Products* v. *Bankers Trust* (contract case). January 19, 1962.

*N.L.R.B.* v. *W. Lofton Co.* (N.L.R.B. case). January 29, 1962.

*United States* v. *Mitchell* (criminal case). January 11, 1962.

*Hausman Applebaum* v. *Buckley* (stockholders' action). February 13, 1962.

*Banko De Cuba* v. *Sabbatino & Farr* (action and conversion). July 6, 1962.

*New York, New Haven & Hartford Railroad Co.* (bankruptcy case). January 16, 1962.

*Art National* v. *F.T.C.* (F.T.C. case). January 26, 1962.

*Miller* v. *Commissioner of Internal Revenue* (tax case). February 6, 1962.

*Shepherd* v. *New York, New Haven and Hartford Railroad* (Federal employers' liability case). February 14, 1962.

*N.L.R.B.* v. *Local 810*, et al. (N.L.R.B. case). January 12, 1962.

*Morco Corp.* v. *Commissioner of Internal Revenue* (tax case). January 11, 1962.

*United States ex rel. Kassim* v. *Wilkins* (habeas corpus case). January 16, 1962.

*In re Novo H. Plas Manufacturing Co.* (bankruptcy case). No decision yet.

*American Com. Association* v. *United States and F.C.C.* (F.C.C. case). January 10, 1962.

*Saka* v. *United States* (criminal case). January 31, 1962.

*Sweetwater Rug Corp.* v. *J. C. Bedspread Co.* (patent case). February 23, 1962.

*In the Matter of Max Simon* (bankruptcy case). February 26, 1962.

*United States* v. *Jones* (criminal case). August 17, 1962.

*Darco Realty* v. *Commissioner of Internal Revenue* (tax case). April 3, 1962.

*Taylor* v. *Canadian National Railroad* (Federal employers' liability act case). April 3, 1962.

*In the Matter of Stonewall Precision Corp.* (bankruptcy case). March 27, 1962.

*Belheimer* v. *Slick Airways* (damages for breach of joint venture agreement). May 17, 1962.

*D'Agosta* v. *Royal Netherlands* (personal injury case). March 27, 1962.

*Miller* v. *Commissioner of Internal Revenue* (tax case). March 27, 1962.

*Pollak* v. *Ribicoff* (social security case). March 9, 1962.

*Hirsch* v. *Archer Daniels Midland* (to vacate settlement). March 6, 1962.

*Hyde* v. *Commissioner of Internal Revenue* (tax case). April 5, 1962.

*Securities and Exchange Commission* v. *Arlee, Esbitt & Forchheimer* (Securities & Exchange case). March 6, 1962.

*Speeddry Chemical Products* v. *Carters Ink* (damages injunction). July 2, 1962.

*S.E.C.* v. *Capital Gains Research* (S.E.C. case). July 13, 1962.

*Oxford Paper* v. *Commissioner of Internal Revenue* (tax case). April 19, 1962.

*Budget Dress* v. *Joint Board of Dress and Waist Makers Union, et al.* (Labor Management Relations Act case). March 9, 1962.

*United States* v. *John Verra, et al.* (criminal case). March 9, 1962.

*Drago* v. *A. S. Inger* (personal injury). July 3, 1962.

*Korody Marine* v. *Minerals and Chemical Phillipp* (arbitration case). March 5, 1962.

*Dittmars* v. *Commissioner of Internal Revenue* (tax case). April 13, 1962.

*Hygenics Specialties* v. *Salzman* (patent case). April 2, 1962.

*Southard* v. *Southard* (case seeking declarations of constitutionality and invalidity of divorce decree). July 23, 1962.

*United States* v. *Didonato* (criminal case). March 21, 1962.

*In the Matter of Itemlab* (bankruptcy case). May 4, 1962.

*Commissioner of Internal Revenue* v. *Estate of Canfield* (tax case). June 25, 1962.

*United States ex rel. Wong Shong Kwong* v. *Esperdy* (deportation case). March 7, 1962.

*Rutland Railroad Corp.* v. *Brothers of Locomotive Engineers* (review of injunction). June 18, 1962.

*United States* v. *Whiting* (criminal case). No decision yet.

*Prestige Floral* v. *Zunino-Alpman* (temporary injunction case). March 6, 1962.

*N.L.R.B.* v. *Chain Services Restaurant* (N.L.R.B. case). April 10, 1962.

*Bankers Trust Co.* v. *United States* (recovery of estate taxes). March 9, 1962.

*Delima* v. *Trinadad Corp.* (seaman case). April 30, 1962.

*Alvado* v. *General Motors Corp.* (under Selective Training and Service Act of 1940). May 24, 1962.

*N.L.R.B.* v. *Posner Inc., et al.* (N.L.R.B. case). July 3, 1962

*In the Matter of Al Rader* (bankruptcy case). August 6, 1962.

*Commissioner of Internal Revenue* v. *Jose Ferrar* (tax case). June 5, 1962.

*In re Amity Dyeing and Finishing Co.* (bankruptcy). June 22, 1962.

*Grace Line* v. *United States Line* (admiralty case). May 23, 1962.

*Reddy* v. *U.S. of America* (negligence case), May 18, 1962.

*Klapholz* v. *Esperdy* (immigration case). May 15, 1962.

*United States* v. *Lavalle* (criminal case). July 9, 1962.

*Rodriguez* v. *American Export Lines* (seaman case). June 19, 1962.

*Ginsberg* v. *Commissioner of Internal Revenue* (tax case). July 11, 1962.

*Associated Telephone & Telegraph Co.* v. *United States* (involves tax, capital loss, and foreign tax credit). July 30, 1962.

*Oil Trading* v. *Texas City Refinery* (contracts case). June 6, 1962.

*United States* v. *Persico, et al.* (criminal case). July 13, 1962.

Three cases heard together: (a) *Braunstein, et al* v. *Commissioner of Internal Revenue;* (b) *Estate of Benjamin Mesloss* v. *Commissioner of Internal Revenue;* (c) *Neiloss* v. *Commissioner of Internal Revenue* (tax cases). July 6, 1962.

*United States* v. *Ayala* (criminal case). September 11, 1962.

*United States* v. *Bugros* (criminal case). June 21, 1962.

*Nassau Lens Co.* v. *Commissioner of Internal Revenue* (tax case). No decision yet.

*N.L.R.B.* v. *C.C.C. Associates* (N.L.R.B. case.) July 30, 1962.

*N.L.R.B.* v. *Harris* (N.L.R.B. case). July 30, 1962.

*In the Matter of Recine Way Restaurant Inc.* (bankruptcy case). May 24, 1962.

*Rinalidi* v. *Ribicoff* (case under Social Security Act). July 3, 1962.

*United States* v. *Castelli* (criminal case). July 10, 1962.

*United States ex rel. Bloekh* v. *Denno; Warden* (habeas corpus case). No decision yet.

*Schenker* v. *E. I. Dupont* (stockholders injunction case). July 5, 1962.

*United States* v. *Rinieri* (criminal case). July 31, 1962.

*United States* v. *Santana* (criminal case). August 21, 1962.

*Konstantinidis* v. *Denizcilik* (admiralty case). August 30, 1962.

*United States* v. *Rinieri* (criminal case). No decision yet.

*Flight Engineers International* v. *Eastern Airlines, et al.* (preliminary injunction). August 30, 1962.

*United States ex rel. Jackson* v. *Denno* (habeas corpus case). No decision yet.

Mr. HART. Mr. President, when the Senate confirms the nomination of Thurgood Marshall, I think the Federal judiciary will be the stronger. The performance of the Senate will be judged by the people of America to be consistent with the tradition we insist be applied, and all of America will be the stronger. I think this action will be noted in history as one of those times when America indeed practices what it preaches it stands for, and it will be a lesson that will be read far beyond the shores of this continent.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, it gives me the greatest pleasure to be able to stand here in the Senate of the United States to speak in support of confirmation of the nomination of Judge Thurgood Marshall of the Second Circuit Court of Appeals.

I believe that President Kennedy made an outstanding choice in nominating Thurgood Marshall to this distinguished position.

Thurgood Marshall brings to the court the qualities which we look for in a judge. First of all, he has a truly superb record as a lawyer. He is thoroughly experienced as a trial lawyer as well as having practiced before many appellate courts—including the Supreme Court of the United States.

Few, if any, lawyers have achieved such great success before our highest Court. Thurgood Marshall argued 32 cases before the Supreme Court and won all but 3. Even his stanchest opponents grudgingly admit to his professional ability as one of America's outstanding lawyers.

Thurgood Marshall is a man who possesses a proper judicial temperament. His conduct through the years in and out of the courtrooms attests to this, as does his conduct during the protracted hearings this year before the Senate Judiciary Committee.

And Thurgood Marshall has another outstanding quality that one looks for and expects in a judge. I speak of his integrity and sense of justice and fair play. No person involved in a case pending before the circuit court on which Judge Marshall sits need have any doubt that he will make his judgment on anything other than the facts and on the dictates of the law. Having been privileged to know Thurgood Marshall, and being honored to be able to call him a friend, I know that his judgments will not be swayed or distorted by his own personal beliefs. Thurgood Marshall will act in a calm, judicious, and objective manner.

And last but not least, Mr. President, Thurgood Marshall is a great American, a patriot in the noblest sense of the word, a man devoted to the Constitution as a living, breathing document, designed to assure the freedom and equality of all Americans. He has a love for his country and for a system of law based upon the principle that all men are to be treated equally and fairly before the bar of justice.

These are the qualities Thurgood Marshall possesses. These are the qualities which we as Members of the Senate admire as the requisites of a good judge.

I commend our President for making this outstanding appointment. And I am certain that in the annals of our country's legal history the name of Judge Thurgood Marshall will be recorded as one of our truly outstanding judges.

Having this opportunity to vote for the confirmation of Thurgood Marshall is an honor and a privilege.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Thurgood Marshall, of New York, to be a U.S. circuit judge of the second circuit?

The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Oregon [Mrs. NEUBERGER], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], the Senator from Massachusetts [Mr. SMITH] and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], and the Senators from Missouri [Mr. LONG and Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from North Dakota [Mr. BURDICK], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], the Senator from Missouri [Mr. LONG], the Senator from Montana [Mr. METCALF], the Senator from Utah [Mr. MOSS], the Senator from Oregon [Mrs. NEUBERGER], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], the Senator from Massachusetts [Mr. SMITH], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senators from New Hampshire [Mr. COTTON and Mr. MURPHY], the Senator from Idaho [Mr. JORDAN], the Senator from California [Mr. KUCHEL], and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from Vermont [Mr. PROUTY] is detained on official business.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Utah [Mr. BENNETT], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from Idaho [Mr. JORDAN], the Senator from California [Mr. KUCHEL], the Senator from Kentucky [Mr. MORTON], the Senator from Vermont [Mr. PROUTY], and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 54, nays 16, as follows:

[No. 251 Ex.]

YEAS—54

Allott
Bartlett
Beall
Bible
Boggs
Bottum
Bush
Byrd, W. Va.
Cannon
Case
Chavez
Clark
Cooper
Curtis
Dirksen
Dodd
Douglas
Engle
Fong
Goldwater
Hart
Hartke
Hickenlooper
Hruska
Humphrey
Jackson
Javits
Keating
Kefauver
Kerr
Lausche
Long, Hawaii
Magnuson
Mansfield
McCarthy
McGee
McNamara
Miller
Monroney
Morse
Mundt
Muskie
Pearson
Proxmire
Randolph
Saltonstall
Scott
Smith, Maine
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—16

Byrd, Va.
Eastland
Ellender
Ervin
Hill
Holland
Johnston
Jordan, N.C.
Long, La.
McClellan
Robertson
Russell
Sparkman
Stennis
Talmadge
Thurmond

NOT VOTING—30

Aiken
Anderson
Bennett
Burdick
Butler
Capehart
Carlson
Carroll
Church
Cotton
Fulbright
Gore
Gruening
Hayden
Hickey
Jordan, Idaho
Kuchel
Long, Mo.
Metcalf
Morton
Moss
Murphy
Neuberger
Pastore
Pell
Prouty
Smathers
Smith, Mass.
Symington
Wiley

So the nomination was confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination of Thurgood Marshall.

The PRESIDING OFFICER. Without objection, it is so ordered.

## DEPARTMENT OF STATE

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of the nomination of Abba P. Schwartz to be Administrator of the Bureau of Security and Consular Affairs of the Department of State.

The PRESIDING OFFICER. The nomination will be stated for the information of the Senate.

The legislative clerk read the nomination of Abba P. Schwartz, of Maryland, to be Administrator, Bureau of Security and Consular Affairs, Department of State.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to this nomination?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Mr. Walter Pincus may be allowed the privilege of the floor during the consideration of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER OF BUSINESS

Several Senators addressed the chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. CLARK] is recognized.

Mr. CLARK. Mr. President, would the Senator from Florida like to have me yield to him without losing my right to the floor? I have a rather long speech to make.

Mr. President, I ask unanimous consent that I may yield to the Senator from Florida without losing my right to the floor.

Mr. MANSFIELD. Mr. President, will the Senator from Pennsylvania yield to me after he yields to the Senator from Florida?

Mr. CLARK. The majority leader always has the right to the floor, so far as I am concerned.

Mr. HOLLAND. I should be glad to waive my right to the majority leader.

Mr. MANSFIELD. That is all right.

## FALLOUT PROTECTION FOR AMERICANS

As in legislative session,

Mr. HOLLAND. Mr. President, at the 54th annual meeting of the Governors' conference in Hershey, Pa., July 2, 1962, our State Governors adopted a resolution proposing a program of effective Federal-State cooperative action toward the goal of "fallout protection for every American as rapidly as possible." In taking this action, the Governors' conference adopted the report of its committee on civil defense, the vice chairman and one of the most active members of which is the able and distinguished Governor of the State which I represent, in part, the Honorable Farris Bryant, Governor of Florida. The chairman of that committee is another distinguished American Governor, New York's Gov. Nelson A. Rockefeller.

The report and resolution of that committee is such a significant contribution toward the solution of our Nation's civil defense problems that I believe it would be well worth while to reprint this document, endorsed by our Governors, in the CONGRESSIONAL RECORD. Therefore, Mr. President, I ask unanimous consent that it may be reproduced there.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT AND RESOLUTION, COMMITTEE ON CIVIL DEFENSE, GOVERNORS' CONFERENCE, 54TH ANNUAL MEETING, HERSHEY, PA., JULY 1–4, 1962

The Governors of our 50 States have, at each of their recent annual meetings, recommended with an increasing sense of urgency a nationwide program of fallout protection.

We have urged such a program because we believed it to be a matter of the utmost importance to the safety and security of the individual citizen, to the strength and survival of the Nation and to the preservation of peace with freedom.

Our goal, a goal endorsed by President Kennedy in a communication to us last October, has been "to reach for fallout protection for every American as rapidly as possible." We, therefore, warmly support the proposed Federal program for a more effective civil defense, with its vital emphasis on fallout protection for all of our people.

As Governors, we share a primary responsibility for the safety and well-being of our people. As Governors we shall continue to do all that is within our ability to protect our citizens from the hazards of nuclear attack. Our success in this task, however, will be greatly determined by the quality and firmness of the leadership at the national level.

It is especially important that a long-term and steadfast national commitment be made both to this goal of protection and to be purposeful program designed to achieve it.

With this objective in mind, your Committee has cooperated with the Federal authorities in the development of such a program. On September 17, 1961, we met in Washington with Secretary McNamara and Assistant Secretary Pittman for a general discussion of civil defense matters. Following the meeting, we presented to the President and to Secretary McNamara a series of recommendations for action in a number of areas: warning, evacuation, fallout protection, the preservation of law and order, the military forces, the stockpiling of food and medical supplies, postattack rehabilitation, and public information. These recommendations were transmitted also to all Governors.

In November, the New York State Legislature, in extraordinary session, adopted legislation establishing a State shelter incentive program.

On December 11, we met in New York City with Deputy Secretary of Defense Roswell Gilpatric to receive an advance briefing on the proposed new Federal Shelter Incentive Program. At the heart of this program is a shelter incentive proposal which would by incentive payments induce schools, hospitals, and other welfare organizations to incorporate fallout protection in buildings they occupy.

On December 14, following release of the Federal program, your Committee issued a statement to all Governors, and to the Press, endorsing the Federal proposal and pointing out that an effective civil defense, "with its primary emphasis on a group, community, and family shelter program, will call for a cooperative effort by every level of government, by all of our institutions—business and nonprofit—and by every citizen."

Embodied in the Committee's statement was a series of 12 recommendations for supporting actions by States and local governments. A majority of the States have already responded to a number of these recommendations with implementing measures. We urge that the 1962 Governor's conference also register its endorsement of these recommendations.

We understand that the Federal Shelter Incentive Program, with its accompanying fund authorization, is still awaiting action by the Congress. Indeed, the Armed Services Committees of neither the House of Representatives nor the U.S. Senate, before whom the essential authorizing legislation is pending, have scheduled hearings or taken any other action to advance President Kennedy's civil defense program.

While action at the State level is a necessary ingredient in any effective civil defense effort, the goal of truly nationwide protection cannot be achieved without a meaningful Federal program. We, therefore, wish to urge the President and the Congress to give this proposed Federal shelter incentive and civil defense program their full and vigorous support.

The fact that, at the level of the Federal Government, the Secretary of Defense has been assigned responsibility for aspects of civil defense, while all matters relating to recovery and rehabilitation following a nuclear attack remain the responsibility of the Director of the Office of Emergency Planning, has given rise to a considerable degree of confusion and concern at State and local levels.

Both Federal agencies have their regional organizations. Both are in contact with State and local officials. And both have programs of action which in many States must be handled by a single organization, charged with both civil defense and emergency planning responsibilities.

Your Committee recognizes that the situation thus created poses serious administrative problems for our States and communities. However, it is scarcely a year since the President first announced this new alinement of Federal responsibilities. The past 12 months have been largely a period of reorganization and reorientation for both Federal agencies. Duplications and overlapping functions are still being sorted out, and the respective roles of the two agencies are now being clarified. Moreover, there is now evidence of far more vigorous and effective Federal action in the fields of both civil defense and post-attack recovery than has been the case for many years past. In view of all the foregoing considerations, it is our belief that the 1962 Governors' conference should urge all States to realine or reorient their own internal organization as necessary to insure a maximum of coordination and support for both the Office of Emergency Planning and the civil defense elements of the Department of Defense, in the development and implementation of their respective action programs. Your committee plans to keep this matter under continuing review over the coming months and to offer additional comments and recommendations at the 1963 Governors' conference.

As we continue our study of the problems of civil defense in a nuclear age, it is increasingly clear that much work remains to be done to assure the speedy recovery of our Nation and its institutions following any attack. It is of first importance that we plan in advance of any attack how the surviving resources of people, equipment, material and services can be most effectively and promptly mobilized for the Nation's welfare. Recovery and rehabilitation after a nuclear thrust against us is not an insoluable problem. The real challenge is to apply the knowledge we already have not only as to how to minimize the casualties and disruption from the attack itself but as to the measures which can impart speed and success to our efforts to make an early and effective recovery as a nation.

The present lack of adequate national planning for postattack recovery is a serious gap in our nonmilitary defense. We recommend that the several States make a special effort in the coming year to initiate the studies and the plans which are needed on the local level to ascertain the best means by which specific communities can make the most effective recovery from any possible nuclear attack. To underscore the new and affirmative attention which we believe should be given by the Committee on Civil Defense to all aspects of the recovery and rehabilitation problem, we believe that the phrase "postattack recovery" should be added next year to the official name of this Committee.

Now, therefore, we urge the adoption by this 1962 Governors' conference of the following resolutions:

"1. *Resolved*, That the report of the Committee on Civil Defense and the resolutions recommended by it be adopted and that a copy thereof be transmitted by the chairman of the conference to the President of the United States with the recommendation that a special communication be sent to the Congress of the United States emphasizing the continued urgency of the proposed Federal shelter incentive program and urging its enactment; further

"2. *Resolved*, That the report of the Committee on Civil Defense and the resolutions urged by it be similarly transmitted to the chairmen of the Armed Services Committees and of the Appropriations Committees of the House and Senate of the U.S. Congress with the recommendation that favorable action on the President's request for authorizing legislation and appropriations for civil defense be promptly taken; further

"3. *Resolved*, That each State, to the extent it has not already done so, should:

"(a) Develop procedures and strengthen its organization to insure that applications for Federal aid are promptly processed and coordinated at State level, that advice and assistance is furnished to local jurisdictions on all aspects of their responsibilities under the Federal program, and that State guidance is promulgated concerning planning and training for the utilization of all group and community shelters financed in whole or in part with public funds;

"(b) Exempt fallout shelters from increased property tax assessment;

"(c) Provide group shelter protection for the occupants of all State-owned buildings as well as assist and encourage local jurisdictions to provide such shelter in public buildings;

"(d) To the extent feasible, provide financial incentives, in addition to those offered by the Federal Government, for the construction of group shelters by schools, universities and other nonprofit institutions;

"(e) Establish civil and criminal penalties for sellers and builders of shelters which are below civil defense standards and which are sold or built without prior notification to the buyer as to the substandard characteristics;

"(f) Modify, as necessary, State and local laws and regulations concerning building codes so as to permit fallout shelter construction in accordance with standards of effective shielding established by the Federal Government;

"(g) Provide on a statewide basis advice, assistance and other appropriate incentives for home, group, and community shelter builders;

"(h) Insure the provision of fallout protected emergency operating facilities for essential elements of State and local government;

"(i) In cooperation with the Federal Government, augment existing early warning facilities to insure adequate warning coverage throughout the State;

"(j) Establish State (home) Guard forces, at least in cadre form;

"(k) Cooperate with the Federal Government in a program of studies, research, and general education in the area of postattack recovery and rehabilitation measures and procedures; and

"(l) Encourage and assist local governments to support and assist in carrying out the Federal Shelter Incentive Program; further

"4. *Resolved*, That the committee on civil defense undertake a study of the problems of recovery and rehabilitation following a nuclear attack and report to the 1963 Governors' conference as to the feasible steps which might be taken by all levels of government in cooperation with private institutions to strengthen our capacity as a nation not only to survive but to recover with all possible speed from any nuclear attack against us; and further

"5. *Resolved*, That the name of the committee on civil defense of the Governors' conference be changed henceforth to committee on civil defense and postattack recovery."

Nelson A. Rockefeller, Chairman; Farris Bryant, Vice Chairman; Elmer L. Andersen; William W. Barron; Edmund G. Brown; George D. Clyde; John A. Notte, Jr.; John A. Volpe; Albert D. Rosellini; Jimmie Davis; S. Ernest Vandiver.

**Mr. JAVITS.** Mr. President, will the Senator yield?

**Mr. CLARK.** Mr. President, is the Senator from Florida finished?

**Mr. HOLLAND.** I have completed my statement, and I wish to thank my distinguished friend from Pennsylvania.

**Mr. CLARK.** Mr. President, I understand I have the floor.

The **PRESIDING OFFICER.** The Senator from Pennsylvania is correct.

**Mr. CLARK.** Mr. President, I am about to make a long and possibly even a dull speech on a completely nongermane subject dealing with the Housing for the Elderly Act of 1962. Under the rules of the Senate I have every right to make the speech. However, I should not have every right to make it because we ought to have at this point a rule which would require germaneness. So many eloquent Senators have come to me asking me not to exercise my right to make the speech that I am now happy to yield the floor, having made my point.

**Mr. MANSFIELD.** Mr. President, I compliment the Senator from Pennsylvania. I wish he had retained the floor, because I know we would have learned a great deal from the 20-minute speech that he has spent so much time preparing.

**Mr. CLARK.** If the Senator will wait, he can hear the speech later.

**Mr. MANSFIELD** obtained the floor.

**Mr. JAVITS.** Mr. President, will the Senator yield?

**Mr. MANSFIELD.** I yield.

**Mr. JAVITS.** I wish to say to the Senator from Florida that we are very proud of Governor Rockefeller in his chairmanship of the Committee on Civil Defense. I join with the Senator in his appraisal of the document as most important. I know that our Governor is greatly appreciative of the fine work done by the Governor of the State represented in part by the Senator from Florida in the work of the committee.

Mr. HOLLAND. I thank my distinguished friend for his courtesy. I thank my friend the Senator from Pennsylvania [Mr. CLARK] for his unfailing courtesy. I am sure that his remarks which we shall hear in a few minutes will be anything but "dull."

Mr. CLARK. I look forward to having the Senator from Florida as a part of my audience.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Is the Senate still in executive session?

The PRESIDING OFFICER. The Senate is in executive session.

## DEPARTMENT OF STATE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the nomination of Abba P. Schwartz to be Administrator, Bureau of Security and Consular Affairs, Department of State.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Will the Presiding Officer state what is pending?

The PRESIDING OFFICER. The Senate is in executive session. A nomination has been made the pending question. The question is, Will the Senate advise and consent to the nomination?

Mr. THURMOND. Mr. President, before the Senate acts on the nomination of Abba P. Schwartz for the office of Administrator, Bureau of Security and Consular Affairs, Department of State, I should like to pose several questions to the acting chairman of the Foreign Relations Committee, particularly since the hearings on the nomination have not been printed and therefore are not available to the Senate.

First, it is my understanding that all matters concerning personnel security within the Department of State have been removed from the jurisdiction of the post which Mr. Schwartz has been nominated to fill, despite the fact that the word "security" is still contained in the title of the post for which he has been nominated. Can the Senator from Alabama tell us whether Mr. Schwartz, if confirmed to the post for which he has been nominated, will have any connection with or jurisdiction over matters of personnel security within the State Department?

Mr. SPARKMAN. The official in the State Department who now has primary supervision over security matters is Deputy Under Secretary of Administration. Mr. Schwartz has been nominated to be Administrator of Security and Consular Affairs of the Department of State. The Office of Secretary, which is responsible for the physical, technical, procedural, and personnel security programs of the Department and its oversea posts, has been placed under the jurisdiction of the Office of the Deputy Under Secretary for Administration.

Mr. THURMOND. As I understand, Mr. Schwartz will now have no connection with or jurisdiction over matters of personnel security within the State Department.

Mr. SPARKMAN. The Senator is correct.

Mr. THURMOND. Who now has jurisdiction within the Department of State over personnel security?

Mr. SPARKMAN. The Deputy Under Secretary for Administration, Mr. William Orrick, Jr., and under him, the Deputy Assistant Secretary for Security, Mr. John Francis Reilly.

Mr. THURMOND. My third question is as follows: Are personnel security functions now handled by Foreign Service officers on rotational assignments, or are they handled by personnel security specialists?

Mr. SPARKMAN. I am not sure that I get the full import of the question.

Mr. THURMOND. Are personnel security functions now handled by Foreign Service officers on rotational assignments, or are they handled by personnel security specialists?

Mr. SPARKMAN. I think the following paragraph may answer the question. This is from a memorandum prepared by the State Department at the time of the reorganization and transfer of the Office of Security:

> Signifying the importance attached to the function, the Department has designated John Francis Reilly as Deputy Assistant Secretary for Security.
>
> Mr. Reilly, a former special assistant in the Justice Department's Internal Security Division, has been in charge of the State Department Security Unit since April 16.

That does not answer the question directly, but I am certain Mr. Schwartz will not have control of the office the Senator has referred to.

Mr. THURMOND. Is the Senator from Alabama, who is vice chairman of the Committee on Foreign Relations, to which the nomination was referred, personally satisfied that Mr. Schwartz has not violated the Foreign Agents Registration Act?

Mr. SPARKMAN. Yes. I was present at the hearings, which were conducted by the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT]. He himself went quite fully into this subject. Several members of the committee were present: Senators FULBRIGHT, SPARKMAN, MORSE, WILEY, and CARLSON. The Senator from Arkansas [Mr. FULBRIGHT] opened up this subject, and I believe every Senator present questioned Mr. Schwartz regarding this point. Mr. Schwartz told a rather straightforward story, and the committee was satisfied. I believe the vote of the committee was unanimous in favor of reporting the nomination favorably. The hearings have not been printed, but I have a transcript before me which the Senator from South Carolina may wish to see. We do not ordinarily print routine hearings.

Mr. Schwartz went into this matter quite fully. The contract was made with the Netherlands Government. He testified that the Netherlands Government came to his firm; they did not go out seeking the business. The Netherlands Government employed the firm to assist the Netherlands Government in getting a loan. It turned out that the total amount they wanted was $6 million. At first they were engaged to get a loan from private banks. The firm worked with private banks. One of them was the Chase Manhattan Co. in New York, I believe.

Finally they turned to the Development Loan Fund. They were able to get a $3 million loan from the Development Loan Fund. Then Australian banks put up the other $3 million. The firm was given a retainer fee of $2,500. It was agreed that the balance would be paid on the basis of compensation for work actually done. They were paid a later fee of $10,000, and then still later an additional fee. As I remember it, the total fee was $20,000 over a period of some 3 years. That fee was reported fully to the Development Loan Fund. The Development Loan people made inquiry and received the necessary information to support the fee. Upon review it was approved by the Development Loan Fund. We were satisfied that everything was aboveboard and had been carried out in proper form.

Mr. THURMOND. Did I correctly understand the Senator to say that the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT] was also satisfied that Mr. Schwartz has not violated the Foreign Agents Registration Act?

Mr. SPARKMAN. That is true. The firm registered in connection with the handling of this loan. At first the firm was employed to assist in getting a private loan, and later to get a loan from the Development Loan Fund.

Mr. THURMOND. Is it the opinion of the Senator from Alabama that the past record of Mr. Schwartz as counsel to various refugee committees and commissions, particularly the Preparatory Commission of the International Refugee Organization between 1947 and 1949, qualifies him to exercise the duties of his office in connection with immigration in the best interests of the United States?

Mr. SPARKMAN. Our committee felt that he was well experienced in this field and that he would make a good administrator of this office. As I said a few minutes ago, my recollection is that the committee voted to report the nomination favorably by unanimous vote.

Mr. THURMOND. I have no further questions. I merely wish the RECORD to speak on these questions which I have propounded, and I should like the RECORD to show that I cast my vote against the confirmation of the nomination of Mr. Schwartz.

Mr. HUMPHREY. Mr. President, in connection with the appointment of Mr. Abba P. Schwartz as Administrator of the Bureau of Consular Affairs, Refugees and Immigration of the State Department, I call attention to a New York Times editorial of July 12 of this year. This was on the occasion when announcement was first made of the intention to appoint Mr. Schwartz.

The first two paragraphs of that editorial, entitled "Good Sense on Immigration," read as follows:

> The administration's decision to appoint Abba P. Schwartz as Chief of the State Department's Bureau of Security and Consular Affairs reflects a recognition that immigrants make a positive contribution to this country and that the officials in charge of admitting them should not be primarily policemen.
>
> The scheduled reorganization of the Bureau will transfer out the security functions and leave Mr. Schwartz in charge of immigration, visa, passport, and refugee matters—areas in which his broad experience with international agencies in this field should prove exceptionally useful. His long identification with humanitarian efforts in international migration indicates he will bring to his new post the compassion and understanding that are badly needed in the administration of existing regulations.

The selection of Mr. Schwartz is a notably high level one, as the editorial points out. In 1946–47 Mr. Schwartz was counsel of the Intergovernmental Committee on Refugees of the United Nations in London. From 1947 to 1949 he was with the Preparatory Commission for the International Refugee Organization. From then on he remained as counsel for that International Refugee Commission. In this capacity Mr. Schwartz has come to know intimately most of the important U.S. consular offices throughout the world. It is noteworthy that he was backed for this appointment by such individuals as Mrs. Franklin D. Roosevelt, former Dean James M. Landis of the Harvard Law School, former Senator Herbert Lehman, and various members of the Harvard Law School faculty.

In private practice he has been a member of the Washington law firm of Landis, Cohen, Schwartz & Ruben.

Mr. Schwartz has that admirable combination of a first-rate technician in the law and an individual moved by deep consideration and compassion for his fellow human beings swept from their moorings by the cruel tides of war and spread of authoritarianism in its wake.

Mr. Schwartz is a native of Baltimore, Md., where he was born on April 17, 1916. He received a B.S. degree from the Georgetown University School of Foreign Service in 1936 and his L.L.B. degree from the Harvard Law School in 1939. From 1944 to 1946 he was in active Navy service and was discharged as a lieutenant.

The President is to be congratulated for making this appointment of such high caliber so particularly qualified by experience and understanding for the important post he is to fill.

I ask unanimous consent to have the New York Times editorial to which I have referred printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

#### Good Sense on Immigration

> The administration's decision to appoint Abba P. Schwarz as Chief of the State Department's Bureau of Security and Consular Affairs reflects a recognition that immigrants make a positive contribution to this country and that the officials in charge of admitting them should not be primarily policemen.
>
> The scheduled reorganization of the bureau will transfer out the security functions and leave Mr. Schwartz in charge of immigration, visa, passport and refugee matters—areas in which his broad experience with international agencies in this field should prove exceptionally useful. His long identification with humanitarian efforts in international migration indicates he will bring to his new post the compassion and understanding that are badly needed in the administration of existing regulations.
>
> Since we have in the past criticized Representative Francis E. Walter for the restrictive provisions of the McCarran-Walter Immigration Act, it is pleasant to acknowledge his service in recommending Mr. Schwartz for the State Department post. Mr. Walter also performed ably yesterday in appealing to the House to give President Kennedy freedom of action in deciding questions of economic aid to Communist Poland and Yugoslavia. His constructive cooperation with the administration in these matters advances the national interest.

The **PRESIDING OFFICER**. The question is, Will the Senate advise and consent to the nomination of Abba P. Schwartz to be Administrator, Bureau of Security and Consular Affairs, Department of State?

The nomination was confirmed.

Mr. **MANSFIELD**. Mr. President, I move that the President be immediately notified of the confirmation of this nomination.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

### LEGISLATIVE SESSION

Mr. **MANSFIELD**. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

### GRANTS FOR FAMILY CLINICS FOR DOMESTIC AGRICULTURAL MIGRATORY WORKERS

The **PRESIDING OFFICER** laid before the Senate the amendment of the House of Representatives to the bill (S. 1130) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes, which was, to strike out all after the enacting clause and insert:

> That title III of the Public Health Service Act (42 U.S.C., ch. 6A, subch. II) is amended by inserting at the end of part A thereof the following new section:
>
> "GRANTS FOR FAMILY HEALTH SERVICE CLINICS FOR DOMESTIC AGRICULTURAL MIGRATORY WORKERS
>
> "Sec. 310. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1963, the fiscal year ending June 30, 1964, and the fiscal year ending June 30, 1965, such sums, not to exceed $3,000,000 for any year, as may be necessary to enable the Surgeon General (1) to make grants to public and other nonprofit agencies, institutions, and organizations for paying part of the cost of (i) establishing and operating family health service clinics for domestic agricultural migratory workers and their families, including training persons to provide services in the establishing and operating of such clinics, and (ii) special projects to improve health services for and the health conditions of domestic agricultural migratory workers and their families, including training persons to provide health services for or otherwise improve the health conditions of such migratory workers and their families, and (2) to encourage and cooperate in programs for the purpose of improving health services for or otherwise improving the health conditions of domestic agricultural migratory workers and their families."

Mr. **WILLIAMS** of New Jersey. Mr. President, I ask unanimous consent to have printed at this point in the Record a statement I have prepared.

There being no objection, the statement was ordered to be printed in the Record, as follows:

#### Statement by Senator Williams of New Jersey on Health Bill S. 1130

> The 18th century philosopher, Dennis Diderot, perceptively observed that "it is far better to work at the prevention of misery, than to multiply places of refuge for the miserable."
>
> This legislative body in the last session, and the House yesterday, in passing the health bill, S. 1130, transformed Diderot's abstract wisdom into a realistic legislative program designed to eliminate the substandard health conditions among our migratory farm families. In brief, this program provides Federal funds for a 3-year period, to stimulate State and local health programs in areas seriously affected by the seasonal influx of migrant citizens.
>
> In a few days President Kennedy, who strongly endorsed this legislation, will make an immutable mark in the history of this great Nation. By the enactment of this bill, the Congress will have achieved a historic breakthrough for migratory farm families. These citizens who reap our health-giving harvests have long been denied this Nation's achievements in medicine and science.
>
> In 1939, John Steinbeck's "Grapes of Wrath" electrified a nation still convalescing from the depression. More recently, La Follette fought long and hard to make democracy a reality for these people whose daily lives mock our notions of equality. And although their health problems have long been recognized, the Congress has never passed legislation of immediate, practical help to the men, women and children in our domestic farm labor force.
>
> If, as President Kennedy has said, the true measure of a nation is its success in fulfilling the promise for a better life for each citizen, then each of us here today should welcome this opportunity to make this promise a reality and this Nation the embodiment of justice.

Mr. **WILLIAMS** of New Jersey. Mr. President, last year the Senate passed the bill. The House changed it in two respects. It limited the program to $3 million a year for 3 years. It eliminated an advisory council. It seems to me that the basic purposes of the bill have been preserved as the Senate passed it. I move that the Senate concur in the House amendment.

The amendment was agreed to.

Mr. **HOLLAND**. Mr. President, I should like to take this opportunity to congratulate warmly our distinguished leader in this field, the Senator from New Jersey [Mr. Williams], who has worked so assiduously not only for the present bill and other migratory labor bills, in support of which I have been glad to join with him, but also for other measures as to which I was not able to join him. He has been equally assiduous in relation to all the bills on which he has shown leadership in that field. He is entitled to warm congratulations because of the passage of this, the first of the bills in the important program which he has presented. I congratulate him.

Mr. WILLIAMS of New Jersey. I am particularly grateful to my friend, the senior Senator from Florida, because he has been very instrumental in this health measure, which will benefit families who have been left out of regular health programs. Indeed, it is a breakthrough. It is the first legislation of its kind that has been enacted.

Mr. MANSFIELD. Mr. President, I joint the senior Senator from Florida [Mr. HOLLAND] in extending congratulations and commendations to the Senator from New Jersey [Mr. WILLIAMS]. He has been a pioneer in this field. He has had to overcome much in the way of difficulties. He has shown great initiative, and his objectives shine through despite the modesty which is his hallmark.

### ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight that it adjourn to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

### AUTHORIZATION FOR COMMITTEES TO MEET DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Rules and Administration and the Committee on the Judiciary be authorized to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

### NEW DIRECTIONS—DOWNHILL

Mr. SCOTT. Mr. President, during the 1960 presidential campaign the American public was subjected to a Madison Avenue selling job to the effect that American prestige had slipped as a result of the foreign policies of the Eisenhower administration.

Suddenly, the New Frontier with its policy of coalition, confusion, and concession marched up the "prestige hill" and proceeded to march right back down again. The American public no longer can hear the cry of diminishing prestige. I might add that I have always advocated that respect was more desirable than prestige but the CCC advisers in the Washington rabbit warrens once thought differently.

Then, Mr. President, came Cuba, Laos, the Berlin wall, west New Guinea, the Congo, Berlin access routes, and again Cuba, and again "the wall."

We no longer hear of American prestige but, what is worse, we no longer hear of respect for our positions.

As a ghastly reminder of the days when the American public were exposed to the CCC shell game, I ask unanimous consent that a most interesting article by Constantine Brown be printed at this point in the Congressional Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

#### America's Low Prestige in Europe—U.S. Leadership Blamed for Letting Aggressors Win in Many Areas

(By Constantine Brown)

Munich.—Much has been written in the last year by newspapermen reporting from Europe that the policies followed by the United States have brought its prestige to the lowest ebb in contemporary history.

In 3 weeks of travel through Switzerland and Germany your reporter has talked not only with responsible leaders but also with average citizens. In this city there was an occasion to combine a social visit and a political discussion with an old friend who, since the early days of the American occupation, has been a strong advocate of a pro-American policy for Germany. To him, America has always been the world beacon of justice and human rights.

I shall try to present in condensed form a long conversation which, in the mind of this reporter, represents the views of not only Germans, but of many European leaders regarding Washington's new policies.

"The Europeans," my German friend pointed out, "have frequently misunderstood America's policies. This is inevitable among the democracies who have different conceptions concerning freedom. But we all believed that you would never tolerate the real meaning of freedom to be snuffed out anywhere in the world. We Germans know what it is to lose freedom and our civil rights. And when you demolished Hitler for us, we believed we could look to America to lead the way for our country to regain its democracy. And we always believed that you would continue to do your utmost to prevent aggression—from whatever quarter it might come.

"But in these last few years, and especially in the last few months, we have suffered a sort of slow shock; we have reluctantly come to the conclusion that you regard aggression with equanimity, provided it is perpetrated by the Communists or neutralists. You have established the principle that aggression can pay dividends for the aggressors."

He then began to enumerate concrete cases. He started with the little enclaves such as Goa, belonging to Portugal on the Indian continent, which was gobbled up by the Indian armies overnight, needlessly reminding me that our only reaction was some outraged words from the lips of United Nations Ambassador Stevenson, and more foreign aid to India, the aggressor. Added to this has been outright hostility by Washington toward Portugal, a stanch ally.

The next example was our hostility toward President Tshombe of Katanga, a strong anti-Communist who is apparently taking literally, my friend said, the self-determination of all nations guaranteed in the Atlantic Charter. And then he went on to mention the fact that our longtime ally, Holland, had been forced through American pressure to give up a small remaining part of her empire, Irian, and cede these poor natives to the pro-Communist president of Indonesia, Sukarno; even though the Dutch were willing to permit the natives to decide for themselves whether they should become independent or join with the Indonesians. "You actually made it physically impossible for the Netherlands to send troops to defend the natives," he added.

"Take Laos." he said. "After stating early in 1961 that Laos full independence was a matter of life and death for the security of east Asia, you have forced the creation of a so-called neutralist government. It will be a Communist government within a year.

"And now you tolerate coldblooded murders by the East Berlin Vopos right under your eyes, while at the same time you emphasize human rights for peoples all over the world.

"We know that it is not the American people who have changed. I have been to the States recently, and I know from personal contacts that they still have lofty ideals and are the same people who did not hesitate to shed their blood for the sake of freedom, and to pour out untold billions to make a better world. No, the change has come with your leadership. They are now tolerating aggression because of the new element of fear. America's leaders of the past never had a fear complex—why, you entered the last two wars totally unprepared. But that didn't stop you from your determination to stamp out aggression.

"There is a growing feeling in Europe today that henceforth they will have to 'go it alone' without America. Their leaders do not find it politic to say it outright; but the fact is that many of them are now writing off the United States as the mainstay of the remaining free world. This is the kernel of America's low prestige in the world."

### THE PRESIDENT'S RESPONSIBILITY

Mr. SCOTT. Mr. President, as one who has consistently supported both this and previous administrations on defense measures, I fully support the President's request for authority to call up 150,000 Reserves. At the same time, Mr. President, it is hard for us to realize that our defense posture may be in such bad shape that the present Cuban situation requires its shoring up by the recall of Reserve troops. When one looks, however, to Berlin and the looming crisis there this autumn, and since the President has to be the final judge on military action, he should have this power.

Among others, I have advocated a "get firm" policy on Cuba, Berlin, Laos, and other trouble spots for a long time. In and of itself, the callup, if followed by the same inaction by the administration, will, I fear, produce no favorable gains in our foreign policy.

Now is the time for America to move ahead and reassert its free world leadership.

I will support the President's request as I feel he should be supported, but the request must be more than a flanking movement to divert the American public from the inaction of the past 19 months.

Mr. President, I ask unanimous consent that an editorial in yesterday's Wall Street Journal be printed at this point in the Congressional Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

#### The President's Responsibility

It is hardly surprising that people have had mixed emotions about President Kennedy's request for authority to call up military Reserves once more. But the country should be of one mind about it.

First of all, the President must be supported.

The reasons for this are quite uncomplicated. The main responsibility of the President of the United States is to look to the safety of the country and he is the only man privy to all the information, military and diplomatic, upon which judgment must depend. Whatever others may think of that judgment, the Nation's safety is too great a thing to be put at hazard by denying him the weapons he asks for.

In this instance, there is one other thing. Whatever impression his request granted may make upon the world, his request denied would leave the world to think that the people of the United States were lacking in resolution to do what is necessary. To the hostile part of the world that would be an invitation to greater boldness in aggression everywhere. Few things can be more dangerous than for our enemies to hold our will in contempt.

In short, the President must be supported in this simply because the Nation cannot do otherwise. The penalties of giving the President an unnecessary authority in this case are nothing compared to the forfeit we might pay from denying it.

But the matter should not end there. Having seen to it that the Congress promptly enacts the requested legislation, the country should also be of one mind in expecting of the President some clearer explanation of what he is doing and why.

It was only a few weeks ago that the last of the Reserves called up last year returned to their homes. On that return the Secretary of Defense, Mr. McNamara, explained to Congress that the callup had been a necessary improvisation. "But," he said, "improvisation is not a substitute for a sound long-term policy. It is not a practical policy to rely on Reserve Forces to meet the repeated crises which inevitably lie ahead."

Not only is the present action thus left to appear as another piece of improvisation, it also has the appearance of an improvised gesture. And considering the present size of the armed forces which confront each other across the world, the idea of adding 150,000 more soldiers for a 12-months duty is likely to strike everybody as a most trivial gesture.

The balance of pressures at Berlin and Cuba are hardly altered by changing the balance with a handful of soldiers. Mr. Khrushchev understands this very well, for on the very same day that Mr. Kennedy asked to call up these few Reserves, Mr. Khrushchev announced a reduction in the manpower of the Soviet Army. Yet no one supposes that this weakens the position of the Soviet Union at either Berlin or Cuba.

Thus from a military standpoint, the present action has every appearance of being totally irrelevant. This impression is hardly diminished by one of the reasons which is commonly given in Washington for the President's move—politics.

The idea that the action was taken to answer criticism of inaction is not merely the gossip of those unfriendly to the President. A New York Times Washington dispatch put it bluntly: "Officials conceded that there was a political advantage for the administration in meeting Republican criticism of inaction on Cuba and thus forestalling what threatened to become a devisive partisan debate during the congressional campaign this fall."

So taken all in all, the country is entitled to some better explanation than it has received. If it is the people's duty to respond promptly to all calls for the Nation's defense, they also deserve to know the reason and purpose of what they are called upon to do. It is dangerous to have the country feel that its leadership is indecisive and is substituting improvisation for policy. It is worse for the country to think that in the name of defense its leadership is making empty gestures and playing politics.

The President's responsibility for the Nation's safety requires that he give Americans confidence in his judgment and that he make our enemies respect that judgment. This requires more than an unexplained marching of men uphill and down.

## PROXMIRE REPLY TO KERR CHALLENGE ON MATHEMATICAL EQUATIONS

Mr. PROXMIRE. Mr. President, recently the Senator from Oklahoma [Mr. KERR] on the floor of the Senate challenged me to explain certain equations that were included in the scholarly article I put in the RECORD to document my case against the inclusion of public utilities in the investment tax credit provision of the tax bill.

The Senator from Oklahoma was very definite in specifying which equations he felt required explanation. In fact, he read into the RECORD a particular part of the detailed study.

While this insertion in the RECORD was part of a very adequate empirical study of the determinants of investment in the public utility industry, this paragraph was not really an application of mathematics or statistics. Except for a very minor and straightforward algebraic operation in the last equation, the portion of the fine article that was reprinted again in the RECORD contains only a statement of one of the hypotheses of the article which was subsequently examined statistically in the last part of this article. While this statement of an hypothesis is in terms of symbols for ease of statistical verification, the use of symbols does not make it a case of high-powered mathematics.

I am happy to explain this paragraph to the Senator. I must correct his misimpression that this simple paragraph can only be understood by someone with a Ph. D. in mathematics.

While there are parts of this article which can only be fully understood by someone with statistical experience, this paragraph was not one of those parts. But even if this were true for this paragraph, that would not be an adequate reason to exclude it from the RECORD. There are many qualified experts that staff the offices and committees of Congress. Part of their jobs is to be aware of the technical studies that are available in the learned journals and to make the conclusions and the analysis of these studies available to Members of Congress. For this reason it is obvious that insertions of such material into the RECORD serves a very useful and necessary purpose or function whenever legislation as technical as the tax bill is being considered.

But the assumption that this material in general, or this paragraph in particular can only be understood by trained mathematicians is very much in error. I can illustrate this by the paragraph which the Senator from Oklahoma asked me to explain.

(3)

$$I_t = {}_a[AP_t^{t\pm1}/S_{t-1} - (P/S)_t]$$

The only thing that this equation says is that:

The greater the expected growth in sales and output in the next period relative to capacity in the current period, the higher the level of investment in this period will be.

It also tells us that the more unused capacity is desired for purposes of meeting unexpected or peak loads, the greater the level of investment will be in this period, relative to any increase in expected sales.

All anyone has to do is to insert the meaning of the symbols into the equation, and ask oneself how a change in one of the factors will change the size of the investment predicted by the relationship which is posited by the hypothesis being tested. For example, if $AP_t^{t+1}$, the anticipated output in the next period goes up, investment in this period will go up. This is a proposition which everyone can understand even if one does not agree with it. Or if S, the size of available capacity goes down, or fails to grow as fast as anticipated demand, again the size of present investment will go up.

Or if P/S, the "optimum rate of capacity" utilization goes up, the level of present investment will tend to go down. Or if P/S goes down, the level of investment in the present period will go up.

These are all statements which have obvious meanings. Their expression in terms of symbols should not mean they either are not worthy of consideration or understandable by Congress.

Relation (4) makes explicit only one more relationship which will make the hypothesis more complete. All that equation says which equation (3) does not say is that the anticipated level of output in the next period is determined by the rate of growth of output of that particular public utility in the recent past. This rate of growth is indicated by *i*.

$AP_t^{t+1} = (Iti)^2 P_{t-1}$ says only that the output and demand in period $t+1$ is determined when the output in period $t$ is known and expanded by a rate of growth $i$, which is compounded. Anybody who is familiar with compound interest can understand this part of relationship 4.

(4)

$$I_t = [{}_a(Hi)^2 P_{t-1}/S_{t-1} - (P/S)_t]$$

Anybody with high school algebra can see that line 2 of equation 4 is the same thing as line one. The $(1+i)^2$ term is just transposed so that it multiplies both of the terms within the brackets. Since any multiplication of $P_t$–1 by $(1+i)^2$ gives the same thing that was there before terms were transposed. Since $1/(1+i)^2$ has been added to the second term in the brackets, any multiplication of it by $(1\pm i)^2$ will be the same thing as multiplying it by one.

All of this is just a rearranging of terms to permit further ease of statistical verification that the rest of the article is concerned with. It does not change the hypothesis which was stated in symbolic terms in equation 3.

Thus, in general relationships (3) and (4) are only symbolic statements of ideas that everyone can understand. Namely, that investment in public utility facilities is determined by the rate of growth of demand, relative to existing investment and the desired rate of capacity utilization. The statement of these ideas in terms of symbols does not establish that the statements are true. But it does permit further analysis and statistical verification of the hypothesis. The subsequent part of the article which was not reprinted did this with the use of refined mathematical and statistical techniques. It is these techniques used in the other part of the article which involve real mathematics, and not only the restatement of propositions in terms of symbols. For these reasons it is difficult to use the part of the article inserted in the record as focal point for a discussion of mathematics because there is virtually no mathematics in that section.

Relation (3):

$$I_t=\alpha[AP_t^{t+1}/S_{t-1}-(P/S)_t]$$

Relation (4):

$$I_t=\alpha[(1+i)^2P_{t-1}/S_{t-1}-(P/S)_t]$$

$$I_t=\alpha(1+i)^2[P_{t-1}/S_{t-1}-1/(1+i)^2(P/S)_t]$$

$$I_t=\alpha^1[P_{t-1}/S_{t-1}-(1-\gamma)(P/S)_t]$$

$$AP_t^{t+1}=(1+i)^2P_{t+1}$$

$$\alpha^1=\alpha(1+i)^2$$

$$\gamma=1-1/(1-i)^2$$

$I_t$=investment in plant and equipment in period $t$.

$AP_t^{t+1}$=output anticipated in the given period (t) for the next period (t+1).

$P_t$=output or sales in period (t) in terms of kilowatt-hours.

$S_t$=installed capacity, in terms of kilowatt-hours.

$(P/S)t$=optimum or desired rate of capacity utilization.

$\alpha$=a constant indicating the extent of investment response to changes in sales and capacity.

I have explained this equation or relationship above. This is simply an expression of the relationship in symbols.

## FISH AND WILDLIFE BENEFITS

The Senate resumed the consideration of the bill (H.R. 1171) to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. WILLIAMS].

Mr. WILLIAMS of New Jersey. Mr. President, I withdraw my amendment.

Mr. MANSFIELD. Mr. President, it is my understanding that two amendments will be offered to the bill, one by the Senator from New York [Mr. KEATING] and the other by the Senator from New Jersey [Mr. WILLIAMS].

Mr. KEATING. I have two amendments, and I believe the Senator from Louisiana [Mr. LONG] has one also.

Mr. LONG of Louisiana. It is not at the desk, but I have printed copies of it.

Mr. MANSFIELD. Does the Senator withdraw his amendment to the pending bill?

Mr. KEATING. Yes.

Mr. LONG of Louisiana. Yes, under the conditions stated by the majority leader.

## AMENDMENT OF WAR CLAIMS ACT OF 1948

Mr. MANSFIELD. I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar 1827, H.R. 7283.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, the reason for the shift is that this fits in better with the regular procedure. A certain amount of opposition which had been registered against Calendar No. 1827, H.R. 7283, has been removed, so that we can deal with this particular proposal and proposals related thereto.

Mr. MORSE obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Illinois.

Mr. DIRKSEN. I should like to ask a question on this particular matter. Is it the purpose of the Senator from New Jersey to offer an amendment now to the measure which is the pending business, H.R. 7283?

Mr. WILLIAMS of New Jersey. It is my purpose eventually to do so.

Mr. DIRKSEN. That is the House bill, H.R. 7283, as I understand.

Mr. WILLIAMS of New Jersey. It is the House bill, which is the pending business.

Mr. DIRKSEN. Is the Senator offering an amendment to the House bill?

Mr. WILLIAMS of New Jersey. Yes.

Mr. DIRKSEN. May I ask the Senator from Louisiana if he proposes to offer an amendment to H.R. 7283?

Mr. LONG of Louisiana. To the House-passed war claims bill; yes.

Mr. DIRKSEN. That is true of the Senator from New York also?

Mr. KEATING. That is correct.

Mr. JAVITS. I shall offer an amendment to the amendment of the Senator from Louisiana.

Mr. DIRKSEN. Then it is the evident purpose to make a sort of package bill out of H.R. 7283 dealing with war claims and with other bills related to alien property?

Mr. LONG of Louisiana. It is the intention of most of us to support in general the House bill and to offer amendments to that bill. I believe that amendments might be offered to strike out the payment provisions in that bill which effort, of course, would be resisted by those of us who believe there should be payment provisions in the bill, so that those who have war claims may have some hope of receiving payment on their claims during the next year or two.

That may be somewhat controversial, but I am sure it will be debated and voted upon. Also, I should like to offer a small-business amendment to the payment provisions.

I believe the Senator from New York [Mr. KEATING] has in mind an amendment to require that General Analine Corp. be sold in order to "beef up" the fund, in order to make more money available to those who have proper war claims. That amendment will have to be disposed of on its merits, as well.

I am happy that the bill has been called up, because it seems to me that after 17 years the people who have legitimate and deserving war claims should have a right to expect some payment as soon as the matter can be adjusted.

Mr. DIRKSEN. I should like to ask the majority leader whether he anticipates that there will be further yea-and-nay votes tonight.

Mr. MANSFIELD. No.

## AMENDMENT OF WAR CLAIMS ACT OF 1948, RELATING TO CERTAIN WORLD WAR II LOSSES—AMENDMENTS

Mr. KEATING. Mr. President, I send to the desk two amendments to the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses. They are the same amendments as were offered previously to the bill which has been supplanted.

The first amendment is offered on behalf of myself and Senators HART, CASE, WILLIAMS of New Jersey, JAVITS, and SCOTT.

The second amendment is offered on behalf of myself and Senators HART, JAVITS, and SCOTT.

If it is agreeable to the majority leader, I ask that the amendment I first discuss be made the pending order of business.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. At the appropriate place in the bill, it is proposed to add a new section to read as follows:

SEC. . Section 9(a) of the Trading With the Enemy Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided further*, That upon a determination made by the President, in time of war or during any national emergency declared by the President, that the interest and welfare of the United States require the sale of any property or interest on any part thereof claimed in any suit filed under this subsection and pending on or after the date of enactment of this proviso the Alien Property Custodian or any successor officer, or agency may sell such property or interest or part thereof, in conformity with law applicable to sales of property by him, at any time prior to the entry of final judgment in such suit. No such sale shall be made until thirty days have passed after the publication of notice in the Federal Register of the intention to sell. The net proceeds of any such sale shall be deposited in a special account established in the Treasury, and shall be held in trust by the Secretary of the Treasury pending the entry of final judgment in such suit. Any recovery of any claimant in any such suit in respect of the property or interest or part thereof so sold shall be satisfied from the net proceeds of such sale unless such claimant, within sixty days after receipt of notice of the amount of net proceeds of sale serves upon the Alien Property Custodian, or any successor officer or agency, and files with the court an election to waive all claims to the net proceeds, or any part thereof, and to claim just compensation instead. If the court finds that the claimant has established an interest, right, or title in any property in respect of which such an election has been served and filed, it shall proceed to determine the amount which will constitute just compensation for such interest, right, or title, and shall order payment to the claimant of the amount so determined. An order for the payment of just compensation hereunder shall be a judgment against the United States and shall be payable first from the net proceeds of the sale in an amount not to exceed the amount the claimant would have received had he elected to accept his proportionate part of the net proceeds of the sale, and the balance, if any, shall be payable in the same manner as are judgments in cases arising under section 1346 of title 28, United States Code. The Alien Property Custodian or any successor officer or agency shall, immediately upon the entry of final judgment, notify the Secretary of the Treasury of the determination by final judgment of the claimant's interest and right to the proportionate part of the net proceeds from the sale, and the final determination by judgment of the amount of just compensation in the event the claimant has elected to recover just compensation for the interest in the property he claimed."

The ACTING PRESIDENT pro tempore. The amendment will be received and printed.

Mr. KEATING (for himself, Mr. Hart, Mr. Javits, and Mr. Scott) submitted an amendment, intended to be proposed by them, jointly, to House bill 7283, supra, which was ordered to lie on the table and to be printed.

Mr. WILLIAMS of New Jersey. Mr. President, I send to the desk an amendment to H.R. 7283. The amendment deals with the General Aniline Film & Dye Corp. situation, which was the pending business on the previous bill.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. DOUGLAS (for himself and Mr. Hart) submitted an amendment, intended to be proposed by them, jointly, to House bill 7283, supra, which was ordered to lie on the table and to be printed.

Mr. JAVITS (for himself, Mr. Keating, and Mr. Douglas) submitted an amendment, intended to be proposed by them, jointly, to House bill 7283, supra, which was ordered to lie on the table and to be printed.

Mr. LONG of Louisiana submitted an amendment, intended to be proposed by him, to House bill 7283, supra, which was ordered to lie on the table and to be printed.

---

## FOOD, FIBER, AND FOREIGN AID—ADDRESS BY HERBERT J. WATERS

Mr. HUMPHREY. Mr. President, recently Minneapolis, Minn., was the host city for the 33d annual convention of the National Soybean Processor's Association. The production and processing of soybeans represents a major industry and economic development for the State of Minnesota and the Midwest. Soybeans are not only one of our largest cash crops, but also represent a source of vital food at home and abroad. The marketing of soybeans in the international market has proceeded at an amazing pace, thereby providing new outlets for the ever-expanding production of the soybean and its processed products.

One of the featured speakers at the recent convention of the National Soybean Processor's Association was Mr. Herbert J. Waters, the assistant administrator for material resources from the Agency for International Development. Mr. Waters was associated with me for several years as my administrative assistant. I know of no man in government who has a better understanding and a more thorough knowledge of the role of agriculture in the American economy and in our foreign-aid policies than Mr. Waters. He has made valuable contributions to the development of the food-for-peace program.

Prior to his work with me, he was an official in the Department of Agriculture. His knowledge of agricultural policy and his grasp and understanding of the role of agriculture in foreign trade qualifies him as an informed spokesman on these subjects. Indeed, he is an expert in the field of agricultural economics, both domestic and foreign.

Mr. Waters addressed the National Soybean Processor's Association on the topic of foreign aid. He emphasized in particular that foreign aid is not only a humanitarian effort but also a program designed to strengthen our national security. He emphasized, in addition to these important facets, that foreign aid is a bold market development effort opening the way for the most significant trade expansion that the world has ever known.

The full text of the address by Mr. Herbert J. Waters is worthy of our attention and careful study. Therefore, I bring it to the attention of the Senate and ask unanimous consent that it be printed at this point in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

### Remarks by Herbert J. Waters, Assistant Administrator for Material Resources Agency for International Development Before the 33d Annual Convention National Soybean Processor's Association, Minneapolis, Minn., August 20, 1962

Mr. Chairman and gentlemen, before I express my own pleasure at being back in my adopted State of Minnesota, I would like to bring you greetings from Senator Humphrey. He asked me to convey his congratulations for the effective job this group has been performing through the years.

For myself, I feel all the pleasure and excitement of homecoming. During my 8 years with Senator Humphrey, I had the pleasure and privilege of working with you—of getting to know you. It's good to be back among old friends.

My topic today is foreign aid.

I hope to be able to present to you a side of foreign aid that is little publicized and little talked about. This I will do later in my talk.

Generally, we are all aware of the history and achievements of the foreign assistance program—the Marshall plan with its new and revolutionary ideas of helping Europe regain its political and economic equilibrium—the saving of Greece and Turkey from communism—the countering of Communist force in Korea and Formosa—the support of Vietnam in its struggle against Communist internal and external pressure.

The foreign assistance program has played a vital role in the fight against totalitarianism all over the free world.

Now there is another struggle—perhaps an even more important and longer lasting one—the struggle against poverty, disease and injustice long endured by great numbers of the world's population.

It is well worth considering that more than one-third of the people of the world live at or below subsistence level.

Our help is needed, but success cannot be instantaneous. This becomes patently clear when we realize that the social and economic conditions requiring changes are deep rooted. Because of our energy and drive, we Americans tend to be impatient—even impetuous—to achieve the changes we believe to be needed in those countries we are helping.

We must realize that in order to be lasting and effective our foreign assistance must be broadly based on sound, well-planned development plans and objectives.

This takes time. Even in the United States changes in this magnitude were not brought on overnight.

But, what are the purposes of U.S. foreign aid? There are two main purposes. The first is a humanitarian one.

The second may be termed pure self-interest.

President Kennedy in his inaugural address expressed the humanitarian aspects of the program in these words:

"To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich."

The second reason as I have said, is self-interest. Foreign aid helps to establish the basis for a stable and peaceful world community by promoting economic development, helping to maintain law and order, strengthening the governments in the new nations of the world, and at the same time preventing subversion and aggression. Thus, foreign aid gives beleaguered countries the additional strength needed to enable them to resist the Communist threat, thereby increasing the national security of the United States.

In another sense, the stimulation of economic growth in the presently underdeveloped, but developing, countries of the world has a direct bearing on the economic future of the United States.

Foreign aid is also a bold market development effort opening the way for the most significant trade expansion the world has ever known.

The greatest potential for expansion of our markets in the world today are those very countries to whom we are now providing economic assistance. They contain more than 50 percent of the population of the free world.

This is an enormous market potential when we consider that the European Common Market and the United Kingdom combined comprise only 10 percent of the free world population.

But whether for humanitarian purposes, or in the furtherance of self-interest, no nation can be secured for freedom or lifted out of poverty by foreign aid alone. It must be wisely used so that it can act as a catalyst—a lever if you will—to accomplish results many times greater than the level of the investment itself.

To enable our assistance to act as a catalyst, the new aid program stresses five main points:

The first is the recognition and appreciation of the fact that foreign aid cannot do the job alone. The second is the need for recipient countries to develop sound, feasible long-range plans and programs. The third is the long-range commitment authority we now have which is so essential in encouraging foreign governments to take risks as partners in their own development. Social progress is the fourth important element, and the fifth is the need to involve the other governments of the free world, as well as international organizations, in mankind's attempts to achieve social and economic betterment.

Let me discuss these five points in a little more detail.

Imported resources—foreign aid—can furnish only one of the ingredients necessary for development. We realize that the United States cannot furnish money endlessly to the underdeveloped nations to affect materially the standard of living in these countries. Unless our assistance is used by these countries to create resources that will in themselves generate wealth, the effort is futile. Therefore, we in AID attempt to join our resources assistance with those resources that can be furnished only by the host country. These include manpower, local labor, and materials, and a practical plan to bring these many factors together and focus them upon sound activities. This places a challenge before the host country to do its part in a team effort.

The second point—planning—emphasizes the need for action by recipient countries to base their government and private development efforts on long-range plans with definite goals and clear priorities. I should make it clear that this planning effort is not meant to lead to a planned economy in the socialistic sense. Quite the contrary, one of the most important elements in long-range planning must be a series of measures designed to stimulate and support the growth of private enterprise. The other elements of sound planning include the development of appropriate measures in the fields of taxation, credit and foreign exchange. We must be ever mindful that effective planning is not a one-shot affair. It is a continuing process, which can be accomplished only through the development of permanent local institutions which we are helping to establish. Moreover, local conditions and customs must be recognized and respected for we cannot overlook the importance of public understanding and acceptance.

The third point in the new program is our authority to undertake advance commitments for loans—subject of course to congressional appropriations—wherever such commitments are required to encourage host governments to take the difficult steps and the risks involved in undertaking a long-range development program. Heretofore, we could not reasonably expect countries to undertake seriously the needed reforms on the basis of a yearly appropriation which might never be repeated. Today, wherever possible, long-range financing enables us to expect and require budgetary, fiscal, monetary, administrative, and social reforms as part of the bargain for substantial and sustained financing in future years. This is in fact the catalyst which encourages long-range development planning.

The need for social progress within the countries receiving U.S. aid is the fourth important element in the program. This includes continuing and expanding efforts to bring education, health services and improved income, better housing, jobs and social welfare to the poor. It includes a variety of steps to improve the general standard of living as an incentive for all to work hard for economic development. In short, the program is aimed at encouraging evolution toward a system in which all of the people have a share in the future.

And lastly, the new program recognizes that we in the United States cannot carry the burden alone. Foreign aid must become, and is increasingly becoming, a cooperative effort shared in by the other industrialized nations of the free world and by international organizations.

As a matter of fact, it is remarkable to note that the very nations who only a few years ago were the recipients of U.S. Marshall plan assistance, plus Canada, Japan and a few others, are now contributing almost half of the total free world foreign aid.

For example, during 1961, the rate of increase of U.S. foreign aid was less than 21 percent. For the nations—other than the United States—who are members of the Development Assistance Committee of the Organization of Economic Cooperation and Development—the rate of increase over 1960 was more than 23 percent.

The total economic assistance rendered by DAC member governments was $6 billion—up $1 billion over 1960. Of this total, the U.S. share was approximately $3.4 billion; the DAC members share was approximately $2.6 billion.

It is also interesting to note that France, Portugal, Belgium, and the United Kingdom devote a larger share of their gross national product to foreign aid than does the United States.

In addition to official Government commitments to foreign aid, private capital found attractive investment opportunities in the underdeveloped countries at the rate of $2.7 billion in 1961.

At this point, I would like to address myself in more detail to one—and I must emphasize that it is only one—of the several program aspects of foreign assistance—the one that is so little publicized and so little talked about.

It is not often that we—the American people—think of aid as being a humanitarian effort by 180 million Americans to help over a billion people who are suffering from poverty, disease, oppression, and ignorance.

And, on the rare occasions when we do think of it, we wonder whether we are really getting through to the people we are trying to help.

For example, did you know that 32 million children all over the world are being fed in school every day through the food-for-peace program—or that in areas where once the incidence of malaria was 100 percent, it is now less than 1 percent—or that thousands who lived in hovels, now live in homes—or that illiteracy is being reduced and technical training increased.

Little is said or written about the progress being made in these areas of human need.

Even if this were the only successful part of the total program, Americans could be proud to know that never before has a single nation saved so many lives, trained so many people and helped to bring about a better life in so many countries.

There are more than 1 billion people in the developing countries now receiving U.S. assistance. Seventy-five percent of them cannot write or write. Less than 25 percent of the school-age children are in classrooms and less than 2 percent of the children ever complete secondary school education.

Malnutrition is rife. Disease is rampant. Slums abound. How do we help?

Let me enumerate just a few American successes in the humanitarian field of foreign aid.

The first is food for peace—one of the several programs authorized under Public Law 480. I know you are all familiar with the title I program, under which more than 5 billion pounds of edible oil has been moved.

We are stepping up substantially the use of agricultural commodities in development projects under title II. This includes the use of food as part payment of wages to workers on labor intensive projects and the use of feed in livestock and poultry development projects in protein deficit areas. During fiscal year 1962, the value of commodities shipped for use in such projects was over $80 million. We fully expect that the figure will be substantially greater in fiscal year 1963.

Food is now being provided under titles II and III to about 32 million children either by grants to governments or by donations to voluntary agencies.

Outstanding examples of this are the large child feeding program in Brazil where more than 1 million children participate, and the school lunch program in Ceylon—almost 2 million children—and India—almost 4 million school children.

Food needs arising from severe droughts or other natural disasters are met through direct grants on a government-to-government basis. This authority has been effectively used to respond to situations such as the Chilean earthquake and crop failures in Iran, Cyprus, and Kenya.

To get back to edible oil, in fiscal year 1960, no edible oils were shipped under either title II or title III.

In 1961, 32 countries received almost 8 million pounds of oils and fats under these authorities. In 1962, 72 countries received almost 270 million pounds of oils and fats. As you can see, shipments are on the rise.

We feel that the distribution of edible oils will eventually result in the dollar sale to countries in which these programs operate. As recipients of oils and other commodities become aware of the taste and quality of U.S. products, and as individual earning power increases, there should be a dollar market in these countries for U.S. agricultural commodities including soybean oil.

Spain is a good example of what happens when a country becomes familiar with the use of U.S. soybean oil. Only a few short years ago, Spain began to use U.S. soybean oil through the efforts of the Soybean Council, trade circles and the Department of Agriculture. Spain has now become one of our best customers for soybean oil and in this crop year will import from the United States approximately 450 million pounds of soybean oil, worth approximately $56 million. This sale is being made for dollars.

AID's contributions in the health field are also substantial.

For centuries the scourge of malaria has frustrated the aspirations of millions yearning to better their lot. In the Rapti Valley of Nepal, only 5 years ago, a malaria incidence of 100 percent held the population down to about 5,000 impoverished tribesmen. Today, through the efforts of the Nepal Government and AID, there are 50,000 productive farmers and tradesmen living there, contributing and participating in a dramatic economic and social development effort. The malaria incidence is now four-tenths of 1 percent. In free China, U.S. foreign assistance has contributed to the virtual elimination of malaria. Deaths caused by this disease in the Philippines have been reduced 98 percent. In India, where malaria accounted for more than 10 percent of all illnesses in 1953 the percentage was six-tenths of 1 percent in 1961.

AID's efforts in the health field are not confined to communicable disease control. In the State of Santa Catarina, Brazil, there are Alliance for Progress projects in five large towns and cities supplying pure water for 300,000 people.

AID-assisted health programs are carried on in 31 countries and an additional 11 countries receive AID assistance in at least one type of health activity. AID contributes funds to international organizations concerned with health and works closely with other U.S. departments and public and private agencies in this field.

The problem of decent housing is acute throughout the emerging nations. AID's emphasis is on self-help housing, technical assistance and the development of local credit institutions that will enable the average man to finance a decent home for his family.

In self-help housing neighbor helps neighbor. The cash outlay is limited to such items as nails and hinges.

In Santiago, Chile, a pioneer housing project has resulted in more than 650 livable homes built on the self-help principle. The Chilean Government paid for the land, site development, utilities, building materials, and administrative costs. AID paid for the construction equipment, and provided technical assistance. The people who were to live in their own homes did the actual building.

The arrival of each concrete mixer from the United States became the occasion for a civic celebration; construction moved rapidly ahead, at a total saving of 47 percent of construction costs.

Most important, the project so pleased the residents and the government that the Chilean Government has since undertaken to build several thousand dwellings by self-help in various cities, and a number of Chilean labor and cooperative organizations have launched their own self-help programs.

In Guatemala City, AID consultants have developed ways to build, for approximately $1,000, homes superior to some built by the government a few years earlier at nearly twice the cost.

In Nicaragua, an AID planning consultant was able to show how a development area of approximately 175 acres could be replotted to achieve substantial savings in the total amount of paving, water mains, sewer mains, and other utilities without reducing the total number of lots and making even more land available for park and public use.

An AID research project in Israel, which cost less than $500, showed how ceiling heights could be lowered without discomfort. The savings in construction costs, according to Israeli Government estimates, amounts to over $2 million a year.

The conquest of illiteracy—another social development effort—is a challenge that truly tests the imagination and skill of the free world. To respond to the need, AID has education programs in 45 nations, varying from the training of primary teachers to demonstrations in do-it-yourself school building.

In Nepal, these are the results in the first 5 years; more than 1,500 new primary classrooms provided with trained teachers; upward of 200 new schools given financial aid; 20 new primary texts prepared and published; 200 secondary teachers trained; high school curricula completely revamped; a new college of education founded and staffed; inservice training for primary instructors organized; 2,400 primary teachers trained; adult education classes started, and finally, the establishment of a national university.

In Latin America, there has been an emphasis on filling the need for school buildings. This, too, has been a self-help enterprise. In Guatemala, where 72 percent of the people can neither read nor write, the Government and AID jointly launched a pilot program to construct more than 2,200 classrooms. It was thought that local residents, whose children would use the schools, would account for one-third of the construction cost. The fact is that these local residents have accounted for 44 percent of the actual construction cost.

In Colombia, the larger share of U.S. assistance for education is at the primary school level. It is based on the 4-year plan of the ministry of education to provide a minimum of 5 years schooling for every Colombian child. This plan looks to the construction of 22,000 primary classrooms, and the training of more than 16,000 primary teachers over the 4-year span at a cost of $98 million. The United States is strongly committed to this plan but the bulk of financing, about $60 million, is being carried by the Colombian Government.

If the goal of an assured primary education for every Colombian child is attained, this will have profound future implications for lifting the entire economic and social climate of the country.

Far from Latin America, in Turkey, AID has assisted in the literacy training of 150,000 Turkish soldiers and an additional 120,000 are expected to complete their training each year. This successful project has become a laboratory for developing a literacy program among Turkey's civilian population and, to date, more than 3,000 primary school teachers have gained literacy teaching experience at the military centers. The goal is to reduce illiteracy in Turkey from 70 percent to 30 percent by 1975.

This has been a partial recital of AID's contribution to the social progress of the underdeveloped nations. I would not like to imply that the foreign assistance program is an unqualified success.

We have made mistakes in the past.

Unfortunately, though we will strive to avoid them, more mistakes will be made in in the future.

But—while disease still rages, we have made noticeable strides in controlling it. While millions still exist without decent houses, a great many others already have adequate shelter. Hunger still stalks the earth, but we can take pride in the fact that conditions are greatly improved in many areas. We have made a dent in the massive wall of illiteracy. While there is still much more to be done, what has already been accomplished can be a great source of pride to all Americans.

I am quite sure you are asking yourselves can our economy afford such a program.

Permit me to stress this point—Since World War II the levy on each American for foreign aid amounted to one candybar per person per day.

The $4.6 billion for foreign aid in the pending authorization bill—and this includes the military assistance program—amounts to less than 1 percent of our gross national product. It is about 4½ percent of the total Federal budget. It is one-twelfth of what we propose to spend in the coming year for military defense.

We can afford it—we must afford it. We have no alternative.

Senator Hubert Humphrey in a recent article described the situation as being a "race between freedom and coercion; between voluntary planning and regimentation * * * (being) * * * watched by the downtrodden millions of the world to see which way the tide of human events is flowing."

The outcome of this race will depend in large part on the determination and the effectiveness with which we carry forward the program of assistance on which we are embarked.

Foreign aid is our best hope—perhaps, even our last hope, to frustrate the Communist infiltrators and agitators and to help the people of the underdeveloped countries build economically viable and politically independent nations, dedicated to the dignity of the individual and the same human values and freedoms we cherish.

## ORDER OF BUSINESS

Mr. MORSE. Mr. President, I find myself in a position in which I was unaware that the Senator from Pennsylvania [Mr. Clark] had obtained the floor some time ago but in his typically cooperative spirit had yielded the floor so that other business could be transacted, expecting that when that business had been completed he would regain the floor. I was not aware of that

I now have the floor. I shall yield the floor because I believe the Senator from Pennsylvania is entitled to it. I am sure that he will extend the same courtesies I was about to extend to the Senator from New Jersey [Mr. Williams] and the Senator from Illinois [Mr. Douglas]. I will take my chances, but I hope that when the Senator from Pennsylvania concludes his remarks, I will be next in the "cafeteria" line.

Mr. CLARK. Mr. President, I express deep appreciation to the Senator from Oregon for his usual courtesy in this regard. When I get the opportunity to make my speech, I will make it as quickly as I can, in order that the Senator from Oregon may again obtain the floor.

Mr. President, I shall be happy to yield briefly to any Senators who do not wish to make orations as long as the one I wish to make.

## HOUSING FOR THE ELDERLY ACT OF 1962

Mr. CLARK. Mr. President, I introduce, for appropriate reference, a bill entitled "Housing For The Elderly Act of 1962."

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3712) to assist in the provision of housing for elderly persons, and for other purposes, introduced by Mr. Clark (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Banking and Currency.

Mr. CLARK. Mr. President, the bill results from the work of the Subcommittee on Housing for the Elderly of the Special Committee on Aging. It is based on a subcommittee report submitted to the full committee dated August 31, 1962. I am the chairman of the subcommittee.

The measure is cosponsored by five other members of the subcommittee—the Senator from Nevada [Mr. Bible], the Senator from New Jersey [Mr. Williams], the Senator from New York [Mr. Javits], the Senator from Hawaii [Mr. Long], and the Senator from Missouri [Mr. Long].

In the 16 months since its creation, our subcommittee has held five public hearings resulting in more than 500 pages of testimony from experts in housing, urban planning, and problems of the aging. We have reviewed such current studies as are available—and these are all too limited—and have consulted with specialists inside and outside the Government. The results of our studies and hearings are embodied in the report, which has been transmitted to each Member of the Senate.

We realize, that no legislative action can be taken on this bill this year. But we hope that the bill and the report will serve as a basis for serious countrywide discussion during the next few months. If I am here, I expect to reintroduce the bill next year perhaps with changes resulting from discussion. If I am not, my colleagues will.

Our report reaches two fundamental conclusions: First, millions of our senior citizens are ill-housed. Indeed, men and women in their declining years are more poorly housed than any other age group for the basic reason that they have less income. A greater proportion of older people than of younger live in housing classified as substandard. Millions of them live in rundown roominghouses and hotels. Slums and blighted areas which are being cleared or rehabilitated through urban renewal house a high proportion of older people, many of whom own their own homes but have lost the financial or physical capacity to maintain them properly. Urban renewal works an exceptional hardship on old couples and individuals in their seventies and eighties, who are forced to move at a time when they are less adaptable to change, and when their financial resources are too low to give them much chance to obtain suitable decent housing elsewhere.

We will know much more about better housing for the elderly when the 1960 census data have been fully analyzed. In the meantime, the subcommittee has relied heavily on a Cornell University study directed by Glenn H. Beyer. The Cornell researchers concluded that no less than 5 million elderly households—that is, family units containing one or more individuals over 65—need better housing. This is nearly half—45 percent—of all the people in that age group.

Almost half of the elderly people needing rehousing are now living with adult children or other relatives. But the Cornell study reached the conclusion, which was corroborated by much testimony before our subcommittee, that persons over 65 who are living with their adult children are almost invariably doing so out of necessity, not from choice. The common notion that grandpa and grandma would be perfectly content if only their children would give them a room upstairs is very far indeed from the truth.

Second. Not much of the problem of the 5 million ill-housed senior citizens is going to be solved without a mammoth effort on the part of local communities, hopefully aided by the States but strongly supported by the Federal Government, to provide the kind of housing that elderly people need and want. Without such an effort, the number living in unsuitable housing is likely to increase—as it has been increasing over the years—because the percentage of the population living to "a ripe old age" is rising rapidly.

Since World War II, our economy has produced new housing at a truly remarkable rate, but virtually all of it has been suburban housing designed for younger families. The three-bedroom house, often on two floors, with a large front yard and backyard, located in the suburbs and frequently without convenient access to good public transportation, is just not suitable for retired people in the years when their mobility is reduced. They do not need large houses with many rooms. Stairs may become a strain. Upkeep is a burden both financial and physical. The old people, who may no longer own or use an automobile, become isolated from others in their age group. They need to be rehoused in quarters which are designed not for families with young children but are designed specifically for the needs of older people.

Specially designed housing units for the aged are characteristically small in size, usually although not necessarily in multifamily units, located conveniently to public transportation, to food markets, to health services and to recreation facilities. Such units should have safety features—such as grab bars, emergency signal systems, specially designed bathtubs, and elimination of thresholds and stairs. The evidence shows that in such quarters older people are able to maintain independent households many years longer than if they try to continue living in housing designed for others.

The problem is to provide such housing within the means of the people who need rehousing. Here we face the stark fact stated in our report:

> The inability of the aged to obtain decent housing is the simple result of lack of economic power. Among those elderly persons living alone or with nonrelatives, almost 2 million can pay no more than $33 a month for housing, and another million can pay no more than $67. It is beyond question that a majority of these people cannot now be in suitable housing with the resources at their command.

The subcommittee examined elderly housing projects built under the three Federal programs now underway: the public housing program, the direct loan program under section 202 of the Housing Act of 1959, and the FHA insurance program under section 231 of the National Housing Act, as amended. We were deeply impressed by what we saw. The elderly people we visited in these units were clearly well housed, enjoying not merely clean and comfortable quarters, but access to transportation, food, health, and recreation facilities. Most of them appeared to be experiencing the satisfaction and contentment which we like to assume is the lot of those who retire but so frequently is not their lot.

There is just one thing wrong with these three programs—they have barely scratched the surface of the need. Most communities in America have no specially designed housing for the elderly at all. No community anywhere has enough. Except for some of the luxury "retirement colonies" being developed for the wealthy and well to do in the belt of sunshine States from Florida to California, very little specially designed housing for older people is being erected anywhere by strictly private enterprise unaided by any of the three Federal programs I have mentioned. Costs just cannot be brought down sufficiently.

This leads to the crux of the problem. If we assume that only 20 percent of the 5 million who need better housing would want to live in the kind of quarters being erected under the Federal programs, a very radical assumption indeed—in other words, if we assume that 80 percent can be satisfactorily housed by the private economy in hand-me-down family housing or converted hotels and rooming houses—we still need to provide something like 1 million units through the Federal programs. At $10,000 to $12,000 a unit, which is our current experience, an investment of $10 to $12 billion is required.

These figures are perhaps speculative. But they are clearly frightening. The 20 percent estimate is arbitrary, but it seems conservative. Last autumn I had the opportunity to look at specialized housing for the elderly in Sweden and Denmark, both of which countries have far more such housing than does the United States in relation to population. Their experience would bear out the suggestion that if we had specialized housing for the elderly for 9 percent of our elderly households—in other words, 20 percent of those needing housing—such housing would be readily occupied by people who would find their new homes far preferable to their present ones.

Thus, while we cannot say with confidence what the ultimate need is, we can say with total confidence that it is far greater than the supply of specialized housing that now exists. The subcommittee has urged intensive research to find answers to the questions of how much such housing is needed, and what the characteristics of such housing should be.

As a phase of this research, we urge community-by-community surveys, and we propose that Federal assistance to urban planning under section 701 of the Housing Act of 1954, as amended, be extended to cover these surveys. The official planning body and the community-wide council of social agencies, under our recommendation, would collaborate in organizing a survey in a given community. They would find out with some degree of exactness the actual living conditions of senior citizens in the community, the extent of their need for better housing, and the kind of housing they would like to have. Do the old people want to live in multiunit buildings with other old people, or do they want to be scattered throughout the community in neighborhoods with younger families? Do they want to live downtown, or on the edge of town, or somewhere in between? How do they feel about high-rise buildings? How many can prepare their own meals, and how many need the service of a central kitchen or dining hall?

We know that the answers to these questions will be that some old people prefer one pattern of living, and some prefer another. Some can live independently; the degree of dependence of the others varies widely. But the important thing is to determine, in each community, the approximate numbers who want and need one or another kind of accommodation and then to develop the plans, and select the sites, that will be suitable to that community. Those making the surveys, in each community, would have the benefit of the experience of other communities and the best available knowledge on the subject, made available to them by the central research staff in the Housing and Home Finance Agency. The undertaking would be closely coordinated with urban renewal activity.

Now let us return to the vexing question of money. Arising from the surveys I have described would be a huge demand for assistance under our three Federal programs, because only through these forms of assistance can rentals be brought down within the range of ability to pay for those living on small pensions and other retirement income. The subcommittee urges that the Federal programs be expanded as rapidly as the demand develops in the communities throughout the country. Whether the result will be a demand for $10 billion or $12 billion worth of projects, or somewhat more or less, is not clear—and for that reason this particular bill suggests no amount. But what is clear is that the demand will be of a totally new order of magnitude compared to that of the existing programs.

It is equally clear that this kind of money can never be squeezed out of the Federal budget. Of the three Federal programs, only the public housing program involves a subsidy from the taxpayers. Yet, ironically, it is the only one of the three that does not suffer severely from budget limitations. Under this program, the capital cost of a project is spread over 40 years of Federal budgets, and the immediate impact of a new project on the current year's budget is consequently not great.

The section 202 direct loan program and the section 231 FHA insurance program on the other hand, involve no subsidy. Under section 202, the Federal Government lends the money at a rate sufficiently high to cover its own cost of borrowing plus a margin to cover administrative costs and provide a reserve against possible losses. Under section 231, the Federal Government, through FNMA, purchases mortgages with appropriate funds, but the interest rates are sufficient to cover the cost of FNMA's borrowing from the Treasury.

Yet, in both cases, the total amount of the loan or the mortgage, as the case may be, is carried in the budget as an expenditure during the year in which it is made. If we were to set out to build 100,000 units under these programs, therefore, it would require at least $1 billion from the budget. This would provide not only 2 percent of the 5 million who need better housing. Yet our budget limitations are so tight that it is not easy to see how this kind of money—much less 10 times that amount—could be provided in any reasonably short period of time.

Thus, the anomalies of our budget practices make it far easier to finance 10,000 units of subsidized public housing than 10,000 units of nonsubsidized private housing under the direct loan or mortgage insurance programs which pay their own way. That is because one of them is in the budget and the other one is not.

Accordingly, our subcommittee has stressed the urgency of developing ether a new method of financing, or a new method of budget presentation. This bill embodies the latter approach. It does it very simply—by directing that only the ultimate estimated net loss, if any, from the loan and mortgage purchase programs be treated as an expenditure in the budget. Since there has been and will be no ultimate net loss at all, these programs would simply be excluded from the expenditures column. The Congress would still control the magnitude of the programs, of course, by limiting the borrowing authority of the responsible agencies. And the operations of the programs would of course be shown in the budget documents, but much as trust fund operations are shown—outside and separate from the administrative budget.

This proposal may sound novel, but it is not. It merely applies, to a single program, the principle of capital budgeting which many of us have long advocated.

Every State, every city, every county, every private business, and every foreign country whose budgeting practices have been examined by our own experts, I believe, separates recoverable investments from outright expenditures. A city government may borrow in the tens of millions for capital expenditures, but it is regarded as fiscally sound if its operating budget, including amortization of its bonds, is balanced. The same is true of county and State governments. No private business would lump together its payrolls and its loans in a single column called "expenditures"; a loan is offset by an entry in the income column reflecting the value of the obligation created by the loan. Yet the Federal Government, if it lends $10 million for housing for the elderly, shows nowhere in the same budget tabulation that the Government has created a $10 million account receivable. Similarly, the tabulation of the public debt owed by the Government goes up $10 million, ignoring the fact of an equal increase in the total of debt owed to the Government. Does a bank treat a loan just as if the money were given away? Of course not. Then why should the Federal Government, when it performs the functions of a bank, treat its loans in that manner?

I repeat that there is no other jurisdiction, public or private, on the face of the earth that keeps its books in the ridiculous way the Federal Government does.

This is what the able senior Senator from Minnesota [Mr. HUMPHREY] spoke about the other day. This is what the President of the United States referred to on his commencement address at Yale University, when he complained that the Federal budget "cannot tell a loan from a straight expenditure" and "cannot distinguish between operating expenditures and long-term investments."

Perhaps someday, with the leadership of the President and the senior Senator from Minnesota and others who have spoken and written on this subject, such as the senior Senator from Oregon [Mr. MORSE], we will shift our budget as a whole over to a new system of presentation. But I am tired of waiting. I think we should begin by applying the principles of capital budgeting to a single program, housing for the elderly. It is an urgent program. It is one with an enormous potential for increasing human happiness. It is one which helps people who are least able to help themselves, helps them to satisfy what may be the most important single yearning in their lives—for a decent place in which to live. And it is a program which can go nowhere, which cannot really get off the ground, without a change in budget practices.

I submit that here is the place to begin. Let us try the principle of capital budgeting in this one program. We can consider the principle separately and later for other programs which may have an equally valid claim. But if we wait for a complete recasting of the Federal budget before we apply the principle anywhere, we will certainly wait for years—if not forever. And, meanwhile, old men and women will continue to live in unsafe, rundown, unsanitary, unsuitable housing instead of in the bright, new attractive quarters which can be theirs if the Federal programs now underway can be expanded to meet the demand which will come from the communities of America.

There are other provisions in the bill—to facilitate the provision of housing for the elderly in urban renewal areas, to ease the impact of renewal on elderly people, to broaden participation in both the direct-loan program and the nursing-home programs, and otherwise make our efforts more effective. Instead of elaborating on these points, I ask unanimous consent that there be included in the RECORD, at this point in my remarks, a summary of conclusions and recommendations from the Report of the Subcommittee on Housing for the Elderly and a section-by-section analysis of the bill.

There being no objection, the summary and the analysis were ordered to be printed in the RECORD, as follows:

### REPORT OF THE SUBCOMMITTEE ON HOUSING FOR THE ELDERLY

#### SUMMARY OF CONCLUSIONS

(1) A national problem: Housing for the elderly is a national problem of great magnitude, which the Nation has only begun to recognize and come to grips with. And the problem will grow as the number of elderly persons grows—from 17 million over 65 in 1960 to 24.5 million in 1980.

(2) Magnitude of the need: While the supply of housing is inadequate for all age groups—as indicated by the estimated 11 million substandard units still in use—a higher proportion of elderly than of any other age group live in substandard dwellings because their income is least. About 5 million households among the 11 million containing elderly persons, or 45 percent, need to be better housed.

(3) Need for specially designed housing: Even among elderly persons living in "standard" housing, many are ill-housed because units designed for families may be unsuitable for the special needs of elderly persons, especially those most advanced in age. They need housing especially designed for older persons. Such housing units should be suitable in size for single individuals or couples, easy to maintain, economical in cost, convenient to community activities and services, and incorporating certain design features which reduce the hazards to older people whose physical mobility is reduced. Housing properly designed for older people enables them to maintain independent households longer than is possible otherwise.

(4) Need for range of choice: Individual retired people differ widely in their housing needs and desires. Specially designed housing should, therefore, offer a range of choice, adjusting to the requirements of the older person rather than requiring him to make the adjustments to a style of living he may find objectionable.

(5) Expansion of Federal programs: In view of the severely limited incomes of most persons over 65, substantial improvement in the living conditions of the Nation's elderly depends heavily on Federal assistance to provide specially designed housing at reduced costs. Present Federal programs—FHA insurance, direct Federal loans, and special public housing units—are well conceived, and for those relatively few persons whom they serve, they are of great benefit. But compared with the magnitude of the need, they have barely scratched the surface—producing a few thousand units when the need is in the millions. If the Nation is to succeed in providing decent shelter for all its older citizens, it must undertake an effort on a scale far greater than is now underway.

(6) Financing of Federal programs: Such an effort can hardly be undertaken as long as all of these Federal programs depend on appropriated funds which are included as budget expenditures. The FHA and VA programs which have been instrumental in the vast expansion of suburbia since World War II have succeeded only because their insurance and guarantee operations were outside the budget. The direct loan and loan insurance programs for the elderly involve no cost to the taxpayer, and no net increase in the Federal debt. In the case of the direct loan program, all the Government does is pass on to the borrower the comparatively low interest rates which the Government is able to obtain. The mortgage insurance program makes private financing more readily available by insuring lenders against loss. Yet through the technicalities of budget presentation these transactions are treated the same as other governmental expenditures which involve 100 percent subsidy. Either a new method of financing housing for the elderly must be found which will bring down interest rates without requiring the use of appropriated funds, or the methods of budget presentation must be changed so that repayable loans are not lumped in with outright expenditures.

(7) Nursing homes: Progress in meeting the need for good nursing home accommodations has been retarded by the exclusion of nonprofit nursing homes from FHA insurance aid now given to proprietary nursing homes.

(8) Research: In order that housing for the elderly may be properly planned, much more knowledge is needed. Research should be of two kinds—general studies aimed at learning more about the effects of various housing arrangements on older persons and evaluating the varied projects which have been undertaken; and community-by-community studies of the shortcomings of housing for the elderly and the particular needs and desires for improved shelter expressed by the elderly themselves in each locality.

(9) Community organization and leadership: Even if the limits could be removed from Federal assistance, few communities are prepared to take advantage of such assistance and proceed rapidly with the design and construction of specialized housing for the elderly. This is due not only to the absence of data, referred to above, but to the absence of community organizations prepared and competent to assume leadership. The country needs more specialists in the field of housing for the elderly, and communities need to mobilize the resources of all organizations, both public and private, which can contribute to leadership and planning.

(10) Community planning: Based on the results of both general and local research, each community should develop a plan for housing its own elderly which will enable those who are ill-housed to move into suitable dwellings and offering a range of choice within the limits of what the elderly can afford. This plan should be an element of, and consistent with, the community's comprehensive physical plan.

(11) Urban renewal: Urban renewal has worked particular hardships on elderly persons, both because they are heavily concentrated in renewal areas and because as a group they are less adaptable and hence suffer more from sudden and enforced change in their living arrangements. Every possible step should be taken to soften the impact of urban renewal on older people.

### PRINCIPAL RECOMMENDATIONS

The subcommittee offers the following recommendations, which are developed in more detail in the remainder of this report, and requests their consideration by the Housing Subcommittee of the Committee on Banking and Currency.

(1) Expansion of Federal programs: Federal assistance under existing programs for housing for the elderly—FHA insurance, direct loans, and special public housing units—should be expanded as rapidly as communities are prepared to take advantage of these aids. The authorization for the direct loan program should be increased immediately, since applications exceed total funds now authorized.

(2) Financing of Federal programs: To make the needed expansion of Federal assistance possible, a new method of financing those programs which involve no subsidy—the insurance and loan programs—should be devised to remove their dependence on appropriated funds, or methods of budget presentation should be revised so that these transactions, which involve no ultimate expenditure, are not classified as outright expenditures.

(3) Community organization and leadership: In order that all of a community's resources may be mobilized to deal with the housing problems of its elderly citizens, the restriction on participation by local housing authorities in the direct loan program should be modified.

(4) Nursing homes: Nonprofit as well as proprietary nursing homes should be made eligible to participate in the FHA mortgage insurance program.

(5) Research: The Housing and Home Finance Agency should undertake a major research program to obtain far better data than now exists on the housing needs of the elderly and the effect on older persons of various housing arrangements.

(6) Community planning: Federal assistance to community planning should be expanded to provide aid for surveys of the housing needs of the elderly in each locality and the development of comprehensive community plans.

(7) Urban renewal: In order to ease the impact of urban redevelopment on housing for the elderly, the following steps should be considered:

(a) Amend provisions of the Housing Act of 1949 relative to local noncash grants in aid to permit local public agencies to make sites available for development by cooperative and nonprofit sponsors of housing for the elderly and to credit the value of such sites to the project as a local noncash grant.

(b) Authorize the Federal Housing Administration to insure mortgages for the rehabilitation of the residence of an elderly homeowner on terms which do not require full amortization of the loan. Such mortgages could require payment of interest only or interest plus a part of the principle with the balance becoming due upon the sale, devolution, or other transfer of the property.

(c) Authorize rent subsidies for limited periods to enable persons displaced by urban renewal or other Federal programs to obtain decent housing, the subsidies to be included as part of the project cost.

---

## SECTION-BY-SECTION SUMMARY OF THE HOUSING FOR THE ELDERLY ACT OF 1962

| NEED FOR THE SECTION | EFFECT OF THE SECTION |
|---|---|
| *Section 2. Home improvement loans under section 220(h) of the National Housing Act* | |
| Many elderly persons and couples own their own homes, and are able to live comfortably on very small retirement incomes because they are homeowners and do not have to make rent or mortgage payments. But this independence can come abruptly to an end if their homes are in areas designated for rehabilitation and they are required to make major alterations or improvements to meet the housing standards of the neighborhood.<br>It is becoming an increasingly acute problem that elderly homeowners in rehabilitation areas cannot take advantage of even the liberal mortgage insurance provisions which now are available and have no alternative but to move out of their deteriorated homes. | This section would permit the Federal Housing Administration to insure loans for elderly homeowners, the terms of which provide that all, or any unamortized part, of the principal becomes due upon the death of the owner or sale or other transfer of the property. Loans insured under this subsection would carry an amortization schedule which the lender and the borrower agree can be met with the elderly borrower's income; with the possibility, in the case of very low income persons, of the payment of interest only with the entire principal amount becoming due upon the next transfer of the property. |
| *Section 3. Repair and rehabilitation under section 221 of the National Housing Act* | |
| | Section 3 would extend the benefits of the same type of rehabilitation loan as contemplated in section 2 to elderly persons occupying housing which requires rehabilitation to make it suitable for their use after having been displaced from an urban renewal area. |
| *Section 4. Eligibility for occupancy of single elderly persons in moderate income housing* | |
| Section 221(d)(3) of the National Housing Act provides for a below-market interest rate for certain types of sponsors to provide moderate income housing. The present language makes this financing aid available for developers of family units with the result that widowed and single elderly individuals are excluded from occupancy of this housing. | The amendment made by this section would simply permit housing to be constructed under this provision for single elderly persons, as well as families. This is in the nature of a technical amendment to existing law, but one which should have considerable impact on the amount of new housing available to elderly persons. |

*Section 5. Mortgage insurance for nonprofit nursing homes*

Section 232 of the National Housing Act as now written discriminates against a major group of the providers of this specialized type of housing. Section 232, which was enacted in 1959, has proved effective in facilitating the financing of the private profitmaking nursing homes. But the many nonprofit groups, including the thousands of nonprofit hospitals which might add such facilities, are at a great disadvantage since they must raise their funds through private subscription or seek to borrow them without the benefit of mortgage insurance.

The amendment made by section 5 would extend the authority of the FHA Commissioner to insure mortgages for nonprofit groups to construct nursing home facilities. Mortgages could be up to 100 percent of the project cost with the same limitations now applicable to proprietary nursing home mortgages, or for the amount of the non-Federal share of Hill-Burton approved projects.

The extension of mortgage insurance to nonprofit nursing homes does not in any way substitute for, or infringe upon that part of the Hill-Burton program which is devoted to nursing homes, but simply offers an aid to the financing through private channels of the sponsor's share of the project cost.

*Section 6. Community planning to meet the housing needs of the elderly*

This section is directed toward helping communities to make full and proper use of Federal programs, as well as the other resources available to them to provide housing for their older citizens. Among the greatest lacks in this field is the paucity of information at the community level on the housing problems and needs of the elderly and how steps to meet these needs might be integrated with the total development plan of the community.

Section 6 would amend section 701 of the Housing Act of 1954, which provides grants on a matching basis for long-range urban planning, to authorize such grants to competent community planning agencies for surveys of the actual needs and problems of their older citizens.

*Section 7. Eligibility of public housing agencies for direct loans for housing for the elderly*

It is important, if we are to meet the tremendous needs of our elderly people for appropriate housing, that all of the knowledge and skill available in each community be able to play its proper role. The direct loan program established under section 202 of the Housing Act of 1959, specifically excludes local housing authorities from participation, the program being primarily directed to stimulating and making possible the provision of housing by nonprofit and cooperative groups.

It has been found, however, that in many communities, and especially in the smaller communities, there simply is no nonprofit group with the necessary experience, resources, and permanence to undertake such projects.

This section would modify the eligibility provisions of section 202 of the Housing Act of 1959, as amended, to provide that in communities where a demonstrable need exists for housing of the type built under this program, the local housing authority may be considered an eligible sponsor if no otherwise eligible group exists to meet this need.

*Section 8. Relocation of elderly persons from urban renewal areas*

It has been found that the elderly tend to be concentrated in the older sections of cities and are disproportionately represented in areas subject to renewal. The present requirements imposed by the urban renewal program for relocation of persons in project areas do not now protect the interests of the elderly residents as well as they do those of the working population and, in fact, do not require any special consideration of the elderly being relocated.

There is a serious shortage in most areas of decent, safe, and sanitary housing for relocation of very low income people. This problem is especially acute with respect to the elderly because they are less able to adapt to inadequacies in housing and because their incomes generally are among the lowest. Many proposals have been made for tapping the private housing market through supplementation of the rent paying ability of elderly persons being relocated. Although this approach obviously is fraught with many serious problems, the need for relief from the shortage of decent housing for relocation, especially of elderly persons, is so great that careful study is warranted.

Section 8(a) would amend section 105(c) of the Housing Act of 1949 to provide that the special needs and physical limitations of the elderly be provided for in relocation plans submitted to the Urban Renewal Administration.

Subsection (b) defines "elderly families" and "elderly persons" for purposes of this section.

Subsection (c) calls for a study by the Housing and Home Finance Agency of the need for and feasibility of a rent supplementation program as an aid in proper relocation of the elderly from urban renewal areas. The results of the study are to be reported to the Congress.

*Section 9. Property in urban renewal areas to be used for elderly persons housing*

The possibilities for the reuse of cleared land in urban renewal areas for housing and related facilities for the elderly have not even been approached by renewal projects to date. In fact, it has been found that potential sponsors of low and moderate cost

housing for the elderly have had great difficulty in obtaining sites in urban renewal areas because of the high cost of land and the competition of economically higher alternative uses.

An amendment to present programs is needed to help make possible through urban renewal the continued residence of elderly people in the areas of the city where they have lived, but in greatly improved physical surroundings.

This section authorizes the Urban Renewal Administration to add to the Federal share of the capital grant the difference between the amount a local public agency receives for land used for housing for the elderly constructed by nonprofit or public

*Section 10. Budget treatment of certain cap-*

The need for better housing for the Nation's elderly amounts to millions of units. This need simply cannot be met without the assistance of the Federal Government.

When this assistance is in the form of direct loans or FNMA mortgage purchases, it involves no subsidy by the taxpayers. It is inaccurate and misleading for such loans and purchases to be shown in the Federal budget as expenditures rather than as investments which will be repaid in full.

---

Mr. CLARK. Mr. President, I yield the floor.

## CHORUS OF ST. JOHN'S UNIVERSITY, OF COLLEGEVILLE, MINN., WINS FIRST PLACE AT INTERNATIONAL COMPETITION IN WALES

Mr. HUMPHREY. Mr. President, recently the chorus of St. John's University, at Collegeville, Minn., won high honors at an international competition in Wales. Two hundred choruses, from the entire world, participated. The wonderful chorus group of St. John's College received top honors. It was also the lone representative of U.S. college groups by invitation only at the Vienna Music Festival.

I call this matter to the attention of the Senate, in light of some of recent articles about the University of Arkansas chorus, which won first place in the Italian Music Festival. The President of the United States extended congratulations to the University of Arkansas chorus—an honor which was well merited and deserved. The junior Senator from Arkansas [Mr. FULBRIGHT] took the University of Arkansas chorus to the White House, to meet the President.

I wish to note, for the RECORD, that the trip taken by the chorus of St. John's University was self-financed. Despite the fact that it had applied to the State Department, through the cultural program, but had been rejected, it went on to finance its own program and its own trip, and it won top honors in the largest single musical event on the international scene.

I have a high regard for ANTA, which helps select cultural activities for the Department of State; but this is the second time this year that an excellent choral group from one of our great American universities has been rejected by the State Department, only to go on and win high honors for itself and for our country. I think it is about time that we took another look at the cultural activities program and how the judgments are made in regard to what organizations and individuals should represent the United States in these cultural exchanges.

ELDERLY ACT OF 1962—Continued

*to be used for elderly persons housing*—Con.

agencies and the amount which would have been received from a developer who would devote the site to its highest alternative use. The section provides safeguards to assure that this authority and additional subsidy are used only to create complete developments with the facilities and services in addition to housing necessary for independent living by older people.

*ital, recoverable and investment expenditures*

Section 10 would provide that only estimated net losses to the Government from mortgages purchased by FNMA under section 231 of the National Housing Act, as amended, and loans made under section 202 of the Housing Act of 1959, will be shown as expenditures in the President's budget.

---

I ask unanimous consent to have certain correspondence relating to this subject printed at this point in the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD. as follows:

SEPTEMBER 10, 1962.

Mr. LUCIUS D. BATTLE,
*Assistant Secretary for Cultural and Educational Affairs, Department of State, Washington, D.C.*

DEAR MR. BATTLE: You know of my high respect for ANTA. However, ANTA has missed the boat on some choruses very badly. Not only has the University of Arkansas chorus taken first place in Italy, but I have just heard that St. John's University at Collegeville, Minn., has won first place out of 200 choruses at the Langollen International, Eisteddfod. Wales.

I think we are overlooking a tremendous bet when we skip these college choruses.

Sincerely yours,

HUBERT H. HUMPHREY.

---

SEPTEMBER 10, 1962.

LEE A. HANLEY,
*News Service, St. John's University*
*Collegeville, Minn.:*

Wonderful news from Wales. We are informing President and will speak on the floor tomorrow regarding great St. John's University victory.

HUBERT H. HUMPHREY.
EUGENE J. MCCARTHY.

---

COLLEGEVILLE MINN.,
*September 8, 1962.*

Senator HUBERT HUMPHREY,
*Senate Building,*
*Washington, D.C.:*

Note AP and UP stories on University of Arkansas chorus as well as coverage in national news magazine of their first place in Italian Music Festival. Congratulations to them and Senator FULBRIGHT for bringing this to the attention of President Kennedy. St. John's is in comparable situation. Self-financed trip results in first place at Langollen International, Eisteddfod Wales. Included 200 choruses from the entire world rather than the 30 at Italian event. Note also that St. John's as lone representative of U.S. college groups in the "by invitation only" Vienna Music Festival. Sang to house that had been sold out for 4 days in advance. Please inform Senator MCCARTHY.

LEE A. HANLEY,
*News Service Office,*
*St. John's University.*

## O. & C. FOREST LANDS

Mr. MORSE. Mr. President, 25 years ago Franklin D. Roosevelt signed into law a bill, introduced by Senator Charles McNary, of Oregon, which provided for the sustained yield management of 2.5 million acres of Federal forest land in Oregon, under the jurisdiction of the Department of the Interior.

This far-reaching legislation set a pattern which time has proven was wise. To Charles McNary belongs great credit. His law has stood the legislative test of time, for it has been little amended.

These 2.5 million forested acres lie astride the Willamette Valley, in Oregon; and not only do they lie in a checkerboard pattern, but they had a checkered history.

Originally granted to a railroad in 1866, to aid in its construction, the lands were revested to the United States in 1916, for gross violations of the grant.

From 1916 until 1937, these lands were administered under homesteading policies and this policy was unsuccessful for the lands were not being wisely used, the local economy was suffering and the counties were faring poorly.

The O. & C. Act of 1937 sought to correct the situation and it did.

These lands are all forested lands, some of the finest timber-growing lands in the entire Nation. Covered with giant Douglas-fir, some so large that one tree would build a de luxe home, the major effective use for these lands is forestry. The location of these lands is such, however, that they have great watershed values which can be promoted by sound forest management and, in addition, these lands possess a great recreational potential.

When these lands were in railroad ownership, they were on the local tax rolls, and upon revestment the law provided for taxes to be paid to the local governments from revenues. However, revenues were scant and substantial tax delinquency occurred on the part of the Federal Government. The 1937 revenue formula was written to dedicate 50 percent of income to the counties as a payment in lieu of taxes, and an additional 25 percent to pay to the counties past due taxes. It was estimated that it would take 25 years to complete the repayment of past due taxes. The balance, 25 percent goes to the Federal Treasury. By the early 1950's, the past due taxes were repaid to the counties and these Oregon counties became eligible for the additional 25 percent of revenue. With foresight and statesmanship, Oregon counties proposed to the Federal Government that this 25 percent be dedicated to aid in the capital investment needed for forest roads, for reforestation, and for recreational investments. This offer was accepted and great benefits have accrued, not only to the Federal Government, but also to the local economy.

I would like to mark this 25th anniversary by citing some of the achievements by the Department of the Interior in the administration of these lands.

From the outset the Department has utilized the services of advisory boards, both an overall O. & C. Board and five district boards. Administration thus has been kept close to the people, for, over the years, many public spirited citizens have contributed much of their time and effort to effective counseling with the Federal Government. Special interest groups, on occasion, have tried to influence the operation of policy, but never have they been able to run over the public interest embodied by these advisory boards. Certainly, were I to single out one man whose influence for protection of the public interest has been continuously effective, this man would be Charles Sprague, former Governor of Oregon, and editor of the Oregon Statesman, who has served as Board chairman for the last 14 years.

Innovations have been tried on these lands, and those which were worthwhile adopted. There has been a constant willingness to conduct practical experiments.

Timber allocation to communities and to companies was tried in the late forties, and rejected when the new problems created were shown to be greater than those intended to be cured.

Timber sales by 1950 were on a dependable sale basis, planned well in advance of the date of sales, well publicized and made on schedule. The problem of providing adequate access was hammered out in 1950, when regulations were implemented which, while violently objected to by some of the timber companies, have been of proven public benefit. These regulations provide that when a timber company applies to cross the O. & C. lands, it is required to let the Government have access to the public lands. This policy is just now being implemented by the Forest Service on the national forests. The ability of all possible timber firms to enter a bid on an equal basis was enhanced by regularizing sales and by providing adequate access.

The Bureau has always used a streamlined method for making timber sales which eliminates the need for laborious timber scaling and frees their foresters for closer supervision of conservation aspects of timber sales.

Timber inventories have been kept up to date and 2,500 permanent inventory plots have been set out on these 2 million acres. Changes in growth rates, rotation ages, and utilization have rapidly applied so that allowable cuts and sales are kept at the maximum level consistent with the proper protection of the sustained yield policy. Today, the allowable cut on the O. & C. lands is slightly over 1 billion board feet.

Through the foresight which has marked the development of these lands since 1937, the use of the surface and subsurface has not been subject to abuse by people who file mining claims. True mining is encouraged and when a patent is issued to a miner the United States retains the surface for timber management.

Reforestation on the O. & C. lands is up to date, thanks to the cooperation between the counties and the United States. This same interest has also resulted in 25 recreational facilities being developed and plans are underway to add 400 more. These will be modest facilities—fireplaces, tables, and other features in a sylvan setting.

The administration of these lands over this last quarter of a century has been a financial success, a social success, a cooperative success, and a conservation success.

In tangible resources, over 1 billion board feet of timber sold yearly now brings in over $25 million in direct revenues. This, in turn, is translated into over $75 million a year for the economy of the region. These figures are small when measured against the great intangible accomplishments.

Far more significant is the effective cooperation of the people of Oregon, in working with the Bureau of Land Management to achieve sound administration of a great natural resource in the public interest.

Since the day when Charles McNary successfully guided this legislation through the Senate, many people have helped to assure its successful operation. The late Walter Horning, Daniel Goldy, Leonard Netzorg, Travis Tyrrell, James Doyle, Russell Getty, and Tom Conklin have played key roles in the Bureau of Land Management. On the advisory boards, many have served but Charles Sprague, David T. Mason, George W. Peavy, George G. Gerlinger, Al Hartung, Kenneth Davis, Julian Viancour, Reginald Titus, George Spaur, Roy Morse, O. K. DeWitt, Glenn Jackson, Joe McCracken, Herb Cox, Bill Tugman come to mind for the influence they have had. In addition, Governor West, Col. W. B. Greeley, Charles Snellstrom, County Judges Day and Moses exerted leadership in the transition period of 1937.

There have been a number of county officials, who over the years have helped achieve the smooth functioning of this program. These include Guy Cordon and Frank Sever, both longtime counsels to the O. & C. counties, Judge Lathrop, Judge Jackson, Judge Harrison, and more recently County Commissioners Ken Nielsen and Mike Gleason, J. J. Geaney, and Darrell Jones. Added to this group, in reality, are all of the members of the advisory boards, the county courts, and the Bureau personnel who have participated in this program, along with the users of these lands.

The administration of the O. & C. lands has been a great success, and I salute those who have made this great record.

I ask unanimous consent that there be printed in the Record at this point an editorial from the Eugene Register Guard of August 27, as well as two articles by Charles Sprague from the Oregon Statesman of September 2 and 3.

There being no objection, the editorials and articles were ordered to be printed in the Record, as follows:

[From the Eugene (Oreg.) Register-Guard, Aug. 27, 1962]

### TWENTY-FIVE YEARS OF SUSTAINED YIELD, AND MORE

The silver jubilee of the establishment of the "O. & C. forests" in western Oregon will be celebrated Tuesday. And, although a special commemorative banquet in Salem will be the ceremonial highlights of the anniversary, this also should be an occasion for Emerald Empire residents to pause, individually, and give thanks.

The O. & C. forests were not literally established in 1937. But in that year Congress put them under the jurisdiction of the Department of the Interior with the stipulation that they be managed on a sustained yield basis. The forests, scattered through 18 counties, were on lands which the Government had once granted to the Oregon & California Railroad Co. and to the Coos Bay Wagon Road Co. The land grants, made during the post-Civil War era as incentives for the construction of railroads to help open up the Oregon wilderness, were rescinded by the Federal Government in 1916. The grant recipients were then judged by Congress to have seriously violated the original terms under which more than 2 million acres had been turned over to them.

But in putting these forest lands back into public ownership, the Congress, in 1916, did a rather slipshod job of providing for their management. Some of them were subjected to extremely destructive cutting practices before the act of 1937 was adopted at the insistence of western Oregonians.

In the intervening quarter-century, O. & C. forests have contributed millions upon millions of board feet of raw material for Oregon's lumber industry. Yet they have been maintained, through reforestation and good management, so that today they comprise an economic asset equally as great as that preserved by the act of 1937. As privately owned timber continues to diminish in volume, the O. & C. forests will, together with other publicly owned forests, be of increasing economic importance. The Bureau of Land Management, operating within the Department of the Interior, administers the O. & C. forests according to modern forestry practices—and not only for the direct benefit of lumbermen and mill communities.

Congress provided that 75 percent of annual receipts from O. & C. timber sales be returned to the counties in which O. & C. forests are located—the rest going to cover the Federal Government's administrative costs. But O. & C. counties have been turning back a third of their share of the sales receipts, in order that the BLM could use these for reforestation, for building access roads—and for the development of recreation roads and camping areas.

This points up an important fact about the "O. & C. success story." It has been the interest of the people of western Oregon, and particularly that of their county officials working through the Association of O. & C. Counties, which has provided extra impetus for the multiple-purpose development of O. & C. forests. In some quarters it is held that the moneys O. & C. counties receive should be considered undeserved windfalls which result in undeservedly light local tax loads. Share the O. & C. wealth schemes keep cropping up in other parts of the State and urged upon the State legislature in various ingenious ways. These schemes ignore the fact that the O. & C. moneys are paid to the counties in lieu of taxes they would collect had the lands been left in private ownership.

And they ignore the fact that good management of the O. & C. forests, abetted by citizens' advisory councils in which all pertinent points of view are represented, is providing extra profits for all Oregonians.

The BLM's stewardship of the O. & C. forests now requires not only the scientific tending of a timber crop upon which Oregon's No. 1 industry must increasingly depend. It involves the preservation of watersheds, wildlife, and scenic beauty. And, with funds that O. & C. counties have voluntarily returned to the Federal Treasury, the BLM is becoming increasingly involved in the promotion of Oregon's third ranking industry, recreation. The Bureau has accordingly announced plans for the eventual development of 420 potential recreation sites in western Oregon.

Emerald Empire residents should be especially aware of all this. And residents of other areas, where the nature of payments to O. & C. counties is imperfectly understood, should ponder carefully any suggestions that these counties be penalized through State tax trickery. Should such penalties be imposed, the O. & C. counties would be virtually forced to keep their full shares of O. & C. timber sale receipts. Either the Federal Government would then have to pick up the bills involved in developing O. & C. land resources for multipurpose public use, or such developments would simply cease.

---

[From the Oregon Statesman, Sept. 2, 1962]

### IT SEEMS TO ME

(By Charles Sprague)

In the course of preparing for a talk at the dinner of the Associated O. & C. Lands Counties, to recognize the 25th anniversary of the enactment of the present law governing administration of these revested lands, I found at the State library a rare and very interesting document. It is the typescript, substantially bound in hard covers and buckram, of the officials proceedings of a conference held in Salem, September 16–17, 1915, to deal with the question of the O. & C. lands, the old railroad grant to the Oregon & California Railroad, to which the Southern Pacific had succeeded.

The date is significant. In June of 1915 the U.S. Supreme Court had handed down an important decision in noncompliance with the terms of the grant. The High Court overruled District Judge Wolverton, who had ordered a forfeiture of the grant. Instead it recognized certain rights of the railroad, but found it guilty of noncompliance and referred the matter to Congress for appropriate action. The meeting in Salem in September followed. It was an attempt to ascertain sentiment in Oregon on what to recommend to Congress.

This was a "blue ribbon" conference. I do not know of any in the subsequent years which drew as large a body of the leaders of Oregon. The call for the conference was issued by Gov. James Withycombe at the suggestion of C. C. Colt, then president of the Portland Chamber of Commerce. Invited were Members of the Oregon congressional delegation, all members of the legislative assembly, Federal officials, all elected State officials, 5 from each county with O. & C. lands, 1 from non-O. & C. counties; 10 each from the State labor federation, the Grange, the Farmers Union; 3 each from the Oregon Development League, the bankers association, the State press; 3 each from 3 other organizations. Not all of the invited guests came, but there were three Congressmen present: Willis C. Hawley, "Pat" McArthur, and Albert Johnson, of Washington. Clay Tallman of the general land office was present and spoke, Henry S. Graves, Chief Forester, sent a letter. Chairman of the conference was W. I. Vawter, of Jackson County. The secretary was the late C. C. Chapman, and presumably to him we owe the provision of a stenographic record and its preservation. Of all the persons present, the only one now living that I know of is the venerable A. W. Lafferty, who had, as attorney, brought suits for settlers who had been turned down in trying to buy some O. & C. land. William G. Hare, Washington County representative, was on the list of those invited, but did not attend. He is still active in law practice in Hillsboro.

I found this document of great value. It opened a window on the thinking of leading Oregonians of that period. Governor Withycombe struck the keynote in his brief opening address when he said:

"We want farmers to be producing prosperity for themselves and for the State on these lands. We want them opened to settlers, development, and taxation."

That epitomized public opinion of the time. All over the West the drive was for settlers, for "development" (which social historians were later to call "exploitation"), and taxation. The old homestead idea prevailed. The land grant had required sales of not over 160 acres per person at a price not in excess of $2.50 per acre. (The present-day drive isn't much different: more settlers, greater development, more taxable property, except that the reach is for industry providing employment, rather than for farmers.)

Another speaker at the 1915 conference was Senator L. E. Bean of Lane County. He said, in part:

"Our purpose and object is and our belief is, that the right thing to do is to put them [the lands] on the market and to put them into private ownership and let them be settled. We want no more forest reserve [Applause.] We have enough."

Oregonians were thinking in terms of settlers on land, homesteaders, ignoring the fact (though some like Os West and State Treasurer Tom Kay referred to it) that most of the O. & C. lands were mountainous, unsuited for cultivation.

Only one suggestion was offered for holding the timberlands as a Government reserve. That came in the letter from Chief Forester Graves, and drew no support at all.

This should occasion no surprise, though it will to the younger generation. Sentiment throughout the West wasn't friendly to the national forest measure. They stifled "development" and kept land off the taxrolls.

What to do with the lands in the O. & C. grant? Southern Pacific Attorney P. F. Dunne made a speech asserting the railroad had been confirmed in its title, that, while terms of sale of lands were defined, it was not compelled to sell at any time, and advanced the theory that it could sell off the timber and then dispose of the lands. He invited appointment of a committee from the conference to confer with the railroad and try for "some adjustment," "like two gentlemen." His view had support from two lawyers, ex-Senator Charles W. Fulton and Walter L. Tooze, Jr. But ex-Governor Os West, who followed Dunne, gave a vigorous reply to the latter's claims.

West had a concrete plan to offer: classify the lands; open farmland for settlement, mineral lands for development; sell all the merchantable timber of appropriate sized tracts to the highest bidder. This would put lands on the tax rolls. Put the funds after settlement of claims in the State school funds for loans to irrigation projects (a favorite of West's) and loans to "small farmers and struggling settlers" at low rates of interest.

Tom Kay gave a very practical address. He wanted the property sold and the money put in the irreducible school fund.

The trouble was that these Oregonians regarded these lands as belonging to the State. They failed to see that Congress might very well simply restore them to the public domain. And no one seemed to think of public retention of the timberlands and selling only the timber. In those days that would have been political heresy.

What did the conference do? Its resolutions, offered by Judge H. H. Hewitt of Linn County, asked Congress to define the term "actual settler" used in the grant act, and to require the railroad to sell the land according to the terms of the act to "actual settlers." The resolutions said, "we are unalterably opposed to any further increase in forest reserve in Oregon." Then the conference appointed a committee to confer with the Southern Pacific; a blue ribbon committee: Governor Withycombe, Secretary of State Ben Olcott, Treasurer Kay, Chairman Vawter, Senators Bean and Sam W. Garland, of Lebanon, and C. E. Spence, master of the State grange.

What did Congress do? In 1916 it passed the Chamberlain-Ferris Act to reclaim the lands, vesting ownership in the Federal Government, but authorizing sale of the lands, looking to settlement on the farmlands and liquidation of the timberlands.

How this policy was changed in the act of 1937 calls for another column.

---

[From the Oregon Statesman, Sept. 3, 1962]

### PART II—SETTLEMENT OF O. & C. LAND QUESTION

(By Charles Sprague)

In Sunday's column I reported on a Salem conference on O. & C. Lands, held in September 1915, which adopted resolutions calling for sale of the railroad grant lands to "actual settlers" and opposed setting them up in a "forest reserve." The next year Congress ordered the revestment of the land grant in the Federal Government, the sale of tillable lands to settlers and liquidation of the timberlands. It also provided for satisfying the claim of the railroad at $2.50 per acre, and undertook to satisfy the claims of counties for taxes that had become delinquent and to provide a continuing 50 percent share in proceeds.

What with these prior obligations and lack of demand for O. & C. lands and timber, the 18 O. & C. counties failed to get revenues to match their tax losses, so they called for a change. The Stanfield Act of 1926 provided for payments in lieu of taxes, but this failed to yield income in the depression days of the 1930's. So in 1937 there was demand for a general revision of the O. & C. laws.

Meantime, it had been learned that there was comparatively little tillable land in the revested grant; and, with timber a glut on the market, there was little interest in the timberlands—in the 1930's thousands of acres of privately owned timberlands reverted to the counties for nonpayment of taxes. In that period, Secretary Ickes of the Department of the Interior, stung by charge that the O. & C. lands were not being properly managed, set some of his staff to work on a bill calling for "sustained yield." This was a new term in forestry in the United States. It was a new concept also, that timber was a crop; that timberlands should be managed to yield a steady harvest of logs. It was a reversal of the old idea of "cut out and get out" which had left northern Michigan and northern Minnesota pretty much a wasteland after their pine forests were cut.

With the counties pressing for back payment and assurance of regular revenues, a bill was presented in 1937 whose title I carried the Interior Department idea of management of the lands, and title II provided for distribution of the revenues—the counties to receive 50 percent until the prior obligations to the Treasury were met, then 75 percent. (When this point later was reached the counties wisely acquiesced in annual diversions of this extra 25 percent for use in building access roads, and then for spending on reforestation and recreation facilities.)

What was the sentiment in Oregon on this type of legislation in 1937? Whereas the 1915 conference had called for putting the lands in private ownership as fast as practicable, opinion had changed to favoring retention of the lands by the Government and management under sustained yield. In part this may have been prompted by the burden of taxes and interest felt by private owners as they waited for a market for their timber. Also there was a change in attitude on the subject of forest reserves.

This change was indicated in the testimony offered by David Mason, veteran forester of Portland (who at the O. & C. advisory board meeting last Tuesday gave an excellent review of the history of the grant and its management). Mason appeared at a congressional committee hearing on the bill. He spoke as chairman of the Committee on Forestry of the Pacific Northwest Planning Commission. He recommended that the bill provide (a) for sustained yield forest management (including authorization to participate in cooperative sustained yield units) and (b) for homestead settlement only on lands described primarily for agricultural purposes.

Even more striking in revealing the change in opinion was the testimony of W. B. Greeley, onetime U.S. Chief Forester, then manager of the West Coast Lumbermen's Association. He testified as follows:

"Now, the viewpoint of the great majority of the lumbermen I represent, the lumbermen of Oregon, living in there, many of them using Oregon and California timber, is that the time has come when the Government should change its whole attitude toward this tremendous forest problem, and instead of disposing or liquidating or getting rid of the resources as rapidly as markets will permit, we ask the Federal Government to adopt the policy of conserving a trust, and to put it in the simplest everyday terms, we would like to have the Federal Government regard itself as trustee for a very valuable property under restrictions from the owners, the people, to conserve the productiveness of this property as a perpetual resource of the country in the State of Oregon to utilize its income; to distribute its income under title II in whatever is an equitable and fair way, but to conserve the productiveness of the property, just as if you gentlemen were trustees conserving an estate. That is what sustained yield means; it means instead of eating up capital, the principal of an investment, that we are going to live on the interest, that we will keep the capital unimpaired."

Other Oregon lumbermen who spoke in favor of the legislation were Charles Snellstrom, Lane County lumberman, and George T. Gerlinger of Dallas and Portland. Speaking in behalf of the counties were County Judge Earl B. Day of Jackson County and ex-County Judge Victor P. Moses of Benton County.

So the bill was passed, and since then has provided the legislative basis for managing the O. & C. lands and distributing the revenues therefrom. In the Eisenhower administration a settlement was reached on the longstanding issue of lands that had been due the railroad but had been included, before being patented, in national forests. The agreement allowed the Forest Service to manage the lands with the proceeds to be divided according to the O. & C. formula.

As far as cooperative sustained yield units are concerned (the chosen instrument concept) none has been created. So much protest was heard from smaller units of the lumber industry at a 1948 hearing on a proposed unit with Fisher Bros. of Marcola that the idea became dormant. A few years ago a change in marketing was made when former restrictions to primary users within the several master units was dropped. This permits sales to any buyer, on competitive bid.

In the 25 years since the present governing act was passed, the administration of the lands under the Bureau of Land Management has shown great progress. The principle of sustained yield is fully respected. The counties, thanks to the increase in lumber prices, have realized far more than they ever dreamed of. The lands promise to be a continuing resource for the benefit of the O. & C. counties and for the economic welfare of all the people, thanks to the change of sentiment between 1915 and 1937.

Mr. MORSE. Mr. President, I close by asking unanimous consent to have inserted in the RECORD a letter to the Secretary of the Interior in which I have suggested that one of the O. & C. forest units be named for the late Senator from Oregon, Charles McNary.

There being no objection, the letter was ordered to be printed in the Record, as follows:

> September 10, 1962.
>
> Hon. Stewart Udall,
> *Secretary, Department of the Interior,*
> *Washington, D.C.*
>
> Dear Mr. Secretary: In marking the 25th anniversary of the O. & C. Sustained Yield Act, we are commemorating a most successful venture in resource conservation.
>
> The late Senator from Oregon, Charles McNary, who was born in Marion County, Oreg., in 1874, was instrumental in securing the passage of this wise forest law.
>
> His achievements for forestry are not limited. Reforestation, fire protection, forest management, and sustained yield all bear his imprint in laws he implemented.
>
> As far as I know, there is no public forest which carries his name. It would be most fitting, therefore, for you to consider designating one of the O. & C. management units as the Senator Charles McNary Forest.
>
> I know that this action on your part would serve as an inspiration throughout the years to those who benefit from Charles McNary's devotion to wise forest use and would create a safeguard for the principles for which he stood.
>
> Sincerely yours,
>
> Wayne Morse.

Mr. MORSE. Mr. President, there would not be an O. & C. law, there would not be this proud record, if it had not been for Charles McNary. It was he who pulled together the conflicting points of view and hammered out the legislation which created this great conservation legacy. It is fitting and proper that we place his name indelibly on a forest management area. He has earned the privilege, but, even more, we have this obligation.

Mr. President, during my 18 years in the Senate I have worked faithfully for the development and protection of the interests of the great O. & C. heritage, as I prefer to call it, not only for the benefit of the people of Oregon and of the Pacific Northwest but also for the benefit of all the people of the Nation, because as a person walks into the great O. & C. forests in my State he walks into a natural cathedral of God himself.

As I have said many times, we have a great trust and obligation to see to it that we carry out the vision of Charles McNary in respect to the potential of these forests, so that we will leave as a legacy to future generations of American boys and girls a great sustained yield program in our timber resources, so that they, too, may have not only a perpetuation of these natural cathedrals but also the necessary lumber supply so that their life wants may be fulfilled.

Mr. President, in closing I salute the many wonderful citizens of my State who have built up this great natural resource we know as the O. & C. forests of Oregon.

## CUBA AND AMERICAN POLICY TOWARD CUBA

Mr. HUMPHREY. Mr. President, many Members of this body have expressed their feelings and their points of view about the situation which pertains in Cuba and American policy toward Cuba.

On the date of September 7 I issued a press release relating to some of the developments in Cuba, as follows:

> The statement of the Republican leadership on the situation in Cuba is welcomed. For the past few days, some spokesmen for the Republican Party have indulged in emotional and irresponsible comment on Cuba. The recommendation of Republican leaders today represents a calm and reasoned approach.
>
> Our policy on the possibility of Cuban aggression is clear. The President has stated repeatedly that the United States would move quickly in the event of any Cuban aggression against our Latin American neighbors. We will first go to the Organization of American States asking for prompt and effective police action to repel such an attack. If the OAS refuses to take such a step, the United States would act alone, taking whatever measures are necessary.
>
> Cuban military power does not present a real threat to the security of the United States. U.S. naval and marine forces in the Caribbean area could smash the entire Cuban military establishment in one major blow.
>
> Castro and his sponsors need to be told that the United States will not hesitate to use its power to crush any Cuban military aggression against the United States or any Latin American State.
>
> The President's request for authority to call up Reserve Forces is one more distinct reminder of our firm position. This is a precautionary move and it is quite proper that the President has called upon Congress to share in this important decision.

Mr. President, the debate over Cuban policy continues to be waged. The Republican leaders, as a result of their conference during the past week, have issued what I consider to be a reasoned and responsible approach to this question. Nevertheless, there have been individual statements which do not seem to fall within the confines of the policy statement issued in the past week,

The President of the United States has spoken definitely and succinctly about our policy relating to Castro. I quote one of the President's statements:

> The Castro regime will not be allowed to export its aggressive purposes by force or the threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere. The United States, in conjunction with other hemisphere countries, will make sure that while increased Cuban armaments will be a heavy burden to the unhappy people of Cuba themselves, they will be nothing more.

The Minneapolis Star of Friday, September 7, editorialized on this statement by the President. I thought the editorial was extraordinarily good and sensible. I should like to read certain portions of it into the Record.

The editorial comments upon President Kennedy's statement to the effect that the Castro regime will not be allowed to export its aggressive purposes by force or threat of force. The editor of the Minneapolis Star said:

> That's the essence of U.S. policy toward Cuba as stated by President Kennedy in the face of Soviet provocation in the form of growing military aid to Castro and in reply to stepped-up pressure from critics calling for "action" now. It still seems the proper policy—morally, militarily, and politically.

I digress to point out that this newspaper does not always support the President, and surely not on domestic matters. It is a very responsible newspaper in the field of foreign policy, in particular.

It is reassuring, in the light of some of the emotional attacks which have been made upon the President and the policy toward Cuba, to have one of the leading newspapers of the Midwest so clearly announce its policy of support of the President.

The following statement relating to President Kennedy's policy is to me a very fine and reassuring commentary by an important publication:

> It still seems the proper policy—morally, militarily, and politically.

The editorial further states:

> Even assuming that we could shrug off the immediate worldwide political repercussions of a unilateral U.S. invasion of Cuba, could we be confident of a quick, clean military success?

At the conclusion of the editorial the editor notes:

> No, there are other, better ways than invading Cuba to contain Castro and his Russian Communist arms and agents. If the United States (1) through political and, if necessary, military action (2) alone and, where at all possible, "in conjunction with other hemisphere countries," prevents Cuba "by whatever means necessary" from using Red weapons to assault vulnerable Latin American neighbors, the whole noisy Castro-Communist arms buildup will be shown up as a futile, costly bluff.

I ask unanimous consent that the full text of the editorial may be printed in the Record.

The PRESIDING OFFICER (Mr. Morse in the chair). Is there objection to the request by the Senator from Minnesota?

There being no objection, the editorial was ordered to be printed in the Record, as follows:

> United States Versus Cuba
>
> "The Castro regime will not be allowed to export its aggressive purposes by force or the threat of force. It will be prevented by whatever means may be necessary from taking action against any part of the Western Hemisphere. The United States, in conjunction with other hemisphere countries, will make sure that while increased Cuban armaments will be a heavy burden to the unhappy people of Cuba themselves, they will be nothing more."
>
> That's the essence of U.S. policy toward Cuba as stated by President Kennedy in the face of Soviet provocation in the form of growing military aid to Castro and in reply to stepped-up pressure from critics calling for "action" now. It still seems the proper policy—morally, militarily, and politically.
>
> Even assuming that we could shrug off the immediate worldwide political repercussions of a unilateral U.S. invasion of Cuba, could we be confident of a quick, clean military success?
>
> No one can say yes. Cubans generally were unable and/or unwilling to rise against Castro in support of the attempted invasion of April 1961, and that was carried out by Cubans.
>
> Granted that more have become disenchanted with Castro since then. Still, not many Cubans would have to take to the hills with Castro to fight the "Yankee invader" to give us a nasty taste of what poisoned the French in Algeria.

In almost 8 years, more than 400,000 French troops were unable to defeat a few thousand Algerian nationalists who had far fewer arms than Castro possesses.

If the fight lasted for months, or years, how would the American image fare abroad? Or in our own hearts?

And if vital elements of our ground forces were bogged down in Cuba, what would happen on our other frontiers, in Europe (Berlin) and Asia (South Vietnam)?

No, there are other, better ways than invading Cuba to contain Castro and his Russian Communist arms and agents. If the United States (1) through political and, if necessary, military action (2) alone and, where at all possible, "in conjunction with other hemisphere countries," prevents Cuba "by whatever means necessary" from using Red weapons to assault vulnerable Latin American neighbors, this whole noisy Castro-Communist arms buildup will be shown up as a futile, costly bluff.

Mr. HUMPHREY. Mr. President, not long ago—I believe Monday of this week—according to the New York Times, one of our distinguished colleagues, the Senator from New York [Mr. KEATING] indicated, at least as the press report stated, that "a horse trade" with the Soviet Union on Cuba and Berlin might be in prospect. "He branded any such move as a betrayal," is what is stated in the New York Times article.

I am pleased to note that after the majority leader had spoken on this question and had made it crystal clear that he knew of no policy on the part of this administration which would effectuate "a horse trade" on Cuba for Berlin, or vice versa, the Senator from New York made it clear that he also knew of no such policy. But he had heard it rumored, and therefore he felt he should call it to the attention of the public.

I wish only to say that in these critical hours it is very important that our statements be carefully thought out, that they be prudent, cautious, and always responsible. One can hear rumors about anything. What is more important is the facts.

The policy of this Government has been stated by the President of the United States. Let it be crystal clear from this spokesman on this side of the aisle, from one who has been privileged to talk to our President and to visit with and talk to the Secretary of State, that no deal is in the works on anything. This is a "no deal" administration. We do not intend to deal.

This administration has responsibilities; this Government has responsibilities; this Nation has responsibilities for freedom and for national security; and those responsibilities are not subject to an off-the-cuff deal on any particular item.

I am pleased to note that this rumor has been set at rest. But we must not permit such rumors even to gain currency, because they do nothing but injury to our national cause.

(At this point Mr. PROXMIRE assumed the chair as Presiding Officer.)

Mr. HUMPHREY. Mr. President, I think it is ridiculous, and insulting to the American people for grown men to wring their hands publicly about Cuba's being a military threat to the United States. There is enough American firepower afloat off the coastline of Cuba at any one moment to destroy every major Communist installation in Cuba in a few hours. We know exactly where those installations are. Castro is well aware that we know it.

I visited with the fleet task force near the base of Guantanamo 15 miles off the coast of Cuba and observed two powerful aircraft carriers which are there every hour of the day. Both of those aircraft carriers carry from 75 to 100 of the most modern twin jet powerful bombers. Mr. President, there is more potential firepower in those aircraft carriers than all the firepower used in World War I and World War II. It is nuclear power. If Mr. Castro wants to play soldier and trade off his Cuban sugar and his Cuban food at the expense of his own people for second-rate Soviet arms, let him stand before the world as having been outmaneuvered, outtraded, fooled by the Soviet Union and having betrayed his own people. That is what we ought to be pointing out.

Let us not build up Dr. Castro as being a great military power, because he does not represent a military power. He is no Napoleon, and Cuba is no France.

I say to my fellow Americans that the United States of America stands before the world today as the most powerful military nation the world has ever known. I do not believe that it does us any good constantly to underrate ourselves or stand in fear and trepidation of what I call a political nonentity in terms of actual power in a military sense—Cuba under the Castro regime.

I do not underestimate the fact that there are missiles, intermediate and short range. But I do know—and so does every other Senator who wants to know—that we have it within our capacity, without even so much as violently flexing a muscle, to destroy every single military installation in 1 day.

So I do not want the people of my State to lose a night's sleep worrying about the might of Cuba.

It is misleading and mischievous to say that Cuba represents a military threat to the United States. Castro can triple or quadruple his imports of Soviet technicians and arms without requiring us to assign a single additional destroyer or fighter squadron to our Caribbean forces.

The United States has overwhelming military power around Cuba. I do not speak from theory or merely from reading newspapers. I have been there. I have been with our task forces.

I have been in Guantanamo. I have talked with the commanders of the Air Force and the Navy. I have been with the fleet. Anyone who has had that experience does not stand in fear of what Mr. Castro can deliver. We have such overwhelming military superiority that it is almost, as I said, ridiculous even to talk in the same language, in the same sentence, and in the same paragraph about Castro's military power. Fidel Castro cannot launch a single aggressive mission against the United States without unleashing a storm of retaliation. He knows it.

The jingoists who have been shouting for an invasion of Cuba know that also. I say they are being thoroughly dishonest and cynical in their call to arms. Like characters in search of a role, some partisan spokesmen are seeking to make Cuba the prime issue of the 1962 congressional elections. In the course of this debate responsible suggestions have alternated with more questionable tactics and accusations.

I have paid my respects to the responsible suggestions that were offered by the Republican leadership here the other day. I was one of the first to speak out and commend them for their sense of responsibility.

There is no doubt that some of the jingoists of the GOP would like to take the Cuban ball and run with it—regardless of the effect on our bipartisan foreign policy. Aside from the fact that this is no way to win votes, such a campaign would produce self-satisfied smiles in Moscow and would damage the free world position from Berlin to Vietnam.

We cannot brush off houseflies with sticks of dynamite. And we do not write off our friends in Latin America with an impetuous display of lost temper.

These totally irresponsible cries of "wolf" about Cuba's military strength are apt to confuse our people so thoroughly that they will not respond to the challenge which the Soviet penetration of the hemisphere through Castro communism really represents. That challenge is serious, and it must be met with steady resolution and calm determination.

No one can rightfully accuse President Kennedy of concealing these policy considerations from the American people. The President has said clearly and unambiguously that the United States will use whatever means may be necessary to protect our forces around Cuba and to prevent Cuban aggression anywhere in the Western Hemisphere. Far from being dead or abandoned, the principles of the Monroe Doctrine have been espoused by the Organization of American States and are directly aimed at Communist subversion in this hemisphere. No one in this administration looks with equanimity upon the influx of Soviet aid to Dr. Castro. But there is no question that this aid is primarily a desperate effort to salvage Cuban communism—a communism, may I say, that is sinking pretty rapidly in the quicksand of its own mismanagement—which has proved to be an alien growth even in the neglected soil of Latin America. The more Castro begs from his Marxist-Leninist friends, the more deeply entangled he becomes in a web of his own weaving.

### A PROFREEDOM PROGRAM FOR THE CARIBBEAN

Before taking any irrevocable action, therefore, Dr. Castro should have a few elementary facts clearly in mind. He should know that certain actions entail certain inevitable consequences—all of them disastrous to the Castro dictatorship.

First. Castro should know that any aggressive move against our planes, or ships, or installations—electronically or in terms of the actual use of force—will be met with immediate counterforce The United States will respond with the degree of force necessary for self-defense and for neutralization of the source of aggression.

Similarly, he should know that any military attack against the United States or its possessions will bring a crushing counterattack by American forces which are poised to repel aggression. The same would be true in the case of an attack against the forces and territories of any of our neighbors in the Caribbean or the rest of Latin America. The Castro regime could not possibly survive such an onslaught. Nor could any conceivable amount of outside assistance deflect or soften the blow.

Secure in its knowledge of the peaceful intentions of the U.S. Government, the official mouthpiece of the Soviet Union has threatened to turn any armed conflict over Cuba into a worldwide nuclear holocaust. Rocket rattling without pain has been a Soviet monopoly ever since the Suez invasion of 1956. It will have as little effect in the current situation as it did 6 years ago. In dispensing its breast-thumping threats, the Soviet Union is behaving in as ridiculous a manner as those Americans who have also worked themselves up into an emotional lather about Cuba. No responsible official of the Kennedy administration contemplates any invasion of Cuba, and the Soviet Union knows it. This is nothing but more vain, empty Soviet saber rattling—for Cuban, and, I imagine, for Russian consumption. Khrushchev is setting up strawmen to knock down.

Regrettably, some of our fellow countrymen are helping him do it.

Second. Mr. Castro should know that any aggression against his neighbors will evoke an immediate collective response by the entire OAS. In such a case the United States will work closely with its OAS allies. If, however, no concerted response can be agreed upon within a brief period of time—say, within 24 to 48 hours—then the United States will take unilateral action to preserve the integrity of a threatened ally.

The Latin American area is broadly divided into what we call the southern cone and the Caribbean area. We have friends in the Caribbean area who are willing to stand up and to be counted. There is Venezuela, under the Presidency of Mr. Betancourt. There is Colombia, whose new President only recently visited this country and who pledged his fidelity to the principles of the Organization of American States.

Colombia is an ally of ours. We have friends in Central America. I suggest that a good deal more attention be paid to them. Those countries and their peoples do not intend to see the spread of Castro's communism and his movement into those areas. We can call on them. However, we need to have programs and plans, and we need to have foresight, and we must be prepared to act quickly.

This is a program of action to counter overt military aggression in the Caribbean area. But what about the cancerous growth of Castroism among the slums and the blighted villages of Latin America? Fidel Castro is the embodiment of a destructive force which is seeking a political outlet throughout the continent. It can be channeled only through the sweeping social and economic reforms which lie at the heart of the Alliance for Progress. There is no more urgent task, therefore, than to revitalize the Alliance. This task takes priority over our concern for Castro as an individual. It is vital for the future well-being of Latin American and for the stability of the Western Hemisphere.

Above and beyond the Alliance, the United States has to undertake a psychological and economic effort unparalleled in our history. We must strike Castro at his weakest point—his dismal failure among his own people.

I am not satisfied with either the efforts of the Alliance for Progress thus far or with our so-called information and propaganda programs. We are not doing the job that needs to be done. In this body and elsewhere more questions should be asked about what is being done along this line.

### STEPPED-UP VOICE OF AMERICA

First. This means, first of all, an unprecedented campaign to educate the Cuban people in the shortcomings of communism and the reasons for its failure. This could be done without uttering a word of falsehood or exaggeration. The Cuban people are tired of working for a golden age of plenty which keeps receding into the future. The Cuban people know the cost of maintaining, much less the cost of producing those arms.

The Cuban people know from practical experience what is wrong with communism. But they need to be shown the tremendous gulf between their living conditions and the progress being made by free countries in association with the United States.

How many times, for instance, has the Voice of America reminded Cubans' of the fact of shoe rationing on their island? How many times has it told them that their agriculture has been reduced to the same depressed standard as that of their Communist partners? How often are broadcasts beamed to the urban workers of Havana, Cienfuegos, and Santiago—workers in whose name the Cuban revolution was staged but who now are among the chief victims of the revolution? Day in and day out the truth about freedom should be drummed into the consciousness of the captive Cuban people. We have the facilities to inundate Cuba with the truth. What evidence is there that our radio and television transmitters have been operating at full capacity to bring the truth to Cuba? How much effort and imagination have gone into programing for Cuba? Have we made full use of existing technological innovations? Until these questions are answered satisfactorily, we cannot relax and say that we have done our best to thwart the purposes of Castro communism.

It is at this point that the attention of Congress is necessary. Our military power is unquestioned and unequaled. The problem is in terms of our informational and educational and economic policies. These need examination. Let us therefore give USIA an opportunity to be specific in its broadcasts to the Cuban people about what will be happening a few miles from their shores—in the Alliance for Progress. We can step up our already impressive efforts to reach the Cuban people directly. The American people should know that since the Kennedy administration has come into office, the hours of Voice of America shortwave being broadcast in Spanish have increased from 1 hour per day under the previous administration to 9 hours daily. This is a substantial improvement. I do not say that it is enough.

Much more needs to be done. At least there is a record of accomplishment. Three of those hours are specifically programed for Cuba. All nine can be heard on Cuban shortwave sets. What is needed, however, are more successful action programs on the Alliance for Progress that the Voice of America can talk about to the Cuban people, giving the Cuban people alternatives, alternatives that they understand from their own experience, alternatives in their own region, in their own area.

### DOMINICAN REPUBLIC CAN BE A DEMOCRATIC SHOWCASE

Second. One of the best ways of feeding the hopes of the Cuban people is to show them that they can shake off the yoke of dictatorship and can prosper in democracy. At the very doorstep of Cuba there is a nation—the Dominican Republic—that has recently passed from totalitarianism to democracy and is struggling to make a go of it. I say that we have an historic mission to put the fledgling Dominican democracy on its own two feet. There could be no better living example of the advantages of freedom over slavery in the Caribbean area.

For years the Dominican Republic was corrupted by the dictatorship of the Trujillo family. We finally saw the people of the Dominican Republic throw off the dictatorship. Other areas of Latin America have suffered the same fate. Argentina was an example under Peron and Peronism. The people of Cuba are fully aware of this fact. We must show them that when people throw off a dictatorship and cast out the dictator, by whatever means necessary, there is a promise of a better life—not only a promise, but also a fulfillment of it, and very quickly.

One of the real problems in our country seems to be that we are always in a hurry about something at home, but seldom in a hurry about anything abroad. We need a sense of urgency in these matters. I repeat that we have a historic mission to put the fledgling Dominican democracy on its own feet.

I propose that we set as our primary goal in Latin America for the next 12 months the establishment of a showcase for democratic progress in the Dominican Republic.

I have spoken privately, as a Senator, with representatives of the responsible agencies of this Government to get on the move with these efforts.

We have surveyed Latin America to death. We have had one task force after another going from country to country. One of the real problems today is the timidity that besets people in the administration. I suggest that we need the boldness required to win a war, because we have a war on our hands—a war of Communist subversion and penetration; a war against poverty and disease and economic difficulty. We need to win that war, and we need to win it decisively and dramatically. So I suggest that we have planned and studied long enough. Now is the time for dramatic action. Let us get on with the job.

I say to this administration that I loyally support it; but if I hear of any more task forces studying Latin America—and I want my voice to get as far as the State Department right now—I will stand up in this body and condemn it again and again. What we need is not task forces; what we need are action programs. It will not be hard to forgive a few mistakes if we are doing something; but there are so many who want to study that one would think they were slow learners. I suggest that the time for study is past; the time for action is here.

Mr. President, we need an Inter-American police force. We have talked about this before. We need to take this proposal to the Organization of American States and encourage the development of such a police force.

A hemispheric police force should be created to fight the Castro virus in the Caribbean and elsewhere. The Organization of American States should form an international brigade consisting of battalions from all the member states which recognize the danger of communism for what it is. We can get those battalions. We have loyal friends.

Specifically, we must take the leadership in the OAS to counter the most likely leapfrog of Castro communism—the jump to the Republic of Haiti, which shares the same strategic island with the Dominican Republic. I claim no prophetic vision; but I am at least an interested student of international relations. Anyone who studies Latin America and does not understand that the possibilities of revolution and revolt are prevalent in Haiti is one who understands little or nothing about social and economic forces. I warn this Government now, from the Senate floor, as I have done privately and by letter and word, that we need to be prepared for a leapfrog effort on the part of Castro to jump over the Dominican Republic into the Republic of Haiti and establish a force of Castroism in that half of the island.

If the brutal and corrupt dictatorship of President Duvalier in Haiti should come to an end, this could be an open invitation for Castroite intervention. I think that dictatorship should come to an end. I have been protesting our cooperation with Haiti for many months, because I consider that Government unworthy of our trust and our faith. But if that dictatorship comes to an end, we must be prepared and willing to work with responsible democratic leaders in Haiti to prevent the establishment of a Castro-type regime, which is another form of dictatorship, that would replace the dictatorship of President Duvalier.

The chaos in Haiti could spread to the Dominican Republic if Castro forces should move into Haiti, and a six-alarm fire would rage throughout the Caribbean area. In order to forestall this development, the Organization of American States should have firefighting equipment ready to act on a moment's notice. We should request from the OAS an international police force ready to come to the aid of the leaderless Haitians in the event that Mr. Duvalier takes the bloody fall that seems inevitable. If we cannot obtain such an agreement, we should be prepared to prevent the substitution of a Castro-directed dictatorship when the present regime topples. If the OAS refuses to take such preventive action, we must be prepared to act on our own.

I offer another suggestion. I submit that we need an agreement on embargo and trade with Cuba. We must take all the steps necessary to weld a cohesive inter-American and NATO policy on trading with the Cuban regime.

### AGREEMENT ON EMBARGOING TRADE WITH CUBA

Fourth. We must take all steps necessary to weld a cohesive Inter-American and NATO policy on trading with the Cuban regime. The Cuban economy is in deep trouble. It has been mismanaged to the point of near collapse. If the Russians want to drain their own sparse economy—especially their hard-pressed agriculture—in order to bail out the Cuban economy, then let us have the peaceful competition that Khrushchev is always talking about. Let the Russians support the Castro regime, and let us support the Dominican democracy, and help our neighbors to the south, as well, to rise from poverty and disease and ignorance. If we can support the brilliant beacon light that West Berlin represents to the Soviet's eastern European satellites, how much easier it will be to point up the shocking contrast of the Castro Communist failure with the success of the Alliance for Progress.

But this requires that the Alliance for Progress have a priority position; that nothing be permitted to stand in the way of its success. A nation that has committed its whole power and honor to our presence in Berlin, where we face the Communist menace, ought to be able and willing to make an equal commitment to the preservation of freedom in this hemisphere. Any commitment less than that is inadequate.

Although a naval blockade of Cuba may not be desirable at this time, Castro should know that we will discourage by all diplomatic means the shipment of military and strategic supplies to Cuba via free world transport. Some of our NATO allies have been excessively lax in putting profits before the larger interests of the free world.

I think it is time for plain talk with our allies. We are having to carry the overwhelming burden of the cost of defense for the free world. I have loyally supported NATO, and shall continue to do so. It is easy for the leaders of other countries to tell us what to do and to criticize us when we even speak to the Russians; and to indicate through their press and their news media that somehow we may be growing soft. But I submit that it is this Nation that is carrying the manpower burden, the equipment burden, the finance burden, for the defense of the free world. I think it is time for our President to say very frankly that profits and trade with Cuba violate the spirit of our common defense.

I think it is time for the President of the United States to say to every one of our allies that trading with Cuba for private gain and profit violates the spirit, the intent, and the letter of our alliance with other free nations, and we ask our allies to terminate that trade now. This will have much effect throughout the world. They represent a policy statement on the part of this Government that is much needed, and, in a real sense, long overdue.

However, the United States will not sit by idly and watch the traffic in chains for Cuba.

Mr. President, there may be a day when we shall have to intercept shipping and examine cargoes, because if Cuba continues to build up its military power, although it is not a threat to the United States, it represents an aggressive threat against its neighbors, the smaller nations.

### AID TO FRIENDS OF FREEDOM

Mr. President, now let me say a word about aid to the friends of freedom. My fifth point is that we must make clear to both friend and foe throughout Latin America that we are prepared to give aid and comfort to all those who wish to resist Castro communism and who are also friends of freedom. If democratic regimes fear assassination, we have specialists to help counter such threats. If free regimes need our assistance against Castro-type guerrillas, we should stand ready to assist with counterinsurgency support. We should reaffirm our policy of asylum to Cuban patriots. We should redouble our efforts to encourage the formation of a responsible and democratic Cuban Government-in-exile.

Indeed, the United States has a moral commitment to aid those Cuban patriots who seek their own freedom and are prepared to shed their blood for their country. The United States should help such people both directly and indirectly—although always with the proviso that they share our democratic values and are honestly seeking the welfare of the Cuban people.

### INSISTENCE ON GENUINE REFORM

Sixth. There are those who talk of "getting tough." It is, indeed, time to get tough—to get tough with the selfish, blind interests in Latin America who apparently prefer losing their wealth in a bloody revolution to investing their wealth for the benefit of their countrymen.

We must get tough with swaggering irresponsibles in these very Halls of Congress who are willing to destroy the entire Alliance for Progress, in order to make political capital.

It is time to take a hard line with those allies of ours who are willing to give lipservice to the idea of hemispheric solidarity, but who, as I have said, will trade with anyone—even a Castro—for profit.

Finally, it is time to get tough with ourselves, as well: to face up to the implications of the monstrous weapons systems that are being created and the terrible disaster that a war with nuclear weapons will mean for all mankind. We cannot lightly commit acts of war. When we fight—and the Soviet leaders know that we have fought and we will fight for our honor, for our national security, and for the freedom of other peoples—we fight when all other courses of honorable action are exhausted. We must not permit Cuba's proximity to the mainland of this country to obscure the hard fact that American fighting men may well face the immediate threat of Soviet power in the next months on the corridors into Berlin, against first-class weapons and in the face of overwhelming odds. Those who are so anxious for us to involve our troops in Cuba should pause to consider whether we should, rather, be gathering our forces for the defense of far more vital interests than the presence of a friendly regime in Cuba.

Fidel Castro is the camel nose of communism under the tent of Western Hemisphere security. He is an irritating noisy nuisance, but he is not a mortal danger to the United States. We do not have to burn down the tent in order to deal with him. We do not have to jeopardize our position in other crisis areas around the world in order to concentrate our attention on Castro. I repeat that we have the force to crush the Cuban dictator and all he represents if he interferes, or allows others to interfere, with our space program at Cape Canaveral, or if he in any way commits an overt act of aggression. The same holds true for any other activity which threatens or involves our national security; and I, for one, want to support the President of the United States in taking these stern measures.

Above all, however, we must realize that the real battle for democracy in Latin America will be fought in the slums, the villages, the canefields, the mines, and the factories of our neighboring continent. There can be no letup in this critical, long-term struggle.

Yes, Mr. President, I say that our Nation is deeply concerned about Castro, his menace, and the menace he represents. But I want my countrymen to be obsessed with the realization that the real problem of Castro is but the ugly symbol of the problems of Latin America. We need an obsession with the lack of opportunity which exists in many areas in Latin America, and we need to become excited about the dangers which flow from poverty, slums, sickness, illiteracy, and economic despondency and despair.

I submit to the Senate that any military action on our part will be far more costly in terms of dollars and goods, to say nothing of human lives, than any economic or social program which we may launch in the Western Hemisphere.

So, Mr. President, in summary, I point out that we stand with the strong shield of the powerful arm of our national defense structure, prepared to prevent aggression by any power anywhere in the world and prepared to stop Castro and all he stands for dead in his tracks.

But, Mr. President, we are also prepared, after having developed that shield of our national security, to extend the hand of friendship and of cooperation and of economic and technical assistance to peoples who are trying to lift themselves out of their own mire and their own troubles, to peoples who are attempting to build strong societies and free societies.

It is in this way that I believe we meet the real menace of Castroism and communism in this hemisphere—not only to be strong in terms of physical power, but also to be strong and girded for action in terms of economic power, political power, and social power, because what the world wants from us today is not merely a demonstration of our military capacity, but, more importantly, a demonstration of our political and social capacity to offer a better alternative to the world than any dictatorship or any form of totalitarianism.

**Mr. KEATING.** Mr. President, I shall not delay the Senate at this late hour.

Unfortunately, I did not return to the Chamber until the distinguished Senator from Minnesota [Mr. HUMPHREY] had been speaking for some time. So I did not hear all of his remarks. However, I shall read all of them with interest in the RECORD.

I did hear the latter part of his remarks, and I commend him for many excellent suggestions about ways to deal with the menace presented by Castro's Cuba.

If the Senator from Minnesota will refer to the speech I made the other day, he will find that I made many of the same specific recommendations. The recommendation of support of the Cuban Government-in-exile—which also has been suggested on the floor by the Senator from Florida [Mr. SMATHERS], is one which I endorse wholeheartedly.

I am grateful that the Senator from Minnesota has added his voice to that of the distinguished majority leader [Mr. MANSFIELD], in saying that there is not and will not be any deal involving Berlin and Cuba and that we shall in no way yield on one, in order to obtain advantage on the other.

Mr. President, on page 18969 of the CONGRESSIONAL RECORD I noted the reports with regard to this situation in the U.S. News & World Report, and, even more specifically, in a column by Robert S. Allen and Paul Scott, who are generally considered responsible.

I assume—and until the contrary is shown I shall continue to assume—that the denial of any deal involving Cuba and Berlin extends to the specific proposition outlined by Messrs. Allen and Scott when they said, under the heading "The Secret Note":

> Although the communication was never made public, Khrushchev sent a blunt note to President Kennedy in April 1961 threatening West Berlin if the United States used troops against Cuba. This alarming note was delivered to the White House on the weekend before the ill-fated Cuban invasion.
>
> A congressional source, who knows the whole story about the note, says that it scared McGeorge Bundy, the chief foreign policy adviser in the White House, into prevailing on the President to call off U.S. air strikes planned to help the Cuban rebels bomb out Castro's air force on the invasion eve.
>
> This could explain why such a note was not made public—because it would make Americans begin to think what quid pro quo guides our foreign policy.
>
> It might also shed new light on why Khrushchev is so boldly sending "an estimated" 20,000 military "technicians" and "advisers" to Cuba without fear of U.S. countermilitary action.

I assume, from the remarks of the distinguished Senator from Minnesota, and the remarks yesterday of the distinguished Senator from Montana [Mr. MANSFIELD], who certainly would know more about the existence of such a document than would the Senator from New York, that their denials of any hookup between Cuba and Berlin specifically applied to this alleged note.

I understand that a letter from the Secretary of State on this subject has been sent to me and when received, it will be made a part of the RECORD.

I welcome the disavowal of any such deal or, if there is objection to the word "deal," any such arrangement.

Today, the very first sentence of an item in the news, reads:

> The Soviet Union today warned the United States against attacking Cuba and said it would not press for Berlin negotiations until after the U.S. congressional elections in November.

First of all, I think it should be said that, despite the threatening tone of Mr. Khrushchev's announcement, the actual meaning of it is far from clear. I do not necessarily interpret his statement as an absolute commitment to Cuba on the part of the Soviet Union, but, rather, as a threat primarily designed to frighten American policymakers out of the bolder action which the American people are supporting.

I strongly concur in the statement made today by our distinguished majority leader that the November elections should play no part whatever in our Berlin negotiations or in any other aspects of a firm and determined foreign policy.

Whatever strong and vigorous action the President of the United States may decide to take over Cuba or over Berlin will have the united support of Members of Congress, regardless of their political affiliation. In my judgment, the only time that the President of the United States will not have bipartisan foreign policy support is when we cannot perceive what the Government policy is, when it appears to be "wait and see," or when it appears to be "look the other way," or if it appears to be, "Don't worry; things are not so bad after all."

Any time the President acts in a decisive, forward-looking, and determined manner, I believe, we can count on the support of every Member of the Senate, of the whole Congress and of the whole country. In my judgment, the American people will unanimously support a strong policy. They will not support a weak policy or no policy at all; but they will definitely support a strong policy.

It is very heartening to hear the distinguished Senator from Minnesota, who is close to this administration, make the specific, definite, excellent suggestions which he has made about the course we should follow. Of course, no one has suggested or ever thought of an invasion of the United States by Cuba; and the Senator from New York agrees with the statement made by the Senator from Minnesota that an invasion of Cuba from the United States at this time, and until every possible prior remedy has been attempted, is entirely out of the cards.

Our might obviously is vastly superior to Cuba's, even as it has been enlarged by the establishment of a Communist military base in Cuba. We could overpower Cuba in short order, but that is not the way we have operated.

Certainly, we should take every possible step to gain the cooperation of our Latin American neighbors. I have been shouting for months that we should bring the strongest kind of considerations to bear upon our NATO allies not to ship strategic goods to Cuba and not to allow their ships to be used to take anything to Cuba which could be used in a military way.

I am glad the Senator from Minnesota has spoken out on this subject. This is a vitally important subject and constructive discussion of the issues certainly is in the national interest.

**Mr. HUMPHREY.** Mr. President, I welcome the remarks of the Senator from New York. I know of his deep and keen interest in matters of foreign policy and national security. I know he is a man of sincere conviction and dedicated public service.

My only argument with the Senator from New York, basically, was with regard to the news story that appeared—"Keating Opposes Deal on Cuba; Fears a United States-Soviet Trade That Involves Berlin."

That makes a big story, and, of course, it evokes denials. The Senator from New York is happy that the administration denies this charge, and he is happy that the majority leader has reassured him there is no deal, and he is pleased that I have reassured him that there is no deal.

Mr. President, nobody should have even mentioned that there was a deal, because there is none. I might accuse any department of Government by saying, "It is rumored that department X is going to do such and such."

The next thing which would have to be done is that the Cabinet officer of the Department would have to deny it.

**Mr. KEATING.** Mr. President, will the Senator yield?

**Mr. HUMPHREY.** I am happy to yield.

**Mr. KEATING.** This statement was based on reports in the public press, by distinguished and responsible journalists.

**Mr. HUMPHREY.** Yes.

**Mr. KEATING.** The best way to bring such issues out into the open is to ask questions. That is exactly what has been done. Even now, it is only by implication that I am able to say that the statements in the Allen-Scott column are denied. I believe that they will be denied. When these things are in the public print and nothing is forthcoming from the administration with regard to them, I believe it is proper to ask some questions.

**Mr. HUMPHREY.** I understand the Senator's point. I know he is sincere in his proposal and in his utterances.

Mr. President, the column which was referred to does not indicate anything about a deal. It indicates there is a relationship between Cuba and Berlin. And there is.

If anything demonstrates the international aspect of the problems we face, or the interdependency of the areas of the world in which there are problems, it is the situation in Cuba. We cannot deal only with Cuba. This country has to be prepared to face up to threats in 101 places in the world.

What the Senator from Minnesota says is that, first of all, Cuba and Berlin are not separate and distinct. I repeat, they are not separate and distinct; they are interrelated. Then I say that we do not intend to make a deal on either one of them. But they are interrelated; they are not separate and distinct.

I fear that some of the easy thinking which goes on is based upon the proposition that Cuba is separate and distinct from Iran, Turkey, Vietnam, Berlin, and all the other trouble spots in the world. It is not at all. It is tied in to the total complex of world problems today.

One of the things we must face is the international thrust of international communism. We must be prepared to wage a struggle on many fronts. We must be prepared politically, economically, socially, militarily, and scientifically. We must be prepared to have troops and forces in many areas of the world. Everything is interdependent.

It is perfectly true that as we formulate policy about Berlin or formulate policy about Cuba we take into consideration other areas of the world. That does not mean a "deal." It simply means we are realistic, and it means that these are the facts of life.

There is nothing separate and distinct in this world any longer. Outer space affects inner space. What happens on this earth affects what happens in outer space.

What happens in Asia will affect what happens in Europe. In fact, I am quite sure that Mr. Khrushchev is steaming up the Cuban situation again because he hopes to bring pressure on us in Berlin. He will steam up the Berlin situation to bring pressure to bear on us in Cuba.

Mr. President, we have a little steam, too, and we have plenty of power.

All that I suggest—and on this I am sure the Senator from New York and the Senator from Minnesota are in complete agreement—on the question of being harassed by the Soviet Union, is that we have ways and means of harassment of our own. We have ways and means of facing up to this threat. Mr. Khrushchev may have many wild ideas and notions, but I am of the opinion that he does not hanker for or long for a nuclear war. He knows what that would mean. His scientists know what it would mean. So do ours. We know what it will mean.

If he can bluff us, he will do it. But I have not seen yet any indication on the part of our President that he is going to be bluffed out. When we were challenged in the corridors of Berlin we met that challenge. The other day we ordered the Soviets to take their armored cars out of "Checkpoint Charley" and to take them through another gate. What if they had not done so? We were prepared to stand up on that issue.

**Mr. KEATING.** Mr. President, will the Senator yield?

**Mr. HUMPHREY.** I yield.

**Mr. KEATING.** On that point, I unreservedly commend the policy of the President of the United States. Every time we take a firm stand, we shall win. That was demonstrated by the "Checkpoint Charley" incident, when we stood firm. We did take a risk but we prevailed. I commend the President without reservation for that action. It was splendid and I hope it will be repeated manifold in our dealings with the Soviet Union and its cohorts.

**Mr. HUMPHREY.** I thank the Senator from New York.

## ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 11, 1962, he presented to the President of the United States the enrolled bill (S. 2965) to provide authority to accelerate public works programs by the Federal Government and State and local bodies.

## ADJOURNMENT UNTIL 10 A.M. TOMORROW

**Mr. HUMPHREY.** Mr. President, if there is no further business to come before the Senate, I move, according to the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 25 minutes p.m.) the Senate adjourned, pursuant to the previous order, until tomorrow, Wednesday, September 12, 1962, at 10 o'clock a.m.

## NOMINATIONS

Executive nominations received by the Senate September 11, 1962:

### POSTMASTERS

The following-named persons to be postmasters:

### ALABAMA

Luther C. Faison, Stapleton, Ala., in place of V. M. Mitchell, resigned.

### ARIZONA

Dorman J. Bryce, Casa Grande, Ariz., in place of D. L. Remm, deceased.

Ben L. Gibbons, Chinle, Ariz., in place of A. L. Maxwell, resigned.

### ARKANSAS

Edward L. Pace, College Heights, Ark., in place of H. H. Reuter, transferred.

Sam E. Adkisson, Conway, Ark., in place of H. D. Russell, retired.

Jerry W. Starling, Magazine, Ark., in place of G. O. Thomasson, deceased.

### CALIFORNIA

Elaine G. Metivier, Jamul, Calif., in place of C. J. Shumaker, transferred.

### COLORADO

Harley O. Mullins, Aurora, Colo. Office established July 2, 1962.

### FLORIDA

Edward A. Burnette, Frostproof, Fla., in place of G. P. Ruhl, retired.

Wilton B. Manning, Ponce de Leon, Fla., in place of W. A. Stanley, resigned.

Roma M. Lomax, Whitehouse, Fla., in place of J. J. Hinson, removed.

### GEORGIA

James J. Smith, Alma, Ga., in place of A. B. Greenway, removed.

Eugene B. Dalton, Baldwin, Ga., in place of D. S. Brock, transferred.

### ILLINOIS

Floyd R. Chapin, Harvey, Ill., in place of Alfred St. Aubin, retired.

Mary F. Hall, Mahomet, Ill., in place of D. E. Miller, retired.

Kenneth Cole, Norris City, Ill., in place of W. S. Smith, retired.

John E. Sollars, Jr., Wellington, Ill., in place of M. E. Stewart, retired.

### INDIANA

Alberta C. Brandt, Arcola, Ind., in place of Troas Pequignot, retired.

Urban H. Blank, Batesville, Ind., in place of C. H. Andres, deceased.

### IOWA

Harold M. Daily, Belle Plaine, Iowa, in place of J. S. Vifquain, retired.

Dean C. Van Horn, Hampton, Iowa, in place of R. C. Robinson, deceased.

Marvin E. Nelson, Roland, Iowa, in place of C. M. Fatland, retired.

John L. Sloan, Waucoma, Iowa, in place of M. J. Blong, transferred.

### KENTUCKY

George M. Cook, Burlington, Ky., in place of Newton Sullivan, retired.

James D. Syers, Sturgis, Ky., in place of L. D. Rose, retired.

### LOUISIANA

Mary M. Hedrick, Waterproof, La., in place of W. L. Hazlip, retired.

### MARYLAND

Herbert H. Colburn, Havre de Grace, Md., in place of W. C. Coakley, deceased.

### MASSACHUSETTS

Thomas P. Costin, Jr., Lynn, Mass, in place of T. A. Wilkinson, retired.

John P. Callahan, Lynnfield, Mass., in place of A. E. Cox, retired.

Walter Kashtan, West Mansfield, Mass., in place of E. E. Chaffin, retired.

Francis R. Raymond, Williamstown, Mass., in place of J. L. O'Brien, retired.

### MICHIGAN

Rex E. Lewis, Cement City, Mich., in place of L. M. Taggart, removed.

Marie P. Alexander, East Saugatuck, Mich., in place of G. L. Lobenhofer, retired.

David O'Donnohue, Jr., Harbert, Mich., in place of O. W. Tornquist, retired.

Dallas R. Ries, Sand Creek, Mich., in place of B. B. Morse, retired.

Wendell R. Gerring, South Boardman, Mich., in place of L. G. Lisch, retired.

Leonard W. Kennedy, Topinabee, Mich., in place of M. E. Kennedy, retired.

### MISSOURI

Joseph H. Kiley, Baring, Mo., in place of J. W. Costello, retired.

Elmo C. Martin, Jackson, Mo., in place of J. R. Short, resigned.

J. Densel Koontz, Larussell, Mo., in place of L. H. Thomas, transferred.

Albert J. Prior, Wright City, Mo., in place of F. P. Anthony, deceased.

### MONTANA

William T. Surmi, Jr., Sandcoulee, Mont., in place of Bertha Paulson, retired.

### NEBRASKA

Homer L. Craig, Peru, Nebr., in place of G. C. Thurman, retired.

### NEW JERSEY

John R. Latourette, White House Station, N.J., in place of W. W. Lance, retired.

Stonewall J. Parker, Blackwood, N.J., in place of J. A. Beetle, resigned.

### NEW YORK

Robert S. Lovell, Chemung, N.Y., in place of E. B. Weston, retired.

Raymond W. Gould, Jamestown, N.Y., in place of O. K. Palm, deceased.

Benjamin N. Ketcham, Mountainville, N.Y., in place of B. S. Ketcham, retired.

Ronald J. Donovan, Mount Morris, N.Y., in place of C. H. Whitcher, retired.

Nathan R. Walker, Phelps, N.Y., in place of J. F. Cudebec, retired.

Leo F. King, Woodbourne, N.Y., in place of N. B. King, retired.

### NORTH CAROLINA

William C. White, Cooleemee, N.C., in place of T. M. Alexander, retired.

James B. Teal, Hoffman, N.C., in place of M. M. Tilley, retired.

Neil H. Cox, Linwood, N.C., in place of F. H. Shoaf, transferred.

Julia E. Mangum, Pinebluff, N.C., in place of E. R. Edwards, retired.

Cecil S. Hargett, Richlands, N.C., in place of W. E. Howard, deceased.

Louise L. Taylor, Seaboard, N.C., in place of V. E. Sears, deceased.

Randolph G. O'Neal, Jr., Wanchese, N.C., in place of H. L. Davis, retired.

Eugene Reed, Whittier, N.C., in place of M. P. Williams, retired.

Coy M. Maye, Wingate, N.C., in place of J. C. Helms, retired.

### NORTH DAKOTA

Chester C. Cowee, Crosby, N. Dak., in place of M. J. Wallin, removed.

Robert E. Fischer, Hague, N. Dak., in place of K. E. Fischer, retired.

Delton C. Martin, Spiritwood, N. Dak., in place of R. E. Dresser, retired.

### OHIO

Joseph A. Tacosik, Belmont, Ohio, in place of E. W. Carman, retired.

James E. Myers, Bethel, Ohio, in place of R. L. Canter, retired.

Malcolm M. Maynard, Chardon, Ohio, in place of L. M. Tuttle, retired.

Richard L. Zehringer, Fort Recovery, Ohio, in place of W. H. McConaha, retired.

Sue A. Carman, Harveysburg, Ohio, in place of F. K. Fealy, retired.

Joseph Presznick, Lodi, Ohio, in place of V. A. Miner, retired.

David A. Jasper, New Burlington, Ohio, in place of E. G. Miller, retired.

Harold G. White, West Milton, Ohio, in place of E. J. Pearson, retired.

### OKLAHOMA

Arnold E. Krause, Corn, Okla., in place of Helen Krause, transferred.

Max Anderson, Snyder, Okla., in place of P. J. Willis, Jr., retired.

### PENNSYLVANIA

A. Aaron Boyce, Columbia Cross Roads, Pa., in place of L. R. Judson, transferred.

### SOUTH CAROLINA

Joel C. Butler, Dillon, S.C., in place of Dewey Stephens, retired.

Linwood A. Robinson, Summerton, S.C., in place of J. E. James, transferred.

Joe E. Murphree, Walhalla, S.C., in place of H. M. DuPre, retired.

### TENNESSEE

Cecil M. Knott, St. Andrews, Tenn., in place of B. E. Lackey, retired.

### TEXAS

Mary S. Sparks, Beckville, Tex., in place of O. P. Jordan, retired.

Hiram C. Hughes, Munday, Tex., in place of F. L. Haymes, retired.

Elmo W. Ullrich, Randolph Air Force Base, Tex., in place of F. A. Benedict, retired.

Wallace A. Kristensen, Timpson, Tex., in place of J. J. Compton, retired.

### VERMONT

Wilmer E. Bowen, Derby, Vt., in place of M. E. Boucher, retired.

Arlene E. Lavigne, Hinesburg, Vt., in place of L. H. Riggs, transferred.

### VIRGINIA

Billie B. Rose, Carrsville, Va., in place of John Duke, Jr., transferred.

Fred W. Dougherty, Gate City, Va., in place of H. B. Quillen, Jr., resigned.

Robert A. Lacy, Wytheville, Va., in place of T. C. Wilkins, retired.

### WASHINGTON

Earl H. Luiten, Ritzville, Wash., in place of S. E. Edwards, retired.

### WEST VIRGINIA

Fletcher E. Andrews, Proctor, W. Va., in place of V. M. Dunham, retired.

James E. Gore, Ranson, W. Va., in place of R. B. Crabbe, retired.

## CONFIRMATIONS

Executive nominations confirmed by the Senate September 11, 1962:

### DEPARTMENT OF STATE

Abba P. Schwartz, of Maryland, to be Administrator, Bureau of Security and Consular Affairs, Department of State.

### U.S. CIRCUIT JUDGE

Thurgood Marshall, of New York, to be U.S. circuit judge, second circuit (appointed during the last recess of the Senate).

### POSTMASTERS

#### ALABAMA

John W. Green, Jr., Banks.
Edwin E. Crowder, Warrior.

#### CALIFORNIA

Maxine O. McCreary, Alderpoint.
Yvonne R. Fletcher, Dunnigan.
Ward A. Peart, Grimes.
Richard R. Mason, La Canada.
Robert B. Wooley, Palmdale.

#### FLORIDA

Ralph M. Miller, Gulf Breeze.
Helen M. Holt, Longboat Key.

#### IDAHO

Orville J. Slette, Deary.
Robert E. Magnuson, Kendrick.
Dale O. Pierce, Malta.
Melvin K. Pope, Richfield.

#### ILLINOIS

Melvin A. Nourie, Aroma Park.
Myrtle M. Hensley, Cooksville.
Leo J. Conroy, Emington.
George L. McNamara, Lansing.

#### INDIANA

Orlan A. Karns, Coal City.
Reynold W. Scudder, Dillsboro.
Ernest W. Groves, Dunkirk.
Rex R. DeMoss, Edwardsport.
Grover G. Phillips, Elnora.
Robert F. Seider, Fountain City.
Joseph A. Jones, Hillsdale.
Malcolm Emswiller, Middletown.
Dale R. Richardson, Monon.
Winfred H. Hartman, Monterey.
Frank W. Stevanson, Moores Hill.
Doris C. Lamott, Pershing.
Warren F. Buser, Roachdale.
Gerald J. Minderman, Vincennes.
Ruth J. Schirr, Westville.

#### KANSAS

Daryl J. Lorenz, Altamont.
Donald F. Strohmeyer, Axtell.
Virgil S. McIntyre, Coldwater.

Larry K. Earnest, Holcolmb.
C. Allen Houck, Moran.
Charles R. Oakleaf, Mound Valley.
John R. Younkman, North Newton.
Cyril F. Kraus, Ransom.
G. Max Conzelman, Republic.
Lowell D. Harris, Waverly.

### KENTUCKY

Leland Bonar, Foster.
William R. Reynolds, Gravel Switch.
Edward F. Robinson, Langley.
Joseph E. Thompson, Loretto.
Fay J. Hampton, McRoberts.
Sister Marlene Young, Nerinx.

### LOUISIANA

Garnet M. Simoneaux, Allemands.

### MICHIGAN

Joseph M. Dean, Bad Axe.
Alvin R. Wiler, Bronson.
Mary E. Kurrle, Corunna.
Gerald E. Nopola, Covington.

### MINNESOTA

Hugh D. Campbell, Bigfork.
William R. Trebnick, Bovey.
Richard W. Foley, Bruno.
Francis M. Wall, Cosmos.
Emil W. Lehman, Dodge Center.
Hardin H. Kindler, Lynd.
Lyman C. Irrgang, Nicollet.
Burnett H. Voss, Northfield.
Elayne J. O'Brien, Pemberton.

### MISSOURI

Howard A. Cates, Noel.
Calvin F. Schmille, Westboro.

### MONTANA

Dale Bond, Brockway.

### NEVADA

Laura W. Bell, Boulder City.

### NEW HAMPSHIRE

G. Gardiner MacLeay, Jr., Meriden.
Joseph E. Caouette, Rollinsford.

### NEW MEXICO

Laudente T. Quintana, Wagon Mound.

### NEW YORK

Donald P. McSweeney, Long Lake.

### NORTH CAROLINA

Anne U. Gordon, Browns Summit.
Herbert B. Edgerton, Goldsboro.
John H. Sampson, Pembroke.
Ray V. Garris, Jr., Roaring River.
William A. Lattimore, Shelby.
Niels Jorgensen, Southport.
Bruce N. Conyers, Wilson.

### NORTH DAKOTA

Harold I. Iverson, Sawyer.

### OHIO

William L. Friece, New Holland.

### OKLAHOMA

Freddie C. Mittelstet, Aline.
Evelyn D. Hutchison, Choctaw.
Ethel F. Smyth, Okemah.
E. Taylor Lain, Ponca City.
William J. Foley, Pondcreek.

### OREGON

Ray E. Shaw, Junction City.

### PENNSYLVANIA

E. Eugene Gemmill, Dallastown.
James N. Nicols, Dravosburg.
Margaret J. Knight, Industry.
Walter B. Hastings, Polk.
Horace F. Vasellas, Red Lion.

### SOUTH DAKOTA

Clarence O. Opsahl, Pierpont.

### TENNESSEE

Robert F. Sexton, Dover.
Edward A. Marrs, Loudon.

### TEXAS

Lois M. Everheart, Bells.
Edward A. O'Kelley, Bloomburg.
Joe F. Bennett, Coolidge.
Henry T. Paul, Kerrville.
Clarence J. Hafernick, Lolita.
Lester O. Hay, Jr., Marlin.
Mickey L. Cochran, Moore.
Floyd R. Fuqua, Paradise.
Norman G. Skinner, Port Aransas.
Cliffogene V. Witt, Rising Star.
John R. Hodgkins, Sanderson.
Venita F. Jobe, Saragosa.
Curtis R. Smith, Tatum.
Emily G. Foster, Toyahvale.
Forrest T. Moore, Van Alstyne.

### VERMONT

Catherine M. Dailey, Hartford.

### VIRGINIA

Alma L. Nethers, Amissville.
Glenn T. Litton, Dante.
Larry S. Powell, Stanardsville.

### WEST VIRGINIA

Margaret F. Hawks, Page.

### WYOMING

Orville E. Haney, Frannie.

### EXPORT-IMPORT BANK OF WASHINGTON

Walter C. Sauer, of the District of Columbia, to be First Vice President of the Export-Import Bank of Washington.

### INTER-AMERICAN DEVELOPMENT BANK

Tom Killefer, of Virginia, to be Executive Director of the Inter-American Development Bank for a term of 3 years and until his successor has been appointed.

# HOUSE OF REPRESENTATIVES

## TUESDAY, SEPTEMBER 11, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Mark 9:27: *With God all things are possible.*

Eternal and ever-blessed God, Thine are the kingdom, the power and the glory and it is ours to do justly; to love mercy and to walk humbly with Thee.

We are daily longing and praying that a nobler spirit may prevail among men and that reason and righteousness may rule in all human relations.

May we never believe that war is a permanent factor in our civilization and that our search for a finer social order is merely a forlorn hope.

Grant that we may not surrender to the pressures of infidelity and fatalism but may we strive to have the moral and spiritual forces rebuild our world according to Thy divinely ordained plans and purposes.

Hear us in the name of the Prince of Peace. Amen.

## THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On September 7, 1962:

H.R. 1388. An act for the relief of Tai Ja Lim;

H.R. 5604. An act to amend the acts of May 21, 1926, and January 25, 1927, relating to the construction of certain bridges across the Delaware River, so as to authorize the use of certain funds acquired by the owners of such bridges for purposes not directly related to the maintenance and operation of such bridges and their approaches;

H.R. 10431. An act to revise, codify, and enact title 37 of the United States Code, entitled "Pay and Allowances of the Uniformed Services";

H.R. 10432. An act to amend title 39, United States Code, to codify certain recent public laws relating to the postal service and to improve the code;

H.R. 10433. An act to amend title 10, United States Code, to codify recent military laws, and to improve the code;

H.R. 10743. An act to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes;

H.R. 11257. An act to amend section 815 (art. 15) of title 10, United States Code, relating to nonjudicial punishment, and for other purposes; and

H.J. Res. 677. Joint resolution relating to the admission of certain alien children.

On September 10, 1962:

H.R. 5532. An act to amend chapter 137, of title 10, United States Code, relating to procurement;

H.R. 7278. An act to amend the act of June 5, 1952, so as to remove certain restrictions on the real property conveyed to the Territory of Hawaii by the United States under authority of such act; and

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6413. An act to extend to fishermen the same treatment accorded farmers in relation to estimated income tax.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2965. An act to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1037) entitled "An act to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JOHNSTON, Mr. ELLENDER, Mr. HOLLAND, Mr. AIKEN, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

## COMMITTEE ON THE JUDICIARY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file sundry reports.

**The SPEAKER.** Without objection, it is so ordered.

There was no objection.

## PRINTING OF ADDITIONAL COPIES OF JOINT ECONOMIC COMMITTEE HEARINGS

**Mr. PATMAN.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

**The SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

**Mr. PATMAN.** Mr. Speaker, on behalf of the Joint Economic Committee, I submit for appropriate reference a concurrent resolution authorizing the printing of 5,000 additional copies of its hearings entitled "State of the Economy and Policies for Full Employment."

The resolution is to provide for the printing of 5,000 additional copies of the Joint Economic Committee hearings entitled "State of the Economy and Policies for Full Employment." Because of the timely nature of the hearings and the widespread interest that they evoked, the Joint Economic Committee anticipates heavy demand from the press, universities, and professional groups. Under the normal allowances established by the Joint Committee on Printing, the Joint Economic Committee would receive less than 2,000 copies of the hearings, which would meet only a fraction of the anticipated demand.

The committee went to considerable trouble to hear testimony from outstanding economists not only from the United States but from Europe as well; the hearings were carried on for 3 weeks and represent an exceptionally heavy volume of information which should be of considerable educational value to the many teachers, businessmen, and professional economists throughout the country who undoubtedly will request copies in the next few months.

## AIDING AND ABETTING COMMUNISM

**Mr. JOELSON.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the body of the RECORD.

**The SPEAKER.** Is there objection to the request of the gentleman from New Jersey?

There was no objection.

**Mr. JOELSON.** Mr. Speaker, the Ku Klux Klan unwittingly plays straight into the hands of the Communists and gives aid and comfort to our enemy.

I have very reliable information that Red China is beaming broadcasts throughout Asia and Europe about renewed Klan activities in Louisiana. The Peiping broadcasts even quoted statements by Ku Klux Klan spokesmen that "they are prepared to fight and die if necessary to preserve the American way of life."

The vicious un-American activity and utterances of these fanatics damage the American image in the parts of the world where we are contesting communism. If these Klansmen were one-hundreth as patriotic as they claim to be they would submerge their prejudice for the good of our Nation.

The eyes of the world are upon us, and the Klan hands the Reds valuable propaganda material by spreading racial and religious poison.

## PERMISSION TO FILE CONFERENCE REPORT, ATOMIC ENERGY COMMISSION APPROPRIATIONS, 1963

**Mr. HOLIFIELD.** Mr. Speaker, I ask unanimous consent that the Joint Committee on Atomic Energy may have permission until midnight tonight to file a conference report and statement on the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

## CRIME IN THE NATION'S CAPITAL

**Mr. BECKER.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

**The SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

**Mr. BECKER.** Mr. Speaker, some 6 weeks ago when my administrative assistant was stabbed in St. Peter's Roman Catholic Church, just 2 blocks from the Capitol, stabbed 10 times and in the course of things almost died, I said on the floor of the House that Washington was a virtual jungle for criminals.

If anyone has read the newspapers in the past weeks they will notice that crime in Washington is on the uptake. Crime throughout the Nation is on the increase.

I asked at that time, What are we going to do about it? Are we going to assume our responsibility and see to it that this crime is reduced and eliminated in the Capital City? To make Washington, D.C., an example for the rest of the Nation to look to, I introduced legislation. There has been no action. There were two bills, one to modify the Durham decision and one the Mallory decision. They passed the House. They are now in the other body. There is no action. We sit idly by.

I said also that one of these fine days an attack would take place upon the wife or daughter of one of our Members. Then we would rise up in wrath and take prompt action. Let us do this for the average citizen; let us have their interest at heart; let us do it now before it has a chance to happen to one of us.

I am including in the Appendix of today's RECORD an article by Jenkin Lloyd Jones which appeared in the Washington Star last night, entitled "Wrong Way on Fouled-Up Youths." This is an answer to the silly editorial in the Washington Post on this subject. This indicates what is needed and should have authority since it comes from doctors who ought to know.

## MAXIMUM LIMITATIONS ON DEDUCTIONS FOR MEDICAL EXPENSES

**Mr. MILLS.** Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 10620) to amend subsection (c) of section 213 of the Internal Revenue Code of 1954 to modify the maximum limitations on the amount allowable as a deduction for medical, dental, and so forth, expenses.

The Clerk read the title of the bill.

**Mr. BYRNES of Wisconsin.** Mr. Speaker, reserving the right to object, I do so only that the request of the chairman make it clear that all bills that are to be called up from the committee today came from the committee unanimously, so there will not be any question about that.

**Mr. MILLS.** Mr. Speaker, will the gentleman yield?

**Mr. BYRNES of Wisconsin.** I yield.

**Mr. MILLS.** It is true, Mr. Speaker, that the bills we are calling up this morning by unanimous consent were reported unanimously by the Ways and Means Committee.

There is one bill, if the gentleman will continue to yield, there is one bill that it had been my purpose to call up today by unanimous consent that was reported by the Ways and Means Committee, H.R. 3985. In accordance with the practice that we have followed heretofore, when a Member serves notice he would like for it to be delayed or that he would object to it, we did not call it up, and will not. In this instance, the gentleman from Michigan [Mr. O'HARA], who is absent from the city, through his administrative assistant, has asked that we not call the bill today so that he may have an opportunity to look into it when he returns.

For that reason, that bill will not be called up.

**The SPEAKER.** Is there objection to the request of the gentleman from Arkansas [Mr. MILLS]?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (c) of section 213 of the Internal Revenue Code of 1954 (relating to the deduction for medical, dental, etc., expenses) is amended by striking out the deduction of $2,500 and inserting in lieu thereof $3,750, and by striking out the maximum deduction of $5,000, and $10,000, and inserting in lieu thereof $7,500, and $15,000.

This Act shall apply only with respect to taxable years beginning after December 31, 1961.

With the following committee amendment:

Strike out all after the enacting clause and insert "That (a) subsection (c) of section 213 of the Internal Revenue Code of 1954 (relating to maximum limitations on deduction for medical, dental, etc., expenses) is amended—

"(1) by striking out '$2,500' and inserting in lieu thereof '$5,000',

"(2) by striking out '$5,000' and inserting in lieu thereof '$10,000', and

"(3) by striking out '$10,000' and inserting in lieu thereof '$20,000'.

"(b) Subsection (g) of such section (relating to maximum limitation if taxpayer or spouse has attained age 65 and is disabled) is amended—

"(1) by striking out '$15,000' each place it appears therein and inserting in lieu thereof '$20,000', and

"(2) by striking out '$30,000' and inserting in lieu thereof '$40,000'.

"(c) The amendments made by subsections (a) and (b) shall apply only with respect to taxable years beginning after December 31, 1961."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill to amend section 213 of the Internal Revenue Code of 1954 to increase the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses."

A motion to reconsider was laid on the table.

**Mr. MILLS.** Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. BYRNES] and myself may have permission to extend our remarks after the passage of each of these bills.

The **SPEAKER.** Is there objection to the request of the gentleman from Arkansas?

There was no objection.

**Mr. MILLS.** Mr. Speaker, the bill, H.R. 10620, which was introduced by my colleague on the Committee on Ways and Means, the gentleman from Louisiana, HALE BOGGS, would amend the Internal Revenue Code of 1954 so as to increase the maximum limitations on the amount allowable as an income tax deduction for medical, dental, et cetera, expenses. As amended by your committee, the bill was unanimously reported.

Mr. Speaker, under present law the present dollar limitations on the maximum deductions permissible for medical expenses have resulted in severe hardship in many instances and in some cases such expenses have even exceeded the income of taxpayers for the particular year involved. In the opinion of your committee such a situation presents a gross inequity in that required medical expenses cannot be taken account of in computing income tax liability. Your committee is further of the opinion that in hardship cases of this sort taxpayers should not be required to pay income tax with respect to income which must be devoted to the payment of legitimate medical bills.

However, your committee does recognize the difficulty that is involved in accurately determining precisely what constitutes a medical expense, and cases have been called to your committee's attention where large expenditures have been made in situations in which they might be questioned as proper medical expenses, and yet a medical expense deduction has nevertheless been allowed with respect to them. In order to foreclose the flagrant allowance of a deduction in such situations, your committee is of the opinion that some maximum dollar ceilings should be retained on medical expense deductions at least until such time as it is possible to more accurately define the meaning of the term "medical, dental, etc., expenses."

Mr. Speaker, in view of the considerations involved, your committee has amended the present limitation provisions regarding the deductibility of medical expenses in the case of taxpayers under the age of 65 and in the case of taxpayers over the age of 65 who are not disabled to effectively double the presently applicable medical expense deduction limitation. In the case of taxpayers over the age of 65 who are disabled, the maximum limitation on the deduction of their medical expenses has been increased by one-third.

Your committee believes that these increases in dollar ceilings are most appropriate and the bill, H.R. 10620, provides that these new limitations shall be made applicable with respect to taxable years beginning after December 31, 1961.

I strongly urge the favorable consideration of this bill.

**Mr. BYRNES of Wisconsin.** Mr. Speaker, I rise in support of H.R. 10620. I regret that the committee did not go further and report out H.R. 67, which I introduced for the purpose of completely removing any ceiling on the medical deduction expense.

H.R. 10620, as amended by the Ways and Means Committee doubles the maximum medical expense deduction permitted both the married couples and the single individuals under existing law. It also correspondingly increases the maximum permitted a couple or individual aged 65 and over and disabled.

Any limitation on the maximum allowable medical deduction results in severe hardship in the case of major medical catastrophy. By increasing this limitation, H.R. 10620 provides a step in the right direction.

The law permits deduction of other forms of casualty loss without limitation. There is no justifiable basis for providing a limitation on the costs and expenses incurred as a result of a medical casualty. The bill which I introduced, H.R. 67, removed all limitation on the maximum allowable as a deduction for bona fide medical expenses. I shall not cease in my efforts to obtain a deduction in full for catastrophic medical expense, irrespective of amount. In the meanwhile, I urge favorable consideration of H.R. 10620.

## INCOME TAX TREATMENT OF TERMINAL RAILROAD CORPORATIONS

**Mr. MILLS.** Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill, H.R. 12599, to amend the Internal Revenue Codes of 1954 and 1939 to provide for the elimination of certain tax inequities through the permissive taxation of certain jointly owned railroad terminal and switching facility corporations as partnerships, which was unanimously reported favorably by the Committee on Ways and Means, with amendments.

The Clerk read the title of the bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Arkansas [Mr. MILLS]?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Internal Revenue Codes of 1954 and 1939 are hereby amended, as follows:

"Sec. 1. Permissive Taxation of Certain Jointly Owned Railroad Terminal and Switching Facility Corporations as Partnerships.

"Chapter 1 of the Internal Revenue Code of 1954 is hereby amended by adding at the end of the present subchapter K a new part V to read as follows:

" 'Part V—Election of Certain Jointly Owned Railroad Terminal and Switching Facility Corporations To Be Taxed as Partnerships

" 'Sec. 781. Definitions.
" 'Sec. 782. Election by jointly owned railroad terminal and switching facility corporation.
" 'Sec. 783. Limitation on allowance of losses to shareholder corporations.

" 'Sec. 781. Definitions.

" '(a) Jointly Owned Railroad Terminal and Switching Facility Corporation.—For purposes of chapter 1, the term "jointly owned railroad terminal and switching facility corporation", hereinafter referred to as a "joint railroad facility", means a domestic corporation which is not a member of an affiliated group (as defined in section 1504) and—

" '(1) all of the shareholders of which are domestic corporations subject to part I of the Interstate Commerce Act;

" '(2) the principal business of which is the providing or rendering available of terminal and switching facilities and services within a single metropolitan area to domestic railroad corporations subject to part I of the Interstate Commerce Act, or to their shippers;

" '(3) a substantial part of the services of such facility corporation are each year rendered to its stockholders;

" '(4) which has a tax year commencing on January 1;

" '(5) which does not qualify for freedom from taxation under chapter 1 by reason of provisions contained in any other subchapter.

" '(b) Electing Joint Railroad Facility.—For purposes of chapter 1, the term 'electing joint railroad facility' means, with respect to any taxable year, a joint railroad facility which has made an election under section 782 which is in effect for such taxable year.

" 'Sec. 782. Election by Joint Railroad Facility.

" '(a) Eligibility.—Except as provided in subsection (f), any joint railroad facility may elect, in accordance with the provisions of this section, not to be subject to the taxes imposed by this chapter. Such election shall be valid only if all shareholders in such electing corporation for each affected year shall consent in such manner as the Secretary or his delegate shall prescribe by regulations.

" '(b) Effect.—If a joint railroad facility makes an election under subsection (a), then—

" '(1) with respect to any taxable year of the facility corporation for which such election is in effect, such electing facility corporation shall not be subject to the taxes imposed by this chapter, and the provisions of subchapter K shall apply to such electing facility corporation, and

" '(2) with respect to all taxable years of a shareholder of such electing facility corporation in which such election is in effect, the provisions of subchapter K shall likewise apply to such shareholder's interest in the electing facility corporation.

" '(c) Where and How Made.—

" '(1) In general.—An election under subsection (a) may be made by a joint railroad facility in such manner as the Secretary or his delegate shall prescribe by regulations, for any taxable year commencing with the year in which this Act is enacted.

"'(2) Earlier taxable years.—An election under subsection (a), for any taxable year ending prior to that of the year in which this Act is enacted, may be made by a joint railroad facility at any time within six months after the regulations of the Secretary or his delegate with respect to this part V of subchapter K shall become final, if

"'(A) such prior taxable year and all intervening taxable years of the electing facility corporation and of all of its shareholders are not closed by the running of the statute of limitations, by a binding statutory closing agreement, or by court decision which shall have become final; and

"'(B) election is made for such prior taxable year and all intervening taxable years; *Provided, however,* That the provisions of subparagraph (A) relating to the tax years of the electing facility corporation's shareholders shall be deemed satisfied if the electing facility corporation shall agree to compute and to pay as its own liability an additional tax for each year for which its election is effective equal to the increase in tax, if any, which its shareholders would have borne in each of their corresponding years due to the facility corporation's election under subsection (a), had the shareholders' tax years not been closed.

"'(d) Years for Which Effective.—An election under subsection (a) shall be effective for the taxable year of the electing facility corporation and all of its shareholders for the earliest year for which an election first is made and for all succeeding taxable years of the electing facility corporation and its shareholders, unless such election is terminated, with respect to any such taxable year, under subsection (e).

"'(e) Termination.—

"'(1) New shareholders.—An election under subsection (a) made by a joint railroad facility shall terminate if any person who was not a shareholder in such electing facility corporation—

"'(A) on the first day of the first taxable year of the electing facility corporation for which the election is effective, if such election is made on or before such first day, or

"'(B) on the day on which the election is made, if such election is made after such first day.

becomes a shareholder in such electing facility corporation and does not consent to such election within such time as the Secretary or his delegate shall prescribe by regulation. Such termination shall be effective for the taxable year of the electing facility corporation in which such person first becomes a shareholder in the electing facility corporation and for all succeeding taxable years of the electing facility corporation.

"'(2) Revocation.—An election under subsection (a) made by a joint railroad facility may be revoked by it for any taxable year of the electing facility corporation after the first taxable year for which the election is effective. An election may be revoked only if all persons who are shareholders in the electing facility corporation on the day on which the revocation is made consent to the revocation. Such revocation shall be made in such manner as the Secretary or his delegate shall prescribe by regulations.

"'(3) Ceases to be a joint railroad facility.—An election under subsection (a) made by a joint railroad facility shall terminate if at any time—

"'(A) after the first day of the first taxable year of the electing facility corporation for which its election is effective, if such election is made on or before such first day, or

"'(B) after the day on which the election is made, if such election is made after such first day,

the electing facility corporation ceases to be a joint railroad facility (as defined in section 781(a)). Such termination shall be effective for the taxable year of the electing facility corporation in which such electing facility corporation first ceases to be a joint railroad facility and for all succeeding taxable years of the electing facility corporation.

"'Election After Termination.—If a joint railroad facility has made an election under subsection (a) and if such election has been terminated or has been revoked under subsection (e), such electing facility corporation (and any successor corporation) shall not be eligible to make a further election under subsection (a) for any taxable year prior to its third taxable year which begins after the first taxable year for which such termination or revocation is effective, unless the Secretary or his delegate consents to such earlier election.

"'Sec. 783. Limitation on Allowance of Losses to Shareholder Corporations.

"'A shareholder corporation's distributive share of an electing facility corporation's loss (including capital loss) shall be allowed only to the extent of the adjusted basis of such shareholder's

"'(a) stock in the electing facility corporation, determined as of the close of the taxable year of the electing facility corporation (or, in respect of stock sold or otherwise disposed of during such taxable year, as of the day before the date of such sale or other disposition), and

"'(b) the adjusted basis of any indebtedness of the electing facility corporation to the shareholder, including indebtedness of the electing facility corporation held by third parties but for the payment of which the shareholder is liable (but only a pro rata share of such debt owned by third parties shall be so taken into account where the shareholder's guaranty is joint and several with others), determined as of the close of the taxable year of the electing facility corporation (or, if the shareholder is not a shareholder as of the close of such taxable year, as of the close of the last day in such taxable year in which the shareholder was a shareholder in the electing facility corporation). Any excess of such loss over such basis shall be allowed as a deduction at the end of the electing facility corporation's taxable year to the extent that such excess has been reduced.'

"Sec. 2. Application to Certain Earlier Years.

"The Internal Revenue Code of 1939 is hereby amended by incorporating therein, effective as of that Code's effective date, all of the provisions contained in section 1 of this Act."

With the following committee amendment:

Strike out all after the enacting clause and insert "That (a) subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to computation of taxable income) is amended by adding at the end thereof the following new part:

"'Part X—Terminal Railroad Corporations and Their Shareholders

"'Sec. 281. Terminal railroad corporations and their shareholders

"'Sec. 281. Terminal Railroad Corporations and Their Shareholders

"'(a) Computation of Taxable Income of Terminal Railroad Corporations.—

"'(1) In general.—In computing the taxable income of a terminal railroad corporation—

"'(A) such corporation shall not be considered to have received or accrued—

"'(i) the portion of any liability of any railroad corporation, with respect to related terminal services provided by such corporation, which is discharged by crediting such liability with an amount of related terminal income, or

"'(ii) the portion of any charge which would be made by such corporation for related terminal services provided by it, but which is not made as a result of taking related terminal income into account in computing such charge; and

"'(B) no deduction otherwise allowable under this chapter shall be disallowed as a result of any discharge of liability described in subparagraph (A)(i) or as a result of any computation of charges in the manner described in subparagraph (A)(ii).

"'(2) Limitation.—In the case of any taxable year ending after the date of the enactment of this section, paragraph (1) shall not apply to the extent that it would (but for this paragraph) operate to create (or increase) a net operating loss for the terminal railroad corporation for the taxable year.

"'(b) Computation of Taxable Income of Shareholders.—Subject to the limitation in subsection (a)(2), in computing the taxable income of any shareholder of a terminal railroad corporation, no amount shall be considered to have been received or accrued or paid or incurred by such shareholder as a result of any discharge of liability described in subsection (a)(1)(A)(i) or as a result of any computation of charges in the manner described in subsection (a)(1)(A)(ii).

"'(c) Agreement Required.—In the case of any taxable year, subsections (a) and (b) shall apply with respect to any discharge of liability described in subsection (a)(1)(A)(i), and to any computation of charges in the manner described in subsection (a)(1)(A)(ii), only if such discharge or computation (as the case may be) was provided for in a written agreement, to which all of the shareholders of the terminal railroad corporation were parties, entered into before the beginning of such taxable year.

"'Definitions.—For purposes of this section—

"'(1) Terminal railroad corporation.—The term "terminal railroad corporation" means a domestic railroad corporation which is not a member of an affiliated group (as defined in section 1504) and—

"'(A) all of the shareholders of which are domestic railroad corporations subject to part I of the Interstate Commerce Act;

"'(B) the primary business of which is the providing of railroad terminal and switching facilities and services to domestic railroad corporations subject to part I of the Interstate Commerce Act and to the shippers and passengers of such railroad corporations;

"'(C) a substantial part of the services of which for the taxable year is rendered to one or more of its shareholders; and

"'(D) all of the shareholders of which compute their taxable income on the basis of the same taxable year as the terminal railroad corporation.

"'(2) Related terminal income.—The term "related terminal income" means the income (determined in accordance with regulations prescribed by the Secretary or his delegate) of a terminal railroad corporation derived—

"'(A) from services or facilities of a character ordinarily and regularly provided by terminal railroad corporations for railroad corporations or for the employees, passengers, or shippers of railroad corporations;

"'(B) from the use by persons other than railroad corporations of portions of a facility, or a service, which is used primarily for railroad purposes;

"'(C) from any railroad corporation for services or facilities provided by such terminal railroad corporation in connection with railroad operations; and

"'(D) from the United States in payment for facilities or services in connection with mail handling.

For purposes of subparagraph (B), a substantial addition, constructed after the date of the enactment of this section, to a facility shall be treated as a separate facility.

"'(3) RELATED TERMINAL SERVICES.—The term "related terminal services" includes only services, and the use of facilities, taken into account in computing related terminal income.

"'(e) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section.'

"(b) The table of parts for subchapter B of chapter 1 of such Code is amended by adding at the end thereof the following:

"'Part X. Terminal railroad corporations and their shareholders.'"

"SEC. 2. (a) The amendments made by the first section of this Act shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

"(b) Provisions having the same effect as section 281 of the Internal Revenue Code of 1954 (as added by the first section of this Act) shall be deemed to be included in the Internal Revenue Code of 1939, effective with respect to all taxable years to which such Code applies."

The committee amendment was agreed to.

**Mr. LIBONATI.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Illinois?

There was no objection.

**Mr. LIBONATI.** Mr. Speaker, the Commissioner of Internal Revenue assessed the Chicago & Western Indiana Railroad Co. for the tax years of 1950 and 1951 amounts which, including interest, will total in excess of $1 million. The Tax Court and the court of appeals have affirmed. The Commissioner of Internal Revenue is now applying the theory of those assessments to subsequent tax years. Those years involve a potential liability on the part of Western Indiana to the United States of approximately $12 million. Under the contract between the Western Indiana and its proprietors, each proprietor is required to provide an equal portion of the money to satisfy that tax claim. The proprietors are Chicago & Eastern Illinois Railroad Co., the Monon Railroad, the Erie-Lackawanna Railroad Co., the Grand Trunk Western Railroad, and the Wabash Railroad Co. Except for the Wabash, none has earned money in 1960 or 1961. Financial data of the proprietors are attached.

The Interstate Commerce Commission, under the guarantee provisions of the Transportation Act of 1958, authorized Government guarantees of a loan of $15 million to Erie-Lackawanna, a loan of $3 million to the Chicago & Eastern Illinois, and a loan of $5 million to the Monon.

The five owners or their predecessors organized the Western Indiana as a switching line in 1882. Since that time the company has provided limited commuter service within the Chicago area, switching within the Chicago terminal district, and passenger facilities which are also used by the Atchison, Topeka & Santa Fe Railway Co., a tenant of the Western Indiana. The proprietary companies disagreed as to the proper construction of the initial agreement of 1882. These disputes resulted in a great deal of litigation. In 1947, because of the need to refinance a $62 million bond issue in 1952, the proprietors and the Western Indiana agreed among themselves to terminate all litigation and to enter into a new contract which reflected more fully the essentially partnership nature of this railroad joint facility. The agreement was submitted to and approved by the Interstate Commerce Commission.

Following the practice of most similar companies within the United States, the Western Indiana applied the income from the concessions, rentals, and other sources against expenses. The balance was then paid by the owners. In order to guarantee the facility's bonds, the owners were liable to the full extent of the expenses without regard to outside income. The difference between what the proprietors would have paid and what, in fact, they did pay was treated as constructive income by the Commissioner, and it is this income upon which the assessment was made.

Assuming without conceding that the decisions of the courts were correct, the result is nevertheless disastrous. The financial condition of the proprietors, who must look for Government guaranteed loans in order to continue to operate, makes a demand for $2,400,000 from each an invitation to bankruptcy.

Mr. Speaker, the inequity of the position is demonstrated by comparison of this contract with the type of contract which airlines, buslines, trucklines, and other competing forms of transportation have with tax-exempt public authorities. The basic provisions are substantially the same; namely, before assessing the users for the operating expenses, concession and other income must first be deducted from those expenses. Terminal facilities are not profitable to transportation companies. The greatest expense of operating a railroad is terminal cost. To isolate this phase of the transportation business and ascribe to it profit, flies in the face of economic reality.

Under Illinois law, none but a corporation may operate a railroad. Thus, no alternative to operation in the corporate form is open to the proprietors.

Mr. Speaker, a legislative solution to the problem at present facing the Western Indiana, and soon other similar companies, is to extend the principle of subchapter K of chapter 1 of the Internal Revenue Code of 1954, to permit a joint facility to elect to file a partnership return. If such an election is permitted, the profit, if any, is ascribable then to the proprietors, not to the corporation.

Mr. Speaker, legislation along these lines is vitally necessary to keep these important midwestern railroads from bankruptcy. Further railroad bankruptcies will not only adversely affect the securityholders of the railroads involved but also investors in all railroads and business conditions generally. A proposed bill to accomplish legislative relief and technical explanation thereof are attached. Adoption of that legislation will carry out the administration's program of providing equal treatment to all forms of transportation and will keep these railroads in private hands.

CHICAGO & WESTERN INDIANA RR. CO.

*Financial data concerning stockholders*

| | Chicago & Eastern Illinois | Erie-Lackawanna | Grand Trunk Western | Monon | Wabash |
|---|---|---|---|---|---|
| 1961 gross revenues | $34,054,496 | $211,024,845 | $48,460,000 | $17,921,117 | $110,092,768 |
| 1961 net income or (loss)[1] | 300,153 | (23,143,690) | (11,620,500) | (171,774) | 5,760,297 |
| Dec. 31, 1961, total assets | 109,379,326 | 681,132,963 | 134,087,452 | 51,281,120 | 304,741,712 |
| Dec. 31, 1961, current assets | 8,168,993 | 41,550,465 | 9,820,224 | 4,337,485 | 27,719,190 |
| Dec. 31, 1961, current liabilities | 10,215,710 | 38,674,329 | 6,139,028 | 4,328,009 | 19,782,792 |
| Dec. 31, 1961, net | (2,046,717) | 2,876,136 | 3,600,196 | 9,476 | 7,936,407 |

[1] After fixed charges but before sinking fund and contingent interest.

*10-year earnings record—Net income after fixed and contingent interest charges* [1]

[In millions of dollars]

| | Chicago & Eastern Illinois | Erie-Lackawanna | Grand Trunk Western | Monon | Wabash |
|---|---|---|---|---|---|
| 1961 | (0.9) | (26.5) | (11.6) | (0.9) | 5.1 |
| 1960 | (2.2) | (20.0) | (12.2) | (1.3) | 4.1 |
| 1959 | .4 | (10.0) | (13.1) | ---------- | 3.8 |
| 1958 | 1.0 | (7.0) | (9.9) | .1 | 4.1 |
| 1957 | 1.4 | 4.0 | (5.5) | .5 | 9.2 |
| 1956 | 2.7 | 13.3 | .8 | .9 | 10.6 |
| 1955 | 2.0 | 6.9 | (3.5) | 1.4 | 15.8 |
| 1954 | 2.6 | 10.2 | 1.2 | 1.2 | 9.9 |
| 1953 | 2.7 | 19.2 | (1.8) | 1.2 | 11.1 |
| 1952 | 2.7 | 19.8 | (.2) | 1.1 | 11.2 |

[1] Above net income after fixed and contingent charges does not reflect sinking fund obligations which would include for each company as a guarantor of the C. & W.I. 1st collateral trust mortgage an annual payment in the form of a cash advance of $260,000.

Mr. Speaker, in order to facilitate the solution of this problem so critical to the end that the very existence of these companies is threatened in functioning as a public service—under conditions of financial stability—I have introduced H.R. 12599, and submit herewith a technical memorandum in explanation thereof. It authorizes the permissive taxation of jointly owned railroad switching and terminal companies as partnerships.

The memorandum follows:

1. Overall purpose: The proposed act would amend subchapter K of chapter 1 of the Internal Revenue Code of 1954 by adding a new part V authorizing, on a purely elective basis, jointly owned railroad switching and terminal companies to be taxed as partnerships. These facility corporations are an integral part of the Nation's network of interconnecting rail carriers, the essential task of which is to effect an economical and speedy interchange of rail freight and passenger cars between trunklines, and of freight cars between delivering carriers and shippers as well as, to some degree, the interchange of freight cars between neighboring shippers. These facilities are often required to do business in the corporate form by the positive mandate of State law, but in any event would be subject to treatment as an association taxable as a corporation by the definitional sections of the Internal Revenue Code (cf. sec. 7701(a)(3) and the implementing Treasury Regulations). As a separate taxable entity, each rail joint facility is required to pay tax on what in economic reality is but an artificially segmented portion of a through movement of traffic.

The economic burden of this segmentation has become acute with the rendition of the U.S. court of appeals decision on May 1, 1962, in the case of *Chicago and Western Indiana Railroad Co.* v. *Commissioner*, No. 13509. This legislation has accordingly been drafted to enable but one Federal income tax to be levied on the true net income realized from rail transportation and related services. All such net income under this bill's approach will be fully subject to taxation but no portion will be taxed twice.

2. Method proposed: The method whereby it is proposed to accomplish the foregoing objective is by amending the partnership provisions of the Internal Revenue Code contained in subchapter K to authorize any qualified rail joint facility to elect to be taxed as a partnership. A comparable option has been extended to qualified small business corporations since the Technical Amendments Act of 1958 added subchapter S to the code.

3. Scope of the bill: Only "jointly owned railroad terminal and switching facility corporations" would be extended the proposed option. Such corporations are narrowly defined to include only those corporations which each year meet all of the seven following requirements: (1) Is a domestic corporation; (2) is not a member of an affiliated group (as defined in sec. 1504); (3) all of its stock is held by domestic corporations subject to part I of the Interstate Commerce Act; (4) its principal business is the providing or rendering available of terminal and switching facilities and services within a single metropolitan area to domestic railroad corporations subject to part I of the Interstate Commerce Act, or to their shippers; (5) a substantial part of its services are each year rendered its stockholders; (6) has a tax calendar year commencing on January 1; and (7) is not free from tax under chapter 1 by reason of any other subchapter.

Thus it is seen that the class of affected taxpayer is indeed a narrow one, being limited only to those which fall within the precise group it is necessary to relieve.

4. The election: A qualified facility may elect to be taxed as a partnership but need not do so. An election once validly made is, however, irrevocable. A qualified status may, however, be lost or terminated as hereinafter discussed. For an election to be valid, not only must the affected joint facility so elect, but such election must also be consented to by all of its stockholders. This follows from the very nature of partnership taxation as subchapter K treats all partnerships as tax accounting, but not tax paying, entities. The partnership's annually resulting net income or net loss is reportable by the partners in their own separate tax returns, and hence their consent to such treatment is necessary. This accords with the comparable provisions of subchapter S; i.e., section 1372(a). Further if new stockholders are acquired, they too must agree to the election or else the qualified status will be lost (cf. sec. 1372(e)).

5. Years for which the election may be made: Any qualified rail joint facility may under proposed new code section 782(c)(1), elect to assume partnership status for any taxable year commencing with the year in which the new act becomes law. In addition, provision is made in proposed section 782(c)(2) for a qualified electing facility also to acquire a partnership status for prior taxable years. In such event, however, it is required that the election also apply to all intervening taxable years both of the electing facility as well as to all its consenting stockholders. It is also required that none of such earlier years shall be closed by the running of the statute of limitations, by a binding statutory closing agreement, or by court decision which shall have become final. This seems a necessary limitation because the tax of the electing facility and its stockholders alike would be directly affected by such election.

There will doubtless be cases where the prior years of some but not all of the facility's stockholders will be closed. Where all of the affected parties nonetheless desire the new partnership classification rules still to apply, this statute of limitations requirement for the electing facility's shareholders will be deemed met if the electing facility agrees to pay the tax, if any, which those of its stockholders would have paid had the statute of limitations not barred collection from them. This will insure maximum flexibility of the new approach's application without loss to the fisc of $1 of tax revenues derivable from true transportation net income.

6. How the election is to be made: A valid election once made is effective for all subsequent years unless terminated or revoked. Events which would serve to terminate an election included (a) failure of a new stockholder to consent to the election; (b) formal revocation by the facility and all of its stockholders; and (c) ceasing of the facility to be a joint railroad facility.

These provisions generally parallel those contained in section 1372(e) under subchapter S. Once an election is terminated it may not, without the Commissioner's consent, be reinstated until the third year following termination or revocation (cf. sec. 1372(f)).

7. How is the election made: The method or form of electing shall be as the Secretary or his delegate shall by regulation prescribe.

8. Amount of an electing facility's losses available to shareholders: Subchapter K in section 704(d) now limits the availability of partnership losses to a sum not in excess of the particular partner's adjusted basis for his interest in the partnership at the end of the partnership year in which such loss occurs. A comparable limitation is contained in proposed new section 783 upon the amount of the losses of an electing joint facility which will be available to its shareholders. Present law in section 752(a) now provides that a partner's adjusted basis shall include any increase in the partner's share of partnership liabilities together with "any increase in a partner's individual liabilities by reason of the assumption by such partner of partnership liabilities." The basic fiscal pattern upon which the capital structures of most joint facilities have been modeled reflects relatively modest amounts of equity capital supplemented by very substantial amounts of bonded indebtedness sold to institutional investors and other third party public investors with such debt being buttressed by the joint and several guarantee of the facility's stockholders. Thus in order fully to equate the definition of what is to be included in the adjusted basis of each of the electing facility's stockholders with that of an individual partner, it has been necessary in proposed new section 783(b) to include facility debt held by third parties for which its shareholders are guarantors. In the case of joint and several guarantees, the new law would allow only a pro rata amount of such secondary liability to be added to "adjusted basis" in order to insure that no overstatement of such basis occurs.

Mr. Speaker, the Committee on Ways and Means, to whom was referred H.R. 12599 to amend the Internal Revenue Codes of 1954 and 1939 to provide for the elimination of certain tax inequities through the permissive taxation of certain jointly owned railroad terminal and switching facility corporations as partnerships, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

H.R. 12599, as amended by the committee, deals with the income tax treatment of a terminal railroad corporation and its railroad shareholders. Under certain court decisions a corporation is taxed on its profits, even if it uses these profits to supply services to a shareholder at less than cost. Also, the shareholder is treated as if it had paid at least cost for any services rendered to it and received the profits attributable to the undercharge in the form of a dividend. The bill, as amended, creates a special exception to these two rules in the case of terminal railroad corporations and their railroad shareholders. Where such a terminal railroad corporation offsets a charge for services performed for a railroad shareholder, by crediting railroad terminal income against this charge, the terminal railroad corporation is not to be treated as having received the portion of the charge so offset, nor is this portion to be rendered taxable to the terminal railroad corporation through the disallowance of deductions. The railroad shareholder is not to be taxed on the portion of the charge satisfied with the related terminal income nor is it to receive a deduction as having paid such portion.

The Treasury Department found that, in the light of overall transportation policy it believes a solution should be found to this problem which does not impose serious financial burdens on the shareholder railroads as a consequence of required terminal operations. It recognized that the court decision in the Chicago and Western Indiana case would give rise to unsettling consequences. In some cases, additional taxes would be obtained from terminal railroad corporations but the shareholders would get corresponding refunds. In other cases additional taxes would be obtained from terminal railroad corporations but the shareholders would not get offsetting refunds because they had large and continuous losses. In still other cases, the railroad shareholders would get refunds but the United States would not get offsetting additional taxes from the terminal railroad corporation, because the statute of limitations has run as to the years involved. The Treasury Department has, therefore, concluded that the situation should be stabilized through a retention of prior practices. This is the effect of the bill, as amended, and thus the Treasury Department believes that the overall result of the legislation is appropriate.

The committee is to be congratulated on its treatment of this financial problem faced by the railroads at the present time, and its nondesire to increase their overall tax burdens.

The committee, in its reliance upon the intent of the President's transportation message, is solid in its acceptance of this premise. The fact that most of the major railroads are owners of joint facility stock and users of joint facility services, made this problem peculiarly acute, due to the fact that, under State law, joint facilities to be used by railroads must be operated by a corporation.

The committee was sound in that it would be particularly unfortunate to make an especially large increase in the tax burden of terminal railroad corporations owned by loss railroads, since the shareholders must bear this additional tax burden.

It is a compliment to the committee that, in their findings, they believed that special rules should be provided for those terminal railroad corporations so that they would not be taxed on related terminal income which is used to reduce the service charges to the railroads. The committee was practical in arriving at the decision that, on the other hand, the railroads involved will not be entitled to expense reductions in excess of the actual costs borne by them.

The amendments made by the committee apply to all years to which the Internal Revenue Code of 1954 or the Internal Revenue Code of 1939 apply. However, the committee does not believe it necessary or desirable to reopen any years closed on the date of the enactment of the bill. Accordingly, the effective date provision does not refer to the sections which contain the period of limitation for filing claims for credit or refund, or which otherwise provide for the closing of taxable years, and, therefore, the bill does not have the effect of opening any closed years.

### TECHNICAL EXPLANATIONS

As per the committee report as to the technical explanation of the amended bill, subsection (a) of the first section of the bill, as amended, adds a new part X to subchapter B of chapter 1 of the Internal Revenue Code of 1954. The new part, which relates to the treatment of terminal railroad corporations and their shareholders, consists of new section 281 which is explained below.

### SECTION 281. TERMINAL RAILROAD CORPORATIONS AND THEIR SHAREHOLDERS

### (A) COMPUTATION OF TAXABLE INCOME OF TERMINAL RAILROAD CORPORATIONS

Subsection (a) of section 281 provides special rules for computing the taxable income of a terminal railroad corporation—as defined in section 281(d)(1).

Paragraph (1)(A)(i) of the new section 281(a) provides that a terminal railroad corporation is not to be considered to have received or accrued the portion of any liability of any railroad corporation which is discharged by crediting that liability, if the following conditions are met. The terminal railroad corporation must have discharged, on its books and in fact, that portion of the liability of the railroad corporation payable to the terminal railroad corporation by crediting that liability with an amount of related terminal income—as defined in section 281(d)(2). The liability which is discharged must be a liability—with respect to related terminal services—as defined in section 281(d)(3)—provided by the terminal railroad corporation to the railroad corporation. Moreover, that portion of the liability must be discharged pursuant to an agreement as provided in section 281(c).

Paragraph (1)(A)(ii) of the new section 281(a) provides that a terminal railroad corporation is not to be considered to have received or accrued the portion of any charge which would be made by the terminal railroad corporation to the railroad corporation but which is not made, if the following conditions are met. The portion of the charge which is not made must result from the terminal railroad corporation having taken related terminal income—as defined in section 281(d)(2)—into consideration in computing the net charge to the railroad corporation. The portion of the charge which is not made must be a charge which would otherwise have been made with respect to related terminal services—as defined in section 281(d)(3)—provided by the terminal railroad corporation to the railroad corporation. Moreover, the reduction of the charge must have been made pursuant to an agreement as provided in section 281(c).

Paragraph (1)(B) of the new section 281(a) is to apply under the same conditions as under paragraph (1)(A). Paragraph (1)(B) provides that no deduction, which would otherwise be allowable to the terminal railroad corporation under chapter 1 of the 1954 Code, is to be disallowed merely because a liability is discharged as described in paragraph (1)(A)(i). Similarly, no deduction, which would otherwise be allowable to the terminal railroad corporation under such chapter 1, is to be disallowed merely because of the computation of charges as described in paragraph (1)(A)(ii).

Paragraph (2) of the new section 281(a) provides a limitation on the application of paragraph (1). Paragraph (1) is not to apply to the extent that it would—but for this limitation under paragraph (2)—operate to create—or increase—a net operating loss of the terminal railroad corporation for the taxable year. This limitation is to apply only to taxable years of terminal railroad corporations ending after the date of enactment of the new section 281.

The application of subsection (a) may be illustrated by the following examples:

Example 1: The X terminal railroad corporation charges its shareholder railroad corporations for the use of its services and facilities on a wheelage or user basis. At the end of each year, the shareholder railroad corporations' liabilities are reduced—in proportion to their respective stock ownership—pursuant to an agreement—as provided in section 281(c)—by the net income from all sources—computed without regard to Federal income taxes. For the calendar year 1963, the X corporation charges its shareholders $105 with respect to related terminal services. This liability is discharged, in part by crediting it with $36—the net income from all sources—resulting in a net shareholder liability of $69. The X corporation's income from all sources is determined to be as follows:

| Source | Receipts or accruals | Costs of operations | Income (or loss) |
|---|---|---|---|
| 1. Related terminal income from dealings with nonshareholders | $30 | $21 | $9 |
| 2. Nonrelated terminal income | 24 | 12 | 12 |
| 3. Related terminal income from dealings with shareholder railroad corporations | 105 | 90 | 15 |
| Total | 159 | 123 | 36 |

Under section 821(a)(1)(A)(i), the X corporation is not to be considered to have received or accrued income of $24—related terminal income of $9 from nonshareholders and $15 from shareholders—by reason of the discharge of $36 of shareholder railroad corporations' liabilities. Similarly, under section 281(a)(1)(B), to the extent of $24 the X corporation is not to be disallowed deductions by reason of the discharge of shareholder railroad corporations' liabilities.

Example 2: The Y terminal railroad corporation charges its shareholder railroad corporations for the difference between the cost of operations for the use of its services and facilities provided to the shareholders and its net income from all other sources. This net charge is computed at the end of each year pursuant to an agreement—as provided in section 281(c)—which provides that Federal income taxes shall not be taken into account for purposes of the computation. For the calendar year 1964, the Y corporation charges its shareholders $69 with respect to related terminal services. The Y corporation's income from all sources is determined to be as follows:

| Source | Receipts or accruals | Costs of operations | Income (or loss) |
|---|---|---|---|
| 1. Related terminal income from dealings with nonshareholders | $30 | $21 | $9 |
| 2. Nonrelated terminal income | 24 | 12 | 12 |
| Total | 54 | 33 | 21 |
| 3. Dealings with shareholders |  | 90 | (90) |
| Due from shareholders |  |  | 69 |

Under section 281(a)(1)(A)(ii), the Y corporation is not to be considered to have received or accrued income of $9—related terminal income—by reason of the $21 charge which is not made. Similarly, under section 281(a)(1)(B), to the extent of $9 the Y corporation is not to be disallowed deductions by reason of the fact that the full cost was not charged.

Example 3: Assume that all of the facts are the same as in example 2, except that the costs of nonrelated terminal activities are $30, instead of $12. In that case, the nonrelated terminal income will be a minus $6. By reason of the limitation of section 281(a)(2), section 281(a)(1) (A)(ii) and (B) will operate with respect to $3—instead of $9.

### (B) COMPUTATION OF TAXABLE INCOME OF SHAREHOLDERS

Subsection (b) of new section 281 provides special rules for computing the taxable income of a shareholder of a terminal railroad corporation—as defined in section 281(d)(1). This subsection is to apply under the same conditions as under subsection (a)(1)(A). Subject to the limitation provided in subsection (a)(2), no amount is to be considered to have been received or accrued or paid or incurred by a shareholder of a terminal railroad corporation as a result of any discharge of liability described in subsection (a)(1)(A)(i), nor as a result of any computation of charges in the manner described in subsection (a)(1)(A)(ii).

Thus, to the extent that the conditions of subsection (a)(1)(A) (i) or (ii) are satisfied in discharging a liability or computing a charge, a shareholder of the terminal railroad corporation is not to be considered to have paid or incurred an expense. Moreover, to that extent, the shareholder is not to be considered to have received or accrued a dividend. For example, if in examples 1, 2, and 3 illustrating subsection (a), the X and Y railroad terminal corporations each had three shareholders, and if an equal discharge of liability—or computation of charges—resulted for each shareholder, then each of them will not be considered to have received or accrued a dividend nor paid or incurred an expense of $8 in example 1, and $3 in example 2, and $1 in example 3.

### (C) AGREEMENT REQUIRED

Subsection (c) of new section 281 provides that subsections (a) and (b) are to apply only if the discharge of liability described in subsection (a)(1)(A)(i) or the computation of charges described in subsection (a)(1)(A)(ii) was provided for in a written agreement. The written agreement must have been entered into before the beginning of the taxable year to which subsections (a) and (b) are to apply. All shareholders of the terminal railroad corporation must have been parties to the written agreement. Thus, if a written agreement, to which all of the shareholders are parties, and which was entered into before the taxable year, provides that the net revenues are to be credited as reductions of rental obligations of the shareholders, subsections (a) and (b) would apply to such an arrangement. However, if the agreement provides that the net revenues are to be divided among the shareholders and credited to them as shareholders—and not as users of the terminal services and facilities—subsections (a) and (b) would not apply to this arrangement.

### (D) DEFINITIONS

Subsection (d) of the new section 281 defines the terms "terminal railroad corporation," "related terminal income," and "related terminal services."

First. Definition of terminal railroad corporation: Paragraph (1) of the new subsection (d) contains a definition of a terminal railroad corporation. Such term means a domestic railroad corporation which is not a member of an affiliated group—as defined in section 1504 of the code, and as determined without regard to whether or not the affiliated group makes a consolidated return for the taxable year—and which also meets four other requirements.

The first of these requirements provides that all of the shareholders of the terminal railroad corporation must be domestic railroad corporations subject to part I of the Interstate Commerce Act. If any one of the shareholders of a terminal railroad corporation is not so qualified, because, for example, it is a foreign corporation or a corporation not subject to part I of the Interstate Commerce Act, then that terminal railroad corporation would not be within the scope of new section 281.

The second requirement provides that the primary business of the terminal railroad corporation is providing railroad terminal and switching facilities and services to domestic railroad corporations subject to part I of the Interstate Commerce Act and to the shippers and passengers of such railroad corporations. Thus, a terminal railroad corporation would meet this requirement if its primary business consists of the operation of, first, a switching service only; second, terminal trackage or facilities only, such as a union passenger of freight station, or stockyards, and so on; third, railroad bridges or ferries only, or fourth, any combination of the foregoing. For purposes of this requirement, terminal facilities may be provided by leasing such facilities to another railroad corporation.

The third requirement provides that a substantial part of the services rendered by the terminal railroad corporation for the taxable year must be rendered to one or more of the shareholders of the terminal railroad corporation.

The fourth requirement provides that both the terminal railroad corporation and all of its shareholders must compute their taxable income on the basis of the same taxable year.

Second. Definition of related terminal income: Paragraph (2) of the new section 281(d) contains a definition of related terminal income of a terminal railroad corporation. Such term means the income—determined in accordance with regulations prescribed by the Secretary of the Treasury or his delegate—of a terminal railroad corporation derived from any one or more of four sources.

Subparagraph (A) of subsection (d)(2) states that one source of related terminal income includes income derived from services or facilities of a character ordinarily and regularly provided by terminal railroad corporations for railroad corporations or for the employees, passengers, or shippers of railroad corporations. This class of income would include income from switching operations for railroads, and from renting or operating restaurants, barbershops, newsstands, or other similar passenger facilities, in waiting rooms or along passenger concourses. Income from the operation of a small hotel primarily for the employees of the railroads would also be included under this subparagraph. However, the income from the operation of a hotel for passengers or other persons would not qualify as related terminal income. The income produced from making available facilities for railroad shippers—including express companies and freight forwarders—such as sheds or warehouses, although not directly intended for railroad use, would qualify as related terminal income.

Subparagraph (B) of subsection (d)(2) provides that another source of related terminal income includes income derived from the use by persons other than railroad corporations of a portion of a facility, or of a service, which is used primarily for railroad purposes. Thus, for example, if a terminal railroad corporation owns a bridge across a river which has on it both railroad tracks and an automobile roadway, and if the primary purpose for the continued operation of the bridge is to serve railroad corporations, the income derived from the tolls charged automobiles to use the automobile roadway would qualify as related terminal income. Also, if a terminal railroad corporation had a steam plant primarily operated to supply steam for the terminal, but if excess steam is sold to another business in the neighborhood, the income produced by the sale of this steam would qualify as related terminal income. Moreover, income produced either by operating a commuter service or by renting tracks and facilities for a commuter service to an independent operator would qualify as related terminal income. Similarly, the sale or rental of advertising space on either the inside or outside of the terminal for signs and other advertising displays would qualify as related terminal income. However, the income produced by the operation for general public use of a large hotel or office building—whether or not this was physically part of the same structure as the terminal—would not be related terminal income. Likewise, if oil or natural gas or any other mineral is discovered on property owned or leased by the terminal railroad corporation, the income produced from this discovery would not be related terminal income.

Subsection (d)(2) also provides that any substantial addition constructed after the date of enactment of this bill shall be treated as a separate facility for purposes of subsection (d)(2)(B). Thus, for example, if after the date of enactment, a terminal railroad corporation constructs a five-story addition above its present terminal building, which addition is devoted to offices rented to the general public, the income from this addition will not be considered related terminal income, since such addition is not used primarily for railroad purposes.

However, the income from the small number of offices which were included in the terminal building before the addition will continue to be considered related terminal income. Furthermore, if a substantial addition constructed after the enactment of this bill is used primarily for railroad purposes, the income from such facility will qualify as related terminal income.

Subparagraph (C) of subsection (d) (2) provides that another source of related terminal income includes income received from any railroad corporation for services or facilities provided by such terminal railroad corporation in connection with railroad operations. This subparagraph would include, for example, income produced by the use of switching facilities, or the lease of such facilities, or the lease or operation of a beltline or bypass railroad. Also included would be income produced by the renting of office space in a terminal office building to any railroad corporation for such corporation's administrative or operating divisions.

Subparagraph (D) of subsection (d) (2) provides that related terminal income includes payment received for facilities or services in connection with mail handling.

Gain realized from the sale of terminals, terminal equipment, and other assets owned by the terminal railroad corporation will not qualify as related terminal income.

Third. Definition of related terminal services: Paragraph (3) of the new subsection (d) contains a definition of related terminal services. Such term means only the services or use of facilities taken into account in computing related terminal income. Included in this term, for example, are switching or terminal services, furnishing terminal trackage or facilities, or operating bridges or ferries for railroad purposes.

### (e) REGULATIONS

Subsection (e) of the new section 281 requires the Secretary of the Treasury or his delegate to prescribe such regulations as may be necessary to carry out the purposes of the new section 281.

Subsection (b) of the first section of the bill, as amended, provides a clerical amendment to the table of parts for subchapter B of chapter 1 of the Internal Revenue Code of 1954.

Section 2(a) of the bill, as amended, provides that the amendments made by the bill to the Internal Revenue Code of 1954 are to apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.

Section 2(b) of the bill, as amended, provides that provisions having the same effect as the amendments made by the bill to the Internal Revenue Code of 1954 are to be deemed to be included in the Internal Revenue Code of 1939, effective with respect to all taxable years to which the Internal Revenue Code of 1939 applies.

### CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows—new matter is printed in italic, existing law in which no change is proposed is shown in roman:

### SUBCHAPTER B OF CHAPTER 1 OF THE INTERNAL REVENUE CODE OF 1954

### SUBCHAPTER B—COMPUTATION OF TAXABLE INCOME

Part I. Definition of gross income, adjusted gross income, and taxable income.
Part II. Items specifically included in gross income.
Part III. Items specifically excluded from gross income.
Part IV. Standard deduction for individuals.
Part V. Deductions for personal exemptions.
Part VI. Itemized deductions for individuals and corporations.
Part VII. Additional itemized deductions for individuals.
Part VIII. Special deductions for corporations.
Part IX. Items not deductible.
*Part X. Terminal railroad corporations and their shareholders.*

* * * * *

### PART X—TERMINAL RAILROAD CORPORATIONS AND THEIR SHAREHOLDERS

*Sec. 281. Terminal railroad corporations and their shareholders.*

*(a) Computation of Taxable Income of Terminal Railroad Corporations.—*

*(1) In general.—In computing the taxable income of a terminal railroad corporation—*

*(A) such corporation shall not be considered to have received or accrued—*

*(i) the portion of any liability of any railroad corporation, with respect to related terminal services provided by such corporation, which is discharged by crediting such liability with an amount of related terminal income, or*

*(ii) the portion of any charge which would be made by such corporation for related terminal services provided by it, but which is not made as a result of taking related terminal income into account in computing such charge; and*

*(B) no deduction otherwise allowable under this chapter shall be disallowed as a result of any discharge of liability described in subparagraph (A)(i) or as a result of any computation of charges in the manner described in subparagraph (A)(ii).*

*(2) Limitation.—In the case of any taxable year ending after the date of the enactment of this section, paragraph (1) shall not apply to the extent that it would (but for this paragraph) operate to create (or increase) a net operating loss for the terminal railroad corporation for the taxable year.*

*(b) Computation of Taxable Income of Shareholders.—Subject to the limitation in subsection (a)(2), in computing the taxable income of any shareholder of a terminal railroad corporation, no amount shall be considered to have been received or accrued or paid or incurred by such shareholder as a result of any discharge of liability described in subsection (a)(1)(A)(i) or as a result of any computation of charges in the manner described in subsection (a)(1)(A)(ii).*

*(c) Agreement Required.—In the case of any taxable year, subsections (a) and (b) shall apply with respect to any discharge of liability described in subsection (a)(1)(A)(i), and to any computation of charges in the manner described in subsection (a)(1)(A)(ii), only if such a discharge or computation (as the case may be) was provided for in a written agreement, to which all of the shareholders of the terminal railroad corporation were parties, entered into before the beginning of such taxable year.*

*(d) Definitions.—For purposes of this section—*

*(1) Terminal railroad corporation.—The term "terminal railroad corporation" means a domestic railroad corporation which is not a member of an affiliated group (as defined in section 1504) and—*

*(A) all of the shareholders of which are domestic railroad corporations subject to part I of the Interstate Commerce Act;*

*(B) the primary business of which is the providing of railroad terminal and switching facilities and services to domestic railroad corporations subject to part I of the Interstate Commerce Act and to the shippers and passengers of such railroad corporations;*

*(C) a substantial part of the services of which for the taxable year is rendered to one or more of its shareholders; and*

*(D) all of the shareholders of which compute their taxable income on the basis of the same taxable year as the terminal railroad corporation.*

*(2) Related terminal income.—The term "related terminal income" means the income (determined in accordance with regulations prescribed by the Secretary or his delegate) of a terminal railroad corporation derived—*

*(A) from services or facilities of a character ordinarily and regularly provided by terminal railroad corporations for railroad corporations or for the employees, passengers, or shippers of railroad corporations;*

*(B) from the use by persons other than railroad corporations of portions of a facility, or a service, which is used primarily for railroad purposes;*

*(C) from any railroad corporation for services or facilities provided by such terminal railroad corporation in connection with railroad operations; and*

*(D) from the United States in payment for facilities or services in connection with mail handling.*

*For purposes of subparagraph (B), a substantial addition, constructed after the date of the enactment of this section, to a facility shall be treated as a separate facility.*

*(3) Related terminal services.—The term "related terminal services" includes only services, and the use of facilities, taken into account in computing related terminal income.*

*(e) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section.*

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read as follows: "A bill relating to the income tax treatment of terminal railroad corporations and their shareholders."

A motion to reconsider was laid on the table.

**Mr. MILLS.** Mr. Speaker, the bill, H.R. 12599, deals with the income tax treatment of terminal railroad corporations and their railroad shareholders. As amended by your committee, this bill has been unanimously reported and the Treasury Department believes that the overall result of this legislation is appropriate.

Under court decisions, a corporation is taxed on its income even if it uses this income to supply services to shareholders at less than cost. Furthermore, these shareholders are treated as if they had paid full cost for the services rendered to them by the corporation and had received the profits attributable to the undercharge in the form of a dividend. Where the shareholder is another corporation and is receiving business services, the larger cost means a larger deduction which normally offsets most of the income consequences.

This bill would create a special exception to these two constructive income rules in the case of terminal railroad corporations and the railroad shareholders. Under this bill, where a terminal railroad corporation offsets charges for services performed for railroad shareholders by crediting terminal income, such as from the lease of spaces for restaurants and other concessions, against these charges, the terminal railroad corporation would not be treated as having received the portion of the charges so offset, nor would such portion be rendered taxable to the terminal railroad corporation through the disallowance of deductions. Furthermore, under this bill, the railroad shareholders would not be taxed on the portion of the charges satisfied with this terminal income nor would they be permitted a deduction for having paid such portion.

Basically, in the situations presented to your committee, the problem with which this bill deals arises because under State law terminal railroad corporations are required to be organized and operated in corporate form. Were these railroad terminal corporations to do business in partnership form, such problem would not arise.

The Treasury Department has indicated to your committee that in view of the overall transportation policy it believes the solution to this problem should not impose serious financial burdens on railroad shareholders as a consequence of conducting required terminal operations in corporate form. It recognizes that the court decisions referred to would give rise to unsettling consequences. In certain cases under these decisions additional taxes would be obtained from terminal railroad corporations but their railroad shareholders would receive corresponding refunds. In certain other cases, additional taxes would be obtained from terminal railroad croporations but their shareholders would not be entitled to receive offsetting refunds because of a past history of large and continuing operating losses. It is the situation of these loss railroad corporations that gave your committee concern, particularly in view of the dire financial predicament of a number of these railroad corporations.

In still other cases, the railroad shareholders would be entitled to refunds under these court decisions but the United States would not be in a position to obtain offsetting additional taxes from the terminal railroad corporation because the statute of limitations has run as to the years involved. The Treasury Department has, therefore, concluded that the situation should be stabilized through the retention of prior practices that were in existence prior to the court decisions referred to.

I strongly urge favorable consideration of this bill by my colleagues.

Mr. BYRNES of Wisconsin. Mr. Speaker, the bill, as amended by the Ways and Means Committee, is designed to permit jointly owned corporations operating rail and terminal facilities for the use of its stockholders, to operate on a cost-sharing basis without incurring any additional tax liability by reason of the application of nonowner income in reduction of charges to the participating owners.

Many railroad terminal and belt line corporations are jointly owned by railroads using the facilities under an agreement whereby the user-owners underwrite the operating expenses. Charges are made to the user-owners on a use basis. In addition, the facilities may have other income from concessions and rentals from space within the facility. The charges to the user-owners are adjusted to reflect the absorption of expenses against other income. This practice prevailed over a period of many years, without question by the Internal Revenue Service.

Recent court decisions have held that the income from sources other than user charges which was in turn applied against the expenses of terminals, is taxable first to the terminal irrespective of the results of operations, and again to the joint owners because of having been used to reduce the amount which would otherwise have been charged to them for the use of the facility. Funds for the payment of any tax against the facility could only be obtained through an assessment against the joint owners. In some cases, both the facility and the owners would be rendered insolvent. The bill is intended to modify the effect of these recent court decisions, and to reinstate the rule believed to be in accordance with the law prior to such decisions.

The charges which the user-owners pay under the operating agreement constitute deductions for Federal tax purposes. Thus, any nonuser income of the facility which is applied in reduction of those charges, is taken into account in computing the tax liability of the user-owners. Their expense or deductions are reduced and their taxable income proportionately increased, because of the application of nonuser income to reduce the expenses of operating the facility. This bill merely avoids the imposition of an additional tax at the facility level on the receipt of nonuser income which is applied in reduction of user charges.

Joint ownership of terminal and belt facilities is essential for the operation of the participating railroads. In most cases, the facilities must be operated as a separate corporation. The taxation of an artificially created income at the facility level is not justified. Such taxation merely becomes another burden on the railroads and makes it more difficult for them to compete with other forms of transportation. Accordingly, it is recommended that the bill be favorably considered by the House.

## CONTRIBUTIONS TO CERTAIN ORGANIZATIONS FOR JUDICIAL REFORM

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill, H.R. 10080, to amend section 170 of the Internal Revenue Code of 1954 with respect to certain organizations for judicial reform, which was unanimously reported favorably by the Committee on Ways and Means, with amendments.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 170(c)(1) of the Internal Revenue Code of 1954 (relating to charitable contributions) is amended to read as follows:

"(1) A State, a Territory, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, or any nonprofit organization created and operated exclusively to consider proposals for the reorganization of the judicial branch of the Government of any of the foregoing to provide information, to make recommendations, and to seek public support or opposition as to such proposals, but only if the contribution or gift is made for exclusively public purposes."

Sec. 2. The amendment made by the first section of this Act shall apply to taxable years ending after the date of the enactment of this Act.

With the following committee amendments:

Strike out all after the enacting clause and insert: "That, for purposes of section 170 of the Internal Revenue Code of 1954 (relating to deduction for charitable, etc., contributions and gifts), a contribution or gift made after December 31, 1961, with respect to a referendum occurring during the calendar year 1962 to or for the use of any nonprofit organization created and operated exclusively—

"(1) to consider proposals for the reorganization of the judicial branch of the government of any State of the United States or political subdivision of such a State, and

"(2) to provide information, make recommendations, and seek public support or opposition as to such proposals.

shall be treated as a charitable contribution if no part of the net earnings of such organization inures to the benefit of any private shareholder or individual. The provisions of the preceding sentence shall not apply to any organization which participates in, or intervenes in, any political campaign on behalf of any candidate for public office."

The committee amendments were agreed to.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, I am very happy to rise in support of this bill. H.R. 10080 would allow gifts made after December 31, 1961, to nonprofit organizations supporting or opposing the reorganization of a State judicial branch in referendums occurring in 1962 to be deducted by the donor as charitable contributions. This bill is limited only to the calendar year 1962. It will not permit gifts to political campaigns or to other lobbying efforts to be deducted as charitable contributions. It is restricted entirely to State judicial reform.

The bill will permit the deduction for tax purposes of contributions made to a nonprofit organization engaged in support of a constitutional amendment authorizing the reorganization of the courts of the State of Illinois. There are also several other States where similar programs are underway.

In Illinois, as well as in these other States, any judicial reorganization requires amendment to the State constitution. Such a procedure necessitates nonpartisan efforts, and expenditures, in order to obtain the required public participation at the polls. Without such public participation, these efforts are doomed to failure.

I urge every consideration of the bill and hope that its passage will aid the proponents of judicial reform in the State of Illinois.

Mr. MILLS. Mr. Speaker, the bill, H.R. 10080, which was introduced by our colleague, the Honorable Sidney Yates, of Illinois, would allow a deduction for income tax purposes for certain contributions made to nonprofit organizations which are organized and operated exclusively to consider judicial reform proposals at the State and local levels of government. As amended by your committee, the bill was unanimously ordered reported and it would allow a charitable contributions deduction for gifts made in 1962 with respect to referendums occurring during this year.

Mr. Speaker, under present law, charitable deductions are denied for gifts made to organizations, a substantial part of whose activities is the carrying on of propaganda or otherwise attempting to influence legislation. Therefore, under present law, gifts to nonprofit organizations which devote their efforts toward reform in State and local judicial systems are not deductible. Your committee's attention has been called to situations where referendums are occurring in the year 1962 on the reform of State judicial systems which, in the opinion of your committee, is an issue which justifies making a limited exception to the general rule denying charitable deductions for contributions having to do with the influencing of legislation.

Accordingly, the bill, H.R. 10080, provides that a gift to a nonprofit organization which is organized and operated exclusively for the consideration of judicial reform proposals would be deductible as a charitable contribution provided no part of the net earnings of such an organization inured to the benefit of any private individual and provided further that the organization must not participate in any political campaign in behalf of or in opposition to any candidate for public office.

I strongly urge the favorable consideration of this bill by my colleagues in the Congress.

Mr. YATES. Mr. Speaker, on February 5 of this year, I introduced the pending bill, H.R. 10080, to amend the Internal Revenue Code of 1954 to provide charitable contributions deductions to be taken for gifts made to nonprofit organizations which are created and operated exclusively to consider proposals for the reorganization of the judicial branch of government, to make recommendations and provide information with respect thereto, and to seek public support or opposition to such proposals.

Mr. Speaker, I introduced this bill at the request of the Chicago and the Illinois State Bar Associations in order to deal with an immediate problem that exists in my home State of Illinois. At the present time, the backlog of undecided cases in the courts of my State has become such a problem that the leadership of both political parties has joined in support of the adoption of a new judicial article to our State constitution. This issue will be decided by a public referendum in the coming November election, at which time a two-third's majority of those voting on the issue will be required for the adoption of this article. Past experience has indicated, however, that adequate funds cannot be obtained to finance the kind of vigorous statewide campaign that is necessary to inform the public on this matter and to insure voter participation at the polls unless contributions for this purpose are made tax deductible. This is what my bill is designed to provide.

As reported to the House, the bill H.R. 10080 includes appropriate safeguards to insure that no private individual may benefit from these tax deductible contributions and that the donee organizations cannot involve themselves in any political campaign for or against any candidate for public office. However, this reported bill will achieve the objective of granting tax deduction for gifts made in 1962 to nonprofit organizations considering judicial reform proposals with respect to which a referendum will occur during this year, thereby being of aid to the situation presented in my State of Illinois.

I strongly urge my colleagues in the Congress to give favorable consideration to this bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read, as follows: "A bill relating to the deduction for income tax purposes of certain contributions to certain organizations for judicial reform."

A motion to reconsider was laid on the table.

---

## INCLUSION OF MEDICAL, ETC., BENEFITS UNDER QUALIFIED PENSION PLANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill, H.R. 10117, to amend section 401 of the Internal Revenue Code of 1954 to provide that plans which provide certain medical and other benefits for retired employees and their families may be qualified pension plans, which was unanimously reported favorably by the Committee on Ways and Means, with an amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 401 of the Internal Revenue Code of 1954 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) Medical, etc., Benefits for Retired Employees and Their Families.—A pension plan may provide for the payment of benefits for sickness, accident, hospitalization, and medical expenses of retired employees and members of their families, if such benefits are subordinate to the retirement benefits provided by the plan."

Sec. 2. The amendments made by the first section of this Act shall apply to taxable years beginning after the date of the enactment of this Act.

With the following committee amendment:

Strike out all after the enacting clause and insert "That section 401 of the Internal Revenue Code of 1954 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"'(c) Medical, etc., Benefits for Retired Employees and Their Spouses and Dependents.—Under regulations prescribed by the Secretary or his delegate, a pension plan may provide for the payment of benefits for sickness, accident, hospitalization, and medical expenses of retired employees, their spouses, and their dependents, but only if—

"'(1) such benefits are subordinate to the retirement benefits provided by the plan,

"'(2) a separate account is established and maintained for such benefits,

"'(3) the employer's contributions to such separate account are reasonable and ascertainable,

"'(4) it is impossible, at any time prior to the satisfaction of all liabilities under the plan to provide such benefits, for any part of the corpus or income of such separate account to be (within the taxable year or thereafter) used for, or diverted to, any purpose other than the providing of such benefits, and

"'(5) notwithstanding the provisions of subsection (a)(2), upon the satisfaction of all liabilities under the plan to provide such benefits, any amount remaining in such separate account must, under the terms of the trust instrument, be returned to the employer.'

"Sec. 2. The amendments made by the first section of this act shall apply to taxable years beginning after the date of the enactment of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, the bill, H.R. 10117, deals with a purely technical problem in the area of employee fringe benefits.

Under present law, an employer may provide a pension program for his employees which obtains certain tax benefits if it is a qualified pension plan meeting the requirements of section 401 of the Internal Revenue Code. In addition, an employer may provide separately a program of insurance against sickness, accident, hospitalization, and medical expenses for his employees and may under this insurance program continue to provide benefits for employees and their families after they have retired. It is impossible under the present law, however, to fund the cost of these medical insurance benefits for retired employees through a qualified pension plan. This bill will make it possible when an employer chooses to do so to provide medical insurance benefits through a qualified pension plan. This combining of the two programs will in some cases produce some reduction of administrative costs for the employer.

Your committee has amended the bill to provide that where medical insurance benefits are included in the pension plan the employer must allocate his total contributions to separate accounts, one being used to fund pension benefits and the other being used to fund medical benefits. In addition, under the committee amendments, it will be required that the benefits provided through medical insurance must meet the same nondiscriminatory tests which are now applied to a pension plan.

The medical benefits that might be covered for retired employees include the same type of benefits that can be provided now in a plan under section 105. This includes benefits for sickness, accident, hospitalization, and medical expenses of the character described in section 213 of the Internal Revenue Code as they relate to the retired employee, his spouse, or dependents.

The bill does not create any new advantage in the way of deductions for medical expense plans. It simply permits a more reasonable handling of the programs presently dealt with under the Internal Revenue Code. Because of this, there is no reason to expect that the bill will result in any appreciable increase in the number of employers providing a program of medical insurance for retired employees. For that reason, the Treasury estimates that any revenue loss due to the bill would be negligible.

The bill was reported unanimously by your committee and the Treasury Department and the Department of Health, Education, and Welfare have indicated no objection to the enactment of the bill as reported.

**Mr. BYRNES of Wisconsin.** Mr. Speaker, the bill, H.R. 10117, would allow an employer to provide for the payment of benefits for accident and health expenses to retired employees, their spouses, and dependents under a pension plan qualified under the Internal Revenue Code of 1954. Under existing law an employer wishing to provide such benefits must do so under a separate plan. Under no circumstances can he combine a pension plan with an accident and health plan. Obviously, this adds to the administration of such plans.

Pension plans and accident and health plans are becoming quite common in industry. They are essential if we are to adequately provide for the retired worker through the private sector of the economy. Otherwise, he will become increasingly dependent on Government. The worker earns the benefits he receives under these plans. They are not handouts from the Federal Government, and, therefore, enable him to maintain his self-respect and dignity. We have heard too much talk lately about the Government assuming more and more responsibility in this area.

Any loss in Federal revenue under this bill would be insignificant, if not negligible. The cost of both types of plans are now deductible by the employer, and is not considered income to the employee. The bill merely enables the employer to consolidate the two into one.

This should have a desirable effect on the growth of both pension plans and accident and health plans, and because of this, I strongly urge enactment of this legislation.

**Mr. CURTIS of Missouri.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER.** Is there objection to the request of the gentleman from Missouri?

There was no objection.

**Mr. CURTIS of Missouri.** Mr. Speaker, I have many times taken the floor of this body to comment on questions dealing with the financing of health care through the private sector of our national economy. I rise today to support a bill, H.R. 10117, which I have introduced whose purpose is to clear away a legislative obstruction to the further progress of our private enterprise institutions in meeting the needs of our people in this area.

Technically, H.R. 10117 is an amendment to the Internal Revenue Code of 1954. It amends section 401 of the code and allows as qualified pension plans retirement plans which provide certain medical benefits to retirees and their dependents.

The obstruction of which I speak is the present language of section 401. At present, pension plans cannot fund for health insurance for their beneficiaries. Indeed, if they do they endanger their tax-exempt status. Through the growth of pension funds—they contain some $50 billion and cover some 15 million workers—there exists an important vehicle for providing many millions of our retired workers with the means to pay their health care costs. Removing the current obstruction, great progress in this area is possible.

The importance of this proposal must be seen in light of the related progress in the overall health care field, especially in the dramatic advances in health insurance. Prepayment—that is payment for health care benefits after 65 during one's working years—and noncancellable insurance are now recognized features of available policies. Labor-management agreements are getting more and more into this field, as workers seek health care protection not only for their working years but for their retirement years as well.

This proposal fits into this movement and the progress of one can assist the progress of the other. I might note other areas of progress—the Connecticut 65 program, now in various stages of implementation in three other States especially New York, which offers lower cost health insurance to the over 65 group in these States through a pooling of insurance company resources and a guaranteed acceptance of both good and bad insurance risks—progress which I believe shows that our private enterprise system can meet the challenges of financing health care for our senior citizens. But this—the controversy over whether our present system of health care finance, resting principally on the private enterprise system with areas of Government help—is not the point in the proposal under discussion today. This bill is not offered as a final solution to all the problems in this important area of health care; rather, it is offered as one constructive step forward in strengthening the private enterprise system's ability to meet the problem; to meet the entire problem as some of us feel or to meet only a portion of it as others believe. Lest attention become too firmly centered on the health care under social security proposal and its pros and cons, I should like to urge passage of this bill as an important way to move us ahead toward reaching the goals which all Americans seek.

**Mr. KYL.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

**Mr. SPEAKER.** Is there objection to the request of the gentleman from Iowa?

There was no objection.

**Mr. KYL.** Mr. Speaker, the unanimous agreement in committee and on the floor is evidence that H.R. 10117 is excellent legislation. It is significant legislation because it should promote medical care plans for retirement years. Such programs would be drawn under practical, tried and proven rules and regulations.

Before I introduced the similar bill, I contacted many employers to get their reaction as to the potential of this legislation. These employers were enthusiastic about the possibilities. I hope the other body will act quickly on the measure. It is a logical and effective means of promoting proper medical care for Americans after retirement.

## TARIFF CLASSIFICATION OF CERTAIN PARTICLEBOARD

**Mr. MILLS.** Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill, H.R. 12242, to provide for the tariff classification of certain particleboard, which was unanimously reported favorably by the Committee on Ways and Means, with an amendment.

The Clerk read the title of the bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That wood particleboard which was entered, or withdrawn from warehouse, for consumption after September 1, 1959, and before May 18, 1961, and which was classified by a collector of customs under paragraph 1539(b) of the Tariff Act of 1930 shall be classified for duty purposes as wallboard under paragraph 1402 of the said Tariff Act and the entries involved shall be liquidated or reliquidated accordingly notwithstanding the provisions of section 514 of that Act.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That particleboard, measuring not less than 48 inches nor more than 49 inches in width and not less than 96 inches nor more than 97 inches in length, entered, or withdrawn from warehouse, for consumption after July 11, 1957, and before the effective date of the Tariff Schedules of the United States (provided for by section 501(a) of the Tariff Classification Act of 1962) shall be classified for duty purposes as wallboard under paragraph 1402 of the Tariff Act of 1930, if not excluded from classification under such paragraph by reason of any processing specified therein. If the liquidation of any such entry or withdrawal has become final, such entry or withdrawal shall be reliquidated and the appropriate refund of duty shall be made."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

**Mr. MILLS.** Mr. Speaker, the purpose of H.R. 12242, which was introduced by our colleague on the Committee on Ways and Means, the Honorable A. SYDNEY HERLONG, and which, as amended, is unanimously recommended, is to provide for the tariff classification of certain particleboard.

The committee understands that the practice of the Bureau of Customs has been to classify particleboard in 4- by 8-foot sizes as wallboard under paragraph 1402 of the Tariff Act of 1930, as modified, provided such particleboard has not been treated, processed, or finished in any manner described in such paragraph so as to preclude classification thereunder.

Several instances have been called to the committee's attention where classification under paragraph 1402 of such size board has been denied because the 4 feet and 8 feet dimensions have been exceeded by up to, and including, 1 inch. In one such case, the importer concerned acted upon advice that the addition of 1 inch to the length and width of the particleboard would not affect classification under paragraph 1402. However, the collector of customs who classified this merchandise deemed such excess to preclude classification under paragraph 1402. The result is that the importer in question is liable for duties amounting to four times the value of the particleboard he brought into the United States. There are also other entries of particleboard awaiting classification where the question of classification centers about the effect of an excess of up to 1 inch in the 4 and 8 feet dimensions.

Your committee understands that the addition of up to 1 inch in the dimensions of the particleboard in question is for purposes of protecting the true 4- by 8-foot size. If, as often happens during handling and shipping, the edges of the boards are damaged, the extra margin can be trimmed without affecting the basic 4- by 8-foot size. The addition of such a small amount of board should not, in the opinion of your committee, affect its classification and such boards should be treated as 4- by 8-foot boards.

## DESIGNATING "BOURBON WHISKEY" AS A DISTINCTIVE PRODUCT OF THE UNITED STATES

**Mr. MILLS.** Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 356, to designate "bourbon whiskey" as a distinctive product of the United States, which was unanimously reported favorably by the Committee on Ways and Means, with an amendment.

The Clerk read the title of the concurrent resolution.

**The SPEAKER.** Is there objection to the request of the gentleman from Arkansas?

**Mr. GROSS.** Mr. Speaker, reserving the right to object, will the gentleman explain just what this resolution proposes to do?

**Mr. MILLS.** Yes; I would be glad to explain it.

The purpose of this resolution, which was introduced by our colleague on the Committee on Ways and Means, the gentleman from Kentucky [Mr. WATTS], and as amended by the committee, unanimously reported, is to express the sense of the Congress concerning the designation of bourbon whisky as a distinctive product of the United States. This resolution would express the sense of Congress that the appropriate agencies of Government should be aware of the fact that bourbon whisky is recognized as a distinctive product of the United States, to the end that such agencies will take appropriate action to prohibit the importation of whisky designated as bourbon whisky into the United States, unless such whisky is clearly labeled to show the country of origin as an integral part of the name.

The gentleman from Iowa, I am sure, will recall that some years ago American producers of spirits in the United States undertook to manufacture and sell what they wanted to label "Scotch" whisky. It was decided that that could not be done, and if they did produce such a type of spirit, it would have to be labeled "Scotch-type whisky."

What we would provide in this resolution is that the agencies of Government having functions with respect to the importation of bourbon whisky, which is not made in the United States, follow a similar kind of practice with respect to such imports and insure that the label on the product would clearly negate any inference that the bourbon was domestically produced.

**Mr. GROSS.** I wanted to ask the gentleman whether this was going to injure in any way a certain individual in this country who long has held, as I understand it, a very lucrative contract or franchise for the sale in this country of Scotch whisky and who, as I further understand, made a substantial fortune in his exclusive contracts, or whatever they might be described to be, in the handling of Scotch whisky. I would not want to see the peddling of bourbon whisky fall into the hands of any one individual so that he, too, could amass a very substantial fortune that might also be used for political and other purposes.

The gentleman can assure me that this will not happen?

**Mr. MILLS.** If the gentleman will yield further, I can well understand the gentleman's concern that we avoid that situation with respect to bourbon whisky. We are endeavoring here to make it impossible for a person to import bourbon whisky into the United States with just that product name on the label and thereby create the impression to the purchaser here that such product was American. This is a labeling proposition only, and I think in justice to the people who produce bourbon in the United States, and in justice to the people who provide the materials that are used in its manufacture, that we should at least try to protect these people from the importation of some "synthetic-type" product under the name "bourbon"—a name established here in the United States to signify an American product.

I am sure the gentleman wants us to do all we can in the labeling of such products to make clear to the American purchasers that these are not American-made products but imported products.

**Mr. GROSS.** Yes; I agree with the gentleman, that all imported products should be so labeled. I would like to ask the gentleman another question, and in so doing let me say I have a high regard for the gentleman from Kentucky, Mr. WATTS.

Would the provisions of this bill be limited to Kentucky bourbon?

**Mr. MILLS.** Oh, by no means.

**Mr. GROSS.** And it would not be possible to put Kentucky mountain dew under a bourbon label, would it?

**Mr. MILLS.** Not under this bill. This has only to do with "mountain dew" imported from outside the United States.

**Mr. GROSS.** Mr. Speaker, I thank the gentleman for his explanation, and withdraw my reservation of objection.

**The SPEAKER.** Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read as follows:

Whereas it has been the commercial policy of the United States to recognize marks of origin applicable to alcoholic beverages imported into the United States; and

Whereas such commercial policy has been implemented by the promulgation of appropriate regulations which, among other things, establish standards of identity for such imported alcoholic beverages; and

Whereas among the standards of identity which have been established are those for "Scotch whisky" as a distinctive product of Scotland, manufactured in Scotland in compliance with the laws of Great Britain regulating the manufacture of Scotch whisky for consumption in Great Britain and for "Canadian whisky" as a distinctive product of Canada, manufactured in Canada in compliance with the laws of the Dominion of Canada regulating the manufacture of whisky for consumption in Canada and for "cognac" as grape brandy distilled in the Cognac region of France, which is entitled to be so designated by the laws and regulations of the French Government; and

Whereas "bourbon whiskey" is a distinctive product of the United States and is unlike other types of alcoholic beverages, whether imported or domestic;

Whereas to be entitled to the designation "bourbon whiskey" the product must conform to the highest standards and must be manufactured in accordance with the laws and regulations of the United States which prescribe a standard of identity for "bourbon whiskey"; and

Whereas bourbon whiskey has achieved recognition and acceptance throughout the world as a distinctive product of the United States: Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring)*, That it is the sense of Congress that the recognition of the bourbon whiskey as a distinctive product of the United States be brought to the attention of the appropriate agencies of the United States Government toward the end that such agencies will take appropriate action to deter and prevent persons outside the United States from designating whisky as "bourbon whiskey" and to prohibit the importation into the United States of whisky designated as "bourbon whiskey".

With the following committee amendment:

Strike out all after the resolving clause and insert: "That it is the sense of Congress that the recognition of bourbon whiskey as a distinctive product of the United States be brought to the attention of the appropriate agencies of the United States Government toward the end that such agencies will take appropriate action to prohibit the importation into the United States of whisky designated as 'bourbon whiskey', unless it is clearly labeled to show the country of origin as an integral part of the name."

The committee amendment was agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, the purpose of House Concurrent Resolution 356, which was introduced by our colleague on the Committee on Ways and Means, the Honorable John C. Watts, and which, as amended, is unanimously recommended, is to express the sense of Congress concerning the designation "bourbon whiskey" as a distinctive product of the United States.

This resolution would express the sense of Congress that the appropriate agencies of the U.S. Government should be aware of the fact that bourbon whisky is recognized as a distinctive product of the United States to the end that such agencies will take appropriate action to prohibit the importation of whisky designated as "bourbon whiskey" unless such whisky is clearly labeled to show the country of origin as an integral part of the name.

There have been several attempts by foreign concerns to apply the distinctive name "bourbon" to foreign produced spirits. A few of such attempts succeeded in that such products were sold in the United States as "bourbon."

The Committee on Ways and Means believes that imported spirits designated as "bourbon" should also bear on the label, as an integral part of the name, the country of origin of such spirits. Since the designation "bourbon" carries with it the connotation of a U.S.-produced whisky, it is necessary to dispel this meaning when the product so designated is one which has not been produced in the United States. If the country of origin is shown as an integral part of the name on the label of such foreign-produced spirits, no inference of U.S. origin should be drawn from the designation as "bourbon."

## ESTIMATED INCOME TAX FOR FISHERMEN

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6413) to extend to fishermen the same treatment accorded farmers in relation to estimated income tax, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 18, strike out "1961" and insert "1962".

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

## CONFERENCE REPORT—MILITARY CONSTRUCTION APPROPRIATION BILL

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the managers on the part of the House have until midnight to file a conference report on H.R. 12870, the military construction appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

## PERISHABLE AGRICULTURAL COMMODITIES ACT, 1930

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from North Carolina [Mr. Cooley], I ask unanimous consent to take from the Speaker's desk the bill (S. 1037) to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities, with House amendments thereto, insist on the amendments of the House, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

The Chair hears none, and appoints the following conferees: Messrs. Grant, Hagen of California, Jennings, Teague of California, and McIntire.

## HOUR OF MEETING ON THURSDAY, SEPTEMBER 13

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow, Wednesday, it adjourn to meet at 11 o'clock on Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. GROSS. Mr. Speaker, reserving the right to object, may I ask the gentleman why he is asking that we meet at 11 o'clock Thursday?

Mr. ALBERT. In order to expedite a rather heavy legislative program for the balance of the week.

Mr. GROSS. Does the gentleman mean that on Friday we will have 5 hours of general debate if we propose to call out the U.N. bond issue, and I hope it is called out—or to dispose, let me put it that way, dispose of the bond issue with 5 hours of general debate in one day?

Mr. ALBERT. No. It is certainly our hope that we will finish that bill by Friday.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## COMMITTEE ON ARMED SERVICES

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may sit during general debate on Thursday and Friday of this week.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## APPLICATION OF CERTAIN LAWS TO AMERICAN SAMOA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read:

*To the House of Representatives:*

In compliance with the request contained in the resolution of the House of Representatives (the Senate concurring therein), I return herewith H.R. 10062 entitled "An act to extend the application of certain laws in American Samoa."

John F. Kennedy.

The White House, *September 11, 1962.*

## HIGHER INTEREST RATES ON FOREIGN TIME DEPOSITS

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 780 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12080) to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

**Mr. THORNBERRY.** Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], pending which I yield myself as much time as I may consume.

Mr. Speaker, House Resolution 780 provides for the consideration of the bill (H.R. 12080) to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors. The resolution is an open rule, and provides for 1 hour of general debate.

H.R. 12080 exempts from interest ceilings now imposed by regulation under the Federal Reserve Act and the Federal Deposit Insurance Act the time deposits of foreign governments, their central banks or other monetary authorities, and international financial institutions of which the United States is a member.

According to the statement of the distinguished gentleman from Texas [Mr. PATMAN], who appeared on behalf of the House Committee on Banking and Currency, the objective of the bill is to encourage foreign governments to maintain dollar accounts in this country rather than convert these dollar accounts into gold or transfer these funds to other financial centers whereby they could be acquired by financial institutions of other countries and be converted into gold.

Mr. Speaker, I know of no opposition to the rule.

**Mr. SMITH of California.** Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my understanding of the bill H.R. 12080 is as just stated by the gentleman from Texas [Mr. THORNBERRY]. The rule is an open rule, with 1 hour of general debate on this measure.

The committee stated in their report that in the area covered by the bill where a foreign central banking function is involved the payment of a higher rate of interest than is paid by private depositors is justified as being in the public interest.

There is a minority report filed by the gentleman from Ohio [Mr. VANIK] in which he reviews his objections to some of the reasons the proponents advance for this measure. His final conclusion is that this legislation has no substantial effect on the balance-of-payments problem, and he seriously questions whether this legislation is in the public interest.

Personally, I do not claim to be knowledgeable on this particular subject, and I shall listen to the debate relative thereto. However, I know of no objection to the rule.

**Mr. GROSS.** Mr. Speaker, will the gentleman yield?

**Mr. SMITH of California.** I yield to the gentleman from Iowa.

**Mr. GROSS.** I do not know whether the gentleman from California can answer this question or not, but what interest rate is proposed to be paid?

**Mr. SMITH of California.** There is no ceiling. The ceiling is taken off completely. I stand to be corrected by the gentleman from Texas [Mr. PATMAN] if my statement is wrong.

**Mr. PATMAN.** Within legal limits, it is up to each bank to pay interest and the banks will not pay any unreasonable rate, I am sure, because it would be uneconomic.

**Mr. GROSS.** Mr. Speaker, will the gentleman from California yield so that I may ask the gentleman from Texas a question?

**Mr. SMITH of California.** I will yield whatever time is necessary to the gentleman.

**Mr. GROSS.** May I ask the gentleman from Texas what is the prevailing rate now on these foreign deposits?

**Mr. PATMAN.** I would say about 3½ percent or 3 percent. I do not know for sure, but it is in that range of 3 percent to 3½ percent.

**Mr. GROSS.** So then you must plan to increase the interest rate by at least 1 percent or more in order to lend any attractiveness to the interest rate in the hope of keeping some of the money in this country. How much does the gentleman think it will be necessary to increase it?

**Mr. PATMAN.** I do not know whether they will have to increase the rate at all. There is no movement of gold now to amount to anything so, evidently, the rate must be satisfactory as it is now. A lot of this money is here for business reasons anyway.

**Mr. GROSS.** The gentleman well knows that 3½ percent is not attractive to some foreign countries; does he not?

**Mr. PATMAN.** Of course, in some countries 25 percent would not be, but we are not trying to compete with them.

**Mr. GROSS.** The gentleman knows, I am sure, that Argentina had money on deposit in this country in 1960 and 1961 and they were reportedly drawing 3½ percent interest on it. Yet, Argentina turned those dollars in and got gold for it to the extent of $150 million and, at this time, incidentally, we were increasing foreign aid to Argentina—which does not make a nickel's worth of sense either. The gentleman knows, I am sure, that 3½ percent is not going to hold money in this country on the basis of the experience we have had heretofore.

**Mr. PATMAN.** I do not know the exact rate, but I believe it will hold it now.

**Mr. GROSS.** It did not hold Argentina.

**Mr. PATMAN.** Well, Argentina had another ax to grind besides that. You know gold does not draw interest, but deposits draw interest and it is not much inducement to a country to have a deposit here to draw the gold out, just for that reason alone because gold is a burden to them. They have to pay security charges and they have to pay insurance charges of all kinds and they get no interest on it. It is just dead weight.

**Mr. GROSS.** If gold is such a burden—why is it going out at the rate of $500 million a clip.

**Mr. PATMAN.** That has to be considered in its relation to other problems, and it is a relative matter.

**Mr. GROSS.** Perhaps, we can get into some more of this later in general debate, but I am not now convinced that this bill is in the interest of this country.

**Mr. THORNBERRY.** Mr. Speaker, I move the previous question.

The previous question was ordered.

The **SPEAKER** pro tempore. The question is on the adoption of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## PADRE ISLAND NATIONAL SEASHORE

**Mr. THORNBERRY.** Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 776, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 4) to provide for the establishment of the Padre Island National Seashore. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Interior and Insular Affairs now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

### CALL OF THE HOUSE

**Mr. GROSS.** Mr. Speaker, I make the point of order that a quorum is not present.

The **SPEAKER** pro tempore (Mr. ALBERT). Evidently, a quorum is not present.

**Mr. THORNBERRY.** Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 211]

Abbitt
Addabbo
Alexander
Andersen, Minn.
Arends
Ashbrook
Ashley
Aspinall
Avery
Ayres
Bailey
Baring
Barrett
Bass, N.H.
Berry
Betts
Blitch
Boland
Bonner
Boykin
Brademas
Brewster
Bromwell
Broomfield
Brown
Buckley

Burke, Ky.
Cahill
Carey
Celler
Chelf
Chiperfield
Church
Clancy
Coad
Cohelan
Collier
Conte
Cook
Cooley
Corbett
Corman
Cramer
Curtis, Mass.
Davis, James C.
Denton
Derwinski
Devine
Diggs
Dominick
Donohue
Dooley
Dorn
Dulski
Durno
Elliott
Ellsworth
Farbstein
Fascell
Findley
Finnegan
Flynt
Frazier
Fulton
Gary
Gathings
Gilbert
Goodling
Green, Pa.
Griffiths
Hagan, Ga.
Hall
Halleck
Harding
Harris
Harrison, Va.
Harrison, Wyo.
Harsha
Hays
Healey
Hébert
Henderson
Hoffman, Ill.
Hoffman, Mich.
Ichord, Mo.
Inouye
Jarman
Jennings
Johnson, Md.
Jones, Ala.
Jones, Mo.
Judd
Karth
Kastenmeier
Kearns
Kee
Keith
Kelly
Keogh
Kilburn
King, Utah
Kitchin
Kluczynski
Kowalski
Kunkel
Laird
Landrum
Lane
Lankford
Latta
Loser
McCulloch
McDonough
McSween
McVey
Macdonald
MacGregor
Madden
Mack
Magnuson
Mailliard
Martin, Mass.
Martin, Nebr.
Merrow
Miller, Clem
Miller, George P.
Milliken
Montoya
Moorehead, Ohio
Morris
Morrison
Morse
Mosher
Moulder
Nedzi
Nelsen
Nix
Norblad
Norrell
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Mich.
O'Konski
O'Neill
Osmers
Pfost
Philbin
Pilcher
Powell
Rains
Reece
Reifel
Rhodes, Ariz.
Riley
Roberts, Ala.
Rogers, Colo.
Rogers, Tex.
Rosenthal
Rostenkowski
Roudebush
Rousselot
St. George
St. Germain
Saund
Saylor
Schadeberg
Scherer
Schweiker
Scranton
Seely-Brown
Shelley
Shipley
Short
Smith, Iowa
Smith, Miss.
Stafford
Stephens
Stratton
Thomas
Thompson, La.
Thompson, N.J.
Thomson, Wis.
Trimble
Vanik
Van Zandt
Vinson
Waggonner
Wallhauser
Weaver
Weis
Westland
Whalley
Wharton
Wickersham
Wilson, Calif.
Wilson, Ind.
Yates
Zablocki
Zelenko

The SPEAKER pro tempore (Mr. ALBERT). On this rollcall 236 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes of my time to the gentleman from California [Mr. SMITH], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 776 provides for the consideration of S. 4, a bill which provides for the establishment of the Padre Island National Seashore. This is an open rule, and provides for 1 hour of general debate.

Mr. Speaker, S. 4 is the third of a series of three such bills which the Committee on Interior and Insular Affairs has considered in detail during the 87th Congress. The others, both of which have passed the House, provided for the creation of the Cape Cod National Seashore, Mass., and the Point Reyes National Seashore, Calif.

Padre Island is a barrier reef lying off the coast of Texas with the Gulf of Mexico to its east and Laguna Madre to its west. Its northern end is about opposite Corpus Christi, its other end is 113 miles to the south and almost at the Mexican border. The Intracoastal Waterway, which was proposed for its western boundary, runs parallel to the island in Laguna Madre.

In width, Padre Island varies about 3 miles to a quarter mile or less. It is practically pure sand and fragmented shell. There are few trees on it, and such vegetation as is visible to the layman is low beach grass and similar species. Its climate at the northern end is similar to that of St. Petersburg, Fla., and at the southern end to that of Fort Lauderdale.

As is evident from its description and as was pointed out by the distinguished gentleman from Texas [Mr. RUTHERFORD], the chairman of the subcommittee which handled this bill, when he appeared before the Committee on Rules to request a rule, Padre Island is distinctively different from Cape Cod and Point Reyes, the former of which is for the most part a fairly closely settled area with centuries of history behind it, and the latter primarily a lush cattle area with mountains and forests in addition. As is pointed out in the committee report, both the location of Padre Island and its present comparative lack of development will make it an admirable complement to these two areas. Its establishment as a national seashore will also help to overcome a serious deficiency in our national life and that is the need for adequate access to our shorelines for public recreation.

Padre Island is well located to serve a very substantial portion of the Nation's population. With proper development, its easy accessibility and year-round usability will make it attractive to millions every year for swimming, boating, fishing, hiking, camping, picnicking, the observation of its birdlife, and the study of nature. It is, at the same time, sufficiently large to afford those who prefer solitude to find it within its confines.

The committee has recommended that S. 4 be amended to include a length of about 80 miles. The national seashore will encompass about 47,000 acres of firm land, with additional adjacent water areas both on the gulf side of the island and in the northern part of the Laguna Madre.

The committee has also recommended an authorization of $5 million for the acquisition of this land.

Mr. Speaker, I know of no opposition to the resolution and I urge its adoption in order that the House may consider this very worthy legislation.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as stated by the gentleman from Texas, this is an open rule and provides for the consideration of S. 4, with 1 hour of general debate.

It is my understanding that the explanation of the bill is precisely the same as that given by the gentleman from Texas [Mr. THORNBERRY], and I associate myself with his remarks.

In addition, there are a few things in the committee report on which I should like to comment. S. 4 as it originally came to the House provided for the appropriation of $4 million for this land acquisition. The amendment of the House committee has increased it to $5 million.

The bulk of the fast lands to be acquired are in the ownership of nine corporations and individuals. The submerged lands are owned by the State of Texas.

The committee states that the mineral interests will not be acquired and that, except at the two ends of the proposed seashore where there appears to be some subdivision activity, which has not been accompanied thus far by actual building, the only present use for the land is for grazing. An overall average allowance of $100 per acre of fast land seems to be reasonable. As in other cases, however, the committee points out that the cost estimates of this sort vary widely, and that the adequacy of this allowance may well change if the lands are not acquired within the relatively near future.

Other expenses such as development costs are estimated by the Department of the Interior at about $3,300,000 during the first 5 years, and operating costs will be borne from the usual appropriations from the National Park Service.

My understanding is that this is the third of these bills which the Interior Committee has considered—the first being Cape Cod, the second Point Reyes in California, and now Padre Island.

Mr. Speaker, I know of no objection to the rule.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## HIGHER INTEREST RATES ON TIME DEPOSITS OF FOREIGN GOVERNMENTS

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12080) to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 12080, with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. PATMAN] will be recognized for 30 minutes and the gentleman from New York [Mr. KILBURN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, H.R. 12080 amends the Federal Reserve Act and the Federal Deposit Insurance Act so as to eliminate the maximum ceilings on interest rates which banks can pay in the United States on official time deposits of foreign governments, their central banks or monetary authorities, and international financial institutions of which the

United States is a member. The enactment of this legislation will implement one of a series of recommendations made by the President in his balance-of-payments message of February 6, 1961.

While I consider the enactment of this bill essential I do not wish to imply or claim that by its passage we will solve all of our balance-of-payments problems. The level of rates available for official time deposits at our commercial banks is, of course, only one of many factors which influence the choice of foreign monetary authorities between holding dollars or gold or any other currency. When the Under Secretary of Treasury for Monetary Affairs, the Honorable Robert V. Roosa, appeared before our committee he emphasized this point. Mr. Roosa stated:

> Nevertheless, the flexibility permitted by this bill will be a worthwhile addition to our total effort to achieve a pattern of financial arrangements equal to the task of supporting the position of the dollar—and with it the whole international monetary system based upon the use of the dollar side by side with gold as a reserve currency.

Mr. Chairman, I have heard criticism of the bill on the grounds that upon its enactment it would be discriminatory because it would permit the payment of higher interest rates on foreign official time deposits than on other time deposits. Obviously this is true but no more so than our longstanding policy of permitting the conversion of dollar accounts into gold when requested to do for a legitimate monetary purpose by a foreign monetary authority. All of us recognize, I am sure, that there are certain attributes of the international monetary system, if it is going to work with full effectiveness, which require the special handling of the monetary reserves that underlie the currency. On the other hand, the provisions of this bill are not discriminatory between private domestic depositors and private foreign depositors, for private depositors, whether domestic or foreign would continue to be subject to the same ceiling rates of interest on time deposits.

Consequently, the area covered by the bill, where a foreign central banking function is involved, the payment of a higher rate of interest than is paid to private depositors can be justified, in my judgment, as being in the public interest. Furthermore, the market in which these funds—official time deposits—are handled is quite different and distinct from the domestic market.

The provision of law establishing a maximum interest rate for time and savings deposits was originally included in the Banking Act of 1933 with the objective, I believe, of preventing unsound competition between banks. Short-term dollar assets held by foreigners, including foreign monetary authorities were very small at that time. Today, however, these assets have become very large. On April 30, 1962, total foreign deposits in U.S. banks totaled more than $11 billion. Of this total it has been estimated that perhaps $3 billion represent time deposits in our commercial banks and of these some $2.1 billion were deposits of foreign central banks, official institutions and international organizations. Our monetary authorities believe the provisions of this bill will help us to keep these official time deposits and possibly will be instrumental in increasing the amount held in this type of account.

Mr. Chairman, I believe the problem and the proposed solution facing us today are not unlike those which have arisen during emergency wartime periods in the past, when it was found necessary to deal with basic differences in production costs of a single product. There too—as in the case of copper production during World War II, for example—the choice had to be made between uniform regulations or specialized action in selected areas. You will recall the vexing problem which faced ODM in the summer of 1941 in trying to increase the production of copper. They accomplished this by continuing the control of the basic price paid for copper to those producers who in fact produced approximately 90 percent of the copper in the country but permitted the payment of a premium over the basic price for "above quota" production of these companies. Arrangements were also made for the payment of premiums for the entire output of mines which were not producing in 1941. Consequently the great bulk of our copper production was paid for at the basic controlled price established by the Government and only the increased production received the premium payments. Certainly this, in a fundamental sense, is quite similar to the problem which this legislation is addressing itself.

Mr. Chairman, I urge the passage of the bill.

The Committee on Banking and Currency handled that legislation on the floor of this House under an open rule. Neither on this nor any other bill has the Banking and Currency Committee ever had a closed rule. Even when we were handling legislation like the OPA and similar matters, every bill came to the floor of the House under an open rule, yet the OPA involved 8 million prices and commodities, and amendments could be introduced to any part of the bill. Notwithstanding that we never had a closed rule, and the committee fought this copper legislation out on its merits.

There were those who criticized us and asked, "Do you mean to say you are going to keep the price at 12 cents, yet let others receive more?" We said, "Yes," and here is the reason: we wanted all the copper production we could get. The big companies, Anaconda and Kennecott, were producing all they could and at 12 cents they were making a good profit, all they wanted, all they needed. So why pay them to get the production increased 10 percent? Therefore, we authorized ODM to pay a premium price. They paid generally about 5 cents a pound extra. This opened up the marginal mines of the producers that could not produce at 12 cents a pound, but they could at 17 cents a pound. They made plenty of money out of it and the Government saved hundreds of millions of dollars.

That is a comparable situation in which we do not want to lose our gold we have. Sometimes, in international transactions, it is necessary to lose some of our gold. I think it was a healthy thing to have lost some of our gold in the past because we had too much. We have 40 percent now. Before that we had much more. I do not look upon that as an unhealthy thing for our economy to have lost the amount of gold we have lost. But we do not want to go much further than we are today because we want to hold it as near that figure as we can.

And to do that we have to make it attractive to the foreign central banks. And this applies only to foreign central banks. It does not apply to private corporations or individuals. So we must make it attractive for them to keep their deposits here, and in order to do that, in order to be competitive, as the gentleman from Kentucky, Chairman SPENCE, brought out in our committee, in order to be competitive with other governments, we have to pay a little premium price. That is what we propose to do in this bill.

Unlike copper production, where the extra cost came out of the pockets of the taxpayers, the cost of this comes out of the banks. The Government does not pay any of this extra cost, the taxpayers do not pay any of the extra cost. This extra cost is paid by the banks, and if it is too much they will not pay it. So there is no danger of the rates going too high.

Mr. Chairman, this bill should be enacted into law immediately without protest.

Mr. WIDNALL. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I would like to point out to the House the objective of this bill as it is reported on page 3 of the committee report:

> The objective of the bill is to encourage foreign governments to maintain dollar accounts in this country rather than convert these dollar accounts directly into gold or to transfer the funds to other financial centers, whereupon they could be acquired by official institutions of other countries and be converted into gold. The bill is designed to accomplish this objective by removing the ceiling on rates that commercial banks in the United States may pay for foreign official time deposits, thus permitting those banks to increase those rates within the limits of their own ability.
>
> Testimony received from the Honorable Robert V. Roosa, Under Secretary of Treasury for Monetary Affairs, indicated that "the flexibility permitted by this bill will be a worthwhile addition to our total effort to achieve a pattern of financial arrangements equal to the task of supporting the position of the dollar—and with it, the whole international monetary system based upon the use of the dollar, side by side with gold, as a reserve currency."

The minority of the committee supported the committee action and is supporting the bill.

I would like to point out we feel this should make a helpful contribution toward our unfavorable balance-of-payments situation. We feel it is only a partial approach, but it is a step in the right direction.

Mr. PATMAN. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, we should act favorably on H.R. 12080.

This bill exempts the time deposits of foreign central banks and governments, and those of international institutions, from regulation Q. Hence it will permit Federal Reserve member banks to pay higher interest rates on these deposits.

This bill adds one more weapon to our armory for minimizing the conversion of dollar balances held by foreign official creditors into gold. The Treasury already has the power to issue special nonmarketable securities with special coupons and maturity dates to foreign official institutions. However, where official foreign holders of dollars want more freedom than fixed maturity date securities provide, investment in time deposits at attractive rates would be a reasonable alternative to the purchase of non-interest-bearing gold.

The bill can also help to keep dollar deposits in this country, where they are less likely to generate a demand for gold. Where it is to the advantage of our commercial banks to do so, they will be able to offer interest rates to foreign official holders of dollars which are competitive with those paid in financial centers outside the United States. By so doing, they will encourage foreign central banks to invest in dollar deposits in U.S. banks rather than to use dollars to purchase other currencies or to place dollars directly in banks of other countries. Either of these alternative actions could result in a loss of U.S. gold when too many dollars wind up in the hands of any country or in one which has a policy of converting a high proportion of its monetary reserves into gold.

By permitting higher interest rates on about $2 billion of foreign time deposits, we will be taking a small, but constructive, step toward protecting our gold reserves without, at the same time, affecting our entire domestic monetary policy. Unless we permit specific and carefully limited authority to raise interest rates affecting international short-term money movements, we may be in danger of allowing forces to build up which would have us raise our entire interest rate structure, even at the cost of bringing on a recession.

The European banking community has recently, in the annual report of the Bank for International Settlements and again through a group known as Working Party 3 of the Organization for Economic Cooperation and Development—OECD, recommended a much tighter money policy for this country as a solution for our balance of payments problem. They would have us raise interest rates not only for short-term funds, but for long-term investment capital going into mortgages, municipal and State government financing, and corporate investment in plant and equipment—the very areas we must stimulate if we are to get and to sustain a higher growth rate in our economy.

If we were to adopt this policy, we would not only inhibit growth—we would undoubtedly push the economy downward into recession. Yet I regret to say that prominent representatives of our own banking community and even some people within our Government are in favor of the European formula.

We are today in a period in which the upward forces in the economy are not as strong as they were. Unemployment has gone up in the last month to 5.8 percent. Increases in factory sales and inventory investment are modest. Planned increases in plant and equipment investment are disappointing. The consumer is not on a buying binge. At such a time, it is of paramount importance that interest rates generally be held as low as possible. Once the economy goes into high gear, many adjustments will take place in our trading and money transactions with other countries which may drastically alter the balance of payments in our favor.

In the meantime, we must not be pushed into the position of accepting tight money and high interest rates just for balance of payments reasons. Instead, we can take steps like that proposed by H.R. 12080 to give us a measure of protection until more fundamental corrections are made.

**Mr. WIDNALL.** Mr. Chairman, I yield 4 minutes to the gentleman from Iowa [Mr. GROSS].

**Mr. GROSS.** Mr. Chairman, I would like to pursue a question or two that I previously asked the gentleman from Texas [Mr. PATMAN], if the gentleman would be good enough to respond.

Is it not true that the interest rate on foreign deposits would have to go to 4.5 or 5 percent to make this bill effective?

**Mr. PATMAN.** Since the gentleman asked me the question, the Treasury has been contacted and here is the best information I can obtain and the best information I think available: You know we have three categories of rates, we will call them—2.5 percent on funds that remain from 3 to 6 months, 3.5 percent on funds that remain for 6 months to a year, and then 4 percent for any period of time over a year. The rate that causes the most trouble is the 2.5-percent rate. It is believed by the monetary authorities that if we raise the 2.5-percent rate to something up near 3 percent or certainly under 3.5 percent, it will be sufficient; it will suffice, and get the job done as near as it can be done.

**Mr. GROSS.** Did the gentleman say somewhere around 3.5 percent; is that right?

**Mr. PATMAN.** Three to three and five-tenths percent. That will make it competitive, as our distinguished chairman, the gentleman from Kentucky [Mr. SPENCE], said with the other countries of the world.

**Mr. GROSS.** But the gentleman would not want to put a limit of 3.5 percent in this bill?

**Mr. PATMAN.** No. It would not be appropriate for copper, I will say respectfully to the gentleman, because the banks are not going to pay an excessive rate anyway. You see, the banks have to take this out of the banks' reserves and profits if they pay an excessive rate. Therefore they are not going to pay an uneconomical rate. They will only pay what is a competitive rate and one that they can make money on, of course. That is what they should do.

**Mr. GROSS.** The gentleman really does not think that this is going to change the outflow of our gold, does he?

**Mr. PATMAN.** Yes; I do. I think it will help substantially. I do not think we can look to it as a cure-all, but I think it will help substantially.

**Mr. GROSS.** What is the difference between a cure-all and stopping the outflow of gold? Does the gentleman mean it would slow down the outflow of gold? Is this what the gentleman thinks?

**Mr. PATMAN.** Well, over a long period of time it probably will not result in the loss of any gold, if this is effective.

**Mr. GROSS.** What was that?

**Mr. PATMAN.** Over a long period of time this could be true. You know, you cannot deal with all the trouble that comes up in the world in one law. You just cannot do it. Things can happen that would cause gold to go out which would not be connected with the interest rate paid upon deposits of foreign countries.

**Mr. GROSS.** I say to the gentleman from Texas that I for one am not going to be very happy if the banks start paying 4.5 or 5 or 5.5 percent on foreign deposits in this country. This is not going to make me very happy, I will say to the gentleman. I do not see anything in this bill that would preclude it.

**Mr. PATMAN.** If they paid 4.5 or 5 percent, I do not know that I will be too unhappy about it, because they will be doing something to help the entire country. If the foreign banks—and these are all foreign banks—want to pay out money to help the entire Nation without cost to the taxpayers of this Nation, I am willing to sit by and let them do it.

**Mr. GROSS.** Well, I would hate to try to sell a bill of goods to the people of the congressional district of the gentleman from Texas, or the people from the congressional district which I have the honor to represent, that it is necessary to pay a higher interest rate to foreigners to get them out of the goodness of their hearts to leave their dollars in this country.

**Mr. PATMAN.** There is nothing to keep us from changing the law when we need to, to increase the 4.5-percent rate in our law. If there is a real demand for it and a necessity for it, I feel sure we will do it. But I do not think there is any danger in paying the 4.5- or 5-percent rate.

**Mr. GROSS.** Did the gentleman in the gentleman's opening remarks say that this was a bold international monetary policy?

**Mr. PATMAN.** Well, I do not know the exact language that I used, but that would not be far from it. It is a bold venture, we will call it, because it has never been done before. But it is not at any cost to the taxpayers; it does not cost the Government anything. We are permitting a few large banks that deal in these deposits with foreign central banks only to do this. This does not apply to individuals. It does not apply to private corporations in other countries. It applies only to their central banks, to the monetary authorities. It is very much restricted.

Mr. GROSS. If we have a bold international financial policy that is about the only bold international policy we have, I will say to the gentleman. It is news to me that we have a bold international policy of any kind.

Mr. PATMAN. That bold policy could be obsolete tomorrow. You cannot tell when you deal with these things all over the world adequately and properly and satisfactorily.

Mr. GROSS. If what we have had is a bold international policy, we could become bankrupt; I could agree with the gentleman there.

Mr. WIDNALL. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. Barry].

Mr. BARRY. Mr. Chairman, I take this time to ask a question of the gentleman from Texas [Mr. Patman]. I would like to ask if in effect what you would be creating by allowing a higher interest rate on foreign deposits would be a competitive placement of foreign funds, competitive with Treasury bills of the range of 3 to 6 months' maturity, which I understand goes from 2.75 percent to about 3 percent at the present time.

Mr. PATMAN. I do not see where it would be competitive with these short-term rates in our country so much. But it is competitive with rates permitted to be paid in other countries of the world.

Mr. BARRY. I did not want to get into that. The gentleman has explained that already. But if a country today owns, say, 90- to 180-day paper that is paying 2.90 percent, should the bill pass, and the Treasury allowed 3 percent for time deposits, that would mean, in effect, that they could make arrangements with the bank to get that money almost at any time and they would not have to wait the period of time; in other words, we would be setting up something competitive with some of our own paper that we now have outstanding, owned by foreign governments or foreign institutions; is not that correct?

Mr. PATMAN. It is possible by some stretch of the imagination that that would be true to a certain extent, but foreign central banks have policies and rules under which they have to diversify their investments. If they have deposits in local banks they would put part of their deposits probably in short-term bills and part of the deposits in other kinds of securities.

Mr. BARRY. I do not believe that the ultimate effect would be an appreciable difference, because they would get their funds from bills that the bank held, and the bank, in turn, would buy bills and other forms of investments. But there is a possibility that the banks would not buy the funds from the Federal Government and invest their money in other ways, and to that extent I think it should be pointed out that there is the possibility that the source of funds for the sale of 90- to 180-day paper by the Federal Government would be eliminated by virtue of the competition for time deposits that would carry an even higher rate of interest than the bills would carry that were sold directly to the foreign institutions.

Mr. PATMAN. Mr. Chairman, I yield myself 1 minute.

Mr. Roosa, I believe, answered that question on page 18 of the hearings The gentleman from Michigan [Mr. Harvey] was interrogating him at the time. In answer to one of the gentleman from Michigan's [Mr. Harvey] questions he stated:

> I can assure you that I see nothing in this measure that would either complicate or interfere with the objectives of managing our public debt.

Of course, that would include short-term securities.

Mr. WIDNALL. Mr. Chairman, I have no further requests for time.

Mr. PATMAN. I have no further requests for time, Mr. Chairman.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the fourteenth paragraph of section 19 of the Federal Reserve Act (12 U.S.C. 371b) is amended by adding at the end thereof the following sentence: "The provisions of this paragraph shall not apply to the rate of interest which may be paid by member banks on time deposits of foreign governments, monetary and financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member.".

Sec. 2. Subsection (g) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by adding at the end thereof the following sentence: "The provisions of this subsection shall not apply to the rate of interest which may be paid by insured nonmember banks on time deposits of foreign governments, monetary and, financial authorities of foreign governments when acting as such, or international financial institutions of which the United States is a member."

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. Albert) having resumed the chair, Mr. Delaney, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12080) to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors, pursuant to House Resolution 780, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

## PADRE ISLAND NATIONAL SEASHORE, TEX.

Mr. RUTHERFORD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 4) to provide for the establishment of the Padre Island National Seashore.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 4, with Mr. Delaney in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. Rutherford] will be recognized for 30 minutes and the gentleman from Colorado [Mr. Chenoweth] will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Texas [Mr. Rutherford].

Mr. RUTHERFORD. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the House has for consideration today the third of the series of three national seashore bills which the Committee on Interior and Insular Affairs has studied intensively during the 87th Congress. The first was Cape Cod in Massachusetts. The second was Point Reyes in California. Today it is Padre Island in Texas.

With the passage of this bill, this Congress will, I think, be able to congratulate itself on having done a better and more complete job in the recreation and conservation field than any of its predecessors for many and many a year. The inclusion of these three areas within our great national park system is the culmination of years of work—work that dates back at least to 1938 and perhaps much further. It is the culmination, also, of hard intensive work during this Congress and I want to pay tribute to all those who participated in it—the sponsors of the bills, the gentlemen from Texas [Mr. Kilgore and Mr. Young]; the members of the Subcommittee on National Parks, majority and minority alike, who listened and studied and worked on the bills with untold patience; the organizations outside the Congress who, though they argued vigorously for their various points of view, contributed immeasurably to the perfection of the bills; the officers in the executive branch who appeared before the committee here in Washington and showed us every courtesy on our field trips; and, above all, the chairman of the full Committee on Interior and Insular Affairs, the gentleman from Colorado [Mr. Aspinall] without whose help and cooperation we would have gotten nowhere.

In the seashore recreation survey which the National Park Service prepared some years ago with donated funds, Padre Island's merits were summarized thus:

> Its great size and remote character, endless sweep of broad beach, grass-topped dunes and windswept sand formations have

> great appeal. Its natural resources, historical and biological values should be preserved in public ownership.

I think this pretty well summarizes the situation today. Here we have an island 117 miles long lying just off the coast of Texas between Corpus Christi on the north and the Mexican border on the south. More than 75 percent of its length along the Gulf of Mexico side is virtually in the same state as it was when De Soto sailed past it in 1543 on his way between what is now Galveston and Panuco. It is only the northern and southern tips of the island that have been developed.

An undeveloped stretch of seashore of any great length which is usable for recreation is, unfortunately, such a rarity in our country today that we cannot afford to lose any reasonable opportunity that comes along to preserve and protect it. Padre Island is superlative in this respect. It is the longest unbroken and undeveloped stretch of seashore that exists anywhere on the Atlantic or gulf coasts. The opportunity to incorporate it in the national park system is one that should be seized before it vanishes.

The bill with the amendment which the committee recommends calls, Mr. Chairman, for the establishment of a national seashore about 80 miles in length and with a total dryland area of about 47,000 acres. It also includes adjacent water areas and mixed land-water areas in order to protect the dryland portion from nonconforming uses.

We reduced the length of the national seashore from the 88 miles which the bill, as it came to us from the other body, called for and we increased it from the 65 miles proposed in the House bills that my colleagues the gentleman from Texas, Congressman YOUNG and Congressman KILGORE, introduced. The reduction from 88 miles was made in order to allow room at either end of the island, but outside the authorized boundaries of the national seashore, for the developments which will be necessary to accommodate visitors and for expansion of established communities there. The increase from 65 miles was made in order to assure inclusion in the seashore of a sufficient length of the sand beaches at the two ends of the island for public bathing.

We also reduced the width of the national seashore. We did this by putting most of the Laguna Madre outside the boundaries of the national seashore and, at its southern end, by drawing the western boundary in still farther to include only the best and most usable land.

The other important element of the bill and the committee amendment to which the attention of the committee is drawn, was the omission of a provision on acquisition of oil and gas interests or the mineral estate. This is too expensive, and no attempt was made to do it.

There has been discussion from time to time as to the possibility of an accurate or reasonable cost. Invariably, in my estimation and my experience as chairman of the Committee on National Parks, there has been an unreasonable amount of effort and excessive exaggeration as to estimates of cost of acquisition of any of our national seashores, national parks, historic sites, monuments, and so forth. Invariably the criticism is made that the estimate of the committee is unreasonably low. We feel that while the Department of the Interior stated at one time the figure of $11 million as the amount that might be required, the other body sent a bill over here that recommended the authorization and expenditure of some $4 million. The committee recommended that we authorize the expenditure of some $5 million as the cost of land acquisition. We feel this estimate is a reasonable figure that we can hold to. But at no time is it an unlimited authorization. This committee has never brought before this House during this session of Congress an open-end authorization. So, therefore, we have limited it to what we feel is the fair and reasonable figure of $5 million for the acquisition of this Padre Island National Seashore.

There are those who wish a road to be constructed from one end of the island to the other. The provisions of the bill call for the development of the area in the same way such areas have been developed in the past. The committee felt we should not set a precedent by legislatively or statutorily developing the area other than stating its size and its geographical location. So we feel that the park will be developed consistent with the demands and requests of the public as indicated to the National Park Service. They will develop roads and trails as they see fit and as the public sees fit.

Later in the consideration of the bill an amendment will be presented dealing with the southern end of the island from Port Mansfield approximately 10 miles, that it could be more appropriately measured or established by being referred to as the Boyle line or the Boyle survey, the name, of course, being taken from the surveyor who laid it out.

That is approximately 1,500 feet measuring from fast land to fast land. We feel this is a fair and reasonable amendment; so, at the request and with the assistance of the minority, the committee adopted the amendment in the committee, and I will present it at the proper time.

Mr. CHENOWETH. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I rise in support of this bill providing for the Padre Island National Seashore in Texas. I know of no opposition to the bill on this side. The minority members of the committee have supported the bill and have been happy to cooperate with the distinguished gentleman from Texas [Mr. RUTHERFORD], chairman of the Subcommittee on National Parks.

I wish to commend the gentleman from Texas for the great skill he has displayed in handling this legislation. There were many obstacles to overcome, and he has guided this bill through the committee in a most capable manner. I should like to pay tribute to him and to the other members of the subcommittee who have worked so diligently on this measure.

Some of the Members made a trip to the site of the project in Texas and made a personal inspection of this island. The bill before us today represents a great deal of hard work on the part of the committee and I feel they have done a good job.

I am happy, Mr. Chairman, to join in support of the bill, and I hope it will pass.

Mr. RUTHERFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Colorado [Mr. ASPINALL] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ASPINALL. Mr. Chairman, the Padre Island bill which we bring to the floor today supplements two others which this 87th Congress has already considered. I refer to the Cape Cod bill which we passed last year and to the Point Reyes bill which we passed a little more than a month ago.

I want at this time to reemphasize two points which I made when the Cape Cod and Point Reyes bills were being debated. All three of these bills will be of great service to the American public in the years to come. They are conservation measures in the truest sense of the word. They will preserve for the American people 200 miles of open and undeveloped shoreline which would otherwise, sooner or later, go the way of the remainder of our seashores. As our committee report on the Point Reyes bill indicated, only about 2 percent of the country's shoreline which is usable for recreation is in public ownership of any kind—Federal, State, or local. The Padre Island, Point Reyes, and Cape Cod bills, taken together, will increase this to about 2½ percent. They move at least a short way toward meeting the plea made by the Secretary of the Interior Ickes 25 years ago when he said:

> When we look up and down the ocean fronts of America, we find that everywhere they are passing behind the fences of private ownership. The people can no longer get to the ocean. When we have reached the point that a nation of 125 million people—

Now, I interpolate, 180 million people—

> cannot set foot upon the thousands of miles of beaches that border the Atlantic and Pacific Oceans, except by permission of those who monopolize the ocean front, then I say it is the prerogative and the duty of the Federal and State Governments to step in and acquire, not a swimming beach here and there, but solid blocks of ocean front hundreds of miles in length. Call this ocean front a national park, or a national seashore, or a State park or anything you please—I say the people have a right to a fair share of it.

A second point which I emphasized in connection with the other bills and that I want to underscore again is that large segments of the American public will have the use and enjoyment of these areas. They are not only conservation areas; they are also recreation areas. Too often we think of these two terms as being incompatible, but the thousands upon thousands of visitors who will come to them will prove that they are not.

Two of these three areas—Cape Cod and Point Reyes—are near large population centers on the east and west coasts.

Padre Island is somewhat more remote but it, too, will be accessible to millions of Americans. In our committee report, we mentioned the names of 10 major cities which lie within a 500-mile radius of Padre Island. The population of these 10 cities—not counting those who live in scores of smaller places within the same radius—is 4,200,000. We also pointed out that Padre Island is closer to the whole interior of the country than is any point on the Atlantic and Pacific coasts. People from as far north as the point where Minnesota, South Dakota, and North Dakota meet will find Padre closer to their homes than they will any place along our country's other seaboards.

Mr. Chairman, I have throughout this short talk tied Cape Cod, Point Reyes, and Padre Island together and have pointed out their similarity in terms of what they mean to the American people and to our conservation and recreation programs. I want now to pay tribute to the modesty of our Texas colleagues—Congressman Young and Congressman Kilgore—who introduced the Padre Island bills on the House side. In spite of the fact that our Subcommittee on National Parks is headed by another Texan to whom I also want to pay tribute—Congressman Rutherford—they have been willing to stand by and to see, in a way, the proponents of national seashores in Massachusetts and California move ahead of them. Their courtesy and their consideration for others is to be admired. It has helped our Committee on Interior and Insular Affairs to do its work in an orderly fashion. I trust that their patience will be rewarded today. I strongly recommend the passage of S. 4, as amended.

Mr. CHENOWETH. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. Gross].

Mr. GROSS. Mr. Chairman, this is a bill that starts out with $5 million, but, in my opinion, that is just putting a foot in the door. It is a question of how much more it will take before the seashore park is established.

I would like to ask the gentleman from Texas [Mr. Rutherford] where I might find the printed hearings on this bill.

Mr. RUTHERFORD. The Senate hearings were printed, and inasmuch as our hearings were practically identical thereto, our hearings were not printed. The Senate hearings are available to the membership.

Mr. GROSS. Is this the way the Interior Committee of the House operates? Does it take the evidence or testimony submitted before the Members of the Senate? Or do you have printed hearings on other matters but not on this one?

Mr. RUTHERFORD. The only printed hearings have been at the request of the membership. There were hearings on the California matter. Hearings were held in the subcommittee. We held hearings on the Padre Island matter. We do not accept arbitrarily the opinion of any other body or its viewpoint on any legislation. The House committee did conduct thorough and complete hearings.

Mr. GROSS. Having done so, it seems to me very unusual and very strange that the committee did not have the hearings printed so that Members of the House might benefit by the testimony given to the committee.

Let me ask the gentleman this question: In his opening remarks the gentleman said Padre Island should be taken into the national park system before it vanishes. Where does the gentleman think Padre Island is going to vanish to?

Mr. RUTHERFORD. I had reference to vanishing from use by the general public, not a physical vanishing.

Mr. GROSS. Who is going to cause the interior of this island to vanish? Is the State of Texas interested in making a recreational seashore of Padre Island? Who would be likely to take it over?

Mr. RUTHERFORD. I will say from our experience that private interests will come in when the national seashore is established.

Mr. GROSS. I read on page 11 of the report the following:

> Our recommendation that section 7 be deleted is based on our judgment that the specifics of development of the seashore can properly come only after thorough study and actual experience with the area, taking into consideration the requirements of public use.

Am I to understand from that, in the absence of printed copies of the hearings, that there are no firm plans for the development of this project upon which you are asking all of the taxpayers of the country to cough up $5 million?

Mr. RUTHERFORD. There are plans, but there are not specific plans, as is the case with reference to any of our national seashore areas, national parks or historical sites, or any of our national development, or the acquisition of any Navy or Army base, as to how many doors, windows, trails, and access roads will be needed. We are leaving that, as we have always historically left it, to the National Park Service after the public has had an opportunity to express its views in regard to such matters. The public has not had an opportunity to fully evaluate and to suggest to the National Park Service how and what kind of facilities it may require for its use and enjoyment. We are not arbitrarily telling the people what they are going to do as to the development of offshore areas.

Mr. GROSS. Does not the gentleman think there should be some firm plans for the development and use of this area before the gentleman comes to ask the taxpayers of the Nation to put up $5 million in a foot-in-the-door proposition?

Mr. RUTHERFORD. I do not feel that the National Park Service or this Congress or anyone else should dictate to the public how they should enjoy the beach. The people themselves will recommend what is to be done as a result of their use to the National Park Service how it should be developed. There are very good plans. However, we have no reservations. This is one of those situations where we will purchase the area and develop it later. As is stated in the report, we will develop it in an orderly fashion.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. CHENOWETH. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GROSS. I thank the gentleman for yielding this additional time, because there are several questions I would like to ask the gentleman from Texas [Mr. Rutherford] concerning this legislation.

Mr. RUTHERFORD. If the gentleman will yield further, I might say to the gentleman that the language to which the gentleman referred here is not committee language, but is the language of the National Park Service and the Interior Department's expression as to one subject, and that is roads. That is the only thing to which it has reference as to development. That is whether or not there will be a road, the length of the road, and the width of the road. However, with reference to the development of the park, they have plans and programs pretty well designed for that.

Mr. GROSS. Unless there is a road you are not going to have very much of a recreational area, are you?

How do you propose that tourists get there? Is it proposed that they use tractors, jeeps, and beach buggies? How is it proposed to get the people to the interior of this area, or island, if there is no road?

Mr. RUTHERFORD. In most cases it will be by foot, or as the gentleman says, sand buggies or beach buggies.

Mr. GROSS. Are the taxpayers going to be called upon to buy jeeps with which to haul the tourists in to see this area?

Mr. RUTHERFORD. We have not proposed any vehicular transportation, except for the concessions.

Mr. GROSS. Well, otherwise they will have to walk a good many miles of beach in order to get into the interior of the island, is that not correct?

Mr. RUTHERFORD. This is correct.

Mr. GROSS. Permit me to ask the gentleman this question: What do you propose to do with the south end of Padre Island where you have what amounts to a toll road? Is that to be left in private hands?

Mr. RUTHERFORD. I am not familiar with the toll bridge to which the gentleman refers.

Mr. GROSS. You have a toll road or bridge into Padre Island from the south. You cannot get there today without paying a toll.

Mr. RUTHERFORD. Actually, this has no connection whatsoever with the project other than the fact that this is owned by Cameron County. It is a drawbridge of Cameron County. I would say that as far as getting over to Padre Island is concerned, this is each person's preference, such as people who go over the Maryland bridges in this area.

Mr. GROSS. Today a tourist has to pay a toll to get onto Padre Island; does he not?

Mr. RUTHERFORD. No, sir.

Mr. GROSS. How does he get there, if he does not pay a toll?

Mr. RUTHERFORD. By traveling from the northern tip to Nueces County on a bridge.

Mr. GROSS. Let us deal with this in terms that the Members can understand; does the gentleman mean out of Corpus Christi from the north?

Mr. RUTHERFORD. Yes.

Mr. GROSS. How far down does he go on a road on which he can travel?

Mr. RUTHERFORD. I would say he would go 70 miles.

Mr. GROSS. There is a road 70 miles from the north of Padre Island as of today; is that correct?

Mr. RUTHERFORD. Yes. I have traversed the great majority of the island myself.

Mr. GROSS. In an ordinary passenger car?

Mr. RUTHERFORD. This would depend upon the individual. We do not dictate the type of motor transportation he shall use.

Mr. GROSS. Now, wait a minute; we are dealing with tourists. This is supposed to be a national seashore for the benefit of tourists. I am not talking about special jeeps or swamp buggies or beach buggies or anything like that. What I want to know is how the average, common garden variety of tourist is going to get onto Padre Island without either paying a toll on the south, out of Port Isabel, or how far he can come down from the north?

Mr. YOUNG. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield; I am looking for information.

Mr. YOUNG. It may be that I can furnish the gentleman from Iowa the information he seeks. I can speak for the northern end, which is in Nueces County. There is a causeway over to Padre Island at present. There is a toll on that causeway for the reason that this is one of these self-retiring revenue bond issues supported by local interests. It is possible that after the amortization of this indebtedness the toll would be removed. It is paying for itself well. It is meeting its schedules fairly well. There seems little doubt that that toll will be removed.

Mr. GROSS. So now we have it clear that in order to get onto Padre Island today and into the future, tourists will pay a toll either from the north or the south?

Mr. YOUNG. Yes; the gentleman is correct. Actually, under normal conditions the beach is a very serviceable and easily traveled highway. Under normal conditions it is well traveled. There are conditions of high tide that would require that a person use a four-wheel-drive vehicle.

Mr. GROSS. The gentleman would not recommend that a person take a new automobile and drive down that beach, would he?

Mr. YOUNG. During conditions of high tide?

Mr. GROSS. Under any conditions.

Mr. YOUNG. I most assuredly would recommend it under normal conditions. I have done it many, many times myself.

Mr. GROSS. Unless you had that new car well undercoated, in short time you would have plenty of salt and rust damage; is that not so?

Mr. YOUNG. Yes, sir; that is a fact.

Mr. GROSS. You just do not travel a salt water beach without such damage. What I am saying is that a good many Members of the House do not understand that Padre Island is a long spit of sand with no road on it except a short road at the south end, a toll road. What is the length of it—3 or 4 miles at the most? And on the north about 5 or 10 miles of road, again a toll road.

Mr. YOUNG. No, sir. There are 21 miles of road leading from the north of Padre Island——

Mr. GROSS. We are talking about the present road south of Corpus Christi, which is also a toll road and it also ends in nowhere on the island.

Mr. YOUNG. The gentleman just asked me how much road connection there is.

Mr. GROSS. Yes.

Mr. KILGORE. Mr. Chairman, will the gentleman yield for some information about this road situation?

Mr. GROSS. If the gentleman will tell me when it is proposed to amortize those bonds and make those toll-free roads at both ends, I should like the information.

Mr. KILGORE. The causeway at the southern end of the island is likewise a toll causeway. It is owned by Cameron County. It is a self-liquidating financial arrangement. It is expected that it will be toll free when it is paid off. The roadway from the southern end extends several miles up the island. As I understand the proposal, the Park Service would extend that road from the point of its present terminus to a point from 2 to 5 miles within the southern end of the seashore. It has already been assured by the owners of the land, the developers of the land outside the seashore area, that they would bring the road up to Point Mansfield Cut, which would assure a road from the southern end about 30 miles up the island. I think it is also almost certain at that time that there would be built a causeway across at that point.

Mr. RUTHERFORD. Mr. Chairman, I have no further requests for time.

Mr. CHENOWETH. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. KYL].

Mr. KYL. Mr. Chairman, on these matters of the establishment of national seashores it is easy to get a little starry eyed. Because this is true, it is equally true that the opposition to these projects sometimes becomes a little overextended. In all of these situations it has been the purpose of the gentleman from Iowa to separate the real from the unreal and get an actual picture of what is involved. Let us do that in regard to Padre Island.

In the first place, I do not think that Padre Island will ever be an area of what we would call intensive or mass recreation. It would not lend itself to that. I think its best use is very definitely suggested. In fact, its use would be limited by the nature of the island. I do not think we have to worry too much about how we will plan the development because by its very nature the use is dictated.

What is that use? This is a long sandspit. I have been on the island. I would not try to fool anybody into believing it is easy to get from one part of this island to another. The sand is loose and deep. The tides are irregular, as are all tides. This is a benefit, because a lot of the beach which normally would be littered is washed regularly.

There is one hard-surfaced road on the south part of this island which provides access to a county park. This would serve those people who would like to leave their car in a parking lot and walk to the beach for a day's outing. It is also possible that you can traverse the entire island with the exception of going across the Mansfield Cut, by jeep, beach buggy, and so forth. If these are to be used in the future, I assume they will be furnished by the concessionaires as in other parks. This will not be a cost to the taxpayers.

For those who come to do a little more exploring of the area, who want to pitch camp on areas where the tides come in from faraway places, you have to proceed by foot or a special vehicle. I suggest, too, that boats will be used extensively. There are portions of the island where the currents have carried to shore many objects of interest to one who is concerned with geography or history. There have been some unusual relics washed ashore here from places far away. It is a good place to study shellfish. There are large numbers of birds in selected spots. I do not think many people will be attracted to study the birds because they are hard to get at and because conservation procedures would preclude entry at nesting sites. There is very little animal life. There are some rats, coyotes, mice, and rabbits.

But it is a unique area. It is the longest piece of beach left in the United States. On the west it is bordered by very excellent fishing grounds. I think there were 236 different species of fish which have been identified in Laguna Madre. In other words, when you separate the wheat from the chaff on this thing, here you have a long island of sand which has a beautiful beach and which has other significance and interest and which has wonderful fishing. It will be maintained of necessity, I think, in the long run as a sort of wild area because it is almost impossible to get the kind of conveyances you need to carry large numbers of people to the middle area.

There are a couple of things, I think, we ought to get into the RECORD: I think the sense of the Congress should be expressed to the effect that the Federal Government does not now contemplate nor will they contemplate building roads the full length of this island because to do so would impair—destroy the real significance of this area as a recreational and ecological study area and an area of significance for most of the people. I think that should be included as part of the legislative history here.

I know there are some people in Texas who would like to use this area to build a coastal highway. When I was in the State of Texas visiting with those very gracious people, I tried to make it evident that they would have to make a selection—they could not have their cake and eat it, too. They could not have a recreation area and coastal highway. These uses are just not compatible.

I think the inclusion of this area in the National Park Service system precludes that coastal highway. I think we also might mention there is a problem in regard to the Laguna Madre. Because of the nature of the shifting bars and tidal action, this water area sometimes becomes very saline. Apparently, there is not enough current through it at those times and in such cases the fish population suffers to a rather frightening degree. The scientists, apparently, are not convinced that this is all bad or all good because usually after the fish population goes down through salinization, immediately afterward the population increase seems to be even better than before. But, I think we should indicate that the Federal Government is not responsible just by virtue of its having acquired this piece of land, for keeping the water in the Laguna Madre free and clean and with the best type of water for fishing.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. KYL.** I yield to the gentleman from Iowa.

**Mr. GROSS.** How many miles of highway are proposed to be built?

**Mr. KYL.** Under the proposal, as I understand it, the only roads which are proposed by this legislation are the roads which are necessary to get to the boundaries of the park. On both the north and south, I believe these roads are already in place to the boundaries.

**Mr. GROSS.** Yes; in fact, they are toll roads.

**Mr. KYL.** The bridge at either end of the island or causeway, as the gentleman suggests, is a toll causeway or a toll bridge. However, I do not know of any charges that are made for driving over that road.

**Mr. GROSS.** If the gentleman says he does not know of any charges, then the gentleman has not driven over the south end because they do charge to drive over the south end to get to Padre Island from the mainland very definitely and, as I understand from the statement of the gentleman from the Corpus Christi area, the gentleman from Texas [Mr. YOUNG], there is a toll from the north end.

**Mr. KYL.** I will say to the gentleman that these tolls sometimes aggravate me. I do not mind paying a toll to get back into Iowa because I am always glad to get home, but I always kind of object to paying a toll when I leave. Maybe that is the situation here. I do not think this is going to cause any undue burden for the people who want to visit the island. These bridges and roads are maintained by the county government. This burden will not be too heavy and one day the tolls will be removed.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield further?

**Mr. KYL.** Certainly.

**Mr. GROSS.** This is a rather incongruous situation. If we are going to go in and build roads on this island, and we are going in and spend the taxpayers' money to build roads, why should there be a toll to get to these roads? And will the roads be used, if they are built, to truck the oil out that is presently being taken from Padre Island?

**Mr. KYL.** I repeat to the gentleman. I think the roads which are necessary to give access to the park are already there, therefore, the Government will not have to build any roads. If additional roads are needed within the park for access of the visitors, for instance, a short distance from either end of the island, I would presume that the Federal Government would build them because they would be on Federal property and they would be available, I suppose, without any cost to those who use them, although again I would say to the gentleman, I am not averse to charging people for using these national parks or national recreation areas so long as the fee is reasonable.

**Mr. GROSS.** Then does the gentleman agree with me that we ought to have some tolls charged to cross the Potomac River? Is there any difference?

**Mr. KYL.** I think there is considerable difference.

**Mr. GROSS.** I do not.

**Mr. KYL.** There is one other factor in regard to the Padre Island legislation. I think perhaps this area might better have been included in some kind of regional concept. It is located at the extreme southern portion of the United States. I know that the population of that area is growing and, therefore, the national significance is increasing. There are some very busy ports in this area, both for fishing fleets and for transporting the cotton which is now grown in Mexico—because we do not any longer grow it in the United States. So I assume that the national significance of the area will become greater, but at this time I think that it might better be considered as part of a regional concept.

**Mr. CHENOWETH.** Mr. Chairman, will the gentleman yield?

**Mr. KYL.** I yield.

**Mr. CHENOWETH.** I want to commend the gentleman on the stand he has taken. I know he has devoted a great deal of time to the study of this project. I congratulate him on the statement he has made. He knows a great deal about this project. He has been a hard worker on this committee. Will he agree with me that the bill as reported by the House committee is an improvement over the bill that came from the other body?

**Mr. KYL.** I think it is a very great improvement over the bill that came from the other body; and I will say this to the gentleman, I do not think this bill entails a lot of the difficulties we ran into in both the Cape Cod bill and the Point Reyes bill. The property situation, for instance, is not nearly as difficult, and I think it was easier to bring the divergent elements together.

Getting back to this subject of the regional concepts once more, I think that we should immediately adopt some legislation which will permit a Federal and State cooperation to cover areas of this kind, because they fit into a regional pattern better than they do into a national pattern.

**Mr. RUTHERFORD.** Mr. Chairman, will the gentleman yield?

**Mr. KYL.** I yield.

**Mr. RUTHERFORD.** Mr. Chairman, I would like to commend the gentleman for the very fine statement he has made and the constructive effect he has made not only in connection with this bill but with all bills that come before our Subcommittee on Conservation. He has always had great interest in the application of the regional planning program. The gentleman has drawn legislation that has been submitted to the committee and also has been considered by the Subcommittee on National Parks. The gentleman is also a former member of the Outdoor Recreation Resources Review Commission that has recently submitted their report that has brought about the executive organization of the Bureau of Outdoor Recreation in the Department of the Interior.

I would also say to the gentleman that I look forward to working with him on the floor in the interest of the program he has advocated of regional planning, because I do feel that in this field and in this particular area that we can serve the public interest best through the proper application of concepts of this type.

I again commend the gentleman on his interest and thank him for his very fine and objective statement here in behalf of Padre Island.

**Mr. KYL.** I hope the House will adopt this legislation. I believe it will be of significant and great value to the park system of the United States.

**Mr. YOUNG.** Mr. Chairman, each Congress, for good or bad, is characterized by the quality of its constructive effort to build this great land of ours into a better America. Some of this work involves bold ventures into new fields of science, engineering, and massive machines of military might; other efforts, however new, are devoted to the old—the conservation, the preservation of this land's natural beauty for the people and their posterity. Such an effort is now before this Congress, and, in my considered judgment, if this Congress were not acclaimed for a single other accomplishment, its mark in history would have been made by the work that it has done in the preservation of a portion of its great seashores for the use and benefit of the public.

The State of North Carolina, together with public-spirited and patriotic philanthropic groups, pioneered the way with the wonderful Cape Hatteras National Seashore. The immense advantage and great national need to preserve to the public a portion of the Nation's seashores has been established. It has been left to this Congress to accept the responsibility of advancing this great national program of conservation. That the 87th Congress is responding to its responsibility is borne out by the enactment of authorization bills for Cape Cod National Seashore and Point Reyes National Seashore. Now before the Congress is the third and last of these great conservation measures to be presented to the 87th Congress. The proposed Padre Island National Seashore now before the House is only about one-sixth the combined estimated cost of its two predecessors, but it is in every respect a worthy complement to the well-rounded seashore conservation program. Cape Cod, on the Atlantic shore, had an estimated cost of $16 million; Point Reyes, on the Pacific coast, has been estimated to cost $14 million; and, now, we have

Padre Island, on the Gulf of Mexico, with an estimated cost of $5 million. Whether these cost estimates are accurate or not is, of course, somewhat conjectural, but there is no conjecture to the fact that all of these projects will not become any less costly and, if we do not act now to preserve them, they likely will never be preserved.

Padre Island, in its own right, greatly complements Hatteras, Cape Cod, and Point Reyes, and is indeed a valuable addition to the vast national program of conserving a portion of our fine seashores for the use and enjoyment of the public. Under normal and ordinary conditions, the gulf beach at Padre is one of the finest in the world for swimming, and the fishing in the gulf and in neighboring Laguna Madre is not to be excelled anywhere. The flat, white surface of the gulf beach is usually 100 yards or more wide and stretches as far as the eye can see. The beach is backed up by sand dunes towering some 45 feet in height which, in turn, give way to flat grassland which extends to the shore of Laguna Madre. Padre Island is one of the most picturesque phenomena of nature and is indeed a challenge to sportsman, vacationer, naturalist, and the persons and families who are just plain weary of their surroundings and want a change of scenery.

The superb qualities of Padre Island described by the National Park Survey Report and the report of our Committee on Interior and Insular Affairs are the normal and usual conditions of the island. At rare intervals of limited duration, nature has a way of asserting her proprietary interest in Padre by sending tropical hurricanes up from the Caribbean Sea to look the situation over. These storms, of course, are of varying intensity and, in a sense, add to the ruggedness, the adventure, and excitement that characterize the island. There is invariably ample forewarning of the storm's approach, and they pose no danger to any but the most reckless individuals who do not heed the warnings.

Actually, the phenomenon that occasions the most distress to island swimmers, fishermen, picnickers, and vacationers is the invasion of seaweed that occurs in troublesome proportions only about every few years and for only limited periods. This condition is said to be caused by severe weather conditions far out in the gulf and is common to all beaches of the Gulf of Mexico, and possibly to beaches everywhere. When the seaweed appears in extensive proportions, it covers the beautiful beach, causing displeasure to the swimmer, inconvenience to the fisherman, discomfort to the motorist who at such times must drive by four-wheel-drive vehicles in the rougher sand dunes and, of course, obscures the magnificent gulf beach. As luck would have it, such was the situation when the subcommittee visited there in May of this year.

In keeping with its natural wonders, the island is rich in history. Many think of the history of Padre as the story of pirates from the Spanish Main, buried treasure, and hidden gold pieces of eight. Undoubtedly, the buccaneer was no stranger to Padre and islands of the gulf, but the history of Padre Island considerably antedates Morgan, Blackbeard, and Anne Bonet.

Less than three decades had passed since Columbus first discovered America, when Alonso Alvarez de Pineda, with a small fleet of four vessels in 1519, was the first European to carefully explore and map the coastline of Padre Island in search of the mythical Strait of Anian that would lead the discoverer to the exuberant shores of Cathay and India.

From the time of de Pineda's discovery, Padre Island has figured importantly in the history and development of the Southwestern United States and of northern Mexico. All of this history is alluring, attractive, and spectacular; and much of it has contributed constructively to the sound development of our entire continent. For instance, the year 1553, history tells us, opened auspiciously for the inhabitants of New Spain with the official inauguration on January 25 of the Royal and Pontifical University of Mexico, the first institution of higher learning in America. The discoverers of Padre Island located the university in Mexico, but they also founded, about the same time, the first city administration in America near Brownsville, with a city council and two mayors.

In the spring of 1553, in the port of Veracruz, one of the largest and richest fleets to leave for Spain was made ready. Of more than 20 vessels, all but 3 or 4 were shipwrecked on Padre Island about halfway between Corpus Christi and Brazos de Sandiago Pass. The huge treasure of gold and silver was lost in the surf and, as far as is known, has never been recovered.

Not to mention the Jolly Roger of the pirates, the island has supported the sovereignty of six flags—Spain, France, Mexico, Texas, Confederacy, and the United States.

The spectacular events in which Padre Island figured could be related ad infinitum, but enough here of its history.

Before concluding, I want to commend this and the past administrations for the parts they have played in bringing this highly worthwhile project to fruition. I want to commend the distinguished chairman of the Subcommittee on National Parks and chairman of Interior and Insular Committee along with the ranking minority member and all other members of the committee on the fine and tireless effort that they have exerted in bringing this bill to the floor of the House. Also, great credit and acclaim should be extended to the philanthropic individuals and organizations together with the National Park Service and the Department of the Interior for doing the survey work and planning that made this legislation possible.

The proposed Padre Island National Seashore is truly a great conservation project of immense national significance, and I most sincerely recommend its passage.

Mr. KILGORE. Mr. Chairman, there is nothing I can say that carries as much sincerity as a simple "thank you" to the Committee on Interior and Insular Affairs for the splendid work they have done on this legislation authorizing the Padre Island National Seashore.

My particular thanks, and the thanks for a large segment of south Texas, wherein Padre Island is situated, go to the able chairman of the committee, the gentleman from Colorado [Mr. ASPINALL]; to the chairman of the Subcommittee on National Parks, the gentleman from Texas [Mr. RUTHERFORD]; to the conscientious ranking minority member of the committee, the gentleman from Pennsylvania [Mr. SAYLOR]; to the gentleman from Colorado [Mr. CHENOWETH]; to the gentleman from Iowa [Mr. KYL]; and to all the other members of the committee for their patient, thorough, and exhaustive work on this bill.

It is because of this unstinting effort on the part of these Members that the Padre Island National Seashore bill is before the House in the form in which we have debated it.

The gentleman from Texas [Mr. RUTHERFORD], as chairman of the subcommittee, has worked long hours over many months in aiding me in resolving serious problems which stood in the way of the establishment of this national seashore.

His contribution in this matter is, as always with him, in the highest tradition of public service.

Mr. CHENOWETH. Mr. Chairman, I have no further requests for time.

Mr. RUTHERFORD. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the substitute amendment printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That in order to save and preserve, for purposes of public recreation, benefit, and inspiration, a portion of the diminishing seashore of the United States that remains undeveloped, the Secretary of the Interior shall take appropriate action in the public interest toward the establishment of the following described lands and waters as the Padre Island National Seashore: Beginning at a point one statute mile northerly of North Bird Island on the easterly line of the Intracoastal Waterway; thence due east to a point on Padre Island one statute mile west of the mean high water line of the Gulf of Mexico; thence southwesterly paralleling the said mean high water line of the Gulf of Mexico a distance of about three and five-tenths statute miles; thence due east to the two-fathom line on the east side of Padre Island as depicted on United States Coast and Geodetic Survey chart numbered 1286; thence along the said two-fathom line on the east side of Padre Island as depicted on United States Coast and Geodetic Survey charts numbered 1286, 1287, and 1288 to the Willacy-Cameron County line extended; thence westerly along said county line a distance of 2,000 feet; thence northerly parallel with said two-fathom line to a point on the centerline of the Port Mansfield Channel; thence westerly along said centerline to a point three statute miles west of the said two-fathom line: thence northerly parallel with said two-fathom line to 27 degrees 20 minutes north latitude; thence westerly along said latitude to the easterly line of the Intracoastal Waterway; thence northerly following the easterly line of the Intracoastal Waterway as indicated by channel markers in the Laguna Madre to the point of beginning.

SEC. 2. (a) The Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to acquire by donation, purchase with donated or appropriated funds, condemnation, transfer from any Federal agency, exchange, or otherwise, the land, waters, and other property, and improvements thereon and any interest therein, within the areas described in the first section of this Act or which lie within the boundaries of the seashore as established under section 3 of this Act (hereinafter referred to as "such area"). Any property, or interest therein, owned by the State of Texas or political subdivision thereof may be acquired only with the concurrence of such owner. Notwithstanding any other provision of law, any Federal property located within such area may, with the concurrence of the agency having custody thereof, be transferred without consideration to the administrative jurisdiction of the Secretary for use by him in carrying out the provisions of this Act.

(b) The Secretary is authorized to pay for any acquisitions which he makes by purchase under this Act their fair market value, as determined by the Secretary, who may in his discretion base his determination on an independent appraisal obtained by him.

(c) In exercising his authority to acquire property by exchange, the Secretary may accept title to any non-Federal property located within such area and convey to the grantor of such property any federally owned property under the jurisdiction of the Secretary within such area. The properties so exchanged shall be approximately equal in fair market value: *Provided*, That the Secretary may accept cash from or pay cash to the grantor in such an exchange in order to equalize the values of the properties exchanged.

Mr. RUTHERFORD (interrupting the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

Mr. GROSS. Mr. Chairman, reserving the right to object, I will not be opposed to it after we have proceeded for a while. However, I would like some more time on this bill, and I do not want to be foreclosed.

For the time being I will have to object.

(The Clerk continued reading the amendment.)

Mr. GROSS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think the Members of the House should know that apparently there is no unanimity of support for this bill in the State of Texas. I have an unsolicited letter from Mr. Jerry Sadler, commissioner of the General Land Office of the State of Texas, Austin, Tex., who says in part:

> You were also quoted as saying that you opposed the Padre Island National Seashore bill because too much money is involved. As land commissioner of the State of Texas, charged with the administration of the public lands in Texas, I share your view and want to commend you on your action. I have studied this problem in great detail and feel that the establishment of a Padre Island National Seashore area would not only cost the taxpayers too much money, it would probably result in the loss of minerals belonging to the State of Texas and some 70,000 acres of lands presently claimed by upland owners of the island which I believe to be submerged lands belonging to the State of Texas. These lands are dedicated to the school fund and taxpayers of Texas. If this area is taken by the Federal Government into a national seashore area, it would be very difficult for the State of Texas to prove ownership to the 70,000 acres of disputed lands. The mineral estate under the 70,000 acres would be claimed by upland owners and the surface would be claimed by the Federal Government, which would create a most difficult situation. I feel that this should not be forced on the people of Texas before the title problems are first litigated.

Later he points out that the State of Texas has taken some $13 million out of this island or this particular area for the school fund of the State of Texas.

At the proper time, Mr. Chairman, I propose to offer an amendment to this bill to provide that if the Federal Government is going to acquire this island, or any substantial part of it, I know of no reason why the revenue to be derived from the oil, from minerals of all kinds, should not accrue to the benefit of the United States. If we are going to spend the taxpayers' money for this land to acquire this seashore and we are going to tolerate oil rigs on it, and so forth, and the right of ingress and egress on the part of oil producers to come on this recreational area with their pipelines, trucks, and barges, or whatever they may be, why should not the taxpayers of the country derive the benefit from it?

So I will offer an amendment when we get to section 4 of the bill to provide just that. If the amendment is adopted, and I hope it will be, I will move to strike the next section which would then be in conflict with the remainder of the bill.

Why should we give the State of Texas the offshore oil and the minerals to be derived from the land we purchase?

Mr. RUTHERFORD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Texas.

Mr. RUTHERFORD. There are two estates to be purchased.

The Federal Government is purchasing only the surface and not the mineral estate. The mineral estate here would be of no particular benefit to the recreation aspect for the purpose to which the bill is directed. To purchase the mineral estate—the oil and the gas and the other mineral product—the surface would cost approximately a half billion dollars or more. We are not interested in the mineral estate. Therefore, we permit private enterprise to continue and we do not anticipate——

Mr. GROSS. If it is worth that much to the people of Texas and to the private owners, it ought to be worth that much to the taxpayers of this country.

Mr. RUTHERFORD. I would say to the gentleman from Iowa [Mr. GROSS] that if you would like to purchase the mineral estate, then you would have title to obtain the oil and gas. But you cannot take oil and gas with the purchase of only the surface rights, because this is a separate estate. In other words, you do not become automatically entitled to all the mineral rights below the surface.

Mr. GROSS. The gentleman means if we buy the land we will not control the offshore oil?

Mr. RUTHERFORD. No.

Mr. GROSS. Why not?

Mr. RUTHERFORD. The mineral estate is a separate estate that must be purchased. The surface owner has no control whatsoever over the minerals other than for spoilage and for royalties, and other purposes. The mineral estate is a separate estate that must be purchased.

Mr. GROSS. Why do practically all other bills dealing with this subject which come out of the Committee on Interior and Insular Affairs reserve the mineral rights?

Mr. RUTHERFORD. The gentleman here is referring to public land where the public owns both the mineral estate and the surface estate?

Mr. GROSS. These would become public lands, would they not?

Mr. RUTHERFORD. Only the surface estate and not the mineral estate. We are not purchasing the mineral estate. We have no right to the mineral estate.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Then, why is the Texas land commissioner disturbed about this legislation?

Mr. KILGORE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Texas.

Mr. KILGORE. I would say to the gentleman from Iowa that I am not able to say why the Texas land commissioner is disturbed. I suspect, however, that his opposition is directed to the bill as it was initially introduced. In that form the bill did permit the production and removal of the minerals. In the form in which the bill is now before the House, the objection leveled by the commissioner of the general land office in Texas to the effect that there would be a loss to the schoolchildren of Texas of valuable mineral right is not valid. The bill as it stands before the House now fully protects the position of the schoolchildren of Texas in which the commissioner of the general land office has such an interest.

Mr. GROSS. The letter from the commissioner of the general land office of Texas is dated August 29, 1960. That was after the amended bill was reported.

Mr. KILGORE. If the gentleman will yield further, with respect to the question which the gentleman has raised about whether upon the purchase of this land the production of minerals and the value of those minerals should flow to the United States, I think clearly, as was indicated by the gentleman from Texas [Mr. RUTHERFORD], if the United States were to see fit to purchase the entire title, the fee simple title, to the land—the surface and mineral estates—then certainly it would have the right to the proceeds from the production of those minerals. But because the value of the mineral estate was substantially high and would, in fact, appear on its face to be prohibitive for the purpose of establishing a national seashore, it seemed perfectly proper not to ask the

Federal taxpayers to purchase the mineral estate; but simply to purchase the surface estate and to leave to the Secretary of the Department of the Interior the authority to promulgate such necessary rules as would be required for the production of those minerals by their owners.

**Mr. GROSS.** So this is in the nature of having your cake and eating it too—to have the Federal Government come in, the taxpayers of the country come in, and build this sand dune seashore into recreational area; perhaps build a road the entire length of it, about 100 miles, with the stipulation that the Secretary of the Interior provide ingress and egress to the oil people or the sulfur mining people or whomever they may be to use the roads and whatever other facilities the Federal Government puts there to get their equipment in and their production out. So, it is in the nature of having your cake and eating it too. The Federal Government would come in and develop this thing, but yet the State of Texas and private interests would hold onto all of the mineral rights and all the revenue to be obtained from this particular area. Is that about it?

**Mr. KILGORE.** If the gentleman will yield further, I would have to say that is not about it. In the first place, I think there are no roads to be built which would be used in the production of any mineral from the property.

In the second place, the matter is simply one of it not being the policy of the United States to buy the mineral estate. If the United States saw fit to purchase it, certainly it could. But I can see no reason why the United States should spend that amount of money, in the public interest, because it would contribute nothing to the area for recreational purposes, nor would the remainder of the mineral estate being left in private hands take anything away from it.

**Mr. GROSS.** Except that if the Federal Government controlled it, we might not have oil rigs up and down this recreational area. But if you are going to have extensive oil and sulfur mining operations, it is hard for me to conceive that you can have that combination with a recreational area.

**Mr. KILGORE.** I am pleased to tell the gentleman that there has already been some exploration and some production on the island.

**Mr. GROSS.** I am well aware of that, and that is why I insist the State of Texas ought to use some of this revenue rather than saddle this cost on Iowa's taxpayers.

**Mr. KILGORE.** It has been most unobtrusive. It has not interfered and it will not interfere.

**Mr. GROSS.** What I cannot understand is, with this kind of revenue why the State of Texas does not establish its own seashore area. Why the Federal Government? You are reserving the best ends, the north and south ends, are you not? Those are not to be turned over to the Federal Government. You are reserving the extreme ends for private, profitable development.

**Mr. KILGORE.** Where there has already been considerable construction and where cost of acquisition would be very high.

**Mr. GROSS.** The easily accessible roads you are reserving to private ownership and to the State of Texas, are you not?

**Mr. KILGORE.** We are reserving a portion of the island to private ownership. I think the report reflects the best beaches in the area should be in the national seashore.

**Mr. GROSS.** I do not agree with that at all, that the best sections are in the isolated interior and if a road is constructed the length of it no one seems to know what the cost will be. Can the gentleman give us any idea what it is going to cost the Federal Government to maintain this each year?

**Mr. KILGORE.** The cost will be a minimum cost.

**The CHAIRMAN.** The time of the gentleman from Iowa [Mr. Gross] has again expired.

**Mr. RUTHERFORD.** Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. Rutherford: Page 9, line 14 of the reported bill (S. 4), after the word "extended,", strike out "thence westerly along said county line a distance of 2,000 feet; thence northerly parallel with said two-fathom line to a point on the centerline of the Port Mansfield Channel;" and insert "thence westerly along said county line to a point 1,500 feet west of the mean high water line of the Gulf of Mexico as that line was determined by the survey of J. S. Boyles and is depicted on sections 9 and 10 of the map entitled 'Survey of Padre Island made for the office of the Attorney General of the State of Texas,' dated August 7 to 11, 1941, and August 11, 13, and 14, 1941, respectively; thence northerly along a line parallel to said survey line of J. S. Boyles and distant therefrom 1,500 feet west to a point on the center line of the Port Mansfield Channel;".

**Mr. RUTHERFORD.** Mr. Chairman, this is a committee amendment, which was recommended by the gentleman from Pennsylvania [Mr. Saylor], who felt that the southern tip should be measured more or less by fast land to fast land. The original language in the bill measured it from a 2-fathom mark, which measured not only water but fast land. It was discovered that a 19-year average high tide mark was determined to be and has been recognized by the courts in Texas as the Boyles line. This in effect is the amendment of a different basic bench mark of measurement for the southern tip.

**The CHAIRMAN.** The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The Clerk read as follows:

Sec. 3. (a) As soon as practicable after the date of enactment of this Act and following the acquisition by the Secretary of an acreage in the area described in section 1 of this Act, that is in the opinion of the Secretary efficiently administrable to carry out the purposes of this Act, the Secretary shall establish the area as a national seashore by the publication of notice thereof in the Federal Register.

(b) Such notice referred to in subsection (a) of this section shall contain a detailed description of the boundaries of the seashore which shall encompass an area as nearly as practicable identical to the area described in section 1 of this Act. The Secretary shall forthwith after the date of publication of such notice in the Federal Register (1) send a copy of such notice, together with a map showing such boundaries, by registered or certified mail to the Governor of the State and to the governing body of each of the political subdivisions involved; (2) cause a copy of such notice and map to be published in one or more newspapers which circulate in each of the localities; and (3) cause a certified copy of such notice, a copy of such map, and a copy of this Act to be recorded at the registry of deeds for the county involved.

Sec. 4. (a) When acquiring land, waters, or interests therein, the Secretary shall permit a reservation by the grantor of all or any part of the oil and gas minerals in such land or waters and of other minerals therein which can be removed by similar means, with the right of occupation and use of so much of the surface of the land or waters as may be required for all purposes reasonably incident to the mining or removal of such from beneath the surface of these lands and waters and the lands and waters adjacent thereto, under such regulations as may be prescribed by the Secretary with respect to such mining or removal.

(b) Any acquisition hereunder shall exclude and shall not diminish any right of occupation or use of the surface under grants, leases, or easements existing on April 11, 1961, which are reasonably necessary for the exploration, development, production, storing, processing, or transporting of oil and gas minerals that are removed from outside the boundaries of the national seashore and the Secretary may grant additional rights of occupation or use of the surface for the purposes aforesaid upon the terms and under such regulations as may be prescribed by him.

Sec. 5. Except as otherwise provided in this Act, the property acquired by the Secretary under this Act shall be administered by the Secretary, subject to the provisions of the Act entitled "An Act to establish a National Park Service and for other purposes", approved August 25, 1916 (39 Stat. 535), as amended and supplemented, and in accordance with other laws of general application relating to the areas administered and supervised by the Secretary through the National Park Service; except that authority otherwise available to the Secretary for the conservation and management of natural resources may be utilized to the extent he finds such authority will further the purposes of this Act.

Sec. 6. The Secretary may provide for roadways from the north and south boundaries of such public recreation area to the access highways from the mainland to Padre Island.

Sec. 7. The Secretary of the Interior shall enter into such administrative agreements with the Secretary of the Navy as the Secretary of the Navy may deem necessary to assure that the Secretary of the Interior will not exercise any authority granted by this Act so as to interfere with the use by the Department of the Navy of any aerial gunnery or bombing range located in the vicinity of Padre Island.

Sec. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act; except that no more than $5,000,000 shall be appropriated for the acquisition of land and waters and improvements thereon, and interests therein, and incidental costs relating thereto, in accordance with the provisions of this Act.

**Mr. RUTHERFORD (interrupting the reading of the committee amendment).** Mr. Chairman, I ask unanimous consent that the further reading of the committee amendment be dispensed with and that it be open to amendment at any point.

**The CHAIRMAN.** Is there objection to the request of the gentleman from Texas?

There was no objection.

**Mr. GROSS.** Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross to the committee amendment: On page 12, strike all of lines 5 through 16 and substitute the following:

"Sec. 4. (a) When acquiring land, waters, or interests therein, the Secretary shall acquire all right, title, and interest in and to the oil and gas minerals in such land or waters and other minerals therein."

**Mr. GROSS.** Mr. Chairman, I have previously explained the purpose of this amendment, that is, to give the Secretary of the Interior control of all minerals in the land that is acquired by the Federal Government to go into this national seashore. I see no reason why the Federal Government should not benefit from any oil or sulfur mining or anything else on the land which it acquires through the spending of millions of dollars.

**Mr. RUTHERFORD.** Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I feel the amendment offered by the gentleman from Iowa should be fully explained as to what its import is here. If the gentleman's amendment is adopted it would not only be the purchase of the surface of the land, in which we are interested here for only recreation and conservation purposes, it would purchase needlessly what are proven oil and gas areas. The estimate of the cost to implement the gentleman's amendment would go into several hundred millions of dollars, yet at the same time would be of no purpose for a national seashore area. If we propose to go into the oil and gas business on the seashore, it might be beneficial to the Federal Government, but we have no use or desire to obtain the mineral interests.

It might be a presumption that those who own the surface also own the oil and gas which are under the surface. Of course, this is erroneous, and the House should recognize it. Therefore I ask for the defeat of the amendment.

**Mr. KYL.** Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I know this amendment is offered by the gentleman from Iowa for the same good purpose as all the amendments he offers, to protect the interests of the people of the United States. However, I oppose this amendment for these reasons.

It has been my purpose whenever we consider acquisition of park or recreational lands, to try to protect the locality in which the area is located and protect the rights of the individual property owners involved. That is why I have sought to add many amendments to various other bills we have considered here.

In the first place, the amendment would take from the State of Texas and from the county and from the school district a great deal of revenue, if the U.S. Government were to purchase the mineral rights which exist here. The use of the surface for recreation and the use of the subsurface area for mineral purposes are totally consistent. The few wells and the few storage facilities which are now on the island are, indeed, almost hidden. As a matter of fact, in riding through the major portion of this island by jeep and then in traversing the same area by aircraft, I failed to notice any area where there was drilling or where oil was being stored or transported. I did notice a couple of little ranch shacks which are there for the purpose of herding the few Hereford cattle on the island. With present day means, it is possible to take the oil and gas from under the island and from other offshore areas by slant drilling which in no way interferes with the surface use of the area for recreation.

In other words, in the interest of the local governments and in the interest of the property owners, I think this amendment should be defeated. I think it is entirely consistent that the Government in this instance acquire the surface without going to the unnecessary expense and burden to the taxpayers of purchasing the mineral rights under the land surface.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. KYL.** I yield to the gentleman from Iowa.

**Mr. GROSS.** Can the gentleman give me any idea where we are going to get the $5 million which is just a foot in the door to start this proposition?

**Mr. KYL.** As the gentleman knows, we are usually in agreement on these things. If we make the cuts which have been suggested by the committee on this foreign aid appropriation, we will have a good start on it. It will not make up all the difference, but it will help. I do like to spend some of these funds on the people of the United States and on future generations of the people in the United States as far as I, myself, am concerned and I accept the gentleman's question in good faith.

**Mr. GROSS.** Is not a bird in the hand worth at least a couple in the bush? I do not know about the foreign aid bill, it has not been cut very much for too many years, but here today we have an opportunity to do something about this $5 million which, I say again, is just the start and I am sure my colleague from Iowa recognizes that fact.

**Mr. KYL.** Let me say to the gentleman, in this instance I am not so disturbed by the possibility of increased cost as I have been by these other park proposals. That is one reason I support this completely. I want to say this to the gentleman too. When it comes to spending Federal funds, I think we can excuse an expenditure of this nature by the Interior Committee of the House of Representatives and the Interior Department because, certainly, if there is one agency of Government and one committee of the Congress that has held its budget within reasonable limits, it is this one. The gentleman recognizes the fact that the Interior Department appropriation is still the lowest one we have in the Federal Government, and I think when we can make an investment for this generation and future generations of this sort it is good. If the property value increases as I contemplate, the Federal Government could probably dispose of this island at a profit if that became prudent. I think its value would be much more than what we are going to pay for it at this time.

**The CHAIRMAN.** The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The amendment was rejected.

**The CHAIRMAN.** The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

**The CHAIRMAN.** Under the rule, the Committee rises.

Accordingly, the Committee rose, and the Speaker pro tempore [Mr. Albert] having assumed the chair, Mr. Delaney, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee having had under consideration the bill (S. 4) to provide for the establishment of the Padre Island National Seashore, pursuant to House Resolution 776, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

**The SPEAKER pro tempore.** Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

**The SPEAKER.** The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

**The SPEAKER pro tempore.** The question is on the passage of the bill.

The question was taken.

**Mr. GROSS.** Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

**The SPEAKER.** Pursuant to the previous order of the House, further proceedings on this matter will go over until Thursday next.

Does the gentleman withdraw his point of no quorum?

**Mr. GROSS.** I withdraw the point of no quorum, Mr. Speaker.

## REALISTIC DEALING WITH THE COMMUNIST SOVIET OFFENSIVE

**The SPEAKER pro tempore.** Under the previous order of the House, the gentleman from New York [Mr. Pillion] is recognized for 1 hour.

**Mr. PILLION.** Mr. Speaker, President Kennedy has asked Congress for authority to call up 150,000 reservists for active duty.

It is conceded that the President's message is motivated by the alarming buildup of hostile Communist-Soviet military and political forces around the world.

I am convinced that the President's proposal for this Reserve callup is a puny gesture. It neither meets nor counters the Communist-Soviet thrust.

It is clearly evident that the tempo of the Communist-conducted world civil war is being accelerated on all fronts.

Our inhibited, our limited and our defensive political strategy is not halting the Communist advances anywhere. Our country's margin for survival is being reduced day by day.

Cuba and West Berlin are the imminent danger zones. But these are not isolated, coincidental happenings.

They are part and parcel of the politico-military war. It is directed by Mr. Khrushchev primarily against the power of the United States.

Mr. Speaker, let us analyze the clear and present dangers inherent in Khrushchev's ultimatums, concerning only one of these danger zones, the Berlin and German question.

Khrushchev's proposals consist of two demands and one threat.

His first demand is that the United States, France, and Great Britain withdraw their military forces from West Berlin.

His second demand is that the United States, France, and Great Britain and West Germany recognize the Communist East German Government and legalize its territorial boundaries.

His threat is that he will unilaterally sign a treaty with the Communist East German Government if we do not accede to his demands.

This treaty, Mr. Khrushchev claims, will terminate the rights of military occupancy for the United States, France, and Great Britain in West Berlin. According to Mr. Khrushchev, the treaty would also terminate and transfer to the Communist East German Government all road, rail, and air communications to and from West Berlin.

Although Khrushchev uses the typical fraudulent language of demilitarized city and a free city in referring to the future status of West Berlin, the essence of his proposals is to drive the United States and our allies out of West Berlin and to extend Communist domination over all of Berlin.

Mr. Speaker, the seizure of West Berlin is not Khrushchev's final objective. It is another tactical, immediate objective.

His strategic, long-range objective is the destruction of our NATO alliance.

In the Paris Treaty of 1954, West Germany joined the North Atlantic Treaty alliance upon our pledge to protect German interests, including Berlin. West Germany has fulfilled its obligations under this treaty in every respect. West Germany contributes more troops and military forces to NATO than any other nation.

We must keep in mind that the NATO alliance is our first line of defense against the Soviet.

Khrushchev's death sentence over West Berlin is related directly to his plans for destroying NATO. He intends to prove to the German people that the United States has neither the will nor the capacity to honor its pledges and to defend its allies.

Khrushchev has expressed an increasingly hostile position toward the European Common Market. His West Berlin crisis is intended to disrupt and disintegrate this European Common Market.

Khrushchev's total strategic objective now is to divide the Western Powers and to prevent the political, economic, and military integration of the free European nations.

He anticipates the seizure of West Berlin will trigger a political bombshell that will enable him to attain these objectives.

The surrender of West Berlin would cause a most disastrous loss of public confidence in the United States. It would constitute a catastrophic defeat for the United States and the free world.

Khrushchev is engaged in a political, diplomatic, and quasi-military offensive to intimidate the United States and the free world.

The construction of the East Berlin wall, the firing upon U.S. Army automobiles, the brutal shooting of East German escapees, the disruption of air flights to Berlin, are some of the provocative blackmail tactics he is using.

The Berlin crisis is manufactured in Moscow for U.S. consumption. Khrushchev seeks to create a peace at any price hysteria.

Khrushchev presents to the people of the United States the ultimate alternatives of, first, the surrender of West Berlin; or, second, the threat of the possibility of a thermonuclear war.

Mr. Khrushchev and his propaganda apparatus has threatened the free world with nuclear bombings on more than 60 separate occasions. These threats emphasize the supreme importance of West Berlin in his scheme of conquest.

We must keep in mind that the Berlin crisis is not a crisis for the Soviet. Khrushchev can terminate or intensify this crisis at will.

Up to now, the Soviet provocative attacks upon the integrity of Berlin have been met, only, with vacillations, indecisions, and concessions on the part of the United States.

Our failure to take firm, effective defensive and offensive countermeasures has resulted in steady retreat.

Our backs are to the wall. We can retreat no farther.

Khrushchev is determining world events because he continuously exercises the initiative in the Communist global war.

The only positive step our Government has taken to counter the nuclear missile bases in Cuba and our threatened eviction from Berlin is the President's request for authority to call up 150,000 reservists.

It is a whistle in the darkness of our own cemetery.

I would like to recall to the Members of the House that, on August 1 of last year, this Congress authorized the callup of 250,000 reservists; 150,000 of these were called up.

The callup immediately became known as mobilization snafu.

A special subcommittee of this House found that last year's callup was shortsighted, badly managed, deficient, and totally inadequate.

The callup of these reservists a year ago did not prevent the takeover of Laos by a Communist coalition government.

It did not in any way slow down the Communist guerrilla war for the takeover of South Vietnam.

It did not prevent Communist military probings into South Korean defense lines.

The callup of Reserves last year did not prevent the completion of the Communist Berlin wall of shame.

I am sure that no one in this Congress can possibly misconclude that the callup authority requested now, will in any way disrupt or even delay Khrushchev's plans to force us out of Berlin.

The callup of 150,000 men will not delay, by even 1 day, the construction of the nuclear missile silos and bases in Cuba.

As a matter of fact, this callup will only serve to further lull this country into a false sense of security and peace.

This callup is complete proof of the vacuous policies that emanate from our State Department. It is another defensive posture that is both self-deceptive and self-defeating.

Mr. Speaker, under our U.S. Constitution, the responsibility to provide for the common defense of these United States is entrusted, solely and wholly, to the Congress of the United States.

This Congress can no longer ignore or abdicate its responsibilities for the security and survival of this Nation.

In view of the magnitude, the gravity, and the imminence of the dangers confronting this Nation, this Congress cannot fully discharge its obligations by merely dumping vague, indefinite, and superfluous authority to the President.

This Nation must, now, face up to the total politicomilitary war that Khrushchev is waging against the free world.

Time is of the essence. We can no longer afford the luxury of indecision.

I propose that this Congress call upon our Government and the two other occupational nations, France and Great Britain, to immediately announce and conduct a self-determination plebiscite for the citizens of West Berlin.

The citizens of West Berlin should be given the choice of the following alternatives:

First, the retention of the status quo of West Berlin, in association with the West German Republic;

Second, the incorporation of West Berlin into the East German Communist Government; or

Third, detaching West Berlin from the West German Government and transforming West Berlin into a "free city." The conditions and restrictions upon the "free city of Berlin" to be determined in accordance with Khrushchev's definitions.

Mr. Speaker, I estimate that 90 to 95 percent of the citizens of West Berlin would favor the retention of the status quo and reject the Khrushchev proposals.

This positive expression of self-determination would give worldwide support to our U.S. position for preserving the freedom of West Berlin.

This prebiscite would be a most dramatic public exposure of the fraudulency of Khrushchev's proposals.

If Khrushchev is not totally committed to wage a nuclear war for West Berlin, we will be providing him with a face-saving device by this popular plebiscite, and give him an opportunity to withdraw from his miscalculations for the seizure of West Berlin.

Mr. Speaker, on September 16 of last year, I introduced a resolution calling for such a plebiscite in West Berlin.

This action would be a first step toward realistically dealing with the Communist-Soviet offense. It is a political countermeasure—a first step toward gaining for the United States the initiative that we must have in order to wage an effective politicomilitary war.

I recommend and request that the President immediately advise the Soviet Government that, regardless of any prospective treaties or agreements which the Soviet Union may conclude with the East German Government, the United States will maintain its occupational rights in West Berlin.

I further recommend that the President inform the Soviet Government that the United States will retain and keep open all communication lines with West Berlin in accordance with existing treaties and agreements.

I further ask the President to reannounce to the Soviet Government that the freedom status of Berlin is not negotiable and that the United States will use all necessary means to protect the joint interests of West Berlin and the United States.

I respectfully ask both the leadership and the Members of this House to give immediate and serious consideration to the passage of this resolution, calling for a plebiscite in West Berlin.

Mr. Speaker, we must realize that in West Berlin we are dealing with only one segment of the complex Communist war upon the free world.

I ask this Congress to fully discharge its constitutional responsibilities for the common defense of this Nation.

It can do so only by enacting legislation that will provide positive and effective action.

Within the next 2 weeks, I plan to present to this Congress specific recommendations for countering the international Communist conspiracy and the Soviet-directed politicomilitary war.

---

## PADRE ISLAND NATIONAL SEASHORE, TEX.—GENERAL LEAVE TO EXTEND

Mr. YOUNG. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks on the Padre Island National Seashore bill during general debate; and that all Members who desire to do so have 5 legislative days in which to extend their remarks on that bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

## TEXTILE IMPORTS

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from North Carolina [Mr. ALEXANDER] is recognized for 20 minutes.

Mr. ALEXANDER. Mr. Speaker last week the Tariff Commission rendered a decision by a vote of 3 to 2 on the so-called equalization fee, which was very shocking to the textile workers and the textile manufacturers of my district and throughout the United States.

The Tariff Commission was asked by the President of the United States to make a study and to recommend action in regard to the differential in price of 8.5 cents per pound of raw cotton that is bought by American manufacturers and that which is bought by foreign manufacturers of textiles. Of course, this differential in price is a very important factor in making the textile industry in this country competitive. I was very disappointed in that the Tariff Commission did not find a favorable decision in order that the President of the United States could offer some relief. It is just inconceivable to me why our manufacturers in this country would have to pay 8.5 cents a pound more than their competitors.

What is the situation in regard to textiles today? The President has said on numerous occasions that he intended to hold the imports of textiles to not more than 6 percent during the 5-year Geneva agreement. That agreement has not even been signed as yet. At the present time we are living under two agreements. One is a calendar year agreement with Japan and the other is a multilateral agreement with many nations known as the Geneva agreement, which used as a base the 1961 imports into this country.

The imports have been coming in at almost 8 percent during this short-term agreement. The President had at the White House last Friday a week ago a number of Senators and leaders in the textile industry and reiterated his stand that he intended to hold the importation of cotton textiles to 6 percent. I think that is fine.

Another case now pending is before the Office of Emergency Planning Board and which is known as the OEP case. It is a case which would help the textile industry in that if they find that the textile industry is essential to the national security of the United States then the President would have the authority, in all agreements that have been signed between the United States and the textile producing countries, to limit the imports in order that the textile industry in this country could live. At the present time the only way the President has authority to limit the imports of textiles into this country is by these agreements, one of which runs out on the 30th of September of this year. I understand that our leaders are in Geneva this week in an effort to sign and to get the other nations to sign the long-term or 5-year Geneva agreement. But the only nation so far that has signed has been England. The United States, Japan, and Italy have not. But, I understand they are willing to sign it. If we can get this agreement signed, then the President, due to the action we took here some 4 or 5 months ago, would be able to limit those countries that did not sign to such a volume of imports as he would care to limit them. He would have such authority, and I think that is well. But we need something further. We need something stronger in order to give the textile industry of this country vitality so that they can expand and buy new machinery and have some confidence as to where they are going and what they are going to do. Therefore, Mr. Speaker, I have introduced today a bill which would provide import fees on cotton products during periods that the United States is subsidizing the export of cotton. The bill that I have introduced would not limit it just to cotton, but would include all products which the United States is subsidizing in the export of that particular product. I think that this is important.

The bill I have introduced would make it a law which would equalize and would have the executive department through the Department of Commerce and the Department of State collect import duties equal to the amount of the subsidy that was paid. In the case of cotton goods, it would be 8½ cents a pound on the finished textile products that came back into the United States. It seems to me that is nothing but fair and that is nothing but equitable, because this great differential in the cost of the raw material to the manufacturers of this country as compared with the cost of their competitors in foreign lands is a dangerous inequity. I think the Tariff Commission ignored this inequity in their decision under section 22 of the Agricultural Adjustment Act.

The foreign manufacturers of cotton textiles are in a position to hire cheaper labor. They pay lower taxes and they have other advantages so that they can price the products that they flood this country with to the point that our manufacturers cannot possibly meet this competition.

The other bill I have introduced is a joint resolution, Mr. Speaker, which would limit the importation of cotton products to the amount thereof imported in 1961. This is the basis upon which the short-term Geneva agreement was founded. That was the agreement that was worked out between the several textile-producing countries to give us the short-term, 1-year agreement. It seems to me, if we are going to have a vital and growing textile industry, we have to give them some stability and some basis upon which they can expand and we have to give them some hope to look forward to in the future. Under the present situation they are entirely at the mercy of the executive department as to exactly how much they are going to allow as imports into this country. I think, Mr. Speaker, that this is a bad situation and I feel that something ought to be done about it.

The President has stated that he has asked the Agricultural Department to draw up legislation to be introduced in the next session of Congress that would equalize or make the price to the American manufacturer the same as that paid by their foreign competitors. I think that is fine, but if it means a subsidy, a differential to the farmers of this country, I want to bring to your attention that it would be very difficult to pass in the first place; and in the second place, if we were able to pass it next year it would be the following year before it could take effect, and therefore the textile industry in 2 more years, if flooded by imports, would be in a desperate situation, because in many sections of the country today there has been a cutting down of the worktime of employees and many mills have closed and the jobs of many workers cut off, due entirely to the importation of textiles into this country.

Mr. Speaker, I am very much interested in doing anything I can to protect the jobs of the textile people of this country. I am very hopeful that our President will see the desperate plight and the desperate situation the textile industry is in today, and that he will use the influence of his high office to get a favorable decision from the Office of Emergency Planning which, in effect, would declare that the textile industry is essential to the national security of our great country. Personally I do not see how any of us could argue with a decision of that kind, because we must not allow ourselves to be dependent upon any nation to have to ship in the textile goods and the military equipment for our Armed Forces in cases of emergency or in case of war. If we allow our textile plants in this country to go to the dogs now, it will take years to get them back to a state of efficiency and working as they are today.

Mr. Speaker, it certainly behooves me to do everything I can, and to try to impress upon the Members of this body the seriousness of the situation that the textile industry faces today. I think that if the President realizes the seriousness of the situation the industry faces he will take immediate action, for I think he has the technical authority to deal with the situation and to hold the imports to not more than 6 percent as he has promised on numerous occasions to do. Just suppose for one instant that the long-term 5-year agreement is not signed on or before the 30th of September of this year.

I understand they have warehouses stacked with goods ready to import into this country on the 1st day of October, and there will be no law or no way that the President or anybody else can hold them off unless action is taken in order for the President to have the authority to limit the importations into this country.

Mr. Speaker, I trust that the President will see the seriousness of the situation and will take action so that we can protect this vital industry to the welfare and to the good of this great land of ours.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Ohio.

Mr. BOW. The gentleman has brought a very interesting subject before the House today. The gentleman from Ohio has no cotton, of course, in his district, or textile industry. With a strong economy in the textile industry it would be beneficial to the entire country, particularly the industrial area I represent. So that I can get this clear in my mind, do I understand from the gentleman that foreign producers of textiles now can buy American cotton cheaper in foreign countries than the American textile industry can buy it?

Mr. ALEXANDER. I thank the gentleman. He is exactly right. They can buy American-grown cotton in foreign ports at $42.50 a bale cheaper than our own manufacturers can buy it right here in this country.

Mr. BOW. I take it from that observation, with cheap labor and modern factories they probably can produce textiles made of American cotton, send it in and sell it in this country for less than the American manufacturers can put it on the market?

Mr. ALEXANDER. They can send it into this country much cheaper. I have been to modern textile plants in Japan, Thailand, and Formosa, and in a lot of the countries in the Far East. Their textile plants are very modern because through our foreign assistance program and other means of assistance to those countries, we have given them the opportunity to build and to modernize their plants that are, to say the least, up to our standards in this country.

Mr. BOW. May I say further that I have seen in my own area the same thing happen to the pottery industry. We no longer have pottery. I do not want to see it happen in the textile district represented by the gentleman and in other districts of the country. I was happy to support the bill 3 or 4 months ago on the matter which gave the President authority to act. If the gentleman can get his bills to the floor I will support them. We would strengthen the economy of our country thereby. What is good for the gentleman's district is beneficial to my own, and what is beneficial to my district is beneficial to other parts of the country. I hope the gentleman will be successful in getting his bill to the floor for consideration so that we can support this great industry which is so vital to the gentleman's district and to the national security of the country, because if we let industry after industry go down the drain, our national security is affected.

I would like to say to the gentleman, as I did a few weeks ago, that I will support the gentleman's textile bill if he can get it to the floor for consideration.

Mr. ALEXANDER. I thank the gentleman. We hope to protect and keep vital the economy of this country; otherwise we are a doomed nation.

Mr. KORNEGAY. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I shall be delighted to yield to my colleague, the gentleman from North Carolina [Mr. KORNEGAY].

Mr. KORNEGAY. Mr. Speaker, I would like to take a moment to congratulate my good friend and colleague, the gentleman from North Carolina [Mr. ALEXANDER], upon bringing to the attention of the House this most timely subject. I would also like to commend the gentleman for the swiftness with which he has drafted legislation and introduced it into this body designed to overcome the glaring deficiency left by the decision of the Tariff Commission of last week.

Mr. Speaker, I would like to associate myself with the gentleman in the gentleman's remarks and to say that I am behind the gentleman in his efforts to pass this bill 100 percent. I was greatly grieved last week to learn that the Tariff Commission had ignored the S O S that was sent to it by the Department of Agriculture, the textile industry of America, and many, many Members of this House, and the Senate and, in fact, the President himself. Certainly, in my opinion, it behooves us as responsible leaders and legislators to familiarize ourselves with what is happening to one of the greatest industries in America and to an industry that we necessarily must rely upon not only in time of peace, but in time of war.

Mr. Speaker, I would again say to my good friend from North Carolina that he has rendered a real service to the people of this country today by introducing this piece of legislation which is designed, as I understand it, to fill the vacuum that was left by the adverse decision of the Tariff Commission in seeing that American industry and American workers are afforded the same opportunity to profit in this country as those who live in foreign lands. I thank the gentleman for yielding.

Mr. ALEXANDER. I thank the gentleman from North Carolina [Mr. KORNEGAY]. I know that the gentleman has worked very tirelessly in behalf of the gentleman's people, and I know the gentleman understands the problems that we face in this area of the textile dilemma today. I am grateful for the gentleman's kind remarks and for the gentleman's interest in this very important subject.

Mr. Speaker, I yield back the balance of my time.

---

## TEMPORARY UNEMPLOYMENT INSURANCE EXTENSION

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I am placing in the RECORD a copy of an editorial appearing in the St. Louis Post-Dispatch, August 29, 1962, entitled "Thirteen Forgetful Congressmen," and my open letter of reply to Robert Lasch, editor of the editorial page.

**The issues involved in the question of temporary unemployment insurance extension at the Federal level are somewhat complicated, but because of their importance to the welfare of many people in our society as well as to the whole of our society they should be understood.**

**The greatest harm that can come to the welfare of any person or to a people comes from ignorance and appeals to the baser human instincts which ignorance breeds. I know of no human instinct more base than hatred. Accusing a fellow being of lack of humanitarianism is upon analysis an attempt to foment hatred. I am also placing in the RECORD the remarks I made on the floor of the House during the debate on the 1961 temporary extension.**

**The matters follow:**

[From the St. Louis Post-Dispatch, Aug. 29, 1962]

### THIRTEEN FORGETFUL CONGRESSMEN

Sitting at a polished table in a committee chamber in Washington must make it too easy to forget what it is like to be out of a job and out of money. Otherwise how could 13 members of the House Ways and Means Committee have voted down President Kennedy's request for an extension of unemployment compensation for those who, while still without jobs, have exhausted the benefits under the law as it stands? According to the Associated Press, one of the "no" votes was reported cast by Representative THOMAS B. CURTIS of Webster Groves.

These conservatives—nine Republicans and four Democrats—may have savored the political satisfaction of once more setting back the administration's program, or they may have indulged an unseemly indignation against people they regard as "lazy bums and freeloaders." But they really denied the solicitude of the Government for 850,000 of its citizens—and their dependents—who, for one reason or another, have been off the payroll for months and burdened with all the worries this implies.

In turning against the proposed 13-week extension of benefits—which would have been effective only from October 1, 1962, to March 31, 1963—the 13 Congressmen also ignored the President's logical argument that it would be of general benefit as a weapon against recession.

Since 12 committee members—11 Democrats and 1 Republican—did vote for the extension, there is a possibility that the committee may reverse itself next month; and, of course, there also is the possibility that it may be reversed by the House. Yet these possibilities do little to assuage the disappointment.

No milder word than "shameful" can be used for this disregard of necessity and despair. It is the more shameful when money is voted with alacrity for purposes less essential and less urgent. If the 13 committee members are convinced that they have enhanced their acceptability to their constituents, then it is possible to think of those voters only with sadness.

---

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C., September 6, 1962.*

Mr. ROBERT LASCH,
*Editorial Editor, St. Louis Post-Dispatch,*
*St. Louis, Mo.*

DEAR BOB: I read the Post-Dispatch editorial, "Thirteen Forgetful Congressmen," with dismay.

There are two arguments on public issues, both ad hominem, which have been overworked in post-World War II debate.

1. That the adversaries are socialists.

2. That the adversaries are devoid of humanitarianism.

Neither argument advances the cause of forthright debate. In fact, both arguments, one used constantly by what is called the extreme right, and the other by what is called the extreme left, badly confuse and hamper public discussion. These two arguments, as is true of all ad hominem argument, feed on the excesses of each other.

I should not be called upon to point out to the Post-Dispatch editors again that I am just as concerned about the plight of the unemployed or any human being as are they. My Christianity or the religious and humanitarian beliefs of any public official should not be the subject of public attack anymore than should the patriotism of any public official become the focus of attack unless there is a well-documented basis for it.

Now what are the issues involved in the President's almost offhand request to extend further the Federal temporary extension of the Unemployment Insurance Benefits Act just as the Congress is about to adjourn? Where can a discussion of these issues be found? They can be found in the committee's published hearings and reports, and in the CONGRESSIONAL RECORD of the House floor debates of the two previous temporary extensions of the Unemployment Insurance Benefits Acts, one in 1958, the other in 1961. I interrogated, debated, supported, and voted for both of these acts. A discussion of the issues also can be found in the public hearings held by the Ways and Means Committee just 2 weeks ago.

The recent hearings, just as was true of the previous hearings, reports and debates, were largely unreported to the people. So in spite of all the work done by the Congress and its committees in gathering information and arguments pro and con on this serious question, the public remains in almost complete ignorance of what the issues are and wherein lie differences of opinions.

If shame is to be cried, it should be cried because the reporting media have failed on a major public issue to pass this public information on to the people in a timely fashion. I think one of the most crucial matters that face us today is the issue of a relatively high rate of unemployment in periods of unparalleled records of economic achievement as measured by GNP and innovation of goods and services available to our people. If shame is to be cried, it should be cried at editors who use the great power of the press to discuss issues without first having done their homework so that they understand the issues.

If shame is to be cried, it should be cried because argument and reason have been cast aside and argument ad hominem has been substituted in its stead.

Let me lay out the bare bones of the issues involved in Federal temporary unemployment insurance benefit extensions.

1. We have two programs in which the Federal Government assists to help people who are unemployed. Both of these programs are part of the Federal Social Security Act.

(a) A program of unemployment insurance financed by premiums paid by employers. These premiums are set, as insurance premiums must be set, on experience ratings.

(b) Welfare programs to take care of any person, including the unemployed, in our society in need.

2. Any insurance program can be altered to the extent that it no longer is true insurance. This occurs if the premiums are not kept related to true costs. It is very easy to destroy the unemployment insurance program by making it a partial welfare program—that is, a program providing benefits unrelated to revenues and costs. If we are to have the employers continue to pay for unemployment insurance benefits as they do now, we must keep the benefits confined to the actuarial levels of the premiums paid. If the general taxpayer is directed to take care of extra costs resulting from extending the benefits beyond the actuarial estimates, then we move into a welfare program.

3. By and large, the Federal-State unemployment insurance programs are in a very healthy condition. The total amount of reserve funds is about $6 billion. It is true that a few States—Michigan, Rhode Island, and Pennsylvania—and possibly one or two others are having financial difficulties. The cause of these difficulties is ascertainable. Benefits paid are out of proportion to premiums (unemployment tax based upon experience ratings) paid. This can stem from a structural flaw or it may be the result of haphazard administration.

4. Unemployment insurance, aside from the humanitarian and economic reasons, is based upon the theory that worker mobility should be encouraged, not discouraged, in our society. Worker mobility means individual employees leaving one job to look for another. Of course, there are many other economic reasons why workers look for jobs. Looking for another job takes time. It makes sense to try to insure against the loss of wages during the time a worker is looking for work, if such a system is economically feasible, and it has proved to be. The more we can fit the actual loss of wages from unemployment into a sound insurance system, the less our relief or welfare programs are going to cost. Furthermore, it certainly is better for the morale of the individual worker and of our entire society to have sound insurance instead of welfare whenever we can.

5. Calling a program insurance when, indeed, it is not, does not make it insurance. What it does is to undermine the sound insurance program upon which it is superimposed.

6. The benefits established under our employment insurance program are set by the States. It has been argued that during periods of national economic downturn it takes longer for the diligent worker to find a new job than during periods of prosperity. I think this is sound reasoning. Therefore, a good unemployment insurance program should have in its makeup an extension of the time benefits are paid beyond the normal number of weeks during a downturn.

7. In 1958 the idea of extra weeks of coverage during a national recession, based upon the foregoing logic, was first presented for legislative action by President Eisenhower. We were in a recession at the time and the weekly rate of unemployment insurance exhaustees had reached relatively high levels. Welfare costs accordingly were increasing. Query: Could we put this new concept of extra periods of coverage during a recession into the unemployment insurance program without damaging this essentially sound insurance program? I thought we could. I promoted the idea. However, I urged that if it were feasible it should be done on a permanent and triggered basis at the State level, instead of on a temporary basis at the Federal level. Nonetheless, I thought it was perfectly reasonable for the Federal Government to assist in this experimentation on a temporary basis at the Federal level. Furthermore, it would immediately take care of a pressing human problem and permanent law would take some time to work out.

8. In 1961, we were faced with another national recession. The same arguments advanced in 1958 again were advanced. I asked for a study of what the States had done. I was gratified to find that California and several other States in the interim had established extensions of weeks to be covered on a basis triggered to the rate of

unemployment. However, I observed that there had been insufficient time since the 1958 experiment to permit the States in any great numbers to adopt the California prototype. Accordingly, I again supported the legislation for a temporary extension at the Federal level. I pointed out in debate on the floor of the House, however, that this should be the last time. By then we should know whether it were feasible to place permanently in our unemployment insurance laws an extension of weeks benefits which would be paid triggered to recession conditions during which it takes longer than normal for the diligent worker to become reemployed.

9. Nothing has been done by the Kennedy administration, to speak of, to further my suggestion of looking at this experiment to see if we cannot make it permanently a part of the unemployment insurance program. I again emphasize that this must be insurance, not welfare. We have our welfare programs to take care of those who go beyond their insurance coverage. Nor does it help to call something insurance which is welfare; that is, something that cannot rest on its own economic bottom but must be financed out of the general tax revenues. I am for welfare programs, too, but not disguised welfare programs which damage otherwise strong economic programs and so cause a deterioration in our entire society.

10. The 1962 proposal pushed by the Kennedy administration was not for a permanent reform but for another extension of the temporary extension of 1961. The hearings and executive session reveal the administration was unable to make a case. Even if a triggered extension were permanently in the law, as I think it should be, it would not be triggered under present economic conditions.

11. The economic indicator we should use in order to trigger or not to trigger is the weekly average rate of exhaustions of insured unemployment. Even in periods of high employment, we have a substantial number of exhaustions, primarily, I believe, because of the inefficiencies of the system and the abuse these inefficiencies permit. People who leave work to retire because of age, or to get married or for other reasons look upon unemployment insurance benefits as something to which they are entitled per se and not limited to compensating for loss of income during the period they are out looking for new work. Perhaps this is not an abuse, but inherent in the system. It is used as a form of terminal leave pay. We have a similar problem in sick leave benefits. Nevertheless, we have a number of exhaustions even in periods of the highest employment.

Therefore, it is the comparison of rates of exhaustion that become important. On page 10 of the Economic Indicators prepared for the Joint Economic Committee by the Council of Economic Advisers, we have the various economic statistical series dealing with unemployment insurance programs. Here we will find the column headed "Exhaustions in Weekly Average, in Thousands." In the August 1962 Indicators, this column starts with 1957, a year of prosperity. The exhaustion rate is 23. In 1958 the rate jumped to 50. In 1959, a year of recovery, it fell to 33; and in 1960, which was marred in the last quarter by the oncoming downturn, it still had the low average of 31. In 1961, the year when the recession had its greatest unemployment impact, the rate jumped to 46, the monthly high being 58 in April 1961. Since April 1961 the rate has continued to decline steadily, though a bit sporadically, until it shows July 1962 to be 29.

In other words, there is no call for a further extension of this temporary program if we are seeking to develop and utilize it as an insurance program.

Indeed, those who voted to extend this program further in light of this evidence were endangering the program itself. I have an opportunity of knowing what my colleagues on the Ways and Means Committee think, and I can say without the existence of the Presidential request, and without an uninformed public of the issues involved, and without the demagogery that we as politicians have come to realize is generated in matters of this sort, particularly with an election coming up in just a few months, there would not have been more than four votes for the measure, and these four votes would have been cast by the uninformed members of the Ways and Means Committee who had neither attended the hearings nor read the printed record nor attended the executive sessions.

The editorial should have had as its theme, "Twelve Neglectful Congressmen," not "Thirteen Forgetful Congressmen."

Now, how can I reduce the facts and arguments in a matter of this scope and complexity which some of us have been studying for years into a few pages and hope that it will be comprehended by the Post-Dispatch editors or any large numbers of our people? The failure to report the facts and arguments adduced in the studies of the past as these studies were being conducted makes the task of informing the people of the issues as they now stand today extremely difficult. We must do our homework steadily. Cramming is no real substitute.

Here I again say is the real shame—the failure to report to the people. Here lies the damage to the welfare of our people.

Certainly my views on this issue can be in error. I wish I had had the benefit of intelligent criticism of the position I have taken in this matter now and over a period of the past years so I could defend my position, if it is defensible, or correct it, if the limitations of my intellect and my knowledge have led me into error. Though I have presented my views publicly in legislative debate, in speeches and articles, I have had precious little help from constructive criticism. Then comes out of the silence this nasty editorial comment accusing me of "forgetting what it is like to be out of a job and out of money."

Public debate can only be conducted fruitfully if it follows the rules of fair debate which most of us have been taught in high school. Ad hominem arguments are almost always unfair and should be used only with the greatest of care. In the rate cases where they are usable, the documentation should be clear and the motives of the adversary a crucial point in the debate.

This is a matter of ethics. The greater the intellect and the greater the opportunities that have been given to develop the intellect, the higher the code of ethics should be.

Sincerely,

Thomas B. Curtis.

P.S.—I am enclosing some homework on this subject:

1. Ways and Means Report, 1958, "Temporary Unemployment Compensation."
2. Congressional Record, 1958, reporting debates on temporary unemployment compensation.
3. Ways and Means Report, 1961, "Temporary Unemployment Compensation."
4. Congressional Record, 1961, debates on temporary unemployment compensation.
5. "Employment in the Dynamic American Economy" (pamphlet) underlining my recommendations for making temporary unemployment compensation permanent.
6. Congressional Record speech, 1962, during debate of public works bill (where I comment on the unemployment insurance exhaustion).

I am placing your editorial along with my reply in the Congressional Record.

---

[From the Congressional Record, Mar. 1, 1961]

### Nineteen Hundred and Sixty-one Debate on Temporary Extension of Unemployment Insurance

Mr. Curtis of Missouri. Mr. Chairman, I would first like to get this matter into context. This is an insurance program. This is not a welfare program. Except for one point in the chairman's remarks, his exposition was excellent, but I regretted the note on which he ended, which confused this very important thing that must not be confused as to whether this is welfare or insurance. Indeed, this is not a question whether men and their families will have food on the table. It is a question of whether they are going to have food on the table under the insurance program or under the general assistance program. But, we may rest assured in this great country of ours that if they do not have it under unemployment compensation, every State in the Union or country or municipality within those States will take care of our people.

Mr. Mills. Mr. Chairman, will the gentleman yield?

Mr. Curtis of Missouri. I yield to the gentleman from Arkansas.

Mr. Mills. I certainly did unintentionally confuse my friend as to what I meant. What I was talking about was that this type of approach offered more benefits for these particular people than some other suggestions that have already come to us from different sources for dealing with this question. This puts money in the hands immediately; a tax reduction might not.

Mr. Curtis of Missouri. Point 2 is that we are trying to maintain a system which in my judgment, at any rate, is one of the finest systems that we have developed in our society, the Federal-State unemployment insurance system. And, is it not a strange thing that a system that really is insurance, has the title, compensation, temporary extended unemployment compensation, and a system that is not insurance but is welfare has the title insurance. And, I am referring to the OASDI program, what we call social security. So, the issues involved between those who might disagree with this extension are not on the basis of wanting to help or not help our people who are unemployed, to put food on the table, but rather how can we preserve an insurance system, if we possibly can, and if we need to do something in the welfare field, yes, then let us take a look at welfare.

But we are here before you with an insurance program. I supported the 1958 Temporary Unemployment Compensation Act in the last recession and I am supporting this one today. But I am doing so and at the same time trying to lay the groundwork so that we will not have a third extension 3 years from now if and when we have another recession.

It seems to me that it is a perfectly legitimate area for unemployment insurance to extend the coverage during periods of national recession. What is the unemployment insurance program trying to do? We know that in a dynamic economy, there is a constant switch between jobs. Men go from one employer to another. A skill becomes obsolete or nonexistent. The worker learns a new skill and gets another job. There is a transition between when a man goes out of one job and takes on another and that transition period, according to the wisdom of most States, might cover as long as 26 weeks. That is the period most States have for unemployment insurance coverage. I say insurance, because the premiums are paid. This is a solvent insurance fund. Indeed, there is some $6.5 billion in the reserve, the State unemployment insurance funds. That is how solvent this program is.

But here is the point. In a period of a recession, when there is a national economic slump, this normal period of 26 weeks to find the new job becomes greater. Just in the natural course of events it takes a man who is diligent in looking for a new job longer to find a new job. And I think very appropriately in 1958 we took cognizance of that fact at the Federal level and we said we are going to step in here on a temporary basis and provide additional coverage under the insurance program. We asked the States to think about this and come forward with programs. And I am very happy to say that some 17 States did respond. Some States—and this is very important—saw the wisdom of this to the extent that they made it part of their permanent unemployment insurance program, a permanent program, that during recessions the length of time during which a man could seek a job and still remain on the program was increased. It was triggered into action. On page 3 of our committee report this very important statement is made:

"It is the hope of the committee that more States will act to deal effectively with the special problems imposed on the Federal-State unemployment compensation program so that the need for Federal action during times of recession can be alleviated."

Really, it has not been long enough to give the States the opportunity to put in these programs or even to test the effectiveness of the programs that were put into effect. For that reason I have gone along with this new temporary extension in this new recession, to give time to test out the adequacy and the goodness of, for example, California's program. California triggered a program, and I hope that in the ensuing months, when we get out of this recession—and we will—that our States start putting in this kind of program knowing that the economic cycle will come around again and we will have these periods. Then we do not have to come to the Congress to put in a program like this on a temporary, hurried-up basis. Indeed, this is something that can become part of what is, in my judgment, this very fine Federal-State program.

There is this one other thing I do want to call attention to. I am worried about the way we have done this particular temporary job. There are elements of this program that we are recommending to this House that take it away from the insurance program and into the area of welfare. I regret that. and I want to call attention to it. I compliment the gentleman from California [Mr. Utt] and the gentleman from Texas [Mr. Alger] on their minority views. I hope everyone will read them, because their concern, as I read it, is that even what we are doing here has moved too far away from the insurance concept toward the welfare concept. Those gentlemen are not disinterested in the welfare of our people and our unemployed. Of course, they are as concerned as anyone. But they see the importance of the distinction between insurance and welfare, and trying to preserve the validity of this insurance program.

I can assure you that there are minds at work in this country that are trying to undermine this great system and are deliberately trying to confuse this and create a welfare program out of it and put it up here at the Federal level run by a bureaucracy in Washington, D.C. They are using the human misery involved in this unemployment situation to bring this about. I say their interest is not the welfare of their fellow man, their interest is their ultimate objective of federalizing our system. So I think it is important to weigh out these aspects of the program we have presented here to be sure that we preserve these insurance elements and do not make a welfare program out of it.

Mr. Griffin. Mr. Chairman, will the gentleman yield?

Mr. Curtis of Missouri. I yield to the gentleman from Michigan.

Mr. Griffin. Being from Michigan, a State that is conscious of the competition among States for industry, I was interested in the remarks made by the gentleman from Rhode Island [Mr. Fogarty]. He indicated that he wished the committee had left the tax rate unchanged and had spread the base from $3,000 to $4,800, because of difficulties which his State has competing for industry. I have given his remarks some thought, and I cannot understand the logic. If the committee had elected to spread the base upon which the tax is based, as I understand it, the low-wage employers in low-wage States would be let off scot free and would pay little or nothing, whereas the high-wage employers in high-wage States would be required to bear the burden of this program. Does the gentleman agree with me?

Mr. Curtis of Missouri. I certainly do. In the hearings some of the witneses who were urging that we go to a higher base urged it on that basis. I said, "Wait a minute, aren't you actually putting a burden on those industries that pay high wages, thus favoring the low-wage industries?" I might say, and I think anyone can read it in the hearings, that the answer became quite obvious. It is quite obvious that that is what it would do. Far from equalizing the situation for industries in States that pay higher wages so they would have a more equal competition with industries in low-wage States, it actually made the competition more severe.

Mr. Griffin. Under this bill, as the committee has reported it, all of the employers would be paying an equal tax on the $3,000 base.

Mr. Curtis of Missouri. I agree with the gentleman. I think it is good, sound, social philosophy.

Mr. Battin. Mr. Chairman, will the gentleman yield?

Mr. Curtis of Missouri. I yield to the gentleman from Montana.

Mr. Battin. The committee report on page 2 states:

"These payments would be made only in those States which choose to enter an agreement with the Secretary of Labor providing for such payments."

Then there is an assumption.

It is anticipated that all States will enter into such agreements.

Did the committee take into consideration that in a great many of the States the legislatures are now pending their deliberations for another 2 years?

Mr. Curtis of Missouri. We discussed it. As I recall, the testimony was that most States actually did not need enabling legislation, and that all States would take it because they were going to be taxed. This is a compulsory program, do not forget that. There is nothing optional about this. That is one of the bad features about it, in my judgment.

---

## FAIR REPORTING

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. Curtis] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I have observed for some time that the weakest link in representative government today is reporting back to the people with accuracy and fairness what is going on.

Thomas Jefferson observed that government by the people could only work if the people were educated. We have achieved a modicum of success in this area. However, I am certain Jefferson would also have observed that an educated populace is insufficient. It must also be an informed populace.

There has been a great hue and cry about the need for increasing teachers' salaries if we are to continue to improve the quality of our education. I am in complete accord with this idea. However, I would also observe, and wish that it, too, were a hue and cry, there is a great need for increasing news reporters' salaries if were are to improve the quality of the information we pass on to the people. I hasten to distinguish between a news reporter and a news manipulator. One reason we have so many apparently successful people in the field of news manipulation is because the reporting profession whose basic ethic is not to manipulate news and to prevent its manipulation, is so weak both in numbers and quality that it cannot cope with these forces.

Indeed the economics are such that the higher salaries being paid in the news manipulating field are attracting the best of those in the reporting field so there is a constant drain on the more dedicated and capable people in the reporting profession.

I say all of this in introduction to a running discussion I have been having with the officials of NBC, and the FCC concerning the code of ethics that should exist in reporting or discussing news, in particular, that news which relates to controversial public issues, on television.

The correspondence began when one of my constituents wrote to me complaining about what he and others alleged was bias and prejudice in the NBC program, "Battle of Newburgh," one of their white paper series, designed to be a news documentary of the controversial issues involved in some of our governmental welfare programs.

I think the issue involved is so important that any exposure of it to the public is beneficial. Accordingly, I am placing the following pertinent portions of my file into the Record at this point.

NBC white paper No. 9, "The Battle of Newburgh" broadcast January 28, 1962, 10–11 p.m., eastern standard time.

Letter of constitutent, Leo I. Miller, January 31, 1962.

Copy of letter of Leo I. Miller to Mr. Irving Gitlin, NBC television January 30, 1962.

My letter to Leo I. Miller, February 8, 1962.

My letter to Irving Gitlin, NBC, February 10, 1962.

Letter of Robert D. Kasmire, coordinator, corporate information, NBC, dated March 7, 1962.

Copy of letter of Thomas E. Ervin, NBC, to Ben F. Waple, Acting Secretary, FCC, dated March 1, 1962, with enclosed document entitled "NBC Comments on Mr. Mitchell's Objections."

My letter to Robert D. Kasmire, coordinator, corporate information, NBC, dated March 20, 1962.

My letter to Newton N. Minow, Chairman, FCC, dated March 20, 1962.

Letter of Newton N. Minow, Chairman, FCC, dated March 30, 1962.

My letter to Robert Sarnoff, chairman of the board, NBC, dated April 2, 1962.

My letter to Newton N. Minow, Chairman, FCC, dated April 3, 1962.

My letter to Jos. McD. Mitchell, city manager, Newburgh, N.Y., dated April 3, 1962.

Letter of Jos. Mitchell, April 6, 1962, including copy of address by Mitchell entitled "The Newburgh Revolt."

Letter of Robert W. Sarnoff, dated April 11, 1962.

Letter, Newton N. Minow, Chairman, FCC, dated April 16, 1962.

Letter of Robert D. Swezey, director, the code authority, National Association of Broadcasters, dated June 15.

Letter and enclosure of Newton N. Minow, Chairman, FCC, dated July 25.

Copy of "Broadcast Action of FCC No. 4276," dated July 19.

My letter to Newton N. Minow, dated August 13, 1962.

My letter to Robert Sarnoff, dated August 13, 1962.

My letter to Robert D. Swezey, the code authority, National Association of Broadcasters, dated August 13, 1962.

Letter to Robert E. Lee, Acting Chairman, FCC, dated August 17, 1962.

Letter of Robert W. Sarnoff, dated August 22, 1962.

My letter to Robert W. Sarnoff, dated September 7, 1962.

My letter to Robert E. Lee, Acting Chairman, FCC, dated September 7, 1962.

The above-mentioned material follows:

(NBC white paper No. 9, broadcast Sunday, January 28, 1962, 10 to 11 p.m. e.s.t. Produced by Al Wasserman; directed by Arthur Zegart; written by Arthur Zegart and Al Wasserman; executive producer, Irving Gitlin)

WELFARE RECIPIENT (VO). Newburgh wasn't always like this. I've lived in Newburgh all my life and it—it was a nice town. It deteriorated over the years and nobody seemed to notice. There was poverty, there was slums, which most cities have, I imagine. But the people in Newburgh just didn't seem to notice it as it happened. And then Mr. Mitchell came along and Newburgh was just ripe for something like him. It was ready and waiting.

Mr. MITCHELL. We challenge the right of a welfare program to contribute to the rise of slums, to the rise of illegitimacy, to the rise of social diseases among children and adults. We challenge the right of moral chiselers and loafers to squat on the relief rolls forever. We challenge the right of freeloaders to make more on relief than when working. We challenge the right of those on relief to loaf by State and Federal edict. And we challenge the right of people to quit jobs at will and go on relief like spoiled children. We challenge the right of a welfare program to contribute to the losses of assessed valuation, to the wreckage of an entire business and residential district, to overcrowding, to fires and fire hazards, to sanitation hazards, to school problems, to emptying the city of responsible taxpaying citizens and filling it with those who create and contribute to crime and violence.

FIRST MAN. All I heard was bad things, that here you got a welfare town, you know? That here you got a bum town. You fool the welfare people. I mean, it's not true. It's not true. The town isn't full of people that are getting welfare.

SECOND MAN. There are a lot of people that were receiving welfare that weren't entitled to it. There's a lot of people that probably feel a lot better than I do that don't go to work, they just go up there and get their checks for nothing. Do you know anybody on welfare?

FIRST MAN. No, I don't know anybody that's collecting welfare. No, but I mean, I feel that they need, some people need welfare and some people need the help.

SECOND MAN. Listen, I'm the first guy to help somebody if he needs it. But if some fellow's gonna come to me and say, Mike, give me $10 and the guy's healthy as I am, why should I give him money? Go out and earn it.

FIRST MAN. You're right. You're right. I think if this whole thing folds up, Mitchell's proved one point. People are going to think twice before they come to Newburgh—they're gonna think twice before they go and sign up for welfare.

SECOND MAN. Right, now we're agreed.

Mr. HUNTLEY (VO). Largely responsible for all this excitement is Newburgh's city manager, Joseph MacDowell Mitchell, here at a meeting of the city council. Within a few months of his arrival in 1960, City Manager Mitchell began a vigorous attack on the city's public assistance program as administered under State law, and together with the city council, came up with a 13-point plan for getting tough with welfare. The ensuing battle within the city and with State officials turned the spotlight of publicity on Newburgh and also on Mr. Mitchell.

Today, Newburgh's city manager is a national figure. Carrying his war against welfare far beyond the tiny boundaries of his city; the Newburgh story has struck a responsive chord nationally. Apparently there is widespread acceptance of the image Mr. Mitchell portrays of public welfare as an open cash register, into which thousands of freeloaders, chiselers, loafers and transients are free to dip their hands at the taxpayer's expense. We propose now to examine this image of welfare on the scene, in the city of Newburgh and, also, to take a closer look at Mr. Mitchell and his views.

Mr. Mitchell's concern about welfare goes beyond the costs involved in its operation, for he sees the welfare program as having a significant relationship to some of the city's fundamental problems, chiefly the problem of slums.

Newburgh grew up alongside the Hudson River, blessed with a beautiful location. But, as with so many American cities, the older sections were left to deteriorate while newer areas were developed. The result is that almost one-quarter of Newburgh is now a slum. This is how City Manager Mitchell interprets it.

Mr. MITCHELL (VO). People create slums, and there are no second-class citizens except that they want to be second-class citizens and behave like second-class citizens, and our slums have been created by people. In the past 10 years we have suffered serious economic and social decay, we call it blight, in one section of the city. This is the riverfront section and the riverfront part of wards 1, 2, 3, and 4. The highest incidence of welfare caseloads and costs are in the riverfront sections of wards 1, 2, 3, and 4, whereas, also, are the highest incidence of slum conditions which I have described. Welfare has acted as a magnet to those who would immigrate into the city. And welfare is a positive factor in slum growth as it attracts the poor rather than repelling them.

MERCHANT. Well, who permitted the slum conditions to begin with in the first place? Who permitted people to live in cellars, in basements; who permitted the people to live in stores without windows, without bathrooms? Who permitted all this? City government. Can't blame the people.

STORE OWNER. There are a good many landlords down there who own properties, neglected them not because they forgot to do things but because they done it purposely. They were just milking properties dry. They went in there with the purpose of exploiting the properties and getting out as much as they possibly could. So consequently what did we have? We had three, four, and five families sometimes, living in anywhere from three-, four-, five-, and six-room apartments. Any time that any of the tenants would object to certain conditions within the home, they were told either to fix it up themselves the way they wanted to or get out, they had more people looking to get in than wanted to get out. So consequently these people were forced to live in, not homes, but hovels. I know. I went into some of these places, and I saw the filth, the dirt, the rundown conditions. I didn't think that people were allowed to live that way in the United States, let alone Newburgh, at all anymore. But they are living that way in Newburgh, both Negro and whites.

Mr. HUNTLEY (VO). In addition to slum housing, Newburgh has other serious problems. The city's major source of income derives from its retail stores. But business on Newburgh's Broadway is now being threatened by competition from suburban shopping centers. Added to this, an entire business district, the old downtown section on Water Street, is dying. Thirty-five stores are lying vacant in a four block area.

Mr. MANCINELLI (store owner (VO)). We have stores galore downtown in the Calden Street and Water Street area. They don't look like the stores of yesteryear, they don't look like the stores that I used to know years back when I used to walk down there. And where business was thriving, stores looked good, chocked full of goods, all kinds of goods. Today, it's like a dead street.

Mr. HUNTLEY (VO). Assessed valuations on Water Street have dropped $1 million in the last 3 years, and now the remaining merchants are suing the city for an additional reduction of over a million.

Another major problem stems from Newburgh's unbalanced pattern of industry. There is a predominance of small factories which provide employment largely for low-skilled and semiskilled workers. Newburgh's largest source of jobs is in the manufacture of handbags and apparel. These industries employ about 4,000 people, and are a basic factor in Newburgh's economy. However, the employees are mostly women.

The community badly needs more industries that would provide its men with steady jobs, upgrading their skills and incomes. But the trend has been in the opposite direction. For years, the city has been unsuccessful in attracting desirable new industries to take the place of those which have left or are dwindling. Meanwhile, there is a substantial pool of marginal or unskilled labor competing for the leftovers of employment. And there are those with no work at all. Mr. Mitchell is reassuring.

Mr. MITCHELL. The employment situation is good, and we've found that anyone who really wants work can find it.

Mr. HUNTLEY. However, the unemployment rate in Newburgh is high enough for the Department of Labor to have declared the city a surplus labor area.

FIRST MAN. I mean the people that are getting the welfare, who are they? Are they just migrant people that are coming up? Are they people that have lived in town a long time, they're in trouble all of a sudden, they need some money. Let's find out; who are we talking about?

Second Man. We're talking about the migrant.

Bartender. If we can stop what's coming in here, which Mitchell is trying to do, right? Let's sum this up, like we should.

First Man. You might be stopping some good people.

Bartender. He might be and he might not be. According to statistics, he's not stopping the good people.

First Man. Who's gonna sit in judgment that he's not stopping good people?

Bartender. Welfare. How much money are we paying out? How many, so many people pulled out as soon as the welfare took an investigation? How come all these people? I don't know * * *. Enough, the figures are in the paper in case you want to see it.

First Man. You think we should interview every transient in the city?

Mr. Huntley (VO). Another topic of discussion among Newburgh citizens arises from the fact that there has been a change in population. As in many cities growing old without long-range planning, middle and upper income families have been moving to the suburbs—and off the tax rolls. And meanwhile, attracted by employment possibilities for the unskilled and semiskilled, and by the availability of housing in deteriorated sections, there has been an influx of Negroes into the city, part of a nationwide movement from South to North.

Of Newburgh's 5,000 Negroes, the great majority—over 90 percent—are self-supporting; and despite popular opinion in Newburgh, account for less than half of the welfare load. Although originating in the South, most of the Negro families moving to Newburgh have come from nearby communities and other parts of the State. Only a small proportion come directly from the South. And of these, practically none has applied for welfare benefits on arrival or shortly afterward. In 1960, for example, exactly $205 was spent on relief for newly arrived migrants. And the city was reimbursed this entire amount by the State.

Woman Panelist. Mr. Mitchell, do you feel that a person ought to be permitted to move freely from one State to another in search of job opportunities?

Mr. Mitchell. Absolutely. It's an old American custom.

Woman. Well, it certainly is. But you're residency restrictions, for example, I think that you required, am I correct, an actual job contract for applicants receiving relief?

Mr. Mitchell. Yes; that's nothing different than the U.S. Immigration Service requires. You try and get into this country and see the redtape you'll go through. You have to have a sponsor, a job.

Woman. But I'm not talking about coming from another country.

Mr. Mitchell. But the analogy is the same.

Woman. Except that we are all Americans here. And it is fine to say that you believe in it, but do you really, if you set up standards that rigid?

Mr. Mitchell. No; let me put it this way. Migration, improvement, and opportunity is the American way. But not at the expense of the taxpayer.

Man Panelist. Well, whose taxpayers should they be at the expense of? I assume that these people leave because they have a problem where they are. Now if every community adopts the same rule, that we will shut our relief doors to you, they will go from north to south and east to west and find no aid. Are we solving the problems or just passing it on to someone else?

Mr. Mitchell. I don't think we're passing it on. Someone wrote a famous speech about that once called "Acres of Diamonds," and your greatest opportunity lies in your own backyard. But anyway, migration and seeking opportunity is good, but that it reflects upon the receiving community is bad, and the people should plan, as we all do, I'm sure, plan our lives, and plan carefully and have alternatives. We found that many of the folks that came into our city didn't. They just had no plans; they were just vegetables in a sense.

Mr. Huntley (VO). Newburgh's board of education, run independently of the city administration, is faced with many of the same problems as Mr. Mitchell. School Superintendent Harold Munsen and his assistant, Albert Kingsley, talk about the effects of a changing population on a school system. Dr. Munsen.

Dr. Munsen. You can't run, or tailor, or develop a curriculum beginning at the very first grade or kindergarten for a child who comes from the deep rural South in a matriarchal culture in the same manner that you would develop a curriculum in learning how to read, the very basic reading, for a child from your home or mine, where we come from a middle income, middle class society.

In the first place, a large number of these children in this socioeconomic level, have to fend for themselves, even when they're home. Both parents frequently are working, if they have two parents available in the home. So the children have to fend for themselves, take care of the little ones, and in many cases have to supplement the family income. They just don't have a chance.

No use in putting a little league in an area, for instance, where the children have to go home and watch the babies afterward, they're not going to be able to play.

No use trying to develop a junior high school basketball team in a given area, if all of the potential team members have to go home and either carry papers or do odd jobs, whatever they're allowed to do within the scope of the law and outside of it sometimes, in order to supply the daily bread.

The second factor is this: you have to have time to study to stay up with today's classes, at all levels. But these children, where the whole family lives in one room, or at the most two rooms, with the disturbances, the lack of proper facilities to even read a book, simply are deprived of that opportunity. When you run these children through a school system, a good school system, then we find, given the same advantages, given the same basic educational opportunities, given the same motivations and desire to learn, all of these children can and do learn.

Mr. Albert Kingsley. I think it might be well to illustrate what can be done in a very short time. In our Montgomery Street school area, which until a year ago had an old building with almost complete lack of adequate facilities—we had a high rate of truancy, we had a high rate of nonattendance or absence, we had more than its share of juvenile delinquency problems, a low rate of achievement, a lack of parental interest or very little parental interest. In a year and a half we put up a new building, formed citizens' committees or a lay advisory committee.

We now find a completely different attitude on the part of the children and on the part of the parents. The attendance rate now is among the highest in the city, the truancy problem is now practically nonexistent, the juvenile delinquency rate is not what it was before, and we find parents eager and anxious to get into the schools. I think that this is inspiring to us and also to the people who are involved in the program.

Mr. Huntley (VO). Newburgh's school system, confronted, like the city administration, with problems of rising costs and population changes, is meeting these in its own way; a way that seems quite different from City Manager Mitchell's.

Mr. Mitchell. We challenge the right of citizens to migrate for the purpose of continuing or becoming public charges. We challenge the right of a welfare program to contribute to the rise of slums, to the rise of illegitimacy, to the rise of social diseases among children and adults. And we've had social diseases in the slum section of our city among 12-year-olds and 76-year-olds, and as our funniest councilman, Bill Doulin, said when he heard the one about the 76-year-old, he said, "You're never safe." But we challenge the right of a welfare program to contribute to the losses of assessed valuation, to the wreckage of an entire business and residential district, to overcrowding, to fires and fire hazards, to sanitation hazards, to school problems, to emptying the city of responsible taxpaying citizens and to filling it with those who create and contribute to crime and violence.

Mr. Huntley. During recent years, Newburgh has made a modest start at solving some of its economic and social problems. A zoning code has been enacted, a belated urban renewal program has just begun, housing inspection has been intensified—all of which is to the good. However, when speaking of the cause of Newburgh's basic problems, Mr. Mitchell seems to find welfare guilty by association. A recent address by a State welfare official puts this question into perspective.

Social welfare does not cause unemployment. It does not cause lack of education or lack of skill. It does not cause inadequacy of personality or need for medical care, or the upward trend in illegitimate births. It certainly does not cause such 20th century phenomena as automation, the longer life span, increasing mobility of population, or the exodus from central cities to suburbia. And it does not cause slums. All these factors and more are not caused by welfare. They are the reasons for welfare. The public welfare structure exists to provide the means in a free society to help the victims of these social forces. I apologize for stating the obvious. But it appears that the obvious is being overlooked (by Mitchell).

Mr. Mitchell. We feel that the problem was not solved generations ago under Franklin Delano Roosevelt's regime, as Governor of New York State, and as he packaged this thing and took it to Washington, we've had the Freudian philosophy of the irresponsibility and godlessness of man. And by that I mean that the welfare people consider these people to be not responsible; their environment is, somebody that kicked them in the womb is. We say they are responsible; they've got eyes and ears and a conscience—they are responsible. I say thank God it's happened here. It's about time something was done about this problem.

Minister. In view of the fact that I myself am personally acquainted with at least six of his Newburgh welfare clients, and have looked long and hard for anyone who might offend and who is breaking any kind of a law, I wondered, sir, if you would be kind enough to publish in the newspapers, perhaps even nationwide, the fact that you have not found any chiselers. Because what disturbs me, sir, is an air of suspicion within Orange County, and I wonder if you would be able to do this.

Mr. Mitchell. We are not looking for chiselers as the average person understands it. As I've said, we are not interested in that small business. We're interested in more of a philosophical approach to welfare, that it be guided to help the truly needy, and we feel that there are a lot of technically qualified people on the rolls who are not actually truly needy. The truly destitute is in the minority.

Mr. Huntley (VO). It's one thing to talk about welfare recipients in the abstract. But it's quite another to go down into the city and meet them in person. Something which few citizens of Newburgh have had an opportunity to do.

Woman Recipient. I don't think the average citizen in Newburgh, for one thing, understands it. They are so concerned about their tax money. I paid taxes when I worked, now I'm getting some of them back. I could figure it that way, but I don't. I figure that people's being good to me. But they don't understand, they're too worried about their money. They have to pay taxes anyhow, I know I did. And I didn't consider that it was going for people that was just taking money for no reason at all.

I know from my own experience that there's a lot of people in this world that have a lot of troubles. In fact I've always had troubles. Other people have had worse. But the average individual—I don't think they stop to think or to wonder what other people are going through. Especially in Newburgh. They don't seem to have the compassion that you might find in another city.

Second Woman Recipient. And I'm intending to hold on to my kids. Because if it hadn't have been for me, the kids wouldn't have been here. And so I think it's a problem of mine to keep holding on to my kids, the very best I know how. That's just the way I feel about it. And that is what I've been striving to do. What the welfare gives me and the kids, I take it in every effort and budget it to every angle that I can. And they know that for themselves. They can't say I'm a wasteful mother because I'm not. I'm not. And every angle that I see that I can make this money stretch, that's what I intend to do. That's exactly what I do. To try to take care and help the kids because I want the home to try to be as comfortable and as pleasant as it can be, even if the father is not with us. So I try to be their mother and also their father.

Man Recipient. If I wanted a steak, why I thought nothing of going out and paying a good price for it. In other words, I was able to not only make a good living for myself, I was able to make a good living for others who I had hired, plus the fact that I was able to have a very substantial bank account as well. But through sickness, more than anything else, then we just had to lose everything. It's hard, it's harder for a person who's had his own business—I'm not making no reference to myself, but a person who has been in business—and was able to employ others and then have to turn around and seek charity. Believe me, it was a hard pill to swallow and I'm not kidding.

Third Woman Recipient. There is times that I get disgusted with life cause I don't go nowhere. I'm home day and night and the only place I go is as far as my mother's, and I can't stay there too long because the kids get under her nerves, especially the boys. So I don't go no place, and it's really disgusting. Cause I'm only 31, and I don't go nowhere.

First Woman Recipient. And Christmas is coming up and you try to save pennies, which is completely impossible because everything seems to hit at once. So I have two birthdays, Thanksgiving and Christmas all in a row. And somebody told me that usually the Salvation Army gives a turkey. So we might have turkey. But otherwise you couldn't afford it because you just can't stretch the money that far. They say turkey's cheaper this year, but it's not that cheap. And the children naturally want things that the other children want. They used to belong to Boy Scouts, and they can't do that now because the uniforms cost money and there's no allowance for that either.

And there's dues. They get an allowance in school, for school, for a dollar seventeen a month, for my oldest child. And schools don't furnish everything. You have to buy pads and pens and pencils and everything else. And they have book clubs that the children wanted to join, they can't do that. They want to go to the movies, and they can't do that, unless they go out and earn their own money, and according to the welfare rules if they earn any money they're supposed to, I'm supposed to, report it.

For instance my son John, he wants to go to the show, he'll go out and rake lawns or something, and he'll earn his own money. He's even earned the money and gave me a dollar once in a while when I absolutely had to have it, which is against welfare rules too. But at 13 he takes on a lot of responsibility that another child wouldn't, under other circumstances.

After all, you grow up and you go to work and that's your life. A child is, well, when you're a child it's the only time you live. And when you're on welfare, they don't live. They exist.

Mr. Huntley (VO). While individuals have problems, so of course do cities. And it's this aspect of welfare that Mr. Mitchell prefers to stress.

Mr. Mitchell. We were spending $1 million for welfare. That's a third. And that one million was going to support 5 percent of the population. So we were in an inverse spiral. In other words, we couldn't improve the city, we couldn't afford, just like a house, we couldn't afford to paint the house, and we had to raise taxes at the same time. Now the future in welfare indicated that if something were not done, this tax rate would rise indefinitely.

Mr. Huntley. The city manager of Newburgh has portrayed his community as one bearing a heavy burden of rising welfare costs. And his concern suggests certain larger questions. Does the average community spend too much of its resources on welfare? Have costs been rising alarmingly? Does the money go to people who are really in need, or as Mr. Mitchell has stated, are the truly destitute in a minority?

The answers can be found in Newburgh, for its experience has been typical. I have here a report prepared by the city. Mr. Mitchell has said that in 1961, the city was spending $1 million on welfare. However, of this million dollars, the major part was to be paid back by the State and Federal Governments, leaving the city with a net cost of some $424,000. In the last 10 years this figure had gone up 16 percent, not much more than the cost of living during this same period. However, the amount of money in Newburgh devoted to welfare is still substantial. Let's see where it goes. A major welfare category in Newburgh, and one which accounts for half of all assistance costs nationally, is old-age assistance.

Woman Recipient. I was a laundress, I did laundry work most of my life, as long as I was able to work.

Mr. Zegart. What about your family, and your husband?

Woman. Well, my husband was just an ordinary worker; just a laborer, I guess that's the way I should say it. Just a laborer. And he worked till he was unable any further then we had to ask for help.

Mr. Zegart. How much money do you get a month, Mrs. ———? What do you do with it?

Woman. Well, I pay all my bills. Of course I pay my rent first, and so on down. As I say, I budget my money, then I pay my bills. I never own a nickel from month to month. I've never had too much money and I've always had to be careful of it.

Mr. Zegart. What is it you see here at this window?

Woman. I just see people go by and cars go by, and there's the birds and the trees and the flowers and God's sunshine, and I'm very happy.

Mr. Huntley (VO). Another category provides needy people who are disabled, and also to the blind.

Blind Woman. I've always been independent and self-supporting. But since I've been blind I can't see how to work to support myself. I'm just like a kid when I do something or cook something, I'm telling everybody look, how am I doing? Cause I'm so proud to be doing something for myself because I always waited on myself and it went kind of hard with me too when I had to get on the welfare, cause you feel just like you, I don't know, you have no pride or, I can't explain about how you feel, you know, that you've got to be beholden to somebody.

Mr. Huntley (VO). By far the largest item in Newburgh's welfare budget is the cost of running the city home and infirmary. The home, for destitute old people, is clean and well run. But the building is so old it will soon have to be closed down and replaced by a new one, or merged with the county home.

Next to the city home is the infirmary, also for old, indigent people who are bedridden or need continuing medical attention. Between them, the infirmary and the home account for over a third of Newburgh's welfare dollar.

Another substantial item is the child welfare category, which covers the costs of supporting children in foster homes and institutions. All these groups—children taken care of under child welfare, old people, the infirm, the disabled, the blind—all these comprise the great majority of welfare clients. They have not been directly involved in the controversy, and have not been singled out by City Manager Mitchell as targets of criticism. And yet, as we shall see, they have been among the victims of Newburgh's welfare crusade.

With 89 percent of the Newburgh welfare dollar accounted for, that leaves only 11 percent left to explain. And yet it is this relatively small percentage that is at the heart of most of the public outcry against welfare.

First Man. Then you have to go every week, they call you up there for an interview. You have to go to welfare, you sign up once, you never have to sign up any more. You keep getting your checks every week.

Second Man. Look, I'm against chiselers, I don't like chiselers of any kind that, you know, take our money. It's your money, Mike, it's my money, it's Ronnie's money, it's Eddie's money, it's your money, Bruno. I mean, I don't want to see it wasted, do you?

First Man. I've known a lot of people that have been in worse shape than these people collecting welfare that have gone out and tried their best to do a job and make some money to provide for them. But these people are not ambitious, they don't care, they figure well, why should I go to work for a dollar an hour, I'll collect it from welfare. Don't you think that these fellows collecting welfare, is a lot of these people that could do some light work, and make this a better city to live in, like clean the streets.

Second Man. I don't think anybody should take money for doing nothing. But sometimes a person gets put in a position.

Mr. Huntley (VO). The image of the able-bodied loafer idling on the welfare rolls is based on the category known as home relief, or general assistance. It accounts for about 5 percent of Newburgh's welfare dollar, although in other communities the percentage is often much higher. In home relief families, the father is unable to provide even minimal support. The average man on home relief has a spotty record of employment, for one of several reasons—chronic illness. lack of any marketable skills, low education or intelligence level, or because of emotional difficulties. A large minority of this group works, either part of full time, but cannot earn enough to achieve a minimal standard of living. Other men have been regularly employed, but find themselves out of work and in need. These will be on relief for relatively short periods of time. In any event, the percentage of able-bodied men on the welfare rolls is small. Out of approximately 800 people receiving benefits last summer, Mr. Mitchell was able to locate only one able-bodied worker.

**First Man.** 75 percent or 80 percent of the people on welfare have illegitimate children, I mean are they just statements, just wide statements that never mean anything? Are we getting real facts on how many people have illegitimate children, how many people we're feeding on welfare that have illegitimate children?

**Second Man.** Percentagewise, there are a lot of illegitimate children. Basically, if you were——

**First Man.** How do you feel about supporting them? Do you think they should be left with the mother, or you think they should be put in a foster home?

**Second Man.** Well, how many illegitimate children? Can she support them? Do we have to support them, that's the question that arises. We're supporting them. I don't feel we should support them.

**First Man.** Well, what do you think we ought to do with the kids? Do you think we ought to starve them, or put them in a foster home?

**Second Man.** I feel that we shouldn't have any illegitimate, to a certain extent.

**First Man.** You can't help it.

Mr. **Huntley** (VO). Of all the welfare categories, the most controversial seems to be the one called Aid to Dependent Children, or ADC, designed primarily to protect children and to hold families together where the father is absent.

In Newburgh, Aid to Dependent Children is not a major budgetary problem. It represents only about 6 percent of the welfare costs paid for by the city. However, it is cause for serious concern. Families on ADC have been the most rapidly growing welfare group in Newburgh and throughout the country. Today, there are almost 3½ million individuals on ADC, and 5 out of every 6 are children; victims of a growing national trend toward increased separations, desertions, and illegitimate births, only a small percentage of which become welfare problems. Critics have objected to the high cost of supporting these dependent families, pointing out that allowances sometimes run as high as $70 to $80 a week—more than many working people earn.

But when a family consists of 8, 9, or 10 people, costs are bound to be substantial, even to maintain a bare subsistance level. A popular notion seems to be that aid to dependent children encourages immorality, that unwed mothers give birth simply to collect extra welfare money. However, the facts have proved that an allowance of less than $5 a week to support a new child does not provide much of an incentive. While it is easy to recognize some of the problems involved in aid to dependent children, solutions are more difficult.

**First Man.** Sit back, not work and have babies.

**Second Man.** Whose job is it to stop those people from having illegitimate children?

**Third Man.** Now look, this is the church's problem.

**Second Man.** Oh no, oh no.

**Third Man.** The city cannot educate people morally.

**First Man.** Listen, if you get in trouble once, you get in trouble twice, how many more? Three strikes you're out, right? How many illegitimate children can you have?

**Second Man.** I say let's do something with the kids that are. Let's find them a foster home. Let's put them where they'll grow up to be intelligent.

**Third Man.** I say take these children that have been unfortunate, that have been not wanted to be brought up into this world as fortunate as they were, like you and I, put them where they can be supported, take care of them, not mothers and fathers that are downstairs drinking in the bars and doing what they're not supposed to be doing, and cut their water right out, and that's the answer.

Mr. **Huntley** (VO). Mr. Mitchell's proposals for dealing with this problem have been simple—to limit aid to all ADC families, regardless of whether there are illegitimate children, to a period of 3 months, and to deny aid to any mother having a second illegitimate child, with children to be removed to a foster home. Former Judge Edward O'Neill expresses his views.

Judge **O'Neill.** * * * cannot stay put. In any event, just remember this. That no city administration is taking children away from parents, except by order of a court of competent jurisdiction. All the talk that's been put out about that is pure poppycock. Now I myself have seen cases where families with more than one illegitimate child where no judge on the bench would take those children away from those parents, because the children were loved and cared for, and that is the thing which determines the action of any judge who's sitting.

Mr. **Huntley** (VO). Minister Morgan Roberts, and some of his congregation.

Minister **Roberts.** Obviously nobody is going to favor leaving a child in an environment which has just gone to pieces. No one wants this. But to get back to the economic phase of it, it is totally impractical to think that we could find the foster homes for all of the children, that we afford them, which was another thing indicated, that really the cost of foster homes here is about 5 times that of keeping the mother home.

**Gus Bennett.** I did read where other places are tackling that, it seems to me, more vigorously. Nobody is mad at the poor illegitimate kids. We've got to try to help them, make good citizens out of them, and some way should be found to find some constructive way for them. Other States are doing it. I do think our program is deficient.

Mr. **Huntley** (VO). As in most communities, Newburgh's welfare department has never had any kind of program for rehabilitation.

Caseworkers are underpaid and overworked, and most lack professional training. Their relationship with clients consists mostly of paperwork and of checking on eligibility. Home visits are infrequent, and the average dependent family makes out on its own as best it can. Yet in those few cities where rehabilitation has been tried; where more has been done rather than less to maintain family morale and to help them become independent, breaking the chain of second generation welfare families, the results have paid off—not only in human terms, but also in lower welfare costs.

The problem areas of welfare point out most clearly that our public assistance policies are at a crossroad, that a change in direction is needed. Critics such as Mr. Mitchell feel that the way is to cut the rolls drastically, to get the Government out of the welfare business as much as possible. Supporters of a different approach, such as Secretary of Health, Education, and Welfare, Abraham Ribicoff, declare that more is needed in the way of specialized caseworkers and in vocational and other forms of rehabilitation, with the emphasis on keeping costs down by freeing people from dependency rather than by forcing them off the rolls. However, both sides agree that welfare should not serve, as it largely does today, simply as a funnel for the distribution of money from the taxpayer to the needy. That concept, based on the depression days of the thirties, is no longer adequate to serve the changed requirements of today.

In the spring of last year, the City Council of Newburgh gave Mr. Mitchell what he describes as extraordinary powers to take any action in welfare to reduce the costs and stop the influx of parasitic migrants into the city. The result was the so-called 13 points, a group of regulations imposing severe restrictions on welfare eligibility and payments. A court has since found 12 of the 13 points in violation of State law, and they have never been applied. However, Mr. Mitchell maintains that he has achieved his objectives anyway. He explains how.

Mr. **Mitchell.** Well, we used techniques; in other words, first of all our former commissioner quit, and that was the opening of the door. We got in a commissioner who was, let's say who was in philosophical harmony with us. He had no welfare background, strange as it may sound, it worked out very well. And then we screened the department employees for those who would be loyal to our policy. Now our policy is simply the good of the community as a whole. And we found a young man, and we put him in what we call the intake worker position. You can picture it as an hourglass, and he's at the smallest point. Now the applicants must filter through him before they're taken care of.

So we pinned that down. And lastly we have used a special investigator with FBI training, police training, and no welfare training. Now these techniques, plus the value of the propaganda or psychological warfare campaign we've been waging, plus many measures the city council has taken have reduced the rolls.

Mr. **Huntley** (VO). According to Mr. Mitchell's calculations, his tactics have led to a small tax savings.

Mr. **Mitchell.** Taxes; it was a very small cut but it was a symbolic cut, and it reversed——

Mr. **Huntley** (VO). There have also been other results. A caseworker in the Newburgh welfare department.

**Caseworker.** In the face of being called a number of things, including a bleeding heart, social beatniks, our staff, I feel, has been demoralized almost completely. Of course all of this that we've been talking about has a very detrimental effect, not only on the taxpayer, on the caseworker who is trying to work with these people, but it probably has the deepest effect on the client himself. Some of our old-age clients, for instance, in spite of our telling them differently, insist upon coming to the office once a month. These old folks do not have the money for taxi fare, and many of them walk many, many blocks. Because at one time or another, they read in the papers that once a month cases must report to the office. This is where the psychological warfare, to my way of feeling, is doing the greatest harm.

**Judge O'Neill.** Last May I had to go down to police headquarters on business. And standing there, a long line out into the street, a lot of people, mostly old people, shabby old people, and I asked a policeman what they were doing there And he explained that they had been ordered to come to the police station, that they were welfare clients and that they had to come into the police station to get their check. Well, it was a horrible thing. I was only there for a short time, but most of those people were old and they were shabby. The kind of people who never had much of a chance in life. Most of them were white, and there was an atmosphere of fear.

Mrs. **Marge Merrett.** Now, I think the police didn't care about this job and they didn't make it any happier. But I also think that they were supposed to get tough—that this is what the city administration, Mr. Mitchell wanted.

Minister Roberts. The assumption in a lot of this talk is a very un-American assumption. It is the assumption that these people are guilty until they prove themselves innocent. Now one of our priceless heritages is the fact that in America we assume people to be innocent until they are proven guilty.

Recipient. They were calling the welfare, people on welfare, chiselers. Now does my wife look like a chiseler? Bums, prostitutes. Does my wife look like any of those? I mean the way the new city manager explained it, it was more or less a crime to be poor.

Woman Recipient. It was difficult enough before, but with the scandal that's going on, you seem like some kind of criminal. At least that's what you feel like. You've got a guilt that doesn't even exist. You carry it with you, it's not real, you realize that you're not wrong, that you have to do what you're doing, yet you feel guilty that you're doing it.

I think that they ought to stop and think and consider the circumstances. And if there is chisellers they should be brought out in the open so innocent people don't suffer for it. They don't have to be humiliated, ashamed, embarrassed.

I go to pay a bill, I'm ashamed of it. I'm paying it with good money, but it's not my money, and it's been told me in the press quite a few times, that it's not my money. What they're doing to the little people, and they're using the people in Newburgh. They just seem to be going. They were just ready for something like Mr. Mitchell I guess.

Mr. Mitchell. Now we have no intention of depriving the truly needy of aid and comfort. They shall not be deprived of aid and comfort as long as we're in control of this program. And no bona fide case shall suffer and none has.

Mr. Huntley (VO). Shortly before Christmas, the Catholic Charities of Newburgh referred us to a family whose request for assistance had just been denied by the welfare department. The Christmas tree had been donated by a local merchant. This is Tom Weygant.

Mr. Weygant. So the landlord came that night, and I didn't have the rent. I told him I ain't got it. But he's a good landlord, says I'll give you a break, he says.

Mr. Zegart. And then?

Mr. Weygant. So he came last night, he says you got the rent? I says, no. He says, geez, I've been giving you a break, it's been going on 2 weeks now you're over.

I says, I'll see if I can get it. So I run around, trying to do odd jobs. I can't find any. I'd even work for 75 cents an hour if I could get a job. You know, I'm young. I'm 33, you know. I'm able to work. I mean, I'm not lazy. I have good references for working. Things is rough. You can't buy a job in this town. You can't buy a job. I go up to the unemployment office, but it's all packed. You can't get in there. You get in the line, you got to wait and wait, then they say come back the next day and the next day. It's every day, but you don't get nothing.

Mr. Zegart. Now I want you to explain exactly what happened when you found out you were out of money.

Mr. Weygant. Well, the truck broke down, and I couldn't find anything to do. So I looked around for work, I couldn't find any work. So I told my wife to see if she could get in touch with the welfare. I would go out and look for work tomorrow, even for 75 cents an hour. So when I come home that night, my wife said she called up the welfare.

Mrs. Weygant. Yeh, I called them up and I told them, you know, see one of the investigators. So she says no, she says that I can't even give you an appointment until Monday. That was 3, almost 4 days. So I told her that I didn't have nothing to eat at all in the house. So when Monday morning come, I went down there 10 o'clock like they told me so I talked with the man and I told him how I didn't have nothing to eat. I told him I couldn't even send my daughter to school. So he said no, I'm sorry he says, I can't help you. I says, my husband's even willing to give you a place. So this morning I call and I ask him how he made out. So he says our case couldn't be opened. I says well what are my kids supposed to do, go hungry? He says tell your husband to get out and get a job. That was this morning what they told me.

Mr. Zegart. What was the food situation in the last couple of days?

Mr. Weygant. Well, I had 5 pounds of beans and pork given to me, that we cooked and we've been eating them now for 3 or 4 days. The kids are getting sick on it. So I tried all around. I can't do anything. I even come home one night and my wife said how did you make out? I says, I didn't find no work. I says you got any coffee? She says no. So I see the fire going out with no oil. So I got thinking then. So I went over to a Father, I used to work for him. And I told him the situation. So he gave me some food and oil. I had to walk. Ten miles to carry that stuff. Through the snow. Nobody gave me a ride. I had it rough. When I got home, I was tired and my feet were sore and everything. My wife, my kids ate that night. That's how rough it is. Isn't that right?

Mrs. Weygant. Yeh.

Mr. Weygant (to baby). You Daddy's girl? It hurts for me to be in this position. This hurts me to be like this. I come home nights, the kids cry they're hungry, I can't do anything. Then we go to bed nights, nothing to eat, and I can't do anything. I don't want to go out and rob and steal food for the kids, I don't want to do that. Get myself in trouble. Who wants to see your kids cry they're hungry and cold. I'd go out and work for 50 cents an hour if I could get a job. The welfare don't want to help you.

Mr. Huntley (VO). Shortly after our talk with Mr. Weygant, we looked at the 14-year-old truck with which he occasionally made a few dollars hauling trash. According to the welfare department, this truck was an asset, and Mr. Weygant was therefore ineligible for assistance. Interestingly, less than 2 weeks after our inquiry, the welfare department reversed its decision. The question remains—how many other Weygants have there been in Newburgh? In an investigation just completed, the New York State Department of Welfare has determined that almost half of all welfare denials in Newburgh during the month of December were unreasonably and unjustly denied.

First Man. All right, Mike, you care, right?

Second Man. Yeh, but we don't do enough about it.

First Man. That's right. You gotta do something.

Second Man. We don't do anything about it.

First Man. If you hurt one person, one person——

Third Man. You have to hurt someone in this situation.

First Man. No, I disagree with you. You don't have to hurt somebody. Why should you hurt somebody that needs the money? Now, Bruno, I know you as a person. You wouldn't want to harm one child, right?

Third Man. I would want to hurt anybody.

Judge O'Neill. The longer I live the better I know that there are no simple solutions to complicated problems.. And welfare recipients aren't necessarily chiselers, or deadbeats, or criminals. They're poor. They're often ignorant. And in an industrial society, they have a pretty bad time. But they are human beings. Every course of action you're proposing to take has certain objections to it. There are no simple solutions to complicated problems. There aren't any simple solutions to even simple problems. But humanity and decency and morality are in the long run the only solutions to these problems or any other kind of problems. And if we have that, we can solve them.

---

January 31, 1962.

Hon. Thomas B. Curtis,
*Clayton, Mo.*

Dear Tom: Even though I haven't had frequent contact with you through the years I do feel that I know you well enough to address you as above—so please pardon the informality.

I have been active in the Gravois Township organization with Jack Brunner and, as a member of the First Unitarian Church, it is always good to see you there when you can so arrange. Believe me when I say that I am having my troubles with some of the ADA, etc., elements that prevail in that surrounding of the church.

Last Sunday evening my wife and I were watching TV and witnessed the NBC white paper on Newburgh, N.Y. This show aroused my ire so much that I just had to protest to someone about it. After obtaining the name of an individual in New York from friends at KSD–TV I did send a letter off yesterday to Mr. Gitlin.

I don't know whether you can do anything about it or not but at least it will give you a sample of what some people think about things. So, I have enclosed a duplicate of the letter for your use.

Keep up the good work you have been doing and the best of luck in the 1962 campaign. You certainly have our whole hearted support.

Sincerely,

Leo I. Miller.

Glendale, Mo.

---

January 30, 1962.

Mr. Irving Gitlin,
*NBC Television,*
*New York, N.Y.*

Dear Mr. Gitlin: On Sunday evening, January 28, NBC Television presented "NBC White Paper on Newburgh, N.Y.," with Chet Huntley as commentator. After a brief interval of time, the NBC TV network presented a 30-minute portion of the hearings before the FCC with Dr. Stanton of CBS and others.

The "White Paper" was a good example of a reason for the current hearings before the FCC. It was quite obvious to this viewer and others that the show was not presented in an unbiased manner. During the first 30 minutes I kept saying to myself "the other side to this question will be presented in the second half." Well, the complete picture, or should I say, an unbiased report, was never presented.

Thirty years ago people accepted welfare assistance when dire necessity prevailed. From actual statements made by those interviewed on the NBC show, it was apparent that people this day and age have become so accustomed to such Government handouts that they expect them. It was also evident that individual initiative was completely lacking or else has been discouraged by such liberal interpretation of welfare.

Incidentally, I am not for more Government controls in any field. I am for less control and am working actively politically to promote this idea.

I believe that the news media (newspapers, radio, TV, etc.) have a great responsibility to the public to present all the facts and not slant the news. In your "White Paper" you made the central figure of the Newburgh controversy a villain. This is not responsible reporting.

I strongly object to this type of reporting and am quite disappointed in NBC for airing such a one-sided show.

Sincerely,

LEO I. MILLER.

GLENDALE, MO.

---

FEBRUARY 8, 1962.

Mr. LEO I. MILLER,
*Glendale, Mo.*

DEAR MR. MILLER: Thank you very much for your letter of January 31, with which you enclosed a copy of your communication to Mr. Irving Gitlin with NBC Television in New York, under date of January 30.

I did not see the program to which you refer, the "NBC White Paper on Newburgh, N.Y.," but was most interested in your comments as to the presentation made. I am looking into the situation at the present time and will be in further touch with you when the requested report has been furnished me.

Again, thank you for writing and for your good wishes in connection with the campaign this year. I do appreciate them greatly.

Sincerely,

THOMAS B. CURTIS.

---

FEBRUARY 10, 1962.

Mr. IRVING GITLIN,
*NBC Television,*
*New York, N.Y.*

DEAR MR. GITLIN: I have received correspondence from constituents following the January 28, 1962, presentation by NBC of the "NBC White Paper on Newburgh, N.Y.," protesting that only one side of the question was shown and that the complete story was never given.

I did not see the program myself, but would greatly appreciate any advice or information you could provide me regarding it that would be of assistance in responding to those who have contacted me about the program and would clarify the situation.

Thank you very much for your advice and assistance in this regard.

Sincerely,

THOMAS B. CURTIS.

---

NATIONAL BROADCASTING CO., INC.,
*New York, N.Y., March 7, 1962.*

Hon. THOMAS B. CURTIS,
*House of Representatives,*
*Washington, D.C.*

MY DEAR MR. CURTIS: Your February 10 letter to Mr. Gitlin has been directed to my attention, and I am sorry that an unusual backlog of correspondence during this period has delayed my response until now.

We received an inquiry from the Federal Communications Commission concerning this same program and I believe our response to the Commission will equip you adequately to handle correspondence from your constituents. A copy is enclosed and I hope that you will find that it will serve your purpose.

If I can be of further assistance, please let me know.

Sincerely,

ROBERT D. KASMIRE.

---

NATIONAL BROADCASTING CO., INC.,
*New York, N.Y., March 1, 1962.*

Mr. BEN F. WAPLE,
*Acting Secretary, Federal Communications Commission, Washington, D.C.*

DEAR MR. WAPLE: This is in response to your letters of January 30 and February 15 requesting NBC's comment on the objections of City Manager Joseph McD. Mitchell, of Newburgh, N.Y., to NBC white paper No. 9, "The Battle of Newburgh," broadcast on the NBC television network January 28, 1962.

You ask that we comment on statements contained in a wire addressed to the Commission by Mr. Mitchell on January 29, 1962, and in another document of the same date circulated by Mr. Mitchell under the title "Statement by City Manager Joseph McD. Mitchell Clarifying City's Position on NBC White Paper No. 9, 'The Battle of Newburgh.' "

We welcome this opportunity to state that Mr. Mitchell's objections are without foundation in fact and that the program to which he refers was fully consistent with the terms of the Commission's fairness doctrine and sound, responsible journalistic practice.

The NBC white paper series consists of hour-long programs reporting in depth on subjects of current significance. NBC news is responsible for their production. The program of January 28 examined the controversial welfare policies instituted in the city of Newburgh by Mr. Mitchell and their impact on the community.

The program was prepared by a team of reporters and cameramen who approached their assignment with no ax to grind and with no commitment other than to report the facts as they found them. They spent more than 6 months gathering the information and making the film used in preparing the report. During this period they interviewed scores of individuals—city officials, welfare department officials and employees, social workers, community leaders, welfare recipients, other citizens of Newburgh, N.Y., State Welfare Department personnel and others—in an effort to explore the facts thoroughly with respect to Mr. Mitchell's policies, their results and the differing views these policies have created. In addition, they examined the records of public and private welfare agencies. All the factual material used in the program is thoroughly documented.

Also during this period, an NBC camera crew covered five public appearances by Mr. Mitchell, including a speech in Milwaukee, in which he described his welfare philosophy and program. As preparation of the broadcast neared completion, Mr. Mitchell was offered the opportunity to augment, in a specially filmed interview, any of his statements that NBC had already covered. He declined. He was also asked whether he would like us to record the views of the city of Newburgh's welfare director, who was appointed by Mr. Mitchell and is in agreement with his policies. He declined this opportunity as well.

The case for Mr. Mitchell's views was stated chiefly by a spokesman to whom he could hardly take exception—Mr. Mitchell himself. Indeed, in the broadcast Mr. Mitchell was shown stating and explaining his views at greater length than any other resident of Newburgh. In addition, Mr. Mitchell's position on various aspects of social welfare and the specific Newburgh situation was stated in Chet Huntley's narration and supported by some of the Newburgh residents who appeared in the program. Where Mr. Mitchell's statements were clearly at variance with documentable facts, we also reported the facts in keeping with our journalistic responsibility and to present a balanced appraisal.

We believe the enclosed transcript of the broadcast speaks for itself in demonstrating NBC's responsible journalistic effort and accomplishment in exploring the controversial welfare situation in Newburgh in its entirety.

It seems relevant in replying to your letter to note that many responsible persons inside and outside Newburgh do not share Mr. Mitchell's view of "The Battle of Newburgh." The city's mayor, William D. Ryan, in a wire to Robert E. Kintner, president of NBC, hailed the program as a very fine and factual report of the Newburgh situation. Likewise, Secretary of Health, Education, and Welfare Ribicoff has wired Mr. Kintner: "NBC and Irv Gitlin [executive producer of the NBC white paper series] have performed a much-needed public service in their fine program, 'The Battle of Newburgh.' They have made a real contribution to our Nation in giving us the human story of a most important problem. I commend this searching documentary which replaced welfare myths with facts and reality."

I am enclosing our specific comments on the 18 objections to "The Battle of Newburgh" that Mr. Mitchell has circulated.

Sincerely,

THOMAS E. ERVIN.

---

NBC COMMENTS ON MR. MITCHELL'S OBJECTIONS

A statement issued January 29, 1962, by City Manager Joseph McD. Mitchell, of Newburgh, N.Y., challenged NBC white paper No. 9, "The Battle of Newburgh," on 18 points. Following are his 18 points and NBC's comment on each:

"1. Approximately 60,000 feet of film were taken and 2,000 or less were used. In this clipping process most of the prominent civic leaders who were very articulate on this subject and who were filmed in support of us were cut out."

Comment: It is normal and necessary procedure in the production of a news documentary to film a large quantity of material—substantially more than can be used in the program—and to select from the total material filmed the final footage for the program (2,000 feet being the approximate length for a 1-hour presentation). This is particularly true when the project is as comprehensive and painstaking as an NBC white paper. On at least two occasions (January 8 and 22) NBC issued news releases concerning the program in which it was stated that 25 hours of film footage had been shot to provide material for the 1-hour program. The selection of footage used was based on the journalistic judgment of experienced, responsible NBC news personnel, whose sole aim was to achieve a fair, accurate and balanced presentation of the points at issue in the most relevant manner. Efforts had been made to interview representative Newburgh citizens in all walks of life. Among the footage omitted from the finished program was not only comment sympathetic to Mr. Mitchell's policies but also many more interviews with those who are opposed, including the mayor of the city.

"2. Those leaders who were used were by and large biased. I refer specifically to a former Congressman, a former judge, and a pastor whose wife works in the welfare department. These people were not identified as to their interests and philosophies which were contrary to us, and were made to appear as typical citizens."

Comment: The views expressed by the leaders cited by Mr. Mitchell on different aspects of the Newburgh controversy were presented in the same context as opposing views, sometimes as expressed by Mr. Mitchell himself. Their attitudes and philosophies on this subject were self-evident. The fact that a minister's wife is employed in the Newburgh Welfare Department is not relative to his ability to hold and express his own opinions as a religious leader.

"3. The use of cases was highly emotional and no proper explanation of the case history was given. For example, in the family last shown where the man cried, this is a family which has been on relief for years and which has made no constructive contribution to the city. His statements were partially lies. This man's appearance was arranged by the head of a local charitable agency for the express purpose of damaging our case."

Comment: Cases were selected for their pertinence to the problem being covered; they spoke for themselves without preparation or prompting by anyone. The specific case referred to was brought to the attention of the white paper unit by the Newburgh Catholic Charities as a legitimate, verified case of need and one of many Newburgh families that had been denied assistance by the city welfare department. This was stated in the program, and so was the reason for denial of aid. Mr. Mitchell fails to say what statements in this interview were partially lies, but the basic facts—that the man was unemployed, without welfare aid, and lacking food and fuel for his home—were verified at firsthand.

"4. Extended efforts were made to refute the city manager's position by showing him making a statement followed by a specially arranged shot to attempt to disprove what he said. This was emphasized by the accent and emphasis of Chet Huntley. ('No truly needy person has suffered' followed by crying man.)"

Comment: This apparently is a reference to the presentation of opinion that differed from Mr. Mitchell's, where there was such differing opinion, and to NBC news' attempt to provide balancing views and to cite documented facts in order to place in perspective incomplete or ambiguous statements and distortions of fact by Mr. Mitchell himself, as the transcript plainly shows.

Examples:

Mr. MITCHELL. Whereas, also the highest incidence of slum conditions which I have described. Welfare has acted as a magnet to those who would immigrate into the city. And welfare is a positive factor in the slum growth as it attracts the poor rather than repelling them.

Mr. MERCHANT. Well, who permitted the slum conditions to begin with in the first place? Who permitted people to live in cellars, in basements; who permitted the people to live in stores without windows, without bathrooms; who permitted all this? City government. Can't blame the people.

Mr. MITCHELL. The employment situation is good, and we've found that anyone who really wants work can find it.

Mr. HUNTLEY. However, the unemployment rate in Newburgh is high enough for the Department of Labor to have declared the city a surplus labor area.

Mr. MITCHELL. We were spending $1 million for welfare. That's a third. And that $1 million was going to support 5 percent of the population. So we were in an inverse spiral——

Mr. HUNTLEY. Mr. Mitchell has said that in 1961, the city was spending $1 million on welfare. However, of this million dollars, the major part was to be paid back by the State and Federal Governments, leaving the city with a net cost of $424,000. In the last 10 years this figure had gone up 16 percent, not much more than the cost of living during the same period.

"5. The budget data used was false. It made it appear that two-thirds of the recipients were old age or blind, and that only a very small fraction were aid to dependent children. The facts are that one-quarter were aid to dependent children and a good proportion, approximately 17 percent, was going into administration."

Comment: The budget data used were authentic, taken from records of the City of Newburgh and the New York State Department of Social Welfare. Nowhere did the program make the representation attributed to it here by the city manager. What the hard facts showed, and what Mr. Huntley pointed out, is that 89 percent of the welfare dollar in Newburgh goes for old-age assistance, maintenance of the city home and city infirmary, children in institutions and foster homes, the disabled and the blind. Of this group he said: "They have not been directly involved in the controversy and have not been singled out by the city manager as targets of criticism." He then stated that the remaining 11 percent, of which 5 goes for home relief and 6 in aid to dependent children, "is at the heart of most of the public outcry against welfare."

"6. The beauty of the city was ignored, its historical background was ignored, and its many advantages were ignored. Efforts were made to show the entire city as a slum. Many beautiful residences were not photographed. Three-quarters of the city was left out of the film and the result was to give the city the appearance of complete decay."

Comment: The program did not purport to be a study of the city, its origins or its people. The purpose was to examine the public welfare practices established by Mr. Mitchell, which have stirred nationwide controversy, and their effects. This purpose was made clear in news releases prior to the broadcast date and defined at the outset of the program itself in these words of Mr. Huntley: "Apparently there is a widespread acceptance of the image Mr. Mitchell portrays of public welfare as an open cash register, into which thousands of freeloaders, chiselers, loafers, and transients are free to dip their hands at the taxpayer's expense. We propose now to examine this image of welfare on the scene, in the city of Newburgh. And also to take a closer look at Mr. Mitchell and his views."

"7. Most of the city manager's detailed statistics in reply to charges made against his program were left out."

Comment: Statistical information was drawn from many sources, including the city manager himself, the Newburgh Welfare Department, the State department of social welfare, Federal agencies, and private charitable organizations. The statistical material used on the program was presented accurately and fairly to shed the greatest possible light on the actual welfare situation in Newburgh.

"8. The producers and directors of the film broke two solemn pledges to the city manager: These pledges were that the film would not damage the city and that it would be completely impartial."

Comment: No one in the white paper unit made any promise or pledge to the city manager. The producer and director expressed the intention of undertaking a thorough exploration of the Newburgh welfare situation and reporting fairly and accurately what they found. They fulfilled this intention conscientiously.

"9. The migration factor was distorted. The city manager has positive facts to show that migration from the South has been one of the contributing factors to the city's problems."

Comment: The influence of migration on Newburgh's welfare problem was fully explored, and the facts accurately presented as obtained from the city's department of welfare and the State department of social welfare. Mr. Huntley covered them in the following passage:

"Attracted by employment possibilities for the unskilled and semiskilled, and by the availability of housing in deteriorated sections, there has been an influx of Negroes into the city, part of a nationwide movement from South to North. Of Newburgh's 5,000 Negroes, the great majority—over 90 percent—are self-supporting; and despite popular opinion in Newburgh, account for less than half of the welfare load. Although originating in the South, most of the Negro families moving to Newburgh have come from nearby communities and other parts of the State. Only a small proportion come directly from the South. And of these, practically none has applied for welfare benefits on arrival or shortly afterward. In 1960, for example, exactly $205 was spent on relief for newly arrived migrants. And the city was reimbursed this entire amount by the State."

"10. The impression was given that we persecute the aged and the blind. One old woman walking away from the welfare department was made to represent the entire old-age group."

Comment: The scene of an old woman walking away from the welfare department was accompanied by a passage from an interview with a caseworker describing one of the effects of what Mr. Mitchell describes as his "propaganda or psychological warfare" to tighten up welfare practices. The caseworker said: "Some of our old-age clients, for instance, in spite of our telling them differently, insist upon coming to the office once a month. These old folks do not have the money for taxi fare, and many of them walk many, many blocks. Because at one time or another they read in the paper that once a month cases must report to the office. This is where the psychological warfare, to my way of feeling, is doing the greatest harm." This appears to be the whole basis for Mr. Mitchell's objection No. 10. Elsewhere in the broadcast, far from giving the impression that the aged were "persecuted" in Newburgh, NBC News showed they were well treated. In one scene, a recipient of old-age assistance expressed satisfaction with her situation. In narrating another scene that showed the city home, Mr. Huntley said: "The home, for destitute old people, is clean and well run."

"1. The muster or rollcall of recipients was distorted. The film failed to note that many recipients rolled up in Cadillacs, expensive cars of various kinds, and taxicabs. They gave the impression that nearly everyone in the line was crippled, disabled, blind and aged, etc."

Comment: The so-called muster or rollcall of welfare recipients, which took place several months before NBC's coverage began, was described in the program by two responsible citizens of Newburgh whose accounts were fully consistent with the white paper unit's thorough research into the incident.

"12. The true popularity of our program among the people as reflected in our successful election based on this issue and as reflected in the popularity of the city manager's speeches throughout the Nation, has been covered up."

Comment: The program did not purport to weigh the popularity of Mr. Mitchell's policies, on which opinion is divided in Newburgh as elsewhere. It sought to examine the policies themselves. Nonetheless, due note was made of Mr. Mitchell's speeches in other parts of the country, and at the program's outset Mr. Huntley in his commentary acknowledged that "apparently there is widespread acceptance of the image Mr. Mitchell portrays of public welfare." The "successful election" Mr. Mitchell apparently refers to involved reelection of two city councilmen, both his supporters. One had a greater plurality than in his previous race; the other a smaller plurality.

"13. None of the 13 points were explained, either in their wording or the meaning of them, or the purpose of them."

Comment: Twelve of the city manager's 13 points had been declared illegal by a State court and never applied. Accordingly, the report dealt with the Newburgh welfare program as actually being carried out.

"14. Our success, as reflected in cutting taxes, reducing the budget and reducing the rolls without hurting anyone, was completely ignored."

Comment: Both Mr. Mitchell and Mr. Huntley stated in the program that Newburgh's taxes had been lowered. Whether the welfare rolls in the city have been reduced without hurting anyone is a debatable matter and, far from being ignored by the broadcast, was explored at length.

"15. Our principal defense took place in a bar and, of course, the impression to the public was that the articulate, intelligent, informed public was represented by those who are against us and the only ones in favor of us were those sitting around bars drinking."

Comment: The chief spokesman for Mr. Mitchell's views was Mr. Mitchell himself. His position was further amplified in Mr. Huntley's narration and supplemented by opinions expressed in the tavern discussion. The tavern locale was selected as a natural one for the relaxed exchange of views by ordinary citizens. The participants were selected by the tavern operator; and since the discussion included criticism of the city manager's policies as well as support, there was no suggestion that advocates of his policies were particularly identified with a tavern.

"16. All through the film opinions were emphasized with facts distorted or omitted."

Comment: The presentation of differing opinions appropriately played a part in the broadcast, but the major emphasis was on the facts, reported accurately and fairly. Mr. Mitchell has not substantiated any instance in which the truth was misrepresented through distortion or omission of facts.

"17. The city manager was personally ridiculed time and again. For example, in one case where he was quoted as saying that anyone who wanted a job could find it, and then they quoted the U.S. Department of Labor as saying the Newburgh city was a surplus labor area. This is an absolute lie—the area of Newburgh is a surplus labor area—but they fail to point out that we have reduced the rolls while this area unemployment rate has remained the same."

Comment: The program did not seek to ridicule any person or any point of view. A conscientious, professional effort was made to place facts fairly in meaningful perspective and to let them speak for themselves. It is correct, as Mr. Mitchell states, that the "surplus labor" characterization is applied by the U.S. Department of Labor to the Newburgh area, rather than the city specifically. But since the labor force in the Newburgh area includes that of the city of Newburgh and competes for employment both inside and outside the city, the distinction Mr. Mitchell makes is not significant. The reduction in the welfare caseload was cited in the program by Mr. Mitchell himself.

"18. Migration statistics were left out and it was made to look as if there was no migration, and then very little from the South, and very little impact on welfare. This is the party line of those who oppose us and it even disagreed with the statements of the school superintendent."

Comment: This subject is treated in No. 9.

---

Congress of the United States,
House of Representatives,
*Washington, D.C., March 20, 1962.*

Mr. Robert D. Kasmire,
*Coordinator, Corporate Information, National Broadcasting Co., Inc., RCA Building, Radio City, New York, N.Y.*

Dear Mr. Kasmire: Thank you for your letter of March 7, 1962, enclosing the response you made to the FCC concerning the complaints of bias in the program "NBC White Paper on Newburgh, New York."

I am sorry to state that this response does not "equip" me "adequately to handle correspondence from [my] constituents." In fact, it shocks me to realize that the officials of the NBC have so little understanding of what constitutes fairness in debate or public discussion.

It is unfair for a moderator to comment one way or another on the evidence. If Mr. Huntley wished to speak as a partisan, not as a moderator, or a narrator, his position as a partisan should have been disclosed to the viewers.

Rules and fair debate require that the speaker for an affirmative position be given a replication to the statements made in rebuttal.

Your response to the FCC blandly demonstrates that these two elementary rules of debate were violated throughout the program. Even if the NBC officials are untrained in the discipline of public discussion and debating taught in our high schools, I would think that the logic which brought about these rules for fair debate would have been perceived by them.

I am referring your answer to the FCC and to Mr. Mitchell for his replication. If he cares to reply, I shall send his replication to you for your rejoinder. I shall then place this material along with any comments you may care to make to me in response to this letter, in the Congressional Record.

I am sending a copy of this letter to the FCC. I think it is important to get to the bottom of this matter of fairness in presenting public issues to the public through the media of radio and TV. I am certain we can devise some good rules of procedure, just as we have for congressional committees of the House (1956). Obviously rules of fair procedure need to be spelled out in this area.

Sincerely,

Thomas B. Curtis.

---

Congress of the United States,
House of Representatives,
*Washington, D.C., March 20, 1962.*

Hon. Newton N. Minow,
*Chairman, Federal Communications Commission, Washington, D.C.*

Dear Mr. Chairman: I am enclosing a copy of a letter I have just sent to Robert Kasmire, coordinator of corporate information of NBC, in response to my letter to Mr. Gitlin of the same company, asking for comments on charges made that a program entitled "NBC White Paper on Newburgh, N.Y.," was biased.

I believe the letter is self-explanatory and that FCC has the basic correspondence which is the meat of the discussion.

I would appreciate any comments you would feel privileged to make on this serious matter.

Sincerely,

Thomas B. Curtis.

---

Federal Communications Commission,
*Washington, D.C., March 30, 1962.*

Hon. Thomas B. Curtis,
*House of Representatives,*
*Washington, D.C.*

Dear Congressman Curtis: I have your letter of March 20, 1962, enclosing a copy of your letter of March 21, 1962, to Robert Kasmire, coordinator of corporate information of NBC. In your letter to Mr. Kasmire you express your views with respect to the program entitled "White Paper No. 9: The Battle of Newburgh" broadcast by the National Broadcasting Co. on January 28, 1962. You also set forth your views with respect to NBC's response to the Commission's inquiry regarding this matter.

The Commission has received a number of complaints concerning this matter and consistent with our policy, the matter was brought to the attention of NBC on January 30, 1962. In a letter dated March 1, 1962, the National Broadcasting Co. submitted its comments and a script of the program. In addition, members of the staff viewed the film.

This material is being studied by the Commission and you may be assured that the entire matter will receive the Commission's most careful consideration.

Should you desire any further information concerning this matter, please advise me and I shall endeavor to furnish it.

Sincerely yours,

Newton N. Minow,
*Chairman.*

---

April 2, 1962.

Mr. Robert Sarnoff,
*Chairman of the Board,*
*National Broadcasting Co.,*
*New York, N.Y.*

Dear Mr. Sarnoff: On March 7, 1962, Mr. Robert Kasmire, coordinator of corporate information of NBC, replied to my letter of February 10, 1962, in which I had made inquiries about the NBC program "NBC White Paper on Newburgh, N.Y." These inquiries resulted from complaints I had received from some of my constituents alleging bias.

I can understand the difficulty in responding to my letter promptly. However, I am very much disturbed by the caliber of the response. I have read very carefully the mimeographed sheet titled "NBC Comments" on Mr. Mitchell's objections which Mr. Kasmire sent "to equip" me "adequately to handle correspondence from [my] constituents."

I did not see the program in question although I am quite familiar with the issues involved in the controversy inasmuch as the committee on which I serve, the Ways and Means Committee, has jurisdiction of the welfare programs under the Federal social security program.

The "NBC Comments," far from rebutting the charges of bias, substantiate them in the important and basic areas.

Accordingly, I am writing to you as chairman of the board to determine whether the "NBC Comments" truly reflect the thinking of the NBC officials on what constitutes fairness in public debate and public discussion.

To pinpoint the matter for your determination let me say that it is unfair for a moderator to comment one way or another on the evidence. If Mr. Huntley wished to speak as a partisan, to which I would have no objection, his position as a partisan should have been disclosed to the viewers. This was not done.

Far from disclosing his position as a partisan, Mr. Huntley was presented as a moderator and the very title of the program "White Paper" carried with it the implication that an impartial presentation was going to be made.

Secondly, rules of fair debate require that the speaker for an affirmative position be given a replication to the statements or points made in rebuttal. This rule was not extended to Mr. Mitchell. His statements were presented and the "moderator" proceeded to present the rebuttal placing his own stamp or approval on it. No effort to provide replication was made.

I have had presented to me other allegations which, if true, substantiate the charge of deliberate bias in the program. Important as these other matters are and although the "NBC Comments" do not rebut them I am confining this inquiry to the admissions revealed in the "NBC Comments." However, any comments you may care to make on the original charges by Mr. Mitchell and others, I would be happy to receive.

I am referring the NBC answer and comments to Mr. Mitchell for his further comments which I shall be pleased to forward to you. I think a good purpose will be served by placing all of the correspondence in the Congressional Record, including any replies your organization may wish to make.

I am sending a copy of this letter to the FCC. I think it is important to get to the bottom of this matter of fairness in presenting public issues through the media of radio and TV. I am certain we can devise some good rules of procedure, just as we have for congressional committees of the House (1956). Judging by the "NBC Comments" it is obvious to me that rules of fair procedure need need to be understood and spelled out.

Yours very truly,

Thomas B. Curtis.

April 3, 1962.

Hon. Newton N. Minow,
*Federal Communications Commission,*
*Washington, D.C.*

Dear Mr. Minow: Enclosed is a copy of a letter which I have written to Mr. Robert Sarnoff, chairman of the board of the National Broadcasting Co. I shall appreciate having your comments.

With best wishes.

Sincerely,

Thomas B. Curtis.

---

April 3, 1962.

Mr. Joseph McD. Mitchell,
*City Manager,*
*Newburgh, N.Y.*

Dear Mr. Mitchell: Enclosed is a copy of a letter which I have written to Mr. Robert Sarnoff, chairman of the board of the National Broadcasting Co. I shall appreciate any comments you may care to offer.

With best wishes.

Sincerely,

Thomas B. Curtis.

---

City of Newburgh,
*Newburgh, N.Y., April 6, 1962.*

Hon. Thomas B. Curtis,
*House of Representatives,*
*Washington, D.C.*

Dear Congressman Curtis: I appreciate very much receiving a copy of your letter to Robert Sarnoff with respect to NBC white paper No. 9, "The Battle of Newburgh." Our "rebuttal" to the NBC white paper No. 9, I believe, expresses broadly our feelings on the white paper and need not be reemphasized here, although I am sending you a copy in the event that you may not have received it.

The importance of this issue is the betrayal of a solemn trust by officials purporting to be ethical and responsible. As city manager of this city I met with Mr. Arthur Zegart, the director of this film, at a luncheon together with Councilman George F. McKneally, one of our greatest welfare supporters. At that luncheon, as in a previous luncheon with Bill Leonard of CBS, I expressed the feeling that I was responsible for representing this city and did not feel that I could engage in any further "documentary" TV coverage in view of the statewide CBS show "The Newburgh Dilemma," which was filmed in the summer of 1961 and which purported to make the welfare issue here in this city a Negro issue and which, as in the case of the NBC white paper, was a very distasteful show. I emphasize that TV coverage was of no interest to us and that the liability placed upon me as city manager was too great for me to engage in further.

Mr. Zegart, however, went to great lengths to assure me and Councilman McKneally that a white paper was an impartial examination of all facts and an impartial presentation of all facts, that it would in no way harm the city and that furthermore it was not to be on the subject of welfare per se, it was to be a broad social and economic study of a typical American city and its problems and what that city did about these problems.

At several times during the filming of the show, I nevertheless attempted to back out because I did not like the smell of it. At one point Mr. Zegart declared to me that he could find no one in opposition to us and that in view of this he was going to cancel out. At each point I indicated that that was satisfactory to me, but at each point due to council pressures we were forced to go on. In cooperation with Mr. Zegart I gave him extraordinary access to all welfare files and recipients—in other words, we opened the city doors to him and referred him to every conceivable person who could help him in an impartial study. Had the some 60,000 to 70,000 feet of film taken been carefully screened for impartial coverage, showing both sides of the picture, NBC would have triumphed with a signal achievement in the field of sociological exploration. This is to me the greatest tragedy of all—they have in their files all of the material to give the full facts behind a great dilemma, yet they chose to rig this show for purposes best known to those in charge.

Perhaps one of the things which is wrong with the national press and communications industry today is that they are not accountable to the people. In local, State and National governments if we in public office betray our trust, we are either voted out or are fired. I ask what recourse the the public has to a rigged TV show? And I understand the NBC white paper No. 9 is not the only incident in a long series of carnivallike approaches to matters of the public interest or to matters of what were supposed to be honest entertainment. While I am opposed to Government control of anything but that which is absolutely necessary, I am inclined to believe that if the major TV networks continue to abuse their trusts, Government intervention will be the inevitable result.

For your information, Congressman, I am sending you my standard speech on the subject of welfare which will give you a perspective view of the approach we have taken here and which, after you read it, should leave you with little doubt as to the reasonableness of our position—a reasonableness which was virtually ignored by the National Broadcasting Co.

Sincerely yours,

Joseph McD. Mitchell,
*City Manager.*

---

### An Address by the City Manager of the City of Newburgh, N.Y., Joseph McDowell Mitchell

"Go to the ant, thou sluggard; consider her ways, and be wise."—Proverbs 6: 6.

"It will come when Americans, in hundreds of communities throughout the Nation, decide to put men in office who are pledged to enforce the Constitution and restore the Republic. Who will proclaim in a campaign speech: 'I have little interest in streamlining Government, or in making it more efficient, for I mean to reduce its size. I do not undertake to promote welfare, for I propose to extend freedom. My aim is not to pass laws, but to repeal them. It is not to inaugurate new programs, but to cancel old ones that do violence to the Constitution, or that have failed in their purpose, or that impose on the people an unwarranted financial burden. I will not attempt to discover whether legislation is "needed" before I have first determined whether it is constitutionally permissible. And if I should later be attacked for neglecting my constituent's interests, I shall reply that I was informed that their main interest is liberty, and in that cause I am doing the very best I can.' "—Barry Goldwater, Senator from Arizona.

What was it that one small city of 31,000 people, beautifully situated on the majestic Hudson River, 60 miles north of New York City, did that caused national interest? How is it that our actions became the subject of editorials, cartoons, denouncements, praise, and hundreds of newsprint columns and articles across the land and abroad? What caused 15,000 people to write in and support us, with 100 opposed? What caused certain university schools of social service to oppose us, public welfare associations to condemn us, the Urban League and the NAACP to castigate us, the Gallup poll to survey the public opinion and show a majority in our favor, the Governor to appoint a Moreland Act Commission to investigate welfare operations in the State of New York, a Secretary of Health, Education, and Welfare to show such sudden interest in the "way we are just drifting along" in welfare, yet admonish us, a former Secretary to speak against us nationwide, a special investigation by the State board of social welfare into Newburgh welfare operations, a court injunction, a rigged TV show by NBC, a major policy reversal by the State board of social welfare, and the resignation of the State welfare commissioner and all the rest that occurred? The answer lies not in the Newburgh revolt, but in the unrest of the people throughout the Nation over welfare policies—Newburgh merely served as the match which lit the fuse, it was the symbol of unrest, for in the Newburgh story lies nearly all of the factors involved in this national unrest. This is why the Newburgh revolt has stirred such interest.

Here are the challenges to public welfare today, and part of what is wrong, and why the people of the Nation are aroused: The people resent politics in welfare, such as catering to minority voting blocs, they resent the right of a State board to interfere in local affairs in contradiction to home rule, the grant-in-aid system, which has been perverted to become the tool of Federal and State control over localities, the philosophies of welfare leaders, which is the notion that man is not responsible for his acts, the use of welfare to subsidize strikes, the inability of locally elected officials to decide their own affairs, the right of social parasites to breed illegitimate children at taxpayers' expense, the right of moral chiselers and malingerers to squat on the relief rolls forever, the cloak of secrecy attached to welfare rolls in the guise of dignity, the right of freeloaders to make more on relief than when working, the right of reliefers to loaf by Federal and State edict, the right of people to quit jobs at will and go on relief like spoiled children, the right of citizens to migrate with the foreknowledge that welfare shall back up their mistakes, the right of welfare officials to hand out public funds as if there were no limit, and according to their own philosophies, the right of a welfare program to exceed its authorized budget, the right of a welfare program to contribute to the rise of slums, the rise of illegitimacy, the rise of social diseases among children and adults, to the losses of assessed valuation, to the wreckage of business and residential neighborhoods, to overcrowding, to fires and fire hazards, to sanitation hazards, to school problems, to emptying cities of responsible, taxpaying citizens and subsidizing their replacement with those who create crime and violence and slum conditions, the right of welfare officials to issue cash to ne'er-do-wells to be spent in bars and on luxuries, but above all, the fast disappearance of the fundamental principle of our Republic: home rule.

Yet for attempting economic and social reforms, designed solely to help our city, premised entirely on the recognition of truly desitute people as needing public assistance, we have been roundly castigated, accused of being heartless, inhuman, illegal, rebellious, distorters of facts, perpetrators of a hoax, connivers to deprive the poor and unfortunate of needed assistance, bullies, 19th century know-nothings, publicity seekers, and more. Attempts have been made to discredit our lay committee report on welfare operations, to "get" the city manager, and to refute all of our statistics. We have been pictured as anti-Negro, brutes, and dictators. Most of this criticism, I might add, has come from outside of the city—in any event, we have been attacked on all sides, for attempting social and economic reforms.

Here is what happened. But first let me begin by stating unequivocally that both I and the majority of the city council are in favor of the ideology of welfare as it pertains to the limited use of public funds to safeguard the life and security of the indigent, the destitute, the disabled, the aged, the handicapped, and the socially maladjusted citizen. We are in favor of it. But as public officials, it is also our sworn duty to uphold the interests of our community in toto, and therefore all parts of the drama of human affairs being enacted before us are taken in perspective, as these parts equal a directional whole, as these parts meld themselves into a community image, as these parts result in the total success or failure of our city as we public officials are responsible. Welfare is not the sole cause of civic problems, nor is it the sole solution, but it is part of the cause, and part of the solution. We are responsible for that part. We must act on that part. We cannot ignore welfare, any more than we can ignore police, fire, or public works. We cannot consciously treat this element of social affairs as divorced from our total sphere of responsibility. But this is what the welfare people would have us do.

The city of Newburgh was born in 1709, and incorporated in 1865. It became a council-manager city in 1916. Its population of 31,000 people is squeezed into a dense land area of 3½ square miles, yet despite this density it is a lovely city, with many historic landmarks, such as the Revolutionary War headquarters of George Washington. We have over 300 varied industries and hundreds of small businesses. Our main industry is retail trade, as we serve 100,000 shoppers in the Hudson Valley. Like many eastern cities, we have lost population in the last 10 years. In fact, our problems are not particularly different from any old cities. Our employment situation is good—we are at about the national unemployment average of 6 percent of the working force. Anyone who really wants work can find it. The city's commerce and industry is thriving, with new plants setting up and new businesses constantly starting. Except for one part of the city, the riverfront part, we face a bright future. The position of the city council, and myself as their agent, is simply that we wish to keep our future bright. To do this a city government must act on all social and economic fronts, which we have done. Of these, only welfare resisted, hence this hassle.

The total resources of the community have for years been coordinated to improve its future; welfare being, until 1961, the sole exception. Among the things that have been done are the construction of two public housing projects, the beginning of an urban renewal program, 5 years ago, which this year has gone into demolition and construction, the closing of public bars, which were a menace to morals, health and safety, an expansion of the inspection staff and the formation of a team of fire, sanitation, housing, building, and plumbing inspectors, who have completely inventoried the city's housing conditions and corrected hundreds of violations, condemned houses, and actually sent to jail and fined those landlords who refused to raise standards of living. A capital improvement plan has been followed for years, and revised in 1961 to show a need for $7 million in more urban renewal offstreet parking, an incinerator, a sewage plant, road reconstruction, equipment replacement, and others. In 1961 many of these improvements were authorized by the city council, after getting the welfare operation under control. We got the headquarters of the Newburgh-Beacon bridge on our side of the river, stimulating the economy and employment, as well as getting a new State highway project through the city started, with similar impact.

Also, a trash and garbage cleanup program, new pedestrian litter baskets for our main business streets, changes in the zoning code to limit conversions of one-family homes to not more than three-family homes, changing the zoning code to stimulate and assist new industry, tightening up the fire code, a solicitation ordinance to protect housewives from fly-by-nights and criminals, a new dogcatcher system, plans to create a 36-acre industrial park, and others. In short, the city's efforts toward the total future of its society and economy, have been in progress for years, and have succeeded. The one missing link, the one lonely dissenter, was the city's department of public welfare, one of the five remaining city welfare districts in New York State.

Knowing that welfare involves the sensitivity of human happiness and sorrow, we approached this last island of resistance with extreme care. In November of 1960 I appointed a committee of lay citizens representing both political parties and three religious faiths, citizens of prominence and respectability and independent thought, to study the city's economic and social problems, with particular reference to public welfare. This committee met in my office with the former welfare commissioner weekly, and over a period of 4 months examined the laws, the procedures, the personnel, the budget, the philosophy, and administration of public welfare. They visited the homes of recipients and the city home and infirmary. They talked with all community leaders, public and private. They talked with the State department of public welfare officials, in short, they mastered the subject of public welfare and its correlation to social and economic conditions, and reported in a 46-page publication with charts and graphs, the whole of which was published in its entirety by the Evening News. Aside from scientifically analyzing the composition and meaning of slums, their most important findings were that 95 percent of the citizens were spending one-third of the city's total outlay ($1 million out of $3 million) to support 5 percent of the population (1,382 persons), and this 5 percent did not include those independently retired, on social security, unemployment benefits, etc. The committee found that while the taxpayers were devoting one-third of their taxes raised to financing public welfare, the city had at the same time lost control over welfare policy. The committee found that the greatest number of social and economic ills were concentrated in the riverfront area of the city, where was also the greatest welfare burden. Thus the highest incidence of crime, violence, fires and fire hazards, sanitation problems, disease, illegitimacy, housing violations, assessed valuation losses, school problems, hospital problems, and welfare all lay in one small section of the city. Since $8,800,000 had been spent on welfare in the city in the past 11 years, and since during this time these problems had increased, the committee felt that corrective action in welfare policy was imperative. One of the major conclusions of this committee was:

"We recognize our responsibility to help those in our city who are in need, as long as their need is real, and they are honestly striving to improve their economic lot and become self-sufficient as soon as possible.

"However, as long as our welfare department must abide by the arbitrary dictates of the State and Federal departments of welfare; as long as we cannot curtail the mass migration of untrained, uneducated persons, in the vast majority of cases, lacking in moral standards with no civic pride, the city administration can do very little to correct the situation."—Dr. Irving Weiner.

This report was delivered to the city council and published at the same time as the city council received its $7 million capital improvement forecast and a revenue forecast. These three reports were the foundation of the Newburgh revolt. First, welfare was "eating us out of house and home," in the words of Councilman George McKneally, who suggested the appointment of the committee. Second, the city needed rehabilitation like any old house, for its social and economic future, and third, it was obvious that as long as welfare remained independent of city policy control, the city would begin to deteriorate, taxes would rise by as much as 25 percent, and no capital improvements would be possible. Despite this, here is what Secretary of Health, Education, and Welfare Ribicoff said to the National Conference on Churches and Social Welfare:

"Newburgh's 'oversimplified solution' to our welfare problems is unrealistic, heartless, and self-defeating. It is a solution made by men who did not bother to learn the facts before they acted * * *. The city manager set out his conclusions before meeting the facts."

After months of careful study, and entreaties to the welfare personnel, both city and State, to cooperate with the other city departments for the good of the community as a whole, all of which were in vain, and being men of courage and deep conscience, the city council resolved to grant its city manager extraordinary powers to cope with welfare, over the objections of the department of public welfare. The city manager studied the welfare committee report, devised 25 policy changes, and returned it to the city council, which enacted 13 of them, and in so doing, declared it would do without Federal and State aid if necessary, thus lighting a match to a long-smoldering problem of national unrest and concern, although we were the first to show surprise at the attention we were to receive.

Not all of the 13 points are important. The important ones were based on the desire of the city administration to have discretionary powers to limit the amount of aid paid in some cases, the length of time some could be on relief, payment by voucher instead of cash where chiseling was suspected, the removal of many more illegitimate children from polluted environments than was being done, the denial of aid to people who quit jobs for no reason, or to those who refused reasonable employment while on relief, requiring able-bodied males to work, not for their relief checks, but for morale purposes, for the purposes of giving them constructive work, and recommending them for jobs in private industry, prohibitions on migrating to the city with welfare as a guarantee of security, and a requirement that the annual budget not be exceeded. All were based on the idea that welfare as it was operating was, in effect, a destruction of human incentive.

Almost immediately, the State board of social welfare acted to restrain us. A temporary injunction was granted by the courts, followed by a permanent injunction. During the course of this process, despite many pleas by the city for the board to come to Newburgh to see for itself what our problems were, a hearing was held by the board in Albany, a half hearing, one might say, for the board's carefully selected and rehearsed "testimony" was heard in the morning, and in the afternoon we were excluded from the public hearing on the specious grounds that we must limit ourselves to the 13 points, and could only tell them what I am telling you "in the backroom," that is, not in front of the public or the press. With this affront, naturally, the city council refused, and the hearing ended on a stormy note. The point of dwelling on this subject is simply that the State board of social welfare at no time ever showed any interest in our problems. Contrarily, they were dedicated to destroying our case and blocking our efforts at all costs.

Now despite all this interference, despite the injunction, we have succeeded in effecting our welfare reform aims, although the injunction has made it impossible to correct the specific deficiencies in the law we found. But here is what we did. We reduced the caseload from 1,382 persons in February of 1961 to about 900 in June, and kept this figure through December, and it did not rise much beyond that in February 1962, the usual "high water mark" of welfare caseloads. A deficit prediction of $50,000 in welfare was turned into a surplus for the year of $24,000, or a total savings of $83,000 for the year, reversing a 10-year trend. The first tax reduction in 8 years was effected through these reforms. The 1962 welfare budget was reduced 10 percent or $92,000, and we still see another surplus in 1962. The aid to dependent children caseload was reduced from 160 in February 1961 to 106 in the summer, and it stayed that way through November and was only 114 in December, 113 in January, and 117 in February, the peak.

In home relief, we came down from 100 in February to 20 in August and 19 in October, 23 in December, and 29 in January, with 26 in February, the peak. During this period of time the area unemployment rate remained the same. Thus two welfare axioms are disproved: that welfare is directly related to the unemployment rate, and that welfare is seasonal. Both of these axioms are the crutches by which the welfare people justify budget increases. These are no longer axioms, they are myths. And to top it all, the February report showed a net decline in welfare cases from 625 in January to 622 in February. We have placed so many children in foster homes that we have run out of foster homes, particularly for Negroes. We like to believe that the migration has stopped. Certainly a new climate exists. People no longer run to the welfare department like they used to—people are being more self-reliant, they are utilizing their abilities and families to help themselves—indeed, this is all we asked of them. Secretary Ribicoff states, "When the city manager's facts were disproved, his crusade for welfare fell flat." The progress we made could hardly be termed as falling flat.

As to popular acceptance, two of our incumbent city councilmen ran for reelection in November of 1961, our opponents made welfare the issue, our incumbent city councilmen stood firm, and they were reelected. Thus the program succeeded, through other techniques, despite a court injunction. It succeeded without hurting one needy person, and let me assure you that in a small city where everyone knows everyone else, you cannot hurt people without serious protest and severe criticism. No truly needy person was deprived of aid and comfort in time of need. On the other hand, the city council succeeded in capturing control over welfare and in protecting the economic, social, and moral interests of all the people.

We feel that unless the sum total of every department of the city results in benefit to the community as a whole, that department or those departments have failed in their missions. For the sole purpose, as far as we are concerned, of local, State, and National Government, is to serve the people as a whole. It is a government of the people, by the people, and for the people. As to welfare, unless welfare considers the perspective of the community's total economic and social conditions, work on individual cases is futile and wasteful. No arm of government, anywhere, has the right to spend tax dollars with no tangible results for those served. Our waterfront business district began to languish and die while welfare costs rose. The city council granted a reduction of $1 million in assessed valuation to the business people there in recognition of their plight. Pending is another $800,000. Welfare did nothing to help.

In spite of this failure by welfare to do its part in this problem, those in public welfare will tell you that the people are not competent to judge the "complex" matters of public welfare. They would make a science of it, unintelligible to the man on the street, such as economics, but as this happens we the people become disfranchised, and lose control over our future, individually and collectively. A specific reflection of the failure of welfare is aid to dependent children, and home relief. The first involves a broken home, the second, unemployment. These are nationwide problems. Our local statistics can be multiplied many times over to get the national impact. In our case, the aid to dependent children caseload increased 500 percent in 10 years, yet most other categories increased only by 50 percent. This caseload increase was accompanied by a quadrupling of the illegitimacy rate, almost all of it in the riverfront wards, where also the greatest inmigration took place. ADC is a mirror of social, moral, and economic conditions. It involves illegitimacy, separation, divorce, adultery, some widows, of course, but largely it is the mirror of the more sordid part of society. This rise in ADC represents a failure of the welfare program in its responsibility to the community as a whole. Our committee found ADC cases on permanent relief as follows: 14 for 1 to 2 years, 9 from 2 to 3 years, 6 from 3 to 4 years, 5 from 4 to 5 years, and 2 for over 5 years. In the words of Franklin Delano Roosevelt, in 1935: "Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic—a subtle destroyer of the human spirit." As to migration, we are not opposed to it except as it destroys our city. We have positive evidence that migration is a contributing factor to welfare costs and caseloads as well as to social ailments in general, and that it is a slum-building tool. Despite our opponents claims to the contrary, where they alleged that the State paid $209 for migrants in 1960, thus "proving" that migration is not a factor in welfare, here are the findings of our welfare department based on an analysis of the September 1961 caseload in aid to dependent children, TADC and home relief: 71 percent of all these cases were migrants, 67 percent of all migrants came in the last 10 years, 49 percent of all migrants came in the last 5 years, 20 percent of all migrants came in the last 2 years, and 62 percent of all migrant cases were in the slum section.

The above facts emphasize the need for residency laws in welfare.

Also 91 percent of all illegitimacy cases were in the slum wards, and 28 percent of all cases were due to marital failures, or no marriage.

The above facts reveal the failure of the welfare people, the churches, and the private charity agencies in fulfilling their responsibilities.

One family was paid $1,000 during September, including hospital costs (desertion), 17 families were paid over $200 a month, 1 family was paid $365 a month for desertion, 1 family was paid $312 a month for separation, 1 family was paid $269 a month for illegitimacy, 1 family was paid $255 a month for separation, 1 family was paid $246 a month for nonsupport separation, and 3 families with private incomes of between $208 and $253 were given supplemental assistance of $52 to $59 a month.

The above facts prove that you can make more on relief than when working, that the incentive for self-help has been destroyed, that the incentives for morality are eliminated, and that the welfare people are, in effect, subsidizing sin and irresponsibility.

Are slums inevitable? Do slums create second-class citizens? We say no. People create slums. Slums are unnecessary. Poverty has nothing to do with human values and behavior. Second-class citizens are second class because they don't care. And we think that the national welfare policy is stimulating a furtherance of slum building and immorality, and is eating away at the family unit, fidelity, and respect for the community. We cannot see the morality of paying welfare funds to assist in divorces, separations, adultery, crime and violence, disease and illegitimacy. The rigid inflexibility of welfare thought and policy makes it blind to that which is going on around. "It looks but it does not see, it listens but it does not hear." The time will come when public welfare will be forced, by public opinion, to correlate itself to the total efforts of Government, to accept its responsibility to society as a whole, and to be responsive to the will of the taxpayers and the legislatures, whom it has alienated and ignored over a period of 25 years of sociological experimentation and failure.

The foundations of the welfare empire are built on human emotions, an appeal to the charity of each individual. As such, this empire of thought and action has not only been unassailable, it has thrived and grown as each year has passed, for most of the welfare legislation has been sold to our representatives in a piecemeal fashion, based on the foreknowledge that no legislator wants to be accused of taking food from the mouths of babes. It has taken 25 years to discover that the philosophy behind this experiment is fundamentally unsound, and that the welfare bill has grown to monstrous financial proportions. Welfare is being used by those who don't need it, and those administering it are out of touch with public sentiment, indeed, the public moral. Welfare has grown to monstrous financial proportions, and has centralized frightening powers in the Federal Government. The economic and social consequences are just now becoming evident, and people everywhere are trying to solve the riddle as to how welfare costs and caseloads have risen far ahead of population increases and inflation, in peace and war, depression and prosperity.

The people are looking for the answers, and they thrilled, as did I, when President Kennedy made his monumental statement: "Ask not what your country can do for you, but what you can do for your country." Yet Kennedy's own Welfare Secretary threatens to "cut off aid to States who do not comply with my orders," by which he refers not to a program to grant home rule to each State in accord with Kennedy's declaration, but to a program of administrative changes costing $17 million the first year, followed by legislative proposals costing $92 million involving Government sponsorship of measures to reform social welfare practices, based on the same old theory—that government shall do all for the country. The net impact of these proposals is about one-half a billion dollars when it is translated into participation by the States, counties and municipalities. "Nothing is easier than the expenditure of public money; it does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody."

The only thing the welfare people have proved in 25 years is that Government handouts are not the solution to problems of indolence and immorality. Whenever the Government steps in with welfare, the churches and private charity agencies step out, and the freeloaders climb aboard. Wherever there are slums, wherever there is crime and violence, wherever there is illegitimacy and disease, there is welfare, and where there is welfare, these problems increase, steadily and inevitably. The presence of the Government welfare philosophy in slum areas is a contributing factor to slums, because the incentives for self-help are destroyed, and the inhibitions toward immorality are eliminated. What is wrong with welfare today is not the need for technical improvements. What is wrong is the philosophy that Government can or should operate in this area as it does. The philosophy that man is not responsible for himself is wrong. The theory that the Federal Government or for that matter, the State governments, can or should dictate policies to municipalities and counties is wrong. Such a theory will lead to one certain conclusion: the control over local affairs by Washington—the loss of home rule, the rootstock of our democracy.

Secretary Ribicoff has stated publicly that "we are ahead of the Russians in welfare," and that we should be proud of it. I say we should be ashamed of it. What has happened to individual enterprise? To initiative? To pride? To fidelity? And yet Mr. Ribicoff is saying, in effect, that the system which is slowly destroying our national morals and self-sufficiency is a good system, that he is going to add to it, and "if the States don't comply, we'll cut off their money." And who, may I ask, agrees with this trend of thought? I doubt that Democrats agree. I doubt that Republicans agree. The people, who are most affected, have not been asked. Those who will agree will be those who will either be relieved of financial responsibility, such as the private charity agencies and church arms, or those who will admit to the desirability of a Federal Government which will, at its present rate, eventually invade every area of human endeavor in these United States, to the point where the 19th century will be merely the high water mark of the prosaic history of the system once known as capitalism.

I have predicted before and I predict again that any changes in the welfare laws on the national level by the present administration will result in more spending, more bureaucracy and less home rule. Secretary Ribicoff, well intentioned as he may be, fails to recognize that no improvements can be made under the present philosophy of public welfare. This philosophy is 25 years old, it was evolved during a national disaster, it is based on Government as the solution to all problems. Solutions such as those proposed by the New York School of Social Work at Columbia University, for example, will only complicate the problem. Is the solution, as they outline it, to "set up a new Federal office to coordinate two others? (Parkinson's law.) To abolish all residency requirements throughout the United States? To expand welfare eligibility to all groups not even having economic dependency? To make welfare available to anyone in need? To eliminate the powers of States and municipalities to make their own rules? Is this not the way to the centralization of all power in the hands of Washington bureaucrats? Is this not declaring local legislatures to be incompetent?

What is the core philosophy of public welfare? To illustrate what it is, I shall quote to you from the latest pamphlet of the Department of Health, Education, and Welfare, called "Unmarried Parents—A Guide to the Development of Services in Public Welfare." This pamphlet has been distributed nationally to all welfare personnel. It is Federal policy. Significantly enough, it emphasizes the development of welfare rather than the reduction of it. It is the "how to" for social worker organizers. There are some alarming statements in this manual. First, while Government manuals do not ordinarily deal in morality, this manual is on unmarried parents, and as such should acknowledge somewhere a moral basis to the problem of illegitimacy. It does not. Contrarily, it says on page 7: "(modern living) practices seem to imply an acceptance in our society of freedom in sex relations outside of marriage." It goes on to recommend the following policies:

1. Set up procedures to find new cases.
2. Return adolescent illegitimate mothers to junior and senior high schools.
3. Make welfare assistance easier.
4. Abolish residency requirements nationwide.
5. Set up social welfare lobbies to get new welfare legislation.
6. Provide medical care to illegitimate mothers superior than that afforded mothers who respect society.
7. Eliminate all roadblocks to certifying new cases.
8. Adulterers are now to be known as "new partners."
9. Nowhere is religious theory used or mentioned.
10. The taxpayer's interest in saving money is "moralistic."
11. Forcing adulterers to marry is wrong.
12. "Need" alone shall be the sole qualification for relief (need, not poverty. Need means income minus expense).
13. Every citizen has a right to welfare.
14. Conceal out-of-wedlock pregnancies from one or both parents.
15. Do not require a male adulterer to assist, if he does not want to, or if it will disrupt his life.
16. Use a nonjudgmental attitude.
17. Eliminate illegitimate paternity as a criminal offense.
18. Treat each client carefully in order that he or she will recommend others for welfare.

I ask you, do these policies agree with the American concept of morality? Will they reduce or stimulate illegitimacy? Will they improve or destroy social standards? Yet this manual is official Federal policy, the undercarriage of Ribicoff's new "reform" proposals. It was Abraham Lincoln who said: "You cannot help men permanently by doing for them what they could and should do for themselves."

The trouble with our welfare leaders today is that they have never had to look at the practical side of life. The problems of slums, of crime, of violence, of illegitimacy, of disease, of cities fighting for social and economic survival, have no meaning to them, because they have not had to manage or regulate cities, or to solve these problems. They disclaim any responsibility for the causes or solutions to the very problems they deal with. They treat only the symptoms. They live in a fairyland which has no relation to real life.

Welfare has lost effective contact with the wishes of the electorate. This contact must be restored and maintained. The control over welfare policies must be returned to the electorate, and be seized back from the bureaucrats. Sweeping changes are in order. The "13 points" of social reform attempted by Newburgh will solve much of the dilemma, but they are not the real answer. The real answer lies in changes in the laws, both State and National. Such changes will restore public confidence in the welfare principle, keep taxation to a minimum, yet serve the interests of each community and the destitute to their mutual and best advantage. Simplified, the only thing that needs to be done at this point is to continue the grant-in-aid system for the time being, but eliminate all Federal and State policy controls which prevent localities from solving their problems their way—in short, give home rule power over welfare back to the localities which once had it. This can be done with no adverse effects other than to reduce the number of bureaucrats at work.

It is not necessary to spend one-half a billion dollars a year to achieve welfare reforms. The reforms I suggest will not cost one cent. Do this, and save most of the $4 billion Ribicoff is so proud his Department is spending, when he boasts that "we are ahead of the Russians in welfare." Do this, and the truly destitute will be protected. Do this, my friends, and you will see up to 90 percent of all welfare cases disappear overnight. If you doubt this last statement, study the history of Brooklyn in 1878, when 40,000 persons were cut off relief overnight, and nobody starved, died or froze to death.

But I feel that unless our elected leaders have courage, any new legislation will merely further the cause of bureaucratic boondoggling and national maternalism. It is evident that the cartel of social welfare bureaucrats, welfare lobbyists and university theorists will fight to the end to preserve their empire. They will not retreat, they will not compromise, they will not listen to reason, although a faint ray of hope has pierced the clouds of taxpayer frustration in the action of the New York State Board of Social Welfare, which has finally repudiated Ribicoff, endorsed Newburgh's principles, and forced the resignation of the State welfare commissioner.

Federal, State, and local governments should back out of as much of the welfare business as possible. It can be done without political repercussions. Welfare is not a proper Government responsibility as it is now operated, and the facts have proved that the present theory and philosophy has failed. The social and economic results have been catastrophic. The concept that government shall be all things to all men will be our Nation's undoing. I submit that the ultimate solution is a return to morality, a return to sanity, a return to solvency, a return to home rule. I submit that the ultimate solution is to call a halt to further welfare legislation, then to reduce its size and scope. I submit that aid to the truly needy is rightfully the primary responsibility of families, the churches and private charity agencies.

In summary, local policy control should rest with elected officials at the local level. In this manner the administration of public welfare will comprehend and reflect the wishes of the people of each area, be these wishes radical welfare, or conservative welfare. The result will be a welfare program which the people want, not a program which the bureaucrats think the people should have. All this is based on the assumption that most people want less government and more freedom.

In closing, I wish to recite to you "My Creed" by Dean Alfange, a creed which expresses the valiant spirit of the citizens of Newburgh, its majority city council, and my own feelings as their city manager, as well as the principles of welfare which we follow:

"MY CREED

"I do not choose to be a common man. It is my right to be uncommon, if I can. I seek opportunity, not security. I do not wish to be a kept citizen, humbled and dulled by having the State look after me. I want to take the calculated risk; to dream and to build, to fail, and to succeed. I refuse to barter incentive for a dole. I prefer the challenges of life to the guaranteed existence, the thrill of fulfillment to the stale calm of utopia. I will not trade freedom for beneficence, nor my dignity for a handout. I will never cower before any master, nor bend to any threat. It is my heritage to stand erect, proud, and unafraid; to think and act for myself, to enjoy the benefit of my own creations, to face the world boldly and say: 'This I have done.' And all this is what it means to be an American."—Dean Alfange.

I thank you for your attention.

---

### STATEMENT BY CITY MANAGER JOSEPH McD. MITCHELL, CLARIFYING CITY'S POSITION ON NBC WHITE PAPER NO. 9, "THE BATTLE OF NEWBURGH"—JANUARY 29, 1962

The NBC so-called white paper No. 9, called "The Battle of Newburgh" and broadcast nationwide January 28, has resulted in overwhelming public indignation. The general reaction of the public is that this film was biased, distorted, misleading and in all respects damaging to the reputation of the city. There follows a brief critique of this film:

1. Approximately 60,000 feet of film were taken and 2,000 or less were used. In this clipping process most of the prominent civic leaders who were very articulate on this subject and who were filmed in support of us, were cut out.

2. Those leaders who were used were by and large biased. I refer specifically to a

former Congressman, a former judge, and a pastor, whose wife works in the welfare department. These people were not identified as to their interests and philosophies which were contrary to us, and were made to appear as typical citizens.

3. The use of cases was highly emotional and no proper explanation of the case history was given. For example, in the family last shown where the man cried, this is a family which has been on relief for years and which has made no constructive contribution to the city. His statements were partially lies. This man's appearance was arranged by the head of a local charitable agency for the express purpose of damaging our case.

4. Extended efforts were made to refute the city manager's position by showing him making a statement followed by a specially arranged shot to attempt to disprove what he said. This was emphasized by the accent and emphasis of Chet Huntley. ("No truly needy person has suffered" followed by crying man.)

5. The budget data used was false. It made it appear that two-thirds of the recipients were old age or blind, and that only a very small fraction were aid to dependent children. The facts are that one-quarter were aid to dependent children and a good proportion, approximately 17 percent, was going into administration.

6. The beauty of the city was ignored, its historical background was ignored, and its many advantages were ignored. Efforts were made to show the entire city as a slum. Many beautiful residences were not photographed. Three-quarters of the city was left out of the film and the result was to give the city the appearance of complete decay.

7. Most of the city manager's detailed statistics in reply to charges made against his program were left out.

8. The producers and directors of the film broke two solemn pledges to the city manager: These pledges were that the film would not damage the city and that it would be completely impartial.

9. The migration factor was distorted. The city manager has positive facts to show that migration from the South has been one of the contributing factors to the city's problems.

10. The impression was given that we persecute the aged and the blind. One old woman walking away from the welfare department was made to represent the entire old-age group.

11. The muster or rollcall of recipients was distorted. The film failed to note that many recipients rolled up in Cadillacs, expensive cars of various kinds and taxicabs. They gave the impression that nearly everyone in the line was crippled, disabled, blind and aged, etc.

12. The true popularity of our program among the people as reflected in our successful election based on this issue and as reflected in the popularity of the city manager's speeches throughout the Nation, has been covered up.

13. None of the 13 points were explained, either in their wording or the meaning of them, or the purpose of them.

14. Our success as reflected in cutting taxes, reducing the budget and reducing the rolls without hurting anyone, was completely ignored.

15. Our principal defense took place in a bar and of course the impression to the public was that the articulate, intelligent, informed public was represented by those who are against us and the only ones in favor of us were those sitting around bars drinking.

16. All through the film opinions were emphasized with facts distorted or omitted.

17. The city manager was personally ridiculed time and again. For example, in one case where he was quoted as saying that anyone who wanted a job could find it, and then they quoted the U.S. Department of Labor as saying the Newburgh City was a surplus labor area, but they failed to point out that we have reduced the rolls while this area unemployment rate has remained the same.

18. Migration statistics were left out and it was made to look as if there were no migration and then very little from the South and very little impact on welfare. This is the party line of those who oppose us and it even disagreed with the statements of the school superintendent.

19. The woman who appeared so often, speaking against the city, was a Mrs. Sulkers, who was reading from a prepared script every time she dropped her eyes. She has been on welfare by her own choice, having been divorced by her husband for adultery.

20. The script was prepared and edited in part by a Miss Barbara Katz, a former Newburgh caseworker who has been vigorously opposed to us and who has written many letters to the editor locally against us.

21. The man who cried, Thomas Herbert Hoover Weygant, was, to the information we have gathered to date, rehearsed and paid by NBC for his performance after being urged to put on this act by the head of a local private charity agency. He has a criminal record for disorderly conduct, burglary, and petty larceny. He has disgraced the very proud family name here in the city and is widely known for his inability to hold any job for long.

22. The old lady shown trudging away from the welfare department in the scene designed to show persecution of the aged, was rehearsed several times in order to get the worst possible image.

23. The comments of the dear blind lady in our favor were deleted.

24. The individuals shown at the Hofbrau bar were furnished whiskey early in the morning by NBC and told to drink it and start talking. This is how they became "oblivious" to the camera.

25. Efforts were made by NBC to get the welfare clients filmed to put on their worst possible clothing and to make the most persecuted appearance.

In all respects, this was a film which took the guise of a "white paper" which means that it should be impartial, and was the most partial and partisan effort on record in the welfare field, it played into the hands of the welfare leaders who would create bigger welfare programs and spend more money and it was a deliberate attempt to destroy a man, an issue, and a city.

The city manager presented to the council a list of 13 procedural changes in welfare administration as follows:

1. All cash payments which can be converted to food, clothing, and rent vouchers and the like without basic harm to the intent of the aid shall be issued in voucher form henceforth.

2. All able-bodied adult males on relief of any kind who are capable of working are to be assigned to the chief of building maintenance for work assignment on a 40-hour week.

3. All recipients physically capable of and available for private employment who are offered a job but refuse it, regardless of the type of employment involved, are to be denied relief.

4. All mothers of illegitimate children are to be advised that should they have any more children out of wedlock, they shall be denied relief.

5. All applicants for relief who have left a job voluntarily, i.e., who have not been fired or laid off, shall be denied relief.

6. The allotment for any one family unit shall not exceed the take-home pay of the lowest paid city employee with a family of comparable size. Also, no relief shall be granted to any family whose income is in excess of the latter figure.

7. All files of all aid-to-dependent-children cases are to be brought to the office of the corporation counsel for review monthly. All new cases of any kind will be referred to the corporation counsel prior to certification of payment.

8. All applicants for relief who are new to the city must show evidence that their plans in coming to the city involved a concrete offer of employment, similar to that required of foreign immigrants. All such persons shall be limited to 2 weeks relief. Those who cannot show evidence shall be limited to 1 week relief.

9. Aid to persons except the aged, blind, and disabled shall be limited to 3 months in any 1 year—this is a feature similar to the present policies in unemployment benefits.

10. All recipients who are not disabled, blind or otherwise incapacitated, shall report to the department of public welfare monthly for a conference regarding the status of their case.

11. Once the budget for the fiscal year is approved by the council, it shall not be exceeded by the welfare department unless approved by council by supplemental appropriation.

12. There shall be a monthly expenditure limit on all categories of welfare aid. This monthly expenditure limit shall be established by the department of public welfare at the time of presenting the budget, and shall take into account seasonal variations.

13. Prior to certifying or continuing any more aid-to-dependent-children cases, a determination shall be made as to home environment. If the home environment is not satisfactory, the children in that home shall be placed in foster care in lieu of welfare aid to the family adults.

---

NATIONAL BROADCASTING CO., INC.,
*New York, N.Y., April 11, 1962.*

Hon. THOMAS B. CURTIS,
*House of Representatives,*
*Washington, D.C.*

MY DEAR MR. CURTIS: Thank you for your letter of April 2.

Upon reviewing the correspondence to which you refer, I note that your letter of February 10 to Mr. Gitlin requested advice or information to assist you in responding to constituents who protested that only one side of the question was shown in the NBC white paper, "The Battle of Newburgh."

What you received from Mr. Kasmire in behalf of the National Broadcasting Co. was a copy of NBC's response to the Federal Communications Commission's request for comment on substantially the same objection. The objection had been made formally to the FCC by Joseph McD. Mitchell, city manager of Newburgh, and consisted of 18 separate points. Our records indicate that Mr. Kasmire sent you a copy of NBC's itemized comments on these 18 points, as well as a copy of the letter with which Mr. Thomas E. Ervin, vice president and general attorney of NBC, accompanied these comments in responding to the FCC.

In response to your current query, I can tell you that Mr. Ervin's letter and the accompanying list of NBC comments represented our company's carefully considered response to the Commission after a thorough review and evaluation of the program. At the time he wrote, he also provided the Commission with a copy of the script of the program.

I am taking the liberty of enclosing a script so that you may be in a position to familiarize yourself at firsthand with the material at issue. In the interest of completeness, I assume you may wish to consider it—as well as the information Mr. Kasmire sent you—part of the correspondence on this subject that you plan to place in the CONGRESSIONAL RECORD.

I believe a reading of the script in conjunction with the material you already have received may clear up some misunderstanding reflected in your letter. For example, Mr. Huntley was not presented as a "moderator," as you indicate, nor was the program presented as a "debate" or an exhcange of opinions. Rather, the program attempted, in the spirit suggested by the title "White Paper," a fair and thorough inquiry into the ascertainable facts in the interest of presenting the truth. In the course of the program, Mr. Mitchell had ample opportunity to describe his welfare program and its underlying philosophy, as well as his estimate of the results. At the same time, the report gave appropriate weight to the facts gathered conscientiously and fairly over a period of months by an NBC News team covering the actual operation of the welfare program in Newburgh.

Your letter of April 2 invites my comment on certain other allegations that you describe as substantiating "deliberate bias" in "The Battle of Newburgh," although you do not specify what these allegations may be. I would be glad to offer any comment I can provide on such additional allegations if you will inform me just what they are. I would have supposed, however, particularly in view of the length at which he itemized his objections in his complaint to the FCC, that Mr. Mitchell's submission to the Commission represented as complete and effective a presentation as he thought he could make on this subject.

Since you sent a copy of your letter to the FCC, I am taking the liberty of providing the Commission with a copy of this reply.

Sincerely yours,

Robert W. Sarnoff.

---

Federal Communications
Commission,
*Washington, D.C., April 16, 1962.*

Hon. Thomas B. Curtis,
*House of Representatives,*
*Washington, D.C.*

Dear Congressman Curtis: I have your letter of April 3, 1962, enclosing a copy of your letter of April 2, 1962, to Mr. Robert Sarnoff, chairman of the board of the National Broadcasting Co. In your letter to Mr. Sarnoff, you express your views with respect to the program entitled "White Paper No. 9: The Battle of Newburgh" which was broadcast by the National Broadcasting Co. and you ask for my comments.

You may recall that in my letter to you of March 30, 1962, I indicated that members of the Commission's staff had viewed the film in question and that all of the material submitted by Mr. Mitchell and NBC was being studied by the Commission. In view of the fact that the matter is in an adversary state and will be before the Commission in the near future, you will appreciate, I am sure, why it would be inappropriate for me to comment on the issues at this time. Any comments which I may make might be interpreted as a prejudgment of the matter.

I appreciate your interest in sending the enclosure to me. Arrangements have been made to advise your office of any action taken by the Commission in this matter.

Sincerely yours,

Newton N. Minow, *Chairman.*

---

National Association of Broadcasters,
*Washington, D.C., June 15, 1962.*

Hon. Thomas B. Curtis,
*U.S. House of Representatives,*
*Washington, D.C.*

Dear Mr. Curtis: The NAB television code is the concrete expression of the broadcasting industry's vital interest in and support of self-regulation.

Last month, after almost 2 years of study, a new edition of the code was published. I am enclosing a copy for your personal use.

While no major changes of substance were made in the basic document, it has been reordered and thoroughly indexed so that we think it will be much easier for network and station personnel to use as a working manual.

The support given in the past to the code and the philosophy it reflects has been a great aid to those of us who administer it. We welcome your continued help.

Sincerely,

Robert D. Swezey,
*Director.*

---

Federal Communications Commission,
*Washington, D.C., July 25, 1962.*

Hon. Thomas B Curtis,
*House of Representatives,*
*Washington, D.C.*

Dear Congressman Curtis: This is with further reference to your letter of March 20, 1962, concerning the program entitled "White Paper No. 9: The Battle of Newburgh," broadcast by NBC on January 28, 1962.

I am enclosing for your information a copy of the Commission's letter of July 18, 1962, to Mr. Joseph McD. Mitchell, city manager of Newburgh, N.Y.

Sincerely yours,

Newton N. Minow,
*Chairman.*

---

Federal Communications Commission,
*Washington, D.C., July 19, 1962.*

Report No. 4276: Broadcast action.

The Commission en banc, by Commissioners Minow (Chairman), Hyde, Bartley, Lee, Craven, Ford, and Cross, took the following action on July 18:

Letter to Newburgh, N.Y., city manager, who complained about NBC–TV program, "The Battle of Newburgh": The Commission has addressed the attached letter to City Manager Joseph McD. Mitchell, of Newburgh, N.Y , who complained about a TV program entitled "White Paper No. 9: The Battle of Newburgh," which was broadcast on January 28, 1962, by the National Broadcasting Co.

---

Federal Communications Commission,
*Washington, D.C., July 18, 1962.*

Mr. Joseph McD. Mitchell,
*City Manager City of Newburgh,*
*Newburgh, N.Y.*

Dear Mr. Mitchell: This is with further reference to your letter of January 29, 1962, and our subsequent exchange of correspondence, concerning your complaint that the NBC White Paper No. 9, "The Battle of Newburgh," was biased, misleading, and lacking in objectivity. You also alleged that NBC had violated two promises made to officials of the city of Newburgh, i.e., that the program would not harm the city and that it would be a fair portrayal of the city as a whole.

As indicated to you and other complainants on behalf of the city, the complaints were brought to the attention of the National Broadcasting Co. and it was afforded an opportunity to submit its comments. In the course of our consideration of this matter, the Commission has reviewed the script of the program and several members of the Commission's staff have viewed a video tape of the program.

It appears from all the information before the Commission that NBC has denied that any pledges were made or commitments were entered into with city officials as alleged by you. NBC states that the purpose of the program, to examine the city welfare policies and practices, was made clear to all concerned. In support, reference is made by NBC to your letter of October 30, 1961, to the director of the program, in which it was indicated that it was your understanding that the program was to concern itself with "the Newburgh welfare situation"; and reference was also made to press releases issued by the network prior to the broadcast of the program clearly delineating its purpose, and to the program introduction itself.

You have also furnished a tape recording to the Commission which, you allege, proves that NBC paid Mr. Weygant, one of the persons who appeared on the program, to make certain untrue statements. This tape has been carefully reviewed by the Commission and in view of its erratic sound level and background noises, the voices and the content * * * elements usually necessary to meet the public interest, needs and desires of the community in which the station is located * * * [are] * * * (6) public affairs programs, (7) editorialization by licensees. * * *

A necessary concomitant of an informed public opinion is the public's opportunity to hear and have presented to it the often contrasting views of the responsible elements in the community. The broadcaster's contribution to the development of an informed public opinion is made when, as noted in the "editorializing report," the licensee plays a "conscious and positive role in bringing about balanced presentation of the opposing viewpoints." And, within this framework, of course, the licensee has the opportunity to express his own views as part of the overall presentation of varying views.

After a careful review of the script of the program and a viewing of the program itself, it appears that there were substantial portions of the program—principally those in which you appeared, although there were several other portions as well—which favored your position; that some portions of the program could not be said either to favor or oppose your welfare policies; and that some portions of the program, principally those in which the narrator spoke, were devoted to a presentation of facts and statistics, which, to the extent that they were inconsistent with your conclusions, may be said to have contradicted those conclusions.

Nowhere, however, is there any evidence of an effort by NBC to present a documentary which would deliberately favor one side over the other. On the contrary, we are of the opinion that the program represented a conscientious and responsible effort to review and analyze a problem, the symptoms of which were and are highly controversial.

We appreciate your strong feelings and convictions with respect to the subject matter of the above program. However, the Commission must limit its consideration to the program material actually broadcast, giving full recognition to the broad discretion vested in licensees in producing programs for broadcast use, subject, however, to compliance with Commission policies.

In the application of the "fairness doctrine" to all of the above, we are unable to conclude that there was a lack of "reasonable opportunities" for the presentation of opposing views on the subject program.

By direction of the Commission:

Ben F. Waple,
*Acting Secretary.*

---

Congress of the United States,
House of Representatives,
*Washington, D.C., August 13, 1962.*

Mr. Newton N. Minow,
*Federal Communications Commission,*
*Washington, D.C.*

Dear Mr. Minow: Thank you for your letter of July 25, 1962, in which you enclosed a copy of the Commission's letter of July 18, 1962, to Mr. Mitchell, city manager of Newburgh, N.Y.

Now that this matter is no longer "in an adversary state" as you advised me in your letter of April 16, 1962, it was, I would appreciate it if you would comment upon the issues I raised in my letter of April 2, 1960, to the chairman of the board of NBC, a copy of which I forwarded to you.

I was disappointed to find that the Commission's letter to Mitchell did not touch on the points. They seem basic to the issue.

UNIVERSITY OF MICHIGAN LIBRARIES

Let me restate them. Is it fair and proper for a moderator, commentator, editor (call Mr. Huntley's role in the NBC white paper on Newburgh, N.Y., what you will) to speak as a partisan in a program which is billed as a fair and objective presentation of a controversial issue, without disclosing that he is a partisan?

If he is a partisan, as the broadcast unquestionably shows he is to one familiar with the issue in controversy, then should not those who disagree with Huntley's partisan position be given an opportunity for replication?

The use of the term "white paper" entitles the public to believe that they are going to have presented to them fairly both sides, or all sides, of a controversial issue. Mr. Huntley acts as moderator in ostensibly presenting differing points of view and the audience is entitled to believe the comments on his part are strictly fair and objective.

The partisanship of the presentation aside from the film editing itself can be found in Mr. Huntley's commentaries. An examination in detail of the semantics employed by Mr. Huntley reveals that they were cleverly designed to sustain the illusion of objectivity, while at the same time putting in subtle appeals to the prejudice, not to the reason, of the TV audience.

There seems little purpose in setting out the details to demonstrate this point as it has become quite clear to me that the Commission well versed as its members are in propaganda and mass psychology is obviously aware of it and has chosen to look the other way. However, for the record I shall list a few details.

The "voice," Mr. Huntley, begins his "objective" presentation of the issue with this description of Mitchell's position "getting tough with welfare," "Carrying his war against welfare * * *." This is an untrue presentation. At best it is a presentation that bears with it the very point in issue. Mr. Mitchell's position is not against welfare or carrying a war, his or anyone else's, against welfare, Mr. Mitchell's position, sustainable or otherwise, is that true welfare has been corrupted and he is opposing what he believes to be the corruption of welfare.

That is the issue. Mr. Huntley knew that was the issue. The NBC producers knew that was the issue. I am certain the Commission knows that that is the issue in controversy.

Certainly the public in general will be prejudiced against anyone who is "waging his war on welfare" and if a purportedly objective commentator stated this, almost as an aside, to be a fact the uninformed public would tend to be prejudiced from then on about anything such a person had to say. Mr. Huntley and the Commission are sufficiently learned in psychology and human relations to know this. There is only one fair conclusion to be drawn. This was deliberately planned to appeal to prejudice and not to reason. The cleverness of this device makes it more damning than ever.

Mr. Huntley keeps his basic theme going throughout his commentary. At one point he slips in this prejudicial aside. "Mr. Mitchell seems to find welfare guilty by association," and then concludes this episode with this sarcastic comment: "I apologize for stating the obvious. But it appears that the obvious is being overlooked." By whom, the viewers are supposed to ask themselves? The answer Huntley seeks from the audience is quite clear, by those who might be tempted to disagree with Mr. Huntley's presentation, particularly the adversary, Mr. Mitchell.

Huntley comments upon one of Mitchell's statements in this manner. "It's one thing to talk about welfare recipients in the abstract. But it's quite another to go down into the city and meet them in person." The camera then takes the audience down to meet the ones selected by Mr. Huntley and the NBC producers. Question: Does Mitchell talk about welfare recipients in the abstract? Yes, but also he talks in detail just as Mr. Huntley or anyone else trying to understand the subject would do. What then is the purpose of this remark other than to create the false impression that Mitchell talks abstractly without thinking about the individual human beings and to take the audience's mind off the crucial question, Are the cases we are now being shown by the camera typical and fairly presented?

Mr. Huntley keeps digging at the prejudice he has sought to sew in his audience against any position Mitchell might present with comments and aside like the following: "While individuals have problems, so, of course, do cities. And it's this aspect of welfare that Mr. Mitchell prefers to stress." Is this true? No, but it is the image that Huntley is seeking to portray to the audience, that Mitchell and people who have similar views are not really concerned about people.

Mr. Huntley in one of his longer statements closes with this remark: "* * * they have been among the victims of Newburgh's welfare crusade." Is the word "victim" in this context the word a person seeking to explain to the public objectively the points of view involved in a serious public issue would use? Hardly so. It is the choice of a partisan and such selectivity runs throughout Huntley's remarks.

Mr. Huntley closes another commentary toward the end of the program this way: "* * * And yet it is this relatively small percentage that is at the heart of most of the public outcry against welfare." Here he picks up the theme he sounded at the start, the issue is between those who are for welfare and those who are against welfare. The true issue, of course, is whether or not welfare programs have been abused to the extent that welfare has been damaged.

At another point Mr. Huntley states "The image of the able-bodied loafer idling on the welfare rolls." What is the purpose of the choice of the word "image" other than to suggest to the audience that its truth is in question. Indeed, this might be a false image or it might be a true image. I believe one trying to be objective would have used a neutral word like "belief."

Mr. Huntley at times dropped his role of objective commentator to set his audience straight on a point made by the adversary. He concludes one dissertation by saying, "Mr. Mitchell was able to locate only one able-bodied worker." What is Mitchell's replication to this partisan observation? The audience will never know. Huntley quietly shifts back to the role of objective commentator. Indeed he hopes the audience does not perceive that he dropped his mask.

Mr. Huntley at one point uses a classroom example of unfair debate tactics. He refers to his opponent's position as "a popular notion" and his position as "the facts."

I have picked out a few examples from the script which are illustrative of the NBC–TV production. As the Chinese say one picture is worth a thousand words and the bias of the pictorial aspect of the show transcends the verbal. The cartoonist Herblock in one cartoon succinctly portrayed the unfairness and bias the NBC show sought to seed in the public's mind. This cartoon pictured Senator Goldwater glaring at a pitiful little child. The point was, anyone who did not agree with Herblock's views on how we should handle aid to dependent children, hated little children, particularly Barry Goldwater and his ilk.

This tactic seems to be a favorite one of those whom I would call the dominant pseudointellectuals of today. If you don't agree with their theories of handling social problems, you hate people. You are at war with welfare. It is the classic example of ad hominen argument, attack the motives and integrity of the adversary and avoid his set of facts and arguments.

I am convinced that this method of debate which has been condemned by all scholars from Socrates on down is doing more damage today toward our society reaching intelligent solutions to our social problems than anything I can think of. It does its harm in two basic ways: 1. It works against intelligent discussion of difficult issues. 2. It encourages excesses on the other side stemming from legitimate righteous indignation that "we have been smeared" and so the same kind of mud starts coming back. The more the mud is slung on both sides the more intelligence is driven from the forum of public debate. The radio and TV waves should not be licensed to programs which resort to this kind of deceit and mudslinging, however sophisticated it may be.

If you care to comment upon these observations, please do so.

Sincerely,

Thomas B. Curtis.

---

August 13, 1962.

Mr. Robert Sarnoff,
*Chairman of the Board,*
*National Broadcasting Co.,*
*New York, N.Y.*

Dear Mr. Sarnoff: I want to acknowledge your letter of April 11, 1962, in reply to my letter of Apirl 2, 1962. I held this matter in abeyance after receiving a reply dated April 16 from Chairman Minow of the FCC saying that it would be inappropriate for him to comment in view of the fact that the matter was in an adversary state.

I have now received a reply from Mr. Minow in which he encloses a copy of the Commission's letter to Joseph Mitchell, city manager of Newburgh, N.Y.

I have replied to Mr. Minow and I am enclosing a copy of this reply. I would be happy to receive any comments you would like to make on the observations I have made in this reply and in this present letter.

In the meantime, I was happy to receive from Robert Swezey, the director of the National Association of Broadcasters, the seventh edition of the television code of the National Association of Broadcasters, dated May 1962. I am impressed with section VI and section VII (controversial public issues and political telecasts) of this code.

Clause 3 of section VI states: "Programs devoted to the discussion of controversial public issues should be identified as such. They should not be presented in a manner which would mislead listeners or viewers to believe that the program is purely of an entertainment, news, or other character."

Section VII states: "Political telecasts should be clearly identified as such. They should not be presented by a television broadcaster in a manner which would mislead listeners or viewers to believe that the program is of any other character."

In my judgment NBC White Paper No. 9: "The Battle of Newburgh" violates both of these provisions of the code. It was a political telecast designed to influence the public attitude to one side of a highly controversial issue while presented in the guise of being an objective presentation of the facts and arguments in this controversial public issue.

The reaction of both NBC and the FCC to this criticism convinces me that not only was this intended but when it is brought to the attention of the persons who make policy in NBC and FCC they intend to do nothing about it.

I trust even at this late date you will see the tragedy for America inherent in this attitude.

Sincerely,

Thomas B. Curtis.

August 13, 1962.

Mr. Robert D. Swezey,
*Director, the Code Authority, National Association of Broadcasters, Washington, D.C.*

Dear Mr. Swezey: Thank you for your letter of June 15, 1962, enclosing a copy of the NAB television code prepared as your letter states after almost 2 years' study.

A code is only as good as its enforcement. I am enclosing for your consideration letters I have just written to Newton N. Minow, chairman of the FCC, and Robert Sarnoff, chairman of the board, National Broadcasting Co., concerning a television broadcast of NBC, Sunday, January 18, 1962, 10–11 p.m., e.s.t., entitled "NBC White Paper No. 9: The Battle of Newburgh."

In my judgment this broadcast violated your present code of ethics, possibly also the code of ethics in effect prior to the adoption of the new code.

I believe my two letters set forth the basis for my charge of violation. I would appreciate knowing what procedures the NAB has set up to enforce this code of "self-regulation". Any comments you might care to make on the charges set forth in my two letters would be appreciated by me.

Sincerely,

Thomas B. Curtis.

---

Federal Communications Commission,
*Washington, D.C., August 17, 1962.*

Hon. Thomas B. Curtis,
*House of Representatives,*
*Washington, D.C.*

Dear Mr. Curtis: I have your letter of August 13, 1962, to the Chairman, in which you express your views with respect to (a) the NBC program, "The Battle of Newburgh," and (b) the Commission's letter of July 18, 1962, to Mr. Mitchell, city manager of Newburgh, N.Y., concerning this program. In the absence of the Chairman from the city, I am taking the liberty of acknowledging your letter.

Due to the nature of the matters discussed by you, I believe that your letter should be referred to the full Commission for its consideration. As you may know, the Commission is in recess during the month of August, and will convene for its first meeting on September 5, 1962.

You may be assured that your letter will receive the Commission's attention at the earliest possible date during the month of September.

If I may be of further assistance, please do not hesitate to contact me.

Sincerely yours,

Robert E. Lee,
*Acting Chairman.*

---

National Broadcasting Co., Inc.,
*New York, N.Y., August 22, 1962.*

Hon. Thomas B. Curtis,
*House of Representatives,*
*Washington, D.C.*

Dear Congressman Curtis: I have your letter of August 13, and I appreciate your sending me a copy of your letter of the same date to Chairman Minow commenting on NBC News' white paper presentation "The Battle of Newburgh."

I note with regret that you remain in disagreement with the conclusions supporting the program's fairness and integrity. Nor can we agree with your view that the presentation of the program was in any way inconsistent with the provisions of the NAB television code to which you refer. NBC adheres to the NAB code, and even predating that code, we have had our own code of broadcast standards which contains provisions similar to those you quoted.

The provision dealing with controversial issue programs relates to a presentation in which time is sold or made available to an individual, group, or organization for a statement of the individual's or group's position on a controversial public issue. For such programs, the basic requirements—which we follow—are that fair representation be afforded to opposing views, and that the nature of the program should not be disguised so as to make it appear to be an entertainment or news program or a program of different character than it actually is.

"The Battle of Newburgh" was not a program of this type; it was in fact a news documentary, produced by NBC News and designed to report on and analyze the welfare system in Newburgh. It was clearly identified as a news documentary at the time of broadcast and in advance publicity. It dealt with a controversial issue in the news, and this, too, was made clear in advance and by the fact that it was a program within the NBC White Paper series, which by definition is devoted to the scrutiny of vital current issues and affairs, many of them controversial. In reporting and analyzing this issue, it adhered scrupulously to the standard of fairness in presenting opposing views on the issue. We follow this standard in dealing with such issues, whether the program is one such as is referred to in section VI of the NAB code, or is a news report and analysis such as "The Battle of Newburgh."

The other provision you cite—referring to political telecasts—has no application to the program in question. It deals with programs presenting political candidates—as is indicated by its reference to section 315 of the Communications Act which relates to such presentations—or with election campaigns. Clearly "The Battle of Newburgh" was not such a program, and it clearly identified the sort of program it was.

Contrary to your impression, Mr. Huntley's role in the program was not moderator or commentator or editor. Mr. Huntley appeared as a reporter. In line with this function he introduced the conflicting points of view City Manager Mitchell's administration of Newburgh's welfare system has generated and expressed accurately all the relevant facts assembled by the team of skilled, experienced journalists who spent 6 months studying the Newburgh welfare controversy at firsthand.

The excerpts you quote from Mr. Huntley's narration are based upon demonstrable fact, and his reference to Mr. Mitchell's attitudes are supported by Mr. Mitchell's own words on the program. The one exception I note is the assertion: "I apologize for stating the obvious. But it appears the obvious is being overlooked." This is a quotation from a speech by an official of the New York State Department of Social Welfare, and it was so described by Mr. Huntley.

As I pointed out to you in my earlier letter, the program was not presented as a debate or an exchange of opinion. Its purpose was to report accurately and impartially on a fair and thorough inquiry into ascertainable facts in the interest of presenting the truth. We believe this purpose was fulfilled.

Sincerely,

Robert W. Sarnoff.

---

Congress of the United States,
House of Representatives,
*Washington, D.C., September 7, 1962.*

Mr. Robert Sarnoff,
*Chairman of the Board,*
*National Broadcasting Co.,*
*New York, N.Y.*

Dear Mr. Sarnoff: Thank you for your letter of August 22, 1962. I, too, regret that we are in such obvious disagreement on what constitutes fair and ethical presentation of controversial issues to the public through the medium of television.

What I have to say in answer to your letter is largely repetition, but perhaps by repeating just a few points I may still get through to you.

You say Mr. Huntley was appearing as a reporter. Then what was Mr. Huntley doing commenting upon the statements of the people presenting different points of view?

I documented in my previous letters the type of comments Mr. Huntley made on the "news." Not only was he not filling the traditional role of the reporter, which is to report, not to comment; he was not filling properly the role of a commentator or editor by observing basic rules of fairness.

I think if NBC wants to use the terms "white paper" and "news documentaries" it would be well to review whatever code of ethics and procedure it has established. Great public good can come from unbiased presentations of the honest differences of opinion that exist between equally well motivated and studious men. The western horse opera plot of the good guys against the bad guys exists only in never never land. True life reveals that all of us are a bunch of gray guys, some of our actions are good, some are bad. It becomes important to be ready to see when an ordinarily good guy acts bad and an ordinarily bad guy acts good. Only by sticking to specific actions can this be accomplished.

I am happy to be advised that my letters to the FCC in this matter are being referred to the full Commission for its consideration.

In the meantime I am anxious to get as much of the public in on this discussion as possible and, accordingly, I am placing my file on this matter in the Congressional Record, as I advised you I would do when I began our correspondence.

I shall be happy to send you a copy of the Record and to insert any further remarks you might like to make.

Sincerely,

Thomas B. Curtis.

---

Congress of the United States,
House of Representatives,
*Washington, D.C., September 7, 1962.*

Mr. Robert E. Lee,
*Acting Chairman, Federal Communications Commission, Washington, D.C.*

Dear Mr. Lee: Thank you for your letter of August 17, 1962, advising me that my previous letters in respect to the NBC–TV presentation "Battle of Newburgh" would be referred to the full Commission for consideration.

I have decided it would be of value to place in the Congressional Record the pertinent parts of my file on this subject. I shall forward a copy of the Congressional Record with this material to the Commission when this has been done.

Sincerely,

Thomas B. Curtis.

## BLOCKADE OF MILITARY SHIPMENTS TO AND FROM CUBA

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Derounian] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. DEROUNIAN. Mr. Speaker, last Tuesday I wrote the President recommending that the United States institute a blockade of all military shipments to and from Cuba:

SEPTEMBER 5, 1962.

THE PRESIDENT,
*The White House,*
*Washington, D.C.*

MY DEAR MR. PRESIDENT: In 1960, as Senator, you made the following statements: "We must let Mr. Castro know that we do not intend to be pushed around. * * * We must let Mr. Khrushchev know that we are permitting no expansion of his foothold in our hemisphere * * * we should consider measures to prevent goods from being shipped to Castro via a third country."

This was good advice then and it is good advice now. Since you assumed the Presidency, not only has Castro pushed us around but he has kicked us in the teeth and is now spitting in our faces. His is the second most powerful military force in this hemisphere, where U.S. prestige has been shattered. It is a fact that Khrushchev is expanding his foothold; and it is certainly true that military men and materiel are being shipped to Castro directly and indirectly by the Soviet.

The Monroe Doctrine has been violated and we have done absolutely nothing heretofore. It is time to act now.

Mr. President, at one time you wrote very eloquently about courage. Now is the time to practice it. In this, the American people will overwhelmingly support you.

I, therefore, recommend that the United States institute a blockade of Cuba preventing any further military shipments to or from Cuba. Our national security is in danger.

I am sure you realize that appeasement of Hitler led to war and further appeasement of the demented, bearded dictator of Cuba will certainly eventually lead to war.

We must stop this Communist cancer now, with or without the cooperation of our sister states in this hemisphere.

Respectfully,
STEVEN B. DEROUNIAN,
*Member of Congress, Second District, New York.*

Today, I have introduced a joint resolution authorizing the President to employ the Armed Forces of the United States for protecting the security of free nations in the Caribbean areas and in Central and South America:

Whereas the primary purpose of the United States, in its relations with all other nations, is to develop and sustain a just and enduring peace for all; and

Whereas threats and declarations have been and are being made which indicate that free nations in the Caribbean area and in Central and South America are in danger of armed attack; and

Whereas such events would gravely endanger the peace and security of the Western Hemisphere: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States be and he hereby is authorized to employ the Armed Forces of the United States as he deems necessary for the specific purpose of securing and protecting free nations of the Caribbean area and of Central and South America against armed attack, this authority to include the security and protection of such related positions and territories now in free hands and the taking of such other measures as he judges to be required or appropriate in assuring the defense of free nations of the Caribbean area and of Central and South America.

This joint resolution shall expire when the President shall determine that the peace and security of the Western Hemisphere is reasonably assured by international conditions and shall so report to the Congress.

This is comparable to the Formosa resolution enacted by the Congress in 1955; and I trust it will have the effect of stiffening the back of our President so that he may, with courage, utilize the authority of the office he now holds; that he be less inclined to listen to the ivory tower theorists or the pacifist who has been influencing our foreign policy heretofore.

We have all read of the military buildup of Cuba, the setting up of guided missile sites and other bases, 100 miles from the coast of Florida; of the continuing convoy of ships from the Communist bloc bringing men and military materiel to Cuba. It has been reliably reported that in a check period between July 26 and August 20, alone, some 60 Soviet vessels—twice the normal traffic—carried equipment to Cuba. And out of Moscow a statement has been issued clearly informing us that the Communists will give all the military and technical aid to Cuba they feel is necessary for their purposes.

The American people are sick and tired of cowering before the Communist thug. They know that knuckling under to Hitler brought war; that weakness brings war and strength assures peace.

I hope my resolution will receive immediate and favorable consideration.

---

## VIEWS ABOUT MEDICARE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. BELL] is recognized for 10 minutes.

Mr. BELL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BELL. Mr. Speaker, few issues which have come before us during the two sessions of the 87th Congress have aroused as much concern and developed as much public interest as the subject of national legislation to provide medical care for our older citizens. Most impressive to me in my background reading on this subject were the following articles which, under permission, I am placing in the CONGRESSIONAL RECORD:

[From the chamber of commerce]

### THE CASE AGAINST H.R. 4222, THE HEALTH INSURANCE BENEFITS ACT

#### 1. IT'S MISLABELED

This proposal, better known as the King-Anderson bill, is not insurance because its benefits are not guaranteed.

#### 2. IT'S NOT NECESSARY

The contention that this massive new program must be enacted to cope with a problem that is temporary and transitional cannot be supported in view of (a) the special tax concessions for the aged with modest incomes; (b) the rapid implementation (38 States, 3 territories) of the 1961 Kerr-Mills law, providing financial help to aged persons unable to afford essential health and medical care expenditures, and (c) the 200-percent growth of voluntary health insurance during the past 10 years. (More than 9 million aged now have such insurance, and both basic and major medical policies, with the right of renewal guaranteed, are now available to all the aged.)

#### 3. ITS NEW CONCEPTS CANNOT BE JUSTIFIED

For the first time, social security taxes would pay for services, rather than pay benefits in cash—thus denying to every beneficiary the right to decide how to use his or her income. For the first time, it would provide a flat benefit—the same for every beneficiary—discarding the principle of relating benefits to previous earnings, social security taxes paid, and to presumed need.

#### 4. IT'S UNFAIR

Millions of workers under social security—particularly young couples raising their children and buying their homes—would be compelled to pay higher and higher social security taxes as long as they work to finance health care services for older people, most of whom can well afford health insurance.

#### 5. IT'S DISCRIMINATORY

At least 3,500,000 of the 17 million aged persons would get no help at all.

#### 6. ITS LIMITED BENEFITS ARE MISREPRESENTED

The administration says H.R. 4222 would provide family security against the "fiscal bomb" of the medical costs of an aged parent. It actually would provide protection for less than 25 percent of the annual health and medical care expenses of the average aged person. It provides for no doctor bills, no surgery, no dental care, and no medicine or drugs except when administered in a hospital or nursing home.

#### 7. IT'S MERELY A "FOOT IN THE DOOR"

The ultimate goal of the King-Anderson bill is clear. Walter Reuther of the UAW told the Ways and Means Committee: "We are extending the principle of social security * * * it will pay for services rendered * * * if we could get the principle established, we want to build on that principle just as we built on the social security principle." President Kennedy has described H.R. 4222 as a "start."

#### 8. ITS COST WOULD BE ENORMOUS

Benefits already promised require a 48-percent increase in social security payroll taxes between now and 1968. The maximum tax is now $150 a year; it will be $222 in 6 years. For the self-employed, it will be $331 in 1968. All costs of H.R. 4222 would be in addition to these. They would amount to at least $1.1 billion in the first year, and would rise to about $5 billion annually within 10 years.

---

[From the New York Herald Tribune]

### WHAT KENNEDY WANTS AND WHAT THE AMA WANTS

The Kennedy administration's Health Insurance Benefits Act of 1961, pending in Congress, has this preamble:

"A. The Congress hereby finds that (1) the heavy costs of hospital care and related health care are a grave threat to the security of aged beneficiaries; (2) most of them are not able to qualify for and to afford private insurance adequately protecting them against such costs; (3) many of them are accordingly forced to apply for private or public aid, accentuating the financial difficulties of hospitals and private or public welfare agencies and the burdens on the general revenues; and (4) it is in the interest of the general welfare for financial burdens resulting from hospital services and related services required by these individuals to be met through social insurance.

"B. The purposes of this act are to provide aged individuals entitled to benefits under the old-age survivors, and disability insurance system with basic protection against the costs of inpatient hospital services and skilled nursing home services and to provide in addition, as an alternative to inpatient care, protection against the cost of home health services and outpatient hospital diagnostic services; to utilize social insurance for financing the protection so provided; to assure adequate and prompt payment on behalf of these individuals to the providers of these services; and to do these things in a manner consistent with the dignity and self-respect of each individual, without interfering in anyway with the free choice of physicians or other health personnel or facilities by the individual without the exercise of any Federal supervision or control over the practice of medicine by any doctor or over the manner in which medical services are provided by any hospital."

* * * * *

### ADMINISTRATION POSITION

Here is the administration's basic position on health insurance under social security as given by the Health, Education, and Welfare Department:

"The greatest single economic threat that most older people face today is the high cost of serious illness. As recently as 1950, the average cost of a day of hospital care, for example, was about $15. Today, the average cost is over $32, and the end is not in sight.

"Most older people cannot afford to pay for lengthy hospital stays out of their own incomes or savings. Nor can most older people afford private health insurance that adequately covers these costs.

"Public assistance cannot do the job because the high cost of medical care during the years of retirement is not primarily a problem of the very poor. The objective should be to remove for all the aged the haunting fear that an expensive illness will wipe out a lifetime accumulation of savings, threaten the ownership of a home, force dependence on children, or make one, after a lifetime of independence, submit to the humiliation of a test of need and in many States also force one's children to a test of need."

### PAID UP AT 65

"The Kennedy administration believes that the best way to meet major health care costs in old age is to prepare for the inevitable ahead of time through small regular contributions during the working years. This is what the administration-sponsored King-Anderson bill would make possible.

"Under the President's proposal, working men and women would make small regular contributions—about $1 a month for the average worker—to the health insurance trust fund, and at age 65 they would have paid-up health insurance protection against the major costs of serious illness for all the rest of their lives.

"They would be building up this protection, on a pay-as-they-earn basis, at a time when they could best afford the small costs involved—during their working years. They would have this protection when they would need it most and could least afford it—after their working days are over.

"Furthermore, as soon as the program went into effect the same protection would be immediately available to all persons already 65 and over who had contributed to social security during their working years and had become eligible for cash benefits.

"The President's program would simply add health insurance protection to the cash retirement incomes that people are building under social security and to do it in the same way."

### INCOMES STUDIED

"Older people need far more health care than younger people and have far less income from which to meet the costs of health care. The aged use perhaps three times as many days of hospital care a year as younger persons—9 out of 10 people over 65 will be hospitalized at some time in their remaining lives and 2 out of 3 will be hospitalized two or more times. Premiums paid in old age, therefore, have to be high to cover the cost and, yet, this is at the very time when incomes are low.

"Census Bureau figures for 1960 show that the typical elderly couple had an income of $2,530, or $1,265 a person; elderly people living alone had a median income of $1,050. These figures include all the types of income.

"Since 1949, the income of the aged has increased somewhat, but at a lesser rate than the income of younger people. And a large part of this increase has been due to the maturing of the social security program.

"No comparable factor of improvement is to be foreseen for the next decade. The financial situation of the aged may continue to improve but not enough to remove the financial problems of serious illness."

### CHIEF ASSETS: HOMES

"The fact that only 2.5 million older people are on public assistance does not mean that all other old people are well off. The reason so few aged people are on public assistance is that assistance programs generally are extremely restrictive. If the public assistance rules were liberalized so that all the aged with $1,000 or less of yearly income were aided, about half the aged would be eligible for relief.

"One-half of all social security beneficiaries have a net worth of about $5,000. The chief asset of beneficiaries is their homes. Few would suggest that aged people's homes should be sold to pay medical bills. Even the public assistance programs do not require this step. The 1960 figures from the Survey of Consumer Finances show that two out of every five aged people have savings and other liquid assets of only $200 or less—amounts that would not go far in meeting the cost of expensive illness. There is no indication that the savings and other liquid assets of the elderly are growing faster than medical costs and needs."

### AMA STATEMENT

To the general statements of purpose, the American Medical Association says:

"The major fallacy of providing medical care for the aged under the act is that it is based on the erroneous assumption that a majority of the aged are in need of this type of care and are financially unable to meet the cost. This attitude is indicated by the wide publication of a statement that in 1957 'three-fifths of the people 65 and over had less than $1,000 in money income * * *'" contained in a report to the House Ways and Means Committee by the Secretary of Health, Education, and Welfare.

"In effect this statement means that 9 million of our 15 million people over 65 have incomes of less than $1,000. Yet there are only 2.5 million people on the public assistance rolls. It should be obvious, therefore, that in arriving at this conclusion nonworking wives and other dependents are included in the computation. * * *

"The same report points out that the median total income of retired social security beneficiaries is $183 a month. It also points out that the average retired couple had a median net worth of $9,620 and that 75 percent of OASDI beneficiary couples own their own homes with a median equity of $8,360; 87 percent of these homes are mortgage free. * * *

"Much also has been made of the fact that the average social security payment is approximately $73 a month. This figure does not include such other sources of income as:

"A. One and a half million people now receive cash benefits from corporate pension plans. In the future 19 million people now covered by such plans will also receive these benefits. The number covered by corporate penison plans is growing at a rate of about 1 million a year. * * *

"B. One million retired persons currently receive annuities which were privately purchased. Here again the number is expected to be larger in the future.

"C. One million persons over 65 receive veterans pensions and are also eligible to receive social security benefits. This number will increase rapidly in future years because of the aging of the veterans population.

"D. Four million individuals over 65 are employed, some of whom are receiving social security benefits and income relatively the same as the average of other workers.

"On its face, the assumption that all 15 million of our aged are ill and in need of medical care is patently false."

### ARGUMENTS AGAINST

The AMA's arguments against the social security approach follow:

"A. The so-called social security approach for medical care for the aged will not provide, in most instances, care where the care is needed; namely, among the indigent and the near-indigent. Of the 2.5 million persons receiving old-age assistance, only 600,000 would receive medical benefits under the social security approach and in some cases not as extensive medical care benefits as they currently receive.

"B. The social security approach will become more expensive as the number of the aged increases even though the proportion of needy aged will be decreasing. It is estimated that there will be 20 million people over 65 in 1970, 90 percent of whom will be covered by social security. The percentage of individuals over 65 receiving old-age assistance, which was 22 percent in 1950, dropped to 15 percent in 1959. By 1970, it is expected that this percentage will be 11 percent.

"C. The social security approach is unnecessary. In January 1960, 49 percent of those over 65, or approximately 7.7 million persons, had some form of health insurance. The insurance industry estimates that by 1970, 90 percent of the aged wanting coverage will have it. Until that time those who are in need and who cannot afford private health insurance can receive care under the public assistance programs such as the old-age assistance and medical assistance for the aged program, through veterans' medical care programs, or medical care programs for retired military personnel and their dependents."

### AN UNFAIR APPROACH

"D. The social security approach is unfair in that it places the burden of meeting the cost of the program only on low-income workers, and then on gross income up to $5,000. Senator KERR has estimated that 40 percent of taxable income in the United States is not subject to social security tax. If medical care for the aged is a national problem, it should be financed from general revenues. * * *

"E. The social security approach to medical care for the aged would lead to overcrowding of existing facilities. A 1957 report by the Blue Cross Commission indicated that utilization of hospitals by Americans over 65 under Blue Cross plans was 2.5–3 days per year. On the other hand, in Saskatchewan, Canada, which has 'free' medical care, utilization by the same age group averages more than twice as much, or 7 days per year.

"F. The social security approach would eliminate the States' historical responsibility. Some States may be willing to escape this responsibility by putting it in the hands of the Federal Government.

"G. The social security approach would seriously affect the insurance industry by eliminating 7.7 million aged customers."

### HEW ANSWERS ATTACK

To this attack on the social security concept of the bill, the HEW says:

"The argument that the social security approach would not cover all of the health care costs of social security beneficiaries and that some aged people would not be covered under the proposal is not a valid argument against the President's proposal. The administration proposal is designed to provide meaningful protection against the devastatingly high health costs for the vast majority of the aged—85 percent of them now; 95 percent of them in the future. Social security paid benefits to no one in 1937 and to only 15 percent of the aged even as late as 1949.

"Actually, the proposed benefits are broader than those that would be provided under the proposed nationwide Blue Cross policy for the aged at costs of $12 a month for the individual and broader than hospital benefits provided the medically indigent under most Kerr-Mills medical care programs. Only 24 States and 3 territories have any Kerr-Mills programs, and some provide as few as 6, 7 or 10 days of hospital care. One excludes coverage of the first 30 days of hospital care."

[From Congressional Quarterly]

### TEXT OF PRESIDENT KENNEDY'S FEBRUARY 27 HEALTH CARE MESSAGE

*To the Congress of the United States:*

The basic resource of a nation is its people. Its strength can be no greater than the health and vitality of its population. Preventable sickness, disability and physical or mental incapacity are matters of both individual and national concern.

We can take justifiable pride in our achievements in the field of medicine. * * * But measured against our capability in the fields of health and medical care, measured against the scope of the problems that remain and the opportunities to be seized, this Nation still falls far short of its responsibility. * * *

Prolonged and costly illness in later years robs too many of our elder citizens of pride, purpose, and savings. * * *

Basically, health care is a responsibility of individuals and families, of communities and voluntary agencies, of local and State governments. But the Federal Government shares this responsibility by providing leadership, guidance, and support in areas of national concern. * * *

#### I. HEALTH INSURANCE FOR THE AGED

Our social insurance system today guards against nearly every major financial setback: retirement, death, disability, and unemployment. But it does not protect our older citizens against the hardships of prolonged and expensive illness. Under our social security system, a retired person receives cash benefits to help meet the basic cost of food, shelter, and clothing—benefits to which he is entitled by reason of the contributions he made during his working years. They permit him to live in dignity and with independence—but only if a serious illness does not overtake him.

For, compared to the rest of us, our older citizens go to the hospital more often—they have more days of illness—and their stays in the hospital are thus more costly. But both their income and the proportion of their hospital bill covered by private insurance are, in most cases, substantially lower than those of younger persons.

Private health insurance has made notable advances in recent years. But older people, who need it most but can afford it least, are still unable to pay the high premiums made necessary by their disproportionately heavy use of health care services and facilities, if eligibility requirements are to be low and the scope of benefits broad. Today, only about half of our aged population has any health insurance of any kind—and most of these have insufficient coverage.

To be sure, welfare assistance, and Federal legislation to help the needy or "medically indigent," will provide health services in some instances. But this kind of help is not only less appealing, coupled as it is with a means test, it reaches very few of those who are not eligible for public assistance but are still not able to afford the care they need.

I therefore recommend again the enactment of a health insurance program for the elderly under the social security system. By this means the cost of health services in later years can be spread over the working years—and every worker can face the future with pride and confidence. * * *

It should be emphasized that we are discussing a gap in our self-financed, contributory social insurance system. These are all insurance benefits which will be available to everyone over 65 who is eligible for social security or railroad retirement benefits. They would be entirely self-financed by an increase in social security contributions of one-quarter of 1 percent each on employers and employees, and by an increase in the maximum earnings base from $4,800 a year to $5,200 a year. No burden on the general revenues is involved. * * *

#### CONCLUSION

Good health is a prerequisite to the enjoyment of "pursuit of happiness." Whenever the miracles of modern medicine are beyond the reach of any group of Americans, for whatever reason—economic, geographic, occupational, or other—we must find a way to meet their needs and fulfill their hopes. For one true measure of a nation is its success in fulfilling the promise of a better life for each of its members. Let this be the measure of our Nation.

JOHN F. KENNEDY.

## CONGRESSIONAL HEARINGS ON THE GARMENT INDUSTRY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 15 minutes.

Mr. HALPERN. Mr. Speaker, all of us in this House, I am certain, agree with the importance of congressional public hearings and the valuable purpose they serve toward full airing and evaluation of the vital problems facing our Nation. Through such basic democratic procedure, we continue to strengthen America's great institutions and free way of life. It is because of the importance of this process that it is vital that we cherish the use of this power—that it be safeguarded from abuses which have often weakened, wittingly or otherwise, the effectiveness of their purpose. That is why it is most vital that its purpose be thoroughly clarified in order to avoid any public misconception of its objectives.

Often, the timing of such hearings, the scheduled appearance of important witnesses, advance news leaks and out-of-context statements cast a light on the proceedings which results in misunderstandings, misconceptions, and unfounded reflections on character. I often question whether the objectives of some of these inquiries could not be more fully accomplished without the unnecessary public exposures which could cause gross misconceptions and throw the entire purpose out of all proportion. Many times the points in question are minor within the overall picture and the committee could well serve its purpose by use of executive sessions rather than public inquiries.

Such is the case, I feel, in regard to the recent hearings of the House Education and Labor Subcommittee investigating New York's garment industry.

Let me make clear I do not question for a moment the integrity of the committee nor the sincerity of its motives. I feel, however, because of the significance of the particular union involved and the stature of its legendary, renowned president, the obvious resultant exploitation and the circumstances surrounding it could cause an unfair reflection.

For the sake of clearing the air—although Heaven knows, the ILGWU and David Dubinsky need no defense from me or anyone else—I want to present to my colleagues a picture of the hearing in proper perspective.

I speak purely out of respect for the great contributions made, not just to labor and industry, but to all America, by this union and by one of the most dedicated and beloved labor leaders of all times.

Many of my constituents work in the trades covered by this union. I know I voice their feelings and I am certain I reflect the respect of millions of Americans who are aware of the ILGWU's invaluable role on the American scene.

Mr. Dubinsky's testimony before the committee was masterful. It typified the brilliance of this man and bore out the greatness within him. How right he was when he deplored the unfortunate insinuations, implications, and news leaks by committee staffs that could have affected the union's prestige, and hence, the welfare of its members.

I am pleased that the distinguished chairman assured Mr. Dubinsky that neither he nor the union was being accused of anything. I am happy that the chairman decried the possibility that there was a news leak by the staff to the press.

Mr. Speaker, as Mr. Dubinsky so eloquently testified, his union has fought labor racketeers not only within its own ranks, but within the entire labor movement. ILGWU's role in changing labor's traditional hands-off policy on racketeering is outstanding. No union faced with the conditions it encountered since its inception could have done a better job in the relatively short period of years of its existence. It is an incredible story of success, of labor statesmanship, of union democracy at its best.

The charge of discrimination, Mr. Speaker, is utterly ridiculous. To the contrary, there is only one kind of membership in the ILGWU—a one-class kind; they meet together, celebrate together, fight for common causes together. And, of importance, they train together within the union's mass training program. The union does not evaluate leadership qualities on the basis of race, creed, color, or religion. If one has what it takes, he or she is recognized. In no instance could any antagonist point to any individual who applied as a business agent or manager, or any other capacity, who was turned down because of ethnic or religious background.

The contention itself is preposterous and would be laughable had it not been seriously made. Mr. Speaker, there is no individual more in the forefront for equality of opportunity and human dignity than David Dubinsky. This union, through its president, launched union drives in the South and initiated moves to bring unionism to Puerto Rico. And yet, the ILGWU was accused of being discriminatory against Negro and Spanish-speaking workers. Imagine that, Mr. Speaker. This is not only unfair, but an outright untruth. As a matter of fact, how could there be discrimination in a union that has no seniority system in its shop. Instead, the rule of equal division of work is used. This is certainly a buttress against discrimination in any form.

Mr. Speaker, admittedly there may be some weak spots in the organization that should be corrected. It is relatively simple to find shortcomings within any organization of such scope. I would be surprised if there were not. In this case, there is no denying some dissident elements have exploited these weaknesses—but far out of proportion to reality. Some undoubtedly had basis. But believe me, my colleagues, most were without an iota of reasonable cause. Let us look at the picture in balance, the weaknesses against the strength. It is like visualizing a pebble next to the Rock of Gibraltar.

Mr. Dubinsky himself agrees that the "blank check" resignation clause in the union's constitution—well intentioned as it may be—should be amended to guarantee the right of appeal to officers who were asked to resign. To the union's credit, despite the lack of such a provision, there has never been abuse or advantage taken of this omission. To the contrary, resignations under the original clause have been few and far between and I am confident that there is not a single instance where the acceptance was not fully justified and that all the appeals in the world would not have reversed the initial action.

The revered labor leader also granted that one of the locals has been the "problem child" of the union. But, as he brought out, this local, No. 102, is not constituted of garment workers as such, but engaged in the trucking end of the trade. The big question of whether to expel this local or revoke its charter because of the unlawful activities of some of its officials was resolved by keeping it within the union so that a measure of control could be exercised.

Mr. Speaker, I should like to point out that Mr. Dubinsky assured the committee that he would leave no stones unturned to correct whatever weak spots exist. In making this assurance, he acknowledged that valuable role of the committee in uncovering certain conditions. And, you can take it from me that Dave Dubinsky means what he says when he states: "We'll correct them."

Here, Mr. Speaker, is where a committee inquiry serves a constructive purpose. There can be no argument on that score, but I firmly feel this could have been accomplished by executive session without the unnecessary fanfare and unfair publicity. I want the record to show, however, that important as these instances may seem, they are but few and that in the overall picture, the ILGWU is a symbol of accomplishment, a tower of strength in America's labor movement.

This union has played a vital role in winning for the American working man and woman such great social advances as social security, unemployment insurance, workman's compensation, minimum wage, shorter hours and a multitude of enlightened social welfare programs benefiting all Americans. It has contributed immeasurably toward achieving fair standards, the dignity of a voice in their own conditions of employment, and a position of respect in their communities. Working men and women in America feel secure in their knowledge that their hard-won rights are protected by their unions, so admirably exemplified by the ILGWU.

## A NATIONAL CHILDREN'S THEATER AND ART CENTER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. Kearns] is recognized for 15 minutes.

Mr. KEARNS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KEARNS. Mr. Speaker, the executive board of the Children's Theater of Washington has appealed to August Heckscher, the President's art consultant, to support the President's 1960 plan to save the Belasco Theater on Lafayette Square. The board would make the Belasco a National Children's Theater and Art Center.

They have pointed out to Mr. Heckscher that an article in the New York Times magazine in December 1959, written by the distinguished music and drama critic, Howard Taubman, and titled "Is Washington a Hick Town," declared that Washington was behind Tiflis, U.S.S.R., in the arts, since Tiflis, a provincial city far removed from Moscow, had four theaters for children.

In answer to Mr. Heckscher, the executive board of the Children's Theater of Washington declared:

> It seems absurd that the Federal Government would destroy a building of such cultural significance, so ideally located for a Children's Theater and Art Center. The Washington Opera Society in 1960 lead in the formation of the Citizens Committee To Save the Belasco Theater and at that time it was their estimate that $500,000 would be needed to restore the Belasco to theater use.

At the request of the executive board of the Children's Theater of Washington our dear friends and colleagues, the gentleman from New York [Mr. Celler] and the gentleman from Texas [Mr. Dowdy], have recently introduced measures similar to my own joint resolution to save the Belasco Theater.

At the same time our dear friends and colleagues, the gentleman from New Jersey [Mr. Widnall] and the gentleman from Iowa [Mr. Kyl], have, at the request of the management of the National Symphony Orchestra, introduced measures calling for a public hearing before the Belasco, Keith's, and Capitol Theaters are destroyed, public hearings which would give every interested citizen the opportunity to propose alternative courses of action.

All of us recall the history books which reported how cultural facilities were destroyed centuries ago by armies. These were presented as horrible examples of barbarism.

Here in the Nation's Capital, as Mr. Heckscher has pointed out in a letter to the president of the Children's Theater of Washington, the Belasco Theater is to be destroyed because "the Department of the Interior has testified that the Belasco is of limited historical significance."

Mr. Heckscher also wrote that my resolution "does not provide for any appropriation to finance the remodeling."

President Kennedy's 1960 bill, S. 3280 also did not provide for any appropriation to finance the remodeling of the Belasco Theater. President Kennedy's bill provided:

> The Administrator of General Services is authorized and directed to restore the Belasco Theater to a condition at least equal to its condition at the time it was acquired by the Federal Government. The National Park Service, and the District of Columbia Recreation Department, shall advise and assist the Administrator in the restoration and management of the Belasco Theater as a municipal art center.

Mrs. Samuel R. Hook, president of the Children's Theater of Washington, in her reply to Mr. Heckscher, declares:

> I would like to hear from you your views as to the cultural significance of the Belasco Theater and, particularly, your views of President Kennedy's great bill which is the historic precedent on which Congressmen Celler and Dowdy based their bills.

It will be extremely interesting, to those of us who believe that the children of this Nation are more deserving of access to the arts than the children of Tiflis, U.S.S.R., to know how Mr. August Heckscher answers this simple question which will determine the fate of one of the most strategically located theaters in the world.

I include as part of my remarks an exchange of letters between August Heckscher and the president of the Children's Theater of Washington, as well as the joint resolutions introduced by our colleagues to save the Belasco Theater for cultural purposes.

I also include an article from the Washington (D.C.) Evening Star setting forth the cultural history of the Belasco Theater which this administration now seems bent on destroying. If this administration does not take a more constructive position in the arts than it is taking on the Belasco, it will not be given much space in the history books our grandchildren read.

The role of the Federal Government in the arts, as in other matters, must be constructive, not destructive. As President Eisenhower said so well in his 1955 message on the state of the Union:

> In the advancement of the various activities which will make our civilization endure and flourish, the Federal Government should do more to give official recognition to the importance of the arts and other cultural activities.

**I know that our colleagues who have, without thought of partisan interest, introduced measures to save the Belasco Theater, as well as the Keith's and Capitol Theaters, will continue to work for these measures whatever position Mr. August Heckscher, or, for that matter, the painter, William Walton, may take with regard to Washington's fast disappearing cultural facilities. What the President clearly needs is some new cultural advisers if these facilities are to be saved.**

The White House,
*Washington, D.C., September 7, 1962.*

Mrs. S. R. Hook,
*President, the Children's Theater of Washington, Falls Church, Va.*

Dear Mrs. Hook: Your letter to President Kennedy in regard to the restoration of the Belasco Theater has been passed on to me in my capacity as special consultant on the arts.

I know that President and Mrs. Kennedy are aware of the fine programs sponsored by the Children's Theater in Washington, and appreciative of the real contribution it makes to the cultural life of Washington. In our consideration of the cultural opportunities and needs of the Nation's Capital, the role of the Children's Theater is fully recognized.

I should like to assure you that this office has given serious consideration to the use of the Belasco for this purpose. As you undoubtedly know, the National Trust for Historic Preservation has stated it could not endorse the preservation of the Belasco for grounds of historic or architectural merit. And the Department of the Interior has testified that the Belasco is of limited historical significance.

I also understand there are very serious technical and physical difficulties relating to its restoration, and considerable question as to whether it would be economically feasible. Unfortunately, Congressman Kearns' resolution does not provide for any appropriation to finance the remodeling.

Sincerely yours,
August Heckscher,
*Special Consultant on the Arts.*

---

September 9, 1962.

Mr. August Heckscher,
*Special Consultant on the Arts,*
*The White House, Washington, D.C.*

Dear Mr. Heckscher: The executive board of the Children's Theater of Washington appreciates very much your letter of September 7, 1962, which recognizes the value and worth of our contribution to the cultural life of Washington. As a volunteer group of dedicated women we give in excess of 10,000 working hours per year in carrying out this program. Lack of facilities, which would be insurmountable and completely frustrating to a less sincere group, prevent us from presenting to the children of Washington the kind of program and training in the theater arts field which is so much needed.

As a comparison to the complete lack of facilities in Washington I quote from an article in the New York Times in December 1959, by Howard Taubman, titled "Is Washington a Hick Town," which states that Tiflis, U.S.S.R., a provincial town far removed from Moscow, has several children's theaters.

Are the children of the Nation's Capital less deserving? Must the richest nation in the world continue to deprive its children culturally when money is found to finance roads in the amount of $64 million in the current District of Columbia budget and a stadium which in interest alone is costing the District $800,000 per year with little hope that the cost will be lessened in the coming years?

It seems absurd that the Federal Government would destroy a building of such cultural significance, so ideally located for a children's theater and art center. The Washington Opera Society in 1960 led in the formation of the citizens committee to save the Belasco Theater and at that time it was their estimate that $500,000 would be needed to restore the Belasco to theater use. The District of Columbia Recreation Department estimates an operating cost of $66,000 per year. Our program in the past year, limited by lack of facilities, reached 60,000 children. With adequate facilities we would more than double that number. A cost of about 50 cents per year per child. Are our children not worth this so small an amount?

We do not quarrel with the statement that the Belasco Theater is of no great historical interest, although given another few years I am sure it would qualify, but we do declare it to be culturally significant and eminently suited to meet our needs. I enclose a copy of an article by Day Thorpe which I am sure you will find bears out our statement. I also quote from the first paragraph of the May 19, 1960, statement on behalf of the national trust for historical preservation concerning S. 3279, S. 3280, and S. 3403 concerning the buildings on the east side of Lafayette Square in Washington—"The national trust for historic preservation feels that there are really two issues involved in this group of buildings.

"One is the proposed retention of the Belasco Theater for contemporary use. The Belasco Theater is neither historic nor possessed of architectural distinction, nor is it harmonious with the prevailing domestic character of the original buildings surrounding Lafayette Square and complementing the White House. The Belasco Theater does not meet the criteria of the national trust for historic preservation and does not elicit its interests in an official manner. However, the members of the staff of the national trust individually feel that the Belasco Theater may have an appropriate useful life in the cultural activities of the community and recommend as private citizens that appropriate steps be taken for its rehabilitation and use, if these steps may be made within reasonable means."

The bills by Congressman Celler and Congressman Dowdy, I enclose copies, are based on President Kennedy's own bill S. 3280 which he introduced in March 24, 1960, which provided that the Federal Government would restore the Belasco to a condition at least equal to the condition it was in when it was acquired by the Federal Government. I am sure you agree with Congresmen Celler and Dowdy as we do that there is no better precedent for the Belasco than that set forth in President Kennedy's own bill.

As adviser to the President on cultural matters I am sure you recognize as well as Congressmen Celler and Dowdy—and indeed President Kennedy himself did in introducing his bill S. 3280—that the Belasco Theater has been of major inportance to the cultural life of this Nation.

Its conversion to a municipal theater as proposed by President Kennedy in 1960 and its use as a children's theater and art center as proposed in the bills by Congressmen Celler and Dowdy would fill a need long recognized in our national life.

Everyone recognizes that while the Belasco Theater's historical significance may be relatively unimportant but from a cultural point of view, which is your own field of endeavor Mr. Heckscher, it has an importance second to none.

I would like to hear from you your views as to the cultural significance of the Belasco Theater and particularly your views of President Kennedy's great bill which is the historic precedent on which Congressmen Celler and Dowdy based their bills.

The Children's Theater of Washington's primary concern is to have suitable housing in which to carry on its programs to improve and enhance the cultural opportunities for children in the greatest Capital City of the world. If a better building is offered in an adequately policed area of the city, as easily reached by public transportation, or more easily accessible for the thousands of young people who visit our city each year from all over the Nation and the world, and for as little cost as the Belasco, we would be delighted to have it.

For the children of Washington, the Nation and the world the Children's Theater of Washington urgently request that you give your support to our efforts.

Sincerely,
Mrs. Samuel R. Hook.

---

[From the Washington (D.C.) Star, May 8, 1960]

### Our Belasco Theater Deserves a Break

(By Day Thorpe)

At the first meeting of the Citizens Committee To Save Lafayette Square last week, 30 or 40 people gathered together to effect their common purpose of forestalling the destruction of the buildings on the east side of the front yard of the White House. They were motivated by sundry sentiments—nostalgia, distaste for Government-gothic, the sense of history and a desire for a new operating theater in the near future. Bills are now before Congress to save the Lafayette Square Opera House (later called the Belasco Theater) and to restore it to the condition it was in when purchased by the Government in 1940.

To have strength, such a movement should enjoy singleness of purpose inspired by a variety of incentives. Fortunately, everyone wanted to save the old block of buildings and there was no common reason advanced why the rescue is necessary, nor any universal attestation to the beauty of the street. Some found the Belasco only potentially utilitarian, while to me it also is beautiful, although obviously not to be classed with our temporary buildings on the Mall, presently under no sentence of destruction.

#### DOUBTS AS TO HISTORY

What was most curious to me, however, was the doubt whether the Belasco could be rebuilt into a first-rate theater—whether in fact it had ever been one. There was a general impression that the theater, built in 1895, became an oddity, a durable relic, in 1896, or shortly thereafter. When I remembered Barrymore as Hamlet in the Belasco in the early 1920's, it was suggested that I was thinking of the Poli's.

I am no antiquarian, but I was certain that I recalled scores if not hundreds of shows I had seen at the Belasco in my youth. Opera, Broadway shows, and even a resident company dedicated to weekly productions of musical comedy. Three or four of the yellowest clippings in a fat file on the theater here at the Star extended my memory backward two decades. Whatever the Belasco may not have, it has a history.

The Lafayette Square Opera House opened on September 30, 1895, with a production of the opera "La Tzigane," written by Reginald de Koven for Lillian Russell. The show was warmly received and the theater greatly admired, though the Star critic notes that Miss Russell's first solo "is not so satisfying as it should be." The cant of criticism is not new.

#### A HOST OF THE GREAT

Francesca Lawson, who was at last week's meeting, remarked that she had sung Micaela in "Carmen" at the Belasco, and that she had heard Tetrazzini there. The Star files confirm her memory—not only Tetrazzini, but Caruso, Schumann-Heink, Jenny Lind, and Amato sang there. It was the Washington home of the Metropolitan Opera, the "swankiest place in all Washington," according to John J. Daly, in an article in the Star published in 1940. Helen Hayes and Ruth Chatterton both made their debuts at the Belasco. Ina Claire was often there also, David Warfield, Mae West, Weber and Fields, Walter Hampden, De Wolfe Hopper, John Drew, Maude Adams, Edna Wallace Hopper (from whom all proper young boys of my generation hoped we could learn about sex—a misconception curiously based on the fact that her shows were advertised "for women only"), Will Rogers, Al Jolson, and probably many others.

Ziegfeld first saw Will Rogers at the Belasco, and signed him immediately in his dressing room for the Follies. A story about Rogers of that time shows that all his jokes were not wildly funny and also that Eisenhower is not the first to find that many Americans believe a President on a golf course to be somehow incongruous with proper decorum.

### WILL ROGERS VERSUS HARDING

"Will Rogers that week," recounts the old Star clipping, "encountered the first and only objection to his humor, which was registered from the White House. Among his drolleries was this: 'The American public will never get much accomplished until they get a President who gets seasick and who can't play golf.'

"A Secret Service man called at the Belasco and conveyed word that the White House would appreciate it if Mr. Rogers would eliminate the joke. As it was an important part of his routine and got appreciative audience response, Rogers refused."

Several months later when Rogers was in town in another Ziegfeld show he tried to get an invitation to a White House reception and "was politely informed none was available" Whereupon, Rogers added a few lines not in the script to his next performance. "All my life I have been making humorous observations and comments about the great and the near-great. Invariably, they have accepted it in a spirit of fun and with an appreciation that no malice was intended. I regret that I have offended President Harding, but I can also say he is the first prominent man to publicly object to my stage liberties. I am sorry he can't take a joke."

Later in his career, I suspect, Rogers would either have left it out or tightened it up, but nevertheless the incident is perhaps an indication that our Presidents, among whom Harding, Wilson, Coolidge and Hoover were fans of the Belasco, do not invariably find a theater at the front door of the White House an unmitigated blessing. I, for one, devoutly hope that future Presidents will have an opportunity to give the Belasco another chance.

---

### H.J. Res. 851

(In the House of Representatives, 87th Congress, 2d session, August 14, 1962—Mr. Celler introduced the following joint resolution; which was referred to the Committee on the District of Columbia)

Joint resolution to amend the Act of April 29, 1942, establishing the District of Columbia Recreation Board, to provide for the restoration and use of the Belasco Theater on Lafayette Square in the Nation's Capital as a municipal theater as proposed by President Kennedy in 1960, to provide that such theater shall be used solely as a children's theater and art center so as to provide cultural fare superior to many of the movies and television programs seen by millions of children today, and to provide that such theater shall be known as the National Capital Children's Theater and Art Center

Whereas President Kennedy introduced legislation in the Senate in 1960 to restore and use the Belasco Theater on Lafayette Square as a municipal theater; and

Whereas many of the movies and television programs available to children in the Nation's Capital and in other cities have been denounced by civic and religious leaders, parents, and teachers as contributing to the growing volume of juvenile delinquency and crime; and

Whereas all cities of any size and importance in Europe and the Soviet Union have several children's theaters to present the best of classical and contemporary fine arts for the benefit of children who are the leaders of tomorrow's world; and

Whereas the New York Times and other publications have often compared the Nation's Capital with cities in Europe and the Soviet Union and deplored the comparative backwardness of the Nation's Capital in the fine arts: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That article II of the Act entitled "An Act to create a Recreation Board of the District of Columbia, to define its duties, and for other purposes", approved April 29, 1942, as amended, is amended by adding at the end thereof the following section:

"Sec. 7. (a) The Administrator of General Services is authorized and directed to restore and renovate the Belasco Theater to a condition at least equal to its condition at the time it was acquired by the Federal Government. The District of Columbia Recreation Department shall advise and assist the Administrator of General Services in the restoration and renovation of the Belasco Theater. The District of Columbia Recreation Board shall manage the restored and renovated Belasco Theater as a children's theater and art center, and shall present the best of classical and contemporary fine arts for the benefit of children and, in so doing, shall follow the best practices of children's theaters and art centers in this and other nations.

"(b) The Recreation Board of the District of Columbia shall designate the Executive Board of the Children's Theater of Washington, comprising a membership not to exceed thirty persons, as a citizens' advisory committee to advise with regard to the programs and activities carried out pursuant to this section.

"(c) The District of Columbia Recreation Board is hereby authorized to solicit and accept contributions from whatever source to supplement those funds which may be appropriated for the purposes of this section, and, when deemed necessary, may make nominal charges for admission.

"(d) When the Belasco Theater is restored and renovated as a municipal theater it shall be known as the 'National Capital Children's Theater and Art Center', and shall be managed so as to honor and uplift all American children—which is definitely not the case with so many movies and television programs viewed by millions of children today—in order that other cities may be encouraged to establish children's theaters and art centers."

---

### H.J. Res. 854

(In the House of Representatives, 87th Congress, 2d session, August 16, 1962—Mr. Dowdy introduced the following joint resolution; which was referred to the Committee on the District of Columbia)

Joint resolution to amend the Act of April 29, 1942, establishing the District of Columbia Recreation Board, to provide for the restoration and use of the Belasco Theater on Lafayette Square in the Nation's Capital as a municipal theater as proposed by President Kennedy in 1960, to provide that such theater shall be used solely as a children's theater and art center so as to provide cultural fare superior to many of the movies and television programs seen by millions of children today, and to provide that such theater shall be known as the National Children's Theater and Art Center

Whereas President Kennedy introduced legislation in the Senate in 1960 to restore and use the Belasco Theater on Lafayette Square as a municipal theater; and

Whereas many of the movies and television programs available to children in the Nation's Capital and in other cities have been denounced by civic and religious leaders, parents, and teachers as contributing to the growing volume of juvenile delinquency and crime; and

Whereas all cities of any size and importance in Europe and the Soviet Union have several children's theaters to present the best of classical and contemporary fine arts for the benefit of children who are the leaders of tomorrow's world; and

Whereas the New York Times and other publications have often compared the Nation's Capital with cities in Europe and the Soviet Union and deplored the comparative backwardness of the Nation's Capital in the fine arts: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That article II of the Act entitled "An Act to create a Recreation Board of the District of Columbia, to define its duties, and for other purposes", approved April 29, 1942, as amended, is amended, by adding at the end thereof the following section:

"Sec. 7. (a) The Administrator of General Services is authorized and directed to restore and renovate the Belasco Theater to a condition at least equal to its condition at the time it was acquired by the Federal Government. The District of Columbia Recreation Department shall advise and assist the Administrator of General Services in the restoration and renovation of the Belasco Theater. The District of Columbia Recreation Board shall manage the restored and renovated Belasco Theater as a children's theater and art center, and shall present the best of classical and contemporary fine arts for the benefit of children and, in so doing, shall follow the best practices of children's theaters and art centers in this and other nations.

"(b) The Recreation Board of the District of Columbia shall designate the Executive Board of the Children's Theater of Washington, comprising a membership not to exceed thirty persons, as a citizens' advisory committee to advise with regard to the programs and activities carried out pursuant to this section.

"(c) The District of Columbia Recreation Board is hereby authorized to solicit and accept contributions from whatever source to supplement those funds which may be appropriated for the purposes of this section, and, when deemed necessary, may make nominal charges for admission.

"(d) When the Belasco Theater is restored and renovated as a municipal theater it shall be known as the 'National Children's Theater and Art Center', and shall be managed so as to honor and uplift all American children—which is definitely not the case with so many movies and television programs viewed by millions of children today—in order that other cities may be encouraged to establish children's theaters and art centers."

---

### H.J. Res. 862

(In the House of Representatives, 87th Cong., 2d sess., August 27, 1962—Mr. Widnall introduced the following joint resolution; which was referred to the Committee on the District of Columbia)

Joint resolution requiring a public hearing before any theater in the District of Columbia which is suitable, and has been used, for the presentation of live drama, ballet, or opera productions may be demolished

Whereas the Shubert and Columbia Theaters in the District of Columbia have been demolished for parking lots, and the Capitol, Keith's, and Belasco Theaters, which are as fine as any theaters and opera houses in the United States or Europe, are slated for early demolition and are to be replaced by less culturally significant office structures, according to newspaper accounts; and

Whereas when Carnegie Hall in New York City was similarly threatened with demolition, civic, cultural, and political leaders in New York City and State, and throughout the country, rallied and prevented its destruction; and

Whereas the Capitol, Keith's, and the Belasco Theaters are more important to the cultural growth and development of the Nation's Capital and of the United States than Carnegie Hall: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) notwithstanding any other provision of law, no theater in the District of Columbia owned by the United States may be demolished, and no permit may be issued for the demolition of any theater in the District of Columbia, unless the Commissioners of the District of Columbia shall first have held a public hearing at which any resident of the District of Columbia may offer his objections to such demolition and his suggestions, if any, for alternative courses of action.

(b) As used in this Act, the term "theater" means a theater such as the Capitol Theater, the Keith's Theater, and the Belasco Theater which is suitable, and has been used, for the presentation of live drama, ballet, or opera productions.

---

H.J. Res. 871

(In the House of Representatives, 87th Cong. 2d sess., August 30, 1962—Mr. Kyl introduced the following joint resolution; which was referred to the Committee on the District of Columbia)

Joint resolution requiring a public hearing before any theater in the Nation's Capital which is suitable, and has been used, for the presentation of live drama, ballet, or opera productions may be demolished

Whereas the Shubert and Columbia Theaters in the District of Columbia have been demolished for parking lots, and the Capitol, Keith's, and Belasco Theaters, which are as fine as any theaters and opera houses in the United States or Europe, are slated for early demolition and are to be replaced by less culturally significant office structures; and

Whereas, when Carnegie Hall in New York City was similarly threatened with demolition, civic, cultural, and political leaders from both major parties in New York City and State, and throughout the country, rallied and prevented its destruction, and the Capitol, Keith's, and Belasco Theaters are more important to the cultural growth and development of the Nation's Capital and of the United States than Carnegie Hall; and

Whereas the National Symphony Orchestra management has stated that in view of the foregoing it would seem prudent that Congress do what it can to avoid the hasty and irrevocable razing of those few structures in the Nation's Capital which well serve the basic needs of the citizens of our country: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) notwithstanding any other provision of law, no theater in the District of Columbia owned by the United States may be demolished, and no permit may be issued for the demolition of any theater in the District of Columbia, unless the Commissioners of the District of Columbia shall first have held a public hearing at which any resident of the District of Columbia may offer his objections to such demolition and his suggestions, if any, for alternative courses of action.

(b) As used in this Act, the term "theater" means a theater, such as the Capitol Theater, the Keith's Theater, and the Belasco Theater which is suitable, and has been used, for the presentation of live drama, ballet, or opera productions.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mrs. Norrell (at the request of Mr. Albert) for today through September 22, 1962, on account of official business.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Holifield, for 30 minutes, September 12.

Mr. Rogers of Florida, for 15 minutes, September 12.

Mr. Alexander (at the request of Mr. Rutherford), for 30 minutes, today.

Mr. Bell, for 10 minutes today, and to revise and extend his remarks.

Mr. Halpern, for 15 minutes, today.

Mr. Bruce, for 60 minutes, on September 12, 1962.

Mr. Kearns, for 15 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Fernós-Isern.

Mr. Toll.

Mr. Doyle and to include appropriate material.

Mr. Van Zandt.

(The following Members (at the request of Mrs. May) and to include extraneous matter:)

Mr. Schneebeli.

Mr. Curtis of Missouri in two instances.

Mr. Alger.

(The following Members (at the request of Mr. Gonzalez) and to include extraneous matter:)

Mr. Pucinski.

Mr. Fisher in two instances.

Mr. Bailey in two instances.

Mr. Burke of Massachusetts.

Mr. Mack.

Mr. Santangelo in two instances.

Mr. King of California.

## ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 852. An act to establish a procedure for the use of independent medical experts by the Board of Veterans' Appeals;

H.R. 4635. An act for the relief of Hattie and Joseph Patrick, Sr., and for the legal guardian of Betty Ann Smith and the legal guardian of Stanley Smith, and for the legal guardian of James E. Harris, Jr.;

H.R. 6021. An act for the relief of Lt. Don Walsh and Lt. Lawrence A. Shumaker;

H.R. 8038. An act to amend section 491 of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States;

H.R. 10242. An act to amend Private Law 86–339;

H.R. 10383. An act to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank Directors; and

H.R. 12024. An act for the relief of Librande P. Caltagirone.

## SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2965. An act to provide authority to accelerate public works programs by the Federal Government and State and local bodies.

## ADJOURNMENT

Mr. GONZALES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 21 minutes p.m.), the House adjourned until tomorrow, Wednesday, September 12, 1962, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2503. A letter from the Chairman, Federal Communications Commission, transmitting a copy of the report on backlog of pending applications and hearing cases in the Federal Communications Commission as of June 30, 1962, pursuant to Public Law 554, 82d Congress; to the Committee on Interstate and Foreign Commerce.

2504. A letter from the Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to provide for merger of certain Coast Guard appropriations for operating expenses, Reserve training, and retired pay"; to the Committee on Merchant Marine and Fisheries.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. H.R. 555. A bill for the relief of Elmore County, Ala.; without amendment (Rept. No. 2336). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANE: Committee on the Judiciary. House Resolution 774. Resolution providing for sending the bill (H.R. 7561) for the relief of certain counties, cities, and other political subdivisions of the State of California, together with accompanying papers, to the Court of Claims; without amendment (Rept. No. 2337). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on Disposition of Executive Papers.

House Report No. 2338. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

**Mr. CELLER**: Committee on the Judiciary. S. 1307. An act to amend section 128 of title 28, United States Code, to constitute Richland, Wash., a place of holding court for the eastern district of Washington, southern division, and to waive section 142 of title 28, United States Code, with respect to the U.S. District Court for the Eastern District of Washington, southern division, holding court at Richland, Wash.; without amendment (Rept. No. 2339). Referred to the Committee of the Whole House on the State of the Union.

**Mr. ROGERS** of Colorado: Committee on the Judiciary. S. 3156. An act to amend section 142 of title 28, United States Code, with regard to furnishing court quarters and accommodations at places where regular terms of court are authorized to be held, and for other purposes; without amendment (Rept. No. 2340). Referred to the Committee of the Whole House on the State of the Union.

**Mr. CELLER**: Committee on the Judiciary. H.R. 11678. A bill to waive section 142 of title 28, United States Code, with respect to the U.S. District Court for the Northern District of Ohio, eastern division, holding court at Akron, Ohio; without amendment (Rept. No. 2341). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HOLIFIELD**: Committee of conference. H.R. 11974. A bill to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (Rept. No. 2342). Ordered to be printed.

**Mr. CELLER**: Committee on the Judiciary. H.R. 5753. A bill to provide that the district courts shall be always open for certain purposes, to abolish terms of court and to regulate the sessions of the courts for transacting judicial business; with amendment (Rept. No. 2343). Referred to the Committee of the Whole House on the State of the Union.

**Mr. ROGERS** of Colorado: Committee on the Judiciary. H.R. 8337. A bill to amend section 113(a) of title 28, United States Code, to provide that Federal district court for the Eastern District of North Carolina shall be held at Goldboro, Jacksonville, and Clinton; with amendment (Rept. No. 2344). Referred to the Committee of the Whole House on the State of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

**Mr. BATTIN**: Committee on the Judiciary. H.R. 4483. A bill for the relief of Simon Karasick; without amendment (Rept. No. 2329). Referred to the Committee of the Whole House.

**Mr. SHRIVER**: Committee on the Judiciary. H.R. 9129. A bill for the relief of Caroline G. Junghans; without amendment (Rept. No. 2330). Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary. H.R. 9469. A bill for the relief of Charles L. Kays; without amendment (Rept. No. 2331) Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary. H.R. 9943. A bill for the relief of Stella McKee; without amendment (Rept. No. 2332). Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary. H.R. 5695. A bill for the relief of Forrest L. Gibson; without amendment (Rept. No. 2333). Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary. H.R. 10423. A bill for the relief of Mrs. Dorothy H. Johnson; with amendment (Rept. No. 2334). Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary: H.R. 12936. A bill for the relief of Kenneth E. Foussé and others; without amendment (Rept. No. 2335). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 13093. A bill to provide for import fees on cotton products during periods the United States is subsidizing the export of cotton; to the Committee on Ways and Means.

By Mr. BELL:

H.R. 13094. A bill to provide for the representation of indigent defendants in criminal cases in the district courts of the United States; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 13095. A bill to assist in the provision of housing for elderly persons, and for other purposes; to the Committee on Banking and Currency.

By Mr. FISHER:

H.R. 13096. A bill to repeal the authorization for the furnishing of foreign currencies in connection with local currency expenses of Members and employees of the Congress traveling outside the United States; to the Committee on Foreign Affairs.

By Mrs. HANSEN:

H.R. 13097. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. McFALL:

H.R. 13098. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. MAGNUSON:

H.R. 13099. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. CLEM MILLER:

H.R. 13100. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. OLSEN:

H.R. 13101. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. PETERSON:

H.R. 13102. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. ULLMAN:

H.R. 13103. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mrs. GREEN of Oregon:

H.R. 13104. A bill to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources; to the Committee on Agriculture.

By Mr. FOGARTY:

H.R. 13105. A bill to amend section 314 of the Public Health Service Act to provide a grant program for the prevention and control of dental diseases, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MULTER:

H.R. 13106. A bill to amend the Federal Aviation Act of 1958 in order to provide for research to determine criteria and means for abating objectionable aircraft noise; to the Committee on Interstate and Foreign Commerce.

By Mr. ALEXANDER:

H.J. Res. 879. Joint resolution to limit importation of cotton products to the amount thereof imported in 1961; to the Committee on Ways and Means.

By Mr. DEROUNIAN:

H.J. Res. 880. Joint resolution authorizing the President to employ the Armed Forces of the United States for protecting the security of free nations in the Caribbean area and in Central and South America; to the Committee on Foreign Affairs.

By Mr. HALPERN:

H.J. Res. 881. Joint resolution to establish a permanent National Council on U.S. Goals; to the Committee on Government Operations.

By Mr. PATMAN:

H. Con. Res. 522. Concurrent resolution authorizing the printing for the use of the Joint Economic Committee of additional copies of its hearings entitled "State of the Economy and Policies for Full Employment"; to the Committee on House Administration.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts:

H.R. 13107. A bill for the relief of Giovanni Bottari; to the Committee on the Judiciary.

By Mr. DADDARIO:

H.R. 13108. A bill for the relief of Chaim Kandel; to the Committee on the Judiciary.

By Mr. McFALL:

H.R. 13109. A bill for the relief of Enrique Ramirez Ayala; to the Committee on the Judiciary.

By Mr. MILLER of New York:

H.R. 13110. A bill for the relief of Miss Mary R. Verso; to the Committee on the Judiciary.

By Mr. MOORE:

H.R. 13111. A bill for the relief of Dr. Josefina Quintos Marcelo; to the Committee on the Judiciary.

H.R. 13112. A bill for the relief of Dr. Bernardino D. Marcelo; to the Committee on the Judiciary.

By Mr. PUCINSKI:

H.R. 13113. A bill for the relief of Colombo Melone, his wife, Vivalda Melone, and his minor child, Maria Teresa Melone; to the Committee on the Judiciary.

By Mr. ZABLOCKI:

H.R. 13114. A bill for the relief of Elmer J. and Richard R. Payne; to the Committee on the Judiciary.

By Mr. CELLER:

H. Res. 797. Resolution providing for sending the bill (H.R. 12884) for the relief of the trustee in bankruptcy, estate of Monti Marine Corporation of New York, together with accompanying papers, to the Court of Claims; to the Committee on the Judiciary.

# EXTENSIONS OF REMARKS

## On the Firing Line for Free Enterprise

EXTENSION OF REMARKS

OF

### HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

**Mr. CURTIS of Missouri.** Mr. Speaker, earlier this year, May 9, 1962, I had the opportunity to address the Health Insurance Association of America's annual meeting in Denver, Colo. As I told the insurance people at that time, their industry is on the firing line for free enterprise, defending the system which has made America great against those who would substitute for it and its decisions through the market mechanism a procedure of decision by governmental bureau and control by governmental agency. This battle continues, not only in the field of the health sciences and services to which my remarks were principally directed, but as well in a number of other areas in which the free enterprise system is called upon to defend itself. I am placing this speech in the RECORD at this point to call attention to the fight that is being waged for the free enterprise system:

I want first to thank you for that kind introduction and then I want to thank all of you here who represent a very distinguished industry for the outstanding job that you have been doing in our society.

There is no question that in your area of endeavor the United States leads the world. In fact, so much so that it is not even possible to compare other systems with yours.

I am happy to have the opportunity of talking with this group because we have before us today in Washington some very pressing problems. In fact, as I analyze them, we are at the crossroads of whether this Nation is going to go forward on the basis of the fundamental principles upon which it was founded and upon which it has reached its present successes, or whether we are going to abandon it and adopt other theories of government and other theories of economic endeavor. It just so happens that your industry and that of others in the health field are on the firing line of one of the bitter battles, but I do want to suggest to you that it is only one of the battles, because as a Congressman I see many other battles that are being fought at this present time on a wide front for these two fundamental principles—representative government and private enterprise economics.

The points that I am going to make here are the same points that I make to the doctors, drug people, hospital groups, social workers, nurses, to any group of people in the health field.

I remember about 2 or 3 years ago I was invited to speak before the Missouri Medical Association in St. Louis, and 2 weeks later, before the Insurance Agents Group of Missouri. I prepared one speech which I delivered to both, because I felt the same issues were involved.

Let me, before I get into the field of health, try to relate why I say this is only one battle. Let me talk very briefly about the issues involved in the steel price increase and the issues involved in the movement of labor unions to increase the wages for their union members, or the appeals that the Federal employees are making to have their wages increased.

The President of the United States has moved his great powers into line and directed them against the steel industry that sought to raise prices. The President made a speech just yesterday, urging the labor unions to hold the line. In doing this, he has wrapped around himself the garment of deep concern for the welfare of our society, and indeed he is. I am satisfied of that, but in both of his appeals nowhere does he mention the factors that lie at the base of why steel leaders would raise prices, why labor leaders would seek to increase wages for their people.

What are these forces that are at play in our society that bring these things about? Has it come about that our leaders in industry are not interested in the welfare of our society and are selfish men and only those of us who happen to be in politics, of all things, are the ones who are unselfish; or is it that the labor leaders are not concerned about the overall welfare of our society? Of course not. The forces at play, I submit, are the forces that have been created by the fiscal irresponsibility on the part of the President himself and the administration in Washington. At least that is a fair issue for the people to consider when in times of prosperity we continue operating under unbalanced budgets; and I, as a member of the Ways and Means Committee, have the job of trying to figure out where we get the money to pay for these bills, knowing that when we don't get it through ordinary taxes, we have to sell more Federal bonds, we have to print more money, and indeed that is what we are doing.

There is only one thing, one powerful economic force, that is holding the line against these inflationary forces that have been set loose, forces which underlie these pressures that cause our steel people to seek to alleviate them by raising prices and our labor leaders by increasing the wage scales of our people; and this force is sinister. It is foreign competition. However, in many respects, already we have been pricing ourselves out of the market. The point that I am trying to relate is this: The President talks about problems that face our society through inflation and increased cost of living, and does not relate these problems to the economic forces that cause them. He relates them only to further governmental activity, as if the Government can solve these problems by doing something more. He does not relate them to the Government doing less because its very level of action, or expenditures if you will, have been contributing greatly to the power of these pressures.

So this is not necessarily a question of whether the Federal Government should be doing more in these areas. It may be a question of whether the Federal Government should not stop doing some of the things that it presently is doing.

And so, in this very important social problem of health care for the aged, we have a similar one-sided presentation where the activity in the private sector is largely ignored in the national debate as it has been presented by the executive department. No question is raised as to what the Federal Government is doing that it might stop doing that would alleviate this situation. The only suggestion follows one very tired theme; to solve this social economic problem, spend more Federal money, have the Federal Government take care of it.

Now, there are places that the Federal Government can help, but I think this should be approached from the standpoint of "let's see where and how to help by first analyzing what the problem is," not putting on this old record, "Just go to the Federal Government, and some wise people in Washington, not even elected by the people, but appointed by those who are elected, can solve these problems."

In the health field we have three major divisions that I like to point out in discussing it. We have first the vendors of health services, the doctors, the hospitals, the drug people, the nurses, the people who sell hospital equipment and so forth. We have the financers—your industry—which seeks to establish techniques and devices whereby income can be spread forward or backward to take care of the needs that occur before one gets into the work force or needs that occur after one has left the work force, the great field of insurance; a field not only of spreading income from earning years forward or backward to nonearning years but of equalizing risks to which all of us are subject and bringing them down to a cost that is bearable by each; and third, the field of facilities, and by that I mean hospitals themselves, and nursing homes, the physical plants.

In all three of these fields such amazing progress has been made that we have created new problems. Many people whom I run into at the Washington level say, "But, TOM, you are against this program of health care for the aged through the social security system. What are you for? You can't beat something with nothing." My answer is a very simple one: Since when is the great health care system in our society nothing?

We have the greatest system that has ever come about in the history of the world. Now, does that mean, and the answer usually is when I make that remark, "Well, then, you are complacent." Of course I am not complacent, and none of you are complacent. We don't want to stand still because the only way a system that is tops remains tops is by continuing to improve and move forward, but it does put the discussion on an entirely different basis. If someone seeks to present a program, one asks, Is this going to improve the system or is it going to radically change it? When we come to that question, I don't think there is any doubt that a compulsory—and note the word "compulsory"—a compulsory Federal health care system will radically change our present system.

And that is the issue, whether the problems that the success of our system has created can be solved under this system. That is a fair question. I don't think it should be just automatically answered, "Well, of course the system that has produced success can solve the problems that the success has created." It is a fair question to examine.

What do I mean, the success of the system has created the problem? Why do we have the problem of health care for the aged? Because of the failure of our health care system—not at all; we have it because people are living 10 to 15 years longer. That is the result of the success. Indeed it has created cost problems, and if you went to a hospital 20 or 30 years ago, the odds were that you might come out in a couple of days—come out in a box. You have no cost problems to worry about, sure. Now you might stay 4 or 5 days, but you come out on your own hind legs and you have a cost problem. That is one of the things to think about. The success of the system has created this problem, and this problem, I might say, is divided into two, as I see it. One is the problem that our present age group over 65 have, and the other is the problem that those who are not yet 65 have—and that is most of us who are going to become 65. The two are separate, and must be kept separate in order to analyze the problems that we have. The group over

65 today reached that age when there was not very much health insurance available to our society, just as there are 4 million of our 17 million older people who reached 65 before social security insurance was made available to them, who remain untouched and unhelped by either the Forand or the King bill.

This group over 65 who did not have health insurance will fade out as the new groups coming in and becoming 65 increasingly do have health insurance that covers them. That is why we must separate these two problems. If we are talking about what to do for people over 65 now who reached that age before there was such a thing as prepaid health insurance or health insurance that was available to them, their problem is different and must be treated as a separate problem from those who can have health insurance plans to cover them during old-age retirement.

That is, indeed, what we tried to do with the Kerr-Mills Act, to direct attention to whatever their problem might be. Incidentally, I felt that the evidence was lacking and that there was needed such a thing, even, as the Kerr-Mills Act, but I was completely relaxed about voting for it because I said, "Lest I be in error, and if there is a real need, let's set up the machinery for it." The Kerr-Mills Act, I might say, did do one good thing, I think, among others. It created a new approach that the States could take in regard to classifying the older people who might be in need; just the reverse, I might say, of the false propaganda which has been disseminated that the Kerr-Mills Act requires a pauper's oath. The Kerr-Mills Act liberalizes, or permits the States to liberalize, the means test. The Kerr-Mills Act prohibits a State that accepts Federal money under the Kerr-Mills Act from imposing a lien against older people's property. It in effect says this to the States: "You can tell your older people this, that if they have their modest home (and most of them—about 75 percent of them do, with an average equity around $9,000), and they have their pension on which they are getting along all right, and they are hit with a medical cost that is beyond their ability to handle, they do not have to go on relief. They can come in and show the bill and the State can take care of that bill. They can remain in their home that they own and they don't have to cash in their pension."

What an entirely different picture that is from the vicious dirty propaganda that has been disseminated around this country by people in high office in Washington today. To me it is one of the most disgraceful things that I have witnessed. It is untrue. This is what is degrading.

Some people have asked me, particularly here, "Well, what can the private health institutions do about all this politically? What political action can be taken?"

Well, first I do want to say this to any group of citizens. All of our citizens should be active politically. Walter Reuther, in testifying before the Ways and Means Committee, castigated the American Medical Association for being organized to be politically active. When it came my turn to interrogate Mr. Reuther, I said, "That is a very strange thing to hear you say, because I have always commended you and the labor union people for being politically active."

It seems to me that we should want to encourage as many of our people and groups as possible to be politically active. The only danger to representative government is when only one group or a few groups are politically active. Then you get an imbalance. It does behoove all of our citizens to make meaningful the term, "government by the people." Under our system of representative government the people spend their time, of course, in the communities pursuing their livelihood, doing church work, community work, family work, raising children, and so forth. There is just a limited amount of time that anyone can spend on government. So we send representatives to city halls, State capitols, and Washington, D.C., to do the detailed work that must be done to have intelligent government action. I suggest that that is the way representative government is set up to work, and that was part of the dispute I got in with Mr. Reuther.

He said that we on the Ways and Means Committee should vote out the King bill because the Gallup poll said the "overwhelming majority of the people" favored health insurance through social security. I said, "Well, Mr. Reuther, if we are going to be down here just to have public opinion polls decide these issues, what do you think the purpose of a congressional hearing is?"

Let me suggest what I think representative government is all about; that the people send me to Washington, not to vote on the basis of ignorance on an issue, but to spend some time digging into the facts, listening to the arguments pro and con, and then after having gathered the facts and having listened to the argument, cast my ballot.

The people come in because after having done that, the Representative hopes that he will have cast his ballot as his people would wish him to were they armed with the information, the same information, and had they heard the same arguments.

That is the danger of the President of the United States going directly to the people on a complicated issue like this, as apparently he plans to do in this circus that is scheduled in Madison Square Garden.

The governmental witnesses testified before Ways and Means. What wisdom there is in our society to apply it to this problem that faces us. Yet the printed record of this public hearing was unprinted and unavailable to the public for 4 months, under orders apparently from the White House to the Public Printer. Not until December 15 were these hearings available, well over a month after the White House regional conferences set up supposedly to inform the people on the same issues. I can well understand why the proponents of the King bill didn't want these printed volumes available to the people of the communities because many of the statements made by these high Government officials were challenged and rebutted very effectively in the hearings.

One of the things Secretary Ribicoff would have been asked—and this needs to be known—"Why does the King bill limit itself to less than 25 percent of the average health costs of people over 65?" I asked, "Mr. Ribicoff, is it because you didn't want the political opposition of the doctors or you felt that you could get rid of that or minimize that by leaving them out as they were in the Forand bill?" "Oh, no," he said, "no, it wasn't a political thing at all. It was a financial problem. We cannot increase the social security tax beyond 10 percent of payroll." So I said, "Then in the future you can't be coming in to increase these benefits, although many of the people who advocate this bill, including Mr. Forand and Mr. Reuther have openly said, 'This is just the beginning.' "

It would have been interesting to have Mr. Ribicoff answer that question in the communities throughout the country, as well as some of the other questions that were posed in these hearings.

And so, getting back to the process of representative government, these public hearings, at which this information was gathered, becomes the basis upon which the people's representatives try to make up their minds. You can see that kind of process where the individual citizens, with a limited amount of time to devote to government, can make that time effective through good representatives.

I, as a Congressman, use my representative on the City Council of Webster Groves. I haven't got the time nor the facilities to dig into the problems that confront our little community, but I help elect a councilman to whom I say in effect, along with my fellow citizens, "You go down to the city hall. You dig into these problems. You study them and then, based upon what you find out, not upon ignorance and prejudice or any preconceived notions, but upon what you find out, then vote on it. I will be there to criticize you if I disagree with what you have done based upon what you found out." I use the same process in regard to things that go on in Jefferson City, the capital of Missouri, with regard to State matters. I don't have the time to find out what is going on and the details that affect State legislation, and so I utilize the State senators and State legislators. That is representative government.

And, when I have some information on one of these subjects, I try to pass it on to my representative. That again is part of government by the people. So that is one thing that this group or any group can do when it comes to becoming politically active.

In fact, that is a responsibility that all citizens have. But there are two particular things that I want to suggest that this group can do. The first one ought to be very obvious. In this very difficult problem of health care for the aged, one of the key problems is financing, as you know. What is the economic condition of our older people? What are the statistics? What are the lack of statistics? It is almost as important to know that. You should be informed of that, but I wouldn't even ask you necessarily to get into that until you have gotten into something even more basic, and that is to know what is being offered and is available in the field of health insurance today for our people. I think one of the most shocking things—and I am not going to mention him by name—occurred when one of my colleagues who has been an insurance salesman took the floor of the House this January to say that it was impossible for private insurance to handle this problem of health care for the aged. They just couldn't finance it and so forth and so on. I approached him afterward, and my criticism of him was primarily that he hadn't done his homework, and the fact that the man who is in that profession hadn't done his homework, made what he said even more dangerous because the people had a right to presume that he knew what he was talking about. He had no knowledge of what was available in the field of health insurance. He was 5 years out of date.

Indeed, as I talk to you here—this field is so dynamic and I should be telling you people—it is so dynamic that you turn around for 1 month and you are out of date. This field moves so fast—the figures I used for example, $1 billion was paid out in health benefits in 1950, and I think if we interpolate, I haven't seen the exact figures and I am interpolating, that that figure is around $7 billion, for 1961.

Look at the increases. What is the total amount in health costs for our society? Around $19 billion for 1961. Those things need to be known because one of the arguments used is that these health insurance policies don't cover very much and they have these fine lines and clauses in there.

Of course there is an easy answer. It is the bald figures. Most of the policies must have meant a lot because otherwise $7 billion would not have been paid out in benefits. This is something that should be known by all your salesmen—how many are there in the field of selling insurance, life insurance people? I understand there are probably 320,000 to 400,000 people whose business it is to go from person to person and group to group to inform them of what is available in this field. Now, getting back to politics, nothing could be more effective on this issue today than having all of our insurance people know what is available in the health field, life insurance people, too, and to be kept up to date on it and so keep the public informed.

Massachusetts has just passed an enabling act so that the Connecticut 65 plan can be implemented in Massachusetts. New York passed it just a couple of weeks ago, or a similar one. Many people don't even know what the Connecticut 65 plan is; in fact the bulk of America doesn't know. Yet here is the very program that gives noncancelable health insurance without physical examination at reasonable cost to anyone over 65.

How many people know that prepaid health insurance is now available through a number of companies, that a person can take it out at the age of 20, 30, 40, 50, and have it prepaid, noncancelable at age 65. Indeed it is one of the areas that needs to be developed the most, other than this area which your industry has been moving forward in in a very fine fashion, the people over 65.

Let me say something else about this coverage from a political angle. The political appeal has been in behalf of these people over 65. That is the social problem that is always presented, but, believe me, that is not what these people who are promoting it have got their eyes on. You can tell it by the fact that their program leaves out 4 million older people, in fact the ones who need it the most. It also is demonstrated by the fact that the benefits will cover less than 25 percent of the average health cost. It is brought out by the fact that those are the two areas, coverage, and benefits, that the promoters of this plan will always compromise on.

Let me say this: the King bill promoters will let benefits go down to only 10 percent of the average health costs to get this bill through. They will kick the age limit up to 70. But there is one thing they will not compromise on. It was in the Forand bill. It is in the King-Anderson bill. That one thing is "compulsion." Once that is in, then these other things can be broadened out. That is the one matter that they will not compromise, compulsion.

Where comes the political motivation and the forces lined up behind this measure? I can tell from the letters I receive. It isn't from older people. It isn't from older people at all.

I have issued the statement many times in my community, if anybody knows an older person who isn't getting adequate health care, please let me know, because something has gone wrong with our system and we can correct it. I have not received any bona fide replies. No, this is a very subtle appeal to the sons and daughters and the relatives of the older people. It is also an appeal to the humanitarianism of people who do not know that there are not old people who are not getting adequate health care. It is an appeal to that ignorance, but it is also a selfish appeal as I say to the sons and daughters and relatives. One of the most important things to do in selling health insurance, I think, is to point out to a son or daughter why, aside from humanitarian reasons, they should be interested in their fathers and the mothers. It is to their own economic advantage to take out health insurance for their elderly parents.

Again, I refer to the $9,000 average equity of the older people 75 percent of whom own their homes. Sons and daughters stand to inherit this and the other accumulated assets of their parents. There always is this modest estate. It is worth $120 to $250 a year in health insurance premiums to protect it. So from an economic standpoint I think the message can and needs to be told and your group is the one group whose business it is to tell it.

The second thing, and this is most important, politically, don't downgrade those in collateral health fields. One of the great jobs that health insurance is performing is to ride herd on the cost of hospitalization and the cost of drugs and the cost of doctor's fees. That is a good healthy marketplace operation that is going on. But don't downgrade and repeat the smears that are current in our society against the doctors, against the drug companies, against hospitals, unless you can be specific. Sure, there are abuses, but believe me, if you were a doctor and looked through their eyes at their problems, or you were a drug company, or whatever, you would see that they are not made up of calloused people or social robbers any more than you in your profession. Uninformed people say that insurance companies write policies in fine print so that they never pay out any benefits. This is the same unwarranted smear of the private enterprise system.

Sure, there are some people that are on the shady end of the business in any profession, in my own as a lawyer, and in politics. I dare say that there are even those in civil service. But the point is this, this kind of denigration of our institutions is the very thing that these neofederalists feed upon in trying to eliminate the private enterprise system and in its stead put in "big government." So, please, from a political standpoint, join hands on one thing, on this issue of the importance of the private enterprise system, and what it stands for. Criticize it in context and in detail, but don't join the smear artists.

And now I would like to conclude, although this conclusion will take a little more time than the usual conclusion, by reading a speech that I have been writing and intend to deliver on the floor of the House tomorrow. It bears on what I have just been talking about, and it becomes pertinent, I think, and necessary to say it at this time. I have just received a message from Washington that makes me believe that maybe I should stay and read this.

This speech is entitled, "King Canute's Courtiers." One of the stories contained in the third-grade primer, apparently abandoned by our educators because it sought to teach a lesson as it taught youngsters to read, concerned the Danish-English King Canute. King Canute sat by the seashore, surrounded by his courtiers, and as the tide kept creeping up toward the legs of his chair one courtier said, "Oh, great and powerful King, order these tides to cease." King Canute was wise, however, and moved his chair.

Now, some rulers have not been this wise. King Xerxes attempted to transport his army across the Hellespont in order to fight a battle and it turned into a disaster. So he ordered the unruly sea whipped. In World War II a Navy wing commander proclaimed that he was tired of all the accidents from pilots failing to put their wheels down on landing and issued an order commanding that these accidents cease. Of course, these accidents did not cease. Such accidents were diminished, however, by the wisdom of another commander who had installed a howler system which would warn the pilots that their wheels were still up.

I guess all of us at one time or another have kicked the chair or punished an inanimate object which crossed our will or our path. We realize our stupidity when our anger passes and reason returns. However, let this contrary object be animate, particularly human, and reason frequently does not return and passions continue to burn.

President Kennedy's courtiers have been lashing out against the doctors, the health insurance people, and other corporations in the health field, such as the drug companies, for refusing to swallow their nostrums on health care for the aged. One courtier testifying before our committee referred to the doctors as selfish, the health insurance people, yourselves, as crazy—he called you schizophrenic, and the other groups as just plain ignorant.

I think this is like kicking a chair against which one has stumbled. If everybody disagreed with the reasons advanced by the doctors, the health insurance people, and others in the health field, or I thought that they were devoid of humanitarianism, which I do not, I still think it is important to diagnose their behavior rather than to kick at it.

Now, recently some doctors in New Jersey announced that they would not work under the system of health care set forth in the King-Anderson bill if it became law. This has been construed by Secretary of Health, Education, and Welfare Ribicoff as amounting to blackmail, to prevent the congressional passage of the King-Anderson bill. Congressman King yesterday—he didn't say it, he put it in the Record—construed this announcement as breaking the Hippocratic oath. Now, I am more interested in the phenomenon that produced this emotional outburst of these doctors than I am about the outburst itself. What does this symptom indicate, that a handful of doctors in New Jersey think that they can blackmail the President of the United States and the U.S. Congress? I think this is ridiculous.

If this is a violation of the Hippocratic oath, what would possess these men, well above the average in intelligence and humanitarian motives, because they once took this oath, to abjure it? One thing this outburst indicates is that the theme advanced by the advocates of the King-Anderson bill, that the American Medical Association is out of step with the thinking of its own members, is obviously in error. If there is this kind of feeling at the grassroots level among the doctors of America, it would be woe betide the leaders of the American Medical Association if they did not move vigorously as they have to oppose the King-Anderson bill.

The New Jersey outburst is not an isolated symptom. In Saskatchewan the doctors as a group refused to cooperate with the Government-run medical program, and just a few days ago a news item was that the same had occurred in Quebec.

It was reported that in Great Britain about 1,000 British doctors, one-third the annual output of all the medical schools in the country have been leaving Britain annually for the past 5 years. British hospitals in the nationalized health service now depend to a great degree for the continuation of their work on some 4,000 foreign-born doctors, the majority hailing from Pakistan and India, because so many of their native-born doctors are emigrating.

Americans should be the last of peoples to be surprised that men will leave their homes, their birthplaces, their friends and relatives, and go to a strange land because of a desire to be free, even if the desire remains unfulfilled or the emotion was created by unreality and false information. Our country was founded and developed by many men and women who were so motivated.

More importantly, perhaps, many of our outstanding leaders were so motivated or took inspiration from those whom they came to know who had this motivation.

Our mediums today are filled with stories about how people in Asia, Africa and around the world are stirring to be free. Regrettably, and I say this from personal experience, much of this is fiction, inspired by people in our own country who find that this is a helpful argument to further their plans which are far removed from the freeing up of peoples, either abroad or at home.

However, an emotion to be free is a strong one and an innate one, not confined as the Athenians stated to the Persians, to those who have experienced freedom. The question is as old as mankind. Is freedom important enough to men and women in America today to make sacrifices? We are being told that

Government can meet needs which traditionally were met by individuals, by the family, by the neighbors and by our free churches, and that freedom is no longer a factor to be considered in deciding what the Federal Government does or does not do in a particular field.

Ladies and gentlemen, in our debates in Congress, whether the bill is a farm bill which is depriving freedom of the farmers, whether it is in the field of transportation, whether it is in the field of foreign trade, whether it is in the field of education, whether it is in the field of health care for the aged, this value factor of freedom is not being weighed.

I believe that our society is at the crossroads, and unfortunately your industry is on the firing line.

---

## Senator Goldwater Speaks

EXTENSION OF REMARKS

OF

## HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

*Tuesday, September 11, 1962*

**Mr. THURMOND.** Mr. President, the Edgefield Advertiser, of Edgefield, S.C., has recently reprinted on its editorial page excerpts from an excellent address by the distinguished Senator from Arizona [Mr. Goldwater] which was given before the American Bar Association on August 8. I, myself, have been impressed with these comments by the Senator from Arizona, and I ask unanimous consent that these comments be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Senator Goldwater Speaks

(From an address on August 8 by Senator Barry Goldwater, Republican, of Arizona, before the assembly session of the American Bar Association.)

In my understanding of the Constitution, the intent written into it by our Founding Fathers was the prohibition against the gathering of power in any one branch of our tripartite system of government or any segment of our society.

We are witnessing in our National Government today, and we have been for nearly 3 decades, the movement of more and more power away from the people and the States into the hands of the bureaucrats in Washington. And we have witnessed how this power can be used to benefit one segment of the economy, giving it monopolistic power.

I refer specifically to the concentration of power in the hands of labor leaders of today. This power came about as the result of Federal legislation. Its correction can only come through congressional action which would remove those portions of the Labor-Management Act which confer a privileged status on labor unions. This exempt position is not related to the unions' bargaining power in legitimate labor-management disputes.

I would suggest the tremendous concentration of potential power in the hands of labor is contrary to the public interest, and in "the public" I include the working union members.

Labor unions enjoy many special privileges and immunities under Federal law which are creative of power. By far the most important of these is the exclusive right to represent all the employees in the unit for purposes of collective bargaining, even if the union has been selected as bargaining agent by only a narrow majority, which in many circumstances under our existing law, in fact, constitutes only a minority.

There is an unconscious tendency on the part of many to regard labor-management relations as the exclusive concern of the parties directly involved—i.e., of the union and employer.

Where a settlement is reached as the result of collective bargaining and without the intervention of a work stoppage resulting from either a strike or a lockout, it is safe to say, almost without exception, that in reaching the settlement none of the negotiating parties paid the slightest attention to its future impact on the economy of the Nation or its effect on the public interest.

The public is the overlooked body in most of the legislation written in the Congress of late, particularly in the field of labor-management relations. There are protections written into the labor-management law, and while they are not adequate, they exist; but the tendency today is to ignore them and by this action to further ignore the important role the public plays in any labor-management dispute.

It behooves us to examine the nature of the continually recurring labor crises in the United States. Even a cursory examination will reveal one obvious truth: that labor unions have access to far too much power for the good of the economy or the health of the Nation.

Now it surprises no one to realize the immense size and the great economic strength possessed by American unions today. It is worth noting, however, that big labor did not gain its present vital position in our society wholly, or even primarily, through its own efforts.

The Federal Government, that ever-present arbiter, policeman, and entrepreneur of American life, has made organized labor what it is today.

Just to give you an idea of the preferred position held by today's union in the economic scheme of things, I have compiled a list of special privileges, immunities, and rights and powers enjoyed by labor unions under the Federal law. And let me emphasize at the outset that most of these special considerations may have been justified when they were initially given to the labor movement because of their weakness and lack of size. However, possible justification from a historical standpoint certainly doesn't justify their continued existence to today's era of monopolistic union power.

The list I refer to is as follows:

1 Almost total immunity under the antitrust laws.

2. Immunity from taxation.

3. Immunity from injunctions by Federal courts.

4. Authority to use union funds for purposes not related to collective bargaining, even where union membership is compulsory.

5. Power to compel workers to join the union as a condition of continued employment.

6. The right of a union selected by a majority of the workers to bargain for all employees. This includes the right to bargain for those who were compelled to join the union as well as those who can be arbitrarily denied membership.

7. Power to compel the employer to bargain exclusively with the majority union.

8. Absolute authority to deny union membership to workers employed in the bargaining unit, on any grounds or for no reason at all.

9. The right, in some situations, to invade the privacy of workers, even against their wishes. This deprives them of a legal right enjoyed by all other members of society.

10. The right, in some situations, to compel employers to make available for union use the private property of the employer.

11. The right to compel the employer to provide protection against any physical violence on the part of workers who resist invasion of their privacy.

12. Unions are immune from the payment of damages for personal and property injuries inflicted on employers or others by union members engaged in activities, such as strikes or picketing. And this stands even in situations where such activities have been officially authorized and directed by the union.

13. The right to strike for objectives wholly unrelated to any proper subject of collective bargaining. This is in contrast to the severely limited right of an employer to engage in a lockout.

14. The right in some situations, to examine an employer's books and records—including those containing such confidential data as costs, profits, and prices.

15. And finally, the almost complete immunity of unions from any liability, penalty, or restriction under State law under the doctrine of Federal preemption.

Now, I'm sure you realize that no other private organization, institution, or individual in the United States is the beneficiary of such a powerful combination of immunities, benefits, privileges, rights and powers—under either State or Federal law.

And in presenting this list I am not suggesting that all of these special grants, without exception, should be removed. I do it merely to suggest that the entire question of unlimited power for labor unions should be reviewed carefully by the Congress.

---

## The Hanford Project

EXTENSION OF REMARKS

OF

## HON. CLEVELAND M. BAILEY

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

**Mr. BAILEY.** Mr. Speaker, under leave to extend my remarks in the Record, I include the following:

Answers to Specific Questions on the Hanford Project Raised by Representative Howard Smith, Democrat, of Virginia, During Debate Before the House of Representatives on August 29, 1962

Question. Does the Government assume any obligation?

Answer. Yes. Despite claims by proponents of the contract between the Bonneville Power Administration and the Washington Public Power Supply System that the Government assumes no obligation, any reasonable examination of the proposed contract clearly reveals that the Government, through the Bonneville Power Administration, takes upon itself serious and lasting obligations. For example, Bonneville Power Administration assumes the obligation to supply participants in this project an amount of firm kilowatts of power at prevailing Bonneville rates equal to the amount of the annual financial contribution of such participants to cover amortization and interest charges on the outstanding bonds, full operation and maintenance charges, replacements and repairs on all parts, and such other expenses as become necessary as a result of this arrangement. Bonneville's obligation to supply firm kilowatts of power is not contingent upon the supply of power forthcoming from the Hanford generating plant, but rather upon the annual financial contribution of the participants. This would be true even if at any time and for any reason absolutely no power was produced at the Hanford generating plant for any extended period of time.

Furthermore, various clauses in the contract clearly indicate that Bonneville Power Administration would be the real party at interest and basically would suffer any losses that might accrue. The contract gives Bonneville Power Administration the right to disapprove the rate of interest on Washington Public Power Supply System's revenue bonds issued to finance the project. In addition, all plans and specifications for the generating plant must be approved by Bonneville Power Administration. Likewise, the annual operating budget would be subject to Bonneville Power Administration's approval. The level of maintenance at the project would be under its control, the scheduling of shutdowns for repairs and maintenance operations would have to be approved by Bonneville Power Administration. Power from the project could be dispatched only pursuant to Bonneville Power Administration's instructions.

On the basis of these facts, it is fallacious to argue that the Federal Government, through the Bonneville Power Administration, does not assume any obligations for this proposal.

Question. Who pays for the plant? Who pays for the thing that has to be constructed?

Answer. Again, it must be said that any reasonable individual, upon careful examination and evaluation of all the facts, must conclude that the Federal Government will in the last analysis pay for this project. Bonneville will pay for the project with a guaranteed supply of firm kilowatts of power which have a ready market at a fixed price rather than actual dollars, but it pays for the project nevertheless. As it was brought out in the hearings before the Joint Committee on Atomic Energy, July 11, 1962 (p. 82), that all the cost of whatsoever nature that the participants incur is paid by the receipt of electricity which is converted into cash by the sale of the electricity. The participants assume no risk with respect to their operation and maintenance or debt service and are sure of being able to pay all the costs because they are going to receive electricity from the Bonneville Power Administration that they can sell to make the payments. During that same hearing, Mr. Charles Luce, Bonneville Power Administrator (p. 91), said the exchange contract assures Washington Public Power Supply System participants of a market for the Hanford power so they can float these bonds. Thus, this contract is a form of security for underwriting the bonds. Mr. Luce also said Bonneville Power Administration was taking a rather large part of the risk in this project.

At another point during the hearings (p. 87), Mr. Luce testified that if a nuclear incident should occur at the Hanford reactor and the insurance did not cover it, "then the Bonneville Administration, under these exchange contracts, would have to deliver, continue to deliver, that amount of power that would be necessary to amortize the bonds as they became due."

Therefore, the net result is that Bonneville Power Administration provides the cash required for the repayment of the revenue bonds issued by Washington Public Power Supply System and all operation and maintenance charges, improvements, replacements, repairs, or any other charges whatsoever. It does this by selling its own power and permitting the purchasers to discharge their obligations for paying off the bonds. Since Bonneville Power Administration's obligation to deliver power to participants is not related to the actual production of power at Hanford, the Federal Government, through the agency of the Bonneville Power Administration, becomes the guarantor to the bondholders of the continued operation of the project for the entire term of the bonds.

Question. Then, does the Government agency; namely, the Bonneville Power Administration, pay for the plant?

Answer. When this question was asked on the floor of the House of Representatives, the answer was given, "No. They do not have to pay 1 penny. The State public power bodies pay for the plant." From the foregoing discussion of the previous question, obviously the answer given is not true. The so-called State public power bodies may be considered merely as the messengers to take the dollars they receive from the sale of the guaranteed supply of power and pay them over to the holders of the bonds. There should be no question, however, but that it is Bonneville Power Administration itself which has supplied these dollars in the first place in the form of firm kilowatts of marketable power.

Proponents of the proposed contract between Bonneville Power Administration and Washington Public Power Supply System have consistently maintained that it is not the Nation's taxpayers but rather the customers of Bonneville Power Administration who will be required to pay for any possible losses from this arrangement through increased rates for Bonneville power. Mr. Charles Luce, Bonneville Power Administrator, consistently told the members of the Joint Committee on Atomic Energy during the hearings on these arrangements that should any loss occur it would be covered by an increase in the basic wholesale rates of the Bonneville Power Administration. This may sound good to some people, but, let's look at the record.

It has been obvious since World War II that new sources of hydroelectric power in the Pacific Northwest coming into the Bonneville Power Administration grid were relatively higher cost facilities than were the original Bonneville and Grand Coulee Dams. It was also obvious that at a date in the not too distant future Bonneville should increase its rates in accordance with sound business principles. Since 1947, Bonneville Power Administrators have been assuring members of the House of Representatives Committee on Appropriations that such increases in rates were imminent. Since that time, rate review periods came due in 1949, 1954, and 1959. But Bonneville rates have never been increased. In fact, since fiscal 1958 Bonneville Power Administration has been operating at a net deficit annually, and it is estimated that for fiscal 1963 this annual loss may run as high as $16 to $20 million. Even though Administrators have consistently assured members of the Appropriations Committee that rates would be increased to meet anticipated losses, such increases have never been put into effect. Therefore, despite assurances of Charles Luce that any potential losses from Hanford would be covered by a rate increase, it must be said that if the past has taught us anything at all it has taught us it is easier to promise rate increases than to actually deliver.

In order to keep the record straight, the following direct quotations are taken from hearings before the House of Representatives Committee on Appropriations over the past several years:

### YEAR 1947

"I have taken this position about that matter, Congressman, that we are required by law to cover the cost of power development. We are doing it, as near as I can determine at the present time, and we will continue to do it for some time in the future.

"It may be that the additional costs under the higher price level that we have now of the new dams when they are built will indicate that those rates should be raised."—Dr. Paul Raver, Bonneville Power Administration Administrator.

### YEAR 1948

"I do not think there are any of these operators, either private or public, represented in this group, who have any thought whatever that they are expecting the Federal Government to give them a handout. They are expecting to pay for this under whatever the rules are that the Congress sets up for paying for it. They will have to pass on to their own consumers, then, those costs, whatever they may be."—Dr. Paul Raver, Bonneville Power Administration Administrator.

"If current high-cost levels prevail throughout construction of additional dams and transmission facilities relating thereto, it is possible that some increase in the wholesale rate will be required in order to maintain payout requirements."—Dr. Paul Raver, Bonneville Power Administration Administrator.

### YEAR 1950

"In 1954 we think we have to make a rate increase * * *. The rates that we are charging now cover costs, in accordance with the requirements of law. And they will continue to do so in our opinion until 1954. They may continue to do so beyond that, but we are at least reserving, and on the basis of our estimates, notifying all of our customers, that there is a possibility of a rate increase in 1954, although we have notified all of them that in our opinion such an increase will in no event be more than $5 per kilowatt-year."—Dr. Paul Raver, Bonneville Power Administration Administrator.

### YEAR 1951

"We have notified all our customers that there will probably be a rate increase in 1954 on our wholesale power. In no event will it be more than $5 per kilowatt-year * * * we do feel that by 1954, in order to continue showing a net income over and above all expenses, including interest, we will have to raise that wholesale rate."—Dr. Paul Raver, Bonneville Power Administration Administrator.

### YEAR 1953

"Representative BEN JENSEN, Republican, of Iowa. In order to comply with the law and pay back the investment, that part which the Congress appropriates for those things that must be paid back, the present rates will not be sufficient because of the increased cost of construction and operation. Is that a fair statement?"

Dr. RAVER. That is correct * * * and 1954 is the year when we think we will have to begin raising these rates * * *. We run into a difficult period here for about 5 years, at least, to cover our total costs, and we are planning to make these rate changes do it in 1954."

### YEAR 1954

"And we presently have under study the problem as to how much the rates are going to have to be increased and when. We have stated in our annual reports for the last 2 years that as the new dams come in, we will have to have increased rates, so the public has been told that. We have not kept it from them. And we are studying the matter right now to determine how much the increase will have to be and when it will have to be put into effect."—Mr. E. D. Ostrander, Bonneville Power Administration Controller.

### YEAR 1956

"To really answer your question, briefly I would say there will probably be some change in our rate structure."—Dr. William A. Pearl, Bonneville Power Administration Administrator.

### YEAR 1957

"About 2 weeks ago we announced there would not be an increase in rates for the year beginning December 1957. That is to say, there will not be an increase before December 1958."—Dr. William A. Pearl, Bonneville Power Administration Administrator.

YEAR 1962

"If our revenues are insufficient to do that, because of deliveries that we have to make under the conditions that you have assumed, Mr. Bates, then we would simply have to raise our rates."—Mr. Charles Luce, Bonneville Power Administration Administrator, hearings before the Joint Committee on Atomic Energy, 87th Congress, 2d session, page 88.

---

## Rocking Chair Economics

EXTENSION OF REMARKS

OF

### HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. CURTIS of Missouri. Mr. Speaker, the Joint Economic Committee followed the Ways and Means Committee in holding hearings on the economic condition of our country and the arguments pro and con for a tax quickie to stimulate our economy. A byproduct of the Joint Economic Committee hearings was an article by economic columnist Mr. J. A. Livingston, who was one of the witnesses, entitled "Finance Tax Cut at Bureau of Engraving."

I enjoyed the column very much, as anyone familiar with my economic views can well understand. However, Mr. Stanley Ruttenberg, director, Department of Research, AFL–CIO, another of our witnesses, did not. This, too, is understandable.

I want to help move the national debate along so I am setting out Mr. Livingston's column, Mr. Ruttenberg's reply to Mr. Livingston, a copy of which he generously sent to me, and my reply to Mr. Ruttenberg:

BUSINESS OUTLOOK: FINANCE TAX CUT AT BUREAU OF ENGRAVING

(By J. A. Livingston)

Representative THOMAS B. CURTIS, Republican, of Missouri, is short, stocky, and stubbornly matter of fact.

"But where are we going to get the money?"

Always politely, always quietly. Never did his voice rise. But oh, so persistently, did he ask that question.

The witness before the Joint Economic Committee was Stanley Ruttenberg, director of research of the AFL–CIO. Ruttenberg favored an immediate tax cut of "approximately $5 billion," to terminate December 31. "The impact on the economy would be the equivalent of almost $20 billion a year," he said.

How would Ruttenberg achieve this 4-for-1 fiscal tour de force?

He'd reduce "witholding taxes by $10 a week for 10 weeks for each taxpayer, and taxpayers whose withholding tax is less than $10 a week would be able to apply immediately for a tax refund that would permit them to have a total tax cut of $100." A $5 billion cut in one quarter would be tantamount to $20 billion a year.

At this point, Representative WRIGHT PATMAN, Democrat, of Texas, suavely asked if Ruttenberg didn't feel that Federal Reserve Board Chairman William McChesney Martin Jr., could impose a "Russian veto" on the program by making money tight. Wouldn't a rise in interest rates run directly counter to tax-cut stimulation?

"I would hope," responded Ruttenberg adroitly, "that the Reserve Board would maintain a monetary policy consistent with economic expansion."

Then Representative CURTIS got in his licks. He hadn't noticed in Mr. Ruttenberg's prepared statement a plan for raising $5 billion. "Do you think the Treasury could sell $5 billion of E bonds to the public?"

Ruttenberg allowed that might be difficult.

"Well, then," repeated CURTIS, "where do we get the money? I'm a member of the House Ways and Means Committee. It's our responsibility to see that the Treasury has the funds necessary to conduct the Government's business.

"You, and other witnesses have appeared before this committee and the House Ways and Means Committee and suggested, 'cut taxes,' but you don't submit a plan of financing. One must be the counterpart of the other."

Ruttenberg promised to submit a proposal. But the committee wasn't through with him.

Senator WILLIAM PROXMIRE, Democrat, of Wisconsin, had misgivings about the 4-for-1 assumption. Did Mr. Ruttenberg feel certain that people would spend this money or would they save it? He, himself, suspected that a temporary tax cut wouldn't have the same impact as a permanent tax reduction that people could count on—year in and out.

Well, answered Ruttenberg, if you knew workers, and he thought he did, they'd spend the money, and fast.

But, countered Senator PROXMIRE, people couldn't employ a shortrun tax cut on longrun purchases. They wouldn't contract new installment debt on $100.

"Maybe they'd use the money to pay off old debt," the Senator suggested.

"That would be fine," responded Ruttenberg, "then they could start all over again." [Laughter.]

Senator PROXMIRE, unconvinced, turned to a new subject.

"Do you think that once the Congress granted a 3-month tax reduction it could withdraw it? I'm thinking of the political realities. Wouldn't people expect us to continue it?"

Said Ruttenberg: "I think the Congress could review the situation on January 5, 6, or 7, when it reconvenes."

All through Ruttenberg's testimony, through sheer force of character, I managed silence. As a witness, I was bursting with desire to help him out.

Why, he could have handled CURTIS and PROXMIRE in one fell razzle-dazzle. Why not just hand every taxpayer, whether he pays $100 in taxes a year or not (for Ruttenberg didn't cover this point) a brandnew, fresh $100 bill?

That would help employment at the U.S. Bureau of Printing and Engraving which would have to print 50 million new $100 bills.

It would help to popularize the portrait of Benjamin Franklin, who graces the C note. And it would answer Representative CURTIS' question: "Where's the money coming from?"

Answer: From the printing press.

---

AUGUST 20, 1962.

Mr. J. S. LIVINGSTON,
*The Washington Post,*
*Washington, D.C.*

DEAR MR. LIVINGSTON: Your August 15 column, "Finance Tax Cut at Bureau of Engraving," prompts the old saying, "It's a shame to spoil a good story with the truth." But you owe your readers at least an accurate report of events you witnessed. The column falsifies facts.

No one could guess what happened at the August 10 Joint Economic Committee hearings. The transcript shows:

1. When Congressman CURTIS asked me to explain how to finance a deficit resulting from a tax cut, I described several technical methods for financing it. I did not, as you reported, promise to "submit a proposal." I did present sound, acceptable economic methods for financing the prospective deficit. A copy of my response is attached.

2. You attended and participated in the hearings and asked for a tax cut of a different kind. Your fictional account of how you, "through sheer force of character," managed to contain your desire to "help" me "out" by indicating that the printing press could print money is, therefore, very funny, but it is not true. You merely advocated a different kind of tax cut from the kind I was advocating. You may find to your horror that the American people think that all tax cut advocates think money grows on trees if you make fun of any tax cut, just because labor supports it. Economists of every political hue are concerned right now about the need for tax cuts.

You have the right to disagree with me, to ridicule my views. However, you have no right to falsify the facts. It is too bad, it seems to me, not only that you should feel that you must result to falsehood to argue against the kind of tax cut I was advocating, but also that you fail to allow your readers to understand that what I described as a means of financing was technically sound. This is true not only for the tax cut I suggested, but also for the tax cut you suggested. Any tax cut requires financing. Tax cuts of various kinds have been proposed to stimulate the economy. Until the stimulus results in additional revenue, deficit financing is necessary. The public should know that.

It should also know that the President of the United States, the Council of Economic Advisers, Members of Congress from both political parties, the chamber of commerce and various business groups have all considered tax cuts as necessary means of spurring the economy. Their suggestions have differed, but all would have required deficit financing until the necessary stimulus had been provided.

It seems too bad, therefore, for you to try to ridicule as nonexistent a very real economic problem which all of these groups do recognize. It seems very odd and strange for you to ignore the fact that all these other groups have asked for tax cuts and that you also have advocated them. Do you think the funny joke you make about printing press money applies to the thinking of the President of the United States, to the Council of Economic Advisers, to the Members of Congress, to the chamber of commerce, and to J. A. Livingston when they consider and sometimes advocate the necessity for a tax cut to spur the economy? Or is it only for labor spokesmen whose views you don't have the courtesy to report, whose colloquies with Congressmen you deliberately distort, that such ridicule is appropriate? And is this because you have decided, as you told the Joint Economic Committee that day, that you think the National Association of Manufacturers is now correct?

Sincerely,

STANLEY H. RUTTENBERG,
*Director,*
*Department of Research.*

---

CONGRESS OF THE
UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C., September 4, 1962.*

Mr. STANLEY H. RUTTENBERG,
*Director, Department of Research, American Federation of Labor and Congress of Industrial Organizations, Washington, D.C.*

DEAR MR. RUTTENBERG: Thank you for sending me a copy of your letter to Mr. J. A. Livingston commenting upon his column of August 15, 1962.

I enjoyed the humor of the column, but perhaps that was because I was on the same side of his economic philosophy.

I think your reply misses the basic point in the national debate over the proposed tax quickie. The point is that those who advance the theory that deficit financing per se stimulates an economy must assume the burden of proof, just as anyone who advances a novel theory should assume this burden.

To date, the professed followers of Lord Keynes' economic theory that deficit financing will stimulate an economy by increasing consumer purchasing power have been begging the question, and insulting those who refuse to adopt this theory by accusing them of being neolithic in their thinking.

I think it is time that this school of economic thinking started proving its point, if it can. You were one of a long line of witnesses appearing before both the Ways and Means Committee and the Joint Economic Committee, as I pointed out when I interrogated you, who advocated a tax cut to stimulate the economy, but who did not come in with prepared remarks to discuss the vital issue—how would the deficit that this created be financed? What would the economic effect of marketing that additional amount of Government bonds have on our present economy, struggling as it is with a large deficit and with a balance-of-foreign-payment problem, and yet breaking new economic records as measured in gross national product and innovation of new products and services?

I appreciated your willingness to discuss the questions on this point I posed after you had made your prepared remarks, just as those who preceded you had proved willing. But in your instance, as in the others, it was obvious that the remarks were the result of improvisation rather than deep study.

You, along with your predecessors, fell back essentially to the supposition that the deficit would be financed by the increased economic growth that the deficit would produce. As I pointed out, this begged the question. The question is, Will Federal deficits stimulate an economy, under any circumstances and, in particular, under the present circumstances. If so, how? Answering this, of course, requires full discussion of the economic problems involved in debt management. No witness for a tax cut quickie had one word to say in his prepared remarks about the problems of debt management.

Isn't it about time the theory of deficit financing be supported by straightforward argument and reference to economic history instead of the appeal to "authorities," as does your letter? This is the 20th century, not the Middle Ages. Facts and arguments, not "authorities," decide the points at issue.

There are many economists who do not scoff at a balanced Federal budget; there are many who do not believe that deficit financing stimulates an economy. President Kennedy asked for a national debate on the subject but, instead of a debate, we get a name-calling contest.

I think Mr. Livingston was on entirely sound grounds in spoofing the deficit financiers by pointing out that devoid of its sophistication the theory is no more than giving printing-press money to the potential consumers in the society. This theory has never worked in the past and there seems to be less logic to suggest that it might work in modern America. In fact, if anything, it would take us backward to the frontier days of the 1800's which seem to so fascinate our currently ruling politicians in the White House.

I can't understand why it is so difficult for people to realize that our society has advanced economically to a point no society has ever reached before. Our economy is so dynamic that it is creating serious growing pains. Yet the New Frontier seeks to treat growing pains as if they were symptoms of a tired and rundown condition requiring rocking chair treatment. This kind of medication can stop the growing pains all right—by stopping growth. We will surely get stagnation and ultimate economic death through this kind of backward and forward motion, going nowhere.

However, I enjoyed your response to Mr. Livingston. Usually I am the one who complains that news commentators miss my points.

Sincerely,

THOMAS B. CURTIS.

## King-Anderson Health Proposal Simplified

EXTENSION OF REMARKS

OF

## HON. CECIL R. KING

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. KING of California. Mr. Speaker, there has been so much misunderstanding regarding the President's health care program under social security, identified as the King-Anderson bill, which I deemed a privilege to sponsor in the House of Representatives at the request of the President, that I wish to clarify the true purpose of the bill which will be reintroduced next January.

Health is the business of a democratic country, for the fulfillment of the individual—impossible without health—is one of its highest goals. The health of every individual is very much a concern of our Nation, yet many elderly citizens cannot afford and do not obtain the health care they need.

The principal aim of the King-Anderson bill is to provide our older citizens with protection against the excessive costs of hospital care for prolonged illness which can wipe out the lifetime savings of an aged couple of moderate means, and often results in a major financial drain on their families, or forces them from independence to dependency.

The need is widely acknowledged, and the fact is beyond dispute that the greatest single threat to the economic security of older people is the unpredictable cost of illness. The King-Anderson proposal would make it possible for our people to build insurance protection in their working years against the high cost of illness in their later years—just as they now build protection under social security for themselves and their families against the loss of earnings because of old age, disability, or death.

Hospitalization represents the heaviest financial health care burden imposed on aged persons. The average hospital care cost per day in 1946 was $9.39; in 1950 it rose to $15.26; in 1955 to $23.12; in 1960 to $32.28; in 1961 to $34.98, and in California, exceeding the national average, the cost has risen to $44.81.

Therefore, insurance against the cost of hospital care was deemed the proper area of coverage under a health insurance program, with a contribution rate within the means of our country's working force of approximately $1 per month. It is a very modest proposal designed to meet the most essential need, with sufficient deductible requirements to discourage unnecessary utilization.

People 65 and over have health care costs twice as high as those of younger people. They are more likely to have serious and long-lasting illnesses, yet their annual income, on the average, is only half as large. The majority have little or no money beyond what they need to meet their day-to-day expenses for housing, food, and clothing. Most younger persons readily recover from serious illnesses and regain both their health and economic well-being, whereas such an opportunity is rarely afforded those of advanced years.

In our social security system we have the instrument which can spread the cost of health services in old age over the working years effectively, and in a manner consistent with the dignity of the individual. For over 26 years the efficient administrative machinery of the social security system has been operating successfully, and extension of health care insurance can be logically added at a minimum cost for the benefit of those over age 65.

By using this proved system to provide health insurance protection, it will be possible for our older people to get the vital hospital services they need, not as a gift, but as a right earned and established during productive years, without exhausting their resources, mortgaging their homes, burdening their families, or being obliged to resort to public assistance. Paying for hospital costs under the social security system is the conservative and practical answer to the problem.

Only about half of our people 65 and over have hospitalization insurance, and many of the policies offered to older people provide but limited benefits under restrictive conditions. It is well recognized that a policy that will provide even an approach to adequate care is beyond the financial ability of the great majority of retired persons.

The Kerr-Mills law, adopted by the Congress in 1960, provided medical assistance for those who could prove poverty through a means test. But now we must meet the needs of those millions of taxpayers who are staggered by the drain on their savings—or those of their children—caused by an extended hospital stay. The King-Anderson bill seeks to prevent ever-rising health care costs from bringing about indigency, rather than to extend care only after indigency occurs.

It is obvious the proposed health care program has no resemblance to socialized medicine. It is simply a national program to help older people prepay hospital and related health care bills, not a means of providing these services. Nothing in the bill would in any way change existing practices of hospitals which require that patients be admitted only on the order of a physician.

There would be no interference in the doctor-patient relationship. Every patient would have free choice—of doctor, hospital, or nursing home. Hospitals and other services would be paid in much the same way that Blue Cross and other insurers now pay. The proposal states

**specifically that the Government would in no way control, regulate, or interfere with the practice of medicine or the administration of hospitals.**

**The aim and ideals embodied in the health insurance program will help social security do the job it was designed to do—provide a measure of independence with dignity for America's senior citizens during their golden years with an added measure of health and happiness. What greater bulwark against communism could there be than the contentment of a citizenry assured of a feeling of security they have earned.**

## California's Mother Lode Can Help Restore Our Gold Reserves

EXTENSION OF REMARKS

OF

### HON. CLAIR ENGLE

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

*Tuesday, September 11, 1962*

Mr. ENGLE. Mr. President, committees of the Senate and the House are giving attention to our gold supply problem with the dual objective of adding to the Treasury's gold reserves and of helping our troubled gold mining industry I have a bill, Senate Joint Resolution 44, to provide incentive payments for domestic gold production.

Congressman HAROLD T. "BIZZ" JOHNSON, who represents the mother lode district of California, has introduced a bill, H.R. 12874, to create a Gold Procurement and Sales Agency. He explained this proposal in convincing terms at a hearing last week before the Mining Subcommittee of the House Interior and Insular Affairs Committee.

I ask unanimous consent to have Representative JOHNSON's statement printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**STATEMENT OF HON. HAROLD T. JOHNSON BEFORE MINES AND MINING SUBCOMMITTEE IN SUPPORT OF H.R. 12874**

**Mr. Chairman, I believe that this year has seen more interest in doing something about the critical situation of our domestic gold mining industry than in any recent year and I am extremely gratified at this. The visit which your fine committee made to California's historic gold-producing areas last year and earlier the formal hearings held in Washington on various gold measures were valuable contributions in seeking a solution to the problem. Later, I was pleased to have been able to arrange a meeting with the Secretary of the Treasury and many of us were able to join gold industry spokesmen for a further discussion of this extremely serious problem. Much has been learned during this legislative review and as a result of these meetings, hearings, and studies, I have drafted H.R. 12874, a bill to establish in the Department of the Interior a Gold Procurement and Sales Agency. It is on this legislation that we are holding hearings today and I certainly appreciate the opportunity to meet with you, and, in effect, sum up our efforts to resolve this situation.**

**First, may I be permitted to indulge in a little historical background for the record. As we know, the United States once was the world's leading producer of gold. This was about the close of the 19th century. Today we rank a relatively ineffectual fourth place behind such unstable giants as Russia and South Africa. Only a couple of decades ago, the United States still maintained a strong world position in the production of gold as its output continued to grow during the first 40 years of this century reaching an all-time high of approximately 5 million ounces immediately before our entry into World War II.**

**During the war, American gold mines were closed by Government Order L-208 and rapid deterioration of their productive facilities followed. Since the war, the domestic price of gold has remained frozen at artificial 1934 levels, despite the fact that production costs have risen between 300 and 400 percent since the 1939–40 period.**

**During the first 15 years after the end of World War II, more than $200 million worth of gold has been sold by the Treasury Department of the United States for domestic industrial uses than our domestic mines have produced. This means that today our annual domestic production approximates 1.5 million ounces while about 3 million ounces are being consumed in the domestic commodity market. The 2-million-ounce deficit was sold from our monetary gold stock and represents a net domestic loss of our monetary gold reserves. In other words today we are filling teeth, adorning jewelry and shielding spacecraft with some 2 million ounces of gold which has to be drawn each year from the gold reserves which are backing the U.S. dollar.**

**I might emphasize further the requirements for gold in the space and missile age. Substantial quantities of gold are used in space vehicles to shield them from radiation. Gold is used in production of communications equipment and nuclear power facilities. Gold, always a commodity in the production of jewelry and the filling of teeth, now has become an essential, expendable material for the prosecution of our national defense in the cold war of today which will continue into the foreseeable future. This is further borne out by the guarded secrecy of Russian gold statistics and her aggressive gold-production programs.**

**Since similar conditions exist throughout the world, both the free world and the Soviet colonial empire, it is only logical that the production of gold throughout the world has increased steadily, year by year, until today nearly 50 million ounces of gold are being produced.**

**The exact reverse is true in the United States. We are producing no more gold today than we were in 1946 and the situation would be even more critical if it were not for the fact that gold can be produced as a byproduct of base metal ores which accounts for 70 percent of our total gold production. Unless we act now, the situation will get worse and the remaining operators still struggling to survive as primary producers of gold will follow the downfall of the Cripple Creek Mine which closed last year and the U.S. Smelting, Refining & Mining, which will close its Nome, Alaska, operation this year. The last of our great mining operations are highgrading to keep alive but time is running out on them, too.**

**Added to this drain on our dollars from the inability to produce enough gold for our own use has been an exceedingly heavy withdrawal of our monetary gold reserves.**

**Confronted with these trying difficulties and the inescapable predicament of being burdened with an international gold liability to support the major currencies of the free world, the United States is in dire need of gold—at a time when 97 percent of her gold mines remain closed on the controversial assumption that if an economical price were paid for gold production, the international position of the dollar would be weakened. As you will recall at our meeting with Secretary Dillon, this was the primary reason why he opposed earlier legislation to provide an incentive payment to place our gold mining industry back on its feet. One sure way to get more gold is to produce more, but we agree it must be done without interfering with the monetary policy.**

**This problem has thrown an obligation on the Congress of the United States to consider a means of accomplishing this most difficult task. The 87th is meeting this obligation because of the actions of this responsible committee. Since gold is essential to the welfare of the Nation, this problem can be resolved by setting up a gold procurement agency to purchase newly mined gold directly from domestic mines. Such an agency, which could operate under the Interior Department, must be completely divorced from the Treasury Department and the monetary picture. Its purpose would be to contract directly with the domestic mines for gold at whatever price—within reasonable limits—is necessary to reopen the mines and bring the volume of production back to immediate prewar and pre-L-208 levels.**

**Besides supplying the defense and space programs with necessary gold requirements, it should be the responsibility of such an agency to sell gold at cost to the domestic industrial, professional and artistic users and to supply the Treasury Department with all surplus purchases of gold at the monetary price of $35 per ounce. This would in no way interfere with monetary or fiscal policy operations of the Government. It would add gold to the official reserves through increased gold production and industrial activity rather than draw down official gold reserves for the domestic industrial and defense requirements of gold. This would demonstrate to the foreigners a determination in protecting the gold value of the dollars that they hold and thus strengthen—not weaken—confidence in the dollar internationally.**

**H.R. 12874 I believe clearly distinguishes the status of gold as a domestic commodity from its function as an international monetary factor and eliminates the contention that an incentive payment for domestic gold production would result in an international catastrophy for the dollar. Purchase and sale of domestically produced gold as a commodity would be completely separate from the use of gold as a monetary measure and reserve.**

**Enactment of this bill will bring back and keep domestic gold production at the maximum, give a just return to the miner, furnish industrial users with gold at a fair price, and add to the monetary reserves rather than deplete them. It prevents the possibility of overpricing gold as a windfall for the producers by eliminating the guesswork to a price that is necessary to carry out our common objective—full production from the domestic mines. In comparison to the benefits, the cost would be slight.**

**The following example will illustrate the practicality of such a program:**

**If $70 per ounce would return gold production to its prewar volume of 6 million ounces, then $70×6 million=$420 million of gross income to the mine operators at an apparent cost to the Gold Procurement Agency of $420 million.**

**In assuming that the domestic users (including defense and space) consumed 3 million ounces (amount used in 1960) for which they would be required to pay the cost of $70 per ounce, then $70 times 3 million equals $210 million, which would be returned to the Gold Procurement Agency.**

| | *Millions* |
|---|---|
| Cost to Government | $420 |
| Less | 210 |
| Cost for surplus of 3,000,000 ounces of gold | 210 |

In selling the 3-million-ounce surplus to the Treasury Department at the monetary price of $35 per ounce, then $35×3 million=$105 million returned to the Gold Procurement Agency:

| | *Millions* |
|---|---|
| Cost for surplus | $210 |
| Less | 105 |
| Cost of program | 105 |

As a defense measure, this would put the apparent cost of such a program at $105 million, or less than two-tenths of 1 percent of the total defense budget for the fiscal year 1963.

However, in addition to the defense aspects, which should embrace the $105 million contribution to the gold reserves (backing for 420 million paper dollars), consideration must be given to the economic benefits gained from reopening the mines.

In assuming a revival of operations comparable to the prewar level, then the $420 million received by the operators would circulate in the economy by the direct employment of upward to 50,000 people with indirect benefits to an estimated additional 400,000 through the rehabilitation of the mining communities; the purchase of machinery, supplies and equipment, and related services and transportation. This in itself would be of greater value to the Government than the $105 million expenditure—mainly as an aid in offsetting unemployment and welfare payments.

A deeper analysis will show that each time money changes hands, a profitable transaction generally occurs from which the Government collects income and excise taxes. Since the $420 million gross income of the revitalized gold mines would continually circulate via the payment of related expenditures and services, the Government would be continually collecting taxes from a gross turnover of $420 million through an investment of $105 million.

Each 1 percent of taxes that the Government would collect on each turnover of the gross $420 million would net $4.2 million: $105 million divided by $4.2 million equals 25 times. In other words, for each time that this new growth of $420 million of income from the mines changed hands 25 times in the economy, the entire investment of $105 million would be returned to the Government.

Put another way, the Government collected nearly $80 billion of income and excise taxes through the circulation of $32 billion in 1960. Therefore, $80 billion divided by $32 billion equals 2.4 times $420 million equals $1 billion. This means $1 billion of new yearly revenue for the Government (without tax increases) on an investment of only $105 million.

In conclusion, Mr. Chairman, I would like to give you a brief section-by-section analysis of the provisions of H.R. 12874:

Section 1 requires that the Secretary of the Interior make a survey of the gold mining industry to determine the price which must be paid to domestic producers in order to achieve maximum production of gold from our mines. The results of this survey must be submitted to the Congress for consideration.

Section 2 would establish, as of January 1, 1963, a Gold Procurement and Sales Agency in the Department of the Interior. The Director would be appointed by the President and receive a $20,000 salary.

Section 3 outlines the duties of the Gold Procurement and Sales Agency as follows:

(a) The Agency shall be the only agency authorized to purchase gold from domestic producers and to sell it to science, arts, and industry for nonmonetary purposes. It must buy and sell at—up to $105—the price fixed by the Secretary of the Interior as a result of the survey mentioned above. And it must conduct annual resurveys to determine what price changes may be required to maintain maximum domestic production of gold. Resurvey results also must be reported to the Congress. Any surplus gold will be transferred to the Treasury Department at a rate of $35 per ounce, or the going monetary value of gold.

Section 4 authorized the appropriation of funds to absorb the difference in cost between the $35 price paid by the Treasury Department for any gold transferred to it and the price paid for the gold to the domestic producer by the Procurement Agency. I might note here that it could well be some time before any such expense is involved because it will take a year or so to triple the production of our domestic gold mines which is what is needed just to meet today's constantly rising domestic consumption.

Section 5 specifically states that this law does not relate to the monetary system nor interference with the rights of the Treasury Department to obtain gold from foreign producers.

Section 6 provides that the term "domestic" includes our 50 States of the Union, our territories and possessions and the Commonwealth of Puerto Rico.

Mr. Chairman, in conclusion, I want to say that this is a simple piece of legislation which I believe will solve an extremely complex problem. It meets the objections raised by the Department of the Treasury and it has the support of the gold mining industry as I am sure you will realize from the statements which are to be submitted for the record of these hearings. I would appreciate at this point permission to submit the various industry and community statements which I have received.

Mr. Chairman, in conclusion I want to say on behalf of myself and the mining industry of California how much we appreciate the time and consideration which you have given to this problem during the 87th Congress, and I do hope that through our cooperative efforts we will be able to achieve a realistic solution to this very grave problem.

## Centennial of the Land-Grant College Act

EXTENSION OF REMARKS

OF

### HON. A. FERNÓS-ISERN

RESIDENT COMMISSIONER FROM PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. FERNÓS-ISERN. Mr. Speaker, I consider it a privilege to join my colleagues in saluting the centennial of the Land-Grant College Act. All this year the Nation has been observing the 100th anniversary of the Morrill Act—the bill signed by President Abraham Lincoln on July 2, 1862, which established the land-grant colleges.

The history of the land-grant colleges and the many benefits which the Nation has derived from them has already been covered in other speeches. There are now 68 land-grant colleges and universities throughout the 50 States and Puerto Rico, and I would like to talk a little about the University of Puerto Rico and its service to the Nation.

Enrollment at our university at Rio Piedras was 18,554 in 1962. Its schools of medicine, dentistry, nursing, and pharmacy are models for Latin America and recently served as a regional center for public health training for our Spanish-speaking neighbors in this hemisphere. The University of Puerto Rico has also played a leading role in training Peace Corps volunteers for service in South America. A group of these volunteers recently completed courses in nutrition prior to assuming posts in Peru. Another group is now preparing to teach and aid in rural development in the Dominican Republic. This land-grant university, together with other educational institutions on the island, is a final indoctrination center for all Peace Corps members bound for Latin America.

This year's commencement exercises at the university were dedicated to the celebration of the 50th anniversary of the founding of our college and the 100th anniversary of the creation of the land-grant institutions.

Higher education has played an important part in the rapid development of Puerto Rico. It gives me great satisfaction to salute the land-grant colleges throughout the United States on their centennial and to look forward to their future achievements.

## Bean Soup, Pennsylvania Style

EXTENSION OF REMARKS

OF

### HON. HERMAN T. SCHNEEBELI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. SCHNEEBELI. Mr. Speaker, those who have become familiar with the bean soup tradition so renowned on Capitol Hill, may be interested to learn of its counterpart in the heart of the Pennsylvania Dutch country. People in McClure, a village in Snyder County, Pa., taking pride in their history, each year invite thousands to join them in their festive bean soup celebration.

Originating in 1891, the event was suggested by a Civil War veteran who proposed that the boys of his company have a campfire with rations similar to those eaten while serving in the Union Army. Almost every resident of McClure, being either a veteran, relative, or friend, attended the gathering in a grove at the edge of town.

The affair proved to be so popular that the old soldiers decided to repeat it the following year. Profits from subsequent outings were used to construct a large cooking shed, as well as more tables and seats so that many could enjoy the fine food.

Though most of its original participants have passed away, the town continues to hold the bean soup celebration annually. This festival has replaced the Snyder County Fair, offering townsfolk an opportunity to display and sell their handiwork. Last year, 18,000 guests from all over the country shared in the smalltown hospitality and good cooking. Even more are expected to join in the fun on September 12–15 while it is being celebrated this week.

Now in its 71st year, this festival has become an important event in the lives of the people of McClure. It is a pleasure to welcome to the 17th Pennsylvania Congressional District this community which chooses to maintain its historical tradition, making life today just a little more meaningful.

---

## Washington Report

EXTENSION OF REMARKS

OF

### HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. ALGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following newsletter of September 8, 1962:

CUBA—PRESENT DANGER

The failure of U.S. foreign policy is moving inexorably to a climax in Cuba. There are other factors and areas which could conceivably mature into crises before Cuba, but probably will not. These include the Berlin wall, Vietnam, Laos, South American subversives, our gold outflow and foreign aid, foreign trade and barriers against the United States, the stultifying taxload on industry and individuals at home and abroad—but none of these are as imminent as Cuba. The Russians, long ago, in 1823, under the czar provoked the United States to establish and announce a policy against invasion of this hemisphere which became known as the Monroe Doctrine. President Monroe said as a principle in which the rights and interests of the United States are involved, that "the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European powers. If any European power tries to interfere with the American governments, the United States will consider it an unfriendly act dangerous to our peace and safety."

A series of violations of this doctrine has culminated in these actions as reported by Senator HOMER CAPEHART of Indiana: "Between 3,000 and 5,000 Soviet personnel arrived in Cuba in 5 Soviet passenger ships between July 27 and July 31. Eleven cargo ships arrived in the same period. Soviet personnel unloaded them. Trucks were lowered into the holds of these ships, loaded and covered with tarpaulins. Eyewitnesses reported seeing tanks, communications trucks and large truck-trailers carrying crates 40 feet long. At least 15 more ships from Communist countries are on the way carrying the same kind of cargo and personnel." In the face of these facts and at a time when positive action is long overdue President Kennedy's conduct, his speeches, his inaction and indecision are almost unbelievable. It is as though he, his White House advisers and his State Department and officials have never known what is happening. Yet, we know now that the administration has always known, but did not see fit to report to the American people until forced to do so by members of the press, Congress and individuals, and then his report was reluctantly given.

In analyzing the inept leadership of the administration in this crisis consider these:

1. The expropriation of American property, the threat to American lives climaxing in the firing squads.

2. The President calling off the air support promised by the United States in the abortive Bay of Pigs invasion.

3. The financial support of Cuba by the United Nations and other countries receiving our aid (contrary to U.S. policy).

4. The tractor blackmail deal on Cuban prisoners imprisoned because the President called off promised U.S. support of the invasion.

5. The build up by Russia of Cuba, entrenching communism, developing Castro's military power, and creating a base for Russian Communist operations throughout South America.

6. The continuing attempted subversion of other nations in this hemisphere by Russia, Castro, and the Communists.

7. President Kennedy's statements that military weapons to Castro from Russia are for defensive use by Cuba—not offensive. Worse, the President unilaterally telegraphs U.S. action by stating that we will not invade Cuba now or at any time. Obviously then, no action is planned to blockade the heavy Communist traffic by sea and air, while Cuba is strengthened militarily for what can only cost greater loss of life later. We can, we must blockade Cuba, and then, as Senator CAPEHART says: "From the standpoint of international law the United States has every right to land troops, take possession of Havana, and occupy the country, unless the Cuban Government answers satisfactorily the request of the U.S. Government that all Soviet military personnel be sent home and that no further shipments of military supplies be sanctioned by the Havana authorities." To do less invites other intemperate action against the United States which can precipitate war. There is risk in our action, but much greater risk in continued inaction.

Here's a positive U.S. foreign policy (which I submitted a year ago) to absolve President Kennedy and save the United States:

1. Firm, bold leadership (to match strength and determination), prevent war by miscalculation, and attrition by subversion. Examples: Reinstate Monroe Doctrine—clean communism out of Cuba. Demand German reunification.

2. Declare war on communism—they've declared war on the United States and the free world. The Communists mean to dominate the world by infiltration, subversion, and all-out war when ready. Accept the challenge.

3. Withdraw recognition of Communist governments—brand them outlaws of civilization. No negotiations. No dignifying them. They never honor contracts.

4. Stop supporting and aiding Communists, Socialists, and neutrals. Foreign aid only to friends—self-help basis. We should provide know-how—not gifts.

5. Encourage and help satellites to rebel.

6. Increase military superiority. Advanced weaponry, research, massive retaliation, not conventional or limited concept. Gear to win. Know strength breeds respect. That's all we seek or expect.

7. Preserve free economy. It undergirds our military and free form of society.

8. Force showdown in the United Nations. Only Russia violates charter by subversion. Demand withdrawal (or conformance). Maintain strong alliances outside the United Nations.

9. Protect U.S. lives and property everywhere in the world. (Alger resolution, H. Con. Res. 410.)

---

## Hero Scholarship Fund

EXTENSION OF REMARKS

OF

### HON. HERMAN TOLL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. TOLL. Mr. Speaker, I had the opportunity on Friday, September 7, 1962, to attend the Eighth Annual Hero Scholarship Fund Thrill Show at the Philadelphia Stadium which was held to benefit children of Philadelphia police, firemen, and park guards killed or permanently disabled in line of duty.

About 70,000 persons attended the show which included leading TV and radio entertainers Dick Powell, Joey Bishop, Brenda Lee, and Duke Ellington. The master of ceremonies was Bud Collyer—CBS-TV. The fund chairman, Mayor James H. J. Tote, and the fund vice chairman, City Council President Paul D. Ortona welcomed and spoke to the great audience.

The most spectacular presentations were made by representatives of the city agencies. The park guard men and mounts presented a foot and cavalry thrill; the fire department presented firefighters demonstrations; the police motorcycle drill team presented the thrill riders. The police and firemen's bands presented soloists and music.

This is a great event in which one of the greatest cities in the Nation features its police, firemen, and park guards and invites its citizens to participate in benefiting the children of its killed and permanently disabled heroes.

---

## Secretary of Labor Arthur J. Goldberg—Great American

EXTENSION OF REMARKS

OF

### HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. BURKE of Massachusetts. Mr. Speaker, for the past 19 months, we have witnessed a truly commendable series of accomplishments amassed in the Department of Labor's endeavor to fend off inflationary settlements between labor and management and to prevent strikes, and moreover, in its effort to allay the fears and suspicions of both toward each other. In a large sense, this enviable record of achievement has been a reflection of the time and energies spent by that great American, Secretary of Labor Arthur J. Goldberg, to make certain that union and business officials remain ever conscious of their respective responsibilities to not only the public interest, but to the economic growth of the country as well. To be sure, Arthur Goldberg has been one of the most active Secretaries of Labor that the Department has ever known.

In the role of peacemaker, Arthur Goldberg has helped to solve a goodly number of labor disputes, notably the one of steel. From the very outset of his career as Labor Secretary, he regarded any big and threatened strike as a challenge, and as we have seen, he has invariably moved into the thick of the labor-management line of fire. He has done so as the basic key for the successful realization of the administration's policy of wage-price restraint. Without Arthur Goldberg, an early and noninflationary steel settlement this year would have been put in doubt.

Now that Arthur Goldberg's service as labor chief is quickly drawing to a close, I feel it necessary to express my regret over losing his extraordinary talent and dynamic capability from the Kennedy administration. I support his appointment to the Nation's highest tribunal. His appointment to the Supreme Court will bring to it a capacity for abstract reasoning of difficult issues. In addition, it will bring to the Court a vigor for objectivity and restraint which are necessary qualities a jurist must possess. If past performance can be said to accurately gage future levels of achievement, then it may be said that Arthur J. Goldberg will undoubtedly be one of the High Court's most energetic and vigorous members.

An eminent and successful practitioner of the law, Arthur Goldberg first became renowned as one of the country's leading labor lawyers. He embarked on his legal profession during the hardship period of the 1930's, and became first identified with labor law when he took on the Amalgamated Clothing Workers Union as a client. In 1948, he was chosen by the late Philip Murray to serve as general counsel for both the old Congress of Industrial Organizations and the United Steelworkers. With the former, he served until 1955 when it was merged with the American Federation of Labor, an event in which he was quite instrumental in effecting; with the latter, he served until 1961. After the 1955 merger, Goldberg became special counsel to AFL–CIO and general counsel to its industrial-union department, serving in this capacity until 1961. With his association with the labor movement, he was acknowledged as being the author of the standards for organized labor that separated the good from the bad unions; those standards took the form of the AFL–CIO's code of ethical practices. Besides this, he coauthored the constitution of the new AFL–CIO, an accomplishment regarded by many as the greatest achievement in the labor field.

When he first took over his duties at Labor, it was generally felt that Secretary Goldberg would be the spokesman for the organized labor movement in the Kennedy administration. The words and deeds, the level of performance of the Secretary of Labor have pointed out the ridiculousness of this supposition. Instead of serving as a functionary of labor, he has served as a dedicated public servant with a keen interest in the primacy of the national interest in labor-management affairs.

I feel quite certain that the dedication of Arthur Goldberg to the public interest that has been characteristic for the past year and a half during his service as Secretary of Labor will follow him to his new assignment to the High Court. In addition, he takes with him to his new position a credence in the very real need to extend Government activity in order to fulfill the complex requisites of a growing American industrial society.

And so at this time I reiterate my commendation of the President's choice of Arthur J. Goldberg as the new Associate Justice of the Supreme Court. His wealth of legal talents and capacities, along with his integrity and character, will do much, I believe, to make Arthur Goldberg an indispensable member of the Court.

---

## The Hanford Power Proposal

EXTENSION OF REMARKS

OF

## HON. CLEVELAND M. BAILEY

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. BAILEY. Mr. Speaker, recently I received a covering letter to a comic strip type presentation about the 1962 Hanford project entitled "Only the Name's the Same." The comic on the cover says, "I am aware! I know about things." The entire presentation apparently is an attempt to convince the 232 Members of the House that voted against the Hanford power proposal that black is white and night is day and "Only the Name's the Same."

Let us look at the record. However, before we do I think it well to remark that this Hanford proposal may be comic strip stuff to the proponents but it is deadly serious business to the conscientious Members of Congress who are seriously concerned about their taxpaying constituents who will have to bail this project out of the red when it goes sour.

Here are the facts:

### THE PLANT IS THE SAME

In 1961: The comic strip author told us last year that the Hanford generating plant was to be more like the Robert Fulton steam engine of 154 years ago. He also said, referring to the proposed Hanford powerplant, "the people overseas are going to look at such foolishness and laugh at us."

In 1962: The Hanford generating plant is to be exactly the same old Robert Fulton vintage-type plant which would make the people overseas laugh just as hard as they would have last year, perhaps harder. The only difference actually is that it will cost about $35 million more than last year.

### COST TO TAXPAYERS COULD BE MORE

In 1961: Hanford power cost estimated to be $95 million to be put up by the U.S. taxpayers.

In 1962: A bond issue of $130 million is now contemplated for financing the construction of the Hanford powerplant. Bonneville Administrator admits contract would be security for this bond issue. Also, under the contract, conditions could occur that would obligate the U.S. taxpayers to pick up the check for the entire $130 million.

### POWER WOULD BE DELIVERED TO BONNEVILLE IN EACH INSTANCE

In 1961: AEC would deliver Hanford power to Bonneville.

In 1962: Washington Public Power Supply System would operate Hanford plant under Bonneville direction and control and would make actual delivery of power to Bonneville. There is only a theoretical or paper transfer of Hanford power to participating utilities with contract providing for immediate retransfer of the Hanford power to Bonneville.

### HANFORD POWER NONFIRM POWER IN EACH INSTANCE

In 1961: Even the proponents admitted Hanford power was nonfirm. Actually, no one knows how unreliable it really would be, as serious incidents could occur that would put plant out for indefinite periods of time.

In 1962: Construction difficulties and unsolved problems at Hanford may well make Hanford power less reliable than ever.

### HANFORD POWER COULD BE ALL PUBLIC POWER IN EACH INSTANCE

In 1961: Hanford power would be Federal public power to be distributed by Bonneville Power Administration.

In 1962: The comic strip says that Hanford in 1962 would have no Federal public power and that one-half would be local private power and one-half local public power. Actually, all the Hanford power is to be turned over to Bonneville Power Administration, a Federal agency. An amendment was proposed which theoretically would have required the offer of 50-percent participation to privately owned organizations. Offer could well be made to private industrial organizations whose refusal of offer would permit 100-percent retention of Hanford power by Washington Public Power Supply System and Bonneville. Nothing in the proposed amendment requires that the offer be made to a competing private utility system. Even if offer were made to privately owned utility companies there is a serious cloud over their position under the existing preference provisions of the Bonneville Power Act.

### U.S. TAXPAYERS WOULD PAY FOR ALL LOSES

In 1961: As a Federal project U.S. taxpayers would assume all losses.

In 1962: Proposed contract could result in U.S. taxpayers paying off entire $130 million bond issue. In actual fact, the Washington Public Power Supply System takes no risk since Bonneville pays completely for all the operation, maintenance, repairs, replacements, bond amortization, interest, and everything else imaginable. This payment is made with firm kilowatts of power rather than dollars, but the payment is still made by Bonneville. Use of Bonneville firm power for payoff of Hanford power costs could result in losses much greater than under the 1961 deal.

### ALL HANFORD NET REVENUES (IF ANY) WOULD GO TO U.S. TREASURY

In 1961: The comic strip, speaking of Hanford power revenues, says "All revenues to Bonneville Power Administration."

In 1962: The comic strip, speaking of Hanford steam revenues, says "Up to $125 million to U.S. Treasury."

Even a comic strip character should know all Bonneville's revenues go to the U.S. Treasury. To say this latest Hanford proposal could result in payments for steam that would put up to $125 million additional revenue in the U.S. Treasury with $50 million as a firm estimate is fantastic. The payment for steam is still going to be made by Bonneville in the form of firm kilowatts. So, to argue that the taxpayers will be better off by taking from one Federal agency and giving it to another Federal agency is political chicanery of the first magnitude.

The Hanford power deal could easily cost the taxpayers of the Nation anywhere from $130 million to $400 million. The proposed payment for the so-called waste steam would be only $100,000 for the first year of dual-purpose operation, with a total of only $600,000 for the first 4 years of dual-purpose operation. If dual-purpose operation should then cease, the $600,000 would not pay 10 percent of the interest cost to date on the convertibility features alone.

In conclusion I urge each of my colleagues who voted with me in opposition to the Hanford power proposal to continue to oppose this uneconomical project. As much as the 1961 proposal deserved thumbs down, the 1962 proposal deserves even greater thumbs down, as the pitfalls for and potential cost to the taxpayers are boundless.

---

## The Federal Pay Bill

EXTENSION OF REMARKS

OF

### HON. PETER F. MACK, JR.

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. MACK. Mr. Speaker, the postal and Federal employee pay bill is one of the most important measures remaining for consideration by the 87th Congress.

During my 14 years in Congress I have always favored bringing Federal employees' salaries in line with those paid by private industry.

We are still far from that goal.

As President Kennedy said in his special message on Federal pay reform:

> Federal salaries generally do not compare favorably and cannot compete successfully with private industry.
>
> Every objective study—

The President continued—

> demonstrated that salaried Government employees at almost every work level receive less compensation, on a national average basis, than private employees performing similar work.

In certain areas of Federal employment, the servant of all the people—which is exactly what the Federal employee is—has fallen behind other occupational groups so far as his financial status is concerned.

We can all remember the time when the postal employee, for example, was considered to have one of the best jobs in his community. Now, however, even a carrier who has reached the top step of grade 4 after 25 years of postal service still earns less than the amount which the Bureau of Labor Statistics considers necessary for a family of 4 in 20 leading cities and their suburban areas.

Over the years I have become personally acquainted with hundreds of postal employees and their families. These people perform a vital service and should be paid accordingly.

I hope, therefore, that we soon will have an opportunity to consider H.R. 9531, the pay bill sponsored by our colleague, Mr. MORRISON, which recently was ordered reported favorably by the Post Office and Civil Service Committee.

This bill contains many of the pay reforms requested by the President but it provides more adequate compensation for several employee groups, particularly rural mail carriers and classified employees in the lower grades, than the administration's original proposal.

---

## President Kennedy's Views on Amending Constitution Questioned

EXTENSION OF REMARKS

OF

### HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. FISHER. Mr. Speaker, President Kennedy's recent declaration in apparent support of the process of amending the Constitution by interpretation, has aroused considerable concern.

The President delivered an extemporaneous address at the White House to a group of students in which he discussed the Constitution, and spoke of the need of men to "make it work," in the light of new and changed conditions.

The President told the students:

> Well, the American Constitution is an extraordinary document and it is certainly the most extraordinary written Constitution in the history of the world, but it has required men to make it work, and it still does today. After all, the Constitution was written for an entirely different period in our Nation's history. It was written under entirely different conditions. It was written during a period of isolation. It was written at a time when there were 13 different units which had to be joined together and which, of course, were extremely desirous of limiting the central power of the Government.
>
> That Constitution has served us extremely well, but all of its clauses, the general welfare, and due process and all the rest, had to be interpreted by man and had to be made to work in an entirely different world from the day in which it was written, both at home and abroad.

The President said it "had to be interpreted by man," meaning—I assume—the Supreme Court, "and had to be made to work in an entirely different world from the day in which it was written."

But the Constitution does not provide for making it work by the technique of interpretation, if the effect of that interpretation is to change the document, and nowhere does it permit a change by interpretation by virtue of the fact that the times may be quite different now from what they were.

This doctrine thus enunciated by the President is obviously a dangerous one. The late Franklin D. Roosevelt complained that the process of amendment as contained in the Constitution was "too cumbersome," and he deliberately called on the Congress to enlarge the Supreme Court in order that he could appoint new Justices who would interpret the Constitution to suit F.D.R. And when that failed, he achieved the same objective by filling several vacancies which occurred shortly after that.

That marked the beginning of the end of constitutional government in this country as was provided and contemplated by the Founding Fathers. To be sure, we still have a Constitution, though somewhat tortured and battered as a result of repeated judicial assaults upon it since the Supreme Court was packed. And those attacks upon the supreme law of the land have been somewhat intensified by decisions rendered since Mr. Chief Justice Warren's appointment. The result is that the Constitution no longer has either the sanctity or the meaning that was formerly the case.

The President in his August 29 speech said the Constitution "had to be interpreted by man and had to be made to work," apparently by interpretation, to meet changed conditions.

In other words, the President rules out the principle of interpretation according to what was said and intended by those who wrote the Constitution and according to the time-honored principle of conformance to precedent in applying the interpretation.

If the President did not mean just that, then he owes it to the American people to restate his position and to clarify the meaning of what he did say.

The conclusion is inescapable that Mr. Kennedy means to imply that he shares the views of the late F.D.R. to the effect that it is all right to amend the Constitution through a process of interpretation.

#### F.D.R.-KENNEDY DOCTRINE IS DANGEROUS

Mr. Speaker, I cannot emphasize too strongly my conviction that such a doctrine is dangerous, and if followed by the Supreme Court in the future it can lead to the destruction of our Republic.

Indeed, irreparable damage has already been done by the application of that rule of interpretation. Perhaps it is not too late to mitigate that damage, but in that respect there is certainly no solace to be gained from the President's speech to the students.

In fact, the practice of judicial restraint by the Supreme Court became prevalent by several 5-to-4 decisions last year and the year before, following several years of irresponsible judicial abuse by a majority of the members of that tribunal. But with the recent resignations of Mr. Justice Frankfurter and Mr. Justice Whittaker, it now appears quite likely that the trend will be reversed.

It would be foolish to argue that precedents should not be changed if they are manifestly wrong. Yet well-established precedents have been ignored and all but held in contempt by the majority of the Court in many decisions that have been handed down in recent years.

The late and lamented Judge Learned Hand, one of the wisest and most respected jurists in modern times, in discussing the place that precedents has in our jurisprudence, once referred with approval to his friend and colleague, Judge Thomas Swan. "He will," Hand commented, "not overrule a precedent unless he can be satisfied beyond peradventure that it was untenable when made; and not even then if it has gathered around it the support of a substantial body of decisions based on it."

It follows that such precedents would be tenable if interpretations when made were in keeping with the intention of those who wrote the Constitution. As Justice Miller once wrote:

> We are to place ourselves as nearly as possible in the condition of the men who framed that instrument.

### JOHN MARSHALL OPPOSED INTERPRETATION TECHNIQUE

Chief Justice John Marshall, in Gibbons against Ogden, a historic decision, declared that:

> The enlightened patriots who framed our Constitution and the people who adopted it must be understood * * * to have intended what they said.

Judge Cooley, author of "Constitutional Limitations," often used as a textbook or dependable reference work by most of our law schools, declared that:

> A court * * * which should allow a change in public sentiment to influence it in giving to a written constitution a construction not warranted by its founders would be justly chargeable with reckless disregard of official oath and public duty.

Mr. Justice Benjamin N. Cardozo, who graced our Supreme Court for many years, in his "Judicial Process," referred to the contention that a judge may substitute his individual sense of justice for rules of law, and stated:

> That might result in a benevolent despotism if the judges were benevolent men. It would put an end to the reign of law.

The late Justice Edward Douglas White, one of the most eminent and respected men who has ever served on the Supreme Court, discussed the subject with great wisdom and foresight, in these words:

> In the discharge of its function of interpreting the Constitution, this Court exercises an august power * * *. It seems to me that the accomplishment of its lofty mission can only be secured by the stability of its teachings and the sanctity which surrounds them * * *. The fundamental conception of a judicial body is that of one hedged about by precedents which are binding on the Court without regard to the personality of its members. Break down this belief in judicial continuity, and let it be felt that on great constitutional questions this Court is to depart from the settled conclusions of its predecessors, and to determine them all according to the mere opinion of those who temporarily fill its bench, and our Constitution will, in my judgment, be bereft of value and become a most dangerous instrument to the rights and liberties of the people.

Thus, it can be seen that if the Constitution is to be interpreted in accordance with the whims of a sitting Justice, without regard to precedent or the intention of the Founding Fathers, then that great document must become unstable and uncertain, and of little beneficial value in maintaining constitutional government in this country.

James Madison, the father of the Constitution, spoke of the probable "useful alterations" of the Constitution "to be suggested by experience." And Madison said that with that in mind the delegates who drafted the Constitution included article V, which describes the method by which that document may be amended. He said the Convention preferred that method because "it guards equally against that extreme facility which would render the Constitution too mutable, and that extreme facility which might perpetuate its discovered faults."

It seems crystal clear that the framers of the Constitution thought they were guarding against allowing that document to be amended by mere interpretations that might reflect the changing moods of public opinion, or in order to conform with the views of a President, or of the philosophies of a group of men who might sit on the Court at any particular time.

### WASHINGTON AND JEFFERSON WARNED OF DANGERS THROUGH JUDICIAL ABUSE

Mr. Speaker, there has been a radical departure from those basic principles in recent years. That fact is widely recognized. Not long ago 36 chief justices of the then 48 States in a meeting in California approved a report that expressed that view:

> It has long been an American boast that we have a government of laws and not of men—

They stated—

> We believe that any study of the recent decisions of the Supreme Court will raise at least considerable doubt as to the validity of that boast.

That group of distinguished jurists went on to state that members of the Supreme Court were exercising insufficient judicial restraint and were, in effect, enacting law as well as interpreting it.

It will be recalled that many of the Founding Fathers foresaw the appearance on the American scene of those who would change the Constitution by interpretation. And they warned of the dangers inherent in such a turn of events.

In his Farewell Address, George Washington, in referring to possible attempts to change the Constitution without conforming to article V, stated:

> Let there be no change by usurpation; for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed.

And Thomas Jefferson, the father of separation of powers, and a stanch defender of the Supreme Court where its powers are judiciously exercised, solemnly warned:

> There is no danger I apprehend so much as the noiseless, and therefore unalarming, instrumentality of the Supreme Court.

There can hardly be any question but that if the President's speech regarding the Constitution could have been submitted to Washington, Madison, and Jefferson for censure, it would never have been given, because it condones amendment by interpretation, and therefore by usurpation.

That is not the constitutional way of doing it. The Supreme Court has the power to do it that way, but it does not have the right to do it.

---

## German Harvest Festival Held in Philadelphia, September 3, 1962, by the Cannstatter Volksfest Verein, a German-American Organization

EXTENSION OF REMARKS

OF

## HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. VAN ZANDT. Mr. Speaker, it was a privilege to accept an invitation on September 3, 1962, to deliver the principal address on the opening day of the 90th annual commemoration of a German harvest festival sponsored by the Cannstatter Volksfest Verein, a German-American organization of Philadelphia, Pa.

The 3-day festival which was held from September 3 through September 5 commemorated a German folk festival instituted in 1818 by William I, of Wuerttemberg, after the years of starvation and hunger in 1816–17 in Cannstatt which was the city district of Stuttgart.

In attendance at the festival were members of German societies from various counties in Pennsylvania together with a group of 200 tourists from Germany who joined in the 3-day festivities.

The visiting Germans included public officers, business and professional men who live near Stuttgart in Wuerttemberg, a state in West Germany. Philadelphia is their first stop on a tour of 12 American cities.

One of the highlights of the festival was a 40-foot-high tower of a variety of vegetables and fruits and 20,000 nails used to attach them to a wooden structure.

My address delivered on September 3 follows:

ADDRESS BY REPRESENTATIVE JAMES E. VAN ZANDT, MEMBER OF CONGRESS, 20TH DISTRICT OF PENNSYLVANIA, AT THE 90TH COMMEMORATION OF A GERMAN HARVEST FESTIVAL SPONSORED BY THE CANNSTATTER VOLKFEST VEREIN, A GERMAN-AMERICAN ORGANIZATION, PHILADELPHIA, PA., SEPTEMBER 3, 1962

I consider it a genuine privilege to join with the Cannstatter Volkfest Verein and other German societies represented here in a spirit of gratitude and thanksgiving. Today we pay homage to a lasting tradition that was born out of hardship.

The United States is not listed among the oldest nations of the world but we have rapidly developed a tradition of celebrating important local events through what we term "festivals." This type of grassroots community party is an expression of our desire to join in fellowship.

This has been a good habit for Americans. In days past a similar urge sparked quilting bees, helped to build a neighbor's barn or a local church, brought about town meetings and afforded fire protection. We are reminded that this "folk festival" was instituted in 1818 by William I of Wuerttemberg after the years of starvation—years of hunger—in 1816–17 in Cannstatt, which was the city district of Stuttgart. The wish to commemorate and give thanks resulted in the tradition of building "the column made from fruits of the lands."

It is good for America that this celebration has survived the years. America has had an opportunity no other country has ever had, the opportunity of assimilating the old traditions of many lands into a new tradition of her own.

In the complexity of our modern industrial life we too often forget the seasonal consciousness which has so potently influenced the development of other races. Our great cities are so congested and the pressure and tension of the daily routine is so tremendous, that little heed is paid to the significance of a long-ago event.

The festival was the channel through which early man poured forth his wonder at ever-changing events. Through the medium of festivals we in America may preserve much of the idealism and beauty of other peoples. We recall that tradition has been a mighty power in Germany. For that reason the vast majority of German festivals stem from circumstances that prevailed many years ago.

Incidents, including the desire to give thanks, have been plucked from the records of victories and heroism and fashioned into an array of pageants and festivals.

Someone has said, and I quote:

"The folklore of a land constitutes the unobliterated tracks of both individuals and nationalities that have crossed and dwelt on that land."

From the number of reasons why it is worth while for a community to hold a festival perhaps the best is that it fosters a new respect for one's neighbor. A fair may show the rest of the country what excellent farmers live there. A commercial exhibition may show how keen and forward are the businessmen. But a festival, based on tradition, brings all together.

It is the expression of a community, the expression of a native spirit. Nothing reaches more directly to the roots of a people than their legends and history. A folk festival brings "lost" backgrounds to the front. In so doing it brings also a new understanding to a community.

A day of thanksgiving is not in all respects a solemn occasion. It is a feast day in the clearest meaning of the term, but beneath the surface there is a note of solemnity.

Americans have always been able to find ample reason for thankfulness in a free land, in a land of great abundance. Each individual has his own private reasons for feelings of gratitude for the things he has or the things he has escaped.

We are in the midst of a great Commonwealth. We are surrounded by the rich resources of nature. Science and industry through the "mind of man" are providing us with physical comforts in great abundance.

Certainly no people on earth have more reason for gratitude for material things. These material blessings carry with them responsibilities as well as privileges and opportunities. Material abundance affords opportunities for development of the Nation's spiritual and cultural values, without which material wealth is empty.

The state of the Nation's material welfare places upon it grave responsibilities for wise and careful and generous leadership in a world in which so many other peoples are denied the abundance that is ours.

The freedom which we enjoy—such freedom as few other nations have ever known—represents our bounty in all its fullness. And this carries the responsibility to use our means and our energies and our resources where they can be used best to help keep the world free.

I do not think this celebration is a matter of any particular creed. It is an occasion for all—each in his own way—to give thanks to Almighty God for the bounty of a free land which has provided spiritual and material blessings.

Within what is now this great Commonwealth many peoples of different cultures, customs, and tongues came to lay the foundations of an experiment in government that might well be termed a wellspring of liberty and freedom. Today the descendants of the first pioneers, together with those of later immigrants who sought the opportunities afforded freemen, have grown into millions. They enjoy that priceless heritage and are living witnesses to the fulfillment of the concepts and ideals of freedom.

Is it not fitting, therefore, that such cherished shrines as Independence Hall—the Nation's birthplace; Valley Forge—where the cause of liberty lived through its darkest hours; and Gettysburg—where the Union survived its greatest wound, should all rest within the borders of Pennsylvania?

The Germans were a most important element in the early population of America. A number of the artisans and carpenters in the first Jamestown Colony were of German descent. In 1710 a body of 3,000 Germans came to New York.

Most of the early German immigrants settled in Pennsylvania, New Jersey, and the Carolinas. The ethnic pattern of Pennsylvania was complex from the earliest days of the province and each group brought with it its own social ideals and cultures. Immigrants from the German states formed a large group. A reliable estimate of their numbers at the time of the Revolutionary War places their total number at 110,000 out of a total population of 225,000.

In 1776 Benjamin Franklin stood before the Parliament of Great Britain answering questions. The inquiry went something like this:

Question. What number of white inhabitants do you think there are in Pennsylvania?

Answer. I suppose there may be about 160,000.

Question. What number of them are Quakers?

Answer. Perhaps a third.

Question. What number of Germans?

Answer. Perhaps another third—but I cannot speak with certainty.

We do not know by what means Franklin arrived at his estimates. William Penn had traveled in Germany. His mother was Low Dutch and through his continental associations he had formed a high opinion of the husbandry of German farmers.

The Mennonites and other members of the plain sects held many religious beliefs which were similar to those of the Quakers.

"They are very near the truth," Penn declared in a letter to his confidant, James Logan.

Here were desirable settlers for his far-off wilderness. Consequently his invitation went forth. It spoke a message of hope to the forlorn victims of centuries of strife; it proclaimed a new chance for those who wished for a sanctuary.

For almost a century thereafter the Germanic states were being depopulated by emigrations, Pennsylvania bound. Love of liberty was innate among the German people of Pennsylvania. They had suffered much and traveled far to find it.

The repressive acts of 1774, by which Parliament and the British King tried to punish the American Colonies, struck a blow at liberty. The particular punitive measure—which incensed the people of Pennsylvania—was the closing of the port of Boston. Such arbitrary actions reminded the Germans of the dreaded Hussars who had swept down upon their farms, pillaging and slaughtering as they mercilessly ravaged those in their pathway.

The colonial Germans joined in the protests which were raised against the intolerable acts and they helped to raise money for the relief of Boston.

Committees of correspondence were formed in most of the German communities. Once involved in the conflict for American liberty the Pennsylvanians of German parentage entered into the fray with a zeal commensurate with their newborn status as American citizens.

One summer day in 1783 Gen. George Washington stood on the long veranda at Mount Vernon and said farewell to the escort of mounted men who had accompanied the victorious leader to his estate on the Potomac.

The horsemen were a detachment from Maj. Von Heer's Independent Troop of Horse, which had served the Commander in Chief as his bodyguard during the last years of the war. The original bodyguard was disbanded in 1777 when a plot of treachery had been uncovered.

In organizing a new guard Washington selected the Independent Troop of Horse, a body of troops recruited largely from the Germans living in Pennsylvania and Maryland. The Germans of Pennsylvania were among the first to answer Washington's call and they were the last to leave his side at Mount Vernon.

When the War of Independence had ended the Germans in Pennsylvania and neighboring States were no longer foreigners living in America. They were Americans entitled to the full enjoyment of the freedom which they had helped to win. Diverse cultures were free to integrate and blend into a new and distinctly American pattern. By the time the Constitution was formed a new nationality had developed in the New World, the American nationality.

We recall that the State convention, elected in Pennsylvania to ratify the Constitution of the United States, numbered persons of German descent in the delegations from most of the counties. Many discussions of the provisions were conducted in the German tongue.

The first Speaker of the House of Representatives of the United States was Frederick August Conrad Muhlenberg. It would be an endless task to call the roll of distinguished persons who have sprung from Pennsylvania German stock.

But their contributions to our culture and our freedom should be a portion of the spirit of thanksgiving that rests in us today. The Great Seal of the United States—adopted at the very birth of the Republic—bears the Latin phrase "E Pluribus Unum." The years have made those words familiar to countless Americans.

Even those who do not know their precise meaning have a deep understanding of the significance of the phrase "Out of many—one." The achievement of that goal has been one of the central experiences of the United States.

The Founding Fathers had two elements in mind when they adopted that motto. They recognized by it that the Nation they were creating would emerge one and united out of the 13 separate Colonies. They did not wish to destroy the peculiarities of Pennsylvania, or New Jersey, or Georgia or the other new States, but they were striving to make them one country. By the same token they recognized that the population of the United States had been drawn from many different sources.

It included Germans, Englishmen, and Dutchmen, French and Huguenots, Jews and Catholics in a variety that could be found nowhere else on the globe. The Founding Fathers had no desire to weaken any of these strains or to subordinate some to others, but they wished them all to blend into one people. It was in that spirit that the "Letters of An American Farmer" explained as the Revolution drew to a close that the Americans were "A mixture of English, Scotch, Irish, French, Dutch, Germans and Swedes."

"From this promiscuous breed," the quotation continues, "that race now called Americans has arisen; here individuals of all nations are melted into a new race of men whose labors and posterity will one day cause great changes in the world.

"Americans are the Western Pilgrims who have carried along with them that great mass of arts, sciences, vigor, and industry which began long since in the Near East.

"They will finish the great circle."

In the 180 years since then the prophecy of the "American farmer" has been amply fulfilled. In that period about 45 million newcomers entered the United States. They and their descendants form the American people.

Still are retained many of the cultural signs of their origins. But they have been welded into one Nation, capable of acting constructively together. We in America have gained from your festival of thanksgiving.

It has given us—through the years—opportunities to pause and be grateful. It has provided us with the time and place to look over our shoulders into the events of the past that have contributed so vastly to the cultural pattern of this Commonwealth and this Nation.

As I join you in thanksgiving today for the blessings of the past, I am particularly aware that today's events represent a spirit of cooperation which brings individuals, races, and institutions together in a common community interest.

The problems of learning how to live together within the boundaries of the United States have been solved with practical and satisfying results.

But the problems of nations learning to live together in the world under rapidly changing conditions are still with us. But so long as Americans retain their faith in the institutions under which they grew great they have much to teach the rest of the world.

---

[From the Philadelphia Inquirer, Sept. 4, 1962]

### VAN ZANDT STRESSES U.S. LEADER ROLE IN GERMAN FESTIVAL TALK

Although the problems of many creeds and nationalities learning to live together "have been solved with practical and satisfying results in the United States, the problems of nations learning to live together in the world—under rapidly changing conditions—are still with us," Representative James E. Van Zandt, Republican candidate for the U.S. Senate, said here Monday.

Van Zandt addressed the 90th annual 3-day Canstatter Volksfest Verein of Philadelphia, at 9100 Frankford Avenue. The festival opened Sunday and will continue through Tuesday.

#### MUCH TO TEACH

"So long as Americans retain their faith in the institutions under which they grew great, they have much to teach the rest of the world, the Altoona Congressman said.

"As I join you in thanksgiving today, for the blessings of the past, I am particularly aware that today's events represent a spirit of cooperation which brings individuals, races, and institutions together in a common community interest," Van Zandt stated.

#### TRIBUTE TO PIONEERS

He paid special tribute to the pioneer German immigrants as "a most important element in the early population of America," but he added:

"Within what is now this great Commonwealth, many peoples of different cultures, customs, and tongues came to lay the foundations of an experiment in government that might well be termed a wellspring of liberty and freedom."

#### PRICELESS HERITAGE

"Today the descendants of the first pioneers, together with those of later immigrants who sought the opportunities afforded freemen, have grown into millions," Van Zandt said.

"They enjoy that priceless heritage and are living witnesses to the fulfillment of the concepts and ideals of freedom," he said.

Tuesday night, Van Zandt is scheduled to invade the home area of his democratic opponent, Senator Joseph S. Clark, in a speaking tour. It embraces the 21st, 22d, 38th, 42d, 49th, 50th, and 59th wards in the Germantown, Chestnut Hill (and northwest section of Philadelphia. His first appearance will be at 8:15 p.m. at the 50th Ward Republican Club, 6618 Wyncote Avenue.

---

[From the Philadelphia Evening Bulletin, Sept. 4, 1962]

### TWO HUNDRED TOURISTS FROM GERMANY FIND TORRESDALE FESTIVAL IS JUST LIKE HOME

(By Lawrence M. O'Rourke)

A group of 200 tourists from Germany felt right at home in Torresdale last night.

They drank and swayed to the "oom-pahpah" of a 12-piece German brass band, danced old German folk dances, ate bratwurst and sauerbraten, and drank German beer.

It was the annual harvest festival of the Cannstatter Volksfest Verein, a German-American organization.

Nearly 15,000 persons, including many of the more than 4,000 society members, attended the festival on the organization's grounds at Academy and Willits Roads.

#### COME FROM STUTTGART

The Germans who felt right at home came a long distance to attend.

They are public officers, business and professional men who live near Stuttgart in Wuerttemberg, a state in West Germany. Philadelphia is their first stop on a tour of 12 American cities.

The visitors and the society members belong to the Federation of Schwabian Societies, an international organization with many local groups in the United States.

The picnickers yesterday ate their lunches in view of a 40-foot-high tower made of a variety of vegetables and fruits and 20,000 nails used to attach them to a wooden structure.

#### BUTCHER, FARMER, AND BAKER

Depicted on the tower were der metzer, der bauer, and der becker, the butcher, the farmer, and the maker, the three principal trades in old Wuerttemberg.

The tower also noted the fact that the organization is celebrating its 90th year in Philadelphia.

One of the attractions was Alt Weiber Muehle, the old lady's mill.

Grotesque dummies were tossed into the top of the mill. Through a door and down a sliding board came a number of attractive young ladies.

The brass band of Rottenburg, which is making the tour, provided some oldtime German music, including the drinking song, "Ein Prosit."

#### FIRST TRIP TO THE UNITED STATES

For most of the visitors it was their first trip here.

"President Kennedy has asked Europeans to visit the United States, and so we came, to see the country and our German-American relatives and friends," said Miss Anna Liese Sehuhholz, a travel writer for German newspapers.

Walter Baerlin, mayor of a town near Stuttgart, said he was "enjoying himself immensely" talking with Philadelphians.

"This festival is much like the one we have in Stuttgart," said Joseph Handgretinger, a businessman. "But there is some difference in the people. Here everybody is so friendly to us. In Germany people are more reserved."

#### QUESTIONED ABOUT WALL

Several of the visitors were asked what effect construction of the Berlin wall by the Communists had on their lives.

They said they sympathized with the people of Berlin but it is their hope that a peaceful settlement can be reached that is agreeable to all parties.

Congressman James E. Van Zandt, Republican candidate for the U.S. Senate, spoke to the picknickers yesterday afternoon.

The German visitors will see Washington, D.C., next and will go to 10 other U.S. cities before returning to Germany in 3 weeks.

The money raised in yesterday's festival, a spokesman said, will go to provide food and fuel for the needy and to assist in other charitable works.

---

## A Tribute to a Colleague, William J. Green, Jr.

EXTENSION OF REMARKS

OF

### HON. ROMAN C. PUCINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 26, 1962*

Mr. PUCINSKI. Mr. Speaker, during my 4 years in Congress, it has been my great pleasure to meet many dedicated men who, like myself, work tirelessly in the best interests of their districts.

I have found that the Members of this Congress make up a thorough cross section of the American people; and as I sit here in this Chamber listening to the various viewpoints, the various philosophies, the various attitudes, I cannot help but feel that this great body is like a huge mirror which reflects the many aspects of America's people.

During these past 4 years it has been my privilege to work very closely with many Members, and among them, Congressman William J. Green, Jr., who represents the Fifth Congressional District of Pennsylvania.

Throughout the years, many of my friends who reside in his district have told me of the great respect they have for Congressman Green. His activities have been particularly singled out by the many Polish-American organizations in his district with whom I have worked very closely at various national conventions.

I was happy to learn that because of their deep satisfaction and sense of gratitude, many of these Polish-American organizations, principally those in the northeast section of Philadelphia, have organized committees in Congressman Green's behalf. This is understandable.

Bill Green is more than just their Representative in Congress. For the past 10 years, he, as chairman of the Philadelphia County Democratic Committee, has guided the destinies of his city-county party. In so doing, he has never failed to recognize the active participation of Polish-American citizens in party affairs and their dedicated efforts in helping to achieve the stature and successes of the Democratic Party over the past several decades.

Having spent his entire life in the northeast section of Philadelphia, Bill Green knows the Polish people. He speaks their language, and he has a full and compassionate understanding of their special problems. He is well aware of the aims and purposes of their many fine organizations in his city and State and has consistently cooperated in these efforts.

This cooperation has not been limited to his material efforts in the Congress to consistently support legislation in which the Polish-American citizens have expressed their individual interest. He has been an effective arm in consistently supporting national legislation for foreign aid, including Poland; assisting refugees from foreign domination; strengthening the United Nations; in addition to the many economic and welfare programs that have proven beneficial to many of our Polish-American citizens residing in metropolitan cities.

He has always been available for assistance in the many special problems that arise in connection with organizations such as the Polish-American Congress, comprising 120 member groups; the Polish-American Citizens League, comprising about 70 member groups; the Polish National Alliance; the Polish-American Clubs; and the numerous individual Polish-American veterans, fraternal, civic, and cultural groups in both city and State. He has long recognized that agreement and unity in nationality groups are the foundation for success in achieving the aspirations and the purposes to which these groups have dedicated themselves.

As Congressman and chairman, his intimate life association with my people has long aroused his deep appreciation of their many fine qualities in the practices of good citizenship, civic pride, loyalty and integrity, and mutually dedicated efforts in assisting their fellow man. This high regard has not lost sight of their many contributions to the advancement of this great Nation from the days of Pulaski to the present generations.

In recognition of these factors, Bill Green has consistently and fairly recommended qualified Polish-American men and women for positions of responsibility in local, State, and Federal Governments. In positions of trust their exceptional qualifications not only enable them to materially assist their particular groups but further enhance and promote the welfare of the general public they serve.

As an illustration, let me quote an extract from a recent letter received by the gentleman from Pennsylvania, Congressman Green, from the Polish-American Citizens League of Pennsylvania:

> Your nomination of Polish attorney Stanley Jakubowski for a Federal judgeship in the U.S. District Court for the Eastern District of Pennsylvania is warmly applauded. In addition, your influence resulted in the appointment of Theodore S. Gutowicz as commissioner of insurance for the Commonwealth of Pennsylvania. We, and all the citizens of Notheast Philadelphia, appreciate your efforts in securing a sizable congressional appropriation of funds for the Nazareth Hospital under the Hill-Burton Act.

To mention just a few more among hundreds of persons of Polish ancestry recommended and supported by Bill Green for high positions in public service are: Walter S. Pytko, former State senator, managing director, Philadelphia Housing Authority, and now candidate for councilman-at-large; State Senator Peter J. Camiel; Matthew Zagorski, Philadelphia magistrate; Anthony J. Sadowski, deputy county commissioner; Leo J. Kolankiewicz, member of the Philadelphia City Council; Joseph Huntowski, State auditor general's office; Dr. Matthew J. Gutowicz, secretary, Pennsylvania State Board of Chiropody; Harvey Szweda, State board of undertakers; Edmund Pawelec, assistant district attorney of Philadelphia, Michael Sura, Superintendent of the Mint, Philadelphia.

If time and space permitted, I could continue at great length with a listing, but conclude by adding that the secretary of the mayor of Philadelphia is a young lady of Polish ancestry, Miss Jean Krypel.

It is, therefore, no surprise that the Polish community in Philadelphia will culminate their activities with a huge testimonial gathering to the gentleman from Pennsylvania, Congressman Green, to honor the many years of distinguished service this able legislator has rendered to his home district, city, State, and the Nation.

My personal association with Bill Green in Congress has given me a deep insight to his abiding respect and high regard for the people of Polish ancestry—my people. He richly deserves the full measure of their support.

---

## Repeal Counterpart Privileges

EXTENSION OF REMARKS

OF

### HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. FISHER. Mr. Speaker, there seems to be widespread agreement among the Members of the House that something should be done to prevent repetitions of abuses in the use of counterpart funds by those who travel abroad.

With that in mind, I have today introduced a bill which prohibits the use in the future of counterpart funds by committees, Members of Congress, or employees. Apparently the only way to prevent abuses is to stop the privilege completely. There are means of financing legitimate and essential travel expenses without using counterpart funds, and retain better surveillance and control over the money spent for such purposes.

It is my hope that the committee will explore this subject thoroughly.

---

## Small Business: An Important Cog in the Wheel of Progress

EXTENSION OF REMARKS

OF

### HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. SANTANGELO. Mr. Speaker, several feature editorial writers have been criticizing the Kennedy administration as being hostile to business. A study of legislation which the 87th Congress has enacted and the attitude of the administration show that small business has been encouraged and protected from unfair competition. Such has not been the case always.

For the past 50 years there has been a growing conviction in the United States that American economic life and big business is synonymous, yet this conviction is one of those chronic stereotypes that seems to gain strength with age rather than from any intrinsic truth in its makeup. Actually, the small business is, as has always been, the backbone of American economic strength.

The 4½ million firms which can be considered small businesses carry on over 40 percent of America's total business activity and employ nearly 30 million people. They produce and distribute an immense variety of goods and services worth billions of dollars annually. If they were all to close tomorrow, the United States could not exist in spite of the presence of General Motors and even American Telephone & Telegraph would begin to lose money.

Yet the small businessman has often been the stepchild of the American Government, fighting against unfair competition, complicated tax laws, and conflicting regulations. In a time of general business prosperity, the small business has often felt the pinch of falling profits and business failure.

The advent of the Kennedy administration to office has made a significant difference in the attitude of the Federal Government to the role of small business in the United States. No better proof can be given than in the growing activities of the Small Business Administration. In New York State alone, small business investment companies increased almost threefold since January 1961. They grew from 25 to 73 in a period of a year and one-half.

In 1960, the SBA made only 52 business loans in New York State, totaling almost $2,771,000. This number was increased to 178 loans of over $8.5 million in 1961, and in the first 6 months of 1962, 94 loans of almost $8 million were made.

One of the first actions taken by President Kennedy after coming into office was to reverse the trend of taking defense contracts away from small firms. A 10-percent increase in the number of defense contracts granted to such firms was ordered and today the number of defense contracts held by such companies is the highest since the Korean war.

The Kennedy administration instituted a more liberal allowance for the depreciation of machinery and equipment which in effect meant a generous tax cut for the businessmen of America. More important—regulations have been simplified and new guidelines were published which will make it possible for the small businessman who cannot engage high-priced tax specialists to make full use of these benefits. In addition to the new depreciation allowance, the Revenue Act of 1962 also allows any business the credit of 7 percent of an investment in new equipment against their tax liability.

A vital bill that is now under consideration is designed to help small concerns to obtain leases in prime commercial locations such as shopping centers. At present, it is often difficult for the small, one- or two-man business to obtain leases in such areas; the owners preferring to deal with larger companies that they feel are more stable and will be better able to meet long-term lease obligations. The bill would authorize the Small Business Administration to guarantee, directly or in cooperation with others, the payment of rentals of small retailers. Laws such as these, and a pending amendment to the Federal Trade Commission Act, to permit issuance of temporary cease-and-desist orders are all evidence of the importance the Democratic administration attaches to the well-being of the small businessman.

My own city, New York, is a city of small businessmen, specializing in vital retail, wholesale, small manufacturing, and service activities. The financial center, while publicized, is only a part of city life. A law that helps these businesses cannot help but improve the economic tone of our city by increasing its prosperity, help keep our people working.

It is important in evaluating the progress of this administration to reflect upon the action which this Congress has taken and the policy the administration has pursued. Sober reflection will show that business has a rosy future and New York City will continue to grow.

---

## Robert F. Kennedy, U.S. Attorney General, Makes Statement That "International Communist Threat Is Very Real and Very Dangerous"

EXTENSION OF REMARKS

OF

### HON. CLYDE DOYLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. DOYLE. Mr. Speaker, by reason of unanimous consent heretofore granted me so to do, I am pleased to present the text of a statement written by Robert F. Kennedy, U.S. Attorney General, for the United Press International which appeared in the Los Angeles Herald-Examiner on September 6, 1962.

Mr. Speaker, possibly you realize that as a member of the House Un-American Activities Committee I have received quite a few letters, many from the State of California, naturally, charging that the Attorney General of the United States has done nothing to prosecute known Communists in the United States under the Subversive Activities Control Board decision, which decision was affirmed by the U.S. Supreme Court several months ago. This statement by the U.S. Attorney General makes it clear that the Justice Department has been very actively prosecuting the Communist Party and its top leaders since that law was held constitutional.

This statement also makes that point in the law crystal clear, including the fact that the law does not outlaw the Communist Party. It also makes it clear that the Supreme Court of the United States concurred in the finding of the Subversive Activities Control Board which described the Communist Party in the United States as "substantially directed, dominated, and controlled by the Soviet Union, which controls the world Communist movement."

Mr. Speaker, many of these letters I have received also refer to the Doyle bill, H.R. 9944, amending the Subversive Activities Control Act of 1950, the effect of which is to outlaw the Communist Party of the United States by making membership per se therein a criminal offense. The bill makes punishable the continuing or subsequent membership in any Communist-action organization after it is found to be such by a final order of the Subversive Activities Control Board. By reason of the recent decision by the Supreme Court of the United States in the case of the Communist Party of the United States of America, Petitioner, against The Subversive Activities Control Board, decided June 5, 1961, which upheld the Subversive Activities Control Board findings by which the Communist Party of the United States was determined to be a Communist-action organization, my bill therefore, after its effective date, would make punishable continuing or subsequent membership in the Communist Party in the United States. The bill would necessarily repeal the registration requirements of the Subversive Activities Control Act of 1950 relating to Communist-action or Communist-front organizations, but it preserves the plan and the procedures of the Subversive Activities Control Act of 1950 in all other respects.

It is to be recollected that the Subversive Activities Control Act of 1950, which is title I of the Internal Security Act, established the Subversive Activities Control Board. That Board has the function of making a judicial determination on petition of the Attorney General, as to the character of certain organizations, whether Communist-action, Communist front, or Communist infiltrated, as defined in the act. In proceedings on the petition, all parties in interest are accorded a full and open hearing in an adversary proceeding, with right to counsel, confrontation, and cross examination of witnesses, and right of appeal to the highest courts.

Upon a final determination of the character of the organization, certain consequences follow under the act relating, for example, to employment in Government and defense facilities, disabilities under the National Labor Relations Act, tax exemptions, passports, and the dissemination of unlabeled propaganda. These functions of the Board and the consequences set up in the act are fully preserved in my amending bill filed on January 29, 1962. The amendment however, repeals the requirements relating to registration by certain Communist organizations and members, but makes membership in any organization found by final order of the Subversive Activities Control Board as Communist-action thereafter to be punishable by fine or imprisonment or both. The bill, I believe, is so drawn as to meet all constitutional requirements and procedural due process.

At this point I wish to make it crystal clear that while it is true that I have been a member of the House Un-American Activities Committee for about 15 years now this present bill is not a bill from the House Committee on Un-American Activities; that committee has not considered the bill and, therefore, has not approved or endorsed the bill in any manner. However, I wish to state my appreciation to the legal staff of that important committee for their timely, generous, and able advice and draftsmanship of the bill on legal and constitutional requirements and procedures. In like manner I wish to thank the House Legislative Counsel's Office for their similar and most generous and able assistance.

This bill in no way amends or affects that portion of the Smith Act which, by recent interpretation of the Supreme Court, in the case of Julius Irving Scales, Petitioner, against the United States, decided June 5, 1961, makes punishable "active and purposive membership" in the Communist Party. The bill sets up a separate offense which differs from the Smith Act membership clause as a matter of degree, in the same sense that the offense of assault and battery compares to the offense of aggravated assault and battery in the criminal law.

This bill, I believe, sets up an effective and expedient method of dealing with such crimes as membership in the Communist Party, eliminating protracted trials, many times necessarily resulting from present procedures and requirements, some of which are of months and even years of duration under the existing Smith Act.

The procedural advantages of my bill in cases of prosecutions for Communist membership, as contrasted with prosecutions under the Smith Act is, I believe, readily apparent. The relevant section of the Smith Act provides as follows:

> Whoever organizes or helps or attempts to organize any society, group, or assembly of persons who teach, advocate, or encourage the overthrow or destruction of any such government by force or violence; or becomes or is a member of, or affiliates with, any such society, group, or assembly of persons, knowing the purposes thereof—
>
> Shall be fined, etc.

Under the Smith Act, therefore, in membership prosecutions in the Communist Party of the United States the

Government has been compelled in each and every case against each and every separate defendant to prove as follows, to wit: First, that the defendant knowingly became or is a member of the Communist Party; second, that the Communist Party in the United States is such a society as advocates and teaches the overthrow and destruction of the U.S. Government by force and violence; third, that the individual defendant knew of such purposes of that organization; and fourth, that he actively and purposively participated as a member of such organization in such activities. Every separate prosecution requires repetitive proof of each of the foregoing, in each and every case. Therefore, experts and countless witnesses are required to testify on behalf of the Government of the history and nature of the Communist Party in the United States, over and over again. The proceedings are often necessarily protracted, and subjected to all the frustrations that can be devised by Communist attorneys, as occurred in the New York Smith Act trials before Judge Medina commencing in 1948. I believe it will be found by experience that most of all this repetitive proof is eliminated by the bill which I have introduced.

For, once a determination has been made as to the nature and purposes of the Communist Party organization in the United States under the procedure clearly set up in the Subversive Activities Control Act of 1950 as amended, and which I have heretofore referred to, and which organization has been found by final order of said Board to be Communist action, that major issue is laid at rest in the instant case. Thereafter, in separate prosecutions, the Government is merely faced under my bill with proving the one basic fact which is that the defendant knowingly continues his membership in the Communist Party of the United States; or, becomes a member in such Communist-action organization after such final order of the Board, and, thus the Government has thereby satisfied its burden of proof in membership prosecutions. There is no need to repeat that proof as to the nature of the organization and as to the defendant's knowledge of its nature and purposes, for that fact has been previously established for all membership prosecution cases, by reason of public notice of the preliminary findings of the Subversive Activities Control Board thereof has been given. It is presumed that the defendant's continuing or subsequent membership in such organization is with full knowledge of what has been previously determined by the Board and which has been proscribed by law. It should be apparent, therefore, most trials will be effective, expeditious, and comparatively inexpensive. We shall conserve the time and energies of our courts and investigative agencies and will clearly and definitely accord the defendant, in each case, all of the advantages of his constitutional rights and due process under law.

In the case of the Communist Party of the United States of America, Petitioner, against The Subversive Activities Control Board, decided June 5, 1961, hereinbefore referred to the Subversive Activities Control Board, has already found and made a final determination as to the nature of the organization involved, and the Supreme Court of the United States in that case affirmed the findings of that Board in that case to the effect that the Communist Party of the United States is in fact a tentacle of the world Communist movement; a conspiratorial agency engaged in deceit, espionage, terrorism, and organizational activities to accomplish its avowed purpose of overthrowing by force and violence the Government of the United States and establishing in the United States of America and throughout the world a Communist, totalitarian dictatorship under Soviet Union domination and control. These findings by the Board were based upon voluminous and conclusive evidence developed and proved in over 10 years of trial and litigation, before the Board and our courts, before both of which the defendant was at all times represented by legal council of its own choosing. This destinymaking decision by the Supreme Court of the United States on June 5, 1961, is, in my mind, no doubt well known to every active Communist or Communist sympathizer or Communist organization or conspiratorial agency of any sort engaged in deceit, espionage, terrorism, and organizational activities in violation of the Court's edict, and I surmise is probably fairly well known throughout the Communist world.

As a result of this world Communist conspiracy, of which the Communist Party, U.S.A., is an integral part and from which it takes its direction and does its bidding, we are compelled to spend billions in our national defense and to counter subversive aggression; to endanger and in many cases to sacrifice the lives of thousands of our young men in our military services; we expend our resources which should have been dedicated and devoted to other truly useful and humanitarian purposes. Under such circumstances, certainly anyone who continues his membership in this Communist conspiracy or becomes a member of an organization in the United States found to be Communist-action, should justly be punished. For, he is, by such action, knowingly strengthening the organizational structure of the world Communist movement and thereby contributing to its odious and ugly purposes. I can see no possible legal obstacle or reason why a conspiratorial group organized to steal our liberty and property should not be punished for such activity, an activity which is far more dangerous and inimical to the interests of our society than an isolated criminal band of bank robbers.

While it is true that the caption of the bill does not specify that one of the purposes of the bill is to outlaw the Communist Party of the United States, nevertheless, I believe that desirable result will naturally flow from the text of the bill itself. For the text and purpose of the bill applies to any and every Communist-action organization in the United States, whether under the name of Communist Party or not. For instance, if the Communist Party of the United States of America changes its name, or any segment of the Communist Party of the United States changes its name, and deletes any and every indication of the fact so far as its name is concerned that it is a Communist Party organization or tries to so shape its name that the word Communist does not appear therein, I believe this bill is so drawn by the help and aid of my able legal advisors in the premises that any organization which is in fact a Communist-action organization in the United States will be encompassed and, therefore, in fact outlawed as well as any member of any such organization will be successfully prosecuted and upon due proof required will suffer the just penalties provided, set forth in section 15(a) and (b) of this bill.

I believe that the penalties provided in my bill are just and reasonable and in keeping with the necessity to protect our national security against the Communist-action conspiracy, therefore section 15 (a) and (b) of the bill provides as follows:

> SEC. 15. (a) Any individual who violates any provision of sections 5, 6, or 10 of this title shall be fined not more than $10,000 or imprisoned not more than five years, or both, for each such violation. Any organization which violates any provision of section 10 of this title shall be fined not more than $10,000 for each such violation.
>
> (b) Whoever, on or after the effective date of the Subversive Activities Control Act Amendments of 1962, knowingly becomes or remains a member of any organization, with respect to which there is in effect a final order of the Board determining it to be a Communist-action organization, without regard to whether such order became final before, on, or after such effective date, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

Let us hope that when it becomes appropriate to consider this bill and enact it into U.S. statutes it will further strengthen the sinews of all freedom loving people in the United States of America, and their just determination to declare through law within constitutional limits that the people of the United States are united in their just and sound decision that those persons in the United States who are found to be in violation of the provisions of this bill, shall be made aware in advance that if they are found to be in violation of this bill by reason of their continuing or subsequent membership in any Communist-action organization, that then they can expect that the American people will not tolerate nor welcome their continued deliberate violation of the law of our beloved land.

The statement by the Attorney General follows:

### ATTORNEY GENERAL EXPOSES TACTICS—COMMUNIST PARTY IN UNITED STATES THREATENS

(By Robert F. Kennedy, U.S. Attorney General)

WASHINGTON, September 8.—Communism in the United States has presented the American people with one of the most perplexing problems of the postwar era—a small but dedicated group posing as a political party but dedicated to advancing the aims of those who would destroy the free world. The international Communist threat is very real and very dangerous. We are keeping nearly 2 million of our young men under arms and spending half the Federal budget to advance the cause of freedom and thwart the Communists' announced goal of forcing the world to live under their system.

### CONSTANT THREAT

But over the years, through the work of the FBI, newspapers and dedicated public officials, labor leaders, educators, businessmen and private citizens, the Communist Party has been effectively opposed at every turn here in the United States. Still, today, even though it is obvious that the American Communists obediently follow the line put out from the Kremlin—just as they have done through the years—we must remain constantly alert to a domestic danger which the Communists pose. Perhaps on no other public issue has there been so much misinformation and misunderstanding. Reaction has ranged from dangerous indifference to harmful hysteria.

### OFTEN POSE

This confusion has come about, to a large extent, by design of the Communists. Just as they have posed as agrarian reformers in China, native guerillas in South Vietnam and friends of the working class the world over, they have attempted to adopt the protective covering of a legitimate political organization in this country and have sought to avail themselves of the rights we carefully guard for political activity.

But the Communists in this country are not a political organization in the true sense. Last year, the Supreme Court affirmed an order of the Subversive Activities Control Board which described the party as "substantially directed, dominated and controlled by the Soviet Union, which controls the world Communist movement."

Congress passed the Internal Security Act of 1950 to help control foreign dominated groups posing as political organizations. That act did not outlaw the Communist Party but required it to register and give information about its activities. The party has refused to comply and through a decade of hearings, trials and appeals, the Department of Justice has enforced this law. The party and two of its top leaders have been indicted for failure to register and action is pending against 10 more.

Organizations infiltrated or substantially dominated by Communists also are required to register and they have been equally reluctant to do so. There are now 11 cases pending in the courts against such groups.

### AGITATE, EXPLOIT

These controls and, more importantly, the American peoples' rejection of the Communist doctrine, have made the Communist Party politically powerless in this country. But the Communists remain a problem because they and their followers constantly seek to move into areas of conflict and agitate to make them worse. They seek to exploit racial tensions, for example, or obtain employment in sensitive industries—communications, transportation, steel and many others.

Recently they have intensified their efforts to penetrate university student groups. The Communists are involved in espionage as well as political agitation. Stopping modern day espionage with its ingenious devices such as tiny microphones and cameras, is a job for experts, and we have the best in the business—the FBI.

The Communist threat does not require vigilante action. Persons or organizations which profess to see Communists behind every bush, although well intentioned, do more harm than good.

### INFORM FBI

Where Communist activity is suspected, the FBI should be informed. If we are to remain the leaders of the free world, we must give full meaning to the Declaration of Independence and the Constitution.

---

## How Are We Treating Our Fighting Men After the War Is Over?

EXTENSION OF REMARKS

OF

## HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 11, 1962*

Mr. SANTANGELO. Mr. Speaker, the recent furor over the Denton petition to discharge the Veterans' Committee from consideration of H.R. 3745, the bill to give World War I veterans a pension without regard to service-connected disabilities, raises a serious question as to the manner in which we are treating our veterans. A pension for World War I veterans who were not injured has been labeled a "handout" and an act of fiscal irresponsibility. Others claim that it would give World War I veterans belated consideration for their past services in their old age. Most of them are over the age of 61. In evaluating this proposal, consideration of what our Nation has done for the GI of World War II and the Korean veteran is indicated and necessary.

I take this opportunity therefor to review some of the major accomplishments in the field of veterans' benefits which were enacted into law mainly through the efforts of the Democratic Party.

During the administration of our great President Roosevelt, the World War II bill of rights was enacted, providing a comprehensive plan for the rehabilitation and readjustment of returning veterans. Millions of GI's in service at that time looked forward to the utilization of these benefits. They knew that upon return to civilian life, they would have to make up for lost time, and the GI bill of rights would help them to accomplish this.

As it turned out, millions of ex-soldiers, sailors, and marines received college education or other types of vocational training which helped them attain the standard of living they now enjoy. Many other disabled veterans also received this training to assist them to overcome their service-incurred disabilities. The compensation awards provided by the GI bill also assisted them in their transition to civilian life.

The home loan provisions of the GI bill were a major force in providing the housing so desperately needed. Whole communities like Levittown, Long Island, were built, permitting veterans to buy a home with little or no downpayment. Many were able to pay off their mortgage on a 30-year basis which meant lower monthly payments.

Thousands of other veterans availed themselves of the provisions of the GI business loan which was of immeasurable assistance in providing the working capital so necessary for the establishment of a small business. Today, these same veterans are prosperous businessmen helping to keep our economy healthy and vigorous. Recently the GI loan program for World War II and Korean veterans was extended by Public Law 87-84 which was approved by President Kennedy. This law gives all World War II veterans 10 years from the date of their discharge from active duty during World War II plus an additional period equal to 1 year for every 3 months of active duty or part thereof during World War II, but in no case beyond July 25, 1967, to use their loan entitlement. It also provided that those World War II veterans with service-connected disabilities be given until July 25, 1967, to use their loan benefits. Korean veterans will have 10 years from the date of their discharge from active service during the Korean conflict plus an additional period equal to 1 year for every 3 months of active duty or part thereof during the Korean conflict, but in no case beyond January 31, 1975, to which to use their GI loan benefits. Korean veterans with service-connected disabilities will have until January 31, 1975, to use their GI loan benefits.

The GI insurance program provided a means of protecting the veteran's family at very reasonable cost. This insurance program was the subject of a bill before Congress. This bill permits the reinstatement of national service life insurance up to a minimum of $10,000 in any of the permanent plans. This bill was amended on the House floor and permitted disabled veterans a period of 1 year to take up their lapsed life insurance policy if they could not get a normal policy because of their disability.

Another benefit being considered is the payment of an extra dividend for GI insurance. The Administrator of Veterans' Affairs, John S. Gleason, Jr., has directed his fiscal experts to review the agency's finances to determine if extra funds are available for insurance policy dividends. The White House is interested in the possibility of extra or accelerated dividend payments for economic reasons. Payment of this extra dividend or paying the regular dividend early would add to the purchasing power of over 5,300,000 veterans. This money is likely to be spent during the Christmas shopping season or if it is received in January most of it would go to pay off debts incurred during the holiday season.

Recently, President Kennedy approved plans for a new Veterans' Administration hospital on Long Island. This will alleviate the heavy loads now being carried by the other Veterans' Administration hospitals in the New York metropolitan area, and will provide a much needed facility for the care of veterans in the Long Island area. In this connection, President Kennedy recently signed a bill providing medical and hospitalization benefits for veterans with service-connected disabilities incurred during peacetime. This important piece of legislation corrects a serious inequity. Previously, these injured veterans could not be hospitalized through the Veterans' Administration.

When danger threatens, we depend upon our fighting men. When danger disappears, we in civilian life, are apt to forget the debts to our men who placed their bodies and lives on the line for their families and those in civilian life, just as we forget the snow in the summer time. We remember on Memorial Day with parades and speeches. But there are 364 other days. Our Democratic Party has not forgotten the GI and Korean veteran. Can we say the same of the veterans of World War I?

---

# SENATE

## Wednesday, September 12, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

Rev. R. Archie Ellis, D.D., minister, First Baptist Church, Columbia, S.C., offered the following prayer:

Our Father and our God: We pause to give Thee the thanksgiving of our hearts for Thy manifold mercies manifested in so many marvelous ways.

We are grateful for the privilege of living in this generation which calls for courage and heroism. We bless Thy name for the strength that Thou dost give us day by day to meet the demands of the times.

Grant unto each of us, we pray, the consciousness of Thy presence this day. Even as Thou didst lead Thy children in the days of old with a pillar of cloud and a pillar of fire, grant unto us the vision sufficient to see Thy hand leading us now and the courage to follow Thy leadership.

Thou hast blessed so abundantly our land, and we pray that in the midst of plenty we shall not be guilty of ingratitude.

Bless the deliberations of our Senate today with Thy spirit.

May the silent but eloquent voices of those who have gone before us be heard with clarion clearness.

In the name of our Lord, we pray that we shall be blest with Thy peace. Amen.

## THE JOURNAL

On request of Mr. **Mansfield**, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, September 11, 1962, was dispensed with.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 10080. An act relating to the deduction for income tax purposes of certain contributions to certain organizations for judicial reform;

H.R. 10017. An act to amend section 401 of the Internal Revenue Code of 1954 to provide that plans which provide certain medical and other benefits for retired employees and their families may be qualified pension plans;

H.R. 10620. An act to amend section 213 of the Internal Revenue Code of 1954 to increase the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses;

H.R. 12080. An act to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors; and

H.R. 12242. An act to provide for the tariff classification of certain particleboard.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 356) to designate "bourbon whiskey" as a distinctive product of the United States, in which it requested the concurrence of the Senate.

## ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

H.R. 6413. An act to extend to fishermen the same treatment accorded farmers in relation to estimated income tax;

H.R. 10062. An act to extend the application of certain laws to American Samoa; and

S.J. Res. 222. Joint resolution providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year."

## HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 10080. An act relating to the deduction for income tax purposes of certain contributions to certain organizations for judicial reform;

H.R. 10117. An act to amend section 401 of the Internal Revenue Code of 1954 to provide that plans which provide certain medical and other benefits for retired employees and their families may be qualified pension plans;

H.R. 10620. An act to amend section 213 of the Internal Revenue Code of 1954 to increase the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses;

H.R. 12242. An act to provide for the tariff classification of certain particleboard; to the Committee on Finance; and

H.R. 12080. An act to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors; to the Committee on Banking and Currency.

## HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 356) to designate "bourbon whiskey" as a distinctive product of the United States, was referred to the Committee on Finance, as follows:

Whereas it has been the commercial policy of the United States to recognize marks of origin applicable to alcoholic beverages imported into the United States; and

Whereas such commercial policy has been implemented by the promulgation of appropriate regulations which, among other things, establish standards of identity for such imported alcoholic beverages; and

Whereas among the standards of identity which have been established are those for "Scotch whisky" as a distinctive product of Scotland, manufactured in Scotland in compliance with the laws of Great Britain regulating the manufacture of Scotch whisky for consumption in Great Britain and for "Canadian whisky" as a distinctive product of Canada, manufactured in Canada in compliance with the laws of the Dominion of Canada regulating the manufacture of whisky for consumption in Canada and for "cognac" as grape brandy distilled in the Cognac region of France, which is entitled to be so designated by the laws and regulations of the French Government; and

Whereas "bourbon whiskey" is a distinctive product of the United States and is unlike other types of alcoholic beverages, whether imported or domestic;

Whereas to be entitled to the designation "bourbon whiskey" the product must conform to the highest standards and must be manufactured in accordance with the laws and regulations of the United States which prescribe a standard of identity for "bourbon whiskey"; and

Whereas bourbon whiskey has achieved recognition and acceptance throughout the world as a distinctive product of the United States: Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring)*, That it is the sense of Congress that the recognition of bourbon whiskey as a distinctive product of the United States be brought to the attention of the appropriate agencies of the United States Government toward the end that such agencies will take appropriate action to prohibit the importation into the United States of whisky designated as "bourbon whiskey", unless it is clearly labeled to show the country of origin as an integral part of the name.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. **Mansfield**, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## COMMITTEE MEETINGS DURING SENATE SESSION

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigation of the Committee on Government Operations and the Committee on the District of Columbia be authorized to meet during the session of the Senate today.

**The PRESIDENT pro tempore.** Without objection, it is so ordered.

## EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### Educational-Vocational Rehabilitation Technical Amendments of 1962

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to include in the Vocational Education Act of 1946, the Vocational Rehabilitation Act, or other law, certain authority relating to the Office of Education or to the vocational rehabilitation functions of the Department of Health, Education, and Welfare which is now included annually in appropriation acts (with an accompanying paper); to the Committee on Labor and Public Welfare.

### DISPOSITION OF EXECUTIVE PAPERS

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

## PETITION OF THE PEOPLE OF RED ROCK DAM AREA, IOWA

Mr. MILLER. Mr. President, I send to the desk a petition and ask that it be printed in the RECORD.

There being no objection, the petition was ordered to be printed in the RECORD, as follows:

### PROTEST AND PETITION OF THE PEOPLE OF THE RED ROCK DAM AREA TO THE CONGRESS OF THE UNITED STATES

We, the people of the Red Rock Dam Reservoir area are met here in Memorial Hall in Knoxville, Iowa, on the evening of this 7th day of September 1962, to protest against unjust, unlawful, fradulent, and unconstitutional procedures being employed against us in the taking from us of our farms and homes for the Red Rock Dam project by the Government of the United States acting by and through its Corps of Army Engineers and its U.S. attorney for the southern district of Iowa, Mr. Donald Wine of Des Moines.

We are informed, however, that it is the claim of the Government of the United States and the holding of Federal courts that the procedures we are complaining about are actually imposed upon us by the Congress of the United States, and that the Government officials and employees who are mistreating us are acting only as the agents of the Congress.

Wherefore, we now address ourselves to the Congress of the United States and particularly to our Iowa Senators and Members of Congress, and petition to the Congress that reform legislation be enacted to repeal and amend certain statutes of the United States which the Government, through its Corps of Army Engineers and its attorneys, Mr. Donald Wine, is using and misusing in the perpetration of the unjust, unlawful, fraudulent and unconstitutional procedures of which we are now complaining.

The relief for which we are now petitioning will not impede the progress of the construction of the Red Rock Dam. The procedures we are complaining about are not needed by the Army Engineers in order to build the dam or for any other legitimate activity in which they may be engaged. Such procedures are being imposed upon us to force us to sell our farms and homes to the Government for less than their fair value and also in order that the Government may collect rent for the use of our farms and homes.

We now respectfully petition the Congress to:

1. Repeal what we call the "star chamber" declaration of taking law, 46 Stat. 1421, 40 U.S.C. 258a;

2. Vacate the declarations of taking already executed against us;

3. Amend 28 U.S.C. (appendix) rule 71A(h) so as to provide that the issue of just compensation in condemnation cases shall be tried in the courts of the United States by jury or by commission according to the laws of the State in which the property being condemned is located, and that such issue shall be tried before a jury or a commission as a similar issue would be tried in the courts of said State;

4. Enact legislation in unmistakeable and mandatory language that will guarantee to the owner or owners of each farm or home, or other unit of real property, in all condemnation cases, on the demand of said owner or owners, a separate docketing and trial as to each said farm or home;

5. To require the representatives of the Government of the United States, at the beginning of any negotiations to buy or condemn real property, to disclose to the owner or owners thereof the true and exact amount of any and all of the said Government's appraisals of the value of said real property, and if an additional appraisal or appraisals are made by the said Government, that the said Government shall thereupon disclose forthwith to the said owner or owners, the true and exact amount or amounts of each and every additional appraisal or appraisals of said real property;

6. Amend the U.S. penal statute providing for "fine of not more than $10,000 or imprisonment for not more than 10 years, or both" to apply not only to misrepresentations by the people to the representatives of the Government of the United States, but to apply also and similarly to misrepresentations by the representatives of the Government of the United States to the people.

### I

The declaration of taking law is a reincarnation of procedures followed by the infamous star chamber court of centuries ago, under which your rights are determined and your property taken from you without notice and without giving you a chance to appear and defend yourself. The declaration of taking is executed in secret, without your knowledge and without notice to you, and under it the Government of the United States instantly takes over the ownership of your property.

If you complain that you are being deprived of your constitutional rights of due process of the law and to be secure from unreasonable seizures, the Federal courts reply that while you can't oppose the execution of the declaration of taking—naturally you can't since you know nothing about it at the time—you can come in afterward and have your day in court and make your defenses or objections. Some of us tried that, but the Federal courts then said that they have no power to do anything about a declaration of taking under any circumstances—because the declaration of taking is really executed by Congress through, say, the Secretary of the Army; and further, that the title to your property that the United States gives itself under its declaration of taking, can be divested only by an act of Congress.

The law requires the Government to deposit in the U.S. district court a sum of money for you, estimated to be "just compensation" for your land. "Just compensation" is supposedly guaranteed us by both Federal and State constitutions, but, more often than not, the Government, with tongue in cheek or to punish stubborn landowners, deposits an amount that it knows and sometimes even admits is substantially less than "just compensation." If you complain about this the Federal courts say that for the purposes of the law any amount the Government is disposed to deposit is sufficient. Although the law says nothing of the sort, the Federal courts hold "just compensation" to mean merely a downpayment or "payment on account."

If we can't afford the risk, expense and delay of a final condemnation trial, and most of us can't, then this down payment or "payment on account" is all we get for our farm or home.

### II

The declaration of taking law, bad as it is, is made much worse by the way in which our U.S. attorney, Mr. Donald Wine, is administering it and misapplying it. The law itself states that its purpose is to give the Government immediate possession of building and construction sites. So far there have been six declarations of taking executed against us here in Marion County, Iowa. Each separate declaration includes many widely scattered farms, and the six Marion County declarations embrace 6,642 acres. No part of this land, summarily taken, is a building or construction site.

As we have already explained, the Federal courts say that the title the Government of the United States takes unto itself by executing its star chamber declaration of taking can be divested only by an act of Congress. We beseech the Congress to vacate these six unlawfully executed declarations of taking. They are causing us, unnecessarily, great injury and an immense amount of damage.

### III

Only recently we learned that if we continue to refuse to accept what the Federal courts have called payment on account in the place of the just compensation guaranteed us by both Federal and State Constitutions—and if we force the Government to try the condemnation cases in court—that we will be denied a trial by jury.

Three of our fundamental American rights—second only to our rights to life and liberty—denied us. And each time, a transparent gimmick—or, if you prefer, legal dialectics or semantics that Khrushchev might well envy, offered as the reason or excuse.

Specifically, we are (1) denied the due process of the law because, say the Federal courts, we can oppose the declaration of taking and have our day in court after the taking; but when we take them up on this they pass the buck to Congress and tell us they can do nothing—that Congress "dunnit." We are (2) denied just compensation because the Supreme Court changes the words of Congress and the words of the Constitution "just compensation" to its own words, "payment on account" or downpayment.

And now (3) what is the gimmick used to deprive us of trial by jury? The Federal courts say we have no constitutional right to a trial by jury. They are probably wrong in this, but the gimmick is elsewhere. Congress passed a law on the subject several years ago providing that in general the owners of condemned property in Federal cases were entitled to a jury trial on demand "unless." What they call multiple ownership is held sufficient to bring down upon us this "unless" business and thereby deny us the right Congress intended us to have of trial by jury. Under our division II we have already explained that each declaration of taking contains many scattered farms. There is nothing to connect these farms except this artificial grouping by the Government. But "multiple ownership" can now be claimed, and for this artificial and fictitious reason, our right to a trial by jury is taken away from us and our cases, instead, are to be tried to a commission appointed by the Federal court. The final irony is that the Government, this time with tongue in the other cheek, itself goes through the motions of demanding a trial by jury.

The concern felt in our country over any interference with the right to a trial by jury was manifested rather spectacularly even before we were a nation. Our insistence upon our right of trial by jury is expressed in our Declaration of Independence of July 4, 1776. The principal substance of this great and unique document was its ringing denunciation of the terrible abuses and injustices imposed upon us by the cruel and partially insane George III of England. The Declaration of Independence goes on to list these abuses and injustices one by one. This list of abuses and injustices gave to the world and to history the compelling reasons why we had to go to war against the then mighty England, and among these reasons we find the following: "For depriving us in many cases, of the benefits of trial by jury."

It is indeed a tragedy and a travesty against our cherished American ideals that now, in 1962, our own Government has a deliberate policy of doing things to us that we wouldn't let George III get away with in 1776.

IV

We are informed that the cases that go on to trial will be tried in groups as joined artificially and fictitiously in the declarations of taking. We object to any such scheme of group trials and point out that confusion and injustice will inevitably result. The farms are scattered and differ greatly from each other. They may be as much as 10 or 12 miles apart.

To the Government, these farms and homes are merely "segments." The Government is not impressed by the fact that these farms and homes, in most cases, represent the entire worldly possessions of the owners: The end product of many years, or even a lifetime of toil—the culmination of hopes finally realized—and security for the man and his loved ones—yes, even the roof over their heads. But the Government negotiator says "settle on my terms or I'll set you out in the street." Justice in these cases is far more important than a momentary convenience to the Government and the Federal courts.

But the Government dumps these farms and homes indiscriminately into—well, Comrades Khrushchev, Mao Tse-tung, and Castro conglomerate their peoples' farms, too, into communes or collectives. They might as appropriately call them declarations of taking, or segments.

If you find yourself in court over a parking ticket, or after a dispute with someone about a cow, a car, or over any one of a thousand and one other things which may amount to only a trifle in value, the law gives you a separate trial and even a jury trial as a matter of course, if you so desire. But when your farm and home, your means of livelihood, your present and future security and the roof over your head, are taken by the Government under a declaration of taking, you are not entitled to any notice or due process, to just compensation, to a trial by jury or to a separate trial, of these most vital interests.

We suggest to Mr. Donald Wine, our U.S. attorney, that he occupy himself less with his retrogression and reaction to the morality of the old star chamber and bill of attainder, and instead be guided by the ideals expressed recently by his boss and benefactor, Mr. Robert F. Kennedy, the Attorney General of the United States, who, near the end of an article in the Saturday Evening Post of August 25, 1962, had this to say:

"We must make very clear the basic distinction between communism and the free world; that we are the heirs of the true revolution that will not accept the status quo and recognizes that the state exists for the individual and that the individual is not the servant of the state; that we live by the rule of law, with all its fundamental guarantees, that the truth will be known and that citizens will be protected from injustice and tyranny."

V

It is the considered and deliberate policy of the Government of the United States and its Corps of Engineers to misrepresent to the owners, the value of their farms and homes as arrived at by the Government's appraisers. The purpose of this policy is to deceive and defraud the farm and home owners so as to persuade or force them to sell to the Government not only for less than "just compensation" or "fair market value" as the Constitution to no avail, as we have already shown, guarantees, but for even less than the low Government appraisal. The Engineers give the farm and home owners a much lower figure than the appraised valuation, and represent falsely that such lower figure is the actual appraised valuation.

It is strictly a chiseling and brainwashing proposition with the skilled, experienced Government "negotiator" having all the advantage. He will come from time to time, occasionally raising the price, in accordance with his "instructions from Moscow" as we call it. It is a war of attrition at which he is expert.

The various offers made from time to time for a given farm or home may vary by many thousands of dollars. Yet each offer is blandly presented as "just compensation" or "fair market value"—an obvious and dishonest absurdity. Occasionally we are told bluntly that the Government will not pay us the market value of our property, and occasionally we have encountered honest representatives of the Government who advised us not to settle.

We have been shocked and dismayed to find such a void of moral and legal principle in our own Government of the United States.

VI

It is common knowledge among the farm and home owners of the Red Rock Dam area that the Army Engineers, even though they are the designated representatives of the Government of the United States, do not hesitate to play fast and loose with the truth whenever it seems to suit their purpose. One hears everywhere "They are the worst bunch of liars I ever saw. You cannot believe a word they tell you." This deliberate policy of misrepresentation by the Engineers is the more obnoxious when we read, in bold capitals, on printed matter they give us:

"Penalty for misrepresentation: Fine of not more than $10,000 or imprisonment for not more than 10 years, or both, are provided by the statutes of the United States."

This penal statute applies to the people who make misrepresentations to the agents of the U.S. Government. But it is not the people who are doing the misrepresenting here in the Red Rock area. The misrepresenting here is not being done by the people—it is being done to the people by the Corps of Army Engineers as agents of the Government of the United States. Elemental justice demands that this penal statute be amended so that it shall apply equally to misrepresentations by the Government's agents as well as to those by the people.

A Federal judge once said: "But the Government must deal fairly and above board with individuals and corporations, just as the Government expects the latter to deal with it" (43 F. Supp. 347, 352).

Finally, we are just ordinary God-fearing American taxpayers—the lowliest of the lowly, we know. Nothing distinguishes us, although once we were the salt of the earth. We are not Communists, nor gangsters, nor a militant minority group. Those who clobber us will not be scorned nor called "bigots." There is nothing about us that might arouse interest in the most rarified judicial atmospheres. Manifestly the Government couldn't care less about us. But the Congress is the branch of the Government closest to the people. In our time of trouble and great need, will we be forgiven if we indulge ourselves in the wishful hope, that in our Congress, there are knowledgeable men, big of heart and kind of spirit who will glance our way and perhaps think about us a little?

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

S. Con. Res. 90. Concurrent resolution authorizing the printing for the use of the Joint Economic Committee of additional copies of its hearings entitled "State of the Economy and Policies for Full Employment" (Rept. No. 2028);

S. Con. Res. 91. Concurrent resolution authorizing the printing of additional copies of the hearings on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes (Rept. No. 2029);

H. Con. Res. 508. Concurrent resolution authorizing the printing of additional copies of parts 1 and 2 of "Structure and Organization of the Communist Party of the United States," 87th Congress, 1st session (Rept. No. 2030);

S. Res. 379. Resolution accepting an invitation to attend the next general meeting of the Commonwealth Parliamentary Association to be held in Lagos, Nigeria (Rept. No. 2026); and

S. Res. 381. Resolution to print as a Senate document the study entitled "Problems and Trends in Atlantic Partnership" (Rept. No. 2027).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with an amendment:

S. 3530. A bill to authorize establishment of the Tocks Island National Recreation Area in the States of Pennsylvania and New Jersey, and for other purposes (Rept. No. 2031).

## CARL E. NEWMAN, NORMA V. NEWMAN SEWELL, AND YVONNE C. NEWMAN COLE—REPORT OF A COMMITTEE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 384); which was placed on the calendar, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Carl E. Newman, son, and Norma V. Newman Sewell and Yvonne C. Newman Cole, daughters of Alex Newman, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum to each equal to two months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

## NAOMI C. MITCHELL

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 385); which was placed on the calendar, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Naomi C. Mitchell, widow of Gilbert H. Mitchell, an employee of the Architect of the

Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

## ANNIE LEE CARRELL—REPORT OF A COMMITTEE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 386); which was placed on the calendar, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Annie Lee Carrell, widow of Harvey E. Carrell, an employee of the Senate at the time of his death, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

## CLARA T. DOUGLAS—REPORT OF A COMMITTEE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 387); which was placed on the calendar, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Clara T. Douglas, widow of Walter J. Douglas, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

## EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. BYRD of Virginia, from the Committee on Finance:

Corwin S. Snyder, of North Dakota, to be collector of customs for customs collection district No. 34, with headquarters at Pembina, N. Dak.

## BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUMPHREY:

S. 3715. A bill for the relief of William W. Zusan; and

S. 3716. A bill for the relief of Glenwood Hills Hospital; to the Committee on the Judiciary.

(See the remarks of Mr. Humphrey when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. BARTLETT:

S. 3717. A bill to provide that the Alaska Railroad shall be subject to the provisions of certain Federal laws relating to safety in railroad transportation; to the Committee on Commerce.

(See the remarks of Mr. Bartlett when he introduced the above bill, which appear under a separate heading.)

By Mr. LONG of Hawaii:

S. 3718. A bill to amend subsection 204(4) of the Hawaiian Homes Commission Act; to the Committee on Interior and Insular Affairs.

By Mr. PROUTY:

S.J. Res. 225. Joint resolution authorizing the President of the United States to employ the Armed Forces of the United States in order to protect the peace and security of the United States and the free world; to the Committee on Armed Services.

(See the remarks of Mr. Prouty when he introduced the above joint resolution, which appear under a separate heading.)

## RESOLUTIONS

## ADDITIONAL FUNDS FOR COMMITTEE ON APPROPRIATIONS

Mr. HAYDEN submitted the following resolution (S. Res. 383); which was referred to the Committee on Rules and Administration:

*Resolved*, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-seventh Congress, $6,000, in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946; S. Res. 180, agreed to July 27, 1961; S. Res. 211, agreed to September 21, 1961; and S. Res. 337, agreed to May 29, 1962.

## CARL E. NEWMAN, NORMA V. NEWMAN SEWELL, AND YVONNE C. NEWMAN COLE

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 384) to pay a gratuity to Carl E. Newman, Norma V. Newman Sewell, and Yvonne C. Newman Cole, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. Jordan of North Carolina, which appears under heading "Reports of Committees.")

## NAOMI C. MITCHELL

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 385) to pay a gratuity to Naomi C. Mitchell; which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. Jordan of North Carolina, which appears under the heading "Reports of Committees.")

## ANNIE LEE CARRELL

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 386) to pay a gratuity to Annie Lee Carrell, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. Jordan of North Carolina, which appears under the heading "Reports of Committees.")

## CLARA T. DOUGLAS

Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, reported an original resolution (S. Res. 387) to pay a gratuity to Clara T. Douglas, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. Jordan of North Carolina, which appears under the heading "Reports of Committees.")

## GLENWOOD HILLS HOSPITAL

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill for the relief of Glenwood Hills Hospital, Minneapolis, Minn., directing the Secretary of Defense to provide the Federal share of the purchase and installation of an emergency standby generator as part of the nationwide civil defense program.

The Federal share of $4,041.36 has been withheld from Glenwood Hills Hospital for over 2 years because the application for matching funds was filed one day past the deadline. However, the hospital administrative staff maintain that the Office of Civil Defense Mobilization never brought this deadline to their attention. The application for matching funds could have filed anytime during the month prior to the deadline of July 1, 1960.

Glenwood Hills Hospital has fulfilled its part of the civil defense agreement calling for the installation of standby powerplants for their own use in case of national disaster. This generator was installed to meet specific civil defense requirements. It has been designed to move with the hospital to its relocation site 80 miles from Minneapolis. There have been trial evacuations and they have been completed successfully. The installation of this standby generator clearly fulfills the requirements and standards established by the Office of Civil Defense Mobilization.

The generator was ordered in 1958 and installation and payment was completed in 1959. The Minnesota Office of Civil Defense Mobilization was consulted and their instructions were followed to the extent possible.

However, repeated and protracted negotiations with the Office of Civil Defense, the Office of the Secretary of Defense, and the General Accounting Office have failed to secure the Federal payment on this generator. It is for that reason that I now resort to introducing the proposed legislation. I might add that the measure ought not to be required. If the Office of Civil Defense was really doing its job, it would have taken care of this matter a long time ago. The General Accounting Office has ruled that OCD cannot make retroactive payments of obligations incurred prior to the date that appropriations for a given year become available for contributions.

Under these circumstances, I do not believe the unintentional delay of 24 hours in filing an application should prevent the Glenwood Hills Hospital from receiving reimbursement of these funds. Such action would only represent simple justice on behalf of the Federal Government. I request prompt and affirmative action on this bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3716) for the relief of Glenwood Hills Hospital, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on the Judiciary.

## SAFETY RULES FOR ALASKA RAILROAD EMPLOYEES

Mr. BARTLETT. Mr. President, I introduce for appropriate reference a bill which would apply Federal laws covering safety and hours of service to the Alaska Railroad. Specifically, the laws that would be applied are those now applicable to the privately owned railroads in the 48 contiguous States and are popularly known as follows: Safety Appliance Acts, Accident Reports Act, Boiler Inspection Acts, Hours of Service Act, and the Explosives and Combustibles Act.

During the 86th Congress, the Senate Committee on Commerce held extensive hearings on a comprehensive bill which would have brought the Alaska Railroad under the jurisdiction of the Interstate Commerce Commission and extended these same safety provisions to the rail carrier. There were also field hearings in Alaska conducted under the joint auspices of the Senate and House Committees. This work resulted in the passage of the legislation by the Congress but it was vetoed. To a large extent, this veto was brought about by the concern of the administration that economic regulation by the Interstate Commerce Commission might somehow conflict with the purposes of the act establishing the Alaskan Railroad.

This aspect of the problem is currently in the process of resolution. Instead of legislation, the present administration is drafting an executive order delegating regulatory authority over the Alaska Railroad to the Interstate Commerce Commission. I think this is an important step in the direction of a balanced transportation system in Alaska.

Now, it is timely to turn to the second aspect of the problem—that of the safety of the employees of the Railroad. The following statement by a witness at the 1959 hearings sums up the need for the bill introduced today:

> By this statement, we do not intend to imply that the U.S. Government would not comply with its own safety laws, but our Government must act through men and the best intentioned and most able individuals err on occasions. We believe that the applicability of the Federal employers' liability acts to the Alaska Railroad would tend to lessen the number of occasions on which such errors might occur. In addition, the present bill intends to apply to the Alaska Railroad the acts relating to the safety of operations by railroads and should impose upon that railroad the concomitant liability for failure properly to apply those acts which is found in the Federal employers' liability acts.
>
> Most important to the association as the representative of many of the employees of the Alaska Railroad is our conviction that they should have the same recourse for injuries incurred in the course of their employment as other railroad employees in the United States.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3717) to provide that the Alaska Railroad shall be subject to the provisions of certain Federal laws relating to safety in railroad transportation, introduced by Mr. BARTLETT, was received, read twice by its title, and referred to the Committee on Commerce.

## AUTHORITY FOR PRESIDENT TO EMPLOY ARMED FORCES

Mr. PROUTY. Mr. President, I send to the desk a joint resolution and ask that it be referred to the appropriate committee.

The PRESIDENT pro tempore. The joint resolution will be received and referred to the appropriate committee.

The joint resolution (S.J. Res. 225) authorizing the President of the United States to employ the Armed Forces of the United States in order to protect the peace and security of the United States and the free world, introduced by Mr. PROUTY, was received, read twice by its title, and referred to the Committee on Armed Services.

Mr. PROUTY. Mr. President, in view of the fact that I may offer the resolution tomorrow as an amendment to Senate Joint Resolution 224, I shall read it into the RECORD at this time:

> Whereas the primary purpose of the United States, in its relations with all other nations, is to develop and sustain a just and enduring peace for all; and
>
> Whereas the Government of some nations, and some areas not recognized as nations by the United States, are in fact dominated and controlled by other governments that are members of the International Communist Movement; and
>
> Whereas an act of aggression committed by the Government of any such dominated and controlled nation or area might gravely endanger the peace and security of the United States and the free world; and
>
> Whereas such an act of aggression should and will be recognized by the United States as the act of the dominating and controlling government; and
>
> Whereas in order to effectively protect the United States and its vital interests throughout the world, swift and decisive use of the Armed Forces of the United States by the President may be necessary: Therefore be it
>
> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That in order to protect the peace and security of the United States and the free world and in order to protect the vital interests of the United States in any area of the world against acts of aggression committed by an unfriendly nation, or by the government of any nation or area dominated and controlled by the International Communist Movement, the President is hereby authorized to employ the Armed Forces of the United States as he deems necessary, this authority to include the taking of such other measures as the President judges to be required or appropriate for the purpose of protecting the peace and security of the free world and the vital interests of the United States.
>
> The authority granted by this joint resolution shall expire when the President determines that the peace and security of the free world is reasonably assured, and he shall so report to the Congress.

Mr. President, I wish to point out that the sentiments expressed in the resolution are exclusively those of the junior Senator from Vermont. It was drafted without consultation with anyone else.

Each day the international situation seems to be getting worse instead of better.

Now as never before the President must have at all times for his use the authority and resources to make firm policy and to stick by it.

Congress is on the brink of adjournment and the warm Berlin crisis grows hotter still. Only 90 miles from Florida other great problems arise as Communist arms and personnel are being utilized for possible aggressive preparations within our own hemisphere.

Those are but two of the many instances in which the international Communist movement is readying a pawn for maneuvers that may endanger the security of the free and peaceful nations of the world.

This is not a time for retreat nor evasiveness nor equivocation.

It is the time for Congress to tell the world that those who cause aggression shall be held equally responsible with those who commit it. We will not tolerate actions by those who instigate aggression and terror and then boldly strike a pose of noninvolvement.

We can accomplish little by reiterating existing law or affording the President authority he already has. It is far better to give the President what he needs because in this day the greatest causes may be lost if time and authority are lacking.

## PRESIDENTIAL STANDBY AUTHORITY TO CALL UP THE READY RESERVES—AMENDMENT

Mr. BUSH. Mr. President, I send to the desk an amendment which I intend to propose to Senate Joint Resolution 224, to give the President standby power to call up Ready Reserves, and ask that it be printed and ordered to lie upon the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and will lie on the table.

Mr. BUSH. Mr. President, the amendment would add a new section to the resolution, as follows:

> It is the sense of the Congress that the domination and control of the Republic of Cuba by the international Communist movement jeopardizes the peace and security of the Western Hemisphere and violates the basic right of the Cuban people to independence and self-determination.
>
> The Congress further declares that the United States, under the principles of the Monroe Doctrine, the Inter-American Treaty of Reciprocal Assistance and article 51 of the Charter of the United Nations, has the right and obligation to take all necessary actions, in cooperation with other Western Hemisphere nations if possible and unilaterally if necessary, to end such domination and control and to restore the Republic of Cuba to a government of the people, by the people, and for the people.

Mr. President, adoption of the amendment would give notice to the world that the Congress not only supports the President by giving him authority to call up Ready Reserves, but also stands firmly behind the Commander in Chief in whatever actions he decides to be necessary to meet the threat to the peace and security of the Western Hemisphere arising from the Communist takeover in Cuba.

Its adoption would put the Soviet Union on notice that the American people, as represented by their Congress, are not intimidated by saber-rattling statements such as that issued in Moscow yesterday. Its adoption would put Mr. Khrushchev on notice that the Monroe Doctrine is not dead, but remains an integral part of American foreign policy and will be enforced.

Mr. President, I ask unanimous consent that an article by David Lawrence which appeared in yesterday's Washington Evening Star under the headlines, "Inviting Miscalculation by Soviet: Inaction on Cuba Viewed as Duplicating Allied Vacillation Before Two Big Wars," may be printed in the RECORD following these remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### INVITING MISCALCULATION BY SOVIET—INACTION ON CUBA VIEWED AS DUPLICATING ALLIED VACILLATION BEFORE TWO BIG WARS

(By David Lawrence)

Vacillation, indecision, irresoluteness, and a policy of wavering from day to day by the Western Powers brought on World War I and also World War II.

History may be repeating itself. The West is again giving the impression of weakness. The United States, the most powerful military force in the West—without whose aid World War I and World War II could not have been won by the Allies—is wobbling in its policies. This could lead to a gross miscalculation by Nikita Khrushchev, just as indecisiveness on the part of Washington misled Kaiser Wilhelm in 1914 and Adolph Hitler in 1939 as each assumed that the United States would not go to war over any European question.

Today the situation seems to be growing more serious, as it is being assumed in Moscow that the United States will not even go to war over an American question—the taking over of control in Cuba by the Soviets, who are supplying military equipment to the Cuban regime under an open agreement between the two governments.

This defiance of the Monroe Doctrine has been ignored by President Kennedy. He has made no public protest over Soviet policy. He has announced, in effect, that he agrees with the Soviet viewpoint that Cuba is merely engaging in a "defensive" operation with Soviet help.

This startling change in America's historic policy has apparently been accepted by supporters of the administration in Congress, though here and there some exceptions are noted.

The President, in his public statements, shows that he considers the Cuban situation not to be an American question by itself, but as somehow directly related to the Berlin crisis. The Soviets may be interpreting this stand to mean that Mr. Kennedy is hesitant to do what he would perhaps like to do in Cuba for fear that the Soviets might intensify the East German problem and might be tempted to take chances on a belligerent move against West Berlin.

President Kennedy doubtless hoped to give an impression of resoluteness when he asked Congress for "standby authority" to call up 150,000 Reservists. The trouble with the move is that it implies vaguely that sometime in the future he might use the troops somewhere—he doesn't say whether in Berlin or in Cuba. The Reserves aren't actually being ordered up now. Mr. Kennedy says he might call them up if matters get critical somewhere.

This ambiguity in American policy implies that the United States isn't really acting on principle, but is feeling its way expediently from one crisis to another while it waits for its adversary to continue step by step with its aggressive course.

Senator HUBERT HUMPHREY, of Minnesota, assistant Democratic leader, gives the reasoning back of the administration viewpoint. In an interview quoted by the Associated Press, he says:

"I think it should be clearly understood that the President has no immediate intention for the use of this authority. Prompt congressional approval will be a demonstration to our allies and our enemies that the elected representatives of the people are firmly behind our Commander in Chief."

But will the men in the Kremlin take this to mean that Congress approves inaction in Cuba? If the United States will not fight on a clear issue that arises 90 miles away from its shores, will the passage of a resolution authorizing the call for reserves produce the psychological effect which the administration intends to create? The resolution itself makes no mention of Cuba, and in all probability the regular Marine Corps—not the 150,000 reserves—would be used if there were any intervention in Cuba by the United States.

Not a word has been spoken publicly to Moscow, moreover, by the Washington Government about her violation of the Monroe Doctrine in shipping to Cuba arms and "technicians." Does this mean that the administration acquiesces in the Soviet move and that all that's necessary now for the Communists to gain a foothold in a Latin-American country is to infiltrate a government there, call the military buildup "defensive," and the United States will not object?

The same hesitation and vacillation that characterized American policy between 1914 and 1917 and between 1939 and 1941 are being repeated. The end result then was war, because America was believed to be unwilling or unable to fight. At least in those days, however—both with respect to protesting the violation of American rights on the high seas and in supplying destroyers to the British Navy—the United States wasn't entirely inactive or inarticulate, though at no time in the prewar period was the German Government convinced that the United States would fight.

Is entry into a world war the only way a nation's resoluteness can be expressed? There are many measures short of war—a sea and aerial blockade of Cuba and an economic boycott of East Germany and of the Communist bloc—which could multiply Moscow's troubles and prevent a major war.

**Mr. BUSH.** Mr. President, the purpose of the resolution is to fortify the President of the United States in this hour of crisis and to serve notice to the world that we stand by the Monroe Doctrine in modern dress; that we relate it to our obligations under the United Nations Charter and to the Organization of American States; and that the Congress of the United States is ready to support the President in whatever action he may deem necessary in connection with the mounting evidence of power on the part of the Soviet Union in Cuba. If Congress does not do something to fortify the President, I think we shall be derelict in our duty.

Mr. President, I hope that my amendment will be favorably considered by the Senate when the resolution is called up tomorrow.

## SPECIAL COMMITTEE ON TECHNOLOGICAL DEVELOPMENTS—ADDITIONAL SPONSOR OF RESOLUTION

**Mr. LONG of Louisiana.** Mr. President, I ask unanimous consent that the name of the Senator from West Virginia Mr. RANDOLPH be added as a cosponsor of Senate Resolution 380, to create a Select Committee on Technological Developments. I wish to have his name added as a cosponsor.

**The PRESIDENT pro tempore.** Without objection, it is so ordered.

## ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, September 12, 1962, he presented to the President of the United States the enrolled joint resolution (S.J. Res. 222) providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year."

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bill and joint resolution of the Senate:

S. 3580. An act to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes; and

S.J. Res. 133. Joint resolution to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives.

## THE TAX BILL AND TAX REVISION

**Mr. DOUGLAS.** Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article which is very critical of the tax bill which the Senate recently passed. The article was written by Joseph A. Livingston, and was published this morning in the Washington Post.

I also ask unanimous consent to have printed at this point in the RECORD an editorial, published today in the New York Times, replying to an attempt by Stanley Surrey, Assistant Secretary of the Treasury, to justify the tax bill.

There being no objection, the article and the editorial were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 12, 1962]

### NO GREAT LOSS IF TAX BILL LOSES

(By J. A. Livingston)

"Stillborn out of deadlock." That would be an appropriate grave marker for the tax bill of 1962, which finally was compromised through the Senate. The Nation will gain if it never emerges from a Senate-House conference committee for President Kennedy's signature.

The only excuse for the bill is the President's ardor for the investment tax credit, based on the dubious speculation that it will speed the Nation's industrial growth. This will cost the Treasury a billion dollars a year in revenue.

The faint praise heaped on the bill ought to be its obituary. Majority Senate Leader MIKE MANSFIELD, Democrat, of Montana, described it as "imperfect" but "in the Nation's interest." Secretary of the Treasury Dillon called it a "significant first step toward reform of our outmoded tax laws."

Its tortuous passage is a forewarning of the difficulties ahead next year when the President, the Treasury, and Representative WILBUR MILLS, Democrat, of Arkansas, chairman of the House Ways and Means Committee, try to overhaul and simplify the entire tax structure.

The finest proposal of the original bill—the withholding of 20 percent of dividends and interest at the source of payment by corporations, banks, and savings and loan associations—was killed in the Senate. It might have brought the Treasury about $650 million in taxes.

As a compromise, the Senate bill requires more complete reports by corporations on dividends to stockholders and reports by banks and savings and loan associations of interest paid. Theory: Computers will match these reports against interest and dividends reported on tax returns. But computers can't collect taxes.

The mass of reporting and analysis—both for the Treasury and for the corporations and banks—is likely to be as great or greater than the simple withholding in the House bill. And the big leak continues. Interest paid on coupon bonds goes unreported.

As Senator GORE, Democrat, of Tennessee, declared on the Senate floor, the President—in his interest to win on the investment tax credit—didn't lift a finger for withholding. Not only would withholding have brought in the revenues to pay in part for the investment tax credit, but also it would have made depositors in banks and stockholders in corporations fully conscious of their tax responsibilities and liabilities. It ought to be reintroduced next year. And fought for—for morality's sake.

The administration also wanted to tax income received by foreign subsidiaries of U.S. corporations when earned. Basically, this was lost, too. Such income is taxed only when brought back to the United States.

However, much-needed restrictions were placed on the use of foreign corporations primarily as tax havens. And some of the income of American citizens residing abroad, now exempt, was made taxable.

A proposal to place a dollar limit on business entertainment and travel expenses was watered down to the point of ineffectuality. If personal and corporate rates are cut in 1963, this proposal might have a chance.

Savings and loan and mutual savings banks, now largely tax exempt, were subjected to tax, and mutual casualty and fire insurance company taxes were raised. These last were adjustments in equity, which undoubtedly would have come anyway.

Consequence: The deficit will be increased and a new loophole or exemption has been introduced into the tax structure. The investment tax credit is a purposeless giveaway.

If businessmen are encouraged by tax rebate to modernize their plants, why not homeowners their residences? How about a tax credit for a new refrigerator, washing machine, or mixer? Isn't a laborsaving device for housewives as useful to the national economy as a labor-saving device for a manufacturing company? And why not give a tax rebate to parents who buy new educational toys for youngsters to keep up with modern chemistry, physics, and electronics?

The investment tax credit would make sense if this country were short of capital or labor. But nearly 6 percent of our workers are unemployed and U.S. corporations are exporting capital.

Let the committee say the benediction, "Requiescat in pace."

---

[From the New York Times, Sept. 12, 1962]

### MR. SURREY ON TAX REVISION

According to a letter we print today from Stanley S. Surrey, Assistant Secretary of the Treasury, the tax revision bills passed by the Senate and the House are not far removed from the original proposals made by President Kennedy. Mr. Surrey, moreover, denies that the Senate version is any weaker than the House bill.

As the administration's tax expert and one of the authors of the original proposals, Mr. Surrey is an authority on the subject, but nevertheless it is difficult to accept his argument.

In terms of revenue, for example, President Kennedy's recommendations were devised to increase receipts for the Treasury and at the same time provide a stimulative effect on the economy. The administration's proposals to close tax loopholes would have accounted for an estimated $2.3 billion in additional receipts against a loss of $1.7 billion on its incentive tax credit for business, or a gain of $600 million. The Treasury's own estimates show that the House bill will involve an increase in revenues of $325 million over a full year, and the Senate's will show a loss of $210 million.

President Kennedy had made quite clear that "business entertainment" should "be disallowed in full as tax deduction," insisting that this would "strengthen both our tax structure and the moral fiber of our society." Yet the House bill permitted deductions "directly related" to business, and the Senate went even further. This is hardly consistent with the President's desire to do away with "expense account living."

The Senate actually added some new loopholes, such as the amendment to exempt from capital gains taxation the profits realized on sale of a home for up to $30,000 by those aged 65 or over. This is not an advance but retrogression.

Mr. Surrey is right in supporting tax revision, for despite the changes that have been made, the bill merits passage. But Mr. Surrey's pride as a parent of the bill, while pardonable, seems misplaced. Certainly, the Senate bill bears scant resemblance to the administration's proposals, and in some areas has an entirely different cast. The bill can, however, still be strengthened in the conference between the Senate and the House by restoration of some of its original features.

**Mr. DOUGLAS.** Mr. President, I think the efforts of the small group of progressive Democrats who tried to improve the tax bill, over the opposition of so many powerful forces, and with little help, are beginning to bear fruit, in their effect on public opinion. I predict that as time goes on, the weaknesses of the tax bill will become more and more manifest to the American people, and it will be condemned by informed opinion.

---

## A CONFLICT OF INTEREST IN CONNECTION WITH NAVY DEFENSE CONTRACT

**Mr. BEALL.** Mr. President, yesterday the Baltimore Sun included an extremely interesting front page article by Reporter Howard Norton concerning the hiring of a high Navy official by a private employer with whom the individual has just negotiated what appears to be a rather generous contract. The facts presented in the article were so thought provoking, especially insofar as those interested in the conflict-of-interest situation are concerned, that I offered Mr. Norton's report for inclusion in the CONGRESSIONAL RECORD.

Today, Mr. President, I am pleased to report that Secretary of the Navy Korth has ordered a complete investigation of the case. I commend Mr. Norton in the manner in which, in the very best traditions of our free press, he developed his material, and I am gratified that Secretary Korth has acted quickly to see that the matter receives the proper attention.

In order to bring all interested persons up to date on this situation, I ask unanimous consent that a copy of today's Sun article on this matter be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### ROBINSON JOB SWITCH PROBE SET—NAVY SECRETARY KORTH CRITICIZES HIRING BY CONTRACTOR

(By Howard Norton)

WASHINGTON, September 11.—The Secretary of the Navy, Fred Korth, today ordered a complete investigation of the hiring of Eugene A. Robinson, a former special assistant in the Navy Department, by a Navy defense contractor.

He also directed an inquiry into all aspects of the Navy's contract with this contractor—a contract negotiated by Robinson just before he made the quick change of jobs. In includes a number of unusually generous features.

In a statement read to newsmen at the Pentagon, Korth termed the whole affair "contrary to the policies of the Defense Department."

#### ASSISTANT TO DIRECTOR

And he confirmed a report published in the Sun this morning that the Navy had warned both Robinson and the contractor that it would be "improper" for Robinson to take the job in question.

The contract under investigation involves weapons evaluation and analysis work to be done under the supervision of the Franklin Institute Laboratories, of Philadelphia.

Robinson has been employed by the Franklin Institute Laboratories as assistant to the director, and has been placed in charge of their new Washington office.

In this job, his duties would include negotiations with the same office in the Navy Department from which he has just resigned.

And his pay, in this job, would come from money provided by the contract which he negotiated on behalf of his old employer (the Navy) with his new employer (the Franklin Institute).

#### CORRECTIVE ACTION

The Navy Secretary said that he learned of Robinson's employment by the Franklin Institute only "last evening."

And he said he ordered the investigation "this morning," promising to take whatever "corrective action" is indicated by the investigative results.

The Secretary apparently was told of the situation after the Sun called the Navy Department late yesterday afternoon to ask for comment on Robinson's shift of employment.

According to Korth's statement it was at this time that the Navy got its first information that Robinson and the Franklin Institute had ignored the wishes of the Defense Department.

The initial warnings to the ex-official and the defense contractor were given "5 months ago," according to the Secretary.

**It was at that time, on April 11, this year, that a Sun reporter first brought the matter to the attention of the Navy and inquired what Navy policy would be.**

**The Navy gave assurance, at that time, that Robinson would not take the Franklin Institute job.**

**The assurance came from the office of James H. Wakelin, Jr., Assistant Secretary of the Navy for Research and Development.**

**It was stated that the Navy's legal department had ruled that Robinson's proposed transfer did not violate any conflict-of-interest law, mainly because there was no law that applied to this kind of case.**

**But it was emphasized that even though the shift might be within the law, the Navy regarded it as unethical and had told Robinson he should not take the job.**

### SECRETARY'S COMMENT

**The statement issued this morning by the Secretary of the Navy said:**

**"The Franklin Institute was informed some 5 months ago by the Assistant Secretary of the Navy for Research and Development (Dr. Wakelin) that the Department would consider it improper for Mr. Eugene Robinson, then a special assistant to the Assistant Secretary, to be employed by the institute in connection with the Navy contracts being taken over by the institute from the Massachusetts Institute of Technology and the Institute for Defense Analyses.**

**"Assistant Secretary Wakelin stated to the officers of the institute and to Mr. Robinson that while the Navy did not regard the proposed employment as in violation of existing law, it would, nevertheless, be contrary to the policies of the Department of Defense.**

**"Immediately upon learning that Mr. Robinson had been employed by the institute, I directed a complete investigation of the circumstances of his employment, as well as of all aspects of the Navy's contract with the institute.**

**"Corrective action will be taken as may be indicated by the investigative results."**

**A newsman asked when it was learned that Mr. Robinson had gone against Navy advice and taken the job.**

**"Dr. Wakelin learned of this last evening," was the reply, "and Mr. Korth ordered the investigation this morning."**

**On the Senate floor this afternoon Senator BEALL, Republican of Maryland, cited the Robinson case as a warning that the conflict-of-interest area must be "watched closely" or it "can lead to serious instances of cutting moral corners or to situations involving downright corruption."**

**He asked, and received, unanimous consent to insert in tomorrow's printed CONGRESSIONAL RECORD the entire account of the Robinson-Franklin Institute affair, as reported this morning in the Sun.**

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

---

## AMENDMENT OF WAR CLAIMS ACT OF 1948

Mr. MANSFIELD. Mr. President, I ask that the unfinished business be laid before the Senate and be made the pending business.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New York [Mr. KEATING].

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

---

## COINAGE OF MEDAL IN RECOGNITION OF DISTINGUISHED SERVICES OF SAM RAYBURN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, for the purpose of the consideration of two measures.

The first is Senate Joint Resolution 133. I am informed by the Senator from Texas [Mr. YARBOROUGH] that there is to be a celebration at the Sam Rayburn Library next Sunday. Therefore, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1982, Senate Joint Resolution 133.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (S.J. Res. 133) to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives, which had been reported from the Committee on Banking and Currency, with an amendment, on page 2, line 2, after the word "to", where it appears the second time, to insert "the estate of the late"; so as to make the joint resolution read:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in recognition of the distinguished public service and outstanding contribution to the general welfare of Sam Rayburn, Speaker of the House of Representatives, the Secretary of the Treasury is authorized and directed to cause to be struck and presented to the estate of the late Speaker Sam Rayburn a gold medal with suitable emblems, devices, and inscriptions to be determined by the Secretary, but to include the phrase "For services rendered to the people of the United States". There is authorized to be appropriated the sum of $2,500 to carry out the purposes of this section.

SEC. 2. The Secretary of the Treasury is authorized and directed to cause duplicates in bronze of such medal to be struck and sold, under such regulations as he may prescribe, at a price sufficient to cover the cost thereof (including labor). The proceeds of the sale of such bronze medals shall be reimbursed to the appropriation then current for the expenditure of the Bureau of the Mint chargeable for the cost of the manufacture of medals.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. YARBOROUGH subsequently said: Mr. President, Senate Joint Resolution 133, which was introduced on September 7, 1961, and which has just been passed, was sponsored by a majority of the Members of the Senate. It provides for the striking of a medal in recognition of the services of the late distinguished Speaker of the House of Representatives, Hon. Sam Rayburn, of Texas.

The sponsors of the joint resolution had hoped that it might be passed last year, during the lifetime of Speaker Rayburn, there being precedent for such action in the passage of a resolution to strike a medal in honor of Vice President Alben Barkley, the beloved "Veep," during his lifetime.

Unfortunately, shortly after Senate Joint Resolution 133 was introduced, a representative of a national news magazine telephoned Speaker Rayburn at his home in Bonham and asked, "Do you favor the passage of the joint resolution?" With all his great modesty, Speaker Rayburn replied, "No; of course I don't want it." Then he telegraphed the committee and asked that the action be deferred; in his great modesty, he did not desire to have such a medal struck in his lifetime.

The cosponsors of the joint resolution believe that had not the inquiry been made by the representative of one news magazine, the resolution would have passed promptly in September of last year, and the gold medal authorized by Congress could have been delivered to Speaker Rayburn in person in his lifetime. That is what we had so greatly desired.

As it is, the Great Reaper has taken not only Speaker Rayburn since this resolution was introduced, but also his brother, Dick Rayburn. There are now surviving two sisters of Speaker Rayburn and the resolution provides in effect that the medal shall be delivered to the family.

Replicas in bronze may be purchased by the public from the Director of the Mint; and the legion of admirers of Sam Rayburn throughout the Nation will have the privilege of procuring his likeness, struck in bronze, as a rememberance and a memento of this great statesman and great personality.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief biography of Sam Rayburn. He was born in 1882, and died in 1961. The biography comes from the Legislative Reference Service of the Library of Congress. It is a brief biography, and is compiled in the highest traditions of scholarship. It is compiled without praise; it merely states the bare facts of Speaker Rayburn's life, which in themselves, because of his great achievements, constitute the highest praise.

He was born in Roane County, Tenn., on January 6, 1882, the eighth child born to a former Confederate cavalryman, William Marion Rayburn, and his wife, Martha Waller. The family moved to Texas when Sam Rayburn was only 5 years of age, and moved to a 40-acre cotton farm in Fannin County, near Bonham; and from that time on Sam Rayburn was a farmer in Fannin County.

Among all the tributes which have been paid to Sam Rayburn for his statesmanship, his steadfastness of character, and his high sense of honor, I think a tribute to the people among whom he grew up has been overlooked. Certainly the influence of the people around him had a great deal to do with his life, and his career in Congress was an exemplification of the ideals by which he was governed—the family ideals, the community ideals, and the ideals of that area of the country.

Sam Rayburn was a patriot, statesman, legislative craftsman, and a man who could and did forge intangible ideals into living law.

One thing about Sam Rayburn that made him outstanding among politicians was his utter candor. If he was for you, he told you so; if he was not for you, he told you that; if he was neutral, he told you that. There was no guile in him. He stated frankly and fully exactly where he stood at all times. I think that was a source of his great influence and power.

Mr. President, it is an honor to be a cosponsor of this joint resolution in honor of a man who served as Speaker of the House of Representatives, elected by that body, which, as all of us know, is a very independent-minded body composed of independent-minded individuals, each one elected from his own district. Sam Rayburn was elected Speaker of that body time after time, until he had served as Speaker of the House of Representatives for more than twice as long as Henry Clay, the one who before Sam Rayburn had served as Speaker of the House of Representatives longer than any other person. I think that such a tribute, coming from the elected Representatives of the people, is so outstanding under our first 170 years under the Constitution, that his record of service as Speaker of the House of Representatives is not likely to be exceeded during the next 170 years.

I thank the majority leader, the senior Senator from Montana [Mr. MANSFIELD] for calling up the joint resolution today. It is particularly appropriate now, since services and exercises will be held at Bonham next Sunday, at which time the Rayburn commemorative stamp issued by the Post Office Department will first be placed on sale. The Vice President of the United States, LYNDON JOHNSON, also a Texan, will make the principal address. A number of Members of Congress expect to attend; and I am hopeful that final action on the joint resolution will be completed before then, so that it may be announced to the people there, who kept Sam Rayburn in Congress for 49 years, so that after his half-century of devoted service to the country, this announcement may be made, even though the shadow of the great Sam Rayburn has passed on into the beyond.

I also ask unanimous consent to have printed at this point in the RECORD excerpts from the committee report on Senate Joint Resolution 133.

There being no objection, the biography and the excerpts from the report (No. 2021) were ordered to be printed in the RECORD, as follows:

### SAM RAYBURN, 1882–1961—A BRIEF BIOGRAPHY

Sam Rayburn was born in Roane County, Tenn., on January 6, 1882. He was the eighth of 11 children born to the former Confederate cavalryman, William Marion Rayburn, and his wife, Martha Waller. Christened Samuel Taliaferro, he adopted the short form of his first name, and never used the middle name. When Sam was 5, his father moved the family to a 40-acre cotton farm in Fannin County, Tex., near Bonham. From that time on, Sam counted himself a farmer and a Texan. He attended a little one-room schoolhouse at Flag Springs, and worked on the farm with the rest of the family. The political life of Sam Rayburn can be dated from the occasion when, at the age of 10, he rode the family horse 12 miles to Bonham to hear Senator Joseph Weldon Bailey speak. By the time he was 13, he had definitely decided on a political career. At 17, he entered East Texas Normal College (now East Texas State College), Commerce, Tex., with a stake of $25 contributed by his father. To pay his way through school, he swept floors, milked cows, and rang the college bell. He dropped out of college for 1 year, and taught, in order to raise enough money to continue and complete his college course, graduating with a B.S. degree.

Upon graduation, he returned to teaching, and then, in 1906, at the age of 24, entered politics by running for the State legislature, his family aiding his campaign. He won, and served in the Texas Legislature for 6 years, from 1907 to 1913, the last 2 years as speaker of the house of representatives. During sessions he studied law at the University of Texas, and passed the bar examination. In 1912 he ran for office as U.S. Representative from his district in Texas, and was elected, taking his seat in the 63d Congress, which first met in 1913. Thereafter, he was elected to each succeeding Congress through the 87th. From 1931 to 1937 he was chairman of the Committee on Interstate and Foreign Commerce. In the 75th and 76th Congresses, 1937 to 1940, he was majority leader. On September 16, 1940, he was elected Speaker to fill out the unexpired term of the late Speaker William B. Bankhead, in the 76th Congress, and was reelected Speaker of the 77th, 78th, and 79th Congresses, 1941 to 1947. In the 80th Congress, 1947 to 1949, he was minority leader. In the 81st and 82d Congresses, 1949 to 1953, he was Speaker. He was Democratic leader in the 83d Congress, 1953 to 1955. In the 84th, 85th, 86th, and 87th Congresses, from 1955 to 1961, he was Speaker.

Sam Rayburn served as permanent chairman of the Democratic National Conventions of 1948, 1952, and 1956. In the convention of 1960 he stepped aside in order to work for the nomination of Senator LYNDON JOHNSON.

In his career, Sam Rayburn set many records. At 29, he was the youngest man ever elected speaker of the Texas House of Representatives. When he died, on November 16, 1961, he was 79 years old, and had served in the House of Representatives for 48 years and 8 months, consecutively, surpassing the record of consecutive service set by Adolph Joseph Sabath, of Illinois, which was 45 years, 8 months, and 2 days, and the record of 46 years of nonconsecutive service set by Joseph Cannon, of Missouri. Only Senator CARL HAYDEN, of Arizona, who served from 1912 to 1927 in the House of Representatives, and has served in the Senate from 1927 to the present, has served longer in Congress than Sam Rayburn. On June 12, 1961, Sam Rayburn reached twice the length of service as Speaker of the House of Representatives attained by his nearest rival in history, Henry Clay. Clay's service as Speaker covered 3,056 days, or 8 years 4 months and 11 days. Sam Rayburn, at his death, had served as Speaker for 17 years and 62 days.

According to Bascom M. Timmons, Sam Rayburn, as chairman of the Interstate and Foreign Commerce Committee, pushed through more New Deal legislation than any other Member of Congress. He was the author of the Federal Communications Act, the Securities Exchange Act, the Rayburn-Wheeler Holding Company Act, and the Rural Electrification Act.

In 1956 Sam Rayburn joined the church to which his father had belonged, the Primitive Baptist Church, being baptized by Elder H. G. Ball of the Primitive Baptist Church of Tioga, Tex. On November 18, 1961, Elder H. G. Ball conducted his funeral services at the First Baptist Church of Bonham, Tex. Among the mourners present were the President of the United States, John F. Kennedy, the Vice President, Lyndon B. Johnson, former Presidents Harry S. Truman and Dwight D. Eisenhower, Gov. Price Daniel, of Texas, more than 100 Members of Congress, from both House and Senate, and scores of high officials of the Federal Government. Chaplain Bernard Braskamp, of the U.S. House of Representatives led the prayer at the opening of the service and at Willow Wild Cemetery.

Tributes to the personal qualities, the legislative accomplishments, and the parliamentary acumen of Sam Rayburn, paid both during his lifetime and after his death, have been far too numerous to permit of any listing or tabulation. A book of tributes from his colleagues in the House of Representatives was published as House Document No. 247, 87th Congress, 1st session, under the title "The Leadership of Speaker Sam Rayburn: Collected Tributes of His Congressional Colleagues"; a compilation of tributes paid him in the Hall of the House of Representatives, June 12, 1961, and other pertinent material, to celebrate the occasion of his having served as Speaker twice as long as any of his predecessors in the history of the United States: "16 years and 273 days." In 1952 a similar compilation was issued: "Mr. Speaker." A record of proceedings in the Congress of the United States and at the White House in tribute to the Honorable Sam Rayburn, of Bonham, Tex., on the occasion of having served as Speaker of the House of Representatives longer than any other person in American history.

Issues of the CONGRESSIONAL RECORD appearing during January 1962, particularly that of January 11, pages 111–134, and that of January 18, pages 482–549, contain accounts of the funeral services in Bonham, memorial services in Washington Cathedral and elsewhere, biographical articles, and numerous tributes to the memory of Speaker Sam Rayburn.

### SAM RAYBURN MEDAL

#### PURPOSE OF THE RESOLUTION

The resolution would authorize the Secretary of the Treasury to strike and present to the estate of Sam Rayburn a gold medal with suitable emblems, devices, and inscriptions to be determined by the Secretary, but to include the phrase "For services rendered to the people of the United States." An appropriation of $2,500 would be authorized for this purpose.

The Secretary of the Treasury is also authorized to manufacture and sell bronze duplicates of the medal, under such regulations as he may prescribe, at a price to cover their cost.

#### SAM RAYBURN'S ACCOMPLISHMENTS

It is very unusual for this committee to recommend the striking of a gold medal for service as a Member of Congress. Prior to this recommendation for striking a medal for Sam Rayburn, the only other gold medal struck for service as a Member of Congress was for Alben W. Barkley while he was Vice President. This committee makes this recommendation only because Sam Rayburn was an extraordinary man, one of the truly great men of his generation.

Except for the 80th and 83d Congresses, when he was minority leader Sam Rayburn served as Speaker of the House of Representatives from September 16, 1940, until his death on November 16, 1961. On June 12, 1961, Sam Rayburn reached twice the length of service as Speaker of the House of Representatives attained by his nearest rival in history, Henry Clay. Clay's service as Speaker covered 3,056 days, or 8 years, 4 months, and 11 days. Sam Rayburn, at his death, had served as Speaker for 17 years and 62 days.

Sam Rayburn was born in Roane County, Tenn., on January 6, 1882. He was the eighth of 11 children born to William Marion Rayburn and his wife, Martha Waller. When he was 5, his father moved the family to a 40-acre cotton farm in Fannin County, Tex., near Bonham. From that time on, Sam Rayburn counted himself a farmer and a Texan.

In 1912 he ran for office as U.S. Representative from his district in Texas, and was elected, taking his seat in the 63d Congress, which first met in 1913. Thereafter, he was elected to each succeeding Congress through the 87th. From 1931 to 1937 he was chairman of the Committee on Interstate and Foreign Commerce. In the 75th and 76th Congresses, 1937 to 1940, he was majority leader. On September 16, 1940, he was elected Speaker.

In his career, Sam Rayburn set many records. At 29, he was the youngest man ever elected speaker of the Texas House of Representatives. When he died, on November 16, 1961, he was 79 years old, and had served in the House of Representatives for 48 years and 8 months, consecutively, surpassing the record of consecutive House service set by Adolph Joseph Sabath, of Illinois, which was 45 years 8 months and 2 days, and the record of 46 years of nonconsecutive House service set by Joseph Cannon of Illinois.

As Senator Ralph Yarborough, who introduced this resolution, said in the Senate on January 11, 1962, in honoring Sam Rayburn: "Today, we are saying to history and to the generations of public servants who are to follow us in the Congress that Sam Rayburn was a great example of the finest tradition of public service in the United States. He heard when the country called, and he knew how to respond. His legacy, his example of service devoted to his country, will be an inspiration to young men and women so long as the United States survives."

The committee amended the resolution to provide that the medal be presented to the estate of Sam Rayburn. The medal will be placed in the Sam Rayburn Library at Bonham, Tex.

This committee would like to emphasize that it is taking this action in recommending striking this medal only to give special recognition to the tremendous debt that this country owes to this remarkable man.

Mr. YARBOROUGH. Mr. President, I yield the floor.

## FISH AND WILDLIFE BENEFITS

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of House bill 1171, which was temporarily laid aside yesterday. The bill was passed by the Senate ahead of time, before the amendments were attached to the bill. It is Calendar No. 1815, House bill 1171.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate resumed the consideration of the bill to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes.

The PRESIDENT pro tempore. The amendments have already been agreed to en bloc.

The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 1171) was read the third time and passed.

## AMENDMENT OF WAR CLAIMS ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Montana will state it.

Mr. MANSFIELD. Has the Senate now resumed the consideration of Calendar No. 1827, House bill 7283?

The PRESIDENT pro tempore. That is correct.

The question is on agreeing to the amendment of the Senator from New York [Mr. Keating].

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 252 Leg.]

Allott
Bartlett
Dirksen
Ervin
Hartke
Hickenlooper
Johnston
Keating
Long, La.
Mansfield
Metcalf
Pearson
Smathers
Sparkman
Stennis
Thurmond
Williams, N.J.
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Arkansas [Mr. Fulbright], the Senator from Tennessee [Mr. Gore], the Senator from Utah [Mr. Moss], the Senator from Oregon [Mrs. Neuberger], the Senators from Rhode Island [Mr. Pastore and Mr. Pell], and the Senator from Massachusetts [Mr. Smith] are absent on official business.

I also announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], the Senator from Alaska [Mr. Gruening], the Senator from Wyoming [Mr. Hickey], the Senator from Missouri [Mr. Long], and the Senator from Missouri [Mr. Symington] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. Aiken] and the Senator from Wisconsin [Mr. Wiley] are absent on official business.

The Senator from Utah [Mr. Bennett], the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Kansas [Mr. Carlson], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], and the Senator from Kentucky [Mr. Morton] are necessarily absent.

The PRESIDING OFFICER (Mr. Metcalf in the chair). A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. Beall, Mr. Bible, Mr. Boggs, Mr. Bottum, Mr. Bush, Mr. Byrd of Virginia, Mr. Byrd of West Virginia, Mr. Cannon, Mr. Case, Mr. Chavez, Mr. Clark, Mr. Cooper, Mr. Curtis, Mr. Dodd, Mr. Douglas, Mr. Eastland, Mr. Ellender, Mr. Engle, Mr. Fong, Mr. Goldwater, Mr. Hart, Mr. Hayden, Mr. Hill, Mr. Holland, Mr. Hruska, Mr. Humphrey, Mr. Jackson, Mr. Javits, Mr. Jordan of North Carolina, Mr. Kefauver, Mr. Kerr, Mr. Lausche, Mr. Long of Hawaii, Mr. Magnuson, Mr. McCarthy, Mr. McClellan, Mr. McGee, Mr. McNamara, Mr. Miller, Mr. Monroney, Mr. Morse, Mr. Mundt, Mr. Muskie, Mr. Prouty, Mr. Proxmire, Mr. Randolph, Mr. Robertson, Mr. Russell, Mr. Saltonstall, Mr. Scott, Mrs. Smith of Maine, Mr. Talmadge, Mr. Tower, Mr. Williams of Delaware, and Mr. Yarborough entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

## CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of certain measures on the calendar to which there is no objection. This request has been cleared with the minority leadership.

The PRESIDING OFFICER. Without objection, it is so ordered.

## LONG- AND SHORT-HAUL CHARGES UNDER INTERSTATE COMMERCE ACT

The Senate proceeded to consider the bill (S. 319) to amend part I of the Interstate Commerce Act in order to provide that the provisions of section 4(1) thereof relating to long- and short-haul charges shall not apply to express companies which had been reported from the Committee on Commerce, with an amendment, on page 1, at the beginning of line 8, to insert "except that the exemption herein accorded express companies shall not be construed to relieve them from the operation of any other provision contained in this Act"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4(1) of the Interstate Commerce Act (49 U.S.C. 4(1)) is amended by inserting before the period at the end thereof a colon and the following: "*And provided further,* That the provisions of this paragraph shall not apply to express companies subject to the provisions of this part, except that the exemption herein accorded express companies shall not be construed to relieve them from the operation of any other provision contained in this Act".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill to amend part I of the Interstate Commerce Act in order to provide that the provisions of section 4(1) thereof, relating to long- and short-haul charges, shall not apply to express companies."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1921), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE OF AND NEED FOR THE BILL

The bill, S. 319, would amend part I of the Interstate Commerce Act in order to provide that the provisions of section 4(1) thereof, relating to long- and short-haul charges, shall not apply to express companies.

Under existing provisions of section 4(1) of the Interstate Commerce Act, rail carriers (including express companies) are prohibited from establishing higher rates for transportation for a shorter distance over the same line or route in the same direction than are charged for a longer distance. This so-called long- and short-haul provision was incorporated in the Interstate Commerce Act at a time when railroads had little or no competition. It was designed to afford shippers protection against a particular type of discrimination arising from the charging of higher rates on shorter than on longer traffic movements of the same commodity over the same line. The usual cause of long- and short-haul discrimination was the existence of competition on the longer haul and the absence of such competition on shorter movements.

The Railway Express Agency, Inc. (popularly known as REA Express), is the only express company now in operation which utilizes rail carriers; and, therefore, the only one subject to section 4(1). This company's competitors, none of whom are subject to the long- and short-haul provision, include the Government-operated parcel post, motor common carriers, freight forwarders, bus companies, so-called co-ops, consolidators, and airlines.

S. 319 would amend the fourth section by specifically exempting express companies subject to part I of the act from the long- and short-haul and aggregate-of-intermediate rates provisions thereof. The Interstate Commerce Commission reports that except for instances involving point-to-point commodity rates, the majority of express rates and charges are established on what is known as the block system. Under this form of ratemaking, the country is divided into approximately 950 geographical blocks formed by the parallels of latitude and the meridians of longitude. Rates apply from block to block, with each block being uniformly 69 miles long and from 45 to 62 miles wide. Thus, the same rate would apply to all express stations within the same block.

The so-called block system makes it extremely difficult to see what the direct route is between two points with any degree of certainty. Moreover, since the express company, under its agreement with the rail carriers, may transport a shipment over the more direct route or over a circuitous route, the shipper, for whose protection section 4 was designed, in fact has no knowledge as to whether a violation will occur. This undoubtedly accounts for the fact that no complaints under this section have been filed against the Railway Express Agency since 1922, the year of its inception. In actual practice, express rates and charges under the block system generally conform to section 4, with the result that the express agency, since 1922, has filed only 20 applications related to general increased rate proceedings. Any departures that occur are, for the most part, technical in nature, as, for example, when a direct route traverses a higher rated intermediate block to reach a lower rated block.

From this set of facts the ICC concludes that section 4 presently serves a very limited purpose in its application to express companies. In addition, the Commission has reported to your committee that an exemption from the provisions of section 4 would in no way relieve REA Express from the operation of the other ratemaking provisions contained in the Interstate Commerce Act relating to destructive competition, undue discrimination, preference, or prejudice.

### BACKGROUND OF THE LEGISLATION

Beginning in 1959 REA Express began a period of extensive reorganization in order to become a self-sustaining and indepedent corporation. In testifying before the House Committee on Interstate and Foreign Commerce the president of the company advised that enactment of this measure would be of significant assistance in this effort. He testified as to the inefficiency caused by the present application of section 4(1) to REA Express in the following language:

"We serve the whole United States, all 50 States, and many foreign countries. All of our traffic is primarily moved under first- and second-class rates under the block system.

"Prior to 1957 all of our first- and second-class rates were contained in this tariff, ICC 8300, which had 23 pages. It weighed 2 ounces.

"In 1957, as costs went up under the postwar inflation, the Commission found that the rates in the eastern territory, with the costs high, could specifically and properly be raised to reflect the higher cost in the eastern territory.

"Then means, however, that a point just beyond this territory might have a lower rate than a shorter haul point within the territory. This is where it gets technical.

"So we had to ask for relief from section 4. The Commission concluded under the law they could not give us the relief, and so we had to reduce the rates within the eastern territory and lose the revenue which the Commission had already found we were entitled to, or, we had to extend the rate increases outside of the eastern territory and put it on traffic and on customers which the Commission had not found justified by the costs. We did not want to raise those rates, but it was the only way that we could comply with section 4.

"Well, we tried to back the rates up in the eastern territories to meet section 4, and we lost about three-fourths of the revenue which the Commission found we were entitled to.

"So then we tried the other method and we put the rate increases on traffic which we really did not want to put them on, in order to protect the revenue which the Commission found that we had to have, but then it gets even worse.

"In order to apply the rates under the block system you had to figure the rate to the gateway, at the edge of the territory, the so-called border point and then compute the rate on that little 46-pound shipment to a point beyond, compare the two rates, and find out which was higher, and under section 4 you are legally required to charge a higher rate.

"Well, that required two rate computations on all these shipments; the employees soon got—our truckdrivers figure a lot of our rates, and they found they could not figure the proper rate and the public could not either.

"So we had to do something about it. So we took this simple little 2-ounce tariff, that nobody could live with under section 4, and we republished it and there it is. That one weighed 2 ounces, and this one weighs 2 pounds, I think, or 1 ounce short of 2 pounds, actually.

"That one cost us $5,400 to print and distribute to customers all over the United States.

"Because of section 4, under the Commission's decision, and I think they were right under the law, we had to go to this tariff and this one instead of costing $5,400, cost us $83,000 to print, and instead of a 2-ounce tariff we have a 2-pound tariff.

"Now 245 pages of this tariff can be taken out and thrown away if you pass this bill."

In addition, S. 319 is consistent with the recommendation in the President's transportation message, transmitted to the Congress on April 5, 1962, that there should be a simplification of tariffs and rate structures. The subject bill is specifically designed to accomplish this purpose. Furthermore, your committee adopted the amendment proposed by the American Trucking Associations which would insure that those other provisions of the act relating to reasonableness, preference, and discrimination should remain in full force and effect. In this way both the competitors of REA Express as well as its customers will continue to receive the same protections.

In conclusion your committee is of the judgment that S. 319 will be of major assistance to REA Express in its impressive efforts to improve the economic status of the corporation, will place the company on a competitive parity with other companies performing a similar function and will not in any way lessen the protections afforded the public.

## AIRCRAFT LOAN GUARANTEES

The Senate proceeded to consider the bill (S. 2815) to amend the act of September 7, 1957, relating to aircraft loan guarantees which had been reported from the Committee on Commerce, with an amendment, to strike out all after the enacting clause and insert:

That section 1 of the Act of September 7, 1957 (71 Stat. 629), is amended by adding immediately after the words "development of" in the first sentence the following: "scheduled all-cargo and".

Sec. 2. Subsection (a) of section 2 of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the words "Board" and "Civil Aeronautics Board", and inserting in lieu thereof the words "Secretary" and "Secretary of Commerce", respectively.

Sec. 3. Section 3 of the Act of September 7, 1957 (71 Stat. 629), is amended by—

(1) striking out the word "Board" where it appears the first time therein, and inserting in lieu thereof the word "Secretary"; and

(2) inserting the words "Civil Aeronautics" immediately before the word "Board" where it appears the second time therein; and

(3) striking out the words "the Territory of" wherever appearing therein; and

(4) striking out the words "United States" wherever appearing therein, and inserting in lieu thereof the words "forty-eight contiguous States"; and

(5) striking out the last sentence.

Sec. 4. The Act of September 7, 1957 (71 Stat. 629), is amended by redesignating sections 4, 5, 6, 7, 8, as sections 6, 7, 8, 9, 10, respectively, and inserting immediately after section 3 the following new sections:

"Sec. 4. The Secretary is hereby authorized to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by such lender to any scheduled all-cargo air carrier, if (a) the entire proceeds of the loan are to be used for the purchase of turbine-powered aircraft of United States manufacture, identified by make and type, specifically designed for the carriage of property; and (b) the Secretary is satisfied that the carrier intends to use the aircraft predominantly for the carriage of property; and (c) the Department of Defense has certified to the Secretary that the aircraft is suitable for use by the Military Establishment to meet national defense needs in times of emergency.

"Sec. 5. The guaranty authorized by sections 3 and 4 shall be made in such form, on such terms and conditions, and pursuant to such regulations, as the Secretary deems necessary and which are not inconsistent with the provisions of this Act."

Sec. 5. Section 4, redesignated herein as section 6, of the Act of September 7, 1957 (71 Stat. 629), is amended by—

(1) striking out "$5,000,000" at the end of subsection (d) and inserting in lieu thereof "$10,000,000, except that guaranties of loans to be used for the purchase of cargo aircraft as provided in section 4 may be made up to a total face amount of $15,000,000"; and

(2) striking out the word "Board" in subsections (e) and (f) and inserting in lieu thereof the word "Secretary".

Sec. 6. Section 5, redesignated herein as section 7, of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the word "Board", and inserting in lieu thereof the word "Secretary".

Sec. 7. Subsection (a) of section 6, redesignated herein as subsection (a) of section 8, of the Act of September 7, 1957 (71 Stat. 629), is amended by—

(1) striking out the word "it" where it appears the first time therein, and inserting in lieu thereof the word "him"; and

(2) striking out the word "it" where it appears the second time therein, and inserting in lieu thereof the word "he"; and

(3) striking out the word "Board", and inserting in lieu thereof the word "Secretary".

Sec. 8. Section 7, redesignated herein as section 9, of the Act of September 7, 1957 (71 Stat 629), is amended by striking out the word "Board" wherever it appears therein, and inserting in lieu thereof the words "Department of Commerce".

Sec. 9. Section 8, redesignated herein as section 10, of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the word "five" and inserting in lieu thereof the word "ten".

Sec. 10. Section 410 of the Federal Aviation Act of 1958 (49 U.S.C. 1380) is amended by replacing the period at the end of the last sentence with a colon, and adding the following: "*Provided, however*, That the provisions of this section shall not be applicable to the guaranty of loans by the Secretary of Commerce under the provisions of the Act of September 7, 1957 (71 Stat. 629), as amended, but the Secretary of Commerce shall consult with and consider the views and recommendations of the Board in making such guaranties."

Sec. 11. (a) All orders, determinations, rules, regulations, permissions, approvals, agreements, rulings, directives, and privileges which have been issued, made, or granted, or allowed to become effective, by the Civil Aeronautics Board, or any court of competent jurisdiction, under any provision of law amended by this Act, or in the exercise of duties, powers, or functions which, under this Act, are vested in the Secretary of Commerce, and which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary of Commerce or by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this Act takes effect before the Civil Aeronautics Board; but any such proceedings shall be continued before the Secretary of Commerce, orders issued therein, and payments made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Secretary of Commerce, or by operation of law.

(c) The provisions of this Act shall not affect suits commenced prior to the date on which it takes effect; and all such suits shall be continued by the Secretary of Commerce, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if this Act had not been enacted. No suit, action, or other proceeding lawfully commenced by or against the Civil Aeronautics Board or officer of the United States, in relation to the discharge of official duties, shall abate by reason of any transfer of authority, power, or duties from the Board or Commission or officer to the Secretary of Commerce under the provisions of this Act, but the court upon a motion or a supplemental petition filed at any time within twelve months, after such transfer, showing the necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the Secretary of Commerce.

Sec. 12. (a) The officers, employees, and property (including office equipment and official records) of the Civil Aeronautics Board which the Bureau of the Budget, after consultation with the Board, shall determine to have been employed by the Board in the exercise and performance of those powers and duties vested in and imposed upon it by the Act of September 7, 1957 (71 Stat. 629), and which are vested by this Act in the Secretary of Commerce, shall be transferred to the Department of Commerce upon such date or dates as the Bureau of the Budget shall specify: *Provided*, That the transfer of such personnel shall be without reduction in classification or compensation, except that this requirement shall not operate after the end of the fiscal year during which such transfer is made to prevent the adjustment of classification or compensation to conform to the duties to which such transferred personnel may be assigned.

(b) Such of the unexpended balances of appropriations available for use by the Civil Aeronautics Board in the exercise and performance of those powers and duties vested in and imposed upon it by the Act of September 7, 1957 (71 Stat. 629), and which are vested by this Act in the Secretary of Commerce, shall be transferred to the Department of Commerce upon such date or dates as the Bureau of the Budget shall specify, and shall be available for use in connection with the exercise and performance of the powers and duties vested in and imposed upon the Secretary of Commerce by this Act.

(c) All records transferred to the Secretary of Commerce under this Act shall be available for use by him to the same extent as if such records were originally records of the Secretary.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1924), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE AND ANALYSIS OF THE BILL

The bill would amend existing law in the following respects:

1. The aircraft guarantee loan program would be extended an additional 5 years. The present expiration date is September 7, 1962, and the bill provides for an expiration date of September 7, 1967.

2. The amount of loans which could be authorized to any eligible carrier, aside from the all-cargo carriers, would be increased from $5 to $10 million.

3. The bill would make a new class of carriers, namely, the all-cargo carriers, eligible for loans under the program in amounts not exceeding $15 million per carrier subject to the following conditions: (*a*) The proceeds of the loan must be used for the purchase of turbine-powered aircraft and such aircraft must be of U.S. manufacture, (*b*) the Defense Department must certify that the aircraft so purchased is suitable for use by the Military Establishment to meet national defense needs in times of emergency, and (*c*) the aircraft must be used "predominantly" for the carriage of property.

(4) The bill transfers responsibility for administering the loan guarantee program from the Civil Aeronautics Board to the Department of Commerce with appropriate language providing for orderly transition.

### PROVISIONS OF EXISTING LAW

Existing law authorizes the Civil Aeronautics Board to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by the lender to local service, helicopter, and certain other carriers. Such guarantees may extend so as to include unpaid interest and 90 percent of the unpaid principal of any loan. The terms of any loan must provide for full repayment within 10 years. The total amount of loans to any one carrier cannot exceed $5 million.

In addition, the Board in guaranteeing any loan must find that the carrier would otherwise be unable to obtain necessary funds for the purchase of aircraft on reasonable terms. Further, guarantees can only be extended in those cases where the Board finds that the loan was necessary to improve service and efficiency of operation. In connection with cost to the Government, the Board is directed by statute to prescribe and collect from the lending institution a reasonable guarantee fee.

### COMMITTEE ACTION

Your committee conducted hearings on this measure on May 8, 10, 14, and 29, 1962, and received testimony from the following: Association of Local Transport Airlines, Aero Space Industries, Civil Aeronautics Board, Trans Caribbean Airways, Chicago Helicopter Airways, Inc., Boeing Co., Fairchild Stratos Corp., Department of Defense, Seaboard World Airlines, Federal Aviation Agency, Riddle Airlines, Mackey Airlines, Inc., Department of Commerce, Douglas Aircraft, Slick Airways, National Air Carrier Association, Inc. In addition, the following organizations submitted statements for the record: Los Angeles International Airways, Pacific Northern Airline, Inc.

All witnesses testifying in connection with the program as it applies to local service, feeder, and helicopter carriers strongly urged extension of the program and an increase in the amount of loan guarantees available to any single carrier.

With the exception of the Federal Aviation Agency and National Air Carriers Association, Inc., witnesses testifying with respect to the amendment to include all-cargo carriers in the program strongly urged its enactment and made recommendations with respect to the amount of loan guarantee for any single carrier, ranging from $15 to $50 million. The Federal Aviation Agency, while not affirmatively supporting the amendment stated that it did not object to its adoption. The National Air Carrier Association, Inc., stated that it would oppose the amendment unless it was extended so as to include supplemental air carriers.

### PRESENTLY ELIGIBLE CARRIERS

Carriers eligible for loan guarantees under existing law are as follows: Local service carriers: Allegheny Airlines, Inc., Bonanza Air Lines, Inc., Central Airlines, Inc., Frontier Airlines, Inc., Lake Central Airlines, Inc., Mohawk Airlines, Inc., North Central Airlines, Inc., Ozark Airlines, Inc., Pacific Air Lines, Inc., Piedmont Airlines, Inc., Southern Airways, Inc. Trans Texas Airways, Inc., West Coast Airlines, Inc.; Hawaiian carriers: Aloha Airlines, Inc., Hawaiian Airlines, Inc.; Alaskan carriers: Alaska Airlines, Inc., Bristol Bay Airlines, Inc. (apparently no longer operating), Alaska Coastal-Ellis Airlines, Inc., Cordova Airlines, Inc., Kodiak Airlines, Inc., Munz Airways, Inc. (apparently no longer operating), Northern Consolidated Airlines, Inc., Pacific Northern Airlines, Inc., Reeve Aleutian Airways, Inc., Western Alaska Airlines, Inc., Wien Alaska Airlines, Inc.; Caribbean area and Florida to British West Indies: Caribbean Atlantic Airlines, Inc., Mackey Airlines, Inc.; Metropolitan helicopter services: Chicago Helicopter Airways, Inc., Los Angeles Airways, Inc., New York Airways, Inc.

### EXPERIENCE AND BENEFITS REALIZED UNDER PROGRAM

There is no question that the loan guarantee program has made possible substantially improved air service between the smaller communities of this Nation. The improved equipment purchased under the program has markedly increased the efficiency of these carriers and has contributed importantly to lessening of their subsidy needs in relation to the service offered. Coupled with improved efficiency, this program has increased safety.

In evaluating the benefits of this program, it is interesting to compare operating statistics of local service carriers for the period immediately prior to implementation of the program with the latest available period. In 1956, scheduled revenue plane-miles flown amounted to 46,278,367. This compares with 97,723,724 for the 12-month period ending June 30, 1961. In 1956, the average route miles in operation amounted to 20,000 as compared with 34,545 in 1961. Revenue passenger-miles in 1956 amounted to 448,036,000 compared with 1,233,876,000 for the 12 months ending June 30, 1961. Total passengers carried during calendar year 1956 numbered 2,451,155 compared with 5,966,911 for year ending June 30, 1961. The weighted figure for the number of airports served was 311½ airports for calendar year 1956 as compared with 517.6 for fiscal year 1960. In relation to scheduled flight departures from these airports, the number increased from 587,420 in calendar year 1956 to 1,071,873 for fiscal year 1960.

The Civil Aeronautics Board advises as of December 31, 1961, a total of $30,349,503 had been borrowed on such loans, with $23,379,152 still outstanding at that date. These funds have been used to purchase (1) 33 twin turbine engine F–27 aircraft, (2) 12 twin engine (piston type) Convair 340/440 aircraft, which can be converted to turbine power, (3) 3 twin engine (piston type) Martin 404 aircraft, (4) 5 single engine (piston-type) Vertel 44–B helicopters, and (5) 1 twin turbine engine helicopter. More detailed statistics are set forth in the charts appearing in the appendix.

### LOAN ELIGIBILITY OF ALL-CARGO CARRIERS

Your committee amended the bill so as to make one additional class of air carriers eligible for loan guarantees, namely, the all-cargo carriers. These carriers hold permanent certificates of public convenience and necessity issued by the Civil Aeronautics Board for the transportation of cargo and mail. They are regularly scheduled route carriers, have never received subsidy, and are four in number: Flying Tiger Lines, Riddle Airlines, Inc., Seaboard World Airlines, Inc., and Slick Airways.

The operations of these carriers to date have not been profitable. In part, this can be attributed to the lack of modern aircraft especially adapted to meet the needs of the aircargo industry. Until recently, aircraft designed primarily to carry cargo profitably and at low rates were not available. As a result the all-cargo industry was forced to use aircraft originally designed for passenger service rather than freight service. The lack of a specially designed civil cargo aircraft has resulted in high freight rates and consequent slow growth of airfreight traffic. The development of the jet aircraft which because of its speed, load capacity, high utilization capability, and low operating cost has provided the breakthrough which will enable the aircargo industry to provide service at substantially lower rates.

Testifying in support of Senator SMATHERS' amendment to include the all-cargo carriers in the loan guarantee program, the Chairman of the Civil Aeronautics Board, Mr. Alan Boyd, stated:

"The operations of the all-cargo carriers have not been profitable. It must be admitted that the development of transportation of cargo by aircraft has been disappointing, especially in the terms of the predictions made for this industry in the early postwar period. While there has been a remarkable growth in air transportation in the years since World War II, the vast market which is believed to exist for aircargo remains largely untapped. The all-cargo carriers have found it necessary to extend their operations to the military and passenger charter field in order to obtain additional revenues. Some have been forced to suspend their all-cargo services because of inability to sustain profitable operations.

"The Board believes that the failure of the air transport industry to realize its potential in the movement of air cargo is attributable in part to the lack of modern specialized aircraft designed primarily to carry cargo profitably and at low rates. The Board feels that if the all-cargo carriers were able to acquire a fleet of modern, high-speed, low-cost cargo aircraft, there would result a material contribution to the national defense and an invaluable benefit to the postal service and to the commerce of the United States."

The Under Secretary of Commerce for Transportation, Mr. Clarence D. Martin, Jr., testified:

"The need for additional incentive to increase civil aircargo capacity is clearly evident by applying the Joint Chiefs of Staff civil cargo aircraft requirements against current capability. These exact figures which are classified point up a serious deficit for both total and limited military emergencies. The lack of capacity to meet Joint Chiefs of Staff requirements for limited war is a prime reason for urgent action to provide incentives to increase the aircargo capability by the civil air transportation industry.

"The Civil Aeronautics Board report, dated October 1961, entitled 'Commercial Air Transportation Capabilities and Requirements Under Partial Mobilization and Limited War,' which used as an experience factor the increased transportation requirements of the Korean war, indicates a deficit of 14 DC–7F equivalents to meet essential civil aircargo needs without regard to the military requirements.

"The most recent CAB report, dated February 1962, 'Minimum Civil Requirements for U.S. Air Transportation in Time of War—Fiscal Year 1962–63,' reveals under the most favorable conditions of assumption a civil aircargo requirement, not counting the military requirement, in excess of available capability by some 44 DC–7F equivalents in the last month of fiscal 1962, and 64 DC–7F equivalents in the last month of fiscal 1963. We must bear in mind that these projected requirements are for only essential civil aircargo traffic needed to maintain the economic capability of national defense production during an emergency.

"An important part of this Department's responsibility is to recommend programs to beneficially improve in peacetime the structure and capability of the total transportation system for use in an emergency.

"The Department feels that the guarantee loan program could be of assistance in financing the equipment so necessary to the Nation in time of emergency as well as in time of peace."

To date, some of the carriers have purchased new cargo aircraft. These purchases, however, were made outside the United States and were facilitated by loan guarantees of foreign governments (British and Canadian), similar to loans proposed by this measure. Additional aircraft will be needed by the all-cargo industry and extension of the loan guarantee program to this class of carrier will help them grow and develop the potential of the aircargo industry. In addition, it will provide a market for U.S.-built pure jet aircargo aircraft which the airframe and engine manufacturers are planning to build. This industry has for many years been one of the largest employers in the country and it makes no sense to force the all-cargo carriers to purchase foreign-built aircraft, to the detriment of our own airframe industry, simply because of the absence of a U.S.-supported loan guarantee program covering these carriers—a program which has proven so satisfactory with respect to other classes of carriers and which has cost this Government nothing. Failure to adopt this amendment will only perpetuate the situation which places our airframe industry at a competitive disadvantage with foreign firms.

It is also anticipated that extension of the loan program will enable the all-cargo carriers to expand their service area and provide airfreight service to areas and industries which now do not enjoy this benefit.

The inclusion of the all-cargo carriers in the loan guarantee program will materially assist this Nation in meeting its military airlift needs by permitting them to acquire more modern and efficient cargo aircraft. The all-cargo carriers presently carry more than half of the contract military traffic of this country. In addition, they participate extensively in the civil reserve air fleet, and for the fiscal year 1963 committed more than 55 aircraft to the CRAF program. The total capacity of these aircraft exceeds 1,200 tons payload and constitutes more than half of the total civil cargo lift in the CRAF program.

Clearly, these carriers are in substantial measure assisting the Department of Defense in realizing its objectives with respect to commercial air transportation, which are as follows: (1) To insure civil participation in the civil reserve air fleet, (2) to insure an expanded capacity of both cargo and passenger airlift available to the Department of Defense, and (3) to encourage the procurement by the air transportation industry of modern aircraft best adapted to Government emergency needs and committed to the Department of Defense.

That the all-cargo carriers have greatly assisted in helping to realize these objectives was acknowledged by Mr. Edward J. Driscoll, Deputy to the Assistant Secretary of the Air Force, Materiel, for Transportation and Communications. Mr. Driscoll also testified in support of including the all-cargo carriers in the loan guarantee program, stating:

"Without guaranteed loan legislation carriers may acquire modern turbine-powered equipment on other than reasonable terms and conditions and this aim may be aborted as the carriers' financial conditions may not improve to enable them to continue a modernization program for use not only to meet Defense needs, but also to meet civil requirements. We feel that guaranteed loan legislation would enable the acquisition of aircraft on reasonable terms and conditions, either by private financing or guarantee by the Government * * *. We feel that most of the all-cargo carriers who are under contract to MATS and who are endeavoring to develop and expand their commercial cargo service may be unable to obtain financing, absent guaranteed loans at reasonable rates."

The aircargo industry is still in its infancy, yet its growth and potential contribution to a sound commercial air transportation system is vast. For the year ending September 30, 1960, certificated scheduled domestic freight amounted to $100,881,000 as opposed to $2,257,875,000 in total certificated scheduled domestic air revenues.

Without guaranteed loan legislation, all-cargo airlines may find it impossible to acquire suitable modern aircraft adaptable to their needs, or alternatively, may have to purchase these aircraft on other than reasonable terms which would jeopardize their financial condition and make it impossible for them to engage in a modernization program consistent with the objectives of the Department of Defense. The development and rate of growth of the aircargo industry depends to a very great measure on their ability and willingness to place modern cargo aircraft into operation. Such aircraft will contribute immeasurably toward increasing efficiency and consequently enable the industry to lower rates, expand service, and attract new customers. The all-cargo carriers have the willingness; making them eligible for loan guarantees will give them the necessary added ability.

### TRANSFER PROGRAM TO DEPARTMENT OF COMMERCE

In his message on transportation, dated April 5, 1962, to the Congress, the President recommended that the loan guarantee program be transferred from the Civil Aeronautics Board to the Department of Commerce. He stated:

"Last year the Congress extended until June 30, 1963, the authority by which the Interstate Commerce Commission has been guaranteeing interest and principal payments on emergency loans to the railroads for operations, maintenance, and capital improvements for which the carriers cannot otherwise obtain funds on reasonable terms. A similar law by which the Government guarantees loans for aircraft and parts being purchased by certain certificated air carriers will expire this year. Since the Department of Commerce is already a focal point for Government transportation activities and since, in the interest of program coordination and consistency of policy these activities should be further consolidated, I recommend that the railroad loan guarantee authority, and the aviation loan guarantee authority, if it is extended, be transferred to the Department of Commerce. These programs are not regulatory in nature and are clearly separable from the chief functions of the Interstate Commerce Commission and the Civil Aeronautics Board, and can be acted upon more expeditiously by an executive agency."

The Civil Aeronautics Board expressed to your committee its support of the President's recommendation. Your committee accepted the recommendations of the President and the Civil Aeronautics Board and accordingly incorporated appropriate amendments in the bill so as to transfer the responsibility for administering the program from the Board to the Department of Commerce in an orderly manner.

### NEED FOR LEGISLATION—CONCLUSION

Your committee is satisfied that the basic objectives underlying the original implementation of this program have been achieved. Experience and benefits realized under the program have been discussed previously in this report. It has enabled these carriers to effect substantial equipment modernization. Without the program, costs incurred in connection with financing would have made equipment modernization either impossible or would have resulted in markedly higher financing costs which unquestionably would have been reflected in subsidy requests.

Since many carriers have not fully completed their equipment modernization, your committee determined that the loan guarantee program should be extended for an additional 5 years. In urging continuation of the program, the Chairman of the Civil Aeronautics Board, Mr. Alan Boyd, stated:

"It is our view that the continuation of the reequipment program of the smaller carriers is of the utmost importance to their financial success and their prospects for long-range subsidy improvement. Notwithstanding the progress which has already been made on the equipment front, many of the carriers will have requirements for further reequipment, particularly in connection with route modifications and extensions.

"The Congress has indicated clearly its desire to foster and develop modern and efficient air transportation for the smaller communities. The Board has established a program to carry out this congressional intent, and at the same time to derive the maximum benefit from each subsidy dollar. Our objectives include reexamination and modification of route structures where appropriate, the development of more effective subsidy rate machinery designed to provide incentives to management to maximize revenues and to minimize costs, and the administration of the loan guarantee program to assist in the financing of more modern equipment."

Many carriers have fully availed themselves of the $5 million guarantee authorized under existing law, but nevertheless, have demonstrated a definite need for additional modernization to complete their reequipment program. It was for this reason that your committee increased the guarantee available to any single carrier from $5 million to $10 million. Directing himself to this point, Mr. Joseph P. Adams, general counsel for the Association of Local Transport Airlines, testified:

"Further, a failure to amend the 1957 act to increase the loan ceiling would find most of the presently qualified carriers under the Guaranteed Loan Act of 1957 ineligible to receive a loan under the extended act during its lifetime. This unsatisfactory situation is determined by an analysis of the current CAB loan schedule which indicates that 10 of the loans are presently for 10 years, 5 are for 7 years, and 1 of 5 years. Applying this loan schedule to an extension of the act for 5 years at the present $5 million ceiling would make it impossible for the majority of the carriers presently included in the legislation to contract for a loan in addition to their present commitment, regardless of the passengers who may be waiting at the gates at several hundred small city airports."

The aircargo industry, still in its infancy, is a field offering vast potential. For the reasons set forth more fully in another section of this report, your committee is firmly convinced that the all-cargo carriers should be made eligible to participate in the loan guarantee program. Inclusion of this class of carriers will not only expedite the growth of the aircargo industry, but will provide a market for aircraft to our airframe industry and contribute to the airlift needs of the Department of Defense. Since loans to these carriers can be guaranteed only with respect to the purchase of turbine-powered aircraft, your committee increased the ceiling to $15 million. This amount will enable these carriers to purchase two turbine-powered aircraft, including necessary spare parts.

As mentioned previously, the Civil Aeronautics Board is directed by statute to prescribe and collect from the lending institution a reasonable guarantee fee. The Government has incurred no loss in connection with this program. As a matter of fact, the Board estimated that on the basis of $60 million of guaranteed loans amortized over a 10-year period, Government expenses would amount to approximately $450,000 as against income from fees of $1,500,000 or a net return to the Government of approximately $1 million.

The loan guarantee program has enabled the carriers to modernize their fleets, significantly improve service, and materially reduce operating costs. The continuation of this program is considered essential if further improvements in this area are to be realized. Accordingly, your committee strongly urges favorable consideration of the measure as reported.

## AMENDMENT OF THE BANKRUPTCY ACT

The bill (H.R. 5393) to amend the Bankruptcy Act, as amended, was considered, ordered to a third reading, read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1954), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE

The purpose of the bill is to amend the Bankruptcy Act to make a number of changes, the need for which has become apparent in the course of a periodic review of the operations of the act, and which are considered to be noncontroversial.

### STATEMENT

The proposed legislation, which has passed the House of Representatives, was the subject of an extensive study by the Bankruptcy Subcommittee of the Committee on the Judiciary of the House of Representatives, and by the Committee on the Judiciary of the House of Representatives.

In its favorable report on this proposed legislation the Committee on the Judiciary of the House of Representatives said:

"After the Chandler Act had been in effect for about 10 years, the National Bankruptcy Conference[1] conducted a thorough examination of it with a view toward eliminating whatever ambiguities, inaccuracies, or minor imperfections had appeared. The result of this study was embodied in legislation enacted by Congress in 1952 (Public Law 456, 82d Cong., 2d sess.).

---

[1] The National Bankruptcy Conference is an organization created in 1932 and composed of lawyers, law professors, scholars, and referees in bankruptcy. Among the organizations participating in the conference are the American Bankers Association, the American Bar Association, the American Institute of Accountants, the Commercial Law League of America, the National Association of Credit Management, the National Association of Referees in Bankruptcy, and the New York Credit and Financial Management Association. The conference has taken an active part in the work connected with the enactment of the Chandler Act in 1938, the revision by the Supreme Court in 1939 of the general orders and official forms in bankruptcy, the Referees Salary Act in 1946, and numerous other proposals directed at improving bankruptcy law and its administration.

"As the second decade of the operation of the Chandler Act approached, the National Bankruptcy Conference undertook a second decennial review. Again the objective was to gather into one legislative proposal all of the noncontroversial imperfections which had been revealed in the course of the past 10 years. A committee of the conference labored with the problem for about a year and then reported to the conference. Those recommendations which the conference considered noncontroversial were then submitted to the staff of the Committee on the Judiciary for its consideration. The proposed amendments were printed and widely circulated for comment. As a result, a proposed amendment to section 229c was dropped, proposals to amend sections 21d, 48c, and 160 were added, and minor changes to a number of other sections were advanced.

"A draft bill was then submitted to the chairman of the Committee on the Judiciary and introduced. Hearings were held and the Subcommittee on Bankruptcy and Reorganization reported the bill favorably to the full committee with the amendments noted herein. The full committee accepted the recommendation of the subcommittee and ordered the bill reported to the House.

"The following is an explanation of each of the proposed amendments. Section references are to the bill as introduced.

### "SECTION 1

"Section 2a(1), though couched in terms of jurisdiction, defines proper venue for bankruptcy proceedings. The venue provision now includes three relative clauses, the first one dealing with venue for persons having a principal place of business, residence, or domicile within the United States; the second dealing with persons having none of these contacts but property within the United States; and the third dealing with persons who have been adjudged bankrupts outside the United States. The third clause is superfluous and carries an unfortunate implication. If a person having a principal place of business, residence, or domicile within the United States is adjudged bankrupt elsewhere, the first of the relative clauses affords three possible bases for venue, and the third relative clause pointlessly adds the presence of property within a district as a further alternative ground for selecting venue.

"The specification of the district of situs of the assets as proper venue in the case of such an adjudicated bankrupt may as a matter of fact be thought to impose an obligatory jurisdiction on the bankruptcy court. If a person adjudged bankrupt outside the United States has no principal place of business, residence, or domicile within the United States, any district in which he has property would be proper venue by virtue of the second of the three relative clauses of section 2a(1), and the third relative clause adds nothing in such a case. The deletion of the third relative clause would thus remove an unnecessary provision and one importing an objectionable restriction on the bankruptcy court's discretion. This change correlates with the new section 2a(22) proposed to be added by this bill.

### "SECTION 2

"Jurisdiction conferred by the Bankruptcy Act and properly invoked may be regarded as compulsory. (See 1 Remington, 'Bankruptcy,' par. 38, pp. 78–79 (5th ed., 1950).) The purpose of the proposed amendment is to enable a court of bankruptcy to decline jurisdiction in the event of a foreign adjudication, either temporarily or indefinitely, although the petition satisfies all relevant requirements, where justice and fairness seem to make proceedings elsewhere more desirable.

### "SECTION 3

"Section 57i, as it presently reads, indicates that a creditor, who has proved a claim on account of which a surety made a part payment, may be under a duty to share with the surety any dividend received in the bankruptcy proceeding. For example, if the claim originally amounted to $100 and the surety paid $50 thereon, section 57i is susceptible of an interpretation requiring that whatever dividends are paid on the $100 claim be divided between the creditor and the surety on a 50–50 basis. The cases interpreting section 57i, however, have properly refused to adopt this literal interpretation. Under the prevailing interpretation, the filing creditor receives the dividends on the entire claim until the aggregate of the surety's part payment and the dividends from the bankrupt estate total 100 percent of the claim. Only after the original claim has been fully satisfied does the surety participate in any further dividends (3 Collier, 'Bankruptcy,' par. 57.21, p. 291, n. 16 (14th ed. 1941)). It has been held that if the creditor receives dividends from the bankrupt estate in excess of the amount due him, such excess is held by him in trust for the surety (*Swarts* v. *Fourth National Bank*, 117 Fed. 1 (8th Cir. 1902)). The proposed amendment codifies the existing interpretation of section 57i to avoid a possible future conflict by a contrary interpretation.

### "SECTION 4

"Section 58a(6) now requires creditors to be notified of the proposed compromise of any controversy in which either party claims more than $1,000. Before the amendment of the Bankruptcy Act by the Chandler Act of 1938, notice of all proposed compromises was required to be given creditors. The mandatory provision for notice in all cases was found to be burdensome, especially when small amounts were involved. It was pointed out that creditors rarely attend hearings on such compromises, and the imposition of a minimum on the amount claimed in the controversies to which the notice requirement should apply was intended to effect a desirable economy in administration (analysis of H.R. 12889, 74th Cong., 2d sess., 182 (1936)). In practice, however, the $1,000 requirement has been confusing and has not served its purpose to limit application of the notice requirement to cases of consequence. Section 27 requires the court to approve the compromise of any controversy upon terms deemed to be in the best interest of the estate, and it appears proper to vest authority in the court to determine that the amount or any other aspect of the controversy is of insufficient importance to warrant notice to creditors of a proposed compromise.

### "SECTION 5

"The requirement that the claims of petitioning creditors be fixed as to liability and liquidated as to amount was added by the 1938 amendments to the Bankruptcy Act. The changes effected by this amendment were clearly prompted by a desire to simplify the issues in contested proceedings. The House report, which supported the amendment of 1938, noted that—'the change suggested excluded the necessity of passing upon and determining contests which are but collateral to the principal issues.' (See 3 Collier, 'Bankruptcy,' par. 59.01, p. 549 (14th ed., 1941).)

"Petitioning creditors with contingent claims, even though provable under section 63a(8), have been properly barred from joining in an involuntary petition, for the contingency of bankrupt's obligation may be such as to render the claim incapable of proof. It may be dependent upon an event so fortuitous as to make it uncertain that liability will ever attach (*Maynard* v. *Elliott*, 283 U.S. 273 (1931)).

"However, unliquidated claims are in an entirely different category. The liability may be certain, leaving only the amount determined. As it presently reads, section 59b forecloses a creditor with a large unliquidated claim—e.g., one for breach of contract—from joining in a petition, although it can be made abundantly clear that his claim exceeds the statutory minimum of $500. Indeed, the bankrupt, by urging counterclaims against the apparently liquidated claims of the petitioning creditors, may remove them from the category of claims 'liquidated as to amount' and procure a dismissal of the petition. This may be the result notwithstanding the fact that, even after the counterclaims are allowed in full, the petitioners' claims fulfill the statutory requirements. A determination of whether a creditor whose claim clearly exceeds $500 is an eligible petitioner does not appear to entail any serious distraction from the 'principal issues.' The advantage of simplifying proceedings to expedite adjudication or dismissal should be weighed against the desirability of allowing the rights of creditors with unquestionable claims to join in a petition notwithstanding the fact that the precise amount of the claim has not yet been determined.

"The liberalization of the requirements respecting petitioning creditors so as to include those with unliquidated claims where the aggregate of all the petitioners' claims satisfies the statutory requirement of $500 seems eminently desirable, although it may require some small additional time to ascertain or make a reasonable estimate of the minimum amount of such claims. Claims which are incapable of liquidation or of a reasonable estimation without undue delay should not be considered, of course, in determining compliance with any requirement phrased in terms of a particular amount, and the proposed amendment accordingly excludes such claims from the computation.

### "SECTION 6

"(a) The first priority under section 64a is frequently referred to as the 'administration expense priority.' All of the items set forth in section 64a(1) are properly regarded as 'costs and expenses of administration.' Even as clause (1) read in the Chandler Act amendment of section 64, however, the quoted expression did not appear in the language of the clause until three separate items were mentioned. Historically, these first three items enjoyed superior priority until the amendment of 1938 was adopted. Prior thereto the expenses of administration, as defined in section 64b(3) of the earlier act, had a third priority, and the expenses of preserving the estate in section 64b(1) had a first priority. The amendment of 1938 lumped both of these into section 64a(1), with a ratable first priority for all items thus included. (See 3 Collier, 'Bankruptcy,' par. 64.105, pp. 2069–2077 (14th ed., 1941).)

"Had it not been for the amendment of 1952, however, the language used might not have required clarification. Prior to 1952, when a liquidating bankruptcy followed a debtor-relief proceeding and the fund for distribution was not sufficient to pay the administration costs and expenses of both proceedings, the costs and expenses of both proceedings shared ratably (*In re Columbia Ribbon Co.*, 117 F. 2d 999 (3d Cir. 1941); *United States* v. *Killoren*, 119 F. 2d 364 (8th Cir. 1941)). To give assurance to the trustee and others who administered a superseding, liquidating bankruptcy that these expenses would be paid first, section 64a(1) was amended to provide that the expenses incurred in such a superseding, liquidating bankruptcy would have a superpriority. The language used gave such a priority only to the 'costs and expenses of administration' incurred in the ensuing bankruptcy 'over the unpaid costs and expenses of administration' incurred in the superseded proceeding. Clearly, this superpriority was intended to extend over all of the items which, prior to the 1938 act, were designated as 'preservation items,' as well as those items which, prior to the 1938 act, were designated as 'costs and expenses of administration.'

"The transposition of the words 'the costs and expenses of administration, including,' to the beginning of section 64a(1), as proposed in the suggested amendment, will make clear the intended result.

"(b) The expenses of petitioning creditors who have obtained an adjudication after a contest constitute a proper cost and expense of administration. These expenses should include compensation paid to accountants and appraisers whose services were necessary. In the case of *Guerin* v. *Weil, Gotshal & Manges* (205 F. 2d 302 (2d Cir. 1953)), the court disallowed such expenses, however, and suggested that their inclusion would require specific congressional action (205 F. 2d at 302). This inclusion would be accomplished by the proposed amendment of section 64a(1), which adds new language immediately preceding the proviso.

### "SECTION 7

"The present act requires the trustee to assume or reject any executory contract, including unexpired leases of real property, within 60 days after the bankrupt's adjudication. This language does not give due regard to the contingency that in many instances the trustee may not have been appointed within 60 days after the adjudication or, alternatively, that his appointment may be so close to the expiration of the 60-day period that he has inadequate time to come to a considered decision concerning the assumption or rejection of executory contracts. Moreover, the present language fails to give due regard to the fact that there may be cases in which no trustee is appointed. The new language in section 70b covers this contingency as well.

### "SECTION 8

"Since the court in which a petition shall be filed has exclusive jurisdiction of the debtor and its property wherever located (see secs. 70a, 111, 311, 411, and 611), and many estates have property in a number of judicial districts, there seems to be no good reason for the perpetuation of the residence and citizenship requirements of the existing statute, which may necessitate the engagement of a number of auctioneers to sell the property to be disposed of, although one auctioneer could do a better job. There is nothing in the language of the suggested amendment to prevent the engagement of multiple auctioneers if the interests of the estate would be better served. A simple requirement, limiting the qualifications of the auctioneer to one who holds a license or is otherwise authorized to sell in the place where the sale is to be conducted, should suffice.

### "SECTION 9

"Section 77 of the Bankruptcy Act deals with railroad reorganizations. It now provides that a petition under it shall be accompanied by payment to the clerk of a filing fee of $100, in addition to the fees required to be collected by the clerk under other sections of the Bankruptcy Act. The additional amount is now $50 and is paid over into the bankruptcy court. Since railroad reorganization cases are handled entirely in the district court, rather than the bankruptcy court, there is no reason for the debtor to pay a fee to the bankruptcy court. This bill, as introduced, would accordingly eliminate the language requiring payment of the additional fee for the bankruptcy court. It should be noted, however, that committee amendment No. 3 would retain the total amount now required by increasing the amount to be paid into the district court to $150.

### "SECTION 10

"The present section 160 authorizes the judge to appoint additional trustees. Under section 161 the judge is directed to hold a hearing on notice, at which, pursuant to section 162, the judge may hear objections to the retention in office of a trustee upon the ground that he is not qualified or not disinterested as provided in section 158 of the act. In the event that after such a hearing is held the judge appoints additional trustees or appoints substitute trustees, there is no requirement that another hearing be held. To be sure, any party in the interest can make a motion to remove an additional or substitute trustee, other than one appointed for the purposes in section 189, on the ground that such person is not disinterested as provided in sections 156 and 158. The Securities and Exchange Commission feels, however, that there would be less stigma attached to removal if a statutory hearing is provided for, than if a special motion has to be made for removal.

"The amendment is a desirable one since it will conform the practice followed in the case of the initial appointment of trustees to those cases where additional or substitute trustees are appointed.

### "SECTION 11

"The amendment eliminates the requirement that a notice of hearing for the consideration of applications for allowance be given to any class of creditors or stockholders which is not accorded participation under the plan, as confirmed by the court. It should be noted that such a plan will have been processed under the scrutiny of the judge and in conformity with all of the protective requirements of chapter X. Once a plan has been confirmed, eliminating participation on the part of any class of creditors or stockholders, notice as to applications for allowance is purely academic and, in the interest of economy, should be eliminated. The typical situation, of course, is one in which a corporation is found to be insolvent and no provision for stockholder participation is contained in the confirmed plan. No useful purpose is served by giving such a group or class notice of applications for allowance.

### "SECTIONS 12 AND 13

"These amendments, procedural in character, add a new provision that copies of plans and alterations and modifications of plans, together with notices of hearings thereon, shall be mailed to the Securities and Exchange Commission.

"As presently enacted, section 265a(6) provides that the clerk shall submit to the Securities and Exchange Commission the orders approving any plan or plans, together with copies of such plans. The Commission suggests, however, that the receipt of a copy of the plan after an order has already been entered approving such plan is too late and that it would be helpful if the Commission could receive copies of the plan and notices of hearing thereon in advance of orders approving them. Where the scheduled indebtedness does not exceed $3 million, there is no requirement that the Commission be supplied with a copy of the plan until after the court has approved it. This amendment would alter the existing practice to conform with the request made by the Commission.

### "SECTION 14

"The use of the elided words 'securities of or' seems to have been inadvertent. The word 'claims' is sufficiently inclusive to make adequate provision for what was intended. Where securities are issued for existing securities of a debtor, which securities consist of stock, there seems to be no justification for exempting the exchange from the provisions of section 5 of the Securities Act of 1933.

### *"Judicial and agency recommendations*

"Although the Judicial Conference has not yet taken action on the entire bill, it was submitted to the Bankruptcy Committee of the Conference, and all of its members have signified that they have no objection to the bill. In addition, the Conference has specifically recommended the inclusion of the amendments to sections 21d and 48c.

"The bill was also referred to the Securities and Exchange Commission which limited its comments to the matters within its cognizance as contained in sections 10–14 of the bill. The Commission favors the enactment of these sections with the modification of section 11 which is made by committee amendment No. 4."

---

## CRITERIA AND MEANS FOR ABATING OBJECTIONABLE AIRCRAFT NOISE

The bill (S. 3138) to amend the Federal Aviation Act of 1958 in order to provide for research to determine criteria and means for abating objectionable aircraft noise was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 312 of the Federal Aviation Act of 1958 is amended by inserting at the end thereof the following:

### "NOISE ABATEMENT RESEARCH

"(d) The Administrator shall conduct, and encourage, cooperate with, and render assistance to, other appropriate public or private agencies or organizations in the conduct of research to determine means for establishing practical aircraft noise criteria and for abating objectionable aircraft noise. For the purpose of carrying out the provisions of this subsection the Administrator may make grants, contracts, or other arrangements without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529 and 41 U.S.C. 5)."

**Mr. MANSFIELD.** Mr. President I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1998), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE BILL

The bill would amend the Federal Aviation Act of 1958 to provide for research to determine criteria and means for abating objectionable aircraft noise. Specifically, section 312 of the act would be amended to direct the Administrator of the Federal Aviation Agency to conduct and encourage research in an effort to determine what means and criteria can be employed to reduce, and hopefully, eliminate objectionable aircraft noise.

This measure would authorize the Administrator to conduct such research within the Agency, jointly in cooperation with any public or private agency, or through outside grants, contracts, or other arrangements. Such grants and contracts would be authorized notwithstanding the provisions in sections 3648 and 3709 of the Revised Statutes. Section 3648 relates to the prohibition against the advances of public funds unless specifically authorized by the appropriation concerned. Section 3709 concerns the requirement for advertisements for proposals for purchases and contracts for supplies and services for Government departments.

### DISCUSSION

This country can be deservedly proud of having the finest, safest, and most efficient air transportation system in the world. The great benefits which have accrued to every citizen and every sector of the economy are self-evident. This great system is available to the military to meet critical defense needs in times of emergency; it has expedited the delivery of mail; has reduced the measurement of great distances from weeks and days to hours and minutes; it has immeasurably increased the mobility of our people and has permitted the movement of vast numbers of persons and quantities of goods which previously was impossible or impracticable.

A policy of continued encouragement, development, and perfection of our air transportation system is one with which few will take issue. However, in executing such a policy, we cannot callously ignore the hardships which aviation progress has imposed upon those living in areas adjacent to or in close proximity to airports. Progress produced our great turbine-powered air fleet; it also produced objectionable noise. It is a simple matter for those who are not confronted with the problem to dismiss it lightly—to say this is "the price which must be paid for progress." Your committee is convinced that such an attitude would not prevail if those who hold it could experience, if only for a short period, the anxiety, sleepless hours, shattered windows, and falling dishes which the neighbors of a number of airports experience daily—to the latter, who must shoulder that part of the burden of paying, the price of progress is indeed high. The Senator from New York, a member of your committee and sponsor of this bill, understands their situation well. In testifying before us he said:

"In the first place, when you live near an airport this noise is not merely 6 or 7 times a day, it is every 6 or 7 minutes. The noise heard is a huge rumble which increases to a roar. As the plane goes overhead all conversations are interrupted, the windows begin to rattle, radio, television, and other electrical appliances react, the household pets grow alarmed, and any young children in the house are either awakened or frightened, or both. For those who live in rural areas, the reactions are the same, with the additional factor of extreme annoyance to all livestock."

### COOPERATION NECESSARY

Until research discovers an adequate solution, continued maximum cooperation between local, State, and Federal authorities, airport operators, airlines, airframe, and engine manufacturers is essential to the alleviation of the noise problem. Each has a vital interest, and a clear responsibility, in assuring that every effort is made to effect a satisfactory solution.

Testifying to this point, Senator **Keating** stated:

"The airports are, of course, directly involved themselves. In the Griggs decision last March, the Supreme Court held that the agency operating an airport was liable for compensation to property owners when low flights make their land so useless as to constitute a 'taking' of this property for public use. Since then there have been many similar suits filed against other airports. As a result of the decision, every airport is under great pressure to establish regulations and controls which will deal more effectively with noise. Each one is now worried about the huge financial burden which might easily accrue from future litigation.

"Local officials and municipal and State agencies are also concerned. They will certainly want to concentrate on strict zoning policies, both around airports now in existence, and around those which are currently being planned. They will wish to consider zone changes which will reclassify land and critical areas near airports from residential to industrial or recreational uses. This usually would not inflict losses on the property owners. In fact, it could perhaps be carried out under the sponsorship of urban renewal. In any case, at the very least, the Federal Government should not permit a Federal agency to participate in land development programs which are not compatible with adjacent airport utilization."

### EXISTING FEDERAL AUTHORITY AND NOISE ABATEMENT EFFORTS

The Federal Aviation Agency is charged with the Federal responsibility for assuring the safe use of the Nation's airways. It presently has certain authorities relating to the field of noise abatement. For example, section 307(c) of the Federal Aviation Act of 1958 authorizes the Agency to issue air traffic regulations designed to protect persons and property on the ground. Section 312(a) authorizes the Administrator to formulate policies for the orderly development and use of the navigable airspace and for the orderly development and location of landing areas. In addition, section 312(c) authorizes research and development to improve aircraft, and related equipment; such research as may be necessary to meet the needs for safe and efficient navigation and air traffic control; and development of aviation systems and devices. Pursuant to these authorities, the Agency has, among other things, adopted air traffic control procedures in certain areas designed to minimize objectionable noise. Although it has been criticized for not promulgating more severe regulations in this area, the Agency, and your committee believes quite justifiably, has refused approval of any procedure where a possibility exists that, in so doing, the safety of those in the air or on the ground would be compromised.

The Agency, in testimony on this measure before your committee, reviewed in some detail how it has employed existing authorities with respect to noise abatement efforts stating:

"The obvious approach to minimizing the problem of aircraft noise is to reduce noise at its source. Our current jet powerplants evolved from those introduced by the military services. Noise was not considered as a primary parameter in the design of these engines. As a result, in civil application, noise had to be approached from an 'after the fact' viewpoint. The vast sums spent in the design and production of noise suppression devices for engines have not resulted in really substantial reduction of noise at its source, although the devices in use are certainly helpful. A more effective solution may lie in the area of compressor design or modification of current engines. Along this line, the newly created aircraft development service of the Federal Aviation Agency is finalizing arrangements with NASA and industry to initiate a program for the exploration of these possibilities.

One frustrating factor in all work with noise reduction is that as engines get larger and more powerful they also get more noisy. Fully meeting the problem of noise reduction at the source, therefore, requires that planning for future powerplants include integral planning for noise reduction. The Agency's aircraft development service is attacking this problem in conjunction with the effort to develop suitable powerplants for a supersonic transport. Some $600,000 has been programed in the supersonic transport engine component research program to reduce engine noise.

"Beyond the area of direct attack on the problem through noise reduction at its source, lie the possibilities of reducing or minimizing the effect of noise on people. Here again, the complexities of the problem must not be discounted. For example, we know that while overall sound pressure levels generated by jet aircraft are no greater than those generated by piston-powered aircraft, the subjective reaction of airport neighbors is much greater when jet noise is imposed on them. We do not yet know precisely why this is so. The Agency and NASA have jointly funded a contractual program of some $100,000 to establish new procedures for evaluating loudness and noisiness from this subjective viewpoint. The completion of this contract is scheduled for the end of this calendar year, with an interim report due in September. It is hoped that this research will result in a revised noise scale, one of the several prerequisites to the establishment of noise standards which will be useful to aircraft manufacturers, airport operators, and governmental agencies at all levels.

"If we do not yet have specific information about individual reaction to noise, it goes without saying that we do not know enough about group or community reactions. As another step toward development of an effective noise standard, we are now evaluating a proposed study which would establish a disturbance annoyance curve. Such data would assist in defining community acceptance to certain noise levels in the vicinity of airports.

"In addition to learning more about reactions to noise, we are seeking detailed information about the noise-creating characteristics of particular aircraft under varying operating conditions. We have funded a program in the amount of some $40,000 to obtain actual noise contours of different commercial aircraft. The contours will include takeoff and landing profiles of the aircraft concerned, and will thus provide information as to noise characteristics of specific aircraft under actual operating conditions. This information will be useful to planners in identifying specific noise-sensitive areas which may be expected as a result of operating particular types of aircraft at a particular airport. The information will be compiled in a document to replace our current Noise Abatement Planning Guide issued in 1960. The revised document is scheduled for completion in October 1962.

"The promulgation of standards for evaluating acceptable levels of noise is only a part, although a very difficult part, of a comprehensive approach to the problem. There remains, for example, the establishment of airport location and layout guides, land-use planning standards, flight procedures, and traffic control devices which will be necessary to conform existing practice to the noise standards which may be established. The Agency is, in varying degrees, involved in each of these areas at the present time.

* * * * *

"We are engaged in a number of programs, formal and informal, designed to provide guidance to other Federal agencies, airport authorities, and local planning and zoning commissions in order that new airports can be kept away from residential areas and that new residential areas can be kept at a proper distance from airports. In cooperation with the aviation industry, we have published a manual of flight procedures which stress proper throttle and flap management, climb and approach techniques, maneuvering speeds, and other aircraft operating procedures designed specifically for noise-abatement purposes. Under our authority to promulgate air traffic rules, we have issued rules regarding traffic patterns, approach and takeoff procedures, and preferential runway designations. The latter designation requires that, safety permitting, pilots use certain preferential runways which direct approaching and departing aircraft over uninhabited or more thinly populated areas.

"The committee may be assured that the programs now underway to achieve substantial reductions in aircraft noise and, hopefully, to permit establishment of noise standards will be vigorously pursued."

### CONCLUSION

Regulations affecting flight, holding, and approach patterns, minimum ceilings and other air traffic control procedures, the implementation of more adequate zoning restrictions, and similar efforts can unquestionably provide a measure of relief from objectionable aircraft noise. Your committee, however, is convinced that if an ultimate solution is to be found, maximum effort and attention must be focused on the source of the problem; the aircraft engine. The avenue of solution is research. This measure will clarify and make unmistakably clear the Federal Aviation Agency's statutory duty to conduct, encourage, and cooperate with others in such a research effort.

Your committee recognizes the severity of the noise problems and the hardship which it imposes on airport neighbors. Words expressing the Congress deep sympathy and understanding of these hardships will not alleviate them. While we can neither ban the airplane nor legislate noise out of existence, passage of this bill will represent an affirmative, and your committee believes a substantial step toward solution of this critical and complex problem. Accordingly, your committee strongly urges its favorable consideration.

## HARPERS FERRY NATIONAL HISTORICAL PARK

The bill (S. 3566) to change the name of Harpers Ferry National Monument to Harpers Ferry National Historical Park was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Harpers Ferry National Monument established pursuant to the Act entitled "An Act to provide for the establishment of the Harpers Ferry National Monument", approved June 30, 1944 (58 Stat. 645), shall hereafter be known as Harpers Ferry National Historical Park, and any law, regulation, document, or record of the United States in which such monument is designated or referred to under the name of Harpers Ferry National Monument shall be held to refer to such monument under and by the name of Harpers Ferry National Historical Park.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1999), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### BACKGROUND

Harpers Ferry has been the site of historical significance in various periods of American history. While it is probably best known for John Brown's raid in 1859 and for Civil War battles and events, it was also a site of importance in other periods.

President George Washington selected Harpers Ferry as a site for a Federal arsenal and armory because of its proximity to waterpwer, iron and charcoal, and water transportation to the District of Columbia.

In the 1830's it was the goal of builders of competing transportation agencies racing to establish service to the valley of the Ohio River and the West—a race ultimately won by the Baltimore & Ohio Railroad when the Chesapeake & Ohio Canal was terminated at Cumberland, Md.

John Brown's raid in 1859 was a forerunner of the Civil War, which followed in a year and a half. Harpers Ferry was seized early in the war by Stonewall Jackson, who captured a treasure in railroad equipment and supplies for the South. It was captured again in 1862 by Jackson as a part of Confederate strategy in Lee's ill-fated attempt to invade the North. It served as a Union Army base in later years of the war.

The committee is in agreement with the Department of the Interior that the 500-acre area, soon to be expanded to 1,500 acres, would be more appropriately designated as a national historical park than as a national monument.

## UINTAH AND OURAY RESERVATION, UTAH

The Senate proceeded to consider the bill (S. 1924) to amend the act of August 27, 1950 (68 Stat. 868) with respect to the Uintah and Ouray Reservation in Utah which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 2, line 3, after the word "process", to insert "while such stock remains in the ownership of the original stockholder or his heirs or legatees,"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 10 of the Act of August 27, 1954 (68 Stat. 868) is amended by adding at the end thereof the following:

"The stock of any corporation organized by the mixedblood group for the purpose of empowering the officers of such corporation to act as the authorized representatives of said mixedblood group in the joint management with the tribe and in the distribution and unadjudicated or unliquidated claims against the United States, all gas, oil, and mineral rights of every kind, and all other assets not susceptible to equitable and practicable distribution shall not be subject to mortgage, pledge, hypothecation, levy, execution, attachment or other similar process, while such stock remains in the ownership of the original stockholder or his heirs or legatees, but the interest of stockholders in any distribution by such corporation shall be subject to the usual processes of the law."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2000), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE BILL

The purpose of S. 1924, as amended, introduced by Senator Moss, is to amend the Uintah and Ouray Reservation Termination Act of August 27, 1954 (68 Stat. 868), which provided inter alia for the division of Ute tribal assets between the mixedblood and the fullblood members and the termination of Federal trust over the property of the mixedblood members.

### NEED

Section 10 of the Termination Act excepted from the division and retained in common ownership all mineral rights and all claims against the United States. The tribal business council continues to manage the undivided property of the fullbloods whereas the mixedbloods organized the Ute Development Corp. to handle their assets and to distribute income from the undivided tribal property still owned jointly by the fullbloods and mixedbloods.

In order to insure that the mixedbloods' corporation stock may not be lost by being offered as security for minor debts, S. 1924 provides that so long as the stock remains in the ownership of the original stockholder or his heirs or legatees it will not be subject to mortgage, hypothecation, execution, or similar process. It provides, however, that the income from the stock shall be subject to the usual process of law.

The committee was assured that this legislation will not be in conflict with Utah statutory law and will not affect any transactions that may have taken place before its enactment.

## INVESTIGATION OF AIRCRAFT ACCIDENTS

The Senate proceeded to consider the bill (S. 962) to amend the Federal Aviation Act of 1958 as amended to aid the Civil Aeronautics Board in the investigation of aircraft accidents, and for other purposes which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, line 1, after the word "aircraft," to insert "at the time of the accident, who dies as a result of the accident,"; in line 23, after the word "aircraft", to insert "at the time of the accident, who die as a result of the accident,"; on page 3, at the beginning of line 14, to strike out "authorized, where appropriate," and insert "authorized"; in the same line, after the word "any", to strike out "conditional or unconditional"; in line 16, after the word "of", to strike out "services" and insert "services, where appropriate,"; and in line 17, after the word "Act.", to insert "For adequate compensation, by sale, lease, or otherwise, the Board, on behalf of the United States, is authorized to dispose of any such personal property or interest therein: *Provided,* That such disposition shall be made in accordance with the Federal Property and Administrative Services Act of 1949, as amended."; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 701(c) of the Federal Aviation Act of 1958 is amended by adding at the end thereof the following:

"In carrying out its duties under this title, the Board is authorized to examine and test to the extent necessary any civil aircraft, aircraft engine, propeller, appliance, or property aboard an aircraft, affected by, or involved in, an accident in air commerce. In the case of any fatal accident, the Board is authorized to examine the remains of any deceased person aboard the aircraft at the time of the accident, who dies as a result of the accident, and to conduct autopsies or such other tests thereof as may be necessary to the investigation of the accident."

SEC. 2. Section 701(d) of the Federal Aviation Act is amended to read:

### "AIRCRAFT

"(d) Any civil aircraft, aircraft engine, propeller, appliance, or property aboard an aircraft, affected by, or involved in, an accident in air commerce, shall be preserved in accordance with, and shall not be moved except in accordance with, regulations prescribed by the Board."

Sec. 3. Section 1105 of the Federal Aviation Act of 1958 is amended by inserting after the first sentence thereof the following:

"The Board may avail itself of the assistance of the Federal Bureau of Investigation and of any investigatory or intelligence agency of the United States in the investigation of the activities of any person in connection with an aircraft accident. The Board may avail itself of the assistance of any medical agency of the United States in the conduct of such autopsies or tests on the remains of deceased persons aboard the aircraft at the time of the accident, who die as a result of the accident, as may be necessary to aid the Board in the investigation of an aircraft accident."

Sec. 4. Section 902 of the Federal Aviation Act is amended by adding thereto a new subsection (i) to read:

### "INTERFERENCE WITH AIRCRAFT ACCIDENT INVESTIGATION

"(i) Any person who knowingly and without authority removes, conceals, or withholds any part of a civil aircraft involved in an accident, or any property which was aboard such aircraft at the time of the accident, shall be subject to a fine of no less than $100 nor more than $5,000, or imprisonment for not more than one year, or both."

Sec. 5. Section 203 of the Federal Aviation Act of 1958 is amended by adding thereto a new subsection (c) to read:

### "ACCEPTANCE OF DONATIONS

"(c) The Board, on behalf of the United States, is authorized to accept any gift or donation of money or personal property, or of services, where appropriate, for the purposes of its functions under title VII of this Act. For adequate compensation, by sale, lease, or otherwise, the Board, on behalf of the United States, is authorized to dispose of any such personal property or interest therein: *Provided*, That such disposition shall be made in accordance with the Federal Property and Administrative Services Act of 1949, as amended.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2001), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE OF THE BILL

The bill would amend the Federal Aviation Act of 1958 so as to clarify the Civil Aeronautics Board's authority to conduct investigations of aircraft accidents. More specifically, it would provide the Board with express statutory authority to do the following:

1. Examine and test to the extent necessary all component parts of the aircraft and property aboard the aircraft;
2. Examine and conduct autopsies or such other tests as may be necessary in the case of any fatal accident;
3. Request assistance of any medical agency of the United States in the conduct of medical examainations and tests necessary to the investigation of the accident;
4. Request assistance of the Federal Bureau of Investigation or any investigatory agency of the United States with respect to an investigation of the activities of any person in connection with the accident;
5. Provide criminal penalties for removing, concealing, or withholding any part of a civil aircraft involved in an accident, or any property aboard the aircraft; and
6. Authorize the Board, on behalf of the United States, where appropriate, to accept gifts of money, other personal property, and services in connection with the investigation of any accident.

### NEED FOR THE LEGISLATION

Under the Federal Aviation Act of 1958, the Civil Aeronautics Board is vested with the statutory responsibility to investigate aircraft accidents and make determinations as to probable cause. It conducts its accident investigation functions pursuant to section 701 of the act and the general grant of authority contained in section 204, which empowers the Board to perform such acts and to conduct such investigations as it deems necessary in the execution of its statutory duties. The amendments proposed in S. 962 would provide the Board with express statutory authority in certain critical areas and facilitate its accident investigation functions.

An area of particular importance to accurate determinations of probable cause involves post mortem examinations. Such examinations may prove especially helpful where the evidence assembled suggests that a crewmember may have been incapacitated at the time of the accident. An examination, for example, might indicate that excessive amounts of carbon monoxide were present in the bodies of the occupants of the aircraft and thus suggest a malfunctioning of the heater or similar mechanical failure. In those instances where there are no survivors to an accident, a medical analysis relative to the severity and sequence of injuries and burns suffered by the occupants could provide valuable information with respect to the attitude and velocity of the aircraft at the time of impact on the ground and whether the aircraft was on fire immediately prior to impact. For example, numerous fractures of the lower extremities of a deceased occupant generally indicate that the aircraft struck the ground with considerable forward velocity; numerous fractures of the spine with lesser occurrences of fractures of the lower extremities and skull generally indicate that the aircraft struck the ground with a lower forward velocity and a greater vertical velocity. When correlated with information concerning the structural damage to the aircraft, the medical information derived from post mortem examinations can assist materially in providing a clearer picture of what occurred.

In testimony before your committee, the Board reviewed specific instances where information obtained through post mortem examinations proved invaluable, stating:

"Past experience has shown that post mortem examinations and toxicological studies performed on deceased flight crew members and passengers can furnish much information relating to the probable cause of an accident. This was borne out by the case of the airliner which crashed near Bolivia, N.C., in 1960. The condition of the body of a passenger found several miles from the main wreckage site yielded the first definite clues as to the cause of the accident which was later substantiated by examination of the wreckage. The probable cause found by the Board was the detonation of dynamite within the passenger cabin. In several accidents involving small private planes during 1959 and 1960, toxicological studies of tissues of the deceased pilots showed alcoholic intoxication as a causative factor. In two small airplane accidents evidence of pilot incapacitation prior to the crash was given by witnesses in the airplanes, and subsequent post-mortem examination brought out the existence of severe coronary atherosclerosis.

"In addition post mortem examinations of flight crew members over the past 2 or 3 years have revealed the presence of previously undetected cases of moderate to severe coronary artery disease. The findings of such examinations have served to alert the industry to a need for stringent physical examinations of flying personnel, and have further made flying personnel aware of the need to examine their personal habits and health."

By providing express statutory authority for the Board to conduct post mortem examinations, many problems which the Board has encountered in the past will be avoided. Under its present procedures, the Board generally requests the local coroner or medical examiner to make such tests as may appear necessary. The Board stated that while cooperation with local officials has generally been excellent, there are certain practical limitations as to the quality and extent of assistance they are able to render. For example, while some States have medical examiners who are qualified pathologists, many have elected or appointed coroners who are not medical doctors. Since some States have no coroner system, the authority to conduct autopsies must be obtained from the local justice of the peace or county attorney.

Time is a critical factor if post mortem examinations are to prove helpful in accident investigation efforts. At times, because of the wide disparity in laws of the various States with respect to conducting autopsies, the Board has been unnecessarily delayed. In certain instances, this has resulted in rendering the autopsies of no value; in other instances autopsies have been impossible because burial took place in the meantime. Your committee incorporated a technical amendment to make clear that authority to conduct post mortem examinations extends so as to include the remains of persons who had been thrown from the aircraft as well as the remains of those physically situated in the aircraft following impact.

The bill would provide that the Board may avail itself of the assistance of the Federal Bureau of Investigation and any other Federal investigatory or intelligence agency. Your committee believes that the Board should have express authority to request such assistance. It is particularly important where the evidence assembled suggests the possibility that a crime had been committed. Although the Justice Department expressed certain reservations relative to the desirability of this grant of authority to the Board, your committee wishes to point out that this provision is permissive and does not constitute a mandatory requirement on other agencies to furnish such assistance. Your committee, however, will expect these agencies to cooperate to the maximum degree reasonably possible when requested to do so by the Board.

Section 902 of the act would be amended so as to provide for the imposition of criminal sanctions against persons who knowingly and without authority remove any part of a civil aircraft involved in an accident or any property which may have been aboard the aircraft. The Board testified that it has encountered numerous instances where souvenir hunters thoughtlessly and, on many occasions, maliciously carried off parts of aircraft wreckage which are vital to the accident investigation. Your committee believes that the criminal penalties proposed in this bill will assist materially in alleviating this problem by providing a reasonable and effective deterrent.

The Board is given express authority to accept gifts or donations of money, personal property, and services, where appropriate, in connection with its accident investigation function. This authority is similar to that given to the Federal Aviation Agency by virtue of section 303(c) of the Federal Aviation Act of 1958. Your committee adopted a technical amendment to permit the disposal of property, acquired through gifts or donations, in accordance with the Federal Property and Administrative Services Act of 1949, as amended.

Your committee is convinced that passage of this measure will greatly assist the Civil Aeronautics Board in executing its accident investigation responsibilities and, accordingly, urges its favorable consideration.

### AGENCY COMMENTS

The Department of Commerce recommended enactment as did the Federal Aviation Agency, subject to adoption of several amendments which your committee approved. The Department of Health, Education, and Welfare has no objection to the bill as it relates to medical investigative activities and otherwise, together with the General Accounting Office, defers to the aviation agencies.

The Department of Justice objected to that provision in the bill authorizing the Board to avail itself of the services of investigatory and intelligence agencies.

---

## INFLUENCE BY BRIBERY OF OUTCOME OF SPORTING CONTESTS

The Senate proceeded to consider the bill (S. 2182) to amend title 18, United States Code, to prohibit schemes in interstate or foreign commerce to influence by bribery the outcome of sporting contests, and for other purposes which had been reported from the Committee on the Judiciary, with amendments, on page 2, after line 3, to strike out:

(b) In any prosecution under this section—

(1) proof that any person gave, or offered or promised to give, to any individual any valuable consideration, with intent to induce that individual (A) to refrain from participating in any sporting contest, (B) to refrain as a participant in any such contest from exerting his best effort to gain victory in that contest, or (C) to perform his duties as an official in any such contest knowingly in a manner unfair or prejudicial to any contestant in that contest, shall be prima facie proof that the person who gave, or offered or promised to give, such valuable consideration was carrying into effect a scheme in commerce to influence by bribery the outcome of that contest with knowledge of the purpose of that scheme;

(2) proof that any individual solicited, or received or agreed to receive, from any person engaged in carrying into effect any scheme in commerce to influence by bribery the outcome of any sporting contest, any valuable consideration in exchange for the agreement or promise of that individual (A) to refrain from participating in any sporting contest, (B) to refrain as a participant in that contest from exerting his best effort to gain victory in that contest, or (C) to perform his duties as an official in that contest knowingly in a manner unfair or prejudicial to any contestant in that contest, shall be prima facie proof that such individual was engaged in a scheme in commerce to influence by bribery the outcome of that contest with knowledge of the purpose of that scheme.

(c) Whenever in the judgment of a United States attorney the testimony of any witness, or the production of books, papers, or other evidence by any witness, in any case or proceeding before any grand jury or court of the United States involving any violation of this section, is necessary to the public interest, he, upon the written approval of the Attorney General, or an Assistant Attorney General designated by him, shall make application to the court that the witness shall be instructed to testify or produce evidence subject to the provisions of this section, and upon order of the court such witness shall not be excused from testifying or from producing books, papers, or other evidence on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture. But no such witness shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, nor shall testimony so compelled be used as evidence in any criminal proceeding (except prosecution described in the next sentence) against him in any court. No witness shall be exempt under the provisions of this section from prosecution for perjury or contempt committed while giving testimony or producing evidence under compulsion as provided in this section.

On page 4, at the beginning of line 8, to strike out "(d)" and insert "(b)"; at the beginning of line 18, to strike out "(e)" and insert "(c)"; on page 5, line 2, after the word "occurrence", to insert "and"; after line 2, to strike out:

(3) The term "participant", as used with regard to any sporting contest, means any individual engaging in that contest as a contestant individually or as a member of a team, or participating therein on behalf of a contestant or team of contestants as a manager, coach, assistant, or other retainer;

(4) The term "best effort to gain victory", as used with regard to the effort of any participant in a sporting contest, means the use by that participant of his maximum skill and capacity to gain victory in that contest for himself, the team of which he is a member, or the contestant served by him at the earliest time and by the most decisive margin permitted by the rules applicable to the sport in which that participant is engaging; and.

And, at the beginning of line 18, to strike out "(5)" and insert "(3)"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) chapter 11, United States Code (entitled "Bribery and Graft"), is amended by adding at the end thereof the following new section:

"§ 224. Bribery of participants in sporting contests

"(a) Whoever carries into effect, attempts to carry into effect, or conspires with any other person to carry into effect any scheme in commerce to influence by bribery the outcome of any sporting contest, with knowledge that the purpose of such scheme is to influence by bribery the outcome of that contest, shall be fined not more than $5,000, or imprisoned not more than 10 years, or both.

"(b) This section shall not be construed as indicating an intent on the part of Congress to occupy the field in which this section operates to the exclusion of a law of any State, territory, Commonwealth, or possession of the United States, and no law of any State, territory, Commonwealth, or possession of the United States, which would be valid in the absence of the section shall be declared invalid, and no local authorities shall be deprived of any jurisdiction over any offense over which they would have jurisdiction in the absence of this section.

"(c) As used in this section—

"(1) The term 'scheme in commerce' means any scheme effectuated in whole or in part through the use of any facility for transportation or communication in interstate or foreign commerce;

"(2) The term 'sporting contest' means any contest in any sport, between individual contestants or teams of contestants (without regard to the amateur or professional status of the contestants therein), the occurrence of which is publicly announced before its occurrence; and

"(3) The term 'person' means any individual and any partnership, corporation, association, or other entity."

(b) The analysis of chapter 11, title 18, United States Code, is amended by adding at the end thereof the following new item:

"224. Bribery of participants in sporting contests."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. KEATING. Mr. President, I am pleased that this bill designed to reduce bribery in sporting contests has been approved. In my judgment, the bill is essential in police efforts to apprehend and control major gambling operations such as the ones that have wracked college basketball twice within the past 12 years. Its purpose is to give Federal, State, and local law agencies a better chance of controlling the gambling syndicates and bigtime private gamblers who have proved so evasive in the past.

The effect of this bill will be to strengthen title 18 of the United States Code by adding a new section, 224. The new section will make it a criminal offense to influence by bribery the outcome of sporting events through schemes which make use of interstate or foreign commerce. A penalty of not more than 10 years imprisonment or a fine of $5,000, or both, is declared for those who carry into effect or attempt to conspire to carry such plans into effect.

I have accepted the amendments made within the committee at the suggestion of the Justice Department and other members of the committee. The clauses stricken from the original bill would have given more authority to law officials, but the bill will be effective even without these provisions.

With the amendments made by the Judiciary Committee, the Justice Department strongly endorses the bill. In separate letters to the chairman of the Judiciary Committee and myself, the then Deputy Attorney General, now Mr. Justice White, said the Department strongly supported the enactment of S. 2182. The bill also has the full backing of intercollegiate athletic associations around the Nation led by the

575-member National Collegiate Athletic Association. Walter Byers, executive director of the NCAA, and Asa S. Bushnell, the commissioner of the Eastern College Athletic Conference, have worked closely with me in the preparation of this measure and have given it their unqualified support.

Attention has focused on sports bribery as a result of scandals involving intercollegiate basketball that persistently blotted sports pages during late 1960 and 1961. In the 1960 and 1961 scandals 26 men from 15 different schools were found to have taken more than $44,000. The presence of large syndicate gambling stood out as the glaring corrupter. It shocked the American people to learn that these college boys had accepted bribes than ran into thousands of dollars for letting down their alma mater. It was more alarming to think of the hundreds of thousands of dollars the gamblers were making in complete breach of the laws.

There are no Federal laws to cope directly with this menace, even though it is clear that the links in the chain of corruption spread across the Nation. Gambling is a big business, which involves national contacts and elaborate communications patterns. It is the chief source of funds for organized crime. It is my belief that the passage of S. 2182, coupled with the recent enactment of other antiracketeering bills, will give authorities the necessary tools to crack down on this type of activity.

I wonder how many of us are aware of the true ugliness of sports bribery. Perhaps we have been fortunate, for there have not been many incidents in our sports history. Other than the Black Sox scandal of 1919, various boxing situations, and the two recent basketball fixes, our sports scene has been reasonably free of such interference. Nonetheless, I feel it is our obligation to take measures to protect ourselves further. Let me for just 1 minute cite an example of how deceiving a fix can be.

The newspapers on the morning of December 8, 1950, headlined their sports pages with the story that the Bradley Braves, of Peoria, Ill., had defeated the Oregon State Beavers, 77 to 74 in an important intersectional basketball game. This was not surprising, since Bradley was considered the strongest team in the country at the time. The newspaper story went on to say in a second headline that Capt. Gene Melchiorre and Forward Fred Schlicter, the two Bradley leading scorers that season, had scored 21 points apiece. The whole game seemed normal enough—there was no reason to think that anything unusual had happened. Yet several months later when New York District Attorney Frank Hogan's office broke the point-shaving scandal, it was disclosed that both of the Bradley stars had taken money. With Melchiorre, the respected leader of the team, acting as contact man, the Braves' team had divided $4,000. This was, of course, a trifle of what the gamblers presumably made since Bradley had been favored to win by three times as much. Here then was what was known as point-shaving. The favored team won but not by the anticipated margin, and as a result, the big-time gamblers, led by Salvatore Tarto Sollazzo, collected huge sums from local bookmakers all over the country.

In the 1961 scandals the modus operandi of the fixers was somewhat different. Instead of approaching players from favored teams, contact men Joseph Hacken and Aaron Wagman turned to players on underdog squads and bribed the teams to lose by more than the predicted betting-line margin. Once again it was easy for players to give the illusion of giving a full effort while all the time making errors that cost their teams points. The usual method, according to confessions of players before the grand jury, was to try as hard as possible on offense so that the box score would indicate a good performance but to slip on defense. Players found it simple to allow their opponents the extra step which permitted a basket to be scored. Coaches and players not in on the fix, try as they might, could not have been expected to notice such mistakes. Even if there were suspicions, they were, of course, impossible to prove.

One part of this sordid tale which calls for further comment is the fact that every one of the players implicated in the recent rash of scandals was a boy on an athletic scholarship. In most cases the players had been admitted to college because they were tall or had set high school scoring records, rather than because they had high college board scores or the recommendations of their principal. Some big State universities were found to be granting as many as 200 athletic scholarships per year with many going to youngsters who had no interest in the classroom and selected their college on the grounds of who offered the most money.

Just as we are trying to tighten our controls by passing S. 2182, it is time for the colleges to reassess their scholarship criteria. I am pleased to report that various athletic associations have taken some action to remedy existing problems. The Eastern College Athletic Conference, for example, in October 1961, moved in this direction by tightening its schedules and announcing that punitive action would be taken against players who failed to report bribe attempts. The ECAC at the same time requested newspapers not to print the gambling line on college games. The NCAA also recently held a conference on the subject of gambling and bribery and produced a 16-point statement including recommendations on admissions, minimum scholarship requirements, protection against gambling, and reporting of bribes. One of its more far reaching proposals was that games be limited to the college campuses and that players and coaches refrain from participating in summer programs which are thought to be particularly susceptible to gamblers.

In 1951, a New York newspaperman said, "Basketball is through as a big-time sport." Fortunately he was wrong. The sport bounced back because athletes and spectators liked it. I am certain that it can bounce back again, but I am equally sure we must take action to bolster it. My bill to prosecute sports bribery is one constructive step we can take to eliminate the contamination of bribery.

It is late in the session, and I recognize that there are other pressing matters before the Congress. At the same time, I cannot conceive of any opposition to this measure, and if it were called up in the other body, I believe it would be enacted with little delay. I hope, therefore, that this bill will be very promptly considered and acted upon by the House so that even at this late date we can take a giant step forward in driving the corrupters out of our sports arenas and chasing the gamblers and bribetakers off our college campuses.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2003), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

STATEMENT

The bill, as introduced, contains a provision under which proof of bribery to influence the outcome of sports contests would raise a presumption that there is a scheme in interstate commerce for that purpose. The Department of Justice has pointed out that this presumption appears to be of doubtful constitutional validity, as the controlling test of the validity of a presumption created by statute is whether there is a rational connection between the facts proved and the fact presumed, and there appears to be no rational connection between the giving or promising of a bribe and a presumption as to the use of facilities for transportation or communication in interstate and foreign commerce. The bill, as amended, deletes this provision.

The bill, as introduced, also provides that when a witness refuses to testify on the grounds of self-incrimination before a grand jury, or a court of the United States, such witness may be compelled by court order to testify or produce documents under a grant of immunity from prosecution on account of any matter about which he is compelled to testify or produce evidence. The bill, as amended, deletes this provision.

The Department has pointed out that State law enforcement agencies have been handicapped either by an absence of adequate laws in this area or by jurisdictional limitations, and the Federal Government has been handicapped by lack of complete statutory authority to assert its full power. This lack of Federal authority was remedied in part by the enactment of recent legislation (Public Law 87-216, Public Law 87-218, and Public Law 87-228) and the present bill would constitute a further step toward strengthening the supporting role of the Federal Government in the assault on organized crime through the use of its authority to regulate interstate commerce.

The Department of Justice has also pointed out that the newly enacted section 1952 of title 18 would apply at present to sports events bribery effected through interstate commerce only when the bribe occurs in a State which has laws proscribing sports events bribery. The existing law accordingly covers this situation only partially and the proposed legislation is not limited by any consideration as to whether the sports event bribery occurs in a State having laws prohibiting such activity.

In introducing the proposed legislation the Honorable Kenneth B. Keating said on June 29, 1961:

"Today's gambling fraternity is not just a local operation. The bigtime bookmaker, in order to survive, must have a reliable line on the contest, which requires expert, up-to-the-minute advice, a method of layoffs to insure against financial disaster, and quick results in order to function efficiently. With so much at stake, the temptation to fix various athletic events is always present. For all of these services the bookmaker must rely upon a syndicated operation and upon many individuals outside his community."

The committee believes that the proposed legislation, as amended, is meritorious and recommends it favorably.

## STANISLAW BIALOGLOWSKI

The bill (S. 3298) for the relief of Stanislaw Bialoglowski was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Stanislaw Bialoglowski shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2006), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Stanislaw Bialoglowski. The bill provides for an appropriate quota deduction and for the payment of the required visa fee.

### STATEMENT OF FACTS

The beneficiary of the bill is a 20-year-old native and citizen of Poland who entered the United States on August 25, 1961, to visit his cousin in Dearborn, Mich. The cousin is 44 years of age and has been afflicted with muscular dystrophy since childhood and has been nonambulatory since 1956. Since the death of his father in 1957, the mother has taken care of him, but recently her doctor advised her to discontinue this activity because it is detrimental to her health. The beneficiary will assume the duty of caring for his cousin who needs an able-bodied person to assist him with his basic needs, since he is confined to a wheelchair. Despite his affliction, he has had full-time employment with the same employer for 21 years and is financially able to care for himself.

## MRS. A. R. LENDIAN

The bill (H.R. 10160) for the relief of Mrs. A. R. Lendian was considered, ordered to a third reading, read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2007), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE OF THE BILL

The purpose of the bill is to provide that Mrs. A. R. Lendian shall have had sufficient residence in the United States to permit her to confer U.S. citizenship on her daughter, Isavel Alicia Lendian.

### STATEMENT OF FACTS

The beneficiary of the bill is a 30-year-old native-born citizen of the United States who is married to a native and citizen of Cuba and resided with him and their four children in Cuba until July of 1960 when they returned to the United States. The three younger children were born after the enactment of the Immigration and Nationality Act (1952) and acquired U.S. citizenship at birth. The oldest child was born when the Nationality Act of 1940 was in effect and her mother had not resided in the United States for 5 years after attaining the age of 16.

## PROVIDING RELIEF FOR CERTAIN ENLISTED MEMBERS OF THE COAST GUARD

The bill (H.R. 12459) to provide for the relief of certain enlisted members of the Coast Guard was considered, ordered to a third reading, read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2009), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE

The purpose of the proposed legislation is to validate all payments of basic allowance for subsistence heretofore made to enlisted members of the Coast Guard who were assigned to the Coast Guard air detachments located at New Orleans, La.; Biloxi, Miss.; or Corpus Christi, Tex.; during the period beginning on July 1, 1958, and ending on May 23, 1961, and which are otherwise correct. The allowances were paid, because the military commander concerned determined that no Government mess was available to those enlisted members under section 310 of the Career Compensation Act of 1949, as amended (37 U.S.C. 251). The bill would further provide that any enlisted member who has made a repayment to the United States of the amount so paid to him as a basic allowance for subsistence is entitled to be paid the amount involved, if otherwise proper.

The bill would further authorize the Comptroller General of the United States, or his designee, to relieve authorized certifying officers of the Coast Guard from accountability or responsibility for any payments described in the first section of this act, and shall allow credits in the settlement of the accounts of those officers for payments which are found to be free from fraud and collusion.

### STATEMENT

The Secretary of the Treasury has requested the legislation.

In its favorable report on the bill the Committee on the Judiciary, House of Representatives, said:

"The bill H.R. 12459 was introduced in accordance with the provisions of an executive communication transmitted to the Congress by the Treasury Department. As is explained in that communication, the Career Compensation Act of 1949, and regulations thereunder, authorize subsistence allowances to enlisted men when stationed where Government mess facilities are not reasonably available. Enlisted personnel attached to the Coast Guard Air Detachment at New Orleans, La., Biloxi, Miss., and Corpus Christi, Tex., were paid such allowances from July 1, 1958, to May 23, 1961. Payments were made because of the opinion of the commander of the 8th Coast Guard District, that, under the circumstances described below, Government mess facilities were not reasonably available to his men. This decision, which was made in good faith, with no suggestion of fraud or collusion, went unquestioned for 6 years.

"This committee is advised that the detachments involved are important components of a tightly integrated air-sea rescue net maintained on the gulf coast by the Coast Guard which are kept in an extremely high state of operational readiness. They routinely launch fully manned and equipped aircraft within minutes of a call. These detachments do not have general mess facilities of their own. The units involved were located within limits of other services which provide general mess facilities and which could be used by Coast Guard enlisted personnel under interservice agreements.

"The commander's decision that such services were not reasonably available was made on the basis that subsistence allowances permitted the necessary facilities of other services would have required the men to change uniforms before each meal, travel one-quarter to 1 mile from their work, conform to meal schedules and "buck" chowlines. By authorizing subsistence allowances, the men brought meals from home or purchased them locally, usually from vending machines near the job, which resulted in less lost time from work and immediate availability for rescue calls. On these facts, this committee agrees that it is clear that the commander based his decision on operational needs for justifiable reasons.

"In the spring of 1961, a General Accounting Office auditing team questioned the payments and the Comptroller General, by ruling B-146491, issued February 16, 1962, approved the invalidation of payments made from July 1, 1958. In the absence of legislative relief, repayments of $100,177.07 must be made to the Government by enlisted men.

The Comptroller General based his decision on a provision of the Career Compensation Act which provides that rations in kind are to be deemed available if a general mess is maintained "at the activity where the enlisted men are serving, or within a reasonable distance thereof." Literal interpretation of this provision, using only the factor of distance, supports the view of the General Accounting Office, but entirely overlooks the need for immediate availability of these rescue crews on which the commander's decision was founded.

"Such an approach actually failed to take into account the practical considerations surrounding the Coast Guard decision, for it would be an unwarranted hardship to require enlisted men who had no reason to question the commander's decision which they accepted in good faith to make repayment for rations they received back to July 1, 1958, in lieu of Government rations never furnished. They would be penalized, because of an error of technical interpretation beyond their control. The error has now been corrected by terminating subsistence payments.

"This committee has considered the provisions of section 2, which would make it possible for the Comptroller General to relieve certifying officers of the Coast Guard in connection with the payments referred to in the bill. Obviously, the payments were certified on the basis of a determination of the military commander that no Government mess was available to the personnel of the units concerned. In each instance, this determination was made on the basis of the particular military mission of the units and their required high state of operational readiness. Under these circumstances, this committee feels that the relief provided for in section 2 is clearly justified."

The committee believes that the bill is meritorious and recommends it favorably.

Attached and made a part of this report is a letter, dated June 28, 1962, from the Secretary of the Treasury to the Honorable JOHN W. MCCORMACK, Speaker of the House of Representatives.

## YU SUI WING

The Senate proceeded to consider the bill (S. 3282) for the relief of Yu Sui Wing, also known as Yee Shui Ling, which had been reported from the Committee on the Judiciary, with an amendment, in line 4, after the word "Act", to strike out "Yu Sui Wing" and insert "Yu Sui Ling"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purpose of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Yu Sui Ling, also known as Yee Shui Ling, shall be held and considered to be the natural-born minor alien child of Yee Ngon Tom, citizen of the United States: *Provided,* That no natural parent of the beneficiary, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Yu Sui Ling, also known as Yee Shui Ling."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2010), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

AMENDMENTS

1. In line 4, change the name "Yu Sui Wing" to read "Yu Sui Ling".

2. Amend the title of the bill so as to read: "A bill for the relief of Yu Sui Ling, also known as Yee Shui Ling."

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to deem Yu Sui Ling, also known as Yee Shui Ling, to be the natural-born minor alien child of her stepfather, a citizen of the United States. The bill has been amended to correct the spelling of the beneficiary's name.

STATEMENT OF FACTS

The beneficiary of the bill is a 21-year-old native and citizen of China, born out of wedlock, who has resided in Hong Kong since 1951. Her putative mother, a lawful permanent resident of the United State since 1950, and her stepfather, a U.S. citizen, are the sponsors of the bill, having been supporting her since 1951 after her adoptive parents were killed in China. The records of the beneficiary's birth are not available because it occurred in Communist held territory. Her mother and stepfather reside in Phoenix, Ariz., where they operate a food market.

## DR. HASSEN M. NOURI

The Senate proceeded to consider the bill (S. 3452) for the relief of Dr. Hassen M. Nouri, which had been reported from the Committee on the Judiciary, with an amendment, in line 4, after the word "Doctor", to strike out "Hassen" and insert "Hassan"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, for the purposes of the Immigration and Nationality Act, Doctor Hassan M. Nouri shall be held and considered to have been lawfully admitted to the United States for permanent residence on July 3, 1957.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Doctor Hassan M. Nouri."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2011), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to grant the status of permanent residence in the United States to Dr. Hassan M. Nouri as of July 3, 1957, the date he was first admitted to the United States. The purpose of the amendments is to correct the spelling of the beneficiary's name.

STATEMENT OF FACTS

The beneficiary of the bill is a 30-year-old native and citizen of Syria, who entered the United States on July 3, 1957, as an exchange visitor. He was granted a waiver of the 2-year foreign residence requirement on April 4, 1962, and his status was adjusted to that of permanent residence on April 16, 1962. He is married to a U.S. citizen and resides with his wife and two citizen children in St. Louis, Mo. He is employed as resident physician at City Hospital there. He has agreed to accept an appointment to the full-time staff at the hospital and it is stated that in order to be completely effective in this position, it is necessary for him to be licensed to practice in Missouri. He cannot obtain such license until he has acquired U.S. citizenship.

## COOPERATIVE FOREST MANAGEMENT ACT

The bill (H.R. 9728) to amend the Cooperative Forest Management Act was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2012), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (H.R. 9728), to amend the Cooperative Forest Management Act, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill increases the amount authorized to be appropriated to carry out the Cooperative Forest Management Act from $2.5 million to $5 million. That act provides for a cooperative program with the States under which technical assistance is furnished to small forest and woodlot owners. Amounts paid to States are required to be matched by the States.

The attached report from the Department of Agriculture favoring enactment of the bill sets out the need for this legislation.

## SUPERIOR NATIONAL FOREST, MINN.

The bill (S. 3589) to authorize the Secretary of Agriculture to acquire certain lands in Wright County, Minn., and exchange them with the State of Minnesota for State-owned lands in the Superior National Forest, and for other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, upon the application by the State of Minnesota and the agreement by the State to exchange for such lands State-owned lands in the Superior National Forest, the Secretary of Agriculture is authorized to acquire not to exceed one thousand acres in sections 3, 4, 9, and 10, township 121 north, range 26 west, in Wright County, Minnesota. Upon such acquisition the Secretary of Agriculture is authorized to exchange such lands for State-owned lands in the Superior National Forest suitable for administration as a part thereof and having a value not less than that of the lands in Wright County to be exchanged therefor as determined by the Secretary of Agriculture.

SEC. 2. There is hereby authorized to be appropriated such sums as may be needed to enable the Secretary of Agriculture to carry out the purposes of this Act.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2017), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3589) to authorize the Secretary of Agriculture to acquire certain lands in Wright County, Minn., and exchange them with the State of Minnesota for State-owned lands in the Superior National Forest, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

S. 3589 authorizes the Secretary of Agriculture to acquire up to 1,000 acres in certain townships in Wright County, Minn., and to exchange such lands with the State of Minnesota for State-owned lands within the Superior National Forest of at least equal value. The lands would not be purchased by the Secretary unless it is requested by the State of Minnesota, and acquisition must be preceded by an agreement with the State for exchange of the lands so purchased. A State law approved in 1947 already provides specifically for the proposed exchange.

There are many parcels of State-owned land intermingled with or surrounded by national forest lands, and acquisition of some of these tracts would serve to consolidate the national forest, thereby allowing more efficient and economical administration. The lands proposed to be purchased by the Secretary and exchanged with the State are to be established as a State park.

A favorable report on the bill from the Department of Agriculture is attached hereto.

## FEDERAL AND STATE LAWS AND REGULATIONS RELATING TO THE MARKETING OF AGRICULURAL PRODUCTS

The bill (S. 3475) to provide further for cooperation with States in administration and enforcement of certain Federal laws was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in order to avoid duplication of functions, facilities, and personnel, and to attain closer coordination and greater effectiveness and economy in administration of Federal and State laws and regulations relating to the marketing of agricultural products and to the control or eradication of plant and animal diseases and pests, the Secretary of Agriculture is hereby authorized, in the administration and enforcement of such Federal laws within his area of responsibility, whenever he deems it feasible and in the public interest, to enter into cooperative arrangements with State departments of agriculture and other State agencies charged with the administration and enforcement of such State laws and regulations and to provide that any such State agency which has adequate facilities, personnel, and procedures, as determined by the Secretary, may assist the Secretary in the administration and enforcement of such Federal laws and regulations to the extent and in the manner he deems appropriate in the public interest. Further, the Secretary is authorized to coordinate the administration of such Federal laws and regulations with such State laws and regulations wherever feasible. However, nothing herein shall affect the jurisdiction of the Secretary of Agriculture under any Federal law, or any authority to cooperate with State agencies or other agencies or persons under existing provisions of law, or affect any restrictions of law upon such cooperation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2018), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3475) to provide further for cooperation with States in administration and enforcement of certain Federal laws, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill provides for the Secretary of Agriculture to cooperate with State agencies in the administration and enforcement of Federal laws and regulations relating to the marketing of agricultural products and to the control or eradication of plant and animal diseases and pests. Under the terms of the bill, the Secretary may enter into cooperative agreements with State departments of agriculture or other State agencies whenever he determines it feasible and in the public interest. Such cooperation is designed to avoid duplication of functions, facilities, and personnel, and attain closer coordination and greater effectiveness and economy in the administration of Federal and State laws.

S. 3475 does not affect the jurisdiction of the Secretary of Agriculture and would clarify and reemphasize a longstanding intent of Congress. While many of the statutes on marketing of agricultural commodities and control and eradication of plant and animal diseases and pests presently provide for cooperation with the States, others are silent on the subject and some impose restrictions on such cooperative administration. The bill would provide a common authority for cooperation with the States in the specified fields. The report from the Department of Agriculture, favoring enactment of the bill, is attached herewith.

## CONVEYANCE OF CERTAIN REAL PROPERTY OF THE UNITED STATES TO THE STATE OF MARYLAND

The Senate proceeded to consider the bill (S. 3019) to provide for the conveyance of certain real property of the United States to the State of Maryland which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 3, line 6, after the word "exceed", to strike out "$2,245,000" and insert "$3,480,000"; and at the beginning of line 17, to strike out "$1,045,000" and insert "the fair market value for the fixed improvements thereon, as determined by the Secretary of the Interior, such fair market value to be determined as of the effective date of the subject contract."; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in order to make the land described in the second section of this Act and fixed improvements thereon available for transfer to the State of Maryland, the Secretary of the Interior is authorized to relocate the existing activities now being performed on such land in improvements, and to acquire land and interests therein for such purposes, to construct improvements thereon, and to remove the nonfixed improvements and equipment from the buildings to be conveyed. The Secretary for the purposes of this Act is also authorized to receive and accept money and property, real or personal, or interests therein, and services as a gift, bequest, or contribution; and may conduct activities or projects in cooperation with any person, firm, agency, or organization, Federal, State, or private.

Sec. 2. The land referred to in the first section of this Act, which land was heretofore donated to the United States by the State of Maryland, is situated on the campus of the University of Maryland at College Park, Maryland, and is more particularly described as follows:

Beginning at the southeast corner of an original 20.56-acre tract of land conveyed to the United States by deed dated November 9, 1935, and recorded April 20, 1939, in book 521, page 43 of the land records of Prince Georges County, said corner being marked by a cross cut in an iron grating on the north side of University land and immediately north of Symons Hall of the University of Maryland; thence with the east boundary of the original 20.56-acre tract, north 0 degrees 30 minutes 00 seconds west 681.94 feet to a point; thence south 89 degrees 30 minutes 00 seconds west 701.88 feet to a point; thence south 40 degrees 47 minutes 04 seconds west 406.34 feet to a point; thence south 0 degrees 30 minutes 00 seconds east 376.60 feet to a point; thence north 89 degrees 30 minutes 00 seconds east 970.00 feet to the point of beginning and containing 14.2452 acres, more or less, and being the total remaining acreage of the original 20.56 acres above mentioned now owned by the United States Government.

Sec. 3. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, but not to exceed $3,480,000, subject, however, to the provisions of section 4 below. All appropriations so made shall be available until expended.

Sec. 4. Before any of the funds authorized by section 3 shall be appropriated, there shall have been entered into between the United States and the State of Maryland a contract whereby the United States agrees to convey and the State of Maryland to accept the land identified in section 2 of this measure and the fixed improvements thereon, at such time as the replacement facilities become available, at which time the State of Maryland will pay to the United States the fair market value for the fixed improvements thereon, as determined by the Secretary of the Interior, such fair market value to be determined as of the effective date of the subject contract.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## BIG HOLE BATTLEFIELD NATIONAL MONUMENT

The Senate proceeded to consider the bill (S. 3335) to redesignate the Big

Hole Battlefield National Monument, to revise the boundaries thereof, and for other purposes which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 3, line 5, after the word "appropriated," to strike out "such sums as are necessary" and insert "no more than $20,000"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Big Hole Battlefield National Monument, established by Executive Order Numbered 1216 of June 23, 1910, and enlarged by Proclamation Numbered 2339 of June 29, 1939, is hereby redesignated as the Big Hole National Battlefield.

Sec. 2. In order to preserve historic features and sites associated with the Battle of the Big Hole and to facilitate their administration and interpretation, the boundaries of the Big Hole National Battlefield are hereby revised to include the following described lands:

### MONTANA PRINCIPAL MERIDIAN

Township 2 south, range 17 west: section 13, southwest quarter southeast quarter, southeast quarter southwest quarter, east half southwest quarter southwest quarter; section 23, east half northeast quarter southeast quarter; section 24, west half east half, north half southwest quarter, southeast quarter southwest quarter, east half southwest quarter southwest quarter; section 25, those portions of the northeast quarter northwest quarter and the northwest quarter northeast quarter lying north of the north right-of-way line of relocated Montana State Route 43; consisting of approximately 466 acres.

Sec. 3. (a) The Secretary of the Interior may acquire by donation, purchase, exchange, or otherwise, lands and interests in lands within the area described in section 2 of this Act.

(b) Any lands described in section 2 of this Act that are a part of the Beaverhead National Forest when this Act takes effect are hereby excluded from the forest and added to the Big Hole National Battlefield.

(c) Lands included in the Big Hole National Battlefield pursuant to this Act shall be administered in accordance with the provisions of the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1–3), as amended and supplemented.

Sec. 4. There are authorized to be appropriated no more than $20,000 to carry out the purposes of this Act.

The amendment was agreed to. The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2024), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The Commitee on Interior and Insular Affairs, to whom was reported the bill (S. 3335) to redesignate the Big Hole Battlefield National Monument, to revise the boundaries thereof, and for other purposes, having considered the same, report favorably thereon with an amendment and recommended that the bill as amended do pass.

### BACKGROUND

During the retreat of the Nez Perce Indians in the summer of 1877 from Idaho to the Canadian border, the Indian camp at Big Hole River was attacked by Federal forces. The Indians forced the Army to retreat to the 200-acre location which is now Big Hole Battlefield National Monument, which was reserved for "military purposes" in 1910. It was given national monument status in 1939.

S. 3335 proposes the addition of 446 acres to the tract, including 160 acres from the Beaverhead National Forest and 306 acres of land to be acquired from private owners. The additions will include the site of the Nez Perce Indian encampment, where the first and most important phase of the battle took place; the Twin Trees from which an Indian sharpshooter punished the retreating troops; and the Army's howitzer pit, which was outflanked and captured by the Nez Perce warriors.

The area would be renamed "Big Hole National Battlefield" in keeping with the policy of the National Park Service's offer to give uniform titles, which best reflect the nature of the individual areas, to units under its jurisdiction.

**Mr. MANSFIELD.** Mr. President, that concludes the call of the calendar.

## AMENDMENT OF WAR CLAIMS ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

**Mr. MANSFIELD.** Will the Chair inform the Senate what the pending business is?

**The PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from New York [Mr. Keating] for himself and other Senators.

## NATIONAL SURVEY OF FOREST RESOURCES

**Mr. ELLENDER.** Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 3064.

**The PRESIDING OFFICER** (Mr. Metcalf in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 3064) to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources, which was, in line 4, strike out "669," and insert "699,".

**Mr. ELLENDER.** Mr. President, a clerical error was made in the bill when it was passed by the Senate under date of August 6. The change has been made by the House. I have consulted with the leadership on both sides of the aisle, and there is no objection to my bringing up the measure now. I move that the Senate concur in the House amendment.

The motion was agreed to.

**Mr. BOGGS.** Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. YARBOROUGH.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

## USE OR MISUSE OF EXECUTIVE PRIVILEGE

**Mr. MILLER.** Mr. President, I ask unanimous consent to have printed at this point in the Record an article entitled "Use or Misuse of Executive Privilege," which was published on September 9 in the Des Moines Register. The article was written by Herbert Kelly; and in it he discusses the recent book, entitled "Washington Cover-Up," written by the distinguished reporter Clark R. Mollenhoff, of the Des Moines Register Washington staff.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Des Moines Register, Sept. 9, 1962]

### Use or Misuse of Executive Privilege

(By Herbert Kelly)

"Washington Cover-Up," by Clark R. Mollenhoff, Doubleday & Co., Inc.

In 1954, President Eisenhower invoked the doctrine of executive privilege to withhold information from a congressional committee which was investigating the loyalty-security program in the Defense Department.

The Eisenhower administration was trying at that time to curb the irresponsible activities of Senator Joseph R. McCarthy, who was smearing Army and Defense Department officials with reckless abandon.

The curbing of Senator McCarthy was welcomed by most of the press and the public and by a majority of his colleagues in Congress. Hence there was a tendency to accept without critical questioning the Eisenhower administration's contention that it had a right to forbid executive department officials to testify about a meeting in the Justice Department at which the strategy for combating Senator McCarthy was discussed.

### THE LETTER FROM IKE

A letter from President Eisenhower was put in the record which maintained that the President has the authority to "withhold information whenever he found that what was sought was confidential or its disclosure would be incompatible with the public interest or jeopardize the safety of the Nation."

One of the few Washington newspapermen who were disturbed by what they regarded as a sweeping assumption of executive power to withhold information was Clark Mollenhoff, a crusader against secrecy in Government ever since he started his newspaper career as a reporter for the Des Moines Register in 1941.

Mollenhoff, a member of the Washington Bureau of the Register and the Tribune since 1951, pointed out that the Teapot Dome scandals of the Harding administration and the tax scandals of the Truman administration could have been hidden forever, if executive privilege was as broad as claimed by the Eisenhower administration.

The warnings voiced by Mollenhoff and a few others received little attention.

### ARBITRARY USE OF POWER

In "Washington Cover-Up" Mollenhoff documents incident after incident to show how the increasing application of the "executive privilege" doctrine led to indefensible attempts to withhold information. Examples include:

The Dixon-Yates contract, under which a private utility would have furnished replacement power in the TVA area. The contract was later revoked and found illegal because of a conflict of interest by a Government consultant who helped work out the plan.

The Wolf Ladejinsky case, in which Ladejinsky was unjustly called a security risk by Agriculture Secretary Ezra Taft Benson.

An investigation of Government controls over shipments of strategic materials to Communist countries. Executive privilege was invoked against disclosing a list of strategic materials—but an almost identical list was openly published by Britain.

The investigation of regulatory agencies, which revealed the activities of Bernard Goldfine and ultimately led to the resignation of Sherman Adams as an adviser to President Eisenhower.

Denial of information about foreign aid spending programs not only to congressional committees but also to the General Accounting Office, established by Congress to check on spending of all executive departments and agencies. This made it more difficult for Congress to point up mismanagement and some outright corruption in foreign aid programs in Laos and Peru.

Mollenhoff does not plead for special right of access to Government information for newspapers. His quarrel is with a doctrine that would permit a President to decide himself in an arbitrary way (and even delegate this authority to subordinates) what he'll keep secret.

His greatest concern is the use of executive privilege to withhold information from Congress. "The right of the public and the press to Government information," he says, "is for the most part contingent upon the power of Congress to obtain documents and testimony from the executive branch."

Mollenhoff thinks President Eisenhower never really understood the secrecy problem in his administration and the dangers that existed in invoking the executive privilege doctrine at the behest of his subordinates.

He withholds judgment on the Kennedy administration. Mollenhoff points out that the Kennedy administration got off to a wobbly start, so far as secrecy is concerned, when Secretary of State Dean Rusk ordered information about aid programs withheld from a congressional committee. Rusk later was overruled by the President.

President Kennedy did invoke the claim of executive privilege at the request of Defense Secretary Robert McNamara in the Senate hearing on "muzzling" of military officers. With this backing, McNamara refused to identify the censors of specific speeches by high military officers. Mollenhoff thinks Kennedy's letter to McNamara made an "ill-defined claim" that the national interest was at stake.

### SUGGESTIONS FOR CURE

Mollenhoff's recommendations for a permanent cure to the problem of excessive secrecy by the executive branch of the Federal Government are:

"All officials except the President should be obligated to explain all their actions to Congress and the General Accounting Office, unless specific laws are passed for withholding information.

"Congress should enact special laws to cover the specific areas in which withholding of records is deemed necessary to the public good.

"Congress should provide stiff criminal penalties for use against Government officials who withhold information from properly authorized committees of Congress or the GAO.

"The Congress should establish an effective means for systematic review of papers carrying national security classifications of 'confidential,' 'secret,' or 'top secret.' Or the President could establish a small committee to spot-check, review, and challenge questionable use of national security classifications."

### SAFEGUARDS NEEDED

It would be difficult to enact legislation of the kind Mollenhoff proposes because it might be construed as a slap at whoever happened to be President at the time such legislation was considered.

However, any thoughtful student of government who reads Mollenhoff's book will surely conclude that some action should be taken to provide safeguards against arbitrary secrecy by the executive branch of the Federal Government.

---

## JOANNIS DOUNIS

Mr. **BIBLE**. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1966, Senate bill 3297.

The **PRESIDING OFFICER**. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 3297) for the relief of Joannis Dounis.

Mr. **BIBLE**. Mr. President, this bill was reported on September 7, 1962. It would grant the beneficiary permanent residence in the United States as of September 15, 1951. Rather obviously, residence should be granted from the date of enactment. Therefore I send to the desk an amendment to accomplish this purpose.

The **PRESIDING OFFICER**. The amendment will be stated.

The **LEGISLATIVE CLERK**. On page 1, line 6, it is proposed to strike out "September 15, 1951," and insert in lieu thereof "the date of the enactment of this Act."

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was agreed to.

The bill (S. 3297) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, for the purposes of the Immigration and Nationality Act, Joannis Dounis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2005), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE BILL

The purpose of the bill is to grant the status of permanent residence in the United States to Joannis Dounis as of September 15, 1951, the date he first entered the United States. The bill provides for an appropriate quota deduction and for the payment of the required visa fee.

### STATEMENT OF FACTS

The beneficiary of the bill is a 35-year-old native and citizen of Albania who presently resides in Washington, D.C., where he is part owner of a restaurant. He fled from Communist Albania in 1945 to Corfu, Greece, and resided in a refugee camp until 1948 when he went to Italy. He resided there until 1950 when IRO arranged for his admission into Canada as an immigrant. He entered the United States on September 15, 1951, at Niagara Falls without inspection and has resided here since that time. He was denied relief under section 15 of Public Law 85-316.

A letter, with attached memorandum, dated July 20, 1962, to the chairman of the Senate Committee on the Judiciary from the Commissioner of Immigration and Naturalization with reference to the bill reads as follows:

U.S. DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE, OFFICE OF THE COMMISSIONER,
*Washington, D.C., July 20, 1962.*

Hon. JAMES O. EASTLAND,
*Chairman, Committee on the Judiciary,*
*U.S. Senate, Washington, D.C.*

DEAR SENATOR: In response to your request for a report relative to the bill (S. 3297) for the relief of Joannis Dounis, there is attached a memorandum of information concerning the beneficiary. This memorandum has been prepared from the Immigration and Naturalization Service files relating to the beneficiary by the Washington, D.C., office of this Service, which has custody of those files.

The bill would grant the beneficiary permanent residence in the United States as of September 15, 1951, upon payment of the required visa fee. It would also direct that one number be deducted from the appropriate immigration quota. September 15, 1951, is the date the beneficiary entered the United States without inspection.

It is noted the bill would, in addition, immediately provide the beneficiary with sufficient residence for naturalization eligibility.

The beneficiary is chargeable to the quota for Albania.

Sincerely,

RAYMOND F. FARRELL,
*Commissioner.*

Mr. **BIBLE**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **HUMPHREY**. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

---

## AIRCRAFT LOAN GUARANTEES

Mr. **MONRONEY**. Mr. President, I ask unanimous consent that the votes by which Calendar No. 1886, Senate bill 2815, was passed, be reconsidered.

The PRESIDING OFFICER. Without objection, the vote will be reconsidered.

Mr. MONRONEY. Mr. President, I move that, in the place of S. 2815, the Senate proceed to the consideration of Calendar No. 1986, H.R. 10129.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 10129) to amend the act of September 7, 1957, relating to aircraft loan guarantees.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oklahoma.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. MONRONEY. Mr. President, I offer an amendment to H.R. 10129 to strike out all after the enacting clause and substitute the language of the committee substitute for S. 2815 reported by the Senate Committee on Commerce.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute.

The amendment was agreed to, as follows:

That section 1 of the Act of September 7, 1957 (71 Stat. 629), is amended by adding immediately after the words "development of" in the first sentence the following: "scheduled all-cargo and".

Sec. 2. Subsection (a) of section 2 of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the words "Board" and "Civil Aeronautics Board", and inserting in lieu thereof the words "Secretary" and "Secretary of Commerce", respectively.

Sec. 3. Section 3 of the Act of September 7, 1957 (71 Stat. 629), is amended by—

(1) striking out the word "Board" where it appears the first time therein, and inserting in lieu thereof the word "Secretary"; and

(2) inserting the words "Civil Aeronautics" immediately before the word "Board" where it appears the second time therein; and

(3) striking out the words "the Territory of" wherever appearing therein; and

(4) striking out the words "United States" wherever appearing therein, and inserting in lieu thereof the words "forty-eight contiguous States"; and

(5) striking out the last sentence.

Sec. 4. The Act of September 7, 1957 (71 Stat. 629), is amended by redesignating sections 4, 5, 6, 7, 8, as sections 6, 7, 8, 9, 10, respectively, and inserting immediately after section 3 the following new sections:

"Sec. 4. The Secretary is hereby authorized to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by such lender to any scheduled all-cargo air carrier, if (a) the entire proceeds of the loan are to be used for the purchase of turbine-powered aircraft of United States manufacture, identified by make and type, specifically designed for the carriage of property; and (b) the Secretary is satisfied that the carrier intends to use the aircraft predominantly for the carriage of property; and (c) the Department of Defense has certified to the Secretary that the aircraft is suitable for use by the Military Establishment to meet national defense needs in times of emergency.

"Sec. 5. The guaranty authorized by sections 3 and 4 shall be made in such form, on such terms and conditions, and pursuant to such regulations, as the Secretary deems necessary and which are not inconsistent with the provisions of this Act."

Sec. 5. Section 4, redesignated herein as section 6, of the Act of September 7, 1957 (71 Stat. 629), is amended by—

(1) striking out "$5,000,000" at the end of subsection (d) and inserting in lieu thereof "$10,000,000, except that guaranties of loans to be used for the purchase of cargo aircraft as provided in section 4 may be made up to a total face amount of $15,000,000"; and

(2) striking out the word "Board" in subsections (e) and (f) and inserting in lieu thereof the word "Secretary".

Sec. 6. Section 5, redesignated herein as section 7, of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the word "Board", and inserting in lieu thereof the word "Secretary".

Sec. 7. Subsection (a) of section 6, redesignated herein as subsection (a) of section 8, of the Act of September 7, 1957 (71 Stat. 629), is amended by—

(1) striking out the word "it" where it appears the first time therein, and inserting in lieu thereof the word "him"; and

(2) striking out the word "it" where it appears the second time therein, and inserting in lieu thereof the word "he"; and

(3) striking out the word "Board", and inserting in lieu thereof the word "Secretary".

Sec. 8. Section 7, redesignated herein as section 9, of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the word "Board" wherever it appears therein, and inserting in lieu thereof the words "Department of Commerce".

Sec. 9. Section 8, redesignated herein as section 10, of the Act of September 7, 1957 (71 Stat. 629), is amended by striking out the word "five" and inserting in lieu thereof the word "ten".

Sec. 10. Section 410 of the Federal Aviation Act of 1958 (49 U.S.C. 1380) is amended by replacing the period at the end of the last sentence with a colon, and adding the following: "*Provided, however,* That the provisions of this section shall not be applicable to the guaranty of loans by the Secretary of Commerce under the provisions of the Act of September 7, 1957 (71 Stat. 629), as amended, but the Secretary of Commerce shall consult with and consider the views and recommendations of the Board in making such guaranties."

Sec. 11. (a) All orders, determinations, rules, regulations, permissions, approvals, agreements, rulings, directives, and privileges which have been issued, made, or granted, or allowed to become effective, by the Civil Aeronautics Board, or any court of competent jurisdiction, under any provision of law amended by this Act, or in the exercise of duties, powers, or functions which, under this Act, are vested in the Secretary of Commerce, and which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary of Commerce or by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this Act takes effect before the Civil Aeronautics Board; but any such proceedings shall be continued before the Secretary of Commerce, orders issued therein, and payments made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Secretary of Commerce, or by operation of law.

(c) The provisions of this Act shall not affect suits commenced prior to the date on which it takes effect; and all such suits shall be continued by the Secretary of Commerce, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if this Act had not been enacted. No suit, action, or other proceeding lawfully commenced by or against the Civil Aeronautics Board or officer of the United States, in relation to the discharge of official duties, shall abate by reason of any transfer of authority, power, or duties from the Board or Commission or officer to the Secretary of Commerce under the provisions of this Act, but the court upon a motion or a supplemental petition filed at any time within twelve months after such transfer, showing the necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the Secretary of Commerce.

Sec. 12. (a) The officers, employees, and property (including office equipment and official records) of the Civil Aeronautics Board which the Bureau of the Budget, after consultation with the Board, shall determine to have been employed by the Board in the exercise and performance of those powers and duties vested in and imposed upon it by the Act of September 7, 1957 (71 Stat. 629), and which are vested by this Act in the Secretary of Commerce, shall be transferred to the Department of Commerce upon such date or dates as the Bureau of the Budget shall specify: *Provided,* That the transfer of such personnel shall be without reduction in classification or compensation, except that this requirement shall not operate after the end of the fiscal year during which such transfer is made to prevent the adjustment of classification or compensation to conform to the duties to which such transferred personnel may be assigned.

(b) Such of the unexpended balances of appropriations available for use by the Civil Aeronautics Board in the exercise and performance of those powers and duties vested in and imposed upon it by the Act of September 7, 1957 (71 Stat. 629), and which are vested by this Act in the Secretary of Commerce, shall be transferred to the Department of Commerce upon such date or dates as the Bureau of the Budget shall specify, and shall be available for use in connection with the exercise and performance of the powers and duties vested in and imposed upon the Secretary of Commerce by this Act.

(c) All records transferred to the Secretary of Commerce under this Act shall be available for use by him to the same extent as if such records were originally records of the Secretary.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

Mr. MONRONEY. Mr. President, the legislation under consideration is of major importance and its passage will contribute materially to the orderly and efficient development of our air transportation systems. Therefore, before the question is agreed to, I feel there should be an explanation of the measure.

Existing law authorizes the Civil Aeronautics Board to guarantee any lender against loss of principal or interest on any aircraft purchase loan made by the lender to local service, helicopter, and certain other carriers. Such guarantees may extend so as to include unpaid interest and 90 percent of the unpaid principal of any loan. The terms of any loan must provide for full repayment within 10 years. The total amount of loans to any one carrier cannot exceed $5 million.

In addition, the Board in guaranteeing any loan must find that the carrier would otherwise be unable to obtain necessary funds for the purchase of aircraft on reasonable terms. Further, guarantees can only be extended in those cases where the Board finds that the loan was necessary to improve service and efficiency of operation. In connection with costs to the Government, the Board is directed by statute to prescribe and collect from the lending institution a reasonable guarantee fee.

The proposed Senate amendment to H.R. 10129 would amend the act of September 7, 1957 in several important respects. The aircraft guarantee loan program would be extended an additional 5 years. The present expiration date is September 7, 1962, and the bill provides for an expiration date of September 7, 1967. The amount of loans which could be authorized to any eligible carrier, aside from the all-cargo carriers, would be increased from $5 to $10 million. A new class of carriers, the all-cargo carriers, would be made eligible for loans under the program in amounts not exceeding $15 million per carrier subject to the following conditions: the proceeds of the loan must be used for the purchase of turbine-powered aircraft and such aircraft must be of U.S. manufacture; the Defense Department must certify that the aircraft so purchased is suitable for use by the Military Establishment to meet national defense needs in times of emergency; and the aircraft must be used predominantly for the carriage of property. Responsibility for administering the program would be transferred from the Civil Aeronautics Board to the Department of Commerce.

There is no question that the loan guarantee program has made possible substantially improved air service between the smaller communities of this Nation. The improved equipment purchased under the program has markedly increased the efficiency of these carriers and has contributed importantly to lessening of their subsidy needs in relation to the service offered. Coupled with improved efficiency this program has increased safety.

In evaluating the benefits of this program, it is interesting to compare operating statistics of local service carriers for the period immediately prior to implementation of the program with the latest available period. In 1956, scheduled revenue plane-miles flown amounted to 46,278,367. This compares with 97,723,724 for the 12-month period ending June 30, 1961. In 1956, the average route miles in operation amounted to 20,000 as compared with 34,545 in 1961. Revenue passenger-miles in 1956 amounted to 448,036,000 compared with 1,233,876,000 for the 12 months ending June 30, 1961. Total passengers carried during calendar year 1956 numbered 2,451,155 compared with 5,966,911 for year ending June 30, 1961. The weighted figure for the number of airports served was 311½ airports for calendar year 1956 as compared with 517.6 for fiscal year 1960. In relation to scheduled flight departures from these airports, the number increased from 587,420 in calendar year 1956 to 1,071,873 for fiscal year 1960.

The Civil Aeronautics Board advises that as of December 31, 1961, a total of $30,349,503 had been borrowed on such loans, with $23,379,152 still outstanding at that date. These funds have been used to purchase: First, 33 twin-turbine-engine F-27 aircraft; second, 12 twin-engine—piston-type—Convair 340/440 aircraft, which can be converted to turbine power; third, 3 twin-engine—piston-type—Martin 404 aircraft; fourth, 5 single-engine—piston-type—Vertel 44-B helicopters; and fifth, 1 twin-turbine-engine helicopter.

Mr. President, I have two tables which show in detail how the funds guaranteed under this program have been expended. I ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Schedule of guaranteed loans*

COMPLETED AND APPROVED

| Carrier | Amount of equipment purchased | Amount of loan | Amount guaranteed [1] | Interest rate | Duration of loan | Equipment | Date docketed | Date guarantee agreement executed | Lender |
|---|---|---|---|---|---|---|---|---|---|
| | | | | *Percent* | *Years* | | | | |
| New York Airways | $2,053,342 | $1,000,000 | $900,000 | 5.25 | 5 | 5 V-44B Helicopters. | Apr. 22, 1958 | May 15, 1958 | Manufacturers Hanover Trust Co., the United States Trust Co. of New York, and Federation Bank & Trust Co. |
| Bonanza | 4,805,003 | 4,324,500 | 3,892,050 | 5.50 | 10 | 6 F-27's | Feb. 3, 1958 | June 10, 1958 | First National Bank of Nevada, First Western Bank Trust Co., Walker Bank & Trust Co., and First National Bank of Arizona. |
| Piedmont | 5,732,636 | 4,850,000 | 4,365,000 | 5.50 | 10 | 8 F-27's | Apr. 14, 1956 | Oct. 6, 1958 | Prudential Insurance Co. of America, the Bank of New York, the United States Life Insurance Co. in the City of New York, and the Gulf Life Insurance Co. |
| Pacific | 5,145,565 | 4,531,000 | 4,077,900 | 5.25 | 10 | 6 F-27's | Aug. 27, 1958 | Dec. 1, 1958 | Bank of America National Trust & Savings Association. |
| North Central | 2,600,000 | 2,340,000 | 2,106,000 | 5.50 | 7 | 5 CV-340's | Dec. 3, 1958 | Jan. 9, 1959 | Northwestern National Bank of Minneapolis, and Irving Trust Co. |
| Aloha | 2,545,000 | 2,200,000 | 2,061,000 | 5.55 | 10 | 3 F-27's | Jan. 8, 1959 | Mar. 31, 1959 | Continental Assurance Co., and the United States Life Insurance Co., in the city of New York. |
| Wien Alaska | 1,450,300 | 1,305,270 | 1,174,743 | 6.00 | 10 | 2 F-27's | Mar. 27, 1959 | May 19, 1959 | The Bank of New York, and Teachers Insurance & Annuity Association of America. |
| Frontier | 2,500,000 | 2,250,000 | 2,025,000 | 5.50 | 7 | 5 CV-340's | May 25, 1959 | July 22, 1959 | The Central Bank & Trust Co., Irving Trust Co., and Bank of America National Trust & Savings Association. |
| Ozark | 2,354,440 | 2,118,906 | 1,907,006 | 5.50 | 10 | 3 F-27's | May 5, 1959 | Aug. 14, 1959 | The City National Bank & Trust of Kansas City, Mo. (participating with Mercantile Trust Co. of St. Louis, Mo.). |
| Pacific (2d loan) | 620,000 | 400,000 | 422,100 | 6.00 | 7 | 3 M-404's | Dec. 3, 1959 | May 9, 1960 | Bank of America National Trust & Savings Association. |
| Aloha (2d loan) | 2,450,153 | 2,200,000 | 1,980,000 | 6.00 | 10 | 3 F-27's | Dec. 11, 1959 | May 24, 1960 | Teachers Insurance & Annuity Association of America. Continental Assurance Co., and Kansas City Life Insurance Co. |
| Bonanza (2d loan) | 1,605,637 | 1,125,000 | 1,012,500 | 6.00 | 10 | 2 F-27's | June 2, 1960 | Oct. 3, 1960 | Girard Trust Corn Exchange Bank. |
| Frontier (2d loan) | 1,000,000 | 900,000 | 810,000 | 5.50 | 7 | 2 CV-340's | Mar. 10, 1961 | May 17, 1961 | The Central Bank & Trust Co., Irving Trust Co., and Bank of America National Trust & Savings Association. |
| Pacific Northern | 4,701,248 | 4,231,123 | 3,808,011 | 5.50 | 10 | 1 B-720 | Apr. 28, 1961 | Nov. 7, 1961 | Bank of America National Trust & Savings Association. |
| Los Angeles | 3,212,930 | 2,801,637 | 2,602,473 | 5.50 | 10 | 4 S-61 Helicopters. | Sept. 2, 1960 | Nov. 22, 1960 | Do. |
| New York (2d loan) | 3,800,000 | 3,200,000 | 2,880,000 | 5.34 | 7 | 4 V-107 Helicopters. | May 6, 1960 | Mar. 30, 1962 | Manufacturers Hanover Trust Co., the United States Trust Co. of New York, and Empire Trust Co. |
| Total | 46,576,254 | 40,026,526 | 36,023,573 | | | | | | |

Footnote at end of table.

*Schedule of guaranteed loans*—Continued

APPLICATIONS IN PROCESS

| Carrier | Amount of equipment purchased | Amount of loan | Amount guaranteed [1] | Interest rate | Duration of loan | Equipment | Date docketed | Date guarantee agreement executed | Lender |
|---|---|---|---|---|---|---|---|---|---|
| | | | | *Percent* | *Years* | | | | |
| Chicago | $3,250,000 | $2,925,000 | $2,632,500 | 6.00 | 10 | 4 S-61 Helicopters. | Aug. 15, 1960 | | Harris Trust & Savings Bank, the First National City Bank of New York, Continental Assurance Co., and Country Life Insurance Co. |
| Ozark (2d loan) | 1,265,000 | 1,125,000 | 1,012,500 | 5.50 | 7 | 4 CV-240's | Dec. 13, 1961 | | Bank of St. Louis. |
| Mackey | 920,000 | 820,000 | 738,000 | 5.7126 | 7 | 2 DC-6's | Jan. 24, 1962 | | First National Bank in Fort Lauderdale and First National Bank of New York. |
| Total | 5,435,000 | 4,870,000 | 4,383,000 | | | | | | |

[1] Amount guaranteed is 90 percent of loan in all cases.

*Loan guarantee program—Loans approved and aircraft operated by eligible carriers*

| Carrier | Status of loans as of Mar. 31, 1962 | | | Aircraft operated Dec. 31, 1961 | | |
|---|---|---|---|---|---|---|
| | Loans approved | Amount drawn down | Balance outstanding | Purchased with guaranteed loan | Other aircraft: Owned | Other aircraft: Leased |
| LOCAL SERVICE CARRIERS (13) | | | | | | |
| Allegheny Airlines, Inc | | | | | 8 DC-3<br>15 M-202<br>8 CV-3/440<br>5 CV-540 | |
| Bonanza Air Lines, Inc., 1st loan | $4,324,500 | $4,324,500 | $3,244,651 | 6 F-27 | 1 F-27 | |
| Bonanza Air Lines, Inc., 2d loan | 1,125,000 | 1,125,000 | 1,003,511 | 2 F-27 | | |
| Subtotal, Bonanza | 5,449,500 | 5,449,500 | 4,248,162 | | | |
| Central Airlines, Inc | | | | | 15 DC-3<br>4 CV-240 | 3 DC-3. |
| Frontier Airlines, Inc., 1st loan | 2,250,000 | 2,250,000 | 1,472,832 | 5 CV-340 | 23 DC-3 | 1 CV-340. |
| Frontie Airlines, Inc., 2d loan | 900,000 | 900,000 | 770,400 | 2 CV-340 | | |
| Subtotal, Frontier | 3,150,000 | 3,150,000 | 2,243,232 | | | |
| Lake Central Airlines, Inc | | | | | 20 DC-3<br>5 CV-340 | |
| Mohawk Airlines, Inc | | | | | 7 DC-3<br>14 CV-240<br>5 CV-440<br>9 M-404<br>1 [1] | |
| North Central Airlines, Inc.[2] | 2,340,000 | 2,340,000 | | 5 CV-3/440 | 28 DC-3<br>5 CV-3/440 | 3 DC-3. |
| Ozark Airlines, Inc | 2,118,996 | 2,118,996 | 1,631,439 | 3 F-27 | 21 DC-3 | 2 DC-3. |
| Pacific Air Lines, Inc., 1st loan | 4,531,000 | 4,531,000 | 3,258,850 | 6 F-27 | 5 DC-3 | |
| Pacific Air Lines, Inc., 2d loan | 469,000 | 469,000 | 357,333 | 3 M-404 | 2 M-202 | |
| Subtotal, Pacific | 5,000,000 | 5,000,000 | 3,616,183 | | 5 M-404 | |
| Piedmont Airlines, Inc | 4,850,000 | 4,850,000 | 3,953,000 | 8 F-27 | 14 DC-3 | |
| Southern Airways, Inc | | | | | 26 DC-3<br>5 M-404 | |
| Trans Texas Airways, Inc | | | | | 23 DC-3<br>8 CV-240 | |
| West Coast Airlines, Inc | | | | | 7 F-27<br>14 DC-3 | |
| HAWAIIAN CARRIERS (2) | | | | | | |
| Aloha Airlines, Inc., 1st loan | 2,290,000 | 2,290,000 | 1,955,160 | 3 F-27 | 3 DC-3 | |
| Aloha Airlines, Inc., 2d loan | 2,200,000 | 2,200,000 | 1,815,000 | 3 F-27 | | |
| Subtotal, Aloha | 4,490,000 | 4,490,000 | 3,770,160 | | | |
| Hawaiian Airlines, Inc | | | | | 6 DC-3<br>6 CV-340<br>1 DC-6A | |
| ALASKAN CARRIERS (12) | | | | | | |
| Alaska Airlines, Inc | | | | | 1 DC-4<br>1 DC-6C<br>1 CV-880<br>2 [1] | 1 DC-4.<br>1 DC-6A.<br>2DC-6B. |
| Bristol Bay Airlines [3] | | | | | | |
| Alaska Coastal Airlines, Inc.[4] | | | | | 15 [1] | |
| Cordova Airlines, Inc | | | | | 2 DC-3<br>1 C-46<br>9 [1] | |
| Ellis Air Lines, Inc.[4] | | | | | 8 [1] | |
| Kodiak Airlines, Inc | | | | | 5 [1] | |
| Munz Airways, Inc.[3] | | | | | | |
| Northern Consolidated Airlines, Inc | | | | | 3 F-27<br>10 [1] | |
| Pacific Northern Airlines, Inc | 4,231,123 | 3,826,636 | 3,826,636 | 1 B-720 [5] | 5 L-749<br>3 DC-3 | 2 L-749. |
| Reeve Aleutian Airways, Inc | | | | | 2 DC-3<br>2 C-46<br>2 DC-4<br>2 [1] | |
| Western Alaska Airlines, Inc | | | | | 9 [1] | |
| Wien Alaska Airlines, Inc | 1,305,270 | 1,305,270 | 951,298 | 2 F-27 | 1 DC-3<br>3 C-46<br>6 [1] | 1 DC-3.<br>2 C-46.<br>16.[1] |

**Footnote at end of table.**

*Loan guarantee program—Loans approved and aircraft operated by eligible carriers*—Continued

| Carrier | Status of loans as of Mar. 31, 1962 | | | Aircraft operated Dec. 31, 1961 | | |
|---|---|---|---|---|---|---|
| | Loans approved | Amount drawn down | Balance outstanding | Purchased with guaranteed loan | Other aircraft | |
| | | | | | Owned | Leased |
| CARIBBEAN AREA AND FLORIDA TO BRITISH WEST INDIES (2) | | | | | | |
| Caribbean Atlantic Airlines, Inc. | | | | | 7 DC-3 | 1 DC-3. |
| Mackey Airlines, Inc. | | | | | 2 DC-3<br>3 DC-4 | 1 DC-6.<br>1 DC-6B. |
| METROPOLITAN HELICOPTER SERVICES (3) | | | | | | |
| Chicago Helicopter Airways, Inc. | | | | | 7 S-58C | |
| Los Angeles Airways, Inc. | $2,891,637 | $1,498,876 | $1,469,376 | 4 S-61L [6] | 5 S-55 | |
| New York Airways, Inc., 1st loan | 1,000,000 | 1,000,000 | 245,613 | 5 V-44B | 1 B-47J | |
| New York Airways, Inc., 2d loan | 3,200,000 | | | 4 V-107 [7] | | |
| Subtotal, New York Airways | 4,200,000 | 1,000,000 | 245,613 | | | |
| Total | 40,026,526 | 35,029,278 | 25,955,090 | | | |

SUMMARY

| | Aircraft operated Dec. 31, 1961 | | |
|---|---|---|---|
| | Purchased with guaranteed loan | Other aircraft | |
| | | Owned | Leased |
| DC-3 | | 230 | 10 |
| C-46 | | 6 | 2 |
| M-202 | | 17 | |
| M-404 | 3 | 19 | |
| CV-240 | | 26 | |
| CV-3/440 | 12 | 29 | 1 |
| CV-540 | | 5 | |
| F-27 | 33 | 11 | |
| DC-4 | | 6 | 1 |
| DC-6 type | | 2 | 5 |
| L-749 | | 5 | 2 |
| CV-880 | | 1 | |
| B-720 | 1 | | |
| S-55 | | 5 | |
| S-58C | | 7 | |
| B-47J | | 1 | |
| V-44B | 5 | | |
| S-61L | 4 | | |
| V-107 | 4 | | |
| Miscellaneous | | 67 | 16 |
| Total | 62 | 437 | 37 |

[1] Miscellaneous; all aircraft smaller than DC-3.

[2] This loan was repaid on Mar. 20, 1962.

[3] Bristol Bay and Munz are no longer operating under certificate authorizations.

[4] Alaska Coastal and Ellis were merged on Apr. 1, 1962.

[5] Aircraft delivered to Pacific Northern on Mar. 23, 1962. Aircraft placed in service Apr. 27, 1962. PNA has purchased a 2d B-720 without a guaranteed loan which was also placed in service Apr. 27, 1962.

[6] 2 S-61L's placed in service Mar. 1, 1962; 2 more yet to be delivered. The S-61L's will replace the S-55's.

[7] 1st aircraft delivery due Apr. 30, 1962, remainder in calendar year 1962. 1st loan to be repaid before drawdown on 2d loan. The V-107's will replace the V-44B's.

NOTE.—The following aircraft were purchased without guaranteed loans since Dec. 31, 1961, and have come to our attention: Bonanza, 2 F-27's; Piedmont, 14 M-404's.

**Mr. MONRONEY.** Mr. President, I am satisfied that the basic objectives underlying the original implementation of this program have been achieved. The program has enabled these carriers to effect substantial equipment modernization. Without the program, costs incurred in connection with financing would have made equipment modernization either impossible or would have resulted in markedly higher financing costs which unquestionably would have been reflected in subsidy requests.

Since many carriers have not fully completed their equipment modernization, the bill would extend the program for an additional 5 years. In this regard CAB Chairman Boyd stated in testimony before the Commerce Committee:

> "It is our view that the continuation of the reequipment program of the smaller carriers is of the utmost importance to their financial success and their prospects for long-range subsidy improvement. Notwithstanding the progress which has already been made on the equipment front, many of the carriers will have requirements for further reequipment, particularly in connection with route modifications and extensions."

Since many carriers have fully availed themselves of the $5 million guarantee authorized under existing law, the bill proposes to increase the amount to $10 million.

The proposed Senate substitute would amend existing law so as to make all-cargo carriers eligible for loan guarantees. There are presently four such carriers: Flying Tiger Lines, Riddle Airlines, Inc., Seaboard World Airlines, Inc., and Slick Airways.

They hold permanent certificates of public convenience and necessity issued by the CAB; are regularly scheduled route carriers; and, I might point out, have never received subsidy.

The operations of these carriers to date have not been profitable. In part, this can be attributed to the lack of modern aircraft especially adapted to meet the needs of the aircargo industry. Until recently, aircraft designed primarily to carry cargo profitably and at low rates were not available. As a result the all-cargo industry was forced to use aircraft originally designed for passenger service rather than freight service. The lack of a specially designed civil cargo aircraft has resulted in high freight rates and consequent slow growth of airfreight traffic. The development of the jet aircraft which because of its speed, load capacity, high utilization capability, and low operating cost has provided the breakthrough which will enable the aircargo industry to provide service at substantially lower rates.

Inclusion of these carriers was strongly supported by the Civil Aeronautics Board. Its chairman, Mr. Alan Boyd stated in testimony before the Commerce Committee:

> The operations of the all-cargo carriers have not been profitable. It must be admitted that the development of transportation of cargo by aircraft has been disappointing, especially in the terms of the predictions made for this industry in the early postwar period. While there has been a remarkable growth in air transportation in the years since World War II, the vast market which is believed to exist for aircargo remains largely untapped. The all-cargo carriers have found it necessary to extend their operations to the military and passenger charter field in order to obtain additional revenues. Some have been forced to suspend their all-cargo services because of inability to sustain profitable operations.
>
> The Board believes that the failure of the air transport industry to realize its potential in the movement of aircargo is attributable in part to the lack of modern specialized aircraft designed primarily to carry cargo profitably and at low rates. The Board feels that if the all-cargo carriers were able to acquire a fleet of modern, high-speed, low-cost cargo aircraft, there would result a material contribution to the national defense and an invaluable benefit to the postal service and to the commerce of the United States.

The Under Secretary of Commerce for Transportation, Mr. Clarence D. Martin, Jr., testified:

> The need for additional incentive to increase civil aircargo capacity is clearly evident by applying the Joint Chiefs of Staff civil cargo aircraft requirements against current capability. These exact figures which are classified point up a serious deficit for both total and limited military emergencies. The lack of capacity to meet Joint Chiefs of Staff requirements for limited war is a prime reason for urgent action to provide incentives to increase the aircargo capability by the civil air transportation industry.
>
> The Civil Aeronautics Board report, dated October 1961 entitled "Commercial Air Transportation Capabilities and Requirements Under Partial Mobilization and Limited War," which used as an experience factor the increased transportation requirements of the Korean war, indicates a deficit of 14 DC–7F equivalents to meet essential civil aircargo needs without regard to the military requirements.
>
> The most recent CAB report, dated February 1962, "Minimum Civil Requirements for U.S. Air Transportation in Time of War—Fiscal Year 1962–63," reveals under the most favorable conditions of assumption a civil aircargo requirement, not counting the military requirement, in excess of available capability by some 44 DC–7F equivalents in the last month of fiscal 1962, and 64 DC–7F equivalents in the last month of fiscal 1963. We must bear in mind that these projected requirements are for only essential civil aircargo traffic needed to maintain the economic capability of national defense production during an emergency.
>
> An important part of this Department's responsibility is to recommend programs to beneficially improve in peacetime the structure and capability of the total transportation system for use in an emergency.
>
> The Department feels that the guarantee loan program could be of assistance in financing the equipment so necessary to the Nation in time of emergency as well as in time of peace.

To date, some of the carriers have purchased new cargo aircraft. These purchases, however, were made outside the United States and were facilitated by loan guarantees of foreign governments (British and Canadian), similar to loans proposed by this measure. Additional aircraft will be needed by the all-cargo industry and extension of the loan guarantee program to include this class of carrier will help them grow and develop the potential of the aircargo industry. In addition, it will provide a market for U.S.-built pure jet aircargo aircraft which the airframe and engine manufacturers are planning to build. This industry has for many years been one of the largest employers in the country and it makes no sense to force the all-cargo carriers to purchase foreign-built aircraft, to the detriment of our own airframe industry, simply because of the absence of a U.S.-supported loan guarantee program covering these carriers—a program which has proven so satisfactory with respect to other classes of carriers and which has cost this Government nothing. Failure to make the cargo carriers eligible under the program will only perpetuate the situation which places our airframe industry at a competitive disadvantage with foreign firms.

Extension of the loan program will enable the all-cargo carriers to expand their service area and provide airfreight service to areas and industries which now do not enjoy this benefit.

The inclusion of the all-cargo carriers in the loan guarantee program will materially assist this Nation in meeting its military airlift needs by permitting them to acquire more modern and efficient cargo aircraft. The all-cargo carriers presently carry more than half of the contract military traffic of this country. In addition, they participate extensively in the civil reserve air fleet, and for the fiscal year 1963 committed more than 55 aircraft to the CRAF program. The total capacity of these aircraft exceeds 1,200 tons payload and constitutes more than half of the total civil cargo lift in the CRAF program.

Clearly, these carriers are in substantial measure assisting the Department of Defense to realize its objectives with respect to commercial air transportation, which are as follows: to insure civil participation in the civil reserve air fleet; to insure an expanded capacity of both cargo and passenger airlift available to the Department of Defense; and to encourage the procurement by the air transportation industry of modern aircraft best adapted to Government emergency needs and committed to the Department of Defense.

Mr. Edward J. Driscoll, testifying before the Commerce Committee in behalf of the Department of the Air Force expressed the Department's support of the provision to include cargo carriers and made it unmistakably clear that they have assisted greatly in helping to realize the above-mentioned objectives.

The aircargo industry is still in its infancy, yet its growth and potential contribution to a sound commercial air transportation system is vast. For the year ending September 30, 1960, certificated scheduled domestic freight amounted to $100,881,000 as opposed to $2,257,875,000 in total certificated scheduled domestic air revenues.

Without guaranteed loan legislation, all-cargo airlines may find it impossible to acquire suitable modern aircraft adaptable to their needs, or alternatively, may have to purchase these aircraft on other than reasonable terms which would jeopardize their financial condition and make it impossible for them to engage in a modernization program consistent with the objectives of the Department of Defense. The development and rate of growth of the aircargo industry depends to a very great measure on their ability and willingness to place modern cargo aircraft into operation. Such aircraft will contribute immeasurably toward increasing efficiency and consequently enable the industry to lower rates, expand service, and attract new customers. The all-cargo carriers have the willingness; making them eligible for loan guarantees will give them the necessary added ability.

The proposed Senate substitute would authorize loan guarantees in amounts not exceeding $15 million per cargo carrier. The guarantees would extend only to loans for the purchase of turbine-powered aircraft and the proposed ceiling would enable the carriers to purchase two such aircraft.

As I stated briefly at the outset of my remarks, the proposed Senate substitute would transfer the loan guarantee program from the Civil Aeronautics Board to the Department of Commerce. This would implement the recommendation of the President as set forth in his transportation message of April 5, 1962, wherein he stated:

> Last year the Congress extended until June 30, 1963, the authority by which the Interstate Commerce Commission has been guaranteeing interest and principal payments on emergency loans to the railroads for operations, maintenance, and capital improvements for which the carriers cannot otherwise obtain funds on reasonable terms. A similar law by which the Government guarantees loans for aircraft and parts being purchased by certain certificated air carriers will expire this year. Since the Department of Commerce is already a focal point for Government transportation activities and since, in the interest of program coordination and consistency of policy, these activities should be further consolidated, I recommend that the railroad loan guarantee authority, and the aviation loan guarantee authority, if it is extended, be transferred to the Department of Commerce. These programs are not regulatory in nature and are clearly separable from the chief functions of the Interstate Commerce Commission and the Civil Aeronautics Board, and can be acted upon more expeditiously by an executive agency.

Both the Board and the Commerce Department testified before the Commerce Committee in support of the President's recommendation and the committee accordingly incorporated language in the substitute bill to effect the transfer in an orderly manner.

In closing, I would like to draw attention to a very interesting, and I might add, gratifying aspect of this program: As I mentioned earlier, the CAB is directed by statute to prescribe and collect from the lending institution a reasonable guarantee fee. Not only has the Government incurred no loss under this program, but the Board estimates:

> That on the basis of $60 million of guaranteed loans amortized over a 10-year period, Government expenses would amount to approximately $450,000 as against income from fees of $1,500,000 or a net return to the Government of approximately $1 million.

The loan guarantee program has enabled the carriers to modernize their fleets, significantly improve service and materially reduce operating costs. If further improvements in these areas are to be realized, I feel that continuation of this program is essential and therefore I urge my colleagues to support the Senate substitute amendment to H.R. 10129.

Mr. President, if there are any questions concerning this bill I would be pleased to answer them.

**Mr. COOPER.** Mr. President, will the Senator yield?

**Mr. MONRONEY.** I yield to the Senator from Kentucky.

**Mr. COOPER.** I understand there is no objection on either side of the aisle to the passage of the bill.

**The PRESIDING OFFICER.** The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 10129) was read the third time and passed.

The PRESIDING OFFICER. Without objection, S. 2815 will be indefinitely postponed.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## A FIVE-POINT FITNESS PROGRAM FOR AMERICA, INCLUDING AN OLYMPIC FOUNDATION WITH A NATIONAL GOAL FOR VICTORY

Mr. HUMPHREY. Mr. President, the 1962–63 school year is now well underway. Fifty-one and three-tenths million youngsters are attending primary, secondary, and higher schools.

Thirty-five million are enrolled from kindergarten to grade 8, 11.7 million in grades 9 through 12, and 4.6 million in higher institutions of learning.

A wonderful new chapter thus opens for them and their parents.

Today, I should like to offer a program which should be fitted into that chapter, and in the chapters of the years to come. I refer to a program for the fitness of our young people and, ideally, of adults, as well. It is a program for a full life and a program for national survival.

### THE SOFT AMERICA

It would be repetitious to cite at this point a vast amount of disturbing evidence which most of us already know and which confirms this grim fact:

Our Nation's youngsters, unfortunately, show up relatively poorly in the results of physical tests which they and foreign youngsters have taken on a comparative basis.

We have become "soft Americans," to use the term of President Kennedy's historic article in the December 26, 1960, issue of Sports Illustrated.

Fortunately, in the last year and a half, much has been done under the President's wise leadership to improve the situation.

But, we still have a long way to go to change our country from a nation of mere spectators of sports to a nation of participants; to change our youngsters, in particular, from observers in the grandstands to competitors on the playing fields.

### A FIVE-POINT PROGRAM

For several years, I have proposed a comprehensive and coordinated fitness program for the Nation. I have made suggestions in public statements, in correspondence, in testimony before committees of the Congress.

Today, I should like to set forth a few of the elements of such a program, as I see it.

First. In 1963, the 88th Congress should amend the present national defense education law so as to provide long-needed assistance to the States to foster excellence in physical education. Our Nation's school systems simply do not have the means at present to do what must be done to help our youngsters, from kindergarten through college, improve their physical performance.

Second. Congress should establish the vital President's Council on Youth Fitness on a permanent statutory basis—with its own appropriation. This would replace the present temporary, administrative basis, on which the Council functions, living on handouts, so to speak, from other agencies.

Third. We should encourage civic and sports leadership throughout the land to establish—voluntarily—a national goal, a national plan and program for American participation in the international competition, particularly in the Olympics. A private U.S. Olympic Foundation should be established. It should replace the relatively unplanned, haphazard, "pass the hat in the 11th hour" basis on which we have fielded hastily assembled Olympic teams in the past.

Fourth. We should coordinate, systematize, evaluate, and apply medical and related research in youth and adult fitness. Fortunately, much worthwhile research in this field has been done, particularly abroad. The value of the research tends to be dissipated, however, insofar as the United States is concerned, because its results—like most research results—are relatively scattered, and unassimilated.

In our own country, much of the otherwise excellent research tends to be fragmented, poorly organized, little evaluated, and relatively unused—that is, not converted into action programs.

Fifth. We should plan fitness opportunities for all Americans. This means in our cities, our suburbs, and our great outdoors. Fitness should be facilitated, not made difficult. We should carry out ambitious, but necessary, plans for more adequate playground, park, outdoor, and seashore facilities. There, a man and his family should be able to "stretch legs and minds," to breathe fresh air and think fresh thoughts, instead of having to sit back in an apartment or house, merely watching television all day and night.

### COMMISSION ON OUTDOOR RECREATION

On the latter point, I commend the President on his Commission on Outdoor Recreation, and again call the attention of the Senate to the recommendations of that Commission. It seems to me that a body which is elected by the people should utilize its authority and fulfill its responsibility to the people. In the days ahead, with an increase in our population and an ever-increasing tendency toward urbanization, the matter of making available adequate outdoor recreational facilities is a matter of significant national need and importance. All this ties in with our programs of wildlife conservation, and land and water conservation, which claim so much of the attention of Members of Congress. However, far too often these facilities are centered primarily in what we call the Western States, and they claim the attention particularly of Members of Congress who represent those States. I believe that the whole matter of conservation, particularly the development of outdoor recreational facilities, is a nationwide problem and should command the attention of every Member of Congress.

### WHAT WE SEEK AND DO NOT SEEK

Let me elaborate on a few of the other points.

But, first let me state what we should and should not strive for.

We should strive for the best possible physical education program in our Nation's schools. This requires top quality teachers and instructors, coaches, equipment, facilities, and—yes, adequate time and encouragement for them to do their job.

They need, in point of fact, adequate salaries and full support from the highest school authorities.

### USE SCHOOLS FULL TIME

We must remember, too, that our American schools are inherently costly enterprises. Education is the soundest investment that we can make, and that includes physical education under the circumstances, it is ridiculous not to use the schools full time.

Many of our young people today do not have extra jobs after school to absorb their energies. Therefore, it appears to be desirable to extend the amount of time within the school program for physical fitness and other training. I would strongly encourage it.

### YOUTH CONSERVATION BILL

There is on the calendar a bill—and a similar bill is also pending in the other body—relating to the Youth Conservation Corps. I am hopeful that before Congress completes its work this session that bill will be passed. The President has listed it as one of the major pieces of legislation in his program. I am of the opinion that the Youth Conservation Corps would not only be very helpful in terms of providing necessary work for our young people, particularly those who are school dropouts, but more important, it would be of great assistance in improving the physical fitness of the young manhood of America.

I shall press for action on the proposed legislation. We have been waiting thus far for the other body to proceed. Two years ago the Senate passed similar legislation, only to have no action on it in the House of Representatives. We are hopeful that it will be possible to obtain a rule in the House of Representatives to take up the youth conservation or youth employment opportunity measures. If that is done, I hope the Senate will pass it, and send it on to the President for his signature.

### MODERN LIFE AND AMERICAN YOUNGSTERS

Again I point out the importance of the better utilization of existing playgrounds in our park and recreational facilities, and of our present physical fitness teaching staffs. They ought to be utilized to the maximum extent in our school system. I believe this is a subject matter which should absorb the attention of Parent-Teacher Associations in every school in America. Our young people no longer have kindling to cut. They no longer have tools with which to work. Regrettably, many young people do not have stores to work in, to take up their extra time. They do not walk to school. They ride to school by bus. In modern cities it is often too dangerous for students to ride to school on bicycles or to walk to school. Therefore the bus system is used. We know all these things, Mr. President.

It seems to me, however, that we are suffering from a physical softness in America, much of which carries into American adulthood. Something ought to be done about it. Here is a means of doing something about it.

### A BROAD CONCEPT OF FITNESS

But in our schools, as experts are aware, fitness should not be judged narrowly as a matter of increasing the number of pushups or chinups or agility in straddling of a "horse" in a gymnasium. Fitness, instead, involves the well-being of the whole child or the whole adult—the whole week—the whole year—a whole lifetime. Fitness is a way of life—a way of thinking and acting and striving. Education means enrichment of life, including intelligence, and physical education must enrich life, including intelligence.

We are not trying to make a generation of musclebound weightlifters. We are not trying to imitate the mass calisthenics programs which are characteristic of Eastern Europe or of Red China or of Red Vietnam or North Korea. We are trying to make ourselves a healthy, wholesome, physically fit society. That means a society which thinks well, plays well, eats well, lives well, sleeps well.

### CONTRIBUTIONS BY PRESIDENT'S YOUTH COUNCIL

The President's Council on Youth Fitness, as one of many means toward these goals, has done wonderful work. But its work has only begun.

As I said earlier, the Council itself does not have statutory authority. It does not have—in the fullest sense—a permanent staff. It must rely on what amounts to handouts from other agencies of Government.

The Council cannot overnight attempt to convert patterns which have been developing in the Nation for decades. It cannot and will not interfere in our traditional system of education which is, after all, under the jurisdiction and control of State and local authorities. It can and does persuade; it can and does stimulate and encourage; it can and does help leading sources set an example which other school systems can follow.

The Council has proven its worth; it should be set up as a permanent group.

### SOME PRO FORMA AGENCY MEMBERSHIP

It needs still more stature and prestige. It needs to be able to influence more profoundly the internal as well as external activities of the various Cabinet departments and agencies. Often, the latter are only nominally represented on the Council; that is, in a relatively pro forma, once-a-year basis.

In my judgment, Council membership is still, in many instances, too much of an empty "letterhead" proposition. I am not at all satisfied that the constituent agencies—including the Department of Health, Education, and Welfare, Department of Agriculture, Department of Commerce, Department of Defense, Housing and Home Finance Agency, Department of the Interior, and the Department of Justice, are doing much more—with some exceptions—than merely "going along for the ride."

Fortunately, as I say, there are some notable exceptions, but one looks in vain—by and large—for imaginative, aggressive, inspiring agency programs for fitness.

### WHY BE SECOND BEST IN OLYMPICS?

Now, what about the United States vis-a-vis the rest of the world?

Attention must turn, in part, toward improving America's competitive standing in relation to other nations, particularly the Soviet Union, in Olympic-type competition.

We cannot ignore this subject for 3 out of every 4 years, as we have in the past. Let me be very clear, however, on this point. Whether or not we unofficially take first place in the next world Olympics is not, as I have indicated, nearly as important as having a more healthy and fit nation.

I might add, however, that there can be both. As one who has been in a few areas of competition, let me recite once again that I really do not get too much of an uplift out of coming out second in a two-man race, or from merely placing when one ought to be first. Just as much moral fiber can be built out of winning as out of losing. It is a good habit to start to win, particularly when the Nation claims to be a leader, and when other people look upon us as leaders.

We are definitely not interested in having a small physical elite win a lot of prizes in Olympic-type competition, if the rest of the country, the mass of our youngsters and teenagers and adults, are physically or intellectually flabby.

### INDIVIDUAL SHOULD SURPASS HIS OWN RECORD

We want every American youngster—big or little, skinny or brawny—to want to surpass his personal record.

In other words, each should take as his standard personal excellence, personal achievement, to compete with himself as well as with his associates.

If every youngster can develop a sense of pride in improving his well-being, if he can get the feeling that he does not have to be, say, a track and field champion to enjoy sports, if he recognizes that a fit body and a wholesome mind are part and parcel of a full, happy life, then we will have gone a long way toward our national objectives.

But, I see no reason why our great country should resign itself to being second best in international athletic competition.

### TOTALITARIAN USES OF FITNESS

When we are competing with a totalitarian power, they understand that "totalitarian" is a word which encompasses everything. The Soviet Union uses competitive sports for many purposes, not the least of which is prestige—individual and national prestige.

I do not mind losing if I really give my best as I lose; but to lose, knowing that I really did not try, is unforgivable.

Mr. LONG of Louisiana. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. LONG of Louisiana. I agree 100 percent with the point which the Senator from Minnesota is making. Some years ago the football team of the University of Minnesota ranked first in the United States. I am certain the Senator from Minnesota has visited the campus of that great university, and that he has also visited the campus of Louisiana State University. A few years ago, the University of Louisiana had the distinction of having the first-ranking football team in the United States.

It might interest the Senator to know that during the time when LSU won the national championship, there was a sign over the door on the inside of the squadroom, where the players could see it before they went out onto the field. It was visible only to the LSU players. The sign read:

> There is no substitute for victory. We have three or four substitutes for you; but there is no substitute for victory on the field.

If this Nation took that attitude about the enemy, the same as was taken by the coach whom West Point stole from LSU, then when we went into the Olympic games we would not lose to the Russians. The fellow who does everything he can within the law to win, and sometimes a little bit beyond the law, will win. While I have resented some of the activities at West Point about acquiring winning football teams, there is no doubt that those activities will be successful. West Point can develop its own talent and start building teams like Louisiana State and have a fair chance of winning. If we take the attitude that we are willing to take a chance, then we will not lose. The reason why we get clobbered by the Russians is that those who are running the show are willing to accept defeat as the answer.

Mr. HUMPHREY. I thank the Senator from Louisiana for his comments.

### MOSCOW'S SUBSIDIES TO ATHLETES

Mr. President, I am pleased that the distinguished Senator from Louisiana has commented on this subject and has said that the United States must make an all-out effort to prepare for the Olympics if we expect to avoid being clobbered by the Soviets. The fact is that Moscow's cynical policies, such as subsidies to athletes, are making a mockery of so-called amateur sports. But I shall not try to rationalize our defeats. We know what the facts are and what we are up against.

The United States does not intend to break the rules of the game, but we should plan to go onto the playing field, when we enter the Olympics, and beat the Soviets in honorable competition; and not only the Soviets but other countries in Eastern Europe as well as elsewhere. In the most recent Olympics we saw athletes from democratic lands like Italy, West Germany, France, Japan, and other countries perform in an outstanding manner and walk away with gold medals. Of course, many of our own athletes performed in a spectacular way; but, as my remarks indicate, we need not come in second in international competition.

DIFFERENT VIEWPOINTS AMONG ATHLETIC GROUPS

In order to make sure of our ability on the playing field, we must encourage the able but rival U.S. athletic groups to end what has been called a little cold war which has been raging among them. There are considerable differences in views between, on the one hand, the Amateur Athletic Union and, on the other hand, the National Collegiate Athletic Association together with the U.S. Track and Field Federation as to "who will take charge of what" for the Olympics. The differences can and should be reconciled in the interest of a unified U.S. Olympics program.

I have a very high and well-merited regard for these organizations. But the intramural battle between the respective viewpoints does not of itself strengthen our efforts in international sports competition. I do not say that their honest differences of opinion and approach are wrong; nor do I know enough details to offer a value judgment. But I know that the AAU and NCAA are in broad disagreement about who should be in charge of what.

Mr. LONG of Louisiana. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. LONG of Louisiana. The fact that the U.S. teams have been defeated consistently would indicate that none of the organizations is doing a good job. Why not get rid of all three?

Mr. HUMPHREY. No; I think we can accomplish our national objective by getting the best benefit from what all three, as well as others, can contribute. We can do so without prejudicing these fine individual contributions. I want each organization to be strong and vital but to work with the others based on the best consensus.

I am coming now to the point in my speech where I suggest this reconciliation of differences. I suggest specifically that there be a voluntary Olympic Foundation which would be widely based and broadly supported throughout the country so as to provide greater support to the efforts of the fine existing organizations.

We, as a nation, have a responsibility to put our best foot forward—in this instance, our running, our jumping foot—both for our own self-esteem and the esteem of the world.

A STATE AND REGIONAL OLYMPIC PROGRAM

I have long sought a stronger local, State, regional, and national program for Olympic competition. Athletic meets should be held systematically in every part of our Nation, for in-school and out-of-school youngsters—and I mean in every city, county, State, and region, and for the United States as a whole. In other words, every city in the country ought to have its own Olympic competition; and then the competition should move from the city to the county, from the county to the State, from the State to the Nation. In that way there would be the broadest participation among all our young people. There undoubtedly is much ability which has never been tapped. Some general good will come from the friendly competition, and this will have a beneficial effect upon the communities. Instead, we have relied until now for our selection of Olympic teams on a relatively hit-or-miss basis from high schools and colleges. I am not underestimating, however, the diligence with which the AAU has tried to do the best possible job under the circumstances. I can deeply appreciate the problems which they have faced.

AMERICA'S PLEASURE IN ALL TYPES OF COMPETITION

Mr. President, in my view the United States must not lose a day in preparing to win the 1964 Olympics. We should set our mind firmly to doing it. Our cities and States put much effort into the annual Miss America and Miss Universe contests; and I suggest that we should put as much effort into preparing for international athletic competition.

Let me make perfectly clear that we Americans rightly enjoy wholesome competitions and pageants which are staged to select the most attractive young ladies for national and international beauty honors. I may add that Minnesota yields to no State in the lovely ladies who have represented it in such contests; in fact, some years back, Minnesota was the home State of Miss America.

Minnesota, like other States, enjoys other contests—for example, the grand competition among 4-H youngsters at every county fair.

This is one of the most unique American activities, a wonderful, wholesome educational youth activity which has marked our country's keen interest in young people.

But, fortunately, Minnesota, as an outdoor State, also knows the value of physical fitness.

CITY, COUNTY, AND STATE COMPETITIONS

I am also pleased to note that former Secretary of Health, Education, and Welfare, Abraham Ribicoff, proposed on August 25 that the United States hold a series of annual national Olympic games.

Mr. President, I fortify that suggestion by stating that we should have State Olympic games, and we should have regional Olympic games, and we should have city and county Olympic games. Imagine the wonderful competition which could take place and the thousands and thousands who could prepare for those games and in that way could gain some recognition from their contemporaries. It seems to me that every mayor of every city and every Governor in the United States would wish to take the initiative now to sponsor in their communities Olympic-type competition among the young people, in and out of school, in the various categories of competitive events in sports. Imagine the great community participation which could be developed. This is one of the ways to keep America physically fit, and to keep the community and the family together, and to develop an aroused sense of individual and community pride.

In an address in Hartford, Mr. Ribicoff stated:

> We must do more to get American boys and girls interested in all the Olympic sports.

With this I thoroughly agree; and in these remarks today I have attempted to elaborate on the position of Mr. Ribicoff and, more importantly to outline, at least in general terms, a program of action for physical fitness.

ESTABLISH AN OLYMPIC FOUNDATION

A private U.S. Olympic Foundation, or its equivalent, should, in my judgment, be established. I believe this is one of the imperative needs of our country if we are to be able to participate successfully in these international competitive sports events. On the board of the private U.S. Olympic Foundation should serve the greatest civic, sports, and professional leadership in our land. To the foundation should come generous donations from business, labor, philanthropy, and private groups and citizens.

I do not know how many Members of Congress have been approached for donations for the Olympic games.

The fact is that it is pathetic how ill supported our Olympic athletes are—how poorly trained, poorly housed, and poorly financed—primarily because the richest Nation on earth has not taken upon itself the task of providing them with the best our country can offer. I want to stop that kind of second-rate thinking and second-rate support.

With the proposed foundation's money there should be devised a permanent, voluntary, National Olympic plan.

Its goal should be to field the strongest possible Olympic team—representative of the best talent that the 50 States of the Union can offer.

Such a private foundation, representing all interested U.S. groups, would raise money to assist in the training, the transportation, and the temporary housing of our Olympic contestants.

It is almost a miracle that so many dedicated American youngsters have heretofore been willing to make such unbelievable sacrifices in order to participate on our teams and to carry the banner of the United States.

On still another phase, only with strong resources can a foundation encourage American participation in sports across the board, particularly sports which traditionally have been European favorites, but which have received all too little attention in America.

MEMORANDUM DESCRIBES GOVERNMENT OPERATIONS SUBCOMMITTEE'S STUDY

I have prepared a rather detailed memorandum on the entire subject of fitness. I shall not read the memorandum to the Senate today; but it is a compilation of some of the activities of the Senate Subcommittee on Reorganization, which has devoted special attention to certain scientific and medical developments in our Government and elsewhere. I have included with the memorandum an article entitled "The Vigor We Need," which was written by the President of the United States, John

F. Kennedy, and published in the July 16, 1962, issue of Sports Illustrated.

I believe that around this proposed fitness program we can have the fullest bipartisan participation. It is a program to which every American, rich or poor, big or little, strong or weak, whatever may be his race, color, or religion, can make a distinct contribution.

I wish to raise my voice early to get the American people off dead center in connection with the matter of physical fitness and the preparation for competitive sports on the domestic plane, the national plane, and the international plane.

I ask unanimous consent that the memorandum and the article to which I have referred be printed at this point in the RECORD.

There being no objection, the memorandum and the article were ordered to be printed in the RECORD, as follows:

### MEMORANDUM BY SENATOR HUMPHREY

For the past several years, the Senate Government Operations Subcommittee, of which I am chairman, has looked into many varied problems of inter-agency coordination. Our action has been taken pursuant to Senate Resolution 347, 85th Congress, and successive resolutions, authorizing studies of this nature.

One of the fields of coordination which has been examined has been coordination among Federal agencies in the field of youth fitness.

Fortunately, under President Kennedy, coordination has been strengthened in this specific field. But there is much still to be done.

### NEED FOR SEPARATE AUTHORIZING STATUTE

It has been my personal feeling for some time that the President's Council on Youth Fitness should itself play a greater role. The relatively loose federation of activities fostered by the President's Council should be invigorated by a more intensive effort by the agencies as a group and individually.

In my judgment, this probably cannot be achieved until the President's Council receives a statutory mandate and statutory appropriations.

At present, by contrast, the Council exists solely on a relatively temporary basis by Executive order. Its source of funds consists of the voluntary contributions of member agencies—"handouts," so to speak. Inevitably, the Council is limited as to what it can do in relationship to the agencies which are represented on it. The Council is in a relatively weak position in trying to serve as a catalyst so as to correct weaknesses within the executive branch.

The Council does not report annually and directly to the Appropriations Committees of the Congress. It does issue annual reports, but those reports do not make for an effective dialog between the executive and legislative branches; nor do the reports tend to cover in detail the many aspects of fitness outside physical education in the schools.

In my judgment, as repeatedly expressed, the President's Council on Youth Fitness should not be submerged, as it tends to be at present. It should be enabled to stand up in its own right.

It should be a line item in the Federal budget.

The Council should be held fully accountable each year for direct reports to the Congress. The reports should include a summary of the record of Federal agencies, with respect to fitness, as well as a summary of voluntary actions taken by non-Federal sources—State, local, and private.

In the final analysis, it is the State, local, and voluntary sectors which are crucial to the success of the program.

### TESTIMONY BEFORE HOUSE APPROPRIATIONS COMMITTEE, 1961

For several years, I have submitted views along these lines to the Senate and House Committees on Appropriations. I have urged, in effect, a comprehensive Federal program and a comprehensive national program.

For example, last year, the following colloquy occurred in the course of my testimony before the House committee: [1]

Senator HUMPHREY. Next, it seems to me that the Department of Health, Education, and Welfare should be asked to render a report to the Appropriations Committee on the Nation's youth fitness program. This is not a particularly spectacular subject. President Kennedy has shown great interest in the fitness of our people and Mr. Ribicoff convened an outstanding conference on this subject.

In prior years, limited progress was made by what has been known as the President's Council on Youth Fitness, but there has not been developed a coordinated, Federal-State-local-private program. But neither the Appropriations Committees of the Congress nor any other committee have ever received any kind of report on this need. I think such a report is necessary if we are to come to grips with the fitness or the softness problem, if you will. I urge the requesting of such a report and the initiation of an action program.

Mr. FOGARTY. There is a lot of talk about it but no action.

Senator HUMPHREY. That is right.

### AGENCY ACTIONS TOWARD FITNESS

Fortunately, agencies which are members of the President's Council have taken some forward steps toward fitness in their respective domains. The Department of Defense has taken steps to improve fitness and fitness coordination efforts among the three armed services. But few other agencies appear to have followed through vigorously in their particular realms.

### ONLY MODEST INTEREST IN PUBLIC HEALTH SERVICE

For example, there is special opportunity for more intensive effort in the Department of Health, Education, and Welfare itself (whose Cabinet Secretary is Chairman of the President's Council).

Among the Health, Education, and Welfare Department's interested component organizations are, of course, the Public Health Service, the Children's Bureau, and the U.S. Office of Education, among others.

Within PHS, the National Institutes of Health support considerable research which might be regarded as relating to fitness. But there has been little systematic NIH interest in the subject. And there has been relatively little evaluation of the masses of research information which have piled up at home and abroad, supported by United States and foreign resources.

The index [2] to all current NIH research grants lists under the heading, "Physical Fitness," a few principal cross-references, such as: "See body building;" "See exercise;" "See fatigue."

But these are only a few areas of NIH support, relating to physical fitness which should be increasingly developed intramurally and extramurally as part of a systematic, comprehensive research program.

Meanwhile, we, as a nation, are not getting the benefit of the massive literature which has been built up—at home and particularly abroad.

The literature on fitness—fitness testing, fitness and sports, fitness and accidents, fitness and the heart, fitness and the mind, fitness and fatigue, fitness and nutrition—tends to pile up. It is not sufficiently cataloged, abstracted, indexed, stored, retrieved, assimilated and disseminated.

The latest cumulative index of medical reviews [3] indicates that over a 6-year period there have been but a dozen or so reviews on such themes as physical education, physical fitness, exercise and sports.

### LEADERSHIP FROM NEA

Our Nation's educational system is the key to community, State, and National effort.

Fortunately, educational leadership has long been available through the American Association for Health, Physical Education and Recreation, a department of the National Education Association.

It has been in the forefront of efforts to strengthen the Nation's fitness program.[4]

But it needs continued vigorous support from executive and legislative branches at Federal, State and local levels.

### NEED FOR PROFESSORSHIPS IN FITNESS

In the Nation's institutions of higher learning, we need full-time research professorships in physical fitness.

The National Institutes of Health, unfortunately, do not provide systematic support for predoctoral or postdoctoral research in fitness, such as has been accorded to other fields of medical interest. Surely, however, the U.S. Government should be interested in fostering studies and chairs of physical fitness at a few leading universities.

Research should be supported, moreover, on new techniques of conditioning and reconditioning.[5] We need, in effect, laboratories on physical fitness—engaged in both pure and applied research—of the highest caliber.

### MORE FEDERAL RESOURCES NECESSARY

Expanded programs in fitness will require more men, money, and material. They will require extensive training programs. We must not shrink from the commitments necessary under these programs. There is no "bargain basement" way of building fitness.

The Federal Government must not, of course, interfere in State or local effort. It must not preempt private effort. But neither must it shrink from its own responsibilities.

Under the National Defense Education Law, sound precedent has been laid for grant-in-aid programs in many fields and under continued State guidance and control.

Under S. 2345, to extend and improve the National Defense Education Act, as reported to the Senate last July 31, title III would have been amended to provide financial assistance to the States for physical fitness instruction.[6]

The 88th Congress should, in my judgment, address itself to this need as soon as feasible, so that the States can plan accordingly, rather than wait until the national defense education law is almost about to expire.

---

[1] House Committee on Appropriations, Subcommittee on Departments of Labor and Health, Education, and Welfare Appropriations for 1962, "Statement of Members of Congress, Interested Organizations and Individuals," testimony, Apr. 21, 1961, p. 720.

[2] U.S. Department of Health, Education, and Welfare, Public Health Service, "Research Grants Index, fiscal year 1961," p. 437.

[3] U.S. Department of Health, Education, and Welfare, Public Health Service, National Library of Medicine, "Bibliography of Medical Reviews, vol. 6—Cumulation, 1955–61," pp. 150, 314, 379.

[4] See, for example, its statement, "A Practical Proposal for Implementing President Kennedy's Suggested National Program To Improve the Health and Physical Fitness of All Americans," 1961.

[5] Raab, Wilhelm, M.D., active emeritus professor of experimental medicine and director of Cardiovascular Research Unit, University of Vermont, "Preventive Medical Mass Reconditioning Abroad—Why Not in U.S.A.?" Annals of Internal Medicine, vol. 54, No. 6, June 1961.

[6] See S. Rept. 652, 87th Cong., 1st sess, p. 14.

### LEARNING FROM FOREIGN EXPERIENCE

There is tremendous experience in foreign nations on fitness programs and fitness research, involving young people and men and women of almost all ages. But we Americans have hardly begun to tap this "pool" of foreign information and know-how—except through a relative handful of American experts, some of whom were European-trained, and who are, therefore, familiar with both United States and foreign efforts. But few of these experts have been fully consulted by Federal agencies.

Here is an area of tremendous opportunity—where the United States could profitably draw upon foreign insight and experience, adapting it to our own particular needs and ways of life.

Our American system is unique. We need not and should not slavishly imitate any other society; but neither should we be aloof or indifferent when there is much to be learned from abroad.

One thing is certain—each day, each week, each year—the Soviet Union and its captive nations are increasing their efforts for the physical fitness of their populations.

What a totalitarian society chooses to do and what a democratic society chooses to do—can be, and often are, two different things; but we dare not ignore what our adversaries are doing and why.[7]

Nor, dare we ignore the wealth of experience and judgment available in Western democratic nations, other than our own.

There is much to be learned through such instrumentalities as the Research Committee of the International Council of Sport and Physical Education.

Above all, we must strive for action, not merely study.

Experts in a wide variety of sport-related fields have generously shared their views with the subcommittee—at our invitation. We have heard from scientists all over our Nation. We have reviewed the literature in many fields such as medicine and sport,[8] disease and exercise[9] etc. I am sure that the authors and colleagues in other areas are anxious to see constructive action on sciences' validated findings. They don't want to see studies gather dust on library shelves.

### IMPLEMENTING THE 1961 HEW CONFERENCE

It has been a year and a half since the historic Conference on Physical Fitness and Youth was held in Washington. Only a few of the recommendations of its working groups[10] have, in my judgment, been effectively implemented.

In the interim, there has been a steady stream of calls to action in the professional and lay press in the United States[11] and, I might add, in our good neighbor to the north, Canada.[12]

Meanwhile, there has been increasing interest of experts within the American Medical Association on the subject.

President Kennedy has personally allowed no opportunity to pass in which to reiterate his own intense interest in helping the wheels of progress moving forward.

### DIFFERENCES OF OPINION

It should be stated that not all observers are agreed that we as a nation are on the right path as to the "right" type of physical education.

Many feel, for example, that there is too widespread a tendency to view physical education in somewhat of a vacuum.[13]

### MEDICAL VIEWS EXPRESSED IN 1961

Physicians have often been in the vanguard of stressing the need for a broadgaged approach.

A news story[14] on the 1961 conference in Washington reported:

"WASHINGTON.—Practicing physicians must broaden their concept of physical fitness 'beyond mere musculoskeletal development' if any national program of physical fitness is to succeed, because 'it is the physician who, in the final analysis, must be the key figure in the program,' Dr. Robert E. Cooke, professor of pediatrics at Johns Hopkins University School of Medicine and chairman of the work group on health at the Conference on Physical Fitness of Youth, declared here.

"Dr. Cooke told Medical Tribune that the 'average physician's attitude toward physical fitness is much too narrow at present.' He is generally oriented to thinking in terms of the height and weight of the child as an index of fitness, and his attitude toward what I would call 'anticipatory' care generally centers around the need for periodic immunizations.

" 'Actually, of course, we know that physical fitness involves much more. Giving advice on the role of nutrition and proper rest, maintaining the balance between participation in athletics and academic development, the proper place of school health programs, and so forth are among the areas in which physicians are uniquely qualified to play a dominant role and should be encouraged to do so. The physician should also capitalize on his role as family counselor to give advice to young persons on good nutritional habits, good work habits, and good mental attitudes, for they are all part of the problem of fitness. In short, he should be encouraged to supervise the individual's health, not merely his illnesses,' Dr. Cooke said.

"The U.S. Public Health Service, through its grants to medical schools, should stimulate this 'reorientation' of the medical student's attitude toward fitness as a positive condition and not merely the absence or prevention of disease, Dr. Cooke said. The curriculum in medical schools might be broadened to take this into consideration, he added.

"Dr. Eugene H. Guthrie, of the Department of Health, Education, and Welfare, suggested that physicians play a more active role in organizing and helping to administer school health and athletic programs. Dr. Guthrie served as staff liaison officer for the Conference.

" 'Many schools now require approval of the physician before a student can participate in varsity athletics,' he said. 'This should be encouraged, not only for the obvious benefit of the student, but also to enable the physician to keep the youngster under observation after he has emerged from the care of the pediatrician.'

"Other physicians in the work group were Drs. Robert Aldrich, University of Washington School of Medicine; W. W. Bauer, American Medical Association; Edward Greenwood, Menninger Foundation, Topeka, Kans.; George Wheatley, Metropolitan Life Insurance Co. and president of the American Academy of Pediatrics; Paul Dudley White, Boston; and Charles Wilbar, Pennsylvania State Health Department."

### TRIBUTE TO SCHOOL INSTRUCTORS

I would not conclude this statement without paying tribute to the countless individuals throughout our Nation who have dedicated all or part of their working lives to the goal of physical fitness for our Nation's youth. I am thinking, for example, in the State of Minnesota, or in other States, of the physical education instructors in our schools, including the athletic coaches who develop good sportsmanship in our youngsters.

I am thinking of the recreation workers who help our children develop a joy of playing in our playgrounds and of the coaches in Boys' Clubs, in Police Athletic Clubs, and in a tremendous variety of other boys' and girls' organizations throughout the land.

No one will ever know how many lives have been molded for the better by the devoted efforts of these instructors.

### PRESIDENT KENNEDY'S LATEST ARTICLE

I could conclude with no more inspiring message than from the man whose very life attests to the value of fitness and whose administration has so earnestly sought to advance it—President John F. Kennedy.

There follows the full text of his most recent outstanding article on the subject.[15]

---

[From Sports Illustrated, July 16, 1962]

## THE VIGOR WE NEED

(By President John F. Kennedy)

When a citizen of Greece returned home after a victory in the Olympic games he was escorted triumphally into the city through a hole which had been ripped in its wall. Thus the city-state was symbolically assured that any polis possessed of such a hero had no need of a wall to defend it. Although we may be sure that the wall was repaired when a hostile army threatened, the symbolic act had a meaning which is as true for the America of today as it was for the ancient Greeks, a meaning expressed by Disraeli when he said, "The health of the people is really the foundation upon which all their happiness and all their powers as a state depend."

Our own history, perhaps better than the history of any other great country, vividly demonstrates the truth of the belief that physical vigor and health are essential accompaniments to the qualities of intellect and spirit on which a nation is built. It was men who possessed vigor and strength as well as courage and vision who first settled these shores and, over more than three centuries, subdued a continent and wrested a civilization from the wilderness. It was physical hardihood that helped Americans in two great World Wars to defeat strong and tenacious foes and make this country history's mightiest defender of freedom. And today, in our own time, in the jungles of Asia and on the borders of Europe, a new group of vigorous young Americans helps maintain the peace of the world and our security as a nation.

---

[7] See McLendon, John B., Jr., "The Soviet Union's Program of Physical Culture and Sports," Journal of Health, Physical Education, Recreation, April 1962, pp. 28, 29, and 54.

[8] See for example, Jokl, Ernest, M.D., professor of Physiology, University of Kentucky, "Medicine and Sport," University of Kentucky, Lexington, January 1960.

[9] See Kraus, Hans, M.D., associate professor, Physical Medicine and Rehabilitation, New York University, and Raab, Wilhelm, M.D., "Hypokinetic Disease," Charles C. Thomas, 1961.

[10] Department of Health, Education, and Welfare, Conference on Physical Fitness of Youth—Highlights, Feb. 21, 1961.

[11] Marshall, R. M., "Toughening Our Soft Generation," the Saturday Evening Post, June 23, 1962.

[12] See issue of Health, published by the Health League of Canada, June 1961, articles on "Physical Fitness and Aging," "Physical Education and the Adolescent," "Home Fitness," "Value of Team Sports," "Exercise for Senior Citizens," "Exercise for Women," "Outdoor Recreation," "Foods for Health," "Exercise After Forty."

[13] See, for example, Oberteuffer, Delbert, Ph. D., professor of physical education, Ohio State University, Columbus; "The Role of Physical Education in Health and Fitness," a paper presented before a joint session of the American School Health Association, the Food and Nutrition, Maternal and Child Health, and School Health Sections of the American Public Health Association at the 89th annual meeting in Detroit, Mich., Nov. 14, 1961, American Journal of Public Health, vol. 52, No. 7, pp. 1155–1160.

[14] "Broader Concept for Youth Fitness Asked of Doctors," Medical Tribune, March 13, 1961.

[15] "The Vigor We Need," Sports Illustrated, July 16, 1962, pp. 12–14.

At the same time, young Americans are attaining new standards of excellence in athletic contests. Only last month four men ran the mile in less than 4 minutes in a single race. Hardly a month passes that some new record for speed or strength, stamina, or competitive skill, is not shattered. Never in history has the United States been represented by a more gifted group of athletes in national and international competition. Yet we must not allow our pride in these few men to obscure the fact that over the past decades the level of physical fitness of much of our citizenry has been far below any reasonable national standard.

A year and a half ago in this magazine I reviewed the results of the Kraus-Weber survey, which showed that American youths lagged far behind young Europeans in basic levels of physical fitness. Almost 58 percent of Americans were unable to pass these tests, while only 8.7 percent of Europeans failed. Since that time the President's Council on Youth Fitness has conducted a survey which indicates that more than 10 million of our 40 million schoolchildren are unable to pass a test which measures only a minimum level of physical fitness, while almost 20 million would be unable to meet the standards set by a more comprehensive test of physical strength and skills.

These figures indicate the vast dimensions of a national problem which should be of deep concern to all of us. It is paradoxical that the very economic progress, the technological advance and scientific breakthroughs which have, in part, been the result of our national vigor have also contributed to the draining of that vigor. Technology and automation have eliminated many of those physical exertions which were once a normal part of the working day. New forms of transportation have made it unnecessary to walk to school or to the office or the corner store. New forms of entertainment have consumed much of the time which was once used for sports and games.

No one can deny the enormous benefits which these developments have brought—the reduction of drudgery and tedious tasks, the opportunity for greater leisure, the increased access to intellectual stimulation and quality entertainment. But at the same time we must not allow these advances to become the instruments of the decline of our national vitality and health. We cannot permit the loss of that physical vigor which has helped to nourish our growth and which is essential if we are to carry forward the complex and demanding tasks which are vital to our strength and progress.

It was in response to this problem that President Eisenhower urged immediate attention to our deteriorating level of physical fitness; and that this administration established a nationwide program of cooperation with State, city, and town officials to raise our fitness level.

First, we reorganized the President's Council on Youth Fitness and placed that Council under Special Presidential Consultant Charles B. "Bud" Wilkinson, football coach of the University of Oklahoma. Under Mr. Wilkinson's extraordinarily able leadership the Council developed—in cooperation with 19 leading schools and medical organizations—the basic concepts for a program of physical fitness now in use by more than half the country's public schools.

In addition, the Council helped to initiate special pilot fitness projects, involving more than 200,000 students in 5 States. The results were a dramatic proof of the value of carefully designed school physical fitness programs. After only 6 weeks 25 percent of the students who had failed the basic fitness test passed. A similar gain was measured each succeeding 6 weeks until, by the end of the school year, an average of 80 percent of those who had failed were able to pass. There could be no more effective proof of the fact that efforts by local school authorities can vastly improve the physical fitness level of America's youth.

Secondly, the Council has designed a nationwide campaign to alert Americans to physical fitness needs and provide them with the information needed to conduct fitness programs. More than 340,000 copies of the school physical fitness program have been distributed; and during the past school year the number of schools offering such a program rose by 13 percent. The Advertising Council, private film makers, and professional athletic organizations have joined campaigns to increase public attention to physical fitness needs, and a conference of Governors' representatives, with 44 States represented, was held last April to enlist the help of State governments in this nationwide effort.

Third, the council is now going forward with a wide range of physical fitness activities in the fields of recreation and health education. Special programs are being developed for college students and for adults. A series of recommendations has been made to leaders of the Armed Forces, and those recommendations are now being put into effect.

This is heartening progress, and has helped to chart the course for our future activity. But it must be viewed as only a small beginning in a nation where 60 percent of the schoolchildren do not participate in regular physical fitness programs, where millions of adults neglect their needs for regular exercise, where general levels of physical vitality are being surpassed by other developed nations.

Writing on this subject 1½ years ago, I stressed the importance of physical fitness to our national strength, the subtle but undeniable relationship of physical vigor to our capacity to undertake the enormous efforts of mind and courage and will which are the price of maintaining the peace and insuring the continued flourishing of our civilization. And this importance still exists. But fitness is vital for a still more basic reason. It is vital because it is the basis of the health and vitality of the individual citizen. And these are qualities which are essential if each American is to be free to realize fully the potential value of his own capabilities and the pursuit of his individual goals. In the final analysis, it is this liberation of the individual to pursue his own ends, subject only to the loose restraints of a free society, which is the ultimate meaning of our civilization.

The Federal Government will continue to focus national attention on this problem. But it is absolutely clear that the ultimate responsibility for the fitness of the American people rests on the cooperation and determination of school boards and town officials, on thousands of community leaders and on millions of fathers and mothers. Only through your effort can we hope to continue to move steadily toward a stronger and more vigorous America.

## TOO LIBERAL TO FIGHT?

**Mr. LONG of Louisiana.** Mr. President, this morning there was published in the Washington Post an interesting editorial entitled "Too Liberal To Fight." It seems that the ruler of the Russian slave state has said that America is too liberal to fight. In my judgment, his conclusion must have been reached by Russian experience in talking to some soft patsies who occupy positions in our State Department. It is their job to avoid warfare, and sometimes they overdo it.

Those gentlemen could acquaint him with the fact that the United States of America has never lost a war, even though we have fought the greatest world powers of our time. Without our help, the Soviet Union would have never defeated anyone, except poor little Finland.

Whenever Mr. Khrushchev wants to start world war III, we are ready to blow his nation to kingdom come, with a firm reliance that the next world will be better than this one.

Inasmuch as Mr. Khrushchev does not believe in God or the hereafter, where does he propose to go after we and the Russians blow this planet to bits?

May I suggest to Mr. Khrushchev that he interview some of our people who would rather die than surrender.

On his next opportunity the Russian dictator should acquaint himself with some of our better professional killers, new and old. For a good look at a modern-day fighter, I would suggest he interview Curtis LeMay, of the Air Force. For an oldtimer, I would recommend Douglas MacArthur, retired idol of the U.S. Army.

And if he would like to see a real bloodletting short of declared warfare, I would recommend any one of three events: The Patterson-Liston fight; this year's Army-Navy game; or the LSU-Ole Miss game; or better yet, a match between the winners of the latter two contests.

If he will promise to attend, I will provide the tickets.

I ask unanimous consent that the editorial to which I have referred be printed at this point in the RECORD.

**Mr. HUMPHREY.** Mr. President, will the Senator from Louisiana also include the Minnesota-Michigan game?

**Mr. LONG of Louisiana.** Yes, Mr. President; I amend my remarks to include the Minnesota-Michigan game.

**Mr. HUMPHREY.** I thank the Senator from Louisiana.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### TOO LIBERAL TO FIGHT

Dictators have a curious and chronic habit of misunderstanding their adversaries. It seems almost compulsive. Apparently fascinated by the idea that their beck summons a nation, they take comfort in deprecating the more complex process by which a democracy mobilizes its will. Uneasy in the presence of minds which challenge their own, they tend to impute to freemen the kind of paralyzing doubts which they themselves eschew. Dictators are resolute men. They have gained power by decisiveness and they feel, perhaps rightly, that they would lose power by indecisiveness. True debate is not a convenience or even a luxury to them. It is an admission of weakness, a political crime, a mortal sin.

What takes these reflections out of the realm of academic exercise is Premier Khrushchev's gratuitous and arrogant statement to Robert Frost that the United States is "too liberal to fight." According to the poet, the Premier thinks "we'd stand there for the next hundred years saying, 'On the one hand—but on the other hand'."

We would pass off these remarks as a harmless conceit if they were so obviously attuned to the twin crises which the Soviet chieftain is readying in Cuba and Berlin. We also might ignore them if there were any assurance that Mr. Khrushchev's reading would be corrected by his representatives on the ground; unhappily, former Ambassador Menshikov's performance does not give us that comfort. Under these circumstances, we must tell Mr. Khrushchev that he is ridiculously, totally, perhaps fatally, wrong.

The American people may be slow to sense danger; once aware, they are quick to confront it. They may be reluctant to take up force; once provoked, they are well able to apply the power of the world's mightiest nation in their own defense. American resolution should be familiar to Mr. Khrushchev. It balked his predecessor in Korea, a war that by Communist lights America was not supposed to fight, and it has balked him in Berlin for 4 years.

Debate, Mr. Khrushchev should know, is the way a democracy makes up its mind. It is how a free people involves and commits itself to public policy. The Premier could better serve his cause by trying to smother public discussion here, perhaps by avoiding the words and acts with which he now encourages it.

The peril, of course, is that Mr. Khrushchev's myopia may lead him to take aggressive steps that he thinks will go unchallenged. He should at once be disabused of this dangerous illusion.

## AMENDMENT OF WAR CLAIMS ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

Mr. LONG of Louisiana. Mr. President, if there is no objection, I should like to proceed to discuss the pending business, which is the House-passed bill providing for an adjudication and payment of U.S. citizens' war losses during World War II.

Twenty-three years ago, Nazi Germany under Adolf Hitler ignited the flames of World War II. Never before in the history of mankind had there been such unbridled plunder, devastation of property, and loss of life. Never before had so many U.S. citizens been called upon to sacrifice so much in the defense of freedom, and so much to destroy the ruthless, arrogant aggressors.

World War II dragged on for 6 long years. During this period, Germany, Italy, and Japan were responsible for the taking or destruction of billions of dollars of property and for the death or maiming of millions of human beings throughout the world. As part of this orgy of destruction, U.S. civilian nationals were killed at sea. Other American citizens were forced to give up and surrender their properties in Europe and in the Far East to the Nazi terrorists or to the Japanese war lords. All of this occurred approximately 20 years ago.

Finally, about 17 years ago, the time arrived when Hitler was destroyed and the Japanese were subdued. Victory belonged to the United States and its allies, and peace returned to a bleeding and troubled world.

Unfortunately, however, a restored peace could not automatically compensate the surviving widows or children of U.S. citizens, who perished at sea during the war, for the vast loss they had been forced to sustain. Nor did the return of peace actually or fully compensate those American citizens whose properties in Europe and Asia had been taken, destroyed, or damaged during the war. These victims of the disaster were left with mere "claims" against Germany, Italy, and Japan for the grievous wrongs which had been done to them. But, because these wrongs had been perpetrated by sovereign foreign governments against these American citizens, our people were helpless and wholly without any effective, individual rights to assert their claims in a forum of law or to collect just compensation for their losses from the enemy aggressors. Their only hope lay in the ability of the U.S. Government to assert their collective claims against Germany and Japan, and to obtain from these sources sufficient amounts which could be used in the settlement of the American claims.

It is indeed a shameful fact that the U.S. Government, for a period of 17 years since the end of World War II, has almost completely ignored and evaded its responsibility to these American citizens who suffered so bitterly during the war. While the U.S. Government simultaneously poured billions of dollars into Germany, Italy, and Japan during the postwar period to restore their economies and to rebuild their factories, plants, and communities destroyed by the war, our Government has systematically engaged in a pitiful series of maneuvers, evasions, and procedures, conceived, I believe, by certain of the former enemies we have been helping since the war, to frustrate, prevent, and estop the United States from compensating its own citizens for the terrible losses they were forced to sustain. In fact, these maneuvers, seemingly spawned abroad, have been so successful that the U.S. Government has even failed to this very day, first, to designate a forum or a court in which these American claims could be heard and adjudicated, or, second, to compile a complete list or inventory of the valid claims and the amounts thereof.

These facts are shocking and inexcusable. There can be no valid explanation, and no matter what the Senate does at the present time to seek to rectify this folly, there are bound to be cases today, 17 years after the end of the war, where American claimants will suffer a denial of true justice because of this unpardonable delay in justice.

In the light of this history, the Senate must, without further delay, pass H.R. 7283, the pending measure adopted by the House of Representatives on August 8, 1962, by a vote of 354 to 15. This bill would finally provide, after approximately 20 years, a forum for the adjudication of valid U.S.-citizen war claims against Germany and Japan; and it would provide for the compensation of our citizens who suffered these war losses, without one cent of additional burden on the American taxpayer.

### I. BACKGROUND OF THIS LEGISLATION

As stated above, the purpose of H.R. 7283 is to provide a measure of relief to American war damage claimants. This relief would stem from the proceeds resulting from the sale of German and Japanese assets located in the United States and which were taken over—vested—by the Alien Property Custodian during World War II.

At the beginning of World War II assets located in the United States belonging to Germany and other enemy countries and their nationals, were placed under the control of the Alien Property Custodian pursuant to Executive Order No. 9095 of March 11, 1942. President Roosevelt issued this order by virtue of the authority vested in him by the War Powers Act of 1941 and the Trading With the Enemy Act of 1917, as amended. The United States seized an estimated $54 million of Japanese-owned assets and $541 million of German-owned assets. The Trading With the Enemy Act of 1917 provides that after the end of the war such property shall be disposed of as Congress shall direct—50 App. U.S.C. 12.

During World War II, Congress gave consideration to the problem of the ultimate use and disposition of these assets, being mindful of the sordid history of the World War I alien property program.

### THE SORDID POST-WORLD WAR I EXPERIENCE

Following World War I the United States held vested German enemy assets under the Knox-Porter resolution of July 2, 1921, in which Congress directed that those assets be retained as security for Germany's obligation to pay war damage claims of the United States and its nationals. This resolution became a part of the Treaty of Berlin of August 25, 1921, which ended the state of war between the United States and Germany.

In August 1922 the United States and Germany entered into an agreement which created the Mixed Claims Commission to adjudicate the claims of the United States and its nationals against Germany. This agreement provided no funds for the satisfaction of awards made by the Commission.

By this time, however, the large German corporations whose assets in the United States had been vested during World War I embarked upon a concerted drive to get them back by one device or another, and thereby frustrate the payment of American World War I losses. One big German firm desirous of recovering $6.5 million held by the Alien Property Custodian was charged by a grand jury in New York with actually paying $440,000 to agents of the Attorney General of the United States and Alien Property Custodian under President Harding to cause these officials to release the said assets to the German corporation. These activities led to the indictment of the Attorney General and the Alien Property Custodian. The latter was convicted and imprisoned, while the former was freed as a result of a hung jury—see record, U.S. District Court, Southern District, New York, U.S. against Henry M. Daugherty, indictment filed May 7, 1926; also hearings before Subcommittee on Trading With the Enemy, U.S. Senate, 85th Congress, 1st session, April 4, 1957.

Still other German corporations employed scores of influential lobbyists on a contingent-fee basis to convince the Congress that the vested assets, held as security for payment of the American claims, be returned—see *Commissioner of Internal Revenue* v. *Textile Mills Securities Corporation*, 117 F. 2d 62, certiorari denied, 312 U.S. 677, 1940; *Gesellschaft Fur Drahttose Telegraphie* v. *Brown*, 78 F. 2d 410; *Brown* v. *Gesellschaft Telegraphie*, 104 F. 2d 227, certiorari denied, 307 U.S. 640.

These latter efforts were not in vain. On March 4, 1923, Congress passed the Winslow Act which authorized the return of vested property up to $10,000 in value to all former owners of such property. It was apparently assumed by Congress that the remainder of the assets would be sufficient to pay the Mixed Claims Commission awards to Americans, and that this would end the problem.

In 1928, however, Congress was called upon to go even further, and it passed the Settlement of War Claims Act, which provided for the return of 80 percent of the German properties still held by the Alien Property Custodian after application of the Winslow Act. This left almost no moneys for payment of the American claims. In 1930, therefore, the United States insisted that Germany enter into an agreement called the Debt Refunding Agreement, whereby the United States, in lieu of reparations payments, accepted Germany's unsecured obligation to make 103 semiannual payments of 40,800,000 reichsmarks each. However, Germany made only 3 semiannual payments and defaulted 1 year later, in 1931.

In 1934, Congress, by the Harrison resolution, stopped further returns to the Germans under the 1928 act. By that time, however, the damage was done and the barn door was slammed shut years after all of the cows had escaped.

Thus, the result of the World War I alien property program was the return of more than 80 percent of the vested Germany property to the Germans and an almost complete default by Germany on its obligations to pay the war claims of the United States and its citizens. Believe it or not, many of the American World War I claimants are still unpaid for losses they sustained prior to 1920, more than 40 years ago. Only recently has Germany agreed to resume installments on this ancient obligation.

### EARLY WORLD WAR II PROPOSALS

Proposals made in Congress and elsewhere from time to time during and after World War II sought to avoid the unfortunate results of the post-World War I period. All of the proposals contemplated that vested enemy assets be retained by the United States to compensate Americans for war damage claims.

As early as November 1943, 19 years ago, Representative Gearhart, of California, introduced a bill—H.R. 3672, 78th Congress—which would have expressly barred the return of vested property to former enemy nationals and would have made it the exclusive property of the United States to be used for indemnifying Americans for war damage to their persons or property. The bill also would have declared it to be the policy of the United States to require enemy nations to compensate their own citizens for property seized by this country.

In June 1944, 18 years ago, a bill—S. 2038, 78th Congress—was introduced by former Senator Carter Glass, of Virginia, which provided that vested enemy assets would become the absolute property of the United States and that the United States would assume liability for the payment of war claims of American nationals.

The then Secretary of State James F. Byrnes on November 20, 1945, wrote to Representative BECKWORTH, of Texas, that the Department of State supported the policy embodied in House Joint Resolution 178, 79th Congress, that "assets of Germany and Japan in this country should be used by the United States for its purposes in connection with claims arising from the war"—91 CONGRESSIONAL RECORD Appendix 5031.

### PARIS REPARATION AGREEMENT

At the end of 1945, the United States and 17 allied nations—other than Russia and Poland—entered into the Paris Reparation Agreement whereby the signatories limited their individual demands against Germany largely to the vested enemy assets located in their respective countries and agreed to hold or dispose of such assets in a manner that would preclude their return to German ownership or control.

I digress to point out that the United States led the way in dropping its claim for reparations against Germany and in limiting German liability to its assets which we had seized. We did this to free Germany not only from obligations to other nations but also from the obligation to this Nation as well.

Thus, insofar as the United States was concerned, Germany's debt running into billions of dollars for the damage and destruction and costs it imposed upon the United States and its citizens during the war, was to be released or settled for the $541 million of vested assets held by the Alien Property Custodian. The whole purpose of this arrangement was to permit Germany's rehabilitation unhampered by continuing reparation burdens, while simultaneously providing at least some source of funds for the payment of American war claims.

### WAR CLAIMS ACT OF 1948

During 1946 and 1947 several bills were introduced in Congress looking to the use of vested assets for the compensation of war damage claims. After extensive hearings on these bills, Congress adopted the War Claims Act of 1948, which provided that—

> No property or interest therein of Germany, Japan or any national of either such country * * * shall be returned to former owners thereof or their successors in interest and the United States shall not pay compensation for any such property or interest therein. (50 App. U.S.C. 2011.)

Furthermore, the Congress provided in that act that all such property should be liquidated and the proceeds paid into the war claims fund in the Treasury for the satisfaction of certain categories of war claims of U.S. citizens, particularly claims of American military and civilian personnel who had suffered great hardships and privations in enemy prisoner-of-war and concentration camps—50 App. U.S.C., 2003, 2004, 2005, 2006. Under Section 8 of the War Claims Act of 1948, the War Claims Commission was directed to inquire into and report to the President on the remaining categories of war claims which should be compensated out of the fund—50 App. U.S.C. 2007. Unfortunately, however, these inquiries were fragmentary and incomplete—House Document No. 580, 81st Congress, 2d session; House Document No. 67, 83d Congress, 1st session. Thus, no effective war claims legislation was passed by either House of the Congress until 1960, when the House of Representatives passed H.R. 2485—86th Congress, 2d session—which is substantially like H.R. 7283, now before the Senate and passed by the House by an overwhelming vote, as aforesaid.

### BONN CONVENTION OF 1952 AND JAPANESE PEACE TREATY

The policy of Allied retention of vested assets was subsequently recognized in the Japanese Peace Treaty and was carried one step further in the Bonn Convention of 1952 between the Federal Republic of Germany and the United States, Britain, and France. In that Convention, Germany agreed to compensate its own nationals for their loss of property through the vesting action of the Allied Powers. The Allied Powers committed themselves to forgo any claim for reparation against Germany's current production. These provisions of the Bonn Convention were reaffirmed in the Paris Protocol of 1954, which brought about the sovereignty of the Federal Republic of Germany. The Paris Protocol was approved in the Senate on April 1, 1955, and became effective on May 5, 1955.

The Treaty of Peace With Japan contains provisions by which the Japanese Government agreed that the property of its nationals in Allied countries should be devoted to the war claims held by the citizens of those countries against Japan, and the Allies in turn gave up their claims against Japan for reparations.

### REASONS BEHIND "NO RETURN" POLICY OF UNITED STATES

The action taken by Congress in the War Claims Act of 1948 in adopting a "no return" policy must be evaluated in the light of the history of reparations after World War I referred to previously, and the agreed policy of the Western Allies to let Germany and Japan rebuild their economies unburdened by reparation charges. In fact, at the present time, the only source of funds available to compensate American citizens with war losses are the proceeds of these liquidated enemy assets. The only alternatives would be to pay them from taxes to be levied on U.S. citizens, who would thereby be called upon to pay Germany's and Japan's debts for World War II; or voluntary payments by Germany and Japan, neither of which has even intimated that it would be willing to consider any such proposition.

### LEGALITY OF U.S. RETENTION OF VESTED ENEMY ASSETS

The legal position of the United States with respect to the course of action which our Government has adopted with respect to enemy property was stated by the Department of Justice through the testimony of the Assistant Attorney General in Charge of Alien Property before the Senate Judiciary Committee, on April 5, 1957—House Report 1279, 86th Congress, page 5—as follows:

> There is certainly no legal objection to the course which our Government has adopted with respect to enemy property. According to the Supreme Court, vested enemy property is property which belongs to the United States (*United States* v. *Chemical Foundation*, 272 U.S. 1; *Cummings* v. *Deutsche Bank*, 300 U.S. 115). It is well settled that our Government in time of war has the right to seize and to keep without compensation the property of its enemies in order to prosecute and to mitigate the cost of the war. This is the way the Supreme Court has interpreted international law since the early days of the Republic. (*Ware* v. *Hylton*, 3 Dall. 199, 227; *Miller* v. *United States*, 11 Wall. 268, 305–306; *United States* v. *Chemical Foundation*, 272 U.S. 1; *Silesian-American Corp.* v. *Clark*, 332 U.S. 469). Certainly, after the most enormously costly war in history, there is no reason why the United States should not, as a Justice of the Supreme Court said in *Ware* v. *Hylton* (3 Dall. 199, 227), exercise its right to use enemy property "to reimburse the expense of an unjust war."

### II. CONGRESS FAILURE TO ADOPT H.R. 7283 AND ANY REVERSAL AT THIS TIME OF THE POLICY BEHIND THE WAR CLAIMS ACT OF 1948 WOULD BE DISASTROUS FOR THE AMERICAN TAXPAYERS AS WELL AS FOR THE AMERICAN CLAIMANTS

If Congress should fail to adopt H.R. 7283 and attempt to reverse in 1962 the policy behind the War Claims Act of 1948, the results would be disastrous, not only for the American claimants, but also for all American taxpayers.

(At this point Mr. BIBLE assumed the chair as Presiding Officer.)

Mr. LONG of Louisiana. Mr. President, as indicated above, the War Claims Act of 1948, as amended, provided for the immediate payment out of the war claims fund of some of the most compelling categories of World War II losses. Thus, during the period since 1948, the following payments have already been made out of the fund:

| | |
|---|---|
| To members of the Armed Forces who were prisoners of war during World War II (program complete) | $49,891,911 |
| To American civilians who were internees of the Japanese during the war (program complete) | 13,668,078 |
| To religious organizations in the Philippines which furnished supplies to beleaguered Americans during World War II (program complete) | 2,857,899 |
| To religious organizations in the Philippines for reconstruction costs of schools, colleges, hospitals, and orphanages destroyed (complete) | $17,238,596 |
| To additional members of the Armed Forces held prisoner during World War II and additional internees of the Japanese (complete) | 77,787,073 |
| To American merchant seamen interned by the Japanese and Germans | 327,732 |
| To American citizens for losses on bank accounts sequestered by the Japanese and to banks in the Philippines which had voluntarily reestablished sequestered American credits (complete) | 10,570,478 |
| Additional awards to Philippine religious organizations (complete) | 8,711,482 |
| Total | 181,053,249 |

Thus, it would be impossible today for the United States simply to reverse the policy underlying the War Claims Act of 1948 so as to return, in kind, to the former German and Japanese owners all of the vested properties involved. More than $225 million of these properties have been liquidated and the proceeds of these liquidations have been used, in large part, to pay the aforementioned claims, and to defray the administrative costs of the U.S. Government to administer these programs. Consequently, if any effort were to be made now by the Congress to defeat or sidetrack H.R. 7283, and to reverse the policy of the War Claims Act of 1948, the American taxpayers would have to be called upon to foot the entire bill as follows:

First, to pay the German and Japanese nationals involved $225 million or more for the properties which have already been liquidated and used; and, second, to pay the American war claimants for the losses they sustained at the hands of Germany and Japan during World War II.

Any such reversal of policy might well cost the American taxpayers a total of between $600 million and $1 billion.

The other possible alternative, of course, in any such reversal of policy would be merely to continue to ignore the remainder of the American claims involved, and let these American citizens go unpaid while the Germans and Japanese, who started the war and caused the damage, would be reimbursed in full—without a penny of cost to their respective Governments.

Obviously, any such result as this would be ridiculous and foolish, and would, I believe, remit the U.S. Government and its citizens to the same sordid situation which ensued after World War I.

Not only would history repeat itself to that degree. My very distinguished colleague, the Senator from Florida [Mr. SMATHERS], in detailed, carefully documented testimony before a subcommittee of the Senate Judiciary Committee on April 4, 1957, and still later in a speech on the floor of the Senate, stated—hearing record, S. 411, 85th Congress, 1st session, page 83 and the following:

> Today, various persons, including lobbyists and publicists, have again been engaged and are being paid substantial fees to exert their efforts for the return of these properties. It is my understanding that Dr. Herman J. Abs, former director of I. G. Farben and prominent financial figure during the Hitler regime, is the common denominator of this group, and Germany's chief negotiator in seeking the return of vested enemy property of World War II.
>
> I have obtained from the Foreign Agents Registration Section of the Internal Security Division of the Department of Justice photostatic copies of foreign agent registration statements filed during the period 1954 to date by three groups of prominent Americans hired solely and exclusively for the purpose of obtaining return legislation from the Congress.

At page 255 of the record before the Judiciary Committee, the Senator from Florida proved that one prominent Washington firm was paid $25,000, plus a contingent-fee arrangement to obtain legislation for the return of $55 million of former enemy property. A second firm was paid $40,000 per year by a group of German industrialists headed by Dr. Abs "to promote through public relations the spirit of the protection of private property." A third firm, employed by the German Embassy and various private German business interests received fees of $68,500, plus a contingent fee to get back the enemy assets held here. The registration statement of one of these firms on file with the Justice Department commits the Washington lawyers involved "to submit a legislative program whereby a reasonable return could be effectuated"—see hearing record, page 257.

The Senator from Florida went on in his testimony before the Senate Judiciary Committee to state—at pages 257 and 258:

> In addition to the foregoing German foreign agent registrations, I keep running into the name of a Swiss company at almost every turn in this matter. That company is named Interhandel. Our Justice Department says Interhandel is a cloak for the German munitions octopus, I. G. Farben. Interhandel, on the other hand, has been yelling from almost every housetop in the land that it has nothing to do with Farben, and that it and its Swiss stockholders own the seized assets of General Aniline & Film Corp., estimated to be worth about $100 million. Records reflect that this firm, Interhandel, has lately been spending $350,000 per year or more in this country in support of return of these vested alien properties.
>
> I fear that too little is known of the ceaseless efforts being utilized by these small groups to get back for an almost equally small number of German corporations who helped Hitler to power, and who were instrumental in spawning World War II, the $600 million in enemy assets vested by the United States.
>
> I point up this situation not for the purpose of implying that any wrongs have been done up to the present time, but to show that the pattern is one similar to that used in World War I, and one which though partially garbled in the free press is not fully unfolded. I bring these facts to the attention of this committee for the purpose of pointing out that a situation appears to be developing which I believe is one that warrants "a stop and let's look and see appraisal," to make definitely sure that we in Congress are not being again misled to the detriment of the American taxpayer.

If we are misled to the detriment of the American taxpayers, we will be similarly misled to the detriment of the legitimate holders of war claims. They will be cheated and hoodwinked by the failure of Congress to enact desirable legislation.

I have talked about all the money involved in hiring lawyers to try to obtain the passage of bad legislation and prevent the passage of good legislation. That is merely what we know about. Only the good Lord knows how much has been spent that is not disclosed in the record for the passage of bad legislation and the prevention of the passage of good legislation.

### III. BRIEF ANALYSIS OF H.R. 7283: ITS PURPOSE AND PROVISIONS

### PURPOSE OF LEGISLATION

The obvious purpose of H.R. 7283, therefore, is to try to end this alien property program once and for all, and, after 17 years of waiting and inaction, to provide for the determination of the amount and validity, and for the payment of the remaining claims of American citizens who suffered injury or death under circumstances specified in the legislation, or who suffered property losses as a result of the hostilities during World War II in certain European countries and in areas attacked by Japan.

H.R. 7283, as passed by the House, is very similar—even identical in most respects to S. 2618, Senate Calendar No. 1092—with the exception that H.R. 7283 provides for the payment of valid American claims, while S. 2618 withholds payment provisions in order to preserve intact the remaining vested German assets held by the Alien Property Custodian. The Senate Judiciary Committee reported S. 2618 to the Senate in September 1961, together with Senate Report No. 1112. This report states that the problems here involved have been the subject of constant consideration by the Judiciary Committee since the 82d Congress. H.R. 7283, in turn, is supported by a lengthy and detailed report, issued by the House Interstate and Foreign Commerce Committee—House Report No. 2035, 87th Congress, 2d session.

### CLAIMS AUTHORIZED BY H.R. 7283

Like S. 2618, H.R. 7283 authorizes the determination—and payment—of claims for:

First. Loss of or damage to property during the war; claims for losses arising in the Philippines are allowable where the claimant received no compensation under prior legislation;

Second. Damage to or destruction of ships and ship cargoes by military action;

Third. Net losses of insurers under war-risk insurance contracts covering ships; and

Fourth. Death or disability, and property losses, suffered by civilian passengers on vessels attacked on the high seas before December 11, 1941.

It also provides for payment of up to 40 percent of awards heretofore made on war damage claims against Hungary.

Losses must have been suffered originally by American nationals, and the claims based thereon must have continuously remained American owned up to the time they are filed.

Under H.R. 7283, claims for disability or death will be paid in full; and it is my understanding that there will be proposed an amendment to the bill which will provide that property claims of American small business concerns, as defined in the Small Business Act, will likewise be paid before the proceeds available for distribution are divided among war-risk insurance companies, shipowners, and other claimants whose losses occurred obviously as a result of the war risks they voluntarily assumed and were paid at premium rates to take.

### PROCEDURE AND ORGANIZATION

Claimants would be allowed 18 months in which to file their claims, and the Foreign Claims Settlement Commission, which is given jurisdiction over the adjudication of the claims, would be required to complete the processing of this program within a 4-year period.

Thus, if the Congress acts now to pass this legislation at this session, the administrative burden of adjudication still remaining will mean that the American citizens involved still will receive no payments, in most cases, until approximately 1966 or 1967, or until 28 years after the beginning of the war and 22 years after the end of the war.

It is apparent, therefore, that Congress must act now or contribute very substantially to a further denial of justice in these exceedingly worthy cases.

### PRESENT STATUS OF WAR CLAIMS FUND

The claims, of course, must be paid under this legislation from the war claims fund in the Treasury. The status of that fund and the amounts available for transfer to the fund, are shown in the following table, as of June 30, 1962—see House Report No. 3035, pages 8 and 9:

*Present status of fund*

| | |
|---|---|
| Total previously transferred to fund | $228, 750, 000 |
| Total withdrawals to date | 228, 435, 435 |
| Actual balance June 30, 1962 | 314, 565 |

*Amounts available for transfer to fund*

| | |
|---|---|
| Cash on hand | $132, 000, 000 |
| Unliquidated assets: | |
| Book value of General Aniline shares | 139, 000, 000 |
| Business enterprises in liquidation | 750, 000 |
| Estates and trusts | 1, 500, 000 |
| Miscellaneous securities | 1, 250, 000 |
| Real estate | 500, 000 |
| Total cash and unliquidated assets May 31, 1962 | 143, 000, 000 |
| Total | 275, 000, 000 |
| Reserves for— | |
| Litigations involving General Aniline | 130, 000, 000 |
| Other claims and litigations | 40, 000, 000 |
| Taxes on vested assets | 5, 000, 000 |
| Total | 175, 000, 000 |
| Estimated free balance after final liquidation of Office of Alien Property for transfer to war claims fund | 100, 000, 000 |
| Available now by congressional direction | 50, 000, 000 |

The Senate will realize that every day we postpone the final settlement of this matter the amount available for payment of American war claims will be further reduced in order to continue to pay the expenses of the Office of Alien Property in the Justice Department. After almost 25 years of such deductions, the time has certainly arrived when the funds should be made available for settlement of the war claims rather than for payment of further unnecessary expenses of a Federal agency, the need for which has long ago vanished.

The Senate's attention is also directed to the fact that the House, on August 10, 1962, passed another bill, H.R. 3460, directing the Attorney General, after 20 years, to dispose of the General Aniline & Film Corp., a German-owned corporation, the shares in which have been held by the United States since the beginning of World War II. Through a long series of litigations, the Attorney General has been forced to continue to operate this corporation and to appoint its principal officers. This is an extremely unnatural arrangement, and it should be terminated by providing for the sale of this property to American purchasers, provided the sale is made at the full value of the property.

I understand that that is the pending amendment offered by the Senator from New York. I support the amendment, because it makes commonsense. The liquidated proceeds could then be transferred immediately to the War Claims Fund when the seemingly interminable litigations are brought to an end. This bill enjoys the support of the Departments of Justice and Treasury.

H.R. 7283, in turn, has the overwhelming support of the various agencies of the executive branch, led in this instance by the Foreign Claims Settlement Commission and the Department of Justice.

### CONCLUSION

I urge and implore the Senate to seize the opportunity now before it to pass this legislation without any further delay. It would be a travesty of justice if we permitted this bill, passed so overwhelmingly by the House, to die again on the Senate calendar as its immediate predecessor did in 1960. There can, in my opinion, be no valid objection or opposition to the purpose of this measure, and I ask all of my colleagues to support the effort I intend to make to bring this matter to a vote on the floor of the Senate before the present session of the Congress is adjourned.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment offered by the junior Senator from New York [Mr. KEATING].

Mr. JOHNSTON. Mr. President, the Senator from Illinois [Mr. DIRKSEN] and I will offer an amendment which covers a great many of these cases. I should like to go into these matters. I have come to the Chamber to determine whether something can be done in these particular fields, in cooperation with the Senator from Louisiana.

The Judiciary Committee has reported a number of bills covering various war claims. We would like to dispose of them. There are some claims on which the Judiciary Committee has not held any hearings; neither has the subcommittee which handles these matters. We hesitate to go into individual claims when there are so many claims outstanding. There are tens of thousands of claims outstanding against the Government, and we want to treat all the claimants equitably and in a just manner, and not merely pay the claims of a privileged few.

For that reason I should like to look into this subject before the Senate adopts an amendment to the bill at this time.

I did not know that the amendment was before the Senate until I walked into the Chamber just now. I was engaged in a committee meeting until a few moments ago. The steel company representatives were before us explaining why they should not be held in contempt of the committee for not answering our subpena. We had to go over that matter. I was assured by the majority leader that this matter would be held in abeyance until I returned. When I walked into the Chamber I found that the amendment was under consideration. I was somewhat surprised to learn that fact. I knew it was to be brought up.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. LONG of Louisiana. Did not the Senator from South Carolina conduct hearings on this legislation or similar legislation in April 1957?

Mr. JOHNSTON. Hearings have been held on various bills at various times, and after hearings, bills have been reported at various times. We have approved some bills. I believe the Senator from Connecticut [Mr. Bush] has a bill which we have approved. The Senator from Massachusetts [Mr. Saltonstall] likewise has a bill which we have approved. The Senator from Nevada [Mr. Bible] also has a bill which has been approved by the committee. We want to consolidate those bills. We shall be glad to look into the other matters. However, the Senator from Illinois [Mr. Dirksen], who happens to be the ranking Republican member on the subcommittee of the Judiciary Committee which handled this subject, is of the same opinion that I am.

Mr. LONG of Louisiana. Mr. President, as an experienced filibusterer, let me say that the procrastination that the committee has shown in these matters is the greatest either in a State legislature or in Congress that I have seen in my life during my service as a legislator. Some of the claimants have been waiting for 19 years. Some have died and have gone to their Maker without getting 5 cents of the money they were entitled to.

Mr. JOHNSTON. I should like to reply to the Senator's statement by saying that there is a commission which looks into these matters and makes certain representations along that line.

This situation has existed for a great many years. As may be recalled, a similar situation with respect to war claims existed after the First World War.

Mr. LONG of Louisiana. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON. I yield.

Mr. LONG of Louisiana. Some of those World War I claimants have waited 40 years and have gotten nothing. If a man was an adult when World War I started and is alive today, he is pretty fortunate to have lived that long. He is well advanced in years.

This situation is like the case of Jarndyce and Jarndyce, described by Charles Dickens in his novel "Bleak House." That case continued for six generations, until finally the entire estate was exhausted in the expense of court costs, and was finally dropped without being settled because there was no more money over which to litigate.

Mr. JOHNSTON. That is one of the troubles today. If all the claims which had been entered in the first instance had been paid, there would not be sufficient money to pay claims today. Does the Senator want to pay 100 percent to some claimants now and find a little later that it is not possible to pay others? Some of the claims are just, and some of them are not. That is another factor which must be considered in handling the claims.

Mr. LONG of Louisiana. Can the Senator from South Carolina tell me how in the world the House finally managed to reach a conclusion in this matter, and how the Attorney General finally managed to reach a conclusion, yet the Senate committee, after 17 years, cannot reach a conclusion?

Mr. JOHNSTON. I do not agree with everything the House does. I am satisfied that the Senator from Louisiana has not agreed with everything the House has done since he became a Member of the Senate. We frequently find the House differing with the Senate, and the Senate differing with the House. If the two Houses never differed, there would be no use in having two Houses of Congress. We do a little checking up on each other. That is what we are doing at the present time.

Mr. President, I make the point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Williams of New Jersey in the chair). Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, when reference was made by my distinguished friend the Senator from South Carolina, to the fact that this situation should be the subject of hearings, I could not help but think that this subject has been the subject of exhaustive hearings.

I refer my good friend to a famous fictional lawsuit which was supposed to be typical of ancient English chancery—the case of Jarndyce and Jarndyce. I think Senators should know a little about that case, because it illustrates what could happen to Americans' World War claims. Those of World War I have been waiting 40 years, but still have not been satisfied; Congress has failed to provide the legislation which would result in satisfying those claims. And if the dragging continues as it has in the past, World War II claims will have to wait even longer than that.

Let me read from what I regard as the classic case of waiting in vain. I read now from page 18 of Dickens' famous book "Bleak House," about the famous case of Jarndyce and Jarndyce:

> Jarndyce and Jarndyce drones on. This scarecrow of a suit has, in course of time, become so complicated, that no man alive knows what it means. The parties to it understand it least; but it has been observed that no two chancery lawyers can talk about it for 5 minutes, without coming to a total disagreement as to all the premises. Innumerable children have been born into the cause; innumerable young people have married into it; innumerable old people have died out of it. Scores of persons have deliriously found themselves made parties in Jarndyce and Jarndyce, without knowing how or why; whole families have inherited legendary hatreds with the suit. The little plaintiff or defendant, who was promised a new rocking horse when Jarndyce and Jarndyce should be settled, has grown up, possessed himself of a real horse, and trotted away into the other world. Fair wards of court have faded into mothers and grandmothers; a long procession of Chancellors has come in and gone out; the legion of bills in the suit have been transformed into mere bills of mortality; there are not three Jarndyces left upon the earth perhaps, since old Tom Jarndyce in despair blew his brains out at a coffeehouse in Chancery Lane; but Jarndyce and Jarndyce still drags its dreary length before the court, perennially hopeless.
>
> Jarndyce and Jarndyce has passed into a joke. That is the only good that has ever come of it. It has been death to many, but it is a joke in the profession. Every master in chancery has had a reference out of it. Every Chancellor was "in it," for somebody or other, when he was counsel at the bar. Good things have been said about it by bluenosed, bulbous-shoed old benchers, in select port-wine committee after dinner in hall. Articled clerks have been in the habit of fleshing their legal wit upon it. The last Lord Chancellor handled it neatly, when, correcting Mr. Blowers the eminent silk gown who said that such a thing might happen when the sky rained potatoes, he observed, "or when we get through Jarndyce and Jarndyce.

After reading approximately 800 pages of the book, one reaches the closing passages, which describe how the case of Jarndyce and Jarndyce finally reached a conclusion. On page 833 we see what finally happened to that famous case:

> And when we came to Westminster Hall, we found that the day's business was begun. Worse than that, we found such an unusual crowd in the Court of Chancery that it was full to the door, and we could neither see nor hear what was passing within. It appeared to be something droll, for occasionally there was a laugh, and a cry of "Silence." It appeared to be something interesting, for everyone was pushing and striving to get nearer. It appeared to be something that made the professional gentlemen very merry, for there were several young counselors in wigs and whiskers on the outside of the crowd, and when one of them told the others about it, they put their hands in their pockets, and quite doubled themselves up with laughter, and went stamping about the pavement of the hall.

We asked a gentleman by us, if he knew what case was on? He told us Jarndyce and Jarndyce. We asked him if he knew what was doing in it? He said, really no he did not, nobody ever did; but as well as he could make out, it was over. Over for the day? we asked him. No, he said; over for good.

Over for good.

When we heard this unaccountable answer, we looked at one another quite lost in amazement. Could it be possible that the will had set things right at last, and that Richard and Ada were going to be rich? It seemed too good to be true. Alas it was.

Our suspense was short; for a breakup soon took place in the crowd, and the people came streaming out looking flushed and hot, and bringing a quantity of bad air with them. Still they were all exceedingly amused, and were more like people coming out from a farce or a juggler than from a court of justice. We stood aside, watching for any countenance we knew; and presently great bundles of paper began to be carried out—bundles in bags, bundles too large to be got into any bags, immense masses of papers of all shapes and no shapes, which the bearers staggered under, and threw down for the time being, anyhow, on the hall pavement, while they went back to bring out more. Even these clerks were laughing. We glanced at the papers, and seeing Jarndyce and Jarndyce everywhere, asked an official-looking person who was standing in the midst of them, whether the case was over. "Yes," he said; "it was all up with it at last," and burst out laughing too.

So the discussion goes on to show, not that the case was finished because the lawsuit was decided, but because the cost of litigating it over 100 years had consumed the entire estate so that nothing was left to litigate over. That is the way it may be with American war claimants in this case. World War I claimants have been waiting for 40 years, but no action has been taken. World War II claimants have been waiting 17 years, and no action has been taken. The committee wants to study the subject further. I submit that, if we do not act soon, Senators will have come and gone, will have been on the Judiciary Committee, will have gone on to retire to private life, will have passed on to meet their Maker, and claimants will still not have received the awards that it was intended by the Congress, by the Nation, and by the President, even intended by the German nation in a treaty with the United States, and by the Japanese nation in a treaty with the United States that they should have.

Mr. President, this legislation is understood by many persons. I have in my hand a letter from the American Legion, which I should like to read into the RECORD:

THE AMERICAN LEGION,
OFFICE OF DIRECTOR,
*September 12, 1962.*

HON. RUSSELL B. LONG,
*U.S. Senate, Senate Office Building,*
*Washington, D.C.*

DEAR SENATOR LONG: In response to your inquiry concerning the position of the American Legion with reference to H.R. 7283, I am pleased to make the following statement.

1. The American Legion is unequivocally opposed to the return of seized enemy assets.
2. The American Legion supported the original War Claims Act, emphasizing the provisions for prisoner-of-war claims.
3. At the Chicago National Convention the American Legion adopted resolution No. 159 which "* * * reaffirm its support of the War Claims Act and adheres to the policy that neither seized property nor proceeds thereof, held by the United States should be returned but should be utilized for the purposes provided by the War Claims Act or such other appropriate legislation enacted by the Congress of the United States."

Trusting that the foregoing will be helpful, I am,

Sincerely yours,

CLARENCE H. OLSON,
*Director.*

Mr. President, I suppose word has gotten around that I am interested in doing something about war claims, which explains why I have received a considerable amount of correspondence from all over the United States on this subject. I hold in my hand some of the letters I have received from pathetic war claimants hoping to get a few dollars out of the overall millions of dollars held up by inaction in the Senate over these claims. To give Senators an indication of what some of these letters are like, let me read from a few. Some involve claims against the Japanese; some against Germany. Here is a letter from a mining engineer:

As a mining engineer, I went to the Philippine Islands in 1937. In October 1941, I married my fiancee who I brought out to Manila from right here in Shreveport. On January 6, 1942, we along with four other American couples were taken into "protective" custody and taken to Santo Tomas concentration camp. We were there until May 1943 when I was sent to the Los Banos concentration camp. My wife followed in December 1943. Our eldest son, Richard, now a Byrd High senior was born there November 1, 1944. We were liberated February 23, 1945.

When taken into custody by the Japanese I weighed 185 pounds while my wife weighed 135 pounds. On liberation I weighed 105 pounds while my wife went down to 85 pounds.

Imagine that—the man lost 80 pounds and his wife lost 30 pounds:

Both of us suffered from malnutrition, beriberi, and my wife developed a heart condition. Both of us have both been under treatment here in Shreveport by the Willis-Knighton clinic. We still require same and probably will have to have this treatment for the balance of our lives.

Congress had attempted to do something for those who suffered in this respect. Insofar as physical damage to persons is concerned, Congress has enacted legislation to help them; but insofar as concerns property taken from them and destroyed, nothing has been done. We are trying to do something about it.

Here is a letter from a citizen of Washington State:

Both Senators WARREN G. MAGNUSON and HENRY M. JACKSON, for the past many years have continually indicated their interest and support for legislation that will properly satisfy our rights as U.S. citizens claiming war reparations for losses sustained in the Far East arising from Japanese military action. I am sure they will give you whatever support you may request on this subject.

Some of these claimants were put out of business entirely.

Here is a letter from a refugee from Hong Kong. As I recall the letter, she had a dress shop and the Japanese took it away. These people are still hoping to get something to which they are entitled.

These letters are all to the same effect. Most of them involve claims arising from actions by the Japanese, but the same is true with respect to claims arising from action by the German Government. Undoubtedly there were some who were victimized by Nazi persecution. Some of them got out of Germany by 1935, and perhaps became American citizens before war came, while some of their relatives were exterminated and cannot make claims for remuneration. Some of them started legitimate businesses over there, and the Nazis took the businesses away from them. Many of them have not been restored to the possession of their property, and never will be. As as matter of fact, many of the businesses are behind the Iron Curtain, and are held by the Russians.

We are not in a position to make the Russians, the Poles, the Czechs, the East Germans reimburse these claimants, but at least, if we cannot make the Communists do anything about it, we can make some of this fund available to at least partially satisfy some of the claims. Some we can satisfy in whole, and some in part.

Congress has provided that if persons lost their lives in Germany or Japan or were imprisoned, we would compensate their heirs for their personal suffering, but if persons were killed at sea by a German torpedo or a Japanese bomb, no compensation has been provided for such persons. We do not know how many there were. What is the use in a person's making a claim if there is no law authorizing him to make it? First we must enact the legislation, and then we will find out.

The Senator from South Carolina has said:

Let us enact the legislation and authorize presentation of the claims, and subsequently see what we want to do about paying them.

What good would it be to enact the legislation if the person does not know that there will be money to pay the claim? How does he know he is going to be paid?

I believe it is unprecedented to enact a law permitting somebody to present a claim without providing for payment of the claim. That is why we enact laws to provide for payment. Claimants can come to the Congress if they wish. They can present their claims in letters.

I am also told by those who have expertise in this field that if we should pass the bill today it would take many claimants as long as 4 years to obtain settlement.

Objection has been made to disposing of General Aniline. What is it proposed to do with General Aniline? Is it to be made another case of Jarndyce and Jarndyce, to be kept in court forever?

My advice from those who have some familiarity with that situation is that the main stockholders of Interhandel have no possible chance of winning the case. They are trying to stay in court until they can find some Attorney General with whom to make a deal.

They had better be careful as to how they make any deals, based upon what happened to the Attorney General in the Harding regime, when the Attorney General was indicted. He stayed out of the penitentiary, but only because of a hung jury. The Alien Property Custodian went to the penitentiary. He did not get a hung jury. He was convicted and put in jail.

Interhandel would like to make a deal with the Government. In my opinion, the Government should prosecute the case, either win or lose.

I have heard opinions expressed by certain lawyers to the effect that holders of some of the stock of General Analine and Interhandel might not have been enemy agents, and who might be entitled to receive something. But, for the most part, I believe this stock was transferred to those people so that they could be used as a cloak for former Nazis, who helped to start the war, who helped to exterminate the Jews in Germany, and who, as war criminals, are not entitled to have anything returned to them. They operate through the Swiss banks, as the distinguished Presiding Officer knows, through numbered accounts, and there is no telling how much they could get back if they could get their hands on this company.

An agreement was made with the German Government in this regard. The German Government itself has agreed to the procedure.

Our Government used all the power available to it to persuade the French, the English, the Dutch, and the Norwegians to drop their claims for reparations against Germany, on the condition that we would drop ours if they would drop theirs.

A part of the overall deal was that this property would have been made available for our people.

Certain private citizens entered the picture. They were not American citizens, but were foreigners. They spent vast sums of money in an effort to influence Congress, to keep the Congress from enacting legislation to provide for our people who were killed by their people.

Our people have legitimate property damage claims. Businesses have been taken away from them. They have no other recourse.

If we fail to act and fail to provide for the payment of these claims, we shall be like the foolish soul who loved to throw coins and money in front of little children on the street but who did not provide bread for his own children.

If we taxed Americans and gave their money away to foreigners, and did not provide for Americans the money which was expressly set aside for them under international agreement, it would be an outrage. Yet the 17-year delay in this regard causes some people to wonder if they are ever going to get any kind of settlement.

I very much hope that the amendment offered by the Senator from New York [Mr. KEATING] will be agreed to. I hope that the House will accept the amendment. The House has passed similar legislation.

I hope, if other Senators wish to offer amendments, they will bring the amendments to the Senate. I know that committees are meeting, and trying to report other important legislation. I think it is important that the Senate should proceed to act on this proposed legislation. In order that the Senate may get on with the business, I now suggest the absence of a quorum, in order to bring to the Chamber Senators who may want to offer amendments.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the Keating-Williams amendment.

The yeas and nays were ordered.

Mr. KEATING. Mr. President, the purpose of the amendment is to permit the sale to private enterprise of the General Aniline & Film Co., which has been operated by the Government since 1942. This company employs almost 8,000 persons. Its principal plants are in New York and New Jersey, but it also has operations in Kentucky, California, Pennsylvania, Alabama, Ohio, and Texas.

I am joined in offering this amendment by my colleague from New York [Mr. JAVITS], the Senators from New Jersey [Mr. CASE and Mr. WILLIAMS], the distinguished Senator from Michigan [Mr. HART] and the distinguished Senator from Pennsylvania [Mr. SCOTT].

The company is the second largest producer of photographic materials in the United States, one of the largest dyestuff producers, and a leader in the manufacture of copying machines and allied products. Its total assets are in excess of $180 million.

Why is the Government running this business? For one reason only, namely, a provision in the Trading With the Enemy Act which prohibits the sale of any vested property while litigation is pending with regard to the validity of its vesting.

Such litigation has been pending in this case since 1948, a period of 14 years. The case has yet to be tried in the district court. At a hearing before the Subcommittee on Trading With the Enemy legislation just over a week ago, the Deputy Attorney General commented:

> If you ask me how long it will be before the end of this litigation, should it go on, I don't know, except that I should hope that I would live so long.

In case any of you do not know the Deputy Attorney General, Nick Katzenbach, let me point out for the RECORD that he is a comparatively young man.

The amendment is identical with the provisions of S. 760, which was introduced on behalf of myself, my colleague [Mr. JAVITS], and the Senators from New Jersey [Mr. CASE and Mr. WILLIAMS] in February of 1961.

It is identical also to S. 1103 in the 86th Congress which I introduced in February 1959. Furthermore, it is identical to H.R. 3460 which passed the other body early last month without a dissenting vote.

Hearings have been held on measures similar to this over the past 8 years. Virtually the only opposition to the proposal has come from representatives of the parties in interest. On the other hand, it has had the strong support of both the present and preceding administrations, and many labor, management, and civic organizations including the American Legion, the chamber of commerce, the AFL–CIO, the minority shareholders, the local plant unions, and the supervisory employees association.

Under the provisions of this amendment, the Attorney General would be authorized to sell General Aniline to private enterprise upon a determination by the President that "the interest and welfare of the United States" required such a sale. The proceeds from the sale would be deposited in a special account in the Treasury to be held in trust pending the entry of final judgment in the suit. The rights of the litigants in the suit would be fully protected. If successful, they could elect whether to accept the proceeds from the sale or to seek just compensation. Under no circumstances would they be paid less than the reasonable value of their claims.

A question has been raised by an opponent of the proposal with regard to its constitutionality. This question has been considered many times and a succession of Attorneys General and Assistant Attorneys General in this administration and the last administration have expressed their opinion that it is constitutional. The last testimony on this subject was presented by Deputy Attorney General Katzenbach on August 29. He stated that there is "no merit whatsoever" in this argument, that it was not even a "substantial" argument. Furthermore, he pointed out that any constitutional issue could be resolved under the applicable procedures in less than a year compared to the interminable period of the present litigation.

A question has been raised about our position in the International Court of Justice. The State Department is the proper party to be concerned with this issue. They have indicated that an amendment to the law permitting a sale of the property would have to be called to the attention of the International Court. But they have not raised any objection to passage of such an amendment. Certainly, if the Department of State believed that passage of this legislation would cause international difficulty, they would be opposed to the legislation and would advise us of their opposition. And as Mr. Katzenbach stated, if the Department of State was opposed to the bill, we could be certain that the Department of Justice would not be pressing for its enactment.

A question has been raised about the manner in which the property would be sold. In a letter to former Attorney General Rogers, Senator JOHNSTON, the chairman of the Trading With the

Enemy Legislation Subcommittee, urged "that this asset be sold at public auction" and that "a private or negotiated sale" be prohibited. Attorney General Rogers assured the chairman that "this property, when and if sold, will be offered at public sale to the highest bidder" and that at no time will consideration be given "to a negotiated sale." These assurances were reiterated by the present administration and it is obvious that any sale of this property will be in a manner designed to produce a maximum price for the stock of the United States.

**Mr. LONG of Louisiana.** Mr. President, will the Senator yield?

**Mr. KEATING.** I yield.

**Mr. LONG of Louisiana.** I have no quarrel with the Senator's proposal as to the manner of the sale, except that it occurs to me that a public offering of the stock might be worth considering, permitting anyone who wishes to do so to buy stock of the corporation, disposing of the corporation in that fashion. I wonder whether that possibility could be considered within the framework of the amendment.

**Mr. KEATING.** We discussed this problem with Deputy Attorney General Katzenbach when he was before our committee. The amendment does not affect the provisions now in the law with regard to the sale of vested property. This law is flexible enough to permit a sale in the manner suggested by the Senator.

**Mr. LONG of Louisiana.** Has the Senator given any thought to the possible antitrust implications in the event that this corporation were bought by one of its competitors?

**Mr. KEATING.** It will be sold only after the President authorizes the Attorney General to make the sale. The Attorney General will be the one in charge of the sale. The Department of Justice has indicated it would require 4 months, even after the legislation is enacted, to arrange for a sale of the company. Certainly the Attorney General can be expected to have the antitrust implications of any sale very much in mind.

**Mr. LONG of Louisiana.** Yes. There are a number of companies which, if they acquire General Aniline, would probably be even more vigorous competitors with existing corporations than General Aniline itself is now. On the other hand, it is entirely possible that the corporation might be purchased by one of its competitors, with the result that competition in the field might be reduced.

**Mr. KEATING.** I would not prejudge any situation, but I have no doubt that any competitors of General Aniline also would have those considerations very much in mind, and probably would not enter bids unless they had an understanding with the Attorney General as to where they would stand if they bought it. There is nothing in this legislation which alters our antitrust laws.

**Mr. LONG of Louisiana.** The Senator is sponsoring the amendment, together with the Senator from New Jersey [Mr. WILLIAMS]. I believe he has made enough legislative history to make it clear that this is a consideration which the Attorney General must keep in mind in disposing of General Aniline.

**Mr. KEATING.** Definitely.

**Mr. LONG of Louisiana.** I thank the Senator.

**Mr. KEATING.** I thank the Senator for his question.

What is a source of bewilderment to me is why such questions have never been raised with regard to the hundreds of millions of dollars of other vested property which the Department of Justice has disposed of since 1948.

It is plainly against the public interest for the Government of the United States to continue to own this business. The workers at the plant recognize this. The supervisors recognize it. The Government recognizes it. The minority shareholders recognize it. And, I am confident that most of the Members of this body will recognize it too.

There has been some suggestion that the company should not be sold because it has been doing well under Government ownership. In my judgment even in a list of weak arguments, this one has to rank as the least meritorious. The one principle upon which I would hope we would all agree is that private enterprise, not the Government, should conduct private business in this country.

As a practical matter, Government ownership has been a handicap, not a benefit, to the company. As long as the law remains in its present state, the company cannot issue stock to acquire other companies and expand and diversify its activities.

It cannot compete with other companies for top personnel by offering stock options. It cannot negotiate joint ventures, recapitalize or amend its charter. It cannot realize its full potential of growth and provide the employment and production to the economy of which it would be capable under private management. This mighty industrial giant has been kept in shackles for too long. The plan we are proposing for its liberation will protect the legitimate interests of all concerned, including the litigants. I hope this amendment will be approved.

**Mr. JOHNSTON.** Mr. President, will the Senator yield?

**Mr. KEATING.** I yield.

**Mr. JOHNSTON.** I wish to clear up one statement. The Senator said that properties worth hundreds of millions of dollars have been sold. That is true, but not one of those was in litigation.

**Mr. KEATING.** Yes; hundreds of millions of dollars worth have been sold. I do not know the exact amount.

**Mr. JOHNSTON.** That is true, but not one of those companies was in litigation.

**Mr. KEATING.** That may be true, but it does not affect the issue that was raised as to the method by which such properties are sold.

**Mr. LONG of Louisiana.** Mr. President, will the Senator yield?

**Mr. KEATING.** I yield.

**Mr. LONG of Louisiana.** The Senator is familiar with the Czechoslovak steel mill that was sold to the Benes Government. We had the steel mill here and we were ready to ship it to Czechoslovakia when the Communists took over that country. We simply seized the mill and distributed the money that was paid for it. The money is all gone. We did not care whether the Government of Czechoslovakia liked it or not. We sold the steel mill. They could have sued us until kingdom come if they had wanted to do so. Under international law that was our privilege.

**Mr. KEATING.** That is perhaps somewhat different from the case we are considering. The proposed legislation we have offered completely and thoroughly protects the litigants. Even though their chances of a recovery are minimal, their interests would be protected. The amendment would protect their interests, too.

**Mr. LONG of Louisiana.** In my judgment, by adopting the amendment, we would be doing a favor to those who are trying to have this property turned back to the former German interests. I will tell the Senator why. Hundreds of thousands of dollars are being spent in an effort to influence Congress. In my judgment, such effort will be unsuccessful.

The sooner they are told they are not going to get it back, and that we are going to do just what we agreed to do in the treaty with Germany, and the sooner we do it and abandon the idea that we will do what was done with regard to World War I, the sooner the whole question will be settled, and they will be relieved of the expense of lobbying and going to court, because they will know that they cannot win. All they are trying to do is to get the case into court and delay divestiture forever, hoping that they will be able to persuade the Congress to go along with them. We should tell them now that we will not.

**Mr. KEATING.** I agree. The sooner Congress resolves this issue the better.

**Mr. CASE.** Mr. President, will the Senator from New York yield?

**Mr. KEATING.** I yield.

**Mr. CASE.** First, I express my appreciation and the appreciation of my constituents to the Senator from New York, who has taken the leading role in the fight in which I have been engaged since I first came to Congress. One of the plants of the corporation is located in Linden, N.J., in my old congressional district.

The Senator from New York was correct when he said that everyone concerned is anxious to have the property sold and to get it out of the hands of the Government and into the normal free enterprise system. It is even in the interest of those who may claim that the stock was improperly vested by the Government, because we have a wasting asset, a depreciating asset, so long as it remains in Government hands. It cannot operate normally; it cannot attract the kind of talent needed, and do the normal things that a business must do in order to keep alive, let alone grow.

The Senator from Louisiana [Mr. LONG] spoke about competition, which is, indeed, important. Actually, this corporation is by no means the biggest in the field. It needs the stimulus of competition, which it cannot secure so long as it is in Government hands.

I thank the Senator from New York for his efforts. I am a cosponsor of the amendment, and I fully support it.

Labor, management, and the business communities in the areas immediately affected are generally in favor of the proposal. The claimants who are ultimately entitled to the assets or the subsidy will be much better off to have the company sold before it eventually becomes worthless.

**Mr. KEATING.** I thank the Senator from New Jersey. I express my appreciation to him for support, as I express appreciation for the support of all other Senators who have sponsored the amendment. I appreciate the long fight which all of them have made for the proposal—especially the two Senators from New Jersey and the Senators from New York, where the largest numbers of plants are affected and the Senator from Pennsylvania [Mr. SCOTT]. A particular word should be said for the distinguished Senator from Michigan [Mr. HART], who is a member of the Committee on the Judiciary, and who has worked very closely with me on the proposed legislation. He joined in the minority views in support of this and other positions which will come up later. He has been a pillar of strength in helping to bring the subject before the Senate.

**Mr. WILLIAMS of New Jersey.** Mr. President, will the Senator from New York yield?

**Mr. KEATING.** The distinguished Senator from New Jersey [Mr. WILLIAMS] likewise has been in the middle of this struggle and has been extremely helpful in bringing the amendment to the present stage. I am glad to yield to him.

**Mr. WILLIAMS of New Jersey.** I am sure that the Senator from New York shares in the rejoicing of all of us that the amendment is finally before the Senate for a vote after all these years. Although I am junior to the distinguished Senator from New York and to my senior colleague from New Jersey, I, too, have worked on this problem for many years.

It has been said that there may be an argument because this proposal is before the Senate as an amendment which has not been reported from the committee which has considered the measure. I remember that in 1955 this question was before the House Committee on Foreign Affairs, of which I was a member, so it seems to me that the question has been considered in many committees and has been exhaustively considered many times. I believe that we have all the information which is needed.

**Mr. KEATING.** There have been many hearings, and the proposal has been given careful consideration.

**Mr. WILLIAMS of New Jersey.** Exactly. All the arguments for the amendment for divestiture have been cogently made by the junior Senator from New York. I will not be redundant and repeat any of them, except to say that there is one group of people for whom I feel the deepest concern. They are the hourly workers in the various plants. Because this company has not been able to expand and grow as other companies in this industry have done, and because it has been shackled, there has been a sword over the heads of the workers for as long as the Alien Property Custodian was in control of the company and since the Attorney General's office has been in control. Employment in this company has dwindled, while it has risen in other companies in the industry. The employees have been subjected to increasing anxiety, day by day, and wondering whether their jobs will be there tomorrow, all because this business cannot operate as a business because it has shackles upon it.

**Mr. KEATING.** Also when it has been pointed out, if the employees want a raise, they are confronted by special difficulties because the company is owned by the Government.

**Mr. WILLIAMS of New Jersey.** I have known people of great talent who worked for General Aniline, but who had a ceiling on their salaries; and they have now gone on to much better positions in other companies.

The comparative position of this Government-operated company as contrasted with that of its competitors may be dramatically seen in certain figures which I shall place in the RECORD. For example, the increase in total assets of General Aniline between 1958 and 1961 was 9.6 percent. Its biggest competitor, Eastman Kodak, had an increase in total assets of 25.2 percent.

These figures follow through with respect to net increase in plant and equipment, net sales, net income, net income as a percentage of sales, and net income as a percentage of net worth.

In all these categories, the net worth of General Aniline is submerged. Other companies are progressive, as we hope all private business will progress.

This situation is of concern not only to the States represented by those of us who are speaking in favor of the amendment, but it is of concern to 10 States which have other plants or research facilities; and there are a few more States in which sales offices of the company are located. So the situation is of national concern and is vital.

I join with Senators who earnestly request that this Government-held property now be sold, under the protections of the amendment, and become a vital competitor in its field.

Mr. President, I ask unanimous consent to have printed at this point in my remarks tables of comparative percentages with respect to the operations of General Aniline & Film Corp.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

The following comparative percentages are based on operations between 1958 and 1961:

| | Percent |
|---|---|
| (a) Increase in total assets: | |
| GAF | 9.6 |
| Eastman Kodak | 25.2 |
| E. I. du Pont | 19.0 |
| Minnesota Mining | 62.0 |
| (b) Net increase in plant and equipment: | |
| GAF | [1] |
| Eastman Kodak | 20.4 |
| E. I. du Pont | 14.3 |
| Minnesota Mining | 61.7 |
| (c) Net sales: | |
| GAF | 14.3 |
| Eastman Kodak | 19.7 |
| E. I. du Pont | 19.8 |
| Minnesota Mining | 61.6 |
| (d) Net income: | |
| GAF | −16.0 |
| Eastman Kodak | +31.6 |
| E. I. du Pont | +22.5 |
| Minnesota Mining | +70.7 |

[1] 0.6 of 1 percent.

Source: Chemical & Engineering News, Sept. 3, 1962, pt. 1.

The effect of Government ownership is even more pronounced by a comparison of profit ratios—whether as a percentage of sales or as a percentage of net worth. For example, again using 1958–61 figures, GAF compares with its competition as follows:

(a) Net income as a percentage of sales:

| | General Aniline & Film | Eastman Kodak | E. I. du Pont | Minnesota Mining |
|---|---|---|---|---|
| 1961 | 2.9 | 13.2 | 14.4 | 12.3 |
| 1960 | 4.5 | 13.4 | 14.0 | 12.9 |
| 1959 | 4.4 | 13.6 | 16.3 | 12.7 |
| 1958 | 4.0 | 11.9 | 13.9 | 11.7 |

(b) Net income as a percentage of net worth:

| | General Aniline & Film | Eastman Kodak | E. I. du Pont | Minnesota Mining |
|---|---|---|---|---|
| 1961 | 3.4 | 16.9 | 14.4 | 21.2 |
| 1960 | 5.2 | 17.4 | 14.0 | 22.2 |
| 1959 | 5.4 | 18.2 | 16.3 | 23.6 |
| 1958 | 4.7 | 15.7 | 13.9 | 19.1 |

*Location of facilities of General Aniline & Film Corp.*

PLANTS AND RESEARCH FACILITIES

Dyestuff and chemical division:
- Alabama
- Kentucky
- Pennsylvania
- New Jersey
- New York

Photo and repro division:
- California
- Michigan
- New York
- Ohio
- Texas

SALES OFFICES

Dyestuff and chemical division:
- California
- Illinois
- New Jersey
- New York
- North Carolina
- Oregon
- Pennsylvania
- Rhode Island
- Tennessee
- Texas

Photo and repro division:
- California
- Colorado
- District of Columbia
- Florida
- Georgia
- Illinois
- Indiana
- Massachusetts
- Michigan
- Missouri
- New Jersey
- New York
- Ohio
- Pennsylvania
- Texas
- Wisconsin

**Mr. KEATING.** I am most grateful to the distinguished Senator from New Jersey for his comments.

Mr. President, before yielding the floor I would like to comment generally on the pending bill—H.R. 7283.

The purpose of this bill is to provide, more than 17 years after the close of World War II, for the payment of compensation to Americans who suffered injury, death, or property losses under the circumstances specified in the amendment.

Payment would be made from the proceeds realized from the sale of former enemy assets which were vested by the

United States as a war measure in March 1942. The legality of this vesting program has been sustained by the courts on numerous occasions. In this case, our retention of the assets actually was the subject of ratification in international agreements among the Allies and the Federal Republic of Germany and Japan. In 1948 Congress expressly provided in the War Claims Act:

> No property or interest therein of Germany, Japan, or any national of either such country * * * shall be returned to former owners thereof or their successors in interest and the United States shall not pay compensation for any such property or interest therein.

The value of the assets vested was just under $600 million. A substantial part of this sum already has been paid out of the war claims fund primarily to American military and civilian personnel who suffered great hardships and privations in enemy prisoner-of-war and other detention camps. However, no payment whatever has been made—with minor exceptions—for the claims covered in the pending amendment.

The delay in dealing with these claims is inexcusable. This program should have been authorized and completed years ago and would have been, except for the determined opposition of a few key people. The other body has twice passed similar legislation by overwhelming votes. Action on this measure has been urged by the Department of State, the Department of the Treasury, the Bureau of the Budget, and the Foreign Claims Settlement Commission, in both this administration and the previous administration. At the numerous hearings which have been held in the past, numerous witnesses have sought to have the application of the program broadened. But there has been virtually no opposition to the program except on the part of a small group, who, contrary to all existing treaties, international agreements, and legislation on this subject, still believe that we should return the vested assets to their former alien owners.

It is now proposed by some that we enact legislation which would provide for an inventory of claims without any provision for their payment. This is an incredible suggestion to make 17 years after the war. If we wait much longer in settling this problem, I say in all earnestness that it will be mooted by the death of the thousands of Americans who have been waiting 17 years to receive some measure of compensation for their war losses.

Let us face the issue squarely. Either the vested assets will be used to pay war damage claims or they will have to be paid for out of tax revenues, or they will not be paid at all. We see no reason whatever to tax the American people for an obligation which was assumed years ago by our former enemies in exchange for a waiver on the part of the Allies of reparations which would have been many times more costly. The attempt to defer the question of payment is not a solution to the problem, but a vain hope that out of exasperation and impatience this load can be cast upon the shoulders of U.S. taxpayers rather than upon those who long ago understandably agreed to meet this cost. This is an intolerable proposal which would produce an irresistible public protest if the facts were more widely known.

The responsible agencies of the Federal Government who have had this problem under minute examination and study for many years, have recommended to the Congress that these claims not only be filed and adjudicated but that they be paid from existing balances of liquidated enemy vested assets received in lieu of reparations. They have considered every angle of this problem including the effect of such action on our present friendly relations with the postwar governments of Germany and Japan. They have concluded we were right when we used these assets for payment of American war claims previously authorized by the Congress—approximately $228 million—and will be right if we continue to use them for payment of as yet unsatisfied war claims. There are no grounds whatever for disputing their judgment.

As I have indicated, there are only two sources of funds for the payment of any war losses sustained by our nationals; namely, the funds retained in lieu of reparations from Germany and Japan, or the Treasury of the United States. Either we must use these vested properties or their proceeds for payment of the claims in question or ask the American taxpayers to shoulder the burden. If we were to return the vested properties as some have proposed, then, of course, the burden would be on the taxpayer to pay the claims. In effect, therefore, the American taxpayers would be paying Germany's and Japan's reparation bill. I cannot believe that a majority of the Senate will ever subscribe to such a preposterous plan.

Mr. President, we have delayed long enough in settling this problem. The bill before us follows the guidelines of many other programs which have used vested assets to satisfy American claims. It is fair and equitable to all concerned. It will fulfill commitments and agreements made many years ago. I hope that any attempts to water down its provisions will be rejected and that it will be overwhelmingly approved.

Mr. President, I yield the floor.

Mr. JOHNSTON. Mr. President, I should like to have it understood that General Aniline is a very large corporation. Also, it is making money for the Government. According to testimony given a few weeks ago, it is estimated that it will earn $10 million in net profit this year for the Government.

The corporation is operated by a board. As was stated in the press a few weeks ago, the Attorney General turned the operations of the company over to a board of private individuals, who operate the company and regulate the salaries.

Also, the board plows back into the company whatever money is believed necessary to make the company progress. They have that right under the law at the present time.

The only right which the workers do not have is the right to strike, because the Government owns 98 percent of this company, which was taken over by the Government during the war. That is the position in which we find ourselves today. The company is making money and is progressing. Salaries have been increased.

Although I am the chairman of the subcommittee, today is the first time I have heard any complaint from anyone to the effect that workers in the plants are not satisfied with their wages. I do not believe the committee ever received any such complaint.

Mr. President, the amendment before the Senate today is the last in a long continuous line to amend the Trading With the Enemy Act to allow the Alien Property Custodian or the Attorney General to dispose of vested assets before former owners have had an opportunity, as presently allowed by the law, to test their rights before the courts to have their property returned because of improper vesting.

Some say this measure would speed up matters. I say it would not. The Attorney General acknowledges that a serious constitutional question is involved. It will have to go before the court, and finally will have to go on to the Supreme Court of the United States, like similar cases which previously have been before the Court. It will then have to go on to the World Court. This is not a question for the United States alone to decide. Some of these questions have already been before the World Court; and some of the questions involving vested rights have already been before the Supreme Court of the United States, and have been sent back for additional information.

Mr. President, in 1917 when the Trading With the Enemy Act was first enacted it was not nearly as broad and comprehensive as it is today. We managed to get through a very difficult war with much narrower legislation and more protection of the property rights of our citizens and friendly foreign nationals.

When World War II broke out, there was considerable doubt as to whether the previously passed legislation was still in effect. The War Powers Act of 1941 was hastily enacted by the Congress, with no hearings and little debate. As a matter of fact, if my memory serves me correctly, but one amendment was offered on the floor. This early legislation only allowed the President to vest property of enemy aliens or nationals, but was later expanded to include property of all foreign nationals, as well. When the broad powers to vest property of private citizens were given by the Congress to the President, they were all-inclusive powers to take the property of any citizen administratively found to be either an enemy alien, a foreign national, or if it was thought the property was being used for the benefit of our enemies. There was, and is, no judicial determination that the property is not rightfully that of a U.S. citizen prior to the vesting. The only right even guaranteed to a citizen of our own country is the right, once the property has been vested, to go into court under section 9(a) and prove that the property is really his, and not that of an enemy.

Mr. President, one point which I wish to emphasize is that when Congress, during those terrible days of strife of our Nation, gave the President the right to vest the property, Congress guaranteed to the property holder that he could go into court and would have a chance to that the Government had made a mistake in taking the property from him, and that the property was really his as a citizen of this country, and constituted no threat to the security of the United States.

Mr. President, even this belated guarantee required the citizen or friendly foreign national to prove—that is, the burden of proof was not on our Government—that the property was his, and not that of an enemy, or that he was not a cloak for an enemy.

This guarantee to protect the property rights of our citizens has continuously undergone efforts to change it so that if the citizen prevailed in the suit for the return of his property, he would not get his property back, but would get "just compensation."

The Trading With the Enemy Act powers themselves have repeatedly been held by the courts of this country to be constitutional only because of the saving grace of the right, written into the act, of the citizen to take his case to court and to prove that he deserves a return of his property. For example, in the case of *Standard Oil Co.* v. *Markham* (57 F. Supp; 332, 334), it was stated:

> The existence of a right upon the part of claimant to regain his lawfully seized property, and to do so completely, is essential to the constitutionality of the act.

If we were to adopt this amendment, I fear that it would be dealt with in accordance with the decision of the Supreme Court in that case.

The act of which we speak is in force not only during periods of war, but during any national emergency, which means that it could be used at this very time. As a matter of fact, recently there was speculation that the President would invoke these powers against Cuba. Again I should like to point out that the powers would not be restricted to Cuba, but could be invoked against any foreign-held property—friendly or enemy—in the United States.

The very history of the United States is filled with indications of our high regard for the rights of private property owners. We allow our Government to vest property only as a necessary measure to protect the interests of the United States. Removal of the right of a citizen to recover his property in kind and in toto does not meet with the American criteria for fairplay, and was not allowed even during our darkest days of doubt during two world wars and the Korean conflict.

If the Senate were to remove this saving clause from the very broad powers we have given the President under this act, we would be making a mistake which could confront every private property owner in America and could do irreparable damage to our image abroad as a nation that believes in the dignity and rights of private property owners.

Mr. President, another particular aspect of this proposal of which the Congress should be made aware is the position of the intervenors in this lawsuit between Interhandel and the Department of Justice. This case is no longer a simple suit by the U.S. Government, on the one hand, and a Swiss holding company claiming ownership of the wrongfully vested corporation, on the other hand. There have been literally thousands of intervenors. One group, commonly called the Kaufman intervenors, represents the claims of 1,838 private individuals, many of them American citizens. These intervenors contend that even if the Justice Department prevailed and had properly vested General Aniline, the intervenors as nonenemies and nonenemy tainted have a right to a return of their share of the vested property. The Justice Department contested this contention, and would have denied them any rights to their property if the Government had prevailed in the Interhandel suit. At great expense of both time, talent, and money, the intervenors carried their case to the highest court in the land. The Supreme Court upheld their position, and ruled that they would have a right to a return of their property, and, more specifically, that they would have a right of a return in kind, and that just compensation—noble though it may sound—was not an adequate substitute for the right of these guiltless citizens to a return of their property.

Mr. President, the right was not only guaranteed to the intervenors under the law, but also was retained by them only at the great cost of carrying their case to the highest Court in the land. If this amendment were passed, we would have removed much of the right they won by zealously defending their position in the courts, and, in effect, they would be right back where they started before they won their case; and in order to get back to where they are now, they would have to have another lawsuit, and the Government would be put to the expense of participating in that lawsuit.

The mere fact that the amendment proposes just compensation offers little solace to a measure that smacks of the tyranny of communism. The worst sort of tyrant or dictator could confiscate private property claiming that he has paid just compensation, even though payment was in worthless bonds or valueless currency.

We had an illustration of that in Cuba in recent times, where the Government confiscated billions of dollars worth of American property—under the same conditions proposed in the amendment—and said it would provide compensation.

I can picture such a dictator now, with a smile of benevolence on his face, saying that he had merely followed the example of the great United States of America.

Mr. President, traditionally we in the United States have offered to friendly aliens the same guarantees of private property rights that belong to our own citizens. In this act we have removed the guarantees for a temporary time, for even if the citizen or alien subsequently proves to the satisfaction of the court that his property was mistakenly vested, he has lost control of his property for the time required by the litigation and has been put to the expense and terrifying experience of proving to the satisfaction of the court that the U.S. Government has unjustly taken his property.

In previous consideration of this amendment, both the Department of State and the Department of Justice have had serious qualms about the constitutionality and practicality of this proposal. For some reason, or reasons, unknown to me, I must confess, the Department of Justice has seen fit to reverse itself and now states flatly that this amendment would be constitutional. They did, however, concede that a constitutional question is involved, but brushed it aside with the statement of fact that this matter would have to be decided by the Supreme Court.

We all realize that this question would have to be decided by the Supreme Court. The point is that this amendment is aimed primarily at one corporation, but it would not be limited to this one corporation which is its target. Every other corporation and/or private citizen in America would have lost a valuable property right, now guaranteed him in America, if this legislation is passed and its constitutionality is upheld by the Court.

As a matter of fact, Mr. President, the people who claim that this property was unjustly vested have already been to the Supreme Court three times, and to the World Court one time, because of efforts by the Government to dispose of or alter the nature of the property, and on all three occasions have prevailed. The World Court, when the case was before it, sent the case back to the United States only because the claimants had not exhausted their domestic remedies, and only after officials of our Government had informed the Court that the property under our laws could not and would not be sold until the final termination of the litigation in our favor. After these assurances by our representatives, and after the World Court had returned the case for final determination under our domestic laws, the Department of State, which had previously supported the legislation, changed its position to one of caution, saying in effect that it would not object to our passing this type of legislation provided the Congress gave careful consideration to the circumstances surrounding the Interhandel case.

Mr. President, the Congress has not given careful consideration to the circumstances surrounding this case because our current hearings have not been completed; and, for the further information of the Senate, the Judiciary Committee has had this subject before it on many occasions. Each time it has been proposed to move forward with a sale of the General Aniline Corp. before settlement of the case in court, the Judiciary Committee has refused to act. This amendment comes to the floor of the Senate after the Judiciary Committee had refused to act on it.

At our most recent hearing on August 29, the time taken with witnesses from the Department of Justice required that we postpone hearing witnesses from the Department of State. While we are most anxious to hear from the officials of the Department of State and to give consideration to the circumstances surrounding this case, we have thus far been unable to do so.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MORSE. Am I to understand that we have not had the benefit in this session of Congress of the taking of testimony on the subject matter of this amendment?

Mr. JOHNSTON. Hearings have been started in the last couple of weeks.

Mr. MORSE. Before the Judiciary Committee?

Mr. JOHNSTON. Before the Judiciary Committee.

Mr. MORSE. But there has been no completion of the hearings?

Mr. JOHNSTON. There has been no completion of the hearings.

Mr. MORSE. There has been no determination of the matter by the Judiciary Committee?

Mr. JOHNSTON. No. It was brought up in the same manner as now, by adding an amendment to another bill, and it was turned down.

Mr. MORSE. This year?

Mr. JOHNSTON. This year.

Mr. MORSE. Because the Judiciary Committee has not held hearings?

Mr. JOHNSTON. Because it has not had hearings, but the main reason, as stated by those who spoke out, was that they feared that if the right to have the property returned were taken away, such action would be unconstitutional; and, further, because, the matter being in court, the committee did not want to take it away from the Court.

Mr. MORSE. Am I to understand that the procedural situation in respect of this amendment amounts, in effect, to a motion to discharge the Judiciary Committee from further consideration of the subject matter of this amendment?

Mr. JOHNSTON. That is true.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. KEATING. I cannot let that statement go without further explanation. It is true that about the time this measure reached the floor another hearing was ordered by the subcommittee. I do not know how many hearings have been held on this problem, but there have been many in the Senate and in the House. It was the subject of the individual views filed by myself and Senator Hart to the report of the Committee on the Judiciary on S. 2618 which is now on the Senate Calendar.

Mr. JOHNSTON. I must correct the Senator. This amendment has been before the Judiciary Committee. The Senator from New York brought it up. The committee did not adopt it.

Mr. KEATING. The amendment was presented when a bill comparable to the House bill was being considered, not the bill before us. In order to bring the question before the Senate I said, "I will offer this and other amendments, including the one the Senator from Louisiana [Mr. Long] is interested in, but I will not debate them because I do not want to delay action. I will offer them on the floor on their merits," and filed individual views with regard to them.

Mr. JOHNSTON. Mr. President, I acknowledge that the Senator made the statement that he would offer the amendments in the Senate. If the Senator had thought they would be agreed to, he would have continued to argue, would he not?

Mr. KEATING. My answer to that is that I believe the vote on this amendment will reveal that the majority of the members of the Committee on the Judiciary support the amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MORSE. I say to the Senator from New York that I am only trying to determine the procedural situation confronting the Senate. I am not passing judgment on the merits of the amendment. I do not know much about the merits of the amendment. I shall before I vote, however.

I am concerned about the procedure. Judging from what the Senator from New York now says about the amendment, and what the Senator from South Carolina has been saying about the amendment, there never has been a report, either pro or con, from the Senate Committee on the Judiciary, to which the subject matter has been referred. My question was based upon my assumption that this subject matter has been referred to the Senate Committee on the Judiciary. Are we confronted with a procedural situation in which the bringing up of the amendment at this time in the Senate amounts, in effect, to a motion to discharge the Judiciary Committee from further consideration of the subject matter, so that it may be considered by the Senate?

Mr. KEATING. Mr. President, I will not take the Senator's time except to reiterate that this was the subject of individual views in a report of the Committee on the Judiciary.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. JOHNSTON. Mr. President, I wish to keep the Record straight. It has been stated on this floor that my determined opposition to the proposal has prevented the Senate from voting on this measure. The Senator who made this charge is very much mistaken.

In the 86th Congress, the subcommittee of which I am the chairman reported the bill, S. 1103, to the full committee. Several other bills were referred at the same time. The full committee discussed the various bills, and, after full consideration of S. 1103, reported all the bills except S. 1103.

I have only one vote on the committee.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. LAUSCHE. Has there been any expression of opinion by the State Department as to the pending amendment and the amendment of the Senator from Louisiana [Mr. Long]?

Mr. JOHNSTON. So far as the amendment of the Senator from Louisiana [Mr. Long] is concerned, I do not object to that. What I object to is the sale, when it was written into the law, when the property was confiscated, that it would be returned in kind.

Mr. LAUSCHE. Has the State Department expressed any opinion on the subject brought up by the Senator from New York [Mr. Keating]?

Mr. JOHNSTON. Up to this time we have not heard from them. Heretofore, they have been against it every year, up until the 86th Congress. We have not yet heard the representatives of the State Department.

Mr. LAUSCHE. How many years has the subject been before the committee, and how many years has the State Department been against the proposal?

Mr. JOHNSTON. I should say for the past 10 years. I have been on the committee 8 or 10 years, and the State Department has been against it up until this year. We have not yet heard its testimony.

Mr. LAUSCHE. The correct understanding, then, is that the State Department has opposed this proposal throughout the years, and this year there has been no expression of opinion.

Mr. KEATING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield?

Mr. JOHNSTON. The State Department was continually trying to arrive at some adjustment. I had conference after conference with the State Department in regard to the question in an effort to get something which would be an amicable solution to the problem, with those contesting it. We never could reach a solution to the problem. I think that is what held up action, to a large extent, until the 86th Congress.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JOHNSTON. I think that is true.

Mr. LAUSCHE. Has the State Department indicated that it is a matter of concern to the Department?

Mr. JOHNSTON. The only thing the State Department has done has been to ask us to give the subject careful consideration before we acted either way. That is as far as we have gone this year. We hope to have the State Department representatives before us, to question them and try to get something out of the hearing.

Mr. LAUSCHE. Since the subject is of international importance, we should know what the State Department has to say. I think the Secretary of State ought to be called before the committee.

Mr. JOHNSTON. We have already sent the representatives of the State Department word that they should be heard, and asked them to set a certain date.

Mr. LAUSCHE. I thank the Senator very much.

Mr. KEATING. Mr. President, will the Senator yield before the Senator from Ohio leaves the Chamber?

The PRESIDING OFFICER. Does the Senator from South Carolina yield?

Mr. JOHNSTON. I yield.

Mr. KEATING. Mr. President, the State Department has said it has no objection to the passage of the proposed legislation and that it is a matter for Congress to determine. The Department of Justice, whose representatives have testified before the committee, said that the Department of Justice would not be before the committee urging the enactment of the proposal if the State Department objected to it. This proposal is not only approved, but strongly urged by the Department of Justice. The question was put to the Department regarding the position of the Department of State. The Department said, "We would not be urging this measure if the State Department had any objection to the passage of this legislation."

Mr. LAUSCHE. Mr. President, will the Senator yield to me so that I may ask the Senator from New York a question?

Mr. JOHNSTON. I yield.

Mr. LAUSCHE. Is there testimony of that character in the transcript of the testimony taken before the Judiciary Committee?

Mr. KEATING. There is. I shall be happy to show it to the Senator.

Mr. LAUSCHE. Why should we not have it brought before us, so that we can see what the testimony was?

Mr. KEATING. It is before us. I shall be glad to show the Senator the record. I have a copy.

Mr. JOHNSTON. The State Department representatives have not testified this year, but I believe they did send a letter to the committee saying they thought we ought to give careful consideration to the proposal before we acted upon it. I believe, so far as they are concerned, this is the first year they have come forth with that suggestion. They would leave it up to the Congress.

Mr. LAUSCHE. I thank the Senator very much.

Mr. JOHNSTON. Mr. President, in my considered opinion, it would be the grossest sort of incompetence for the Congress to pass legislation with such grave international implications without hearing from the Department of State.

I can understand why the State Department would want the Congress to give careful consideration to the circumstances surrounding the Interhandel case before enacting legislation such as this proposed amendment. At the time the following statement was made the case was before the Court of International Justice. The case before the World Court had already begun when the Supreme Court of the United States granted certiorari, thereby continuing the case before American courts. Accordingly, Mr. Loftus Becker, on November 5, 1958, made the following statement:

> Under section 9(a) of the Trading With the Enemy Act, the Government of the United States is forbidden—

He was speaking now of what the State Department had to say—

> is forbidden to sell vested property as long as a suit for its return is pending. Interhandel having been reinstated as a plaintiff, there cannot, and will not, now, be a sale of the vested stock by the U.S. Government unless and until a final determination in that suit, that suit in the United States, is made in favor of my Government.

Any reasonable man realizes that Mr. Becker was asking the International Court to refuse to grant relief to Interhandel because they had not exhausted domestic remedies and that under U.S. law, they could secure the same remedy from our Court that Interhandel was asking from the World Court.

It is pretty obvious that after the assertion made by Mr. Becker—joined, of course, by our other representative, the Assistant Attorney General—it could easily be considered to be an action of bad faith for the U.S. Government to change the same laws which Mr. Becker cited in order to deprive Interhandel of the remedy on which the Court relied in returning the case to the United States. To emphasize his argument, Mr. Becker later made the additional statement that:

> Accordingly, the stock here in issue cannot now, and will not, be sold by the Government——

I ask Senators to think of his making such a statement when the question was before the World Court, and then consider the request that authority be given to sell the property. I ask Senators to listen again to that statement:

> Accordingly, the stock here in issue cannot now, and will not, be sold by the Government but is being retained to await the outcome of Interhandel's suit on the merits of the litigation in the United States. As the Supreme Court described the legal situation in a leading case—that case is *Stoehr* v. *Wallace*, 255 U.S. Reports 239, at page 246, the decision having been rendered in 1920—and I quote: "* * * it (referring to sec. 9(a) of the Trading With the Enemy Act) distinctly reserves to any claimant who is neither an enemy nor an ally of an enemy a right to assert and establish his claim by a suit in equity unembarrassed by the precedent executive determination. Not only so but, pending the suit, which the claimant may bring as promptly after the seizure as he chooses, the property is to be retained by the custodian to abide the result, and, if the claimant prevails, is to be forthwith returned to him. Thus there is provision for the return of the property mistakenly sequestered; and we have no hesitation in pronouncing it adequate, for it enables the claimant, as of right, to obtain a full hearing on his claim in a court having power to enforce it if found meritorious.

I, for one, would not want to allow my Government to get in the position of asking the World Court to rely on U.S. laws for the protection of allies and after that reliance was accorded, change the very law on which the Court relied.

Mr. President, as Senators can see, there are grave constitutional, domestic, and international issues involved in this legislation. To support their position the proponents give two reasons, first to get the Government out of business and, second, to help the employees and management of General Aniline. Both certainly sound commendable, but it should be pointed out that the Justice Department does not run General Aniline. The corporation, like most other large companies, is run by a board of directors and its president and chief executive officer is paid $110,000, plus expenses, annually, which is a great deal more than he would make if he worked for the Government. In addition, the company has an experienced board with extensive backgrounds to run it. The Attorney General has pledged to keep hands off the business affairs of the company. As for the employees and management, the president of this very successful company says publicly that the difficulties in these areas have been exaggerated. The man in the best position to know says he has no morale or employment problems that are jeopardizing the position of his company.

Mr. President, in addition to the grave problems presented above, I would like to point out two areas in which the U.S. Government and our taxpayers and property owners can lose millions of dollars under the proposal.

First. The U.S. Treasury—that is the taxpayers—will be responsible to make up any difference between "just compensation" for plaintiff as awarded by the courts and whatever sale price the company may have brought when sold under a clouded title. By present law, the Treasury cannot lose a dime on this company, but if this amendment is agreed to, the Treasury could be liable for millions.

The Attorney General so acknowledged. When members of the Judiciary Committee were discussing various subjects, I asked the Attorney General if that was not so. He said, "Yes." If they found later that the property was worth more than the amount for which it was sold, the Government would have to make up the difference between what the property was sold for and what the just compensation would have been if the case had not been in court and the property were not being sold under a clouded title.

Second. As far back as 1946, our then Secretary of State in hearings before the Subcommittee No. 1 of the Committee on the Judiciary on H.R. 5089, 79th Congress, 2d session, pages 28–29—1946—pointed out that the clause eliminating the right of an alien friend to sue for the return of his property carries a grave threat to the property of American nationals in foreign countries and to the ability of the State Department to obtain fair and equitable local treatment of such property interests of U.S. nationals to which the Department finds strong objection both on principle and on grounds of the enlightened self-interest of the United States.

I believe that at that time the Secretary of State was no other than James Byrnes, from South Carolina. For many years he had been a Senator. Later he was an Associate Justice of the Supreme Court of the United States. Then he became adviser to the President, and finally, under President Truman, he was Secretary of State.

Mr. President, for the reasons stated I ask that the Senate reject this amendment which in my opinion would have grave consequences both at home and abroad and for which there is little pressing need.

I ask that the amendment be rejected at this time in order to preserve the property rights in the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. KEATING] and the Senator from New Jersey [Mr. WILLIAMS].

Mr. SMATHERS. Mr. President, during the past several years, I have steadfastly introduced and supported legislation which would create an American war claims fund out of which American citizens, who lost their lives or property, or suffered bodily injuries at the hands of the enemy during World War II, would be compensated.

This legislation provides for compensation of these war losses without the necessity of any additional burden on the American taxpayer.

It is satisfying to know that the Senate is finally, after unconscionably long delay, now considering this legislation. I hope the moment is very near when our long-suffering citizens, who sustained serious losses during World War II, will be able to look forward with certainty to at least some measure of relief out of the war claims fund.

The legislation now before the Senate was passed by the House, on August 8, 1962, by the overwhelming vote of 354 to 15.

It provides for adjudication by the Foreign Claims Settlement Commission of the United States of U.S. citizen claims for property lost or damaged during World War II; for death or disability suffered by civilian passengers on vessels attacked on the high seas; for damage to or loss of ships and ship cargoes, and for other similar losses sustained by American citizens during World War II.

The proposed legislation also provides for payment of these claims out of the remaining proceeds of liquidated German and Japanese assets held, since the beginning of World War II, by the Alien Property Custodian in the Department of Justice. It is clear, therefore, that there will be no call on tax revenues to compensate our citizens for the losses they sustained.

In the past, certain persons have contended that this legislation should not be enacted because the German and Japanese enemy assets should be kept inviolate, and returned to Germany and Japan.

I have consistently sought to assure the Senate that this argument simply is without merit or substance.

At the beginning of World War II, these assets, located in the United States and belonging to enemy nationals, were placed under the control of the Alien Property Custodian pursuant to Executive Order 9095 of March 11, 1942.

This order was issued by the President by virtue of the authority vested in him by the War Powers Act of 1941 and the Trading With the Enemy Act of 1917.

The United States seized an estimated $54 million of Japanese assets and $541 million of German assets. The Trading With the Enemy Act provides that after the end of the war, such property shall be disposed of "as Congress shall direct" (50 App. U.S.C., sec. 12).

After World War II, the United States and 17 Allied Nations entered into the Paris Reparations Agreement, whereby the Allies—other than Russia and Poland—limited their demands for reparations against Germany to the vested enemy assets located in their respective countries and agreed to hold or dispose of such assets in a manner that would preclude their return to German ownership or control.

Thus, insofar as the United States is concerned, the Paris Reparations Agreement committed us to settle our multibillion dollar claims for reparation against Germany for the $541 million of enemy assets held here by the Alien Property Custodian.

The purpose of this lopsided undertaking in favor of Germany was to permit Germany to recover from the ravages of the war without being harassed by impossible-to-meet war reparations.

The wisdom of the agreement, both from the standpoint of the United States and West Germany, is evidenced today by the sound, prosperous, powerful Bonn Government and its close, unbending alliance with the United States and our Allies of the West.

In pursuance of this 1945 Paris agreement, Congress, in 1948, passed the War Claims Act. It provided for establishment of a war claims fund and for payment of some of the most pressing and urgent claims of American citizens against Germany and Japan, and it stated (50 App. U.S.C. 2011):

> No property or interest therein of Germany, Japan or any national of either such country * * * shall be returned to former owners * * * and the United States shall not pay compensation for any such property or interest thereon.

The policy of the United States for retention of the vested enemy assets was subsequently recognized and confirmed in the Japanese Peace Treaty and in the Bonn Convention of 1952 between Germany, the United States, Britain and France.

In the last-mentioned treaty, Germany agreed to compensate its own nationals for their loss of property through the vesting action of Allied Powers, and the Allied Powers committed themselves to forgo any claim for reparations against Germany's current industrial production.

These undertakings were further confirmed in the Paris Protocol of 1954, which brought about the sovereignty of the Federal Republic of Germany. The Paris Protocol was approved by the Senate on April 1, 1955, and became effective on May 5, 1955.

Therefore, the vested enemy assets which the pending legislation commits to the payment of the remaining valid American war claims against Germany and Japan was surrendered to the U.S. Government by Germany and Japan, as a quid pro quo for the U.S. agreement to forgo the collection of billions of dollars of justly due and owing war debts from both former enemy countries.

It was a quid pro quo for our agreement to help these two countries to regain their strong economic positions in the family of free nations of the world.

Each government gladly settled its war debt for the menial amounts held by us in the form of the vested enemy assets. Each agreed to pay its own citizens for any loss they sustained by reasons of these governmental settlements of World War II. The American claimants were to be paid out of the proceeds of the enemy assets, while the enemy owners were to be compensated by their own governments.

In truth and in fact, the United States is already far down the road in effectuating its part of these bargains.

It has already used no less than $180 million out of the proceeds of these vested enemy assets to pay (a) American prisoners of war and American civilian internees of the Japanese, $141 million; (b) religious organizations in the Philippines, $29 million; (c) American merchant seamen interned by the Japanese and Germans, $330,000; and, (d) American accounts in Philippine banks, taken by the Japanese, $10,500,000.

Thus, to be absolutely correct, it would simply be impossible today for Congres to throw the entire war claims program into reverse and return all of the enemy assets to Germany and Japan. In order to reverse all of the postwar settlements and procedures today, the United States would have to first, pay former enemy nationals in Japan and Germany, out of U.S. tax funds, no less than approximately $180 million to $250 million—moneys used to pay the above claims, plus the administrative costs of the Office of Alien Property; and, second, pay our own citizens with war losses a total of $300 million to $750 million out of the U.S. tax moneys, for the losses they have sustained without compensation.

This would be a ludicrous, uncalled-for reversal of policy, and it would make our postwar treaties with Germany and Japan mere "scraps of paper," entirely one-sided and grossly unjust to the American taxpayers. In the words of the Department of Justice, in its testimony before a committee of the Senate, "this would cause the United States to foot the bill for both sides of a war it won."

Over recent years, I have been especially proud of the support I have received in my efforts to establish a fund for payment of the remaining American war claims from organizations, such as the American Legion, AMVETS, and the American Jewish War Veterans.

These organizations consist of the men and women who sacrificed the most in World War II, and who are, in many respects, the best equipped to assist the Congress to find the proper path in this area.

They have unanimously opposed any return of the enemy assets and any uncalled-for reversal of our postwar policy and treaties. They support with equal firmness the creation of the fund the legislation before the Senate now seeks to establish.

For all of the reasons I have just stated, I am utterly opposed to the enactment of a bill which would provide for the mere adjudication of American claims, but no payment. This is just a "new twist" to the old argument that the United States should not employ the proceeds of the properties Germany and Japan gave us, as a quid pro quo for the settlement of their war debts, for the payment of American war claims.

I am equally opposed to the adoption of any so-called late citizenship amendment, which would make a mockery of the war claims fund for all claimants concerned, particularly those with valid U.S. claims against Germany or Japan. Three attempts were made in the House on August 8 to open this fund to persons who attained U.S. citizenship as late as the very day this legislation becomes law. Each proposal was overwhelmingly rejected. To adopt any such provision here would clearly endanger the final passage of the bill at this session. It would also open a very limited fund of no more than $100 to $300 million—depending upon the outcome of the so-called Interhandel-General Aniline case—to possibly billions of dollars of claims, owned by persons who were not citizens of the United States when they suffered the losses about which they complain. Many have possibly already recovered compensation in some other country, and it would be impossible to determine who is claiming twice and who is being paid more than once for the same loss. Furthermore, the standard rule in all previous American claims funds of this type is that a claimant is eligible only if he was a citizen of the United States on the day he suffered the loss about which he complains. There is no valid reason to change the rule in this instance. To do so would render basically uncompensable the genuine U.S. citizen claims which have been remediless for 20 years.

I urge the Senate to pass without delay the pending measure to provide relief for American citizens involved, relief which is long, long overdue.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. Keating] for himself and other Senators. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY (when his name was called). On this vote, I have a pair with the Senator from Alaska [Mr. Gruening]. If the Senator from Alaska were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. JOHNSTON. Mr. President, I think many Senators have voted under a misapprehension.

Mr. LONG of Louisiana. Mr. President, a point of order. Has the vote been announced?

The PRESIDING OFFICER (Mr. Lausche in the chair). The point of order is well taken.

Mr. JOHNSTON. This will cost millions of dollars

The PRESIDING OFFICER. Debate is not in order.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Arkansas [Mr. Fulbright], the Senator from Tennessee [Mr. Gore], the Senator from Washington [Mr. Magnuson], the Senator from Utah [Mr. Moss], the Senator from Oregon [Mrs. Neuberger], the Senators from Rhode Island [Mr. Pastore and Mr. Pell], and the Senator from Massachusetts [Mr. Smith] are absent on official business.

I also announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], the Senator from Alaska [Mr. Gruening], the Senator from Wyoming [Mr. Hickey], and the Senators from Missouri [Mr. Long and Mr. Symington], are necessarily absent.

I further announce that, if present and voting, the Senators from Rhode Island [Mr. Pastore and Mr. Pell] would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. Aiken] and the Senator from Wisconsin [Mr. Wiley] are absent on official business.

The Senator from Utah [Mr. Bennett], the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senator from Kansas [Mr. Carlson], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], and the Senator from Kentucky [Mr. Morton] are necessarily absent.

The Senator from Kentucky [Mr. Cooper] is detained on official business.

If present and voting, the Senator from Utah [Mr. Bennett] and the Senator from Indiana [Mr. Capehart] would each vote "yea."

The result was announced—yeas 47, nays 24, as follows:

[No. 253 Leg.]

YEAS—47

Allott
Bartlett
Beall
Boggs
Bottum
Bush
Byrd, W. Va.
Cannon
Case
Chavez
Clark
Dirksen
Dodd
Douglas
Fong
Goldwater
Hart
Hartke
Hayden
Hickenlooper
Javits
Keating
Kefauver
Kerr
Long, Hawaii
Long, La.
Mansfield
McCarthy
McGee
McNamara
Metcalf
Miller
Monroney
Mundt
Pearson
Prouty
Proxmire
Randolph
Russell
Saltonstall
Scott
Smathers
Smith, Maine
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.

NAYS—24

Bible
Byrd, Va.
Curtis
Eastland
Ellender
Engle
Ervin
Hill
Holland
Hruska
Jackson
Johnston
Jordan, N.C.
Lausche
McClellan
Morse
Muskie
Robertson
Sparkman
Stennis
Talmadge
Thurmond
Yarborough
Young, Ohio

NOT VOTING—29

Aiken
Anderson
Bennett
Burdick
Butler
Capehart
Carlson
Carroll
Church
Cooper
Cotton
Fulbright
Gore
Gruening
Hickey
Humphrey
Jordan, Idaho
Kuchel
Long, Mo.
Magnuson
Morton
Moss
Murphy
Neuberger
Pastore
Pell
Smith, Mass.
Symington
Wiley

So the amendment was agreed to.

Mr. SCOTT. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MILLER. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Iowa to lay on the table the motion of the Senator from Pennsylvania.

The motion to lay on the table was agreed to.

## DEVELOPMENT OF REVOLUTIONARY NEW WEAPONS

Mr. MILLER. Mr. President, in last evening's Washington Star there appeared an editorial entitled "Not Yet the Ultimate," which very excellently points out the possible future developments of weapons, including antimissile weapons. It ties in precisely with what I had to say the other day with respect to disarmament negotiations and why they should include inspection with respect to antimissile defense.

I ask unanimous consent that the editorial be printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### NOT YET THE ULTIMATE

Gen. Curtis E. LeMay, our Air Force Chief of Staff, has just made some comments of more than passing interest. They have to do with the enormously complex problem of disarmament and the possibility of developing revolutionary new weapons, defensive as well as offensive.

Both the problem and the possibility are so immense that even the most hyperbolic adjectives could hardly exaggerate them. The subject has been discussed by many American experts, but by none more knowledgeable—in his peculiarly awesome field of responsibility and command over virtually indescribable magnitudes of destructive power—than General LeMay. So these following words of his, from the current issue of the authoritative Air Force magazine, seem to us to be well worth quoting:

"An idea that is impeding military space progress is * * * that nuclear weapons are the ultimate weapons. This concept assumes that no weapon can ever displace the nuclear weapon—except a more powerful or different form of the same weapon.

"People who believe this say that there are already enough nuclear weapons to destroy the world and they say that this abundance of weapons is intolerable. Most of the arguments for arms control, the stalemate theories and the minimum-deterrent theories derive from this basic idea.

"Now I don't think the nuclear weapon is the ultimate weapon man will ever devise. And I don't think the one that replaces the nuclear weapon will be the ultimate either.

"Tomorrow's weapons may employ entirely new and nonnuclear principles of operation. For example, we are still acquiring greater understanding of the principles governing focused energy. And, eventually, we may see these developments lead to focused-energy weapons.

"The energy directed by such weapons could travel across space essentially with the speed of light. This would be an invaluable characteristic for the interception of ICBM warheads and their decoys. And, if a new generation of armaments operating in space could neutralize an aggressor's ICBM's, warfare as we have known it would be outmoded by the advance of technology.

"The neutralization of ICBM's by a system deployed aboard a maneuvering space vehicle is no irresponsible escalation of an arms race.

"A weapon such as I have described * * * would move the world into a new era of warfare * * * into a new era of preventing war. Assuming, of course, that it was in the proper hands."

These are words that ought to be kept constantly in mind by all those people (more than a few of them emotionally unbalanced or dedicated servants of the Kremlin) who delight in staging demonstrations against Western nuclear tests while ignoring those of the Soviet Union. General LeMay, in effect, has delivered a powerful argument against any ill-considered, willy-nilly, headlong rush by our country to achieve disarmament simply for disarmament's sake.

Clearly enough, any such policy could be catastrophic. We must keep on thinking about arms. We must continue to test in the nonnuclear as well as the nuclear field. We must try to develop, as General LeMay has suggested, things like the focused-energy weapon. To do less would be to gamble with our very survival as a free nation.

## TEMPORARY EXTENSION OF EXISTING PROVISIONS OF LAW RELATING TO FREE IMPORTATION OF CERTAIN EFFECTS

Mr. BYRD of Virginia. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives with respect to House bill 12180.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 12180) to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD of Virginia. I move that the Senate insist upon its amendment and agree to the request of the House for a conference and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Williams of Delaware, and Mr. Carlson conferees on the part of the Senate.

## ROLE OF THE REPUBLICAN MINORITY

Mr. SCOTT. Mr. President, this Congress is drawing to a close, one hopes not many weeks away. Behind it trails the debris of a program sponsored by an administration shiny with promise and bright slogans. Not so long ago, the American people were told that only a Democrat President, working with a Democrat Congress, was needed to get this country moving again. Events have shown that the country was moving pretty well before this Congress and this administration went to work. America will get moving again when the "all show, no go" policy is succeeded by policies more in keeping with the American will to advance the common good. Politics sound good to friendly pressure groups, but people generally prefer performance to promise. They are still looking for it.

In the welter of administration failures, at home and abroad, the role of the Republican minority has been a difficult one. As members of the loyal opposition, we must undertake responsible criticism and often oppose that which we believe to violate the principles of sound government. As Americans, we deplore our country's shortfall in its foreign policy planning and performance.

We of the minority have the further task of constructive criticism, a task I believe we have been performing reasonably well. We can do a better job, however, by putting emphasis on constructive alternatives. We should offer these to the Kennedy administration proposals which are not geared to be accepted, or, if accepted, to work.

One heartening sign is found in the informed and dedicated concern of newer elements of our party. In particular, I want to take this opportunity to bring to the attention of my colleagues the work of four first-term Republicans of the other body. Representing a broad geographical spectrum, nearly spanning the continent, these gentlemen have been presenting a series of constructive commentaries on the administration.

The four Representatives are Peter H. Dominick, of Colorado; Robert H. Ellsworth, of Kansas; Bradford Morse, of Massachusetts; and Abner W. Sibal, of Connecticut.

Their work could well be emulated by some of us in the Senate who believe that this approach needs effective support. What they are doing is exciting; they are exercising their responsibilities as representatives of the people. They are making positive responses to the needs of our time.

The President has called for the issues to be debated. He speaks of the need for "dialog." The dictionary definition of "dialog" refers to "two or more points of view." The country can profit from exposition of these other points of view. The President renewed this call in June in his address at Yale. This effort by the four Representatives is wholly in tune with the need for analysis and exposition through dialog. Indeed, it began before the President's speech at Yale.

The first in the series was delivered on May 9, the second on July 9, to be followed by additional dialogs. They speak out of a common concern with our international position. Their examination has included domestic policies which have direct bearing on foreign policy; for example, on civil rights and immigration. Subsequent addresses are being devoted to our domestic and foreign economic policies.

I have followed their work with the utmost interest. I have been impressed by the obvious homework that has gone into it and moved by the responsibility with which these young and able men are seeking to fulfill their responsibilities in office. Their work is fresh and vital and positive. It contrasts vividly with the dreary "I'm against everything" attitude of that type of political Bourbon who never learns—yet never forgets. The Republican Party has a strong case, founded upon its understanding of the free market economy—and how to keep it working, upon its long and proven record in support of civil freedom and the common good, upon its unflinching posture of strength and consistent resolution in the face of the Red danger.

I commend to all these exemplifications of the best in Republicanism on the part of my House colleagues. They may be found in the Congressional Record of May 9 at page 8031 and the Record of July 9 at page 13027.

## MILWAUKEE SENTINEL FOR RETIREMENT AT 60 UNDER SOCIAL SECURITY

Mr. PROXMIRE. Mr. President, recently I introduced a bill which would reduce the retirement age for those on social security from 62 to 60, with a corresponding reduction in the benefits received. I have been assured by the Social Security Administration that it would not necessitate an increase in social security taxes. I feel there is great merit in the proposal. The Milwaukee Sentinel supported my proposal, in an excellent editorial entitled "Idea With Merit," which I ask unanimous consent to have printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Idea With Merit

Senator Proxmire's proposal to permit retirement at age 60 with two-thirds of the full social security benefits has met with considerable adverse criticism in the press.

Some of this criticism is based on misunderstanding. Proxmire did not present his plan as "the answer to unemployment," as one of his editorial critics intimated. Proxmire admitted that the effect on unemployment might be "only moderate" but still might be significant when combined with other moves to boost employment.

The principle of earlier retirement at reduced benefits already has been accepted by the Congress, since workers now may retire at 62 instead of 65 with a 20-percent reduction in social security payments.

Who would be likely to retire at 60 with monthly benefits cut by one-third, say, from $180 to $120?

There would be couples with some income of their own from savings or rental property, but not enough to live on without some social security benefits. They might wish to retire for a variety of reasons—for matters of health, to be able to live near their children in another part of the country, or merely to enjoy some years of modest but leisurely living after a good many decades of hard work. Each such retirement would open up a job for a younger worker.

There would also be workers displaced by automation or laid off for other reasons who, at age 60, would find it difficult to find another job for which they were fitted. Proxmire's plan might save such persons from going on relief after their unemployment compensation has run out.

Proxmire has been assured by the Social Security Administration that his proposal would entail no increased costs and would not necessitate any boost in social security rates.

In the absence of better arguments than we have seen to date, we continue to consider this a desirable, humane plan.

## WALL STREET JOURNAL DOCUMENTS NEED FOR ACTION TO REDUCE UNEMPLOYMENT

Mr. PROXMIRE. Mr. President, in connection with the same subject, this morning's Wall Street Journal carried a persuasive policy article on the front page entitled "Many Factories Plan To Lift Output Without Adding More Workers." This article shows, on the basis of a very careful Wall Street Journal survey, that although output is expected to increase in the coming months, there will not be a significant increase in employment.

The first paragraph quoting an executive of a large chemical company is highly revealing:

> Our plants are so highly automated that we can boost production clear up to full capacity without adding more people. It's just a matter of opening up a valve a little more.

The article shows that this situation has become surprisingly common in industry now, and that a very large number of corporations intend to expand their output without employing additional workers.

This is another reason why Senators should give serious consideration to supporting the proposals I have made, to provide earlier retirement for people under social security and also a resolution expressing the sense of the Senate that younger people should stay in school longer, until the age of 17 instead of 16 or 14.

I ask unanimous consent that the article from the Wall Street Journal be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Many Factories Plan To Lift Output Without Adding More Workers

"Our plants are so highly automated that we can boost production clear up to full capacity without adding more people. It's just a matter of opening up a valve a little more."

Thus does a spokesman for Stauffer Chemical Co. of New York sum up an important trend in the Nation's job picture. Across the country, a Wall Street Journal survey finds, many manufacturers expect to boost production at least slightly in the fourth quarter. But, like Stauffer, a good many plan to do so without hiring any more workers—either by pushing highly automatic machinery harder, or by working present employees longer hours, putting them on overtime if necessary.

The upshot may well be the seeming paradox of rising industrial production over the remaining months of 1962 with no significant reduction in what Washington economists consider an uncomfortably high unemployment rate. To the disappointment of the Kennedy administration, the seasonally adjusted rate of joblessness has been hanging above 5 percent of the Nation's labor force all year, and in August it jumped unexpectedly to 5.8 percent, from 5.3 percent in July.

#### FALL PROSPECTS

Factory employment is only one component of that rate, of course. But it's in the factory that the greatest fluctuations in employment usually occur. And it's in the period after Labor Day, when industry usually gets a lift from the ending of the vacation season, that factories often start significant hiring.

However, of 67 manufacturers polled by this paper, who make everything from pencils to steel rolling mills, 32 said they plan little if any hiring or recalls of laid-off workers in coming weeks. Another eight either are cutting their work forces or fear they may before the end of the year.

Moreover, of the 27 factory bosses who do plan to put on some extra men, 11 say the increases will be small or, at best, no greater than seasonal. The situation would be worse without rising Government defense spending; of the 16 companies that plan greater-than-seasonal hiring 8 are aerospace or electronics firms that specify fatter military contracts as a major reason.

These plans are preliminary, of course, and the picture could change at some firms if fall business turns out better than expected. Mesta Machine Co. of Pittsburgh, which makes such heavy machinery as rolling mills for steel works, is typical of a number of companies that plan no hiring simply because in Mesta's words, "we've seen no upswing" in orders yet. "If the orders do pick up," adds J. M. Hutchison, Mesta secretary, "we'll call back" some workers laid off a few months ago.

#### TREMENDOUS UPTURN NEEDED

In many other cases, however, manufacturers say they can boost production so greatly with their present staff or only a few more workers that the chance of a major change in hiring plans seems remote. "What the fourth quarter will bring isn't clear yet, but only a tremendous upturn in business conditions would require additional personnel," says one of the Nation's leading chemical makers.

The reasons vary. In some industries plants have been working under capacity mostly by running their machinery slowly, and could turn out more goods just by speeding up a bit. Raising output in paper mills, says one big eastern papermaker, "is simply a matter of running the papermaking machines faster and longer."

More often, factory managers expect to get more output out of their present workers by putting the employees on longer hours. Browne & Sharpe Manufacturing Co., Providence, R.I., machine toolmaker says, "1962 is developing into what promises to be our most active year since 1957," but it has been filling the added orders by restoring the normal 40-hour workweek, and putting some departments on 45- and 50-hour schedules, instead of the 35 hours most employees put in during 1960 and 1961.

#### AUTO PLANS

In the auto industry, both General Motors Corp. and Ford Motor Co. say they see little change in employment for the rest of the year, though they are known to be scheduling heavy fourth quarter production of 1963 model cars. Automakers used to hire masses of workers at the start of a model run, figuring they could lay off some later if output couldn't be sustained. But new benefits for furloughed workers won last year by the United Auto Workers Union have made the manufacturers drop the practice and rely instead on overtime to boost production.

Most frequently, however, factories are stepping up output without major new hiring by getting more production out of each worker. In industry after industry, production managers say increased efficiency now allows them to turn out more goods than before the 1960–61 recession with few if any more workers than they employed then.

Sometimes new automatic machinery is responsible. In papermills, machines that tie steel wire around 500-pound bales of wood pulp now do with two men a job that formerly required four. "We hope to cut it to one man when we get machines that will put kraft (wrapping) paper on the bales before they are bound," says one manufacturing manager.

At Singer Manufacturing Co.'s sprawling Elizabeth, N.J., sewing machine factory, maintenance men now whizz from machine to machine on electric carts and communicate with each other by two-way radio; "they can get places more quickly and we are obviously able to do more with less people," a spokesman asserts. Since the end of 1959 Singer has cut employment in its four sewing machine plants about 20 percent, to 6,700, while boosting production 5 percent.

Bowman Steel Corp., Pittsburgh fabricator of steel and aluminum siding and roofing, no longer carts metal to a stationary shear to be cut to size; instead it has mounted a 9-ton power shear on a flatcar which runs alongside a tiered rack of metal sheets and cuts them en route to the next manufacturing operation. By bringing the shear to the metal, rather than the metal to the shear, Bowman now uses 6 men and 3 machines to do the work once performed by 14 men and 5 machines.

Whatever the method, the impact on production forces in many industries has been drastic. Plywood plants in the Pacific Northwest expect this year to turn out about 9.2 billion square feet of lumber, 18 percent more than in 1960, with only 10 percent more workers—33,000 against 30,000. Soft coal mines raised output 14 percent over 1961 in the first half of this year while cutting employment 5 percent, to an average of 139,300 workers.

#### OFFICE CUTBACKS, TOO

And the efficiency drive is even making job opportunities scarce in some company offices. Standard Pressed Steel Co., a big maker of nuts and bolts, plans to cut the work force at its Jenkintown, Pa., headquarters to 3,300 this fall, from 3,500 last spring, principally by not hiring office workers to replace those who quit. "Far too many people were just fiddling around, and we were geting far too many reports on this and that," explains H. Thomas Hallowell, Jr., president. The company has found it can keep its executives well informed while dropping one of every five reports they formerly received, and is planning to cut out more paperwork.

While this trend to more output per worker cuts across much of the economy, the forces tending to increase employment have a more spotty effect. Generally, they involve only particular industries or particular companies.

Defense contractors, especially in the missile and space field, are doing perhaps the heaviest hiring. Lockheed Missiles & Space Co., division of Lockheed Aircraft Corp., has hired some 900 new scientific and other workers at its Sunnyvale, Calif., plant in the last 30 days to meet requirements of new contracts with the Air Force, the Navy, and the National Aeronautics and Space Administration. Total employment at the division has risen to 31,389, up from 26,336 a year ago, and "we expect to be hiring more in coming months," a spokesman says.

In Fort Worth, Tex., Bell Helicopter Co., has hired about 900 new employes this year as its backlog of Government contracts has risen to more than $150 million from $118 million. With still more Government business in the offing, Bell says it will hire another 100 hands by early 1963, raising total employment to about 4,000—a third more than at the start of this year.

### TEXAS INSTRUMENTS' EFFICIENCY

Even in the military field, however, growing production efficiency is keeping employment at some firms from rising as fast as sales. Texas Instruments, Inc., Dallas electronics firm, says added military business has caused it to hire more workers this year than it had planned; it has expanded its work force to more than 18,000, from 17,445 at the end of 1961, and says it will do more hiring in the fourth quarter. However, the company's unit shipments in 1961 rose 4 percent from 1960, while its payroll went up less than 5 percent.

Though auto companies are doing little hiring, some auto partsmakers are. Automatic Steel Products, Inc., Canton, Ohio, producer of such things as fan belts and crankshafts, plans to add 50 to 100 employees in the fourth quarter to its present work force of about 400. Goodyear Tire & Rubber Co. is getting a lift from both auto parts and military demand; it has announced it will recall 1,100 employes by mid-October to its Akron, Ohio, plants where it has expanded facilities for producing missile parts and urethane foam seats for cars.

Companies that deal in products for which demand has been rising more or less independently of general business conditions often are doing more hiring. International Business Machines Corp. hiring is geared to the college year rather than business cycles and, according to a spokesman, has "moved ahead steadily"; the company employed 80,620 on July 31, against 72,950 a year earlier. The steady growth of discount stores is prompting Colonial Corp. of America, which makes low-priced clothing for such outlets, to open five new factories in Tennessee small towns this fall; it will hire 200 workers for each.

### LAYOFFS, TOO

Counterbalancing these situations are continuing layoffs in some segments of the economy where business is slow. "We've had to cut back some in the last 30 days on our work force," says Robb W. James, vice president of Union Switch & Signal Division of Westinghouse Air Brake Co. in Pittsburgh. "The railroads are our largest customers and the situation there is not good, so we've had to shelve some of the (hiring) plans we had at the beginning of the year."

In Cleveland, sluggish capital-goods purchases have forced Clark Controller Co., a maker of controls and switches for heavy machinery, to furlough 10 of its 750 workers.

Installation of automatic machinery also is causing some companies to lay off workers as well as preventing them from hiring new ones. In Boise, Idaho, new automatic machinery has enabled Boise Cascade Corp. to furlough 100 of 750 sawmill workers in the past 3 years while holding output at about 170 million board feet of lumber a year. With efficiency still improving and production holding steady, the company is considering laying off another 80 workers in the next 6 months.

---

## SERIOUS PROBLEMS DEVELOPING IN STUDENT LOANS FOR EDUCATION

**Mr. PROXMIRE.** Mr. President, the distinguished Senator from Texas [Mr. YARBOROUGH] has made a wonderful fight for the cold war GI bill, arguing that the GI bill was a magnificent investment made by this country after World War II. The GI bill of rights was one of the best bills enacted after World War II.

When Senator YARBOROUGH made his great fight a few days ago, there was a motion by another Senator to amend the Yarborough bill to provide for killing GI grants and substituting loans to students in college. This amendment, if adopted, would have been a serious mistake. A Wall Street Journal article published this morning shows why. It reports that there is increasing worry on the part of educators across this Nation because a number of students who have gone to school are not paying their loans. In some cases they canont pay the loans. The human tragedy can be considerable. After these students graduate they are heavily burdened with family responsibilities and are unable to pay the loans previously made when these loans are due.

As one university official pointed out, this situation will become extremely serious in the next few years. It is expected that thousands of students will find themselves in the very difficult situation of owing thousands of dollars for their education at the very time when they are starting families and when their family obligations are heaviest.

I ask unanimous consent that the article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### SOME EDUCATORS WORRY AS MORE STUDENTS TURN TO LONG-TERM LOANS

(By Kenneth G. Slocum)

BLOOMINGTON, IND.—A growing number of college students are studying now and paying later. But while expanding educational loan programs unquestionably are opening college doors to many talented but financially strapped youths, some university administrators foresee problems.

Here at Indiana University, for example, as students troop back to school this week for the start of the fall semester, Assistant Controller Lloyd Keisler still has on his mind several recent graduates who were recipients of loans under a joint Federal-university program.

"I can't find nine former students who owe us and Uncle Sam a total of $20,000 in loan funds," complains Mr. Keisler. "But the thought that scares the devil out of me is that if we have problems collecting on only 280 loans now, what will we do in 5 years when we'll have about 2,000?"

Numerous other school officials worry that collection problems may arise with student loans, which often don't have to be repaid till the student leaves college and takes a job. Some administrators suggest young graduates saddled with growing family responsibilities may often find it difficult to pay off debts incurred in college days. Also disturbing to some educators is the extent of Federal involvement in student loans; a number of colleges are shying from participation in the Government loan program because of fears it could lead to Federal influence over their affairs.

### BORROWING CLIMBS

Americans will borrow close to $600 million for college expenses in the current academic year, according to one authoritative estimate. Five years ago, in the 1957–58 academic year, student loans totaled about $115 million.

Beside the Federal Government and the colleges themselves, private nonprofit funds and commercial lenders such as banks and finance companies now offer educational loan plans. While commercial lenders continue to concentrate on conventional loans to parents for college expenses, the emphasis in the other loan programs is on long-term loans directly to students. Such loans are based on the student's future earning power instead of present income, collateral, or parental resources.

A steep climb in college enrollments, coupled with an increased supply of loan funds and soaring college costs, is behind the rise in student loans. Some 4.1 million persons will be seeking degrees at U.S. colleges this fall, up from 3.9 million a year ago, and only 1.5 million in 1939–40.

Though part of this gain reflects population growth, much of it stems from the rising proportion of American youths attending college. The U.S. Office of Education reports that more than 50 percent of last June's high school graduates had definite plans to enter college, compared with 15 percent in 1940.

### EMPLOYERS SEEK COLLEGE MEN

This drive for higher education, spurred by employers' growing demand for college-trained employees, is bringing to the campus more students who require financial help to meet college expenses. For despite generally rising prosperity, the rapid increase in college costs has outstripped many families' income gains.

While Government figures show the cost of living has roughly doubled since 1940, college costs have more than tripled. Freshmen entering private colleges this month face 4-year costs averaging $11,200, says Dr. W. W. Hill, manager of United Student Aid Funds, Inc., one of the nonprofit loan organizations. This outlay compares with $6,300 in 1950 and $3,700 in 1940. A student entering a State school this fall will pay about $8,300 for 4 years, up from $6,200 as recently as 1960 and $2,600 in 1940. These amounts include tuition, board, and room and such expenses as laundry, books, travel, and recreation.

The U.S. Government moved deeply into the student loan field with the National Defense Education Act of 1958. In the current academic year, Federal officials estimate, Uncle Sam will lend some 220,000 college students a total of $110 million, up from $94 million to 185,000 students last year. During its 4-year existence, the Federal program already has made loans totaling $228 million to 330,000 students.

### SPUTNIK'S IMPACT

Under the Federal plan, which grew out of concern over the quality of American education following the launching of the first sputnik by the Soviet Union in 1957, needy students may obtain loans of up to $1,000 a year, with a maximum of $5,000 over the course of a college career. The United States provides 90 percent of the funds, and the school contributes the remaining 10 percent. Each school is limited to a total of $250,000 of Federal loan funds a year. In granting loans under the program, which is administered by the individual institutions, priority is given to top students in elementary or secondary education, science, mathematics, engineering, and modern foreign languages.

The 3 percent annual interest on the loans is charged only during the repayment period, which starts 1 year after completion of the recipient's studies—later for graduates who enter military service—and runs 10 years. The plan amounts to a Government subsidy, since the student uses the money without paying interest while in school and since the interest he eventually pays is lower than the rate the Government pays for money it borrows.

Private student loan organizations such as Dr. Hill's United Student Aid Funds are also expanding their operations. United Student Aid was launched a little over a year ago with a pilot venture in Indiana. Now it is either operating or under consideration in most States.

United Student Aid, whose methods are employed by several similar groups, guarantees loans made "at cost" by cooperating banks around the country. To do this, the group has created a reserve fund from donations by philanthropists, businessmen, and colleges. So far United Student Aid has guaranteed about $1.8 million in loans to 2,066 students, and it now has sufficient reserves to back an additional $4.8 million of loans. The organization's goal is to have enough funds to guarantee $500 million of college loans in 5 years.

Under the United Student Aid plan loans range up to $1,000 a year, with the total limited to $3,000. Repayment at 6 percent interest begins 4 months after graduation and continues for 3 years. To be eligible for the loans, students must have completed their freshman year with passing marks.

Despite the spread of subsidized and nonprofit college loan programs, finance companies and banks are doing brisk business in regular loans to parents for their children's college expenses. Most banks limit such loans to $10,000 for 4 years of college, but at least one finance company, CIT Financial Corp., now will lend parents as much as $14,000 to send one of their offspring through college. The loans usually must be paid off within 5 or 6 years from the time they are granted.

### CIT SCORES GAIN

CIT is one of the finance companies achieving big gains in the college field. "Our student loan business in August ran about 35 percent over last year, which was a record," says Robert J. Wolf, vice president of Tuition Plan, Inc., the CIT subsidiary which handles college loans. "If September business holds up—and there's no reason to believe it won't—we'll have a tremendous increase this semester over last year."

Household Finance Corp. expects its student loan volume in the 1962–63 academic year to be five to six times last year's volume. "The program is really rolling," says H. W. Van Baalen, a Household Finance vice president. Mr. Van Baalen indicates one reason for the current surge in college loans is the stock market decline. "We see it every day now—the parents hold stock that declined to the point they don't want to cash it in. So they borrow instead."

Bank and finance company loans to parents for college expenses are not controversial; it's the long-term loans made directly to students that are causing concern among some educators.

This concern is particularly evident in the case of the joint Federal-college loans, which the colleges are charged with collecting. Indiana University's collection difficulties hint at the problems than can arise. Despite interviews with borrowers before they depart from the campus and a steady barrage of reminders and overdue notices, the school finds more than 10 percent of the loan payments are more than 60 days late.

### A HEAVY BURDEN?

Indiana has undertaken a detailed study of the effects on graduates of debts for college expenses. "We want to see what happens after graduation when couples are faced with the problem of buying a home and a car when they are still paying off a college debt," explains Mrs. Alice Duncan, assistant director of the university's financial aid department.

Many educators believe the lengthy repayment period for Federal loans is at the root of collection problems. With the year's grace after graduation and the 10-year repayment period, a student could still be paying off his debt 15 years after his first borrowing for freshman expenses. With family expenses mounting, it's suggested, a debt dating from college days might not seem especially urgent.

"This collection problem on Government loans could become a national scandal," warns Charles F. Phillips, president of Bates College in Lewiston, Maine. "The general principle of credit extension is the longer the credit period, the higher the loss ratio."

About 500 of the 2,000 colleges in the United States have declined to participate in the Federal student loan program. Some schools object to the loyalty oath required of borrowers, some are not able to put up the specified 10 percent of the loan funds, and some oppose the Federal loans on principle.

---

## NAVIGATION CHANNEL OF COLUMBIA AND LOWER WILLAMETTE RIVERS

Mr. MORSE. Mr. President, on January 3, 1962, Col. Sterling K. Eisiminger, the District Engineer of the Portland U.S. Army Corps of Engineers, spoke to the professional engineers of Oregon. His remarks were entitled "The Hidden Project" and described the work done under his direction in preparing a report on the proposed widening and deepening of the navigation channel of the Columbia and lower Willamette Rivers between the Portland-Vancouver area and the sea.

I regret that the CONGRESSIONAL RECORD cannot carry the whole of this report, which includes numerous diagrams.

But I do ask that the text of it, including tables, be printed in the body of the CONGRESSIONAL RECORD. The project Colonel Eisiminger describes will soon be before the Senate in the omnibus rivers and harbors bill. As one who has long worked for channel improvement on the lower Columbia, I am greatly interested in this report on some of the technicalities involved in it, and I believe my colleagues will be, also.

I ask unanimous consent that this address by Colonel Eisiminger be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

### THE HIDDEN PROJECT

(By Col. Sterling K. Eisiminger)

Mr. Chairman, members of the Professional Engineers of Oregon, and guests. I am honored to have been invited to speak to you today.

You may know that the Army Corps of Engineers strongly encourages all civilian and military engineers in its employ to seek professional registration, and to participate actively in the activities of their professional societies. Our experience has indicated that such registration encourages the highest standards of preparation, ethics and responsibility, with resulting benefits to the general public, the Corps, and the professional man himself. I take pride in being a registered professional engineer and proudly display my "shingle" on my office wall.

Recently I forwarded a review report on the proposed widening and deepening of the navigation channel in the Columbia and lower Willamette Rivers between Portland-Vancouver and the sea. Studies leading to that report, the actual writing, and local review of the document, have been in progress for roughly 4 years. This report is now being further scrutinized by the Office of the Chief of Engineers and the Board of Engineers for Rivers and Harbors, in Washington, D.C.

These navigation review reports are prepared primarily for the use of Congress. They use them in making decisions as to where the limited amount of funds available may be spent with the maximum benefit to the national economy.

The method employed in these reports, very briefly, is to summarize the value of the anticipated benefits and the estimated costs, and use the ratio of benefits to costs as a guide to the relative merit of the project as compared with other projects throughout the Nation.

I shall say very little today of the economic aspects of the study, although they were a major portion of the enterprise. As professional engineers, I thought you would be more interested in the physical problems encountered and evaluated in the report.

The title of my remarks, "The Hidden Project," derives from the fact that most of the physical evidence of navigation channel work is hidden beneath the water, where it arouses far less interest, as a rule, than does our work with dams, jetties, and other prominently exposed structures.

The physical problem in expanding the navigation channel of the Columbia and lower Willamette Rivers may be regarded as primarily a huge earthmoving project. The project we have recommended would involve removal and disposition of some 45 million cubic yards of material, ranging from fine silt to basalt. Normally this material is excavated from beneath the water and deposited, for the most part beneath the water, so that the general public remains unaware of the volumes involved. If all this spoil were to be deposited in the main business district of Portland, between Burnside and Jefferson Streets and the river and the stadium on 18th, an area of 210 square blocks, only those buildings over 8 stories in height would rise above this enormous fill. (I might add that currently our annual maintenance dredging of roughly 10 million yards would represent a layer some 18½ feet thick over that same area.)

Now, of course, this material is not excavated from a concentrated area, nor disposed of in any such concentration as described above. We're working with over a hundred miles of river in the Columbia and lower Willamette, extending from Portland and Vancouver downstream to river mile 3.

Because this downstream limit of the project is a purely arbitrary one, perhaps I should explain that point briefly. A separate and distinct Federal project exists, authorizing an entrance channel from river mile 3, off jetty A, to deep water in the Pacific Ocean. Navigation and channel maintenance in the mouth of the Columbia River are completely different problems from those encountered upstream. Today we will discuss only the channel from mile 3 to Portland and Vancouver. The present channel dimensions of 35 by 500 feet were authorized by the River and Harbor Act of 1930. The largest vessels seeking to call at Columbia River ports at that time approximated 10,000 deadweight tons, and the average deadweight tonnage of vessels transiting the river was in the order of 7,000 to 8,000.

*Vessel sizes and drafts*

| Deadweight tonnage | Length | Beam | Loaded draft | Example |
|---|---|---|---|---|
| | *Feet* | *Feet* | *Feet* | |
| 8,000 | 400–450 | 50– 55 | 24 | |
| 10,000 | 450–470 | 55– 60 | 27–29 | Victory. |
| 12,000 | 500 | 65– 70 | 28–30 | C–3. |
| 15,000 | 525 | 70– 75 | 30–33 | C–4. |
| 20,000 | 575 | 75 | 31–33 | T–2–J. |
| 28,000 | 625 | 85 | 33–35 | |
| 35,000 | 700 | 90– 95 | 34–36 | |
| 46,000 | 750 | 100 | 37–39 | |

This table sets forth some of the vessel sizes and drafts, as well as lengths and beams, together with vessel types which you may recognize. The Victory-class vessels are typical of the 10,000-deadweight-ton class. The C–4 is typical of the finest modern berth liners and converted troop transports. The T–2–J is an enlarged version of the oil tankers which were built at Swan Island in Portland in such numbers during World War II. The T–2 was originally about a 16,000-deadweight-ton vessel. The T–2–J, or jumbo, is a version of this vessel to which an enlarged new midship cargo section has been added, bringing the capacity up about 25 percent from the original. The 28,000-, 35,000-, and 46,000-ton vessels are typical classes of modern tankers or bulk carriers. Of course many tankers are presently fitted out to handle dry-bulk cargo as well as petroleum products.

Before we leave this table, I would like to call your attention to the column headed "Loaded draft." Note that while the 10,000-deadweight-ton vessels which were roughly the largest transiting the river prior to World War II drew only 27 to 29 feet, vessels of the 46,000-deadweight-ton class, such as the *Transeastern* which loaded grain here last year, have loaded drafts of 37 to 39 feet, or about 10 feet more than the 10,000-ton class drew. Also I call your attention to the horizontal line between the 20,000- and 28,000-ton vessels. The next table refers only to those vessels below this line.

*Larger vessels in world fleet—Composition of world tanker [1] fleet*

| Year | Number of vessels over 25,000 deadweight tons | Percentage of fleet 25,000 or more deadweight tons |
|---|---|---|
| 1953 | 119 | 4.8 |
| 1954 | 177 | 6.8 |
| 1955 | 221 | 8.7 |
| 1956 | 285 | 10.3 |
| 1957 | 394 | 13.3 |
| 1958 | 522 | 16.6 |
| 1959 | 666 | 20.3 |

[1] Many tankers also haul bulk grain.

Let's look at the rising importance of these large vessels in the world fleet. As recently as 1953, less than 5 percent of the world's tankers were over 25,000-deadweight tons. Note the rapid rise, from year to year, in the number of vessels of these large sizes, until in 1959, over 20 percent of the fleet were in these so-called supertankers. A somewhat comparable, but less dramatic increase in average tonnage is taking place in dry-bulk and general-cargo vessels.

The relation between the channel depth required and the salt-water loaded draft is another factor not understood by everyone. The loaded drafts we examined in the table of vessel sizes and drafts refer to the vessels amidships draft when carrying a full load, at rest, in sea water. A number of factors operate to increase the channel depth requirements over the salt-water loaded draft of the vessel.

*Required channel depth—Typical 28,000-deadweight-ton tanker or bulk carrier*

| | *Ft.* | *In.* |
|---|---|---|
| Salt water loaded draft | 33 | 5 |
| Added draft in fresh water | | 8 |
| "Drag" (trim down at stern) | 1 | 8 |
| Open water "squat" at 10 knots | | 7 |
| Added "bottom effect squat" | 1 | 8 |
| Total | 38 | 0 |
| Minimum safe bottom clearance | 2 | 0 |
| Total channel depth required | 40 | 0 |

The first item in the above table is the salt-water loaded draft of 33 feet 5 inches for a typical 28,000 deadweight ton tanker. This vessel, carrying that load, will sink approximately one-quarter inch additional as she enters fresh water for every foot of draft in salt water, or about 8 additional inches. To improve the vessel's steering characteristics, she is normally loaded so as to set her down at the stern perhaps 3 inches or a trifle less for each hundred feet of vessel length, or for this vessel about 1 foot 8 inches. The next two items concern squat and I will discuss them later. I will also explain the added 2 feet for minimum safe bottom clearance. Note, however, that in total, our 33½-foot draft, 28,000-ton vessel, requires a 40-foot channel to safely navigate in our fresh water channels.

I will now discuss the matter of squat. Ignoring for the moment any outside disturbance of the water, the vessel sits at a depth determined by the relation between her average density and the density of the water which she displaces. When the vessel begins to move forward, however, water is piled up by the pressure of her bow, and a bow wave starts moving away from the vessel. The vessel itself steadily moves forward into the space from which this bow wave has departed. We can see how the vessel underway typically moves in an artificial wave trough created by her own bow, so that she rides lower than she did when at rest. This effect is greatly exaggerated when the vessel cross section is a considerable fraction of the channel cross section. When this is the case, the vessel tends to push all the water in the channel ahead of it up or down the stream. Of course this is literally impossible, but in such situations, the water velocities alongside and under the vessel are greatly accelerated with respect to the vessel. These increased velocities, and the flow lines which they follow, interact with the channel bottom and cause a marked increase in squat which we refer to as bottom effect.

There are other effects which add to channel requirements, none of which are considered important once vessels are inside the entrance proper. One of these effects, which indirectly we do take into consideration, is that of roll, or heeling in a sharp turn. A vessel riding level in the water requires less channel depth than the same vessel when rolled or heeled over even as little as 5°. We have achieved a channel alinement on the Columbia and lower Willamette which reduces heeling to a negligible amount.

The 2-foot minimum bottom clearance is needed to avoid damage to ships' screws from every sunken log or other debris which may be carried into the channel, and to minimize displacement of bottom sand by the ships' screws, which might easily scoop out a foot or two of sand and pile it up a short distance away to ground the next passing vessel.

It should be remembered that grounding on the solid sands of the Columbia River is quite a different matter from touching the soft flocculated colloidal muds which make up the bottom of tidal estuaries in many parts of the country. Touching bottom there may be no cause for concern at all, but nearly every grounding, however slight, in the Columbia calls for a vessel inspection. This is costly even when no repairs whatever are needed.

Safe navigation of large vessels requires that channel width as well as depth be engineered to adequate standards. Vessels passing close to the bank of the channel tend to yaw toward a collision course due to what is commonly called bank suction. Of course this is just another way of expressing the forces exerted by the lines of hydraulic flow around the vessel as they react with the nearby bank.

The bow has water piled up alongside it on the crest of the bow wave and the vessel tends to sheer away from the bank while at the same time the stern is traveling in a trough, which attracts the bank, from which the term "bank suction" is derived. These lines of flow interact as the vessels meet and pass each other. As the bows meet, they repel each other, while when the sterns pass each other, they are mutually attracted.

The formula we and other authorities have adopted for calculating the required width allows the beam of one vessel, or a minimum of 100 feet, between vessel and bank and between vessels. In addition, we allow 180 percent of the vessel beam for each vessel traffic lane, much as the highway engineer allows a 14-foot traffic lane for an 8-foot truck or a 6-foot car.

Totaling these allowances, we come up with a 600-foot channel for two 26,000 ton vessels, or a comparable combination of one larger and one smaller one, which we considered the most demanding situation occurring often enough to be economically justified as a design assumption.

I mentioned at the beginning that this channel improvement is largely an enormous earthmoving job. What I did not say then is that it would be a much greater earthmoving job had we not learned, to at least some degree, to make the river do as much of our earthmoving as possible. Our men have studied sedimentation, measured the particle sizes in the water, and made studies of current velocity and direction.

Authorities on open channel hydraulics of erodible channels generally agree that the tractive force imposed by the stream on the particles varies approximately with the square of the velocity. It can be appreciated, therefore, that even rather minor differences in velocity will markedly affect the erosion and deposition of bottom particles. Although experimental studies and field observations have not yet given engineers any generally accepted correlation between precise particle sizes and the bottom velocities ncessary to start them in motion or keep them moving, we have learned quite a bit about helping the river scour itself clean.

At the left [not printed in Record] we have a typical meandering reach of an alluvial stream, such as the lower Columbia. The narrow lines represent the shorelines and the wide, solid lines represent natural deep water adequate for navigation without dredging. Note that these natural deep channels tend to follow the outside of the curves, where erosion of the banks also tends to take place. The dotted area is the portion of the river where shoals tend to form. Note that for a vessel to pass from one of the natural deep water reaches to the other, it must pass over the portion here marked crossing. The bar through which a channel must be dredged here is commonly referred to as a crossing bar, and it is in such areas that much of our dredging must be performed. Note also the greater width of the river in the bar reach.

At the right [not printed in Record] we have three cross sections taken through this river, at A–A, B–B, and C–C. The three different water levels drawn on these sections serve to illustrate part of the reason why much of our shoaling takes place during flood season. At medium river stages, the cross sectional area of the stream is approximately the same at A–A as at C–C, and consequently the velocity of flow, and the tractive force for moving sediment is about the same, resulting in rough equilibrium along the bottom, insofar as particle transport is concerned. Each section of the river is receiving about as much sand inflow as it discharges.

But what happens during the flood season. The river surface level rises almost the same amount in both places, but the relative balance in cross sectional areas has been upset. Now the cross section at C–C has far greater area than that at A–A, with inverse effect on velocities, which are no longer approximately equal, but are now far greater at A–A than at C–C. The result is increased tractive force on the particles of the river bed at A–A, relative to that at C–C, and the transport of particles from A–A and other places like it, to C–C, causing heavy shoaling at those places where the river is wide.

Now let us look at two different approaches to channel engineering.

One original school of thought was, "Dig that material out of the channel and put it up on the bank so it can't find its way back into the channel." This is what we have schematically represented above. The water velocity, however, has been reduced as a result of the increased cross section, and since the tractive force has been decreased, shoaling is proceeding at a rapid rate.

In this view [not printed in Record] another concept has been introduced. Control structures have been added to help maintain velocities within the channel area itself and to reduce velocities near the bank. Spoil removed from the channel has then been deposited in the near-shore areas, so that the total cross-section area of the river is once again at approximately the size needed to keep all incoming sediments moving on out of this reach of the river.

How effective such measures can be may be gathered from the following two illustrations showing Henrici Bar, on the Columbia between Portland and St. Helens.

The preceding chart shows soundings taken in 1909, before the annual dredging was begun. The small numerals of the many soundings are too small for you to read, but some typical ones in the channel have been enlarged. You will see that in places the channel is as shallow as 15 feet. Note also that there were no control structures in place at that time. Attempts to maintain a 30- by 300-foot channel through this bar resulted in average annual dredging of nearly 700,000 cubic yards, and over a million yards were dredged during each of several years.

More recently, control structures were added to this reach, as indicated in the illustration above by the lines running out from shore. The effect of these can be seen in this hydrographic survey taken before the 1960 dredging season. Over 35 feet of water are available in all but these few small areas which are crosshatched. The old 1909 shore line is indicated in order that you can see how the shore has been extended. Upstream on the Washington shore the pile dikes were not constructed to build out the shore, but to prevent its further erosion and to maintain channel alinement. Largely as a result of all these structures, dredging necessary to maintain a 35- by 500-foot channel on this bar today averages only about one-sixth of what used to be necessary to maintain a 30- by 300-foot channel without the structures—an annual reduction of roughly a half million yards of dredging, and a dollar saving of at least a hundred thousand dollars a year on this one bar alone.

These structures are valuable in another way. Without them, almost no amount of dredging could maintain a fixed channel alinement. The convenience and safety for mariners which that implies could not be attained.

On a bend such as the one at Dobelbower Bar upstream from Longview, as shown in the above illustration (not printed in Record), the channel tends to gradually move to the outside of the bend farther and farther. The detour finally becomes so lengthy, and its slope so flat, that the increased hydraulic gradient across the bend encourages a cutoff of this "oxbow" during flood season, and the process begins anew. The permeable groins, or "pile dikes" as we call them, extending into the river effectively prevent it from wandering about.

From what I have said here about the principles involved in this channel improvement, I do not want to imply that we have all the answers to sediment transport. Quite the contrary. This is still a relatively new branch of engineering. Design of erodible channels is still as much an art as a science. Men like Bob Hickson, who have spent a lifetime studying this river, have been able to give us some measure of control over the natural processes, but we still have a great deal to learn.

We are placing more emphasis on research. We have under construction at the Corps of Engineers Waterways Experiment Station at Vicksburg, Miss., a complex model of the estuary reach of the Columbia River, up to about river mile 52. Tide generators are included and we hope to learn a good deal about the many baffling habits of the river from this model. It will make it possible for us to try out experimental control measures whose cost would prohibit gambling on their success in the river itself. We expect this model to save many times its cost over future years.

We have prepared an information bulletin to summarize for the general public the principal points covered in our report as it was submitted to Washington for approval. Copies are available from the Portland district office.

I would like to leave these thoughts with you: An estimated 45 million yards of excavation will need to be completed to make this proposed channel a reality. After it is completed, an estimated 14 million yards per year will have to be dredged to maintain it. Even small percentage improvements in our techniques will save large sums of money for the taxpayers. Only extremely low unit costs and sound engineering keep total costs low enough to make feasible such projects as a 40-foot channel from Portland and Vancouver to the sea.

---

## CONSERVATION CROSSROADS

Mr. MORSE. Mr. President, over the last few years there has been increasing concern about the operation and management upon national forests. This concern has stemmed from several diverse sectors on the conservation front. Those devoted to the preservation of wilderness came to believe that its protection is required—a statutory base. This legislation is now before the Congress. People interested in outdoor recreation generally have been urging a greater effort to develop campgrounds and other similar facilities. The lumbermen have been expressing concern about the national forest timber policies and their effect upon this industry.

Conservationists generally have called our attention to the fact that reforestation, range improvement, and watershed protection developments need to be accelerated.

A great controversy has developed around the management and the administration of the national forests. I have no doubt that many in the Forest Service recognize this. Proof of this was the concerted effort in 1960 to obtain the enactment of the multiuse act for the national forests.

I believed then, as I believe now, that the passage of a law does not automatically produce the solution to a problem. The need is for programs and policies which meet the challenge.

I do not think it unfair to say that there has been an erosion in the relations between those who use the national forests and those charged with their administration.

In a large measure this situation has developed because the tempo of use—all uses—on the national forests has shown a dramatic increase in the last decade. Turn to any statistic and you will find that use is up. On the other hand, if you measure what has been done to properly accommodate the increased demand for the resources and services of the national forests, you will find a gap.

This condition has been complicated by another fact as the demand for the resources on the national forests has increased, the necessity for consultation has also increased. This becomes particularly important when a gap exists in meeting demand. Here there has been, in my judgment, a woeful inadequacy.

In my own State of Oregon, the Forest Service has proposed three steps in which they have signally failed to reach an understanding with a broad segment of the conservation public. The first was their revision of the boundary of the Three Sisters wilderness area: The second was their plan to construct a road into the Minam River, and the third was their proposal for the development of Waldo Lake on the crest of the cascade.

To be sure, the Forest Service could supply an impressive list of meetings, but the record shows that there were no really effective and genuine consultations on the development of the proposals for land use. The result has been a considerable alienation of the affections of many dedicated conservationists in my State.

Turning to the timber front, the same can also be said. In testimony before the Committee on Commerce, the Chief of the Forest Service offered the judgment that it should take approximately 1 year to complete a timber inventory, which is the basis for calculating allowable cuts, and another year to complete the management plan. The hearings show conclusively that on many, many cases, not only in Oregon, but throughout the Northwest, 3, 4, and even 5 years have elapsed in the development of new management plans.

The practical result of this delay has been an inability—yes, a failure—to achieve the maximum allowable cuts permitted under sustained yield.

On a second major front—timber sales—the Forest Service has had continual difficulties in making its sales in an orderly manner. Sales have not measured up in volume to the total for which Congress appropriated funds, and sales have often been delayed well past dates originally announced.

On a third area there has been lethargy, and that is in the making of salvage sales. I have received numerous complaints, particularly, from east Oregon operators that a meaningful salvage program simply does not exist in many localities. There have been conflicts over the measurement of timber—over its scaling, with operators contending that both the scaling is inaccurate and that changes in the scaling station location have been placed into effect without adequate advanced notice.

Finally, many timber operators believe that once a decision is made at the local level the only function of the higher offices is to support the original decision.

In the field of recreational development there have been complaints about the overcrowding of campgrounds, the lack of facilities and the condition of the facilities. Those who use our national forests for recreational purposes are very often casual users, as distinct from those with contractual rights and thus, they more seldom put their complaints in writing. However, as I travel through the State and talk with people, I receive numerous indications of dissatisfaction with the condition of campgrounds and other recreational facilities.

Only in the administration of the rangelands in the national forests in Oregon would I say that there is a relatively peaceful front.

There is little doubt that the demands to use the national forests will continue to grow. In the past it was necessary for the Forest Service to point out to lumber and recreational users the opportunities to utilize the national forests. This is no longer necessary, and this fact calls for a careful reexamination of policies and attitudes on the part of the Forest Service.

The great challenge which faces both the Secretary of Agriculture and the people charged with on-the-ground administration of the natural resources in the national forests is achieving an understanding of what the people expect of their national forest, and giving the people an understanding of what they can expect from the national forests. This is a two-way street and a great responsibility for those charged with the administration of a national resource in the public interest.

Secretary Freeman is now addressing himself to this problem. He has, quite recently, expressed his interest in obtaining a better picture of the views of various groups. This is all to the good. However, I would be less than frank if I do not say that I remain concerned that there has not yet been a basic change in outlook, and has not yet been a real determination to understand the fact that conservation stands at one of its most critical crossroads.

In dealing with the administration of the natonal forests much more is involved than the handling of a resource. The lumber industry in the Pacific Northwest, in particular, have had a series of years of falling profits and increasing difficulties. This industry is the greatest segment of our Nation's lumber producing capacity, yet it has suffered very critical inroads from Canadian competition.

With 60 percent of the timber in Oregon federally owned and managed, the way in which this management is conducted is a matter of prime concern. Anyone looking at timber production in Oregon cannot escape the fact that the way public timber is marketed is going to affect the entire economic fabric of our region.

Many of these policy issues have been aired before the Congress, have been discussed with the Secretary of Agriculture, and have been discussed with the President. Over the next few months it would be reasonable to expect that the administration, knowing the concern that exists, will look most carefully into all facets of the situation and devise effective and workable remedies. The urgency of the situation demands this action. Should it not come promptly, then it will fall to the Congress to review again, and to legislate where necessary, and to take such other action as it is empowered to take.

The national forests are one of our most valuable public resources. The management practices and operational policies which were satisfactory in past decades will be satisfactory today and in the future, only if they are modernized and adjusted to meet present and future requirements. The basic precepts of national forest management—sustained yield of resources and multiple-use—are as valid today as they were in Gifford Pinchot's time. It is far more necessary today that we apply these precepts because we no longer have the abundance of resources available for exploitation that existed in the turn of the century.

The change that these times require is neither in basic policies nor in fundamental conservation doctrine. These times require a reassessment of procedures, a reanalysis of attitudes, the communication of ideas, but most of all an improvement in performance.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 5 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

H.R. 6653. An act for the relief of Maurizio Placidi; and

H.R. 11914. An act for the relief of Charles Gambino.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H.R. 7582) for the relief of Dario Tacquechel.

## ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1130) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes, and it was signed by the President pro tempore.

## AMENDMENT OF WAR CLAIMS ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 7283) to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses.

Mr. DOUGLAS. Mr. President, for myself and the Senator from Michigan [Mr. HART], I call up our amendment "9-11-62—G."

The PRESIDING OFFICER. Does the Senator from Illinois wish to have the amendment read?

Mr. DOUGLAS. No. I think it will be sufficient to have the amendment identified, if I may briefly explain it.

The PRESIDING OFFICER. The amendment will be identified.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and to add a section 18 to the War Claims Act of 1948, relating to "Claims of citizens of the United States."

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment as finally submitted is as follows:

That the War Claims Act of 1948 is amended by adding at the end thereof the following:

"CLAIMS OF CITIZENS OF THE UNITED STATES

"SEC. 18. (a) The Commission is authorized to receive and to determine, according to law, the amount and validity, and provide for the payment of any claim filed by any individual who, on the date of enactment of this section, was a national of the United States, and—

"(1) who while serving in the military, naval, or air forces of any government allied or associated with the United States during World War II, was taken and held as a prisoner of war by any government with which the United States was at war during World War II; or

"(2) who while a national of the United States or of any government allied or associated with the United States during World War II, was imprisoned contrary to the standards established by international law in any jail, prison, or concentration camp during World War II by any government with which the United States was at war during World War II;

for compensation for the period during which he was so held as a prisoner of war, or was so imprisoned.

"(b) Compensation payable under this section shall be payable in accordance with the standards established by, and at the rates prescribed in, subsection (b) of section 6 of this Act, and paragraphs (2) and (3) of subsection (d) of such section 6.

"(c) The amount payable under this section shall be reduced by such sum as the individual entitled to compensation under this section has received from any government by reason of the same detention.

"(d) In the event of the death of the individual entitled to compensation under this section, payment may be made to the persons specified in paragraph (4) of subsection (d) of section 6.

"(e) Claims for benefits under this section must be filed within eighteen months after the date of enactment of this section.

"(f) Any claim allowed under this section shall be certified to the Secretary of the Treasury for payment out of the war claims fund established by section 13 of this Act.

"(g) Any individual who, on the date of enactment of this section, was a national of the United States and who would have been entitled to benefits under section 4, 5, 15, or 16, of this Act if he had been a national of the United States at the times required by such section or sections, shall be entitled to benefits under such section or sections for periods with respect to which he is not entitled to benefits under this section and section 18, in the same amounts and to the same extent as if he had been a national of the United States at the times required by such section 4, 5, 15, or 16. Claims for benefits by reason of this subsection must be filed within eighteen months after the date of enactment of this section."

**Mr. DOUGLAS.** Mr. President, our amendment would provide for payment of prisoner-of-war and civilian-imprisonment claims to persons who are U.S. nationals on the date of enactment of this legislation.

The legislation of 1948 grants eligibility to those who were citizens at the time they suffered the loss. Our amendment would add those who were not citizens at the time but who have subsequently become citizens or whose papers are in the process of being approved.

Our amendment would extend the right to claim benefits from the war claims fund to those prisoners of the enemy forces during World War II who, after their release, came to the United States to live. It would, of course, include those persons who were U.S. citizens at the time of imprisonment, and the new category would be those people who were citizens of governments allied or associated with the United States during the war, who subsequently became U.S. nationals.

I believe our amendment would cure a defect in the present wording of H.R. 7283 which would prevent claims of those persons who suffered losses at the hands of the enemy during the war but were not citizens at the time of the loss. I feel this defect implies two standards for citizens; one predicated on nationality before World War II, and one predicated on nationality after the war. I feel very strongly that American citizenship extends its rights and benefits to all its membership, with the exception of eligibility for the office of the President. If the losses for imprisonment are to be recognized at this time, or at any time in the future, they should be recognized in all citizens of the United States who are in that category at the time of enactment of legislation granting such recognition.

Our amendment contains a provision protecting against any double payment for the same loss. I quote the language:

> The amount payable under this section shall be reduced by such sum as the individual entitled to compensation under this section has received from any government by reason of the same detention.

I fear that little use will be made of this provision in actual practice, because foreign governments are not likely to repay American nationals for losses because of their former nationalities. This is especially true of such Iron Curtain countries as Poland and Yugoslavia. But if these people did receive any such compensation, their claims against the war claims fund would be reduced by that amount.

The war claims fund is the source of payment for these claims. No tax revenues would come out of the Treasury to fill these claims. They would be met only by funds now in the fund or from prisoners of war, and $8,505,000 for contodian. This involves no expense to the U.S. Government, as the funds come from vested enemy property. The total increases in estimated claims under our amendment would be $27,475,000 for prisoners of war, and $8,505,000 for concentration camp prisoners. This makes a total of $35,980,000 for approximately 12,675 claimants.

| | Prisoners of war | | | | Concentration camp | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of possible claims | Average claim | Total | Citizens at present | Number of possible claims | Average claim | Total | Citizens at present |
| | | | *Millions* | *Percent* | | | *Millions* | *Percent* |
| Poles | 7,500 | $4,100 | $30.75 | 50.0 | 6,000 | $1,800 | $10.80 | 70 |
| Yugoslavs | 7,400 | 3,000 | 22.2 | 50.0 | 250 | 1,800 | .45 | 70 |
| Others including Russia | 1,000 | 2,000 | 2.0 | 50.0 | 500 | 1,800 | .9 | 70 |

The Alien Property Custodian has approximately $100 million in free assets, of which $25 million are now ready to turn over to the war claims fund as soon as a program for disbursal is passed into law. In addition, there is another estimated $100 to $250 million in nonliquidated assets, which could become available in the future, such as the General Aniline Co.

**Mr. JOHNSTON.** Mr. President, to save time, I will accept the Senator's amendment.

**Mr. LONG of Louisiana.** Mr. President, I object to that. I was under the impression that I was the Senator in charge of consideration of the House bill. I am opposed to the late citizenship amendment, and I should like to speak against it when the Senator has finished his remarks in favor of it.

I can appreciate the Senator's feelings about the question. I simply do not agree. I would hope that the Senate would wait until both sides are heard before taking action.

The **PRESIDING OFFICER.** The Senator from Illinois has the floor.

**Mr. DOUGLAS.** Mr. President, as I said, in addition, another $100 to $250 million in nonliquidated assets, such as General Aniline, could become available in the future. Estimated claims exceed these figures. These estimated claims are for all U.S. losses, and if they can be proved, will have to be reduced according to a formula providing equal proportionate benefits to all validated claims. Our amendment would provide authorization for a category of claims estimated at $35,980,000. These claims are just as valid as any other claims by U.S. citizens, and should be so recognized.

I urge the Senate to approve the amendment of the Senator from Michigan [Mr. HART] and myself. It provides for those people who suffered losses at the hands of the enemy, while they were citizens of an allied government, and who subsequently became U.S. citizens. These people, soldiers and civilians at the time of imprisonment, fought gallantly against the enemy forces. They helped save many American lives and were the background of the underground resistance which caused a heavy drain on the Axis war machine. Most of these people could not return to their homes after the war, because the Communists had taken over their countries. They turned to America, which I am proud to say offered them the warmth and privilege of her citizenship. Without this amendment, claimants naturalized after World War II, our own fellow citizens, would be deprived of all recourse for their losses.

Mr. President, many of those people suffered more grievously than those who were American citizens at the time.

**Mr. JOHNSTON.** Mr. President, will the Senator yield?

**Mr. DOUGLAS.** I yield.

**Mr. JOHNSTON.** I do not believe the Senator from Illinois realizes that if his amendment were accepted, it would kill the amendment already agreed to. No other amendment could be offered. The Senate must offer a substitute for the entire bill. For that reason we eliminated all amendments, but will take them up later. I thought the Senate ought to be informed of that situation.

**Mr. DOUGLAS.** I thank the Senator from South Carolina.

**Mr. JOHNSTON.** I do not believe the Senator intended to do that.

**Mr. DOUGLAS.** I certainly did not. I mean to add the provision to the bill.

**Mr. JOHNSTON.** Several Senators have amendments. I wished to accept the Senator's amendment. The only reason I proceeded in that manner was in order not to kill the amendment that the Senate had agreed to.

**Mr. DOUGLAS.** I appreciate the statement of the Senator from South Carolina. That was certainly not my purpose. It is characteristically frank of him that he should state what he believes the effect would be.

Mr. President, I ask to have the amendment changed so as to have it stated as an amendment to the bill as amended.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. I shall vote against the amendment of the Senator from Illinois for an entirely different reason. But I would not deny the right of the Senator to have his amendment considered on its merits. I shall speak against the amendment. As I am speaking, if the Senator would like to check with the clerk in order to arrange for a modification of his amendment so as to carry out his purpose and intention, he may do so.

I believe another Senator would like to have the Senator from Illinois yield.

Mr. HART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HART. Mr. President, I have listened with attention to the statement made by the Senator from Illinois. As the Senator has indicated, we feel very deeply that the approach suggested would increase the quota in the bill. On the grounds outlined, though briefly yet very dramatically, by the Senator from Illinois, the amendment has been shown to have great merit, and I hope the Senate will agree to it.

Mr. LONG of Louisiana. Mr. President, I have always admired and appreciated the very able and distinguished Senator from Illinois for his great heart and sympathy for unfortunate people. My admiration for him has not been diminished at all by reason of his offer of the amendment. In many respects it has increased. The Senator has always had great sympathy for those who have been victimized by Nazi brutality in World War II.

Unfortunately I must oppose the amendment. It should be rejected. If the amendment is agreed to, we shall have to accept other amendments of a similar nature. Each one of them would follow the principle that each nation should look after its own.

Perhaps the Senator knows that our Nation used its influence to make Germany agree to reimburse the Jewish immigrants to Israel for the terrible sacrifices they were compelled to undergo by the Nazis. My best recollection is that the amount of money Germany agreed to repay to its former Jewish-German citizens exceeds $500 million. That is almost twice as much as our whole war claims fund for American citizens.

Germany agreed to look after German citizens who were injured during the war. She has done a better job in that respect than we have for our citizens. The same is true of all our allies. Their poor citizens have not been waiting 17 years to get the first dollar they should be paid. Germany is paying off such injured citizens now. Even those who have moved to Israel are being paid to the tune of $500 million.

We have a claims fund of $50 million with immediate prospects of another $50 million. We have voted to sell General Aniline. If that measure prevails, we shall have about $280 million available for $1 billion worth of claims. As it stands now, if that amount is averaged out, American claimants will receive 20 cents on the dollar. If the Senate should agree to the amendment, the same principle would apply to other so-called late citizens, and it would mean that all the people who came over here as victims of Nazi persecution would be compensated on the basis that they are American citizens. American citizens to whom we owe an obligation—families of those who lost their lives, and those who sacrificed for our country to win the war for us—will wind up getting only 1 cent on the dollar. That will be the result by the time we shall have diluted the fund by including everybody to whom we owe no obligation, to the exclusion of those to whom we do owe some obligation.

I am a great admirer of the German nation. That nation has risen and restored itself to a position of prosperity never before enjoyed in its history. They have done so more rapidly, following a war, than any other nation, with the possible exception of Japan. We gave them our money to do that. Our money helped rebuild their country. Those people, under our urging, have undertaken to provide for those who suffered damage in Germany. Our allies have undertaken to provide for those people.

We do not need to ask Germans to provide for former citizens. They have done a better job than we have. We do not need French help to provide for former aggrieved citizens. They have done a much better job than we have. We do not need the help of Italy to provide for former citizens. They have done a better job than we have. When, oh, when, will we do something for our own people? When will we give survivors and the families of those who lost their lives anything but merely 1 cent on the dollar? By diluting the fund through the late-citizen amendment, some of the deserving people could recover no more than $2 or $3. I do not know whether the amendment of the Senator from Illinois would do that, but the so-called late-citizen amendment would provide that we should undertake to compensate people who were citizens of Germany for the war damage they suffered in Germany when they were citizens of Germany. If such a citizen were one of the poor, pitiful Jews who were prosecuted and went from Germany to Israel, he would be entitled to recover against Germany first. After Germany had paid off his claims, he might then take out U.S. citizenship, and he would be entitled to recover against Germany again out of our war claims. He would recover twice.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to my distinguished friend.

Mr. DOUGLAS. Under this amendment, only citizens of nations allied with the United States against the Axis forces would benefit. Also, is the Senator aware that one of the provisions of the amendment which the Senator from Michigan [Mr. HART] and I have sponsored is that there can be no double claims? If any recovery has been obtained from any other government, that would replace any recovery which otherwise could be obtained here. So the argument of the Senator from Louisiana does not hold at all.

Mr. LONG of Louisiana. In that connection perhaps the Senator is correct. I would be willing to accept an amendment based upon the principle that such claimants would be given a priority behind Americans. But I would not be willing to write the law so that Americans who had lost everything they had could receive only 1 cent on the dollar as a result of a provision for people who were not citizens of our country. The bill is one designed to take care of those to whom we have legal and treaty obligations.

To dilute the fund, as we did the Czech claims fund, down to a point at which American citizens received only a pittance for their loss when they were entitled to full recovery is something I would not support.

The Senator has offered an amendment that would look after people with respect to whom we have no obligation. It would be done at the expense of those to whom we have both a legal and a moral obligation under our laws and treaties.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. Is it not probable that on the basis of the total amount of legitimized claims in comparison with the fund, claimants would be paid approximately 40 cents on the dollar?

Mr. LONG of Louisiana. Mr. President, no one knows how many claims would be brought in. But we are alerted to expect more than $1 billion of claims already against a claims fund of about $200 million at the most.

Mr. DOUGLAS. With the funds resulting from the General Aniline transaction, it would be more than that.

Mr. LONG of Louisiana. No; with General Aniline it might be somewhere between $200 and $300 million. But we are talking about $1 billion in claims now. If the Senate agrees to the amendment of the Senator from Illinois, another amendment will be offered by the Senators from New York [Mr. JAVITS and Mr. KEATING], which will provide that we will look after all late citizens.

As a practical matter, by the time we start taking in our late citizens, we shall have to take care of all of them. We shall have set a precedent. I am not willing to set such a precedent. It is unfair and not right. I am willing to say that when we take care of Americans who have the best claims, if we can find more money——

Mr. DOUGLAS. Those people are now as much Americans as anyone else.

Mr. LONG of Louisiana. The historic test is and always has been, whether we like it or not, "Were you an American at the time the property was taken?"

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

**Mr. MANSFIELD.** That is what I was getting at. Are these late Americans, so called, in many instances, former enemy aliens whose property had been confiscated by our Government by reason of the fact that they were aliens, and now that they have become American citizens, they have become eligible for the distribution of such property, which has accumulated over the years?

**Mr. LONG of Louisiana.** Not under the proposed Douglas amendment; but if the Senate agrees to the amendment, the principle will require the Government to do the same thing for others, with the result that there will be so many claims that those to whom our Government owes a legal and moral obligation may not be provided for or may be provided for in small sum.

If such a person were a Czech citizen and his property were taken while he was a Czech citizen, the Czech Government has an obligation. If he were a German citizen, the German Government has an obligation. If he were a French citizen, the French Government has an obligation. These Governments have done much better for their citizens than we have been in providing for our own.

**Mr. DOUGLAS.** Does not the Senator know that the former Polish and Yugoslav nationals who were imprisoned or placed in concentration camps suffered much more, in many cases, than American citizens or corporations suffered, but that the Polish and Yugoslav nationals cannot recover from countries behind the Iron Curtain, and that they are barred from making any recovery? They have at present no legal claims. So far as my amendment is concerned, it would increase the total number of claims by not much more than 4 percent. The Senator has said that the amendment would bring about a dilution.

If it is a dilution, it is not more than an 8-percent dilution of the amount claimed. However, it would permit taking care of these citizens, and it would provide a degree of equal justice. These people struggled against the Nazis, and that struggle was not waged solely by people who were at that time American citizens; it was waged by the free world. Next to the Jews, the people who suffered worst were the Polish and Yugoslav nationals who fought the Nazis as the Nazis swept over Poland and Yugoslavia, but who have since come to the United States and have become law-abiding citizens.

**Mr. LONG of Louisiana.** May I ask my friend in what order of preference he would propose to deal with these people?

**Mr. DOUGLAS.** On equal terms.

**Mr. LONG of Louisiana.** With American citizens who lost their lives?

**Mr. DOUGLAS.** With American claims, because, as the Senator knows, there are American corporations which are making claims for property which was taken over during wartime. I certainly think that people who suffered in concentration camps have an equal and indeed probably a superior claim to the claim of an American corporation which merely suffered a loss of property.

**Mr. LONG of Louisiana.** Not against us.

**Mr. DOUGLAS.** It was against the Nazis. As long as it was against the Nazis, it was for us.

**Mr. LONG of Louisiana.** I ask the Senator to consider what we have done. Our Nation has renounced all claims for reparations against Germany. We used our influence to have France renounce its claims for reparations. We used our influence to keep Belgium from claiming reparations. The same thing was true of Holland and Norway. We saved the Germans many billions of dollars. We used our influence on the German Government to have it agree to take care of former German citizens—Jewish mainly—who were persecuted under Hitler. Germany agreed to pay more than $500 million to Israelites alone. Now an effort is made to provide for people toward whom we owe no obligation. I know some of those people. I have a very good personal friend, a young man who got out with his family. He got out just in time. Now he is a millionaire in America. The biggest favor we did for him was to take him into this country. By paying a war claim to people who were persecuted, in preference to paying our own people, we would be doing more than we owe to those people.

**Mr. DOUGLAS.** I point out that my amendment is confined to those who were physically prisoners of war or inmates of concentration camps. It is a restricted group. It does not apply to those who fled from Nazi Germany, although I shall support the amendment of the Senator from New York which will subsequently be offered. At the moment, my amendment is confined to those who suffered physically more than any other group, because the Nazis treated the prisoners of war abominably, as we know, and they treated the people in concentration camps abominably. They were determined to exterminate the Jews, and they were determined to kill off the leaders in Poland. The atrocities that the Nazis committed upon the Poles were as bad as those they committed upon the people they confined at Dachau and in other concentration camps. That situation has not been given as much publicity as others, but it was certainly as bad.

Should not these properties be used to compensate people who are now American citizens, at least in part for some of the losses which they suffered?

**Mr. LONG of Louisiana.** The German Government owes those people an obligation.

**Mr. DOUGLAS.** We know that the German Government will never do that. The German Government will never pay them.

**Mr. LONG of Louisiana.** The U.S. Government has succeeded in persuading them to pay more than $500 million to people who left Germany. That is a great deal more than American citizens have been paid. So far as I am concerned, I would be willing to vote for an appropriation to do it, and I would be willing to take the Senator's amendment if he offered to give these people less priority than is given to American citizens. To put them ahead of Americans, and to take away a claim from Americans who lost their lives is something I cannot go along with.

**Mr. DOUGLAS.** But American corporations suffered property losses, and compared to those losses I believe that a prisoner of war or a prisoner in a Nazi concentration camp suffered more grievous harm than a corporation suffered through its loss of physical property.

**Mr. LONG of Louisiana.** What are we going to do about the poor people who have left Communist China?

**Mr. DOUGLAS.** China has nothing to do with it. "The flowers that bloom in the spring, tra la, have nothing to do with the case."

**Mr. LONG of Louisiana.** It is the same problem. We might as well take care of everyone who is in Hong Kong and who has fled from Red China.

**Mr. DOUGLAS.** They are not American citizens at this time.

**Mr. LONG of Louisiana.** We have fought the Chinese Communist to a standstill in Korea. We could say that 100 million or perhaps even the whole 500 million Chinese can come to America and we will provide them $10,000 or $100,000 each at the expense of American citizens who suffered as a result of the war.

**Mr. DOUGLAS.** The Senator from Louisiana is caricaturing the situation. The people in Hong Kong are not American citizens. As I understand the immigration laws, not more than 100 Chinese may be admitted into this country in each year. I do not believe there are any claims from Chinese. My amendment is restricted to people who suffered in Nazi prison camps and in concentration camps and who came close to dying from the tortures inflicted upon them by the Nazis, but who at the end of the war, after they were freed, came to the United States. We have taken German property, and very properly so, and we will use it to compensate American citizens. The Senator would draw a distinction between those who were American citizens when they were imprisoned and those who have subsequently become American citizens. The principle of citizenship is however all inclusive.

**Mr. LONG of Louisiana.** Mr. President, I have the floor, and I would like to respond to the Senator. I will draw a completely infallible analogy. Let us assume that in Korea, when we were fighting the Chinese Communists, they killed some of our people, and let us assume, further, that a little lady over there lost her dress shop, which was taken by the Chinese Communists. So we seized some property that belonged to the Red Chinese over here, just as we did in the case of Czechoslovakia. The Chinese Government had some money over here, and we seized it. Then we undertook to provide for Americans who lost their property. We did it with that money. Are we expected to provide for everyone of the Communist refugees who were put in jail? Would we have to take care of all of those people in order to take care of the little woman whose dress shop was taken away? If so, there would not be enough money in America, and not enough gold in Fort Knox to take care of them. If we are trying to do that, by taking care of a vast number of late citizens, we would be pursuing a policy of a man on top of a building throwing his money down for the passersby to pick up and then having that man go home without enough money to take care of his children. The German Government undertook to look after their own people. They took care of those people who were German citizens, and they have done that to the tune of hundreds of millions of dollars.

There is a great difference between the Adenauer government and the Hitler government. The Adenauer government is doing much better by its people than we are doing by ours. It is easy to give away our money to foreigners; but to get a little money for Americans who have waited for 17 years, and in some cases 40 years, before they can get 5 cents, is it necessary to share the benefits with the people who are not Americans?

Mr. SMATHERS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. SMATHERS. Is it possible under the proposal of the Senator from Illinois that a foreign citizen could be reimbursed by the German Government while he is in Germany, and then could come to the United States, get late citizenship, and be reimbursed twice?

Mr. LONG of Louisiana. It could happen, even though the Senator from Illinois might try to prevent it.

Mr. DOUGLAS. My amendment would prevent it.

Mr. LONG of Louisiana. The Senator from Florida is a good lawyer. He knows it is hard to get evidence in a foreign country. Suppose a person recovered in Israel and then files to recover in the United States. We do not have any process by which to subpena records from Israel. Of course, we have a State Department, but Israel does not have to provide us with that information.

Furthermore, if we accept the amendment of the Senator from Illinois, we must accept the principle that anybody who is an American citizen now is entitled to share, side by side, with a person who was an American citizen when he lost his property.

International law operates in this way: If one were a citizen of this country at the time he lost his property, this country owes him an obligation to recover the property. But if he were a citizen of Germany when he lost his property, Germany owes him a duty to recover his property. If he were a citizen of France, France owes him that duty.

Mr. SMATHERS. That was the agreement we entered into, was it not?

Mr. LONG of Louisiana. The agreement was that Germany would reimburse Germans for their war damage, while the United States would reimburse Americans for our war damage. We agreed not to claim any war reparations from Germany. We said we would try to look after our own people.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. The Senator from Louisiana is becoming worked up. Our amendment has nothing to do with persons who were German nationals at any time; it deals primarily with those who were Poles and Yugoslavs and were captured by the Axis forces, and who, if they were members of the military forces, were placed in prison camps. If they were civilians, they were placed in concentration camps, and many lost their lives through starvation. Our proposal seeks to reimburse those people or their heirs. I think they are on an equality with American corporations which are bloodless beings, and which merely suffered some confiscation of property. I think they are on an equality with Standard Oil, General Electric or Du Pont, or the other companies.

Mr. LONG of Louisiana. I would be willing to put them alongside of General Electric and Du Pont; but I do not care to put them alongside Americans who were killed in the war.

Mr. DOUGLAS. The Senator is putting Americans in an inferior position at the bottom of the list. The volume of claims is so large that if they are at the bottom of the list, they are out of luck.

Mr. LONG of Louisiana. The amendment of the Senator from Illinois does not even require that a person be an American citizen.

Mr. DOUGLAS. An American national.

Mr. LONG of Louisiana. An American national. He proposes to give them the money of American citizens to whom we owe a legal obligation. We signed a treaty.

Mr. DOUGLAS. The Senator from Louisiana is a good lawyer. He knows that "national" includes, so far as people are concerned, two classes: First, those who are already citizens; second, those who have applied for citizenship, who are really citizens, but for whom the papers have not finally come through. There is very little difference between nationals and citizens.

Mr. LONG of Louisiana. The German Government ought to do something for those people.

Mr. DOUGLAS. But we know that the German Government will not do it.

Mr. LONG of Louisiana. It is not our obligation; it is their obligation. When we took those people into our country, we did more than we do for most folks. It is a magnificant privilege and opportunity to be an American citizen.

This proposal would be to the exclusion of people who are Americans. The Attorney General promised that he would take over their assets and look after them. Now it is proposed to take in all those who were persecuted and put in concentration camps. Instead of an American getting two bits, he will not even get 5 cents.

Mr. DOUGLAS. At this time they are all Americans.

Mr. LONG of Louisiana. There is a rule or precedent of international law—and I have sometimes tried to oppose the rule; but that is the way the War Claims Commission revised it—with respect to the determination of whether this Nation owes a person something on a claim against a foreign nation. It depends on whether the person was a citizen of the Nation when the Government took over the property. If he were a citizen of that nation, that nation owes it to him.

We have a precedent I would be willing to follow, and I am not going to go further than that.

We should not pay out more money than is needed to pay foreign claims. Let the foreign governments put up more money to take care of the people they damaged and whose lives they took.

After we pay off all our people in full, and then find that we still have more money, we should provide for the later American citizens whose property was taken. I would pay it only if we have the money with which to pay it. That would be fair. I would be willing to do that. But I would not favor the principle of taking from Americans who fought to save this country.

Many persons suffered in a concentration camp; but maybe those people should have done more to try to keep Hitler from coming to power. We have penalized Americans in order to aid others.

A $5 billion foreign aid program is coming along soon now to give aid to foreigners. When will we ever do something for our own people?

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. JAVITS. I have an amendment which relates to the bill itself, insofar as its terms are concerned, which seeks to qualify also those who become citizens or nationals at a later date.

I think the real problem is that it is unnecessary to overstate the case on the part of either of us. It is a fact that the people who are now nationals are Americans. In many cases—and I know the Senator from Louisiana will agree with me, because it is noncontroversial, that they are Americans, above and beyond the fact that they would get anything from the bill, beyond anything in their lives. Therefore, I think it is rather unhappy to argue the case on the basis of their not being Americans. I do not believe the Senator, unless he was trying to make a point, would maintain that they are not. They are proud to be Americans, and we are proud to have them as Americans.

Mr. LONG of Louisiana. If the amendment as to late citizenship is agreed to, I will offer an amendment to require the Federal Government to reimburse me for what General Banks' army did when they marched down through Louisiana and took all the cattle and livestock off my ancestors' farm, leaving the family nothing to live on. The Government has not paid us 5 cents for that. We have been American citizens all that time—against our will. We did not ask to be Americans. My poor old grandmother had to go and live with her relatives up North.

Now it is proposed to try to take something from us to give to people whom Hitler brutalized. I think the folks who were brutalized by the U.S. Government are the ones who are entitled to claims under the agreements. When they have been taken care of, then, so far as I am concerned, if some additional money can be found, I would be willing to vote for an appropriation to look after people who were not citizens when all this occurred.

Mr. DOUGLAS. The Senator from Louisiana knows that I am very fond of him. We have been friends for many years. He is a great American. But I do not like to have him comparing the Union Armies with Adolf Hitler's armies. The North fought to set men free and not to enslave them. I think he ought to strike that comment from the RECORD.

Mr. LONG of Louisiana. I was merely comparing claims, not armies. General Banks' troops did not leave us much. If the Senator thinks that Banks' army left us much in the Bayou La Fourche area, he is wrong. And we have not received 5 cents from the Federal Government. We were taxed to pay for the pensions of Yankee war veterans, but not a nickel went to the Confederates. We have not got a nickel back. Now the Senator from Illinois wants to require the Federal Government to help people whom Hitler persecuted. If we do that, then we ought to reimburse all those who have been persecuted by the Chinese Communists, all those who have been persecuted by Stalin, all those who have been persecuted by Khrushchev. Their numbers will exceed the population of the United States. I suppose every American citizen ought to adopt three or four foreigners and support them.

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. JAVITS. I shall not quarrel with the Senator from Louisiana about the losses suffered by the Confederates.

Mr. LONG of Louisiana. They have as much right to relief as those now under consideration have.

Mr. JAVITS. I do not think so.

Mr. LONG of Louisiana. How about the Longs? They did not want to fight the Civil War, to begin with.

Mr. JAVITS. But we are dealing here with claims much more current and with the statute applicable to this period and to this general group.

It is a fact that those in the group are Americans; and probably they value their American citizenship even more than they value whatever payments they may receive under the provisions of this bill.

In the second place, I do not think they would be defined as Germans, Czechs, or Poles, in view of what was done to them in those countries. I do not think the argument has to be stretched that far; and I do not think international law is applicable in this case, because we made a special arrangement in connection with this matter—the Senator has already referred to it—and thereby agreed to pay the claims, ourselves. Under international law, the payment is to be made by the nation which did the wrongs.

In discussing the matter of priorities, I should like to ask the Senator a question. It seems to me that in connection with the matter of priorities, the amendment of the Senator from Illinois [Mr. DOUGLAS] has a rather special status. So on that basis, whether we decide for or against the amendment, I believe we should at least point out that these persons suffered grievously in one of the most awful holocausts the world has ever seen.

It is a fact that under the legislation of the German Republic and even under the inadequate legislation of the Austrian Republic, these people have received nothing. But they need such assistance very badly. In addition, some of them are the subjects of assistance by the Jewish Survivors Organization, which has received some reparations from Germany. But many of them in this country need help very badly.

I should like to suggest to the Senator that he consider this subject. It may well be that we are dealing with three classes of persons, in addition to those who qualify according to what has been a tradition in connection with such cases other than the Italian ones, for which provision was made, for those who were nonnationals at the time the loss was suffered, and also for those who were nationals. But it seems to me that we may be dealing with three different classes:

First, the American citizens who qualify under this bill.

Second, those being discussed by the Senator from Illinois [Mr. DOUGLAS], who is moved by his compassion for their need.

Third, those who really should be considered Americans, in view of the exigencies which drove them out of their homelands and brought them to be nationals of the United States, but who cannot get any relief of this sort unless they fit into the provisions of this bill.

It may very well be that some categories of priority, such as have been referred to by the Senator, may be necessary, in view of the exigencies of the situation.

The figures we obtained are that they expect the number of claims to be somewhere between 25,000 and 75,000, and the claims are estimated to amount to approximately $300 million.

It is also learned from the hand count, as it is called, in 1956 and 1957, when the claims were filed, showed that approximately 28,000 persons who thought they had claims were told that they did not have any claim, and that those amounted to approximately $214 million. Therefore, these categories, which are covered by the amendment of the Senator from Illinois [Mr. DOUGLAS] and by my amendment, must be considerably less than that.

Mr. DOUGLAS. Under the amendment of the junior Senator from Michigan and myself, we estimate that the number will be approximately 12,675 claims, amounting to a total of approximately $35,980,000.

Mr. JAVITS. The Senator from Illinois [Mr. DOUGLAS] and I will discuss this matter; and I suggest that the Senator from Louisiana consider dealing with these claims on the basis of some scale of priorities, in order to make better provision for those who suffered such terrible persecution. I submit that to the Senator's sense of justice, in order to do equity.

Mr. LONG of Louisiana. Mr. President, the Senator from Florida has a small-business amendment, to put the small-business claims ahead of those of the large businesses. Personally, I hope he will be successful in having his amendment adopted, because the Standard Oil Co. of New Jersey has a claim which is large enough almost to wipe out the entire fund; but that corporation was in a position to take very large tax deductions as a result of the loss. So it might be said that that corporation has been reimbursed in large measure by means of the tax advantage it achieved. Assuming that that company was in an excess-profits tax bracket, for example, it could save in taxes approximately 90 percent of its losses, whereas most small businesses were not in a position to obtain any such offset to reimburse them.

Furthermore, the large insurance companies are entitled to sue under subrogation, although the risk they took was a good one; but they were paid at a good rate, with the result that they were almost fully reimbursed for the loss they took. Senators know that there was not as much shipping damage as had been expected. So a big business did not suffer as much as a small business did.

Mr. JOHNSTON. Mr. President, I think I should point out that the amendment I intended to offer to the bill was studied by the committee and was reported from the committee. I fear that if we try to legislate here on the floor of the Senate, we shall get into trouble. The amendment does give preference to the smaller claims—those under $10,000. I refer to the amendment I shall offer, which is known as the one offered by the Senator from Connecticut [Mr. BUSH].

Mr. LONG of Louisiana. I thought the Senator from South Carolina was opposed to any payment provision at all.

Mr. JOHNSTON. No; the Senator from Louisiana is entirely mistaken. We have several amendments at the desk, and we have been asking that they be brought up. They have been at the desk for months.

Mr. LONG of Louisiana. I think the Senator is talking about the bill supported by the Senator from Nevada [Mr. BIBLE].

Mr. JOHNSTON. That is one of them.

Mr. LONG of Louisiana. It would return certain property to former German citizens. But I am talking about a bill to take care of Americans. I do not think the Senator from South Carolina has such a bill.

Mr. JOHNSTON. Oh, yes; we have a bill of that sort, too.

I also wish to join the Senator from Louisiana in his present argument. We have had this measure up time and time again, in an effort to extent it. So the Senator from Louisiana should not permit anyone to lead him to believe that the present funds are sufficient to pay off all the present claims, much less if other claims and other claimants were to be added to the list.

Mr. DOUGLAS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. DOUGLAS. The Senator from Louisiana just now made a very significant statement when he referred to the losses of the huge corporations. He referred to the loss of the Standard Oil Co. of New Jersey.

Mr. LONG of Louisiana. It has the largest claim of all—$54 million.

Mr. DOUGLAS. Yes; the largest claim against German property thus seized.

Is the Senator from Louisiana saying that the claims of Standard Oil Co. of New Jersey and of other large concerns should have priority over the claims of American citizens who suffered the risk of death, and in many cases were almost starved to death when they were prisoners in German military prison camps or German concentration camps, and who now are American citizens? Is he saying that the claims of the Standard Oil Co. of New Jersey should be put ahead of the claims of those persons? I am sure that would not be in keeping with the usual humane disposition of the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, we are going to have to see what we can do to get the House to agree to whatever the Senate does. I would be inclined to go along with the Senator if he were willing to place his priority immediately ahead of that of the large corporations; but if the House refused to take it, and was adamant, it is my feeling that we would have to yield to the House, because the provisions in the amendment have been considered by the House, and they are well understood by the House. The position taken by the Senator from South Carolina is the position of those on the Judiciary Committee of the Senate. The Senate Foreign Relations Committee has handled some of these claims bills. We have never been willing to put a priority for these people ahead of Americans who were citizens at the time, even ahead of corporations.

I can see the problem involved if we took the amendment, did the best we could in trying to find some way to agree on the priorities I mentioned, and we could not get anywhere with the House. I hope the Senator understands that we will have that problem to contend with.

Mr. DOUGLAS. I wonder if the Senator will accept the amendment in more precise technical form, so that if necessary, when we go to conference, it will give the Senate conferees room to devise a system of priorities?

Mr. LONG of Louisiana. If we take the amendment, do we have to take the amendment of the Senator from New York, which applies to 75,000 more people?

Mr. JAVITS. It is not 75,000. That is why I gave the 28,000 estimate. If the Senator will take the amendment, with the order of priorities which he discussed, to conference, I would think he would be doing the best he could.

Mr. DOUGLAS. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I suggest that the Senator from Illinois draft his amendment. The Senator from Florida wants to offer one. If we can get that one agreed to, by that time perhaps the Senator from Illinois will have his amendment drafted.

Mr. DOUGLAS. I have it drafted now. I propose as follows:

At the end of the bill as amended, insert the following new section, embodying the text of what I proposed:

That the War Claims Act of 1948 is amended by adding at the end thereof the following:

"CLAIMS OF CITIZENS OF THE UNITED STATES

"SEC. 18. (a) The Commission is authorized to receive and to determine, according to law, the amount and validity, and provide for the payment of any claim filed by any individual who, on the date of enactment of this section, was a national of the United States, and—

"(1) who while serving in the military, naval, or air forces of any government allied or associated with the United States during World War II, was taken and held as a prisoner of war by any government with which the United States was at war during World War II; or

"(2) who while a national of the United States or of any government allied or associated with the United States during World War II, was imprisoned contrary to the standards established by international law in any jail, prison, or concentration camp during World War II by any government with which the United States was at war during World War II;

for compensation for the period during which he was so held as a prisoner of war, or was so imprisoned.

"(b) Compensation payable under this section shall be payable in accordance with the standards established by, and at the rates prescribed in, subsection (b) of section 6 of this Act, and paragraphs (2) and (3) of subsection (d) of such section 6.

"(c) The amount payable under this section shall be reduced by such sum as the individual entitled to compensation under this section has received from any government by reason of the same detention.

"(d) In the event of the death of the individual entitled to compensation under this section, payment may be made to the persons specified in paragraph (4) of subsection (d) of section 6.

"(e) Claims for benefits under this section must be filed within eighteen months after the date of enactment of this section.

"(f) Any claim allowed under this section shall be certified to the Secretary of the Treasury for payment out of the war claims fund established by section 13 of this Act.

"(g) Any individual who, on the date of enactment of this section, was a national of the United States and who would have been entitled to benefits under section 4, 5, 15, or 16, of this Act if he had been a national of the United States at the times required by such section or sections, shall be entitled to benefits under such section or sections for periods with respect to which he is not entitled to benefits under this section and section 18, in the same amounts and to the same extent as if he had been a national of the United States at the times required by such section 4, 5, 15, or 16. Claims for benefits by reason of this subsection must be filed within eighteen months after the date of enactment of this section."

Mr. LAUSCHE. Mr. President, will the Senator yield to me so that I may ask a question?

Mr. LONG of Louisiana. I yield.

Mr. LAUSCHE. The Senator from Illinois mentioned refugees from Czechoslovakia and Yugoslavia.

Mr. DOUGLAS. Yugoslavia primarily, and Poland.

Mr. LAUSCHE. Would the Senator's amendment take care of Poles and Yugoslavs who fled Communist reigns?

Mr. DOUGLAS. It would take care of those citizens allied against the Nazis who were imprisoned by the Nazis, either as prisoners of the military forces or as civilians who were put in concentration camps. It also includes a small number of other nationals, including Russians, who were in the same category; they must have been either in military prisons or concentration camps.

Mr. LAUSCHE. It would not cover the claims of present American citizens who fled from Communist reigns and whose property was confiscated?

Mr. DOUGLAS. No; it would not cover claims against the Russians, but instead claims against the Germans.

Mr. LAUSCHE. My I ask the Senator from New York if his amendment deals with claims solely against the German Government, or does it embrace claims now held by present American citizens against the Communist governments from which these Americans had to flee?

Mr. JAVITS. Only the latter. It relates only to those who are now Americans and have these claims against countries from which they were forced to flee.

Mr. LAUSCHE. What about the Yugoslav who was forced to flee from Tito rule and whose property was confiscated by Tito?

Mr. JAVITS. And who is now a national.

Mr. LAUSCHE. It would cover him?

Mr. JAVITS. Yes.

Mr. LAUSCHE. It would also cover people from Poland who had to flee from the Communist Polish Government and who are now in the United States?

Mr. JAVITS. That is exactly right. In short, we are talking about treatment of all nationals, everybody who is now a national, even though he was not a national when he would have had a claim under the bill, but putting him in a different order of priority.

The Senator from Illinois [Mr. DOUGLAS] and I are now asking if the Senator from Louisiana will take these amendments to conference, realizing that we really do not know how it would work, but knowing that they will be in a lesser order of priority than claimants in the other section of the bill.

How it will be worked out will be a question for the conferees. Whereas we do not know whether they will be treated pari passu with class A, B, or C, we are only asking to take the amendments to conference.

Mr. LAUSCHE. The theory of the Senator from New York is that fugitives who sought sanctuary in the United States did so as a consequence of the war precipitated by Hitler?

Mr. JAVITS. Yes.

My assistant calls attention to the fact that these are losses which occurred in the period beginning, apparently, in 1937, at the earliest, and ending in September of 1945. That is provided by section 202(a) of the bill. Other than that, there is no distinction.

Mr. LAUSCHE. I call the attention of the Senator from Illinois to the fact that he did not hear the time limitation.

Mr. JAVITS. It is contained in the bill. I have no time limitation in my amendment. I am adopting the time in the bill as it is.

Mr. LAUSCHE. Did the Senator from Illinois hear the answer of the Senator from New York, that it applied only to those refugees whose property was taken before 1945?

Mr. DOUGLAS. My amendment refers to imprisonment in a Nazi prison camp or concentration camp. The war was terminated in May of 1945. We do not make 1945 the test date, but that was the year of the termination of the war.

Mr. LONG of Louisiana. Mr. President, with the understanding that we will go to conference with these amendments and do the best we can to try to bring back something along these lines, I am willing to go along with the Senator.

I hope the Senator understands that he is arguing for a principle that the House has voted down three times and that in conference we are to be faced with the fact that the House voted down this principle, not once, but three times, but perhaps we can get something out of it.

What terrifies me in considering this amendment is that we may again wind up with no bill. I personally would be willing to go along on the basis that, if we take the amendment, we will see if we can get the House to take some of it. It is not going to take all of it.

Mr. DOUGLAS. That is acceptable.

Mr. JAVITS. Mr. President, that is entirely acceptable. I would like, therefore, if I may, to offer my amendment so that the same understanding will apply to both.

I send the amendment to the desk.

The PRESIDING OFFICER. The amendment of the Senator from New York for himself and other Senators to the amendment of the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. It is proposed, in the first sentence of section 204, after the word "destruction" to insert: "or on the date of enactment of this title,".

Mr. JAVITS. It is my understanding, as the Senator expressed it, that the Senator will do the best he can on the question of priorities and on the substantive question in conference.

Mr. LONG of Louisiana. Yes.

Mr. JAVITS. Considering all of the arguments, and the equities involved.

Mr. LONG of Louisiana. We will try to get something for these people. The Senator is imposing a difficult task.

Mr. JAVITS. I understand.

Mr. LONG of Louisiana. On the basis of the discussion, we will do the best we can.

Mr. JAVITS. What the Senator seeks to do is to give a little aid and comfort to the pride of people who have been persecuted, who are now Americans.

Mr. LONG of Louisiana. Mr. President, I send to the desk the amendment offered by the Senator from Illinois, because it has been altered to provide that the language be inserted at the end of the bill.

Mr. JOHNSTON. Mr. President, I want it plainly understood that I have nothing more to do with this bill. In other words, if it is going to be turned over to somebody who has never been to a single hearing—not a one, in respect to war claims—and if he is going to handle it and accept amendments on the Senate floor, I am through with it. I am going home.

Mr. MANSFIELD. Mr. President, if the Senator will yield, I think that this matter can be cleared up.

Mr. JOHNSTON. It is already "messed up."

Mr. MANSFIELD. It may be "messed up" more or it may be "messed up" less.

Mr. JOHNSTON. Let me explain why it is "messed up."

When a man says that he is handling the bill on the floor of the Senate, and tells Senators, when they come in, how to vote, I am placed in an embarrassing position. I did not know that I was not handling the bill, but I think that is so.

Mr. LONG of Louisiana. Mr. President, though I may have been mistaken, I was under the impression that it was the junior Senator from Louisiana who insisted that the bill be put on the calendar rather than go to the committee. The junior Senator from Louisiana was in charge of the Czech war claims bill. The Foreign Relations Committee has jurisdiction over many of the claims bills, on many occasions, exactly as the Judiciary Committee has. This Senator has been in charge of war claims bills in the Senate.

It was my impression that I was in charge of the bill, and that the Senator from South Carolina did not favor it. I believe the Senator from South Carolina did not want to have the payment provisions in the bill and did not want to provide for the sale of General Aniline.

I am in favor of what was done. We have had a parallel situation on other occasions, when the Judiciary Committee did not favor a bill the Senate passed.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to my friend.

Mr. MANSFIELD. The bill was reported in the House by the Committee on Interstate and Foreign Commerce. At the time the bill came before the Senate, there had been a certain amount of jurisdiction exercised by the Committee on the Judiciary in that regard. On these bills it is not the case that the Committees on the Judiciary of both Houses handle them. The Committee on Interstate and Foreign Commerce of the other body handles them, and the Committee on the Judiciary of the Senate has done so.

If any Senator is in charge of the bill, I suppose it is the Senator from Montana, who is now speaking. In view of the fact that the Senator from South Carolina had such a great interest, as well as the Senator from Louisiana and other Senators, it was thought that this was the best way to consider the bill.

The reason the bill was brought up is that the Senators from New York [Mr. JAVITS and Mr. KEATING], the Senator from Louisiana [Mr. LONG], and other Senators said they intended to offer amendments to the Philippine war claims bill. This was one way to get around that problem.

I told the Senators that if they would not offer their amendments at that time, I would bring the bill before the Senate at a later date. I told that to the Senator from Florida [Mr. SMATHERS] and to the Senator from Nevada [Mr. BIBLE] as well.

Two days ago a bill was taken up which had come from the House Committee on Interstate and Foreign Commerce, to which amendments were offered and could be offered.

After talking with other interested Members in the Chamber, I asked that the bill be laid aside and that the Senate proceed to consider a bill on the calendar which had to do with war claims, which had come from the Committee on Interstate and Foreign Commerce of the House.

That is the present situation. If there is any Senator who is in charge of the bill I assume it is the Senator from Montana. I thought it would be better to permit those Senators most interested to do what they could with it.

Mr. DOUGLAS. Mr. President, what is the question before the Senate?

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the question before the Senate?

Mr. SMATHERS. What is the pending question, Mr. President?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. LAUSCHE. Mr. President, a parliamentary inquiry on that.

The PRESIDING OFFICER. The Senator will state it.

Mr. LAUSCHE. If the Javits amendment to the Douglas amendment is agreed to, will an amendment be in order to change the date as it appears in section 202 on page 3 of the bill, line 18, so that the date would read "and ending January 1, 1952"?

The PRESIDING OFFICER. The answer to the question is in the affirmative.

Mr. LAUSCHE. The answer is in the affirmative, that an amendment would be in order, such as I have described?

The PRESIDING OFFICER. Yes.

Mr. JAVITS. Mr. President, I ask for action on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New

York [Mr. Javits] to the amendment offered by the Senator from Illinois [Mr. Douglas].

The amendment to the amendment was agreed to.

**Mr. DOUGLAS.** Mr. President, what is the question before the Senate?

The **PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. Douglas], as amended.

The amendment, as amended, was agreed to.

**Mr. SMATHERS.** Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The **PRESIDING OFFICER.** The amendment will be stated for the information of the Senate.

The Legislative Clerk. On page 12, line 24, it is proposed to strike out the period, and insert in lieu thereof a comma and the following: "and thereafter of any award made pursuant to section 202(a) to any claimant certified to the Commission by the Small Business Administration as having been, on the date of loss, damage, or destruction; a small business concern within the meaning now set forth in the Small Business Act, as amended."

The **PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Florida.

**Mr. LONG** of Louisiana. Mr. President, I have studied the Senator's amendment. It seeks to put small business ahead of big business. I think the Senator is correct in his approach.

If we do not do something like this, the people who were involved in big insurance corporations and in other large corporations—many of whom have, in effect, been reimbursed, because they were paying excess profits taxes of 90 percent; many of whom got rich from the war, incidentally; many of whom insured risks at premium rates, so far as the insurance companies were concerned—would come in side by side with the small business firms.

The recovery for the small business firms would be very limited. I am told the probability is that there would be less than $5 million involved in the small business claims.

If the Senator's amendment is agreed to, it would make it possible to reimburse those people on a very substantial recovery, rather than in a very small percentage.

**Mr. SMATHERS.** Mr. President, I thank the able Senator from Louisiana. He expresses it very well. There are not sufficient funds available at the moment to pay every claim made, in full. As the Senator has said, already some of the large businesses have, in effect, been repaid as a result of tax deductions and other businesses they operated.

This amendment merely would give priority to small businesses, which thus far have not had any concession whatever in respect to the claims, though there has been guaranteed to them an order of priority to come ahead of the larger claims, made in most instances by big business.

I appreciate the expression by the Senator from Louisiana. I move that the amendment be agreed to.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Florida. [Putting the question.]

The amendment was agreed to.

Several Senators addressed the Chair.

The **PRESIDING OFFICER.** The Senator from South Carolina is recognized.

**Mr. JOHNSTON.** Mr. President, I have an amendment which comes from the Judiciary Committee. It is in the form of a bill now on the calendar, known as Calendar No. 1092, S. 2618.

I will send this to the desk. I should like to substitute it for the House bill.

Beginning with section 1, through section 6, both inclusive, substitute this language, to take the place of the language in the original House bill.

This would not affect at all any of the amendments which have been agreed to. I want to have that clearly understood.

**Mr. KEATING.** Mr. President, may we have the amendment stated?

**Mr. JOHNSTON.** I send this to the desk. This is the committee bill.

The **PRESIDING OFFICER.** The amendment will be stated for the information of the Senate.

The Legislative Clerk. It is proposed to strike out all of section 1 through section 6, inclusive, and to insert in lieu thereof the following:

That the War Claims Act of 1948, as amended, is further amended by inserting after section 1 thereof the following:

"TITLE I"

Sec. 2. The word "Act" wherever it appears in title I except in sections 9 and 13(a) in reference to the War Claims Act of 1948, as amended, is amended to read "title".

Sec. 3. The War Claims Act of 1948, as amended, is further amended by adding at the end thereof the following:

"TITLE II

*"Definitions*

"Sec. 201. As used in this title, the term or terms—

"(a) 'Albania', 'Austria', 'Czechoslovakia', 'the Free Territory of Danzig', 'Estonia', 'Germany', 'Greece', 'Latvia', 'Lithuania', 'Poland', and 'Yugoslavia', when used in their respective geographical senses, means the territorial limits of each such country or free territory, as the case may be, in continental Europe as such limits existed on December 1, 1937.

"(b) 'Commission' means the Foreign Claims Settlement Commission of the United States established pursuant to Reorganization Plan Numbered 1 of 1954 (68 Stat. 1279).

"(c) 'National of the United States' means (1) a natural person who is a citizen of the United States, (2) a natural person who, though not a citizen of the United States, owes permanent allegiance to the United States, and (3) a corporation, partnership, unincorporated body, or other entity, organized under the laws of the United States, or of any State or the District of Columbia and in which more than 50 per centum of the outstanding capital stock or other proprietary or similar interest is owned, directly or indirectly, by persons referred to in clauses (1) and (2) of this subsection. It does not include aliens.

"(d) 'Property' means real property and such items of tangible personalty as can be identified and evaluated.

*"Claims authorized*

"Sec. 202. The Commission is directed to receive and to determine according to the provisions of this title the validity and amount of claims of nationals of the United States for—

"(a) physical damage to, or physical loss or destruction of property located in Albania, Austria, Czechoslovakia, the Free Territory of Danzig, Estonia, Germany, Greece, Latvia, Lithuania, Poland, or Yugoslavia, or in territory which was part of Hungary or Rumania on December 1, 1937, but which was not included in such countries on September 15, 1947, which physical damage, loss or destruction occurred during the period beginning September 1, 1939, and ending May 8, 1945, or which occurred in the period beginning July 1, 1937, and ending September 2, 1945, to property in territory occupied or attacked by the Imperial Japanese military forces (including territory to which Japan has renounced all right, title, and claim under article 2 of the Treaty of Peace Between the Allied Powers and Japan) except the island of Guam: *Provided*, That claims for loss, damage, or destruction occurring in the Commonwealth of the Philippines shall not be allowed except on behalf of nationals of the United States who have received no payment, and certify under oath or affirmation that they have received no payment, on account of the same loss, damage, or destruction under the Philippine Rehabilitation Act of 1946, whether or not claim was filed thereunder: *Provided further*, That such loss, damage, or destruction must have occurred, as a direct consequence of (1) military operations of war or (2) special measures directed against property in such countries or territories, during the respective periods specified, because of the enemy or alleged enemy character of the owner, which property was owned, directly or indirectly, by a national of the United States at the time of such loss, damage, or destruction;

"(b) damage to, or loss or destruction of, ships or ship cargoes directly or indirectly owned by a national of the United States at the time such damage, loss, or destruction occurred, which was a direct consequence of military action by Germany or Japan during the period beginning September 1, 1939, and ending September 2, 1945; no award shall be made under this subsection in favor of any insurer or reinsurer as assignee or otherwise as successor in interest to the right of the insured:

"(c) net losses under war-risk insurance or reinsurance policies or contracts, incurred in the settlement of claims for insured losses of ships directly or indirectly owned by a national of the United States at the time of the loss, damage, or destruction of such ships and at the time of the settlement of such claims, which insured losses were a direct consequence of military action by Germany or Japan during the period beginning September 1, 1939, and ending September 2, 1945; such net losses shall be determined by deducting from the aggregate of all payments made in the settlement of such insured losses the aggregate of the net amounts received by any such insurance companies on all policies or contracts of war-risk insurance or reinsurance on ships under which the insured was a national of the United States, after deducting expenses; and

"(d) loss or damage on account of—

"(1) the death of any person who, being then a civilian national of the United States and a passenger on any vessel engaged in commerce on the high seas, died or was killed as a result of military action by Germany or Japan which occurred during the period beginning September 1, 1939, and ending December 11, 1941; awards under this paragraph shall be made only to or for the benefits of the following persons in the order of priority named:

"(A) widow or husband if there is no child or children of the deceased;

"(B) widow or husband and child or children of the deceased, one-half to the widow or husband and the other half to the child or children of the deceased in equal shares;

"(C) child or children of the deceased (in equal shares) if there is no widow or husband; and

"(D) parents of the deceased (in equal shares) if there is no widow, husband, or child;

"(2) injury or permanent disability sustained by any person, who being then a civilian national of the United States and a passenger on any vessel engaged in commerce on the high seas, was injured or permanently disabled as a result of military action by Germany or Japan which occurred during the period beginning September 1, 1939, and ending December 11, 1941; awards under this paragraph shall be payable solely to the person so injured or disabled;

"(3) the loss or destruction, as a result of such action, of property on such vessel, as determined by the Commission to be reasonable, useful, necessary, or proper under the circumstances, which property was owned by any civilian national of the United States who was then a passenger on such vessel; and in the case of the death of any person suffering such loss, awards under this paragraph shall be made only to or for the benefit of the persons designated in paragraph (1) of this subsection and in the order of priority named therein.

"(e) loss or damage arising out of special measures of the Japanese in the Philippines based on the enemy character of the owner, destroying or impairing through public exhibition without compensation the value of motion pictures held in inventories in the Philippines on December 7, 1941, such claims to be recognized only in the amounts actually realized by the Japanese occupation forces or their designees. Claims under this subsection (e) shall, upon determination, be reduced in amount by 50 per centum.

"(f) losses resulting from the removal of industrial or other capital equipment in Germany owned directly or indirectly by a national of the United States on the date of removal and removed for the purpose of reparations including losses from any destruction of property incident to such removal.

*"Transfers and assignments*

"SEC. 203. The transfer or assignment for value of any property forming the subject matter of a claim under subsection (a) or (b) of section 202 subsequent to its damage, loss, or destruction shall not operate to extinguish any claim of the transferor otherwise compensable under either of such subsections. If a claim which could otherwise be allowed under subsection (a) or (b) of section 202 has been assigned for value prior to the enactment of this title, the assignee shall be the party entitled to claim thereunder.

*"Nationality of claimants*

"SEC. 204. No claim under subsections (a), (b), (c), (e), and (f) of section 202 of this title shall be allowed unless the property upon which it is based was owned by a national or nationals of the United States on the date of loss, damage, destruction, or removal, and continuously thereafter until the date of filing claim with the Commission pursuant to this title. Where any person who lost United States citizenship solely by reason of marriage to a citizen or subject of a foreign country reacquired such citizenship before the date of enactment of this title, then if such individual, but for such marriage would have been a national of the United States at all times on and after the date of such loss, damage, destruction, or removal until the filing of the claim, such individual shall be treated for all purposes of this title as having been a national of the United States at all such times.

*"Claims of stockholders*

"SEC. 205. (a) A claim under section 202 of this title based upon an ownership interest in any corporation, association, or other entity which is a national of the United States shall be denied.

"(b) A claim under section 202 of this title, based upon a direct ownership interest in a corporation, association, or other entity which suffered a loss within the meaning of said section, shall be allowed, subject to other provisions of this title, if such corporation, association, or other entity on the date of the loss was not a national of the United States, without regard to the per centum of ownership vested in the claimant in any such claim.

"(c) A claim under section 202 of this title, based upon an indirect ownership interest in a corporation, association, or other entity which suffered a loss within the meaning of said section, shall be allowed, subject to other provisions of this title, only if at least 25 per centum of the entire ownership interest thereof at the time of such loss was vested in nationals of the United States.

"(d) Any award on a claim under subsection (b) or (c) of this section shall be calculated on the basis of the total loss suffered by such corporation, association, or other entity, and shall bear the same proportion to such loss as the ownership interest of the claimant bears to the entire ownership interest thereof.

*"Deductions in making awards*

"SEC. 206. In determining the amount of any award there shall be deducted all amounts the claimant has received on account of the same loss or losses with respect to which an award is made under this title.

*"Consolidated awards*

"SEC. 207. With respect to any claim which, at the time of the award, is vested in persons other than the person by whom the loss was sustained, the Commission may issue a consolidated award in favor of all claimants then entitled thereto, which award shall indicate the respective interests of such claimant therein; and all such claimants shall participate, in proportion to their indicated interests, in the payments authorized by this title in all respects as if the award had been in favor of a single person.

*"Certain awards prohibited*

"SEC. 208. No award shall be made under this title to or for the benefit of (1) any person who has been convicted of a violation of any provision of chapter 115, title 18, of the United States Code, or of any other crime involving disloyalty to the United States, or (2) any claimant whose claim under this title is within the scope of title III of the International Claims Settlement Act of 1949, as amended (69 Stat. 570).

*"Certification of awards*

"SEC. 209. The Commission shall certify to the Secretary of the Treasury, in terms of United States currency, for payment out of the War Claims Fund each award made pursuant to section 202.

*"Claims filing period*

"SEC. 210. Within sixty days after the enactment of this title or of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later, the Commission shall give public notice by publication in the Federal Register of the time when, and the limit of time within which claims may be filed, which limit shall not be more than eighteen months after such publication.

*"Claims settlement period*

"SEC. 211. The Commission shall complete its affairs in connection with the settlement of claims pursuant to this title not later than four years following the enactment of this title.

*"Notification to claimants*

"SEC. 212. Each award or denial of a claim by the Commission, whether rendered before or after a hearing, shall include a specific statement of the facts and of the reasoning of the Commission in support of its conclusion.

*"Payment of awards; priorities; limitations*

"SEC. 213. (a) Upon the enactment hereafter of legislation authorizing the payment of awards certified by the Commission pursuant to this title and providing for the deposit in the War Claims Fund of any funds necessary therefor, the Secretary of the Treasury may, and within one year after the date of enactment of such legislation shall, pay those awards from that fund in the following order of priority:

"(1) Payment in full of awards made pursuant to section 202(d) (1) and (2).

"(2) Thereafter, payments from time to time on account of the other awards made pursuant to section 202 in an amount which shall be the same for each award or in the amount of the award, whichever is less. The total payment made pursuant to this paragraph on account of any award shall not exceed $10,000.

"(3) Thereafter, payments from time to time on account of the unpaid balance of each remaining award made pursuant to section 202 which shall bear to such unpaid balance the same proportion as the total amount in the War Claims Fund and available for distribution at the time such payments are made bears to the aggregate unpaid balances of all such awards. No payment made pursuant to this paragraph on account of any award shall exceed the unpaid balance of such award.

"(b) Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury shall prescribe.

"(c) For the purpose of making any such payments, other than under section 213(a) (1), an 'award' shall be deemed to mean the aggregate of all awards certified for payments in favor of the same claimant.

"(d) If any person to whom any payment is to be made pursuant to this title is deceased or is under a legal disability, payment shall be made to his legal representative, except that if any payment to be made is not over $1,000 and there is no qualified executor or administrator, payment may be made to the person or persons found by the Comptroller General to be entitled thereto, without the necessity of compliance with the requirements of law with respect to the administration of estates.

"(e) Payment on account of any award pursuant to this title shall not, unless such payment is for the full amount of the award, extinguish any rights against any foreign government for the unpaid balance of the award.

"(f) Payments made under this section on account of any award for loss, damage, or destruction occurring in the Commonwealth of the Philippines shall not exceed the amount paid on account of awards in the same amount under the Philippine Rehabilitation Act of 1946.

*"Fees of attorneys and agents*

"SEC. 214. No remuneration on account of services rendered on behalf of any claimant in connection with any claim filed with the Commission under this title shall exceed 10 per centum of the total amount paid pursuant to any award certified under the provisions of this title on account of such claim. Any agreement to the contrary shall be unlawful and void. Whoever, in the United States or elsewhere, demands or receives, on account of services so rendered, any remuneration in excess of the maximum permitted by this section shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both.

*"Application of other laws*

"SEC. 215. To the extent they are not inconsistent with the provisions of this title, the following provisions of title I of this Act and title I of the International Claims Settlement Act of 1949, as amended, shall apply to this title: The first sentence of subsection (b) of section 2, all of subsection (c) of section 2 and section 11 of title I of this Act, and subsections (c), (d), (e), and (f) of section 7 of the International Claims Settlement Act of 1949, as amended.

*"Transfer of records*

"SEC. 216. The Secretary of State is authorized and directed to transfer or otherwise make available to the Commission such records and documents relating to claims authorized by this title as may be required by the Commission in carrying out its functions under this title.

*"Administrative expenses*

"SEC. 217. There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses in carrying out their respective functions under this title."

SEC. 4. (a) The last sentence of subsection (a) of section 39 of the Trading With the Enemy Act, as amended (62 Stat. 1246; 50 U.S.C., App., sec. 39), is amended to read as follows: "Nothing in this section shall be construed to repeal or otherwise affect the operation of section 32, 40, 41, or 42 of this Act or of the Philippine Property Act of 1946."

(b) Section 39 of the Trading With the Enemy Act is further amended by adding at the end thereof the following new subsection:

"(d) The Attorney General is authorized and directed to transfer to the Treasury of the United States, from property vested in or transferred to him under this Act or the proceeds thereof, such sums not to exceed $5,000,000 in the aggregate, as the Foreign Claims Settlement Commission may determine to be required to defray expenses incurred by the Commission in the administration of title II of the War Claims Act of 1948, as amended, and sums so transferred shall be available for disbursement by the Commission to defray such expenses. There are hereby authorized to be appropriated to the Attorney General such sums as may be required for the replacement of sums transferred by him to the Treasury under this subsection."

SEC. 5. If any provision of this Act, or the application thereof to any person or circumstances, shall be held invalid, the remainder of this Act, or the application of such provisions to other persons or circumstances, shall not be affected.

SEC. 6. The Trading With the Enemy Act, as amended, is amended by adding the following sections:

"SEC. 40. (a) Subject to the provisions of subsection (b) hereof, all rights and interests of individuals in estates, trusts, insurance policies, annuities, remainders, pensions, workmen's compensation and veterans' benefits vested under this Act after December 17, 1941, which have not become payable or deliverable to or have not vested in possession in the Attorney General prior to December 31, 1961, are hereby divested: *Provided*, That the provisions of this section shall not affect the right of the Attorney General to retain all such property rights and interests and to collect all income which is payable to or vested in possession in him prior to December 31, 1961.

"(b) Nothing contained in this section shall divest or require the divestment of any portion of any such interest the beneficial owner of which is a natural person who has been convicted personally and by name by a court of competent jurisdiction of murder, ill treatment, or deportation for slave labor of prisoners of war, political opponents, hostages, or civilian population in occupied territories, or of murder or ill treatment of military or naval persons, or of plunder or wanton destruction without justified military necessity.

"(c) At the earliest practicable time after the effective date of this Act, the Attorney General shall transmit to the lawful owner or custodian of any interest divested by this section written notice of such divestment.

"(d) Notwithstanding any statute of limitation, lapse of time, any prior decision by any court of the United States, or any compromise, release or assignment to the Alien Property Custodian, jurisdiction is hereby conferred upon the United States Court of Claims to hear, determine, and render judgment on the claims against the United States for the proceeds received by the United States from the sale of the property vested under the provisions of the Trading With the Enemy Act by vesting order numbered 33 relating to certificate numbers 104 to 121, inclusive, 125, 126, 128 to 134, inclusive, and 137 to 139, inclusive: *Provided, however*, That if any award is allowed as the result of any action filed pursuant to this subsection, such award shall include a deduction for any amounts received as the result of such assignment, compromise, or release. Suits upon such claim may be instituted hereunder not later than one year after the date of the enactment of this Act.

"SEC. 41. (a) As used in this section the word 'copyrights' includes copyrights, claims of copyrights, rights to copyrights, and rights to copyright renewals.

"(b) All copyrights vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, which have not been returned or otherwise disposed of under this Act, except copyrights vested by vesting orders 128 (7 F.R. 7578), 13111 (114 F.R. 1730), 14349 (15 F.R. 1575), 17366 (16 F.R. 2483), and 17952 (16 F.R. 6162) and copyrights vested with respect to the motion picture listed last in exhibit A of vesting order 11803, as amended (13 F.R. 5167, 15 F.R. 1626), are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled thereto shall on that day succeed to the rights, privileges, and obligations arising out of such copyrights, subject, however, to—

"(1) the rights of licensees under licenses issued by the Alien Property Custodian or the Attorney General in respect of such copyrights;

"(2) the rights of assignees under assignments by the Alien Property Custodian or the Attorney General of interests in such licenses; and

"(3) the right retained by the United States to reproduce, for its own use, or exhibit any divested copyrighted motion picture films.

The rights and interests remaining in the Attorney General under licenses issued by him or by the Alien Property Custodian in respect to copyrights divested hereunder are hereby transferred, effective the day of divestment, to the persons entitled to such copyrights: *Provided*, That all unpaid royalties or other income accrued in favor of the Attorney General under such licenses prior to the day of divestment shall be paid by the licensees to the Attorney General.

"(c) All rights or interests vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, arising out of prevesting contracts entered into with respect to copyrights, except—

"(1) royalties or other income received by or accrued in favor of the Alien Property Custodian or the Attorney General under such contracts;

"(2) rights or interests which have been returned or otherwise disposed of under this Act; and

"(3) rights or interests vested by vesting orders 128 (7 F.R. 7578), 13111 (14 F.R. 1730), 14349 (15 F.R. 1575), and 17366 (16 F.R. 2483),

are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such rights or interests shall succeed thereto, subject to the right of the Attorney General to collect and receive all unpaid royalties or other income accrued in his favor under such prevesting contracts prior to the day of divestment.

"(d) Nothing in this section shall be construed to transfer to a person entitled to a copyright divested hereunder the right of the Attorney General to sue for the infringement of such copyright during the period between (1) the vesting thereof or the vesting of rights and interest in a contract entered into with respect thereto, and (2) the day of divestment. The right to sue for infringement shall remain in the Attorney General.

"SEC. 42. (a) As used in this section the word 'trademarks' includes trademarks, trade names, and the goodwill of the business to which a trademark or trade name is appurtenant.

"(b) Trademarks vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, which have not been returned or otherwise disposed of under this Act, except trademarks vested by vesting orders 284, as amended (7 F.R. 9754; 9 F.R. 1038), 2354 (8 F.R. 14635), 5592 (11 F.R. 1675), and 18805 (17 F.R. 4364), are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such trademarks shall on that day succeed to the rights, privileges, and obligations arising therefrom, subject, however, to the rights of licensees under licenses issued by the Alien Property Custodian or the Attorney General in respect of such trademarks. The rights and interests remaining in the Attorney General under licenses issued by him or by the Alien Property Custodian in respect of trademarks divested hereunder are hereby transferred, effective the day of divestment, to the persons entitled to such trademarks: *Provided*, That all unpaid royalties or other income accrued in favor of the Attorney General under such licenses prior to the day of divestment shall be paid by the licensees to the Attorney General.

"(c) All rights or interests vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, arising out of prevesting contracts entered into with respect to trademarks, except—

"(1) royalties or other income received by or accrued in favor of the Alien Property Custodian or the Attorney General under such contracts;

"(2) rights or interests which have been returned or otherwise disposed of under this Act; and

"(3) rights or interests vested by vesting orders 284, as amended (7 F.R. 9754; 9 F.R. 1038), 2354 (8 F.R. 14635), 5592 (11 F.R. 1675), and 18805 (17 F.R. 4364),

are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such rights or interests shall succeed thereto, subject to the right of the Attorney General to collect and receive all unpaid royalties or other income accrued in his favor under such prevesting contracts prior to the day of divestment.

"(d) The Attorney General shall within forty-five days after the date of enactment of this section publish in the Federal Register a list of trademarks which at the date of vesting in the Alien Property Custodian or Attorney General were owned by persons who were resident in or had their sole or primary seat in the area of Germany now in the Soviet Zone of Occupation or in the Soviet sector of Berlin or in German territory under provisional Soviet or Polish administration. Notwithstanding the provisions of subsection (b) of this section, the effective date of divestment of the trademarks so listed and published in the Federal Register shall be the date of publication in the Federal Register by the Secretary of State of a certification identifying the cases in which an equivalent trademark has been registered in the Federal Republic of Germany for a person residing or having his sole or primary seat in the Federal Republic of Germany or in the Western sectors of Berlin. In those cases of an equivalent trademark certified by the Secretary of State, the person registered by the Federal Republic of Germany as owner of such equivalent trademark shall succeed to the ownership of the divested trademark in the United States.

"SEC. 43. (a) The Attorney General is hereby authorized and directed to transfer to the Library of Congress the title to all prints of motion pictures now in the custody of the Library, which prints were vested in or transferred to the Alien Property Custodian or the Attorney General pursuant to this Act after December 17, 1941, except prints of motion pictures which are the subject of suits or claims under section 9(a) or section 32 of this Act.

"(b) Subject to the right of selection by the Library of Congress, the authorization, direction, and exception contained in subsection (a) hereof, shall apply with respect to such prints now in the custody of the Attorney General. Prints not selected by the Library of Congress may be disposed of by the Attorney General in any manner he deems appropriate.

. "(c) With respect to all prints concerning which title is transferred to the Library of Congress pursuant to subsections (a) and (b) hereof, the Library shall have complete discretion to retain such prints for its own purposes, including the right to reproduce copies thereof, or to dispose of them in any manner it deems appropriate."

SEC. 7. If any provision of this Act, or the application thereof to any person or circumstances, shall be held invalid, the remainder of this Act, or the application of such provisions to other persons or circumstances, shall not be affected.

And to amend the title so as to read: "An Act to amend the War Claims Act of 1948, as amended, to provide for certain World War II loses to American nationals and to amend the Trading With the Enemy Act, as amended, to provide for the termination of the vesting of future income from certain vested property."

Mr. JOHNSTON. I offer that as an amendment, to strike out sections 1 through section 6.

Mr. SMATHERS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from Florida will state it.

Mr. SMATHERS. Mr. President, as I understand, the Senator from South Carolina has offered his proposal as a substitute or as an amendment.

Mr. JOHNSTON. Mr. President, I offer my proposal as an amendment to strike out, and then as an amendment to the bill. It would not touch any amendments that have been added to the bill whatsoever. We asked the Senator from Montana [Mr. MANSFIELD] to move to consider the bill now before the Senate, and at the time I told him I would offer the amendment in place of the bill. The measure has been passed upon by the Judiciary Committee of the Senate.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MANSFIELD. It is my understanding that the proposal is being offered not as a substitute but as an amendment to the pending bill.

Mr. JOHNSTON. The Senator is correct.

Mr. MANSFIELD. If the amendment is accepted, it will be added in toto to all that has been heretofore agreed to. Is that correct?

Mr. JOHNSTON. That is correct.

Mr. LONG of Louisiana. Mr. President, may we have an explanation of the amendment? I do not know what it is. First, I should like to have the amendment read.

Mr. JOHNSTON. The amendment is being offered by the junior Senator from Illinois [Mr. DIRKSEN], the Senator from Nevada [Mr. BIBLE], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Connecticut [Mr. BUSH], and myself.

Mr. LONG of Louisiana. Mr. President, if I correctly understand, a part of the bill, S. 2618, would strike out the payment provision. If that is correct, then we would be compelled not to agree to the amendment.

Mr. JOHNSTON. Then it would go to conference with the conferees from the Senate and the House on the House bill.

Mr. LONG of Louisiana. Mr. President, the Senate has voted to provide a payment. The House voted a payment provision. The Senate has amended the payment provision with a number of amendments. What would the proposed amendment do in relation to the sale of General Aniline? Would it reverse that action?

Mr. JOHNSTON. It would have nothing to do with that.

Mr. LONG of Louisiana. The point is that the Senate has acted on payment provisions.

Mr. JOHNSTON. No, we have not.

Mr. LONG of Louisiana. We just got through voting on two of them.

Mr. JOHNSTON. Those two will be added on to it.

Mr. LONG of Louisiana. Would the amendment of the Senator then undertake to strike out the amendment of the Senator from Illinois [Mr. DOUGLAS]?

Mr. JOHNSTON. No amendments added would be stricken.

Mr. LONG of Louisiana. Would it strike out the amendment of the Senator from Florida [Mr. SMATHERS]?

Mr. JOHNSTON. No. No amendments would be stricken.

Mr. LONG of Louisiana. Would it affect the amendment of the Senator from New York [Mr. KEATING]?

Mr. JOHNSTON. It would include the Smathers amendment, the Keating amendment, and any other amendment that has been agreed to.

Mr. SMATHERS. Mr. President, on that point will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. SMATHERS. Would it also include Senate bill 495, which was introduced originally by the Senator from Nevada [Mr. BIBLE]?

Mr. JOHNSTON. That is correct. It would include the bill to which the Senator referred and also the bill known as the Bush bill.

Mr. LONG of Louisiana. Mr. President, if Senators will look at page 12 of the proposed amendment, starting at line 12, they will observe that section 213(a) provides:

> SEC. 213. (a) Upon the enactment hereafter of legislation authorizing the payment of awards certified by the Commission pursuant to this title and providing for the deposit in the War Claims Fund of any funds necessary therefor, the Secretary of the Treasury may, and within one year after the date of enactment of such legislation shall, pay those awards from that fund in the following order of priority:

As I understand, the amendment provides that if we enact further legislation, we shall pay. In effect the amendment would strike out the payment clause.

The section that I support for section 213 would provide:

> The Secretary of the Treasury shall pay out of the War Claims Fund on account of awards certified by the Commission pursuant to this title as follows and in the following order of priority:

One provision states that we shall pay after enacting more laws; the other provides that we shall go ahead and pay them.

I believe there was some precedent in history. After World War I we had a similar experience. We passed a law—to do what? To establish a policy of war claims. We did not provide any payment. The Germans got 80 percent of the available money. Many of our people have waited 40 years and have not received any of it with that kind of law on the books.

We are now asked to accept an amendment that would provide that after we pass additional legislation, payments will be made. After World War I the former enemies got away with 80 percent of the cash while claimants were waiting for the second legislation to be enacted.

Oh, no. So far as this Senator is concerned, we will either pay these poor devils or we will not pay them. They will either get some money under the proposed legislation or they will not get it. After World War I the people entitled to money waited 40 years and are still waiting for satisfaction of their claims. After World War II claimants have waited for 17 years. We have heard the most prolonged filibuster in the history of the Judiciary Committee. It is now time that someone brought forth a bill that would provide for the payment of those poor wretches. We have an amendment which would pass in the House by a majority of 20 to 1, and that is about the proportion in the Senate that would vote for it, also, if we ever get around to a vote.

**Mr. KEATING.** Mr. President, will the Senator yield?

**Mr. LONG of Louisiana.** I yield.

**Mr. KEATING.** Furthermore, unless the bill provides for payment out of the fund, who will get stuck? The American taxpayer. If the proposal is held up for years and years in the future, it will be the American taxpayer who will have to pay the claims rather than the fund.

**Mr. LONG of Louisiana.** We might keep this proposal hanging as we did after World War I, at which time we wound up by indicting the Attorney General for the mishandling of funds. He got loose only because of a hung jury. The Alien Property Custodian was convicted for his corrupt activities in giving assets back to Germans. He was put into the Federal penitentiary. He was convicted. He did not get a hung jury. That is the kind of thing that will result if we hold up the proposal forever. Claimants have waited 17 years. Senator Pat McCarran held it up as long as he was here, God bless him. It is still being held up. We have had to act on the floor of the Senate. That is what we are trying to do. The amendment might kill the whole measure.

**Mr. SMATHERS.** Mr. President, will the Senator yield?

**Mr. LONG of Louisiana.** I yield.

**Mr. SMATHERS.** Then, insofar as the Senator from Louisiana is concerned, would not the proper way to proceed be to vote down the amendment now offered by the Senator from South Carolina, and then after the amendment has been rejected, consider the amendment of the able Senator from Nevada [Mr. BIBLE] with respect to certain claims of constituents in his State? Then we would vote that by itself. But in order not to put an additional burden on those who would have to come to Congress to obtain the passage of additional legislation, as the Senator from Louisiana has suggested, the only proper way to proceed would be to vote down the amendment of the Senator from South Carolina and then proceed with the amendment of the Senator from Nevada. Is that correct?

**Mr. LONG of Louisiana.** So far as this Senator is concerned, I have no objection at all to the legislation proposed by the Senator from Nevada. I do not believe the Senator from New York objects to that. The administration does not object to it.

**Mr. KEATING.** Mr. President, will the Senator yield?

**Mr. LONG of Louisiana.** I yield.

**Mr. JOHNSTON.** I think there is a solution to the whole problem.

**Mr. KEATING.** Mr. President, if I may be permitted to finish, I have no objection to the amendments of the Senator from Nevada [Mr. BIBLE], the Senator from Massachusetts [Mr. SALTONSTALL], or the Senator from Connecticut [Mr. BUSH], and the way for them to proceed, in my judgment, is to offer their amendments as an amendment to the House bill, and not try to get the Senate bill substituted for the House bill, because such action would kill the House bill. It is an entirely different theory. We should not tack on the provision here but add it to the House bill.

**Mr. JOHNSTON.** Mr. President, I believe there is a solution. Senators will note section 213(a), about which the Senator from Louisiana has been speaking. The Senate can strike out the amendment I have sent to the desk and then insert in lieu thereof the following language:

> The Secretary of the Treasury shall pay out of the War Claims Fund on account of awards certified by the Commission pursuant to this title as follows and in the following order of priority:

Then we will have the provision in the House bill now pending at the present time. Senators would get what they want and the Judiciary Committee would get what it desires and what I think would be for the best of all concerned.

**Mr. JAVITS.** Mr. President, will the Senator yield for a question?

**Mr. JOHNSTON.** I yield.

**Mr. JAVITS.** The Parliamentarian informs me that if the Senator is successful in his motion to strike and insert, it would result in striking out the amendment of the Senator from Florida [Mr. SMATHERS] and my amendment. It would not affect the Douglas amendment, because it comes at the end of the bill.

Since I understood it was the intention of the Senator from South Carolina, I should therefore like to ask him whether he will state that he modifies the amendment which he has just proposed to include the Smathers and Javits amendments?

**Mr. JOHNSTON.** I would include the Smathers amendment and also the insertion that I have just now stated. It would clear the other situation.

**Mr. JAVITS.** It would include also the Javits amendment?

**Mr. JOHNSTON.** Yes.

**Mr. JAVITS.** Will the Senator state that fact so that the clerks may be guided?

**Mr. JOHNSTON.** Yes. That amendment will be included, too, although it might have been inserted otherwise.

**Mr. KEATING.** That does not help one bit. The fact that my amendment is kept in would not help one bit. It would still change the manner in which the claims would be paid.

**Mr. LONG of Louisiana.** Mr. President, if any legislative drafter votes for the amendment, he ought to turn in his law degree. The amendment will cause him to say the same thing over, and to say it again.

There is a lovely song: "Say It Again. Say It Again." We will be sounding like a broken record. There are five sections which are identical. Why should we print them twice? If the Senator wants to add an amendment such as that sponsored by the Senator from Nevada, we can pass the bill without objection. Those of us who are supporting the House bill will be glad to take it to conference. However, to provide twice each section, two identical sections over and over again, does not make sense.

**Mr. JOHNSTON.** My amendment strikes the six sections. I believe the Senator is under a misapprehension.

**Mr. LONG of Louisiana.** It strikes what?

**Mr. JOHNSTON.** It strikes the six sections in the bill.

**Mr. LONG of Louisiana.** Why does the Senator wish to strike them?

**Mr. JOHNSTON.** The Senator is mistaken.

**Mr. LONG of Louisiana.** Let us look at the amendment. Here is the Senator's amendment, and here is the bill: "The word 'act'; the word 'act'. Wherever it appears in title I; wherever it appears in title I."

They go on word for word. We would strike the same section. Why does the Senator wish to strike one section and insert the same thing in lieu of that section that he is striking?

The Senator and I both know what the real intention is. The real objection is to reject the payment provisions. If we accept the Senator's amendment we will strike out the payment provisions.

**Mr. JOHNSTON.** The two bills are basically the same. We are using the language that the Committee on the Judiciary decided should pass.

**Mr. SMATHERS.** Mr. President, will the Senator yield?

**Mr. LONG of Louisiana.** In my opinion the payment provisions are the only things that we have had any dispute about in connection with this matter. That is all we have been arguing about today.

**Mr. JOHNSTON.** That is what I am telling the Senator. We are accepting that.

**Mr. LONG of Louisiana.** The Senator from South Carolina told me that his substitute would make no difference. However, if we look at the bill, we see that the payment provisions would be stricken. He is acting in good faith, I know. However, we do not want to vote for a complete substitute and find that we have lost the payment provisions. We do not have the time to study this matter in detail on the floor.

**Mr. KEATING.** The bill before us says that these claims shall be adjudicated and shall be paid. Along comes an amendment now which merely provides that the claim shall be adjudicated. If the Senator offers it as a substitute, we can vote it up or down, and decide whether the claim should be paid or not, but it cannot be offered as an amendment.

**Mr. JOHNSTON.** We did not offer it as a substitute. If I offer it as a substitute, the Senator's amendment which has been adopted, will be killed. The same is true of the other amendments which have been agreed to. They will be wiped out. We are trying to save those amendments.

Mr. KEATING. The Senator can move to strike the payment provisions. We can vote on the merits of that proposal. That is the regular way of doing it. Then the Senator from Nevada can offer his amendment, and the same is true of other Senators.

Mr. SMATHERS. I might say at this point that I am sure everybody understands what is involved. If Senators wish to support the House bill, as advocated by the Senator from New York, the Senator from Louisiana, the Senator from Florida, the Senator from Illinois, and other Senators they will not support the amendment offered by the Senator from South Carolina, but would vote it down.

After that is done, if the Senator from Nevada wishes to offer his amendment, which is agreeable and acceptable to everyone, we can proceed in an orderly manner to accept it. I ask for a vote on the amendment of the Senator from South Carolina.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

Mr. LAUSCHE. Mr. President, I have a perfecting amendment.

The PRESIDING OFFICER. Will the Senator from South Carolina withhold his request for a quorum?

Mr. JOHNSTON. I will do so temporarily, but I want a quorum before the vote.

Mr. LAUSCHE. I have a perfecting amendment which would strike from line 18 on page 3 of the bill "May 8, 1945" and insert in lieu thereof "January 1, 1952".

The purpose of this amendment is to make eligible those refugees from Poland and Yugoslavia who fled Communist dictatorship after May 8, 1945, and came to the United States and who then became citizens.

The language now covers the period between September 1, 1939, and May 8, 1945. The language in the bill would cover all who suffered loss between those dates, but would not cover those who became victims after May 8, 1945.

I respectfully submit that the refugees from Poland and Yugoslavia who fled Communist domination were the victims of the Hitler attack just as those were who are covered by the period of time now mentioned in the bill.

There are not many of such people. I believe they ought to be covered. I ask the Senator from Louisiana whether he could accept the amendment and take it to conference.

Mr. LONG of Louisiana. I am under the impression that those people would be eligible for consideration under the amendment offered by the Senator from Illinois, as amended by the amendment of the Senator from New York. The House had voted down this principle three times. We are willing to consider it and do the best we can with the understanding that the amendment would not take precedence or dilute these best American claims.

If we are to accept the principle of the Senator's amendment, we must make eligible the pitiful refugees who left Germany as victims of the Hitler persecution, who have an equal right to say they were citizens by 1952 and that they were entitled to be considered alongside of Americans toward whom this Government owes an obligation. Speaking as one Senator, I would have to oppose the amendment, although I believe those people are eligible for consideration under the amendment of the Senator from New York.

Mr. LAUSCHE. All those who fled Germany and the Hitler persecution are covered by the language of the bill as it is now written. None of those who fled Communist persecution in Poland or Yugoslavia are covered by the language in the bill. All I ask is that equal treatment be given to the fugitives from Nazi persecution and to refugees from Communist persecution.

Mr. SMATHERS. I thought we were dealing with a war claims bill. What the Senator from Ohio is talking about makes a very sympathetic subject for consideration. However, were not these people on our side during the war? Were not the Russians then fighting with us against Hitler. It may be that we will have to have another war claims bill subsequently in which we will take care of people who need to be provided for because of Communist domination. However, during World War II the Soviet Union was on our side.

Mr. LONG of Louisiana. The Senator is correct. The amendment would seek to put our allies into our claim fund. The Allied Governments owe an obligation to these people. One of these days perhaps we can do something for these people of Yugoslavia and Poland.

But it would be totally in error, in my opinion, to undertake to put people who were not American citizens, whose own government did them an injustice, alongside Americans and to dilute the fund in that fashion.

If the Senator would offer his amendment to the amendment which was offered by the Senator from New York [Mr. JAVITS], perhaps we might see if we could not make an arrangement on the same basis as the agreement made with the Senator from New York and the Senator from Illinois.

I am adamantly opposed to diluting that which we owe to the best American claims, by including the vast number of people who suffered under Hitler because of his terrible brutality. If an attempt is made to include, in addition, those who suffered under the Communists, it means that we will not be able to do anything substantial for those to whom we are legally and morally obligated.

Mr. JAVITS. Mr. President, I have had an international meeting waiting for me for an hour and 15 minutes. I have one question to ask the Senator from Louisiana in a colloquy. Will the Senator from Louisiana permit me to ask the question and then give his answer before I go?

Mr. LONG of Louisiana. I am happy to yield for that purpose.

Mr. JAVITS. I wish to ask the Senator whether in the case of a situation described by House Report No. 2035, where Communist control, subsequent to German seizure, has resulted in the loss of a piece of property to a person who qualifies under the bill, the same definition, the same intention, would apply in the case of an area which is, let us say, like Czechoslovakia, where the Communists stepped in also after the Germans had taken over.

Mr. LONG of Louisiana. It is my understanding that the language contained in section 202(a) of H.R. 7283 should be interpreted to cover both of the losses you just described, and both would be eligible for recovery out of the war claims fund, provided the properties in both East Germany and Czechoslovakia were owned, directly or indirectly, by an American national at the outbreak of World War II, when the properties were first lost to the Germans during the war, and provided the claims for compensation remained American-owned from the date of loss to the Germans until the date they are filed with the Commission under this legislation. Furthermore, in the case of the Czechoslovak property, the Commission, in reaching its award, would, pursuant to section 206(a) of the bill, deduct the amount of any payment received by the claimant under title IV of the International Claims Settlement Act, and if the claim is by a corporation and the amount of the claim exceeds $10,000, the Commission would also deduct the amount of any tax benefits the claimant received with reference to the loss. Otherwise, both losses are compensable under section 202(a) of H.R. 7283, as I understand it.

Americans who were formerly Czech citizens have a proper claim against the Communist Government of Czechoslovakia, and they have a claim against Germany for war damage. If they were never restored to their property from the time the Germans took it from them, they can claim against either government. As the facts exist, they have been able, in some instances, to get small amounts from the Czech claims fund. They would have to reduce any claim they had by whatever they had received from the Czech claims fund. There was a very small award. Also they would have to reduce their claim by any amount of tax deduction they received as a result of favorable tax treatment.

Mr. JAVITS. I thank the Senator from Louisiana. All I was trying to do was to include another type of American—if there is a difference among types of Americans—within the confines of the bill as it is. I was not trying to change the confines of the bill. So to the extent the people the Senator talks about would fall within the confines of the bill—that is, if we find there are people within the war claims section of the bill—then the Senator from Louisiana is correct. The amendment of the Senator from Illinois and my amendment affects the very people whom the Senator is talking about. But when there are dates of loss after the dates of loss specified in the bill, I have not tried to affect them, and I do not believe the Senator from Illinois has tried to affect them.

Mr. LONG of Louisiana. With regard to the citizen whom the Senator has in mind in his proposal, the war was over after 1945. If we ever make a settlement with Yugoslavia, we may be able to require that Communist government to pay, or we might be able to seize some of its assets to be used to repay something which they owed to an American subsequent to 1945. But after 1945, there was no Hitler government in power. Hitler had been defeated.

The bill seeks to take assets which we seized from our enemies and award them to people whom our enemies injured, people who were American citizens. But when the Senator talks about something which happened after 1945, I must say that to make awards to such people would be unfair to American citizens who were injured.

If the Senator has prepared his amendment to offer it as an addendum to the amendment offered by the Senator from Illinois and to the amendment offered by the Senator from New York, I would be willing to go along and see if we could not make some arrangement.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. SMATHERS. If it is proposed to change the date because of people who have had difficulty with Communists, we may have to bring the amendment up to the present date. We ought to consider the poor people in Cuba, as well as American businessmen and others who have lost money and property in Cuba because of Communist domination there. I thought the bill was limited to the people who lived during the time of the war and who were supposed to have suffered damages as a result of the war. But if we are to include the period of time when Communist domination began, we cannot very well stop with Communist domination in Yugoslavia. We must consider Cuba and other areas of the world where the Communists have taken over. Then, it seems to me, we leave the principle of damages which resulted from the war. Of course, this is a cold war, but the bill, as I understand, is not supposed to apply to cold war sufferers. I am very sympathetic to what the Senator is saying, but I believe we must consider all areas of Communist domination.

Mr. LAUSCHE. In the bill, by the acceptance of the amendment of the Senator from Illinois to the amendment of the Senator from New York, compensation is being made available to nationals of Germany from whom Hitler took property and whom Hitler drove out.

Mr. DOUGLAS. That is not quite true.

Mr. LAUSCHE. The amendment of the Senator from Illinois deals with prisoners of war. In that respect, it is different from the amendment of the Senator from New York.

Mr. DOUGLAS. They are people who are now nationals of the United States, even though at the time they suffered injury they were not.

Mr. LAUSCHE. I am speaking of the same class of people. I submit that under the amendments which have been accepted, compensation will be made on a priority basis, subsequently to be established, to citizens of Germany from whom Hitler confiscated property. They were no more victims of war than the persons I speak of. Their own government took from them their own property, and we now propose to compensate them.

I submit that if we compensate them, we likewise must compensate those who fled from Gomulka's government and the government which preceded it, and those who fled from Tito's government.

I accept as sound the argument of the Senator from Louisiana that this group ought to be included in the category identified by the Senator from New York, especially if there is to be a priority of assignment.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. LAUSCHE. Would an amendment be in order to the amendment which was offered by the Senator from New York, and thus far accepted, which would embody language that I propose in the pending amendment?

The PRESIDING OFFICER. The amendment of the Senator from New York has already been agreed to, and therefore is not open to amendment.

Mr. LONG of Louisiana. Mr. President, I believe the Senator from Ohio could add his amendment, if he wished to do so, at the end of the bill, by striking the period and inserting in lieu thereof a semicolon, so as to make available for consideration, on the same basis as those for whom the Senator from Illinois and the Senator from New York spoke, the people in whom the Senator from Ohio is interested. I hope he realizes that any Senator trying to represent the Senate in conference will be confronted with the fact that on three occasions the House has voted down this principle.

Mr. LAUSCHE. I understand that.

Mr. LONG of Louisiana. But if I have anything to say about it, I shall be willing to go along with the Senator from Ohio on the same basis on which we went along with the Senator from New York, in seeing whether we can do something for these people. It will be difficult to get the House to agree to anything at all; but if the Senator from Ohio wishes to have us make the effort on that basis, I, personally, will be willing to go along with what he wishes.

Mr. LAUSCHE. Personally, I think the Senator from Louisiana is correct when he says it would be in order to add, at the end of the bill, an amendment to cover the group I have in mind.

Mr. President, let me ask if that is the case.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). A part of the bill not affected by an amendment already agreed to is subject to amendment.

Mr. LONG of Louisiana. I suggest that the Senator from Ohio prepare an amendment similar to that of the Senator from New York. Then we can see whether the House will agree to anything along this line.

Mr. LAUSCHE. Yes.

Let me say that I have in mind the fact that in dealing with these claims we cannot begin to distinguish between them on the basis of nationality groups. Those who have been wronged should be treated on an equal basis, regardless of their nationality. I would aim to achieve that objective. It would be sad to think that one class—those of one nationality background—would be taken care of, but that a class of another nationality background would not be taken care of. The bill covers the entire ground—Albania, Czechoslovakia, and so forth.

Mr. President, at this point I shall withdraw my amendment.

Let me ask the Senator from Montana if it is planned to take final action on the bill tonight.

Mr. MANSFIELD. I hope that will be done.

Mr. LONG of Louisiana. Mr. President, there are other amendments to be dealt with. If the Senator from Ohio will withdraw his amendment at this time, I believe we can agree, during the consideration of other amendments, on what we intend to do insofar as this amendment is concerned.

Mr. LAUSCHE. Very well.

Mr. President, I ask unanimous consent that I may withdraw my amendment; and I withdraw it.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Ohio is withdrawn.

Mr. JOHNSTON. Mr. President, I have at the desk an amendment which I desire to withdraw; and I now withdraw it.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from South Carolina is withdrawn.

Mr. BIBLE. Mr. President, I send to the desk an amendment which I offer and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 40. (a) Subject to the provisions of subsection (b) hereof, all rights and interests of individuals in estates, trusts, insurance policies, annuities, remainders, pensions, workmen's compensation, and veterans' benefits vested under this Act after December 17, 1941, which have not become payable or deliverable to or have not vested in possession in the Attorney General prior to December 31, 1961, are hereby divested: *Provided*, That the provisions of this section shall not affect the right of the Attorney General to retain all such property rights and interests and to collect all income which is payable to or vested in possession in him prior to December 31, 1961.

(b) Nothing contained in this section shall divest or require the divestment of any portion of any such interest the beneficial owner of which is a natural person who has been convicted personally and by name by a court of competent jurisdiction of murder, ill treatment, or deportation of slave labor of prisoners of war, political opponents, hostages, or civilian population in occupied territories, or of murder or ill treatment of military or naval persons, or of plunder or wanton destruction without justified military necessity.

(c) At the earliest practicable time after the effective date of this Act, the Attorney General shall transmit to the lawful owner or custodian of any interest divested by this section written notice of such divestment.

Mr. BIBLE. Mr. President, this amendment was discussed earlier. It was reported unanimously, I believe, from the Judiciary Committee. It is an amendment to which the Senator from Louisiana, the Senator from Florida, and the Senator from New York alluded a few minutes ago. I believe the amendment is acceptable to them and also to the chairman of the subcommittee of the Judiciary Committee.

I have discussed the amendment with the Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. LONG], the Senator from Florida [Mr. SMATHERS], and the Senator from New York [Mr. KEATING]; and I believe the amendment is acceptable to them.

I do not wish to take a great deal of time. I ask unanimous consent that the report of the U.S. Department of Justice, dated March 21, 1962, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF JUSTICE,
*Washington, D.C., March 21, 1962.*

HON. JAMES O. EASTLAND,
*Chairman, Committee on the Judiciary,*
*U.S. Senate, Washington, D.C.*

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 291, a bill to amend the Trading With the Enemy Act to provide for the divesting of certain interests in estates and trusts, and for other purposes.

Under the Trading With the Enemy Act, as amended, various types of property and interests in property within the United States, owned by enemy nationals, were vested during World War II in the name of the Alien Property Custodian and later, of the Attorney General. A part of this property comprised the interests in this country of enemy nationals in estates, trusts, insurance policies, annuities, remainders, pensions, and workmen's compensation and veterans' benefits.

There are some vested interests of this nature which are distributable in the future; in other words, pursuant to the provisions of the will, trust instruments or other documents, part or all of the vested interests have not yet become distributable to the Attorney General. The bill would return any interests, which are not reduced to possession, in estates of decedents who were citizens or nationals of the United States at the time of death and in trusts created by individuals who were then citizens or nationals of the United States. If the bill should be enacted, these uncollected assets would not be turned over to the Attorney General. Instead, the effect of the bill would be to return such undistributed interests to former enemy nationals, although no return would be made to persons convicted of war crimes.

While the Department of Justice is in favor of the objectives of the bill, we believe that these aims can be more equitably and efficiently accomplished by the use of a different approach. There follows language which might be substituted for that contained in subsection (a) of the bill, and which, we believe, meets the general objectives desired by the sponsors of this and similar bills, while, at the same time, serving the best interests of the Government:

That the Trading With the Enemy Act, as amended (50 U.S.C. App. 1 and the following) is amended by adding at the end thereof the following new section:

"SEC. 40. (a) Subject to the provisions of subsection (b) hereof, all rights and interests of individuals in estates, trusts, insurance policies, annuities, remainders, pensions, workmen's compensation and veterans' benefits vested under this Act after December 17, 1941, which have not become payable or deliverable to or have not vested in possession in the Attorney General prior to the effective date of this amendment are hereby divested; provided that the provisions of this section shall not affect the right of the Attorney General to retain all such property rights and interests and to collect all income which is payable to or vested in possession in him prior to the effective date of this amendment."

Whereas S. 291 would return interests due the Attorney General, but not yet collected, the suggested legislation would provide a cutoff date (the time of the enactment of the measure) after which income or remainder interests in estates, trusts, insurance policies, annuities, pensions, workmen's compensation and veterans' benefits accruing would not be payable or deliverable to or vested in possession in the Attorney General. The amendment provides, however, for the retention of all interests that will have become due or have been paid or delivered to the Attorney General prior to the enactment of the legislation.

The suggested language would give substantial relief to the categories of persons sought to be benefited by S. 291 and similar pending bills, and would also relieve the Office of Alien Property of a prolonged and costly administrative burden. The proposed amendment would broaden the types of interests divested to include all income and future interests; it would, in addition, benefit all beneficiaries of these interests, regardless of whether they are citizens of the United States or of whether the estate or trust were created by a citizen or national of the United States. It is our view that the time has come for the establishment of a cutoff date for the collection of income from estates, trusts, and similar properties. The reasons for this conclusion are, first, that there must be a point at which vesting must stop, as it already has with respect to property acquired after December 31, 1946; and second, that, with the passing years, the expense of collecting income payments and preserving remainder interests will become disproportionately large in relation to the value of the property to be taken in. It is estimated that the total value of the interests affected is no more than $10 million, to be collected over a period of many years, from some 500 different sources.

The Department of Justice has sent to the Congress, on August 28, 1961, proposed legislation similar in purpose to S. 291, amended as proposed above. This measure provides for the divesting of copyrights and trademarks, and for the retention of royalty payments which accrued prior to the date of its enactment.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

BYRON R. WHITE,
*Deputy Attorney General.*

Mr. BIBLE. Mr. President, the departmental report refers to Senate bill 291. Then it suggests certain language in substitution therefor. An examination of the amendment I have offered will disclose that section 40(a) largely follows the suggestion of the Department of Justice.

Therefore, I ask that this amendment be agreed to at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada.

Mr. BIBLE. I point out to the Senator from Louisiana that I have discussed this with him on a number of occasions, and I understood him to say the amendment was acceptable to him.

Mr. LONG of Louisiana. Mr. President, I am in favor of the amendment; but it is up to the Senate to determine what it wishes to do with the amendment.

Is it not correct that this amendment is separate legislation, but has a favorable report from the Department of Justice?

Mr. BIBLE. Yes; and it has a favorable report from the Department of Justice. A moment ago I obtained consent to have that report printed in the RECORD. It is a favorable report, signed by Byron R. White, who then was Assistant Attorney General of the United States. His letter is dated March 21, 1962.

Mr. LONG of Louisiana. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was agreed to.

Mr. KEATING. Mr. President, I call up my amendment identified as "9–11–62—C," and ask that it be stated. The amendment is offered by me on behalf of myself, the Senator from Michigan [Mr. HART], the Senator from New York [Mr. JAVITS], and the Senator from Pennsylvania [Mr. SCOTT].

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to add a new section, to read as follows:

SEC. —. (a) Section 32(h) of the Trading With the Enemy Act is amended by striking out all that follows the first sentence in the first paragraph down through the third paragraph, and inserting in lieu thereof the following: "In the case of any organization not so designated before the date of enactment of this amendment, such organization may be so designated only if it applies for such designation within three months after such date of enactment.

"The President, or such officer as he may designate, shall, before the expiration of the one-year period which begins on the date of enactment of this amendment, pay out of the War Claims Fund to organizations designated before or after the date of enactment of this amendment pursuant to this subsection the sum of $500,000. If there is more than one such designated organization, such sum shall be allocated among such organizations in the proportions in which the proceeds of heirless property were distributed, pursuant to agreements to which the United States was a party, by the Intergovernmental Committee for Refugees and successor organizations thereto. Acceptance of payment pursuant to this subsection by any such organization shall constitute a full and complete discharge of all claims filed by such organization pursuant to this section, as it existed before the date of enactment of this amendment.

"No payment may be made to any organization designated under this section unless it has given firm and responsible assurances approved by the President that (1) the payment will be used on the basis of need in the rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivisions (C) and (D) of subsection (a) (2) of this section; (2) it will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the payment made to it) and permit such examination of its books as the President, or such officer or agency as he may designate, may from time to time require; and (3) it will not use any part of such payment for legal fees, salaries, or other administrative expenses connected with the filing of claims for such payment or for the recovery of any property or interest under this section."

(b) The first sentence of section 33 of such Act is amended by striking out all that follows "whichever is later" and inserting a period.

(c) Section 39 of such Act is amended by adding at the end of subsection (b) the following new sentence: "Immediately upon the enactment of this sentence, the Attorney General shall cover into the Treasury of the United States, for deposit into the War Claims Fund, from property vested in or transferred to him under this Act, the sum of $500,000 to make payments authorized under section 32(h) of this Act."

**Mr. KEATING.** Mr. President, this amendment is known as the heirless property amendment.

In the last Congress—the 86th—the other body passed and the Senate Committee on the Judiciary favorably reported to the Senate a bill (H.R. 6462) identical to this amendment. While the bill was pending on the Senate Calendar, the President of the United States, then Senator Kennedy, made a strong plea on the Senate floor for its consideration. He stated:

> I urge that the Senate pass this bill. It is technically an amendment to the Trading With the Enemy Act. In substance, however, it is a measure which makes possible use of funds which were owned by persons who were persecuted by the Nazis, and who died without heirs, for the benefit of needy and surviving former persecutees who are now in the United States.
>
> The policy of the United States has for years been that former persecutees should be able to recover the property which was sequestered during the war because they were—though the first victims of Hitler—technically "enemy nationals." Four years ago, the Congress provided that property of such persons who had died without heirs—mostly killed in Hitler's concentration camps—should be used for assistance in the United States to needy survivors. Thousands of claims to such property were filed by the duly designated successor organization, the Jewish Restitution Successor Organization, which had previously performed a similar task in the American Zone of Germany. H.R. 6462 merely provides a bulk settlement of these thousands of existing claims.
>
> The Trading With the Enemy Act imposes a ceiling of $3 million on these claims. H.R. 6462 settles them for $500,000. The Office of Alien Property supports this amount, and it seems fair as a prompt settlement.
>
> A bulk settlement is in the interest of both the U.S. Government—which would otherwise be faced with administrative costs of an enormous amount in proportion to the total of the claims—and the surviving persecutees, who are in desperate need.

Unfortunately, Senator Kennedy's eloquent plea was not heeded; and the Senate adjourned without completing action on the measure.

Early in this session of the Congress, I introduced a bill (S. 708) identical to the bill which was allowed to die in the 86th Congress. It was cosponsored by Senator JAVITS and Senator KEFAUVER. The administration has given this measure its full support. The previous administration endorsed similar legislation, although for a lesser amount than the amount involved here. The House Committee on Interstate and Foreign Commerce unanimously reported a companion bill in the House, but the House bill has not yet been scheduled for action. The Senate Committee on the Judiciary, despite its favorable report on this measure in the 86th Congress, has given it no consideration whatever in this Congress. I am confident, however, that if approved by the Senate, it will be accepted in the other body and will finally be enacted into law.

A brief explanation of the provisions of the amendment will make clear its meritorious purposes.

Briefly stated, the history of this legislation is as follows.

Mr. President, I shall appreciate it if—now that the amendment is about to be explained—the Senate will be in order.

The **PRESIDING OFFICER.** Let there be order. The Senate will be in order.

**Mr. KEATING.** Mr. President, I repeat that this measure, which is known as the heirless property amendment, has the support of the administration.

A brief history of the amendment is as follows:

The Trading With the Enemy Act authorized the vesting by the Alien Property Custodian of all "enemy" property. Thus, vesting orders took title in the United States to all property found here of so-called enemy nationals, even if those persons were subject to persecution under the Hitler regime. The inequity in this was apparent; and immediately after the war, section 32 was added to the Trading With the Enemy Act. That section, in general, provided that the Alien Property Custodian should return, on the filing of claims, the property of persons who had been subjected to persecution on grounds of race, religion, or political belief.

In the years that followed, it became clear that a number of these eligible claimants — persecutees — would never appear to file their claims. The reason was that they, together with their entire families, had perished in the infamous concentration camps. The surviving persecutee, or the persecutee who left a son or daughter, could file his claim and regain his property. But a substantial amount of property remained vested, which had been owned by persecutees, but as to which there was in fact no claimant because the claimant and his family had been exterminated.

In these circumstances, subsection (h) was added to section 32 of the act. The effect of subsection (h) was to make it possible for a "successor organization" to file claims to the property of persecutees who had died without known heirs—or what has come to be known as heirless property. It was declared to be the policy of the United States, as reflected in this subsection that such heirless property should be returned to a successor organization. Its proceeds were to be used by that organization—or organizations—for the relief and rehabilitation of needy surviving persecutees who were in the United States. A successor organization was to be designated by the President.

Because of the nature of Nazi persecution, it is of course clear that the great bulk of the persecutees, and of the heirless property, was of Jewish origin. Thus, the organization which applied for Presidential designation was a New York membership corporation known as the Jewish Restitution Successor Organization. This organization had previously been designated in the American Zone of Germany, and had performed there in a manner which earned the commendation of General Clay and others connected with military government. It undertook the obligations required by the statute; and in January 1955, it was designated by President Eisenhower.

From the outset, it was apparent that to process each of these claims would be an impossible administrative task. The solution proposed by this amendment is to make a bulk settlement of the claims based on a reasonable appraisal of the claims.

Statements favoring a bulk settlement are in the record from the Department of State and from various charitable organizations—Catholic Relief Services, the American Jewish Committee, Church World Services, and the American Jewish Congress. The only question raised about the desirability of the bulk settlement was raised by the Department of Justice in the 86th Congress as to amount, when the suggested amount of the settlement was $1 million; and by the Bureau of the Budget, which has pointed out that the provable claims, under present standards of law which would be applicable to individual claimants, are in the estimated amount of $500,000, which is the amount in the amendment. Thus, it is entirely agreed by all that a bulk settlement is necessary to obviate long and tedious—and expensive—administrative proceedings, which would burden both the claims agencies and the successor organization. And it has also been agreed that $500,000 is a minimal and reasonable amount of such a settlement.

Actually, it is clear that heirless property exists in amounts substantially larger than the amount stated in this amendment. Thus, in the original enabling legislation—section 32(h)—a ceiling amount of $3 million was set, after hearings. In previous Congresses, bulk settlement legislation in the amount of $1 million has been proposed. Here, it seems to be the opinion of the Office of Alien Property and the Bureau of the Budget that $500,000 would be the amount of claims provable under present standards, applicable to individual claimants.

It is evident that this proposal has had careful and thorough consideration over many years. It is a fair and humanitarian measure for putting to use property we hold in trust for the victims of a horrible era of cruel persecution.

Mr. President, this amendment deserves our support.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from New York [Mr. KEATING].

Mr. LONG of Louisiana. Mr. President, I am not fully sure I understand the Senator's amendment.

Mr. KEATING. I know of the Senator's interest in it.

Mr. LONG of Louisiana. Will the Senator try to give me the gist of it? The Senator from New York knows that a number of Senators were discussing certain other matters in connection with this legislation while the Senator was explaining his amendment. If the Senator will give me a thumbnail sketch of it, since I believe I have some familiarity with it, that will be sufficient.

Mr. KEATING. May I read briefly to the Senator from Louisiana what Senator Kennedy said about this measure in the 86th Congress? I think it is an eloquent statement, and I believe it will answer the question which the Senator from Louisiana has asked. The proposal before us is identical with the bill he was then talking about. Senator Kennedy said:

> I urge that the Senate pass this bill. It is technically an amendment to the Trading With the Enemy Act. In substance, though, it is a measure which makes possible the use of funds which were owned by persons who were persecuted by the Nazi and who died without any heirs, for the benefit of needy and surviving former persecutees who are now in the United States. The policy of the United States has for years been that former persecutees——

Mr. LONG of Louisiana. Mr. President, if I may interrupt the Senator, as I understand, this amendment involves only $500,000. Is that correct?

Mr. KEATING. That is correct, and this measure was approved in the 86th Congress even in the Judiciary Committee, which is quite an unusual feature, I may say to the Senator.

Mr. LONG of Louisiana. I shall certainly vote for the Senator's amendment.

Mr. KEATING. I hope the amendment will be approved.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following:

CLAIMS OF U.S. NATIONALS WHO ARE REFUGEES FROM CERTAIN COUNTRIES

SEC. ——. The Commission is directed to receive and to determine according to the provisions of this title the validity and amount of claims of nationals of the United States who—

(a) are refugees from Czechoslovakia, Estonia, Latvia, Lithuania, Poland or Yugoslavia, Hungary and Rumania, and who

(b) suffered loss or destruction of, or physical damage to property located in such named countries during period beginning May 8, 1945 and ending January 1, 1952.

Mr. LAUSCHE. Mr. President, this amendment would be added to the end of the bill. I have acquainted the Senator from Louisiana with it. Does the Senator see any objection to taking the amendment?

Mr. LONG of Louisiana. Mr. President, the Senator knows I do not favor the principle, but I have much sympathy with what the Senator seeks to do. On the same condition that I was willing to agree to go along with the proposal by the Senator from New York, I would be willing not to oppose the Senator's amendment, and see what we can do.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. LAUSCHE].

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 7, after line 10, it is proposed to insert a new section 203:

SEC. 203. (a) Nothwithstanding any statute of limitation, lapse of time, any prior decision by any court of the United States, or any compromise, release or assignment to the Alien Property Custodian, jurisdiction is hereby conferred upon the United States Court of Claims to hear, determine, and render judgment on the claims against the United States for the proceeds received by the United States from the sale of the property vested under the provisions of the Trading With the Enemy Act by vesting order numbered 33 relating to certificate numbers 104 to 121, inclusive, 125, 126, 128 to 134, inclusive, and 137 to 139, inclusive: *Provided, however,* That if any award is allowed as the result of any action filed pursuant to this subsection, such award shall include a deduction for any amounts received as the result of such assignment, compromise, or release. Suits upon such claim may be instituted hereunder not later than one year after the date of the enactment of this Act.

(b) As used in this section the word "copyrights" includes copyrights, claims of copyrights, rights to copyrights, and rights to copyright renewals.

(c) All copyrights vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, which have not been returned or otherwise disposed of under this Act, except copyrights vested by vesting orders 128 (7 F.R. 7578), 13111 (14 F.R. 1730), 14349 (15 F.R. 1575), 17366 (16 F.R. 2483), and 17952 (16 F.R. 6162) and copyrights vested with respect to the motion picture listed last in exhibit A of vesting order 11803, as amended (13 F.R. 5167, 15 F.R. 1626), are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled thereto shall on that day succeed to the rights, privileges, and obligations arising out of such copyrights, subject, however, to—

(1) the rights of licensees under licenses issued by the Alien Property Custodian or the Attorney General in respect of such copyrights;

(2) the rights of assigneees under assignments by the Alien Property Custodian or the Attorney General of interests in such licenses; and

(3) the right retained by the United States to reproduce, for its own use, or exhibit any divested copyrighted motion picture films.

The rights and interests remaining in the Attorney General under licenses issued by him or by the Alien Property Custodian in respect to copyrights divested hereunder are hereby transferred, effective the day of divestment, to the persons entitled to such copyrights: *Provided,* That all unpaid royalties or other income accrued in favor of the Attorney General under such licenses prior to the day of divestment shall be paid by the licensees to the Attorney General.

(d) All rights or interests vested in the Alien Property Custodian or the Attorney General under the provisions of this Act subsequent to December 17, 1941, arising out of prevesting contracts entered into with respect to copyrights, except—

(1) royalties or other income received by or accrued in favor of the Alien Property Custodian or the Attorney General under such contracts;

(2) rights or interests which have been returned or otherwise disposed of under this Act; and

(3) rights or interests vested by vesting orders 128 (7 F.R. 7578), 13111 (14 F.R. 1730), 14349 (15 F.R. 1575), and 17366 (16 F.R. 2483),

are hereby divested as a matter of grace, effective the ninety-first day after the date of enactment of this section, and the persons entitled to such rights or interests shall succeed thereto, subject to the right of the Attorney General to collect and receive all unpaid royalties or other income accrued in his favor under such prevesting contracts prior to the day of divestment.

(e) Nothing in this section shall be construed to transfer to a person entitled to a copyright divested hereunder the right of the Attorney General to sue for the infringement of such copyright during the period between (1) the vesting thereof or the vesting of rights and interests in a contract entered into with respect thereto, and (2) the day of divestment. The right to sue for infringement shall remain in the Attorney General.

Mr. DIRKSEN. Mr. President, this is material which appears in the Senate bill as reported by the committee. It could be that by inadvertence this was omitted from the House bill by the action this afternoon. It deals with certain claims that ought to go to the Court of Claims to be properly litigated. It deals also with the copyright section, as to which there was no objection, so far as I know.

Mr. KEATING. Mr. President, I should like to know whether this would in any way interfere with the payment of claims if they were adjudicated.

Mr. DIRKSEN. No. It has nothing whatsoever to do with that.

Mr. KEATING. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

Mr. LONG of Louisiana. Mr. President, personally I do not find any appeal in the amendment, but the Justice

Department seems to think it is all right. I will go along with the Senator.

**Mr. DIRKSEN.** This question had long consideration by the subcommittee and by subcommittees in previous years. It merely relates to the Court of Claims, for the determining of the validity of what is carried in these documents. The remainder of the amendment deals with trademarks and copyrights, and had the approval of the Justice Department.

**The PRESIDING OFFICER.** The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 7283) was read the third time, and passed.

**Mr. LONG of Louisiana.** Mr. President, I move to reconsider the vote by which the bill was passed.

**Mr. KEATING.** Mr. President, I move to lay that motion on the table.

**The PRESIDING OFFICER.** The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

**Mr. MANSFIELD.** Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon; and that the Presiding Officer appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JOHNSTON, Mr. LONG of Louisiana, Mr. BIBLE, Mr. DIRKSEN, and Mr. KEATING conferees on the part of the Senate.

**The PRESIDING OFFICER.** Without objection, Senate bill 2618, to amend the War Claims Act of 1948, as amended, to provide for certain World War II losses, will be indefinitely postponed.

### THE LATE JAMES E. MOSS

**Mr. MANSFIELD.** Mr. President, it has come to my attention that James E. Moss, the father of the distinguished Senator from Utah, FRANK E. MOSS, died last night in Salt Lake City at the age of 87.

The Senator's father was known as Jimmy Moss, and was the "father of organized athletics in Utah."

In 1910 Mr. Moss—senior, that is—helped to establish a statewide organization to set up eligibility rules for athletes based on scholarship and eligibility standards.

At this time I extend to our dear colleague our deepest sympathy and condolences at his great loss, and I extend them also to the State of Utah on the passing of this outstanding citizen.

Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

### HOSPITAL AND MEDICAL CARE FOR LIABLE THIRD PERSONS

**Mr. MANSFIELD.** Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1906, House bill 298.

**The PRESIDING OFFICER.** The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 298) to provide for the recovery from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States.

**The PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to, and the Senate proceeded to consider the bill.

**Mr. MANSFIELD.** Mr. President, the purpose of the proposed legislation is to provide for the recovery by the United States from negligent third persons for the cost of hospital, medical, surgical, or dental care and treatment furnished by the United States pursuant to authority or requirement of law to a person who is injured or suffers a disease under circumstances creating a tort liability upon such third persons.

**The PRESIDING OFFICER.** The bill is open to amendment. If there is no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I suggest the absence of a quorum.

**The PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

### ORDER FOR ADJOURNMENT UNTIL 11 O'CLOCK TOMORROW

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn to meet at 11 o'clock tomorrow morning.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

### COMMITTEE MEETING DURING SESSION OF THE SENATE TOMORROW

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on the Judiciary was authorized to meet during the session of the Senate tomorrow.

### URBAN MASS TRANSPORTATION ACT OF 1962

**Mr. MANSFIELD.** Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1808, S. 3615.

**The PRESIDING OFFICER.** The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

**The PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

### ADJOURNMENT UNTIL 11 A.M. TOMORROW

**Mr. MANSFIELD.** Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in adjournment, under the previous order.

The motion was agreed to; and (at 5 o'clock and 44 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Thursday, September 13, 1962, at 11 o'clock a.m.

## HOUSE OF REPRESENTATIVES

### WEDNESDAY, SEPTEMBER 12, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Galatians 6: 2: *Bear ye one another's burdens, and so fulfill the law of Christ.*

O Thou who art always ministering to our every need, in this moment of prayer, may we be brought into tune with Thy will for we are daily encountering many demands and difficulties.

We acknowledge that there is so much discord and disorder in our world and we need health of body and soul to lift us out of the darkness that surrounds us and dims our way.

Forgive us that we frequently fail to discern what is good and neglect to do that which will help humanity carry its heavy burdens.

Inspire us to manifest our faith by being faithful in our high calling to deliver troubled mankind from its fears and frustrations.

Hear us in Christ's name. Amen.

### THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

**H.R. 1960. An act to amend chapter 85 of title 28 of the United States Code relating to the jurisdiction of the U.S. district courts, and for other purposes.**

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 133. Joint resolution to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1130. An act to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes.

---

## DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1963

**Mr. WHITTEN.** Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on H.R. 12648, the Department of Agriculture appropriation bill for 1963.

**The SPEAKER.** Is there objection to the request of the gentleman from Mississippi?

There was no objection.

---

## COMMITTEE ON BANKING AND CURRENCY

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit while the House is in session during general debate tomorrow.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

---

## UNITED NATIONS LOAN

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. ALBERT.** Mr. Speaker, I take this time to read to the House a letter addressed to the Speaker by the President of the United States, dated September 11, 1962:

THE WHITE HOUSE,
*Washington, D.C., September 11, 1962.*

Hon. JOHN W. MCCORMACK,
*Speaker of the House of Representatives, Washington, D.C.*

DEAR MR. SPEAKER: With the time drawing near for debate and decision on the United Nations loan, I want to share with you my conviction concerning the importance of S. 2768. The House Committee on Foreign Affairs has approved the Senate bill with a number of amendments which are wholly satisfactory.

These modifications and amendments spell out and affirm views that I have endorsed. They guarantee that the loan will be repaid, that it will not set a precedent, that financing the United Nations is the responsibility of the many and not the few, that our contributions to the United Nations should not be used to relieve others of their obligations, and that the United Nations must begin work on a better system of financing special operations.

I am, of course, pleased by the identity of views between the Congress and the administration on the principle of fiscal responsibility in the United Nations and by the recognition of the principle by the International Court of Justice that the peacekeeping operations of the United Nations are a financial responsibility of all of its members.

I am encouraged, as I know you are, by the response of other members of the United Nations to the bond issue. Following favorable action by the Congress, there is good reason to expect that the United Nations loan will be fully subscribed with the U.S. share matched by the other nations.

Finally, I am enthusiastic about the nationwide interest in the future of the United Nations. That is the consequence in considerable part of thorough congressional consideration and discussion of this measure.

There are many good reasons to support this loan. You have heard these reasons from this administration, from President Eisenhower, President Truman, and other distinguished leaders of both political parties. I would add one final thought: In historical terms, the United Nations is still in its infancy—and without our full support it will have no chance to grow into the mature institution foreseen by the farsighted men who wrote the charter for an organization—"to secure succeeding generations from the scourge of war."

Sincerely,

JOHN F. KENNEDY.

---

## PRESIDENT TRUMAN ON UNITED NATIONS BONDS

**Mr. TOLL.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

**The SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

**Mr. TOLL.** Mr. Speaker, one of the most important issues to come before the 87th Congress will be considered tomorrow by the House of Representatives—the President's request for authorization to purchase up to $100 million of United Nations bonds.

I believe that the views of former President Harry S. Truman on this subject will be of interest to all Members of Congress. President Truman sent the following letter to the executive director of the American Association for the United Nations, in reply to a request from the association for "Your views on the United Nations peacekeeping operations, particularly in the Congo, and the question of U.N. emergency financing."

I certainly appreciated yours of the 15th. There isn't any question in my mind but what a bipartisan support of the United Nations is essential. It is the only arrangement since the end of World War I that can in any way approach a world peace.

It is my opinion that the United Nations should be fully supported in every way, as it was in Korea and as it is now in the Congo, or we are headed for world war III.

In order to give the United Nations full support now, Congress should pass, by a large majority, the bill giving authority to the President to purchase the United Nations bonds.

Sincerely yours,

HARRY S. TRUMAN.

## DISPOSAL OF THE LOS ALAMOS COMMUNITY

**Mr. COLMER.** Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 782 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12718) to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, New Mexico, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

**Mr. COLMER.** Mr. Speaker, I yield the usual 30 minutes to the gentleman from California [Mr. SMITH] and, pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 782 provides for the consideration of H.R. 12718, a bill to provide for the disposal of the Los Alamos community. The resolution provides an open rule with 1 hour of general debate.

When the atomic energy projects were started in secrecy during World War II by the Manhattan Engineering District—MED—at Oak Ridge, Tenn., Richland, Wash., and Los Alamos, N. Mex., many factors entered into the selection of the sites. One principal factor was distance from existing communities due to the need for extremely stringent security. It was, therefore, decided that towns would have to be built to house the employees at these installations. It was the desire of MED, and later the Atomic Energy Commission, to make these towns attractive to the large number of scientists and skilled employees whose abilities were, and still are, of vital importance to the progress of the atomic energy program.

In 1955, the Congress enacted the Atomic Energy Community Act of 1955, providing for the disposal of the Government-owned communities at Oak Ridge and Richland. A determination was made at that time that security requirements no longer made it necessary for continued Government ownership and that the communities were otherwise ready for disposal. The disposal operation at Oak Ridge is now complete and the Richland disposal has been virtually accomplished.

Because the disposal of the Oak Ridge and Richland communities proceeded successfully under the authority of the Atomic Energy Community Act of 1955, this legislation follows closely the pattern of that act with some modifications based upon prior disposal experience and the special requirements of the Los Alamos community.

Mr. Speaker, I urge the adoption of House Resolution 782.

Mr. Speaker, I want to compliment the committee and its distinguished chairman particularly for bringing this legislation out. It is very commendable; it is getting the Government out of the housing business, and putting this property on the rolls for tax purposes. I think this is very good legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, as stated by the gentleman from Mississippi, this resolution provides for 1 hour of general debate under an open rule in the consideration of H.R. 12718.

When these projects were originally started at Oak Ridge, Tenn., Richland, Wash., and Los Alamos, N. Mex., due to the very nature of the business involved, they had to be secretive in their activities. They had many employees. They had to provide housing for them, and communities had to be removed from the areas so that there would be places and situations that could be operated as secretly as possible.

As time has gone on, they have reduced their activities over the years. We have at the present time disposal operations along the same line that this bill provides for Los Alamos, which has been completed for Oak Ridge and are now nearly completed at Richland, Wash.

This situation was reviewed during the years and in 1961 and 1962, Senator ANDERSON and the Housing and Home Finance Agency concluded from their survey that this disposal program for Los Alamos is possible and capable of being carried out. So following that, and on the basis of the AEC recommendation, this bill has been presented to the Congress.

There is one part of the bill that it is difficult for me to understand, but I presume that will be explained at a later time. In this sale the Government will get between $28 and $30 million, which has to do with continuing development at the project. But first, we must provide $8 million to do certain work so we can proceed with the disposition of the matter.

There is no objection to the rule, and so far as I know, there is no objection to the bill.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## ANNOUNCEMENT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, the gentleman from California [Mr. SHEPPARD] has advised that the conference report on the military construction bill is in the process of being prepared, and it is hoped it can be brought up this afternoon.

If the conference report is not ready when the Legislative Calendar is disposed of, we hope either to bring it up after special orders have been disposed of, or, if it is not ready by then, to declare a recess, pending the preparation of the conference report.

## DISPOSAL OF THE LOS ALAMOS COMMUNITY

Mr. ASPINALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12718) to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Colorado.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12718, with Mr. MOELLER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Colorado [Mr. ASPINALL] will be recognized for 30 minutes, and the gentleman from Massachusetts [Mr. BATES] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Colorado [Mr. ASPINALL].

Mr. ASPINALL. Mr. Chairman, I yield myself 9 minutes.

Mr. Chairman, as was so ably stated by the distinguished gentleman from Mississippi [Mr. COLMER] when the gentleman talked on the rule, it is my opinion that this is another instance of fine progress on the part of the Congress of the United States in defederalizing certain communities which, because of conditions existing in the early days of work and construction in such communities, it was necessary for them to be organized as Federal cities. This is the fifth one of such instances in which it has been my pleasure to have something to do with the program of getting the Federal Government out of the business of running municipal government.

Mr. Chairman, as chairman of the Committee on Interior and Insular Affairs, it has been necessary to defederalize the city of Grand Coulee, Wash., as well as the city of Boulder, Nev. Both of these actions have been accomplished and the results have been most satisfactory. As former chairman of the Subcommittee on Communities of the Joint Committee on Atomic Energy, it was my privilege to have a little bit to do with the operation of defederalizing Richland, Wash., and Oak Ridge, Tenn. Both of these operations have gone along satisfactorily.

Mr. Chairman, H.R. 12718 is a bill providing for the sale of Government-owned properties and the disposal of the atomic energy community at Los Alamos, N. Mex. It has been reported without dissent by the Joint Committee on Atomic Energy and a companion bill, S. 3580, has already passed in the other body.

As a matter of background, Los Alamos, N. Mex., is one of three atomic energy communities started, in secrecy, during World War II in connection with the development of the atomic bomb. All three communities were deliberately placed in remote locations due to the need for extreme security.

Oak Ridge, Tenn., and Richland, Wash., the other two communities, were disposed of under the authority of the Atomic Energy Community Act of 1955. They are now healthy cities with private homeownership, free enterprise, and local self-government. Although consideration was given to the disposal of Los Alamos at that time, action was deferred, principally because of the continuing need for security and an acute housing shortage.

The matter has been reviewed from time to time and, this year, after extensive studies, the Housing and Home Finance Agency and the Atomic Energy Commission concluded that disposal of the Los Alamos community was feasible and would not impede the vital work of the Los Alamos Scientific Laboratory.

Appropriate legislation was then recommended to the Congress and extensive hearings were held at Los Alamos in April of this year.

Since the Atomic Energy Community Act provided the basis for successful disposal of both Richland and Oak Ridge, the legislation for Los Alamos is basically in the form of amendments to that act in order to incorporate Los Alamos.

The basic pattern of disposal is that existing Government-owned homes and commercial stores are sold to the residents of the community on a priority basis. The general rule is that the occupant of the building has the first opportunity to purchase. Government property for private use will be sold with an estimated net return of $38 million. In addition, certain municipal facilities—parks, hospital, and local government buildings with an estimated net value of $22 million will be donated to the local government. This is in conformity with the practice at Oak Ridge and Richland, since it would not be possible for these communities with their limited taxing and bonding bases, to pay for such an extensive capital plant.

The bill also includes an $8.7 million authorization for various plant additions and modifications which will be undertaken over the next several years. Among the items included are some school construction, a new fire station, and road and street rehabilitation. It is important to note that all of these items would be required during this period even if disposal did not take place, and the community continued under Government ownership.

Mr. Chairman, I believe that disposal is in the best interests of all concerned. It will remove the Government from the business of community management and real estate operations while providing an opportunity for the people of this vital, growing community to own their own homes and businesses and manage their own affairs.

I do not believe there is any controversy concerning this bill and I urge its passage by the House.

**Mr. HALEY.** Mr. Chairman, will the gentleman yield?

**Mr. ASPINALL.** I yield to the gentleman from Florida.

**Mr. HALEY.** Mr. Chairman, the gentleman referred to $38 million that will be collected by this sale. Where will that money go? Will it go back into the General Treasury, or will it go to the Atomic Energy Commission?

**Mr. ASPINALL.** It is my understanding it will go back to the Treasury. If there is any necessity of appropriating any money for additional facilities, it will be appropriated by the Congress of the United States under its regular procedures.

**Mr. HALEY.** So this is an instance of the Federal Government's getting out of business, turning the business over to private enterprise, so to speak, and in addition, bringing into the General Treasury something like $38 million?

**Mr. ASPINALL.** Thirty-eight million dollars less approximately $8 million which will be necessary in order to take care of certain expenses which would be incurred otherwise if the Federal Government had to continue the operation of Los Alamos.

**Mr. HALEY.** Mr. Chairman, may I say that I think this is a good bill, and I hope it will pass.

**Mr. BATES.** Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I concur wholeheartedly with the remarks just made by the gentleman from Colorado. This bill was fully considered by the subcommittee and the full Committee on Atomic Energy and received the unanimous approval of all of the members.

The gentleman from California [Mr. SMITH] has raised an appropriate question as to the reason why we should be spending $8.7 million on certain facilities there at this time when our intention is to remove ourselves from the scene. The answer is that regardless of whether we stay there or whether we leave this work must be done. Of course, it will manifest itself in the price we ultimately get when this transaction is completed.

I wish to add my support for the bill, H.R. 12718, providing for the disposal of the Los Alamos community.

The Los Alamos Scientific Laboratory is playing a vital role in the Nation's defense and in its program for the exploration of outer space.

At the same time, Los Alamos is a growing and vigorous community. Its population is expected to increase by almost 40 percent over the next 10 years and its citizens are already playing an active role in local civic affairs. As a member of the Joint Committee on Atomic Energy, I can testify to the vigor of this community.

Until now, Los Alamos has been tied to the apron strings of the Federal Government. Its houses, municipal facilities, and commercial properties are largely Government owned.

The passage of this bill will enable Los Alamos to become a more normal community with private homeownership and local self-government, as has been accomplished at the other atomic energy communities at Oak Ridge, Tenn., and Richland, Wash. These are understandable objectives for every American community. Passage of this bill will also enable the Federal Government to remove itself from the unnatural function of community management and real estate operations.

In summary, I believe that disposal is in the best interests of both the Federal Government and the Los Alamos community, and I therefore support the passage of this bill.

**Mr. ASPINALL.** Mr. Chairman, I yield 12 minutes to the distinguished gentleman from California [Mr. HOLIFIELD].

**Mr. HOLIFIELD.** Mr. Chairman, as the gentleman from Massachusetts [Mr. BATES] and the gentleman from Colorado [Mr. ASPINALL] have said, this bill was reported unanimously out of the Joint Committee on Atomic Energy. There is no controversy over this bill. We are following a policy set up by the Congress in 1955 in an act which was known as the Atomic Energy Community Act, which provided under specific authorization by the Congress that these various federally owned towns connected with the defense industries could be offered for sale.

The original reason for these towns was that they had to be built in secluded communities from a number of standpoints. The first standpoint to be considered, of course, was that we were dealing with a very new and unknown substance. The plants that handled this very deadly nuclear material were new. They were pioneers in the field of manufacturing. We did not know whether these plants might blow up and spread this material around the surrounding countryside.

Therefore, in the case of Oak Ridge, Tenn., we picked a spot quite far removed from surrounding areas of heavy population. We did the same thing in Richland, Wash., and again we did the same thing, of course, at Los Alamos, which is on a plateau 40 or 50 miles from the city of Sante Fe. We picked those spots, as I say, from a safety standpoint. Then we also picked them so that we could have a maximum security arrangement, so that these very vital defense factories would be protected against intentional sabotage and against espionage. We had patrols and high steel fences and locked gates and all that sort of thing and you had to have a pass to enter the town, and within the locked gates and fences in these isolated areas we built community facilities of all kinds such as shopping facilities, in other words, a regular town, in some instances 40 or 50 or 60 stores for the convenience of the thousands of people who worked in these plants.

Of course, the primary purpose of these towns was the production of nuclear material for weapons, and they have been operated in that way. But as the history of the manufacture of this material developed, we found there was less likelihood of dangerous explosions that might scatter toxic material or explosive material over the countryside. Also, security considerations did not continue to require protecting fences. Therefore, we opened the gates of these towns to visitors and they could visit in the towns and stores and residences and all that sort of thing—still being excluded, of course, from the vital defense plants.

Later on, the Congress determined that we had reached the point where we could sell these towns and where we could sell the houses back to the people and where we could sell the stores to the people who operated the stores and where we could make the parks and recreation areas available to the community, and churches and other necessary parts of community life.

So we offered the town of Oak Ridge for sale. It was gradually disposed of. We received millions from the residential, commercial, and other facilities which were sold there.

Then, later on we offered the community of Richland, Wash., for sale. There we had a net return to the Government, after all expenditures, of additional millions. The estimate on this particular town of Los Alamos at the present time is that the net value to the Government will be about $38 million on the basis of estimated values. Now we cannot sell this town in one transaction. These houses and stores have to be sold to buyers.

We must remember these towns are isolated. They are, in effect, one-industry towns. They depend upon the operation of these plants in order to provide employment for the people who live there. If the AEC plant shuts down, you might have a ghost town on your hands. You have to make certain arrangements and provide conditions for the protection of these people in buying these properties and taking them off the Government's hands. You have to give them some assurance that they are not buying a pig in a poke or buying a ghost town or property that may be in a ghost town within a few months or maybe a year or two. So these arrangements have been made. We estimate it may take 4 or 5 years to actually sell all of these different pieces of property because we have to find the buyers.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. HOLIFIELD.** I yield.

**Mr. GROSS.** I regret I was not present to hear all the remarks of the gentleman from California or the gentleman from Colorado [Mr. ASPINALL]. Was it stated what the original cost of this Los Alamos project was?

**Mr. HOLIFIELD.** I do not believe it was stated. These are present market values, the figures that we are using. Those houses were built under unusual circumstances.

**Mr. GROSS.** I was only endeavoring to find what the original cost might have been.

**Mr. HOLIFIELD.** We could go back into the records of many years ago and find out. But the important part the gentleman is concerned with is as to whether there has been a fair appraisal of the present value. The answer is that there has been a fair estimate by qualified people. Some of these homes in Los Alamos were built of material that had to be hauled 40 or 50 miles and up to an elevation of 8,000 or 9,000 feet. In the meantime these houses have been occupied. There has been maintenance cost to the Government and so forth. So about the only way we can handle the situation now is to look at the present market price and the situation locally. Those who live in these houses will be dependent for employment on what is essentially a federally run one-factory town. So when you offer these houses for sale, some that may have cost $18,000 or $19,000, we may not get over $13,000 or $14,000 for. The Government's defense activities there have increased and more people will be brought in. We feel this is a good time to open Los Alamos to private development.

**Mr. GROSS.** I commend the gentleman and I commend his committee on this legislation. They should not be held too long by the Federal Government.

**Mr. HOLIFIELD.** I had not intended to take all this time, but some of it has been used in answering questions. I understand, however, the House is waiting for a conference report.

I will just say that this, we estimate, will bring back to the Federal Government between $30 and $38 million. The probability is it will be pretty close to $30 million, just about the same specific level of recovery that we obtained in Oak Ridge and in Richland, Wash. It will put the property on the local tax rolls; it will make the community service obligations such as schools, utilities, fire department, and police department, a local concern.

All the way around I think it is going to work out according to the American pattern of a free enterprise operation.

**Mr. GROSS.** Has the Federal Government been paying taxes to any subdivision of the State government of New Mexico? Does the gentleman know?

**Mr. HOLIFIELD.** I do not know of any taxes that have been paid. There might have been some arrangement in reference to the schools. I think the main part of the school expenses has been borne by the Federal Government. These schools are for children of people who work in these communities.

**The CHAIRMAN.** There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Atomic Energy Community Act of 1955, as amended, is hereby further amended in the following respects:

Section 21 b. is hereby amended by striking the period after the words "General Manager" in subsection (2), by inserting after the quotation mark: "; or (3) Los Alamos, New Mexico, designated on a map on file at the principal office of the Commission, entitled 'Minimum Geographic Area, Los Alamos, New Mexico,' bearing the legend 'Boundary Line, Minimum Geographic Area, Los Alamos, New Mexico' and marked 'Approved, April 5, 1962, A. R. Luedecke, General Manager.' "

Sec. 2. Section 21 l. is hereby amended by striking therefrom the period appearing after the words "Hanford, Washington" by inserting a comma in lieu thereof and by adding thereafter: "or that area which, on the date Los Alamos is included within this Act, constitutes the county of Los Alamos, New Mexico, excluding therefrom, however, that land which is, on said date, under the administrative control of the National Park Service of the Department of the Interior."

Sec. 3. Section 21 l. is hereby amended by inserting "any natural gas distribution systeh," after the comma following "electrical distribution system".

Sec. 4. A new subsection is hereby added to section 21, as follows:

"m. The terms 'single' and 'single family' when used in connection with 'house' or 'residential property' shall include each separate unit of a residential structure which the Commission has classified as a residential structure containing two or more separate single family units pursuant to section 41 c. of this Act."

Sec. 5. Section 32 is hereby amended by striking therefrom the third sentence and substituting in lieu thereof the following: "The Federal Housing Commissioner shall be reimbursed from the Community Disposal Operations Fund for the cost of such appraisals."

Sec. 6. Section 36 b. is hereby amended to read as follows:

"b. An occupant of a single family or duplex house shall, upon application therefor, be entitled to a credit, against the purchase price of any residential property purchased through the exercise of a priority right established under the provisions of section 42, for the amount by which the current fair market value of the Government's interest in the single family or duplex house of which he was an occupant is enhanced as a result of improvements to the premises of such single family or duplex house made by, or at the expense of, such occupant."

Sec. 7. Section 41 a. is hereby amended by inserting between the word "Act" and the comma: ", or in the case of Los Alamos, upon its inclusion within this Act".

Sec. 8. A new subsection is hereby added to section 41, as follows:

"c. Prior to the date any residential property is first offered for sale at Los Alamos, the Commission shall further classify each residential structure within the community of Los Alamos either as a single family house, a duplex house, an apartment house, a dormitory, or as a residential structure containing two or more separate single family units and shall post, at the offices of the Commission at Los Alamos, a list, available for public inspection at reasonable times, showing the classification of each such residential structure. For the purposes of this Act, each such residential structure will thereafter be deemed to be a single family house, a duplex house, an apartment house, a dormitory, or a residential structure containing two or more separate single family units in accordance with its classification. In determining the classification of each such residential structure containing two or more single family units, the Commission shall consider (1) the practicability of selling separately the single family units and (2) the insurability of mortgages under section 223(a) of the National Housing Act, as amended.

Sec. 9. Section 52 a. is hereby amended by striking the period after the words "chapter 8" in subsection (2) and by inserting thereafter: ", or (3) property which in the opinion of the Commission should be retained by the Commission for its own use."

Sec. 10. The first sentence in section 53 b. is hereby amended by striking everything after the word "bids" and inserting a period at the end thereof.

Sec. 11. Section 53 c. is hereby amended by striking everything after the word "appropriate" and inserting a period at the end thereof.

Sec. 12. Section 55 d. is hereby amended by inserting between the word "community" and the semicolon "or after June 30, 1966, in the case of Los Alamos".

Sec. 13. Section 57 b. is hereby amended by adding the following sentence: "The zoning restrictions to be taken into account at Los Alamos shall be those which the local government is likely to enact with respect to those lots."

Sec. 14. A new section is hereby added, as follows:

"Sec. 58. Cooperatives.—The Commission may grant to cooperatives, the entire initial membership of which is restricted to project-connected persons, such priorities for the purchase of apartment buildings as the Commission determines fair and reasonable. The priority with respect to each cooperative shall terminate if within such time as the Commission may prescribe the cooperative has not obtained 100 per centum initial membership consisting of project-connected persons. The 15 per centum deduction specified by subsection 35 a., the deduction provided by 36 d., the financing provision of section 62, and the indemnity provided by sections 63, 64, 65, and 66 shall be applicable to priority sales of apartment buildings to such cooperatives. The term 'cooperative' as used herein means a corporation or a trust of the character described in section 213(a)(1) of the National Housing Act, as amended."

Sec. 15. Section 62 a. is hereby amended by deleting "house, apartment building, or dormitory" and by inserting in lieu thereof "such property".

Sec. 16. Section 62 d. is hereby amended to read as follows:

"d. The Commission may sell any notes and mortgages acquired under subsections a. and c. of this section on terms set by the Commission. Notwithstanding any other provisions of law and without regard to the provisions of section 3709 of the Revised Statutes, the Commission may, in accordance with such terms and conditions as it may prescribe, (1) enter into contracts for servicing any of the notes and mortgages it has acquired, and (2) sell or enter into contracts to sell to a servicer any notes and mortgages with respect to which a servicing contract has been entered into by the servicer with the Commission: *Provided,* That with respect to sales of notes and mortgages under (2) the Commission shall comply with section 3709 of the Revised Statutes unless it determines that such compliance would not be feasible."

Sec. 17. Section 63 is largely amended by inserting the following between the word "Act" and the comma: ", or, in the case of Los Alamos, not more than fifteen years after the date it is included within this Act".

Sec. 18. Section 64, clause (a) is hereby amended by inserting between the word "Richland" and the semicolon: "or four thousand six hundred and twenty in the case of Los Alamos".

Sec. 19. Section 64, clause (b) is hereby amended by inserting between the word "Richland" and the period: "or eleven thousand seven hundred and sixty-nine in the case of Los Alamos".

Sec. 20. Section 72 is hereby amended by inserting between the word "Act" and the period: "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not later than five years after the date it is included within this Act".

Sec. 21. Section 75 is hereby amended by striking the period after the word "transferee", by inserting a colon in lieu thereof and by adding thereafter: "*Provided,* That at Los Alamos, utilities may be given to the county or other local governmental entity."

Sec. 22. Section 81 is hereby amended by inserting the following between the words "Act" and "to cooperate": "in the case of Oak Ridge and Richland, or in the case of Los Alamos, not to extend beyond five years after the date it is included within this Act,".

Sec. 23. Section 83 is hereby amended by inserting between the word "Act" and the period: "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not later than five years after the date it is included within this Act".

Sec. 24. Section 118 b. is hereby amended by striking the word "and" between the words "Oak Ridge" and "the sum of", by inserting a comma in lieu thereof, by inserting between the words "at Richland" and "for": "and the sum of $8,719,000 at Los Alamos", by inserting between the words "installations" and "authorized": "and utilities", and by inserting between the words "pursuant to" and "chapter": "chapter 7 and".

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Moeller, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12718) to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes, pursuant to House Resolution 782, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 3580) to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes, which is an identical bill to H.R. 12718.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Colorado [Mr. Aspinall]?

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Atomic Energy Community Act of 1955, as amended, is hereby further amended in the following respects:

Section 21 b. is hereby amended by striking the period after the words "General Manager" in subsection (2), by inserting after the quotation mark: "; or (3) Los Alamos, New Mexico, designated on a map on file at the principal office of the Commission, entitled 'Minimum Geographic Area, Los Alamos, New Mexico,' bearing the legend 'Boundary Line, Minimum Geographic Area, Los Alamos, New Mexico' and marked 'Approved, April 5, 1962, A. R. Luedecke, General Manager.' "

Sec. 2. Section 21 i. is hereby amended by striking therefrom the period appearing after the words "Hanford, Washington" by inserting a comma in lieu thereof and by adding thereafter: "or that area which, on the date Los Alamos is included within this Act, constitutes the County of Los Alamos, New Mexico, excluding therefrom, however, that land which is, on said date, under the administrative control of the National Park Service of the Department of the Interior."

Sec. 3. Section 21 l. is hereby amended by inserting "any natural gas distribution system," after the comma following "electrical distribution system".

Sec. 4. A new subsection is hereby added to section 21, as follows:

"m. The terms 'single' and 'single family' when used in connection with 'house' or 'residential property' shall include each separate unit of a residential structure which the Commission has classified as a residential structure containing two or more separate single family units pursuant to section 41 c. of this Act."

Sec. 5. Section 32 is hereby amended by striking therefrom the third sentence and substituting in lieu thereof the following: "The Federal Housing Commissioner shall be reimbursed from the Community Disposal Operations Fund for the cost of such appraisals."

Sec. 6. Section 36 b. is hereby amended to read as follows:

"b. An occupant of a single family or duplex house shall, upon application therefor, be entitled to a credit, against the purchase price of any residential property purchased through the exercise of a priority right established under the provisions of section 42, for the amount by which the current fair market value of the Government's interest in the single family or duplex house of which he was an occupant is enhanced as a result of improvements to the premises of such single family or duplex house made by, or at the expense of, such occupant."

Sec. 7. Section 41 a. is hereby amended by inserting between the word "Act" and the comma: ", or, in the case of Los Alamos, upon its inclusion within this Act".

Sec. 8. A new subsection is hereby added to section 41, as follows:

"c. Prior to the date any residential property is first offered for sale at Los Alamos, the Commission shall further classify each residential structure within the community of Los Alamos either as a single family house, a duplex house, an apartment house, a dormitory, or as a residential structure containing two or more separate single family units and shall post, at the offices of the Commission at Los Alamos, a list, available for public inspection at reasonable times, showing the classification of each such residential structure. For the purposes of this Act, each such residential structure will thereafter be deemed to be a single family house, a duplex house, an apartment house, a dormitory, or a residential structure containing two or more separate single family units in accordance with its classification. In determining the classification of each such residential structure containing two or more single family units, the Commission shall consider (1) the practicability of selling separately the single family units, and (2) the insurability of mortgages under section 223(a) of the National Housing Act, as amended."

Sec. 9. Section 52 a. is hereby amended by striking the period after the words "chapter 8" in subsection (2) and by inserting thereafter: "; or (3) property which in the opinion of the Commission should be retained by the Commission for its own use."

Sec. 10. The first sentence in section 53 b. is hereby amended by striking everything after the word "bids" and inserting a period at the end thereof.

Sec. 11. Section 53 c. is hereby amended by striking everything after the word "appropriate" and inserting a period at the end thereof.

Sec. 12. Section 55 d. is hereby amended by inserting between the word "community" and the semicolon "or after June 30, 1966, in the case of Los Alamos".

Sec. 13. Section 57 b. is hereby amended by adding the following sentence: "The zoning restrictions to be taken into account at Los Alamos shall be those which the local government is likely to enact with respect to those lots."

Sec. 14. A new section is hereby added, as follows:

"Sec. 58. Cooperatives.—The Commission may grant to cooperatives, the entire initial membership of which is restricted to project-connected persons, such priorities for the purchase of apartment buildings as the Commission determines fair and reasonable. The priority with respect to each cooperative shall terminate if within such time as the Commission may prescribe the cooperative has not obtained one hundred per centum initial membership consisting of project-connected persons. The 15 per centum deduction specified by subsection 35 a., the deduction provided by 36 d., the financing provisions of section 62, and the indemnity provided by sections 63, 64, 65, and 66 shall be applicable to priority sales of apartment buildings to such cooperatives. The term 'cooperative' as used herein means a corporation or a trust of the character described in section 213(a)(1) of the National Housing Act, as amended."

Sec. 15. Section 62 a. is hereby amended by deleting "house, apartment building, or dormitory" and by inserting in lieu thereof "such property".

Sec. 16. Section 62 d. is hereby amended to read as follows: "d. The Commission may sell any notes and mortgages acquired under subsections a. and c. of this section on terms set by the Commission. Notwithstanding any other provisions of law and without regard to the provisions of section 3709 of the Revised Statutes, the Commission may, in accordance with such terms and conditions as it may prescribe, (1) enter into contracts for servicing any of the notes and mortgages it has acquired, and (2) sell or enter into contracts to sell to a servicer any notes and mortgages with respect to which a servicing contract has been entered into by the servicer with the Commission: *Provided,* That with respect to sales of notes and mortgages under (2) the Commission shall comply with section 3709 of the Revised Statutes unless it determines that such compliance would not be feasible."

Sec. 17. Section 63 is hereby amended by inserting the following between the word "Act" and the comma: ", or, in the case of Los Alamos, not more than fifteen years after the date it is included within this Act".

Sec. 18. Section 64, clause (a) is hereby amended by inserting between the word "Richland" and the semicolon: "or four thousand six hundred and twenty in the case of Los Alamos".

Sec. 19. Section 64, clause (b) is hereby amended by inserting between the word

"Richland" and the period: "or eleven thousand seven hundred and sixty-nine in the case of Los Alamos".

SEC. 20. Section 72 is hereby amended by inserting between the word "Act" and the period: "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not later than five years after the date it is included within this Act".

SEC. 21. Section 75 is hereby amended by striking the period after the word "transferee", by inserting a colon in lieu thereof and by adding thereafter: "*Provided*, That at Los Alamos, utilities may be given to the county or other local governmental entity."

SEC. 22. Section 81 is hereby amended by inserting the following between the words "Act" and "to cooperate": in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not to extend beyond five years after the date it is included within this Act,".

SEC. 23. Section 83 is hereby amended by inserting between the word "Act" and the period: "in the case of Oak Ridge and Richland, or, in the case of Los Alamos, not later than five years after the date it is included within this Act".

SEC. 24. Section 118 b. is hereby amended by striking the word "and" between the words "Oak Ridge" and "the sum of", by inserting a comma in lieu thereof, by inserting between the words "at Richland" and "for": "and the sum of $8,719,000 at Los Alamos", by inserting between the words "installations" and "authorized": "and utilities", and by inserting between the words "pursuant to" and "chapter": "chapter 7 and".

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill (H.R. 12718) was laid on the table.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND REMARKS

**Mr. ASPINALL.** Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

**The SPEAKER.** Is there objection to the request of the gentleman from Colorado?

There was no objection.

## COINAGE OF A MEDAL IN RECOGNITION OF THE DISTINGUISHED SERVICES OF SAM RAYBURN

**Mr. SPENCE.** Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 133, to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives.

This resolution, Mr. Speaker, provides for the striking of a gold medal in honor of the distinguished public service and outstanding contribution of our late beloved Speaker, Sam Rayburn, in the interest of the general welfare of our country. It needs no eulogy. I know every Member of the House will consider it a privilege to vote for this resolution.

The Clerk read the title of the Senate joint resolution.

**The SPEAKER.** Is there objection to the request of the gentleman from Kentucky?

There being no objection, the Clerk read the Senate joint resolution, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That, in recognition of the distinguished public service and outstanding contribution to the general welfare of Sam Rayburn, Speaker of the House of Representatives, the Secretary of the Treasury is authorized and directed to cause to be struck and presented to the estate of the late Speaker Sam Rayburn a gold medal with suitable emblems, devices, and inscriptions to be determined by the Secretary, but to include the phrase "For services rendered to the people of the United States". There is authorized to be appropriated the sum of $2,500 to carry out the purposes of this section.

SEC. 2. The Secretary of the Treasury is authorized and directed to cause duplicates in bronze of such medal to be struck and sold, under such regulations as he may prescribe, at a price sufficient to cover the cost thereof (including labor). The proceeds of the sale of such bronze medals shall be reimbursed to the appropriation then current for the expenditure of the Bureau of the Mint chargeable for the cost of the manufacture of medals.

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. ROBERTS] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. ROBERTS of Texas.** Mr. Speaker, I rise to support Senate Joint Resolution 133. This resolution would provide for a service medal for the distinguished late Speaker of the House, Sam Rayburn, my predecessor as Representative from the Fourth Congressional District of Texas.

Prior to this recommendation, the only other gold medal struck for service as a Member of Congress was for Alben W. Barkley while he was Vice President. The Senate Committee on Banking and Currency stated in their report that the committee was making this recommendation "only because Sam Rayburn was an extraordinary man, one of the truly great men of his generation."

The language on this medal will relate to Mr. Rayburn's service to the people of the United States. He often said "service" was the most beautiful word in the English language. No man exemplified service to his fellow man and his beloved House of Representatives more than Sam Rayburn.

His heart was big enough to love each of the more than 3,000 Members with whom he served, and he inspired the confidence and trust of all who knew him.

Because of his dedication and devotion to his district, his State, and his Nation, his memory will be a living inspiration to all of us.

I consider it a great honor and privilege to recommend the adoption of Senate Joint Resolution 133.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## FOREIGN AID APPROPRIATION BILL FOR 1963

**Mr. PASSMAN.** Mr. Speaker, I take this time in order to announce that it is our intention to report the foreign aid appropriation bill for 1963 to the House on Tuesday, September 18. I therefore now ask unanimous consent that the 3-day rule be waived and that the bill be considered in the House on Thursday, September 20.

**The SPEAKER.** Is there objection to the request of the gentleman from Louisiana?

There was no objection.

## SECTION 112 OF ATOMIC ENERGY AUTHORIZATION BILL

**The SPEAKER.** Under previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 30 minutes.

**Mr. HOLIFIELD.** Mr. Speaker, I have asked for this time—and I probably will not use the 30 minutes that I have requested—for the purpose of discussing the controversial section 112 of the atomic energy authorization bill.

Mr. Speaker, this matter pertains to the utilization of waste steam which will inevitably be made by the operation of the Hanford reactors for the purpose of making plutonium which is to be used, of course, in weapons for the defense of this country. As a concurrent element in the fission of the atom, tremendous heat is generated within the tubes and the fuel rods of the reactors. This heat has to be dissipated in order to keep the rods—the metal parts—and the insulating material—graphite—from melting and becoming a molten mass of highly radioactive material. Therefore, water is run through these reactors in the same manner as we run water through the radiator of an automobile in order to cool the internal combustion engine of the automobile.

Mr. Speaker, as a result of that heat being applied to the water, the water turns into steam. This activity is occurring in every water-cooled reactor in the United States, regardless of whether it is a research reactor for scientific experimentation for the testing of certain metals and materials in the reactor, or whether it is primarily for the purpose of developing weapons materials such as plutonium.

Mr. Speaker, there are two ways in which this heat can be wasted. We can dissipate it into the air and waste it—the steam that comes about as a result of water turning into steam—or we can return the hot water and steam into the rivers from which we obtain the tremendous quantities of cooling water. In all of the instances in the United States where production reactors are operating this heat is being wasted in one form or another, and in many instances it is low-grade heat. It is not high-grade heat. Nevertheless, it is being wasted. In the case of the Savannah River plant it is being turned into the river there and wasted. In the case of the Hanford reactors—the ones that have been in existence now for 10, 12, 14, or 15 years—the heat is being turned into the Columbia River and the water below the reactors is several degrees hotter than it is where its intake occurs above the reactors. These are single-purpose reactors that I am talking about, for the making of plutonium, a weapon material.

In the Soviet Union they have looked at this situation differently. They are utilizing the heat from their production reactors and most of them are dual-purpose reactors. They are constructed for the purpose of making weapon material and making heat which is turned into electricity.

There is a very important technical difference where this occurs. If you have a single-purpose reactor—and all of our production reactors now in operation in the United States are single purpose—and you close that reactor down, it is estimated that it would take from 1 to 2 years to start it up again, to put it into shape where it will again start making plutonium for weapons. But in dual-purpose reactors, such as those in the Soviet Union, you do not shut the reactor down in the event you do not want to produce any more plutonium. Such a decision might result from an international disarmament-type agreement under which we would agree that in order to control the continuing pileup of these tremendously destructive weapons, we and the U.S.S.R. would stop making plutonium. It might occur, therefore, as a result of an international agreement alleged to be in the interest of peace. If we should enter into such an agreement—and I am not expressing my opinion as to the merits of it, nor am I advocating it, certainly at this time—but if we should, as a result of world opinion or agreement among the present nuclear powers, England, the United States, the Soviet Union and, perhaps, France, as it is coming up, then we would be in a position where if that agreement were broken, as international agreements have been broken time after time by the Soviet Union, we would be in a position where we could not start making plutonium again for a year, 18 months, or possibly 2 years. On the other hand, the Soviet Union could within a week's time reconvert their electrical power-producing reactors into plutonium-producing reactors.

Taking these points into consideration back in 1958 the Joint Committee on Atomic Energy, with the unanimous recommendation of the AEC, decided that the next production reactor we would make—and there was a need for another reactor for weapons purposes—we would make it in such a way that it would be a dual-purpose reactor which would be operated and which would have that standby defense capability. Also, in place of wasting this valuable heat, we could run it through generators, convert it into electricity for the benefit of the taxpayers who are paying for these reactors. All the AEC Commissioners, including Adm. Louis Strauss, the then Chairman of the AEC, recommended that we build in the dual-purpose capability in the new production reactor.

And so the Hanford reactor was designed for that purpose. It would have made steam anyway. But we designed it in such a way that it would make a valuable high grade of steam by running five loops through this reactor with the ability to add a sixth loop. Those five loops are being installed in the reactor. You cannot stop that anyhow. You cannot throw out the design; it has gone too far along. So these loops are going to be in the reactor and it is going to produce usable steam; whether we waste the steam or sell the steam, it is going to produce usable steam.

We came before the committee over a year ago with a proposition completely in line with what the Congress had authorized in 1958, to make a dual-purpose reactor. We came before the Congress and asked for $95 million appropriation to build generating facilities, generators, turbines, and so forth. The House turned this down. I merely recite the facts. We in the Joint Committee thought that it was a shame to waste this steam which would produce 800,000 kilowatts or more of electricity, which is a tremendously large amount; it is much more than the Bonneville Dam now produces.

Later Mr. John A. McCone, who was the next Chairman of the Atomic Energy Commission, appointed under Mr. Eisenhower, and a conservative Republican—supported this dual-purpose reactor. It is a fact that he and I are good personal friends. I am a Democrat and he is a Republican. I think that my friendly feeling toward Mr. McCone is an indication of my high regard for this gentleman. He made a good Commissioner and a good Chairman of the Commission during his term in office. I was sorry to see him go. When our present President appointed him as head of the Central Intelligence Agency I was pleased. I was one of those who commended that appointment. But at the time of which I speak he was the Chairman of the Atomic Energy Commission. Unanimously the Commission decided on this course.

Mr. McCone went to the private utility people up in the Northwest and said, "Why don't you put in the generating facilities?" He contacted and negotiated with them but could not get any action. The 16 public power bodies that operate under State charter—not Federal but State charter—heard of this and, knowing of the great need for electricity in this great growing Northwest region, started negotiating and planning arrangements to finance generating equipment, so they could buy the steam from the Atomic Energy Commission.

Finally they came up with this idea to the Commission, and the Commission after studying it very thoroughly brought it to the committee. We looked into this matter. Here again the Commission said unanimously that they felt that it was a good idea to use this steam. I point out there were three Republicans on the Commission at this time and two Democrats. I am speaking now of the period of time since Mr. McCone went off the Commission.

So the AEC negotiated in good faith for the interest of the Government with these people and to find out what their proposal was. Gradually over the months of negotiation, conferences with attorneys, and so forth, they came up with the plan which was placed before the committee as the result of the announcement of the gentleman from Pennsylvania [Mr. VAN ZANDT] that he would offer an amendment which would prohibit the Atomic Energy Commission from selling this steam.

As a result, the committee had to offer an amendment to the authorization bill. This amendment was not in the original authorization bill. There was not a dollar appropriated, there was not a line in the authorization bill having to do with this subject. This was extraneous and was injected into the discussion by the announcement of the gentleman from Pennsylvania that he would offer a prohibitory amendment. So the committee evolved what was known as the Aspinall-Hosmer amendment and offered that amendment. Of course the Van Zandt amendment was offered as a substitute to the Aspinall-Hosmer amendment, the committee having the right to offer the initial amendment. But we would not have offered the amendment had it not been for the fact that it was announced that the Van Zandt amendment would be offered, and the fact that an opinion from the Comptroller General had said it was necessary to authorize this matter.

I want to talk just a minute about the principle of the Atomic Energy Commission's selling steam. This is nothing new. I point out that at Shippingport, Pa., right on top of the coal mines in the State of Pennsylvania, in the State of the gentleman from Pennsylvania [Mr. VAN ZANDT], the Shippingport plant was built by Admiral Rickover on top of the coal mines, and we authorized the sale of the steam to a non-Federal entity, in this instance the Duquesne Light Co. Over the years we have sold steam to the Duquesne Light Co., a private utility, and we have collected over $9 million for the taxpayers. We could have shot that steam into the air and wasted it, but we collected $9 million and we are still collecting it and we are going to collect more.

We had a very small reactor in California at Santa Susana. It was a very small experimental type of reactor, but it produced steam too. Southern California Edison wanted to buy that steam and they were willing to buy their own generating equipment, turbines, and so forth. So they did pay for their own generating equipment and they placed it adjacent to the experimental reactor. We have been selling steam to the Southern California Edison Co., another private utility. So the principle is well established. This is not anything new. The Federal Government has collected about $70,000 for this steam, but the private utility is obtaining the experience in operating equipment in connection with this kind of reactor—and $70,000 is not to be sneezed at. That sum will pay the salaries of three of the Congressmen in this body for a year.

We had another reactor up at West Milton, N.Y. It was a small reactor too, and it was built for a military purpose. The AEC made a contract to sell the steam to the Niagara Mohawk Co., a privately owned electric utility. The utility bought steam on the basis of using it whenever the steam was available. The AEC has since dismantled that reactor and it is no longer in operation because of other factors.

This House has authorized the selling of steam from other reactors. Such a case will be occurring this year in Piqua, Ohio, in the district of the gentleman from Ohio [Mr. McCulloch], and he is very happy about this situation. If he has thanked me once, he has thanked me many times for my part in getting this Government-owned, Government-financed, Government-constructed reactor built in Piqua, Ohio. Of course, I did not support this as a personal favor for the gentleman from Ohio [Mr. McCulloch] with whom I have had a very fine friendship for many years. I supported it on the basis of the full utilization of the reactor. Here in Piqua, Ohio, this reactor will be operated from a research and development standpoint and we are going to sell the steam when it comes on the line this year.

The same thing is true in Hallam, Nebr. The Government is building a reactor there, a large reactor which will go on the line this year and it will also sell its steam to a non-Federal entity. And I could go on with some other instances. But the burden of my presentation at this time is that we are not doing anything different from what we have done before and from what the Congress has authorized heretofore, in the offering of this steam for sale at Hanford. Now we run into the problem—we always run into the problem of public versus private power. A number of private electric utilities had the opportunity of installing this generating equipment and they turned it down. Now 16 public power bodies chartered under the laws of the State of Washington have banded themselves together into a corporate entity, under the laws of the State of Washington for the purpose of generating and selling power to their members. They studied this problem and they are willing to bond themselves for $130 million and pay for the generating equipment just as the Duquesne Light Co. paid for its equipment and just as at Santa Susana, Calif., generating equipment was paid for by Southern California Co. and just as the generating equipment was paid for in West Milton, N.Y., by the Niagara Mohawk Co. This is the same situation. Now, how can the gentlemen who oppose this proposal, how can they come into the well of the House with clean hands, having voted many times in the past to allow this procedure of selling waste steam in a number of other instances? I have cited not all of them, but most of the important ones. How can they now come and say to the taxpayers, "You must not use this steam, you must waste this steam, you must waste 800,000 kilowatts a year of electricity that would be derived from this steam"?

I hold here in my hand a steam payment schedule which will take effect by contract, and I will put this into the Record under unanimous consent, Mr. Speaker, if there is no objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

(The matter referred to follows:)

*Steam payments to Atomic Energy Commission for byproduct steam for various time periods*

| Years of operation: | *Total payments* |
|---|---|
| 7 | $3,000,000 |
| 10 | 31,000,000 |
| 15 | 64,500,000 |
| 24 | 125,000,000 |

Mr. **HOLIFIELD**. These figures have been approved as being a realistic estimate of potential income from the sale of steam by the Federal Power Administration and have been accepted and embodied in the proposed contracts by the AEC as seller and the WPPSS as buyer.

This is a 24-year schedule under which these 10 Washington State public power bodies are willing to bond themselves $130 million, and for which they agree to pay to the Atomic Energy Commission for this steam which will otherwise be wasted—I will give only the 7-, 10-, 15-, and 24-year figures—at the end of 10 years that dual purpose operation would have paid to the U.S. Treasury $31 million.

At the end of 15 years they will have paid $64.5 million to the U.S. Treasury; and if the reactor operates for 24 years they will pay $125 million; and $5 million a year for any and every year thereafter that this reactor should operate.

How can we as guardians of the taxpayers' money, spending as we are, $195 million to build this giant plutonium reactor for the security and protection of this country, how can we refuse to use this waste byproduct, from which the Government can recover $125 million and use it for any purpose it wants to, because it goes into the General Treasury? How can we refuse to offset $125 million of the $195 million that we are of necessity expending to make this weapons facility? I say it is incomprehensible to me how any person could object to this, because we have two safeguards: We have gone far beyond what we did in the case of the Duquesne Light & Power Co. We did not say to the Duquesne Light & Power Co.: "You have to turn over half of your electricity to public cooperative bodies." We did not say this to the Southern California Edison Co.: "You have to turn over half of your electricity to the Los Angeles Light & Power Co," a municipal organization. In this instance, however, to allay some of the fears of Members we have directed that the purchaser of this steam, the WPPSS—the Washington Public Power Supply System—must offer to private users 50 percent of the electricity made from this steam at the same price and for the same number of years that they offer it to public bodies.

At the present time more than 50 percent of the power of the Bonneville electric system is being sold to private utilities and to big industrial plants. They are buying it under the preference clause. At any time a public body wants that power it can be pulled back at the end of the 5-year contract, because by law that is the maximum period of the contract. Under the arrangement recommended by your conferees, if you offer the power to the public body on a 10-, 15-, or 20-year basis, you have to offer it to the utility for the same period of time.

We have fixed in the conference language a guarantee that notwithstanding what happens to these generating facilities in the future, regardless of who operates it, if it is bought and operated, the contract—10-, 15-, or 20-year contract, whatever it is—will remain inviolate and the steam cannot be furnished unless those contracts with these private utilities are honored. Under this arrangement the private power utility will have a guarantee of up to 50 percent in the future. They do not have any guarantee now under Bonneville power, but they will have access to a block of power, 400,000 kilowatts, without the limiting withdrawal restrictions of the preference clause. So it makes available at the $17.50 annual kilowatt rate, which Bonneville is now charging to public and private users, this additional block of power. And I understand from statistics that they can do it for $5, $6, $7, or $8 cheaper than power can be produced in that area with gas and oil. There is very little coal in that area, and most of the coal that is being used there is being used by the Hanford plant. They, the AEC, are the largest users of this low-grade coal. They are going to continue. They signed up a new contract to continue to use this coal.

The Cle Elum plant that is going to be built in the future and it is also going to buy coal, because electricity from every source is going to be needed in the years that lie ahead for every section of the United States.

Why should we kick into the ashcan, why should we blow into the air $125 million worth of steam, when we have safeguarded on every point the fears and the apprehensions that have been expressed on this floor in times gone by?

Last night, by unanimous consent, I placed in the daily Congressional Record the new conference language and the statement of the managers on the part of the House. I cannot say at this time that the conference report will be called up tomorrow. That is a prerogative of the Speaker. I cannot say whether it will be called up the next day. I cannot announce to the House when it is going to be called up. But the House is on notice that a conference report always has preference and can be called up at any time. I hope we can bring this matter to the floor shortly.

The statement of the managers on the part of the House which is found in the Congressional Record is completely explanatory. The language of the conference agreed upon is completely explanatory of the whole situation.

May I call the attention of the House to the fact that, out of the nine House members of the Joint Committee eight of those members are in favor of not wasting the steam; they are in favor of utilizing it for the benefit of the taxpayers. When the issue was placed before the other body, the principle of using this steam and selling it was adopted by the other body without one dissenting vote. It was discussed over there at length and the Van Zandt prohibitory amendment was knocked out, and the principle of utilizing this steam was confirmed by the other body.

So when it is brought to the floor of the House, we are bringing nothing new as far as selling steam is concerned. Someone may get up and say that this is a plutonium production reactor and the others are experimental reactors.

This is true. They are both reactors. It is like saying one automobile is a Ford and the other is a Chevrolet. In both instances I want to assure the Members of the House that the experimental reactors also make weapons material. It does not make as much; it does not make it as efficiently. But it also makes weapons materials. It also makes steam. So the principle of selling steam from both research and production reactors is provided for in section 44 of the Atomic Energy Act of 1954, as amended. That section of the Atomic Energy Act gives statutory authority to the Atomic Energy Commission to sell steam which is made incidental to the operation of either a research reactor or a weapons-material-producing reactor.

Mr. Speaker, therefore, we are proceeding in complete harmony with the intent of Congress, which intent has been reaffirmed upon this floor of the House by statute after statute and contractural arrangements which have been made under those statutes time after time.

Mr. Speaker, when we bring this conference report before the House, I hope those Members who are fearful will look at the report and the statement of the managers and will then vote for the benefit of the taxpayers of the United States.

In conclusion, the conferees have provided in the conference amendment that—

First. The Federal Government cannot spend a single dollar of Federal money for the construction or operation of any electric generating facility at Hanford.

Second. The Federal Government cannot pay for any modification of the reactor which might be requested by a non-Federal entity.

Third. If there should be any losses to the Bonneville Power Administration as a result of these arrangements, then those losses must be borne by the Bonneville customers in rate adjustments.

Fourth. The Federal Government could not acquire the generating facilities unless Congress would at some time in the future authorize such acquisition.

Fifth. Fifty percent of the electric energy would be offered to private utilities and private industrial users at nondiscriminatory prices and terms.

Mr. Speaker, with these provisions in law, you will have an ironclad guarantee that the Federal Government will neither spend any Federal money nor take any loss in connection with this project.

Mr. NELSEN. Mr. Speaker, will the gentleman yield for a question?

Mr. HOLIFIELD. I yield to the gentleman.

Mr. NELSEN. The question that I would like to ask is relative to the distribution of the 50 percent to the private utilities under the preference clause, which I understand is statutory insofar as Bonneville is concerned.

Would we not have to amend the act creating Bonneville for the distribution of Bonneville power in order to make legal this agreement which the committee has agreed on?

Mr. HOLIFIELD. We would not, because this is not federally generated power. These are State-chartered public power bodies which are generating the power. It is not being sold by Bonneville. It is being sold by the WPPSS. The Bonneville grid is only being used for the transmission of this exchange power which is produced and owned by a non-Federal entity. Section 112(e) and the statement of the House managers guarantees the nonapplicability of the preference and pullback provisions of the Bonneville Act. This is the clear intent of the conferees.

Mr. NELSEN. I thank the gentleman for yielding, and for the gentleman's response to the question.

The SPEAKER pro tempore (Mr. LIBONATI). The time of the gentleman from California has expired.

---

## THE SOVIET MILITARY BUILDUP IN CUBA

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from Florida [Mr. ROGERS] is recognized for 15 minutes.

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, the military buildup in Cuba has taken on the dimensions of a crisis in the U.S. foreign policy. The buildup of supplies, military equipment, and Soviet personnel have been confirmed by the Soviet Union and Cuba in a joint communique, and the buildup has been estimated at double its previous rate.

The equipment which has been sent into Cuba is military equipment and ranges from trucks and tanks to communications facilities, antiaircraft batteries and missiles. In addition, there are reports of Soviet naval vessels other than transport vessels in Cuban docks. All this adds up to one thing—that the Kremlin has decided to buck the United States, shore up Castro's weakened regime, and firmly plant its foothold in the Western Hemisphere.

Cuba has been transformed into a bona fide Soviet satellite and the Iron Curtain has been strung into the Western Hemisphere.

Not only is the establishment of an armed Soviet satellite 90 miles from the U.S. mainland disturbing to the American people but the fact that this buildup was aided by commercial vessels flying the flags of our NATO allies dramatically illustrates the lack of understanding our friends and allies have of our policy in this hemisphere.

What has caused this turn of events? Why has the United States—the leader of the free world—suddenly become a timid and reluctant champion of freedom? These events would never have been allowed to happen as late as 15 years ago. What has happened to the same spirit found in America when the battleship *Maine* was sunk in Havana Harbor and we answered with the charge up San Juan Hill? Our actions then freed Cuba for self-government. Ironically, Cuba has now been allowed to slip in the clutches of extracontinental communism.

What has happened to the Monroe Doctrine? Very simply, it has been supplanted, if not forgotten. The Monroe Doctrine was enunciated in 1823, and warns of U.S. action if an extracontinental power attempts to establish influence anywhere on the American Continents. The doctrine is unilateral in nature, and I have introduced a measure, House Concurrent Resolution 520, to reaffirm the principles of the Monroe Doctrine. Why haven't we acted in the more than 3 years which have passed since Fidel Castro took Havana? It is simple logic that the longer Havana remains an economic, military, and political suburb of Moscow the more difficult will be the task of combating communism in the Americas.

The Soviet equipment and personnel transported to Cuba are military—that fact has been officially recognized. There are those who help forge our foreign policy who would sooth us. They tell us that they have known of the Soviet Communist "defensive" buildup for some time. Yet two things are causing anxiety in the minds of millions of Americans at this time:

First. The fact that Russia is building a full-fledged military base in Cuba.

Second. The fact that the United States has stood idly by, its silence and inaction leaving the imagination of the world to speculate.

What reasons are given for the paralysis of indecision we seem caught with? No reasons have been given but those which pursue the policy of multilateral action. Why does a strong nation such as the United States need to adhere to the theory of safety in numbers? Our policy is the negotiator's delight, and we drift as though the events of the world occurred on a scale of timeless luxury. And while we pursue this naive view, the Soviets move with uncanny swiftness.

When the true colors of Cuban communism became known, I urged that a complete embargo of Cuba be instituted. Up to that time no action had been taken to halt the flow of Cuban goods coming to the United States at the rate of over $5 to $7 million a month. Despite repeated protests by the Congress, this trade continued on into last year. Finally it became necessary to introduce legislation to ban trade with Cuba. Similar measures were introduced by Members of Congress from many other States, representing a good cross section of America. My bill to ban trade with Cuba passed the House without a single vote of opposition, giving clear indication that the U.S. House of Representatives and the American people no longer wanted to do business with Castro and supply him with American dollars. House passage of this bill precipitated the President's action of February 3, 1962, when he issued Proclamation No. 3447 placing a total economic embargo on Cuba. The embargo was effective 4 days later and its effects were felt in Cuba immediately thereafter. Reports of economic difficulties and the rationing of goods have filtered out by the endless stream of refugees escaping the hardships of Castro's communism. Castro was unable to obtain American products and machinery to supply Cuban industries and these shortages, coupled with Communist farming methods, have wreaked havoc on Cuban agriculture. The sugar crop, once the mainstay of the Cuban economy and even now vital to Red China, is down more than 1 million tons under its level for the previous year. The Communist system in Cuba just did not get going. Initiative has been deadened in those remaining Cubans, and the bulk of the talent and vitality of the Cuban population has fled, taking skills and intelligence from the island's resources. Thus tottering Castro, already trading more than 80 percent with the Communist bloc, has had to yell for help. At a time internal discontent and economic upset were the highest, Russia has moved.

Timing of the golden opportunity for an anti-Castro revolution within Cuba has been interrupted. This is perhaps the greatest effect of the Russian buildup—the fact that Soviet troops in Cuba diminish chances for internal rebellion against Castro's tyranny.

Communism must be stopped immediately in this hemisphere. It should have been stopped 3 years ago. We must impress the aggressive forces of international communism that we have a purpose—that our purpose is to maintain human dignity and freedom. It must be made clear and concise that the United States will exercise its responsibilities. Let us examine the alternatives available to us.

There are two kinds of action—unilateral action involves only one nation and multilateral action involving more than one nation. When the Monroe Doctrine was enunciated on December 2, 1823, it was based on the premise that the United States would act unilaterally if a foreign power tried to move into the American Continents. The Monroe Doctrine worked in 1823, and continued to work until the post-World War II years when the United States sought to shift the burden of defense for the Americas onto other inter-American powers, thus diluting the once unilateral purpose of the Monroe Doctrine into a ponderous, slow-moving obstruction to action. Multilateral action has thus become the rationale for inaction.

To have multilateral action, or action by a community of nations, someone must take the initiative—someone must be the leader. It has necessitated action by the Congress to develop U.S. initiative. In 1960 the Congress granted authority for the Cuban sugar quota cut. In 1961 the Congress approved a resolution reassessing Cuba's role in the western community of nations. The Congress then took the initiative in banning trade with Cuba. Lately it has seemed that the Congress has had to expose the Soviet buildup, and mobilize the need for action.

The need for action has become even more necessary when we consider the nature of the Soviet move. While the U.S. policy planners labor to cast the Monroe Doctrine into multilateral paralysis, the Soviet Union has moved with unilateral speed. While our efforts continue to waddle in diplomacy, communism races with military might.

There is ample evidence to support the success of unilateral action when it has been used by the United States. The U.S. efforts in Greece on July 14, 1947, prevented Communist takeover in that country. Quick dispatch of the U.S. Marines to Lebanon on July 15, 1958, left the Communists startled. The deployment of the 6th Fleet to the Formosan Straits on August 27, 1958, stayed the Red Chinese. We have drawn the line in Berlin where last year the activation of U.S. Reserve Forces demonstrated and emphasized our intentions of unilateral action. Now there are reports that attest to U.S. firmness in Berlin causing the Soviets to back down. We must demonstrate the same intentions in the Cuban situation, and we must address ourselves to this task.

I advocate the following measures as first steps for action and as an immediate reply to Khrushchev's threat of yesterday:

First. Institute full-scale air and surface military exercises to guarantee the proper functioning of U.S. Armed Forces in Caribbean combat conditions. These exercises should be held in international waters off the coast of Cuba. All nations should be notified of these maneuvers and clearly warned that any vessel entering the exercise zone does so at its own risk.

Second. Alert the Armed Forces, including the Air Defense Command and the Continental Army Command, to exercise maximum precautions for the protection of the U.S. mainland. Particular emphasis should be made to guarantee the protection of Cape Canaveral and the Atlantic missile range space tracking stations which may be threatened, not only with a military blow, but with the loss of valuable scientific and military information to Soviet tracking and receiving equipment positioned in Cuba.

Third. Diplomatic moves should be taken to halt further transport of Soviet military goods and personnel to Cuba by vessels flying the flags of NATO nations, to cite reports: West Germany, Norway, Italy, Greece, and Britain. In addition, our Government should take necessary steps to bar these flagships from entry into U.S. ports and prohibit the transport of U.S. goods in their bottoms as long as these ships are used to transport Soviet personnel and materiel to Cuba.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HIESTAND. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. ROGERS] may proceed for 3 additional minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. ROGERS of Florida. To continue, Mr. Speaker:

Fourth. Make the U.S. naval base at Guantanamo Bay, Cuba, an adequate military position for U.S. action if provoked or attacked. This precaution should include the evacuation of women, children, as well as any U.S. citizen employees stationed there and not essential to the military operation of the base.

Fifth. Assure adequate military personnel and materiel to guarantee the security of the Panama Canal Zone and to any hemispheric nation which might request such forces for protection.

Sixth. Strictly enforce the provisions of the Mutual Security Act which prohibit U.S. aid going to any country which aids Cuba.

Seventh. Pursue just payment of U.S. properties expropriated in Cuba by the Castro regime immediately after its takeover. Expropriation of this property today remains a heinous mark in American history.

Mr. Speaker, these are immediate and practical avenues for action against the Communists in Cuba. I strongly urge that action be taken immediately to remove communism from the Americas. We cannot allow Cuban communism to become any stronger. We must realize that action is necessary. Cuban communism must not become a token of barter for another cold-war hotspot. The people of America will not tolerate this type of rationale which might predicate the trade of a Communist base in Cuba for a rightful U.S. position in some other area of the world such as Berlin. Our position to protect the security of the Nation in this hemisphere must not be diverted to inaction because some alleged action might be taken by the Communists elsewhere.

The need for action is urgent. The United States must seize the opportunity to reaffirm its tradition for the leadership of freemen. Hopefully, America will expel its unrealistic course and address itself with the same confidence which has made it great.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Mr. Speaker, I wish to congratulate the distinguished gentleman from Florida on a perfectly magnificent statement. I think one of the most dangerous situations confronting the free world today is the lack of an appreciation on the part of the people generally of what the real menace of communism is. The gentleman, as usual, is making a very fine contribution to that great fight in which we are engaged.

Mr. ROGERS of Florida. Mr. Speaker, I am very grateful to the gentleman from Pennsylvania for his remarks. Certainly his leadership in this fight against communism is recognized by all of us in the Congress and by the people of the United States. Again, I am most grateful for his comments.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Florida.

Mr. HALEY. Mr. Speaker, I, too, want to commend the gentleman for the excellent statement he is making here today. He and I and other members of the Florida delegation have watched this situation develop and have tried to alert the Members of Congress and the people of the United States to what is really going on. I think the American people and perhaps the Congress and the executive branch of our Government have forgotten one thing. Cuba enjoyed freedom only because of the spilling of American blood, which gave them that freedom. We as American citizens, I think, had an obligation to see to it that Cuba remained a free and independent nation. We had a great responsibility to see to it that the Cuban people remained free, and certainly we should have been alert to the changing situation a long time ago. I know that the gentleman from Florida [Mr. ROGERS] and I and all other members of the Florida delegation have urged firm, strong action. That is what was needed 3 years ago, 3 months ago, and what is needed now to get rid of this cancerous growth in Cuba. It is the only way.

Mr. ROGERS of Florida. Mr. Speaker, I thank the gentleman. I appreciate all the efforts he has made along these lines.

## CUBA

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. HIESTAND. Mr. Speaker, the Nation again has been shocked with the news of the buildup of Communist military strength. This time in Cuba, 90 miles off our shores.

That our Government has allowed this further aggression and insult is a further shock to the American people. Over a year ago at the time our State Department and CIA induced the President to withhold air support to a patriotic band of 1,100 Cubans attacking Castro in the Bay of Pigs, I addressed this House warning that our position was playing right into the hands of the Communist conspiracy.

Today, I have introduced a measure reaffirming the principle known as the Monroe Doctrine declaring that with respect to the individual nations of the Western Hemisphere, the United States will review any interposition for the purpose of oppressing them or controlling their destiny as the manifestation of an unfriendly disposition toward the United States.

Mr. Speaker, I urge early action on this resolution. The time is now. Russia has publicly reaffirmed its policy of military aid and buildup and has frankly warned that any interference with her operations in Cuba will call for reprisal.

A year ago I urged a blockade of Castro's Cuba to prevent this very landing of arms, ammunition, tanks, guns, planes, and missiles. Now it is happening.

During this year we have continued to ship Castro's government food supplies. How many of the 7,000 Russian soldiers known as "technicians" we are feeding is not known but certainly Cubans who could be raising food are working under forced draft to militarize the island.

A year ago the Pentagon told me we could take over the island in 18 hours. A few months from now it would be only at a bloody cost and long siege. We have no desire to take over the island except to free the beleaguered Cuban people, to let them set up a free government, which is not a threat to the Western Hemisphere. Mr. Speaker, I urge the early adoption of this measure.

## IS KATANGA ON THE AUCTION BLOCK?

The SPEAKER pro tempore (Mr. LIBONATI). Under the previous order of the House the gentleman from Indiana [Mr. BRUCE] is recognized for 60 minutes.

Mr. BRUCE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRUCE. Mr. Speaker, first I want to take a moment to congratulate the gentleman from Florida [Mr. ROGERS], who preceded me, for his excellent presentation.

I would like to preface my remarks today with an expression of my appreciation for the research and translation which was done by the staff of the Library of Congress during the past year. Without their invaluable help this presentation today would not have been possible and I wish to thank everyone at the Library for their cooperation and help.

I wish also to express my gratitude to my assistant, Nicholas Nonnenmacher, who has worked day and night for months in researching this case. Also George Armstrong, of my staff, who was most diligent; and the girls on the staff who did double duty in this work.

Mr. Speaker, Dr. Albert Schweitzer, revered throughout the world as Africa's heroic scientist-humanitarian, recipient of the Nobel Prize for his life of service to the people of that great continent, has expressed his profound concern with the tragedy of the United Nations operations in the Congo.

Dr. Schweitzer declared in a statement to the Swiss journalist, M. Jean de Ziegler, of Geneva, on August 28, 1961:

> The policy of the U.N. in the former Belgian Congo causes me great anxiety because it proceeds from a total ignorance of the country's problems. It is a grave error to try and unite by force people so profoundly divided among themselves. If Katanga is unwilling to be reunited with the Congo, the U.N. should respect its wishes and not try to impose its own will at any cost.

To its everlasting shame, the United States of America has backed to the hilt the policy of the United Nations that Albert Schweitzer deplores.

Mr. Speaker, does anyone in this Chamber really know what is behind our incredible policy in the Congo?

Bishop Fulton J. Sheen spelled out the background for this tragedy in his column April 15, 1961. Let me quote him in the Brooklyn Tablet of that date:

> Behind the minor political struggles in the Congo is the implacable war of the Communists against the church. Here are the inside facts of the Congo story:
>
> Russia plans to Sovietize central Africa.
>
> For 2 years the Soviets gave Lumumba $400,000 a month to buy followers and provide them with cars.
>
> Lumumba set up a Communist organization among his fellow tribesmen, the Batetelas, making them believe he was the incarnation of his ancestors.
>
> During the elections, Lumumba's troops destroyed most of the ballot boxes of the other candidates. But only 23 percent of the population voted because of their opposition to him; in other regions 85 percent voted.
>
> The plans for the Communist revolution in the Congo were prepared in Prague and in the first 3 months Lumumba carried out the first three points: (1) organize mutiny in the army; (2) put the blame on the Belgians; (3) organize a terrorist regime.
>
> The resentment of the Soviets against the death of Lumumba reveals their disappointment in not taking over the Congo. (The Soviets could astonish the world by telling their part in his death. Remember Lumumba failed them.) But the Soviets have a substitute for Lumumba in Gizenga, the Communist dictator in Stanleyville who was educated in Moscow and Prague. Others are Kashauka who visited Peiping and Dayal who works under Communist orders.
>
> The Communists have planted two advisers in Washington, both of whom were thrown out of Louvanium University in the Congo for their Communist activities.
>
> Seventy percent of Léopoldville's population are unemployed. Communists have introduced moral degeneration to the youth of the city. Some 90 percent of the boys smoke hemp; immorality is encouraged; attendance at mass has declined to 10 percent of the men, 7 percent of the women.
>
> Missionaries have been persecuted beyond description—priests mutilated, nuns tortured and ravished.

There, Mr. Speaker, is the naked truth about the situation in the Congo—presented by a most highly respected clergyman whose lifework is to know the problems of the people and the areas in which the missionaries of his church labor throughout the world. There are the facts of the situation that helped decide Moise Tshombe to lead his Province of Katanga out of chaos and into sanity as an independent country—yet establishing in the new Katangan constitution the intention to join with a soundly constituted confederation of the Congo Provinces.

That constitution stated in article 1:

> Katanga is an independent, sovereign, and constitutional state.
>
> The constitution shall not be suspended either in part or as a whole.
>
> The State of Katanga adheres to the principle of association with the other regions of the former Belgian Congo provided they themselves are politically organized with respect to law and order. It shall open negotiations to constitute with the same a confederation based only upon the equality of its partners.

President Tshombe, with decision and statesmanship, brought Katanga from the disorder and horror described by Bishop Sheen to order and peace within a matter of days.

Katanga would have remained that way—but we brought terror and chaos back to Katanga—with the policy condemned by the man who may be Africa's finest authority, Dr. Albert Schweitzer.

President John F. Kennedy, Secretary of State Rusk, Under Secretary George Ball, officials down the line in this administration have lauded that policy, have insisted on the wisdom of that policy, and today ask us to vote $100 million to pay for the costs of that policy effected by the United Nations.

Mr. Speaker, is there a man in this Chamber who will rise to show credentials establishing himself as a greater authority on Africa than Nobel Prizewinner Albert Schweitzer. Is there a man in this Chamber who can rise and prove Bishop Sheen in error as he described the conditions from which Tshombe seceded?

Is there a man in this Chamber who can rise and prove that Katanga's constitution required that that State had to be bullied and bombed by the United Nations to restore unity to the Congo?

Mr. Speaker, then I repeat, Does anyone in this Chamber really know what is behind our incredible policy in the Congo? A policy that has sought to destroy Katanga.

For months I have pondered the question—and sought the answer.

It was best put by a European writer:

> Despite warning, Mr. Kennedy's entourage has not modified its irrational policy in relation to the Congo.
>
> Why this obstinacy in pursuing an erroneous course?

Mr. Speaker, that writer gave a startling answer. He said the reason was that American business interests have launched into profitable ventures in Léopoldville and elsewhere in the Congo.

I have looked into this possibility, and have turned up what many of you may well consider to be supporting evidence for that provocative answer to that persistent, gnawing question. Why?

Mr. Speaker, exactly 1 year ago today I stood in this Chamber and demanded an investigation into the policy of our Government in the Congo. With the facts in my possession at that time about the State Department's irresponsible policy I knew we were headed for disaster in that area.

On September 12, 1961, I cried out from this very spot to my colleagues:

> I beg the members of the Foreign Relations Committee, and the Foreign Affairs Committee of the House of Representatives—I beg anyone and everyone in this Chamber to lend their influence toward raising a cry that an investigation, not necessarily of subversion but of a repetition of failure of policy, be carried out right now in regard to the Congo. It cannot wait until next year. The time for action is now, not when it is too late. I beg my colleagues to listen—now.

Mr. Speaker, here it is next year—1 year to the day since my call for an investigation, a call that tragically has been ignored.

Since the U.S. Congress failed to undertake an investigation into our policy—which has supported that of the U.N. in the Congo, many innocent human beings, men, women, and children, have died tragically—and millions of dollars in destruction has been wrought in Katanga by the United Nations by planes, bombs, and mortars in action paid for by your tax money and mine.

What a ghastly performance. Think of it in the light of the words of Dr. Albert Schweitzer:

> If Katanga is unwilling to be reunited with the Congo, the U.N. should respect its wishes and not try to impose its own will at any cost.

What a cost. What a tragedy. Because we did not investigate our fantastic policy, it has been allowed to continue for 12 additional months—long months and costly ones—in treasure, and lives, in brutality and horror, in maimed bodies and broken hearts. And all of this in the satanic hypocrisy that cries to Heaven for revenge—in the name of peace, committed by man's great hope, the United Nations, endorsed by our elected and appointed leaders—in your name and mine.

Mr. Speaker, I am only one Congressman. I have no investigating committee at my call. I have only a small staff. But I felt it my duty to try to get to the bottom of it all—to find the why behind a policy persisted in despite the condemnations of so many Americans like Herbert Hoover, Senator THOMAS DODD, and countless others.

I have spent every possible moment researching this area, interviewing people who come from the Congo and folks who have visited there, reading reports and books about that area, and I have had members of my staff do likewise.

It was perhaps not politically expedient for me, for Katanga has no votes in the 11th District of Indiana.

But because I sincerely believe our Nation's honor and dignity and therefore that of the people of my district, have been despoiled as never before in our history, I felt the compulsion to press forward within the limitations of time and size of staff toward the end that justice be done in Katanga. History will record us among the ranks of the world's great hypocrites unless we right the wrongs we have perpetrated in the Congo.

Mr. Speaker, during the past year, and of course, before that, I have sought out reports on the Congo in the press of Africa, Europe, and America. From time to time I would come across an isolated item that pointed toward the possibility of something other than stupidity, which long since must be written off as the why behind our policy, something other than Communist influence on our policy—which ever remains a daily goal of our enemies in Moscow, and which could be the case. These items pointed toward international avarice.

In fact, flat charges were made in the international press that this was the case. I tried to track down these charges. Today I bring them to your attention.

Mr. Speaker, I as one man, am in no position to verify these charges or show their falsity. I have, however, determined many parts of these charges to be true. In fact, I might say, I have determined all the charges are true except proof of intention, proof of motivation.

These charges are such, and the unassailable facts I have developed are such, that this Congress has no other course than to establish immediately a bipartisan committee to investigate in the most exhaustive manner the matter I shall now present to you in detail.

Here are some of the headlines to the stories I have referred to:

In a Swiss newspaper: "The Intense Rivalry for Katangese Copper—the Strange Role of Mr. H's Brother."

In a British fortnightly: "L'Union Minière and American Copper Interests."

In an American newspaper: "What Was Dag's Congo Motive?"

In a French magazine: "American Big Business in Katanga and the U.N."

In a Paris newspaper: "Katanga on the Auction Block—I. Tribalism and High Finance; II. The War of the Lobbies."

Mr. Speaker, in that last item, by the very titles of its two-part series that appeared in January of this year, the French anti-Tshombe Parisian newspaper, Le Monde, highly respected in liberal circles, indicated that Union Miniere—which is all we have heard about in this country—was not the only financial interest involved in the Katangan conflict. The paper discussed interests that had stakes on one side or the other.

The second article contained this interesting sentence:

> As soon as the news of the hostilities between the blue helmets and the Katangese troops broke, on last December 5, a sharp increase of the current price of copper was registered in the City (London's financial and commercial district) and Wall Street.

In a footnote the article stated:

> Sir Robert Prain, president of the Rhodesian Selection Trust (which up to very recently was more than 50 percent owned by American Metal Climax-Bruce) declared last April that the decrease in production agreed to voluntarily by the mines of the

United States, Chile, and Peru would not have been sufficient to check the fall in prices were it not for the trouble in the Congo and the uncertain political future in Northern Rhodesia.

While I think the Le Monde articles are somewhat erroneous, confusing, and even contradictory in some respects, while being anti-Tshombe they identified not only the financial interests who wished to see Katanga's independence maintained, but also some business concerns that might have sought to terminate Tshombe's session for their own interests.

Mr. Speaker, at this point I wish to insert the full text of this and other source material in the RECORD as may be required.

Just to show that charges of high finance being involved in our Congo policy continue to be leveled at us, I wish to read a letter that appeared in the London Daily Telegraph on August 2, just last month. The letter was written by Capt. Henry Kerby, a Member of Parliament in the British House of Commons.

U.S. INTERESTS IN AFRICA—KATANGA'S COPPER

SIR: Your admirable leader on the impending clash in the Congo raises questions of fundamental importance to Anglo-American relations.

Katanga produces 7 percent of the world's copper. Belgium, Holland, and to some extent West Germany, are dependent upon that supply for the expansion of electrical energy.

What would nationalization involve? Clearly the Katangese themselves are incapable of operating the mines and refineries without European aid. Who is to provide that aid? Is this to be a United Nations or American responsibility, or are the Katangese to be at liberty to choose their own technical helpers? Who is to compensate Union Minière, and where is the money coming from?

The whole business has a sinister ring, reminiscent of Abadan. The Americans themselves produce 24 percent of the world's copper. They are more than self-supporting. One of the two copper mining groups in northern Rhodesia is American controlled. That group is said to be opposed to Sir Roy Welensky's desire to retain the federation even in a looser form.

Adding two and three together it is almost inescapable that the State Department seeks to dominate the central African copper industry for American commercial ends, not for the benefit of the inhabitants. This sinister picture is still further blackened by the common knowledge that until recently the American consul general's office in Salisbury was staffed almost on a Russian scale, and that its employees were deliberately currying favor with African agitators known to favor the dismemberment of the Federation.

Rhodesia contributes 14 percent of the world's copper output and possesses the second largest reserves of any country. In Chile American interests predominate. Is it any wonder that American actions in opposing a Federal solution to the Congo problem and in forcing a showdown in Katanga lay themselves open to the charge of using the U.N. as a cloak to gain control of the world's copper output and to hold the whole electrical industry of the Western World up to ransom?

If these suggestions are well founded they make nonsense of President Kennedy's plea for an Atlantic Community.

Yours faithfully,

HENRY KERBY,
*House of Commons.*

Six months before the Le Monde articles appeared, the respected Swiss newspaper, Gazette de Lausanne, on July 22-23, 1961, carried a story headed: "Back From Katanga, Where He Just Spent 2 Weeks, Lazslo Nagy Gives Us the Following Information: Intense Rivalry for Katangese Copper—the Strange Role of Mr. H.'s Brother."

I quote from this story:

Copper, the wealth of Katanga, is also the reason for its troubles. There is, presently, an overproduction in the world market. Also, the countries producing the precious metal are using every means at their command to thwart Katangese production. The mining union and Mr. Tshombe's government are being attacked on two fronts: political and economic.

The recent speech of Mr. Munongo, Minister of the Interior of Katanga, threatening to seek Soviet assistance in order to clear up the Congolese political crisis, put the "copper kingdom" in international headlines. Without wishing to minimize the possibility of a Soviet-Katangese alliance, one can say that there is little chance of it happening, at least for the present. As a matter of fact, the political and moral basis for the Katangese secession lies in President Tshombe's anti-Communist efforts, and it is difficult to envision an about-face on his part.

THE MINING UNION THREATENED

Another danger—less spectacular, but no less real—menaces the future peace of the country, which is regarded as the "richest prey in the world." It's the question of a sharp clash between rival economic interests.

At the present moment the chief developer of Katangese mineral wealth is the Haut-Katanga mining union, a Belgian-controlled company, of which the British, the newly independent Congo, and the Rockfeller [sic] group are part owners. The mining union, the leading economic force of the country, produces—among other things—10 percent of the annual world consumption of copper. Now, there is presently a world overproduction of about 10 percent. Thus, rival producers—United States, Chile, U.S.S.R., Canada, and Northern Rhodesia—do not appear to be unhappy over political difficulties waxing in Katanga. Certain observers even claim that the competitors of Katangese copper are acting in the hope of aggravating the present conflict.

It is difficult to track down the truth of such a statement. Still a strange economic battle—sordid and complex—is presently taking place in Katanga. Diplomats from a northern country appeared in the mining region. They are special envoys of a rival group and proffer alluring sums of money to engineers and technicians in order to hire them and thus snatch them away from Katanga.

MR. H. II (HAMMARSKJÖLD'S BROTHER):
TOOL OR ACCOMPLICE?

Once again a joint American-Swedish company has just been established for the purpose of developing mineral deposits in the ex-Belgian Congo. If you can believe him, an official of the mining union has it that the president of this group is Mr. Hammarskjöld, brother of the U.N. Secretary General, whose operations are strongly criticized in Katanga. There is little reason to doubt the authenticity of this statement. However, there remains to be seen exactly what Mr. H. II's work is in this company. Is he a mere tool, the victim of a plot or a well informed accomplice? One scarcely knows what. But, on account of the delicate situation of the U.N. in the Congo and of the Secretary General's difficult role, we would like further information on this subject.

Mr. Speaker, here, indeed, was an interesting item. Could it be that the brother of the Secretary of the United Nations might have a business interest in Katanga?

And if an American-Swedish company had been set up to develop mineral deposits in the ex-Belgian Congo, would it not be interesting to find out who the Americans were?

In the fall of 1961 Aux Ecoutes Du Monde of Paris carried an article entitled: "In Léopoldville, Behind the Facade of the 'Dolce Vita,' the Menace Against Tshombe Becomes Clearer."

I quote in part:

Friends of the International African-American Corp., have found friends in Sweden thanks to an intermediary of that company.

The most prominent of these new Nordic friends is a man who has not yet come to the Congo. He is Mr. Bo Hammarskjold, the blood brother of Mr. H. The tragic death of his brother has not, however, caused him to cease all contact with Léopoldville.

For Mr. Bo, president of the Swedish Mining Co., Grangesberg-Oxelosund Trafik just happens to have an old and good friend, former president and head engineer of Grangesberg, on the spot. This is Mr. Sture-Linner, actually quite well placed, for he is head of U.N. operations in the Congo.

Another Swedish industrialist is also interested in the Congo, so much so that he has gone there in person.

This is Mr. Sven Schwartz, president of the Boliden Co., which is part of the same syndicate as Grangesberg.

As a result of the stir this caused, the subject was brought up in the Belgian Parliament in October 1961.

The following was sent to me by the Belgian consulate here:

STATEMENT MADE BY P. H. SPAAK, BELGIAN MINISTER OF FOREIGN AFFAIRS

This statement was made last October in answer to a parliamentary question submitted by Representative Eugene Charpentier (Social Christian Party). The question referred to an article which had appeared in the French paper Aux Ecoutes, according to which a company including Swedish and American interests had just been created in Katanga and that its chairman was Dag Hammarskjold's brother.

Spaak's answer: "Press articles recently published in Switzerland and France and taken up by some Belgian newspapers, which mention the name of the brother of M. Dag Hammarskjold, Secretary General of the United Nations Organization, in connection with the activities in the Congo of a Swedish American syndicate, are probably based on missions accomplished in Katanga by M. Sven Schwarts, who is, among other things, chairman of the mining company Boliden, member of the board of Skanska Cement A B and of Ifoverken A B. These Swedish companies form with, among others, Grangesberg A B, a syndicate, which in association with the American corporation International African-American Corp., assumes the exploitation of mines in Africa. Among the executives of Grangesberg, there would be M. Bo Hammarskjold, brother of M. Dag Hammarskjold. The aforementioned syndicate does not seem so far to have interests in the Congo. Trips of said M. Schwarts to Katanga have led to assume that the group to which he belongs would have an active interest in this province.

"M. Sture Linner, chief of U.N. operations in the Congo, is also reputed to have represented Grangesberg before assuming the task with which he was entrusted by the United Nations.

"On the other hand I am not aware of the connections which could exist between a brother of Mr. Dag Hammarskjold and the mining company Anaconda, nor of the interests that this company may have in the Congo."

Note that Spaak carefully neither affirmed nor denied the charges. The source of the allegation that Mr. Spaak referred to concerning Dag Hammarskjold's brother, Bo, and his supposed connection with Anaconda Copper Co., I do not have.

However, Le Monde quoted one of the directors of Union Miniere du Haute Katanga in his remarks about Anaconda.

The British fortnightly Congo-Africa in August 1961 reported the interview:

### L'UNION MINIÈRE AND AMERICAN COPPER INTERESTS

In a report on the relations between L'Union Minière, the Belgian mining combine, and the Katanga government, the special correspondent of Le Monde (Paris) points out that the presence of the company assures the livelihood of almost half the population of the Province, that it is the main source of revenue, and that it has plans for development extending 20 or 30 years ahead.

"Now that Lumumbism has lost some of its virulence," the report continues, "and the prospects for Katangan independence have diminished, the Union Minière is adapting itself to the new conditions. One reason for this is the need to counter the moves of its American competitors. A director of the company recently declared: 'The American trusts, particularly the Chile Copper Co. of the Anaconda group, are doing everything they can to supplant us in Katanga. If they succeed in evicting us they will become the absolute masters of the world market for copper. The operation would be all the more profitable because our production represents nine-tenths of the surplus which keeps the world price down. In consequence a difference between us and the Katanga government, or a recrudescence of Kaluba terrorism, would suit them very well.' "

This certainly is a direct charge against American copper interests. I do not know whether it is true or not true. But I think it is in order for us in this chamber to realize that such charges do not help our national reputation abroad, and should be investigated to prove their falsity or their validity.

One American biweekly, the National Review Bulletin for December 9, 1961, carried an item in its foreign newspaper Abroad that was a summary of some European commentary along these lines:

BRUSSELS.—Before taking off on his mission to the U.N., Foreign Minister Paul-Henri Spaak told the Belgian Senate a few of the curious facts about the U.N.'s Swedish officials who have been so prominent in the Katanga operation. He noted, for example, that Sture Linner, whom Dag Hammarskjöld appointed U.N. chief in the Congo, had long been associated with the Swedish firm, Grangesberg A/B. This company, along with Skanska Cement, Iforverken A/B and Boliden, forms a syndicate with the U.S. firm, International African-American Corp. This syndicate, seeking copper and other mining concessions, has more or less openly pursued a pro-Lumumbist, anti-Tshombe line within the Congo. Boliden's president, Sven Schwartz, has made several recent trips to Katanga under the auspices of U.N. officials and the Swedish Embassy. Spaak omitted from his Senate speech the allegation that European rumor finds juiciest: that Dag Hammarskjöld's brother, Gustav (Bo), is associated not only with Grangesberg A/B but with the U.S. copper corporation, Anaconda Mining Co., and that the Grangesberg syndicate is also closely linked to major U.S. banking interests.

This story further reflected European charges that the Swedish-American syndicate seeking concessions, followed an anti-Tshombe, pro-Lumumbist line in the Congo, and that the Grangesberg firm of Dag Hammarskjold's brother was "closely linked to major U.S. banking interests."

This item about banking interests brings me to a startling story that appeared in the Newark Star Ledger of Newark, N.J., September 24, 1961, entitled "What Was Dag's Congo Motive?" Part of the same story appeared the same day in the Long Island, N.Y., Press.

Let me read for you some most amazing allegations the writers Horst Petzall and Paul Meskil culled from reliable European papers:

### THE COLD WAR TODAY—WHAT WAS DAG'S CONGO MOTIVE

(By Horst Petzall and Paul Meskil)

United Nations Secretary General Dag Hammarskjold died a hero in his favorite role of global peacemaker. But there may have been personal as well as peaceful motives behind his fatal mission to the Congo.

United Nations troops in Katanga may be serving as pawns in a game of power politics for a billion dollar prize. That prize—the fabulous Katangan mineral resources—could go to an international combine reportedly headed by the late Secretary General's brother.

Referring to this combine in a statement issued after Hammarskjold's death, Congo Premier Cyrille Adoula said the Secretary General "fell victim to shameless maneuvers from Western financial powers."

#### FORM COMBINE

Last June, a group of private Swedish and American financiers formed a new combine for exploitation of Katanga's natural resources. As those resources are tightly held by a Belgian-French-South African monopoly, Union Minière du Haut Katanga, it might seem that the combine's chances of success were exceedingly slight.

But the private Swedish-American group apparently had advance information that led it to believe the mining monopoly soon would be broken. It considered this information so reliable that it promptly filed incorporation papers in Switzerland and deposited about $100 million in Swiss banks in preparation for a Katangan takeover.

According to highly reliable Swiss sources, the combine is headed by Bo Gustav Hammarskjold, 70, a retired Swedish politician who once was Governor of Sodermanland Province.

As the combine was formed 3 months ago, it seems likely that the United Nations war on Katanga was being planned in secret at that time or even earlier.

#### GOVERNMENT IS KEY

As long as Katanga remains independent under pro-Western President Moise Tshombe, Union Minière probably will retain control of the mining industry, including some of the world's largest and richest copper deposits. But if the Tshombe government falls and Katanga again becomes part of the Congo Republic, the mineral monopoly will be finished. At this point, the new combine plans to move in.

Katanga and Northern Rhodesia produce about one-fourth of the free world's copper supply. Operating at peak capacity throughout the Congo disturbances, the Katanga copper mines have earned net profits of about $75 million since Congo won its independence from Belgium last year. Some 500,000 tons of high-grade copper have been mined in this period.

During the same period, the Northern Rhodesia mines produced about a million tons. These mines are owned by Anglo-American Mining Corp., controlled mainly by South African and British interests, and by American Metal Climax, Inc.

#### COMBINES COOPERATE

The three combines in Katanga and Northern Rhodesia cooperate closely in all phases of copper production and marketing. No outside firm stands a chance of cutting itself in as long as the present governments of Katanga and Northern Rhodesia remain in power.

The Soviet Union, with its global network of agents and spies, must have been aware of the Swedish-American combine's formation and ambitious plans for Katanga. The U.S. Government also knew what was going on. But neither side in the cold war did anything about the behind-scenes preparations.

Russia's silence was particularly strange in view of Premier Khrushchev's previous efforts to oust Hammarskjold from his U.N. leadership. The Secretary General's connection to the new combine would have provided the Communists with a perfect excuse to demand his resignation.

#### WAITING GAME

The Reds may have been holding their fire until the fall session of the U.N. General Assembly got underway.

Another theory is that the Soviets made a deal by which a Communist would succeed Tshombe as boss of Katanga.

The central government of the Congo Republic recently named Egide Bochely-Davidson, a Moscow-trained Communist agent, as chief administrator of Katanga Province. He was supposed to take over the provincial government with the support of United Nations troops.

#### LUMUMBA AID

A longtime lieutenant of Patrice Lumumba, Bochely-Davidson, became a henchman of Deputy Premier Antoine Gizenga after Lumumba was assassinated. If Bochely-Davidson gets the upper hand in Katanga, he almost certainly will kick out the mining interests that have backed Tshombe. Then the Swedish-American combine will step in with the mining engineers, machinery, and money needed to keep the mines running.

The central government in Léopoldville probably would welcome such a move, as the Congo never can be self-supporting without the mining income from mineral-rich Katanga.

New financing of the Katanga mines also would be a great help to the Reds, since it would keep the mines operating while the Soviet Union and Red China complete their schemes for political domination of the Congo.

#### BET ON GIZENGA

Moscow apparently believes Gizenga eventually will become strong enough to wrest control of the central government away from pro-Western President Joseph Kassavubu and Prime Minister Adoula.

If Gizenga's aid, Bochely-Davidson, can consolidate his position in Katanga, the Reds will be one step closer to victory in the Congo—with the aid of American dollars, United Nations soldiers, and the late Dag Hammarskjold.

Mr. Speaker, would it not be a shocking revelation to learn, as this article claims, if it were true, that a private combine had advance information of United Nations action against Katanga and allotted a giant sum of money for the purpose of getting control of the mineral concessions of Katanga?

Actually, the various charges suggested a more frightful possibility.

Would it not be infinitely more stunning to learn that a combine planned in advance the action against Katanga and that it had no need to set any money aside to gain control of Katanga's wealth because it would have governments pay for its accomplishment through the United Nations?

If there were such an American-Swedish combine with this objectve, then no matter who the Americans might be, certainly if Sture Linner was among the Swedes in it, this is exactly what could be done, since he was in top command of the Congo operation in the field until very recently.

Was there such a plot? I do not know that there was. I do not know that there was not. Were they in on it if there was? I do not know that they were. I do not know that they were not.

Some awareness of the machinations of the alleged plot that has been unfolded in these press stories and some belief they may be true could explain the few rare outbursts of President Tshombe.

One of these was reported in a Washington Post story from Elisabethville dated December 11, 1961, by Henderson Gall of Reuters. Headlined "Tshombe Says U.N. Fights for Wall Street," the story reads in part:

> TSHOMBE SAYS U.N. FIGHTS FOR WALL STREET
>
> (By Henderson Gall)
>
> ELISABETHVILLE, December 11.—United Nations forces, using mortars and small arms, continued their battle for control of Elisabethville today—a battle Katangan President Moise Tshombe said was being fought for "Wall Street bankers."
>
> Mortar shells rained down on the secessionist capital all through the day, as the U.N. command apparently sought to blast the Katangans from their strongholds in the northeast corner of the city.
>
> The battle for the capital is now in its seventh day, with Katangan forces still in effective control and the U.N. holding the airport and its suburban approaches.
>
> A Katangan Government spokesman said that two Katangan aircraft attacked Elisabethville airport last night and hit undisclosed targets. The U.N. reported an unsuccessful attack by a single bomber.
>
> (Katangan officers claimed the airport's control tower was knocked out of action in the raid. United Press International reported.)
>
> United Nations aircraft struck at targets outside the capital, leading to Tshombe's charge that the international organization was deliberately trying to destroy the country's economy.
>
> Tshombe's government charged the U.N. with strafing and bombing Union Minière Copper Mining Co. installations at Kolwezi, northwest of here, and destroying a metallurgy plant and a vital processing plant at Luilu.
>
> They also reported a U.N. attack on a hospital about 60 miles from Kolwezi, but said the building was not hit.
>
> [Katanga also reported that three U.N. jets battered Camp Tshombe, the main Katanga army post, yesterday, the Associated Press reported.]
>
> Tshombe told a press conference "we are very far now from a military operation undertaken by the U.N. forces to put an end to the so-called secession of Katanga."
>
> He called the U.N. "a paper instrument of certain powerful capitalist interests making common cause with world communism."
>
> The Wall Street bankers, he said, "can now sleep peacefully in their beds. They will remain masters of the [copper] market for some time yet."
>
> He said the attacks on Kolwezi, Katanga's second largest city and one of the key centers in the Union Miniere complex, "annihilated for several months the economic complex which was our pride."
>
> But, he said, Katanga was not discouraged. "On the contrary, our confidence is stronger than ever. We will conquer because we have faith."
>
> The government said two Swedish Saab jet fighters made several sorties over Kolwezi, blowing up an oil depot which sent "giant flames" into the sky. Fire broke out in several parts of the city.
>
> The U.N. announced air attacks on Kolwezi which destroyed a power transmitting station, hit two fuel tanks and smashed a railroad engine.
>
> It also reported attacks on trains at Luena and Jadotville.
>
> A U.N. spokesman said Ethiopian troops had killed two foreign mercenaries in Elisabethville, but that their nationalities were not yet known.
>
> [Reports from Elisabethville hospitals told of mounting casualties. The Queen Elisabethville Hospital reported that 17 dead had been brought there since the fighting broke out December 5, United Press International said. Prince Léopold Hospital reported it had admitted 125 wounded Katangese but refused to mention the number of dead.
>
> [Swedish U.N. officials in charge of the big Baluba refugee camp outside Elisabethville said at least 10 Baluba tribesmen had been killed and 60 wounded by shells, mortars and sniping Katangese.]
>
> There were these other developments:
>
> A Rhodesian refugee train from Sakania, Katanga, arrived in Ndola, Northern Rhodesia, with 300 hungry Belgian women and children.
>
> In Salisbury, Southern Rhodesia, Sir Roy Welensky, Prime Minister of the Rhodesian Federation, said the United States should guarantee the safety of Tshombe so he could meet Congolese Prime Minister Cyfille Adoula for negotiations.
>
> In London, Conor O'Brien, former United Nations chief on Katanga, said he had "some little sympathy for Tshombe." He said the Katanga leader was encouraged by Welensky and by "at least the local representative of the British Government to embark on a course that is one of defiance of the United Nations."
>
> In Brussels, Congolese Central Government Foreign Minister Justin Bomboko flew home after talks with Belgian Foreign Minister Paul-Henri Spaak. They reportedly discussed the possible resumption of diplomatic relations between Belgium and the Congo.

It is interesting to note that Swedish Saab jet fighters made the attack upon the installations at Kolwezi, which Tshombe claimed "annihilated for several months" the Union Minière complex there.

The Katangan people evidently share Tshombe's suspicions since their newspapers have made some occasional references. The following quotation is a closing paragraph from an article headed "The Shadow of Gullion, Sworn Enemy of Tshombe, Hangs Over Kitona." It appeared in L'Echo du Katanga on December 30, 1961. It did nothing to raise our country's prestige, and must pretty adequately sum up the feelings of Katangans:

> Tshombe, most assuredly, is not tractable, and Washington will never be able to have him as its tool, no chance for the new American-Swedish partisans of Negro slavery, of other trusts and holdings. What matters to Tshombe is the welfare of Katanga.

Our reputation certainly did not rise with that kind of reaction.

Mr. Speaker, some of my colleagues may feel it matters little what a black man named Tshombe and his people in an African place called Katanga might think of us. If this thought has passed their minds it might be most revealing that charges against American copper interests have been leveled in the British Parliament, in debate in the House of Commons.

American prestige, Mr. Speaker, is directly involved with these charges, because it is not just implied, it is declared, that our Congo policy has been made to fit in with our copper interests.

I am not going to so charge. I am only bringing it to your attention to let you see the gravity of the situation, to reveal what is thought of us abroad, to show the possibility exists that the charges might be true, in which case we in the Congress have a mighty responsibility to get to the bottom of it all now before we spend any more of the tax money of our constituents.

A while ago I read you a public letter to a newspaper by a British Member of Parliament just last month. Last December the debate in the House of Commons brought out the same feelings and even more pointed accustations.

The British Government on December 14, 1961, sought a supporting vote in the House of Commons—which it obtained—for a formal request to the U.N. Secretary General to obtain an immediate cease-fire in Katanga. In the debate, Mr. Harold Wilson attacked the government position, and in doing so, condemned the financial interest of Union Minière and Tanganyika Concessions and the British South Africa Co., in influencing British policy.

In reply, Mr. John Biggs-Davison stated:

> The right honorable member for Huyton (Mr. H. Wilson) is a fair man and he is a Socialist. When he is discussing the great financial interests who may be interested in these affairs, would he like to complete the record and say something about the transatlantic copper interests and certain elements on Wall Street who are also interested? Surely as a Socialist and as an Englishman he should say something about those things as well.
>
> Mr. WILSON. I should be delighted to have all that the honorable member for Chigwell (Mr. Biggs-Davison) can tell me about those firms, but no one has yet alleged that they have tried to influence honorable members through engaging public relations firms and in other improper ways.
>
> Mr. BIGGS-DAVISON. Their influence is in the United Nations.

Mr. R. H. Turton—Thirsk and Malton—also replied to Mr. Wilson:

> The right honorable gentleman must know that the extensive military operations in the Congo today are attributed by many to the American copper lobby. At a time when there is a surplus production of copper in

the world, it is to the advantage of certain American interests to see that the copper mines in Katanga stop production, as indeed their production has been stopped within the last few days. There is another interest which the right honorable gentleman, who at the moment is an innocent in foreign affairs, must realize.

As the debate continued, Mr. A. Fenner Brockway—Eton and Slough—a member of the opposition stated:

> The right honorable member for Thirsk and Malton (Mr. Turton) referred to the American copper interests. He put his finger on the real issue in Katanga today. He admitted that American copper interests are influencing American policy. Does he ask us to say that Union Minière and Tanganyika Concessions, Ltd., are not influencing the policy of honorable members opposite?

Another opponent of the Government motion to seek a cease-fire in Katanga, Mr. William Warbey—Ashfield—commented:

> It has been admitted by honorable members that other financial interests are involved—American, as well as Belgian, French, and Russian. They have all contributed to the latter day "Das Kapital" which has been so amply illustrated by these events.

Mr. Speaker, these highly interesting statements made by Members of the British Parliament, both in the controlling party and in the opposition, and recorded in the Official Report of the House of Commons for December 14, 1961, should give us cause for concern.

I do not know that American copper interests have determined American policy on Katanga. I do not know that they have not.

There is a lot I do not know, and you, my colleagues, do not know, as to what is behind our Congo policy.

But I will say that you and I know the results of our policy—and if the charges that have been made abroad should be true, then Mr. Speaker, the results we have witnessed in the Congo certainly would be shown to be a logical effect of the cause. Our duty clearly requires that we launch the most thorough investigation of the charges to determine their truth or falsity

Jo Gerard, in Europe magazine for October 3, 1961—Brussels—recounted the early warning on our policy by Senator Thomas Dodd, then puts so well the questions I have asked from the beginning of the outrageous policy toward Katanga:

> Despite this warning by Dodd, the first of its kind in the United States, Mr. Kennedy's entourage has not modified its irrational policy in relation to the Congo.
>
> Why this obstinacy in pursuing an erroneous course?

He asked that in October a year ago. Today our policy is the same. I still ask that question.

Gerard went on to answer the question very bluntly in his article:

> Because under the cover of U.N. operations in the Congo, American big business interests have launched into profitable business ventures in Léopoldville and elsewhere.

The writer concludes:

> One can then readily understand that it is to the definite interest of American big business to work toward unification of the Congo in order to better drain its riches and to facilitate its negotiations by dealing with a single government. Bringing Katanga back under the rule of the latter, would give a tremendous boost and added scope to business ventures so brilliantly initiated. But this also means the definite elimination of those Belgian intruders who cling to the idea that Katanga was discovered by them, saved from Arab servitude by their officers, and had their land developed by their engineers and technicians.

One of the main financial papers in Brussels that may be compared to the Wall Street Journal went into the story of the Congo on December 12, 1961. L'Echo de la Bourse in its section "Notes and Reflections" asked: "What is behind the Katanga affair?"

The free world asks itself what may suddenly have aroused the Americans to such a point as to lead them, themselves, to doing a job in Katanga which the Soviets would have liked to tackle if they had not been afraid of world reaction. Today we see the United States, allied with India and Sweden, bear down with all its weight on a small country whose only crime is that of appealing to Western civilization, and to article 1 of the United Nations Charter which grants the people the right to self-determination.

After discussing some of the allegations I have already given you from other sources, this outstanding Belgian newspaper concludes:

All this seems quite coherent and throws an edifying light on a behavior which greatly resembles that of certain animals—the hyena and the jackal, for example.

Mr. Speaker, now we come to one authoritative statement that may be the crystallization of all these charges which, if true, would be world shattering to say the least. This is it:

> As early as August 1960, while sojourning in Stockholm, on the occasion of a scientific congress, we were informed by a reliable source of the existence of a Swedish-American concern, headed by a very high official of the Swedish Foreign Ministry and set up for the purpose of gaining control over the nonferrous metals in the Congo. A relative of Mr. Hammarskjold was the kingpin of this trust, the real aim of which was, by having control of the Katanga copper production, to put it into a state of suspended animation so as to boost copper stocks, the control of which was in the hands of American high finance.

So wrote Viscount Charles Terlinden in the highly respected La Libre Belgique on December 12, 1961.

As I said, it seems to be the essence of the many charges—with the claim of closehand information.

The charge of Viscount Terlinden that a high official in the Swedish Foreign Ministry was the director of the American-Swedish combine that sought to take over the Congo's nonferrous minerals seems to imply that Swedish policy was deeply involved—or at least one high-level policymaker.

Mr. Speaker, it may be entirely coincidental, but there does seem to have been developing over the past several years a great activity on the part of Swedish interests in Africa. I would be the last—as a stanch defender of free enterprise—to find anything wrong with a country's endeavor to expand its markets. However, there seems to be a rather interesting political approach on the part of the Swedish Government to Africa that is at times quite provocative and which I think raises certain questions.

The Afro-Scandinavia Youth Congress was held during the week of August 20 in Oslo, Norway. Officially it was paid for by the students, Government, and businessmen of Norway. However, its official booklet carries greetings from the Norwegian, Danish, and Swedish Ministers of Foreign Affairs.

Reports I received from an observer at the Congress indicate that it was anti-South African, anti-Rhodesia, and anti-Katanga.

What appears to be a most highly unusual political undertaking has been developing over the last few months in Sweden with regard to Rhodesia.

Announcement was made of the formation of a Swedish-Rhodesian campaign committee, coincident with newspaper stories of the brutal repression of Africans by the "saber rattling" Sir Roy Welensky.

The purpose of the Rhodesian campaigners as they called themselves, was to raise funds from freedom-loving Swedes to help finance the campaign of Kenneth Kaunda, the African leader of UNIP, the United National Independence Party of Northern Rhodesia, in the forthcoming October elections. Kaunda has often expressed bitter hatred of Moise Tshombe, his Katanga neighbor.

All of the sponsors of the Committee are well known in Sweden, each one of them being listed in the Swedish Who's Who, Vem Ar Det.

Among these sponsors is Prof. Bertil Ohlin, who is the leader of the Liberal Party—or People's Party—Folk-Partiet. This party has the second largest bloc of seats in the Swedish Parliament.

Stories I have and will insert in the Record state that considerable funds have been raised from the local units of the party in power, the Social Democrats.

So we see, Mr. Speaker, that the two leading political parties in Sweden are taking a very active role in trying to openly defeat Sir Roy Welensky in the coming October elections in Rhodesia. In fact, I have learned that the headquarters of the Rhodesian campaign committee is located in the headquarters of the Folk-Partiet of Professor Ohlin, despite his public statement to the London Sunday Telegraph that he was sponsoring the campaign "as a private individual."

It might be well to point out that Prof. Gunnar Mirdal, the former Social Democrat—Socialist—Minister of Trade is also a sponsor. Mirdal comes from the party in power in Sweden—and is, of course, well known to Americans familiar with the Supreme Court decision on integration since his works were quoted in that decision.

So, Mr. Speaker, in one more country of Africa, we find the Swedish Government involved—if not openly directing the operation—in the internal political developments of that country, in this case, one which is still a British protectorate.

At this point I might say that the articles favoring the Rhodesian campaign find little good about Welensky and little wrong with Kenneth Kaunda. I make no brief for either of them since I know little about them. But it is interesting to note that the Swedish articles that have been exciting sympathy for Kaunda make no reference to the riots and disorders of last year between July and October, or to the fact that the official report of the Government of Northern Rhodesia that found that out of 2,691 persons convicted of offenses arising out of the disturbances, 2,158 were members or officials of Kaunda's UNIP.

Kaunda has claimed a policy of strict nonviolence, but the official report indicates perhaps something else. In fact, it is interesting to note that in one of the Swedish articles building up the need for Kaunda to get Swedish money, the writer acknowledged inadvertently, perhaps, that rough stuff went on inside Kaunda's group.

Gunnar Nilsson reported in Expressen June 21, 1962:

> Within both the nationalist parties you will find a string of tough gangster elements, who will not hesitate to commit murder or acts of violence. About a month ago five or six Africans were murdered by their own people on account of political disagreements.

Also of interest, I think, is the fact that there seems to have been little or no mention of the other African nationalist leader, Harry Nkumbula, who has often expressed friendship for Tshombe. To the Swedes behind this unusual, open, political interference in the affairs of another nation thousands of miles away, Welensky is the man to get, and Kaunda is the man to get him, through the election of a Kaunda-oriented Parliament to undercut Welensky's power in the Rhodesian Federation.

One might ask, is there any possibility that another purpose lurks in the background—since Sir Roy Welensky is Katanga's most avowed supporter?

It is interesting to note, Mr. Speaker, that one of the principals in the United Nations action against Katanga, Mr. Sture Linner, according to his United Nations supplied biography, was in 1952 a member of a Swedish industrial delegation invited to visit the Congo.

The same biography shows that Linner's experience in Africa does not stop there. It states:

> From 1952 to 1957, as an executive vice president of a business firm, he made market surveys in a number of areas including the United States, the U.S.S.R., South Africa, the Middle East, and the West Indies.

The biography shows also that in May 1960 he was a member of a four-man delegation appointed by the Swedish State Department to visit west African countries.

Inquiry brought out the information that the May 1960 mission composed actually of six persons, including Linner, was sent out for the purpose of studying the areas to determine where Swedish embassies should be placed.

The Linner delegation really covered ground in Africa. The official mission visited these countries—well beyond the west African countries: Guinea, Sierra Leone, Liberia, Ghana, Togo, Nigeria, Mauritania, Senegal, Mali, Ivory Coast, Upper Volta, Niger, Dahomey, Cameroun, Gabon, the Congo, Central African Republic, and Chad.

Embassies of Sweden were established in Lagos, Nigeria, in September 1961 and Monrovia, Liberia, toward the end of 1961.

The Swedish Government is now establishing an embassy in Léopoldville in the Congo, where they have only had a consulate for the last 6 years or so.

It is interesting to know that before the establishment of the embassy at Monrovia, the Swedish Ambassador to Lisbon, Portugal, had been accredited to Monrovia, about 2,250 air miles distant. The two new embassies set up in 1961 at Monrovia and Lagos are only about 600 miles apart.

Nigeria and these other countries, of course, have recently become independent and embassies would not have been located there, but Liberia has always been a free Republic since its founding.

Mr. Speaker, I do not know what the Swedish Government is up to in these African countries, but one thing is certain. In Rhodesia and perhaps in other countries, the Swedes are not seeking to get along with the regime in power, but are actually—and this is so interesting—openly trying to bring down this regime. They seem to be following a deliberate policy of provocation.

Obviously the Swedes behind this African policy do not expect to get any favors from these regimes. Alternatively, would it be improper to assume they hope to be on the inside with the new, so-called independent regimes that may take over in these countries? And would it be ludicrous to conclude that men like Kenneth Kaunda of Rhodesia just might be somewhat indebted to the Swedes who pitched in so hard to bring his party to power, if indeed, that attempt should prove successful?

With this knowledge of official and quasi-official Swedish interest and activity in African countries to the east of the Congo, to the south of the Congo and to the west of the Congo, would it be unforgiveable for one to look with a certain skepticism at denials of interest in the Congo which were finally forthcoming from Swedish sources regarding the allegations in the European press that I have already related to you?

The denials as carried in the French Press Agency, December 20, 1961, were reported in the Gazette du Lausanne for December 22, 1961. That newspaper stated that on the previous day a spokesman for the Swedish Ministry for Foreign Affairs and a spokesman for a Swedish industrial group issued statements regarding the widespread charges.

The articles follow:

[From the Sunday Telegraph, July 8, 1962]

### SWEDISH FUNDS FOR RHODESIAN PARTY

(By Thomas Harris)

STOCKHOLM.—A group of influential Swedes formed to intervene in the forthcoming Northern Rhodesian elections has sent the first installment of a £20,000 fund to Mr. Kenneth Kaunda, leader of the United National Independence Party. The group, known as the Rhodesian Campaigners, organized the fund to finance Mr. Kaunda's party and fight "the saber-rattling Welensky."

The campaign is causing embarrassment to Mr. Erlander, Swedish Prime Minister. It is feared it may also disturb Anglo-Swedish relations.

Launching the campaign, the sponsors said the "unreasonable attitude" of Sir Roy Welensky, Federal Prime Minister, had compelled the British Government to give Northern Rhodesia a constitution "which failed to satisfy the Africans' just claims."

Since then the campaign has been waged by advertisements, meetings and a virulent press campaign against Sir Roy Welensky and the white population in Rhodesia. Mr. Kaunda appealed to a number of countries for aid, but only Sweden responded.

Mr. Bjorn Beckman, the Campaigners' president, claims that the executive of Mr. Erlander's ruling Social Democrat Party has exhorted its district branches to contribute to the fund. In fact the executive has rejected the Campaigners' request for a direct contribution, but has forwarded it to its district branches without comment.

#### NEUTRALITY POLICY

Mr. Erlander made a statement in answer to two questions I put to him today. These were:

What is the Swedish Government's reaction to the appeal circulated by its own party's executive to the district branches to contribute to the fund?

Does the Government consider this intervention by its own party in a Commonwealth election to be consistent with its policy of neutrality?

In his reply Mr. Erlander said: "A so-called Rhodesian committee of private persons, of whom some are active within different political parties, has been formed in Sweden. It is thus an entirely unpolitical association.

"This committee has made a direct request to the Social Democrat Party and to the other parties for a contribution to the United National Independence Party, but received a refusal from the Social Democrat Party's executive.

"As this 'intervention' occurs entirely on private initiative and without the participation of either the State or the political parties, I find it difficult to understand that it could in any way be incompatible with our neutrality policy."

#### COLLECTIONS TAKEN

Among the campaign's sponsors are Prof. Bertil Ohlin, leader of the Liberal Party, Prof. Gunnar Mirdal, former Social Democrat Minister of Trade, and the editors of three of Stockholm's five national newspapers.

Prof. Ohlin said he was sponsoring the campaign as a private person. Collections were made at the Liberal Party's national meeting and at its Youth Congress, he said, but this was only because so many people were conveniently gathered together.

Mr. Unden, Foreign Minister, said this week that people should not be "too ready to assume a moralizing attitude toward other nations."

---

[From the Dagens Nyheter, June 3, 1962]

### KENNETH KAUNDA VISITS SWEDEN

Kenneth Kaudna, the center figure of the African independence movement in central and east Africa, visited Sweden recently to appeal for help to ward off a possible catastrophy which threatens North Rhodesia and central Africa.

The leader of the federation, Sir Roy Welensky, and the European nationalists, which make up 3 percent of the population in North Rhodesia, oppose African self-determination, and Welensky's unreasonable stand has forced the British Government to offer North Rhodesia's people terms which in no way satisfy the just demands of the Africans. Kenneth Kaunda and his party, the United Independence Party (UNIP), is following an impressive nonviolence policy in their campaign for independence which contrasts sharply with Welensky's saber-rattling outbursts. But the UNIP needs also resources so as to be able to continue successfully along this peaceful way.

It will be at the polls in October that Rhodesia's future will be determined. A victory for Kaunda will be a victory for the peace-preserving forces in central Africa, who wish to prevent this independence movement from veering off toward another "Algerian tragedy."

UNIP, the only influential party, does not even have the most elementary resources at their disposal to use in their election campaign before going to the polls in October. Africans have never before taken part in voting and they are exposed to the influence of official propaganda from the Welensky side which controls the press and radio. A successful campaign on part of UNIP, therefore, demands that resources be provided, and these must come from outside.

After many fruitless attempts to solicit support from other sources, the north Africans now have turned to Scandinavia. We can help UNIP, and we must help them, because we cannot just sit quietly unperturbed and witness how a new Algerian type of tragedy looms into view, right before our own eyes. Our help needs to be a hasty one, there are only a few months left to the polls. We urge those who are able to help us live up to our responsibility toward such critical situations as this one by supporting the Swedish Rhodesia campaign. Because of North Rhodesia's strategic position, its wealth, and because of Kaunda's outstanding role in African affairs of today, the chances of Swedish support and contributions influencing developments of Africans following the peaceful ways are good.

The following people support the aims of the Swedish Rhodesia Committee:

Axel J. Hojer, general director; Signe Hojer, author; Ivar Lo-Johansson, editor (chief); Olof Lagercrantz, editor; Gunnar Myrdal, professor; Bertil Ohlin, professor; Kurt Samuelson, editor; Torgny Segerstedt, professor; Inga Thorsson, alderman; Herbert Tingsten, professor; Victor Vinde, chief editor; and Per Wastberg, author.

Rhodesia campaign (headquarters), Hollandaregatan 8B 3R Stockholm. Post-giro (post office transfer) (wire post office box) 25-59-80.

---

[From the Expressen, July 3, 1962]

## RHODESIA COLLECTION NEEDS MORE MONEY

The Rhodesia collection needs more money. The first phase in the continued Rhodesia fundraising campaign has come to a close. And the first remittance has been made to Kenneth Kaunda's Independence Party in North Rhodesia. The Swedish public has in this manner handed over its contribution to a campaign struggling for a democratic and peaceful political solution in central Africa.

The fundraising campaign continues, considerable contributions have been promised from various sources, during the last few days the leaders of the Social Democrat Party have sent out appeals to the nation's labor unions asking them for help. This should bring in generous amounts. The Stockholm workers union has already collected about 4,000 crowns.

Otherwise the most gratifying results up to now show that we have been receiving a large number of smaller contributions, says Bjorn Beckman, the spokesman for the Rhodesia Fund Raising Committee. It shows that we have really reached the public.

The many young people who volunteered to carry out the heavier work in connection with the campaign is heartwarming. Most of these young people belonged to political youth organizations.

### MORE MONEY

Very encouraging results were achieved already at the start of the drive, when collections were made by the Liberal Party's Youth Congress, and by the rural groups of the Liberal Party (Folk Party), Bjorn Beckman says, we now plan to make another remittance during the middle of the month, then still another one during the next month.

The North Rhodesian election campaign is now proceeding toward the climax, and it is therefore very important that we send more money as soon as possible, Bjorn Beckman stresses. "We know that every crown constitues a real contribution to Kaunda's campaign, which will by peaceful means try to gain a majority in the new parliament for the natives, so that the present regime's powerful majority is broken up. The contribution from our country will not be the least in significance, because it will show the Africans that the whites do not all have the same attitude as the white minority that rules in their own land. From a far-sighted point of view this kind of good will can become valuable.—Rhodesia campaign: has Post-giro (post office delivery) 25-59-80.

---

[From the Expressen, June 21, 1962]

## WELENSKY'S BOXING FIST FRIGHTENS AFRICANS—IN SPITE OF THIS GENUINE OPTIMISM PREVAILS AMONG NORTH RHODESIAN VOTERS

(By Gunnar Nilsson)

(NOTE.—Gunnar Nilsson was sent by the Expressen to Africa. Here he ends his series of articles concerning the Rhodesian Federation. He draws his conclusions about the coming autumn elections in North Rhodesia. In Sweden the Rhodesia fundraising campaign was set in motion to support the African independence movement. This campaign will give to Kenneth Kaunda's Independence Party economic aid to bolster his activities. Africans need money for their movement, so as to be able to spread information. Anyone wishing to support the Rhodesia campaign can send in their contributions to Post-giro 25-59-80.)

There is widespread fear and trembling in the atmosphere of this year-round sunny, summer warm country, North Rhodesia. The heavy boxer fist of Prime Minister Sir Roy Welensky, at one time a heavyweight champion, shakes threateningly against the 2 million Africans of North Rhodesia.

To verify this I came upon a typical example on the very first evening of my arrival at Lusaka. It was full house at the bar of the Grand Hotel. There were Africans only.

Exhilarated men and women carrying their children on their backs were dancing the twist and drinking beer. It was on Saturday evening and Africans were out making the rounds.

It quieted down a little as I entered the bar. I felt as if 50 pairs of eyes were watching me. No one took any notice of me. I felt instinctively a high wall of suspicion around me.

I found it difficult to make a contact with these Africans. Finally one of them said, "You understand no whites ever come here, except the police. We thought you might have been with the police."

This is Lusaka, where racial discrimination has been officially terminated. Around the corner, however, the whites had their own bar, in the same hotel, but it was labeled "private." In this way Africans and Indians became legally barred.

After the Africans found out that I was not a policeman, they remarked, "We are glad that you are here; we only wish that more white people would come here."

### FEAR

Fear of the white police is deeply rooted, and it takes very little only to cause an African to be arrested and sent to jail.

Prime Minister Welensky's men need only to think that a person is a threat to general orderliness and security to justify that person's arrest and jailing.

There is, therefore, constant traffic going in and out of jails, many people not knowing why they were jailed.

### ONE THOUSAND PRISONERS

Kenneth Kaunda, leader of the Nationalist Party, UNIP, said to the correspondent of the Expressen, "There are today approximately 1,000 political prisoners [incarcerated in North Rhodesian jails]. During last year there were about 3,500. We demanded that these be released before we go to the polls in October but the Englishmen simply shrugged their shoulders, answering that there were no political prisoners in jail and that only regular rabble rousers had been caged in."

What is the truth? Both parties are probably right from their points of view, because most of the prisoners probably did cause political disturbance of some sort or other.

Within both the nationalist parties you will find a string of tough gangster elements, who will not hesitate to commit murder or acts of violence. About a month ago 5 or 6 Africans were murdered by their own people on account of political disagreements.

On another occasion after African nationalists had killed a white woman, four Africans were hanged. Kaunda's propaganda paper, the Voice of UNIP, wrote a touching article referring to the persons that were hanged as national freedom champions.

This sort of thing does not help promote mutual understanding and trust in North Rhodesia's problem of racial hatred.

### FAIR CHANCE

The boundaries of political freedom in today's North Rhodesia are clearly defined. These give the Nationalist Party no further than a fair chance to assert itself.

The Africans are protesting mainly on the following points:

1. The freedom of movement for the party leaders within the UNIP is to a certain degree limited, so says Kaunda to the Expressen.

I am at this time forbidden entry to three places. We demand that this ban be abolished before we go to the polls.

We do not have total rights to have political gatherings, and it happens, therefore, at times that the authorities refuse permission. These refusals are supposedly motivated by fear of trouble from a rival party. Full freedom has been promised, however, during the whole election campaign.

The political speeches of the nationalists are tape recorded by the police. This, however, does not appear to be too repressive.

2. The voting rules are so arranged [construed] that they favor Welensky's White Federalist Party. The Parliament is to be made up of 15 white Members elected by Europeans and some wealthy Africans, then there are to be 15 African Members elected by the Africans—a further 15 seats will be given to so-called national positions. These will form the crux of the whole election.

### UNBELIEVABLE

[Candidates] for the last mentioned 15 seats must carry at least 10 percent African votes and 10 percent white votes. It is generally surmised as most unlikely that the whites will vote for the black or that the Africans will vote for the white.

Welensky therefore figures that these 15 special seats will not get filled and hopes that there might arise a necessity to make appointments.

Kaunda said to the Express: "If we do not get effective guarantees to the effect that this will not happen, we shall simply boycott the election."

In spite of all these difficulties, one seems to come across a great deal of optimism amongst the African nationalists of Northern Rhodesia.

The Africans do not anticipate too much foul play and dishonesty on the part of white extremists, but they seem to think that for a first time go, they have at best received a small chance, which anyhow is a chance to win a parliamentary election.

---

[From the Gazette de Lausanne, Dec. 22, 1961]

### SWEDISH OFFICIAL QUARTERS REACT STRONGLY TO DISCLOSURES MADE BY THE PRESS, AMONG WHICH, THE GAZETTE

"Sweden intervened in the Congo only as mandated by the United Nations Organizaton," a spokesman from the Ministry of Foreign Affairs declared yesterday. Mr. Erland Waldenstrom, the president of the Swedish group of iron industries, Grangesberg Oxelosund Trafik A.B., has labeled as absurd the rumors spread in the French, Belgian, and Swiss newspapers, according to which this group, or any other Swedish industrial group, was pursuing particular interests in the Congo, notably in Katanga.

Mr. Waldenstrom's remarks are leveled at the Gazette de Lausanne, yet we have never accused the Swedish companies of particular designs, but we thought it was our duty as news gatherers to mention troubling coincidences.

Mr. Waldenstrom acknowledges that Mr. Bo Hammarskjold, brother of the former Secretary General, is really president of the board of directors of the Grangesberg group by virtue of his legal ability. According to Mr. Waldenstrom, the chief of the U.N. civilian operations in the Congo, Mr. Sture Linner, never belonged to the group, but he adds that this engineer worked in Liberia for the Lamco company, the Swedish iron syndicate; as a matter of fact, experts know very well that the Grangesberg group is strongly represented in it. Besides, the group is closely associated with the Bolidens Gruv A.F. whose President is Mr. Sven Schwartz, about whom Mr. Waldenstrom said yesterday that he had been put at the disposal of the Léopoldville Government by the United Nations to carry out as an expert a general survey on the mineral resources of the Congo, and that therefore he had no further ties with the Swedish industries.

All those who know the present Congo, and who knew the former Congo, are cognizant of the fact that in the geological field, the Belgians made an inventory of resources a long time ago, and that the records of the Governor General, if not containing all the secrets of the above-mentioned socities, are nevertheless, fully complete and they have never been taken out of Léopoldville. In this present administrative confusion, one can well question if the Congo needed this general survey and one has the right to wonder why the General Secretariat gave it priority.

---

I mentioned a moment ago that a certain skepticism might be permitted in reading these denials in view of concurrent Swedish policy in African countries, including countries bordering on the former Belgian Congo.

This alone would be insufficient for me to take this floor and bring to your attention a number of allegations concerning an American-Swedish concern that is supposed to be seeking control of the Congo's mineral wealth.

However, as I stated when I began these remarks today, the number of strange and unusual developments in the United Nations war against Katanga, things that are without precedence in their violation of the United Nations Charter and all American tradition have for months caused me to ask, Why? Why? Why? Why?

I might say, Mr. Speaker, that at this moment our American policy continues along this strange path in the Congo. President Kennedy can state in a press conference that he does not favor an invasion of Cuba—which is Communist controlled—but at the same press conference, for the second week in a row, he can refuse to answer a question on whether he will guarantee that the $100 million bond issue will not be used for another military attack on Katanga.

And so as I ask why the policy on Katanga today, I asked it when I came across the charges in the European press.

Was it possible, indeed, that selfish financial interests might underlie the vicious United Nations and United States policy toward Katanga?

I looked into the companies that had been named in these charges, Mr. Speaker, and as I did, the possibility began to assume real proportions.

There began to unfold, right out of the files of the Securities and Exchange Commission a few blocks from this Chamber, a picture of a financial and operating industrial complex that I was gradually to learn tied together in the one enterprise a number of the key characters who have played major roles in the determination of policy in the Congo for the United States and for the United Nations.

I would go further, and say that it is entirely possible that the characters in this drama themselves made the final determination of official United States and United Nations policy in the Congo.

Here, Mr. Speaker, I had proof of a close relationship between high level Americans and high level Swedes in a company operating in Africa. I cannot know that these persons deliberately planned the events in Katanga as they transpired, but there is no question that these individuals helped determine that the United Nations would force Katanga into submission to the so-called central government, and actually went so far as to seek the indiscriminate use of blockbuster bombs in the name of the peace organization against a people now forged into a single nation by the common opposition to the blazing guns of the forces of that peace organization.

Mr. Speaker, I cannot determine motive. This is beyond me to do. But I must stand here and do my duty to those who have elected me, and whom I must represent in this office.

I can and must stand here and insist that we move not another inch along the road we have followed until this Congress clears up once and for all the possibility that high finance might underlie our disastrous Congo policy.

I do not say that it is, but I question could it be.

Mr. Speaker, my colleagues in the House of Representatives, please think of the charges made abroad, please think of the strange way we have treated Katanga, as I mention the names that will be forthcoming, and ask yourselves if, indeed, a thorough investigation is not sorely needed. Not just the obtaining of denials from men in high places, but a spotlighting of every shadow of possibility of foul play, an exhaustive inquiry made by men of untouchable reputation into the many, many devious methods utilized by our State Department in handling developments in the Congo, in its treatment of President Tshombe, its reporting of events as they actually transpired in the Congo, and in other ways.

Mr. Speaker, I hold here in my hands photostats of documents in the files of the Securities and Exchange Commission.

My investigation began there, in order to track down whether or not there were such companies as those mentioned in the press abroad as being involved in a Swedish-American combine interested in the Congo.

I learned very quickly that there were such companies as those named in the allegations.

A study of their registration documents yielded the names of some interesting persons.

I first checked into the group known as Lamco—the Liberian American Swedish Minerals Co. I learned that it had been formed as a result of a joining forces by the International African American Corp. and a Swedish syndicate made up of a group of large companies that operated in various fields. This latter group called itself the Swedish Lamco Syndicate.

A list of directors divulged numerous names, both Swedish and American. Upon digging further back to an earlier prospectus—May 19, 1960—I discovered that the man who had directed the United Nations operations in the Congo, Sture Linner, was indeed an officer of Lamco—SEC No. 39–14.

In fact, he had been the executive vice president and general manager of the American-Swedish combine at a salary of $30,000 per year—SEC No. 39–15.

The SEC document also revealed that Linner had resigned on April 15, 1960, but the prospectus announced he would remain as a consultant with the firm until July 15, 1960—SEC No. 39—15.

It was interesting to recall that Linner was appointed by Dag Hammarskjold to be resident representative in charge of technical assistance in the Congo on the precise day on which that 3-month period terminated, July 15, 1960.

The question arises, Did Sture Linner know before April 15, 1960, that he would get a job with the United Nations in the Congo?

We must note that April 15, 1960, was fully 2½ months before Belgium gave independence to the Congo, and, of course, before the United Nations even went into the Congo.

Mr. Speaker, is it conceivable that certain people knew in advance that the United Nations would be in the Congo?

Eleven days after his appointment to the Congo job was announced, Linner had received another appointment. He was promoted by Dag Hammarskjold to be in charge of the United Nations operation in the Congo.

The stories that Linner was an engineer in Liberia or a personnel director there had been off the mark. He was the keyman operating the company in the position of executive vice president and general manager.

Naturally, I had no way of knowing whether Lamco—a company mining iron in Liberia—had any interest in the Congo.

But I had discovered why the foreign allegations had gotten so much currency, because here was one of the key policymakers for the United Nations in the Congo proving to be a former key official in what indeed was an American-Swedish corporation operating in Africa.

The documents on Lamco turned up no other names I recognized among the Swedish group. Among the Americans, one was of special interest. The president of Lamco was a Mr. Johnson Avery, who had headed the group since 1954—SEC No. 39–12.

Before that time Avery had been Assistant Director of the U.S. Technical Cooperation Administration—SEC No. 39–13.

The Securities and Exchange Commission provided me with the files on the International African American Corp., which, it turned out, had obtained the original iron concession from the Liberian Government, and had started the undertaking as a 50-percent partner with that Government. The Swedish syndicate came into the picture later because International African American Corp. had financing difficulties, and the Swedish companies, with plenty of capital behind them, were able to pour money into the project.

The reports on the International African American Corp. turned up the list of directors.

One name stood out, that of Fowler Hamilton, who is now the Administrator of the Agency for International Development in the Department of State—SEC No. 39–227.

The 1960 annual report of International African American Corp. also showed the general counsel of the company to be the law firm of which Hamilton was a member.

It was, of course, interesting to find that a high official in the Department of State had been associated in a combine in which Sture Linner had been a keyman.

Further perusal of the SEC files brought out the fact that Linner was even more than executive vice president of Lamco. He had been elected or appointed as an alternate director for Mr. Erland Waldenstrom, who was a director of another company that had been set up by International African American Corp. and the Swedish Lamco Syndicate as a financial holding company under which Lamco would operate—SEC No. 39–12.

This financial company was called Liberian Iron Ore, Ltd., and was chartered in Canada. In an early prospectus I found that Fowler Hamilton was also a director of Liberian Iron Ore, Ltd., called LIO—SEC No. 39–12.

A later document—prospectus dated November 15, 1961—in the LIO-Lamco files revealed that Fowler Hamilton, who had resigned to enter the State Department, had been replaced by another member of his law firm, Melvin C. Steen, as a director of LIO—SEC No. 39–139.

This prospectus made no mention of Sture Linner in any way. He was at the time directing the United Nations assault against Katanga.

And a man for whom Linner had worked in Lamco, since he was Linner's superior as a director of the financial holding company, LIO, Fowler Hamilton, was now in the foreign policymaking agency of the U.S. Government, the Department of State, as head of our entire foreign aid program.

And as I have just stated, the interest was such that Mr. Hamilton was not replaced by just any American or Swede on the board of LIO but in particular by a member of his own legal firm.

Next I gleaned from the files of Lamco in the Securities and Exchange Commission data showing that the major Swedish corporation in the Swedish Lamco Syndicate was none other than the one cited in several allegations in the foreign press as having an interest in the Congo, the Grangesberg Co.

A prospectus of LIO, the holding company, dated November 15, 1961, listed Trafik A. B. Grangesberg-Oxelosund as owning thirteen twenty-eighths of the Swedish syndicate's stock in LIO. In addition Grangesberg had been appointed to handle all managerial functions for the entire Liberian operation—SEC No. 39–143.

My investigations of the companies in the Swedish group finally led me to the Commercial Intelligence Division of the Bureau of International Business Operations in the U.S. Department of Commerce.

The Department finally supplied me with a rundown on Grangesberg. In a World Trade Directory report dated April 18, 1961, the Department showed Mr. Bo Hammarskjold, of Stockholm, as a member of the board of directors.

A check in the Swedish Who's Who, Vem Ar Det, confirmed the fact that Bo Gustav Hammarskjold indeed is the brother of Dag Hammarskjold, the Secretary General of the United Nations up through the period that included the first military assault on Katanga, until his tragic death at Ndola on September 18, 1961.

Now it was apparent that the Swedish-American combine had members very close to policymakers in the United Nations operations in the Congo and elsewhere, for that matter.

The Department of Commerce also supplied me with data on another Swedish firm in the Lamco Syndicate, Skanska Cement AB.

The board of directors turned out to be quite interesting because one of the directors was the man who had the job of senior consultant on natural resources and industry for the United Nations operations in the Congo, Mr. Sven Gustaf Schwartz.

Now it was apparent that Sture Linner, who directed the operations in the Congo that saw two bloody assaults on Katanga and the Union Minière installations, had had several bosses in Lamco who turned out to be in positions to make policy in the Congo.

The top man in the U.N. was the brother of one of Linner's bosses, Bo Hammarskjold. The man who the U.N.'s Secretary General, Dag Hammarskjold, appointed to give the word on what should be done with the Congo's mineral and other natural resources, just happened to be another boss of Linner's in Lamco, Sven Schwartz.

And, as we have already seen, another of Linner's former bosses, Fowler Hamilton, was now high in the U.S. State Department.

And, Fowler Hamilton's law partner, Melvin C. Steen, now, sat in the same director's seat that he held before he went into the State Department. And Hamilton's firm still represented the American partners in the Swedish-American combine, IAAC.

Mr. Sven Gustaf Schwartz turned out to be even more involved in the Lamco syndicate. His biography in Vem Ar Det shows him to be a director of Ifoverken, another company in the Swedish syndicate.

It is also interesting to note, in looking back, that in the Lamco enterprise, Sture Linner was alternate director to Erland Waldenstrom, a director of Lamco's holding company, Liberian Iron Ore, Ltd.

And since Erland Waldenstrom has been president of Grangesberg since 1950, is it not most unlikely that his alternate on the board of LIO would be someone who could not well represent Grangesberg's particular interests?

In Mr. Waldenstrom's statement of denial he said Linner never worked for the Grangesberg group.

The United Nations biographical sketch on Sture Linner closed with this paragraph:

> In 1957–58 he was president of a mining company, directing its activities in Liberia; and from January 1958 to May 1960 he was executive vice president and general manager of the Liberian-American Swedish Minerals Co. (Lamco) in Monrovia. In May 1960 he became director of an organization carrying out research in the field of mining finance and investment.

When I pressed my inquiry on the United Nations concerning this last-named organization, this information was received in writing:

> According to the records, the firm for which Mr. Sture Linner was working in May 1960 was called Grangesbergsboleget.

This official U.N. information stands in direct contradiction to the statement given by the president of Grangesberg.

One may justly wonder why there was any effort on the part of that company to cover up the fact that Linner was in their employ.

From the wording of Linner's U.N. biography there is a clear distinction made that he worked with Lamco which, of course, included Grangesberg until May 1960.

It seems clear that Linner worked for Grangesberg AB specifically in May 1960.

The stories about Mr Sven Schwartz' activities in the Congo originated because of his early comings and goings throughout the country.

A man who flew into Katanga from Rhodesia in November 1960 on the same plane as Mr. Schwartz has informed me that officials of Union Minière treated him with respectful caution because he had the use of United Nations facilities and obviously had carte blanche to go wherever he chose.

It was not until April 27, 1961, however, that the United Nations announced the appointment of Mr. Schwartz to serve in the capacity of consultant on natural resources and industry.

The announcement said:

> Mr. Schwartz has just arrived in Léopoldville. His initial term of appointment, as a member of the U.N. Secretariat, is for 6 months.

In giving his biography, the United Nations announcement made no reference whatever to any previous service in the Congo.

The United Nations Information Office in New York told me, when I made a specific inquiry, that Mr. Schwartz had not been with the United Nations before April 27, 1961. He terminated his service as of August 24, 1961.

Thus it seems the observations he was making were for interests other than those of the United Nations.

The stories about Mr. Schwartz' company, Bolidens Gruv AB, being in the same syndicate as Grangesberg are not quite accurate. Bolidens is, however, one of the large shareholders in one of the syndicate companies, Svenska Entreprenad AB Sentab, a construction company. And, as we have noted, Mr. Schwartz is a director of two companies in the syndicate, Skanska Cement and Svenska Entreprenad AB Sentab.

It is interesting to note, however, in view of Mr. Schwartz' personal mission in Katanga months before the United Nations took him on its staff, that the Bolidens Gruv Co. is a copper company.

According to Svensk Industri Kalender for 1955—the latest Library of Congress sent me—the telegraph address of Bolidens is Coppermine, Skelleftea. Bolidens Gruv is listed as having operations in the following categories: Copper ore concentrate, copper billets, copper sheet bars, copper wire rods; lead ore concentrate; zinc ore concentrate; iron pyrite concentrate, which are usually found along with any of the above ores; lithium minerals; arsenic, metallic; lead pigs; gold; silver, unwrought.

Hence, unlike Grangesberg, mostly in iron and steel, Mr. Schwartz and his company are in the nonferrous minerals field, chiefly copper.

It is no wonder that copper-rich Katanga was highly suspicious of Mr. Schwartz, especially when after his surveys he turned up with the United Nations which was harassing the Province.

It is also interesting to note that in the denial of interest in the Congo made by the president of the Grangesberg Co., as quoted in the Gazette du Lausanne, Sture Linner was said never to have worked for the Grangesberg group, but added that "this engineer worked in Liberia for the Lamco company, the Swedish iron union." As the Gazette pointed out Grangesberg is strongly represented there.

The SEC files show Grangesberg to be the largest shareholder of the six Swedish companies in the Swedish Lamco syndicate. Vem Ar Det shows in Linner's biography that in 1957 he was managing director of the Swedish Lamco syndicate. The United Nations biography on Linner says:

> In 1957–58 he was president of a mining company, directing its activities in Liberia.

The Swedish Embassy here informs us that that company was the Swedish Lamco syndicate.

The denial of Linner's having worked for the Grangesberg group seems to be begging the question a bit, since Linner with either the title of president or managing director, or perhaps both, evidently ran the syndicate of which Grangesberg was the larger partner and, indeed, the managing company for the entire enterprise in Liberia.

The biographical sketches follow:

> [From Vem Ar Det]
>
> Linner, C. Sture; doctor of philosophy, Léopoldville, Congo; born in Solna, June 15, 1917; son of Merchant Carl L. and Hanna Hellstedt; master's degree in philosophy, 1941, doctor of philosophy and doctor of Greek language and literature, Uppsala, 1943; Red Cross delegate, Greece, 1943–45; employed by Electrolux Co., 1946–51 (temporarily chief of Electrolux branch in Venezuela, and Swedish consul in Caracas, 1950; chairman of the board of the Electrolux branch in Italy, 1951); director, Swedish Employers' Association, 1951; managing director, Swedish Lamco syndicate, 1957; Liberian American-Swedish Minerals Co., Monrovia, 1958–60; chief, U.N. technical relief, Congo, 1960; author: "Syntaktische und lexikalische Studien zur Historia Lausiaca des Palladios (dissertation, 1943).
>
> Married (1944) to Clio Tambakopoulou, born 1916, daughter of Director Jean T. and Angeliki Dimitrakopoulou.
>
> ---
>
> Schwartz, Sven Gustaf; director, Djursholm; born in Rättvik, Kopparb., October 25, 1891; son of Manufacturer Carl Dan S. and Wilhelmina Wilkström; Royal Academy of Technology, 1916; engineer, Striberg Mine, 1916–18; chief mining engineer, St. Kopparo. Bargsl., 1918–24; chief mining engineer, Federal Mining & Smelting Co., Baxter Springs, Kans., 1924–25; chief mining engineer, Grängesb. Gemens. Förvaltn., 1926–28; director, mining department, Cie. Franco-Malgache d' Entreprises, Madagscar, 1928–32; managing director, Vallevikens Cementfabr., 1933; director, Skanska Cement Co., 1934–36; Bolidens Gruv., 1936–41; managing director, Stockholm breweries, 1941–49, Bolidens Gruv, 1949–59 (chairman of the board since 1959); member, Ind. Commission, 1940–46 (chairman, 1942–46), Bränslekommissionen, 1940–41 (vice chairman); National Commission for Economic Defense Preparedness, 1947–48; member of the board, Swedish Shale Oil Co., 1941–46 (chairman); Swedish Research Institute for Cement and Concrete, 1942–58 (chairman); Kabi, since 1942 (chairman); Scandin. Bk. since 1946; Skanska Cement and Iförverken since 1947; Uddeholm and Degerfor Ironworks since 1949 (chairman, 1949–54), Scharins Söner, 1951–60; Swedish Brewers' Association since 1941 (chairman, since 1948); SAF since 1946 (chairman, 1946–51 and since 1954); Swedish Mining Association 1950–57 (chairman); Sveriges Ind. Förb. since 1942; Stockholm College, 1949–60, LIVA, 1942 (president, 1953–55); LKrVA, 1946; honorary Ph. D., Stockholm, 1956.
>
> Married (1918) to Ebba Ström.

On December 30, 1961, the Washington Post carried a long article entitled "Union Minière an Enigma of Congo Crisis," by Russell Howe, datelined Léopoldville. Howe closed out his story with a very brief rundown in general of some of the charges I have recounted earlier. He adds some little light on Sven Schwartz who, he points out, is connected with Boliden-Gruv and Graengesberg-Oxeloesund. Schwartz was in the Congo to make a 4-month study of mining there for the U.N.'s Consultative Group for National Resources and Industry.

Here is that portion of the Howe article:

> With British and (more discreetly) French financiers of the old-fashioned type beloved of Marxist cartoons going out on a limb for Tshombe, and a burgeoning Katanga lobby in Washington under Senator Thomas Dodd, Democrat, of Connecticut, some writers have inevitably tended to find greater ramifications of the plot. In France, anti-U.N. mania has even implicated Sture Linner, temporary head of U.N. Congo operations, and the late Dag Hammarskjold himself.
>
> One report, developed in France and Switzerland, implicate Hammarskjöld's elder brother Bo, mining tycoon Sven Schwartz and Linner in a bid to take over Katanga's mines.
>
> The facts are these: Bo Hammarskjöld, a Swedish Provincial Governor, like most well-off Swedes, has money in mines and lumber, Sweden's two main sources of income. He is a member of the board of Graengesberg-Oxeloesund, which owns three-sevenths of the Swedish interest in Lamco, the Liberian-American (iron) Mining Co., which formerly employed Linner as African personnel supervisor. (The Paris financial paper Les Echos called him a "leading engineer of the company," but actually his doctorate is in Greek.)
>
> The Linner-Hammarskjöld story got an added boost when Linner asked the Swedish Institute of Cultural Relations to send someone to make a 4-month study of mining in the Congo for the U.N.'s "Consultative Group for National Resources and Industry." The institute sent Sven Schwartz, retiring president of Boliden-Gruv, reputedly the largest Swedish mining concern, which has stock in Graengesberg-Oxeloesund.
>
> Presumably neither company owns a great deal of UMHK stock because, when dealing with Katangan mines, Schwartz amusingly enough, recommended nationalization.

Mr. Speaker, because of the last paragraph in this story I was especially curious. Here is a report by a man who has been one of the industrial giants in his own country in which he recommends the nationalization of Katanga's mining industry.

This struck me as strange, indeed, for a man whose background has been in private business. Hence I tried for months to get a copy of this report and failed. I was told by U.N. and U.S. officials it was a report to the Congo Government and we could not obtain a copy.

The State Department in Washington, the U.S. mission to the U.N. in New York and the U.N. information office in Washington still have not come up with this report.

The United Nations Review contained verification of Schwartz' appointment to the consultative group advising the chief of United Nations civilian operations in the Congo in its issue of July 1961.

His report did not appear among other reports of the Consultative Group on Natural Resources and Industry.

Finally, Mr. Philip Deane, U.N. information officer in Washington, called me and said that he had learned the report did not exactly recommend nationalization but suggested it as an alternative to having a mixed operation—part government and part business, as at present.

Mr. Dean said the report actually suggested the following:

> The Congolese Government will have to choose between a reasonable agreement on universally accepted principles, on the one hand, and nationalization or other steps taken by the Government.

I do not know the full text of the report and whether the quote I just gave you refers in any way to Katangan mining industry. Russell Howe flatly reported Schwartz recommended nationalization of that segment of the economy, however.

What is interesting is that Mr. Dean told me the report was not written by Mr. Schwartz at all, that it was written by another Swede. He said Schwartz did not write a report at all.

Perhaps Mr. Dean did not get the correct information. Perhaps Russell Howe did not get the correct information. There may be some confusion here.

But one thing was not confused. Mr. Dean gave the name of the Swedish national he said wrote the so-called Schwartz report.

The name was Borj Hjortzberg-Norlund. I have verified that the United Nations did utilize the services of this gentleman. And who is Mr. Hjortzberg-Norlund? Let me turn to the documents I obtained from the Securities and Exchange Commission. We find that Mr. Hjortzberg-Nordlund was an alternate director of Lamco. His biography in the LIO-Lamco prospectus of May 1960 reads:

> Mr. Hjortzberg-Nordlund has for a number of years been associated with Grangesberg, having been a vice president in charge of the planning and development of mines since 1956.

In Liberian publication called Liberia Trade Industry and Travel an article was published in 1961 called "This is the Lamco Story." A paragraph in that article reads as follows:

> Mr. B. Hjortzberg-Nordlund, who has been working on the exploration and development of the Project Lamco since 1954 in his position as vice president of the company (Grangesberg) continued to conduct the projecting work until 1960. At this time Mr. Hjortzberg-Nordlund was requested by the U.N. to give technical advice to the Republic of the Congo and he afterward resumed his earlier function as general adviser to the president of the Grangesberg Co. on mining and mine exploration.

The biography of this individual in the Swedish Who's Who, Vem ar Det shows him to have been a director of Trafik AB Grangesberg-Oxelosund in 1956 and has been chief of the Stockholm office of the Liberia Division of Grangesberg since 1959.

And so, Mr. Speaker, we find that still one more key official in the Swedish-American combine Lamco played a role in the Congo operations, the hypocrisy and viciousness of which have caused questions and doubts to be raised everywhere.

Examination of Fowler Hamilton's law firm, Cleary, Gottlieb & Steen brought to light the fact that the firm had two names for its two offices. In New York City it was known as Cleary, Gottlieb, Steen & Hamilton—Fowler Hamilton—while in Washington, D.C., and Paris, it was Cleary, Gottlieb, Steen & Ball.

Ball turned out to be none other than George Wildman Ball, Under Secretary of State in the Kennedy administration.

Hence, the man who directly helped to establish our policy toward Katanga has been affiliated with the key figures already outlined in this little drama.

He has been in the firm that represented the International African American Corp., and which has had two successive partners sit on the board of directors of Liberian Iron Ore, Ltd.—Melvin Steen succeeding Fowler Hamilton—which is the holding company for Liberian American Swedish Minerals Co. And this somewhat complex setup is the combine which has as two key figures, Bo Hammarskjold, brother of former U.N. Secretary General Dag Hammarskjold, and Sven Schwartz, who made an important study in the Congo with interesting recommendations as to what should be done with Katanga mining operations. This is the combine that was commanded in its operations by Sture Linner, who was to head up the U.N.'s Congo operations.

Thus, there are two Americans out of the American-Swedish corporation, Lamco, who are very highly placed in in the foreign policymaking agency of our Government, the Department of State.

The question naturally arises as to possible conflict of interest on an international scale, when we see an unbelievably bad policy in relation to an extremely rich little country, Katanga, possibly formulated for the United States of America in Washington, on the one hand, by Ball and his subordinate Fowler Hamilton, and for the U.N., on the other hand, in New York by Dag Hammarskjold, and in the Congo by Sture Linner and Sven Schwartz, and by Borj Hjortzberg-Nordlund, all of whom, with Dag's exception, have been tied closely together in the one international combine deeply interested in Africa.

The individual who may well be the central figure in the international combine is Marc Wallenberg, Sr., a Swedish banker. Wallenberg is chairman of the board and president of Liberian Iron Ore, Ltd., holding company for Lamco.

His biography in the May 1960 prospectus obtained from the SEC files reads:

> Mr. Wallenberg of the Stockholm Enskilda Bank, Stockholm, has been its vice chairman since 1958 and was its president for 12 years prior thereto. He is chairman of the board of a number of companies, including Allmanna Svenska Elektriska A.B. (ASEA) (electrical machinery and appliances), Telefon A.B. L. M. Ericsson (telephone apparatus), Atlas Copco A.B. and A.B. Nordstroms Linbanor. He is a director of various other companies including Stora Kopparbergs Bergslags A.B. and Scandinavian Airlines System (SAS), of which he is one of the three chairmen.

Marc Wallenberg, Sr., obviously has considerable interest in Lamco. He is the chief officer in the entire complex. He is a director of at least two of the Swedish companies in the Swedish Lamco Syndicate and vice chairman of Stockholm's Enskilda Bank, which serves as financial adviser to the Lamco combine.

Wallenberg, second only to his father, Jacob Wallenberg—still second—in directing the Stockholm Enskilda Bank, has been described in a recent Swedish paper as the man "who practically governs the entire Swedish engineering industry."

It might be of interest to note that Africa is not a strange area to the groups involved in Lamco in Liberia.

The company of which Bo Hammarskjold is a director, Grangesberg, has had for some time mining interests in subsidiary companies in North Africa. The annual report for 1960 shows Grangesberg investments in Algerian Iron Ore, Ltd. and Algerian-Erz-Gesellschaft m.b.H.

Marc Wallenberg is chairman of Allmanna Svenska Elektriska A.B., known simply as ASEA. A subsidiary company of this huge electrical apparatus manuturing corporation operates a factory in the Republic of South Africa, according to information supplied me by the Department of Commerce.

Marc Wallenberg is also chairman of Telefon A.B. L. M. Ericsson. This international giant manufactures telephone apparatus, tape recorders, alarm systems, electric wire and cables, and so forth, and does business throughout Africa as well as other areas.

L. M. Ericsson Telephone Co. Pty., Ltd., carries on its operations in the Republic of South Africa.

Marc Wallenberg's huge corporation has agents in the following African countries: Congo—Belgian—British East Africa, Egypt, Ethiopia—Swedish Ethiopian Co.—Ghana, Mozambique, Nigeria, Rhodesia, and Nyasaland.

Marc Wallenberg is vice chairman of another company in the Swedish Lamco syndicate, Atlas Copco, AB. Chairman, Walter Wehtje—relative Ernst W., chairman, Skanska Cement and director of Lamco.

This very large Swedish concern manufactures pneumatic machinery and tools like rock drilling equipment, compressors, etc., and has subsidiary companies in Casablanca, Morocco, and Benoni, Republic of South Africa. Santiago, Chile.

The Swedish Embassy has supplied information to the effect that the firm of which Sture Linner used to be vice president, AB Bahco, has done a lot of exporting to Africa.

Even Schwartz, according to his biography in Vem Ar Det, was manager of the mining department, Compagnie Franco-Malgache d'Entreprises in Madagascar from 1928 to 1932.

Now we come to the amazing case of the 1,000-pound bombs that were sought by the United Nations command for use against Katanga.

Now these are bombs of a large size indeed, before the advent of atomic weapons, of course, but very large for use in conventional warfare.

The official report of the British Parliamentary Debates records a statement by the Lord Privy Seal, Mr. Edward Heath, on the matter of the bombs made on December 11, 1961, in the House of Commons. In part Mr. Heath stated:

> Her Majesty's Government has been faced with a grave decision during this time as a result of the request by the Secretary General of the United Nations for the supply of 24 1,000-pound bombs for the use of the Canberra squadron stationed in the Congo.
>
> * * *
>
> This request of the Secretary General was specifically related to the need for the United Nations to avoid a recurrence of the situation in September in which the lives of its troops were endangered by the operations of pirate aircraft. Since then, additional planes capable of military use have arrived in Katanga and have been in operation.
>
> As I told the House last week, Her Majesty's Government fully recognizes that the United Nations force must defend itself and its means of communication. They were very much alive to the dangers of allowing the United Nations forces, including those from Commonwealth countries, to be deprived of protection against air attacks.
>
> With these matters in mind, Her Majesty's Government considered the Secretary General's request. Her Majesty's Government recognized the reasons for it, but, at the same time, they were loath to see an intensification of the fighting by this means. At the request of Her Majesty's Government, the Secretary General gave specific assurances in writing that the bombs would be used only against Katangan military aircraft on the ground and against the airstrips used by them.
>
> The Secretary General undertook to pass these assurances to the United Nations Command in Léopoldville with orders that they should be conveyed to commanders of the squadrons and to pilots in the field.
>
> In these circumstances, and in view of these assurances, Her Majesty's Government decided to meet the Secretary General's request. The United Nations itself is making the necessary arrangements for the collection of the bombs, which, we understand, will be carried out at the end of this week.

A question was put to the Lord Privy Seal a few moments later by Mr. McAdden:

> Will my right honorable friend be kind enough to explain what value can possibly attach to assurances given by the Secretary General of the United Nations as to the future use of these bombs when the military commander on the spot has so far shown himself incapable of distinguishing between hospitals and genuine military targets?

Mr. Heath:

> That is why we want to clarify these matters during the coming period, and to insure that these operations and guarantees can be carried out.

This matter was quite thoroughly aired in the December 14 debate. Some highly interesting facts were brought out. Following are extracts from that debate as recorded in the Official Report of the House of Commons, information that clarifies press stories that somehow did not seem to reflect the whole story.

The Lord Privy Seal, Mr. Edward Heath, in his presentation in behalf of the Government motion to seek a cease-fire in Katanga immediately said:

> I now wish to say something about the request of the Secretary General U Thant for the supply of 1,000-pound bombs. This was first raised with Her Majesty's Government on October 21, and we had grave doubts in the period immediately following the cease-fire about the wisdom of this request by the United Nations. It was, therefore, discussed in New York. It was complicated by the approach of the Security Council resolution of November 24. Her Majesty's Government was embarrassed because of the absence of emphasis on conciliation in that resolution. The United Nations renewed its request in the late evening of December 7, and, after further exchanges resulting in the undertakings which were given, with very great reluctance we agreed.
>
> I do not think that there can be anybody in the House who would think that Her Majesty's Government approached a problem like this without the greatest reluctance. We know what weapons of this kind mean, and the idea of using them in the heart of Africa in these circumstances must be abhorrent to every honorable Member if it can possibly be avoided. Therefore, we make no apology for approaching it with great reluctance.
>
> On Monday I made a statement explaining our attitude and what had happened over the weekend. I said, first—I wish to emphasize this—that "Her Majesty's Government is now seriously disturbed by the way in which the fighting in Katanga has developed. Attacks on nonmilitary objectives, such as power stations, mines, dams, hospitals and private houses, have been reported, although some of these have not been confirmed. There has been some loss of civilian life in addition to military casualties."
>
> It was the spread of fighting in that way, with reports that civilian objectives were being hit and civilians killed, which aroused further doubts in our mind. Perhaps honorable gentlemen would like to judge this on the circumstances in this case.
>
> I went on to say that that was the first thing which raised further doubts in our minds about the use of weapons of this destructive power.
>
> * * * * *
>
> Finally, the Secretary General yesterday withdrew the request for the bombs.

Yesterday, Mr. Speaker, would have been December 13.

Going back to the debate, Mr. Wilson chose to attack the Government's handling of the bomb request:

> I agree with him that the Government knew on Monday that these bombs were not going. The Government was entitled to ask for assurances about the military use of the bombs. As the Government had for so long evaded any admission that they were bound to grant facilities legitimately required by the United Nations, and went on doing so up to Thursday, it was all the more desirable that they should return an affirmative answer, provided that they got the assurances about military use, because that answer was by this time required to satisfy the world that the Government still had some regard for their obligations to the United Nations.

Mr. Speaker, I want to emphasize here, the concern of the opposition like that of the British Government Party, that the 1,000-pound bombs be given the U.N. only if assurances were forthcoming that they would be limited to military use. This is of interest in view of later revelations I shall come to in a moment.

Mr. Turton expressed doubts that the 1,000 bombs were intended for the purposes stated to the British Government by the Secretary General:

> As the House knows, I am not in complete agreement with what has happened during the last 8 days in London. I cannot understand, and having listened to the Lord Privy Seal today I still cannot understand, how he and the Government, who received a request on October 21 for twenty-four 1,000-pound blockbuster bombs, could have regarded them as being necessary for those aims which the Lord Privy Seal mentioned of the operations of the United Nations in Katanga.
>
> I cannot understand why the Government, who received that request on October 21 and studied it until December 7 did not realize in the interval of time that one does not use 1,000-pound bombs, as my honorable friend the Member for Macclesfield (Sir A. V. Harvey) put it at question time 2 days ago, for the purpose of destroying isolated aircraft or even airstrips. I know that in the war bombs of 50 pounds or 100 pounds at most were used for immobilizing airstrips. Blockbuster bombs are designed for causing damage to large buildings, or causing heavy casualties among women and children.

Another opponent of the Government's policy, Mr. J. Grimond—Orkney and Shetland—blasted the policy as contradictory:

> He [the Lord Privy Seal] tells us again and again that the Government are not in favor of force in Katanga but they were in support of the current operation. They proposed to supply 24 1,000-pound bombs. To say that one is not in favor of force and then to say that one is prepared to supply 1,000-pound bombs to carry on operations is clearly meaningless. I do not want to go over the history of the matter again but I share the astonishment that the Government took 5 or 6 days considering whether to supply this weapon or not. They must have been advised that it was an extraordinary weapon to destroy aircraft on the ground. Then after consideration they decided not to supply it.

Yet another strong supporter of U.N. action against Katanga mentioned his reservations about the bombs in criticizing his Government: Mr. A. Fenner Brockway—Eton and Slough—said:

> I take the view that in a debate of this gravity everyone must speak with absolute frankness and honesty. I therefore want to begin by saying that I do not believe that the United Nations was justified in asking for the 1,000-pound bombs. I do not claim to be an expert in this sphere, but I cannot possibly see how bombs of this dimension could have been useful for the purposes of defense, as was claimed. Indeed, I do not see how they could have been used for the limited objects which the Government laid down as conditions for their supply.

Even the Labor leader, Mr. Hugh Gaitskell—Leeds, South—questioned the use of the bombs while stanchly defending U.N. action in the Congo:

> It would not have been surprising if the Government had queried—as honorable

> Members on both sides of the House have—the military case for these immense bombs. I would have well understood if they had said that they had told the United Nations that they could not see why these bombs were needed, and that if the United Nations really needed help in destroying aircraft on the ground, they would be prepared to offer them the small fragmentation bombs which are appropriate in these cases.

In effect, Mr. Speaker, Mr. Gaitskell himself questioned the real intent of the U.N. by virtue of the inappropriateness of the blockbusters for the job.

Finally, at the conclusion of the debate, Prime Minister Harold Macmillan stepped in to defend his policies and in so doing brought to light what I consider the true intent of the men behind the scenes making United Nations policy.

I quote the Prime Minister:

> I must say something about the incident of the bombs because I am responsible for it. I very much welcomed the support of the right honorable Member for Huyton when he said that we were absolutely right not to give bombs without these very clear restrictive conditions. Of course, that is the reason why the negotiations went on for so long. I shall refer to that later. It was because we wanted to maintain these conditions and there was a natural desire of the command to get them without conditions. Of course, it was a difficult decision. I agree exactly with what the right honorable gentleman has said. We were told that there were troops of friendly countries who had gone in good faith—four Commonwealth countries—who might be subject to serious attack from the air unless these airplanes and airfields could be dealt with.
>
> We knew that these were not the best weapons. As a matter of fact, it would not be the fragmentation bomb, but the rocket from the air. The rocket from the pilot needs a very skillful delivery and, therefore, there was a case for the bombs in this case. We discussed it with a great deal of concern. We reached the decision on Thursday night. It was sent to New York at 11 o'clock our time, 6 o'clock their time. It was not announced until Friday.

Now, Mr. Speaker listen to this, it is important. Mr. Macmillan continued:

> I shall tell the right honorable gentleman why it was not announced—because when they got it they came back again and preferred them without these restrictions. That was because they wanted a wider range for the use of this bomb, and it was only after a further day's decision that we finally agreed on the restriction, and that was the day between—the Thursday to the Friday.
>
> I was, in a way, rather relieved on the Friday morning when I was told that they would not have them with the restrictions.

Mr. Speaker, here, indeed, is an amazing revelation. We have it from the highest officials of the British Government that the Secretary General of the United Nations, Mr. U Thant, and I quote again the Lord Privy Seal on December 11, 1961: "gave specific assurances in writing that the bombs would be used only against Katangan military aircraft on the ground and against the airstrips used by them."

And yet, after the British approved the bombs and made them available for the U.N. to pick up, and despite the written assurances of U Thant, the United Nations refused to take the bombs with the restrictions already agreed to.

Mr. Macmillan himself showed his concern at the dubious intent of the United Nations a bit later on in his presentation. Listen, my colleagues, to the leader of the British Government, the Prime Minister himself:

> There may be a difference in arranging cease-fire conditions and how that safety element can best be secured, but we were worried whether it was really to maintain the safety, that is, of the airport and headquarters, or whether some more far-reaching operations were being envisaged. It was that which concerned us. Lastly, when I heard to my surprise, on Monday morning that these bombs, which were demanded from us as a matter of urgency to protect the lives of Commonwealth and other troops, were not even wanted until the next Friday.
>
> They could have collected them at once. If this were so urgent, why did they not send to collect them? They were already on the airfield on the Saturday. Then I wondered whether it was that with the limitation and the strings on them they were not now so urgent. * * *
>
> What worried us was what was happening, the extension of fighting, and the apparent amount of operations which seemed more than was necessary for the sole purpose of securing the tactical safety of a force holding a position in a town and wanting to keep a road open and an airfield at its disposal. * * *
>
> There were reports of attacks on industrial installations far away from the airport.

Little need be added, Mr. Speaker, to this official British record of what actually happened in the case of the 1,000-pound bombs sought by the peace-loving United Nations. It could not be more obvious that the actual intentions were to destroy the huge installations of Katanga. Ladies and gentlemen, we all know what these blockbusters did to France and Germany when our bombers and British bombers leveled the cities of those countries. This is clearly the intention the United Nations had for such weapons.

In view of the historical facts I have just set before you one cannot but recall the report of Viscount Terlinden that the purpose of the Swedish-American combine he had been told of was to take control of the Katanga copper production—and put it into a state of suspended animation.

I do not know the truth or falsity of the Viscount's information. But I cannot help but ask, "would anything do a better job of it than twenty-four 1,000-pound blockbuster bombs?"

And let us not forget that the U.N. request for the bombs were withdrawn on December 13. Reuters told of U.N. attacks by bombing and strafing by Swedish jets on December 10 or 11 on Union Minière installations which President Tshombe said, "annihilated for several months the economic complex which was our pride."

If the U.N. Swedish jets did that kind of damage with smaller bombs and machinegun fire and/or rockets without any kind of restrictions, imagine what destruction would have been wrought by using 1,000-pound bombs without any restrictions.

As I reconstruct the explanation of Prime Minister Macmillan, the United Nations decided sometime the night of December 7 that it did not want the blockbusters with restrictions on their use because Macmillan said he was relieved to hear this on Friday morning, which would have been the 8th.

The world's press reported the vicious attack by Swedish jets on industrial installations of Katanga on the 11th. The logical question arises. Was the attack held up only awaiting the outcome of the efforts to obtain the blockbusters without restrictions? There was certainly little delay between the decision Friday morning and the air assault on Monday.

I might note here, Mr. Speaker, that on the day the U.N. repeated its request for the twenty-four 1,000-pound bombs, December 7, 1961, the Washington Post said our Ambassador to the United Nations, Mr. Adlai Stevenson "gave full support yesterday to Acting Secretary General U Thant's plans concerning Katanga." In a news analysis, Reporter Murray Marder quoted Stevenson:

> The United States—

Said Stevenson—

> is very pleased with the plans of the Secretary General to bring Katanga under control.

Mr. Speaker, is it conceivable that our Ambassador to the U.N. would not have known of U Thant's plans to get two dozen blockbuster bombs by formal request to the British Government the next day, the use of which were to be conditioned on the complete lack of restrictions on their use?

STATEMENT BY MR. SPAAK, MINISTER OF FOREIGN AFFAIRS, IN THE HOUSE OF REPRESENTATIVES, DECEMBER 12, 1961

> I have had my department review what seemed to me to be the essential points in the telegrams reaching me concerning the attacks on hospitals and also, during the last few days—a fact which I feel is even more serious perhaps, as the former might be construed as errors or lack of foresight—attacks on industrial, commercial, and civil buildings.
>
> It is certain that several hospitals have been the target of planned and well-organized shelling during the last few days. Two days ago the Le Marinel Hospital near Kolwezi was shelled. This hospital has a leprosy clinic attached to it. The terrified lepers fled in an attempt to find safety in Kolwezi, without knowing that several residential districts in Kolwezi had also been shelled.
>
> Finally, industrial plants were attacked. On December 10, in an air attack on Le Marinel, 3,500 liters of fuel oil spread as far as the high-tension-transformer station. The latest news I have is that the oil is still on fire. In Elisabethville, two freight trains, one carrying ores and the other cement, were shelled. A machinegun attack, too, on the railway belonging to the Compagnie des Grands Elevages du Katanga, where cattle cars and food stores were bombed with high explosives. Several Africans were wounded.
>
> Brandnew hydroelectric plants were deliberately aimed at and seriously damaged, wiping out the product of many years of hard work by African and European specialists.
>
> Like all of you, probably, I have received a series of telegrams from Katanga during the last few days, coming from universities, doctors, the magistrature, associations with both white and black membership, all of which describe very serious and tragic events. If I wished to play upon the sentiments of this House, I would only have to read you these telegrams. You would not be able to listen to them without a feeling of horror and anger.

So I will now ask myself another question: Why are the United Nations doing this? What do they hope to achieve? And I must confess that I am unable to understand. I do not know what their purpose is, and I must say that the explanations given by the Secretary General do not seem to me to be very clear. In the statement he made in New York, he began by justifying these military operations by the right of self-defense, adding that he was quite aware of the need for reconciliation and pacification. But are the methods employed truly those which should be employed so as to arrive at a reconciliation in the near future?

A note just handed to me states that sporadic shelling is still going on all over Elisabethville.

I say, therefore, that there is no longer any question of self-defense; that the methods employed are out of all proportion to the events which it was necessary to overcome; and that we are faced today with what in fact is a state of war in which the U.N. does not hesitate to shell the town center, buildings, bridges, tunnels, post offices; that the U.N. is extending its action far beyond Elisabethville, right into Katanga; that it has shelled industrial facilities and, moreover, runs the risk—if the operation continues for many days more and supposing that it emerges victorious from the fight—of handing back to the Central Government a Katanga which has been completely destroyed, and, consequently, completely impoverished and of no further use to the Congo's economy in which it could have played such an important part.

I consider this situation to be totally inadmissible. And when a Minister of Foreign Affairs says of the United Nations Organization that its actions and methods are inadmissible, there is nothing further to be said.

---

[From the New York Times]

### Mining Aid in Katanga Hands Back U.S. Medal

Elisabethville, the Congo, December 14.—Jules Cousin, administrative director of the Union Miniére du Haut-Katanga, sent a message to President Kennedy today saying he had returned the Medal of Freedom awarded to him by the United States in 1946 for Katanga's vital contribution of uranium for the atomic bomb.

The executive of the vast mining complex said he had seen the United Nations troops in Katanga "killing and wounding blindly here, even in hospitals." He declared the troops were "financed by the United States."

---

Brussels, Belgium, December 14.—A Union Miniére spokesman said today that M. Cousin had been awarded the Medal of Freedom for civil merits in the Allied war effort when the company made a special effort to supply important quantities of copper, cobalt, and uranium and organized production under difficult circumstances.

---

### Why Are Capitalists Enemies of Katanga?

(By Holmes Alexander)

Washington.—Katanga, like Massachusetts, the Hudson Bay area, the Commonwealth of India and dozens of other political entities that turned out pretty well, was established and defended by a business corporation—the Union Miniére du Haut-Katanga Mine Syndicate.

You would expect Communists and lunatic leftists to be against business enterprise, but it's hard to see why the heirs to great fortunes, like the Kennedys, Harrimans, and Rockefellers, or the beneficiaries of large foundations, like Secretary of State Rusk, or former corporation attorneys for huge foreign cartels, like Under Secretary of State Ball, would not see many virtues in a republican form of government which is closely tied to business.

Mr. Speaker, many specific questions have remained unanswered for many months. In the light of the ground we have covered today let us look at some of those questions again.

How can the United Nations logically resort to the use of military might to force Katanga, a state almost the size of France, to rejoin the Congo, when that same body cuts up an area about one-tenth the size of Katanga and creates two new nations: the Republic of Rwanda and the Kingdom of Burundi? And incredibly enough, during the same time period.

If the U.N. policies were consistent it would have insisted that the peoples of heavily mineralized Gabon should continue to live in political association with those of the other three territories of French Equatorial Africa instead of giving them all independence in 1960.

Why does the U.N. and the U.S. State Department continue to insist Katanga can support the economy of the central Congo when that so-called government is running up a deficit that staggers the imagination?

Why is not the truth given the American people—that historically, the Province of Katanga gave the Belgian Congo regime in Leopoldville an annual share of income never much more than 40 percent—and approximately half of this came back to Katanga for use in its own area—so that approximately 20 percent of Katanga's money was shared with the rest of the Congo?

Why would not the State Department allow President Tshombe to come to this country after Premier Adoula's visit, while saying Tshombe was the man the Congo needed most for stability?

Why has the State Department followed an amazingly deceitful tack in its treatment of Tshombe's personal representative in the United States in canceling his visa?

Mr. Speaker, the question still remains: Why? The charges—in the foreign press of the world—still stand unanswered. The stark reality of what happened in the Congo is there for all to see—and ponder, "Why did it happen?"

Week after week, month after month, for a year now, nobody—nobody has really taken a serious look into what has happened there. Is not anybody interested in what might possibly appear to be a conflict of interest? Can we let it lie? And so I ask again for a full, all-out investigation by a special committee selected of men of the highest repute.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BRUCE. I yield.

Mr. GROSS. I want to commend the gentleman. I know his time is practically gone, but I want to commend the gentleman for the very painstaking job he has done and on the fine presentation he has made here this afternoon, and to say that I thoroughly agree with him that this situation in the Congo demands a full-scale investigation.

Mr. BRUCE. I thank the gentleman.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. BRUCE. I yield.

Mr. ANDERSON of Illinois. I too certainly would join my colleague from Indiana for what I consider to be a very reasonable, able, restrained presentation of some very significant facts. I think he is to be commended by the House for the profound scholarship he has devoted to the study of this subject, and I would echo his cry for an investigation.

Mr. BRUCE. I thank the gentleman from Illinois and the gentleman from Iowa for their kind remarks.

---

## NEED FOR ACTION TO PROSECUTE IN AIR CRASH TRAGEDY

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Pennsylvania [Mr. Curtin] is recognized for 5 minutes.

Mr. CURTIN. Mr. Speaker, earlier this year I communicated with the office of the U.S. Attorney General and urged a prompt investigation of, and appropriate action taken against, those persons whose shocking negligence caused the crash of an Imperial Airlines army transport plane near Richmond, Va., last November, resulting in the tragic death of 74 fine young Army recruits and 3 crewmen. I fear that nothing has been done by the Justice Department in the many months since the crash except, apparently, for a routine examination of the reports of the investigation.

It is time for the Justice Department to act. It is inconceivable that this urgent matter can be put off any longer with vague letters that this case is getting preferred attention, or that new information has been requested, or that other factors must be appraised. I am appalled that 10 months have gone by without any filing of charges against those who bear the responsibility for this disaster.

The record is clear that the plane which was under contract to the Army to carry military personnel to Columbia, S.C., was being operated in flagrant violation of existing laws and safety regulations. Part of the conclusion of the report of the Civil Aeronautics Board, reached more than 7 months ago, states that:

> From a study of all the information available to the Board it is concluded that this flight crew was not capable of performing the function or assuming the responsibility for the job they presumed to do.

The Board further concludes that the management personnel of Imperial Airlines should have been aware of the manner in which company operations were being accomplished. Substandard maintenance practices of Imperial's employees were condoned by the management.

Many months ago I asked the Justice Department to take immediate and forthright action on the basis of the then known findings. On February 28, I wrote to the Attorney General, expressing my strong feeling that enough evidence is on the record to indicate inexcusable carelessness on the part of

Imperial Airlines. Not until June 14 was an answer forthcoming from an Assistant Attorney General, and that answer was merely another "let's wait" kind of thing. Since then, I have heard nothing more from the Justice Department.

There is no reason whatsoever for this to be dragged out any longer. Seventy-seven lives were lost needlessly. The aircraft in which they plunged to their death was being operated in shocking disregard of the Federal Government's own safety regulations. Why so much hesitancy, why such foot-dragging concerning this matter? There would seem to be a prima facie case under which the Justice Department can bring prosecution. I have not asked for hasty action—only firm action.

I ask once again that the Attorney General take immediate steps to bring before the bar of justice those people who are responsible for this tragedy. Let them be made to understand that they are not immune from the simple rules of safety. This is no time for indifference or studied legal nonchalance. The stakes are too high. Such an attitude, if allowed to go unchallenged, can only lead to the repetition of such terrible occurrences.

## THE CUBAN SITUATION

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Texas [Mr. WRIGHT] is recognized for 30 minutes.

Mr. WRIGHT. Mr. Speaker, the development of a Soviet military base in Cuba, buttressed by a continuing flow of military weapons, equipment and supplies from Russia, is a matter which this Government cannot safely ignore.

While I realize the grave dangers of hasty and ill-considered action, I am convinced that the route of vacillation and inaction could be even more perilous.

Certainly any broad policy with respect to Cuba individually or Latin America as a whole would be fraught with uncertainties. Many different factors must be taken into consideration in establishing such policy. Like the Congress, the President is deeply and gravely concerned. We should not add to his cares and burdens by irresponsible statements or clamorous insistence for specific courses of action which the intelligence available to him might reveal to be untenable and unwise.

Yet, the situation requires a decisive position on the part of the United States. We inspire not confidence but contempt if we appear vague, hesitant, and undecided.

Mr. Khrushchev's message of yesterday boasts of the military capability which he has aided Cuba to achieve. Surely Cuba under the Castro regime has become no less than a Soviet satellite. Unquestionably it has become a puppet government, utterly dependent upon Russian advisers, technicians, supplies, and weaponry.

Cuba under Castro has become almost thoroughly communized. The bloodbaths which ushered in the Castro regime 3½ years ago, reminiscent of the Roman circuses and the French reign of terror, pointed clearly in this direction. Since that time, thousands of citizens have been imprisoned on suspicion and held without trial. The secret police have consolidated a heavyhanded tyranny of fear which keeps every Cuban under constant surveillance. Churches have been oppressed. The once-promised right of free elections has been denied, and the citizenry is constantly bombarded with official Communist propaganda, much of it traceable directly to documents originally printed in Moscow.

The peasants have been forced into collective farms, the land has not produced and there have been crucial shortages. Our embargo on Cuban-American trade begun last year has had a telling economic effect. Eggs and meat are severely rationed. There is want and hunger and oppression. The unhappy lot of the Cuban is dramatically demonstrated by the thousands who flee the island each week.

Faced with internal despair and the constant brooding threat of a popular uprising, Castro now has called upon the puppet master in the Kremlin to fortify and buttress his shaky domestic position with arms and an army of technicians.

The massive Russian response has clearly violated the Monroe Doctrine. It poses a potential threat to the United States and a very clear and present threat to the other republics in this hemisphere.

It has been authoritatively reported that beginning in July 11 Russian freighters and 5 Russian passenger ships arrived in Cuba. According to printed reports by eyewitnesses, between 4,000 and 8,000 Russian personnel have been stationed on the island in military-type encampments. At least 15 additional cargo vessels from the Communist-bloc countries are reported to be en route to Cuba. We can only guess what their cargo contains, but we may judge from the nature of their previous shipments which were unloaded mostly at night under the cover of darkness.

It has been publicly stated that vessels from the Soviet bloc already have delivered to the puppet regime in Cuba at least 500 tanks, approximately 60 Mig jet fighters, probably as many as 200,000 individual small arms, perhaps 1,000 artillery pieces, and that the Russians have installed there antiaircraft missiles of the Nike-Ajax type.

This massive buildup of Russian arms just 90 miles from our shores clearly constitutes a threat to our hemisphere. The aggressive and subversive design of Castro against other Latin American nations is well known. The President has requested of the Congress standby authority to call 150,000 reservists as needed. Members of the Congress have discussed in somewhat general terms the adoption of a congressional resolution to leave no room for doubt that the Congress stands with the President in such action as may become necessary.

As a starting point for our deliberations, I have today introduced a resolution for congressional consideration. This resolution does three things.

First, it declares that the vital interests of the United States and the integrity and self-determination of the Western Hemisphere are violated by the transporting or movement into this hemisphere of any military troops or weapons of war by any foreign power.

Second, it declares that any further movement of such weapons or troops into the Western Hemisphere by any such foreign power will be regarded as a hostile and aggressive act upon the part of such foreign power.

Finally, it declares that the President is authorized to take such action as may be necessary, acting either unilaterally in behalf of the United States or in concert with other Western Hemispheric nations, to prevent such further movement of such weapons or troops into the Western Hemisphere by any such foreign power.

The world is entitled to have a clear statement of our position. Only when our determination is thus made clear can we be reasonably sure of avoiding some fatal miscalculation of our intentions.

In a fluid situation of rapidly changing events, I think the Congress should not seek to tie the President's hands to any specific course of action, but should make it clear to all the world that we do not intend further to tolerate the development of an aggressive military base by the Soviet Union and the international Communist conspiracy within the Americas.

A broad area of possible actions is open to the President.

There has been talk of imposing a naval embargo against all shipping bound for Cuba containing any weapons or implements of war. Judged in the light of swiftly developing events, this may or may not prove to be the best solution.

The President and our State Department spokesmen are said to be in consultation with our NATO allies exploring possibilities under which they might prohibit private shipowners in their countries from leasing or making their vessels available to Soviet-bloc countries for any such shipments.

Various additional sanctions by other Latin American Republics or by the Organization of American States are being suggested.

Further fortification of our Guantanamo Naval Base has been urged by some. Recognition by our Government of a free Cuban Government in exile has been mentioned.

We would probably be most unwise in the Congress if we were to seek to handcuff the President to any specific rigid and inflexible course of action, but we should serve official notice to the world of our position.

We should leave no doubt in the minds of any that the President of the United States has the complete and unified backing of the U.S. Congress in whatever decisive steps may prove necessary to counter or prevent the invasion of this hemisphere by alien military forces or the development anywhere in this hemisphere of alien military bases.

Such an expression by the Congress at this time would be in keeping with the tradition of the Monroe Doctrine, and I, therefore, offer this as a starting point for our serious consideration.

**Mr. WRIGHT.** Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

## MAKING IN ORDER CONSIDERATION OF MILITARY CONSTRUCTION APPROPRIATION BILL

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that consideration of the military construction appropriation bill for fiscal 1963 may be in order this afternoon.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## MAKING IN ORDER RECESS OF HOUSE TODAY

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker to declare a recess, subject to the call of the Chair, this afternoon.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## SUBCOMMITTEE NO. 1 OF THE COMMITTEE ON THE JUDICIARY

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that Subcommittee No. 1 of the Committee on the Judiciary may be permitted to sit during general debate tomorrow.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

**Mr. GROSS.** Mr. Speaker, reserving the right to object, how many committees have been granted permission to sit tomorrow afternoon? I believe this is the second or third such request. I thought that the phony United Nations bond issue was of some importance to the House of Representatives, since 5 hours was allocated for general debate. How many committees are going to be sitting tomorrow during general debate on this thing?

**Mr. ALBERT.** If the gentlemen will yield, the gentleman from Oklahoma cannot answer that. This request is sent to me by the gentleman from Pennsylvania [Mr. WALTER], and I am making it on his behalf.

**Mr. GROSS.** I would like to cooperate, but if the Members of the House are going to be in committee tomorrow afternoon during general debate on this bond issue, I wonder how many Members are going to know what it is all about?

Mr. Speaker, I withdraw my reservation, but I hope there will be Members here tomorrow to listen to the debate.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## PROPER ENFORCEMENT OF GAME LAWS

**Mr. BONNER.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

**Mr. BONNER.** Mr. Speaker, there are times when things occur involving persons of prominence which, while embarrassing, serve the useful purpose of disclosing serious deficiencies in our laws in need of corrective action to protect our citizens who may become similarly and innocently involved in the future.

Last weekend the distinguished and respected minority leader of this House, the gentleman from Indiana, Hon. CHARLES A. HALLECK, was a guest on a hunting party in my home State of North Carolina. The gentleman from Indiana [Mr. HALLECK] and other members of the group, having fully and conscientiously complied with the licensing and other State requirements, were shooting doves at a hunt club near Cherry Point. Federal agents apprehended them and cited them to court on the complaint that the field had been baited. Participants stated that the hunting field had been sprinkled with grain, apparently by the gamekeeper.

No real sportsman or conservationist will deny that baiting of nunting areas is a vicious practice, contrary to the general interest of the public at large who like to engage in a day of sport. But, when innocent persons are arrested when hunting in a baited area there is surely some defect in our administration and enforcement of desirable conservation measures.

I am embarrassed that this incident should befall my good friend, the gentleman from Indiana, CHARLIE HALLECK, while a guest in my State.

I feel that there must be some more effective means of enforcing prohibitions against baiting of migratory and other game birds. Accordingly, I have asked the staff of the Committee on Merchant Marine and Fisheries to prepare legislation to that end. It is my thought that the penalty should fall on those who are responsible—those in control of the hunting area.

As I stated the other day to inquiries from the press, I believe legislation which would prohibit anyone hunting for the balance of the season on any field that is baited, as well as the suspension of guides leading hunting parties over such baited areas, would place the blame where it belongs and quickly bring an end to this practice.

I hope that this incident will not deter the gentleman from Indiana [Mr. HALLECK] and the rest of you gentlemen from visiting North Carolina for the enjoyment of relaxing sport and recreation.

I want again to state that the good citizens of North Carolina are embarrassed that this incident happened, and that we feel that the gentleman from Indiana [Mr. HALLECK] is in no way guilty of any violation whatsoever and is innocent and should be excused by the commissioner before whom he is cited.

**Mr. ALBERT.** Mr. Speaker, will the gentleman yield?

**Mr. BONNER.** I am pleased to yield to the gentleman.

**Mr. ALBERT.** I am happy that the gentleman has made this statement. I want to associate myself with the views he has expressed. I am sure all Members of this House concur that the distinguished minority leader did not intentionally violate any law while hunting as a guest in the gentleman's State. The gentleman from Indiana [Mr. HALLECK] is not only one of the most distinguished Members of the House, he is a gentleman of the first order and one of the most honorable men I have ever known.

**Mr. BONNER.** In response I must say that it was the duty of the enforcement officer to arrest everyone in that field hunting. So, therefore, the gentleman from Indiana [Mr. HALLECK] is certainly an innocent victim of a vicious manner of sportsmanship.

**Mr. SMITH of California.** Mr. Speaker, will the gentleman yield?

**Mr. BONNER.** I yield.

**Mr. SMITH of California.** I want to express my appreciation to the gentleman for his statement and want to be associated with him on behalf of the Members on this side of the aisle. We like the very fine spirit of sportsmanship in the statement the gentleman is making.

## THE WAR IN SOUTH VIETNAM

**Mr. MINSHALL.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

**Mr. MINSHALL.** Mr. Speaker, Phil G. Goulding, Washington military correspondent for the Cleveland Plain Dealer, recently returned from a 25,000-mile trip to southeast Asia.

Mr. Goulding is widely recognized as one of the Nation's most outstanding reporters and analysts on defense subjects. He has been covering the national scene for the Plain Dealer for nearly 13 years and has specialized in Pentagon and space matters for the last 6.

He is respected by his colleagues, by Members of Congress with whom he has dealt, and by the Nation's highest civilian and military officials.

His series of stories on the war in South Vietnam are among the most objective and comprehensive that have been published. I recommend them to the attention of other Members of the House.

The articles follow:

[From the Cleveland (Ohio) Plain Dealer, Aug. 12, 1962]

### RIDDLE IN ASIA—UNITED STATES LOOKS AT VIETNAM WITH CAUTIOUS OPTIMISM

(By Phil G. Goulding)

SAIGON.—Several thousand Americans are in a war which could drag on at its present scale for years—if we are forceful, skillful, tenacious, and lucky.

If we are not, the war will be lost sooner or will explode into something larger.

The verdict today for the immediate future of South Vietnam: Cautious optimism.

Cautious optimism is good news for this part of the world, where so many are so pessimistic about the long-term future of freedom.

Freedom, they point out, is already black in gigantic Communist China. It is dimming in crucial Indonesia. And it has been gray on this peninsula that stretches between those two key areas.

Americans involved in this fight emphasize that communism always offers its enemies a choice of black or gray options. They stress that the Reds never permit an opponent an easy route.

It is clear in this ancient city that mixes the contrasting charms of Paris and the Orient that America has decided to pick up one gray option, rather than forfeit a nation.

Whether the U.S. Government is prepared to accept the challenge indefinitely in South Vietnam, at any cost, is not known. Many here doubt it. So do some back home in Washington.

One of the fears of Americans here is that our national patience will be strained too quickly.

Certain truths must be recognized at home:

Chances are incredibly slim that there will be an early end to the fighting in Vietnam, an early termination of U.S. participation or an early easing of the American load.

Our casualties are going to increase.

There is no guarantee that the war can be won even under the present ground rules—and there is no guarantee that the Communists will not alter the rules so that conditions could grow worse.

They could worsen in several ways.

Even without acceleration of enemy activity, the favorable trend which 6 months of hard work has established could be reversed if President Diem cannot sell his kind of government to the villages of his country.

It appears today that he is gradually selling it, with our assistance. But many doubt that the current program of bringing the people more into the Government and the Government more out to the people will have time enough to succeed.

If it does not succeed, if the will of the people to fight off communism does not continue to spread, then the military successes now beginning to bud will be of no long-range importance.

Better trained Vietnamese troops, led by additionally trained Vietnamese officers, made more mobile by U.S. helicopters, utilizing improved American communications and nudged into more effective combat operations by patient U.S. advisers, will be of no avail if the people in rural Vietnam decide that communism offers them a better living.

And rural Vietnam is Vietnam, despite this one city of air-conditioned hotels, Parisian boulevards and 2 million persons.

But even if the new civic action programs and the new tastes of democracy do win over the people, serious changes on the military side could still take place.

The enemy Communist Viet Cong could step up the tempo of the war. He could use more men and more equipment; he could expand his combat operations; he could bring in air support for the first time if his North Vietnamese master so determined.

America, which is technically not fighting a war but only assisting in the fighting of one, would then face new decisions.

A difficult task of countering guerrilla warfare could be made doubly difficult by a sequence of two events in next-door Laos, now struggling under the pro-West, pro-Red, proneutral coalition government born under the midwifery of President Kennedy.

That government could (1) collapse to the Communists, and (2) throw open its 300-mile border. Additional Viet Cong and additional logistical support could flow in. The war's pace would change.

With all these foreboding possibilities, why does the Secretary of Defense return from secret Vietnam strategy sessions at Honolulu and announce that he is encouraged by the progress?

Why does the Chief of Naval Operations publicly express "cautious optimism?"

It is because the job at hand is the job which must be done. The Secretary and the admiral are not speaking of the black long-range outlook that might include Communist domination of China and Indonesia as well as parts of this peninsula, but of the specific situation in Vietnam today.

Six months ago, the situation was seriously deteriorating. Another nation was being washed down the Communist drain before our eyes.

Red guerrillas were winning. President Diem was losing. Vietnamese forces were not equal to the job. The country was going under.

This is no longer the case.

There are now ample signs that victory can be won by the present program, if the Viet Cong does not receive additional support.

No one can predict whether such an "if" will hold up. But the assertion with an "if" is far preferable to the assessment of last December.

This dispatch has been deliberately pessimistic because the task ahead is so immense. Thousands and thousands of miles away, half of the distance around the globe, we face a Viet Cong, owned by a North Vietnam, backed by a Red China and shoulder to shoulder with a Communist Russia.

Realistic Americans here emphasize that victory in southeast Asia, if ever it comes, will come only with work, courage, sacrifice, money, skill, lives, dedication and patience.

All these treasures are being poured into the present fight against the Viet Cong, even though not on the scale of a Korea. They are beginning to pay off.

We are not over the hump. But we are moving out of a valley toward the hump.

Military leaders here request no substantial additional American manpower—under today's conditions. If South Vietnam were an island, isolated tomorrow from the rest of the world, there would be every justification for extreme optimism.

It is not, of course, an island, but one country on the eastern edge of the southeast Asia peninsula that was Indochina.

Sharing the peninsula are Cambodia, Laos, and North Vietnam, all also part of old French-owned Indochina, and independent Thailand, which has never been part of anything.

If President Diem were choosing neighbors for his crescent-shaped nation, which nestles against the South China Sea on the east, he would select none of the three adjacent to him.

The best of the lot is Cambodia, and the best to be said for this nation behind a 600-mile common border is that it consistently denies Vietnamese charges that it is harboring Communist bases.

One is told here that Cambodia is friendlier to the West than we hear in Washington. One hears that it really does not want Red encampments along the border, but is not strong enough to prevent them from existing in some degree.

North of Cambodia is Laos. Many believe that the question of Lao "neutrality" is inseparably bound with the question of South Vietnamese freedom. It is an open issue.

The narrowest part of South Vietnam is the most northern part, at the 17th parallel, where a 40-mile border with North Vietnam is drawn.

Here is the heart of the Communist problem on this peninsula. North Vietnam, under Communist Ho Chi Minh, is directing, controlling, and supporting the guerrilla war south of the border.

Money, supplies, cadres, organizers, leaders of the Viet Cong come from the north.

The 300,000 men in the regular armed forces of Ho, however, are not actively involved.

This is not an open civil war between north and south. It is a guerrilla war within South Vietnam, nourished from the north but successful in part because too many of the rural South Vietnamese have not cared enough.

And it is successful in part because too many of those who did care of the 15 million South Vietnamese were too weak to resist.

There are about as many people in South Vietnam as there are in California, and the country is a little smaller than the State of Missouri.

Flying low over the land you look in vain for the enemy, for this is not that kind of war. There are no armies, no artillery barrages, no masses of troops.

If you are within 25 miles of the eastern coast, you see level ground, populated areas, farmed land. And, in the north, you see the most beautiful and most isolated beaches in the world.

The plain disappears abruptly and the rest of the northern portion of South Vietnam is rugged mountains, with rolling plateaus between peaks as high as 8,000 feet.

In the south is the Mekong River delta, a foot under water at this time of year. Many villages beneath the aircraft are dominated by the Viet Cong, but there is no way to tell. The water on the Delta should hamper the operations of Marine helicopters hauling South Vietnamese after enemy patrols, but it doesn't.

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 13, 1962]

### RIDDLE IN ASIA—SOUTH VIETNAMESE TROOPS MAKING GREAT PROGRESS

(By Phil G. Goulding)

SAIGON.—With American help, South Vietnam is gradually building the military force required to win the kind of war being fought here.

It is stronger by far than it was 6 months ago. It will be further improved by January—and more powerful still next July.

In numbers, training, leadership, and equipment, progress is being made.

Sophisticates insist, and accurately so, that this conflict cannot be won by arms alone. Civic action is needed to link the government of President Diem to the hut-dwellers of his nation.

But it is equally true that no war in history has been won by civil action alone. Your children will little enjoy their first tiny schoolroom, or your neighbor his first vote for village councilmen, if all are dead.

The brunt of the attacks by 20,000 or more Viet Cong (southern Communist) is being borne not by the regular army but by two local militia organizations, the self-defense corps and the home guard.

This is because of the Indian-style war being waged.

Real clashes with regulars are rare. Bands of raiding Viet Cong avoid them. They attack the small local units—and they do so when they have superior force.

Military objectives of the South Vietnamese, therefore, are these:

To develop local self-defense corps forces powerful enough to protect themselves and their villages.

To strengthen each "state militia" of home guard so that it can patrol and defend its own province.

To unleash the regulars, relieved from all such defensive duties, for genuine offensive sweeps.

The self-defense corps, recruited from hamlets and villages, was not a formidable organization when the year began.

It numbered about 49,000. But it had little training, no U.S. equipment, it had unreliable ammunition and antiquated French weapons.

No man had fired more than 5 or 10 rounds. No man had confidence in himself or his weapon.

When the trained, tough, well-led Viet Cong appeared, the self-defense corps fled.

We have now trained some 60,000 persons. Each man has had 6 weeks. Greatest emphasis has been on the simplest and most basic requirement: How to shoot. A minimum of 124 rounds is demanded.

The soldier is now proud of the weapon issued him—and is made more proud of it by a ceremony when he receives it. Men who have been trained now hold their places, hold their weapons and maintain their fire, although the untrained still drop rifles and run.

Ammunition, an ammunition belt and communications are also furnished by the United States. And the program continues, at platoon and squad level.

From the 40 provinces of South Vietnam comes the civil guard, meant to be one notch higher in effectiveness. As the self-defense corps stays basically in the hamlets and villages, the civil guard stays in a province under the province chief.

Training for these men is intensified. A guardsman gets 12 weeks. Eight are comparable to the 16-week course for the regular soldier; the last 4 are to build the individuals into company-size units.

Again, emphasis is on shooting. Five 260-rounds on the M1 rifle are provided. The guard is organized into one 5 to 20 companies in each.

The province chief, or governor, assigns one company to each district, for reinforcement of any village. Americans are supplying weapons, clothing, vehicles and electronics equipment.

The number of effective civil guardsmen was minimal last January. We are training 68,000. This will be expanded to 72,000 by the end of the year.

Both self-defense corps and civil guard are being taught for insurgency war, not for world war III. They learn counterguerrilla tactics, counterinfiltration techniques.

"This is Indian warfare," said one officer, "plus modern weapons."

The men learn to set ambushes, to thwart ambushes, to conduct night-long patrols.

French training must be undone. The way to fight this war is not with a Maginot line, not by building a mud fort around a village and climbing into it at night.

Seven divisions and some 175,000 troops are in the regular army, plus a strategic reserve of 6 battalions and 4 battalions of marines.

An eighth division will be set by the middle of next month. A ninth was formed July 1 and will be combat ready in mid-March.

The soldier is tough. Although he is a Buddhist, he has no compunction—as does the Lao—about killing an enemy.

He lacks a technical background, but this is not so disadvantageous for the type of war being fought as it would be for a full-scale conventional conflict.

He did need training.

He did need leadership.

He did need equipment.

We are furnishing all three, in as large quantities as can be absorbed. The priority on the war in South Vietnam is high.

Officers are in short supply. So are noncoms. Many regular units are down 50 to 60 percent in the one category and 65 percent in the other.

Sound reasons are found for this situation. Officers and noncoms are not where they should be because they are building up training centers, paratroopers, ranger companies—and working with the province chiefs in the civil guard.

Conditions will be satisfactory by next July, when 1,500 men now in officer candidate school will be graduated. Another 1,500 will be ready by the end of the year.

It is not difficult for a reporter sweeping into Vietnam to find griping personnel, to point up weaknesses, to compare the Vietnamese soldier or officer with his American counterpart.

A great many problems must be solved—and other articles will deal with some of them.

But the meaningful measure stick must be comparison of forces now with forces then, plus active programs for tomorrow.

The progress is obvious. The need is time.

"By next year," said one of the generals paid to know, "there should be a much, much better military situation. What we have done, and what we are doing, will show up."

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 14, 1962]

### Riddle in Asia—Yanks Advise Vietnamese, Don't Order

(By Phil G. Goulding)

Saigon.—By arguing, pleading, cajoling, persuading and diplomatically threatening, the American military is trying to help South Vietnam smash its Communist guerrillas.

All the troop training and all the equipment are wasted when the Vietnamese fail to utilize their forces properly in combat.

Our advisers can advise—but they cannot command. They can anguish over Vietnamese decisions, but they cannot alter them.

It is heartbreaking for a U.S. professional to see 150 Viet Cong escape certain capture because the trap was inexpertly sprung, but it is a part of this war.

More time and more experience are required—more time so President Diem will gradually relinquish more of the central power he holds over military decisions, more experience so Vietnamese leaders in the field who do have on-the-spot decisionmaking authority exercise it wisely.

In these areas, as in others, matters are improving. Command problems are not gone, but they are less than they were 6 months ago.

Again, the comparison must be August 1962 with January 1962 and not the Vietnamese system against the relatively perfect American Military Establishment.

How many in the U.S. Armed Forces are here—and what do they do?

The 1954 Geneva agreement for peace in Indochina limited our military assistance operation in South Vietnam to 685. We did not sign these accords but agreed to abide by them.

That there are only 685 Americans in the country here today is tommyrot, and everyone knows it. Our number has grown steadily since last fall and is now probably about 7,000.

As long as the U.S. Government does not formally admit this, even the International Control Commission of India, Poland, and Canada does not make much of a fuss about it.

This is because the Commission also knows that the North Vietnamese have drastically violated their agreements by sending men and arms into the south. And blind India itself knows which side is using terrorism and assassination.

Most of the 7,000 are really training and advising. In many instances, the training and advising duties of an individual Army captain bring him into contact with the Viet Cong.

In such cases, he can hide behind a bush, run, throw himself into a stream, stand openmouthed and upright—or returning the fire. What would you do?

There are also operations in which U.S. forces are far more concerned in actual military maneuvers than in training. One example: our helicopter activity.

The Army has three helicopter outfits in Vietnam and the Marines one, with a total of some 80 choppers. Major mission of these aircraft is to haul South Vietnamese troops after the enemy.

South Vietnamese fledgling pilots may go along sometimes to learn how it is done, but there are easier ways of training helicopter pilots than dropping a dozen soldiers into the midst of a band of Viet Cong.

Formal diplomatic assurances that these are merely training missions are probably necessary, but there is no need to kid the American people about facts known to the entire world.

Where are the rest of the Americans? A few examples:

At 31 training camps scattered around the country. An American captain and two sergeants are at each camp—organizing, setting up rifle ranges, giving hand grenade instruction, spending money.

Training rifle companies in the regular Vietnamese Army. Ten officers and 10 enlisted men are the core of a program to train 372 rifle companies.

Advising the regular army, from the top down to battalion level.

At the latter level, a captain and two sergeants are living and working with the troops at hazardous places in remote areas. They show up every 10 or 15 days for a shower and a real meal.

Operating with the province chief, a chap who doubles as governor and military sector commander. Grave command problems have arisen at this echelon. We now send in a major and four or five men to think and plan with the chief, to help program activities of the civil guard and the self-defense corps, to assist in gathering and transmitting intelligence.

Collecting statistics on raids and casualties in an effort to reduce even this guerrilla and counterguerrilla operation to a point where a scientific and systematic appraisal may be made of where we are and where we are going. Another story will be devoted to this data collection effort, so typical of Defense Secretary Robert S. McNamara.

Seven thousand men can obviously fan out as 685 could not. It was not until March that Americans were down to battalion level. It was even later that they joined the Province chiefs.

The entire U.S. effort in Vietnam, on the present scale, is a new effort. Old programs are 150 days old. New ones are just beginning. Perfection-seeking critics would do well to remember this if they are not to mislead the people.

What are the major frustrations?

"We must get them to train. We must get them to execute the plans we have helped them make. We have to keep on persuading; we have to kick them in the butt to keep them moving.

"They know how to get their security out so they don't get ambushed—but often they won't do it. They forget, or they think it unnecessary. We must get them to use what they know.

"The seven divisions have been operating for 2 years and have had no time to train. We must see that they train. They want to rest when they come in. We must see that they shoot. They must shoot; they must train."

These words are from an officer who is pouring his heart and soul into his job. He has seen enough of the Vietnamese to know that his is not an impossible task.

To be discouraged because you are working with hopeless people in a black discouragement that is foreign to this operation. This is angry and sympathetic frustration displayed by men who know the troops they are training are mentally and physically up to the task.

But the human operations of those troops, and of their leaders, are still humanly imperfect.

Not so imperfect, however, as 90 days ago.

[From the Cleveland (Ohio) Plain Dealer Aug. 15, 1962]

### DEFENSIVE HAMLET KEY TO VIET WAR

(By Phil G. Goulding)

SAIGON.—No one knows whether the war here will be won, but nearly everyone believes that it cannot be won without the strategic hamlet.

People-protecting projects are developing in variety under other similar names—combat hamlet, fortified village, relocation center. Some are voluntary programs, and some demand moving isolated families against their will.

All have the same objective: defending rural Vietnamese from the Communist guerrilla.

And all have the same military base; a moat, a barbed wire, or stake fence to protect the homes; daywork in the fields outside the protected area; nighttime security behind the wall; patrols by armed men; sentries.

Two thousand such strategic hamlets have been completed. Two thousand more will be ready by year's end.

An American, even in sparsely settled Western States, needs his imagination to picture Vietnam and the need for such protection.

This is a rural country. The labor force is 5 million—and 4 million are farmers.

Saigon is the size of Philadelphia, two of the three next biggest cities are smaller than Canton, Ohio, and the third is the population of Cuyahoga Falls.

Flying over the mountain-jungle north or the delta south, one sees no links connecting one hamlet with another—not by road or telephone or powerline.

In such an arena, what is the pattern of the Viet Cong?

The guerrillas may sweep into a village, kill an official who speaks against them, terrorize the people, impress some young men as supply bearers, decapitate another dissenter and withdraw.

Or they may come in peacefully, work in water to their knees to help harvest a rice crop, give first aid, pay an excessive price for produce, condemn the Diem government, promise roads from this village to the next, and depart in friendship.

Sometimes there is a combination—first the stick, then the carrot. Why could your Government not protect you when we were here last? Who will defend you from the bandits? Why is there no school for your children? Do you mean you have never seen your district official?

Any eighth grader can conclude that the villagers of Vietnam need security most of all—security against the slashing knife of the Viet Cong and against the slashing tongues. That some of the Viet Cong charges are true makes protection all the more essential, until the Government has time to demonstrate that they are no longer true.

The war will not be won by idealists who believe that the ignorant villagers can be exposed to Communist propaganda indefinitely and still remain faithful to a Saigon government of which they are unaware.

Strategic hamlets are not a new idea.

In Malaya, where 5,500 Communist guerrillas, thugs, and criminals battled 40,000 regular troops, 60,000 police, and a quarter of a million home guards, they were called "new villages."

If the peasants no longer help the guerrillas, either by choice or by force, then the Viet Cong must be forced into the open for food and supplies. With improved communications and transportation, Government forces should be able to destroy them.

There are 2,500 villages and some 15,000 hamlets in Vietnam. Some of the larger villages, of 5,000 or more persons, consist of several hamlets.

We are providing 2,000 radios for the villages. This is a beginning. Hamlets need them, too. Better communications are essential.

The following news item from the English-language Times of Vietnam indicates how the hamlets are mushrooming and the importance being placed on them:

"The deputy chief of Gia Dinh Province yesterday opened three new strategic hamlets at Phu Huu, Linh Xuan Thon, and Phuoc Long villages, Thu Duc District.

"Binh Thai hamlet at Phuoc Long, the largest of the three, covers a 120-square-kilometer area and has 218 houses.

"The deputy chief also presented awards to 37 cadres and local residents who had distinguished themselves in the hamlet building program. Later he toured the defense system at Binh Thai.

"The three new strategic hamlets bring to 69 the total number completed so far in Gia Dinh Province. Construction work on 78 others is now underway."

Gia Dinh is the province in which Saigon is located. Ambushes, raids, and fighting take place a dozen miles outside the city. This war is nationwide; it is not restricted to particular areas.

Another routine item on an inside page of the Times of Vietnam offers a typical description of the kind of conflict being fought:

"Local forces in Hai Long District, Binh Thuan Province, fought off a band of Viet Cong raiders last Thursday night who were besieging Thien Khanh strategic hamlet.

"The enemy lost 31 men and 1 light machinegun. Two of the dead were left on the scene and the rest carried away.

"Aided by a regular army unit and local guardsmen who rushed to the hamlet's rescue, the village's armed defenders surrounded the enemy as they were burning and ransacking the hamlet.

"The Viet Cong fought a desperate battle before retreating into a nearby forest. Their number was unknown.

"The local forces, who reported no casualties, also freed a number of local officials and individuals who had been forced to cooperate with the guerrillas.

"The villagers later held a meeting to celebrate their victory over the terrorists."

American officials here list these three major objectives of the strategic hamlet program:

1. To enable the villagers to get organized and develop a community spirit, secure from the Viet Cong.

2. To deny intelligence to the Viet Cong.

3. To deny logistics support, food, and equipment to the enemy.

"This is the beginning of the drive to seperate the people from the Viet Cong," said one officer. "It is an organization of the women, an organization of the people into family groups, an establishment of the buddy system.

"We hope this program will force the Viet Cong to abandon small raids as unprofitable and come in in force to attack."

In areas either dominated by the Viet Cong or sympathetic to the Communists, the people are given no choice at sunset. They are herded into the hamlets.

The program is not proceeding perfectly.

Americans would much prefer to see priority rules established. They would rather that each project were completed to proper standards before others were begun.

"Everyone is building a hamlet," said one official. "The enthusiasm is great, but we do face dangers by this hit or miss approach. If the village improperly protected suffers from a raid, other villages may lose faith in the entire program.

"But the pacing is out of our hands. We are not running this Government."

[From the Cleveland (Ohio) Plain Dealer, Aug. 16, 1962]

### RIDDLE IN ASIA—STORY OF A PROVINCE, TALE OF HOPE IN VIET

(By Phil G. Goulding)

PHU YEN PROVINCE, VIETNAM.—A short windswept airstrip is guarded by three scowling peasants. They share one rifle.

You recall what the American Army Chief of Staff was told on a visit to South Vietnam.

"If they shoot, they are Viet Cong. If they salute, they aren't."

There is no other way to tell—except, as some Vietnamese say, by opening their hearts.

These three neither shot nor saluted as we stepped from an Army Caribou aircraft. They stared, until three jeeps appeared out of the dust.

We are a couple of hundred miles from the tall modern buildings of Saigon.

We are in the midst of a Province controlled by the Communists. They dominate all but 15 percent of it.

The story told here is the most optimistic story of the guerrilla war in this nation. It is a story suggesting final victory—some year to come—if the politicians and diplomats in Saigon and Laos and Washington do their share.

It is a story which can be believed, for it comes directly from the fighting man on the fighting level. One may be less skeptical than he is of briefings in air-conditioned Saigon offices.

Six districts make up the Province of Phu Yen. The population is 346,000. Twenty-three thousand are mountain people—montagnards—who generally live in the isolated areas of plateaus. The rest are Vietnamese.

The Province of Phu Yen will be saved from communism, unless all indices are wrong.

And the man doing the most to save it is a young American major. He has been here in the upcountry 5 months. His job: to work with the Province chief in all ways, particularly in establishing strategic hamlets.

When he arrived, he thought the task hopeless. He and the chief patrolled the Province from one end to the other almost without assistance, racing from one report of Viet Cong activity to another.

The city of Tuy Hoa was a ghost village. Streets were empty, day and night. People were huddled in their mud, plain, thatched-roof huts. The few more substantial homes, with real doors and windows, were equally deserted looking.

All the inhabitants were here, but all were terrified of the Viet Cong. Persons aroused by the major and his men were worried, sullen, and frightened.

Work on strategic hamlets began May 8.

The schedule called for construction of 84 by June 8. Ninety-two were ready by then.

The next phase ended August 8. One hundred and forty-six were demanded by the plan. One hundred and fifty-six had been built.

The majority of the women and children now can sleep safely at night. By the end of the year, there should be 273 fortified hamlets. There will be.

Some 3,000 persons, or 600 to 700 families, are in each hamlet, surrounded by fencing, by barbed wire, by systematic patrols. Rice paddies are nearby. The people work in the fields owned by absentee landlords by day, withdraw to the hamlets at night.

Each hamlet is organized within itself, in units of six to eight families. One man is chosen leader and sponsor of a family grouping. He takes the census of his families, and he lines up all members for photographs.

This is to check defections to the Viet Cong—or unreported kidnaping by the Viet Cong. The district chief or hamlet council comes into the hut, studies the picture on the wall, and checks to see whether anyone is missing.

The major continues with his statistics. He needs no notes. One feels that he really doesn't have time or interest in the rest of the world today. His interest is Phu Yen Province, South Vietnam.

All of the first 84 hamlets have medical kits and trained medical personnel. But there is only one doctor for the Province.

This was one of the four most Communist-controlled Provinces in the country. But it also had several advantageous features for a government operation—a seacoast along the eastern border as a barrier to infiltrating Viet Cong, a large coastal population, plenty of fish to eat, and a rail line.

The only mainline in Vietnam follows the coastal plain. Total of trackage in all of the nation is only 856 miles.

Three "relocation centers" are being constructed here, with roads extended from them to the coast. These are for persons whose homes are too isolated to fit into any single "natural" strategic hamlet.

Twelve thousand Viets and montagnards will be moved into the centers.

"I'm not sure we can accomplish this part of the job with voluntary relocation up here," said the major. "We'll try. My own personal feeling is that involuntary relocation is not the long-range answer, but it may be necessary right now."

He gave a firsthand account of how the Viet Cong practice double blackmail on the unprotected.

"They come into a village and demand ammunition carriers," he explained. Their approach is simple:

" 'You come with me or we'll kill your mother and father.'

"So they take him away and put him to work. A few days later they return to talk to his parents.

" 'Give us food, give us rice,' they say, 'or we will kill your son as soon as we get back to the hills.'

"It has worked."

It has worked throughout South Vietnam. But it is working no longer here in Phu Yen Province.

Few of the Vietnamese spirited away from this area have become real Viet Cong sympathizers, the men here say. Some work with neutral spirits for the Communists; some work because they see no alternative; some work until they can escape.

One man refused to perform and was kept with his hands tied for 3 weeks. He got away at the first chance and returned to his village here. His hands are still useless.

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 17, 1962]

### RIDDLE IN ASIA—PART-TIME REBELS COMPLICATE VIET WAR

(By Phil G. Goulding)

PHU YEN PROVINCE, SOUTH VIETNAM.—The Jeep waited for a Toonerville train to pass over a one-lane bridge.

Bridges are rare in Vietnam and one serves all traffic—train, pedestrian, cart, motor vehicle.

Not that there is much to serve. The motor cars within unknown miles belong to the army. Water buffalo or tiny shetland-like ponies pull the native carts.

The American soldier driving the Jeep along one of the few roads pointed to mountains beyond the coastal plain.

Six hundred hard-core, professional Viet Cong rebels were estimated to be hidden there.

Another 3,500 guerrillas were working with them.

Soldiering is the full-time job of the hard core Reds. They are well disciplined. Two-thirds of their training schedule is military; one-third political.

Some have come from North Vietnam in units. Some infiltrate as individuals. Nearly all have been trained in the north, although many are natives of South Vietnam.

The guerrillas they have collected from Phu Yen Province are of two kinds:

One receives no pay, works by day as fisherman or farmer and is available for assignments at night. The Viet Cong likes to have 5 to 10 of this type in each village.

At the district level are half-time, half-paid irregular forces, who work part of the day. They are better trained and better armed than the village guerrillas.

When we arrived back at headquarters, the American major advising the Province chief here explained that he needs regular Vietnamese army units to deal with the enemy in this Viet Cong-controlled area.

He has the 47th infantry with attached units—some 3,000 men. He does not, of course, command it. He advises.

Here, too, are 3,200 self-defense-corps forces and 13 companies of civil guard. Another 5 civil guard companies and 28 platoons of self-defense personnel are being trained.

The objective is to complete 273 strategic hamlets and 3 relocation centers, to complete the training of the local militia—and to release all of the regular army troops for offensive action wherever in the nation they may be required.

However much the defense is needed to prevent the Viet Cong from winning, the Government will never win without an offense as well.

Offensive operations, it was explained here, will not reach their greatest effectiveness across the country until the regular army is freed to pursue the enemy. But this does not mean that the major and the Vietnamese he advises are sitting back.

In a recent action here, they captured 4 power junks, destroyed 100 fishing boats, killed 7 Viet Cong, wounded 8 and captured 142.

Among the prisoners was the Viet Cong district chief. He is a native of South Vietnam and has been a Communist 15 years.

One of the power junks was definitely identified as North Vietnamese. Government forces are always searching for additional evidence to prove the large part being played in this guerrilla war by the Communist-run nation to the north.

Since the strategic hamlet program began here, there have been only two attacks by the Viet Cong. Both were repelled by teenage fighters named "republican youth"—but called "young republicans."

While little was said about the young republicans at higher headquarters in Saigon, Americans here in the field believe that these youths may play a major part in the winning of this war.

They look forward to the day when the home guard and the self-defense corps can also concentrate on offensive sweeps within the Province, leaving the young republicans home to watch over the villages and hamlets.

Training programs for the youngsters are just beginning. Some 65 are in each hamlet, armed now only with crossbows, stakes, and sabers. As they go through the self-defense corps training course, they will be given weapons—carbines, Springfield rifles, or shotguns.

The present plan is one weapon for each three youths, but the major is appealing to higher headquarters for more rifles. One concern, of course, is losing weapons to the Viet Cong.

"Most of the self-defense corps people are now too static," said the major. "We have to hammer to get them to patrol. If we can only get a constant series of patrols moving, the Viet Cong cannot possibly exist.

"They must be flushed out, constantly harassed so they can't stop, can't regroup, can't organize, can't rest, can't sleep.

"Then for them it becomes a matter of survival."

Americans here are far from discouraged. The sullen and hostile Vietnamese of last spring are now smiling and helpful. The "ghost town" appearances of the villages and hamlets are gone.

Most of the natives smile and wave as we speed along the dirt road, through hamlets and villages.

"Until a few weeks ago," said one soldier, "I thought we would fail. But now the local people are beginning to respond. The Province chief is friendly. He is the first official of the Government ever to have reached this village.

"We recently had a free election in these hamlets. They have never had one before.

"It will take years, but this job can be done."

With supplies and with psychological warfare, the American-advised Vietnamese leaders here are also beginning to build up some relationship between the people and the Central Government.

Leaflets describing Government activities and plans for the local people are printed and distributed. Each is marked with a "lucky scorecard number." After several days, to assure that the people have kept the leaflets around the house, drawings are held, with pots and pans for the winners.

Another approach is to seek public confessions from men who have been with the Viet Cong.

Defectors who have returned to the hamlets are given a big sales pitch to tell their stories in public square.

They spell out their own crimes, describe the torture and murder committed by their former Viet Cong buddies, repent for all to hear—and praise the government of President Diem.

One American said that the big breakthrough yet to come was to get the average family to tell what it knows. Even the men and women now cooperating refuse to inform.

Yet better intelligence is a must. Reconnaissance planes are of little value in the jungle.

"The people have all the information," he said. "They know everything we need to know about the Viet Cong in this Province. But they are reluctant to tell us—maybe too timid to tell us.

"When we begin to get intelligence from them, we'll know we have it made. Until then, I won't be quite sure—despite the differences between now and May."

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 18,1962]

### RIDDLE IN ASIA—COPTER SUCCESSES DISTURB VIET CONG

(By Phil G. Goulding)

SOC TRANG, VIETNAM—From a fighter strip built by the Japanese 20 years ago, the U.S. Marines are carrying the guerrilla war to the Viet Cong.

A squadron of 24 helicopters arrived here nearly 4 months ago. It has run more than 50 major troop lift operations.

While the personnel will rotate, there is evidence of permanence to this base—which is only a mile or two from Communist-bent Soc Trang.

Marines are living in tents, but workmen are laying bricks for more substantial quarters. Water comes by hose from a pond nearby, but a well is being dug.

A few cream-colored buildings are left over from the Japanese of World War II. Near them is a post office, a PX, a hot shower.

It is something like being on an island. This is the heart of the delta country, which is the south of Vietnam. Most of the land between here and Saigon, a 2-hour flight to the north, is riceland, and all of the riceland is under a foot of water.

The water veneer atop the land is one of the reasons why helicopters are so important for the pursuit of the Viet Cong. Mountains and jungle in the north are another. So are shortages of roads throughout the nation.

"This time of year," said a Marine chopper pilot, "you never ask if it is going to rain, but only when."

Neither rain nor darkness halts the troop lift activity. This is an all-weather operation. Radar antennas for the ground control approach system are mounted a few feet from a complacent water buffalo.

When the marines came in, their assignment was to support one Vietnamese division. But there are not nearly enough helicopters for everyone, and they have been responding to requests from two others as well.

They can only do so by tireless effort and by top aircraft availability. Twenty-three of the twenty-four choppers in the squadron were on the last lift. Twenty are always in commission.

With the helicopter as cranky as it is, these are impressive figures.

An officer ran over the details of the last raid.

Sixteen aircraft took off at night, reached a loading site 15 minutes later and left, with 12 Vietnamese troops aboard each, in another 15 minutes.

The moon was bright. From its light, the pilots stayed oriented. Positions were checked by known canal networks.

"It is possible to operate under these nighttime conditions," said the marine, "but things have to be going for you."

It was darker at the designated landing point and the pilots could not see the ground clearly. But four choppers landed, then four more, then eight. The squeeze failed and the Viet Cong slipped away.

As each plane unloaded, it swept back for more troops. Fourteen Army helicopters joined in the second lift. More than 100 uniformed Viet Cong were spotted from the air.

Single-engined, propeller-driven T-28's, piloted by Vietnamese, arrived to strafe. Other planes kept the Communists under observation, watching them head for the Cambodian border.

Reserves were then put in at a main trail crossing—and this time the Viet Cong were trapped. Results of the operation: 134 Viet Cong killed, 18 wounded, some arms captured.

"They have learned a lot in the time we have been here," said the marine of the Vietnamese forces. "They are willing to use us and willing to engage the enemy. And they are now using us effectively.

"We operate with the civil guard and the self-defense corps as well as the regular army. The first two are not quite as effective, but there is a gradual upgrading all the way through."

American helicopter successes are disturbing the Viet Cong, according to intelligence reports. There is evidence that the Communists are beginning to dig trenches on both sides of open areas in which they are operating—so that they can catch the choppers in a crossfire.

They are also said to be using controlled salvos of gunfire for the first time. Another intelligence report described blackened bamboo poles being planted in open areas to destroy the rotor blades.

Back in Saigon, rumors are that the Army has requested permission to arm helicopters with mounted machineguns in order to return ground fire.

If such authority is granted from Washington, the marines here will also be so armed. No such weapons are in the choppers now, although sidearms are worn and three small submachineguns are tossed inside before takeoff.

Helicopter enthusiasts here believe that the Vietnamese would profit enormously if there were one U.S. chopper outfit to work with each of the seven Government regular army divisions.

It will never happen. America has neither that many helicopters nor that many pilots available. Pilots, the marines say, are particularly scarce.

But it is likely that at least one more Marine squadron or Army company will be brought in. There is no doubt that the mobility provided the Vietnamese forces by these aircraft is having an effect.

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 19, 1962]

### RIDDLE IN ASIA—IN SOUTH VIETNAM, CAN WE "WIN WITH DIEM"?

(By Phil G. Goulding)

SAIGON.—Can the guerrilla war be won as long as Ngo Dinh Diem is President of South Vietnam?

Definitely, say top-placed Americans. This is a man of great honor, courage and intelligence. He is one of the least understood and most maligned of the world's leaders.

"I would rather have Diem on my side," declared one high-ranking official, "than any government head in all of Asia."

But this is not a unanimous view. Many who have lived and worked here insist that we are pouring our effort into a sinking ship.

"Diem will never gain the support of his people," they assert, "and without that support the Government can never defeat the Viet Cong."

It is obviously one of the most important questions in South Vietnam today—and perhaps the single most important.

It is also one which this reporter is totally unqualified to answer. Military facts and political impressions can be collected on a quick swing around half of the world, but only an idiot would attempt to form a personal assessment of a national leader in so short a time.

The inquisitive visitor can, however, record the opinions of both sides.

Among the criticisms:

Diem lacks knowledge, flexibility and understanding. He will not delegate authority and so hamstrings economic and military operations. None beyond his personal family and a small circle of advisers is trusted.

His information on what goes on in the country is poor. Rarely does he have contact with rural areas.

He is wary of the United States, he may be anti-American and is definitely not pro-American, he fears that we are trying to usurp his power and he feels that no one but himself has the answers.

Because he desires power, he resists our efforts toward reform.

He has completely failed to inspire the people of South Vietnam or the country's military. Economic development by local community effort is his goal, because he is afraid that he might lose power if economic development through foreign investment became too strong.

Some of the anti-Diem school concede that we must put up with him because there is no alternative. Others argue that he must be replaced and that replacements are available—although they do not say how the first will be accomplished or who the second are.

If Diem does remain in power, his critics say, we must do more of the job ourselves. We must get civilian medical teams, agricultural experts and other mobile units of all descriptions out through the country. We must make certain that intelligence gets to interested units. We must see that peasants are not sold fertilizer by local officials at black market prices.

Again, the critics do not spell out a detailed program for thus taking over a sovereign nation.

Defenders of the President concede some, but by no means all, of the critical charges. They make these points:

He has a program and it makes sense, even though he may not be moving on it as quickly as we would here at home.

His principles are extremely high. There is no demagoguery about him. He is honest, humble, dedicated and a tremendously hard worker. Never has he been known to break his word.

It is true that he does not delegate authority—but there are few in his government worthy of handling authority. This unfortunate characteristic is not so much that he fears the power of others as that he lacks knowledge of how to run a large organization.

When he does grant more authority, he immediately has cause to regret it—as in the case of the recent bombing of the palace.

Those who contend that he never gets into the country are uninformed. He makes at least one trip a week, often two, to the provinces. He was raised in a village, he knows the problems of villagers and he has a good touch with a small audience of a thousand or so.

But he shies away from radio and newspapers—and many are unaware of such trips.

We must recognize that no one remakes a man in his sixties. His way of doing things does not have to be our way. He is moving in the right directions, he is a dedicated anti-Communist, he is extremely sensitive to criticism in America and the one-sided news stories which have appeared have been both unfair and damaging.

Communists are out to get him. Many anti-Diem rumors are launched by the Reds. Stories of corruption in his family are started by the Communists and picked up by many—but no proof has been offered.

One often hears, for example, that there are 30,000 political prisoners in jail, all of them there because they are anti-Diem. The fact is that most of them are known or suspected Viet Cong rebels.

He abhors capital punishment. Although there have been two attempted coups in less than 2 years, not a single man has been executed. This alone should show that he is not the "Oriental monster," that some would have the outside world believe.

Village councilmen are now being elected, not appointed. The Government's civic action program is moving. Diem does understand the democratic system—far better, in fact, than most of his countrymen.

For example, when the recent restrictive "blue laws" were passed, some members of the Vietnamese Parliament came to Americans to ask that something be done about them.

"Did you vote against them?" asked U.S. officials.

"Oh no," replied the Vietnamese. "We knew the laws would pass and we would have lost face had we opposed them and been defeated."

"Would you have lost your jobs, or been imprisoned, if you had opposed Diem?"

"No, no. But we would have lost prestige."

If Diem has not been as liberal and democratic as we had hoped, say his supporters, neither has he been as abysmally inefficient as his critics charge.

Many doubted 8 years ago that this new nation, created out of a war lost to the Communist Ho Chiminh of what is now North Vietnam, could survive 12 months.

Diem formed the Government in July 1954, but his position was precarious until the United States went all out from him in June 1955.

In refugee resettlement, public housing, health and medicine, and education, much progress has been made in 7 years. Were it not for the Communists, there is little doubt that South Vietnam, under Diem, and with U.S. assistance, would be prospering.

Some believe that the country is ripe for a military coup. Some say that the military are among the most dissatisfied with Diem, for a number of reasons ranging from poor pay to political meddling in military decisions.

Some believe that America should back such a coup. There is not the slightest smidgin of evidence to suggest that we are prepared to do any such thing.

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 20, 1962]

### RIDDLE IN ASIA—UNITED STATES USING COMPUTERS IN GUERRILLA WARFARE

(By Phil G. Goulding)

SAIGON.—Defense Secretary Robert S. McNamara is probably the only Government official in history to use computer methods to help fight a guerrilla war.

The management-minded Pentagon boss has unleashed a small army of statistics keepers here to discover how well American plans are working in South Vietnam and what changes should be ordered.

Casualty ratios, for example, have improved substantially in favor of Government forces in recent weeks. Some have seized this as an indication that the Vietnamese, with American assistance, are on the right course.

McNamara was also encouraged by the figures—and said so publicly. But he wanted to know more.

What provinces showed the highest casualty rates? Under what conditions? How were the dead killed and how were the injured wounded? Were more or fewer Vietnamese patrols being sent out? How many Viet Cong attacks on strategic hamlets? Where were the engagements? How many? In what numbers? Of what nature?

The spectacular shortstop who tries for everything probably has a lower fielding average than the bum who handles only the balls hit directly at him.

Total casualty figures, by the same token, are without meaning in themselves.

Such operations as this do not always endear the Secretary of Defense to the military. Some field commanders (not at the highest level) said frankly and privately that they would like to go back to the good old days when Washington permitted the people in the field to fight the war.

One officer opposed the monthly strategy meetings presided over by McNamara and attended by top-echelon military and diplomatic figures. Let Washington set the policy, he said, and let us alone.

But observers could find little except tradition to support this view. McNamara's management techniques, at least in the data collection area, seem to make sense. It is impossible to learn from the outside whether he is also "meddling" too much on the inside, as the one general suggested.

The State Department reported some 6 weeks ago that 9,000 soldiers had been killed in South Vietnam this year, 80 percent of them being Communists. An unknown number of civilians, perhaps 1,000 were murdered in 1962.

Most of the actions are small. Typical reports from different tactical zones tell of 2 killed and 3 wounded in one operation; 6 killed and 1 captured in another, with 3 MA-36's and several documents seized; 36 killed, 33 captured, 1 MA-36, 1 Mauser rifle and 1 locally made submachinegun taken in a third.

In assessing such figures and evaluating the particular military operations involved, great detail would appear mandatory.

For this is an unconventional war, fought with unconventional means. It is a war fought along the guidelines of the master Chinese Communist guerrilla fighter, the founder of the Red Chinese Army, Mao Tse-tung.

Briefly, the Mao principles are these:

"Strike at scattered and isolated enemies, and later strike at the * * * powerful enemies.

"First take the small towns, later the large.

"We take the annihilation of the enemy's fighting strength, and not the holding of cities, as the major objective.

"In every battle, concentrate absolutely superior forces.

"Fight no unprepared engagements. Fight no engagements in which there is no assurance of victory.

"Fear no sacrifice, fatigue. Train to fight successive engagements within a short time.

"Strive to destroy the enemy while he is in movement.

"Take only cities weakly defended.

"Do not let the enemy have breathing space."

---

[From the Cleveland (Ohio) Plain Dealer, Aug. 21, 1962]

### RIDDLE IN ASIA—NEUTRAL LAOS CALLED SPRINGBOARD FOR REDS

(By Phil G. Goulding)

SAIGON.—Vietnamese Government authorities publicly declare that the United States has fallen into a Communist trap in advocating neutrality for next-door Laos.

Most American officials and all officials of Asian governments interviewed this side of San Francisco also believe that the coalition conceived by President Kennedy and Averell Harriman cannot work.

They predict that Laos will be dominated by the Reds and they assert that the only two questions are these:

How soon will it happen?

What will be the Communist strategy on the Lao-Vietnamese border when it does happen?

Some experts—if there are any experts in this South Vietnamese war which is so filled with if's—insist that this nation cannot win a war against Communist guerrillas if the border with Laos is wide open.

They also insist that it will become wide open as soon as the Reds have gained control of the Lao coalition.

In short, they are nearly without hope.

To seal off the often unidentifiable border with troops would be possible, they say, but totally impractical—demanding far more forces than the Vietnamese have or than the United States could conceivably make available.

Pessimists are ready to concede defeat if the Reds dominate the Lao coalition and if they then throw open the border for infiltration, reinforcement and resupply of the Viet Cong.

But others argue that America would and should respond to such events with drastic measures of its own.

Few, if any, are still thinking in terms of American military action in Laos. It is too late for that. We would no longer be supporting a loyal government army (such as it was), but now would be unfriendly invaders.

Many in this part of the world believe that military intervention in Laos would have been feasible in the past, with air and naval support from the United States and ground forces from such nations as Thailand, Taiwan, and South Korea.

The Kennedy administration ruled against such action then, however, and later settled on the coalition as the only hope, however thin.

But other military courses are still open to the United States if an open border in Laos makes the situation here untenable, some experts note.

They suggest that under such conditions we should take action against the people pulling the strings in both Laos and South Vietnam—the North Vietnamese Communist government in Hanoi.

Possible actions range from bombing of Hanoi at one extreme to encouragement of guerrilla warfare in North Vietnam at the other, with a naval blockade of the nation or seizure of Communist territory as additional options.

A third view is that the Communists will gradually dominate the Lao coalition, but that they will be too smart to trigger such possible responses and will not "openly" open the border.

Rather, some believe, they will apparently abide by all niceties and attempt to set an example of neutralism for the South Vietnamese to follow.

"See how well our neutral coalition government is working." They might say. "You people should have a neutral coalition government, too."

Meanwhile, assistance to the Viet Cong could be rendered on a substantial but more secret scale. In this way, the Communists could attempt to have their cake and eat it.

All is speculation here, since no one really knows what the Reds will attempt next in Laos.

There are some, including highly placed military officials, who optimistically believe that the American-South Vietnam combination can win the guerrilla war even if Laos does fall to the Communists and if the border is opened.

They argue that the key to Vietnam is not the border, but rather the people. They point to 90,000 or more mountain tribesmen who have recently fled the Viet Cong and asked for Government assistance. They predict that strategic hamlets, Government civic action programs and other projects will gradually win the support of the people regardless of additional difficulties caused by an open border.

The future of South Vietnam, at best, will be a long and difficult future.

And one need not be an expert, but only able to read a map, to recognize that communism has spread from Russia to China, from China to North Vietnam and from North Vietnam to a giant foothold in Laos.

Should both Laos and South Vietnam fall, Thailand would be pitifully exposed. To the south of Thailand is Malaya, to the south of Malaya is Indonesia, and to the south of Indonesia is Australia.

Whatever the miles from Saigon to Washington, or from Bangkok to Cleveland, the map alone should answer those who wonder why 7,000 Americans and hundreds of millions of dollars are committed to this nation.

---

## OUR CHICKENS COME HOME TO ROOST IN CUBA

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. GOODELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER** pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mr. GOODELL.** Mr. Speaker, we are all concerned about the international situation. We will back our President to the hilt in these circumstances. It is easy to be chauvinistic and emotional at a time like this, but success in coping with Communist challenges requires a calm and purposeful understanding and determination. Past errors place us in an awkward and unhappy position today in Cuba.

We would not be facing this agonizing peril today had our President acted purposefully and courageously in April 1961. The Cuban people themselves would in all probability have exorcised the evil incubus of communism and Castro had they not been shorn of vital air support by President Kennedy at the crucial moment in their campaign.

I raise this fact today because the President seems to have continued confidence in the same misguided and weak-kneed advisers who led him to tragic error when the heat was on him in April 1961.

Let our President stand firm. Let him make careful judgments based upon an understanding of the bluff and bluster that is an inherent part of Communist international strategy. Let him recognize that Khrushchev thinks his rocket rattling in April 1961 made our young President back down over Cuba. Let him recognize that every time Khrushchev succeeds in such a bullying tactic the world moves closer to nuclear disaster caused by Communist miscalculations of our determination.

Let President Kennedy recognize that Khrushchev tells Robert Frost that we are "too liberal to fight" because of past indecisiveness and appeasement by so-called liberal thinkers around our President.

Lest we forget the basic cause of the Cuban fiasco in April 1961, I include as a part of my remarks an excellent article from the September 17, 1962, edition of U.S. News & World Report, entitled "Kennedy's Fateful Decision: The Night the Reds Clinched Cuba":

### KENNEDY'S FATEFUL DECISION: THE NIGHT THE REDS CLINCHED CUBA

(Look at Castro's Cuba now: a Communist base. To see how it got that way: Look back to 1961—to an invasion that failed and left Castro even stronger than before. The story of that invasion, as revealed by insiders, shows the far-reaching effect of a President's decision.)

A fateful decision, made by President Kennedy on Sunday, April 16, 1961, is rising now to plague the United States.

On that Sunday evening, an armed force of Cuban refugees, trained by the United States, was at sea, sailing secretly to invade Fidel Castro's Cuba. The American President, a few hours earlier, had given final approval to that invasion.

Only the day before, on April 15, a surprise attack by B–26 bombing planes belonging to the invaders had knocked out all but seven planes of Castro's tiny air force.

A second air strike was scheduled for Monday morning, April 17. It was to coincide with the landing of the invaders. It was supposed to finish the job of wiping out Castro's planes and to provide air support for the invasion.

Secure in this assurance of air support, the invaders went ashore in the early morning darkness of Monday, April 17. Their landing was successful: 1,400 armed men reached the beaches of a place called the Bay of Pigs.

In the battle that followed, Castro's troops suffered heavy casualties. Castro's tanks, coming up to the battle, were sitting ducks for an attack by air. Confidently, the little invading force waited for its air support to arrive. Its leaders had assurance of that support. It was provided in the preinvasion planning.

Hours before, on Sunday evening, a small but potent force of B–26's was sitting in readiness on an airfield 500 miles away, waitting to take off for the Bay of Pigs. Those were planes of the invasion force, with Cuban pilots.

But those planes didn't take off.

The reason: President Kennedy forbade their use.

That was the fateful decision President Kennedy made on that Sunday evening. He decided that the anti-Castro Cubans could not have the support of their own air force during the invasion. Without that support, the invasion failed.

When the invasion began, in the predawn hours of Monday, the need of air support became apparent. Worried, the nonmilitary officials in Washington who were running the invasion went to President Kennedy for a new decision. They suggested that U.S. Navy planes from a U.S. aircraft carrier be used to fly air support for the invaders.

Two U.S. carriers, their decks loaded with fighting planes, were standing by not far away throughout the entire invasion. Their planes were readily available.

In the planning of the invasion—planning begun under the Eisenhower administration—the U.S. Joint Chiefs of Staff had recommended the use of U.S. air support. President Kennedy vetoed the idea. He insisted that there was to be no direct American participation. Now, with the outcome possibly hanging in the balance, military and nonmilitary men joined in renewing the plea.

#### ANOTHER "NO"

Once again, in the early morning hours of Monday, April 17, President Kennedy made a fateful decision. He said "No" to the use of U.S. planes.

On the beaches, in the Bay of Pigs, the invaders fought on. They did not know that an American President in Washington, 1,400 miles away, was in tight control of their every military move. They were not aware that President Kennedy had taken away their air cover.

With no air support, the invasion soon began to run into trouble. Castro brought up the few planes he had left. Castro jets—made in America—bombed and sank two of the five ships of the invasion fleet. One carried most of the invaders' reserves of ammunition. The other was their communications center. Castro tanks, safe from attack by air, moved into effective action.

In the face of this situation, President Kennedy took the wraps off the Cuban fliers. On Monday noon he said they could go into action. But bad weather interfered at first. Finally, an airstrike was set up for early Wednesday.

On Tuesday, however, the situation continued to deteriorate. The invaders, fighting without air support, were driven back under pressure of Castro's superior numbers.

By Tuesday night, April 18, a crisis was clearly at hand. Once again there was an appeal to President Kennedy.

On this night the President, in white tie and tails, was playing host at a congressional reception in the White House. He left the party to confer with his advisers—both civilian and military. Again it was proposed to use U.S. planes to save the invasion.

This time the President relented slightly. He consented to using one carrier's planes for just 1 hour on Wednesday morning—just long enough to provide cover for the invaders to land some supplies and for their planes to make a quick strike. U.S. planes, still, were not to attack land targets.

Even this limited plan for U.S. aid went awry. There were communications mixups. The Cuban fliers mistimed their strike. The U.S. planes never got into action. And anyway, it developed, it was too late.

By sundown of Wednesday, April 19, the invasion was a failure. The invaders inflicted close to 2,000 casualties on Castro's forces, suffered only a hundred or so casualties of their own. But without air support, the invaders could not hold out. Most of them wound up as Castro captives.

American military officials who followed this operation closely say that it came within a hair's breadth of success. They say: Given early air support, the invaders could have destroyed Castro's air force and tanks. Defections from his militia, which had started, would have spread. Underground forces, waiting for word of success before rising against Castro, would have sprung into action. When that word did not come, they remained underground.

It was in the White House that the decision was made that guided the course of that unsuccessful invasion.

Out of that fateful decision of the President have flowed many of today's problems. Soviet Russia today is entrenched in Cuba, a few miles from continental United States. Some Members of Congress charge that the Monroe Doctrine, which guided U.S. policy in Latin America for 139 years, is now, in effect, being turned into a scrap of paper. With a base in Cuba, Communist forces are penetrating deeply into the Western Hemisphere, building up their base for more takeovers.

What lay back of that fateful Kennedy decision?

The record suggests: An important factor was a fear of offending public opinion in Latin America and in the so-called new nations of the United Nations.

Throughout the discussions of invasion policy, the idea was put forward repeatedly that the United States must not place itself in the position of using force against a smaller neighbor. Dean Rusk, Secretary of State, strongly backed President Kennedy in his decisions.

#### WHAT MILITARY RECOMMENDED

The U.S. Joint Chiefs of Staff, the Nation's top military experts, had no part in the actual military operations. Those military leaders had recommended early that, to insure success, some U.S. Armed Forces should take part in any invasion, and that air cover and support should be supplied by the United States.

The recommendations of the military leaders were rejected. It was the Central Intelligence Agency and the White House that finally ran the show and fixed the terms on which the anti-Castro Cubans could fight.

The fateful decision was a political decision—not a military decision.

One civilian official who was close to the whole invasion operation now makes this judgment:

"In retrospect, the political decision was wrong."

A military man, also close to the operation, said this:

"If you go back to that time and look at the whole problem, you find that this country faced one fundamental question: Can we permit a Communist country in this Western Hemisphere? Now, if the answer is 'yes,' then you do one thing. If the answer is 'no,' you do another.

"But if you weasel on that answer, start compromising, then you wind up in confusion—with no real answer. One thing we should have learned from this Cuban fiasco is this: You can't run a military operation that way."

## SOVIET MILITARY BUILDUP IN CUBA

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. GUBSER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mr. GUBSER.** Mr. Speaker, the news of a Soviet military buildup in Cuba, which is now admitted by the administration, is serious indeed.

It is incredible to me that President Kennedy would allow the Soviet to make good on Khrushchev's statement of 1961 that "the only thing left to do with the Monroe Doctrine is bury it." Because no action was taken to protect what has been a cornerstone of our hemispheric policy since 1823, communism has invaded this hemisphere in defiance of the Monroe Doctrine. No amount of word juggling can call that a "defensive" action. This is not the type of leadership which has thrilled readers of U.S. history.

While I fully believe it is proper for members of both parties to criticize the Kennedy administration's handling of the Cuban situation, just as Senator Kennedy made it a campaign issue in 1960, I do not care to dwell on the past. I would rather talk about the future.

I fully believe the President should order and openly announce daily U–2 flights over Cuba. I believe the pilots of these planes should be ordered to photograph every square inch of Cuba at regular intervals.

Second, I believe that several oceangoing ships should be fitted with short wave television transmitters and should operate in international waters off the coast of Cuba. These ships would broadcast actual pictures taken by our U–2 planes to Cubans and all Latin Americans. They should reveal the truth about Soviet military penetration into Cuba.

Next, I believe the administration should order a complete blockade against strategic and military shipments to Cuba.

And as a fourth step, I sincerely believe that the administration should recognize a Cuban Government-in-exile and furnish it with military assistance in an amount sufficient to win. Never again should this country be a party to another Bay of Pigs fiasco.

I do not believe these actions will result in war with Russia. Russia is much too practical to use a blockade as justification for a war which she would be forced to fight at the end of a 5,000-mile supply line.

Unless the United States takes this firm action now, Khrushchev will continue to bluff for all he can get. Now, as always, a firm U.S. position is all that will stop the Communists.

I am confident that U.S. citizens will support the President in these actions and I am confident that the Republican Party will support him. I also believe that the rest of the world will respect us for taking these actions and will gain hope when we take them.

## THE POLICY IMPLICATIONS OF DEEP AID CUTS

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentlewoman from Ohio [Mrs. BOLTON] may extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mrs. BOLTON.** Mr. Speaker, under leave to extend my remarks I am including an address by Hon. Frank M. Coffin, Deputy Administrator for Operations, Agency for International Development. Mr. Coffin is a former colleague who served as a very able member of the House Committee on Foreign Affairs. He has provided a very clear presentation of the policy implications of deep cuts in our foreign aid program. As we will be considering the foreign assistance appropriation bill next week, I hope that all Members will read this address and give careful thought to what Mr. Coffin says about the situation:

### THE POLICY IMPLICATIONS OF DEEP AID CUTS

(Remarks by Hon. Frank M. Coffin, Deputy Administrator for Operations, Agency for International Development, at a meeting of the Point IV Information Committee, Washington, D.C., Tuesday, September 11, 1962)

This is the season of the year when the policy debates centering about the Foreign Assistance Act have faded in memory although they took place only 2 months ago. Now, in the waning days of this Congress come the committee actions and debates on the vital question of the amount of money to appropriate to carry out the policies.

With time pressing and patience strained, there is now particularly a need for perspective and deliberateness. There is a need by all to be aware of deep and broad policy issues which, consciously or unconsciously, are decided by votes on line items in the upcoming foreign assistance appropriation bill. There is always a temptation to accept any round-looking number as an appropriate figure for a cut—to relieve our frustration over our balance-of-payments problem, or what we deem irresponsible acts of foreign governments. But so to act is like determining our policy on Berlin on the basis of the latest remarks of Gromyko or Khrushchev.

The round-looking number which I want to discuss today is the figure of $1 billion which has been written about as the possible magic figure for an aid cut. It doubly deserves to be called round, for it is pregnant with many policy decisions.

#### THE FORGOTTEN FACTS

These decisions, unless we make an effort, will be made in isolation, as if no history had been written, as if no one else existed, as if we were alone in the world. Let me suggest some forgotten facts which we would do well to remember.

There is the fact of tension. As we read of a quickening pulse on the Berlin issue and in Cuba, of the atmosphere of mingled hope and apprehension in Laos, the Congo, West Irian, and Algeria, of the violence in South Vietnam, we know that this is a time of tension. And we know also that those who would have us relax in a time of tension must bear the burden of persuasion.

The second factor is that of amount. What is now being requested of Congress is—apart from funds sought not for expenditure but to replenish reserves for new investment guarantees—approximately at the same level of what was appropriated last year, including the Alliance for Progress appropriation in the spring of 1962. In short, even a cut of several hundred million dollars will reduce our aid program below last year's. A more massive cut is not only a cut of this year's request; it is a cutback.

The third fact is that of ability to pay. Our memory is short. We are surprised to learn that in the days of the Marshall plan our aid was three times the percentage of our GNP that it is now, and the absolute burden on each American citizen was twice as much then as now.

The fourth is that of partnership. We are no longer the only nation extending aid. How many of us realize that, counting Western Europe, the United States, Japan, and Canada, our partners in aid have 40 percent of the total gross national product and contribute 42.5 percent of total official aid? Last year saw a greater percentage increase in their official aid (23.7 percent) than in ours (20.7 percent), a doubling of their loans calling for a repayment period of over 20 years. If the United States at this point were to adopt the policy decisions implicit in a drastic cut, the effect on these other nations would be both dramatic and negative.

The final forgotten fact is that of congressional action. We should not forget, first, that last year Congress approved in principle, by its authorization, a general level of lending—subject to yearly scrutiny—of $1.6 billion a year for the next 4 years. Secondly, we should not forget that 2 months ago it saw fit to authorize lending of $1.250 billion for 3 regions of the world and $500 million more for Latin America. In other words, Congress not only ratified but enlarged last year's authority. To reverse these decisions by a massive cut in appropriations at this time is to engage in an adventure in policymaking without policy debate, and, indeed, contrary to the policy decisions which have taken place both this year and last, after full debate.

These, then, are the perspectives for decision.

#### A CUT AGAINST WHAT?

How deep is a cut of a billion dollars? That depends on what is being cut. What is at stake in the aid battle is not the total $7 billion package being presented to the Congress. For this includes not only our economic and military aid programs, but also such items as $2 billion in loans to the International Monetary Fund, the Peace Corps, administrative expenses for the Export-Import Bank, contributions to the International Development Association and the Inter-American Development Bank, administration of the Ryukyu Islands, and sums for refugees and migrants programs.

Against such an omnibus total a cut of $700 million would appear to be only 10 percent, a cut of $1 billion, 14 percent. But we are not dealing with a $7 billion aid program. We are dealing with an economic aid request of $3.252 billion and a military aid request of $1.5 billion, or a total of $4.752 billion.

Against this amount a cut of $1 billion is one-fifth, or 21 percent. It is almost three times last year's final percentage cut.

In the past the House has several times shown its reluctance to slash military assistance. If this item is left largely untouched, then a cut of $1 billion would really be a 31-percent cut in the total economic aid program.

If it were felt that the Alliance for Progress had more articulate defenders, this item might be spared major surgery. Under these circumstances the brunt of a billion-dollar cut would fall on the other 60 countries and would be almost a 40-percent cut in our program outside of Latin America.

But, whether it were 21, 31, or 40 percent, any such cut means several major policy decisions for this country.

### WHAT WOULD BE THE POLICY DECISIONS?

We are facing decisions on six major parts of the aid program: development loans, development grants for technical assistance, Alliance for Progress, guarantees for private investment overseas, and, for the hard needs of the cold war, supporting assistance and the contingency fund, and military assistance. Any cut approaching a billion dollars in magnitude would have to affect all of these programs. Here are the kinds of distinct decisions we would be making. This is not, I assure you, the to-be-expected plea of an administration spokesman. This is the result of hard thinking based on a realistic allocation of the kind of deep cut we have been hearing about.

1. Development lending would be cut down and narrowly confined as a tool of our foreign policy. A cut of several hundred million dollars—as much as $500 million—might be allocated to this program. What is left for development loans would be substantially absorbed in fulfilling tentative commitments to six major countries alone. What about all the other countries in desperate need of capital assistance?

We would be shackled in responding to the very real development needs of such countries as Greece, Taiwan, Iran, Thailand, Liberia, and Israel. Our ability to consider projects in at least 10 other countries would be effectively wiped out—countries where programs and planning are going forward with a fair degree of success. We would be hamstrung in trying to get other countries off a dole basis and increasingly onto a developmental basis. As for the $200 million of projects nearly ready for approval as of June 1962, work would be effectively halted except in a few top priority cases.

Such a cut would therefore be a decision that development lending was no longer a vital tool of foreign policy. Nations would know there would be little capacity to meet new situations. This decision would not be lost on the other developed nations which we have urged to increase their lending on liberal terms.

2. Any significant reduction in the $600 million for Latin America would be a body blow to the Alliance before the end of the first round.

This would be interpreted as a decision that we were writing off Latin America after less than a year of serious effort. Fifteen years ago we freely wagered $13 billion on 20 European nations in 4 years of the Marshall plan. Now we face a vastly more difficult set of problems closer to home and have set out to venture $2.4 billion, less than one sixth, over 4 years for 20 Latin American nations.

This past year has been one of planning and of reviewing plans and proposals. This was done with faith on both sides of the Rio Grande that there was a premium placed on deliberations, that we meant what we said in talking about a decade of progress for the Alliance. Today loan programs foreseen for six countries alone total $360 million.

We are talking about a Western Hemisphere loan program costing us 1 percent of the Defense Department budget. We are talking about an amount that is 10 percent of our budget this year for outer space. Is not this investment in our neighbors to the south worth at least this fraction?

Any decision to forfeit orderly development in this space is of the utmost gravity.

3. A substantial cut in the $300 million development grant request is a decision for no new activities in health, education, agriculture, community development, land, tax, and governmental reform, cooperatives, free trade unions, savings and loan associations, and development banks. Our request is almost identical with what was actually appropriated last year.

Since Africa is the area where our aid activity is new and concentrated in this type of assistance, a major percentage cut would be a decision that our posture toward this vast continent in its formative period would be a negative one.

4. Failure to provide reserves for our investment guarantee program—$180 million is requested—would be a decision to deny to the United States the material help and know-how which American enterprise can bring to developing countries. Not only is this money not spent, in the absence of catastrophe, but it would activate four times as much resources for assisting development, without taxing the American citizen.

5. Even a relatively small cut in the items of supporting assistance and the contingency fund is a drastic decision to reduce our defense capacity in the most troubled areas of the world.

I say this because our request for supporting assistance this year ($415 million) is about one-half of our appropriation for 1961. Let me show you how hard core a figure that is. We requested $481.5 million. This has already been cut to $415 million. Three-quarters of our request was slated for four countries—Vietnam, Korea, Laos, Turkey. Three hundred and forty-nine million dollars was slated for the Far East alone. If a cut of as much as $75 million is made we would face the hard choice of maintaining our efforts in critical areas of the Far East only at the cost of lowering our guard everywhere else. This would mean inability to respond or join other nations in responding to a financial crisis; inability to offer aid to a country becoming disenchanted with the bloc; inability to strengthen a nation threatened by bloc "liberation" efforts; inability to give needed assistance to a newly independent country during a critically formative period; less ability to assure certain base rights.

What I have said also applies to the contingency fund. Last year $275 million was appropriated. The actual uses amounted to something over this as some funds had to be transferred from the Department of Defense. It is unrealistic to suppose any easier situation confronting the United States this year when we consider the possibilities of these turbulent times—the unrest throughout the Far East, the problems of the new Government in Laos, the strife in Vietnam, the problems and opportunities posed by the new Algeria, the uncertainties of the Congo, the entire Middle East, the Caribbean, all of Latin America, the range of natural disasters such as the earthquake in Iran. * * *

A large cut here, then, is a policy decision in advance that the U.S. interest is best served by not giving the President the resources and the flexibility with which to act in any of these situations.

6. A cut in military assistance is, to its extent, a decision to reduce our defense overseas. It is a policy decision for unilateral disarmament without having considered the implications.

The request for military assistance ($1,500 million) is already $100 million less than last year's appropriation. One-half of this goes to five countries—Greece, Turkey, Korea, Vietnam, and Taiwan. Eighty-eight percent goes to countries abutting the bloc. Talk has been made that a cut of several hundred million might be attempted. Secretary McNamara has urged that we think of this as not just a cut in what was authorized—but as important as if our defense budget itself were to be cut by the same percent.

About a billion of this is for past commitments, fixed charges, and maintenance. A cut of 20 percent would more than cut force improvement in half, for we have already seen new needs in southeast Asia exceeding our original planning by over $100 million, which will have to come from other parts of the program.

The appropriations process is an invaluable one to spotlight waste and inefficiency, to keep the executive department on its toes. But there is a point when cuts in appropriations become policy decisions of the most sweeping kind. Such would be any cuts of the magnitude suggested. In a time of accelerating tensions over Berlin, Cuba, and other cold war hotspots, these are grave decisions.

If a patient has scalp wounds, a lobotomy is not the wise approach.

## CONFLICT IN ADMINISTRATION'S URBAN RENEWAL PROGRAM

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Anderson] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. ANDERSON of Illinois. Mr. Speaker, I believe there is a serious conflict in the administration's urban renewal program. High officials within the administration are speaking out of both sides of their mouths. They are saying on the one hand, that the urban renewal program is a local program that is operated under local controls. At the same time, they are issuing orders which have but one ultimate purpose, and that is insuring complete dominance and control over the program by the Federal Government.

From the earliest time the proposal for a Department of Urban Affairs began, certain Members of the House kept insisting that the urban renewal program was a local program, locally conceived and locally operated. Strong denials were made that there is any invasion of State or local authority by the Federal Government. But I submit that while this sounds impressive and overwhelming, the facts bear out a contrary position. Perhaps the wording of the laws themselves cannot be construed to contradict their claims that there is no danger of usurpation of local prerogatives, but it is the entire system, and the administrative implementation of all the laws pertaining to urban renewal that constitute Federal control in a most objectionable form.

Before I develop this thesis, may I give a little more background on the matter. The General Counsel of the Housing and Home Finance Agency, speaking at the Practicing Law Institute on Urban Renewal and Housing in New York City on June 18, had quite a bit to say about local determinations. At that time he stated, echoing the high-sounding public relations phraseology so characteristic of our current leadership:

> I digress to note that under existing law the principal protections accorded to the sovereignty of the local governing body stem directly from the Federal statute. Thus, the local governing body must authorize an application for public housing or for urban renewal and related forms of Federal financial assistance. Land sought to be taken for an urban renewal project can be acquired only after notice and public hearing, and the uses to which that land may subsequently be put must conform to the provisions of an urban renewal plan to which only the local governing body can give final approval. That body must also determine that the urban renewal plan itself conforms to the general plan for the development of the community as a whole. All of these and other protections to the integrity of local governmental processes are embodied in title I of the 1949 Federal Housing Act itself.

This sounds wonderful—except for the fact that all of the prior steps necessary for the local body to determine these final plans must first be cleared through the HHFA here in Washington or the regional office. May I refer you to volume I of the "Urban Renewal Manual." In the text, not including any of the exhibits, the phrase "HHFA concurrence is required," or similar phrasing, appears more than 150 times. It does not seem to me that the local agency has as much freedom as some people would like us to believe.

Mr. William Slayton himself has stated that the intent of the Congress in 1949 was twofold:

> First, that private enterprise shall be given the opportunity to participate to the maximum extent, and second, that every urban renewal project be locally initiated, locally planned, and locally carried out.

It would seem that the letter of the law was being carried out, but hardly the spirit.

Put yourself in the position of a member of the local committee considering urban renewal. The contract for loans and grants issued by the HHFA is in two parts. The first part is the signed contract. The second part incorporates the terms and conditions which apply. That second part is 47 pages long. The detail is great, and the straitjacket is tight.

You want to find out how to go about becoming eligible to participate. Where do you go? To this three-volume set, the "Urban Renewal Manual." You must conform closely to the procedures if you want any of the money which the Congress has appropriated. If your local plans do not conform to what the HHFA office thinks would be appropriate, your plan may be labeled "not feasible" and permanently filed. But just having the set does not mean you have all the regulations. Monthly supplements are sent out to replace various sections—a strictly unilateral procedure on the part of HHFA. The locality has no choice. The price of participation is unquestionable acceptance and having to conform to the unilateral changes.

Now you begin filling out forms. First, there is the form to be used by the applicant in filing an application for the Federal aid. This occurs in book 1, part 4, chapter I, section 1. The applicant must certify that "it is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal assistance." A similar provision is contained in other application forms.

Among the conditions imposed by the Administrator is the requirement for special documentation to be submitted by the local authority as its final project report on part I of the "Application for the Loan and Grant." This is described in book 1, part 4, chapter 2, section 1. I quote from these requirements:

> The final project report shall be submitted in five binders. * * * Documents shall be arranged in order of their checklist code number.

That checklist is 2½ pages long. An amendatory application is required for changing project boundaries, revising the amount of the loan, or changing any other provisions of the contract.

Let me cite just one other illustration from the manual of the many evidences of control which come with the program. In part 3, chapter 3 of the manual, which deals with the reporting of litigation, there is a requirement that the local public agency shall obtain HHFA concurrence before entering into a contract for furnishing litigation services to defend itself against legal attack.

Now let us consider what happens when a community actually begins an urban renewal program. May I call to your attention an article which appeared in the July 10 Washington Daily News. This article concerns the problems which Alexandria, Va., is having in getting its project going. I quote from the story:

> A Federal urban renewal official warned Alexandrians last night that the city must provide middle-income housing for colored people if it expects to get Federal money for renewal projects.
>
> Richard Fishbough, area coordinator for the Housing and Home Finance Agency, said final approval on long-delayed urban renewal for Alexandria has again been held up until the city can prove it has decent, safe, and sanitary housing available for those displaced by the project.
>
> Mr. Fishbough and Alexandria Urban Renewal Director Martin Smith spoke at a special meeting of the Retail Merchants Association. Members are especially concerned over the urban renewal project dedicated to revitalizing the downtown business area and anxious to know when, if ever, buildings will be taken over by the city.

The point I want to make is that the Government is not just requiring public housing, but subsidized housing for middle-income people in addition to the other purposes of urban renewal.

Contrast the delays and problems resulting from bureaucratic control and planning in Alexandria's project with the mushrooming local rehabilitation project in Cleveland. I quote from an article which appeared in the February 1960 issue of House and Home. The article is based on an interview with James T. Yeilding, commissioner of slum clearance and blight control.

> So far Cleveland has elected not to seek Federal aid for any rehabilitation projects. The reason: To qualify for Federal funds, the city has to do only a part of the investigation it feels necessary to know what a neighborhood needs. And local officials don't like the Federal nitpicking over plans. So Cleveland makes intensive inspections, mobilizes community support, before it tries to complete a plan to fix a blighted neighborhood. Yielding believes that this gets a program into the doing stage as much as a year sooner than if Federal procedures were followed.

With this example we note that the planning is much more comprehensive and complete, and the project is underway as much as a year sooner than if the "big helper" Federal agency is working at full steam.

Even here in Washington we see an example of the lengths to which control is exercised. In the August 3 issue of the Washington Post there is an article captioned "Time Limit Sought on Renewal Controls." I quote from that article:

> The District Commissioners called yesterday for an end to Government control over urban renewal projects once they are built. * * *
>
> The Redevelopment Land Agency's present practice is to oversee the use of the land for up to 40 years, during which time it can take a developer to court if he fails to live up to the contract agreement.

As a final example of what happens when the Federal Government starts meddling in local affairs, I point to Norwalk, Conn. The New York Times reported on August 8 that the Norwalk Chamber of Commerce blamed the Norwalk Redevelopment Agency for a 23.82-percent decline in the city's retail sales during the first quarter of 1962.

The chamber declared that "Federal and local officials had withheld vital information on the progress of the redevelopment program there." The chamber said there was a lack of communication between the redevelopment agency and the public. These policies have caused the people to avoid the business area and have created uncertainty among the storekeepers.

I think one of their statements sums up the whole problem:

> The problem of doing business with the Federal Government is a frustrating experience.

Mr. Speaker, many Members of Congress based their votes on urban renewal legislation on the high-sounding promises made by the administration and its representatives in HHFA of no Federal control. But in the cold dawn of practical facts, it is quite evident that there is more to the question than meets the eye.

---

## UNITED NATIONS BOND PURCHASE VIOLATES CONSTITUTION

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from

Washington [Mr. PELLY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. PELLY. Mr. Speaker, I have sent to each Member of the House a reprint of remarks I made on July 31, 1962, in opposition to legislation to authorize the President, by bond purchase or loan, to provide funds toward the expenses of the United Nations. I am hopeful that my colleagues will read this speech in light of the scheduling later this week of S. 2768, which would give the President the authority he seeks.

My opposition, as I stated in my remarks, was based on the ruling of the International Court of Justice at The Hague that all United Nations members are obligated to contribute their respective share of the expenses of so-called peacekeeping operations in the Congo. Instead of issuing bonds to a few nations, I urged that the United Nations finance its expenses by a general assessment. Thereby instead of abstaining from paying her share the Soviet Union would be in the position of having to pay her assessment or face loss of her vote in the United Nations General Assembly.

Mr. Speaker, I also addressed the House on August 15 on this same subject and pointed up that our failure to authorize a loan to the United Nations would not wreck it or endanger its proper operations.

Likewise, I emphasized that passage of S. 2768 would not solve the financial problems of the United Nations but on the contrary would only postpone the day when the United Nations is going to have to face up to its problem of finances. S. 2768 would only provide a temporary stopgap and as such is bad legislation.

Incidentally, I wonder if the truth is known generally that the proceeds of the United Nations bond issue is to be used for expenses in the Congo from July 1, 1962, on.

Out of foreign aid and other contingency funds the United States has already made payments, under one pretext or another, which have covered the past deficit.

One criticism of S. 2768 which I brought out, Mr. Speaker, was that it did no more than express the sense of Congress against financing future deficits in a similar fashion by borrowing. As I said, I thought the precedent of this bond issue might well be repeated and used as a solution again in the future.

All in all, my thought has been that the program of loaning the American taxpayers' money to the United Nations would solve nothing and would only be a temporary postponement of a basic need to resolve a problem. Certainly, so long as the United States is willing to bear the lion's share of the costs of the United Nations, other countries will be happy to have us do so and S. 2768 would offer an incentive often to certain countries to support bypassing of regular assessments. It would place a premium on delinquency.

Mr. Speaker, today I wish to discuss another argument against this proposal. This is a point which has been called to my attention by a distinguished constituent of mine and former president of the American Bar Association, Frank E. Holman. Mr. Holman has written me under date of September 4, 1962, to the effect that the proposal that the United States purchase bonds of the United Nations is wholly illegal. He has called my attention to the fact that in the first place there is nothing whatever in the Charter of the United Nations, by implication or otherwise, which authorizes the United Nations to issue bonds. The right and power to issue bonds, Mr. Holman stressed, must be specifically conferred upon any organization no matter what it may be.

The only United Nations provision for raising money in its charter is that which authorizes the General Assembly to periodically fix a budget and then to allocate the amount thereof for payment by the member states. However, the issue I am particularly anxious to call to the attention of the Members of the House has to do with our own Constitution. As Mr. Holman wrote me, the United States is nowhere authorized by the Constitution to purchase securities. The Constitution grants the power to coin and print money but gives no power to buy and sell securities and obviously to do so in this instance it would open ways and means of giving away enormous sums of the taxpayers' money.

Mr. Speaker, not being an attorney, I have hesitated to argue the subject of legality. However, I have wondered why competent constitutional members of the legal profession have not stood up and told the American people what a precedent this United Nations loan could be. I have wondered why the issue has not been raised as to the constitutionality of a loan.

On this subject I sought the advice of the legal counsel of the Citizens Foreign Aid Committee, Dean Clarence J. Manion. I remembered that a one-time dean of the University of Washington Law School, who was later president of the Washington State Bar Association and a close friend, Alfred J. Schweppe, had told me that Dean Manion was one of the best constitutional attorneys in the United States. In response to my request about the constitutionality of the proposed congressional appropriation for the purchase of United Nations bonds I received the following which speaks for itself:

> The question on the proposed purchase of U.N. bonds is not whether or not Congress should purchase them for whatever reason, good or bad. The question is, May Congress appropriate money for a purpose not authorized by the Constitution of the United States? The answer to that question is "No."
>
> Is the purchase of these bonds authorized by the Constitution of the United States? Let's see:
>
> Article 1, section 8, empowers Congress to "pay the debts and provide for the common defense and general welfare of the United States."
>
> The Constitution does not authorize Congress to pay the debts of foreign governments or to pay the debts and provide for the general welfare of the United Nations.
>
> Congress is not authorized to provide for the general welfare—period. Congress is authorized merely to provide for the general welfare of the United States.
>
> The Federal Government has only the powers that are granted to it expressly or by implication in the Constitution of the United States. The Federal Government is not a general agency for the establishment of the welfare of the world. It is a special agency set up by the American people for the accomplishment of special purposes designated in the Constitution. Like other branches of the Federal Government, the powers of Congress are not general powers but merely special powers for the special purposes specified in the Constitution.
>
> Members of Congress are not sworn to uphold and defend the peace, happiness and general welfare of mankind. On the contrary, they are sworn to uphold and defend the Constitution of the United States. If the power to do what Congress proposes to do here is not granted to Congress in the Constitution, Congress is legally powerless to do it and if Congress does what it lacks the legal power to do, Congress will commit an act of immoral usurpation which is a travesty upon the very conception of constitutional government. In the matter of the U.N. bond purchase the questions before the House of Representatives are—
>
> Shall we do what we please or shall we do only what the Constitution authorizes us to do?
>
> Shall we maintain a government by constitutional law or shall we establish a dictatorial government by usurpation?
>
> Shall we obey the Constitution or shall we scrap it?
>
> For each individual Congressman the question is, Shall I obey my oath to support the Constitution of the United States or shall I deliberately violate it?

Mr. Speaker, in answer to Dean Manion's final question and speaking for myself I can only say that I intend to support the Constitution of the United States and I shall vote against S. 2768. Furthermore, in all conscience I feel compelled to call on my colleagues to do the same.

Mr. Speaker, this proposed authorization to loan money to the United Nations is wrong. It is not in the best interest of world peace and could well, as I have previously stated, doom the United Nations as far as its future effectiveness is concerned in international affairs.

I hope S. 2768 will be voted down.

---

## IN SUPPORT OF THE ALBANY, GA., CIVIL RIGHTS MOVEMENT

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 15 minutes.

Mr. HALPERN. Mr. Speaker, as a citizen and as a Member of Congress, I feel compelled by moral obligation to speak out in support of a large number of the citizens of Albany, Ga., who are seeking by peaceful protest and by legal action to secure rights under the Constitution which are denied them by public authorities.

The authorities of that city have attempted to represent these citizens of Albany as acting contrary to law and order. The truth is quite opposite. Public authorities cannot enforce laws which are unjust, which deny civil rights, and then charge those who protest peacefully against these denials with acting against public order. The purpose of law is precisely to secure recognition of rights; a law which has the effect of denying a civil right is not a true law at all.

Let us go back several months, Mr. Speaker, and see how the Albany movement originated. We shall see, at the same time, that deprivation of rights—both constitutional and statutory—has been the real issue from the beginning.

The protest movement began last November when several Negro students got off a Trailways bus at Albany and entered the waiting room reserved for white persons. They were compelled to leave. Three weeks after this incident, five Negro students from Albany State College were arrested for refusing to leave the Trailways station restaurant. In December, more freedom riders from the Student Nonviolent Coordinating Committee arrived at Albany and tried to use the "white only" facilities in the bus station.

Those attempts on the part of Negro students were tests to determine compliance with Federal law.

In the case of *Boynton* v. *Virginia* (346 U.S. 454 (1960)), the Supreme Court declared that the Interstate Commerce Act prohibits racial segregation in interstate buses and likewise in all terminal facilities which are an integral part of interstate commerce. In response to a petition of Attorney General Kennedy, the Interstate Commerce Commission, on November 1, 1961, ordered all buses and terminal facilities in interstate travel to abolish segregation, and to post notices in buses and terminals stating that all seats and facilities are available without regard to race or color.

The freedom riders at Albany, like those at Birmingham, Montgomery, and Jackson, were not violating the law; they were exercising their rights under the law in order to find out whether State and local authorities recognized those rights.

The Albany movement was formally organized on November 17, 1961, under the leadership of Dr. W. G. Anderson, a Negro physician of Albany. It immediately initiated a series of peaceful, nonviolent demonstrations against segregation in public places. Dr. Martin Luther King, minister of Ebenezer Baptist Church in Atlanta and chairman of the Southern Christian Leadership Conference, went to Albany to assist Dr. Anderson.

Chief of Police Laurie Pritchett and his force responded by making mass arrests. I think it only fair to mention that Chief Pritchett and his men have entirely eschewed the use of violence. They have not used tear gas or dogs, and they have kept their sticks in their belts. But, by the end of last December, they had arrested more than 500 demonstrators. Dr. King himself was arrested in December, and was freed when someone paid his fine for him. He was arrested again this summer, and released by suspension of his sentence. From last November to the present time, the police have arrested more than 1,100 persons. Chief Pritchett has not only dispersed demonstrators by mass arrests, but has forestalled demonstrations by temporary closing of public facilities which groups from the movement had tried to use: Tift Park, the white public park, where groups had tried to use the swimming pool and tennis courts, and the Albany Carnegie Library which is reserved for white persons. At the same time, he closed the Negro Tullulah Massey Park and the Negro Monroe Branch Library.

On July 20 of this year, Mayor Asa D. Kelley petitioned Judge J. Robert Elliott, of the U.S. district court in Columbus, Ga., to enjoin the Albany movement from further demonstrations. Mayor Kelley argued that the need to keep order had resulted in leaving parts of the city without police protection.

The movement has also gone to court. In July, its attorneys filed suit with Judge Elliott in Federal district court asking the court to declare segregation in all public places unconstitutional. Specifically, the suit is directed against segregation in bus and rail terminals, in the public library and public parks, in the theaters and in the municipal auditorium.

Federal courts have already declared almost all such segregation to be in violation of that clause of the 14th amendment which guarantees "equal protection of the laws" with respect to U.S. citizens in each of the several States. The most significant case was the school decision in *Brown* v. *Board of Education* (347 U.S. 483, 492–495 (1954)). In this case, the Court rejected the doctrine of "separate but equal." It declared that even though all of the "tangible" factors in seperate schools might be of equal quality, segregation itself is such an act of disrespect toward a minority of citizens, and causes the latter to suffer such loss of self-respect and consequent inhibition of capacity to learn, that segregation in and of itself causes inequality in the benefits of the law. They said, in effect, that "separate but equal" is not a valid principle because it is self-contradictory.

The Federal courts have since applied the same reasoning to other things besides schools. In all of these cases, Federal judges have said that segregation cannot be maintained by any action on the part of a State or any of its subdivisions or enfranchised instrumentalities.

In *Gayle* v. *Browder* (352 U.S. 903 (1956)), the Supreme Court invalidated Alabama laws and Montgomery ordinances requiring segregation in the city's buses. In *Holmes* v. *City of Atlanta* (124 F. Supp. 290 (1954)), a Federal district court declared exclusion of Negroes from a municipal golf course illegal, and the Supreme Court made the same ruling in *New Orleans City Park Improvement Association* v. *Detiege* (358 U.S. 54 (1958)). In *Mayor and City Council of Baltimore City* v. *Dawson* (350 U.S. 877 (1955)), the Supreme Court declared racial segregation at public beaches and in public bathhouses to be in violation of the 14th amendment.

Federal court decisions thus provide clear precedents by which a decision can be made about segregation of public places and facilities in Albany.

On September 4 of this year, 19 Negro students tried to register in the city's public schools, which have not yet taken any steps toward integration. They were turned down by the school principals. The parents of these children intend to appeal first to the Albany School Board, and then to go to Federal court. The justice of their case has already been determined by the Supreme Court in the Brown case.

On August 8 of this year, the Department of Justice filed a brief as a friend of the court in opposition to Mayor Kelley's petition for an injunction. The Department stated that Negroes should not be prevented from making peaceful protests against deprivation of their rights guaranteed by the 14th amendment, and that such a prohibition would deprive them of their rights guaranteed by the 1st amendment. The Justice Department took this action because of its paramount responsibility for the overall enforcement of justice.

And it is justice which is at stake here. Justice is constituted by recognition of rights. And I want to call your attention to the profoundly humane conception of right which determined Chief Justice Warren's reasoning in the Brown case. This conception is that, in any matter subject to Federal, State, or local jurisdiction, racial segregation constitutes an affront to personal dignity such that it tends to cause loss of self-respect and so that it destroys equality under law.

Mr. Speaker, the rights involved are human rights in the deepest sense. The movement to gain official recognition of these rights has a most compelling claim to our wholehearted support.

---

## GOLD: HOW IMPORTANT IS IT?

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. MULTER.** Mr. Speaker, once again I am taking the time to give expression to the thought that monetary and fiscal policy are not so intricate that only the expert economist understands it.

It is the duty of every American to know the simple basic principles.

If he understands them, he will be less inclined to react emotionally in times of crisis and will not panic at every downturn of either the stock market or of the economy generally.

It is high time we tried to understand the fundamental economics on which our very existence depends.

An excellent start is to make required reading the following article from the June 1961 issue of Reader's Digest:

### WHAT IS PROFIT?

(By Fred I. Kent)

(A schoolboy, disturbed by the current fashion of speaking disparagingly of the profit system which has formed the basis of the American way of life, wrote to his grandfather asking him to "explain just how there can be a profit which is not taken from the work of someone else." The grandfather, Fred I. Kent, LL.D., was president of the Council of New York University and a former director of the Federal Reserve Board. Dr. Kent replied to his grandson's query as follows:)

MY DEAR GRANDSON: I will answer your question as simply as I can. Profit is the result of enterprise which builds for others as well as for the enterpriser. Let us consider the operation of this fact in a primitive community, say of 100 persons, who obtain only the mere necessities of living by working hard all day long.

Our primitive community, dwelling at the foot of a mountain, must have water. There is no water except at a spring near the top of the mountain: therefore, every day all the 100 persons climb to the top of the mountain. It takes them 1 hour to go up and back. They do this day in and day out, until at last one of them notices that the water from the spring runs down inside the mountain in the same direction that he goes when he comes down. He conceives the idea of digging a trough in the mountainside all the way down to the place where he has his habitation. He goes to work to build a trough. The other 99 people are not even curious about what he is doing.

Then one day this 100th man turns a small part of the water from the spring into his trough and it runs down the mountain into a basin he has fashioned at the bottom. Whereupon he says to the 99 others, who each spend an hour a day fetching their water, that if they will each give him the daily production of 10 minutes of their time, he will give them water from his basin. He will then receive 990 minutes of the time of the other men each day; this arrangement will make it unnecessary for him to work 16 hours a day in order to provide for his necessities. He is making a tremendous profit—but his enterprise has given each of the 99 other people 50 additional minutes each day.

The enterpriser, now having 16 hours a day at his disposal and being naturally curious, spends part of his time watching the water run down the mountain. He sees that it pushes along stones and pieces of wood. So he develops a water wheel; then he notices that it has power and, finally, after many hours of contemplation and work, he makes the water wheel run a mill to grind his corn.

This 100th man then realizes that he has sufficient power to grind corn for the other 99. He says to them, "I will allow you to grind your corn in my mill if you will give me one-tenth the time you save." They agree, and so the enterpriser now makes an additional profit.

He uses the time paid him by the 99 others to build a better house for himself, to increase his conveniences of living through new benches, openings in his house for light, and better protection from the cold. So it goes on, as this 100th man finds new ways to save the 99 the total expenditure for their time—one-tenth of which he asks of them in payment for his enterprising.

This 100th man's time finally becomes all his own to use as he sees fit. He does not have to work unless he chooses to. His food and shelter and clothing are provided by others. His mind, however, is ever working, and the other 99 are having more and more time to themselves because of his thinking and planning.

For instance, he notices that one of the 99 makes better shoes than the others. He arranges for this man to spend all his time making shoes, because he can be fed and clothed and sheltered from profits. The other 98 do not now have to make their own shoes. They are charged one-tenth the time they save. The 99th man is also able to work shorter hours because some of the time that is paid by each of the 98 is allowed to him by the 100th man.

As the days pass, another individual is seen by the 100th man to be making better clothes than any of the others, and it is arranged that his time shall be given entirely to his specialty. And so on.

Through the foresight of the 100th man, a division of labor is created that results in more and more of those in the community doing the things for which they are best fitted. Everyone has a greater amount of time at his disposal. Each becomes interested, except the dullest, in what others are doing and wonders how he can better his own position. The final result is that each person begins to find his proper place in an intelligent community.

But suppose that, when the 100th man had completed his trough down the mountain and said to the other 99, "If you will give me what it takes you 10 minutes to produce, I will let you get your water from my basin," they had turned on him and said, "We are 99 and you are only 1. We will take what water we want. You cannot prevent us and we will give you nothing." What would have happened then? The incentive of the most curious mind to build upon his enterprising thoughts would have been taken away. He would have seen that he could gain nothing by solving problems if he still had to use every waking hour to provide his living. There could have been no advancement in the community. Life would have continued to be drudgery to everyone, with opportunity to do no more than work all day long just for a bare living.

But we will say the 99 did not prevent the 100th man from going on with his thinking, and the community prospered. As the children grew up, it was realized that they should be taught the ways of life. There was now sufficient production so that it was possible to take others away from the work of providing for themselves, pay them, and set them to teaching the young.

Similarly, the beauties of nature became apparent. Men tried to fix scenery and animals in drawings—and art was born. From the sounds heard in nature's studio and in the voices of the people, music was developed. And it became possible for those who were proficient in drawing and music to spend all their time at their art, giving of their creations to others in return for a portion of the community's production.

As these developments continued, each member of the community, while giving something from his own accomplishments, became more and more dependent upon the efforts of others. And, unless envy and jealousy and unfair laws intervened to restrict honest enterprisers who benefited all, progress promised to be constant.

Need we say more to prove that there can be profit from enterprise without taking anything from others, that such enterprise adds to the ease of living for everyone?

These principles are as active in a great nation such as the United States as in our imaginary community. Laws that kill incentive and cripple the honest enterpriser hold back progress. True profit is not something to be feared, because it works to the benefit of all.

We must endeavor to build, instead of tearing down what others have built. We must be fair to other men, or the world cannot be fair to us.

Sincerely,

GRANDFATHER.

Mr. Speaker, there, briefly but succinctly, is a primer on economics. But that is only the beginning.

Let us proceed further from where grandfather stopped. These same primitive people grandfather talked about soon found that one of their number liked to gather shells. In other similar communities people found different kinds of metals which were pounded into various forms. One of these metals was copper, another silver, a third gold.

In all of these communities, quite independent of each other, the same problems arose.

When goods were not made fast enough to supply the demand, instead of 10 minutes of labor per item, 20 minutes were demanded. Throughout these remarks "minutes of labor" is intended to include capital and the products of both.

When the opposite occurred and the goods were made faster than they could be acquired, instead of 10 minutes of labor per item, 5 minutes were acceptable in exchange for it.

Call it what you will—it all added up to inflation and deflation. And for thousands of years, despite these invidious labels, the world has made progress, become more civilized—I did not say completely civilized—and has even become a better place in which to live, at least in the free areas of the world.

Also within each community, they found it was just too difficult to keep account of how many minutes one person owed another. It was difficult to stockpile minutes of labor. Even if they could, how could Mr. A, to whom was owed 100 minutes by Mr. B, transfer those minutes to Mr. C in exchange for Mr. C's products, assuming he could precisely measure the correct number of minutes to pay Mr. C. What happened if Mr. C could not use Mr. B's type of labor or if Mr. B could not get along with Mr. C or, if as permitted in a free enterprise system, Mr. B just would not work for Mr. C or would refuse at Mr. B's bidding to work 50 minutes for Mr. C and 50 for Mr. D?

That is when the shells, the copper, the silver, and the gold, came into the picture. Paper money came much later.

In one community minutes of labor were equated to shells; in another to a piece of copper, or a piece of silver or a piece of gold.

Soon, instead of trading minutes, they were trading shells, copper, silver, or gold. Fed, if any, communities had all four. Within each community the medium of exchange, yes, the money, was not all four but one or more of them.

It was not until communities began to trade with one another that the shells, the copper, the silver, and the gold had to be matched against or exchanged for each other. Even then, however, the basic value was not the intrinsic value of the shell, the copper, the silver, or the gold, but the number of minutes of labor each represented.

I have, of course, been speaking of a primitive precapitalist society in which minutes of labor roughly determine value. In our modern capitalistic society, things are a little more complex. Even though the minutes of labor are the same, today values are quite different for two roadbuilding workers, one working with a shovel and the other with a giant bulldozer. Identical twins with the same number of minutes of labor, one working poor land and the other rich, establish very different values. A farmer using thousands of dollars worth of machinery and equipment can do all the preharvest labor on a wheat farm half the size of Manhattan Island—with no more minutes of labor than a less efficient farmer with only hand tools needs to eke out the barest existence from 3 or 4 acres of barren land. A lawyer's value is not determined alone by the minutes of labor—but by what he does with them. One lawyer may be paid $50 a week, and another one $5,000. The difference comes from richer education, more extensive knowledge, greater skill—even greater luck.

So in the modern world, to determine value we must add to minutes of labor a variety of factors which for simplicity we will call capital. The combination of the two determines basic values.

In modern society, the fourth step came about just as naturally. Who wanted to cart around a truck full of shells, or push a wheelbarrow of copper tokens, or carry a bag of silver or a pouch full of gold?

Imagine the squeals from the salaried man today calling for his $165 paycheck if, instead of that piece of paper—the check—or four pieces of currency—a $100, a $50, a $10, and a $5 bill, he were handed 5 ounces of gold. Therefore, ingenious man developed the system of issuing paper money instead of shells, copper, silver, and gold.

Paper money, just like the coins, was originally made and issued by men, not by governments. It deteriorates and becomes worthless when it loses its representation of minutes of labor and capital and instead represents merely the coins or bullion.

As the value of the metal changed or the metal was destroyed or stolen, the value of the paper money changed or was destroyed.

Bankers and banks came into being as warehousemen of the shells, copper, silver, and gold, issuing on paper promises to pay on demand the equivalent of what they received. These promises to pay became the currency and checks of today.

The reserves are the coins—or the bullion from which coins are made. As long as the banker reserves, that is, keeps on hand enough to meet the demands made against the outstanding promises to pay, the currency and checks are good—but good only for exchange to what was held in reserve or warehouse, to wit: the coins and bullion. But the coins and bullion are worthless unless they always represent a certain number of minutes of labor and capital. That necessarily means minutes of labor and capital that can be converted into useful, usable production or products.

It should now be too obvious to require further exposition that the problems of inflation and deflation remain the same throughout all of these stages and basically are neither encouraged nor discouraged by the medium of exchange.

That is not so say that the quantity of the mediums of exchange has no effect. Just as obviously, increasing or decreasing the quantity of the shells, the metals, or the paper must affect the price of goods and of labor and necessarily the loss or profit derived from the marketing.

It took civilized nations a long time to arrive finally at the determination that individuals cannot be trusted to fix the value of the mediums of exchange. Whether they be called entrepreneurs, monopolists, private bankers, or any other kind of bankers, the economic history of the world teaches us that even though the free enterprise system may permit any and everyone to gather, mine, or produce as much as he pleased of shells, copper, silver, gold, or paper, only responsible governments should determine which, if any or all, and to what extent and in what denominations they could be used as mediums of exchange.

Note that I say "responsible governments." Irresponsible governments or irresponsible action by responsible governments will throw us back to the economic chaos of the days when individuals "rigged" and "manipulated" the money markets.

That brings us to the point of understanding the need, no longer questioned but unanimously supported, for the existence of central banks, owned and controlled by government.

Our central bank, owned and controlled by the U.S. Government, is the Federal Reserve System. The head of the system is the Federal Reserve Board. The operating branches are the Federal Reserve banks in the 12 regional districts.

Let me repeat, what should nowhere be contradicted—the Federal Reserve banks, all of them, are owned lock, stock, and barrel by the U.S. Government.

Despite the issuance of paper, miscalled stock, to member banks of the System, those member banks do not own the Federal Reserve banks or any part thereof. Their misnamed stock cannot be sold, transferred, or hypothecated. It has no voting rights. It is merely a receipt for dollar deposits coupled with a promise of repayment when the member bank gets out of the System, either by withdrawal or liquidation.

Each member bank's right to vote to elect directors of a Federal Reserve bank is fixed by statute and exists quite independent of the issuance of the misnamed stock certificate and regardless of the amount of stock issued to it. Each bank has only one vote. There are other limitations of no consequence, however, to this discussion. Membership on the board of directors of a Federal Reserve bank should not be confused with membership on the Board of Governors of the Federal Reserve System.

Long before our own country learned the economic lessons of life as to governmental central bank operation, there was written into our Constitution the provision that only the Congress can coin money or issue currency. By the method of trial and error, we learned the grievous lesson that there can be no economic stability if this privilege is delegated to any but a Government agency.

Today coins may be produced only by the U.S. mints. Currency may be issued only by the U.S. Treasury or by the Federal Reserve banks. The weight and fineness of the coins are fixed by our Government. There is no variance but complete uniformity within each type of coin. Theoretically each is worth its weight in the particular metal of which it is made. The Government must retain the sole right to fix the price of the raw metal. If it did not, the value of each type of coin would change as the market price of the metal changed.

I again use the word "theoretically" because, and this will strike some people as incredible, the bullion value of our silver coins is by statute less than the monetary value and in our copper and nickel coinage there is no relationship between the denomination or monetary value of the coin and the value of the bullion or metal therein.

Try raising an objection next time you get a dime, a nickel, and a penny in change and you will be looked upon as psychotic.

No one ever dreams of raising any questions about it. Our Government coins these "shells," fixes their metallic content, names their denominational values, and everybody takes it for granted that they are worth as many "minutes of labor" as the market offers for them. Their monetary value does not change.

What the coin will buy, however, in a free competitive enterprise system, such as we try to make ours, will vary in accordance with what happens in the marketplace, uncontrolled by our Government, though regulated in certain phases.

So it is also with our currency. The Government issues it in various denominations. The cost of producing a $10,000 bill is no more than that of the $1 bill. It is legal tender for the denominated amount impressed on it not because of any intrinsic value but because that is the amount the U.S. Government promises to pay. The legal effect and validity of that promise is exactly the same, whether the currency is issued by the U.S. Treasury or by a Federal Reserve bank.

Every dollar, currency or coin, is worth 100 cents only because of the credit of the United States of America and the faith, the confidence, we and the rest of the world have in it. It is not worth 100 cents on the dollar because of the gold, silver, or copper our Government owns.

Take out of your pocket and look at a Federal Reserve note—say, a $10 bill. It carries this engraved statement: "Redeemable in lawful money at the United States Treasury or at any Federal Reserve bank." But take it to the Treasury and ask for redemption in "lawful money." An astonished clerk will look at you, take your bill with one hand—and give you back an identical bill with the other. You are actually handling not a piece of paper—but a piece of the faith, credit, and confidence in the United States.

Silver certificates are literally backed by silver, dollar for dollar. But who can guarantee that the value of the silver will not change in the marketplace.

As a matter of fact, the silver in our silver dollar does not have a bullion value equal to a dollar. But here, too, whether you use the silver certificate or the silver dollar to make a purchase or pay a debt, the monetary value does not change.

The rest of our currency by law must be backed by a percentage of gold. But why not like silver require dollar for dollar. Again, in either event, whether dollar for dollar or 25 cents for each dollar, who can guarantee that the value of gold will not change in the marketplace?

From 1913 to 1945 the law required a reserve of 35 percent in gold certificates or lawful money against deposits and 40-percent gold certificates against Federal Reserve notes in circulation.

In 1945 that was all changed to require only 25 percent of gold certificates against the Federal Reserve notes.

But so far as currency and money are concerned today, no American can own gold or gold certificates in or out of our country.

So of what earthly use is a gold reserve to our domestic economy? It cannot add or detract from its stability. It cannot affect inflation or deflation.

Historically at one time the U.S. gold reserve laws had meaning. When the Nation operated under the gold standard, and individuals could own gold, actual boxes of physical gold were shipped in or out of the country, depending on prices offered for the gold in the various gold markets. This movement in turn affected bank reserves, the volume of currency, and the country's economic position. But for years we have not operated under the gold standard—and today our gold reserve laws are a meaningless economic fiction.

The physical movement of gold into and out of the United States now depends largely on decisions of monetary authorities as to whether they wish to hold gold under earmark in the United States or ship it from the United States to their own country. Under the old gold standard there were also shipments of gold by banks and brokers in response to movements of exchange rates to the so-called gold export or import points; and fundamentally, these movements resulted when there was a surplus or deficit in the U.S. balance of payments. Internationally, the United States continues to operate on the international gold bullion standard, and the international aspects of the gold standard have not been fundamentally changed. The major change from the gold standard of the past is the elimination, since 1933, of the redeemability into gold of U.S. money for domestic holders of dollars. Before 1933 these domestic holders could legally demand gold for internal monetary use. Under this system, sometimes called the gold coin standard, there could be an internal drain on our gold reserves even though the balance-of-payments position might be in balance. Like the United States, most leading countries have abandoned the practice of redeeming their money domestically upon demand.

The gold reserve will not help or hurt our gold miners. As long as our Government will provide who may and who may not own gold and also fix its price, the lot of the gold miner will be no better or no worse.

We can, if we want to, continue to dig gold out of one hole in the ground and rebury it in another hole in the ground at Fort Knox.

Gold or no gold, each piece of paper, check, or currency and each coin, copper, nickel, or silver, will buy and pay for a certain number of minutes of labor and capital, nothing more, nothing less, even though the number of minutes may vary.

As of June 27, 1962, there were outstanding Federal Reserve bank obligations, exclusive of capital accounts, of $47.3 billion against which the Federal Reserve banks had a gold reserve of $16.2 billion. Under existing law, against that gold reserve, the Federal Reserve System could add to the total of currency and deposits about $17.5 billion for a total of $66.5 billion. In other words, the Federal Reserve notes—currency—could be increased from $27 billion to more than $44 billion. No one has suggested that that be done. I am certain that there is no intention to do so. Imagine what would happen to the value of that minute of labor and capital if we suddenly increased the quantity of currency in circulation by $17.5 billion.

This then is the case against requiring a gold reserve on the domestic scene and in favor of repealing the law requiring it.

To those who argue that history tells us that every country without a gold reserve has collapsed economically, I say they confuse gold with manipulation of the economy.

Our gold reserve is subject to the same manipulation as our economy. Irresponsible Government officials can manipulate either. Thus far in our country in our generation that has not been done. We must be alert to be sure it is not done. Gold, however, is not the brake on such conduct.

To repeal the law requiring a gold reserve has certain positive advantages. We would replace a legalistic myth with reality. We would be freed from juggling around reserve percentages to meet conditions which might arise. We would simplify the economy's financial structure. And in time of potential war with a power possessing vast gold deposits, we would strengthen our economy in the world, add greater flexibility and mobility, and increase our chances of survival and success for the United States.

But will this affect our balance of payments? Will we not cause a run on our gold by foreign claimants if we abolish our statutory requirement for a gold reserve? The answer is positively, unequivocally, and categorically "No."

Checkbook money calls for dollars, not gold.

U.S. currency is either Treasury certificates or Federal Reserve notes.

Each calls for silver or for lawful money of the United States. None call for gold.

No individual, no corporation—American or foreign—can demand gold from us.

Foreign governments and foreign central banks, that is, government banks, do not have a right to demand settlement of their claims against the United States in gold. We can satisfy such claims either with gold or with the currency of that country making the claim. As a matter of national policy the Treasury sells gold for dollars to foreign governments and central banks for the settlement of international balances.

By repealing a sterile and useless domestic gold reserve requirement, we have available to meet foreign claims a gold stock of more than $16.4 billion.

The total amount, private and Government, of foreign claims is only $20 billion and only about half of it is foreign government. Our gold stock is almost double that amount. Total short-term liabilities to foreign countries reported by banks in the United States amounted to about $18.8 billion on April 30, 1962, of which $10.3 billion were official balances of governments and central banks. In addition, foreign countries held about $1.4 billion of U.S. Government bonds and notes for which we have no official-private breakdown. The total of these foreign dollar holdings was $20.2 billion. These figures do not include the $5.6 billion held by international institutions, which do not constitute potential claims on our gold.

In addition, we have a right to call on the International Fund for the use of $1.4 billion in currencies we could use in lieu of gold to meet foreign government claims. That much we can get, as of right. We can borrow almost as much more, if necessary, plus much larger sums by negotiated agreement. But how could we possibly need it, and for what?

Over and above the foreign claims referred to, Americans own investments in foreign countries in excess of $54 billion. All of them are earning profits for Americans. Some of the earnings and of the capital is repatriated—brought home to the United States—every year.

Those who argue that we must have a gold reserve to prevent printing excessive quantities of paper money, completely ignore the fact that it is the law, as made by Congress and approved by the President, and not the quantity or quality or fineness of gold, which determines how much and what kind of paper money should be issued in this country.

The quantity of money that is held in the form of currency and coin is determined primarily by the habits of the public and the need for pocket money. The quantity of money in the form of deposits in the banks results, on the one hand, from the operations of the Federal Reserve System and the commercial banks, under the laws affecting these institutions made by Congress and approved by the President. On the other hand, it is affected by the current requirements for bank loans by the community.

Only if our entire gold stock were needed to meet the 25 percent gold requirement could this requirement be said to impose a limit on the money supply. At the present time our gold reserve is substantially more than the minimum established by law.

Those who argue that we should go back on the gold standard and devalue the dollar, that is, increase the price of gold from $35 an ounce to $70 an ounce, or to any other figure, also tell you that that must not be done unilaterally by the United States, but we must do it in agreement with the major "hard" currency countries of the world, else we upset the world currencies.

If that is what we must do, why waste the time with such mathematical gymnastics? If we double the value of the ounce of gold and thereby cut the dollar in half, and do the same to the British pound sterling, and the German mark, and the French franc, and the Italian lire, what have we accomplished? But look at the windfall we create for the country that will not enter into so foolish an international agreement—"fiasco" would be a better word. Would the Swiss bankers join us in such a move? I doubt it.

Would the Russians? You can bet your last dollar they would not.

It is said that half the world's gold is owned by the Russians. For every dollar we add to the price of gold, we add a dollar to the value of the Russian hoard.

Double the world price of gold, and the Russians get a windfall which will automatically put them in a tremendously powerful economic position worldwide.

Every last economist and financial writer who regularly tries to instill fear about our balance of payments, and tries to destroy confidence in the American dollar, and urges increasing the price of gold, also insists that our fractional reserve system is the best yet devised by man.

The fractional reserve system is that which permits the issuance of currency or checkbook money in multiples of the gold or other reserves on hand. The theory proved by experience is that not more than one-sixth to one-fourth of the gold on hand is ever demanded by the holders of claims against the gold.

As long as the free world keeps most of its gold in the United States of America, it is safe. Safe not only from misappropriation and embezzlement, but safe from capture by dictators of the left or of the right, and certainly safe from the Communists.

Everyone knows that the last place in the world the Communists can get to is the United States of America. They know, too, there is no safer place than here for their gold. They can trade with their claims on that gold while it is here. If the Communists steal those claims, the United States of America can refuse to honor them, holding the gold here for the true owners thereof. If the claims are redeemed and the gold taken home, and the gold captured by the Communists, it is gone forever.

Of course, the earmarking of gold for a foreign country or central bank takes it out of our gold reserves, whether the gold remains here or is shipped abroad. But such gold once so taken out of our gold reserve is effectively immobilized. It become a nonearning asset that eats into its own value by the cost of storage, insurance, etc. The dollars, on the other hand, cost nothing to store, need no insurance and can earn interest while waiting to be used.

The one thing the economists do not tell us, and yet the only basic truth, is—no economy, domestic, foreign, or international, depends on gold or on the medium of exchange, no matter what it is called.

Our economy, every sound economy, must depend upon the production of our farms and of our factories. The dollar protects itself when we protect our economy. We protect our economy when we keep our people employed in producing. Every producer is an earner; every earner is a consumer.

That is the one circle that cannot be called vicious. It is the unalterable, but happy circle that makes for peace and contentment.

It is axiomatic that a sound domestic economy cannot operate in an international vacuum. A domestic economy which is sound produces for resale on the international markets goods that may be sold abroad at competitive prices.

In that atmosphere, all the world knows that our dollar, whether check, currency, or gold, is exchangeable for full value in minutes of labor and capital, no more and no less.

## S. 2748: THE UNITED NATIONS LOAN BILL

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. Gallagher] may extend his remarks at this point in the Record and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. GALLAGHER.** Mr. Speaker, tomorrow the House will begin consideration of S. 2748, the United Nations loan bill. As a member of the Foreign Affairs Committee and as a sponsor of this bill, I am pleased to say that it supports the President's requests and is a bill which a majority of Members of the House can support.

Mr. Speaker, President Kennedy, in his letter to you of September 11, indicates that there are many good reasons for supporting this bipartisan legislation. It has the support of President Eisenhower and President Truman. Not only does the bill reaffirm the policy of collective fiscal responsibility in the United Nations, it also incorporates the principle established by the International Court of Justice that the peacekeeping operations of the United Nations are a financial responsibility of all its members. In the hope that it will contribute to a better understanding of this important legislation which we will consider tomorrow, I insert President Kennedy's letter in the Record under unanimous consent:

September 11, 1962.

Hon. John W. McCormack,
*Speaker of the House of Representatives, Washington, D.C.*

Dear Mr. Speaker: With the time drawing near for debate and decision on the United Nations loan, I want to share with you my conviction concerning the importance of S. 2748. The House Committee on Foreign Affairs has approved the Senate bill with a number of amendments which are wholly satisfactory.

These modifications and amendments spell out and affirm views that I have endorsed. They guarantee that the loan will be repaid, that it will not set a precedent, that financing the United Nations is the responsibility of the many and not the few, that our contributions to the United Nations should not be used to relieve others of their obligations, and that the United Nations must begin work on a better system of financing special operations.

I am, of course, pleased by the identity of views between the Congress and the administration on the principle of fiscal responsibility in the United Nations and by the recognition of the principle by the International Court of Justice that the peacekeeping operations of the United Nations are a financial responsibility of all of its members.

I am encouraged, as I know you are, by the response of other members of the United Nations to the bond issue. Following favorable action by the Congress, there is good reason to expect that the United Nations loan will be fully subscribed with the U.S. share matched by the other nations.

Finally, I am enthusiastic about the nationwide interest in the future of the United Nations. That is the consequence in considerable part of thorough congressional consideration and discussion of this measure.

There are many good reasons to support this loan. You have heard these reasons from this administration, from President Eisenhower, President Truman, and other distinguished leaders of both political parties. I would add one final thought: in historical terms, the United Nations is still in its infancy—and without our full support it will have no chance to grow into the mature institution foreseen by the farsighted men who wrote the Charter for an organization—"to secure succeeding generations from the scourge of war."

Sincerely,

John F. Kennedy.

## "THE NEW FOLKLORE OF CAPITALISM," BY BERNARD NOSSITER

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. Patman] may extend his remarks at this point in the Record and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. PATMAN.** Mr. Speaker, all too often we fail to take account of the high caliber of the Washington press corps—the able men who report and analyze public affairs here in Washington. At times, we may disagree with what they say. Other times we may applaud them because they report what we think is most important.

One of the outstanding members of the Washington press corps, who will be sorely missed during the coming year, is Mr. Bernard Nossiter, who for many years has been interpreting economic developments for the Washington Post. Mr. Nossiter has just left Washington to attend Harvard University as a Nieman fellow.

Mr. Nossiter has written an extremely interesting article entitled "The New Folklore of Capitalism," appearing in the September 1962 issue of the Progressive. Mr. Nossiter analyzes findings of three recent economic studies which tend, in Mr. Nossiter's words, to "puncture some of the more comforting current economic illusions." These studies, he says:

> Show that wealth is again flowing to the top in increasing measure; that shares of the income pie change very little and in perverse directions; and that industrial power is becoming increasingly concentrated in the hands of the largest corporations.

Mr. Nossiter's conclusions are disturbing. For example, he states:

> For all of the Nation's much vaunted richness and diversity, it appears that a comparative handful, the managers and boards of a hundred or so corporations, are in control. Their decisions on investment, output, pricing, and employment will largely determine the course of the economy.

Unfortunately, we know very little about what Mr. Nossiter terms the "concentration of wealth, power, and economic decisionmaking in American life." What do we really know about the "comparative handful" of corporate managers who exercise so much power over our economic life—or what used to be termed "Wall Street control"? I am not sure we even know the names and affiliations of these managers, much less who "manages the managers."

It is now 22 years since the SEC, at the behest of the TNEC, made a detailed investigation of "The Distribution of Ownership in the 200 Largest Nonfinancial Corporations"—published as TNEC Monograph No. 29. That study, which has never been brought up to date, contained a wealth of information, but raised more questions than it answered. Take, for example, the American Telephone & Telegraph Co.—the world's largest corporation. What do we know about who runs that immense corporation? As a matter of fact, the TNEC monograph showed that as of December 15, 1937—a quarter of a century ago—the largest stockholder in A.T. & T. was the Sun Life Assurance Co. of Canada. Then as we look down the list of stockholders of record we find a number of nominees for various banks and trust companies. The beneficiary stockholders were not disclosed, but the study did show that these nominees represented such leading banks as City Bank Farmers Trust Co., U.S. Trust Co., Central Hanover Bank & Trust Co., Bankers Trust Co., Guaranty Trust Co. of New York, J. P. Morgan & Co.—Guaranty and Morgan have since merged—New York Trust Co., National City Bank, New York, and Old Colony Trust Co. But there the story ends. We still do not know much about who controls the largest corporation in the world.

We do know, according to the New York Stock Exchange's 1962 census of 17 million shareowners in America, that nominees—of banks—hold 13.7 percent of the more than 14 billion shares of stock outstanding in public corporations. Brokers and dealers hold 7.6 percent, fiduciary institutions, 2.6 percent, and "institutions and others," 17.5 percent.

The able study to which Mr. Nossiter refers—"The Share of Top Wealth-Holders in National Wealth, 1922–56" by Robert J. Lampman—is a great step forward, but the author frankly states the limitations of the information he has to work with. For example, in the preface of the study he states "this study becomes part of a scant literature on the subject of personal wealthholding." Further, he states:

> For instance, better data are needed on savings and transfers of wealth, better information is needed on the use of personal trust funds and on capital gains and losses. Study of the relation between income and wealthholding in a given year and the gathering of life histories in order to account for changes over time are among the methods which hold the greatest promise for future research. It is also urged that Federal estate tax data be tabulated in full detail at regular intervals, say every 5 years, to enable follow-up studies of American top wealthholders.

Mr. Lampman has provided me with some data—released, I understand, by Business Week, but not detailed by Mr. Nossiter—which bring his study more up to date. For example, in 1960–61 he estimates that the top 1 percent of the wealthholders had 28 percent of the total wealth, compared with 26 percent in 1956 and 20.8 percent in 1949. He also estimates that at present there are about 100,000 millionaires in the country, as compared with 27,000 in 1953.

At present there are about 10,000 millionaires who have wealth in excess of $5 million, as compared with 2,000 that had such wealth in 1953. Mr. Lampman cautions that these figures are based on very incomplete data. But they will have to do until the Federal estate tax data of the Internal Revenue Service are tabulated in more detail.

Finally, in discussing the Census Bureau report on "Concentration Ratios in Manufacturing Industry, 1958," Mr. Nossiter points to the growing problem of the conglomerate enterprise. He states:

> The all-purpose or many-purpose firm is not a new actor on the economic stage. What is new is the pervasiveness of these polyglots. The conglomerate firm is no longer a rarity but has become typical of big business organization. Its reach gives it a cosmopolitan outlook and a contact with power at many points. This is not the familiar case of vertical integration, the steel producer who reaches back in the production process to own an iron ore mine and forward to operate a fabricating plant; nor is it the familiar horizontal integration in which the large auto company gobbles up smaller, identical competitors. The conglomerate extends its arms into partly related or even wholly unrelated industries, operating under a logic known neither to conventional economic, nor to traditional legal, theory.

Here again, is an area which we know too little about—the increasing power these giant conglomerate corporations which seem to grow and grow despite our antitrust laws.

I am including Mr. Nossiter's article in the Record at this point:

### THE NEW FOLKLORE OF CAPITALISM

(By Bernard Nossiter)

Conventional wisdom holds that the robber barons are extinct, their rapacious ways the fading mark of an earlier, cruder society. The modern corporation, it is said, is run by professional managers. Divorced from the control of owners, these managers engage in the delicate task of balancing the interests of stockholders, workers, and the general public. If some managers hold a distorted view of this balance, the countervailing power of unions and other interest groups will set matters right. At any rate, so the contemporary apologia runs, economic power in American life is broadly diffused today.

This comfortable state of mind is nourished by several fables. One fable holds that President Franklin D. Roosevelt effected a peaceful revolution of such vast dimensions that the gap between rich and poor has been steadily diminishing. Progressive income taxes, death duties, trade unions, and the minimum wage are all instruments of the new dispensation.

Another fable tells of the complexity and dynamism of the economy, with new products, firms, and industries appearing and disappearing so rapidly that industrial power is widely diffused. Look at United States Steel, we are told. At one time, it accounted for more than half of the industry's capacity. Now its share has dropped to less than 30 percent, and it suffers additional competition from aluminum, plastics, and prestressed concrete.

To be sure, apart from the economics faculty at the University of Chicago and paid business apologists, few knowledgeable men still assert that the principal industrial markets meet the requirements of classical competition, that they are governed by Adam Smith's invisible hand. Market power, imperfect competition, administered prices are all established features of the language. Nevertheless, the belief persists that competition and product substitution are intense, that each single industry is a small and unrelated fraction of the whole, that economic decisionmaking is essentially decentralized.

Economists infatuated with this calculus have largely turned their backs on the problems of power that engrossed Thorstein Veblen. The jeremiads of a C. Wright Mills about a power elite are scorned by no less a disseminator of received doctrine than Arthur Schlesinger, Jr., currently an assistant to the President.

Unhappily, three studies published this year by respectable authors puncture some of the more comforting current economic illusions. They show that wealth is again flowing to the top in increasing measure; that shares of the income pie change very little and in perverse directions; and that industrial power is becoming increasingly concentrated in the hands of the largest corporations. These phenomena shed some light on the hidden roots of the power struggle that President Kennedy has been reluctantly and intermittently waging with the captains of industry.

One study, "The Share of Top Wealth-Holders in National Wealth, 1922–56," appears under the unimpeachable imprimatur of the National Bureau of Economic Research. It was produced by Robert Lampman, recently of the University of Wisconsin Economics Department and now a staff member of Mr. Kennedy's Council of Economic Advisers. Lampman wanted to know who owns wealth—stocks, bonds, cash, mortgages, insurance, and such miscellaneous property as patent rights, pensions, royalties, and consumer durables. Studying estate-tax returns, he found that wealth was indeed becoming more equally distributed from the great crash of 1929 until shortly after World War II. But since then, the top segment has been helping itself to a bigger share of the growing pie.

For example, persons comprising the wealthiest one-half of 1 percent—one two-hundredths of the population—owned 30 percent of all wealth in 1922. Their share rose to nearly a third in 1929. Over the next 20 years, however, it shrank to a little under 20 percent. But the postwar return to normalcy increased it steadily to 25 percent by 1956. In calculations made for Business Week magazine, Lampman concluded that this trend continued through 1961.

In the course of his elaborate statistical outpouring, Lampman deals some nasty blows to a few other cherished constructs of the image molders. There is, for example, a quaint notion that no one can become a millionaire any more under the weight of oppressively high-bracket income taxes. Lampman counted 13,297 persons who owned $1 million or more in wealth in 1944; just 9 years later, the number had more than doubled to 27,502. (Even after allowing for the shrinkage of the dollar's purchasing power, the millionaires' club expanded to 17,611.)

Another vision of the admen is embodied in the slogan "People's Capitalism" and supported by such irrelevant (and probably inaccurate) claims that 17 million Americans own shares of stock. What counts, of course, is the value of the shareholdings. In the latest year cited by Lampman, 1953, he found that 1 percent of the Nation's adults owned 76 percent of the value of all corporate stocks.

The second study is "Wealth and Power in America," by Gabriel Kolko. A former Harvard historian now at the University of Melbourne in Australia, Kolko ranges over a wider terrain than Lampman and his work is more suggestive than definitive. But his suggestions are provocative. Among other things, he helps explain Lampman's findings, observing that corporations distribute a much smaller share of their profits today than they did a generation ago. This enables the corporations to finance expansion from their own funds, saves their shareholders the progressively higher taxes on dividend income and swells the asset value underlying stockholders' shares. Thus stock prices rise faster than other forms of wealth (notwithstanding bear markets) and, since share ownership is concentrated, wealth follows suit.

Kolko's central concern is with income. By splicing together some figures that may not be entirely comparable, he concludes that there has been precious little equalizing of income over the past 50 years.

The pretax share of national personal income received by the richest tenth was 34 percent in 1910 and 29 percent in 1959. To be sure, this is considerably less than the 39 percent that the top tenth received in 1929. But it is no different from their 1945 share, and all during the postwar period the top tenth's slice barely changed.

Moreover, according to Kolko, the share that the top tenth lost between 1929 and the present did not go to the bottom groups; it was picked up by the second and third richest tenths—the smaller businessmen, lower echelon managers, and professionals who tend to write books with titles like "The Plush Society." Between 1929 and 1959, the second and third richest tenths increased their share of all income from 22 percent to nearly 28 percent. In contrast, the poorest three-tenths have steadily lost ground, from 14 percent in 1910 to 10 percent in 1929 to 9 percent in 1959. This does not mean that the poor are getting absolutely poorer. In reality, their incomes and volume of wealth have been rising. But their gains have been much slower than those at the top.

Kolko finds that measuring income shares after taxes does not change his picture much. There are so many deductions, exemptions, and other special devices available to the rich that this is hardly surprising. Moreover, as several Government surveys have shown, tax evasion, like wealth and income, is concentrated in the upper brackets. Finally, regressive State and local levies like sales taxes offset much of the apparent progressiveness of the Federal structure.

In any event, measurements based on the customary definitions of income understate the degree of concentration at the top. A substantial portion of income flowing to the upper brackets is income in kind—lavish expense accounts, corporate yachts, country club memberships, hunting lodges, and the other tax-free emoluments of the executive life.

For those who are squeamish about Kolko's statistical technique, the impeccable Commerce Department's income distribution studies should be reassuring. The latest one, published in April, supports the main lines of Kolko's argument. Covering the years 1955 through 1960, it shows that the after-tax income of the wealthiest fifth has remained constant. The bottom 40 percent, however, has slowly lost ground. Moreover, these figures seriously understate the disparity because they omit not only expense account income but also that all-important source of income to the top brackets, capital gains.

The third study to affront conventional wisdom consists of 452 pages of tables compiled by the Census Bureau, a Commerce Department organ hitherto unknown for any revolutionary propensities. Blandly titled "Concentration Ratios in Manufacturing Industry, 1958," this document discloses a striking increase in control at the top.

Between the census of manufacturers taken in 1947 and 1958, the Census Bureau finds that the 200 largest corporations increased their share of the dollar value of industrial output more than 25 percent. In 1947, the top 200 accounted for 30 percent of the total value added by all manufacturers; in 1958, their share had leaped to 38 percent.

Again, contrary to popular belief, there is not much room at the top. The largest 50 firms in 1958 included 34 from the same elite group in 1947; the remaining 16 were all among the 200 largest in 1947.

Perhaps the most interesting feature of the Census Bureau's report was the variation from industry to industry. Among industries with sales of a billion dollars or more, concentration actually decreased as frequently as it increased. Thus, the largest concerns were widening their grip in autos, steel, and beer, among others; they were losing ground in oil refining, meat packing, and rubber. The full extent of concentration within one industry cannot be measured because industrial lobbyists have succeeded in tying the Census Bureau's hands.

The Bureau is forbidden to report the share of the single largest or top two or three companies. The smallest breakdown it is permitted to make is the share of the four largest combined. Thus, the report shows only that the four biggest auto manufacturers accounted for 99 percent of auto assemblies in 1958. The excuse for this rule is the alleged need to prevent competitors from learning such well known trade secrets as the fact that General Motors accounts for something over half of all auto production.

If the increases and decreases in concentration in each industry are about equal, how could there be such a striking gain in the control of the largest 200? The answer is the conglomerate enterprise. The big auto company moves into diesel locomotives and refrigerators; the large electrical machinery producer acquires electronic firms; the oil refining giant takes over petrochemicals.

The all-purpose or many-purpose firm is not a new actor on the economic stage. What is new is the pervasiveness of these polyglots. The conglomerate firm is no longer a rarity but has become typical of big business organization. Its reach gives it a cosmopolitan outlook and a contact with power at many points. This is not the familiar case of vertical integration, the steel producer who reaches back in the production process to own an iron ore mine and forward to operate a fabricating plant; nor is it the familiar horizontal integration in which the large auto company gobbles up smaller, identical competitors. The conglomerate extends its arms into partly related or even wholly unrelated industries, operating under a logic known neither to conventional economic, nor to traditional legal, theory.

The three studies are variations on a single theme—the concentration of wealth, power, and economic decisionmaking in American life. For all of the Nation's much vaunted richness and diversity, it appears that a comparative handful, the managers and boards of a hundred or so corporations, are in control. Their decisions on investment, output, pricing, and employment will largely determine the course of the economy.

Ritual obeisance to the free market notwithstanding, any administration grasps this fact very quickly. Instead of Adam Smith's invisible hand, a President must come to terms with the very visible hands of several score boards of directors. (Indeed, the decisive number may be far fewer because of interlocking directorates, with one man sitting on several boards and his colleagues doing the same.) A President must come to terms with this handful of powerful managers, that is, if he intends to fulfill his mandate to reduce unemployment to tolerable levels, sustain the purchasing power of the dollar, and guide the world's leading capitalist nation into a more commanding position in the economic competition with the Communist bloc.

This is the nub of Mr. Kennedy's difficulties with businessmen. He has no intention of reshaping the power structure. But he has insisted on a government voice in vital price, employment, and investment decisions. The seemingly curious business hostility to the administration's proposal of an investment credit reflects in part business understanding that this is a conscious effort to stimulate investment in some sectors and repress it in others. The less primitive industrial captains know that no American President wants to reorder the system. But most of them resist with all of their considerable strength any sharing of their power, even with the friendliest of governments. Such industrial barons as Roger Blough want the President to sign a magna charta, swearing that he will not attempt again to introduce a guide broader than short-run industrial self-interest into economic decisionmaking.

European capitalists, with a longer tradition of combination and market-sharing behind them, have willingly ceded some of their power to a conservative state in the interests of long-run stability. Their opposite numbers here are not yet ready for such a step. Individually, as the wealth and income figures show, they are constantly bettering their own position. They see little popular challenge to their power in a society that is, after all, generally increasing total material output, even if slowly. The captains have a strong vested interest, at least in the short run, in the status quo.

It is quite likely that a President Richard Nixon would, at some point in his administration, have run into the same difficulties experienced by President Kennedy. It is known that Nixon was planning, once in the White House, to drop his principal economic adviser, who hails from the Chicago free market school, and would have taken more pragmatic, interventionist types into his inner council. Recall that President Eisenhower, a figure not otherwise noted for acute insights into the dynamics of American society, concluded in his curious farewell address that the Nation (i.e., Government) confronted a difficult problem: taming the free-wheeling industrial-military complex.

Just as the concentation of power can further or frustrate achievement of a wide range of economic goals, the concentration of wealth and income poses some major obstacles for economic policy. For several months, Washington debated the wisdom of tax cuts to spur a sluggish economy, a debate that is likely to recur every time the business cycle appears headed for a downward swing. If income and wealth were more equally distributed, tax policy to counter slumps would be considerably more effective. The economists' principle of the propensity to consume tells us that as income rises, a larger and larger proportion goes into savings, and a shrinking share goes for spending. In a society with incomes unequally distributed, more of any generalized tax cut will be stored away in savings than in a society with more equal distribution of incomes. Thus, inequality in income distribution defeats the goals of a tax reduction designed to bolster a sagging economy.

Faced with this dilemma, what does a basically conservative administration do?

In theory, the concentration of power could be attacked by policies designed to redistribute wealth and income and through the use of antitrust legislation for something besides a punitive instrument against crude price collusion. In practice, neither prospect holds much promise under the kinds of conservative regimes that have been in power for a quarter of a century—since midway in the F.D.R. regime—and are likely to continue in power in the foreseeable future.

It is possible, however, that the more sophisticated captains, aware of the national dilemma, will lead the way among industrialists to closer collaboration with these safe administrations. Given their easy access to, and constant penetration of, the highest levels of government, these captains will likely be disposed to follow the example of Europe. It won't cost them much power. It merely means that they will harmonize their individual price, investment, and output plans one with the other under the aegis of a friendly government.

## NEED DOG PATROLS

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. SANTANGELO] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. SANTANGELO.** Mr. Speaker, certain police commissioners in the past have been opposed to police-dog teams. A study should be made as to the experiences of those communities which employ dog patrols. I am pleased to see that the police commissioner of the city of New York intends to at least make a study of the efficacy of dog patrols on the crime situation. The police commissioner of the city of New York, Michael J. Murphy, has demonstrated within the past few weeks an initiative and an approach which are dramatic and effective. I trust that he will adopt the dog-patrol method of crime prevention. The Journal-American wrote a very interesting article on September 11, 1962, which I believe the reading public may enjoy.

The article follows:

### NEED DOG PATROLS

We are gratified by the revelation of Deputy Police Commissioner Walter Arm that the use of trained dogs to help patrol our parks is under continuing study by the police department.

As this newspaper has pointed out repeatedly, such canine patrols would be a powerful psychological deterrent against the muggers and rapists who have turned many of these parks into jungles that are unsafe after dark.

How true this is has been pointed up by the experience of Freeport, Long Island, which is still in the process of training its first dog patrols. Freeport Police Capt. Edward S. Dixon said:

"The very fact that dogs soon will be on patrol already has had a sobering effect on our troublemakers and that's what we want."

These dogs have proven their effectiveness in such cities as Baltimore, St. Louis, Camden, N.J., and Bridgeport, Conn. They have kept muggers out of the grounds of the huge Park West Village apartment development on the upper West Side.

Opponents of using dogs in the police department point to an overall increase in felonies in some of these cities, but they avoid comment on crime in the parks—the area in which dogs are particularly effective.

This city urgently needs trained dog patrols. You can help to make our parks safe for women and children by filling out the coupon below and mailing it to Police Commissioner Murphy.

## THE LATE IVAN A. HEDIN

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. BURKE] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. BURKE of Massachusetts.** Mr. Speaker, may I take this opportunity to inform the Members of Congress of the passing of Ivan A. Hedin, administrative assistant to the late beloved Congressman Richard B. Wigglesworth, of Massachusetts. Ivan A. Hedin was a familiar face around Capitol Hill for 30 years. I know I echo the sentiments of the entire Massachusetts congressional delegation and their staffs when I say they have lost a dear friend.

Ivan A. Hedin was a dedicated man who served Congressman Wigglesworth faithfully. His sterling qualities were well known to those who associated with him. He accepted his responsibility as a congressional secretary with a profound appreciation of the responsibilities that were his. When I arrived in Washington, I met Ivan A. Hedin for the first time. His courtesy and helpfulness in assisting me as a new freshman Congressman will always be remembered by me. Ivan A. Hedin was a good man, a good husband, a good father. He was honest and forthright. His friendly demeanor and pleasant way endeared him to all.

Mrs. Burke joins me in expressing our deepest sympathy to his loved ones.

## SOON TAI LIM

**Mr. WALTER.** Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 2125) for the relief of Soon Tai Lim, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That, in the administration of the Immigration and Nationality Act, Soon Tai Lim may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the said Act and a petition may be filed by Shi Kyun Lim, a citizen of the United States, in behalf of the said Soon Tai Lim pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The **SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

## JOAO DE FREITAS FERREIRA DE VASCONCELOS

**Mr. WALTER.** Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 3125) for the relief of Joao de Freitas Ferreira de Vasconcelos, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 7, after "States", insert ": *Provided*, That the natural mother of the said Joao de Freitas Ferreira de Vasconcelos shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act".

The **SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

## GENNARO PRUDENTE

**Mr. WALTER.** Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 3619) for the relief of Gennaro Prudente, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 9, after "Act", insert ": *And provided further*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act".

The **SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

## PAGONA PASCOPOULOS

**Mr. WALTER.** Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 3719) for the relief of Pagona Pascopoulos, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That, in the administration of the Immigration and Nationality Act, Pagona Pascopoulos may be classified as an eligible orphan within the meaning of section 101 (b) (1) (F), and a petition may be filed in behalf of the said Pagona Pascopoulos by Peter Pascopoulos, a citizen of the United States, pursuant to section 205(b) of the Immigration and Nationality Act subject to all the conditions in that section relating to eligible orphans."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

### MAURIZIO PLACIDI

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6653) for the relief of Maurizio Placidi, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 7, after "States" insert ": *Provided*, That the natural mother of the said Maurizio Placidi shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act".

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

### DARIO TACQUECHEL

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7582) for the relief of Dario Tacquechel, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Line 4, strike out "Tacquechel" and insert "Taquechel".

Amend the title so as to read: "An Act for the relief of Dario Taquechel."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

### CHARLES GAMBINO

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 11914) for the relief of Charles Gambino, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 7, after "States" insert ": *Provided*, That the stepmother of the said Charles Gambino shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act".

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

### MILITARY CONSTRUCTION APPROPRIATION BILL, 1963

Mr. SHEPPARD submitted the following conference report and statement on the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes:

#### Conference Report (Rept. No. 2356)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$35,677,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, and 5.

Harry R. Sheppard,
Robt. L. F. Sikes,
Clarence Cannon,
Charles R. Jonas,
John Taber,
*Managers on the Part of the House.*

John C. Stennis,
Dennis Chavez,
Mike Monroney,
Harry F. Byrd,
Leverett H. Saltonstall,
Thos. H. Kuchel,
*Managers on the Part of the Senate.*

#### Statement

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1—Military construction, Army: Reported in disagreement. The managers on the part of the House will move to concur in the Senate amendment with an amendment substituting the amount of $181,272,000, instead of $197,477,500 as proposed by the House and $193,634,000 as proposed by the Senate. The conferees have agreed to the reductions as proposed by the Senate, except for $405,000 for a post exchange at Fort Irwin, Calif., and the following additions to the amounts and line items as proposed by the House:

Fort Dix, N.J.:

Enlisted men's barracks (medical), $797,000.

Administration and storage building, $135,000.

Fort Hood, Tex.: Health facility, $175,000.

Fort Benjamin Harrison, Ind.: Conversion of barracks to officer quarters, $1,260,000.

Fort Leonard Wood, Mo.: Branch post exchange, $116,000.

Presidio of Monterey, Calif.:

Student dormitory, $800,000.

U.S. Military Academy; athletic facilities, $200,000.

Captieux ammunition igloos, $1,744,000.

Minor construction, $500,000.

In addition, the conferees have reduced the total funds available for this appropriation by $1,250,000 instead of $2,500,000 as proposed by the House and will expect the Army to meet this funding reduction by recoupment of funds from prior appropriations.

The conferees have deleted the request of $318,000 for a dynamometer laboratory at Aberdeen Proving Ground, Md., added by the Senate and will expect the Department of Defense to make a thorough review of the scope and requirement for this facility.

The funds made available for the Military Academy are to be allocated only for additional tennis courts and not for athletic fields.

The conferees have approved $1,744,000 for ammunition igloos at Captieux, France, instead of $3,488,000 as proposed by the Senate. The conferees are in agreement that steps should be taken to secure funding for the remainder of this requirement through funds available to NATO.

The conferees have approved $4,593,000 for funding of bachelor officer quarters as proposed by the Senate with the understanding that no part of these funds shall be obligated until specific approval has been obtained from the Committees on Appropriations of the House of Representatives and the Senate.

Amendment No. 2—Military construction, Navy: Reported in disagreement. The managers on the part of the House will move to concur in the Senate amendment with an amendment substituting the amount of $193,355,000 instead of $214,349,500 as proposed by the House and $196,423,000 as proposed by the Senate. The conferees have agreed to the reductions as proposed by the Senate, except for $5,282,000 for the Naval Research Laboratory, Washington, D.C., and the following additions to the amounts and line items as proposed by the House:

Naval Shipyard, Puget Sound, Wash.: Battery overhaul shop, $222,000.

Naval Shipyard, Charleston, S.C.: Graving drydock, $550,000.

Naval Shipyard, Portsmouth, N.H.: Officer quarters, $526,000.

Naval Air Station, Key West, Fla.: Officer quarters, $357,000.

Naval Air Station, Lemoore, Calif.: Chapel, $45,000.

Classified location (AC–7): Gymnasium, $205,000.

Classified location (WC–4): Polaris missile facility, $425,000.

Naval Weapons Laboratory, Dahlgren, Va.: Computation and analysis building, $2,000,000.

Naval Air Station, Guam: Acquisition of land, $113,000.

Marine Corps air facility, Okinawa: Swimming pool, $110,000.

Naval Station, Rota, Spain: Classified facility, $600,000.

In addition, the conferees have reduced the total funds available for this appropriation by $1,750,000 instead of $3,500,000 as proposed by the House, and will expect the Navy to meet this funding reduction by recoupment of funds from prior appropriations.

The conferees have approved $4,689,000 for bachelor officer quarters as proposed by the Senate with the understanding that no part of these funds shall be obligated until specific approval has been obtained from the Committees on Appropriations of the House of Representatives and the Senate.

Amendment No. 3—Military construction, Air Force: Reported in disagreement. The managers on the part of the House will move to concur in the Senate amendment with an amendment substituting the amount of $847,810,500 instead of $863,722,000 as proposed by the House and $860,782,000 as proposed by the Senate. The conferees have agreed to the reductions as proposed by the Senate and the following additions to the amounts and line items as proposed by the House:

K. I. Sawyer Air Force Base, Mich.: dormitory, $400,000.

Minot Air Force Base, N. Dak.: Officer quarters, $170,000.

Hill Air Force Base, Utah:

Guided missile radiological lab and missile facilities, $1,800,000.

Medical facility, $68,000.

Cape Canaveral, Fla.: Missile engineering facilities, $450,000.

Hanscom Field, Mass.:

Headquarters facilities, $1,000,000.

Heating plant, $300,000.

Patrick Air Force Base, Fla.:

Medical facilities, $82,500.

Missile engineering facilities, $2,500,000.

March Air Force Base, Calif.: Medical facility, $125,000.

Offutt Air Force Base, Nebr.: Medical facility, $108,000.

Langley Air Force Base, Va.: Medical facility, $89,000.

Nellis Air Force Base, Nev.: Medical facility, $2,130,000.

Pope Air Force Base, N.C.: Officer quarters, $260,000.

Lackland Air Force Base, Tex.: Dental clinic and chapel, $614,000.

Sheppard Air Force Base, Tex.:

Officer quarters, $314,000.

Dynasoar and space programs, $625,000.

Clark Air Force Base, Philippines: Officers quarters, $280,000.

Kadena Air Base, Okinawa: Aircraft painting facility, $1,500,000.

Osan Airbase, Korea:

Dormitory, $394,000.

Officer quarters, $236,000.

Naha Airforce base, Okinawa: Parachute shop, $319,000.

In addition the conferees have reduced the total funds available for this appropriation by $3,000,000 instead of $6,000,000 as proposed by the House, and will expect the Air Force to meet this funding reduction by recoupment of funds from prior appropriations.

The conferees have approved $1,227,000 for bachelor officer quarters as proposed by the Senate with the understanding that no part of these funds shall be obligated until specific approval has been obtained from the Committees on Appropriations of the House of Representatives and the Senate.

The conferees are in agreement that the aircraft painting facility at Naha Air Force Base, Okinawa, shall be constructed in such a manner as to allow for future expansion should it be required.

The conferees are in agreement that the Department of Defense and the Air Force should restudy the scope and requirements presented for the military school at the Medina annex of Lackland Air Force Base, Tex., and bring the criteria into line with that of similar facilities funded for the Naval Officers Candidate School, Newport, R.I.

Amendment No. 4—Military construction, Defense agencies: Appropriates $35,677,000 instead of $33,192,000 as proposed by the House and $38,662,000 as proposed by the Senate. The conferees have agreed to the following additions to the amounts and line items as proposed by the House:

Defense Supply Agency: Cameron Station, Va., $100,000.

Defense Supply Agency: Columbus General Depot, Ohio, $50,000.

National Security Agency:

Fort Meade, Md., $335,000.

Planning and design, $2,000,000.

Amendment No. 5—Department of Defense, family housing management account: Reported in disagreement. The managers on the part of the House will offer a motion to strike the Senate amendment and insert the language as proposed by the House with an amendment.

Harry R. Sheppard,
Robt. L. F. Sikes,
Clarence Cannon,
Charles R. Jonas,
John Taber,
*Managers on the Part of the House.*

Mr. SHEPPARD. Mr. Speaker, I call up the conference report on the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

The SPEAKER. The gentleman from California [Mr. Sheppard] is recognized.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I would prefer to make a statement first, if I may be permitted to do so and, perhaps, may answer some of the questions the gentleman has in mind.

Mr. Speaker, there were only five amendments made by the Senate to the bill as passed by the House. Three of these amendments relate to the construction programs of the Army, Navy, and Air Force. Due to the action of the conferees on the increases and decreases made to the House bill in each instance the total amount approved for these services is below the Senate and House items. Therefore, it is necessary to bring these amendments back in technical disagreement. At the appropriate time I will offer amendments—certain motions on behalf of the managers on the part of the House as outlined in the statement of the managers. These amendments, together with the conference report and the appropriation items not in disagreement provide $1,319,114,500 for the military construction program. This is $775,615,000 below the budget estimate, $31,386,500 below the Senate bill, and $50,626,500 below the House bill. The specific items added to the House bill are listed in the statement of the managers. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record at this point and to include a letter from the Secretary of Defense and a tabulation showing service by service, budget estimates, House action, Senate action and action taken in conference.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SHEPPARD. Mr. Speaker, the serious gold outflow situation now facing this country is a problem to everyone concerned with the appropriation of funds in oversea areas. The House and its action on the military construction appropriation bill for fiscal year 1963 struck from the bill any funds for construction of housing in oversea areas, due to this gold outflow situation. Subsequent to the House action the Secretary of Defense has initiated a thorough review of the entire oversea construction program. I am in receipt of a letter from the Secretary dated September 10, 1962, in which he outlines his consideration of this matter and points out that this study has not been completed. In their consideration of the bill the conferees have considered the oversea segment of the construction program on its operational necessity and have recommended the appropriation of funds for various line items. This is done, however, with the specific understanding, as set forth by Mr. McNamara in the above-mentioned letter, that if it should become necessary to defer any of these projects because of overriding considerations in an effort to reduce international payments, the funds involved will be held in reserve during fiscal year 1963 against oversea projects and will not be considered available for other segments of the military construction program. The letter referred to follows:

The Secretary of Defense,
*Washington, D.C., September 10, 1962.*

Hon. Harry R. Sheppard,
*Chairman, Subcommittee on Military Construction, Committee on Appropriations, House of Representatives.*

Dear Mr. Chairman: Reference is made to your letter of September 6, 1962, in which you request that the Committee on Appropriations be informed as to the results of a study by the Department of Defense to determine the desirability of implementing the oversea segment of the fiscal year 1963 military construction program, in view of the serious gold outflow situation now facing this country.

As you know, the review of oversea construction is one of a series of studies being undertaken by the Department of Defense toward alleviating this serious balance of payments problem. It is hoped that the necessary reductions in the foreign exchange cost of the construction program may be achieved through the use of revised procurement procedures, which would return expenditures to the United States, rather than through the actual deferral of projects. The measures under consideration include maximizing the use of U.S. materials and contractors, and the use of U.S. labor wherever feasible.

Because of the political and diplomatic implications of any change from established procedures in base rights areas, the present study is now being coordinated with the Department of State, and it is not possible to furnish a specific plan at this time.

I should like to reaffirm the essentiality of the oversea segment of the fiscal year 1963 military construction program, and to ask for your support during the coming conference. In accordance with the presentations which have been made to your committee, all of these projects are important to our oversea missions, either by contributing directly to combat effectiveness or to the logistical support of operations. However, should it become necessary to defer any of these projects because of overriding considerations in the effort to reduce international payments, I wish to assure you that the funds involved will be held in reserve during fiscal year 1963 against overseas projects, and will not be considered available for other segments of the military construction program.

Sincerely,

ROBERT S. MCNAMARA.

The bill as approved by the House contained limitations on the obligations to be incurred under the family housing management account. These limitations were stricken from the bill as passed the Senate and complete flexibility to use these funds at his discretion was given the Secretary of Defense. The conferees have returned to the language of the bill as passed by the House amended to provide that the limitations for operation and maintenance accounts might be increased by the Secretary of Defense by transfers from the operation and maintenance appropriations available to the individual services through other appropriation acts if he finds that the estimates furnished the Congress for these funds and incorporated into this amendment are insufficient to meet the necessary requirement. In the language the conferees have used the terminology "applicable" appropriations in order to insure that complete service integrity is maintained in these accounts.

The following tabulation shows the action taken by the conferees:

| Item | Budget estimate | Passed House | Passed Senate | Conference action | Conference action compared with— | | |
|---|---|---|---|---|---|---|---|
| | | | | | Budget estimate | House | Senate |
| Military construction, Army | $234,421,500 | $197,477,500 | $193,634,000 | $181,272,000 | −$53,149,500 | −$16,205,500 | −$12,362,000 |
| Military construction, Navy | 306,862,000 | 214,349,500 | 196,423,000 | 193,355,000 | −113,507,000 | −20,994,500 | −3,068,000 |
| Military construction, Air Force | 944,446,000 | 863,722,000 | 860,782,000 | 847,810,500 | −96,635,500 | −15,911,500 | −12,971,500 |
| Military construction, Defense agencies | 46,000,000 | 33,192,000 | 38,662,000 | 35,677,000 | −10,323,000 | +2,485,000 | −2,985,000 |
| Loran stations, Defense | 22,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | −2,000,000 | | |
| Military construction, Army Reserve | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | | | |
| Military construction, Naval Reserve | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | | | |
| Military construction, Air Force Reserve | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | | | |
| Military construction, Army National Guard | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | | | |
| Military construction, Air Guard | 14,000,000 | 14,000,000 | 14,000,000 | 14,000,000 | | | |
| Total | 1,594,729,500 | 1,369,741,000 | 1,350,501,000 | 1,319,114,500 | −275,615,000 | −50,626,500 | −31,386,500 |

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I yield to the gentleman.

Mr. GROSS. As I understand it, this is $31,386,000 below the Senate bill, $50,626,000 below the House bill and $275,615,000 below the budget estimate?

Mr. SHEPPARD. That is correct, sir.

Mr. GROSS. The gentleman can assure us here today that this will in no way impair the Military Establishment of this country, in his opinion?

Mr. SHEPPARD. To the best of my knowledge and with the understanding we have been given by others that would be my reaction—yes, sir.

Mr. GROSS. With that assurance, I want to commend the Committee on Appropriations and, particularly, the subcommittee on this measure of economy as demonstrated here and to say to the gentleman it would be my hope that we might have more bills with reductions in them such as he has brought to the floor of the House this afternoon.

Mr. SHEPPARD. I am very appreciative of the gentleman's complimentary remarks, but I must say to my colleague that it is only with the concurrence and cooperation of the membership of the House that your committee has been able to serve you in this way.

Mr. PIRNIE. Mr. Speaker, will the gentleman yield?

Mr. SHEPPARD. I yield to the gentleman.

Mr. PIRNIE. Mr. Speaker, I take this time to ask the chairman, if I may, a question with respect to the reduction in military family housing. The amount of the reduction is very substantial, as I understand. Can the chairman explain to me how that reduction is intended to be applied?

Mr. SHEPPARD. It will be applied on a priority basis by the respective military services. The priority is to be determined by the Army, the Navy, and the Air Force. That will be the method.

Mr. PIRNIE. Then there is no allocation?

Mr. SHEPPARD. There is no designation as the gentleman refers to it.

Mr. PIRNIE. I appreciate the answer of the gentleman. The reason I call this to the attention of the House is that it so happens that the measure as passed by the House included an item for Griffiss Air Force Base in my district where I took the occasion to make a personal investigation to determine what might be involved in military housing at this particular site. I recognize as everyone else does the desirability of economy, but I have been seriously concerned over the viewing military housing merely in the light of convenience or accessibility without recognizing the real importance of on-base housing of a quality suitable to the needs of the personnel having a career status. We spend a great deal of money to train our personnel, particularly in such specialties as electronics and suffer a real loss when such personnel fail to reenlist. One of the great factors in getting these men to remain in the service is the providing of satisfactory living conditions suitable for a good family life.

I happen to know that the quarters at this installation proposed to be replaced under the appropriation approved in our committee and in the House are of World War II vintage, never intended to last more than a few years and are entirely unsuited for family housing.

Even with this allotment sought in the bill, we would only be providing on-base housing at a level of 47 percent. So it had been my hope that when we had after extensive hearings included in our appropriation bill the specific item, that no action would be taken arbitrarily cutting the overall figure, leaving us in doubt as the action to be taken respecting a specific project.

Mr. SIKES. Mr. Speaker, will the gentleman yield?

Mr. PIRNIE. I yield.

Mr. SIKES. I want to commend my good friend the distinguished gentleman from New York for his diligent work on behalf of his district and his constituents.

He has discussed this matter with me and with other members of the subcommittee in a number of instances. I know that he has a very strong interest in this particular situation, and I share with him his desire to insure that we do provide at least a minimum of comfortable housing for the people who make up the armed services of this country.

Mr. PIRNIE. I thank the gentleman from Florida very much for sharing concern in this matter. I hope it will be fully understood that it is not a matter purely of dollars, we are trying to maintain adequate career personnel. This means their families must be considered. I think it is more economical for this country to have men continue in the service instead of having a rapid turnover. This is one place where we can encourage that objective. I thank the gentleman.

Mr. SIKES. Mr. Speaker, this bill is unique in that it comes to the floor, following conference action, lower than either the House or Senate version. This came about primarily because the Senate made very striking reductions in family housing for military personnel. This item was not restored in the conference. But in the give and take which nearly always accompanies conference action, some items which had been deleted were restored to the bill. Generally I think the conference action is sound and that the bill will meet the necessary minimum requirements for military construction for each of the services for the ensuing year.

I am quite frankly disappointed in the reductions in family housing. Undoubtedly, housing for military personnel and their families has not kept pace with that of the civilian population. Many of the military families are housed in converted barracks, in facilities constructed during World War II or earlier and these, in many instances, were intended only for very temporary use, and some are housed in the early Wherry housing which has not yet been improved. For others there simply is no Government housing at all.

It is of greatest importance that skilled and qualified military personnel be induced to remain in the service. Their skills are needed and the Government saves substantially when it is not required to train new personnel to replace those who leave the service. Therefore, I regret the cutback in family housing in this bill. The committee does retain a needed degree of control of designation of sites and standards of the projects which are provided by the bill and this is advantageous.

Other than this, I am in substantial agreement with action of the conferees. While some needed projects were deleted, and this is always the case, I am sure that many deserving ones are included and that the military agencies will benefit substantially by the action of the Congress on this bill.

Mr. Speaker, I do not want to conclude without high praise for the distinguished chairman of the subcommittee, the gentleman from California [Mr. Sheppard]. His services have been particularly outstanding. I must also recognize the tireless and effective work of the committee clerk, Frank Sanders. He is one of the most valuable and helpful members of the dedicated and able appropriations committee staff.

**Mr. SHEPPARD.** Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. Smith].

**Mr. SMITH of Virginia.** Mr. Speaker, I wanted to interrogate the chairman with respect to an item at Dahlgren which happens to be in Virginia and not in some other State. There is located at Dahlgren a proving station which has an experimental laboratory. There, as you know, they have a satellite tracking project that is in very bad need of a laboratory building to house their equipment.

That item was approved by the Budget, recommended by the Navy Department, and authorized in the authorization bill, but was eliminated from the House bill as it passed. It was reinserted in the Senate. I would like to know what happened to it in conference.

**Mr. SHEPPARD.** I might say to my distinguished friend that obviously I conferred with the gentleman and from what he told me he had such a very magnificent concept insofar as his approach to the problem was concerned, that we agreed to go along with $2 million for this item. I hope that satisfies the gentleman; I am quite sure it does.

**Mr. SMITH of Virginia.** I was quite sure that when the matter was brought to the attention of my good friend from California that there would be no doubt as to his action. I congratulate him on his handling of the matter.

**Mr. SHEPPARD.** I appreciate the comments of the gentleman.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The **SPEAKER** pro tempore. The question is on the conference report.

The conference report was agreed to.

The **SPEAKER** pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: On page 2, line 4, strike out "$197,477,500" and insert "$193,634,000".

**Mr. SHEPPARD.** Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Sheppard moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur therein with an amendment, as follows: in lieu of the sum proposed, insert "$181,272,000".

The motion was agreed to.

The **SPEAKER** pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 2, line 14, strike out "$214,349,500" and insert "$196,423,000".

**Mr. SHEPPARD.** Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Sheppard moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: in lieu of the sum proposed, insert "$193,355,000".

The motion was agreed to.

The **SPEAKER** pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: On page 2, line 24, strike "$863,722,000" and insert $860,782,000".

**Mr. SHEPPARD.** Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Sheppard moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: in lieu of the sum proposed, insert "$847,810,500".

The motion was agreed to.

The **SPEAKER** pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: On page 5, strike out lines 23 and 24, and on page 6, lines 1 to 19, inclusive, and insert:

"During the current fiscal year, obligations may be incurred against the Department of Defense Family Housing Management Account for the purpose of section 501(b)(2) of the Military Construction Authorization Act of 1962 (Public Law 87–554) in an amount not to exceed $712,427,000."

**Mr. SHEPPARD.** Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Sheppard moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein with an amendment, as follows: In lieu of the matter stricken out and inserted, insert the following:

"During the current fiscal year, not to exceed a total of $712,427,500 shall be available for obligation against the Department of Defense Family Housing Management Account for the purpose of section 501(b) of Public Law 87–554, approved July 27, 1962, as follows:

"For the Army:

"Construction, $46,625,000;

"Operation and maintenance, $135,115,000;

"Debt payments, $49,863,000.

"For the Navy and Marine Corps:

"Construction, $92,542,000;

"Operation and maintenance—Navy, $58,360,000; Marine Corps, $7,700,000;

"Debt payments—Navy, $25,744,000; Marine Corps, $4,691,000.

"For the Air Force:

"Construction, $100,771,000;

"Operation and maintenance, $98,986,000;

"Debt payments, $89,574,000.

"For Defense Agencies:

"Operation and maintenance, $2,456,500.

"The foregoing amounts available for obligation for operation and maintenance may be increased as determined by the Secretary of Defense: *Provided*, That such increased amounts are transferred from applicable operation and maintenance appropriations for the current fiscal year: *Provided further*, That the total obligations against the account are authorized to be increased accordingly."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Curtin, for 5 minutes, today.

Mr. Wright, for 30 minutes, today.

The following Members (at the request of Mrs. May):

Mr. Bray, for 30 minutes, on September 19.

Mr. Bray, for 30 minutes, on September 20.

Mr. Findley, for 3 hours, on September 20.

Mr. Halpern, for 15 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Aspinall and include a speech by the gentleman from Texas [Mr. Rogers].

(The following Members (at the request of Mrs. May) and to include extraneous matter:)

Mr. Broyhill.

Mr. Moore.

## ENROLLED BILLS SIGNED

**Mr. BURLESON,** from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 6413. An act to extend to fishermen the same treatment accorded farmers in relation to estimated income tax; and

H.R. 10062. An act to extend the application of certain laws to American Samoa.

## SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The **SPEAKER** announced his signature to an enrolled bill and joint resolution of the Senate of the following titles:

S. 1130. An act to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes; and

S.J. Res. 222. Joint resolution providing for the designation of the period October 1962 through October 1963 as "National Safety Council 50th Anniversary Year."

## BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

**Mr. BURLESON,** from the Committee on House Administration, reported that

that committee did on September 11, 1962, present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H.R. 75. An act to amend section 2103 of title 28, United States Code, relating to appeals improvidently taken;

H.R. 852. An act to establish a procedure for the use of independent medical experts by the Board of Veterans' Appeals;

H.R. 857. An act to improve due process in the consideration and final adjudication of disputed claims for veterans' benefits by providing that the claimant shall be furnished a brief statement of the facts and law applicable to the case appealed and afforded an opportunity to reply thereto;

H.R. 860. An act to repeal certain obsolete provisions of title 38, United States Code, relating to unemployment compensation for Korean conflict veterans;

H.R. 1322. An act for the relief of Georges Khoury;

H.R. 1450. An act for the relief of Maria Odelia Campos;

H.R. 1463. An act for the relief of Judy Josephine Alcantara;

H.R. 1678. An act for the relief of Jacques Tawil;

H.R. 2611. An act for the relief of Charles F. Ward, Jr., and Billy W. Crane, Sr.;

H.R. 4628 An act for the relief of Fotios Sakelaropoulos Kaplan;

HR. 4635. An act for the relief of Hattie and Joseph Patrick, Sr., and for the legal guardian of Betty Ann Smith and the legal guardian of Stanley Smith, and for the legal guardian of James E. Harris, Jr.;

H.R. 5234. An act to amend title 38, United States Code, to provide for the restoration of certain widows and children to the rolls upon annulment of their marriages or remarriages, and for other purposes;

H.R. 5317. An act for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee;

H.R. 6021. An act for the relief of Lt. Don Walsh and Lt. Lawrence A. Shumaker;

H.R. 7328. An act for the relief of the estate of Louis J. Simpson, deceased;

H.R. 7437. An act for the relief of Stella Rosa Pagano;

H.R. 7900. An act for the relief of Lt. (junior grade) James B. Stewart;

H.R. 8038. An act to amend section 491, of title 18, United States Code, prohibiting certain acts involving the use of tokens, slugs, disks, devices, papers, or other things which are similar in size and shape to the lawful coins or other currency of the United States;

H.R. 9775. An act for the relief of Nihat Ali Ucuncu;

H.R. 9834. An act for the relief of Estelle L. Heard;

H.R. 10195. An act to validate payment of certain special station per diem allowances and certain basic allowances for quarters made in good faith to commissioned officers of the Public Health Service;

H.R. 10242. An act to amend Private Law 86-339;

H.R. 10383. An act to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank Directors;

H.R. 10493. An act to amend title 18, United States Code, section 4163, relating to discharge of prisoners;

H.R. 11017. An act to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11031. An act for the relief of George Wm. Rueff, Inc.;

H.R. 11122. An act for the relief of Edward J. McManus;

H.R. 11863. An act for the relief of Vernon J. Wiersma;

H.R. 11996. An act to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession;

H.R. 12024. An act for the relief of Librande P. Caltagirone;

H.R. 12157. An act to amend the Bankruptcy Act in respect to the salaries of retired referees;

H.J. Res. 627. Joint resolution extending the duration of copyright protection in certain cases; and

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay.

---

## ADJOURNMENT

Mr. SHEPPARD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 19 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, September 13, 1962, at 11 o'clock a.m.

---

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2505. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill to include in the Vocational Education Act of 1946, the Vocational Rehabilitation Act, or other law certain authority relating to the Office of Education or to the vocational rehabilitation functions of the Department of Health, Education, and Welfare which is now included annually in appropriation acts"; to the Committee on Education and Labor.

2506. A letter from the Administrator, General Services Administration, transmitting the report of the Archivist of the United States on records proposed for disposal under the law; to the Committee on House Administration.

2507. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 23, 1962, submitting a report, together with accompanying papers and an illustration, on a survey of the Pecatonica River, Ill. and Wis., authorized by the Flood Control Act, approved July 24, 1946 (H. Doc. No. 539); to the Committee on Public Works and ordered to be printed, with one illustration.

2508. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 27, 1962, submitting a report, together with accompanying papers and illustrations, on an interim report on the Prairie du Pont Levee and Sanitary District, including Fish Lake Drainage and Levee District, Illinois, requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted July 18, 1957, June 17, 1948, and August 20, 1957 (H. Doc. No. 540); to the Committee on Public Works and ordered to be printed, with three illustrations.

2509. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and illustrations on an interim report on the Rend Lake Reservoir, Ill., requested by a resolution of the Committee on Public Works, House of Representatives, adopted July 6, 1949 (H. Doc. No. 541); to the Committee on Public Works and ordered to be printed, with two illustrations.

2510. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 19, 1962, submitting a report, together with accompanying papers and an illustration on an interim report on the Harrisonville and Ivy Landing Drainage and Levee District No. 2, Monroe County, Ill., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted July 18, 1957, and June 17, 1948 (H. Doc. No. 542); to the Committee on Public Works and ordered to be printed, with one illustration.

2511. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 17, 1962, submitting a report, together with accompanying papers and illustrations on an interim report on the Columbia Drainage and Levee District No. 3, Monroe County, Ill., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted July 18, 1957, and June 17, 1948 (H. Doc. No. 543); to the Committee on Public Works and ordered to be printed, with two illustrations.

2512. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 19, 1962, submitting a report, together with accompanying papers and an illustration on the Great Lakes harbors study-interim report on Saginaw River, Mich., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted May 18, 1956, and June 27, 1956 (H. Doc. No. 544); to the Committee on Public Works and ordered to be printed, with one illustration.

2513. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 22, 1962, submitting a report, together with accompanying papers and illustrations, on a survey of the Corte Madera Creek, Marin County, Calif., authorized by the Flood Control Act, approved December 22, 1944 (H. Doc. No. 545); to the Committee on Public Works and ordered to be printed, with three illustrations.

2514. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated January 22, 1962, submitting a report, together with accompanying papers and an illustration, on an interim report on the Gila River, Ariz., Camelsback Reservoir, requested by a resolution of the Committee on Public Works, U.S. Senate, adopted August 7, 1956, and authorized by the Flood Control Act, approved June 28, 1938 (S. Doc. No. 127); to the Committee on Public Works and ordered to be printed, with one illustration.

2515. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 27, 1962, submitting a report, together with accompanying papers and illustrations, on an interim report on the Russian River, Dry Creek Basin, Calif., requested by a resolution of the Committee on Public Works, House of Representatives, adopted July 1, 1958 (H. Doc. No. 547); to the Committee on Public Works and ordered to be printed, with two illustrations.

2516. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 27, 1962, submitting a report, together with accompanying papers and illustrations, on an interim hurricane survey of Wareham and Marion, Mass., authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 548); to the Committee on Public Works and ordered to be printed, with two illustrations.

2517. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 26, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on, and a survey of the Chunky Creek, Chickasawhay, and Pascagoula Rivers, Miss., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 26, 1952, and authorized by the Flood Control Act, approved July 24, 1946 (H. Doc. No. 549); to the Committee on Public Works and ordered to be printed, with seven illustrations.

2518. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 30, 1962, submitting a report, together with accompanying papers and illustrations, on an interim hurricane survey of the Mississippi River Delta at and below New Orleans, La., authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 550); to the Committee on Public Works and ordered to be printed, with 24 illustrations.

2519. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 15, 1962, submitting a report, together with accompanying papers and an illustration on a review of the report on Flushing Bay and Creek, N.Y., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 7, 1961 (H. Doc. No. 551); to the Committee on Public Works and ordered to be printed, with one illustration.

2520. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and an illustration on a review of the reports on the Mississippi River at Clarksville, Mo., requested by a resolution of the Committee on Public Works, House of Representatives, adopted March 30, 1955. (H. Doc. No. 552); to the Committee on Public Works and ordered to be printed, with one illustration.

2521. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and an illustration, on a review of the reports on the Sabine-Neches Waterway, Tex., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 3, 1959. (H. Doc. No. 553); to the Committee on Public Works and ordered to be printed, with one illustration.

2522. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated June 29, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on the East Fork of the Trinity River, Tex., requested by a resolution of the Committee on Public Works, House of Representatives, adopted May 15, 1957. (H. Doc. No. 554); to the Committee on Public Works and ordered to be printed with 11 illustrations.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

**Mr. HALEY**: Committee on Interior and Insular Affairs. H.R. 9171. A bill to amend the act of August 27, 1954 (68 Stat. 868), with respect to the Uintah and Ouray Reservation in Utah; with amendment (Rept. No. 2345). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HALEY**: Committee on Interior and Insular Affairs. H.R. 8113. A bill to amend the act of August 9, 1955, for the purpose of including the Southern Ute Indian Reservation among reservations excepted from the 25-year lease limitation; without amendment (Rept. No. 2346). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HALEY**: Committee on Interior and Insular Affairs. H.R. 9342. A bill to provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes; with amendment (Rept. No. 2347). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HALEY**: Committee on Interior and Insular Affairs. S. 1161. An act to provide for the use of lands in the Garrison Dam project by the Three Affiliated Tribes of the Fort Berthold Reservation; without amendment (Rept. No. 2348). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HALEY**: Committee on Interior and Insular Affairs. S. 2696. An act to correct certain land descriptions in the act entitled "An act to declare that the United States holds in trust for the pueblos of Santa Ana, Zia, Jemez, San Felipe, Santo Domingo, Cochiti, Isleta, and San Ildefonso certain public domain lands"; without amendment (Rept. No. 2349). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HALEY**: Committee on Interior and Insular Affairs. S. 2971. An act to declare that certain lands of the United States are held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation; without amendment (Rept. No. 2350). Referred to the Committee of the Whole House on the State of the Union.

**Mr. HALEY**: Committee on Interior and Insular Affairs. S. 3342. An act to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian irrigation project, Oregon, and for other purposes; without amendment (Rept. No. 2351). Referred to the Committee of the Whole House on the State of the Union.

**Mr. MACK**: Committee on Interstate and Foreign Commerce. House Joint Resolution 636. Joint resolution to amend the Federal Trade Commission Act, to promote quality and price stabilization, to define and restrain certain unfair methods of distribution and to confirm, define, and equalize the rights of producers and resellers in the distribution of goods identified by distinguishing brands, names, or trademarks, and for other purposes; with amendment (Rept. No. 2352). Referred to the Committee of the Whole House on the State of the Union.

**Mr. SHEPPARD**: Committee of conference. H.R. 12870. A bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; without amendment (Rept. No. 2356). Ordered to be printed.

**Mr. McMILLAN**: Committee on the District of Columbia. H.R. 12546. A bill to amend the Life Insurance Company Act of the District of Columbia (48 Stat. 1145), approved June 19, 1934, as amended; with amendment (Rept. No. 2357). Referred to the Committee of the Whole House on the State of the Union.

**Mr. McMILLAN**: Committee on the District of Columbia. H.R. 12762. A bill to amend the District of Columbia Unemployment Compensation Act, as amended; with amendment (Rept. 2358). Referred to the Committee of the Whole House on the State of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

**Mr. LANE**: Committee on the Judiciary. House Resolution 797. Resolution providing for sending the bill (H.R. 12884) for the relief of the trustee in bankruptcy, estate of Monti Marine Corp. of New York, together with accompanying papers, to the Court of Claims; without amendment (Rept. No. 2353). Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary. H.R. 12092. A bill for the relief of Arthur H. Brackbill; with amendment (Rept. No. 2354). Referred to the Committee of the Whole House.

**Mr. LANE**: Committee on the Judiciary. H.R. 12093. A bill for the relief of Joseph Wolf, Jr.; with amendment (Rept. No. 2355). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KEOGH:

H.R. 13115. A bill to amend the Federal Aviation Act of 1958 in order to provide for research to determine criteria and means for abating objectionable aircraft noise; to the Committee on Interstate and Foreign Commerce.

By Mr. KORNEGAY (by request):

H.R. 13116. A bill to amend title 38, United States Code, to exclude, for purposes of dependent parents' death compensation or dependency and indemnity compensation and disability or death pension, income derived from sale of a personal residence when ownership existed under certain conditions; to the Committee on Veterans' Affairs.

By Mr. LENNON:

H.R. 13117. A bill to provide for import fees on cotton products during periods the United States is subsidizing the export of cotton; to the Committee on Ways and Means.

By Mr. WALTER:

H.R. 13118. A bill to incorporate the McCarran Foundation, and for other purposes; to the Committee on the Judiciary.

By Mr. LENNON:

H.J. Res. 882. Joint resolution to limit the importation of cotton products to the amount thereof imported in 1961; to the Committee on Ways and Means.

By Mr. HIESTAND:

H. Con. Res. 523. Concurrent resolution reaffirming the Monroe Doctrine as a fundamental part of the foreign policy of the United States; to the Committee on Foreign Affairs.

By Mr. WRIGHT:

H. Con. Res. 524. Concurrent resolution declaring the sense of Congress that movement into the Western Hemisphere of military troops or weapons of war by any foreign power is a violation of the Monroe Doctrine and will be regarded as a hostile and aggressive act, and that the President is authorized to take such action as may be necessary to prevent such further movement of weapons or troops into the Western Hemisphere by any such foreign power; to the Committee on Foreign Affairs.

By Mr. WICKERSHAM:

H. Res. 798. Resolution authorizing the issuance of identification cards to certain staff personnel; to the Committee on House Administration.

By Mr. TUPPER:

H. Res. 799. Resolution making provisions for a statue to "The Maine Lobsterman" in the new Southwest, Washington; to the Committee on House Administration.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FINO:

H.R. 13119. A bill for the relief of Nicolo Adragna; to the Committee on the Judiciary.

By Mr. WALTER:

H.R. 13120. A bill for the relief of Dorothy L. Lisette; to the Committee on the Judiciary.

By Mr. ZELENKO:

H.R. 13121. A bill for the relief of Arigo S. Stamoulis; to the Committee on the Judiciary.

H.R. 13122. A bill for the relief of Josef Buchholz; to the Committee on the Judiciary·

## REGULATION OF LOBBYING ACT

In compliance with Public Law 601, 79th Congress, title III, Regulation of Lobbying Act, section 308(b), which provides as follows:

> (b) All information required to be filed under the provisions of this section with the Clerk of the House of Representatives and the Secretary of the Senate shall be compiled by said Clerk and Secretary, acting jointly, as soon as practicable after the close of the calendar quarter with respect to which such information is filed and shall be printed in the Congressional Record.

The Clerk of the House of Representatives and the Secretary of the Senate jointly submit their report of the compilation required by said law and have included all registrations and quarterly reports received.

## QUARTERLY REPORTS

The following reports for the first calendar quarter of 1962 were received too late to be included in the published reports for that quarter:

A. Active-Retired Lighthouse Service Employees Association, Post Office Box 2169, South Portland, Maine.
D. (6) $327.30. E. (9) $294.65.

A. American Carpet Institute, Inc., 350 Fifth Avenue, New York, N.Y.

A. American Civil Liberties Union, Inc., 156 Fifth Avenue, New York, N.Y.
D. (6) $2163.76. E. (9) $2,163.76.

A. American Council for Technical Products, Inc., 910 17th Street NW., Washington, D.C.

A. American Dental Association, 222 East Superior Street, Chicago, Ill.
D. (6) $17,028.14. E. (9) $17,028.14.

A. American Gas Association, Inc., 420 Lexington Avenue, New York, N.Y.

A. American Hospital Association, 840 North Lake Shore Drive, Chicago, Ill.
D. (6) $22,312.64. E. (9) $22,312,64.

A. American Library Association, 50 East Huron Street, Chicago, Ill.
D. (6) $226.70. E. (9) $8,238.09.

A. American Merchant Marine Institute, Inc., 11 Broadway, New York, N.Y.
E. (9) $1,848.94.

A. American Nurses' Association, Inc., 10 Columbus Circle, New York, N.Y.
D. (6) $5,313.15. E. (9) $5,313.15.

A. American Stock Yards Association, 1028 Connecticut Avenue NW., Washington, D.C.
E. (9) $1,350.

A. American Thrift Assembly, 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $38,315. E. (9) $9,384.88.

A. American Veterinary Medical Association, 600 South Michigan Avenue, Chicago, Ill.
E. (9) $665.92.

A. Robert E. Ansheles, 1025 Connecticut Avenue NW., Washington, D.C.
B. American Thrift Assembly, 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $1,500.

A. John Arens, 500 Westchester Avenue, White Plains, N.Y.
B. The National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
E. (9) $50.

A. Arkansas Railroad Committee, 1100 Boyle Building, Little Rock, Ark.
B. Class 1 railroads operating in the State of Arkansas.
D. (6) $89.90. E. (9) $1,012.99.

A. Arnold, Fortas & Porter, 1229 19th Street NW., Washington, D.C.
B. Commissioner of Baseball, 30 Rockefeller Plaza, New York, N.Y.
E. (9) $56.95.

A. Arnold, Fortas & Porter, 1229 19th Street NW., Washington, D.C.
B. National Retail Merchants Association, 100 West 31st Street, New York, N.Y.
D. (6) $3,055. E. (9) $51.50.

A. Edward Atkins, 51 East 42d Street, New York, N.Y.
B. National Association of Shoe Chain Stores, Inc., 51 East 42d Street, New York, N.Y.
D. (6) $25. E. (9) $25.

A. A. V. Atkinson, 1925 K Street NW., Washington, D.C.
B. Communications Workers of America, 1925 K Street NW., Washington, D.C.
E. (9) $3,022.26.

A. Atlantic, Gulf & Great Lakes Shipbuilding Association, 529 Tower Building, Washington, D.C.

A. A. Z. Baker, 1028 Connecticut Avenue NW., Washington, D.C.
B. American Stock Yards Association, 1028 Connecticut Avenue, Washington, D.C.,
D. (6) $400.

A. Raymond Maxfield Barnes, 305 Commonwealth Building, Washington, D.C.
B. Northern Natural Gas Co., 2223 Dodge Street, Omaha, Nebr.
D. (6) $231. E. (9) $110.

A. Carl H. Berglund, 607 South Pine Street, Tacoma, Wash.

A. Bergson & Borkland, 918 16th Street NW., Washington, D.C.
B. Freeport Sulphur Co., 161 East 42d Street, New York, N.Y.

A. Helen Berthelot, 1925 K Street NW., Washington, D.C.
B. Communications Workers of America, 1925 K Street NW., Washington, D.C.
E. (9) $3,290.67.

A. Charles A. Betts, 1420 New York Avenue NW., Washington, D.C.
B. American Can Co., 100 Park Avenue, New York, N.Y.

A. C. B. Blankenship, 1925 K Street NW., Washington, D.C.
B. Communications Workers of America, 1925 K Street NW., Washington, D.C.
E. (9) $2,687.04.

A. W. G. Blewett, 301 Olive Street, St. Louis, Mo.
B. Peabody Coal Co., 301 Olive Street, St. Louis, Mo.

A. J. Wiley Bowers, Sixth and Cherry Streets, Chattanooga, Tenn.
B. Tennessee Valley Public Power Association, Sixth and Cherry Streets, Chattanooga, Tenn.

A. Charles B. Bowling, 1616 H Street NW., Washington, D.C.
B. The National Grange, 1616 H Street NW., Washington, D.C.
D. (6) $600.

A. Boykin & De Francis, 1000 16th Street NW., Washington, D.C.
B. Mrs. Claire Hugo Stinnes, Grossenbaumerstrasse 253, Mulheim Ruhr, Germany.
E. (9) $170.

A. Boykin & De Francis, 1000 16th Street NW., Washington, D.C.
B. Studiengesellschaft fur Privatrechtliche Auslandsinteressen, e. v. Contrescarpe 46, Germany.
E. (9) $265.

A. Richard Breed, 10 Prince Street, Alexandria, Va.
B. American Council for Technical Products, Inc., c/o Shaw, Pittman, Potts, Trowbridge & Madden, 910 17th Street NW., Washington, D.C.

A. Homer L. Brinkley, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $6,249.96. E. (9) $366.85.

A. Florence I. Broadwell, 1729 G Street NW., Washington, D.C.
B. National Federation of Federal Employees, 1729 G Street NW., Washington, D.C.
D. (6) $2,942.34.

A. Brotherhood of Locomotive Engineers, 1122 Engineers Building, Cleveland, Ohio.

A. J. Olney Brott, 730 15th Street NW., Washington, D.C.
B. American Bankers Association, 12 East 36th Street, New York, N.Y.
D. (6) $675. E. (9) $45.70.

A. Charles H. Brown, Inc., 1701 K Street NW., Washington, D.C.
B. American Society of Composers, Authors and Publishers, 575 Madison Avenue, New York, N.Y.
D. (6) $1,085. E. (9) $1,085.

A. Charles H. Brown, 1701 K Street NW., Washington, D.C.
B. Charles H. Brown, Inc., 1701 K Street NW., Washington, D.C.
D. (6) $1,298.

A. Charles H. Brown, Inc., 1701 K Street NW., Washington, D.C.
B. National Education Association, 1201 16th Street NW., Washington, D.C.
D. (6) $937.50. E. (9) $1,079.15.

A. John J. Burke, 1062 West Platinum Street, Butte, Mont.
B. Pacific Northwest Power Co., Post Office Box 1445, Spokane, Wash.
E. (9) $525.

A. James A. Campbell, 900 F Street NW., Washington, D.C.
B. American Federation of Government Employees, 900 F Street NW., Washington, D.C.
D. (6) $3,230.76. E. (9) $323.08.

A. Canal Authority of the State of Florida, 720 Florida Title Building, Jacksonville, Fla.
E. (9) $1,560.93

A. Canal Zone Central Labor Union and Metal Trades Council, Post Office Box 471, Balboa Heights, C.Z.
D. (6) $8,183.28. E. (9) $3,164.83.

A. Carretta & Counihan, 1000 Connecticut Avenue NW., Washington, D.C.
B. Bicycle Manufacturers Association of America, 122 East 42d Street, New York, N.Y.

A. William L. Carter, 1105 Barr Building, Washington, D.C.
B. International Association of Ice Cream Manufacturers, 1105 Barr Building, Washington, D.C.

A. Chamber of Commerce of the United States of America, 1615 H Street, NW., Washington, D.C.

A. Justice M. Chambers, 2300 Calvert Street NW., Washington, D.C.
B. Greg-Gary Corp., 7 Park Avenue, New York, N.Y.

A. Hal M. Christensen, 808 17th Street NW., Washington, D.C.
B. American Dental Association, 808 17th Street NW., Washington, D.C.
D. (6) $3,250.

A. Classroom Periodical Publishers Association, 38 West Fifth Street, Dayton, Ohio.

A. Washington I. Cleveland, 1712 G Street NW., Washington, D.C.
B. District of Columbia Division, American Automobile Association, 1712 G Street NW., Washington, D.C.

A. Junius E. Cobean, Sr., 109 East Windsor Avenue, Alexandria, Va.
B. Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.

A. Nicholas S. Collins, 1000 Connecticut Avenue NW., Washington, D.C.
B. Committee of American Steamship Lines, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $220. E. (9) $28.44.

A. Paul G. Collins, 730 15th Street NW., Washington, D.C.
B. The American Bankers Association, 12 East 36th Street, New York, N.Y.
D. (6) $125. E. (9) $15.30.

A. Bernard J. Conway, 222 East Superior Street, Chicago, Ill.
B. American Dental Association, 222 East Superior Street, Chicago, Ill.
D. (6) $4,500.

A. Don Costa, 3517 Brandon Avenue, Roanoke, Va.
B. National Committee for Insurance Taxation, The Hay-Adams Hotel, Washington, D.C.
E. (9) $104.18.

A. Council for Exceptional Children (a department of the National Education Association), 1201 16th Street NW., Washington, D.C.
E. (9) $1,113.04.

A. Council of State Chambers of Commerce, 1025 Connecticut Avenue, Washington, D.C.
D. (6) $558.57. E. (9) $558.57.

A. Donald M. Counihan, 1000 Connecticut Avenue NW., Washington, D.C.
B. American Corn Millers' Federation, 1000 Connecticut Avenue NW., Washington, D.C.

A. Donald M. Counihan, 1000 Connecticut Avenue NW., Washington, D.C.
B. Classroom Periodical Publishers Association, 38 West Fifth Street, Dayton, Ohio.

A. County Supervisors Association of California, 1100 Elks Building, Sacramento, Calif.
E. (9) $61.12.

A. Paul L. Courtney, 1725 K Street NW., Washington, D.C.
D. (6) $300.

A. Credit Union National Association, 1617 Sherman Avenue, Madison, Wis.
E. (9) $537.67.

A. Michael P. Daniels, 1000 Connecticut Avenue NW., Washington, D.C.
B. United States-Japan Trade Council, 1000 Connecticut Avenue, NW., Washington, D.C.
D. (6) $1,500.

A. Abraham A. Dash, 20 E Street NW., Room 550, Washington, D.C.
B. Credit Union National Association, Inc., 1617 Sherman Avenue, Madison, Wis.
E. (9) $537.67.

A. Joffre C. David, 4401 East Colonial Drive, Orlando, Fla.
B. Florida Fruit and Vegetable Association, 4401 East Colonial Drive, Orlando, Fla.
D. (6) $166.65. E. (9) $165.42.

A. Aled P. Davies, 59 East Van Buren Street, Chicago, Ill.
B. American Meat Institute, 59 East Van Buren Street, Chicago, Ill.
D. (6) $1,750.

A. S. P. Deas, 520 National Bank of Commerce Building, New Orleans, La.
B. Southern Pine Industry Committee, 520 National Bank of Commerce Building, New Orleans, La.

A. Frank L. Dennis, 1625 K Street NW., Washington, D.C.
B. American Petroleum Institute.

A. John M. Dickerman, 1625 L Street NW., Washington, D.C.
B. National Association of Home Builders of the United States, 1625 L Street NW., Washington, D.C.
D. (6) $1,211.50. E. (9) $77.10.

A. Division of Federal Relations, National Education Association, 1201 16th Street NW., Washington, D.C.
E. (9) $10,839.84.

A. William C. Doherty, 100 Indiana Avenue NW., Washington, D.C.
B. National Association of Letter Carriers, 100 Indiana Avenue NW., Washington, D.C.
D. (6) $3,125.

A. J. D. Durand, 1000 Connecticut Avenue NW., Washington, D.C.
B. Committee of American Steamship Lines, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $520. E. (9) $85.91.

A. John W. Edelman, 704 17th Street NW., Washington, D.C.
B. Textile Workers Union of America, 99 University Place, New York, N.Y.
D. (6) $2,592.21. E. (9) $587.16.

A. Harold E. Edwards, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $3,304.85. E. (9) $300.

A. J. C. B. Ehringhaus, Jr., Raleigh, N.C.
B. North Carolina Railroad Association, Box 2635, Raleigh, N.C.
D. (6) $3,125.04. E. (9) $566.12.

A. John W. Emeigh, 1040 Warner Building, Washington, D.C.
B. National Rural Letter Carriers' Association, 1040 Warner Building, Washington, D.C.
D. (6) $816.94. E. (9) $22.30.

A. Lawrence E. Ernst, 301 East Capitol Street, Washington, D.C.
B. National Star Route Mail Carriers Association, 301 East Capitol Street, Washington, D.C.
E. (9) $137.

A. Clyde A. Erwin, Jr., 1201 16th Street NW., Washington, D.C.
B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.
D. (6) $1,327. E. (9) $756.03.

A. Far East Group, Inc., Room 501, 1000 Connecticut Avenue NW., Washington, D.C.

A. Florida Fruit and Vegetable Association, 4401 East Colonial Drive, Orlando, Fla.
D. (6) $913.78. E. (9) $913.78.

A. Forest Farmers Association, P. O. Box 7284, Station C, Atlanta, Ga.
E. (9) $650.

A. Robert W. Frase, 1820 Jefferson Place NW., Washington, D.C.
B. American Book Publishers Council, Inc., 58 West 40th Street, New York, N.Y.
D. (6) $2,459.37. E. (9) $1,856.35.

A. David C. Fullarton, 2000 Florida Avenue NW., Washington, D.C.
B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.
D. (6) $32.50.

A. William C. Gear, 1201 16th Street NW., Washington, D.C.
B. Council for Exceptional Children, a department of the National Education Association, 1201 16th Street NW., Washington, D.C.
D. (6) $750.

A. Mary Condon Gereau, 1201 16th Street NW., Washington, D.C.
B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.
D. (6) $1,274. E. (9) $100.47.

A. Goodson and Hannam, 6399 Wilshire Boulevard, Los Angeles, Calif.
B. Rossmoor Leisure World, Seal Beach, Calif.

A. John A. Gosnell, 801 19th Street NW., Washington, D.C.
B. National Small Business Association.
D. (6) $1,833.34.

A. Albert A. Grorud, 816 E Street NE., Washington, D.C.
B. Colville Indian Association, Coulee Dam, Wash.
E. (9) $28.65.

A. Albert A. Grorud, 816 E Street NE., Washington, D.C.
B. Yakima Indian Association of Washington State, 3121 Wilton Lane East, Tacoma, Wash.
E. (9) $10.90.

A. William A. Hanscom, 100 Indiana Avenue NW., Washington, D.C.

B. Oil Chemical and Atomic Workers International Union, 1840 California Street, Denver, Colo.
D. (6) $1,250. E. (9) $225.

A. L. James Harmason, Jr., 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $4,416.66. E. (9) $617.28.

A. George D. Haskell, 20 North Wacker Drive, Chicago, Ill.
B. Mutual Insurance Committee on Federal Taxation, 20 North Wacker Drive, Chicago, Ill.
D. (6) $1,849.98. E. (9) $983.75.

A. Kit H. Haynes, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $3,508.32. E. (9) $97.45.

A. Mrs. Glenn G. Hays, 212 Maryland Avenue NE., Washington, D.C.
B. National Woman's Christian Temperance Union, 1730 Chicago Avenue, Evanston, Ill.
D. (6) $571.56. E. (9) $649.23.

A. Frank N. Hoffmann, 1001 Connecticut Avenue NW., Washington, D.C.
B. United States-Japan Trade Council, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $150.

A. Frank N. Hoffmann, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $4,000. E. (9) $1,000.

A. Home Manufacturers Association, 1117 Barr Building, Washington, D.C.
D. (6) $500. E. (9) $1,000.

A. Home Town Free Television Association, 2923 East Lincolnway, Cheyenne, Wyo.

A. Joe Howell, 210 South Lamar Street, Jackson, Miss.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
E. (9) $498.19.

A. John M. Hurley, 302 Hoge Building, Seattle, Wash.
B. Washington Railroad Association.

A. Institute of High Fidelity Manufacturers, Inc., 516 Fifth Avenue, New York, N.Y.

A. International Association of Machinists, Machinists Building, Washington, D.C.
E. (9) $1,944.06.

A. Chester W. Jackson, 1616 H Street NW., Washington, D.C.
B. The National Grange, 1616 H Street NW., Washington, D.C.
D. (6) $3,300.

A. Mrs. Margaret E. Jenkins, 30 Deerpath, Norgate, Roslyn Heights, Long Island, N.Y.
B. National Congress of Parents and Teachers.

A. Ray L. Jenkins, 1066 National Press Building, Washington, D.C.
B. Societe Internationale Pour Participations Industrialies Et Commerciales, Peter Marianstr. 19, Basel, Switzerland.

A. James R. Jenks, 1024 Quebec Terrace, Silver Spring, Md.
B. Committee for Competitive Television, 1024 Quebec Terrace, Silver Spring, Md.
D. (6) $2,700. E. (9) $1,975.11.

A. W. D. Johnson, 400 First Street NW., Washington, D.C.
B. Order of Railway Conductors and Brakemen, O.R.C. & B. Building, Cedar Rapids, Iowa.

A. Charlie W. Jones, 1120 Connecticut Avenue NW., Washington, D.C.
B. American Carpet Institute, Inc., 350 Fifth Avenue, New York City, N.Y.

A. Lyle W. Jones, 912 Barr Building, Washington, D.C.

A. Max H. Jordan, 1040 Warner Building, Washington, D.C.
B. The National Rural Letter Carriers' Association, 1040 Warner Building, Washington, D.C.
D. (6) $816.94. (9) $19.85.

A. Edwin W. Kaler, 1725 I Street NW., Washington, D.C.
B. Waterman Steamship Corp., 61 St. Joseph Street, Mobile, Ala.
D. (6) $150.

A. Jerome J. Keating, 100 Indiana Avenue NW., Washington, D.C.
B. National Association of Letter Carriers, 100 Indiana Avenue NW., Washington, D.C.
D. (6) $2,150.76.

A. William F. Kenney, 50 West 50th Street, New York, N.Y.
B. Shell Oil Co., 50 West 50th Street, New York, N.Y.
D. (6) $750. E. (9) $200.

A. Franklin E. Kepner, Berwick Bank Building, Berwick, Pa.
B. Associated Railroads of Pennsylvania, Room 1022, Transportation Center, Philadelphia, Pa.

A. James F. King, 1825 Connecticut Avenue NW., Washington, D.C.
B. Manufacturing Chemists' Association, Inc., 1825 Connecticut Avenue NW., Washington, D.C.
D. (6) $1,250.

A. Joseph T. King, 1028 Connecticut Avenue NW., Washington, D.C.
B. General Counsel for Associated Equipment Distributors and Sprinkler Irrigation Association.
E. (9) $796.01.

A. Mr. and Mrs. Harry L. Kingman, 1100 Sixth Street SW., Washington, D.C.
D. (6) $1,675. E. (9) $1,675.

A. George W. Koch, 1612 K Street NW., Washington, D.C.
B. Sears, Roebuck & Co., 925 South Homan Avenue, Chicago, Ill.

A. A. W. Koehler, 839 17th Street NW., Washington, D.C.
B. National Association of Motor Bus Owners, 839 17th Street NW., Washington, D.C.

A. Kominers & Fort, 529 Tower Building, Washington, D.C.
B. Atlantic, Gulf & Great Lakes Shipbuilding Association, 529 Tower Building, Washington, D.C.
E. (9) $14.85.

A. Herman C. Kruse, 245 Market Street, San Francisco, Calif.
B. Pacific Gas & Electric Co., 245 Market Street, San Francisco, Calif.
D. (6) $2,948.75. E. (9) $4,381.23.

A. Latham & Watkins, 615 South Flower Street, Los Angeles, Calif.
B. Rossmoor Leisure World, Post Office Box 125, Seal Beach, Calif.
E. (9) $251.53.

A. Alan Latman, 200 East 42d Street, New York, N.Y.
B. National Committee for Effective Design Legislation, 200 East 42d Street, New York, N.Y.

A. Thomas B. Lawrence, 917 15th Street NW., Washington, D.C.
B. National Licensed Beverage Association, 420 7th Street, Racine, Wis.
D. (6) $650.

A. Liberty Under Law, Inc., Post Office Box 2013, Salt Lake City, Utah.
D. (6) $2. E. (9) $9.09.

A. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y., and 1701 K Street NW., Washington, D.C.
D. (6) $4,474.45. E. (9) $4,474.45.

A. L. Blaine Liljenquist, 917 15th Street NW., Washington, D.C.
B. Western States Meat Packers Association, Inc., 917 15th Street NW., Washington, D.C.
D. (6) $5,000. E. (9) $50.

A. Donald Linville, 205 West Wacker Drive, Chicago, Ill.
B. American Hardboard Association, 205 West Wacker Drive, Chicago, Ill.
D. (6) $3,750. E. (9) $197.

A. Charles B. Lipsen, 1741 De Sales Street NW., Washington, D.C.
B. Retail Clerks International Association, 1741 De Sales Street NW., Washington, D.C.
D. (6) $3,610. E. (9) $1,035.20.

A. Lobby for Peace, 345 Franklin Street, San Francisco, Calif.
D. (6) $3,256. E. (9) $3,928.94.

A. Gordon C. Locke, 1725 K Street NW., Washington, D.C.
B. Association of Oil Pipe Lines, 1725 K Street NW., Washington, D.C.

A. Lord, Day & Lord, 25 Broadway, New York, N.Y.
B. The Metropolitan Museum of Art, Fifth Avenue and 82d Street, New York, N.Y.

A. John M. Lumley, 1201 16th Street NW., Washington, D.C.
B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.
D. (6) $416. E. (9) $136.62.

A. LeRoy El Lyon, Jr., 530 West Sixth Street, Los Angeles, Calif.
B. California Railroad Association, 215 Market Street, San Francisco, Calif.
D. (6) $2,340. E. (9) $583.18.

A. J. A. McCallam, 1507 M Street NW., Washington, D.C.
B. American Veterinary Medical Association.
E. (9) $665.92.

A. William A. McClintock, Jr., 7447 Skokie Boulevard, Skokie, Ill.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
E. (9) $340.86.

A. McClure and McClure, 1710 H Street NW., Washington, D.C.
B. The Coca-Cola Export Corp., 515 Madison Avenue, New York, N.Y.
E. (9) $45.07.

A. John H. McCormick, Jr., 1201 16th Street NW., Washington, D.C.
B. Council for Exceptional Children, 1201 16th Street NW., Washington, D.C.

A. Albert L. McDermott, 745 Washington Building, Washington, D.C.
B. American Hotel Association, 777 14th Street NW., Washington, D.C.
D. (6) $100. E. (9) $3.20.

A. Joseph J. McDonald, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $3,304.85. E. (9) $300.

A. William J. McDonald, 3005 Fernside Boulevard, Alameda, Calif.
B. National Council of Naval Air Stations Employee Organizations, 3005 Fernside Boulevard, Alameda, Calif.

A. Joseph B. McGrath, 1625 L Street NW, Washington, D.C.
B. National Association of Home Builders of the United States, 1625 L Street NW, Washington, D.C.
D. (6) $2,451.95. E. (9) $191.50.

A. William H. McLin, 1201 16th Street NW., Washington, D.C.
B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.
D. (6) $1,440. E. (9) $506.20.

A. Charles R. McNeill, 730 15th Street NW, Washington, D.C.
B. The American Bankers Association, 12 East 36th Street, New York, N.Y.
D. (6) $1,000. E. (9) $1,257.56.

A. MacLeish, Spray, Price & Underwood, 134 South LaSalle Street, Chicago, Ill.
B. National Committee for Insurance Taxation, Hay-Adams House, Washington, D.C.
D. (6) $5,500. E. (9) $961.19.

A. Jerome J. Madigan, 1117 Barr Building, Washington, D.C.
B. Home Manufacturers Association, 1117 Barr Building, Washington, D.C.
D. (6) $200.

A. Don Mahon, Box 959, Ben Franklin Station, Washington, D.C.
B. National Independent Union Council.
E. (9) $1,642.61.

A. James D. Mann, 711 14th Street NW., Washington, D.C.
B. Council of America, Inc., 711 14th Street NW., Washington, D.C.

A. Manufacturing Chemists' Association, Inc., 1825 Connecticut Avenue NW., Washington, D.C.
D. (6) $2,625. E. (9) $2,475.

A. Mrs. Olya Margolin, 1637 Massachusetts Avenue NW., Washington, D.C.
B. National Council of Jewish Women, Inc., 1 West 47th Street, New York, N.Y.
D. (6) $2,152.28. E. (9) $106.72.

A. Edwin E. Marsh, 414 Crandall Building, Salt Lake City, Utah.
B. National Wool Growers Association, 414 Crandall Building, Salt Lake City, Utah.
D. (6) $2,899.98. E. (9) $332.44.

A. Tommy M. Martin, 1040 Warner Building, Washington, D.C.
B. The National Rural Letter Carriers' Association, 1040 Warner Building, Washington, D.C.
D. (6) $816.94. E. (9) $26.50.

A. Walter J. Mason, 815 16th Street NW., Washington, D.C.
B. Building and Construction Trades Department, AFL–CIO, 815 16th Street NW., Washington, D.C.
D. (6) $3,750. E. (9) $561.90.

A. David Mathews, Jr., 345 Fourth Avenue, Pittsburgh, Pa.
B. Pittsburgh Coal Exchange and Mechanical Contractors Association.
E. (9) $422.56.

A. C. V. and R. V. Maudlin, 1111 E Street NW., Washington, D.C.
B. National Association of Secondary Material Industries, Inc., 271 Madison Avenue, New York, N.Y.
E. (9) $25.81.

A. Albert E. May, 1000 Connecticut Avenue NW., Washington, D.C.
B. Committee of American Steamship Lines, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $280. E. (9) $34.28.

A. William R. Merriam, 905 16th Street NW., Washington, D.C.
B. International Telephone & Telegraph Corp., 905 16th Street NW., Washington, D.C.
D. (6) $1,500. E. (9) $10,035.

A. Edward L. Merrigan, 425 13th Street NW., Washington, D.C.
B. Aris Gloves, Inc., 9 East 38th Street, New York, N.Y.

A. Ross A. Messer, 724 9th Street NW., Washington, D.C.
B. National Association of Post Office & General Services Maintenance Employees, 724 Ninth Street NW., Washington, D.C.
D. (6) $1,500. E. (9) $116.95.

A. Miller & Chevalier, 1001 Connecticut Avenue NW., Washington, D.C.
B. Jeppesen & Co., 8025 East 40th Avenue, Denver, Colo.
D. (6) $350. E. (9) $11.23.

A. Clarence L. Miller, 1028 Connecticut Avenue NW., Washington, D.C.
B. American Stock Yards Association, 1028 Connecticut Avenue, Washington, D.C.
D. (6) $400.

A. Clinton R. Miller, 1012 14th Street NW., Washington, D.C.
B. National Health Federation, 709 Mission Street, San Francisco, Calif.
D. (6) $700. E. (9) $200.

A. Joseph L. Miller, 1025 Connecticut Avenue NW., Washington, D.C.
B. Northern Textile Association, Theisen-Clemens Co., and Quinebaug-French River Manufacturers Association.

A. Claude Minard, 215 Market Street, San Francisco, Calif.
B. California Railroad Association, 215 Market Street, San Francisco, Calif.

A. John R. Minor, 1025 Connecticut Avenue NW., Washington, D.C.
B. County Supervisors Association of California, 1100 Elks Building, Sacramento, Calif.
D. (6) $720.88.

A. Manfred L. Minzer, Jr., 20 E Street NW., Washington, D.C.
B. Air Freight Forwarders Association, 802 Ring Building, Washington, D.C.
D. (6) $600. E. (9) $135.88.

A. Manfred L. Minzer, Jr., 20 E Street NW., Washington, D.C.
B. Commodity Exchange, Inc., 81 Broadway, New York, N.Y.
D. (6) $3,000. E. (9) $928.38.

A. Marion S. Monk, Jr., Batchelor, La.
B. National Association of Soil and Water Conservation Districts, League City, Tex.

A. Joseph E. Moody, 1000 16th Street NW., Washington, D.C.
B. National Coal Policy Conference, Inc., 1000 16th Street NW., Washington, D.C.
D. (6) $625.

A. Kenneth R. Morefield, 4401 East Colonial Drive, Orlando, Fla.
B. Florida Fruit and Vegetable Association, 4401 East Colonial Drive, Orlando, Fla.
D. (6) $129.66. E. (9) $231.52.

A. Curtis Morris, 1725 I Street NW., Washington, D.C.
B. American Gas Association, Inc., 420 Lexington Avenue, New York, N.Y.

A. J. Walter Myers, Jr., Post Office Box 7284, Station C, Atlanta, Ga.
B. Forest Farmers Association Cooperative, Post Office Box 7284, Station C, Atlanta, Ga.
D. (6) $133.32. E. (9) $122.55.

A. Kenneth D. Naden, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $4,808.30. E. (9) $177.18.

A. National Associated Businessmen, Inc., 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $946.20. E. (9) $1,263.14.

A. National Association for the Advancement of Colored People, 20 West 40th Street, New York, N.Y.

A. National Association of Home Builders of the United States, 1625 L Street NW., Washington, D.C.
D. (6) $18,144.74. E. (9) $19,013.79.

A. National Association of Letter Carriers, 100 Indiana Avenue NW., Washington, D.C.
D. (6) $457,751.50. E. (9) $18,380.19.

A. National Association of Motor Bus Owners, 839 17th Street NW., Washington, D.C.

A. National Association of Post Office and General Services Maintenance Employees, 724 9th Street NW., Washington, D.C.
D. (6) $19,557.81. E (9) $2,370.49.

A. National Association of Real Estate Boards, 36 South Wabash Avenue, Chicago, Ill., and 1300 Connecticut Avenue NW., Washington, D.C.
E. (9) $12,779.90.

A. National Association of Social Workers, Inc., 2 Park Avenue, New York, N.Y., and 1346 Connecticut Avenue NW., Washington, D.C.
D. (6) $2,235. E. (9) $2,235.

A. National Audio-Visual Association, Inc., 1201 Spring Street, Fairfax, Va.
D. (6) $2,179.50. E. (9) $299.97.

A. National Coal Policy Conference, Inc., 1000 16th Street NW., Washington, D.C.

A. National Committee for Effective Design Legislation, 200 East 42d Street, New York, N.Y.
D. (6) $600.

A. National Committee for Insurance Taxation, The Hay-Adams Hotel, Washington, D.C.
D. (6) $37,000. E. (9) $33,193.05.

A. National Cotton Compress and Cotton Warehouse Association, 1085 Shrine Building, Memphis, Tenn.

A. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $36,000. E. (9) $36,510.

A. National Council, Junior Order United American Mechanics, 3027 North Broad Street, Philadelphia, Pa.
E. (9) $195.50.

A. National Council of Naval Air Stations Employee Organizations, 3005 Fernside Boulevard, Alameda, Calif.
E. (9) $8.75.

A. National Federation of Federal Employees, 1729 G Street NW., Washington, D.C.
D. (6) $100,206.48. E. (9) $12,245.75.

A. National Grange, 1616 H Street NW., Washington, D.C.
E. (9) $9,150.

A. National Housing Conference, Inc., 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $24,685.34. E. (9) $22,351.58.

A. National Livestock Feeders Association, 401 Livestock Exchange Building, Omaha, Nebr.
D. (6) $3,497.37. E. (9) $3,493.

A. National Rehabilitation Association, Inc., 1025 Vermont Avenue NW., Washington, D.C.
D. (6) $6,336.51. E. (9) $775.30.

A. National Rural Letter Carriers' Association, 1040 Warner Building, Washington, D.C.
D. (6) $7,580.50. E. (9) $7,710.06.

A. National Shoe Manufacturers Association, Inc., 342 Madison Avenue, New York, N.Y.
E. (9) $1,754.57.

A. National Small Business Association, 801 19th Street NW., Washington, D.C.
D. (6) $5,000. E. (9) $2,562.52.

A. National Tax Equality Association, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $14,521.73. E. (9) $10,135.48.

A. National Wool Growers Association, 414 Crandall Building, Salt Lake City, Utah.
D. (6) $11,360. E. (9) $3,410.24.

A. George R. Nelson, Machinists Building, Washington, D.C.
B. International Association of Machinists, Machinists Building, Washington, D.C.
D. (6) $1,500. E. (9) $444.06.

A. Herschel D. Newsom, 1616 H Street NW., Washington, D.C.
B. The National Grange, 1616 H Street NW., Washington, D.C.
D. (6) $3,750.

A. Joseph A. Noone, 1145 19th Street NW., Washington, D.C.
B. National Agricultural Chemicals Association, 1145 19th Street NW., Washington, D.C.

A. Charles M. Noone, 1200 Ring Building, Washington, D.C.
B. National Association of Small Business Investment Companies, 537 Washington Building, Washington, D.C.
E. (9) $180.

A. Robert H. North, 1105 Barr Building, Washington, D.C.
B. International Association of Ice Cream Manufacturers, 1105 Barr Building, Washington, D.C.
E. (9) $196.84.

A. Richard T. O'Connell, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $3,508.32. E. (9) $84.85.

A. John A. O'Donnell, 1025 Connecticut Avenue NW., Washington, D.C.
B. Philippine War Damage Claimants Association, Escolta Building, 46 Escolta, Manila, Philippines.

A. Robert J. Olson, 7447 Skokie Boulevard, Skokie, Ill.
B. National Committee for Insurance Taxation, the Hay-Adams House, Washington. D.C.
E. (9) $1,754.07.

A. Order of Railway Conductors & Brakemen, O.R.C. & B. Building, Cedar Rapids, Iowa.
E. (9) $4,867.83.

A. Vaux Owen, 1729 G Street NW., Washington, D.C.
B. National Federation of Federal Employees, 1729 G Street NW., Washington, D.C.
D. (6) $3,692.04. E. (9) $14.83.

A. George F. Parrish, Post Office Box 7, Charleston, W. Va.
B. West Virginia Railroad Association.

A. Rufus W. Peckham, Jr., 1100 National Press Building, Washington, D.C.
B. Wine Institute, 717 Market Street, San Francisco, Calif.

A. Edmund E. Pendleton, Jr., 1025 Connecticut Avenue NW., Washington, D.C.
B. County Supervisors Association of California, 1100 Elks Building, Sacramento, Calif.
D. (6) $720.88.

A. George C. Pendleton, 1025 Connecticut Avenue NW., Washington, D.C.
B. County Supervisors Association of California, 1100 Elks Building, Sacramento, Calif.
D. (6) $720.88.

A. Robert M. Pennington, 1201 16th Street NW., Washington, D.C.
B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.
D. (6) $176. E. (9) $22.82.

A. Sandford Z. Persons, 820 13th Street NW., Washington, D.C.
B. United World Federalists, Inc., 820 13th Street NW., Washington, D.C.
D. (6) $2,000. E. (9) $51.35.

A. Albert Pike, Jr., 488 Madison Avenue, New York, N.Y.
B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.

A. Milton M. Plumb, 400 First Street NW., Washington, D.C.
B. Railway Labor Executives' Association. 400 First Street NW., Washington, D.C.

A. Frederick T. Poole, 1725 K Street NW., Washington, D.C.
B. Association of Oil Pipe Lines, 1725 K Street NW., Washington, D.C.

A. William I. Powell, 1110 Ring Building, Washington, D.C.
B. Independent Petroleum Association of America, 1110 Ring Building, Washington, D.C.
E. (9) $5.40.

A. Homer V. Prater, 200 F Street NW., Washington, D.C.
B. American Federation of Government Employees.
D. (6) $2,515.80. (E) (9) $30.

A. Public Information Commission of the Cotton Industries, 1211 South Brighton, Dallas, Tex.

A. Felix M. Putterman, 1712 New Hampshire Avenue NW., Washington, D.C.
B. Jewish War Veterans of the United States of America, 1712 New Hampshire Avenue NW., Washington, D.C.
D. (6) $3,000. E. (9) $364.29.

A. Gordon M. Quarnstrom, 7447 Skokie Boulevard, Skokie, Ill.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.

A. G. S. Ray, 114 Huron Drive, Washington, D.C.

A. Philip Alexander Ray, International Building, San Francisco, Calif.
B. International Telephone & Telegraph Corp., 320 Park Avenue, New York City, N.Y.

A. William T. Reed, 5800 Connecticut Avenue, Chevy Chase, Md.
B. Standard Oil Co. (Indiana), 910 South Michigan Avenue, Chicago, Ill.
D. (6) $1,000. E. (9) $219.

A. John J. Riley, 1625 L Street NW., Washington, D.C.
B. National Association of Home Builders of the United States, 1625 L Street NW., Washington, D.C.
D. (6) $1,370.20. E. (9) $98.60.

A. Rossmoor Leisure World, Post Office Box 125, Seal Beach, Calif.

A. James H. Rowe, Jr., and Richard C. O'Hare, 1010 Investment Building, Washington, D.C.
B. Haytian American Sugar Co., S.A., Port-au-Prince, Haiti.

A. Fred J. Scanlan, 1303 New Hampshire Avenue NW., Washington, D.C.
B. Fleet Reserve Association, 1303 New Hampshire Avenue NW., Washington, D.C.
D. (6) $350.

A. Schoene & Kramer, 1625 K Street NW., Washington, D.C.
B. Railway Labor Executives' Association, 400 First Street NW., Washington, D.C.

A. Robert R. Schutz, 345 Franklin Street, San Francisco, Calif.
B. Lobby for Peace, 345 Franklin Street, San Francisco, Calif.
D. (6) $1,645. E. (9) $1,082.

A. John Seath, 320 Park Avenue, New York, N.Y.
B. International Telephone & Telegraph Corp., 320 Park Avenue, New York, N.Y.
D. (6) $250. E. (9) $350.

A. Clayton A. Seeber, 1201 16th Street NW., Washington, D.C.

B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.
D. (6) $1,353. E. (9) $564.89.

A. Theodore A. Serrill, 1025 Connecticut Avenue NW., Washington, D.C.
B. National Editorial Association, 1025 Connecticut Avenue NW., Washington, D.C.
E. (9) $346.15.

A. John J. Sheehan, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $3,000. E. (9) $300.

A. Bruce E. Shepherd, 488 Madison Avenue, New York, N.Y.
B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.

A. Henry M. Shine, Jr., 1625 L Street NW., Washington, D.C.
B. National Association of Home Builders of the United States, 1625 L Street NW., Washington, D.C.
D. (6) $1,884.60. E. (9) $158.63.

A. Ralph Showalter, 1126 16th Street NW., Washington, D.C.
B. International Union, United Automobile, Aircraft & Agricultural Implement Workers of America, Solidarity House, 8000 East Jefferson Avenue, Detroit, Mich.
D. (6) $2,800.14. E. (9) $986.48.

A Silverstein & Mullens, 1000 Bender Building, Washington, D.C.
B. National Association of Home Builders, 1625 L Street NW., Washington, D.C.

A. Silverstein & Mullens, 1120 Connecticut Avenue NW., Washington, D.C.
B. Rossmoor Leisure World, Seal Beach, Calif.

A. W. A. Smallwood, 1925 K Street NW., Washington, D.C.
B. Communications Workers of America, 1925 K Street NW., Washington, D.C.
E. (9) $1,865.11.

A. Southern Pine Industry Committee, 520 National Bank of Commerce Building, New Orleans, La.
D. (6) $369.01. E. (9) $437.27.

A. John F. Speer, Jr., 1105 Barr Building, Washington, D.C.
B. International Association of Ice Cream Manufacturers, 1105 Barr Building, Washington, D.C.

A. Chester S. Stackpole, 420 Lexington Avenue, New York, N.Y.
B. American Gas Association, Inc., 420 Lexington Avenue, New York, N.Y.

A. Luther C. Steward, Jr., 1729 G Street NW., Washington, D.C.
B. National Federation of Federal Employees, 1729 G Street NW., Washington, D.C.
D. (6) $2,515.20.

A. Mrs. Alexander Stewart, 120 Maryland Avenue NE., Washington, D.C.
B. Women's International League for Peace and Freedom, 120 Maryland Avenue NE., Washington, D.C.
D. (6) $17,459.30. E. (9) $5,560.87.

A. Nelson A. Stitt, 1000 Connecticut Avenue NW., Washington, D.C.
B. United States-Japan Trade Council, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $150.

A. Surrey, Karasik, Gould and Greene, 1116 Woodward Building, Washington, D.C.
B. South Puerto Rico Sugar Co., 99 Wall Street, New York, N.Y.

A. Noble J. Swearingen, 224 East Capitol Street, Washington, D.C.
B. National Tuberculosis Association, 1790 Broadway, New York, N.Y.
D. (6) $225.

A. Synthetic Organic Chemical Manufacturers Association of the United States, 261 Madison Avenue, New York, N.Y.
D. (6) $260. E. (9) $260.

A. Christy Thomas and Barry Sullivan, 536 Washington Building, Washington, D.C.
B. The National Association of River and Harbor Contractors, 15 Park Row, New York, N.Y.
D. (6) $750. E. (9) $152.23.

A. John N. Thurman, 1625 K Street NW., Washington, D.C.
B. Pacific American Steamship Association, 16 California Street, San Francisco, Calif.
D. (6) $703.12. E. (9) $911.14.

A. John H. Todd, 1085 Shrine Building, Memphis, Tenn.
B. National Cotton Compress and Cotton Warehouse Association, 1085 Shrine Building, Memphis, Tenn.

A. J. T. Trullinger, National Bank of Commerce Building, Olympia, Wash.
B. Standard Oil Co. of California, 225 Bush Street, San Francisco, Calif., et al.

A. Trustees for Conservation, 251 Kearney Street, San Francisco, Calif.
D. (6) $7,7555.56. E. (9) $6,119.17.

A. Carol Lee Tucker, 20 E Street, NW., Washington, D.C.
B. Manfred L. Minzer, Jr., Federal Counsel Associates, Inc., 20 E Street, NW., Washington, D.C.
D. (6) $1,125. E. (9) $375.

A. Ernest A Tupper, 1420 New York Avenue NW., Washington, D.C.
B. American Can Co., 100 Park Avenue, New York, N.Y.

A. United States-Japan Trade Council, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $3,070. E. (9) $3,070.

A. United World Federalists, Inc., 820 13th Street NW., Washington, D.C.
D. (6) $8,441.59. E. (9) $8,441.59.

A. Arvin E. Upton, 1821 Jefferson Place NW., Washington, D.C.
B. National Committee on Radiation Protection and Measurements, U.S. Department of Commerce, National Bureau of Standards, Washington, D.C.

A. Veterans, World War I, USA, Inc., 40 G Street NE., Washington, D.C.

A. Harold S. Walker, Jr., 420 Lexington Avenue, New York, N.Y.
B. American Gas Association, Inc., 420 Lexington Avenue, New York, N.Y.

A. Herbert F. Walton, 7447 Skokie Boulevard, Skokie, Ill.
B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.
E. (9) $1,135.30.

A. Washington Home Rule Committee, Inc., 924 14th Street NW., Washington, D.C.
D. (6) $158. E. (9) $1,937.72.

A. Merrill A. Watson, 342 Madison Avenue, New York, N.Y.
B. National Shoe Manufacturers Association, 342 Madison Avenue, New York, N.Y.
E. (9) $193.90.

A. Western States Meat Packers Association, Inc., 604 Mission Street, San Francisco, Calif.
D. (6) $101,576.37. E. (9) $50.

A. Don White, 1201 Spring Street, Fairfax, Va.
B. National Audio-Visual Association, Inc., 1201 Spring Street, Fairfax, Va.
D. (6) $4,500. E. (9) $2,303.10.

A. Horace P. White, 1341 G Street NW., Washington, D.C.
B. International Union of Mine, Mill, and Smelter Workers, 941 East 17th Avenue, Denver, Colo.
D. (6) $180. E. (9) $355.35.

A. John J. Wicker, Jr., 706 Mutual Building, Richmond, Va.
B. Mutual Insurance Committee on Federal Taxation, 20 North Wacker Drive, Chicago, Ill.
D. (6) $4,612.14. E. (9) $4,612.14.

A. Myron Wiener, 1000 Connecticut Avenue, NW., Washington, D.C.
B. The Far East Group, Inc., 1000 Connecticut Avenue, Washington, D.C.

A. Harding De C. Williams, 1300 Connecticut Avenue NW., Washington, D.C.
B. National Association of Real Estate Boards, 36 South Wabash Avenue, Chicago, Ill., and 1300 Connecticut Avenue, Washington, D.C.
D. (6) $1,583.50. E. (9) $100.66.

A. W. A. Williams, Jr., Santa Fe, N. Mex.
B. National Association of Soil and Water Conservation Districts.

A. John C. Williamson, 1300 Connecticut Avenue NW., Washington, D.C.
B. National Association of Real Estate Boards, 36 South Wabash Avenue, Chicago, Ill., and 1300 Connecticut Avenue, Washington, D.C.
D. (6) $3,833. E. (9) $569.62.

A. Kenneth Williamson, 1 Farragut Square South, Washington, D.C.
B. American Hospital Association, 840 North Lake Shore Drive, Chicago, Ill.
D. (6) $3,163.48. E. (9) $754.62.

A. Wilmer & Broun, 616 Transportation Building, Washington, D.C.
B. Columbia Gas System Service Corporation, 120 East 41st Street, New York, N.Y.
D. (6) $25.

A. Albert Y. Woodward, 1625 I Street NW., Washington, D.C.
B. The Flying Tiger Line, Inc., Lockheed Air Terminal, Burbank, Calif.

A. Albert Young Woodward, 1625 I Street NW., Washington, D.C.
B. Signal Oil and Gas Company, 1010 Wilshire Boulevard, Los Angeles, Calif.

A. Edward W. Wootton, 1100 National Press Building, Washington, D.C.
B. Wine Institute, 717 Market Street, San Francisco, Calif.

A. John H. Young, 1411 Major Street, Salt Lake City, Utah.
B. Liberty Under Law, Inc., Post Office Box 2013, Salt Lake City, Utah.

## QUARTERLY REPORTS

**The following quarterly reports were submitted for the second calendar quarter 1962:**

**(NOTE.—The form used for reports is reproduced below. In the interest of economy in the RECORD, questions are not repeated, only the essential answers are printed, and are indicated by their respective letter and number.)**

**FILE TWO COPIES WITH THE SECRETARY OF THE SENATE AND FILE THREE COPIES WITH THE CLERK OF THE HOUSE OF REPRESENTATIVES:**

**This page (page 1) is designed to supply identifying data; and page 2 (on the back of this page) deals with financial data.**

**PLACE AN "X" BELOW THE APPROPRIATE LETTER OR FIGURE IN THE BOX AT THE RIGHT OF THE "REPORT" HEADING BELOW:**

**"PRELIMINARY" REPORT ("Registration"): To "register," place an "X" below the letter "P" and fill out page 1 only.**

**"QUARTERLY" REPORT: To indicate which one of the four calendar quarters is covered by this Report, place an "X" below the appropriate figure. Fill out both page 1 and page 2 and as many additional pages as may be required. The first additional page should be numbered as page "3," and the rest of such pages should be "4," "5," "6," etc. Preparation and filing in accordance with instructions will accomplish compliance with all quarterly reporting requirements of the Act.**

---

**Year: 19........◄**

### REPORT

### PURSUANT TO FEDERAL REGULATION OF LOBBYING ACT

| P | QUARTER | | | |
|---|---|---|---|---|
| | 1st | 2d | 3d | 4th |
| | | | | |
| | (Mark one square only) | | | |

---

**NOTE ON ITEM "A".—(a) IN GENERAL. This "Report" form may be used by either an organization or an individual, as follows:**

**(i) "Employee".—To file as an "employee", state (in Item "B") the name, address, and nature of business of the "employer". (If the "employee" is a firm [such as a law firm or public relations firm], partners and salaried staff members of such firm may join in filing a Report as an "employee".)**

**(ii) "Employer".—To file as an "employer", write "None" in answer to Item "B".**

**(b) SEPARATE REPORTS. An agent or employee should not attempt to combine his Report with the employer's Report:**

**(i) Employers subject to the Act must file separate Reports and are not relieved of this requirement merely because Reports are filed by their agents or employees.**

**(ii) Employees subject to the Act must file separate Reports and are not relieved of this requirement merely because Reports are filed by their employers.**

**A. ORGANIZATION OR INDIVIDUAL FILING:**

**1. State name, address, and nature of business.**

**2. If this Report is for an Employer, list names or agents or employees who will file Reports for this Quarter.**

---

**NOTE ON ITEM "B".—*Reports by Agents or Employees.* An employee is to file, each quarter, as many Reports as he has employers, except that: (a) If a particular undertaking is jointly financed by a group of employers, the group is to be considered as one employer, but all members of the group are to be named, and the contribution of each member is to be specified; (b) if the work is done in the interest of one person but payment therefor is made by another, a single Report—naming both persons as "employers"—is to be filed each quarter.**

**B. EMPLOYER.—State name, address, and nature of business. If there is no employer, write "None."**

---

**NOTE ON ITEM "C".—(a) The expression "in connection with legislative interests," as used in this Report, means "in connection with attempting, directly or indirectly, to influence the passage or defeat of legislation." "The term 'legislation' means bills, resolutions, amendments, nominations, and other matters pending or proposed in either House of Congress, and includes any other matter which may be the subject of action by either House"—§ 302(e).**

**(b) Before undertaking any activities in connection with legislative interests, organizations and individuals subject to the Lobbying Act are required to file a "Preliminary" Report (Registration).**

**(c) After beginning such activities, they must file a "Quarterly" Report at the end of each calendar quarter in which they have either received or expended anything of value in connection with legislative interests.**

**C. LEGISLATIVE INTERESTS, AND PUBLICATIONS in connection therewith:**

**1. State approximately how long legislative interests are to continue. If receipts and expenditures in connection with legislative interests have terminated, ☐ place an "X" in the box at the left, so that this Office will no longer expect to receive Reports.**

**2. State the general legislative interests of the person filing and set forth the *specific* legislative interests by reciting: (a) Short titles of statutes and bills; (b) House and Senate numbers of bills, where known; (c) citations of statutes, where known; (d) whether for or against such statutes and bills.**

**3. In the case of those publications which the person filing has caused to be issued or distributed in connection with legislative interests, set forth: (a) Description, (b) quantity distributed; (c) date of distribution, (d) name of printer or publisher (if publications were paid for by person filing) or name of donor (if publications were received as a gift).**

**(Answer items 1, 2, and 3 in the space below. Attach additional pages if more space is needed)**

**4. If this is a "Preliminary" Report (Registration) rather than a "Quarterly" Report, state below what the nature and amount of anticipated expenses will be; and if for an agent or employee, state also what the daily, monthly, or annual rate of compensation is to be. If this is a "Quarterly" Report, disregard this item "C4" and fill out item "D" and "E" on the back of this page. Do not attempt to combine a "Preliminary" Report (Registration) with a "Quarterly" Report.◄**

---

**AFFIDAVIT**

**[Omitted in printing]**

**PAGE 1◄**

**NOTE ON ITEM "D."**—(*a*) *In General.* The term "contribution" includes *anything of value.* When an organization or individual uses printed or duplicated matter in a campaign attempting to influence legislation, money received by such organization or individual—for such printed or duplicated matter—is a "contribution." "The term 'contribution' includes a gift, subscription, loan, advance, or deposit of money, or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution"—Section 302(a) of the Lobbying Act.

(*b*) IF THIS REPORT IS FOR AN EMPLOYER.—(i) *In General.* Item "D" is designed for the reporting of all receipts from which expenditures are made, or will be made, in accordance with legislative interests.

(ii) *Receipts of Business Firms and Individuals.*—A business firm (or individual) which is subject to the Lobbying Act by reason of expenditures which it makes in attempting to influence legislation—but which has no funds to expend except those which are available in the ordinary course of operating a business not connected in any way with the influencing of legislation—will have no receipts to report, even though it does have expenditures to report.

(iii) *Receipts of Multipurpose Organizations.*—Some organizations do not receive any funds which are to be expended solely for the purpose of attempting to influence legislation. Such organizations make such expenditures out of a general fund raised by dues, assessments, or other contributions. The percentage of the general fund which is used for such expenditures indicates the percentage of dues, assessments, or other contributions which may be considered to have been paid for that purpose. Therefore, in reporting receipts, such organizations may specify what that percentage is, and report their dues, assessments, and other contributions on that basis. However, each contributor of $500 or more is to be listed, regardless of whether the contribution was made solely for legislative purposes.

(*c*) IF THIS REPORT IS FOR AN AGENT OR EMPLOYEE.—(i) *In General.* In the case of many employees, all receipts will come under Items "D 5" (received for services) and "D 12" (expense money and reimbursements). In the absence of a clear statement to the contrary, it will be presumed that your employer is to reimburse you for all expenditures which you make in connection with legislative interests.

(ii) *Employer as Contributor of $500 or More.*—When your contribution from your employer (in the form of salary, fee, etc.) amounts to $500 or more, it is not necessary to report such contribution under "D 13" and "D 14," since the amount has already been reported under "D 5," and the name of the "employer" has been given under Item "B" on page 1 of this report.

D. RECEIPTS (INCLUDING CONTRIBUTIONS AND LOANS):

Fill in every blank. If the answer to any numbered item is "None," write "None" in the space following the number.

*Receipts* (other than loans)

1. $--------Dues and assessments
2. $--------Gifts of money or anything of value
3. $--------Printed or duplicated matter received as a gift
4. $--------Receipts from sale of printed or duplicated matter
5. $--------Received for services (e.g., salary, fee, etc.)

6. $--------TOTAL for this Quarter (Add items "1" through "5")
7. $--------Received during previous Quarters of calendar year

8. $--------TOTAL from Jan. 1 through this Quarter (Add "6" and "7")

*Loans Received*

"The term 'contribution' includes a . . . *loan* . . ."—Sec. 302(a).

9. $--------TOTAL now owed to others on account of loans
10. $--------Borrowed from others during this Quarter
11. $--------Repaid to others during this Quarter

12. $--------"Expense money" and Reimbursements received this Quarter

Contributors of $500 or more
(from Jan. 1 through this Quarter)

13. Have there been such contributors?
Please answer "yes" or "no": --------

14. In the case of each contributor whose contributions (including loans) during the "period" from January 1 through the last days of this Quarter total $500 or more:

Attach hereto plain sheets of paper, approximately the size of this page, tabulate data under the headings "Amount" and "Name and Address of Contributor"; and indicate whether the last day of the period is March 31, June 30, September 30, or December 31. Prepare such tabulation in accordance with the following example:

| *Amount* | *Name and Address of Contributor* |
|---|---|
| | (*"Period"* from Jan. 1 through ------------, 19----) |
| $1,500.00 | John Doe, 1621 Blank Bldg., New York, N.Y. |
| $1,785.00 | The Roe Corporation, 2511 Doe Bldg., Chicago, Ill. |
| $3,285.00 | TOTAL |

**NOTE ON ITEM "E".**—(*a*) *In General.* "The term 'expenditure' includes a payment, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure"—Section 302(b) of the Lobbying Act.

(*b*) IF THIS REPORT IS FOR AN AGENT OR EMPLOYEE. In the case of many employees, all expenditures will come under telephone and telegraph (Item "E 6") and travel, food, lodging, and entertainment (Item "E 7").

E. EXPENDITURES (INCLUDING LOANS) in connection with legislative interests:

Fill in every blank. If the answer to any numbered item is "None," write "None" in the spaces following the number.

*Expenditures* (other than loans)

1. $--------Public relations and advertising services
2. $--------Wages, salaries, fees, commissions (other than item "1")
3. $--------Gifts or contributions made during Quarter
4. $--------Printed or duplicated matter, including distribution cost
5. $--------Office overhead (rent, supplies, utilities, etc.)
6. $--------Telephone and telegraph
7. $--------Travel, food, lodging, and entertainment
8. $--------All other expenditures

9. $--------TOTAL for this Quarter (Add "1" through "8")
10. $--------Expended during previous Quarters of calendar year

11. $--------TOTAL from January 1 through this Quarter (Add "9" and "10")

*Loans Made to Others*

"The term 'expenditure' includes a . . . *loan* . . ."—Sec. 302(b).

12. $--------TOTAL now owed to person filing
13. $--------Lent to others during this Quarter
14. $--------Repayment received during this Quarter

15. Recipients of Expenditures of $10 or More

In the case of expenditures made during this Quarter by, or on behalf of the person filing: Attach plain sheets of paper approximately the size of this page and tabulate data as to expenditures under the following heading: "Amount," "Date or Dates," "Name and Address of Recipient," "Purpose." Prepare such tabulation in accordance with the following example:

| *Amount* | *Date or Dates—Name and Address of Recipient—Purpose* |
|---|---|
| $1,750.00 | 7–11: Roe Printing Co., 3214 Blank Ave., St. Louis, Mo.—Printing and mailing circulars on the "Marshbanks Bill." |
| $2,400.00 | 7–15, 8–15, 9–15: Britten & Blaten, 3127 Gremlin Bldg., Washington, D.C.—Public relations service at $800.00 per month. |
| $4,150.00 | TOTAL |

PAGE 2

A. Charles D. Ablard, Federal Bar Building, Washington, D.C.
B. National Star Route Mail Carriers Association, 301 East Capitol Street, Washington, D.C.

A. Clarence G. Adamy, 1725 I Street NW., Washington, D.C.
B. National Association of Food Chains, 1725 I Street NW., Washington, D.C.
D. (6) $450. E. (9) $32.50.

A. V. J. Adduci, 610 Shoreham Building, Washington, D.C.
B. Aerospace Industries Association of America, Inc., 610 Shoreham Building, Washington, D.C.
D. (6) $3,828. E. (9) $625.09.

A. J. Carson Adkerson, 976 National Press Building, Washington, D.C.

A. Aerospace Industries Association of America, Inc., 610 Shoreham Building, Washington, D.C.
D. (6) $9,309.51. E. (9) $4,453.09.

A. Aircraft Owners and Pilots Association, 4650 East-West Highway, Bethesda, Md.

A. Air Traffic Control Association, Inc., 528 Barr Building, Washington, D.C.
D. (6) $850. E. (9) $784.

A. Air Transport Association of America, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $4,221. E. (9) $4,221.82.

A. George Venable Allen, 4730 Quebec Street NW., Washington, D.C.
B. The Tobacco Institute, Inc., 808 17th Street NW., Washington, D.C.

A. Louis J. Allen, 1121 Nashville Trust Building, Nashville, Tenn.
B. Class I Railroads in Tennessee.

A. Nicholas E. Allen and Merrill Armour, 1001 15th Street NW., Washington, D.C.
B. Music Operators of America, Inc., 128 East 14th Street, Oakland, Calif.
D. (6) $840. E. (9) $48.92.

A. W. L. Allen, 8605 Cameron Street, Silver Spring, Md.
B. The Commercial Telegraphers Union, International, 8605 Cameron Street, Silver Spring, Md.

A. Edwin N. Altman.
B. American Maritime Association, 17 Battery Place, New York, N.Y., 1725 K Street NW., Washington, D.C.
D. (6) $583.33.

A. Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, 5025 Wisconsin Avenue NW., Washington, D.C.

A. American Cancer Society, 521 West 57th Street, New York, N.Y.
E. (9) $8,309.53.

A. American Committee for Flags of Necessity, 25 Broadway, New York, N.Y.

A. American Cotton Manufacturers Institute, Inc., 1501 Johnston Building, Charlotte, N.C.
D. (6) $9,658.36. E. (9) $9,658.36.

A. American Council for Technical Products, Inc., c/o Shaw, Pittman, Potts, Trowbridge & Madden, 910 17th Street NW., Washington, D.C.

A. American Farm Bureau Federation, Merchandise Mart Plaza, Chicago, Ill., or 425 13th Street NW., Washington, D.C.
D. (6) $31,959. E. (9) $31,959.

A. American Federation of Labor and Congress of Industrial Organizations.
E. (9) $37,091.48.

A. AFL–CIO Maritime Committee, 132 Third Street SE., Washington, D.C.
D. (6) $16,125. E. (9) $17,106.16.

A. American Federation of Musicians, 425 Park Avenue, New York, N.Y.
D. (6) $4,580.80. E. (9) $5,930.89.

A. American Hospital Association, 840 North Lake Shore Drive, Chicago, Ill.
D. (6) $8,213.31. E. (9) $8,213.31.

A. American Hotel Association, 221 West 57th Street, New York, N.Y.

A. American Israel Public Affairs Committee, 1737 H Street NW., Washington, D.C.
D. (6) $4,725.75. E. (9) $4,178.45.

A. American Justice Association (Inc., D.C.), Defense Highway, Gambrills, Md.
D. (6) $1. E. (9) $1.

A. American Legion, National Headquarters, 700 North Pennsylvania Street, Indianapolis, Ind.
D. (6) $7,082.81. E. (9) $23,155.22.

A. American Life Convention, 230 North Michigan Avenue, Chicago, Ill.
D. (6) $577.94. E. (9) $92.70.

A. American Maritime Association, 17 Battery Place, New York, N.Y., or 1725 K Street NW., Washington, D.C.
D. (6) $1,166.65.

A. American Medical Association, 535 North Dearborn Street, Chicago, Ill.
E. (9) $27,950.31.

A. American Merchant Marine Institute, Inc., 11 Broadway, New York, N.Y.
E. (9) $3,769.31.

A. American Optometric Association, care of Dr. Melvin B. Dunbar, 21 Bank Street, Lebanon, N.H.
D. (6) $8,079.11. E. (9) $8,079.11.

A. American Osteopathic Association, 212 East Ohio Street, Chicago, Ill.
D. (6) $610.40. E.(9) $610.40.

A. American Paper & Pulp Association, 122 East 42d Street, New York, N.Y.

A. American Parents Committee, Inc., 20 E Street NW., Washington, D.C., or 52 Vanderbilt Avenue, New York, N.Y., and Bipartisan Citizens Committee for Federal Aid for Public Elementary and Secondary Education, 4107 Davenport Street NW., Washington, D.C.
D. (6) $1,751.34. E.(9) $9,247.99.

A. American Petroleum Institute, 1271 Avenue of the Americas, New York, N.Y.
D. (6) $4,309. E. (9) $10,616.

A. American Retail Federation, 1616 H Street NW., Washington, D.C.
D. (6) $102,722.90. E. (9) $3,838.70.

A. American Short Line Railroad Association, 2000 Massachusetts Avenue NW., Washington, D.C.
D. (6) $1,783.93 E. (9) $1,783.93.

A. American Sugar Beet Industry Policy Committee, 500 Sugar Building, Denver, Colo.

A. American Textile Machinery Association, care of E. C. Connor, Foster Machine Co., Westfield, Mass.
D. (6) $197.20.

A. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $10,290.06. E. (9) $10,986.19.

A. American Vocational Association, Inc., 1010 Vermont Avenue NW., Washington, D.C.

A. American Warehousemen's Association, 222 West Adams Street, Chicago, Ill.

A. America's Wage Earners' Protective Conference, 815 15th Street NW., Washington, D.C.
D. (6) $1,375. E. (9) $1,325.99.

A. Jerry L. Anderson, 2000 Florida Avenue NW., Washington, D.C.
B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

A. Walter M. Anderson, Jr., Montgomery, Ala.
B. Alabama Railroad Association, 1002 First National Bank Building, Montgomery, Ala.

A. Richard H. Anthony, 122 East 42d Street, New York, N.Y.
B. Trade Relations Council of the United States, Inc.

A. W. B. Ardery.
B. General Motors Corp., 3044 West Grand Boulevard, Detroit, Mich.

A. John Arens, 500 Westchester Avenue, White Plains, N.Y.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
E. (9) $831.75.

A. Arkansas Railroad Committee, 1100 Boyle Building, Little Rock, Ark.
B. Class One Railroads operating in the State of Arkansas.

A. J. Sinclair Armstrong, 45 Wall Street, New York, N.Y.
B. United States Trust Company of New York, 45 Wall Street, New York, N.Y.

A. Arthritis and Rheumatism Foundation, 10 Columbus Circle, New York, N.Y.
E. (9) $1,360.70.

A. Associated General Contractors of America, Inc., 1957 E Street NW., Washington, D.C.

A. Associated Third Class Mail Users, 100 Indiana Avenue NW., Washington, D.C.
D. (6) $500. E. (9) $500.

A. Association of American Physicians & Surgeons, Inc., 185 North Wabash Avenue, Chicago, Ill.
D. (6) $375. E. (9) $375.

A. Association of American Railroads, 929 Transportation Building, Washington, D.C.
D. (6) $6,195.62. E. (9) $6,195.62.

A. Association of Casualty and Surety Companies, 60 John Street, New York, N.Y.
D. (6) $2,467.61. E. (9) $2,467.61.

A. Association on Japanese Textile Imports, Inc., 551 Fifth Avenue, New York, N.Y.

A. Association of Oil Pipe Lines, 1725 K Street NW., Washington, D.C.

A. Association of Western Railways, 224 Union Station Building, Chicago, Ill.
D. (6) $321.40. E. (9) $321.40.

A. Edward Atkins, 51 East 42d Street, New York, N.Y.
B. National Association of Shoe Chain Stores, Inc., 51 East 42d Street, New York, N.Y.
D. (6) $25. E. (9) $25.

A. Atlantic Refining Co., 260 South Broad Street, Philadelphia, Pa.
E. (9) $300.

A. Paul L. Badger, 1625 I Street, NW., Washington, D.C.
B. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.
D. (6) $3,600.

A. Harry S. Baer, Jr., 1115 17th Street NW., Washington, D.C.
B. National Aeronautical Services Association, 1115 17th Street NW., Washington, D.C.
E. (9) $107.70.

A. Charles B. Bailey, Sr., 400 First Street NW., Washington, D.C.
B. Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees, 400 First Street NW., Washington, D.C.
D. (6) $1,925. E. (9) $1,956.07.

A. George P. Baker, 1710 H Street NW., Washington, D.C.
B. Transportation Association of America, Soldiers Field Post Office, Boston, Mass.

A. Donald Baldwin, 1619 Massachusetts Avenue NW., Washington, D.C.
B. National Lumber Manufacturers Association, 1619 Massachusetts Avenue NW., Washington, D.C.
E. (9) $210.13.

A. J. H. Ballew, Nashville, Tenn.
B. Southern States Industrial Council, Nashville, Tenn.
D. (6) $960.

A. Richard B. Barker and Jay W. Glasmann, 306 Southern Building, Washington, D.C.
B. National Lime Association, 925 15th Street NW., Washington, D.C.

A. Richard B. Barker and Jay W. Glasmann, 306 Southern Building, Washington, D.C.
B. Xerox Corp., Rochester, N.Y.
E. (9) $91.97.

A. Robert C. Barnard, 224 Southern Building, Washington, D.C.
B. Cleary, Gottlieb & Steen, 224 Southern Building, Washington, D.C.

A. Arthur R. Barnett, 1200 18th Street NW., Washington, D.C.
B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.
D. (6) $1,000. E. (9) $227.29.

A. Irvin L. Barney, 400 First Street NW., Washington, D.C.
B. Brotherhood Railway Carmen of America, 4929 Main Street, Kansas City, Mo.
D. (6) $3,600.

A. William G. Barr, 711 14th Street NW., Washington, D.C.
B. National Parking Association, 711 14th Street NW., Washington, D.C.

A. A. Wesley Barthelmes, 1701 K Street NW., Washington, D.C.
B. Insurance Co. of North America and Life Insurance Co. of North America, 1600 Arch Street, Philadelphia, Pa.
D. (6) $463. E. (9) $94.70.

A. William B. Barton, 1615 H Street NW., Washington, D.C.
B. Chamber of Commerce of the United States of America.

A. David N. Barus, 1625 K Street NW., Washington, D.C.
B. General Time Corp., 355 Lexington Avenue, New York, N.Y.
D. (6) $705.

A. Laurie C. Battle, 918 16th Street N.W., Washington, D.C.
B. National Association of Manufacturers.

A. Roy Battles, 532 Shoreham Building, Washington, D.C.
B. Clear Channel Broadcasting Service, 532 Shoreham Building, Washington, D.C.

A. John V. Beamer, 625 Valley Brook Lane, Wabash, Ind.
B. Fine Hardwoods Association, 666 North Lake Shore Drive, Chicago, Ill.
D. (6) $400. E. (9) $844.83.

A. J. D. Bearden, 400 First Street NW., Washington, D.C.
B. Brotherhood of Railway and Steamship Clerks, 1015 Vine Street, Cincinnati, Ohio.
D. (6) $1,093.74.

A. Donald S. Beattie, 400 First Street NW., Washington, D.C.
B. Railway Labor Executives' Association, 400 First Street NW., Washington, D.C.
D. (6) $874.99.

A. Ralph O. Beck, care of U.S. Independent Telephone Association, 438 Pennsylvania Building, Washington, D.C.

B. Hawaiian Telephone Co., P.O. Box 2200, Honolulu, Hawaii.

A. John H. Beidler, 815 16th Street, NW., Washington, D.C.
B. American Federation of Labor & Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.
D. (6) $3,419. E. (9) $275.64.

A. James F. Bell, 1001 Connecticut Avenue NW., Washington, D.C.
B. National Association of Supervisors of State Banks, Munsey Building, Washington, D.C.
E. (9) $47.83.

A. Mrs. Rachel S. Bell, 1025 Connecticut Avenue NW., Washington, D.C.
B. Legislative Committee of the Committee for a National Trade Policy, Inc., 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $89. E. (9) $128.

A. Ernest H. Benson, 400 First Street NW., Washington, D.C.
B. Brotherhood of Maintenance of Way Employes, 12050 Woodward Avenue, Detroit, Mich.
D. (6) $4,500.

A. Bergson & Borkland, 918 16th Street NW., Washington, D.C.
B. Freeport Sulphur Co., 161 East 42d Street, New York, N.Y.
E. (9) $1.50.

A. Charles A. Betts, 1420 New York Avenue NW., Washington, D.C.
B. American Can Co., 100 Park Avenue, New York, N.Y.

A. Charles C. Bevis, Jr., 1735 DeSales Street N.W., Washington, D.C.
D. (6) $96.05. E. (9) $21.35.

A. Andrew J. Biemiller, 815 16th Street NW., Washington, D.C.
B. American Federation of Labor & Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.
D. (6) $4,420. E. (9) $670.15.

A. Walter J. Bierwagen, 900 F Street NW., Washington, D.C.
B. Division 689, Amalgamated Association of Street, Electric Railway & Motor Coach Employees of America, 900 F Street NW., Washington, D.C.

A. Bigham, Englar, Jones & Houston, 99 John Street, New York, N.Y., and 839 Shoreham Building, Washington, D.C.
B. American Institute of Marine Underwriters, et al.
E. (9) $64.52.

A. Bigham, Englar, Jones & Houston, 99 John Street, New York, N.Y., and 839 Shoreham Building, Washington, D.C.
B. Mollers Suidah Shipbreakers, Ltd.; The Alpha Shipping Co., Ltd.; and Lancashire Shipping Co., Ltd.
E. (9) $16.86.

A. Hudson Biery, 4017 Carew Tower, Cincinnati, Ohio.
B. Ohio Valley Improvement Association, Inc., 4017 Carew Tower, Cincinnati, Ohio.

A. Robert J. Bird, 1000 Connecticut Avenue, Washington, D.C.
B. Hilton Hotels Corp., 720 South Michigan Avenue, Chicago, Ill.
E. (9) $27.94.

A. Henry J. Bison, Jr., 1317 F Street NW., Washington, D.C.
B. National Association of Retail Grocers, 360 North Michigan Avenue, Chicago, Ill.
D. (6) $3,000. E. (9) $942.

A. C. Morgan Bissette, 3200 34th Street, South, St. Petersburg, Fla.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
E. (9) $2,658.56.

A. John H. Bivins, 1271 Avenue of the Americas, New York, N.Y.
B. American Petroleum Institute, 1271 Avenue of the Americas, New York, N.Y.
D. (6) $605.

A. James C. Black, 1625 K Street NW., Washington, D.C.
B. Republic Steel Corp., Republic Building, Cleveland, Ohio.
D. (6) $600. E. (9) $500.

A. William Rhea Blake, 1918 North Parkway, Memphis, Tenn.
B. National Cotton Council of America, P.O. Box 9905, Memphis, Tenn.

A. Richard W. Blake, 1113 10th Avenue, Greeley, Colo.
B. National Beet Growers Federation, 1113 10th Avenue, Greeley, Colo.
E. (9) $1,265.75.

A. Samuel B. Bledsoe, 1625 I Street NW., Washington, D.C.
B. Magazine Publishers Association, Inc., 444 Madison Avenue, New York, N.Y.
D. (6) $3,000. E. (9) $7,451.90.

A. William Blum, Jr., 1200 Federal Bar Building, Washington, D.C.

B. Committee for the Study of Revenue Bond Financing, 149 Broadway, New York, N.Y.

D. (6) $4,367.50. E. (9) $268.36.

A. Fred F. Bockmon, 405 Luhrs Building, Phoenix, Ariz.

B. Southern Pacific Co., 65 Market Street, San Francisco, Calif., and the Atchison, Topeka & Santa Fe Railway, 121 East Sixth Street, Los Angeles, Calif.

D. (6) $250. E. (9) $663.02.

A. Eugene F. Bogan, 1108 16th Street NW., Washington, D.C.

B. Investment Company Institute, 61 Broadway, New York, N.Y.

E. (9) $91.35.

A. A. Dewey Bond, 727 National Press Building, Washington, D.C.

B. American Meat Institute, 59 East Van Buren Street, Chicago, Ill.

D. (6) $175. E. (9) $168.72.

A. Book Manufacturers' Institute, Inc., 25 West 43d Street, New York, N.Y.

D. (6) $25. E. (9) $25.

A. Joseph L. Borda, 918 16th Street NW., Washington, D.C.

B. National Association of Manufacturers.

A. Lyle H. Boren, Seminole, Okla.

B. The Association of Western Railways, 224 Union Station Building, Chicago, Ill.

D. (6) $300. E. (9) $21.40.

A. Joseph Borkin, 802 Ring Building, Washington, D.C.

B. New York World's Fair 1964–65 Corporation, Flushing Meadow Park, P.O. Box 1964, Flushing, N.Y.

A. Joseph Borkin, 802 Ring Building, Washington, D.C.

B. Record Industry Association of America, Inc., 1 East 57th Street, New York, N.Y.

A. Robert T. Borth, 777 14th Street NW., Washington, D.C.

B. General Electric Co., 570 Lexington Avenue, New York, N.Y.

D. (6) $375. E. (9) $626.85.

A. G. Stewart Boswell, 502 Ring Building, Washington, D.C.

B. National Cotton Council of America, P.O. Box 9905, Memphis, Tenn.

D. (6) $810. E. (9) $20.31.

A. Charles M. Boyer, 2517 Connecticut Avenue NW., Washington, D.C.

B. Reserve Officers Association of the United States, 2517 Connecticut Avenue NW., Washington, D.C.

A. Boykin & De Francis, 1000 16th Street NW., Washington, D.C.

B. Mrs. Claire Hugo Stinnes, Grossenbaumerstrasse 253, Mulheim Ruhr, Germany.

E. (9) $160.

A. Boykin & De Francis, 1000 18th Street NW., Washington, D.C.

B. Studiengesellschaft fur Privatrechtliche Auslandsinteressen, e. v. Contrescarpe 46, Germany.

E. (9) $255.

A. George Brady, 45 Monadnack Road, Newton, Mass.

B. The Superior Oil Co., Los Angeles, Calif.

D. (6) $2,000. E. (9) $457.20.

A. Joseph E. Brady, 2347 Vine Street, Cincinnati, Ohio.

B. International Union of United Brewery, Flour, Cereal, Soft Drink and Distillery Workers of America, 2347 Vine Street, Cincinnati, Ohio.

E. (9) $357.30.

A. Richard Breed, 10 Prince Street, Alexandria, Va.

B. American Council for Technical Products, Inc., % Shaw, Pittman, Potts, Trowbridge & Madden, 910 17th Street NW., Washington, D.C.

A. W. Kenneth Brew, 122 East 42d Street, New York, N.Y.

B. American Paper & Pulp Association, 122 East 42d Street, New York, N.Y.

A. Homer L. Brinkley, 1616 H Street NW., Washington, D.C.

B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.

D. (6) $6,249.96. E. (9) $437.14.

A. Milton E. Brooding, 215 Fremont Street, San Francisco, Calif.

B. California Packing Corp., 215 Fremont Street, San Francisco, Calif.

D. (6) $1,500. E. (9) $450.

A. Derek Brooks, 1028 Connecticut Avenue NW., Washington, D.C.

B. National Retail Furniture Association, 666 Lake Shore Drive, Chicago, Ill.

D. (6) $600. E.(9) $444.42.

A. Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees, 1015 Vine Street, Cincinnati, Ohio.

D. (6) $6,446.20. E. (9) $6,446.20.

A. J. Olney Brott, 730 15th Street NW., Washington, D.C.

B. American Bankers Association, 12 East 36th Street, New York, N.Y.

D. (6) $675. E. (9) $143.24.

A. Brown & Lund, Cafritz Building, Washington, D.C.

B. American & Foreign Power Co., Inc., 100 Church Street, New York, N.Y.

D. (6) $1,350. E. (9) $67.69.

A. Brown & Lund, 1625 Eye St. NW., Washington, D.C.

B. National Association of Electric Companies, Ring Building, Washington, D.C.

D. (6) $1,500. E. (9) $1,488.38.

A Bryant C. Brown, 425 13th Street NW., Washington, D.C.

B. American Mutual Insurance Alliance.

A. J. D. Brown, 919 18th Street NW., Washington, D.C.

B. American Public Power Association, 919 18th Street NW., Washington, D.C.

D. (6) $75.

A. Robert W. Bruce, 140 New Montgomery Street, San Francisco, Calif.

B. The Pacific Telephone & Telegraph Co., 140 New Montgomery Street, San Francisco, Calif.

D. (6) $75. E. (9) $37.

A. Walter W. Brudno, 2400 Adolphus Tower, Dallas, Tex.

B. Dresser Industries, Inc., Republic National Bank Building, Dallas, Tex.

D. (6) $1,940. E. (9) $1,270.55.

A. George S. Buck, Jr., 1918 North Parkway, Memphis, Tenn.

B. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.

A. Henry H. Buckman, 54 Buckman Building, Jacksonville, Fla.

B. The Canal Authority of the State of Florida, 720 Florida Title Building, Jacksonville, Fla.

D. (6) $1,350. E. (9) $304.02.

A. Henry H. Buckman, 54 Buckman, Building, Jacksonville, Fla.

B. Florida Inland Navigation District, Citizens Bank Building, Bunnell, Fla.

D. (6) $1,350. E. (9) $101.32.

A. Norman D. Burch, 711 14th Street NW., Washington, D.C.

B. National Retail Merchants Association, 100 West 31st Street, New York, N.Y.

E. (9) $73.75.

A. George J. Burger, 740 Washington Building, Washington, D.C.

B. Burger Tire Consultant Service, 240 West 57th Street, New York, N.Y., and National Federation of Independent Business, 740 Washington Building, Washington, D.C.

A. Burley and Dark Leaf Tobacco Export Association, Post Office Box 860, Lexington, Ky.

D. (6) $13,220.31. E. (9) $247.96.

A. Gustave Burmeister, 425 13th Street NW., Washington, D.C.

B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.

D. (6) $833.33. E. (9) $34.85.

A. George B. Burnham, 132 Third Street SE., Washington, D.C.

B. Numerous stockholders of the Burnham Chemical Co., 132 Third Street SE., Washington, D.C.

D. (6) $255. E. (9) $255.

A. David Burpee, Fordhook Farms, Doylestown, Pa.

E. (9) $79.63.

A. Robert M. Burr, 105 Mansfield Avenue, Darien, Conn.

B. Shipbuilders Council of America, 1730 K Street NW., Washington, D.C.

D. (6) $46. E. (9) $92.78.

A. Orrin A. Burrows, 1200 15th Street NW., Washington, D.C.

B. International Brotherhood of Electrical Workers, 1200 15th Street NW., Washington, D.C.

D. (6) $3,999.99.

A. Hollis W. Burt, 1212 Munsey Building, Washington, D.C.

B. National Association of Supervisors of State Banks, 1212 Munsey Building, Washington, D.C.

A. George P. Byrne, Jr., 53 Park Place, New York, N.Y.

B. U.S. Wood Screw Service Bureau, 53 Park Place, New York, N.Y.

A. Robert B. Byrnes, 1703 Rhode Island Avenue NW., Washington, D.C.

B. National Railroad Pension Forum, Inc., 1104 West 104th Place, Chicago, Ill.

E. (9) $43.64.

A. C. G. Caffrey, 1120 Connecticut Avenue NW., Washington, D.C.

B. American Cotton Manufacturers Institute, Inc., 1501 Johnston Building, Charlotte, N.C.

D. (6) $760.20. E. (9) $110.

A. Gordon L. Calvert, 425 13th Street NW., Washington, D.C.

B. Investment Bankers Association of America, 425 13th Street NW., Washington, D.C.

D. (6) $400. E. (9) $625.01.

A. Carl C. Campbell, 502 Ring Building, Washington, D.C.
B. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.
D. (6) $56.52.

A. Canal Authority of the State of Florida, 720 Florida Title Building, Jacksonville, Fla.
E. (9) $1,654.02.

A. John T. Carlton, 2517 Connecticut Avenue NW., Washington, D.C.
B. Reserve Officers Association of the United States, 2517 Connecticut Avenue, Washington, D.C.

A. Braxton B. Carr, 1025 Connecticut Avenue, Washington, D.C.
B. The American Waterways Operators, Inc., 1025 Connecticut Avenue, Washington, D.C.
D. (6) $1,300. E. (9) $276.37.

A. Robert S. Carr, 1220 Pennsylvania Building, Washington, D.C.
B. Hiram Walker & Sons, Inc., 8325 Jefferson Avenue, Detroit, Mich.

A. H. Allen Carroll, 1730 K Street NW., Washington, D.C., and 195 Broadway, New York, N.Y.
B. American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.
D. (6) $225.

A. Henderson H. Carson, 600 First National Bank Building, Canton, Ohio, and 744 Pennsylvania Building, Washington, D.C.
B. Con-Gas Service Corp., 30 Rockefeller Plaza, New York, N.Y.
D. (6) $300. E. (9) $284.

A. Eugene C. Carusi, 520 Union Trust Building, Washington, D.C.
B. American Committee for Flags of Necessity, 25 Broadway, New York, N.Y.
D. (6) $100. E. (9) $25.

A. Francis R. Cawley, 1101 Vermont Avenue NW., Washington, D.C.
B. Magazine Publishers Association, Inc., 444 Madison Avenue, New York, N.Y.
D. (6) $1,760. E. (9) $823.21.

A. Alger B. Chapman, Jr., 11 Wall Street, New York, N.Y.
B. New York Stock Exchange, 11 Wall Street, New York, N.Y.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. American Taxicab Association, Inc., 4415 North California Avenue, Chicago, Ill.
D. (6) $750. E. (9) $1.50.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. Associacion Mexicana de Empacadores de Fresa, A.C., Venustiano Carranza 48-50 Piso, Mexico 1, D.F., Mexico.
E. (9) $30.27.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. Hawaiian Botanical Gardens Foundation, Inc., 1527 Keeaumoku Street, Honolulu, Hawaii.
E. (9) $47.97.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. Jeppesen & Co., 8025 East 40th Avenue, Denver, Colo.
D. (6) $15,000. E. (9) $60.06.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. Texas Eastern Transmission Corp., Post Office Box 1189, Houston, Tex.
E. (9) $41.20.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. Union Nacional de Productores de Azucar, S.A. de C.V., Balderas No. 36—Primer Piso, Mexico, D.F., Mexico.
D. (6) $8,750. E. (9) $1,234.34.

A. Chapman & Friedman, 425 13th Street NW., Washington, D.C.
B. West Marin (Calif.) Property Owners Association, 960 Fifth Avenue, San Rafael, Calif.
D. (6) $549. E. (9) $62.38.

A. Charitable Contributors Association, 100 Old York Road, Jenkintown, Pa.
D. (6) $1,900. E. (9) $1,786.19.

A. A. H. Chesser, 400 First Street NW., Washington, D.C.
B. Brotherhood of Railroad Trainmen.
E. (9) $479.

A. Christian Amendment Movement, 804 Penn Avenue, Pittsburgh, Pa.
D. (6) $5,060.01. E. (9) $4,135.28.

A. Alexander K. Christie, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $2,551.59. E. (9) $300.

A. Citizens Committee on Natural Resources.
D. (6) $9,533. E. (9) $8,866.27.

A. Citizens Foreign Aid Committee, 1001 Connecticut Avenue NW., Washington, D.C.

A. Charles Patrick Clark, 500 World Center Building, Washington, D.C.
B. Long Beach Federal Savings & Loan Association, 328 Long Beach Boulevard, Long Beach, Calif.

A. Charles Patrick Clark, 500 World Center Building, Washington, D.C.
B. B. Rapaport & Son, Inc., Central Street, Post Office Box 169, Windsor, Conn.

A. Earl W. Clark, 132 Third Street SE., Washington, D.C.
B. LMMC, 132 Third Street SE., Washington, D.C.
D. (6) $954. E. (9) $362.39.

A. Robert M. Clark, 1710 H Street NW., Washington, D.C.
B. The Atchison, Topeka & Santa Fe Railway Co., 80 East Jackson Boulevard, Chicago, Ill.

A. Henry J. Clay, 120 Broadway, New York, N.Y.
B. Committee on Fair Federal Tax Incentives for Depreciable Personal Property, c/o DeWitt, Lockman & DeWitt, 120 Broadway, New York, N.Y.

A. Henry J. Clay, 120 Broadway, New York, N.Y.
B. The Realty Committee on Taxation, c/o Hurd & Co., Inc., 660 Madison Avenue, New York, N.Y.
D. (6) $10,500.

A. Clear Channel Broadcasting Service, 532 Shoreham Building, Washington, D.C.

A. Cleary, Gottlieb & Steen, 224 Southern Building, Washington, D.C.
B. Colonial Sugar Refining Co., 1-3 O'Connell Street, Sydney, Australia, et al.
D. (6) $100. E. (9) $415.50.

A. Earle C. Clements, 919 18th Street NW., Washington, D.C.
B. American Merchant Marine Institute, Inc., 919 18th Street NW., Washington, D.C.; and 11 Broadway, New York, N.Y.
D. (6) $1,500. E. (9) $519.31.

A. Washington I. Cleveland, 1712 G Street NW., Washington, D.C.
B. D.C. Division, American Automobile Association, 1712 G Street NW., Washington, D.C.

A. Joseph Coakley, 815 16th Street NW., Washington, D.C.
B. Building Service Employees International Union, 155 North Wacker Drive, Chicago, Ill.
D. (6) $3,000.

A. Junius E. Cobean, Sr., 109 East Windsor Avenue, Alexandria, Va.
D. (6) $825.

A. William H. Coburn, 530 Bowen Building, Washington, D.C.
B. Associated Third Class Mail Users, 100 Indiana Avenue NW., Washington, D.C.
E. (9) $760.

A. Edwin S. Cohen, 26 Broadway, New York, N.Y.
B. Investment Company Institute, 61 Broadway, New York, N.Y.
E. (9) $476.50.

A. Coles & Goertner, 1000 Connecticut Avenue NW., Washington, D.C.
B. Committee of American Tanker Owners, Inc., 1411 K Street NW., Washington, D.C.
E. (9) $298.44.

A. Paul G. Collins, 730 15th Street NW., Washington, D.C.
B. The American Bankers Association, 12 East 36th Street, New York, N.Y.
D. (6) $125. E. (9) $56.85.

A. Colorado Railroad Association, 845 Equitable Building, Denver, Colo.
E. (9) $501.28.

A. Committee for Collective Security, 307 East 44th Street, New York, N.Y.
D. (6) $280. E. (9) $246.98.

A. Committee for Competitive TV, 1024 Quebec Terrace, Silver Spring, Md.

A. Committee on Constructive Price, c/o Harry B. Hatch, 570 Lexington Avenue, New York, N.Y.

A. Committee on Fair Federal Tax Incentives for Depreciable Personal Property, c/o DeWitt, Lockman & DeWitt, 120 Broadway, New York, N.Y.

A. Committee for Study of Revenue Bond Financing, 149 Broadway, New York, N.Y.
D. (6) $8,639.70. E. (9) $18,747.60.

A. Committee to support U.S. Congress bill creating a commission on obscene matters and materials, Post Office Box 74, Old Bridge, N.J.
D. (6) $500. E. (9) $1.48.

A. R. T. Compton, 918 16th Street NW., Washington, D.C.
B. National Association of Manufacturers.

A. John C. Cone, 815 15th Street NW., Washington, D.C.
B. Pan American World Airways, 815 15th Street NW., Washington, D.C.

A. John D. Conner, 1625 K Street NW., Washington, D.C.
B. Corn Starch Industry Committee, 1625 K Street NW., Washington, D.C.
D. (6) $1,800.

A. Julian D. Conover, Ring Building, Washington, D.C.

B. American Mining Congress, Ring Building, Washington, D.C.

D. (6) $1,000. E. (9) $18.15.

A. George W. Cooley, 1718 M Street NW., Washington, D.C.

B. Medical Society of the District of Columbia, 1718 M Street NW., Washington, D.C.

A. Edward Cooper.

B. Motion Picture Association of America, Inc., 1600 I Street NW., Washington, D.C.

A. J. Milton Cooper, 1028 Connecticut Avenue NW., Washington, D.C.

B. New York Stock Exchange, 11 Wall Street, New York, N.Y.

A. John Shepherd Cooper, 1730 K Street NW., Washington, D.C.

B. Pacific Gas & Electric Co., 245 Market Street, San Francisco, Calif.

D. (6) $1,387.50. E. (9) $2,167.97.

A. James D. Cope, 1717 Pennsylvania Avenue NW., Washington, D.C.

B. The Proprietary Association, 1717 Pennsylvania Avenue NW., Washington, D.C.

E. (9) $84.50.

A. Edward M. Corneaby, 25 Louisiana Avenue NW., Washington, D.C.

B. International Brotherhood of Teamsters, Warehousemen and Helpers of America, 25 Louisiana Avenue NW., Washington, D.C.

D. (6) $3,327.50.

A. Corn Starch Industry Committee, 1625 K Street NW., Washington, D.C.

D. (6) $3,489.25. E. (9) $3,489.25.

A. Edward J. Coughlin, 900 F Street NW., Washington, D.C.

B. American Federation of Technical Engineers, 900 F Street NW., Washington, D.C.

D. (6) $195. E. (9) $20.

A. Council of Mechanical Specialty Contracting Industries, Inc., 610 Ring Building, Washington, D.C.

A. Edsall Lee Couplin, 441 East Jefferson Avenue, Detroit, Mich.

B. Michigan Hospital Service, 441 East Jefferson Avenue, Detroit, Mich.

D. (6) $1,500. E. (9) $18.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Association of Maximum Service Telecasters, Inc., 1735 DeSales Street NW., Washington, D.C.

D. (6) $810. E. (9) $2.10.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Axe-Templeton Growth Fund of Canada, Ltd., et al.

E. (9) $9.13.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Committee on Joint Resolution 1955 Legislature, P.O. Box 3170, Honolulu, Hawaii.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Connecticut General Life Insurance Co., Hartford, Conn.

E. (9) $516.57.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Copper & Brass Research Association, 420 Lexington Avenue, New York, N.Y.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. The Cuban-American Sugar Co., 347 Madison Avenue, New York, N.Y.

E. (9) $2.86.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. International Business Machines Corporation, 590 Madison Avenue, New York, N.Y.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. A. P. Møller, 8 Kongens Nytorv, Copenhagen, Denmark.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. National Association of Mutual Savings Banks, 60 East 42d Street, New York, N.Y.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. National Machine Tool Builders' Association, 2139 Wisconsin Avenue NW., Washington, D.C.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Raleigh Industries of America, Inc., 1168 Commonwealth Avenue, Boston, Mass., and the British Cycle & Motor Cycle Industries Association, Ltd., Eaton Road, Coventry, England.

A. Covington & Burling, 701 Union Trust Building, Washington, D.C.

B. Travelers Insurance Co., Hartford, Conn.

E. (9) $11.38.

A. Mrs. Warren E. Cox, 2808 South Ives Street, Arlington, Va.

B. National Congress of Parents and Teachers, 700 North Rush Street, Chicago, Ill.

E. (9) $16.26.

A. Joseph M. Creed, 1317 F Street NW., Washington, D.C.

B. American Bakers Association, 1317 F Street NW., Washington, D.C.

E. (9) $100.

A. H. C. Crotty.

A. Leo J. Crowley, 840 Equitable Building, Denver, Colo.

B. Colorado Railroad Association, 845 Equitable Building, Denver, Colo.

D. (6) $501.28. E. (9) $501.28.

A. C. B. Culpepper, P.O. Box 1736, Atlanta, Ga.

B. National Conference of Non-Profit Shipping Associations, Inc.

A. John Curran, 815 16th Street NW., Washington, D.C.

B. American Federation of Labor and Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.

D. (6) $3,419. E. (9) $844.10.

A. Bryce Curry, 907 Ring Building, Washington, D.C.

B. National League of Insured Savings Associations, 907 Ring Building, Washington, D.C.

D. (6) $1,500.

A. Bernard Cushman, 5025 Wisconsin Avenue NW., Washington, D.C.

B. Amalgamated Association of Street, Electric Railway & Motor Coach Employees of America, 5025 Wisconsin Avenue NW., Washington, D.C.

A. John R. Dalton, 1508 Merchants Bank Building, Indianapolis, Ind.

B. Associated Railways of Indiana, 1508 Merchants Bank Building, Indianapolis, Ind.

A. D. C. Daniel, 1627 K Street NW., Washington, D.C.

B. National Independent Dairies Association, 1627 K Street NW., Washington, D.C.

D. (6) $340. E. (9) $5.

A. N. R. Danielian, 1625 I Street NW., Washington, D.C.

B. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.

D. (6) $1,500.

A. Charles A. Darnell, 1917 11th Avenue, Huntington, W. Va.

B. Sheet Metal Workers International Association, 1000 Connecticut Avenue, Washington, D.C.

D. (6) $100.

A. John C. Datt, 425 13th Street NW., Washington, D.C.

B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.

D. (6) $731.25. E. (9) $28.82.

A. Joffre C. David, 4401 East Colonial Drive, Orlando, Fla.

B. Florida Fruit & Vegetable Association, 4401 East Colonial Drive, Orlando, Fla.

D. (6) $277.75. E. (9) $259.69.

A. I. Irving Davidson, 1612 K Street NW., Washington, D.C.

B. Government of Ecuador, Quito, Ecuador.

A. I. Irving Davidson, 1612 K Street NW., Washington, D.C.

B. Government of Nicaragua, Managua, Nicaragua, C.A.

A. Charles W. Davis, 1 North La Salle Street, Chicago, Ill.

B. Sears, Roebuck & Co., 925 South Homan Avenue, Chicago, Ill.

E. (9) $250.31.

A. Charles W. Davis, 1 North La Salle Street, Chicago, Ill.

B. The Singer Manufacturing Co., 149 Broadway, New York, N.Y.

A. Lowell Davis, 601 Ross Avenue, Mart, Tex.

D. (6) $112.86. E. (9) $112.86.

A. Donald S. Dawson, 731 Washington Building, Washington, D.C.

B. C.I.T. Financial Corp., 650 Madison Avenue, New York, N.Y.

A. Donald S. Dawson, 731 Washington Building, Washington, D.C.

B. D.C. Transit System, Inc., 36th and M Streets NW., Washington, D.C.

D. (6) $1,500.

A. Donald S. Dawson, 731 Washington Building, Washington, D.C.

B. Hilton Hotels Corp., Chicago, Ill.

A. Donald S. Dawson, 731 Washington Building, Washington, D.C.

B. India Sugar Mills Association, Calcutta, India.

A. Dawson, Griffin, Pickens & Riddell, 731 Washington Building, Washington, D.C.

B. Air Transport Association of America, 1000 Connecticut Avenue NW., Washington, D.C.

D. (6) $2,000. E. (9) $98.47.

A. Dawson, Griffin, Pickens & Riddell, 731 Washington Building, Washington, D.C.

B. C.I.T. Financial Corp., 650 Madison Avenue, New York, N.Y.

A. Dawson, Griffin, Pickens & Riddell, 731 Washington Building, Washington, D.C.

B. India Sugar Mills Association, Calcutta, India.

A. Dawson, Griffin, Pickens & Riddell, 731 Washington Building, Washington, D.C.

B. Laundry-Dry Cleaning Association of D.C., 2400 16th Street NW., Washington, D.C.

A. Michael B. Deane, 1411 K Street NW., Washington, D.C.

B. American Finance Conference, Inc., 1411 K Street NW., Washington, D.C.

D. (6) $2,000. E. (9) $498.34.

A. G. Douglass Debevoise, 5 Hanover Square, New York, N.Y.

B. South Puerto Rico Sugar Co., 5 Hanover Square, New York, N.Y.

A. Tony T. Dechant.

B. The Farmers' Educational and Co-Operative Union of America, 1575 Sherman Street, Denver, Colo., and 1404 New York Avenue NW., Washington, D.C.

A. James J. Delaney, Jr., 220 Central Building, Anchorage, Alaska.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $100. E. (9) $175.22.

A. Mary S. Deuel, 3026 Cambridge Place NW., Washington, D.C.

B. Washington Home Rule Committee, Inc., 924 14th Street NW., Washington, D.C.

A. Joe T. Dickerson, 1625 K Street NW., Washington, D.C.

B. Mid-Continent Oil & Gas Association, 300 Tulsa Building, Tulsa, Okla.

A. Cecil B. Dickson, 1 Farragut Square South, Washington, D.C.

B. American Medical Association, 535 North Dearborn Street, Chicago, Ill.

D. (6) $1,687.50. E. (9) $213.03.

A. George E. Diethelm.

B. The American Sugar Refining Co., 120 Wall Street, New York, N.Y.

A. Timothy V. A. Dillon, 1001 15th Street NW., Washington, D.C.

B. Sacramento Municipal Utility District, 6201 S Street, Sacramento, Calif.

D. (6) $3,117.12. E. (9) $492.12.

A. Timothy V. A. Dillon, 1001 15th Street NW., Washington, D.C.

B. Sacramento Yolo Port District, 705 California Fruit Building, Sacramento, Calif.

D. (6) $2,713.45 E. (9) $88.45.

A. Timothy V. A. Dillon, 1001 15th Street NW., Washington, D.C.

B. Thurman & Wright, 1208 Latham Square Building, Oakland, Calif.

A. Timothy V. A. Dillon, 1001 15th Street NW., Washington, D.C.

B. Tulelake Irrigation District, Post Office Box 787, Tulelake, Calif.

D. (6) $1,000.

A. Timothy V. A. Dillon, 1001 15th Street NW., Washington, D.C.

B. Westlands Water District, Post Office Box 4006, Fresno, Calif.

D. (6) $1,945.68. E. (9) $145.68.

A. Disabled American Veterans, 1425 East McMillan Street, Cincinnati, Ohio.

E. (9) $5,087.15.

A. Disabled Officers Association, 1612 K Street NW., Washington, D.C.

E. (9) $3,750.

A. Robert H. Distelhorst, Jr., 812 Pennsylvania Building, Washington, D.C.

B. United States Savings and Loan League, 221 North La Salle Street, Chicago, Ill.

D. (6) $240. E. (9) $30.

A. District Lodge No. 44, International Association of Machinists, 400 First Street NW., Washington, D.C.

D. (6) $19,683.86. E. (9) $22,115.25.

A. Division 689, Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America, 900 F Street NW., Washington, D.C.

A. Thomas Dixon, 1311 G Street NW., Washington, D.C.

A. Robert C. Dolan, 1200 18th Street NW., Washington, D.C.

B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.

D. (6) $437.50. E. (9) $239.18.

A. Paul R. M. Donelan, 1 Farragut Square South, Washington, D.C.

B. American Medical Association, 535 North Dearborn Street, Chicago, Ill.

D. (6) $387.50.

A. James L. Donnelly, 200 South Michigan Avenue, Chicago, Ill.

B. Illinois Manufacturers' Association, 200 South Michigan Avenue, Chicago, Ill.

A. Donoghue, Ragan & Mason, 239 Wyatt Building, Washington, D.C.

B. Sea-Land Service, Inc., P.O. Box 1050, Newark, N.J.

D. (6) $900. E. (9) $33.38.

A. Donoghue, Ragan & Mason, 239 Wyatt Building, Washington, D.C.

B. Seatrain Lines, Inc., 595 River Road, Edgewater, N.J.

D. (6) $900. E. (9) $33.38.

A. J. Dewey Dorsett, 60 John Street, New York, N.Y.

D. (6) $137.50.

A. Jasper N. Dorsey, 1730 K Street NW., Washington, D.C., and 195 Broadway, New York, N.Y.

D. (6) $671.30.

A. C. L. Dorson, 900 F Street NW., Washington, D.C.

B. Retirement Federation of Civil Service Employees of the U.S. Government, 900 F Street NW., Washington, D.C.

D. (6) $2,032.89. E. (9) $120.

A. Dresser Industries, Inc., Republic National Bank Building, Dallas, Tex.

E. (9) $17,710.13.

A. Ben DuBois.

B. Independent Bankers Association, Sauk Centre, Minn.

A. Evelyn Dubrow, 1710 Broadway, New York, N.Y.

B. International Ladies' Garment Workers' Union, 1710 Broadway, New York, N.Y.

D. (6) $2,160. E. (9) $803.40.

A. Read P. Dunn, Jr., 502 Ring Building, Washington, D.C.

B. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.

D. (6) $285. E. (9) $22.87.

A. William E. Dunn, 1957 E Street NW., Washington, D.C.

B. The Associated General Contractors of America, Inc., 1957 E Street NW., Washington, D.C.

A. Robert A. Durfee, Jr., 321 Middlefield Road, Menlo Park, Calif.

B. National Committee for Insurance Taxation, The Hay-Adams House, Washington, D.C.

E. (9) $567.23.

A. Henry I. Dworshak, 1102 Ring Building, Washington, D.C.

B. American Mining Congress, Ring Building, Washington, D.C.

D. (6) $675. E. (9) $35.55.

A. James B. Dyess, 1411 K Street NW., Washington, D.C.

B. National Association of Wheat Growers, 1411 K Street NW., Washington, D.C.

D. (6) $2,534.42. E. (9) $2,534.41.

A. Eastern Meat Packers Association, Inc., 740 11th Street NW., Washington, D.C.

D. (6) $74.12. E. (9) $102.69.

A. Herman Edelsberg, 1640 Rhode Island Avenue NW., Washington, D.C.

B. Anti-Defamation League of B'nai B'rith, 515 Madison Avenue, New York, N.Y.

D. (6) $140. E. (9) $15.

A. Harold E. Edwards, 1001 Connecticut Avenue NW., Washington, D.C.

B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.

D. (6) $3,304.85. E. (9) $300.

A. Walter A. Edwards, 1700 K Street NW., Washington, D.C.

B. Chrysler Corp., 341 Massachusetts Avenue, Detroit, Mich.

D. (6) $250. E. (9) $100.

A. J. C. B. Ehringhaus, Jr., Ralegh, N.C.

B. North Carolina Railroad Association, Box 2635, Raleigh, N.C.

D. (6) $3,125.04. E. (9) $447.63.

A. James B. Ehrlich, 1000 Connecticut Avenue NW., Washington, D.C.

B. Air Transport Association of America, 1000 Connecticut Avenue NW., Washington, D.C.

D. (6) $516.25. E. (9) $82.

A. John M. Elliott, 5025 Wisconsin Avenue NW., Washington, D.C.

B. Amalgamated Association of Street, Electric Railway & Motor Coach Employees of America, 5025 Wisconsin Avenue NW., Washington, D.C.

A. Warren G. Elliott, 1701 K Street NW., Washington, D.C.

B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.

D. (6) $175. E. (9) $14.73.

A. Clyde T. Ellis, 2000 Florida Avenue NW., Washington, D.C.

B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

D. (6) $80.

A. Otis H. Ellis, 1001 Connecticut Avenue NW., Washington, D.C.

B. National Oil Jobbers Council, 1001 Connecticut Avenue NW., Washington, D.C.

D. (6) $12,000.

A. Perry R. Ellsworth, 1145 19th Street NW., Washington, D.C.

B. Milk Industry Foundation, 1145 19th Street NW., Washington, D.C.

D. (6) $250. E. (9) $15.

A. John H. Else, 302 Ring Building, Washington, D.C.

B. National Retail Lumber Dealers Association, 302 Ring Building, Washington, D.C.

D. (6) $4,050. E. (9) $364.58.

A. Ely, Duncan & Bennett, 1200 Tower Building, Washington, D.C.

B. American Public Power Association, 919 18th Street NW., Washington, D.C.

D. (6) $2,100.

A. Ely, Duncan & Bennett, 1200 Tower Building, Washington, D.C.

B. Coachella Valley County Water District, Coachella, Calif.

D. (6) $800.

A. Ely, Duncan & Bennett, 1200 Tower Building, Washington, D.C.

B. Department of Water and Power of the City of Los Angeles, 207 South Broadway, Los Angeles, Calif.

D. (6) $2,400.

A. Ely, Duncan & Bennett, 1200 Tower Building, Washington, D.C.

B. East Bay Municipal Utility District, 2130 Adeline Street, Oakland, Calif.

D. (6) $2,100.

A. Ely, Duncan & Bennett, 1200 Tower Building, Washington, D.C.

B. Imperial Irrigation District, El Centro, Calif.

D. (6) $2,100.

A. Ely, Duncan & Bennett, 1200 Tower Building, Washington, D.C.

B. Six Agency Committee and Colorado River Board of California, 909 South Broadway, Los Angeles, Calif.

D. (6) $3,390.

A. Myles W. English, 966 National Press Building, Washington, D.C.

B. National Highway Users Conference, Inc., 966 National Press Building, Washington, D.C.

A. Grover W. Ensley, 60 East 42d Street, New York, N.Y.

B. National Association of Mutual Savings Banks, 60 East 42d Street, New York, N.Y.

D. (6) $500. E. (9) $60.90.

A. Joseph C. Fagan, 1615 H Street NW., Washington, D.C.

B. Chamber of Commerce of the U.S.A.

A. John D. Fagan, 200 Maryland Avenue NE., Washington, D.C.

B. Veterans of Foreign Wars of the United States.

D. (6) $1,750. E. (9) $34.20.

A. Clinton Fair, 815 16th Street NW., Washington, D.C.

B. American Federation of Labor and Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.

D. (6) $3,419. E. (9) $201.54.

A. Family Tax Association, 2110 Girard Trust Building, Philadelphia, Pa.

E. (9) $2,102.56.

A. Farmers' Educational & Cooperative Union of America, 1575 Sherman Street, Denver, Colo., and 1404 New York Avenue NW., Washington, D.C.

D. (6) $39,645.14. E. (9) $25,333.66.

A. Robert L. Farrington, 411 Colorado Building, Washington, D.C.

B. Republic of China, Chinese Government Procurement and Services Mission, 50 Church Street, New York, N.Y.

D. (6) $761. E. (9) $178.88.

A. Joseph G. Feeney, 1725 I Street NW., Washington, D.C.

B. REA Express, 219 East 42d Street, New York, N.Y.

D. (6) $3,500. E. (9) $500.

A. Bonner Fellers, 1001 Connecticut Avenue NW., Washington, D.C.

B. Citizens Foreign Aid Committee.

A. Joe G. Fender, 2033 Norfolk Street, Houston, Tex.

B. National Conference of Non-Profit Shipping Associations, Inc.

D. (6) $1,879.89.

A. Edward O'Brien Fennell, 1120 Connecticut Avenue NW., Washington, D.C.

B. United Air Lines, O'Hare International Airport, Post Office Box 800, Chicago, Ill.

D. (6) $2,000.

A. John A. Ferguson, 918 16th Street, Washington, D.C.

B. Independent Natural Gas Association of America, 918 16th Street NW., Washington, D.C.

A. Josiah Ferris, 510 Union Trust Building, Washington, D.C.

B. American Sugar Cane League, New Orleans, La.; United States Sugar Corp., Clewiston, Fla; and Okeelanta Sugar Refinery, Inc., South Bay, Fla.

D. (6) $7,500.

A. Maxwell Field, 210 Lincoln Street, Boston, Mass.

B. New England Shoe & Leather Association, 210 Lincoln Street, Boston, Mass.

D. (6) $400. E. (9) $427.04.

A. Mello G. Fish, 1001 Connecticut Avenue NW., Washington, D.C.

B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.

D. (6) $2,625. E. (9) $300.

A. Norman A. Flaningam, 425 13th Street NW., Washington, D.C.

B. Con-Gas Service Corp., 30 Rockefeller Plaza, New York, N.Y.

A. Roger Fleming, 425 13th Street NW., Washington, D.C.

B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.

D. (6) $1,137.50. E. (9) $22.93.

A. Florida Citrus Mutual, Lakeland, Fla.

E. (9) $1,800.

A. Florida Fruit & Vegetable Association, 4401 East Colonial Drive, Orlando, Fla.

D. (6) $916.31 E. (9) $916.31.

A. Florida Inland Navigation District, Citizens Bank Building, Burnell, Fla.

E. (9) $1,451.32.

A. John F. Foran, 4680 Wilshire Boulevard, Los Angeles, Calif.

D. (6) $9,896.55. E. (9) $5,735.37.

A. Fordyce, Mayne, Hartman, Renard & Stribling, 506 Olive Street, St. Louis, Mo.

B. National Rejectors, Inc., 5100 San Francisco Avenue, St. Louis, Mo.

D. (6) $765. E. (9) $988.12.

A. James W. Foristel, 1 Farragut Square South, Washington, D.C.

B. American Medical Association, 535 North Dearborn Street, Chicago, Ill.

D. (6) $1,312.50. E. (9) $208.17

A. James F. Fort, 1616 P Street NW., Washington, D.C.

B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.

D. (6) $500. E. (9) $296.20.

A. Ronald J. Foulis, 1730 K Street NW., Washington, D.C., and 195 Broadway, New York, N.Y.

B. American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.

D. (6) $475.

A. John G. Fox, 1730 K Street NW., Washington, D.C., and 195 Broadway, New York, N.Y.

B. American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.

D. (6) $830.

A. Robert W. Frase, 1820 Jefferson Place NW., Washington, D.C.

B. American Book Publishers Council, Inc., 58 West 40th Street, New York, N.Y.

D. (6) $2,459.37. E. (9) $1,817.90.

A. T. Paul Freeland, 1108 16th Street NW., Washington, D.C.

B. International Latex Corp., Dover, Del.

A. James H. French, 1625 K Street NW., Washington, D.C.

B. Book Manufacturers' Institute, Inc., 25 West 43d Street, New York, N.Y.

A. James H. French, 1625 K Street NW., Washington, D.C.

B. Corn Starch Industry Committee, 1625 K Street NW., Washington, D.C.

D. (6) $1,000.

A. Elmer M. Freudenberger, 1701 18th Street NW., Washington, D.C.

B. Disabled American Veterans, 1425 East McMillan Street, Cincinnati, Ohio.

E. (9) $1,500.

A. Philip P. Friedlander, Jr., 1343 L Street NW., Washington, D.C.

B. The National Tire Dealers and Retreaders Association, Inc., 1343 L Street NW., Washington, D.C.

A. Friends Committee on National Legislation, 245 Second Street NE., Washington, D.C.

D. (6) $21,868.05. E. (9) $9,075.18.

A. Malcolm H. Frost, 25 West 43d Street, New York, N.Y.

B. Book Manufacturers' Institute, Inc., 25 West 43d Street, New York, N.Y.

A. David C. Fullarton, 2000 Florida Avenue NW., Washington, D.C.

B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

D. (6) $29.50.

A. Garrett Fuller, 836 Wyatt Building, Washington, D.C.

B. West Coast Steamship Co., 601 Board of Trade Building, Portland, Oreg.

A. Wallace H. Fulton, 1707 H Street NW., Washington, D.C.

B. National Association of Securities Dealers, Inc.

A. Lawrence H. Gall, 918 16th Street NW., Washington, D.C.

B. Independent Natural Gas Association of America, 918 16th Street NW., Washington, D.C.

D. (6) $675.

A. James L. Gallagher, 1300 Wyatt Building, Washington, D.C.

B. McCormick Associates, Inc., 1300 Wyatt Building, Washington, D.C.

D. (6) $1,800.

A. M. J. Galvin, 207 Union Depot Building, St. Paul, Minn.

B. Great Northern Railway Co. et al.

D. (6) $700. E. (9) $442.31.

A. A. Arthur Gardner, 1630 Jefferson Street, Hollywood, Fla.
E. (9) $2.

A. Gardner, Morrison & Rogers, 1126 Woodward Building, Washington, D.C.
B. Bigham, Englar, Jones & Houston, 99 John Street, New York City, and Shoreham Building, Washington, D.C.
E. (9) $5.19.

A. Gardner, Morrison & Rogers, 1126 Woodward Building, Washington, D.C.
B. Mauritius Sugar Syndicate, Port Louis, Mauritius.
E. (9) $164.54.

A. Marion R. Garstang, 30 F Street NW., Washington, D.C.
B. National Milk Producers Federation, 30 F Street NW., Washington, D.C.
D. (6) $200. E. (9) $2.30.

A. Gas Appliance Manufacturers Association, Inc., 60 East 42d Street, New York, N.Y.

A. Aubrey Gates, 535 North Dearborn Street, Chicago, Ill.
B. American Medical Association, 535 North Dearborn Street, Chicago, Ill.
D. (6) $170. E. (9) $26.

A. General Time Corp., 355 Lexington Avenue, New York, N.Y.
E. (9) $40.

A. J. M. George, 165 Center Street, Winona, Minn.
B. The Inter-State Manufacturer's Association, 163–165 Center Street, Winona, Minn.
D. (6) $1,500.

A. J. M. George.
B. National Association of Direct Selling Companies, 163–165 Center Street, Winona, Minn.
D. (6) $3,000.

A. Joseph S. Gill, 16 East Broad Street, Columbus, Ohio.
B. The Ohio Railroad Association, 16 East Broad Street, Columbus, Ohio.
D. (6) $1,250. E. (9) $199.34.

A. Goodson & Hannam, 6399 Wilshire Boulevard, Los Angeles, Calif.
B. Rossmoor Corp., Seal Beach, Calif.

A. Lawrence L. Gourley, 1757 K Street NW., Washington, D.C.
B. American Osteopathic Association, 212 East Ohio Street, Chicago, Ill.
D. (6) $375.

A. Government Employees' Council, 100 Indiana Avenue NW., Washington, D.C.
D. (6) $8,095.12. E. (9) $8,712.02.

A. James W. Grady, Jr., 1730 K Street NW., Washington, D.C., and 195 Broadway, New York, N.Y.
B. American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.

A. James L. Grahl, 919 18th Street NW., Washington, D.C.
B. American Public Power Association, 919 18th Street NW., Washington, D.C.
D. (6) $100.

A. Grain & Feed Dealers National Association, 400 Folger Building, Washington D.C.
E. (9) $51.18.

A. Grand Lodge of the Brotherhood of Locomotive Firemen & Enginemen, 318 418 Keith Building, Cleveland, Ohio.
D. (6) $9,134.04. E. (9) $9,134.04.

A. Gravelle, Whitlock, Markey & Tait, 1032 Shoreham Building, Washington, D.C.
B. Structural Clay Products Industry Depletion Committee, 1032 Shoreham Building, Washington, D.C.

A. Mrs. Edward R. Gray, 3501 Williamsburg Lane NW., Washington, D.C.
B. The National Congress of Parents and Teachers, 700 North Rush Street, Chicago, Ill.
E. (9) $31.43.

A. Mrs. Virginia M. Gray, 3501 Williamsburg Lane NW., Washington, D.C.
B. Citizens Committee for UNICEF, 20 E Street NW., Washington, D.C.
D. (6) $45. E. (9) $43.77.

A. Jerry N. Griffin, 731 Washington Building, Washington, D.C.
B. C.I.T. Financial Corp., 650 Madison Avenue, New York, N.Y.

A. Jerry N. Griffin, 731 Washington Building, Washington, D.C.
B. India Sugar Mills Association (Export Agency Division), Calcutta, India.

A. Jerry N. Griffin, 731 Washington Building, Washington, D.C.
B. Mutual Benefit Health & Accident Association, Omaha, Nebr.

A. Albert A. Grorud, 816 E Street NE., Washington, D.C.
B. Colville Indian Association, Coulee Dam, Wash.
E. (9) $21.

A. Albert A. Grorud, 816 E Street NE., Washington, D.C.
B. Yakima Indian Association of Washington State, 3121 Wilton Lane East, Tacoma, Wash.
4. (6) $25. E. (9) $12.25.

A. Walter R. Guild, 261 Franklin Street, Boston, Mass.
B. New England Manufacturing Confectioners Association, 261 Franklin Street, Boston, Mass.
D. (6) $500. E. (9) $100.

A. Ben H. Guill, 2000 K Street NW., Washington, D.C.
B. American Smelting & Refining Co. et al.
D. (6). $5,075. E. (9) $4,300.

A. Terry Gunn, 2000 Florida Avenue NW., Washington, D.C.
B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

A. Violet M. Gunther, 1341 Connecticut Avenue NW., Washington, D.C.
B. Americans for Democratic Action, 1341 Connecticut Avenue NW., Washington, D.C.
D. (6) $2,280.52. E. (9) $147.85.

A. Frank E. Haas, 280 Union Station Building, Chicago, Ill.
B. The Association of Western Railways, 224 Union Station Building, Chicago, Ill.

A. Hoyt S. Haddock, 132 Third Street SE., Washington, D.C.
B. AFL–CIO Maritime Committee, 132 Third Street SE., Washington, D.C.
D. (6) $3,000. E. (9) $3,654.05.

A. Hoyt S. Haddock, 132 Third Street SE., Washington, D.C.
B. Labor-Management Maritime Committee, 132 Third Street SE., Washington, D.C.
D. (6) $954. E. (9) $79.10.

A. Haight, Gardner, Poor & Havens, 80 Broad Street, New York, N.Y.
B. Danish Shipowners' Association, 33 Amaliegade, Copenhagen, Denmark.

A. Hal H. Hale, 419 Transportation Building, Washington, D.C.
B. Association of American Railroads, Transportation Building, Washington, D.C.

A. Harold T. Halfpenny, 111 West Washington Street, Chicago, Ill.

A. J. G. Hall.
B. General Motors Corp., 3044 West Grand Boulevard, Detroit, Mich.
D. (6) $1,795.43. E. (9) $1,285.94.

A. E. C. Hallbeck, 817 14th Street NW., Washington, D.C.
B. United Federation of Postal Clerks, 817 14th Street NW., Washington, D.C.
D. (6) $4,500. E. (9) $278.11.

A. Charles A. Hamilton, 777 14th Street NW., Washington, D.C.
B. General Electric Co., 570 Lexington Avenue, New York, N.Y.
D. (6) $350. E. (9) $115.36.

A. Harold F. Hammond, 1710 H Street NW., Washington, D.C.
B. Transportation Association of America.

A. C. L. Hancock, 420 Lexington Avenue, New York, N.Y.
B. Copper and Brass Research Association, 420 Lexington Avenue, New York, N.Y.
D. (6) $3,000. E. (9) $756.48.

A. Eugene J. Hardy, 918 16th Street NW., Washington, D.C.
B. National Association of Manufacturers.

A. Bryce N. Harlow, 1730 K Street NW., Washington, D.C.
B. The Procter and Gamble Manufacturing Co., 301 East Sixth Street, Cincinnati, Ohio.
E. (9) $157.90.

A. William B. Harman, Jr., 1701 K Street NW., Washington, D.C.

A. William B. Harman, Jr., 1701 K Street NW., Washington, D.C.
B. American Life Convention, 230 North Michigan Avenue, Chicago, Ill.

A. L. James Harmanson, Jr., 1616 E Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $4,500. E. (9) $289.45.

A. Herbert E. Harris II, 425 13th Street NW., Washington, D.C.
B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.
D. (6) $1,375. E. (9) $18.55.

A. Merwin K. Hart, 156 Fifth Avenue, New York, N.Y.
B. National Economic Council, Inc., 156 Fifth Avenue, New York, N.Y.

A. Stephen H. Hart, 500 Equitable Building, Denver, Colo.
B. National Livestock Tax Committee, 801 East 17th Avenue, Denver, Colo.
D. (6) $2,175. E. (9) $1,249.76.

A. George D. Haskell, 20 North Wacker Drive, Chicago, Ill.
B. Mutual Insurance Committee on Federal Taxation, 20 North Wacker Drive, Chicago, Ill.
D. (6) $1,849.98. E. (9) $804.02.

A. Walter A. Hasty, Jr., 210 H Street NW., Washington, D.C.

B. National Limestone Institute, Inc., 210 H Street NW., Washington, D.C.
E. (9) $10.

A. Paul M. Hawkins, 1701 K Street NW., Washington, D.C.
B. Health Insurance Association of America, 1701 K Street NW., Washington, D.C.
D. (6) $949. E. (9) $666.11.

A. Kit H. Haynes, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.

A. Mrs. Glenn G. Hays, 212 Maryland Avenue NE., Washington, D.C.
B. National Woman's Christian Temperance Union, 1730 Chicago Avenue, Evanston, Ill.
D. (6) $725. E. (9) $709.04.

A. Hays & Hays, 920 Warner Building, Washington, D.C.
B. Motor Commerce Association, Inc., 4004 Versailles Road, Lexington, Ky.
D. (6) $3,765.29. E. (9) $1,031.03.

A. Joseph H. Hays, 280 Union Station Building, Chicago, Ill.
B. The Association of Western Railways, 224 Union Station Building, Chicago, Ill.

A. John C. Hazen, 711 14th Street NW., Washington, D.C.
B. National Retail Merchants Association, 100 West 31st Street, New York, N.Y.
E. (9) $96.20.

A. Health Insurance Association of America, 1701 K Street NW., Washington, D.C.
E. (9) $2,882.06.

A. Patrick B. Healy, 30 F Street NW., Washington, D.C.
B. National Milk Producers Federation, 30 F Street NW., Washington, D.C.
D. (6) $300. E. (9) $185.37.

A. George J. Hecht, 52 Vanderbilt Avenue, New York, N.Y.
B. American Parents Committee, Inc., 20 E Street NW., Washington, D.C. and Bipartisan Citizens Committee for Federal Aid for Public Elementary and Secondary Education, 4107 Davenport Street NW., Washington, D.C.

A. Hedrick & Lane, 1001 Connecticut Avenue NW., Washington, D.C.
B. Comite de Productores de Azucar, Antonio Miro Quesada 376, Lima, Peru, S.A.
E. (9) $423.18.

A. Hedrick & Lane, 1001 Connecticut Avenue NW., Washington, D.C.
B. Committee on Constructive Price, 570 Lexington Avenue, New York, N.Y.
E. (9) $22.44.

A. Hedrick & Lane, 1001 Connecticut Avenue NW., Washington, D.C.
B. Institute of High Fidelity Manufacturers, Inc., 516 Fifth Avenue, New York, N.Y.
D. (6) $2,000. E. (9) $67.75.

A. Hedrick & Lane, 1001 Connecticut Avenue NW., Washington, D.C.
B. Reciprocal Inter-Insurers Federal Tax Committee, 400 United Artists Building, Detroit, Mich.
D. (6) $4,921.87. E. (9) $334.08.

A. Hedrick & Lane, 1001 Connecticut Avenue NW., Washington, D.C.
B. Westinghouse Electric Corp., 3 Gateway Center, Pittsburgh, Pa.
E. (9) $27.48.

A. Kenneth G. Heisler, 907 Ring Building, Washington, D.C.
B. National League of Insured Savings Associations, 907 Ring Building, Washington, D.C.
D. (6) $1,150.

A. Chas. H. Heltzel, 606 Commerce Building, 1700 K Street NW., Washington, D.C.
B. Pacific Power & Light Co., Public Service Building, Portland, Oreg.
D. (6) $1,220. E. (9) $1,131.21.

A. Edmund P. Hennelly, 150 East 42d Street, New York, N.Y.
B. Socony Mobil Oil Co., Inc., 150 East 42d Street, New York, N.Y.
D. (6) $1,725.27. E. (9) $600.27.

A. John K. Herbert, 444 Madison Avenue, New York, N.Y.
B. Magazine Publishers Association, Inc., 444 Madison Avenue, New York, N.Y.
D. (6) $670.50. E. (9) $14.

A. Maurice G. Herndon, 801 Warner Building, Washington, D.C.
B. National Association of Insurance Agents, 96 Fulton Street, New York, N.Y., and 801 Warner Building, Washington, D.C.
D. (6) $246.25. E. (9) $246.25.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. Boston Wool Trade Association, 263 Summer Street, Boston, Mass.
D. (6) $600. E. (9) $26.28.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. National Association of Wool Manufacturers, 386 Fourth Avenue, New York, N.Y.
D. (6) $1,000.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. National Football League, 1 Rockefeller Plaza, New York, N.Y.
D. (6) $70,000.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. National Wool Growers Association, 414 Crandall Building, Salt Lake City, Utah.
E. (9) $8.90.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. National Wool Trade Association, 263 Summer Street, Boston, Mass.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. New York Wool Trade Association, 155 East 44th Street, New York, N.Y.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. Philadelphia Wool and Textile Association, Post Office Box 472, Station S, Philadelphia, Pa.

A. Clinton M. Hester, 432 Shoreham Building, Washington, D.C.
B. United States Brewers Association, 535 Fifth Avenue, New York, N.Y.
D. (6) $5,000. E. (9) $90.78.

A. W. J. Hickey, 2000 Massachusetts Avenue NW., Washington, D.C.
B. The American Short Line Railroad Association, 2000 Massachusetts Avenue NW., Washington, D.C.
D. (6) $491.26.

A. Robert L. Higgins, 1200 18th Street NW., Washington, D.C.
B. National Electrical Contractors Association, 1200 18th Street NW., Washington, D.C.

A. John W. Hight, 1025 Connecticut Avenue NW., Washington, D.C.
B. Legislative Committee of the Committee for a National Trade Policy, Inc., 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $187.50. E. (9) $224.50.

A. Lester R. Hill, 432 South Curson East, Los Angeles, Calif.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
D. (6) $900. E. (9) $745.42.

A. James A. Hirshfield, 305 Rockefeller Building, Cleveland, Ohio.
B. Lake Carrier's Association, 305 Rockefeller Building, Cleveland, Ohio.

A. L. S. Hitchner, Association Building, Washington, D.C.
B. National Agricultural Chemical Association.

A. Brig. Gen. J. D. Hittle, USMC (Ret.), 200 Maryland Avenue NE., Washington, D.C.
B. Veterans of Foreign Wars of the United States.
D. (6) $1,166.67. E. (9) $11.25.

A. Lawrence S. Hobart, 919 18th Street NW., Washington, D.C.
B. American Public Power Association, 919 18th Street NW., Washington, D.C.
D. (6) $400.

A. Ralph D. Hodges, Jr.
B. National Lumber Manufacturers Association, 1619 Massachusetts Avenue NW., Washington, D.C.
E. (9) $19.40.

A. Irvin A. Hoff, 1001 Connecticut Avenue, Washington, D.C.
B. U.S. Cane Sugar Refiners' Association, 1001 Connecticut Avenue, Washington, D.C.
E. (9) $198.18.

A. Frank N. Hoffmann, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $4,000. E. (9) $1,000.

A. A. D. Holmes, Jr., Gallion, Ala.
B. National Association of Soil and Water Conservation Districts, League City, Tex.
D. (6) $230.12. E. (9) $230.12.

A. Home Manufacturers Association, 1117 Barr Building, Washington, D.C.
D. (6) $500. E. (9) $1,000.

A. Edwin M. Hood, 1730 K Street NW., Washington, D.C.
B. Shipbuilders Council of America, 1730 K Street NW., Washington, D.C.

A. Samuel H. Horne, Munsey Building, Washington, D.C.
B. The Singer Manufacturing Co., 149 Broadway, New York, N.Y.

A. Lawrence W. Horning, 1010 Pennsylvania Building, Washington, D.C.
B. New York Central Railroad Co., 230 Park Avenue, New York, N.Y.

A. Donald E. Horton, 222 West Adams Street, Chicago, Ill.
B. American Warehousemen's Association.

A. Harold A. Houser, 1616 I Street NW., Washington, D.C.
B. Retired Officers Association, 1616 I Street NW., Washington, D.C.
D. (6) $2,500.

A. Charles L. Huber, 1701 18th Street NW., Washington, D.C.
B. Disabled American Veterans, 1425 East McMillan Street, Cincinnati, Ohio.
E. (9) $3,587.15.

A. W. T. Huff, 918 16th Street NW., Washington, D.C.
B. Independent Natural Gas Association of America, 918 16th Street NW., Washington, D.C.
D. (6) $275. E. (9) $3.60.

A. William J. Hull, 326 Cafritz Building, 1625 I Street NW., Washington, D.C.
B. Ashland Oil & Refining Co., 1409 Winchester Avenue, Ashland, Ky.

A. William J. Hull, 326 Cafritz Building, Washington, D.C.
B. Ohio Valley Improvement Association, Inc.

A. Robert L. Humphrey, 918 16th Street NW., Washington, D.C.
B. National Association of Manufacturers.

A. B. A. Hungerford, 53 Park Place, New York, N.Y.
B. George P. Byrne, 53 Park Place, New York, N.Y.

A. William J. Hynes, 611 Idaho Building, Boise, Idaho.
B. Union Pacific Railroad Co., 1416 Dodge Street, Omaha, Nebr.
E. (9) $624.85.

A. Frank N. Ikard, 1625 K Street NW., Washington, D.C.
B. American Petroleum Institute, 1271 Avenue of the Americas, New York, N.Y.

A. Bernard J. Imming, 777 14th Street NW., Washington, D.C.
B. United Fresh Fruit and Vegetable Association, 777 14th Street NW., Washington, D.C.

A. Independent Natural Gas Association of America, 918 16th Street NW., Washington, D.C.
D. (6) $950. E. (9) $3.60.

A. Industrial Union Department, AFL-CIO, 815 16th Street NW., Washington, D.C.
D. (6) $10,837.37. E. (9) $10,837.37.

A. Evan S. Ingels, Oakwood Lane, Greenwich, Conn.
B. Time Inc., Time and Life Building, Rockefeller Center, New York, N.Y.
D. (6) $605. E. (9) $260.

A. Institute of American Poultry Industries, 67 East Madison Street, Chicago, Ill.
D. (6) $1,096.47. E. (9) $1,096.47.

A. Institute of Appliance Manufacturers, Inc., 2000 K Street NW., Washington, D.C.

A. Institute of High Fidelity Manufacturers, Inc., 516 Fifth Avenue, New York, N.Y.
E. (9) $2,087.06.

A. Institute of Scrap Iron & Steel, Inc., 1729 H Street NW., Washington, D.C.
D. (6) $300. E. (9) $23.18.

A. International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers, 25 Louisiana Avenue NW., Washington, D.C.
E. (9) $32,640.03.

A. Inter-State Manufacturer's Association, 163-165 Center Street, Winona, Minn.
D. (6) $2,625. E. (9) $2.40.

A. Iron Ore Lessors Association, Inc., First National Bank Building, St. Paul, Minn.
D. (6) $925. E. (9) $1,270.11.

A. Robert C. Jackson, 1120 Connecticut Avenue NW., Washington, D.C.
B. American Cotton Manufacturers Institute, Inc., 1501 Johnston Building, Charlotte, N.C.
D. (6) $21.50. E. (9) $201.69.

A. Walter K. Jaenicke, 1957 E Street NW., Washington, D.C.
B. The Associated General Contractors of America, Inc., 1957 E Street NW., Washington, D.C.

A. Japanese American Citizens League, 1634 Post Street, San Francisco, Calif.
E. (9) $150.

A. Daniel Jaspan, Post Office Box 1924, Washington, D.C.
B. National Association of Postal Supervisors, Post Office Box 1924, Washington, D.C.
D. (6) $3,391.23. E. (9) $59.65.

A. Mrs. Margaret E. Jenkins, 30 Deerpath, Norgate, Roslyn Heights, Long Island, N.Y.

A. Ray L. Jenkins, 1066 National Press Building, Washington, D.C.
B. Societe Internationale Pour Participations Industrialles et Commerciales, Peter Marianstr. 19, Basel, Switzerland.

A. James R. Jenks, 1024 Quebec Terrace, Silver Spring, Md.
B. Committee for Competitive Television, 1024 Quebec Terrace, Silver Spring, Md.

A. Peter D. Joers, 810 Whittington Avenue, Hot Springs, Ark.
B. Dierks Forests, Inc., 810 Whittington Avenue, Hot Springs, Ark.

A. Gilbert R. Johnson, 1208 Terminal Tower, Cleveland, Ohio.
B. Lake Carriers' Association, 305 Rockefeller Building, Cleveland, Ohio.

A. Glendon E. Johnson, 1701 K Street NW., Washington, D.C.
B. American Life Convention, 230 North Michigan Avenue, Chicago, Ill.
D. (6) $378.50. E. (9) $48.75.

A. Hugo E. Johnson, 600 Bulkley Building, Cleveland, Ohio.
B. American Iron Ore Association, 600 Bulkley Building, Cleveland, Ohio.

A. Reuben L. Johnson.
B. The Farmers' Educational and Co-Operative Union of America, 1575 Sherman Street, Denver, Colo., and 1404 New York Avenue NW., Washington, D.C.
D. (6) $2,400.13. E. (9) $361.74.

A. W. D. Johnson, 400 First Street NW., Washington, D.C.
B. Order of Railway Conductors and Brakemen, O.R.C. & B. Building, Cedar Rapids, Iowa.

A. Ned Johnston, 4309 Saul Road, Kensington, Md.
B. The Tobacco Institute, Inc., 808 17th Street NW., Washington, D.C.

A. Geo. Bliss Jones, Montgomery, Ala.
B. Alabama Railroad Association, 1002 First National Bank Building, Montgomery, Ala.

A. James E. Jones, 122 East 42d Street, New York, N.Y.
B. American Paper & Pulp Association, 122 East 42d Street, New York, N.Y.

A. L. Dan Jones, 1110 Ring Building, Washington, D.C.
B. Independent Petroleum Association of America, 1110 Ring Building, Washington, D.C.
E. (9) $44.85.

A. Phillip E. Jones, 920 Tower Building, Washington, D.C.
B. United States Beet Sugar Association, 920 Tower Building, Washington, D.C.
D. (6) $380.

A. Edwin W. Kaler, 1725 I Street NW., Washington, D.C.
B. Waterman Steamship Corp., 61 St. Joseph Street, Mobile, Ala.
D. (6) $100.

A. Arthur John Kane, Jr., Aspen, Colo.
B. Pitkin County Water Protection Association, Aspen, Colo.
D. (6) $800. E. (9) $367.43.

A. John E. Kane, 1625 K Street NW., Washington, D.C.
B. American Petroleum Institute, 1271 Avenue of the Americas, New York, N.Y.
D. (6) $4,385. E. (9) $1,039.28.

A. Sheldon Z. Kaplan, 1616 H Street NW., Washington, D.C.
B. Guatemala Sugar Producers Association, Guatemala City, Guatemala.
D. (6) $12,000.

A. Sheldon Z. Kaplan, 1616 H. Street NW., Washington, D.C.
B. Salvador Schaps, Servidora Electrica, S.A., San Salvador, El Salvador.

A. Charles C. Keeble, 1730 K Street NW., Washington, D.C.
B. Humble Oil & Refining Co., P.O. Box 2180, Houston, Tex.
E. (9) $20.16.

A. Eugene A. Keeney, 1615 H Street NW., Washington, D.C.
B. Chamber of Commerce of the United States of America.

A. Francis V. Keesling, Jr., 605 Market Street, San Francisco, Calif.
B. West Coast Life Insurance Co., 605 Market Street, San Francisco, Calif.

A. James C. Kelley, 1500 Massachusetts Avenue NW., Washington, D.C.
B. American Machine Tool Distributors' Association, 1500 Massachusetts Avenue NW., Washington, D.C.

A. John T. Kelly, 1411 K Street NW., Washington, D.C.
B. Pharmaceutical Manufacturers Association.

A. David W. Kendall, 1625 K Street NW., Washington, D.C.
B. Book Manufacturers' Institute, Inc., 25 West 43d Street, New York, N.Y.
D. (6) $25.

A. David W. Kendall, 1625 K Street NW., Washington, D.C.
B. Corn Starch Industry Committee, 1625 K Street NW., Washington, D.C.
D. (6) $300.

A. David W. Kendall, 1625 K Street NW., Washington, D.C.
B. Man-Made Fiber Producers Association, Inc., 350 Fifth Avenue, New York, N.Y.
D. (6) $2,362.50. E. (9) $110.75.

A. David Walbridge Kendall, 1625 K Street NW., Washington, D.C.
B. Zantop Air Transport, Inc., Detroit-Metropolitan Airport, Inkster, Mich.
D. (6) $25.

A. I. L. Kenen, 1737 H Street NW., Washington, D.C.
B. American Israel Public Affairs Committee, 1737 H Street NW., Washington, D.C.

A. Harold L. Kennedy, 420 Cafritz Building, Washington, D.C.
B. The Ohio Oil Co., Findlay, Ohio.
D. (6) $500. E. (9) $259.95.

A. Omar B. Ketchum, 200 Maryland Avenue NE., Washington, D.C.
B. Veterans of Foreign Wars of the United States.
D. (6) $4,062.50. E. (9) $208.95.

A. Jeff Kibre, 1341 G Street NW., Washington, D.C.
B. International Longshoremen's & Warehousemen's Union, 150 Golden Gate Avenue, San Francisco, Calif.
D. (6) $1,570.08. E. (9) $1,502.34.

A. John A. Killick, 740 11th Street NW., Washington, D.C.
B. Eastern Meat Packers Association, Inc., 740 11th Street NW., Washington, D.C.
D. (6) $25.

A. John A. Killick, 740 11th Street NW., Washington, D.C.
B. National Independent Meat Packers Association, 740 11th Street NW., Washington, D.C.
D. (6) $492.50.

A. H. Cecil Kilpatrick, 912 American Security Building, Washington, D.C.
B. American Life Insurance Co., Dallas, Tex.
E. (9) $21.65.

A. H. Cecil Kilpatrick, 912 American Security Building, Washington, D.C.
B. Rossmoor Leisure World, Seal Beach, Calif.
D. (6) $1,300. E. (9) $74.59.

A. Kenneth L. Kimble, 1701 K Street NW., Washington, D.C.
B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.
D. (6) $187.50. E. (9) $2.94.

A. James F. King, 1825 Connecticut Avenue NW., Washington, D.C.
B. Manufacturing Chemists' Association, Inc., 1825 Connecticut Avenue NW., Washington, D.C.
D. (6) $1,250.

A. Joseph T. King, 1028 Connecticut Avenue NW., Washington, D.C.
B. Associated Equipment Distributors and Sprinkler Irrigation Association.
E. (9) $710.93.

A. Ludlow King, 2139 Wisconsin Avenue NW., Washington, D.C.
B. National Machine Tool Builders' Association, 2139 Wisconsin Avenue NW., Washington, D.C.

A. Rufus King, Southern Building, Washington, D.C.
B. D. Gottlieb & Co., Chicago, Ill.

A. T. Bert King, 812 Pennsylvania Building, Washington, D.C.
B. United States Savings and Loan League, 221 North La Salle Street, Chicago, Ill.
D. (6) $725.

A. S. F. Kirby, 20 North Wacker Drive, Chicago, Ill.
B. National Council on Business Mail, Inc., 20 North Wacker Drive, Chicago, Ill.
D. (6) $425.

A. Clifton Kirkpatrick, 1916 North Parkway, Memphis, Tenn.
B. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.
D. (6) $570. E. (9) $65.50.

A. James F. Kmetz, 1435 K Street NW., Washington, D.C.
B. United Mine Workers of America, 900 15th Street NW., Washington, D.C.
D. (6) $3,546.

A. Robert M. Koch, 210 H Street NW., Washington, D.C.
B. National Limestone Institute, Inc., 210 H Street NW., Washington, D.C.
E. (9) $25.

A. A. W. Koehler, 839 17th Street NW., Washington, D.C.
B. National Association of Motor Bus Owners, 839 17th Street NW., Washington, D.C.

A. William L. Kohler, 1616 P Street NW., Washington, D.C.
B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $900. E. (9) $181.97.

A. Ronald Korsan, 5343 Main Street, Skokie, Ill.
B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.
E. (9) $2,350.

A. Louis C. Krauthoff, 1025 Connecticut Avenue NW., Washington, D.C.
B. Legislative Committee of the Committee for a National Trade Policy, Inc., 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $52. E. (9) $155.60.

A. Germaine Krettek, 200 C Street SE., Washington, D.C.
B. American Library Association, 50 East Huron Street, Chicago, Ill.
E. (9) $3,347.44.

A. Labor Bureau of Middle West, 1001 Connecticut Avenue, Washington, D.C., and 11 South La Salle Street, Chicago, Ill.

A. Labor Management Maritime Committee, 132 3d Street SE., Washington, D.C.
D. (6) $8,073.24. E. (9) $5,355.13.

A. Lake Carriers' Association, 305 Rockefeller Building, Cleveland, Ohio.

A. James K. Langan, 100 Indiana Avenue NW., Washington, D.C.
B. Government Employes' Council, 100 Indiana Avenue NW., Washington, D.C.
D. (6) $3,126.

A. Fritz G. Lanham, 2737 Devonshire Place NW., Washington, D.C.
B. National Patent Council, Inc., 1434 West 11th Avenue, Gary, Ind.
D. (6) $999.96.

A. Fritz G. Lanham, 2737 Devonshire Place NW., Washington, D.C.
B. Quality Brands Associates of America, Inc., 1001 Grant Street, Gary, Ind.
D. (6) $900.

A. Dillard B. Lasseter, 1616 P Street NW., Washington, D.C.
B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $1,200. E. (9) $375.

A. J. Austin Latimer, 1001 Connecticut Avenue NW., Washington, D.C.
D. (6) $750.

A. Alan Latman, 200 East 42d Street, New York, N.Y.
B. National Committee for Effective Design Legislation, 200 East 42d Street, New York, N.Y.

A. John V. Lawrence, 1616 P Street NW., Washington, D.C.
B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $577.50. E. (9) $14.35.

A. Thomas B. Lawrence, 917 15th Street NW., Washington, D.C.
B. National Licensed Beverage Association, 420 Seventh Street, Racine, Wis.
D. (6) $650.

A. Warren Lawrence, 1700 K Street NW., Washington, D.C.
B. Standard Oil Co. of California, 1700 K Street NW., Washington, D.C.
D. (6) $125. E. (9) $30.

A. Philip P. Leahy, 1343 L Street NW., Washington, D.C.
B. The National Tire Dealers and Retreaders Association, Inc., 1343 L Street NW., Washington, D.C.

A. Robert F. Lederer, 835 Southern Building, Washington, D.C.
B. American Association of Nurserymen, Inc., 835 Southern Building, Washington, D.C.
D. (6) $26.88. E. (9) $99.94.

A. Leonard F. Lee, 402 Solar Building, Washington, D.C.
B. Tennessee Gas Transmission Co., Post Office Box 2511, Houston, Tex.

A. Legislative Committee of the Committee for a National Trade Policy, Inc., 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $2,567.17. E. (9) $5,863.54.

A. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.
D. (6) $23,000. E. (9) $10,613.31.

A. G. E. Leighty, 400 First Street NW., Washington, D.C.

A. Richard T. Leonard, 815 16th Street NW., Washington, D.C.
B. Industrial Union Department, AFL–CIO, 815 16th Street NW., Washington, D.C.
E. (9) $554.63.

A. Roy T. Lester, M.D., 1 Farragut Square South, Washington, D.C.
B American Medical Association, 535 North Dearborn Street, Chicago, Ill.
D. (6) $1,175. E. (9) $149.72.

A. John R. Lewis, 1625 K Street NW., Washington, D.C.
B. Mid-Continent Oil & Gas Association, 300 Gulsa Building, Tulsa, Okla.

A. Hal Leyshon, 122 East 42d Street, New York, N.Y.
B. American Federation of Musicians, 425 Park Avenue, New York, N.Y.
D. (6) $4,999.98. E. (9) $1,453.51.

A. Liberty Under Law, Inc., Post Office Box 2013, Salt Lake City, Utah.
D. (6) $3. E. (9) $83.24.

A. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.
D. (6) $3,618.13. E. (9) $3,618.13.

A. L. Blaine Liljenquist, 917 15th Street NW., Washington, D.C.
B. British Honduras Government, Belize, British Honduras.
E. (9) $54.02.

A. L. Blaine Liljenquist, 917 15th Street NW., Washington, D.C.
D. (6) $5,000. E. (9) $9.20.

A. Lawrence J. Linck, 53 West Jackson Boulevard, Chicago, Ill.
B. National Association of Chain Drug Stores, 1625 I Street NW., Washington, D.C.
D. (6) $3,000. E. (9) $3,560.06.

A. Lester W. Lindow, 1735 De Sales Street NW., Washington, D.C.
D. (6) $427.51. E. (9) $31.05.

A. Charles B. Lipsen, 1741 De Sales Street NW., Washington, D.C.
B. Retail Clerks International Association, 1741 De Sales Street NW., Washington, D.C.
D. (6) $3,640. E. (9) $1,534.85.

A. Robert G. Litschert, 1200 18th Street NW., Washington, D.C.
B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.
D. (6) $956.25. E. (9) $202.98.

A. Norman M. Littell, 1826 Jefferson Place NW., Washington, D.C.
B. Howard International, Inc., 350 Fifth Avenue, New York, N.Y.

A. John J. Long, 711 14th Street NW., Washington, D.C.
B. International Printing Pressmen and Assistants' Union of North America, Pressmen's Home, Tenn.
D. (6) $925. E. (9) $70.

A. R. C. Longmire, Pauls Valley, Okla.
B. National Association of Soil & Water Conservation Districts, League City, Tex.
D. (6) $192.12. E. (9) $192.12.

A. Leonard Lopez, 400 First Street NW., Washington, D.C.
B. District Lodge No. 44, International Association of Machinists, 400 First Street NW., Washington, D.C.
D. (6) $2,499.90. E. (9) $15.

A. Lord, Day & Lord, 25 Broadway, New York, N.Y.
B. The Metropolitan Museum of Art, Fifth Avenue and 82d Street, New York, N.Y.

A. Harold O. Lovre, 1616 P Street NW., Washington, D.C.
B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $1,200. E. (9) $262.69.

A. Otto Lowe, Cape Charles, Va.
B. National Canners Association, 1133 20th Street NW., Washington, D.C.
D. (6) $1,500.

A. Scott W. Lucas, 1025 Connecticut Avenue NW., Washington, D.C.
B. Illinois Bell Telephone Co., 212 West Washington Street, Chicago, Ill.
D. (6) $3,600.

A. Scott W. Lucas, 1025 Connecticut Avenue NW., Washington, D.C.
B. Mobile Homes Manufacturers Association, 20 North Wacker Drive, Chicago, Ill.
D. (6) $1,000.

A. Scott W. Lucas, 1025 Connecticut Avenue NW., Washington, D.C.
B. National Association of Chain Drug Stores, 1625 I Street NW., Washington, D.C.
E. (9) $8.50.

A. Scott W. Lucas, 1025 Connecticut Avenue NW., Washington, D.C.
B. U.S. Cane Sugar Refiners' Association, 1001 Connecticut Avenue NW., Washington, D.C.
D. (6) $250.

A. Scott W. Lucas, 1025 Connecticut Avenue NW., Washington, D.C.
B. Western Medical Corp., 415-423 West Pershing Road, Chicago, Ill.
D. (6) $1,000.

A. Milton F. Lunch, 2029 K Street NW., Washington, D.C.
B. National Society of Professional Engineers, 2029 K Street NW., Washington, D.C.
D. (6) $750.

A. John C. Lynn, 425 13th Street NW., Washington, D.C.
B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.
D. (6) $2,312.50. E. (9) $53.89.

A. Breck P. McAllister, 25 Broadway, New York, N.Y.
B. American Committee for Flags of Necessity, 25 Broadway, New York, N.Y.

A. John A. McCart, 900 F Street NW., Washington, D.C.
B. American Federation of Government Employees.
D. (6) $2,935.10. E. (9) $42.

A. William A. McClintock, Jr., 7447 Skokie Boulevard, Skokie, Ill.
B. National Committee for Insurance Taxation, The Hay-Adams Hotel, Washington, D.C.
E. (9) $53.34.

A. McClure & Trotter, 1710 H Street NW., Washington, D.C.
B. The Coca-Cola Export Corp., 515 Madison Avenue, New York, N.Y.
E. (9) $23.32.

A. McCormick Associates, Inc., 1300 Wyatt Building, Washington, D.C.
B. The Nation-Wide Committee on Import-Export Policy, 815 15th Street NW., Washington, D.C.
D. (6) $574. E. (9) $574.

A. McCormick Associates, Inc., 1300 Wyatt Building, Washington, D.C.
B. Trade Relations Council of the United States, 122 East 42d Street, New York, N.Y.
D. (6) $7,872.40. E. (9) $7,872.40.

A. Robert L. L. McCormick, 1300 Wyatt Building, Washington, D.C.
B. McCormick Associates, Inc., 1300 Wyatt Building, Washington, D.C.
D. (6) $2,250.

A. Angus H. McDonald.
B. The Farmers' Educational and Co-Operative Union of America, 1575 Sherman Street, Denver, Colo., and 1404 New York Avenue NW., Washington, D.C.
D. (6) $2,276.86. E. (9) $282.29.

A. Joseph J. McDonald, 1001 Connecticut Avenue NW., Washington, D.C.
B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.
D. (6) $3,304.85. E. (9) $300.

A. William J. McDonald, 3005 Fernside Boulevard, Alameda, Calif.
B. National Council of Naval Air Stations Employee Organizations, 3005 Fernside Boulevard, Alameda, Calif.

A. Joseph T. McDonnell, 425 13th Street NW., Washington, D.C.
B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.

A. A. J. McFarland.
B. Christian Amendment Movement, 804 Penn Avenue, Pittsburgh, Pa.
D. (6) $1,150. E. (9) $350.

A. William F. McKenna, 908 Colorado Building, Washington, D.C.
B. National Association of Mutual Savings Banks, 60 East 42d Street, New York, N.Y.
D. (6) $223.43. E. (9) $58.51.

A. William F. McKenna, 812 Pennsylvania Building, Washington, D.C.
B. United States Savings & Loan League, 221 North LaSalle Street, Chicago, Ill.
E. (9) $400.

A. Marvin L. McLain, 425 13th Street NW., Washington, D.C.
B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.
D. (6) $2,125. E. (9) $99.75.

A. W. H. McMains, 1132 Pennsylvania Building, Washington, D.C.
B. Distilled Spirits Institute, 1132 Pennsylvania Building, Washington, D.C.

A. Clarence M. McMillan, 1343 L Street NW., Washington, D.C.
B. National Candy Wholesalers Association, Inc., 1343 L Street NW., Washington, D.C.

A. Ralph J. McNair, 1701 K Street NW., Washington, D.C.
B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.
D. (6) $268.75. E. (9) $9.37.

A. Charles R. McNeill, 730 15th Street NW., Washington, D.C.
B. The American Bankers Association, 12 East 36th Street, New York, N.Y.
D. (6) $1,000. E. (9) $142.93.

A. William P. MacCracken, Jr., 1000 Connecticut Avenue NW., Washington, D.C.
B. American Optometric Association, Inc., 21 Bank Street, Lebanon, N.H.
D. (6) $5,000. E. (9) $435.60.

A. William P. MacCracken, Jr., 1000 Connecticut Avenue NW., Washington, D.C.
B. Frankel Brothers, 521 Fifth Avenue, New York, N.Y.
E. (9) $0.75.

A. William P. MacCracken, Jr., 1000 Connecticut Avenue, Washington, D.C.
B. Mrs. Willi Zietz, Savoy Hilton Hotel, New York City.
E. (9) $0.75.

A. John G. Macfarlan, 1725 I Street NW., Washington, D.C.
B. REA Express, 219 East 42d Street, New York, N.Y.
D. (6) $723.85. E. (9) $233.26.

A. Jerome J. Madigan, 1117 Barr Building, Washington, D.C.
B. Home Manufacturers Association, 1117 Barr Building, Washington, D.C.
D. (6) $200.

A. Don Mahon, Box 959, Ben Franklin Station, Washington, D.C.
E. (9) $262.93.

A. H. N. Mallon, 1522 Republic National Bank Building, Dallas, Tex.
B. Dresser Industries, Inc., Republic National Bank Building, Dallas, Tex.
D. (6) $3,850. E. (9) $1,578.

A. Carter Manasco, 4201 Chesterbrook Road, McLean, Va.
B. National Business Publications, Inc., 1913 I Street NW., Washington, D.C.
D. (6) $2,400. E. (9) $20.80.

A. Carter Manasco, 4201 Chesterbrook Road, McLean, Va.

B. National Coal Association, Coal Building, Washington, D.C.

D. (6) $4,500. E. (9) $186.20.

A. D. L. Manion, 2000 Massachusetts Avenue, Washington, D.C.

B. The American Short Line Railroad Association, 2000 Massachusetts Avenue, Washington, D.C.

D. (6) $537.50.

A. Man-Made Fiber Producers Association, Inc., 350 Fifth Avenue, New York, N.Y.

E. (9) $6,083.71.

A. Manufacturing Chemists' Association, Inc., 1825 Connecticut Avenue NW., Washington, D.C.

D. (6) $2,625. E. (9) $2,475.

A. Olya Margolin (Mrs.), 1637 Massachusetts Avenue NW., Washington, D.C.

B. National Council of Jewish Women, Inc., 1 West 47th Street, New York, N.Y.

D. (6) $2,152.28. E. (9) $123.91.

A. James Mark, Jr., 1435 K Street NW., Washington, D.C.

B. United Mine Workers of America, 900 15th Street NW., Washington, D.C.

D. (6) $4,046.

A. Rodney W. Markley, Jr., Wyatt Building, Washington, D.C.

B. Ford Motor Co., Dearborn, Mich.

D. (6) $750. E. (9) $212.31.

A. Raymond E. Marks, 65 Market Street, San Francisco, Calif.

B. Southern Pacific Co., 65 Market Street, San Francisco, Calif.

A. David M. Marsh, 837 Washington Building, Washington, D.C.

B. Association of Casualty and Surety Companies, 110 William Street, New York, N.Y.

D. (6) $125. E. (9) $2.40.

A. Winston W. Marsh, 1343 L Street NW., Washington, D.C.

B. National Tire Dealers and Retreaders Association, 1343 L Street NW., Washington, D.C.

A. Fred T. Marshall, 1112 19th Street NW., Washington, D.C.

B. The B. F. Goodrich Co., 500 South Main Street, Akron, Ohio.

A. J. Paull Marshall, Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $189.96. E. (9) $258.60.

A. Paul V. Martenson, 1730 K Street NW., Washington, D.C.

B. Shipbuilders Council of America, 1730 K Street NW., Washington, D.C.

A. Drew Martin, 777 14th Street NW., Washington, D.C.

B. American Hotel Association, 221 West 57th Street, New York, N.Y.

D. (6) $450. E. (9) $240.28.

A. Thomas A. Martin, 510 Shoreham Building Washington, D.C.

B. Socony Mobil Oil Co., Inc., 150 East 42d Street, New York, N.Y.

D. (6) $1,182. E. (9) $57.

A. Mike M. Masaoka, 919 18th Street NW., Washington, D.C.

A. Mike M. Masaoka, 919 18th Street NW., Washington, D.C.

B Association of Japanese Textile Imports, Inc. 551 Fifth Avenue, New York, N.Y.

A. Mike M. Masaoka, 919 18th Street NW., Washington, D.C.

B. Japanese-American Citizens League, 1634 Post Street, San Francisco, Calif.

D. (6) $150.

A. David Mathews, Jr., 345 Fourth Avenue, Pittsburgh, Pa.

B. Pittsburgh Coal Exchange and Mechanical Contractors Association.

E. (9) $134.23.

A. P. H. Mathews, 944 Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $428.08. E. (9) $463.29.

A. Charles D. Matthews, 1200 18th Street NW., Washington, D.C.

B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.

D. (6) $300. E. (9) $83.05.

A. Joe G. Matthews, 944 Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $131.42. E. (9) $166.

A. William E. Mattingly, 1014 Ring Building, Washington, D.C.

B. American Petroleum Refiners Association, 1014 Ring Building, Washington, D.C.

D. (6) $250. E. (9) $2.80.

A. C. V. and R. V. Maudlin, 1111 E Street NW., Washington, D.C.

B. National Association of Secondary Material Industries, Inc., 271 Madison Avenue, New York, N.Y.

E. (9) $14.77.

A. J. D. Mayson, Republic National Bank Building, Dallas, Tex.

B. Dresser Industries, Inc., Republic National Bank Building, Dallas, Tex.

D. (6) $2,250. E. (9) $1,523.

A. John S. Mears, 1608 K Street NW., Washington, D.C.

B. The American Legion, 700 North Pennsylvania Street, Indianapolis, Ind.

D. (6) $2,505.

A. Medical Society of the District of Columbia, 1718 M Street NW., Washington, D.C.

A. Mehler, Ives & Smollar, 2000 K Street NW., Washington, D.C.

B. Associated Third Class Mail Users, 100 Indiana Avenue NW., Washington, D.C.

D. (6) $2,000.

A. Mehler, Ives & Smollar, 2000 K Street NW., Washington, D.C.

B. Ferro Corp., the O. Hommel Co., Glostex Chemicals, Inc., and the Glidden Co. (Pemco Division).

A. Kenneth A. Meiklejohn, 815 16th Street NW., Washington, D.C.

B. American Federation of Labor and Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.

D. (6) $3,419. E. (9) $122.51.

A. William R. Merriam, 905 16th Street NW., Washington, D.C.

B. International Telephone & Telegraph Corp., 905 16th Street NW., Washington, D.C.

D. (6) $3,000. E. (9) $4,975.

A. Metropolitan Washington Board of Trade, 1616 K Street NW., Washington, D.C.

A. M. Barry Mayer, 1616 P Street NW., Washington, D.C.

B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.

D. (6) $250. E. (9) $286.80.

A. Michigan Hospital Service, 441 East Jefferson Avenue, Detroit, Mich.

E. (9) $1,534.07.

A. Midland Cooperative Dairy Association, Shawano, Wis.

A. C. R. Miles, 1615 H Street NW., Washington, D.C.

B. Chamber of Commerce of the U.S.A.

A. John R. Miles, 1615 H Street NW., Washington, D.C.

B. Chamber of Commerce of the U.S.A.

A. Milk Industry Foundation, 1145 19th Street NW., Washington, D.C.

A. Capt. A. Stanley Miller, 930 Barr Building, Washington, D.C.

B. American Committee for Flags of Necessity, 25 Broadway, New York, N.Y.

D. (6) $100. E. (9) $50.

A. Miller & Chevalier, 1001 Connecticut Avenue, Washington, D.C.

B. Blue Cross Association, 840 North Lake Shore Drive, Chicago, Ill.

E. (9) $135.75.

A. Miller & Chevalier, 1001 Connecticut Avenue NW., Washington, D.C.

B. Jeppesen & Co., 8025 East 40th Avenue, Denver 8, Colo.

D. (6) $2,650. E. (9) $85.54.

A. Dale Miller, 377 Mayflower Hotel, Washington, D.C.

B. Dallas (Tex.) Chamber of Commerce.

D. (6) $1,500.

A. Dale Miller, 377 Mayflower Hotel, Washington, D.C.

B. General Motors Corp., Detroit, Mich.

D. (6) $1,250.

A. Dale Miller, 377 Mayflower Hotel, Washington, D.C.

B. Intracoastal Canal Association of Louisiana and Texas, 2211 South Coast Building, Houston, Tex.

D. (6) $2,625.

A. Dale Miller, 377 Mayflower Hotel, Washington, D.C.

B. Texas Gulf Sulphur Co., Newgulf, Tex., and New York, N.Y.

D. (6) $2,250.

A. Edwin Reid Miller, 1004 Farnam Street, Omaha, Nebr.

B. Nebraska Railroads Legislative Committee, 1004 Farnam Street, Omaha, Nebr.

D. (6) $3,000. E. (9) $513.41.

A. Joseph L. Miller, 1025 Connecticut Avenue NW., Washington, D.C.

B. Northern Textile Association, Thiesen-Clemens Co., and Quinebaug-French River Manufacturers Association.

A. Lloyd S. Miller, 1730 K Street NW., Washington, D.C., and 195 Broadway, New York, N.Y.

B. American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.

D. (6) $668.

A. Claude Minard, 215 Market Street, San Francisco, Calif.

B. California Railroad Association, 215 Market Street, San Francisco, Calif.

A. Clarence Mitchell, 100 Massachusetts Avenue NW., Washington, D.C.

B. National Association for the Advancement of Colored People, 20 West 40th Street, New York, N.Y.
D. (6) $1,875.

A. Mobilehome Dealers National Association, 39 South LaSalle Street, Chicago, Ill.
E. (9) $2,496.97.

A. M. D. Mobley, 1010 Vermont Avenue NW., Washington, D.C.
B. American Vocational Association, 1010 Vermont Avenue NW., Washington, D.C.

A. Harry L. Moffett, 1102 Ring Building, Washington, D.C.
B. American Mining Congress, Ring Building, Washington, D.C.
D. (6) $825. E. (9) $33.90.

A. Marion S. Monk, Jr., Batchelor, La.
B. National Association of Soil & Water Conservation Districts, League City, Tex.
D. (6) $187.87. E. (9) $187.87.

A. T. L. Moody, Republic National Bank Building, Dallas, Tex.
B. Dresser Industries, Inc., Republic National Bank Building, Dallas, Tex.
D. (6) $750. E. (9) $615.

A. Walter H. Moorman, 4650 East-West Highway, Bethesda, Md.
B. Baltimore & Ohio Railroad, Baltimore and Charles Streets, Baltimore, Md.
D. (6) $3,000. E. (9) $259.20.

A. Kenneth R. Morefield, 4401 East Colonial Drive, Orlando, Fla.
B. Florida Fruit & Vegetable Association, 4401 East Colonial Drive, Orlando, Fla.
D. (6) $41.65. E. (9) $60.88.

A. Cecil Morgan, 30 Rockefeller Plaza, New York, N.Y.
B. Standard Oil Co. (New Jersey), 30 Rockefeller Plaza, New York, N.Y.
E. (9) $16.25.

A. Morison, Murphy, Clapp & Abrams, the Pennsylvania Building, Washington, D.C.
B. American Reciprocal Insurance Association, Kansas City, Mo.
D. (6) $2,530. E. (9) $200.20.

A. Morison, Murphy, Clapp & Abrams, the Pennsylvania Building, Washington, D.C.
B. Ford Motor Co., the American Road, Dearborn, Mich.

A. Morison, Murphy, Clapp & Abrams, the Pennsylvania Building, Washington, D.C.
B. The Sperry & Hutchinson Co., 114 Fifth Avenue, New York, N.Y.
D. (6) $150.

A. Motor Commerce Association, Inc., 4004 Versailles Road, Lexington, Ky.
D. (6) $5,000. E. (9) $6,153.01.

A. Bernard R. Mullady, 1200 15th Street NW., Washington, D.C.
B. International Brotherhood of Electrical Workers.
D. (6) $2,730.

A. Vincent S. Mullaney, 777 14th Street NW, Washington, D.C.
B. General Electric Co., 570 Lexington Avenue, New York, N.Y.
D. (6) $625. E. (9) $371.93.

A. T. H. Mullen, 711 14th Street NW., Washington, D.C.
B. American Paper & Pulp Association, 122 East 42d Street, New York, N.Y.

A. T. H. Mullen, 711 14th Street NW., Washington, D.C.
B. American Pulpwood Association, 220 East 42d Street, New York, N.Y.

A. Warren Mullin, 1701 K Street NW., Washington, D.C.
B. Man-Made Fiber Producers Association, Inc., 350 Fifth Avenue, New York, N.Y.
D. (6) $200. E. (9) $105.

A. Walter J. Munro, Hotel Washington, Washington, D.C.
B. Brotherhood of Railroad Trainmen.

A. Ray R. Murdock.
B. American Maritime Association, 17 Battery Place, New York, N.Y., and 1725 K Street NW., Washington, D.C.
D. (6) $583.32.

A. Dr. Emmett J. Murphy, 5737 13th Street NW., Washington, D.C.
B. National Chiropractic Insurance Co., National Building, Webster City, Iowa.
D. (6) $600. E. (9) $600.

A. John T. Murphy, 808 North Third Street, Milwaukee, Wis.
B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
E. (9) $632.36.

A. William E. Murray, 2000 Florida Avenue NW., Washington, D.C.
B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

A. Mutual Insurance Committee on Federal Taxation, 20 North Wacker Drive, Chicago, Ill.
D. (6) $29,512.50. E. (9) $29,826.81.

A. Kenneth D. Naden, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.

A. National Anti-Vivisection Society, 1411 Pennsylvania Avenue NW., Washington, D.C.
D. (6) $126.

A. National Association of Chain Drug Stores, Inc., 1625 I Street NW., Washington, D.C.
E. (9) $5,180.66.

A. National Association of Direct Selling Companies, 163–165 Center Street, Winona, Minn.
D. (6) $13,750. E. (9) $14.30.

A. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.
D. (6) $2,252.05. E. (9) $14,821.06.

A. National Association of Food Chains, 1725 I Street NW., Washington, D.C.
D. (6) $650. E. (9) $490.

A. National Association of Frozen Food Packers, 919 18th Street NW., Washington, D.C.

A. National Association of Insurance Agents, Inc.
D. (6) $3,500. E. (9) $7,944.81.

A. National Association of Margarine Manufacturers, 545 Munsey Building, Washington, D.C.

A. National Association of Motor Bus Owners, 839 17th Street NW., Washington, D.C.
E. $10.94.

A. National Association of Mutual Savings Banks, 60 East 42d Street, New York, N.Y.
D. (6) $4,559.34. E. (9) $4,505.75.

A. National Association of Postal Supervisors, Post Office Box 1924, Washington, D.C.
D. (6) $20,000. E. (9) $7,413.47.

A. National Association of Real Estate Boards, 30 South Wabash Avenue, Chicago, Ill., and 1300 Connecticut Avenue NW., Washington, D.C.
E. (9) $9,281.47.

A. National Association of Retired Civil Employees, 1625 Connecticut Avenue NW., Washington, D.C.

A. National Association of Soil & Water Conservation Districts, League City, Tex.
D. (6) $965.96. E. (9) $1,395.31.

A. National Association of Travel Organizations, 1422 K Street NW., Washington, D.C.
D. (6) $21,952.42. E. (9) $682.50.

A. National Association of Wheat Growers, 1411 K Street NW., Washington, D.C.
D. (6) $2,534.42. E. (9) $2,534.42.

A. National Automobile Dealers Association, 2000 K Street NW., Washington, D.C.
D. (6) $10,058.62. E. (9) $10,058.62.

A. National Coal Association, Coal Building, Washington, D.C.

A. National Committee for Effective Design Legislation, 200 East 42d Street, New York, N.Y.
D. (6) $1,100.

A. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.
D. (6) $42,550. E. (9) $48,010.13.

A. National Committee for Research in Neurological Disorders, 99 University Place, New York, N.Y.

A. National Conference of Non-Profit Shipping Associations, Inc., Post Office Box 1736, Atlanta, Ga.
D. (6) $4,000.

A. National Conference for Repeal of Taxes on Transportation, 1710 H Street NW., Washington, D.C.

A. National Congress of Parents and Teachers, 700 North Rush Street, Chicago, Ill.

A. National Cotton Compress and Cotton Warehouse Association, 1085 Shrine Building, Memphis, Tenn.

A. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.
D. (6) $4,020.01. E. (9) $4,020.01.

A. National Council on Business Mail, Inc., 20 North Wacker Drive, Chicago, Ill.
D. (6) $67.98. E. (9) $425.

A. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $10,000. E. (9) $8,600.

A. National Council, Junior Order United American Mechanics, 3027 North Broad Street, Philadelphia, Pa.
E. (9) $150.

A. National Council of Naval Air Stations Employee Organizations, 3005 Fernside Boulevard, Alameda, Calif.
D. (6) $357.26. E. (9) $670.58.

A. National Economic Council, Inc., 156 Fifth Avenue, New York, N.Y.
D. (6) $1,386.32. E. (9) $1,464.58.

A. National Electrical Contractors Association, Inc., 1200 18th Street NW., Washington, D.C.

A. National Electrical Manufacturers Association, 155 East 44th Street, New York, N.Y.
D. (6) $100.07. E. (9) $100.07.

A. National Food Brokers Association, 1916 M Street NW., Washington, D.C.
D. (6) $1,395. E. (9) $1,395.

A. National Independent Dairies Association, 1627 K Street NW., Washington, D.C.
E. (9) $576.45.

A. National Independent Meat Packers Association, 740 11th Street NW., Washington, D.C.
D. (6) $6,245.25. E. (9) $4,728.78.

A. National League of Insured Savings Associations, 907 Ring Building, Washington, D.C.
D. (6) $8,981.59. E. (9) $7,339.32.

A. National Limestone Institute, Inc., 210 H Street NW., Washington, D.C.
D. (6) $2,082.50. E. (9) $2,082.50.

A. National Livestock Feeders Association, 401 Livestock Exchange Building, Omaha, Nebr.
D. (6) $3,742.72. E. (9) $3,742.72.

A. National Lumber Manufacturers Association, 1619 Massachusetts Avenue NW., Washington, D.C.
D. (6) $10,086.95. E. (9) $12,612.26.

A. National Milk Producers Federation, 30 F Street NW., Washington, D.C.
D. (6) $5,469.55. E. (9) $5,469.55.

A. National Multiple Sclerosis Society, 257 Park Avenue South, New York, N.Y.
E. (9) $907.13.

A. National Parking Association, 711 14th Street NW., Washington, D.C.

A. National Reclamation Association, 897 National Press Building, Washington, D.C.
D. (6) $16,742.50. E. (9) $12,471.47.

A. National Rejectors, Inc., subsidiary of Universal Match Corp., 5100 San Francisco Avenue, St. Louis, Mo.
B. Walter R. Mayne, 506 Olive Street, St. Louis, Mo.
D. (6) $765. E. (9) $988.12.

A. National Restaurant Association, 1012 14th Street NW., Washington, D.C., and 1530 North Lake Shore Drive, Chicago, Ill.
D. (6) $7,151.88. E. (9) $7,151.88.

A. National Retail Furniture Association, 666 Lake Shore Drive, Chicago, Ill.

A. National Retail Merchants Association, 100 West 31st Street, New York, N.Y.
D. (6) $4,125. E. (9) $7,310.89.

A. National Rivers and Harbors Congress, 1028 Connecticut Avenue NW., Washington, D.C.
D. (6) $11.956. E. (9) $23,630.69.

A. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.
E. (9) $867.42.

A. National Society of Professional Engineers, 2029 K Street NW., Washington, D.C.
D. (6) $231,012. E. (9) $2,244.

A. National Tire Dealers and Retreaders Association, 1343 L Street NW., Washington, D.C.
D. (6) $65. E. (9) $65.

A. National Woman's Christian Temperance Union, 1730 Chicago Avenue, Evanston, Ill.
D. (6) $2,486.42. E. (9) $2,438.69.

A. Nation-Wide Committee of Industry, Agriculture and Labor on Import-Export Policy, 815 15th Street NW., Washington, D.C.
D. (6) $2,000. E. (9) $13,845.22.

A. Robert R. Neal, 1701 K Street NW., Washington, D.C.
B. Health Insurance Association of America, 1701 K Street NW., Washington, D.C.
D. (6) $1,008. E. (9) $61.25.

A. William S. Neal, 918 16th Street NW., Washington, D.C.
B. National Association of Manufacturers.

A. Samuel E. Neel, 1001 15th Street NW., Washington, D.C.
B. Mortgage Bankers Association of America, 111 West Washington Street, Chicago, Ill.
D. (6) $4,750.02. E. (9) $3,337.62.

A. Samuel E. Neel, 1001 15th Street NW., Washington, D.C.
B. James W. Rouse & Co., Inc., 14 West Saratoga Street, Baltimore, Md.; Walker & Dunlop, Inc., 905 16th Street NW., Washington, D.C.; Frederick W. Berens, Inc., 1722 L Street NW., Washington, D.C.; the Carey Winston Co., 1723 Connecticut Avenue NW., Washington, D.C.; B. F. Saul Co., 925 15th Street NW., Washington, D.C.

A. William E. Neumeyer, 1120 Connecticut Avenue NW., Washington, D.C.
B. G.T. & E. Service Corp., 730 Third Avenue, New York, N.Y.

A. New England Shoe & Leather Association, 210 Lincoln Street, Boston, Mass.
D. (6) $827.04. E. (9) $827.04.

A. Mrs. Sarah H. Neuman.
B. National Consumers League, 1029 Vermont Avenue NW., Washington, D.C.
D. (6) $1,650.

A. Charles M. Noone, 1209 Ring Building, Washington, D.C.
B. National Association of Small Business Investment Companies, 537 Washington Building, Washington, D.C.
E. (9) $210.

A. T. A. Nooner, Jr., 38 South Dearborn Street, Chicago, Ill.
B. Railway Progress Institute, 38 South Dearborn Street, Chicago, Ill.
D. (6) $3,600. E. (9) $22.32.

A. O. L. Norman, 1200 18th Street NW., Washington, D.C.
B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.
D. (6) $937.50. E. (9) $136.86.

A. Harry E. Northam, 185 North Wabash Avenue, Chicago, Ill.
B. Association of American Physicians & Surgeons, Inc., 185 North Wabash Avenue, Chicago, Ill.

A. E. M. Norton, 30 F Street NW., Washington, D.C.
B. National Milk Producers Federation, 30 F Street NW., Washington, D.C.
D. (6) $300.

A. Brice O'Brien, 1102 Ring Building, Washington, D.C.
B. American Mining Congress, Ring Building, Washington, D.C.
D. (6) $675. E. (9) $19.70.

A. Richard T. O'Connell, 1616 H Street NW., Washington, D.C.
B. National Council of Farmer Cooperatives, 1616 H Street NW., Washington, D.C.
D. (6) $3,574.98. E. (9) $76.77.

A. E. H. O'Connor, 176 West Adams Street, Chicago, Ill.
B. Insurance Economics Society of America, 176 West Adams Street, Chicago, Ill.
D. (6) $11,807.97.

A. John F. O'Connor, 817 14th Street NW., Washington, D.C.
B. United Federation of Postal Clerks, 817 14th Street NW., Washington, D.C.
D. (6) $4,375.12. E. (9) $591.08.

A. R. E. O'Connor, 122 East 42d Street, New York, N.Y.
B. American Paper & Pulp Association, 122 East 42d Street, New York, N.Y.

A. John A. O'Donnell, 1616 P Street NW., Washington, D.C.
B. American Trucking Association, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $600. E. (9) $600.

A. Ohio Railroad Association, 16 East Broad Street, Columbus, Ohio.
E. (9) $1,627.29.

A. Alvin E. Oliver, 400 Folger Building, Washington, D.C.
B. Grain and Feed Dealers National Association, 400 Folger Building, Washington, D.C.
D. (6) $48.18. E. (9) $3.

A. Oliver and Donnally, 110 East 42d Street, New York, N.Y.
B. National Association of Mutual Savings Banks, 60 East 42d Street, New York, N.Y.
D. (6) $394.22. E. (9) $39.49.

A. Clarence H. Olson, 1008 K Street NW., Washington, D.C.
B. The American Legion, 700 North Pennsylvania Street, Indianapolis, Ind.
D. (6) $3,105. E. (9) $138.85.

A. Samuel Omasta, 210 H Street NW., Washington, D.C.
B. National Limestone Institute, Inc., 210 H Street NW., Washington, D.C.
E. (9) $15.

A. Monroe Oppenheimer, 1026 Woodward Building, Washington, D.C.
B. Signal Hill Telecasting Corp., 5915 Berthold Avenue, St. Louis, Mo.

A. Order of Railway Conductors and Brakemen, O.R.C. & B. Building, Cedar Rapids, Iowa.
E. (9) $5,021.24.

A. Clayton L. Orn, 539 South Main Street, Findlay, Ohio.
B. The Ohio Oil Company, Findlay, Ohio.

A. Morris E. Osburn, Central Trust Building, Jefferson City, Mo.
B. Missouri Railroad Committee.
E. (9) $306.85.

A. Kermit Overby, 2000 Florida Avenue NW., Washington, D.C.

B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

D. (6) $165.

A. John A. Overholt, 10315 Kensington Parkway, Kensington, Md.

B. National Association of Retired Civil Employees, 1625 Connecticut Avenue, Washington, D.C.

D. (6) $1,076.95. E. (9) $59.75.

A. William Edison Owen, 215 C Street NW., Washington, D.C.

B. Manning Clagett, Robert Smith, and John Underwood, Accokeek, Md.

D. (6) $250.

A. Edwin F. Padberg, 1223 Pennsylvania Building, Washington, D.C.

B. The Pennsylvania Railroad Co., 6 Penn Center Plaza, Philadelphia, Pa.

A. Michael Padnos, 1341 Connecticut Avenue NW., Washington, D.C.

B. Americans for Democratic Action, 1341 Connecticut Avenue NW., Washington, D.C.

D. (6) $1,663.48. E. (9) $143.38.

A. Walter Page, 912 University Building, Syracuse, N.Y.

A. Everett L. Palmer, 901 Hamilton Street, Allentown, Pa.

B. Pennsylvania Power & Light Co., 901 Hamilton Street, Allentown, Pa.

E. (9) $195.68.

A. Lew M. Paramore, Town House Hotel, Kansas City, Kans.

B. Mississippi Valley Association, 1978 Railway Exchange Building, St. Louis, Mo.

A. J. D. Parel, 944 Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $26.25.

A. Joseph O. Parker, 531 Washington Building, Washington, D.C.

B. Institute of American Poultry Industries, 67 East Madison Street, Chicago, Ill.

D. (6) $350. E. (9) $15.

A. Joseph O. Parker, 531 Washington Building, Washington, D.C.

B. The National Grange, 1616 H Street NW., Washington, D.C.

D. (6) $500. E. (9) $20.72.

A. Holcombe Parkes, 38 South Dearborn Street, Chicago, Ill.

B. Railway Progress Institute, 38 South Dearborn Street, Chicago, Ill.

D. (6) $9,750. E. (9) $11.70.

A. James D. Parriott, Jr., 539 South Main Street, Findlay, Ohio.

B. The Ohio Oil Co., 539 South Main Street, Findlay, Ohio.

A. Robert D. Partridge, 2000 Florida Avenue NW., Washington, D.C.

B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

D. (6) $142.50.

A. James G. Patton.

B. The Farmers' Educational & Co-Operative Union of America, 1575 Sherman Street, Denver, Colo.; 1404 New York Avenue NW., Washington, D.C.

D. (6) $1,415.25. E. (9) $1,516.45.

A. Paul, Weiss, Rifkind, Wharton & Garrison, 1625 I Street NW., Washington, D.C.

B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.

D. (6) $6,900. E. (9) $240.59.

A. Philip C. Pendleton, Second Street Pike, Bryn Athyn, Pa.

B. Charitable Contributors Association, 100 Old York Road, Jenkintown, Pa.

D. (6) $1,700.

A. Philip C. Pendleton, Second Street Pike, Bryn Athyn, Pa.

B. Family Tax Association, 2110 Girard Trust Building, Philadelphia, Pa.

D. (6) $1,900. E. (9) $237.55.

A. Philip C. Pendleton, Second Street Pike, Bryn Athyn, Pa.

B. The Pitcairn Co., 100 West Tenth Street, Wilmington, Del.

D. (6) $2,100. E. (9) $95.86.

A. Sanford Z. Persons, 820 13th Street NW., Washington, D.C.

B. United World Federalists, Inc., 820 13th Street NW., Washington. D.C.

D. (6) $2,166.66 E. (9) $70.45.

A. Ervn L. Peterson, 1145 19th Street NW., Washington, D.C.

B. Milk Industry Foundation, 1145 19th Street NW., Washington, D.C.

A. J. Hardin Peterson, Post Office Box 111, Lakeland, Fla.

B. Florida Citrus Mutual (legislative fund), Lakeland, Fla.

D. (6) $1,800. E. (9) $43.50.

A. J. Hardin Peterson, Post Office Box 111, Lakeland, Fla.

B. West Coast Inland Navigation District, Court House, Bradenton, Fla.

D. (6) $600. E. (9) $204.30.

A. Pharmaceutical Manufacturers Association, 1411 K Street NW., Washington, D.C.

D. (6) $14,642.63. E. (9) $14,642.63.

A. Tom Pickett, 944 Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $216.67. E. (9) $14.

A. Albert Pike, Jr., 488 Madison Avenue, New York, N.Y.

B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.

A. James F. Pinkney, 1616 P Street NW., Washington, D.C.

B. American Trucking Association, Inc., 1616 P Street NW., Washington, D.C.

D. (6) $1,000. E. (9) $38.90.

A. T. E. Pinkston, 101 East High Street, Lexington, Ky.

B. Kentucky Railroad Association.

E. (9) $124.

A. James H. Pipkin, 1001 Connecticut Avenue NW., Washington, D.C.

B. Texaco Inc., 135 East 42d Street, New York, N.Y.

D. (6) $600. E. (9) $1,026.82.

A. Pitcairn Co., 100 West 10th Street, Wilmington, Del.

E. (9) $2,183.27.

A. Plains Cotton Growers, Inc., 1720 Avenue M, Lubbock, Tex.

D. (6) $18,579.76. E. (9) $1,350.

A. Sanford L. Platt, 723 Investment Building, Washington, D.C.

B. Hawaiian Sugar Planters' Association, Honolulu, Hawaii.

A. J. Francis Pohlhaus, 100 Massachusetts Avenue NW., Washington, D.C.

B. National Association for the Advancement of Colored People, 20 West 40th Street, New York, N.Y.

D. (6) $1,000.

A. James K. Polk, 522 Fifth Avenue, New York, N.Y.

B. Consolidated Edison Co. of New York, Inc., 4 Irving Place, New York, N.Y.

D. (6) $338.

A. Mima R. Pollett.

B. O'Malley Investment Co., 1833 Central Avenue, Phoenix, Ariz.

A. Frank M. Porter, 1271 Avenue of the Americas, New York, N.Y.

B. American Petroleum Institute, 1271 Avenue of the Americas, New York, N.Y.

A. Richard M. Powell, 1210 Tower Building, Washington, D.C.

B. National Association of Refrigerated Warehouses, 1210 Tower Building, Washington, D.C.

A. Thomas W. Power, 1012 14th Street NW., Washington, D.C.

B. National Restaurant Association, 1012 14th Street NW., Washington, D.C., and 1530 North Lake Shore Drive, Chicago, Ill.

D. (6) $2,000. E. (9) $300.

A. William H. Press, 1616 K Street NW., Washington, D.C.

B. Metropolitan Washington Board of Trade, 1616 K Street NW., Washington, D.C.

D. (6) $4,800.

A. Product Development International, Inc., 910 17th Street NW., Washington, D.C.

B. Sharp & Bogan, 1108 16th Street NW., Washington, D.C.

D. (6) $1,000.

A. Ganson Purcell, 910 17th Street NW., Washington, D.C.

B. Insular Lumber Co., 1406 Locust Street, Philadelphia, Pa.

E. (9) $2.67.

A. Purcell & Nelson, 910 17th Street NW., Washington, D.C.

B. Nicaragua Sugar Estates, Ltd., Managua, Nicaragua.

D. (6) $2,000. E. (9) $518.19.

A. C. J. Putt, 920 Jackson Street, Topeka, Kans.

B. The Atchison, Topeka and Santa Fe Railway Co., 920 Jackson Street, Topeka, Kans.

A. Gordon M. Quarnstrom, 7447 Skokie Boulevard, Skokie, Ill.

B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.

E. (9) $361.70.

A. Arthur L. Quinn, 303 Commonwealth Building, 1625 K Street NW., Washington, D.C.

B. British West Indies Sugar Association, Inc., Post Office Box 170, Bridgetown, Barbados, West Indies; Compania Azucarera Valdez, Apartado 4329, Guayaquil, Ecuador.

E. (9) $790.08.

A. Luke C. Quinn, Jr., 1001 Connecticut Avenue NW., Washington, D.C.

B. American Cancer Society, Arthritis and Rheumatism Foundation, United Cerebral

Palsy Association, National Multiple Sclerosis Society, National Committee for Research in Neurological Disorders, New York, N.Y.
D. (6) $8,249.97. E. (9) $8,248.18.

A. Alex Radin, 919 18th Street NW., Washington, D.C.
B. American Public Power Association, 919 18th Street NW., Washington, D.C.
D. (6) $298.65.

A. Edward F. Ragland, 6917 Marbury Road, Bethesda, Md.
B. The Tobacco Institute, Inc., 808 17th Street NW., Washington, D.C.

A. Railway Labor Executives' Association, 400 First Street NW., Washington, D.C.

A. Railway Progress Institute, 38 South Dearborn Street, Chicago, Ill.
E. (9) $7,369.27.

A. Alan T. Rains, 777 14th Street NW., Washington, D.C.
B. United Fresh Fruit and Vegetable Association, 777 14th Street NW., Washington, D.C.

A. Donald J. Ramsey, 1725 K Street NW., Washington, D.C.
B. Silver Users Association, 1725 K Street NW., Washington, D.C.
D. (6) $450. E. (9) $74.54.

A. J. A. Ransford, 1317 F Street NW., Washington, D.C.
B. Tidewater Oil Co., Los Angeles, Calif.

A. Sydney C. Reagan, 3840 Greenbrier Drive, Dallas, Tex.
B. Southwestern Peanut Shellers Association, Box 48, Durant, Okla.
D. (6) $676.05. E. (9) $526.05.

A. Realty Committee on Taxation, c/o Hurd & Co., Inc., 660 Madison Avenue, New York, N.Y.
D. (6) $21,100. E. (9) $16,387.64.

A. Record Industry Association of America, Inc., 1 East 57th Street, New York, N.Y.

A. Robert E. Redding, 1710 H Street NW., Washington, D.C.
B. National Conference for Repeal of Taxes on Transportation, 1710 H Street NW., Washington, D.C.

A. Robert E. Redding, 1710 H Street NW., Washington, D.C.
B. Transportation Association of America, 1710 H Street NW., Washington, D.C.

A. Otie M. Reed, 1107 19th Street NW., Washington, D.C.
B. National Creameries Association, 1107 19th Street NW., Washington, D.C.
D. (6) $2,300.01. E. (9) $4,128.92.

A. W. O. Reed, 6254 Woodland Drive, Dallas, Tex.
B. Texas Railroads.
D. (6) $275. E. (9) $395.55.

A. George L. Reid, Jr., 1616 P Street NW., Washington, D.C.
B. American Trucking Association, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $799.98. E. (9) $123.15.

A. Herbert S. Reid, 466 Lexington Avenue, New York, N.Y.
B. New York State Association of Railroads, 466 Lexington Avenue, New York, N.Y.
D. (6) $1,500.

A. James Francis Reilly, 1625 K Street NW., Washington, D.C.
B. Potomac Electric Power Co., 929 E Street NW., Washington, D.C.
D. (6) $1,250. E. (9) $175.

A. Louis H. Renfrow, 1000 16th Street NW., Washington, D.C.
B. National Coal Policy Conference, Inc., 1000 16th Street NW., Washington, D.C.
D. (6) $6,250.

A. Reserve Officers Association of the United States, 2517 Connecticut Avenue NW., Washington, D.C.

A. Retired Officers Association, 1616 I Street NW., Washington, D.C.
D. (6) $91,503.99.

A. Retirement Federation of Civil Service Employees of the U.S. Government, 900 F Street NW., Washington, D.C.
D. (6) $11,172.56. E. (9) $8,752.95.

A. F. Marion Rhodes, 60 Beaver Street, New York, N.Y.
B. New York Cotton Exchange, 60 Beaver Street, New York, N.Y.
E. (9) $475.

A. Theron J. Rice, 1615 H Street NW., Washington, D.C.
B. Chamber of Commerce of the U.S.A.

A. James W. Richards, 1000 16th Street NW., Washington, D.C.
B. Standard Oil Co. (Indiana), 910 South Michigan Avenue, Chicago, Ill.
D. (6) $1,060. E. (9) $406.48.

A. Harry H. Richardson, 335 Austin Street, Bogalusa, La.
B. Louisiana Railroads.
D. (6) $55.70. E. (9) $147.91.

A. James W. Riddell, 731 Washington Building, Washington, D.C.
B. Air Transport Association of America, 1000 Connecticut Avenue NW., Washington, D.C.

A. James W. Riddell, 731 Washington Building, Washington, D.C.
B. C.I.T. Financial Corp., 650 Madfson Avenue, New York, N.Y.

A. James W. Riddell, 731 Washington Building, Washington, D.C.
B. India Sugar Mills Association (Export Agency Division), Calcutta, India.

A. James W. Riddell, 731 Washington Building, Washington, D.C.
B. Mutual Benefit Health & Accident Association, Omaha, Nebr.

A. James W. Riddell, 731 Washington, Building, Washington, D.C.
B. State Farm Mutual Automobile Insurance Co., 112 East Washington Street, Bloomington, Ill.
D. (6) $2,000. E. (9) $69.52.

A. Richard J. Riddick, 1012 14th Street NW., Washington, D.C.
B. Freight Forwarders Institute, 1012 14th Street NW., Washington, D.C.
D. (6) $2,499.99. E. (9) $292.18.

A. Siert F. Riepma, 545 Munsey Building, Washington, D.C.
B. National Association of Margarine Manufacturers.

A. C. E. Rightor, 3300 Rolling Road, Chevy Chase, Md.
B. Committee for Study of Revenue Bond Financing, 149 Broadway, New York, N.Y.
D. (6) $450. E. (9) $523.89.

A. George D. Riley, 815 16th Street NW., Washington, D.C.
B. American Federation of Labor & Congress of Industrial Organizations, 815 16th Street NW., Washington, D.C.
D. (6) $3,419. E. (9) $518.15.

A. James F. Rill, 1730 K Street NW., Washington, D.C.
B. Steadman, Collier and Shannon, 1730 K Street NW., Washington, D.C.
D. (6) $165.50. E. (9) $17.10.

A. William Neale Roach, 1616 P Street NW., Washington, D.C.
B. American Trucking Associations, Inc., 1616 P Street NW., Washington, D.C.
D. (6) $1,200.

A. Paul H. Robbins, 2029 K Street NW., Washington, D.C.
B. National Society of Professional Engineers, 2029 K Street NW., Washington, D.C.
D. (6) $250.

A. Charles A. Robinson, Jr., 2000 Florida Avenue NW., Washington, D.C.
B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.
D. (6) $176.

A. Donald L. Rogers, 730 15th Street NW., Washington, D.C.
B. Association of Registered Bank Holding Companies, 730 15th Street NW., Washington, D.C.
D. (6) $375.

A. Frank W. Rogers, 1700 K Street NW., Washington, D.C.
B. Western Oil and Gas Association, 609 South Grand Avenue, Los Angeles, Calif.
D. (6) $526.

A. Watson Rogers, 1916 M Street NW., Washington, D.C.
B. National Food Brokers Association, 1916 M Street NW., Washington, D.C.
D. (6) $1,000.

A. T. J. Ross and Associates, Inc., 405 Lexington Avenue, New York, N.Y.
B. Committee of American Steamship Lines, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $7,500. E. (9) $9,746.54.

A. Rossmoor Corp., Post Office Box 125, Seal Beach, Calif.

A. James H. Rowe, Jr., and Richard C. O'Hare, 1016 Investment Building, Washington, D.C.
B. Haytian American Sugar Co., S. A., Port-au-Prince, Haiti.
D. (6) $3,750. E. (9) $224.38.

A. John Forney Rudy, 902 Ring Building, Washington, D.C.
B. The Goodyear Tire & Rubber Co., Akron, Ohio.

A. Albert R. Russell, 1918 North Parkway, Memphis, Tenn.
B. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.
D. (6) $672.48. E. (9) $109.56.

A. Oswald Ryan, 528 Barr Building, Washington, D.C.
B. Air Traffic Control Association, Inc., 528 Barr Building, Washington, D.C.
D. (6) $500. E. (9) $20.

A. William H. Ryan, 400 First Street NW., Washington, D.C.
B. District Lodge No. 44, International Association of Machinists, 400 First Street NW., Washington, D.C.
D. (6) $2,999.88. E. (9) $60.

A. Robert A. Saltzstein, 508 Wyatt Building, Washington, D.C.

B. The Associated Business Publications, 205 East 42d Street, New York, N.Y.

D. (6) $2,750. E. (9) $242.96.

A. L. R. Sanford, 1730 K Street NW., Washington, D.C.

B. Shipbuilders Council of America, 1730 K Street NW., Washington, D.C.

A. O. H. Saunders, 1616 I Street NW., Washington, D.C.

B. Retired Officers Association, 1616 I Street N.W., Washington, D.C.

D. (6) $1,950.

A. Hilliard Schulberg, 1346 Connecticut Avenue NW., Washington, D.C.

B. Washington, D.C., Retail Liquor Dealers Association, Inc., 1346 Connecticut Avenue NW., Washington, D.C.

D. (6) $3,375. E. (9) $137.75.

A. Scribner, Hall & Casey, 1200 18th Street NW., Washington, D.C.

B. Connecticut General Life Insurance Co., and Travelers Insurance Co., Hartford, Conn.

E. (9) $271.78.

A. Durward Seals, 777 14th Street NW., Washington, D.C.

B. United Fresh Fruit and Vegetable Association, 777 14th Street NW., Washington, D.C.

A. Hollis M. Seavey, 1771 N Street NW., Washington, D.C.

B. National Association of Broadcasters, 1771 N Street NW., Washington, D.C.

A. Fred G. Seig, 944 Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $29.71. E. (9) $41.

A. Leo Seybold, 1000 Connecticut Avenue NW., Washington, D.C.

B. Air Transport Association of America, 1000 Connecticut Avenue NW., Washington, D.C.

D. (6) $1,125. E. (9) $95.05.

A. Alvin Shapiro, 919 18th Street NW., Washington, D.C.

B. American Merchant Marine Institute, Inc., 919 18th Street NW., Washington, D.C., and 11 Broadway, New York, N.Y.

D. (6) $1,750. E. (9) $295.49.

A. David C. Sharman, 1025 Connecticut Avenue NW., Washington, D.C.

B. American Optometric Association, Inc., Development Fund (Legislative), c/o Dr. Melvin B. Dunbar, 21 Bank Street, Lebanon, N.H.

D. (6) $1,348.71. E. (9) $323.72.

A. Sharp & Bogan, 1108 16th Street NW., Washington, D.C.

B. Association National des Tisseurs de Tapis, Velours et Tissus d'Ameublement, 24 Rue Montoyer, Brussels, Belgium.

D. (6) $750. E. (9) $722.91.

A. Sharp & Bogan, 1108 16th Street NW., Washington, D.C.

B. Board of Scandinavian Fur Farm Organizations, 8 Sveasvej, Copenhagen, Denmark.

D. (6) $750. E. (9) $594.75.

A. Sharp & Bogan, 1108 16th Street NW., Washington, D.C.

B. Imported Hardwood Plywood Association, Inc., World Trade Center, Ferry Building, San Francisco, Calif.

D. (6) $1,500. E. (9) $1,377.40.

A. A. Manning Shaw, 1625 I Street NW., Washington, D.C.

B. Brown & Lund, 1625 I Street NW., Washington, D.C.; National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.

D. (6) $968.

A. John J. Sheehan, 1001 Connecticut Avenue NW., Washington, D.C.

B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.

D. (6) $3,000. E. (9) $300.

A. David A. Shepard, 30 Rockefeller Plaza, New York, N.Y.

B. Standard Oil Co. (New Jersey), 30 Rockefeller Plaza, New York, N.Y.

E. (9) $644.50.

A. Bruce E. Shepherd, 488 Madison Avenue, New York, N.Y.

B. Life Insurance Corp. of America, 488 Madison Avenue, New York, N.Y.

A. Laurence P. Sherfy, 1625 K Street NW., Washington, D.C.

B. Mid-Continent Oil & Gas Association, 300 Tulsa Building, Tulsa, Okla.

A. Robert H. Shields, 920 Tower Building, Washington, D.C.

B. United States Beet Sugar Association, 920 Tower Building, Washington, D.C.

D. (6) $740.

A. Max Shine, 900 F Street NW., Washington, D.C.

B. American Federation of Technical Engineers, 900 F Street NW., Washington, D.C.

D. (6) $992.50. E. (9) $20.

A. Richard C. Shipman.

B. The Farmers' Educational & Co-Operative Union of America, 1575 Sherman Street, Denver, Colo.; 1404 New York Avenue NW., Washington, D.C.

D. (6) $1,188.86. E. (9) $122.30.

A. Robert L. Shortle, 801 International Building, New Orleans, La.

B. Mississippi Valley Association, 1978 Railway Exchange Building, St. Louis, Mo.

A. Charles B. Shuman, Merchandise Mart Plaza, Chicago, Ill.

B. American Farm Bureau Federation, Merchandise Mart Plaza, Chicago, Ill.

D. (6) $700.

A. Silver Users Association, 1725 K Street NW., Washington, D.C.

D. (6) $779. E. (9) $1,185.49.

A. Silverstein & Mullens, 1000 Bender Building, Washington, D.C.

B. National Association of Home Builders, 1625 L Street NW., Washington, D.C.

A. Silverstein & Mullens, 1120 Connecticut Avenue NW., Washington, D.C.

B. Rossmoor Leisure World, Seal Beach, Calif.

A. Six Agency Committee, 909 South Broadway, Los Angeles, Calif.

E. (9) $3,187.50.

A. Harold S. Skinner, Post Office Box 2197, Houston, Tex.

B. Continental Oil Co., Post Office Box 2197, Houston Tex.

A. Carstens Slack, 1625 I Street NW., Washington, D.C.

B. Phillips Petroleum Co., Bartlesville, Okla.

D. (6) $100. E. (9) $220.

A. Harold Slater, 1 Farragut Square South, Washington, D.C.

B. American Medical Association, 535 North Dearborn Street, Chicago, Ill.

D. (6) $1,312.50. E. (9) $93.33.

A. Stephen Slipher, 312 Pennsylvania Building, Washington, D.C.

B. United States Savings & Loan League, 221 North La Salle Street, Chicago, Ill.

D. (6) $2,812.50. E. (9) $28.10.

A. Carleton D. Smith, 1725 K Street NW., Washington, D.C.

B. Radio Corp. of America, 30 Rockefeller Plaza, New York, N.Y.

A. Dudley Smith, 732 Shoreham Building, Washington, D.C.

B. Association of Sugar Producers of Puerto Rico, 732 Shoreham Building, Washington, D.C.

A. Harold Arden Smith, 605 West Olympic Boulevard, Los Angeles, Calif.

B. Standard Oil Co. of California, 225 Bush Street, San Francisco, Calif.

D. (6) $200.

A. James R. Smith, 1060 Omaha National Bank Building, Omaha, Nebr.

B. Mississippi Valley Association, 1978 Railway Exchange Building, St. Louis, Mo.

A. Lloyd W. Smith, 416 Shoreham Builddding, Washington, D.C.

B. Chicago, Burlington & Quincy RR. Co., 547 West Jackson Boulevard, Chicago, Ill., and Great Northern Railway Co., 175 East Fourth Street, St. Paul, Minn.

D. (6) $4,650.

A. Dr. Spencer M. Smith, Jr., 1709 North Glebe Road, Arlington, Va.,

B. Citizens Committee on Natural Resources.

D. (6) $1,049.97. E. (9) $1,430.33.

A. Wallace M. Smith, 425 13th Street NW., Washington, D.C.

B. American Mutual Insurance Alliance.

A. Wayne H. Smithey, 1200 Wyatt Building, Washington, D.C.

B. Ford Motor Co., Dearborn, Mich.

D. (6) $798. E. (9) $212.31.

A. Lyle O. Snader, 944 Transportation Building, Washington, D.C.

B. Association of American Railroads, Transportation Building, Washington, D.C.

D. (6) $148.13.

A. Frank B. Snodgrass, 1025 Connecticut Avenue NW., Washington, D.C.

B. Burley and Dark Leaf Tobacco Export Association, Post Office Box 860, Lexington, Ky.

D. (6) $275. E. (9) $72.96.

A. Edward F. Snyder, 345 Second Street NE., Washington, D.C.

B. Friends Committee on National Legislation, 245 Second Street NE., Washington, D.C.

D. (6) $1,716.36.

A. J. R. Snyder, 400 First Street NW., Washington, D.C.

B. Brotherhood of Railroad Trainmen.

A. Society for Animal Protective Legislation, 745 Fifth Avenue, New York, N.Y.

D. (6) $620.84. E. (9) $2,465.92.

A. Charles B. Sonneborn, 210 H Street NW., Washington, D.C.

B. National Limestone Institute, Inc., 210 H Street NW., Washington, D.C.

E. (9) $7.50.

A. Marvin J. Sonosky, 1700 K Street NW., Washington, D.C.
B. Sisseton-Wahpeton Sioux Tribe of South Dakota, et al.

A. J. Taylor Soop, 400 First Street NW., Washington, D.C.
B. International Brotherhood of Electrical Workers, 330 South Wells Street, Chicago, Ill.
D. (6) $1,233.61.

A. W. Byron Sorrell, 1100 New Hampshire Avenue NW., Washington, D.C.
B. Mobilehome Dealers National Association, 39 South LaSalle Street, Chicago, Ill.
D. (6) $1,875. E. (9) $621.97.

A. Southern States Industrial Council, 1103 Stahlman Building, Nashville, Tenn.
D. (6) $22,123.39. E. (9) $4,678.96.

A. Southwestern Peanut Shellers' Association, Drawer 747, Durant, Okla.
D. (6) $29,351.05. E. (9) $1,202.10.

A. William W. Spear, 214 National Bank Building, Fremont, Nebr.
B. Standard Oil Company (Indiana), 910 South Michigan Avenue, Chicago, Ill.
D. (6) $830. E. (9) $176.21.

A. John M. Sprague, 1730 K Street NW., Washington, D.C.
B. Humble Oil & Refining Co., Post Office Box 2180, Houston, Tex.
E. (9) $10.23.

A. Howard M. Starling, 837 Washington Building, Washington, D.C.
B. Association of Casualty and Surety Companies, 110 William Street, New York, N.Y.
D. (6) $150. E. (9) $4.90.

A. Steadman, Collier and Shannon, 1730 K Street NW., Washington, D.C.
B. National Shoe Manufacturers Association, 342 Madison Avenue, New York, N.Y.
D. (6) $500. E. (9) $344.20.

A. Steadman, Collier, and Shannon, 1730 K Street NW., Washington, D.C.
B. The Tool and Fine Steel Committee, c/o The Carpenter Steel Co., Reading, Pa.
D. (6) $500. E. (9) $221.15.

A. Mrs. C. A. L. Stephens, Post Office Box 6234, Washington, D.C.

A. Russell M. Stephens, 900 F Street NW., Washington, D.C.
B. American Federation of Technical Engineers, 900 F Street NW., Washington, D.C.
D. (6) $240. E. (9) $20.

A. B. H. Steuerwald, 400 First Street NW., Washington, D.C.
B. Brotherhood of Railroad Signalmen, 2247 West Lawrence Avenue, Chicago, Ill.
D. (6) $200.

A. Eugene L. Stewart, 1001 Connecticut Avenue, Washington, D.C.
B. Man-Made Fiber Producers Association, Inc., 350 Fifth Avenue, New York, N.Y.
D. (6) $2,775. E. (9) $530.46.

A. Harry Stewart, 321 Middlefield Road, Menlo Park, Calif.
B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.
E. (9) $461.45.

A. Sterling F. Stoudenmire, Jr., 61 Saint Joseph Street, Mobile, Ala.
B. Waterman Steamship Corp., 61 Saint Joseph Street, Mobile, Ala.
D. (6) $94.23. E. (9) $46.49.

A. Francis W. Stover, 200 Maryland Avenue NE., Washington, D.C.
B. Veterans of Foreign Wars of the United States.
D. (6) $2,500. E. (9) $242.75.

A. O. R. Strackbein, 815 15th Street NW., Washington, D.C.
D. (6) $1,384.62.

A. O. R. Strackbein, 815 15th Street NW., Washington, D.C.
D. (6) $625.

A. O. R. Strackbein, 815 15th Street NW., Washington, D.C.
D. (6) $4,166.66.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. Federation of American Scientists, 1700 K Street NW., Washington, D.C.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, DC.
B. The Hualapai Tribe of the Hualapai Reservation, Peach Springs, Ariz.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. Laguna Pueblo of New Mexico, Laguna, N. Mex.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. The Nez Perce Tribe, Lapwai, Idaho.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. The Oglala Sioux Tribe of the Pine Ridge Reservation, Pine Ridge, S. Dak.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. Salt River Pima-Maricopa Indian Community, Scottsdale, Ariz.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. The San Carlos Apache Tribe, San Carlos, Ariz.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. The Seneca Nation of Indians, 25 Main Street, Salamanca, N.Y.

A. Strasser, Spiegelberg, Kampelman & McLaughlin, 1700 K Street NW., Washington, D.C.
B. The Tuscarora Nation of Indians, Lewiston, N.Y.

A. Ronnie J. Straw, 2000 Florida Avenue NW., Washington, D.C.
B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

A. William A. Stringfellow, 6004 Roosevelt Street, Bethesda, Md.
B. National Association of Mutual Insurance Agents, 827 Investment Building, Washington, D.C.
E. (9) $350.70.

A. Structural Clay Products Industry Depletion Committee, 1032 Shoreham Building, Washington, D.C.

A. Norman Strunk, 221 North La Salle Street, Chicago, Ill.
B. United States Savings & Loan League, 221 North La Salle Street, Chicago, Ill.
D. (6) $1,625. E. (9) $370.07.

A. Sam S. Studebaker, Tipp City, Ohio.
B. National Association of Soil and Water Conservation Districts, League City, Tex.

A. Walter B. Stults, 537 Washington Building, Washington, D.C.
B. National Association of Small Business Investment Co., 537 Washington Building, Washington, D.C.
D. (6) $600.

A. Verne R. Sullivan, 1615 H Street NW., Washington, D.C.
B. Chamber of Commerce of the U.S.A.

A. Frank L. Sundstrom, 350 Fifth Avenue, New York, N. Y.
B. Schenley Industries, Inc., 350 Fifth Avenue, New York, N.Y.

A. Surrey, Karasik, Gould & Greene, 1116 Woodward Building, Washington, D.C.
B. South Puerto Rico Sugar Co., 99 Wall Street, New York, N.Y.

A. Charles P. Taft, 1025 Connecticut Avenue NW., Washington, D.C.
B. Legislative Committee of the Committee for a National Trade Policy, Inc., 1025 Connecticut Avenue NW., Washington, D.C.
D. (6) $1,075. E. (9) $778.52.

A. Glenn J. Talbott.
B. The Farmers' Educational and Co-Operative Union of America, 1575 Sherman Street, Denver, Colo. and 1404 New York Avenue. NW., Washington, D.C.

A. Dwight D. Taylor, Jr., 918 16th Street NW., Washington, D.C.
B. American Airlines, Inc., 918 16th Street NW., Washington, D.C.
D. (6) $1,375. E. (9) $414.54.

A. John I. Taylor, 425 13th Street NW., Washington, D.C.
B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.
D. (6) $958.33. E. (9) $35.10.

A. Mrs. Margaret K. Taylor, 20 E Street NW., Washington, D.C.
B. American Parents Committee, Inc., 20 E Street NW., Washington, D.C. and Bipartison Citizens Committee for Federal Aid for Public Elementary and Secondary Education, 4107 Davenport Street NW., Washington, D.C.

A. J. B. Thayn, 425 13th Street NW., Washington, D.C.
B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.
D. (6) $1,406.25. E. (9) $19.42.

A. Oliver A. Thomas, 125 North Center Street, Reno. Nev.
B. Nevada Railroad Association and others, 125 North Center Street, Reno, Nev.
D. (6) $100. E. (9) $670.73.

A. Julia C. Thompson, 711 14th Street NW., Washington, D.C.
B. American Nurses' Association, Inc., 10 Columbus Circle, New York, N.Y.
D. (6) $2,055.18.

A. Eugene M. Thoré, 1701 K Street NW., Washington, D.C.
B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.
D. (6) $750. E. (9) $29.70.

A. G. D. Tilghman, 1612 K Street NW., Washington, D.C.
D. (6) $3,750.

A. William H. Tinney, 1223 Pennsylvania Building, Washington, D.C.

B. The Pennsylvania Railroad Co., 6 Penn Center Plaza, Philadelphia, Pa.

A. M. S. Tisdale, 4200 Cathedral Avenue, Washington, D.C.

B. Armed Services Committee, Chamber of Commerce of Vallejo, Calif.

D. (6) $147.50. E. (9) $133.45.

A. Tobacco Associates, Inc., 1025 Connecticut Avenue NW., Washington, D.C.

E. (9) $1,102.

A. H. Willis Tobler, 30 F Street NW., Washington, D.C.

B. National Milk Producers Federation, 30 F Street NW., Washington, D.C.

D. (6) $2,468.75. E. (9) $174.38.

A. John H. Todd, 1085 Shrine Building, Memphis, Tenn.

B. National Cotton Compress and Cotton Warehouse Association, 1085 Shrine Building, Memphis, Tenn.

A. Dwight D. Townsend, 1012 14th Street NW., Washington, D.C.

B. Cooperative League of USA, 343 South Dearborn Street, Chicago, Ill.

A. F. Gerald Toye, 777 14th Street NW., Washington, D.C.

B. General Electric Co., 570 Lexington Avenue, New York, N.Y.

D. (6) $675. E. (9) $45.60.

A. Transportation Association of America, 1710 H Street NW., Washington, D.C.

A. Richard S. Tribbe, 1508 Merchants Bank Building, Indianapolis, Ind.

B. Associated Railways of Indiana, 1508 Merchants Bank Building, Indianapolis, Ind.

A. Matt Triggs, 425 13th Street NW., Washington, D.C.

B. American Farm Bureau Federation, 2300 Merchandise Mart, Chicago, Ill.

D. (6) $1,750. E. (9) $56.35.

A. Glenwood S. Troop, Jr., 812 Pennsylvania Building, Washington, D.C.

B. United States Savings & Loan League, 221 North La Salle Street, Chicago, Ill.

D. (6) $1,625. E. (9) $77.80.

A. Paul T. Truitt, 1700 K Street NW., Washington, D.C.

B. National Plant Food Institute, 1700 K Street NW., Washington, D.C.

E. (9) $46.

A. Carol Lee Tucker, 20 E Street NW., Washington, D.C.

B. Federal Counsel Associates, Inc., 20 E Street NW., Washington, D.C.

D. (6) $1,125. E. (9) $125.

A. Dick Tullis, 307 Maple Terrace, Dallas, Tex.

B. Superior Oil Co., Houston, Tex., and Los Angeles, Calif.

D. (6) $1,500. (9) $1,450.

A. John W. Turner, 814 Railway Labor Building, Washington, D.C.

B. Brotherhood of Locomotive Engineers, B. of L. E. Building, Cleveland, Ohio.

A. William S. Tyson, 821 15th Street NW., Washington, D.C.

B. Local No. 30, Canal Zone Pilots Association, P.O. Box 111, Coco Solo, C.Z.

E. (9) $89.43.

A. William S. Tyson, 821 15th Street NW., Washington, D.C.

B. Western Range Association, 375 North Fulton Street, Fresno, Calif.

E. (9) $109.30.

A. Union Producing Co., 1525 Fairfield Avenue, Shreveport, La., and United Gas Pipe Line Co., 1525 Fairfield Avenue, Shreveport, La.

E. (9) $853.34.

A. United Cerebral Palsy Associations, 321 West 44th Street, New York, N.Y.

E. (9) $1,511.73.

A. United Federation of Postal Clerks, 817 14th Street NW., Washington, D.C.

D. (6) $258,106.49. E. (9) $45,431.13.

A. United States Savings and Loan League, 221 North La Salle Street, Chicago, Ill.

E. (9) $29,600.20.

A. United States Trust Co. of New York, 45 Wall Street, New York, N.Y.

A. United World Federalists, Inc., 820 13th Street NW., Washington, D.C.

D. (6) $5,974.32. E. (9) $5,974.32.

A. Arvin E. Upton, 1821 Jefferson Place NW., Washington, D.C.

B. National Committee on Radiation Protection and Measurements, U.S. Department of Commerce, National Bureau of Standards, Washington, D.C.

E. (9) $73.90.

A. Thomas M. Venables, 2000 Florida Avenue NW., Washington, D.C.

B. National Rural Electric Cooperative Association, 2000 Florida Avenue NW., Washington, D.C.

A. Richard E. Vernor, 1701 K Street NW., Washington, D.C.

B. American Life Convention, 230 North Michigan Avenue, Chicago, Ill.

D. (6) $199.44. E. (9) $43.95.

A. L. T. Vice, 1700 K Street NW., Washington, D.C.

B. Standard Oil Co. of California, 1700 K Street NW., Washington, D.C.

D. (6) $180. E. (9) $70.

A. R. K. Vinson, 1346 Connecticut Avenue NW., Washington, D.C.

B. Machinery Dealers National Association, 1346 Connecticut Avenue NW., Washington, D.C.

A. Voice of the People in Action, the Society of the People, Inc., 621 Sheridan Street, Chillum, Md.

B. Dr. Russell Forrest Egner.

D. (6) $1,033.25. E. (9) $1,034.82.

A. Paul F. Wagner, 400 Waynewood Boulevard, Alexandria, Va.

B. Samuel B. Bledsoe, 1625 Eye Street NW., Washington, D.C.

D. (6) $585. E. (9) $87.21.

A. Carl M. Walker, 30 F Street NW., Washington, D.C.

B. National Milk Producers Federation, 30 F Street NW., Washington, D.C.

A. Paul H. Walker, 1701 K Street NW., Washington, D.C.

B. Life Insurance Association of America, 488 Madison Avenue, New York, N.Y.

D. (6) $212.50. E. (9) $12.44.

A. Stephen M. Walter, 1200 18th Street NW., Washington, D.C.

B. National Association of Electric Companies, 1200 18th Street NW., Washington, D.C.

D. (6) $418.25. E. (9) $18.05.

A. William A. Walton, 920 Jackson Street, Topeka, Kans.

B. Kansas Railroad Committee, 920 Jackson Street, Topeka, Kans.

A. Washington Committee, Association of Sugar Producers of Puerto Rico, 732 Shoreham Building, Washington, D.C.

A. Washington Home Rule Committee, Inc., 924 14th Street NW., Washington, D.C.

D. (6) $2,056.65. E. (9) $1,965.

A. Jeremiah C. Waterman, 205 Transportation Building, Washington, D.C.

B. Southern Pacific Co., 205 Transportation Building, Washington, D.C.

D. (6) $500. E. (9) $100.

A. Waterways Bulk Transportation Council, Inc., 21 West Street, New York, N.Y.

D. (6) $8,380. E. (9) $6,108.43.

A. J. R. Watson, I.C.R.R. Passenger Station, Jackson, Miss.

B. Mississippi Railroad Association, I.C. R.R. Passenger Station, Jackson, Miss.

E. (9) $286.04.

A. George E. Weaver, 530 East Elizabeth Street, Ft. Collins, Colo.

B. National Association of Soil and Water Conservation Districts, League City, Tex.

A. Weaver and Glassie, 1225 19th Street NW., Washington, D.C.

B. The Atlantic Refining Co., 260 South Broad Street, Philadelphia, Pa.

D. (6) $300.

A. Weaver and Glassie, 1225 19th Street NW., Washington, D.C.

B. Eastern Meat Packers Association, Inc., 740 11th Street NW., Washington, D.C.

D. (6) $5. E. (9) $3.18.

A. Weaver and Glassie, 1225 19th Street NW., Washington, D.C.

B. The National Independent Meat Packers Association, 740 11th Street NW., Washington, D C.

D. (6) $225. E. (9) $16.95.

A. William H. Webb, LaSalle Building, Washington, D.C.

B. National Rivers and Harbors Congress, 1025 Connecticut Avenue, Washington, D.C.

D. (6) $2,433.68. E. (9) $500.03.

A. E. E. Webster, 400 First Street NW., Washington, D.C.

B. Brotherhood of Maintenance of Way Employees, 12050 Woodward Avenue, Detroit, Mich.

D. (6) $3,766.44.

A. William E. Welsh, 897 National Press Building, Washington, D.C.

B. National Reclamation Association, 897 National Press Building, Washington, D.C.

D. (6) $3,750. E. (9) $284.82.

A. West Coast Inland Navigation District, Courthouse, Bradenton, Fla.

E. (9) $784.38.

A. Donald Francis White, 1616 H Street NW., Washington, D.C.

B. American Retail Federation, 1616 H Street NW., Washington, D.C.

D. (6) $2,062. E. (9) $48.45.

A. Horace P. White, 1341 G Street NW., Washington, D.C.

B. International Union of Mine, Mill and Smelter Workers, 941 East 17th Avenue, Denver, Colo.

D. (6) $150. E. (9) $327.48.

A. John C. White, 838 Transportation Building, Washington, D.C.
B. American Cotton Shippers Association.
D. (6) $1,050. E. (9) $355.87.

A. Marc A. White, 1707 H Street NW., Washington, D.C.
B. National Association of Securities Dealers, Inc.

A. H. Leigh Whitelaw, 734 15th Street NW., Washington, D.C.
B. Gas Appliance Manufacturers Association, Inc., 60 East 42d Street, New York, N.Y.

A. Scott, C. Whitney, 918 16th Street NW., Washington, D.C.
B. American Airlines, Inc., 918 16th Street NW., Washington, D.C.
D. (6) $2,000. E. (9) $385.

A. Donald S. Whyte, 1102 Ring Building, Washington, D.C.
B. American Mining Congress, Ring Building, Washington, D.C.
D. (6) $450. E. (9) $35.30.

A. Louis E. Whyte, 918 16th Street NW., Washington, D.C.
B. Independent Natural Gas Association of America, 918 16th Street NW., Washington, D.C.

A. Albert E. Wilkinson, Investment Building, Washington, D.C.
B. The Anaconda Co., Hennessy Building, Butte, Mont.
D. (6) $2,250. E. (9) $725.80.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.
B. American Society of Travel Agents, Inc., 501 5th Avenue, New York, N.Y.
E. (9) $1.75.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.
B. Arapahoe Tribe of Indians, Fort Washakie, Wyo.
E. (9) $13.09.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.
B. Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.
E. (9) $9.20.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.
B. Quinaielt Tribe of Indians, Taholah, Wash.
E. (9) $1.75.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.
B. Spokane Indian Tribe, Wellpinit, Wash.
E. (9) $1.45.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.
B. Sugar Producers Association of El Salvador, San Salvador.
E. (9) $55.48.

A. Franz O. Willenbucher, 1616 I Street NW., Washington, D.C.
B. Retired Officers Association, 1616 I Street NW., Washington, D.C.
D. (6) $3,000.

A. Harding De C. Williams, Washington, D.C.
B. National Association of Real Estate Boards, 36 South Wabash Avenue, Chicago, Ill., and 1300 Connecticut Avenue NW., Washington, D.C.
D. (6) $1,583,50. E. (9) $40.57.

A. Harold M. Williams, 67 East Madison Street, Chicago, Ill.
B. Institute of American Poultry Industries, 67 East Madison Street, Chicago, Ill.
D. (6) $200. E. (9) $31.44.

A. Robert E. Williams, 1000 Connecticut Avenue NW., Washington, D.C.
B. Air Transport Association of America, 1000 Connecticut Avenue NW., Washington, D.C.
D. (6) $950. E. (9) $100.70.

A. John C. Williamson, 1300 Connecticut Avenue NW., Washington, D.C.
B. National Association of Real Estate Boards, 36 South Wabash Avenue, Chicago, Ill., and 1300 Connecticut Avenue NW., Washington, D.C.
D. (6) $3,833. E. (9) $315.51.

A. Kenneth Williamson, 1 Farragut Square South, Washington, D.C.
B. American Hospital Association, 840 North Lake Shore Drive, Chicago, Ill.
D. (6) $1,464.24. E. (9) $46.14.

A. Wilmer, Cutler & Pickering, 616 Transportation Building, Washington, D.C.
B. Columbia Gas System Service Corp., 120 East 41st Street, New York, N.Y.

A. Clark L. Wilson, 1145 19th Street NW., Washington, D.C.
B. Consultant to Emergency Lead-Zinc Committee.
D. (6) $2,000. E. (9) $974.46.

A. E. Raymond Wilson, 245 Second Street NE., Washington, D.C.
B. Friends Committee on National Legislation, 245 Second Street NE., Washington, D.C.
D. (6) $1,776.92.

A. Everett B. Wilson, Jr., 732 Shoreham Building, Washington, D.C.
B. Association of Sugar Producers of Puerto Rico, 732 Shoreham Building, Washington, D.C.

A. Henry B. Wilson, 1612 K Street NW., Washington, D.C.
B. Standard Oil Co. (New Jersey), 30 Rockefeller Plaza, New York, N.Y.
E. (9) $18.75.

A. W. E. Wilson, 1525 Fairfield Avenue, Shreveport, La.
B. Union Producing Co., 1525 Fairfield Avenue, Shreveport, La., and United Gas Pipe Line Co., 1525 Fairfield Avenue, Shreveport, La.
D. (6) $600. E. (9) $253.34.

A. Everett T. Winter, 1978 Railway Exchange Building, St. Louis, Mo.
B. Mississippi Valley Association, 1978 Railway Exchange Building, St. Louis. Mo.

A. Venlo Wolfsohn, 1729 H Street NW., Washington, D.C.
B. Institute of Scrap Iron & Steel, Inc., 1729 H Street NW., Washington, D.C.
D. (6) $300. E. (9) $1.

A. Frank G. Wollney, 67 East Madison Street, Chicago, Ill.
B. Institute of American Poultry Industries, 67 East Main Street, Chicago, Ill.

A. Russell J. Woodman, 400 First Street NW., Washington, D.C.
B. The Order of Railroad Telegraphers, 3860 Lindell Boulevard, St. Louis, Mo.

A. Albert Y. Woodward, 1625 I Street NW., Washington, D.C.
B. The Flying Tiger Line, Inc., Lockheed Air Terminal, Burbank, Calif.

A. Albert Young Woodward, 1625 I Street NW., Washington, D.C.
B. Signal Oil and Gas Co., 1010 Wilshire Boulevard, Los Angeles, Calif.

A. Edward W. Wootton, 1100 National Press Building, Washington, D.C.
B. Wine Institute, 717 Market Street, San Francisco, Calif.

A. Alexander W. Wuerker, 1025 Connecticut Avenue, Washington, D.C.
B. The American Waterways Operators, Inc., 1025 Connecticut Avenue, Washington, D.C.
D. (6) $542. E. (9) $103.22.

A. Donald A. Young, 1615 H Street NW., Washington, D.C.
B. Chamber of Commerce of the United States.

A. J. Banks Young, 502 Ring Building, Washington, D.C.
B. National Cotton Council of America, Post Office Box 9905, Memphis, Tenn.
D. (6) $240. E. (9) $8.09.

A. John H. Young, 1411 Major Street, Salt Lake City, Utah.
B. Liberty Under Law, Inc., Post Office Box 2013, Salt Lake City, Utah.

A. Sidney Zagri, 25 Louisiana Avenue NW., Washington, D.C.
B. International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers, 25 Louisiana Avenue NW., Washington, D.C.
D. (6) $5,875.

A. Zantop Air Transport, Inc., Detroit-Metropolitan Airport, Inkster, Mich.
E. (9) $25.

A. Gordon K. Zimmerman.
B. National Association of Soil and Water Conservation Districts, League City, Tex.

A. Zimring, Gromfine & Sternstein, 1001 Connecticut Avenue, Washington, D.C., and 11 South LaSalle Street, Chicago, Ill.

A. John M. Zucker, 1411 Pennsylvania Avenue NW., Washington, D.C.
B. National Anti-Vivisection Society, 1411 Pennsylvania Avenue NW., Washington, D.C.
D. (6) $1,416.

## REGISTRATIONS

**The following registrations were submitted for the second calendar quarter 1962:**

**(NOTE.—The form used for registration is reproduced below. In the interest of economy in the RECORD, questions are not repeated, only the essential answers are printed, and are indicated by their respective letter and number.)**

**FILE TWO COPIES WITH THE SECRETARY OF THE SENATE AND FILE THREE COPIES WITH THE CLERK OF THE HOUSE OF REPRESENTATIVES:**

**This page (page 1) is designed to supply identifying data; and page 2 (on the back of this page) deals with financial data.**

**PLACE AN "X" BELOW THE APPROPRIATE LETTER OR FIGURE IN THE BOX AT THE RIGHT OF THE "REPORT" HEADING BELOW:**

**"PRELIMINARY" REPORT ("Registration"): To "register," place an "X" below the letter "P" and fill out page 1 only.**

**"QUARTERLY" REPORT: To indicate which one of the four calendar quarters is covered by this Report, place an "X" below the appropriate figure. Fill out both page 1 and page 2 and as many additional pages as may be required. The first additional page should be numbered as page "3," and the rest of such pages should be "4," "5," "6," etc. Preparation and filing in accordance with instructions will accomplish compliance with all quarterly reporting requirements of the Act.**

---

**Year: 19______** ◄

### REPORT

### PURSUANT TO FEDERAL REGULATION OF LOBBYING ACT

| P | QUARTER | | | |
|---|---|---|---|---|
| | 1st | 2d | 3d | 4th |
| | | | | |

**(Mark one square only)**

---

**NOTE ON ITEM "A".—(a) IN GENERAL. This "Report" form may be used by either an organization or an individual, as follows:**

**(i) "Employee".—To file as an "employee", state (in Item "B") the name, address, and nature of business of the "employer". (If the "employee" is a firm [such as a law firm or public relations firm], partners and salaried staff members of such firm may join in filing a Report as an "employee".)**

**(ii) "Employer".—To file as an "employer", write "None" in answer to Item "B".**

**(b) SEPARATE REPORTS. An agent or employee should not attempt to combine his Report with the employer's Report:**

**(i) Employers subject to the Act must file separate Reports and are not relieved of this requirement merely because Reports are filed by their agents or employees.**

**(ii) Employees subject to the Act must file separate Reports and are not relieved of this requirement merely because Reports are filed by their employers.**

**A. ORGANIZATION OR INDIVIDUAL FILING:**

**1. State name, address, and nature of business.**

**2. If this Report is for an Employer, list names or agents or employees who will file Reports for this Quarter.**

---

**NOTE ON ITEM "B".—*Reports by Agents or Employees.* An employee is to file, each quarter, as many Reports as he has employers, except that: (*a*) If a particular undertaking is jointly financed by a group of employers, the group is to be considered as one employer, but all members of the group are to be named, and the contribution of each member is to be specified; (*b*) if the work is done in the interest of one person but payment therefor is made by another, a single Report—naming both persons as "employers"—is to be filed each quarter.**

**B. EMPLOYER.—State name, address, and nature of business. If there is no employer, write "None."**

---

**NOTE ON ITEM "C".—(*a*) The expression "in connection with legislative interests," as used in this Report, means "in connection with attempting, directly or indirectly, to influence the passage or defeat of legislation." "The term 'legislation' means bills, resolutions, amendments, nominations, and other matters pending or proposed in either House of Congress, and includes any other matter which may be the subject of action by either House"—§ 302(e).**

**(*b*) Before undertaking any activities in connection with legislative interests, organizations and individuals subject to the Lobbying Act are required to file a "Preliminary" Report (Registration).**

**(*c*) After beginning such activities, they must file a "Quarterly" Report at the end of each calendar quarter in which they have either received or expended anything of value in connection with legislative interests.**

**C. LEGISLATIVE INTERESTS, AND PUBLICATIONS in connection therewith:**

**1. State approximately how long legislative interests are to continue. If receipts and expenditures in connection with legislative interests have terminated, ☐ place an "X" in the box at the left, so that this Office will no longer expect to receive Reports.**

**2. State the general legislative interests of the person filing and set forth the *specific* legislative interests by reciting: (*a*) Short titles of statutes and bills; (*b*) House and Senate numbers of bills, where known; (*c*) citations of statutes, where known; (*d*) whether for or against such statutes and bills.**

**3. In the case of those publications which the person filing has caused to be issued or distributed in connection with legislative interests, set forth: (*a*) Description, (*b*) quantity distributed; (*c*) date of distribution, (*d*) name of printer or publisher (if publications were paid for by person filing) or name of donor (if publications were received as a gift).**

**(Answer items 1, 2, and 3 in the space below. Attach additional pages if more space is needed)**

**4. If this is a "Preliminary" Report (Registration) rather than a "Quarterly" Report, state below what the nature and amount of anticipated expenses will be; and if for an agent or employee, state also what the daily, monthly, or annual rate of compensation is to be. If this is a "Quarterly" Report, disregard this item "C4" and fill out item "D" and "E" on the back of this page. Do not attempt to combine a "Preliminary" Report (Registration) with a "Quarterly" Report.** ◄

---

### AFFIDAVIT

**[Omitted in printing]**

**PAGE 1** ◄

A. American Equipment Leasing Institute, Inc., 1625 K Street NW., Washington, D.C.

A. Arnold, Fortas & Porter, 1229 19th Street NW., Washington, D.C.

B. Investors Diversified Services, Inc., 800 Investors Building, Minneapolis, Minn.

A. Association of Undergraduate and Practical Nurses of the District of Columbia, 327 Carroll Street NW., Washington, D.C.

A. Axelrod, Goodman & Steiner, 39 South La Salle Street, Chicago, Ill.

A. J. A. Ayares, Mountain Avenue, Murray Hill, N.J.

B. National Committee for Insurance Taxation, The Hay-Adams House, Washington, D.C.

A. Paul L. Badger, 1625 I Street NW., Washington, D.C.

B. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.

A. Raymond C. Baker, 54 Scarsdale Road, Crestwood, N.Y.

B. Selvage & Lee, Inc., 500 Fifth Avenue, New York, N.Y.

A. Robert C. Barnard, 224 Southern Building, Washington, D.C.

B. Cleary, Gottlieb & Steen, 224 Southern Building, Washington, D.C.

A. William J. Barnhard, 1001 Pennsylvania Building, Washington, D.C.

B. Eva Sales Co., Inc., 90 West Broadway, New York, N.Y.

A. Daniel Bartlett, Jr., 506 Olive Street, St. Louis, Mo.

A. David N. Barus, 1625 K Street NW., Washington, D.C.

B. General Time Corp., 355 Lexington Avenue, New York, N.Y.

A. David Battaglia, 1841 R Street NW., Washington, D.C.

B. Society of Independent Gasoline Marketers of America, 519 John Hancock Building, New Orleans, La.

A. John B. Bean, 4345 East Lake Harriet Boulevard, Minneapolis, Minn.

B. Committee for Export Expansion Through Subsidiaries Abroad, 20 E Street NW., Washington, D.C.

A. C. Morgan Bissette, 3200 34th Street South, St. Petersburg, Fla.

B. National Committee for Insurance Taxation, the Hay-Adams Hotel, Washington, D.C.

A. Albert A. Block, 249 West Street, Annapolis, Md.

A. Benjamin W. Boley, 734 15th Street NW., Washington, D.C.

B. Western Geothermal, Inc., International Building, San Francisco, Calif.

A. George Bronz, 839 17th Street NW., Washington, D.C.

B. Coras Trachtala (The Irish Export Board), Dublin, Ireland.

A. Carretta & Counihan, 1000 Connecticut Avenue NW., Washington, D.C.

B. Advertising Specialty National Association, 1145 19th Street NW., Washington, D.C., and Advertising Specialty Guild International, 620 North Michigan Avenue, Chicago, Ill.

A. Casey, Lane & Mittendorf, 26 Broadway, New York, N.Y.

B. South African Sugar Association, 704 London Assurance House, 321 Smith Street, Durban, Union of South Africa.

A. Carol Macl. Chrisney, 1201 16th Street NW., Washington, D.C.

B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.

A. Alexander Christie, 1001 Connecticut Avenue NW., Washington, D.C.

B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.

A. Cleary, Gottlieb & Steen, 224 Southern Building, Washington, D.C.

B. Australian sugar industry, including: Queensland Sugar Board, 121 Elizabeth Street, Brisbane; Australian Cane Growers Association, Cane Growers Building, Brisbane; Australian Sugar Producers Association, Australian Estates Building, Creek Street, Brisbane; Colonial Sugar Refining Co., 1-3 O'Connell Street, Sydney.

A. William F. Coyne, One State Street, Boston, Mass.

B. Myercord Corp., Chicago, Ill.

A. N. R. Danielian, 1625 I Street NW., Washington, D.C.

B. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.

A. Donald S. Dawson, 731 Washington Building, Washington, D.C.

B. India Sugar Mills Association (Export Agency Division), Calcutta, India.

A. Dawson, Griffin, Pickens & Riddell, 731 Washington Building, Washington, D.C.

B. India Sugar Mills Association (Export Agency Division), Calcutta, India.

A. Michael B. Deane, 1411 K Street NW., Washington, D.C.

A. G. Douglass Debevoise, 5 Hanover Square, New York, N.Y.

B. South Puerto Rico Sugar Co., 5 Hanover Square, New York, N.Y.

A. Timothy V. A. Dillon, 1001 15th Street NW., Washington, D.C.

B. Tulelake Irrigation District, Post Office Box 787, Tulelake, Calif.

A. Robert A. Durfee, Jr., 321 Middlefield Road, Menlo Park, Calif.

B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.

A. S. W. Earnshaw, 983 National Press Building, Washington, D.C.

B. Charter Oak Shippers Cooperative Association, Inc., Milford, Conn.; Progressive Shippers Cooperative Association, Shrewsbury, Mass.; Modern Shippers Coop, Inc., Allston, Mass.

A. Ely, Duncan and Bennett, 1200 Tower Building, Washington, D.C.

B. Coachella Valley County Water District, Coachella, Calif.

A. Mello G. Fish, 1001 Connecticut Avenue NW., Washington, D.C.

B. United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh, Pa.

A. John F. Foran, 4680 Wilshire Boulevard, Los Angeles, Calif.

B. Reciprocal Inter Insurers Tax Committee, 400 United Artists Building, Detroit, Mich.

A. Mrs. Kitty Blair Frank, 1518 K Street NW., Washington, D.C.

A. T. Paul Freeland, 1108 16th Street NW., Washington, D.C.

B. International Latex Corp., Dover, Del.

A. Joseph Gallegos, 450 Westmoor Avenue, Daly City, Calif.

B. International Longshoremen's and Warehouse Union, Local No. 54, 22 North Union Street, Stockton, Calif.

A. Warner W. Gardner, 734 15th Street NW., Washington, D.C.

B. Pacific Maritime Association, 16 California Street, San Francisco, Calif.

A. Warner W. Gardner, 734 15th Street NW., Washington, D.C.

B. Western Geothermal, Inc., International Building, San Francisco, Calif.

A. General Time Corp., 355 Lexington Avenue, New York, N.Y.

A. Mary Condon Gereau, 1201 16th Street NW., Washington, D.C.

B. National Education Association, Division of Federal Relations, 1201 16th Street NW., Washington, D.C.

A. M. Golodetz & Co., 120 Wall Street, New York, N.Y.

A. Richard D. Green, 80 Federal Street, Boston, Mass.

B. Last Manufacturers Association, 80 Federal Street, Boston, Mass.

A. Jerry N. Griffin, 731 Washington Building, Washington, D.C.

B. India Sugar Mills Association (Export Agency Division), Calcutta, India.

A. Hamel, Morgan, Park & Saunders, 808 17th Street NW., Washington, D.C.

B. Felt Manufacturers Council of the Northern Textile Association, 80 Federal Street, Boston, Mass.

A. Bryce N. Harlow, 1730 K Street NW., Washington, D.C.

B. The Procter & Gamble Manufacturing Co., 301 East Sixth Street, Cincinnati, Ohio.

A. William B. Harman, Jr., 1701 K Street NW., Washington, D.C.

A. Hedrick and Lane, 1001 Connecticut Avenue NW., Washington, D.C.

B. Tennessee Gas Transmission Co., Post Office Box 2511, Houston, Tex.

A. Hedrick and Lane, 1001 Connecticut Avenue NW., Washington, D.C.

B. Westinghouse Electric Corp., 3 Gateway Center, Pittsburgh, Pa.

A. Lester R. Hill, 432 South Curson East, Los Angeles, Calif.

B. National Committee for Insurance Taxation, 800 16th Street NW., Washington, D.C.

A. James A. Hirshfield, 305 Rockefeller Building, Cleveland, Ohio.

B. Lake Carriers' Association, 305 Rockefeller Building, Cleveland, Ohio.

A. Owen W. Hurd, 130 Vista Way, Kennewick, Wash.

B. Washington Public Power Supply System, 130 Vista Way, Kennewick, Wash.

A. Institute of Appliance Manufacturers, 2000 K Street NW., Washington, D.C.

A. Institute of High Fidelity Manufacturers, Inc., 516 Fifth Avenue, New York, N.Y.

A. Robert E. Jones, 245 Second Street NE., Washington, D.C.

B. Unitarian Fellowship for Social Justice.

A. Arthur John Kane, Jr., Box 677, Aspen, Colo.

B. Pitkin County Water Protection Association, Box 842, Aspen, Colo.

A. Kennon, White and Odom, 233 Saint Ferdinand Street, Baton Rouge, La.

B. Connecticut General Life Insurance Co., Hartford, Conn.

A. H. Cecil Kilpatrick, 912 American Security Building, Washington, D.C.

B. American Life Insurance Co., Dallas, Tex.

A. Last Manufacturers Association, 80 Federal Street, Boston, Mass.

A. Lawrence J. Latto, 734 15th Street NW., Washington, D.C.

B. Pacific Maritime Association, 16 California Street, San Francisco, Calif.

A. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.

A. Legislative Committee, International Economic Policy Association, 1625 I Street NW., Washington, D.C.

A. Lever Age Publications, Public Relations Yeomanship (PRY), 931 G Street NW., Washington, D.C.

A. Herrick K. Lidstone, 477 Madison Avenue, New York, N.Y.

B. Colon Free Zone, Republic of Panama, Colon, Panama.

A. L. Blaine Liljenquist, 917 15th Street NW., Washington, D.C.

B. British Honduras Government, Belize, British Honduras.

A. Donald Linville, 205 West Wacker Drive, Chicago, Ill.

B. American Hardboard Association, 205 West Wacker Drive, Chicago, Ill.

A. Scott W. Lucas, 1025 Connecticut Avenue NW., Washington, D.C.

B. U.S. Cane Sugar Refiners' Association, 1001 Connecticut Avenue NW., Washington, D.C.

A. Edward R. Luter, 805 North Washington, Wheaton, Ill.

B. Committee for Export Expansion Through Subsidiaries Abroad, 20 E Street NW., Washington, D.C.

A. Philip F. Maguire, 839 17th Street NW., Washington, D.C.

B. Comision de Defensa del Azucar y Fomento de la Cana.

A. James E. Markham, 1100 Shoreham Building, Washington, D.C.

B. Henry J. Clay, 120 Broadway, New York, N.Y.

A. William E. Mattingly, 1014 Ring Building, Washington, D.C.

B. American Petroleum Refiners Association, 1014 Ring Building, Washington, D.C.

A. Mehler, Ives & Smollar, 2000 K Street NW., Washington, D.C.

B. Industry-Wide Automotive Excise Tax Committee, 1008 Standard Building, Cleveland, Ohio.

A. Miller & Chevalier, 1001 Connecticut Avenue NW., Washington, D.C.

B. Los Angeles Metropolitan Transit Authority, Los Angeles, Calif.

A. Clinton R. Miller, 1012 14th Street NW., Washington, D.C.

B. National Health Federation, 709 Mission Street, San Francisco, Calif.

A. John R. Minor, 1025 Connecticut Avenue NW., Washington, D.C.

B. M. Golodetz & Co., 120 Wall Street, New York, N.Y.

A. Jo V. Morgan, Jr., 815 15th Street NW., Washington, D.C.

B. Association of Undergraduate and Practical Nurses of the District of Columbia, 327 Carroll Street NW., Washington, D.C.

A. John T. Murphy, 808 North Third Street, Milwaukee, Wis.

B. National Committee for Insurance Taxation, the Hay-Adams House, Washington, D.C.

A. Myercord Corp., Chicago, Ill.

A. National Anti-Vivisection Society, 1411 Pennsylvania Avenue NW., Washington, D.C.

A. National Creative Arts Committee for Better Copyright Laws, 1701 K Street NW., Washington, D.C.

A. William E. Neumeyer, 1120 Connecticut Avenue NW., Washington, D.C.

B. GT&E Service Corp., 730 Third Avenue, New York, N.Y.

A. Iver M. Olson, 342 Madison Avenue, New York, N.Y.

B. National Shoe Manufacturers Association, Inc., 342 Madison Avenue, New York, N.Y.

A. C. B. Payne, Winchester, Ind.

A. Edmund Pendleton, Jr., 1025 Connecticut Avenue NW., Washington, D.C.

B. M. Golodetz & Co., 120 Wall Street, New York, N.Y.

A. George C. Pendleton, 1025 Connecticut Avenue NW., Washington, D.C.

B. M. Golodetz & Co., 120 Wall Street, New York, N.Y.

A. Product Development International, Inc., 910 17th Street NW., Washington, D.C.

A. Arthur L. Quinn, 1625 K Street NW., Washington, D.C.

B. British West Indies Sugar Association, Inc., P.O. Box 170, Bridgetown, Barbados, West Indies; Companis Azucarera Valdez, Apartado 4329, Guayaquil, Ecuador.

A. Raskin & Downing, 1000 Connecticut Avenue NW., Washington, D.C.

B. Axelrod, Goodman & Steiner, 39 South La Salle Street, Chicago, Ill.

A. James W. Riddell, 731 Washington Building, Washington, D.C.

B. India Sugar Mills Association, Calcutta, India.

A. Royall, Kogel & Rogers, 1730 K Street NW., Washington, D.C.

B. Pharmaceutical Manufacturers Association, 1411 K Street NW., Washington, D.C.

A. Edward C. Rustigan, 231 South La Salle Street, Chicago, Ill.

B. United Air Lines, Inc., Box 8800, Chicago, Ill.

A. Alfred L. Scanlan, 734 15th Street NW., Washington, D.C.

A. Ernest Schein, 1025 Connecticut Avenue NW., Washington, D.C.

B. Distribuidora de Azucares S.A., Ingenios Independientes, Ltd., Compania Azucarera del Valle, Bogotá, Colombia.

A. William J. Sebald, 919 18th Street NW., Washington, D.C.

B. Leonard G. James, 310 Sansome Street, San Francisco, Calif.

A. Sharp & Bogan, 1108 16th Street NW., Washington, D.C.

B. Ply-World Corp., 924 Slight Boulevard, Orlando, Fla.

A. Walter A. Slowinski, 901 Barr Building, Washington, D.C.

B. Committee for Export Expansion Through Subsidiaries Abroad, 20 E Street NW., Washington, D.C.

A. Wayne J. Smith, 105 D Street NE., Washington, D.C.

B. William Radkovich Co., 9133 Garvey, Rosemead, Calif.

A. Frank S. Steele, Box 1453, Valdosta, Ga.

B. Southern Railway System, Post Office Box 1808, Washington, D. C.

A. Steptoe & Johnson, 1100 Shoreham Building, Washington, D.C.

B. International Telephone & Telegraph Corp., 320 Park Avenue, New York, N.Y.

A. Sam S. Studebaker, Tipp City, Ohio.

B. National Association of Soil and Water Conservation Districts, League City, Tex.

A. The Universal Exchange, Post Office Box 2782, Orlando, Fla.

A. Theodore A. Vanderzyde, 400 First Street NW., Washington, D.C.

B. District Lodge No. 44, International Association of Machinists, 400 First Street NW., Washington, D.C.

A. George E. Weaver, 530 East Elizabeth Street, Fort Collins, Colo.

B. National Association of Soil and Water Conservation Districts, League City, Tex.

A. Wilkinson, Cragun & Barker, 1616 H Street NW., Washington, D.C.

B. Sugar Producers Association of El Salvador, San Salvador.

A. H. L. Wingate, Box 7, Pelham, Ga.

B. Southern Railway System, Post Office Box 1808, Washington, D.C.

A. John M. Zucker, 1411 Pennsylvania Avenue NW., Washington, D.C.

B. The National Anti-Vivisection Society, 1411 Pennsylvania Avenue NW., Washington, D.C.

# EXTENSIONS OF REMARKS

## The Escape Clause

EXTENSION OF REMARKS
OF

### HON. ARCH A. MOORE, JR.

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 12, 1962*

Mr. MOORE. Mr. Speaker, as the other body continues consideration of the foreign trade bill which is H.R. 11970, certain of the membership of the House who voted for that bill have been defending their vote on the basis that the foreign trade bill, as it passed the House, was an improvement over the existing trade laws that are now in effect. Nothing could be further from the truth and any Member of the Congress who defends his vote with this excuse is absolutely misleading the people of his district who work in industries that will, without question, be adversely affected by the foreign trade bill. For instance, it has been suggested that an individual Member of this House voted for the foreign trade bill because it strengthened the escape-clause provisions of the law. Nothing could be further from the truth. This is what happened to the escape clause.

The escape clause has had its teeth drawn. Under the old act, the one being replaced by the present foreign trade bill provided that if employment had declined, if output had dropped, and if the domestic industry was losing in its share of the market, all these trends were to be considered by the Tariff Commission as evidence of serious injury.

The proposed bill has dropped these yardsticks completely. The escape clause has been weakened seriously as a result.

Also, previously if a part of an industry, such as the flat glass branch of the whole glass industry was injured the tariff on that product could be raised, as it was on flat glass. It was not necessary to prove injury to the whole glass industry.

Under the present bill the definition of industry would be greatly broadened and it would be much more difficult to get relief under the escape clause.

Altogether the value of the escape clause would be virtually destroyed. This is the opinion of leading tariff experts who have had long experience with the escape clause.

So far as the bill as passed by the House is concerned, it would also be more difficult and not easier to override the President if he rejects a Tariff Commission recommendation.

Under the old law, it is true, it required a two-thirds vote of the Congress to override the President, but it was two-thirds of those present and voting.

Under the new bill it would require a constitutional majority of the House membership or a minimum of 218 votes. This might be more difficult to achieve than a two-thirds majority of those present and voting.

Also, under the old law, the motion to override the President was highly privileged. It did not have to go through committee hearings and could not be bottled up. Under the new bill such a motion would have to come through the Ways and Means Committee and the Senate Finance Committee and could easily be bottled up. There would be no way to assure even a hearing. This would make the overriding of the President a most unlikely possibility.

The upshot is that the escape clause would become a dead letter.

Mr. Speaker, any Representative who would defend his vote on the foreign trade bill in this manner is weak indeed. This certainly should lead everyone to the conclusion that that Member of Congress did not take time to personally acquaint himself with the provisions of the bill or that his vote was dictated to him by someone else and he blindly refused to vote in the interest of the working man and woman of his State.

---

## Congress and the Nation's Water Resources

EXTENSION OF REMARKS
OF

### HON. WAYNE N. ASPINALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 12, 1962*

Mr. ASPINALL. Mr. Speaker, a few weeks ago the Honorable WALTER ROGERS, chairman of the Irrigation and Reclamation Subcommittee, presented an excellent speech before the American Bar Association in San Francisco on the longstanding problem of the Federal Government versus State governments with respect to the control and jurisdiction of water rights. Mr. ROGERS discussed the history of Federal jurisdiction in the field of water resources, explained how conflicts developed between the Federal Government and the States, and discussed the congressional attempts which have been made to resolve the problem. He concluded his speech by requesting the legal profession to join with the Congress in finding a solution to the Federal-State conflict over water.

Mr. ROGERS' speech follows:

CONGRESS AND THE NATION'S WATER RESOURCES

(Speech of the Honorable WALTER ROGERS, Member of Congress from the 18th District of Texas, before the Section of Mineral and Natural Resources Law of the American Bar Association, Wednesday, August 8, 1962, in San Francisco, Calif.)

Mr. Chairman, members of the American Bar Association, and your distinguished visitors and guests, unlike the others who will appear before your several sections with good counsel and advice in the solutions of your problems, I come before you in search of help and would beg your indulgence while I attempt to lay before you the problem at hand. It is probably the most refractory conflict in the whole field of law, and will no doubt tax the abilities of the legal profession to the utmost if and when it is solved within the framework of the Constitution as written. The problem, in short, is the Federal Government versus the State governments with reference to the control and jurisdiction of water rights.

As a predicate to a discussion of the conflicts that have arisen in recent years, a discussion of the history of Federal jurisdiction is in order.

I. HISTORY OF FEDERAL JURISDICTION

Congressional responsibility in the field of water resources stems directly from constitutional provisions establishing the right of the Congress "to regulate commerce * * * among the several States," "provide for the common defense and general welfare," and "to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States." The constitutional power of the President to make treaties, by and with the advice and consent of the Senate, has been a further foundation for Federal activity affecting water resources. A long line of court decisions has upheld the right of Congress to legislate in matters pertaining to these fields, and the right of the executive branch of the Federal Government to take such actions as it believes to be needed to carry out its constitutional and statutory authority.

For more than a century and a half the Congress of the United States has taken an affirmative interest in the development of water resources. It is interesting, in retrospect, to note that the early congressional efforts to legislate in this field were made against frequent and long-sustained objections of the executive branch of the Government. In the early period, between 1800 and 1840, the Congress, under the leadership of such statesmen as Henry Clay, John C. Calhoun, and others just as well known, recognized the desirability of establishing the policy of using Federal funds for the improvement of waterways for navigation. The first legislative efforts met with varying degrees of opposition from the administrations of Presidents Madison through Pierce. The opposition generally was based on the theory of strict construction of the Constitution. It was not until 1824 that Chief Justice Marshall, in the famous case of *Gibbons* v. *Ogden* (9 Wheat. 1, U.S. 1824), gave the Congress judicial support, by his finding that "the power of Congress comprehended navigation within the limits of every State in the Union insofar as that navigation was connected with commerce."

Funds were appropriated as early as 1820 for a navigation survey of tributaries of the Mississippi and Ohio Rivers. Further surveys were authorized in 1824, and by 1826 the Congress had adopted the general policy of appropriating Federal funds to carry out improvement of rivers and harbors, work which had previously been considered to be the responsibility of the States. However, several of the early river and harbor bills were vetoed, based on the strict construction theory of constitutional interpretation, until, in 1865, the Supreme Court reaffirmed, in *Gilman* v. *Philadelphia* (3 Wall. 713, U.S. 1865), the power of the Congress to regulate commerce and have control of navigable waters. Since that case there has been no opposition from the executive branch with regard to the constitutionality of legislation in the area of navigation.

Federal activity in the field of water resources next expanded to take in flood control. Flood control had long been considered a local problem and was not regarded as a proper concern for action by the Congress. Therefore, early efforts to appropriate Federal funds for the building of levees along the Mississippi River were frequently camouflaged with an argument about the right and duty of the Federal Government to build levees to improve navigation. The foundation for national flood control policies was begun in 1874 when a commission of engineers was appointed to investigate and report to the Congress a permanent plan for reclamation and prevention of inundation in the Mississippi Basin. Their report led to the creation of the Mississippi River Commission in 1879.

The interests of flood control continued to be served in the name of navigation improvement until, in 1917, Federal works for flood control along the Mississippi and Sacramento Rivers were authorized. However, it was not until passage of the Flood Control Act of 1936, only 26 years ago, that Congress moved to establish a national flood control policy, under which the present massive program of multiple-purpose river basin development has evolved.

Multiple-purpose water resources development in the Western States had been initiated much earlier under the Federal Reclamation Act of 1902, as amended from time to time. Through this act, the Congress exercised its authority under the property clause of the Constitution to provide for the expenditure of funds derived from the sale of public lands for building irrigation works, with the provision that the costs were to be repaid by the water users. The program was expanded beginning in 1906 to include domestic water supply and hydroelectric power in connection with irrigation projects. Over the years many large multiple-purpose projects have been authorized under the Federal reclamation laws.

In the field of hydroelectric power, aside from a few early developments under the Reclamation Act, congressional action was limited for years to the granting of licenses to non-Federal entities to develop power in such a way as not to impede navigation. By the Federal Power Act of 1920, Congress authorized the licensing of sites on the public domain and on navigable rivers to non-Federal interests for the development of hydroelectric power in the circumstances when the proposed development was found to be best adapted to a comprehensive plan for development of the river.

In 1928, Congress authorized the building of Boulder Dam, the first of the massive multiple-purpose water development projects that have characterized the more recent development of the West. It was followed by the Bonneville, Grand Coulee, Central Valley, and other great projects. The great depression of the decade of the 1930's gave impetus to the movement toward multiple-purpose development, and saw congressional authorization of the Tennessee Valley Authority to develop the water resources of a whole river basin. This development grew out of a long struggle in Congress over the use of the great powerplant that had been built at Muscle Shoals during World War I under the war powers clause of the Constitution.

In the years since World War II, Congress has expanded Federal activity in the field of water resources into many fields. The 1944 Flood Control Act included provisions authorizing recreational developments at reservoirs built by the Corps of Army Engineers. In 1946 the Wildlife Coordination Act authorized Federal expenditures for the preservation and propagation of fish and wildlife in connection with water resources developments for other purposes.

The Water Pollution Control Act in 1948 authorized a Federal program in that field which was limited at first to planning, research, and assisting the States. This was expanded in 1956 to include grants to States and municipalities for construction of sewage treatment works, and the program was further extended in 1961.

While municipal and industrial water supplies had been provided under the Federal reclamation and flood control laws for many years, in the Water Supply Act of 1958 the Congress explicitly declared the Federal policy to cooperate and participate with States and local interests in developing domestic, municipal, and industrial water supplies in connection with existing and proposed Federal water resources projects.

In addition to the programs I have mentioned, there are many other Federal water resources activities, such as the small watershed development program, research and basic data collection programs, international development programs on the Rio Grande and St. Lawrence, and others too numerous to mention in this brief review.

Thus, over the years, Federal activity has expanded to encompass almost every phase of water resources development, with annual expenditures of about $1⅓ billion in recent years. With programs of this magnitude, and always increasing, conflicts brought about by the dual Federal-State sovereignty over water have been on the increase. Let me discuss briefly the nature of these conflicts.

### II. CONFLICTS BETWEEN THE FEDERAL GOVERNMENT AND THE STATES

Potential conflicts between Federal and State sovereignty over water rights in the Western States have been the subject of concern to water users and their lawyers for many decades. In recent years the conflicts have grown more frequent and more serious. Let us say a few words as to the background for the conflicts.

On the one hand, several Federal statutes enacted in the latter half of the 19th century, in connection with the disposition of portions of public lands, made it appear that the United States had permanently transferred control over water rights to the States. I refer particularly to the act of July 26, 1866, where the Congress specifically provided for upholding existing water rights, and that all patents to the public lands were to be subject to vested water rights; and to the Desert Land Act of March 3, 1877, which provided that water rights were to depend on prior appropriation, and that surplus waters of the public lands were to be free for appropriation and use by the public, subject to existing rights.

Furthermore, in legislation admitting certain States to the Union, the Congress accepted the State constitutions, which included provisions recognizing and confirming existing water rights, setting up procedures for acquiring water rights under State law, and in some instances specifically declaring State ownership or control of waters arising or flowing within the States concerned. Also, section 8 of the Federal Reclamation Act of 1902 includes express provision that Federal activity in the field of reclamation was not to interfere with State laws relating to the control, appropriation, use or distribution of water used in irrigation, or any vested right acquired thereunder, and the Secretary of the Interior was directed to proceed in conformity with State laws in carrying out the provisions of the Reclamation Act, thus implying, according to some students of the problem, a recognition of State sovereignty over the use of water for irrigation in the Western States.

Again, section 27 of the Federal Power Act, enacted by the Congress in 1920, states that that act was not to be construed as affecting or intending to affect or in any way to interfere with the laws of the respective States relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal or other uses, or any vested right acquired therein. Furthermore, the law required the applicant for license to furnish satisfactory evidence that he had complied with the requirements of the State or States within which the proposed project was to be located.

Thus, the use of water in the West developed, and there seemed to be a good basis for believing that water rights acquired under State laws were secure.

On the other hand, none of the legislative enactments I have just mentioned made any effort to change Federal responsibilities in the field of commerce, nor was any reference made to their effect on Federal responsibilities in the fields of national defense and general welfare, or on the treatymaking powers of the President. To the contrary, the Congress on several occasions, going back to the latter years of the 19th century, has reaffirmed by statute the Federal sovereignity with respect to navigation.

Likewise, certain cases, particularly *United States* v. *Rio Grande Dam and Irrigation Co.* (174 U.S. 690) in 1899, and *Winters* v. *United States* (207 U.S. 564) in 1908, made it clear that the sovereignty of the United States over waters needed under the commerce and the treatymaking clauses of the Constitution had not been broadly relinquished by any statutory enactments.

Several other cases and statutory enactments are worthy of mention in this necessarily brief discussion of the emerging conflicts between Federal and State sovereignty.

In one case, *United States* v. *Appalachian Power Co.* (311 U.S. 377), sometimes called the New River case, decided in 1940, the broad definition of navigable waters stated by Congress in section 3 of the Federal Power Act was broadened further by the Court's dictum that the tributaries of navigable streams also come under the commerce power. This had the effect of broadening greatly the navigation servitude.

As mentioned earlier, Federal activity in the field of water resources had also been greatly expanded in 1936, by the congressional declaration of policy on flood control, in which that function was stated to be a proper activity of the Federal Government because of the adverse effects of floods on commerce between the States and on the national welfare.

Potential conflicts between Federal flood control activity in the Western States and State laws having become very apparent and very widespread in the first few years of operation under the 1936 Flood Control Act, Congress, in the 1944 Flood Control Act, declared its policy to recognize the interests and rights of the States in determining the development of the watersheds within their borders, and provided, in section 1(b) of the act, that the use of works authorized for navigation shall be only such use as does not conflict with any beneficial consumptive use of water in the 17 Western States.

These provisions have been reiterated in each successive rivers and harbors and flood control authorization act since that date, thus seeming to indicate a continuing willingness on the part of the Congress to relinquish the sovereignty of the United States over navigable waters in specific cases. The constitutional issue has not been finally settled in connection with these projects, however, because it is a fact that one Congress cannot bind future Congresses; thus, the waiver of navigation rights could be repealed at some future date.

Two other cases have tended to increase concern among western lawyers. The first was a 1946 decision by the Supreme Court, in the case of *First Iowa Electric Cooperative* v. *Federal Power Commission* (328 U.S. 152), which made it clear that State laws governing the use or control of water of navigable streams were not applicable when they trespassed in a field also covered by Federal law.

The second case, and the one which has greatly intensified the Western States concern over potential conflicts between Federal and State laws over water rights, is *Federal Power Commission* v. *Oregon* (349 U.S. 435). In this case, usually referred to as the Pelton case, which was decided in 1955, the U.S. Supreme Court affirmed the supremacy of Federal jurisdiction over unappropriated, nonnavigable waters arising from or flowing over reserved lands. Soon after the Pelton case was decided, the fears of western water users were heightened by certain pleadings made by the Department of Justice in various lawsuits pending in the West over the water of certain streams, particularly the Blue River case in Colorado, and the Hawthorne case in Nevada. Pleadings made by the Government in these cases, asserting paramount rights to water under the so-called reservation doctrine of the Pelton decision, led many westerners to fear that the United States proposed to take away, without compensation, existing water rights acquired under State law. This has been denied by the Department of Justice, although questions remain as to which water rights have been acquired under State law in such manner that there is no future question as to the existence of a valid property right.

Even before the Pelton case was decided, attempts were made to have the Congress decide the issue in favor of the States through enactment of legislation assuring the supremacy of State water laws.

### III. CONGRESSIONAL ATTEMPTS TO RESOLVE THE PROBLEM

Numerous bills have been introduced in Congress seeking to resolve the problem by Federal legislation. The parade of bills started in the 82d Congress, several years before the Pelton case was decided, and has extended right down to the present time. There are about a half dozen bills now pending before the House Committee on Interior and Insular Affairs, of which I am a member.

The bills have taken many forms, ranging from a blanket directive for all Federal activities in the water resources field to be carried out in accordance with State laws, to a compromise bill which would have been limited to repealing, in effect, the reservation doctrine of Federal water rights expressed by the Supreme Court in the Pelton decision. Hearings have been held in the 84th and each successive Congress on one or another of these bills. The bill which received the greatest amount of consideration was S. 863, which was introduced in the 84th and again in the 85th Congress under the same number. This bill would have provided that (1) Federal agencies or employees could not interfere with rights to the use of water acquired under State law unless authorized by Federal law and upon payment of just compensation; (2) all unappropriated navigable and nonnavigable ground and surface waters were reserved for appropriation and use under State law; (3) the Federal Government, and its licensees or permittees, must acquire rights to water under State law, except for flood control; (4) the use of water for navigation in the Western States shall be only such use as does not conflict with beneficial uses for domestic, municipal, stock water, irrigation, mining, or industrial purposes; and (5) all withdrawals of public lands were to be deemed as having no effect on rights, acquired under State laws, to the use of water originating in or flowing across such lands. Lengthy hearings were held on this bill in March and June of 1956. The bill was vigorously opposed by the executive branch of the Government, led by the Department of Justice. The Federal Power Commission and the Department of Defense also objected to the legislation. The Departments of Interior and Agriculture, however, indicated a willingness to go along with the general purposes of the bill. After lengthy consideration the bill was amended and reported to the Senate by the Interior and Insular Affairs Committee, but no further action was taken.

The opposition to the bill by Justice, Defense, and the Federal Power Commission appeared to be based on legal and constitutional grounds, whereas the favorable position taken by Interior and Agriculture Departments appeared to be based on policy grounds.

This reflected the fact that the latter agencies have found it desirable to work in conformity with State laws, since the projects they undertake are generally for the benefit of individuals and groups within the State.

When the Barrett bill, as it was called, came up again in the 85th Congress, the agencies of the executive branch were able to agree on a draft of a short substitute bill which if enacted would have the effect of repealing the "reservation doctrine" of the Pelton case. The draft was transmitted to the Congress in May 1958, in connection with departmental reports on S. 863 and companion House bills. However, the draft bill failed to receive support from the West, as it appeared that acceptance of this simple bill, correcting only one of the causes of the Federal-State water right conflict, would make it difficult to complete action to clarify the other aspects of the water right situation. As a result, no action was taken in the 85th Congress.

In 1959 the draft submitted by the executive branch of the Government was modified by the addition of a clause which would have affirmed the right of States to exercise jurisdiction over water rights conferred by the act admitting such States to the Union. Bills including this modification were introduced by four Members of the House of Representatves. I introduced, as H.R. 5555, a bill to recognize the authority of the States over the control, appropriation, use, and distribution of water within their boundaries, and to require Federal agencies and their employees to abide by State water laws in connection with Federal projects or activities for the conservation, development, and use of land and water resources. The Barrett bill was also reintroduced, and several other bills, so that there were, in total, 11 bills in the House of Representatives, some of which were also introduced in the Senate.

The Subcommittee on Irrigation and Reclamation, which I have the honor of serving as chairman, held hearings from July 20 to August 10, 1959. There must have been 50 witnesses presenting testimony and filing statements. In addition to hearing witnesses representing the western point of view, representatives of the Department of Justice and other Federal agencies were interrogated at length. To make a long story short, let me say only that the Justice Department was unwilling to accept even the minor modification proposed to the reservation doctrine bills, and, of course, remained adamant in its opposition to the more comprehensive bills. Therefore, no action was taken on any of the bills in the 86th Congress. However, one favorable thing came out of the hearings.

Counsel to the House Committee on Interior and Insular Affairs made a careful analysis of the situation, and prepared a bill which he thought would clarify the situation within the constitutional framework expressed by the Department of Justice. His analysis, together with the draft bill, was issued by the committee as Committee Print No. 19, 86th Congress, which also included papers by former Under Secretary of the Interior Hatfield Chilson and the Assistant Attorney General Perry Morton discussing the issue from the viewpoint respectively of western water interests and the Justice Department. I commend this committee print to the attention of those of you who are seeking background on the issues I am discussing today, even though I don't think it contains an acceptable solution to the whole problem.

A number of bills proposing solutions to Federal-State water rights problems have been introduced in the 87th Congress. I have introduced two bills myself, to serve as a basis for consideration of the problem. On January 3, 1961, I reintroduced the bill calling for recognition by the Federal Government of the authority of the States over the control, appropriation, use, or distribution of water within their boundaries. This is numbered H.R. 151 of the 87th Congress, and has the same objectives as H.R. 5555, the bill I introduced in the 86th Congress. Specifically, it would call for Federal agencies and their employees to be bound by water rights acquired under State laws and recognized by decisions of State courts, and for the Federal Government to acquire water rights in the same manner as an individual citizen of the State. Furthermore, the bill would require that the Federal Government could not acquire or interfere with the exercise of any water rights acquired under State laws and recognized by the decisions of the State courts, except upon the payment of just compensation.

Subsequently, consideration was given to the draft of a bill prepared by the counsel to the House Committee on Interior and Insular Affairs, and published in the committee print. This draft, with some modifications, was introduced by me on March 6, 1961, as H.R. 5224, of the 87th Congress, a companion bill to H.R. 5078, H.R. 5100, and H.R. 5207, introduced by some of my colleagues on the Interior and Insular Affairs Committee.

These bills have the title "To promote harmony between the United States and the States of the Union with respect to the administration of water, to strengthen rights to the use of water acquired under State law, and for other purposes." In essence, the bills would: (1) Repeal the reservation doctrine of the Pelton case; (2) prevent the United States from taking water rights existing prior to the authorization of the Federal project for which they are needed without just compensation; (3) provide that water rights for Federal projects be acquired under State law, either by the Federal agency proposing the project or loaning money for a project, or by the beneficiary of such a project; (4) provide for every department or agency of the United States to file a complete list of its claims of rights to the use of water for any Federal project with the Secretary of the Interior, and for the Secretary to maintain and keep such list up to date; (5) grant the consent of the United States to the continued storage and diversion of water for consumptive use for any project which had obtained a water right under State law at least 10 years before the date of the enactment of the bill providing the right had been exercised during the said 10 years and was presently being exercised, and was not in conflict with (a) any rights of the United States other than for navigation or (b) any international obligation of the United States; (6) provide that those water users not included in the aforementioned grant of consent could obtain rights to store or divert water for consumptive use from navigable streams for limited periods by applying to the Secretary of the Army for a license, such license to be issued only when the storage or diversion of water did not interfere with probable navigation requirements; and (7) revise the portion of the Desert Land Act of March 3, 1877, restricting it to nonnavigable streams. The bill would also repeal a portion of section 8 of the Reclamation Act of 1902, so that future projects would come under the new legislation. We have asked for views of the Justice Department and the other executive agencies on these bills, and have not yet received them. As I said before, this does not represent my idea of a final solution to the problems, but it has been introduced as a starting point for further congressional consideration. However, with the pressure of other work on our committee, I do not see how we are going to be able to do anything further in this session of Congress.

Just to complete the story, let me mention also the bills under consideration by the Senate during the 87th Congress. Only two bills have been introduced. The first, S. 211, was introduced by the Senators from Nebraska, Colorado, and South Dakota, and has the purpose of affirming and recognizing State water laws in the Western States. It follows generally the form of the former Barrett bill. More recently, S. 2636 was introduced by the senior Senator from California. The latter bill, introduced after the Senate Committee on Interior and Insular Affairs had held hearings on Federal-State water rights problems, would repeal the reservation doctrine, would extend the provisions of section 1(b) of the Flood Control Act of 1944 to all works constructed in the future by or under the authority of the United States in the Western States, and would provide that any right to the use of water claimed by the United States, under the laws of any State, should be initiated and perfected in accordance with the procedures established by the laws of that State. Also, the bill would provide that no vested rights to the beneficial consumptive use of any waters, as recognized by the laws of the States in which such use is made, could be taken by the United States without just compensation. No action has been taken by the Senate on either of these bills.

### IV. CONCLUSION

As advocates, many of us have taken a position on one side or the other of this great issue. This is the traditional role of the lawyer. As chairman of one of the subcommittees having jurisdiction in the matter, I can tell you that the position of the western water lawyer has been strongly and most persuasively presented to the Congress. I personally happen to agree with that position. But on the other side, attorneys for the Department of Justice have made a good case. As a Member of Congress I have respect for that position. And let us not forget for a moment that it is backed up by the veto power of the President.

In recent years, eastern lawyers are becoming more concerned with the problem. I am sure that with the background they have, and the interests they represent, they could propose a solution that they felt would solve emerging problems of dual sovereignty over water in the humid States. But would it be a solution that could be agreed to by either lawyers representing western interests or the Justice Department? I doubt it. It would merely present another facet of the problem, and add to the magnitude of the impasse at which we now find ourselves.

Therefore, as I said at the beginning, we in Congress who know that a solution to these problems must be reached are asking for help. The plea which I make today is for the legal profession to abandon the traditional role of advocate of a position on this great issue, to study it objectively, and to join with the Congress in finding a solution to the Federal-State conflict over water.

Make no mistake about it, a solution must be found, and must be found promptly, if the dual sovereignty of our Federal and State Governments is to be preserved in this and other fields.

---

## Attorney General Speaks of Efforts To Combat Communist Activity in the United States

EXTENSION OF REMARKS
OF

### HON. JOEL T. BROYHILL

OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
*Wednesday, September 12, 1962*

Mr. BROYHILL. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to call to the attention of my colleagues an interview broadcast on the NBC "Monitor" program, Sunday, September 2, 1962, in which the Attorney General spoke of the efforts of FBI Director J. Edgar Hoover to combat Communist activity in the United States.

A portion of the transcript of that interview follows:

WARD. "Monitor" over the past several weeks has been examining the work of the FBI and its efforts in, among other things, the fight against subversives. Recently, J. Edgar Hoover was described as an ineffective "spy swatter" in this work. How would you characterize the work of Mr. Hoover?

KENNEDY. Well, I think that he has contributed one of the outstanding jobs of public service over the period of the last 30 years, and I think that if it hadn't been for his efforts, his direction, his organizational ability, that the Communist Party and subversion in the United States would be far stronger, far more dangerous, and would have received—the Soviet Union, Communist countries abroad—would have received far more security information than they have. I think that the ineffectiveness of the Communist Party in the United States at the present time is due more to Mr. Hoover and the FBI than to any other individual or group.

WARD. Mr. Kennedy, what is the status of the Communist Party in this country? Is the Nation's security actually threatened from within or have we been given a scare campaign blown up out of proportion?

KENNEDY. The Communist Party, I don't believe, has any political following in the United States. I think it's been overwhelmingly rejected by the American people. I think that there is a problem, even though the Communist Party is few in numbers, now down to probably less than 10,000 with some others on the fringes who follow its concepts, but it still poses some danger in that as the Supreme Court held 8 to 1 that the Communist Party in the United States is dominated and directed, controlled by the Soviet Union which is, whose aim is, the destruction of the United States, so when they have even a relatively few number of people here in this country which are working for them against the interests of the United States, I think it always poses a security problem for the country.

WARD. Mr. Kennedy, there seems to be a division of political opinion regarding the threat of communism. Some conservative groups on the one hand warning that we must keep our guard up; some liberals on the other hand discounting the threat. Does this division indicate a weakness in our ability to cope with the problems affecting national security?

KENNEDY. I think it is a disservice to discount it, the Communist Party, Communist Party activity, to say it means nothing, because that is untrue. It's also, I think, a disservice to say that there is a Communist under every bush or behind every tree. Or when the State Department or the Government does something with which you disagree to indicate it must be run by a bunch of Communists. The John Birch Society, for instance, said that there are all these Communists. I have written, contacted them to ask them for the names of any that they said existed in Government and never received a reply. The only one that they have identified at all, Mr. Welch has identified, is Dwight Eisenhower, and I think that that is an indication of the disservice of this kind of an operation can bring to the country.

WARD. Since you have occupied the post of Attorney General have you noted a change in Communist activity in this country? Has there been any change in goals or method of operation?

KENNEDY. No. I think that they have, the Communist Party U.S.A. has continued. There has been more effort over the period of the last 12 months to—more effort in the field of universities and colleges, but in my judgment, with not much success.

They also attempted to penetrate into some of these internal disorders that we have, as far as racial questions are concerned, but I think that this is a continuation of their goals that have existed over a period of some years. Communist operations of the representatives of Communist countries abroad who were stationed here in the United States, their activities are steadily increasing, and this is focused mostly on espionage and in attempting to learn security secrets of the United States.

WARD. Thank you, sir.

---

# SENATE

THURSDAY, SEPTEMBER 13, 1962

The Senate met at 11 o'clock a.m., and was called to order by Hon. PAT MCNAMARA, a Senator from the State of Michigan.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, in whose love and wisdom lie all our hopes, we thank Thee for life's loveliness that cannot be shattered or blighted by all the venomous hate and envy which so sorely set Thy human family into contending camps.

Even as today's discords bombard our ears, we are grateful for friendships which withstand all tests, for music which gives wings to our drooping spirits, for truth which breaks the shackles of error, and for human beacons of righteousness where Thou dost show sufficient of Thy light for us in the dark to rise by.

As we bow now at this shrine of Thy grace, we know in very truth that we cannot live by bread alone, and that our spirits must have an escape into the higher realm measured not by clocks or calendars. Make real to us the kingdom whose radiant verities are its faith, its ideals, its visions which shine on the far horizons, and its aspirations which lay hold of God and goodness without alloy.

We lift our prayer in the name of the Perfect One who is our light. Amen.

## DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
*Washington, D.C., September 13, 1962.*

*To the Senate:*

Being temporarily absent from the Senate, I appoint Hon. Pat McNamara, a Senator from the State of Michigan, to perform the duties of the Chair during my absence.

Carl Hayden,
*President pro tempore.*

Mr. McNAMARA thereupon took the chair as Acting President pro tempore.

## THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, September 12, 1962, was dispensed with.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H.R. 12599) relating to the income tax treatment of terminal railroad corporations and their shareholders, in which it requested the concurrence of the Senate.

## HOUSE BILL REFERRED

The bill (H.R. 12599) relating to the income tax treatment of terminal railroad corporations and their shareholders was read twice by its title and referred to the Committee on Finance.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. Mansfield, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. Mansfield, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Permanent Subcommittee on Investigations of the Committee on Government Operations;

The Rivers and Harbors Subcommittee of the Committee on Public Works.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## REPORT ON REVIEW OF DETERMINATION OF QUANTITY AND QUALITY OF COPPER NEEDED IN THE STRATEGIC AND CRITICAL MATERIALS STOCKPILE

The ACTING PRESIDENT pro tempore laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the review of determination of quantity and quality of copper needed in the strategic and critical materials stockpile, Office of Civil and Defense Mobilization (succeeded by Office of Emergency Planning), Executive Office of the President, which, with the accompanying report, was referred to the Committee on Government Operations.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JORDAN of North Carolina, from the Committee on Rules and Administration, without amendment:

S. Res. 382. Resolution to print additional copies of a committee print entitled "Housing for the Elderly" (Rept. No. 2032).

By Mr. BIBLE (for Mr. Carroll), from the Committee on Interior and Insular Affairs, without amendment:

H.R. 9280. An act to amend section 2 of the act of July 31, 1947 (61 Stat. 681), and for other purposes (Rept. No. 2035);

H.R. 9593. An act to provide for the conveyance of certain phosphate rights to the Dr. P. Phillips Foundation, of Orlando, Fla. (Rept. No. 2036); and

H.R. 10540. An act to exclude deposits of petrified wood from appropriation under the U.S. mining laws (Rept. No. 2037).

By Mr. BIBLE (for Mr. Carroll), from the Committee on Interior and Insular Affairs, with an amendment:

S. 2702. A bill for the relief of San-Man Inn of Manning, Inc. (Rept. No. 2033).

By Mr. BIBLE (for Mr. Carroll), from the Committee on Interior and Insular Affairs, with amendments:

S.J. Res. 136. Joint resolution to determine the susceptibility of minerals to electrometallurgical processes, and for other purposes (Rept. No. 2034).

By Mr. ROBERTSON, from the Committee on Banking and Currency, without amendment:

H.R. 7796. An act to amend certain lending limitations on real estate and construction loans applicable to national banks (Rept. No. 2038);

H.R. 12577. An act to place authority over the trust powers of national banks in the Comptroller of the Currency (Rept. No. 2039); and

H.R. 12899. An act to amend section 5155 of the Revised Statutes relating to bank branches which may be retained upon conversion or consolidation or merger (Rept. No. 2040).

By Mr. SPARKMAN, from the Committee on Banking and Currency, without amendment:

H.R. 12628. An act to provide additional funds under section 202(a)(4) of the Housing Act of 1959, and to amend title V of the Housing Act of 1949, in order to provide low- and moderate-cost housing, both urban and rural, for the elderly (Rept. No. 2049).

## INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS OF AMERICA PENSION FUND—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2044)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 8205) to provide tax relief to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America Local 863 pension fund and the contributors thereto, and I submit a report thereon. I ask that the report be printed, together with my supplemental views and those of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

## MODIFICATION OF APPLICATION OF PERSONAL HOLDING COMPANY TAX IN THE CASE OF CONSUMER FINANCE COMPANIES—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2047)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 8824) to modify the application of the personal holding company tax in the case of consumer finance companies, and I submit a report thereon. I ask that the report be printed, together with my supplemental views and those of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

## BRICKLAYERS LOCAL 45 PENSION FUND—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2046)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 11059) relating to the effective date of the qualification of Bricklayers Local 45, Buffalo, N.Y., pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954, and I submit a report thereon. I ask that the report be printed, together with my supplemental views, and the supplemental views of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

### TEMPORARY SUSPENSION OF DUTIES ON CORKBOARD INSULATION AND ON CORK STOPPERS—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2043)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 12213) to provide for the temporary suspension of the duties on corkboard insulation and on cork stoppers, and I submit a report thereon. I ask unanimous consent that the report be printed, together with my supplemental views, and the supplemental views of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

### AMENDMENT OF SECTION 172 OF INTERNAL REVENUE CODE OF 1954, TO PROVIDE A 7-YEAR NET OPERATING LOSS CARRYOVER FOR CERTAIN REGULATED TRANSPORTATION CORPORATIONS—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2041)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 12526) to amend section 172 of the Internal Revenue Code of 1954 to provide a 7-year net operating loss carryover for certain regulated transportation corporations, and I submit a report thereon. I ask that the report be printed, together with my supplemental views and those of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

### FREE ENTRY OF SPECTROMETERS FOR USE OF UNIVERSITY OF ILLINOIS—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2045)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 12529) to provide for the free entry of one nuclear magnetic resonance spectrometer and one mass spectrometer for the use of the University of Illinois, and I submit a report thereon. I ask that the report be printed, together with my supplemental views and those of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

### VALIDATION OF COVERAGE FOR CERTAIN STATE AND LOCAL EMPLOYEES IN ARKANSAS—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2048)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, without amendment, the bill (H.R. 12820) to validate the coverage of certain State and local employees in the State of Arkansas under the agreement entered into by such State pursuant to section 218 of the Social Security Act, and I submit a report thereon. I ask unanimous consent that the report be printed, together with my supplemental views, and the supplemental views of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

### AMENDMENT OF TITLE 38, U.S. CODE, TO REVISE THE EFFECTIVE DATE PROVISIONS RELATING TO AWARDS—REPORT OF A COMMITTEE—SUPPLEMENTAL VIEWS (S. REPT. NO. 2042)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, with an amendment, the bill (H.R. 7600) to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes, and I submit a report thereon. I ask that the report be printed, together with my supplemental views and those of the Senator from Illinois [Mr. Douglas].

The ACTING PRESIDENT pro tempore. Without objection, the report will be received and printed, as requested by the Senator from Virginia, and the bill will be placed on the calendar.

## BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TOWER:

S. 3719. A bill to amend the act providing books for the adult blind so as to make books also available to armless readers; to the Committee on Labor and Public Welfare.

By Mr. WILEY:

S. 3720. A bill for the relief of Sunnyside Seed Farms; to the Committee on the Judiciary.

By Mr. BOTTUM:

S. 3721. A bill to establish a program for the Government purchase and resale of domestically produced, newly mined processed mica and mica ore; to the Committee on Interior and Insular Affairs.

By Mr. KEATING:

S. 3722. A bill for the relief of Ja Han Hong; to the Committee on the Judiciary.

By Mr. BOTTUM:

S. 3723. A bill to provide for the emergency transportation of certain products by rail or motor vehicle common carriers for periods during which the ordinary operations of such carriers are interrupted because of a labor dispute; to the Committee on Commerce.

(See the remarks of Mr. Bottum when he introduced the above bill, which appear under a separate heading.)

By Mr. CARLSON:

S. 3724. A bill for the relief of Margaret M. Romain; to the Committee on the Judiciary.

By Mr. MILLER:

S.J. Res. 226. Joint resolution reaffirming the principles of the Monroe Doctrine and authorizing and directing the President of the United States to take such action as is necessary to prevent any violation thereof; to the Committees on Foreign Relations and Armed Services, jointly.

By Mr. PROUTY:

S.J. Res. 227. Joint resolution authorizing the President of the United States to employ the Armed Forces of the United States in order to protect the peace and security of the United States and the free world; to the Committees on Foreign Relations and Armed Services, jointly.

## RESOLUTIONS

### SUPPORT OF PRESIDENT IN CUBAN SITUATION

Mr. MANSFIELD submitted a resolution (S. Res. 388) to support the President in the Cuban situation, which was referred to the Committees on Foreign Relations and Armed Services, jointly.

(See the above resolution printed in full when submitted by Mr. Mansfield, which appears under a separate heading.)

### EXPRESSION OF SENSE OF THE SENATE REGARDING CUBA

Mr. JAVITS submitted a resolution (S. Res. 389) expressing the sense of the Senate regarding Cuba, which was referred to the Committees on Foreign Relations and Armed Services, jointly.

(See the above resolution printed in full when submitted by Mr. Javits, which appears under a separate heading.)

### EXPRESSION OF SENSE OF THE SENATE REGARDING CUBA

Mr. BUSH (for himself and Mr. Keating) submitted a resolution (S. Res. 390); which was referred to the Committees on Foreign Relations and Armed Services, jointly, as follows:

*Resolved*, That it is hereby declared to be the sense of the Senate that the domination and control of the Republic of Cuba by the international Communist movement jeopardizes the peace and security of the Western Hemisphere and violates the basic right of the Cuban people to independence and self-determination.

(b) It is further declared to be the sense of the Senate that the United States, under the principles of the Monroe Doctrine, the Inter-American Treaty of Reciprocal Assistance, and article 51 of the Charter of the United Nations, has the right and obligation to take all necessary actions, in cooperation with other Western Hemisphere nations if possible, and unilaterally if necessary, to end such domination and control and to restore the Republic of Cuba to a government of the people, by the people, and for the people.

## THE 200TH ANNIVERSARY OF U.S. INDEPENDENCE AND A WORLD'S FAIR IN CHICAGO

Mr. DIRKSEN submitted a resolution (S. Res. 391), which was referred to the Committee on the Judiciary, as follows:

> Whereas in 1976 the United States will commemorate the two hundredth anniversary of its independence; and
>
> Whereas it would be appropriate to commemorate this great event by holding a World's Fair where by proper ceremony the history of the Nation from 1776 to 1976 might be suitably depicted; and
>
> Whereas there has been constituted in the State of Illinois a "Committee of 76" consisting of public-spirited citizens who are presently engaged in planning such a World's Fair; and
>
> Whereas the aforesaid "Committee of 76" has selected the city of Chicago, located near the geographic heart of the United States as the proper place to observe this epochal and historic event; and
>
> Whereas the city of Chicago, the county of Cook and the State of Illinois have all gone on record as encouraging this "Committee of 76" to make bold and imaginative plans for such a World's Fair in the city of Chicago: Now, therefore, be it
>
> *Resolved,* That it is the sense of the United States Senate that it looks with favor on this proposal and hereby gives encouragement to the "Committee of 76" in its efforts to plan and bring about this two hundredth anniversary commemorative ceremony in the city of Chicago.

## EMERGENCY RELIEF TO FARMERS OF MIDWEST

Mr. BOTTUM. Mr. President, I introduce, for appropriate reference, a bill which I have prepared and which I hope may in some manner grant some emergency relief to the farmers and other citizens of the State of South Dakota and of all the great middle section States of the United States which are affected by the strike on the North Western Railway.

I invite the attention of Members of this body to the fact that this strike, which has prevailed for so long, is now affecting the entire economy of the area.

The entire sugarbeet industry of South Dakota and of Nebraska is now confronted with a situation in which beets are piling up, ready to move to the factories, with no available transportation. Unless the beets are moved within a short time, we stand to lose the entire sugarbeet crop of the States of South Dakota and Nebraska.

In addition to this very serious situation in our beet industry, there are many products of agriculture in the State of South Dakota ready for market, unable to move.

In the Rapid City area there is a great missile program going on at the moment, as a part of our national defense, to which we are unable to move sand, gravel, steel, and all other necessary things which go to make up the component parts of that great defense project.

Construction has ceased on our Interstate Highway System. Unless something is done to provide relief from the strike to those who are faced with the emergency, it will be a sorry day, not only for the farmers and those people in South Dakota about whom I have spoken, but for the members of the railroad union who will see the destruction and bankruptcy of industry and farming in our State.

Therefore, with that problem in mind, I introduce a bill which would take care of the emergency hauling need during the strike. I ask Senators not to misunderstand me. I am in no way trying to take away from a union its right to strike, but merely to provide a means by which an emergency in connection with hauling can be taken care of in the case of a long and prolonged strike.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2723) to provide for the emergency transportation of certain products by rail or motor vehicle common carriers for period during which the ordinary operations of such carriers are interrupted because of a labor dispute, introduced by the Senator from South Dakota [Mr. Bottum], was received, read twice by its title, and referred to the Committee on Commerce.

Mr. HRUSKA. Mr. President, I commend the Senator from South Dakota for the action he has taken in connection with an emergency which not only exists in the northern tier of counties in Nebraska which has a large sugarbeet industry served by the Chicago & North Western Railway, but is developing in Iowa and surrounding areas where many sugarbeets are grown and shipped to the sugar refinery in Belle Fourche, S. Dak. The Utah-Idaho Sugar Co. has the facility there for the refining of sugar from sugarbeets grown in the neighboring area. Incidentally, sugarbeets are grown in the State of the Presiding Officer, the distinguished Senator from Minnesota [Mr. McCarthy].

Ever since the strike began, the Senator from Nebraska has been receiving letters, telegrams, and telephone calls from businessmen, grain dealers and grain farmers, as well as sugarbeet growers, which report the drastic impact on the economy of the region which the strike has had. In addition, only this morning I had a phone call from a representative of the Utah-Idaho Sugar Co., in which he said that last Sunday night a frost hit that general area, virtually destroying the corn crop for any use except that of silage. Of course, such use would reduce the value of that crop. The bean crop has been virtually destroyed by reason of the frost. Fortunately, the sugarbeet crop has not been affected. But the sugarbeet crop is about the last resource that the farmers have to avoid a great financial disaster, and in many instances outright bankruptcy. So this is an emergency situation. In view of the gravity of the situation, more progress than witnessed so far has to be made. This morning, Mr. President, I sent a letter to the President of the United States urging him to use the full prestige and authority of his office in an effort to achieve resumption of rail service. I ask unanimous consent that its text be printed at this point in my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

September 13, 1962.

The President,
*The White House,*
*Washington, D.C.*

My Dear Mr. President: The plight of agriculture and business in Nebraska adversely affected by the strike involving the Chicago & North Western Railway has reached an alarming critical point.

You are again urgently requested to exercise the full prestige and authority of your office in efforts to allow resumption of service. Unless the strike ends soon, grievous financial loss, and in some cases outright bankruptcy will result.

It is manifestly unfair to the farmers, businessmen, and citizens of the affected communities to be subjected to such losses through no fault of their own. It would seem that in view of the gravity of the situation more progress can be made.

Attached are telegrams and letters received in the past few days indicating the extent of the damage being done by continuance of the strike.

Respectfully yours,
Roman L. Hruska,
*U.S. Senator From Nebraska.*

Mr. HRUSKA. Mr. President, I commend the Senator from South Dakota for the step that he has taken today to induce some action that will afford relief in a very urgent situation.

Mr. BOTTUM. I thank the Senator.

Mr. MUNDT. Mr. President, I also commend the junior Senator from South Dakota on his diligence and forethought in coming forth with a legislative proposal which would deal with an emergency situation involving national defense and the shipping of perishable farm products, and which would provide for a continuation of transportation service during such an emergency, and then permit the normal processes of collective bargaining and negotiation to continue.

Only yesterday I received a call from a group of Nebraska farmers. They discussed the problems mentioned by the Senator from Nebraska [Mr. Hruska]. They told me that public indignation meetings in that area are being held and farmers are signing up for a trip to Washington. They intend to camp on the White House lawn, and to remain there until the President takes some action. I sought to deter such action. I said, "Give us another 24 hours. Perhaps some settlement can be reached." We can sense the desperate economic situation they confront when they want to come to the White House, camp on the lawn, and remain there picketing the White House until some action is taken.

The measure suggested by the junior Senator from South Dakota [Mr. Bottum] would move in the direction of getting relief. We have all been in contact with the Department of Labor and the White House trying to impress upon them the urgency and the significance of the situation. At noon today, while visiting and having lunch with the Senator from Minnesota [Mr. Humphrey], I listened to his description of the same kind of serious conditions that are affecting his State, which is also served in part by the Chicago & North Western Railway. I hope that the appropriate committee of the Senate will give immediate attention to the proposed emergency legislation introduced by my colleague in the event that neither the White House nor the Department of Labor acts within the next 24 hours to bring the strike to a halt.

Mr. BOTTUM. I thank my colleague.

Mr. GOLDWATER. Mr. President, I, too, commend the junior Senator from South Dakota for his remarks. I think all of us in this body agree that the laboring man's right to strike is his only strong legitimate weapon. I do not think there is a Member of this body who would vote to take that right away.

But, Mr. President, there will come a time—and I think it will come soon—when the continued abuse of the right to strike by irresponsible labor leaders will react strongly against the labor movement. I should not like to see that day come. But we in the Senate and in the House of Representatives cannot continue to let go by an abuse by irresponsible labor leaders that is depriving whole sections of our country of their livelihood, and is denying to this country the defense that we are trying to build.

I suggest that if any Senators went to one of our missile sites and did damage that took 6 months to repair, we could be tried under the Espionage Act and possibly punished by death.

I think there is just as much irresponsibility on the part of irresponsible labor leaders who deny the necessary materials for the construction of our missile sites as one who publicly engages in sabotage.

I think also that the irresponsibility involved in not permitting farmers to sell their products in the market is inexcusable. I am glad that the Senator has introduced the proposed legislation and I hope that the Senate Committee on Labor and Public Welfare, of which we are both members, will give it an early hearing.

Mr. BOTTUM. I thank the Senator.

### CORRECTIONS IN ENGROSSMENT OF HOUSE BILL 7283

Mr. MANSFIELD. Mr. President, I send to the desk a proposed order, which I ask to have read.

The ACTING PRESIDENT pro tempore. The proposed order will be read.

The order was read, as follows:

> *Ordered,* That in the engrossment of the amendments of the Senate to H.R. 7283, providing for payments of certain World War II losses to American nationals, the Secretary of the Senate be authorized and directed to make certain transpositions in the order of arrangement of the Senate amendments, and to correct accordingly the paragraph and section numbers and titles thereof.

Mr. MANSFIELD. And, Mr. President, with the addition that the bill as corrected be printed.

The ACTING PRESIDENT pro tempore. Is there objection to the proposed order? Without objection, it is so ordered.

### CHANGE OF CONFEREE

Mr. BIBLE. Mr. President, I ask unanimous consent that the Senator from Oregon [Mr. MORSE] may be excused as a conferee on the bill (H.R. 4670) to amend the law relating to indecent publications in the District of Columbia, and that the Senator from Indiana [Mr. HARTKE] may be appointed in his stead.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### NOTICE OF HEARING ON PROBLEMS IN THE FIELD OF FEDERAL-STATE-LOCAL RELATIONS

Mr. MUSKIE. Mr. President, the Subcommittee on Intergovernmental Relations of the Committee on Government Operations will hold an executive meeting on subcommittee business on Tuesday, September 18, at 10 o'clock a.m. At 10:30 o'clock a.m. an open hearing on problems in the field of Federal-State-local relations will be held in room 3302, New Senate Office Building.

### ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 13, 1962, he presented to the President of the United States the enrolled bill (S. 1130) to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes.

### THE COMMON MARKET ISSUE AND THE TRADE BILL

Mr. TOWER. Mr. President, the Macmillan government's dilemma in seeking to resolve the Common Market issue portends our own future in this regard.

Recent radio dispatches from the British Commonwealth conference currently underway in London have indicated that Prime Minister Macmillan is dismayed by the fierce opposition to Britain's accession to the Common Market expressed by other Commonwealth nations. And these dispatches appear to be putting the best possible face on the situation. What has, in fact, happened is that Mr. Macmillan has encountered a veritable buzz saw of opposition—a buzz saw that threatens the continuance of his conservative government. For example, the Associated Press reported on September 12:

> A major crisis loomed today for Prime Minister Macmillan's conservative government after a concerted Commonwealth revolt against Macmillan's plan to join the European Common Market.
>
> Statesmen of at least five countries lined up to back the massive assault loosed yesterday by eight of their fellow leaders against the prospective terms of Britain's linkup with the six-nation continental bloc.
>
> In the face of the demonstrations of overwhelming anxiety Macmillan ran the risk of imperiling his government if he presses on with his plan.

The climate of disaster clearly indicated by this report was made even more palpable by a Reuters dispatch, of the same day, reporting:

> The general secretaries of 32 British trade unions, with a total membership of over 2 million, issued a surprise demand today for a British general election on the Common Market issue.

With the latest poll of the London Daily Mail on this particular issue reporting that British public opposition to Macmillan's plan stands at 52.2 percent, the prospect of a general election must be somewhat disquieting, at the very least, to the Prime Minister.

While Mr. Macmillan's plight is perhaps the most dramatic political development of the contretemps, other conference participants have their own political problems which, at least in part, account for the severity of the rift sundering the Commonwealth leaders. Robert Menzies, Australia's Prime Minister, is under understandable pressure to depart the bargaining table with a deal favorable to his country, inasmuch as in the last election his government was returned to office by a majority of only one seat.

And Canada's John G. Diefenbaker is in even shakier shape. His Government has no majority at all, because since the last election the balance of power has reposed in the hands of the maverick Social Credit Party.

While adverse reaction from the Commonwealth nations was, of course, expected, nobody, apparently not even Mr. Macmillan, was prepared for the violent storm of protest which now has broken over the conference table. For example, Keith Holyoake, of New Zealand, accused Macmillan's plan of "vagueness and generalization," and added the somewhat personal comment:

> The promise of long-term benefit is unlikely to be given its proper value by a man faced with the certainty of short-term disaster.

Pakistan's Ayub Khan, perhaps the most vigorous and outspoken leader of all those representing the Commonwealth's new nations, and who made such a strong impression on the Congress when he addressed us in joint session, characterized the present proposals as "inadequate." He further asserted:

> The Western World must decide whether it will make a viable place for developing countries or whether it intends to turn itself into a powerful international cartel, denying access to our manufacturers to their markets and forcing us to remain primary producers to feed their factories, dictating terms of trade and compelling us to pay several times more for their finished goods. If this were to happen it would amount to reestablishing imperialism of the worst kind, the consequences of which would be nothing short of disastrous.

Equally hard-hitting comments were made by others. Only Ceylon, Malaya, and little Jamaica did not join the all-out attack.

What, we may ask, do these storm signals mean to the United States? Why should we concern ourselves with an essentially intramural squabble among the participants in the British Commonwealth? In my opinion, Mr. President, these developments convey a very important message to this country, and especially to us here in the Senate.

What is in the wind from Whitehall, obviously, is an eventual shift in the traditional trading patterns of the world. In what direction the shift will be made, and to what degree, no one can yet say; but that it will occur is manifest.

Yet we in Congress—facing a world in flux, knowing full well that major and unpredictable realinements in world trade are in the offing—have been asked to legislate in haste an unprecedentedly drastic program for the conduct of America's foreign trade. In all probability we shall be asked to approve a bill, H.R. 11970, which may sacrifice domestic industry on the altar of international amity—which indeed details the ritual for that sacrifice—when we have not the slightest notion what trading patterns the United States will face during the 5-year period of the legislation.

I suggest, Mr. President, that to acquiese in these demands for the most sweeping, far-ranging foreign trade bill in history under these circumstances would be nothing short of irresponsible. It would be sheer folly for us to proceed at full speed through the murk now engulfing world trade. When the fog lifts and the icebergs are in clear view—then, Mr. President, and only then, can we move ahead confident that we are not courting disaster.

The ACTING PRESIDENT pro tempore. Is there further morning business?

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business to consider a nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to consider executive business.

## EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. ROBERTSON, from the Committee on Banking and Currency:

Paul J. Maguire, of New York, to be assayer of the U.S. assay office at New York, N.Y.

## EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. CASE. Mr. President, from the Committee on Armed Services, I report favorably the nomination of Vice Adm. Harold T. Deutermann, U.S. Navy, for appointment as a U.S. representative of the Military Staff Committee of the United Nations as a senior member, the appointment of three rear admirals to the grade of vice admiral while serving in special assignments, and three vice admirals to be placed on the restired list of the Navy. I ask that these names be printed on the Executive Calendar.

The ACTING PRESIDENT pro tempore. The nominations will be placed on the Executive Calendar, as requested by the Senator from New Jersey.

The nominations are as follows:

Vice Adm. Harold T. Deutermann, U.S. Navy, for appointment as a U.S. representative of the Military Staff Committee of the United Nations, as a senior member;

Rear Adm. Paul D. Stroop, Rear Adm. Horacio Rivero, Jr., and Rear Adm. Thomas H. Moorer, U.S. Navy, for commands and duties determined by the President, for appointment to the grade of vice admirals while so serving; and

Vice Adm. Charles Wellborn, Jr., Vice Adm. Robert B. Pirie, and Vice Adm. Clarence E. Ekstrom, U.S. Navy, for appointment to the grade of vice admiral on the retired list.

Mr. CASE of New Jersey. Mr. President, I also report favorably 136 officers for promotions and appointments in the Regular Army in the grades of major and below, and 533 officers for appointments and promotions in the Navy and Marine Corps in grades of captain and below. All of these names have already appeared in the CONGRESSIONAL RECORD, so in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk, for the information of any Senator.

The ACTING PRESIDENT pro tempore. Without objection, the nominations will lie on the desk, as requested by the Senator from New Jersey.

The nominations are as follows:

Irma L. Jaakkola, Robert G. Ferrari, and Barrett S. Haight, for promotion in the Regular Army of the United States;

John D. Proe (Infantry), and sundry other persons, for appointment in the Regular Army;

Charles M. Katsuyoshi, and sundry other distinguished military students, for appointment in the Regular Army of the United States;

Larry R. Croll, and sundry other persons, for appointment and promotion in the U.S. Navy; and

Carl P. Ackerman, and sundry other persons, for appointment and promotion in the Marine Corps.

The ACTING PRESIDENT pro tempore. If there be no further reports of committees, the nomination on the Executive Calendar will be stated.

## COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of Corwin S. Snyder, of North Dakota, to be collector of customs for customs collection district No. 34.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1963, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. THOMAS, Mr. YATES, Mr. CANNON, Mr. OSTERTAG, and Mr. TABER were appointed managers on the part of the House at the conference.

## ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

H.R. 6653. An act for the relief of Maurizio Placidi;

H.R. 7582. An act for the relief of Dario Taquechel; and

H.R. 11914. An act for the relief of Charles Gambino.

## LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate return to legislative session.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

## AUTHORITY TO CALL RESERVISTS TO ACTIVE SERVICE

Mr. BUSH. Mr. President, I note with great regret and with some resentment that it is alleged that the action on the part of myself, and perhaps other Senators, in submitting resolutions of amendment to the Reserve callup joint resolution, which the Senate will consider today, indicates that in taking a position in favor of recognition of the Monroe Doctrine we are doing so on a political basis. I am particularly struck by the language in the Washington Post & Times Herald this morning:

> The idea is to sidetrack what the Democrats contend are politically inspired Republican efforts to put Mr. Kennedy on the spot over Cuba.

I emphatically disavow that the amendment which I submitted yesterday was submitted for that purpose. In support of my disavowal I remind the Senate, as I have repeatedly over a period of 2 years, that on January 7, 1960, I submitted a similar resolution designed to accomplish almost exactly the same purpose. I ask unanimous consent that the resolution I then submitted be printed in the Record following my remarks.

**The ACTING PRESIDENT** pro tempore. Is there objection to the request by the Senator from Connecticut? The Chair hears none, and it is so ordered.

(See exhibit 1.)

**Mr. BUSH.** Mr. President, I submitted that resolution at that time on behalf of myself and Mr. Sparkman. Who is Mr. Sparkman? He is the next to the senior member of the Committee on Foreign Relations, a member of the Democratic Party. The Senator from Alabama [Mr. Sparkman] was sympathetic with that resolution at that time, or he would not have put his name on it. I have reason to believe that he is still sympathetic with the purpose of that resolution, and I have good reason to believe he would not accuse me of offering the amendment on the basis of partisan political considerations.

I said in my remarks yesterday that I thought the passing of the resolution by the two Houses of Congress would fortify the position of the President of the United States. I still believe that is the case. I wish to express my resentment to members of the Democratic Party who have accused me surreptitiously of being partisanly political in connection with this issue.

**The ACTING PRESIDENT** pro tempore. The time of the Senator from Connecticut has expired.

**Mr. BUSH.** I ask unanimous consent that I may proceed for 2 more minutes.

**The ACTING PRESIDENT** pro tempore. Without objection, the Senator's time is extended 2 minutes.

**Mr. BUSH.** I do not believe this is an issue in which partisan politics has any play at all. I also believe that an expression of the will of the Congress of the United States, an expression of its determination in the interests of the safety of this country, would fortify the President in the coming months when we shall not be in this city, when Congress will not be in session, until the Congress reassembles in January.

That was my sole purpose in preparing the amendment which I shall offer when the callup joint resolution is before the Senate today.

In this connection, Mr. President, I should like to invite attention to an article published in today's New York Times, written by Arthur Krock, in which he makes this point:

> The phrase in constant public use by officials here against critics of these policies is, "Do you want a full-scale, nuclear world war?"—the import being that this single alternative is not a matter of judgment but a fact established beyond any shred of doubt. But the Cuban situation has spawned another, and very privately uttered phrase aimed at those who contend that Soviet Russia has clearly challenged the Monroe Doctrine there. This expression is, "The Monroe Doctrine is dead." To make this statement in public would raise a tornado of public protest, would echo a similar appraisal by Premier Khrushchev and controvert President Kennedy's recent reaffirmation of the doctrine.

Mr. President, I ask unanimous consent that the article by Mr. Krock may be printed in the Record at the conclusion of my remarks.

**The ACTING PRESIDENT** pro tempore. Is there objection to the request by the Senator from Connecticut? The Chair hears none, and it is so ordered.

(See exhibit 2.)

**Mr. BUSH.** Mr. President, the position which I take, and which I think most Senators take, is that the Monroe Doctrine is not dead, that the time has come when we should reaffirm it in modern dress. We should relate it to our obligations under the United Nations and to our obligations under the Organization of American States.

I am glad to have an opportunity today to express my indignation against those who assert that because a Senator is in favor of fortifying the President in this critical hour in any decision he may make in respect to our problems in Cuba, he is engaging in partisan politics.

**The ACTING PRESIDENT** pro tempore. The time of the Senator from Connecticut has again expired.

**Mr. BUSH.** I ask unanimous consent that I may have 1 more minute.

**Mr. LAUSCHE.** Mr. President, I ask that the Senator may be granted 2 minutes.

**The ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

**Mr. BUSH.** Mr. President, I earnestly hope that if the callup joint resolution is passed, and if my amendment to it is approved, that neither will have any effect but that effect intended by the President himself; namely, to warn the world and to warn Soviet Russia in particular that we mean business, that the Monroe Doctrine is not dead, that we intend to defend our rights in this hemisphere, and that we intend to take whatever steps may seem appropriate at any time to turn back an invasion of international communism into the Western Hemisphere.

I yield the floor.

### Exhibit 1

### S. Con. Res. 79

(In the Senate of the United States, 86th Congress, 2d session, January 7, 1960, Mr. Bush (for himself and Mr. Sparkman) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations)

Whereas intervention by the world Communist movement directly or indirectly in the affairs of any of the independent nations of the Western Hemisphere would threaten the sovereignty and political independence of that nation and other such nations; and

Whereas the free and independent nations of the Western Hemisphere have long since ceased to be objects for domination, control or colonization by other powers; and

Whereas the direct or indirect intervention by the world Communist movement, by whatever means such intervention might be disguised, in any American nation, would constitute in effect such domination, control or colonization by a non-American power, and would violate the sovereignty and political independence of an American nation; and

Whereas any such intervention by the world Communist movement in the affairs of any nation situated in the Western Hemisphere would constitute a threat to the peace and safety of the United States and the other nations of that hemisphere;

Whereas in the rapidly evolving atomic age the threat presented by any such intervention might develop with such rapidity that there would not be time to assemble a meeting of the Inter-American Organ of Consultation to provide for joint action to repel the danger: Therefore be it

*Resolved by the Senate (the House of Representatives concurring)*, That (a) if one or more of the high contracting parties to the Inter-American Treaty of Reciprocal Assistance should be threatened in any manner with domination, control or colonization through the intervention of the world Communist movement, any other such party would be justified, in the exercise of individual or collective self-defense under article 51 of the Charter of the United Nations, in taking appropriate steps to forestall such intervention and any domination, control or colonization of any nation of the Western Hemisphere by the world Communist movement.

(b) If any such defensive measures are taken by any defending nation of the Western Hemisphere, such nation should report promptly the action so taken to the Inter-American Organ of Consultation, to the end that an emergency committee, established in the manner provided by the Convention of Havana of 1940, may be organized to provide for the provisional administration of the nation so defended, pending its restoration to a government of the people, by the people, and for the people.

---

### Exhibit 2

### Caracas Resolution of 1954 and the Monroe Doctrine

(By Arthur Krock)

Washington, September 12.—For some time now, beginning with the indispensable U.S. support of the U.N. military offensive against Katanga as required to preserve international peace, a certain phrase has been reiterated by officials of the Kennedy administration with an air of confidence that the words justify every foreign policy which has been under strong critical fire. In addition to the U.S.-U.N. Congo policy of waging peace with the implements of war, these critical targets include two others in particular. They are the failure of the administration to lay before the U.N. Assembly India's violation of the charter by seizure of Goa; and the administration's role in Indonesia's blackmailing operation in Netherlands West New Guinea.

The phrase in constant public use by officials here against critics of these policies is, "Do you want a full-scale, nuclear world war?"—the import being that this single alternative is not a matter of judgment but a fact established beyond any shred of doubt. But the Cuban situation has spawned another, and very privately uttered, phrase aimed at those who contend that Soviet Russia has clearly challenged the Monroe Doctrine there. This expression is, "The Monroe Doctrine is dead." To make this statement in public would raise a tornado of public protest, would echo a similar appraisal by Premier Khrushchev and controvert President Kennedy's recent reaffirmation of the doctrine. So it is not surprising that the few who say that, and support it with the following arguments, specify they are talking strictly off the record:

1. When the 10th Inter-American Conference of 21 nations met in March 1954, at Caracas, it adopted a resolution urged by Secretary of State Dulles. The principal declaration was that control of the political institutions of any American state by international communism, or any extension of that system to this hemisphere, would constitute a threat to the Pan American continents, and would be met by immediate consultation and action under existing treaties.

#### DELEGATING POWER TO OAS

2. The actual and practical effect of this resolution—approved 17 to 1 (Guatemala

alone voting "No," Mexico and Argentina abstaining) was to turn over enforcement of the Monroe Doctrine to the Organization of American States as a multilateral proposition. Thereby the United States delegated to the OAS its historic position that it could and would enforce the doctrine unilaterally as before, when in its judgment the extension of a foreign power system to this hemisphere became a matter of fact.

3. Hence, unless and until such an extension was evaluated by the United States as a solid threat to its security, this Nation would abdicate enforcement of the doctrine, and the details of enforcement, to the judgment of the OAS.

4. Consequently, the historic Monroe Doctrine "died" at Caracas in 1954, and the only basis for forceful U.S. measures toward Cuba is an evaluation by the President that the threat posed there endangers national security.

A supplemental argument advanced for this thesis is that unilateral invocation of the doctrine by the United States would be repudiated by world opinion because of the ring of our military bases and armed forces around the U.S.S.R.

In the very private sessions in which these views have been asserted, they have thus been rebutted:

1. The right of the United States to enforce the Monroe Doctrine unilaterally, if necessary, was not abandoned at Caracas either by implication or by anything said or encouraged as an inference by our representatives there. Secretary Dulles' comment was merely that the resolution adopted "relates to the extension to this hemisphere of the political system of despotic European powers" and made "as international policy" of the Americas "a portion of the Monroe Doctrine which has largely been forgotten." This gives no foundation to the analysis that, when the OAS declines to implement this policy, the United States has committed itself to do the same.

2. Unlike the infiltration and subversion of Soviet Russia in Cuba, the purpose of this Nation's bases and troops around the periphery of Russia is to prevent the spread of these activities of international communism, not to expand the American governing system.

Any high officials or Members of Congress who may dispute this rebuttal are not likely to do so publicly.

## PERSONAL STATEMENT BY SENATOR McGEE

Mr. McGEE. Mr. President, I regret to say that a previously made commitment out in the West will make it impossible for me to be present later today for the vote on President Kennedy's request for standby authority to call up 150,000 reservists. However, I should like to add my support to the bipartisan effort to give the President the power to act if an emergency should arise when the Congress is not in session. "Forewarned is forearmed" is an old proverb that has real application to the current tense situation. Certainly the action of the Soviets in providing military assistance to Fidel Castro's tottering Communist government represents a threat to hemispheric stability and increases the chances of an incident that could lead to open hostilities. Although I hope that such an occurrence does not take place, I think it would be folly not to be prepared for it.

But I think this action is more important for what it says to those who would expand the rule of tyranny in the world. It says to them that the United States of America will not stand by and see the spread of totalitarianism. It says that we will come to the defense of freedom, and that any would-be aggressor had better watch his step. But the fact that the President has asked only for the authority to call up these troops tells our friends in this hemisphere that, while we will defend democracy in this half of the world, we will not launch out on any face-saving aggression that could plunge the world into war and could end for many, many years any hope for the advancement of mankind. This request says that, while we will not let the irritation of this galling action goad us into hasty and unwise action, neither will we—by inaction or unreadiness—deliver the birthright of freedom of the peoples of this hemisphere into the hands of despotic Communist rule.

## MARITIME GAP BETWEEN UNITED STATES AND U.S.S.R. POINTS TO SOVIET DRIVE FOR SUPERIORITY

Mr. BUTLER. Mr. President, a few weeks ago, every Member of the Congress received a reprint of an astounding article entitled "Will Russia Bury Us at Sea?" from Marine Engineering/Log, a leading maritime trade journal. In truth, Russia's steadily increasing numbers of naval and merchant vessels constitute a real threat to our ability to control the sealanes of trade and commerce. I suspect this situation prompted Maritime Administrator Donald W. Alexander to say in California the other day:

> If [present maritime] trends continue * * * sometime between 1965 and 1970, the Soviet Union will surpass us.

While several of my colleagues have already referred to this threatening situation, I believe the letter which accompanied the Marine Engineering/Log article also carries an important message. Mr. President, I therefore ask unanimous consent that this letter, together with my reply, be included in the body of the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SHIPBUILDERS COUNCIL OF AMERICA,
*August 6, 1962.*

Hon. JOHN MARSHALL BUTLER,
*U.S. Senate,*
*Washington, D.C.*

DEAR SENATOR BUTLER: Knowing your keen interest in matters affecting national security as well as the Nation's trade and commerce I am taking the liberty of sending you the attached reprint of an article entitled "Will Russia Bury Us at Sea?" from the June 15, 1962, issue of Marine Engineering/Log, an authoritative technical journal serving the maritime industry.

We particularly call your attention to the dramatic charts on pages 7 and 8. You will note that the 1960 Russian merchant fleet will double in size by 1965, triple by 1970, and is expected to attain a 5 to 6 times increase by 1980. All of this, of course, involves increasing budgetary commitments on the part of the Kremlin, and of course these goals are being accomplished with a 100-percent subsidy.

This accelerated fleet expansion program of the U.S.S.R. is in startling contrast with the steady contraction of the U.S. merchant fleet. The chart on page 8 substantiates the high priority Russia has assigned to merchant fleet shipbuilding. At the start of 1962, Russia had 226 ships building or on order while the United States had only 65. This is surely a maritime gap of alarming proportions.

Equally alarming is the author's view, based on many months of exhaustive research and documentation, that the Russian fleet expansion is a prelude to either an economic or military showdown—a showdown we could lose by default, a showdown we could ill afford to lose. Yet, while our avowed enemy is engaged in a massive maritime buildup, we are truly engaged in a massive maritime breakdown.

Sincerely,
EDWIN M. HOOD,
*President.*

---

U.S. SENATE,
*August 14, 1962.*

Mr. EDWIN M. HOOD,
*President, Shipbuilders Council of America,*
*Washington, D.C.*

DEAR MR. HOOD: I want to thank you for calling my attention to the article in Marine Engineering/Log magazine which vividly compares Russia's increasing maritime strength with our own maritime atrophy. This is indeed a serious situation, and I am appalled to note that this analysis is largely based on statistics and information which is in the hands of the very people in our Government who have primary responsibility for the adequacy of our maritime capability.

Against the background of the gyrations and gobbledygook of the administration late last year when a reduction of funds for merchant ship construction was threatened, this maritime gap, as you put it in your letter of August 6, is even more disquieting. The subsequent testimony of official spokesmen before the Committee on Commerce, while I was in the chair, to the effect that the Budget Bureau wanted a slowdown or stretchout in the merchant vessel replacement program, substantiates the continuing fears of many of my colleagues here in the Senate that our merchant marine is indeed being neglected by purposeful design. In all fairness, however, this neglect is nonpartisan or, if you will, bipartisan, for the previous administration was no better than the present administration on this score.

While the Russians have 226 ships under construction or on order—some in European shipyards which were reconstructed with the dollars of U.S. taxpayers after World War II—we have only 65. The Russians are not building these ships for sport; they are a part of a purposeful design for world domination, economically as well as politically. But nitpicking policymakers and pennypinching (only from a maritime standpoint) budget makers in this country, with their heads in the clouds and their feet planted firmly in midair, seem unable or unwilling to recognize this fact. Perhaps Russia's massive maritime buildup will stir them to action. I hope so.

With warm personal regards, I am,
Sincerely,
JOHN MARSHALL BUTLER,
*U.S. Senator.*

## NEEDED: U.N. NEUTRALIST COMMISSION TO CREATE DISARMAMENT

Mr. WILEY. Mr. President, in these critical times, the world hungers for an easing of tensions, for safeguards against nuclear war, for an opportunity to channel more resources, technological knowhow and manpower and brainpower to serve and not threaten to destroy people, many of whom barely exist on the jagged edge of poverty, indignity, hopelessness—and for peace.

Over the years, the United States and its allies have tried relentlessly to: (a) bring about realistic disarmament; (b) establish machinery for peaceful settlement of differences among nations; and (c) create peace in the world.

Deep in the heart of humanity, there is a yearning, a great need, of these safeguards for the future.

Realistically, we must face the fact, however, that unless there is a change of Red policy, of which there is no real evidence, the Communists will not agree to safeguarded disarmament.

Recently recessed, the 17-nation Geneva Disarmament Conference stands as one more futile effort to reach agreements on arms reduction and control with the Communist world. As of now, there have been over 100 meetings ending regrettably in no real progress.

Now what can be done? About a year ago I recommended that there be established a neutralist U.N. group to "hammer out" a disarmament plan.

The goal would be to create universally recognized standards for disarmament, which, by any realistic criteria, must include inspection as a safeguard. The plan, then, would be presented to the United Nations as a whole; and to each nation, individually, for a "yes" or "no" vote.

This would, I believe, present a clearer picture of whom—namely, the Communist nations—continue to roadblock progress toward disarmament.

As of now, the disarmament debate is scheduled to go back to the General Assembly, scheduled to open on September 18. Consideration there, in my judgment, will result in little more positive progress than was made at the 17-nation Conference in Geneva.

The creation of a special neutralist subcommittee to hammer out fundamental criteria for disarmament holds, I believe, one of the few hopes for progress.

Until a realistic system has been developed, we will need to continue, first, to maintain a strong deterrent power against massive attack; second, develop more effective forces to cope with brushfire wars; third, design techniques for stopping the infiltrative actions of the Reds in southeast Asia, Latin America, Africa, and alsewhere in the world; and fourth, gird ourselves for a long, difficult struggle—for the battle against the great and growing Red threat to freedom will not be easily won.

I ask unanimous consent to have an editorial from the New York Times printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### ANOTHER DISARMAMENT FAILURE

Against a background of mounting world crisis, the Geneva Disarmament Conference that was to make a supreme effort to create a disarmed and peaceful world has abandoned the attempt for the present and has recessed for 2 months. It could do nothing else when Soviet Russia is adamant against all workable formulas for banning nuclear tests, and raises tensions in Berlin and Cuba, thus forcing the free world to look to its defenses in such ways as President Kennedy's request for standby authority to call up 150,000 reservists.

The disarmament debate, which in the atomic age involves the question of life or death for all mankind, now goes back to the United Nations General Assembly meeting in New York next week. But the prospects for progress will remain dim until the United Nations, representing world opinion, puts its own principles and resolutions above expediency and calls for two things. One is peace settlements in conformity with the U.N. Charter providing freedom and self-determination for all peoples—not only in Western colonies but also in the Soviet colonies. The other is compliance with its own disarmament resolutions demanding progressive and balanced arms reduction under effective international control.

The Soviet Government has flouted both the charter and the disarmament resolutions. While the Western colonial empires are disappearing, the Soviet colonial empire expands. The West has reduced its insistence on international control to the minimum. It even offers to dispense with it entirely for nuclear tests in the atmosphere, under water, and in outer space. Yet the Russians continue to reject all international control. The issues are thus clear, and the neutrals who apply a false equation to both sides or continue to sit on the fence of equivocal proposals which they refuse to clarify must accept part of the responsibility for continued failure.

---

## ORIGINAL JURISDICTION OF U.S. DISTRICT COURTS IN CERTAIN ACTIONS

**Mr. HRUSKA.** Mr. President, I would like to express my endorsement of H.R. 1960 which was recently called up and passed by the Senate. Press of official Senate business prevented my commenting on it at the time. I take this opportunity to do so. Although the bill passed with little fanfare, it has far-reaching significance for many of our citizens, particularly those living in the Western States.

We are all aware of the increasing role which the Federal Government plays in the everyday life of the individual. Not so well known is the fact that a person who has been aggrieved by the action of a Government officer or agency and seeks relief from a court will oftentimes find that the courts in his home district are closed to him. If he wishes to file suit, he must come to Washington, D.C., to do so. This, of course, means that litigants must travel hundreds or even thousands of miles to have their cases heard. For many of them the expense and inconvenience is prohibitive, so they are, in effect, being denied their day in court.

H.R. 1960 is intended to relieve this hardship. The bill would make it possible for an individual to secure court review of an agency determination in his local Federal court rather than having to come to Washington. To accomplish this, the bill has two main provisions. One section of the bill grants additional jurisdiction to the Federal district courts. The other broadens the venue statutes.

### JURISDICTION

Cases often arise in which an individual may wish to appeal an adverse determination by a Government official, but judicial review is not specifically authorized by statute. In this event his only recourse is to bring an action in the nature of mandamus to compel the officer to perform his duty. However, at the present time, the Federal district courts, with the exception of the U.S. court for the District of Columbia, do not have original jurisdiction over this type of action.

The District of Columbia court has been able to hear these suits because it derives some of its jurisdiction from the body of law which was established by the State of Maryland before the land now known as the District of Columbia was ceded to the Federal Government. Included within this body of law was jurisdiction to hear mandamus actions, so the U.S. court for the District of Columbia has continued to exercise original jurisdiction over this type of action.

H.R. 1960 merely extends this jurisdiction to the other Federal district courts. The Senate version of the bill authorizes these courts to entertain "any action to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff or to make a decision in any matter involving the exercise of discretion."

This provision carries out the original objective of the bill as it was passed by the House. However, it has been reworded by the Senate to make clear that an official can be compelled to act in a matter involving the exercise of discretion, but he cannot be told how that discretion will be exercised. In other words there can be no interference with an officer's discretion or any control over the substance of his decision.

In its report, the committee has expressly stated that this grant of additional jurisdiction to the courts is not intended to affect the doctrine of exhaustion of administrative remedies.

### VENUE

Aside from the question of jurisdiction, a further problem arises in suits to secure judicial review of an action taken by a Government agency. Because of the doctrine of indispensable parties, it may be necessary to name the agency head as a party defendant in such a suit. Since the top official will usually have his official residence in Washington, D.C., the present venue statutes require that the suit be brought in Washington. The hardship which this inflicts upon litigants is, of course, obvious and should be remedied.

As for the Government, it will usually be just as convenient or even more convenient to have its cases heard in the field. The decisions complained of are usually made at that level, and most of the pertinent files and records are likely to be located in the field office. Since U.S. attorneys are present in each of the judicial districts, the Government should have no difficulty in arranging for counsel.

Under H.R. 1960, the choice of a forum would not be limited to the district where agency officials reside. The bill permits suits against the Government to be brought in any judicial district in which, first, the defendant resides; or, second, the cause of action arose; or, third, any real property is situated; or, fourth, the plaintiff resides if no real property is involved in the action.

The Justice Department has pointed out that there would be no justification for permitting a plaintiff to bring an action in his home district if the subject of the suit is real property which is located in another district. Accordingly, the Senate version of the bill has been amended so that suits could be brought in the district of the plaintiff's residence only in the event no real property is involved in the action.

In short, Mr. President, H.R. 1960 brings the courts closer to the people. It removes the geographical obstacle that has heretofore prevented many litigants from resorting to the courts. I join the many other citizens who have been interested in this legislation in expressing my satisfaction that it has been approved by the Senate.

Report on this bill was submitted to the Senate from the Committee on the Judiciary by the Senator from Colorado [Mr. CARROLL]. He has had firsthand experience and observation of some of the situations with which this bill is designed to deal.

In the other body it was the gentleman from Virginia [Mr. RICHARD POFF] who introduced this measure and followed it so well through its several stages to congressional approval. He is to be commended for the clear insight into this legal problem which he demonstrated and his logic and ability to express it. All this is in keeping with the splendid legislative ability he has developed in his years in Congress on behalf of the common good.

---

## CLOSER COOPERATION NEEDED IN SPACE

Mr. CANNON. Mr. President, in the current issue of Air Force and Space Digest appears a remarkable article on the subject of the need for closer cooperation in space by the Department of Defense and the National Aeronautics and Space Administration. The article argues, as I have argued on the Senate floor, that a clearer role must be given to the military applications in space.

The article, written by William Leavitt, discusses the question of using our fullest energy toward reaching our peaceful and military space objectives. The writer states a compelling argument and identifies the urgency that is needed for a decision committing us to the fullest examination of the threat to our security from space.

I ask unanimous consent that the article by William Leavitt be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### NASA-USAF INTERFACE—WILL IT BE A TWO-WAY STREET?

(By William Leavitt)

"Interface (noun). A surface, especially a plane surface, forming a common boundary of two bodies or spaces"—Webster's New Collegiate Dictionary.

To the mass of jargon that is an unnerving semantic feature of our harried times and includes such governmentese as "finalize," "reorient," "capability," "building block," and "deemphasize" must now be added the space-age watchword "interface."

Interface is another way of saying: trying to work together on difficult enterprises under complicated circumstances. It is what a patient company of Air Force and National Aeronautics and Space Administration specialists are attempting to do in the national space effort. Interface is not an easy way of life; there are differing views in the space community on both technical and policy questions. There is the specific problem that NASA, as an agency created by Congress on the same level as the Department of Defense, can and does deal laterally on basic policy questions with DOD, while the Air Force, which is the prime agency for operational cooperation with NASA, is an element of and subject to well known and firm control by DOD.

Yet, if candor and a true spirit of cooperation and mutual respect prevail, the Air Force-NASA interface can go a long way toward helping the country meet space deadlines ranging from the Apollo moon-landing program to the potentially far more significant requirement for viable military space operational skills and hardware. This latter and less glamorous aspect of the national space effort is where the real test of interface will come. The crucial question is whether USAF-NASA interface will be a "two-way street." There is little doubt USAF is heavily supporting NASA goals. But will NASA support Air Force space defense aims? And will the White House and Department of Defense give their imprimaturs?

The process of USAF-NASA interface has been underway for much longer than the word itself has been popular in space-planning circles. Interface has not been devoid of acrimony, especially in early post-sputnik days. Those were times when the zealous advocates of space purely for peaceful purposes went to rather incredible lengths to suppress military contributions to such efforts as the Mercury program after it was renamed and transferred from the Air Force to the embryonic NASA. Those were frustrating and morale-shaking days for blue-suiters who found themselves, for policy reasons, asking visitors to such installations as the Air Force's animal laboratory at Holloman AFB, N. Mex.—where chimpanzees got their schooling for spaceflight—to please not make too much of the Air Force role in the training of animals for space missions as a prelude to manned orbital flight. Air Force people either on direct loan to the space agency or working at support roles from their regular service billets—in research and development, booster procurement, and launch operations—have from the start beefed up the civilian agency's efforts. What is now ancient history is the tale of today and tomorrow, too. All the way to the moon and back and in earth-orbital operations, military men and machines will make significant contributions.

As Air Force Secretary Eugene M. Zuckert put it in a recent issue of the General Electric Forum:

"The Air Force and NASA have already established the broad basis for cooperation and a concerted effort is made to maintain it to the fullest possible extent at all levels of Air Force and NASA management. We are in agreement with NASA officials that our programs must be mutually supporting—rather than competitive. NASA-Air Force management cooperation will keep pace with the expanding NASA program. Ninety-three Air Force research and development officers are now assigned to duty with NASA. NASA and Air Force efforts together form the major part of the national space program."

But in the same article, the Secretary also said:

"Despite the broad common ground between civilian and military needs, the Air Force has a big job in building the technology on which the military applications (of space) are based. Within such technological areas, there are unique military requirements that will not be attended to by civilian developments."

As examples, the Secretary lists: inspection of uncooperative satellites; survivability in combat environments as represented by high-thrust in-space propulsion systems; rapid turnaround, reuse, and recovery of spacecraft.

The most important recent step in formalizing what had most been an ad hoc NASA-USAF interface was the designation of Maj. Gen. Osmond J. Ritland, USAF, as deputy to the commander, Air Force Systems Command, for manned spaceflight, with special USAF-NASA liaison responsibility. A former commander of the Space Systems Division of AFSC, General Ritland succeeded Gen. Bernard A. Schriever at Space Systems when Gen. Schriever was named commander, AFSC.

General Ritland's assignment divides him between his two offices, one at AFSC headquarters at Andrews AFB, Md., the other down the hall from the suite of D. Brainerd Holmes, Director of NASA's Office of Manned Spaceflight and chief of the NASA Apollo moon-landing program, in downtown Washington, three blocks from the White House. His job is to serve as focal point within Systems Command for all USAF support of the NASA programs, as arranged through NASA-DOD agreements. All such support must be in terms of prior NASA-DOD agreements. And wearing his military hat at AFSC, he is also to direct booster and other development programs in support of military space systems efforts.

To implement his interface with NASA, General Ritland is gathering a staff of six USAF specialists in space technology who will correspond generally in function with the six staff divisions of NASA's Office of Manned Spaceflight. The general's staff, as he puts it, will match Mr. Holmes' staff on a point-to-point contact basis. The hope is that this point-to-point contact will minimize redtape and also provide a day-to-day exchange on the planning of joint efforts as well as provide a feed into NASA of possible ways defense space capabilities might be studied in cooperative efforts.

The establishment of General Ritland's new office came after discussions involving top USAF, NASA, and DOD planners out of the office of Dr. Harold Brown, Director of Defense Research and Engineering, with General Schriever and D. Brainerd Holmes contributing. In the exchanges that led to the planning and setting up of General Ritland's shop, there was acknowledgment of antagonisms between NASA and USAF over policy and priorities. One of the principal rationales of formalizing the interface was the expectation that closer coordination would dissipate some of the differences.

As noted, USAF's interface with NASA is no easy business. From the point of view of money and broadness of charter, NASA, understandably excited by its moon mission, has a natural tendency to think in terms of accomplishing its assignments as fast as possible. And it runs its own show. The Air Force, on the other hand, has to cope with much tighter money and policy controls, so far as military space programs are concerned. It is the White House and DOD that call the tune on what the Air Force is to do in cooperating with NASA as well as what the Air Force can go ahead with in the field of military space research and development.

Yet it is a plus that high NASA officials have increasingly expressed their acceptance of the concept that the space effort ought to be broad enough to meet national needs, including defense needs.

For example, Dr. Joseph F. Shea, the 36-year-old deputy to NASA Moon Project Chief Holmes, says he thinks of Air Force-NASA interface in two contexts. The first is the direct Air Force support of NASA programs, the provision of personnel, range, launch support, and booster development. These include such items, for example, as the Air Force responsibility for development of Titan II as the booster for the NASA two-man Gemini orbital program, the Agena development which will make the Gemini rendezvous effort possible, and the Titan III booster development which will not only bring the X-20 (formerly Dyna-Soar) manned orbital glider project to fruition but also gain some needed answers on the future of solid fuels.

The second interface context, as Dr. Shea sees it—and here, hopefully, General Ritland's office will be especially significant—is in the area of overall consultation and planning as to "what the national space program ought to be, how it should be shared, and how missions can be planned to serve defense needs."

The latter interface is, of course, the most difficult, because of the Air Force's need for DOD (Office of the Director of Defense Research and Engineering) approval of military space projects. No matter how close people's offices are and how personally cordial the relationships are between those who directly interface in USAF and NASA, up the coordination ladder must go the ideas for cooperation.

As the chart suggests [chart not printed in RECORD], the money and priority decisions that affect NASA and USAF jointly are worked out at such cosmic levels as the Aeronautics and Astronautics Coordinating Board, cochaired by NASA Deputy Administrator Dr. Hugh L. Dryden and Assistant Secretary of Defense for Research and Engineering John H. Rubel. Most decisions involve action by Director of Defense Research and Engineering Dr. Harold Brown, and NASA Associate Administrator Dr. Robert C. Seamans, who is frequently described as "our general manager" by NASA Administrator James E. Webb. The Defense Secretary and Mr. Webb also make contact in person or on paper. Also involved are the Deputy Defense Secretary, Roswell L. Gilpatric, and the Air Force Secretary, Eugene M. Zuckert. The path over the Potomac between NASA on the Washington side and the Pentagon on the Virginia side is well trod these days. Add to that the important policy-advisory function of the National Aeronautics and Space Council, chaired by Vice President JOHNSON. The Council's Executive Secretary, Dr. Edward C. Welsh, one of the most experienced Government officials in the Capital, has played a significant role in coordinating administration policy on space goals, and has addressed himself candidly to the military potential of space technology.

Since the August Red tandem cosmonaut feat, there have been renewed reports that the Council has been circulating a policy paper raising questions on the military significance of the Red action and suggesting U.S. response.

Aside from the support—both personnel and development of hardware—that USAF is providing NASA, what is the outlook for a real two-way street operation between the Air Force and the civil agency? The answer to that question is out of Air Force hands. USAF can only propose, while the White House, DOD, and the highest levels of NASA dispose.

There are a number of obvious areas where viable contributions to military space capability can be made by the Air Force in joint development efforts with NASA. The Gemini program, which from the NASA point of view is a tightly scheduled prove-out of rendezvous principle and a crucial element in the agency's race to the moon, offers clear potential for the development of military capabilities. A properly time-phased "blue suit" direct- or separate-mission Air Force program would give Air Force personnel the experience they will need for extended near-space orbital military operations. There is some significant support in NASA for such Air Force participation. But at the same time, no one can say at this writing whether DOD would approve such a plan, not to mention the possibility of fairly strong resistance to the idea by the burgeoning Manned Spacecraft Center operation of NASA at Houston, Tex., which in the organizational nature of things, could probably be expected to resist any encroachment on what it considers to be its mission. Yet there is talk lately of expanding Gemini to a 5-year program. Certainly this approach could allow for extraction of really valuable military orbital experience. Last month's new Soviet manned spaceflight achievements ought to underscore the need for such USAF capabilities.

Another increasingly important concept is the Air Force interest in orbiting, in association with the Gemini program, a military research and development laboratory, where vital long-term data on men and materials in the space environment might be obtained. Such a test satellite program could provide answers to questions that from a military as well as NASA point of view have to be gotten sooner or later, the sooner the better.

It is important, and not carping, to note that, having been assigned the job of going to the moon, NASA is under a new kind of pressure. The time is short if it is to meet the President's deadline, and NASA can be expected to divert people and money from its other efforts. This is a classical occurrence in research and development, and NASA is conscious that its sizable budgets will raise questions in Congress as the years of this decade fly by. In NASA, there is bound to develop the practice of feeding Apollo at the expense of other programs. The Air Force, with its considerable space technology capability, must be allowed to fill the breaches bound to develop, especially in the vital-to-defense near-earth orbital areas which may soon be crucial.

Another obvious area of potential NASA-USAF cooperation in terms of Gemini is the manned satellite-inspector program. There is much overlap in the techniques involved in rendezvousing with either friendly or unfriendly satellites, yet there are enough obvious differences in procedure to more than justify intensive efforts in the Air Force inspector effort. If DOD will approve, and if such an effort could be mounted in conjunction with the NASA Gemini program, then all the better for the country.

Other possibilities come to mind, such as the concept of manned ballistic missile interception from orbit—doubtless a difficult technique to master—an idea that might turn out to be without merit. * * * We just don't know. The main point is that money has to be spent and personnel invested in finding out.

The onus is on DOD—and finally on the White House. And the accurate determination of DOD's current philosophy on the development of a broad spectrum of military capabilities in space is extremely difficult, because, depending on whom you talk to and what public statements you examine, you can come to either of two conclusions:

Either DOD is unconvinced as yet of the military significance of astronautics beyond the relatively well-accepted passive roles of unmanned strategic reconnaissance and early-warning vehicles—hence is concentrating on its "today" problems; the piling up of sufficient missiles to insure continuing nuclear deterrence, and concurrently upgrading conventional, nonatomic, military capabilities. It is sticking to the low-cost (for DOD) philosophy of relying on NASA to come up with capabilities that the military can use if they are needed. Or DOD is truly cognizant of the need for the country to develop the broad spectrum of military space skills as an extension of deterrent power, but, for political reasons, will not acknowledge this fact, preferring to work quietly toward those capabilities through Air Force classified programs and through an earnest effort to negotiate a two-way NASA-USAF interface.

There is evidence for both possibilities.

In view of the latest Soviet feats, it can only be hoped that the latter is the true case.

Yet, the publicly announced view of the Secretary of Defense that he is not concerned over the security significance of the latest Russian feats and sees no need for changes in the Nation's space programs is less than heartening.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

### URBAN MASS TRANSPORTATION ACT OF 1962

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the Presiding Officer may lay before the Senate the unfinished business.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the request by the Senator from Ohio?

There being no objection, the Senate resumed the consideration of the bill.

Mr. LAUSCHE. Mr. President, on Wednesday, August 29, I made a statement on the floor of the Senate that when S. 3615, which provides for the subsidization of local governmentally operated mass transportation systems, was called up for consideration, I would move that the bill be referred to the Committee on Commerce. I stated at that time that S. 3615, while it deals substantially with commerce, was referred for consideration to the Committee on Banking and Currency, and not to the Committee on Commerce, where it properly belongs.

The chairman of the Committee on Commerce, the senior Senator from Washington [Mr. MAGNUSON], with whom I have discussed the subject in some detail, agrees with the Senator from Ohio that the bill deals primarily with subjects within the jurisdiction of the Committee on Commerce.

The most recent example of a similar reference of a bill involving the Commerce Committee is H.R. 11040, the Communications Satellite Act of 1962. This bill was passed by the House on May 3, 1962. Prior to that time, the Senate satellite bill, S. 2814, by the Senator from Washington [Mr. MAGNUSON] and the Senator from Oklahoma [Mr. KERR], was introduced February 7, 1962, and referred to the Committee on Aeronautical and Space Sciences. On April 2, 1962, that committee reported the bill to the Senate, which referred it to the Commerce Committee. On June 11, 1962, the

Commerce Committee favorably reported H.R. 11041 in lieu of S. 2814.

I have described the proceedings with regard to the satellite bill to point out that, though the original bill on that subject was sent to the Committee on Aeronautical and Space Sciences, subsequently, in accordance with the rules, it was referred to the Committee on Commerce, where it rightfully belonged.

The situation now before the Senate is similar to the one involved in relation to the satellite bill. The satellite bill dealt with foreign commerce. The broadcasting of messages from the satellite definitely cross the lines of foreign nations. The Committee on Commerce is normally the committee that deals with subjects involving foreign commerce. For that reason, although the Committee on Aeronautical and Space Sciences had dealt with the subject, I assume the Senate, in its good judgment, deemed it advisable and proper to refer the bill to the Committee on Commerce.

There was a third aspect with respect to the satellite bill that was exceedingly interesting. The satellite bill was not only of great importance to the Committee on Aeronautical and Space Sciences and to the Committee on Foreign Commerce, but it definitely dealt with foreign relations, and, since it dealt with foreign relations, after the bill had been referred to the Committee on Aeronautical and Space Sciences and to the Committee on Commerce, the Senate determined that the bill should also be referred to the Committee on Foreign Relations. It was sent to that committee, where favorable action was taken upon the bill.

Mr. President, I call to the attention of the Senate another recent example involving Senate bill 3252, which would authorize a foreign government under terms and conditions prescribed by the President to operate at the seat of U.S. Government a low-power radio station for transmission of messages to points outside United States provided the foreign government offered reciprocal privileges to United States.

That bill was introduced on May 3, 1962, and referred to the Foreign Relations Committee, which committee favorably reported it. The bill, on July 9, was referred to the Commerce Committee and the committee, in turn, held hearings on the bill.

Of a different nature was the action by the Commerce Committee with respect to the 1958 Transportation Act. As introduced, the bill contained provisions to repeal the various transportation taxes. Since taxes are not within the Commerce Committee jurisdiction, the committee removed these sections from the bill and by committee resolution referred them to the Finance Committee with a plea for enactment.

That bill was referred to the Committee on Commerce because it dealt with interstate commerce. Inasmuch as three sections of the bill dealt with taxes, the Committee on Commerce referred those sections to the Committee on Finance for consideration.

As to Commerce Committee jurisdiction, the 1946 Reorganization Act granted, among other things, jurisdiction over, first, interstate and foreign commerce generally; and, second, regulation of interstate railroads, buses, trucks, and pipelines.

I respectfully submit that inasmuch as the so-called mass transportation bill would deal with buses and mass transportation systems crossing State lines from New York into New Jersey particularly, it is inescapable that the proper situs for the consideration of the bill is in the Committee on Commerce.

To Senators who do not agree with my proposal I submit the question, How can the Committee on Commerce be prevented from considering a bill before the Senate when admittedly it deals with items that cross State lines? When an answer to that question is sought, those who will try to answer it will find that, under the language of the bill, interstate commerce definitely would be affected and, if it would be affected, the answer to the question must be in the affirmative. The bill should be referred to the Committee on Commerce.

In February 1960 the Surface Transportation Subcommittee of the Commerce Committee held hearings on the mass transportation problems in the Nation's metropolitan centers. Witnesses who testified included the mayors of St. Louis, Philadelphia, New York City, and Cleveland; the Governor of Pennsylvania; the chairman of the board of the Pennsylvania Railroad, and the president of the New York, New Haven & Hartford Railroad. Their testimony clearly indicated that the commuter problems of these larger areas were in interstate commerce and, as such, clearly within the jurisdiction of the Commerce Committee.

Mr. President, S. 3615 deals primarily with commuter problems as the basis upon which the program was originally recommended. The subject had been under discussion for the past 4 years. Not all, but some of the railroads of the East sent representatives before the Committee on Commerce at the time the 1958 act was being considered. They suggested that if the commuter service in the Eastern States was to be continued, subsidies would be required from the Federal Government. If in 1958 and 1960 the subject properly belonged in the Committee on Commerce, I cannot see how it can now be argued, contradicting my presentation, that it no longer belongs in the Committee on Commerce.

If there should be adverse views about the bill going to the Commerce Committee, I believe the inference will be justifiable that the bill was sent to a committee where, because of the weak provisions of the bill, it was thought it would have better opportunity of success.

What is the bill? In its original form it contemplated the allocation of $500 million to subsidize local governmentally operated transportation systems. My recollection is that there are approximately 1,300 transportation systems in the country and that 70 of them are governmentally operated. Over a 3-year period the taxpayers of the United States will pay taxes into the Federal Treasury to provide a grant of $500 million for the purchase of equipment and the operation of local transportation systems. If $500 million is a mere beginning, I ask the question, What will be the ultimate cost of this bill? The conclusion is inescapable that the ultimate cost will run into billions of dollars. If the Federal Government is to subsidize only governmentally operated systems, as was originally intended in the bill, I ask the question, What will become of the private systems?

The answer to that question is that ultimately all transportation systems will be driven into governmental ownership. It will not be done with my approval. If we are to drive local transportation systems into public ownership, when will we approach the railroads and drive them into public ownership? The provisions of the bill contemplate creating the rails on which the transportation systems of the Nation, carrying passengers and cargoes, will be headed for governmental operation.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. WILLIAMS of New Jersey. Does the Senator believe that that is why the railroads, the bus companies, and all the other carriers support the bill?

Mr. LAUSCHE. They did not all fight it.

Mr. WILLIAMS of New Jersey. They supported it.

Mr. LAUSCHE. The eastern railroads sponsored it. The Senator from New Jersey, of course, is vitally interested in the program. In my opinion the bill was originally intended to serve the eastern communities. It was finally rewritten so as to include all the communities of the country, small and large. All the railroads do not support the bill. Some of them do; others do not.

When the witnesses came before the committee in 1960, the mayor of Cleveland, who is now the Secretary of Health, Education, and Welfare, expressed opposition to subsidies, and said, "Provide us with loans, but do not put the Government into further aid and start a system of subsidization."

My answer is that certain railroads, including the New Haven and the Pennsylvania, are begging for it. However, I suggest that there are methods of solving the problem other than by subsidization.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield further?

Mr. LAUSCHE. I yield.

Mr. WILLIAMS of New Jersey. We heard not one word from the New Haven Railroad. We heard testimony from the Pennsylvania Railroad Co. There was no opposition from the western roads, although we understand they are not interested in the bill because they are interstate systems. Of course this is an urban transportation bill; it has nothing to do with the vast interstate network of the railroads in our great West.

Mr. LAUSCHE. The officials of western railroads, of course, have said nothing. That does not mean that in their own minds they are not against it. The Pennsylvania Railroad wants it. I suppose if the bill is passed, eventually we will subsidize the Pennsylvania Railroad and other railroads carrying commuter service. I would like to ask the Senator from New Jersey, if this is a bill to solve mass transportation problems in metropolitan communities, by what theory has it been changed so as to make the aid available to practically every community in the country that wants to buy buses or equipment?

Mr. WILLIAMS of New Jersey. The benefits of the bill are not available to every community in the country that wishes to buy buses or equipment. The bill would grant money to those areas that can demonstrate, first, that they need mass transportation; second, that they are planning a coordinated system of mass transportation; and, third, that they are developing their mass transportation system into a comprehensive plan for the development of their urban areas.

Mr. LAUSCHE. I am glad the Senator from New Jersey is in the Chamber. I believe that last year we appropriated $15 million to make experiments to show what could be done. How much of that money has been spent for experiments?

Mr. WILLIAMS of New Jersey. The Senator is referring to the provision of last year's bill which provided grant money for the demonstration of improved ways of moving people with mass transportation facilities. I believe three grants have been made under the program. One was to analyze the use of buses in the city of Detroit. Another was for the acquisition of transit equipment in the city of Chicago. A study is also being undertaken in universities of the feasibility of the monorail as a means of mass transportation.

I should think that the senior Senator from Ohio would rejoice that the Housing and Home Finance Agency, the administering Agency, has been conservative in granting money under this program, and has been insisting that the demonstration be well organized before money is given out.

As the Senator knows, the problem of mass transportation is very complex. We have given very little attention to it in terms of thinking of today's needs and planning for tomorrow's needs. Really, mass transportation is an infant industry in terms of research and understanding; therefore, when we go slow, we are acting conservatively, to make certain we are doing the right thing.

Mr. LAUSCHE. Have any of the experiments or researches or arrangements under last year's authorization been completed?

Mr. WILLIAMS of New Jersey. I misspoke when I said that buses were purchased under this program. Transit equipment for the city of Chicago was acquired under the loan program.

Mr. LAUSCHE. I am sure that none of the experiments and none of the researches have been completed.

Mr. WILLIAMS of New Jersey. I do not believe there has been a final report on the major demonstration—conducted in the city of Detroit. I believe the study is complete, but I have not seen the final report.

Mr. LAUSCHE. My point is that when that bill was before the Senate for consideration, I asked the Senator from New Jersey specifically what type of experiments would be made. He answered that they would relate to the use of parking space in outer areas of metropolitan communities; monorail systems; and other experiments. But no experiment has been finished. No research has been completed. Yet we are now considering entering into a final program.

My view is that all we are doing now belies the claim that the $50 million provided last year was for experimental purposes.

Mr. WILLIAMS of New Jersey. I am sure the Senator from Ohio does not believe that all wisdom lies in the Federal Government. I am sure he realizes that back in the metropolitan areas and communities of the country there are people who understand their own needs and who program their transportation. That is exactly what is being done.

I feel certain the Senator has read the hearings, but if he will read them again, he will know that across the country are urban areas which are now planning or which have planned and are ready to enter into programs of mass transportation. These communities range from Los Angeles and San Francisco to Chicago and Cleveland, and on the east coast, including southern cities like Atlanta and small towns like Laurel, Miss. The mayor of Laurel, a town of 40,000, appeared before the committee and said, "If we could get a little of the new money needed for our plan, we could put it into operation."

It was hoped that through the demonstration money, new ideas could be demonstrated or experimented with by private carriers which do not have the money with which to do this work. What railroad has the money to demonstrate the feasibility of the monorail? The railroads are having a hard enough time keeping their figures in the black. What is sought to be done with Federal money is to demonstrate new ideas for tomorrow, although there are ample plans for today under the grant program in the bill.

Mr. LAUSCHE. The fact is that no research or experimentation has been completed. The point which I made last year has been corroborated. Plans and experiments were already in existence prior to 1961. Cleveland had them. Cleveland experimented with parking lots on the outskirts of the city where travelers into the center of the city could park their cars.

My judgment a year ago was that the money which was appropriated was the wedge in the door for subsidization by the Federal Government of transportation systems.

Can the Senator from New Jersey answer the question, Why did the original bill make money available only to government-operated systems?

Mr. WILLIAMS of New Jersey. Under the bill, the administering agency is authorized to make contracts with public bodies—States, counties, groups of counties, and regional authorities. The grant of money to a public body would be made for a number of reasons. The bill requires the greatest degree of cooperation in planning.

It cannot be expected that a bus company will undertake coordination of transportation and the comprehensive planning of urban development. So the money would be made available to a governmental authority, a public body. However, under the bill the public body not only can, but must, consider how it can bring private carriers into the coordinated transportation plan. This requirement is spelled out in many ways in the bill. We insist that wherever feasible, the public body weave the private carriers within its transportation system. So ultimately the money could be used for the acquisition of equipment for a private carrier, for improving the right-of-way of a private carrier, or for improving other facilities of a private carrier.

Mr. LAUSCHE. Through governmental support, coordination would take place back home?

Mr. WILLIAMS of New Jersey. Exactly. A carrier would have to adapt its program of rehabilitation or revitalization or rebuilding to the public body's comprehensive transportation plan.

Mr. LAUSCHE. I am not a member of the subcommittee which considered the bill. How many transportation systems are there throughout the country?

Mr. WILLIAMS of New Jersey. The Senator's earlier estimate is fairly close.

Mr. LAUSCHE. About 1,300. How many are government operated?

Mr. WILLIAMS of New Jersey. According to my best recollection, 60 or so.

Mr. LAUSCHE. Five hundred million dollars has been provided for 3 years. What does the Senator from New Jersey estimate the ultimate cost of the program will be if the Government is to subsidize it?

Mr. WILLIAMS of New Jersey. By the year 2000?

Mr. LAUSCHE. To put the systems into the shape in which he thinks they ought to be.

Mr. WILLIAMS of New Jersey. I cannot answer what the total cost, including Federal contributions and local contributions, would be to keep us the strongest nation in the world, and to eliminate the confusion, wastefulness, and delays resulting from traffic jams. I have heard various estimates. If there is to be commuter transportation efficiency, the present estimates are that the total cost of providing better systems would be $10 billion. We know that the Federal contribution is not a pittance. It is more than a pittance. But it is a small part of what will be needed for urban commuter transportation in the next decade.

Mr. LAUSCHE. The bill provides a subsidy of three-quarters or two-thirds of the cost of the equipment, does it not?

Mr. WILLIAMS of New Jersey. The bill provides that the Government shall pay two-thirds of that part of the project which cannot be reasonably financed out of the fare box.

Mr. LAUSCHE. In the final analysis, then, there would be a potential possible expenditure by the Federal Government of two-thirds of $10 billion.

Mr. WILLIAMS of New Jersey. No. The estimates I have heard are that if all the existing plans for improved commuter transportation were to be put into effect in the next 10 years, the cost would be about $10 billion. All these systems operate through the fare box; this is not to be public-free transportation. The commuter pays a great deal of his way. Today he has to pay the full cost, and we know what is happening to the rapid-transit bus commuter: He is a lonely soul in a car in a traffic jam.

At any rate, only the part of new construction which cannot be reasonably financed out of the fare box is included here, and only two-thirds of that.

To give one simple, easily understood example: The city of San Francisco has, in broad, rounded out figures, a program for 10 years of $800 million which will be used for a rapid transit system. The representatives of San Francisco spoke eloquently before our committee of how they, themselves, are raising—or it is hoped that they will—from their community, through taxation, most of the money for this program. Of course, the fare box will have a great deal to do with it, too. It is said that if the Federal Government could help to the extent of $20 million for 5 years, that program would be possible.

So we can see the part of the cost which would come from the Federal program.

Mr. LAUSCHE. I still reaffirm my position that this is the beginning of the transition of the transportation systems into governmental ownership. It will be inescapable that in the end there will be a socialization not only of the local systems, but also of the railroad systems of the country.

It would be a simple thing for any Senator or any Member of the House of Representatives to return home and say to the people who ride in the buses and on the railroads, "I, as a Member of Congress, am going to bring you a gift: The Federal Government is going to give you money with which to operate your local transportation systems. They will not cost you anything. Good old Washington will run your transporation systems and will finance them for you."

Mr. President, that is the easy course to follow. But I submit it is not the course that is in the best interests of the country. More and more we are moving into governmental ownership. More and more we hear representatives of industries argue, before congressional committees, that they cannot survive unless their industries are subsidized. The inland water carriers, the airlines, and the lead and zinc industry are already subsidized. We already subsidize, in great degree, metals. Each year more are being subsidized or are requesting subsidies. Today, the railroads are asking for subsidies. I should like to know where this will end. There is only one end in sight, and it is final centralization of operations in the Government.

I will not stand for it, and I will not support it, regardless of the impact my stand may have on my political future. I think it is wrong. It is not in accord with the fight we are making throughout the world against communism. We are trying to preserve the free enterprise system. But this bill does not do that. If this bill is enacted, it will destroy the free enterprise system, first in local transportation, and eventually in the railroad systems.

I am going to urge people in Ohio to remember with joy and pride the achievements we have made in our country. With about 6 percent of the world's population, we have produced one-third of the goods and services of the world. On the other hand, Russia, with about 10 percent of the world's population, produces about 12 percent of the world's goods and services. All that we have achieved has come through our system of free enterprise; and I am not going to be one of the parade which supposedly is going down the easy path and the good path, but which is completely in conflict with what our system of government means.

Eventually this bill should go to the Commerce Committee, so that the Secretary of Commerce can be called to testify about it. I would wish to hear, also, from the Secretary of Health, Education, and Welfare, the former mayor of Cleveland. He has testified against subsidies. I would also wish to hear the views of taxpayers in the Nation, to learn what they have to say about this subsidy program.

Mr. WILLIAMS of New Jersey. Mr. President, at this point will the Senator from Ohio yield for a question?

Mr. LAUSCHE. I yield.

Mr. WILLIAMS of New Jersey. Does the Senator from Ohio believe that, generally, when the chamber of commerce comes to express its view, it expresses the viewpoint of the taxpayers?

Mr. LAUSCHE. It does so indirectly. But there are taxpayers who should likewise be heard. I should say that the chamber of commerce and the AFL–CIO have their views; but indirectly both of them try to express the view of the general public, as they see it.

Mr. WILLIAMS of New Jersey. Does the Senator from Ohio agree also that, generally speaking, the chamber of commerce expresses itself in favor of economy and conservation of the tax dollar?

Mr. LAUSCHE. I assume that it tries to do so. It is my understanding that it has views on the tax question; but I have grave doubts about the propriety of its judgment in connection with the ultimate impact on the country.

Mr. WILLIAMS of New Jersey. Does the Senator from Ohio feel that there is a high circumstantial probability that when representatives of the chamber of commerce speak for a program, they believe the program is in the interest of efficiency and economy?

Mr. LAUSCHE. I do not feel that I should be appraising that issue generally. There are some chambers of commerce which look at the subject shortsightedly, thinking only of the good which will immediately come to their communities, but not thinking of the ultimate impact upon the Nation. I have seen that happen time and time again—that is to say, whenever they are to get money for nothing and whenever they believe it will help their communities, they stop thinking about the tax burden and the national debt and the deficit operations.

Mr. WILLIAMS of New Jersey. I regret that the Senator from Ohio feels that he must in some degree criticize the approach of the chamber of commerce.

Mr. LAUSCHE. I am not. I welcome its testimony, and I think it renders a good service in giving information. But if the Senator from New Jersey asks that I approve everything the chambers of commerce state, he is asking me to do something which I cannot honestly do.

Mr. WILLIAMS of New Jersey. Finally, I believe that when we heard from many local chambers of commerce, including the Greater Boston Chamber of Commerce, not only were they thinking of meeting the immediate transportation problems in their particular urban areas, but they were also mindful of the fact that if they do not in some degree have mass transportation facilities within their areas, with the result that they have to move people exclusively over the highways—and we must remember that people are going to move; they are not going to stay home; they are going to travel to work—in a decade they will spent vastly more millions of dollars and, indeed, billions of dollars more than they will if they make it possible for a part of their people to move by means of mass transportation.

Mr. LAUSCHE. I am glad the Senator from New Jersey raised the issue of Boston. Testimony was given on several occasions before the Surface Transportation Subcommittee that one of the principal railroads serving Boston wanted to give to the city of Boston, for nothing, its terminal, solely to be relieved of the payment of taxes. The city of Boston would not take it. I suggest that there are remedies back home by which this problem can be solved.

I do not think the Senator from New Jersey will refute the statement I made. I believe it was the Boston & Maine that has been begging the city of Boston to take, for nothing, a $5 million building.

In due time, I will make the motion that the bill be referred to the Committee on Commerce.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. WILLIAMS of New Jersey. Will the Senator give the Senate some idea of what "due time" means?

Mr. LAUSCHE. Does the Senator ask when I will make the motion?

Mr. WILLIAMS of New Jersey. Yes.

Mr. LAUSCHE. I cannot answer that question at this time. I have considerably more to say on this whole item.

The Senator from New Jersey knows that the Surface Transportation Subcommittee of the Commerce Committee conducted hearings for 1 year on this subject. It dealt with the plight of the railroads. We heard about the local mass transportation problem, and the idle time in which the equipment and personnel are not working. We heard various suggestions for curing the problem. I shall want to have put into the Record all of that testimony, before I conclude, concerning whether the problem can be solved better than by subsidization. I cannot answer the question of the Senator at this time.

**Mr. WILLIAMS of New Jersey.** If the Senator will yield for a moment, the question of committee, and jurisdiction, and reference has been decided on other occasions. I am sure the Senator from Ohio realizes that. Just last year the chairman of the Committee on Commerce—I can still see him standing before this Senator's desk saying this—stated that the transportation bill belongs in the committee that deals with urban problems.

**Mr. LAUSCHE.** I spoke to the Senator from Washington [Mr. MAGNUSON] in our committee and asked him why the bill went to the Housing Subcommittee. He said it went there because it deals with urban redevelopment, but it ought to come back to our committee when the Banking and Currency Committee is through with it. I spoke to the Senator from Washington [Mr. MAGNUSON] 10 days ago, and he agreed that it should come to our committee. I now ask the Senator from New Jersey, why should it not go to the Commerce Committee?

**Mr. WILLIAMS of New Jersey.** I do not believe the senior Senator from Washington is in the Chamber. I would rather not quote my conversations with him when he is not present. However, last year he said:

> I understand the reason why this particular provision is in the (housing) bill. It is logical that in any type of urban renewal or urban development there must be coordination between the building of houses, highways, and a transportation system. Otherwise, urban development is not going to work.
>
> I think the purpose of the provision is good. I think it will be money well spent. I think we should make a move in the direction proposed. I am glad to see this provision as a part of the bill.

He said this when the provision was in the housing bill. He has not indicated this year that he would move, or join the Senator from Ohio in the motion, to have the bill referred to the Commerce Committee.

**Mr. LAUSCHE.** The Senator still has not answered my question. It view of the rules of the Senate, what justification is there for not sending this bill to the Commerce Committee, when it definitely deals with interstate traffic?

**Mr. WILLIAMS of New Jersey.** Interstate travel could be a part of it. The concentration of this bill is in urban centers. It is not for interstate railroads or interstate buses. It is a bill for the metropolitan area, the urban area. All measures dealing with urban problems go to the Banking and Currency Committee, and this is the subcommittee that deals with it.

**Mr. LAUSCHE.** Would the provisions of the bill be available for urban transportation between Newark and New York?

**Mr. WILLIAMS of New Jersey.** If the governing body, if the public body, in charge of transportation there developed a comprehensive program of mass transportation, if it were coordinated, if it were part of a general comprehensive plan for development of the area, if it were sound, if it were found sound enough to save a great amount of money, for example, and protect us from another highway tube or more highways in the area, if it met all of the tight tests of this particular bill, the funds in the bill could be approved for such use.

**Mr. LAUSCHE.** There are bus and transportation systems connecting New York and Newark that would be covered by the bill.

**Mr. WILLIAMS of New Jersey.** If all of the tests were met, they could come under the bill.

**Mr. LAUSCHE.** Then, the bill does deal with interstate commerce.

**Mr. WILLIAMS of New Jersey.** It can deal with carrier systems that serve an urban area that happens to be in two States.

**Mr. LAUSCHE.** Is it not a fact that the Senator from New Jersey is interested in this bill principally because of the New York and Newark problems?

**Mr. WILLIAMS of New Jersey.** If we want to be philosophical, I approach this as a national question. I have been a sponsor of measures that have hurt me at home. The Senator knows that the migratory labor bill is a part of the program that I have sponsored. I do so because I know there is a national need for it. I know there is a national need for the bill before us. The New Jersey testimony is less than one-fiftieth of the total testimony in this volume of hearings. People from all over the country testified. Those who spoke for transportation systems that might be in two States are small, indeed, in number when compared to those who testified about transportation systems that were wholly contained within one State. For example—perhaps this name will ring a bell—Mr. Donald C. Hyde, who is vice president of the Institute for Rapid Transit, testified. I believe the Senator knows who I am talking about.

**Mr. LAUSCHE.** Certainly.

**Mr. WILLIAMS of New Jersey.** I think he operates the Cleveland Transit System.

**Mr. LAUSCHE.** That is correct.

**Mr. WILLIAMS of New Jersey.** I do not believe the Cleveland Transit System goes into Pennsylvania or Indiana; it is self-contained. It is urban Cleveland self-contained. I shall not take the time of the Senate to read it, but I refer Senators to page 273 of the hearings, wherein he tells us very dramatically why rapid transit is needed—because 2.85 miles of the Cleveland beltway cost $70 million.

The bill would provide $100 million for all the country for the first year. This is in the nature of "seed money." The $100 million could stimulate four or five times that amount of spending for transportation within the year.

**Mr. LAUSCHE.** Frankly, never in my State, from any city or community, did I hear the words "ask the Federal Government to subsidize our bus systems." It was only when word came out regarding the railroad system joining Boston and New York and Newark, which has been in trouble, that I heard the cry for a subsidy from the Federal Government. It was the New Haven Railroad, with which Mr. George Alpert was connected as president and chairman of the board. He was the only one originally calling for subsidies.

**Mr. WILLIAMS of New Jersey.** He properly came to the Senator's committee.

**Mr. LAUSCHE.** He did.

**Mr. WILLIAMS of New Jersey.** That did not involve urban transportation, but involved interstate or intercity transportation. It was not mass transportation for commuters.

**Mr. LAUSCHE.** Mr. President, I yield the floor, and I suggest the absence of a quorum.

**Mr. BIBLE.** Mr. President, will the Senator withhold that request, so that I may be recognized to ask for action on various House amendments to Senate bills? Then I will suggest the absence of a quorum, if that is satisfactory.

**Mr. LAUSCHE.** Yes. I withdraw my suggestion.

## REDUCTION OF WORKWEEK OF FIRE DEPARTMENT OF DISTRICT OF COLUMBIA

**Mr. BIBLE.** Mr. President, I ask that the Presiding Officer lay before the Senate the amendments of the House of Representatives to the bill, S. 3086.

**The ACTING PRESIDENT pro tempore** laid before the Senate the amendments of the House of Representatives to the bill (S. 3086) to provide for a reduction in the workweek of the Fire Department of the District of Columbia, and for other purposes, which were, on page 2, line 7, strike out "fifty-two" and insert "forty-eight"; on page 2, lines 9 and 10, strike out ": *Provided*, That no workweek shall exceed seventy-two hours"; page 2, line 11, strike out "and (e)" and insert "(e), and (f)"; on page 2, line 15, strike out "and (5)," and insert "(5), and (6),"; on page 4, line 4, strike out "Five and two-tenths" and insert "Four and eight-tenths"; on page 4, line 7, strike out "Eight" and insert "Seven and five-tenths"; on page 4, line 10, strike out "Ten and four-tenths" and insert "Nine and six-tenths"; on page 4, line 15, strike out "thirteen-fifteenths" and insert "four-fifths"; on page 4, line 17, strike out "thirteen-fifteenths" and insert "four-fifths", and on page 6, line 2, strike out "twenty-six" and insert "twenty-four".

**Mr. BIBLE.** Mr. President, the amendments of the House are acceptable to the Senate committee. I move that the Senate concur in the House amendments. This proposal has been checked on both sides of the aisle.

**Mr. BOGGS.** Mr. President, I do not wish to interfere with the Senator's presentation, but at this time I should like to suggest the absence of a quorum.

**Mr. BIBLE.** This proposal has been checked with both sides of the aisle, but I have no objection to a quorum call.

**Mr. BOGGS.** I should like to insist on that, for a few minutes.

**Mr. BIBLE.** Certainly. I have no objection.

**The ACTING PRESIDENT pro tempore.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BIBLE. Mr. President, I wish to make it abundantly clear, insofar as the House amendments to the Senate bills are concerned, they have been cleared not only with the other side of the aisle but also with the entire membership of the District of Columbia Committee. I think everyone will find them in complete order.

Mr. President, I move that the Senate concur in the House amendments to S. 3086.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

### EXEMPTION OF CERTAIN PROPERTY OWNERS FROM CERTAIN ASSESSMENTS RELATING TO REPAIR OF ALLEYS AND SIDEWALKS IN DISTRICT OF COLUMBIA

Mr. BIBLE. Mr. President, I ask that the Presiding Officer lay before the Senate the amendment of the House of Representatives to the bill S. 3315.

The ACTING PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 3315) to relieve owners of abutting property from certain assessments in connection with the repair of alleys and sidewalks in the District of Columbia, which was, on page 2, lines 9 and 10, strike out "which repairs were completed or shall be completed" and insert "the completion of which repairs shall occur".

Mr. BIBLE. Mr. President, the amendment of the House is acceptable. I move that the Senate concur in the House amendment.

This is merely a technical correction. I am sure it poses no problem.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

### AMENDMENT OF PROVISIONS OF LAW RELATING TO PERSONAL PROPERTY COMING INTO THE CUSTODY OF THE PROPERTY CLERK, METROPOLITAN POLICE DEPARTMENT

Mr. BIBLE. Mr. President, I ask that the Presiding Officer lay before the Senate the amendments of the House of Representatives to the bill, S. 3317.

The ACTING PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 3317) to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes, which were, on page 8, line 19, strike out "fail" and insert "fails", and on page 9, line 23, strike out "Department. When" and insert "Department, when".

Mr. BIBLE. Mr. President, these amendments are technical in nature. The amendments of the House are acceptable. I move that the Senate concur in the House amendments.

The ACTING PRESIDENT pro tempore. The question is one agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

### REGULATION OF CERTAIN INSURANCE IN DISTRICT OF COLUMBIA

Mr. BIBLE. Mr. President, I ask that the Presiding Officer lay before the Senate the amendments of the House of Representatives to the bill S. 2357.

The ACTING PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2357) to provide for the regulation of credit life insurance and credit accident and health insurance in the District of Columbia, which were, on page 4, line 5, strike out all after "be" down through and including "amount" in line 6, and insert "repayable: *Provided, however*, That nothing contained herein shall be deemed to supersede or repeal the limitation on the amount of group insurance", and on page 5, line 20, strike out "charged" and insert "discharged".

Mr. BIBLE. Mr. President, these amendments likewise are technical in nature and are acceptable. I move that the Senate concur in the House amendments.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

### AMENDMENT OF LIFE INSURANCE ACT AND THE FIRE AND CASUALTY ACT OF THE DISTRICT OF COLUMBIA

Mr. BIBLE. Mr. President, I ask that the Presiding Officer lay before the Senate a message from the House of Representatives pertaining to S. 2356, to amend the act known as the Life Insurance Act of the District of Columbia, approved June 19, 1934, and the act known as the Fire and Casualty Act of the District of Columbia, approved October 3, 1940.

The ACTING PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 2356) to amend the act known as the Life Insurance Act of the District of Columbia, approved June 11, 1934, and the act known as the Fire and Casualty Act of the District of Columbia, approved October 3, 1940, which was, to strike out all after the enacting clause, and insert:

That sections 26 and 29 of chapter II of the Life Insurance Act approved June 19, 1934, as amended (48 Stat. 1130, 1141; sec. 35-425 and sec. 35-428, D.C. Code, 1951 ed.), are hereby amended by adding after the second sentence of each such section the following: "Any such applicant who willfully files with or otherwise submits to the Superintendent, orally or in writing, any material statement, knowing such statement to be false, shall be punished by imprisonment for not more than two years."

SEC. 2. The second sentence of section 32 of chapter II of the Fire and Casualty Act approved October 9, 1940, as amended (54 Stat. 1078; sec. 35-1336, D.C. Code, 1951 ed.), is amended to read: "The person to whom the license may be issued shall file sworn answers to such interrogatories as the Superintendent may require, and any such person who willfully files with or otherwise submits to the Superintendent, orally or in writing, any answers to such interrogatories, knowing such answers to be false, shall be punished by imprisonment for not more than two years."

SEC. 3. Section 35 of chapter II of said Fire and Casualty Act, as amended (54 Stat. 1079; sec. 35-1339, D.C. Code, 1951 ed.), is amended by adding: "Any applicant who, in connection with such application for renewal of an expiring license, willfully files with or otherwise submits to the Superintendent, orally or in writing, any material statement under oath, knowing such statement to be false, shall be punished by imprisonment for not more than two years."

Mr. BIBLE. Mr. President, I move that the Senate disagree to the House amendment and request a conference with the House of Representatives thereon; and that the Chair appoint the conferees on the part of the Senate.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to; and the Presiding Officer appointed Mr. BEALL, Mr. SMITH of Massachusetts, and Mr. MILLER conferees on the part of the Senate.

Mr. BIBLE. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER (Mr. JORDAN in the chair). Without objection, it is so ordered.

### URBAN MASS TRANSPORTATION ACT OF 1962

The Senate resumed the consideration of the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that during the consideration of the urban mass transportation bill, all staff members of the Committee on Banking and Currency may be permitted access to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of New Jersey. Mr. President, this is the third year that proposed legislation has come before the Senate to help alleviate the ghastly strangulation of traffic congestion in our cities and to help deal with the increasingly serious financial difficulties of our commuter bus, rail, and transit carriers throughout the country, both in large cities and in smaller communities. The details of the proposed legislation have changed, but the basic purpose has remained the same.

In 1960 the Senate Committee on Banking and Currency held hearings. The Senate passed a bill having exactly the same scope and purposes of the bill now before the Senate. Only the form and amounts of assistance were different then. The House held hearings but did not act on the bill because, as Senators will recall, in 1960 there was a shortened session.

Last year the committee held extensive hearings on a somewhat broader bill. The hearings filled almost 500 pages of testimony. Witnesses came from all over the country. Modified provisions of that bill were incorporated in the general housing bill, and subsequently that formula was enacted into law.

Since then the subject has received intensive study by independent consultants in the executive branch of the Government, culminating in a special message to the Congress and a joint report on the subject by the Secretary of Commerce and the Administrator of the Housing and Home Finance Agency. The bill bears the imprint of that study as well as the knowledge and experience gained through the administration of the temporary program enacted last year. I, together with 21 other Senators, had the honor of introducing the bill. The 21 other sponsors of the bill included Senators on both sides of the aisle.

I am happy to say that the legislation has received bipartisan support throughout its entire course.

More than 50 witnesses testified for the bill this year, with only 2 or 3 expressing any opposition to it. A representative of the American Farm Bureau Federation and, I believe, a spokesman for the National Chamber of Commerce, expressed opposition to it, although I believe that the American Farm Bureau Federation did not express opposition to all Federal transportation programs. I believe the 50-50 farm-to-market highway program met with its approval.

Among the organizations supporting the legislation are the American Municipal Association, the National Association of County Officials, the U.S. Conference of Mayors, the National Association of Homebuilders, the National Association of Housing and Redevelopment Officials, the National Housing Conference, the American Institute of Planners, the AFL-CIO, the Association of American Railroads, the Railroad Labor Executives Association, the American Transit Association, the National Association of Mutual Savings Banks, and a number of State and local chambers of commerce around the country.

Briefly the basic purpose of the bill is to provide assistance to State and local public bodies to help preserve and improve essential mass transportation service in our urban areas. The aim is to help all kinds of commuter service: rail, bus, and transit, whether that service is publicly or privately owned and operated. The aim is to help those cities that have a genuine mass transportation problem and a legitimate need for public transportation service, whether it involves the giant metropolitan areas of the Nation or the rapidly growing smaller towns of 25,000 or 30,000 population. The aim is not to subsidize unprofitable or inefficient service, but to help finance the capital improvements that will end the causes of the deficit. The assistance could be used to acquire, construct, or rehabilitate such capital facilities and equipment as land, rights-of-way, stations, terminals, buses, rail rolling stock, maintenance facilities, signal equipment, and parking facilities, as long as they are necessary to the development of coordinated and improved public transportation service in the urban area.

Above all, everything is contingent on the development of detailed comprehensive plans for a coordinated urban transportation system that is itself a part of the comprehensively planned development of the urban area. What this means is that there must be plans for the urban area as a whole, not just a small part of it, which spell out the proposed transportation system for the areas, including both highways and transit. On top of that, the transportation plans must be consistent and coordinated with general comprehensive plans for the urban area which have been prepared in sufficient detail to provide a satisfactory basis for determining the transportation plans.

This is a key provision of the bill, and if I may say so, this provision together with several others, make this one of the most tightly drawn pieces of legislation to come before the Senate.

In fact, I have some fear that the legislation is so tightly drawn that the program may have considerable difficulty getting off the ground once it is enacted. I only hope the administration will exercise discretion and good judgment in drawing the regulations, if this program is enacted, to make sure that the worthy planning ends are not thwarted by the lack of any beginnings.

The committee made several changes which I think have materially strengthened and improved the bill. For one thing, it added language to require that local bodies make their contributions to the project cost in cash. It also added language to protect the rights of private transit carriers and to insure their participation under the program to the maximum extent feasible. The committee incorporated, either in the bill or in the committee report, about 15 or so changes recommended by the General Accounting Office to improve the auditing and administration of the program. And the committee also made sure that no assistance will be used to aid any such ostensible mass transportation system as the monorail at Disneyland, the horse-drawn carriages at Williamsburg, Va., or the cog railway on Mount Washington.

In addition, the basic legislation contains safeguards against more serious matters such as the disappearance of the assistance down a dark hole. It requires that there be satisfactory continuing control over the use of the equipment and facilities to insure that it is used for the purposes intended. For example, if new buses are acquired to augment service in a certain area of the city to reduce rush-hour traffic congestion, the provision would insure that the buses are not sold off a few months later or used for sightseeing service in conflict with the agreed-upon plan or arrangement.

In essence, the bill provides for a program of matching grants over a 3-year period, not to exceed two-thirds of the net project cost, and not to exceed one-half the cost if the planning is underway but not yet completed and there is an urgent need for the facilities or equipment.

The bill provides $100 million for the first year, and if I may put this figure in some perspective, this amount to help all the cities throughout the country is just about enough to build 5 to 10 miles of highway in most of our cities today. In Manhattan this amount would build 1 or 2 miles of highway across town.

I had an interesting discussion with the Senator from Ohio [Mr. LAUSCHE] earlier in this debate, and we recalled that the beltway in Cleveland, consisting of 2.85 miles, cost $70 million. So, in perspective, the $100 million for the whole country, when compared with highways, is modest. In a moment I shall explain how this modest amount of money could trigger a great deal more spending throughout the country.

This program would put to work in the Federal Government to solve the mass transportation problems of the country just about as many people as there are policemen engaged in a special program to lessen traffic congestion in lower Manhattan.

The bill provides $200 million for each of the next 2 years. So you can see that this is a modest program indeed.

Nevertheless I think the amounts in this bill would go a long way and would be of enormous benefit to a great many cities and towns, both large and small.

The reason is simply that the legislation is designed to use the Federal funds as "seed money," as a stimulator to much larger amounts of local and private investment.

The key here is the fact that the Federal funds would be used to share up to two-thirds of the net project cost—that is, that portion of the project cost that cannot be privately financed and supported by revenues from the transit system.

As we know, every transit system derives revenue from the fare box. That revenue, to the extent possible, would be used to float a conventional bond in the private market. Any gap that remained between the cost of the project and the amount that could be privately financed would be met by matching contributions from the Federal and local governments. This calls for a great deal of local effort for the transit program.

To give an actual, and I believe typical example, the Delaware River Port Authority recently received approval to begin construction of a 12-mile rapid-transit line between Philadelphia and the Camden suburbs. This project will cost about $50 million. One-half the cost, or $25 million, will be covered by the issuance of bonds in the private market and supported by the estimated surplus revenue of the system. The port authority will cover the remainder of the cost out of its surplus funds.

If the port authority did not have those surplus funds available, and required Federal assistance, the gap or net project cost would be $25 million, not $50 million.

Thus a Federal grant of $16.5 million and a State or local grant of $8.5 million would trigger a $50 million project.

Furthermore the Federal grant could be spread over the construction period of several years, thus lessening still further the impact on the Federal budget.

I have used the Delaware Port Authority and Pennsylvania-New Jersey rapid transit program as an example to show how a net project cost is determined; but I emphasize that this program is to be financed locally, out of the local farebox and out of Delaware Port Authority's surplus funds. I take it that that system would not be an applicant under this program.

Another example of how relatively modest amounts of Federal assistance can go a long way can be seen in Los Angeles. Representatives from that city testified eloquently this year on the need for a modern rapid transit system to cope with the burgeoning of the metropolitan area. They outlined a proposal to construct a 22-mile backbone route along the most heavily populated corridor of the city, which would incorporate the latest features in technological development and streamlined style. They made a very impressive case, and I for one earnestly hope the city's efforts will succeed. Those who have studied the proposal estimate that a Federal grant of approximately $20 million a year for 5 years and a State or local grant of $10 million a year for the same period would be sufficient to make possible the construction of this $270 million project. When one thinks of the hundreds of millions of dollars from the Federal Government that have gone into highway construction in Los Angeles, $20 million a year for rapid transit seems very small indeed. A rapid transit system is essential to the future if Los Angeles is not to lose itself in traffic strangulation.

But there are far more benefits from a modest amount of Federal investment than the multiplier effect I have just described. The San Francisco story is a truly remarkable and dramatic illustration of what I mean.

This November the voters of the San Francisco area will be asked to give their approval to a $790 million bond issue to finance the most ambitious rapid transit plans in the Nation.

The officials of that city testified that a Federal grant of $20 million a year over a 10-year period—in effect sharing about 25 percent of the cost of the entire project—would produce measurable savings of over $600 million to the taxpayers of that area.

First, the Federal grant would reduce the principal and interest on the bond issue by $383 million. Another $120 million would be saved in travel time, accident costs, traffic control costs, and the like. It would put the system in operation 4 years earlier than would otherwise be possible, and that would increase the possibility of saving another $100 million by meeting the time schedule of the highway department and incorporating the rapid transit in the highway median strip.

Thus I am confident that a little money will go a long way. But that little money is absolutely essential. We have had plenty of plans and studies. The missing ingredient is and always has been money.

I know there are some Senators who think this is just another spending program, and that the taxpayers money will be saved if this program is defeated. The only thing they forget is that people must move, and unless we are willing to undertake a real social and economic upheaval, we must recognize the fact that there are certain periods when great numbers of people must travel at the same time. There are the rush hours, 2 hours in the morning and 2 hours at night, when people must get to and from work. Either they will use public transportation or they will use their automobiles and the highways.

Essential as urban highways are—and they are essential for mass transportation as well as for the automobile user—we have simply not faced up to the enormous social and economic costs of trying to rely exclusively on the highway and the automobile to meet the rush-hour demand.

As I stated earlier, urban highways in built-up areas are extremely expensive, ranging between $5 and $20 million a mile. Then once the highway has been built, it will be necessary to improve and widen the local street system to handle the cars pouring off the limited access artery. This usually means the loss of a good many trees, which are one of the most important amenities of any city. Then there is the problem of family dislocation, which is very severe under the urban renewal program; the loss of tax ratable property; increased maintenance; and traffic control costs. When all is said and done, there is still the gigantic problem of finding places to park all the cars.

While much of this confusion may be unavoidable, it seems fairly obvious that where mass transportation can provide a feasible alternative—and it is not necessarily a feasible alternative in every instance—it would be considerably less expensive to preserve or provide the necessary public transportation service than to incur the costs of trying to meet the rush-hour travel demand by highways and automobiles alone.

To give just one example, at the present time about 75,000 New Jersey residents commute by rail into New York City each day. This is not a very large number of people in terms of the total population of New Jersey. But can Senators imagine what it would be like trying to squeeze 75,000, or even only 35,000, more cars through the Lincoln and Holland Tunnels during the rush hours? Unquestionably this additional traffic would create tremendous pressures to widen the approaches on both sides of the tunnels—perhaps even to build another tunnel. And again there would be the maintenance, traffic control, and parking costs. I hesitate to think how many millions upon millions of dollars this expansion would cost in comparison with the relatively minor amounts which would be needed to preserve the existing commuter service.

So while the bill involves additional spending, there is no question in my mind that we will end by spending much more if this program is not enacted.

But there is an even more important factor than the minimizing of our overall urban transportation costs. That is the relationship between transit and the revitalization of our cities and suburbs. Witness after witness testified that it is an important key to the realization of other urban development goals. It is easy to see why.

We are at present engaged in a vast urban renewal program which depends on private investment for its success. Clearly, traffic congestion discourages private investment in central cities, and thereby makes the task of urban renewal that much more difficult and costly. In the suburbs, transit can be a vital tool to help curb the vast waste and inefficiency of suburban sprawl and help to structure better patterns of suburban development.

With the growing capacity of residential, commercial, and industrial developers to lay out whole new communities and cities in one fell swoop, the opportunities are unparalleled to coordinate transit and highway systems with these land-use developments to create new environments with a vastly higher level of diversity, efficiency, and attractiveness than we have ever before been able to achieve.

So far, I have been talking mostly about the economic factors involved in the bill, but we cannot measure the worth of everything with a dollar sign.

One of the elements that are difficult to measure is the effect of declining transit service on people who are more or less dependent on public transportation to move around.

We like to think of ourselves as a mobile nation. Yet the fact is that perhaps upward of 40 percent of our urban population cannot drive because they are too poor, too young, too old, or too infirm. There are low-income workers to whom a 5-cent or a 10-cent increase in fare each day represents a very serious financial burden.

There are elderly families, I know, who are turned into virtual hermits because the bus or trolley no longer serves their neighborhood.

And I am sure there are numerous suburban wives who wish their husbands would leave the car at home for them once in a while. Also, there are plenty of average-income suburban families who are forced to assume the unwanted financial burden of a second car, because there is no transportation service in their area and there is no other way to meet the needs of both the husband and wife.

There is also the long-suffering commuter, who deserves better transportation vehicles than the vintage relics of another century. And that is not much of an exaggeration, because I know that on one of the most vital rail links between New Jersey and New York, the Hudson & Manhattan Railroad, some of the cars are more than 50 years old.

And there is the equally long suffering automobile commuter who simply wishes some of the other people would get off the road and leave him a little more room.

Some people suspect that everyone takes this view of mass transportation; but we know that enough people will get off the road if provided with a reasonable alternative.

The New York subway system, which is undertaking an extensive modernization program, had an increase of 20 million riders last year over the number the year before.

Several years ago, the Boston & Albany Railroad was down to about 3,000 riders a day on its highland branch, and was petitioning strenuously for authorization to eliminate all its service. I think the senior Senator from Ohio [Mr. LAUSCHE] in previous colloquy described some of the haste of the Boston & Albany Railroad to end its commuter service. The Boston MTA took over the 11-mile line, linked it up with the subway system, provided some fringe-area parking, and the line is now pushing the figure of 30,000 riders a day.

On Chicago's Congress Street Expressway, a rapid transit line in the median strip, which is operating at only 25 percent of capacity, is already carrying more rush-hour traffic than the highway itself, which, needless to say, is jammed to capacity morning and evening.

In 1959, Philadelphia, one of the real pioneer cities in the field of mass transportation, entered into a contract with the Pennsylvania Railroad to provide more frequent service at lower fares out to Chestnut Hill. This Operation Northwest, so-called, proved so successful that similar operations have been initiated on other lines coming into town. All told, the experimental operations are now carrying 6.2 million riders a year—an increase of 44 percent over ridership in the year before the experiments began.

### THE PROBLEM

Thus, Mr. President, I am confident that people will ride transit if it is sufficiently quick, convenient, and reasonably priced. The problem, however, is the declining ability of our rail and bus carriers to maintain existing levels of service, much less make the capital improvements that are so necessary.

Almost all of them are caught in the squeeze of rising capital and operating costs, and declining patronage and revenue during the offpeak hours, even though peak-hour use has remained relatively stable, and is increasing in many areas. As a result, the carriers have been forced into a self-defeating circle of raising fares. Trimming service, and deferring maintenance—which simply drives away more and more riders.

### PROBLEM OF THE SMALL TOWNS

This problem is particularly acute in the smaller towns, where just as many people, proportionately, are dependent on public transportation, and where transit is especially important to the economic growth of the community. For example, the mayor of Laurel, Miss., a town of about 30,000, testified before the House committee that the establishment of a public transportation system was essential to the attraction of a new industry which was considering locating there. So he was appearing before the House committee to express very forcefully his opinion and his support of this proposed legislation.

The problem can be illustrated by referring to an editorial, to which I came across not long ago, from the Fairmont, W. Va., Times. The editorial, commenting on a fare increase, noted that—

> More than 100 bus companies have been forced out of business in West Virginia within a little more than 10 years.

What has happened in West Virginia has been happening throughout the country.

The American Transit Association, which represents about 80 percent of all the bus and transit service other than commuter rail in the country, compiled statistics showing that 145 transit companies have completely abandoned service since 1954; and, in addition, another 150 companies have been sold in the same period—for a total of about 350 companies sold or abandoned since 1954. In some of the cities, service has been restored, but almost invariably at a greatly reduced level, accompanied by higher fares and reduced wages. In 83 cases no replacement at all has been made.

In addition, the American Transit Association estimates that about 60 cities of 25,000 population or more have no public transportation at all.

The only solution to the downward spiral I have been describing is the injection of public funds to bridge the financial gap between the abilities of the private carriers and the needs of the community.

But a very serious problem arises when a State or local government begins searching for an answer to a particular transportation problem. It is faced with the overwhelmingly powerful economic fact that in many cases it needs to put up only 10 percent of the cost of a highway solution, whereas it must contemplate bearing 100 percent of the cost of a transit solution, whether it involves improving a rail line, buying a new fleet of buses for a local operator, providing fringe area parking adjacent to a rail or bus station, or whatever.

This situation is obviously not conducive to the establishment of a balanced urban transportation system, using transit where it is logically needed, using highways where they are logically needed, and combining both to achieve an optimum transportation mix.

This legislation is essential if we are to overcome the problem I have mentioned, and if we hope to bring order out of the traffic chaos plaguing so many of our cities today, and that will plague many more of them tomorrow and for years to come. I earnestly believe this program will be both economically prudent and tremendously beneficial to the cities and towns of this Nation.

I ask unanimous consent that a statement by the President on this subject and a joint report on urban transportation by the Secretary of Commerce and the Housing and Home Finance Administrator be printed in the RECORD at this point.

There being no objection, the statement and the report were ordered to be printed in the RECORD, as follows:

### REPRINT FROM PRESIDENT KENNEDY'S TRANSPORTATION MESSAGE OF THE PORTION DEALING WITH URBAN TRANSPORTATION

### PART II. URBAN TRANSPORTATION

I have previously emphasized to the Congress the need for action on the transportation problems resulting from burgeoning urban growth and the changing urban scene.

Higher incomes coupled with the increasing availability of the automobile have enabled more and more American families, particularly younger ones with children, to seek their own homes in suburban areas. Simultaneously, changes and improvements in freight transportation, made possible by the development of modern highways and the trucking industry, have reduced the dependence of manufacturers on central locations near port facilities or railroad terminals. The development of improved production techniques that require spacious, one-story plant layouts have impelled many industries to move to the periphery of urban areas. At the same time the importance of the central city is increasing for trade, financial, governmental, and cultural activities.

One result of these changes in location patterns has been a change in the patterns of urban travel. Formerly people traveled mainly along high-density corridors radiating to and from downtown. Today traffic patterns are increasingly diverse. Added to traditional suburb-to-city movements are large crosstown flows which existing mass transportation systems are often not geared to handle. Also, the increasing use of automobiles to meet urban transportation needs has resulted in increasing highway congestion, and this has greatly impeded mass transportation service using those highways.

This drastic revision of travel patterns in many urban areas has seriously impaired the effectiveness and economic viability of public mass transportation, which is geared to the older patterns. A steady decline in patronage and a concomitant rise of unprofitability and financial problems have occurred. This has been particularly true of rail commuter and streetcar services limited to particular routes by fixed roadbeds.

To conserve and enhance values in existing urban areas is essential. But at least as important are steps to promote economic efficiency and livability in areas of future development. In less than 20 years we can expect well over half of our expanded population to be living in 40 great urban complexes. Many smaller places will also experience phenomenal growth. The ways that people and goods can be moved in these areas will have a major influence on their structure, on the efficiency of their economy, and on the availability for social and cultural opportunities they can offer their citizens. Our national welfare therefore requires the provision of good urban transportation, with the properly balanced use of private vehicles and modern mass transport to help shape as well as serve urban growth.

At my request, the problems of urban transportation have been studied in detail by the Housing and Home Finance Administrator and the Secretary of Commerce. Their field investigations have included some 40 metropolitan and other communities, large and small. Their findings support the need for substantial expansion and important changes in the urban mass transportation program authorized in the Housing Act of 1961 as well as revisions in Federal highway legislation. They give dramatic emphasis, moreover, to the need for greater local initiative and to the responsibility of the States and municipalities to provide financial support and effective governmental auspices for strengthening and improving urban transportation.

On the basis of this report, I recommend that long-range Federal financial aid and technical assistance be provided to help plan and develop the comprehensive and balanced urban transportation that is so vitally needed, not only to benefit local communities, but to assure more effective use of Federal funds available for other urban development and renewal programs. I recommend that such Federal assistance for mass transportation be limited to those applications (1) where an organization, or officially coordinated organizations, are carrying on a continuing program of comprehensive planning on an areawide basis, and (2) where the assisted project will be administered through a public agency as part of a unified or officially coordinated areawide transportation system.

### (*A*) *Long-range program*

Specifically, I recommend that the Congress authorize the first installment of a long-range program of Federal aid to our urban regions for the revitalization and needed expansion of public mass transportation, to be administered by the Housing and Home Finance Agency. I recommend a capital grant authorization of $500 million to be made available over a 3-year period, with $100 million to be made available in fiscal 1963. Only a program that offers substantial support and continuity of Federal participation can induce our urban regions to organize appropriate administrative arrangements and to meet their share of the costs of fully balanced transportation systems.

This Federal assistance should be made available to qualified public agencies in the form of direct grants to be matched by local, non-Federal contributions. For rights-of-way, fixed facilities, including maintenance and terminal facilities, and rolling stock required for urban mass transportation systems, grants should be provided for up to two-thirds of the project cost which cannot reasonably be financed from expected revenue. The remaining one-third of the net project cost would be paid by the locality or State from other sources, without Federal aid. The extension and rehabilitation of existing systems as well as the creation of new systems should be eligible. In no event should Federal funds be used to pay operating expenses. Nor should parking facilities, except those directly supporting public mass transportation, be eligible for Federal grants.

While it is expected that the new grant program will be the major Federal support for urban mass transportation, it is important to have Federal loans available where private financing cannot be obtained on reasonable terms. I therefore recommend removal of the time limit on the $50 million loan authorization provided in the Housing Act of 1961. Federal loans would not be available to finance the State or local one-third contribution to net project cost.

Although grants and loans would be available only to public agencies, those agencies could lease facilities and equipment or make other arrangements for private operation of assisted mass transportation systems. The program is not intended to foster public as distinguished from private mass transit operations. Each community should develop the method or methods of operation best suited to its particular requirements.

A community should be eligible for a mass transportation grant or loan only after the Housing Administrator determines that the facilities and equipment for which the assistance is sought are necessary for carrying out a program for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area.

The program I have proposed is aimed at the widely varying transit problems of our Nation's cities, ranging from the clogged arteries of our most populous metropolitan areas to those smaller cities which have only recently known the frustrations of congested streets. There may, however, be some highly specialized situations in which alternative programs, for example, loan guarantees under stringent conditions, would be better suited to particular needs and the Congress may, therefore, wish to consider such alternatives.

### (*B*) *Emergency aid*

Time will be required by most metropolitan areas to organize effectively for the major planning efforts required. Even more time may be needed to create public agencies with adequate powers to develop, finance, and administer new or improved public transportation systems. Meanwhile, the crisis conditions that have already emerged in some areas threaten to become widespread. Mass transportation continues to deteriorate and even to disappear. Important segments of our population are thus deprived of transportation; highway congestion and attendant air pollution become worse; and the destructive effects upon central business districts and older residential areas are accelerated.

In recognition of this serious situation, I also recommend that the Congress, for a period of 3 years only, authorize the Housing Administrator to make emergency grants, (a) where there is an urgent need for immediate aid to an existing mass transportation facility or service that might otherwise cease to be available for transportation purposes, (b) where an official long-range program for a coordinated system is being actively prepared, and (c) where the facilities or equipment acquired under the emergency grant can reasonably be expected to be required for the new long-range system. This emergency aid should not exceed one-half of the net project cost. Upon completion of an acceptable areawide transportation program within 3 years, these emergency projects, if a part of the ultimate system, should qualify for the balance of the regular Federal assistance available under the long-range program.

### (*C*) *Role of highways*

Highways are an instrumental part of any coordinated urban transportation program, and must be an integral part of any comprehensive community development plan. Accordingly, I have requested the Secretary of Commerce to make his approval of the use of highway planning funds in metropolitan planning studies contingent upon the establishment of a continuing and comprehensive planning process. This process should, to the maximum extent feasible, include all of the interdependent parts of the metropolitan or other urban area, all agencies and jurisdictions involved, and all forms of transportation, and should be closely coordinated with policymaking and program administration.

Progress has already been made in coordinated transportation planning for metropolitan areas through the use of funds made available under both Federal highway and housing legislation. To increase the effectiveness of this effort, I recommend that the Federal-aid highway law be amended to increase the percentage of Federal funds available to the States for research and planning. Legislation will be submitted to effectuate this change and to provide that (a) these funds should be available for planning and research purposes only; (b) the funds be matched by the States in accordance with statutory matching requirements; and (c) any funds not used for planning and research lapse.

In addition I recommend that the Federal-aid highway law be amended to provide that, effective not later than July 1, 1965, the Secretary of Commerce shall, before approving a program for highway projects in any metropolitan area, make a finding that such projects are consistent with comprehensive development plans for the metropolitan area and that the Federal-aid system so developed will be an integral part of a soundly based, balanced transportation system for the area involved.

Highway planning should be broadened to include adequate traffic control systems, parking facilities, and circulation systems on city streets commensurate with the traffic forecasts used to justify freeways and major arterial roadways. Provision for transit and highway facilities in the same roadway, permissible under present law and already tested in several cases, should be encouraged whenever more effective transportation will result. Moreover, I have requested the Secretary of Commerce to consider favorably the reservation of special highway lanes for buses during peak traffic hours whenever comprehensive transportation plans indicate that this is desirable.

To permit the State highway departments greater flexibility in the use of Federal-aid highway funds to meet urban transportation needs, I further recommend that the Federal-aid highway law be amended to permit more extensive use of Federal-aid secondary funds for extensions of the secondary system in urban areas.

I have asked the Secretary of Commerce and the Housing and Home Finance Administrator to consult regularly regarding administration of the highway and urban mass transportation programs, and to report to me annually on the progress of their respective programs, on the needs for further coordination, and on possibilities for improvement.

### (*D*) *Relocation assistance*

Last year in a message to the Congress on the Federal-aid highway program, I called attention to the problems of families displaced by new highway construction and proposed that the Federal highway law be amended to require assistance to such families in finding decent housing at reasonable cost. The need for such assistance to alleviate unnecessary hardship is still urgent. The Secretary of Commerce has estimated that, under the interstate highway program alone, 15,000 families and 1,500 businesses are being displaced each year, and the proposed urban mass transportation program will further increase the number of persons affected.

To move toward equity among the various federally assisted programs causing displacement, I recommend that assistance and requirements similar to those now applicable to the urban renewal program be authorized for the Federal-aid highway program and the urban mass transportation program. Legislation is being submitted to authorize payments of not to exceed $200 in the case of individuals and families and $3,000 (or if greater, the total certified actual moving expenses) in the case of business concerns or nonprofit organizations displaced as a result of land acquisitions under these programs.

### (*E*) *Mass transit research and demonstrations*

Further, I believe that progress will be most rapid and long lasting if the Federal Government contributes to economic and technological research in the field of urban mass transportation. These research activities should be an integral part of the research program described later in this message. Important parts of this program should be carried out by the Housing Administrator directly, through contract with other Federal agencies, private research organizations, universities and other competent bodies, or through the allocation of funds to local public agencies for approved programs.

To facilitate this approach, I recommend that the $25 million authorized last year for demonstration grants be made available for broad research and development undertakings, as well as demonstration projects, which have general applicability throughout the Nation. That amount, plus an additional $10 million from the proposed capital grants funds for each of the years 1963, 1964, and 1965 should suffice for these purposes. These funds, together with research funds available under the Federal-aid highway program, can contribute to substantial advances in urban transportation.

### (F) *Interstate compacts*

Finally, since transportation in many urban areas is an interstate problem, I recommend that legislation be enacted to give congressional approval in advance for interstate compacts for the establishment of agencies to carry out transportation and other regional functions in urban areas extending across State lines.

---

## URBAN TRANSPORTATION—JOINT REPORT TO THE PRESIDENT BY THE SECRETARY OF COMMERCE AND THE HOUSING AND HOME FINANCE ADMINISTRATOR

Letter of transmittal to the President from the Secretary of Commerce and the Housing and Home Finance Administrator.

I. Conclusions.

II. Recommendations.

III. Supporting information:

(a) Urban growth trends.

(b) Urban transportation planning: (1) Urban planning assistance programs (sec. 701), (2) highway planning and research program (1½-percent funds), (3) joint efforts.

(c) Federal-aid highway program.

(d) Present mass transportation programs.

(e) Capital requirements and financing for urban mass transportation.

(f) Assistance for displaced families and businesses.

(g) Research: (1) Highway, (2) mass transportation.

HOUSING AND HOME FINANCE AGENCY,
OFFICE OF THE ADMINISTRATOR,
*Washington, D.C., March 28, 1962.*

THE PRESIDENT,
*The White House, Washington, D.C.*

DEAR MR. PRESIDENT: We have the honor to transmit herewith a report on urban transportation prepared jointly by the Department of Commerce and the Housing and Home Finance Agency. This report was prepared pursuant to your instruction to undertake a study of urban transportation problems and the proper role of the Federal Government in their solution. In carrying out this survey we have drawn heavily upon the excellent reports earlier prepared by committees of the Congress, and staff research conducted over the years by the Bureau of Public Roads and the Housing and Home Finance Agency. In addition, we commissioned the Institute of Public Administration to do a special study involving field investigations in some 40 representative urban communities in various parts of the country.

Transportation is one of the key factors in shaping our cities. As our urban communities increasingly undertake deliberate measures to guide their development and renewal, we must be sure that transportation planning and construction are integral parts of general development planning and programing. One of our main recommendations is that Federal aid for urban transportation facilities should be made available only when urban communities have prepared or are actively preparing up-to-date general plans for the entire urban area which relate transportation plans to land-use and development plans.

The major objectives of urban transportation policy are the achievement of sound land-use patterns, the assurance of transportation facilities for all segments of the population, the improvement in overall traffic flow, and the meeting of total urban transportation needs at minimum cost. Only a balanced transportation system can attain these goals—and in many urban areas this means an extensive mass transportation network fully integrated with the highway and street system. But mass transportation has in recent years experienced capital consumption rather than expansion. A cycle of fare increases and service cuts to offset loss of ridership followed by further declines in use points clearly to the need for a substantial contribution of public funds to support needed mass transportation improvements. We therefore recommend a new program of grants and loans for urban mass transportation.

Even as we undertake this new program for mass transportation, we must press forward with our Federal-aid highway program. Effective mass transportation systems can significantly reduce the need for additional close-in highways, especially at peak hours. But even with extensive reliance on mass transportation and corresponding reduction of highway construction in the central city, total urban highway requirements in the next two decades will be considerably greater than the capacity that will become available if current levels of Federal outlays are sustained.

As you stated last year in your special message to the Congress on highways, we must not allow the progress we make in urban transportation to come at the expense of unnecessary personal hardship to American families. Those displaced by new highway and mass transportation construction should be given relocation assistance comparable to that required under the Federal urban renewal law. Such help becomes all the more imperative as the tempo of needed public construction is stepped up.

We are convinced that the program proposed herewith will contribute significantly to the welfare of our people and the sound growth of our economy.

Respectfully yours,

LUTHER H. HODGES,
*Secretary of Commerce.*
ROBERT C. WEAVER,
*Administrator, Housing and Home Finance Agency.*

### I. CONCLUSIONS

1. Urban transportation is a major determinant of how people live and work in an urban setting. The type and quality of transportation bears heavily upon questions of concentration versus dispersion of urban populations, growth or decline of central business districts and core cities, the success or failure of urban renewal, housing and public improvement programs, recreational and cultural opportunities, and the relationships of suburbs and smaller outlying cities to the central city and to each other.

2. The different means of urban transportation are closely interrelated. Action on any one mode will affect the others. For example, decisions respecting suburban railroads serving large cities affect the level of automobile use, which in turn affect the efficiency of surface transit. Despite spectacular progress in highway facilities, in no metropolitan area has a freeway system yet been completed. There is need for improvement in coordination and increasing efficiency of transportation in urban areas.

3. Our highways play a vital role in urban transportation and will continue to do so. They provide for the movement of both people and goods by private vehicle; and the roadbed for a substantial portion of public mass transportation.

The Bureau of Public Roads will in the future (a) permit the reservation of highway lanes for the exclusive use of specific types of motor vehicles when comprehensive transportation plans indicate this to be desirable, and (b) encourage the development of rail transit and highway facilities in the same right-of-way whenever more effective transportation will result.

4. Increased emphasis on mass transportation is needed because only a balanced system can provide for: (a) The achievement of land use patterns which contribute to the economic, physical, and social well-being of urban areas; (b) the independent mobility of individuals in those substantial segments of the urban population unable to command direct use of automobiles; (c) the improvement in overall traffic flow and time of travel within the urban areas; and (d) desirable standards of transportation at least total cost.

5. Comprehensive planning is the first step in achieving good urban transportation. Planning should be a continuing process and should include all of the interdependent parts of the urban community and all agencies and jurisdictions involved, and should be coordinated with policymaking and administration. Transportation planning should be a part of systematic land use and development planning. It should be for the system as a whole rather than for its individual components—private vehicles, buses, or rail transit.

The Bureau of Public Roads will, in the future, emphasize that highway planning must include the planning of adequate traffic control systems, parking facilities, and circulation systems on city streets commensurate with the volumes and composition of traffic anticipated on freeways and major arterial streets.

6. To make transportation plans effective will require coordinated direction of construction and operations for all parts of the transportation system. The form of direction or coordination will vary from one area to another because of the diversity of political jurisdictions and operating responsibilities for transportation.

7. Mass transportation must be viewed as a public service and often cannot be a profit-making enterprise. While mass transportation is provided on a more or less limited scale in hundreds of localities, it is generally not possible to support a large-scale investment program from the fare box. But the price to the community and the Nation of inadequate mass transportation can be uneconomic uses of land and higher than necessary costs of public facilities, excessive travel, and increasingly aggravated congestion at peak hours.

The most compelling need for mass transportation is during peak periods of movement to and from work. In many areas, it can meet this need better than other forms of transportation. But the offpeak slack means insufficient revenues to cover total operating expenses and needed capital investment. Efforts to cover total costs by increasing fares and decreasing service have proved self-defeating: those who can afford to pay are increasingly impelled to use autos; and the aged, low-income people and others heavily reliant upon public transportation are unduly penalized.

8. In view of the importance of mass transportation for urban development and the impossibility of financing a large capital improvement program from the fare box, a public contribution is clearly needed. Because of the fragmentation of local government in urban areas and their limited means for raising tax funds, substantial Federal financial participation is called for. Without Federal help the most that can be

expected are piecemeal efforts which cannot be effective. Federal assistance on a substantial scale for mass transportation along with continuation of the needed highway program would encourage rational local investment decisions leading to better balanced urban transportation systems. Federal aid for capital improvements would also facilitate levels of services and fares which will attract sufficient users so that mass transportation can make its potential contribution to urban growth and renewal.

9. Every urban community that seeks Federal aid must want good transportation enough to make a substantial contribution of its own. This will give the local people a stake in a sound capital investment program and a pocketbook concern with sound management and efficient operations.

10. Construction of highways and mass transportation facilities frequently cause great hardship to families and businesses which are displaced. Location decisions should take full account of effects on established neighborhoods, and when people and businesses must be displaced, their moving expenses should be paid from public funds and families should be assured of relocation in suitable housing.

11. Long-range progress in urban transportation, as in other fields, must be encouraged by a large and sustained research effort. Through extensive technological and economic research we can look forward to the creation of improved transportation systems which will serve the needs of future urban growth and renewal at minimum total cost.

## II. RECOMMENDATIONS

### *General*

1. To improve competence in the urban planning process, both the Bureau of Public Roads and the Housing and Home Finance Agency should be enabled to offer to the States and local governments more guidance, increased technical service, and training for personnel in the technical aspects of planning.

2. Suitable relocation housing should be assured to families displaced by federally assisted construction of highways and transit facilities. Also the moving expenses of families and business should be met from Federal funds. Legislative provisions for such assistance should parallel the provisions for the urban renewal program.

### *Recommendations for urban mass transportation*

1. Mass transportation projects which are parts of comprehensively planned urban transportation systems should be eligible for Federal grants covering two-thirds of project cost which cannot reasonably be financed from expected net revenues. Local or State contributions would have to cover the other one-third of net project cost.

2. For an emergency 3-year period, Federal grants of one-half net project cost should be made available where there is an urgent need to preserve an existing facility or service that otherwise probably would cease to be available for transportation purposes; where an official program for a coordinated transportation system is being actively prepared; and where the assisted project can reasonably be expected to be required for such a system.

3. An authorization for grant contracts of $500 million should be made available over a 3-year period, with $100 million authorized in fiscal 1963.

4. Federal loans should continue to be available where private funds cannot be obtained on reasonable terms for financing mass transportation projects. Where a Federal grant is involved, the loan could cover the portion of capital outlay financed from revenues where financing is not otherwise available on reasonable terms.

5. Long-term Federal assistance should be made available only (a) where an organization exists empowered to plan for substantially all of the urban area to be served, (b) where transportation planning as a part of comprehensive areawide development planning is being conducted as a continuing process, and (c) where the assisted project will be administered through a public agency as a part of a unified or officially coordinated transportation system for all or substantially all of the urban area.

6. Federal grants and loans should be made only to qualified local public agencies. Such agencies, however, could lease facilities and equipment or make other arrangements for private operation of assisted mass transportation systems.

7. In order to encourage and help finance needed economic and technological research in mass transportation, the $25 million authorized for the demonstration grant program should be made available for these purposes and an additional $10 million a year should be authorized for the next 3 fiscal years.

8. Legislative provisions should be made in advance for interstate compacts for the establishment of agencies to carry out transportation and other regional functions in urban areas extending across State lines.

### *Recommendations for urban highway programs*

1. Federal-aid secondary funds should be made available for expenditure on extensions of that system in urban areas.

2. Use of Federal-aid highway funds should be permitted for the construction of highway facilities for the exclusive use of specific types of motor vehicles whenever comprehensive transportation plans indicate this to be desirable.

3. Funds for highway research should be augmented by providing that an additional one-half of 1 percent of the funds apportioned to the States for the Federal-aid primary system, the Federal-aid secondary system, and extensions of these systems in urban areas be available for this purpose.

4. The use of Federal-aid highway funds made available for planning and research purposes should be required rather than permissive; the matching of such funds by the States should be required in accordance with statutory matching requirements; and the funds not used for planning and research should lapse.

5. Beginning not later than July 1, 1965, approval of Federal-aid highway programs for projects in any metropolitan area should be made contingent upon a finding by the Secretary of Commerce that such projects are consistent with adequate, comprehensive development plans for the metropolitan area or are based on results of a continuing process carried on cooperatively by the States and local communities and that the Federal-aid system so developed will be an integral part of a soundly based, balanced transportation system for the area involved.

## III. SUPPORTING INFORMATION

### *A. Urban growth trends*

The rate of the urbanization process in the United States in recent decades has been spectacular: 70 percent of the Nation's population now lives in urban areas. For these urban areas, transportation problems have been complicated not only by the tremendous population increase but by the changing pattern of urban growth. In the last decade (1950–60), metropolitan area growth constituted 85 percent of the total national population increase, but more than three-fourths of this growth in the metropolitan areas took place outside of the central cities.

Economic prosperity, coupled with improved mobility, have enabled an increasing number of American families to live in suburban areas. This residential outflow from the central cities has been accompanied by extensive commercial and industrial decentralization and, as a result, urban travel patterns have changed materially from those of former years. There has been a relative decrease and sometimes an absolute decrease, in the numbers of trips to the central business district, while the numbers of crosstown trips have risen rapidly.

These changes, in turn, have greatly affected modes of travel. Since World War II, automobile usage has been increasing while transit patronage has been declining steadily. From 1956 to 1960, the number of revenue passengers carried by buses and streetcars declined by about 22 percent, while the number carried by grade-separated transit declined by only 4 percent. Today, in most urban areas, over 85 percent of the total daily travel is by automobile. On the other hand, at peak hours 40 to 90 percent of the travel to the central business district in our larger cities continues to be made by public mass transportation.

By 1980 the total population of the United States is expected to reach 250 million, and it is anticipated that 3 out of every 4 persons will be living within urban areas. Occupying only about 2 percent of the Nation's land area, the urban areas will contain not only a great concentration of the total population but of commerce and industry as well. Over half of the total population in 1980—some 140 million people—are expected to be living in 40 great urban complexes, each with a population exceeding 1 million.

By the year 2000, less than 40 years hence, the Nation's total population may well reach 350 million. If present trends continue, 85 percent of these people will live in urban areas; more than 50 urban complexes will have attained the million population mark.

These estimated increases and concentrations of population clearly indicate the tremendous demand for transportation facilities for which we now need to plan.

### *B. Urban transportation planning*

1. Urban planning assistance program (sec. 701): The purpose of the urban planning assistance program (sec. 701 of the Housing Act of 1954, as amended) is to assist State and local governments in dealing with planning problems in metropolitan and other urban areas; to facilitate comprehensive planning for urban development on a continuing basis; and to encourage these governments to establish and improve planning staffs.

Planning grants may be made to State planning agencies for planning assistance to smaller cities and communities either singly or in groups with a population of less than 50,000. Agencies empowered to perform metropolitan or urban regional planning may receive grants directly or through State agencies. Special provisions are made for officially designated redevelopment areas, disaster areas, and federally impacted areas. Finally, grants are available for State and interstate comprehensive urban planning and for related research and coordination.

Emphasis is given to encouraging planning for entire urban areas. Needed technical assistance for planning and organizing to carry out plans on a unified metropolitan or regional basis may be provided by the Housing Administrator.

Under the law, comprehensive planning which may be assisted "includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities, together with long-range fiscal plans for such development; (2) programing of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) intergovernmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing."

The Housing Act of 1961 made two major additions in the basic authority. The first was to explicitly encourage the planning of "coordinated transportation systems" as a part of comprehensive planning. Such planning includes comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, to facilitate the circulation of people and goods in the metropolitan and other urban areas, and to reduce transportation needs. Second, the authorization for appropriations was increased from $20 million to $75 million, and the amount of the grant permitted was increased from $20 to $75 million, and funds may be used jointly with funds available for planning surveys and investigations under other federally aided programs such as the 1½-percent funds of the highway program.

As of December 31, 1961, section 701 grants had assisted comprehensive planning for 1,922 small communities, 123 metropolitan or regional areas, and 16 States. Grants totaling $22,285,000 had been approved to that date.

2. Highway planning and research program (1½-percent funds). The annual authorizations made by the Congress for Federal aid for highways are apportioned among the States by methods prescribed by law. Under the Federal-aid legislation, 1½ percent of the funds so apportioned annually to each State are earmarked for highway planning and research.

This provision, as initiated in legislation of 1934, applied to planning only; research was added by legislation of 1944. As now codified in section 307(c) of "Title 23—Highways," United States Code, the legislation provides that—

"Not to exceed 1½ percent of the sums apportioned for any years to any State * * * shall be available for expenditure upon request of the State highway department, with the approval of the Secretary (of Commerce), with or without State funds, for engineering and economic surveys and investigations, for the planning of future highway programs and the financing thereof, for studies of the economy, safety, and convenience of highway usage and the desirable regulation and equitable taxation thereof, and for research necessary in connection with the planning, design, construction, and maintenance of highways and highway systems, and the regulation and taxation of their use."

While no specific proportion of the 1½-percent funds is designated for urban planning, it will be noted that both planning and research in planning are included in the descriptive list of work for which the funds may be used. The States are responsible for initiation of programs of planning and research projects to be undertaken with the 1½-percent funds, and the overall needs in each field in each individual State are the basic criteria used by Public Roads in reviewing the programs for approval.

In recent years the 1½-percent funds have been used to great advantage in many States in conducting a variety of studies related to urban highway planning. Many of the studies have ultimately produced actual capital improvement programs which are now under construction.

While the Federal-aid legislation does not require each State to use all of the 1½-percent funds allotted to it for planning and research, nor is statutory matching required (10-percent State matching for interstate funds; 50-percent State matching for A–B–C funds), it has been Public Roads' policy in the past to urge them to do so.

As with the Federal-aid funds for highway construction, the 1½-percent funds are not advanced to the States prior to use. The Federal-aid share of the cost of projects is claimed by the States on a reimbursement basis, subject to Public Roads' audit.

3. Joint efforts. The Department of Commerce and the Housing and Home Finance Agency have agreed to the use of highway and urban planning funds jointly in an urban area where local and State bodies are prepared to establish coordinated planning. Both agencies are pledged to stimulate and cooperate in a continuing process of planning and development coordination which will—

(1) Give consideration to all forces, public and private, shaping the physical development of the total community.

(2) Cover land uses and controls as well as plans for physical development and combine all elements of urban development and redevelopment into a clear-cut, comprehensive plan of what the citizens want their community to become.

(3) Cover the entire urban area within which the forces of development are interrelated.

(4) Involve in the planning process the political jurisdictions and agencies which make decisions affecting development of the metropolitan area.

(5) Link the process of planning to action programs.

The objective of this joint effort is not merely a planning process but the development of effective cooperation and coordination both among the local governments within a metropolitan area, and between these governments and the State and Federal agencies involved in area development activities. In this way it can be assured that transportation will play its proper part in serving and helping to shape the community in the form its citizens desire.

Interagency committees have been set up at the national and regional level to promote better understanding of the cooperative approach and to aid in working out necessary arrangements. Although these arrangements have been in force for only a short time, excellent joint planning programs have been initiated in key areas and an increasing number are in the negotiation stage. Joint planning programs are underway in 16 areas, and consideration is being given to the initiation of programs in 22 additional areas.

### *C. The Federal-aid highway program*

The Federal-aid highway program is contributing substantially to the solution of the urban transportation problem. Construction of the 41,000-mile Interstate System is well underway. Financing of the 90-percent Federal share of its total $41 billion cost has been assured by Federal legislation which has provided sufficient revenue to the highway trust fund for both the interstate and the regular Federal-aid highway programs. Over 5,000 miles, or 13 percent, of the Interstate System are in urban areas, and they will account for 45 percent of the total expenditure—the latter figure closely paralleling the proportion of total system travel generated in the urban areas.

On the Federal-aid primary and secondary systems the urban portions total 33,000 miles of city streets and expressways. Federal-aid funds for the improvement of these systems (commonly called the A–B–C program) are traditionally authorized biennially by the Congress, the latest provision being $925 million for each of the fiscal years 1962 and 1963. These funds are matched 50–50 by the States. Under the Federal legislation, 45 percent of the A–B–C Federal aid is for work on the primary system (either rural or urban portions), 30 percent for the secondary system, and 25 percent specifically for the urban portions of the two systems. Projects costing $1.5 billion were completed in fiscal year 1961 under the A–B–C program, and 29 percent of this was spent in urban areas.

The construction of new highways and the improvement of existing streets and highways is an essential part of the urban transportation program. New and improved facilities are needed to provide for the movement of goods as well as for personal travel by automobile. In addition, freeways, with improved feeder routes, make possible the development of freeway bus systems to serve public mass transit needs.

It is essential that the Federal-aid highway programs, including the provisions for urban highway construction, continue undiminished. No increases in authorizations are recommended at the present time. However, greater flexibility in the use of Federal-aid highway funds to meet urban transportation needs can be provided by amending the Federal-aid highway legislation to permit the State highway departments to use Federal-aid secondary funds on extensions of that system in urban areas. Federal participation in projects on such extensions is now generally limited to urban funds. This will be particularly helpful in certain States containing many individual and grouped urban areas that are finding it increasingly difficult to improve the extensions of Federal-aid secondary routes into urban areas because the improvement of arterial streets in larger cities has a greater priority for the use of available urban funds.

Studies have indicated that under certain conditions the reservation of highway lanes for the exclusive use of specific types of motor vehicles will assist in solving urban transportation problems.

Also, in some instances, more effective urban transportation will result from the development of rail transit and highway facilities in the same right-of-way. However, the additional cost occasioned by the rail facilities could not be borne by highway funds; moreover, many rail rights-of-way needed for a balanced system will require corridors separate from freeways.

### *D. Present mass transportation programs*

As recommended by the President in his special message on our Nation's housing, national concern with the importance of mass transportation for urban development was first recognized in Federal law by the enactment of the Housing Act of 1961. That act provided for two new assistance programs for urban mass transportation to be administered by the Housing and Home Finance Administrator. These were in addition to strengthening the urban planning assistance program, as discussed in an earlier section.

First is a program of loans for financing the acquisition, construction, reconstruction, and improvement of mass transportation facilities and equipment. Loans may be made to State and local public agencies where such financing is not otherwise available on reasonable terms. Where economically warranted, loans may have maturities as long as 40 years, and they must be of such sound value or so secured as reasonably to assure repayment. The facilities and equipment acquired with such loan may be operated by the borrowing agency or by private firms or other public agencies under a lease or other approved arrangement.

In order to assure that proposed improvements are in conformance with sound planning, the law requires that there is being actively developed (or has been developed) for the whole area served by the applicant, a program for the development of a comprehensive and coordinated mass transportation system and that the proposed facilities or equipment will be required for such a system. There is a further administrative requirement that the mass transportation program shall be a part of a comprehensively planned transportation system, including highways, to serve the urban growth and renewal needs of the area. These requirements may be waived where there is an immediately urgent need for the provision of facilities or equipment to be commenced prior to the time that the planning program could reasonably be expected to be completed.

Loans up to a total of $50 million are authorized. Loan commitments under the present program cannot be made after December 31, 1962.

The second new program provides contract authority of $25 million in Federal grants for mass transportation demonstration projects. The Federal grant may cover two-thirds of the cost of projects which will assist in carrying out urban transportation plans and research. They may include the development of data and information of general applicability on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. Federal grants may not be used for major long-term capital improvements.

The purpose of the program is to stimulate fresh thinking and experimental undertakings which will bring about improved service and greater efficiency in the mass transportation field. Small as well as large cities all over the country are interested in experimenting with changes in levels of service and fare structures, technological improvements, and improvements of the relations of mass transportation to other parts of the urban transportation complex. They have difficulty in raising their one-third contribution to the cost, however, since the demonstrations are expected to have general applicability to similar localities. The exclusion of major long-term capital improvements from eligibility for Federal assistance also makes many worthwhile projects ineligible.

A combined appropriation of $42.5 million is available in the fiscal year 1962 for both the new mass transportation demonstration grant program and the loan program.

### *E. Capital requirements and financing for urban mass transportation*

Total capital requirements for mass transportation in the next decade are estimated at $9.8 billion by the Institute of Public Administration in its report to the Secretary of Commerce and the Housing Administrator. The estimates are rough approximations and probably on the conservative side, but they are based on intensive study of published information and on-the-spot investigations in 26 urban regions.

In the smaller cities, a recent survey by the American Transit Association revealed that 69 percent of their membership responding to a questionnaire indicated that replacement of buses was their most pressing problem, and 42 percent indicated that an outright subsidy was the only form of assistance which could be effective because of their condition.

The major purposes to be served by the estimated $9.8 billion total investment requirements are presently planned new systems, $2.8 billion; extensions of existing systems, $1.7 billion; rehabilitation and replacement, $4.3 billion; new projects now being considered for initiation in the next decade, $1 billion. For all these purposes, rights-of-way and structures are estimated at $6.4 billion and rolling stock at $3.4 billion.

It is not possible at this time to estimate precisely the amount of Federal grant and loan assistance that will be needed in the next decade to enable urban areas to make the investments that will be required if mass transportation is to make its proper contribution to sound urban development and renewal. As the first stage in a long-range program, we recommend that $500 million in Federal grants be made available over the next 3 years, that the present $50 million loan authority be made permanent, and that adequate funds be provided from grant authorizations for undertaking and stimulating badly needed economic and technical research and development in urban transportation. The progress that cities and urban regions can make in the next 3 years in planning and programing their comprehensive transportation systems and the experience gained in analyzing applications for Federal assistance will give a greatly improved basis for estimating long-term needs.

The recommended program of Federal grants would cover two-thirds of the net cost of capital outlays for mass transportation projects. Any net revenues which can reasonably be expected from transit operations would be used to support as much as possible of total project cost. The amount that fare collections can reasonably be expected to exceed operating costs depends on detailed analysis of each situation.

Many bus systems can meet most of their equipment costs from revenues if they can obtain loan funds on reasonable terms. To make their proper contribution to urban transportation, however, service of many systems must be improved and offered at reasonable fares. Such service improvements may cost more than the fare box will carry. There may also be requirements for substantial investment in fixed facilities such as separate rights-of-way and boarding facilities which cannot be fully amortized from revenues.

Net receipts also may cover a large part of the cost of rolling stock for urban rail systems, depending on the total position of the system. But experience indicates that in most circumstances the heavy investments now required for rights-of-way, rail installation, and subway construction cannot be covered from the fare box.

Except in truly emergency situations, the investment of Federal, State, or local public funds in mass transportation is justified only where the facilities are part of a comprehensive transportation system which is designed to serve the prospective growth and renewal needs of the whole urban area and is administered on a fully coordinated basis. This kind of planning, programing, and organization takes time to develop. Many areas have undertaken the process, but only a few are well advanced in making it truly comprehensive.

Federal planning assistance through the section 701 urban planning assistance program and the use of 1½-percent highway research and planning funds is stimulating a great increase in State and local urban planning efforts. Mass transportation will not receive proper attention in planning and action programs, however, unless local officials see the realistic possibility of installing and effectively operating the systems which would be called for in good planning. Such a possibility usually is doubtful if the urban areas must look forward to covering the total public cost of good mass transportation from their own limited tax resources. This is the basic reason for recommending a Federal program to cover two-thirds of such cost.

The demand for Federal grants probably will be moderate in the early years of the program because of essential planning and administrative requirements, but if these requirements for sound urban development are to be met, local communities must have reasonable assurance that Federal support will be available when needed for investments in mass transportation.

### *F. Assistance for displaced families and businesses*

Thousands of families and businesses are caused great hardship by the construction of highways, mass transportation routes, and other public improvements. The Bureau of Public Roads estimates that about 15,000 families and 1,500 businesses will be displaced each year in the next 6 to 8 years by the completion of the Interstate Highway System. Family displacements by federally assisted urban renewal activities are running about 30,000 a year and are expected to average more than 35,000 a year over the next decade. Around 4,000 businesses are being displaced annually by urban renewal. Another 30,000 to 35,000 families a year are estimated to be displaced by other public actions in urban areas. This means that some 85,000 urban families have to move each year because of public action, much of it assisted with Federal funds.

Under the federally assisted urban renewal program, families must be assured the availability of decent, safe, and sanitary housing when they are displaced by demolitions, code enforcement, and other urban renewal activities. Also the moving expenses of families and businesses are paid from Federal urban renewal program funds. For families needing such assistance, the average payment is about $65. The average payment to businesses is about $1,150.

In order to alleviate hardship caused by public action and to provide equity in treatment, provisions similar to those for urban renewal should be made in the Federal-aid highway program and also in other federally assisted programs causing displacements.

### *G. Urban transportation research*

Extensive research must be undertaken to improve the technology of urban transportation and to furnish public officials and industry dependable information on the relations among different forms of transportation and the rest of the urban economy. As summarized by the Institute of Public Administration:

"Topics on which work is needed include improvement of vehicles, roadbeds, power systems, traffic control systems, and other technology; methods of projecting demand for urban transportation; influence of different modes of transportation on urban development and land use; determinants of individual transportation behavior; costs and pricing of different transportation modes; and administering and financing urban transportation systems."

1. Highway research.—The Bureau of Public Roads, since its very beginning in 1893, has had an important influence in highway research, both through the efforts of its own staff and through its leadership and guidance to others. With the authority for use by the States of the 1½-percent funds for research, since 1944, the Bureau's influence has been broader than ever.

In addition to studies related to the physical problems of roadbuilding and maintenance, a great deal of Public Roads research in more recent years has been directed toward the problems of planning, design, and operation of highways. Mathematicians, geographers, city planners, and psychologists are now included in the Public Roads staff. Work accomplished or underway, either directly or by sponsorship, varies broadly. As examples may be cited studies of human behavior as related to driving; evaluation of economic and social effects of highways; methods of forecasting highway usage, tax revenues, and needs; correlation of travel with such factors as land use and employment; and evaluation of electronic controls for driver and vehicle guidance. Much of this research is oriented directly toward urban transportation problems.

Since 1944 the Bureau of Public Roads has participated with the State highway departments in conducting travel habit studies designed to provide factual data needed for urban transportation planning. The early studies were pioneering efforts and their analyses left much to be desired, especially in projecting future travel desires. However, these studies continue to be a basic planning tool, and analyses of the data collected and tabulated in one city after another have led to the establishment of quantitative measures of the basic relations between travel desires and land use and other social and economic factors of the metropolitan area. The establishment of these quantitative measures has made possible the integration of transportation and general land use planning, which is now deemed essential for realistic planning. It is now possible to study the interaction that exists between transportation and economic development and land use.

It is essential that research be continued and expanded to provide more precise planning study techniques; to search more deeply into the factors affecting urban development; to quantify more accurately the relationships between land use and travel; and to learn more about the attitudes and desires, with regard to all aspects of urban living, of the individual citizen.

Research is also essential in transportation technology—both of the vehicle and of the roadbed—if planning is truly to prepare for the future.

It is believed that the Federal Government has a responsibility to stimulate additional highway research activities in the Federal-State cooperative area. To accomplish this, an additional one-half of 1 percent should be made available from funds apportioned to the States for the Federal-aid primary system, the Federal-aid secondary system, and extensions of these systems in urban areas (the A-B-C program) for highway research purposes. This additional one-half of 1 percent, together with State matching funds, would amount to almost $10 million annually. This sum would be in addition to the present 1½ percent which is currently being used for highway planning and highway research.

2. Research in mass transportation.—Work is needed to improve transportation facilities and equipment including model and prototype construction, with emphasis on transit vehicles and power systems, traffic signaling, automatic controls, and methods of construction. It is essential to stimulate and support experimentation with new equipment and systems to test their practicality and demonstrate their effectiveness in improving and reducing the total cost of urban transportation.

Outstanding among the many studies which need to be made of the economics of urban transportation are questions of why groups of people choose different means of urban travel under various conditions and how their choices would be affected by changes in the quality and cost of different kinds of private and public transportation that might be made available. Planning and investment decisions for highways and mass transportation are profoundly affected by what people believe about the answers to these questions. But there is little systematic knowledge on which to base these beliefs. The administration, therefore, has requested the Congress to appropriate funds for a substantial study of these problems by the Housing and Home Finance Agency. This study would start with analysis of information which has been developed in the course of urban transportation planning and would be coordinated with related studies supported by the Bureau of Public Roads.

The Housing Administrator should be given broad authority to conduct urban transportation research and development projects. Depending on what is most appropriate for the particular project, the studies and research should be carried on by Agency staff or be made under agreement or contract with other Government agencies, universities, the National Academy of Sciences, nongovernmental research agencies, State and local governments, or individuals. It is recommended that the funds authorized last year for mass transportation demonstration grants be made available for those purposes by modifications of present legislation. An additional $10 million a year for the next 3 years also should be provided from the capital grant funds proposed for the new mass transportation assistance program. Such broad authority and substantial financing are required to make a good start toward basic improvements in urban mass transportation technology and economics.

**Mr. ROBERTSON.** Mr. President, it is a source of great satisfaction and pride to me to be chairman of a great committee of the Senate, the Banking and Currency Committee. It was organized to consider the Federal Reserve Act, which was sponsored by my predecessor, Carter Glass. It has brought to the Senate some very fine bills for the improvement of our banking and other financial institutions, housing, transportation, and many other matters.

It is always a source of regret to me when I find myself in disagreement with a majority of the members of that committee. Unfortunately, this is a bill with respect to which that occurs. I could not support the bill as finally agreed upon in the committee. Therefore, I filed minority views, indicating my objections to the bill and, unless the bill be materially changed, I intend to vote against it on final passage.

Since it is not contemplated that we shall complete action on the bill—in fact, I understand that very shortly it will be set aside to take up several other less controversial measures—I send to the desk three amendments and ask that they be printed and lie on the table.

I also ask unanimous consent that the three amendments be printed at this point in the RECORD, accompanied by brief explanations of each amendment.

**The PRESIDING OFFICER** (Mr. PEARSON in the chair). The amendments will be received, printed, and lie on the table; and, without objection, the amendments and explanations will be printed in the RECORD.

The amendments and explanations ordered to be printed in the RECORD are as follows:

Amendment intended to be proposed by Mr. ROBERTSON to the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes:

Strike out all after the enacting clause and insert in lieu thereof the following:

In section 202(d) of title II of the Housing Amendments of 1955, strike out in the proviso "1962" and insert in lieu thereof "1963."

### STATEMENT BY SENATOR ROBERTSON

I submit an amendment to the mass transportation bill, S. 3615, which would be in the nature of a substitute. My amendment would strike out all after the enacting clause, and in lieu thereof would extend the present experimental mass transportation program for 1 additional year, until December 31, 1963.

Under present law, the experimental program provides for demonstration grants and for loans. No time limit is placed upon demonstration grants, but on loans the act provides "that no such loan shall be made, except under a prior commitment, after December 31, 1962." My amendment would change the year to 1963.

While my amendment would extend the time limit of the loan program for another year, it would provide no additional grant or loan funds. None are needed beyond provisions in existing law. The Housing Act of 1961, which established the temporary experimental program, authorized as much as $25 million in grants to local public agencies for demonstration projects from grant funds authorized for urban renewal. Through September 11 of this year, only two applications, totaling $234,400, had been approved for demonstration grants.

Active pending applications totaled $7,275,000, according to preliminary estimates made by applicants to the Office of Transportation of the Housing and Home Finance Agency. In other words, more than two-thirds of the original grant authorizations would remain unobligated even if all active pending applications were approved.

For loans under the experimental mass transportation program, the Housing Act of 1961 authorized $50 million. Through September 11, two loans, totaling $10,734,400, had been approved. An active loan application for $300,000 was on hand. Nearly $40 million, in other words, remained available.

I submit for the RECORD at this point a table, prepared by the HHFA Office of Transportation, showing the application status for grants and loans under the mass transportation program as of September 11, 1962.

For both grants and loans, therefore, unused authority substantially exceeds the amount of approvals and active pending applications. Unused authority well exceeds the amount of approvals likely to be made within the coming year.

Adoption of my amendment would permit the present demonstration grant program to continue unchanged. It would permit the present loan program to be extended for an additional year to the end of 1963. Meanwhile, we can analyze further the many controversial features of the proposed permanent mass transportation spending program before coming to a final decision.

*Housing and Home Finance Agency—Office of Transportation—Application status as of Sept. 11, 1962*

| | |
|---|---|
| APPLICATIONS APPROVED | |
| Demonstration grant program: | |
| City of Detroit, Mich | $224,400 |
| University of Washington (Seattle monorail study) | 10,000 |
| Loan program: | |
| Passenger Service Improvement Corp., Philadelphia, Pa | 3,000,000 |
| Chicago Transit Authority | 7,500,000 |
| Total | 10,734,400 |
| APPLICATIONS PENDING | |
| Demonstration grant program: | |
| Massachusetts Transportation Commission, Commonwealth of Massachusetts | 3,600,000 |
| National Capital Compact Negotiating Commission | 30,000 |
| Southeastern Pennsylvania transportation compact | 3,000,000 |
| Tri-State Transportation Committee (New York-New Jersey-Connecticut): | |
| New Brunswick project | 175,000 |
| Long Island project | 180,000 |
| Memphis Transit Authority | 190,000 |
| *Greater Orlando Port Authority | (12,600,000) |
| Port Authority of Allegheny County | 100,000 |
| *City of Minneapolis | (1,200,000) |
| *City of Ithaca, N.Y | (100,000) |
| Loan program: | |
| City of Fresno, Calif | 300,000 |
| *Bi-State Development Agency (St. Louis metropolitan area) | (15,000,000) |
| Total | 7,575,000 |

NOTES.—1. Federal loan or grant figures shown under "Applications pending" are approximate and are based on preliminary estimates by applicants.

2. Applications marked with an asterisk (*) have been awaiting further information from the applicants for some time and appear to be inactive. Amounts shown are not included in totals.

Amendment intended to be proposed by Mr. ROBERTSON to the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes:

On page 5, line 24, strike out "two-thirds" and insert in lieu thereof "one-half".

On page 7, line 15, strike out "one-half" and insert in lieu thereof "one-third".

On page 7, line 17, strike out "one-half" and insert in lieu thereof "one-third".

### STATEMENT BY SENATOR ROBERTSON

I submit an amendment that would place Federal grants for mass transportation on a 50–50 basis, under section 4 of S. 3615. The bill now calls for two-thirds Federal and one-third local grants. A 50–50 formula would be in line with the grant ratio prevailing in a number of programs in the Departments of Agriculture, Commerce, and Health, Education, and Welfare.

Mr. amendment would place the emergency program, under section 5 of the bill, upon a one-third Federal and two-thirds local grant basis. The bill now provides for one-half Federal and one-half local grant. Under my amendment, localities would be encouraged to complete their planning programs as soon as feasible in order to move away from the one-third Federal grant formula in the emergency program to the regular long-range program with one-half Federal grants.

Under S. 3615, a total of $500 million would be made available for Federal grants over a period of 3 years. My amendment, permitting grants under the long-range program to be made on a 50–50 basis, could spread this $500 million in aid over mass transit projects with a net cost of as much as $1 billion. The present provision of S. 3615, requiring two-thirds Federal grants under the long-range program, would limit the $500 million in Federal grant aid to projects costing $750 million.

If deficits in the Federal budget occur in the future as often as in the past, this new mass transit spending program would, in effect, be underwritten by deficit financing through Treasury borrowing and increased public debt. To assure that such aid would go as far as possible, I believe that grants under the long-range features of this proposed program should be made not on a two-thirds basis but under a 50–50 ratio.

The two-thirds Federal and one-third local grant formula now in this mass transportation bill is the same ratio that is applicable to most projects in the urban renewal program. But no detailed calculations were presented to the committee to justify why a Federal grant formula for mass transit should be equivalent to the two-thirds Federal grant formula for most urban renewal projects.

Evidence from other permanent Federal transportation programs, on the other hand, indicates that a 50–50 grant ratio for mass transportation would represent a consistent policy. Such a ratio now exists, for example, in the Federal grant program for local airport development. A 50–50 grant formula is also applicable to Federal programs for primary, secondary, and urban highway construction.

This mass transportation bill would establish a permanent Federal spending program. According to the proponents of the bill, we know that $500 million will represent only the beginning. In fact, the bill would provide that after the first year, the annual rate of grant authorizations would be as much as $200 million a year. The HHFA Administrator himself, in testifying before the Senate Housing Subcommittee at page 84 of the hearings, indicated that:

"The proposed authorization of $500 million in Federal grants for a 3-year period represents the first stage in a long-range program."

Under the circumstances, I believe that a 50–50 grant-aid ratio would help to assure that available Federal funds for this permanent program would be used more widely than under the ratio now in the bill. By requiring a substantial local financial stake in a proposed project, a 50–50 grant-aid ratio would help to encourage the development of economical—rather than extravagant—local mass transportation plans.

For all these reasons, I offer my amendment to place the long-range program on a sound 50–50 basis.

Amendment intended to be proposed by Mr. ROBERTSON to the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes;

On page 6, beginning with line 5, strike out all through line 17, and insert in lieu thereof the following:

"(b) To finance grants under this Act there is hereby authorized to be appropriated at any time after enactment of this Act not to exceed $100,000,000 for fiscal year 1963, $200,000,000 for fiscal year 1964, and $200,000,000 for fiscal year 1965: *Provided*, That any amount authorized but not appropriated for any fiscal year may be appropriated for any succeeding fiscal year. Notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, the Administrator may make advance or progress payments on account of any grant made pursuant to this Act."

### STATEMENT BY SENATOR ROBERTSON

I offer an amendment to restore the language of the original bill (S. 3126) calling for mass transit grants to be made through the normal appropriations process rather than through contract authority as S. 3615 provides.

My amendment would reinstate the original appropriations authority in the bill. It would be the same financing provision that the HHFA Administrator supported in testifying before the Senate Housing Subcommittee.

In requiring annual appropriations rather than contract authority, my amendment would not change the maximum amount of funds that would be authorized for the fiscal years 1963, 1964, and 1965. My amendment would, however, permit the Congress to review the mass transportation program each year before it appropriates whatever money it believes to be needed.

Under the present bill, on the other hand, the HHFA Administrator would be authorized to enter into contracts to spend up to the limits set by the bill before any money was actually provided. Then the Congress would have to appropriate whatever funds were required to honor the contracts.

My amendment, calling for prior appropriations before contracts could be entered into, would tend to encourage the conservation of Federal funds. It would help to assure that available Federal aid was used with maximum effectiveness and timeliness. The contract authority now in the bill would tend to encourage spending in the absence of annual congressional appropriations control over the program.

As the Comptroller General of the United States pointed out in a letter, dated May 16, which appears in the printed hearings beginning at page 45:

"* * * the need to appropriate funds supplies the best incentives and the most effective techniques for congressional control of agency activities."

The recent differences of opinion between the House and Senate Appropriations Committees indicate, in my opinion, the importance the Congress attaches to the appropriations process.

I understand that some proponents of S. 3615 favor contract authority, rather than appropriations authority, as a means of assuring continuity in the mass transportation program in order to encourage the development of long-range local plans. Nothing in my own amendment would hinder the formulation of such plans. In supporting the original mass transit bill, the HHFA Administrator himself called for appropriations authority. He said in his testimony before the Senate Housing Subcommittee (at p. 84 of the printed hearings) that:

"We anticipate that grants (under prior appropriations) would be made rather slowly in the initial period of the program. The knowledge that such grants are available, however, would give local officials the assurance that it would be possible to finance the investments in mass transportation which would be called for in good planning. The authorization would therefore provide an incentive and underpinning for proper attention to mass transportation in planning and action programs."

In presenting the original bill (S. 3126) calling for appropriations, the administration apparently felt that $100 million in appropriations authority for the first year and $200 million for each of the following 2 years would be adequate to provide continuity of aid for whatever long-range local plans might be under development. Once appropriated, these funds would, of course, remain available until expended. In this connection, section 10(d) of the present bill reads in part as follows:

"All funds appropriated under this Act for other than administrative expenses shall remain available until expended."

Substantially the same language was in the original bill (S. 3126).

Actually, the contract authority provided in the present bill would assure no greater continuity of Federal aid than would be provided under the annual appropriations authority in my amendment. Under contract authority as well as appropriations authority, no aid could be extended in excess of the limits set by the bill. In this sense, contract authority would merely assure that congressional control over this new permanent Federal spending program would be minimized. That is no way, in my opinion, to protect the public interest.

Even without this mass transit bill, we are confronted today by back-door and side-door permanent Federal spending programs of excessive dimensions. Unfunded contract authorizations exceeded $11.7 billion at the end of June 1962, according to the Treasury Department. Unused authorizations outstanding to expend from debt receipts exceeded $27 billion. These authorizations, in effect, represent blank checks on the Treasury that could be tendered without prior notice, regardless of other needs for funds.

My amendment should help to assure that the mass transit spending program will proceed in a more orderly manner. It should help to assure that this new program will receive adequate annual congressional scrutiny. It will also restore to the bill the original financing provision that has been supported by the administration.

**Mr. ROBERTSON.** Mr. President, one of the amendments is a brief substitute for the whole bill. It strikes out everything in the bill and merely provides that the present law on this subject be continued for 1 year. This gives us more time to consider more fully the step that we are taking, which will ultimately cost billions of dollars in the future.

In case that amendment is not adopted, in an effort to bring the bill more in line with my thinking on the subject, another amendment would provide that the Federal contribution toward the net project costs of mass transit projects shall be no more than 50 percent. Most cities are now in better financial condition than is the Federal Government. We closed this past fiscal year with a budget deficit of $6 billion-plus. We can now see a $4½ billion deficit for the current fiscal year. If the President spends all of the emergency funds, including the $900 million public works expenditure which Congress recently authorized, and if, in addition, there is a tax cut in the neighborhood of $10 billion, we could easily have a $16 billion deficit in the fiscal year ending June 30, 1963.

If the pending bill passes, it will be an additional unbudgeted item. Therefore I have proposed an amendment that the contributions by the Federal Government be cut to no more than 50 percent.

The third amendment would provide that only appropriated funds may be spent. That is in accordance with the language of the House bill. The bill as reported by the Senate committee authorizes what is called contract authority, but we know from experience in highway and road matters and in other Federal programs that when contracts are entered into with the approval of the Federal Government, an obligation is established which must be honored. We cannot contract and then repudiate the contract.

So I have submitted these amendments, which I intend to offer, and have asked that they be printed in the RECORD, along with brief explanations—one a substitute for the whole; one for a 50–50 sharing of net costs; and one for the expenditure of no money except pursuant to appropriations bill.

**Mr. WILLIAMS** of New Jersey. Mr. President, will the Senator yield?

**Mr. ROBERTSON.** I yield.

**Mr. WILLIAMS** of New Jersey. I take this opportunity to express a personal observation. For 4 years I have felt that one of the greatest privileges I have enjoyed has been the opportunity to serve on the committee of which the junior Senator from Virginia is the distinguished chairman. I have thanked him for his aid and assistance before, and would like to do so again. I was on the Housing Subcommittee when this transportation bill came to it. In every way the junior Senator from Virginia has expedited the work of that subcommittee, and also the work of the full committee, notwithstanding some reservations about certain minor parts of the bill. He has been gracious enough, to designate one of the junior members of the committee to report the bill and be in charge of it on the floor.

I wish to make a final observation, which is not germane to the amendments which have been sent to the desk by the Senator from Virginia. The people of my State of New Jersey have a great affection for the junior Senator from Virginia. It is with a great deal of pleasure that I talk about my chairman in New Jersey. It was my privilege and pleasure to propose that the junior Senator from Virginia be a part of the New Jersey Tercentenary Commission, which he is; and in that connection we have battled side by side to get a little money for our commission. I hope we shall be successful.

These are purely personal observations, but I feel them very deeply.

**Mr. ROBERTSON.** Mr. President, I am deeply touched by the tribute my friend and colleague has paid me. It has been a great pleasure to serve with him on the Banking and Currency Committee. It has been a pleasure to work with him both for bills that I personally have approved and for bills he has advocated, whether I have approved of them or not.

In our committee we are tending somewhat toward the British system in the House of Commons, a man is assigned to the chairmanship of a committee for each bill that goes before it, and he is merely the presiding officer. He is not supposed to be either for or against the bill, or to try to tell the committee what it has to do. While under our system it is the privilege of the chairman, especially if he is senior to other members of the committee, to give some indication of his personal views, his primary purpose as chairman is to preside and to let the committee vote what the majority thinks the committee should do.

It was in that spirit that I felt that, while personally I thought this bill went too far, the proponents were entitled to be heard. The majority wanted the bill; the majority got it reported; the majority will have an opportunity to ask the support of the entire Senate body within the near future on final passage.

In the meantime, it is with personal reluctance, because of my great friendship and high regard for my colleague from New Jersey, who is so interested in this subject and has performed such an excellent service over a period of months in preparing this measure, that I interpose any objection.

I will not belabor the point. I have submitted three amendments. I have indicated what they are. I have sent to the desk three brief statements. I am not going through the statements at length. I have asked that they be printed in the RECORD, so that any Senator who wishes to do so may read them. When the amendments are called up, they will be explained briefly and the Senate can then work its will.

Mr. President, I yield the floor.

**Mr. HUMPHREY.** Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. WILLIAMS of New Jersey in the chair). Without objection, it is so ordered.

## THE UNITED STATES IN THE SPACE RACE

**Mr. HUMPHREY.** Mr. President, speaking at Rice University on September 13, President Kennedy announced the determination of this administration to compete in the space race with all our might and vigor. He rightly pointed out that space is there and that it is going to be penetrated and conquered by man. The United States cannot sit back and let others win control of space merely because it is a new element with respect to which the practical advantages of space exploration and manned space flight may not be immediately apparent. The fact is, as the President emphasized, space will be used for harmful purposes if it is not preempted by the United States for peaceful and scientific purposes. We have the skill and resources to be first in this race. We cannot afford to be second.

I ask unanimous consent to make the transcript of President Kennedy's remarkable address a matter of full public record.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 13, 1962]

### TRANSCRIPT OF KENNEDY REMARKS ON SPACE CHALLENGE

Following is President Kennedy's speech at Rice University in Houston yesterday, furnished by station KPRC, Houston, and recorded by the New York Times:

President K. S. Pitzer (of Rice), Mr. Vice President, Governor, Congressman (Albert) Thomas, Senator (Alexander) Wiley, and Congressman (George P.) Miller, Mr. (James E.) Webb, Bell scientists, distinguished guests and ladies and gentlemen.

I appreciate your president having made me an honorary visiting professor and I will assure you that my first lecture will be very brief.

I am delighted to be here and I'm particularly delighted to be here on this occasion. We meet at a college noted for knowledge, in a city noted for progress, in a State noted for strength. And we stand in need of all three.

For we meet in an hour of change and challenge; in a decade of hope and fear; in an age of both knowledge and ignorance. The greater our knowledge increases the greater our ignorance unfolds.

Despite the striking fact that most of the scientists that the world has ever known are alive and working today, despite the fact that this Nation's own scientific manpower is doubling every 12 years in a rate of growth more than three times that of our population as a whole, despite that, the vast stretches of the unknown and the unanswered and the unfinished still far outstrip our collective comprehension.

No man can fully grasp how far and how fast we have come, but condense, if you will, the 50,000 years of man's recorded history in a timespan of but half a century. Stated in these terms we know very little about the first 40 years, except at the end of them advanced man had learned to use the skins of animals to cover him.

#### PACE CALLED BREATHTAKING

Then about 10 years ago under this standard man emerged from his cave to construct other kinds of shelter. Only 5 years ago man learned to write and use a cart with wheels.

Christianity began less than 2 years ago. The printing press came this year and then less than 2 months ago, during this whole 50-year span of human history, the steam engine provided a new source of power. Newton explored the meaning of gravity.

Last month, electric lights and telephones and automobiles and airplanes became available. Only last week did we develop penicillin and television and nuclear power.

And now if America's new spacecraft succeeds in reaching Venus, we will have literally reached the stars before midnight tonight. This is a breathtaking pace and such a pace cannot help but create new ills as it dispels old, new ignorance, new problems, new dangers.

Surely the opening vistas of space promise high costs and hardships as well as high reward. So it is not surprising that some would have us stay where we are a little longer, to rest, to wait. But this city of Houston, this State of Texas, this country of the United States was not built by those who waited and rested and wished to look behind them.

This country was conquered by those who move forward and so will space. William Bradford, speaking in 1630 of the founding of the Plymouth Bay Colony, said that all great and honorable actions are accompanied with great difficulties and both must be enterprised and overcome with answerable courage. If this capsule history of our progress teaches us anything, it is that man in his quest for knowledge and progress is determined and cannot be deterred.

### SEES GREAT ADVENTURE

The exploration of space will go ahead whether we join in it or not, and it is one of the great adventures of all time, and no nation which expects to be the leader of other nations can expect to stay behind in this race for space.

Those who came before us made certain that this country rode the first waves of the industrial revolution, the first waves of modern invention, and the first wave of nuclear power. And this generation does not intend to founder in the backwash of the coming age of space. We mean to be a part of it—we mean to lead it.

For the eyes of the world now look into space—to the moon and to the planets beyond—and we have vowed that we shall not see it governed by a hostile flag of conquest, but by a banner of freedom and peace.

We have vowed that we shall not see space filled with weapons of mass destruction, but with instruments of knowledge and understanding. Yet the vows of this Nation can only be fulfilled if we in this Nation are first, and therefore we intend to be first.

In short, our leadership in science and industry, our hopes for peace and security, our obligations to ourselves as well as others all require us to make this effort to solve these mysteries, to solve them for the good of all men and to become the world's leading spacefaring nation.

We set sail on this new sea because there is new knowledge to be gained and new rights to be won and they must be won and used for the progress of all people.

For space science like nuclear science and all technology has no conscience of its own. Whether it will become a force for good or ill depends on man, and only if the United States occupies a position of preeminence can we help decide whether this new ocean will be a sea of peace or a new terrifying theater of war.

I do not say that we should or will go unprotected against the hostile misuse of space any more than we go unprotected against the hostile use of land or sea. But I do say that space can be explored and mastered without feeding the fires of war, without repeating the mistakes that man has made in extending his writ around this globe of ours.

There is no strife, no prejudice, no national conflict in outer space as yet. Its hazards are hostile to us all. Its conquest deserves the best of all mankind and its opportunity for peaceful cooperation may never come again.

But why, some say, the moon? Why choose this as our goal? And they may well ask why climb the highest mountain? Why 35 years ago fly the Atlantic? Why does Rice play Texas?

We choose to go to the moon. We choose to go to the moon.

### GIVES REASONS FOR CHOICE

We choose to go to the moon in this decade, and do the other things—not because they are easy; but because they are hard; because that goal will serve to organize and measure the best of our energies and skills; because that challenge is one that we're willing to accept; one we are unwilling to postpone, and one we intend to win—and the others, too.

It is for these reasons that I regard the decision last year to shift our efforts in space from low to high gear as among the most important decisions that will be made during my incumbency in the office of the Presidency.

In the last 24 hours, we have seen facilities now being created for the greatest and most complex exploration in man's history. We have felt the ground shake and the air shattered by the testing of a Saturn C–1 booster rocket many times as powerful as the Atlas which launched John Glenn, generating power equivalence to 10,000 automobiles with their accelerator on the floor.

We have seen the site where five F–1 rocket engines, each one as powerful as all eight engines of the Saturn combined, will be clustered together to make the advanced Saturn missile assembled in a new building to be built at Cape Canaveral as tall as a 48-story structure, as wide as a city block and as long as 2 lengths of this field.

Within these last 19 months, at least 45 satellites have circled the earth. Some 40 of them were made in the United States of America, and they were far more sophisticated and supplied far more knowledge to the people of the world than those of the Soviet Union.

### LAUDS MARINER CRAFT

The Mariner spacecraft now on its way to Venus is the most intricate instrument in the history of space science. The accuracy of that shot is comparable to firing a missile from Cape Canaveral and dropping it in this stadium between the 40-yard lines.

Transit satellites are helping our ships at sea to steer a safer course. Tyros satellites have given us unprecedented warnings of hurricanes and storms and will do the same for forest fires and icebergs.

We have had our failures, but so have others, even if they do not admit them and they may be less public.

To be sure—to be sure, we are behind and will be behind for some time in manned flights but we do not intend to stay behind and in this decade we shall make up and move ahead.

The growth of our science and education will be enriched by new knowledge of our universe and environment, by new techniques of learning and mapping and observation, by new tools and computers for industry, medicine, and the home as well as the school, technical institutions such as Rice will reap the harvest of these gains.

And finally the space effort itself, while still in its infancy, has already created a great number of new companies and tens of thousands of new jobs.

### NEW FRONTIER DISCERNED

Space and related industries are generating new demands in investment and skilled personnel. And this city and this State and this region will share greatly in this growth.

What was once the farthest outpost on the old frontier of the West will be the farthest outpost on the New Frontier of science and space.

Your city of Houston, with its manned spacecraft center, will become the heart of a large scientific and engineering community.

During the next 5 years, the National Aeronautics and Space Administration expects to double the number of scientists and engineers in this area; to increase its outlays for salaries and expenses to $60 million a year; to invest some $200 million in plants and laboratory facilities and to direct or contract for new space efforts over $1 billion from this center in this city.

To be sure, all this cost us all a good deal of money.

This year's space budget is three times what it was in January, 1961, and it is greater than the space budget of the previous 8 years combined. That budget now stands at $5.4 billion a year—a staggering sum though somewhat less than we pay for cigarettes and cigars every year.

### EXPENDITURES TO RISE

Space expenditures—space expenditures will still rise some more from 40 cents per person per week to more than 50 cents a week for every man, woman and child in the United States.

For we have given this program a high national priority, even though I realize that this is in some measure an act of faith and vision, for we do not now know what benefits await us.

But if I were to say, my fellow citizens, that we shall send to the moon 240,000 miles away from the control station in Houston a giant rocket more than 300 feet tall—the length of this football field—made of new metal alloys some of which have not yet been invented, capable of standing heat and stresses several times more than have ever been experienced, fitted together with a precision better than the finest watch, carrying all the equipment needed for propulsion, guidance, control, communications, food, and survival, on an untried mission, to an unknown celestial body and then return it safely to earth reentering the atmosphere at speeds of over 25,000 miles per hour, causing heat about half that of the temperature of the sun—almost as hot as it is here today—and do all this—and do all this and do it right and do it first before this decade is out—then we must be bold.

I'm the one who's doing all the work, so we just want you to stay cool for a minute.

### JOB FOR THE DECADE

However, I think we're going to do it, and I think that we must pay what needs to be paid. I don't think we ought to waste any money, but I think we ought to do the job—and this will be done in the decade of the sixties.

It may be done while some of you are still here at school at this college and university.

It will be done during the terms of office of some of the people who sit here on this platform.

But it will be done, and it will be done before the end of this decade, and I am delighted that this university is playing a part in putting a man on the moon as part of a great national effort of the United States of America.

Many years ago the great British explorer, George Mallory, who was to die on Mount Everest, was asked why did he want to climb it. He said:

"Because it is there."

Well, space is there, and we're going to climb it. And the moon and the planets are there, and new hope for knowledge and peace are there. And therefore, as we set sail, we ask God's blessing on the most hazardous and dangerous and greatest adventure on which man has ever embarked.

## COOPERATION OF THE AMERICAN BANKERS' ASSOCIATION AND THE SMALL BUSINESS ADMINISTRATION

Mr. HUMPHREY. Mr. President, the success of the American form of Government rests, in large part, on mutual trust, understanding, and cooperation between private business and Government.

This is why I rise now to take note of an outstanding example of such trust, understanding, and cooperation that has been developed between the American Bankers Association and the Small Business Administration.

The American Bankers Association and the Small Business Administration have cooperatively worked out a new program of financial assistance to the Nation's small businesses, which, as I see it, has two major and most desirable objectives:

First, it will increase the volume of term financing available to small business concerns, and

Second, it should shift a large part of this financing from the Government to the commercial banks of this country, where it rightly belongs.

Under this program it is expected that the commercial banks will greatly increase their participation with SBA in loans to small firms. The banks are expected to take at least a 50-percent share of these loans, and they will handle virtually all of the details of processing and servicing the loans, thus reducing costs to the Nation's taxpayers.

The Government, through the Small Business Administration, will continue to play a vital role in providing term financing for small firms by underwriting a large part of the transaction. But the Government will defer repayments on its share of the loans until after the banks have been paid in full.

The American Bankers Association believes that under this arrangement a large number of the commercial banks of our country will find it to their advantage to participate with the Small Business Administration in term loans to small firms.

Thus the resources of the Nation's commercial banks will be made available to finance small businesses in close cooperation with the Government.

John E. Horne, SBA Administrator, and Sam M. Fleming, president of the American Bankers Association, deserve the highest praise for developing and putting into operation this new loan plan which offers so much promise to our more than 4½ million small business concerns.

I ask unanimous consent that a release of September 6 by the SBA explaining this new program be printed at this point in the Record.

There being no objection, the release was ordered to be printed in the Record, as follows:

A new program to provide term loans for small businesses was announced today by John E. Horne, Administrator of the Small Business Administration, and Sam M. Fleming, president of the American Bankers Association.

"I wish to commend the American Bankers Association for its efforts in helping us to develop this new bank participation program," Mr. Horne said, "This cooperative effort on the part of Government and the banking industry to help meet the credit needs of small businesses is most gratifying.

"Under this new program it should be easier for small businessmen to obtain secured term loans—up to 10 years—from their banker, with the Government underwriting large part of the transaction.

"The essence of the program is this: The banks will make and service the loans for the Small Business Administration, and will provide a large share of the loan funds. The bank's share will be repaid before the SBA starts collecting a cent on its share of the loan principal."

Here is the way the program works: If a small businessman needs $100,000 for qualified business purposes—and he can repay the loan in 10 years—the SBA will advance up to $50,000 of the money, with the bank taking a corresponding share.

For servicing the loan, the bank may deduct from the interest collected for the account of SBA one-half of 1 percent a year on the unpaid balance of the SBA portion of the loan—plus its regular interest on its share. All repayments on the principal of the entire loan will go to the bank for the first 5 years. The SBA will defer collection on its share until after the bank's share has been retired.

The new loan program was developed by C. R. Lanman, Deputy SBA Administrator for Financial Assistance, and Arthur Maxwell, chairman of the Small Business Credit Committee of the ABA.

Mr. Lanman said, "One of the greatest needs of small businessmen is long-term loans to help them expand and create more jobs. We are aware that banks have ample resources to finance small business, but many banks are understandably reluctant to enter the term financing field, particularly as to the longer maturities. Yet longer maturities often are essential to properly finance some needs of the business concern.

"We believe we have developed a loan plan which meets our dual objectives of providing small business financing, while at the same time utilizing the resources of the private banking system," he said. "SBA will, in most instances, rely substantially on the bank's credit judgment, but, since the plan is still selective from SBA's standpoint, sufficient safeguards are provided to protect the Government's interests.

"The American Bankers Association not only has assisted us in working out this new loan program," Mr. Lanman said, "it also is cooperating with us in explaining the program to the Nation's 15,000 commercial banks."

Mr. Fleming said, "I am pleased that the American Bankers Association and the Small Business Administration, working together, have entered into this cooperative venture which should make it possible to greatly increase the amount of credit extended to the small business concerns of this country by commercial banks.

"Ultimately, we hope that the program will produce the desirable result of decreasing Government lending in the small business area, with commercial banks and other private lenders increasing loans in keeping with their traditional role.

"I hope," Mr. Fleming said, "that ABA member banks will participate in the new program to the fullest extent possible so that we may give more help to small business and also reemphasize the principle of providing private rather than Federal Government credit for this important segment of the Nation's economy."

Here are the essential details of SBA's new simplified bank participation loan program with the early maturity feature:

All loans under this program will be of the immediate participation type only, i.e., SBA stands ready to advance its share of the loan as soon as the bank is ready for disbursement. The loans will be serviced by the banks. As a service fee the banks will be permitted to deduct from the interest collected for the account of SBA one-half of 1 percent a year on the unpaid principal balance of SBA's share of the loan.

The bank's participation will be the greater of (a) 50 percent of the total amount of the loan, or (b) an amount equal to the bank's loan or loans to be repaid with a part of the new loan.

The loans shall be amortized on a level principal payment basis, plus interest.

The period of time during which the bank's share will be repaid will be based on the same proportion of loan maturity that the bank's participation bears to the total amount of the loan. For example, the bank would be repaid over a period of 3 years if it participates 50 percent in a 6-year loan; the bank would be repaid over a period of 6 years if it participates 60 percent in a 10-year loan, etc.

Since SBA will not receive any repayment of principal for at least the first half of the term of the loan, it will be necessary that these loans be adequately secured generally by fixed assets, and that the reasonable depreciated value of the fixed assets will at all times be in excess of the outstanding loan balance.

No preference shall be established in favor of the lending institution in any collateral security for the loan.

Applications for such loans will be made by the bank on SBA's simplified one-page form No. 527. Because of statutory requirements, a one-page certification is required from the bank's borrower. With the exception of the note, the bank may use its own forms of mortgages, agreements, etc., and need not submit copies of the loan documents to SBA until after the bank has received the funds from SBA and effected disbursement.

It is contemplated that the banks will submit only the stronger credits for loans under this program—not the weaker or marginal ones.

## ANNOUNCEMENT OF HEARING ON THURSDAY, SEPTEMBER 20, ON "PLANS FOR IMPROVED COORDINATION OF INFORMATION"

Mr. HUMPHREY. Mr. President, I should like to announce that there will be a public hearing of the Senate Government Operations Subcommittee on Reorganization and International Organizations on Thursday, September 20, 1962.

The hearing will be devoted to the future plans of the U.S. Government to improve the management of information, particularly scientific and engineering information.

I emphasize "future plans," because the subcommittee is well familiar with the record of the past and the activities and problems of the present.

### FOUR YEARS OF SUBCOMMITTEE STUDY

For 4 long years, this subcommittee has compiled testimony, issued reports and statements as to what has been done, what has not been done and what should be done.

We propose now, very frankly, to ask the agencies exactly what they propose to do in the future—starting with next year's budget.

They must do a great deal. The fact is that my associates and I are deeply dissatisfied with the relatively modest progress which has been made to date in response to our and others' repeated suggestions.

### INFORMATION CHAOS INTOLERABLE

The full committee and the subcommittee have been patient. We have been understanding. We are interested now as to who proposes to do exactly what, when, and how, so as to end situations which, in many instances, amount to information chaos.

This is not a talk-oriented hearing; it is an action-oriented hearing.

We are frankly tired of endless discussions which go round and round and lead nowhere—to no action, no results, nothing but limited management improvement.

The agencies are now being called to account. They are expected to come up with action plans—not alibis for inaction.

### THE DISTURBING STATUS QUO

A recent private report sponsored by the National Science Foundation states:

> No centralized Government information distribution system now exists.
>
> There is no coordinated, Government-wide policy for dissemination of scientific information.

Without this kind of coordination the vast amounts of moneys which are expended by this Government for scientific research are in many instances wasted or at least temporarily lost because of the unavailability and lack of access to the information as to that scientific research.

As many as 55,000 reports were generated by three agencies alone in the 1961 fiscal year—Defense, Space, and Atomic Energy Agencies.

However, the main Defense Department information system is "out in left field" so far as tens of thousands of missing reports are concerned. It receives less than 1 out of 5 of all prime contractor reports and no reports whatsoever from 300,000 sub-tier and lower tier contractors.

This Nation can no longer afford to be so haphazard in its information policies. We can no longer be "prodigal sons," wasting the investment of our scarce scientists and engineers.

### TWELVE BILLION DOLLARS FOR SCIENCE—PERHAPS $1.2 BILLION WASTE

In the 1963 fiscal year, the U.S. Government will be spending some $12 billion for research, development, testing, and evaluation. Some estimates have been made, including by Federal officials, to the effect that 10 percent or more of this vast expenditure consists of needless, unintentional, wasteful duplication. That would amount to $1.2 billion.

Meanwhile, in our civilian economy, we are losing some momentum. We are not converting research findings into new technology—new and improved products—so as to increase gross national product and improve our peacetime standards of living.

Yet, with each passing day, U.S. industry and agriculture are getting into a tighter and tighter competitive race with other Western nations, particularly those now in the Common Market or requesting admission to it.

My comments above are made solely as regards coordination of scientific and engineering information.

### OTHER INTERAGENCY INFORMATION BEYOND SCIENTIFIC

But, as our committee has shown, there are serious shortcomings in the coordination of other types of information among the agencies. I refer to foreign policy information, regulatory-type information, law enforcement information, as well as many other types, which lend themselves to rapid electronic data processing.

As chairman of the subcommittee and as a loyal supporter of the administration, I expect the agencies to come forward with an effective program. The purpose of the hearing will be to call to account every Cabinet officer and every agency head as to why these programs are not being properly budgeted, and what every governmental agency is doing, particularly in the field of science and technology.

### TWO LEADOFF WITNESSES

As regards witnesses and format, I have invited two distinguished officials to testify as regards the plans of the executive branch, as a whole: There will be the Honorable David Bell, Director, Bureau of the Budget, who will speak on the theme of "Budgeting for Information in the Executive Branch." I say most respectfully to my friend Mr. Bell, for whom I have the highest regard, that we do not need a philosophical dissertation. We need action plans. As this RECORD may be read by the respective agencies of Government, I hope they will come prepared to tell the committee what they are budgeting next year for purposes of information improvement, for the retrieval of information, for the coordination of information, and for centralized information control, for example, in the National Institutes of Health, in the Department of Defense, in the Federal Drug Administration, in the Space Administration, and in the Atomic Energy Commission.

With few exceptions these agencies are 25 years behind any other information system. Perhaps one of the reasons why the Soviet Union makes such phenomenal progress in the field of science and technology is that its research is put to work. The Government knows what has been done. In the Soviet Union there is a centralized information system on science and technology. There is none in this country. We have been asking for it for years. Each time hearings are held on the subject, an officer of the Government says, "We are working on it."

They can work on it, and also do something about it.

When I visited the World's Fair at Seattle I saw the retrieval system which was established by the American Library Association. It proves what can be done. No such information system is available in the Library of Congress. None is available in the medical library. None is available in our Government, except for the good system in the Strategic Air Command. It proves that it can be done.

If people are worried about miracle drugs—and some of them are not so miraculous such as thalidomide—and about the proper testing of drugs, we should have centralized information in this field, put together in one place, so that the agencies of Government and individual citizens can find it.

Another witness will be Dr. Jerome Wiesner, Director, Office of Science and Technology, Executive Office of the President, who will speak on "Improving Systems of Scientific and Engineering Information in the Executive Branch." Dr. Wiesner is one of the most competent public officials, who has earned my wholehearted respect and admiration and support. However, there has been a tendency to downgrade the information program.

I serve notice again, as a representative of the Committee on Government Operations, with the support of the chairman of the committee and the membership of the committee, that we have waited a long time, and we expect some results, particularly in the field of medical research, drug research, scientific research, research in defense and in space, and in the Atomic Energy Commission.

Thereafter, there will be a roundtable type discussion in which representatives of a half-dozen agencies will be asked to answer specific questions and make comments on others' answers.

Since I anticipate a heavy schedule in the Senate that day, the hearing will start at 9 a.m. It will be held in room 3302, New Senate Office Building.

### BACKGROUND MEMORANDUM ON HEARING

I ask unanimous consent that there be printed at this point in the RECORD, a background memorandum which I have prepared on this hearing.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

### PLANS FOR IMPROVED COORDINATION OF INFORMATION

(By Senator HUBERT H. HUMPHREY)

This memorandum describes the background, nature, and purpose of the subcommittee's forthcoming hearing.

1. Place and time: Room 3302, New Senate Office Building; 9 a.m. (prior to the opening hour of the Senate).

2. Topic: The hearing is designed to consider what actions may or should be taken by the U.S. Government, so as to improve the management and coordination of information in the interest of efficiency, economy, national security, and progress.

As the title of the hearing indicates, it is oriented to the future; i.e., to needs, opportunities, and challenges in the days ahead.

3. Reasons for emphasis on future plans: The reasons for the stress on the future (rather than mere reporting on past achievements or present activities) are several:

(a) The parent Committee on Government Operations and this subcommittee have been studying the overall information problem since as far back as 1957. We do not wish to needlessly repeat past reviews.

(b) Much progress has occurred within and outside the executive branch in improving information systems.

(c) The committee and the subcommittee have kept themselves constantly informed as to what has and has not been done to improve systems. (The hearing record, for example, will contain many exhibits, describing past achievements, present activities, and current problems.)

(d) In a series of printed and processed analyses, the committee and the subcommittee have, we believe, proved that serious deficiencies do exist in the status quo.

(e) The committee and the subcommittee wish, therefore, to determine exactly what Federal officials propose to do to improve the status quo—when and how.

Time will necessarily be limited at the hearing to cover so vast a subject. It is, however, hoped that at least the highlights of future activity can be announced and discussed, if only briefly.

4. Format of meeting: The plans for the hearing includes two parts:

(a) Two brief, 10-minute prepared statements on policies of the executive branch as a whole.

(b) Questions, answers, and comments in roundtable fashion on individual agency interests.

5. Two foci—scientific and nonscientific: The principal focus of the hearings is on scientific and engineering information, per se. The Special Assistant to the President and representatives of individual agencies will speak only on this type of information.

However, the initial comments by the Bureau of the Budget will also concern coordination and systems improvement of other types of information which are crucial to interagency interest. Examples are—

Foreign-policy-type information (involving such agencies as the State Department, Commerce Department, Department of Defense, Central Intelligence Agency, Department of Agriculture, etc.)

Law-enforcement-type information (involving many units in the Departments of Justice, Treasury, etc.)

Regulatory-agency-type information (involving the independent Commissions—FCC, FTC, SEC, ICC, FPC—i.e., caseload-type information).

6. Participants invited:

(a) Opening prepared statements: David Bell, Director, U.S. Bureau of the Budget, as regards "Budgeting for Information in the Executive Branch"; Jerome Wiesner, Director, Office of Science and Technology, as regards "Improving Systems of Scientific and Engineering Information in the Executive Branch."

(b) Roundtable (partial list of policy and operating officials).

Library of Congress: Laurence Mumford, Librarian.

Department of Agriculture: Foster Mohrardt, Director, National Agricultural Library.

Department of Defense: Roswell Gilpatric, Deputy Secretary; Col. James Vann, Director, Armed Services Technical Information Agency.

National Aeronautics and Space Administration: Melvin Day, Director, Office of Technical Information.

National Science Foundation: Burton W. Adkinson, Head, Office of Science Information Service.

Department of Health, Education, and Welfare; Dr. Luther Terry, Surgeon General, U.S. Public Health Service; Dr. James A. Shannon, Director, National Institutes of Health.

Department of Commerce: Herbert Holloman, Assistant Secretary for Research and Development; John Green, Director, Office of Technical Services.

---

## AUTHORITY FOR THE PRESIDENT TO ORDER UNITS AND MEMBERS IN THE READY RESERVE TO ACTIVE DUTY

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 1984, Senate Joint Resolution 224.

The **PRESIDING OFFICER.** The resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (S.J. Res. 224) to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes.

The **PRESIDING OFFICER.** Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Armed Services with amendments, on page 1, at the beginning of line 4, to strike out "January 31" and insert "February 28"; in line 5, after the word "unit", to strike out "and any member not assigned to a unit organized to serve as a unit, in" and insert "or any member"; on page 2, line 4, after the word "until", to strike out "January 31" and insert "February 28"; in line 17, after the word "duty", to insert "or whose period of active duty was extended"; and after line 20, to strike out:

SEC. 4. This Act becomes effective on the day after the Eighty-seventh Congress adjourns sine die.

So as to make the joint resolution read:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding any other provision of law, until February 28, 1963, the President may, without the consent of the persons concerned, order any unit, or any member, of the Ready Reserve of an armed force to active duty for not more than twelve consecutive months. However, not more than one hundred and fifty thousand members of the Ready Reserve may be on active duty (other than for training), without their consent, under this section at any one time.

SEC. 2. Notwithstanding any other provision of law, until February 28, 1963, the President may authorize the Secretary of Defense to extend enlistments, appointments, periods of active duty, periods of active duty for training, periods of obligated service or other military status, in any component of an armed force or in the National Guard that expire before February 28, 1963, for not more than twelve months. However, if the enlistment of a member of the Ready Reserve who is ordered to active duty under the first section of this Act would expire after February 28, 1963, but before he has served the entire period for which he was so ordered to active duty, his enlistment may be extended until the last day of that period.

SEC. 3. No member of the Ready Reserve who was involuntarily ordered to active duty or whose period of active duty was extended under the Act of August 1, 1961, Public Law 87–117 (75 Stat. 242), may be involuntarily ordered to active duty under this Act.

**Mr. RUSSELL.** Mr. President, Senate Joint Resolution 224 would provide standby authority until February 28, 1963, for the President to, first, recall not more than 150,000 members of the Ready Reserve to active duty for not more than 12 months, and, second, extend enlistments, appointments, periods of active duty, or other obligated periods of training, service, or status for not more than 12 months.

The President of the United States requested this authority in a letter to the Congress dated September 7, 1962.

The Secretary of Defense and the Chairman of the Joint Chiefs of Staff testified before the Committee on Armed Services on September 10 about the need for the authority and the circumstances in which it might be used.

The Congress and the Nation will recognize the authority as being similar in many ways to that contained in Senate Joint Resolution 120 of the 87th Congress, which became Public Law 87–117. Like the 1961 resolution, the resolution now before the Senate would grant permissive authority for the involuntary recall of the Ready Reserve and the involuntary extension of enlistments, appointments, and other periods of service. The chief differences in the resolutions are that the authority in Senate Joint Resolution 224 would exist over a period of not more than 6 months, as compared with the earlier authority that extended over approximately 11 months, and the number of reservists that may be recalled under this resolution is a maximum of 150,000, as compared with 250,000 under last year's resolution.

While the form of the resolution is similar to that of last year, the circumstances on which the authority is sought are somewhat different. The resolution of 1961 was primarily directed toward the Berlin crisis. At the time that resolution was approved, we knew that the executive branch intended to use the authority granted as a part of a program to improve the effectiveness of our active duty forces.

In contrast, the pending resolution is not designed to counter a problem in one location. Instead, the authority is sought as a response to the situation throughout the world, or the "total confrontation," to use the words of the Secretary of Defense.

Another important difference this year is that there is no present and definite intention to use the authority contained in this resolution. The committee was informed that there are no specific plans to use it and the committee shares the hope that world conditions will not further deteriorate to require implementation of the authority.

In summary, the resolution may be described as an interim measure to provide standby authority while the Congress is out of session and during a reasonable period overlapping the convening of a new Congress.

To use a colloquialism from my part of the country, this is a shotgun behind the door.

If the President's judgment in this period is that security requirements dictate additions to our active duty forces, he would have the necessary authority without proclaiming a national emergency or calling the Congress into special session.

Under the Reserve laws now in effect, the President has authority to order as many as 1 million members of the Ready Reserve to active duty involuntarily for as long as 24 months, in the event of a national emergency declared by the Congress or proclaimed by the President. In view of this authority, it is reasonable to ask why the executive branch has sought congressional approval of this more limited authorization to use the Ready Reserve. The Secretary of Defense informed the committee that there are at least two reasons for this approach. First, approval of the resolution by the Congress would demonstrate a unity between the executive and legislative branches reflecting the unity of our people in our determination to make an adequate response if one of several trouble spots in the world deteriorates sufficiently to require decisive action. The second reason suggested is that a proclamation or declaration or national emergency would confer powers not needed now, and that such action might create a climate of greater tension and alarm than is justified merely to secure authority for making relatively small additions of manpower to the active duty forces. Approval of the resolution would permit a response to trouble that is less serious than a condition requiring the invocation of national emergency powers.

The President hardly should be criticized for requesting authority much more limited than he could assume if he proclaimed a national emergency. The authority contained in this resolution is less extensive than the President's authority to use the Reserves in a national emergency in three respects: First, the number of Reserves affected is a maximum of 150,000 under this resolution, while it could be as high as 1 million in a Presidentially proclaimed emergency; second, the authority to order members of the Reserve to active duty under this resolution would expire on February 28, 1963, while this authority would continue throughout the duration of a proclaimed emergency; third, the members of the Reserve who may be called under this resolution would be liable for service of only 12 months, instead of 24 months if they were called in a Presidential emergency.

When the Congress was asked to approve the resolution to meet the Berlin crisis, we were informed that the utilization of Reserves on active duty and the extension of enlistments were only a part of plans to improve the effectiveness of our Armed Forces. The Armed Forces have, in fact, been substantially improved since last summer, both in manpower and in weapons. Both our conventional and nuclear forces are stronger now. For example, the Army now has 16 combat divisions, instead of 11 slightly more than a year ago. Our capability to respond to attack with intercontinental and intermediate range missiles is greater. The active duty strength of the Marine Corps has been increased and improvements are being made in the tactical forces of the Navy and the Air Force.

Despite the very considerable progress in all these fields, we might face a situation during the fall in which specialized skills and trained units in the Ready Reserve would be needed quickly to augment the standing forces.

Members of the Senate have not forgotten the vehemence of protests from some of the reservists ordered to active duty last fall and some of the persons on active duty who had their service extended. There were errors and defects in the procedures employed last year and there were some very real hardships experienced. Considering the callup as a whole, however, I think it was accomplished in a relatively satisfactory manner. The experience of that callup has resulted in actions intended to avoid a repetition of some of the problems encountered.

Before commenting further on this subject, let me say quickly that, although the complaints last year seemed quite strong at times, the overwhelming majority of those called upon to serve did so cheerfully and effectively. The Reserve components are entitled to a great deal of praise for their significant contributions on active duty during the last year.

Many of the problems of last year's callup occurred because many of the units that were called to duty had not been manned at levels near their authorized strengths. When these units were called, the vacancies in them were filled from the replacement pool of the Reserve. Many of the reservists in this placement pool were persons who already had served 2 or more years on active duty and who were not participating actively in the Reserve, although they had a vulnerability under law for service as members of the Ready Reserve. It was not unnatural that these fillers should complain about being required to perform additional duty when they observed that persons receiving 48 days of military pay annually for Reserve participation and persons whose only active duty was in the form of only 6 months' active duty for training were not being called. I am not suggesting that the drill pay reservists and the 6-month trainees were shirking their duty; they were not.

In most instances, these persons were not called because they were members of units not needed on active duty. Still, it is understandable if persons with long periods of active duty who were not being compensated for their Reserve membership would feel that they should not be in a priority status of vulnerability.

The Secretary of Defense informed the committee that two remedies have been undertaken to avoid a repetition of some of the inequities of last fall. The first of these is that the personnel strength of priority inactive duty units has been raised, thus lowering the number of fillers that must be added when these units are ordered to active duty. The second remedy is that the military departments have established a pool of some 45,000 6-month trainees who have been identified by occupational specialty and this pool would be relied on for fillers before non-drill-pay personnel who have served longer than 6 months would be called.

For the information of the Senate, I should like to furnish a summary of the personnel actions last year: 328,000 persons were added to the active-duty forces, through a series of actions: 70,000 of these persons voluntarily enlisted or reenlisted; 47,000 of the total were procured through the draft; 63,000 persons had their enlistments or periods of active duty involuntarily extended; and 148,000 reservists were ordered to active duty. Of the 148,000 reservists ordered to active duty, 66,000 were 6-month trainees, of whom about 50,000 were also in a drill-pay status; 54,000 were other reservists in a drill-pay status; and 28,000 were unpaid reservists who previously had served longer than 6 months. Many of the complaints of inequities came from the 28,000.

Mr. President, I earnestly hope that the two remedies undertaken by the Department of Defense to which I referred earlier will alleviate disproportionate service if it is necessary to use the authority of this joint resolution.

One of the committee amendments should also contribute toward a fairer sharing of the responsibilities of military service. The effect of this amendment is to permit the departments to reach into units that are not called to active duty in order to select individual reservists who either are 6-month trainees or are receiving drill pay and who possess the military skills needed by the Active Forces. There was some question whether such action was possible under the language of the joint resolution approved last year which empowered the President to order "any unit and any member not assigned to a unit organized to serve as a unit."

There may be cries of alarm that the committee action destroys the unit-integrity concept. The committee intent is not that units be disbanded, but that a few persons might be selected from several units as fillers for active duty forces. I am confident, Mr. President, this can be accomplished without destroying any existing units. Unit integrity is desirable, but it is not more desirable than an equitable sharing of the responsibilities of military service. There are approximately 1 million reservists on a drill-pay status. When it is remembered that the authority of this joint resolution applies to not more than 150,000 members of the Ready Reserve, it is difficult to believe that the relatively small part of the 150,000 who might be fillers could not be procured from a drill-pay force numbering about 1 million without causing the dismantling of units.

Now a word about those who may have had their enlistments or periods of active duty extended under last year's resolution. In the form in which it was referred to the committee, the resolution prohibited the recall of a member of the Ready Reserve who was involuntarily ordered to active duty under last year's resolution. The committee amended the resolution, so as to prohibit the recall of a member of the Ready Resere who had his period of active duty extended under the resolution of last year. There probably are a few members of the Armed Forces who had their periods of active duty extended last year and who are still on active duty instead of being in the Ready Reserve. The committee report indicates the intent that the authority of this resolution is not to be used to add another extension of active duty to one accomplished under last year's resolution. This is not a limitation, however, on the authority of the resolution as it would apply to a person who was subjected only to an extension of 1 year in his membership in the Reserve as distinguished from active duty.

I think it is unnecessary for me to dwell on the variety or the intensity of the dangers which our country faces. The Senate knows them, and the people we represent are informed about them. Unhappily, solutions for this multiplicity of trouble are not nearly as easy as the identification of them.

In times of international stress it is absolutely vital that we support the leadership of the Commander in Chief of our Armed Forces, the President of the United States. In times such as these, we must disregard whatever differences we may have had or may now have over the approach to domestic affairs and internal problems. Fortunately, Mr. President, we have a proud tradition of subordinating political differences when our security as a free people is threatened.

I am confident that congressional reaction to this resolution will be another reminder to those hostile to us that we are united, and are determined to protect our interests, and that the President will be fully supported in the actions he takes as our leader.

Mr. President, I urge that the joint resolution be unanimously passed.

**Mr. MANSFIELD.** Mr. President, will the Senator from Georgia yield to me, in order that I may submit a Senate resolution?

**The PRESIDING OFFICER** (Mr. PROXMIRE in the chair). Does the Senator from Georgia yield to the Senator from Montana?

**Mr. RUSSELL.** I am glad to yield to the distinguished majority leader.

**Mr. MANSFIELD.** Mr. President, I submit, and send to the desk, a Senate resolution, which I ask to have referred to the appropriate committee.

However, first I wish to express the hope that no amendments will be attached to the pending joint resolution. I think the addition of amendments would minimize the effect of the joint resolution. I believe it would create a picture which would not be true in its entirety.

I anticipate that we wish to follow the normal procedure, and that amendments or resolutions which may be offered in connection with the pending joint resolution will be referred to the appropriate committee, and that the pending joint resolution will be considered on its merits, and only on its merits.

I ask unanimous consent that the Senate resolution I have submitted be read and then be referred to the appropriate committee.

**The PRESIDING OFFICER.** The resolution submitted by the Senator from Montana will be read.

The resolution (S. Res. 388) was read and referred to the Committee on Foreign Relations, as follows:

### S. Res. 388

Whereas President James Monroe, announcing the Monroe Doctrine in 1823, declared to the Congress that we should consider any attempt on the part of European powers "to extend their system to any portion of this hemisphere as dangerous to our peace and safety."

Whereas in the Rio Treaty of 1947 the parties agreed that "an armed attack by any State against an American State shall be considered as an attack against all the American States, and, consequently, each one of the said contracting parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations."

Whereas the Foreign Ministers of the Organization of American States at Punta del Este in January 1962 unanimously declared—

"The present Government of Cuba has identified itself with the principles of Marxist-Leninist ideology, has established a political, economic, and social system based on that doctrine, and accepts military assistance from extracontinental Communist powers, including even the threat of military intervention in America on the part of the Soviet Union";

Whereas since 1958 the international Communist movement has increasingly extended into Cuba its political, economic, and military sphere of influence: Now, therefore, be it

*Resolved,* That it is the sense of the Senate that the President of the United States is supported in his determination and possesses all necessary authority (a) to prevent by whatever means may be necessary, including the use of arms, the Castro regime from exporting its aggressive purposes to any part of this hemisphere by force or the threat of force; (b) to prevent in Cuba the creation or use of an externally supported offensive military base capable of endangering the United States Naval Base at Guantanamo, free passage to the Panama Canal, United States missile and space preparations or the security of this Nation and its citizens; and (c) to work with other free citizens of this hemisphere and with freedom-loving Cuban refugees to support the legitimate aspirations of the people of Cuba for a return to self-determination.

**Mr. SALTONSTALL.** Mr. President—

**Mr. RUSSELL.** Mr. President, I yield to the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL], the ranking minority member of the Armed Services Committee.

**Mr. SALTONSTALL.** I wish to make a brief statement.

**Mr. RUSSELL.** Then, Mr. President, I yield the floor, in order that the Senator from Massachusetts may be recognized.

**Mr. SALTONSTALL.** Mr. President—

**The PRESIDING OFFICER.** The Senator from Massachusetts is recognized.

**Mr. SALTONSTALL.** I wish to make a brief statement in support of the action of the chairman of the Armed Services Committee.

First, I desire particularly to commend the Senator from Georgia, chairman of the Armed Services Committee, on one of the closing paragraphs of his statement.

It is as follows:

> In times of international stress it is absolutely vital that we support the leadership of the Commander in Chief of our Armed Forces, the President of the United States. In times such as these, we must disregard whatever differences we may have had or may now have over the approach to domestic affairs and internal problems. Fortunately, Mr. President, we have a proud tradition of subordinating political differences when our security as a free people is threatened.

I commend the Senator from Georgia, the chairman of the Committee on Armed Services, for the thoughtfulness and care with which he has drafted and amended his joint resolution, which was presented to us only last week.

Mr. President, as ranking minority member of the Committee on Armed Services, I fully support Senate Joint Resolution 224 and urge that the Senate approve the measure. This resolution was reported unanimously by the Committee on Armed Services.

### NATURE OF AUTHORITY

Mr. President, this resolution is similar to the one approved last year authorizing the President to recall up to 250,000 men from the Reserves. There are, however, several important differences. First, the pending measure is in the nature of standby authority for the purpose of meeting any emergency situation which may arise between the time Congress adjourns and February 28, 1963. A second difference is the fact that there are no present plans for using this authority. Last year, as the Senate may recall, authority was requested in order to recall personnel to meet the Berlin crisis. We all hope, of course, that the need will not arise for the President to use the authority contained in the resolution. The third important difference is the fact that the number which may be affected under the terms of this resolution is limited to 150,000 as compared to 250,000 in last year's resolution.

### NEED FOR SPECIFIC AUTHORITY OF THE RESOLUTION

Mr. President, as the chairman of the committee has observed, President Kennedy under existing law could declare a Presidential emergency and recall up to 1 million of the Ready Reserves. The question could therefore be raised as to the need for the authority contained in this joint resolution. This special authority is needed for two reasons: First, if the President were to declare an emergency for the purpose of recalling Reserves, additional emergency Presidential powers would be brought into play which might not be required; second, congressional approval for the pending measure demonstrates a national solidarity which shows the world our resolve to meet any crisis which may occur. It affirms a unity on this matter between the Congress and the executive branch and between both parties.

### DISCUSSION OF TOTAL RESERVE FORCES

Mr. President, I think it would be helpful to indicate certain aspects of the total Reserve Forces we now have in this country. At the conclusion of my statement I would like to have inserted a certain chart which indicates the approximate total number of men in our Reserves.

Mr. President, in all of the Reserve components we have about 3,700,000 men of which 2,425,000 are in the Ready Reserves with the remainder in either the Standby or Retired Reserves categories.

Of those in the Ready Reserves, about 1,425,000 are in the Army Reserve and Army National Guard.

Mr. President, it is also significant that we now have in a drill-pay status for all of the Reserves approximately 1 million men. All of these persons are in the Ready Reserves and most are in units. I emphasize these figures in order to show that the authority of this resolution would permit only a small portion of the Reserves to be recalled even if the maximum figure of 150,000 were utilized.

INCREASE IN STRENGTH OF ACTIVE FORCES

Mr. President, it is also significant to note that the Active Army has been increased from 11 to 16 divisions since the beginning of the Berlin crisis last year. Secretary McNamara has indicated that this increase was a part of the 328,000 persons which were added to the active duty forces of the Department of Defense as a result of the action taken last year. In summary, I think it is fair to say that the country is much stronger in the terms of Active Forces and Reserve Forces and is much better prepared to meet any emergency that might arise.

EQUITY OF SERVICE

Mr. President, one aspect of this bill that should be emphasized is the desire of the committee to make certain that there is an equitable distribution of military service among all the Reserves insofar as possible. The committee added language which makes it clear that the Secretary of Defense, if recall should be necessary, should order men to duty who have seen the least prior active service. The committee added language which would specifically authorize the Secretary to recall men from a unit even though the unit was not recalled. This language was added in order to make it possible to recall a 6-month trainee in a unit which was not recalled, and at the same time avoid calling some 2-year veteran in the same specialty who would otherwise be ordered to active duty.

Mr. President, this is a vitally needed measure and I urge the Senate to unanimously vote its approval.

At this time, Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table of the Reserve strength of the Armed Forces.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE OF RESERVE STRENGTH

This shows the Armed Forces Reserve strength not on active duty, by component, and by Reserve status, as of the end of fiscal year 1961:

| Reserve component | Total Reserve | Ready Reserve | Standby Reserve | Retired Reserve |
|---|---|---|---|---|
| Army National Guard | [1] 400,455 | [1] 400,455 | 0 | 0 |
| Army Reserve | 1,893,747 | 1,028,168 | 772,543 | 93,036 |
| Naval Reserve | 648,446 | 474,761 | 123,148 | 50,537 |
| Marine Corps Reserve | 242,691 | 209,489 | 26,190 | 7,012 |
| Air National Guard | 70,895 | 70,895 | 0 | 0 |
| Air Force Reserve | 500,012 | 213,871 | 265,593 | 20,548 |
| Coast Guard Reserve | 33,166 | 30,272 | 2,384 | 510 |
| Armed Forces Reserve | 3,780,412 | 2,427,911 | 1,189,858 | 171,643 |

[1] Includes 6,648 inactive National Guard.

**Mr. STENNIS.** Mr. President, will the Senator yield for a question?

**Mr. SALTONSTALL.** I yield.

**Mr. STENNIS.** First, I commend the Senator from Massachusetts and the Senator from Georgia for drafting this very important resolution and placing in it some important amendments with respect to individual reservists. The Senator from Massachusetts gave some figures with respect to the number of paid reservists that are available. I think that has some important bearing on the question before us. Did the Senator say there were 1 million?

**Mr. SALTONSTALL.** One million drill-pay reservists.

**Mr. STENNIS.** Who would be ready for military service if needed?

**Mr. SALTONSTALL.** And some 2,400,000 in the Ready Reserves.

**Mr. STENNIS.** Those are in addition to the 1 million?

**Mr. SALTONSTALL.** No; the 1 million are a part of the total.

**Mr. STENNIS.** Does the Senator have the figures showing those who were called up in the Berlin callup a year ago?

**Mr. SALTONSTALL.** I am informed that there were 148,000.

**Mr. STENNIS.** Around 150,000?

**Mr. SALTONSTALL.** Yes.

**Mr. STENNIS.** Even though our Nation is grateful, I want to mention this, because I do not believe we fully realize even yet the importance of the service of those men, the high degree of effectiveness in which they were found when they were called, the extraordinary way in which they reached their posts of duty, and the high efficiency they rapidly attained within a very few weeks from the beginning of their active training. I think that fact ought to be emphasized at every opportunity.

**Mr. SALTONSTALL.** I thank the Senator from Mississippi.

I now yield to the Senator from Illinois [Mr. DIRKSEN].

**Mr. DIRKSEN.** Mr. President, first I would like to query the majority leader with respect to the resolution which he submitted a moment ago. As I understand, it is an independent concurrent resolution that takes account of the situation developing in this hemisphere.

**Mr. MANSFIELD.** That is correct. It is a simple resolution.

**Mr. DIRKSEN.** A simple Senate resolution?

**Mr. MANSFIELD.** That is correct.

**Mr. DIRKSEN.** Not a concurrent resolution?

**Mr. MANSFIELD.** That is correct.

**Mr. DIRKSEN.** I assume it would be referred to the Committee on Foreign Relations.

**Mr. MANSFIELD.** That would be my belief, because I think that is the committee which should have prior consideration of resolutions of this character.

**Mr. SALTONSTALL.** I invite attention to the fact that on January 24, 1955, the resolution on the Formosa problem, offered by Senators George, Wiley, Green, Knowland, Russell, and myself, was referred to the Committee on Foreign Relations and Armed Services, sitting jointly.

**Mr. MANSFIELD.** The Senator is correct, but I also call his attention to the fact that when the so-called Middle East resolution later was brought before the Senate for consideration it was referred only to the Foreign Relations Committee.

**Mr. DIRKSEN.** Mr. President, will the Senator yield further?

**Mr. SALTONSTALL.** I yield.

**Mr. DIRKSEN.** First, I believe the distinguished Senator from Connecticut has submitted an amendment directed to virutally the same subject matter.

**Mr. BUSH.** The Senator is correct. I have pending at the desk a proposal in the form of an amendment to the pending joint resolution which deals simply with the Cuban situation and directly with it. I am very much interested in ascertaining what disposition is intended to be made of the resolution sent to the desk by the majority leader. I am very anxious that the Senate take action on my amendment, which is offered, incidentally, on behalf of the Senator from New York [Mr. KEATING] and myself. I want the RECORD to show that, due to an oversight when I submitted my amendment, I neglected to make clear that the Senator from New York [Mr. KEATING] was a joint author of the amendment. I wish to make it very clear now.

I am desirous that the Senate take action on this amendment, but I am very glad to conform to the wishes of the majority and minority leaders, if we can establish a date certain on which the majority leader's measure and mine may be reported from the Foreign Relations Committee. I hope it may go both to the Committee on Armed Services and to the Committee on Foreign Relations.

Before I call up my amendment, I should like to know from the majority leader whether we can expect a report from those committees on a date certain, so that we will surely be able to consider this subject within a few days.

**Mr. MANSFIELD.** Mr. President, if some Senator will yield to me, I would say that that is a reasonable request. That is the normal procedure.

What I oppose is seeing something in the form of a resolution attached to the pending joint resolution seeking to bring about a callup of 150,000 members of the Reserve Forces. Those are two entirely different matters. We are not seeking to call up 150,000 reservists for the purpose of looking after Cuba. This is a worldwide proposal.

**Mr. DIRKSEN.** Mr. President, will the Senator yield?

**Mr. SALTONSTALL.** I yield to the Senator from Illinois.

**Mr. DIRKSEN.** I suggest that in addition to the amendment to be offered by the Senator from Connecticut, there is also an amendment to be offered by the Senator from Vermont [Mr. PROUTY] and one to be offered by the Senator from Iowa [Mr. MILLER]. I am informed that the Senator from New York [Mr. JAVITS] and the Senator from Pennsylvania [Mr. SCOTT] either will offer amendments or will submit independent resolutions bearing on this general subject matter.

Under those circumstances, and in the hope that those proposals can be disassociated from the so-called callup resolution now before the Senate, in order to be sure that all the resolutions receive proper attention, I believe they could very properly be referred to a joint committee to be made up of the Committees on Armed Services and Foreign Relations for consideration, and that a resolution could be reported to the Senate, let us say, by Thursday of next week at noon, to be made the pending business to remain before the Senate until disposed of.

Mr. MANSFIELD. That would be agreeable with me. That is something the Senate itself will have to decide. It would go through the normal procedure, except that we are talking about including two committees. That has been done before, as the Senator from Massachusetts has said.

Mr. SALTONSTALL. It was done in 1955 on a resolution of the same character.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Connecticut.

Mr. BUSH. I feel that this is a very serious question. I am entirely in sympathy with the suggestions made by the minority leader, of which the majority leader seems to approve.

Could there be a vote of the Senate today, to show the reference to those two committees of the proposal made by the Senator from Montana and the pending amendments in connection with the Cuban situation, with instructions to report on a date certain, so that the Senate may have an opportunity to work its will?

Mr. MANSFIELD. I do not think a vote is necessary. I think the word of the Senate is good enough—and certainly, in a subordinate way, the words of the leadership of this body.

I would hope that the only vote to be taken today—and that would be a yea-and-nay vote—would be the vote on the pending joint resolution and the pending joint resolution only.

Mr. BUSH. Will the Senator ask for unanimous consent now?

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I wish to make a unanimous-consent request.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The Senator will state it.

Mr. DIRKSEN. I ask unanimous consent that the proposal submitted by the majority leader, together with the amendments of the Senator from Connecticut [Mr. BUSH], the Senator from Iowa [Mr. MILLER], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Vermont [Mr. PROUTY], and the one which I understand will be submitted by the Senator from New York [Mr. JAVITS], and any other amendments which might be pending or which might be proposed in this general field, may be referred jointly to the Committee on Foreign Relations and the Committee on Armed Services and that as of Thursday next at 12 o'clock noon a resolution be reported to the Senate and be made the pending business of the Senate. The theory being, of course, that such joint committee, after due hearings and consideration, would contrive a resolution in this general field which could be reported to the Senate.

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois contemplate having the resolution referred to each of the two committees, the committees to sit jointly?

Mr. DIRKSEN. That is correct.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Illinois?

Mr. RUSSELL. Mr. President, reserving the right to object—and I shall not object—I am very reluctant, considering the other duties we have, in that limited period of time to undertake to do justice to as vital and as delicate a subject as is involved in these resolutions.

Mr. President, to me, there is something absolutely incongruous about undertaking to amend the pending joint resolution with amendments which relate to the unfortunate and deplorable situation in the Caribbean. I think that it would be highly unfortunate, very disturbing to our relations in Europe, and would affect the prestige of the United States if it were necessary to call up 150,000 men to deal with Cuba when we have 2,800,000 men under arms.

I speak for the members of my committee, in whom I have implicit confidence. I know they will all strive diligently to do justice to this very important subject. I am sure our colleagues on the Committee on Foreign Relations will do the same. The distinguished majority leader is one of the stalwarts of that committee. I know that he and his colleagues on the committee will undertake to consider this subject thoroughly and expeditiously.

Mr. SMATHERS. Mr. President——

Mr. SALTONSTALL. Mr. President, I believe I still have the floor.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. SALTONSTALL. Do I correctly understand that the Presiding Officer is about to put the unanimous-consent request?

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, if the Senator will yield to me, I have a question in my own mind as to whether that is sufficient time, but I am willing to accede to the request. I wonder about the wisdom of making the resolution the pending business at a date and time certain.

Mr. DIRKSEN. Mr. President, there is a certain urgency about this question. I had first contemplated requesting that the report be made as of noon on Wednesday next.

Mr. MANSFIELD. That is correct.

Mr. DIRKSEN. But I think perhaps an additional day ought to be allowed. If it is set further in the week, there will be some absenteeism, of course, because of a situation and a condition which prevails in a number of States of the Union. I had hoped to set it at a time when there would be a maximum attendance in the Senate.

Mr. SMATHERS. Mr. President, reserving the right to object—and I shall not object—I should like to ask if additional resolutions with respect to the Cuban situation may be submitted, and how late they could be submitted and be printed so that they might be considered by the two committees? Would there be a limitation on that?

Mr. DIRKSEN. Mr. President, there would be no limitation. Anything offered, submitted, or presented to the committees meeting jointly prior to the time of making the report at noon on Thursday next certainly would be in order.

Mr. BUSH, Mr. PROUTY, and Mr. HRUSKA addressed the Chair.

Mr. SALTONSTALL. I yield first to the Senator from Connecticut.

Mr. BUSH. Mr. President, first I ask unanimous consent that the amendment intended to be offered by the Senator from New York [Mr. KEATING] and myself be printed in the RECORD at this point in my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

SEC. 4. (a) It is hereby declared to be the sense of the Congress that the domination and control of the Republic of Cuba by the international Communist movement jeopardizes the peace and security of the Western Hemisphere and violates the basic right of the Cuban people to independence and self-determination.

(b) It is further declared to be the sense of the Congress that the United States, under the principles of the Monroe Doctrine, the Inter-American Treaty of Reciprocal Assistance, and article 51 of the Charter of the United Nations, has the right and obligation to take all necessary actions, in cooperation with other Western Hemisphere nations if possible, and unilaterally if necessary, to end such domination and control and to restore the Republic of Cuba to a government of the people, by the people, and for the people.

Mr. BUSH. I reiterate once more, Mr. President, that this is not any new idea with us. I submitted a resolution dealing with the Cuban problem in January of 1960. My cosponsor on the resolution at that time was the Senator from Alabama [Mr. SPARKMAN], the second ranking Democratic member of the Committee on Foreign Relations. That resolution was identical in purpose with this proposal.

I reoffered this proposal in January of 1961. It has been pending in the Foreign Relations Committee ever since, without any hearings or any attention having been given to it.

I wish to make the point very clear that this is not a new idea from our side. It is not a new idea from the Senator from Connecticut. Many of us have felt for a long time that the Congress of the United States—and especially the Senate—should take cognizance of the Soviet buildup on the island of Cuba.

Mr. President, I fully support the remarks of the Senator from Georgia [Mr. RUSSELL], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Mississippi [Mr. STENNIS]. All of us are members of the Committee on Armed Services. I am happy to support the callup resolution. I am much pleased to know that we have arranged an accommodation for consideration of the various important resolutions pertaining to the critical situation on the island of Cuba. I am grateful to the majority leader and the minority leader for arriving at that accommodation in a spirit of patriotism and consideration for all of us who are deeply interested in the issue.

Mr. KEATING. Mr. President, I am very happy to be associated with the senior Senator from Connecticut in the resolution he has offered. The President has requested what amounts to a 5-month standby authority to call up reservists in order to meet whatever crises the Soviets may choose to create anywhere in the world. We must support that.

These crises may be in Europe, over Berlin, in Asia, over Laos or the offshore islands, or they may be closer to home, in Cuba. The purpose of our resolution, which refers specifically to Cuba, is certainly not to foreclose the possibility of determined U.S. action anywhere except Cuba, as some critics may charge. Instead I would regard this resolution as the answer of the Senate to the latest rocket-rattling comments put forth by the Soviet news agency Tass.

Mr. President, the people of the United States may be long suffering and patient. We may put up with a good deal of provocation from the Soviets that we might better have resisted from the start. But once aroused, the people of this country are prepared to take all necessary steps to defend this Nation and this hemisphere from Soviet tyranny.

In his role as dictator of a totalitarian state, Khrushchev has never faced the determination of freemen who are prepared to defend that freedom and have the wherewithal to do so. It may be a new and unpleasant experience for him. Even now the Russian people are unhappy and hesitant over Khrushchev's threats. What is more, self-determination is not an ideal to which we render mere lip service, as Communist propagandists do. Americans have more than once fought and died to preserve this right for ourselves and others. Khrushchev should know that we mean business.

Mr. President, this resolution in my judgment clearly expresses the convictions of the Senate and of the people of the United States with regard to Soviet intervention in Cuba and the Monroe Doctrine. No one can pretend any longer that the people of Cuba are happy with their new tyranny. No one can pretend any longer that Castro's government represents the will of the Cuban people or even considers the legitimate interests of those people. Only Red troops and Red weapons keep Castro in power today.

Mr. President, this resolution should make it clear that whatever strong action the executive branch of the Government may decide to take over Cuba, it will have the backing of the Congress.

Anytime that the President goes ahead in a decisive, forward-looking and determined manner he can count on the support of the whole country. In short, the American people, in my judgment, will unanimously back a strong policy. What they will not back is a weak policy or no policy at all. This resolution should make that very clear to Khrushchev.

Mr. President, my colleagues may be interested in some of the language used via Cuban propaganda broadcasts in referring to American actions and statements. These broadcasts among other things describe the President of the United States as "lowbrowed and emptyheaded."

Mr. President, I deeply resent that statement. I would resent it if it were said about any President.

Legislators are described as "a hysterical chorus of noisy candidates." Mr. President, I resent that, as I am sure does everyone in this body.

Among the other points made by the commentators is this: "I would like to see the American who would dare to stop a Soviet ship and search it on the high seas."

Mr. President, I think that excerpts from these broadcasts from Havana would be of interest to the Members of Congress, and I therefore ask unanimous consent that they may be included in the RECORD at this point in my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

WASHINGTON.—In the hysterical campaign being carried on by governmental circles of the United States for the purpose of creating an atmosphere favorable to direct U.S. military aggression against Cuba, three U.S. Senators made outrageous statements Sunday demanding intervention which, if carried out, would seriously endanger world peace.

Senator GEORGE SMATHERS, Democrat, of Florida, asked the United States to sponsor an international military organization among the nations of this hemisphere, similar to NATO, to "face up to the problem of Cuba." He said this military force should also intervene in other Latin American countries "to deal with communism." SMATHERS, who had magnificent personal and commercial relations with former Dictator Fulgencio Batista and officials of the Batista administration, suggested that the United States "and other nations of the hemisphere"—he did not specify which ones—should help the fugitive Cuban counterrevolutionaries set up "a government" and give them all necessary aid for taking action against Cuba.

Almost at the same time as SMATHERS was making his statement, another Senator from Kennedy's party, STROM THURMOND of South Carolina, released a note addressed to the people of his State calling for direct U.S. military aggression against Cuba on the groundless pretext that "Soviet military forces have arrived" in the island. THURMOND found it very easy to defend his request for direct military intervention in Cuba, pointing out that "if circumstances in 1960 and early 1961 justified the decision of two administrations that a U.S.-sponsored invasion of Cuba was essential, how can today's much worse circumstances require less?"

Finally, Senator KENNETH B. KEATING, Republican, of New York, joined the hysterical Yankee chorus against Cuba in a radio and television speech in which he tried to depict the little Caribbean nation—which is building socialism and fighting for peace—as a threat to the United States and Latin America. KEATING did not speak concretely of direct military intervention, but he suggested that the U.S. Government should ask the self-styled OAS to send a mission to Cuba "to investigate reports about the establishment of Cuban guided-missile bases." He did not explain how this proposed interventionist mission of the OAS could get into Cuba, a sovereign, independent nation that on one occasion has already flatly rejected such a maneuver.

On one September some years ago, the maniac Adolf Hitler unleashed what was later to be known as the Second World War, when, in 1939, he invaded Poland. Today, on the 23d anniversary of the outbreak of that war, another belligerent maniac, the son of a Hitler admirer, is bringing the flame of provocation dangerously close to the powder keg that may start another war.

John F. Kennedy yesterday issued a communique and a cynical note protesting the mendacious report that two small Cuban boats had fired their machineguns at an unarmed U.S. plane, which was on a training mission over the Caribbean waters. The communique threatens that the U.S. planes will fire back if the incident is repeated. The insidious communique says that the attacking boats are "believed to be Cuban," because if they were to say outright that the boats are Cuban, this would prove that their training missions are nothing else but real spy missions. Moreover, the tone of the communique shows how stupid they are when they threaten to fire back, should the incident be repeated. How are they going to fire back, if, as they say, the plane was unarmed?

However, the basic thing to keep in mind is that both the communique and the note of protest issued by the White House stress the danger of the moment and the unreasonable decision of that shallowbrained man to unleash a war that may lead to nuclear war.

Fidel's reply to the lie—which is trying to conceal the provocation acts committed almost daily by Yankee planes, ships, and the Guantanamo base and the repercussion of the shelling of Havana—again warns the obstinate warmonger Kennedy that Cuba "does not provoke, has not provoked, and will never provoke." Yet, if there should be a material aggression, as happened in Jamaica, he will get—as he did there—an impressive reply and impressive results.

Here, on the Malecon, without the need of a telescope, one can look at the sea and see the *Oxford* spying at the entrance of the Havana port and pinpointing positions for an attack, like that of that criminal Salvat. Yet, the Cuban people do not need evidence to keep up their guard and they are prepared, not only to resist but also—and let the "worms" digest this—to reject the enemy.

Before leaving for a weekend at Newport, Kennedy released the above-mentioned communique and the note protesting the mendacious report that our boats attacked a U.S. plane. Kennedy also scored the NATO countries that are supplying merchant ships to transport goods to Cuba and warned them that they may encounter difficulties in the Caribbean. Kennedy also sent notes to all the Latin American Foreign Ministries, warning them that trouble may start in the Caribbean area, if Castro does not behave. Yesterday afternoon at 2 p.m., Dr. Fidel

Castro received James Donovan, the U.S. lawyer, and also Alvarez Sanchez, Ernest O. Kfreire (?), and Berta Barreto. During the long interview, those present discussed the problem of returning to the United States the mercenaries who are imprisoned on Pines Island. After the long interview, Donovan, the Yankee lawyer, released a communique thanking the officials for the facilities granted him in the fulfillment of his mission and expressing the hope that the negotiations will proceed well.

Keating, the Republican Senator, joining the hysterical chorus of the noisy candidates on the eve of election, has outdone the Yankee tale about the 5,000 Soviet soldiers who are in Cuba by saying that we have rocket bases in Cuba in order to intercept the launchings at Cape Canaveral. The aims of this imbecile charge are to instill fear in the candid U.S. people and to justify Von Braun's continued failures at Cape Canaveral. Moreover, it is another of the many lies invented by the Yankee Senators during this preelection period. It seems that Cuba is even to blame for the failure of the rockets at Cape Canaveral.

Coinciding with the uproar by the Yankees in connection with the arms which are arriving from the Soviet Union or which are going to arrive from the Soviet Union in Cuba, here is a cabled dispatch which says that the U.S. Defense Department has sent Yankee rockets and arms to bases in Japan. They seem to be authorized to send arms that far, to Japan, but they shout to high heavens because we are also receiving arms for our defense.

Yesterday, in an urgent meeting held with congressional leaders and all the members of his Cabinet, the lowbrowed and empty-headed President Kennedy after admitting that his information concerning Cuban arms indicates that they are defensive, hurled a dangerous threat when he asserted that the United States is ready to take "whatever means may be necessary to prevent the Castro regime," as he said, "from exporting its aggressive purposes against any part of the Western Hemisphere." He continued to say that information within the last 4 days establishes without doubt that the Soviets have given the Cuban Government a certain number of antiaircraft missiles with a (slant) parabolic range of 40 kilometers, similar to the Nike missiles, together with extensive radar and other electronic equipment required for the operation of these missiles. He said that "we can also confirm the presence of several armed torpedo boats carrying ship-to-ship guided missiles having a range of 25 kilometers."

He said that there are 3,500 Soviet technicians now in Cuba or on the way—and the quantity of personnel corresponds to the number required to help install the equipment and to train [Cubans] in the use of such equipment.

Mr. Kennedy therefore admits that the weapons we have, or which are going to arrive—he is not sure are defensive. However he has insiduously insinuated that we are going to attack another part of the hemisphere and because of this he warns that he will take whatever measures are necessary.

The assertion or the insinuation is stupid because we do not have any ships with which to transport troops to attack anyone. This is elementary. But this gentleman becomes stupid and says the most stupid things in the world by announcing that we are going to attack other parts of the hemisphere.

Kennedy has also stated that there is no evidence of the existence of organized combat troops of any nation in the Soviet bloc, nor of military bases supplied by the Soviet Union, nor of the presence of ground-to-ground missiles. Were it to be otherwise, he continued saying, the gravest issues would arise. The Cuban question, he said in conclusion, is part of the world challenge by socialist threats and has to be faced as part of a larger question as well as in the context of the special relations which characterize the hemispheric system.

The United States does not want us to get ready to deal them the blow which will perhaps be the final one for imperialism. This meeting yesterday was due, after all, to the fact that congressional leaders, Senators, and Representatives are giving demagogic outcries that Cuba must be invaded, because elections are coming up. Since he [Kennedy] does not want to or at this time, as he said before, he is not for it or is not ready for this aggression, he tried to explain to them why he did not do it.

However Senator Keating keeps on shouting, and even after Kennedy's latest statements, he has asked that Soviet ships be stopped and prevented from bringing arms to Cuba. I would like to see the American who will dare to stop a Soviet ship and search it on the high seas. There is just a hairsbreadth from this and nuclear war. This request is of course ridiculous, but it is of extreme gravity. It indicates that at this time it is very serious because in the United States everyone is pushing and everyone is making very difficult situations.

The "worms" lawyer Donovan will supposedly consult with Kennedy, through his brother Bob, who has been the bridge between Kennedy and the relatives committee. Although the shallow-brained one denies it, the U.S. Government is responsible for the fate of the prisoner "worms" who all cried that they had been "given a ride" by being shipped to Cuba.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mr. KEATING. Mr. President, reserving the right to object——

Mr. BUSH. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. My recollection is that the unanimous-consent request was agreed to some time ago.

The PRESIDING OFFICER. The Chair informs the Senator from Connecticut that the request has not yet been agreed to.

Mr. SALTONSTALL. Mr. President, I yield the floor, so that others may make their observations.

Mr. MILLER. Mr. President, reserving the right to object, I ask the distinguished majority leader whether any further action on the part of us who have already filed amendments to the pending resolution would be necessary, so far as having them considered by the Committee on Foreign Relations and the Committee on Armed Services acting jointly.

Mr. MANSFIELD. If the unanimous-consent request made by the distinguished minority leader is agreed to, as I anticipate it will be, nothing need be done. However, I suggest that the Senator not offer such amendments as amendments to the resolution now being considered, because if such amendments are offered, all bets are off.

Mr. MILLER. Mr. President, I am not quite sure I understand the purport of the last statement of the majority leader. Do I correctly understand that the resolution which the majority leader filed a few minutes ago will be automatically referred to the joint committee under the unanimous-consent agreement, and that it is his desire that no amendments to that resolution be filed?

Mr. MANSFIELD. No; I refer to the pending joint resolution having to do with the callup.

Mr. MILLER. I appreciate that. I thank the Senator.

The PRESIDING OFFICER. The Chair states that reference was made to a joint committee. If the request is agreed to, the resolution will not be referred to a joint committee because there is no such joint committee. It will be referred to the committees named sitting jointly.

Is there objection to the request of the Senator from Illinois?

Mr. PROUTY. Mr. President, reserving the right to object—and I shall not object—I merely wish to make certain that the joint resolution which I offered yesterday, which was referred to the Committee on Armed Services, will be considered along with other proposed resolutions.

Mr. DIRKSEN. Mr. President, I particularized the joint resolution offered by the Senator from Vermont. Certainly it will be included in the reference to the committees sitting jointly.

Mr. KEATING. Mr. President, reserving the right to object, I assume it is implicit in the unanimous-consent request, and is understood, that there would be hearings on the various measures so that various persons could have an opportunity to be heard. My experience leads me to predict that no one resolution in exactly the form submitted will be reported to the Senate. We all have our own ideas. The result will probably be an amalgam of the ideas of many Senators. I should like some assurance from the majority leader or the chairman of one of the committees to the effect that there will be an opportunity for Senators who are deeply interested and who have submitted resolutions to be heard before the committees sitting jointly.

Mr. MANSFIELD. All Senators have that assurance.

Mr. DIRKSEN. Mr. President, will the Chair put the request?

Mr. COOPER. Mr. President, reserving the right to object——

Mr. JAVITS. Mr. President, I should like to see the unanimous-consent request agreed to. I send to the desk a resolution which I ask to be considered under the unanimous-consent request.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

Mr. SCOTT. Mr. President, as a further clarification, I should like to address a question to the majority leader. To assist Senators who contemplate offering amendments—and I am thinking of offering an amendment which I have not yet had an opportunity to draft—is it the desire of the majority leader that such amendments be submitted to the two committees without having been filed in the Senate as amendments to any particular bill? They are merely to be referred to the two committees as suggested amendments. Is that correct?

Mr. MANSFIELD. That is correct. The majority leader has no choice. He must make the best of the situation as he finds it.

Mr. SCOTT. I was seeking to ascertain his desire, because I wish to act in accordance with it.

Mr. MANSFIELD. That procedure would be in accord with what the distinguished minority leader included in his unanimous-consent request, which the Senate granted.

Mr. SCOTT. Mr. President, in conclusion, the possible majority resolution submitted in my opinion does not go far enough. I think it is necessary to say more and to say it more clearly than merely to indicate that the President has certain authority. I think it is incumbent upon the Congress, in the exercise of its responsibilities, to indicate more specifically what it feels should be done and to indicate a willingness to give to the President such additional powers as he may desire. I contemplate an amendment somewhat along those lines.

Mr. JAVITS. Mr. President, I understand that resolutions may be sent to the desk, which will then be referred to the Committee on Armed Services and the Committee on Foreign Relations, sitting jointly. I ask that question as a preliminary inquiry.

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. Mr. President, I send such a resolution to the desk and ask that it be referred in that way.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 389) submitted by Mr. JAVITS, was referred to the Committees on Armed Services and Foreign Relations, jointly, as follows:

*Resolved,* That it is the sense of the Senate that—

(a) the establishment in Cuba of a Soviet military base would represent a direct and grave threat to the peace of the Americas which cannot be tolerated;

(b) the President should seek to have the Organ of Consultation under the Inter-American Treaty for Reciprocal Assistance meet for the purpose of agreeing upon measures to deal with the existing situation in Cuba as constituting a violation of the Monroe Doctrine and a threat to the sovereignty and political independence of the American States and endangering the peace of America, as defined in the Declaration of Solidarity adopted in 1954 at Caracas;

(c) the President should further, if in his judgment it is necessary, seek consultation with the members of the North Atlantic Treaty Organization; and

(d) the President should take such further action as he deems necessary to prevent the establishment of a military base by any foreign power on the soil of Cuba or of any of the other American Republics.

Mr. JAVITS. Mr. President, my reason for taking that action is that I am in accord with the majority leader, the Senator from Georgia [Mr. RUSSELL], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Illinois [Mr. DIRKSEN], that the action of the Reserve callup ought to be taken as a unit without any relation to this problem, although we all know it does have a relation; and I honor my colleagues who have expressed their views. What I had hoped to do was to submit a resolution—and I have prepared one—and offer it as an amendment, because I thought it should be considered as a separate subject. As sometimes happens, we approach questions in a circuitous way, but we arrive at our destination. I think the country will be very grateful to the majority leader, the minority leader, and all those concerned for, first, fixing a definite date and, second, coping with what is on the hearts and minds of so many of us.

Mr. MILLER. Mr. President, a great number of people are deeply disappointed over this resolution. It reflects a lack of determination on the part of the President and this administration to exercise the firmness needed to prevent further aggression of the international Communist conspiracy. This potential callup of 150,000 reservists is not going to impress Mr. Khrushchev and the other leaders in the Kremlin. As a matter of fact, it could well be what they want. It would fit in with their scheme to have an on-again-off-again series of crises, hoping that we would respond by calling up reservists and then sending them home; calling up more reservists and then sending them home—all a part of a plan to wear us down psychologically and financially. No responsible person wants to become involved in a shooting war, but powder puff diplomacy as a response to aggression will only whet the appetite of the leaders in the Kremlin.

This is why I prepared my amendment to the pending resolution. All of us recognize that the resolution is not related merely to the Cuban situation. It ties in with critical points around the globe. It is supposed to represent some psychological showing of firmness. But in the minds of the American people there is no question about the close relationship between the latest developments in Cuba and the request by the President for this resolution. I know a great many people are thrilled over our achievements in space and our program to lead in the space race. But we should not become so moonstruck as to falter in our leadership against the forces of tyranny on earth.

Mr. Khrushchev said that the Monroe Doctrine is dead. I think it then behooves the Congress to make a ringing declaration that it is alive. I think it is the duty of the President to take such action as is necessary to prevent any violation of the principles of the Monroe Doctrine. And I trust that we shall find a resolution embodying these points on our desks as the pending order of business a week from today.

Mr. President, in connection with the sentiments I have expressed I ask unanimous consent that the lead editorial from the Wall Street Journal of September 10, entitled "The President's Responsibility," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Sept. 10, 1962]

THE PRESIDENT'S RESPONSIBILITY

It is hardly surprising that people have had mixed emotions about President Kennedy's request for authority to call up military Reserves once more. But the country should be of one mind about it.

First of all, the President must be supported.

The reasons for this are quite uncomplicated. The main responsibility of the President of the United States is to look to the safety of the country and he is the only man privy to all the information, military and diplomatic, upon which judgment must depend. Whatever others may think of that judgment, the Nation's safety is too great a thing to be put at hazard by denying him the weapons he asks for.

In this instance, there is one other thing. Whatever impression his request granted may make upon the world, his request denied, would leave the world to think that the people of the United States were lacking in resolution to do what is necessary. To the hostile part of the world that would be an invitation to greater boldness in aggression everywhere. Few things can be more dangerous than for our enemies to hold our will in contempt.

In short, the President must be supported in this simply because the Nation cannot do otherwise. The penalties of giving the President an unnecessary authority in this case are nothing compared to the forfeit we might pay from denying it.

But the matter should not end there. Having seen to it that the Congress promptly enacts the requested legislation, the country should also be of one mind in expecting of the President some clearer explanation of what he is doing and why.

It was only a few weeks ago that the last of the Reserves called up last year returned to their homes. On that return the Secretary of Defense, Mr. McNamara, explained to Congress that the callup had been a necessary improvisation. "But," he said, "improvisation is not a substitute for a sound long-term policy. It is not a practical policy to rely on Reserve forces to meet the repeated crises which inevitably lie ahead."

Not only is the present action thus left to appear as another piece of improvisation, it also has the appearance of an improvised gesture. And considering the present size of the armed forces which confront each other across the world, the idea of adding 150,000 more soldiers for a 12 months' duty is likely to strike everybody as a most trivial gesture.

The balance of pressures at Berlin and Cuba are hardly altered by changing the balance with a handful of soldiers. Mr. Khrushchev understands this very well, for on the very same day that Mr. Kennedy asked to call up these few Reserves, Mr. Khrushchev announced a reduction in the manpower of the Soviet Army. Yet no one supposes that this weakens the position of the Soviet Union at either Berlin or Cuba.

Thus from a military standpoint, the present action has every appearance of being totally irrelevant. This impression is hardly diminished by one of the reasons which is commonly given in Washington for the President's move—politics.

The idea that the action was taken to answer criticism of inaction is not merely the gossip of those unfriendly to the President. A New York Times Washington dispatch put it bluntly: "Officials conceded that there was a political advantage for the administration in meeting Republican criticism of inaction on Cuba and thus forestalling what threatened to become a divisive partisan debate during the congressional campaign this fall."

So taken all in all, the country is entitled to some better explanation than it has received. If it is the people's duty to respond promptly to all calls for the Nation's defense, they also deserve to know the reason and purpose of what they are called upon to do. It is dangerous to have the country feel that its leadership is indecisive and is substituting improvisation for policy. It is worse for the country to think that in the name of defense its leadership is making empty gestures and playing politics.

**The President's responsibility for the Nation's safety requires that he give Americans confidence in his judgment and that he make our enemies respect that judgment. This requires more than an unexplained marching of men uphill and down.**

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the passage of the joint resolution.

The yeas and nays were ordered.

Mr. COOPER. Mr. President, I have not offered a resolution referring to the Cuban situation. In fact, I have not mentioned the subject on the floor of the Senate for—as the distinguished Senator from Georgia [Mr. Russell] said a few minutes ago—it is much easier to state the facts than to propose a solution. However, I am very glad that the minority leader, the majority leader, and the chairman of the Armed Services Committee agreed to the arrangement providing that resolutions referring to the situation in Cuba will be determined on their merits and not in connection with the resolution which we have before us today.

A number of resolutions have been submitted. These resolutions express the ideas and convictions of the Senators who have submitted them. They inform the President of their views, and the views of those who support them. They also inform the American public.

My purpose in speaking is to say that the Cuban situation with which these resolutions deal is, or can be, dangerous to our security, and to this hemisphere; it is also connected with other danger spots in the world. Any resolution which is passed must have the most thoughtful consideration, and must consider our treaty obligations and relations with other countries of this hemisphere.

When a resolution on this subject is finally adopted by the Congress, it must have purpose. The circumstances under which we are considering these resolutions are among the most dangerous since World War II. The Korean war, the pressure on Berlin and Western Europe in 1949 and 1950, the pressure on Berlin in recent years, mark other critical periods. And now we are faced with the intervention of the Soviet Union in the Western Hemisphere.

We in Congress have our constitutional powers concerning defense and foreign policy. By debate we can help develop policy. But we cannot direct the President of the United States to exercise his powers as Commander in Chief or as Chief Executive. We cannot add to the President's powers by attempting to give him authority to do what he is already empowered to do. We can by our resolution inform the President, our country, and the world, that we support him in the course of action that he prescribes in formulating and directing foreign policy, or as Commander in Chief, and thus strengthen him and our country.

I assume that what the Congress wishes to do, is develop a resolution of substance which will unify the two Houses of Congress and the two parties behind the President of the United States. In saying that our purpose should be to unify the parties and the country behind the President, I do not mean that the resolution should not have substance. If we are going to pass a resolution referring to Cuba, it cannot escape taking into consideration the Monroe Doctrine in its present status. And in all circumstances, we have the duty of asserting our right of self-defense.

When we think of the Monroe Doctrine today, too often we think chiefly in terms of what Cuba is doing. The Monroe Doctrine was directed against European countries which might assert dominion in this hemisphere. Curiously enough, it was czarist Russia's attempt to exclude all shipping but its own from the Pacific Northwest that first prompted consideration of the Monroe Doctrine. I think we have to recognize that it is the intervention of the Soviet Union in this hemisphere, rather than anything that Cuba can do, which is the threat to our security, and to the security of this hemisphere.

Any resolution passed by the Congress should be a declaration of both Houses of Congress—a declaration which has the full support of both parties and of the administration—so that we stand unified before the world.

I believe it must have substance. I do not see how it can have any great substance unless it is directed not only to aggression by Cuba, but also to any intervention in this hemisphere by the Soviet Union which endangers our security.

Finally, I do not believe we ought to pass a resolution unless Congress and the administration are prepared, if need be, to carry out its terms.

Mr. MORSE. Mr. President, I wish to say to the Senator from Kentucky, who in my opinion is one of the great statesmen of our time, particularly one of the great students in the Senate of foreign policy, that I agree with every word he has said. I wish to associate myself with his observations.

I am very glad that there will be submitted to the Armed Services Committee and the Foreign Relations Committee several resolutions dealing with the Latin American crisis vis-a-vis Cuba. Of course, the final resolution might very well be broadened to cover the other critical areas of the world as well, for the Berlin situation is certainly many times more critical than that in Cuba. Also, the southeast Asia situation is many times more critical than that of Cuba, critical as it is.

However, as we proceed to our hearings on the proposed resolution, I would have Senators keep in mind certain matters that I now call to their attention.

The Secretary of State has already announced that it is planned in the very near future to have an informal meeting of foreign ministers and representatives of the American Republics.

All I can do, as chairman of the Subcommittee on Latin American Affairs, is to plead with my colleagues in the Senate that in regard to Latin American problems we move jointly with the Republics to the south of us, or try to obtain joint action. We may do great harm in our Latin American relations if we first proceed unilaterally, because the situation in connection with many Latin American Republics is very delicate. We are subject to misinterpretation anyway, and misunderstanding.

We are a signatory to the Rio Pact. We are a signatory to the Act of Punta del Este. We are a signatory to the Act of Bogotá. We are a signatory to a whole series of Latin American treaties which we have signed since 1823, which put an entirely different perspective upon the Monroe Doctrine of 1823.

The essence of the Monroe Doctrine, as far as the United States commitment is concerned, to stand ready and willing to protect Latin America, and any other part of this hemisphere, from being overrun by any foreign power, is still binding upon us. However, it is not the same Monroe Doctrine as that of 1823, and our historians have been telling that to us now for some decades. They are correct.

Already in the public discussion of the so-called Cuban crisis there has been, I respectfully say, a false assumption on the part of many that the Monroe Doctrine of 1962 is the Monroe Doctrine of 1823. But it will not stand any such analysis.

Mr. President, I have conferred with the Senator from Georgia [Mr. Russell] and the Senator from Massachusetts [Mr. Saltonstall]. They would like to have the Senate vote now on the joint resolution in regard to the reservists. I am perfectly willing to have that done. I wish to make a speech in support of the position taken by the Senator from Kentucky [Mr. Cooper] in regard to the entire matter of referring to the Armed Services Committee and the Foreign Relations Committee various proposals, now at the desk, dealing, really, when all is said and done, with the Cuban crisis. I feel that I owe it to my administration to call the attention of the Senate to certain facts which I shall bring out in the course of my speech.

But the Senator from Georgia and the Senator from Massachusetts do not think there will be long debate on the reservists joint resolution. If that is the case, why do not we proceed to act on it?

Mr. RUSSELL. Mr. President, I am of the opinion that debate on the joint resolution has been exhausted.

Mr. JAVITS. Mr. President, will the Senator from Oregon yield briefly to me?

The PRESIDING OFFICER (Mr. McCarthy in the chair). Does the Senator from Oregon yield to the Senator from New York?

Mr. MORSE. I yield.

Mr. JAVITS. I had in mind speaking for about 1 minute on the statement made by the Senator from Kentucky [Mr. Cooper]. But I, too, agree that the Senate should proceed to vote on the reservists joint resolution; and I shall not delay the taking of that vote.

I merely wish to say that as I understood the remarks of the Senator from Kentucky, with whom the Senator from Oregon [Mr. Morse] has agreed, the Senator from Kentucky is trying to preserve the essence of the bipartisan foreign policy in connection with the vexing and trying Cuban issue. It is on that point that I wish to associate myself;

and, for that reason, I did not contemplate offering any amendment to the joint resolution.

But I believe we should proceed step by step with bipartisan support. I am delighted that the chairman of the Latin American Affairs Subcommittee, the Senator from Oregon [Mr. MORSE], feels the same way.

In regard to the resolution submitted by the majority leader, I point out that I did not feel that I could associate myself with it or with any other of the resolutions submitted. Therefore, I submitted a resolution of my own. I point out that it calls upon the President to bring about the convening of the Organ of Consultation under the Inter-American Treaty for Reciprocal Assistance; and I also point out that I believe we should try to do anything we do in regard to this important matter in association with the other American Republics. In that connection, I emphasize the word "try," which is the word which was used by the Senator from Oregon.

**Mr. MORSE.** Mr. President, the Senator from New York and the Senator from Kentucky have expressed exactly my intention.

Mr. President, later this afternoon I shall discuss some of the treaty obligations into which our country has entered since 1823, and which, whether we realize it or not, have modified the Monroe Doctrine.

However, for the time being I yield the floor.

**Mr. MORSE** subsequently said: Mr. President, as I have said, prior to that interruption, the Secretary of State, Mr. Rusk, has announced that in the very near future he plans to have an informal meeting with the foreign ministers of the Latin American Republics. That is a very wise course of action for the Secretary of State to follow. I heartily endorse it. But I would also suggest a caveat to my colleagues in the Senate, that in our consideration of various proposals now at the desk in connection with the policy that the United States should follow toward Cuba, it might be the better part of wisdom for us to work very closely with the Secretary of State in view of the announcement that he has made, and follow no course of action in the Senate that might create any possible problem for him in his informal conferences with the foreign ministers of the Latin American Republics.

Part of the burden of my speech today is to seek to point out to the Senate some historic facts based upon developments since 1823, when the Monroe Doctrine was enunciated.

They are historic facts which in my judgment not only have greatly modified the Monroe Doctrine but also have placed some very definite obligations on the United States vis-a-vis our relations with the Latin American Republics to the south of us, which will be bound to result in a different course of action, as far as international law is concerned, from what would have been our rights in 1823.

### POLICY OF SELF-DEFENSE IN HEMISPHERE CONTINUES

So that there will be no question of the position of the senior Senator from Oregon, let me reiterate what I stated earlier this afternoon. We still have both the obligation and the right, as the result of the enunciation of the Monroe Doctrine in 1823, to continue to serve notice on the entire world, and act accordingly, that we will not stand by and permit any foreign power to follow an aggressive course of action in the Western Hemisphere, although I wish to say that even in connection with that tenet, it would be the better part of wisdom, before we started out on any unilateral course of action, to confer with our Latin American neighbors to the south of us and attempt to bring about joint action, rather than unilateral action.

### PROPOSED AMENDMENTS NOT SOUGHT BY PRESIDENT

There have been sent to the desk, for reference to the Armed Services Committee and the Foreign Relations Committee, a series of resolutions which, when simmered down to their essence, seek to make certain changes in American foreign policy toward Cuba.

Irrespective of the verbiage of these proposals, I cannot escape the interpretation that what is intended is to prepare the way for military actions against Cuba, but military actions to be taken by the President of the United States and not by Congress.

This is no new position for the Senate. The senior Senator from Oregon has been through this controversy before. In 1955 there was the Formosa resolution, followed later by the Middle East resolution. I point out that in connection with both the Formosa resolution and the Middle East resolution, the President of the United States had asked for them. Has the present President of the United States asked for any of the resolutions that have been offered? The Senate and the country have the right to know.

One of my major premises is that unless the President of the United States asks for the power proposed in any of these resolutions, in my judgment it is inappropriate for the Senate to seek to impose upon him a power he has not asked for. I believe that the President of the United States has all the power he needs under the Constitution as Commander in Chief to protect the security of this country. What worries me, as chairman of the Subcommittee on Latin American Affairs, is that by way of precipitate action in the Senate we may cause confusion rather than clarification of American foreign policy in the Western Hemisphere.

Delicate as this subject matter is from the standpoint of all of its political implications and complications, the senior Senator from Oregon does not propose to remain silent when he feels that in his capacity as chairman of the Subcommittee on Latin American Affairs he has a duty to perform. I am very much concerned about Latin America. I am very much concerned about the crisis that has been created by the Cuban situation, for it is a crisis.

I wish to ask my colleagues in the Senate: What is wrong with placing our confidence in the President of the United States? Do we need to pass a resolution to assure him that we have confidence in him? Do we need to pass a resolution in order to give him constitutional powers he already has? When the President sends a message to the Senate asking for a course of action on the part of the Senate, the senior Senator from Oregon can be counted upon to consider that request upon its merits.

I am a little disturbed about the Senate, in effect and to a degree, seeking to involve itself with the executive functions of the Presidency of the United States in connection with foreign policy, especially when the proposals are as ill-defined as these are. The job of the Senate is to give advice and consent to the President in the field of foreign policy. Under our system of checks and balances, we ought to keep ourselves in a position where we can pass a checking judgment upon a proposal of the President. I consider that to be our constitutional responsibility. I have kept faith with it in all my years in the Senate.

That is why in 1955, a group of us in the Senate exercised our checking prerogative by disagreeing with a request of the President of the United States for the Formosa resolution. If that resolution were before the Senate today, I would vote exactly in the same way that I did in 1955.

The same is true of the Middle East doctrine, for in neither resolution did we provide additional power for the President that he did not already have; nor could we add power to the President which the Constitution of the United States does not give him as Commander in Chief.

### PARTISAN INTENT OF AMENDMENTS

But oh, Mr. President, what politics will not do to some people. Oh, Mr. President, to what lengths in a campaign year some politicians will not go in order to play politics with the foreign policy problems of the United States. Count me out. I have no intention of being a party to any group in this country that seeks to stir up a wave of alarmism across the country, trying to scarecrow the American people into the fear that they are about to be taken over by Cuba, or by Russia through Cuba.

Again I say to the American people as I said the other day from the floor of the Senate:

> You have every reason to have complete confidence in the President of the United States in respect to his handling of the Cuban situation, for the President knows the facts about Cuba, and he is kept in momentary information about the facts in Cuba.

Yesterday afternoon the subcommittee of which I am chairman held an executive session briefing in regard to Cuba. We were briefed on the latest intelligence information concerning what is taking place in Cuba.

I say to the American people: "Fear not, for you have no cause for concern that there is any danger that your government is not taking all the steps necessary to make certain that the security of this country is and will be protected."

### THOSE WHO WANT WAR AGAINST CUBA SHOULD PROPOSE IT

Mr. President, there is much talk these days about proposals for some type or form of congressional action over and beyond the action of the executive branch of the Government that I think it needs to be said that many of these proposals when they are analyzed to their essence really deal with the power to make war. Those who propose them should be challenged with the question: "Do you want to go to war with Cuba or not? If you do, why try to pass the buck to the President of the United States? Why not bring to the floor of the Senate a resolution declaring war against Cuba, and see how many votes you get?"

Mr. President, the war issue is too delicate to be played with as a political instrumentality in the midst of a campaign year. The power to declare war under the Constitution is vested in Congress. It cannot be delegated to the President. I am not interested in verbiage. I am not interested in semantics to conceal motivations. I want to know whether there are those in the Senate who believe we ought to declare war against Cuba. If there are such, then it is their senatorial trust and duty under the Constitution to come to the floor of the Senate with a resolution proposing to declare war against Cuba, and not in a political document seek to pass the buck to the President of the United States.

### POLITICAL MOTIVE OF SOME CUBA PROPOSALS

(At this point Mr. HICKEY assumed the chair.)

**Mr. MORSE.** Mr. President, it is also interesting to listen to some of the television programs and read some of the releases by Members of Congress who seem to be greatly concerned about whether or not the President of the United States is taking all the steps necessary to assure the security of this country.

They are concerned about the building up of a Communist beachhead in Cuba and apparently feel that some power he does not now have—although I find it difficult to learn what it is—ought to be delegated to him. They are some of the same politicians who have been telling the American people that the President of the United States, Hon. John Fitzgerald Kennedy, is power hungry; that he is seeking to build up some kind of power dynasty in this Republic. Yet apparently, they would give him more power. Indeed, they are trying to give him a basic function of the Congress—the power to make war. Presumably, they want him to exercise it even though he has not asked for it.

But I do not know whom they think they are fooling, for it is a decoy operation. They know that the American people do not know the facts about Cuba; and they know that many of the facts about Cuba cannot, for security reasons, be publicly disseminated at the present time. So they play on the fears, the biases, the prejudices, and the emotions of the American people.

Again I say to the American people: "You have every reason to have complete faith in the President of the United States in the handling not only of the Cuban situation, but also the Berlin situation, the Asian situation, and every other situation that is critical in the field of foreign policy today."

Any resolution in the nature of the resolution suggested by the majority leader or suggested by the Senator from New York [Mr. JAVITS] in the last comment he made a few moments ago on the floor of the Senate will have the very favorable consideration of the senior Senator from Oregon, because, as I understand those resolutions, they do not seek to transfer to the President any of the functions, duties, and trusts of the legislative branch of the Government.

However, I do not believe it is necessary to pass a resolution to assure the President of the United States that Congress is behind him. Whatever resolution is passed had better be so worded that it will not be subject to misinterpretation in Latin America, for reasons I shall develop in a moment.

### THE MONROE DOCTRINE

Now a few words about the Monroe Doctrine as it relates to the discussion which is taking place across the country on television, over the radio, in the newspapers, and in the Halls of Congress. It would be fitting to place at this point in the RECORD that part of the message to Congress by President Monroe in 1823 which has become known as the Monroe Doctrine.

Mr. President, I ask unanimous consent that that portion of the message be printed at this point in the RECORD.

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

[Extracts from President Monroe's Seventh Annual Message to Congress, Dec. 2, 1823]

### THE MONROE DOCTRINE

At the proposal of the Russian Imperial Government, made through the Minister of the Emperor residing here, a full power and instructions have been transmitted to the Minister of the United States at St. Petersburg to arrange by amicable negotiation the respective rights and interests of the two nations on the northwest coast of this continent. A similar proposal has been made by His Imperial Majesty to the Government of Great Britain, which has likewise been acceded to. The Government of the United States has been desirous by this friendly proceeding of manifesting the great value which they have invariably attached to the friendship of the Emperor and their solicitude to cultivate the best understanding with his government. In the discussions to which this interest has given rise and in the arrangements by which they may terminate the occasion has been judged proper for asserting, as a principle in which the rights and interests of the United States are involved, that the American Continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European powers.

It was stated at the commencement of the last session that a great effort was then making in Spain and Portugal to improve the condition of the people of those countries, and that it appeared to be conducted with extraordinary moderation. It need scarcely be remarked that the result has been so far very different from what was then anticipated. Of events in that quarter of the globe, with which we have so much intercourse and from which we derive our origin, we have always been anxious and interested spectators. The citizens of the United States cherish sentiments the most friendly in favor of the liberty and happiness of their fellow men on that side of the Atlantic. In the wars of the European powers in matters relating to themselves we have never taken any part, nor does it comport with our policy so to do. It is only when our rights are invaded or seriously menaced that we resent injuries or make preparation for our defense. With the movements in this hemisphere we are of necessity more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. The political system of the Allied Powers is essentially different in this respect from that of America. This difference proceeds from that which exists in their respective governments; and to the defense of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole Nation is devoted. We owe it, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintained it, and whose independence we have, on great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, of controlling in any other manner their destiny, by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States. In the war between those new governments and Spain we declared our neutrality at the time of their recognition, and to this we have adhered, and shall continue to adhere, provided no change shall occur which, in the judgment of the competent authorities of this Government, shall make a corresponding change on the part of the United States indispensable to their security.

The late events in Spain and Portugal show that Europe is still unsettled. Of this important fact no stronger proof can be adduced than that the Allied Powers should have thought it proper, on any principle satisfactory to themselves, to have interposed by force in the internal concerns of Spain. To what extent such interposition may be carried, on the same principle, is a question in which all independent powers whose governments differ from theirs are interested, even those most remote, and surely none more so than the United States. Our policy in regard to Europe, which was adopted at an early stage of the wars which have so long agitated that quarter of the globe, nevertheless remains the same, which is, not to interfere in the internal concerns of any of its powers; to consider the government de facto as the legitimate government for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm and manly policy, meeting in all instances the just claims of every power, submitting to injuries from none. But in regard to those continents circumstances

> are eminently and conspicuously different. It is impossible that the Allied Powers should extend their political system to any portion of either continent without endangering our peace and happiness; nor can anyone believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interposition in any form with indifference. If we look to the comparative strength and resources of Spain and those new governments, and their distance from each other, it must be obvious that she can never subdue them. It is still the true policy of the United States to leave the parties to themselves, in the hope that other powers will pursue the same course.

**Mr. MORSE.** Mr. President, the Monroe Doctrine is a very interesting document. When one starts talking with people, he is often asked, "Mr. Senator, when are you going to support the enforcement of the Monroe Doctrine?"

If the person is then asked, "Will you tell me what the Monroe Doctrine is?" his mouth drops open, for on the part of many, the Monroe Doctrine has become a slogan.

There have been great slogans in our history which have stirred up strong emotional attitudes in the people. At the time of the great Northwest Territory boundary dispute, the slogan was: "54-40 or Fight."

Yet, Mr. President, as we read the history of that dispute, we realize that many of those who were shouting "54-40 or Fight" did not know what 54-40 was.

Today the emotionalists and the alarmists are arousing people in this country about the Monroe Doctrine, and they say we had better fight for the Monroe Doctrine. So it is fair to ask, "What Monroe Doctrine are you talking about? First, what do you understand the Monroe Doctrine to be? What was the Monroe Doctrine in 1823; and is it the same doctrine in 1962?"

There is at the desk a resolution which calls on the President of the United States to enforce the Monroe Doctrine. It is too bad that the resolution does not tell us what the Monroe Doctrine is in 1962. I should like to know whether those who are proposing that we instruct the President of the United States to enforce the Monroe Doctrine mean all of the Monroe Doctrine of 1823 or only a part of it, because when we refer to the Monroe Doctrine of 1823, we find that a portion of it dealt with Europe. In regard to our taking no part in the affairs of Europe, the Monroe Doctrine said:

> Our policy in regard to Europe, which was adopted at an early stage of the wars which have so long agitated that quarter of the globe, nevertheless remains the same, which is not to interfere in the internal concerns of any of its powers; to consider the government de facto as the legitimate government for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm, and manly policy, meeting in all instances the just claims of every power, submitting to injuries from none.

### HALF OF MONROE DOCTRINE REQUIRES US TO STAY OUT OF EUROPE

Mr. President, if we were to carry out in 1962 the European part of the Monroe Doctrine of 1823, in view of all the treaty commitments our country has made since 1823, do you know what the President of the United States would have to do?

He would have to get us out of Berlin.

He would have to get us out of NATO. He would find it necessary to close all our European military bases, and to bring our troops home. He would have to recognize the government of East Germany.

However, of course all of us know that is not contemplated. So why do we not honestly admit that the European section of the Monroe Doctrine is as dead as a dodo, and has been for many years?

If there is anything that stirs up my blood chemistry it is attempts to mislead the American people by means of alarmist propaganda on the part of some who, thinking it will give them some political advantage, are inclined to spread it across our land. Mr. President, certainly there is too much of it at the present time on the part of those who, I believe, must be charged with knowingly seeking to raise in the minds of the American people such questions about our great President. I resent it. His powers, his authority, and his dedication to his position as leader of the Nation are ample. Until he sends to Congress a message requesting a resolution which he has concluded will help him in carrying out his duties as Commander in Chief, it will be my position that the burden of proof will be on those who propose to have us adopt some resolution dealing with Cuba.

I have some right to speak on this subject, because I stood for days on the floor of the Senate in 1959, in the midst of complete silence on the part of other Senators, when I was the first to lead the fight in the Senate against Castro's mass executions. It became obvious to me, almost immediately after he took over power in Cuba, that the situation there was merely a case of one dictator being substituted for another, that we were witnessing the substitution, in Cuba, of the procedures of communism for the procedures of Batista, and that certainly human rights suffer and are destroyed under all forms of totalitarianism, whether it be communism or fascism. Senators know whereof I speak. At that time, my early pronouncements against the Castro regime brought down on my head criticisms and castigations, from a great many commentators, journalists, editors, politicians, and jingoists.

But I point out that there is no escaping the rule of judgment which I keep laying down as I judge foreign governments, as well as our own Government; namely, to look at their procedures, and then one can tell what will be the substantive rights of their people.

Mr. President, of course the situation which exists in Cuba is a very serious one. But I repeat that it is being handled well by the President of the United States. I am sure that the proponents of the resolution which calls for enforcement of the Monroe Doctrine would not care to add to that resolution a bill of particulars to tell the President that when they ask him to enforce the Monroe Doctrine, they want him, for example to repudiate—in effect—our NATO treaty program, and that they want our forces to be taken out of Berlin, and that they want our country to abandon its participation in European affairs. Of course, Monroe would have had none of these things in 1823—although I have no doubt that Monroe would have had all of them if he had been President during World War II or since then.

In other words, I am saying that times have changed, and the march of human events and world events has brought about the necessity for great changes in American foreign policy. Certainly they have occurred, and there have occurred great changes in American foreign policy in the Western Hemisphere, also.

### CHANGES IN APPLICATION OF DOCTRINE TO WESTERN HEMISPHERE

When the Monroe Doctrine was enunciated by the President in 1823, there was not a country in Latin America that could have put up any effort in its own defense. They were all weak countries. Much of the area was colonial area.

What great changes have taken place in Latin America, and much of it, may I say to my Latin American friends, with the help of the United States. We have kept faith with our obligations under the Monroe Doctrine, because, if we are going to refer to the Monroe Doctrine of 1823, it raised concomitant obligations on the part of the United States to hold out a helping hand to strengthen those countries. And we have done it.

What I want to point out now is that there has been a whole series of hemispheric meetings resulting in treaties and agreements to which the United States and other American States in Latin America have put their signatures.

In recent decades we have sought to make the Monroe Doctrine not a unilateral policy fixed and enforced by the United States, but a hemispheric policy fixed and enforced by the American Republics.

Mr. President, let me take you back, for example, to the situation prior to World War II, when we were greatly concerned about Nazi Germany's conduct in Latin America. We knew what Germany was doing. We knew that Germany was attempting to do then what Russia is attempting to do now, through Cuba.

She was attempting to spread her Nazi propaganda through Latin America. She was seeking economic penetration by barter arrangements and other trade policies. She was attempting to intervene.

We could have taken the position that we were going to enforce the Monroe Doctrine, but we did not, because we well knew by then that there were great sovereign rights of sovereign powers that had grown to strength in Latin America since 1823. We recognized their sovereign rights and the fact that we had become cosignatories with them in treaty after treaty and agreement after agreement in respect to Latin America.

So instead, we negotiated agreements with our colleague nations of the hemisphere to forestall all the Axis powers from gaining economic or political footholds here.

This is not to say we were 100 percent successful; but in the main we accomplished our objective.

### OUR SECURITY DEPENDS HEAVILY UPON TREATIES WE SHARE WITH OTHERS

So I want to stress in this speech this afternoon, Mr. President, a point which I think is being overlooked by too many persons, and that is the integrity of our obligations under international law in relation to treaties that we have signed. We are somewhat in the same position, and parallel, to that of Great Britain in the 19th century. Our security depends not only upon our own strength, but upon the strength of the other free nations of the hemisphere and of the world. We can count on their strength because they are bound to us and we to them, and the treaties that I shall discuss later in this speech leave no room for doubt upon the mutually binding effect under international law upon us and our neighbors to the south.

My plea to my colleagues in the Senate is that when they move into this field of international relations they take into account the feelings, the attitudes, and the rights of our Latin American allies. We are bound to them by treaties, and we are the last people in the entire world who can afford to play fast and loose with international legal obligations, not only for moral reasons—although they would be enough—but because our security depends upon our treaties. Britain understood this in the century from Waterloo to Sarajevo. She understood it largely because of her success in upholding the public law of Europe.

I make a plea this afternoon in the Senate that we make clear, not only to Latin America, but to the world, that we propose to uphold the public law of the Western Hemisphere. But if we uphold the public law of the Western Hemisphere, then I say we are going to have to do it on the basis of existing treaties which we have entered into since 1823, and not on the basis of the Monroe Doctrine of 1823.

Some time ago I suggested that for several decades there has been evidence of ill feeling toward the United States in some parts of Latin America because there has been a constant, repeated assumption that we set ourselves up as the guardian of the Western Hemisphere, and that we are going to follow a unilateral course of action and justify it under the Monroe Doctrine.

So the Monroe Doctrine has been challenged in Latin America time and time again in recent decades. Because of that challenge, and in no small part because of that challenge, there has been a great shift in American foreign policy toward Latin America, wherein we have sought to bring our Latin American friends in as allies. We have done it under treaties which have set up this mutuality of obligation and responsibility for the maintenance of the security of the Western Hemisphere.

Mr. President, do you think the countries of Latin America are not concerned about Cuba? Come with me to Punta del Este, where I, along with the Senator from Iowa [Mr. HICKENLOOPER], represented the Senate, earlier this year, as a delegate to the Punta del Este Conference, which brought forth the Act of Punta del Este, and which ended up with a unanimous commitment on the part of the Republics of Latin America to stand together in opposition to the spread of communism in Latin America.

Mr. President, in the debate this afternoon about Cuba, I plead for some reference to joining with our Latin American allies in carrying out the obligations of the Act of Punta del Este. To a certain extent the Act of Punta del Este, as well as the treaties I shall mention shortly, have modified the Monroe Doctrine.

I repeat, these have not modified the right of the United States under the original Monroe Doctrine to make perfectly clear to the world that we will protect our own security by opposing any course of aggression on the part of any foreign power coming into the Western Hemisphere; be it Russia, Red China, or any other.

I regret the degree to which some Americans seem to have become aroused over the slogan "The Monroe Doctrine." Instead of "54-40 or Fight" on the lips of many now is "Comply with the Monroe Doctrine or we shall go to war."

Someone must make an appeal to reason in the midst of the alarmist attitude which seems to be sweeping the country, and ask such questions as I ask this afternoon, "What Monroe Doctrine? What interpretation of the Monroe Doctrine is it asked that the President of the United States enforce?"

### MEETING OF AMERICAN REPUBLICS DUE

The Senator from New York [Mr. JAVITS] has laid stress in his discussion this afternoon on the importance of joint action in regard to Cuba. The position of the senior Senator from Oregon is that that should be tried first. Then, if the members of the Organization of American States are not willing to defend freedom in the Western Hemisphere they can be sure we will not stand idly by to see American freedom go down.

That is why earlier in this speech I made my plea that we ought to take a long, hard look at this subject, pending the Conference of the Foreign Ministers of Latin American Republics scheduled by Secretary of State Rusk. We ought to take a long, hard look at this issue until we know more about the proposals, plans, and programs of the members of the Organization of American States.

My subcommittee has called before it for a meeting next Monday afternoon at 4:30 the American Ambassador to the Organization of American States, Mr. Morrison. I have made clear to Mr. Morrison that I want him to be ready to tell my subcommittee everything he can tell it in regard to the plans of the Organization of American States; subject, of course, to his rights of privilege in his relationships with the Secretary of State and the President of the United States.

I also wish to say to the Senate, and from this desk today to the American people, that under the Kennedy administration my committee has yet to be denied any information that would be helpful to the committee in judging any problem which confronts us in the field of foreign policy if it requests the information.

Our committee will have a full and detailed briefing next Monday afternoon in respect to the plans and programs of the Organization of American States, if any, in respect to the Cuban crisis.

It was our policy before and during World War II to take joint action in various declarations in order to show that we no longer relied on a unilateral Monroe Doctrine. We did not say "Uncle Sam will do it." To the contrary, we recognized the public law of the hemisphere. We recognized the international, legal, sovereign rights of every republic member of the hemisphere.

Yet today we are hearing very little about proposals for joint action on the part of the American Republics in the Cuban crisis. We are being treated to emotionally packed resolutions calling upon the President of the United States, in effect, to enforce the Monroe Doctrine, which could very well mean calling upon him to make war.

The situation does not call for that kind of alarmism. I do not think it is a service to the security of the country or to the peace of the world to propose such a course of action unless a better definitive job is done by those who are proposing so-called Monroe Doctrine action.

### HISTORY OF DOCTRINE'S HEMISPHERIC APPLICATION

That causes me to ask the Senate to take a look at the whole question of collective security and the principle of nonintervention in the inter-American system.

I take the Senate to the steps whereby the Monroe Doctrine has been converted, juridically if not politically, from unilateral policies of the United States into multilateral rights and obligations of all of the American Republics.

The Latin American policy of the United States in the 20th century has evolved from the period of the "Roosevelt corollary"—under which the United States undertook to intervene in Latin American States for purposes of maintaining stability and compelling these states to discharge their international obligations—through the transitional period of the "good neighbor" policy of the 1930's to the present period of juridical equality and mutuality of rights and obligations among the American Republics.

The watershed of the transition was the Latin American policy of Woodrow Wilson, who repudiated the "Roosevelt corollary"—although decidedly more in principle than in practice. In a notable speech at Mobile, Ala., on the eve of the opening of the Panama Canal, Wilson declared that "the United States will never again seek one additional foot of territory by conquest."

In November 1915 Wilson and Colonel House formulated the following articles for an inter-American pact—a pact which was not in fact concluded because of Wilson's belief that the Covenant of the League of Nations, which contained similar clauses, would be wholly applicable to inter-American relations:

> ARTICLE I. That the high contracting parties to this solemn covenant and agreement hereby join one another in a common and mutual guaranty of territorial integrity and of political independence under republican forms of government.
>
> ARTICLE II. To give definitive application to the guaranty set forth in Article I, the high contracting parties severally covenant to endeavor forthwith to reach a settlement of all disputes as to boundaries or territory now pending between them by amicable agreement or by means of international arbitration.

The Republican administration of the twenties continued Wilson policy of pruning off the "Roosevelt corollary" from the Monroe Doctrine. The United States entered into a multilateral treaty for the conciliation of inter-American disputes—the Gondra Convention—at the Inter-American Conference at Santiago in 1923, supplanting thereby the bilateral Bryan conciliation treaties concluded under Wilson. The Inter-American Conference of 1928 at Havana adopted a resolution outlawing aggression—without defining it—and another for the obligatory arbitration of justiciable disputes.

After the Havana Conference the Department of State prepared the Clark memorandum on the Monroe Doctrine, which in effect repudiated the "Roosevelt corollary." Said Secretary of State Henry L. Stimson on February 6, 1931:

> The Monroe Doctrine was a declaration of the United States versus Europe, not of the United States versus Latin America.

It is interesting that the Secretary of State should make that statement, but that is the Stimson statement. I repeat it:

> The Monroe Doctrine was a declaration of the United States versus Europe, not of the United States versus Latin America.

A special conference meeting at Washington in 1929 concluded the General Convention of Inter-American Arbitration and the General Convention of Inter-American Conciliation.

### GOOD-NEIGHBOR POLICY

Franklin Roosevelt's good-neighbor policy completed the repudiation of the "Roosevelt corollary." Roosevelt's policy banned future political interventions and was honored in practice by the liquidation of the Caribbean protectorates, including the release of Cuba from the limitations on her sovereignty imposed by the Platt amendment.

The Seventh Inter-American Conference at Montevideo in 1933 adopted a convention on the rights and duties of states, of which the most significant articles were the following:

> ARTICLE 8. No state has the right to intervene in the internal or external affairs of another.
>
> ARTICLE 9. The jurisdiction of states within the limits of national territory applies to all the inhabitants.
>
> Nationals and foreigners are under the same protection of the laws and the national authorities and the foreigners may not claim rights other or more extensive than those of the nationals.
>
> ARTICLE 10. The primary interest of states is the conservation of peace. Differences of any nature which arise between them should be settled by recognized pacific methods.
>
> ARTICLE 11. The contracting states definitely establish as the rule of their conduct the precise obligation not to recognize territorial acquisitions or special advantages which have been obtained by force, whether this consists in the employment of arms, in threatening diplomatic representations, or in any other effective coercive measure. The territory of a state is inviolable and may not be the object of military occupation nor of other measures of force imposed by another state directly or indirectly or for any motive whatever even temporarily.

A Special Inter-American Conference for the Maintenance of Peace convened at Buenos Aires in 1936. It adopted a convention for consultation among the American Republics for purposes both of maintaining peace in the hemisphere and of meeting external threats. The Conference adopted an additional protocol relative to nonintervention, which stated:

> The high contracting parties declare inadmissible the intervention of any one of them, directly or indirectly, and for whatever reason, in the internal or external affairs of any other of the parties.

The United States is a signatory to that convention.

The Conference also adopted a Declaration of Principles of Inter-American Solidarity and Cooperation.

### MULTILATERAL DEFENSE AGAINST AXIS

The Declaration of Lima of 1938 reaffirmed the principles adopted at Buenos Aires, declaring that the American Republics would consult in meetings of their foreign ministers, at the initiative of any one Republic, for defense of their peace, security, or territorial integrity.

This was the first declaration aimed at the Axis Powers, although it did not mention them. It did not go nearly as far as a lot of people thought it should; but it went further than a lot of others wanted to go. Above all, it was a recognition that the Axis Powers had a program of intervention underway in the hemisphere and that we must be united against it.

Secretary Rusk proposes now to consult with the foreign ministers of the hemisphere. It is his obligation to do it. That is what the Declaration of Lima pledged us to do. That was the check upon unilateral action by any power, including the United States.

Secretary Rusk is not only to be commended—and let me parenthetically point out that he is acting for the President of the United States—but also he has demonstrated again to the American people and to our friends in the Latin American Republics that we recognize our treaty obligations, and that we propose joint action if others will join us. We reserve the right, under the vital and binding part of the Monroe Doctrine, to take whatever steps are necessary to protect our security. But it does not follow that we have the authority to follow a course of action that the sovereign powers to the south of us believe was not connected with the protection of our own security, but invaded some sovereign rights of theirs. That is why I believe it is important that we go slow on a proposal for unilateral action on the part of the United States or any proposal instructing the President of the United States to participate in some unilateral course of action, until we confer with the cosigners of the treaties and conventions to which we have attached the signature of the Government of the United States.

The first meeting of the foreign ministers met at Panama in 1939 for purposes of shaping a common neutrality policy in regard to the European war. The second meeting of foreign ministers met at Havana in 1940, again for purposes of shaping a common policy toward the European belligerents. The foreign ministers met again in Rio de Janeiro in January 1942 following the entry of the United States in World War II. The Rio meeting made plans for a nonshooting war against the Axis Powers by the Latin American States, belligerent and nonbelligerent, under U.S. leadership and coordination.

### MULTILATERAL DEFENSE AGAINST COMMUNISM

Acting under article 51 of the United Nations Charter, the American Republics met at Rio in 1947 and concluded the Inter-American Treaty of Reciprocal Assistance. The essential articles of the Rio Pact are the first, second, and sixth:

> 1. The High Contracting Parties agree that an armed attack by any state against an American State shall be construed as an armed attack against all the American States, and consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations.

If we go back to the reports of that time, we find it very interesting to observe that many accounts subsequent to it and many scholarly articles referred to this as the great modification of the Monroe Doctrine, in that it spread the Monroe Doctrine to all the Republics of Latin America and that in a sense the Rio Pact under this article I resulted in all the nations in the Western Hemisphere saying: "We stand together to resist aggression from any foreign power."

Perhaps it would be appropriate and pertinent, when we come to consider the resolutions in regard to the Cuban situation, to call attention to the Rio Pact as really more controlling in the situation than the Monroe Doctrine. The resolution which has now gone to the committees and which was offered by the majority leader, the Senator from Montana [Mr. MANSFIELD], does refer to the Rio Treaty.

It is well that it does. The signatories to the Rio Treaty have a mutuality of obligation at the foreign ministers meeting to be called by Secretary Rusk, or through the Council of the Organization of American States, to serve notice that they intend to join in applying article I of the Rio Pact.

Article II of the compact reads:

> 2. On the request of the state or states directly attacked and until the decision of the Organ of Consultation of the Inter-American System, each one of the Contracting Parties may determine the immediate measures which it may individually adopt in fulfillment of the obligation contained in the preceding paragraph and in accordance

> with the principle of continental solidarity. The Organ of Consultation shall meet without delay for the purpose of examining those measures and agreeing upon the measures of a collective character that should be adopted.

Article VI reads:

> 6. If the inviolability or the integrity or the sovereignty or political independence of any American State should be affected by an aggression which is not an armed attack or by an extra-continental or intra-continental conflict, or by any other fact or situation which might endanger the peace of America, the Organ of Consultation shall meet immediately in order to agree on the measures which must be taken in case of aggression to assist the victim of the aggression or, in any case, the measures which should be taken for the common defense and for the maintenance of the peace and security of the continent.

The provisions for collective intervention contained in articles 2 and 6 were conceived predominantly with a view to action against overt military aggression. Infiltration and subversion as practiced throughout the world by the Communist powers was at that time an unforeseen condition. In the words of Prof. Jaro Mayda, professor of international law at the University of Puerto Rico:

> Despite the clumsy wording * * * the provision must mean, if interpreted in good faith, that a conference of American foreign ministers, like the one in Punta del Este, can take collective security measures. Neither in its text nor in its spirit does this provision exclude an action against an American state which has become incompatible with hemisphere peace and security.

### CHARTER OF THE ORGANIZATION OF AMERICAN STATES

The Charter of the Organization of American States was drawn up at the Ninth International Conference of American States at Bogotá in 1948. I now proceed to this very important treaty, to which is attached the signature of the Government of the United States, and with regard to which there is agreement among the scholars that it bears directly on the Monroe Doctrine. It represents, of course, a modification of the Monroe Doctrine, in that an underlying principle of the Monroe Doctrine involving any sovereign power that seeks to aggress against the Western Hemisphere has been spread from the United States to a joint obligation borne by all the Republics of the Western Hemisphere.

The basic provisions of the charter relating to nonintervention and collective security are contained in articles 15, 19, 24, and 25. The latter two repeat the pledges of the Rio Pact to cover not only "armed attack" but also "every act of aggression" or "any other fact or situation that might endanger the peace of America":

> ARTICLE 15. No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic and cultural elements.
>
> ARTICLE 19. Measures adopted for the maintenance of peace and security in accordance with existing treaties do not constitute a violation of the principles set forth in articles 15 and 17.

Article 17 stipulates that the territory of a state is inviolable.

> ARTICLE 24. Every act of aggression by a State against the territorial integrity or the inviolability of the territory or against the sovereignty or political independence of an American State shall be considered an act of aggression against the other American States.
>
> ARTICLE 25. If the inviolability or the integrity of the territory or the sovereignty or political independence of any American State should be affected by an armed attack or by an act of aggression that is not an armed attack, or by an extra-continental conflict, or by a conflict between two or more American States, or by any other fact or situation that might endanger the peace of America, the American States, in furtherance of the principles of continental solidarity or collective self-defense, shall apply the measures and procedures established in the special treaties on the subject.

Article 19, it will be noted, maintains the principle of collective intervention to maintain measures of peace and security in accordance with existing treaties.

I cannot emphasize that article too much. I cannot stress it too emphatically. It is this article of the Act of Bogotá which is generally recognized as another commitment on the part of all the Republics, including the United States of America, for joint action as a substitute for unilateral action which the United States, since 1823, had announced would be its course of action under the Monroe Doctrine in relation not only to its own security, but in regard to the security of other nations in the hemisphere, as well. It is very difficult to make this distinction clear, but it is a vital one. It is one to which we had better give heed, in view of the treaty commitments we have made and in view of the attitude which exists in Latin America toward the United States, and has existed for years.

We very wisely helped to negotiate the Act of Bogotá. We very wisely sought to have the other countries of Latin America join in a multilateral commitment for joint action against aggression anywhere in the hemisphere. We knew how important it was to offset the widespread opinion that in this field the United States tended to look upon the rest of the Western Hemisphere as an American colony to be protected by the mother country. They did not like it.

We could not make a greater mistake than to assume that the Monroe Doctrine has been a popular doctrine in Latin America for the past 50 to 75 years, for it has not. Yet many leaders of many governments during that period of time have recognized the fine motives of the United States, in making clear to potential aggressors elsewhere in the world, "Don't tread on the Western Hemisphere." During the same period of time that the Monroe Doctrine has caused ill feeling in Latin America, there have been various manifestations and pronunciations of appreciation. We have overcome much of that ill feeling by the treaties, declarations, and pacts which I am outlining in my speech this afternoon, for those treaties are based upon a recognition of equality of sovereign rights among sovereign powers in the Western Hemisphere. That has been very important—very important psychologically, very important diplomatically, and very important in dispelling the notion which the enemies of the United States try constantly to project in Latin America, namely, that we are a great imperialist colossus to the north, seeking to exploit and take unfair advantage of the countries to the south.

That notion has been pretty well dispelled. The good-neighbor policy of Franklin Roosevelt did much to dispel it.

In my judgment the great Alliance for Progress program of President Kennedy will eliminate it entirely in the next 10 years, unless some series of events develops which none of us contemplates or has any reason to expect.

It has been good for the United States, too, because unless the other Republics are sufficiently aroused to the danger and willing to put forth efforts in their self-defense, we would have to devote ourselves almost entirely to this hemisphere.

So I stress this language of article 19 of the Act of Bogotá by reiterating that it maintains the principle of collective intervention to maintain measures of peace and security in accordance with the existing treaties.

Again in the words of Professor Mayda:

> Collective intervention in this hemisphere is a legally established procedure, which reflects vital common interests.

### SUBSEQUENT HEMISPHERIC ACTIONS

The growing intrusions of communism in Latin America, especially in Guatemala, set the stage for the 10th International Conference of American States at Caracas in March 1954.

Despite communism in Guatemala, the 10th Inter-American Conference of American States did nothing much to frustrate it, or to implement the Rio Pact with a joint intervention to root it out. The Latin American aversion to intervention in the internal or external affairs of any of the Republics, whether by any one state or by a group of states, for whatever reason, so evident at Bogotá in 1948, canceled off at Caracas in 1954 any potential of the Rio Pact for joint intervention to deal with this situation. The 10th Conference concluded 3 conventions and voted 117 resolutions, recommendations, and declarations, but stopped short of sanctioning any joint intervention.

Resolution 93 at Caracas pointed directly, but gently, at international communism. It declared:

> The domination or control of the political institutions of any American State by the international Communist movement, extending to this hemisphere the political system of an extra-continental power, would constitute a threat to the sovereignty and political independence of the American states, endangering the peace of America, and would call for a consultative meeting to consider the adoption of measures in accordance with existing treaties.

Resolution 95, called the "Declaration of Caracas," straddled the issue of joint intervention by reiterating the right of each state live its own life "without intervention on the part of any group of states, directly or indirectly, in its internal or external affairs and, particularly, without the intrusion of any form of totalitarianism."

The fifth meeting of consultation of foreign ministers was held at Santiago in August 1959. The Declaration of Santiago added little, if anything, to the collective procedures of the inter-American system. The declaration states:

> The existence of antidemocratic regimes constitutes a violation of the principles on which the Organization of American States is founded, and endangers the living together in peaceful solidarity in the hemisphere.

The foreign ministers at Santiago adopted a resolution entrusting the Inter-American Peace Committee to study general questions of collective security, including "methods and procedures to prevent any activities from abroad designed to overthrow established governments or provoke instances of intervention or acts of aggression" and the "relationship between violations of human rights or the nonexercise of representative democracy, on the one hand, and the political tensions that affect the peace of the hemisphere, on the other."

The seventh meeting of consultation of foreign ministers met at San José, Costa Rica, in August 1960 to consider, among other things, the challenge of Sino-Soviet intervention in the American Republics. The Conference adopted collective economic sanctions against the Trujillo regime in the Dominican Republic, but refused to make specific reference to Cuba. The Conference generally condemned Sino-Soviet intervention, and reaffirmed the principle of nonintervention. The relevant clauses are as follows:

> 1. Condemns emphatically the intervention or the threat of intervention, even when conditional, by an extracontinental power in the affairs of the American Republics and declares that the acceptance of a threat of extra-continental intervention by any American State jeopardizes American solidarity and security, wherefor the Organization of American States is under obligation to disapprove it and reject it with equal vigor;
>
> 2. Rejects, also, the attempt of the Sino-Soviet powers to make use of the political, economic, or social situation of any American State, inasmuch as that attempt is capable of destroying hemispheric unity and jeopardizing the peace and the security of the hemisphere;
>
> 3. Reaffirms the principle of nonintervention by any American State in the internal or external affairs of the other American States, and reiterates that each state has the right to develop its cultural, political, and economic life freely and naturally, respecting the rights of the individual and the principles of universal morality, and as a consequence, no American State may intervene for the purpose of imposing upon another American State its ideologies or political, economic, or social principles * * *.

Meeting at Punta del Este in January 1962, the eighth meeting of consultation of foreign ministers reiterated the familiar principles of collective security and nonintervention, endorsed the program and objectives of the Alliance for Progress, and acted to exclude Cuba from the Organization of American States.

The key provision of the final act of Punta del Este is the resolution excluding Cuba from participation in any of the bodies of the OAS. This resolution was carried by a two-thirds majority of 14 votes, with 6 abstentions, and Cuba alone opposed.

However, I point out that the resolution was then added to the act of Punta del Este—to the final act voted upon at the Conference; and on that act the vote was unanimous. That procedural distinction has been overlooked by many. Although there was a two-thirds vote of 14 in favor of that separate resolution, with 6 abstentions, yet when the act of Punta del Este containing the resolution as one of the articles of the act was voted upon, the vote was 20 to 0.

By that time the Cuban delegation had left the Conference. As long as I live, I shall never forget the dramatic moments when either the Foreign Minister or the official representative of each one of the six Republics which previously had abstained from voting on that resolution, when called upon to disclose whether they would sign the Act of Punta del Este with the resolution and article contained therein or whether they would abstain from voting, did not hesitate for even the flash of a second, but each of them rose from his seat, walked down the full length of the conference hall to the signing table, and signed the act of Punta del Este.

During the debate which undoubtedly will occur in the days ahead in regard to what resolution, if any, we should send to the President, I would have all Senators keep in mind that there is a joint and unanimous commitment on the parts of the members of the Organization of American States to stand together jointly in opposition to aggression in the Western Hemisphere.

Equally important was a resolution, supported by all of the nations present except Cuba, declaring the Marxist-Leninist regime of Cuba to be incompatible with the inter-American system. In addition, the Conference adopted resolutions—in all cases unanimously except for Cuba—to recognize the dangers of Communist infiltration, to remove Cuba from the Inter-American Defense Board, which plans for joint military defense of the hemisphere, and to reassert support for the Alliance for Progress. Sixteen nations voted to ban all arms traffic with Cuba. It is important to note that all 20 American Republics signed the final act, thereby committing themselves legally and morally to uphold all of the resolutions adopted.

Declaring that the Marxist-Leninist government of Cuba has voluntarily placed itself outside the inter-American system, the final act of Punta del Este resolved:

> 1. That adherence by any member of the Organization of American States to Marxism-Leninism is incompatible with the inter-American system and the alinement of such a government with the Communist bloc breaks the unity and solidarity of the hemisphere.
>
> 2. That the present government of Cuba, which has officially identified itself as a Marxist-Leninist government, is incompatible with the principles and objectives of the inter-American system.
>
> 3. That this incompatibility excludes the present government of Cuba from participation in the inter-American system.
>
> 4. That the Council of the Organization of American States and the other organs and organizations of the inter-American system adopt without delay the measures necessary to carry out this resolution.

Mr. President, in closing, let me say that this afternoon I have sought, in this speech, first, to point out that the Monroe Doctrine of 1823 is not the Monroe Doctrine of 1962; next, to point out that all the language of the Monroe Doctrine of 1823 in regard to Europe is dead-letter language today; next, to point out that the language of the Monroe Doctrine, which some interpret to authorize blanket authority on the part of the United States to intervene at will in the affairs of any Latin American Republic if the United States believes that Republic is about to be invaded by some foreign power, has been greatly modified by treaties, pacts, and declarations to which our country and our Latin American allies have affixed their signatures; next, to point out that in my judgment there does remain of the Monroe Doctrine, a U.S. foreign policy as binding today as it was in 1823.

### PART OF MONROE DOCTRINE REMAINS U.S. POLICY

The Monroe Doctrine is not needed to establish this right, Mr. President, because we would have that right, anyway. However, it is our policy to serve notice that if any foreign power seeks to carry on an offensive course of action in the Western Hemisphere, endangering the security of the American people and their Government, we intend to take action, and will.

A resolution is not required to give President Kennedy authority to do that. There is no question about the fact that President Kennedy would do it, as would any President, not only because it is his constitutional duty, under the Commander in Chief powers vested in him by the Constitution, but because every American President is imbued with the same patriotism that runs through the blood of every American.

So I have sought in this speech, in my capacity as chairman of the Subcommittee on Latin American Affairs, to make a plea that we go slow in the passage of resolutions which cannot possibly add to the Presidency any power that he does not already have—for we cannot amend the Constitution on the floor of the Senate—but that we make clear, under our advise and consent obligations to the President, if that is the wish and the will of the Senate, that we are behind him. It seems to me almost an empty gesture, almost literary surplusage, to tell the President in written form what he already knows.

I do urge my colleagues to take a look at the treaty obligations we have entered into since 1823; to take a look at the reaction—and it is a very important factor—of the people of Latin America whenever the United States announces that it is going to take a unilateral course of action, without the consultation with them, which is our commitment under treaties with them.

I have raised my voice this afternoon in an appeal for caution and recognition that there are hemispheric procedures already established under treaties to which we have affixed our signature which ought to be exhausted before there is any talk of unilateral action on the part of the United States or any recommendation to the President of the United States for unilateral action.

It is important that there be an early meeting of the foreign ministers, and I am glad the Secretary of State is going to call for one. I think it is very important that the Organization of American States discuss and decide on what action it is willing to take jointly with the United States and the other Republics in Latin America to meet the threat of a Communist beachhead in Cuba, which could develop into a threat against the security of the United States and that of each and every Latin American Republic.

I warn against precipitate action, for the Cuban crisis is a delicate crisis. I have urged that we demonstrate our complete faith in the President of the United States by not taking gratuitous action in the Senate by forcing action on him.

As I said earlier in my speech, any time the President of the United States thinks that his hand as Chief Executive and Commander in Chief would be strengthened by a resolution passed by the Senate of the United States, I shall give it very careful and favorable consideration, reserving the right to judge it on its merits as I see those merits.

But as to Russia and Cuba, let me say, in closing, that both Khrushchev and Castro had better take note of the fact that we will not be bluffed by any course of action of theirs nor by their threats. We intend to keep ourselves informed, and, as I pointed out in my speech, we are informed as to what is going on in Cuba. If they proceed with any program for aggression in Cuba, such as ground-to-ground missiles, or launching installations, that would endanger Miami, New York, Chicago, or any other part of the United States, let them understand that we have no intention of waiting for them to fire the first missile.

When intelligence reports come to my committee disclosing any such information as that, Mr. President, the Senator from Oregon will yield to no one in this body in urging that our Government take whatever measures are necessary to protect our security.

Mr. President, war and peace are in a delicate balance in the world today. We should put a very high premium upon the policies of the Commander in Chief, with his submission to us of the information which we are entitled to receive from him, and requests for assistance that, in his judgment, will be of help to him in carrying out his responsibilities as Commander in Chief.

I happen to think, Mr. President, that this position is the strongest position which can be taken in American foreign policy. This is the position which maintains a united front. This is the position which prevents the stirring up of diversity of opinion and conflict.

In my opinion, this is a position, in keeping with the teachings of that great Republican who once sat in this body, who exercised the greatest influence over me in foreign policy of any Member who has ever sat here with me. I refer to the great Arthur Vandenberg. In short, the appeal I have made this afternoon is the appeal of the nonpartisanship, bipartisanship foreign policy of Arthur Vandenberg.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the committee amendments to the joint resolution be agreed to en bloc.

The PRESIDING OFFICER. Is there objection?

There being no objection, the committee amendments were agreed to en bloc.

The PRESIDING OFFICER. The question now is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is, Shall the joint resolution pass?

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Connecticut [Mr. Dodd], the Senator from Arkansas [Mr. Fulbright], the Senator from South Carolina [Mr. Johnston], the Senator from Wyoming [Mr. McGee], the Senator from Oklahoma [Mr. Monroney], the Senator from Utah [Mr. Moss], the Senator from Oregon [Mrs. Neuberger], the Senators from Rhode Island [Mr. Pastore and Mr. Pell], and the Senator from Massachusetts [Mr. Smith], are absent on official business.

I also announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Symington], are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from North Dakota [Mr. Burdick], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], the Senator from Connecticut [Mr. Dodd], the Senator from Arkansas [Mr. Fulbright], the Senator from Alaska [Mr. Gruening], the Senator from South Carolina [Mr. Johnston], the Senator from Wyoming [Mr. McGee], the Senator from Oklahoma [Mr. Monroney], the Senator from Utah [Mr. Moss], the Senator from Oregon [Mrs. Neuberger], the Senators from Rhode Island [Mr. Pastore and Mr. Pell], the Senator from Massachusetts [Mr. Smith], and the Senator from Missouri [Mr. Symington] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. Aiken] is absent on official business.

The Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Iowa [Mr. Hickenlooper], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], and the Senator from Kentucky [Mr. Morton] are necessarily absent.

If present and voting, the Senator from Vermont [Mr. Aiken], the Senator from Indiana [Mr. Capehart], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from Iowa [Mr. Hickenlooper], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel] and the Senator from Kentucky [Mr. Morton] would each vote "yea."

The result was announced—yeas 76, nays 0, as follows:

[No. 254 Leg.]

YEAS—76

Allott
Bartlett
Beall
Bennett
Bible
Boggs
Bottum
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Clark
Cooper
Curtis
Dirksen
Douglas
Eastland
Ellender
Engle
Ervin
Fong
Goldwater
Gore
Hart
Hartke
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Jordan, N.C.
Keating
Kefauver
Kerr
Lausche
Long, Hawaii
Long, La.
Long, Mo.
Magnuson
Mansfield
McCarthy
McClellan
McNamara
Metcalf
Miller
Morse
Mundt
Muskie
Pearson
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Maine
Sparkman
Stennis
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—0

NOT VOTING—24

Aiken
Anderson
Burdick
Capehart
Carroll
Church
Cotton
Dodd
Fulbright
Gruening
Hickenlooper
Johnston
Jordan, Idaho
Kuchel
McGee
Monroney
Morton
Moss
Murphy
Neuberger
Pastore
Pell
Smith, Mass.
Symington

So the joint resolution (S.J. Res. 224) was passed.

---

## FREEDOM IN THE WESTERN HEMISPHERE

Mr. DIRKSEN. Mr. President, the News Bulletin is a publication of the American GI Forum of the United States. It is actually a veterans' family organization and the Bulletin is published in Chicago.

In the April 1962 edition there appeared an editorial which I believe is a genuine inspiration to all. It certainly merits wide currency, and for that reason I ask that it be included in my remarks in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

No matter how long we have been a citizen of the United States, fought its wars and paid its taxes and served it with love and devotion, the sagas of heroism in the ancestral homeland always cause our hearts to beat a little faster, our heads to rise a little higher. This is how it should be, for we are partners in this heroism. This is part of what makes us a great nation; we thrill to the ancient heroisms of our ancestors, and are better citizens because of it.

High on the list of days that stir the soul of those of us with Mexican blood is the anniversary of the Battle of Puebla "en El Cinco de Mayo." This year marks the 100th anniversary of that day when a tiny band of dedicated Mexicans, under the generalship of young Igancio Zargoza, repulsed a vast, better armed and arrogant French army which thought it could speedily wipe out this little peasant garrison. From their forts of Loreto and Guadalupe on the rolling hills of Puebla, the little garrison fought with a splendor that sent into disordered retreat those French soldiers it didn't kill. What was it that stopped this superior French force?

Spirit, heart, love of freedom, and a determination to keep out the foreign invader. In these days of enslavement, it is well for all of us to heed the lesson of the Mexican martyrs. Freedom in the Western Hemisphere is under constant threat. The memory of El Cinco de Mayo can help to keep this continent free from foreign invaders and hostile ideologies.

## FRANK FLICK, CITIZEN OF THE YEAR OF THE VETERANS OF FOREIGN WARS OF THE DEPARTMENT OF ILLINOIS

Mr. DIRKSEN. Mr. President, the Veterans of Foreign Wars of the Department of Illinois at their meeting in Springfield honored Mr. Frank Flick, president of the Flick-Reedy Corp., of Bensenville, Ill., as the Citizen of the Year.

Mr. Flick was introduced by Department Commander Muller and I submit for the RECORD the introduction of Mr. Flick by the department commander and also the address by Mr. Flick. In addition there is submitted a pledge to freedom which was contrived by the VFW. I am sure these will be matters of interest to everyone.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

### PLEDGE TO FREEDOM

I recognize my individual moral responsibility to provide for my own welfare and the welfare of my family, of my business, my clubs and associations. I pledge that I will not ask my Government to provide such welfare and if offered I will refuse to accept such welfare. I further pledge that I will serve the interests of my country above my own selfish interests. I believe that if I faithfully adhere to these principles and encourage others to do likewise, we will win the fight against the forces of regimentation, socialism, and communism, and reestablish the principles of individual moral responsibility and freedom for all under God.

---

Department Commander MULLER. Comrade Sergeant at Arms, would you escort the Man of the Year to my station?

### PRESENTATION TO MAN OF THE YEAR

(Mr. and Mrs. Frank Flick escorted to the rostrum.)

Department Commander MULLER. First I would like to present Mr. and Mrs. Flick with the distinguished guest badge of our convention. I want to extend all the courtesies of our convention to both of you.

Ladies and gentlemen of the 43d annual convention of the department of Illinois. Mr. Frank Flick, our 1962 Citizen of the Year of Illinois, is the president of the Flick-Reedy Corp., Bensenville, Ill. Flick-Reedy are manufacturers of tool-grade air and hydraulic equipment, owners of one of the Nation's 10 most modern industrial plants. He is the father of six children. He is a great civic leader, prominent in many State, local, and national organizations. Recently Flick-Reedy was recognized with the National Award of the Freedoms Foundation at Valley Forge, at the same time that this foundation recognized our own VFW fifth district for its Americanism program. Many of these programs were carried out with the cooperation of the Flick-Reedy Corp. in which Mr. Flick, as president, plays a leading role. Frank Flick has been chosen for the highest award by the department of Illinois, as its Citizen of the Year, in recognition of the sterling leadership he has given the Chicagoland area in a reassessment of their American heritage, their blessed possession as a free people. This award is given in recognition of his insistent effort, along with the efforts of his associates at Flick-Reedy whom he leads, through lectures, newspaper articles, radio, TV, and his editorials in the company newspaper Hydair, and other public information media, to bring all of our citizens to an awareness of the Communist threat against our liberties as Americans and to fortify them against this threat by constant aggressive reminders to become alert and active Americans.

I speak of this activity because I have seen this Flick-Reedy program in action. I have attended meetings and lectures at his plant, and members of our staff have seen the tremendous program put forth by this man. We all know that no program is one man's doing, but I am here to tell you that this man puts forth the greatest and most energetic leadership and drive that I have ever witnessed. This is the kind of business leadership America needs. This is the kind of leadership that will keep America free.

At this time it is a great honor and privilege—and I would like to have Mrs. Flick come up with Mr. Flick to receive our annual Citizen of the Year Award by the Department of Illinois, the Veterans of Foreign Wars of the United States, and its almost 90,000 members of this State—Mr. Flick and Mrs. Flick.

[A rising ovation by the audience.]

Mr. FLICK. Thank you. I accept the Citizen of the Year Award with a deep sense of humility.

In giving me this recognition you have also charged me with additional responsibility. I sincerely hope that I can live up to your expectations in carrying out that which will follow from this distinguished award.

The first observation I would like to make is that no one person can ever be totally responsible for receiving an award of this type. It required the cooperation of many, many people, and I had that cooperation. I want to particularly refer to the men and women of my company, the Flick-Reedy Corp. They gave me all the support that one could ever expect. They worked tirelessly on the Americanism programs. It didn't make any difference what they were asked to do, they did it willingly. To the employees of Flick-Reedy, then, goes a great deal of credit for this award.

The community of Bensenville deserves credit too. You can arrange for all of the programs you want but if the community does not have the spirit to come out and attend the programs, you are talking to empty chairs. So at this time I want to thank the community, the community of Bensenville, Du Page County, and Metropolitan Chicago, for their share in this award.

I want to especially thank one of your area groups who shares in this award, VFW Tioga Post 2149, Bensenville. They did much toward helping us achieve the goals we set for ourselves, and I take a great deal of pleasure in introducing three men, delegates to your convention, who I think should have special recognition. They work for Flick-Reedy and they are members of Tioga Post. They are members of the color guard of Tioga Post and no matter when they were needed, they were always there, as part of the color guard at any program we ever had. I would ask the following men to stand as I call their names: Fred Wender, Leland Scott, and Bob Mulligan. [Applause.]

Before I mention the next individual, who was a great help to us, I want you to know I have given this a great deal of thought before I decided to mention his name. The reason I did so was because I do not want to hurt this individual. He is running for a high office in your organization and, as a consequence, I feared that perhaps some might misunderstand that my talking about him would be interpreted as propaganda. Those who know me well would know that I would never do this. So I am going to chance it. I hope you will all understand me as well as my close friends do, when I say that Ray Soden, your department inspector, contributed more to the success of our program and our contacts with the community than any other man. We are grateful to you, Ray Soden. [Applause.]

A few words about some unsung heroes that are usually bypassed at a time like this. I was so pleased that my wife could share this honor with me by being here on the rostrum. She contributed so much; she was willing to wait at home with the children while I was gone all evening on some share of this work; or just came late for dinner. She was most patient and encouraging. My wife contributed much to the earning of this award and I share it with her. [Applause.]

There is one other person who should be remembered, and this perhaps should be classed in the category of the inspiration that many of us grown men live by, the inspiration of our dads. If I have anyone to thank for what I do today, in the area of Americanism, it is my dad. He would be known today as a "superpatriot." I want to tell you just one quick story about him.

In Lincoln Park in Chicago they used to have parades on Sunday mornings and dad used to take the children to see them. I was about 8 or 9 years old, but I never forgot this incident. The American flag was passing by, the hats were off and arms across the chest, when dad looked over to the man next to him, who hadn't taken off his hat. My dad nearly knocked the man to the ground with a blow across the chest with his forearm as he demanded, "Take off your hat. That is the flag of our country." The man didn't have to take his hat off. Dad had knocked it off. You can imagine what an inspiration in Americanism this was to a kid 8 or 9 years old. I have never forgotten it. I'm sure all of you have had experiences with your own dads that are the inspiration of why you are here today, why you are doing a job in your great organization, the Veterans of Foreign Wars.

My dad is no longer with us. My mother, 88 years "young," couldn't be with us today, but she was the inspiration to my dad, as my wife is my inspiration, and a great deal of credit also goes to her.

Now, I have a little message for the VFW if you will bear with me. I feel if I didn't have some message to leave with you today that I would not be doing what you expect of me.

I want you to know that this distinction has particular significance to me. I wonder if many of you will understand fully what it was to be too young for World War I and too old for World War II. I could not be a veteran. I never can be. This is a privilege that will never come to me. But you have given me something which is perhaps the closest thing that I can ever receive in lieu of being one of you—your Citizen of the Year Award.

I want to speak about the veterans. Your participation in a foreign war earned you the right and distinction to be a veteran. This, no one can take away from you. This designation did not automatically earn you the right to be a member of your great organization, the Veterans of Foreign Wars. This may sound strange to you who have become used to this distinction but to me it is very meaningful. In order to be a true member of your great organization of VFW, must you not earn and rearn the privilege every single day of your lives by your actions, by your continuity of patriotism, as demonstrated by coming away from your jobs as you have today by coming here to this great convention and a hundred other ways in your daily lives? Is this not why the organization of Veterans of Foreign Wars means more than just the simple words "veterans of foreign wars"? Are you not a select group who discriminately selects its members? Everyone can't belong.

I ask myself, what is the purpose of the VFW? I didn't read your constitution or bylaws to see what it was. Through the years I believe I have gotten an impression of what the VFW stands for. I think it can be expressed quite simply in that you, as former military men, will continue to fight for the freedom and constitutional government that you fought for with guns as soldiers on the battlefield. When you smelled gun smoke on the battlefield, your objectives were pinpointed for you. There was no question, there was unity, there was strength, there was courage and, believe me, I know from the stories it wasn't always the guns you had—it was your courage that won the wars for us so that these United States could remain free.

Now what is your job as members of the VFW? How can we pinpoint our problem?

It can be pinpointed in the main by recognizing that we now are in a new type of war. Recognizing this can we go one step further and see if we can pinpoint what our action should be in this new war, this strange war, this war that gives us as many problems as, no doubt, our forefathers had when they were fighting to start a new idea, the birth of a nation, a new concept of government, a new concept of freedom? I think we have to somehow or other pinpoint our objectives as they did. These were men who also gave their last full measure of devotion.

Who is this war with? First, I don't think anybody questions it is with both communism and socialism, for they are certainly bedfellows in objective though they may vary in method to achieve their objective. If you end up being controlled by and your property owned by the state, it makes little difference as to whether you got that way by revolution or by neglect. There are forces rampant in the world that deny you your freedom and your rights as individuals. With these rights go obligations and individual responsibilities. How can these evil forces of regimentation which deny us so much freedom have made so much progress? Let us take a close, hard look at the words "individual responsibilities." All of us by nature are lazy; we want the maximum benefits for the minimum effort. This is instilled in us by human nature. When somebody comes along and says, "Gee, I'll take over that job of individual responsibility so you won't have so much work to do," believe me, this is appealing. This attitude gives us an insight and some idea as to why there has been so much progress made in regimenting us in causing our loss of freedom and progress and leading us on the road to socialism and communism. The Kremlin has said, "First socialism—then communism."

Let us look at individual responsibility another way. Let us look at it from the moral point of view.

Everyone has the individual moral responsibility to provide for his own and his family's welfare and well-being. Under ordinary circumstances, does the individual have the right to shift this responsibility to the state? Does the individual have the right to force a third party to provide for his welfare and well-being or that of his family? If the individual is unable to provide for his and his family's welfare, can it not be provided by voluntary contributions of a third party or parties? Does this not give people an opportunity to earn their salvation through real charity? "He who gives charity is thrice blessed," wrote Pope Leo XIII, in Rerum Novarum, the papal encyclical. If a family finds itself in great difficulty, utterly friendless, and without prospect of help, it is right that extreme necessity be met by public aid—but the rulers of the state must go no further; nature bids them stop here. Paternal authority can neither be abolished by the state nor absorbed. The Socialists, therefore, in setting aside the parent and introducing the providence of the state, act against natural justice, and threaten the very existence of family life * * * and such interference is not only unjust, but is quite certain to harass and disturb all classes of citizens, and to subject them to odious and intolerable slavery * * * the sources of wealth would themselves run dry, for no one would have any interest in exerting his talents or his industry.

The next thing I think we should ask ourselves is, Are we winning this war with socialism and communism or are we losing it?

Have we drifted into more socialism here at home since the gun smoke died out in 1945 and 1952? Are you not more regimented today under socialistic concepts and schemes than a few decades ago? I think the obvious answer is "Yes," we are losing this war to socialism here at home. Let us take a look as to how we are doing elsewhere. Have we not lost millions of souls throughout the entire world, near and far, who have been lost to communism since you men and women last fought in a foreign war to free all men from oppression—from regimentation? Our score at home and abroad does not seem to ring true to the tradition of winning wars so well established in years past by you veterans. The word "victory" has been abolished. Patriotism is corny. The flag is not respected.

Now I would like to ask the question, since we appear to be losing in this war, what can we do about it? Who can we look to, to turn the tide? Who can we look to for leadership to win this war? For it must be won. As we cast about, we find that there are many organizations in this country, great organizations, our churches, our schools, our teachers, our Kiwanis, our Lions, our chambers of commerce, to name but a few who might be looked to for leadership. As we look at this imposing list, we find that each and every one of these organizations have a specific purpose * * * but that purpose eminently good, is not specifically to lead us in this cold war against the forces of regimentation. But there is one organization that, it seems to me, should be the natural leader in the cold war. This natural leader is the great VFW of the United States, 90,000 strong in the State of Illinois alone. Do you think among your members you have enough force, enough power, enough courage to win not only this war but any challenge requiring courage that is put to you? I am sure that if you put your shoulder to the wheel, if you put your mind to it and your will, that there will be no question as to the outcome.

So the next obvious question is, Are you doing as much today as you can do? As an individual? As an organization? As much as you have to do? If we are still losing ground in this cold war day after day, then doesn't some special efforts have to be carried forth in order to reverse the tide and carry us back to victory?

Can your great VFW, your "superpatriots"—and I am not using that word derogatorily, because you have demonstrated time and again that you are great superpatriots—lead us to victory in this cold war as you did when you faced the guns of the enemy? I say there is a challenge here; it is not to criticize the tremendous job and work that you are doing but when we see that this is not enough, then I urge you to see what can be done about doing a little more that will carry you and America to victory.

Let us pinpoint our objective if we can. We have all kinds of good freedom programs in America today. The programs have the support of the good, civic organizations as well as the VFW. We can step these programs up and I think that is being done today, but is this the total answer? I do not think so.

The action that I am going to suggest is one that requires individual action. It is an act that will be quite simple, yet at times will take more courage than was ever required of you on the battlefield. Yet I know and am confident that when you realize, as I am sure you will, that this action might well save your country, you will not fail in the courage needed to carry it out.

The action that I am going to ask of you is that your great organization of VFW consider the adoption of the following pledge to freedom whenever you pledge allegiance to the flag of the United States.

"I recognize my individual moral responsibility to provide for my own welfare and the welfare of my family, of my business, my clubs and associations. I pledge that I will not ask my government to provide such welfare and if offered I will refuse to accept such welfare. I further pledge that I will serve the interests of my country above my own selfish interests. I believe that if I faithfully adhere to these principles and encourage others to do likewise, we will win the fight against the forces of regimentation, socialism, and communism, and reestablish the principles of individual moral responsibility and freedom for all under God."

If this pledge were carried out in your every day decisions it could help reverse the trend towards regimentation, socialism and communism. Would it not promote individual responsibility and freedom? Is there any question but that it would do just this?

We agreed earlier that we are losing this battle because we are slipping into more regimentation and losing freedom. Whose fault is it? Let us not blame the men in public office. When you are a citizen of these United States, do you not swear to uphold the same laws, the same Constitution and freedoms, the same defense of the individual's rights, as the President, the Senate, and Congress of the United States?

Is your moral responsibility less than his or any other public official? If you waver and make your decision on a selfish basis; if you are afraid to stand up and be counted, what can you expect your public officials who feel they must "give" you what you want? You courageous men who faced the guns of the enemy, who rushed in when the shots were falling all around you to save a buddy, to save your country, did not hesitate then. You had courage then. Will you have the same courage now to serve your country or will you excuse yourself for fear of the nasty names that might be leveled at you if you speak out against regimentation? Will you hesitate because you might lose some business? Will you rationalize that if you do not take this business order which is intended for delivery to the Communists, somebody else will take it anyway, so you might as well take it. "Some one is going to make a buck—it might as well be me." These are everyday decisions and this battle in my estimation will be won when each and every patriotic individual in these United States makes their decisions on the basis of the suggested VFW pledge to freedom. Your great organization here in Illinois could start right here today, right here this minute, with leadership, first in our State—90,000 strong—and then on a national level to spearhead a national campaign to encourage everyone to ask themselves this question, "Will this action of mine today promote regimentation or will this action promote freedom?"

In every decision involving these factors, I'm sure you have the courage to ask yourself this question and follow with right action now that you realize and understand what this will do for you and your family and country in winning the cold war against communism.

God bless you, and with the grace and help of God, I am sure that this fine, great, wonderful, patriotic organization that has bestowed on me this distinguished honor today, will lead this country back to freedom and away from regimentation at home and in all parts of the world. You can. You must lead the way to victory.

Thank you. [Applause.]

Department Commander Muller. Ladies and gentlemen of the convention. I would just like to say if we follow the words of Mr. Flick, and I am sure we will, we will be greatly inspired and motivated to do more than we have ever done before.

Frank, I want to say it has been a great honor to be associated with you. I am going to retire "to the pastures" next Sunday, but if there is anything I can do to help, I'll be around.

Mr. Flick. We will work together. [Applause.]

## VISIT BY ROBERT FROST TO SOVIET UNION

Mr. DIRKSEN. Mr. President, on September 11 the New York Post published a column written by Max Lerner under the caption "Frost Flavor." It relates to the visit of Robert Frost, the poet, to the Soviet Union, and what has intrigued me about this column is one paragraph setting forth what Khrushchev said in the course of his interview. He said, according to the column:

> The American capitalist democracy has bred the corrupt flower of modern liberalism which Communists scorn far more than they do reactionary militarism and racist fascism. This is what he is counting on during the years ahead. It is the same paralysis of will which Josef Schumpeter noted as part of the disease of democratic intellectualism. It is a gap which separates a leadership and people who have a conscience and a sense of guilt from those who have neither.

What an interesting comment from Nikita Khrushchev.

I ask unanimous consent that the column from the New York Post be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Frost Flavor

(By Max Lerner)

Robert Frost has come back from his journey to Gagra, on the Black Sea, where Nikita Khrushchev came to his bedside and they talked of America and Russia. Frost is one of our authentic representative men, and gives a characteristic flavor to every sentence. His report of the exchange between the two men is worth more pondering than the whole raft of Khrushchev interviews that have floated over the Atlantic.

Frost called himself a tramp poet, but on his principle that poetry and power are related he is recognizably making some forays into the realm of power, where he is far less at home than with poetry. He called Khrushchev variously a mighty monarch and a ruffian. But not let the anti-Khrushchev society rejoice prematurely at the latter epithet, for Frost saw after sleeping on it that it was scarcely diplomatic language about a man who had sat by his bedside, and modified it into rough and ready. But I like his first term, "ruffian," especially since he meant it genially and said it almost with affection.

If poets must join diplomats in censoring their language, which comes to them by a magic route out of their unconscious, then what's the use of having a poet talk politics?

The spectacle of an 88-year-young man taking a jaunt to the Soviet Union is one to cherish. Old men have been advisers of heads of state in the past, they have been court jesters and storytellers, they have been ambassadors, they have been singers of songs. But it is rarely in history that an old man has combined something of each of these roles, as Frost has.

Khrushchev said of Frost that he has the soul of a poet, but unfortunately they talked only politics, with little about poetry. Frost's crucial ideas were roughly four. First, that Russia and America are the two great realities in the world, and that little else counts. Second, that rivalry between them is good for both and for the world, and that progress-out-of-conflict is the law of God. Third, that the two nations express two different kinds of democracy; that the Russians are humanizing down to democracy, and easing down to socialism while we are straining up to it. Fourth, that the rivalry between the two powers must be carried on with magnanimity, by which Frost meant with chivalry and in a noble manner.

These are all ideas with a Frost flavor, as I can testify from having known him somewhat over a number of years. He means them as a poet should mean his political ideas—in a large generous way, vaulting over the generations ahead, without too much precision of concept, and with a concern for the long future rather than the day to day.

But we who are not poets nor power men must live in the here and now, and we have learned truthfully how the Communists have been able to use the generously meant notions of some of our best spirits. For example, Frost's idea that only Russia and America count, and his insistence on dismissing other countries, does not help free world survival much at this particular time. The Russians like the idea of a Russian-American modus vivendi, with the other nations counted out. For the other nations are chiefly the European ones, like Britain, Germany and France, which are today shaping an economic and political unity in Europe that is the great phenomenon of the 1960's. The Russians cannot hope to have them on their side, but they hope to split them from an Atlantic partnership.

Or take the notion that there is not really much of a gap in freedom and democracy between the free world and the Communist world—that the Russians are leveling down while we are leveling up to democracy and socialism. If I were Khrushchev I would rejoice at such an opinion, and I should even forgive its holder for calling me a ruffian. For in the war of ideas between the two systems the most radical weapon the free world has on its side is the idea of freedom and of the shaping of individual life by the individual personality. When that is leveled out of existence, a sharp weapon is lost in the very rivalry which Frost regards as a law of God.

But the saddest fact is that while Frost was talking of magnanimity, chivalry and the noble manner, Khrushchev was talking out of a Communist ethos which scorns all three, and regards them as survivals from a precapitalist age of feudalism. The payoff came in a remark of his which Frost failed to quote in his Moscow interview but did quote on his return to Idlewild. "Khrushchev said he feared for us modern liberals. He said we were too liberal to fight."

This was what the interview really came down to. Khrushchev told this devotee of poetry and power that American capitalist democracy had bred the corrupt flower of modern liberalism, which Communists scorn far more than they do reactionary militarism and racist fascism. This is what he is counting on during the years ahead. It is the same paralysis of will which Josef Schumpeter noted as part of the disease of democratic intellectualism. It is the gap which separates a leadership and people who have a conscience and a sense of guilt from those who have neither.

Robert Frost, I am certain, does not go with this tender mindedness of "us modern liberals." If he did he would be far less of the poet than he is. And the iron in the Frosts of our time, as well as the poetry in them, may be what will save the free world.

---

## VISIT TO THE SENATE BY NATO PARLIAMENTARIANS

Mr. SPARKMAN. Mr. President, we are honored by the visit of a distinguished delegation representing 11 NATO countries.

I ask unanimous consent that at this point in the Record there be included the names and the countries from which these delegates come.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### Visiting NATO Parliamentarians

Belgium: Mr. Hubert de Groote, Mr. Henri Moreau de Melen, and Mr. Jacques Van Buggenhout.

Canada: Miss Julia Verlyn LaMarch and Mr. Robert Muir.

Denmark: Mr. Victor Gram and Mr. Viggo Hauch.

France: Mr. Jacques Baumel, Mr. Raymond Mondon, and Mr. Jean Chamant.

Germany: The Reverend Hans Merten and Prof. Dr. Hans Susterhenn.

Italy: Mr. Girolamo Messeri; Senator Pietro Micara, President of the NATO Parliamentarians' Conference.

Netherlands: Gen. J. H. Couzy and Col. W. Wierda.

Norway: Mr. Otto Dahl and Mr. Bernt Ingvaldsen.

Portugal: Mr. Jose Soares da Fonseca and Mr. Manuel Antonio Fernandes.

Turkey: Dr. Fethi Tevetoglu, Mr. Haydar Tunckanat, and Mr. Nuvit Yetkin.

United Kingdom: Rt. Hon. Earl of Listowel, Mr. John Hall, Mr. William John Pell, and Mr. Anthony Kershaw.

Staff, NATO Parliamentarians' Conference: Mr. O. van H. Labberton, Executive Secretary; Miss Claude Goffart, Deputy Executive Secretary.

Mr. SPARKMAN. This delegation of approximately 40 parliamentarians, representing 11 NATO countries, has been in the United States since September 4. On September 5 they were flown to Wheeling, W. Va. From there they went into Ohio and spent a day visiting industrial facilities in that State. Then they made a tour of various military installations. On September 6 they visited the Strike Command at McGill Air Force Field. On September 7 they visited the Air Force Missile Test Center at Cape Canaveral. On September 8 and September 9 they spent the weekend at Miami. On September 10 they visited the Supreme Allied Command Atlantic, and had briefings, tours, and demonstrations there. During the last 2 days, September 11 and 12, the group has been attending meetings held at the State Department—meetings of the Standing Committee, the Economic Committee, and the Military Committee. It will no doubt be interesting to many Senators to learn that the Senator from Nevada [Mr. Cannon] is chairman of the Military Committee of the NATO Parliamentarian Conference, and that the Senator from New York [Mr. Javits] is the chairman of the Economic Committee of the Conference.

We have been working with the parliamentarians and, together with the Committee on Foreign Relations, were joint hosts to them today. It is a great pleasure and an honor to have the parliamentarians visit us. I am delighted to present them to the Senate. [Applause, Senators rising.]

Mr. JAVITS. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I express deep gratification at the presence of our colleagues, who are led by the President of the NATO Parliamentarians' Conference, Senator Pietro Micara, of Italy, who is among our guests in the Chamber.

I am happy to report to the Senate that I feel our sessions have been very fruitful, especially with respect to an understanding of the problems of our country as they are developing, and our clear understanding of the problems of our European allies.

I thank the Senator from Alabama for yielding.

Mr. CANNON. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from Nevada.

Mr. CANNON. Mr. President, I join in welcoming our visitors and in commending them for their excellent cooperation with us. I feel certain that our NATO alliance will be much stronger by reason of the understanding and the diligence which these people have indicated in their meetings with the military committee. We are all interested in a common problem, namely, the strength of our NATO alliance, in order that we can combat the Communist threat.

These fine people have traveled a great distance and have worked diligently in order that we might strengthen the alliance. I am sure that their efforts and understanding will do much to strengthen the NATO alliance in combating threats from the other side of the Iron Curtain.

Mr. HUMPHREY. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate may stand in recess for a few minutes, subject to the call of the Chair.

The PRESIDING OFFICER (Mr. Lausche in the chair). The Presiding Officer of the Senate at this moment extends, on behalf of the Senate, a welcome to our distinguished guests upon their visit to the Chamber. I am sure the Chair voices the judgment of his fellow Members that we recognize our mutual interdependence in trying to solve the problems of the world. We know that that which is a threat to your security is ultimately a threat to our security. We feel certain that your views correspond with ours, in that the security of your countries is in a substantial respect dependent upon the continued security of our Nation. We have a common interest. All dangers are common to us all.

The Chair feels that he expresses the thinking of the people of the United States in these troublesome hours that our main base of confidence in the quest for security depends upon the cooperation which the NATO nations and our country will pursue in the years to come. The Chair welcomes you to the Chamber. [Applause.]

Mr. SPARKMAN. Mr. President, perhaps it might be of interest to Senators to know the countries which are represented by our guests:

Belgium, Canada, Denmark, France, Germany, Italy, the Netherlands, Norway, Portugal, Turkey, and the United Kingdom.

Mr. HUMPHREY. Mr. President, as a mark of respect and friendship for our friends from the NATO countries, I ask unanimous consent that the Senate stand in recess subject to reconvening at the call of the Chair.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Accordingly, at 2 o'clock and 54 minutes p.m., the Senate took a recess subject to the call of the Chair.

At 3 o'clock and 3 minutes p.m., the Senate reassembled when called to order by the Presiding Officer (Mr. McCarthy in the chair).

---

## URBAN MASS TRANSPORTATION ACT OF 1962

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

---

## CONVEYANCE OF CERTAIN REAL PROPERTY OF THE UNITED STATES TO THE STATE OF MARYLAND

Mr. MANSFIELD. Mr. President, I ask unanimous consent for the adoption of the order which I ask to have stated for the information of the Senate.

The PRESIDING OFFICER. The order will be stated for the information of the Senate.

The legislative clerk read as follows:

*Ordered,* That in the engrossment of the bill (S. 3019) to provide for the conveyance of certain real property of the United States to the State of Maryland, passed by the Senate on yesterday, the Secretary of the Senate be authorized to make the following correction in the reported print of the bill, namely: On page 2, line 16, strike out the words "University land" and in lieu thereof insert "University Lane".

The PRESIDING OFFICER. Is there objection to the request by the Senator from Montana? The Chair hears none, and it is so ordered.

---

## ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations tonight it stand in adjournment until 10 o'clock a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

---

## THE TRANSPORTATION CENTER CONFERENCE

Mr. DIRKSEN. Mr. President, transportation has played a major role in the growth of this great country of ours from its earliest days. Today, the movement of goods and people is a $100 billion a year industry and a very large portion of our gross national product. Transportation affects the lives of all of our people; whether it be by air, land, pipeline, truck, or water.

On October 29 of this year, for 2 days, the transportation center at Northwestern University at Evanston, Ill., will have a national conference on private and unregulated transportation. There will be new information on a topic of concern to all transportation modes and to shippers. That topic is private carriage, or the shipment by companies of their own goods in their own trucks. The transportation center conference is the first industry-university discussion of private carriage ever held. It is expected to attract several hundred representatives of shippers, carriers, and Government agencies to hear research personnel present the facts and a new theory of private carriage.

One of the controversies in which this conference proposes to stress attention is the question of regulation versus nonregulation. That is, when a company ships via common carrier, such as a commercial truck line or railroad, it is using forhire transportation whose rates and services are closely regulated by various public agencies; but when a company uses its own trucks to haul its goods, it is using private carriage, which is not subject to regulation. These and other tangents of this issue will be discussed at the conference at the transportation center at the Northwestern University.

The transportation center is to be commended for its efforts and this undertaking, which I believe will be of immediate value to the carriers, shippers, and American public.

I ask unanimous consent that a part of a brochure on this conference be made a part of the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The advantages of nonregulation have been held by many to be one of the main reasons why more and more shippers seem to be turning to private carriage. And this apparent growth of private carriage has been blamed by the common carriers for much of their loss of business.

While opinions on the subject of private versus common carriage are hotly held and have been the subject of intense industry debate for many years, facts are few, largely because private carriage is nonregulated and not reported to Government agencies.

However, available statistics from the Interstate Commerce Commission show that private carriage has been increasing in use and importance, bringing benefits to some areas and problems to others.

While the number of intercity ton-miles hauled by common carriers increased three times between 1943 and 1958, the proportion of ton-miles fell from 50.66 percent in 1943 to 35.14 percent in 1959. In other words, while common carrier ton-miles have increased, private carrier ton-miles have increased faster.

At least 18,000 companies now have fleets of 10 vehicles or more, and some 85 percent of the country's 12 million motor vehicles are operated in private carriage.

In addition, it seems likely from available evidence that private carriers account for an increasingly important share of the high value freight as well as high bulk freight, such as television sets, glassware, scientific instruments, and the like.

This leaves the common carriers with the low bulk and low value freight which they are apt to be called upon to haul on an infrequent or standby basis.

There are many reasons cited for the growth of private carriage. President Kennedy's recent transportation message lists two:

1. The development of modern highways, which has reduced the dependence of manufacturers on central locations near port facilities or railroad terminals.

2. The development of improved production techniques that require spacious one-story plant layouts which in turn have made many industries move out to the edge of cities where space is available and where common carrier facilities are scarce.

But these are not the only reasons. A company that is using private carriage will often cite two more reasons that are more important to the firm:

1. Cost: These companies believe, for one thing, that they can haul their goods for less than the common carrier rates filed with Government bodies. Rates can be revised, but the procedure takes too long.

The cost factor is especially pertinent where a company is in position to use its own trucks both going and coming. In fact, the 1960 Doyle report to the Senate Committee on Interstate and Foreign Commerce observed that "In a reasonably balanced, two-way traffic pattern, private carriage will usually be cheaper for the user than for-hire carriage, so long as the volume and frequency of traffic provides good equipment utilization."

2. Better service: The company using its own trucks sets its own schedules, delivers goods to its own and its customers' specification, can offer a more personalized service, and generally has less trouble with breakage and claims settlement.

For example, an electrical goods manufacturer saves the trouble of specially crating its transformers now that it uses its own trucks. An auto parts supplier says it now can deliver goods in its own trucks within 2 working days to its retail outlets, compared to a maximum of 8 to 10 days via common carriage.

A TV set manufacturer can make arrangements with his retailers to have sets delivered in night hours by giving his truckdrivers the keys to stores and instructions to bring the sets inside. This is something that a common carrier trucker could not do.

But there are disadvantages, too. By operating its own trucks, a company puts itself into the transportation business and must allot managerial time to it.

This is where the common carriers produce their severest counterargument, for they claim that companies do not really know their costs and are fooling themselves if they think they are saving money through private carriage.

The common carriers point to examples of private carriers using gasoline trucks for long hauls when diesel power would be better. Or they point to cases where inadequate insurance coverage, resulting from inept management, has brought losses to a company transporting its own goods.

Nor, say the common carriers, do companies properly evaluate the rate of return on their private carriage equipment investment; the same money invested elsewhere would probably earn more.

They recognize that some companies have made a thorough study of costs and have installed top managerial talent to operate private carriage. They doubt, however, that any ultimate savings were accomplished or that the rate of return has been equal to or greater than the rate of return in other aspects of the business.

The common carriers also say that much of private carriage attractiveness is based on illegal backhauls. For example, if a private truck carrying a company's goods from one city to another is scheduled to return empty, the company might contract to carry another company's goods on the return trip. This is an illegal practice unless confined to agricultural goods or a wide class of exempt products in intrastate movement.

For the common carriers, whose profitable business is seemingly being eroded by private carriage, the answer appears to be a matter of loosening the regulatory bonds on common carriage, imposing regulations on private carriage, or both.

The common carriers note that the ICC often puts "floors" on rates that are too high, and that these high rates prevent the common carriers from attracting the volume business that is necessary to sustain large-scale operations.

But, as the transportation center conference will point out, even these large scale economies of common carriers have very narrow limits.

Thus, as the common carrier loses more and more business to the private carrier, its average costs increase and its profitability decreases. These trends are partially responsible for mergers, and might eventually force some carriers out of business altogether.

If this comes to pass, the large shipper would lose his common carrier standby facility and he may find that he is unable to operate private carriage profitably for the larger proportion of his shipments.

The smaller shipper in these instances would then be without adequate resource for shipments via common carrier.

What the common carriers would have is registration and regulation of private carriers (a bill requiring this has been introduced by Senator GEORGE A. SMATHERS), plus a general loosening of the restrictions on common carriers.

There is therefore at least a possibility that the rights of companies to furnish transportation to themselves (and thus their ability to badger common carriers with that right) could be to some degree curtailed by Government.

Whether or not statutory changes regarding common and private carriage will be forthcoming will depend largely on a more accurate knowledge of private carriage. The transportation center conference will mark the first time that all segments of the transportation industry have banded together to obtain this knowledge.

The conference will present empirical data to transportation management in both the shipper and carrier categories, and for the use of regulatory agencies and the courts. At the same time, the conference expects to give management the working knowledge needed to make intelligent shipping decisions.

One of the highlights of the conference will be the presentation of results of a survey on the scope of private carriage conducted by transportation center researchers. The survey required 2 years and $125,000 to complete. Funds for the survey were provided by widely divergent transportation interests including shippers, carriers, and labor, all seeking to obtain new information for industrywide use.

As part of the research project, the largest of its kind ever undertaken, questionnaires on transportation practices have been sent to 10,000 manufacturing companies with headquarters in the United States. Other fresh data is being obtained from special runs of data collected in shippers' surveys by the Bureau of the Census.

The conference will project the most accurate picture of private carriage to date, and advance indications are that private carriage will be shown to be not quite the rapid-growing phenomenon that many people think it to be.

The funds for the transportation center shippers' survey to be presented at the conference were contributed by the following:

Associated Truck Lines, Inc.; Atlantic Coast Line Railroad Co.; Chesebrough-Pond's Inc; Chicago & North Western Railway Co.; Denver & Rio Grande Western Railroad Co.; Denver-Chicago Trucking Co., Inc.; Gateway Transportation Co.; Great Northern Railway Co.

International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America; Interstate System; McLean Trucking Co.; Chicago, Milwaukee, St. Paul & Pacific Railroad Co.; Missouri Pacific Railroad Co.; New York Central System; the Procter & Gamble Co.; the Quaker Oats Co.

Red Ball Motor Freight, Inc.; Ruan Transport Corp.; Ryder System, Inc.; Southern Pacific Co.; the Western Pacific Railroad Co.; and Yellow Transit Freight Lines, Inc.

For the carriers, the conference will present a more definitive picture of the shipper and the factors which influence him in his choice of carriage.

For the shipper, the conference will present a theory of private carriage and its empirical testing based on the research. The theory will be designed to give management a better understanding of the factors to be considered in determining whether private or common carriage, or what combination, is best for a company.

For Government, including regulatory agencies and the courts, the conference will shed new light on the relationships of private and common carriage providing a better basis for ratemaking decisions and other actions affecting transportation services.

---

## MAINTAINING A SOUND ECONOMIC SYSTEM

**Mr. WILEY.** Mr. President, we are all trustees of a great trust—the American system. I have spoken on the subject of the two great issues: First, can we maintain the peace? Second, can we contain communism?

And now, today, we are going to talk about the third great issue or challenge: Can we maintain this country economically healthy? Or, in other words, can we maintain a sound economic system? Of course, we cannot do that if war should come, nor would we be able to do it if we were taken over by the Communists. So we have got to make sure that we win the two previous issues.

Now the third one is most important, and calls for the best thinking of all Americans.

The cold war still continues. The demands on us to make our contribution to contain war from erupting in other places, plus the tremendous cost of being adequately prepared, required upward of $50 billion or more. Now, as someone has said, "that's not peanuts." Then, beside that item we have the interest on our national debt, our veterans pensions, the oversea cost of Government, and so forth, and so we get up to a total close to a yearly need of $100 billion.

Of course, we are a nation of 186 million people. We have within our borders half of the market of the world, but we also are faced with tremendous challenges that we did not have a few years ago. I mean foreign competition. With our Marshall plan, and other aids, we have built up the manufacturing plants of other nations where labor is cheaper. We have now got to see that the markets of America are not flooded with these foreign goods. At the same time, we have got to maintain our export-import trade, which provides quite a problem.

Then, of course, the farm program is with us. During the war we said to the farmers, "Produce, so we can feed the world." And they did. Now, we have surpluses in practically everything that the farmer produces. How to handle that problem has not yet been solved.

We cannot ignore the fact, either, in considering our economic welfare, the turbulence in the new nations, where the people are just coming out of their sleep. We cannot close our eyes to the fact that just off our shore is Cuba, which is a Communist satellite, and China, with its more than half a billion searching, seeking human beings which Mao Tse-tung may cause to erupt at any time.

Now, let us discuss the meaning of a sound economic system—bearing in mind we must keep the free enterprise system intact, and not let state socialism take over our system.

Besides protecting our economic philosophy, we have our political system to preserve. I mean the great freedoms that we are trustees of. The Communists have no appreciation of these jewels of great price. Yet, in some of the Communist countries the yeast is in ferment.

The goal of maintaining a sound economic system is, as a goal, something none of us will argue about. We know that a sound economic system is absolutely indispensable to the welfare of our own people and the peace of the world. But there are, in my opinion, two aspects of this subject that will merit some discussion:

First. A brief consideration of what constitutes a sound economic system; and

Second. Some guidelines as to what we, as a nation, must do to assure that we will continue to have a sound economy.

We can start by recognizing that the main function of any economic system is to permit the optimum satisfaction of man's physical and, yes, his spiritual needs as well. With this criterion, we must agree that our American economy has over the years performed with remarkable effectiveness. When we consider the fantastically involved complex that our economy has grown into, and how it usually performs its myriad functions with minimal friction, we may rightfully have great pride and faith in it.

We hear a great deal about the growing intervention of the Government into the affairs of businessmen and the decline of individual freedom. I do not deny some element of truth in this charge. But let us also remember that the overwhelming day-to-day economic decisions are those made freely and without governmental coercion by all of us as producers and consumers of the goods and services needed by over 186 million Americans. In no other land does the economic system function with as much freedom of choice as in America. Despite the growing powers of government, of big business, and of organized labor, it is still the consumers of America who in their freedom of basic choices play a pivotal role in the economic process.

I, of course, do not mean to suggest that we should complacently accept our economic system as it is, even though it is basically superior for us to all alternative systems. Each of you will have no difficulty in pointing to areas where change, change for the better, is urgent. And to strive for such improvements, promptly and with vigor, is necessary if we are to preserve that freedom of choice and the freedom of action in our economy as we know it.

When we talk about a sound economic system, we clearly mean to reject any thought that such a system can be static or rigidly fixed. We must focus our attention on an economy that grows as the needs of the Nation and its people grow. I do not intend to get into the idly speculative game of percentages of economic growth and whether we should or should not have a rate of growth greater than that of Britain or Germany or Russia. There are so many ways of measuring economic growth, and the rate of growth is so dependent on the base period from which the rate of growth is measured, that any single percentage figure, such as a growth rate of 3 percent a year, is rather meaningless.

Furthermore, there is no merit in growth just for the sake of growth, any more than sound reason to keep on inflating a balloon higher and higher. We want not just economic growth, but that particular kind of economic growth that is needed to cope with our growing population, our technological advances, our expanding needs. We want the right kind of economic growth because we know that our Nation will be stunted and stifled if we permit our human resources to lie idle and fail to harness the talents and imagination of our people to the goals we cherish.

Thus, perhaps the paramount economic need of the Nation today is to take steps to solve the nagging problem of excessive unemployment in today's labor force. As Senators know, in the past 8 years, the rate of unemployment, even at the peak of the business cycle, has been creeping up. Today, after a steady improvement in most economic indicators over the past 16 months, unemployment—seasonally adjusted—is still, as of June 1962, 5.5 percent of the civilian labor force. It went down to a low of 4.9 percent in February 1960 and even further to a low of 3.9 percent in March and April of 1957.

There are, of course, many reasons which have been given to explain this disturbing trend. Many believe that the rapid advances in automation and other technological developments have cut so sharply into the employment of major industries as to more than offset increasing employment in other, newer industries. The relative satiation of consumer demand for many durable goods that were in exceedingly short supply at the end of World War II, coupled with a slacking of investment in production facilities for such items, is also considered a major factor. In some industries, such as coal and iron ore, depletion of resources combined with high labor costs, has caused serious unemployment. In certain industries rising imports have been a factor.

Thus, it is obvious that there can be no single, and no simple, solution to the exasperatingly persistent unemployment phenomenon that confronts us today. But there are certain basic approaches that may help us in thinking about the problem. First, we can stand on the basic premise that the primary responsibility for the employment of America's potential workers rests with the businessmen of this country. The American businessman has throughout our history shown great resourcefulness in providing consumers, directly and indirectly, with the goods and services they call for, and, as we know, through the many media of advertising, has done much to stimulate and magnify such demand. They have, as a result, been the motivating force behind the employment of

American workers and will continue to be so.

But it is clear that there must be a reasonable prospect of profitable operations before an enterprising businessman will invest in plant, buy materials, and hire labor for expanding production. And it is precisely in this area that the Government shares responsibility with private enterprise. It has always been the function of Government, now as much as ever, to assure business of a so-called economic climate in which the profit motive has a fair chance of operation. Thus the entire fiscal program of the Government is immediately involved. We think of the tax burden which individuals and corporations have to bear. There is no doubt in my mind that substantial changes in our tax structure are called for. Not only has the tax structure been modified piecemeal again and again over the past decades, resulting in many complications and inequities, but the entire tax burden is now so high, on both corporations and individuals, as to raise serious concern as to its effect on the economy.

It is quite possible that incentives for business investments may have been already affected. I am in accord with the President's pledge of August 13 to reduce tax rates in January, but I am not entirely convinced that an earlier tax cut might not be more desirable to stimulate both consumption and investment before a possible downturn in the economy reaches such proportions that more drastic cuts may prove necessary.

The new depreciation schedules issued last month by the Treasury Department should, in themselves, provide some stimulus to investment, with further impetus to be provided by the investment credit bill reported by the Senate Finance Committee. However, I believe it important to recognize that tax cuts should be geared to the stimulation of both consumption and investment. It is idle to stimulate investment alone, unless such investment will be shortly transformed into higher levels of consumption. And, notably in the lower income brackets, any increases in disposable income resulting from a reduction in personal income taxes can be expected to be transformed almost wholly into spending for immediate consumption.

The amount the Government takes in taxes is, of course, important to businessmen and consumers alike. But no less important are the expenditures of Government, and that includes State and local as well as Federal expenditures. Too often these expenditures are viewed in almost completely negative terms, in terms of what they drain out of the private economy. We too easily forget that they contribute much to the economy as well.

The largest segment of public expenditures goes, as Senators are well aware, for national defense purposes. Although there will always be controversy as to the relative merits of various military weapons and military strategy, we will all agree that unless our Nation is protected from potential aggression, economic freedom and a sound economic system become little more than a hollow shell or a distant dream. We want our defense dollars spent wisely, but we know that upon this defense rests our hopes for our chosen way of life, for survival itself.

Many, if not most, other public expenditures are intended in one way and another, to help provide particular benefits to our people, benefits which are not, or cannot be as readily provided by private enterprise. Here again, we will find opposition to the farm program, to the highway program, to proposed programs of aid to the aged, but in each case, the people, through their elected representatives, have determined that the Government is in a position to promote or protect essential activities in the national economy with greater effectiveness than other groups. So we have a Federal farm program to help assure farmers of adequate income; a highway program to facilitate movement of people and goods by motorists, public and private truckers, and buses; and Federal assistance to the aged.

Thus far, I have spoken of how the Government can help private business solve the unemployment problem by providing, in various ways, a more favorable economic climate that will encourage the expansion of business and therewith the employment of more workers. I have thus dealt with stimulating the demand for labor. We should also take a few minutes to look at the supply of labor, because part of the answer to the unemployment problem, particularly in the long run, lies in the abilities of those in and those coming into the labor market. This phase of the unemployment problem is currently crystallized when we contrast the disturbing unemployment figures I cited with the fact that our major newspapers contain page after page of help wanted advertisements, but advertisements almost entirely for engineers, physicists, designers, sales executives, computer programers, and other highly skilled personnel. We have unemployed miners, but a crying shortage of engineers. Textile and leather workers are pounding the pavements, but we have far too few doctors, nurses, and teachers.

This points to an educational crisis that is becoming more serious every year. Here, too, the solution is not solely a matter of private or of public concern. Businessmen will undoubtedly accelerate the training programs offered by many concerns in the major industries of the country. Private schools, training centers, colleges, and universities will certainly expand.

But there is little question that the major responsibility for a citizenry trained to meet the vocational needs of tomorrow will be in the hands of our public school systems throughout the Nation.

The problem of adequate schools and colleges is doubly acute due both to the rapid acceleration in the number of school- and college-age boys and girls, and to the more advanced training, some of it requiring expensive laboratory and other equipment, which the needs of today's and tomorrow's technology and economy make essential. It is this need which must receive the highest of priorities among public officials in all levels of government. It deserves the most serious attention of all of us as private citizens.

It is a familiar economic axiom, that while man's resources are limited, his needs and desires are virtually limitless, in any case far outstripping the resources, natural and human, available for filling these needs. We must make choices. We must decide as citizens what we shall insist on and what we will do without. One thing we cannot do without is adequate educational opportunities for our children, and not just for our children, but for all of us, those wishing to learn a new trade and those who want to continue to expand their intellectual and social horizons. This will keep taxes, especially State and local taxes up. But I can think of few dollars that are more important than those that help provide more and better teachers and educational facilities.

I have sketched for Senators a few of my thoughts on what we need to do to assure ourselves of a sound economic system in the years ahead. It is a task that all of us share. It is a responsibility of the Federal Government to see that private enterprise has the opportunity to function freely and fairly. But it is even more important for private enterprise to take advantage of its rights and potential to provide the goods and services we and our country require.

Finally, we should recognize that we should never consider a sound economic system as a final goal in itself. An economic system exists solely to serve the needs of the people. A sound economic system will help us to maintain peace. It will help us in our dealings with other peoples of the world. It will make possible greater understanding and appreciation of the myriad talents and interests of our own people. It is an indispensable tool for progress. But it can never take the place of spirit of liberty, of patriotism, of human sympathy and understanding, which is the essence of worthwhile living here and now.

## U.S. HUSH-HUSH GIVES REDS TIME TO SET UP BASE IN CUBA

**Mr. THURMOND.** Mr. President, the Milwaukee Reporter, a weekly newspaper which will soon be converted into a daily newspaper, is attracting much attention as a new newspaper. Particularly interesting have been the special reports by Mrs. Edward Hunter, the author of a number of books on Communist brainwashing techniques. I ask unanimous consent to have printed in the RECORD an article by Mr. Hunter printed on the front page of the Milwaukee Reporter entitled "U.S. Hush-Hush Gives Reds Time To Set Up Base in Cuba" on September 7, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### U.S. HUSH-HUSH GIVES REDS TIME TO SET UP BASE IN CUBA

(By Edward Hunter)

WASHINGTON.—The same hush-hush that provided Fidel Castro with the protection he needed to capture Cuba for the Reds is now giving Moscow the time to make a base for space war out of Cuba. In both instances, this protection was provided by the State Department.

Whatever the motivation, Red success in this maneuver can make American defense in decisive space war practically impossible.

The recent Communist success in placing two manned satellites close to each other in the heavens was a military measure, closely linked to the mission given the Red technicians sent to Cuba by the Soviet bloc.

Destruction of a rocket in orbital flight does not require contact between it and another rocket. The destroyer does not have to come any closer than the second spaceship sent up by the Communist Russians came to their first one, if Soviet claims are anywhere near accurate on this point. Even if not, they came near enough in the present stage of military preparation.

Both of those rockets were sent up by the Kremlin, which maintained them under its constant control. The problem the Reds face in confronting the American defense program is that the Kremlin would not know the exact details of orbit by our sky vehicle.

That is, if the Reds do not have espionage agents to handle this part of the maneuver for them. We certainly know they make every effort under such circumstances to plant such agents. Our hush-hush on inquiry into communism in the United States, and official discouragement of anti-Communist activity, can only help them repeat their previous successes as in the theft of our A-bomb specifications.

A satellite tracking station in Cuba would give the Moscow-Peiping axis exactly what it needs to counter American retaliation for an attack. Precise data is required on the initial flight path of a satellite.

The Cuban tracking station could obtain this for the Reds, letting Moscow know at once. Exactly as the second spaceship it sent up came close to the first one, a rocket could be dispatched, with or without being manned, to go close enough to one of ours to destroy it, or at least to push it off its track. This would be equivalent to shoving a pistol off target.

Rocket ships are so delicate that only a slight reverberation is required in space to send it onto a different path, off target.

Moscow's whole military strategy for aggression is built around the knowledge it obtains from us, of our developments and actions, and our announced policy of never striking the initial blow, but sitting back and waiting to be hit first, with all the enemy can throw at us.

### FIRST BLOW IN GAMES

Perhaps in harmless children's games, one permits a first blow to be landed, but not in any fight for keeps, that is, if one seeks survival and victory, and isn't distracted by a fantastic no-win policy. The probable enemy has to be let known without any doubt that he would never be given an opportunity to land an initial blow, certainly not with possibly decisive weapons, but that the moment he tried, he'd be reeling, himself, from attack. This isn't belligerency.

Such a sane approach would require much more realism in our intelligence services. Isn't this what they were set up for? What else can be anywhere nearly as important as data on such matters?

But exactly as we let the Communists know a dozen years ago, that we were depriving South Korea of sufficient weapons to defend itself, thereby inevitably bringing on the Korean war, the Reds have been invited to design their war strategy on the basis of our declaration that we will take the first blow.

All the Communist war machine has to plan, therefore, is to make any American retaliatory blow ineffective. Hence the significance of Cuba in the Red military planning by Khrushchev and his coexistence coconspirators.

If the Kremlin can find out at once about any retaliatory blow that we might attempt, it would have the advantage it needed for victory. A satellite tracking station in Cuba would go far to provide just this strategic military information.

The flow of Communist military technicians into Cuba is directly connected with this program of the Peiping-Moscow axis. While Cuba's Red bosses have frankly declared they intend to help in every possible way to bring about the destruction of the United States, we officially go on the premise that it is a friendly country, and that our relations to it are bound by neutrality provisions.

This is "asking for it" in colloquial language. Will we never learn, until it is too late?

### TECHNICIANS MILITARY MEN

President Kennedy used doubletalk in his press conference when he was asked about the reports that Communist troops from East Europe had been brought into Cuba. He said, No, there was no evidence that they were troops. Yet he knew, and so do many in Washington, that this reply was misinformative, because the technicians are mostly military men. The modern military officer is primarily a technician. They had been sent into Cuba for military preparations, not to build sugar mills.

Consistently, for several administrations, the American public has been deceived in this semantic manner as to the true world situation. Censorship is now being used against the American people, not as it traditionally was in the past, to keep the enemy from knowing security matters. This was proven by the testimony in the recent Senate hearings on the gagging of Pentagon officers. A subtle change has been imposed, without permission of Congress, or the knowledge of the American people.

This has gone hand in hand with the development of an anti-anti-Communist policy in so-called prestige newspapers, that collaborate in such distortion and suppression of the news. This is the primary danger in a one-ownership press in any important community in our land, irrespective of the political leanings of the proprietorship. This is why we had a traditional check-and-balance, competitive system, now being destroyed simultaneously with the rise of a new political approach, falsely called liberal, that favors centralization of power in a so-called elite in the Nation's Capital.

The American public, understandably worried by such developments as the absorption of Cuba into the Red military network, is being lulled and deceived by the doubletalk by those who have become inflated with power under a government-by-the-elite ideology.

Only Congress, safeguarded by the Constitution, stands against such kidnaping of Government processes. Congress can only fulfill its responsibilities if backed by a determined electorate that will insist on it upholding its constitutional rights. A competitive press is essential for a public to be properly informed to be able to be vigilant and exercise its sovereign powers.

The people are sovereign in the United States, certainly not the appointees in high places in Washington, who act as if they were rulers.

The Monroe Doctrine provides the United States with every right it requires—except the will—to safeguard its existence against the incursion of any foreign ideology into the New World. The threat against us that Maximilian posed in Mexico in 1864 was nothing compared to the peril in which we have been placed by the incursion of international communism into Cuba.

### MONROE DOCTRINE IGNORED

The Monroe Doctrine was tossed into the scrap heap of history by Washington bigwigs not too long ago. They were so world minded they forgot about America's safety. At President Kennedy's press conference of August 29, when he was asked several times about Cuba, and finally specifically about the Monroe Doctrine, his answer was weak kneed and misleading, one of those interpretations that replace aboveboard speech in the Nation's Capital nowadays.

The traditional American position regarding the Monroe Doctrine, until the State Department's so-called lower echelons perverted it, has been as definite as anything has ever been in our national life. We did not allow foreign ideology to move into the Americas, supported by foreign power, because this con-constituted a danger to American survival. This was the Monroe Doctrine.

President Kennedy answered, Yes, the Monroe Doctrine still meant what it always did—nobody denies this—and then, as an example, said that we were working in the Organization of American States "to isolate the Communist menace in Cuba." This is not how the Monroe Doctrine is supposed to operate. It is not an alliance, it is U.S. policy.

### EXTENDING RESPONSIBILITY

This is extending the responsibility, which has always been our own, to others. We wonder, with such displays of weakness, why these others then refuse to accept the responsibility we no longer accept.

Data in the offices of a number of Congressmen and Senators in Washington has provided firsthand information on the abrogation in Cuba of the Monroe Doctrine, and the establishment of a foreign-armed, foreign-run military force in that island neighbor. The same suppressions are now imposed on the Cuban people as are inflicted against the East Germans, where they are made visible for all the world by the wall of shame. The shame is ours in letting it rise, for on the side of the Reds, the wall constitutes a defiance, demonstrating power and the will to employ it, with utter disregard of human rights.

If anything will bring war and destruction to the American people, it will be a continuation of hush-hush and distortion in information allowed to reach them on such fundamental matters as the creation of a Red military base out of Cuba.

The American people can be trusted to maintain a rational balance in what they expect of our leaders, and to be willing to accept whatever sacrifice the occasion requires, if provided the truth, without it being clouded over, or distorted, or made into a lie by semantics and doubletalk. This way of trust and frankness in our people, and this way only, can the American public provide their Government with the support and the strength that alone can save us from war and destruction.

Before this can come about, the government-of-the-elite mentality must be erased from our political minds in Washington.

## THE CARACAS RESOLUTION OF 1954 AND THE MONROE DOCTRINE

**Mr. SALTONSTALL.** Mr. President, earlier today the well-read and well-informed columnist, Arthur Krock, published an article which I think is extremely pertinent to the discussion about the Monroe Doctrine and the Caracas resolution of 1954. Mr. Krock points out clearly and conclusively that it is still the right of the United States to enforce the Monroe Doctrine, unilaterally if necessary.

**I ask unanimous consent to have the article printed in the Record at this point.**

**There being no objection, the article was ordered to be printed in the Record, as follows:**

### Caracas Resolution of 1954 and the Monroe Doctrine

(By Arthur Krock)

Washington, September 12.—For some time now, beginning with the indispensable U.S. support of the U.N. military offensive against Katanga as required to preserve international peace, a certain phrase has been reiterated by officials of the Kennedy administration with an air of confidence that the words justify every foreign policy which has been under strong critical fire. In addition to the U.S.-U.N. Congo policy of waging peace with the implements of war, these critical targets include two others in particular. They are the failure of the administration to lay before the U.N. Assembly India's violation of the charter by seizure of Goa; and the administration's role in Indonesia's blackmailing operation in Netherlands West New Guinea.

The phrase in constant public use by officials here against critics of these policies is, "Do you want a full-scale nuclear world war?"—the import being that this single alternative is not a matter of judgment but a fact established beyond any shred of doubt. But the Cuban situation has spawned another, and very privately uttered, phrase aimed at those who contend that Soviet Russia has clearly challenged the Monroe Doctrine there. The expression is, "The Monroe Doctrine is dead." To make this statement in public would raise a tornado of public protest, would echo a similar appraisal by Premier Khrushchev and controvert President Kennedy's recent reaffirmation of the doctrine. So it is not surprising that the few who say that, and support it with the following arguments, specify they are talking strictly off the record:

1. When the 10th Inter-American Conference of 21 nations met in March 1954 at Caracas, it adopted a resolution urged by Secretary of State Dulles. The principal declaration was that control of the political institutions of any American state by international communism, or any extension of that system to this hemisphere, would constitute a threat to the Pan-American continents, and would be met by immediate consultation and action under existing treaties.

#### DELEGATING POWER TO OAS

2. The actual and practical effect of this resolution—approved 17 to 1 (Guatemala alone voting "no," Mexico and Argentina abstaining—was to turn over enforcement of the Monroe Doctrine to the Organization of American States as a multilateral proposition. Thereby the United States delegated to the OAS its historic position that it could and would enforce the doctrine unilaterally as before, when in its judgment the extension of a foreign power system to this hemisphere became a matter of fact.

3. Hence, unless and until such an extension was evaluated by the United States as a solid threat to its security, this Nation would abdicate enforcement of the doctrine, and the details of enforcement, to the judgment of the OAS.

4. Consequently, the historic Monroe Doctrine died at Caracas in 1954, and the only basis for forceful U.S. measures toward Cuba is an evaluation by the President that the threat posed there endangers national security.

A supplemental argument advanced for this thesis is that unilateral invocation of the doctrine by the United States would be repudiated by world opinion because of the ring of our military bases and Armed Forces around the U.S.S.R.

In the very private sessions in which these views have been asserted, they have thus been rebutted:

1. The right of the United States to enforce the Monroe Doctrine unilaterally, if necessary, was not abandoned at Caracas either by implication or by anything said or encouraged as an inference by our representatives there. Secretary Dulles' comment was merely that the resolution adopted "relates to the extension to this hemisphere of the political system of despotic European powers" and made "as international policy" of the Americas "a portion of the Monroe Doctrine which has largely been forgotten." This gives no foundation to the analysis that, when the OAS declines to implement this policy, the United States has committed itself to do the same.

2. Unlike the infiltration and subversion of Soviet Russia in Cuba, the purpose of this Nation's bases and troops around the periphery of Russia is to prevent the spread of these activities of international communism, not to expand the American governing system.

Any high officials or Members of Congress who may dispute this rebuttal are not likely to do so publicly.

---

## HEALTH CARE TASK FORCE

Mr. JAVITS. Mr. President, the problem of health care for the aging will continue to come before the Congress until a practical solution is provided. With the percentage of the aging in our population continuing to grow and costs for medical care continuing to rise while their retirement and other incomes remain relatively static, it is obvious that assistance must be forthcoming if these millions of Americans are to get the health care they need.

Many questions were raised in the Senate debate on the Anderson-Javits bill last July, and I have therefore invited a health care task force composed, of some of the best minds in our country on this problem to go into the question of the best way to provide health care for our senior citizens. This task force will, it is expected, bring in a report and recommendations seasonably so that we may have the benefit of their thinking early in the next Congress.

I ask unanimous consent to print in the Record the text of my announcement made in New York, September 12; the statement by former Secretary of Health, Education, and Welfare, Arthur S. Flemming; and the news stories which appeared in the New York Times and the New York Herald Tribune, September 13.

There being no objection, the announcement, statement, and articles were ordered to be printed in the Record, as follows:

### Senator Javits Announces Formation of Medicare Task Force

Senator Jacob K. Javits today announced the formation of a task force on health care for the aging to conduct a full-scale study of the Anderson-Javits health care bill in preparation for the 1963 drive for enactment.

The task force is comprised of a group of outstanding health care experts, including two former Secretaries of Health, Education, and Welfare, Marion B. Folsom and Dr. Arthur Flemming.

Senator Javits said the task force will analyze the major objections raised by opponents of the Anderson-Javits bill this year when it was defeated in the Senate by only four votes. He said the task force will seek to determine if the plan is practical and workable, and will recommend any changes it may deem necessary to improve it.

"This task force is nonpolitical and representative of all interested and qualified groups," Senator Javits said. "These distinguished leaders have taken on an important job, and I believe their findings will be of enormous benefit to the next Congress. Their investigation will get underway now so that their report can be made known to the public and Congress early in 1963, before Congress is asked again to act on a health care for the aging bill."

Research staffs will be made available for the study by the University of Oregon development fund and New York University Law School. The study will be financed by individual benefactors.

Mr. Folsom is now director of Eastman Kodak Co.; Dr. Flemming is president of University of Oregon. Other members of the task force are: Dr. Dickinson W. Richards, emeritus professor of medicine, College of Physicians and Surgeons, Columbia University; Winslow Carlton, New York health consultant; Thomas Tierney, executive vice president, Colorado Hospital Service (Blue Cross), Denver, Colo.; Dr. Vernon W. Lippard, dean of Yale Medical School; Dr. Arthur Larson, Duke University, former Director of USIA; Russell A. Nelson, director, Johns Hopkins Hospital; John C. Leslie, vice president, Pan American Airways, and chairman, Committee on Aging, Community Service Society of New York; Dr. James Dixon, president, Antioch College, Ohio; Dr. Russell Lee, Palo Alto Clinic, California; and Hubert Yount, vice president, Liberty Mutual Insurance Co., Boston, Mass.

Senator Javits said the task force will investigate and report on such matters as:

1. Financing the program: Is the social security system the best way?

2. The private sector option: How practical is it? Are its terms workable? Are provisions for eligibility of vendors of health care, and of insurance carriers, sound?

3. Benefits: Are services provided by the bill deliverable?

4. Cost estimates: How valid?

Senator Javits said the task force will also study the growth capabilities of the present Kerr-Mills Act as related to health care requirements of the aging.

---

### Statement by Dr. Arthur Flemming

I am delighted to respond to the request of Senator Javits to participate in the work of the health care task force which he has taken the initiative in bringing together. As a result of my experiences as Secretary of Health, Education, and Welfare I am convinced there is a genuine need for the development of a positive program to assist the aged in protecting themselves in advance against the economic hazards of illness.

I feel that the establishment of this task force by Senator Javits reflects his continuing determination to provide the leadership in this area that will substitute action for talk. I look forward to working with the distinguished group of experts that have responded affirmatively to his invitation. I sincerely hope that we may be able to come up with findings and recommendations which will be of real help to the next Congress when it once again faces this very important issue.

---

[From the New York Times, Sept. 13, 1962]

### Aged-Care Study Set Up by Javits—12 Experts on Health To Make Independent Survey

Senator Jacob K. Javits announced yesterday that 12 prominent health authorities would make an independent study of the best way to provide medical care for the aged.

He said the study would start with an analysis of objections that killed the Anderson-Javits bill in the Senate, 52 to 48, in July.

Senator JAVITS, who is standing for reelection this year, stressed that the study, to be privately financed through contributions, would be nonpolitical and that members of the task force would have no strings on them in their work.

The New York Republican said, however, that he hopes the study, after assessing the practicability of the Anderson-Javits approach, might be able to recommend changes that would improve it and make it more understandable and acceptable to the public.

### SPONSORS NOT BOUND

He said he had advised Senator CLINTON P. ANDERSON, Democrat, of New Mexico, that he was taking the lead in setting up the health care task force, but he stressed that none of the sponsors would necessarily be bound by its recommendations.

Two former Secretaries of Health, Education, and Welfare are on the task force. They are Marion B. Folsom, now a director of the Eastman Kodak Co., and Arthur S. Flemming, president of the University of Oregon. Both served in the Eisenhower administration.

Other members, all of whom serve without pay, are:

Dr. Dickinson W. Richards, professor of medicine emeritus at Columbia's College of Physicians and Surgeons; Winslow Carlton, New York health consultant; Thomas Tierney, executive vice president of the Colorado Hospital Service (Blue Cross); Dr. Vernon W. Lippard, dean of the Yale Medical School.

Also, Dr. Arthur Larson of Duke University, former consultant to President Eisenhower; Russell A. Nelson, director of the Johns Hopkins Hospital; John C. Leslie, vice president of Pan American Airways and chairman of the Committee on Aging of the Community Service Society in New York.

Also, Dr. James Dixon, president of Antioch College; Dr. Russell Lee of the Palo Alto Clinic in California, and Hubert Yount, vice president of the Liberty Mutual Insurance Co. of Boston.

While disclaiming politics, Senator JAVITS stands to benefit from his role in setting up the health care task force. The move serves to again identify him at the outset of his campaign with an issue upon which the Democrats hope to win votes nationally in the congressional election.

Amendments to the administration's medical care bill, proposed by Mr. JAVITS and a small band of other Republicans, helped make the losing Senate vote closer, but 31 of the 52 negative votes were Republican.

Mr. JAVITS announced plans for the study at a news conference at the Hotel Pierre.

---

[From the New York Herald Tribune, Sept. 13, 1961]

### MEDICARE: WHAT'S BEST?

(By John Molleson)

Senator JACOB K. JAVITS announced yesterday the formation of a 12-member committee of prominent citizens to make recommendations on health care for the aged.

The Senator said he was convinced the public had not been fully informed on the issue of medical care for the aging, and that this could have contributed to the defeat a few weeks ago of the Anderson-Javits medicare bill. The bill lost in the Senate by only four votes.

Mr. JAVITS described the committee as nonpolitical and representative of all interested and qualified groups. He said it would report to the public and Congress early next year on whether the Anderson-Javits proposals were sound, or if some other approach should be tried.

Included among the 12 are 2 former Secretaries of Health, Education, and Welfare—Marion B. Folsom, now director of the Eastman Kodak Co., and Dr. Arthur Flemming, president of the University of Oregon.

The Senator said the group will report on such matters as:

Is the social security system the best way to finance the program?

How practical is the private sector option, for private insurance companies and nonprofit health organizations to be included in the Government plan?

Are the services provided by the bill "deliverable"?

Are its cost estimates valid?

The study will be privately financed and is expected to cost less than $100,000, Mr. JAVITS said. Research staffs will be made available by the University of Oregon Development Fund and the New York University Law School. The members of the force will serve without compensation.

In addition to the former Secretaries, the committee includes:

Dr. Dickinson W. Richards, emeritus professor of medicine, College of Physicians and Surgeons, Columbia University.

Winslow Cablon, New York health consultant.

Thomas Tierney, executive vice president of the Colorado Blue Cross.

Dr. Vernon W. Lippard, dean of the Yale Medical School.

Dr. Arthur Larson, of Duke University, former Director of the USIA.

Russell A. Nelson, director of Johns Hopkins Hospital.

John C. Leslie, vice president of Pan American Airways and chairman of the Committee on Aging of the Community Service Society of New York.

Dr. James Dixon, president of Antioch College, Ohio.

Dr. Russell Lee, Palo Alto Clinic, Calif.

Hubert Yount, vice president of the Liberty Mutual Insurance Co., Boston.

---

## ARMS OF FRIENDSHIP

**Mr. JAVITS.** Mr. President, I ask unanimous consent to have printed in the RECORD a statement which I have prepared dealing with the work of Arms of Friendship, Inc., a unique and imaginative effort to foster better understanding between the veterans of the world's two greatest armed powers, the United States and the Soviet Union, whose president is Maj. Gen. Bryan Lee Milburn, U.S. Army, retired, and whose chairman of the board is Gen. Charles L. Bolte, U.S. Army, retired.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR JAVITS: "ARMS OF FRIENDSHIP, INC.—A POSITIVE PROGRAM FOR PEACE"

Last year I had the privilege of being asked by the Joint Economic Committee to undertake a factfinding trip through the Soviet Union, in order to explore the political and economic problems relating to East-West trade. In the course of my stay in the Soviet Union, I had the opportunity to observe a profound desire for peace and friendship with the United States among the civilian population of that country—an amazingly persistent desire which is surviving the massive campaign of hate propaganda spewed out by the Kremlin.

In this light, I looked into means for promoting more widespread, people-to-people exchanges between the citizens of the Soviet Union and the United States, including the possible exchange of members of the legislatures of the two nations. In this way the frail plant of good will can be nurtured and kept alive in the tense climate of the cold war. One of the means which came to my attention is an organization called Arms of Friendship, Inc.

Arms of Friendship was founded 4 years ago after careful research into the whole area of Soviet-American relations. Some of the soundest and ablest businessmen in the country, among them Henry Ford II, Gen. David Sarnoff, William L. Clayton, Colby M. Chester, and George D. Widener, gave their personal and financial support to the study project at Temple University, then headed by Dr. Robert L. Johnson, on which its programs are based. The board of directors and sponsors, whose chairman is Gen. Charles L. Bolte, former Vice Chief of Staff of the U.S. Army, includes past national commanders of five of the leading veterans' organizations and a number of prominent citizens from my State, such as Adm. John J. Bergen, Mr. James A. Farley, and Mr. Winston Guest. These military, civic, and veterans' leaders established Arms of Friendship in Philadelphia as a private, nonpolitical, nonprofit organization, devoted to creating better understanding between individual Americans and Russians, particularly those who have had military experience, and their families, through letter writing, exchange hospitality visits, and increased personal contact.

This is a unique sort of people-to-people approach, aimed at dispelling misunderstandings which arise from illusions and misinformation. It is working to establish, within the Soviet Union, the realization that the aspirations of peace-loving, patriotic Americans and Russians are not incompatible; that a better knowledge of each others' ideas and way of life, through closer ties, may reduce tensions and encourage a just peace.

A distinctive feature of Arms of Friendship is the emphasis on military experience. Ex-servicemen and their families in both countries represent all interests and occupations and their previous common experiences and knowledge of war make possible now a mutual understanding of the imperatives of peace. This aspect of Arms of Friendship appeals to me particularly, since I feel that American veterans are qualified to play a most important role in making meaningful contacts with people behind the Iron Curtain.

Arms of Friendship increases personal contacts through a number of programs: encouraging Americans to tour the U.S.S.R., meet Russians and visit in their places of work and their homes; offering the hospitality of American homes to visiting Russian tourists on a personal basis; promoting personal correspondence between American and Russian veterans and their families; fostering publicity in the press and radio of the United States and of the Soviet Union to recognize the accomplishments of such person-to-person contacts and to encourage participation by individuals.

From a report submitted to me by the organization, I learned the following facts and figures about their first 4 years of activities, which have been undertaken on a pilot type of basis, with a very modest annual budget contributed by a few far-seeing private individuals, foundations, and corporations:

Under their program for U.S. tourists Arms of Friendship printed 20,000 copies of a leaflet and distributed them, through American travel agencies, to the 35,000 to 40,000 Americans who have made trips to the Soviet Union since 1958. Arms of Friendship contacted by letter or in person about 5,000 of these American visitors to the U.S.S.R. To each of them it furnished this leaflet which emphasizes the important role each of these tourists could play in improving relations between the two countries. The leaflet also includes specific suggestions on how to meet Russians and how to prepare oneself for the trip. Hundreds of these American tourists were given more detailed information, including specific addresses to write to and follow up in person.

Arms of Friendship has sponsored two group tours of prominent American war veterans, including national commanders of the American Legion, AMVETS, Catholic War Veterans, Disabled American Veterans, and Jewish War Veterans. They were able to visit areas where American tourists have not been allowed during recent years and, through their own interpreters, reportedly had very frank conversations with Soviet veterans from all walks of life. Last year the first group of Soviet veterans came to the United States under this program, staying in homes and sharing in the lives of their American hosts.

Arms of Friendship has a home hospitality program for Soviet visitors to the United States. This was started on an experimental basis in late 1960, shortly after Soviet tourists began coming to the United States. Since that time Arms of Friendship's hosts in about a dozen cities have made hospitality arrangements for over 20 groups, totaling about 500 Soviet visitors. Well over 1,500 Americans, including hosts and interpreters, have been included in these hospitality arrangements, which vary anywhere from a few hours of shopping in an afternoon to an entire day or, on several occasions, a couple of nights and days. These personal contacts on an individual or small group basis have given the Soviet visitors opportunities to satisfy their curiosity about America and get a true picture of our life and thinking.

Great credit is due to these volunteer American hosts who opened their homes, sometimes on very short notice, and proved that we Americans do want peace and are willing to do everything within our power to bring it about. The Soviet visitors, who are generally very influential persons in the Soviet Union, seemed particularly impressed by this program, which indicates to them that Americans are truly interested in improving relationships with the Russian people as individuals. Some of them have noted that it is only in the United States, of all countries in the West, that such a home hospitality program exists.

A letterwriting program, to facilitate exchanges between American and Soviet veterans and their families was started in 1959. Americans who desired were referred to Arms of Friendship, at 4150 Henry Avenue, Philadelphia 44, Pa., telling them about themselves, their military experience, professions, current interests, and background. Arms of Friendship then sends them the address of a Russian who may have something in common. They also send suggestions on writing letters to the U.S.S.R. and offer the services of their translators, so that language is not a barrier. There are currently well over a thousand Americans and Russians who are directly involved in this letterwriting program. A recent article on this program in the Saturday Review brought Arms of Friendship a lively response from hundreds of Americans who want to take part in the letterwriting and other programs.

A most interesting aspect of Arms of Friendship is the amount of favorable publicity it has had within the Soviet Union. Messages sent by Arms of Friendship to Soviet veterans on V-E Day and Veterans' Day have been widely publicized by Pravda and other local and national Soviet newspapers. Soviet tourists returning to the U.S.S.R. have written accounts of their travels and the opportunities given them by Arms of Friendship to visit with Americans on a personal basis.

Arms of Friendship has been carrying out these programs over the past several years on an experimental basis. The programs have apparently established a record of practicability and usefulness. For example: Arms of Friendship is seeking to be able to send several groups of veterans to the U.S.S.R. every year. These would include ex-servicemen from all walks of life who may be chosen on the basis of competitive essays and interviews. In addition, Arms of Friendship would like to increase its program for getting in touch with other Americans visiting the Soviet Union, in order that they may make an effort to meet Russians in their fields.

This organization is planning to increase the letterwriting program, although this may run into some expense, as it is rather costly to obtain the names of Soviet veterans and to process the American requests, including translations. The hospitality program can be increased but this, of course, will depend on the number of Soviet visitors coming to the United States. The organization says it is possible that "ham" radio operators could be encouraged to make more contacts with Soviet counterparts and that students of the Russian language could be brought in and encouraged in the practical use of the Russian language they are learning.

All of these programs are to be broadened as more and more Americans learn of Arms of Friendship's useful activities. While concentrating on ex-servicemen and their families, Arms of Friendship also gives suggestions to nonveterans on ways in which they might exert their efforts and initiative toward increasing human understanding and reducing the chances of war between the United States of America and the U.S.S.R.

Arms of Friendship seems to be a carefully programed organization which is working in a practical manner in a most important field. Americans taking part in these activities are supplementing on a personal level what we in the Government are striving to do—bring meaning to our aims and operations in the interests of peace to the world for ourselves and our children.

## SCHOLARLY INTERCHANGE IN THE PACIFIC

Mr. LONG of Hawaii. Mr. President, the Transpacific Conference on Scholarly Publishing was held in Honolulu June 25–29 this year under the joint sponsorship of the Center for Cultural and Technical Interchange Between East and West and the University of Hawaii Press. It was attended by 30 representatives of 10 countries in the Pacific Basin—Australia, Canada, India, Indonesia, Japan, Korea, Malaya, Mexico, Pakistan, and the United States.

The purpose of the conference was to strengthen scholarly publishing and interchange in the area. Dr. Alexander Spoehr, chancellor of the East-West Center, has reported that the effort is "a promising avenue to international understanding and world peace." These, of course, are the objectives which Congress has had in mind when it authorized and financed Federal support of the East-West Center. Dr. Spoehr reports that "the conference was an important step toward the two-way exchange of the results of scholarship, a field of human activity that knows no national frontiers."

Because of the importance of continuing such efforts on behalf of international understanding, I ask unanimous consent that several resolutions passed by the Transpacific Conference on Scholarly Publishing be printed at this point in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

### GENERAL RESOLUTIONS

Realizing the great importance of more effective communication among the scholars of the transpacific area, the participants in the first Transpacific Conference on Scholarly Publishing resolve—

That this conference be continued as the nucleus of a permanent group to provide for the systematic interchange of information pertinent to the transpacific area.

That consideration be given to the expansion of this conference to include nations and groups of publishers within the area which are not now represented but which are vitally concerned with the interchange of knowledge among scholars.

That the University of Hawaii through its press and the East-West Center be asked to continue the coordination of these efforts until such time as a permanent organization can be established.

That the conference endorse the proposed informational mission to Asia by the Association of American University Presses which has already been made the subject of an application to a foundation, and that it commend to the mission the study of the various avenues of approach to the problems of scholarly publishing, by whatever agencies accomplished, which have been discussed by this conference—always within the context of the situation which obtains in each nation.

That the conference urge all participants to keep in constant touch with the coordinating agency and with each other concerning the problems which we have discussed and to communicate to the AAUP investigating team through the central office any suggestions which they care to make concerning the course which they feel the investigation should take in their countries.

That the conference commend to the publishers of the transpacific regions the desirability of keeping in close contact with each other and suggest to them that, whenever desirable, they consider the organization of cohesive subregional structures to facilitate the achievement of the aims set forth by this conference.

### RESOLUTION ON THE FLORENCE AGREEMENT

Whereas there should be no barriers to the flow of scholarly materials among nations; and

Whereas the UNESCO Agreement on the Importation of Educational, Scientific, and Cultural Materials (which is better known as the Florence Agreement) seeks to remove such barriers.

The participants in the first Transpacific Conference on Scholarly Publishing ask that all nations that are not yet signatories should become so; and, most especially, the participants from the United States urge that its Congress take early action on implementing legislation that will give practical effect to the Senate ratification which occurred 2 years ago.

### RESOLUTION ON BIBLIOGRAPHY FOR THE TRANSPACIFIC AREA

It is the sense of this conference that it is important to make a beginning by tackling a problem that contains within it those aspects that are likely to obtain in connection with any specific endeavor of a transpacific cooperating group.

The problem recommended for attack is one of preparing and publishing—by employing, insofar as possible, the good offices of the University of Hawaii and the East-West Center—a selective bibliography of scholarly work (including translations) published throughout the transpacific area.

It is clear that this simple statement has within it elements of immense complexity that at the same time provide a point of concentration for working out the three parts of any problem we are likely to face: (1) The precise definition of the bibliography; (2) the coordinating techniques and active participation necessary to carry it out successfully; and (3) the dimensions of the necessary financial commitment.

### Resolution Adopted at Honolulu, June 29, 1962

Realizing that the participants in the Transpacific Conference on Scholarly Publishing have had an opportunity to observe at firsthand the form and content of the program of scholarly publication at present in force at the University of Hawaii; that they have learned at the same time of the plans for research and publication now drawn up for the Center for Cultural and Technical Interchange Between East and West; and that they have also come to a fuller appreciation of the existing publication needs and programs of the Bernice P. Bishop Museum and the Honolulu Academy of Arts; and

Believing that it is clear that the powerful forces of research and learning must make their way through the world principally by means of scholarly publication; that by their strategic location at the crossroads of learning and international understanding, the University of Hawaii and its associates in scholarly endeavor are on the threshold of a remarkable opportunity; and that it becomes the responsibility of the citizens of this new State to provide its growing university with the means to realize this opportunity: Now, therefore, be it

*Resolved*, That the participants in the Transpacific Conference on Scholarly Publishing do respectfully urge the University of Hawaii to review its instrument of publication and to take what steps may be necessary to reconstitute a university press equipped to accept—by a greatly enlarged dimension of imagination, dedication, and financial resources—the major role in scholarly publishing which so plainly lies before it.

---

## THE NARCOTICS DILEMMA: CRIME OR DISEASE?

Mr. HRUSKA. Mr. President, last week the Senator from Connecticut [Mr. Dodd], chairman of the Senate Subcommittee To Investigate Juvenile Delinquency, delivered on the floor of the Senate a fascinating and revealing report on a new method for treating narcotic addicts. It is found in Synanon, a new social experiment operating on a small scale in Santa Monica, Calif. It is a program operated on a voluntary basis to rehabilitate on a group therapy basis some of the victims of drug addiction.

The powers of observation, summary, and perception of the Senator from Connecticut [Mr. Dodd] functioned well to give a graphic, effective account of what is happening in Synanon. He has rendered another important service by reason of his activities in that investigation in the narcotics field.

Similarly, the White House Conference on Narcotics later this month will undoubtedly generate many constructive suggestions to promote much needed progress in the field. I commend the Attorney General and his staff for their leadership in organizing this important conference.

It is heartening to know that there is much concern and activity in the field of this vast and devastating menace in our national life. Efforts are made from time to time to grapple with it. It still defies solution although progress is being made. Sometimes these efforts are not as successful as they were planned to be. An example is the Narcotics Control Act of 1957, which among other things, requires imposition of mandatory sentences for violation thereof. The act was well intentioned and sincerely directed, but the realization is increasing everyday that while it has done some good, it has also created many new problems of serious proportions.

A greater public awareness and understanding of this entire problem is certainly needed to combat it effectively. The thoughtful article by Mr. John Kobler in the September 8 issue of the Saturday Evening Post entitled "The Narcotics Dilemma: Crime or Disease?" is a very effective one toward this goal of awareness and understanding. Among other things it comments on the efforts to modify the 1957 act referred to. It does so, however, after laying a splendid factual foundation to show the reason and the necessity for amendment of that act.

It was with gratification that I read Mr. Kobler's article. Mr. President, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### The Narcotics Dilemma: Crime or Disease?

(By John Kobler)

Among the 203 Federal prisoners serving life sentences, Gilbert Mora (Givie) Zaragoza, a 27-year-old inmate of the U.S. penitentiary on McNeil Island, Wash., has a dreadful distinction. All the other lifers—who include killers, kidnapers, and rapists—stand a chance, with good behavior, of parole. But no matter how Zaragoza behaves, he can never qualify. Barring Presidential clemency, he will die in prison.

The crime Zaragoza committed, in 1957, fell under section 107 of the Narcotics Control Act, which Congress passed the year before. The toughest section of one of the toughest Federal statutes ever enacted, it imposes imprisonment for not less than 10 years up to life on anybody over 18 who sells heroin to anybody under 18, and it forever precludes parole or probation. Zaragoza is the first and so far the only violator to incur the maximum prison term. But he might have fared still worse; section 107 also empowers the jury to decree death.

Under another section of the enactment, mere possession of a narcotic without prescription entails 2 to 10 years in prison for the first offense, 5 to 20 for the second, 10 to 40 for the third. A single illegal transaction in narcotics, moreover, may involve several different felonies, each carrying a stiff penalty, such as using any form of communication to obtain the contraband, or possessing it with the knowledge it was unlawfully imported. Some judges fix the maximum penalties on all counts and sentence the culprit to serve them consecutively. Thus, for selling heroin, her first crime of any description, a hatcheck girl is now serving 40 years; for selling marihuana, a diskjockey, who also had no previous criminal record, is currently serving 50 years.

#### UNIFORM NARCOTICS DRUG ACT

Forty-six States have adopted the Uniform Narcotic Drug Act, which incorporates most of the Federal provisions. The penalties and certain amendments vary, and in some States surpass the Federal limits. Connecticut makes life imprisonment mandatory for a third infringement of any provision. Massachusetts prescribes death for a sale to a person under 21. In California addiction by itself was a crime until last June, when the U.S. Supreme Court struck down that statute as "cruel and unusual punishment."

A civilized penal code reflects two primary aims: to protect society and to rehabilitate the criminal. Throughout the United States today increasing numbers of jurists, penologists, legislators, and doctors are protesting that the narcotics laws, the harshest in the world, accomplish neither aim. The net effect, these dissenters contend, has been to perpetuate the gigantic drug traffic, to abrogate human rights and to engender a climate of moral corruption which sometimes affects the law-enforcement agents themselves.

"The Narcotics Control Act," says James V. Bennett, director of the Federal Bureau of Prisons, "has made a travesty of our concepts of justice. With interminable prison sentences and no possibility of parole, these offenders now compose the second largest group of prisoners, exceeded only by the car thieves. They have no incentive to improve themselves, and their very presence, bulking ever larger, is creating a formidable handicap for the prison staffs who are doing their best to rehabilitate them."

#### REPORT BY JOINT COMMITTEE

Last year a joint committee of the American Bar Association and the American Medical Association issued a report entitled "Drug Addiction: Crime or Disease?" Calling for a revision of policy, it pointed out that, despite 40 years of increasingly stringent measures, the United States has more addicts than all European countries combined. Yet by comparison European laws are mild.

No responsible critics minimize the evil of the drug traffic or propose leniency for the jackals who fatten on it. What they deplore is the failure of the laws to distinguish between kinds of offenders. Juveniles in the early stages of addiction, who may still be salvageable, face the same sentence as hardened adult junkies. The addict who peddles a few caps of heroin to pay for his own supply can expect no more mercy than the nonaddicted professional pusher. The law's critics agree that the latter, the cruelest predator the underworld ever spawned, merits life imprisonment, if not death; but the former, they insist, needs medical care. The addicts, however, wind up behind bars far oftener than the mass distributors who belong to well organized mobs.

The most influential figure to oppose reform is 70-year-old Harry Jacob Anslinger, who recently retired as Commissioner of the Federal Bureau of Narcotics, a post that he held since its inception. A passionate believer in punishment as a deterrent, Anslinger has consistently demanded tougher sentences. "I'd like to pull the switch myself on drug peddlers who sell their poison to minors," he once said, and he has variously characterized those who assail the status quo as gangland press agents, fuzzy thinkers, and leftwingers.

#### LEGAL SANCTIONS VERSUS THERAPY

"Crime or Disease?" The title epitomizes the basic issue. Is drug addiction to be solved chiefly by legal sanctions, as Anslinger maintains? Or is therapy the solution, as the American Bar Association-American Medical Association report concludes? The very Senate subcommittee whose investigations led to the 1956 act called addiction "a symptom of a mental or psychiatric disorder." Anslinger himself denies that he considers addiction as such a crime. "But," observes Rufus King, the Washington lawyer who headed the American Bar Association committee, "if addicts are sick people, it's barbaric to throw them into jail for possessing a narcotic. Obviously they have to possess the stuff to use it."

The controversy will reach a climax on September 27 at a White House Conference on Narcotics under the chairmanship of Attorney General Robert Kennedy. Because the case of Gilbert Zaragoza embodies so many aspects of the controversy, let us examine it more closely.

Zaragoza is an epileptic. He grew up in a Los Angeles slum, the third of eight children born to a Mexican meatcutter. He completed his first year of high school in his 16th year before his frequent seizures forced him to drop out. His IQ is a borderline 71.

After he left school Zaragoza fell in with a gang of neighborhood delinquents, was arrested on suspicion of car theft and placed on probation. He was soon arrested again for car theft. In view of his affliction the court committed him to the Camarillo State Hospital, which discharged him as improved 18 months later.

During the next 3 years Zaragoza's police record grew to include two arrests on suspicion of robbery (charges dismissed both times for lack of evidence), driving without a license (fined $48), loitering (1-year probation), drunkenness (a day in jail), suspicion of assault to commit murder, which was reduced to resisting arrest (fined $35). For cohabiting with a 15-year-old girl, who became pregnant, he was convicted of statutory rape, fined the sum of $150 and given 2 years' probation.

Zaragoza's epileptic fits made him a poor employment risk. He nevertheless managed to hold three manual jobs between the ages of 18 and 21. He had been working 8 months as a maintenance helper in an air-products plant at $65 a month when the rape charge caused him to be fired.

California has the second-highest incidence of drug addiction (7,592 cases reported to the Bureau of Narcotics last year) of any State after New York (26,813). Of the total addicts reported for the entire country, 46,798, the vast majority came from minority groups. Fifty-six percent were Negroes, 10.2 percent Puerto Ricans, 7.1 percent Mexicans. Roughly half belonged to the 21 to 30 age group; 3.8 percent were minors. More than 90 percent had switched from marihuana or other drugs to "horse" (heroin), because heroin, a derivative of morphine, delivers the biggest kick.

A number of the delinquents Givie Zaragoza consorted with were no strangers to heroin, and he soon got the habit. According to his family, his epilepsy drove him to it. Within a few months he was a "mainliner," injecting into his veins as much as 12 grains a day. His source was a neighborhood pusher, Martin Dominguez, alias "Sheppard." What Givie's habit cost him he never disclosed. Black-market prices of a narcotic vary according to its availability and how desperately the addict craves it. "Hogs" (addicts who require maximum dosages) may have to pay $25 to $50 a day. Often the only way to obtain such sums, or their equivalent in drugs, is to become a "mule"—that is, to work for a pusher.

### GIVIE'S FINAL MISTAKE

On the evening of February 12, 1957, Givie ran into a fellow hophead, Eddie Munguio, whom he had known since boyhood. Eddie was 17 and he had a probation record dating from his 12th year. He asked Givie where he could find Sheppard; he wanted some "horse." Givie explained he was working for Sheppard and promised to furnish it himself.

The following day Givie slipped Eddie two caps of heroin—or about 3 grains—charging him $5. On the 15th he sold him 2 more caps and on the 26th 10 caps for $27. All three transactions were filmed from observation posts by Federal agents working with the municipal police. They arrested Givie after the third sale. The bills Eddie paid him had been dusted with a fluorescent powder, and under fluorescent light traces of it showed on Givie's hands and trousers. It finally dawned on Givie that his old friend Eddie was, in the Narcotics Bureau euphemism, a "special employee"—meaning stool pigeon.

### RELIANCE ON STOOL PIGEONS

Like most police agencies, the Bureau leans heavily on stool pigeons, and it finds no dearth of them among the addicts themselves, who will do anything to avoid the torments of abstention. As long as the addict-informer remains useful he can expect payment in cash, immunity from prosecution for his own narcotic violations and leniency, if under indictment for other offenses. State narcotics cops often pay off in narcotics.

The exploitation of addicts as informers is one of the standard practices most strongly condemned by the Bureau critics. Wrote Richard C. Donnelly, professor of law at Yale in the Yale Law Journal: "The spectacle of Government secretly mated with the underworld and using underworld characters to gain its end is not an ennobling one." In a recent opinion Circuit Judge David L. Bazelon of the U.S. Court of Appeals for the District of Columbia declared: "The present informer practice amounts to condoning felonies on condition that the confessed or suspected felon brings about the conviction of others. Under such stimulation it is to be expected that the informer will not infrequently reach for shadowy leads or even seek to incriminate the innocent. * * * The law recognizes that the only way to protect the innocent is by imposing safeguards which protect the guilty as well."

Before he went to McNeil Island, Zaragosa got permission to marry the girl he had made pregnant. She later wrote to Mathes: "What he did he did out of desperation, for he couldn't keep a job on account of his attacks. Please modify his sentence."

The plea fell on deaf ears. So, for all practical purposes, did a request from the U.S. Pardon Attorney, Reed Cozart, for Mathes' comments and recommendations on Zaragoza's petition for clemency. "It would appear," wrote Cozart, "that the only reason a minor was used as an informer was to make it possible for Zaragoza to receive a life or a death sentence."

Mathes replied: "Apparently the severity of his sentence may have been some deterrent to others. I have no other comment or recommendation to offer."

The municipal police arrested Sheppard in connection with another narcotics offense and from a municipal court he drew a sentence of 5 years to life. Four years later he was paroled, then returned to jail for violating his parole.

It is conceivable that the heroin Zaragoza peddled was smuggled into the country through Mafia channels directed by Vito Genovese, one of the most powerful international vice lords since Al Capone. In 1959 a Federal jury convicted Genovese of narcotics conspiracy. His sentence: 15 years plus $20,000 fine. With time off for good behavior, he will be released in 8 years.

As a police force the Narcotics Bureau is acknowledged even by its bitterest critics to be struggling against enormous odds. Although its personnel totals only 424 and its annual budget less than $5 million, it manages at least to limit a traffic which, as Anslinger once told a Senate subcommittee, the Army, Navy, and Coast Guard combined could not eliminate. With rare exceptions its agents have been honest, dedicated men. Anslinger himself has been acclaimed throughout the world as the foremost expert in his field, and he has fought hard to persuade other nations to tighten their narcotics controls. What aroused the current hostility to the Bureau was not only its punitive attitude toward drug addicts but also, in the view of many authorities, a certain impatience with judicial safeguards which it feels hamper its efforts—an overeagerness to "make" cases.

### GUILE VERSUS ENTRAPMENT

The courts uphold the right of police to use guile against criminals. They draw a line, however, between legitimate guile and entrapment, which consists of tricking a person into committing an offense he might not have otherwise committed. Through its informer system the Narcotics Bureau has sometimes been led to cross that line. An extreme instance occurred not long ago in New York City.

For 14 months, beginning in March 1956, the Bureau had been paying William Pabon, an ex-convict and mainliner, $40 to $60 a case. He spent most of it on heroin.

### NARCOTICS

In July 1957, Pabon scraped up a barroom acquaintance with another Puerto Rican, Angel Silva. One evening he took Silva to his room, injected himself with heroin and offered his guest a shot. Silva, who had never touched the stuff, declined. During subsequent visits the informer persistently tempted Silva. He finally succumbed to the extent of sniffing a little heroin. Pabon soon taught him how to mainline it. At first he supplied the drug free. Then he began charging $5 a shot. In November he demanded a different kind of exchange. Silva must deliver half an ounce of heroin to a certain customer, who would pay $100. Crazed by his need, Silva obeyed. He repeated the errand 2 weeks later. The customer was narcotics agent Gabriel Dukas. Pabon's reward for corrupting and betraying Silva was $100.

Anslinger demurs, "My attitude," he proclaims, "has been to use any means available to cut narcotic violations to a minimum, and where criminal or addicts will cooperate with us to that end I will deal with them."

Givie Zaragoza could scarcely have picked a worse time to sell heroin to a 17-year-old informer. The Federal agency, which can step into any narcotics case, was eager to see an example made under the new section 107.

The presiding Federal judge was William C. Mathes, whom defense lawyers sometimes refer to as "Maximum Mathes." No evidence was produced that Zaragoza had ever sold drugs to anybody except Munguio. According to Zaragoza's probation report: "A combination of low intelligence and his epileptic condition are believed to be contributing factors to defendant's antisocial behavior."

Upon passing life sentence, Judge Mathes commented: "This jury gave you back your life. Now society should use your life to set an example for others."

### IMAGE OF THE "DOPE FIEND"

Waiving jury trial, Silva appeared before Federal Judge Edward Weinfeld. The judge acquitted him. "I find," he stated, "that the criminal conduct participated in by this defendant was the product of creative activity by Pabon, the Government informer."

"The nature and size of the narcotics problem does not explain the peculiar severity of the laws," objects Judge Henry W. Edgerton of the District of Columbia circuit. Alcoholism, he reasons, poses a far greater problem both numerically—there are some 5 million alcoholics in the country—and a menace to the community. Yet prohibition produced no comparably severe statute. What, then, does explain it? Largely, say the voices of reform, the horrendous image of the "dope fiend" which has been stamped upon the public mind by the law enforcers and the sensational press.

To people inculcated with that image it is an astonishing fact that around the turn of the century American morality attached less stigma to drug addicts than to women who smoked cigarettes. No legal sanctions hindered the sale of narcotics. Cheaply priced opiates crowded the shelves of pharmacies and general stores. The physician was free to treat addicts as his conscience dictated, by gradual withdrawal if they seemed curable; if not, by maintaining them on drugs indefinitely. In 1902 the American Pharmaceutical Association estimated the number of addicts at about 1 person out of every 380. Thoughtful citizens decried the vice as an appalling health problem. But they spoke of the addict pityingly as a "sufferer" who needed medical help. Nobody advocated criminal action.

Neither did Congress when it enacted the Harrison Act of 1914. A regulatory measure cast in the guise of a revenue statute, the act was designed primarily to correct loose dispensing practices. By taxing narcotics, by requiring importers, druggists, and doctors handling them to keep records and register with the Treasury and by requiring users to obtain prescriptions, Congress hoped to force supplies into controllable channels. Smugglers and pushers were the targets, not addicts. Congress had no wish to disrupt the bona fide addict-doctor relationship.

The act contained several ambiguous stipulations, however. For example, a physician could issue narcotic prescriptions only "in the course of his professional practice and for legitimate medical purposes." But what delimited professional practice? What constituted legitimacy? Many doctors continued to assume it as their duty to relieve an incurable addict's agony by giving him drugs. After World War I, in the same hysterical atmosphere that bred prohibition, the Treasury published a report—gathered from what statistical sources, it never revealed—which horrified the Nation. The addict population, it claimed, had grown to 1 million, mostly minors.

The Department merged its Narcotics Division (later a separate bureau under Anslinger) with its Prohibition Unit and the antiaddict crusade began. A series of Supreme Court interpretations of the Harrison Act provided powerful weapons. The Federal agents set stool pigeons to collecting evidence against defiant doctors, raided their offices, jailed them. The conviction of a few real malpractitioners, no better than pushers, strengthened the Treasury's hand; and reputable doctors, thoroughly intimidated, turned their backs on addicts.

The Supreme Court later reversed itself in the case of a Dr. Linder whom a stool pigeon tricked into prescribing four tablets of cocaine and morphine. Vindicating Linder in 1925, the Court repudiated the Government's contention that doctors "may never give an addict moderate amounts of drugs for self-administration to relieve conditions incident to addiction." But it was too late. The doctors' retreat was complete, and to this day, despite the Linder opinion—which the narcotics regulations ignore—few doctors care to have anything to do with addicts.

### DETERRENCE BY TERROR

Thus, in its application the Harrison Act transformed patients into criminals. The Narcotics Division, seeking support for its policy of deterrence by terror, depicted them as monsters. There arose a body of myths which obscured the nature of addiction and impeded a calm, scientific approach to it. For example:

The myth of intrinsic criminality. According to Anslinger, addicts are criminals before they become addicted.

The fact: A statistical analysis of 1,036 addicts committed to the U.S. Public Health Service Hospital at Lexington, Ky., showed that 75.3 percent had no criminal history. Again, of 119 inmates who developed the habit as a result of drugs prescribed for illness, 90 had otherwise unblemished records. On the other hand, among addicts from city slum areas delinquency was shown to have frequently preceded addiction. In short, the incidence of prior offenses depends on the particular group studied.

That most addicts commit crimes to support their costy vice every study agrees. The crimes mainly take nonviolent forms, such as drug peddling, petty larceny, shoplifting. Dr. Lawrence Kolb, dean of authorities on the medical aspects of addiction, dismisses as "an absurd fallacy" the notion that violent criminals commonly use drugs to acquire Dutch courage. "Opiates," he explains, "inhibit aggressive impulses. Under their influence the addict becomes passive, free of tensions, contented. One way to render a man with homicidal urges harmless would be to put him on morphine."

The sexual myth. Dope incites to rape, orgies, and assorted perversions.

The fact: Heroin, the drug of choice, depresses the libido and replaces sex, and other normal emotional satisfactions. Drs. David Maurer and Victor Vogel note in their monumental study: "The reduction of sexual desire tends to remove the opiate addict from the category of psychopathic sex offenders, even though he might have a tendency to commit sex crimes when not addicted."

### ADDICTION'S PHYSICAL DANGERS

The myth of fatal effects. Drugs eventually wreck the addict's body and brain.

The fact: Various dangers incidental to addiction may indeed prove fatal. Dosages beyond the tolerance the addict has built up, for one. Tainted drugs, as they often are in the black market. Anemia and malnutrition, since the impoverished addict has little money to spare for food. But opiates of themselves need not wreak physical and mental havoc. "The addict under his normal tolerance of morphine," reported the late Walter G. Karr, assistant professor of biochemistry at the University of Pennsylvania, "is medically a well man."

Dr. Kolb cites the case of a woman who reached 81, healthy and alert, although she had taken 3 grains of morphine a day for 65 years. "I know brilliant doctors,' he adds, "who would be drunk in the gutter instead of successfully practicing medicine, but for opiates." No sane scientist, of course, holds a brief for addiction. The addict is a psychological cripple. But his vice is the symptom, not the cause.

Nevertheless, since World War I the specter of the slavering, maniacal "dope fiend" has haunted the halls of government and together with the booming dope traffic inspired ever-harsher laws, culminating in the Narcotics Control Act. To prove the efficacy of those laws, the Bureau frequently issues dramatic charts indicating a sharp decrease of the addict population. Carefully analyzed, however, the charts appear less impressive. The latest number of addicts reported, 46,798, is actually about 3,000 higher than in 1959. The Bureau's estimates, moreover, rest on the dubious assumption that no addict can long escape its vigilance.

Both police officials and legislators concede the need for scientific inquiry into the root causes of addiction, about which we know next to nothing. But while addicts in Federal prisons or hospitals cost the taxpayer close to $14 million a year, the Government allocates barely half a million to research. The two Federal narcotics hospitals—at Lexington and at Fort Worth, Tex.—which together admit about 3,500 voluntary patients a year and about 500 committed by the courts, can accomplish little beyond temporary repairs.

It is relatively simple to rid an addict of his physical dependence on drugs. Methadone, a nonaddicting narcotic, greatly reduces the tortures of withdrawal. The process normally requires less than 2 weeks. Diet, fresh air, exercise complete the standard treatment usually in a few more weeks. But psychological dependence remains, which the doctors, in their present state of knowledge, can seldom eliminate. Returned to his old environment, faced with the same frustrations which originally drove him to drugs, the patient is likely to backslide. A followup study of 1,192 patients discharged from Lexington showed that about 90 percent relapsed, the majority within 6 months.

The reform factions, however, do not consider poor prognosis any justification for jailing addicts. Several bills now before Congress reflect a more compassionate spirit. One of them, sponsored by Senator ROMAN HRUSKA, of Nebraska, would allow the courts discretion in applying mandatory no-parole laws and so enable them to distinguish between major criminals and simple addicts. Senators JACOB K. JAVITS and KENNETH B. KEATING, of New York, are sponsors of bills which would provide Federal aid to State-hospital programs and permit civil commitment of addicts guilty of no other offense.

The most radical scheme, which no legislator supports and the mere mention of which outrages the Bureau, is the nationwide establishment of clinics to dispense free narcotics. Its endorsers, who include the New York Academy of Medicine, advance two main arguments: By removing profits, clinics would end the illicit traffic; by taking the addict out of the criminal class they would make it easier to cure and rehabilitate him. Under British law, the scheme's proponents point out, doctors may administer narcotics to addicts who they feel cannot exist free of suffering without them, and Great Britain has only about 430 known addicts. The narcotics laws of the Scandinavian countries, Belgium, France, Switzerland, and Italy are also mild compared to America's. No vast drug traffic plagues those countries; in none does the number of addicts exceed 1,000.

### ARGUMENT AGAINST FREE DRUGS

But the arguments against free clinics are compelling. Addicts require continually increasing dosages up to a formidable degree of tolerance and, unless they get it, would revert to underworld sources. To gratify their craving, even if practically feasible, would be to evade the basic problem of what created it. England provides no valid model for the United States. With their homogeneity and traditional respect for the law, the British do not have the same susceptibility to addiction as the mixed American population. Their system also prevails in Hong Kong, where addicts number more than 100,000. Regarding the other European countries, it is a question whether their laws are comparatively lenient because they have no serious narcotics problem, as the United States did before the Harrison Act, or whether they have no serious narcotics problem because their laws are comparatively lenient.

The overriding objection to the free-clinic plan is a moral one: Society must strive to eliminate degrading practices, not subsidize them. Although the American Medical Association-American Bar Association report favored the plan, the AMA has since repudiated it.

Among the experimental projects now underway, the most promising was initiated 6 years ago by the New York State Division of Parole. It extends to paroled addicts continuing help—psychiatric, familial, educational, vocational. Under the direction of Meyer H. Diskind, a highly skilled parole officer approaches each parolee as a friend first of all and only incidentally a law-enforcement agent. He visits his home several times a month to discuss the personal frictions that may have contributed to his addiction.

### A PLAN FOR REHABILITATION

Most addicts lack trade skills. The parole officers refer them to trade schools and later to employment services. Out of a special fund the project lends money to needy parolees to tide them over until they receive their first paycheck. The parole division expects the addict to relapse at least once, but unless he commits a crime he is not returned to jail; rehabilitation continues.

The project, for which the State legislature had appropriated $40,000 a year, covered 346 parolees up to the end of 1959 (the last period for which complete statistics are available). Almost half had never relapsed, an unheard-of percentage. Sixty-four have since finished their paroles with clean slates. Pennsylvania and California have instituted similar projects.

"We have stopped treating our insane population as felons," writes Rufus King, summarizing the aims of his fellow reformers, "we have raised the stigma from leprosy and epilepsy and transformed our penal philosophy from one of vengeance to one of rehabilitation. But we have not shown comparable understanding of the addict.

"All the billions our society has spent enforcing criminal measures against the addict have had the sole practical result of protecting the peddler's market. No other nation hounds its addicts as we do, and no other nation faces anything remotely resembling our problem."

For the moment, King adds, no ideal solution is in view. To reach one, various roads must be explored. They lead to relief from persecution for the addict, to therapy programs and followups, and to provisions for incurable addicts.

How far along those roads the United States may travel depends largely on the outcome of the approaching White House Conference. To succeed Anslinger, President Kennedy nominated—and the Senate has confirmed—Deputy Commissioner Henry L. Giordano, a soft-spoken, vigorous, deadly efficient man of 48, who joined the Bureau in 1941. "I plan," says Giordano "to continue the general policies of Mr. Anslinger."

## URBAN MASS TRANSPORTATION ACT OF 1962

The Senate resumed the consideration of the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

**Mr. RANDOLPH.** Mr. President, I am much concerned about the consequences and disputes growing out of the quest for a utopian "balanced" transportation system in urban areas.

It is my belief that instead of striving for so-called balance, our transportation planners should be endeavoring to develop an all-modes and all-facilities system based on progress, adequacy, and ability to meet needs.

And, Mr. President, when I speak of "ability to meet needs," I refer not only to the requirements of rail and bus citizen-commuters in the urban areas; my concept of "ability to meet need" embraces also the consideration of ways and means to accommodate the massive and increasing requirements of both passenger automobiles and commercial trucks which will continue to virtually clog the highways of urban areas, no matter what is done in the field of mass transit by bus or rail.

In the Washington Post this morning I noted a reference in a news article to the Nation's Capital "where highway and transit partisans have been locked in a bitter dispute that has brought the city's freeway program to a near standstill."

Unfortunately, that appraisal is essentially correct. There is such a dispute and the highway—especially interstate—program of the Metropolitan Washington area is in virtually a stalemated condition.

As a member of the Public Works Committee's Subcommittee on Roads, I am not a so-called highway partisan. I certainly do not propose that all attention be focused on highways and all available funds be spent on freeways to the exclusion of consideration and financing for other facets of the total transportation problem.

But, Mr. President, I make my position clear in stating emphatically that I strongly oppose bringing highway planning and construction to a halt in urban areas—especially in the Metropolitan Washington area—while there is a search for a transportation system with a magical term.

In spite of recent attacks on the language written into the Federal-Aid Highway Act of 1962, as passed by the House and as recommended by the Senate Public Works Committee, I believe it is thoroughly realistic in the section having to do with "Transportation Planning in Certain Urban Areas." So-called highway interests, as alleged, did not rewrite that section. Members of Congress who studied the problem carefully and considered in a realistic manner conditions of the present, and those most likely to prevail in the immediate future, are responsible for the few deviations from the provisions included in the legislation as originally introduced.

We should not be searching in this country for a will-o'-the-wisp "balanced transportation system embracing all appropriate modes of transport." Ours should be a striving for something practical—"the development of transportation systems, embracing various modes of transport in a manner that will serve the States and local communities efficiently and effectively."

I believe criticism of the changes recommended by the House Public Works Committee and accepted by the House and as recommended by the Senate Public Works Committee, in the section of "Transportation Planning in Certain Urban Areas," is unwarranted and unrealistic.

Perhaps there is no urban area in the United States more plagued than is the Nation's Capital with the vexing problem growing out of exercises in semantics and of highway stagnation as a consequence of the efforts of mass transit advocates of delay.

As a member of the Subcommittee on Roads of the Senate Committee on Public Works and as a Member of the Congress earnestly concerned with this problem in the Nation's Capital, I have written a letter on the subject to the Subcommittee on District of Columbia of the Senate Committee on Appropriations, through its diligent chairman, my colleague from West Virginia [Mr. BYRD].

Mr. President, I request unanimous consent to have printed in the RECORD at this point the text of my letter in which I urge that provision be made for keeping the District of Columbia highway program on schedule, insofar as possible, through appropriations legislation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON LABOR
AND PUBLIC WELFARE,
*September 13, 1962.*

Hon. ROBERT C. BYRD,
*Chairman, Subcommittee on District of Columbia, Committee on Appropriations, U.S. Senate, Washington, D.C.*

DEAR BOB: Attacks on the proposed capital outlay budget for highways contained in the District of Columbia budget proposal for the fiscal year 1963 have created much confusion concerning the transportation problem in the District of Columbia metropolitan area.

The National Capital Transportation Agency has requested delayed action on four specific projects contained in the budget, pending the reports on certain studies scheduled for delivery to Congress by November 1, 1962. These are the east leg of the inner loop freeway, the Northeast Freeway, interchange "O," and the Three Sisters Bridge. Those who would delay the District of Columbia freeway program apparently are obscuring a number of facts which should be brought into focus.

The capital outlay budget for highways for the fiscal year 1963 represents, I am informed, the minimum highway needs that should be provided if the District of Columbia is to keep pace with regional and national highway development. That program was based on the balanced transportation system called for by the Mass Transportation Survey Report, 1959, and approved by the National Capital Regional Planning Council.

The proposed freeway network for the District of Columbia has been designed as part of a transportation system that is expected to include rapid transit by rail and nonrail. Actually, if there should not be brought into being a rapid transit program, the proposed freeway planning will of necessity have to be much enlarged.

Those who have sought delays in the highway development apparently have done so on the premise that there is a question of highway versus nonhighway facilities for serving the transportation needs of the National Capital metropolitan area. This is an unfortunate mistake as it now threatens the highway expansion and, if continued, could threaten the rapid transit program. Advanced highway planning, as you know, was made feasible by enactment of the Federal-Aid Highway Act of 1956. Following the 1959 survey it was possible, because of 1961 Highway Act amendments, to proceed on a broader basis than was formerly true. Thus, the highway program proposed in the current budget is not an "accelerated" one, except in the sense that the availability of Federal matching funds has made it possible to proceed with the original program at a more rapid pace.

Following approval of the transportation plan for the metropolitan region, Congress established the National Capital Transportation Agency to study the rapid transit phase of the overall transportation plan, with specific direction to evaluate the feasibility of subways in the Nation's Capital. This meant that the second part of the overall transport plan was underway; the highway phase already had begun.

There is additional misunderstanding as to the actual roles of the enlarged highway network as compared with the proposed rapid transit system. The latter, be it subways or some other form of rail transit, is being designed around the home-to-work movement while the highway program is being designed to handle the every day demands of modern motor vehicle traffic. This traffic is only partly involved in the home-to-work movement.

Independent of the need for citizens to move between home and place of employment or business, there is an ever-growing volume of motor vehicle traffic of all types that must be served. The increased travel and commercial needs of the metropolitan area are placing tremendous demands on our road and street facilities that have nothing to do with commuter traffic. Unless these demands are met, this area will be faced with a staggering problem of traffic congestion. Any delay in the current program will only multiply the many serious problems that ultimately must be solved.

If the present highway program is suspended until there is a determination of what can be done with a subway system, no provisions will have been made for ever-mounting motor vehicle traffic that is not and never will be susceptible to subway travel.

Annually, millions of people visit the Nation's Capital. Tourism is the District's second largest industry. More than 90 percent of visitors travel in their own automobiles. It would be tragic if Washington's highway condition became such that the city would be classed as a place to avoid.

The report of the National Capital Transportation Agency, to be filed in November, must of necessity undergo a series of intensive hearings in order to determine whether its recommendations are (1) physically possible, and (2) financially reasonable. This may well take a year or more. In the meantime, highway traffic volume increases almost daily, endangering the commerce of the city and posing a serious problem of public safety.

If the highway program is financed to continue as planned, it is doubtful if loss would be sustained even though the transit program might demonstrate a need for some adjustment in future highway planning. However, if the highway program is stopped until the subway plan is fully evaluated, the time lost can never be regained.

This table shows that the District has been making some progress in the "work underway" category, but lags behind the national average:

| | Miles of Interstate System | | Percent of total | |
|---|---|---|---|---|
| | District of Columbia | United States | District of Columbia | United States |
| Miles open to traffic | 2.6 | 12,549.9 | 9.3 | 30.7 |
| Work in progress: | | | | |
| Under construction | 4.5 | 4,801.3 | 16.0 | 11.8 |
| Engineering or right-of-way | 4.9 | 10,926.8 | 17.4 | 26.8 |
| Total underway | 9.4 | 15,728.1 | 33.5 | 38.6 |
| Miles remaining | 16.1 | 12,519.8 | 57.2 | 30.7 |
| Total | 28.1 | 40,797.8 | 100.0 | 100.0 |

Another matter of grave concern to the District of Columbia metropolitan area is the possibility that any substantial alteration in the comprehensive highway plan for the District of Columbia might result in altering the roads of interstate character. The projects involved in the current dispute are all links in the National Interstate System and as such must be coordinated with roads in other States to form an integrated system. Changes in the vital parts of the plan could result in these roads being considered ineligible for inclusion in the interstate program.

I believe it is imperative that the proposed District of Columbia highway program be kept on schedule and I urge that this be made possible in appropriations legislation. Delays doubtless will lead to ultimate added costs rather than savings. Another probable byproduct of delays doubtless will be further deterioration of the downtown section and a resultant loss in revenues. And there should be avoidance of the possible loss of Interstate Highway System funds.

These observations and recommendations are set forth in my capacity as a member of the Subcommittee on Roads of the Senate Committee on Public Works and as a Member of the Congress earnestly concerned with this problem in our Nation's Capital.

With recognition and appreciation for your diligent efforts in providing for the needs of the District of Columbia, I am,

Very truly yours,

JENNINGS RANDOLPH.

## AUTHORIZATION FOR THE COMMITTEE ON THE JUDICIARY TO MEET DURING THE SENATE SESSION TOMORROW

**Mr. HUMPHREY.** Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate tomorrow.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

**Mr. HUMPHREY.** Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

**Mr. HUMPHREY.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

## ADJOURNMENT UNTIL 10 A.M. TOMORROW

**Mr. HUMPHREY.** Mr. President, I move that the Senate stand in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 42 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Friday, September 14, 1962, at 10 oclock a.m.

## CONFIRMATION

Executive nomination confirmed by the Senate September 13, 1962.

### COLLECTOR OF CUSTOMS

Corwin S. Snyder, of North Dakota, to be collector of customs for customs collection district No. 34, with headquarters at Pembina, N. Dak.

# HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 13, 1962

The House met at 11 o'clock, a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I Samuel 12: 23: *God forbid that I should sin against the Lord in ceasing to pray for you.*

Almighty God, in our prayer of intercession, we are now bringing to Thy throne of grace, all whose lives are haunted by fears, harassed by doubt, heavy with sorrow and stained by sin.

Inspire us to grasp the eternal truth that we must accept life with all of its blessings and bereavements, its satisfactions and struggles; its opportunities and obligations, as an adventure and a discipline meant to make us strong and steadfast.

May our hearts be aglow with the enthusiasm of high ideals and may we never become cynical and embittered when we fail to attain those goals upon which we have centered our aspirations and ambitions.

Grant that our President, our Speaker, and the Members of Congress may courageously face without reservation or retreat our difficult and dangerous international problems, confident that Thou wilt sustain us in our high endeavor for freedom, which can only be the sure possession of those who have the faith and fortitude to defend it.

Hear us in the name of the Prince of Peace. Amen.

## THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 298. An act to provide for the recovery from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States;

H.R. 5393. An act to amend the Bankruptcy Act, as amended;

H.R. 9728. An act to amend the Cooperative Forest Management Act;

H.R. 10160. An act for the relief of Mrs. A. R. Lendian; and

H.R. 12459. An act to provide for the relief of certain enlisted members of the Coast Guard.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 3064. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12180) entitled "An act to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United

States under Government orders," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

## PADRE ISLAND NATIONAL SEASHORE, TEX.

**The SPEAKER.** The unfinished business is the question on the passage of the bill S. 4, which the Clerk will report by title.

The Clerk read the title of the bill.

**The SPEAKER.** The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes appeared to have it.

**Mr. GROSS.** Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

**The SPEAKER.** Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 257, nays 87, not voting 91, as follows:

[Roll No. 212]

YEAS—257

Abbitt
Abernethy
Addabbo
Albert
Alford
Andrews
Arends
Ashley
Ashmore
Aspinall
Avery
Ayres
Bailey
Baldwin
Baring
Barrett
Barry
Bass, Tenn.
Battin
Beckworth
Bennett, Fla.
Bennett, Mich.
Berry
Blatnik
Blitch
Boggs
Boland
Bonner
Brademas
Breeding
Brooks, Tex.
Broomfield
Broyhill
Bruce
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Casey
Chenoweth
Church
Clark
Cohelan
Conte
Cooley
Corman
Cunningham
Curtin
Daddario
Dague
Daniels
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Dorn
Dowdy
Downing
Doyle
Dulski
Edmondson
Elliott
Ellsworth
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Fisher
Flood
Fogarty
Forrester
Fountain
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gavin
Giaimo
Gilbert
Granahan
Green, Oreg.
Green, Pa.
Griffiths
Gubser
Hagen, Calif.
Haley
Halpern
Hansen
Hardy
Harrison, Wyo.
Hays
Hébert
Hechler
Hemphill
Henderson
Herlong
Holifield
Holland
Horan
Huddleston
Hull
Ichord, Mo.
Inouye
Jarman
Jennings
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Judd
Karsten
Kee
Keith
Kelly
Keogh
Kilgore
King, Calif.
King, Utah
Kitchin
Kluczynski
Kornegay
Kowalski
Kunkel
Kyl
Lane
Lankford
Lennon
Lesinski
Libonati
Lindsay
McDowell
McFall
McIntire
McMillan
Mahon
Mailliard
Marshall
Martin, Nebr.
Mathias
Matthews
May
Miller, Clem
Miller, George P.
Milliken
Moeller
Moorhead, Pa.
Morgan
Morse
Moss
Multer
Murphy
Murray
Natcher
Nedzi
Neisen
Nix
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmers
Patman
Perkins
Peterson
Philbin
Pike
Poage
Price
Pucinski
Purcell
Quie
Randall
Reifel
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riley
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. Germain
Santangelo
Saylor
Schneebeli
Schweiker
Schwengel
Scott
Selden
Sheppard
Shipley
Sibal
Sikes
Sisk
Slack
Smith, Iowa
Smith, Miss.
Smith, Va.
Steed
Stratton
Stubblefield
Sullivan
Taylor
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Tuck
Tupper
Udall, Morris K.
Ullman
Vanik
Van Zandt
Vinson
Waggonner
Wallhauser
Walter
Watts
Weaver
Whitener
Whitten
Wickersham
Williams
Willis
Wilson, Calif.
Winstead
Wright
Young
Zablocki

NAYS—87

Adair
Alger
Anderson, Ill.
Ashbrook
Auchincloss
Baker
Bates
Becker
Beermann
Belcher
Bell
Bolton
Bow
Brown
Cederberg
Chamberlain
Chiperfield
Clancy
Collier
Corbett
Curtis, Mo.
Derounian
Derwinski
Dole
Dwyer
Fenton
Findley
Fino
Gathings
Glenn
Goodell
Griffin
Gross
Hall
Harsha
Harvey, Mich.
Hiestand
Hoeven
Hoffman, Ill.
Hosmer
Jensen
Joelson
Johansen
Jonas
Jones, Mo.
Kastenmeier
King, N.Y.
Knox
Langen
Latta
Lipscomb
MacGregor
Mason
Meader
Michel
Minshall
Monagan
Moore
O'Konski
Ostertag
Pelly
Pillion
Pirnie
Poff
Ray
Riehlman
Rousselot
St. George
Schadeberg
Schenck
Scherer
Short
Shriver
Siler
Smith, Calif.
Springer
Stafford
Taber
Teague, Calif.
Thomson, Wis.
Tollefson
Utt
Van Pelt
Westland
Wharton
Widnall
Younger

NOT VOTING—91

Alexander
Andersen, Minn.
Anfuso
Bass, N.H.
Betts
Bolling
Boykin
Bray
Brewster
Bromwell
Buckley
Celler
Chelf
Coad
Colmer
Cook
Cramer
Curtis, Mass.
Davis, James C.
Devine
Dominick
Dooley
Durno
Flynt
Ford
Frazier
Garland
Gary
Gonzalez
Goodling
Grant
Gray
Hagan, Ga.
Halleck
Harding
Harris
Harrison, Va.
Harvey, Ind.
Healey
Hoffman, Mich.
Jones, Ala.
Karth
Kearns
Kilburn
Kirwan
Laird
Landrum
Loser
McCulloch
McDonough
McSween
McVey
Macdonald
Mack
Madden
Magnuson
Martin, Mass.
Merrow
Miller, N.Y.
Mills
Montoya
Moorehead, Ohio
Morris
Morrison
Mosher
Moulder
Norblad
Norrell
Passman
Pfost
Pilcher
Powell
Rains
Reece
Rogers, Tex.
Roudebush
Saund
Scranton
Seely-Brown
Shelley
Spence
Staggers
Stephens
Thompson, La.
Trimble
Weis
Whalley
Wilson, Ind.
Yates
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

Mr. Anfuso with Mr. Scranton.
Mr. Frazier with Mr. Bray.
Mr. Rogers of Texas with Mr. Halleck.
Mr. Morrison with Mr. Cramer.
Mr. Thompson of Louisiana with Mr. Ford.
Mr. Shelley with Mr. Roudebush.
Mr. Zelenko with Mr. Betts.
Mr. Powell with Mr. Miller of New York.
Mr. Celler with Mr. Martin of Massachusetts.
Mr. Healey with Mr. Kilburn.
Mr. Harding with Mr. Wilson of Indiana.
Mr. Karth with Mr. Devine.
Mr. Hagan of Georgia with Mr. McCulloch.
Mr. Alexander with Mr. Goodling.
Mr. Brewster with Mrs. Weis.
Mr. Loser with Mr. Durno.
Mr. Trimble with Mr. Andersen of Minnesota.
Mr. Yates with Mr. Moorehead of Ohio.
Mr. Mack with Mr. Harvey of Indiana.
Mr. Macdonald with Mr. Seely-Brown.
Mr. Landrum with Mr. Bromwell.
Mr. Staggers with Mr. Dooley.
Mr. Gary with Mr. McDonough.
Mr. Buckley with Mr. Kearns.
Mr. Chelf with Mr. Norblad.
Mr. Colmer with Mr. Laird.
Mr. Gray with Mr. Curtis of Massachusetts.
Mr. Rains with Mr. Mosher.
Mr. Morris with Mrs. Reece.
Mr. Montoya with Mr. Hoffman of Michigan.
Mr. Pilcher with Mr. McVey.
Mr. Magnuson with Mr. Bass of New Hampshire.
Mr. Madden with Mr. Merrow.
Mr. Harrison of Virginia with Mr. Garland.
Mr. Cook with Mr. Dominick.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. ALGER] may extend his remarks at this point in the RECORD.

**The SPEAKER.** Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mr. ALGER.** Mr. Speaker, even though Padre Island extends along the coast of Texas and is well known to Texans, I must oppose at this time this bill making Padre Island a national park.

The reasons are quite simple.

First, it is wrong to spend money the Government does not have. At a period of deficit financing, we can easily delay such expenditures. Further, while $5 million is the amount to be appropriated, this, at best, is a "guesstimate" and the cost would be twice that plus the cost of necessary improvements, such as at least one all-weather highway the length of the island.

Second, the State of Texas has requested "that all action on the proposed national seashore project be withheld during this session of Congress because it is being studied by the State of Texas as a possible State park." Some of the factors being considered are the specific size of the park area of the 113-mile island, which in the bill is specified as 88 miles, the State of Texas believing that 44 miles would be sufficient since much of this area is mudflats and subject to tidal conditions.

Third, the island is not now accessible except by two causeways, and in case of emergency the very safety of vacationers would be in doubt.

Fourth, there is a direct conflict between the wilderness concept of the island and the intended oil and gas mineral developments; one precludes the other.

Fifth, and finally, Padre Island is so close to sea level and so affected by tides and storms that one bad hurricane could destroy all improvements, if not wash it away sufficiently to render it useless as a resort.

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. Westland] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. WESTLAND. Mr. Speaker, I am sorry that I was unable to be here yesterday when the Padre Island bill was before the House for consideration, but there was a primary election in the State of Washington and I was in my district at that time.

I opposed the Padre Island bill in committee—and I oppose it here before the House of Representatives. I do not do this with any great pleasure but because I believe this legislation is basically wrong.

I have visited Padre Island and I have toured a good portion of it—in a specially equipped jeep. Padre Island is 115 miles of deep sand—with practically nothing on 90 miles of it. There are no roads, except for a small portion of the north and south ends—it is impossible to travel this island except in a specially built jeep—one with two-way radio, special tires, extra water, and food—and even then it is rather dangerous to travel. Yet this bill wants the taxpayers of the country to provide $5 million to buy just the surface and the Secretary of Interior has stated that the price might be "more than twice that." Now the reason you are only getting the surface is because some oil companies own the mineral or oil rights—and you know Texas and oil—do not touch. This bill would permit these oil companies to drill and produce and store oil in a national seashore. As a matter of fact the State of Texas has already received some $13 million in royalties from oil produced on Padre Island and estimates as much as $1 billion in royalties have been made. It seems to me that if the great State of Texas wants to preserve this area as a seashore they could and should do it themselves. Certainly they are in better shape financially to do it than is the Federal Government.

Mr. Speaker, I favor the preservation of our seashores, but I believe as the Outdoor Recreation and Resources Commission stated, that the initiative should come from the States.

One final thought, Mr. Speaker. If this bill is passed it will represent action taken by the Federal Government in opposition to the express wishes of the Texas Legislature. Just this year Mr. Grainger W. McIlhaney, chairman of the legislative land study committee, advised this Congress that they were studying the Padre Island situation and further stated "my committee strongly urges that all action on the proposed national seashore project be withheld during this session of Congress." I ask the Members of the House of Representatives if they think they should act against the expressed wishes of a State legislature?

## INDEPENDENT OFFICES APPROPRIATION BILL, 1963

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12711) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1963, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. Thomas, Yates, Cannon, Ostertag, and Taber.

## UNITED NATIONS LOAN

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 764 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2768) to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor. After general debate, which shall be confined to the bill, and shall continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'NEILL. Mr. Speaker, at the conclusion of my remarks I shall yield 30 minutes to the gentlewoman from New York [Mrs. St. George].

Mr. Speaker, House Resolution 764 provides for the consideration of S. 2768, a bill to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor. This is an open rule, and provides for 5 hours of general debate.

On January 30 of this year the President of the United States sent a message to the Congress asking that the Congress go along with an appropriation of this type because of the fiscal condition of the United Nations. The gentleman from Pennsylvania [Mr. Morgan], chairman of the Committee on Foreign Affairs, and one of the minority members, filed legislation similar to the type we have here today. In April the Senate passed such legislation.

It seems, Mr. Speaker, in the time intervening when this matter was passed by the Senate and came to the House, it became more or less a political football and there was great consternation as to whether or not this legislation could pass this body. I think the polls that have been taken throughout the Nation, the editorial comments and the press and radio show, that the people of America stand behind this legislation and realize the need for it.

Mr. Speaker, this bill authorizes the appropriation not to exceed $100 million for a loan to the United Nations. The United Nations is in a financial crisis which if not relieved will make necessary the withdrawal of United Nations forces from the Congo and from the Middle East and the area of the Israel-Egyptian border.

Should such withdrawals occur, it would deteriorate the situation in those areas, and such result would appear to be inevitable, and would threaten world peace and the security of the United States.

The first thing we say to ourselves is, How did the United Nations get into the deficit in which it is in?

The financing of the United Nations and its affiliated agencies falls into four categories. First is the assessed budget for the ordinary expenses of the United Nations of which the United States currently pays 32.02 percent. For 1962 the U.S. assessment for this regular budget was $23.7 million. Second are the regular assessed budgets of the specialized agencies such as the Food and Agriculture Organization and the International Civil Organization of which the United States pays not more than one-third. Third are voluntary contributions to special programs including the Children's Fund and the Palestine refugee program. Fourth are the assessments to finance the United Nations Emergency Force—UNEF—in the Middle East and, more recently, the United Nations Operations in the Congo—UNOC.

The root of the financial difficulties of the United Nations lies in the fourth category. The United Nations Emergency Force has 5,100 troops in the Middle East along the Israel-Egyptian border to maintain peace. This operation costs the United Nations about $20 million a year. In the Congo 18 nations provide almost 18,000 troops at a cost to the United Nations of $120 million a year.

There are certain nations in the United Nations that have not paid their cost under category 4. We know that the satellite nations of the Communist Party have not paid their costs. They would like us in this Congress today to defeat this legislation and refuse to go along with it. They realize that if we here in the Congress do not appropriate this $100 million today that the troops would be withdrawn and taken out of the Congo and the troops would be withdrawn out of these other areas in Africa.

Mr. Speaker, in my opinion, this $100 million loan comes down to this. Unless we are prepared to accept the risks of Communist penetration of central Africa and of active Soviet intervention in a renewal of hostilities in the Middle East, the United States must either take the action necessary to meet the United Nations financial emergency or prepare to assume certain peacekeeping responsibilities in these areas which are being borne by the United Nations—undoubtedly at greatly increased cost.

Mr. Speaker, I urge the adoption of House Resolution 764 and now yield to my colleague, the gentlewoman from New York [Mrs. St. George].

Mrs. ST. GEORGE. Mr. Speaker, I yield 2 minutes to the gentleman from Kansas [Mr. Avery].

Mr. AVERY. Mr. Speaker, I ask unanimous consent to speak out of the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. AVERY. Mr. Speaker, this may be the only noncontroversial part of this debate today and tomorrow. It is with considerable regret that I rise at this time to announce to the Members of the House the death of a former official reporter for the House, Mr. William L. Fenstermacher. He served as an official reporter for the House for 31 years. He retired on April 1, 1961. He passed away last night at Georgetown Hospital. In the limited time I had to investigate his service, I think he reported for the House of Representatives for as long as any other individual who served in that capacity. He was first appointed by Speaker Longworth in 1929. He served under Speaker Jack Garner from Texas, Speaker Rainey from Illinois, Speaker Byrns from Tennessee, Speaker Bankhead from Alabama, our own beloved colleague Joe Martin from Massachusetts and the late Speaker Sam Rayburn from Texas. He reported debates by such outstanding and illustrious Members as John Rankin, of Mississippi, Ham Fish, LaGuardia, Dewey Short, and ironically enough, if irony is the word, he also was an official reporter during the time that former Vice President Richard Nixon and now Vice President Lyndon Johnson were Members of the House of Representatives.

He has performed a great service to the House of Representatives, to the Nation, and I know that his memory will be reverenced and long remembered by those of us who served in the House during his long period of service.

Mr. HORAN. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I yield.

Mr. HORAN. I want to join with my colleague from Kansas in paying reverence to the passing of Bill Fenstermacher. I think he was a courteous and efficient reporter. He was a true friend to all of us with whom he worked.

I have a rather personal interest here too, because one of Bill Fenstermacher's two brothers who survive him lives in my district.

I want to commend the gentleman from Kansas for taking this time.

Mr. AVERY. I thank the gentleman from Washington.

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as has already been said by my colleague from Massachusetts, this resolution, House Resolution 764, makes in order the consideration of the bill, S. 2768, with 5 hours of general debate under an open rule.

This bill comes to us from the Senate. It has been slightly changed, it has been amended and I think improved. In the report under the explanation of the amendment we find that the committee changed the provisions of section 1 of the Senate bill and said:

> The proceeds of such loan shall not be used to relieve state members of the United Nations of their obligation to pay arrearages on payments of any United Nations assessments.

Mr. Speaker, I think this is a very important matter. I think also it has been highly controversial. In looking over some of the statements I have received recently I feel that this is one that deserves some consideration.

It seems that the Assistant Secretary for International Organization Affairs, Harlan Cleveland, testifying in favor of the $100 million bond bill, reluctantly dropped this bombshell after running into some penetrating interrogation by the gentleman from Illinois, Mr. Robert Chiperfield:

The startling facts bared by Cleveland, who has become known as the U.N. bond salesman, shocked committee members when they learned the modus operandi of this extraordinary scheme. The United States, Cleveland admitted, had voluntarily given the U.N. $215 million out of foreign aid contingency funds. Then the U.N. proceeded to use part of this sum to reduce India's assessed share of special U.N. expenses by $812,000; Poland's by $512,000, Yugoslavia's by $243,200, and Cuba's by $140,800, if you please.

Mr. Speaker, that is all documented in the minority report. These figures are correct.

There are many others that may be startling to the House of Representatives. There are many people who certainly have defaulted completely, in their payments to the United Nations and are not absolutely impoverished.

First—and I have a great deal of sympathy for this country. I am very devoted to France, and always have been. I consider it almost my second country. France, if you please, has a gross assessment of $4,782,000. And what do you think their defalcation amounts to? $4,746,601.

We have already noted India. Poland has paid a little but is still in arrears by over a million dollars. Ukraine and the U.S.S.R. both are in complete default. The United States, of course, has paid its full share, and more, and is now trying to do a little bit more with these bonds.

Mr. Speaker, it seems to me this is going to do nothing at all. It will be a stopgap, but they will have to come back here next year for another loan.

Another thing, when you sell bonds, I was always under the impression that people would be allowed to buy them. I have always felt that with these United Nations bonds it might be well to put them on the market. We have heard that the majority of the people in this country are favorable to this bond issue. My distinguished colleague from Massachusetts has just told you that. Then there should be no problem in raising $100 million. Why cannot the people go into the market and buy these bonds, put them away in their safety deposit boxes for their children and grandchildren? I think that is an excellent idea.

Mr. GROSS. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from Iowa.

Mr. GROSS. I commend the gentlewoman for her excellent statement. Does the gentlewoman not think those who vote affirmatively for this bill ought to have the opportunity and the vigorous encouragement to withdraw some of their own money from banks, building and loan associations, and so forth, on which they are being paid 4 percent interest, and invest in these bonds? I think it would be a demonstration of good faith on the part of Members who vote for this bill, if provision is made in the bill that they join in the purchase of these bonds.

Mrs. ST. GEORGE. I heartily agree with the gentleman from Iowa. I think that is a fair thing. If we believe in these things we should provide taxpayers' money, and certainly our own. One hundred million dollars, with the way things run today, with a $308 billion debt is not very much money. I have no doubt that the people of the country who are favorable, and if they are in the majority, they would be delighted to do that very thing.

Mr. GROSS. The gentlewoman spoke of France a moment ago. Is she aware of the statement by President de Gaulle that France would not purchase any of these bonds if they were printed on gold plated paper?

Mrs. ST. GEORGE. I think President de Gaulle told the truth and made a very forthright statement.

Mr. BECKER. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from New York.

Mr. BECKER. Is it not a fact there is no money in the Treasury to buy this $100 million of bonds, and that we will have to go out and borrow the money?

Mrs. ST. GEORGE. Certainly. The gentleman from New York knows very well we are running most of the time on borrowed money. So that is not anything new.

Mr. BECKER. Well, we will have to borrow the money anyway.

Mrs. ST. GEORGE. That is true. Our people should be given the privilege of buying these bonds.

One more thing I would like to bring out in justification of the attitude of France and the attitude of many other nations. There has been great objection in many quarters in Europe and elsewhere to this war in the Congo.

This is called, I believe, a peace operation. If you have seen any of the pictures—and I am sure that you have—of the atrocities in the Congo, of the torture of little children, of women, of nuns and of clergymen, I do not think you would be very favorably impressed with it as a peace operation.

Mr. Speaker, it was our understanding in the beginning, and we have been told it since, that the U.N. was founded on a peaceful basis that it was a deliberative body, that there you could get together and talk to each other and talk on both sides, and in that way there would be a meeting of the minds, which is always an excellent thing, even when we differ. But when it comes to raising money to send troops to the Congo to keep the peace, so-called, and have them fighting there for months and have them killing and maiming and have ambulances shot at, I do not think that is a role for the United Nations. I cannot believe that the House of Representatives wants to support that kind of a move.

Mr. Speaker, if these bonds are to be put through on a businesslike basis—and there is no argument against that—I understand that an amendment will be offered by one of our colleagues, the gentleman from Illinois, [Mr. DERWINSKI], to make an appropriate amount available for interest payments. That is a very important thing. These interest payments should be in line with interest as it is paid abroad at the present time.

Mr. Speaker, the two primary purposes of offering this amendment are, first, to provide a return to the Treasury in excess of the recent cost on our own long-term bond issues and in anticipating a continued increase in the cost of financing our national debt. Secondly, this interest rate will make the bonds more attractive to other countries. There is no earthly reason why other countries should not purchase them since interest rate levels throughout the world are consistently greater than in the United States.

Mr. Speaker, I think this amendment is a good amendment and should be accepted. I do feel, however, Mr. Speaker, that we are going a little bit too far in doing this kind of thing year after year, and I know it is a very common thing and a very prevalent thought to say "Oh, if we had not had the United Nations." Well, Mr. Speaker, "Oh, if we had had a rainy day today no one knows what would have happened."

The Speaker of the House of Representatives does not know what would have happened, none of the Members know what would have happened, I do not know what would have happened. There are no more futile words than "It might have been." Therefore let us discard this way of thinking and let us try to tighten up a little on the United Nations. Let us try to make the United Nations realize—and I think if they realize it once it will be for all time—that the United States of America is not a milk cow which can be used whenever you need a little more cream.

Mr. Speaker, these people know what they are doing. These people are very smart diplomats, most of them, and certainly the ones behind the Iron Curtain. They are not going to pay the freight if "Uncle" is there to pay it for them. It is as simple as that. You and I have all had occasion to see this same thing in our own home with our own families. If we are going to be a patsy to the world and to an organization over which we have little or no control, we are going to be sought out year after year after year for this very same thing, and where has it led us so far?

Mr. JUDD. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I shall be glad to yield to the gentleman from Minnesota.

Mr. JUDD. Does not the gentlewoman think that this bill, as amended by the House Committee on Foreign Affairs, does precisely what the gentlewoman has said, and with which I thoroughly agree? In the past others have tended to assume that we would always come along and pay 40 or 50 percent of the costs and if they threatened us a bit we would pay 60 percent or still more. We have encouraged them in that attitude because we have done it repeatedly. I think the practice has been a mistake. We are trying to correct it. Here for the first time the U.S. Government will deal with the United Nations the same way it deals with our own States and cities. It will say to the U.N., we will match dollar for dollar what you put up, just as we do in various matching programs with the States. It is the same way a foundation approaches a university, saying, "We will give you $1 million, if you will raise $1 million."

Mr. Speaker, this is a realistic and effective approach. It has proved through the years to be a successful way to get others to give, to do the most for themselves.

Using this approach we will also find out, and the world will know, just what other countries really think about the United Nations and its usefulness. If it is valuable to them, then they will come through with their money. If they do not, then we will know that the U.N. simply does not have the significance to others that we have hoped it had. I cherish the belief that what we have done in the bill will achieve what the gentlewoman is calling for.

Mrs. ST. GEORGE. The gentleman may remember that I did say the bill had been amended and improved. I do not think it has been amended quite enough. I also think that perhaps it is not strong enough as it is written. I think the gentleman and I probably want to attain the same objectives. I still think the United States is doing more than its share. I also would like to know what is going to happen to these other members who refuse to do anything, apparently absolutely nothing. They would still have their vote.

Mr. JUDD. If the gentlewoman will yield further, if this bill goes through and the Senate takes our version, as I am sure it will, or it will be brought back here in disagreement, these countries must come through with their payments or after a period of 2 years they lose their vote in the General Assembly. Any nation can then get up in the U.N. and challenge their vote. Under the charter their vote is lost if they are 2 years in arrears.

Mrs. ST. GEORGE. My friend will agree that will have to be done by a majority vote?

Mr. JUDD. The advisory opinion has to be accepted by a majority vote, but if somebody is 2 years in arrears, under the charter itself, article XIX, they will have lost their vote and any member can challenge their vote, and stop them from voting.

Mrs. ST. GEORGE. Article XIX has been there a long time. Many people have been in arrears, and no one has challenged their vote.

Mr. JUDD. Not many have been in arrears under the conditions of article XIX. They have to have been in arrears more than 2 full years. As of this summer, only four countries were in arrears, all of them in the free world and good friends of the United States. I understand three of those have since paid up, and only one today is in arrears. The Soviet Union, if it did not pay, would be in arrears by 1964, but my guess is that it will pay up rather than lose its vote.

Mr. ADAIR. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from Indiana.

Mr. ADAIR. I should like to ask the gentleman from Minnesota if it is not true that this prohibition, or this losing of the vote, may be waived by the General Assembly. It is written into the charter, so that if the General Assembly so acts it may waive that restriction against voting.

Mr. JUDD. I think that is probably true, in the same way we can suspend our rules here, but article XIX authorizes a waiver only if the General Assembly is satisfied that the failure to pay is due to conditions beyond the control of the member.

Mrs. ST. GEORGE. That is what I was pointing out to the gentleman, that that is true. Probably a majority will go the other way. I do not think we can count on them.

Mr. JUDD. I think the United Nations itself knows it is at a crossroads. The members have to come through now or else it is writing its own doom. The little countries more than anybody else know that this is almost its last chance to be helpful to them, if they fail to come through.

Mr. DEROUNIAN. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from New York.

Mr. DEROUNIAN. In a copyrighted story in the Herald Tribune of September 9—perhaps I should not mention the name of that paper in the vicinity of the White House—there appeared this article:

### U.N. Will Not Demand Members Pay Deficits

(By Darius Jhabvala)

UNITED NATIONS, N.Y.—The U.N. General Assembly which will open its session September 18, will not take any firm action to meet the deficits incurred by the Organization's Middle East and Congo operations.

It was learned yesterday from a high authority, that at best the Assembly will be asked by a small group of delegations, strongly backed by the United States to endorse the opinion of the International Court of Justice delivered last July that such payments are obligatory on all members. But that is as far as the General Assembly's action will go.

According to sources here, a draft resolution is being discussed among some delegations in these terms and there is little optimism that it will have either the moral or political force behind it to get very far.

### SAME FINANCIAL MORASS

The net result will be that the organization will be in the same financial morass next year as it is this year, with the added effect that the spirit of the U.N. Charter will be a little shaken.

As of August 31, the U.N. deficit from both the Congo and UNEF operations was well over $115 million. Assuming that this deficit would increase at the present rate of $13 million a month, by December the deficit will be well over $165 million.

From time to time, Secretary General U Thant and other officials of the Assembly have emphatically pointed out that the financial solvency of the organization is imperative for the future of the U.N. But few, if any, delegations are willing to rap the delinquent nations with an ultimatum to pay up or else.

Opposition to payment comes principally from the Soviet bloc nations. While France and numerous smaller African and Asian nations have not anted up as yet, the feeling is that their failure to do so does not stem from opposition as much as inability to meet the costs.

There is already some discussion that a system of installment payments will help the small and new nations to meet this expense. Some sources indicate that France will pay the costs, although she has not done so as yet.

But the problem created by the Soviet bloc is in a totally different category. The Russians have maintained that the Congo and UNEF operations have been illegal operations. The power to maintain peace and use force rests with the Security Council. These operations were approved by the General Assembly and, the Soviets say, the Assembly did not have the authority to do so.

In last year's Assembly debate, the Soviet delegate warned that it "would not consider itself bound by any decisions the Court might take, because the question was not within the competence of the Court."

The article fortifies the gentlewoman's prediction that the General Assembly is not going to ask for back payments from delinquent members. Members here ought to realize that they may be asked to vote more funds next year. Let us not be lulled into the idea that these delinquents are going to pay up.

**Mrs. ST. GEORGE.** I thank the gentleman for his contribution.

I should like to read one more passage from the minority views, which I might say was written by the gentleman from Indiana [Mr. ADAIR], and which is an excellent report.

During the past 2 years, as shown in table I, the United States contributed—over and above paying its regular assessments—nearly $41 million to U.N. military operations in the Congo. As of June 30, 1962, U.S. voluntary contributions to UNEF amounted to $23 million. These voluntary contributions made it possible for the U.N. to reduce substantially the assessments of other countries—including Communist and Communist-dominated countries—for the financing of these U.N. activities. The manner in which this was accomplished is reflected in table II, appearing below.

In table II there are far more than three delinquents, I can assure you.

Mr. Speaker, I ask unanimous consent that this table be inserted in the RECORD at this point, showing the delinquent nations, and they are legion.

The **SPEAKER** pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

The table referred to is as follows:

TABLE II.—*Assessments in respect of the Congo ad hoc account for the period Nov. 1, 1961, to June 30, 1962*

| Member states | Percent | Gross amount of assessments | Reductions [1] under Resolution 1732 (XVI) | Credits from Tax Equalization Fund for 1960 | Amount received | May 31, 1962, balance due |
|---|---|---|---|---|---|---|
| Afghanistan | 0.05 | $40,000 | $32,000 | $51 | | $7,949.00 |
| Albania | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Argentina | 1.01 | 808,000 | 646,400 | 936 | | 160,664.00 |
| Australia | 1.66 | 1,328,000 | | 1,510 | | 1,326,490.00 |
| Austria | .45 | 360,000 | | 363 | | 359,637.00 |
| Belgium | 1.20 | 960,000 | | 1,097 | | 958,903.00 |
| Bolivia | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Brazil | 1.03 | 824,000 | 659,200 | 860 | | 163,940.00 |
| Bulgaria | .20 | 160,000 | 128,000 | 135 | | 31,865.00 |
| Burma | .07 | 56,000 | 44,800 | 67 | $11,133.00 | |
| Byelorussian S.S.R | .52 | 416,000 | | 396 | | 415,604.00 |
| Cambodia | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Cameroon | .04 | 32,000 | 25,600 | 4 | 6,396.00 | |
| Canada | 3.12 | 2,496,000 | | 2,624 | 2,493,376.00 | |
| Central African Republic | .04 | 32,000 | 25,600 | 4 | 6,396.00 | |
| Ceylon | .09 | 72,000 | 57,600 | 84 | | 14,316.00 |
| Chad | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Chile | .26 | 208,000 | 166,400 | 228 | | 41,372.00 |
| China | 4.57 | 3,656,000 | 1,828,000 | 4,226 | | 1,823,774.00 |
| Colombia | .26 | 208,000 | 166,400 | 261 | | 41,339.00 |
| Congo (Brazzaville) | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Congo (Léopoldville) | .07 | 56,000 | 44,800 | 4 | | 11,196.00 |
| Costa Rica | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Cuba | .22 | 176,000 | 140,800 | 211 | | 34,989.00 |
| Cyprus | .04 | 32,000 | 25,600 | 4 | 6,396.00 | |
| Czechoslovakia | 1.17 | 936,000 | | 734 | | 935,266.00 |
| Dahomey | .04 | 32,000 | 25,600 | 4 | 149.94 | 6,246.06 |
| Denmark | .58 | 464,000 | | 506 | 463,494.00 | |
| Dominican Republic | .05 | 40,000 | 32,000 | 42 | | 7,958.00 |
| Ecuador | .06 | 48,000 | 38,400 | 51 | | 9,549.00 |
| El Salvador | 0.04 | 32,000 | 25,600 | 42 | | 6,358.00 |
| Ethiopia | .05 | 40,000 | 32,000 | 51 | | 7,949.00 |
| Federation of Malaya | .13 | 104,000 | 83,200 | 143 | 20,657.00 | |
| Finland | .37 | 296,000 | | 303 | 295,697.00 | |
| France | 5.94 | 4,752,000 | | 5,399 | | 4,746,601.00 |
| Gabon | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Ghana | .09 | 72,000 | 57,600 | 59 | | 14,341.00 |
| Greece | .23 | 184,000 | 147,200 | 194 | | 36,606.00 |
| Guatemala | .05 | 40,000 | 32,000 | 42 | | 7,958.00 |
| Guinea | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Haiti | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Honduras | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Hungary | .56 | 448,000 | | 354 | | 447,646.00 |
| Iceland | .04 | 32,000 | 25,600 | 34 | 6,366.00 | |
| India | 2.03 | 1,624,000 | 812,000 | 2,075 | | 809,925.00 |
| Indonesia | .45 | 360,000 | 288,000 | 396 | | 71,604.00 |
| Iran | .20 | 160,000 | 128,000 | 177 | | 31,823.00 |
| Iraq | .09 | 72,000 | 57,600 | 76 | | 14,324.00 |
| Ireland | .14 | 112,000 | 89,600 | 135 | | 22,265.00 |
| Israel | .15 | 120,000 | 96,000 | 118 | | 23,882.00 |
| Italy | 2.24 | 1,792,000 | | 1,898 | | 1,790,102.00 |
| Ivory Coast | 0.04 | $32,000 | $25,000 | $6 | | $6,394.00 |
| Japan | 2.27 | 1,816,000 | 908,000 | 1,847 | | 906,153.00 |
| Jordan | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Laos | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Lebanon | .05 | 40,000 | 32,000 | 42 | | 7,958.00 |
| Liberia | .04 | 32,000 | 25,600 | 34 | $6,366.00 | |
| Libya | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Luxembourg | .05 | 40,000 | 32,000 | 51 | | 7,949.00 |
| Madagascar (Malagasy Republic) | .04 | 32,000 | 25,600 | 6 | | 6,394.00 |
| Mali | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Mexico | .74 | 592,000 | 473,600 | 599 | | 117,801.00 |
| Morocco | .14 | 112,000 | 89,600 | 118 | | 22,282.00 |
| Nepal | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Netherlands | 1.01 | 808,000 | | 852 | 807,148.00 | |
| New Zealand | .41 | 328,000 | | 354 | 327,646.00 | |
| Nicaragua | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Niger | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Nigeria | .21 | 168,000 | 134,400 | 20 | | 33,580.00 |
| Norway | .45 | 360,000 | | 413 | 359,587.00 | |
| Pakistan | .42 | 336,000 | 268,800 | 337 | | 66,863.00 |
| Panama | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Paraguay | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Peru | .10 | 80,000 | 64,000 | 93 | | 15,907.00 |
| Philippines | .40 | 320,000 | 256,000 | 363 | | 63,637.00 |
| Poland | 1.28 | 1,024,000 | 512,000 | 1,155 | | 510,845.00 |
| Portugal | .16 | 128,000 | 102,400 | 169 | | 25,431.00 |
| Rumania | .32 | 256,000 | | 287 | | 255,713.00 |
| Saudi Arabia | .07 | 56,000 | 44,800 | 51 | | 11,149.00 |
| Senegal | .05 | 40,000 | 32,000 | 6 | | 7,994.00 |
| Somalia | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| South Africa | .53 | 424,000 | | 472 | | 423,528.00 |
| Spain | .86 | 688,000 | 550,400 | 784 | | 136,816.00 |
| Sudan | .07 | 56,000 | 44,800 | 51 | | 11,149.00 |
| Sweden | 1.30 | 1,040,000 | | 1,173 | 1,038,827.00 | |
| Thailand | .16 | 128,000 | 102,400 | 135 | | 25,465.00 |
| Togo | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Tunisia | .05 | 40,000 | 32,000 | 42 | 7,958.00 | |
| Turkey | .40 | 320,000 | 256,000 | 498 | 63,502.00 | |
| Ukrainian S.S.R | 1.98 | 1,584,000 | | 1,518 | | 1,582,482.00 |
| U.S.S.R | 14.97 | 11,976,000 | | 11,491 | | 11,964,509.00 |
| United Arab Republic | .30 | 240,000 | 192,000 | 270 | | 47,730.00 |
| United Kingdom | 7.58 | 6,064,000 | | 6,563 | 1,793,822.51 | 4,263,614.49 |
| United States | 32.02 | 25,616,000 | | | | 25,616,000.00 |
| Upper Volta | .04 | 32,000 | 25,600 | 4 | | 6,396.00 |
| Uruguay | .11 | 88,000 | 70,400 | 101 | | 17,499.00 |
| Venezuela | .52 | 416,000 | 332,800 | 422 | | 82,778.00 |
| Yemen | .04 | 32,000 | 25,600 | 34 | | 6,366.00 |
| Yugoslavia | .38 | 304,000 | 243,200 | 295 | | 60,505.00 |
| Total | 100.00 | 80,000,000 | 11,400,800 | 57,058 | 7,714,917.45 | 60,827,224.55 |

[1] Reductions in contributions made possible by voluntary contributions from the United States.

**Mrs. ST. GEORGE.** Mr. Speaker, I feel this is a time for thoughtful, nay, even prayerful consideration of this measure. I think we have to stop deluding ourselves with this everlasting talk that we would be much worse off without the United Nations. Maybe we would. But no one can answer that question. Therefore, I think it would be wise to let the United Nations know now by our speeches and by our vote that we think it is high time for them to pull up their socks, to strengthen their organization, and to police themselves, for we are only one member, and any small African country recently admitted has just as much voting power as the United States of America.

We have a perfect right, it seems to me, as long as we are paying out these vast sums at the expense of our sorely harassed taxpayers, to let it be known that we want more efficiency and that we do not want armies put in the field wherever the Secretariat may deem wise to do so. Further I think we ought to talk about it for the full 5 hours and I think we should amend the bill. It has already been slightly improved and it can be amended to improve it a great deal more.

Mr. Speaker, finally, if it is defeated, it will bring no tears to my eyes.

Mr. DEROUNIAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks previously made and include a newspaper article.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BROWN. Mr. Speaker, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to my colleague, the gentleman from Ohio, the ranking member of the Committee on Rules.

Mr. BROWN. I just want to rise to congratulate the gentlewoman from New York on the very able and remarkable address she has just completed on this subject, and to point out to the House that the Committee on Rules was very generous in granting time to the Committee on Foreign Affairs to debate the philosophy and the beliefs of the individual members of that committee rather fully on the floor for 5 long hours. The opportunity will be given, I hope and believe, to every Member of the House to express himself or herself fully on these particular subjects. So, again, I want to say as ranking member of the Committee on Rules, I am very, very proud of the gentlewoman from New York today because she has made a very remarkable address here and I am sure we are all very appreciative of that fact.

Mrs. ST. GEORGE. I thank my colleague from Ohio. May I take this opportunity to say that if my address and my presentation has any merit, it is largely due to his tuition and his leadership.

Mr. O'NEILL. Mr. Speaker, may I say that the gentlewoman from New York did an excellent job for her side. She has undoubtedly read the minority report and studied it and believes it. I do hope that she remains on the floor during the 5 hours of debate when those who I would think know more about foreign affairs than we do on the Committee on Rules will be able to answer the questions that she has put forward. Dr. MORGAN, the chairman of the Foreign Affairs Committee, will explain the remarks of Mr. Harlan Cleveland in a far different light than the lady from New York.

Mr. Speaker, I now yield 5 minutes to our distinguished Speaker, the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I know that the Members of the House will conduct the debate on the pending resolution in accordance with the high traditions of this great body which I love and of which I am so proud. The gentlewoman from New York has expressed her views and, of course, Members may have different viewpoints with respect to the many complex aspects of this legislation, but in expressing our views, let us consider this in the national interest of our country, and respecting each other in disagreement in accordance with the highest traditions of this great body.

This resolution has received 9 months of discussion, debate and searching inquiry. That has all gone into the decision in relation to the resolution now before the House. The vote will take place tomorrow. There may be some who feel this reexamination was protracted and not necessary. I am not one of them. I think we have come a long way toward clarifying the American view of the United Nations and have, thus, made it easier for other members of the United Nations to see their own responsibilities more clearly. I am further convinced that the most important thing to emerge from this debate is that the American people want the United Nations to be a better organization, and the gentlewoman from New York made able reference to that.

In the course of the debate, four American presidents, all during the last 6 months, have said this in one form or another—U.N. responsibility.

President Hoover has eloquently reminded us that the United Nations is not the organization we had hoped for during World War II. He put the blame right where it belongs—not on the organization but on its Communist members. If he saw little value in the U.N.'s immediate future, he nevertheless insisted that other collective security measures should not replace the U.N.

President Truman, in his endorsement of the bill pointed out that the United Nations is only an approach to world peace. He also reminded us that the United Nations has been able to act without the support of the Communists and often against them as it did in Korea and the Congo. I am in thorough agreement with the United Nations assuming responsibility by stable government. We must recognize that our own country in the early days had to go through a long period of experimentation. There were many persons in those days, as history records, who said that under the Constitution the Original Thirteen States then comprising the Union could not long survive. So we have to have patience and forbearance to look ahead at a time when the national interest of our country is directly involved. We have got to consider the national interest of the United States.

President Eisenhower said:

> This is a measure helping to hold open the door of hope for all mankind in its yearning for a world of peace and justice among nations.

He sent a cable to both the minority leader, my distinguished friend, the gentleman from Indiana [Mr. HALLECK], and me from abroad when he was recently in Europe. It was a ringing telegram of statesmanship.

President Eisenhower also issued a timely warning against letting our disappointments with the United Nations blur our vision or our hope.

President Kennedy emphasized the need to temper our hopes with historical perspective when he said:

> The United Nations is still in its infancy—and without our full support it will have no chance to grow into the mature institution foreseen by the farsighted men who wrote the charter for an organization, "to secure succeeding generations from the scourge of war."

The views of these four Presidents are perhaps the finest possible summary of our national attitude to the United Nations. It is notable, I believe that they reflect the real concern of the American people with the future of the United Nations rather than with any particular means of meeting the present financial emergency.

The question of whether or not a loan to the United Nations is the best available way to keep the organization going is not a great issue. I believe the United States Delegation to the United Nations handled the matter fairly well, and that the administration presented the Congress with a reasonable proposal which the Congress has studied and improved.

I might say that the committee has improved upon the bill by making certain changes, and I think they are decidedly in the right direction.

The President has recommended and accepted the amendments made by the House Committee on Foreign Affairs. If Members wish to support the U.N., this is a good way to do it.

However, there is a great issue involved here. The American people and people throughout the world will judge our vote on this financial measure as a vote for or against the future of the United Nations.

We cannot be sure at this time whether history is watching but all evidence points that way. To reject the loan would be gambling with the future, and I respectfully caution anyone who intends to take this gamble to do so with his eyes open.

I realize all the implications involved. I realize the disappointment we have sometimes felt with the United Nations. I have some myself, but we have got to strive to look into the future as far as we can and to realize that not only this day is involved, but involved also is the future world in which your children and your children's children, the youngsters we see walking through the corridors of the Capitol and elsewhere must live. Their future is being decided. The next 2, 4, or 5 years in all probability will see determined the kind of life and world that the youngsters, your children and your children's children, are going to live in. In connection with that we have got to have strength, we have got to have peace.

I have thought this over from all angles. I think the bill should pass, and I hope it will pass.

Mrs. ST. GEORGE. Mr. Speaker, I have no further requests for time.

Mr. O'NEILL. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2768) to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2768, with Mr. WALTER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I rise in support of this bill.

Mr. Chairman, this bill authorizes an appropriation of not to exceed $100 million for a loan to the United Nations. The language of the bill as it passed the other body has been amended by the Committee on Foreign Affairs so as to require that every dollar loaned by the United States must be matched by an equal loan from other countries. The bill also provides that the money loaned by the United States shall not be used to relieve members of the United Nations of their obligation to pay arrearages on United Nations assessments or to reduce regular or special assessments against any such members.

Under the authority of this bill the President can purchase up to $100 million of United Nations bonds which have been authorized by the United Nations General Assembly, but the lending authority is not limited to the purchase of bonds. A loan or loans on some other basis is authorized as long as the total amount stays within the $100 million limit and the other limitations contained in the bill are met.

The money loaned to the United Nations will be used to pay its most pressing unpaid bills and to finance the continued operation of the United Nations Forces in the Congo and in the area of the Israeli-Egyptian border for the next few months.

The bill provides that repayments of interest and principal on any loan made by the United States to the United Nations shall be deducted from the annual payment assessed against the United States for the budget of the United Nations. The annual principal and interest which will be due to the United States if the United States purchases $100 million worth of United Nations bonds will amount to $5.1 million per year. The U.S. share of the United Nations annual budget is 32.02 percent, and for the year 1962 this amounts to $23,700,000.

The bill makes clear that the authorization of this loan is not to be considered a precedent and that it is the sense of the Congress that the United Nations reorganize its financing so as to avoid large-scale deficits in the future.

The bill also expresses the satisfaction of the Congress that the International Court of Justice has indicated that the expenses of the United Nations operations in the Congo and in the Middle East are expenses of the organization within the meaning of the United Nations Charter, which makes members who are delinquent in their payments of such expenses subject to the loss of votes, and that Congress anticipates prompt payment of arrearages.

In considering this bill, every Member of this House should bear in mind three very fundamental facts:

First, unless the United Nations is able to obtain a substantial loan within the next few weeks, the United Nations will have to pull its forces out of the Congo. That is a fact. Every one of us has to form his own judgment as to what the consequences of this fact would be. The big question is: If the United Nations forces leave, who will take their place?

The second fundamental fact is that the United Nations cannot be reorganized so as to correct its basic weaknesses under the charter in the foreseeable future. This is a fact. The Russians through the use of the veto can prevent any amendment of the United Nations Charter.

I am aware that there are many who are dissatisfied with the record of the United Nations to date and who feel that the financial crisis which the United Nations faces at the present time should be used as a lever to insist that changes be made. There is no way that the Soviet Union can be kicked out of the United Nations under the present charter, and there is no way that the equal vote for every member can be modified.

The third fundamental fact to bear in mind is that the United Nations forces cannot be kept in the Congo by forcing all the delinquent United Nations members to pay up their arrearages. The fact is that there is no way in which the arrearages can be collected soon enough to keep the Congo operation going. There are two basic reasons for this.

First, the Soviet bloc is strongly opposed to the Congo operation and is doing everything in its power to bring it to an end. The Soviet bloc, including Cuba, owes over $45 million. Although there is some reason to believe that the Soviet Union will pay what it owes rather than lose its vote at the United Nations, it can delay payment of its assessments for the Congo operations and maintenance of forces on the border between Israel and Egypt until 1964 before it will lose its vote.

In the case of other delinquent nations, it is expected that most of them will pay up within a reasonable time. Even in these cases, however, such payments ordinarily require parliamentary action which takes a period of months.

In view of the fact that the Soviet bloc will delay its payment as long as possible and that most other nations will require several months to vote the money to meet their arrearages, the United States has to accept the fact that the United Nations forces cannot be maintained in the Congo through the collection of arrearages.

In closing, Mr. Chairman, let me make this point: The real issue confronting this House today is whether or not it is important to the security of the United States that central Africa be prevented from going Communist.

The Congo and the region adjacent to it is rich in mineral deposits of great strategic significance. It is an area of great importance to the Soviet bloc, and the forces of infiltration and subversion area ready to move in.

No one can say that if this bill is approved and the United Nations gets the money to continue its Congo operations that everything will be all right. The United Nations operations in the Congo have not been very satisfactory, and there are many serious difficulties and unsolved problems which will have to be faced. Nevertheless, I doubt if there is anyone who believes that pulling out the United Nations forces will lead to anything but chaos.

The question is not what is best for the United Nations; it is what is best for the United States. I am convinced that a careful examination of all the facts will clearly indicate that the passage of this bill is vital to the security of this country.

Mr. Chairman, during the debate on the consideration of the rule I listened very attentively to the distinguished gentlewoman from New York [Mrs. ST. GEORGE]. I heard the gentlewoman make a statement that Mr. Cleveland had stated that $215 million was used out of the contingency fund in behalf of the United Nations. I think, perhaps, the RECORD should be clarified early in the debate. No $215 million was used out of the contingency fund in financing any operation of the U.N. in the Congo.

Mr. Chairman, this figure of $215 million has been kicked around Capitol Hill here for the last 6 weeks. I am going to read a very brief chronological table of the real Congo operation.

Mr. Chairman, on May 14, 1960, the mutual security authorization bill was approved by this House, Public Law 86-472. This included an authorization of $150 million for the contingency fund.

On June 17, 1960, the mutual security appropriation bill passed the House, including the full amount authorized by the authorization bill of $150 million for the contingency fund.

On June 30, the independence of the Congo was proclaimed, followed within a few days by widespread violence.

On July 3, Congress recessed for the Republican and the Democratic Conventions.

On July 12, the Congo requested from the United Nations, military aid, while Congress was in recess. On July 13, the Security Council of the United Nations established a United Nations force in the Congo. A summary of the various U.N. resolutions on the Congo appears in the hearings on page 391.

On August 8, 1960, the Senate reconvened and received a message from President Eisenhower, Senate Document

115, which included a request for an increase in authorization and appropriation for the Mutual Security Contingency Fund in the Congo, from $150 million to $250 million, even though the House had already passed the authorization and appropriation bills.

On August 15, the House reconvened and received a message from President Eisenhower, Senate Document 117, transmitting an amendment to the budget asking an additional $100 million for the contingency fund, raising it from $150 million to $250 million. The bill passed the Senate with the full amount of $250 million. It passed the House, and the final conference report carried $250 million.

President Eisenhower then used $36,412,833—$15,745,211 for our assessed contribution, and $20,667,622 was a voluntary contribution to the United Nations. That is all of the money that was used out of the contingency fund for 1960 for the military operation in the Congo.

On June 30, 1961, the fourth supplemental appropriation bill was approved, Public Law 87–74. This supplemental appropriation bill, included $32,204,000 for the State Department as a special assessment for the Congo. It passed this House without much debate. This money did not come out of the contingency fund.

In June and July 1961 the Committee on Foreign Affairs had its hearing on the aid bill for the fiscal year 1962. This bill carried a section on international organizations authorizing $153.5 million for that purpose. This included the children's fund, money for the Palestine refugees, and for other contributions to international organizations.

Included in the figures for 1962 were two programs, $35 million for economic aid to the Congo and $27 million for voluntary contributions for the military account for the Congo for 11 months from November 1, 1961, to September 30, 1962. This sum was carried in the Appropriation Act—Public Law 87–321. No money whatever came out of the contingency fund.

This was the only bill considered by the Committee on Foreign Affairs which included funds programed in advance for the Congo military operation. In December 1961, the General Assembly of the United Nations passed a resolution setting forth a formula for reduction in assessments for certain of the smaller contributors to the U.N. for the period from November 1, 1961, through June 30, 1962—8 months. The second supplemental appropriation bill, 1962, approved on July 25 of this year—Public Law 87–545—carried $25,616,000 for the U.S. assessed contributions for the Congo military account for those 8 months.

Let me make clear that every one of these bills was considered by committees of this House and the other body and then voted upon by the entire membership. They proceeded through the regular legislative process.

Let me state fully the reasons for the U.S. voluntary contributions.

The United States did not make a voluntary contribution to the United Nations to aid Albania, Cuba, or any other particular country, but to help pay some of the expenses of the Middle East and Congo operations. We made a contribution over and above our regular assessment because the United Nations peace-keeping activities are in the U.S. interest. The present annual costs of the Middle East and Congo operations total about twice the United Nations' regular annual budget. Because these costs were so large, opposition quickly developed on the part of many member states to share the costs in the usual manner; that is, on the basis of the regular scale of assessments. The costs were just too large for the smaller members to pay.

To meet this need, the United Nations—not the United States—decided to reduce the assessments of those nations least able to pay. They worked out a formula which did this. A few nations unfriendly to the United States fell within the formula. These nations, like all the others who came under the formula, got part of the so-called benefit—that is, if continuing the Middle East and Congo operations which the Communists violently oppose, can be considered a benefit to them. They certainly do not consider it so. But the formula adopted by the United Nations assured that those nations able to pay the full amounts—nations like the U.S.S.R.—would not receive any reduction in their assessments.

But, Albania and Cuba, along with 78 other countries, did get some reduction.

The United Nations—having assessed the smaller nations the amount it was believed possible to raise at the regular rates—then appealed to the Security Council members and others able to make voluntary contributions to fill the gap and provide the resources needed to continue the Middle East and Congo operations.

The U.S. delegations to the United Nations—which, each year, have included Members of Congress—recommended that since it was in our interest to have the Middle East and Congo operations continued, we would have to pay some of the costs over and above our regular assessments if UNEF and UNOC were to be continued.

The United Nations action in voting to reduce the assessments of members less able to pay for these operations was completely in the open and recorded in their annual debates and resolutions. The United Nations resolution which set up the system was known to the member nations and available to the public. Similarly, the U.S. voluntary contributions, in response to the United Nations appeal for needed additional funds to keep these operations afloat, were presented and justified to the Congress each year, and Congress appropriated these funds for the U.S. contribution.

But more important are these two facts:

First, this system of reduced assessments ended on June 30, 1962 as the result of action taken by the General Assembly last fall. It is a thing of the past. This was long before any Member of Congress expressed opposition to the system.

Second, the $100 million loan proposal will not provide any credits to any nation. This is the financing device which eliminated our voluntary contribution entirely and brought our share of contributions for peace keeping down from 47.5 to 32 percent.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. In an analysis of the United Nations financial position as of December 31, 1961, there is a category headed "Pay and Allowances." Listed under this heading are 25 countries owing various amounts, adding up to $25,976,000. My question is: Does that mean the United Nations is paying the salaries or wages, or whatever you want to call it, of the troops in the Middle East or the Congo?

Mr. MORGAN. Some of the money supplements the small salaries that these troops receive in the Congo operations.

Mr. GROSS. Did the United Nations pay for the U.S. troops in the United Nations police action in Korea in 1950 and subsequent thereto?

Mr. MORGAN. No, I think every member that had troops in the United Nations action in Korea paid their own expenses.

Mr. GROSS. Would this not be the way to take care of the troops that the United Nations now has?

Mr. MORGAN. The gentleman knows that the troops come from the smaller and poorer nations. The United Nations has refused to accept troops from the larger nations. There was a definite and obvious reason for that. That is the reason why they needed some assistance.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. GALLAGHER. I call the attention of the gentleman to page 361 of our hearings, which has an analysis of these costs. The breakdown appears in the chart. The fact of the matter is that the participating countries that pay salaries of their troops. The UNEF fund assumes the extraordinary expenses such as air lifts and taking care of rotating contingents and rations and operational supplies services.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. ADAIR. Is it not true, I will ask the chairman, that these troops serving in the Congo, at least in certain instances, are receiving more pay for that service than they do for normal service?

Mr. MORGAN. That is for normal service in their own country?

Mr. ADAIR. Yes.

Mr. MORGAN. I think that might be true, but I do not think it is any great amount because the pay of these troops in the Congo and in the Gaza strip, is a very modest amount.

Mr. ADAIR. But they are greater than they receive for normal service?

Mr. MORGAN. I would not know the salaries, but I do not think it is very much.

Mr. GALLAGHER. The only additional funds paid out of the UNEF fund are those oversea differentials that the U.N. does assume up over and above the salaries that are paid by participating countries.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. GROSS. With reference to these countries that do make some contribution to the payment of their troops; do not they receive a setoff or credit against their assessments to the United Nations?

Mr. MORGAN. That is a very, very small amount. May I remind my colleague from Iowa that the United States is not the only country that has made a voluntary contribution to the United Nations. There have been 28 other countries that have made voluntary contributions to the United Nations—including cash contributions.

Mr. GALLAGHER. I might add the assessments are paid by various countries and the assessments are set off against extraordinary expenses.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. YOUNGER. I have been trying to get some information, Mr. Chairman, on the amount of funds that have been transferred from the military assistance funds, obligated funds, to the U.N. Can you give me that figure during the past year, that is, fiscal year 1962.

Mr. MORGAN. So far as the fiscal year 1962 is concerned, the only transfer from military assistance was $9.5 million for the Congo economic fund—but not for the Congo military account about which I have been talking.

Mr. YOUNGER. There were no funds transferred so far as you know? Then, can you tell me out of the President's contingent fund; how much was transferred to the U.N.?

Mr. MORGAN. That is for fiscal year 1962?

Mr. YOUNGER. Yes.

Mr. MORGAN. No money was used out of the contingency fund for fiscal year 1962 for the U.N.

Mr. YOUNGER. That is the point I have been trying to get. I understand there have been tens of millions of dollars transferred.

Mr. MORGAN. I was just trying to rectify that by reading into the RECORD where the money came from for the Congo operation. I am sure, if the gentleman will read the RECORD tomorrow, and I will have this record complete, he will find that the money that has been paid into the Congo operation by the United States did not all come out of the contingency fund. The only money that came out of the contingency fund for the Congo was used by President Eisenhower in the early months of the Congo operation.

It may be well, if at this point in the discussion, I set forth some remarks I have prepared on the allegations that have been made as to $215 million we are supposed to have given the U.N. with no public disclosure. The money was used, it is claimed, to reduce the assessments of other member nations. There are numerous variations of these charges as to amount and purpose.

No U.S. funds—foreign aid or other—have been used to reduce assessments of other nations for the regular U.N. budget or for those of the nine specialized agencies.

There are three possible accounts to which the charges may relate.

First. United Nations Emergency Force—UNEF: This has been an assessed budget plus voluntary contributions—see hearings, page 375. From November 1956 through June 1962 the total budget for this operation was $122,750,000. The current U.S. assessment is 32.02 percent. Our assessment plus our voluntary contributions total $57,633,673, or 46.95 percent. Of the U.S. payments $33,701,242 was our assessed share and $23,932,431 was our voluntary contribution.

Following is the legislative source of the voluntary contributions of $23,932,431:

| | |
|---|---|
| Fiscal year 1957, Mutual Security Act, contingency fund | $3, 170, 850 |
| Fiscal year 1957, United States waived initial airlift | 1, 191, 581 |
| Fiscal year 1958, Mutual Security Act, special assistance | 9, 750, 000 |
| Fiscal year 1960, Mutual Security Act, special assistance | 3, 500, 000 |
| Fiscal year 1961, Mutual Security Act, special assistance | 3, 200, 000 |
| Fiscal year 1962, AID, international organizations | 1, 800, 000 |
| Fiscal year 1963, AID, international organizations | 1, 320, 000 |
| Total | 23, 932, 431 |

During calendar years 1960, 1961, and 1962, the United Nations reduced the assessments of its members as follows: 1960, 78 states; 1961, 52 states; 1962, 85 states. The following Communist countries had their assessments reduced:

| | |
|---|---|
| Albania | $7, 117 |
| Bulgaria | 47, 576 |
| Byelorussian S.S.R. | 46, 965 |
| Cuba | 42, 141 |
| Czechoslovakia | 86, 934 |
| Hungary | 41, 968 |
| Poland | 199, 296 |
| Rumania | 33, 974 |
| Ukrainian S.S.R. | 179, 863 |
| Yugoslavia | 97, 533 |
| Total | 783, 367 |

Second. Congo military account: This is an assessed budget plus voluntary contributions—see hearings, pages 79, 374. For the period July 1960 through June 1962—2 years—the United Nations budget for this operation was $240 million. The U.S. assessment is 32.02 percent. Our assessments plus our voluntary contributions total $114,489,290, or 47.70 percent. Of the U.S. payments $73,565,272 was our assessed share and $40,924,018 was our voluntary contribution.

Following is the legislative source of the voluntary contributions of $40,924,018:

| | |
|---|---|
| Fiscal year 1961: | |
| Mutual Security Act contingency fund | $10, 350, 000 |
| Mutual Security Act, contingency fund, waiver of initial airlift | 10, 317, 622 |
| Fiscal year 1962, AID, international organizations | 20, 256, 396 |
| Total | 40, 924, 018 |

The U.N. reduced the assessments of its members as follows: July–December 1960, 52 states; January–October, 1961, 79 states; November 1961–June 1962, 78 states. These Communist states have had their assessments reduced as a result of our voluntary contributions:

| | |
|---|---|
| Albania | $57, 299 |
| Bulgaria | 254, 795 |
| Hungary | 332, 837 |
| Poland | 1, 190, 554 |
| Cuba | 338, 918 |
| Yugoslavia | 520, 565 |
| Total | 2, 694, 968 |

Third. Congo economic program. The United States and other countries have given economic assistance to the Congo in the form of cash and commodities. Unlike the military program which combines assessments and voluntary contributions, all economic aid to the Congo is voluntary. Some of it is given directly to the Congo; some of it is channeled through the U.N. Thus there is no regular assessment scale for the economic program since it is entirely voluntary.

For the period July 1960 through June 1962 our economic aid for the Congo through the U.N. has amounted to $98,271,953. Of this sum $70,950,000 has come from our foreign aid funds, of which $28,512,023 was from the contingency fund; $27,321,953 has been in the form of surplus agricultural products under the food-for-peace program. We have also had small bilateral development grant programs and provided surplus food for distribution by private voluntary agencies. These two programs have amounted to $8,996,000.

The pattern of financing both UNEF and the Congo military operation has been the same. The initial costs were met from the contingency fund for a valid reason—these were unforeseen and sudden developments. That is the purpose of the fund. When it was evident that these programs were to be continued, they were financed from two sources—appropriated funds for the Department of State for our assessed share and foreign aid funds for our voluntary contributions. The State Department appropriation bills are carefully scrutinized by the Appropriations Committees of both Houses.

In the case of foreign-aid funds four committees pass on them—the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations followed by the Appropriations Committees. Each of these not only inquires into what it is planned to do with the money for the next fiscal year but also examines what was done with money in the previous fiscal year. Thus there is no basis for the charge that these funds were handled in secrecy or without congressional knowledge.

As to the alleged $215 million we used to cover the share owed by others, I have given in detail the amounts and the source of funds for each of the programs. I cannot determine by what arithmetical process the sum of $215 million was reached. Our total contributions, assessed and voluntary, for these two operations have amounted to $172,122,963 of which $64,856,449 has been in the form of voluntary contributions. The balance of $107,266,514 represents our assessed share of the costs of these two operations. There were no other operations financed through the U.N. for which there were reductions or credits. As for the contingency fund, it has been the source of $39,583,683 of our total payments. Of this latter amount $23,838,472 has been used for voluntary payments that have had the effect of reducing the assessments of some countries.

**Mr. YOUNGER.** If the gentleman will yield for one further question, while the gentleman is furnishing these figures, and I am sincere and I am trying to get some information on this point, there are a lot of funds that have been transferred, but did the U.N. borrow money from the trust funds?

**Mr. MORGAN.** Yes, the U.N. has borrowed from the Special Fund and from the Children's Fund.

**Mr. YOUNGER.** How much?

**Mr. MORGAN.** They borrowed some money to operate for short periods to pay some pressing bills. They borrowed $10 million from the Children's Fund for a few months and have repaid it. The small amounts borrowed from the Special Fund have also been repaid.

**Mr. YOUNGER.** Can the gentleman get that information so that we can have it during debate?

**Mr. MORGAN.** Yes.

**Mr. YOUNGER.** Has that money been paid back to the trust fund?

**Mr. MORGAN.** Yes, I believe it has.

**Mr. YOUNGER.** Can the gentleman verify that in the report?

**Mr. MORGAN.** I will.

**Mr. GALLAGHER.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman.

**Mr. GALLAGHER.** In reply to the gentleman's question, there were no funds used out of the contingency fund for the year 1962 for the Congo operation.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman.

**Mr. GROSS.** But there was money taken from the United Nations Children's Fund which is known as UNICEF?

**Mr. MORGAN.** Yes, a small amount of money was.

**Mr. GROSS.** Does the gentleman think that $10 million is a small amount of money?

**Mr. MORGAN.** In comparison with other amounts involved and taking the thing in balance—I think it was.

**Mr. GROSS.** I see. Will the gentleman yield for another question?

**Mr. MORGAN.** I yield to the gentleman.

**Mr. GROSS.** When Adlai Stevenson was before your committee he said the bond issue would presumably carry it for a year and a half. A year and a half from when to when?

**Mr. MORGAN.** June 30, 1962, to December 31, 1963.

**Mr. GROSS.** I doubt that it is going to last a year and a half.

**Mr. MORGAN.** It all depends on how rapidly the money is spent.

**Mr. GROSS.** The crisis has been going on since last December.

**Mr. MORGAN.** The crisis has been going on longer than that. This financial crisis really started in 1957.

**Mr. GROSS.** Where has the United Nations been getting the money to operate?

**Mr. MORGAN.** It has simply delayed paying many of its bills. There was a small deficit starting with the Israeli-Egyptian operation in 1957. It has gradually increased until in 1960 it was about $87 million. By 1961, it was $107 million. So this did not occur in the last year or year and a half; it has been building up since 1957.

**Mr. GROSS.** But the situation was desperate as of last December, and the President said it was desperate in January. A crisis existed in January he said, yet this is September 13.

**Mr. MORGAN.** A financial resolution was passed by the General Assembly to carry the U.N. through June 30, 1962.

**Mr. GROSS.** What is the permanent solution, if I may ask the gentleman? This question was asked repeatedly in the committee and there is no answer to it. What is to be the permanent solution of this financial need in the United Nations?

**Mr. MORGAN.** Of course we are optimistic that the Congo situation will be resolved and that there is not going to be a continuation of this type of operation.

**Mr. LATTA.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield.

**Mr. LATTA.** I want to thank the gentleman for clearing up several points as to whether or not this was paid out of contingent funds or regular appropriations by the Congress, but there is a point that has not been cleared up to my satisfaction. It relates to the statement made by the gentlewoman from New York that we are paying arrearages of other countries, Poland, Yugoslavia, and Cuba, for instances. If this is true will the gentleman insert in the RECORD the amounts involved?

**Mr. MORGAN.** I want to say to the gentleman from Ohio that the United Nations in 1960 and in 1961 adopted a resolution under which it provided reductions to nations less able to pay.

This method was terminated by action of the General Assembly to be effective July 1, 1962. But there are certain countries that did receive reductions under this. Albania, for instance, during the period November 1961 through June 1962 received $25,600; Bulgaria $128,000; the total reductions of Communist countries in that period amounted to $1,049,000. Now, we made a voluntary contribution.

**Mr. LATTA.** You say "we," meaning the United States?

**Mr. MORGAN.** Yes. This was on a voluntary basis. These few Communist countries did receive some small amount of reduction in their special assessments to the U.N.

**Mr. LATTA.** And the gentleman is furnishing the names?

**Mr. MORGAN.** I will put the names in the RECORD now. They will be mentioned probably time and time again during the debate on this bill. They are as follows:

*Reductions in assessments of Communist countries for Congo military account*

| | 1960 (July to December) | 1961 (January to October) | 1962 (November 1961 to June 1962) | Total |
|---|---|---|---|---|
| Albania | | $31,690 | $25,600 | $57,290 |
| Bulgaria | | 126,795 | 128,000 | 254,795 |
| Byelorussian S.S.R. | | | | |
| Czechoslovakia | | | | |
| Hungary | | 332,837 | | 332,837 |
| Poland | | 678,554 | 512,000 | 1,190,554 |
| Rumania | | | | |
| Ukrainian S.S.R. | | | | |
| U.S.S.R. | | | | |
| Cuba | | 198,118 | 140,800 | 338,918 |
| Yugoslavia | | 277,365 | 243,200 | 520,565 |
| Total | | 1,645,368 | 1,049,600 | 2,694,968 |
| U.S. voluntary contribution | $3,900,000 | 15,305,596 | 11,400,800 | [1] 30,606,396 |

[1] Waiver of airlift of $10,317,622 not included. Adding that item increases U.S. voluntary contribution to $40,924,018.

**Mr. LATTA.** Another point I wish the gentleman would comment on, if he will yield further, is whether or not these countries debts were forgiven.

**Mr. MORGAN.** No debts are forgiven for any country.

**Mr. LATTA.** The payments were made by the United States.

**Mr. MORGAN.** This was a small amount.

**Mr. LATTA.** About how much in dollars and cents?

**Mr. MORGAN.** A very, very small amount. As I read it here for the five countries it was a little over a million dollars for 8 months. No big Communist countries got any relief.

**Mr. CHIPERFIELD.** Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

**Mrs. BOLTON.** Mr. Chairman, before I say anything else, I would like to express my appreciation to the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], for his sincere effort on behalf of a real study of this bill and his great courtesy to those of us who do not sit on the same side of the table as he does.

Mr. Chairman, the hearings which he chaired on this bill are a mine of information. The questions that he put to the witnesses sought to explore all avenues and alternatives. We held all of our hearings in open session so that the printed volume does not contain the usual security deletions. For the chairman's patience and fairness we on this side are grateful. It is typical of the nonpartisan approach that all of us had toward this difficult issue.

The bill before the committee is a simple one designed for a single purpose. Unlike many measures debated by this committee the bill is in nontechnical language. Its objective is to make available through loans to the United Nations not more than $100 million. The pace of our loans is geared directly to the loans made available by other nations to the United Nations.

The reasons underlying the financial plight of the United Nations need no lengthy recitation. The Organization has undertaken to engage in two critical peacekeeping operations—one in the Middle East and the other in the Congo. Both of these operations were voted by the United Nations.

But between the authority to vote for a particular course of action and the responsibility to support such action there is a wide gap. The most tangible evidence of this gap is the failure of some 70 nations to pay their assessments for one or more of the several accounts of the United Nations. This failure arises from a variety of reasons ranging from an inability to pay to an outright refusal to pay.

The United Nations has sought a clarification of the financial responsibility of the members by seeking from the World Court an advisory opinion as to the liability of members for the two special assessments for the Middle East and for the Congo. That opinion has now been rendered. It is clear that the assessments for these two special accounts are part of the expenses of the United Nations as much as is the regular budget.

I think you all know by this time that there will be an amendment submitted to make this obligatory before we will do anything.

I cite these few facts briefly to point up the burden that is now placed upon all member states—not just the United States and a few others—to face up to what they must consider at the next meeting of the General Assembly. Two related issues emerge. First, the United Nations must live within its income, the principal source of which is the payment of assessments by its members. In the future they must give thought to the cost of operations before they initiate them. Second, the hearings before our committee show the need for a major overhaul of the budgetary and administrative procedures of the United Nations. From my own observations as a former delegate I am struck by the growing duplication of functions that engage the attention of international organizations. Part of the problem of costs is related to the ease and enthusiasm with which the United Nations and its specialized agencies have embarked upon new programs without careful preliminary planning and competent management.

But the gap between authority and responsibility is more than a financial one. It is in a sense a moral gap that has been broadened through the evolution of the organs of the United Nations. The two-thirds majority by which important decisions of the General Assembly are made would not be so serious a cause of complaint if those who made such decisions were willing to assume the responsibility for their vigorous execution. The desire of states seeking admission to the United Nations has not been accompanied by a comparable desire or willingness to participate in the carrying out of United Nations decisions.

We had a great many interesting people appear as witnesses, among them Assistant Secretary of State George Ball, who was asked a few questions and answered somewhat in this fashion: "They believe that as soon as this money is made available and the United Nations is able to resume operations, there are plans to go ahead, not to keep the peace, but to resume the war."

That is one of the great criticisms of this bond issue, and it is one of the criticisms of the United Nations. All of us must really know something about this matter before we cast our vote.

I hope those of you who were not present yesterday afternoon will read the address of the gentleman from Indiana [Mr. Bruce], who gave us an exhaustive picture of the things he has found in his research. I hope you will read at least most of that, if not all of it, and I hope also that you will see to it that everyone you know reads it also.

We have been given by Mr. Cleveland, Assistant Secretary of State for International Organization Affairs, this statement:

> I can give you a categorical assurance as far as U.S. policy is concerned and as far as what I know of the intentions of the U.N. administrators in the matter, that this money will not be used for what you have called making war on Katanga.

I think all of us on the committee have had people come in from Katanga who have given us the horrible details as to what was done by the United Nations troops. I think we have all been deeply troubled about it, and felt that things of that kind should not and could not any longer be permitted. I know my office has been a good channel through which much of this information has come. I am not of the opinion that if this bond issue does not go through it will destroy the United Nations. I think it is too strong a force in the world to have that happen. But I must admit I am deeply troubled over this attitude that there is the possibility of a concerted effort on the part of those who are in control of some of the actions or some of the activities in Katanga that they are determined to take over entirely, and that will mean war.

Mr. Chairman, this morning there was in the New York papers a very disconcerting and disheartening article to the effect that "Tshombe says killing two soldiers destroys faith in Thant's unity plan." He said "I do not believe in U Thant's good faith any longer, nor in the Western nations who guaranteed U Thant's plan," which includes under it "the Acting Secretary General's plan to unify the Congo which provides for an equal sharing of Katanga's income from rich mineral resources with the Central Government at Léopoldville and integration of the armed forces, among other things."

Mr. Chairman, I think if we will look back in history we will find they never had 50 percent. They had 40 percent at the outside. So, this is a catastrophic moment in his attitude toward what he believes will be done to him and his people. He is going to fight it in some way.

The Security Council has not become a focus for reconciling the fundamental and divisive issues that produce current international tensions. If anything, it has only magnified them. Through the operation of the veto it has lost its capacity to handle the most basic problems of the cold war. Its default has shifted the focus to the General Assembly whose constitutional limitations are conducive to those who seek publicity and who substitute propaganda for accomplishments. It is understandably confusing and frustrating to our citizens when they hear individuals in high office tell us that our position has been supported by heavy majorities on the issues voted by the General Assembly—yet whose statements on specific problems of foreign policy show increased difficulties in our foreign affairs. Clearly there is an air of unreality about the whole process.

These are large and fundamental considerations that should concern every one of us who seeks a world of peace and order. They are proper subjects for discussion not only at the level of governments but among the peoples of the world. But they should not detract us from the subject at hand. For without a solution to the immediate financial dilemma of the United Nations there will be little need for us to seek its improvement.

In his testimony before our committee one of the most dedicated and respected men in public life, Hon. John J. McCloy, put the issue in its proper perspective. He said:

> I do not wonder that there is both dissatisfaction and concern over the role of the United Nations, but I do wonder that anyone can seriously think that we would be better off without it, or that it is not deeply in the interests of the United States to support and maintain it. It is far from a perfect instrument, and it has not followed the course that those of us who were at San Francisco when the charter was drawn up thought and hoped it would, but it has performed some deeply significant services in the cause of peace, and any thought of permitting it to collapse at this moment or of failing to do anything within reason to maintain its vigor seems to me to be completely out of the question so far as the interests of the United States are concerned.
>
> * * * * *
>
> Situations incipient with great hazards have been tamped down to much less dangerous, even if painful, balance, due in large part to United Nations action. Not only was a major war averted, but, I believe, in retrospect, we can say with certainty that in the process the interests of the free world were successfully maintained. Largely because of the United Nations action in the Congo the Soviets have not found it as simple as they thought it was going to be to take over

Africa, as the independence movement took effect on that continent.

Mr. Chairman, Congress has voted for our defense programs, for our space efforts, and for foreign assistance. Each of these programs involves billions of dollars. It is no argument for this bill to say that it is at most only $100 million. None of us has a mandate to waste a single tax dollar. The single issue is whether this bill in some small measure will contribute to international peace and security. There are not many avenues for peace open to this disturbed world. The United Nations with all its imperfections is one. I cannot feel that this is the occasion to throw any roadblocks across one of the few remaining avenues to peace.

Mr. ZABLOCKI. Mr. Chairman, I yield 7 minutes to the gentleman from Michigan [Mr. Diggs].

Mr. DIGGS. Mr. Chairman, for some reason which escapes me, the financial crisis at the U.N. has been treated in certain quarters as a deep mystery. There is nothing mysterious or particularly difficult about it. It is inherently no more complex than the financial crisis which strikes individuals, business firms, and governments from time to time.

For a decade and a half the United Nations has been meeting its expenses on a pay-as-you-go basis, paying current bills from current revenues obtained from annual assessments upon its members, levied on the basis of ability to pay. Like all well-managed organizations, it kept a reasonable kitty in a working capital fund. The U.N. began with one debt—the $65 million it borrowed from the United States to pay for its headquarters building on the East River. Installments have been paid promptly as they fell due.

But in 1956 and in 1960 the U.N. was called upon for emergency operations in the Middle East and the Congo which could not have been foreseen and which therefore were not provided for in the budget. Extra assessments were drawn up and voted to cover these expenses. Some members have been slow to pay up on these accounts. Much more seriously, other members have refused to pay on the alleged ground that such assessments are not mandatory. Meanwhile, the costs continue. What would anyone do under these circumstances.

First, you would try to collect what you are owed. This is being done. In the past 9 months no less than 55 countries have made some payments on their overdue accounts and all delinquents are now being dunned by the Secretariat.

Second, you would take your case to court against those who claim they are not required to pay. This has been done; the International Court of Justice has now ruled that peacekeeping assessments are binding on all members.

Next, you would borrow the money you need to clean up your debts, tide you over, and finance your operations until you can get back on a pay-as-you-go basis. You would borrow the money at the best interest rate you can get and spread out the repayments over a long enough period of time so you are sure to be able to meet the payments.

The U.N. figures—and the estimate has not been seriously challenged—that it needs $200 million to do this. It offers to pay 2 percent interest, which is not high but which is comparable to the rate on many kinds of international loans made for the purpose of helping nations get on their feet. It offers to repay over 25 years which it can afford to do. The installments will be raised by assessments against all members as part of the regular budget—the mandatory nature of which has never been questioned. And as evidence of the indebtedness the U.N. gives those creditors who want them certificates in the form of bonds.

That is all there is to it. It is a pattern of financing used by individuals, by families, by business firms, by governments every day in the week.

But just because it is the U.N.—and particularly because the evidence of indebtedness is called a bond rather than an I O U or something else—the U.N. refinancing plan seems to have provoked confusion and consternation, even among well-informed people. Curiously enough many other countries do not seem to have such trouble. Almost 50 other nations already have come along and agreed to lend money to the U.N. on these terms.

But because some confusion still persists, let me say again what already has been said about the use of the money. If the U.N. succeeds in collecting most arrearages—with the help of the International Court decision and a vigorous collection drive—then the $200 million for the bond issue would cover the cost of the Middle East and Congo operations at their present level well into 1963. We will not have to pay any assessments on voluntary constributions until then. If some members remain in default on their payments, some of the bond money may have to be used to pay some of the bills and there will be that much less for future peacekeeping expenses. But if members remain in arrears for a full 2 years, they will face the loss of their right to vote. In the case of the Soviet Union—which is the largest delinquent—it would lose its vote in 1964.

The U.N. financing plan—like any other financing plan—may be subject to confusion by people who want to confuse it. But basically it is a question of a sensible plan for furthering the national interest of the United States.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. Broomfield].

Mr. BROOMFIELD. Mr. Chairman, first of all I should like to pay tribute to our able chairman of the House Committee on Foreign Affairs for the way he conducted the hearings on this important piece of legislation, with fairness to both sides and making sure that all the witnesses who wanted to testify had an opportunity to give their viewpoints.

Mr. Chairman, far too many words have been heard on this subject of whether the United States should purchase United Nations bonds and have been spoken on the basis of preconceived notions.

Some of my colleagues take the view that anything connected with the United Nations is automatically bad, that the U.N. is a destructive force which can only lead to the loss of our freedom, to the end of democracy, to the end of the civilized world as we know it.

Just as vehemently, others of my colleagues seem to take the path which states that anything connected with the United Nations is automatically correct and proper and in the best interests of freedom and peace, and therefore to be supported no matter what the cost nor what the conditions.

If the gentlemen on both sides of this issue will excuse me, frankly I cannot go along with either of these extremes.

Now, I come from a State which is famous for the manufacture of automobiles. We make millions of cars, trucks, and buses.

Every year some 30,000 Americans die in automobile accidents. Hundreds of thousands suffer serious or permanent injury. Millions of dollars worth of property damage are done in these accidents. Literally hundreds die on every holiday weekend in terrible crashes, bloody wreckage in a tangle of tormented bodies and twisted limbs.

Yet, I hear no voices raised in Congress to outlaw the automobile, to abandon it as a means of locomotion.

Why? I think there are two basic reasons. The first is because we realize that despite the horrible death toll the automobile takes on our land each year, the automobile still does a lot of good. It frees us and makes us mobile rather than tying us to where we live or work. It is a vital factor in our freedom.

The second reason is because we realize that while the automobile may kill thousands each year, it really is not the automobile's fault. The blame lies on the man who is in the driver's seat. He is the one who is to blame. It is his carelessness which can lead to death and destruction.

The automobile is neutral. It is a vehicle, a means of getting where we want to go.

In the same way, I would like to point out the United Nations is neither a killer nor a saint. It is simply a vehicle, a means of locomotion, a way to go where we want to go.

Our path, our course of travel through the treacherous and certainly, complicated and frustrating field of international politics is determined by the driver. Whether we reach the end of the road safely and at our destination depends upon his ability, his comprehension, and his judgment.

In our Nation, one of the principal vehicles of our foreign policy is the United Nations. Steering our foreign policy is our President, our State Department, and our U.N. delegation.

To a greater extent than many of us realize, the way in which the administration turns the wheel is the direction in which the United Nations moves.

On vote after vote, on issue after issue, the United Nations has voted the same way as the United States.

Now, on a number of issues, such as the Congo, I have disagreed vehemently with the direction in which the driver was pointing this vehicle.

But I did not make the mistake of blaming the vehicle for these shortcomings. I placed the blame where it belonged—and that is squarely on the backs of this administration.

Now, there is much talk along the lines of getting the United States out of the United Nations. This, to me, would be somewhat comparable to the early days of the automobile when the cry went out to "get a horse" whenever an auto suffered temporary mishap.

We are going to have mishaps in the U.N. We are going to have crises. We are going to see mistakes made.

But I am convinced that the United Nations we have so far seen on the horizon in this imperfect world, can help us reach our ultimate goals of peace, justice, and freedom for mankind.

The U.N. is not perfect, but then what is?

The U.N. makes mistakes, but then who does not?

The U.N. is sometimes slow and hesitant in its actions, but it is moving in the direction of freedom—and for that we can be thankful.

One of the major objectives has been accomplished by the United Nations, and that objective is relative peace.

We are living next door to a powderkeg, we all realize, but it has not gone off yet, thanks largely to this vehicle, the United Nations, which has managed to keep relative order in a world undergoing a tremendous revolution.

I think we owe it to ourselves, our Nation, and our future generations to support this vehicle, to keep it rolling toward peace, to keep its members talking, debating, instead of shooting at each other.

We have come close to war many times in these past few years, right to the very edge. But we have not wandered over.

Today, we are being asked to advance some payments to the U.N., and I think we should do so.

I think the confidence we express in the U.N., in our own ideals and goals which are a part of the U.N., will have a great bearing on whether the United Nations is to continue as a meaningful organization or whether it is to stall and die, and our hopes with it. We know that one of the grand designs of Lenin was to build a Union of Russia and the Asiatic nations against the free world. We know without a doubt that one of the main reasons for failure of Lenin's objectives was because of the United Nations.

So far, 50 nations have pledged or purchased a total of $73,500,000 in United Nations bonds. To those who think that the United Nations is a tool of the Communists, I think it wise to read the list of those who have already contributed more than $27 million for these bonds. They are: Australia, Denmark, Finland, Greece, Iceland, Indonesia, Ireland, Israel, Italy, Jordan, Kuwait, Malaya, New Zealand, Norway, Sudan, Sweden, Togo, Tunisia, and Vietnam.

I think all of you will agree this certainly does not read like the list of the 19 most popular on the Communist hit parade.

I would like to conclude by saying I think this is one of the most important pieces of legislation we have had before the Congress in the past 2 years and I certainly would urge a favorable vote.

Thank you very much.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the bill before the House to authorize a $100 million loan to the United Nations Organization.

Because there is very little I can add to the eloquent remarks of the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], and to the very comprehensive report submitted on this legislation by the committee, I shall be very brief. Both the report and the chairman's presentation have dealt at length with the reasons for the enactment of this bill.

We all know what is involved in this bill. The loan it proposes to authorize is needed to finance the peacekeeping operations of the United Nations in the Middle East and in the Congo for the period which began on July 1 of this year.

No other funds are available to the United Nations for this purpose. Without this loan the United Nations will be compelled to resort to one of two alternatives: Terminate its efforts to preserve peace; or seek an alternative method, some new way of financing its peacekeeping operations.

Both of these alternatives are certainly undesirable. The first alternative will undoubtedly lead to chaos, bloodshed, and very probably the establishment of a Communist power center in the heart of Africa. The other will result in loss of precious time, time desperately needed for the consideration of the long-term problems confronting the United Nations, and can lead to a state of indecision which may permanently cripple the usefulness of that Organization.

Mr. Chairman, I must confess that even during the hearings, I did have reservations about this legislation, particularly when we learned that our voluntary contributions, which were intended to give help to small countries, also accrued to the benefit of certain Communist countries. But after a careful study and continued hearings I came to the conclusion that this legislation was absolutely necessary in our national interest and necessary in order that the United Nations might carry out its obligation, and carry out its decisions, for the maintenance of peace.

It seems to me, therefore, that the choice before us is clear: If we believe that the United Nations Organization serves a useful purpose, if we believe that the Communist conspiracy must be defeated, then we should and must vote for this bill.

I do not like some of the things about the United Nations. In the report issued to the Congress and to the Committee on Foreign Affairs, after serving as U.S. delegates to the 14th General Assembly, the gentleman from Pennsylvania [Mr. FULTON] and I offered a number of criticisms of the United Nations. We criticized the method it has used to finance its peacekeeping operations in the past. But in spite of these criticisms, I sincerely believe that the enactment of the legislation before us today is in the interest of the American taxpayer and of the cause of peace and freedom in the world.

Let us not forget that with all its weaknesses, the United Nations Organization has contributed more to the cause of freedom and peace in the world than any other international organization in the history of man. In some instances it has assumed the peacekeeping responsibilities which have traditionally rested on the shoulders of the big powers. Through the United Nations these responsibilities have been shared with the smaller, weaker countries of the free world, bringing those smaller countries into a meaningful partnership for the maintenance of peace in the world.

In the Middle East and in the Congo and in the other areas, the soldiers of those smaller countries, members of the United Nations, have worked to preserve peace at the peril, and even at the cost, of their lives.

This is an innovation and an advance toward the maintenance of peace which has no parallel in modern history.

But we cannot shift the entire burden of the peacekeeping operations upon the smaller nations. We must contribute our share, and sometimes more than our share, to this important task. Through the enactment of the bill before us we will be doing just that. We will be contributing our money instead of our soldiers to the United Nations peacekeeping operations in the Congo and in the Middle East.

I believe that this is the crux of the issue before us; and that the American people, having considered the facts brought out here today, would have but one mandate for this: enact this legislation and make it possible for the United Nations to continue to serve the cause of peace in the world.

To sum up, Mr. Chairman:

As reported by the Committee on Foreign Affairs, the bill before us guarantees the repayment of the loan and distributes the burden of financing the United Nations peacekeeping operations among all United Nations members and on the basis of the regular scale of assessments of the U.N.

It further specifies that the enactment of this legislation shall not constitute a precedent, and it prohibits the use of loan proceeds to reduce the assessment, or the payment of the arrears, of any member nation of the United Nations.

I proposed the latter amendment in the committee, and I believe it improves the bill.

Finally, the bill before the House urges the United Nations to work out a better, permanent method for financing its special operations. There was some question as to whether the bill before us was intended to provide a permanent solution to the U.N.'s financial problems. It is not and it was never intended as a permanent solution. It is simply a stopgap measure, and we of the committee have urged the executive branch to bear down upon the United Nations membership to seek a permanent solution. I am hopeful that this will be accomplished during the forthcoming 17th Assembly.

In the meantime, it is very necessary that we pass this stopgap legislation which will improve the financial situation of the United Nations. Considering these facts, I believe the legislation before us constitutes a necessary, sound investment for the maintenance of peace in the world. Therefore, Mr. Chairman, I urge its enactment.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from California.

Mr. TEAGUE of California. In paragraph 3 of the report the statement is made that our share of U.N. costs will be reduced from 47 percent to 32.2 percent by this bill if adopted. I do not understand that, and I would appreciate it if the gentleman would explain it to me.

Mr. ZABLOCKI. I will be very happy to.

The United Nations Emergency Force in the Middle East and the Congo operation were financed by special assessments on the membership of the United Nations, and by voluntary contributions.

The United States met its assessment and then made voluntary contributions to the financing of these special operations. This brought the U.S. share to 47½ percent of the cost of these operations. If we pass this legislation UNEF and the Congo operations will be financed out of the proceeds of the U.N. bond issue. This will bring the contribution of the United States in line with our regular U.N. assessment of 32.2 percent.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I would be delighted to yield to the gentleman from Iowa.

Mr. GROSS. I would like to ask the gentleman the same question that I addressed to the chairman of the full committee, the gentleman from Pennsylvania [Mr. MORGAN]. The question was asked repeatedly in your hearings, I would say again, and may I ask the gentleman this: Is this a permanent solution to the financial problems of the United Nations and, if not, what is the permanent solution to it?

Mr. ZABLOCKI. I must advise the gentleman from Iowa [Mr. GROSS] that in my remarks I already stated this was never intended to be a permanent solution. This is a stopgap measure. We hope a permanent solution will be found. I believe that the advisory opinion of the International Court of Justice will certainly contribute to the arrival at a permanent solution. The real solution, I might say to my friend, the gentleman from Iowa, is world peace. If we did not have trouble in the Congo, if we did not have trouble in the Middle East, the U.N. would not be facing financial crisis. Peace in my opinion is the principal solution.

But since the world is not at peace, and in order to meet current and prospective financial obligations of the United Nations, we have insisted that the executive branch pressure the membership of the United Nations to find a permanent solution to the financing of special peacekeeping operations. As I said earlier, I am confident that the U.N. will come up with a permanent solution.

Mr. GROSS. If the gentleman will yield further, the gentleman spoke about the International Court of Justice. I assume the gentleman would have no objection to an amendment to this bill to make mandatory the verdict of the International Court of Justice?

Mr. ZABLOCKI. In my humble opinion the Congress of the United States cannot impose mandatory obligations upon the United Nations. I do not believe that this is the proper place to legislate on that subject.

Mr. GROSS. Does not the gentleman agree we could make conditional our further financing of the United Nations in this respect, contingent upon a mandatory application of the verdict of the International Court of Justice?

Mr. ZABLOCKI. In my humble opinion, this will hurt the possibility of getting the two-thirds vote necessary for the acceptance of the advisory opinion of the International Court of Justice. Some of the smaller nations would feel that we were dictating to them and they would resent it, just as much as some of us would resent it if some other legislative body told us what to do.

Mr. GROSS. If the gentleman will yield further, they are dictating to us now.

The CHAIRMAN. The time of the gentlemen from Wisconsin has again expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentlewoman from Illinois [Mrs. CHURCH].

Mrs. CHURCH. Mr. Chairman, my remarks today may not seem to be entirely pertinent to this bill, but they are relevant indeed to a discussion of the United Nations. I had the good fortune, with the gentleman from Texas [Mr. BURLESON], to serve last year as a delegate representing the membership of this House in the 16th General Assembly of the United Nations. We went to New York as delegates on September 19, and served there until the end of December 1961, when we returned to our legislative duties.

Mr. Chairman, I take this time to report briefly on that service, because today in conversation in the cloakrooms and in the Halls of Congress and particularly on the floor, I have had Member after Member come to me and say "I assume that you and the gentleman from Texas agreed to this bond proposal to finance the United Nations." Lest there be any misunderstanding, I think that the House is entitled to know that we were told then of this plan, but did not give approval. I would prefer that the gentleman from Texas give his own testimony, if he so desires; but I do not think that he would object to my saying that we were told of the plan, that it was described to us in detail, and that we showed from the beginning not only reluctance to leap at the suggestion for so financing the United Nations, but skepticism not as regards whether financing was necessary, but as to whether this was the best method, a good method, or for that matter a method that would be acceptable to the Congress. I am referring, of course, to the proposal that the United States purchase $100 million worth of the $200 million bond issue.

Despite our expressed hesitation, or in fact, our serious objection to the proposal, the executive branch thought it wise to bring the matter to the Congress as, of course, it had the unquestioned right to do.

Mr. Chairman, I would speak for myself; but again I am sure that my colleague, the gentleman from Texas [Mr. BURLESON], who prepared the report on our service to the United Nations with me, would agree to what I am saying.

Our objections, I repeat, were based first of all on the fact that we did not think that any declaration that the Congress did not mean to establish a precedent in voting to take up a share of such bond issue would prevent the establishment of such a precedent. We are old enough hands at the legislative process to know that when an act is first taken it is ipso facto the first step toward establishing a precedent.

We felt, moreover, that there were other objections. I am not sure, Mr. Chairman, whether either the executive branch or the delegation to the United Nations has the constitutional right to make even a conditional pledge that the United States will give or loan any amount of moneys in advance of congressional sanction. Also, I personally felt that one of the reasons that we have lost influence at the United Nations is that we have repeatedly, consistently, and willingly taken so much more than our share, that we have gained from those to whom we show such generosity, not necessarily gratitude, but a certain amount of skepticism on their part, first as to our good judgment in managing our own finances and, secondly, as to our motives. Foreign delegates expressed to me more than once the fear that our overgenerosity might be due to our desire to make the United Nations "the creature of the U.S. will."

I think that we owe a duty to this Congress to put before you, in addition, the background of our reactions and conclusions regarding the United Nations, on which our disapproval of this proposal was further based. I shall, therefore, ask permission when we go back into the House to insert at this point certain relevant portions of our report so that you may see how we came to the realization that whereas a financial crisis certainly existed, the suggested infusion was not an answer to the basic need of the United Nations and was certainly not even the right financial answer.

### VIEWS ON U.S. MEMBERSHIP IN THE UNITED NATIONS

(Report by Hon. OMAR BURLESON, of Texas, and Hon. MARGUERITE STITT CHURCH, of Illinois, members of the U.S. delegation to the 16th session of the General Assembly, September 19 to December 22, 1961)

(87th Cong., 2d sess., H. Rept. No. 1942, appendixes omitted)

#### I. GENERAL IMPRESSIONS

The 16th session of the General Assembly has perhaps been as turbulent as any in its history. More imponderables surround the operations of the United Nations than have ever before been encountered. One may say that this is a natural result of the increase in membership to more than twice its original size and of the additional fact that many emerging nations recently admitted have had no previous experience in association with other nations. These new nations have brought with them certain historical prejudices and points of bias which at times appear to be obsessions.

This is particularly true regarding the attitude of the new African states toward "colonialism." Their animosity toward colonialism is always their first consideration and is understandable by reason of their experience with it. It remains, however, a psychological barrier to them in making decisions on other issues of wide and fundamental importance. To a lesser degree the same is true of many of the Asian nations.

"Colonialism" and "imperialism," terms used interchangeably and indiscriminately, were injected into almost every issue. The historic colonial powers of Britain, France, Belgium, the Netherlands, and Portugal were the targets of condemnation. By a liberal application of the concept of "guilt by association," other nations, including the United States, were similarly condemned.

The situation existing between the Arab nations and Israel, and all the prejudices involved, cannot be ignored.

An additional readily recognized misconception must be noted. The terms "neutral" or "uncommitted" nations are, in many respects, misnomers. We observed that some have a strange conception of the meaning. They believe that neutrality is a position exactly halfway between two sides in disagreement, regardless of where the two sides actually stand. The position of the so-called neutral or uncommitted nations is determined by the position on any matter taken by the Western nations and the Soviet bloc.

The preponderance of logic leads us to the conclusion that neutrality means independent judgment and freedom of choice. We often observed in the General Assembly that neutrality amounted to indifference as between right and wrong.

U.S. foreign policy in the United Nations, as well as outside, should make a greater differentiation between those nations friendly to our viewpoint as opposed to those that are not. There is implied no suggestion that we hold out a threat, attempt to dominate, to dictate, or to impose any degree of will upon any nation in return for any commitment. Rather it is well for us to distinguish our friends from those who contribute nothing to us in the cold war, yet to whose reaction we show too much sensitivity. These latter have no inhibitions about attacking the United States and impugning its motives.

It is trite to say that with authority and power should go commensurate responsibility. It is our opinion, based on observation, that by reason of bias and prejudice a considerable number of the member nations of the United Nations do not exercise the degree of responsibility called for in the world organization. As a further speculation on the future of the United Nations, we can only hope that, after the newer nations have had more experience in the international arena, their sense of responsibility will increase. If they are able to "talk out" the subjects which possess them, they may be more aware of, and responsive to, issues vital to their survival. A number of the delegations from these nations should be reminded that their countries need the United Nations more than does the United States.

The question is often asked, "Has the United States lost prestige in the United Nations?" Our reply is in the negative. At the same time, it is our conclusion that we have lost influence. Why? We have lost influence because of a lack of determination to furnish needed leadership. This is not to condemn or specifically to criticize the present administration or its direction through the State Department or our officials of the U.S. mission to the United Nations. The situation stems from complexes which set in immediately after World War II, at which time it was determined that our general policy should be one of attempting to rehabilitate large areas of the world, if not to remake it in our own image. Our policy over these years has seemingly been one of placation, possibly built on complexes of a "have" nation as opposed to the "have nots." This policy has been mistaken by many as an indication of weakness rather than of a sincere desire to assist other peoples.

There are several reasons why the Soviet Union is looked to through admiring eyes by many of the weaker nations of the world. Probably the foremost reason is that the Soviet Union is not considered a colonial power in the classic sense. The fact that the Soviets have imposed their will upon contiguous territories is not a consideration in the eyes of the Afro-Asian group. Neither do the Afro-Asians call practices colonial if the imposition is by white people upon other whites but only when it is the imposition upon nonwhites. To this group colonialism is the imposition of authority by one government on peoples overseas, or the imposition of the white race on the colored race.

The second factor is that the emerging nations look toward the Soviet Union with a feeling of affinity. Looking at the Soviet Union they observe, "As we are now, so was Russia a few short years ago." The view of many of these nations has been influenced by the fact that Russia has been able to explode a large bomb, has sent a man around the earth in orbit, and has advanced militarily to the point of being a contending power in the world. The inability of these new nations to make an intelligent assessment of the realities of Russia's economy makes it impossible for them to judge that country's pretension to economic advancement. The Soviet Union generates a measure of respect among these nations because it is willing to "stand up" to the other great powers. They take this as proof of leadership, and accordingly view it with respect.

Cold fear is an additional element in their consideration. The Soviet Union applies pressures and makes full use of propaganda in attempting to win smaller and weaker nations to the Communist side. These nations know that the Soviet Union discriminates in its selection of recipients of its friendship and aid and assists those countries that favor it. Contrarily, they feel that the help of the United States will be forthcoming regardless of their policies and attitudes. In other words, they operate on the theory that they cannot lose regardless of the attitudes they assume and the policies they pursue toward the United States.

In our view, United States policy in the United Nations should not proceed from a position of pressure and fear. Neither should it be from a position of constant defensiveness, apologies, and excuses.

We became more and more convinced, during the sessions, that the policy of the United States in the United Nations and elsewhere must be to give full cooperation and assistance to those countries that in general share our common interest and that have the ability to contribute to the peace and security of the world, that is, to the interests of the United States itself.

### II. FINANCING

It was our observation, during our assignment as delegates to the United Nations, that the policy on many issues has crystallized. Commitments and obligations that have been made in previous years make easier a continuation of existing policies. Their reappraisal in the light of new developments is not encouraged. The present operation in the Congo is an outstanding example.

We also noted a continuous expansion of activities by the United Nations through interpretations given to the broad language of its charter. In our opinion it would have been more beneficial for the organization to have proceeded at a slower pace in developing its many agencies and programs. There has been a persistent tendency for the United Nations to assume more tasks than its resources of men and money can properly support. The result has been a proliferation of the ranks of an international bureaucracy that finds endless problems to engage its attention and to assure its perpetuation. The present financial plight of the United Nations points up its most serious limitation. This in itself should impress upon our policymakers that further expansion of activities should not be supported by our Government. The organization has already undertaken too many programs that involve heavy financial commitments, the greater portion of which is expected to be, and probably will be, paid by the United States. More important, this trend, if unchecked, may result in the gradual erosion of large measures of our national sovereignty. To this we are unalterably opposed.

In this connection, we think that the United States has hurt its own position, and similarly has hurt, rather than helped, the United Nations by assuming a totally disproportionate share of the expenses. The vitality and effectiveness of the organization could be increased it it were forced to "cut the pattern to fit the cloth." It certainly would increase the degree of responsibility of other member nations if they were paying their proportionate share. It would lessen suspicion of and resentment toward the United States. A benefactor who overassumes and overpays his legitimate share invariably produces such a reaction.

Certainly we do not believe that a further unfair financial burden should be placed on our taxpayers. Nor can we fail to consider the effect on our mounting national debt.

During the period 1958, 1959, and 1960, the U.S. assessment for the regular budget of the United Nations was 32.51 percent. By resolution of the United Nations in prior years, it was decided that, in a reasonable length of time, no nation should contribute more than 30 percent to the regular budget. This year the assessment of the United States was reduced from 32.51 to 32.02 percent. This is in the direction of a constant reduction.

Programs financed by voluntary contributions have expanded rapidly, due primarily to the large measure of support by the United States. For calendar years 1958, 1959, and 1960 such programs amounted to $102,225,000, $103,364,000, and $106,896,000, to which the United States contributed $56,560,000, $62,430,000, and $72,330,000, respectively. In percentage terms, the U.S. share rose in the 3 years from 50 percent to almost 70 percent. Figures for 1959 and 1960 exclude our special contributions for the United Nations Emergency Force (UNEF) of $3.5 and $3.2 million, respectively, and for 1960 also exclude our voluntary contributions of $24,518,000 to the Congo operation. The inclusion of these amounts would raise our percentages to the support of these programs financed by voluntary contributions.

Assessments are not the greatest problem. It is their collection. At the present time 61 nations have not paid all of their assessments for 1960. Seventy have not paid their assessments for 1961. This is by no means the entire story. The Soviet bloc, the Middle Eastern countries, France, Portugal, and others, have not paid anything for the operation in the Congo, while the United

States is paying a minimum of 47 percent of the military cost. Many have not only failed to pay their assessments to the United Nations budgets but have not made voluntary contributions for the support of other programs of the organization.

By a decision of the Administrative and Budgetary Committee, approved by the General Assembly, there has been submitted to the International Court of Justice the question whether the assessments levied for the United Nations Emergency Force and the Congo operation are expenses of the organization and, therefore, mandatory obligations on member states. Under the charter a member that fails to pay its complete assessment for the 2 preceding years is denied its right to vote in the General Assembly.

Article 19 of the charter reads as follows:

"A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."

The loss of voting rights under article 19 requires an initial determination of how much a member owes. This amount is obtained by adding up its indebtedness for all previous years. The measure of article 19, however, is what the member owes for the 2 preceding years. This latter amount is subtracted from the member's total indebtedness. If the difference equals or exceeds the assessments for the 2 preceding years, the member must pay that difference or lose its vote. The maximum amount that a member can owe before being subject to loss of its vote under the formula in article 19 is the total of assessments for the 2 preceding years. Thus the key factor is the amount of indebtedness—not the year or years in which the indebtedness was incurred. Since all members have been within the 2-year ceiling, although many owe substantial amounts under the ceiling, none has incurred the penalty provided under article 19. Whether such a penalty is automatic or must be invoked on each vote has not been determined. Legal authorities both of the United Nations and of the United States contend that it is automatic. Part of the United Nations difficulties arise from this slow process of payment. Further, the question currently before the International Court is what assessments count under article 19; i.e., only those for the regular operating budget or those for the regular operating budget plus those for UNEF and the Congo operation.

The matter of United Nations financing was extensively debated in the Administrative and Budgetary Committee for a period of more than a week. The statement of Representative **Burleson** on the subject is to be found at the conclusion of this report (appendix, p. 14).

### III. CONCLUSIONS

The statesmen who drafted the United Nations Charter had a noble dream. Those who would now rely on the United Nations as a cornerstone of our foreign policy are not awake to reality. It can no longer be considered a union of "peace-loving nations," dedicated to maintaining security and order throughout the world. As a present high official in our State Department observed at a delegation meeting during our recent service as delegates to the 16th General Assembly:

"Those who believe so strongly in the United Nations must cease to look upon it as a Holy Grail, and begin to see it for what it is—the fitful arena of international politics."

The pertinent questions, therefore, are these: (1) Can the United Nations, without change in its present composition and present character, ever meet its original goal? (2) Do the policies and activities of the United Nations at this time further the best interests of the United States? (3) Does U.S. policy in regard to the United Nations strengthen our position in that body and consequently in the world? Reluctantly and regretfully, our answer to all three questions is "No."

In stating this conclusion, we do not suggest, nor do we imply, that we should withdraw from the United Nations. Neither do we mean to imply that the United Nations is altogether a failure or is about to become moribund. We simply believe that too much has been expected of the United Nations. In the very form and substance of its charter were laid the seeds of futility and eventual frustration. It has been prevented from its inception from developing as originally intended. Even though, in several instances, the United Nations has managed to prove helpful in spite of the Soviet Union's efforts to the contrary, the hostile attitude of that country effectively nullifies its potentials for development as a peacekeeping agency.

No one can serve as a delegate to the General Assembly without feeling the full impact of crosscurrents and hostility in its committees and in plenary sessions, and without being aware of the frustrations, limitations, and failures of the organization. The United Nations has achieved some significant accomplishments in spite of the crippling results of the Soviet's overindulgence in the use of its veto power in the Security Council. There is still hope that the United Nations can produce results that will merit continued support and further contributions by the United States. However, to fail to bring into focus the dangers involved in its continuation under its present form and circumstances, without hope or plan for change—and to fail to issue a caveat thereon—would be a failure of our own responsibility as congressional delegates.

It can well be seen how disorganization, failure of accomplishment on specific issues, and increasing disillusionment have gradually grown. The principal purpose of the United Nations is to maintain the peace and to restore it when broken. The founding members emphasized peace through collective security. The General Assembly, consisting of delegates from each member nation, was to be confined principally to making recommendations. The smaller Security Council was to have the real power and primary responsibility for maintaining peace. The world's major powers, the United States, China, France, the United Kingdom, and the Soviet Union, were made permanent members in the hope that they would strive together to prevent breaches of the peace by any of the smaller states. A power of veto was given each permanent member. The founders optimistically hoped for a collectively insured peace. The least that they hoped for was the continuance of a stalemate.

Both the hopes and fears of the draftsmen have proved wrong. The Soviet Union has kept the Security Council stymied, and alternative efforts to overcome this have led to an unforeseen development of the General Assembly and of the Secretariat. The General Assembly has attempted to assume a number of the responsibilities which the Council has been unable to exercise. This has led to a considerable extension of authority to the United Nations Secretary General, who has been given the difficult task of acting as agent for the Assembly in carrying out instructions which have frequently been far from clear and so vague in specifics as to make it easy for the Soviet delegation to charge him with violation of instructions.

Almost since the United Nations Charter was approved by the founding nations, there have been demands for improvement and strengthening. They have all been without fruition. Those who talk about strengthening the United Nations frequently couple their recommendations with an insistence that the veto in the Security Council be eliminated. The United States has never used the veto, but the day may come when we will, in order to protect ourselves from an infringement on our sovereignty. Removal of the veto is not the answer. Nor is it, as a matter of reality, possible to strengthen the peacemaking capability of the United Nations as long as the Communist bloc works to impose its doctrine on the free world. In the face of the Soviet attitude, efforts to strengthen the United Nations may well seem destined to remain sterile and devoid of any chance of accomplishment.

Both Communist obstruction and the understandable passion of the African bloc of new nations to protect their "rights" and their voting power may make it impossible to achieve the necessary change in voting strength through amendment of the charter. It may be that each of the "great powers," several of which have had long experience in popular government and have generally pursued peaceful policies in the postwar period, will, during these vital years of world tension, remain limited to casting one vote, each equal, despite their disparity in influence to the one vote cast by each of the numerically small countries, as the island of Cyprus and some of the new African countries and others recently admitted to the United Nations.

In other words, the United States will remain thus in the General Assembly, despite its nearly 185 million people, entitled to cast, as now, just one vote. It has been said recently that the entire population of seven of the recently admitted countries is actually less than the population of the entire county of Los Angeles, Calif.

The United Nations began with 51 member states. It has had a mushroom-like growth and now has 104 members. Some of the new member nations are completely lacking in the experience of handling the multiple and complex problems that confront present-day governments. This situation calls into question the principle of according equal weight to the vote of each member of the General Assembly. Some of the new nations, in fact, appear to have no concept of or regard for the objectives of the organization. Others have irresponsibly used the United Nations as a sounding board against the West. We can only be conscious of the depth of misunderstanding shown in the suggestion, for instance, recently made by a new member that the United Nations conduct an inquiry into United States jurisdiction over Alaska, Hawaii, and Puerto Rico.

The immediate and undeniable need is for a complete review of the United Nations Charter and revisions that would reflect changes that have occurred in the world since it was originally adopted.

By way of illustration the shift of important decisionmaking from the Security Council to the General Assembly, where each member has an equal vote, points up the need to devise a change in the allocation of voting strength. Such a method should reflect the fact that responsibility for the execution of the General Assembly's decisions does not fall equally upon all members. This change is made even more necessary by the growing tendency of bloc voting on many vital issues. Such voting patterns have developed as a result of the increase in the number of new nations, particularly those enjoying geographical proximity or having an affinity in social and ideological background.

As long as the United States and its allies retain membership in the United Nations, they have a vital interest in seeing the United Nations become a more effective organization. Because of its cold war policies, the Soviet Union has an interest in and has worked toward its destruction as an effective instrument. The Soviet leaders have found the United Nations a useful propaganda forum. They have used it as a place to carry on diplomatic blackmail and intimidation. Nevertheless, even as now crippled, the United Nations presents liabilities for the Soviets which exceed any propaganda benefits that they may gain through their conduct as a member. They show their realization of this in their constant efforts to kill the United Nations in everything but name.

The spontaneous outbursts of nationalism and anticolonialism of the new members, accompanied by their unfamiliarity with parliamentary procedure, serve at times to create confusion and ill-considered action in the plenary sessions. One of the two low points in the 16th General Assembly arose from the sporadic and successful attempt led by a number of delegates from the African nations to censure the remarks of the appointed delegate from the Union of South Africa. Few present—certainly not the U.S. delegates—could approve his words. Nevertheless, the right of free speech is inherent in any gathering of "free men," and should remain a cornerstone of freedom in any parliamentary body. The U.S. delegation should always rise to defend on the floor of the General Assembly any of the basic rights on which the strength and vision of our Republic rests.

Emotional crises tend to develop quickly on the Assembly floor. To deal with them suitably and promptly the U.S. delegation should be given greater latitude for the immediate exercise of judgment within the limits of established policy.

A second instance of resistance of principle and misunderstanding of the underlying purpose of the United Nations occurred in the failure of the Security Council to take action at the time of India's unwarranted seizure of Portuguese Goa. Although the United Nations callously ignored this action by India, it did not hesitate to denounce Portugal for not following United Nations directives in its African possessions. Speaking on the Indian invasion of Goa, Ambassador Adlai Stevenson told the Security Council:

"The failure of the Security Council to call for a cease-fire tonight in these simple circumstances is a failure of the United Nations. The veto of the Soviet Union is consistent with its long role of obstruction. But I find the attitude of some other members of the Council profoundly disturbing and ominous because we have witnessed tonight an effort to rewrite the charter, to sanction the use of force in international relations when it suits one's own purposes. This approach can only lead to chaos and to the disintegration of the United Nations."

Under both Democrat and Republican administrations, it has been U.S. policy to idealize the United Nations as one of the cornerstones of our foreign policy. We have invested more than $1 billion in the United Nations and its specialized agencies in our desire to keep it alive and nurture it in the hope that eventually its increased potentials would produce real peacemaking dividends. We have even risked the friendship of our principal allies by voting against them in the United Nations, or by failing to support them on questions which they believed to be of supreme importance. In fact—it may be added parenthetically—our policy has at times, throughout the years, appeared to be schizophrenic.

In order to protect the strength of the North Atlantic Treaty Organization, for instance, some votes have been cast which stood, in the eyes of those countries still smarting from colonialism, in direct contradiction to our proclaimed principles of freedom and equality. On the other hand, votes cast to emphasize our strong anticolonial stand, as in the case of Angola, have angered our allies and may serve, in time, to threaten our military position. Whatever the motive for each vote, in whatever direction, the failure to adopt and express consistent U.S. policy has not strengthened our position with either side. Likewise, it has not increased the respect in which, if true to its principles, our country should be held.

All these facts lead us to reemphasize that those who would still have us rely on the United Nations as a major instrument of our foreign policy or as an agency dedicated to keeping the peace, are not awake to the facts of life as they are today and probably will be for some time to come. We should recognize the basic limitations that have now become evident as a part of the structural weaknesses of the United Nations, and limit our efforts through it accordingly.

At the same time, it is incumbent upon us equally to work for necessary changes. As stated above, revision of its charter is the principal requirement for the ultimate success and perhaps survival of the United Nations.

We would not have these comments appear to deny that most of the members of the United Nations deeply and sincerely desire the attainment of world peace. The smaller nations, especially, regard the United Nations as their best hope for remaining independent. We would reiterate also that there are definite advantages to the continuation of our own membership in that body. Aside from the continued protection of our access to the markets and raw materials of the world, on which our great industrial economy, in large part, depends and the necessity, also, for keeping open the lines of world communication and transportation around an ever-shrinking globe, the United Nations offers one unique opportunity to every member, large or small. Such opportunity offered the U.S. delegates through meetings of the Security Council and the General Assembly, to learn and assess the intentions and actions of each of the 104 members, has value for us that cannot be overemphasized. In like manner, the friendly personal contact and the opporunity to express the U.S. viewpoint is also invaluable.

For this, among other reasons, we hold without question that there is value in adhering to the established custom of having two of the five delegates appointed from the Congress, alternating each year between members of the Foreign Affairs Committee of the House of Representatives and the Foreign Relations Committee of the Senate, one from each party. Such members have longstanding knowledge of and experience with the foreign affairs of this country. Their sense of perspective has been gained by membership on their respective committees, dealing with foreign policy throughout various administrations. Furthermore, they come to the United Nations with keen awareness of the feeling of the Congress on world issues and, therefore, are capable of being a link between the United Nations and the American people, whose viewpoint the Members of Congress represent. Lastly, we would suggest that there may be advantage to the country, and, indeed, to the mission itself, to have included two delegates who can make independent assessments based upon a viewpoint that mirrors that of Congress and the American people.

We lay such emphasis on this point of congressional representation because it is our understanding that consideration has been given in the executive branch to discontinue the practice of designating Members of Congress as delegates to the United Nations. It is reportedly the view of some in the executive branch that Members of Congress should not be designated as voting delegates but invited as "observers." It is our view that Members of Congress, going to the United Nations in the latter status, would be wellnigh worthless. We feel strongly that the present arrangement should be continued.

Furthermore, a Member of Congress, acting as a delegate to the United Nations, has opportunity for experience which should be most helpful to the Congress in dealing with policy toward the United Nations and particularly with its financing. In addition, the presence of members of the legislative branch within the delegation of the United Nations has a leavening effect, helpful to the Executive and to the Congress. This arrangement should continue, and we so recommended to the chairman of the Foreign Affairs Committee of the House of Representatives and the chairman of the Foreign Relations Committee of the Senate, to the State Department, and to the President.

Two facts we cannot overemphasize: First, good manners, as well as respect for national policy and the need for coherent performance, would and should certainly preclude any outward and visible sign of independent thinking by congressional delegates; and, at the same time, it is their privilege and duty to present their point of view constantly and strongly within the confines of the delegation. Second, no words in this section or elsewhere in this report should seem to indicate, on our part, any lack of respect or gratitude for the caliber, capacity, and dedication of the delegates and staff who now serve the United States at the United Nations with skill, distinction, and well-merited honor.

It would be most helpful if the delegates of other countries to the United Nations, particularly those more recently admitted, could be given a wider knowledge of the United States and of its people. We would recommend that the State Department make definite plans for "sightseeing trips" to historic areas along the eastern coast and more extensive travel throughout various parts of our country. It is our understanding that the Canadian delegation has most successfully carried out, for some of the African countries, such visits to significant places in Canada. Even though the institution of such plans would entail considerable expenditure of time and money, the benefits would far outweigh the cost. We would help, if it were desired, to present the plan to the Congress. It is hoped that the Department of State will give consideration to this suggestion and request the necessary appropriation under terms of the Mutual Educational and Cultural Exchange Act of 1961.

To conclude our comments on our service as delegates to the 16th session of the General Assembly, we would point out that common prudence indicates that the community of free and friendly nations should be the principal focus of our foreign policy, at the same time that the United States remains in and seeks to strengthen the position of the free world in the United Nations. In adjusting its policies to face reality, the United States should give the United Nations credit for what value it does have; direct its efforts through it when circumstances indicate such to be the best course to follow; but not attempt or expect to secure the impossible through it.

The maintenance of the strength of our allies and those who share our faith in the principles of the free world will prove, in the long run, to be an invaluable asset for the United Nations itself.

One last comment remains to be made. Over and over again we observed that other nations present expressed, as a keystone of their policy, their own self-interest. The United States could well afford, without timidity or reticence, to lay more emphasis on its own self-interest. Much as we admire our traditional generosity and good will, we wonder whether, in a cold and hostile world atmosphere, the time has not come when in the interest of survival the United States must temper its good intent and nobility of purpose with some hard commonsense. Personally, we think so. The United States must define and defend its own self-interest. To be able to do so, it must remain defensively strong; economically and financially strong; above all, morally strong in purpose and will. In the world, as well as in the United Nations, the United States must dare to speak out with consistency and strength. It must assume leadership, not based on its might or its wealth—or its bounty—but on the endemic strength of the freedom and human dignity for which it stands.

It was significant, during our service at the United Nations, that whenever the United States did take a firm stand, as against the proposition to appoint a committee to study the question of the admission of Red China, quick support came to our side. Indecision—or, what is worse, wavering as regards what we tell the world we stand for—breeds first amazement and then disregard. To declare our stand on issues rather than to remain silent; to vote on issues rather than to "abstain"; to dare to throw "deals" and expediency to the winds and stand on principle—this may seem to be poor international politics. However, to two congressional delegates, privileged for some months to sit in the august halls of the United Nations, this suggestion has compelling challenge. It would certainly increase the respect in which other nations hold us and coincidentally increase our self-respect. It would strengthen our position in the United Nations. It would go far towards strengthening our position in the world. It might, in fact, even be a primary step in saving the United Nations—and ourselves.

Mr. Chairman, my own reason for feeling still that the measure proposed in the bill under discussion is not a wise step to take is based on my conviction, now as last December, that the financial emergency should be used to force a financial revision, reappraisal, and readjustment, without which the United Nations can never progress to the full strength which I think it should and must have if it is to become the instrument for service and peace as planned in the original concept and dream.

My opposition to the bond issue or to our assumption of a disproportionate share of a loan, is not one of opposition to the United Nations; it is not one of trying to cripple the United Nations; it is rather one of trying to build needed strength into that body. My deep experience there leads me to feel that a temporary "blood transfusion" like this will only postpone the vital major operation that is demanded, if the body is to be saved.

I am aware that the World Court decision has now set a good standard. I am aware that it may be accepted by the General Assembly, and I hope it will be, although I have serious doubts following the interview of the Acting Secretary General with Mr. Khrushchev in which the latter made the statement, published last week, that the Soviet Union will not accept that court decision.

Whether the decision becomes operative or not, a major objection to the proposition is that once again the United States is rushing in to take far more than our share, offering only temporary and expedient relief. I am merely asking that we use the emergency to force the membership of the United Nations to look on its support as a joint and equally shared responsibility.

Frankly, as to the two bills, the House bill is an improvement. It may seem a paradox that I offered in committee the only amendment to strengthen the bill. I sought, without avail, to strike out section 3 which, as it now stands, is a denial of the very respect which those who support this measure claim to have for the United Nations.

Section 3, which was obviously put into the bill to sweeten, if I may use the colloquial phrase, the House package, is a paragraph that would require the United States to hold back from its annual appropriation to the United Nations for its regular operations the amount of interest and principal due on the proposed loan.

Mr. Chairman, I am certainly foremost in the ranks of those who hope a bond issue or loan will be met in full and that payments will be kept up; but I do not think that as required by the proposed provision in section 3 we have the right to insist on a step that may cripple the annual or "regular" programs of the United Nations that we are pledged to support. If we cannot give enough respect to the United Nations to expect it to meet its obligations, our estimate of that body is already sunk so low that the proposed attempt at resuscitation of its finances is futile in itself.

The advantage of the United Nations in my mind is that it offers not merely a sounding board but a listening post. It is valuable to hear what other peoples think of us. It is valuable for us to try and tell other people what we really are. I spent the major part of my time, outside of my committee, in personal conversations with the delegates. I was astonished as I went from delegation to delegation to find in that body how little they knew of what makes Americans "tick."

I want to close with one story that I have wished to tell to the Congress ever since my return.

I was having lunch one day with the chief delegate from a neutral country—a supposedly friendly neutral country. This Ambassador said, "Mrs. CHURCH, I wonder if you realize that you do not pay enough attention to the advantages under which those in Communist countries do live." This was not, I repeat, a representative of a Communist country. Well, that was a pretty poor day to make that suggestion to me. I had picked up a newspaper that morning—and found that practically the last bit of cement and the last brick had been placed in the Berlin wall. There had been a picture of an old lady who, overcome by love and loneliness, had jumped out of a high story window to try to reach her family on the Western side. I said to this Ambassador, "Well, Mr. Ambassador, it is too late in this luncheon to argue with you in detail the pros and cons of different systems, but I want to say to you, in perhaps a light way, that I am a grandmother nine times over, and I have never yet had to jump out of a dangerously high window to see my family." What I said to him was not so important, but what he said to me, I will remember long after everything else about my service as a delegate has vanished from memory. He said, "That is the trouble with you Americans, you insist on seeing everything in terms of human values."

Well, Mr. Chairman, I was happy to say to him "I come from a civilization based on human values and we Americans mean to keep it that way."

We need to go to the United Nations and show ourselves in our true nature and not simply as overeager and overgenerous folk willing to pay anything to keep the organization going, assuming always beyond our share. Instead we should go as honest partners saying to the others, "This problem of peace is yours as much as ours. This problem of development of underdeveloped countries and peoples is as much yours as ours; this need to preserve human freedom and emphasize human values is as much yours as ours."

As stated in the report previously included, we must stay in the United Nations. We must make of it not only a listening post but a talking post. But we must change the pattern and scope of our financial participation. We should use the present crisis to force a readjustment and acceptance of their fair share of responsibility by other member nations.

If we think that any number of millions of dollars given disproportionately or that any sudden injection or any sheer stopgap measure is going to solve the true need of the United Nations, we are doing it and ourselves a disservice. I would ask that we approach this matter rationally, thoughtfully, and prayerfully because, certainly, an association as it started out to be, dedicated to the peace of the world, could be an instrument for untold good to all mankind.

It is because I deem this stopgap proposal to be, from a long-range point of view, unsound, unwise, and inadequate to meet the basic need for immediate financial revision and reorganization that I shall vote against this bill.

**Mr. MORGAN.** Mr. Chairman, I yield 1 minute to the gentlewoman from New York [Mrs. KELLY].

**Mrs. KELLY.** Mr. Chairman, I want to take this opportunity to pay tribute to the previous speaker, the gentlewoman from Illinois [Mrs. CHURCH]. I know all of us are going to miss her when she retires this year. I want to take this opportunity to say that over the years it has been wonderful to work with her, particularly on the Committee on Foreign Affairs. I know she has been sincere. She is a hard worker, and is a very wonderful colleague and I say at this time, while I have not always agreed with her on some matters, we are indeed going to miss her.

**Mr. MORGAN.** Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. COHELAN].

**Mrs. CHURCH.** Mr. Chairman, will the gentleman yield?

**Mr. COHELAN.** I yield.

**Mrs. CHURCH.** I wish to apologize to the gentleman for not being able to yield to him.

**Mr. COHELAN.** I understand. The time was short. I thank the gentlewoman.

Some of the concerns expressed by my colleague, the gentlewoman from Illinois [Mrs. CHURCH], are shared by many of us; but, we look at it in a little different way and feel that the remedy for the problem must be sought by different methods.

Mr. Chairman, I am not a member of this committee, but I feel very strongly about this problem and have given it a great deal of attention. I want to thank the distinguished chairman of the Foreign Affairs Committee for yielding me this time.

Mr. Chairman, I vigorously support this proposal we are considering today—a proposal which would enable the United States to contribute, and contribute effectively, to the cause of world peace and security.

There can be little question that the United Nations is an imperfect instrument, and that at times it has caused us frustration and disappointment. A thorough charter revision is needed—a revision which will take into account the many changes that have taken place in our world, and in the organization itself since its formation in 1946—a revision which will improve its ability to fulfill its functions. I have and will continue to support such efforts.

At the same time, it must be agreed that the United Nations has achieved some very significant successes; that it has usefully served the national interests of the United States.

In Korea the U.N. enabled this country and other free nations to deal effectively with Communist aggression.

In the Middle East, following Suez, the U.N. brought a halt to war and has ever since safeguarded the armistice lines.

In the Congo the U.N. prevented large-scale civil war and a direct military confrontation of the great powers.

In addition, the United Nations has helped bring freedom to countless millions of people who had lived under colonial rule. Its health programs have stamped out malaria, sleeping sickness, and other virulent diseases from broad areas of the world. Its help-people-help-themselves technical assistance activities have provided sturdy underpinnings for raising the standard of living in underdeveloped nations. Its food and agriculture projects have saved large groups from starvation. And its International Monetary Fund has helped small governments bridge financial emergencies, thus preventing bankruptcy and anarchy.

The Soviet bloc nations have, in effect, been attempting to exercise a financial veto at the United Nations. By their indefensible delinquency in meeting their share of the special assessments they have been attempting to scuttle these and similar activities of the future.

It must be stressed, however, that this bond issue is not an effort to "bail out" nonpaying members. It is, rather, an effort to solve an immediate financial emergency and create a reserve for future operations.

The goals of the United Nations are clearly set forth. They are the promotion of international peace and security; the prevention of war; collective action against aggression; peaceful settlement of disputes; cooperation for economic and social progress in larger freedom; observance of international law and justice; and the advancement of dependent territories toward self-government and self-determination.

Mr. Chairman, this bond proposal will help the United Nations to achieve these goals—goals which are clearly in accord with the vital interests of this country and of the free world. It is a modest proposal representing one-tenth of 1 percent of our Federal budget. And it is an economic proposal for it would reduce the U.S. contribution for peace and security operations of the U.N. from the present level of 47½ percent to 32 percent.

This U.N. bond proposal is justified on its need. It is warranted on its merits, and I urge that we give it our overwhelming approval as a further symbol to the world of our determination to persist and persevere in the cause of peace.

**Mr. CHIPERFIELD.** Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

**Mr. ADAIR.** Mr. Chairman, there are some things that ought to be pointed out about the bill we are today considering. We refer to it as a bond bill, and I presume we will continue to refer to it in that way. But I would like to invite the attention of Members, who may not have noted it, to the fact that the term "bond" has been removed from the bill.

What this bill as now written does is to give to the President authority to make a loan to the United Nations. We presume that the medium through which this loan will be made will be the purchase of bonds, but I want the Members to know that is not required by this bill, nor are there any terms with respect to this loan specified in the legislation as it is now before the House.

The Executive has absolute freedom with respect to length of time, rate of interest, rate of repayment, and all things of that sort.

So, if you vote for this bill, you are voting to give the President much wider authority than he even asked for.

Let us ask ourselves how much money is actually needed by the United Nations. We were told some months ago that it was imperative that they have $200 million forthwith, that it was needed at once. Now, observe what we are doing by the legislation before us today. As written, we are to match contributions of all other nations. There have been up to this time about $25 million paid by other nations. That means if we match this there will be available to the U.N. something more than $50 million at this time, and we are told that the administration is prepared to accept this arrangement.

Mr. Chairman, which is right? Did they need $200 million 9 months ago or is $50 million today sufficient? I would certainly contend that there is a great inconsistency here. Something is amiss when the $200 million which they said they had to have has dwindled to $50 million, which they now say they are willing to take.

In the face of this situation, Mr. Chairman, we were told as of last June 30 the amount of the indebtedness was $137 million. What $50 million is going to do against that indebtedness I find myself at something of a loss to understand. Our esteemed friend, the gentleman from California [Mr. COHELAN], indicated that in his opinion if this $200 million is available there would be not only the money to pay off presently owed obligations but there would be a balance remaining. I submit to the gentleman that the evidence in the hearings is otherwise. The evidence is that by the end of this calendar year, even if the entire $200 million is available, it would all be used.

The gentleman from Wisconsin [Mr. ZABLOCKI] very correctly stated that this is stopgap legislation and, if my memory serves me correctly, Assistant Secretary of State Cleveland used exactly that expression in his testimony.

So, Mr. Chairman, we are not dealing with a long-range solution to a program; we are dealing with a very temporary stopgap remedy.

One of the reasons why I object to this legislation and expect to vote against it is that it does not meet the basic question of proper financing of U.N. operations. It leaves that question for the future. Admittedly, this is a difficult question, and as lawyers say, hard questions sometimes make bad decisions. That may be the situation here.

If we are willing to try to solve this problem merely by glossing it over, it will be but a very short time before the U.N. will find itself in financial difficulties again.

Mr. Chairman, to put the thing in perspective, I think it ought to be borne in mind that the annual operating budget of the U.N. is in the $75 to $80 million bracket. The cost of the Congo military operation is running now at about $10 million a month. In other words, in the approximately 2 years that that operation has been going on it has cost $240 million. Of that amount the United States has paid almost 48 percent in one way or another. Keep that in mind when you think that our contribution to the regular U.N. budget is slightly in excess of 32 percent.

One of the things which I think has been particularly distasteful to people who have studied this matter is the question of voluntary contributions made by our country. These are contributions made out of foreign aid funds, some from the contingency fund and some from chapter III—that is the chapter that deals with international organizations—which now amount in the case of the Congo military operations to more than $30 million, or $41 million if we add waived airlift expenses. This has enabled the U.N. to reduce, by up to 80 percent, the assessments of some 80 countries for the U.N. Congo military operation.

Mr. Chairman, let no Member vote for this bill and be unaware of the fact that in the past, financial relief has been given to Cuba, to Yugoslavia, to Albania, and other Communist countries. To the extent that we have in the past made these voluntary contributions, it makes possible a lessening payment by these communistic countries and some 75 others.

Mr. Chairman, let us now address ourselves to the question of the World Court decision. In order to be effective, it must be adopted by the General Assembly of the United Nations. As a very practical matter, since some 80 countries have been beneficiaries of our voluntary contributions because they could not or would not pay their full amount, how many think that those countries are all now going to turn around and adopt a World Court opinion which will require them to pay these things that they have previously failed to pay? That just is not human nature. In my opinion, the U.N. will not adopt this Court opinion.

Mr. Chairman, certainly if there is any such thing as an important question, this would be determined to be one requiring then a two-thirds vote in the General Assembly and I submit, Mr. Chairman, that it is unlikely that this opinion will be adopted. We are going to see a gesture made in that direction, but it is my opinion that it will not be adopted. As I said earlier this afternoon to the gentleman from Minnesota [Mr. JUDD] and although article XIX of the Charter of the U.N. says that a member 2 years in arrears loses its right to vote, there is in that same section authority that that loss of voting privilege may be waived by the General Assembly.

**Mr. KUNKEL.** Mr. Chairman, will the gentleman yield?

**Mr. ADAIR.** I yield to the gentleman from Pennsylvania.

**Mr. KUNKEL.** Would this be done under a proceeding wherein the United Nations would be subject to a veto by the Soviet Union?

**Mr. ADAIR.** No, it is my opinion it would not. It would be in the General Assembly, and if I understand the proceedings correctly, I think it would not be subject to a veto.

**Mr. MORGAN.** Mr. Chairman, will the gentleman yield?

**Mr. ADAIR.** I yield to the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN].

**Mr. MORGAN.** It will be surprising if the Soviet Union will support the decision of the U.N.

**Mr. ADAIR.** I think that is entirely correct, and I agree with the chairman of the committee. In fact, they have already said that they would not.

The reason that the U.N. is in this trouble is because they are in the Congo. I think they are improperly there.

Mr. Chairman, permit me to read to the Members of the House article I of the Charter of the United Nations:

> The purposes of the United Nations are:
>
> (1) To maintain international peace and security and to that end to take effective collective measures for the prevention and removal of threats to the peace and for the suppression of acts of aggression or other breaches of the peace and to bring about by peaceful means and in conformity with the principles of justice and international law adjustment or settlement of international disputes or situations which might lead to a breach of the peace.

Mr. Chairman, I submit that here is a situation in which by its own definition, because it says Katanga is a part of the Congo, the United Nations is improperly there waging this police or military action. It is an internal, it is a domestic problem, it is not an international one. Hence I say they are improperly there.

Some people say to me, "If you do not vote for this money you are voting to kill the United Nations." I strongly disagree with that point of view. Rather if we refuse to give this money we do two things: First, we force the United Nations to organize and regulate its financial affairs in a more proper manner, and secondly we say to them that we do not think the United Nations has any business interfering with the domestic affairs of an independent state. So I say that by voting against this bill you will not be killing the United Nations, you will be in fact strengthening it, by requiring it to take measures to put its own house in order.

I urge the defeat of this bill.

**Mr. MORGAN.** Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. HOLIFIELD] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

**Mr. HOLIFIELD.** Mr. Chairman, today we are debating a bill to authorize a loan to the United Nations to enable that body to continue its peacekeeping operations. I ask that we remember at this time that what we are debating is not just a question of finances. This is a question of the future of the United Nations.

The issue of this loan legislation is on the surface only one of lending to the United Nations a certain amount of money. If we look deeper, we see that it is a question of whether or not the peacekeeping and enforcing capabilities of the United Nations will be retained. Even deeper than this, it is a question of whether or not the United Nations will continue as an effective organization or even if it will continue to exist.

Some 40 years ago an organization of nations quite similar to the United Nations came into existence, also the result of the horrors of a world war. That body, the League of Nations, dissolved in 1946 after having failed at its most important task, that of maintaining peace. It was not that the principles and covenant of that body prevented it from keeping the peace but rather that the member nations of that organization were unwilling to give it the power to enforce its own pleas and resolutions for peace.

In Manchuria, in Ethiopia, the story was the same. The League of Nations could do nothing to stop aggression, to maintain the peace. Its words were admirable, but its actions were nil. The problem leading to the failure of the League of Nations was perhaps best stated by the Honorable Sean Lester, Secretary General of the League of Nations, who said:

> Between nations there must be law, there must be justice; but there must be force, economic and military, behind that law and justice.

Mr. Chairman, we find ourselves in the position today of debating an issue that will affect the future of the world. From Korea to the Middle East to the Congo, the peacekeeping activities of the United Nations have stopped the spread of communism and curtailed the use of force to settle international disputes. The legislation we are debating will allow the United Nations to continue these and similar operations. If it is passed, the U.N. can retain its role as an effective peacekeeping force. Otherwise we will have on our hands another League of Nations, that is, an organization of states that has no power to act but only power to talk about. There must be action to keep it. The United Nations has been taking action to maintain the uneasy peace of today's troubled world. Let us not now turn this active, effective force for peace into an emasculated replica of the ineffective League of Nations. We have the power in our hands today to revitalize this force for peace. Let us then take this opportunity to reaffirm our desire for an effective United Nations, a United Nations that will aid our cause, the cause of peace. Let us guarantee that the United Nations will have the capability of maintaining peace in the Middle East, in the Congo, in any country or area of the world where active peacekeeping is needed.

**Mr. MORGAN.** Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

**Mr. GALLAGHER.** Mr. Chairman, I would like to join my colleagues in complimenting our chairman on the excellent manner in which he has brought this bill to the floor and the way in which he has handled the many difficult tasks that have been imposed upon him this year. I join with all my associates in feeling he is one of the unsung heroes of this session.

I had some remarks that I intended to make but I think perhaps it would be better if we did what my good friend from Indiana suggested and put this matter into its proper perspective.

There is no one here today who is not concerned with Cuba—for the last several days it has been the foremost topic of discussion around this body. The penetration of communism into Cuba is a very serious affair. And yet of even greater peril to the world would be consequences of the United Nations failure to survive.

Perhaps the issue is not as finely drawn on the United Nations and perhaps the peril is not as personal an affront as it is in Cuba. And yet a failure to support the United Nations is inconsistent with the thought that we should do something about communism. For it is through the machinery of the United Nations that communism has suffered its greatest setbacks. And it is through the United Nations that world opinion is brought to bear on infractions to a society of law and order.

I could not stand here today and defend every action of the U.N. Of some I have been most critical. I have criticized the double standard of U.N. justice—one for the West and the other for the East—one for democracies who had public consciences and public opinion, and the other for Communist and other dictatorships who had neither.

But I have never heard in all the criticism of the U.N. anything that could be substituted in its place in our great quest for peace with honor.

There are many who say they support the U.N. but who object to this financing. There have been several suggestions and there will possibly be several more. But I know of no suggestion that more fully embraces the intent of the majority in the House than does the bill now under consideration. It is truly bipartisan, it has the support of President Eisenhower and President Truman. It is a sincere effort on the part of President Kennedy to merge his thinking with the Members of this body who wish to support the United Nations while encouraging a greater collective responsibility in the financing of the operations of the U.N.

Now what are the facts about this bill?

First. It is a much tighter and restrictive bill than the one passed by the Senate. The Senate bill provided for the purchase of $25 million worth of bonds plus a matching formula for every dollar's worth purchased or pledged by other nations up to $100 million.

Second. This bill eliminates the $25 million provision—it even goes further—it restricts the U.S. participation to the amount of bonds actually purchased, not pledged, on a matching dollar-for-dollar formula up to $100 million.

For example, presently—

| | |
|---|---|
| 19 nations have purchased | $27,750,000 |
| 31 nations have pledged | 45,818,257 |
| 50 nations purchased or pledged | 73,568,257 |

Under the Senate bill the United States would be authorized to purchase at this time $98,568,257 of bonds.

Under this bill the United States can purchase $27,750,000 at this time plus whatever amounts other nations actually purchase in the future.

Now what are the facts concerning the U.S. voluntary contributions to United Nations peacekeeping operations?

The Department of State has received a number of inquiries about U.S. voluntary contributions to the United Nations and reductions in assessments made by the United Nations to certain of its members. The only accounts on which any reductions in assessments have been made by the United Nations are for the United Nations military operations in the Middle East and in the Congo. This paper therefore deals with the U.S. contributions to these peacekeeping operations.

The facts concerning these U.S. contributions are given below. But first, to correct a few distortions or mistaken impressions concerning these voluntary contributions:

First. The United States did not give United Nations $215 million—or $212 million—out of foreign aid contingency funds to reduce the assessments of Communist nations.

Second. The United States did not pay the assessments or past debts of other nations, nor were its contributions used for this purpose.

Third. No foreign aid funds were used for any contributions to the United Nations, except in pursuance of congressional authorizations and appropriations.

Fourth. U.S. contributions were not used to keep any member of the United Nations from losing its vote.

All contributions made by the United States to the United Nations military operations in the Middle East and in the Congo have been made to insure that these peacekeeping operations—which were and are in the U.S. interest—could continue, not to aid any other United Nations member.

The United States has made contributions—both assessed and voluntary—to the United Nations military operations in the Middle East and in the Congo since their inceptions in 1957 and 1960, respectively. The total U.S. voluntary contributions to these operations since 1957 total about $65 million.

With the exception of the initial year for each operation, the U.S. voluntary contributions to these operations have been specifically authorized and appropriated for in the annual foreign assistance acts and appropriations. The U.S. voluntary contributions for the initial year of each operation—which totaled about $23.8 million—also came from foreign assistance appropriations available to the President, but from the funds made available by the Congress to meet contingencies when the President determines such use to be important to the national interest. In each case these first-year costs could not be foreseen because of the emergency nature of the requirement. It is for such emergencies that the Congress has wisely provided the President with a fund for international contingencies which is voted upon each year.

None of this $23.8 million was used to reduce or pay the assessments of any nation nor to reduce or cancel the debts of any nation. Nor were any of the other contributions made for these peacekeeping operations so used.

The facts are that the annual costs of the Middle East and Congo operations presently total about twice the annual cost of the regular budget of the United Nations. Because these costs were so large, opposition quickly developed on the part of many United Nations member states to share the costs in the usual manner, that is on the basis of the regular scale of assessments. To meet this need the United Nations adopted formulas to reduce assessments for members less able to pay. Several Communist nations as well as many of the nations of the free world fell within these formulas. These reductions were not contingent upon any payments to be made by any member nor were U.S. payments in fact used to pay the debts of any of these nations.

To secure the total resources needed to keep these operations afloat, the United Nations appealed for voluntary contributions to the members of the Security Council and others financially able to pay. The U.S. Government decided, first, that it was in our interest to have the Middle East and Congo operations continued and, second, that if we wanted them to continue, we would have to respond to the United Nations appeal for additional funds in the form of voluntary contributions. It has been as the result of the United States and other nations' voluntary contributions to the Middle East and the Congo operations—operations which the Communist nations violently oppose—that the gap in funds was filled which provided the United Nations with the resources needed for the successful continuation of these operations.

The funds for the U.S. contributions for these operations were presented and justified to the Congress each year and Congress appropriated the funds for the U.S. contributions.

As explained earlier, the first-year emergency costs were met from the contingency fund provided by Congress for international emergencies.

The U.S. voluntary contributions to the United Nations were not used to keep any member of the United Nations from losing its vote. In fact, the several nations who were subject to loss of their votes under article 19 of the United Nations Charter have escaped this sanction only by paying the required amounts to the United Nations. Assuming that the General Assembly accepts the opinion of the International Court of Justice, which was requested by last fall's General Assembly and rendered on July 20, 1962, the U.S.S.R. will be subject to loss of its vote in 1964 if it continues to refuse to pay its Middle East and Congo assessments. The United States was one of the cosponsors of the resolution requesting the Court opinion.

The system of credits and reductions begun 6 years ago by the United Nations was ended on June 30, 1962, as the result of resolutions adopted at the United Nations 16th General Assembly in the fall of 1961. It is a thing of the past. The $100 million loan proposal, which has already passed the Senate and has been reported by the House Foreign Affairs Committee, does not provide any credits to any nation. The ongoing costs of the Middle East and Congo operations after July 1, 1962, are to be financed from these loan proceeds. One of the many advantages of this loan proposal of benefit to the United States is that it not only eliminated the need for our voluntary contributions, but also lowers our contributions to these peacekeeping operations from 47.5 percent to approximately 32 percent.

Now what are the facts and the background of UNEF and Congo voluntary contributions and reductions?

The system of voluntary contributions for U.N. peacekeeping operations began with the UNEF operation in 1957 and was later applied to the Congo operation which began in 1960. The practice was continued through June 30, 1962. When voluntary contributions are made for these operations, their effect is, of course, to reduce the burden on other members. Originally the total budget for UNEF was reduced by the amount of the voluntary contributions and therefore assessments on all members were proportionally lower. However, beginning in 1960, a formula was developed by the United Nations and approved over the objections of the Soviet bloc that limited the reductions to those countries least able to pay.

This formula of the United Nations for reducing the assessments of the poorer countries unavoidably benefited the few unfriendly nations that fell within the formula. But the United States nevertheless sought to change this system in the 16th General Assembly in the fall of 1961.

During this session, the United Nations adopted a financing program that ended the previous system of voluntary contributions entirely as of June 30, 1962. But as a part of a total financial plan with many advantages to the United States, it was found necessary to continue this practice until that time as an interim measure.

The system was continued first, until the member states could consult their respective legislatures and secure agreement to and the appropriation of funds for the purchase of United Nations bonds, the proceeds of which are to be used to finance the UNEF and Congo operations beyond July 1, 1962. No reductions or voluntary contributions for these military operations for the period beyond July 1, 1962, are included in the U.S. budget nor are they contemplated by the United Nations resolution. In fact, the U.S. contribution for the repayment of the bonds is to be made at the rate of 32.02 percent. This eliminates our voluntary contribution for these operations and is a reduction from the roughly 47½ percent that these operations have been costing the United States for both the assessed and voluntary contributions; and second, until an advisory opinion could be secured from the International Court of Justice which would give the Secretary General a sound legal base for an aggressive campaign to collect arrearages from those nations who have thus far failed or refused to pay their arrears for the UNEF and Congo operations.

The favorable decision has now been received from the International Court of Justice. If the U.S. Congress authorizes the loan of $100 million to the United Nations, which was requested by the President, this will permit the United States to participate in the approved interim United Nations financing plan which, as pointed out above, ends the previous system of reductions and reduces the percentage of the U.S. contribution to our regular percentage.

In each of the above cases, the voluntary contributions intended to be made and the justifications therefore were presented to the Congress which appropriated the funds for the U.S. contributions. For example, the data concerning these requests and justifications for 1962 are listed below:

In connection with the Senate Appropriations Committee hearings on foreign assistance, 1962, Mr. Cleveland, on September 7, 1961, submitted a supporting statement—pages 501–506—which fully discusses the credit formula and financing problems. This statement also shows the sources of U.S. funding. Tables on pages 493 and 494 show net assessments on member states after application of the credit formula, and the discussion preceding these pages covers the credit procedures as well as the question of arrearages.

Similar testimony is to be found in the House appropriations hearings on foreign assistance for 1962, dated August 16, 1961—pages 242–245. In the House Foreign Affairs Committee hearing on the Foreign Assistance Act for 1962, Deputy Assistant Secretary Gardner on June 28, 1961, presents for the record tables showing U.S. funding, the sources of these funds and the credits—page 1295.

In the Senate Foreign Relations Committee hearings of June 8, 1961, tables on page 419 show U.S. assessments and voluntary contributions.

In addition to the formal submissions and justifications to the committees of Congress, the U.S. delegations to the annual meetings of the United Nations General Assembly have included two Members of Congress. One of these has served on the fifth committee, which is the committee which handles budgetary and financial matters and which originates the financing resolutions. This has meant that one or more Members of Congress each year has had the opportunity to learn in detail of the problems which led to the adoption and continuation of the voluntary contributions and reductions system and has in many cases been one of the principal representatives of the United States in the fifth committee during the development and adoption of these financing resolutions.

Now what are the rumors and facts about the bond issue?

Rumor: The United States will be going it alone on the bond issue.

Fact: Several other nations, including Great Britain, Canada, Finland, Norway, Denmark, and Sweden have publicly announced their pledges of about $65.4 million. At least 26 others are in favor of buying but have yet to obtain parliamentary approval.

Rumor: The bond issue relieves the Soviet Union of its financial obligations to the United Nations.

Fact: It will not relieve Russia or any country of any amount owed to any of the U.N. accounts.

Rumor: U.S. taxpayers will be called upon for huge expenditures because of the bond issue.

Fact: The $100 million the President requests to purchase U.N. bonds represents two-tenths of 1 percent of the entire U.S. budget for national defense. The individual American's loan comes to 54 cents, about the price of two packs of cigarettes.

Rumor: The United States will be stuck with even larger assessments in the future as a result of the bond issue.

Fact: The American share of the U.N.'s peacekeeping costs in the Congo and Middle East will be reduced by use of the bond issue from 47½ to 32 percent.

Rumor: Small nations will continue to be unable to carry their load.

Fact: Spreading the financing of the special U.N. operations over a 25-year period will enable the poorer members to meet their obligations more readily.

Rumor: The Communists will go on letting the West foot the bill for U.N. activities they do not like.

Fact: An anticipated favorable decision which the U.N. is seeking from the World Court this year will confront the Soviet bloc with having to pay their assessments or action to deprive them of their voting rights.

Rumor: The Afro-Asian bloc has taken over the U.N. and the United States has lost its influence there.

Fact: Nations do not vote mechanically in geographic blocs. Each country votes in its own self-interest. Year after year we find that American interests are generally common to the great majority of nations. There is a great power which is regularly outvoted in the U.N.—Russia.

Rumor: The U.N. does not really need the money this year—the whole matter can be put over to 1963.

Fact: On January 1 the U.N. had debts of about $114 million and monthly operating expenses of almost $19 million. It is obvious that the U.N. needs funds as quickly as possible.

Rumor: The U.N. audits its own books and does not know how much it owes.

Fact: The audit of U.N. accounts is directed by the auditors-general from three different countries. This year: Netherlands, Colombia, Pakistan.

Rumor: The 2 percent interest on the bonds will lose money for the United States.

Fact: The interest rate was set at 2 percent to give bondholders some return but to avoid the charge that it is a profit making scheme to benefit the richer countries. While the United States will not make money on the interest, a 2-percent return is better than no return at all.

In the opinion of many in the Bureau of the Budget and in which I concur this bond proposal is one of the most clever devices found as regards the interests of the United States. We are presently bearing 50 percent of the cost. This puts us on a 32-percent participation basis. It also sets a pattern for future participation on the same percentage basis.

The bond issue device gave us time to do the following:

First. Obtain the decision of the World Court.

Second. Get it adopted by the General Assembly.

Third. Find a way to allow the participation of the small nations who said they cannot stand high costs.

Fourth. Gives us time to get a collection campaign underway and get them paid up.

Fifth. It eliminates voluntary contributions.

Sixth. It eliminates credit reduction devices.

Seventh. It accomplishes all this while it establishes the principle that whoever loans money will be repaid under a collective financial responsibility.

Eighth. It allows the United Nations to function.

As a financial device the U.N. bond proposal is more favorable to the United States point by point than any other possible arrangement that could be devised or was suggested.

To the argument: Why not give it outright or out of the contingency fund of the foreign aid bill, which incidentally was made by several who voted against the bill, I must point out that this would preclude the principle of collective financial responsibility. People who vote in the United Nations should pay for the maintenance of the United Nations.

If we gave the $100 million in addition to all the foregoing it would cost $100 million whereas the bond proposal will cost the United States only a little more than half of that, or $54 million.

I, therefore, urge the passage of this bill. It is the product of bipartisan effort and one that is in our national interest and vital to the security of the United States.

I heard it said by one of our colleagues today that over $215 million was used by the President out of the contingency fund, that this, of course, was done through a subterfuge, and that this was the money which financed the Congo operations. This is just not so.

**Mrs. ST. GEORGE.** Mr. Chairman, will the gentleman yield?

**Mr. GALLAGHER.** I yield to the gentlewoman from New York.

**Mrs. ST. GEORGE.** I understand the statement was made once before on the floor when I was not present. I would like to say that the statement is not as you have given it at all. I never said any such thing.

I said that $215 million had been used to help the arrears of India, Yugoslavia, and other countries, including Cuba, to the tune of $140 million.

I would like to point out to the gentleman that the record for this is in the foreign affairs documents in the Foreign Affairs Committee.

I am perfectly willing to be quoted, but I would appreciate being quoted correctly.

**Mr. GALLAGHER.** That is exactly what I am trying to do, quote the gentlewoman correctly.

**Mr. HAYS.** Mr. Chairman, will the gentleman yield?

**Mr. GALLAGHER.** I yield.

**Mr. HAYS.** I am sure the gentlewoman does not mean to make a mistake, but she keeps repeating to us that the sum for Cuba is $140 million. It is $140,000. That is bad enough without making it $140 million.

**Mrs. ST. GEORGE.** I beg the gentleman's pardon. He is quite correct. I corrected myself in my original statement. One hundred and forty thousand dollars for Cuba in my estimation is 100 percent too much.

**Mr. HAYS.** Yes, I agree with the gentlewoman, but she again inadvertently said $140 million.

**Mrs. ST. GEORGE.** I thank the gentleman for correcting me. The gentleman is very apt at correcting others.

**Mr. GALLAGHER.** I thank my colleagues who have engaged in this colloquy, and I hope put the matter in proper perspective. The fact of the matter is this device was brought about, and it is corrected by this bond proposal. This seems to me to be good reason why it should be supported.

The only money which was used for any military operation out of the contingency fund was the amount of $23,838,472 in 1957. $3,170,850 used for UNEF out of the President's contingency fund in 1957, and the balance of $20,667,622 was used out of the contingency fund in 1960 for the initial financing of the Congo operation. This is what the contingency fund is for. The rest of the money was appropriated, presented before this body, and was done through financing that was openly arrived at after debate before this body. So that these figures that have been scattered quite freely throughout the debate are not sound figures. I am very happy that we have had an opportunity to correct this at this point of the debate.

This will put us on a 32-percent basis, and would also set a precedent for us to continue at that level in any future operations of the United Nations.

**Mr. CHIPERFIELD.** Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

**Mr. GROSS.** Mr. Chairman, at the outset I want to express my appreciation to the gentleman from Indiana [Mr. ADAIR] for the excellent minority views which he has submitted in opposition to this United Nations bond bill, loan bill, or whatever it is to be called.

I commend him for having the courage to speak out; for anyone who does so—as I have discovered—runs the risk of being accused of being irresponsible and pro-Russia.

Columnist Walter Lippmann, for example, has said that those who oppose the bond issue are disgruntled and motivated by crude partisanship. A Member of this body earlier in the year charged that anyone who speaks out against the bond deal is guilty of distorting the facts and engaging in extravagant emotionalism.

And the President himself, in his special message to Congress in January, implied that anyone who opposes the bond plan is pro-Russia. I refer to the statement in his message that failure to act "would serve the interests of the Soviet Union."

Then in the printed hearings before the Committee on Foreign Affairs, on page 164, you will find this statement by one John J. McCloy, international banker:

> The Gross amendment—I can't imagine anything that the Russians would rather have than the Gross amendment.

I will compare my record of opposition to Russia and godless communism with that of McCloy or anyone else, and I resent his statement; the implication that I am pro-Russia.

I make these observations to show the shoddy lengths to which some supporters of the bond issue will go. It is a crude and incredible way to try to sell any proposal.

Perhaps it would be well to review a little of the history of this proposition.

It was way back in December of 1961 that the United Nations General Assembly claimed a financial crisis and voted to float a $200 million bond issue. It is interesting to note that almost half of the members of that body apparently did not think too highly of the idea. The vote was 58 for and 13 against, with the other 33 members either absenting themselves or abstaining.

Later in the same month, Assistant Secretary of State Harland Cleveland publicly announced that President Kennedy would seek authority from Congress to purchase up to $100 million of the bonds, or one-half the total.

On January 30, 1962, the President transmitted to Congress a suggested bill "to authorize and appropriate up to $100 million for the purchase of United Nations bonds."

"The United Nations is faced with a financial crisis," the President said in urging prompt action on his suggested bill. Administration spokesmen implied that failure of the Congress to act—and promptly—could result in the collapse of the United Nations. The Senate passed S. 2768 on April 5.

It is now September 13, 1962, as this body starts the consideration of the bond and/or loan bill. If, as we were told, the issue was so crucial, why the long delay?

My position on the issue is well known. I am opposed to the investment of a single dollar of Federal funds in what I consider a phony bond issue or the making of loans to the U.N. unless and until other member nations pay what they owe. Is this really so unreasonable? Why should not the United Nations be operated on a sound financial basis, with all members required to pay their assessments?

To me, it is incredible that American taxpayers—who already have paid far more than their share—should be required to pay for the international delinquency of such nations as the Soviet Union, Cuba, and even some of our so-called allies, like France. Why should the United States, a paid-up member of the U.N., pick up the bad debts of the deadbeats?

According to a United Nations report, contributions due the organization as of December 31, 1961, totaled $93,915,569.45. It is my understanding that some 52 nations have failed to pay their assessments for the United Nations Emergency Force in the Middle East and 66 nations have not paid their assessments for the Congo operation.

In my study of the bond issue—and I have endeavored to read all available information, both for and against—I have tried to obtain a full and factual report on the true financial condition of the U.N. It has been a frustrating experience, as anyone who has had dealings with State Department and the United Nations might expect.

In letters to both Acting U.N. Secretary General U Thant and Secretary of State Rusk, I sought, among other things, a simple accounting as to whom the United Nations owes money. The replies I received ignored this particular request.

I then dispatched a telegram to Secretary Rusk, requesting once again that I be provided with details of U.N. debts, and without further delay. The reply, from Assistant Secretary Frederick G. Dutton, stated that several copies of an "Analysis of the United Nations Financial Position as at December 31, 1961" were being submitted to the chairman of the House Foreign Affairs Committee, "for such purposes as the committee may deem appropriate."

In a letter to the committee chairman, the gentleman from Pennsylvania [Mr. MORGAN], I requested a copy and I am grateful to the gentleman from Pennsylvania for his courtesy in promptly complying with my request. Of course, it would not have been necessary for me to bother him had either the State Department or the United Nations seen fit to show me the same courtesy.

This financial statement purports to show that at the end of 1961 the United Nations had unpaid obligations of $129.4 million. Subtracting net cash resources of $15.5 million, the organization's deficit was listed as $113.9 million. The report includes a breakdown of the amounts supposedly owed various governments for services rendered in connection with the United Nations Emergency Force and United Nations operations in the Congo, with the total amount owed to 26 governments and other payees listed at $92.2 million.

It is stated that the amounts owed by the U.N. to various governments are provisional since, in many cases, they represent estimates, and it is now my understanding that the report is incorrect in some respects. In other words, no one seems able—or willing—to produce a full and factual report which would show the true financial condition of the United Nations. This is incredible.

Nevertheless there are some interesting figures in the U.N. financial statement, provisional or incorrect as it might be. For example, there is a category headed "Pay and Allow." Listed under this heading are 25 countries as being owed varying amounts which add up to a total of $25,976,000.

Does this mean that the United Nations is paying the salaries of troops furnished by various countries for the U.N. Emergency Force and for U.N. operations in the Congo? If so, why? Certainly the United Nations did not reimburse the United States for the pay of our troops in the so-called United Nations police action in Korea.

Incredible indeed is the conflicting information you uncover if you start digging into the strange financial manipulations of the United Nations.

For example, I invite my colleagues to check page 21 of the printed House hearings on the fourth supplemental appropriation bill for fiscal year 1961. You will find this statement, provided by the State Department:

> As of June 13, 1961, the U.N. working capital fund of $25 million was completely exhausted. The Secretary General had borrowed $12 million from the U.N. Special Fund and $10 million from the U.N. Children's Fund (UNICEF).

This was for the purpose of paying expenses of U.N. operations in the Congo.

Then check the text of the President's special message to Congress on the U.N. bond issue, in which he says:

> The shortage of operating funds thus created has reduced the working capital fund of the United Nations to zero and compelled it to hold back on the payment of bills and borrow from United Nations agencies.

I repeat the President's words, "borrow from United Nations agencies."

In direct contradiction, I have a letter dated January 25, 1962, from Frederick G. Dutton, an Assistant Secretary of State, in which he quotes the Deputy Controller of the United Nations as follows:

> The Secretary General, of course, has no authority to borrow funds from the specialized agencies of the United Nations since their funds are not in his custody or control.

Are we to assume from this that the Secretary General raided the funds of special agencies without authority?

Incidentally, the letter from Assistant Secretary Dutton was a roundabout reply to my letter dated January 10 to the Acting Secretary General of the United Nations. My letter apparently went from the office of the Acting Secretary General to the Deputy Controller of the U.N. The Deputy Controller in turn wrote to Mr. Albert F. Bender, Jr., senior adviser, International Organization Affairs, U.S. Mission to the United Nations. He in turn wrote to Mr. Frank Hefner, Bureau of International Organization Affairs, Department of State. Hefner apparently then turned the correspondence over to Dutton, who finally wrote to me. I do not know why the Deputy Controller of the U.N. could not write directly to me and save the time and effort of others.

Then I have a letter dated January 16, 1962, from Maurice Pate, Executive Director of the United Nations Children's Fund. Remember now that the State Department submitted a report last year to the House Appropriations Committee that the Secretary General had borrowed $10 million from the U.N. Children's Fund; then listen to this in Mr. Pate's letter to me:

> May I say at the outset that no funds, either of government or private origin, in UNICEF accounts have been drawn upon for loan purposes.

Who is right—who are we to believe—President Kennedy and his State Department spokesmen, or the Deputy Controller of the United Nations and Mr. Pate of the Children's Fund?

In any event, it is perfectly clear that there would be absolutely no need for a bond issue if all members of the U.N. had paid what they owe the organization, and I again insist that American taxpayers should not be required to pick up the tab for the organization's deadbeats.

For years the United States has been paying far more than its share of the expenses of the U.N., and unless and until other nations pay what they owe, it is unthinkable that Congress would grant the President the authority he seeks.

We have heard a lot about the advisory opinion of the so-called World Court that special assessments, approved by the General Assembly, are legally binding on all members under the terms of the United Nations Charter.

It has been contended that this decision will make it possible to deny delinquent member nations the right to vote by enforcement of article 19 of the charter, which provides that a "member of the United Nations which is in arrear's in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amounts of the contributions due from it for the preceding 2 full years."

It will be most interesting to see if article 19 is invoked if and when Russia becomes 2 years in arrears in the payment of its contributions. In any event, it is important to bear in mind that even if it were invoked, the member nation would not actually lose its seat in the General Assembly or the right to participate in debate.

Of even greater importance, if Russia was denied the right to vote in the General Assembly, it would retain its vote and veto power in the Security Council.

It is alleged by the President, Secretary Rusk, and other administration spokesmen that the bond loan plan is financially sound and really a good deal for the United States in that it would result in a savings to this country. With this kind of talk, I would not be surprised if the administration next tries to tell us that black is white and white is black.

What is financially sound about a plan whereby the United States, head over heels in debt, would borrow money at a 3.9 percent interest rate to use to loan the United Nations $100 million at an interest rate of 2 percent? We would then pay, in meeting our assessments, 32.02 percent of the amount necessary to pay off the total U.N. bond issue of $200 million, plus interest.

A Member of the other body figured that what this adds up to is that we would pay out $236,706,480, and get back only $128,072,000. In other words, this financially sound plan which is such a good deal for the United States would cost us, over the 25-year life of the bonds, $108,634,480.

And they tell us it will be cheaper for the United States because if the U.N. bonds are not sold we will have to continue to pay approximately 47 percent of the costs of the U.N. Congo operation and the U.N. Emergency Force in the Holy Land. I cannot buy that argument, because there is no good reason why we ever should have paid more than our assessed share of the costs of these two operations which, as in the case of our regular assessment, is now 32.02 percent.

Will the bond issue, if successful, solve the financial problems of the United Nations? Of course, it will not. Testifying before the Foreign Relations Committee of the other body, Secretary Rusk said this:

> The bond issue is intended to pay the special costs for the military operations from July 1 of this year through 1963.

In other words, for a year and a half.

What happens then? Where will the United Nations get the money to continue its operations after 1963? Will another and even larger bond issue be floated?

As in the case of the unpaid assessments of many member nations, the time to place U.N. financing on a sound footing is now, not in 1963 or 1964, when I imagine we will hear cries that the U.N. is once again poverty stricken.

Why take the easy way out via a phony bond issue? This, it seems to me is a confession of gullibility; a confession that the United Nations lacks the morality and courage to insist on financial integrity in its members.

What is the alternative? I can suggest two:

First. Reject the bond issue and then insist that the General Assembly meet and assess all member nations for their proper share of the cost of operations in the Congo and the Middle East, and include these amounts in the regular U.N. budget.

Second. Approve the purchase by the United States of not more than 32.02 percent—the amount of our regular assessment—of the $200 million of bonds, or a total of slightly more than $64 million, with the important restriction that the bonds will be purchased only when all other nations pay what they owe the organization.

Neither alternative is designed, as I have no doubt critics will charge, to destroy the United Nations. To the contrary, I believe either would strengthen the financial structure of the organization.

I say this because I am convinced that other nations, including Russia, would be more inclined to pay their assessments if they were put on notice that the United States will no longer pay a disproportionate share of the expenses of the organization.

Of course, it would be helpful if at the same time our representatives at the U.N. would take the lead in insisting that article 19 of the charter be enforced, weak as this provision might be.

In closing, let me say that the position I have taken on this issue is pro-American, not pro-Russian, regardless of what the President, his New Frontier advisers, internationalists like John J. McCloy, or anyone else has to say to the contrary.

**Mr. MORGAN.** Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. O'HARA].

**Mr. O'HARA of Illinois.** Mr. Chairman, I have never found the chart of human progress in a book of arithmetic. When one dear to me is grievously ill I wish to give to the patient every help within my power and not start quarrels and wrangles on things that have nothing to do with the life of the one I hold dear.

I have voted in this Congress to authorize $4 billion for an experiment in space that we may reach the moon, that we may conquer space, and I have gladly done it. I have voted with all my colleagues in this House for defense appropriations running into billions of dollars. Can I now go home to my constituents and say that when we were asked for only $100 million for the only international bridge to peace we have, $100 million not for war but for peace, I withheld my vote?

I am not quarreling with my colleagues on the other side of this debate. We Americans enjoy the precious right to think and to agree or disagree with impunity. So I give respect to my colleagues who do not agree with me. I would ask them, however, to view this proposal in the light of what it is and not that reflective of unrelated prejudices. In a few words, this is a bill for a $100 million investment in peace, nothing more, nothing less. The United Nations may not be perfect but it is the only international bridge to peace we have, and if we permitted it to collapse, history, I fear, would never forgive us.

In committee I voted against the amendment to trim the bill and cut down the amount of our bond purchase to match the money actually paid in by participating nations. I thought then, and I still think, that the deep, deep yearning of the American people for a world of peace, and not of strife, justified at least an investment of $100 million in an effort to attain peace, regardless of how little or how much others contributed. But the cut was made. As the bill now stands we will purchase bonds up to $100 million, but only as other nations pay in cash and in full their contributions. At the present time only $27 million has been paid in by other nations so that the enactment of this bill would immediately bring to the depleted treasury of the United Nations only $27 million. That in my opinion is far too little, but I abide by the judgment of my committee, though reluctantly, in accepting a compromise calculated to assure the bill's passage.

The one question before the Members of the House is—Are you going to make this investment for the cause of peace, an investment that may be no more than $27 million, at the most $100 million? Withhold your vote from this and then go back and face your constituents. You may be able to offer them some excuses. You may call the bonds phony, which they are not, but you may call them that. This is a land of free speech.

But what is the most precious thing your constituents want? It is peace on earth. This generation is entitled to have a chance to attain peace on earth. You do not wish your constituents when you return home to say: "You in the Congress are willing to contribute billions of dollars to conquer space. You are willing to appropriate billions of dollars for an arms race, but you are not willing to give $100 million, not even $27 million, to promote the most precious thing we have to look forward to—peace on earth."

I have the committee hearings here before me. Every witness who appeared before our committee, and they included not only Ambassador Stevenson but former Ambassador Lodge—made it crystal clear that the existence of the United Nations was hanging on a thread, that on our vote here on the pending bill was the decision of life or death. Witness after witness testified, both Republicans and Democrats—there is no politics in this.

Mr. Chairman, I would refer just for a moment to Africa. The Congo is in Africa. Certainly, the nations in Africa must have a better understanding of what is happening in the Congo and what the United Nations is doing there than some who are far, far away. Let me read from the list of nations participating in the UN bond purchases. Already, before we have acted, two countries in Africa have not only made pledges but they have paid up and seven other countries have pledged to make contributions. They are Ethiopia, Liberia—Nigeria—and how much is Nigeria giving? Little Nigeria is giving $1 million. Little Nigeria that I think is destined to be one of the great countries in the world, and you are going to hear a lot about Nigeria. But at this time, in its founding years with many demands upon it, Nigeria is giving $1 million and, yet, I find some of my colleagues have hesitancy when it comes to our great country purchasing $100 million in the bonds of peace.

Then there is Sierra Leone.

**Mr. WAGGONNER.** Mr. Chairman, will the gentleman yield?

**Mr. O'HARA of Illinois.** I yield to the gentleman.

**Mr. WAGGONNER.** I wonder if the gentleman could tell me by chance how many of the countries you speak of that have agreed to accept the responsibility and purchase some of these so-called United Nations bonds are recipients of U.S. foreign aid?

**Mr. O'HARA of Illinois.** I will be very glad to answer the gentleman and I am so glad he asked me that question.

Let us take Nigeria. Nigeria has a 6-year program and she is financing it, or at least most of it, herself. We are giving very little to Nigeria and what we are giving, we will get back twofold.

**Mr. WAGGONNER.** We hope.

**Mr. O'HARA of Illinois.** Let us consider some other country. Let us take Sierra Leone, for example. That is a little bit of a country and it is giving $10,000 or $20,000. We are giving very, very little to Sierra Leone.

**Mr. WAGGONNER.** The gentleman would admit that a great number of the countries that are participating in financing these U.N. operations are recipients of U.S. foreign aid, would he not?

**Mr. O'HARA of Illinois.** I wonder if the gentleman wishes to put it this way: Are they friendly to the East or are they friendly to the West?

**Mr. WAGGONNER.** That is a question the gentleman would like to have answered.

**Mr. O'HARA of Illinois.** In other words these small countries are getting a little help from both sides.

Mr. WAGGONNER. Then we do not know to whom they are friendly since they are taking help from both sides.

Mr. O'HARA of Illinois. Let me assure the gentleman that we do not seek to buy friendship, that when we help a little nation to its feet it is not with the idea of buying its vote.

Mr. WAGGONNER. The gentleman is much older than I and has been around a great deal longer. Has he ever seen a successful attempt to buy friends?

Mr. O'HARA of Illinois. You can never buy friends with money, but understanding and friendliness will win you friends. The main motivation of the United States in helping less developed countries to their feet is to build a strong world of freedom under democratic government. Let me assure my good friend that we do not expect nations that we help to be our pawns in the General Assembly of the United Nations. We want them to vote their convictions. We want their help in building a better world. A fixed jury in the United Nations would be as hateful a thing as a fixed jury in the United States.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield further?

Mr. O'HARA of Illinois. I yield.

Mr. GALLAGHER. Of the 19 nations that have already purchased bonds in the amount of $27 million, are not all of them participants in our foreign aid program?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MORGAN. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. For as many questions as the gentleman can find in his mind to ask and I have time to answer.

Mr. WAGGONNER. It was said earlier today that this is a strictly business proposition, that financing this operation is the same as businesses are financed every day in their ordinary affairs. Would the gentleman consider this a business operation?

Mr. O'HARA of Illinois. Certainly I regard the United Nations as an instrument of peace as something higher than merely a business operation. We are assured that the bond issue is financially sound and that the money will be repaid, to that extent a normal business operation, but I consider the search for peace as something for which you cannot find a formula in the arithmetic books.

Mr. WAGGONNER. I had hoped that the gentleman would consider it financially sound. If it is a financially sound operation do you not believe that it could be financed through financial institutions of this country by offering these bonds on the open market?

Mr. O'HARA of Illinois. I would say to the gentleman now that I hope to see the day when future United Nations operations will be financed by such a bond issue. It came up before our committee and I recall seven or eight of the members of the committee said they would subscribe for U.N. bonds if put on public sale. I predict that when there is such a public issue the response will be tremendous. An investment for peace on earth, good will to men, is the best investment in all the world, either for our Government or for our people. But this is an emergency; we have not time to do it now. This money is needed now. I think the other will come, and I hope the gentleman will be one of the first to subscribe when the times comes.

Mr. WAGGONNER. I assure the gentleman that the financial condition of the United Nations will have to be considerably different when they start putting their bonds on the open market.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-five Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 213]

Anfuso
Auchincloss
Bass, N.H.
Betts
Blitch
Bray
Buckley
Celler
Coad
Cook
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Dawson
Diggs
Dominick
Dooley
Durno
Evins
Fenton
Ford
Frazier
Gary
Goodling
Gray
Halleck
Harris
Harrison, Va.
Harvey, Ind.
Hoffman, Mich.
Hosmer
Jones, Ala.
Karth
Kearns
Kilburn
Landrum
Lesinski
Loser
McCulloch
McDonough
McSween
Macdonald
Madden
Magnuson
Martin, Mass.
Merrow
Mills
Montoya
Moorehead, Ohio
Morris
Morrison
Moulder
Norrell
O'Brien, Ill.
Pfost
Powell
Rains
Reece
Rivers, S.C.
Rogers, Tex.
Roudebush
Saund
Schwengel
Scranton
Seeley-Brown
Shelley
Slack
Smith, Miss.
Spence
Steed
Teague, Tex.
Thompson, La.
Trimble
Vinson
Weaver
Weis
Whalley
Wilson, Ind.
Yates
Zelenko

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill S. 2768, and finding itself without a quorum, he had directed the roll to be called, when 351 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. BROOMFIELD. Mr. Chairman, I ask unanimous consent that my colleague, the gentleman from New York [Mr. LINDSAY], may insert his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LINDSAY. Mr. Chairman, I take the floor today in support of the United Nations bond issue bill.

The United Nations is faced with the most serious crisis of confidence in its brief but turbulent history. Beset by grave doubts over the efficacy of its operations in the Middle East and the Congo in which it has striven to transform itself from a debating forum into a viable peacekeeping agency, the international organization has stretched its resources to the limit and is now confronted with a financial emergency of major proportions.

Two major questions are before the House. First, is it in the national interest of the United States to help maintain the United Nations as an effective peacekeeping organization? Second, if so, is the proposal contained in this bill—S. 2768—the most appropriate means of providing needed short-term financial assistance to the United Nations. Expressed in the language of the bill, will Congress best promote the foreign policy of the United States by authorizing an appropriation of $100 million for the purchase of United Nations bonds?

The nations of the world are following the deliberations of the Congress on this bill with particular interest. For better or worse, S. 2768 has become a symbol of American support for the United Nations. If we reject this bill, we will have turned our backs on the United Nations in the eyes of the world and have dealt a lasting blow to its prestige.

As many of you know, the United Nations headquarters is a part of the congressional district that I represent. Technically, it is extraterritorial, but it is within the bounds of the 17th District of New York. I have spent a great deal of time in the United Nations. I have passed many hours in the corridors, in the assembly hall and with members of the Foreign Affairs and Foreign Relations Committee who were delegates to the U.N. Assembly. I can assure you that whenever there are complaints with that body they come to my attention. The staggering problems of the U.N. and its mixed record of accomplishment are well known to me.

The manifest problems of the U.N. make it startlingly clear that as an institution, it must of necessity reflect all of the imperfections of our uncertain world. Certainly, the United Nations has not lived up to the original hopes of its founders. The great powers allied in World War II have not succeeded in existing in mutual harmony. The Soviet Union quickly subverted the U.N. Charter, frustrating the mandate of San Francisco. But if the original dream of the U.N. has not been fully served, it has emerged as a positive force in a way that was not foreseen by the founders.

In a rapidly changing world—a world in constant transition—torn by political and social upheavals which have seen old orders disappear overnight—the United Nations has played a central role in assisting some 50 new states make the difficult, often painful, transformation from colonial dependence to national sovereignty. These accomplishments have been brought about peacefully rather than through armed conflict. The United Nations has afforded these emerging nations with an arena in which they can achieve a sense of participation in the community of nations and strengthen their burgeoning national identity.

It is true that many of these countries, lacking a tradition of self-government, have shown poor judgment and immaturity in their international dealings. This is inevitable. In the forum of the General Assembly, the new nations have been able to learn diplomatic skills and democratic procedures. Under the glare of the international spotlight they have been afforded a strong challenge to live up to the crushing responsibilities that have been so rapidly thrust upon them. The role that the U.N. has played in these events has been one of the most extraordinary achievements of the 20th century.

In assessing the role of the United Nations in world affairs, it is important that we not overlook its indispensable economic and social functions. Throughout the world the United Nations is doing significant work in such fields as child care, health, and education. Millions of people think of the U.N. in terms of their meaningful encounters with the thousands of doctors and teachers, economists, agriculture experts, and specialists in so many fields who have brought the highest skill and devotion toward improving the quality of life in our frenzied world. For these people the U.N. does not mean endless frustrating debates on Cuba, the Algerian question, or the admission of Red China; it does not mean shoe pounding, vetoes, troikas, and the like. The U.N. means malaria stamped out; better crops, healthier children; the scourges of poverty and illiteracy on the wane; improved educational facilities and opportunities for young people to be exposed to the joys of learning and to acquire needed skills to make them constructive citizens of their own country and of the world.

The third area which I propose to examine briefly is the United Nations as a peacekeeping organization.

It is true that the United Nations has been unable to carry out its original mandate of keeping the great powers together. However, it has succeeded in many significant instances in keeping the great powers apart.

When the pressure of steam in international relations rises to the exploding point, there has to be an outlet somewhere. Here is the escape valve that allows enough steam to blow off so that a direct confrontation between the great powers can be avoided—a confrontation of the kind that could trigger off world war III. The U.N. has served a notable purpose by interposing itself in critical areas where conflicts could well have led to total war.

This special U.N. role has come about through the extraordinary development of the powers of the office of the Secretary-General. A kind of international case law has been developed which has been tested and proven worthy many times since the inception of the Organization.

In the early years of the U.N., the Organization played an important role in halting Communist infiltration of Iran and Greece and in stopping aggression in Kashmir and Indonesia.

In circumstances far more adverse than any encountered by the League of Nations, the U.N. successfully thwarted aggression in Korea. The League of Nations failed in Manchuria, Ethiopia, and elsewhere. The U.N., on the other hand, has maintained the armistice in Palestine and helped save a dangerous situation in Lebanon.

The United Nations helped restore peace in the Middle East and the United Nations Emergency Force has served as a stabilizing element ever since. Show me the person who has visited this area who is not thankful that the United Nations blue flag flies over the lonely no-man's land between Israel and the bordering Arab states. Show me the person who is not grateful for the presence of U.N. personnel and for the fact that peace is being maintained without the presence of American boys. Right here you have a compelling justification for keeping the peacekeeping functions of the U.N. alive.

In the Congo the U.N. has assisted that war-torn country to move from anarchy toward some slight measure of stability while at the same time it has stemmed the aggressive interference of the Soviet Union. But for the presence of the U.N. in the Congo—with all its faltering and confusion—the world would have been faced with a blood bath of the most appalling proportions plus the establishment of a Communist beachhead, followed possibly by the triggering of a direct confrontation that could have embroiled the major powers.

Had not the U.N. proved a stumbling block to Soviet aspiration in both the U.N. and the Congo, we would be faced with serious Communist penetration of these areas. Here are striking instances where the U.N. has served in the best interests of the United States.

If America had directly intervened in the Middle East and in the Congo, other great powers would have intervened and a strong anti-American feeling would have been engendered.

If the United States were to withdraw its financial support of U.N. peacekeeping actions, there would be no alternative to the withdrawal of U.N. troops from the Middle East and the Congo. The consequences would be disastrous for our foreign policy and for the free world. Unquestionably, there would be a renewal of hostilities, the possibility of the presence of American troops, and a strong likelihood of Soviet intervention. The U.N. must remain in these critical areas and can be maintained only with the strong support of the United States. This support is in our best national interest.

The issue is clearly drawn. Does the U.S. Congress wish the United Nations to survive as a viable peacekeeping organization which acts in the best interest of peace and security in an imperfect world, or does it wish to have it fade into a meaningless, ineffective debating society? By adopting the latter course we will have played directly into the hands of the Soviet Union.

Now, what is the logic behind the bond issue? The first question that must be asked is: Does this proposal promote the foreign policy of the United States? The second question is whether the proposal contained in this bill is the most appropriate means of providing short-term financial assistance to the United Nations.

The answers to these complex questions are not easy. First, there is the very practical consideration that the General Assembly has acted. The General Assembly has concluded that a bond issue is the most practical means of solving the United Nations financial emergency for this year and next. A resolution was passed to that effect. It is the only means of interim financing adopted by the General Assembly. For the United States to defeat this proposal would create a serious crisis while a search for another financing plan is undertaken.

The bond issue will not constitute a precedent. It will serve as a temporary device for financing the Middle East and Congo operations while a long-range study of future financing of the U.N. is undertaken.

Setting the interest rate at 2 percent will keep it low enough to minimize the burden of repayment upon smaller nations while allowing the repayment of the bonds to be spread over a 25-year period will make it possible for all nations to participate without undue financial hardships.

Adopting this proposal would reduce our present disproportionate share of the Middle East and Congo operations to the level which we are assessed for the regular budget. Our share of the bond proposal will be 32.02 percent in marked contrast to the 47 percent we have been paying for the UNEF and Congo operations.

Recovery of our investment will be guaranteed because the principal and interest due the United States will be deducted from our regular annual U.N. assessment. It is further pointed out that this proposal will in no way reduce the outstanding indebtedness of nations in arrears and will in no way reduce their future assessments.

A number of related questions remain to be considered. It has been suggested that there are alternative means of meeting the immediate financial crisis of the U.N. In my judgment all of these suggestions have serious flaws.

Using the President's Contingency Fund to purchase the bonds would exhaust by more than one-third the whole fund. The fund was intended for unforeseen purposes. The U.N. bond issue was by no means unforeseen.

The use of counterpart funds presents the difficulty of converting from soft to hard currency and would require the consent of the nations possessing the funds in order to be used outside their territories.

For the World Bank to loan the needed funds to the U.N. would involve a major change in its charter and would be unfair to the nations who have already contributed to the bond issue.

It has also been suggested that we cancel the indebtedness of the U.N. to the Department of Defense and only authorize the President to loan the balance.

This would tend to hinder the efforts of the Secretary General to raise the necessary funds for it would breed deep suspicion of our motives in other nations. It would also in the long run be a greater cost to the United States.

Since $100 million is not a large amount when compared to the space or defense budget of the United States it has been suggested that we simply give the money to the United Nations. This too would suffer the drawback of not complying with the General Assembly's resolution on interim financing. More fundamentally, it negates the principle of collective financial responsibility.

For these reasons I am convinced that the bond issue is the most suitable means of meeting the U.N.'s current financial crisis.

I am impressed that as of September 5, 19 nations have purchased $27,750,000 in bonds and 31 nations have pledged to buy $45,818,257—a total of $73,568,257 in announced purchases and pledges for 50 nations. An additional 16 nations have indicated that they are in favor of the U.N. bond proposal while 24 nations have the matter under consideration.

I am impressed that Germany and Switzerland, neither of which is a member of the U.N., have announced substantial pledges. I am heartened to see that among the supporters of this proposal are many of the newer members of the world organization. All of this is indeed most encouraging.

There is, however, one aspect of the situation which disturbs me greatly. This is the apparent failure to set forth the future steps necessary to improve the U.N.'s woeful financial condition. What will come after the bond proposal? What permanent financing plans are being considered?

The hope seems to be that the General Assembly will adopt the advisory opinion of the World Court and that the Secretary General will commence collecting back debts from delinquent nations. In the Department of State's helpful compendium—"Questions and Answers on the $100 Million U.N. Loan Proposal," it is question 23 "What after the bonds," which receives the weakest presentation. I would like to quote the answer in full for the RECORD:

> It is true that the bond issue is just an interim measure to finance the United Nations for the next year or so. This is all that it was intended to be. It was designed to finance the United Nations;
>
> (a) Until an advisory opinion could be secured from the International Court of Justice, this opinion be adopted by the General Assembly, and the Secretary General have time to collect the back debts from the delinquents;
>
> (b) During this interim period nations that had been unable to pay would have time to pay their back debts as well as their current assessments for the regular budget, without adding on top the heavy current costs of continuing these operations; and
>
> (c) To give the member states and the Secretary General the time needed to work out a more permanent solution.
>
> Any plan the administration comes up with will have to be tested with many of the members of the organization and then with the Congress. Solid support will have to be built for a financing arrangement which will both provide the amount of funds needed for the organization and meet the legitimate criticisms of those members who are less able to pay. This will take both time, negotiating skill, and undoubtedly some compromise as is true of any major proposal involving 104 nations.
>
> The administration has stated the kinds of solutions which are being considered. They include special scales for peacekeeping operations, the developing of additional sources of revenue for the organization, the return to a system of assessed and voluntary contributions, paying for peacekeeping operations by various consortions of countries who find these operations in their interest, and many other suggestions.
>
> At this stage in the development of the United Nations it is very important that—whatever system is adopted—emphasize to the maximum possible extent, the concept of collective responsibility. The bond plan, financed as it is at the regular percentage scales, is a good base from which to start.
>
> In addition, we must remember that several steps must yet be taken: (1) the Court's decision must be implemented by action of the General Assembly and (2) even after that, it will take some time to determine how effective the program to collect arrears can be. This has an important bearing on the solutions that may be found acceptable.
>
> Therefore, while admittedly it might be nice if we could have a neat financial plan for the future all wrapped up before we make this decision, the real world which includes the United Nations has not yet developed this agreed solution. It can only be achieved through months of hard work which still lie ahead. Heaven knows the President, the Secretary of State, and all of us are pressing for an early and satisfactory solution.

After reading this statement it is not impossible to conclude that the U.S. Government has not given serious thought to a permanent financing plan. They admit as much in their pamphlet "Operations and Financing of the United Nations," when they state:

> The Executive, the Congress, and the United Nations agree that long-term loan financing shall not set a precedent. As soon as present financing is settled and the Court opinion rendered, U.S. representatives to the U.N. will work with the Secretary General and other member nations to develop methods of financing designed to be equitable, produce the required revenues, and to avoid continuing financial crisis.

It is true that a number of witnesses before the committee spoke in general terms about some of the suggestions that are being considered. But none of these proposals were spelled out very clearly. This omission is in need of remedy.

Mr. Chairman, there is no question in my mind that this bill should be passed. But we would be derelict in our duty if after having passed S. 2768 we were to think that we had done all that is required of us in meeting the present emergency.

It is incumbent upon the Congress to take the necessary steps to see that all efforts and energies are expended in the drafting of a long-term financing proposal for the U.N.

I, therefore, will offer the following amendment which I hope will be adopted:

On page 2, line 23, add the following:

> The Department of State is hereby instructed to submit to the Congress not later than January 1, 1963, a report on steps taken in the 17th General Assembly of the United Nations on long-term financing of the United Nations.

Before I close, I would like to pay tribute to the members of the committee for their diligent and constructive work on this bill and to thank them for the courtesy they extended to me when I testified in its behalf.

Mr. Chairman, this is a time of great frustration in human history. We inhabit this globe forever poised on the brink of nuclear cataclysm. Our technological and scientific achievements have developed at a pace far beyond the capacity of our values and institutions to respond. We have become the creatures of our own inventions, the prisoners of our ingenuity.

These have been fateful years for the American people. For too long this generation has borne with fortitude the painful necessity of making crucial decisions on which hang our survival. We can no longer conceive the destinies of the nations of the world as something separate and apart from the future of America. Our fate, our fortune, the life which we will bequeath to our children are inextricably bound up with lives of all mankind.

The world is always with us. We cannot turn our back on the inexorable rush of events outside our country. We can no longer seek refuge in geographic isolation and in our unrivaled material abundance and technical prowess as we have done in the past.

Forty years ago America rejected the 20th century and went on a headlong spree in pursuit of a gilt-edged utopia. We rejected our commitment to the world when we turned down the League of Nations. We and the world are still paying an incalculable price for that shortsightedness—for our belief that as a nation we could linger forever in the smalltown arcadia of our youth.

It is disastrous folly to believe that we can solve our national frustrations by turning our back on the complex, constantly shifting struggles of our times. We can yearn in vain for easy answers, for quick solutions, immediate rewards, and for dramatic victorious actions. International politics are too complex and too dangerous to be solved by easy slogans.

We must face unceasing demands, live with enterprises and institutions that at times falter, and with responsibilities that often are neither gratifying nor fruitful. Problems have deepened in dimension and we must confront perpetual ambiguity in a world that will take our wealth, respect our might, but not love us for it.

As we come perilously close to losing our way in the crosscurrents of change and uncertainty let us not forget that the United Nations remains our best hope for some measure of world order. A world without the United Nations would be a tragedy of unending proportions. The U.N. must survive this crisis and can do so only with the dedicated efforts of the United States. Our stake in world survival is too great to allow the U.N. to go the way of the League of Nations and become a forum of meaningless debate—a haven of lost dreams.

I urge the passage of this bill.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, I do not believe there could be any doubt among the Members of this body as to my stand with regard to our being pressed into a matter because of a moral issue involved, especially after the Philippines debate when I stood here before you for 15 minutes to talk against our being pressured into a moral commitment made by the Executive Department of our Government; yet here again is another instance of where the Executive Department has committed funds of the United States and we are being asked to get this thing back on the track and finance it in order that we can get repaid the funds we have let slip through our fingers from the Contingency Fund of the President.

I would like to point out that the word "moral" comes from the Latin word "mores" meaning the way of the times. It is getting to be the way of the times for us to bail out the Executive when he commits funds that were specifically authorized for a given purpose and uses them for another. We are creating a moral responsibility for us to continue on in this way in the future.

In a situation such as the one facing us today—where we are faced with the grim prospective of the failure of our international organization unless it can be given financial support, it might be well to examine the past for a guide in making our present decision. Certainly if the U.N. fails, it will have ample precedent and will go to a family grave already containing the bones of its predecessor—the League of Nations.

It is important to note that the political climate in which the League of Nations failed was one of isolation—many honest and intelligent men believed this Nation could go it alone. This view was dramatically exploded in the holocaust of war.

Today we face the possibility of the weakening of the League's successor—the U.N.—an atrophying so to speak. However, the political climate which presided over the League's demise has itself perished long ago. The "lone wolf" concept is gone; and no one seriously contends for its return nor trusts its efficacy in a time of increasing interdependence.

With the death of the U.N. would come the end of the only efficient international forum in a world desperately needing international understanding. A forum which has come to symbolize "coming of age" to the newly emerging nations. A forum wherein they receive valuable practical application of the operations of a representative government. The delegates from the newer nations, for example, frequently return to their lands to a position of high office and there put into practice the knowledge of governmental methods received at the U.N.

The brutal fact is that in the divided world in which we live we cannot afford a power vacuum such as that caused by the weakening of the United Nations. The numerous brush-fire hostilities which spring up around the world are the potential sources of future world conflagrations. We cannot allow the Communists to quell these because we know from the past that their quelling is usually accomplished by consuming both participants.

The Communists, on the other hand, are violently opposed to our intervention. In such a situation the best possibility for confining the brush fires is an international force such as that sponsored by the U.N. in the Congo and in the Middle East.

Without such an international force, the possibility of general war increases. We may not be pleased with all the actions taken in the past—they may not have been the best solutions and in some cases may not have been desired at all; but the important thing is that no practical alternative exists for insuring that local hostilities will not become worldwide ones.

No one questions that today total war is suicidal. We keep our defense spending up as insurance that no aggressor will be lulled into believing that aggression against us or our allies would be anything but suicidal. The premiums on this defense insurance policy amount to something in the neighborhood of $300 paid by every citizen of the United States. This spending deters planned aggression.

Realizing that total war is suicidal, it becomes vitally important to attempt to achieve better understanding among nations, to aid in the emergence of the new nations with a minimum of friction, and to curtail the brush fires. To date the achievement of these goals has been insured in large part by the U.N. The premium on this peace insurance policy amounts to $1.11—that is the per capita cost of the U.N. to the United States in 1962. It is submitted that this is cheap insurance and that we should not now allow our policy to lapse.

Mr. Chairman, I rise today in support of S. 2768, a bill to authorize a loan of up to $100 million to the United Nations which is presently faced with a financial crisis arising from expenditures for peace-keeping operations in the Middle East and the Congo.

The problem before us today is whether or not we shall support U.N. operations undertaken to fulfill the charter pledge to secure peace, advancement for all men, and the upholding of human dignity.

There are those who recognize that the U.N. will not be all things to all men, that it must necessarily labor under staggering handicaps, that it is an instrument of mankind with a concomitant proportion of man's frailties.

Yet to these people—who have weighed its successes against its failures—the U.N. represents a bulwark against a disastrous, final conflict. They consider that the U.N. has stood firm against the tidal wave of conflicting interests, unbridled passions, and fanatic extremisms which has threatened to engulf and destroy this planet.

It is not to these people that I direct my plea today. It is to those who would have us scuttle the U.N. and send it the way of the League of Nations that I speak.

I sympathize with and understand the discouragement of those who grow disheartened over the changing world around us. They long for the days when a powerful nation might issue an edict and the rest of the world snapped to attention. They wish for America the position of a proud and mighty nation which needs only walk softly and carry a big stick to impress upon those less powerful than we that we mean business.

But the years, interspersed by two world wars and several local conflagrations—have shown us that the policy of the mailed fist is an unsuccessful one. It leads only to needless bloodshed, misery, and heartache for mankind.

I take your time to refresh your memory with these reflections because they only point up the characteristics of the changing world in which we live.

Men have come slowly and painfully to the realization of the stark truth. This old earth takes a couple of whirls and we come round full circle to a truism which we have managed successfully to ignore in times past; namely, that more is accomplished through reason than through hasty acts of passion.

The United Nations is an instrument of peace which we cannot in conscience summarily set aside. Its detractors dismiss it as a mere forum for debate, but it is more: it is a vehicle for action.

Those who charge that it serves the enemies of the United States would do well to examine the record. The Soviet Union has been successfully thwarted in numerous instances. As early as 1946 the U.S.S.R. was attempting to extend its sphere of influence in the Middle East. Soviet troops withdrew from Iran as the result of U.N. pressure. Would this have been possible without a world organization exerting pressure as a unified body?

In the case of the Communist invasion of South Korea, does anyone honestly believe that takeover could have been prevented without the unified action of the United Nations?

Within the U.N. Organization itself the Communist attempts to gain control have been successfully thwarted at every turn. Witness the refusal of the majority of the members to seat Red China in the last session of the General Assembly.

I could cite cases ad infinitum, but I shall not take the time of this body. It is enough that in every instance of U.N. action the designs of the Soviet Union have been thwarted.

Those who oppose a loan to the U.N. on the basis that the Soviet Union has not paid its assessments for the operations in the Middle East and the Congo completely miss the point. Of course, the Soviet Union would withhold monetary support of operations which are opposed to its own best interests. It is to the advantage of the Soviet Union to foster perpetual warfare between the Arab nations and the people of Israel. Communism thrives on dissension.

It is to the advantage of the Communist cause to see a divided Congo. Communism is nourished by disunion.

Communists welcome the opportunity to intervene forcibly in the affairs of other nations and would hope the U.N. would get out so they could move in. Had United Nations troops not responded to the Congolese call to help them restore unity, the Congolese leaders in their desperation would have turned to the Soviet Union.

This is not the time for a discourse on the problems of the Congo. Suffice it to say that separated from the wealth and resources of Katanga Province the Congo cannot stand alone. The United States does not follow a program of attaching to itself as satellites weakened countries unable to stand alone. The inference is obvious: It would be mere child's play for the U.S.S.R. to extend its sphere of influence to the Congo preparatory to encircling the African Continent with its own special brand of Iron Curtain policies.

Mr. Chairman, an important tenet of our foreign policy is to foster freedom and independence among the so-called underdeveloped nations of the world. It is our belief that encouraging the buildup of stable economies and governments in these newly freed former colonies will draw them more firmly into the Western camp. The United Nations serves our policy in this area, for so long as it stands as a tribute to the ability of men to reason out their differences without resort to war, that long do we postpone the physical clash of ideologies. Our aim is to build a bastion of free nations who will discourage resorting to war as the means of solving problems.

To those who charge that the United States bears too great a proportion of the cost of supporting the U.N. and its operations, we can only respond that in recognition of the growing prosperity of other nations, the United States has successfully pressed over the years for a reduction in its share of the expense.

In reply to the charge that the United States will be paying the Soviet share of the Congo and Middle East operations, we point to the World Court decision which upholds the stand that continued refusal to pay arrearages will result in loss of vote in the General Assembly.

The main aim of the pending bond issue is to end the system of voluntary contributions by big powers and make everyone share in the peacekeeping costs on penalty of losing their General Assembly votes.

Mr. Chairman, I submit to the Members of the House that this is constructive legislation. It deserves everyone's vote of confidence and a resounding vote when we in this body put our names behind this important and vital legislation to the future of our own country as well as to the entire free world.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey [Mr. THOMPSON.]

Mr. THOMPSON of New Jersey. Mr. Chairman, I am going to vote for the bill before the House. I shall vote for it because it is the best bill we can get, though it is not good enough—on at least two counts.

First, it is not good enough that we should be voting on this bill in the middle of September; this vote should have been taken 6 months or more ago.

Second, it is not good enough because it may contain less money than it should and more conditions than it should.

The United Nations is in serious financial trouble because it costs money to keep the peace in the Middle East and the Congo, and because the Communists and a few other members happen not to approve of these peacekeeping operations. Peace may be priceless, but in this case the price of peace in these two strategic areas is approximately $12 million a month—a paltry sum compared to the alternatives.

We knew all of this when the Congress met in January. We knew the United Nations was in financial trouble then. We knew then that money must be found or the cause of peace in the Middle East and the Congo would have to be abandoned.

We knew then that the United Nations had worked out a plan for resolving its financial crisis. The plan was presented by the Acting Secretary General as one of his first acts of office. It was approved by a large majority of the General Assembly. It had been studied and endorsed by international financial experts, including the President of the World Bank. All available alternatives had been explored and rejected.

As the richest nation in the world—as the nation which has more to gain than any other nation from a healthy, effective United Nations—as the most influential of all members—the least that might have been expected was an immediate, vigorous, generous response to the United Nations in its hour of crisis.

Nine months have gone by since the United Nations asked its members to come to the rescue—9 months of uncertainty while the world waited to see whether the United States was going to do its share or scuttle the peacekeeping forces of the United Nations in the Middle East and the Congo.

We have argued. We have quibbled. We have compromised. We have declined to be generous. We have eliminated the initial loan of $25 million which the President asked for. We have tied every U.S. nickel for loans to the United Nations to a dollar-for-dollar matching of loans from other members.

We have insisted that another member's pledge is not good enough; not one U.S. dollar goes on the barrelhead until the matching dollar has been put up first by other members.

We have insisted on a double guarantee of repayment. It was not good enough for us to rely on the integrity of the United Nations to repay the U.S. loan, though the funds for repayment are to come out of obligatory assessments levied upon all members; we insist that the amounts due us in repayment be deducted in advance from our regular assessment.

The extraordinary thing is that the restrictions we have placed on this legislation hurt no one but the United States. They limit the freedom of action of the President to pursue U.S. interests independently. By adopting a strict matching formula we put other nations in a position to control the scale and timing of U.S. support of the United Nations; we put the United States in the position of the follower instead of the leader.

Fortunately, Mr. Speaker, other members have been less dilatory and more forthcoming than the U.S. Congress. Nineteen members already have actually purchased some $27 million of United Nations bonds and 31 others have pledged to buy United Nations bonds to the extent of an additional $45,818,257. I should have much preferred to see the United States at the head of the line—as befits our role as leader of the free world—as advocate and defender of all that the United Nations stands for. The best we can now do is take our place behind others—with all our idle qualms and nervous reservations.

Mr. Chairman, I urge the Members to pass this legislation by a whopping big majority.

This would at least help to wipe out the impression that the United States is a reluctant dragon.

This at least would show that when the time for talk is finally over—when the chips are finally down—this House is ready to stand up and be counted on the side of the United Nations—on the side of peace in the Middle East, in the Congo, and everywhere else in the world.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. ROSENTHAL].

Mr. ROSENTHAL. Mr. Chairman, during the course of this debate on the legislation authorizing the purchase of United Nations bonds, I would like to take this opportunity to express my support of this measure.

The United Nations was born 17 years ago after the holocaust of World War II, as a result of the fervent desire of the vast majority of mankind to live in a peaceful secure world where the rights of each and every individual and nation are recognized and respected. Since the signing of the United Nations Charter in San Francisco in 1945, we have come a long way in service to humanity. The membership of the United Nations has more than doubled, and it has provided a forum for peaceful discussions and settlements of international problems which could otherwise have resulted in armed conflict.

The same principles of the equality of man and the freedom and dignity of the individual, as expressed in our own Constitution, are set forth in the United Nations Charter. Since its inception the U.N. has established a remarkable record of accomplishment in maintaining international peace and security, despite the many and repeated efforts of the Soviet Union to defeat the very purpose of the U.N.

The role of the United States in the U.N. is a most important one. Although we are but one voice in the General Assembly, our position there is still preeminent, and we are a great source of influence. The interests and goals of the U.N. are in line with our own desire for a peaceful existence in a world free from strife and unrest.

It is true that the United Nations authority is somewhat restricted, in that it has no sovereignty over territories or individuals. However, it is not a world government, nor was it intended to be. It is as effective as its member nations can make it, and its motivating force must also emanate from these member nations. During its existence, the United Nations has successfully prevented wars and aggressions in a number of instances; it has extended economic aid to many countries; has brought independence to various trust territories; and has been working toward the achievement of a disarmament treaty. Sometimes the peace is uneasy, but hostilities have been terminated and order restored on many occasions where but for U.N. intervention the situation could have flared up into another major war.

I believe in the future of the United Nations, and feel that we must continue to broaden and strengthen its influence for international development and security. Our support of the United Nations is the world's last best hope for mankind, and if the Organization needs emergency funds to meet the cost of peacekeeping operations and to fulfill its obligations, then I think the United States as a member in good standing of the United Nations should rightly shoulder additional responsibilities along with the other nations which have pledged their financial assistance in meeting the costs of the necessary actions.

The recent advisory opinion of the International Court of Justice will undoubtedly have a very profound impact on the many nations that have not met their financial responsibilities to the Organization. I am convinced that when faced with the possibility of losing a vote in the General Assembly for failure to pay assessments even the most recalcitrant member will bring its payments up to date.

I certainly hope that my colleagues will vote overwhelmingly in favor of this legislation so that the United Nations can continue its vital work.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. TOLL].

Mr. TOLL. Mr. Chairman, I strongly support the United Nations bond bill.

Mr. Chairman, the United Nations is on the brink of a financial crisis. As of December 31, 1961, the debt of the world Organization amounted to $129.4 million. How did this deficit come about? The root of the United Nations financial crisis is twofold: The expansion of political and security activities represented by the U.N. Emergency Force in the Middle East and the U.N. Congo operations, and concomitantly, the refusal of member nations to meet the financial obligations involved in supporting these activities. For the larger proportion of the U.N. debt comprised the arrears of member states on these two special operations.

Thus, in November 1961 the General Assembly authorized the Secretary General to offer $200 million in bonds to cover the deficit on these operations and to finance future UNEF and UNOC activities. We now have before us in this Congress a bill allowing the President to purchase up to $100 million of the U.N. bond issue, matching our purchase with the total amount bought by other countries.

Those who criticize the U.N. bond issue for not offering a permanent solution to the United Nations financial difficulties are imputing to the bond issue a purpose which its proponents never assumed for it. The bond issue does not pretend to be a final solution to the United Nations financial problems. Its purpose is essentially to grant the U.N. breathing space to work out a final solution.

Those who oppose the bond purchase on the basis that it will constitute a dangerous precedent in U.N. financing view it wholly from the narrow perspective of a fiscal solution. They ignore its broader implications. The bond issue is not simply a means of financing; it goes far deeper than that—to the very core of the political and security functions of the United Nations. Failure to approve the President's request would force the withdrawal of U.N. troops both from the Congo and from the Middle East. Withdrawal of U.N. troops from the Middle East would result in a renewal of hostilities in that area. Withdrawal of the U.N. presence from the Congo would leave a power vacuum in central Africa that would invite active Soviet intervention. Thus, the U.N. bond issue is essential to the main purpose of the United Nations: the maintenance of peace and security. It is thereby also essential, I submit, to the foreign policy interests of the United States, since withdrawal of U.N. forces from these two areas because of inadequate finances would risk Soviet intervention.

Besides, the United Nations has already taken a first step to the permanent solution of its difficulties in financing special peacekeeping operations. It submitted a request for, and received from the World Court this summer, an advisory opinion stating that expenditures authorized for UNEF and UNOC constituted expenses of the Organization within the meaning of the charter. Thus, under the terms of the assessment provisions of the U.N. Charter the General Assembly could withdraw the voting right of any member state whose arrears on peacekeeping assessments equaled 2 years of its regular assessment.

The Court decision thereby provided the important missing link between financial obligations and voting rights in the General Assembly. It is possible, in fact, that the General Assembly may never actually have to apply this sanction but that the threat of its application alone will convince members to pay their assessments. It is worth noting that during July two U.N. members who had previously contributed nothing to the Congo operation—Libya and El Salvador—made substantial payments.

I repeat: The purchase of U.N. bonds by the United States will allow actions necessary for the maintenance of peace and security in the Middle East and the Congo to be continued until a final solution is found for the U.N. financial difficulties. Failure of the United States to purchase U.N. bonds would force an end to both these operations and would thereby seriously jeopardize world peace and security.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, certain events which occurred more than 40 years ago are relevant today.

In the presidential election of 1916 both parties advocated U.S. membership in the League of Nations. In 1919 and again in 1920 the proposal to ratify our membersihp, though couched with substantial reservations, was defeated and we abandoned at that point in history our partnership in international affairs. I say that that decision was a regrettable mistake.

"Of all sad words of tongue or pen, the saddest are these: 'It might have been.'"

What would have been the course of history if we had been a member of the League of Nations from 1924 to 1931 when the league seemed to be gaining in the cause of world peace? And what would have been the course of history when there occurred the Manchurian War, Mussolini's adventure in Ethiopia, and the formation of the Rome-Berlin Axis?

Let us imagine that during this period the wisdom, strength, and the sense of right that are our claim to world leadership were exercised then. I think that the Second World War might have been avoided. The question that faces us today is the same that faced the Congress 40 years ago. Will we make the same mistake? Will we let the United Nations go down the drain like the League of Nations? I say no. I think that Americans believe that the United Nations, with all its imperfections, has helped the cause of world peace. It has been said that the presence of dissidents obstructs the function of the U.N., which is to maintain peace.

The record does not support the assertion. The presence of delegations from Communist countries did not prevent the U.N. from helping to secure the withdrawal of Soviet troops from northern Iran as far back as 1946. They did not prevent the U.N. from helping to put down a Communist-led insurrection in Greece a year later. They did not prevent the U.N. from bringing a stop to fighting between India and Pakistan over Kashmir; between Israel and the Arab States in 1948; and between the Arab States and Britain, France, and Israel again in 1956.

The presence of delegations from Communist countries did not prevent the U.N. from organizing the defense of Korea against an invasion from the Communist government in the north, later supported by the Chinese Communists. It did not prevent the U.N. from sending a peacekeeping mission to the Congo to prevent chaos, civil war, and the risk of world war III. Nor did they prevent the U.N. from working out a nonviolent resolution of the issue between the Indonesians and Holland over Dutch West Guinea.

The record shows that the U.N. has, in fact, been able, under trying circumstances, to preserve the peace and to do it despite everything that the Soviets and other Communist members have been able to do to prevent it from pursuing this historic role.

Take Korea. The United States bore the great brunt of that action, but 14 members of the U.N. also contributed troops and an additional number contributed supplies. Would any more have taken part or made contributions if there had been a permanent organization of 40-odd members ? If so, would it have improved the effectiveness of the defense of Korea?

Take the Suez crisis. The United States supported, and still supports the U.N. Emergency Force financially and logistically. Would American troops have added to or detracted from the capacity of this force to maintain a delicate peace in the Middle East for the last 6 years?

Take the Congo. We helped pay for the U.N. operation in the Congo and we backed it up with a difficult airlift. In this dangerous and sensitive situation, great patience, bolstered by strength, has prevented open confrontation between the major powers.

I submit that the resolution of the quarrel that separates us from our foes rests more fully in an international parliament than it does in threat, belligerence, or bluff.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. O'BRIEN].

Mr. O'BRIEN of New York. Mr. Chairman, I wish to add my support to S. 2768 because I believe its passage is important not only to the foreign policy of the United States but to the tenuous hope we have of ultimate world peace.

Mr. Chairman, this is the first time in my congressional career that I have discussed a matter involving foreign policy in this House. I have refrained largely because I consider foreign policy too delicate a problem for the give and take and pushing and hauling of partisan debate.

I speak today because I am convinced that failure to pass this bill could lead to the collapse of the United Nations and because I believe that an overwhelming majority of the American people do not want that to happen.

The United Nations has been described here as an agency which has fallen far short of the glowing hopes nearly two decades ago. It has been described as an imperfect weapon in the war against total war.

All these things are true, but who would dare face the bleakness of a brawling world in which nations refused to even discuss their differences.

The distinguished Speaker of the House a few hours ago emphasized the nonpartisanship of this problem. He used one word which impressed itself deeply upon my mind. That word was "patience."

The Communist world firmly believes that we are an impatient nation. They are convinced of our ability to respond to a fiery challenge, but they think that our national patience will erode before the long, grinding, vexatious course of a 50-year cold war.

When I note our efforts, our victories and our defeats in the United Nations I have a feeling that it is something like wrestling on a slippery soapy tile floor. When you engage in that kind of wrestling match, you expect some hard bumps.

Our choice here is whether we continue to wrestle for the ultimate triumph of our cause or abandon the arena forever and serve notice on our citizens, including our children, that we have abandoned all hope for peace.

I have heard it stated many times here that our efforts in the United Nations and elsewhere in the international arena have failed because, it is claimed, we have been unable to have our way in every corner of the globe.

I have heard it said that we have more enemies than we had before we started.

If we accept that dismal philosophy, why not go all the way? Why not suggest that because of the evil in the world after centuries of effort by men of the cloth that we turn our backs on them and tear down our churches?

I am sure that a vote today against this bill might very well please some people in your districts and mine. It would have a special appeal to the uninformed orator at the end of the bar or to the dogmatic know-it-all in some country club locker room.

Personally, I do not care what those people think. I am interested in the survival of our country and I refuse to be a party to the scrapping of all hope because we have not yet forged the perfect weapon for international peace.

If you want to scrap the United Nations here and now that is your privilege, but before you do it directly or indirectly, have the courage to admit what you are doing.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from North Dakota [Mr. SHORT].

Mr. SHORT. Mr. Chairman, all who remember the story of Alice in Wonderland will recall her problems in knowing what was reality and what was not. Today, more than at any time in our history, it seems to be more and more difficult to separate reality from fancy. In wandering through the maze of evidence, history of financial insecurity, and the speedy growth of the United Nations from 50 members at the time of its inception on June 26, 1945, in San Francisco—to its 104 member nations in the space of 17 years—and not to speak of the mushrooming of the specialized agencies and international organizations to 16, which cover every area of economic and political influence from the Food and Agriculture Organization down to, or up to the World Meteorological Organization—it is not too difficult for outsiders to begin to feel a little like Alice did during her adventures.

The Charter of the United Nations is an eloquent and idealistic expression of the hopes and aspirations of the human race. It has been compared to the U.S. Constitution by some who feel the aims of the United Nations are comparable to the aims of the United States. While the aims may be similar the results surely are far different.

Many of our citizens have become discouraged with the United Nations. They feel—and rightfully so—that this Organization has not fully lived up to its original promise, or its potential for good. At the time we joined, as a nation, we looked forward to the time when all nations would adopt as their own—and conduct their affairs in accord with—the objectives outlined in the United Nations Charter. If and when this laudable aim becomes a reality, we can feel that our hopes and expectations for this world organization have been fulfilled.

Meanwhile, however, we must face the fact that until that has taken place—the United Nations must necessarily serve as a forum for parliamentary diplomacy, in which our Nation—in concert with others—can attempt to develop the hopes and expectations of the world.

In speaking today I call attention to my resolution, House Joint Resolution 596, which I introduced on January 10, 1962, and which has been before the House Foreign Affairs Committee since that time. It, of course, has been ignored—as have many other resolutions of like nature—because it does not conform to the request of the President that the U.S. purchase $100 million worth of bonds, for the purpose of bailing out the U.N. from its financial difficulties. My resolution would simply require all nations professing to subscribe to the principles of the United Nations Charter to live up to their obligations by meeting their share of costs. Until this membership requirement is recognized by members I see no possibility of the U.N. attaining its necessary stature.

We have been considering the financial straits in which the United Nations finds itself today. It is not hard to determine, of course, when going through the reports and the "Statement on Collection of Contributions," printed and regularly distributed by the United Nations Secretariat—just why this Organization is in this sad state of affairs. I suppose the first and foremost reason concerns the common error which the original group of nations fell into—of allowing a veto in the Security Council. It did not take onlookers, or the actual members of the U.N. too long to realize that not all the nations who subscribed to its charter and who drew the cloak of the U.N. about them—did so not because of their love for their fellow man, or neighboring countries—but because of their desire to propagandize and use the Organization for a soundingboard for their particular political purposes.

The financial problems are tied up in the actions and nonaction of some of the 104 members. The present deficit, however, cannot be laid at the door of the new small and underprivileged countries, which include Sierre Leone, Syria—formerly a part of the United Arab Republic—Mauritania, Mongolia, and Tanganyika.

These new nations are not expected, of course, to assume full costs as other members are expected to do. However, I want to point out as noteworthy that in the latest listing of pledges and actual purchases by some members of the U.N. bonds, that one of the newest members, Sierra Leone, first pledged $10,000 and then raised it to $28,000. Sierra Leone has a population of only 2,500,000. Tiny little Mauritania, with a population of only 650,000, has pledged $4,082. By these acts, these small nations have indicated an interest in the survival and solvency of the United Nations which obviously is not shared by those countries most responsible for its practically bankrupt condition.

This brings us quite naturally to a discussion of the Communist bloc of nations—11 in all when Outer Mongolia is counted—and their attitude toward the United Nations. It also brings up the question of what—if anything—can be done to bring these nations of the U.N. into a more responsible capacity, as members. Needless to say, they are the worst offenders, as far as delinquent payment of assessments are concerned. Of these Communist-bloc countries, however, we have to exempt Yugoslavia, who between May and June of this year, pledged to purchase $200,000 of U.N. bonds. The remaining 10, however, are not only delinquent, but in my opinion have made it clear they do not intend to pay up their fair share. As far back as 1960, the attitude was expressed in the 1960 Report of U.S. Participation in the U.N., part V, concerning budgetary, financial, and administrative matters. I read:

> The meetings of the Assembly's Committee (Administrative and Budgetary), were marked by a sustained Soviet-bloc attack on the Secretary General, the present structure and organization of the Secretariat, and the conduct of the operations in the Congo. The Soviet bloc repeatedly stated its absolute refusal to pay any part of the ONUC costs.

The United Nations, whose structure comprises five main sections, the General Assembly, the Security Council, the Trusteeship Council, the International Court of Justice, and the Secretariat of the United Nations, under whom are listed eight committees or commissions, and in turn, under whom are 13 specialized agencies, as well as three other international organizations, the International Atomic Energy Agency, the Caribbean Commission, and the South Pacific Commission—is a farflung organization, with its influence and tentacles reaching into every corner of the earth. It not only has grown tremendously since its inception in 1945, but it is obvious to anyone that this is bound to become more and more of an expensive organization to maintain. Therefore, I feel it is not wise for the United States to place itself in the position of being the underwriter of the U.N. financial problems. In all effective organizations, when anyone joins, they assume responsibilities for certain things. If they do not live up to their responsibilities, they normally either leave voluntarily or are asked to resign from membership. This may be a harsh attitude to take, but it is also a known fact that dissidents can ruin any group. It appears to me and to many others that if the Charter of the United Nations is too difficult to live up to, a statement attributed to Secretary General U Thant—that the U.N. Charter needs revising—is true. There certainly appears to be no doubt in anyone's mind that the administrative and financial setup of the U.N. needs revising.

Secretary General Thant has also been quoted as stating that running expenses of the U.N. will be at least $86,640,000 in 1963. This represents an advance of $4,500,000 over the appropriations for this year. Further, these appropriations do not include cost of 14 projects, including conferences at Geneva.

The United States is not only assessed 30 percent of the budget costs, but we also contribute millions annually to special U.N. funds. As of last April, the U.N. was in the hole for $146,100,000 because of peacekeeping operations in the Congo and in the Middle East. These, incidentally, are not a part of the regular budget. The money received so far from the sale of U.N. bonds, which you will recall was, as of September 12, $27,750,000 in actual purchases out of $73,168,257 pledged, has already been spent, according to Secretary U Thant.

The Secretary has also stated that a 5-percent increase in staffing will be necessary next year to meet demands for more activities. The United Nations now employs 4,072 people here and at Geneva, and their salaries comprise about 56 percent of the total budget. Meetings of the U.N. from 1954 to 1960 have averaged 1,500 a year, and meetings scheduled for this year total 2,198. All this will mean a tremendous increase in expense.

This is a clue, I believe, to one of the things wrong with the United Nations. For example, innumerable debates, declarations and resolutions expanding the U.N. effort have been approved by an overwhelming majority of the U.N. members, according to Secretary General U Thant. However, of this overwhelming majority of members, each of whom, we must remember, has one vote in the General Assembly—regardless of their size or populations, or resources—cannot as yet accept full responsibility for their acts. Meanwhile, however, they are in a position, through their vote, of being responsible for increasing the responsibilities and obligations of other member nations. To carry this Alice in Wonderland approach a little further—many who are large enough and able enough to carry their responsibilities, refuse to do so—and with full immunity from punishment or reprisal. I am, of course, referring to the Soviet Union—who ignore the World Court advisory opinion concerning the legality of the U.N. Congo and Middle East peacekeeping efforts, and have run up a delinquent account of $32.8 million—one-third of the total arrears of $81.9 million as of July 31 of this year.

This would parallel, it seems to me, the utter foolishness we would be exhibiting if we let a large group of carefree citizens troop onto the House floor and vote appropriations left and right for every pet project they could think of.

While I hesitate to admit it, this, of course, is what sometimes is done during the deliberations of Congress by supposedly older, wiser, and more responsible adults. Too often in the past and in the present as well, it seems we have had a field day at the expense of the taxpayer, when voting for various spending measures without the faintest idea of whether or not the money is available, or what it might later cost the country.

But to indicate the increase in spending taking place at the United Nations, a watchdog budget advisory committee of 12 nations showed that in 1958 the actual expenses of the U.N. were $62,500,000. In 1961, this jumped to a figure of $71 million, and in 1962, to $82 million.

Our House Committee on Foreign Affairs has, in its report on S. 2678, which we will be voting on, prepared what appears to me to be a "study in frustration." The report admits the cause of the U.N. deficit to be the Congo and Middle East peacekeeping operations. The Congo operation—UNOC—costs the U.N. about $120 million per year, to finance its 18-nation, 18,000-troop operation. The Middle East force—UNEF—maintains 5,100 troops along the Israel-Egyptian border, and this costs the U.N. about $20 million a year.

The financing undertaken by the United States includes 32.02 percent for its regular U.N. budget assessment. We also pay the same percentage, 32.02 percent for the UNEF and UNOC operations. As a further study in frustration, we find that out of the 104 member nations of the U.N., 66 are in arrears for the Congo account, and 56 in arrears for the Middle East assessment. Therefore, the United States, in order to maintain what we evidently consider to be important contributions to maintain the peace, has been making additional payments called voluntary contributions, which actually has resulted in our paying 47.70 percent, or $114.5 million of the Congo expense, and 46.95 percent, or $57.6 million for the UNEF military costs.

Various reasons have been set forth in the committee report for the failure of U.N. members to pay their fair share of Congo and UNEF assessments. First, the report states the Soviet-bloc countries oppose the operations and would be happy to have them fail. I might interject here that they also oppose our country and would like to have us fail. Some smaller nations, while exercising their right of 1 vote each most of the time, feel the peacekeeping operations are the responsibility of the larger powers and we should assume the cost. Again, other countries maintain that under the charter terms, the special assessments are not binding on the members as are the regular assessments. Then, some of the new and less developed countries simply maintain that they are unable to pay the relatively small assessments levied against them.

The committee report also admits that collection of arrearages is not the answer. Even in the unlikely event that the Soviet bloc would feel obliged to pay their delinquent special assessments—because of the World Court advisory opinion—this would not be done until the end of their grace period of 2 years provided for in article 19 of the charter Therefore, states the report, this would not solve the immediate problem.

Somehow, the committee reasoning has followed a full circle, and we find ourselves, if we accept its statements, not only in the position of having to shoulder a burden rightfully belonging to other countries, but also accused of playing into the hands of the Soviet Union if we insist that they and other delinquent nations have to shoulder their own responsibility.

Offhand, I do not believe I can recall having read a more apologetic report by a committee of Congress, during my service as Representative from North Dakota. The report carefully lists all the facts and reasons we should rightfully be disgusted—and then proceeds to tell us we cannot afford to be disgusted because it would put us in a bad light with the Soviets. Just who are we trying to impress? And, incidentally, just who are we trying to protect?

We are further cautioned in the report that we cannot afford not to finance this "Alice in Wonderland" adventure. Neither can the United Nations expel the Soviet Union because she has the veto power and therefore is in a position to prevent a full vote in the Security Council, and neither can the U.N. obtain the necessary two-thirds vote in favor of any important revision of the charter which all concede is needed to correct its basic deficiencies, such as the right of each of the 104 member nations to an equal vote, regardless of ability to accept responsibility for their vote.

This all reminds me of the famous comedy "The Man Who Came to Dinner," excepting for the fact that this most definitely is not a comedy, but we seem to be in the same position as the family who could not get rid of their guest, even though he became a burden.

The committee report further admits there is much to criticize and little to praise in the U.N. record in the Congo, yet it concludes that the U.N. must be credited with keeping the Congo afloat, and states that while further U.N. funds cannot assure a solution of the Congo problem, and I read:

> It enables the United States to meet an immediate major foreign policy problem in the most economical and effective manner.

This, of course, I seriously question.

In closing I want to say that I join wholeheartedly with my colleagues who prepared the minority views contained in the committee report. I recognize the need for an international forum, which the United Nations effectively provides, where representatives of sovereign nations may sit together and discuss and negotiate international issues. However, I do not feel the United Nations is a proper agency for the use of force in dealing with domestic and internal problems of member states. International aggression and crisis is not, in my opinion, the situation which exists in the Congo. I cannot, in good conscience, vote for a bill which will in any way encourage a further intervention in Congolese domestic affairs. Neither can I vote for a bill which will have the effect of hanging an albatross about our necks which we do not appear to have the courage, fortitude, or initiative to remove before it destroys us.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I should like to ask the attention of the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN] and other members of the committee, because it is my intention to present at the proper time an amendment to the bill as reported by the committee, and I would certainly like the committee's reactions to it.

I recognize that in many of these matters the committee that has studied the matter certainly has a broad area of information and knowledge that sometimes is not available to other Members, and I think we should all seek advice and be concerned about the attitudes of the members of the committee that has reported out the legislation. On the other hand, and I say this with all due respect for the members of the committee I do not think that necessarily all wisdom resides in committees, and I am sure that the Committee on Foreign Affairs of this House would admit that sometimes they can get some ideas elsewhere. But I intend to propose this amendment, and I would point out in the beginning I do not propose it on a partisan basis.

I offer it only because I think it is an essential prerequisite, if we are to make the loan authorized by this legislation. It is an essential ingredient and a prerequisite to the future repayment of the loan. But even more, Mr. Chairman, it is, I think, an essential prerequisite to the sound operations of the United Nations itself. The amendment would be a substitute for the committee amendment which added section 5 to the bill. The amendment would eliminate section 5, which merely expresses approval by the committee and by the Congress of the decision of the International Court of Justice, and in its place, say this:

> No loan may be made to the United Nations under this act until the General Assembly of the United Nations adopts the advisory opinion of the International Court of Justice on the financial obligation of members of the United Nations.

Let me explain why I think the adoption of this amendment is essential.

First, why are we considering in the Congress today this loan and the need for it? The answer is perfectly clear because the United Nations is in financial difficulty. Take it one step further—why are they in financial difficulty? I believe it is perfectly clear again that they are in financial difficulty because of the uncertain status of the assessments for the cost of the United Nations operations in the Middle East and in the Congo. It was the status and the nature of the assessments against the members for that operation which caused this financial difficulty and which causes them to come here and say, "We need $200 million and we ask for a loan from the United States." I repeat, if there is any question about this issue, I hope a member of the committee will interrupt me. I say that very honestly and very sincerely because I do want to be accurate. I repeat—the United Nations is in this financial trouble, which is the reason for this loan, because of the uncertain status of the special assessments for these two operations. Because of that uncertain status, last December the General Assembly asked by resolution that the International Court of Justice help them out of this uncertainty. They requested an advisory opinion of the Court. They asked the Court to determine if these expenditures constituted—and I quote—"expenses of the organization" within the meaning of article 17, paragraph 2, of the Charter of the United Nations. That was the question submitted to the International Court of Justice. If it was found that they did constitute "such expenses of the organization" assessments or apportionment among the members could be considered then as being on the same basis as the general assessments and the nonpayment would be subject to the provisions of the Charter of the United Nations with respect to delinquency in the payment of assessments including the matter of the continued right to vote.

Now the International Court of Justice has rendered a decision. I would point out that this was subsequent to the consideration of this issue in the other body. It was subsequent to the hearings of the committee in the House. It was handed down on July 20. The Court held that the expenditures were "expenses of the organization within the meaning of article 17, paragraph 2."

Now we are faced with this difficulty. The decision of the International Court in interpreting the Charter of the United Nations is not like submitting a question of interpretation of the Constitution to the Supreme Court of the United States. A decision of the U.S. Supreme Court is self-implementing—it becomes the law of the land.

A decision, however, of the International Court of Justice does not become the law of the United Nations. It is not self-implementing. It is an advisory decision. I would point out that I think that this differentiation is necessary, because in section 5 of the committee bill I think a person might get the impression that because it is a decision of the Court that therefore it is self-enforcing; but I think the public should know that it is not. The General Assembly of the United Nations can ignore it, or they can accept it. But it is because of the fact that it is not self-implementing that I suggest that if it is to be effective we should say that this loan will be predicated upon whether they carry out that decision. This is not some formula for operations that the United States is dictating, not some formula set up by the Congress through saying that "this is the only way to do it, this is the way you have got to do it because we so decide." This is a decision of the International Court of Justice and it was made at the request of the United Nations itself in an attempt to get rid of the uncertainty, the uncertainty that is the cause of the financial trouble. And we are asked to make a loan to help them out. If this International Court decision is to have any meaning, it must be accepted and it must be adopted by the United Nations General Assembly. I do not think there can be any question about that. Otherwise uncertainty will continue to exist with respect to the status of these special assessments.

Mr. Chairman, I therefore come to what I think are rather simple facts. Certainly if this bill is enacted, whether we are for it or against it, it would seem that only good business judgment dictates that this amendment should be adopted. So, as I say, we come to these simple facts: No. 1, this loan is required because the United Nations is in financial difficulty today.

No. 2. It is in difficulty because of the uncertainty as to the status of expenses of certain operations of the United Nations; and

No. 3. The International Court has decided as to the status of these expenditures and what they should be if the United Nations finances are to be conducted on a sound basis and in conformity with the Charter of the United Nations.

The question before us, then, is whether we are going to make a loan to alleviate this financial problem, without insisting that the organization put their financial house in order by conforming to the decision of the International Court of Justice. Mr. Chairman, good business commonsense dictates that before we make this loan we insist that the United States accept the decision of the Court.

If anyone is to have any respect for us and for the United States, it seems to me we must insist on this, just as sound business judgment; and let me say that the Foreign Affairs Committee of the House which reported this bill recognizes that the United Nations should adopt the Court's decision.

In fact, they say so in so many words in section 5, and also in section 4. They agree that the United Nations has to do something to get its financial house in order, and one of the things they should do is to implement that Court decision.

Why not insist? And that is the question I ask. I hope the gentleman from Wisconsin [Mr. ZABLOCKI] will address himself to it. Why not insist that it be done as a prerequisite to this loan? It is all involved in the financial condition of the U.N. It is a business proposition. At least we are told it is. We are told there is a provision for repayment and we have conditions for repayment. It is a business transaction, they say, a business transaction which is in our interest, they say. But why not insist, then, that there be a prerequisite that they get their financial house in order?

If such action would be dictating to the United Nations, as my friend from Wisconsin has suggested when he was asked a question by the gentleman from Iowa, may I ask, what is wrong in dictating that the United Nations merely carry out a court decision which the United Nations itself asked for, a decision that is directed to preventing a recurrence of the kind of situation that makes this loan a necessity?

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Let me assure the gentleman that our committee has given careful consideration to his proposal, and let me further state that I have a great amount of sympathy for the gentleman's position. But if we take an adamant position and insist on this prerequisite—insist that the International Court of Justice advisory opinion must be acted upon—a court whose jurisdiction we ourselves do not automatically accept—we would find ourselves in a bit of an embarrassing position.

Mr. BYRNES of Wisconsin. The United Nations recognizes the Court, though, because it asked for the decision, and we joined in voting for the resolution that asked for that decision.

Mr. ZABLOCKI. Yes. And the Court's advisory opinions have been generally accepted by the U.N. in the past.

Mr. BYRNES of Wisconsin. What have they got to worry about?

Mr. ZABLOCKI. It is what we have to worry about. By adopting the gentleman's amendment, we would be creating an image of the United States which is not necessarily true. We must remember that some of the nations, members of the U.N., have already agreed to purchase the U.N. bonds without imposing similar requirements upon us.

Mr. BYRNES of Wisconsin. I do not think the gentleman has answered my question, because I just do not know why good judgment does not dictate that if we are going to make a loan to somebody we should have the right, and the responsibility, of saying, we cannot give you this loan unless you are going to do the things that the Court has said they should do, to get their financial house in order.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I would like to compliment the gentleman on a very persuasive argument. I would also like to emphasize that I agree with him that all wisdom does not reside in committees, as he has indicated by his suggestion in this matter. This was discussed in committee, and the alternative to section 5 in the bill was presented, which suggested it was the sense of Congress that the United Nations take immediate steps to implement and approve the advisory opinion. Maybe that is perhaps a mandatory suggestion, as the gentleman from Wisconsin says, of injected direction. We would like the United Nations to move as rapidly as possible.

As the gentleman points out, there is no reason why they should not move. But if we make this a requirement for any assistance by the United States, we are putting on a limitation which no nation has made, and it might give the Soviet bloc an opportunity to provide some obstacle which does not now exist. I think it should also be pointed out that a mandatory provision such as this puts a limitation on the Executive which is probably unnecessary and probably undesirable.

Mr. BYRNES of Wisconsin. Let me comment by saying that I think they have come to the point, when we talk about prestige and the respect which others have for the United States, that one of the things we could do and be most effective to increase the respect in which the United States may be held in the world is to start using some good judgment and commonsense, good business judgment. I do not think they expect us to be weak kneed, wishy-washy, and fishy on these things. They have come to us and they have asked for a loan. If this bill passes with the amendment I suggest, we will be saying "Yes, we will help you out to the extent of 50 percent of your request, but there is the World Court decision, and one of the things you have to do before we can make the loan, one of the conditions is that you have to get your financial house in order, your business house in order. That is all we are asking. Do what the Court has said the charter requires you to do."

In my opinion, it would increase the respect in which we are held in the world, if we caused them to say "The Yankees at least are starting to get down to sound business; they are not just passing money out helter-skelter, without any conditions or terms connected with it."

Mr. Chairman, it is suggested we should impose no conditions. The committee put in this bill the 50–50 condition. That is a condition.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. MORGAN. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to compliment the gentleman from Wisconsin for the sincere expression which he has made as to the solution of this problem. I think the gentleman has made an excellent point, that we have already imposed very severe conditions in this bill where we are going to match dollar for dollar, the conditions precedent being that the other nations are going to participate also. I do not, however, think that we ourselves should demonstrate any uncertainty that we have any doubt whatsoever that the World Court decision is going to be adopted. In fact, I think we should look forward with a great deal of confidence that this decision will be adopted with great promptness.

Mr. BYRNES of Wisconsin. I just cannot see how writing it in here is going to raise any question that we have any uncertainty about it. If that is the case, why did you put in section 5? Section 5 could have the same implication, but I do not think it does have that implication.

Mr. GALLAGHER. If the gentleman will yield further, section 5 does have the implication without tying the President's hands, which is exactly what we are trying to do—to express the concern which we all possess on this very question as to whether we are carrying our own load.

Mr. BYRNES of Wisconsin. I thought the gentleman just suggested if we put this in, then we would be expressing a doubt as to whether the General Assembly really would implement the decision. I say if that is the case, we can get the same implication from section 5.

Mr. GALLAGHER. If the gentleman will yield further, there are 104 sovereign states. If we ourselves tie a condition into it how does it bind the other sovereign states? There are only 80 nations that have indicated they will purchase and have purchased or intend to purchase bonds.

Mr. BYRNES of Wisconsin. That is all right.

Mr. GALLAGHER. This is more than two-thirds of the 104 that is required. I do not believe there is any doubt about it, and I think just to delay this matter and tie it up beyond another session would really not be serving the interests that we are trying to serve today.

Mr. BYRNES of Wisconsin. I cannot, frankly, understand how we can say we are interfering, if all we do is tell them "You have got to comply with the decision of a court and the decision which you, the United Nations, requested." It is a decision that intimately relates to their financial ability, to their fiscal responsibility. It has to do with their financing and how they collect assessments, and who owes what. That was the purpose of asking for the decision. The decision is there. The amendment merely says "If we are going to make you a loan, first get your house in order and comply with the decision of the Court, not some gimmick we have designed as a condition, but a decision of a court." I keep emphasizing that fact.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Minnesota.

Mr. JUDD. I am sorry that I was called out to the telephone while the gentleman from Wisconsin [Mr. BYRNES] was speaking, because as the gentleman knows, this amendment was drafted by me and offered in the committee. It came within two votes of having been adopted by the committee. But after it was rejected I myself began to wonder whether I had been as wise as I thought I was in offering it. I have some doubts about the wisdom of it, both legally and practically. I am afraid it will make it harder for us to deal with the people we have to deal with.

Mr. BYRNES of Wisconsin. And, is it not also morally right, as far as the United Nations is concerned, and as far as we are concerned?

Mr. JUDD. That is right. But there have been two doubts that have come up in my own mind since I proposed this amendment to the committee. One is that the language says, in effect: "We doubt whether you are going to adopt the opinion of the World Court which you yourself requested." I do not like to approach it negatively. I think we ought to say, as we have said in section 5, which prevailed as a substitute for this amendment at the time it was considered in the Foreign Affairs Committee, "You asked for this opinion. The Court has decided. We assume and take for granted that you are going to do it, and we are pleased with what you are going to do."

The second question is the extent to which we want to tie our own hands. We ought to leave ourselves some freedom of action. If we enact the proposed amendment into law, we could not act if the Soviet bloc succeeds in preventing action by the General Assembly. Do we want to say to the Soviet Union, "If you can manage to prevent a two-thirds majority from adopting the advisory opinion, the United States has committed itself and the U.N. will have to pull out of the Congo." I do not believe that is what we want to do.

Mr. BYRNES of Wisconsin. I think I have an idea that may set the gentleman's mind at rest a little bit on that score.

The United Nations Assembly meets on the 18th, next week, next Tuesday. This is Thursday. It would seem to me it ought to be the first item on their agenda, to get their financial house in order. If all the dire consequences are going to result that we have heard here will result if we do not make the loan, that means the financial house will have to be in order or the dire results will occur. That should be the first item on their agenda.

If you find that you cannot get this adopted by the General Assembly, we are going to be back here in January. This thing has gone along since the first of the year. Time has proved it is not of the essence. Then we can look at it again. But I cannot see just letting them leave it on the sidelines somewhere, a court decision that is directly in line with what we are considering here.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. I cannot help but repeat the old saying which well describes what the gentleman from Minnesota is trying to get over to us, about the girl who said to her mother:

> Mother, may I go out to swim?
> Yes, my darling daughter.
> Hang your clothes on a hickory limb,
> But don't go near the water.

Mr. JUDD. This diversion is always amusing, but let us go on with the substance of the argument. I question, I repeat, whether the United States best serves its own interests when to some extent we commit ourselves to a course of action ahead of time. That is the reason I, in a sense, rejected my own child. I feel we ought to make clear that we expect them to approve the World Court opinion and that this decision provides a sound foundation for the finances of the United Nations. If they do not do what they should, then we still have freedom of action and in the meantime we have not handcuffed ourselves.

Mr. BYRNES of Wisconsin. Let me go back. I can understand the gentleman's attitude. A lot of people say we ought to give the President carte blanche and all kinds of authority, but to me, I just think there are some things you have to stand up and say there are conditions, these are things we think are only sound and responsible. I do not know how you can have anything more responsible than, if you are going to make a loan, for the recipient of the loan to comply with the Court order and put his house in order.

Mr. JUDD. You must remember we are dealing with many nations older than we are but who do not have the resources we have.

Mr. BYRNES of Wisconsin. But they are asking for $200 million, and we are asked to put up 50 percent of the money.

There are 104 nations in the United Nations. We are one nation with one vote. We are to put up one-half of the $200 million that is needed. It seems to me we have the right to say, "We will give it to you when you get your financial house in order."

Mr. JUDD. There are just two more points. A lot of these countries do not have the dollars and do not have any way under heaven to get the dollars.

Mr. BYRNES of Wisconsin. That has not anything to do with the World Court decision, that problem will still remain.

Mr. JUDD. But the gentleman says countries other than ourselves of the 104 member countries ought to produce as much as we.

Mr. BYRNES of Wisconsin. No, that was not my argument at all.

Mr. JUDD. The gentleman says the World Court opinion ought to be the first order of business of the U.N. General Assembly. The gentleman is a member of the Committee on Ways and Means. Suppose the President says the first order of business is to bring in a tax bill in January. Do you think the committee would or could do that? You would have to call witnesses, you would have to hold hearings, and that takes a long time. My point is that they could not take it up the first thing without completely revamping the established and traditional procedures of the U.N.

Mr. BYRNES of Wisconsin. This is a question of interpreting the charter. It is like interpreting the Constitution. If we send a matter to the Supreme Court, what they said would automatically be the law of the land. Here they go to the Court to interpret their charter and the interpretation has come down. All they have to do is accept it. That is all they have to do. There is not any determination of any technical language or anything else. They merely have to accept it and say, "We will live by the Court's decision." Why did they ask for the Court's decision if they are not going to pay any attention to it and obey it when it is handed down?

Mr. JUDD. As in any other legislative body, the U.N. members believe they have a right to debate.

Mr. BYRNES of Wisconsin. There does not have to be any debate on such a matter as far as I am concerned.

Mr. ZABLOCKI. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FARBSTEIN].

Mr. FARBSTEIN. Mr. Chairman, it is my sincere belief that the grave question of war and peace, which takes so much of the time and money of the taxpayers of this country—yes, even of the world—cannot be answered very quickly or with a wave of the hand. Answers have been sought for centuries, albeit not very successfully. There is no easy solution that anyone can give today to this serious question. Yet we must continue to try, as we have been trying.

The hope of the world was shattered at the end of the First World War when some intransigent individuals frustrated the wishes of our great war President, Woodrow Wilson, and kept us out of the League of Nations. This spelled the doom of that body.

In my opinion the United Nations today, despite its frailties and weaknesses, is the hope of mankind. Without the United Nations who knows if the harsh conflicts which are keeping the world in turmoil would not result in a shooting war instead of a discussion of a solution to the many serious problems presently existent?

The United Nations must be strengthened if mankind is to be preserved.

Let it be remembered that the United Nations has acted as a buffer for this Nation and as an instrument of our foreign policy when we thought it wise to do so. It has saved us the anguish of direct confrontation with contending nations that might well have resulted in a holocaust.

With these preliminary remarks, I urge that the measure at hand be enacted into law.

The United Nations loan bill, approved on a bipartisan basis, authorizes the President to loan up to $100 million to the United Nations, subject to the proviso that this country shall match dollar for dollar the amount of bonds actually purchased—not just pledged by other countries—at 2 percent interest repayable over a period of 25 years.

Forty-six nations have pledged to purchase a total of over $72.5 million of bonds as of August 1, 1962; this includes 19 nations who have actually purchased $27,750,000 of bonds.

The need for the bond issue results from the grave financial crisis which the new Secretary General, U Thant, found upon taking charge last year. The bond plan was overwhelmingly approved over Soviet opposition which sought to deny the United Nations sufficient funds, obviously to sabotage its work and perhaps bring it into disrepute. This money will be used to meet outstanding debts and ongoing costs. The unwillingness of some, and the inability of other member nations to pay their assessed shares for peacekeeping operations in the Middle East and the Congo was the principal factor of the present financial crisis.

The Congo operation, which the Soviets opposed, cost the United Nations $10 million a month; and the Middle East operation, $750,000 monthly. Together this is about twice the United Nations regular budget. It is the hope of the Secretary General that these situations will be solved at an early date.

The loan money will reduce the U.S. share of the cost of the Congo and Middle East operations from the present 47½ to 32.02 percent.

The International Court of Justice, in July, gave an advisory opinion to the effect that a country failing to pay special assessments would lose its voting rights on the same basis as prescribed by the charter for nonpayment of funds owed under the regular budget for the preceding 2 years.

I do not think it is necessary for me to reiterate that withdrawal of the United Nations forces, for lack of funds, from the Middle East or the Congo may have the contending forces at each other's throats. I have not forgotten the Fedayeen that crossed the border into the Gaza strip which precipitated the Sinai incident in the Middle East. That area has been quiet since the United Nations forces occupied the border between Egypt and Israel.

The world dare not permit a change of the situation in that area today, especially in view of the arms sold by the Soviet to Egypt.

Events in the Congo are too recent for me to recount at this time; but implicit in the general question is the fact that but for the United Nations, our boys might have been shouldering guns in that area.

Shall we permit the possibility of Soviet penetration in the heart of Africa? Who knows but what big-power confrontation there, as in Berlin, might arise, with serious results?

This authorization of bonds, as stated by President Kennedy, represents an investment of one-tenth of 1 percent of our defense budget.

Although it is true the United Nations cannot be our sole reliance for building a peaceful world, it is, nevertheless, an extremely important force for unity in the free world.

For the Communists it is a constant worry.

We must build it up.

Passage of the present bill will help do so.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, like most Americans I am hopeful that the United Nations will prove to be an effective organization for world peace. Although at present it appears to me that the United Nations is proving a great disappointment and is not doing the effective job its originators had hoped for, we must still hope for a better day and look forward to it becoming an effective agency toward the developing of a lasting world peace.

The tremendous financial contributions made by the United States toward the operating budget of the United Nations is well known to us all. It seems to me the pending proposal for the purchase of U.N. bonds would weaken the United Nations, not strengthen it. This proposal might cause the downfall of the U.N. organization. There is a basic financial problem which confronts the U.N. which must be resolved if it is to continue as an effective international organization for peace. This bond proposal does not solve that basic problem and it is admittedly only a stopgap measure. To bail out the delinquent nations as this bond proposal attempts to do will only cause the entire financial burden to fall upon the United States with the other countries looking to us to pay all the bills while they go merrily on their way outvoting us and using the U.N. to serve their own personal needs. It seems to me when we assume so much of the financial burden, thus relieving other nations of their share of the costs, they will feel little or no responsibility to see to it that the U.N. succeeds in its purpose.

It also seems to me that the unpaid assessments which this bond issue will take care of are of doubtful purpose. The big share of this money is for the Congo operation. The United Nations was intended to use force only to cope with international crises and aggression. There is no precedent for the use of force by the U.N. to deal with domestic, internal problems of member states. There can be no justification for a continued United Nations military presence in the Congo. The present U.N. force in the Congo is not dealing with aggression. It is not there to resolve an international crisis but rather to attempt to resolve a conflict between political subdivisions within the Congo—a conflict which is purely domestic in nature.

Mr. Chairman, as I have stated, I believe the purchase of these bonds will hurt the U.N. and not help it. I have always voted for the annual appropriations to support the U.S. share of the costs of the United Nations. But these so-called bonds are a different matter. As our colleagues Mr. BURLESON and Mrs. CHURCH stated in their report, the United States has hurt its own position, and similarly has hurt, rather than helped, the United Nations by assuming a totally disproportionate share of the expenses. They said further:

> It certainly would increase the degree of responsibility of other member nations if they were paying their proportionate share. It would lessen suspicion of and resentment toward the United States. A benefactor who overassumes and overpays his legitimate share invariably produces such a reaction.

I, therefore, must vote against this proposal regardless of the arguments put forth in favor of it. And to those who believe these bonds are needed to keep the United Nations going I would have to support and agree with the remarks made by the gentlewoman from New York [Mrs. ST. GEORGE] when she suggested that if there is any great demand for the purchase of these bonds then why not put them on the open market and let the people who believe this to be true to purchase them on the open market just as they would any other bond.

**Mr. CHIPERFIELD.** Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

**Mr. FRELINGHUYSEN.** Mr. Chairman, although I had not planned to make a speech during the debate on this bill, because of the discussion that developed as the result of the remarks of the gentleman from Wisconsin [Mr. BYRNES], I should like to make a few comments on his suggestion that we should develop an alternative to the present section 5.

I should like again to compliment the gentleman from Wisconsin. The debate on this bill so far has been somewhat lackluster, perhaps because most Members know already how they are going to vote on final passage. And it was only when he suggested that we might provide, as a prerequisite to providing any money, that the General Assembly adopt the advisory opinion that we had lively discussion.

I would like to state, first of all, that in my opinion there is no realistic alternative but to continue to support the United Nations. The main question revolves around the specific restrictions, if any, we should put on the assistance we decide we are willing to give to the United Nations.

At this moment, I might say, I cannot find myself in direct opposition to the amendment which the gentleman from Wisconsin has proposed. This is because the restriction which he has suggested is a reasonable one. A plausible case has been made. Nonetheless, I cannot help but question whether it is the path of wisdom to adopt a mandatory provision so that we cannot provide any assistance unless the General Assembly takes certain formal action. I am not saying this restriction would be putting a pistol to the head of the United Nations. I am not saying that they would not move rapidly in this direction anyway. What we are trying to do is to push them onto a course which they voluntarily will take anyway. I am, however, saying that perhaps something less vigorous in this approach might be desirable.

The present language in the bill does not even suggest the advisability of implementation on the part of the General Assembly. It is for that reason that I am not particularly in favor of the present section 5. I do feel, as I just now suggested to the gentleman from Wisconsin, that Congress might well express its feeling that the United Nations should take immediate steps to implement the advisory opinion. But should we not suggest, instead of making mandatory? I would think that we might be able to develop some language which is stronger than in the bill now but less strong than the language proposed by the gentleman from Wisconsin.

**Mr. BYRNES of Wisconsin.** Mr. Chairman, will the gentleman yield?

**Mr. FRELINGHUYSEN.** I yield.

**Mr. BYRNES of Wisconsin.** I certainly would not close my mind to suggestions, but the thing that concerns me more than anything else is the image that we are presenting to the world today with all of the talks we had a year ago and are still having about the prestige, and so forth, of this country. It seems to me that one thing we have to do is to get their respect back, and I fear that a showing of weakness, a showing of lack of firmness, is simply the kind of thing that induces lack of respect. To me the thing needed is a little more attitude of firmness and determination, that this country knows what it wants, knows where it is going, and is reasonable in its conditions.

**Mr. FRELINGHUYSEN.** I do not find myself in disagreement with the gentleman from Wisconsin. I may say that it is important that we show firmness. I am not opposed to certain restrictions. However, it does not necessarily follow that we make it absolutely impossible to provide the aid unless this formal action is taken.

The gentleman suggests that before we provide any aid we must make it clear that the United Nations has put its financial house in order.

One of the problems in connection with this bond issue is that it is not actually going to result in having the United Nations financial house in order, any more than the General Assembly's approval of the advisory opinion is going to have that happy result. We are dealing with a palliative, not a cure. Making it mandatory on the United Nations to take immediate action if they want to get our money is not going to cure their financial trouble. As the gentleman from Minnesota points out, we may even make it more difficult for them to take this obvious step.

**Mr. BYRNES of Wisconsin.** Mr. Chairman, will the gentleman yield?

**Mr. FRELINGHUYSEN.** I yield.

**Mr. BYRNES of Wisconsin.** But it is directed to the problem of uncertainty with respect to special assessments because of these special operations.

**Mr. FRELINGHUYSEN.** I may say I am in favor of suggesting specifically that the United Nations itself should take prompt and immediate steps to adopt this advisory opinion.

**Mr. GALLAGHER.** Mr. Chairman, will the gentleman yield?

**Mr. FRELINGHUYSEN.** I yield.

**Mr. GALLAGHER.** I thank the gentleman for yielding. A mandatory provision of this type that the gentleman from Wisconsin suggests could result in great danger, in that we are waving a red flag to the General Assembly, enabling them to go into a procedural wrangle which will really prevent the United Nations from doing its business. He says we should show confidence. This would be lack of confidence. There are 104 members in the United Nations. A two-thirds majority would be 70 nations. Eighty nations have already indicated or are considering that they will participate in the bond purchase. They will certainly vote their convictions to protect the investment they will make in the United Nations. So I think we should not show uncertainty. Let us have confidence that the decision will be adopted, for I am certain that it will. The Soviet Union is very anxious about this decision. This is the first time they participated in debate. While I am in sympathy with the aims of the gentleman, I say his amendment would have the effect of a red flag, in the General Assembly, and would lead to a filibuster that would immobilize the business of the United Nations.

**Mr. FRELINGHUYSEN.** I am not sure I wholly agree with the gentleman's pessimism. I do not think other nations that pledge or advance money to the United Nations, as a result of this bond issue, would for that reason be influenced to their position with respect to approval of the Court decision. The fact is that approval of the Court decision should make it easier to collect arrears, which is one of the reasons the bond issue is necessary.

**Mr. JUDD.** Mr. Chairman, will the gentleman yield?

**Mr. FRELINGHUYSEN.** I yield to the gentleman from Minnesota.

**Mr. JUDD.** I want to underline this point. Everybody wants the General Assembly to adopt this advisory opinion. There is no question about that. The only question is in choosing the better approach, in deciding the best approach in getting the advisory opinion adopted. I think we have a better chance of getting it adopted if we do not put in their hands a weapon with which by wrangling, stalling, and dilatory tactics, they can delay the vote.

The present language invites approval, rather than the suggestion that you do this, you do what we want or else. I think we will get more votes for what the gentleman from Wisconsin and I both want by the language now in section 5 than we would get under the amendment I offered originally, which is what the gentleman plans to offer now. We want to get more votes in the U.N.

**Mr. FRELINGHUYSEN.** Since we are engaged in the process of thinking aloud, may I ask the gentleman from Minnesota whether perhaps the present language in section 5 could not be strengthened without going too far. In other words, there is no suggestion now that Congress feels there should be some prompt implementation on the part of the General Assembly with respect to the advisory opinion. The gentleman has suggested that with the present language we are taking it for granted, we are assuming such action will take place. Might we not put this proposition into more concrete form than the present language would suggest? In other words, should we not indicate that we believe action would be desirable, if not mandatory?

**Mr. JUDD.** Actually, I must say section 5 is a little stronger than the facts quite warrant. It says:

> The Congress hereby expresses its satisfaction that the International Court of Justice has decided that the expenditures

**authorized in resolutions of the United Nations General Assembly relating to operations in the Middle East and in the Congo are expenses of operation within the meaning of the United Nations Charter.**

I think that provides a sound basis for obtaining prompt action.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. First, as to what the gentleman from Minnesota just said, he is leaving the impression that the court has decided something. That is what a lot of people are thinking; namely, that something has been automatically decided. In this instance that is not the case, as far as the decision of this particular court is concerned. It is meaningless unless the United Nations Assembly implements it.

The gentleman talks about votes in the United Nations. I think we ought to be a little concerned here about votes in the House of Representatives. We have heard all this talk that unless this loan bill goes through and we are in the position of giving them $100 million, the whole United Nations is going to fold up and fail. That argument has been made continuously. They started to make it last January when the President sent this up here. They said it was necessary for the survival of the United Nations. Now they suggest that the United Nations is going to destroy itself merely because the Congress of the United States says that before you can borrow $100 million from us you have got to conform to a court decision, that you will have to put your financial house in order. That kind of logic I cannot understand. They will not destroy themselves just because we put in that language.

Mr. JUDD. Nobody disputes the logic of the matter. The question is, Which way can you get them to do this, which is perfectly logical.

Mr. FRELINGHUYSEN. I might say that I do not think the United Nations, as a practical matter, is going to refuse to approve the advisory opinion. They sought this opinion, and it will help them in their present financial problems. The question is how can we get them to act as quickly as possible and, as the gentleman from Minnesota [Mr. JUDD] says, what is the best way? I happen to feel that the mandatory approach may not be the best method.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, the United Nations Organization was conceived and organized during the Roosevelt and Truman administrations to achieve international accord and world peace.

Today we are debating the question of the U.S. purchase of $100 million of United Nations bonds as recommended by President Kennedy. The Congo and Middle East peacekeeping operations proved to be very costly. And there are some member nations that have refused to pay their share of the special assessments authorized to cover these additional costs. As a result the World Organization is near bankruptcy.

This bond issue is designed to provide interim relief. Recently, the World Court ruled that the special assessments were binding on all members just as are the regular assessments. So it is likely all countries except the Communist bloc will pay their obligations in the future. If the World Organization can be tided over by the successful sale of this bond issue the prospects for a fiscally sound U.N. are good.

Mr. Chairman, we cannot allow the United Nations to founder on the shoals of bankruptcy. Peace is the great hope of all mankind and we cannot afford to throw away this chance to attain it. The existence of concord and harmony in the world is to the advantage of mankind. The costs that these bonds are designed to cover were incurred in operations aimed at preserving local order and world peace. It is significant that the Soviet Union has always refused to pay its share. We should approve the purchase of these bonds thereby giving the United Nations a real chance to attain financial soundness and responsibility. The World Organization deserves this chance.

The prophet of old said: "Where there is no vision, the people perish." I hope the Members of the House will have the vision to vote for this bill and also envision the time "when the war drums beat no longer and the battle flags are furled in the parliament of man and in the United Nations of the world."

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey [Mr. DANIELS].

Mr. DANIELS. Mr. Chairman, the people of today's world are faced with a problem more complex and pressing than any encountered by our ancestors. Never before has society been threatened with total destruction. Never before have the fruits of countless generations been threatened by the mistake of one. Never before have children had to grow up under the shadow of a mushroom-shaped cloud. I wish I could report that peace was right around the corner, and that soon the people of the world would embrace one another in brotherly love. But to report that would be to report a lie, a self-deception, and, consequently, to bring us further from the ultimate goal of peace. The world scene has not improved considerably. There are still trouble spots around the globe, and conflict could easily arise in any number of countries—Germany, Vietnam, Laos, Cuba, and so forth. Meanwhile, the terrifying weapons which could be used in such conflicts are not being contained by the two major powers, but rather are spreading slowly to other powers, thus enhancing the chances of disaster.

Few forums exist through which we can avert the extermination of the human race. One such means is the United Nations, a body designed to promote international understanding and world peace, a body where the two major power blocs can communicate and discuss with each other on vital issues, a body which can locate, inhibit, and prevent conflict. But the United Nations, one of our last forums to insure the peace, will cease to exist unless we support S. 2768 or similar legislation, for the U.N. is in the midst of a financial crisis. The principal factor which caused this crisis was the unwillingness of some and the inability of other members to pay their assessed share for the United Nations emergency operations in the Congo and in the Middle East. The Soviet bloc and Cuba have argued that they are not legally obligated to pay their share of the emergency operations, and many of the smaller countries are unable to pay these heavy short-term costs on a pay-as-you-go basis in addition to their regular assessments. Consequently, the unpaid United Nations bills, plus borrowing from other accounts, totaled over $113 million on December 31, 1961, and arrears on the regular budget, the U.N. emergency fund, and the Congo totaled about $93 million. The Secretary General of the U.N. has found that the existing methods of decreasing the deficit are not sufficient, and that unless countries loan the international organization approximately $200 million, a collapse of the United Nations peacekeeping operations will inevitably ensue. There is little doubt in anyone's mind that the United States is the only major power both willing and capable of sustaining the U.N. It is for these reasons that the Senate passed S. 2768, which would authorize $100 million to be appropriated to the President for a loan to the United Nations, and it is for these reasons that I urge my colleagues to vote for S. 2768 today. As amended by the House, S. 2768 would authorize the President to match on a 50–50 basis loans pledged to the United Nations by other countries. Our loan, however, would not exceed $100 million. The terms, conditions, and number of loans would be left to the discretion of the President.

Now let us examine critically the arguments offered by the opponents of the bill. Some say that the United Nations has accomplished nothing, and that to give them additional financial assistance would be to waste money. Granted, the United Nations has not succeeded in its every effort, but to conclude that it has not accomplished anything is to ignore the truth. Although the United Nations encountered and is encountering numerous difficulties in handling the Congo situation, it is a fact that law and order now exist again in the Congo, except for rare political or tribal disturbances. It is a fact that the Congolese Parliament was reconvened in July 1961 through United Nations effort and protection, and approved the constitution of a central government universally recognized and gaining daily in strength and experience. And it is a fact that the basic problem of the Congo, namely lack of training, is being tackled by a program of training and assistance under United Nations auspices. One must also realize that during the period when lawlessness and violence prevailed in the Congo, the Communists were ready to move in, and if the U.N. had not established law and order, a strategic area would have been lost to the Eastern bloc. As Clark M. Eichelberger, executive director of the American Association for the United Nations, points out:

> In retrospect, one can find mistakes. The fact of the matter is, however, that the United Nations has saved the Congo and probably the peace in Africa.

The United Nations has played a similarly important role in the Middle East. It was extremely influential in bringing about a cease fire and a withdrawal of troops at the time of the dangerous Suez crisis, and it was responsible for converting the Gaza strip from an explosive area to a quiet one. The U.N. Middle East Force stands today as an ideal example of how a small and relatively inexpensive international peace force can help to keep a tense area stabilized while political conflicts are resolved through negotiation and adjustment.

The United Nations favorable stands on Korea in 1950 and on Lebanon in 1958, and the United Nations efforts in the fields of health, food, technical assistance, and economic aid should also be considered by those who think the U.N. has done nothing.

Others feel that the United States cannot afford to spend $100 million. They protest: "We can't give away $100 million." To these let me say that S. 2768 does not propose that we give away $100 million. It authorizes that we loan $100 million. The difference between a gift and a loan is great—in this case a $100 million difference. We will be getting this money back from the regular dues paid by United Nations members, including the U.S.S.R. and the Soviet bloc, and this money will be returned with interest. Furthermore, it seems to me that if we can afford to appropriate approximately $50 billion annually for our defense, we can afford to loan $100 million 1 year for the preservation of the peace.

Some argue that since the Soviet Union has refused to fulfill its obligation, Should we take the burden upon ourselves? To these let me ask this question: When do two wrongs make a right? If the U.S.S.R. decides to obstruct the actions of the United Nations, does this mean we should help her destroy it and similarly block the road toward peace? It is comforting to know that the destructive actions of the Soviet Union have not gone unnoticed and will hopefully not go unpunished. The International Court of Justice has recently determined in an advisory opinion that the emergency assessments are binding on the U.N. members, thereby enabling the United Nations to take away the voting rights in the General Assembly from any member nation refusing to pay these assessments.

In conclusion, one could say that the road to peace is an expensive and tortuous one, that in the past the United States has been the pioneer traveler on this road, and that the passage of S. 2768 will be in keeping with our leadership of the liberty-loving nations of the world.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Chairman, as the Committee today debates whether or not the United States will invest $100 million in United Nations bonds, United Nations troops stand alert in central Africa and the Middle East, exerting a truly herculean effort to maintain the peace in those troubled areas of the world. These efforts are but the latest in the United Nations continuous 14-year struggle against the forces of war and chaos.

Certainly these 14 years have not been without United Nations failures. In a sense every United Nations military action, successful or not, has been a failure to maintain peace through other diplomatic means. However, given the realities of the postwar world, where the use of force unfortunately has been a reality, the United Nations has helped immeasurably to preserve the peace.

In 1946 a civil war in Greece threatened the relative quiet of that postwar year. Communist-dominated Albania, Yugoslavia, and Bulgaria were supplying aid to the Greek rebels. At the time, however, no way existed to prove this fact to the international community. Without such proof, interference from this or any other country would have been unacceptable to the rest of the world. In the midst of this crisis the United Nations created a special commission which investigated the border situation and provided proof that the three countries were fomenting rebellion within Greece. Partially on the basis of the United Nations findings the United States supplied military and economic aid to a faltering Greece and received the thanks of the Greek people and the acclaim of the free world.

During the next year, 1947, fighting in Indonesia again caused the United Nations to act. The Security Council quickly called for a cease-fire and helped negotiate a truce. When the fighting again broke out in 1948, the Security Council continued as mediator and finally brought the Dutch and the Indonesians together to sign a peace agreement. The Republic of Indonesia came into being in 1949 and was admitted into the United Nations in 1950. Because of the United Nations work, a new nation was born without the direct intrusion of either the Eastern or Western Powers. Indonesia's struggle was isolated from the cold war because the world community acted in concert through the United Nations Security Council. If I may jump ahead in history for a moment, I would like to note that recently the United Nations again brought the Dutch and the Indonesians together to compromise the New Guinea dispute.

Developing simultaneously with the Dutch-Indonesian dispute was another major question—Palestine. When Britain first brought this problem to the United Nations in 1947, the General Assembly devised a partition plan to divide the British mandate into two separate states and an international Jerusalem. The Arab nations, unsatisfied with the plan, invaded Israel, and a full-scale war broke out in 1948, when the mandate officially ended. After long and frustrating efforts the United Nations concluded an armistice in 1949. Since then the United Nations has kept a close watch on border violations. In 1956, when fighting flared up again, the United Nations created a special emergency force which is still on duty and patrols the Gaza strip today, preventing another outbreak of hostilities. The United Nations has not solved the Arab-Israel dispute, but it has prevented the dispute from becoming a full-scale war.

In June of 1950 the North Korean armies marched across the border into South Korea. The Security Council ordered the forces to withdraw, but the invasion continued. Then, for the first time in its history, the United Nations mobilized a military force, under U.S. leadership, and commissioned the new international army to drive back the North Koreans. This they did.

The United Nations action in Korea did not destroy our enemies. It did, however, focus attention on, and verify, the fact of North Korean aggression. It marshaled world opinion behind the organization of military power under the banner of the United Nations, and it brought together men, weapons, and material to repel the Communist invaders.

The United Nations Congo operation represents one of its most difficult peace efforts. In mid-1960 when chaos threatened the newly independent Congo, the Congolese Government asked for, and the Secretary General sent, a small force under the United Nations flag in an attempt to keep the peace. United Nations troops have been there ever since. United Nations action in the Congo prevented the situation from becoming the spark setting a global war.

I cite the foregoing as examples of how the United Nations during the last 14 years has prevented tensions and even armed conflict from exploding into worldwide conflagration. The United Nations, generally and on all major issues, has been consistent with our interests. In the 14 years of its operation the United Nations undoubtedly has saved the United States millions of dollars and perhaps thousands of lives.

As long as widespread illiteracy, hunger, and disease exist, the international situation will remain unstable. The United Nations efforts in these areas are not as spectacular as its efforts in the military and political, but, in the long run, they are more significant. They promise not a temporary peace based on short-lived compromises but a permanent peace founded on continuing progress.

The goals of the United Nations are monumental—the alleviation of pain, the reduction of disease, the abolition of hunger, freedom from want, and freedom from fear. These are goals made familiar to every American during the 1930's, and now they are being made familiar to the underprivileged of the world in the 1960's. Since 1949 the United Nations specialized agencies, UNESCO, World Health Organization, International Labor Organization, Food and Agriculture Organization, and the rest, have been administering programs of technical and economic assistance designed to relieve misery wherever and in whatever form it is found. The United

Nations has brought the people of the world closer to the knowledge that these goals are real and can be achieved.

The accomplishments of the specialized agencies are so numerous and so diverse that it is difficult to present an organized picture of what they have done. All of the programs have one factor in common, however; they touch the people directly, benefiting individuals more than governments.

In Latin America, in the Near East, and in the Far East, over 1,000 experts are at work on national programs for fighting illiteracy and for mobilizing community efforts for needed projects. Forty percent of the adults in the world cannot read or write, and more than 250 million children receive no schooling at all. Through UNESCO the United Nations has set up two regional centers for training future teachers—one in Mexico and one in Egypt. National education centers are also in operation in Cambodia, Ethiopia, Indonesia, Jordan, Korea, Liberia, the Sudan, and Thailand.

In a large part of the world malaria has been virtually wiped out. But more than 1,300 million people are exposed to the danger of this disease. The World Health Organization instituted a program which has eradicated the disease in countries and territories with a total population of 298 million. Eradication programs in operation now cover about 612 million more people. The World Health Organization and the United Nations Children's Fund have also begun a program to stamp out yaws, a crippling infection which threatens half the people in tropical areas. Already 100 million people have been examined and 35 million given penicillin treatment.

Throughout much of the world hunger is still a great problem. Experts estimate that, of the 2,800 million people living today, from one-third to one-half face permanent hunger or malnutrition. The Food and Agriculture Organization's Freedom From Hunger Campaign faces a tremendously difficult task. The Organization has participated in more than 2,000 technical aid missions around the world. In Cambodia Food and Agriculture Organization technical experts helped the Government to set up a poultry improvement plan which has raised the egg output by 50 percent and decreased the chicken mortality by one-third. In Libya 6 years of United Nations work resulted in the production of more wool and better animals for slaughter. Just a few years ago El Salvador had to rely on the import of cheap surplus dairy products for most of its needs. Now after assistance from the Food and Agriculture Organization and UNICEF El Salvador has 200,000 dairy cows yielding about 2.4 liters per cow per day or some 480,000 liters for the population of 2,300,000.

United Nations accomplishments do not end here. In Liberia a community of 600 dwellings completely destroyed by fire was replanned and rebuilt. In Thailand a pulp and paper expert showed how a mill could increase its production and turn an operating deficit into a profit. After 4 years of work United Nations scientists and technicians showed the Mexicans and Central Americans how to control plagues. A Yugoslav factory, which was idle despite new equipment, was put into full operation because the United Nations helped to train personnel. Thousands of European refugees have been resettled; Chinese refugees in Hong Kong have been assisted; and nearly 1 million Palestine refugees have been cared for.

I have not made a complete list of either the agencies or the achievements of these agencies. Note, for instance, the World Bank and its Indus River Basin and Volta River projects, and the International Labor Organization's school project in Greece and its bulldozers in Pakistan. In all over 9,000 experts have been recruited from 80 countries and territories since 1950. Also, the United Nations has sent 15,000 people to other countries for training, so they can continue to implement the projects which the United Nations has started.

All of the people of the world have benefited greatly from the activities of the United Nations specialized agencies. The cost to the American people for these programs has been small. In 1961 each American paid less than 64 cents to maintain all of the United Nations humanitarian efforts. This is because the United Nations has administered its aid money efficiently. It stretches the aid dollar far. For instance, the United States contributed $69 million to the special fund, a United Nations organ created to implement the work of the specialized agencies. This $69 million has generated, through the special fund, projects calling for a total of $415 billion or almost six times the U.S. contribution.

In a recent meeting sponsored by the Association for the Advancement of the United Nations, Paul Hoffman, managing director of the special fund, explained the reasons why the United Nations can make effective use of development dollars. I would like to quote his comments because I think they illustrate why the United Nations has been effective in this area. Mr. Hoffman said:

> All member nations of the United Nations are partners, and they are coming to believe they are partners in the great enterprise of building an expanding world economy and that no country is so rich that it can't profit by such a result and no country so poor it cannot help another country. Help through the United Nations eliminates all thought of charity—of the rich helping the poor. Help from the United Nations also is under no suspicion of ulterior motives. Recipient countries know that the United Nations only motivation is that of wanting to help. As a consequence, they will not only offer much more self-help in negotiating with the United Nations than they will with a single country, but they will accept conditions from the United Nations that would be unacceptable if insisted upon by a single country. Most significantly, recipient countries know that their aid comes from their fellow members, many as poor as they are. They therefore feel an obligation to exert their best efforts to bring projects to a successful conclusion.

Cooperation—of the rich and the poor, of the powerful and the weak. This is what the United Nations represents to the people of the world and to the United States.

If we agree, as I think we must, that the United Nations in its political and humanitarian roles is a valuable weapon in our peace arsenal, we must decide whether the bond issue under discussion is an adequate means of meeting the financial burden.

First, we must realize that, alone, the issuance of $200 million worth of bonds was not designed to, nor will it, solve permanently the United Nations financial problems. These problems stem from a complexity of political and economic factors.

As of December 31, 1961, the United Nations had spent $93.8 million more than it had collected. The major source of this deficit came from the failure of those countries politically opposed to special United Nations operations to pay the special assessments necessary to maintain those operations. Thus, the Soviet bloc and most of the Arab States consistently have refused to pay their share of the annual $19 million cost for continuing the United Nations presence in the Middle East. Primarily because of these delinquencies the United Nations has been unable to raise about 30 percent, or $26.4 million, of its basic budget for the emergency force.

The Soviet bloc also refuses to pay its share of the Congo costs. Here they are joined by France, Belgium, Portugal, and the Union of South Africa, all of which opposed the Congo operation. As a result of this opposition, the deficit in the United Nations special account for the Congo reached $54.4 million on December 31, 1961. The deficits in the two special operations budgets caused about 86 percent of the total United Nations deficit. We must note significantly that only one-seventh of the deficit comes from arrearages in the regular United Nations dues.

Because a major portion of the United Nations deficit came from failure to pay the special assessments, the General Assembly sought to put these assessments on the same basis as the United Nations dues, with the loss of a General Assembly vote as punishment for delinquency. During the last session the Assembly asked the World Court for an advisory opinion on this matter. Just last month the Court decided that the expenditures in Gaza and the Congo are expenses of the Organization within the meaning of article 7, paragraph 2 of the Charter of the United Nations. The Court did not see any legal reason for excluding these expenses in the regular United Nations budget apportioned among the member states. If the General Assembly accepts the Court's recent decision, a firmer financial foundation for the United Nations may be found.

The final answer, however, remains in the future. Until then the Congress must consider the bond issue as the best solution for the present problem. Perhaps the most important feature of this plan is that it will give the United Nations a breathing spell of 1½ years. During this time the United Nations can continue all of its technical and economic assistance programs and its peacekeeping operations as it sets its financial affairs in order.

The bond issue is a means of involving more member nations in the special operations and spreading the financial burden for these operations more equitably at the same time. Unless member nations participate actively in the United Nations financial affairs, the organization will cease to exist as a world organization. Until now the United States has paid 47.5 percent of the Congo costs. When the General Assembly voted to repay the holders of the bonds out of regular funds, it assured that all the member states would be bearing their share. U.S. costs, therefore, would decrease from the present 47.5 percent to about 32 percent.

Mr. Chairman, I strongly urge the passage of this bill. This $100 million investment is an investment in the future well-being of the world. It is economically sound and politically imperative. For 14 years the United Nations has been a valuable asset in our foreign policy efforts. If the United Nations succeeds, our $100 million will be repaid in a peaceful future. If it fails, and if our action today in any way causes that failure, the accompanying tragedies will far outweigh the dollars we will have saved.

As the distinguished gentleman from Illinois [Mr. O'HARA] so eloquently reminded us earlier in this debate, how can we hesitate to lend $100 million to the United Nations, mankind's hope for peace, when we readily appropriate $50 billion for defense and arms?

I want to congratulate the committee on the presentation of this measure this afternoon, and commend the distinguished chairman, the gentleman from Pennsylvania [Mr. MORGAN], for the leadership he has shown. I join the members of the committee and the Members who have urged the adoption of this measure.

**Mr. CHIPERFIELD.** Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. DEVINE].

**Mr. DEVINE.** Mr. Chairman, I should like to divert the course of this debate for a moment. I should like to compliment our colleague from Wisconsin on the amendment he proposes to offer. I intend to support that amendment when the proper time comes.

During the last 6 weeks or so we have had quite a bit of comment and controversy relative to certain funds described, I think, by Mr. Cleveland as over $200 million, and refuted by the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania. My constituents have been quite concerned about that, so on August 17 I directed a letter to the U.S. representative to the United Nations, the Honorable Adlai E. Stevenson, asking him specifically about the money put up by the U.S. Government that was supposedly used to reduce the assessments of a number of countries, including Cuba, Yugoslavia, and Poland. In reply to my letter, I received in my office yesterday a hand-delivered document which is marked "via pouch, unclassified," so I feel at liberty to reveal the contents to the Members here on the floor. It does not necessarily support the decision I intend to take on this bill, but I think all Members should have the benefit of the report of Mr. Stevenson in connection with the so-called assessment. His letter in part is as follows:

> The allegation that U.S. funds have been applied toward the reduction of indebtedness by other members of the United Nations is incorrect. What has happened is this: The United Nations operation in the Middle East and especially the Congo operation have imposed such unusual financial and political strains on the United Nations that the General Assembly decided to set up a special plan under which to assess members for these expenses. The United States played a leading, and in fact a decisive part, in working out this special plan since we were convinced that if this had not been done the U.N. would have to abandon both efforts with resulting increased dangers to world peace and our own security.

Continuing to read:

> At the risk of oversimplifying I will say that under this special plan assessments of some members were reduced by as much as 80 percent over what they would have paid had the regular scale of assessments been followed. Other members, in a position to do so, were asked to make additional contributions over what they would be assessed normally. The United States agreed to make such additional contributions as did other countries such as the United Kingdom.

He further stated:

> The figures you cite with regard to Cuba, Yugoslavia, Poland, and India are the amounts by which these countries' assessments for the Congo operation were reduced as a result of the working of this special plan. The figures do not represent reduction in indebtedness. A total of 78 countries benefited in a similar way from the application of this special plan, not simply the four which you mentioned.

Actually, I am not sure that this explanation will satisfy my constituents. It is still the United States putting up money to pay the obligations of other persons.

I might add this: We hear that Congress seems to adopt an attitude increasingly of apologizing for what we are doing; that is, "This is miserable, this is terrible, but I am going to vote for it." It is not only confined to this particular legislation but it seems to be an increasing modus operandi by Members of the House.

Look at the report of the very committee that is submitting this legislation to this body, the Committee on Foreign Affairs.

Turn to page 4 of the committee report. It says this:

> Unless we are prepared to accept the risks of Communist penetration of central Africa and of active Soviet intervention in a renewal of hostilities in the Middle East, the United States must either take the action necessary to meet the United Nations financial emergency or prepare to assume certain peacekeeping responsibilities in these areas which are being borne by the United Nations—undoubtedly at greatly increased cost.

I might suggest to the Members who are here on the floor that I just returned from my district. The people there are vitally concerned and not with the Middle East and not with the Congo and not with the African nations, they are concerned with Cuba right off our shores.

I would like to direct your attention to page 9 of the report. It says this:

> The United Nations has turned out to be an organization within which the Soviet bloc has not only flouted the underlying purposes and principles of the United Nations but has made use of the United Nations to create dissension and to fan the flames of controversy.

Then on page 11 it says:

> Although the committee anticipates that the United Nations operation in the Congo may be more effective in the future than it has been in the past, the committee offers no assurance that all major obstacles have been overcome or that satisfactory progress is assured.

No assurances whatsoever that this legislation will improve anything.

Many people said to me, What is the United Nations today? Regretfully, I could only say—it is a symbol of hope for peace. It used to be a symbol of peace, but it is getting further and further away. It has resolved itself, and I think these are the very words used in the report of the committee:

> It has become an international debating society.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. DEVINE.** I yield to the gentleman from Iowa.

**Mr. GROSS.** What has the United Nations done about this Cuban situation aside from giving them some help indirectly?

**Mr. DEVINE.** I might say to my very respected colleague from Iowa that I have examined the newspapers and periodicals very closely—I am not a member of the Committee on Armed Services or Foreign Affairs—but I have not found where they have taken any action whatsoever to alleviate this situation 90 miles from our shore.

**The CHAIRMAN.** The time of the gentleman has expired.

**Mr. MONAGAN.** Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. McDOWELL].

**Mr. McDOWELL.** Mr. Chairman, I rise in support of S. 2768, as reported, which would implement the President's request of January 30, 1962, for an appropriation authorization to purchase up to $100 million of United Nations bonds.

From time immemorial man's search for peace has been offset by his desire and instinct for conquest and defense. For just as long man has also sought to convert his productive capacities toward peaceful purposes and uses. We now live in a period in which armaments and weapons have become so destructive in their power that they can encompass the end of mankind itself. While some feel that the continuance of a tenuous balance of terrible deterrents can stave off a worldwide castastrophe, perhaps indefinitely, the situation today is such that mankind must meet squarely the necessity of eliminating war as an arbitrament of international disputes.

At the forefront of the alternative to the settlement of international disputes by war and threats of war is the United Nations. Many profound changes have swept the world since the United Nations Charter was signed on October 24, 1945. The representatives of 50 countries, including the United States, shared at that time both the memory of the bitter ordeal of World War II and the high resolve to prevent the recurrence of war. Following World War I, Winston Churchill wrote:

> Victory was to be bought so dear as to be almost indistinguishable from defeat. It was not to give security even to the victors.

His judgment was seconded by other world leaders who felt that war was a very poor instrument of policy—defeat in war stretches out its heavy hand to all areas of our planet and its agonizing burdens fall upon both victor and vanquished.

In attempting to build a structure for the organization of a peaceful world following World War II, the architects of the Charter of the United Nations put major emphasis upon peacekeeping and the renunciation of aggressive force in international relations. It is this peacekeeping function that threatens the financial solvency of the United Nations—it is this same peacekeeping function of the United Nations which has thwarted major Soviet designs on half a dozen occasions. In the early years of the U.N., Communist infiltration of Iran and Greece was halted; a truce was brought about in Kashmir and mediation brought fighting to an end in Indonesia. In the Middle East, the U.N. achieved and maintained the 1949 armistice agreements between Israel and her Arab neighbors.

Under a U.N. command, headed by the United States, 16 member nations in the period 1950-53 joined the Republic of Korea in a U.N. action to halt Communist aggression southward. United Nations resolutions condemned the aggressors and gave world backing to the defenders. In 1956 the U.N. brought about a cease-fire in Suez and organized a U.N. Emergency Force with troops from 10 small nations; a reduced but alert U.N. Emergency Force is still on guard along Israel's troubled borders. In 1958 a U.N. observer group was requested by the Government of Lebanon to counter Communist-supported subversion; Lebanon was not subverted.

In 1960 the Security Council authorized Secretary General Dag Hammarskjold to provide military assistance to the Government of the Congo which faced civil war and full-scale anarchy when its military forces mutinied only 5 days after its declaration of independence. Had the United Nations not placed its Emergency Force in the Congo, had those forces not moved decisively under the leadership of Secretary General Hammarskjold to restore order and to prevent the import of military supplies and equipment from the Soviet Union and the Communist bloc, only one alternative existed to prevent a complete breakdown leading to Soviet domination of the Congo. This choice could only have led to a confrontation of other big-power forces. While prompt action of the United Nations, made possible partly by our diplomatic support, our military airlift, and our financial contributions, has kept direct Communist power out of the Congo, of deep significance is the fact that the danger of a brush-fire war in the heart of this volatile continent was greatly minimized.

The critical issue before us today is: Are enough Members willing to take the risks necessary to insure the United Nations a new span of life in something like its original form and with something like its intended functions? So long as the United Nations exists and has the support of the United States, there is always the sobering possibility that even minor pickings and stealings brought there for discussion can develop into an all-out trial of strength between the Soviet Union and its major antagonist. Some time ago, therefore, the Soviet leaders recognized the importance of bringing our support to an end. They could hardly count on mustering enough votes in the General Assembly to pass measures directly injurious to the United States—a development which supposedly might persuade the American public that U.N. membership is too risky to be continued. But they saw that with the obedient votes of their satellites and the support of other member nations, they might be able to achieve one-third of the General Assembly membership needed to thwart positive actions under the charter. In this way, the Soviets expected to demonstrate to the American public that the United Nations had become helpless and useless and that continued membership on the part of the United States was a waste of effort and money.

Some of those who are most vocal in their opposition to the United Nations and particularly to the U.N. bond issue, are exponents of what is really a go-it-alone philosophy. One of the curious characteristics of these "go-it-aloners" is that, in their state of gloom over what they consider to be no-win policies, they are constantly overlooking the significant victories over communism that do occur and imagining Communist victories where there are none. They seem to feel that the U.N. is a Communist instrument and that the United States and its allies are constantly being pushed around at the U.N. by the Communists. This is just another myth. While the United States has not always been able to obtain action which it desired in the United Nations, we have not as a member-state had to use the veto block action that we opposed. On the other hand, the Soviet Union in the Security Council has used its veto power 100 times to block action which it opposed. In the General Assembly the Soviets' major efforts to weaken the structure of the United Nations Secretariat by substituting a three-man "troika" for a single Secretary General after the unfortunate death of Dag Hammarskjold met with absolutely no support; the Soviets had to drop their scheme without even attempting to press for a vote. Similarly, on the issues affecting the financial stability of the U.N. the Communist bloc found itself overridden by an overwhelming majority. In the field of colonial issues, while we have not agreed with all the resolutions that have been adopted, the Soviet efforts to tempt the Afro-Asian states into taking extreme positions, such as calling for an end of all colonies by the end of 1962, have met with no success. It is remarkable that the Soviet Union, considering its military and industrial power, is so relatively uninfluential at the United Nations.

The United States has counted on the United Nations as the chief instrumentality existing in the world, apart from its own military strength and that of its allies, to deter aggression. Presidents Harry S. Truman, Dwight D. Eisenhower, and John F. Kennedy and other responsible citizens in America have hoped that by acting to settle disputes in different parts of the world, the United Nations would lessen the chance that the United States might become involved in them directly and they have considered this a substantial contribution not only to world peace but to American security as well.

No thoughtful American would maintain that the United Nations has solved or can ever hope to solve all of the world's problems. Certainly it is more than one can or should expect in this complex and hazardous world. Quite clearly it is too much to expect of foreign policy which almost invariably contains elements of calculated risk. But mankind will not accept the difficulties which we face as an excuse for failing to do all we can; indeed, it may be said for abdicating our national responsibility. President Kennedy has made it crystal clear that our foreign policy objective is to create and foster a world of stable, free, and independent countries, willing and able to meet their own problems in peace and freedom.

Our task is particularly difficult because we Americans are accustomed by long experience to quick and final solutions. We are all anxious now to get things settled overseas once and for all so that we can concentrate on the business and future of America. Yet neither today's twilight nor tomorrow's dawning can be easily shaped to our precise concepts. The rewards of hard but rightful decisions are not necessarily reflected in the next day's headlines—or even in the approbation of columnists—but only in the slow, patient, and implacable judgment of history.

The stakes are not less than the peace and freedom of mankind. The fate of our Nation, and whether our sons and daughters live in a world at peace or a world at war with nuclear destructions, pestilence, and death their daily lot, depends on the success or failure of our foreign policy and our support of the United Nations.

It is my strong conviction that the United Nations deserves the understanding and support of the American people and the American Congress, and I urge my colleagues this afternoon to demonstrate to the Soviets and the Communist bloc that the United States is dedicated to promoting and preserving the peace through a vigorous and financially sound United Nations. Even modest critics of some of the actions of the United Nations in recent years often describe the United Nations in its capacity as a peacekeeping organization as a majestic gamble. Whether or not we accept such a judgment, the vote in this House on S. 2768 will be interpreted by people of all nations as a vote for or against U.S. support of the United Nations. In casting my vote, I shall vote in the affirmative, for if I must gamble, I

**Mr. CHIPERFIELD.** Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

**Mr. CHIPERFIELD.** Mr. Chairman, I rise in support of S. 2768, to promote the foreign policy of the United States by authorizing a loan up to $100 million to the United Nations. I do so with considerable reluctance because, at best, this bill is highly controversial.

First of all, the financing of the United Nations by a loan is merely a stopgap measure. This was testified to by the Assistant Secretary of State for International Organization Affairs, Harlan Cleveland. The loan proceeds will have to be used to pay debts already incurred by the United Nations as well as its current operations in the Middle East and the Congo. At the end of March 1962, the deficit of the United Nations was $120 million. The annual cost of these two programs is running in the neighborhood of $140 million. So, it can be amply demonstrated that in a few months time the funds authorized by the bond issue will be exhausted and the United Nations financial situation will in no way be solved on a permanent basis.

The United Nations is relying on a favorable advisory opinion of the World Court which, in effect, legalizes the assessments for the operations in the Congo and the Near East as a part of the regular expenses of the United Nations. Action will have to be taken by the General Assembly to implement this opinion. Thus, countries in arrears will have to pay up their assessments or ultimately face the possibility of losing their vote in the General Assembly because, under section 19 of the charter, any nation whose arrears equal or exceed its assessments for the 2 previous years loses its vote in the General Assembly.

There is very little likelihood that some of the Communist bloc nations will pay up their back assessments. The same is true of some of those nations which are against the Congo operation on principle. There are still 30 nations behind in their regular assessments amounting to $5,659,277. Fifty-two nations owe more than $25 million for the Middle East operation and 66 nations owe $51.5 million for the Congo operation.

The General Assembly proposal for a bond issue with a low interest rate of 2 percent repayable over a period of 25 years makes it possible for many smaller countries with limited resources to shoulder their share of the burden.

However, the proposed bond issue, so far as we are concerned, will have a net cost to the United States in the neighborhood of $54 million. This is based upon an outlay for the purchase of bonds and our share of their repayment against the repayment of principal and interest to the United States over the 25-year period.

From our viewpoint, it probably would be much better to make a loan of $100 million to the United Nations for a short period at a rate of interest substantially equal to the average rate of United States Treasury bonds—currently about 3 percent. Under the language in the bill this method of financing would be possible—if the General Assembly agreed.

There has not been brought to the attention of the House Foreign Affairs Committee a single concrete suggestion as to how the United Nations can put its financial structure on a sound permanent basis. Until there is a solution found to this problem we are simply putting off the evil day when we will again be confronted with the bankruptcy of the United Nations.

The loan issue does have merit in that it spreads the cost of financing the current heavy indebtedness of the United Nations. Other nations have already purchased or pledged some $72 million. The bill, as reported by our committee, provides that we will be given credit for our assessments to the United Nations for repayment of our share of the bonds. Under this arrangement we will also reduce our present cost of maintaining the peacemaking functions of the United Nations which is now more than 47 percent and our assessment will be reduced to 32 percent.

One of the methods of assisting the smaller countries with limited means to finance their special assessments for the Congo and Middle East operations of the United Nations was to reduce their assessments by 80 percent. Above and beyond our assessments, we appropriated $11,400,800 as a voluntary contribution to assist in financing the emergency expenses of the Congo and in doing so a large number of countries were given credit on their assessments for this purpose. For example: Cuba, $140,800; Poland, $512,000; Yugoslavia, $243,200; to say nothing of assistance to some of the larger countries like India, $812,000; Japan, $908,000; Brazil, $659,200; and China, $1,828,000.

I have consulted legal counsel for our committee and am informed that the following language in the bill, "The proceeds of such loan shall not be used to relieve states members of the United Nations of their obligation to pay arrearages on payments of any United Nations assessments, and shall not be used to reduce regular or special assessments against any such members," will prevent the $100 million loan being used for this purpose in the future. I am also informed that under the general provisions in the basic law any funds used to assist the United Nations beyond our regular assessments must go through the regular appropriation processes.

In view of all these circumstances, why do I support this bill? As I have indicated, I would like to have another method of financing used rather than the bond issue. But action has been taken by the United Nations; other countries are raising their share amounting to $100 million, and time being of the essence there seems to be no alternative but to follow the approach used in the Senate bill.

It should be noted, however, that the Committee on Foreign Affairs went further than the Senate did in setting conditions on our loan to the United Nations. The Senate bill permitted the United States to loan up to $25 million plus the aggregate amount of loans made or agreed to be made; that is, pledged, by other nations. Our committee eliminated both the $25 million margin above the total made available by other countries and the pledged amount to be loaned as distinguished from the actual amount paid to the United Nations by other countries in determining the ceiling on our loan.

I believe the United Nations going into the Congo and the Near East and using its prestige as a peacemaking organization is one of its most important functions. If the Congress should fail to pass this legislation, I think, without question, the United Nations would have to abandon operations both in the Near East and the Congo. I believe this would be disastrous to our foreign policy by jeopardizing peace in both these areas. It would make the United Nations a mere debating society and just what the Communists desire—an ineffective organization which at the same time would be a sounding board for their propaganda.

The effectiveness of the United Nations in carrying out its peacemaking functions is demonstrated by the intensity of the Soviet bloc's opposition to it. The former Ambassador to the United Nations, Mr. Lodge, testified that over 200 Communist agents were ready to go into the Congo when the first crisis appeared there and were only prevented from doing so by the action taken by the United Nations.

However, I feel that the role of the United Nations in the Congo should be limited to its proper function; namely, attempting to keep the peace and to prevent international threats to such a peace. It should confine its efforts so that they will be in compliance with chapter 1, article 2, paragraph 7, which provides that the United Nations shall not intervene in matters which are essentially within the domestic jurisdiction of any state.

There has also been alarm expressed that with the admission to the United Nations of new and inexperienced nations from the Afro-Asian bloc there is the danger that the United Nations will embark upon a course of action of which we do not approve and yet would be committed to support. While theoretically this might happen, from a practical standpoint, I do not feel it is a valid objection because we always have the power of veto in the Security Council and in any matter of importance the General Assembly would have to adopt a policy by a two-thirds vote. Certainly with the leadership of the United States and our allies among the major powers, we should be able to control one-third plus one of the voting strength of the United Nations.

For us to withdraw from the heart of Africa and allow the Communists to take over; for us to withdraw from the Near East and allow the Israel-Arab situation to get out of hand; and for us to take away the peacekeeping functions of the United Nations, in my judgment, would not only imperial our foreign policy and security, but might well bring on a crisis of unknown proportions. To protect our interests in those areas it would be necessary not to spend $100 million for a loan, but to run the risk of sending our own boys to fight in defense of those areas at a cost that would make the expenses of the loan look like a drop in the bucket.

Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Chairman, I still believe in the United Nations. I recently attended the 15th World Assembly on Health as one of the congressional advisers, and have written at length in the CONGRESSIONAL RECORD about some of our accomplishments therein.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Minnesota.

Mr. JUDD. I read the gentleman's report on the World Health Assembly and his participation in it, and I thought it was one of the most effective, hardheaded, realistic, sound appraisals of the work of that organization of any I have seen. I compliment the gentleman on his contribution and on his useful report about the work.

Mr. HALL. I thank the gentleman from Minnesota.

Mr. Chairman, I want the United Nations to live and function according to its original mission. I do not want another League of Nations.

However, there is some real question in my mind as to how best to effect this. I am concerned by seeming paradoxes and divergence of opinion as to the minority and majority views, the colloquy we have had here on the floor today, the question of fiscal responsibility or not within the organization, its definition of "function" and "mission," the need or not for this particular legislation, its future and where it goeth in view of its policies and the addition of irresponsible new or emergent nations in a quantity sufficient to outvote those of us who are founders and have proven responsibility, the divergence in the question of the legality of the law of the nations within the United Nations, and the decision of the World Court. Therefore, being concerned, I look further into the people assigned in the Foreign Service of the State Department, and I am concerned about some of them and about the recommendations being made and the recent history of U.N. actions.

I would like therefore to propose some provocative and perhaps paradoxical questions and facts for the RECORD in the short time I have as the day is waning, and hope that they will be acknowledged and answered by voting time tomorrow.

Mr. Chairman, yesterday, for two reasons, others and I gladly returned earlier than planned, to the Capitol and this House, on call of the Armed Services Committee. I am privileged to serve there, and glad I returned, although both events were sickening to the point of nausea.

The first was the Joint Armed Services Committee and Foreign Affairs Committee audition of the Secretary of State, Lieutenant General Carter, acting Director of CIA, and a representative of the Department of Defense. I have never seen such lack of perception, such ineffectiveness and evasion, such dealing with our Nation's issues from a policy of fear—when we hold all the trumps—insofar as Cuba, the Congo, Berlin, and other troubled areas are concerned. It was made abundantly clear that the representatives of, and the tempers of the people themselves—would not much longer brook delay, dishonor, and ineptness. It made one wonder if the State Department is as strong as it presumably should be, or if the President has other advisers? On this floor yesterday two colleagues announced legislative bills introduced anent this faltering situation in Cuba, and our do-nothing or "no win" policy of the administration—the Commander in Chief of our Armed Forces. From what I have heard in the Armed Services Committee today I admit I am frightened, but I hope not unwilling to stand and save our honor and esteem.

Second, I heard the greatest exposé of apparent "conflict of interest" on national or international record. It pertained specifically to the U.N. and its Congo actions. It involved the "establishment," behind the scenes in our sovereign government and the U.N. It documents, if not proves, the sale of lives for gain while maintaining power in invisible government, to say naught of our foreign aid administrator and the Secretary of the State Department.

No wonder we are bankrupt morally and financially—yet here we are today, considering ways and means of baling out this organization of "one worldism," at our unsuspecting—and sometimes, I fear, uninterested—taxpayers' expense.

As though this were not enough, I would like to give our colleagues this additional background of the U.N.-Congo affair on which to base their considered, moral, political, social, and spiritual—I hope—judgment.

### U.N. CRISIS

Because of its ill-fated meddling in the domestic political affairs of the Belgian Congo, the United Nations is now facing the most serious internal troubles of its 17-year existence. The best guess is that the U.N. with help from many sources—some surprising and bizarre—will survive this crisis, but its prestige will be badly injured, and its usefulness as a peacemaking body may be virtually ended.

Here, in capsule form, is the story of the political mess into which the world body has worked itself, and how it got that way:

In the summer of 1960, spurred on by the anticolonialism frenzy of the Afro-Asian bloc, the Security Council voted to send troops into the Belgian Congo to bring about the complete restoration of law and order. To me, this meant that U.N. troops were expected to put an end to the pillaging and widespread slaughter of white residents which had broken out immediately after the departure of the Belgian military forces, or a civil action.

From the beginning the work of the U.N. task force was severely handicapped because Soviet Russia was engaged in a clandestine campaign to take over the Congo, and because the U.N. representative on the ground, Mr. Dayal of India, showed an open bias in favor of the Communists. Mr. Dayal got the peace operation off to a bad start, and his successor or U.N. headman, showed no better judgment. They persisted in playing favorites and mixing in local politics. The most flagrant example was the use of military force to compel Premier Tshombe of Katanga Province to submit to the Central Government of Cyrille Adoula. This needless war was eventually called off because it aroused public indignation both in the United States and Europe.

Now, 2 years after the U.N. operation started, the threat of civil war still hangs over the Congo, while the operation is costing $10 million each month and threatening to put the world organization in bankruptcy because the majority of members refuse to pay their fair share of the assessed cost.

Last January the General Assembly of the U.N. authorized a $200 million bond issue to make up for the loss of revenue incurred in the Congo operation, and the other U.N. peace operation now in being—the maintenance of troops on the borders of Israel and the Arab States. But even if sympathetic nations subscribe to this issue in full, the proceeds will be exhausted sometime in December or early next year. Because another bond issue would be unthinkable, the U.N. must get out of the Congo as soon as it can, or go out of business, because it cannot pay its bills.

In the face of this emergency, Secretary General U. Thant and the staff of the U.N. Secretariat are now engaged in a grim struggle to come up with some kind of a compromise proposal that will permit the U.N. to get rid of its costly Congo venture while still maintaining its prestige; that is, save face.

The formula at the present time—especially since September 3, 1962—is a plan to have the central Congolese adopt a new constitution which will authorize very nearly complete local autonomy for the rebellious Province of Katanga, while foreign policy and control of the armed forces remains in the Central Government. Legal experts for the U.N. drafted the proposed constitution, which is scheduled for adoption later in September.

However, the move for unity has been badly hurt already by the irresponsible action of Premier Adoula's government in jumping the gun in the matter of economic sanctions against Katanga. The use of sanctions is the last-ditch measure which the U.N. Secretariat has been touting in case all other methods fail to bring agreement. By imposing sanctions prematurely—which he is powerless to enforce—Premier Adoula has once again hurt the cause of reconciliation.

The real key to the struggle between the contending factions is control of the lucrative tax revenues paid by the mining company, Union Miniere, amounting to about $40 million annually, which are now paid in full to the Katangan Government. Premier Adoula contends that his Central Government will go bankrupt and the Communists will take over unless a large part of this revenue is paid into his government at Léopoldville.

The U.N. plan calls for the payment of these revenues, beginning now, into a Belgian bank, which will keep control of these funds until Adoula and Tshombe agree on a constitution and a fair division of the money. While this arrangement seems reasonable on the surface, the fact is that the main properties of Union Miniere are located in territory controlled by Tshombe's supporters and troops, and white officials of the company will refuse to turn over the tax money at peril to their lives.

In addition, Adoula's deficit is $270 million, and even all of Union Miniere's taxes would not come close to balancing the Central Government budget.

In the event that Tshombe balks against a final settlement, which today's early American news media reports, an alternate plan is being drafted by the U.N. Secretariat, with the strong backing of the Kennedy administration, based on the employment of economic sanctions to force Tshombe into line. The daily press reports that strenuous efforts are now being made by the State Department to secure the support of Belgium and Great Britain for this alternate plan, with Belgium reported as unenthusiastic but willing to go along, and the British Government sharply opposed.

The proposed sanctions include refusal to buy Katangan copper, most of which is purchased by Belgian interests; interference with postal and telegraph service to Katanga; and a requirement that no one may leave the rebellious province for travel abroad without a passport from the Central Government.

While economic sanctions are described officially as "measures short of war," the fact is that the Security Council has refused time and again to impose such measures against recalcitrant nations because of the dire consequences which are sure to follow. In attempting to impose its will on Tshombe by force, the U.N. is literally playing with fire. When it employed military force last year to subdue Tshombe, its military efforts were aborted by the strong defensive tactics of Katanga's soldiers. Resentment against this palpable interference in local affairs flared to a high pitch.

The economic sanctions scheme is full of other hazards. If Tshombe volunteers to give up the tax revenues from Union Miniere, his present power will be largely gone. In this situation, the unpredictable Adoula may decide to crack down on Tshombe and put him out of business once and for all. If that happens, the responsibility will lie on the doorstep of the United Nations.

The woes of the compromise seekers were further complicated a few weeks back when the Secretary General, U Thant, after a personal visit to the Congo, referred publicly to Premier Tshombe and his ministers as a "bunch of clowns." This needless insult may well win first prize as the worldwide outstanding diplomatic blunder of 1962.

Into this situation, already highly disturbing for U.N. partisans, a new complication has been thrust. The World Court recently handed down an advisory opinion that special assessments, like the Congo fund and the Middle East fund, were just as binding on U.N. members as regular budget levies. In other words, the defaulting members could be told to pay up or face loss of voting rights in the General Assembly.

Paradoxically, instead of being a boon, this ruling could put the U.N. in a situation at once both embarrassing and ridiculous. The popular belief is that the United Nations is now in financial hot water because Soviet Russia, France, and a few other big nations are refusing to pay their share of the Congo costs, while the Arab States and some others are refusing to contribute to the Emergency Force Fund. This is only partially true. The fact is that the great majority of U.N. members are defaulters in their financial obligations to the world body. A recent count showed that 78 nations, out of 104, owed part or all of their assessments for the Congo operation, while the backsliders on the Middle East fund number about as many. The world never needed demonstration of responsibility before admission to full privilege, than now.

Because the actual situation is so little understood, many people have been anticipating with pleasure that Soviet Russia and its satellites, in view of the World Court ruling, would either have to pay up or lose their voting rights in the General Assembly. This is hardly likely to happen. The majority of Assembly members can hardly fault the Kremlin, for failure to pay its debts when the majority is equally guilty.

The fact is that nearly 80 percent of U.N. members are constantly defaulting on their financial obligations. At the same time they propose to retain their full voting rights, and, ironically, there is really no way to stop them. The article in the U.N. Charter about the loss of voting rights is so equivocal as to be almost meaningless in most cases. The article says this:

> A member of the United Nations which is in arrears in the payment of its financial contributions to the organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding 2 full years. The General Assembly may, nevertheless, permit such a member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the member.

The last sentence is the escape hatch. The undeveloped or emerging countries, which are now in the majority, can simply take the pauper's oath; that is, they may retain their voting rights by asserting that they lack the funds to pay up. As most of these countries are receiving assistance from special U.N. relief and development funds, these defaulters are in an excellent position to plead their case. In any event, no one expects the defaulters to pay up, and no one seriously anticipates that the majority members in the U.N. will solemnly vote to suspend their own voting rights. Under these conditions, I submit the advisory opinion of the World Court may be more embarrassing than helpful.

The Kennedy administration is now waging a major campaign to have the House of Representatives approve the proposed $100 million loan to the United Nations. The loan has already passed the Senate. This is half of the $200 million bond issue which the U.N. Assembly voted last January. But even if Congress comes to the rescue once again, this large sum of money will merely cure the U.N.'s current insolvency. The situation will be just as desperate a year from now if the Congo operation is continued, at plus $70 million a year.

Even the sponsors of the plan to club Tshombe into line, realize that this is perilous business. Tshombe is a known friend of the United States and the free nations; in addition, Katanga by any measure has as much right to an independent existence as the numerous splinter states set up by the U.N. in recent years. For these reasons, the use of economic sanctions would never even be considered except for the almost hopeless financial box in which the U.N. finds itself. The only alternative is the concept of a war between the states, in which event, I submit the U.N. should never have delved into domestic affairs.

In voting the bond issue, the General Assembly of the U.N. stipulated that interest and amortization payments would be included in the regular budget assessments. It was claimed that this would guarantee repayment to the bond purchasers. Actually, it will do no such thing. There is no way to compel the moochers, who refuse to pay now, to meet these charges merely because they are tacked on to the regular assessments. Besides we would then pay 32.02 percent and be paying ourselves back to the extent of 32.02 percent.

The United States is taxed slightly more than 32 percent to meet the expenses of the regular U.N. budget, but actually it is paying more than 50 percent of all United Nations costs because of voluntary contributions, and various special funds. This country made voluntary contributions of $5,305,596 to the Congo fund for the fiscal year 1961 and $11,400,800 for 1962. These donations were immediately applied to the arrears of the "poorer countries"—including Cuba—in the hope that this generous action might induce them to pay the balance of what they owe. They refused to respond. Four of the African members actually owe just $777 each, for the Middle East peace force; and $10,321 each, for the Congo operation. It seems that a government truly interested in the welfare of the United Nations could dig up funds somewhere to pay such obligations. This points up the need for responsibility before wearing long pants in the family of nations.

Thus the United Nations is teetering on the brink of disaster because of the ill-fated Congo venture from which it has no viable route of escape. The $200 million bond issue is not a solution, because even with this huge sum in its treasury, the world organization will again be bankrupt either at the end of this year or early in 1963. The advisory opinion of the World Court, that the members have a moral duty to pay up, is not a solution because the majority of members will simply flout this ruling.

This is the impasse to which the world organization has been brought by its anticolonialism spree, during the course of which it cast aside good sense and wise policy in order to deal from a policy of fear and to follow the dictates of the Afro-Asian bloc.

[From the Tulsa (Okla.) World, Nov. 12, 1961]

### Decline and Fall of U.N.?

"We are witnessing the decline and fall of the United Nations. If it lasts more than 2 more years it will be a catastrophe for humanity."

Those words, attributed to a veteran U.N. diplomat by Joseph Newman in a recent issue of the New York Herald Tribune, suggest that we take a good look at the U.N. and get truthful answers to the following questions:

1. Is not the structural pattern of the U.N. the same as that which was drawn up for it by an agent of the Kremlin a few months previously at Dumbarton Oaks?

2. Did not this same, then secret, Soviet agent arrange for and preside as its chief executive officer at the San Francisco conference that adopted his plan for the U.N. Organization?

3. Was it not this same Soviet agent that accompanied President Roosevelt to Yalta as his chief adviser and got F.D.R.'s agreement that Russia was to have three votes in the U.N. to our one?

4. Was not the proclaimed purpose of the U.N. to be securing of the peace?

5. Has the U.N. better served the peace concept of the Soviets than it has served our concept, when it is realized that when the U.N. was established there were only 200 million enjoying the "peace of total submission" whereas today there are over 900 million under the yoke of tyranny?

6. Is it not true that whereas initially we were allowed to have the dominant voice in its councils, today we are in the minority as to voting, yet paying over 60 percent of the costs?

7. Is the U.N. preserving the peace when it is using military power to subdue that part of the Congo that chooses to resist Communist tyranny?

8. Is not the U.N., through its numerous agencies, such as UNESCO, usurping our right of self-government under our Constitution?

These and many other questions tend to spoil our illusions re the U.N.

I. V. Horner.

Tulsa.

---

[From the Washington (D.C.) Star, Sept. 11, 1960]

### Pravda Foresees West Losing U.N. Majority

Moscow, September 10.—Pravda today forecast a time when the United States will be consistently outvoted at the United Nations. It expressed confidence that sooner or later the West will lose what the Communists have long assailed as its "mechnical majority."

The Communist Party newspaper published a front page editorial on the balance within the United Nations as Premier Nikita S. Khrushchev sailed toward New York for the U.N. General Assembly opening September 20. His passenger liner passed out of the Baltic Sea today toward the Atlantic.

#### MAKEUP CHANGED

Commenting on the changed character of the United Nations caused by the influx of new members from Asia and Africa, Pravda said:

"The events of recent times are an indication that the situation in the United Nations differs considerably from that which existed 10 years ago."

In 1950 the United Nations had 55 members, most of them closely allied with the West. By the end of this year's Assembly session, its membership will be almost twice that. Many of the recent members are newly independent and neutralist in outlook. Pravda said:

"The international authority of the Soviet Union and other Socialist countries has been immeasurably increased, and many new states have embarked on a path of peaceful policy, states which have won their independence in the struggle with imperialism.

#### SEES U.S. BALKED

"The American voting machine, which was built during the first years of the existence of the United Nations, now often suffers from stoppage and many of those who once automatically raised their hands when orders came from Washington now refuse to serve foreign interests."

Mr. Khrushchev obviously hopes to win friends from among these newcomers at the U.N. General Assembly.

As his ship sailed through the strait between Denmark and Sweden escorted by two Soviet destroyers, the Soviet Premier sent good will messages to the Premiers of Sweden, Norway and Denmark. A Tass correspondent on board reported: "The sea is calm and the sun is shining bright."

#### DEMAND ON ARMS

The Pravda editorial repeated Mr. Khrushchev's demand for "general and complete disarmament," first made before the Assembly last year, and left no doubt that he would continue to press for it at the United Nations.

The fact that the Soviet Premier is heading his country's U.N. delegation, Pravda said, is taken by world public opinion as "new proof of the constant and sincere desire of the Soviet Union to take the problem of disarmament out of the blind alley into which the Western Powers have put it."

---

### Memo Makers, Press, Blamed for Castro Rise

(By John V. Horner)

Two Democratic Senators charged last night that a group of "memo makers" in the State Department and elements of the American press combined to hand Cuba to Fidel Castro and the Communists.

Senators Eastland of Mississippi and Dodd of Connecticut asserted Cuba was delivered the same way that China was "handed" to the Communists some years ago. They declared "memo makers" and not Secretary Herter are making foreign policy at the State Department.

Mr. Herter issued a statement calling the allegations "shocking and unfounded."

The blast by the two Democrats was based on testimony given to the Senate Internal Security Subcommittee by two former U.S. Ambassadors to Cuba, Earl E. T. Smith, who was in Havana when Mr. Castro came to power, and Arthur Gardner, who preceded Mr. Smith.

"The testimony of both these gentlemen demonstrates that American foreign policy is not made in the office of Secretary Herter on the fifth floor of the State Department," the two Senators said. "It is made on the fourth floor by the unknown policy planners and memo makers who fill the Secretary's "in basket."

The offices of officials who deal with Latin American affairs are on the fourth floor of the Department building.

#### PUBLIC SEEN MISGUIDED

Senators Eastland and Dodd quoted the Ambassadors as saying that Fidel Castro was the hero of the "in-basket brigade." They said these persons worked with pro-Castro elements of the press to make the revolutionary leader appear as a Robin Hood.

"They misguided American opinion in exactly the way the "in-basket brigade" of 1945 misguided American opinion with the myth that the Chinese Communists were agrarian reformers," the Senators said.

"The State Department has not been cleansed of those elements whose policies contributed so much to the loss of China to the free world. Secretary Herter, the man on the quarter deck, is not in charge of the ship."

Both Mr. Smith and Mr. Gardner were critical of William W. Wieland, Director of the State Department Office of Caribbean Affairs. Both also indicated belief that Roy R. Rubottom, Jr., former Assistant Secretary of State and now Ambassador to Argentina, suggested policies that aided the rise of Mr. Castro. However, Mr. Smith expressed the opinion Mr. Rubottom did so only after "terrific pressure."

#### SENT TO TIMES MAN

Former Ambassador Smith said Mr. Wieland sent him to Herbert Matthews, a member of the editorial staff of the New York Times, to get a briefing on Cuban affairs before the diplomat went to his post in Havana. Senators Eastland and Dodd described this as an "extraordinary revelation."

Mr. Smith told the subcommittee he believes Cuba is becoming a Communist satellite. He said agencies of the U.S. Government and the press played a major role in bringing Fidel Castro to power. The revolutionary forces overthrew Gen. Fulgencio Batista January 1, 1959.

Mr. Smith said the American people assumed that because Batista was a dictator, Castro must represent liberty and democracy.

#### POLITICS REVEALED

"The crusader role which the press and radio bestowed on the bearded rebel," he told the Senators, "handed the people to the leftwing political philosophy with which, even at that time, he was already on record.

"His speeches as a student leader, his interviews as an exile while in Mexico, Costa Rica and elsewhere clearly outlined a Marxist trend of political thought.

"The official U.S. attitude could not help but be influenced by the pro-Castro press and radio, and certain Members of Congress picked up the torch for him."

Mr. Gardner said it was common gossip that Mr. Rubottom stopped a shipment of military equipment to General Batista on the New York docks. The shipment was arranged under the mutual aid pact, he said.

At the same time, Mr. Gardner testified, arms and ammunition were being shipped surreptitiously to the Castro forces almost every night.

#### HITS SPEEDY RECOGNITION

Mr. Smith criticized the speed with which the United States recognized the Castro government. He said the State Department recognized the revolutionary government before Fidel Castro reached Havana in January 1959.

"I would like to recommend," he said, "that some higher authority such as the National Security Council determine what our attitude to another nation should be, then all the actions of the State Department should be guided by such policy as laid down by the National Security Council."

Mr. Gardner said that as Ambassador he endeavored to place the facts about Mr. Castro and the Cuban situation before Mr. Herter, former Under Secretary Robert Murphy and others in the State Department. But he said he was "ignored, overlooked and circumvented."

In my opinion, Mr. Chairman, the U.N. is nearing an ignominious end, unless those who control its destinies begin to show a higher degree of perception, duty, and fiscal and political responsibility.

Therefore, we are in the paradoxical position of having to defeat the U.N. bond issue in order to save the U.N. itself from an administrative and fiscal death—brought on by participating in civil strife.

I strongly feel that at this time we should take no further action in extra support of the U.N. or its actions, until we are straightened out as to information and fiscal responsibility, and the same applied to that organization.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. ANDERSON].

Mr. ANDERSON of Illinois. Mr. Chairman, I was among those who listened with a great deal of interest a little earlier this afternoon when the suggestion was made by the gentleman from Wisconsin [Mr. BYRNES], that we might well give consideration to an amendment whereby section 5 of the pending legislation would be amended in order to make it mandatory that the United Nations, before we would subscribe to any of this bond issue, would accept by the necessary two-thirds vote the recent decision of the International Court of Justice.

Mr. Chairman, I also listened to the arguments made by the distinguished gentleman from New Jersey [Mr. GALLAGHER], a member of the committee, in which the gentleman stated that he thought this would be equivalent to waving a red flag in front of some of the members of the United Nations. In addition he said that he thought it was unnecessary because he felt that in view of the fact that about 80 members of the United Nations had already agreed to subscribe to this bond issue, that more than the necessary two-thirds could be counted on to accept the decision.

Mr. Chairman, I must confess that I have read carefully the entire hearings—record of hearings—in this matter, and that, frankly, is the only reason that I deign to take the time of the Committee and appear here in the well of the House at this late hour this afternoon. I certainly must respectfully disagree with the very sanguine estimate that has been made by the gentleman from New Jersey as to the likelihood that this decision would be adopted, for this reason: I call the Committee's attention to the very interesting colloquy that occurs, beginning on page 97 of the committee hearings and extending through page 100 of said hearings, between Mr. Plimpton, the Deputy Representative of the United Nations, and the gentleman from Ohio [Mr. HAYS], a member of the committee, whom I regret to say is not on the floor at this time. But the gentleman from Ohio points out, in any event, in this very important colloquy, that when the question of Hungary was brought before the United Nations as to whether or not that should be submitted as a question for the agenda of the United Nations, that there are 52 members of the United Nations who are Afro-Asian nations, and that 42 out of those 52 voted against us on that particular issue. This was largely on the question of whether or not this should be on the agenda. Now, I ask the members of the Committee when a vote comes in the General Assembly of the United Nations as to whether or not powerful Soviet Russia shall accept this decision of the World Court or else be deprived of its vote altogether in the General Assembly by the mandatory acceptance of this decision, how do the members of the Committee think those same 42 members of the Afro-Asian bloc in the General Assembly are going to vote? I, for one, am much less optimistic than some about the acceptance of that decision. I see no reason at all why we should not insist that this be made mandatory before we accept this legislation.

Mr. Chairman, I would also say something in commenting upon what was mentioned by my colleague, the gentleman from Missouri [Mr. HALL]. Some of us who rise in opposition to this bill as presently written are involuntarily cast in the role of being opponents of the United Nations. I do not classify myself in that category. I realize that there is a role for the U.N. in the world, that it is useful to have an international forum for the discussion of peacekeeping tasks which can be safely carried out by a world body but, frankly, I have been sorely disappointed, as I have sat here on the floor throughout most of the debate this afternoon, that we have not heard more discussion about some of these peacekeeping operations of the United Nations.

Mr. Chairman, I sat here yesterday throughout an hour's special order and listened to a very well documented suggestion or charge by one of my colleagues, the gentleman from Indiana [Mr. BRUCE], that there might well be certain international economic and financial interests that are prompting the strange goings-on that we are sanctioning today in the Congo. Yet I have not heard anything today in response to anything he said in the course of that hour, except that yesterday afternoon one gentleman—I think my colleague, the gentleman from Illinois [Mr. O'HARA], who went so far as to suggest that this is extraneous and that the issue of Africa has nothing to do with this.

Another man went so far as to say that this $100 million is sort of an insurance premium, that we have to pay this in order to keep the peace.

I wonder why it is that at the very hour, almost, that we are considering this bond issue here, another committee of the House of Representatives is sitting elsewhere in the Capitol deciding whether or not we should authorize the President of the United States to recall 150,000 reservists. Why is it that tonight peace hangs by a more fragile thread than it has in many a year? Why is it that we are threatened by Cuba, 90 miles from our own mainland? Why is it we have a war raging in southeast Asia, if the United Nations has been all that some of these men would lead us to believe it has been? I am afraid there have been some gross exaggerations in the course of the debate. I would suggest we look more carefully at the role the United Nations has been playing in the last few years.

Mr. Chairman, some weeks ago the Nation listened to a very remarkable address by one of our most dintinguished living Americans, former President Herbert Hoover. Mr. Hoover, of course, has a reputation as an internationalist who supported not only the idea of the founding of the United Nations Organization, but also many years ago urged our membership in the World Court in a time when this was decidedly not a popular course of action to advocate. Therefore, when his remarks are viewed against this background I think it is fair to say that they represent the point of view of a man who subscribes thoroughly to the principle of international cooperation. As the members of the Committee will recall, former President Hoover advanced the idea that a Council of Free Nations should be established in view of the inability of the United Nations to carry out its functions in some instances because of the oft-exercised Soviet veto in the Security Council. I wish that today we were discussing an authorization of $100 million for the establishment of such a Council for Free Nations for I think that it would contribute far more to the safeguarding of the peace of the world than the blood transfusion which we are today being asked to administer to the United Nations.

I speak as one who believes that there is a need for an international organization both as a forum for the discussion of those issues which affect the people of the world and also to provide machinery to safeguard the peace of the world when it is threatened. However, I am also obliged to number myself among those who decry the double standard that has been employed by the United Nations in adjudging the role that it should play in those disputes that threaten the peace. A couple of examples will certainly suffice to illustrate what I mean. The U.N. has cast a benevolent eye and given its blessing to a plan whereby the Papuan natives of West Irian will be turned over after a period of time to the administration of Mr. Sukarno of Indonesia. We were recently criticized by both the Premier and the Foreign Minister of the Netherlands, heretofore one of our stanchest allies, for our failure to render them any moral encouragement whatsoever in their initial protest against this forced transfer of sovereignty and control.

Likewise, the U.N. with our assistance and under the urging of the Afro-Asian bloc has engaged in the condemnation of the colonialism practiced by Portugal. However, we fail to hear any urging by the Afro-Asian bloc that there be an equally strong denunciation of the far more repressive type of colonialism carried on by the Sino-Soviet bloc.

Finally, we come to the sorry record that the U.N. has made for itself in the Congo. This is of particular importance, of course, because it has been admitted that the proceeds of this bond issue will be used primarily to support the continued maintenance of the U.N. forces in that unhappy country.

In August 9, 1960, the Security Council passed a resolution which specifically affirmed this principle that "the U.N. forces in the Congo were not to be a party to or intervene in the resolution of any internal political conflicts." Despite that resolution it is a well-known fact that in the so-called December war the forces of the U.N. proceeded to involve itself in an internal dispute in an operation of which Paul Henri Spaak, the Belgian Foreign Minister, was able to say that it had been in certain respects carried out under conditions that were truly inhuman. We are often told that the U.N. is merely a policeman on the beat, and only its presence in the Congo has prevented a confrontation of the great powers, which in turn would lead to the holocaust of nuclear war. It has been pointed out by persons far more expert in the field of foreign policy than I that the suggestion that the Soviets will dispatch troops or otherwise militarily intervene in the Congo in the event of a withdrawal of the U.N. troops is an entirely unreasonable hypothesis. The record conclusively shows that the Sino-Soviet bloc has committed its forces only when it has been in control of an adjoining land mass. This was shown to be true both in the case of Korea and in southeast Asia. Furthermore, at this particular juncture of world affairs there is every reason to believe that the Soviet Union may be so busy in such areas as Berlin and Cuba that the disorders in the Congo have been relegated to a secondary status in their plans for fomenting disorder. Be that as it may, I think that a fiction is being perpetrated upon the American people to suggest that the only alternative to the U.N. operations in the Congo is a military confrontation in that area of the great powers.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. BEERMANN].

Mr. BEERMANN. Mr. Chairman, the hostility toward Moise Tshombe and the province of Katanga in the Belgian Congo on the part of the United Nations and the United States is hard to explain.

The decision was made to keep the Congo together. This followed the loi fondamentale, drafted by the Belgians as a constitution for the Congo after they gave up control, but only up to a certain point. The loi fondamentale provided a highly centralized government. It was clearly understood, however, that the constitution was a provisional one, to be effective only until the provinces involved could draft a permanent constitution.

The loi fondamentale had to be confirmed by the Congolese House of Representatives before it became law. Prior to ratification, Katanga seceded. Tshombe is on sound ground when he argues that the loi fondamentale was not in effect when he withdrew.

Undoubtedly, the Belgians felt that a strong central government was needed by the Congo. There is little evidence that their conclusion was the correct one. They had already made a mistake in allowing themselves to be pressured into giving the Congo independence when the country was not ready for it. The Congo unity came about in the first place because it was colonized by the Belgians. Like many other African countries, this unity lay behind a false front, which screened ambitious politicians and hostile tribesmen.

In July 1960 Congolese soldiers in the Congo ran amok, killing and raping. The whites fled; the Belgians intervened to protect their nationals. On July 11, 1960, Tshombe declared Katanga to be a free and independent nation. Shortly afterward the United Nations plainly indicated its hostility to this action, a hostility which has been maintained since. Unquestionably, the United States bears a large part of the responsibility for the U.N. position and the U.N. hostility.

There ensued horrors and atrocities, carried out mostly by tribesmen in northern Katanga who were hostile to Tshombe. Meanwhile, U.N. troops had entered the Congo, but they did little to maintain order. Tshombe, meanwhile, was organizing an army, enlisting white mercenaries to give himself a quickly effective force.

There is little need to detail all the dreary round of events which followed in the Congo, including the murder of Lumumba, the pro-Communist radical leader, in February 1961. Lumumba was in the hands of the Katangan government at the time. A violent reaction against Tshombe followed, and the U.N. Security Council passed a resolution which called for the withdrawal of "Belgian and other foreign military and paramilitary personnel, political advisers, and mercenaries." The resolution also authorized the use of force if necessary, to prevent civil war in the Congo. As has been the case consistently, all the moves taken under the resolution have been against Tshombe.

In March 1961, 14 Congolese leaders met in Tananarive, capital of the Malagasy Republic. Almost all the top officials were there save Gizenga. An agreement was reached to replace the centralized structure with a loose confederation of states. In Léopoldville there was to be a centralized government in a neutral zone similar to the District of Columbia. This conference recognized some of the realities in the Congo situation, which included the fact that the centers of power lay with the local leaders in the provinces.

The U.N. paid no attention to this settlement. The situation between Katanga and the U.N. deteriorated. In April 1961 Tshombe attended a conference at Coquilhatville, where he was arrested and thrown into prison. It was assumed that Tshombe's regime would collapse after his detention. This did not happen. The U.N. launched an attack on Tshombe which failed. Hammarskjold, U.N. head, was killed in a plane crash. A second attack on Tshombe by U.N. forces followed, during which the U.S. aircraft carried troops and war material into Elisabethville. The U.N. forces were charged with many atrocities during the fighting. It is questionable whether the organization—formed to press for and keep world peace—will ever regain the prestige lost in the Congo.

Tshombe's forces were beaten by the U.N. and Elisabethville was captured. An agreement was reached which, on the surface, promised to end the Katangan secession, but the secession was not ended and has not been ended to date.

It is useless—as his enemies frequently do—to accuse Tshombe of duplicity. All concerned in the sorry Congo mess have been guilty of duplicity. The U.N. violated its charter and everything it stood for when it made war on Tshombe. The Congo enemies of the Katangan leader were guilty of duplicity on many occasions, including the one where Tshombe was seized while attending a conference.

We are faced with some very hard facts. Obviously the United States and the U.N. have been wrong in their Congo policy. The extra costs incurred as the result of the U.N. Congo venture are the reason the Congress of the United States is asked to vote a $100 million bond issue for the U.N.

This so-called bond issue will not solve the U.N.'s financial dilemma unless it gets out of the Congo. If the U.N. and the United States persist in efforts to force Katanga to subordinate itself to the central government headed by Adoula, the U.N. must return to this Government asking for more funds. If the U.N., and the United States wage war on Katanga again, the province, with its mines and industries, is likely to be wrecked. If so, the Belgian Congo is turned into a poorhouse. In this event, we will be asked to pick up the tab. Meanwhile, Soviet Russia, while refusing to pay its arrears in U.N. dues, applauds our war on Tshombe. We are playing the Soviet game in the Congo.

The arguments we use to excuse our pressure on Tshombe are very weak and illogical. One is that Katanga's surrender is necessary in order to permit the Congo to be viable. Certainly it would seem desirable for Katanga to be a part of a Congo federation. But this does not require the domination by the Central Government which Adoula and his backers, including our own State Department, seem to feel imperative.

The contention that the Congo was an entity under the Belgians and should remain an entity is specious. For example, 2 great French territories in Africa were divided into 12 separate and independent nations. The secession of one state from another with U.N. and U.S. approval is common. Senegal quit the Mali Federation in 1960. Syria left the so-called United Arab States, and there are many other examples.

Unless we change doctrinaire policies and admit past errors, the U.N.'s future, Africa's future, and indeed our own future, is very dark. Undoubtedly the Afro-Asia bloc at the U.N. wants Tshombe crushed, but the Afro-Asian bloc increasingly is dominated by nationalism and racism. We cannot base our course on nationalism and racism without endangering our own future.

With reluctance, therefore, I urge the defeat of the U.N. bond issue until we show clearly that our future attitude toward Katanga and related matters in Africa is based on our own self-interest.

Mr. CHIPERFIELD. Mr. Chairman, I have no further requests for time.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania, Dr. THOMAS MORGAN, was very fair in giving the proponents, as well as the opponents, of this bill ample opportunity to present their viewpoints. The hearings themselves—and the consideration of the bill in executive sessions—consumed more than a month's time. The printed record of the hearings has filled 649 pages. It is obvious, therefore, that the committee has given careful consideration to this legislation.

Nevertheless, on issues as complex as this one, differences of opinion and judgment are bound to come to the fore. And I, for one, must differ with the decision of the majority of the committee to recommend the approval of the proposed loan to the United Nations.

I do not believe we should make this loan. I do not believe that the loan will serve our national interest—or the best interests of the United Nations. I am firmly of the opinion that we should defer action on this legislation until such time as the United Nations General Assembly—which will meet in New York on September 18—will have an opportunity to settle two pending issues: The issue of the United Nations course in the Congo, and the question of arrears of countries which are members of the United Nations.

I would like to make a few comments about those issues, and why I believe that they should be resolved before the U.S. Congress votes to provide financial assistance to the United Nations in excess of our regular and special assessments.

First of all, I have serious reservations about the United Nations continued military presence in the Congo. There is no evidence that I have seen to prove that the Congo is presently threatened with aggression or outside intervention. The existing threat to stability and the maintenance of order in the Congo comes from within the borders of that country. It has its origin in the conflict between different political factions in the Congo. It is strictly domestic, internal in nature.

I do not believe that the United Nations was constituted to cope with the internal problems of its member nations. This Organization is composed of sovereign states and has no authority to interfere in their internal affairs. As a matter of fact, I can think of nothing that will destroy the United Nations faster and more thoroughly than an attempt on its part to become involved in the domestic disputes of its member states. For this reason, I am deeply concerned over the direction in which the United Nations is moving in the Congo. It seems to me that, at present, United Nations military personnel in the Congo cannot be justified on the grounds that the United Nations force is there to cope with aggression, or to settle an international dispute, or to forestall an international conflict.

The question of continued United Nations presence in the Congo should be reexamined carefully, and this reexamination should be undertaken by the United Nations General Assembly before we provide additional funds for the Congo operation.

There is also a second reason which argues for a delay in reaching a decision on the legislation before us. This concerns the arrears of countries which are members of the United Nations.

The reason for the United Nations financial crisis is obvious. The United Nations is in trouble because its own members are overdue in paying the bills for the operations which they have authorized. As of June 31, 1962, the United Nations deficit amounted to $137 million. On that date, some 70 countries owed the United Nations money, in regular and special assessments, for 1961 and prior years. If those arrears were paid up, the United Nations would not be courting financial disaster.

A few weeks ago, the World Court handed down an advisory opinion which has a direct bearing on this issue. The Court said, in effect, that the U.N. special assessments for its peacekeeping operations in the Middle East and in the Congo are as binding on its members as the assessments for the regular U.N. budget. Since, however, this opinion is advisory only, it must be adopted by a two-thirds vote of the General Assembly before it becomes binding on its members. Should this happen, delinquent members will have to pay their arrears or run the risk of losing their vote in the General Assembly under article 19 on the U.N. Charter.

This is the second matter that should be settled by the General Assembly prior to the approval of additional financial assistance in excess of the U.S. regular and special assessments. Should the United States rush to the United Nations aid at this moment by providing stopgap assistance, the pressures which may force United Nations members to face up to their financial responsibilities will be relaxed.

With the U.N. General Assembly scheduled to meet next week, a delay of a few additional weeks or even months on this legislation is not an unreasonable request. The U.N. Organization cannot survive, and it cannot count on continued support of the American people, unless other countries of the world face up to the responsibilities of membership in that Organization. By deferring action on the bill before us, the possibility that they will face up to those responsibilities will be enhanced.

Mr. Chairman, as a member of the United Nations, our country has a responsibility to that Organization. We also have a responsibility to the American people whose tax dollars support the United Nations. I believe that we can best discharge both responsibilities by deferring action on the bill before the House.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the gentlewoman from Pennsylvania [Mrs. GRANAHAN] may extend her remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mrs. GRANAHAN. Mr. Chairman, I support the Committee on Foreign Affairs and the President of the United States on this bill now before us. The people of Philadelphia believe in international efforts to achieve and maintain peace; they believe in the purposes of the United Nations and they hope and pray that this Organization can succeed in its assigned task.

We wanted the U.N. originally to be established in Philadelphia. We worked hard to attract the Organization to Philadelphia. We did so because the traditions of our city and of our people support the concept of international peace, and the establishment of machinery to achieve peace and maintain peace.

This bond issue on which we are now voting will not guarantee the future success of the U.N.; without the help of such a loan, however, it is certain the U.N. will fail. We must not let that happen out of neglect or disinterest or mistaken fears.

It will not help the Communist cause by passing this bill; quite the opposite, in fact. Communism wants the U.N. to fail. It wants the peacekeeping efforts of the U.N. to be repudiated. The Communists will never forget that the U.N. was the legal instrument for blocking communism's attempts to take over Korea, Iran, and the Congo. Communist countries have refused to pay their share of U.N. peacekeeping operations. The World Court says they must pay, under the charter. This loan is necessary to enable the U.N. to avoid bankruptcy until steps can be taken to collect the huge sums owed by the Communist countries to the U.N. In any event, we are assured under the terms of the loan that we are going to get our money back. I stress that, because this is not a giveaway, it is a devastating blow against communism's efforts to destroy the U.N.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. ANFUSO] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ANFUSO. Mr. Chairman, I rise in support of the bill S. 2768 to authorize the purchase of up to $100 million of United Nations bonds.

The financial crisis of the United Nations is well known to all of us, as are also the reasons which have brought about this crisis. Its annual budget is around $82 million, but a number of the member nations have fallen behind in paying their assessed contributions amounting to some $95 million. Several ways have been proposed to solve this situation and to restore the fiscal integrity of the United Nations, one of these being a $200 million bond issue of which we are to purchase $100 million worth of such bonds.

The United Nations is not the perfect international organization as originally visualized when it was established back in 1945. It has its weaknesses and its shortcomings. But it is the only organization on a vast international scale which has devoted itself solely to the prevention of war and the promotion of peace. Its record of achievements may not be as successful as we should like it to be, but neither is it one of utter failure. In the Congo, in the Middle East, and in other areas of the world it has achieved a notable degree of success. The United Nations has also had some success in the effort to maintain and protect fundamental human rights, to provide economic and social assistance, to alleviate the refugee problem in many parts of the world, and to bring about a better understanding among the nations.

It is clear that if we did not have the United Nations the world situation would be much more tense and more chaotic than it is today. The United Nations still serves as a very effective forum of world opinion with which Khrushchev must reckon and which he cannot afford to ignore. He has tried continually to paralyze its efforts and its influence for the good. If we refuse to help strengthen the United Nations by providing it with the needed funds we shall be playing right into the hands of Moscow. A weak and ineffective U.N. will be an easy pushover for Khrushchev and his ilk, and that would remove the last hope of humanity to achieve peace in the world.

In a letter to our distinguished Speaker on September 11, 1962, President Kennedy wrote as follows:

> There are many good reasons to support this loan. You have heard these reasons from this administration, from President Eisenhower, President Truman, and other distinguished leaders of both political parties. I would add one final thought: In historical terms, the United Nations is still in its infancy—and without our full support it will have no chance to grow into the mature institution foreseen by the farsighted men who wrote the charter for an organization "to secure succeeding generations from the scourge of war."

Mr. Chairman, not until mankind develops a better institution or a better way to keep the peace of the world should we discard or weaken the institution we now have, despite its faults. The United Nations is, after all, a reflection of mankind. If what is reflected is not to our liking, we must strive to improve it. If we kill it altogether, there will be nothing to improve and no further hope of attaining something better. The doom of the United Nations may also spell the doom of mankind with its hopes and dreams of lasting peace, freedom, and security.

The purchase of these bonds is actually a loan which is to be repaid over a period of years. It is not a giveaway. It is an investment in peace, an investment in better international understanding. Positive action on our part here today is bound to be noted in many parts of the world and, I am hopeful, will inspire other nations to follow our example by purchasing U.N. bonds. Our rejection of this proposal would only serve to discourage such nations and may prove to be a fatal blow to the United Nations and to the hopes of humanity.

I urge all my colleagues to support this bill. Let us not make a political football of this issue. This is not a question as between Democrats and Republicans. It is a question for the whole Nation, regardless of political affiliation. The whole world is watching our action and our decision today. Let us show to the nations of the world that when it comes to problems of world peace we stand united and speak with one strong voice. They will have more respect for us.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. KING] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KING of California. Mr. Chairman, over 15 years ago a well-known financier and a very wise man—Beardsley Ruml—made a prophetic statement about the United Nations. In 1945 Mr. Ruml said this:

> At the end of 5 years you will think the United Nations is the greatest vision ever realized by man.
>
> At the end of 10 years you will find doubts—within yourselves and all throughout the world.
>
> At the end of 15 years you will believe the U.N. cannot succeed. You will be certain that all the odds are against its ultimate life and success.
>
> It will only be when the U.N. is 20 years old that you will revere and laud the dedication of those who devoted their energies to it through its turbulent course. For by then we will know that the U.N. is the only alternative to the demolition of the world.

The first stages of this prediction have turned out to be remarkably accurate. I would remind you that a year ago, as the 16th General Assembly met in New York, the United Nations was without an executive head, and without a plan to avert bankruptcy.

At this moment a desperate question mark seemed to hang over the fate of the world organization. The small but noisy minorities in this country who still cling to isolationism, or who are prepared to risk war by go-it-alone intervention, jumped up and down in shrill glee. They were convinced that the U.N. was finished. They were, of course, abetted by the Russians who did their best to paralyze the executive arm of the U.N. with their infamous troika proposal.

At the same time gloomy prophets and the hip-shooting analysts, who dominate parts of the press, administered the last rites and prepared to bury the U.N. in the public prints, even the responsible press and news magazines wondered out loud in unison: "Can the U.N. survive?" The implications seemed to be that if it did survive, it would be but a shadow of its former self.

Well, Mr. Chairman, the U.N. survived. It not only survived, but emerged a better, stronger instrument for keeping the peace—subject to only one qualification. That qualification is the question of finances.

At this very moment, the United Nations—supported by the United States—maintains the peace in the Middle East and the Congo.

At this very moment, at U.S. initiative and under the auspices of the U.N., the nations of the world are still seeking some formula to halt the deadly arms race and put the world on the path toward disarmament.

At this very moment, at U.S. initiative and under U.N. auspices, the nations are meeting in an effort to find other formulas for cooperation in outer space.

At this very moment, at U.S. initiative and under U.N. auspices, the nations are working on concrete plans to turn the next 10 years into a great decade of economic and social progress.

This, then, is the major business today of the United Nations: peace, cooperation in space, and rapid improvement in the standards of living for the world's impoverished majority. All of these activities are carried on through the U.N. Each of them, if successful, will bring enormous benefits to the United States.

I need no statistics to make the point that such urgent, complex, and costly work can hardly be accomplished by an organization in the depts of financial crisis. It is for this reason that a resolution of the financial crisis of the United Nations does, in fact, involve the capacity of that Organization to do its work in the years and months immediately ahead.

We have been told by competent and respected financial authorities that the bond proposal is the best way to restore financial stability to the United Nations.

Mr. Chairman, I am going to vote for full U.S. support for the bond issue.

I want to see the U.N. financial crisis resolved at the earliest possible moment.

I want to see the United Nations get on with the urgent business of world peace and world progress.

I want to see the United Nations fulfill the final prophecy of Beardsley Ruml.

The way to do that is to back the financial plan carefully worked out and approved by the overwhelming majority of the Members not by riding off in some different direction.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, in reply to the gentleman from Illinois, the committee was prepared to discuss any of the peacekeeping operations that may have been brought up. There was more than sufficient time. No time was requested to bring up the matter of the peacekeeping operations. For that reason, no time was used to discuss them today.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. RANDALL].

Mr. RANDALL. Mr. Chairman, I rise in support of S. 2768, because I believe it is essential for the continued success of the United Nations.

The United Nations founded in 1945 announced one of its main goals was the protection of fundamental human rights. The U.S.S.R. has done everything it can to damage the efforts of the U.N. to insure these rights. The Soviets have made repeated attempt either to control or paralyze the U.N., but in view of the deterioration of the international situation it is most important that all democratic countries join together to make the U.N. effective and ever increasingly effective to advance the aims outlined in the charter of 1945.

"What does S. 2768 propose?" It provides for the purchase of up to $100 million of the U.N. bonds to help meet the fiscal crisis which was caused by either the refusal or omission of certain nations to pay their share of costs of the United Nations peacekeeping operations in the Middle East and Congo.

Our House committee has substituted a strict dollar-matching formula in place of the Senate action. Pledges do not count. The President may loan only an amount equal to the total of the bonds purchased by all other nations. There is language that will help insure repayment of the amount of principal. The amount of principal and interest due the United States is to be deducted from our annual membership payments.

Our committee has adopted new section 5 expressing satisfaction over the World Court opinion holding that expenses of U.N. operations in the Congo and in the Middle East are "expenses of the Organization" within the meaning of the U.N. Charter. The effect of all of this will be to deprive members 2 years in arrears on their assessments of their right to vote in the General Assembly.

Mr. Chairman, the House of Representatives is presumed to be the body closest to the people and I think we should emphasize that the Gallup poll clearly showed the overwhelming support of the American people for the United Nations as our best hope for peace in February 1962. The American Institute of Public Opinion of Princeton, N.J., revealed the results of three separate questions as follows:

First. How important do you think it is that we try to make the U.N. a success? Eighty-three percent said, "Very important."

Second. In general, do you think the U.N. is doing a good job or a poor job? Seventy-eight percent answered the U.N. was doing a good or fair job.

Third. Do you think the United States should give up its membership in the U.N. or not? Ninety percent answered, "Should not."

I think one of the most important things to consider during the debate on the U.N. bond purchase is that the cost of the U.N. might well be considered a part of our national defense. Adequate safeguards have been spelled out by the House Foreign Affairs Committee. The committee is to be commended for its good work. S. 2768 should be adopted by a large vote to show the free world the United States believes in the importance of a strong United Nations.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MONAGAN].

Mr. MONAGAN. Mr. Chairman, I support S. 2768.

As has been said, this does represent a request for authority to lend up to $100 million to the United Nations. I believe, as has been suggested many times during the course of this debate, that it is in the interests of the United States to support and to pass this legislation, as has already been done in another form in the other body.

Of course there are difficulties. Of course it is true that all of us have found that the United Nations has not in many ways lived up to the perhaps excessive expectations that we had for this Organization when it was first founded in San Francisco. But that is no reason for us not to support this legislation at this time, because it is a question of what the alternative would be. What would we do if we did not have an international organization to which we could take some of these problems, these peacekeeping problems to which the gentleman from Illinois has just referred, some organization to which we could take them and find that they were carried out effectively, as they have been done in the Middle East, in the Gaza strip, and carried out in a way that they could not have been carried out by the United States directly without the involvement of the Soviet Union and other nations and a distinct possibility of a world war.

Reference has been made several times in the debate to John McCloy. I should like to refer to some of the things that Mr. McCloy said before the Committee on Foreign Affairs when he testified, because he expressed better than I can the essential facts which support this legislation.

I might say that, so far as qualifications are concerned, both on the basis of his experience as the President's disarmament adviser and his tremendous experience in postwar Germany in creating the foundations for the economic revival of that country, there is no American who is better qualified to speak on this subject.

He is a man in whom our committee has great trust and his testimony was moderate and reasonable.

With reference to the United Nations, he said:

> Imperfect as it may be, it functions and if we allow it to collapse, it would not be a very long time before mankind would be demanding the re-creation of a new institution along similar lines just as we did after the collapse of the League of Nations.

He said further:

> I have been as critical as any of the attitude of some of the neutrals, of so-called nonalined states, in their tendency to be bold, provocative, and critical against those whom they do not fear and to be moderate or even conciliatory in their hesitation to offend those whom they do.

However, he says:

> If we did not have such an institution as the U.N., we would rapidly have to invent one.

He said further:

> Any thought of permitting it to collapse at this moment or of failing to do anything within reason to maintain its vigor seems to me to be completely out of the question so far as the interests of the United States are concerned.

Finally, what I consider to be the essential statement that he made and also the basic point in this whole discussion, he said:

> I believe we should go to great lengths to preserve the United Nations even if for no other reason than that it might just serve as a ledge to save mankind from going over the brink into the cataclysm of a thermonuclear war.

That is the issue essentially which we face in considering this question today.

Reference has been made to the Congo. Obviously, this is an area of great controversy. But I should like to point out what Mr. Khrushchev has said about the U.N. operations in the Congo. He said:

> But the experience of the Congo puts us on the alert. This experience shows that the U.N. forces are being used precisely in the direction against which we have warned and which we resolutely oppose.

This was in September 1960 in a speech to the U.N.

In February 1961 he also said:

> Having weighed all the circumstances, the Government of the U.S.S.R. has come to the conclusion that the interests of Congo independence as well as those of U.N. prestige require the speediest termination of the so-called operation in the Congo and the withdrawal of all foreign troops.

So this is what Mr. Khrushchev thought and still thinks about the operations of the U.N. in the Congo. If the U.N. has acted contrary to his desires and interests, perhaps it has moved in the right direction.

Mr. Dulles said something which is significant in this connection, too, in testifying before the Foreign Relations Committee of the other body. Mr. Dulles said:

> Of course, I recognize that this charter does not do what many people would like to guarantee at a single step—perpetual peace. But the world does not move in a single step from a position of virtual anarchy to the condition of a well-rounded political order. These steps are made falteringly. I say that here is at least a step that presents itself to us that may well be and has a good chance to be a step forward on new, firm, and higher ground.

So, Mr. Chairman, it is the alternative which I should like to emphasize—the alternative of where we would be if we did not have this international organization, imperfect as it may be, and with all the difficulties it has experienced in its career. I say I would not wish to be the one who would give the push—I would not want to be the one to give the impulse to send this Organization over the brink and thereby, perhaps, contribute one more step to the creation of conditions which might bring on a total war.

Mr. MORGAN. Mr. Chairman, I yield myself 5 minutes, and ask unanimous consent to speak out of order and to revise and extend my remarks.

The CHAIRMAN. The gentleman is recognized. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

### CUBA

Mr. MORGAN. Mr. Chairman, I know that every Member of the House is deeply concerned about the developments in Cuba. Yesterday the Committee on Foreign Affairs and the Committee on Armed Services held a joint meeting in the committee rooms of the House Committee on Armed Services. The Secretary of State, Hon. Dean Rusk, the Deputy Director of the Central Intelligence Agency, Lt. Gen. Marshall Carter, and Mr. William Bundy, Deputy Assistant Secretary of Defense, International Security Affairs, appeared before the two committees.

During that discussion many members felt there should be some expression by the Congress in the form of a resolution.

Mr. Chairman, it is my intention to introduce this afternoon a House concurrent resolution which expresses the sense of Congress in protecting the freedom of the countries of the Western Hemisphere. For the benefit of the House I will read the resolution:

> Whereas President James Monroe, announcing the Monroe Doctrine in 1823, declared to the Congress that we should consider any attempt on the part of European powers "to extend their system to any portion of this hemisphere as dangerous to our peace and safety;"
>
> Whereas in the Rio Treaty of 1947 the parties agreed that "an armed attack by any State against an American State shall be considered as an attack against all the American States, and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations;"
>
> Whereas the Foreign Ministers of the Organization of American States at Punta del Este in January 1962 declared "The present Government of Cuba has identified itself with the principles of Marxist-Leninist ideology, has established a political, economic, and social system based on that doctrine, and accepts military assistance from extracontinental Communist powers, including even the threat of military intervention in America on the part of the Soviet Union;"
>
> Whereas since 1958 the international Communist movement has increasingly extended into Cuba its political, economic and military sphere of influence: Now, therefore, be
>
> *Resolved*, That it is the sense of the Congress that the President of the United States is supported in his determination and possesses all necessary authority—
>
> (a) to prevent by whatever means may be necessary, including the use of arms, the Castro regime from exporting its aggressive purposes to any part of this hemisphere by force or the threat of force;
>
> (b) to prevent in Cuba the creation or use of an externally supported offensive military base capable of endangering the United States Naval Base at Guantanamo, free passage to the Panama Canal, United States missile and space preparations or the security of this Nation and its citizens; and
>
> (c) to work with other free citizens of this hemisphere and with freedom-loving Cuban refugees to support the legitimate aspirations of the people of Cuba for a return to self-determination.

Mr. Chairman, it is my intention to call the Committee on Foreign Affairs together tomorrow afternoon if possible to consider this resolution for the legislative schedule in the House early next week.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. JUDD. I want to agree with what the chairman of our committee has said. I think this is a strong resolution. It registers the sentiment of the Congress and of the American people. I would like to join the gentleman in introducing an identical resolution.

Mr. MORGAN. I welcome the cosponsorship of this resolution by any Member of the House.

Mr. VINSON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. VINSON. Mr. Chairman, I would like to state to the House that on behalf of the Armed Services Committee I, too, have introduced an identical resolution. This resolution was considered before the Armed Services Committee this morning.

Mr. MORGAN. I appreciate the support given by the distinguished chairman of the House Committee on Armed Services and assure him that I intend to support the measure dealing with the callup of Reserves.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentlewoman from Ohio.

Mrs. BOLTON. Mr. Chairman, I want to join with the gentleman from Pennsylvania and with my colleague from Minnesota [Mr. JUDD] in supporting this legislation. I agree we might not have written it quite the same way, each one of us, but it does give us the sense that the country has of the danger we are now facing.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the distinguished Speaker of the House, the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Chairman, the people of America are very much concerned about the situation, not only throughout the world but particularly the threat of Cuba, 90 miles away from our shore, which threat comes from the Soviet Union.

This resolution is a strong one, properly so, and an appropriate one.

I congratulate the chairman of the Committee on Foreign Affairs and the chairman of the Committee on Armed Services, as well as the minority members of both committees, for the expressions made today.

As Speaker of the House I will cooperate with the Committee on Foreign Affairs in bringing that resolution up as quickly as possible. I am in hopes that the situation will be such from a committee angle that I can program this under suspension of the rules on Monday next.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Alabama, the chairman of the Subcommittee on Inter-American Affairs.

Mr. SELDEN. Mr. Chairman, I would like to commend the distinguished chairman of the Committee on Foreign Affairs of the House in introducing this very timely resolution. I assure him of my full support.

Mr. HALL. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Chairman, I mentioned a while ago in general debate on the U.N. bond issue this matter by indirection. I want to join in the submission of this resolution, which I have been privileged to hear before today, as the chairman of the Committee on Armed Services indicated.

I would particularly call your attention to the second resolve or paragraph (b) therein. In a situation wherein there are Migs and capable rocket launchers, as outlined by the Secretary of State, the CIA, and the Department of Defense, mentioned in a joint meeting of the two committees, this would appear to be an already fact in existence. Therefore, I would hope that the leadership and the distinguished chairman, as well as my colleague from Pennsylvania, would bring this up in such a manner, even if speed is essential and backing of our Commander in Chief is paramount, that we have adequate time for discussion, even prior to hearings; and take a reading, not only among our people but as to the end effects of that resolution in particular.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from California.

Mr. MAILLIARD. Mr. Chairman, as a member of the distinguished gentleman's committee, and particularly of the Committee on Inter-American Affairs, I greet this news with great emphasis, that we are going to have an opportunity in the very near future to make it quite clear what we as representatives of the American people feel about recent developments in Cuba.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. Mr. Chairman, I want to commend the chairmen of both committees for proceeding in this fashion in introducing the resolution. I want to register at this time, however, my deep concern, over a measure of this vast importance being brought to the floor of the House under suspension of the rules, which would limit debate to only 20 minutes on a side. There would not be any amendments in any event. I am satisfied with the feeling in the House that this matter should be moved with great expedition, but I do not believe any measure of this importance should be handled under such procedure, and I want to register my very deep convictions on that at this time.

Mr. MORGAN. The gentleman will have to take that up with the leadership.

**Mr. GROSS.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman from Iowa.

**Mr. GROSS.** Mr. Chairman, I want to join with the gentleman from Missouri [Mr. CURTIS] in voicing a protest here and now against bringing up this resolution or any legislation to provide for the calling of 150,000 reservists under suspension of the rules. I know of no reason or no emergency that requires either piece of legislation being considered under a gag rule.

**Mr. ZABLOCKI.** Mr. Chairman, I just returned from my district and I can report to the membership that President Kennedy's statement of last Tuesday was received with overwhelming approval by the people of Milwaukee.

I want to commend and congratulate the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania, Dr. MORGAN, and the distinguished chairman of the Committee on Armed Services, the gentleman from Georgia [Mr. VINSON], for drafting and introducing the resolution which we are discussing. I think it is a very timely and a very strong resolution, and I am delighted to join in cosponsoring it.

It is my sincere hope that the resolution will be acted upon expeditiously because I believe that the American people desire this type of an expression from the Congress. As a member of the Committee on Foreign Affairs, I will exert every effort to see that this resolution may be reported out and brought before the House without delay.

**Mr. REUSS.** Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **CHAIRMAN.** Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

**Mr. REUSS.** Mr. Chairman, I believe in the United Nations, and so I support this authorization to lend it part of the money needed to keep it alive.

If this money can bring peace to the Congo, I will consider it one of the best bargains we will ever make.

If any situation ever had the makings of a tragedy, it was the Congo. On the one hand, there was the happy prospect of a relatively wealthy colony with a high level of literacy joining the free world as an independent nation. Even when the tragic period of violence followed independence, there was the United Nations, able and willing to restore order and keep the Russians out. All this could have been so successful that the Congo could have become a paragon of free world cooperation.

But there was one vital flaw in this prospect—the shortsighted avarice of a mining combine with powerful connections in a number of countries, including Belgium and Great Britain. By encouraging secession in Katanga, and by taking out more money from the Congo than the U.N. has put in, this combine has bled the United Nations, damaged the unity of the West, and done irreparable harm to the stand of the Western nations in the eyes of the rest of the world.

By its actions, the combine has put the remaining colonies on notice that they cannot expect independence to come peacefully if there is a large private financial stake involved in without holding or delaying real independence.

It was tragic to see a Western business operation, owned partly by Western governments, sabotaging a vital policy of the West.

At the moment, the prospect has improved. The Governments of Belgium and Great Britain now support the proposals for national reconciliation in the Congo. I fervently hope that this support is sincere and will continue. For if the mining combine is once again permitted to call the tune, the $200 million U.N. loan will merely have postponed disaster, not avoided it.

**Mr. MORGAN.** Mr. Chairman, I have no further requests for time.

The **CHAIRMAN.** There being no further requests for time, the Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That there is hereby authorized to be appropriated to the President, without fiscal-year limitation, out of any money in the Treasury not otherwise appropriated, $100,000,000 for a loan to the United Nations. The proceeds of such loan shall not be used to relieve states members of the United Nations of their obligation to pay arrearages on payments of any United Nations assessments, and shall not be used to reduce regular or special assessments against any such members.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2768) to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor, had come to no resolution thereon.

## FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1171. An act to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes, and

H.R. 10129. An act to amend the act of September 7, 1957, relating to aircraft loan guarantees.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 319. An act to amend part I of the Interstate Commerce Act in order to provide that the provisions of section 4(1) thereof, relating to long- and short-haul charges, shall not apply to express companies;

S. 962. An act to amend the Federal Aviation Act of 1958, as amended, to aid the Civil Aeronautics Board in the investigation of aircraft accidents, and for other purposes;

S. 1924. An act to amend the act of August 27, 1954 (68 Stat. 868) with respect to the Uintah and Ouray Reservation in Utah;

S. 2182. An act to amend title 18, United States Code, to prohibit schemes in interstate or foreign commerce to influence by bribery the outcome of sporting contests, and for other purposes;

S. 3019. An act to provide for the conveyance of certain real property of the United States to the State of Maryland;

S. 3138. An act to amend the Federal Aviation Act of 1958 in order to provide for research to determine criteria and means for abating objectionable aircraft noise;

S. 3282. An act for the relief of Yu Sui Ling, also known as Yee Shui Ling;

S. 3297. An act for the relief of Joannis Dounis;

S. 3298. An act for the relief of Stanislaw Bialoglowski;

S. 3335. An act to redesignate the Big Hole Battlefield National Monument, to revise the boundaries thereof, and for other purposes;

S. 3452. An act for the relief of Dr. Hassan M. Nouri;

S. 3475. An act to provide further for cooperation with States in administration and enforcement of certain Federal laws;

S. 3566. An act to change the name of Harpers Ferry National Monument to Harpers Ferry National Historical Park; and

S. 3589. An act to authorize the Secretary of Agriculture to acquire certain lands in Wright County, Minn., and exchange them with the State of Minnesota for State-owned lands in the Superior National Forest, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2357. An act to provide for the regulation of credit life insurance and credit accident and health insurance in the District of Columbia.

S. 3086. An act to provide for a reduction in the workweek of the Fire Department of the District of Columbia, and for other purposes.

S. 3315. An act to relieve owners of abutting property from certain assessments in connection with the repair of alleys and sidewalks in the District of Columbia, and

S. 3317. An act to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2356) entitled "An act to amend the act known as the 'Life Insurance Act' of the District of Columbia, approved June 19, 1934, and the act known as the 'Fire and Casualty Act' of the District of Columbia, approved October 3, 1940," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BEALL, Mr. SMITH of Massachusetts, and Mr. MILLER to be the conferees on the part of the Senate.

The message also announced that Mr. HARTKE was appointed as conferee on the bill (H.R. 4670) entitled "An act to amend the law relating to indecent publications in the District of Columbia," in place of Mr. MORSE, excused.

## WORLD PEACE THROUGH LAW

The **SPEAKER**. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 10 minutes.

Mr. **HALPERN**. Mr. Speaker, the need for law in the world community is the greatest gap in the growing structure of civilization. The achievement of world peace through law is a wonderful dream which could become a reality. Americans since colonial times have insisted that there is a rule of law which is superior to the rule of man. Now many Americans are endeavoring to carry the concept of the rule of law into the international field as a method of preserving world peace. This public focus upon the rule of law is extending throughout the hemisphere and it can achieve good for humanity if the task is taken up by enough people.

You ask what exactly is this international rule of law idea? The basic idea is that international disputes should be settled without resort to arms. It is the building of an international law which is adapted to today's world both as to content and as to universality of acceptance. The idea that there is a higher legal obligation than a nation's own local jurisprudence must be demonstrated to the world so nations can accept the obligation without loss of national sovereignty or pride. The rule of law where it prevails within nations must mean liberty, justice, and equality for the individual. It embodies the natural law, and the great principles common to all religions. Essentially it is what is right and just under the rule of reason as developed by the experience of man.

The American Bar Association has established a world peace through law program which is a commendable project. The program's objective is simple, but vital—to substitute the rule of law for the rule of force. Through the efforts of the world peace through law program, continental conferences have been held for the Americas, for Asia and Australasia, for Africa, and the Middle East. These conferences have received the support of the Ford Foundation and the International Cooperation Administration and they precede a proposed world conference. Each conference has adopted a consensus which proclaims the imperative need for judicial settlement of international disputes, and suggests standards for judges on international judicial institutions.

The delegates to the conferences envision a program of research, education, and action. This is a program in which we can actively participate by constantly offering the rule of law as our country's plan for a peaceful world.

Charles S. Rhyne, chairman of the Special Committee on World Peace Through Law of the American Bar Association, and a past president of the ABA, recommends as a plan to achieve peace that the United States announce to the world that its plan for peace is the universal rule of law on a worldwide basis. We should, he urges, describe this plan of peace through law as a plan which insures liberty, equality, and justice for all men as well as for all nations:

> We must achieve peace under law primarily through development of methods to utilize a judicial concept in the resolution of disputes between nations. The need here is to focus the crystalized opinion of the people of the world upon the rule of law and what it can do for mankind.

John Foster Dulles, speaking on the role of law in peace said:

> To accomplish peace through law will take patience and perseverance. It will require us at times to provide an example by accepting for ourselves standards of conduct more advanced than those generally accepted. We shall be misunderstood and our motives misinterpreted by others who have had no such training as we in doctrine of law. There is no nobler mission that our Nation could perform. Upon its success may depend the very survival of the human race.

Developments in the last few weeks have indicated that we are still engaged in an ever-increasing arms race with Russia. At present there seems to be no end to this arms race. Will we go to war—or will we apply the rule of law in our international disputes?

We desperately need a law of nations under which international tribunals will apply the rule of law in international disputes. Of course, voluntary compliance by nations would be necessary to enforce decrees and judgments of a world court against nations. Would Russia submit to the judgment of an international tribunal? We do not know; but it is obvious that the world no longer has a choice between force and law. As President Dwight D. Eisenhower said:

> If civilization is to survive, it must choose the rule of law.

International rules of law have been successful; for instance, worldwide adherence to the law of the sea, law of the air, the law of diplomatic immunity, and the postal convention demonstrate working universal and worldwide law. The rapidly decreasing size of the world intensifies the need for new institutions to help resolve new international problems. The United States may not have done all that it could do to insure the success of an international tribunal. The International Court of Justice created by the United Nations in 1945 has played only a minor role in the settlement of international legal disputes.

The refusal of some nations to accept the Court's jurisdiction at all has caused the Court to suffer. The Court has no jurisdiction in many disputes unless the nations agree that it has in a particular case.

Our country accepted the jurisdiction of the International Court of Justice in 1946 but with a reservation excluding from the Court's jurisdiction "disputes within the domestic jurisdiction of the United States." The Connally amendment added to our reservation the clause "as determined by the United States of America." This country was the first to provide that the jurisdiction of the Court should be determined not by the Court but by us. Several other nations followed our example. Perhaps the United States should reconsider this reservation and determine whether or not it is such an impairment to the effectiveness of the Court that it should be removed. If an international tribunal is to be effective it needs the wholehearted support of the United States.

We must support the movement of waging peace through the rule of law. Charles Rhyne, speaking to the Conference on World Peace Through the Rule of Law at Rome in April stated:

> It is an unfortunate truth of our era that at a time of so many spectacular achievements, the area of knowledge of how to replace force with law is, in fact, the world's greatest underdeveloped area. We must create a means to bring to this ever-mounting offensive against war not only legal talents, but at least a portion of the political, scientific, and technological talent we now lavish on preparations for war.

Mr. Speaker, the rule of law can be an effective means of achieving world peace and an alternative to a world dominated by brute force. This program is a program of realists and it is one in which we may all join.

---

## THE ALLAN B. ROGERS MEMORIAL AWARD

Mr. **LANE**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. **LANE**. Mr. Speaker, the death of a young man whose personality and ability give promise of a full life, rich in service to his fellow men, brings grief to a whole community.

So it was with Allan B. Rogers, only 31, and editor of the successful and respected Lawrence Eagle-Tribune published in Lawrence, Mass.

Allan came from a family of newspapermen. His father and grandfather owned and published and built the Eagle-Tribune into one of the most influential newspapers of Massachusetts.

With pride in his heritage, and with a love for journalism that he acquired during his formative years, Allan quickly learned the teamwork of skills that create from many sources, and within a few hours, that most modern of products, the daily newspaper. By his natural aptitude, industry, and happy faculty of inspiring confidence among his coworkers, he earned his way to the position of editor with the best years of his career still before him.

Because a newspaper is so closely identified with the whole life of a community, Allan took an active interest in civic responsibilities. By helping to make Greater Lawrence a better place in which to work and live, he was providing the spirit and the leadership that exemplify the highest ideals of journalism.

His fellow editors recognized his worth by electing him president of the United Press International Newspaper Editors of Massachusetts. In the spring of 1962, the UPINEM decided to name one of the annual competitive awards in honor of a person connected with one of the 45 Massachusetts papers served by the UPI.

Three days after this meeting, Rogers died at the Phillips House of the Massachusetts General Hospital.

He was so eager for life and so confident that he could enrich it with his own contributions, that many people found it difficult to believe that he had passed away.

But time, in its sweet sad way does ease the shock of grief. Then comes the need to honor and perpetuate the memory of one whose journey through this life helped those he met along the way.

The United Press International Newspaper Editors of Massachusetts, in tribute to their late president, have announced that, from now on, the best editorial award in the annual UPINEM-sponsored competition will be known as the Allan B. Rogers Memorial Award.

The best locally produced editorial on a local subject will be judged on the basis of vigor and style.

Vigor and style as fresh as the dawn.

That would have pleased Allan B. Rogers as this award, dedicated in his memory, will bring comfort and quiet pride to his family and friends.

## TIME OF MEETING TOMORROW

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## COMMITTEE ON BANKING AND CURRENCY

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Saturday to file certain reports.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## COMMITTEE ON AGRICULTURE

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight Saturday to file certain reports.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## COMMITTEE ON EDUCATION AND LABOR

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may have until midnight tonight to file certain reports.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## "NOW, MR. McNAMARA HAS SET UP A DEFENSE SUPPLY AGENCY AND IT IS HIGH TIME WE GOT IT"—HARRY S. TRUMAN

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mr. CURTIS of Missouri.** Mr. Speaker, I do not think anyone would expect all Missourians to be in complete agreement on national issues. I would certainly say that there are a great many issues upon which former President Truman and I are in sharp disagreement. There is one subject, however, which I am happy to state we agree upon completely and that regards the establishment of a Defense Supply Agency in the Department of Defense in order that there may be greater effectiveness, economy, and efficiency in the procurement and management of supplies and equipment which annually cost the taxpayers some $25 billion. Regrettably, much of the expenditure is fruitless and wasteful.

In the September 1962 issue of the Military Review there is an excellent article regarding the President's responsibility. President Truman has added a foreword which I consider to be worth the reading of every taxpayer in the country. President Truman's article follows, verbatim:

### THE PRESIDENT'S RESPONSIBILITY

(By Harry S. Truman)

(The Military Review is grateful for the opportunity to present this statement by a former President of the United States. Mr. Truman's personal message serves to introduce our readers to the articles following which deal with the direction of our military forces at the highest level.—EDITOR.)

Just 15 years ago this past July I signed into law the bill that set up the National Military Establishment and created the Office of Secretary of Defense. The bill was not all I had asked for from the Congress, but it was a first step in the direction of unification. Even while World War II was still on, I had spoken out for unification. After I became President, I called on Congress to give us the kind of defense machinery that would fit the needs of the times.

As Commander in Chief, the President knows perhaps better than anyone else how much it takes to get all the services pulling in the same direction. There are a great many different factors that go into the making of a command decision, but in the end there has to be just one decision—or there is no command. I learned that lesson in France in 1918.

The Presidency of the United States is the greatest and most honorable position in history. It is actually six jobs rolled into one—and, under the Constitution of the United States, there is no way for the man who has that position to get out of any of them.

You can talk about lightening the burdens of the Presidency, but no matter how the Government is reorganized there are always these six functions to be carried out, and there are always decisions that can be made only by the man who is in the White House at the time.

There are some who would change our system of government so that the responsibility would be more widely distributed. Under our Constitution this is not possible, and I just happen to think that the Constitution has served us pretty well for all these years. I think that it is good for the people to know who is responsible; that is the only way a democracy can function.

That is not to say that the responsibilities have not become graver and the decisions tougher than was true when Henry Knox was Secretary of War under George Washington and the whole Army had less than 5,000 men. There are five times that many today in the Pentagon alone. It is a far cry from the cavalry captain who would take his troop to rifle practice in the sagebrush to the huge organization of Joint Task Force 8 that carried on the nuclear testing this spring. The older readers will remember, as I do, the days when the mess sergeant went out and did his own shopping for the company's needs; now Mr. McNamara has set up a Defense Supply Agency, and it is high time we got it.

Of course, size is only a small part of the change. I suppose it takes someone my age to appreciate the difference between horse-drawn artillery of the kind we had in World War I and intercontinental ballistic missiles, between using runners on foot and the electronic communications of our day. But you do not have to be very far along in age to understand what difference nuclear weapons make.

Today the defense of the United States is wherever the free world is being defended. The strength of our allies is part of our defense, and our strength contributes to theirs. Someone has said that the President of the United States is now the Commander in Chief of the free world; I suppose that in the sense that the United States has the responsibility of providing the leadership for the free world, the President is the one who carries that burden.

How does he do it? I am sure that the burden has become even greater than it was when I was President, and of all the President's functions that of Commander in Chief has grown the most in importance and in its demands upon the incumbent. But I think that the basic principles that I tried to follow have always applied and apply now.

First of all, the President has to be on top of the situation. Getting the facts, and all the facts, takes hard work, and very little can be done by others. You cannot make a decision if you do not know what the alternatives are. You cannot know what the alternatives are if you do not have all the facts.

Second, the President has to find the best men he can to be on his staff and in his Cabinet. I was fortunate to have such outstanding men willing to serve as Dean Acheson, Gen. George C. Marshall, and Robert A. Lovett: they were outstanding leaders and remarkably capable organizers.

Third, the President needs an organization that can and will give full effect to his decisions. This has been the most difficult thing to accomplish because of the many traditions and special interests. I believe that we made progress 15 years ago when I signed that unification bill and that we are making progress today. We need to go on making progress. We need to use every new technique available, every bit of new knowledge, so that in the end the President will always be prepared to face with confidence the many decisions that our position in the world and his position in the Nation require him to make.

It was with genuine pleasure that I note that the ex-President from Missouri has stated that "Now Mr. McNamara has set up a Defense Supply Agency—and it is high time we got it." I consider that this statement is extremely significant and timely since, as we know, there have been efforts by proponents of "three departments separately administered," to curtail if not to eliminate the

**newly established Defense Supply Agency in spite of the fact that it has been endorsed by President Hoover, President Truman, and President Kennedy.**

---

## POSITION OF U.S.S.R. IN COLD WAR

**Mrs. MAY.** Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. DERWINSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentlewoman from Washington?

There was no objection.

**Mr. DERWINSKI.** Mr. Speaker, with the natural concern that our citizens have over developments in the cold war, it is practical for us to evaluate the position of the Soviet Union. It is apparent that our foreign policy is based on confusion, vacillation, and lack of confidence in our own strength and vigor, whereas it should be based on the known weaknesses and problems of the Communist world.

Dr. Lev E. Dobriansky, professor of economics at Georgetown University, and president of the National Captive Nations Week Committee, is considered an outstanding international authority on the Soviet Union. I insert in the RECORD at this point his recent analysis of the Soviet Russian weaknesses and vulnerabilities, published in the September 10, 1962, issue of the American Security Council's Washington Report:

### SOVIET RUSSIAN WEAKNESSES AND VULNERABILITIES

In analyzing Soviet Russia, it is necessary to distinguish at the outset between weakness and vulnerability. A weakness is a condition of defect and impairment which does not in itself constitute a vulnerability. For it to develop into this state, an external stimulus is required. There are many deep weaknesses in the totalitarian Soviet Russian empire, but so long as they remain untapped they are not, by definition, vulnerabilities. Policies of patched-up containment, evolution and wishful thinking on the coming breakup of the so-called Communist bloc serve only to guarantee that Soviet weaknesses shall not become vulnerabilities. The active external agent, the catalyst, is lacking.

The prodigious irony of the current situation is the fact that beneath the surface of most Soviet Russian accomplishments and points of strength rest their most profound weaknesses.

The real decision before this Nation today is not whether to push or not to push into space, to disarm or not to disarm, to negotiate or not to negotiate, to trade or not to trade with the Red empire. Instead, the basic and real decision is whether to meet or not to meet the full cold-war challenge of colonial Moscow. If we should resolve to engage the enemy in the total context of the cold war, it wouldn't and couldn't be a matter of fighting this war only on our side of the 50-yard line. The best defense is the offense, and it should be obvious that the defense of freedom is being battered from Laos to Cuba because our mere defensive and reactive posture is not the best defense.

A cold war offensive would not permit Moscow's imperialism to nibble away at us, for such an offensive necessitates the conversion of well-known weaknesses in the enemy's empire into vulnerabilities and the systematic exploitation of these vulnerabilities toward his eventual destruction.

There are five major areas for analysis: (1) The ideologico propaganda; (2) the empire; (3) the so-called economic race; (4) the military—space field; and (5) the party apparatus.

1. We have still to appreciate the central importance of propaganda in the cold war. The Soviet Russians have developed this basic art to make a relatively backward state appear as the equal of the American giant, to make the worst empire of its kind appear as the great proponent of national liberation and independence, and to move the minds of millions throughout the world in the belief that all this is so.

However, the weaknesses of Moscow's ideologico propaganda are deep and fundamental. After 20 years of indoctrination, millions of Ukrainians, Georgians, Russians, and others deserted colonial Moscow in World War II; after 10 years of heavy propaganda Hungarian students and workers staged the 1956 revolution. There are many similar examples to prove the utter bankruptcy of Communist ideology when it is put into practice.

Nevertheless, Moscow continues to capitalize on this massive deception, chiefly because of our failure to develop these weaknesses into critical vulnerabilities. This requires a realization of the central importance of propaganda. The Voice of America is but a pygmy compared to Moscow's media. There are many good opportunities for demolishing the image Moscow casts of its empire. For example, we could easily show the Russian perversion of theoretical Marxism, the emptiness of so-called Communist ideology, the emergence of the technocratic elite in the U.S.S.R., and the colonial exploitation of the captive non-Russian nations within the Soviet Union. These are only a few points to establish the Russian mythology of communism.

If we are to win the cold war, we must recognize and repeatedly stress the real threat which Soviet Russian mythology conceals. And this is the Soviet Russian imperio-colonial system of totalitarian rule.

2. The second general area of Moscow's obvious strength is its expanded empire. One of Moscow's paramount goals in the past 5 years has been to gain Western acquiescence to the permanence of its present empire, and our increasing indifference toward the captive nations has helped in this.

Those who today preach that the Soviet Russian empire is showing signs of disintegration, that the future is with us, that all that is required is a military buildup and trade with this empire, are gravely misleading the citizens of this country. There is no substantial evidence of this. In fact, all the important and basic evidence of increasing empire strength points the other way. Of course, Moscow has its problems. Who doesn't? It had even greater problems at Stalin's death and during the Hungarian revolution, but it, nonetheless, continued to build up its composite power.

Yet, beneath the surface of this imperial power and strength lies the most profound weakness of the Soviet Union and of the entire structure of Moscow's imperial rule and power. This weakness is the immense latent power of the genuine patriotic nationalism of the captive peoples both within and outside the Soviet Union. It is this patriotic nationalism which is our most formidable weapon against Soviet Russian imperio-colonialism, not the superficial disagreements between puppets and the prime power.

Khrushchev's sensitivity here is shown by his fury at the Captive Nations Week resolution, passed by Congress in 1959. Except for the U-2 incident, no event in the past 10 years has had as violent an impact on Moscow as this resolution. Khrushchev and his puppets know, if we do not, the disastrous effects that a methodic implementation of this resolution could have on their worldwide propaganda operations and on the nations within their empire.

3. In the economic area, it should be readily recognized that for cold war objectives the empire economy of the Soviet Union is strong, secure, and increasingly threatening. Moscow has a long way to go to match our economy, but being a totalitarian and essentially a war economy, the U.S.S.R. poses an increasing threat as $12 to $20 billion of additional output becomes annually available to it for cold and hot war purposes.

Weaknesses in the economy are many, but most fundamental are the differences in status and real income between the ruling elite and the underlying population, and also the rampant economic colonialism to which the captive non-Russian peoples are subjected. This could be transformed into a vulnerability by focusing worldwide attention and opinion on these weaknesses. It would provide important political leverage to the liberal Russian and nationalist non-Russian forces within the U.S.S.R.

4. The U.S.S.R. devotes top priority allocation of resources to the military-space field. Over 20 percent of the gross product in the U.S.S.R goes to military pursuits. Their further development poses great dangers, particularly in significant breakthroughs capable of magnifying their military power. Today, Khrushchev threatens us and the world with "global missiles." He has been so effective in propagandizing the empire's military and space feats that in addition to naive and pacifist groups doing his work for him in the free nations, even our own leaders invoke from time to time the pangs of "nuclearitis" as an excuse for the absence of a well defined and developed cold war policy.

But the innovation of present military-space technology in no way alters the persistent weaknesses in the armed forces of the U.S.S.R. The ultimate weapon is still man and his morale, loyalties, and will. Moscow is well aware that in all three major wars in this century, the motley and multinational forces of the Russian empire, whether czarist or Soviet, disintegrated early.

Capitalization of this vital weakness into a vulnerability rests obviously on a broader program directed at the captive non-Russian nations in the U.S.S.R. Along with this is the necessity for a full and superior development of all our arms, nuclear and conventional. The only sure and safe way to preserve the gray peace and to move forward to cold war victory is by attaining and maintaining unquestioned superiority along the entire spectrum of military technology and weaponry.

5. The final area for analysis is the party. The Communist Party of the Soviet Union is the cohesive agent of totalitarian Soviet Russian strength, and the vehicle for the subverting conspiracy beyond it.

However, it has weaknesses that could be developed into fatal vulnerabilities. The perennial problem of succession, intraparty feuding, the pressures of national parties in Ukraine, Georgia, and elsewhere, and infiltration of party councils and machinery lend themselves to such a development. Here, as elsewhere, our offensive in the cold war would necessarily have to be organic, composite and totalistic. Pursuing one weakness as against others would be both foolish and wasteful. But involved in each of these major weaknesses is the basic problem of the captive non-Russian nations in the U.S.S.R.

It is painful to observe how, today, we continue to miss our opportunities for eventual cold war victory. However, I am positive that given an aroused citizenry, the dominant facts of international life and the predominant weaknesses of the Soviet

Russian empire will lead us to the pursuit of an inescapable policy of emancipation and a cold war strategy designed for decisive victory.

LEV E. DOBRIANSKY.

---

## COMMISSION ON RESEARCH AND DEVELOPMENT

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. MEADER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. MEADER. Mr. Speaker, I have introduced today a bill to establish a Commission on Research and Development.

This bill is for the same purpose as a bill I introduced on April 17, 1962, H.R. 11377. The new bill can be said to be essentially the same but with perfecting language.

It differs from H.R. 11377 in two principal respects. First, the scope of the study contemplated is somewhat broader and more clearly stated.

Second, the composition of the membership of the Commission is somewhat different in that the six public members of the Commission will be appointed by the President from a panel of not less than 20 nor more than 25 persons experienced in scientific research and education or industrial research, engineering and development, recommended by the National Academy of Sciences.

Mr. Speaker, I have incorporated these changes in a new bill so that during the consideration of this legislation by the Science and Astronautics Committee these suggestions will be available for the study of the members.

Mr. Speaker, on August 8, 1962, the Senate passed S. 2771, introduced by Senator MCCLELLAN, and that bill is now pending before the Science and Astronautics Committee of the House. I have urged that speedy action be taken by that committee on this legislation and hope that the committee will not postpone consideration any longer.

Mr. Speaker, this study should have been undertaken by such a body as is contemplated by this legislation a long time ago. Our expenditures in scientific research and development are mounting, and the problems which such expenditures raise both with respect to government programs and the scientific community are becoming graver each day. Mistakes can be frozen into the fabric of this activity which may well limit scientific progress so important to our national well-being and, indeed, our survival.

I hope the Congress will see fit to create this Commission before this session of Congress expires.

A copy of my new bill follows:

H.R. ——

A bill to establish a Commission on Research and Development

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### FINDINGS AND DECLARATION OF PURPOSE

SECTION 1. The Congress finds that research and development activities conducted by or under the sponsorship of the various agencies of the Federal Government have a major impact upon the conduct of scientific and other scholarly research in the United States, and vitally affect the overall pattern and direction of future Federal programs and private activities. It is the purpose of this Act to provide for a thorough study of such programs for the purpose of (1) ascertaining the impact of such programs on institutions of higher education, including the impact on such institutions of the portion of the indirect costs of such institutions which are attributable to such program and which are borne by the institutions, (2) studying the implications for academic freedom and the proper role of universities in our society of Federal selection and control of research programs at such institutions, (3) studying questions involved in the ownership of patents, patent rights, and proprietary rights where such patents or rights are attributable to such programs, (4) assuring the conservation and efficient training and utilization of scientific and engineering manpower through elimination of overlapping and duplication of effort, and (5) evaluating the effectiveness of such programs and their efficiency and economy, and determining the extent to which such programs require administrative or organizational reforms. It is further the purpose of this Act to provide for the making of recommendations to the President and to the Congress of proposals for necessary improvements in federally financed programs and activities in the field of research and development.

### ESTABLISHMENT OF COMMISSION; DUTIES

SEC. 2. (a) COMMISSION ESTABLISHED.—There is hereby established a bipartisan commission to be known as the "Commission on Research and Development" (in this Act referred to as the "Commission").

(b) DUTIES OF COMMISSION.—In conformity with the findings and in furtherance of the purpose declared in section 1, the Commission shall conduct a full and complete investigation and study of all operations of the Federal Government in the field of research and development, whether conducted by Federal agencies directly or through contract, grants-in-aid, or otherwise. The Commission shall report the results of its investigation and study to the President and to the Congress, and shall make such recommendations with respect to the operations of the Federal Government in the field of research and development as it may deem desirable.

### MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) NUMBER AND APPOINTMENT.—The Commission shall be composed of fourteen members as follows:

(1) Ten appointed by the President of the United States, four appointed from the executive branch of the Government and six appointed from private life from a panel of not less than twenty nor more than twenty-five persons experienced in scientific research and education or industrial research, engineering and development, recommended by the National Academy of Sciences;

(2) Two Members of the Senate appointed by the Vice President from different political parties; and

(3) Two Members of the House of Representatives appointed by the Speaker from different political parties.

(b) VACANCIES.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

### ORGANIZATION OF THE COMMISSION

SEC. 4. The Commission shall elect a Chairman and a Vice Chairman from among its members.

### QUORUM

SEC. 5. Eight members of the Commission shall constitute a quorum.

### COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 6. (a) MEMBERS OF CONGRESS.—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) MEMBERS FROM THE EXECUTIVE BRANCH.—The members of the Commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary $20,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(c) MEMBERS FROM PRIVATE LIFE.—The members from private life shall each receive $50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

### STAFF OF THE COMMISSION

SEC. 7. The Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

### CERTAIN LAWS INAPPLICABLE TO COMMISSION AND ITS STAFF

SEC. 8. The service of any person as a member of the Commission, the service of any other person with the Commission, and the employment of any person by the Commission, shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

### EXPENSES OF THE COMMISSION

SEC. 9. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this Act.

### POWERS OF THE COMMISSION

SEC. 10. (a) COMMITTEES.—The Commission may create such committees of its members with such powers and duties as may be delegated thereto.

(b) HEARINGS AND SESSIONS.—The Commission, or any committee thereof, may for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such committee may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before any committee thereof.

(c) OBTAINING OFFICIAL DATA.—The Commission, or any committee thereof, is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this Act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, or any committee thereof, upon request made by the Chairman or Vice Chairman of the Commission or of the committee concerned.

(d) SUBPENA POWER.—The Commission, or any committee thereof, shall have power to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the Chairman or Vice Chairman of the Commission or committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (2 U.S.C. 192–194), shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this section.

EXPIRATION OF COMMISSION

SEC. 11. The Commission shall cease to exist on June 30, 1964.

## PROBLEMS OF THE LUMBER INDUSTRY

The SPEAKER. Under previous order of the House, the gentleman from South Dakota [Mr. BERRY] is recognized for 60 minutes.

Mr. BERRY. Mr. Speaker, I take the House floor again today to point up the serious situation in an industry wherein lumber mills are being forced out of business, thousands of people are thrown out of employment, and the economy of many communities is being seriously disrupted because of the policy adopted by the Forest Service, the Department of Agriculture and the administration in power.

The plight of the lumber industry has been a growing concern both economically and legislatively. Several hundred mills have been closed in the past 2 or 3 years, and other mills are closing almost daily. Several hundred thousand employees have been thrown out of work with its economic disruption both in the communities and States, as well as in the Nation.

U.S. lumber production in 1961 was down 4.2 billion board feet from the 13-year average. Softwood lumber, the major segment of the U.S. lumber production, was down 1.8 billion board feet from 1961 from the 13-year average. At the same time, softwood lumber imports from Canada were up from 1.4 billion board feet to 4 billion board feet in 1961.

Canada is supplying about 95 percent of the total U.S. imports of lumber. In 1961 alone there was an increase of 400 million board feet from Canada. Actually, in 1961, Canada supplied approximately 17 percent of the softwood lumber used in the United States. It became apparent that Canada could capture any share of the American consumption they desired by quoting prices from 3 to 8 percent below U.S. producers.

It also became apparent that this noncompetitive situation was made possible by the fact that stumpage prices in the two countries are entirely noncompetitive. In 1960 Canadian stumpage of all species averaged $5.38, while the average stumpage cost in Western United States was $20.02. There is also a Government-granted transportation advantage for the Canadian operators. Canada manipulated its current exchange, advantageous to their exporters into the United States, and there is other definite governmental assistance granted to the lumber industry exporting into the United States.

Because of serious concern over the situation as it was developing, Members of Congress joined with the industry on a nonpartisan basis pointing up the problems and the dangers, and finally on February 21 more than 50 representatives of the Nation's lumber industry and more than 45 Members of Congress and their administrative assistants met with Secretary of Agriculture Freeman and his staff to present the problem and recommend solutions to the Department of Agriculture.

They recommended four principal proposals to the Department pertaining primarily to allowable cut, appraisal methods, appeals procedure, and contract reviews.

Both Members of Congress and the industry generally carried on the fight for assistance to the industry on a nonpolitical, bipartisan basis. There were introduced more than a dozen House joint resolutions calling on the President to impose quotas for the importation of lumber. Bipartisan conferences were held, efforts were made on the House floor both by individuals and by groups, calling upon the Secretary of Agriculture to take some action within the management of the Forest Service, pricewise and otherwise, to at least assist in making the lumber industry more competitive with Canada and calling upon the President to use the powers granted to him to establish quotas against devastating imports.

In spite of this bipartisan effort on the part of Members of Congress from both parties and from all areas of the country when the President was ready to issue a statement on his proposed action, he called to the White House on July 26 only Democrat Members who were interested in the lumber problem, not one Republican was invited. He conferred with this group, obtained their approval of a six-point program which the administration indicated would heal the wounds of the lumber industry and which Members of Congress and the industry felt would very materially assist, if implemented with any degree of desire to actually provide assistance. It included both immediate and long-range action which, it was stated, would increase employment, improve efficiency and raise earnings.

The proposed steps as outlined by the President called for—

First. The initiation of negotiations with Canada concerning the amount of softwood lumber imported into the United States.

Second. The submission of a request to the Congress for additional funds for forest development roads and trails program to assure the prompt harvest of national forest timber.

Third. The amendment of the intercoastal shipping laws to permit use of foreign vessels when those conditions exist which indicate severe hardship to American shippers. This amendment will reduce the handicaps suffered by American producers in the intercoastal shipment of lumber.

Fourth. An immediate increase in allowable cuts which will make available 150 million board feet on the lands managed by the Department of the Interior.

Fifth. The establishment of a preference for American products in the purchase of lumber by the Department of Defense, the General Services Administration and other Federal departments and agencies. This could be particularly significant in connection with the various aspects of the AID program.

Sixth. Increased attention to loan applications filed with the Small Business Administration and the Area Redevelopment Administration by lumber mills in order to enable them to upgrade their production and better compete with imported lumber products.

In addition, the President indicated that he was directing that there be a continuing review of the problems of the industry by an interagency committee in order that developments and problems might be anticipated and recommendations made to meet and overcome any difficulties or handicaps the industry might face. The Secretary of Agriculture would be specifically instructed to report to him by October 15 on both firm and interim increases in national forest allowable cuts to assure a continuation of timber sales at or beyond the record levels achieved in the most recent quarter of 1962.

In spite of all the high-sounding ideas and phrases set forth in the President's statement, almost nothing has been done to implement any of the six points.

Mr. NORBLAD. Mr. Speaker, will the gentleman yield?

Mr. BERRY. I yield to the gentleman.

Mr. NORBLAD. Is it not a fact that the administration simply is giving the lumber industry a lot of conversation and a lot of talk and accomplishing nothing?

Mr. BERRY. That is exactly right. As a matter of fact, he stated he would initiate negotiations with Canada on the subject of quotas. It was expected the administration would probably ask for voluntary quotas on the part of the Canadian industry.

During the week of August 27 a conference was held with officials of the Canadian Government and the industry. The American conferees came back and issued a press release saying that they had a conference.

The President's statement promised "the initiation of negotiations with Canada." If this statement meant that they would hold a conference with the Canadians regarding the importation of lumber into this country, then they have fulfilled their promise—they did hold a conference. Even their own press releases on that conference failed to mention any agreement on quotas, any limitation on shipments or anything beneficial to the domestic industry.

Canada raised its tariff on lumber. Canada devalued its dollar. Both of these steps were taken to improve the condition of the Canadian lumber industry. We had a conference.

**Mrs. MAY.** Mr. Speaker, will the gentleman yield?

**Mr. BERRY.** I yield to the gentlewoman.

**Mrs. MAY.** Mr. Speaker, I have asked the gentleman from South Dakota to yield to me so that I may offer my commendation to him for his concern with and understanding of the problems of the lumber industry and in addition to commend him for his consistent efforts to try to solve these problems.

As the gentleman has stated, representatives of the United States and Canadian Governments met on August 28 and 29 in Ottawa, Canada, to discuss present and future problems confronting the North American softwood industry, with respect to forest resources, growth rates, employment, and markets. During a 2-day meeting in which the discussions took place, a detailed examination was made of lumber trade between the United States and Canada; Canadian imports into the United States; and current economic problems confronting the U.S. softwood lumber industry.

First, let me say that I am pleased that the President recently recognized the serious problems caused by excessive Canadian imports of softwood, and I am pleased that the United States sent a negotiating team to the lumber negotiations in Canada.

Prior to the first negotiating session, however, it came to my attention that the American negotiators going to Ottawa would not be accompanied by technical advisers from the lumber industry. I immediately wrote to President Kennedy to express my hope that the American spokesmen would at least have handy to their call somewhere in the Province a few lumber industry experts to help advise the American negotiators because American communities dependent upon the forest industry have too much at stake to risk losing this battle. Indications were that the Canadian team would have at its disposal lumber industry experts from the Province, and it seemed to me to be only reasonable that we should match the Canadians in this respect.

In response to my letter to the President, Larry O'Brien, the President's special assistant, replied that there were no Canadian industry advisers present at the negotiations, which, he said, were attended only by high-level Government officials of both countries and their technical assistants. Mr. O'Brien also stated that members of the U.S. delegation already have met with domestic industry representatives who expressed their pleasure with the progress made to date and their satisfaction with arrangements made for the next meeting.

I do feel compelled to report, however, that, on the basis of private information I have received, it is apparent that Canadian industry representatives were in Ottawa, but not within the negotiating room. The Financial Post, Toronto, of September 1, clearly stated, moreover, that Canadian lumber representatives were in Ottawa, and for only one purpose—to watch the negotiations.

Mr. O'Brien's observation that "domestic industry representatives expressed their satisfaction with arrangements made for the next meeting" was apparently premature because I was subsequently informed that domestic industry representatives had not been presented with details of arrangements for the next meeting.

I assume that in good faith our Government, in making arrangements for the second meeting, will invite the lumber industry to propose technically competent people who can serve our Government's negotiators in any way helpful to present the U.S. viewpoint. It is shocking to feel that our Government would not match the Canadians in every respect with every resource they will use. We certainly would not send a tennis team to meet their rugby team and expect to come home any less than massacred.

Again I would like to commend the gentleman for bringing the various problems of the lumber industry to the attention of this House. While much has been said, we do not think the words have been followed by anywhere near enough action to solve the problems with which we are faced.

**Mr. BERRY.** I thank the gentlewoman from Washington. Certainly her interest in this problem is well known and certainly she has done a great deal in attempting to bring about a solution. I hope future results will be better.

Now with regard to step No. 2, more money for access roads. More money has been appropriated for roads and trails, but there is no specification that this money must be spent for roads and trails in timbered areas—it is being planned and programed for recreational roads. The law does not force the Forest Service to use this money exclusively for opening up timber, and apparently the Department does not intend to use it for this purpose unless they are forced to do so.

With regard to step No. 3, providing for passage of legislation to permit the use of foreign vessels for domestic lumber shipping, as the Canadians do, providing the Secretary of Commerce finds the timber industry injured because of the rates charged by domestic shipping, nothing has been done. This, of course, would be helpful to a small segment of the industry. It would benefit that segment located in the Northwest, but only 10 percent of the total shipments going from the west coast to the east coast are shipped by intercoastal waters. Such a step is, however, very important to that segment of the industry in the Pacific Northwest, and this legislation should be passed and would be passed if the administration would only lend just tacit assistance.

**Mr. NORBLAD.** Mr. Speaker, will the gentleman yield?

**Mr. BERRY.** I yield.

**Mr. NORBLAD.** To me it is discouraging that Congress has not taken up legislation amending the Jones Act to allow foreign bottoms to carry lumber from the west coast to the east coast. The Canadians are taking a lot of that market.

**Mr. BERRY.** I agree with the gentleman.

**Mr. NORBLAD.** The Jones Act should be amended to permit this for the benefit of industry, especially in times of slack employment. Otherwise we will find it impossible to compete because they can carry it at a reduced rate as the Canadians do.

**Mr. BERRY.** I would like to commend the gentleman not only for introducing such legislation but for encouraging others in the introduction of similar legislation.

With regard to No. 4, wherein it was proposed an increase in the allowable cut of 150 million board feet of timber on lands managed by the Department of Interior, again nothing of value is being done. There has been no significant increase in the allowable cut. The base timber sale prices are still so high that the industry cannot bid on them. The fact is, they can make it available, but if the price is so high the industry cannot break even and make a small profit, they cannot and will not bid. How can it benefit the industry if the Department makes available timber, but it is not put up for sale, or when it is put up for sale, it is put up at a price the small operators cannot meet? While the large operator may be able to handle part of it, the small operator is being further put out of business.

With regard to No. 5, wherein he promised the establishment of a preference for American lumber by the Department of Defense and other Government agencies, again little, if anything, has been done. If the Defense Department has stepped up its use of lumber, the fact is not noticeable.

So far as AID is concerned, this Agency has completely nullified the President's promise by its special ruling. The Administrator of AID, when asked to require the use of American lumber in their South American and Central American development program, said that they were not in a position to specify any particular product. In spite of the fact that the President said they should do it, the Administrator for AID said they are "not in a position to specify."

With regard to step No. 6, suggesting increased attention to loan applications filed with SBA to help smaller mills upgrade their production in order to better compete with imported lumber, this recommendation has likewise fallen on deaf ears. Instead of making a special effort to save these small industries, a number of these small mills recently have been forced out of business.

Another point that should be mentioned in this connection is the fact that the trade bill, supported so strongly by the administration, carries provisions that would completely nullify any relief presently being requested by the lumber industry before the Tariff Commission. This legislation is still being considered by the other body and could be corrected if the administration really meant what it said about wanting to help the lumber industry.

The situation is serious and getting worse. No help has been forthcoming from this administration, and many of us have grave doubts that anything more than lipservice will be provided.

Whether its actions demonstrate the policies of the State Department to help every other nation at the expense of the domestic industries, or whether it actually is antibusiness is difficult to say. One thing is certain. The lumber industry must have relief and it must have that relief now. Relief would not be difficult to grant, both through quotas on imports, reducing stumpage costs to a competitive figure, and by relaxing the regulations of the Department for unnecessary road requirements, erosion control requirements, and other requirements which add so much to the cost of operation and place the domestic mills completely out of competition with the Canadian producer.

Until some of these things are straightened out, we can only assume that the administration is not interested in assisting this important segment of our economy.

Certainly it is one of the biggest charges that our industry must take into account, and would be helpful to a large segment of the industry.

Mr. NORBLAD. Mr. Speaker, will the gentleman yield?

Mr. BERRY. I yield to the gentleman from Oregon.

Mr. NORBLAD. I wonder if the gentleman would comment on legislation which I have introduced that provides on FHA-mortgaged homes the lumber going into those houses must be American lumber, the same as they do on defense projects and have for many years?

Mr. BERRY. It should be passed, and I wish there were some way of getting this legislation out for consideration. If the administration is interested in following up on the recommendations and the promises it made to the lumber industry and the people of America, certainly this legislation should come out.

Mr. NORBLAD. I might say to the gentleman I have tried to get a report on that legislation but the administration has failed to give me any report. The FHA mortgages use about half of this lumber, and I think it would go a long way in helping the American lumber industry.

Mr. BERRY. It would be a big step in the solution of this problem.

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. BERRY. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Speaker, I have asked the gentleman from South Dakota to yield to me in order that I may commend him for the unfailing concern that he has demonstrated in behalf of the lumber industry. I am glad that the gentleman continues to remind the membership of Congress of the adverse effects on the American lumber industry of imports from Canada. Mr. Speaker, I share the interest of my colleague in seeking a solution to this grave problem to the American mills and American manpower whose livelihood is linked with timber.

Mr. Speaker, as has been said, representatives of the United States and Canadian Governments met recently in Ottawa, Canada, to discuss the mutual problem of the North American softwood industry In this 2-day discussion the subject was examined from all points of view, and as I understand, no agreement was reached except to the extent that both nations were found to have a mutual interest in finding a solution.

Frankly, I do not expect our Canadian friends to make any concessions that would resolve our problem. Perhaps some areas of agreement can be found. Of course, if the trend continues and more American lumber mills are dismantled and moved to Canada or closed down, increasing the unemployment in the United States in logging operations and in our mills it could result in retaliation and undesirable action on our part. As I see it, Canadian Government officials are far more responsive to Canada's businessmen than our State Department officials are to the needs of our American industry. I would have liked to have had more private industry representatives participate in the Canadian-American talks.

Mr. Speaker, I am hopeful if not optimistic that further discussion, when resumed between Canada and ourselves, will accomplish some results. Meanwhile, there are other steps which must be taken to help American producers hang on to what remains to them of the softwood market.

I would like to see legislation passed to exclude lumber from shipping conference agreements. This would allow for competitive conditions in freight rates for water shipments.

Certainly, it is to be hoped that there will be no relaxation in efforts of organizations such as the National Lumber Manufacturers Association who have sought various means and through various channels to obtain relief with respect to policies and actions of the Forestry Department. There must be more liberal timber-cut policies on Government land. And the Interstate Commerce Commission and western railroads can help with relief from discriminatory regulations.

Ultimately, of course, as I see it, a big part of the answer can only be found in the escape clause in connection with the American forest products industries' current petition before the Tariff Commission following public hearings which are scheduled to begin shortly.

The President made several suggestions for relief of the lumber situation. Just how politically expedient they were or how aggressive the administration will be in following them up with concrete proposals remains to be seen. At least we know the President is aware of our problem. The textile industry obtained help. The voices of other distressed industries have been heard and heeded. Unfortunately it does not appear that the President will invoke any temporary quota pending a Tariff Commission finding.

Unemployment and shutdowns in Northwest lumber mills should get immediate attention.

Mr. Speaker, I again commend our colleague from South Dakota for his excellent remarks today. Despite promises and high-level discussions the future of lumber appears dismal indeed. I assure the gentleman that I will continue to work with him and other Members of Congress from both ends of the Capitol and both sides of the aisle to try and obtain a permanent solution. Until that time, the executive branch, if it sees fit, can do a great deal.

Mr. Speaker, I commend the able gentleman from South Dakota and thank him for yielding to me.

I want to again commend the gentleman for the statement he has made today, and I share his views.

Mr. BERRY. I certainly thank the gentleman from Washington for his comments. I appreciate the work the gentleman from Washington has done and has been doing in bringing the plight of the lumber industry to the attention of the Congress and the American people generally.

Until some of these things are straightened out, we can only assume, I believe, that the administration is not interested in assisting this important segment of our economy.

### AIR POLLUTION

Mr. HALPERN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore (Mr. LIBONATI). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HALPERN. Mr. Speaker, I have again today called on the Health and Safety Subcommittee of the House Interstate and Foreign Commerce Committee to review once again the provisions of three bills pending in the committee to deal with the vital matter of air pollution. I refer to H.R. 10615 which I introduced and H.R. 10519 and H.R. 11524, introduced by the distinguished subcommittee chairman, the gentleman from Alabama [Mr. ROBERTS] and our respected colleague, the gentleman from California [Mr. CORMAN].

I understand that the committee has recommended that the current act be extended and that action on these proposals be held over. I realize the interstate and intrastate complexities of the problem, but believe that they can be adequately resolved without holding up the legislation for another session. The enactment of this legislation, as recommended earlier by the administration, would not in my opinion handicap further study that the committee feels the subject warrants. To the contrary, I feel once enacted into law, great strides can be made in this field and the necessary compacts with the States can be effectively negotiated.

Hence, Mr. Speaker, I call on my distinguished colleagues, those privileged to serve on this committee, and its able, most respected chairman, to reevaluate this problem with a view of reporting a meaningful bill, beyond merely extending the present act, before the current session adjourns. I trust that the fullest consideration will be given to this appeal.

## CIVIL DEFENSE PROGRAMS

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent to address the House for 5 minutes, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

**Mr. ALBERT.** Mr. Speaker, I wish to insert in the RECORD a complete copy of a letter dated August 3, 1962, signed by the President of the United States. This letter was sent to the chairmen of the Senate and House Armed Services Committees, the chairmen of the Senate and House Appropriations Committees, and chairmen of the Senate and House Independent Offices Appropriations Subcommittees:

DEAR MR. CHAIRMAN: Legislation and appropriations are pending before the Congress on civil defense programs which would greatly increase the capacity of this country to survive and recover after a nuclear blow. Your committee has jurisdiction over this legislation (these appropriations). I wish again to state my view that, in these times, the Federal Government has an inescapable responsibility to take practical and sensible measures to minimize loss of life in the event of nuclear attack, to continue the essential functions of the Government, and to provide a base for our survival and recovery as a nation. These matters are an integral part of a balanced defense program for the security of our Nation.

You know from your own experience how the sense of urgency with which we view these matters fluctuates. When a crisis is near, we pay attention to them; when it seems distant, they recede from the forefront of our concern. It is important that we overcome our natural tendency to put off making preparations for a contingency which is both awful and unlikely.

Last year I sent to the Congress a program embodying my views of what is a sensible and practical program, which focused on protecting as many of our people as possible against lethal fallout radiation. The Secretary of Defense and my other senior advisers on this subject had intensively reviewed what is known and what is not known about the possible effects of nuclear warfare. The conclusion was clear that, for the foreseeable future, under a wide range of attack assumptions, large numbers of lives could be saved by adequate fallout shelter space. Postponement of practical measures to shield our people from fallout radiation cannot be justified by the inevitable imponderables and the continuing need for a greater research effort. The Department of Defense is continuously examining present and future weapons systems and studying the effects of a wide range of hypothetical nuclear attacks. Nothing in the studies that have been made since last year's decisions justifies change of the program which we have proposed.

The Defense Department survey, which was the first step in our new program, reveals that we already have enough shelter space for 60 million people which needs only to be marked and provisioned. Funds made available for fiscal year 1962 have financed completion of the survey and procurement of over half of the necessary provisions. Thus we are beyond debating whether to create public shelter systems; we have now done it as a result of the action taken by Congress at my request last summer. When we complete this task, the chances of survival of tens of millions of Americans will be improved at a cost of $3 to $4 for each person. We may well take satisfaction in this achievement.

Communities planning to create an effective shelter program founded on space identified in the national survey must be able to act in reliance on the Federal Government to carry out announced plans to deliver shelter supplies, improve the warning system, equip a radiological monitoring net, protect emergency broadcasting stations, and provide training materials and instructor training to meet the need for specialized skills in each shelter. The Defense Department is dependent upon the pending $235 million appropriation request to carry out the Federal Government's share in this undertaking.

Municipal governments and building owners around the country are now faced with the difficult task of working out the details of making effective use of the surveyed shelter space. This is not an easy thing to do. It is gratifying to all of us to see so many hard-pressed mayors, county commissioners, building owners, school superintendents, businessmen and other community leaders stepping up to this job. This will be our country's first experience with the practical problems of sheltering large numbers of people. I anticipate far better understanding of what can be done to meet the problems presented by the risks of nuclear attack after Federal, State and local government programs are translated into something visible and immediately useful in the months ahead.

I particularly wish to call attention to the importance of continuing last year's program for adding low-cost fallout shelter space to suitable buildings owned or leased by the Federal Government. Successful completion of the first phase of the new civil defense program depends on a wide range of hypothetical nuclear attacks. Nothing in the studies that have been made since last year's decisions justifies change of the program which we have proposed.

The Defense Department survey, which was the first step in our new program, reveals that we already have enough shelter space for 60 million people which needs only to be marked and provisioned. Funds made available for fiscal year 1962 have financed completion of the survey and procurement of over half of the necessary provisions. Thus we are beyond debating whether to create public shelter systems; we have now done it as a result of the action taken by Congress at my request last summer. When we complete this task, the chances of survival of tens of millions of Americans will be improved at a cost of $3 to $4 for each person. We may well take satisfaction in this achievement.

Communities planning to create an effective shelter program founded on space identified in the national survey must be able to act in reliance on the Federal Government to carry out announced plans to deliver shelter supplies, improve the warning system, equip a radiological monitoring net, protect emergency broadcasting stations, and provide training materials and instructor training to meet the need for specialized skills in each shelter. The Defense Department is dependent upon the pending $235 million appropriation request to carry out the Federal Government's share in this undertaking.

Municipal governments and building owners around the country are now faced with the difficult task of working out the details of making effective use of the surveyed shelter space. This is not an easy thing to do. It is gratifying to all of us to see so many hard-pressed mayors, county commissioners, building owners, school superintendents, businessmen and other community leaders stepping up to this job. This will be our country's first experience with the practical problems of sheltering large numbers of people. I anticipate far better understanding of what can be done to meet the problems presented by the risks of nuclear attack after Federal, State and local government programs are translated into something visible and immediately useful in the months ahead.

I particularly wish to call attention to the importance of continuing last year's program for adding low-cost fallout shelter space to suitable buildings owned or leased by the Federal Government. Successful completion of the first phase of the new civil defense program depends on public-spirited decisions by building owners to allow their property to be used for the protection of people working or living nearby. Failure of Federal, State, and local governments to provide shelter space in public buildings makes it difficult to communicate to our citizens the priority which this type of protection must command. Many Americans in public and private life have been and will soon be actively participating in the new civil defense program in reliance on Federal leadership and support.

The second phase of the new civil defense program will provide financial help to schools, hospitals and similar nonprofit institutions electing to include fallout shelter space needed in their buildings. It requires legislation which is pending before the two Armed Services Committees and, therefore, is not effectively before the Appropriations Subcommittees.

A decision to put public money into shelters in privately owned buildings is a difficult one which deserves deliberate and careful scrutiny by the appropriate committees of Congress. I had hoped that hearings for this purpose would have taken place earlier in this session when there was time and an opportunity to give the matter the necessary attention. At this late juncture, I can appreciate the preference of the chairmen of the Armed Services Committees to defer these important hearings until early in the next Congress when they can be given the time and attention of those concerned. However, local planning to meet requirements for new shelter space, which is closely related to plans to use existing shelter, is likely to be delayed pending clarification of the proposed Federal financing for shelter space in schools, hospitals, and other community institutions. Accordingly, I am requesting that these hearings be held early enough to enable a supplemental request for enough fiscal year 1963 funds to keep pace with those communities and eligible institutions with plans for creating new fallout shelter spaces.

I am sending similar letters to the chairmen of other congressional committees with responsibilities in this matter.

Sincerely,

JOHN F. KENNEDY.

Now, Mr. Speaker, following these remarks, I desire to advise the House that following the disposition of the U.N. bond bill, the gentleman from California [Mr. HOLIFIELD], will call up the conference report on the atomic energy bill.

---

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SHEPPARD (at the request of Mr. ALBERT), from 4 p.m., today, and the balance of the week on account of official business.

Mr. WHALLEY (at the request of Mr. FENTON), on account of illness.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. HALPERN (at the request of Mrs. MAY), for 10 minutes, today.

Mr. SCHWENGEL (at the request of Mrs. MAY), for 30 minutes, on Monday September 17, 1962.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. HALL, while in the Committee of the Whole today, and to include extraneous matter.

Mrs. CHURCH (at the request of Mrs. MAY) to include extraneous matter in her remarks today while in the Committee of the Whole.

Mr. ROOSEVELT.

(The following Members (at the request of Mrs. MAY) and to include extraneous matter:)

Mr. CURTIS of Missouri.

Mr. PILLION.

(The following Members (at the request of Mr. ALBERT) and to include extraneous matter:)

Mr. BOYKIN

Mr. BLATNIK.

Mr. GONZALEZ.

Mr. ZELENKO.

Mr. BOLAND in two instances.

Mr. KITCHIN.

## ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 298. An act to provide for the recovery from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States;

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

. H.R. 6653. An act for the relief of Maurizio Placidi;

H.R. 7582. An act for the relief of Dario Taquechel;

H.R. 9728. An act to amend the Cooperative Forest Management;

H.R. 10160. An act for the relief of Mrs. A. R. Lendian;

H.R. 11914. An act for the relief of Charles Gambino; and

H.R. 12459. An act to provide for the relief of certain enlisted members of the Coast Guard.

## SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled bill and joint resolution of the following titles:

S. 3064. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources; and

S.J. Res. 133. Joint resolution to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives.

## ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 5 minutes, p.m.), under its previous order, the House adjourned until tomorrow, Friday, September 14, 1962, at 11 o'clock a.m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2523. A letter from the Comptroller General of the United States, transmitting a report on the review of the determination made by the Office of Civil and Defense Mobilization (OCDM), succeeded by the Office of Emergency Planning (OEP), Executive Office of the President, of the quantity and quality of copper needed in the strategic and critical materials stockpile; to the Committee on Government Operations.

2524. A letter from the Assistant Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to authorize the compilation and printing of 29,350 copies of a wall map of the United States"; to the Committee on House Administration.

2525. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated September 5, 1962, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of Fort Macon-Atlantic Beach and vicinity, North Carolina, authorized by the River and Harbor Act, approved July 3, 1930, as amended and supplemented (H. Doc. No. 555); to the Committee on Public Works and ordered to be printed, with four illustrations.

2526. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 6, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on the Gulf Intracoastal Waterway, La., and Tex., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 11, 1962 (H. Doc. No. 556); to the Committee on Public Works and ordered to be printed, with five illustrations.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HENDERSON: Committee on Post Office and Civil Service. H.R. 11949. A bill to repeal section 25 of title 13, United States Code, relating to the duties of supervisors, enumerators, and other employees of the Bureau of the Census, Department of Commerce; without amendment (Rept. No. 2359). Referred to the Committee of the Whole House on the State of the Union.

Mr. HENDERSON: Committee on Post Office and Civil Service. H.R. 11950. A bill to amend section 131 of title 13, United States Code, so as to provide for taking of the economic censuses 1 year earlier starting in 1968; without amendment (Rept. No. 2360). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. S. 2795. An act to prohibit the use by collecting agencies and private detective agencies of any name, emblem, or insignia which reasonably tends to convey the impression that any such agency is an agency of the government of the District of Columbia; with amendment (Rept. No. 2361). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. S. 2977. An act to amend the Life Insurance Act of the District of Columbia; without amendment (Rept. No. 2362). Referred to the House Calendar.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 12417. A bill to amend the act of March 5, 1938, establishing a small claims and conciliation branch in the municipal court for the District of Columbia; without amendment (Rept. No. 2363). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 12690. A bill to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the Inter-American Development Bank; without amendment (Rept. No. 2364). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. S. 1651. An act to authorize the Commissioners of the District of Columbia to delegate the function of approving contracts not exceeding $100,000; with amendment (Rept. No. 2365). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. S. 2511. An act to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes; with amendment (Rept. No. 2366). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONNER:

H.R. 13123. A bill to amend the Migratory Bird Treaty Act relating to the hunting of migratory game birds on or over baited areas, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. KITCHIN:

H.R. 13124. A bill to provide for import fees on cotton products during periods the United States is subsidizing the export of cotton; to the Committee on Ways and Means.

By Mr. SANTANGELO:

H.R. 13125. A bill to permit the sale or delivery in interstate commerce of certain credit cards only if there is in effect liability insurance to protect holders of such cards; to the Committee on Interstate and Foreign Commerce.

By Mr. WALLHAUSER:

H.R. 13126. A bill to authorize the establishment of hazardous duty compensation for postal field service employees; to the Committee on Post Office and Civil Service.

By Mr. WIDNALL:

H.R. 13127. A bill to amend the Internal Revenue Code of 1954 to allow an individual to deduct, for income tax purposes, the expenses incurred by him in traveling to and from work on public conveyances; to the Committee on Ways and Means.

By Mr. ASHBROOK:

H.R. 13128. A bill to increase from $600 to $1,000 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemption for a dependent, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

By Mr. BARING:

H.R. 13129. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes;

**to the Committee on Interior and Insular Affairs.**

**By Mr. MEADER:**

**H.R. 13130. A bill to establish a Commission on Research and Development; to the Committee on Science and Astronautics.**

**By Mr. KITCHIN:**

**H.J. Res. 883. Joint resolution to limit the importation of cotton products to the amount thereof imported in 1961; to the Committee on Ways and Means.**

**By Mr. FLOOD:**

**H. Con. Res. 525. Concurrent resolution expressing the sense and judgment of the Congress with respect to Canal Zone sovereignty; to the Committee on Merchant Marine and Fisheries.**

**H. Con. Res. 526. Concurrent resolution expressing the sense of the Congress that the United States will not surrender its jurisdiction or control over the Canal Zone or the Panama Canal; to the Committee on Merchant Marine and Fisheries.**

**By Mr. MORGAN:**

**H. Con. Res. 527. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. VINSON:**

**H. Con. Res. 528. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. JUDD:**

**H. Con. Res. 529. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. ZABLOCKI:**

**H. Con. Res. 530. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. HAYS:**

**H. Con. Res. 531. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. SELDEN:**

**H. Con. Res. 532. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. GALLAGHER:**

**H. Con. Res. 533. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. MONAGAN:**

**H. Con. Res. 534. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. CHIPERFIELD:**

**H. Con. Res. 535. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mrs. BOLTON:**

**H. Con. Res. 536. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. FOUNTAIN:**

**H. Con. Res. 537. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

**By Mr. LANE:**

**H. Con. Res. 538. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.**

## PRIVATE BILLS AND RESOLUTIONS

**Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:**

**By Mrs. BOLTON:**

**H.R. 13131. A bill for the relief of Maria Mangano; to the Committee on the Judiciary.**

**By Mr. CONTE:**

**H.R. 13132. A bill for the relief of Richard I. Seddon; to the Committee on the Judiciary.**

**By Mr. MILLER of New York:**

**H.R. 13133. A bill for the relief of Emilia D'Addario Santorelli; to the Committee on the Judiciary.**

**By Mr. ROONEY:**

**H.R. 13134. A bill for the relief of Leopold Kellner and Benjamin Kellner; to the Committee on the Judiciary.**

**H.R. 13135. A bill for the relief of Michele Bongiardina; to the Committee on the Judiciary.**

**H.R. 13136. A bill for the relief of Mrs. Luisa Lombardo; to the Committee on the Judiciary.**

**By Mr. THOMPSON of Louisiana:**

**H.R. 13137. A bill for the relief of Clifford Duplechain; to the Committee on the Judiciary.**

**By Mr. HARDY:**

**H.J. Res. 884. Joint resolution authorizing the issuance of a gold medal to General of the Army Douglas MacArthur; to the Committee on Banking and Currency.**

# EXTENSIONS OF REMARKS

## A Tribute to the Honorable Victor L. Anfuso

EXTENSION OF REMARKS

OF

### HON. HERBERT ZELENKO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 13, 1962*

Mr. ZELENKO. Mr. Speaker, at the conclusion of the 87th Congress, the Honorable Victor L. Anfuso will retire as a Member of the House of Representatives. This dedicated American has faithfully and effectively served people of the United States and the cause of democracy and brotherhood throughout the world. He has now heeded the call to further dedication in other areas of public service in his own State of New York.

I take this opportunity to pay personal tribute to him as a public servant. Throughout the many years of his service, his achievements and character have earned for him the respect and commendation not only of the public officials of this country but of those of many other countries of the world. He was a patient and wise mentor to me during my years in the House of Representatives. His wisdom and counsel have enabled me to perform my duties in the best interests of all of the people. I know that this is true also in the case of many of my other colleagues.

It is appropriate at this time to set forth the distinguished biographical and public record of Representative Anfuso as an example to future generations of Americans for their inspiration.

Congressman Victor L. Anfuso was born in Sicily, Italy, March 10, 1905. He came to America with his mother, two older brothers, and two sisters in 1914. They settled in the Williamsburgh section of Brooklyn and have lived there ever since. He was educated in New York City's public schools and Commercial High School, studied law at St. Lawrence University Law School—now Brooklyn Law School—from which he received an LL.B. degree in 1927. He was admitted to the New York State bar in 1928 and has been engaged in private law practice since then, specializing in civil and criminal law.

During the early 1930's Mr. Anfuso formed the Citizens Welfare Association to help people in Brooklyn who were hardest hit by the economic depression. In 1936 he organized the Italian Board of Guardians, now affiliated with the Catholic Charities in Brooklyn, to aid delinquent children and children from broken homes. He served as president of the organization for four terms.

From 1941 to 1943 Mr. Anfuso served on Selective Service Board No. 221 and later as a member of Selective Service Appeal Board No. 26 by appointment of the Governor of New York. In 1946 he received the Selective Service Medal. In 1943 he served under Gen. William "Wild Bill" Donovan with the Office of Strategic Services—OSS—in the Mediterranean Theater. He was later awarded the Certificate of Merit by the Regular Veterans Association "for distinguished achievement and meritorious service." Upon his return from Europe in 1945 he became Special Assistant to the Commissioner of Immigration and Naturalization.

In 1946 Mr. Anfuso was appointed by Pope Pius XII as Knight Commander of the Knights of the Holy Sepulchre for his "humanitarian work on behalf of youth." Two years later, during the crucial elections in Italy in 1948, he drafted and mailed over 250,000 letters to the Italian people urging them to vote against the Communist candidates and to help keep Italy a free nation. For this effort, he was described by the New York Times as "the one-man crusader."

Mr. Anfuso was elected a Member of the 82d Congress in November 1950, and served on the House Post Office and Civil Service Committee. He was instrumental in obtaining a much needed salary increase for postal workers in 1951. He sponsored legislation to create a Bureau of Crime Prevention in the Department of Justice to curb juvenile delinquency.

Due to reapportionment of congressional districts in 1952 and the elimination of a district in Brooklyn, he was forced to withdraw after serving one term in Congress. He was later appointed by Mayor Wagner as a city magistrate and served until August 1954, when he resigned to become a candidate for Congress again. He was elected to the 84th Congress on November 2, 1954, and took his oath of office on January 5, 1955.

Upon his return to Congress, Mr. ANFUSO asked that he be appointed a member of the House Agriculture Committee, in order that he could be the spokesman for big city consumers. He has been serving on this committee since then and has become known as a forthright representative of the consumer. At his instigation, a Consumers Study Subcommittee was set up in March 1957, with Mr. ANFUSO as chairman, to study the high cost of living and seek ways to prevent further rises.

He was appointed by Speaker Rayburn as a member of the U.S. congressional delegation to the NATO Parliamentary Conference in Paris in 1955. In 1956 he served as a member of the U.S. delegation to the U.N. Food and Agriculture Organization Conference in Rome. In 1957 he undertook a special mission for the House Agriculture Committee to study stockpiling and disposal of U.S. food surpluses in Europe and the Middle East. In the same year he made a tour of New York State to study farmer-consumer problems, and submitted an extensive report to Congress on his findings.

Mr. ANFUSO was reelected to Congress for a third term on November 6, 1956, and to a fourth term on November 4, 1958.

During his years in the House of Representatives, he was the author and sponsor of forward-looking and progressive legislation which enhanced the democratic ideal and benefited all of the people of the world.

Mr. ANFUSO supported aid to the people of Poland through the sale of surplus food in the belief that strengthening Poland in this way would make her less dependent on Russia. For this effort he was lauded by Polish groups in the United States. Mr. ANFUSO urged greater economic aid to Israel, as well as military assistance to assure Israel's security and continued existence.

In recent years Mr. ANFUSO was the recipient of many awards, including the Liberty Award from Governor Harriman on behalf of the nationalities division of the Democratic National Committee for championing the cause of minority and nationality groups; the American Legion award for Americanism activities; the Commander of the Order of Merit from the Italian Government for his efforts in behalf of the people of Italy; the Humanity Award from the Order Brith Abraham for 30 years activity in behalf of "human welfare, world peace, and justice."

Mr. ANFUSO is a member of the American Bar Association, New York State bar, and Brooklyn bar. He has been admitted to practice before the U.S. Supreme Court. He is active in civic, religious, philanthropic, and political organizations. He was a delegate to several Democratic State conventions and to all Democratic National Conventions since 1948.

In January 1959, he was appointed a ranking member of the House Committee on Science and Astronautics and also a member of the House Committee on Merchant Marine and Fisheries. He was subsequently made chairman of the Subcommittee on International Cooperation and Security, and in the latter capacity led the U.S. delegation to the International Astronautical Federation Conference in London in September 1959. He was also appointed congressional adviser to the U.S. representative on the United Nations Committee on the Peaceful Uses of Outer Space. In November 1960, he was again a member of the U.S. delegation to the NATO Parliamentarians Conference in Paris.

On November 8, 1960, Mr. ANFUSO was reelected to his fifth term in Congress. He is married to the former Frances Stallone of Brooklyn since 1930 and they have five children, three sons and two daughters.

To him and to his loved ones I extend my best wishes for a healthy and happy life.

---

## Town of Wales, Mass., Bicentennial—1762–1962

EXTENSION OF REMARKS

OF

### HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 13, 1962*

Mr. BOLAND. Mr. Speaker, the beautiful town of Wales, Mass., in my congressional district, celebrated its bicentennial, 1762–1962, from August 11 through August 26. I had the distinct pleasure of speaking to the townspeople on the opening day of the 2-week-long observance. I will insert my speech at this point in the CONGRESSIONAL RECORD, along with the names of the town officers, and the members of the bicentennial committee:

SPEECH OF CONGRESSMAN BOLAND DELIVERED AT WALES, MASS., BICENTENNIAL

I am grateful for the invitation of the bicentennial committee for inviting me to be a part of this celebration.

This is a historic event that occurs but seldom in the annals of this community.

Fortunately, no words of mine are necessary to embellish the significance of the occasion. The program that has been arranged for the next 2 weeks gives greater vitality and spirit to the meaningfulness of this celebration than wordy proclamations of mine.

But, believe me, I did seize the opportunity to come here for it brings back fond memories of years ago as a Springfield Boys' Club camper that hiked the magnificent and challenging woods that surround this town—to explore the abandoned lead mines and trails of yesteryear and to plunge into the invigorating and sparkling blue waters of Lake George.

No one who has done these things and glanced at the history of this town could ignore the significance of this bicentennial. We see this town today as a peaceful, quiet, charming, picturesque and beautiful place. It is difficult to picture it as a rather thriving, humming community of yesteryear. But it was. Craftsmen in currying, tanning, shoe building, experts in weaving cloths—wools, cottons and satins—all of these people added to the luster of the 1800's. And these were the people who followed the hardy pioneers of 1726 and the founders of this town in 1762.

And one could not read the information contained in the little yellow bicentennial history pamphlet without catching the spirit of America—without recognizing the basis upon which our national existence was built.

For the people who came to this place 200 years ago came to build a better life for themselves and their families. The hardships they endured and the sacrifices they made are difficult to realize by us in this year of 1962. For the year of 1762 was fraught with dangers and totally without conveniences. It was their own indomitable will—their pulling together with their neighbors—their faith in the Almighty and their lives revolving around their church—it was all of this that helped them to succeed and to survive. It was indeed this spirit that was sewed into the fabric of our system that has enabled this Nation to grow and prosper.

We have a duty in this day and age to preserve what has been handed down to us by those who walked this ground 200 and more years ago.

We can best perform this obligation by doing the best we can in the job that is ours—by understanding the meaning and significance of the kind of government under which we live.

As a chain is only as strong as its weakest link, so too, a nation is only as strong as smallest and weakest adjunct of government. It is the decay at the bottom that weakens the structure to a point of collapse. This Nation needs to be strong at all levels of government—good morally, spiritually—imbued with the finest realization of how much good citizens mean to the continued existence of our country—the overriding importance of a well-educated and informed people.

And so it is well to pause and reflect during the period of this bicentennial celebration of the heritage that has been draped around this good little town and to ask ourselves if we have kept faith with those who pledged their lives, their fortunes and their honor to build this town 200 years ago.

I congratulate the committee, the people of Wales—present the town with a flag—high honor and personal privilege, to bring to this gathering and to the town of Wales the congratulations, best wishes and greetings of the President of the United States.

TOWN OFFICERS

Selectmen and board of health: Wallace H. Adam, Robert Archambault, Ithamar B. Davis, Jr., chairman.

Moderator: Holywell Dreyer.

Town clerk: Agnita Baker.

Town treasurer: Lois Carrier.

Tax collector: Agnita Baker.

Town accountant: Sylvia Worth.

Assessors: Walter Worth, Ithamar B. Davis, Jr., and Robert McKay.

Cemetery commissioners: Samuel Dickinson, Jr., Guy Johnson, and Albertie Dunham.

School committee: Holywell Dreyer, Helen Adam, Peter Pernoski.

Tree warden: Guy Johnson.

Library trustees: Jules Slepian, Mary Bushey, John Blakely.

Constables: Robert McKay, Donald Morgan, Myron Heck.

BICENTENNIAL COMMITTEE

David S. Terrill, chairman; Ray Allen, town parade; Mrs. Donald Morgan and Mrs. Charles Reynolds, queen; William Bowden, beards; Mrs. George Brelsford, publicity; Mrs. Walter Worth, decorations; Mrs. Clarence Brown, Jr., block dance; George Gregoire, old home day; Mrs. I. B. Davis and Mrs. Albert Green, town history;Mrs. Roland Poirier and Mrs. Cutler Heck, fashion show; Joseph Poirier, etchings; Mrs. Rena Bowden, bi-cenball; Walter Worth and Roland Poirier, barbecue; Peter Pernoski, tickets for ball; Mrs. Mary Bushey, field day; Mrs. Roland Poirier, square dance; and, Mr. and Mrs. H. Sebolt, tickets for barbecue and square dance.

---

## Corrections Made in Bills Prior to Final Approval

EXTENSION OF REMARKS
OF

### HON. JOHN A. BLATNIK

OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
*Thursday, September 13, 1962*

Mr. BLATNIK. Mr. Speaker, on Friday, August 31, I asked unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965, with the House amendments thereto, and that when said bill and amendments were returned, the Clerk be authorized and directed to make a correction in the engrossed copy of the House amendments as follows:

On page 6, lines 12 and 19, strike out "section 9" and insert "section 3".

The request was made to correct an inadvertent error in the bill—the Public Works Acceleration Act—which passed the House on August 29.

The RECORD will show that an objection was made to the unanimous-consent request, and at this time I want to point out that this was not an unusual request as evidenced by the following instances where Congress has, by concurrent resolution, made corrections in bills prior to final approval with no objection by the House or Senate, or by both, as the case may be:

EIGHTY-SEVENTH CONGRESS

Senate Concurrent Resolution 51: Small Business Investment Act amendments. To rescind Speaker's action in signing S. 902 in order to make technical correction (CONGRESSIONAL RECORD, vol. 107, pt. 15, p. 19995, Senate; CONGRESSIONAL RECORD, vol. 107, pt. 15, p. 20239, House). No objection in Senate or House.

House Concurrent Resolution 399: Civil Service supergrades. To make corrections in H.R. 7377 (CONGRESSIONAL RECORD, vol. 107, pt. 16, p. 20898, House; CONGRESSIONAL RECORD, vol. 107, pt. 16, p. 21032, Senate). No objection in House or Senate.

Senate Concurrent Resolution 78: Transit fares for school children in District of Columbia. Requests return of S. 1745 to make correction (word left out) (CONGRESSIONAL RECORD, June 11, 1962, p. 10121, Senate; CONGRESSIONAL RECORD, June 19, 1962, p. 10945, House). No objection in House or Senate.

House Concurrent Resolution 493: Regulation of imports and agricultural commodities and products. To correct error in spelling in enrollment of the bill (H.R. 10788) (CONGRESSIONAL RECORD, June 14, 1962, p. 10501, House; CONGRESSIONAL RECORD, June 14, 1962, p. 10585, Senate). No objection in House or Senate.

House Concurrent Resolution 506: Work Hours Act. To correct error in enrollment of H.R. 10786 (CONGRESSIONAL RECORD, July 26, 1962, p. 14820, House; CONGRESSIONAL RECORD, Aug. 1, 1962, p. 15216, Senate). No objection in House or Senate.

Senate Concurrent Resolution 83: District of Columbia Hospital Center. Requests return of S. 3350 to make correction in bill (CONGRESSIONAL RECORD, July 5, 1962, p. 12742, Senate). No objection.

EIGHTY-SIXTH CONGRESS

Senate Concurrent Resolution 109: Norman, Okla., project. To make corrections in engrossed copy of S. 1892 (CONGRESSIONAL RECORD, vol. 106, pt. 9, p. 11905, Senate). No objection.

House Concurrent Resolution 706: Hawaii, amending laws. To make corrections in enrolling H.R. 11602 (CONGRESSIONAL RECORD, vol. 106, pt. 11, p. 15248, House). No objection.

EIGHTY-FIFTH CONGRESS

Senate Concurrent Resolution 75: Rio Grande rehabilitation project. To make corrections in enrollment of S. 2120 (CONGRESSIONAL RECORD, vol. 104, pt. 5, p. 5740, Senate; CONGRESSIONAL RECORD, vol. 104, pt. 5, p. 5840, House). No objection in Senate or House.

House Concurrent Resolution 372: Albeni Falls Reservoir, Idaho. To correct an error in the enrollment of H.R. 13209 (CONGRESSIONAL RECORD, vol. 104, pt. 13, p. 16566, House; CONGRESSIONAL RECORD, vol. 104, pt. 13, p. 16625, Senate). No objection in House or Senate.

House Concurrent Resolution 380: District of Columbia teachers' salaries. To correct errors in the enrolling of H.R. 13132 (CONGRESSIONAL RECORD, vol. 104, pt. 14, pp. 18559–18560, House; CONGRESSIONAL RECORD, vol. 104. pt. 14, pp. 18617–18618, Senate). No objection in House or Senate.

---

## Health Care: The Issue Becomes Clearer

EXTENSION OF REMARKS
OF

### HON. THOMAS B. CURTIS

OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
*Thursday, September 13, 1962*

Mr. CURTIS of Missouri. Mr. Speaker, one of the very unfortunate aspects of the debate which has been conducted in the Halls of Congress, on national television, in the daily press, and elsewhere on the subject of the administration's limited hospital care proposal financed by social security is the fact that the real issues and arguments have been so overlaid with a veneer of emotionalism and propaganda—and both sides are to blame for this, I must add—that they have been almost ignored. The real issues in this matter have, however, come more and more to the fore and, I believe, if the President lives up to his pledge to make the health care controversy the major campaign issue in this election year, we will find that this helps to strip the matter to its bare factual bones.

Nation's Business, in its September 1962 issue, has done an excellent job in trying to weed out distortion and present the facts of the matter. I believe that this is a real step in the right direction and I hope that other publications will provide similar services as this matter comes more and more under discussion in the political campaign which now has started. Along with this article, "Politics Distort Health Care Facts," the magazine printed an interview with Senator ROBERT KERR, of Oklahoma. Senator KERR is a leading figure in the Congress in this controversy and I believe his words supplement the matter presented by Nation's Business to help give a better understanding of our health care situation. I am placing the Nation's Business article and the interview with Senator KERR in the RECORD to help further real understanding of this issue.

The article and interview follow:

POLITICS DISTORTS HEALTH CARE FACTS—FAST-GROWING PROGRAMS PAYING MEDICAL COSTS OF THE NEEDY AGED

The heated domestic political issue of costly health care for the aged is actually based on a shrinking problem.

The Kennedy administration's pleas for a new law to buy hospital and nursing home care for the aged with social security taxes have failed to win over Congress. The President has promised to take the issue to the people as a key feature of the fall congressional election campaigns.

Meanwhile legislation is pending in Congress to provide more help for the elderly through private financing. A bill sponsored by Representative THOMAS B. CURTIS, of Missouri, would allow employers to take tax deductions for contributions they make to employee pension plans that include health care protection features.

The law currently permits tax deductions of contributions to employee pension funds to provide retirement income. But the Curtis measure would extend this to let employers claim deductions for contributions they make to health plans for employees after they retire. Millions of elderly could be covered in the future.

Moreover, the existing programs of medical care for the aged are rapidly paring the size of the problem.

The much maligned State-operated medical aid for the aged program, known as the Kerr-Mills law, is the major source of help for elderly with limited resources. It is now operating in one form or other in nearly all the States. Private health insurance protection for the aged is spreading at such a rate that 12 percent more of the aged are now covered than in 1960.

The political alarm about the condition and finances of the Nation's 17 million persons 65 and over has largely drowned out word of the progress in meeting the elderly's health needs.

Little known are these facts:

About 65 percent of the elderly now are able to get a wide array of medical services under State medical assistance plans without going on relief.

Another 15 percent of the elderly now get medical help regularly through old-age public assistance, commonly known as relief.

Some 55 percent of the elderly now have health insurance.

Hospital-surgical insurance for the aged is now available for as little as $78 a year on a group basis and from $66 to $99 a year on an individual basis for a man 65, for example.

The number of recipients of medical care under new State plans has risen rapidly in recent months, by as much as 70 percent in Illinois and 269 percent in Pennsylvania.

About 10 percent of the heads of families 65 or older earn $10,000 or more a year.

Over 10 percent of the aged live with younger relatives; half of those with small assets do.

Around 15 percent of aged men are World War I veterans and can get free care in VA hospitals if they are needy.

Although Congress enacted the Kerr-Mills medical program in 1960, the pressure has been on to pass a health care program under the social security system to provide limited care to older persons whether they are able to pay for it or not.

Critics have attacked the Kerr-Mills law with four major charges. They say it is not meeting the need because most of the benefits are going to only a few States, that some States have not adopted it, that it requires recipients to make known their financial affairs, and that benefits are unequal among the States.

From the start of Government old-age assistance or relief programs in 1935, the cost of medical care could be paid by the monthly cash payments to the needy.

In recent years as the older population has increased, more aid has been given.

In 1950, Congress amended the law to permit payments for medical care directly to suppliers. In 1958 payments were increased. In 1960 a double-barreled program of assistance was provided in the Kerr-Mills law. First, medical care payments under old-age assistance were raised. Second, a new form of aid was provided to help persons not on relief who have enough resources to meet ordinary living expenses but who can't pay unusually high medical bills.

Some 31 States have adopted plans to implement the most important part of the Kerr-Mills program, known as the medical assistance for the aged (MAA) program, for those not on relief but with limited resources.

All except one of the States have put into operation increases in medical payments for aged under relief, which is the other part of the 1960 law.

Critics of Kerr-Mills have complained that almost 90 percent of the MAA money is going to only 4 States: New York, Michigian, California and Massachusetts.

This is true. It is also true that about 25 percent of the aged live in these 4 States. Even more important is the fact that these were among the first States to adopt the program. Naturally most of the money spent so far has gone into these areas.

Critics also have charged that the program is a failure because many States have not adopted it.

Several States have not yet put the MAA portion of Kerr-Mills into effect. But adoption of the program has certainly not lagged as compared with any recent similar program. For example, in 1950 Congress passed a program of aid to the permanently and totally disabled. It was intended to provide payments for needy persons over 18 who had severe disablements or handicaps. Payments are made on a matching basis, similar to the Kerr-Mills program. By mid-1951, about 18 months after the program began, some 27 States had it in operation. The same number of States and territories had adopted the Kerr-Mills MAA program after the first 18 months.

By 1961, 47 States and three territories had adopted the aid to the permanently and totally disabled program. In the program's first decade of operation, the number of persons aided had increased fourfold. The Kerr-Mills MAA program, however, can be judged a success even if all the States don't adopt it. Several States have extensive programs of medical care for needy aged similar to help given by Kerr-Mills. For example, Colorado has not adopted MAA because the State has had an elaborate program of medical care for the aged for the past 4 years. Some $10 million a year is being spent for health costs of needy elderly there.

In Texas, a medical program was started at the beginning of 1962 which provides hospital and surgical-medical services through a contract between the State and Blue Cross-Blue Shield. Direct payments from the State are made for nursing home care. It has been called a model program for elderly on relief.

Three other States not among the 31 that have approved MAA have expanded their relief programs so as to include residents not now on relief rolls, but whose financial situations are such that they need public help.

So the insistence that the success of MAA will be proven only when it is adopted in all States is unrealistic.

Another major criticism of Kerr-Mills is that there is a test as to financial need of recipients. This is held to be undignified and at odds with the American way. The argument is made that the administration's proposal to give health care to the aged under the social security system assures beneficiaries of this help without the indignities of a "means test."

Proponents of the social security approach overlook the fact that a form of "means test" is applied to persons drawing social security checks in their retirement.

Even though a retiree may have paid his social security taxes for 30 years, he starts losing benefits if his earned income is over $1,200 a year. And his social security retirement checks stop altogether if he earns as much as $3,000 a year and is under 72 years of age. Those who favor giving medical care to all the 12 million aged eligible to receive social security benefits overlook the fact that many of these persons are well-fixed enough to pay their own hospital bills. The social security taxes on unskilled factory workers, domestics, or other low-pay people, as well as their employers, would be used to pay health costs for some who don't need Government subsidies.

Another major charge against the Kerr-Mills MAA program is that the program is inequitable and has limitations in different States.

The fact that the programs differ in the different States is seen by some as an advantage, not a disadvantage. For example, the program in Hawaii provides for air transportation to obtain necessary care which is available only in another county. Many States wouldn't need to fly patients great distances to get medical care. But patients in the island State of Hawaii might often need just such service.

In New Hampshire, eye care is excluded from the scope of MAA because it is available through the sight conservation division of the State department of public welfare.

In North Dakota, the aged can get help under MAA depending on their income and assets. In this sparsely populated State a homestead of 2 acres in town is exempt and a rural homestead of 160 acres is exempt in figuring whether the applicant for aid has assets limited enough to qualify for aid.

Kerr-Mills plans in some States require needy persons to make cash contributions toward the cost of care. This is looked upon with grave concern by some proponents of the social security approach. However, the social security proposal would also require any beneficiary of health care to pay $10 a day for the first 9 days toward the cost of hospital treatment.

It is also pointed out that some States do not provide dental care, some don't pay for drugs prescribed by the patient's doctor, a few do not pay for visits in a doctor's office or for house calls. The social security legislation proposed by the administration would pay for none of these.

### An Interview With Senator Robert S. Kerr, Democrat, of Oklahoma, a Leader in the Health Care Fight

Question. Senator KERR, what are the advantages of the existing Kerr-Mills medical care program over proposed health care under social security?

Answer. In the first place, the Kerr-Mills program provides greater benefits to those over 65 years who need those benefits. The benefits include doctors, surgeons, hospitalization, nurses and nursing care, medicines and drugs, dentists and dental benefits—even false teeth. Each State can provide what is needed by the people within the State. The administration's social security approach for aged care would provide mainly hospital and nursing home payments.

In the second place, the Kerr-Mills program is administered on a basis where both the doctors and the patients have the freedom of choice, the patient being able to choose the doctor wanted or the hospital wanted, the doctor being free to make his service available in accordance with what kind of medicine he practices.

Next, the Kerr-Mills program, being available to all over 65 who need it and cannot provide it for themselves, is paid for out of the general revenue fund, by taxes received from everybody, rather than being paid for by a limited group, primarily the self-employed and the employed workers and their employers.

Question. From a cost standpoint how does the Kerr-Mills program compare with the social security approach?

Answer. The Kerr-Mills plan if fully implemented in all of the States would cost much less than the Anderson-Javits proposal, which is the latest administration version.

The Anderson-Javits amendment had a tax beginning in 1963, a payroll tax that would have collected $810 million. Beginning January 1, 1964 the Anderson-Javits amendment would have increased the social security tax $2.2 billion a year. All evidence is that if it were fully implemented that would have been inadequate to pay for it.

Now, the estimate for the Kerr-Mills plan for fiscal 1964 is less than $500 million.

Question. Some States have not yet adopted or implemented the Kerr-Mills program Why are they holding back?

Answer. Many States have anticipated that a social security tax-supported medical care program would be initiated and figured they would wait until that happened. Now, what those people don't realize is that amendments thus far offered for a social security tax-supported health program do not provide more than one-fourth of the medical or surgical or health requirements for the aged who need medical care that is provided under Kerr-Mills.

Then, some States have not done so, because their legislatures have not yet provided the funds for the State to put up its part of the money. However, when more people realize that the Kerr-Mills program is available to the States on a matching basis, in my judgment, more and more States will implement the Kerr-Mills plan, especially now that it's apparent that the other program will not be put into effect in the next 2 years. The social security plan could not be put into effect until 1965, even if it should be passed in 1963, which I gravely doubt.

Question. Do you think that medical care for the aged under social security is a proper partisan issue for the 1962 election?

Answer. I do not, for the simple reason that the Anderson-Javits amendment was defeated by the vote of 31 Republicans and 21 Democrats. It was supported by 43 Democrats and 5 Republicans. I think in the final analysis it will resolve itself into a personal issue in the various States, and within both parties, not between the two parties.

## Plebiscite for West Berlin—Political Countermove Against Khrushchev's Miscalculations

EXTENSION OF REMARKS

OF

## HON. JOHN R. PILLION

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 13, 1962*

Mr. PILLION. Mr. Speaker, Khrushchev's "war of nerves" campaign for the seizure of West Berlin is a critical phase of the Communist international politicomilitary war against us.

In Berlin, as everywhere else, our vacillating defensive policies and their resulting concessions not only fail to stop the Communist advances on all fronts; they actually invite more and more reckless Communist "miscalculated risks."

The United States is in dire need of a complete reorientation of its foreign policies. If we are to survive, we must seize the political initiative in this world civil war.

A plebiscite for West Berlin would serve to publicly expose the fraudulency of Khrushchev's proposal to make West Berlin a free city.

If Khrushchev is not totally committed to wage a nuclear war for West Berlin, the plebiscite would provide him with a face-saving opportunity to withdraw from his miscalculations for the seizure of West Berlin .

I am indebted to Mr. Joseph G. Whelan, and the Legislative Reference Service, of the Library of Congress, for the excellent background material furnished me on this subject.

The following article is an excellent summary of my address to this House on September 11. It was written by Mr. Frank Fortune, a most able writer and analyst for one of the Nation's finest newspapers, the Buffalo Evening News.

The article follows:

### Political Offensive To Hold West Berlin Is Sought by Pillion

(By Frank Fortune)

Washington, September 11.—Representative Pillion, Hamburg Republican, today told the House that a political offensive is needed to block the Communist drive to take over West Berlin.

He rejected as a "puny gesture" President Kennedy's call for authority to activate 150,000 reservists if it becomes necessary.

Mr. Pillion warned that "this callup will only serve to further lull this country into a false sense of security and peace—the callup is complete proof of the vacuous policies that emanate from our State Department.

"It is another defensive posture that is both self-deceptive and self-defeating."

In his House speech, Representative Pillion renewed his call for an immediate plebiscite in West Berlin.

#### WANTS CLEAR STAND TAKEN

Besides the plebiscite, Mr. Pillion said that initial steps in the political offensive also should include—

"A reassertion by the President that we intend to keep open all communication lines between West Germany and West Berlin.

"A new note from the President to Russian Premier Nikita S. Khrushchev reasserting our determination to use all necessary means to protect the freedom of the people of West Berlin."

As for the plebiscite, Mr. Pillion said he is confident that in free voting, between 90 percent and 95 percent of the people of West Berlin "would vote to retain the status quo and maintain the city's association with the West German Government," rejecting Khrushchev's proposals to turn West Berlin into a free city.

#### CALLS POLICY DEFENSIVE

Representative Pillon said "it is clearly evident that the tempo of the Communist-conducted world civil war is being accelerated on all fronts."

"Our inhibited, our limited, and our defensive political strategy is not halting the Communist advances anywhere," he said. "Our country's margin for survival is being reduced day by day. * * *

"The seizure of West Berlin is not Khrushchev's final objective. It is another tactical, immediate objective. His strategic, long-range objective is the destruction of our NATO alliance."

As for President Kennedy's new request for authority to call up reservists, Representative Pillion said:

"It is a whistle in the darkness of our own cemetery."

#### RECALLS EARLIER CALLUP

"I would like to recall to the Members of the House that on August 1, last year, this Congress authorized the callup of 250,000 reservists; 150,000 of these were called up.

"A special subcommittee of this House found that last year's callup was shortsighted, badly managed, deficient and totally inadequate."

Representative Pillion declared that the 1961 callup had failed to prevent Communist successes in Laos, South Vietnam and Korea, nor the completion of the "Communist Berlin 'wall of shame.'"

"The callup of 150,000 men will not delay, by even 1 day, the construction of the nuclear missile silos and bases in Cuba," he said.

---

## Springfield Chapter, Aiding Leukemia Stricken American Children, Raised $20,000 To Maintain St. Jude Research Hospital; Entertainer Danny Thomas Thanks Teenage Volunteers for Efforts in His Life Dedicated Cause

EXTENSION OF REMARKS

OF

## HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 13, 1962*

Mr. BOLAND. Mr. Speaker, more than 500 teenage volunteer workers who raised more than $12,000 for ALSAC of Springfield, Mass., earlier this year were told by entertainer Danny Thomas during an August 31 reception at Springfield's Technical High School auditorium that America is not overrun by juvenile delinquents. Mr. Thomas, who describes himself as a "philosophizing bum," thanked the volunteers for their contribution for Aiding Leukemia Stricken American Children—ALSAC—and said they had raised more money per capita in Springfield than any other chapter in the United States.

The popular comedian has been traveling throughout the country to raise funds for St. Jude Research Hospital in Memphis, Tenn. Both the St. Jude Hospital project and ALSAC have grown out of a vow that Thomas made 20 years ago, when penniless and jobless, to St. Jude Thaddeus, the patron saint of the hopeless. Largely through his efforts, $2 million had been raised by 1957 to construct the hospital to combat leukemia in children. ALSAC was formed to provide permanent maintenance for the hospital.

Mr. Speaker, I had the pleasure to be with Danny Thomas that night when we spoke at a fundraising dinner for ALSAC. Mr. Joseph Demos, the Springfield chapter chairman, was toastmaster. He is to be commended for the very fine fundraising drive put on by his chapter and the teenage volunteers who so generously cooperated in this great cause. At this time I include with my remarks the following excerpt from the Springfield Union's news account in the September 1 edition of Danny Thomas' appearance:

Thomas told the teenagers that "there is no more juvenile delinquency today than there was when I was a teenager. Your age is an awkward one and too many of you are taking the blame for a few juvenile delinquents," he said.

After telling jokes he sang two songs and signed autographs in the corridors where he was mobbed by admiring teenagers.

#### FOUR HUNDRED AT DINNER

In the evening about 400 guests attended a $25-a-plate dinner in the Sheraton-Kimball Hotel where Thomas and his charity were praised by such dignitaries as Most Rev. Christopher J. Weldon, bishop of the Springfield Roman Catholic Diocese; Rev. Harry Struckenbrook, president, Greater Springfield Council of Churches; Representative Edward P. Boland; Mayor Charles V. Ryan, Jr.; Judge Abraham I. Smith; Rev. Stephen Papadoulias and others.

A telegram from President Kennedy lauding the work of ALSAC and Thomas was read before Danny went into one of his famous afterdinner monologs.

Some excerpts of his famous wit: "Behind every famous man is a woman who thinks he's an idiot." "People accuse me of voting for the President because he's a Catholic. It's not true. I voted for him because I'm a Catholic."

#### CRACKS JOKES

His penetrating humor included jokes on Israel, Lebanon, and an imitation of Representative Boland.

In a more serious vein, he said that in the early days of ALSAC persons accused him of "coming into their territories and stealing their money. It's not true and never was. ALSAC benefits all, for some day there will be a cure for leukemia and other catastrophic diseases that will be shared in with the world."

Children are admitted free to St. Jude Hospital regardless of race, creed, or residency, he said.

"St. Jude Hospital was designed by a Negro, built by a Jew, and is staffed by Protestants," he said.

#### TOTAL OF $20,000 COLLECTED

He announced that money from the dinner will bring the total amount of money collected this year in this city to more than $20,000.

In a special interview with the Union, the cigar-smoking veteran of show business said he first got the idea for the hospital in 1955. He said he consulted with a group of scientists who decided that the one catastrophic disease they should center on should be leukemia. Since that time he has spent all his free time on the project, he said. "I'm like the businessman who can't get away from his business as far as ALSAC and St. Jude Hospital are concerned. It's with me all the time," he said.

### FRIENDLY CITY

Of the 250 ALSAC chapters in the country, he said that the Springfield chapter was one of the best. "This is a fine and friendly city. Walking down Main Street I received more 'Hi Danny's' than I thought possible," he said. "Guess much of it is due to television. You see, television is a friendly medium. It allows you to enter the privacy of many, many homes," he said.

He said his program, "The Danny Thomas Show," seems to have a good affect on teenagers. "The family problems in the show are as old as man, and have to be solved by the entire family. I don't think that father always knows best," he said.

Thomas, who was presented with two plaques of merit and appreciation by Michael P. Pagos, executive director, on behalf of the Springfield Boys Club, said that the first seminar of scientists from all over the world will be held at St. Jude Hospital in November in order that they may be able to discuss catastrophic diseases and the progress the hospital has made in combating them.

Among the many contributors to the ALSAC at the banquet were five girls from Holyoke who recently wrote and performed a play in Holyoke that raised more than $100 for the fund.

Joseph Demos of this city, local chapter chairman, acted as toastmaster. He was assisted in arrangements by Dr. and Mrs. Alfred J. Ferris, and Dr. and Mrs. Emil M. Ferris.

Mr. Speaker, I also include with my remarks the story of how Danny Thomas made a vow to St. Jude to build him a shrine if he would help him find his place in life, followed by my remarks at the fundraising dinner, and the program listing honored guests, the patrons and patronesses and members of the committees who worked to make the fundraising a huge success:

### A PRAYER, A PICTURE, AND PEOPLE

(ALSAC, of Springfield, Mass., presents Danny Thomas for the St. Jude Research Hospital, Sheraton-Kimball Hotel Friday, August 31, 1962)

Twenty years ago Danny Thomas was a struggling, unknown entertainer when he made a vow to St. Jude Thaddeus to build him a shrine if he would help him find his place in life. St. Jude, 1 of the 12 apostles was a forgotten saint for many years because of the similarity of his name to the betrayer, Judas Iscariot, and he became the patron saint of the helpless and hopeless.

Danny Thomas never forgot his vow. He devoted countless hours of his great energy, gave freely of his talent and funds to start a great hospital for research in leukemia and kindred catastrophic diseases of childhood.

The history of St. Jude Hospital really began on February 2, 1962, the date of its dedication, but the research hospital already had an exciting past and promises a future of seeking cures for diseases of children.

On his knees in that church 20 years ago, Danny Thomas had no idea of building a huge research hospital. It was the late Cardinal Stritch who suggested that he build a hospital for underprivileged children. Armed with only a drawing of the nonexistent hospital he soon learned that blueprints and construction money were not enough to build a free hospital; somebody has to pay to operate the place, however noble its aims.

The ALSAC (Aiding Leukemia Stricken American Children) organization was formed in 1957 to support and maintain St. Jude Hospital. Good Americans decided to share this work, so that today in over 200 chapters they work and give for ALSAC on a completely voluntary basis. Because of this dedication over 90 cents of every dollar contributed goes for research at St. Jude.

St. Jude Research Hospital is a $5 million institution, with a maximum capacity of 100 beds. Since it is primarily a research center, the major areas are devoted to laboratories and research units. The entire institution is dedicated to the care of children stricken with catastrophic diseases and to research aimed at developing superior methods of treatment. Patients are limited to those with diseases involving the blood and blood-forming organs with particular emphasis on leukemia. Hemorrhagic diseases, aplastic anemia and hereditary diseases are also included.

The hospital is operated by a full-time paid staff and is not dependent on volunteer professional services. Physicians employed devote their entire time to the care of patients and to basic and clinical research, and do not engage in private practice. Graduate fellows and hematology residents carry part of the clinical load. Nursing services and day-to-day administration of the hospital are carried out by the Sisters of St. Francis.

Children will be admitted to St. Jude without regard to race, creed or residency. In general, patients who have diagnostic problems, or the type of disease being treated will be admitted. The cost of diagnostic service and hospitalization will be borne by ALSAC and patients will not be charged for care, drugs or any services. Children in St. Jude will receive superior medical care at no cost.

This is what can be done with a picture, prayers, and people—not just a hospital, but a research center with beds, staffed and equipped to give the finest of care to children suffering from leukemia and allied blood diseases—free to all.

### HONORED GUESTS

Danny Thomas, president of ALSAC.

Michael F. Tamer, national executive director of ALSAC.

Hon. Charles V. Ryan, Jr., mayor of Springfield.

Hon. Edward P. Boland, Congressman.

His Excellency Christopher J. Weldon, D.D., bishop of Springfield.

Rev. Harry Stuckenbruck, president, Greater Springfield Council of Churches.

Hon. Abraham I. Smith, judge of probate.

Rev. Stephen Papadoulias, pastor, St. George Greek Orthodox Church.

Rev. Roland Abijaude, St. Anthony's Maronite Parish.

### PATRONS AND PATRONESSES

Mr. George Abdow, Miss Phyliss Abdow, Dr. and Mrs. Alfred Aborjaily, Mr. and Mrs. Kenneth Abrahams, Mr. Edward H. Allen, Mrs. Paul Alonzo, Mr. and Mrs. Cosmo Ansara, Miss Nancy Ansara, Mr. Peter Ansara.

Mr. and Mrs. Francis Balicki, Mr. and Mrs. Edward Barkett, Mr. and Mrs. Samuel Black, Mr. Stephen Bodolay, Mr. and Mrs. Angelo Bressani, Mr. and Mrs. Philip Bshara.

Dr. and Mrs. Sante M. Caldarola, Mr. and Mrs. Ralph C. Campbell, Mr. and Mrs. Norman Card, Miss Janet Caserio, Mr. and Mrs. Frank Cataldo, Mr. and Mrs. David Chase, Mrs. Edward Ciccarelli, Mr. Donald Cohon, Dr. and Mrs. William E. Coons, Mr. and Mrs. Raymond Coughlin, Mrs. Annie Couri, Mr. and Mrs. Peter Couri, Mr. and Mrs. Donald Craft, Jr.

Mr. and Mrs. James E. Davis, Mr. Louis Del Padre, Mr. and Mrs. Joseph Demos, Mr. Louis Demos, Mrs. Michael Demos, Mr. and Mrs. Robert Dion, Mr. and Mrs. Walter Doubitz, Miss Diana Dowaliby, Mrs. John A. Dowaliby, Mr. and Mrs. Laurence Duclos.

Mr. and Mrs. Andrew Elkas, Mrs. Edward Ellis, Dr. George R. Ellis, Miss Hilda Ellis.

Dr. and Mrs. Alfred J. Ferris, Dr. and Mrs. Basil M. Ferris, Dr. and Mrs. Emil M. Ferris, Mr. and Mrs. Francis M. Ferris, Miss Laurice Ferris, Mr. and Mrs. Louis Ferris, Mrs. Michael Ferris, Miss Theda Ferris, Mr. and Mrs. William Ferris, Mr. and Mrs. William Foley, Mr. and Mrs. J. W. Fournier, Dr. and Mrs. George Franklin.

Dr. Bronislaus A. Galuszka, Mr. and Mrs. Harry Gampel, Mr. and Mrs. Ned Gareeb, Mr. Frank Gatti, Mr. and Mrs. Edward Ghareeb, Mr. George Ghareeb, Mrs. Hykel Ghareeb, Mr. Joseph K. Ghareeb, Mr. and Mrs. Philip Ghareeb, Mr. Anthony Gianetti, Mr. John Giokas, Mr. and Mrs. Jerome Good, Mrs. Henry Goodnough, Mr. Jack Grace, Miss Barbara Grenier, Mr. and Mrs. Anthony Grosso.

Mr. and Mrs. Theodore Habin, Mr. and Mrs. Eli Haddad, Mr. and Mrs. Francis Hafey, Mr. Charles Hapcook, Mrs. George Hapcook, Mr. and Mrs. Manser Hapcook, Mrs. Raymond Hapcook, Mr. and Mrs. William J. Hartt, Mr. Laurence Hashim, Mrs. Fred Hemsworth, Mr. and Mrs. Sol Herskowitz, Mr. and Mrs. Moses Hyder, Mr. Robert Hyder.

Mr. and Mrs. George Joseph, Mr. Joe Joseph, Mr. and Mrs. Philip Joseph.

Mrs. George Karam, Miss Marlene Karam, Mr. and Mrs. Milton M. Katz, Mr. and Mrs. William Kavaney, Miss Eve Kawie, Mr. and Mrs. Joseph Kawie, Mr. and Mrs. Peter Kawie, Rev. Francis J. Keaney, Mrs. Donald Keefe, Miss Linda Kinnenan, Mr. and Mrs. Joseph J. Kosiorek, Dr. and Mrs. Joseph Kresock.

Dr. and Mrs. William Licht, Mr. and Mrs. William Lynch.

Mr. Alex Makol, Mr. Frank Makol, Mr. Edward Margolis, Mrs. Sheila Mariani, Mr. and Mrs. Joseph Marieb, Mr. Taffy Marieb, Mr. and Mrs. Harry E. Marrewa, Mr. and Mrs. John H. McCarthy, Miss Sheila McCarthy, Mr. and Mrs. Timothy McCarthy, Dr. Paul J. McKenna, Miss Roberta Menard, Dr. and Mrs. Irving Meyer, Miss Abbey Michaels, Mr. James Michaels, Miss Marilyn Monahan.

Miss Elsie Namnoun, Mr. and Mrs. George J. Nassar, Jr., Mr. and Mrs. Edward Nassif, Mr. and Mrs. Philip Nassif, Mr. and Mrs. Joseph Norman, Jr., Mr. and Mrs. Paul Norman.

Rev. Raymond W. O'Brien, Miss Dorothy Ollari, Mr. and Mrs. Robert J. O'Neil, Mr. and Mrs. John Ostrowski, Dr. and Mrs. Walter J. Pacosa, Dr. Helen Papaiounau, Mrs. John Papaiounau, Mr. and Mrs. Clifford Phaneuf, Dr. Henry W. Polchlopek, Rev. and Mrs. W. K. Price, Mr. Edward J. Pryzbyla, Mr. Angelo Puppolo, Mr. and Mrs. Michael Puppolo.

Miss Joanne Ramah, Mr. and Mrs. Joseph Ramah, Miss Martha Ramondetta, Miss Mary Ann Ramondetta, Mr. and Mrs. E. L. Raverta, Mr. and Mrs. C. A. Richmond, Mr. and Mrs. Normand Rouillard.

Mrs. Michael Salem, Mr. and Mrs. Sam Salem, Miss Elizabeth Saliba, Mrs. Mandabell Saloomey, Mrs. James Schoenenberger, Miss Jane Schoenenberger, Dr. and Mrs. Irving Selsby, Mr. Fred Semanie, Mr. James Semanie, Mrs. Domit Shaer, Miss Jamelie Shaer, Mr. and Mrs. Joseph Shaer, Miss Mary Shaer, Mr. and Mrs. Irving Shapiro, Mrs. Bruno Sileski, Mr. Keith Silver, Mrs. Sarah Spano, Mr. John Satchowicz, Mr. and Mrs. David J. Stevens, Dr. and Mrs. Joseph R. Stirlacci, Mr. and Mrs. Sidney Steinberg, Mrs. Esther C. Stone, Mr. and Mrs. George W. Sullivan, Mr. and Mrs. Ben Swirsky, Mr. and Mrs. Stanley Szlachetka.

Mr. and Mrs. Joseph Venti, Mr. and Mrs. Norman Vester, Jr., Mr. and Mrs. Norman Vester, Sr., Mr. Joseph Wihbey, Mr. and Mrs. Ernest B. White, Mr. and Mrs. Joseph Wright.

Also Dr. and Mrs. Bruce B. Alicandri, Mr. and Mrs. Ignatius J. Andreis, Dr. and Mrs. Joseph Angelica, Mr. Michael X. Andrews, Mr. and Mrs. Edward J. Breck, Mr. and Mrs. Daniel J. Bresnahan, Dr. and Mrs. John C. Bryson, Mr. A. Calderigi, Casty-Faneuil Associates, Mr. Alvin Chase, Dr. David O.

Cohen, Mrs. Louis Consiglio, Mr. Joseph Czaja, Dr. and Mrs. William M. Davis, Mr. Joseph J. Davitt, Mr. Edward L. Donnellan, Mr. Isaac L. Eskenasy, Mr. Irving Fein, Mr. and Mrs. Theodore Hyder, Mr. and Mrs. Edwin Jasinski, Mr. Abraham Kamberg, Dr. Robert L. Kantor, Dr. and Mrs. Aldo J. Leani, Mr. and Mrs. Robert R. Lepak, Dr. and Mrs. F. A. Mahoney, Menzel and Menzel, Mr. and Mrs. Charles F. Miller, Dr. and Mrs. Robert Moriarty, Mr. and Mrs. Stephen Moynahan, Dr. and Mrs. Meran Nakashian, Mr. John J. O'Neil, Dr. and Mrs. John Prybylo, Student Prince and Fort Restaurant, Daniel M. Keyes, Jr.

COMMITTEES

Mr. and Mrs. Joseph Demos, Cochairmen.

Tickets: Dr. and Mrs. Alfred J. Ferris, cochairmen; Dr. and Mrs. Emil M. Ferris, cochairmen; Mr. Manser Hapcook, Miss Jamelie Shaer, Mr. Joseph Kawie, Mr. George Joseph, Dr. Basil Ferris, Mr. David Stevens, Mr. Edward Barkett, Mr. Louis Demos, Mr. Joseph Ghareeb, Mr. Joseph Ramah, Mr. Philip Nassif, Mr. Sam Salem.

Marchers reception: Mrs. Philip Nassif, cochairman; Mr. and Mrs. Manser Hapcook, cochairmen; Miss Joanne Ramah, Mr. Joseph Ghareeb, Mr. Joseph Wihbey.

Public relations: Mr. Eli Haddad.

Reservations: Mr. and Mrs. Francis M. Ferris, cochairmen; Mr. and Mrs. Philip Ghareeb.

Invited guests: Mr. Cosmo Ansara, Mr. George Ghareeb.

Hostess committee: Mrs. Joseph Demos, chairman; Mrs. David Stevens, Mrs. Andrew Elkas, Mrs. Eli Haddad, Mrs. Philip Bshara, Mrs. William Kavaney.

Treasurer: Miss Jamelie Shaer.

Entertainment: Mr. Alex Makol, Mr. Frank Makol.

Decorations: Mr. and Mrs. Clifford Phaneuf, Mrs. Joseph Kawie.

Program: Mr. Joseph Demos, Mrs. Clifford Phaneuf, Mr. Peter Couri.

Sound: Mr. Andrew Elkas.

EXCERPTS OF REMARKS BY CONGRESSMAN BOLAND

This is not the best time of the season for any kind of a gathering. Labor Day weekend.

Neither is it for Danny Thomas. But, knowing as he does that leukemia is no respecter of time or people, he gives up the rest and solace and quiet of this pleasurable time to carry on the magnificent work to which he is devoted. So, this is one of the reasons why I wanted to be a part of this wonderful world of Danny Thomas.

And what a world it has been from a horse farm in Deerfield, Mich., where his daughter Marlo says, "Daddy was not only born on the farm—the veterinarian, delivered by—from Deerfield to Toledo—Good old Toledo—to Detroit to the dizzying heights of Hollywood—from saloon entertainer to the gayest, richest, and most expensive spots of the entertainment world into radio and movies and television. What a wonderful world indeed, it has been and is.

He has worn the crown of success and fortune and accepted the honors—as many as ever have been conferred upon a working actor—because he never forgot from whence he sprung.

You will find it wrapped up in his own words: "My purpose in life is to propagate the philosophy of man's faith in man—based upon my own belief that, unless man reestablishes faith in his fellow beings, he can never establish faith in God.

"In order that others to follow may be inspired to do likewise, I have to leave something. I'm not so unforgettable I can do it only with words. I must leave something that men can touch, feel and see. That will be the St. Jude Hospital. Me? I'm a philosophizing bum."

And from this philosophy, he has built masterpieces—his own magnificent, devoted family, his monument to the patron of the hopeless, St. Jude's Hospital.

I'm delighted to be in your presence and to join with this gathering to make the wonderful world of Danny Thomas, a little more wonderful for the untold numbers that will enter the doors of an institution that was built on faith—the faith of a wonderful guy.

## Twenty-fifth Anniversary of the Death of Thomas Masaryk

EXTENSION OF REMARKS

OF

### HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 13, 1962*

Mr. ROOSEVELT. Mr. Speaker, we pause in our legislative activities today to pay tribute to the memory of the founder of the Czechoslovakian Republic. Thomas Masaryk, statesman and philosopher, died on September 14, 1937, 25 years ago today. No Eastern European statesman has ever embodied the liberal democratic tradition more effectively. The leader of a small political party, Masaryk succeeded in conveying the ancient tradition of liberty, equality, and equal justice under law, not only to the Czechs and Slovaks, but also to neighboring peoples.

Masaryk was born in 1850 near the Moravian border, the son of a coachman who was employed on one of the Austrian imperial estates. Working as a locksmith's apprentice at the age of 14, the young Masaryk later struggled as a poor student. By the age of 32 he had made a major contribution to the field of sociology, and was appointed a professor at the University of Prague. While his sociological work led him to a critical study of Marxism, Masaryk embarked on a political career, crusading for the improvement of the Czechoslovak people. Masaryk was no narrow nationalist; he was deeply imbued with the liberal tradition of Western thought, and all his life advocated "European and world politics." He viewed the complex nationality problems of central Europe from a broad perspective. Freedom, in Masaryk's conception, must always be based on friendship with neighboring peoples, never on hatred.

This outlook did not keep him from vigorous activity in defense of the subjected Czechoslovak people. During the first decade of the 20th century Masaryk, then a representative in the Austrian Parliament, fearlessly criticized Austria's aggressive policy in the Balkans. During World War I he further revealed the corrupt and feudalistic character of the Austria-Hungarian Empire to the whole world, through his writings, and campaigned in Western Europe, Russia, and the United States for Czechoslovak liberation from Hapsburg rule. Partly as a result of Masaryk's visit to this country, the United States on May 29, 1918, officially declared its sympathy with the cause of Czechoslovak independence, and the Allied Governments associated themselves with this declaration. The Czechoslovak National Council, of which Masaryk was president and Eduard Benes was secretary, was granted American recognition as the de facto government of the coming Czechoslovak state.

A few months later Thomas Masaryk was elected the first President of the Czechoslovak Republic. He was reelected to the same position three times before his retirement in 1935. After seeing his beloved pupil, Eduard Benes, elected to succeed him, Masaryk died on September 14, 1937, and was mourned by the entire Czechoslovak nation. Throughout his life, Masaryk worked for the liberation of man and for a community of nations based on law. The heritage which he has left the Czechoslovak people, presently suffering under the yoke of a foreign dictator, is a great one, deserving the devotion of freedom-loving people of all nations.

## FAA Facilities

EXTENSION OF REMARKS

OF

### HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 13, 1962*

Mr. GONZALEZ. Mr. Speaker, some years ago I heard a rather crass definition of politics when someone described it as "the science of who gets what from whom."

This is hardly an ennobling sentiment. Those of us who participate in the political judgments of this country would like to argue that our efforts hardly have the exactness of a science and that they are certainly motivated by loftier sentiments than who gets what from whom.

I mention this because I want to discuss a matter that has occupied the attention of several distinguished Members in recent weeks, namely the merits and demerits of the Administrator of the Federal Aviation Agency, Mr. Najeeb Halaby. But first I must disavow and disclaim any desire to take anything from one group of people and give it to another.

The people in the district I represent are not trying to take an FAA facility from the people in another district. Of course, they would like, if possible, to keep the air traffic control center they now have rather than see it move to another district a few miles away. They are not trying to gain a big regional airport that would route another city's traffic to their own. They have not even made a fuss about standing at the bottom of the list when airport appropriations were recently handed out. And I do not know of any of them that are trying to get nonscheduled airline certificates issued or revoked.

In short, the people in my district are not trying to gain a favor from FAA or its Administrator. Yet, they have a quarrel with the Administrator. And I have a quarrel.

Our quarrel is that this man's deficiencies do not dwindle in significance when weighed against his contributions. We do not want to detract from his accomplishments in earning a pilot's license at 17; we do not want to minimize his abilities as a test pilot or a parachutist; we do not pass judgment on him as a lawyer or a corporation official, nor do we say he rendered no service as one of President Eisenhower's appointees to the group which recommended creation of FAA. We do not doubt that he is eager and on the go, and we think it was proper that he fine himself $50 when his eagerness to move ahead of other planes waiting on the flight apron caused him to collide with another plane.

We agree with the able Member who listed such things as these to his credit. And we certainly agree that Mr. Halaby never hesitates to speak up for what he believes. However, I would hope that all my constituents do not share the view Mr. Halaby expressed when he said I was simply a freshman acting like a freshman. But even such frankness as this serves a purpose, for it gives an insight into the man's attitudes when he is opposed.

We in the 20th District of Texas oppose this man, not for any of the things I have mentioned, but as Administrator of this Agency. In the past weeks I have examined many aspects of FAA's operations that are under this Administrator. Other Members of this House have taken him to task for matters within their knowledge. One of our distinguished and senior colleagues has called on the President to discharge this Administrator.

It is apparent that no one of us here has full knowledge of all that is to his credit or his discredit. We can only speak from our own knowledge independently arrived at.

Therefore, it is good and it is timely that my esteemed colleague from Texas, the chairman of the Subcommittee on Government Activities, has scheduled next Monday an inquiry into the activities of the Federal Aviation Agency for the purpose of determining its economy and efficiency. This is good, and I welcome it.

Much that has been said, and to which I have contributed, concerns facts that are involved, obscure, and technical. It is well that a regular committee of this House will now take such facts under consideration. No group up to now has done so. The Subcommittee on Appropriations announced that it was not the experts to do this, that the experts in this field were within FAA itself. The Comptroller General of the United States advised me that he could express no opinion on the reasonableness of economic data from this Agency. Therefore, it is good to know that a regularly constituted body of this House will make this inquiry.

This inquiry must surely examine one central question of conflict that bears directly on both the efficiency and economy of the Agency and the abilities of its Administrator. That question is: How many air route traffic control centers are being planned within the contiguous United States?

Mr. Halaby says 21. The experts in his Agency recommend 15. Why should this Congress appropriate funds for new centers, for dismantling centers, for consolidating centers until Mr. Halaby and his own career experts resolve their difference? Not only the number but their location and the configuration of their boundaries must be settled before anyone can determine if it is efficient or economical to close down, move, or build these ARTC centers. This is so elemental, I can assure you the voters of America can understand the necessity of answering this question even though many here would rather it not even be asked.

I urge the subcommittee to put the question.

## Cotton Import Bills

EXTENSION OF REMARKS
OF
### HON. A. PAUL KITCHIN
OF NORTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
*Thursday, September 13, 1962*

Mr. KITCHIN. Mr. Speaker, because of my deep concern with the welfare of the cotton textile industry which is so vital to the economy of my own district and to the national prosperity, I have introduced today two measures which, if enacted, could mean continued survival and growth of a basic manufacturing enterprise, and the stability of numberless jobs of textile workers.

The first of these bills seeks to limit the imports of cotton textiles to the volume imported in 1961—the base year of the short-term Geneva agreement by the major textile-producing nations. The other is a joint resolution which would equalize the competitive positions of foreign and domestic manufacturers of cotton textiles by imposing an import duty so long as we maintain a cotton export subsidy.

To extend statutory protection to our textile industry and its workers is particularly urgent at this time because of the shocking and unexpected unfavorable decision by the U.S. Tariff Commission on the equalizing fee for cotton imports. Too, one of the principal international agreements for the limitation of foreign textiles into the United States expires September 30. It is to be hoped that a new 5-year agreement will be reached before the end of this month, but there is no certainty that it will be done, I am informed.

But even if a new Geneva agreement for a longer term than the present 1-year agreement is reached, the textile industry of this country needs the stabilizing influence which statutory protection would bring. It would certainly encourage modernization and expansion, and it would act as an insurance against fluctuating rates of imports of foreign textiles. The President has assured the industry that he intends to keep the import rate at 6 percent, but it has been at 8 percent during the term of the present agreement.

The American textile industry is and will be at a great disadvantage as long as it must pay high support prices for American raw cotton which foreign manufacturers can obtain for 8½ cents a pound less. This price advantage, coupled with lower wages and often lower taxes, provides a ruinous competitive position for our domestic industry.

This session of Congress approaches adjournment, and if there is no protection available against a flood of cheaply produced foreign cotton products, our own industry faces a highly inequitable and dangerous position in its home market.

The textile mills of the Far East, Europe, and the Middle East are among the world's most modern. In many if not most instances, this modernization has been made possible through American aid. To now deny the American textile industry a measure of protection while it modernizes to meet outside competition would be, in my opinion, exceedingly shortsighted and economically disastrous.

There is, as you know, now a case before the Office of Emergency Planning, in which it is sought to have the textile industry declared vital and necessary to the national security. If such a finding is made, the President would then have the authority to take measures to protect the domestic textile industry just as the mandatory oil imports program is operating to protect, to some extent, the domestic petroleum industry. I have no assurance, of course, when and if the Office of Emergency Planning will make such a finding. Meantime there is little outside of the prospective international agreements which offer the prospect of a reasonable amount of protection.

If statutory protection for the textile industry is not provided by this Congress, it might well be 2 years before such legislation could be made effective. Such a period would prove catastrophic to our domestic textile manufacturers if the flow of foreign cotton products is not otherwise stemmed.

There have been other important segments of American industry which have been threatened by ruinous foreign competition arising from inequities in production costs and failure to impose reasonable and adequate limitations on imports. Some of those industries have not survived.

I think none would seriously debate that the great textile industry is vital to the economic health and the security of the United States. The time to insure its continued existence and to aid toward permanent health and growth is now.

## How To Save Your Life on the Most Dangerous Weekend of the Year

EXTENSION OF REMARKS
OF
### HON. FRANK W. BOYKIN
OF ALABAMA
IN THE HOUSE OF REPRESENTATIVES
*Thursday, September 13, 1962*

Mr. BOYKIN. Mr. Speaker, under unanimous consent, I include in the RECORD another timely and wonderful article by our great U.S. Secretary of Commerce, the Honorable Luther H. Hodges. I had the pleasure of putting another one of his great articles in the Congressional Record, which goes to every part of our beloved Nation, and have had so many wonderful letters from every end of the country congratulating us on what Secretary Hodges had to say in his article.

It seems to me that this article is even greater than the last one, and I believe all of us appreciate the great work that Secretary Hodges has done, is doing, and will continue to do in the Cabinet of President Kennedy. Secretary Hodges is just a genius in so many ways. He has brains and ability and such an understanding heart, and you will always find him, in my judgment, doing the things that will help all mankind. This article was a timely warning and we know now, since the Labor Day has passed and we have the record, that it was the most dangerous weekend of the year.

God bless Luther Hodges and give him strength to carry on the great work he is doing for this great Nation as Secretary of Commerce.

The article follows:

### How To Save Your Life on the Most Dangerous Weekend of the Year

(By Luther H. Hodges)

I am addressing this article to you, Mr. and Mrs. Motorist, in the hope that you will not be among the thousands killed or injured next weekend.

All signs point to the fact that Labor Day 1962 could be the worst holiday for traffic deaths in the history of the United States. That's the grim assessment of our U.S. Bureau of Public Roads, which recently completed a study of accident records. Over the years, it was discovered, Labor Day weekend has been the most dangerous holiday of all.

This year's Labor Day is even more ominous because it will be the only long holiday weekend in 1962. Every other major holiday falls in midweek. That means thousands of Americans—perhaps you too—have been waiting all summer for Labor Day to hit the highways.

As Chairman of President Kennedy's new Interdepartmental Highway Safety Board, I've been directed to throw the full weight of the Government's scientific and engineering resources into reducing the staggering annual totals of auto deaths.

#### DRIVER REGISTER STARTED

We're working, for example, to build into the great new Interstate Highway System lifesaving features that will prevent 2,000 deaths in 1962 alone. And we've started a driver register, a permanent list of drivers whose licenses have been revoked. If a violator tries to get a license in another State, authorities can ask us for his record and act accordingly.

We're sure these new programs will help. But in the last analysis, safety is still your job. You and your fellow motorists are the only ones who can reduce the number of Americans killed and injured next weekend—now predicted at 60,000.

To help you help yourself, we have selected the following 10 watchwords for safety from the research findings of the Bureau of Public Roads. These are the most important things to do. Read them; check yourself against them. Then use them on the road this weekend.

Before you start:

1. Safety-check your car. At the very least, make sure your tires, brakes, and lights are fully serviceable. I've put safety belts in my own car, and advise everyone to do so.

2. Plan your trip. Get good maps and information; lay out your trip thoughtfully. Estimate realistically how far you can go each day by staying within the speed limits. Plan to drive not more than 8 hours a day; if that is impossible, include plenty of rest stops.

3. Safety-check yourself. Too often drivers take better care of the car than themselves. They'll run themselves ragged trying to clear everything up at the office and at home, staying up much too late the night before leaving.

While en route:

4. Stay alert. Some tips: eat lightly so you don't become drowsy. Abstain completely from alcohol at least until you've stopped driving for the day. Stop periodically to stretch your legs.

5. Obey the speed laws. Serious accidents increase drastically at speeds above 65 miles per hour. High speeds pay off poorly for the risk involved. On the New Jersey Turnpike, for example, you can observe the legal limit of 60 and travel its length in 118 minutes. If you gamble and go 70 the most you'll save is just 17 minutes.

6. Use judgment. The law sets limits, but within those limits you have to use commonsense. On a good, dry, 60-mile-per-hour highway, for instance, driving at less than 40 is actually dangerous. But on a wet road at night, you should stay under the legal speed.

7. Make courtesy a habit. Psychological studies show that accident repeaters tend to be overly aggressive. Don't work off your tension on the highway. You'd do better to tell off your boss—it could cost you your job, but not your life.

8. Exercise self-control. We all know the "big George" type of driver who weaves in and out of line, cussing everyone else on the road. Remember you're traveling for enjoyment. Relax.

9. Communicate. We must cooperate with other drivers to stay alive. Let the fellow behind know what you're going to do. Use all four kinds of signals—not just left turn or right turn, but "slow down" and "pass me." If your car breaks down, warn other drivers by tying a handkerchief on the traffic side of the car or, at night, keeping dome and tail lights on.

10. Be imaginative. Imagine yourself in that other car in the next lane, for example. Think what you would do if you were its driver, and guide your own car accordingly. Of course, you can't anticipate everything; expect the unsuspected and be ready to act promptly.

Every driver can and should add items to this list. But I guarantee that if each of us concentrate on these 10, we'll soon make a change in the present intolerable situation, where it's at least 50 percent more dangerous to drive a car than to ride an airliner, where almost 5 million people are injured each year—equal to the combined population of Los Angeles and Philadelphia.

Labor Day is a time to work for safety. Let's put these 10 watchwords into practice then—and every other day too.

---

# HOUSE OF REPRESENTATIVES

## Friday, September 14, 1962

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Matthew 5: 9: *Blessed are the peacemakers for they shall be called the children of God.*

O Thou God of all goodness, may we truly be numbered among the family of nations who love liberty and respect Thy law of righteousness and justice.

May all the nations of the earth be blessed with wisdom enough to submit their disputes to arbitration and honor enough to abide by its decisions.

Grant that, drawn together by many common bonds and driven together by many common dangers, we may cultivate the art of living together in amity and concord.

Inspired by wise counsel and wholehearted cooperation may we seek to settle all our differences in an enlightened civilized manner and be determined to achieve and preserve the spirit of friendship and fraternity.

May we make the peace of the world our personal concern and use every means, at our command of power and influence, to help bring an intelligent and articulate public opinion to the side and service of peace and good will.

Hear us in the name of the Prince of Peace. Amen.

### THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 508. Concurrent resolution authorizing the printing of additional copies of parts 1 and 2 of "Structure and Organization of the Communist Party of the United States," 87th Congress, 1st session.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 224. Joint resolution to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7283. An act to amend the War Claims Act of 1948 as amended, to provide compensation for certain World War II losses.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7283) entitled "An act to amend the War Claims Act of 1948, as amended, to provide compensation for certain World War II losses," and requests a conference with the House, and appoints Mr. Johnston, Mr. Long of Louisiana, Mr. Bible, Mr. Dirksen, and Mr. Keating to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R.

12870) entitled "An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes."

Resolved, that the Senate agree to amendments of the House of Representatives to the amendments of the Senate numbered 1, 2, 3, and 5 to the above-entitled bill.

## FEDERAL POPULATION CENSUS, 1965

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DULSKI. Mr. Speaker, under leave to extend my remarks, I wish to include a resolution adopted by the Erie County Board of Supervisors, at Buffalo, N.Y., on August 7, 1962. The resolution follows:

*Resolved,* That this board of supervisors hereby does approve legislation to authorize a Federal population census in the year 1965.

## REAFFIRMATION OF THE MONROE DOCTRINE

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, the thoughtful citizens of the United States are becoming restless and concerned about continued inaction in the face of recent alarming news from Cuba. They rightly feel that we simply cannot tolerate a continued buildup of Soviet armed strength less than 100 miles from our coastline. It is time for Congress, as representatives of the people, to take action.

I am today introducing a resolution originally proposed 3 years ago by the distinguished professor of history and international relations, Samuel Flagg Bemis. It is, essentially, a reaffirmation of the Monroe Doctrine as a fundamental buttress of American foreign policy. It is my earnest hope that before Congress adjourns the Committee on Foreign Affairs will be able to give this resolution careful consideration.

I first read Professor Bemis' article, which contained this resolution, when it appeared in the December 28, 1959, issue of U.S. News & World Report. I was impressed by his analysis then and have given the subject much thought during the intervening months. The gentleman from Florida [Mr. BENNETT] shared my estimate of the Bemis resolution and, accordingly, introduced it early last year as House Concurrent Resolution 5. Because of my deep concern about the Cuban situation today, I am joining my colleague from Florida in reintroducing this resolution to underscore the need for resolute action by Congress now.

I feel certain that other Members who read Professor Bemis' article and gave it thoughtful consideration will agree that we have watched, we have waited, we have been patient long enough.

## NEWSPAPER HALL OF FAME

Mr. MATHIAS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. MATHIAS. Mr. Speaker, a responsible government guarantees to its people a free press. A responsible press helps to maintain the institutions of free government. The United States enjoys the benefits both of a free and responsible press and of a democratic Republic.

I welcome the proposal of the Maryland-Delaware Press Association yesterday to establish a Newspaper Hall of Fame. I am happy that it will be established in the State of Maryland and in my Sixth Congressional District. I call upon our colleagues in the Congress, Mr. Speaker, to promote this institution for maintaining the standards and ethics of the press which are so important to our system of government. And I also call upon the members of the press of all media throughout the country to support and maintain this institution. The congratulations and thanks of the Nation are due to George Rash, chairman of the Hall of Fame Committee and to Ralph Hostetter, president of the Maryland-Delaware Press Association for bringing this inspiring concept to the point of execution.

## CALL OF THE HOUSE

Mr. ADAIR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 214]

Alexander
Andersen, Minn.
Anfuso
Arends
Bailey
Bass, N.H.
Blitch
Bolling
Boykin
Cannon
Celler
Coad
Conte
Curtis, Mass.
Davis, James C.
Diggs
Dominick
Dooley
Fino
Frazier
Goodling
Hagan, Ga.
Halleck
Harding
Harrison, Va.
Hoffman, Mich.
Karth
Kearns
Kilburn
Landrum
Lankford
McCulloch
McDonough
McIntire
McSween
McVey
Macdonald
Madden
Martin, Mass.
Merrow
Miller, George P.
Montoya
Moorehead, Ohio
Morris
Morrison
Moulder
Norrell
O'Brien, Ill.
Pfost
Powell
Rains
Randall
Reece
Rivers, S.C.
Rogers, Tex.
Saund
Scranton
Shelley
Sheppard
Smith, Miss.
Thompson, La.
Weis
Whalley
Whitener
Yates
Zelenko

The SPEAKER. On this rollcall 370 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

## REREFERENCE OF HOUSE RESOLUTION 799

Mr. BURLESON. Mr. Speaker, I ask unanimous consent that the resolution (H. Res. 799) be rereferred from the Committee on House Administration to the Committee on the District of Columbia.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

## UNITED NATIONS LOAN

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 2768) to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 2768, with Mr. WALTER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read section 1 of the bill. The Clerk will now report the first committee amendment to section 1.

The Clerk read as follows:

On page 1, line 6, following the 6, following the period, strike out all of line 6 down to and including all of line 7 and insert "The proceeds of such loan".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

On page 2, line 2, strike out the period and insert ", and shall not be used to reduce regular or special assessments against any such members."

Mr. GROSS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the gentleman's amendment to the committee amendment?

Mr. GROSS. No, it is not, Mr. Chairman.

The CHAIRMAN. Then we will dispose of the committee amendment first.

Mr. GROSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. An amendment to follow the committee amendment would not be out of order, if the committee amendment is adopted; is that correct?

The CHAIRMAN. No, because it would still be on section 1.

The question is on the committee amendment.

The committee amendment was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 1, line 8, strike the word "states".

Mr. GROSS. Mr. Chairman, I offer this amendment in an effort to clarify some of the weird language in this weird bill. If anyone can show me in the United Nations Charter pertaining to the use of these two words "states members," I will be glad to hear about it.

Mr. MORGAN. The committee is willing to accept the gentleman's amendment.

Mr. GROSS. I thank the gentleman.

Mr. Chairman, I should like to read a few excerpts concerning the United Nations from the excellent report by the distinguished gentlewoman from Illinois [Mrs. CHURCH] and the distinguished gentleman from Texas [Mr. BURLESON]. They served as official delegates to the United Nations last year.

Mrs. CHURCH and Mr. BURLESON had this to to say:

The Organization [United Nations] has already undertaken too many programs that involve heavy financial commitments, the greater portion of which is expected to be, and probably will be, paid by the United States. More important, this trend if unchecked may result in the gradual erosion of large measures of our national sovereignty. To this we are unalterably opposed.

In this connection, we think that the United States has hurt its own position, and similarly has hurt, rather than helped, the United Nations by assuming a totally disproportionate share of the expenses.

This was last year when this bond issue was still a gleam in the eyes of its promoters.

Continuing, these two distinguished Members stated:

Certainly we do not believe that a further unfair financial burden should be placed on our taxpayers. Nor can we fail to consider the effect on our mounting national debt.

I was also interested in the remarks of our distinguished Speaker on the floor of the House yesterday when he quoted President Eisenhower and referred to a letter or telegram from President Kennedy.

Let us see what former President Hoover had to say about the United Nations in a speech on August 10, 1962. Said former President Hoover:

But now we must realize that the United Nations has failed to give us even a remote hope of lasting peace. Instead it adds to the dangers of wars which now surround us.

The disintegrating forces in the United Nations are the Communist nations in its membership.

Then former President Hoover continued:

They have destroyed the usefulness of the United Nations to preserve peace.

The distinguished Speaker quoted former President Eisenhower in behalf of this legislation. Only last week this former President spoke to a meeting in Frederick, Md.

He said, among other things:

The power to spend is the power to impoverish and bankrupt a nation and I think we should stop it.

He said that people who would not pay their debts used to be called deadbeats.

I do not want to be called a deadbeat and I do not think you do either.

He said further:

We should pay our bills as we go along and should balance the budget.

What is former President Eisenhower saying when he sends a message to the Speaker urging support for this phony bond issue and at the same time denouncing deadbeats. Is he condoning deadbeat governments elsewhere over the world and pointing the finger at deadbeats in this country? He cannot have it two ways. There would be no reason for this legislation if the member nations of the United Nations had met their moral and financial obligations.

Let the first condition be that the deadbeats throughout the world pay their debts. I would ask Mr. Eisenhower: Why call upon the taxpayers of this country to make up the deficits of the deadbeats elsewhere?

And how, may I ask the former President, can it be expected to balance the budget and pay on the Federal debt which, incidentally, is $23 billion more than the combined national debts of the rest of the world, if Americans are to be called on to finance 50 percent or more of the bond issues and borrowings of international organizations?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was agreed to.

Mr. LOSER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. LOSER. Mr. Chairman, the question presented by S. 2768 is whether the U.S. Congress will authorize an appropriation of $100 million to be used by the President in the making of a loan to the United Nations. The governing body of the U.N. approved a bond issue last year in order to prevent a financial collapse of this world Organization. It is an effort on the part of the General Assembly of the United Nations to overcome what is regarded as one of the gravest issues now facing it—the imminent threat of bankruptcy. Only France and the Soviet bloc opposed the bond issue.

Subsequent to the action of the General Assembly in authorizing a bond issue, it voted to appeal to the International Court of Justice for an advisory opinion on whether the United Nations Charter put a binding legal obligation on members to pay for military operations ordered by a majority of members, such as in the Congo and the Gaza strip—Egyptian-Israel border.

Mr. Chairman, it is to be observed that S. 2768 does not authorize the purchase of bonds. It simply authorizes a loan of $100 million to the United Nations. The bill has several important limitations in it.

First, it is provided "the amount of money to be lent to the United Nations shall not exceed the aggregate amount of loans made by other nations."

Second, "there shall be deducted from the annual payment of the assessed share of the United States of the budget of the United Nations an amount equal to the corresponding annual installment of principal and interest due to the United States on account of the loan."

It is to be recalled that the U.N. Charter was ratified by the U.S. Senate on July 28, 1945, by a vote of 89 Members. There were two votes against ratification. This action by the United States sent its high hopes for peace to the peoples of the world.

In its 17 years of existence it has had a rocky road to travel.

This is the second attempt by the peace-loving people of the world to effect an organization dedicated to peace and order.

I know there are many of my constituents who would like to see the United Nations perish. I have searched my conscience on the subject.

I cannot bring myself to the place where I will cast a vote that would contribute to its downfall. Certainly not in this hour when the fate of the freedom-loving peoples of the world hangs in the balance; when crises appear every day; when by accident alone a conflagration could be set in motion that would annihilate civilization.

Edmund Burke once said, when asked about the views of his constitutents:

You must pay attention to them and give heed to and counsel with them, but at long last, when it comes time to best serve your constituency, then you must render your independent judgment, based upon your conviction, for if that fails, you do betray your people.

Mr. Chairman, we have spent over $100 billion around the world since the Marshall plan was enacted into law in the greatest effort for peace and freedom that history records.

We are now engaged in a death struggle with an ideology that threatens to engulf the freedom-loving peoples everywhere. To permit an agency dedicated to peace to perish in this hour of travail would be calamitous. I am not unmindful of what has been happening in the United Nations financial structure. I know many member nations are in default in their assessments. However, the bill specifically provides:

The proceeds of the loan * * * shall not be used to reduce regular or special assessments against any members of the United Nations.

Since the International Court of Justice has decided that the expenditures authorized by the General Assembly of the United Nations for military operations in the Middle East and the Congo are "expenses of the Organization" within the meaning of the U.N. Charter, there is provided a sound basis for obtaining prompt payment of assessments for such expenditures by making them obligations of all members of the United Nations.

Mr. Chairman, the effect will be to deprive members 2 years in arrears of their right to vote in the General Assembly. So these members in arrears will be required to pay up their assessments or lose their votes.

I will support the bill.

**Mr. YOUNGER.** Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the Committee yesterday you may recall I inquired for information from the chairman of the Foreign Affairs Committee as to the amount of money that had been transferred to the U.N. He stated that no funds had been transferred from military assistance nor from the President's contingency fund.

If you will examine the hearings of the Appropriations Committee you will find on page 996 of the third volume that last year we transferred $158 million. As I understand, there was some $340 million that was deobligated from military assistance fund, and then transferred to AID and then from AID to the U.N., and then from the U.N. to the Congo fund. It seems almost impossible to get accurate figures, but I have something here this morning that I want to put in the RECORD, facts that I think are most interesting. How it comes about I have been unable to find out. These are very interesting figures. I would like to have you listen to them.

For instance, Argentina last year had a U.N. assessment of $808,000. The United States contributed $646,400 to meet their assessment. They turned around and bought $90 million of our gold.

Cambodia had an assessment of $32,000. We contributed $25,600 toward that assessment. Cambodia turned around and bought $3,100,000 of our gold.

Costa Rica had an assessment of $32,000. We paid $25,600, and they bought $2,300,000 of our gold.

Farther down there are some real good figures: Lebanon, for instance, had an assessment of $32,000. We paid $25,600. They turned around and bought $21 million of our gold.

Nigeria had an assessment of $168,000. We paid $134,000 of that. They turned around and bought $20 million of our gold.

Saudi Arabia, the great country with so much oil, had an assessment of $56,000. We paid $44,800 of that. They turned around and bought $47 million of our gold.

Spain had an assessment of $688,000. We paid $550,400 of that. Spain bought $156,200,000 of our gold.

Turkey had an assessment of $320,000. We paid $256,000. They bought $2,500,000 of our gold.

Laos, for instance, had an assessment of $40,000. We paid $32,000 of that, and they bought $900,000 of our gold.

Mr. Chairman, I have been trying, as I know our colleague from Iowa [Mr. GROSS] has tried to find out, the contributions to the U.N., and I think we will find the answer next week when we take up the question of foreign aid. We are trying to find out what cooks in this whole operation. It is almost impossible to get accurate figures as to why these strange transactions occur. There must be a justification because certainly sound people cannot possibly allow such operations as these to continue.

**Mr. MORGAN.** Mr. Chairman, I move to strike out the requisite number of words, and I take this time to correct the gentleman. I am reading from the RECORD of yesterday and the colloquy between the gentleman and myself:

> Mr. YOUNGER. I have been trying to get some information, Mr. Chairman, on the amount of funds that have been transferred from the military assistance funds, obligated funds, to the U.N. Can you give me that figure during the past year, that is, fiscal year 1962?
>
> Mr. MORGAN. So far as the fiscal year 1962 is concerned, the only transfer from military assistance was $9.5 million for the Congo economic fund—but not for the Congo military account about which I have been talking.

I realize, and so does the gentleman realize, any country operating in international finance must have some gold to operate with. May I inform the gentleman that most of these nations can only pay their assessments in the U.N. principally in convertible currency. They have to pay in American dollars or one of the few other convertible currencies such as pounds sterling. Most of them pay in American dollars. They cannot usually use their own currencies to pay their assessments in the U.N. budget because many of these foreign currencies have at most a limited use. So they have to have dollars in order to pay their assessments, including those for peacekeeping machinery.

**Mr. YOUNGER.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman from California.

**Mr. YOUNGER.** The strange thing about this, Mr. Chairman, is that we pay the major portion of the assessment with our own dollars, then they bought gold from us. I do not know how the exchange is made.

**Mr. MORGAN.** We do not pay the major portion of any country. The effect of our voluntary payment was to provide some reduction for the smaller nations.

**Mr. GALLAGHER.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman from New Jersey.

**Mr. GALLAGHER.** Is it not true that this credit financing came about as the result of voluntary contributions by us and other countries who could afford it and this bond bill now before the House eliminates this type of credit financing?

**Mr. MORGAN.** The gentleman is correct. There are about 25 countries that have made voluntary contributions to the U.N.

**Mr. HAYS.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman from Ohio.

**Mr. HAYS.** I would like to say to the gentleman from California that I do not condone this type of financing. As a matter of fact, in the hearings I questioned Assistant Secretary of State Cleveland very severely on this, and he attempted to justify it by saying it started back in the Eisenhower administration and we are trying to stop it. I said that I did not care where or when it started, do not hang it on somebody else, stop it; and in order to make sure they did stop it, the language is in the bill which will prohibit that in the future. I do not know who dreamed up the idea in the first place, it does not make much difference now, it is water over the dam, but if this legislation becomes law it is not going to happen any more, and I think that is the important thing.

**Mr. YOUNGER.** That pertains to the bond money only, without limitation.

**Mr. HAYS.** If the gentleman will look on page 2, it says:

> And shall not be used to reduce regular or special assessments against any such members.

**Mr. YOUNGER.** That is bonds.

**Mr. HAYS.** That is right, but the people downtown got the message, and they are not going to do this any more.

**Mr. YOUNGER.** There is no limitation in the bill. Would the gentleman support an amendment to the bill saying that not only this money but any other money from this country shall not be used for that purpose?

**Mr. MORGAN.** I want to inform the gentleman that a resolution adopted by the U.N. itself last December specified that this form of reductions of assessments shall end on June 30, 1962.

**Mr. FARBSTEIN.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman from New York.

**Mr. FARBSTEIN.** I wonder if the gentleman from California [Mr. YOUNGER] realizes that this purchase of gold comes solely as a result of commercial transactions one way or the other. It is not the purchase of gold to keep it in the treasury of the country that buys it.

**Mr. GROSS.** Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS: On page 1, line 5, strike out $100,000,000 and insert in lieu thereof $64,040,000.

**Mr. GROSS.** Mr. Chairman, prior to the concoction of the idea for a $200 million bond issue, expenses of the United Nations Emergency Force and U.N. operations in the Congo were assessed on the basis of the Organization's regular scale of assessments. Under the formula, the United States was assessed 32.02 percent of the costs of the two special operations for the period of January 1 to June 30, 1962.

Now, in conformity with this scale of assessments, established by the United Nations itself, the amendment I have offered would authorize to be appropriated $64,040,000 instead of $100 million for a loan to the U.N. The figure of $64,040,000 is 32.02 percent of the total bond issue of $200 million.

Mr. Chairman, I say to the members of the committee that this is a fair and reasonable amendment. If we are to continue to contribute to the support of these United Nations operations in the Congo and the Middle East, let us insist that our contribution be limited to our regular assessed share, not one penny more.

Mr. Chairman, I urge that my amendment be adopted.

**Mr. ICHORD of Missouri.** Mr. Chairman, will the gentleman yield?

**Mr. GROSS.** I yield to the gentleman from Missouri.

**Mr. ICHORD of Missouri.** The order of the House was so poor that I did not understand the statement of the gentleman from California [Mr. Younger], as to how much money has been transferred from the contingency fund to the United Nations. Does the gentleman from Iowa have that information?

**Mr. GROSS.** The gentleman can obtain that information from the hearings. I think I have it in the material at my seat on the floor, but I cannot get to it at this moment. Is the gentleman from California [Mr. Younger] available to answer the gentleman's question? If so, I yield to the gentleman for that purpose.

**Mr. ICHORD of Missouri.** I believe the gentleman from California [Mr. Younger] made a statement along that line, but the order of the House was so poor I could not understand it.

**Mr. GROSS.** Would the gentleman from Missouri restate his question to the gentleman from California? If so, I yield to the gentleman.

**Mr. ICHORD of Missouri.** I believe the gentleman stated how much money had been transferred out of the foreign aid contingency fund to the United Nations. I did not understand the gentleman. Does the gentleman have that information? I think it bears upon the question now pending before us.

**Mr. YOUNGER.** If the gentleman from Iowa will yield, I quoted from page 996 of the third volume of hearings held by the Committee on Appropriations, the Subcommittee on Foreign Aid, wherein Mr. Cleveland admitted that all the transfers to the U.N.—this is in addition to our assessment—as I recall the figure was $158 million and some odd thousands, as I understand the picture, and it is not clear to me how the transfer was made.

**Mr. ICHORD of Missouri.** Over what period of time was that $158 million transferred?

**Mr. YOUNGER.** Last year; in 1 year.

**Mr. ICHORD of Missouri.** And what year was that, I ask the gentleman from California?

**Mr. YOUNGER.** Fiscal year 1962.

**Mr. ICHORD of Missouri.** Fiscal year 1962 it was transferred without the specific authorization and appropriation of Congress?

**Mr. YOUNGER.** No. What happened, as near as the reports show and as near as I can find out, is this: They deobligated $340 million of military assistance funds and then transferred some to the contingency funds. Then transferred to AID and then from AID it was transferred to the U.N. and then from the U.N. to the Congo or these other accounts. It went through three or four different transactions before it finally got to the end.

**Mr. ICHORD of Missouri.** Will the gentleman from California [Mr. Younger] tell me why we are worried about this if we are going to finance it, anyway, out of the contingency fund?

**Mr. YOUNGER.** I am not worried at all. I am trying to get some semblance of order out of these figures, and I have been unable to get it.

**Mr. GROSS.** I might add to what the gentleman from California said that I am worried about the taxpayers of this country.

**Mr. GALLAGHER.** Mr. Chairman, will the gentleman yield?

**Mr. GROSS.** I yield to the gentleman from New Jersey.

**Mr. GALLAGHER.** We will welcome it if the gentleman from California [Mr. Younger] can reveal the source of the gentleman's figures and put it in the Record.

**Mr. GROSS.** I think the gentleman has already stated the source of his figures, and that is they are to be found in the hearings held by the Committee on Appropriations on the foreign giveaway program.

**Mr. GALLAGHER.** If the gentleman will yield further, I have a copy of those hearings right here, and we have been looking and looking and looking but have not been able to find the figures to which the gentleman referred. If the gentleman would tell us the page number, we would certainly appreciate it. But we do not think they are in there.

**Mr. YOUNGER.** Page 996 of the hearings.

**Mr. GROSS.** Mr. Chairman, I urge the adoption of my amendment.

**Mr. GALLAGHER.** Mr. Chairman, I rise in opposition to the amendment.

In reply to a previous question there was $23 million used out of the contingency fund for military operations in the Congo and UNEF. It was only for the initial financing. This is why the contingency fund is provided—to finance emergencies.

With regard to the amendment in question which limits the amount of money to $64 million, I might say for the purpose of shedding light on the exact purpose of this amendment that under the bill that our committee has reported the purchases of the United States would be restricted at this moment to $27 million, which is considerably less than in the amendment of the gentleman from Iowa [Mr. Gross]. Our bill is far more restrictive than the Senate bill. Under the Senate bill the United States is authorized to purchase $25 million plus any amounts pledged by any other nations within the United Nations. So our bill is restrictive in that it limits the amount of the U.S. purchase to that amount of bonds actually purchased by other nations. Under the Senate bill we could at this moment purchase $98 million worth of bonds. Our bill restricts us to the purchase of $27 million, and as other nations put up money we may put up matching amounts up to $100 million.

Our bill is more restrictive in its present form, and I urge the defeat of the amendment.

**Mr. WHITTEN.** Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I ask unanimous consent to proceed for 5 minutes additional and to revise and extend my remarks.

**The CHAIRMAN.** Is there objection to the request of the gentleman from Mississippi?

There was no objection.

**Mr. WHITTEN.** Mr. Chairman, I think this amendment which would limit the United States to its normal assessment is probably the best time for me, as an individual Member, to urge on the members of this Committee and of our Government to stop, look, and listen, and at least review the foreign policy that we have followed for the last 12 or 15 years.

In my collegiate days, when I was on the debating team of our State university one of the subjects was "*Resolved*, That we should have joined the League of Nations," following World War I. I do not now recall all the information that we had at that time, but I know that it was the subject of considerable debate over the country. I know from history that it was made an issue in numerous elections to the U.S. Senate and resulted in the defeat of several Senators, and has been the subject of much debate through the years. We can understand the high hopes of many that we might find some international organization or some means whereby future wars might be prevented. But looking back it is easy for me now to believe that many people, with high hopes, must have used shortsighted thinking in saying to the Nation, "Well, we did not join the League of Nations and we had World War II; therefore it follows if we had joined the League of Nations we would not have had World War II."

I can understand the high hopes they had, but let us look at our foreign policy, which included the United Nations, which has continued from its inception to date and see if it has worked, if it has made bad matters worse, or even if there is any hope of its working. I have before me the speech I made last year on foreign aid, where I discussed the Cuban situation. I pointed out then that despite the high hopes of its sponsors the United Nations not only was not working as it was hoped it would work, but after all this period of time in which to demonstrate whatever value it had, the United States was more deeply involved than ever and other members were not paying their part. The United States is here asked to pick up their dues.

We know that we have spent about $100 billion in foreign aid and what we have for it is dangerous involvement around the world, inflation at home, increased debt, and those countries we aid now are afraid of our paper money but insist on our gold.

Whatever you may have believed, whatever you may have hoped, that is our situation today. The seriousness of our situation in Cuba did not start when you began to read in the papers about it in the last few days or even a few months ago. Our Nation has known for more than 18 months that Russia was sending ships into Cuba, unloading those ships, that heavy construction was going on. Why anybody should be surprised now when Russia sends technicians in to operate this equipment I do not know. But, I repeat, after 15 years of this lend, grant, give, of subjecting our foreign and domestic policy for the approval of every little nation, we have our country in an untenable situation around the world, in places we know we could not hold unless we wanted to set the world on fire with the atomic bomb. Yes, we got into this predicament when we had the atomic bomb and Russia did not. We promised Laos and all the other countries, "We will protect you from communism." Our leaders have been running this Nation as they have in an effort to get the good wishes and approval of members of the United Nations. In the process, I repeat, we have become dangerously involved in the internal affairs of just about every small nation, or even tribe, around the world, and you and I know our position in many, many places is untenable.

When we stand here and let Cuba become an arsenal right on our coast it is not because we could not handle Cuba, it is because our country is so extended in its commitments in untenable situations around the world that we know they would retaliate.

When you spend $100 billion in foreign aid to the point that the people abroad do not want our paper money now but insist on our gold, it is enough to make anybody begin to wonder. When you seek decisions of an International Court; when you ask such help, and though you should limit the voting rights to the solvent or paying members, we have to admit that we have been trying to run our affairs, foreign and domestic, in such manner as to seek the approval of every single little tribe in Africa. We have been trying to get membership for more and more such tribes in the United Nations, so we can try to pay for their votes by foreign aid.

I shall vote against the resolution. But in this amendment, by pulling ourselves back and sticking to our normal assessment, at least we are serving notice that it is high time we review our policy and see if we are not only doing the wrong thing but heading in the wrong direction. When the people want your gold instead of your paper money, when you have to put up with what we are putting up with in Cuba, and our leaders apparently think we must, because we have permitted an untenable situation to develop throughout the world, it is high time that we stop following the advice of those who created the United Nations though it was with the highest of hopes and say to them, "You have had your trial run, you have got us in an untenable situation around the world, let us stop, look, and listen." To other members of the U.N. we should say, "We are going to hold you to your regular assessment while we review our position." In those cases where we cannot hold the line, and admit it to ourselves, we are going to have to get out of it as best we can and pull back.

The advice of George Washington is just as good now as it was then. You cannot run the internal affairs of foreign nations and you will be hurt if you try to. As soon as they can they will kick you out. That is the situation we are up against in many, many places in the world.

I hope the amendment will be adopted. It will pull our assessment back to the regular assessment and it will at least serve notice. Let us review this overall situation, put ourselves in a strong position, and work with other strong nations, because that is the only way we have ever had peace in the world, however high hopes have been.

Now another word with regard to this International Court business. Have any of you ever thought about the doctrine of preemption, where our Supreme Court has said if Congress has acted in a certain field, the States are thus prevented from acting. It is a little bit strained to draw a parallel between the creation of an international court, and this usurpation of power by the Supreme Court. I say to you, however, it will be but a few years until you see the parallel, when they will say the United States cannot afford to act on its own affairs, because, legally, in this international approach we have we must forgo the protection of our own Nation, because the International Court has held that the United Nations has acted, that area is "preempted," and the United States cannot act. In fact that is what several of our courts have virtually held already.

This is a very small amendment. It just says to the members of the U.N. after you have failed to the extent you have, do not call on us to pick up the check beyond our own assessment. I urge the adoption of this amendment as notice that we need a complete review and, in my opinion, a complete reversal of the Nation's foreign policy.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

I appreciate this opportunity to speak because I think we should make it clear that our U.S. foreign policy is on a bipartisan basis. There are Members of Congress who disagree with the present basis of our foreign policy and they should be heard.

My experience with the United Nations has been direct, as a U.S. delegate to the United Nations on appointment of President Eisenhower in the U.N. General Assembly session in 1959. It was a deep and rewarding and wonderful experience. In 1960 I was kept as adviser to our U.S. mission at the United Nations on space. I appreciate very much being kept on by the present administration, as an adviser to the United States mission on the peaceful uses of outer space in the year 1961 and in the current year and current session, 1962. From this long experience, I strongly support our bipartisan U.S. foreign policy, and our U.S. membership in the United Nations. Therefore I favor this legislation to assist the United Nations to place its financial affairs on a sound fiscal basis. We people who feel that the security of the United States is dependent not only on our military strength but upon our position in the world and the part we take in the world's progress, realize what a fine part the United Nations plays and how valuable are its deliberations.

If we in the United States did not have this room for the Congress of the United States to meet with the representatives of the people, how would we settle our difficulties? Here is a room where the representatives of each of the congressional districts of the various States of the United States of America meet and bring their difficulties that they cannot otherwise solve. One thing about the Congress you must always remember is they elect you on your personality, your ability, and they elect you for your competency, to come here to represent your district, and determine by majority vote the direction of our U.S. policy. That is the democratic procedure.

While it may be a little disconcerting to us in the House of Representatives simply to be counted as a representative person in our voting on issues, nevertheless that is our U.S. procedure and it is the democratic procedure of the United Nations to which we belong. Therefore, every member state, large or small, has an equal right to vote and to be heard on each issue. I am sorry that on the floor of the House there is any comment whatever, that small or new states should not have equal representation in the United Nations or should not be heard because they are not as developed as other nations. To me, that is the beauty of the United Nations General Assembly—that every nation, large and small, has the same equal right to be heard and has the same equal vote. When this country gets to the point when a little State like Rhode Island does not have as much right as the big States, and Commonwealth of Pennsylvania, that I represent, it is going to be a bad day for this country.

It will be a bad day for the United Nations when only the big powers call the tune—and call the tune by their dollars or their pounds or their kopeks or their rubles and the little nations then must follow in line and do what the big powers say.

Mr. GROSS. Mr. Chairman, will the gentleman yield for a correction?

Mr. FULTON. At this time I cannot yield.

Mr. GROSS. For a correction?

Mr. FULTON. May I have unanimous consent to speak for 3 additional minutes, and I will be glad to answer questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. I am very glad to yield to the gentleman from Iowa.

Mr. GROSS. For a correction—I said—not a question. The gentleman realizes, does he not—

Mr. FULTON. Of course, but I do not admit it is a correction as I have not even heard what it is. I hope the gentleman will very kindly permit me to answer his question, so I yield.

Mr. GROSS. The gentleman realizes, does he not, that Russia has three votes in the General Assembly—not one but three votes? The gentleman says there is equal representation on the part of small countries. Russia is the only nation with three votes.

Mr. FULTON. Well, Russia is a union where there is a setup of various levels of states just as there are in this country where we have states and we have our own territories, U.N. trust territories as well as a commonwealth.

Russia has in the union the separate Socialist Republics of Byelorussia, the

Ukraine, and Soviet Russia, so that they do have three votes as member states of the United Nations.

**Mr. GROSS.** And how many votes does the United States have with 50 states? It has one vote.

**Mr. FULTON.** When the United Nations was set up in 1945, the U.N. representation was agreed to by both national parties of the U.S.A. by Senator Vandenberg on behalf of the Republicans, and by President Roosevelt and President Truman on behalf of the Democrats.

**Mr. DERWINSKI.** Mr. Chairman, if the gentleman will yield, the gentleman from Iowa should be corrected; the Russians have four votes, they have the Government of Outer Mongolia.

**Mr. FULTON.** I agree with the gentleman from Iowa in this instance.

I have been down to Cape Canaveral and talked to the representatives of Outer Mongolia, their ambassador to the United Nations, as well as other members of the delegation from Outer Mongolia, and I was very greatly surprised. Outer Mongolia at times has acted independently in the United Nations; Outer Mongolia has not always followed Russia, but we must realize the isolated position of these people of Outer Mongolia, and under what conditions they must exist. At the time the RS-51 rocket was scheduled to be launched by Great Britain and the United States at Cape Canaveral, which I attended as a U.S. adviser, the members of the Outer Space Committee were asked some interesting questions by representatives from Outer Mongolia. They asked in the case of the U.S. satellite: "Can we get direct access without going through another country?" And we advised them, "Yes."

Second, Outer Mongolia asked: "Do we have to put cables at great expense under the ocean to get access?" And we said, "No."

Third, Outer Mongolia asked: "Do we have to go through any foreign telegraph or telephone lines to get access to your U.S. communication satellite?" And we again said, "No." Outer Mongolia said: "We are very interested; we believe we would like to participate.

So please do not discount Outer Mongolia. I like the people of Outer Mongolia. Before World War II, I have been in northern China, and let me tell you those Mongolians in north China made a really fine impression. It is not beyond the realm of possibility that Outer Mongolia could become a new Switzerland, possibly, in the East.

There are two opinions on U.S. foreign policy here; one is the monolithic system where we have a fortress America, defend ourselves, and spend our money on military bases. The other point of view believes in strong defense of the free world by the United States and our allies, and full U.S. participation in the United Nations. I believe it is much better that we help the nations of the world, that we be good friends, and even as President Roosevelt said, good neighbors, that we be useful citizens of the world, that we help these underdeveloped people go ahead and progress. Let us help developing peoples have a world they can live in.

But if the United States draws within ourselves and looks like a little rich Lord Fauntleroy with his white starched collar and black velvet suit, and casts the dust of the world off our feet and lets new peoples and nations flounder and starve, we will be making a very grave mistake.

Let us find out how the gentleman from Iowa stands if we adopt his policy according to his current amendment. The gentleman from Mississippi [Mr. WHITTEN] has been very frank in saying that he favors the amendment but that he would be against the resolution anyhow, because he disagrees with the basic foreign policy involved, and would take the United States out of the United Nations if he had a chance. Now, I ask the gentleman from Iowa, if we adopt this amendment of his which calls for a $64,040,000 figure, will the gentleman then vote for the resolution? Will he vote for it if we adopt this policy which the gentleman from Iowa urges us to adopt?

**Mr. GROSS.** I would say to the gentleman that I have one or two other amendments to offer. It would depend to some extent upon your attitude as well as others on the adoption of the other amendments.

**Mr. FULTON.** I would like to say to the distinguished gentleman that he would be doing pretty well to cut the authorization down to $64,040,000 instead of $100 million. He would have cut it down a third. The House should not cripple the policy by a major cut under the amount, even the opposition does not question, is necessary to put the finances of the United Nations in good fiscal condition.

**Mr. WRIGHT.** Mr. Chairman, today we must answer one question and one question only. It is not a question of whether we are going to have $64 million or $100 million in bonds, it is not a question of whether we particularly like or approve each individual action of the United Nations.

We face just one question. Everyone has to answer it in his own heart and respond by his own action. That question is this: Do we want the United Nations to live or do we want it to die? It is that simple.

Is it, even with its imperfections, worth preserving, or shall we just let it sink in the sands of debt and expire, unwanted and unsung?

Will we today give the right of continuation to this, man's latest struggling, sometimes stumbling, effort to achieve a peaceful world; or will we, by our vote today, abandon it as an utter failure and throw it out onto the ash heap of lost causes? That is the only question.

Do we want to keep trying or do we want to quit? That is the issue we face today. Is the United States going to turn its back upon the United Nations in this hour of its testing? Make no mistake about that: If we do, it is the end of the United Nations.

If that is what you want, face it and say so, as a few of our Members have said so. Vote for these amendments and vote against the bill. If you think there is a chance to keep trying, if you want to keep on in an effort to find a way for a peaceful world, if you are not ready to throw up your hands and quit, then vote against these crippling amendments and vote for the bill. This is your choice.

There are people in the world who do want the United Nations to die, there is no doubt about that. The Soviet spokesmen want it to die. They are wishing for it to fail. The Soviet leaders opposed this bond issue which our own representatives sponsored in the General Assembly, just as they opposed the peacekeeping activities that made this bond issue necessary.

Our official delegates supported these measures in the U.N., and asked other nations to join with us in these undertakings. A majority voted to do so. Will we now repudiate our own national spokesmen, and turn our backs on those others throughout the world who supported our official position?

The Kremlin has been humiliated by the repeated repudiations and resounding defeats it has suffered for the past 17 years at the hands of this only existing forum for the expression of the opinions of mankind. More than 100 times, Soviet Russia has resorted to a veto because the expressed will of the majority had opposed its position on vitally crucial issues.

We have never had to do so. Not once in all this time when the chips were really down have we failed to muster a majority in support of our official point of view. This was true when the organization had 54 members, and it is still true today with 104. Is this not worth preserving?

Yes, the Communist bloc would like for the United Nations to fail. They are ready for it to die.

But the American people are not ready for it to die. In a recent national poll by the American Institute of Public Opinion, 83 percent of the American citizens questioned said they thought it was "very important" that we try to make the United Nations a success. Seventy-eight percent responded that they thought it was doing either a good or at least a fair job. And an emphatic 90 percent declared that they do not think the United States should give up its membership in the U.N.

This is not a partisan issue. It is an American issue. The responsible spokesmen of both our major political parties have publicly and enthusiastically endorsed this bill. President Kennedy, former President Eisenhower, former President Truman, Henry Cabot Lodge—are their opinions of no value?

Like most of you I have received some letters filled with slogans, condemning the bonds as "worthless" and clamoring for the death of the United Nations.

But a poll I took among 2,000 representative citizens of my own district last week reveals that the rank and file support this bond issue by a margin of almost 3 to 1.

**Mr. WHITTEN.** Mr. Chairman, will the gentleman yield?

**Mr. WRIGHT.** Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WRIGHT. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, I have the highest regard for the gentleman's soundness of thinking normally, and I think he has good intentions here. But if I understand him correctly, he is making the statement that having committed ourselves to a course of action we cannot and should not keep our heads up and review it periodically to see if it is working all right. I take it that the gentleman is making an argument that, having committed ourselves to this course, we should not review the situation after this experience and see if perhaps we should not change it. The gentleman seems to take the position that having gotten in the United Nations, to change it and take any other course is prohibited. I am sure the gentleman does not mean it that way. We must keep our heads up, learn from experience, and change if necessary. That is what I urge at this point, that we review it and look at it. I understand the gentleman's argument against that.

Mr. WRIGHT. I appreciate the gentleman's point of view. I do believe that we must at all costs continue to explore and review the activities of the United Nations and change them for the better whenever we can. But I do think we have a moral obligation in cases where we were the spokesmen and asked the United Nations to do a certain thing. When the majority then voted with us and did what we urged them to do, I do not think we ought to abandon them.

Mr. Chairman, I am not altogether happy with everything which the United Nations has done. I do not suppose any of us is. I have been disappointed in it in a number of cases. I am disappointed, however, in a lot of things which fail to fulfill all expectations, and often mainly in myself. Like a lot of people, I keep trying to be a better person, a better father, a better husband, a better Member of Congress. However, I do not always succeed. But I do not just give up and quit trying. None of us can afford to do that as an individual.

This bill itself contains all the safeguards we could desire. Section 1 includes a clear prohibition against the use of any of these proceeds to relieve other nations of their obligations to pay.

Section 2 absolutely guarantees that we shall lend money only on a dollar-for-dollar matching basis after other nations have first put up their own cash on the barrelhead. Forty-six others have already pledged a total of $72.5 million, and 19 nations have actually purchased $27,750,000 worth of bonds.

Will the bonds be repaid and retired? Section 3 provides that we may reclaim our principal and interest annually by simply deducting these amounts from our annual membership payments. And the recent ruling of the World Court seems to insure that all other member nations will have to pay the annual assessments for the retirement of these bonds under pain of losing their voting rights if they should fail.

Technically, it is a good bill, drafted to protect our own national interests.

The United Nations has not been perfect. Few things are in this imperfect world. The high hopes which gave it birth—hopes for a world truly at peace, free from war, and free from fear, free from oppression, and from poverty—have not been fulfilled. Perhaps they never will be.

But it has achieved some worthy ends. The earth has not erupted in a third World War. In Iran and Greece and Kashmir, in the Middle East, Lebanon, and Suez, and in the brooding yeast of Africa, the U.N. has brought about truces, halted aggressions, substituted mediation for the clash of arms.

It stands today as a symbol of man's determination to keep trying until he finds a way to settle his disagreements peacefully.

Would you abandon it? And if you would, answer only this one question. What would you put in its place?

Shall we give it up because it has not done all that was hoped in its idealistic infancy?

The 10 Commandments have been with us for 6,000 years and still are not universally adhered to; yet nobody suggests that we abandon them and brand them forever as a lost cause.

Our own Nation floundered for 13 years under the Articles of Confederation which blundered and broke apart upon the rock of reality; yet our founders did not simply forsake their efforts to build a nation.

In 1920 Woodrow Wilson pleaded with this country to give the League of Nations a chance. He uttered one of the most profound prophecies in American history when he warned that, if we turned our backs upon that earlier chance for peace, another generation perhaps 20 years thence would face a still more deadly and destructive war.

We failed to heed him, and because of the folly of that failure my generation fell heir to the heartache and despair of World War II and contemporaries of mine lie today beneath white crosses from Saipan to Salerno.

Today we choose whether history will repeat, or whether we will give mankind another chance. That is the question that faces each of us in this vote today. For my own part, I want to keep trying, and then try some more, just so long as there exists any hope at all that we may make some progress, however small, to the cause of peace on earth.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 1, line 6, immediately after "United Nations" and before the period insert the following: ": *Provided*, That no such loan may be made at an interest rate below 4.44 per centum per annum".

Mr. DERWINSKI. Mr. Chairman, this is one amendment which is designed to help the bill. I am naturally aware of the fact that whenever an amendment is offered some member of the committee charges that it is detrimental to the bill as presented by the committee.

In order to expedite the processing of this amendment I mailed to each Member a brief explanation. The points that I wish to briefly reemphasize are as follows: First of all, the most recent issue of long-term U.S. Government bonds carried an effective yield of 4.19 percent. I arrived at the figure of 4.44 percent to allow for the cost to us and a slight additional percentage for the anticipated increase in long-term Government financing that we will encounter in years to come.

In numerous legislative issues that have developed in past years, for example, when we debated the creation of the Inter-American Bank, there were disclosures of excessive interest rates in most foreign countries. The logic here is that a bond bearing the rate of 4.44 percent would be a more attractive investment to many of these foreign nations than the artificially low rate that the U.N. proposes. Therefore, this amendment would stimulate investment by other nations in these U.N. bonds.

Frankly, I feel this amendment is worthy of support not only by the opponents of the bill who would like to see the United States get a fair return, but also by the proponents who are interested in drawing funds from other countries in accordance with the intent of the bill and matching, dollar for dollar, purchases by other nations.

I think this is a sound amendment. I believe it is a practical amendment, and I am hopeful the committee will give it favorable support.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. COLLIER. Mr. Chairman, I should like to ask the gentleman from Illinois if it is not true that his amendment simply prevents the American taxpayer from actually picking up the tab for the unrealistic portion of the interest that is applied to these so-called bonds?

Mr. DERWINSKI. Taking into account the cost to the taxpayer of our present national debt, the interest rate that the U.N. proposes to pay would be considerably lower. This would, in effect, call for an additional subsidy. All I propose is that we have a fair return. But the main thing I want to emphasize is that it would also make the bonds attractive to other nations where interest rates are traditionally higher.

Mr. COLLIER. In reality what the gentleman proposes is foreclosing the American taxpayer from picking up the difference between the ridiculous interest rate on U.N. bonds and the interest rate we are obliged to pay to borrow funds for this and all other items of deficit Federal spending?

Mr. DERWINSKI. In that respect, the gentleman's interpretation is correct.

Mr. Chairman, I feel it necessary to reemphasize that we are a legislative body charged with the responsibility of serving the constituents we represent and the Nation as a whole. In this case we are being dictated to by our delegates to the United Nations and in effect by the U.N. General Assembly, since they have set conditions for issuance of these bonds before we were asked to approve U.S. participation. My amendment is designed to restore some semblance of sanity to an otherwise questionable and semifraudulent proposal. I reemphasize to the Members of the House the fiscal as well as diplomatic practicality of this amendment.

**Mr. GALLAGHER.** Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the United States is getting some very real benefits out of this fiscal device. It reduces our assessment from 50 to 30 percent, and it sets a pattern for future participation at this level.

Over and above this, over 19 nations have already purchased $27 million worth of these bonds at 2 percent. The 2-percent figure was the annual cost level to all member nations. It is the level in which we have participated in the past on various loans. But over and above this, the United States at the present time is engaged in a type of financing that is going to obtain a considerable amount of this money back. Not only will we get $46 million back out of the $100 million of the bonds that we are purchasing but we will be getting interest at 2 percent. The interest is not really the attractive feature in this. What we are trying to do under this bill is to have the means by which the United Nations can get on a sound financial standing, collect arrearages from delinquent members, and instill a collective financial responsibility in the United Nations.

I might also add that there is no thought whatsoever of financing this out of public debt financing. In fact, the bill clearly states the appropriation is out of money in the Treasury not otherwise appropriated.

**Mr. EDMONDSON.** Mr. Chairman, will the gentleman yield for a question or two?

**Mr. GALLAGHER.** I yield to the gentleman from Oklahoma.

**Mr. EDMONDSON.** In the first place, is it not a fact that we have a longstanding policy of our Government that when some strong national interest is served by lending at a price below the cost of financing insofar as our own bonds are concerned we have made those loans at lower interest rates? REA would be a good example of that.

**Mr. GALLAGHER.** The gentleman is absolutely correct.

**Mr. EDMONDSON.** Is it not true we have made loans below our financing rate on disaster loans here in the United States?

**Mr. GALLAGHER.** The gentleman is correct again.

**Mr. EDMONDSON.** Where we establish that there is some vital national interest served, and certainly the interest of preserving the United Nations and avoiding a world conflict would be a vital national interest, then certainly there is clear precedent for the lower interest rate.

**Mr. GALLAGHER.** The gentleman is correct. I appreciate his bringing that up.

There are many other reasons to keep the annual interest level on a basis that nations can afford, and also to prevent the idea that the United States is engaged in a profitmaking venture on what is really a means of trying to keep the United Nations in effective existence. For that reason, I oppose the amendment and urge its defeat.

**Mr. JUDD.** Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, everybody accepts the validity and logic of the argument of the gentleman from Illinois [Mr. DERWINSKI], but I think it would be a mistake, from the standpoint of what we are trying to accomplish here, for us to adopt his amendment.

The main objection is that it would force this whole matter back into the General Assembly of the United Nations. It would have to vote to change the interest rate from 2 percent to the figure he has designated. This would give our adversaries a fine opportunity to throw monkey wrenches into the machinery, to delay and block and confuse the issues, as they tried to do when the original resolution was passed. This whole program of help to troubled areas has been opposed vigorously by the Soviet Union from the beginning. They do not want the United Nations to succeed in solving problems. They hope we, in frustration, will pull out and turn it over to them. They would love that. They could use it to great advantage to themselves and disadvantage to us. So I cannot believe a possible saving of a million and a half dollars by the higher interest rate would begin to offset the delay and potential dangers to ourselves that would inevitably result if we were to reopen the whole question in the General Assembly.

One more small point. The 19 governments that have already bought over $27 million worth of U.N. bonds at 2 percent would be put in the embarrassing position of being criticized by their political opposition at home: "Why didn't you drive a harder bargain and get a higher rate of interest as the United States has done?"

So, any way you look at it, the benefits from this amendment cannot begin, in my opinion, to equal the losses that would result in our prestige and standing and influence and, the most important thing, our ability to work effectively toward the success of the United Nations in handling the critical situations we face in so many parts of the world. So I hope the amendment will be defeated.

**Mr. KYL.** Mr. Chairman, will the gentleman yield?

**Mr. JUDD.** I yield to the gentleman from Iowa.

**Mr. KYL.** I hope the gentleman from Minnesota can help me with this mathematical problem. We need X number of dollars to help the United Nations. We were told a moment ago that through this bond purchase we can reduce the American contribution to the United Nations. If we do not adopt this program, we are told, then the United Nations will suffer. How then do we arrive at the mathematical conclusion that by reducing our contribution we are making a financial contribution to the United Nations?

**Mr. JUDD.** Loans now can reduce our annual payments hereafter. The purpose of this whole operation is to get the United Nations finances on a sound basis, where all of the expenditures for regular and for special purposes are considered expenses of the United Nations to be financed by assessments apportioned to all the members. Because of the importance to ourselves and our interests, we have been paying 47.4 percent of the total costs—part in the 32-percent assessment of regular expenses and part in voluntary contributions for paying a much larger share of the special expenses, because they have not been assessable to all members. This plan should enable us to put the finances on a sound basis so that all expenditures are assessable to all members and hereafter we would pay only our 32 percent of the total.

Others would have to divvy up more than they have, and I am convinced that they would. If they did not, then as I said yesterday, the world will know whether the United Nations is as valuable to other countries as we have hoped and believed it is. If this amendment were to be adopted, it would force the U.N. to open up the whole matter again and expose it to all the hazards and delays and possible defeat by skillful opposition and maneuvers.

**Mr. KYL.** Can the gentleman contemplate the possibility of what might happen if the other nations did not, as you say, divvy up, and this same question came back to us here in the House a year from now?

**Mr. JUDD.** The House of Representatives would have to decide at that time. It would mean a showdown with respect to the U.N. and all of us would have to reappraise its value and its effectiveness and usefulness to the world and to ourselves. We would have to reexamine our own position with respect to it. A year from now, if this bill goes through, we will have a very much clearer picture as to just what role the U.N. plays in the world. If it is not supported financially by enough countries, we would have to downgrade it to its proper position. I may add that I do not agree with the statements by some that the U.N. would die if we do not loan this money. What would happen is that its activities would be greatly cut down and the influence of the United States would be reduced to a minimum. Heretofore, the influence of the United States has been at a maximum, even the dominant influence. Not once in all these years has a majority of the members voted against the position advocated by the Unied States on an important matter, when the administration in power in our country made a real effort. There has been a time or two when, for purposes of propaganda or with tongue in cheek or to please one particular country or another, the U.S. Government took a position for which it did not really crusade. But not once when the chips were down has a majority voted against us. Our influence has been, by all odds the greatest, because the others recognized we were not seeking selfish ends, and I do not want to weaken or destroy that influence. I have a lot more confidence in my country's purposes and policies than I have in those of some other countries. To me, these are the real questions: How valuable is the U.N. to us? And if it is valuable to us, how important is it for us to keep the U.S. influence in it as strong as it has been? If we let it go now in this crisis or seem to be pulling out, the United Nations will go on but it will be a weakened agency or one that can be used against us, whereas up to the present it has been an agency that we could use to further our national interests, which is proper because we seek nothing but "liberty and justice for all," because those gains for others insure better prospects for liberty and justice for ourselves.

**Mr. ADAIR.** Mr. Chairman, I move to strike out the last word.

I think it ought to be pointed out again to the committee, as I did on yesterday, that in spite of the fact that Members continue to refer to this as a bond-purchase proposal, the bill, as written, and as it is before us now, does not require the purchase of bonds. It merely authorizes the making of a loan. Therefore, it is incorrect to refer to it as a bond-purchase bill.

**Mr. MORGAN.** Mr. Chairman, I think the debate on this amendment has progressed long enough so I ask unanimous consent that debate close in 5 minutes.

**The CHAIRMAN.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

**Mr. MORGAN.** Mr. Chairman, I rise in opposition to this amendment.

I think the argument made by the gentleman from Minnesota is conclusive evidence that this is an obstructive type of amendment. The resolution authorizing the bond issue was adopted last December by the General Assembly by the very substantial majority of 58 to 13. The interest rate is included in that resolution. Nineteen countries operating under its terms have already purchased $27,750,000 worth of bonds. The money has already been advanced to the U.N. and some of it has already been spent. Thirty-one countries have already pledged $45,818,257. That makes a total of $73,568,257 already paid or pledged under the 2-percent resolution of the United Nations. What should we do—ask the U.N. to debate the issue again and adopt a new resolution to conform with the amendment offered by the gentleman from Illinois? I think this amendment obstructs and delays this matter. If you want to vote against the bill, then vote against the bill as it is without trying to put in an amendment that would absolutely kill the U.N. bond bill.

Mr. Chairman, I ask for a vote against the amendment.

**Mr. HAYS.** Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I respectfully disagree with my good friend from Indiana [Mr. ADAIR], about the bonds. I realize the bill contains the word "loan," but the title of the bill reads "The purchase of the United Nations bonds."

**Mr. ADAIR.** Mr. Chairman, will the gentleman yield?

**Mr. HAYS.** In a moment.

I would say to the gentleman that a bond is only one form of loan. We discussed this language in the committee. I think it is used interchangeably. What the United Nations is doing is selling these bonds, and if this bill passes the money provided in the bill will be used to buy the bonds just as other nations have already done to the extent of $27 million.

I now yield to the gentleman from Indiana.

**Mr. ADAIR.** As the gentleman will recall, we have stricken that word "bonds" from the title, as indicated on page 3 of the bill, so that if we pass it as now proposed, the term would not even appear in the title.

**Mr. HAYS.** I will say to the gentleman that he is correct. But the bill as already passed by the Senate contains the word "bonds". As I stated before, bonds and loans are used interchangeably. When we go to conference I do not know whether it will finally emerge as loans, bonds, or be deleted. I really think, frankly, we are making a mountain out of a molehill, for, whatever we say, the device will be used. They say, "We will issue bonds," and we say, "We will purchase them." In any event it will be an obligation of the United Nations. I really do not think it makes too much difference. The gentleman may disagree with me, of course, if he wishes. I will yield to him.

**Mr. ADAIR.** If the gentleman will yield, Mr. Chairman, I agree with him that the purchase of bonds is one method of making a loan.

The point I am making is that the authority here is much broader than merely to authorize the purchase of bonds. We are removing limitations with respect to the executive authority by the passage of this act.

**Mr. HAYS.** The gentleman is correct up to a degree, but if section 2 is retained in the bill, and I sincerely expect it will be, the financing will be done by bonds or making loans. It does not matter which, as I say, but it can only be to the figure that other nations subscribe, not pledge but acually put the money in the till.

So I really think the matter is not of great substance, but I think the matter should be clarified.

**Mr. FULTON.** Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, it should be pointed out that the gentleman from Illinois has a good point here. It is one that should be considered. I think he offered the amendment in good faith. We should also point out that our U.S. mission at the United Nations has agreed to this interest rate before the United Nations. Second, when the United Nations by resolution authorized this loan at the 2-percent rate, the United States voted favorably for the resolution. I do not approve of a change of rate at this time.

**The CHAIRMAN.** The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

**Mr. GROSS.** Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 2, line 4, immediately after the period insert the following new sentence: "None of the funds appropriated pursuant to this section shall be used for the purpose of making any loans to the United Nations, or for the purchase of any bonds or other certificates of indebtedness of the United Nations, until such time as all members of the United Nations have paid in full their share of the expenses of that Organization, including their share of the expenses of United Nations operations in the Congo and the Gaza strip."

**Mr. GROSS.** Mr. Chairman, this is almost the same amendment that was adopted by the House of Representatives in the foreign aid authorization bill in July. When it went to conference, and as I expected, with the greatest of ease it was meat-axed by the conferees.

I trust my amendment has not caught any member of the distinguished Committee on Foreign Affairs by surprise.

It requires no lengthy explanation. It is similar to the amendment I offered to the foreign aid authorization bill on July 11—an amendment which was approved by this body but which was eliminated in conference.

Simply stated, the amendment would prohibit the granting of any loans by the United States to the United Nations until such time as all members of the U.N. pay in full their share of the expenses of that organization, including their share of the expenses of the U.N. Emergency Force and U.N. military operations in the Congo.

I for one am sick and tired of seeing the taxpayers of this country required to pick up the tab for the deadbeats in the United Nations. It is an incredible situation when American tax dollars are used to meet the obligations of other U.N. members—including Communist nations.

Few people realize the magnitude of our contributions to U.N. operations in the Congo and the Middle East.

Through June 30, 1962, our contributions—assessed and voluntary—to these two operations have totaled $270,394,916—or more than a quarter of a billion dollars. The total is broken down as follows:

U.N. Emergency Force, Middle East: $57,633,673.

U.N. military operations, Congo: $114,489,290.

U.N. economic program, Congo: $98,271,953.

To anyone who might question the accuracy of these figures, I suggest a check of pages 374 and 375 of the House hearings accompanying this bill.

Of the total amount we have contributed for the Emergency Force and military operations in the Congo, we have made voluntary contributions totaling $64,856,449. These voluntary payments were made in conformity with resolutions adopted by the General Assembly of the United Nations, which called on members to make "sizable additional contributions," over and above their regular assessments. I believe the United States is the only nation which has made voluntary contributions.

These same resolutions, incidentally, provided for reductions in the assessments of a number of member nations, including several Communist countries, by 80 percent.

Under the circumstances, no one can argue that we have not been most generous in our support of the United Nations. The time is long overdue for us to insist that other nations meet their financial responsibilities to the Organization.

Let us serve notice now on the delinquent members—by adoption of this amendment—that they can no longer disregard their responsibilities; that they no longer can count on an overly generous Uncle Sam to bail them out.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have no doubt of the sincerity of purpose of my friend, the gentleman from Iowa [Mr. GROSS] in offering this amendment. But I would like to point out one thing which would happen if this amendment were adopted. Mr. Chairman, there is no one in the House of Representatives who is more interested in seeing some of these people pay their bills than I. In fact, I am the author of the amendment in the second section which says that we cannot loan $100 million willy-nilly or irregardless, but can only loan as much as the other nations loan and when they put it in the till. Not how much they pledge, but how much they have actually paid. We can match it, up to $100 million. But what would happen if the amendment which has been offered by the gentleman from Iowa is adopted? This would give any one of the handful of nations who want to destroy the U.N. a veto power over our ability to participate in this loan program. In other words, the bewhiskered schizophrenic in Cuba, by refusing to pay his assessment, could prohibit us from participating in any way, shape, or form. Now, if there is anything we can do to make people pay up within reason, I am all for it. But I do not think we ought to put a weapon in the hands of people like Castro or Khrushchev, either one, which would give them the guidance and the direction of our ability to maneuver in foreign affairs. That is exactly what we would be doing.

Mr. Chairman, if anyone wants to vote against the bill and has sincere convictions against it, that is one thing. But, I, for one, would not want to be any part of passing an amendment like this and then passing the bill, which would make it only a sham and a delusion and which would in effect make it worse than no legislation at all.

Mr. Chairman, I say to the members of the Committee again that I have the deepest respect and the highest regard for the gentleman from Iowa [Mr. GROSS]. I think the gentleman knows that. But I think this amendment is ill conceived and would not really do what the gentleman from Iowa would like to do.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I would be glad to yield to the gentleman from Iowa.

Mr. GROSS. The gentleman does not really think that Khrushchev or Castro wants to destroy the United Nations? This is one of their best secret weapons. They do not want to destroy the United Nations.

Mr. HAYS. I would respectfully disagree with the gentleman from Iowa. I think probably Castro is crazy enough to want to destroy it. He is well on the way to destroying himself, and that is about as crazy as you can get. But I do say this: He would be delighted to have a weapon through which he could direct our foreign policy and make us, in effect, contribute to the destruction of the United Nations.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Certainly, the Soviet Union would love to destroy the effectiveness of U.S. influence in the United Nations.

Mr. HAYS. That is exactly what I have been saying.

Mr. JUDD. If the gentleman will yield further, this proposal is an assist to the U.S.S.R. in its efforts to destroy our influence, as the gentleman from Ohio [Mr. HAYS] has well said. To adopt it would put the Soviet Union in a position to paralyze us. It would put them in control of what we are to do or not do in this situation. I must say one further word: Is not this the basic reason why the House conferees agreed to the Senate insistence on eliminating this same amendment from the foreign aid bill, because when the conferees sat down and looked at it carefully, it was clearly a self-defeating proposal? It was an invitation to sterilize ourselves. Therefore, it was not wise.

Mr. HAYS. I will say to the gentleman from Minnesota that the gentleman is right. I will say further to the gentleman that I am for some kind of amendment that will put a penalty on the nonpayers. But I am not for an amendment which will put a penalty on us if they do not pay. That is, in effect, what this amendment does.

Mr. Chairman, I urge that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 14, noes 79.

So the amendment was rejected.

The Clerk read as follows:

> Page 2, line 5:
>
> "SEC. 2. The amount of money to be lent to the United Nations pursuant to the authorization contained in the first section of this Act shall not exceed by more than $25,000,000 the aggregate amount of loans made or agreed to be made by other nations."

The CHAIRMAN. The Clerk will report the committee amendment:

The Clerk read as follows:

> Committee amendment: On page 2, line 5, before "amount" insert "total".
>
> Strike out "to be lent" and insert "that may be loaned".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

> Committee amendment: Page 2, lines 7 and 8, strike out "by more than $25,000,000" and in line 9 strike out "or agreed to be made".

The committee amendment was agreed to.

Mr. BROYHILL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BROYHILL. Mr. Chairman, because of my great respect for the Office of the Presidency, it was never my intention to inject Mr. Kennedy's personal performances into my campaign for Congress.

The President has chosen to use the highest office in the land and the attendant publicity which is automatically generated by any statement of the Nation's Chief Executive to launch a partisan attack and cast aspersions on my record as Virginia's 10th District Congressman.

I believe that since the President was once a Member of the House of Representatives that a fair and accurate yardstick to measure the effectiveness and responsibility of each of us as Congressmen is a simple and direct comparison of our records.

During his tenure as a House Member, Mr. Kennedy was able to get only four minor pieces of legislation through the Congress. One of these was on behalf of businesses in the District of Columbia. Two others altered the Life Insurance Act of the District of Columbia.

The only bill John F. Kennedy got through Congress on behalf of his own constituency was a bill to allow the Commonwealth of Massachusetts to have access to Chelsea Street in Boston. This is hardly an imposing legislative record.

I have worked diligently for my district and the Nation. The Congress has passed into law 24 bills which I sponsored. This is six times as many bills as Mr. Kennedy had passed.

I have an attendance record in excess of 95 percent of all rollcall votes. Here is what Kennedy's own hometown paper, the Boston Herald, had to say on September 5, 1952, about his attendance record:

> During the whole period of his service in the lower Chamber Kennedy was absent and not recorded in 179 out of 604 rollcall votes. This was 29 percent, or well over a quarter of all the votes on which the yeas and nays were taken.

And, the Saturday Evening Post in a story in their June 13, 1953, issue, entitled "'The Senate's Gay Young Bachelor," said:

> Kennedy made no great record in the House as an effective legislator. He was away most of the time.

Mr. Chairman, I will match my record of performance as a Congressman against that of Mr. Kennedy anytime.

Perhaps with this background, it is understandable that the President has been able to get only about 7 percent of his legislative proposals through the Congress.

Mr. GUBSER. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman.

Mr. GUBSER. Mr. Chairman, I was very disappointed last evening to hear the President misuse the Office of President for a personal attack upon a Member of this body. I have worked with the gentleman from Virginia [Mr. BROYHILL] for 10 years. I served with him in the Committee on Post Office and Civil Service, and I know of no Member in this body who has worked more diligently to serve his constituents. As an example of his diligence I recall an incident which occurred when I was recovering from surgery in Bethesda Naval Medical Center; an important civil service pay increase was before the committee and it needed one vote. It was JOEL BROYHILL who thought to visit me and urge that I leave the hospital for the vote and then return. He was persuasive and I was pleased to respond. I suggest that this shows the extraordinary efforts Congressman BROYHILL has expended to aid his constituents.

I would suggest that if Mr. Kennedy would come down to earth from his helicopter and spend more time in Washington he might see a few bridges and other concrete evidence of what Mr. BROYHILL has accomplished for the 10th District of Virginia.

Mr. Chairman, I am sorry that at this time of national crisis we have to engage in such petty things instead of solving the problems of Laos, Berlin, and Cuba.

Mr. BROYHILL. I thank the gentleman.

Mr. DEROUNIAN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from New York.

Mr. DEROUNIAN. Mr. Chairman, I want to commend the gentleman for his service in the House. While we are talking about attendance records, Mr. Kennedy's record was not much better in the Senate. In fact, while he was in the House and in the Senate, he acted more as though he were going to a country club rather than the Legislative Halls of Congress. And talking about attendance, his attendance at the White House has not been so hot, either.

Mr. BROYHILL. I thank the gentleman.

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from California.

Mr. BALDWIN. Mr. Chairman, in my opinion, due to the efforts of the gentleman from Virginia [Mr. BROYHILL], the new VA hospital is being built in Washington, D.C. The gentleman from Virginia had more to do with the effort to line up congressional support for that VA hospital than any other single man in this body and in the other body.

Mr. BROYHILL. I thank the gentleman.

Mr. SCHERER. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Chairman, I have listened with interest to the remarks of the gentleman from Virginia [Mr. BROYHILL], who apparently has been marked for extinction by the road agents of the New Frontier.

Let me say that I have followed JOEL BROYHILL's career with interest for many years and have admired greatly the diligence with which he has served the interests of that very large and important congressional district just across the river from Capitol Hill.

All of us know of his labors in behalf of thousands of Federal employees, his own constituents, and others, whom he has served without regard to partisan politics or any other consideration except the right of the civil service employee to a fair salary, good working conditions, and, I might add, some extra favors in the form of federally financed bridges and Federal aid to the schools of his district which I thought were perhaps too generous.

We may agree or disagree with the gentleman's political philosophy, but no one can question his ability, his untiring efforts for his district and the Nation, and the fact that he has always been a Member of Congress of whom all his colleagues could be proud.

Mr. HAYS. I just have one observation to make. That is one I heard from my grandfather. He said, "They hardly ever squeal unless you stick them pretty hard."

The Clerk read as follows:

SEC. 3. There shall be deducted from the annual payment of the assessed share of the United States of the budget of the United Nations an amount equal to the corresponding annual installment of principal and interest due to the United States on account of the loan made pursuant to section 1.

SEC. 4. Nothing herein shall be regarded as authorizing the United States to participate in any future United Nations borrowing. It is the sense of the Congress that the United States shall use its best efforts to promote a pattern of United Nations financing (including a vigorous program for collection of delinquencies on annual assessments of nations and maintenance of such annual assessments on a current basis) that makes unnecessary any future large-scale borrowing.

With the following committee amendment:

Page 2, lines 22 and 23, strike out "makes unnecessary any future large-scale borrowing" and insert "will avoid any future large-scale deficits."

The committee amendment was agreed to.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LINDSAY: On page 2, line 23, add the following: "The Department of State is hereby instructed to submit to the Congress not later than January 31, 1963, a report on steps taken in the Seventeenth Session of the General Assembly of the United Nations on long-term financing of the United Nations."

Mr. LINDSAY. Mr. Chairman, I strongly support the U.N. bond issue bill. In my view it is a cheap price to pay in order to maintain some semblance of stability in this world in turmoil. I believe the United Nations has been able to avoid the kind of head-on confrontation between the great powers that would have led to world war III. In my own judgment, keeping the peace in the Middle East alone, in view of the tensions and pressures that have existed there, is alone worth this entire bill.

I have one reservation about the approach to the Congress by the State Department on this whole subject, and that is the absence of any answers to this question: What is the long-term proposal by the U.S. Government to the United Nations with respect to the long-term financing of that body? This is one area where the administration's handling of the bond issue bill has been weak.

I have read with great interest, for example, the very helpful document put out by the State Department and submitted to the Members of Congress entitled "Questions and Answers on the $100 Million U.N. Loan Proposal." Question 23 is an important one. It says, "What after the bonds?" Then it goes into a discussion as to what the future is with respect to the long-term, permanent financing of the United Nations.

The answers, I think, are insufficient. I can understand that the State Department and the Government has problems on this as other countries do, but I do think the Congress has the right and indeed an obligation to insist that the executive branch, and therefore our representatives in the United Nations, force the question of decision on the long-term financial aspects of the United Nations.

Therefore, this amendment is designed to give a deadline to the State Department to come back to the Congress with a report as to the steps taken in the 17th session of the General Assembly of the United Nations, beginning in just a week, on long-term financing of the United Nations. This will require the State Department and the administration to produce on this subject. And it will require our Government to demand that the United Nations General Assembly produce on this subject. It is not a binding or mandatory amendment on the U.N. itself. It is not a condition. It does not tie anyone's hands. But it is an expression on the part of the Congress that we insist that the State Department come back and tell us exactly, point by point, what it has done to solve the problem of the long-term financial needs of the United Nations.

The Fifth Committee of the General Assembly of the U.N. is the Committee on Financial and Budgetary Matters. It will be meeting as soon as the 17th General Assembly begins. Armed with this kind of addition to this bill, the U.S. members on the Committee will have additional ammunition in order to require the Committee and the General Assembly to map out a program that will be understandable, meaningful, and will give us reasonable assurances that this kind of financial crisis will not reoccur. This amendment will require the State Department to back up the statement that it has repeatedly made that the bond issue is only a stopgap measure and that it is not intended to solve the long-term, long-range problem of the financing of the United Nations in the years to come. We must make every possible effort to solve that problem.

Mr. Chairman, I urge the adoption of this amendment.

**Mr. MORGAN.** Mr. Chairman, will the gentleman yield?

**Mr. LINDSAY.** I yield to the distinguished chairman of the Committee on Foreign Affairs.

**Mr. MORGAN.** When the gentleman first proposed this amendment, he had the date January 1, 1963. I see in his new version of the amendment, the date is changed to January 31, 1963, thereby giving the Department of State at least a month to file and make the report to the Congress. Personally, I like the amendment and have no objection to it.

**Mr. LINDSAY.** I thank the gentleman.

**The CHAIRMAN.** The question is on the amendment offered by the gentleman from New York [Mr. LINDSAY].

The amendment was agreed to.

**Mr. BALDWIN.** Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to S. 2768. I do not believe this bill will solve the financial problems of the United Nations. On the contrary, I believe it will only defer the day when the United Nations will have to make a realistic effort to see that all members bear their fair share of its costs of operation. I do not think that the United Nations should enter into a financing program involving the issuance of extensive quantities of long-term bonds. Those public bodies in our country which issue long-term bonds normally have taxing power, and therefore have an assured source of revenue from which to repay such bonds. The United Nations, on the contrary, has no taxing power. Any member could withdraw tomorrow. As a result, there is no assured source of revenue for the repayment of these bonds.

**The CHAIRMAN.** The Clerk will report the next committee amendment.

The Clerk read as follows:

> On page 2, line 24, insert:
>
> "SEC. 5. The Congress hereby expresses its satisfaction that the International Court of Justice has decided that the expenditures authorized in resolutions of the United Nations General Assembly relating to operations in the Middle East and in the Congo are 'expenses of the Organization' within the meaning of the United Nations Charter, thereby providing a sound basis for obtaining prompt payment of assessments for such expenditures by making them obligations of all members of the United Nations."

**The CHAIRMAN.** The question is on the committee amendment.

The committee amendment was agreed to.

**Mr. BYRNES of Wisconsin.** Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BYRNES of Wisconsin. On page 3, after line 7, add the following:
>
> "SEC. 5. No loan may be made to the United Nations under this Act until the General Assembly of the United Nations adopts the advisory opinion of the International Court of Justice on the financial obligations of members of the United Nations."

**Mr. BYRNES of Wisconsin.** Mr. Chairman, the Committee has just expressed its approval of the decision of the International Court of Justice with respect to the financial obligation of members of the United Nations when it adopted the committee amendment adding section 5. The amendment I now offer is very simple. It simply says that before we make any loans or grant any funds provided for under this bill, the United Nations itself shall conform with this decision of the International Court of Justice. It is a very simple amendment and a very simple proposition. Let us just remember this. What was the decision of the International Court of Justice which was handed down on July 20? It was a decision interpreting the Charter of the United Nations. They have said that the Charter of the United Nations provides that the assessments and obligations of members are in a particular status. All we are saying is that the United Nations itself, the General Assembly, should accept that decision interpreting the charter.

May I point out that it was the United Nations, it was the General Assembly itself that brought this issue before the International Court of Justice and asked for an opinion interpreting the charter with respect to these obligations. The Court has rendered its opinion. This amendment merely says that before we make any loan under this bill the U.N. should bring its operations into conformity with the decision.

Let me point out that there is a very analogous situation here to the situation that would exist if it were a question of interpreting the basic law of this land, the Constitution, and the Supreme Court interpreted it. But that is where the analogy ends because the Supreme Court's decision would be the law of the land; it would be self-executing. That interpretation would stand; we would not have to implement it as a Congress or as a House of Representatives. But in the case of the United Nations the decision of the International Court just stays there on the shelf or is filed in somebody's drawer, as far as its effectiveness is concerned, until the United Nations, through the General Assembly, accepts and adopts it. Remember this decision is directly related to the matter of financing the U.N.

We have been told that the basic reason for this loan is to improve the financial condition of the United Nations and to put it in better order. All right; now we have a court decision that tells them how they should bring that about, by a proper interpretation of the charter of the U.N.

How in good judgment, in good sense, can we possibly say that we will make a loan to this organization but will just turn our back on the necessity of their getting their financial house in order so they will not have to come back here again? To me it just does not make sense.

We had quite a discussion about this yesterday. The discussion of the opposition resolved itself down to this, they said this might be an affront to other members of the United Nations.

**The CHAIRMAN.** The time of the gentleman from Wisconsin has expired.

(By unanimous consent, Mr. BYRNES of Wisconsin was allowed to proceed for 2 additional minutes.)

**Mr. BYRNES of Wisconsin.** They said it might be an affront to some of the other members of the United Nations. Let me suggest that I think it would be an affront to the American taxpayers if we made a loan to the United Nations to the tune of $100 million without insisting that before they get that money they at least comply with the decision of the International Court of Justice with respect to getting their finances in order.

How silly can we be, Mr. Chairman, if in the face of this we simply say: "You can go on your own merry way as far as the treatment of your finances and the obligation of the members is concerned; we will give you the money anyway."

This is not some gimmick that we have designed and are attempting to impose on the U.N. This is a decision of the International Court that the United Nations asked the Court to render. It is there. All they have to do is to put it into effect. It seems to me that we have the responsibility here to insist that before we take taxpayers' money and make this loan they comply with the Court's decision. This amendment is in the interest of the American taxpayer. It is equally in the interest of the United Nations itself.

**Mr. JUDD.** Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. BYRNES].

Mr. Chairman, this is a hard amendment for me to oppose, partly because I drafted the amendment and proposed it in committee. It came within two votes of being passed there. The more I examine it, the more I come to believe that it probably would do more to defeat its wholly desirable objective, on which we are all agreed, than to achieve it. The only question we have to determine is, which is the more effective way to get this advisory opinion of the World Court adopted by the General Assembly.

The gentleman from Wisconsin does not want it adopted a bit more than I do. He is absolutely correct when he says if they do not adopt it and follow it out, the U.N. will be no better off than it was before. But if we consider only this one question, not whether the U.N. ought to adopt the advisory opinion or whether we want it to, but which is the more effective way to get the U.N. members to adopt it, then I think we ought to oppose this amendment. The carrot is still better than the stick.

To begin with, the amendment suggests that the General Assembly may not adopt the advisory opinion. I see no reason to create such a doubt. It has promptly adopted nine previous advisory opinions which it requested the World Court to render. What reason is there to suggest that it will not adopt this one? One thing that might achieve that unfortunate result would be for us to muddy the waters by seeming to insist that sovereign countries do what we want—or else. The adoption of this amendment, in my opinion, would reduce the chance of the General Assembly adopting the advisory opinion because it encourages our adversaries to work all the harder to block its adoption and thereby keep the United States from doing its part to keep the U.N. functioning effectively. The Soviet Union can say to the members of the United Nations, with some plausibility, "Look at the United States wielding a club over you. Are you going to give in supinely to the pressure of the United States?"

Let us recall the reaction of many Members of this House when the President of the Philippines took umbrage at our failure to provide certain funds in fulfillment of what he and many of us regarded as a moral commitment, and made some strong statements. Many here did not like to have the President of another country telling us what he would not do, unless we did so-and-so. We are proud and so is he and so are other peoples. One weapon the Soviets try to use against us is to charge that the United Nations and members who agree with us are tools of the imperialistic United States. That charge reveals that the Soviet Union has not been able to make the United Nations its tool, as it would like to do, of course. American opinions are respected and our influence very strong just because we have used reason and persuasion, not a club. Surely the record shows that that is the best way to get the results all of us want. If we were to lay down in the bill a mandate as to what the U.N. has to do, I could not blame them, being human beings like the rest of us, for reacting negatively.

Another reason is that the amendment would put control of our policy and our actions in the hands of other governments. It would tell the Soviet Union that if it is able to stir up opposition and resentment, or just to stall and block adoption of the advisory opinion of the World Court, it can exclude the United States which has served notice in this amendment that it will deny its funds unless the advisory opinion is adopted. I do not believe our Government ought to tie its own hands and deny itself flexibility of action. Situations might develop that would make it advantageous for us to change our position.

Just ask yourself this question. If you were a delegate of one of these other countries to the United Nations, would it make it easier for you to vote for adopting the advisory opinion to have this language in the language of the law, or would it make it harder?

Let us not argue whether the U.N. members ought to adopt the advisory opinion. Of course they ought to adopt it, and I am convinced they have every intention to adopt it. But writing this language into the law, even though it is my own original language, would reduce to some extent the chance of getting what every one of us wants. Why give ammunition to our adversaries?

So I trust the amendment that is pending will not be accepted.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. Certainly.

Mr. LAIRD. In the statement which has been made by the gentleman from Minnesota [Mr. JUDD], the gentleman used as an example the resentment which certain Members of Congress had about the statement made by the President of the Philippines. I happen to have supported the Philippine grant prior to the time the President of the Philippines made the statement. I did not like the statement which he made, but I would like to point out to the gentleman from Minnesota that his statement evidently contributed to the success of the Philippines.

After it was made the Philippines got their money.

Mr. JUDD. I cannot accept the gentleman's suggestion that the reason the money for the Philippines was later authorized was because of the statement of the President of the Philippines. Rather, it was in spite of the statement, and because the Members of the House had examined the whole issue more carefully and saw that it was a necessary and wise piece of legislation.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I would like to straighten out this Philippines business, because I had a little something to do with it. In fact, I led the opposition against the Philippines bill in the first place and I voted for it in the second place. It was not because of anything the President of the Philippines said. It was because the second bill had in it the amendment which the first bill should have had that would prevent this money from becoming a windfall to certain large corporations. That is why the bill failed in the first place, because of the lack of that. There were not too many Members in the House who were against the bill as such, but there were a number of Members of the House who felt it ought to have certain safeguards. When those safeguards were put in the bill the second time around, the bill passed.

Mr. Chairman, I yield back the balance of my time.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Wisconsin [Mr. BYRNES] somewhat reluctantly. I find myself in the same position as the distinguished gentleman from Minnesota [Mr. JUDD], who just preceded me in the well of the House.

Mr. Chairman, when the amendment sponsored by the gentleman from Minnesota [Mr. JUDD] was considered in the committee, I voted for the amendment. Therefore, I have some mixed feelings about the principle and the policy involved. As I said yesterday during the general debate, the objectives being sought by my good friend and distinguished colleague, the gentleman from Wisconsin [Mr. BYRNES] have my support. But I also believe that we can go too far in this instance. I think the proposal which has been made by the gentleman from Wisconsin does exactly that. It attempts to drive the point of our mutual feelings on this issue right into the ground.

Why do I say this? I say it for a very simple reason. The bill as reported by the Committee on Foreign Affairs already makes it perfectly clear that the U.S. Congress is not about to be free with the taxpayers' money and that we will do no more to help the United Nations solve its financial crisis than its other members. This provision, this condition, is contained in section 2 of the bill now pending before us. Permit me to read section 2. It reads as follows:

> The total amount of money that may be loaned to the United Nations pursuant to the authorization contained in the first section of this Act shall not exceed the aggregate amount of loans made by other nations.

This is a very strong, very clear, very explicit provision. It was sponsored by the distinguished gentleman from Ohio [Mr. HAYS]. The Committee on Foreign Affairs accepted the amendment. It is much stronger, much more restrictive, than the provision approved by the other body.

Mr. Chairman, what does section 2 of this bill mean? It means simply this: We are not about to rush in to save the United Nations, to bail it out, if the other members of that organization are not interested in preserving the financial integrity of the United Nations. It means that we are not going to play Santa Claus, that we will help only to the extent that the other nations come to the assistance of the United Nations. This is essentially what the amendment which has been offered by the gentleman from Wisconsin [Mr. BYRNES] seeks to achieve, a demonstration of fiscal responsibility on the part of other U.N. members. But I repeat, the amendment goes too far.

It says, in effect, that we are not willing to help the U.N. as much as some other nations—nations like Denmark, Finland, Greece, Ireland, Israel, Norway, Sweden, Tunisia, and many others which have a lot less than we do but which, nevertheless, have already purchased U.N. bonds.

The amendment of the gentleman of Wisconsin says, in effect, that we are going to be more demanding, more recalcitrant in our support of the U.N. than others.

I do not believe that this is advisable, that this is a sensible approach. We have as big a stake in the U.N. as do those countries which have already purchased United Nations bonds, and we should be willing to help the United Nations at least to the extent that they are helping it.

The bill before us already provides for this. There is no need, therefore, for this amendment. We can carry a point too far. The amendment does just that. It can do more harm than good. This mandatory condition will not enhance the acceptance by the United Nations of the International Court of Justice advisory opinion.

I must, therefore, oppose it. And I earnestly hope that the membership of the House, after pondering this issue, will agree and vote to defeat this amendment.

**Mr. BYRNES of Wisconsin.** Mr. Chairman, will the gentleman yield?

**Mr. ZABLOCKI.** I am delighted to yield to my colleague.

**Mr. BYRNES of Wisconsin.** I gather from what the gentleman is saying that really this is what the United Nations should do; that is, what my amendment calls for.

**Mr. ZABLOCKI.** I am confident the United Nations will do just that.

**Mr. BYRNES of Wisconsin.** In their own best interests.

**Mr. ZABLOCKI.** In their own best interests.

**Mr. BYRNES of Wisconsin.** But the only thing is, we do not have guts enough to say pointedly and frankly to them that we think if they are going to be out borrowing money, the first thing they ought to do is get their financial house in order by implementing the decision of the Court.

**Mr. HAYS.** Mr. Chairman, will the gentleman yield?

**Mr. ZABLOCKI.** I yield to the gentleman from Ohio.

**Mr. HAYS.** What the gentleman is saying is not that we do not have guts enough to say this. We have already said it. What the gentleman is saying is that we should not say to these people, "You have to do" something. We have said, "We think you ought to do this", as frankly as we can say it. But I submit to you, as a pretty plain spoken individual, that there is a good deal of difference between saying forthrightly and frankly, "You ought to do this" and saying, "You have to do this", because these are sovereign nations and it does make a difference.

**Mr. ZABLOCKI.** I thank the gentleman from Ohio for his contribution. He is exactly correct. We have adequately stated our position in the bill already. The mandatory condition is unnecessary and will not be helpful in the final analysis.

**Mr. GALLAGHER.** Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I heard the gentleman who introduced this amendment say that this was a simple amendment. But this amendment is not very simple at all. This bill states unequivocally that we hope and depend upon the fact that this advisory opinion will be adopted. This bill is trying to establish the principle of collective fiscal responsibility, with the suggestion that the arrearages will be collected and that this financing will be put on a sound fiscal basis. But there are some objections to the amendment that, in effect, will undo the very purposes for which the bill has been introduced. If the advisory opinion is not adopted I am sure that the President will have sufficient control to withhold purchases, if this is what he intends to do and if it is in our national interest. This bill is not a bill making purchases of bonds or providing a loan. It is a bill authorizing the President of the United States to make such loans or purchase such bonds if it is in the national interest and we find that other nations are doing their part. The committee has inserted a very restrictive amendment into this bill. It limits the purchases to those purchases made by other nations.

Further, the United Nations has adopted all nine previous advisory opinions. There is no reason whatever that we have any doubt that this opinion will be adopted.

As was brought out by my colleague, the gentleman from Minnesota [Mr. JUDD], the members of the United Nations are all sovereign states. To qualify our support in the face of their purchases and their pledges at this point is to reduce ourselves to the position either of bludgeoning them or by blackmail saying, "If you do not do it, we will withhold our support." The effect of this was just mentioned in connection with the Philippines, and it does work both ways. There is no doubt about it at all. Our bill is far more restrictive than the Senate bill.

Another point is that the loan is needed now, the money is needed now. What is the advantage of this amendment other than to provide for further delay? But most important of all is that this amendment would wave a red flag in the face of the Communist nations who are going to participate in the General Assembly next week. In effect, it would provide an invitation to a filibuster in the General Assembly that could tie up that body until the end of the session, thereby preventing this decision from ever being adopted at all. This is the real crux of my objection to this amendment. The thought is worthy, but the crux of the objection is that it will invite a procedural wrangle that no one now anticipates. So why should we give another weapon of delay to the Communists, who are masters of delay and who really need no help from us in order to advance the dilatory practices in which they engage?

One hundred and four nations are now within the United Nations. Two-thirds is required for adoption. This means 70 nations. Already 80 nations have indicated that they will purchase or have already purchased or have already pledged or are already considering the purchase of these bonds, so the indications are that there are more than 80 nations already going to support this resolution, and all we need are 70. There is no doubt in our mind whatsoever that this decision will be adopted, so why should we say we do not have confidence in the people who have already, by their purchases and pledges, indicated their support?

The bill in its present form is supported by President Eisenhower. The effort is a bipartisan effort on the part of all those who are interested in continuing the United Nations as an effective instrument of the U.S. interest and security. For that reason, this amendment is not a very simple matter at all, and I urge that it be defeated.

**Mr. FORD.** Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I speak on the floor at this time as emphatically and forcefully as I can in favor of the amendment sponsored by the gentleman from Wisconsin [Mr. BYRNES]. I believe everyone would admit that this legislation would not have a prayer of success if the United Nations had not asked for an advisory opinion from the World Court. This legislation would not have a prayer in the House if the World Court had not given a favorable decision. The question now is, How do we get results—effective and affirmative results?

The statement has been made that if this amendment is approved, it will take us too far; that we will be putting too much pressure on our fellow nations in the United Nations. To the contrary, history will prove that from the time of the inception of the United Nations, our delegates at the United Nations have not gone far enough in this regard. It is about time we pushed them so that they will go further than they have in the past. This amendment would make it mandatory. If we do not approve this amendment, we are, in effect, telling our delegates at the United Nations and the delegates from the other nations that they can bring up this matter in the General Assembly and act on it in their own way and in their own time. That has been the trouble in the past. If we are expected on this occasion to make the contribution that is being requested, I think we have some responsibility to be certain before we make this kind of payment that the Assembly itself will act affirmatively in the first instance. The U.N. is in the condition it is in today of fiscal chaos and fiscal irresponsibility because they have been handling their fiscal matters in their own way and in their own time.

**Mr. KUNKEL.** Mr. Chairman, will the gentleman yield?

**Mr. FORD.** I yield to the gentleman.

**Mr. KUNKEL.** One thing that strikes me is this. Why should the representative of one of these nations that has not been paying, vote for this resolution which, in effect, in the future would require them to make payments which in the past they have not been required to make? In other words, it seems to me they have a direct pecuniary interest in defeating the approval of the International Court's decision.

**Mr. FORD.** I agree with what the gentleman from Pennsylvania just said, and I am, therefore, fearful despite the well-intentioned comments to the effect that the U.N., if permitted to handle this in its own way in its own time, will not act affirmatively. I am very apprehensive when I look at the past record. I am very much in favor of this legislation with this amendment. I can assure you I have considerable reservations about its effectiveness without this amendment. As far as I am concerned, the U.N. can put this on its agenda next

Tuesday when it meets. It is on the agenda provisionally now. It can be considered promptly if the pressure is there and with impetus it can be approved well in advance of the absolute need and necessity for the funds that are required to meet the current emergency. I hope this amendment is approved. It is vital. It is mandatory.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman.

Mr. GRIFFIN. I want to commend my colleague from Michigan [Mr. Ford] and associate myself with his remarks. I wish to make one further point. As the gentleman from Michigan in the well has clearly pointed out, the gentleman from Minnesota, Dr. Judd, expressed concern that we might offend other member nations in the United Nations if we were to use our financial strength in some way so as to affect their votes. If we were here advocating some basic change in the United Nations Charter, that argument might carry a little bit more weight. But we are only saying, as a subscriber to the United Nations Charter, that we insist upon adherence to the United Nations—that the members live up to that charter—if they expect us to loan our funds to that Organization. The World Court was asked by the United Nations to hand down a decision interpreting the charter; that decision was handed down. It seems to me we have the moral right and obligation, as a member, to insist that the United Nations now live up to its charter. That is all we are asking.

Mr. RIEHLMAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RIEHLMAN. Mr. Chairman, I commend the gentleman from Michigan [Mr. Ford] for his remarks.

I intend to support the amendment offered by the gentleman from Wisconsin [Mr. Byrnes] because I feel that it strengthens this proposal for purchase of United Nations bonds. One of the basic questions in my mind throughout consideration of this measure has been the capacity of the United Nations to place its financial house in order so that a recurrence of the situation in which that organization presently finds itself will be precluded. As the gentleman from Wisconsin [Mr. Byrnes] indicated yesterday, no longer does time seem to be of the essence in this matter. It would be wise for us to make our participation in the bond issue contingent upon some concrete evidence of good faith on the part of the General Assembly. I would prefer to have a firmer basis than the language of this bill for saying that approval of our participation will in no way constitute a precedent.

Mr. Chairman, seldom have I found the solution to a problem so elusive as I have in wrestling with this matter of authorizing the purchase of United Nations bonds. It is not difficult to make a case against such a proposal. I have been dissatisfied with the U.N. operation in the Congo. I deplore the use of aggressive force there against the Katangans and I have nothing but loathing for the atrocities committed there by U.N. military personnel in the name of keeping the peace. These are inexcusable.

I have little good to say for the conduct of U.S. foreign policy in this area, for it seems that our State Department is right in the thick of every U.N. move in the Congo. I do not believe one can be critical of the U.N.'s performance in the Congo without being equally critical of U.S. policy.

I am also a bit concerned about the willingness and ability of the United Nations to implement the advisory opinion of the International Court of Justice and thereby to help put its own financial house in order. For this reason, as I have already stated, I intend to support the amendment of the gentleman from Wisconsin.

Beyond the confines of the Congo operation, I am far from satisfied with the general performance of the United Nations. Many of its activities of late have left room for doubt as to its effectiveness as a force for the maintenance of peace and preservation of freedom.

But always after considering the negative aspects of this question there remains that lingering doubt as to whether rejection of this bill is the answer to my dissatisfaction with the general United Nations operation and particularly with the handling to date of the Congo operation.

After much soul searching, I have come to the conclusion that rejection is not the answer. It is not the answer from the standpoint of the overall operations of the United Nations. I still have a degree of faith in the potential of the United Nations as a peacekeeping organization. It has had its failures, no doubt about that, but it has also had its successes. It has its faults, and sometimes they appear to be legion, but no one has ever claimed perfection for the U.N. Future failures will not be precluded and faults will not be remedied by pulling the rug out from under the U.N.'s peacekeeping potential at this point. We need to strengthen that potential, not to answer its weaknesses by demonstrating a lack of support for its peacekeeping function.

Neither is rejection the answer to dissatisfaction with the U.N.'s Congo policy. I hope I have made clear my belief that the U.N. has used poor judgment in its handling of the problems there. But I still believe that, although its performance there has been appalling in many respects, the continued presence of the United Nations in the Congo is in the best interests of the United States and in the best interests of maintaining peace. Rejection of this bill would result in withdrawal of the U.N.'s presence in the Congo and this in turn would bring chaos to that country and perhaps beyond.

I am certainly not condoning a repetition of the U.N.'s past mistakes in the Congo and I want to assert in the strongest terms that if the U.N. does resume aggressive warfare I believe it will be driving a very long nail into its own coffin. The Foreign Affairs Committee had some assurances during the course of its hearings on this bill that the U.N. would not resort to armed force against the Katangans, and I am trusting that these assurances can be believed.

I repeat my belief that the continued presence of the U.N. in the Congo in an effort to bring about a peaceful, and I emphasize peaceful, settlement of the issues there is in the best interests of the United States. For this reason, and in the face of some reservations, my judgment and my conscience compel me to support the bill before us today. Time may prove this position erroneous, just as time could well prove the opposite position erroneous, but as long as there is still some hope that the U.N. can be made more effective in smoothing some of the world's troubled waters and as long as there is still some hope that a peaceful, acceptable solution can be reached in the Congo, then I would rather err in that direction than in the direction represented by the other alternative.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have the greatest regard for the sincerity and good intentions both of the author of the amendment and of the gentleman from Michigan [Mr. Ford], but I fear that the adoption of this amendment would lead to results which both my distinguished friends would be among the first to oppose and regret.

My good friend from Michigan said that this legislation would not have a prayer in this House except for the opinion of the International Court. I remind him that this bill in a much looser form passed the other body by a vote of 70 to 22 without the reference to the opinion of the International Court and was reported out of the Committee on Foreign Affairs by a vote of 24 to 4.

Getting back to this bill, we must not forget that from the very beginning Khrushchev has bitterly opposed the financing of the peacekeeping operations in the Congo. The adoption of this amendment would play right into his hands.

General Assembly adoption of the World Court opinion could require a two-thirds vote and we could expect Communist bloc delegates to use every opportunity and every parliamentary device available to delay and defeat it. The longer the delay, the worse the United Nations fiscal position will become, and the adoption of this amendment could seriously contribute to a worsening of that fiscal position.

We must not forget that although we have not yet acted, 19 nations have already purchased United Nations bonds to the extent of $27,750,000, and another 31 have publicly pledged to buy an additional $45,818,257 worth of bonds, making a total of announced purchases and pledges of over $73 million. Sixteen additional nations have expressed themselves in favor of the bond issue, but have not announced the amounts they intend to purchase. Not one of the 50 nations which have purchased bonds or pledged, did so with any restrictions.

This amendment is not new to the committee. Identical language was studied and given most careful consideration by the Committee on Foreign Affairs. Its original sponsor, the gentleman from Minnesota, Dr. JUDD, after reflection and study, favored the formula finally added to the bill by the committee, section 5.

I was under the impression that the gentleman from Indiana, who requested a copy of the amendment from the committee, would be the author of the amendment. I was surprised when I heard yesterday the amendment was going to be offered by the gentleman from Wisconsin. This amendment had a clear test in the committee, and I am sure both the gentleman from Wisconsin and the gentleman from Minnesota who have spoken previously to me have outlined their original position on this amendment and the reason why they changed their minds.

In effect, this amendment could deny funds which the U.N. needs urgently if it is to continue its peacekeeping operations in the Congo and in the Middle East. I cannot see any real benefit to be derived from its adoption. I can see great and serious damage, if it is added to the bill. We must remember that by withholding her payments, the Soviet Union has tried, unsuccessfully so far, to cripple the United Nations by financial starvation. This amendment would cause a chain of events with the result that the United States would be helping Russia to do what she has been thus far unable to do by her own actions.

Mr. Chairman, I hope the amendment will be defeated.

Mr. BYRNE of Pennsylvania. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BYRNE of Pennsylvania. Mr. Chairman, not long ago I read what I consider to be an excellent history of the period running from just prior to the outbreak of World War I to the Battle of the Marne. It is called "The Guns of August," and it was written by a woman, Mrs. Tuckman. It has become something of a best seller. She brings out the fact, which has come to be realized more and more, that the then statesmen or politicians of the world did not wish a war, certainly not the war that developed, but the pace of events and circumstances were so rapid that there was no time for rational decisions to be taken. Events quite beyond the control of the politicians accelerated to such a degree that all were over the brink before they realized it, with no final ledge on which to check their fall. "Nothing," as Winston Churchill once said of the same period, "could break the fatal chain once it had begun to unroll." Developments moved so swiftly, and nervous passions grew so rapidly, that the only clear-cut and popular decisions which could be made were orders for ever-increasing mobilization which, of course, only made matters worse. If, in those days of relatively slow communication, the desks of the ministers who had the fearful decisions to make were so cluttered with dispatches, telegrams, and reports that the application of careful thought to them was no longer possible; is it any more likely now, with communications as rapid as it is today, and with the fantastic speeds of modern weapons, that statesmen alone can hope to cope successfully with the pace of events as they would occur in a critical modern crisis. Defensive systems are being developed with such quick reaction times as to give real meaning to the term: "war by accident, miscalculation, or failure of communication." These dangers are not going to decrease as the proliferation of nuclear weapons advances. One of these days, Red China is going to come forward with nuclear weapons; France already has them, and with each new nation that becomes a nuclear power, the control over the decision as to whether there should be nuclear war or not, is diluted.

I believe this all points to the pressing need to maintain and strengthen the machinery of our international peacekeeping institutions. We must, of course, maintain our military strength until we can find an intelligent and effective method of disarmament; we must maintain our alliances in full vigor, and we must maintain an effective diplomatic service, but all these have failed to avoid wars in the past and cannot be exclusively relied upon in the future. We cannot be certain, to be sure, that the addition of vigorous international institutions will prevent wars, but I submit they are a necessary and vital factor in a period of history when the highest premiums are, and must be, placed on the avoidance of war. The situation, simply stated, demands the existence of reserve positions. This naturally leads us to a consideration of the international machinery we now have for settling international disputes without war and the need for its maintenance. And the only worldwide institution which we have, and the only one in which the great and growing political and power issues of the world can be discussed, and, at least in some degree, dealt with is the United Nations. NATO is regional and limited, valuable in itself, but insufficient. We have other means, bilateral and multilateral, with which to attack our international problems, but the United Nations is the only universal forum.

Mr. CURTIS of Missouri. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, I am a little bit surprised there is this opposition developing to the amendment which even those who are opposing it say is no more than what will ultimately be accomplished in the United Nations.

Let me urge those who are interested in the future of the United Nations to reflect on one thing. The gentleman from Wisconsin [Mr. BYRNES] and the gentleman from Michigan [Mr. FORD]—and I join them in this—are reflecting the viewpoint of a great body of American opinion which does not feel that the fiscal record and the sense of fiscal responsibility of the United Nations has been one that we can acclaim. In fact, the record of the fiscal activities of the United Nations, I might say, is a disgrace up to this point. I am going to support this bill, or at least I think I am. But this amendment makes a great deal of difference, because it makes a great deal of difference to the people of this country who want to be sure there is a more reasonable fiscal approach to things in the United Nations.

Let us get away from the dangerous position of Americans who believe that we must back away from our arguments, when we have an issue of principle. If it is principle, I do not think we have to apologize because we are big and strong. We are arguing on the basis of the merits of the proposition not because we may be weak or strong. This is a meritorious issue, as the chairman of the committee states.

I would like to call attention to a statement of Secretary Ball on page 51 of the committee hearings during his interrogation by the committee, where he points out the U.N. has two basic roles; that the first of these roles has been to prevent the confrontation of the great powers under circumstances that could lead to a nuclear conflict.

There is an adjunct to that basic role; the peacekeeping role which Secretary Ball points out became a part of the United Nations' activities early.

The second role the United Nations has played is of vital importance by serving as a forum in which the industrial societies and the less developed nations can be brought together. This is a role which covers many areas of great significance.

This second role has many ramifications, and this debate here today has nothing to do with the second role and its ramifications.

On page 54, Secretary Ball points out what the crucial points are: in reference to the adjunct to the first basic U.N. role, the peacekeeping role.

I quote:

> Certain members, however, have questioned whether the assessments for peacekeeping operations in the Middle East and the Congo constitute "expenses of the Organization" within the meaning of the charter and, consequently, whether they are binding on all members.

It does involve an interpretation of the charter. Is the peacekeeping role a proper U.N. function? So, rightly, the U.N. has gone to the World Court for an interpretation.

If this means that the United Nations does have this function, and we want to finance it, let us clarify it, and that is all the Byrnes amendment requires the U.N. to do. It is just common, sound sense. I do not think any nation in the world who is in accord with this function, even those who might have disagreed in the past as to whether or not this was contemplated by the U.N. Charter or was not, is going to object to the United Nations saying that this interpretation has been placed on it.

I think this is a very fundamental issue and means a great deal. Not so much to the United Nations right now, but whether we are going to carry for it the support of people who disagree with it. There has been a very loose approach to fiscal responsibility in the

United Nations. We will gain a great deal of support from people who think as I do, if we demonstrate that we are willing to stand on a principle of fiscal responsibility and in this instance one that goes to the very heart of the function of the United Nations. Therefore, when we do ask our taxpayers to come forward and finance something in the U.N., we can reassure them. I can go back and say, "Yes; I think we are getting this thing back on the right track; this is fiscally responsible."

Mr. Chairman, I urge every member of the committee to support the amendment which has been offered by the gentleman from Wisconsin [Mr. BYRNES].

Mr. FRELINGHUYSEN. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. FRELINGHUYSEN as a substitute for the amendment offered by the gentleman from Wisconsin [Mr. BYRNES]: On page 3, after line 7, insert the following new section:

"SEC. 6. It is the sense of the Congress that the United Nations should take immediate steps to give effect to the advisory opinion of the International Court of Justice on the financial obligations of members of the United Nations in order to assure prompt payment of all assessments, including assessments to cover the cost of operations to maintain or restore international peace and security."

Mr. FRELINGHUYSEN. Mr. Chairman, the discussion on this so-called Byrnes amendment which has occurred both today and yesterday indicates very clearly the feeling of a great many Members that we do not have sufficient restrictions, in spite of those that the Committee on Foreign Affairs put in the bill, with respect to the terms under which we will supply financial assistance to the United Nations.

Mr. Chairman, I offer this substitute as a major and, perhaps, a more reasonable alternative to the proposed section 6.

Mr. Chairman, if I might just re-read my proposal, or at least a part of it, I suggest that we say that it is the sense of the Congress that the United Nations should take immediate steps to implement the advisory opinion of the World Court. This would do more than the present section 5, which is simply an expression of satisfaction. Section 5 gives no indication that Congress feels there should be an implementation, a prompt implementation, of the advisory opinion so that it may be possible to collect these arrearages more quickly than has been possible heretofore. However, it would not go so far as to make approval, as the gentleman from Wisconsin suggets, a prerequisite of any assistance.

Mr. Chairman, it is my fear, as others have expressed, that if we should make approval of the World Court opinion mandatory, we might complicate and not facilitate what we hope will occur in the near future. I concede that there is much substance in what the gentleman from Wisconsin [Mr. BYRNES], has argued, we all want to encourage the direction in which the United Nations must want to move. They want to get their financial house in order or they would not have asked for the advisory opinion in the first place.

Of course this is the kind of restriction that we could impose—this mandatory restriction—but it may not be the course of wisdom to do so. I do not think in any event that the United Nations is going to solve all its financial problems, whether or not it adopts the advisory opinion.

Mr. Chairman, I suggest we simply say that we hope that the U.N. will take immediate action and do no more than that. This new section 6 would impose the kind of restriction that is reasonable. This provision is not likely to necessitate a change in the projected agenda of the United Nations as its begins its deliberations next week, yet it will be a firm expression of opinion on our part.

Mr. Chairman, it is my hope that we can reach agreement, and that we will recognize that the language in the present bill does not go far enough. I hope that many will also realize there really is reason for hesitation about going as far as the gentleman from Wisconsin suggests.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. With pleasure.

Mr. BYRNES of Wisconsin. Mr. Chairman, I think the gentleman's substitute would be fine as a resolution that we might have adopted right after the World Court decision was handed down in an attempt to encourage the General Assembly to act more hastily on it. But I think that what the gentleman is forgetting and what many Members who argue against this amendment are forgetting is that we are making a loan here. We are making a loan to get them out of financial difficulty. One of the things said by the Court is that in order to get their finances in order, they should comply with the Court decision.

Mr. FRELINGHUYSEN. Mr. Chairman, I can assure the gentleman that I have not forgotten for one moment that what we are trying to do here is to make a loan to the United Nations. It does not follow, however, that we ought to make this as difficult as possible. What we should seek is that any restrictions we impose are reasonable. Obviously reasonable men may differ as to the reasonableness of the restriction which the gentleman from Wisconsin advocates. I think we might make haste more slowly by this mandatory restriction than if we simply suggested that the U.N. take prompt action. This is the obvious course, which I think they are going to do anyway.

We would not necessarily be gaining ground if we took this so-called firm position. We are putting all kinds of qualifications on this assistance, in any event. We should beware lest these restrictions reduce the possibility of getting favorable action.

We should think twice before we move in the direction which the gentleman from Wisconsin [Mr. BYRNES] suggests. In my opinion, this is not a simple question. There is considerable merit in the reservations the gentleman has about the language in section 5. I fully support the need and the desirability of additional language. I do suggest, however, the desirability of permissive language, suggesting a certain course of action, rather than making it mandatory. I am convinced that in that way we will be pursuing a course of action which will be in the best interests of this country.

Mr. AVERY. Mr. Chairman, I rise in opposition to the substitute.

Mr. Chairman, I am realistic enough to recognize that not many votes are going to be changed at this stage of the debate this afternoon. I think I may conclude from observing the majority side of the aisle that they feel they have sure votes enough to reject this amendment and to pass the bill.

I heard the President last night at his press conference allude to the action of Congress as somewhat like the "resurrection of Lazarus"; I do not quite see the connection. Perhaps he concluded that since he had been assured that this amendment was going to be rejected and the bill was going to pass that Congress had now started to move. I would take some exception. Congress may be moving, but I am not quite sure in what direction.

Now, in respect to this amendment I think there are two or three things that should be reiterated. I do not want to be repetitious, but I think maybe some points that have been made could be reemphasized. One argument in favor of the Byrnes amendment would certainly be the apologetic attitude that the gentleman from Minnesota and the gentleman from Wisconsin reflected when they took the floor to urge that it be defeated. It seems to me that their expressed reluctance in itself indicates some question in their own mind about the wisdom of opposing the amendment.

I questioned the gentleman from Minnesota concerning the amendment when he appeared before the Committee on Rules. He told me at that time that he had offered this amendment in the Foreign Affairs Committee and that it had been defeated, and that on reconsideration he felt it should be defeated because, in effect, it would be permitting other nations, perhaps not as influential as the United States of America, to be setting our own foreign policy.

I take exception to that analysis of the Byrnes amendment. It seems to me we are not putting this into proper perspective. We are not disfranchising any nation in the United Nations. We are in no way trespassing upon their sovereignty. All we are saying by this amendment, all we are proposing to other nations is that you cannot have our money—you proceed and vote in any way you desire, you go ahead and manage your affairs just as you elect to do—but you cannot have the money of the United States of America, you cannot have the resources of the United States of America unless you pay your share of the burden of this world organization. Is not that what we are saying?

I do not see how any nation could imply or conclude from this language that we are denying them any right that they enjoy as a sovereign nation. All we propose to do is to write a stipulation into this authorization that if they are going to enjoy the fruits of our labor, if they are going to enjoy the fruits of our saving—and now if they are going to enjoy the fruits of a further deficit in our national debt and a further obligation on the Treasury of the United States, they must share the cost by paying their dues the same as the United States has paid. I think we should entirely discount and certainly abrogate any suggestion that we are trespassing on the sovereignty of any of these nations.

I believe I heard our very distinguished chairman of the committee mention when he addressed the House a minute ago that this amendment might be construed as a device to delay the authorization of the bond issue until the General Assembly had accepted the advisory opinion of the World Court. I say it will be delayed only if the delinquent nations want it to be delayed. There is no reason I can see why they could not put this first on the agenda when they convene next week and dispose of it, as has been assumed by the sponsors of the amendment.

**Mr. MORGAN.** How are we going to control the Communist countries and make them put it first on the agenda? Whether you like it or not, there is an emergency. The money is needed now. There was a $149 million deficit on June 30, 1962. The Byrnes amendment will only prolong the emergency.

**Mr. AVERY.** This is a matter for the General Assembly, is not that correct?

**Mr. MORGAN.** Yes.

**Mr. AVERY.** Who sets the agenda for the General Assembly?

**Mr. MORGAN.** The Secretary General arranges the provisional agenda; then the General Committee meets to recommend to the General Assembly the items to be on the agenda.

**Mr. AVERY.** That is right. We are not talking about the Security Council, we are talking about the General Assembly. The Soviet Union does not outvote any country in the General Assembly. We all vote on an equal basis. So I cannot see how the language of the amendment could be construed as an obstruction.

**Mr. MORGAN.** Anybody who knows anything about the General Assembly knows that after the committee reports and the welcoming speeches and the committees are organized and do the preliminary study of the numerous items on the agenda it will be at least a month before they reach anything. I say the Byrnes amendment is an attempt to deliberately delay and is an obstruction to our peacekeeping machinery in trying to keep peace throughout the world.

**Mr. GROSS.** Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

> Mr. Gross moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

**Mr. GROSS.** Mr. Chairman, I am very much interested in all this talk about the present crisis in the United Nations. The distinguished chairman of the committee a little while ago in his speech bore down on the claim that there is a crisis, an emergency. And just a moment ago in response to the gentleman from Kansas [Mr. Avery] he again emphasized that theme. Why, bless your hearts and souls, Adlai Stevenson stood ankle deep in wall-to-wall carpeting in the new mission building of the United Nations a year ago last May and shed copious tears about the financial crisis in the United Nations. That was a year and a half ago.

**Mr. MORGAN.** And the emergency is so much the worse now.

**Mr. GROSS.** I wonder if he still has that hole in his shoe that he displayed when was a presidential candidate. He was so deep in that wall-to-wall carpeting it was impossible to see whether he still had that political hole in his shoe. And President Kennedy started talking about this alleged crisis last November or December. I wonder whose pockets they have been digging into all this time? I have not been invited to take a walk through the White House rose garden nor to Mr. Rusk's edifice in Foggy Bottom, so I am unable always to get the answers.

**Mr. AVERY.** I can tell you whose pockets they have been digging into. I can show you in the committee report. We have advanced $35 million beyond our regular assessment.

**Mr. GROSS.** I thank the gentleman.

I want to comment on one or two things that have been said. The gentleman from Texas [Mr. Wright] opposing my amendment which would have reduced the $64 million the U.S. share of the $100 million bond issue or to 32 percent, which is supposed to be our percentage of assessments, said that failure to pass this bond issue, even my amendment, would contribute to the destruction of the United Nations. What does the committee report say? What does the majority report of the committee say? It says:

> Refusal of the United States to finance a substantial portion of the current United Nations deficit would not force a reform in United Nations organization and procedure nor would it put the United Nations out of business.

There you have it. It would not put the United Nations out of business if Congress voted not a dollar for this bond issue says the majority report of the committee.

I would also like to say to the gentleman from Texas [Mr. Wright] that I recall some 2 or 3 years ago I received a letter from him urging me to support him on the floor of the House in his opposition to an increase in the Federal debt ceiling. Yet, here today he opposes even a measly cut in this bond issue and make some slight contribution toward balancing the budget. Three years ago he was seeking support in opposition to raising the debt ceiling and I was pleased to support him. Today he wants to embark this country on a brandnew, unprecedented financing deal for an international organization.

Another comment I would like to make. The gentleman from New York [Mr. Lindsay] spoke of the great success of the United Nations in the Middle East. Well, let me say to the gentleman from New York, I recall vividly that it was the British, French, and Israel that ripped the United Nations Charter to shreds and embarked upon an act of aggression in Egypt. They were the aggressors—right or wrong—and they tore the charter to shreds. It was not the United Nations that got them out of there. It was the United States that said, Pack up your stuff and get out of Egypt.

Those who talk about the success of this Organization have forgotten the facts.

Look at the so-called U.N. police action in Korea—35,000 Americans dead and 120,000 wounded.

The dead for the 15 other U.N. countries involved in Korea, aside from the South Koreans, were 6,000.

How about Goa? How about the massacre in Hungary? Is the U.N. fighting with us in Vietnam? What has the United Nations accomplished? I ask the question—and all I get is silence—lots of it.

The CHAIRMAN. The time of the gentleman has expired.

**Mr. MORGAN.** Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I take this time again because I would like to read the telegram sent to the Speaker of the House by former President Eisenhower. The first sentence reads:

> I would like it made known that I agree wholeheartedly that it is necessary to enact the pending legislation to provide emergency financial assistance to the United Nations.

Here is the great former President of the United States making this plea for emergency financial assistance to the United Nations. He continues:

> This is a measure helping to hold open the door of hope for all mankind in its yearning for a world peace and justice among nations. Our country has played a leading role in the development of this great forum and we must not fail it now. I urge that all thoughts of partisan or personal advantage, and our understandable disappointments that this institution like all human enterprises has not met our every expectation, be set aside and that our Members of Congress regardless of section or party responsibility unhesitatingly stand up and be counted in support of this legislation.

When he now declares this a financial emergency of the United Nations, Mr. Chairman, the appeal does not contemplate this bill with the Byrnes amendment.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa.

The motion was rejected.

**Mr. GALLAGHER.** Mr. Chairman, I rise in opposition to the Byrnes amendment.

**Mr. MORGAN.** Mr. Chairman, will the gentleman yield?

**Mr. GALLAGHER.** I yield.

**Mr. MORGAN.** Mr. Chairman, I ask unanimous consent that all debate on the Byrnes amendment and the Frelinghuysen substitute close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. RHODES of Arizona. I object.

Mr. MORGAN. Mr. Chairman, I move that all debate on the Byrnes amendment and the Frelinghuysen substitute and all amendments thereto close in 25 minutes.

The motion was agreed to.

The CHAIRMAN. The gentleman from New Jersey [Mr. GALLAGHER] is recognized for 5 minutes.

Mr. GALLAGHER. Mr. Chairman, for the last 2 days we have debated this issue. There seems to be a willingness on the part of most Members of this body to support this bill. We have now reduced the debate to a question of whether or not we shall adopt the Byrnes amendment. I believe that the gentleman from New Jersey [Mr. FRELINGHUYSEN] recognizes the feeling and the sense of this body. I believe we all agree with the gentleman from Wisconsin [Mr. BYRNES] that it would be well for the advisory opinion of the International Court to be adopted by the General Assembly. The issue is whether or not the hands of the General Assembly will be tied by the Byrnes amendment.

I think the gentleman from New Jersey [Mr. FRELINGHUYSEN] recognizes this principle and I think his substitute is one worthy of our support in that it urges the United Nations to adopt the advisory opinion but at the same time prevents delaying tactics and the use of devices that will be available to the Communist bloc in the General Assembly to prevent the adoption of the very decision we here in the House want adopted. So I would support the Frelinghuysen amendment.

I support the substitute amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN] as a provision that will embody the will of the House of Representatives here today and still allow the purposes of the bill to be carried out.

This bill is supported by former President Eisenhower, his letter as read by our distinguished chairman, indicates his support of the committee's bill. The United Nations is worthy of bipartisan support.

(By unanimous consent (at the request of Mr. ROOSEVELT), the time allotted Mr. ROOSEVELT was given to Mr. FASCELL.)

The CHAIRMAN (Mr. BOLLING). The Chair recognizes the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Chairman, at this point in the debate it is very difficult to add anything of a substantive nature with regard to the merit of the United Nations or of attempts to get new financial arrangements set up within the United Nations.

I would like to talk to the Members of this body on a plane that we share, each and every one of us. We come from many different walks of life, we come from many professions, many occupations, but all of us, I believe, have one thing in common. To some extent at least, we all claim to be practical about politics and to have some commonsense and knowledge about politics and how to get votes.

I want you to stop for a minute and consider this resolution in a way it is going to be represented by the Russians to the General Assembly if it is adopted the way the gentleman from Wisconsin would like to have it adopted.

Suppose this resolution read:

> No loans shall be made to the Republican nominee for Congress from Wisconsin unless he votes a certain way on a certain proposition in the Congress of the United States.

The gentleman from Wisconsin very properly would resent this kind of ultimatum. If he is any kind of man he would resent it. We are not dealing with back alley politicians who represent nations in the United Nations. We are dealing with men of stature, with women of stature, who have dignity, and we have to treat them as such.

If we want the U.N. Assembly to adopt the ruling of the International Court of Justice with reference to assessments—as I am sure all of us agree the Assembly should do—it simply is not good psychology or good politics to serve an ultimatum on the question as the Byrnes amendment proposes. We would not adopt this approach in American politics and it will not work in the U.N. either.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Chairman, I think it should be said that here today if we adopt the Byrnes amendment, as I hope we will, we will strengthen the prestige of the International Court of Justice. All of us hold the dream of a rule of law someday, when men's natures have become able to accept that type of world and are interested in establishing the prestige of this Court. This amendment would help do that, and I hope it will succeed.

But even more important, I want to ask this question: What do you think is the most important thing to the United Nations? I think the most important thing to it is the continued good will of the American taxpayer. I do not know how your people back home feel about it, but my people are getting a little tired of pouring money down what appears to be a bottomless pit. They feel lonely because the taxpayers of the other nations of the earth are not putting in as big a share as we are. I think this amendment, if adopted, would do a lot to let the American taxpayer know how his Representatives feel about his situation, that we are solicitous about it and that we are doing the best we can to make sure he gets the maximum benefit from the expenditure of his money.

This amendment would serve the American taxpayer by helping the United Nations help itself to set its house in order, financially speaking. Until this is done we cannot give our constituents the assurance they desire that they will not be called upon to bail the United Nations out each year. Again, may I say, that the knowledge by the American taxpayer that all is well with the U.N. financially, and that the dollars we contribute are spent wisely, is the greatest asset the U.N. could possess.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, all Members are deeply in favor of the United Nations promptly recognizing the International Court of Justice ruling that all members have to pony up, "even Stephen," on their U.N. obligations.

The question is, Is the Frelinghuysen approach or the Byrnes approach the best?

I hope we will adopt the Frelinghuysen substitute, for the simple reason that it is sensible and directed at getting the job done.

Let me recall to you a piece of recent history—of the so-called agonizing reappraisal of 1953, when we told our allies over in Europe that unless they adopted the European Defense Community exactly as we wanted it, we might have to take our bat and ball and go home.

The result of that muscle-flexing, unbending attitude on our part was that they did not do as we wanted. I suspect one of the reasons they did not do as we wanted was because of our overreaching ourselves.

In the present case I think that what we have to say is what the Frelinghuysen substitute says: That it is the sense of Congress that the U.N. should act favorably on the International Court's mandate. If we go on to say, "If you do not, we will take our bat and ball and go home, we will sweep the chessmen from the table, we will tear down the temple of the United Nations," we are going to get just the opposite of the result that we thought we would achieve. So I hope the Frelinghuysen amendment is voted up.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. COLLIER] for 1½ minutes.

Mr. COLLIER. Mr. Chairman, it has been reiterated here several times today that the adoption of the Byrnes amendment would result in a critical delay in meeting the described emergency of the U.N. The distinguished chairman of the Committee on Foreign Affairs repeated for the benefit of the members of the committee that even former President Eisenhower recognized the depth of this emergency. Obviously many Members of the House feel that a serious emergency exists. Yet, in the next breath the distinguished chairman of the Committee on Foreign Affairs said that the General Assembly of the U.N. could not get around to acting on the World Court decision for one and a half months, because they had to go through the normal routine of extending their mutual felicitations and making opening speeches.

Mr. Chairman, I want to say that it seems to me if the former President of the United States feels that there is an emergency, as some Members of the House do, certainly the General Assembly of the U.N., which has everything at stake, presumably, should recognize the same emergency and forgo the felicitations, the bows, and the handshakes when it reconvenes, and get down to the business involved without delay. Anticipating this, we can adopt what is a very sensible amendment to this bill.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. COLLIER] has expired.

The Chair recognizes the gentleman from Illinois [Mr. O'HARA] for 1½ minutes.

Mr. O'HARA of Illinois. Mr. Chairman, each Member must answer to his own conscience. I shall not have it on my conscience that I denied, perhaps, the last faint hope of peace that we have in the United Nations.

Mr. Chairman, the amendment of the gentleman from Wisconsin will bring about conditions that might completely wipe out the last faint hope of peace we have.

Mr. Chairman, I am voting my conscience, as I know my colleagues will vote theirs. I shall vote against the Byrnes amendment and I shall sleep with contentment tonight.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS] for 1½ minutes.

Mr. HAYS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER] for 1½ minutes.

Mr. MEADER. Mr. Chairman, the Byrnes amendment is the intelligent way to insure the repayment of loans authorized by this bill.

It is not interference with the sovereignty of anyone else. We do not have to make this loan. If we make it, we can make it contingent upon conditions which a sound banker would require before he granted a loan to an applicant, because the condition deals with the difficulties which gave rise to the deficit the United Nations faces today. It employs the International Court's advisory opinion as a mechanism to encourage making up arrearages to provide funds to repay the loan and thus would make this transaction businesslike and sensible.

Mr. Chairman, we have a duty to protect the taxpayers' interests and in my judgment proceeding in this fashion strengthens the United Nations by encouraging it to face up to fiscal responsibility.

Mr. Chairman, this is a good amendment. I hope it is adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I am opposed to this legislation in its entirety.

Mr. Chairman, I ask unanimous consent to yield the balance of my time to the gentleman from Florida [Mr. MATTHEWS].

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Chairman, I wish to thank the gentleman from Mississippi for giving me additional time. First of all I want to congratulate the distinguished Committee on Foreign Affairs for bringing us a bill which, in my opinion, would have a great beneficial effect, a tremendous, positive effect in helping us solve a very grievous problem. I want at the outset to say that I am supporting this committee and I am opposing the amendment offered by the gentleman from Wisconsin [Mr. BYRNES]. I would accept the substitute amendment provided it were satisfactory to the committee.

Mr. Chairman, let us not be confused with the problem that faces us. There are, as I understand, over 23,000 troops of the United Nations confronting problems in the Middle East and in the Congo that have to be solved. This situation is not like the Korean situation, as I understand it. These troops are not troops from the United States of America. But unless we can do something to keep these troops there, what are we going to do to fill the vacuum? That is the specific immediate problem that faces us. I am convinced that the best way to solve that problem is by passing this bill that has been brought to us by the distinguished Committee on Foreign Affairs.

May I suggest to you, Mr. Chairman, that their proposal strengthens the fiscal aspects of the United Nations. If you have a desire to strengthen the fiscal aspects of the United Nations I think you will do so by taking the committee's recommendations. The committee's recommendations say that this money that the United States lends will be repaid through our assessments. We can take what we will pay from dues year after year out of this loan, if necessary. It is a conservative vote, I submit, when you look at the fiscal aspect of this problem.

But, more than that, let me say again, there are those in America who from time to time cry for action. They say let us not avoid action, let us meet every crisis face to face. We have here the opportunity to meet the crisis face to face, to confront problems not with American troops but with troops of the United Nations. It is a proposition that it would seem to me should meet the overwhelming favor of the Members of this House.

And so, Mr. Chairman, again I say, I rise in support of the committee's proposal, and I hope we meet this issue with an overwhelming vote of approval.

The CHAIRMAN. The Chair recognizes the gentlemen from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, as a freshman Member of Congress in 1946 it was my pleasure to participate in the debates and to vote for the adoption of the United Nations Charter. I had the pleasure of offering for the RECORD resolutions endorsing the charter from the League of Women Voters and the Association of University Women. I had confidence in an organization of this kind at that time. I still have confidence that it is possibly the only organization now that can save the peace of the world.

I shall vote against any crippling or delaying amendment to this proposal.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, I rise in support of the Frelinghuysen substitute because I feel it is a reasonable and a sensible compromise. We are told by former President Eisenhower and by President Kennedy that there is an emergency today. That is what we are faced with.

I am a little bit surprised and shocked to hear it said we must look upon this the way a banker looks upon somebody coming in for a small loan. This is not a question of bookkeeping or accounting. It is a question of peace or of war, and the only accounting is the accounting we will have to give to the American people and to our children if we turn our back on the Congo and Middle East, if we allow the United Nations to pull out, if we play into the hands of the Communists and create the kind of unrest upon which they thrive and grow fat. Let us get behind the bill, let us avoid crippling amendments so the United Nations, which is the last best hope for peace on earth, can do the job for which we created it.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. ICHORD].

Mr. ICHORD of Missouri. Mr. Chairman, I am vehemently opposed to House Resolution 764, and I am just as strongly opposed to the amendment offered by the gentleman from Wisconsin [Mr. BYRNES] because of what I consider to be its offensive and imprudent language. Mr. Chairman, I cannot properly convey my thoughts and register my opposition to both the amendment and the resolution in the short time of a minute and a half. Therefore, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Chairman, first I wish to thank the gentleman from California [Mr. ROOSEVELT] for making this additional time available to me.

Mr. Chairman, it has been suggested in the course of this discussion that the bill and the amendments should be viewed in the interest of what is best for the United Nations. I respectfully suggest we should view all this in the light of what is the most important and best for the United States. This is the issue which confronts us here this afternoon.

I support the Frelinghuysen substitute and I support the bill. I am opposed to the amendment offered by the gentleman from Wisconsin [Mr. BYRNES]. I support the substitute offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN] not because it is a compromise but because it is necessary for me as a Member of this body and as an American citizen to take a stand for principle. The only principle that can be taken is in a vote for the Frelinghuysen substitute and a "no" vote against the Byrnes amendment.

Why? Does the United Nations need the money or does it not? I say it does.

Is it in the interest of the United States to have the money given to the United Nations? I say it is.

Is it in the interest of the United States for us to have the peacekeeping machinery moving? I say it is.

Is it in the interest of the United States to get the money provided by this resolution by way of loans, purchase of bonds of the United Nations, for the purpose of the peacekeeping machinery, as quickly as possible? I say it is. We have delayed too long already.

I do not believe that it is wise or in the best interest of the United States to take the question of the arrearages of the members of the United Nations and tie it to this resolution, as a condition precedent. I do not believe it is in the best interest of the United States by the amendment of the gentleman from Wisconsin tying a condition precedent to this loan to throw the whole issue back into the machinery of the General Assembly, when the United States has already crossed that bridge on this issue. I say it is a step backward, not a step forward. I say that in the best interests of the United States of America as a matter of principle the Byrnes amendment must be defeated and the Frelinghuysen substitute must be accepted.

The question of getting arrearages paid up and the financial condition of the U.N. improved is important. As a matter of fact this issue has top priority in the U.N. and with the United States. But while striving to do this the United States is confronted with an issue of even higher priority.

Funds which the pending resolution would help to provide must be made available as soon as possible.

The U.N. has taken action on both questions; that is, the arrearages and the additional funds. The evidence is thus that it is acting responsibly to meet its own difficulties.

The U.S. position is clear. We support the full payment of arrearages by all.

But first of all we support the availability of additional funds for the U.N. to insure the operations of peacekeeping machinery.

If the Byrnes amendment is adopted the United States cannot achieve its first priority target until the U.N. has acted on the U.S. second priority target.

This does not make good sense. It is not in the best interest of the United States.

Finally, Mr. Chairman, this resolution as amended by the Committee on Foreign Affairs and with the substitute offered by the distinguished gentleman of New Jersey [Mr. FRELINGHUYSEN] must be adopted.

As a free world leader, dedicated to freedom, the United States has a dual responsibility for military defense and maintenance of machinery that will help to reestablish and perpetuate peace in the world. I would be the first to admit that the United Nations has not solved all of the world's problems, but the fact that it has settled some of them makes it an instrument available to the United States for reducing critical areas of tension.

The United Nations occupies a vital place in the operation of our foreign policy. For the new countries of Asia and Africa, the United Nations is indispensable. It is their place of recognition as world personalities. It gives them standing and responsibility as well as practical help in many fields without which their development would be materially slowed, and chaos might be much more likely to occur.

What is at stake is not only our position in the United Nations, but whether the new nations will turn to us for a position of respectability and leadership or whether they will turn to the Soviet Union. If we permit communism to permeate throughout these new nations and forsake the peacemaking operations of the United Nations, we are giving up to the Communists the principles for which we stand.

Even though the Soviet bloc seeks to weaken and paralyze the United Nations and make it ineffective, the nations of the free world are determined that it shall continue to maintain peace and stability in the world.

We are fortunate to have a forum in which the world can judge who is on the side of fairplay, justice, rights, and freedom. The United Nations affords the opportunity of direct contact with leaders of 104 nations. S. 2768, reported by the committee with amendments, and which we are considering today, is a bill that should pass overwhelmingly in the House. The Committee on Foreign Affairs has worked diligently and has come up with amendments that should meet any objections that are offered. I have supported each and every amendment as it was offered in the committee and as reported in this bill.

If the bond issue fails, the peacekeeping operations fail under financial blackmailing by nations that oppose them but have no better solutions to offer.

Mr. Chairman, to refuse to support the loan is to play into the hands of the forces that seek destruction of the United Nations.

I urge everyone to support this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close debate.

Mr. MORGAN. Mr. Chairman, I am certainly going to ask every Member of the House to search his conscience before he votes on these two amendments. I will support the Frelinghuysen amendment because it has no mandatory provisions.

Mr. Chairman, during 1960 when a great Ambassador to the United Nations, Henry Cabot Lodge, left his post to become the vice presidential candidate on the Republican ticket, a great successor was named in his place by President Eisenhower—James J. Wadsworth. Ambassador James J. Wadsworth had many, many years of service at the U.N. I want to read just a little quotation from his testimony before the Foreign Relations Committee of the Senate.

Ambassador Wadsworth said:

> Whether we like it or not, and many of us may not, the U.S. response to the financial plight of the United Nations will be taken as evidence of the strength or weakness of U.S. leadership in support of the Organization, its charter, and its role as a peacemaker. I can say with confidence from long experience that U.S. prestige will rise or fall as our response is judged to be hale or halting.

Under the amendment of the gentleman from Wisconsin [Mr. BYRNES] you certainly are halting. It is very, very vital to vote "no" on the amendment offered by the gentleman from Wisconsin [Mr. BYRNES]. This is an emergency. It has been so recognized by all national leaders in both political parties. The United Nations needs this money for its peacekeeping machinery. Let us get on with the business at hand and vote down the amendment of the gentleman from Wisconsin. [Mr. BYRNES].

Mrs. GREEN of Oregon. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

Mrs. GREEN of Oregon. Mr. Chairman, I rise in opposition to the Byrnes amendment and any other amendment which would hinder in any way the United Nations and the effectiveness of this Organization.

There has been considerable explanation and discussion of the financing details. There will undoubtedly be more of the same. And, therefore, I wish first to address myself to a somewhat larger issue.

Is the national interest of the United States served by membership in the United Nations? The answer in my mind is "Yes."

During the intervening 17 years between San Francisco and today, the U.N. has grown in the direction of a future system of world order and peace. Flawed and imperfect as are all human institutions, the United Nations at a minimum provides a forum for disputes after other means have been found wanting. True, it cannot impose settlement of an issue. True, it is effective in the measure that its member states permit it to be effective. However, the record is indisputable that the U.N. has often stopped hostilities and restored order.

To anyone who might cast a vote to weaken in any way or destroy the United Nations the question is, What is suggested to take its place? Only military power?

Let us remember the sobering fact that mistakes and miscalculations can be more costly than they could ever have been during past international conflicts. As weapons become more destructive they become more useless as instruments of policy. War as an alternative to diplomacy seems frightful because of the destructive power of nuclear weapons. This should cause us to place a premium on peaceful approaches to the settlement of potentially devastating conflicts between nations of the earth.

We have spent billions for defense—these are necessary funds—much of it for the development, manufacture, and transportation of nuclear weapons. We rose to the occasion magnificently to conduct an airlift to save a beleaguered people of Berlin and to stand by our commitments. It cost hundreds of millions of dollars. We paid most. We did not quibble. We fought under the aegis of the United Nations to protect South Korea against Communist aggression.

I suggest that the proposed amount of the loan is a mere pittance compared to these mammoth expenditures. Is the United Nations any less a deterrent to war? I think not. Do we vote down the bond issue and thereby help to destroy what may well be the most important deterrent to war yet devised by man—the only deterrent that when it is used it fulfills its mission. On the other hand the awful moment when the H-bomb, which we consider a deterrent, is dropped—then precisely at this moment of its use it fails in its assigned purpose—a purpose which we are told is to keep the peace.

Let us pose a hypothetical question. What should we do if our allies pulled out of Berlin? What should we do if the continental powers pulled out of NATO? Or, in either case, if they remained in Berlin or NATO but refused to pay their share of defraying expenses would we fold our tents, break camp, and retreat to the North American Continent? I suggest we would not. And I do not, as a parallel thought believe then that we should pull out of the U.N. or engage in some sort of financial sitdown strike against the United Nations.

Now, I think that our Government has been alert to the possibilities of reducing our financial obligations whenever possible. I think this is reflected in the cost of NATO support. The cost is apportioned among member nations via negotiations held from time to time. Take the NATO expenses for airfields, naval installations, missiles, communications, storage, and protection of nuclear weapons and war headquarters—the so-called common infra-structure budget. The United States share this year is 30.58 percent and will continue for the next 2 years. Two years ago, however, our allocated share was 37 percent and 10 years ago almost 50 percent. We have reduced our share as Western European countries have become more prosperous. And this has been accomplished without any specific provisions for arrearages.

I am going to vote for the United Nations bond bill because it incorporates in its premise—and its promise—and its performance some of the same principles of our hallowed Constitution and Declaration of Independence, based on the ideals, principles, and rules of conduct that are the finest product of the Western age of enlightenment.

As I have indicated earlier, the U.N. agencies are carrying on important and successful programs in a great range of social, scientific, and economic affairs.

A vote against the U.N. bond bill is a vote to sabotage the position of preeminent leadership which the United States Government has exercised from the beginning in the political organs of the United Nations.

I shall support the bond bill because the United Nations is working for peace by diplomacy, mediation by truce observation and by policing some of the most dangerous trouble spots in the world.

I have been heartened as the bond bill has made its way through Congress to read of the wide range of bipartisan support that it has generated—Republicans and Democrats, the U.S. Chamber of Commerce, and the AFL-CIO executive council.

Late last month the swelling chorus of support was supplemented by another voice.

Former President Eisenhower had this to say:

> I would like it made known that I agree wholeheartedly it is necessary to enact the pending legislation to provide emergency financial assistance to the United Nations. This is a measure helping to open the door of hope for all mankind in its yearning for a world of peace and justice among Nations. Our country has played a leading role in the development of this great forum and we must not fail it now.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The question is on the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN], as a substitute to the amendment offered by the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. BYRNES of Wisconsin and Mr. FRELINGHUYSEN to act as tellers.

The Committee divided, and the tellers reported that there were—ayes 177, noes 102.

So the substitute amendment was agreed to.

The CHAIRMAN (Mr. WALTER). The question now is on the Byrnes amendment as amended.

The amendment as amended was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS to the committee amendment: On page 3, line 7, after the period, insert the following: "*Provided further,* That Members of the Congress who vote affirmatively for the bill and thereby express their satisfaction therewith shall be invited and encouraged to invest not less than $1,000 each in United Nations bonds and shall be reimbursed under the terms and conditions set forth in section 3 for reimbursement of the United States Government."

Mr. MORGAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MORGAN. Mr. Chairman, as I understand it, section 5 has been adopted. The amendment offered by the gentleman from Wisconsin was a new section, section 6.

The CHAIRMAN. The Chair would remind the gentleman from Pennsylvania that there was an amendment adopted, debate was fixed on the amendment and amendments thereto, but not on the entire section. Is the gentleman making a point of order further?

Mr. MORGAN. Mr. Chairman, I make the point of order that the gentleman's amendment comes too late when it is to amend section 5.

The CHAIRMAN. The point of order is sustained. The amendment to section 5 comes too late, because we have already passed section 5, and there has been a new section added.

Mr. GROSS. Mr. Chairman, I ask unanimous consent that my amendment may be made in order.

Mr. BOGGS. Mr. Chairman, I object.

Mr. GROSS. I thank the gentleman.

Mr. FOUNTAIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise primarily for the purpose of asking some questions to see if we can find out where we are with respect to the use of mutual security contingency funds. Year after year, one of the bones of contention in the Committee on Foreign Affairs and on the floor of this House has been the blank check given to the President in the form of contingency funds under the mutual security program and the use of those funds.

During debate here on the floor yesterday and particularly today in connection with this legislation, some serious questions have been raised concerning the use of contingency funds and other funds to pay arrearages of United Nations assessments against other nations and to reduce regular special assessments against them. We on the Foreign Affairs Committee amended this bill so that none of the proceeds from this $100 million loan can be used to pay arrearages on payment of any United Nations assessments and they shall not be used to reduce regular or special assessments against the members who are delinquent. I think this was a necessary amendment. Like other amendments, it improved the bill. But Mr. Chairman, this bill, as amended in committee, cannot so prohibit the use of the President's contingency fund and the proper amendment would not be germane thereto. I would like to ask the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], a question. Was it not the consensus of opinion of the members of the Committee on Foreign Affairs, when we amended this bill, preventing use of these loan funds for the purpose of paying arrearages and assessments of other countries that such payments should not be made either from these funds or from the President's contingency fund under the mutual security program?

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, the gentleman is correct.

Mr. FOUNTAIN. I do not know whether an appropriate amendment would be accepted or rejected under a point of order, but would the chairman of the Committee on Foreign Affairs be agreeable to an amendment to the mutual security appropriations bill yet to come before us or if that cannot be done, or is not acceptable to the Appropriations Committee, would the chairman of the committee commit himself to support next year an amendment to the mutual security authorization bill which would prohibit the use of the contingency funds thereof in payment of arrearages and assessments, regular or special, of any other nation?

Mr. MORGAN. If the gentleman will yield further, I cannot speak for the Committee on Appropriations, but I think I can give the gentleman from North Carolina some assurance that in the markup of the mutual security bill next year, I will not only support an amendment that will deny the use of the contingency fund to pay those arrearages, but I will sponsor the amendment to the bill.

Mr. FOUNTAIN. I thank the gentleman very much.

Mr. Chairman, I think the gentleman from Ohio [Mr. HAYES], has already correctly expressed the disapproving attitude of the committee concerning use of contingency funds to pay obligations of other nations. But while we are making a record on this subject, I would like to inquire of the minority side as to what its position would be if such an amendment is offered to the mutual security appropriation bill when it reaches the floor, or to the authorization bill next year.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, I am happy to associate myself with your position, because I do think the contingency fund has been abused, if I may use that word. It has been used to finance functions or operations which the Congress has opposed or refused to approve. I think it ought to be used only to meet unforeseen contingencies, which is what it was designed to do.

Mr. FOUNTAIN. As I recall it was our conclusion that the contingency fund was being used for some purposes for which it was not intended and payment of arrearages, or assessments, regular or special of other nations, is certainly not one of the intended purposes or legitimate uses of that fund.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. Permit me to say to the gentleman that as one member of the Appropriations Committee and as a member of the Subcommittee on Foreign Aid Appropriations, if such an amendment to the appropriation bill is germane, I would certainly not only be glad to vote for it but would be glad to sponsor it if it is brought before us. I hope no one will make a point of order against it. I think the gentleman from North Carolina has made a very important point here.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. This bill is designed certainly to eliminate these practices, and the executive branch has eliminated these practices, since 1960.

Mr. BECKER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am just as anxious as everyone is to reach a vote on this legislation, and I shall not take the 5 minutes allowed to me. But I do want to call the attention of the members of the committee to one of the statements right in the forepart of this resolution to this effect:

> That there is hereby authorized to be appropriated to the President, without fiscal year limitation, out of any money in the Treasury not otherwise appropriated, $100 million for a loan to the United Nations.

Mr. Chairman, as I understand it, appropriations this year already committed are in excess of the amount in the budget and the amount of the expected revenue. Consequently, this money, as well as the money that will be asked for in the foreign aid bill next week will be out of deficit spending. The money, in other words, will not be in the Treasury of the United States. Therefore, it will be borrowed money. Further than this, I concurred in the Byrnes amendment and therefore supported it wholeheartedly. As a matter of fact, I would have supported an amendment even tougher than the Byrnes amendment whereby under the United Nations Charter any nation not having paid its dues or it assessments would be prohibited from having a voice or a vote in the United Nations. On that basis, I would vote for this $100 million bond issue.

Mr. Chairman, I would also like to hear the gentleman from Iowa [Mr. GROSS] introduce his amendment calling upon Members supporting this and the people generally to buy United Nations bonds and thereby show their good faith in what they believe, rather than just spending money of future generations of this country in order to keep an organization going that has not lived up to the principles upon which this Nation was founded.

One of my colleagues on the floor, a little earlier, discussed the amendment and talked about principles; I think it was the gentleman from Missouri [Mr. CURTIS]. What principle is involved here today? To keep an organization going on the basic lack of principle, or are we delineating our principle as a nation in supporting a bond issue of this kind, in paying dues and paying assessments of countries that can afford to pay, far better than we in the United States with a national debt of over $300 billion? I think this is an improper approach. I think it is an approach without principle, and so I am sorry, I cannot support the legislation, without amendment specified.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I know we are anxious to vote. I propose to take just 2 or 3 minutes to try to sum up some of the reasons why this bill should be passed.

I do not think anyone will forget the battle in the Senate over the League of Nations, a long time ago, and as a result of the turndown of the League of Nations, the reputation of one or two great, outstanding Senators became tarnished and remained tarnished since that day, as far as their place in history is concerned.

I say to you here today that the United Nations is not perfect. But there is an old saying around here that a vote against a bill that passes is a safe vote, because the people who want it are happy and the people who are against it are glad for your vote.

Many Members will not act on that principle today, I hope, because there is a little more at stake. The United Nations is not perfect. I have been one of its severest critics. I almost hesitate to say this, but I suppose the House of Representatives itself is not perfect. The recent escapade of one Member in Europe might serve to point that up. But nobody, and I say nobody, wants to abolish democracy in the House of Representatives because of the imperfections of one or more Members. I think the same thing is applicable to the United Nations. It is not a perfect instrument, but it is the only instrument we have for an international conference where all the nations can get together and try to talk out their differences. In order to keep this institution going, as imperfect as it may be, the only institution of its kind we have, I hope this bill passes by a large, an overwhelming majority.

Mr. ICHORD of Missouri. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I rise, not with the hope of changing any votes on this proposed legislation, but for the purpose of making my position clear, although my opposition to the legislation is somewhat softened by the concessions made by the sponsors of this bill to the gentleman from North Carolina.

Mr. Chairman, the conflict between the pro reasons and the contra reasons in regard to House Resolution 764 that has raged in my own mind has been tremendous. The battle was not resolved until the gentleman from California [Mr. YOUNGER], made the statement that $156 million was transferred from contingency funds to the United Nations without direct appropriation of the Congress. The validity of his charge, Mr. Chairman, was denied, but has not yet been refuted in this debate.

If I thought, Mr. Chairman, that the defeat of this legislation would mean the death of the United Nations I would vote for House Resolution 764. I believe in the United Nations. I, however, am not, in my opinion, "pie eyed" enough, with my head in the clouds and my feet raised from the ground, to believe that the United Nations is the only ultimate hope of mankind. The United Nations is needed. It should be nourished, strengthened, and continued. But unlike the gentleman from Texas [Mr. WRIGHT] I believe the United Nations will survive and may even thrive regardless of what the action of this body on this resolution may be.

But I submit to my colleagues that the sponsors of this bill should repudiate the accuracy of the record made by the gentleman from California beyond a reasonable doubt or this measure should be defeated, because if the statement is true, this appears to be just a little more devious way of raiding our Treasury, increasing our debt, and, in my opinion, making us still more worthy of the name "Sucker."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

**Mr. ICHORD** of Missouri. I decline to yield, Mr. Chairman.

Mr. Chairman, in my opinion, this measure is merely a replay, without the pleasurably rich baritone, of the song "Mule Train, Mule Train," that was so popular a number of years ago, "We are all another day older and deeper in debt," and this time to the tune of an additional $100 million.

**Mr. MORGAN.** Mr. Chairman, I move to strike out the last word.

Does the gentleman care for a repudiation? I want to be sure the gentleman reads, volume III, page 996 and checks the tables on pages 999 and 1000 of the hearings of the Appropriations Subcommittee on Foreign Operations for the next fiscal year. He will then be fully informed about the statement made by the gentleman from California [Mr. YOUNGER]. The total appropriation was $153.5 million for voluntary contributions to international organizations. Our committee report specifically stated that this sum was for "voluntary contributions on a grant basis to international organizations and to programs administered by such organizations." The appropriation for this purpose was voted in full. This is the method that has been used for a number of years to vote funds for voluntary contributions to international organizations. Among programs financed under this section of the foreign aid law are the children's fund and the Palestine refugee program.

As I pointed out yesterday, during fiscal year 1961, transfers were made from the contingency fund for the military and the economic programs in the Congo. This is because these were contingencies—unforeseen problems that had to be met. Other transfers were made from the contingency fund to programs of international organizations, but they are not related to the issue before us.

In fiscal year 1962 there were no transfers from the contingency fund to either of the Congo operations. There was a transfer of $9.5 million from the military assistance program to the U.N. fund for the Congo—the economic fund. I also referred to this yesterday. There is no money in this bill for the contingency fund.

**Mr. YOUNGER.** Mr. Chairman, will the gentleman yield?

**Mr. MORGAN.** I yield to the gentleman from California.

**Mr. YOUNGER.** I did not say it came from the contingency fund.

**Mr. MORGAN.** I am quoting the gentleman from Missouri. He said all of it came from that.

**Mr. YOUNGER.** I said the money had been transferred to the United Nations. We can get that information, and I believe it will be available next week, from the foreign aid appropriations bill.

**Mr. MORGAN.** The money was authorized and appropriated by the Congress for that purpose..

**Mr. YOUNGER.** The Assistant Secretary said it was transferred.

**Mr. MORGAN.** I do not see on page 996 where the Secretary used the word "transfer."

**Mr. JUDD.** Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, before we vote on this bill, there is an overall point that ought to be considered. There has been increased criticism of the United Nations in recent months, particularly over its activities in the Congo. Many believe that the U.N. has exceeded its mandate there. Its proper role is to maintain peace and order, not to use force to compel a political settlement. It has maintained peace and order well in the Arab-Israel dispute; it properly has not tried to impose its will on either side. But in the Congo, it has sought by force and other sanctions to compel one side to bow to the other. Many believe that this is going beyond the U.N.'s true role and is hurting the United Nations and public confidence in it more than it is promoting justice and peace in the Congo.

But no organization, including our own Government, always make the right decision or takes the proper action. The United Nations can not be as good an instrument as we would all like for maintaining peace, much less for establishing freedom and justice in the world—as long as one powerful government does not want freedom, justice, and real peace. But the United Nations has done a lot of good, and can do even more in the future if we work constructively and patiently to improve it and strengthen it as we do all other human institutions. For us now to withhold our support by defeating this bill would turn effective control of the U.N. over to our enemies and injure ourselves. The fact that the Soviet Union constantly denounces the United Nations as a "tool of American imperialism," is evidence that it has not succeeded in gaining control for itself thus far. In fact, the position of the United States in the U.N. is stronger now, I think, than ever before, and particularly in the confidence of the 50 new members that have won their independence in the last 17 years.

Almost all of these countries had been under European control for decades, even centuries. They were against the only imperialism they knew—that of the white men of Europe, who are of the same race, culture, religion, even language, as most of us. It was inevitable that the distrust of and resentment against their former masters rubbed off on us. Many of them looked to the Communist world with eagerness and high hopes. But now they have been free for 2 to 15 years. They have seen the difference between what the United States is trying to do around the world and what the Soviet Union is doing. They have seen the difference between West Berlin and East Berlin. They know you do not have to build a wall to keep people in paradise. The Soviet Union's prestige, economically and ideologically, has gone down. People in Asia have seen what is happening to people in Red China, where things were supposed to be so wonderful. People everywhere know what has happened to the people in Cuba. So more and more U.N. members are realizing that the United States seeks only to strengthen free countries and to help them maintain their independence. They know that Communists work day and night to weaken and pull them down.

Our position is stronger now. They have more confidence in us than at any time in the past. Let us not jeopardize that position by voting down this bill. If we are steadfast and use our great influence properly in the U.N. there is no reason to believe we will lose ground there.

In summary, I think we ought to ask first, to what extent is it in the U.S. interest to keep the United Nations a going concern? And if there is to be a U.N., how important is it to the United States that our influence be kept at its maximum? Can we accomplish that better by helping out in this crisis or by walking out?

Clearly the benefits to us from our leadership in the U.N. outweigh the costs. We have provided a total of something over $1,600 million in 17 years. That is about $100 million a year. It has been worth it.

We know that the United Nations cannot solve the great cleavage between the free world and the Communist bloc. Nobody should expect it to be able to do that. That is a giant power struggle. The U.N. cannot possibly get a settlement as long as the Soviet Union is determined not to have a settlement. But the U.N. has helped and can help in many, many of the smaller conflicts. If there is not an opportunity to get together informally or to work out face-saving devices and compromises, the little brush fire wars can escalate into a world war.

Mr. Chairman, let us take the U.N. for what it is—a useful instrument of foreign policy in many situations. Do not ask it for perfect performance and do not give up on it when it fails here or there. I repeat, right now is the last moment for us to take a negative action that could gravely injure the organization and the confidence of millions in us. Defeat of this bill would be interpreted as an indication that we, ourselves, are doubting the U.N. at a time when it has perhaps the best chance of becoming, out of its successes and failures, something nearer to what we and the people of the world want it to be.

**Mr. MORGAN.** Mr. Chairman, I ask unanimous consent that all debate close in 10 minutes.

**The CHAIRMAN.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

**Mr. GROSS.** Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 3, after section 6, insert a new section 7 reading as follows: "*Provided further*, That Members of the Congress who vote affirmatively for the bill and thereby express their satisfaction therewith shall be invited and encouraged to invest not less than $1,000 each in United Nations bonds and shall be reimbursed under the terms and conditions set forth in section 3 for reimbursement of the United States Government.

**Mr. MORGAN.** Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to the bill.

**The CHAIRMAN.** Does the gentleman from Iowa care to be heard on the point of order?

**Mr. GROSS.** Yes, Mr. Chairman, I would like to be heard in opposition to the point of order.

Section 5 of the bill states:

> SEC. 5. The Congress hereby expresses its satisfaction that the International Court of Justice has decided that the expenditures authorized in resolutions of the United Nations General Assembly relating to operations in the Middle East and in the Congo are "expenses of the Organization" within the meaning of the United Nations Charter, thereby providing a sound basis for obtaining prompt payment of assessments for such expenditures by making them obligations of all members of the United Nations.

Mr. Chairman, simply expresses as does the above the satisfaction that would flow from purchase of United Nations bonds by Members of the Congress who support this legislation. The amendment conforms to language already in the bill and approved in the Committee of the Whole. I maintain that it is germane.

**The CHAIRMAN.** In sustaining the point of order, the Chair believes it is only necessary to say res ipsa loquitur.

**Mr. GROSS.** Mr. Chairman, a parliamentary inquiry. What is the meaning of that legal phaseology?

**The CHAIRMAN.** The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

**Mr. FULTON.** May I say to the gentleman from Iowa that the Latin phrase "res ipsa loquitur," quoted by the chairman, about which the gentleman asked, means "it speaks for itself".

**Mr. GROSS.** I thank the gentleman, if he will permit me to do so, for his learned legal knowledge.

**Mr. FULTON.** The gentleman from Iowa asked that question and I wanted to give the gentleman the answer—maybe we from Pennsylvania can help Iowa occasionally.

May I point out to the gentleman from New York who spoke previously, that under article 19 of the United Nations Charter there is a provision for members who fail to pay their dues. I will read the article:

> Article 19. A member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member.

I point out that under article 18 such a vote requires a two-thirds vote of the General Assembly members present and voting.

We should emphasize that the United Nations Organization is a success because most of the member states are paying their annual dues in full with very few arrearages. In 1962 the budget of the United Nations is $74 million, and there are very few countries that have not paid their regular annual assessment. There is only $4,874,006 overdue for the full year 1961 and prior years on such regular annual dues.

As a member of the U.S. mission to the U.N., I have served on the 5th or budgetary committee of the United Nations, during the 14th General Assembly in 1959, and I know that most countries pay. A few have not. Albania has not paid $3,535; Hungary, $259,841; Ukrainian S.S.R., $43,036; Cuba, $196,551; Belgium, $57,212; and our own ally, China, $3,072,961. Some of these countries have had serious financial conditions, and others urgent outside expenses and challenges.

I insert the complete table at this point for the information of the House, to show United Nations current finances and arrearages in payments by members:

*Summary of 1961 and prior year arrearages owed the United Nations*

[In U.S. dollars]

| | 1961 and prior year arrearages owed Dec. 31, 1961 | | | | 1961 and prior years arrearages paid Jan. 1, 1962–Aug. 31, 1962 | | | | 1961 and prior years arrearages owed Aug. 31, 1962 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Regular budget | UNEF | UNOC | Total | Regular budget | UNEF | UNOC | Total | Regular budget | UNEF | UNOC | Total |
| Communist bloc: | | | | | | | | | | | | |
| Albania | 14,535 | 33,373 | 27,298 | 75,206 | 11,000 | | | 11,000 | 3,535 | 33,373 | 27,298 | 64,206 |
| Bulgaria | 24,986 | 125,586 | 109,190 | 259,762 | 24,986 | | | 24,986 | | 125,586 | 109,190 | 234,776 |
| Byelorussian S.S.R. | 290,782 | 393,591 | 693,207 | 1,377,580 | 290,782 | | | 290,782 | | 393,591 | 693,207 | 1,086,798 |
| Czechoslovakia | | 709,019 | 1,283,171 | 1,992,190 | | | | | | 709,019 | 1,283,171 | 1,992,190 |
| Hungary | 476,283 | 348,802 | 286,624 | 1,111,709 | 216,442 | | | 216,442 | 259,841 | 348,802 | 286,624 | 895,267 |
| Poland | 618,569 | 1,208,150 | 1,342,070 | 3,168,789 | 618,569 | | | 618,569 | | 1,208,150 | 1,342,070 | 2,550,220 |
| Rumania | 70,347 | 344,414 | 501,468 | 916,229 | 70,347 | | | 70,347 | | 344,414 | 501,468 | 845,882 |
| Ukrainian S.S.R. | 1,113,582 | 1,509,085 | 2,654,835 | 5,277,502 | 1,070,546 | | | 1,070,546 | 43,036 | 1,509,085 | 2,654,835 | 4,206,956 |
| U.S.S.R. | 1,568,843 | 12,774,084 | 20,088,253 | 34,431,180 | 1,568,843 | | | 1,568,843 | | 12,774,084 | 20,088,253 | 32,862,337 |
| Subtotal | 4,177,927 | 17,446,104 | 26,986,116 | 48,610,147 | 3,871,515 | | | 3,871,515 | 306,412 | 17,446,104 | 26,986,116 | 44,738,632 |
| Cuba | 271,551 | 186,993 | 170,609 | 629,153 | 75,000 | | | 75,000 | 196,551 | 186,993 | 170,609 | 554,153 |
| France | | | 9,439,414 | 9,439,414 | | | | | | | 9,439,414 | 9,439,414 |
| Belgium | 57,212 | 43,245 | 1,917,381 | 2,017,838 | | | | | 57,212 | 43,245 | 1,917,381 | 2,017,838 |
| Arab States | 437,238 | 662,193 | 556,516 | 1,655,947 | 283,728 | 5,572 | 45,162 | 334,462 | 153,510 | 656,621 | 511,354 | 1,321,485 |
| China | 5,624,484 | 4,022,703 | 3,927,969 | 13,575,156 | 2,551,523 | 50,000 | | 2,601,523 | 3,072,961 | 3,972,703 | 3,927,969 | 10,973,633 |
| All others | 2,465,468 | 4,058,061 | 11,359,295 | 17,882,824 | 1,378,108 | 1,044,258 | 3,085,789 | 5,508,155 | 1,087,360 | 3,013,803 | 8,273,506 | 12,374,669 |
| Total arrearages | 13,033,880 | 26,419,299 | 54,357,300 | 93,810,479 | 8,159,874 | 1,099,830 | 3,130,951 | 12,390,655 | 4,874,006 | 25,319,469 | 51,226,349 | 81,419,824 |
| Reconciliation with Dec. 31, 1961, United Nations financial statement: | | | | | | | | | | | | |
| Arrears for 1961 and prior years as of Aug. 31, 1962 | | | | | | | | | | | | 81,419,824 |
| Payments received January through August 1962, on 1961 and prior years | | | | | | | | | | | | 12,390,655 |
| UNOC assessments for November and December 1961 (not technically arrears) | | | | | | | | | | | | 20,000,000 |
| Total amounts owed to U.N. per its Dec. 31, 1961, financial statement | | | | | | | | | | | | 113,810,479 |

I, therefore, believe a fiscally sound and solvent United Nations is for the best interests of our Nation and for the peace and progress of the nations and peoples of the world. I urge the passage of this bill for the continuance and success of the United Nations Organization, and a responsible membership and participation by the United States.

**Mr. ADAIR.** I move to strike out the last word.

Mr. Chairman, for the information of the Members I should like to say that at the proper time it is my intention to offer a motion to recommit which will embody the provisions of the original Byrnes proposal.

**Mr. JOELSON.** Mr. Chairman, I have previously on the floor of this House indicated my support of U.S. purchase of U.N. bonds. Debate on this matter has strengthened my conviction on the matter.

To deny it would be playing into the hands of the Soviet Union by creating the unrest in the Congo and the Middle East upon which communism feeds. If the Communists thought for a moment that U.N. activities in these areas were in the Soviet's best interests, they and their stooge countries would be paying their assessments for these activities.

Why should we allow the Reds to sabotage U.N. peacekeeping activities by joining them in their failure to support the U.N.? This is vital legislation to insure the survival of the United Nations.

**Mr. LANGEN.** Mr. Chairman, on January 28 of this year I stated that under no circumstances should the United States bail out the United Nations without safeguards to protect our investment. My opinions today are even more pronounced in this respect. I made the statement on January 28 after a personal visit to the United Nations, and an opportunity to review the activities and the needs as they were at that time. This experience called very clearly to my attention the fact that 86 nations out of the United Nations membership of 104 were delinquent in paying the assessments that were levied to finance the world body's activities in such places as the Congo.

I have no quarrel with the theory that some nations need more time in which to raise money for these assessments, but if the United States is to buy bonds in order to keep the U.N. solvent then, certainly, we today ought to adopt amendments and provisions which would cause any nation to forfeit its vote if its financial contribution wasn't made in a reasonable length of time. This, in my opinion, would have the effect of compelling delinquent nations to fulfill their obligations in a businesslike manner.

I am sure that it is obvious to all of us in these very crucial times that we must in no way relinquish either our desire or our willingness to participate in any and all efforts designed to accomplish peace with justice throughout the world. The United Nations can continue as an instrument for world peace only if each nation backs its declared intentions with financial evidence.

In light of these facts, may I recommend to the House that in the interest of these objectives we recognize with favor the amendments that will be offered which, in my humble opinion, would substantially strengthen the United Nations and its potential to deal with the existing problems throughout the world.

**Mr. BOLAND.** Mr. Chairman, there are many who feel that the purpose to be served by this loan to the U.N.; namely, peacekeeping in the Congo and Middle East—is not consistent with the best interests of the United States. Some of these people do not want anything to do with the United Nations in any way, shape or manner. For these people, anything which the U.N. does is, by definition, offensive, and hence to be rejected. These are the people who advocate amputation of offending members—who advise others to cut off their right hands or to pluck out their right eyes.

However, this remedy is seldom taken, even by those who have prescribed it. For practical purposes this is useless advice. The U.N. exists. The Middle East exists. The Congo exists. There has been, and still is, trouble in both places and a possibility of more, and worse. These troubles, these quarrels between neighbors, affect us in the United States. They affect our varied national interests. And if there should be real trouble, the lives of our young men would be involved.

I will not talk about the U.N. peacekeeping role in the Middle East, because that is not in dispute. But there has been much misunderstanding and misstatement about the U.N. operations in the Congo.

We have been told that the U.N. wants to use military force to unify the Congo. This is not so. The Secretary General has repeatedly denied that he has power to initiate the use of force. His latest plan for reconciliation in the Congo says nothing at all about the use of military force by the U.N. The only use of force by the U.N. in the Congo has been in self-defense after being attacked.

The U.N. is in the Congo because the legal government of the Congo asked the U.N. to help maintain law and order, to prevent civil war, to deport foreign mercenary troops, and to help bring an orderly, workable, nation out of the chaos.

What are the alternatives today? If the U.N. should pull out in the near future because it cannot afford to keep going, what would happen? Does anyone think the Congo problems would go away? Does anyone think the Soviet bloc would turn its back on opportunity for tossing a little gasoline onto the fire? Does anyone think that peace and quiet would prevail, with the streets safe for women and children, and with missionaries free to come and go and carry on their work? If the U.N. leaves, the Congo will, in all probability, head right back where it was 2 years ago.

If there is no U.N. in the Congo, should we ask the Belgian Government to send its troops back to preserve order and prevent destruction of life and property? It is too late in the game for use of Belgian troops in the Congo. It was too late 2 years ago. Can we reverse the course of history?

Should we let Soviet agents take over the Congo by default? God forbid.

Should we send in American boys, and run the risk that the Russians will send in their troops, and then have the stage all set for a showdown in Africa?

What other alternatives are there?

I submit that it is best to let the U.N. handle this job—best for us, best for the Congo, best for the peace of the world. If the U.N. is going to keep peace and work for progress in the Congo it must be able to finance its operations. The U.N. needs money, and needs it now. For these, and other reasons, I support the proposal now before this committee.

**Mr. SEELY-BROWN.** Mr. Chairman, this bill, which comes to the floor from the Foreign Affairs Committee after much consideration, has become one of the highly controversial items of legislation in this session, needlessly so, in my opinion.

The United States of America is not going to withdraw from the world and "go it alone." We are not going to withdraw from the United Nations. Although there are some sincere Americans who were opposed to our participation as a founding member of the United Nations when the charter was adopted at San Francisco in 1945, and there are others who have turned against the Organization in the years that have passed for a variety of reasons, every means by which we can measure public opinion, now and for the past 17 years, affirms the conclusion that an overwhelming majority of the people of the United States have faith in the future of the United Nations as the prime agency to promote world peace and prosperity among the nations of the world. Assuredly, they wish us to continue and to strengthen our participation in this Organization.

This is not the time to discuss in detail the achievements of the United Nations. Let it suffice to say at this point, that next to that of the Presidency and the Secretary of State, the post of Ambassador to the United Nations has become recognized as the key foreign affairs post in our Government. Because of his distinguished representation of our country in the United Nations throughout the Eisenhower administration, the Republican Party chose Henry Cabot Lodge as its nominee in 1960 for Vice President. The present administration chose its two-time nominee for President of the United States to be our spokesman at the United Nations.

The single issue before us, as we consider this bill, is whether S. 2768, as amended by our committee, is the most adequate and proper method to provide temporary financial assistance to the United Nations.

In proposing action by Congress to respond to the fiscal proposals adopted by the General Assembly of the United Nations to extricate the Organization from its financial crisis, we do not fail to recognize that the United Nations as it stands today has certain shortcomings. These we shall continue to strive to correct, in collaboration with our friends among the member nations of the U.N. Under the conditions existing in the world today, we must use extreme caution, both as to the role of the United States in the proceedings of the United Nation and, particularly, that we shall not become dependent on the United Nations in the conduct of our foreign policy. At no point has the sovereignty of the United States of America been abridged by its participation in the United Nations, nor should it ever be.

The bill which was passed by the Senate, which is the bill now before us as amended by the House committee, was substantially different in important details from the provisions submitted in a draft by the President in connection with his special message to Congress on January 30 last concerning the financial deficit of the United Nations.

We have been advised, however, that the legislation in the form passed by the Senate, and also the changes made by the House committee, are acceptable to the administration.

The House committee has changed the title of the bill, so that it reads: "An Act to promote the foreign policy of the United States by authorizing a loan to the United Nations and the appropriation of funds therefor."

We also have added a new section to the bill, which reads as follows:

> SEC. 5. The Congress hereby expresses its satisfaction that the International Court of Justice has decided that the expenditures authorized in resolutions of the United Nations General Assembly relating to operations in the Middle East and in the Congo are "expenses of the Organization" within the meaning of the United Nations Charter, thereby providing a sound basis for obtaining prompt payment of assessments for such expenditures by making them obligations of all members of the United Nations.

The United States currently is paying 32.02 percent of the ordinary expenses of the United Nations. However, we have been paying 47 percent of the expenses of the United Nations Emergency Force and the United Nations operations in the Congo.

Of the 104 members of the United Nations, 66 are in arrears in paying their assessment for the costs in the Congo and 56 are in arrears on their assessments for the costs in the Middle East. The failure of members to pay their assessments for these operations of the United Nations arises from several reasons. The Soviet bloc countries are opposed to these operations and would be happy to have them fail. Some of the smaller nations think that the great powers should pay the bill, others regard the assessments as "voluntary" and some new nations plead poverty.

Practically all of the member nations pay their assessments for the ordinary expenses of the United Nations promptly. Arrears for the past 2 years are less than 1 percent. The U.N. Charter deprives any member delinquent for more than 2 years of its vote until the arrears are paid.

If the General Assembly at its forthcoming meeting adopts the opinion of the International Court of Justice, which is expected, then payment of arrears so that members may avoid losing their votes, also may be expected to follow.

The only method of interim financing to meet the crisis in the U.N., as provided in the action by the General Assembly, was the sale of bonds, of which $200 million was authorized. Already, 17 nations have purchased $27,540,000 in bonds and 29 nations have pledged to buy $45,168,257. This is a total participation of $72,708,257 by 46 nations. These include Germany and Switzerland, which are not members of the U.N. It does not include 19 other nations who have indicated that they will participate, nor still additional nations who are considering the proposal.

The bill before us authorizes a loan or loans by the United States to the United Nations, at 2 percent interest, and under the bill the loans may include the purchase of bonds, or the indebtedness may be expressed by other evidences.

The method is not particularly important. The United States, under the terms of this bill, cannot be involved for an amount greater than the sum of the participation of all the other nations, and in any case not any more than $100 million.

One hundred million dollars is a lot of money. But there are many instances, this year and in years past, when we spend much more on items which receive far less consideration and are far less worthy than this proposal. For the outstanding justification of this use of the funds of the U.S. Government is not that it assures the solution of the problems of the United Nations, but rather that by this means we can meet an immediate major problem in our foreign policy in the most economical and effective manner that much thought and study has produced.

I believe that the proposals in this bill are in the best interests of the people of the United States, and believe that the House should pass the bill, as amended. We have debated it under an open rule. It has been open for amendment. The House has had a full opportunity to work its will. I am confident that all of us know what we wish to do and should do. So, let us do it.

Mr. ROUSH. Mr. Speaker, as we consider the President's proposal to purchase $100 million in United Nations bonds, it has become obvious that the issue is not the purchase of the bonds, but rather the value of the United Nations as an instrument of American foreign policy.

As a financial transaction, the United Nations bond issue is rather noncontroversial. The bonds will pay interest and will be repaid over a period not to exceed 25 years. The U.S. Government has loaned the United Nations money before. The Republican-controlled 80th Congress authorized the lending of $65 million to the U.N. for construction of its present headquarters facilities. Repayment of that obligation has been in strict accordance with the lending agreement. As a debtor, the United Nations has established a perfect credit record with its creditor, the United States.

From the standpoint of fiscal operations of the United Nations, the bond issue is vital. United Nations obligations have exceeded income on its special project missions. This has been caused by reluctance of member nations to pay special assessments authorized by the General Assembly to carry on the police activities of the Organization.

Repayment of the bond issue is to come from the regular assessment of the membership. These are the annual dues of member nations, and just as in a local fraternal lodge, if a nation fails to pay its dues, it is not allowed to vote. No member nation has ever had its voting privilege revoked because it failed to pay its annual assessment. The bond issue, then, is a financing device which will require support of all member nations for the special police operations which have in the past relied on just a few nations for critical financial support. The U.S. share of special operations costs will be reduced by one-third by the use of the bond issue. A further restriction is written into the bill with the proviso that—

> The proceeds of such loan shall not be used to relieve state members of the United Nations of their obligation to pay arrearages on payments of any United Nations assessments, and shall not be used to reduce regular and special assessments against any such members.

U.S. voluntary contributions which supplement assessed contributions should not be used to shift the burden of financing such operations from the other nations to the United States.

It is obvious, then, that the bond issue is sound financing by the United Nations and sound lending by the United States. The critical problem at issue in the current debate is whether or not the United Nations serves a useful purpose to the United States in the conduct of its foreign affairs and whether or not it merits further support as an instrument of our foreign policy. To analyze the issue, it is necessary, therefore, to make a general review of the activities of the United Nations and how they have affected our Nation and its goals in the world.

The United Nations was created in 1945 prior to the end of World War II at a conference in San Francisco. It was organized with the support and with the insistence of the leaders of the Allied Powers who were fighting and winning the war against tyranny. The purposes set forth in the preamble of the U.N. Charter are basically the preservation of peace with the corresponding prevention of future wars, and the promotion of the basic concept of human dignity with a corresponding recognition of human rights.

When the charter was drawn, the atomic age had not yet dawned. The exploration of space was still a science fiction subject. America and Russia were allies and China was ruled by Chiang Kai-shek. The Security Council was formed with practical recognition of the United States, Great Britain, Russia, France, and China as the political and economic leaders of the world. In the Security Council they were given broad powers to keep the peace and each given a veto power over proceedings in that Council. In practice, the General Assembly has grown more powerful and more dynamic in carrying out the objective of the charter in recent years.

Since that San Francisco conference just 17 years ago, the world has undergone the most rapid and most effective social, political, and technological revolution in history. More than one-fourth of the world's people—over 700 million—have thrown off the yoke of colonialism since 1945. The progress of human rights and human dignity has been at its most rapid pace in man's history. Technology has opened new worlds and created vast new fields of opportunity for human endeavor.

In this complex and changing environment, the United Nations has stood as the central clearinghouse of disputes, the champion of civil rights and liberties, and the source of political guidance for all of the nations in the world. It has not always been as effective as it could or should have been. There are instances which anyone might cite as the failures of the U.N. to live up to its ideals and goals.

In the 17 years of the United Nations, the United States has relied heavily on it as its basic instrument of foreign policy. When the Korean peace was broken, President Truman turned to the U.N. to provide the solution. When President Eisenhower sought to promote peaceful use of the atom and to provide for disarmament through aerial inspection, he turned to the U.N. to present his atoms-for-peace and open-skies proposals. When chaos developed in the newly independent nation of the Congo, Presidents Eisenhower and Kennedy relied on the U.N. to establish the rule of law.

Certainly the United States has relied heavily on the United Nations and not always with complete success. The Soviet Union has been forced to use her veto power in the Security Council more than 100 times to thwart implementation of free world policies. With the increased membership due to the newly emerging independent nations, control of the actual voting Assembly has passed informally from the Western democracies to the new nations of Asia and Africa. American dominance of the Assembly has therefore waned, but there has not been an increase in Soviet-bloc control.

In his state of the Union message, President Kennedy this year asked for a vote of confidence in the United Nations. He said:

> Our instrument and our hope is the United Nations—and I see little merit in the impatience of those who would abandon this imperfect world instrument because they dislike our imperfect world. For the troubles of a world organization merely reflect the troubles of the world itself. And if the organization is weakened, these troubles can only increase. We may not always agree with every detailed action taken by every officer of the United Nations, or with every voting majority, but as an institution, it should have in the future, as it has had in the past since its inception, no stronger or more faithful member than the United States of America.

Former President Dwight D. Eisenhower, in a telegram to our Speaker, said:

> I would like it made known that I agree wholeheartedly that it is necessary to enact the pending legislation to provide emergency financial assistance to the United Nations. This is a measure helping to hold open the door of hope for all mankind in its yearning for a world of peace and justice among nations. Our country has played a leading role in the development of this great forum, and we must not fail it now. I urge that all thoughts of partisan or personal advantage, and our understandable disappointments that this institution, like all human enterprises, has not met our every expectation, be set aside and that our Members of Congress regardless of section or party responsibility unhesitatingly stand up and be counted in support of this legislation.

A critical analysis of the United Nations and its role in U.S. foreign policy will show that the world Organization has consistently been a force for peace and instrument for good which we have been able to use to good advantage. It needs our continued support and the support of all member nations to continue to be successful. I believe that this universality of support is a critical point in the prospects for the United Nations. The United Nations needs the moral, political, and financial support of all its members. It must have a universal foundation on which to build for progress. U.S. leadership in this support is good and worthwhile, but it cannot be a substitute for the participation of the entire membership.

To assure this participation of the entire U.N. membership, I introduced a bill some time ago which would limit United States participation in the U.N bond issue to an amount equal to that subscribed by other members. I am pleased to see that the bill we are considering has likewise incorporated this restriction. In other words, the amount loaned by the United States to the United Nations must, at all times, be matched, dollar for dollar, by the total loaned by all other countries. As of September 14, 1962, other countries have actually purchased $27,750,000 of United Nations bonds and have agreed to purchase $45,168,257 worth of bonds. This bill, as reported, would limit the U.S. loan—at the present time—to the $27,750,000 figure. We could lend the full $100 million only when other countries have actually loaned a total of $100 million to the United Nations.

This restriction should make clear our position that our support depends on the support of other nations. It should likewise emphasize our belief that what the United Nations needs is, not more and more American support, but increased participation from its entire membership. There is every reason to believe that a full one-half of the amount of the issue will be purchased by other nations. Limiting the American participation to half of the subscribed amount should in no way hinder the full financial success of the sales program. But it will provide other nations with a demonstration of our recognition that the United Nations can be no stronger than its universal base of support. With that base, it can grow in strength and usefulness to our Nation and the world.

**Mr. BENNETT of Florida.** Mr. Chairman, we should pass this legislation at this important point in history as a means of showing that the United States is in vigorous support of the only available vehicle for effective efforts toward world peace. There is $100 million involved and that is not insignificant but it is of relatively small proportions when compared with the costs of war or with the costs of foreign aid or with the costs of many other segments of our expenditures. As an investment in efforts toward peace, this $100 million is a bargain.

**Mr. SCHADEBERG.** Mr. Chairman, I believe the debate on the bill before us is in the public interest because it serves to alert the people of our Nation to some of the facts of life regarding our relationship with the United Nations, and will remove the aura of untouchableness which we have allowed to build up around the U.N.

We have heard it said that the U.N. is the only Organization which has consistently kept the peace; that it is the only instrument to save us from a nuclear war; that it is our only hope for peace.

I want to point out for the record that on all counts the claims made for the United Nations are not borne out by the facts. Of course, we can assume that the U.N. has kept us from a world war, but we cannot prove it. It is a matter of record that there was a period of 20 years between World War I and World War II, and there was not an effective world organization. Sixteen years have passed since the close of World War II, and while we can claim victory for peace for the United Nations, it is highly improbable that the existence of the United Nations has made any substantial contribution to it.

Has the peace been kept? If so, at what price? At the expense of the freedom of the Hungarian people. At the expense of the unprotested takeover of Goa by India. At the expense of the takeover from the Netherlands of West New Guinea by Marxist Sukarno. At the expense of the nailing down the lid of the coffin in which we have placed the Monroe Doctrine. At the expense of the freedom of literally millions of human beings consigned to live out their days and to rear their children under Communist tyranny. At the expense of weakening the moral fiber of nations which have lost hope that they can have peace without chains.

But the most objectionable phrase that is used is that the United Nations is our only hope for peace. May I solemnly remind my colleagues, in all humility, that we shall not buy peace with the vote for the purchase of the bonds, nor, conversely, will we have war simply because we vote it down. Peace is not the result of what men and nations do but what men and nations are. Peace, I submit, is a byproduct of peaceful intent of nations, not of their aggressive designs, and no amount of money this Nation will or could give to the United Nations will change the intent or action of the worldwide Communist conspiracy.

**Mr. ALGER.** Mr. Chairman, I am opposed to this bill because I believe it is not in the self-interest of the United States. Inasmuch as I have introduced a resolution demanding that the United States withdraw from the United Nations, I am in complete disagreement with any further subsidy to that Organization. The failure of the U.N. to achieve its objective as an instrument of world peace is the direct result of the lack of good faith in this objective by the Soviet Union and the other nations who are part of the worldwide Communist conspiracy.

Instead of the lofty achievement envisioned in San Francisco in 1945, what has been the case with regard to the U.N.? The United Nations has not brought peace to the world. It has been used against the United States by the Communist leaders to discredit this Nation and to strengthen the Communist role in the world. While the United States has almost alone borne the financial burden of supporting the U.N., we have seen the Communist-dominated and so-called neutral nations use the machinery of the Organization to justify aggression and to subvert the freedom of people enslaved by the Communist conspiracy.

Under these circumstances, it is my belief that we are not serving the cause of peace by encouraging the continuation of the United Nations nor to attempt unilaterally to finance its entire operation. I see no valid justification for the United States to spend $100 million for U.N. bonds to keep the Organization solvent while the Soviet Union and its stooge nations refuse to pay even their legitimate charges as members of the U.N. I see no reason why those countries who refuse to pay their fair share of the costs be given equal vote with the United States, which is bearing almost the entire financial burden. I believe that unless all member nations live up to the charter of the U.N. or are expelled, that unless all member nations share the financial upkeep of the Organization, the cause of peace and the self-interest of the United States would be better served by our withdrawal and by strengthening our alliances with those nations which do believe in peace and world understanding. For these reasons, I will vote against this proposal to take $100 million from the pockets of the American taxpayers to continue to subsidize our enemies through the U.N.

**Mr. ADDABBO.** Mr. Chairman, I rise in support of this legislation, as amended, for I believe that, although the United Nations has had its many faults, it has been a deterrent to and in a great measure, a protection of the free world from communism. It is my belief, and from all available reports, that the United States will in the long run save money by this loan.

It has been shown that Russia and her satellite nations have failed to pay their special assessment obligations but have paid their regular assessments to preserve their right to vote. Under this legislation and the governing rules of the United Nations, this money will be repaid by the increase of the regular assessment and thereby Russia must pay and will pay to preserve the voting status. The additional moneys will in turn reduce our payments to the United Nations and cause all nations to carry their fair share of the United Nations expenses.

Beyond and above this, I believe that the United Nations should be preserved, for good must have been rendered by it, as proved by the fact that Russia appears to desire destruction of the United Nations.

Although the United Nations has had its faults, it has still to this date estopped a third world war.

**Mr. JENSEN.** Mr. Chairman, the United States has met every commitment made to the United Nations. Had all the member nations done likewise this request from the already overburdened U.S. taxpayers pockets would not be on this floor today.

Two things bother me about this program. First, we would have to borrow money at 4 percent to purchase these unsecured 25-year bonds which will yield back much less interest, thereby costing the American taxpayer additional millions. Second, the U.N. already owes the United States more than $30 million for the use of our aircraft in its Congo operation, and so forth. We would be loaning the U.N. $100 million so as to receive back $30 million, maybe. Presently we pay 32 percent of the total U.N. cost. That means we would finally end up doling out more millions to the U.N.

Aside from the account juggling that would be necessary, the argument that nations not now paying—Belgium, France, Russia, and the Communist bloc—would be forced to help retire these bonds or lose their vote does not hold up when placed along side the U.N. Charter. It provides that a member will not be allowed to vote "if the amount of its arrears equals or exceeds the amount of the contribution due from it for the preceding 2 years." Since only 3 percent of each member's regular assessment is going to be used to retire these bonds the Soviets could pay only 97 percent of its assessment, refuse to pay the 3 percent necessary to retire the bonds, and still legally retain its right to vote for 33 years. Such a move would be a fraud on the American taxpayer.

The question is not one of voting for or against the continued existence of the U.N., or of its operations around the globe, as Secretary of State Rusk has assured us that the U.N. would not have to pull out of its Near East and Congo peacemaking operations if the United States doesn't purchase the bonds.

If this authorization bill is adopted by Congress, then the President will send a budget request to the Deficiency Subcommittee on Appropriations of which I am a member. Whether or not the Appropriations Committee approves this doubtful loan for the above-stated reasons I must oppose this bill as well as the funding bill.

**Mr. ROUSSELOT.** Mr. Chairman, I rise in opposition to S. 2768, which would authorize the purchase of United Nations bonds and appropriate funds by the United States in the amount of $100 million.

The reasons why I am opposed to this bill are so numerous that it is difficult to outline them all. I have spent a great deal of time here in Congress with my staff studying the structural organization and operational activities of the United Nations, not only as they relate to this country but to other countries as well. I must say that it is far less than just an Organization with financial problems. I personally believe that the United Nations has become an instrument of Soviet foreign policy. For this reason alone I am opposed to additional taxpayers' money being utilized to save an organization which cannot run its own financial affairs properly.

I have studied the hearings of our Foreign Affairs Committee rather extensively and those hearings held in the Senate on this same bill. On the basis of this vast amount of information and that supplied to me by the Library of Congress and the United Nations itself, I submit my opposition to the legislation before us for the following reasons:

First. The direction which the United Nations is taking is morally wrong not only from a financial position but from the standpoint of the ideals of our country and the free world. The financial difficulties evidenced by the United Nations are almost entirely the result of an overextended and improper U.N. operation in the Congo. As the minority report shows, the Congolese operations by the United Nations forces has cost well over $240 million. As of June 30, 1962, this has resulted in a deficit of close to $137 million.

Now I am sure that if many of us could be fully convinced that this was a worthy and sincere cause carried out in the Congo, there could be merit to our country being asked to foot the major portion of the cost. I do not believe that the results submitted by the gentleman in the other body, Senator THOMAS DODD, as well as our own colleagues, the gentlemen from Indiana, Hon. DONALD BRUCE and Hon. ROSS ADAIR, bear this out. In addition, 46 civilian doctors of Elisabethville, many of whom were devoted followers of the United Nations prior to the Katanga military engagement, have voiced their vigorous opposition to the United Nations activities in a booklet called "46 Angry Men." This booklet has a preface by Paul Struye, President of the Belgian Senate, and is well documented. On the basis of this report alone I could not possibly support the use of U.S. taxpayers' money to make up this deficit for a very ill advised and despicable engagement by the United Nations forces. I believe that the influences that are taking the United Nations in directions such as this are morally wrong, have been shown by the record to be morally wrong, and that we should not relinquish the very basic principles of justice and law to this type of tyranny. The United Nations is not abiding by the basic principles of its own charter and is taking a course of ruthless abandonment of the very ideals for which it was supposedly established. It has been anything but a peacekeeping facility in the Congo, Korea, Laos, Goa, and others. The direction of the United Nations today is away from peace and toward one-world tyranny. I feel we will regret the day that we perpetuate this irresponsible Organization if we pass this bill with all of its loopholes.

Second. The United Nations has shown a gross inability to properly manage its own financial affairs. The minority report submitted to the Congress more than adequately shows that total United Nations assessments and contributions are not met by other members to any where near the degree to which the United States carries the burden. In addition, the United States goes far beyond its responsibility. The United Nations continues to plague our country for financial contributions and loans but does little to encourage the other participating countries to carry their fair share. The total amount due by member countries as of May 31, 1962, amounts to over $60 million. Many of the other countries assessments and contributions have been met by drawing on the U.S. foreign aid funds and/or drawing on other United Nations special funds which are purportedly used for worthy causes. Communist satellite countries have had their contributions paid or credited by our own country. This kind of action does not encourage fiscal responsibility. It encourages a lack of respect for the entire United Nations Organization.

Third. We are setting extremely bad procedural precedents by this act. We are, in effect, picking up the tab for other countries that have a responsibility and should be held to it. It is freely admitted by the most rabid advocates of this bond program that we are discussing today that the United Nations problems will not be solved by this bill.

Several of my colleagues have stated here that we are setting an extremely bad precedent which will come to haunt us in the future because those irresponsible countries will continue to believe that our U.S. taxpayers will always be willing to pay for bad debts.

Fourth. I believe it is wrong to ask the American taxpayers to contribute to an organization that is basically under the operational control of the Communist conspiracy. I personally have studied the organizational structure of the United Nations very closely. There is a strong sprinkling of known Communists and Communist leaders throughout the United Nations. If the Communist Russians are so anxious to destroy this Organization, as we are sometimes told, why do they continue to allow their Communist agents to actively work in the Organization and accept funds from it? Why, for instance, did the Russians ratify the UNESCO Convention Against Discrimination in Education? Their ratification papers were submitted in Paris just recently. If the Russians were so anxious to destroy this Organization, I know they would not have agents working actively to continue its operations. Why would the Under Secretary for Political and Security Affairs, Mr. Eugeny Kiselev, a known Communist, continue to head up major operations of the United Nations and, by the way, manipulate these functions very carefully, if they did not care to use this Organization?

No, I sincerely believe that as good Americans with good intentions, we have been fooled by the "masters of deceit," as J. Edgar Hoover calls them. My solution is to follow the suggestion of our good colleague, the gentleman from Ohio, Hon. JOHN ASHBROOK, who recommended in a bill last year that the U.S. Government withhold all financial participation in the United Nations until we have a full-scale investigation by congressional committees to determine whether the United Nations really achieves its stated purposes or whether it is anything but a Communist-dominated world government.

Many times I have encouraged the dedicated advocates of the United Nations to show me that I am wrong in my conclusion that the United Nations is an instrument of Soviet foreign policy. But the overwhelming amount of evidence continues to accumulate that this Organization has become just such a facility. Therefore, I feel we as a Congress are unfairly squandering hard-earned taxpayers' money by supporting this type of legislation.

The conclusion of the gentleman from Indiana [Mr. ADAIR] on page 22 of the committee report accompanying this bill definitely sums up my feelings:

> The legislation at hand does not address itself to the basic problem confronting the United Nations (as a matter of fact, by proposing a loan, it is even unresponsive to the terms of General Assembly Resolution 1739 (XVI) which authorized a bond issue). Its enactment would merely serve to postpone the inevitable—an overdue reappraisal of U.N. financial position and "peacekeeping" operations—while providing the Organization with the means to continue, if only for a brief period, an undertaking which appears inconsistent with its declared purposes. As such, this bill sets a bad precedent and should be defeated.

Mr. SISK. Mr. Chairman, along with many other California organizations and individuals strongly supporting the purchase of U.N. bonds by the United States, the California Farm Research and Legislative Committee sent me the following telegram which I wish to read into the RECORD:

SANTA CLARA, CALIF.,
*September 14, 1962.*

Hon. B. F. SISK,
*Member of Congress,*
*House Office Building,*
*Washington, D.C.:*

As per our telephone call to you this date, please place in the RECORD tomorrow, September 14, when the House takes up the matter of U.S. purchase of United Nations bonds, that the California Farm Research and legislative committee strongly favors such purchase.

GRACE MCDONALD,
*Executive Secretary.*

Mr. NIX. Mr. Chairman, the President is requesting authorization from the Congress to purchase up to $100 million of United Nations bonds. This request follows action by the General Assembly of the United Nations, making it possible for the Acting Secretary General to issue $200 million worth of bonds to finance the United Nations peace and security operations in the Middle East and the Congo. This decision gives rise to two questions: Has the United Nations authority to carry out peacekeeping operations in accordance with its charter? And why is it necessary for the United Nations to have to issue bonds?

For nearly 17 years the United Nations has served the national interest of the United States as well as the interests of most of its members through its many regular functions and its peacekeeping operations. The United Nations capacity to act has certain limitations, limits set by the willingness of its members to support extension of the United Nations executive role.

These limits are gradually widening. Besides and beyond its much-publicized military operations, the United Nations provides various kinds of advice and self-starting aid for all of its less developed members. It also provides a wide range of peaceful settlement procedures, ranging from single representatives of the Secretary General to peace observation teams, mediators, conciliation commissions, and the general supervision of progress toward self-government. The peacekeeping role of the United Nations is seeking to avert small wars that could germinate into large-scale global conflicts. While some of the crises taken to the United Nations continue to be dangerous, in many instances the trend has been reversed.

### THE UNITED NATIONS EMERGENCY FORCE (UNEF)

The United Nations Emergency Force—UNEF—which was established on November 5, 1956, by a resolution of the General Assembly during the Suez crisis, has maintained relative peace and order in the Gaza strip and along a border of about 140 miles separating Israel from its neighbors, the Arab Republics. An estimated 5,160 troops in the UNEF maintain law and order. The United States does not contribute any troops for UNEF.

The Secretary General's estimate for the expenses of the force during the first half of 1962 totaled $19,836,800. A short time later it was agreed that the expenses be kept within a target level of $19,500,000.

### UNITED NATIONS OPERATIONS IN THE CONGO (ONUC)

One week after the Congo gained its independence from Belgium on June 30, 1960, army mutiny, followed by widespread civil disorder and pillaging, broke out. Belgium immediately rushed troops back into its former colony to protect Belgian nationals and commercial interests.

In the face of this disintegration the Central Government of the Congo appealed first to the United States and then to the United Nations to restore the internal situation and to protect the national territory from Belgian aggression.

An emergency session of the United Nations Security Council on July 13-14, 1960, authorized the Secretary-General to provide military and technical assistance to the Congolese Government—12 African, 1 Irish, and 1 Swedish Battalion were flown into the Congo within 8 days.

At successive Security Council meetings, the then Secretary General, Dag Hammarskjold, was unable to obtain specific instructions. The Soviets were bent on continuing chaotic conditions in the Congo and were for the withdrawal of U.N. forces. Internally, Mr. Hammarskjold tried to maintain civil order—U.N. troops were ordered to shoot only in self-defense—stave off economic and social chaos and remain aloof from quarrels among rival Congolese leaders. Externally, Mr. Hammarskjold tried to get the Belgians out of the Congo and to prevent other powers—African as well as Communist and Western—from intervening in the Congo.

Meanwhile the internal situation in the Congo deteriorated rapidly, and the U.N. found itself caught in the crossfire not only between the Central Government and several secessionist provinces, but also between National President Joseph Kasavubu and Premier Patrice Lumumba. Subsequently, Lumumba turned to the Soviet Union for military aid.

In defiance of Security Council resolutions calling on all states to refrain from intervention in the Congo, Russia sent planeloads of "advisers," "technicians," and arms to Lumumba. It began to appear that, in spite of all efforts to keep the cold war out of the Congo, Soviet diplomats and Communist advisers had all but captured the machinery of the Central Government.

On September 20, 1960, after Russia had vetoed a compromise resolution in the Security Council, the General Assembly took up the Congo question and, by a 70 to 0 vote, urged the Secretary General to "continue to take vigorous action."

Western experts agree that the heart of the problem, insofar as it affects the office of the Secretary General, is article 100 of the charter, which specifies that he and his staff "shall not seek or receive instructions from any government or any other authority external to the Organization." Secretariat staff are "international officials responsible only to the U.N." And, finally, all member nations are pledged "to respect the exclusive character of the responsibilities of the Secretary General and the staff and not to seek to influence them."

One of the significant accomplishments of the 1st part of the 16th General Assembly was its provision for financing the U.N. operation in the Congo—ONUC—for the period November 1, 1961, to June 30, 1962.

ONUC was established and its mission defined by decision of the Security Council on July 14, 1960, and further defined on July 22 as "the complete restoration of law and order in the Republic of the Congo."

### LEGALITY OF U.N. TROOPS IN THE CONGO

There has arisen on several occasions the legality of the United Nations troops in the Congo. Chapter VII of the United Nations Charter is entitled "Action with respect to threats to the peace, breaches of the peace, and acts of aggression." Articles 39 to 51 under this chapter describe the authority and responsibility of the Security Council and such action as is deemed necessary in order to maintain or restore international peace and security. The action that the Security Council took through the instrumentality of the United Nations forces in the Congo was action pursuant to article 40 which states:

> In order to prevent an aggravation of the situation the Security Council may, before making the recommendations or deciding upon the measures provided in article 39, call upon the parties concerned to comply with such provisional measures as it deems necessary or desirable. Such provisional measures shall be without prejudice to the rights, claims, or position of the parties concerned. The Security Council shall duly take account of failure to comply with such provisional measures.

Accordingly, if the United Nations had not intervened in the Congo there would have been confrontation between the East and the West. The situation in the Congo was not simply an internal affair, but rather it was a situation of great danger to international peace, and a situation calling for the very wisest measures that the United Nations could possibly take.

A further and substantiating reason is the fact that the Congolese Government asked for the action of the United Nations to help preserve peace in the country, and the Congolese Government has at all times since given its consent and aggreement to the operations of the United Nations there.

### AUTHORITY TO ISSUE U.N. BONDS

The question has been raised whether the United Nations has the authority to issue bonds. That the United Nations has a legal personality has been established by the International Court of Justice in the case of Reparations for Injuries Suffered in the Service of the United Nations—I.C.J. Reports, 1949, pages 174, 179:

> The Court has come to the conclusion that the Organization is an international person. That is not the same thing as saying that it is a state, which it certainly is not, or that its legal personality and rights and duties are the same as those of a state. Still less is it the same thing as saying that it is a "superstate," whatever that expression may mean. It does not even imply that all its rights and duties must be upon an international plane, any more than all the rights and duties of a state must be upon that plane. What it does mean is that it is a subject of international law and capable of processing international rights and duties, and that it has capacity to maintain its rights by bringing international claims.

The capacity of the Organization to exercise its legal personality in the territory of member states is reflected in article 104 of the charter:

> The Organization shall enjoy in the territory of each of its members such legal capacity as may be necessary for the exercise of its functions and the fulfillment of its purposes.

The Reparations case, when read together with article 104, further demonstrates that the Organization has the authority to carry out, by necessary and proper means, the functions entrusted to it:

> It must be acknowledged that its (the Organization's) members, by entrusting certain functions to it, with the attendant duties and responsibilities, have clothed it with the competence required to enable those functions to be effectively discharged (loc. cit.)

The United Nations is endowed with the authority to levy mandatory assessments to meet the expenses of performing its functions. Article 17 of the charter provides in part that:

> 1. The General Assembly shall consider and approve the budget of the Organization.
>
> 2. The expenses of the Organization shall be borne by the members as apportioned by the General Assembly.

Political entities that enjoy legal personality and possess fiscal power characteristically have the right to issue bonds.

The authority of the United Nations to borrow was exercised in 1948, when the Organization borrowed $65 million from the U.S. Government to finance construction of its headquarters. No question about its capacity so to borrow was raised. The members have been regularly assessed to repay the loan, as part of the Organization's annual budget, and no question about such assessments has been raised.

It is accordingly concluded that the United Nations is authorized to issue bonds in view of (a) the provisions of articles 17 and 104 of the charter, (b) the holdings of the International Court of Justice, which confirm that the Organization may implement its express powers by appropriate means, and (c) the Organization's undisputed practice in exercise of those powers.

### DECISION OF THE INTERNATIONAL COURT OF JUSTICE

The International Court of Justice recently held that, by 9 votes to 5, assessments levied to finance UNEF and ONUC were "expenses of the Organization" within the meaning of article 17(2) of the United Nations Charter. Because of the effect it will have on the financial situation of the U.N., and on peacekeeping activities, the opinion is widely regarded as one of the most significant in the Court's history. Opinions rendered by the International Court of Justice in response to requests from the General Assembly are advisory. While they authoritatively state the law, they are not legally binding until accepted or endorsed by the General Assembly. There have been nine previous advisory opinions; all were accepted and acted upon by the General Assembly. There is every reason to believe that the General Assembly will similarly accept this opinion of the Court.

The impact of the Court's opinion, once it has been accepted, will be twofold. First, many States have justified their refusal to pay UNEF and ONUC expenses on legal grounds; this they will no longer be able to do. Now that the legal issues have been resolved, it will be more difficult for states to refuse to pay UNEF and ONUC expenses. Second, the decision of the Court will affect the operation of article 19 of the United Nations Charter.

Article 19 deprives any member of its vote in the General Assembly when its arrearages equal or exceed the amount due from the member for the preceding 2 full years. Prior to the Court's opinion, there was a legal question whether UNEF and ONUC expenses were to be included in computing these arrearages. Assuming General Assembly acceptance of the Court's opinion, however, there is no question that a failure to pay UNEF and ONUC expenses is, for the purposes of article 19, the same as a failure to pay regular assessments.

Article 19 is, by its terms, mandatory and automatic. It says quite simply that when a member is in arrears by a certain amount, that member "shall have no vote in the General Assembly." No action by the General Assembly is needed to deprive a member of its vote under this article. However, the General Assembly may affirmatively permit a member to vote if it is satisfied that the arrearages are "due to conditions beyond the control of the member."

The impact of the Court's decision is already apparent. Shortly before the Court's opinion was handed down seven members were in arrears in an amount sufficient to result in the loss of their vote in the General Assembly this fall. Five of these have now paid enough of their arrearages to prevent the application of article 19; and it is anticipated that the other two will pay a substantial portion of their arrears, and by the time the General Assembly meets in September, will be in the clear under article 19.

The Secretary-General, reinforced by the opinion of the Court and after acceptance of this opinion by the General Assembly, will have solid backing for pressing vigorously for the payment of the Organization's arrears. The position of the United States on these matters is clear and has been stated often; we will exert our greatest efforts to insure that the Court's opinion is accepted by the General Assembly, that article 19 is applied automatically to any member which is in arrears by 2 years or more, and that the Secretary-General's efforts to collect arrearages are successful.

In conclusion, Mr. Chairman, it seems to me that we have no workable alternative but to help the United Nations meet its financial crisis and move on to more solid ground. The amount of money involved is relatively small; the stakes in terms of world peace are very high. I am hopeful that this bill will pass in the House by an overwhelming majority.

The **CHAIRMAN**. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WALTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2768) to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor, pursuant to House Resolution 764, he reported the same back to the House with sundry amendments adopted in the Committee of the Whole.

The **SPEAKER**. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be read a third time and was read the third time.

Mr. **ADAIR**. Mr. Speaker, I offer a motion to recommit.

The **SPEAKER**. Is the gentleman opposed to the bill?

Mr. **ADAIR**. I am, Mr. Speaker.

The **SPEAKER**. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ADAIR moves to recommit the bill S. 2768 to the Committee on Foreign Affairs, with instructions to report it back forthwith, with the following amendment: On page 3, at the end of the bill, insert:

"SEC. 7. No loan may be made to the United Nations under this Act until the General Assembly of the United Nations adopts the advisory opinion of the International Court of Justice on the financial obligations of members of the United Nations."

Mr. **MORGAN**. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The **SPEAKER**. The question is on the motion to recommit.

Mr. **ADAIR**. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 171, nays 219, not voting 45, as follows:

[Roll No. 215]

YEAS—171

Abbitt
Abernethy
Adair
Alexander
Alford
Alger
Anderson, Ill.
Andrews
Ashbrook
Ashmore
Auchincloss
Avery
Baker
Baldwin
Baring
Bates
Battin
Becker
Beermann
Belcher
Bell
Berry
Betts
Bow
Boykin
Bray
Bromwell
Broomfield
Brown
Broyhill
Bruce
Burleson
Byrnes, Wis.
Casey
Cederberg
Chamberlain
Chenoweth
Church
Clancy
Collier
Colmer
Cramer
Cunningham
Curtis, Mo.
Dague
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy
Durno
Ellsworth
Feighan
Fenton
Findley
Fisher
Ford
Forrester
Garland
Gathings
Gavin
Glenn
Goodell
Grant
Griffin
Gross
Gubser
Hagan, Ga.
Haley
Hall
Halleck
Harrison, Va.
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hébert
Hemphill
Herlong
Hiestand
Hoeven
Hoffman, Ill.
Horan
Hosmer
Huddleston
Jarman
Jensen
Johansen
Jonas
Kearns
Keith
Kilgore
King, N.Y.
Knox
Kunkel
Kyl
Laird
Langen
Latta
Lennon
Lipscomb
McMillan
McVey
MacGregor
Martin, Nebr.
May
Meader
Michel
Miller, N.Y.
Milliken
Minshall
Moeller
Moore
Moorehead, Ohio
Morse
Murray
Nelsen
Norblad
Nygaard
O'Konski
Ostertag
Passman
Pelly
Pillion
Pirnie
Poff
Quie
Ray
Reifel
Rhodes, Ariz.
Riehlman
Riley
Robison
Rogers, Fla.
Roudebush
Rousselot
Rutherford
St. George
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Selden
Short
Shriver
Sibal
Sikes
Siler
Smith, Calif.
Smith, Va.
Springer
Taber
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Tollefson
Tuck
Utt
Van Pelt
Waggonner
Westland
Wharton
Whitten
Widnall
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Younger

NAYS—219

Addabbo
Albert
Ashley
Aspinall
Bailey
Barrett
Barry
Bass, Tenn.
Beckworth
Bennett, Fla.
Bennett, Mich.
Blatnik
Boggs
Boland
Bolling
Bolton
Bonner
Brademas
Breeding
Brewster
Brooks, Tex.
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Cahill
Cannon
Carey
Celler
Chelf
Chiperfield
Clark
Cohelan
Conte
Cook
Cooley
Corbett
Corman
Curtin
Daddario
Daniels
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Downing
Doyle
Dulski
Dwyer
Edmondson
Elliott
Everett
Evins
Fallon
Farbstein
Fascell
Finnegan
Flood
Flynt
Fogarty
Fountain
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gary
Giaimo
Gilbert
Gonzalez
Granahan
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hagen, Calif.
Halpern
Hansen
Hardy
Harris
Hays
Healey
Hechler
Henderson
Holifield
Holland
Hull
Ichord, Mo.
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Judd
Karsten
Kastenmeier
Kee
Kelly
Keogh
King, Calif.
King, Utah
Kirwan
Kitchin
Kluczynski
Kornegay
Kowalski
Lane
Lankford
Lesinski
Libonati
Lindsay
Loser
McDowell
McFall
McSween
Mack
Magnuson
Mahon
Mailliard
Marshall
Mathias
Matthews
Miller, Clem
Miller, George P.
Mills
Monagan
Moorhead, Pa.
Morgan
Morrison
Mosher
Moss
Multer
Murphy
Natcher
Nedzi
Nix
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmers
Patman
Perkins
Peterson
Philbin
Pike
Pilcher
Poage
Price
Pucinski
Purcell
Reuss
Rhodes, Pa.
Rivers, Alaska
Roberts, Ala.
Roberts, Tex.
Rodino
Rogers, Colo.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Ryan, Mich.
Ryan, N.Y.
St. Germain
Santangelo
Schweiker
Schwengel
Scott
Seely-Brown
Shelley
Shipley
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Stafford
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Tupper
Udall, Morris K.
Ullman
Vanik
Van Zandt
Vinson
Wallhauser
Walter
Watts
Weaver
Wickersham
Willis
Wright
Yates
Young
Zablocki
Zelenko

NOT VOTING—45

Andersen, Minn.
Anfuso
Arends
Ayres
Bass, N.H.
Blitch
Coad
Curtis, Mass.
Davis, James C.
Dominick
Dooley
Fino
Frazier
Goodling
Harding
Hoffman, Mich.
Karth
Kilburn
Landrum
McCulloch
McDonough
McIntire
Macdonald
Madden
Martin, Mass.
Mason
Merrow
Montoya
Morris
Moulder
Norrell
O'Brien, Ill.
Pfost
Powell
Rains
Randall
Reece
Rivers, S.C.
Rogers, Tex.
Saund
Scranton
Sheppard
Weis
Whalley
Whitener

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mrs. Reece for, with Mr. O'Brien of Illinois against.

Mr. McCulloch for, with Mr. Harding against.

Mr. Hoffman of Michigan for, with Mr. Powell against.

Mr. Mason for, with Mr. Anfuso against.

Mr. Ayres for, with Mr. Sheppard against.

Mr. Kilburn for, with Mr. Randall against.

Mr. McDonough for, with Mr. Karth against.

Mr. McIntire for, with Mr. Scranton against.

Mr. Arends for, with Mr. Macdonald against.

Mr. Goodling for, with Mr. Madden against.

Until further notice:

Mr. Rogers of Texas with Mr. Dominick.

Mr. Rains with Mrs. Weis.

Mr. Landrum with Mr. Andersen of Minnesota.

Mr. Morris with Mr. Merrow.

Mr. Montoya with Mr. Fino.

Mr. Frazier with Mr. Bass of New Hampshire.

Mr. James C. Davis with Mr. Curtis of Massachusetts.

Mrs. Pfost with Mr. Dooley.

The result of the vote was announced as above recorded.

The **SPEAKER**. The question is on the passage of the bill.

Mr. **ADAIR**. Mr. Speaker, on the question of final passage, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 257, nays 134, not voting 44, as follows:

[Roll No. 216]

YEAS—257

Addabbo
Albert
Alexander
Ashley
Aspinall
Auchincloss
Avery
Ayres
Bailey
Barrett
Barry
Bass, Tenn.
Bates
Beckworth
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bolton
Bonner
Brademas
Breeding
Brewster
Brooks, Tex.
Broomfield
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Cahill
Cannon
Carey
Celler
Chamberlain
Chelf
Chiperfield
Clark
Cohelan
Conte
Cook
Cooley
Corbett
Corman
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Dent

Denton
Derounian
Diggs
Dingell
Donohue
Downing
Doyle
Dulski
Dwyer
Edmondson
Elliott
Ellsworth
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Fenton
Finnegan
Flood
Flynt
Fogarty
Ford
Fountain
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Giaimo
Gilbert
Glenn
Gonzales
Goodell
Granahan
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Hagen, Calif.
Halleck
Halpern
Hansen
Hardy
Harvey, Mich.
Hays
Healey
Hechler
Henderson
Holifield
Holland
Hull
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Judd
Karsten
Kastenmeier
Kee
Keith
Kelly
Keogh
King, Calif.
King, N.Y.
King, Utah
Kirwan
Kitchin
Kluczynski
Kornegay
Kowalski
Kunkel
Lane
Langen
Lankford
Lesinski
Libonati
Lindsay
Loser
McDowell
McFall
McSween
MacGregor
Mack
Magnuson
Mahon
Mailliard
Marshall
Mathias
Matthews
Meader
Miller, Clem
Miller, George P.
Miller, N.Y.
Milliken
Mills
Moeller
Monagan
Moorhead, Pa.
Morgan
Morrison
Morse
Mosher
Moss
Multer
Murphy
Natcher
Nedzi
Nelsen
Nix
Norblad
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmers
Ostertag
Patman
Perkins
Peterson
Philbin
Pike
Pilcher
Pirnie
Price
Pucinski
Purcell
Quie
Reifel
Reuss
Rhodes, Pa.
Riehlman
Rivers, Alaska
Roberts, Ala.
Robison
Rodino
Rogers, Colo.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Ryan, Mich.
Ryan, N.Y.
St. Germain
Santangelo
Schneebeli
Schweiker
Schwengel
Scott
Seely-Brown
Shelley
Shipley
Shriver
Sibal
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Springer
Stafford
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Teague, Calif.
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Tupper
Udall, Morris K.
Ullman
Vanik
Van Zandt
Vinson
Wallhauser
Walter
Watts
Weaver
Westland
Wickersham
Widnall
Willis
Wright
Yates
Young
Zablocki
Zelenko

## NAYS—134

Abbitt
Abernethy
Adair
Alford
Alger
Anderson, Ill.
Andrews
Ashbrook
Ashmore
Baker
Baldwin
Baring
Battin
Becker
Beermann
Belcher
Bell
Bennett, Mich.
Berry
Betts
Bow
Boykin
Bray
Bromwell
Brown
Broyhill
Bruce
Burleson
Byrnes, Wis.
Casey
Cederberg
Chenoweth
Church
Clancy
Collier
Colmer
Cramer
Cunningham
Derwinski
Devine
Dole
Dorn
Dowdy
Durno
Findley
Fisher
Forrester
Garland
Gary
Gathings
Gavin
Grant
Gross
Gubser
Hagan, Ga.
Haley
Hall
Harris
Harrison, Va.
Harrison, Wyo.
Harsha
Harvey, Ind.
Hébert
Hemphill
Herlong
Hiestand
Hoeven
Hoffman, Ill.
Horan
Hosmer
Huddleston
Ichord, Mo.
Jarman
Jensen
Johansen
Jonas
Kearns
Kilgore
Knox
Kyl
Laird
Latta
Lennon
Lipscomb
McMillan
McVey
Martin, Nebr.
May
Michel
Minshall
Moore
Moorehead, Ohio
Murray
Nygaard
O'Konski
Passman
Pelly
Pillion
Poage
Poff
Ray
Rhodes, Ariz.
Riley
Roberts, Tex.
Rogers, Fla.
Roudebush
Rousselot
Rutherford
St. George
Saylor
Schadeberg
Schenck
Scherer
Selden
Short
Sikes
Siler
Smith, Calif.
Smith, Va.
Taber
Teague, Tex.
Thomson, Wis.
Tollefson
Tuck
Utt
Van Pelt
Waggonner
Wharton
Whitten
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Younger

## NOT VOTING—44

Andersen, Minn.
Anfuso
Arends
Bass, N.H.
Blitch
Coad
Curtis, Mass.
Davis, James C.
Dominick
Dooley
Fino
Frazier
Goodling
Harding
Hoffman, Mich.
Karth
Kilburn
Landrum
McCulloch
McDonough
McIntire
Macdonald
Madden
Martin, Mass.
Mason
Merrow
Montoya
Morris
Moulder
Norrell
O'Brien, Ill.
Pfost
Powell
Rains
Randall
Reece
Rivers, S.C.
Rogers, Tex.
Saund
Scranton
Sheppard
Weis
Whalley
Whitener

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Harding for, with Mr. Rogers of Texas against.

Mr. O'Brien of Illinois for, with Mr. James C. Davis against.

Mr. Sheppard for, with Mr. Rains against.

Mr. Karth for, with Mr. Morris against.

Mr. Randall for, with Mrs. Blitch against.

Mr. Arends for, with Mrs. Reece against.

Mr. Whalley for, with Mr. McDonough against.

Mr. Martin of Massachusetts for, with Mr. Hoffman of Michigan against.

Mr. Kilburn for, with Mr. Mason against.

Mr. McIntire for, with Mr. McCulloch against.

Until further notice:

Mr. Anfuso with Mr. Dooley.

Mr. Powell with Mr. Andersen of Minnesota.

Mr. Madden with Mr. Merrow.

Mr. Macdonald with Mr. Fino.

Mr. Frazier with Mr. Goodling.

Mr. Landrum with Mr. Curtis of Massachusetts.

Mr. Coad with Mrs. Weis.

Mrs. Pfost with Mr. Dominick.

Mr. Whitener with Mr. Bass of New Hampshire.

The result of the vote was announced as above recorded.

The title was amended so as to read: "An Act to promote the foreign policy of the United States by authorizing a loan to the United Nations and the appropriation of funds therefor."

A motion to reconsider was laid on the table.

## OCEANOGRAPHIC ACT OF 1962

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 901) to advance the marine sciences, to establish a comprehensive 10-year program of oceanographic research and surveys, to promote commerce and navigation, to secure the national defense, to expand ocean, coastal, and Great Lakes resources, to authorize the construction of research and survey ships and laboratory facilities, to expedite oceanographic instrumentation, to assure systematic studies of effects of radioactive materials in marine environments, to enhance the public health and general welfare, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? The Chair hears none, and appoints the following conferees: Messrs. DINGELL, LENNON, MACDONALD, CASEY, PELLY, ELLSWORTH, and MORSE.

## U.S. COAST GUARD RESERVE

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2292) to authorize the Secretary of the Treasury to issue certificates of honorable discharge in lieu of certificates of disenrollment to certain persons who served as temporary members of the U.S. Coast Guard Reserve during World War II, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 6, strike out "Honorable discharge" and insert "Certificate of honorable service".

Page 1, line 9, strike out "a certificate of honorable discharge" and insert "an appropriate certificate of honorable service".

Page 2, line 5, strike out "discharge" and insert "service".

Page 2, in the line following line 10, strike out "Honorable discharge" and insert "Certificate of honorable service".

Amend the title so as to read: "An Act to authorize the Secretary of the Treasury to issue certificates of honorable service in lieu of certificates of disenrollment to certain persons who served as temporary members of the United States Coast Guard Reserve during World War II."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

## AUTHORIZING APPROPRIATIONS FOR ATOMIC ENERGY COMMISSION

Mr. HOLIFIELD. Mr. Speaker, I call up the conference report on the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California that the statement of the managers on the part of the House be read in lieu of the report?

**Mr. VAN ZANDT.** Mr. Speaker, reserving the right to object, under these circumstances does the minority get 30 minutes?

**The SPEAKER.** The time is under the control of the gentleman from California.

**Mr. VAN ZANDT.** Is it not a usual courtesy that the majority yield 30 minutes to the minority?

**The SPEAKER.** The yielding of time rests with the gentleman in charge of the conference report, and in this case, the gentleman from California.

**Mr. VAN ZANDT.** Further reserving the right to object, Mr. Speaker, I had an hour here some weeks ago and extended to my colleague, the gentleman from California one-half hour, and I was in hopes that possibly the minority would get a half hour of this time and that we would enjoy the same courtesy.

**Mr. HOLIFIELD.** Mr. Speaker, will the gentleman yield?

**Mr. VAN ZANDT.** I yield to the gentleman.

**Mr. HOLIFIELD.** It is the intention of the gentleman from California to yield an equal amount of time to the gentleman from Pennsylvania from time to time. I am in hopes that we can shorten this hour's debate and I will assure the gentleman I will yield to him as much time as we use on this side of the aisle.

**The SPEAKER.** Is there objection that the statement of the managers be read in lieu of the report?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

### Conference Report (H. Rept. No. 2342)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 101. Plant or Facility Acquisition or Construction.—There is hereby authorized to be appropriated to the Atomic Energy Commission in accordance with the provisions of section 261a(1) of the Atomic Energy Act of 1954, as amended, the sum of $159,415,000 for acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion, as follows:

"(a) Special Nuclear Materials.—

"Project 63–a–1, modifications to production and supporting installations, $5,000,000.

"Project 63–a–2, modifications to facilities for conversion of UNH to $UF_4$, $1,450,000.

"Project 63–a–3, radioactive waste disposal facilities, Hanford, Washington, $3,700,000.

"(b) Special Nuclear Materials.—

"Project 63–b–1, consolidated service facility, Hanford, Washington, $955,000.

"Project 63–b–2, additional high level waste storage tanks, Savannah River, South Carolina, $6,000,000.

"Project 63–b–3, health physics headquarters addition, Savannah River, South Carolina, $1,000,000.

"Project 63–b–4, emergency duty personnel shelters, various sites, $4,000,000.

"(c) Atomic Weapons.—

"Project 63–c–1, weapons production, development, and test installations, $10,000,000.

"Project 63–c–2, addition to special metallurgical facility, Mound Laboratory, Miamisburg, Ohio, $540,000.

"Project 63–c–3, production plant addition, Mound Laboratory, Miamisburg, Ohio, $300,000.

"Project 63–c–4, hydraulic centrifuge installation, Sandia Base, New Mexico, $700,000.

"Project 63–c–5, specialized plant additions and modifications, phase II, Oak Ridge, Tennessee, $2,200,000.

"Project 63–c–6, pulsed power research facility, Lawrence Radiation Laboratory, California, $1,950,000.

"Project 63–c–7, gamma irradiation facility, Sandia Base, New Mexico, $650,000.

"Project 63–c–8, dynamic test complex, Lawrence Radiation Laboratory, California, $265,000.

"Project 63–c–9, nondestructive test facility, Oak Ridge, Tennessee, $510,000.

"Project 63–c–10, processing facilities, Rocky Flats, Colorado, $3,000,000.

"(d) Atomic Weapons.—

"Project 63–d–1, terminal facilities—115 kilovolt power line, Los Alamos Scientific Laboratory, New Mexico, $1,950,000.

"Project 63–d–2, environmental control facilities, phase III, Kansas City, Missouri, $1,200,000.

"Project 63–d–3, engineering building addition, Lawrence Radiation Laboratory, California, $4,000,000.

"Project 63–d–4, model shop addition (Sandia), Livermore, California, $820,000.

"Project 63–d–5, engineering model shop, Kansas City, Missouri, $1,000,000.

"Project 63–d–6, improvement of United States Highway 95—Las Vegas, Nevada, to the Nevada test site, $9,000,000.

"(e) Reactor Development.—

"Project 63–e–1, housing for lithium cooled reactor experiment, $5,000,000.

"Project 63–e–2, modifications to reactors, $5,000,000.

"Project 63–e–3, organic reactor project, $20,000,000.

"Project 63–e–4, research and development test plants for Project Rover, $10,000,000.

"Project 63–e–5, modifications and additions, CANEL, Middletown, Connecticut, $1,400,000.

"(f) Reactor Development.—

"Project 63–f–1, cafeteria, Argonne National Laboratory, Illinois, $1,500,000.

"(g) Physical Research.—

"Project 63–g–1, accelerator improvements, Lawrence Radiation Laboratory, California, $750,000.

"Project 63–g–2, accelerator improvements, Cambridge and Princeton accelerators, $800,000.

"Project 63–g–3, accelerator improvements, Argonne National Laboratory, Illinois, $500,000.

"Project 63–g–4, accelerator and reactor additions and modifications, Brookhaven National Laboratory, New York, $2,250,000.

"(h) Physical Research.—

"Project 63–h–1, low level radiochemistry laboratory, Hanford, Washington, $1,200,000.

"Project 63–h–2, inorganic materials laboratory, Lawrence Radiation Laboratory, California, $2,500,000.

"Project 63–h–3, corporation yard, Lawrence Radiation Laboratory, California, $1,500,000.

"Project 63–h–4, mathematics and computer building, Argonne National Laboratory, Illinois, $2,300,000.

"Project 63–h–5, building addition for physics and mathematics, Brookhaven National Laboratory, New York, $5,000,000.

"Project 63–h–6, water treatment plant, Brookhaven National Laboratory, New York, $1,000,000.

"(i) Biology and Medicine.—

"Project 63–i–1, biological research laboratory additions, Oak Ridge National Laboratory, Tennessee, $930,000.

"(j) Isotopes Development.—

"Project 63–j–1, isotopes technology laboratory, Oak Ridge National Laboratory, Tennessee, $390,000.

"Project 63–j–2, marine products development irradiator, $600,000.

"Project 63–j–3, two mobile irradiators, $700,000.

"(k) Community.—

"Project 63–k–1, White Rock Elementary School, Los Alamos, New Mexico, $600,000.

"Project 63–k–2, real estate development, Los Alamos, New Mexico, $600,000.

"Project 63–k–3, additional water well, Los Alamos, New Mexico, $165,000.

"(l) General Plant Projects.—$34,540,000.

"Sec. 102. Limitations.—(a) The Commission is authorized to start any project set forth in subsections 101 (a), (c), (e), and (g), only if the currently estimated cost of that project does not exceed by more than 25 per centum the estimated cost set forth for that project.

"(b) The Commission is authorized to start any project set forth in subsections 101 (b), (d), (f), (h), (i), (j), and (k), only if the currently estimated cost of that project does not exceed by more than 10 per centum the estimated cost set forth for that project.

"(c) The Commission is authorized to start a project under subsection 101(l) only if it is in accordance with the following:

"1. For community operations, the maximum currently estimated cost of any project shall be $100,000 and the maximum currently estimated cost of any building included in such project shall be $10,000.

"2. For all other programs, the maximum currently estimated cost of any project shall be $500,000 and the maximum currently estimated cost of any building included in such a project shall be $100,000.

"3. The total cost of all projects undertaken under subsection 101(l) shall not exceed the estimated cost set forth in that subsection by more than 10 per centum.

"Sec. 103. Advanced Planning and Design.—There are hereby authorized to be appropriated funds for advance planning, construction design, and architectural services, in connection with projects which are not otherwise authorized by law, and the Atomic Energy Commission is authorized to use funds currently or otherwise available to it for such purposes.

"Sec. 104. Restoration or Replacement.—There are hereby authorized to be appropriated funds necessary to restore or to replace plants or facilities destroyed or otherwise seriously damaged, and the Atomic Energy Commission is authorized to use funds currently or otherwise available to it for such purposes.

Sec. 105. Currently Available Funds.—In addition to the sums authorized to be appropriated to the Atomic Energy Commission by section 101 of this Act, there are hereby authorized to be appropriated to the Atomic Energy Commission to accomplish the purposes of this Act such sums of money as may be currently available to the Atomic Energy Commission.

"Sec. 106. Substitution.—Funds authorized to be appropriated or otherwise made available by this Act may be used to start any other new project for which an estimate was not included in this Act if it be a substitute for a project or portion of a project authorized in subsection 101 (a), (b), (c), and (d) and the estimated cost thereof is within the limit of cost of the project for which substitution is to be made, and the Commission certifies that—

"(a) the project is essential to the common defense and security;

"(b) the new project is required by changes in weapon characteristics or weapon logistic operations; and

"(c) it is unable to enter into a contract with any person, including a licensee, on terms satisfactory to the Commission to furnish from a privately owned plant or facility the product or services to be provided in the new project.

"SEC. 107. AMENDMENT OF PRIOR YEAR ACTS.—(a) Section 101 of Public Law 86-50 is amended by striking therefrom the figure '$165,400,000' and substituting therefor the figure '$172,900,000'.

"(b) Section 101(g) of Public Law 86-50 is amended by striking therefrom 'Project 60-g-3, transuranium laboratory, Oak Ridge National Laboratory, Tennessee, $1,200,000' and substituting therefor 'Project 60-g-3, transuranium processing plant, Oak Ridge National Laboratory, Tennessee, $8,700,000'.

"(c) Section 101 of Public Law 87-315 is amended as follows: (1) by striking therefrom the figure '$3,000,000' for project 62-a-5, additional reactor confinement, Savannah River, South Carolina, and substituting therefor the figure '$12,000,000'; (2) by striking therefrom the figure '$7,500,000' for project 62-c-1, weapons production, development, and test installations and substituting therefor the figure '$15,000,000'; (3) by striking therefrom the figure '$1,000,000' for project 62-i-3, controlled environment laboratory, Brookhaven National Laboratory, New York, and substituting therefor the figure '$1,800,000'; and (4) by striking therefrom the figure '$700,000' for project 62-i-4, animal bioradiological laboratory, Lawrence Radiation Laboratory, California, and substituting therefor the figure '$980,000'.

"(d) Section 101 of Public Law 85-590 is amended by striking therefrom the figure '$386,679,000' and substituting therefor the figure '$436,879,000'.

"SEC. 108. RESCISSIONS.—(a) Public Law 86-50, as amended, is further amended by rescinding therefrom authorization for a project, except for funds heretofore obligated, as follows:

"Project 60-e-14, experimental low-temperature process heat reactor, $4,000,000.

"(b) Section 111 of Public Law 86-50 is rescinded.

"SEC. 109. COOPERATION WITH EUROPEAN ATOMIC ENERGY COMMUNITY.—There is hereby authorized to be appropriated to the Atomic Energy Commission, in accordance with the provisions of section 261a(2) of the Atomic Energy Act of 1954, as amended, the sum of $5,000,000, in addition to the sum of $10,000,000 previously authorized, which shall be available for carrying out the purposes of section 8 of Public Law 85-846, providing for cooperation with the European Atomic Energy Community.

"SEC. 110. COOPERATIVE POWER REACTOR DEMONSTRATION PROGRAM.—(a) Section 111 of Public Law 85-162, as amended, is further amended by striking out the date 'June 30, 1962' in clause (3) of subsection (a) and inserting in lieu thereof the date 'June 30, 1963'.

"(b) There is hereby authorized to be appropriated to the Atomic Energy Commission the sum of $3,000,000 to be available, in addition to the funds heretofore authorized, for carrying out the Commission's power reactor demonstration program in accordance with the terms and conditions provided in sections 110 and 112 of Public Law 86-50.

"(c) Funds authorized and appropriated to the Commission and authorized waivers of the Commission's use charges, available for the third round of the Commission's power reactor demonstration program, shall also be available to the Commission for use in a supplemental program of third round cooperative arrangements in accordance with the criteria heretofore submitted to the Joint Committee on Atomic Energy and in accordance with the provisions of subsections 111 (b) and (f) of Public Law 85-162. Under any such arrangements the Commission may furnish funds for design assistance without regard to the provisions of section 169 of the Atomic Energy Act of 1954. No funds or waiver of use charges made available by this section shall be available for projects heretofore approved under the power reactor demonstration program or for other nuclear power projects already under construction.

"(d) Funds authorized and appropriated to the Commission and authorized waivers of the Commission's use charges, available in support of unsolicited proposals from the utility industry to construct nuclear powerplants, shall also be available to the Commission for use in a cooperative arrangement with any person or persons for participation in a nuclear reactor project to generate electricity, process heat, or both. Any such arrangement shall be entered into in accordance with the criteria for the third round of the Commission's power reactor demonstration program, including the provisions of section 111(b) of Public Law 85-162: *Provided, however,* That under any such arrangement the Commission may furnish funds for design assistance without regard to the provisions of section 169 of the Atomic Energy Act of 1954.

"SEC. 111. ORGANIC REACTOR PROJECT.—(a) The Commission is authorized to enter into cooperative arrangements with any person or persons for participation in the development, design, construction, and operation of an organic reactor authorized under project 63-e-3 of section 101(e) of this Act, and the utilization of the steam generated by the reactor plant. Under such arrangements—

"(1) the Commission is authorized to obtain the participation of such person or persons to the fullest extent consistent with the Commission's direction of the project and ownership of the reactor;

"(2) the reactor plant may be constructed upon a site provided by a participating party with or without compensation;

"(3) the reactor plant shall be operated by, or under contract with, the Commission, for such period of time as the Commission determines to be advisable for research and development purposes and for such additional period as the Commission may determine to be necessary in the best interest of the Government. Upon the expiration of such period, the Commission may offer the reactor plant and its appurtenances for sale to a participating party or parties at a price to reflect appropriate depreciation, but not to include construction costs assignable to research and development, or the Commission may dismantle the reactor plant and its appurtenances;

"(4) the Commission may sell steam to a participating party at rates based upon the present cost of, or the projected cost of, comparable steam from a plant using conventional fuels at the reactor location; and

"(5) any steam sold shall be used for industrial, manufacturing, or other commercial purposes, including the generation of electric power for use by a participating party, or for research and development related thereto, but shall not be used for the generation of electric power for sale by a participating party. The participating party or parties shall provide facilities required for such utilization of the steam generated by the nuclear plant.

"(b) Before the Commission enters into any arrangement or amendment thereto under the authority of subsection (a) of this section, the basis for the arrangement or amendment thereto which the Commission proposes to execute (including the name of the proposed participating party or parties with whom the arrangement is to be made, a general description of the proposed powerplant, the estimated amount of cost to be incurred by the Commission and by the participating parties, and the general features of the proposed arrangement or amendment) shall be submitted to the Joint Committee, and a period of forty-five days shall elapse while Congress is in session (in computing such forty-five days, there shall be excluded the days on which either House is not in session because of adjournment for more than three days): *Provided, however,* That the Joint Committee, after having received the basis for a proposed arrangement or amendment thereto, may by resolution in writing waive the conditions of, or all or any portion of, such forty-five day period: *Provided further,* That such arrangement or amendment shall be entered into in accordance with the basis for the arrangement or amendment submitted as provided herein: *And provided further,* That no basis for arrangement need be resubmitted to the Joint Committee for the sole reason that the estimated amount of the cost to be incurred by the Commission exceeds the estimated cost previously submitted to the Joint Committee by not more than fifteen per centum.

"(c) In the event no satisfactory proposal for a cooperative arrangement is received, the Commission may, if the project is still deemed desirable, proceed with design, construction, and operation of such a reactor plant at a Commission installation. The electric energy generated shall be used by the Commission in connection with the operation of such installation and the provisions of section 112 of Public Law 86-50 shall be applicable to this project.

"SEC. 112. (a) The Commission is not authorized—

"(1) to enter into any arrangements for the construction or operation of electric generating and transmission facilities at the Hanford New Production Reactor, or

"(2) to sell any byproduct energy produced incident to the operation of the reactor and is directed to withhold from beneficial use and dissipate such byproduct energy, or

"(3) to enter into agreements, as part of such arrangements, to lease or contract for the operation of the reactor during periods when the reactor is not being operated or maintained for production or other Commission purposes,

unless and until the Commission shall make the determinations required by subsection (b).

"(b) Before entering into any arrangement or sale of the type described in subsection (a), the Commission shall make the following determinations:

"(1) Usable byproduct energy will be produced incident to the production of special nuclear material in the reactor in accordance with the design of the reactor as originally authorized by Congress;

"(2) The sale of byproduct energy could provide a substantial financial return to the United States Treasury for the benefit of the taxpayers;

"(3) The national defense posture would be improved by the enhanced capability for resumption of special nuclear material production through non-Federal operation and maintenance of the reactor during periods when it is not being operated for special nuclear material production.

"(c) All expenses of modifications of the Hanford New Production Reactor made at the request of a non-Federal entity, and all expenses of constructing and operating the electric energy generating and transmission facilities at the New Production Reactor, shall be borne by such non-Federal entity.

"(d) Any losses to the Bonneville Power Administration, in connection with the arrangements or sales authorized herein, shall be borne by its system customers through rate adjustments.

"(e) The Commission shall not enter into any arrangements for the sale of byproduct energy from the Hanford New Production Reactor unless it determines that the purchaser has offered fifty per cent participation to private organizations and fifty per cent participation to public organizations on a nondiscriminatory basis in the sale of electric energy generated therewith.

"(f) No Federal agency may acquire the generating facilities without prior congressional authorization and in the event of such authorization the generating facilities shall be acquired subject to contracts then in existence for disposition of the electric energy produced by the facilities.

"(g) Before the Commission enters into any arrangements pursuant to this section, the basis for such arrangements and the determinations required by subsection (b), with supporting data, shall be submitted to the Joint Committee on Atomic Energy and a period of forty-five days shall elapse: *Provided, however,* That the Joint Committee, after having received such documents, may, by majority concurrence in writing, waive the conditions of or all or any portion of such forty-five day period."

And the Senate agree to the same.

CHET HOLIFIELD,
MELVIN PRICE,
CRAIG HOSMER,
*Managers on the Part of the House.*

JOHN O. PASTORE,
HENRY M. JACKSON,
B. B. HICKENLOOPER,
*Managers on the Part of the Senate.*

### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. The following statement explains the differences between the House bill and the substitute agreed to in conference:

### SECTION 112

The House, in considering H.R. 11974, added a new section 112 as follows:

"SEC. 112. The Commission is not authorized to enter into any arrangements for the construction or operation of electric generating and transmission facilities at the Hanford New Production Reactor."

The effect of the amendment was to prohibit generally any arrangements for the construction of electric generating and transmission facilities at the Hanford New Production Reactor and to prohibit specifically contemplated arrangements between the Atomic Energy Commission and the Washington Public Power Supply System (WPPSS), a group of 16 utility districts, which had proposed to build and operate the electric generating facilities at their own expense. WPPSS further proposed to purchase byproduct steam from the AEC. As part of these arrangements, the electric energy produced would have been delivered by each participant to the Bonneville Power Administration under power exchange agreements.

Specific congressional approval for these arrangements was required according to an opinion rendered on July 6, 1962, by the Comptroller General. The action of the conferees should not be interpreted as either an acceptance or rejection of this opinion.

The Senate, in acting upon the bill passed by the House, struck all after the enacting clause and inserted a substitute amendment which included a new section 112 specifically authorizing the aforementioned contractual arrangements for the construction and operation of electric generating facilities by the Washington Public Power Supply System.

The committee of conference agreed to a different version of section 112 which reads as follows:

"SEC. 112. (a) The Commission is not authorized—

"(1) to enter into any arrangements for the construction or operation of electric generating and transmission facilities at the Hanford New Production Reactor, or

"(2) to sell any byproduct energy produced incident to the operation of the reactor and is directed to withhold from beneficial use and dissipate such byproduct energy, or

"(3) to enter into agreements, as part of such arrangements, to lease or contract for the operation of the reactor during periods when the reactor is not being operated or maintained for production or other Commission purposes,

unless and until the Commission shall make the determinations required by subsection (b).

"(b) Before entering into any arrangement or sale of the type described in subsection (a), the Commission shall make the following determinations:

"(1) Usable byproduct energy will be produced incident to the production of special nuclear material in the reactor in accordance with the design of the reactor as originally authorized by Congress;

"(2) The sale of byproduct energy could provide a substantial financial return to the United States Treasury for the benefit of the taxpayers;

"(3) The national defense posture would be improved by the enhanced capability for resumption of special nuclear material production through non-Federal operation and maintenance of the reactor during periods when it is not being operated for special nuclear material production.

"(c) All expenses of modifications of the Hanford New Production Reactor made at the request of a non-Federal entity, and all expenses of constructing and operating the electric energy generating and transmission facilities at the New Production Reactor shall be borne by such non-Federal entity.

"(d) Any losses to the Bonneville Power Administration, in connection with the arrangements or sales authorized herein, shall be borne by its system customers through rate adjustments.

"(e) The Commission shall not enter into any arrangements for the sale of byproduct energy from the Hanford New Production Reactor unless it determines that the purchaser has offered fifty per cent participation to private organizations and fifty per cent participation to public organizations on a nondiscriminatory basis in the sale of electric energy generated therewith.

"(f) No Federal agency may acquire the generating facilities without prior congressional authorization and in the event of such authorization the generating facilities shall be acquired subject to contracts then in existence for disposition of the electric energy produced by the facilities.

"(g) Before the Commission enters into any arrangements pursuant to this section, the basis for such arrangements and the determinations required by subsection (b), with supporting data, shall be submitted to the Joint Committee on Atomic Energy and a period of forty-five days shall elapse: *Provided, however,* That the Joint Committee, after having received such documents, may, by majority concurrence in writing, waive the conditions of or all or any portion of such forty-five day period."

This compromise amendment differs in several important respects from both the Senate and House amendments.

*1. Elements of House amendment retained*

Section 112(a)(1) of the conference amendment retains the precise language of the House amendment, prohibiting any arrangements for the construction or operation of electric generating and transmission facilities at the Hanford New Production Reactor (NPR). Indeed, it goes further in section 112(a)(2) by prohibiting any sale of byproduct energy and directing that excess energy be withheld from use and wasted, and in section 112(a)(3) by prohibiting the AEC from entering into any arrangement involving the lease of the reactor during periods when it is not being operated for the production of plutonium or other Commission purposes.

However, the conferees, charged with the duty of composing the positions of the two bodies, arrived at language which, in their view, fairly represents a middle ground between the House and Senate versions and which meets the objections of those who have opposed prior legislative approaches to this problem. At the same time, the language agreed upon permits the reasonable use of a national resource under rigidly defined statutory conditions, while providing complete protection for the Federal Treasury.

*2. Necessary determinations*

Before the Atomic Energy Commission may enter into any arrangements, otherwise prohibited by section 112(a), the Commission must determine that:

(1) Usable byproduct energy will be produced incident to NPR's primary operation for the production of plutonium for weapons purposes, in accordance with the design of the reactor as originally authorized by Congress. Such a determination, if made by the Commission, should resolve any remaining questions concerning operation of the reactor or the usefulness of the byproduct energy. It would, moreover, assure that the reactor constructed by the Commission will comply with the terms of the authorization by the Congress in 1958 for the construction of a convertible reactor. It would further assure that no special additions to the reactor, paid for by the Government, are necessary to accomodate the addition of electric generating facilities.

(2) The sale of byproduct energy could provide a substantial financial return to the United States Treasury for the benefit of the taxpayers. Such a determination, if made by the Commission, would make it clear that the taxpayers of the United States as a whole would be the ultimate beneficiaries of any arrangements entered into by the AEC under which the Commission would receive payments for otherwise wasted byproduct energy.

(3) The national defense posture would be improved by the enhanced capability for the resumption of plutonium production through non-Federal maintenance and operation of the reactor during periods when it is not being operated for plutonium production. Such a determination, if made by the Commission, would provide assurances that the common defense and security of the United States would be improved by operation of the reactor for power purposes during periods when plutonium production might be suspended due to an international arms control agreement or the accumulation of an adequate stockpile plutonium. Such operation would be by a non-Federal entity, thereby saving the taxpayers several million dollars in standby costs and permitting a more rapid startup of the reactor for plutonium production in the event of a sudden change in international conditions or military requirements.

In summary, these determinations, if made by the Commission, will provide strong assurances as to the technical and economic desirability of the project; its national defense advantages; and its benefits to the citizen-taxpayers of the United States. Moreover, as discussed below, each determination, with supporting data, will have to be submitted to the Joint Committee on Atomic Energy for further congressional scrutiny.

*3. Expenses to be borne by non-Federal entity*

Some Members of the House, during prior consideration of this matter, raised questions as to whether the Federal Government would bear the cost of any expenses associated with the project.

Section 112(c) eliminates any doubt on this point by requiring that the Federal Government will not bear the cost of any electric generating or transmission facilities at the Hanford reactor or any cost of any reactor modification made at the request of the non-Federal entity to accommodate the generation of electricity.

*4. Conditions of participation by Bonneville Power Administration*

Some Members of the House, during prior consideration of this matter, raised questions as to the conditions of participation by the Bonneville Power Administration. In order to further remove any doubt on this point, the conferees added the binding language of section 112(d).

Under this section, any losses to BPA—including operating losses and also any financial detriment suffered in the event of termination of the contract prior to commencement of commercial operations—would be borne by the customers of the Bonneville system, through rate adjustments.

This section provides an ironclad guarantee that neither the Federal Government nor the taxpayers as a whole will suffer any financial loss as a result of these arrangements. The risk will be borne by those who are the primary beneficiaries of the arrangements—the customers of the Bonneville system. The conference committee added this provision to eliminate any doubt as to where the financial impact of Bonneville's participation would fall.

*5. Guarantees to private organizations*

The compromise amendment retains the important feature of the Senate amendment, guaranteeing that 50 percent of the electricity generated with Hanford byproduct energy would have to be offered to private organizations (including private utilities and large scale industrial users), and 50 percent to public organizations. This offer, under the terms of section 112(e) of the conference amendment would have to be on a "nondiscriminatory basis," thus guaranteeing that contracts with private organizations will not be subject to any preference or pullback provisions in any law.

Under section 112(f), the long-term contracts between the purchaser and private organizations will be guaranteed as inviolate, even in the unlikely event that the generating facilities are acquired by the Federal Government. In no event, however, could the generating facilities be acquired by the Government without prior and specific congressional authorization.

*6. Joint Committee review*

The conferees added section 112(g) to assure that the basis for any arrangements under this section and all findings required by section 112(a) with supporting data would be subject to further congressional scrutiny. Before any arrangements could be entered into, all of the foregoing documents will have to be presented to the Joint Committee on Atomic Energy to assure complete compliance with all of the terms, conditions and limitations imposed by section 112. These documents must lay before the committee for a period of 45 days unless the committee, by majority concurrence in writing, waives any condition or all or any part of the period.

*7. Conclusion*

The managers on the part of the House conclude that section 112 of the conference report represents a fair compromise and meets many objections raised when the matter was previously considered by the House. The amendment, if approved, will permit the use of a valuable national resource, under completely safeguarded conditions which will prove beneficial to the private and public utilities of the Pacific Northwest and their consumers as well as the taxpayers of the United States.

CHET HOLIFIELD,
MELVIN PRICE,
CRAIG HOSMER,
*Managers on the Part of the House.*

The SPEAKER. The gentleman from California is recognized for 1 hour.

Mr. HOLIFIELD. Mr. Speaker, I yield myself 7 minutes.

The SPEAKER. The gentleman from California is recognized.

Mr. HOLIFIELD. Mr. Speaker, as I mentioned to the gentleman from Pennsylvania, I am going to try to cut this debate as short as possible for the benefit of a number of Members who have asked me that we expedite this matter. I also have, if I may be pardoned, a personal interest in shortening the time. I have a date this evening with the most charming woman in the world. We have been married 40 years today, and she has consented to go to dinner with me tonight.

The bill that is before us, Mr. Speaker, is the atomic authorization bill. It contains about 50 projects, facilities for weapons development, facilities for laboratories in hospitals and universities for peacetime purposes, medicine, biology, cancer research, industrial applications. It authorizes appropriations of about $159 million and the Appropriations Committee in the other body is awaiting our action. I might say they have been awaiting it for some time.

The controversial item in conference does not require one dollar of appropriations. If the conference report is accepted by this House it will put into the Treasury of the United States up to an estimated $125 million without the investment of Federal money other than that which will be invested in the plutonium reactor at Hanford.

Mr. Speaker, in the argument which I made on the Van Zandt motion to instruct the conferees on their first conference I made a pledge. I said, "I guarantee you that we, the conferees, will bring back for a vote the issue which is involved in this matter."

This we, the conferees, have done. We have brought back language which not only contains the Van Zandt amendment, but we have also gone further than the prohibition against the Atomic Energy Commission's entering into contractual arrangements for the construction and operation of generating and transmitting facilities; we have inserted another prohibition against the sale of steam from these facilities, and we have directed—and listen, please, to this—we have directed the Atomic Energy Commission to withhold from beneficial use and waste this 800,000 kilowatts of steam unless the Atomic Energy Commission could make three important determinations in the public interest. If they could make such administrative determinations, and if they could impose upon the contracting entities terms and conditions which would:

First. Guarantee that all of the fears of additional Federal expenditures were groundless;

Second. That any losses which might occur in the future as a result of these contractual arrangements would be borne not by the Federal Government but by the Bonneville Power Administration system's customers through rate adjustments in their electricity—and this is written into the statute that is offered in the conference report.

We have written into the conference report that both public and private power entities would be guaranteed access to all of the power on a 50–50 basis in uniform rates and on long-term contracts. Although the 16 public power bodies in Washington are bonding themselves for $130 million to build the generating and transmission facilities, we are requiring them by law to offer half of that power to the private utilities and users in that area.

If we in the Congress could prohibit by this language, and we do in paragraph (f), any Federal agency from acquiring these generating facilities in the future without congressional authorization, if we could guarantee that even in the unforeseeable and unlikely future event of congressional authorization the private contracting entities will be protected against the operation of the public power preference clause for the duration of their contract, as we do this in the statute, we, the managers on the part of the House believe we could bring back to the House and recommend to the House that it approve the conference report on the basis of a reasonable compromise, an arrangement beneficial to the local private power electrical utilities furnishing them 400,000 kilowatts of power at Bonneville rates to the local public electrical utilities that spent $130 million for generating facilities at the same rate as the power people have, this will be beneficial to Bonneville and it will firm up 125,000 kilowatts. And finally of benefit to the taxpayers of the United States by giving them the right to receive up to $125 million by this steam which would otherwise be wasted. I say that your conferees have done this.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, I want to commend the gentleman first of all on his statement, and secondly upon the fine job he and the other conferees have done. I cannot imagine anything being more sensible or more desirable under the circumstances. We have had certain expressions of fear about what might happen if the project was approved.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. HOLIFIELD. Mr. Speaker, I yield myself 3 additional minutes.

Mr. ALBERT. The question has been asked what it might cost the Government, but the language has been tightened up to where it cannot cost the Government anything.

Second, in reference to possible losses to the Government, that has been tightened up so that losses cannot be charged to the Federal Government.

Third, whether this would start a Federal public power operation in the Northwest that is not now in existence. The conference report limits sales to public power utilities locally owned, if I understand it correctly, and to private utilities on a 50-50 basis. If we do not agree to this compromise, the power will be wasted. If we do agree to the conference report as reported it will not cost the Government anything, but the Government stands to gain some $125 million.

Mr. HOLIFIELD. That is exactly the truth.

Mr. ALBERT. I commend the gentleman for the work he has done and the report he has brought to us.

Mr. HOLIFIELD. The majority leader has stated the case exactly right.

Mr. MAGNUSON. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Washington.

Mr. MAGNUSON. Is it not true that there is a reactor in Pennsylvania which is selling steam, and that the gentleman from Pennsylvania [Mr. VAN ZANDT] supported that project?

Mr. HOLIFIELD. The gentleman has asked a question, and I am going to place it on the record. The gentleman from Pennsylvania [Mr. VAN ZANDT] supported the Shippingport reactor plant that is on top of a coal mine in Pennsylvania, which Shippingport reactor has been built by Government funds. A private electrical utility has built the generating equipment, and we have sold over $9 million worth of waste steam to the Duquesne Power & Light Co. in the State of Pennsylvania. That is not all. The gentleman has just recently supported the Peach Bottom Pennsylvania reactor, which will be built by public utilities with the use of $17 million of Federal money. That is built adjacent to a coal mine, and that steam will be used to produce electricity.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. I am sure the gentleman will have to agree that the Shippingport plant is a research and development plant?

Mr. HOLIFIELD. The Ford is an automobile; Chevrolet is an automobile—they are both automobiles.

Mr. VAN ZANDT. It is costing us 52 mills per kilowatt-hour of energy at Shippingport, which was an experimental plant.

Mr. HOLIFIELD. It does not make any difference what it is costing you, because that was back in the early days of reactor construction.

Mr. VAN ZANDT. Yes; and we spent research and development funds for those reactors.

Mr. HOLIFIELD. That was back several years ago and the reactors have been improved through Government funds and now we produce the steam cheaper.

Mr. Speaker, under this conference report the AEC is directed to withhold from beneficial use and to dissipate this 800,000 kilowatts of byproduct steam which will be made incidental to the production of weapons material unless this conference report is adopted. If anyone fails to vote for this conference report or if anyone votes for a recommital motion, this is exactly what the AEC will do. They will waste 800,000 kilowatts of steam.

If you do vote for this conference report, you will direct the AEC to sell this waste steam and return to the Treasury up to $125 million. Now, the question can be asked, Has this any national defense value? Every plutonium reactor about which we know anything in the Soviet Union is a dual-purpose reactor. It makes weapons material and it makes steam for electricity. What does this mean? It means that if an international agreement to stop producing plutonium should be made—and it is being advocated by many nations; I was opposed to the bomb test moratorium, but for 34 months we were tied up on a bomb test moratorium—our hands were tied and our weapon production was impeded, and the moratorium was broken by the Soviet. It took us months to prepare again for testing.

Mr. Speaker, if the plutonium reactors are closed down in America as the result of an international agreement or as the result of a temporary sufficient inventory of plutonium—let us take the first case—if it is through an international agreement, Russia can start up her reactors again in less than a week's time, making plutonium, and the United States would need from 1 to 2 years to start making plutonium again.

Mr. Speaker, this is the only reactor that is dual purpose. All the rest of ours are single-purpose reactors. But if we did get into this kind of an international agreement—and I am not advocating it—we could start this reactor making weapons material in less than a week's time. Any other plutonium reactors we have would take from a year to 2 years' time. If we do not operate this reactor and if we do close this one down, it will take from a year to 2 years to start it back into plutonium production. But if we do go into an international agreement and this continues to be operated to produce steam for power, we can convert it in a week's time to making plutonium.

Mr. ABBITT. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Virginia.

Mr. ABBITT. As I understand it, my recollection is that this bill was before the House some few weeks ago. The conferees had certain duties and obligations in doing what they felt the House desired them to do and have added to the so-called Hanford project additional safeguards surrounding this particular project so that we have certain guarantees as to what will happen and what will not happen; is that right?

Mr. HOLIFIELD. That is exactly right. This is a completely different proposal from a year ago when it required Federal appropriations for generating the electricity. Now we have tied down this year completely the fact that no Federal dollars shall go into it and that half of this electricity will be offered to private power users as well as public power users.

Mr. ABBITT. Mr. Speaker, if the gentleman will yield further, actually, it will be a State entity or cooperative or whatever one chooses to call it that will build this plant?

Mr. HOLIFIELD. There will be 16 such power companies in the State of Washington, chartered under the State of Washington, non-Federal entities.

Mr. Speaker, I yield to the gentleman from Pennsylvania, for whatever use he may wish to put it, 14 minutes.

Mr. VAN ZANDT. Mr. Speaker, I appeal to the gentleman; I have requests on this side for 30 minutes, and I should like to have 30 minutes of time.

Mr. HOLIFIELD. Mr. Speaker, I shall yield to the gentleman the same amount of time that I use on this side, and I shall yield it to him from time to time as we use time.

Mr. VAN ZANDT. Mr. Speaker, the basic issues concerning the Hanford NPR generating facilities are still the same. This is a public power project. The reactor will be owned by the Federal Government through the Atomic Energy Commission. The generating facilities will be owned by the WPPSS, a public power group. The contract, and indeed section 112(f) of the conference report language invites Federal takeover of the entire plant at some subsequent date.

## CALL OF THE HOUSE

Mr. FENTON. Mr. Speaker, a point of order.

The gentleman from Pennsylvania is making a very important statement, and I think a qurorum should be present. I make the point of order that a quorum is not present.

The SPEAKER pro tempore (Mr. ALBERT). Evidently a quorum is not present.

Mr. HARRIS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 217]

Andersen, Minn.
Anderson, Ill.
Anfuso
Bass, N.H.
Blitch
Bow
Boykin
Celler
Chiperfield
Coad
Cunningham
Curtis, Mass.
Davis, James C.
Dent
Diggs
Dominick
Doyle
Fino
Fogarty
Frazier
Gavin
Glenn
Goodling
Griffin
Harding
Harrison, Va.
Hébert
Hoffman, Mich.
Johnson, Md.
Jonas
Karth
Kearns
Kilburn
King, Utah
Kluczynski
Landrum
Lankford
McCulloch
McDonough
McIntire
Macdonald
Madden
Martin, Mass.
Mason
Merrow
Moeller
Montoya
Moore
Morris

Moulder
Norrell
O'Brien, Ill.
O'Hara, Mich.
Passman
Pfost
Pillion
Powell
Rains
Randall
Reece
Riehlman
Riley
Rivers, S.C.
Rogers, Tex.
St. Germain
Saund
Scranton
Sheppard
Sibal
Sikes
Spence
Steed
Teague, Tex.
Thompson, La.
Thompson, N.J.
Tollefson
Weis
Whalley
Whitener
Zelenko

The **SPEAKER** pro tempore (Mr. Albert). On this rollcall, 353 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

## AUTHORIZING APPROPRIATIONS FOR THE AEC

The **SPEAKER** pro tempore. The gentleman from Pennsylvania [Mr. Van Zandt] is recognized for 13 minutes.

Mr. VAN ZANDT. Mr. Speaker, the basic issues concerning the Hanford NPR generating facilities are still the same:

First. This is a public power project. The reactor will be owned by the Federal Government through the AEC. The generating facilities will be owned by the WPPSS, a public power group. The contract, and indeed section 112(f) of the conference report language, invites Federal takeover of the entire plant at some subsequent date. The Bonneville Power Administration is the real party in interest. A vote for this project will permit the future expansion of cheap public power in the Northwest and make possible a nationwide atomic power grid.

Second. The arrangements involve back-door spending. The project will be financed by the sale of $130 million revenue bonds by WPPSS. However, the exchange agreement with Bonneville will be used as the security for the issuance of these bonds. Thus, the credit of the Federal Government is being utilized to finance this project.

Third. The Federal Treasury will be exposed up to $130 million. The contract provides that the Bonneville Power Administrator may terminate these arrangements at any time prior to the commencement of commercial operation if in his judgment the continuation could no longer be economically justified. The contract further provides that in the event of termination the Government shall reimburse WPPSS for all obligations, costs and expenses, including the redemption of $130 million revenue bonds. Since it will require 3 years to construct the generating facilities, the Federal Treasury will be exposed for those 3 years.

Mr. Speaker, if any Member of the House is interested, he may turn to pages 69 and 70 of the House hearings and there he will find the answer to a question I put to Mr. Luce in which he confirms the statement that I have just made. Let me quote from the hearings held by the Joint Committee on Atomic Energy on July 10 and 11, 1962, at pages 69 and 70:

> Representative Van Zandt. If they terminate, who pays off the $130 million bonds of WPPSS?
>
> Mr. Luce. Now, in that event, the Government would be obligated under this contract to take over what moneys had been spent toward building these generating facilities.
>
> Representative Van Zandt. In other words, then, the Congress would get a request to appropriate funds.
>
> Mr. Luce. That is correct. * * *.

Thus the Federal Treasury is not protected. The Federal Government is still involved and the Federal Treasury is exposed, up to $130 million.

Fourth. The coal industry has legitimate grounds for opposing this project. In recent weeks the coal industry has been criticized for opposing the Hanford NPR project. However, the coal operators and miners in the State of Washington itself believe that if the Hanford project goes forward, the Cle Elum powerplant, which would use coal as fuel, will not be constructed. The Washington Coal Association has said that the coal industry in that State is fighting a life-and-death battle and that the NPR project would be the "death knell" of the coal industry.

Let me remind you that the coal industry is not benefited by such favorable terms and back-door financing in constructing coal-fired plants. I repeat—the coal industry does not receive these benefits of Government back-door financing. The coal industry and mines of Pennsylvania, West Virginia, and other States oppose this Hanford deal, because the coal groups in the State of Washington itself do also. The coal industry has legitimate reasons for opposing the Hanford NPR project, since it would be a precedent for Federal ownership of large atomic power reactors, and would lead to a nationwide federally owned atomic power grid.

Fifth. The conference report is misleading. The conference report attempts to fool Members of the House by prohibiting certain actions. However, as soon as the AEC makes three superficial determinations, these prohibitions are swept away, and the AEC is free to proceed. One could argue that, under this language, AEC could even construct the generating facilities itself. I urge you not to be deceived by this misleading approach.

For the reasons I have given, I urge all Members of the House to reject the conference report.

Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. Jensen].

Mr. JENSEN. Mr. Speaker, this is the sixth time this item has been considered on the floor of the House. Four times it stood on its own feet and was defeated. When it is tied in with other feasible and necessary legislation, that legislation has carried this item along; it is just that simple.

The language in this conference report is a subterfuge. It says the Atomic Energy Commission shall make three determinations. The facts are the Atomic Energy Commission have already made all those determinations in effect.

If this Hanford contract is consummated you may rest assured that other agencies of the Government, maybe two, three, or four of them, will get together and make contracts which you, as elected representatives for the people, will have little to say about such contracts. We are here setting a precedent. We are embarking on a strange and unchartered legislative course.

I urge that this conference report be recommitted and brought back without this Hanford proposal as a part of same.

One of the disturbing aspects of this Hanford issue now before us is the confusion that is being created by the supporters of the project. Admittedly, the arrangements involved are complex and because they are complex, it is easy to create this confusion as to just what is involved.

On September 12, the gentleman from California [Mr. Holifield] attempted a parallel between the arrangement we are considering now and the arrangements that already exist with respect to the atomic energy plants involving the Duquesne Light Co., in Pittsburgh, the Southern California Edison Co., at Santa Susana, and the Niagara Mohawk Power Co., at West Milton, N.Y. Let me assure my colleagues that these cases are definitely not comparable and there is a fundamental difference involved which is the reason why I and many others are objecting to this Hanford agreement.

Let me state it as simply as I can. In the case of the three existing atomic plants which the gentleman from California attempts to compare with Hanford, there is a very simple arrangement involved. That arrangement is the direct purchase of steam by the utilities mentioned from the Atomic Energy Commission. This is not the case in the Hanford proposal. The principal objection to the Hanford proposal is not the arrangement involving contracts between the AEC and the Washington Public Power Supply System. The objection goes to the contracts which involve the Bonneville Power Administration. It is Bonneville—a Federal agency—that is putting up a Federal resource; namely, Federal kilowatt-hours, to act as security for the bonds issued by the Washington Public Power Supply System, a non-Federal agency.

But this is not all that is involved. The really disturbing aspect is the fact that the Bonneville Power Administration through the use of these Federal kilowatt-hours is, in reality, purchasing this contemplated electric power generating plant on the installment plan.

If, indeed, the proposed Hanford arrangements were comparable to the contracts that exist between AEC and the three utility companies previously mentioned, there could be no objection to the arrangement. Hanford, however, is different. It is a precedent for something entirely new. It represents a new form of back-door spending which entirely bypasses the controls over Federal spending exercised through the appropriations process.

What my colleagues have to keep clearly in mind is the fact that this Hanford project is a three-way deal. It involves the Washington Public Power Supply System. It involves the Atomic Energy Commission and it involves the Bonneville Power Administration. The Achilles' heel in the arrangement is the aspect involving Bonneville. All you have to do is read the terms of the contract carefully and you will see what I mean. First, the Washington Public Power Supply System would build the proposed electric power facilities. The WPPSS, composed of a number of public power districts, would buy surplus steam from the Atomic Energy Commission during the period of dual-purpose operation of the reactor and it would lease the reactor for a nominal figure in the period when the reactor would be operated for power production only. The participating members of the WPPSS in turn would be responsible for all costs involved in Hanford including interest and amortization of the bonds as well as maintenance and operation costs of the steamplant. In turn, these participating members turn over to Bonneville the full amount of power produced at the Hanford plant.

Now, here is where the arrangement becomes involved. And this is what my colleagues have to keep clearly in mind. The participating members are now reimbursed by Bonneville, not on the basis of the amount of kilowatt-hours they turn over to Bonneville, but on the basis of the amount of dollars they have spent for their share of the costs. In return for these dollars they receive an equivalent amount of Bonneville power at Bonneville's existing rates. Thus, Bonneville with power would pay, through the WPPSS participants, the full cost of this project and get in return whatever power it might produce. All these contracts would run until the revenue bonds are repaid—30 years—or until the United States should take over the steamplant.

If for any reason the plant should only operate for a few months in a given year, or should be completely shut down for a year or more at a time, the obligation of Bonneville to supply power to the participants would continue undiminished. Bonneville would have to supply this power in sufficient amount to cover all costs for as long as any of the bonds may remain unpaid. Consequently, this arrangement amounts to a pledge of U.S. resources—that is Bonneville power—to cover the cost of revenue bonds that WPPSS will issue to finance the Hanford steamplant.

In no way whatsoever is this comparable to the arrangements involving the Duquesne Light Co., the Southern California Edison Co., and the Niagara Mohawk Power Co., which are making a direct purchase of steam from AEC.

One of the conditions of the arrangement is that permitting the United States to acquire the generating plant at no additional cost when the revenue bonds of WPPSS have been paid off. In other words, Bonneville will have acquired this plant by paying for it with Federal kilowatt-hours. Thus, with no dollars involved, no appropriations by Congress will be needed and no congressional control through the appropriations process will be possible. This is the new form of back-door spending involved in this arrangement and it has all the attendant defects that are inherent in this most dangerous process. Let no one be confused that there already exists any comparable arrangement as a precedent for what is contemplated in this case.

Now, Mr. Speaker, the conference report provides for acceptance of this proposal if the Atomic Energy Commission determines:

First. Usable byproduct energy will be produced incident to the production of special nuclear material in the reactor in accordance with the design of the reactor as originally authorized by Congress.

Second. The sale of byproduct energy could provide a substantial financial return to the U.S. Treasury for the benefit of the taxpayers.

Third. The national defense posture would be improved by the enhanced capability for resumption of special nuclear material production through non-Federal operation and maintenance of the reactor during periods when it is not being operated for special nuclear material production.

It is crystal clear that this language is designed for no other reason than as an attempt to placate the opposition of this unwarranted Hanford proposal.

The facts are that the Atomic Energy Commission has long ago made the determination such as the report language proposes, basing it on highly questionable assumptions and methods of analysis. Conference report language as to who will absorb the inevitable losses is equally fallacious. Bonneville is not going to raise its rates to the point which would be required. The Bonneville Administrator himself has admitted that a major boost in BPA rates—such as this contract would inevitably require—could result in loss of load and reduction in total BPA revenues.

The controversial Hanford project item should by all means again be defeated just as it was defeated by the House four times during the 1961 session of Congress and again once during this session when it was not tied to feasible and needed AEC legislation.

First. In the 1962 back-door approach the objectives are the same as in 1961.

Second. It could cost the U.S. taxpayers $130 million, while the maximum return to the Federal Government could be less than $110,000.

Third. In order to use all the so-called waste steam, billions of kilowatt-hours of potential hydroelectric power from existing U.S.-taxpayer-financed projects must be wasted over the dams.

Fourth. In the event the Hanford power project is constructed it would preclude the employment of many hundreds of needy coal miners and workers in related services.

The Electrical World is the largest and most respected trade publication in the electric energy field. This editorial succinctly recognizes the Hanford proposal as a back-door legislative approach to committing the Federal Government to possible financial loss. Please read it.

### HANFORD GENERATING PROJECT NEED NOT SLIP THROUGH

In a surprise vote late last month, the House declined to instruct its conferees to reject authorization of power generating facilities at the Hanford, Wash., new plutonium reactor. These conferees are to meet with similar conferees from the Senate, which has voted to permit construction of the generating facilities.

The action was surprising because the House last year had thrice rejected Federal construction of the Hanford power facilities and at one point specifically instructed its conferees to stand firm against the proposal.

Although this year's proposal is much more complex, involving as it does an outside public power group to finance actual construction of the generating facility, the basic character of the proposal is still fundamentally the same. Major objections to the earlier, simpler version of the proposal apply also to the current version:

The Federal Government, this time mainly through the Bonneville Power Administration, would assume the total financial risks and liabilities of the proposed generating facilities.

Under terms of the contract, the Federal Government might acquire the proposed generating facility, thus enabling it to spread major federally owned steam generating facilities beyond the confines of the Tennessee Valley Authority.

As far as economics are concerned, Federal witnesses have testified that the project presently proposed is less feasible than the proposal of last year. This is because it would rely on non-Federal financing and because of the loss of time in participating in dual-purpose use of the reactor.

From a legislative point, we believe this year's proposal is less meritorious than last year. Last year the proposal was presented as an open and aboveboard Federal project. This year it appears to us to be a back-door method of accomplishing the same purpose.

The House action declining to instruct its conferees does not necessarily mean that Members have changed their minds on Hanford, or that they look favorably upon the pending proposal. For instance there are Congressmen firmly against the Hanford project who chose to send their representatives to the House-Senate conference without instruction.

Should the conference report include Hanford power authorization, the House will have still another chance to vote against it until the Hanford proposal is deleted.

Because there is the distinct possibility that the conference report can come before the House this week, it is important that utility executives and their industrial allies reiterate their views on the Hanford project to their Congressmen as promptly as possible.

The measure must not be allowed to slip in through a back door after being securely barred from entering the front door of our legislative processes.

Mr. VAN ZANDT. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, listening to the reading of the report of the conferees and listening to an explanation, interrupted by a quorum call, as to what was contained in that, I fail to find any relief for the coal industry which so vitally affects the State of West Virginia. It does not answer the objections of the coal operators or the mine workers, or the Railroad Association and the people who are employed by the railroads. I cannot for the life of me see why you would call it a compromise, and I am speaking now of the conference report based on the Senate subterfuge. It is inconceivable that this industry, so vital to the success of the Nation in the event of another world calamity, should be so adversely affected. We must have and we must keep alive the coal industry. Every day more mines are closed. Every day the loadings reported in the areas where we have coal handled by the railroads are less. This is an indication that this industry will be completely destroyed, so destroyed that you cannot resurrect it or rehabilitate it in time to take care of the defense needs of this Nation.

If there is a motion made to recommit this conference report, I propose to vote for it.

Mr. HOLIFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. NELSEN].

Mr. NELSEN. Mr. Speaker, I rise for the purpose of clarifying the record. This project has been before the Congress before, and I voted against it. Under previous bills the Government was to build the powerplant. I opposed this approach. I am pleased there has been a reversal of that position. I would not want the Government building powerplants all over the country. Here we have the public power districts that are going to sell bonds to finance this project. We have heard a lot of talk about the feasibility reports. There are those who claim this is not a feasible project. I am concerned about that, because this power is to be sold into the Bonneville system. We have been told that the Bonneville rate will carry the cost of this project if it does drive the costs up. However, in 1958 Bonneville had a loss of $2,949,000; in 1959, $6,400,000; in 1960, $10,696,000; in 1961, $14,170,000; and in 1962, $14,961,000.

It is my understanding that under the Bonneville Act they are required to adjust the rate to meet the cost. It has not been done. What assurance have I that if this bill were to pass would the BPA rate be adequate so that we in other parts of the country would not be burdened with the losses of BPA. We live in a high-fuel-cost area where wholesale rates run about 1 cent per kilowatt-hour. BPA power I would guess is about 5 to 6 mills. I object to spending the taxpayers' money where they are already getting cheap power. We pay 1 cent and they pay 6 mills. I want to be assurred by those in charge of this bill that if we pass this bill the taxpayer will not pick up the tab if the experiment is a bad one. Do you have an answer to that question?

Mr. HOLIFIELD. I should like to read both subsections (c) and (d) of section 112, because they are related to this:

> (c) All expenses of modifications of the Hanford new production reactor made at the request of a non-Federal entity—

That would be these public power districts in the State of Washington—

> and all expenses of constructing and operating the electric energy generating and transmission facilities at the new production reactor shall be borne by such non-Federal entity.

Now to pin this down further, section (d) says:

> (d) Any losses to the Bonneville Power Administration, in connection with the arrangements or sales authorized herein, shall be borne by its system customers through rate adjustments.

I have had this looked at by the very best lawyers in the Department of the Interior and in the Atomic Energy Commission and our own legal staff. If this language does not pin any kind of loss that occurs as the result of these arrangements to sell this steam on the customers of the Bonneville Power Administration through rate adjustments—and not on the Federal Government, but, as I say, on the customers of Bonneville—then I do not know how to write it any plainer and they do not know how to write it any plainer.

Mr. HOSMER. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman.

Mr. HOSMER. I would like to point out also that the conference language is specifically pinned down to Bonneville vis-a-vis this particular point. So it is not the general language that is in the Bonneville Act. Immediately, if any losses occur, which is unlikely, this act will be brought into play and the Administrator would have to act rather than taking refuge on a general basis of a payback schedule being ahead, as he has done up to the present time.

Mrs. MAY. Mr. Speaker, will the gentleman yield?

Mr. NELSEN. I yield.

Mrs. MAY. I commend the gentleman for bringing up what I think is the answer to a vital question that must be clarified here today. I speak on behalf of those who represent the Washington State delegation in saying that we are in 100 percent agreement with him. We want to stand on our own feet on this. We do not expect, nor should we expect the taxpayers of the United States to pick up any Bonneville losses that might occur as a result of this project. Should this ever occur then the ratepayers must bear the cost. This is not talk—it is law.

Mr. HOLIFIELD. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. HOSMER].

Mr. HOSMER. Mr. Speaker, I, think it is about time to settle the Hanford issue once and for all and either vote it up or vote it down without any more delay. I, myself, am in that mood today and I think most of this body is.

There are just a couple of points I want to make. If anybody is interested in States rights, I think this is a good way to implement that interest. The people out there in the local States want to have a project of their own that is not going to involve the Federal Government and is not going to involve any bureaucrats from Washington or any control from Washington or any Washington money. It is all going to be done out there. Now if you are interested in States rights, let us for Heaven's sake give the local people a chance to go ahead out there and give them the chance to go ahead in a truly American manner, not in a Fabian Socialist manner, as was hinted by the gentleman from Iowa [Mr. JENSEN]. Here we have 400,000 kilowatts of power—a whacking amount of power going to private power people out there, the local, private taxpaying private utilities and another 400,000 kilowatts going to local public utilities. You could not have a better deal than that. The private utilities take their power free of any preferences and under firm contracts. This is a local deal in every respect. Based on a unique reactor, one of its kind, for plutonium production, it cannot be a precedent for any kind of power grid any place in the country. The gentleman from Pennsylvania [Mr. VAN ZANDT] mentioned that the Government might pay something in connection with the 3-year period before this plant goes into operation if something should happen to cancel the plant out, namely, a disarmament agreement. The right of the Government is reserved to cancel the contract. Because of this the Federal Government would not be liable on the contract for general damages including loss of profits. We can cancel if there is a disarmament agreement, by paying just the amount of money that we put up in the installations out there so far. We would not, as otherwise would be the case, be responsible in dollars for the profits that might be made by the local people. This is a protection to the Government as to a remote contingency. It should have the support of people interested in saving money, not their opposition.

Furthermore, the entire arrangement is no backdoor proposition at all. It is a frontdoor proposition to get up to $125 million directly into the Treasury and, mind you, because of the interchange of power between Bonneville's present 3 million kilowatts of unfirmed power and the power that is going to come out of this reactor, to pick up another 100,000 kilowatts of firm power for the Bonneville Power Administration. That is an increase in Bonneville firm power of 3 percent.

What does that mean in terms of paying back the taxpayers' money that has been put out for Bonneville dams and other installations out there? It simply means an extra $2 million each year in Bonneville revenues. Revenue at the present time is $74 million. So in addition to the up to $125 million we are talking about here as proceeds from the sale of heat there will be another $2 million a year pouring into the U.S. Treasury by reason of increased Bonneville revenues from the sale of new firm power.

I do not live in that area but I am a member of this Atomic Energy Committee; that is how I happen to be familiar with this project.

I like to help people. The gentlemen from West Virginia [Mr. MOORE and Mr. BAILEY] are fine men. I wish I could help them out with their coal situation; but as between the taxpayers of the rest of the country and that relatively small area where these gentlemen's coal people are, I just cannot go home, and I do not think any other Member can go back to his district and offer an explanation to our taxpaying constituents why we took action in Congress to cut off this frontdoor source of substantial millions of dollars to the U.S. Treasury and thereby helped to some extent to take off the burden of taxation that is upon the American people.

Mr. HOLIFIELD. Mr. Speaker, I yield 9 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Speaker, I would like to address myself to my colleague the gentleman from Pennsylvania [Mr. Van Zandt].

On the 17th day of July 1962, when this matter was being considered on the floor of the House, I directed certain questions to him and I would like to ask whether or not there has been any change in the plans or programs of the Hanford reactor which would change the answers he gave me on that date.

Mr. VAN ZANDT. Not to the best of my knowledge.

Mr. SAYLOR. In other words, the price per kilowatt-hour which indicates that the amount which this plant would cost, about $22 million a year, the average rate is far in excess of what Bonneville is now selling its power for; also, that there would be a deficit of about $8,900,000 every year, and over the life of this project at the present rate there would be a deficit of about a quarter of a billion dollars. Is that correct?

Mr. VAN ZANDT. I might say that since the debate on the 17th of July we have been able to secure certain information from the files of the Department of the Interior. The figures the gentleman uses are absolutely correct; that is, that over a 30-year period the deficit would be one-quarter of a billion dollars.

Mr. SAYLOR. Mr. Speaker, a few days ago I received an interesting and well-reasoned letter from a very good friend of mine from Olympia, Wash., who is a consulting engineer—and I might say a very outstanding one.

Mr. Houston pointed out that—

> The thermodynamics of the proposed power installation at Hanford is very poor, and such an installation could only result in higher electric rates for the area if all the costs are charged to power, and higher taxes for the entire United States if the costs are not absorbed by the users of the power.

He also stated that—

> In addition the project is located on the wrong end of the transmission lines. The electric load is on the coast and most of the hydro is east of the Cascade Mountains. Thermal projects should be located on the coast and save 1 mill per kilowatt-hour transmission cost.

This letter goes so directly to the heart of this question that I would like to insert it in its entirety at this point in my statement:

> Olympia, Wash.,
> *August 29, 1962.*
>
> The Honorable John Saylor,
> *Congress of the United States,*
> *House Office Building,*
> *Washington, D.C.*
>
> Dear Congressman Saylor: I have read the Congressional Record for July 17, 1962, and in particular pages 13808 et seq., which gives the colloquy between Congressman Van Zandt and yourself, which Congressman Jack Westland listened to with disfavor. And you didn't yield.
>
> The thermodynamics of the proposed power installation at Hanford is very poor, and such an installation could only result in higher electric rates for the area if all the costs are charged to power, and higher taxes for the entire United States if the costs are not absorbed by the users of the power.
>
> The turbine cycle efficiency of the proposed installation is only 16.6 percent, as compared with 36 to 38 percent for a modern conventional unit, and 29.4 percent for the nuclear power unit proposed by the P.G. & E. Co. for installation at Bodega Bay in California. In short, the Hanford project would be only one-half as efficient as the Bodega Bay project, which is based on the present technology of nuclear power development.
>
> The most talked of steam conditions for the Hanford turbine are 130 p.s.i.a. saturated steam.
>
> Steam at the turbine throttle would have the following characteristics: 130# p.s.i.a.; 1,192 B.t.u. (enthalpy) total heat; 1.58 enthropy.
>
> If this steam is allowed to expand to 1½ inches vacuum at the condenser, there would be 322 B.t.u. per pound of steam available for conversion to mechanical power by the turbine blading. The efficiency of this conversion would not be more than 65 percent, particularly in view of the fact that each turbine would have three stages of centrifugal dehydration to take the water out of the expanding steam. This would mean that only 209 B.t.u. in each pound of steam would be converted into mechanical power in the turbine and 983 B.t.u. would go to the condenser and the river.
>
> Allowing for friction and windage and excitation, it takes about 3,600 B.t.u. per net kilowatt-hour—
>
> $$\frac{3{,}600}{209}$$
>
> gives a water rate of 17.25 pounds per kilowatt-hour.
>
> The cycle efficiency is:
>
> $$\frac{3{,}413}{1{,}192\times 17.25}=16.60 \text{ percent.}$$
>
> In addition the project is located on the wrong end of the transmission lines. The electric load is on the coast and most of the hydro is east of the Cascade Mountains. Thermal projects should be located on the coast and save 1 mill per kilowatt hour transmission cost.
>
> The special turbine generator units would cost about $30 per kilowatt as compared with $17 per kilowatt for standard units.
>
> If the reactor were operated on tidewater where logs were readily available, some pulpmill might be willing to locate adjacent to the reactor and use the 130-pound saturated steam for cooking, bleaching and drying. In such industrial processes the latent heat of evaporation, which amounts to about 970 B.t.u. per pound of steam, and which heat is wasted in turbine generator operation, would be used in the industrial process. The efficiency in an industrial process would approach 100 percent, for the condensate would be returned to the hot well and be reused.
>
> This is rather technical, but so is the problem.
>
> With kindest personal regards,
>
> Holland H. Houston.

In the many years I have served in this House and after considering literally thousands of pieces of legislation, I feel compelled to say that never before have I seen such a blatant attempt to deceive the other Members of this body into believing something that is not true than this so-called compromise conference report we are considering here today. Almost every single provision of section 112—except the first sentence—is a sham and a delusion and merely a reiteration of the position previously taken by proponents of the Hanford Generating Plant. A position, by the way, which this House positively rejected earlier this year.

Let me take just one example. Section 112(d) states that any losses to the Bonneville Power Administration would be borne by its system customers through rate adjustments.

How naive do the authors of this statement believe the other Members of the House of Representatives really are?

This self-serving statement assures absolutely nothing. Section 7 of the Bonneville Power Act of 1937 is supposed to require that Bonneville rate schedules cover the cost of all projects. This has been a congressional requirement of the Bonneville Power Administration for the past 25 years, but they have been losing money at a rapidly increasing rate for the past 6 years, they have been assuring Congress for the past 15 years that rates would be increased at almost any time, and there have been rate review periods in 1949, 1954, and 1959 with absolutely no increase in rates, and we have no more assurance that rates will be increased in 1964.

As every Member of this House realizes, almost every Federal power project is losing money at a rapid rate and no effort has been made to increase their power rates to cover losses. In fact, when one of these agencies had the nerve to increase rates in 1956, the Congress actually passed a bill specifically denying that agency the right to increase the rates.

It is interesting to note also that the distinguished Chairman of the Joint Committee on Atomic Energy, who now attempts to assure us with a straight face that the Bonneville power rates will be increased to cover any potential losses from the project, made a speech on the floor of the House at that time objecting to the rate increase and voted specifically to deny them.

Mr. Speaker, I sincerely urge every Member hearing my voice today not to be misled by this obvious subterfuge. It is still the Federal Government, through the Bonneville Power Administration, which will pay for every single penny of the amortization, interest, operation, maintenance, replacements, repairs, or any other costs whatsoever. This payment will be made by the guaranteed delivery of firm kilowatts of readily marketable power rather than dollars and cents. But let there be no mistake about it, the project will be paid for by Bonneville for this reason along with many others.

The conference report should be rejected and the conferees instructed to stand by the previous House position of refusing authorization of this project.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. It is interesting to read the hearings of the Joint Committee. This is a question I put to Mr. Luce:

> If they terminate, who pays off the $130 million bonds of WPPSS?
>
> Mr. Luce. Presumably, if this happened prior to the commencement of commercial operations, that amount of investment would not have been incurred.
>
> What that section is in there for, Mr. Van Zandt, is the possibility that the Government might decide not to complete the NPR; or you might have a disarmament agreement

of an international character that would result in a decision not to complete that plant. Now, in that event, the Government would be obligated under this contract to take over what moneys had been spent toward building these generating facilities.

Mr. Van Zandt. In other words, then, the Congress would get a request to appropriate funds.

Mr. Luce. That is correct.

Mr. SAYLOR. There is no doubt about that.

Mr. VAN ZANDT. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. Westland].

Mr. WESTLAND. Mr. Speaker, I thank the gentleman from Pennsylvania for yielding me a minute.

Mr. Speaker, there has been quite a little discussion here about the amount of money that the Bonneville Power Administration is losing and perhaps the impression is given to the Members of the House that Bonneville is in the red. The fact is not that by a long shot. The fact of the matter is that Bonneville at the present time is still some $35 million ahead in its repayment contracts of the principal and interest. Those are repayment contracts to the Federal Government.

Mr. Speaker, I do not want anyone to get the idea that this is a drain on the Federal Treasury by any means, because that is not the case. There is also language in the Bonneville Power Administration Act to the effect that the Bonneville Power Administration will review its rates every 5 years.

Mr. Speaker, the gentleman from Pennsylvania [Mr. Saylor] brought that out. The next period for review is in 1964. I think it is reasonable to assume that when, as, and if the Bonneville Power Administration ever gets into the position where it is taking money out of the till, it would then raise its rates.

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

Mr. TOLLEFSON. Mr. Speaker, the conferees have done an excellent job in their efforts to reach a reasonable agreement. Their report should assure those Members of the House who have had some doubts about it that the proposal for electric generating facilities at Hanford to use the waste steam from the reactor is a sound one. No Federal funds will be used to construct those facilities. The funds for construction will be raised through the sale of bonds by the public utilities who have joined together in this matter. There is a possibility that the Federal Government will get as much as $125 million through the sale of steam from the reactor to the public utilities who will build and operate the generating facilities. This is a good deal for the Government as well as for the State of Washington. I urge the House to vote down the motion to recommit, and to approve the conference report.

Mr. VAN ZANDT. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, I think this colloquy which took place in the committee and which is printed in the hearings may be of interest to the Members of the House. This question was asked by me of Mr. Luce:

Mr. Van Zandt. Now, suppose this project proves economically unjustified. Who is going to pay the bill? Will it be the Government, or the Bonneville Power Authority?

Mr. Luce. It will be the consumers who buy power from the Bonneville Power Administration. I do not agree that it will prove economically unjustified, but if it did, the consumers that are on the Bonneville power system would have to take a rate increase that otherwise would not be necessary.

Mr. Speaker, it is interesting to note that even though the law requires that the users of energy on the Bonneville grid pay the increased costs, in spite of past deficits Bonneville has never—never—raised the rates to take care of such deficits.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. HOLIFIELD. Mr. Speaker, I move the previous question on the conference report.

The SPEAKER pro tempore. The question is on the conference report.

The previous question was ordered.

Mr. VAN ZANDT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. VAN ZANDT. Mr. Speaker, I understand that I will have the right to offer a motion to recommit the conference report with instructions.

The SPEAKER pro tempore. If the gentleman is opposed to the conference report.

Mr. VAN ZANDT. I am, Mr. Speaker.

The SPEAKER pro tempore. The answer to the gentleman's inquiry is that he will have that right and that such motion is in order at this time.

Mr. VAN ZANDT. Mr. Speaker, I, therefore, offer a motion to recommit.

The SPEAKER pro tempore. ,The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Van Zandt moves to recommit the conference report on H.R. 11974 to the committee of conference with instructions to the managers on the part of the House to insist on disagreement to section 112 of the Senate amendment.

Mr. HOLIFIELD. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. VAN ZANDT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 152, nays 186, answered "present" 1, not voting 96, as follows:

[Roll No. 218]

YEAS—152

Abernethy
Adair
Alexander
Alger
Arends
Ashbrook
Ashmore
Avery
Ayres
Bailey
Barrett
Battin
Beermann
Belcher
Betts
Bray
Bromwell
Brown
Broyhill
Bruce
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Casey
Cederberg
Chamberlain
Church
Clancy
Clark
Collier
Colmer
Conte
Cook
Corbett
Cramer
Curtin
Daddario
Dague
Denton
Derounian
Derwinski
Devine
Dole
Dorn
Dowdy
Dulski
Ellsworth
Fallon
Fascell
Fenton
Findley
Fisher
Flood
Fulton
Garland
Gary
Gathings
Gray
Green, Pa.
Gross
Hagan, Ga.
Haley
Hall
Halleck
Harris
Harrison, Wyo.
Harsha
Harvey, Mich.
Herlong
Hoeven
Hoffman, Ill.
Huddleston
Hull
Jarman
Jensen
Johansen
Kee
Keith
Kilgore
King, N.Y.
Kitchin
Knox
Kornegay
Kunkel
Kyl
Latta
Lesinski
Libonati
McMillan
McSween
McVey
Mahon
Matthews
Meader
Michel
Miller, N.Y.
Milliken
Minshall
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morse
Natcher
Nix
O'Brien, N.Y.
Osmers
Ostertag
Patman
Perkins
Peterson
Pillion
Poff
Purcell
Ray
Rhodes, Pa.
Rogers, Fla.
Roudebush
Saylor
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Scott
Seely-Brown
Selden
Shriver
Siler
Slack
Springer
Staggers
Taber
Taylor
Thomson, Wis.
Toll
Tuck
Utt
Van Pelt
Van Zandt
Waggonner
Walter
Watts
Wharton
Whitten
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Wright
Younger

NAYS—186

Abbitt
Addabbo
Albert
Andrews
Ashley
Aspinall
Baker
Baldwin
Baring
Barry
Bass, Tenn.
Bates
Beckworth
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Breeding
Brewster
Brooks, Tex.
Broomfield
Burke, Ky.
Cahill
Cannon
Chelf
Chenoweth
Cohelan
Cooley
Corman
Curtis, Mo.
Daniels
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Dingell
Donohue
Downing
Durno
Dwyer
Edmondson
Everett
Evins
Farbstein
Feighan
Finnegan
Flynt
Ford
Forrester
Fountain
Frelinghuysen
Friedel
Gallagher
Garmatz
Giaimo
Gilbert
Gonzalez
Goodell
Granahan
Grant
Green, Oreg.
Griffin
Gubser
Hagen, Calif.
Halpern
Hansen
Hardy
Harvey, Ind.
Healey
Hechler
Hemphill
Hiestand
Holifield
Holland
Horan
Hosmer
Ichord, Mo.
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Judd
Karsten
Kastenmeier
King, Calif.
King, Utah
Kluczynski
Kowalski
Laird
Lane
Langen
Lipscomb
Loser
McDowell
McFall
Mack
Magnuson
Mailliard
Marshall
Martin, Nebr.
May
Miller, George P.
Mills
Monagan
Mosher
Moss
Multer
Murphy
Murray
Nelsen
Norblad
Nygaard
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
Passman
Pelly
Philbin
Pike
Pilcher
Pirnie
Poage
Price
Pucinski
Quie
Reifel
Reuss
Rhodes, Ariz.
Rivers, Alaska
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. George
Santangelo
Shelley
Short
Sisk
Smith, Calif.
Smith, Iowa
Smith, Miss.
Smith, Va.
Stafford
Stephens
Stratton
Stubblefield
Sullivan
Teague, Calif.
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Tupper
Ullman
Vanik
Vinson
Wallhauser
Weaver

Westland
Wickersham
Widnall
Willis
Yates
Young
Zablocki

PRESENT—1

O'Neill

NOT VOTING—96

Alford
Andersen, Minn.
Anderson, Ill.
Anfuso
Auchincloss
Bass, N.H.
Becker
Blitch
Bolton
Bow
Boykin
Buckley
Carey
Celler
Chiperfield
Coad
Cunningham
Curtis, Mass.
Davis, James C.
Dent
Diggs
Dominick
Dooley
Doyle
Elliott
Fino
Fogarty
Frazier
Gavin
Glenn
Goodling
Griffiths
Harding
Harrison, Va.
Hays
Hébert
Henderson
Hoffman, Mich.
Johnson, Md.
Jonas
Karth
Kearns
Kelly
Keogh
Kilburn
Kirwan
Landrum
Lankford
Lennon
Lindsay
McCulloch
McDonough
McIntire
Macdonald
MacGregor
Madden
Martin, Mass.
Mason
Mathias
Merrow
Miller, Clem
Moeller
Montoya
Morris
Morrison
Moulder
Nedzi
Norrell
O'Brien, Ill.
Pfost
Powell
Rains
Randall
Reece
Riehlman
Riley
Rivers, S.C.
Rogers, Tex.
Rousselot
St. Germain
Saund
Schadeberg
Scranton
Sheppard
Shipley
Sibal
Sikes
Spence
Steed
Teague, Tex.
Thompson, La.
Udall, Morris K.
Weis
Whalley
Whitener
Zelenko

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. O'Neill for, with Mr. O'Brien of Illinois against.

Mr. Hébert for, with Mr. Harding against.

Mr. Dent for, with Mr. Morris K. Udall against.

Mr. Moeller for, with Mrs. Riley against.

Mr. Sikes for, with Mr. Anfuso against.

Mr. Lennon for, with Mr. Henderson against.

Mr. Shipley for, with Mr. Lindsay against.

Mr. Gavin for, with Mr. McIntire against.

Mr. Auchincloss for, with Mr. Keogh against.

Mrs. Bolton for, with Mr. Sheppard against.

Mr. Goodling for, with Mr. McDonough against.

Mr. Scranton for, with Mr. Powell against.

Mr. Sibal for, with Mr. Fogarty against.

Mr. Mathias for, with Mr. MacGregor against.

Mr. Kearns for, with Mr. Buckley against.

Mr. Becker for, with Mr. Carey against.

Mr. Bow for, with Mr. Morrison against.

Mr. Mason for, with Mrs. Reece against.

Mr. Whalley for, with Mr. Doyle against.

Mr. Hoffman of Michigan for, with Mr. Riehlman against.

Until further notice:

Mr. St. Germain with Mr. Dominick.

Mr. Rogers of Texas with Mr. Chiperfield.

Mr. Rains with Mr. Anderson of Illinois.

Mr. Randall with Mr. Rousselot.

Mrs. Pfost with Mrs. Weis.

Mr. Alford with Mr. Merrow.

Mr. Karth with Mr. Jonas.

Mr. Thompson of Louisiana with Mr. Bass of New Hampshire.

Mr. Lankford with Mr. Fino.

Mr. Landrum with Mr. Cunningham.

Mr. Morris with Mr. Kilburn.

Mr. Montoya with Mr. Schadeberg.

Mrs. Griffiths with Mr. Andersen of Minnesota.

Mr. Hays with Mr. Dooley.

Mr. Harrison of Virginia with Mr. Martin of Massachusetts.

Mr. Whitener with Mr. Curtis of Massachusetts.

Mr. Elliott with Mr. McCulloch.

Mr. ASHLEY changed his vote from "yea" to "nay."

Mr. O'NEILL. Mr. Speaker, I have a live pair with the gentleman from Illinois [Mr. O'BRIEN]. If he were present he would vote "nay." I voted "yea." I, therefore, withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, despite the complete change in philosophy from the original intent of Hanford proponents, the bill passed today is apparently satisfactory to our colleagues who led the struggle for this legislation. I am happy that they display this attitude, as I myself believe that today's vote will prove to be a completely empty and meaningless victory for the Pacific Northwest if the conditions imposed by the committee amendment are fully observed. This is an amendment most welcome to opponents of the proposed Hanford steamplant. We have long sought such a limitation because it is designed to protect the American taxpayer from incurring any financial losses. The 1961 plan was to provide for construction of the facilities through direct appropriation by the Federal Government. Although it is perhaps an understatement to say that Congress is occasionally guilty of authorizing unnecessary and wasteful projects, the House made it abundantly clear on three different occasions last year that it could not permit tax dollars to be spent for such an absurdity as a powerplant at Hanford.

Members of this legislative body were provided ample evidence that electricity generated through the use of the heat from the plutonium reactor would be far less efficient than that which comes through the use of a fossil fuel. The House repeatedly said no to the whole costly and archaic project. On Wednesday of this week the distinguished gentleman from California [Mr. HOLIFIELD] compared the plutonium production reactor with other experimental reactors.

> They are both reactors—

He said—

> It is like saying one automobile is a Ford and the other is a Chevrolet.

I submit that in reference to the proposed electric plant at Hanford, my good friend might better have recalled the White steamer.

The gentleman from California also pointed out that private utilities were offered and rejected an opportunity of constructing generating facilities at Hanford. After studying engineering analyses that proved the impracticability of a Hanford plant, I can well understand why the utilities did not accept the bait.

For the same reason, I predict that the powerplant will never be built because of these guarantees in the amendment as interpreted by the chairman of the Joint Committee:

First. The Federal Government cannot spend a single dollar of Federal money for the construction or operation of any electric generating facility at Hanford.

Second. The Federal Government cannot pay for any modification of the reactor which might be requested by a non-Federal entity.

Third. If there should be any losses to the Bonneville Power Administration as a result of these arrangements, then those losses must be borne by the Bonneville customers in rate adjustments.

Mr. Speaker, the reactor itself is far from completion, and its cost has already skyrocketed from the original estimate. If the letter of the law is respected and the Government stands firm against accepting any financial liability, then the project will never be built. Ivar Kreuger's stocks would look like giltedged securities compared with a stake in Hanford, and his matches would produce electricity more efficiently than Hanford's so-called waste heat. As the gentleman from Massachusetts [Mr. BATES] explained to the House on June 28, 1961:

> And, even if one were to agree that Hanford reactor steam is a natural resource which should be used wisely if possible, wisdom dictates—as it has in Ireland, Italy, and the United States with respect to natural steam—that the resource be put to use only where the proposed use can pass the test of economic competitiveness with conventional uses of steam.

The gentleman from California [Mr. HOSMER] on August 7, 1961, termed the Hanford project a "classic study in economic waste." He said that the House rejected Hanford "because the proposal, incorporating steam conditions closer to Fulton's steamboat than modern-day technology, would be a technological retrogression which could only depress further whatever prestige the United States has left in the world."

I recognize that there are plans in the works to present a glowing picture to investors and that an artificial demand for the bonds will be created as part of the promotional campaign, but when it is made clear that the Federal Government cannot by the law adopted today underwrite any part of this uneconomic project, there will be no more demand for any part of the investment than there was when the scheme was offered to private utilities and they refused to have anything to do with it.

While those of us who object to Hanford were delighted that the committee was agreeable to inserting this guarantee—protecting the taxpayer—into the conference report, I nevertheless opposed the report today because I feel that authorization of the project may encourage continued attempts to reinject the U.S. Treasury into the picture. And certainly none is so naive as to assume that a new subsidy idea will not be forthcoming when private capital fails to develop. I feel that the House would be better advised to have laid Hanford to rest once and for all this afternoon, but I accept the verdict of my colleagues and implore you to reject promptly all proposals for Federal funds for Hanford that are certain to emerge in the time ahead.

We recognize that the Hanford plant would be a key part of the proposed national grid intertie to bring Northwest power into coal markets, but today's decision puts a roadblock in those plans. I urge every Member of the House who will be serving in future Congresses never to forget provisions of the conference report just adopted. Remember that, in the words of the conferees as explained on the House floor by the distinguished chairman on September 12, 1962, that—

> The Federal Government cannot spend a single dollar of Federal money for the construction or operation of any electric generating facility at Hanford.

So long as this condition is respected, there will never be a Hanford electric plant, and generating stations in this nation will continue to consume increasing volumes of coal. We will not only realize more business in our present markets, Mr. Speaker, but we will serve—most efficiently—the growing demands in our Pacific Northwest and in California and the Southwest as well.

## LEGISLATIVE PROGRAM FOR NEXT WEEK

**Mr. HALLECK.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

**The SPEAKER.** Is there objection to the request of the gentleman from Indiana?

There was no objection.

**Mr. HALLECK.** Mr. Speaker, I take this time for the purpose of inquiring as to the program for the balance of the week, if any, and as to the program for next week.

However, Mr. Speaker, I would like to make a brief statement before I yield to the majority leader to announce the program.

Under the rules of the House, as I understand them, the first and third Mondays are, under the rules, the days on which the Speaker can recognize committee chairmen to move to suspend the rules and pass bills that they may desire to have acted on in that fashion. It is entirely a matter of the responsibility of the Speaker, and, as I say, the majority leader and the chairmen.

Having an advance copy of this list of suspensions for Monday next, which is the day when suspensions are in order, because there has been some confusion about it, I would like to say for the RECORD that these suspensions have been put on this list on the responsibility of the majority side. I am not quarreling with that, but I make that statement only because some Members may think that under the rules or the procedure here that none of these bills go on suspension unless they are cleared with the minority side. We all understand if we arrange for suspensions of the rules on particular days when they are not in order, then it is frequently arranged that the only bills to go on suspension are those that have been arranged between the majority and the minority. But that is not true when bills are put on the calendar on the regular suspension days.

Mr. Speaker, I yield to the gentleman from Oklahoma.

**Mr. ALBERT.** Mr. Speaker, Monday is Consent Calendar Day and there are 20 suspensions which I would like to read. However, before doing so, I would like to state that it is my understanding that a large number of these bills have been unanimously reported from the committees and it is hoped that the managers of the bills may clear them for passage by unanimous consent. I think a good number of these bills can be passed by unanimous consent. It is hoped that we can expedite the handling of all these bills.

Mr. Speaker, the suspensions for Monday are as follows:

House Joint Resolution 876: Reserve bill.

H.R. 7431: Tariff, free importation of stained glass—concur in Senate amendments.

H.R. 8846: Taxation, dispositions of property.

H.R. 2016: Taxes, payment of liquor stores.

H.R. 13044: Amend Home Owners Loan Act of 1933.

H.R. 12082: Provide maximum security, National Security Agency.

H.R. 11363: Industrial security program.

S. 2697: Veterans, waiving of time limitation.

H.R. 12761: Relief, occupants of mining claims.

S. 2511: Films for deaf.

H.R. 10542: Repeal Inland Waterways Corporation Act.

H.R. 4272: Amend, Interstate Commerce Act, long and short hauls charges.

H.R. 12833: Extend Air Pollution Control Act.

H.R. 11732: Amend section 305, Communications Act of 1934.

H.R. 12434: To facilitate the work of the Forest Service.

H.R. 12653: Amend Consolidated Farmers Home Administration Act of 1961.

H.R. 12802: Agriculture, coordination certain Federal laws.

H.R. 12855: Agriculture, tobacco acreage allotments.

H.R. 13067: Amend title VIII, National Housing Act.

S. 3529: Amend, Railroad Unemployment Insurance Account Act.

These bills may not necessarily be called in the order in which they are listed.

Tuesday is the day on which the Massachusetts primary bill will be held. We shall ask unanimous consent that record votes on all but procedural matters might go over until Wednesday.

Tuesday and Wednesday, the Private Calendar will be called on Tuesday and H.R. 12711—conference report—independent offices appropriation bill, 1963, will be called as well as S. 2429, Virgin Islands National Park boundaries.

For Thursday and the balance of the week we will have for consideration the foreign assistance appropriation bill, 1963.

Of course, this announcement is subject to the usual reservation that conference reports may be brought up at any time and that any further program may be announced later.

If the gentleman will yield further, may I state that we have finished the legislative business for this week.

## ADJOURNMENT OVER UNTIL MONDAY

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

**Mr. GUBSER.** Mr. Speaker, reserving the right to object—and I shall not object—I should like to point out that No. 1 on the suspension list for next week is the Reserves callup bill, which involves the lives of 150,000 American citizens. It is a major issue. And yet we are going to debate it here in 40 minutes without the privilege of offering an amendment.

I would like to point out that section 3 was admitted by the Secretary of Defense this morning as being unnecessary, that it could be performed administratively. And yet we are going to be kept from offering an amendment which, in effect, will legally deny the Secretary of Defense the right to use the best trained men the Armed Forces of the United States have today. I resent and protest this procedure. We could go ahead and get a rule on it and we could debate it. This is a bill that involves 150,000 human beings and deserves more than 40 minutes of debate.

**Mr. ARENDS.** Mr. Speaker, further reserving the right to object, I, too, am disturbed. I know the Reserve bill is No. 1 on the bills for consideration under suspension. Unfortunately, I could not be here today. I discussed this matter with the chairman of the committee on yesterday and I should like to say in complete frankness that he did not give me any assurance that he would try to get a rule on this bill, although he indicated that he might well get a rule rather than call it up under suspension. Possibly he changed his mind. I am not holding him to any agreement on it, because he made none. But, as the gentleman from California [Mr. GUBSER] said, here is a bill on which we will have only 20 minutes of debate to a side on next Monday, a bill which affects the lives of 150,000 Reserves who are about to be called up. Members on both sides of the aisle have some things to say about this.

I regret that it is on the suspension list for next Monday.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## POSTPONEMENT OF ROLLCALLS ON MONDAY AND TUESDAY OF NEXT WEEK

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that any rollcalls except on rules and procedural matters in order on Monday and Tuesday of next week may be first in order on Wednesday next.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

**Mr. GROSS.** Mr. Speaker, reserving the right to object—and I think I shall object—will the distinguished majority leader tell me why votes must be put over on Monday unless there is a primary on Monday?

**Mr. ALBERT.** The reason is that in each case during this and every other session that I have served in this House, when a primary comes on Tuesday we have asked that votes go over both Monday and Tuesday until the following Wednesday; the reason being, of course, that Members living at a distance go home the day before the primary. I think that is obvious.

**Mr. GROSS.** I will say to the gentleman that we could easily have a different program. I would be perfectly willing to accede to a unanimous-consent request, so far as I am concerned personally, to call this suspension calendar on a day when we can vote. I am going to ask the gentleman once more if he will agree to withhold his unanimous-consent request and agree to a unanimous-consent request on my part that any rollcall votes which are made in order on Monday next would be in order automatically on the following Wednesday.

**Mr. ALBERT.** Votes that will be in order on Monday are in order on Wednesday.

**Mr. GROSS.** They would not be in order on the same basis on Wednesday next.

**Mr. ALBERT.** The same rules governing votes will be applicable on Wednesday.

**Mr. GROSS.** The gentleman from Oklahoma is well acquainted with the situation that very often develops in this House when votes are piled up on the passage of a number of bills.

**Mr. ALBERT.** Mr. Speaker, may I say this to the gentleman: This is the last of the regular primaries, or next to the last of the regular primaries. There is one remaining runoff. We have followed this practice from the beginning of the year and I do not think the gentleman will want us to change the rules at this stage of the game.

**Mr. GROSS.** With 20 or 23 bills coming up under suspension the gentleman from Iowa is perfectly willing to change the procedure. Will the gentleman agree to a unanimous-consent request that any votes that are made in order on Monday, rollcall votes, will automatically be in order on Wednesday?

**Mr. ALBERT.** I cannot agree to a change in the rules of the House by a unanimous-consent request.

**Mr. GROSS.** Let me say to the gentleman that when he asks unanimous consent to put the votes over from Monday until Wednesday he himself is seeking to change the rules of the House.

**Mr. ALBERT.** I am following the precedents of the House, the precedents we have been following for many years. I want to say to the gentleman that we are trying to expedite the remaining business of the session. I am sure the gentleman is going to cooperate.

**Mr. GROSS.** I am perfectly willing and I have been trying to help expedite it. I understand the other body went out of session at 1:30 this afternoon because it could not produce a quorum to do business. Why should we rush through the bill, dealing with the lives and fortunes of 150,000 reservists, under the semigag rule of suspension on Monday, when many of the Members are absent if the other body is not disposed to cooperate in this business of getting out of Washington.

Mr. Speaker, I object.

**The SPEAKER.** Objection is heard.

**Mr. HALLECK.** Mr. Speaker, I should like to remind my friend from Iowa that a number of Members on our side of the aisle, I might say to him, have said to me that they plan to attend the convention of their party in New York on Monday next. They had hoped that this arrangement to which I had agreed with the majority leader would be put into effect. I do not know whether that will make any difference in the view of the gentleman from Iowa. That is up to him, but I wanted that in the Record.

## INDEPENDENT OFFICES APPROPRIATION BILL, 1963

**Mr. ALBERT.** Mr. Speaker, I ask unanimous consent that the conferees on the disagreeing votes of the two Houses on H.R. 12711, the independent offices appropriation bill, 1963, may have until midnight tonight to file a conference report.

**The SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

## GENERAL LEAVE TO EXTEND REMARKS

**Mr. HOLIFIELD.** Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks in the Record at the point where the debate occurred on the conference report on the bill authorizing appropriations for the Atomic Energy Commission.

**The SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

## MANPOWER TRAINING ACT

**Mr. BAILEY.** Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

**The SPEAKER.** Is there objection to the request of the gentleman from West Virginia?

There was no objection.

**Mr. BAILEY.** Mr. Speaker, may I remind both the majority and minority leaders that the House Committee on Education and Labor on Thursday approved the bill passed by the Senate amending the Manpower Training Act so as to bring employees of the railways that are under the Labor Act also under the provisions of the Manpower Training Act. This bill should go on the list of those to be considered under suspension. There was no objection and no protest in the committee. It was a unanimous action.

## AMENDING THE UNEMPLOYMENT COMPENSATION ACT OF THE DISTRICT OF COLUMBIA

**Mr. McMILLAN.** Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12762) to amend the Unemployment Compensation Act of the District of Columbia (49 Stat. 946), approved August 28, 1935, as amended.

The Clerk read the title of the bill.

**The SPEAKER.** Is there objection to the request of the gentleman from South Carolina [Mr. McMillan]?

**Mr. GROSS.** Mr. Speaker, reserving the right to object, will the gentleman say whether there are any increases in personnel or increases in salaries in either of the two bills that the gentleman is calling up?

**Mr. McMILLAN.** I would like to state to the gentleman there is no increase in expenditures in either of the bills I expect to call up, and it is hoped that expenditures will be reduced.

**Mr. GROSS.** Mr. Speaker, I withdraw my reservation of objection.

**The SPEAKER.** Is there objection to the request of the gentleman from South Carolina [Mr. McMillan]?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the District of Columbia Unemployment Compensation Act, approved August 28, 1935 (49 Stat. 946), as amended (sec. 46–301, D.C. Code, 1951 ed.), is further amended as follows: Section 3(c)(4)(i) of said Act approved August 28, 1935, as amended, is amended by substituting a colon for the period at the end thereof and adding the following: "*Provided*, That, for the calendar year 1963, and for each calendar year thereafter, an employer who became subject to the law, by virtue of the amendment of section 1(b)(5)(G) of the law by Public Law 87–424, and who has not been subject to the law for a sufficient period to meet this requirement, may qualify for a rate less than the standard rate if his account could have been charged with benefit payments throughout a lesser period but, in no event, less than the twelve consecutive calendar months ending on the computation date (as herein defined) for that calendar year."

Section 3(c)(5) of the said Act approved August 28, 1935, as amended, is amended by adding at the end thereof the following: "The Board shall compute rates for the second six months of 1963 for all employees first acquiring the necessary twelve months' benefit experience under section 3(c)(4)(1) on the computation date June 30, 1963. Such rates shall be based upon such employer's experience in the payment of contributions and benefits charged against his account through June 30, 1963, prior to the crediting of his account with trust fund interest. All employers issued a rate for the second six months of 1963, under this subsection, shall have a computation date of September 30, 1963, for the calendar year 1964."

Section 3(c)(9)(b) of said Act approved August 28, 1935, as amended, is amended by substituting a colon for the semicolon at the end thereof and by adding the following language: "*Provided*, That for an employer whose account could have been charged with benefit payments throughout at least twelve but less than thirty-five consecutive calendar months ending on the computation date, the term 'average annual payroll' means the total amount of wages for employment paid by him during the twelve month period ending ninety days prior to the computation date."

With the following committee amendment:

Strike out all after the enacting clause and insert: "That (a) section 3(c)(4)(1) of the District of Columbia Unemployment Compensation Act, approved August 28, 1935 (49 Stat. 946), as amended (sec. 46–303, D.C. Code), is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided*, That for the calendar year 1963, and for each calendar year thereafter, any employer who is subject to this Act by virtue of the amendment of section 1(b)(5)(G) of this Act by the Act of March 30, 1962, and who has not been subject to this Act for a sufficient period to meet this requirement, may qualify for a rate less than the standard rate if his account could have been charged with benefit payments throughout a lesser period but, in no event, less than the twelve consecutive calendar months ending on the computation date (as herein defined) for that calendar year.'

"(b) Section 3(c)(5) of such Act is amended by adding at the end thereof the following: 'The Board shall compute rates for the second six months of 1963 for all employers first acquiring the necessary twelve months' benefit experience under section 3(c)(4)(1) on the computation date June 30, 1963. Such rates shall be based upon such employer's experience in the payment of contributions and benefits charged against his account through June 30, 1963, prior to the crediting of his account with trust fund interest. All employers issued a rate for the second six months of 1963, under this subsection, shall have a computation date of September 30, 1963, for the calendar year 1964.'

"(c) Section 3(c)(9)(b) of such Act is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a colon and the following: '*Provided*, That for an employer whose account could have been charged with benefit payments throughout at least twelve but less than thirty-six consecutive calendar months ending on the computation date, the term "average annual payroll" means the total amount of wages for employment paid by him during the twelve-month period ending ninety days prior to the computation date;'."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## AMENDING LIFE INSURANCE COMPANY ACT OF DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12546) to amend the Life Insurance Company Act of the District of Columbia (48 Stat. 1145), approved June 19, 1934, as amended, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 8, chapter III of the Life Insurance Act (48 Stat. 1145) is amended by inserting at the beginning thereof "(a)" and by striking the figure "$100,000" in the first sentence thereof and inserting in lieu thereof the figure "$500,000", and by adding the following subsection:

"(b) No company shall be exempt from the provisions of this section by reason of its having been incorporated in the District or elsewhere prior to the effective date of this subsection, except that in the case of companies authorized in the District of Columbia on (date of passage) and continuously authorized thereafter without any increase or broadening of authority, the minimum capital required of a stock company shall not be increased by this section."

Sec. 2. The first sentence of section 9 of chapter III of the Life Insurance Act (48 Stat. 1145) is amended by striking the words "two-thirds of its stockholders" and inserting in lieu thereof the words "stockholders representing at least two-thirds of the capital stock entitled to vote" and by inserting after the word "members" the words ", if a mutual company,".

Sec. 3. Section 10 of chapter III of the Life Insurance Act (48 Stat. 1145) is amended by inserting at the beginning thereof "(a)" and by adding the following paragraph:

"(b) Subsection (a) hereof shall not be applicable to an increase of capital stock which the company shall certify to the Superintendent is to be reserved for issuance in connection with a plan approved by the Superintendent for—

"(1) the acquisition of the ownership or control of another insurance company as an affiliate or subsidiary pursuant to subsection 10(b) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535 10(b));

"(2) the granting of options to employees of the company to purchase its stock; or

"(3) the paying of stock dividends; or

"(4) such other purposes as may be approved by the Superintendent;

*Provided,* That at no time shall the number of shares of reserved unissued stock exceed the number of shares of issued and outstanding shares of stock of said company."

With the following committee amendments:

Page 1, line 7, delete "$500,000" and insert in lieu thereof "$200,000".

Page 2, delete from the word "except" in line 1, through line 5, and insert in lieu thereof: "except that in the case of any company which, on the effective date of this amendatory subsection, was the holder of a valid certificate issued pursuant to section 5, chapter II, of this Act, and which after the issuance of such certificate was continuously authorized to do business thereunder without any increase or broadening of authority, the minimum capital required of a stock company shall not be increased by this section".

Page 3, line 2, delete "stock;" and insert in lieu thereof "stock; or".

Page 3, line 3, delete "dividends; or" and insert in lieu thereof "dividends;".

Page 3, delete lines 4 and 5.

Page 3, add the following section:

"Sec. 4. This Act shall take effect on the first day of the first month which is at least ninety days after its approval."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## THE IOWA PLAN FOR GROWTH AND PROGRESS IN HIGHER EDUCATION

Mr. SCHERER. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. Schwengel] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, in several previous speeches during the past 2 years I have concentrated on the critical problem facing our country in the area of higher education. And, together with my research team of college students working under two fine professors of the Political Science Department of the State University of Iowa, we have worked hard to find a realistic and sound solution to meet the financial burden that must be met by those who are capable of and desire a college education. I have worked hard to find a new solution that would mean less increased Federal control and resolve the church-state problem.

We are becoming more and more encouraged by an increasing awareness of and concern about this problem. I would like, Mr. Speaker, to call your attention to an article in the September 12 issue of the Wall Street Journal by Kenneth G. Slocum entitled "Some Educators Worry as More Students Turn to Long-Term Loans," which makes clear some problems in regard to this problem that our study has noted.

This article expresses the concern of some educators not only for the difficulties that are arising in the collection of loans, but the extent of Federal influence over the affairs of the individual college.

The article expresses deep concern for the inability of many families to meet the increasing costs of a higher education at a time when this higher education is more and more in demand by our society. The article goes on to point out the efforts made by some of our private financial institutions to meet the problem of college expenses.

I would like to point out that I have introduced several bills that come as close to meeting this problem head on and realistically as any I am aware of. This proposed legislation which we have chosen to call the Iowa plan for growth and progress in higher education, or in short the Iowa plan, consists of three phases. H.R. 7066, H.R. 7379, and H.R. 7380 provide tax deductions and tax credits while students are in college. More important in building a strong foundation for the future financial ability of students to attend a college or university that is not dominated by the Federal Government is H.R. 12126. This is the plan to provide a tax credit of $50 a year per child from birth to 18 years of age, or college entrance, providing that an investment certificate of $50 has been purchased from a financial institution. These two plans would make available approximately $1,800 in cash for every student who desired to do so. We are now working on a bill to make it possible for students and colleges to utilize funds accruing from certificate purchases.

Mr. Speaker, it is now clearly evident that stop-gap measures simply do not fill the bill. A long-range program is needed by our individual citizens and our leaders. The evidence is clear that many private concerns are increasing their efforts to aid in the education of our youth. The Iowa plan offers a program that will preserve the dignity of the individual. It avoids Federal control. It avoids the religious issue. It does go a long way in meeting the students' financial difficulties. It will provide loan funds for our colleges other than Federal loans. It is a bill which will put serious concern for future growth and responsibility at the local, individual level, and the only place it can possibly have any real meaning.

During the next session of Congress, when tax revisions are being considered, I sincerely hope that these bills will be given serious consideration.

Mr. Speaker, I ask that the article referred to above be inserted in the Record at this point with hope that all who are interested in solving the problem of higher education can read it.

## College on the Cuff—Some Educators Worry as More Students Turn to Long-Term Loans—Indiana University Reports Grads Lag in Repaying Federal Funds—Nonprofit Plans Growing—Stock Decline Spurs Interest

(By Kenneth G. Slocum)

Bloomington, Ind.—A growing number of college students are studying now and paying later. But while expanding educational loan programs unquestionably are opening college doors to many talented but financially strapped youths, some university administrators foresee problems.

Here at Indiana University, for example, as students troop back to school this week for the start of the fall semester, Assistant Controller Lloyd Keisler still has on his mind several recent graduates who were recipients of loans under a joint Federal-university program.

"I can't find nine former students who owe us and Uncle Sam a total of $20,000 in loan funds," complains Mr. Keisler. "But the thought that scares the devil out of me is that if we have problems collecting on only 280 loans now, what will we do in 5 years when we'll have about 2,000?"

Numerous other school officials worry that collection problems may arise with student loans, which often don't have to be repaid until the student leaves college and takes a job. Some administrators suggest young graduates saddled with growing family responsibilities may often find it difficult to pay off debts incurred in college days. Also disturbing to some educators is the extent of Federal involvement in student loans; a number of colleges are shying from participation in the Government loan program because of fears it could lead to Federal influence over their affairs.

### BORROWING CLIMBS

Americans will borrow close to $600 million for college expenses in the current academic year, according to one authoritative estimate. Five years ago, in the 1957–58 academic year, student loans totaled about $115 million.

Besides the Federal Government and the colleges themselves, private nonprofit funds and commercial lenders such as banks and finance companies now offer educational loan plans. While commercial lenders continue to concentrate on conventional loans to parents for college expenses, the emphasis in the other loan programs is on long-term loans directly to students. Such loans are based on the students' future earning power instead of present income, collateral, or parental resources.

A steep climb in college enrollments, coupled with an increased supply of loan funds and soaring college costs, is behind the rise in student loans. Some 4.1 million persons will be seeking degrees at U.S. colleges this fall, up from 3.9 million a year ago and only 1.5 million in 1939–40.

Though part of this gain reflects population growth, much of it stems from the rising proportion of American youths attending college. The U.S. Office of Education reports that more than 50 percent of last June's high school graduates had definite plans to enter college, compared with 15 percent in 1940.

### EMPLOYERS SEEK COLLEGE MEN

This drive for higher education, spurred by employers' growing demand for college-trained employees, is bringing to the campus more students who require financial help to meet college expenses. For despite generally rising prosperity, the rapid increase in college costs has outstripped many families' income gains.

While Government figures show the cost of living has roughly doubled since 1940, college costs have more than tripled. Freshmen entering private colleges this month face 4-year costs averaging $11,200, says Dr. W. W. Hill, manager of United Student Aid Funds, Inc., one of the nonprofit loan organizations. This outlay compares with $6,300 in 1950 and $3,700 in 1940. A student entering a State school this fall will pay about $8,300 for 4 years, up from $6,200 as recently as 1960 and $2,600 in 1940. These amounts include tuition, board and room and such expenses as laundry, books, travel, and recreation.

The U.S. Government moved deeply into the student loan field with the National Defense Education Act of 1958. In the current academic year, Federal officials estimate, Uncle Sam will lend some 220,000 college students a total of $110 million, up from $94 million to 185,000 students last year. During its 4-year existence, the Federal program already has made loans totaling $228 million to 330,000 students.

### SPUTNIK'S IMPACT

Under the Federal plan, which grew out of concern over the quality of American education following the launching of the first sputnik by the Soviet Union in 1957, needy students may obtain loans of up to $1,000 a year, with a maximum of $5,000 over the course of a college career. The United States provides 90 percent of the funds, and the school contributes the remaining 10 percent. Each school is limited to a total of $250,000 of Federal loan funds a year. In granting loans under the program, which is administered by the individual institutions, priority is given to top students in elementary or secondary education, science, mathematics, engineering and modern foreign languages.

The 3-percent annual interest on the loans is charged only during the repayment period, which starts 1 year after completion of the recipients' studies—later for graduates who enter military service—and runs 10 years. The plan amounts to a Government subsidy since the student uses the money without paying interest while in school and since the interest he eventually pays is lower than the rate the Government pays for money it borrows.

Private student loan organizations such as Dr. Hill's United Student Aid Funds are also expanding their operations. United Student Aid was launched a little over a year ago with a pilot venture in Indiana. Now it is either operating or under consideration in most States.

### LOAN GUARANTEES

United Student Aid, whose methods are employed by several similar groups, guarantees loans made "at cost" by cooperating banks around the country. To do this, the group has created a reserve fund from donations by philanthropists, businessmen and colleges. So far United Student Aid has guaranteed about $1.8 million in loans to 2,066 students, and it now has sufficient reserves to back an additional $4.8 million of loans. The organization's goal is to have enough funds to guarantee $500 million of college loans in 5 years.

Under the United Student Aid plan loans range up to $1,000 a year, with the total limited to $3,000. Repayment at 6 percent interest begins 4 months after graduation and continues for 3 years. To be eligible for the loans, students must have completed their freshman year with passing marks.

Despite the spread of subsidized and nonprofit college loan programs, finance companies and banks are doing brisk business in regular loans to parents for their children's college expenses. Most banks limit such loans to $10,000 for 4 years of college, but at least one finance company, CIT Financial Corp., now will lend parents as much as $14,000 to send one of their offspring through college. The loans usually must be paid off within 5 or 6 years from the time they are granted.

CIT is one of the finance companies achieving big gains in the college field. "Our student loan business in August ran about 35 percent over last year, which was a record," says Robert J. Wolf, vice president of Tuition Plan, Inc., the CIT subsidiary which handles college loans. "If September business holds up—and there's no reason to believe it won't—we'll have a tremendous increase this semester over last year."

Household Finance Corp. expects its student loan volume in the 1962–63 academic year to be five to six times last year's volume. "The program is really rolling," says H. W. Van Baalen, a Household Finance vice president. Mr. Van Baalen indicates one reason for the current surge in college loans is the stock market decline. "We see it every day now—the parents hold stock that declined to the point they don't want to cash it in. So they borrow instead."

Bank and finance company loans to parents for college expenses are not controversial; it's the long-term loans made directly to students that are causing concern among some educators.

This concern is particularly evident in the case of the joint Federal-college loans, which the colleges are charged with collecting. Indiana University's collection difficulties hint at the problems that can arise. Despite interviews with borrowers before they depart from the campus and a steady barrage of reminders and overdue notices, the school finds more than 10 percent of the loan payments are more than 60 days late.

A HEAVY BURDEN?

Indiana has undertaken a detailed study of the effects on graduates of debts for college expenses. "We want to see what happens after graduation when couples are faced with the problem of buying a home and a car when they are still paying off a college debt," explains Mrs. Alice Duncan, assistant director of the university's financial aid department.

Many educators believe the lengthy repayment period for Federal loans is at the root of collection problems. With the year's grace after graduation and the 10-year repayment period, a student could still be paying off his debt 15 years after he first borrowed for freshman expenses. With family expenses mounting, it's suggested, a debt dating from college days might not seem especially urgent.

"This collection problem on Government loans could become a national scandal," warns Charles F. Phillips, president of Bates College in Lewiston, Maine. "The general principle of credit extension is the longer the credit period, the higher the loss ratio."

About 500 of the 2,000 colleges in the United States have declined to participate in the Federal student loan program. Some schools object to the loyalty oath required of borrowers, some are not able to put up the specified 10 percent of the loan funds and some oppose the Federal loans on principle.

---

## CONGRESS SHOULD INVESTIGATE COERCIVE NATURE OF ADMINISTRATION POLICY IN LABOR SETTLEMENTS

**Mr. SCHERER.** Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks in the body of the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

**Mr. HIESTAND.** Mr. Speaker, big government is forcing 100,000 workers into unions in the aerospace industry. This is a far cry from the American ideal of individual freedom that we cherish.

The factfinding panel in the threatened aerospace strike was not unbiased. Prof. George W. Taylor, its chairman, is on record as advocating compulsory unionism which is the major issue under consideration. His recommended terms for settlement will force 100,000 industry workers into the unions against their will.

This is an outrage that even big labor bosses were unable to accomplish until big government tipped the scales. This industry has for all practical purposes only one customer and that is big government. Company management has remained steadfast in its pledge to thousands of workers that they would not be forced into unions. It is difficult, however, to see how they can withstand the pressure of direct Government dictation because of the vulnerability of their contracts.

For the unions and union-supported politicians the spoils are high. One hundred thousand more men and women paying dues at $5 per month will result in an additional income of $6 million a year. No wonder the fight against individual freedom has been so fierce.

The Congress should investigate the coercive nature of administration policy in the field of labor settlements. It serves neither management nor labor that their collective-bargaining rights are usurped by big government. And as usual, we American people will pay the bill.

---

## DISARMAMENT CONCESSIONS

**Mr. SCHERER.** Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROUSSELOT] may extend his remarks in the body of the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

**Mr. ROUSSELOT.** Mr. Speaker, we have been hearing a great deal of discussion about the general subject of disarmament throughout our country and in the Halls of Congress during the last 3 or 4 years. Several constituents have called to my attention a series of three editorials which appear in the Dallas Morning News at various indicated times. Because these three editorials so clearly and concisely state the problem of attempting to arrive at disarmament agreements with the Communist conspiracy, I will place them before the House of Representatives for its consideration:

[From the Dallas (Tex.) Morning News, Aug. 8, 1962]

### DISARMAMENT CONCESSIONS

When the U.S. proposal for general and complete disarmament was offered last April at Geneva, many Americans felt their leaders in Washington were playing with fire because the proposal was not a plan for disarmament at all. It proposed the scrapping of our Armed Forces in favor of an international peace force, and in the opinion of the News would have led toward world government and the surrender of American independence if it had been accepted.

Fortunately it was not accepted; the Soviets vetoed the U.S. proposal. And this act seemed to convince many people that the proposal was all right. Without asking why the Soviets rejected the plan, they reasoned that if the Russians couldn't accept it, it must have been all right.

The Soviets, however, may have had different reasons for using their veto. It seems quite likely, for example, that they have learned that whenever they reject a U.S. disarmament proposal the United States will offer something better the next time around.

The Soviets are persistent. They have plenty of time. As long as they are winning the cold war—or as long as the United States refuses to try to win it—they can afford to hold out for the maximum gain.

It now seems fairly obvious that this is exactly what they were doing last April in Geneva, when they rejected the U.S. disarmament proposal out of hand.

Though the proposal went a long way toward meeting their demands, it did not meet all of them. They were probably fairly certain that by holding out for the limit, President Kennedy and his disarmament advisers would back down on the few remaining U.S. safeguards the next time they met.

This, of course, is what has happened. Last week, at a press conference, President Kennedy announced that the United States was willing to "compromise" on the disarmament issue by acceding to the demands of the eight "neutral" nations which have delegates at Geneva.

The President said that we are now willing to give up the demand for an international network of 180 seismic detection stations and to retreat on the number of onsite inspections within the Soviet Union.

Adequate inspection always has been demanded by the United States to insure against surprise attacks or secret testing of nuclear weapons by the Soviets—whose word we cannot accept on face value.

The United States traditionally has demanded at least 20 onsite inspections within the Soviet Union each year, and a network of seismic detection stations manned by representatives from Soviet, Western, and neutral nations.

Not long ago the President said the number of onsite inspections could be limited to 12 to 20, and last week he merely used the word "some" without specifying a number. In addition he has almost completely conceded on the matter of seismic stations, offering to let the Soviets man their own stations and holding out only for some kind of international "monitoring" or "supervision" of these control posts.

The President's latest concessions are based on a new technique we are supposed to have acquired which will distinguish between underground nuclear explosions and earthquakes. This technique supposedly was discovered during our recent atomic tests in the Pacific.

But Representative CRAIG HOSMER, Republican, of California, who is a ranking member of the Joint Congressional Atomic Energy Committee, claims that we can by no means be certain of our ability to distinguish between earthquakes and atomic tests without closer detection stations or onsite inspections.

He has pointed out that the Defense Department's Advanced Research Projects Agency—which was reported to have made the claim—merely announced that we have made progress toward the identification and location of underground disturbances.

Yet, the President is using this questionable achievement as the basis for his newest round of concessions to the Soviets. But maybe we don't have to worry much about these concessions, for the Soviets have indicated they will reject them as well. They have seen how the veto of our disarmament proposal last April brought out a few more concessions, and they will no doubt hold out for the limit.

Sooner or later, we will have reached that limit, and the Russian delegates will be directed to say "da" instead of "nyet." When that day arrives, maybe we will have learned our lesson. Unfortunately, by that time it will be too late.

---

[From the Dallas (Tex.) Morning News, Apr. 20, 1962]

### AMERICA IN DANGER

The new U.S. plan for general and complete disarmament—placed on the conference table at Geneva on Wednesday—is neither new nor a plan for genuine disarmament. Essentially the same plan was proposed by President Kennedy in a United Nations speech last September, and the details of the plan were outlined at the same time in an official State Department document labeled "Freedom From War."

In substance, the plan calls for the not-too-gradual elimination of the Armed Forces of the United States and the military establishments of all other nations. But at the same time, a United Nations peace force would be established and strengthened to the point where it would be so powerful that no state can challenge it. All of this would take place within the next 6 to 10 years, if the U.S. proposals were accepted.

If this is disarmament, it is also a direct path to world government and the end of American independence.

While the current proposal is essentially the same as the one outlined by the President and the State Department last fall, there are at least two significant additions—both designed to make the plan more acceptable to the Soviets and both involving dangerous risks.

First is the absence of an arms inventory inspection at the start of disarmament. According to the proposal, we are now willing to accept Russia's own statement of its arms strength without inspection.

Second is a new sampling technique of inspection during disarmament. As outlined, we would only make spot checks of small areas of the Soviet Union to see that the Russians were keeping their word. "The risk of exposure of fraud," we are told, would prevent the Soviets from cheating.

But let us disregard for the moment, these inspection flaws. Let us assume, for the purpose of exploring all of the possibilities, what we certainly cannot assume—that the Soviets will really disarm and be completely honest about it.

If this were the case, and if the U.S. plan were followed, we would be led straight down the path to world government, subject to the decisions of the United Nations, which would be strong enough to overcome the opposition of any nation or any combination of nations resisting its will. Is this really what we want?

Even if we can assume that the Soviets and their apologists don't or won't control the U.N.—another assumption we dare not make—surely no one would suggest that we can be sure of controlling it.

Dr. Robert Morris, president of the University of Dallas, explained the situation clearly on Wednesday: "More and more, the U.N. is coming under the influence of the Soviet and pro-Soviet 'neutrals.' Today the West is a minority force in the councils of the world. So-called 'neutrals' now hold the balance of power.

"If the proposed transfer of power took place today, the Sukarnos, the Titos, the Krishna Menons would have a prevailing voice in ruling the world. These people have no comprehension of our way of life, our common-law heritage, the Bill of Rights, free enterprise or even our spiritual and religious foundations. All of these treasures of Western civilization would dissolve in the face of neutralist power. This is indeed the death knell for Western civilization."

This is no joking matter. The U.S. disarmament proposal is possibly the most serious threat this Nation has ever faced.

The News cannot believe that the American people are ready to be ruled by the U.N.—not now or 10 years from now. We must forget for the moment our anger or concern over almost every other issue—the steel price controversy, Billie Sol Estes, Liz Taylor, or the income-tax bite—and concentrate on the defeat of this disarmament scheme.

Our survival and our freedom may depend upon it. If we lose this one, the ball game is over.

Every American who has an interest in preserving his heritage must make the weight of his opposition felt. If you've never sent a letter or telegram to the White House or the Capitol, now is the time.

---

[From the Dallas (Tex.) Morning News, Jan. 23, 1962]

### One, Two, Three—Surrender—U.S. Would Yield to U.N. in Harebrained Blueprint

(By Ken Thompson)

(This interpretative article by Mr. Thompson appeared in the News January 23. It is being reprinted in view of Mr. Kennedy's disarmament proposal announced Wednesday. Also see lead editorial in today's News.)

One of the most incredible documents ever to emerge from the foggy corridors of the State Department is a bulletin entitled "Freedom From War: The United States Program for General and Complete Disarmament in a Peaceful World." As skeptical as I have always been of the measure of good sense and loyalty within the State Department, I never would have believed that these people we call our diplomats could so completely and unabashedly advocate the surrender of American rights and sovereignty until this bulletin appeared.

What it amounts to, in effect, is the official U.S. position on the subject of disarmament. More specifically it is the basis of proposals which have already been submitted to the United Nations by the United States.

Although this bulletin was published last fall and is available for just 15 cents from the Government Printing Office in Washington, there has been very little attention paid to it.

Why, I cannot tell you, for it is certainly the most fantastic, harebrained blueprint for surrender on record.

Old Nikita himself might just as well have written it. And if more of the American people knew about this scheme there would be a nationwide uproar that would make the reaction to the Alger Hiss scandal look like another era of good feeling by comparison.

Last September President Kennedy addressed the United Nations and spoke of the desire of the United States to reach an agreement on disarmament. His stand has been echoed by Adlai Stevenson, our chief delegate and Ambassador to the U.N.

Where Kennedy and Stevenson spoke in general terms, the State Department bulletin deals in specifics. It supplies the terms for those vague goals the administration hopes to gain through the U.N.

What are these terms? The State Department document summarizes the proposals as a "new program [which] provides for the progressive reduction of warmaking capabilities of nations and the simultaneous strengthening of international institutions to settle disputes and maintain the peace." This program is broken down into three phases or parts.

In the first phase, all nuclear-weapons tests by nations would be prohibited, production of fissionable material stopped, strategic delivery systems reduced and conventional arms and armed forces would be cut.

In the second phase, present stocks of nuclear weapons would be reduced, further cuts would be made in armed forces, armaments and delivery systems and military bases and facilities would be dismantled. At the same time, a "peace force" would be established for the United Nations.

In the third and final phase, all nations would possess "only those forces, nonnuclear armaments, and establishments required for the purpose of maintaining internal order; they would also support and provide agreed manpower for a U.N. peace force."

This force would be "fully functioning," and would be sufficiently strong to overpower any individual nation or combination of nations resisting its will.

There you have it. One, two, three, bingo. The U.N. rules the world.

And who rules the U.N.? That is the question. If for one moment old Nikita thinks he isn't going to rule the U.N., you can bet your last kopek he's not going to fall for a trap like this.

As soon as he and Mr. Nehru, Mr. Nkrumah, Mr. Sukarno, and a few other scoundrels count enough votes to come up with a winning combination, such a proposal will be a natural for them, and there won't be any more kopeks left for us to count. That's the beauty of the system—from Mr. Khrushchev's point of view, of course. It's heads he wins, tails we lose.

And speaking of votes, one of the most interesting—if most frightening—aspects of this proposal is the lineup on an 18-nation negotiating body in the U.N. which soon will be considering this disarmament scheme.

Originally, this committee was composed of five Western nations (Britain, Canada, France, Italy, and the United States) and five Soviet-bloc nations (Bulgaria, Czechoslovakia, Poland, Rumania, and the U.S.S.R.). But the sharp division of these two factions resulted in a complete deadlock, and on June 27, 1960, the Soviets walked out.

Then somebody came up with the bright idea of adding eight independent nations to the committee as a compromise—two Asian, two African, two Latin-American, one Middle Eastern and one European.

The future of this country—and of the free world—may very well depend upon how those eight nations line up.

At the moment the future is looking very dark. For from Asia, they picked Burma and India; from Africa, Nigeria and Ethiopia, from Latin America, Mexico and Brazil; Egypt from the Middle East, and Sweden from Europe.

Five of these nations—a clear majority—recently voted in favor of seating Red China in the U.N. and kicking Chiang out. These five nations are Burma, Egypt, Ethiopia, India, and Sweden.

Moreover, Mexico was the only Latin American nation (other than Cuba, of course) to oppose flatly a resolution by the Organization of American States calling for a foreign ministers' conference on the Cuban threat of Communist invasion of the hemisphere.

Brazil, which refused to support this same measure by abstaining on the vote, has already proclaimed its disapproval of any actions which the foreign ministers might take to deal with Castro. The Brazilian Government has officially called upon the United States and other hemisphere nations to "coexist" with Cuban communism. At the OAS conference, Brazil and Mexico led the opposition to U.S.-proposed sanctions against Cuba.

How many friends does this leave the United States on the all-important U.N. Disarmament Committee? You count 'em, I'm sick.

---

## HOUSE UN-AMERICAN ACTIVITIES COMMITTEE PROCEDURES RE STUBER CASE

**Mr. SCHERER.** Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. Curtis] may extend his remarks in the Record and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

**Mr. CURTIS of Missouri.** Mr. Speaker, on August 30, 1962, I placed further materials and comments in the Record concerning certain complaints about the procedures of the HUAC in releasing material of a personal derogatory nature in their files to the public.

I am pleased to note that the St. Louis Post-Dispatch discussed this matter in a lead editorial appearing in the Monday, September 10, issue entitled "The Graylist." This is a good editorial, although it, too, is deserving of some criticism. I am placing it in the Record after my remarks, along with the most recent letter from Dr. Stuber and my reply to him.

I must remark that the St. Louis Post-Dispatch editorial goes a little overboard in insinuating that the Stuber case reflects a common practice by the HUAC to the extent that "it indulges the practice of smear by files," and refers to it as "one of the most un-American activities of the House Un-American Activities Committee."

I know of no other documented cases than the Stuber cases. I know no other documented case of another type of un-American activity which justifies the editorial writer to use the pronoun "one" thereby implying others.

There is no question in my mind that the HUAC has been smeared unfairly from one end of our land to the other and to the damage of American prestige abroad.

I hope that some of those who have indulged in spreading unproven charges of improper actions against the HUAC would be as concerned about the reputations of the Congressmen, the Congress and its committees as other Congressmen and I have been about the reputations of private citizens.

The St. Louis Post-Dispatch editorial properly rebukes me by saying:

> He began his retreat in a peculiar way, by saying Dr. Stuber had raised the basic issue of abolishing the committee—an issue which Dr. Stuber's letters had not raised at all.

It is true Dr. Stuber did not raise that issue. I presumed this to be so, as I discuss in my latest letter to Dr. Stuber, because his criticism and accompanying resolution came at a time when the attack on the HUAC was rather hot and heavy. My first discussion of this matter in the March 8, 1962, Congressional Record was titled "Attacks on the House Un-American Activities." I am convinced now that I was in error in believing that the Stuber criticism was part of this movement.

I am not in error, however, in the basic assumption that the HUAC has been under unfair attack by people who, unlike Dr. Stuber, did not document their case and who seem to be unconcerned with spelling out their criticism so that if it is found to be just it can be corrected.

I do not regard my actions as a "retreat from my defense of the Un-American Activities Committee" as the Post-Dispatch editorial suggests. As Dr. Stuber pointed out, he was not attacking the committee but a procedure. I do believe a proper procedure was not followed and that Congress should be certain that the proper procedure is followed in the future.

I think the HUAC even in light of this serious error has acquitted itself well overall in this controversy, and that long-overdue apologies are in order to it from uninformed critics, who seem reluctant to inform themselves.

Missouri Council of Churches,
*Jefferson City, Mo., September 5, 1962.*
Hon. Thomas B. Curtis,
*Old House Office Building,*
*Washington, D.C.*

Dear Congressman Curtis: I appreciate having the copy of the Congressional Record which you were kind enough to send me dealing with our second exchange of letters concerning the release of listed material from the personal files of the House Committee on Un-American Activities.

In your introduction of the material I believe you have put me in a position which my correspondence with you does not warrant. When did I ever ask you to work for the abolition of the House Committee on Un-American Activities? I have not asked you to abolish the committee, but to eliminate an abuse which you admit exists in relation to the public release of listings. Others may have written you concerning abolition, but your statement of my position is certainly not in keeping with our friendly correspondence.

Moreover, I did not like your interpretation that a protest against procedures of the committee constitutes an attack on the committee itself. It would seem to me that in a democratic country Congress would welcome from U.S. citizens anything which might help to clarify a basic issue of liberty and religious freedom. My protest was not to destroy anything, but to save our Nation from using Federal power at the expense of individual liberty. I know that you, too, have a real concern at this point and this is why I hope you will keep working on this matter of freely handing out listings without first of all having greater safeguards.

I hope you have had a good summer.

Sincerely yours,
Stanley I. Stuber,
*Executive Director.*

---

Congress of the United States,
House of Representatives,
*Washington, D.C., September 13, 1962.*
Stanley I. Stuber, Th. M., D.D.,
*Executive Director, Missouri Council of Churches, Jefferson City, Mo.,*

Dear Reverend Stuber: I wish to acknowledge your letter of September 5, 1962.

You are correct in stating that in placing the material in the Congressional Record I put you in a position which your correspondence with me did not warrant. I have reviewed the file and it is quite clear that you did not ask me to work for the abolition of the House Un-American Activities Committee.

I am sorry about this error and I shall endeavor to correct it. Let me assure you that the error was not intentional. As I stated in my letter to you of January 8, 1962:

> "The resolution you sent to me comes at a time when there is a very obvious propaganda campaign being conducted to degrade the HUAC, and so the Congress itself."

Your letter and file are part of a much larger file I have kept on the HUAC. Indeed, the purpose of many of the letters and resolutions I had been receiving about the time your letter and the enclosed resolution arrived did urge the abolition of the HUAC.

I believe, as I stated at the time that the resolution (in this climate and its ambiguous wording) was an attack against the Congress itself, the HUAC, and individual Congressmen and was not limited to a complaint of specific violation by named Congressmen.

I have become convinced by the forthrightness with which you have pursued this matter that it was an unfortunate coincidence that your complaint against the procedures of the HUAC which permitted derogatory material to be taken from its files and utilized to degrade yourself and others came at a time when this general, and to this date unsubstantiated, attack upon the HUAC in trying to bring about its abolition, was occurring.

You did what I asked in my first letter, particularize and document your complaint. Under these circumstances, I can understand why you felt that the original resolution was no more than a protest against certain procedures and that I was unfair in interpreting it as an attack against the committee itself. I trust, however, you can see in rereading the language why I felt it was part of the overall campaign against the committee itself.

I do believe my criticism was sound, that before the resolution was promulgated a protest should have been registered with the HUAC itself to see what response it might have made and to have given it an opportunity of correcting the situation.

I certainly shall keep working on this matter of freely handing out listings without first of all having greater safeguards. I believe I go further than you ask. It seems to me that these listings should not be handed out at all and that Congressmen who wish to see a particular file be told that these files, under the rules of the House, cannot be made public.

In your instant case it appears some Member of Congress was responsible for passing on to someone in the public a copy of the public file. I believe that such action is in error and it should be made clear that this is the case.

Thank you for your courtesy in this matter. I think some real progress has been made, if in no other way, in airing the matter. I was pleased to see the St. Louis Post-Dispatch editorial on this matter. I shall place it in the Record along with this letter. Perhaps this will help to clarify the matter further and correct the unwarranted position I placed you in by assuming without proper substantiation that you were urging the abolition of the HUAC.

Yours very truly,
Thomas B. Curtis.

---

[From the St. Louis Post-Dispatch, Sept. 10, 1962]

### The Graylist

One of the most un-American activities of the House Un-American Activities Committee is the dissemination of unproven and unevaluated information from its files. Such fuzzy information becomes in irresponsible hands a kind of graylist of political suspects, lacking the clarity of a blacklist.

Does anyone doubt that the House committee really indulges the practice of smear by files? We refer to the Congressional Record for March 8 and August 30, in which Representative Thomas B. Curtis, of Webster Groves, inserted correspondence with Stanley I. Stuber, executive director of the Missouri Council of Churches.

Writing first in November 1961, the Reverend Dr. Stuber called Mr. Curtis' attention to a resolution adopted at the American Baptist Convention. The resolution protested against the release by Congressmen of untested material from House committee files which "gives the false impression that certain of our outstanding American religious leaders are associated with communism."

Mr. Curtis' initial response was to call this "an attack against the integrity of Congress." Dr. Stuber replied that he was not attacking Congress but a committee practice. Mr. Curtis demanded a bill of particulars. Dr. Stuber offered two church publications indicating that a Congressman had supplied a group known as the Circuit Riders with committee material for attacks on a St. Louis clergyman. Mr. Curtis then asserted that House rules prohibited publication of derogatory information "without a vote of the committee involved after executive session."

There matters stood from March until August 30, when Representative Curtis returned to the matter in the Record. He retreated from his defense of the Un-American Activities Committee, but he began his retreat in a peculiar way by saying Dr. Stuber had raised the basic issue of abolishing the committee—an issue which Dr. Stuber's letter had not raised at all.

What Dr. Stuber had done was to supply the bill of particulars demanded. He wrote that a Jefferson City clergyman hostile to the Missouri Council of Churches had asked Chairman Walter of the House committee for its listing on Dr. Stuber himself. The material was sent. It was then used, or misused, in publications in Jefferson City and Kansas City and on a Kansas City radio station.

The hodgepodge of material purported to show that Dr. Stuber had joined Communist-front groups. It was not used with the committee's official disclaimer of judgment; indeed, the committee had never even officially referred to Dr. Stuber. But Chairman Walter wrote Mr. Curtis that he knew of no House rules prohibiting the release of such unevaluated information to Members of Congress.

At this point it was clear, as Mr. Curtis more or less conceded, that the Un-American Activities Committee had indeed released information used to degrade Dr. Stuber, and that this was anything but a rare practice. In March Mr. Curtis was demanding proof of the practice, but in August he was gently suggesting that it should not reoccur. Speaking of the use of "half-truths and innuendoes," he said he hoped that "we shall see progress in strengthening the Congress and its procedures."

Representative Curtis, as well as Dr. Stuber, merits commendation for his distinct role in exposing one of the Un-American Activities Committee's worst practices. But about the only progress required in strengthening congressional procedures here is to stop this one procedure altogether. The committee should not be allowed to collect and distribute dubious information from any and all sources and give it a kind of official imprimatur without an official judgment. The stuff of graylists should be kept under key.

---

## CAPTIVE NATIONS: THE 1962 WEEK, NATIONWIDE PROCLAMATIONS, AND A SPECIAL HOUSE COMMITTEE ON CAPTIVE NATIONS

**Mr. SCHERER.** Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Derwinski] may extend his remarks in the body of the Record and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

**Mr. DERWINSKI.** Mr. Speaker, among the many truths brought out by the 1962 Captive Nations Week observances is that of general American consciousness regarding the importance of the captive nations to the security and cold war objectives of this Nation. Those who hold the false notion that interest in the eventual liberation and independence of all the captive nations is some sort of monopoly wielded by the so-called ethnic groups in this country might well survey the facts of the week's observances. In the previous observances, as well as in the 1962 one, the outstanding fact was the countrywide participation of Americans who are not of Asian or East European background.

### NATIONWIDE PROCLAMATIONS AND STATEMENTS

Many of us are aware of the coast-to-coast newspaper accounts of the week's observances. Radio programs and TV shows about the week in different sections of our country are also familiar to us. But what is perhaps not so evident to most of us is the extent to which official recognition has been given to the week in the States and cities of this Nation. The Governors of Texas and Massachusetts, those of Oregon and New York, the mayors of Albuquerque and Providence, those of Seattle and Portsmouth, Va., are only a few of the many who have officially recognized the observances of Captive Nations Week.

### A CONGRESSIONAL REPLY TO KHRUSHCHEV

Mr. Speaker, in addition to the countrywide proclamations and statements, the 1962 Captive Nations Week brought out the fact that a pointed reply to the threats and saber rattling of Khrushchev, as we now witness in connection with Cuba, would be the creation of a Special Committee on the Captive Nations in this body of Congress. The record clearly shows that whenever the captive nations subject is raised, Moscow virtually trembles. It fears more than anything else a methodic concentration on the captive nations and a systematic probing into the weaknesses and vulnerabilities of the Soviet Russian Empire, which today extends to Cuba itself.

It is high time that we take positive action in this cold war. The establishment of a Special House Committee on the Captive Nations would truly be our reply to Khrushchev's barren threats. The work of such a committee would reveal to our people the deep-seated weaknesses in Moscow's empire and the opportunities open to us for their steady exploitation and use toward our victory in the cold war. With Moscow on the offensive in Cuba and elsewhere it is now more urgent than ever for the Rules Committee to report this measure to the House for a clear-cut vote—for our decisive reply to Khrushchev.

In partial support of these remarks, Mr. Speaker, I include some of the official proclamations and statements of the 1962 Captive Nations Week at this point in the Record. They include the proclamations of the Governors of New York, Texas, Michigan, Tennessee, Pennsylvania, Delaware, Oregon, Missouri, Washington, and New Mexico; they also include the proclamations of the mayors and commissions of the cities of Albuquerque, Memphis, Yonkers, Dayton, Providence, Indianapolis, Kansas City, Denver, Bremerton, Portsmouth, and Elizabeth. These examples surely show the cross-sectional interest of the American people in the captive nations.

I also include Izvestia's July 17 attack on President Kennedy for his Captive Nations Week proclamation, along with the announcement made by the Honorable William E. Miller, chairman of the Republican National Committee, for an intensified drive for a Special House Committee on the Captive Nations and an article that appeared in the June 25 issue of the Standard-Times, New Bedford, Mass., dealing with the special committee issue:

### PROCLAMATION BY GOVERNOR OF NEW YORK

The roll of nations held captive by Communist colonialism is one of appalling length, and it is disheartening to note that the Reds are becoming ever more firmly entrenched in Cuba.

As the Congress of the United States has pointed out in a joint resolution, the United States, in the eyes of the enslaved peoples, is the citadel of human freedom. They look to us for leadership in bringing about their liberation and independence and restoring the enjoyment of their religious freedoms. If we fail to provide this leadership, we not only doom these captive peoples, but place our own freedom in jeopardy.

We Americans are proud that many refugees from the oppressed countries have found asylum in the home of the free. We have benefited from their coming. They have become valued neighbors and loyal and industrious members of our State and Nation.

Recognition and understanding of the captive nations and the deplorable oppression under which they are forced to live can prove the most effective single weapon against communism.

Now, therefore, I, Nelson A. Rockefeller, Governor of the State of New York, do hereby proclaim the week of July 15 to 21, 1962, as Captive Nations Week in New York State, and I urge the widest possible cooperation in the observance of this week.

Given under my hand and the privy seal of the State at the capitol in the city of Albany this 28th day of June in the year of our Lord 1962.

Nelson A. Rockefeller.

By the Governor:

William J. Ronan,
*Secretary to the Governor.*

Albany.

---

### OFFICIAL MEMORANDUM BY PRICE DANIEL, GOVERNOR OF TEXAS

Greetings: In its thrust toward world domination, Soviet imperialism has robbed nearly 100 million people of central and Eastern Europe of all human rights and fundamental freedoms. Silenced, but unconquered, these people will never cease to fight for their inalienable right to a free life.

The national security and well-being of the citizens of the United States is dependent on the continued desire for liberty and justice on the part of the peoples of these captive nations.

By resolution of Congress, the third week of July has been designated as Captive Nations Week. It is fitting that we observe this period in tribute to the fight for freedom and in recognition of the natural interdependency of the peoples and nations of the world.

Therefore, I, as Governor of Texas, do hereby designate the week of July 15–21, 1962, as Captive Nations Week in Texas.

### PROCLAMATION ON CAPTIVE NATIONS WEEK BY GOVERNOR OF MICHIGAN

The United States symbolizes liberty and hope to peoples who are bowed under the yoke of the dictator or aggressor. Through our democratic process we have achieved a harmonious national unity of our people. It is on this that the greatness of our Nation is built.

From many lands have come the people who comprise our Nation. With them they have brought the great love of freedom and liberty. This was demonstrated by the first colonists and will always continue. National characteristics have not been forgotten by those who came to this great Nation, nor have they permitted their love of freedom to lessen.

Imperialistic and aggressive policies of the Soviet have created a situation which presents a threat to the security of the United States and to free peoples throughout the world. Nations subjugated by the Soviet look to the United States for hope and for the leadership which will bring liberation and independence and help to restore their religious freedoms and individual liberties.

The desire for freedom and independence by the overwhelming majority of people in these captive nations constitutes a powerful deterrent to further aggression and is one of the basic hopes for a lasting peace founded in justice.

Therefore, I, John B. Swainson, Governor of the State of Michigan, do hereby proclaim the period from July 15 through July 21, 1962, as Captive Nations Week in Michigan, and urge all our people to observe this week with appropriate ceremonies and activities and to offer prayers that all captive peoples will be freed from the yoke of oppression.

Given under my hand and the great seal of the State of Michigan this 9th day of July in the year of our Lord 1962 and of the Commonwealth 126.

JOHN B. SWAINSON,
*Governor.*

### PROCLAMATION BY THE GOVERNOR OF TENNESSEE

Whereas the aggressive policies of Soviet communism have made many nations of the world captive, thereby depriving the peoples of these nations of their national independence and their individual liberties; and

Whereas the citizens of the United States are linked by bonds of principle and friendship to those who love freedom and justice everywhere; and

Whereas it is appropriate to demonstrate to the peoples of these captive nations the support of the people of the United States of America: Now, therefore,

I Buford Ellington, as Governor of the State of Tennessee, do hereby proclaim the week of July 15–21, 1962, as Captive Nations Week.

In witness whereof, I have hereunto set my hand and caused the great seal of the State of Tennessee to be affixed at Nashville, this 11th day of July 1962.

BUFORD ELLINGTON,
*Governor.*

### PROCLAMATION BY GOVERNOR OF PENNSYLVANIA

Whereas the Senate and the House of Representatives of the United States of America has, by resolution, requested and authorized the President of the United States to designate the week of July 15 through 21, 1962, as Captive Nations Week; and

Whereas the President of the United States has, by such proclamation, invited the people of the United States to observe such week with the appropriate ceremonies and activities; and

Whereas the citizens of the Commonwealth of Pennsylvania are fully aware and grieve of the plight of those made captive under the heavy yoke of Russian communism; and

Whereas it is deemed appropriate to call for a public observance of this occasion so that our knowledge and sympathies may be declared;

Now, therefore, I, David L. Lawrence, Governor of the Commonwealth of Pennsylvania, do hereby designate the week beginning July 15, 1962, as Captive Nations Week. I invite all Pennsylvanians to observe this occasion with appropriate activity so that all may be made aware of the unfortunate status of those enslaved behind the Iron Curtain and to reaffirm our determination to keep our Nation free to help others obtain equal freedom.

Given under my hand and the great seal of the State, at the city of Harrisburg, this 9th day of July, in the year of our Lord 1962, and of the Commonwealth the 187th.

DAVID L. LAWRENCE,
*Governor.*

Delawareans have been called upon by Gov. Elbert N. Carvel to join in the annual observance of Captive Nations Week, July 15–21, with participation in ceremonies and activities that "will demonstrate to oppressed peoples everywhere that we support their aspirations for freedom and independence."

In a statement issued at Dover this week, the State's Chief Executive pointed out that Delawareans are "linked by bonds of family and principle to the oppressed peoples behind the Iron and Bamboo Curtains," and advised that "we wish for these peoples the same freedoms and justice which are part of the American way of life."

Governor Carvel also requested Delaware citizens to "pray for these unfortunate people and for their early deliverance from the yoke of tyranny."

The full text of Governor Carvel's statement follows:

"The President of the United States, in compliance with a joint resolution of the Congress, has designated the week beginning July 15, as Captive Nations Week, and has invited Americans everywhere to join in a demonstration of support of the just aspirations of all captive peoples.

"Delawareans, along with all other freedom-loving Americans, are linked by bonds of family and principle to the oppressed peoples behind the Iron and Bamboo Curtains. We wish for these peoples the same freedoms and justice which are part of the American way of life.

"During Captive Nations Week, July 15–21, let us join in appropriate ceremonies and activities that will demonstrate to oppressed peoples everywhere that we support their aspirations for freedom and independence. Let us pray for these unfortunate people and for their early deliverance from the yoke of tyranny.

"ELBERT N. CARVEL,
*"Governor of Delaware."*

OFFICE OF THE GOVERNOR,
*Salem, Oreg., June 26, 1962.*

CAPTIVE NATIONS WEEK

The period July 15–21 has been designated as Captive Nations Week. This week affords an opportunity for all Americans to reaffirm their determination to honor agreements to work ceaselessly for the freedom of those peoples of Albania, Bulgaria, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, Poland, and Romania. We owe these people no less.

The right of all peoples to self-determination as to their form of government and to freely pursue their economic, social, and cultural development is a right dear to all Americans, but it has been denied to those people behind the Iron and Bamboo Curtains. The captive peoples of central and eastern Europe have never ceased to strive for freedom, actively when the opportunity presented itself; passively when necessity demanded.

During the period July 15–21, 1962, I would hope that all Oregonians and all citizens throughout the United States and the free world will join with the American friends of the captive nations in observing Captive Nations Week with fitting and appropriate activities and ceremonies.

MARK O. HATFIELD,
*Governor of Oregon.*

### PROCLAMATION BY GOVERNOR OF MISSOURI

Whereas many nations throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism; and

Whereas the peoples of the Soviet-dominated nations have been deprived of their national independence and their individual liberties; and

Whereas the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent; and

Whereas it is appropriate and proper to manifest to the peoples of the captive nations the support of the Government and the people of the United States of America for their just aspirations for freedom and national independence; and

Whereas by a joint resolution approved July 17, 1959 (73 Stat. 212), the Congress has authorized and requested the President of the United States of America to issue a proclamation designating the third week in July as "Captive Nations Week."

Whereas Missouri also wishes to issue a proclamation in the hope that freedom and independence will soon be achieved for all the captive nations of the world:

Now, therefore, I, John M. Dalton, Governor of the State of Missouri, do hereby designate the week beginning July 15, 1962, as Captive Nations Week.

I invite the people of the State of Missouri to observe such Week with appropriate ceremonies and activities, and I urge them to study the plight of the Soviet-dominated nations and to recommit themselves to the support of the just aspirations of the peoples of those captive nations.

In testimony whereof, I have hereunto set my hand and caused to be affixed the great seal of the State of Missouri, in the city of Jefferson, this 25th day of June 1962.

JOHN M. DALTON,
*Governor.*

Attest:

WARREN E. HEARNES,
*Secretary of State.*

AUSTIN HILL,
*Deputy Secretary of State.*

### STATEMENT BY THE GOVERNOR OF WASHINGTON

In keeping with our national tradition, the American people have always manifested an interest in the self-determination of other nations. However, the enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the principle of liberty and independence which we hold dear.

Since 1918, the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which has subjugated the national independence of many nations. These nations look to the United States for leadership in bringing about the restoration of their national sovereignty and freedom.

Now, therefore, I, Albert D. Rosellini, Governor of the State of Washington, do hereby designate the week beginning July 15, 1962, as Captive Nations Week and urge the people of Washington to observe this week with activities recognizing the plight of captive people throughout the world.

ALBERT D. ROSELLINI,
*Governor.*

### PROCLAMATION BY GOVERNOR OF NEW MEXICO

Whereas the greatness of the United States is in large part attributable to its having been able, through the democratic process, to achieve a harmonious national unity of its people, even though they stem from the most diverse of racial, religious, and ethnic backgrounds; and

Whereas this harmonious unification of the diverse elements of our free society has led the people of the United States to possess a warm understanding and sympathy for the aspirations of peoples everywhere and to recognize the natural interdependency of the peoples and nations of the world; and

Whereas the enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the idea of peaceful coexistence between nations and constitutes a detriment to the natural bonds of understanding between the people of the United States and other peoples;

Now, therefore, I, Edwin L. Mechem, Governor of the State of New Mexico, do hereby proclaim the week of July 15–21, 1962, as Captive Nations Week.

Done at the executive office this 17th day of July 1962.

Witness my hand and the great seal of the State of New Mexico.

EDWIN L. MECHAM, *Governor.*

Attest:

BETTY FIORINA,
*Secretary of State.*

### PROCLAMATION ON CAPTIVE NATIONS WEEK

Whereas the harmonious unification of persons of diverse racial, religious, and ethnic backgrounds in our free society has led the people of the United States to possess a warm understanding and sympathy for the aspirations of peoples everywhere and to recognize the natural interdependency of the peoples and nations of the world; and

Whereas the imperialistic policies of Communist Russia have led, through direct and indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackis, Turkestan, North Vietnam, and others; and

Whereas these submerged nations look to the United States, as the citadel of human freedom, for leadership in bringing about their liberation and independence and in restoring to them the enjoyment of their Christian, Jewish, Moslem, Buddhist, or other religious freedoms, and of their individual liberties; and

Whereas it is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive; and

Whereas it is fitting that we clearly manifest our abhorrence of the brutal and all-persuasive Communist colonial system and reaffirm the intent of the people of the United States that all of its victims be restored to independence;

Now, therefore, I, Archie Westfall, chairman of the Albuquerque City Commission, do proclaim the week of July 15 through 21 as Captive Nations Week in the city of Albuquerque and invite the people of Albuquerque to observe this week with appropriate activities and to reaffirm their dedication to freedom and independence for all people.

In witness whereof, I have hereunto set my hand and caused the seal of the city of Albuquerque to be affixed this 3d day of July, in the year of our Lord 1962.

ARCHIE WESTFALL,
*Chairman of the City Commission of the City of Albuquerque, N. Mex.*

---

### PROCLAMATION BY CITY OF MEMPHIS, TENN.

Whereas the Senate and the House of Representatives of the United States of America have by resolution requested and authorized the President of the United States to designate the week of July 15 through July 31, 1963, as Captive Nations Week; and

Whereas we Americans are proud that many refugees from the oppressed countries have found asylum in the United States; and

Whereas the citizens of the United States are linked by bonds of family and principle to many of the captive nation people; and

Whereas it is appropriate and proper to manifest to those people of the captive nations the support of the Government and the people of the United States for their just aspirations for freedom and national independence; and

Whereas the citizens of the State of Tennessee are fully aware of and grieve for the plight of those made captive under the heavy yoke of Russian communism:

Now, therefore, I, Henry Loeb, mayor of the city of Memphis, do hereby designate the week of July 15–21, 1962, as Captive Nations Week in the city of Memphis, Tenn., and urge the widest possible cooperation in the observance of this week.

HENRY LOEB.

---

### PROCLAMATION BY MAYOR OF YONKERS, N.Y.

Whereas the aggressive policies of the Communist World have made nations their captives resulting in depriving such captive nations and their people of freedom and individual liberties; and

Whereas the peoples of the United States of America respect and enjoy the friendship of these captive countries, and furthermore because the captive nations look to us for leadership to assist in returning them their freedom and justice, it is our responsibility to manifest to these captive peoples our warm and solid support and cooperation:

Now, therefore, I, John E. Flynn, mayor of the city of Yonkers, N.Y., do hereby proclaim the week commencing July 16, 1962, as Captive Nations Week and urge our citizens to recommit themselves to the just aspirations of the peoples of captive nations and to assist wherever possible to the end that freedom and justice be restored to those who so richly deserve it.

Given over my hand and seal of the city of Yonkers, N.Y., this 10th day of July 1962.

JOHN E. FLYNN,
*Mayor.*

---

### PROCLAMATION BY MAYOR OF DAYTON, OHIO

Whereas many nations throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism; and

Whereas the peoples of the Soviet-dominated nations have been deprived of their national independence and their individual liberties; and

Whereas the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent; and

Whereas it is appropriate and proper to manifest to the peoples of the captive nations the support of the Government and the people of the United States of America for their just aspirations for freedom and national independence: Now, therefore,

I, Frank R. Somers, mayor of the city of Dayton, Ohio, do hereby designate the week beginning July 16, 1962, as Captive Nations Week and do invite the people of the city of Dayton to observe such week with appropriate ceremonies and activities, and do urge them to study the plight of the Soviet-dominated nations and to recommit themselves to the support of the just aspirations of the peoples of those captive nations.

In witness whereof I have hereunto set my hand and caused the seal of the city of Dayton be affixed this 10th day of July 1962.

FRANK R. SOMERS,
*Mayor.*

---

### PROCLAMATION BY MAYOR OF PROVIDENCE, R.I.

Whereas advancement of the cause of freedom requires peaceful liberation of the captive peoples behind the Iron Curtain; and

Whereas by virtue of past pledges the free nations of the world are under obligation to continue to press for their freedom by diplomatic, economic, and educational means; and

Whereas the captive peoples should be assured of continued interest and sympathy with their present plight and condition:

Now, therefore, I, Walter H. Reynolds, mayor of the city of Providence, do hereby designate the week of July 15 to July 21, 1962, to be Captive Nations Week in the city of Providence and do urge the people of the city to observe the designated week and take due note thereof.

In witness whereof, I, Walter H. Reynolds, mayor of Providence, have hereunto set my hand and caused my seal to be affixed this 25th day of June, A.D. 1962.

---

### PROCLAMATION BY MAYOR OF INDIANAPOLIS, IND.

Whereas the enslavement of a substantial part of the population of the world by Communist imperialism makes a mockery of the idea of peaceful coexistence between nations; and

Whereas since 1918 the imperialistic and aggressive policies of communism have resulted in the subjugation of many once free peoples and created a vast slave empire which is a dire threat to the security of the United States of America and to the security of all the free nations of the world; and

Whereas these submerged nations look to the United States as the world leader to bring about their liberation and independence and to restore to them the privilege of religious freedom and individual liberty; and

Whereas it is vital to the national security of the United States that this desire for liberty and independence on the part of the captive nations be kept alive; and

Whereas the overwhelming majority of these captive nations are desirous of their freedom and thus constitute a powerful deterrent to war and one of the best hopes for a just and lasting peace; and

Whereas the President of the United States, acting on a unanimous resolution of the Congress has proclaimed the third week of July each year as Captive Nations Week, to be observed with appropriate ceremonies and activities:

Now, therefore, I, Charles H. Boswell, mayor of the city of Indianapolis, do hereby proclaim the period July 15 to July 21, 1962, as Captive Nations Week and call upon all of our citizens to join with the peoples of other cities and States in observing this week by offering prayers for the peaceful liberation of the oppressed and subjugated peoples all over the world, and by other appropriate means.

Wherefore, I have hereunto set my hand and caused the seal of the city of Indianapolis to be affixed this 29th day of June 1962.

CHARLES H. BOSWELL,
*Mayor.*

---

### PROCLAMATION BY MAYOR OF KANSAS CITY, KANS.

Whereas in accordance with the President's proclamation designating the third week of July 1962, as "Captive Nations Week," the people of this country believe that: Our Nation was founded upon tolerance and love for one another, and we further believe that the subjugation of any nation, state, or municipality under rule of dictatorship or tyranny is deplorable; and

Whereas harmonious unification of the diverse elements of our free society has led the people of the United States to know a thorough understanding of the aspirations of their fellow man and to recognize the natural interdependency of all nations and people in every phase of our civilization; and

Whereas domination of any part of the world's population by overwhelming power constitutes a mockery of the idea of peaceful coexistence between nations and is detrimental to natural bonds of understanding between the citizens of the United States and other peoples:

Now, therefore, I, Paul F. Mitchum, mayor of the city of Kansas City, Kans., do hereby proclaim the third week of July 1962 as Captive Nations Week in Kansas City, Kans., and do call the attention of the citizens to the fact that while we abhor slavery we are also aware that another world war in our time would mean the end of civilization and therefore we desire, through peaceful means, the restoration of their inalienable rights to all peoples wherever dictatorship exists so that generations hence may enjoy the righteous principles of a true parliament of the world and an indestructible brotherhood of man.

In witness whereof, I have hereunto set my hand and affixed the seal of the city of Kansas City, Kans., this 28th day of June 1962.

PAUL F. MITCHUM,
*Mayor.*

### Proclamation by Mayor of Denver, Colo.

Whereas the third week in July has been set aside by the Congress of the United States to honor the captive nations of the world; and

Whereas during this special week, we are reminded that our democratic way of life is based upon the principle that all men are created equal; and

Whereas this week provides an opportunity for all Americans to demonstrate to the enslaved peoples of the world that they are not forgotten and to remind them we are determined that the light of freedom shall someday shine across their homeland:

Now, therefore, I, Dick Batterton, mayor of the city and county of Denver, do hereby proclaim the week of July 15 to 21, 1962, as Captive Nations Week, as a tribute to the courage, spirit, and determination of the captive nations.

In witness whereof, I have hereunto set my hand and caused the seal of the city and county of Denver to be affixed this 29th day of June 1962.

Dick Batterton, *Mayor.*

### Proclamation by Mayor of Bremerton, Wash.

Whereas many nations throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism, and the peoples of the Soviet-dominated nations have been deprived of their national independence and their individual liberties; and

Whereas the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent; and

Whereas it is appropriate and proper to manifest to the peoples of the captive nations the support of the Government and the people of the United States of America for their just aspirations for freedom and national independence; and

Whereas the Senate and the House of Representatives of the United States of America by resolutions Senate Joint Resolution 111 and House Joint Resolution 454 and House Joint Resolution 459 authorize and request the President of the United States to designate the third week of July as Captive Nations Week: Now, therefore,

I, H. O. Domstad, mayor of the city of Bremerton, Wash., do hereby invite our citizens concerned with the freedom and security of our Nation to observe the week of July 15–22, 1962, as Captive Nations Week and study the plight of the Soviet-dominated nations and then recommit yourselves to the support of the just aspirations of the peoples of those captive nations. Freedom will be secure only when all men everywhere are free, and peace can be preserved only by people who are prepared to make sacrifices for it.

### Proclamation by Mayor of City of Portsmouth, Va.

Whereas the 86th Congress of the United States of America in July 1959 did adopt Public Law 86–90 providing for the designation of the third week in July as Captive Nations Week; and

Whereas the Senate and House of Representatives of the United States of America in Congress assembled did adopt the following resolution:

"Whereas the greatness of the United States is in large part attributable to its having been able, through the democratic process, to achieve a harmonious national unity of its people, even though they stem from the most diverse of racial, religious, and ethnic backgrounds; and

"Whereas this harmonious unification of the diverse elements of our free society has led the people of the United States to possess a warm understanding and sympathy for the aspirations of peoples everywhere and to recognize the natural interdependency of the peoples and nations of the world; and

"Whereas the enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the idea of peaceful coexistence between nations and constitutes a detriment to the natural bonds of understanding between the people of the United States and other peoples; and

"Whereas since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat to the security of the United States and of all the free peoples of the world; and

"Whereas the imperialistic policies of Communist Russia have led, through direct and indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Vietnam, and others; and

"Whereas these submerged nations look to the United States, as the citadel of human freedom, for leadership in bringing about their liberation and independence and in restoring to them the enjoyment of their Christian, Jewish, Moslem, Buddhist, or other religious freedoms, and of their individual liberties; and

"Whereas it is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive; and

"Whereas the desire for liberty and independence by the overwhelming majority of the people of these submerged nations constitutes a powerful deterrent to war and one of the best hopes for a just and lasting peace; and

"Whereas it is fitting that we clearly manifest to such peoples through an appropriate and official means the historic fact that the people of the United States share with them their aspirations for the recovery of their freedom and independence":

Now, therefore, I, R. Irvine Smith, mayor of the city of Porstmouth, Va., do hereby declare the week of July 15–21, 1962, Captive Nations Week in the city of Portsmouth and urge the people to recommit themselves to the observance of this week by offering prayers for the peaceful liberation of the oppressed and subjugated peoples all over the world and by other appropriate manifestations.

R. Irvine Smith, *Mayor.*

### Proclamation by Mayor of Elizabeth, N.J.

Whereas many nations throughout the world have been made captive because of the aggressive policies of Soviet communism; and

Whereas by a joint resolution approved July 17, 1959, the Congress has authorized and requested the President of the United States of America to issue a proclamation designating the third week in July each year as Captive Nations Week; and

Whereas Captive Nations Week provides an opportunity for all Americans to show the peoples of Albania, Bulgaria, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Poland, and Rumania that they are not forgotten; and

Whereas we desire to draw to the attention of American people the cruel bondage of those many nations throughout the world made captive by the imperialistic policies of communism; and

Whereas an appeal is made to the people of the United States of America to manifest their awareness of the importance of their silent allies in the Soviet-subjugated lands in the worldwide conflict between the forces of liberty and Communist tyranny, and to pledge themselves to help them in their struggle for freedom and independence:

Now, therefore, I, Steven J. Bercik, mayor of the city of Elizabeth, N.J., do hereby proclaim the week July 15–21, 1962, as Captive Nations Week in our city, and urge our people to join the rest of the Nation in observance of this week.

Given under my hand this 2d day of July 1962.

Steven J. Bercik, *Mayor.*

### Izvestia Attacks President Kennedy for Captive Nations Proclamation in 1962

Moscow, July 17.—Izvestia, organ of the Soviet Government and the Council of Ministers of the U.S.S.R., leveled its big guns against President Kennedy for his proclamation of the "Captive Nations Week" for 1962. In the July 17, 1962, issue of Izvestia, only 4 days after President Kennedy signed the proclamation, the Communist government's official organ in an article, entitled, "Here Is Your Freedom, Mr. Kennedy," stated:

"Done at the city of Washington this 13th day of July in the year of our Lord 1962, and of the independence of the United States the 187th.

"What was done?

"The further proclamation of the President of the United States of the so-called Captive Nations Week. In this proclamation the President invites the people of the United States to observe the week with 'appropriate ceremonies and activities.' On the basis of the 'weeks' held in the past, we already know what these appropriate ceremonies represent—unbridled anti-Soviet and anti-Communist slander.

"As far as the appropriate activities are concerned, they are quite eloquently represented by a map which we reproduce herewith and which appeared in the July 9 issue of the New York Times. It contains a display of American military bases on foreign territory and those places in which American Armed Forces are located. More than 700,000 men—more than one-fourth of all the Armed Forces of the United States—find themselves outside the borders of their country.

"What are they doing there in foreign countries? Are they observing the Captive Nations Week? Not at all. Their task is to see that these countries remain in subjugation. It is a secret to no one that the aggressive blocs constructed by Washington in a large measure have assumed the functions of a gendarmery. They are called the prisons of nations in Asia, Africa, Latin America, and even in Western Europe. No wonder in the captions accompanying the map in the New York Times it is said that the Armed Forces of the United States abroad 'constitute a real promise of the American Government to bring help to those countries linked with it by treaties in the event of the outbreak of war.'

"Yes, it is only thanks to American bayonets that oppressors of freedom and bloodthirsty dictators are sustained in power in a number of countries of the Latin American Continent and southeastern Asia.

"What was done in the city of Washington this 13th day of July in the year of our Lord 1962, and of the independence of the United States the 187th, was according to a shallow recipe of throwing the blame from a sick head on a healthy one."

### Republicans Drive for Special House Committee on the Captive Nations

(News Release by Republican National Committee)

The chairman of the Republican National Committee announced today an intensified drive by Republicans for the establishment of a Special Committee on the Captive Nations in the House of Representatives.

Chairman William E. Miller, himself a New York Representative, said: "We deplore the inaction of the Democratic leadership on this vital measure. Before this session of Congress is out, we shall intensify our efforts to have this necessary committee established in response to the will of the people as was so clearly expressed during the 1962 Captive Nations Week." The over 2 dozen resolutions calling for the special committee have been bottled up in the House Rules Committee for over a year.

Urging immediate action on the proposal by the Rules Committee, the Republican chairman stressed the fact that "the Republican congressional policy committee has on two occasions unanimously supported the creation of a Special House Committee on the Captive Nations." He also pointed out "Republicans have joined with many Democrats in a true bipartisan spirit to bring this necessary committee in to being."

"This administration has done practically nothing in behalf of the captive nations and thus in behalf of our national security interests," declared Mr. Miller. "It is generally known," he said, "that the Kennedy proclamations of Captive Nations Week were issued with the utmost reluctance for fear of imperialist Moscow's reactions."

As one among many points of evidence justifying a special House committee, the potent contradiction between Secretary of State Rusk's letter of August 22, 1961, and Ambassador Stevenson's U.N. memo of November 25, 1961, was emphasized by the national chairman. "On the one hand," said Mr. Miller, "the Secretary in his letter to Chairman Howard W. Smith, of the Rules Committee, implies that Moscow would react unfavorably to a special committee and fantastically holds that the Ukraine, Armenia, and Georgia are "traditional parts of the Soviet Union; on the other hand, Ambassador Stevenson throws the book at the Russians and shows in detail how the formerly independent states of Ukraine, Armenia, and Georgia were destroyed by Moscow."

"Regardless of Moscow's feelings," said the chairman, "we cannot sweep truths about the captive nations under the rug. These truths form our greatest weapon for winning the cold war. These truths must be constantly appreciated by our own people; they must be inculcated in the minds of millions throughout the free world; they must be continually developed so that close to a billion of our allies behind the Iron and Bamboo Curtains will know that with them we are determined to win the cold war. Congress, which passed the Captive Nations Week resolution in 1959 can achieve this great aim now by creating a special House Committee on the Captive Nations."

Joining with the chairman in this statement, Congressman Edward J. Derwinski, of Illinois, who has been leading the Republicans in the drive for the special committee maintained that "the spotty and haphazard hearings on a few captive nations which the subcommittee on Europe suddenly contrived have fooled no one. They represented only another maneuver to whitewash the proposal for a special committee." Mr. Derwinski heads the ethnic division in the Republican National Committee.

---

[From the New Bedford (Mass.) Standard-Times, June 25, 1962]

## WHAT'S WRONG WITH THE STATE DEPARTMENT? CENSORS CAN'T HIDE GAINS BY REDS

(By Everett S. Allen)

Washington, June 25.—By accident or design, this is where the cold war is being lost. No matter how fastidiously the State Department may censor speeches containing nasty truths about the Russians, the untidy fact remains that in the last 43 years—during both Republican and Democratic administrations—Soviet-led Communists have taken control of one-third of the world's population.

Officially, one does not talk about this.

Last February 11, Gen. George H. Decker addressed the 111th Infantry of the Pennsylvania National Guard. He was talking to men who may be called upon to fight and die for this Nation's security.

General Decker wanted to say: "Aggression and subversion in Africa, Asia, and Latin America are timely examples of the means used to pursue their (i.e. Communist) aims of world domination."

The State Department forced General Decker to say instead: "Intervention and subversion in Africa, Asia, and Latin America are timely examples of the means used by others to pursue their aim of world domination."

Thus, even our fighting men are not permitted to know the enemy's name, presumably lest the latter be affronted.

In "explaining" to Congress this and other State Department censorship, Under Secretary George Ball referred eloquently but not informatively to "conditioning factors" and "the kaleidoscopic pattern" of foreign affairs. There were those who came away feeling the State Department in general believes Congress and the general public are too dumb to understand policy.

This is not a new attitude.

In any event, it is impressive in a chilling sort of way, that the Communist conference in December 1960 included representatives from 81 countries. It also is a fact that although Presidents of both parties have given periodic pep talks, the U.S. world position is each year less enviable.

This is not so much a reflection upon our fighting strength because we do not allow ourselves to fight much. It is instead the direct result of a foreign policy so inadequate or unrealistic, or anti-American in concept, as to permit the steady crumbling of the free world's frontiers.

Thus, in the present moment of history, both Republicans and Democrats question whether the State Department, charged with the shaping of this policy, is performing its job properly. It is neither pertinent nor reasonable for Secretary of State Rusk, in an uncharacteristic burst of petulance, to snarl at his critics: "If you think we're losing, what would you do?" It is his job, not theirs, and if we are not, in fact, off the track somewhere, how does one account for the following:

In the summer of 1961, Secretary of State Rusk wrote to Chairman Howard W. Smith of the House Rules Committee, opposing creation of a special House Committee on Captive Nations "at this time." Rusk expressed concern that Moscow would not like it, and said governmental and private sources long have been studying this subject anyway.

Have they?

Dr. Lev E. Dobriansky, professor of economics at Georgetown University, has publicly challenged Rusk to produce any comprehensive study dealing, for example, with Soviet Russian economic colonialism within the Soviet Union.

### NO ANSWER YET

This was last December, and Dobriansky hasn't had an answer yet.

Rusk's letter to Smith said the U.S. Government's position is "weakened by any action which confuses the rights of formerly independent peoples or nations with the status of areas, such as Ukraine, Armenia or Georgia, which are traditional parts of the Soviet Union. Reference to these latter areas places the U.S. Government in the undesirable position of seeming to advocate the dismemberment of a historical state."

This is a classic on how to lose the cold war.

Each of the countries mentioned was independent in the post-World War I period, was recognized by Soviet Russia and other countries at that time as being independent, and has fought valiantly to this day to regain its independence.

The Soviet Union has scarcely been in existence 45 years, but Rusk, presumably reflecting the State Department's policy, deems this "traditional" enough to seal the fate of the first victims of Soviet imperialism.

### FOR "TWO-CHINA" POLICY

This attitude, Dr. Dobriansky commented with considerable restraint, "suggests a poor state of knowledge, interpretation, and vision which is appalling at this perilous juncture of our history."

Or consider China.

A brandnew 286-page State Department document entitled, of all things, "Basic National Security Policy," recommends that:

The United States adopt a "two-China" policy under which the Chinese Communist Government would be admitted to the United Nations.

Peiping be given a seat in the U.N. General Assembly, while the Chinese Nationalist Government on Formosa retains its seat on the U.N. Security Council.

New diplomatic pressures be brought on the Chinese Nationalists to take their troops off the offshore islands of Quemoy and Matsu.

This master plan was prepared by Dr. Walt W. Rostow, Counselor and Chairman of the Policy Planning Council of the State Department; it now is being reviewed by the National Security Council. It represents a complete reversal of present U.S. policy, certainly would be strongly opposed by the Joint Chiefs of Staff (who actually are responsible for our national security) and probably would mark the end of amicable United States-Nationalist China relations.

This plan is hailed as something new, but it's not new for Rostow. As early as 1955, in his book "An American Policy in Asia," he advocated virtually the same thing, declaring, "The entrance of Peiping into the U.N. is a limited political movement, the importance of which can be easily overestimated * * * the United States should sharply reduce its exhortation and pressures for anti-Communist action in southeast Asia."

U.S. support for Peiping in the U.N. certainly would "reduce" such action in southeast Asia; it probably would so discourage anti-Communist Asians that they would discard their guns and throw in with Mao Tsetung.

Some already are doing it, and we are helping them along the Red route; consider Cambodia, where the U.S.-financed commodities were used in connection with the construction and operation of the Russian-sponsored hospital in Phnom Penh, the capital.

### SOVIETS USE U.S. AID

Jerry Jackis, a former ICA "end-use investigator" in June 1958 reported to his superior in the U.S. foreign aid mission in Cambodia that he had observed a tractor and bags of cement, both with ICA markings, being used on the Russian project. This hospital, it is worth remembering, was a major Russian propaganda showcase, designed to seduce Cambodia into communism.

Jackis also reported he observed other materials being used, such as reinforcing steel and barrels of asphalt, which probably were ICA-financed. According to Jackis, he made this report with the expectation that the matter would be promptly investigated.

Instead, his superior, Marlin F. Haas, former controller of the Cambodia mission, reprimanded him and within hours thereafter Jackis found himself relegated to a job in a mission storage warehouse with the duties of a caretaker or janitor. Although Haas has testified to the contrary, the files of his agency show that he instituted this transfer and shortly thereafter approved an unsatisfactory efficiency rating for Jackis, the only such Jackis ever received either before or since.

The documents in Jackis' personnel file indicate that this unsatisfactory rating either caused or stimulated a series of actions which apparently led to his dismissal from the agency on January 15, 1962. It might be added parenthetically that Haas since has been promoted.

### UNITED STATES GOT NO THANKS

ICA, now called AID (Agency for International Development) is basically a State Department responsibility.

The latest development is this: I sat in on a recent hearing in Washington at which it was revealed that when the Russian hospital in Phnom Penh wouldn't work, because of the inadequacy of Soviet electrical equipment, U.S. manufactured items—a transformer and cable—were provided, so that it now operates. By way of thanks, the Ministry of Information of Cambodia (this country is leaning to the left a little more each day) publicly denied that any U.S. help was involved in creating the hospital.

In my presence, State Department officials concerned with AID in Cambodia also conceded, with great reluctance, that it was "possible" that American-manufactured vehicles made available to Cambodia could, for all they knew, be in use by Chinese Communists in transporting troops to South Vietnam to fight Vietnamese—and Americans.

Relate this sort of thing to one more item, an address before the New School for Social Research in New York City by Assistant Secretary of State Harlan Cleveland. Cleveland attacked the "illusion that foreign policy issues are comfortably two-sided, that we're either up or we're down and that something called victory can be something called total." Having reiterated therefore his well-worn theme that no one is going to win and no one is going to lose this "cold war,"—having implied, in essence, that we should forget the idea of victory—he declared, "We see new leaders of communism facing with realism the fact that their old dream of a Communist one world is an obsolete and perilous delusion."

### THEORY IS SURPRISE

This theory is bound to surprise a lot of people, not excluding Mao Tse-tung and Khrushchev. It prompted Senator Mundt, Republican, of South Dakota, to comment, "Unless Mr. Cleveland is in the confidence of the Red leaders, I do not know how he could have made this statement.

"Everything that the Communist leaders have said and done for 45 long years makes clear their persistent drive to complete world revolution.

"If Mr. Cleveland's is the sort of thinking that is going on in high places in the Government, it is no wonder this year we are defending Thailand instead of holding Laos, and trying to meet Communist threats in Latin-America emanating from Cuba, instead of eliminating communism inside Cuba."

The big question behind all of this State Department policy, which seems determined to alienate our friends, help our enemies, and reduce our own position, is: Why? Who creates U.S. foreign policy?

A former Assistant Secretary of State said to me bluntly, "When you experience failure after failure like this, it has to be the result of inefficiency or design."

This series of articles will endeavor to show the several major forces that influence this policy and the weaknesses within the structure of the State Department which foster it.

## THOMAS MASARYK

Mr. SCHERER. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Derwinski] may extend his remarks in the body of the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, this is the 25th anniversary of the death of Thomas Masaryk, the leading Czechoslovak statesman who played such a vital role in the development of that nation after the First World War.

It is necessary and most appropriate that we make mention of this man since the country that he served so long and with such great devotion remains under the heel of Communist oppression. Certainly it can be said without contradiction that the Government of prewar Czechoslovakia, that Masaryk helped to develop, was a far better servant of its people than the present regime imposed by force of Soviet colonialism, with the cooperation of a handful of Czechoslovak Communists who betrayed their own people to an alien philosophy.

Now is the time for us to rededicate ourselves to the purpose of effectively restoring freedom and self-determination to the peoples of Eastern Europe. It is extremely tragic that our foreign policy in the last 18 months has deteriorated and retreated before communism. Certainly the memory of a great believer in democracy such as Masaryk should be an example for us to reverse the course of our foreign policy.

Mr. Speaker, I wish also to commend various civic and patriotic organizations of the peoples of Czechoslovakia who maintain effective work even in exile on behalf of their nation and its great traditions of democracy.

May the future bring another anniversary of the death of Thomas Masaryk to rejoice at that time the restoration of freedom to the peoples of the Czechoslovak Republic.

## OHIO AGRICULTURAL EXPERIMENT STATION

Mr. SCHERER. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks in the body of the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Speaker, it was my pleasure last week to visit once again the facilities of the Ohio Agricultural Experiment Station at Wooster, one of the most important research centers in the Nation.

As always, I was greatly impressed by the variety of work being carried on in the laboratories and on the farms of the station.

The occasion of my recent visit was the dedication of a new veterinary isolation laboratory embodying the latest design for undertaking research involving "hot viruses."

The new laboratory has been designed to make it "escape proof" for infectious disease organisms. The $180,000 facility represents an outstanding example of joint Federal-State effort in the best sense of the term. Because of the fact that some 100 different animal diseases can be transmitted to human beings, the National Institutes of Health, Department of Health, Education, and Welfare, made a grant of $90,000 to the State of Ohio for construction of the laboratory with the proviso that the State furnish a like amount in matching funds. Ohio's share was provided by the 103d general assembly. The long process of planning a highly functional yet low-cost laboratory was undertaken by the experiment station engineer, Mr. A. E. Newhouse, who worked closely with the Cleveland architectural firm of Hargett-Hoag Associates and the staff of the department of veterinary science. It was an especially difficult task of both planning and building because of the elaborate precautions which had to be taken against spread of germs and viruses involved in research on livestock diseases. The Wooster firm of Bogner & Sons, Inc., served as general contractor.

Among other details of construction are the plastic-painted walls which seal concrete block walls to prevent contamination of the air spaces in the walls. The atmosphere is filtered in and out of isolation wards through complex filters which retain 95 percent of even the smallest known viruses. Workers entering the isolation rooms must change their clothing and shower. When they leave the building, they again change clothing and shower. Double doors serve as airlocks throughout the building. The laboratory is equipped with its own sewage system employing a continuous flow of chlorinated water fed into specially trapped drains. All carcasses and solid wastes are incinerated. Nothing leaves the building once it has entered it except the research workers themselves. Three different air pressures are maintained from the center aisle to the outside aisles of the building so as to prevent airborne contagion.

This new laboratory is one of only a very few in the entire Nation designed to safely permit work with such dangerous organisms as transmissible gastroenteritis of swine, the chronic respiratory diseases of poultry, shipping fever of cattle and pneumonia in lambs. Projects involving eight serious diseases of livestock will be undertaken within the next few weeks with priority going to the study of shipping fever, transmissible gastroenteritis, and the chronic respiratory diseases of poultry.

This laboratory, constructed and partially equipped with the sophisticated installation necessary for animal disease research, is thought to be designed as well as many other laboratories which have cost far more money. It represents the excellent relationship which is enjoyed in the Federal-State cooperative programs of the 53 cooperative agricultural experiment stations located throughout the 50 States and in Puerto Rico. When the laboratory was given a trial run to test the effectiveness of its germproof construction, it was found to function perfectly much to the satisfaction of all the people who had worked for more than 3 years in the planning and construction of this research facility.

## COMMENTS ABOUT THE COMMON MARKET

**Mr. SCHERER.** Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. BELL] may extend his remarks in the body of the RECORD and include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

**Mr. BELL.** Mr. Speaker, all of us are aware of the challenge to the economy of the United States of America posed by the formation of a European Common Market. Clearly the partial unification of the economies of the nations of Europe will be one of the profound developments in the political history of the 20th century. The Government of the United States will be called upon to react to this challenge and must be supported by an enlightened citizenry. Background reading which I have found to be most stimulating in my study of this problem is entered herewith in the CONGRESSIONAL RECORD in the hope that it will be of value to my colleagues:

### COMMON MARKET COMPETITION

(By Richard L. Strout)

The Common Market issue is largely a question of economics. The combined gross national product of the six Common Market countries increased 7 percent between 1959 and 1960, while that of the United States rose by only 2.7 and the British about the same. Britain is pushed toward the Common Market because of a desire to grow faster and share this prosperity. If it became a member of the EEC it would be partner in a free trade area with a population of 222 million, compared to the U.S. Common Market (free trade area) of 185 million. This would mean intense competition for Britain, but it would also mean a huge new stimulus. It would be hard on weak industries, wonderful for strong industries. The advantages from the economic side, one might suppose, outweigh the disadvantages, judging by the rate of recent EEC growth.

Now take the question of the United States. The strongest argument one hears against American association with the EEC is American high wages. Some American protected industries are increasingly solicitous about workers' wages. "How would you like to compete with Italian workingmen," they ask their laboring force, "who earn only a quarter to a third as much as you?"

There is some validity to this argument. Weak U.S. industries will find it hard to compete with strong EEC industries as, indeed, they do now. Perhaps they will need interim assistance, which the administration proposes. But it has been long shown that higher U.S. wages are not the controlling factor in limiting U.S. exports.

The National Industrial Conference Board in a 1961 study lists five different types of unit cost in comparing average costs for manufactured products in the United States, the United Kingdom, the Common Market, Latin America, Australia, and "others." These respective unit costs are labor materials, overhead, sales and a fifth generic item labeled "other."

The table shows graphically that where the American manufacturer is burdened by high labor costs he may well more than make it up by lower material, overhead, sales, and similar costs. High wages, in other words, may be compensated in the United States by greater productivity of the worker based on better machinery, more efficient methods, higher skills, and cheaper raw material.

Let us make the comparison between the United States and the six Common Market countries.

Labor costs in the United States average 6 cents per dollar per manufactured unit more than labor costs of the EEC. American material costs, however, are reckoned at 11 cents less per unit than EEC's. The EEC has a 4-cent advantage on overhead, a 3-cent advantage on cost of sales, a 1-cent advantage on other costs. Total EEC countries have a total 3-cent advantage on the dollar over the United States.

Make the comparison with other nations. The unit cost of manufactured goods in Canada by this scale is 10 cents per dollar higher than American; it is 25 cents higher for Latin America and 16 cents for Australia, but the British unit cost is 16 cents per manufactured unit less than ours. (Britain's big advantage is in low sales costs.) The study finally lumps together "all other" nations, whose unit costs are 8 cents more than American.

This is only a rough rule-of-thumb comparison, of course, but it does emphasize that wage rates are only one factor in the cost of world goods. In dozens of American industries, particularly in the very ones where wages are highest and mechanism greatest, the U.S. product is cheaper than anywhere else.

"With substanitial frequency * * * U.S. manufacturers were able to offset their labor disadvantage relative to other countries," the report concluded, "by means of savings in other cost sectors."

For all its high wages the United States manages to export some $3 to $4 billion more goods, showing that wages are not necessarily the controlling factor. As a matter of fact, wages in the EEC countries have started to move up with the bracing effect of Common Market competition and consequent prosperity.

---

[From the Washington Post]

### ATLANTIC PARTNERSHIP

* * * * *

The President * * * recognizes the yearning of Europeans to free themselves from dependence on the United States and lends encouragement to that sentiment. The United States wants no satellites or subordinates in Europe or elsewhere. Rather, it welcomes the evolution of a united Europe and holds out a promise of cooperation with that new center of power in both the economic and political spheres on a footing of full equality.

This would necessarily involve adjustments in the North Atlantic alliance and existing defense arrangements. In his news conference President Kennedy specifically expressed hope that "we can reach accommodations on the economic relations, of trade, and also the problem of currencies and all of the rest, on the problem of military policy." Indeed, the concept of a partnership between equals would imply some ultimate modification in the existing U.S. control over the use of nuclear weapons for defense of the Atlantic Community.

* * * * *

One other element in this expanding vision of the future is of great importance. The President made it clear at Philadelphia that he was not thinking of a United States-European monopoly that could dominate the remainder of the world. The Atlantic partnership, he said, "would not look inwardly only, preoccupied with its own welfare and advancement. It must look outward to cooperate with all nations in meeting their common concern. It would serve as a nucleus for the eventual union of all freemen. Those who are now free and those who are avowing that some day they will be free."

---

[From the Washington Post]

### CHAMBER SAYS UNITED STATES MUST ACT TO MEET MARKET'S CHALLENGE

(By D. Harold Oliver)

A U.S. Chamber of Commerce report said * * * that maintaining tariff walls between Europe and the United States would divide the free world into two blocs and would be economically feasible for the United States "only if we increase our productivity and lower costs sufficiently to be competitive."

Otherwise, the report continued, the United States would lose much of its present large European market because of its tariffs.

Continuing, the report said:

"But if higher levels of productivity can be reached by U.S. industry in comfortable seclusion behind a tariff wall, it is certain that at least equal gains in productivity would occur in a United States unprotected by tariffs."

Maintaining tariff walls, the report said, would "limit the advantages resulting for trade partners from a greater degree of specialization and better use of resources."

The lowering of tariff walls, the report said, would lead under the pressure of competition "to lower costs, to gains in productivity and to higher income, but at the same time leaves to us the job of making substantial internal adjustments courageously and smoothly."

Great Britain is in a similar squeeze as to productivity and costs, the report said, adding: "It has chosen the way of competition; seclusion for a great trading nation is fatal. We have much more freedom of choice than the British between seclusion and participation."

---

[From the Christian Science Monitor]

### U.S. INVESTMENTS SWING TOWARD EEC

(By Harry B. Ellis)

From the beginning of 1958 through 1961—the first 4 years of the Common Market—American companies have made 1,272 new and separate moves of establishment in Europe.

About 70 percent of these moves have been into the six nations of the European Economic Community (EEC) or Common Market—France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg, with France by far the leader among the six.

* * * * *

Even before the Common Market came into force on January 1, 1958, there had been a high volume of American private investment in Europe. But since the formation of the Common Market there has been a marked shift of American investment away from Canada and Latin America to Europe, and away from licensing agreements to direct capital investment.

#### DOLLARS FOLLOW GROWTH

Historically American investment dollars have followed growth, and the most spectacular growth area in the world today is that provided by the internal market of the EEC.

The overall effect of these wide-scale moves on the U.S. balance-of-payments problem is not yet clear. But many of the firms concerned specifically ban their European-produced products from entering the United States, where they would compete with the domestic output of the same firms.

Instead, the European-based company aims at the internal European market, which means that its profits would accrue from sales within Europe and elsewhere outside the United States.

Thus, apart from its initial dollar investment in establishing in Europe, the company would not continue to drain dollars away from the United States by selling for dollars within the American market. Repatriation of profits back to the United States might even contribute positively to the American balance of payments.

### Russia Pulling Out All Stops To Counter Common Market

(By Edward Crankshaw)

The latest developments in the Soviet campaign against the Common Market indicate that the Russians have at last decided its existence is a real threat to be countered by every means.

Premier Khrushchev * * * pronounced the Common Market to be "a state monopoly agreement of the finance oligarchies of Western Europe," aimed directly at the Soviet bloc and at the economic enslavement of the newly independent African and Asian countries.

#### WHY SO SLOW?

Why were the Russians so slow to recognize the importance of this threat?

For a long time their training made it impossible for them to believe that the capitalist countries could ever combine to form an effective economic unity. This was an article of faith. And faith was heavily buttressed by their own practical experience with the satellite countries.

The Soviet Union herself had tried to weld the satellites together in Comecon (the Soviet bloc's Council for Mutual Economic Assistance), but without much success. If the Soviet Union, as the manifestly dominant partner in a group of countries united by the Communist ideology, could not develop an effective economic union, how could the West hope to succeed?

#### PROFOUND IGNORANCE

Behind this failure and this scepticism lay a profound ignorance of the flexibility and ingenuity of Western banking and mercantile techniques—as well as an inability to appreciate the strength of the underlying unity of purpose behind the members of the six Common Market countries.

Even when it became belatedly clear to the Russians that the six (France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg) were beginning to get somewhere and that Britain, amazingly, wants to join them, Khrushchev could not at first decide whether this was a good or a bad thing.

For some time there was disposition in Moscow to believe that the development of a strong Western European bloc might be to the Soviet advantage—that such a bloc would emerge as a threat to American hegemony and create serious friction between America and her European allies.

* * * * *

Whatever shape the new European unity takes, it portends the welding together by self-interest of a strong and economically healthy Europe which may in time become a political entity too powerful to undermine.

#### ATTRACTION SEEN

Such an entity could also set up a magnetic attraction not only for the neutrals but also for Moscow's own satellites.

The countries of eastern and central Europe have lately been looking increasingly to trade with the West in order to bolster their own economies. They could be severely damaged by the raising of tariff walls against them.

Hence the flood of propaganda that daily gathers weight. Soviet foreign language broadcasts anathematizing the Common Market are now beamed to every country which might be remotely affected by it.

Thus to Africa and Asia Moscow seeks to prove that the Common Market represents neocolonialism. Having been forced to bow to the wind of independence, the individual "imperialist" countries are banding together to force the new states into submitting to economic domination. The only solution for the threatened states is allegedly to multiply their ties with the Soviet Union.

#### ITALY WEAK LINK

At the same time, not content with attacking the Common Market from the outside, Moscow seeks to undermine it from the inside. The weak link is judged to be Italy.

The visit to Rome of A. N. Kosygin, Russian First Deputy Premier, is part of a campaign of blandishment to try to detach the Italians, with their strong Communist Party, from the Common Market.

Khrushchev's discovery that in the Common Market capitalism may have found a new lease on life has had an effect that borders on the traumatic. There can be no doubt of that.

### Substitute for the United Nations—World Agency Called Dead by Some, With Common Market More Effective

(By Constantine Brown)

Rome.—That the United Nations is dead is the opinion of many of the best qualified observers in Europe. There won't be any official burial. That is not necessary when well-meaning organizations pass on. The League of Nations was burried without formalities during the World War II din of arms. But it actually died long before when it failed to act in a major crisis—the Japanese invasion of Manchuria.

Nobody in Europe is shedding any tears over the U.N. There is already a more virile and potentially stronger successor in the offing—the Europe of the fatherlands in which the United States shows more than a perfunctory interest.

For the time being, the new organization is known only as the Common Market. But it is moving at a fair pace toward becoming a political-military-economic organization which will bind together nations with genuine common interests. It will represent, if the United States joins, the most progressive and powerful bloc in the world.

The United Nations ceased being regarded by the European nations as an instrument of peace when they saw that it had become a cold war tool of the Kremlin. Occasional demonstrations of interest in the New York organization have come in the past from politicians who gave it lipservice because the Washington administration believed sincerely that the United Nations was a cure-all for international problems and was indispensable for the survival of our civilization.

The Western Europeans are far more realistic and experienced in international relations. They believe that regional agreements between like-minded nations are more likely to maintain a balance of power and peace than the hodgepodge babel in New York.

The cynical French were among the first to understand that the glass palace (some called it menagerie) was becoming a powerful instrument to serve the interests of international communism. But because Washington and London insisted that the world peace organization was experiencing only growing pains, they remained, sneeringly, in the organization. The Indian aggression against the Portuguese enclaves proved the French were right. It was the Muscovite veto which murdered the charter.

* * * * *

The Congo developments have destroyed the last illusions of those who hoped to build on the U.N.

The Benelux countries—which in the past parroted the words of American leaders who claimed that "the U.N. was the only hope of humanity"—also have cooled off. They now admit that the organization on which the smaller nations placed their reliance for protection against the greed of the strong, has become "the tool of the bullies and oppressors."

* * * * *

But the most spectacular voice which admits that the U.N. is no longer an instrument of peace has come surprisingly from Great Britain. The British, like ourselves, have lulled themselves into the belief that the U.N., despite some inevitable shortcomings, was the hope for the salvation of the human race. The Katanga operations, and especially the Soviet veto in the Security Council in the Goan aggression, have changed this viewpoint, not only among the bulk of the English people, but also in the Government. It is hard to find a single letter to the editor in any London newspaper which has anything but scorn for the U.N.

On the other hand, the editorials as well as the letter columns, which are given more space than in our newspapers, are unanimous in reflecting the thought that the U.N. has ceased to be of any practical use. Lord Hume, the colorless Foreign Secretary, under pressure from parliamentarians and the public, has been compelled to join his official voice in declaring the United Nations not only useless, but even harmful.

There would be no such unanimous agreement among peoples and governments of Western Europe if it were not for the fact that they have found a real and more effective substitute in what General de Gaulle likes to call Europe des Patries, or what the Germans and British call the "Atlantic Alliance.

---

## RELIGIOUS SCHOOLS OF POLAND AND U.N. BONDS

Mr. CAREY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CAREY. Mr. Speaker, I have this day introduced House Concurrent Resolution 539, which I believe is timely and appropriate in the light of our consideration of the United Nations bond issue.

This resolution is aimed at the deplorable takeover of the religious schools of Poland. The Communist government there is moving on a Marxist timetable as the aggressor in a battle for the minds of Polish children.

Internally parents and their vicars in the schools, led by Cardinal Stefan Wyszynaki are mounting militant opposition incurring the usual and certain risks of such opposition under communism.

If the free world is indifferent and apathetic to their plight it is assigning the future generations of Poland to the bondage of atheistic materialism.

As an instrument of freedom is it proper for the United Nations to operate in an internal breach of basic human rights? It is if the Universal Declaration of Human Rights is more than a pious parchment. That declaration states at article 26:

> Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. * * * Parents have a prior right to choose the kind of

education that shall be given to their children.

It is evident that the nationalization and expropriation of private schools and educational properties by the State abrogates this article.

This is as good a time as any to test whether the declaration and functions of the United Nations have any application or effect outside the free world and inside the Iron Curtain.

To the extent of $100 million we are about to fuel the furnace. That should give us some right to stoke the fires of freedom. Those fires will always live in the hearts of the Polish people. Their fierce courage and love of God and family is legendary. While these qualities persist no tyrant will long effect their subjugation. As they seek the survival of their schools and culture their struggle must not go unheeded. We have much more than $100 million here at stake. In fact we have as much to lose as they.

I am proud to be joined in this resolution by other Members of the Congress, particularly by the distinguished gentleman from Wisconsin, member of the Foreign Affairs Committee, the Honorable Clement J. Zablocki.

**Mr. ZABLOCKI.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

**The SPEAKER.** Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

**Mr. ZABLOCKI.** Mr. Speaker, I want to commend and congratulate the distinguished gentleman from New York [Mr. Carey] for introducing the resolution. I am delighted to join with him in sponsoring it. I believe that the U.S. delegation to the United Nations should exert every effort to bring to the attention of the forthcoming General Assembly the persistent violation, by the Polish Government, of article 26 of the Universal Declaration of Human Rights.

Article 26 of that declaration is very specific. It states that "education shall be free." It further goes on to say, and I quote:

> Parents have a prior right to choose the kind of education that shall be given to their children.

This is one of the basic human rights, and it was clearly reaffirmed in the Universal Declaration of Human Rights which was overwhelmingly adopted by the United Nations General Assembly in 1948. As a matter of fact, there was not one vote cast against the adoption of this declaration.

Now it is quite clear, not only to those of us who visited Poland, but to all who read the daily newspapers, that these rights of the people of Poland have been persistently abrogated and violated by the Polish Government. Through nationalization, expropriation of private schools and methodical repression of religious education, the regime in Poland has deprived the parents in that country of their inalienable right to select and provide their children with the type of education which they consider best for them.

The Polish Government's drive to suppress educational facilities sponsored and conducted by religious groups has been particularly evident for years. Only the determined opposition of the Polish people, led in this fight by the courageous primate of Poland, Stefan Cardinal Wyszynaki, has thus far prevented the Government from completely achieving its goals in this field.

I think that it is incumbent upon us in the free world to lend our support to the efforts of the Polish people to preserve their basic human rights. I believe, therefore, that we should strive to bring before the United Nations General Assembly the question of the violations, by the Polish Government, of article 26 of the Universal Declaration of Human Rights. This is the whole purpose of the resolution which we are introducing and I sincerely hope that it will be acted upon by the House as promptly as possible.

## PROPOSED MERGER OF PENNSYLVANIA AND NEW YORK CENTRAL RAILROADS

**Mr. DULSKI.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to include extraneous matter.

**The SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

**Mr. DULSKI.** Mr. Speaker, as a vigorous opponent of proposed railroad mergers and consolidations, I wish to include a resolution adopted by the Common Council of the City of Buffalo, N.Y., on September 4, 1962, in opposition to the requested merger of the Pennsylvania and New York Central Railroads. I wholeheartedly concur with this resolution which follows:

### RESOLUTION 161

### PROPOSED MERGER OF THE PENNSYLVANIA AND NEW YORK CENTRAL RAILROADS

Whereas a merger of the Pennsylvania and the New York Central Railroads as proposed, if permitted, will have serious and depressing economic effects on the citizens and communities in the entire western New York area; and

Whereas this merger would result in the abolition of many railroad jobs and as a consequence, remove from the western New York communities a large amount of income which is presently being spent by said employees in the western New York area; and

Whereas the merger would also create a situation which would lead to the uprooting and the relocation of many of the citizens of this community who are presently settled here and as disclosed in the actual and proposed operations submitted to the Presidential Study Commission would never be certain as to where they may establish homes; and

Whereas Buffalo, through the ill-advised Rockefeller railroad relief program enacted to stabilize and put this industry on a firm financial footing, has already caused the removal of millions of dollars worth of railroad property from the city's tax rolls thereby increasing the tax burdens on our already overburdened property owners; and

Whereas many of our citizens are unaware of the tremendous wages paid railroad executives as well as their other costly benefits, all at the expense of the workers; and

Whereas the city of Buffalo is in a position which would bring great economic disaster to it by such a merger: Now, therefore, be it

*Resolved,* That the Common Council of the City of Buffalo memorialize the Interstate Commerce Commission to defer any decision in connection with the requested merger for the New York Central and the Pennsylvania Railroads; and be it further

*Resolved,* That the Common Council of the City of Buffalo memorialize the Interstate Commerce Commission to hold public hearings in the city of Buffalo wherein all pertinent facts relating to the proposed merger and its effect on the community be presented to said Commission to be considered in connection with its determination; and be it further

*Resolved,* That the city clerk forward a certified copy of this resolution to the Chairman of the Interstate Commerce Commission as well as Senators Javits and Keating and Congressmen Dulski, Pillion, and Miller.

Stanley M. Makouski.

Adopted.
Attest:

Stanley Molik,
*City Clerk.*

## THE WORKING CONGRESSMAN— JOHN J. ROONEY

**Mr. LIBONATI.** Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include an article from the Saturday Evening Post.

**The SPEAKER.** Is there objection to the request of the gentleman from Illinois?

There was no objection.

**Mr. LIBONATI.** Mr. Speaker, in this Washington world of political fantasy and bantering jungle operation—one seldom experiences the thrill of reading of humorous anecdotes and ludicrous incidents that occur in the committee hearing room in exchanges between the witnesses and their questioners at the committee level.

Our good friend Congressman John J. Rooney, of Brooklyn, was the subject of an article written by the celebrated journalist, Peter Wyden for the Saturday Evening Post. The article treated with the career and character of our distinguished colleague, as well as his work touching upon the hearings of his subcommittee and the humorous exchanges with the witnesses during the giving of testimony. These incidents were portrayed by the writer in masterful style.

One's interest is stimulated by the intriguing development of the narrative, unfolding in pungent descriptive phrases and spicy word structure the true characteristics and mannerisms of one of the most influential and dedicated men in the Congress.

It brings out clearly his relentless pursuit of the truth in his questioning of the contentions of those whose new proposals or programs require increased appropriations.

Congressman Rooney is still the master trial lawyer—clever and meticulous in cross-examination in preparing by seemingly innocent questions, the trap for the kill—and then with a cryptic or sarcastic remark, destroying the collapsing proposal.

The gentleman from New York, Congressman Rooney, truly represents the membership's composite ideal of a true Congressman's Congressman. He is fair in his treatment of a subject under discussion, but does not tolerate flimsy and effervescent empty reasoning as a basis for expecting taxpayers' money to support idealistic impractical dreams of theorists and crackpots.

The gentleman from New York, Congressman ROONEY, gives no quarter and asks none when in hot pursuit of a phony program or excessive expenditures or demands for funds.

The Congress knows that when the gentleman from New York, Congressman ROONEY, handles the committee bill on the floor, that the previous work of the committee at the hearings have in presenting the legislation before the body culled out and eliminated within human error every major objection to its enactment.

The gentleman from New York, Congressman ROONEY, is a product of the old school of thought—be certain before you move on a question, and then do the best you can to influence others to believe as you do.

The Congressman is as kind and considerate of the interests of fair and reasonable people as he can be caustic and sardonic in treating with the selfish practices of others. His analytical and alert mind is reflected in the sharpness and speedy retort in debate. The gentleman from New York, Congressman ROONEY, can disturb a whole community in a split second by some sad-faced observation of its lack of virility of civic consciousness, and a few hours later anoint the pride-wounded officials with sweet scintillating encomiums of their dedicated contributions to an unappreciative public.

And yet at other times—I have followed him into communities where he left before smoothing the waters—and every man, woman, and child in the community were armed to the ears to maim and kill the first Congressman who came along. Yes, the gentleman from New York, Congressman ROONEY, is a personality—a lovable character, and the newspaper fraternity love him—he is news wherever he goes.

The people back home in his district are the true evaluators of his services. His loyalty to them is measured by the count at the ballot box, election after election. JOHN ROONEY loves the human family—the ethnic groups of his area know no other allegiance. He is deliberate and sober of judgment when circumstances require decisions. He can be vitriolic, pugnacious, and cutting in attack or defense when other circumstances confront him, arousing his mettle.

We, the Members of Congress, who know him best are proud of his friendship and compliment him on this fine article dedicated to his invaluable service in the Congress. Peter Wyden has written a mirrored, true picture of our picturesque colleague. We salute Brooklyn for its unflinching pride in returning each time their distinguished incomparable Congressman from Gowanus, Hon. JOHN JAMES ROONEY. The article follows:

### THE MAN WHO FRIGHTENS BUREAUCRATS

(By Peter Wyden)

Certain maliciously inclined wits in Washington, D.C., have long had the urge to send through the State Department an emissary who would flit from door to door shouting: "ROONEY is coming." These wits contend that the impact would be entertaining. Coffee cups would vanish. Desks would be swept clean, especially of papers relating to departmental finances. Blood pressures would bounce upward. Some officials might risk a break to the backstairs exits. The reaction, in sum, would be that of a reform school suddenly visited by the chairman of the parole board.

This would be understandable, because such, indeed, is the relationship between Congressman JOHN JAMES ROONEY, Democrat, of Brooklyn, N.Y., and the State Department, as well as the Justice Department, the entire system of Federal courts and the U.S. Information Agency, which is supposed to put our best propaganda foot forward all over the world.

Technically, ROONEY, who looks like a balding, undersized Uncle Sam with bad digestion, is only chairman of a subcommittee of the Appropriations Committee of the House of Representatives. In cold fact, all the above departments must apply to him for their bread and butter. This circumstance has transformed ROONEY, a onetime assistant district attorney, into what James Reston, of the New York Times, has called "one of the most powerful men in America, in a negative way," and the suspicion has arisen that his negative ways are damaging America's standing abroad.

Few of his constituents—in fact, few voters outside Washington—are aware of it, but ROONEY's power to withhold appropriations gives him virtual veto rights over some of the most delicate aspects of foreign policy.

Just how he uses his power is a matter of dispute. It is beyond controversy, however, that his decisions are rarely questioned; that, in 10 years, he has sliced well over $1 billion off the budgets that pass before his baggy, steel-blue eyes; and that perhaps no other cross-examiner in Washington has so consummately mastered the art of making an appropriations-hunting civil servant appear like a confidence man.

For the fiscal year 1959, beginning this July, the Rooney hearings have been recorded in five volumes totaling 1,868 pages. Most of them are peppered with questions by this Irish emigrants' son who is referred to, even by colleagues, as "Mr. Chairman." His questions are brief: "When?" "Why?" "Where did you get that figure?" "How much is that going to cost the taxpayers?" Or, "What have you done with the money?" Vague explanations he cuts off with remarks like "These self-serving declarations, Mr. Secretary, do not mean a thing." Or just: "Stop kidding."

As a result, a substantial segment of Washington officialdom will not move without first genuflecting in the direction of the great needler from Brooklyn. As the budget director of one agency testifies: "Anything we do here we do on the basis of, 'Could I explain this to ROONEY?'"

The importance of explaining things to ROONEY is being blamed, for example, for some of the tribulations of the severely criticized American exhibit at the Brussels World's Fair. ROONEY did not attempt to dictate its contents. Nor do his appropriations show that he was notably stingy. Officials responsible for the exhibit asked for $15 million and got $13,445,000. But they had to extract it in installments. Again and again they had to appear before ROONEY to justify every vitamin-pill display and every artist's booking. This, they contend, kept them so harassed that they had little time to prepare a master plan for the exhibit.

Their estimate of ROONEY supports the observation of a White House adviser: "ROONEY doesn't see the woods. He sees trees. In his zeal to hammer at the nickels and dimes, he develops no sense of the sweep of the oversea problem."

ROONEY, on the other hand, maintains that the "sweep" of things is perfectly plain to him, but that any budget must be combed for waste. "I approach it with the idea that it can be cut," he says, "it's an asking price." In the process of probing a budget, ROONEY sees himself as the personal Representative of every abused taxpayer in the land, including JOHN J. ROONEY.

Besides, it is a matter of pride in pure craftsmanship: leaving a budget unmolested is about as easy for ROONEY as it is for a surgeon to send home a case of acute appendicitis.

The chairman likes to start his surgery by throwing witnesses on the defensive. The Far Eastern expert of the Information Agency, for instance, found himself on the ropes not long ago when ROONEY casually inquired about the relationship between America and Japan:

"Question. Is it better now than it was 5 years ago?

"Answer. I believe, sir, that basically it is.

"Question. Would you say it is better now than it was 2 years ago?

"Answer. I would say basically that it is.

"Question. Then why do you want a couple of hundred thousand more for Japan?"

This fellow was getting off gently. Roderic L. O'Connor, the State Department security chief, offered a detailed statement justifying his request for $465,000 and added that he had only one or two additional comments. ROONEY remarked: "Quite all right, but you better make $465,000 worth of comments." Harold B. Hoskins, director of the Foreign Service Institute, was tripped into an obvious error of on-the-spot arithmetic which caused ROONEY to observe: "It's a good thing you're not teaching mathematics, professor." Miss Frances Knight, head of the State Department's Passport Office, asked how, within ROONEY's rules, she might deal with a problem. ROONEY countered: "We ask the questions on this side of the table."

Quite a few of his witnesses fall prey to what may be called the Rooney syndrome. USIA chiefs conduct week-long rehearsals for his hearings. The Rooney role is assigned to the most unimpressionable official available. Nevertheless, competent spokesmen find their memories going blank when they face their inquisitor. Their faces grow white or pink. Perspiration pours from them. Their voices quiver. One otherwise articulate official was so unstrung after testifying that he offered his resignation as soon as he returned to the office. Another was caught by his wife arguing with an imaginary ROONEY in the shaving mirror.

The chairman, now 55 and sparsely white-haired, is a study in perpetual motion. He measures 5 feet 7½ inches and his weight has stabilized at 150 pounds, thanks to a low-cholesterol diet. He is so keyed up that the act of sitting down is difficult for him. He almost never occupies more than a chair's edge. He reads, talks, dictates letters, and even entertains visitors at home standing up. He rarely takes a weekend off and has had no vacation since 1956, when he took a drive to the Midwest and spent most of his time at the Democratic National Convention.

Money is the commanding passion of his life. Not making money—he is one of the few attorneys in Congress without a lucrative law practice back home. It's saving money that preoccupies him, and not just in the office. His wife Catherine, whom he calls "the boss," is questioned by ROONEY on every household expense. A $122 repair bill for the family car, a 1953 model which ROONEY intends to drive "indefinitely," sets off a typical show of the chairman's interest: "Why did he have to do that?" "What did he have to say about it?" "Didn't we just have a muffler job done?"

ROONEY is the one man in the party who always adds the dinner check (I think you're a dope if you don't). And he is conceivably the only motorist who, in casual conversation about trips from Washington to New York, can cite the total of all bridge, turnpike, and tunnel tolls: $3.40.

His attitude toward bureaucrats is something less than reverent. "The trouble with too many 'guys' over there is that they don't know what they're talking about," he says flatly. The depth of his contempt for some of these "guys" is illustrated by one of the chairman's pastimes: donning a Homburg and a pair of gloves and exchanging his unmistakable Brooklynese for a flawless Harvard accent, he enacts his impression of a State Department "snob" sneering at an uncultured Brooklyn Congressman.

Another of his peeves is any new project considered imaginative by its proponents and a "harebrained scheme" by the chairman. A case in point was the $3,790,500 request for an aircraft carrier to be loaded with propaganda exhibits and Cinerama and moved all over the world from port to port for viewing by the natives.

"Holy smoke, that was a beauty," he recalls. "We just took a look and figured it would cost six or seven bucks for each one of them Cambodians to watch Cinerama. So we sunk the carrier." Not, however, before having some fun with its chief advocate, Abbott Washburn, Deputy Director of the USIA. ROONEY nicknamed him "Admiral Washburn."

Men like Washburn might be expected to love ROONEY less than a brother. In fact, anti-Rooney sentiments are not rare in Washington, although his position at the purse strings keeps them under cover. "I could sit for hours and tell you what a so and so ROONEY is," says one of his victims, "but I don't think I'd better." Another says: "He's an utterly ruthless man." But a third sizes up the majority view like this: "He makes you awful mad, but you don't dislike him. In his own curious way, I guess he's doing his job. It's these methods of his that get under your skin. To him, you're guilty until proven innocent. But it's also his methods that get results. He puts you on your mettle."

ROONEY'S advocacy of the taxpayers' interest generally takes precedence over his politics. His badgering is nearly always scrupulously nonpartisan. Once in the Truman days, he was displeased with the Civil Aeronautics Board. It wanted its budget increased by $637,000 while ROONEY had a report from his investigators suggesting that the CAB's business was being run with less than exemplary dispatch. Chief witness was Joseph J. O'Connell, Jr., a fellow Democrat. ROONEY insisted on calling him O'Donnell and when the witness made a pitch for 98 new employees the chairman said: "I think if you would direct yourself to telling us what you have done in the past year rather than what you expect to do with new people who I know now are not going to be approved, it would save time."

Even the Supreme Court knows better than to pull its rank on the chairman. When Chief Justice Earl Warren requested $33,000 this year for an electronic "birdproofing" system against starlings, ROONEY loaded the record with so much sarcasm about "dirty birds" which would be chased off the Highest Court to take refuge across the street on the Capitol, that Chief Justice Warren phoned to say: "JOHN, you can forget the birdproofing."

Sloppy arithmetic disturbs ROONEY. "I'm no good in mathematics," he asserts, "but I can add." He is also handy with percentages. Lately, a Deputy Assistant Secretary of State was rebuked for quickly figuring at a hearing that a proposed increase for the consulate at Belo Horizonte, Brazil, amounted to 50 percent. In his meticulous, almost childlike handwriting, ROONEY scribbled on his scratch pad, then protested that the increase was "approximately 67 percent." The Deputy Secretary apologized as a trapped pickpocket might.

ROONEY'S sniping is not without reason. Some years ago, he discovered the State Department purchasing "executive wastebaskets" at $27 each. "Is there something unusual about these wastebaskets?" he demanded. "Are they huge? Are they fancy?" The following year he managed a friendly gesture: he complimented the Department for having bought, instead, other wastebaskets for $10.

Another year he found the USIA offering, for free distribution abroad, 15-volume sets of encyclopedias costing $79.50 each; 120 sets had been shipped on request by the local USIA public affairs officer to Vientiane, Laos, where he had been able, despite heroic effort, to dispose of only 50 sets.

ROONEY blew up. "Does anybody read these encyclopedias?" he asked. "Wouldn't it be better if we gave them the money in hot dogs?" But behind his fit of pique there was a purpose. ROONEY knows that public ridicule of blunders in wastebaskets and encyclopedias makes departmental budget experts look more critically at expenditures. Which is precisely what ROONEY wants.

ROONEY'S cantankerousness is actually worth money to the State Department and his other charges. This is due to his personal standing in the little-understood machinery which feeds money requests from the White House into the Capitol at one side and produces appropriations at the other. State, USIA, and Justice Department requests go first to ROONEY'S subcommittee. Within this club, ROONEY is pretty much boss. The full Appropriations Committee is the next higher authority. It appreciates ROONEY'S fervor and rarely trifles with his recommendations. Next they go to the House floor, where his colleagues are aware of ROONEY'S diligence and his talent for harpooning challengers in debate. Senators know that if they add much to ROONEY'S requests and a compromise Senate-House conference is necessary to settle the difference, the gentleman from Brooklyn will not give ground easily.

The legislative process requires ROONEY to take on the role of defense attorney as soon as the money bill leaves his committee. And to beat off any attacks on the House floor, he must consider political fundamentals. One of these is every Congressman's notion that it is smart to crusade against "frills" for "striped-pants boys." ROONEY normally denies them this fun by (1) enjoying it himself first and (2) perhaps winding up with more money for certain sensitive items than his colleagues might shell out in a free-for-all on the House floor.

When the chairman questions the men from the State Department about what they call "representation allowances" and he calls the "booze bill," his needle turns into a horse syringe. Taken at face value, his questions would permit only the conclusion that all such entertainment is drunken boondoggling. ("Do you find you get much work done at these soirees and parties?"); and that is prohibitively expensive. Actually, ROONEY, a hearty Scotch-and-soda man, thinks such divertissement is necessary. But he wants its expense kept down to satisfy the political instincts of his colleagues and his own frugality.

More than most men, ROONEY is discernibly a product of his past. His mother, Ellen Fitzsimons, came from County Leitrim and went to work in her father's flower store at 161 Court Street, Brooklyn. The Congressman's two brothers still operate the same shop. His father, James, arrived from County Sligo in 1888, became a deckhand on the Fall River Line, then went to work in the Fitzsimons shop and married the boss' daughter.

The Congressman was born in the cold-water flat over the store and performed chores there so early that an agent of the children's society once expressed concern about the precocious employee.

ROONEY today invariably appears immaculate. His suits, costing $125 tops, are nearly all dark gray or blue. He was notably neat as a Court Street kid, too. When a stickball rolled into a sewer, he was the one youngster who washed his hands. "He always had his jacket on," recalls Donald O'Toole, Deputy Commerce Commissioner of New York, who grew up with ROONEY and served with him in Congress. "He always looked like the foreman."

The chairman's flair for figures manifested itself before he went through St. Paul's Parochial School, St. Francis Prep School and St. Francis College in Brooklyn. He knew the one store that gave an extra licorice for a penny. At 14, he kept the flower store's books. When a playmate got a new catcher's mitt, JOHN just about ripped it apart to check its quality.

While the Rooneys were relatively well off, the old neighborhood's distaste for waste undoubtedly shaped ROONEY'S later preoccupation with the subject. "We were a class of people that had to watch every dollar," O'Toole points out. "You didn't buy bread because it was beautifully packaged, but because it would feed the family."

Even as a teenager ROONEY was a regular reader of paving contract awards and other fine print in the city record. He drifted into law like most gregarious, ambitious Irish lads who were not interested in medicine, the other profession that brought prestige on Court Street.

At Fordham Law School, ROONEY was forced to apply himself for the first time. He had barely made the lecture hall in time for the first class in contracts. Only seats in front were vacant. The professor was I. Maurice Wormser, a brilliant author of textbooks but quite deaf. ROONEY, his seatmate New York attorney Osborne A. McKegney, and a few others within easy reach did all the reciting because the professor could hear nobody else.

"It was the greatest thing that ever happened to me," ROONEY says. More than two-thirds of his class (1925), including the top man, McKegney, flunked the bar examination on the first try. ROONEY passed. "He thinks legally," McKegney explains. "He discards the unnecessary and gets right to the nub. You don't find that too often."

After law school, ROONEY became a real estate title examiner and then established his practice at 163 Court Street, in a store next to the flower shop. He specialized in tedious title closings and wills. The hours were long, but ROONEY was well paid. He attributes much of his success to his canary-colored legal folders and other devices bespeaking a spick-and-span operation. "I learned that neatness was of great value," he observes. "It would get things resolved in your favor."

In 1940, William O'Dwyer became Brooklyn's racket-busting district attorney. ROONEY and "Billo" were buddies, so O'Dwyer drafted him as an assistant district attorney at $7,500 a year. It was a steep cut in income, but Billo's crusading zeal was infectious in those days.

"Rooney was a great prosecutor," testifies Judge Samuel Leibowitz. He would not try the most elementary assault case, for example, without viewing its scene. If it occurred late at night, Rooney would go there late at night to see everything as the participants saw it. His reputation, however, was made with the Hymie Caplin case.

Caplin was a boxing manager who also happened to supervise a mob of cardsharps. Card cheating is a rarely punished vocation; it is difficult to prove and hard to find juries with sympathy for defendants.

Rooney uncovered victims one by one: a real estate broker who lost $15,000; a Park Avenue doctor who lost $18,000; a jeweler who had to quit business after losing $75,000. Known losses exceeded $2 million. With the aid of what he still proudly calls "my stoolie," Rooney wormed evidence out of the gang. He had an entire hotel floor wiretapped. Yet on Broadway, betting was 18 to 5 against Caplin's conviction.

The wiseacres hadn't counted on Rooney. He hired Mickey "The Inside Straight" MacDougall, who initiated Rooney into the ways of cardsharps. Together they practiced until the prosecutor was able to demonstrate personally the gang's tricks before the jury box. Caplin got 5 to 10 years in Sing Sing.

In 1944, Rooney's old friend and neighbor, Congressman Thomas H. Cullen, died. The late Frank V. Kelly, the borough's Democratic leader, chose Rooney to succeed him, and in a district as Democratic as Alabama there was nothing more to it. Except for a flurry during the Republican upsurge of 1946, Rooney has never had to worry much about getting reelected.

His district takes in more than 380,000 people and covers most of the Brooklyn waterfront, Red Hook, near Bay Ridge, Borough Park, South Brooklyn, and Midwood. The Dutch, Irish, Germans, Italians, Poles, and Scandinavians came first. There are Jewish sections and a big Syrian colony. Arrivals of new voters from Puerto Rico have been numerous recently, and well-stuffed residential areas are yielding to streets not recommended for ladies after sundown. It is a neighborhood where people expect their Congressman to lend both ears when there is trouble.

Rooney has no hobby except watching fights on TV and second-guessing the announcers. So he turns over weekends to his constituents. Puffing his daily ration of two packs of cigarettes, he darts tensely from communion breakfasts to bar mitzvahs to chicken dinners with veterans' groups. Sunday afternoons he heeds the bugle call of all Brooklyn politicians: "See you after mass." At 1:30 p.m. he materializes on the dreary second floor of the Third Assembly District Club (regular Democratic organization). Here he can be collared for favors or, as Brooklyn jargon has it, "taking contracts." On a typical recent Sunday he listened to some two dozen taxpayers, including a man with a seeing eye dog. Could he do something about a marine in the brig for assault? Could he help a woman adopt an 8-year-old cousin in Italy? Could he do something about raising the pay of Federal prison guards?

Rooney took detailed notes and handed them to his office force the next morning. The favor seekers got better attention than most of them realize, because a request from Rooney commands maximum attention in any Washington office.

Weekends, however, are less demanding than the chairman's typical day in Washington. Much of it he spends in his subcommittee's austere headquarters, room B-25 in the Capitol. It measures 15 by 30 feet, and is mostly taken up by a long green-covered conference table. The seven-man committee, with Rooney at the center, occupies one side. The victims line up along the other, with reinforcements stacked in the corridor for want of seats. Jay B. Howe, a former FBI man who is the committee's staff assistant and Rooney's top lieutenant, occupies a small desk squeezed into one alcove. A junior helper is sandwiched into another. Their sole tool is an adding machine.

At midday Rooney heads for the House floor where he has achieved a 100-percent attendance record for all votes in more than one session. He rarely gets to his office before 3 o'clock to see callers and dictate letters, standing up at his secretary's desk in the outer office. In his own office, the desk and its four leaves, the couch, all shelf space, and all chairs except two are preempted by stacks of papers. He often forgets to eat lunch till 4 p.m., when he sends out for a bologna sandwich on rye and a glass of milk.

The chairman frequently travels abroad, but, at his instructions, the State Department issues orders to all points on his itinerary to give him no dinners or cocktail parties. Instead, Rooney prefers to drop in on USIA libraries when it rains so he can shudder at the native vagrants leafing through picture magazines. He also specializes in private dinners for veteran career employees who tell him, unofficially, what really goes on. He recruits such volunteers by shaking hands with all Americans within reach, regardless of status, and asking them whether he can do anything for them.

"That way I have a friend for life," he explains. "And I have a stoolie, too."

Certain loyalties temper Rooney's pursuit of economy. No one suggests that they lead him into anything inappropriate. They do show him to be a realistic politician. These special loyalties are to (1) Brooklyn, (2) Ireland, (3) the Roman Catholic Church, (4) the FBI, and (5) Israel.

When the Army, for economy, closed a coffee roasting plant in his district, Rooney denounced the move with the air of a millionaire asked to save on golf balls. "Since this administration came in," he laments, "they've been ruining us." When he pushed his pet bill for $380,000 to deepen Brooklyn's beloved Gowanus Canal, he rolled enough logs to pass the entire State Department appropriation twice. It was Rooney who engineered the appropriation for a 12-man delegation (chairman: John Rooney) to visit Wexford, Ireland, to unveil a statue of Comdr. John (Fighting Jack) Barry, the first U.S. Navy officer commissioned by George Washington. It was Rooney, a genuinely religious man, who pushed through a $964,200 bill to repair war damage to the Pope's summer residence. It was he, too, who wrangled the release of $3,250,000 in frozen American funds for educational institutions in Israel.

As for J. Edgar Hoover, Rooney is a personal fan who admires the way the FBI Chief marches up the Hill and tells without coaching "just where every car of his is in Chicago."

Having long pushed himself to the limit, Rooney is getting worried about his health. But he scoffs at the thought of giving up his seniority to run for the Senate and is not even sure he would enjoy that mecca of all politicians, a judgeship. Also, he does dearly love his club. "The House," he declares, "is the greatest parliamentary body in the 'woild'."

The question remains: How good a job does Rooney really do for the taxpayers?

This was aired last spring during a White House luncheon President Eisenhower gave for the Advisory Committee of the Foreign Service Institute, a State Department school that trains diplomats. The .President was told that 50 percent of all Foreign Service officers speak no foreign language. He voiced concern and asked why nothing was done. Some of the lunchers blamed the trouble on Rooney and how, as the New York Times reported, he had been slashing budgets for years.

The Times story elicited, at Rooney's request, one of the most abject salaams ever issued by the Department. "Dear John," wrote Deputy Under Secretary Loy W. Henderson, "I am writing this note to tell you how distressed I am at the statements contained in a newspaper article this morning indicating that you have been slashing the State Department's budget for years. * * * I wish to make it clear that those of us in the State Department who are concerned with budget matters do not share these views. * * * We recognize your unexcelled knowledge of the budgetary problems. * * * We respect you and, although we at times have not seen eye to eye with you, we have never doubted your devotion * * * and * * * are indebted to you."

This bouquet produced smiles from some officials who felt there was no need to curtsy quite so deeply; a series of monotonously flowery speeches in Rooney's defense from the formidable Rooney cheering section on the House floor; and a series of statistics from Rooney showing that in 1955, when a Republican briefly headed his committee, the Foreign Service Institute got $907,143. Next year, with Rooney back, it got $2,007,953. For 1958 it got $4,679,545.

The controversy illustrates that Rooney takes a harsh view of (1) anything run by men he happens to dislike; (2) all semblance of luxury; (3) investments that fail to yield immediate tangible returns. He never cared for the Institute's Director, Harold Hoskins. When it developed that the institute teaches French in a villa at Nice, France, at $2,512 each for 25 students, who are attended by a staff of 18, Rooney denounced it as a Riviera "rest cure" and taunted Hoskins about the scenic view, the French pastry chef and the two gardeners; which means that the villa almost certainly will be closed. Previously, he had managed to close down the Institute's courses in rapid reading.

To Rooney, these are frills which he and the rest of the taxpayers should not countenance. At the same time, he has gone along with the Foreign Service Institute's bigger needs to staff our modern diplomacy, just as he approves around $100 million yearly for the USIA, whose work is to him no more than a necessary evil. This makes him no more fun than a suspicious mother-in-law. Nevertheless, when a top USIA official was lately asked: "Isn't Rooney the kind of nickel chaser you as a taxpayer would want in his spot?" the official thought a long time. Then he said: "I can't argue with that."

## DESIGNATION OF SPEAKER PRO TEMPORE SEPTEMBER 17 AND 18, 1962

The SPEAKER. The Chair will be absent on Monday and Tuesday of next week and designates as Speaker pro tempore on Monday and Tuesday the gentleman from Oklahoma, Mr. Albert.

## CONSTRUCTION SET-ASIDE PROGRAM OF THE SMALL BUSINESS ADMINISTRATION

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. Multer] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. MULTER. Mr. Speaker, the following was submitted by me to Subcommittee No. 2 of the Banking and Currency Committee in opposition to H.R. 10518, which would eliminate the construction set-aside program of the Small Business Administration:**

STATEMENT OF HON. ABRAHAM J. MULTER, BEFORE SUBCOMMITTEE NO. 2 OF THE HOUSE COMMITTEE ON BANKING AND CURRENCY, SEPTEMBER 13, 1962

Mr. Chairman, I very much appreciate the opportunity to appear before you this morning in opposition to H.R. 10518, which provides that the set-aside program of the Small Business Administration shall not apply in the case of construction contracts.

As you know, this subject matter comes within the jurisdiction of the subcommittee of the House Small Business Committee of which I have the honor to be chairman. I am thoroughly familiar with the situation to which the bill is addressed, and I know that my remarks will receive the careful consideration that this committee gives to all testimony received by it.

Fifteen bills have been introduced in Congress which provide that the program under which Government contracts are set aside for small business concerns shall not apply to construction, maintenance, and repair procurements. The number of these bills indicates that the program, commonly known as the construction set-aside program, has engendered some controversy.

I shall directly demonstrate that it is based on erroneous information, doctored statistics, and misconceptions. I shall further demonstrate that, if enacted, these bills would be harmful to the Government, harmful to small business, harmful to the building construction industry, harmful to labor, and harmful to the country as a whole.

First, I should like the record to show that under existing SBA size standards, 90 percent of the construction industry contractors qualify as small business concerns. It follows, that those who oppose the construction set-aside program are doing battle for and on behalf of only 10 percent of the industry and that all that sound and fury concerning the alleged injustices of the set-aside program in the construction industry originates with a handful of firms, the giants of the industry, who are using the Associated General Contractors of America—AGC—as their mouthpiece. For the size of this organization, I would refer the committee to their brochure, "What Every Taxpayer Should Know About the Small Business Administration."

Who, you may ask, is this vociferous AGC which seeks the elimination of the small contractor from the American scene? Does it speak for the industry, as it alleges that it does? Does its views on the construction set-aside program square with those of the 455,000 small construction contractors (estimated by the Department of Commerce as of January 1, 1961) whose livelihood the AGC is threatening?

There are, Mr. Chairman, some 479,000 construction firms in the United States. Of these, only 7,300, or less than 2 percent, are AGC members, and the AGC does not speak even for all of these. In fact, the small contractors among the AGC members are frightfully aware of the AGC's assault upon their livelihood. Their deep concern is expressed in the multitude of letters pouring into the SBA from all over the country. Of these, I shall take the liberty of reading but three or four. One such letter, for instance, reads:

"It has been brought to my attention that there are organizations working to abolish the small business set-aside program.

"I trust that the Small Business Administration will do everything in its power to keep this program in operation."

Another letterwriter states briefly:

"We have heard that some pressure is being brought about to discontinue the set-a-side (sic) program for small business. We ask that you do everything you can so that this program is continued."

Another correspondent says:

"We understand that there has been a movement to try and abandon the small business set-aside program. Being in this small business capacity, we are definitely opposed to this good program being abandoned.

"If this is done, it will put the bulk of the construction work back under the control of the major companies in their respective fields, leaving the smaller contractors to again fight a losing battle for survival."

Other letters from AGC members go even further, and directly disavow the position taken by their organization. One such letter, for instance, states:

"For some time we have been following the controversy between the Associated General Contractors and the Small Business Administration involving the reserving of the smaller construction contracts for the smaller firms.

"As our letter indicates, we are members of the Associated General Contractors and are a relatively small organization. Our views are not at all represented by the national Associated General Contractors organization. This is an extremely competitive field today, and a small organization with limited resources has a very difficult time surviving the cutthroat competition.

"I think you will find that all the noise and commotion is being caused by 5 or 10 percent of the AGC membership that represents the large, long-entrenched organizations that have the resources to survive in these competitive times and would like nothing better than to see their weaker and smaller competitors fall by the wayside."

A director of the Portland, Oreg., chapter of the AGC feels that the program has never been fully presented to the AGC membership. AGC opposition, he says is that of "large contractors who dominate the thinking and actions of the AGC."

I could go on reading many more such letters, but I believe that this sampling sufficiently conveys the idea that the AGC is out to establish a monopoly for its big wirepullers and that its small members know it and fear it.

The AGC's assumed position as an alleged spokesman for the construction industry has, thus, been severely shaken. In fact, a recent survey conducted by the SBA has clearly demonstrated that the AGC speaks neither for the industry nor for its small members. Although it does speak, it does not speak the truth.

Invited by the SBA to join it in an industrywide survey regarding AGC's members' views on the construction set-aside program, the AGC dodged participation. SBA thereupon proceeded with the survey on its own, polled 976 small business firms including 401 AGC members.

Of these, Mr. Chairman, 86.7 percent favored the small business set-aside program while only 7 percent were against it.

How many small contractors were coerced into being AGC's "yesmen" I cannot say. I do venture to say that of the relatively few votes against the program, the majority came from the industry barons who, notwithstanding the set-aside program, are still receiving the lion's share of the dollar value of all Government construction contracts.

Although representing but 10 percent of the industry, big business is still receiving over 60 percent of all construction awards, and not only would they like to keep it thus, but their insatiable appetite is still growing.

Mr. Chairman, the sad truth is that at a time when 90 percent of the industry—all small business firms—is receiving less than 40 percent of all military construction awards and, worse yet, when its share is still on the decline, a concerted effort is underway to accelerate this decline still further.

The Department of Defense printed charts, "Awards by Procurement Program," show that there was a time when small business concerns were awarded 72.8 percent of the dollar value of all military construction procurements. That was in fiscal year 1958. A hue and cry was then raised against the small contractor, and successfully.

We knew then, as we know today, that giving in to big business clamor would ultimately result in the displacement of the little fellow. We were right. Immediately after suspension, in May 1959, of the construction set-aside program, the small business share of military construction contracts declined from the previous 72.8 percent to 65 percent. When it dropped still further to 50 percent in fiscal year 1960, the Department of Defense agreed to the reactivation of the set-aside program for construction contracts. But, even after this was done, an increase to only 53.6 percent was achieved in fiscal year 1961. Moreover, this small increase was only temporary. Since then a steep decline has set in anew, and during the first 9 months of fiscal year 1962, the figure sank to 39.6 percent.

These statistics speak for themselves. The small business share of military construction is still steadily declining and small construction firms, representing 90 percent of the industry's membership, are rapidly being displaced from Government work by the monopolists of the industry.

The construction set-aside program, Mr. Chairman, constitutes but one means, if not the only effective one, of arresting this dangerous trend. Without it, the figures cited would doubtlessly plunge to new lows.

The proposal, therefore, to discontinue the construction set-aside program is most inappropriate.

Such a step would be entirely inconsistent with the repeatedly expressed intent of Congress that small business shall share equitably in Government contracts. It would also be inconsistent with the expressed desire of the President of the United States that all Government procurement agencies adopt every feasible measure to increase the small business share of the procurement dollar.

In the light of this, and in the face of the continuing decline in the small business share of Government procurement, now is certainly not the time to tamper with the construction set-aside program. It is absolutely necessary that it be continued and strengthened. It has been operational only since the latter part of 1960, and it could not have caused the ills falsely charged to it.

The large construction firms and Associated General Contractors know this to be true. In fact, I believe that their primary concern is really not the military construction program, although they would not mind gobbling this up, too. The real purpose of their maximum effort, Mr. Chairman, is much bigger. It is designed to nip in the bud possible and well-justified efforts that must be made to extend the set-aside program into those areas where big construction firms have today an almost absolute monopoly. I refer to the proposed programs for school construction, for highway construction, and for public housing.

The Honorable RUSSELL B. LONG, the distinguished Senator from Louisiana, in a hearing held by the Senate Select Committee on Small Business said:

"Why did you leave out Capehart housing? I know that down our way Capehart housing is one area where you should have made small business get some of it. It is a program in which one big fellow can get it all. If you break it up into 100 units at a time, the small fellows can get it.

"Why should not Capehart housing be included? That is one thing small business can do." (Hearings, Senate Select Committee on Small Business, 87th Cong., 1st sess., June 21, 1961, p. 25.)

That question, Mr. Chairman, was and still is a good one. The answer thereto, supplied by SBA's capable Deputy Administrator for Procurement, Mr. Irving Maness, is simply that Capehart housing is now being excluded from the set-aside program solely because the military construction set-aside has created such a furor and controversy that SBA does not want to add new fuel to the already burning fires.

Let there be no mistake about it. The giants of the construction industry are not really concerned with the measly share of military construction awards made to the small construction firms of the country. The truth of the matter is that they are not dissatisfied with their present near monopolization of all Government construction contracts, including highway and public housing construction. Their clamor serves but one purpose, and one purpose only—to frighten the little fellow from reaching out for a share of Capehart housing and highway construction. This is now big business' exclusive domain, which it has, thus far, succeeded in keeping to itself. Theirs is, therefore, a policy of intimidation.

If you do not believe that their aim is monopoly on housing and school construction, read please the resolution adopted last January by the Montana building chapter of Associated General Contractors. There, they openly state that they are determined "to prevent the set-aside program of the Small Business Administration from being extended to—the public housing program, the proposed school construction program—or future Federal construction programs that would in the future be awarded under this set-aside program."

Read please, also, a fairly recent issue of the Constructor, an official Associated General Contractors publication. There again it is openly stated:

"SBA is increasing the already devastating competition in the industry by bringing in many new small firms, and now is getting into the highway program."

No one can doubt the true purpose of this anti-set-aside campaign. The cat is out of the bag. The issues raised are artificial, the criticisms unfounded, the statistics in support of this campaign, manufactured. The only thing that is not fictitious in this whole sordid matter is the purpose to destroy the set-aside program.

Although the issues raised are artificial, the arguments advanced in support thereof are even more so. They are based, as I have said before, on erroneous or misinterpreted statistics, erroneous and misleading assumptions, and outright untruths. I shall not take up your time with the many inane and self-defeating accusations broadcast by the Associated General Contractors in a widely distributed pamphlet of February 1962, entitled "What Every Taxpayer Should Know About the Small Business Administration." I will also limit myself to the refutation of those statements which, without knowledge of the facts, one might take seriously. Here they are:

First. They falsely claim that small contractors performing set-aside contracts are less efficient.

It is asserted that the small business set-aside program as it relates to the construction industry, is subsidizing inefficient and marginal small business contractors at the expense of solid and responsible businessmen. Paralleling this allegation is the one that the set-aside program is bringing new contractors into a field in which competition is already acute and where the existing firms are by no means fully occupied. This, it is alleged, is accomplished by grants of loans to people who cannot obtain them elsewhere, because they are unable to show the loans would be sound investments. These firms, it is further said, are without sufficient skills, knowledge, and background, and, therefore, inferior in job performance, and they are only able to compete as a result of SBA's issuance of certificates of competency.

The facts are, of course, otherwise. SBA is not setting up anybody in business, nor does it make business loans unless there is reasonable assurance that the loan can and will be repaid in full.

You are aware, no doubt, that the law does not authorize the making of a direct loan to a small business loan applicant, unless his inability to obtain such from a private lending institution has been satisfactorily evidenced.

Those who interpret this as an indication that SBA is financing bad credit risks, overlook the fact that credit standing is not the sole determining factor of a bank's loan policies.

The maturity length of loans, for instance, has a great effect upon their lending willingness. It is common knowledge that banks do not customarily make commercial loans in excess of 3 or 4 years. In fact, we hear repeatedly from banks that bank examiners scrutinize their portfolios, and if they find too many long-term loans, these become criticized assets. This is one of the foremost reasons given by banks to prospective small business borrowers of reasonably good credit standing requiring loans for terms of 5 to 10 years.

It is in cases like these, and where there is reasonable assurance of repayment of the loan, that SBA steps in and renders the necessary financial assistance. More often than not it is done in conjunction with private lending institutions on a participating or a deferred basis.

All loans, whether granted by SBA alone or in conjunction with a private lending institution must be of such sound value and so secured that there is reasonable assurance of repayment. In no event does SBA extend credit to a borrower who is considered a poor credit risk.

Please note, Mr. Chairman, in this connection, that due to the prudence exercised by SBA in this respect, their files show that the dollar rate of loss evaluated as of December 31, 1961, was only 1.6 percent in construction loans as against 1.3 percent of all other business loans. These figures are most significant in view of the false impression created by AGC and its satellites that 18 percent of SBA's construction loans will result in a dead loss. This is just not true.

Furthermore, the law and regulations require that all bidders, large or small, must be responsible and competent.

A new company finds it most difficult to prove its competency. Part of the proof of competency is past successful operation in the very field of business in which the award is to be made.

Part of the proof of responsibility is evidence of financial ability to perform. Just as the procurement office must find these facts, so, too, must the SBA official find them in order either to issue a certificate of competency or to approve an application for a loan.

The two applications by the same firm are rarely simultaneous or coincidental or dependent one on the other.

Second. They falsely assert that set-asides lower performance standards.

There is no valid basis for big business' assertion that furnishing assistance to small business concerns lowers performance standards. The fact that a contractor obtained a contract under a set-aside procurement, or the fact that a contractor has an SBA loan, has no bearing whatsoever on his efficiency. His efficiency must be established in advance of either event.

I invite your attention to the fact that construction work inspection is a responsibility of the contracting agency and is carried on to the same degree with all contractors, large or small. This was established beyond question at a hearing before the House Appropriations Subcommittee last May, and at a February joint meeting of staff members of the Senate Committee on Banking and Currency and the Senate Select Committee on Small Business with representatives of the Small Business Administration, the Department of Defense, and the General Services Administration.

The Department of Defense and General Services Administration representatives indicated that contracts awarded under the construction set-aside program have been satisfactorily performed; and that inspection by the procuring agency during the performance of the contract, as well as the inspection after the completion of the job, is the same in set-aside contracts as in other construction contracts entered into by the Government; and that these contractors are bonded by private bonding companies in the same manner under set-aside contracts as in other construction contracts.

Generally, the decision whether a particular firm can handle a contract is made by the contracting officer. The great bulk of the small concerns to which such contracts have been awarded, obtained them not because of SBA's intervention, but because the contracting officer made a favorable finding respecting their ability to perform. In these cases SBA did not participate in the award decision.

Where there is a doubt as to the capability of a small contractor—and such doubts are sometimes expressed by contracting officers—SBA pursuant to section 8(b)(7) of the Small Business Act, is empowered to certify that a small business concern has the capacity and credit to perform a specific contract. Such certification must be accepted by the procuring agency as conclusive.

In carrying out this certificate of competency program, SBA conducts a thorough and careful investigation and analysis of a small business concern's financial and technical ability to perform the specific contract. A certificate of competency will not be issued unless this investigation and analysis establish a reasonable assurance that the contract will be satisfactorily performed.

In the construction industry, where from 1953 to date SBA issued some 30 certificates of competency, not one of the contracts involved in these certifications have been terminated for default. This, I suggest, sufficiently proves that SBA does not certify competency unless it is there, nor does it bring into the program inefficient contractors.

It is, therefore, absurd to charge that the construction set-aside program places Government defense construction in the hands of less capable, less efficient contractors. Admiral Peltier, in testimony before the House Appropriations Subcommittee last May, was asked:

"To what degree do you exercise the same prerogative of checking competence in the award and set-aside with small business as compared to what you had in the regular routine procedure where you selected contractors in the usual way?"

His answer was:

"We make the same check. Since so many people in the construction field are small business, they are competent. There is no question about that."

Third. They falsely claim that construction set-asides result in higher costs to the Government.

This AGC misrepresentation relates to the claim that construction set-asides result in additional costs to the Government.

To my knowledge, there is no evidence to support this view. The evidence is to the contrary. People who make this allegation do not seem to realize that protection against unreasonable prices lies in the fact that pertinent regulations authorize the contracting officer to reject all bids and readvertise any proposed procurement, including a small business set-aside, if he determines that the prices submitted are unreasonable. The final determination in this regard rests with the Government procuring agency. Once all bids are rejected, the award based on the new bidding must go to the lowest competent, responsible bidder, big or small. The set-aside ceases with the rejection of the bids.

In this connection it is to be noted that the Government engineers designing the technical specifications for a construction contract, normally prepare an advance estimate of the costs involved. In fact, such an estimate is required by Armed Services Procurement Regulations 4–101.2 in case of construction contracts which are expected to cost more than $10,000. The estimate, which is kept secret until the bids are opened, provides contracting officers with reliable guidance in determining whether the lowest bid received represents a reasonable price. It is unreasonable whether excessively high or low. This safeguard is just as effective in the set-aside program as it is in every other procurement program.

The procurement agencies of the Government have repeatedly asserted that they have no evidence that the small business construction set-aside program involves additional costs to the taxpayer. Former Secretary of the Navy Connally, in testifying not so long ago before the Senate Procurement Committee, said:

"I do not know of a case where the Navy or the Government has wound up paying more money for an item as a result of doing business with small business firms."

And in a report to the Senate Small Business Committee, on February 5, 1962, the Department of Defense included the following statement:

"Some questions have, in fact, been raised as to whether we have not overemphasized the role of small business in our construction programs at the cost of paying unreasonable prices to effectuate set-asides. We have, however, conducted a thorough review of the construction contracts awarded during the 6 months ending June 1961, and have concluded that this allegation is unfounded."

And just the other day, on July 19, 1962, to be specific, in a hearing before the Senate Armed Services Committee, the Assistant Secretary of the Department of Defense, the Honorable Thomas D. Morris, reiterated that there is no evidence bearing out a charge of higher cost to the Government as a result of set-asides.

Where, then, does the higher price allegation by those who parrot the Associated General Contractors line, stem from? I believe that it comes from the isolated few instances where a large contractor has submitted a lower, nonresponsive bid on a set-aside procurement. Since under a small business set-aside unsolicited bids by large contractors cannot be accepted, and large contractors are aware thereof, some have submitted lower than normal bids knowing that they can do so with impunity, for they cannot be called upon to perform at the low bid price. These ineligible large firms are, thus, free to bid unrealistically or even at a loss in order to discredit the beds offered by small firms who are bound by the prices they quote.

On the other hand, the records of the SBA affirmatively disclose that during the last fiscal year alone, the SBA certificate of competency program saved our Government $4.5 million and at the same time provided employment to 1,360 workers who might have had no jobs.

Fourth. Still another irresponsible complaint made against construction set-asides is that small firms which receive the contract, subcontract too much of the work.

The Associated General Contractors know that in the construction industry a prime contractor rarely handles the whole project himself. They have no reason to believe that small construction firms subcontract more of the work than is customary in the industry. No less than their large competitors, these small firms assume all the risks and burdens of prime contractors, and they deserve recognition as such. The fact is that the larger the contractor, the more the subcontracting.

Fifth. They falsely assert that SBA makes the set-asides.

This double-barreled charge is that first SBA arbitrarily determines the size of contracts to be set aside for small business; and, second, SBA takes away from contracting authorities most of their discretionary power.

Neither of these charges is true. The dollar value is not one of the criteria.

Congress in sections 2(a) and 15 of the Small Business Act declared it to be the Government policy, and directed that all Government agencies utilize all means properly available to set aside a portion of all Government contracts exclusively for small business participation so as to assure small businesses the opportunity to bid on and receive a fair share thereof.

In order to effectuate this congressional mandate, small business set-aside criteria have been developed not by SBA alone, but by it in cooperation with the military and civilian agencies of the Government.

The program is a relatively simple one. Its purpose being to assure small business the opportunity to bid on and receive a fair share of Government contracts. SBA has assigned representatives to as many major Government purchasing offices as can be covered by the agency's limited staff.

These SBA representatives and the purchasing officials screen proposed purchases. Some of the agencies have small business specialists. These men are not employed by or responsible to SBA. They are responsible only to the agency employing them. The representatives of the procurement agency and those of SBA jointly determine whether small firms can supply the items or services.

They jointly evaluate the small business competition and, if there is a reasonable expectation that sufficient responsible small business competition can be obtained, earmark the purchases for bidding by small firms.

If they do not find at least three responsible and competent small business firms who will bid, there is no set-aside.

If at least three do not bid, the set-aside is revoked.

Although the above procedure is followed in setting aside maintenance, repair, and construction contracts, AGC is persistently fostering a misunderstanding to the effect that all construction contracts between $2,500 and $500,000 are automatically set aside for small business.

It is claimed, or at least suggested, that procurement officials have been deprived of discretion with respect to the award of such contracts. That is untrue, for no purchase can be set aside for small business by anyone but the procuring agency. SBA can only recommend, period.

When the set-aside program was first established, it was necessary for the SBA procurement center representative to review each procurement and to initiate individual set-aside action on each procurement meeting the established statutory and regulatory criteria for a set-aside and determine the availability of a sufficient number of qualified small business concerns to assure competition at fair and reasonable prices. Furthermore, it was necessary to repeat this action even when the same items were purchased recurrently and there had been no changes in the conditions which justified the original set-aside. This resulted in a duplication of effort.

In order to simplify and expedite the program, the Congress amended the Small Business Act in 1958 to authorize set-asides, not only with respect to individual awards or contracts, but also for classes of awards or contracts.

Now, where SBA has reason to believe that the criteria are generally applicable to a class of contracts, it requests the procurement agency to treat each contract in such class as if it had been the subject of a specific set-aside recommendation by SBA. In no respect does this impair the right of procurement officials to reject a recommendation. In fact, they can and do call SBA's attention to those contracts in which the particular circumstances would not justify a set-aside. Where warranted the recommendation is rescinded.

In cases of disagreement, section 15 of the Small Business Act specifically provides that:

"The matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency."

Thus, all SBA can do in such cases is to appeal. The final authority is in the procuring agency.

The application of this procedure to construction contracts is merely an extension of the class recommendations made in other industries for items such as adhesives, ready-mix asphalt, boxes and crates, cement, various types of containers, and for services such as drycleaning, janitorial, guard, and watchman services.

As the procurement agencies gained experience in the field of construction, it became apparent that the class set-aside procedures are applicable to the bulk of construction contracts between $2,500 and $500,000. Accordingly, it was agreed that the contracting officer should consider each requirement for construction within these dollar limitations as if SBA had made a specific recommendation to restrict it to small business. But he still retains full jurisdiction to exercise his own discretion.

An analysis prepared by the Department of Defense and communicated to our colleague, Congressman PHIL WEAVER, in a letter dated December 15, 1961, covering the first half of calendar year 1961, illustrates the workings of this system.

During this period the Department of Defense awarded 5,291 construction contracts under $500,000. In approximately 20 percent of these cases the Department of Defense determined, with the concurrence of SBA, that the governing facts would not justify a set-aside.

This record does not sustain but disproves the contention either that SBA arbitrarily determines the size of contracts to be set aside for small business or that it is taking away from the contracting authorities most of their discretionary power.

Sixth. Another falsehood is the claim that the small business size criteria are unrealistic.

Complaints have been voiced by the AGC and its minions, regarding SBA's definition of "small business" in the construction industry, especially that the criteria established are unrealistic.

In the construction industry, SBA's former size criteria were independent ownership and operation, nondominance in the field, and annual average receipts for the past 3 years not exceeding $5 million. SBA changed its size definition, effective as of August 1, 1962, so as to allow firms with average annual receipts of up to and including $7½ million to qualify as small construction firms. Although the changed definition will give an additional number of contractors opportunity to participate in Government construction, the AGC is continuing its drumbeating.

Anyone having a just complaint as to size standards may present it and get a full hearing and relief, if justified, either on a specific case basis or on an industrywide basis.

Seventh. Labor opposition is not justified.

In a separate category entirely is the grievance voiced by some representatives of labor against the construction set-aside program. This, Mr. Chairman, is the most painful aspect of this entire matter. The AGC and the enemies of labor have succeeded in persuading some labor representatives that labor's interests lie with the large construction firms. I am confident, however, that when all the facts are bared and understood, better judgment will prevail and the few opposing labor leaders will realize that their interest and that of the public lies not in the destruction, but in the support of the small construction firms of the country.

Let us examine for a moment the allegations concerning labor.

(a) They mistakenly assert that small contractors performing set-aside contracts are not required to pay prevailing wage scales and, therefore, the set-aside program is undermining union wage rates.

This criticism is as unjust as it is untrue. Nothing could be further from the truth, and labor should be well aware of that. Witness the legislative program of 1962 of their building and construction trades department presented at the eighth annual legislative conference held March 5–8 at the Sheraton Park Hotel in Washington, D.C.

Although they there opposed the set-aside program, they did not do so on the wage account, but for the alleged and equally unjustified reason that the program causes unemployment.

If unemployment, however, is labor's concern, little do they realize that their opposition to the small business set-asides equally spells the death knell of the labor set-asides, a measure designed solely to alleviate unemployment in labor surplus areas. Their position, then, is contrary to their very own vital interests and demonstrates incomprehensible shortsightedness. That is why I say that if the impact of the proposed bills were understood, the misguided will retreat from their too hastily occupied position.

But until then let me return to the alleged detrimental impact of the set-asides on wages.

The small construction concerns are not enjoying any preferential treatment as regards compliance with the prevailing wage provisions of the Davis-Bacon Act (49 Stat. 1011). Compliance therewith is required, regardless of size, of all contractors performing Government construction contracts in excess of $2,000. I am confident that there is no method whereby a small construction contractor can legally avoid the provisions of the act. Labor in response to my request has failed to identify a single instance where that has occurred.

(b) They also mistakenly say that set-asides cause unemployment of union labor.

Since the wage charge falls of its own weight, it is asserted that the set-aside program hurts the members of building trade unions who become unemployed.

Let me analyze the validity of this complaint.

First, the matter of whether or not employees are unionized or not has, as the Congress well knows, nothing whatsoever to do with whether a Government contract is awarded by the method of set-aside or otherwise. Unionization is a matter for consideration by the industry and the trade unions, and there are simply no grounds for the assumption that set-asides have an effect on unionization.

But, they do have an effect upon employment. In fact, they constitute one of this administration's most effective weapons in its struggle against the continuing national plight of unemployment. Based on past experience, I conclude that if the objectives of the set-aside program were to be achieved, there would be an increased need, and not a lessening one, for construction workers, especially in areas other than metropolitan.

The law very properly requires set-asides in labor distress areas even at higher prices in order to give work where otherwise there would be none.

I do not stand alone in this view on the beneficial effect of the set-aside program on the employment situation. Only recently the Oklahoma Department of Highways and the Oklahoma Highway Commission submitted a joint resolution to the Congress, urging confinement of highway construction bidding to small business as one means of alleviating unemployment in that State.

Any hopes anybody may have that an increase in construction contracts awards to large firms will result in an increased demand for labor are illusionary. Experience shows that large concerns are often able to perform additional contracts with their existing labor force, whereas small concerns are almost always hiring additional labor when awarded a Government contract.

In closing, I should like to reiterate emphatically, Mr. Chairman, that opposition to the construction set-aside program stems from only a few large contractors and association officers and directors, not rank-and-file members of the various branches of the Associated General Contractors. Letters I have seen bear this out fully.

I exhort the opponents of the program to ask themselves what would happen if set-asides were really to be discontinued and construction contracts awarded on the basis of competitive bidding open to small and large firms alike.

Theoretically the idea sounds great. The fact of the matter, however, is that large companies have the mobility which enables them to enter any State of the Union where contracts are available and bring with them many of their employees, and bid against the local small contractor. This possibility is denied to the little firm by virture of its very smallness. Thus, deprived by the powerful outsider of its local opportunities and unable to seek work elsewhere, the small contractor is doomed to economic extinction.

This, Mr. Chairman, is the reason why I, the SBA, and 90 percent of the construction industry feel that in the face of the continuing decline in the small business share of Government procurement, the program must be maintained and strengthened as well.

The alternative, I submit, is a stunting of the economic growth of the industry, and absolute concentration thereof in the hands of a few. I urge you to believe me when I say that the 90 percent of the construction industry cannot be preserved unless the actual and potential capacity of small business is encouraged and fostered under the set-aside program. Small business has the technical know-how and resourcefulness but is in no position to compete with big business. It looks to this Congress to help it stay viable and share in the defense and well-being of our country.

Thank you.

---

## CHARLES S. MURPHY—DEDICATED PUBLIC SERVANT

**Mr. ROOSEVELT.** Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia [Mr. Hechler] may extend his remarks at this point in the Record and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. HECHLER.** If ever there was a man for whom the adjective "dedicated" was designed, it is Charles S. Murphy, Under Secretary of Agriculture.

For nearly 30 years, Mr. Murphy has worked for the legislative and executive branches of Government, in positions of progressively increasing responsibility. His guiding star has always been tireless service to further the public interest.

During the period from 1949 to 1953, I worked under Mr. Murphy's general supervision while he was special counsel at the White House. It was a rare and enriching experience to watch a man who was so completely dedicated to his job that he spared no limitation of hours of work, and who gave his fullest intellectual energies to serving the public. Mr. Murphy is dedicated to the protection of due process of law and those great liberties which are at the foundation of the American system of government.

Recently, it pleased me to read an excellent article in the Houston Post of September 2, 1962, which summarized a recent experience that Mr. Murphy underwent. I commend this article to the attention of my colleagues:

### Charles S. Murphy: Fall Guy in Senate Estes' Probe—Refused To Fall

(By Felton West)

Washington.—It looked a week ago as though Charles Springs Murphy, the No. 2 man in the U.S. Department of Agriculture, was being left holding the bag in the Billie Sol Estes case and was about to be made, as one Senator observed "the fall guy."

But for 3 days last week the balding, bespectacled, scholarly right-hand man to Secretary of Agriculture Orville L. Freeman accepted the bag but refused to fall.

When it was over, it appeared he wasn't going down, no matter who tried to push him. If anybody had thought the Under Secretary of Agriculture was going to be a sacrificial lamb, he was mistaken.

After 3 days of testimony before the Senate's Permanent Investigations Subcommittee on the Pecos promoter's controversial cotton allotment transfers, it appeared that nobody was going to get Murphy's job.

Freeman expressed "greatest confidence" in his top assistant. Powerful friends of the Under Secretary had come to his defense in the U.S. Senate. Murphy said he had no intention of resigning and did not expect to be asked to. He was ready to pitch in again on a busy schedule.

As the Agriculture Department's operating head, this old hand in Government, just turned 53, had made most of the decisions on Estes' cotton allotments that have come under fire from Republicans and even Democratic Chairman John L. McClellan in the months-long probe by the Senate subcommittee. It was Murphy who decided not to heed a subordinate's warning against appointing Estes to the National Cotton Advisory Committee when it was formalized last December, at the same time he was deciding to cancel the promoter's controversial allotments.

### "RESPONSIBILITY TAG" BUILDUP

It had been no secret for several months that Murphy was responsible for these decisions. It had been reported in the newspapers.

But in the past few weeks, the Investigations Subcommittee had been presenting a drama of many acts which was building up to a climax trying to pin responsibility on somebody for actions which certain members seemed to think were favoritism to Estes. This drama involved playing elimination and usually coming up with Murphy as the prize.

Murphy had been waiting patiently in the wings, trying to get on stage ever since July 3, but the directors had been stalling on giving his cue. The Senators were stealing the show and he couldn't get in a line.

Their show was getting so many headlines that Murphy's friends began saying he was being victimized by innuendoes, snide attacks, and smear tactics—what one called "trial by newspaper." It might more appropriately have been called in absentia by Senators, because the headlines resulted from what the investigators were saying and how they were saying it. Naturally, the newspapers were reporting this.

Finally, last Tuesday Senator Wayne Morse, Democrat, of Oregon, led a testimonial session for Murphy on the Senate floor, quoting cries of foul and tributes to the Under Secretary from various agricultural leaders and bigtime friends that filled up six pages of the Congressional Record.

With that as the background, Murphy interrupted his vacation and strode last Wednesday into a tense atmosphere in the Senate caucus room before newsreel cameras, a huge press corps, a big audience and a subcommittee that seemed only half friendly.

With no criticism of the committee except—with a chuckle—that it had interrupted his vacation, Murphy read a 55-minute prepared explanation of his decisions and responded for 3 days to grilling about them. Showing extreme patience through a siege of nettling questions, he snapped back answers only a few times and never really raised his voice in anger.

His manner was that of a lamb, but his determination was that of a stubborn goat—and not one that was going to be anybody's.

He admitted the cotton committee appointment was a mistake, but not that it was anything catastrophic that really gave Estes any influence and not one made to show favoritism. His decisions on the cotton allotments he defended right down the line as having benefited the Government in the long run, however unusual some of them might look in the light of things known about Estes now, but not known then.

However they look now, he maintained, they were all honest decisions made in a sense of fairness and not favoritism. Furthermore, the Government has lost nothing by them and may have gained by strengthening its legal case, he said.

### MADE BUSY MAN IMAGE VALID

When it was all over, most reporters seemed to think the Under Secretary was away ahead of where he had been a week earlier.

He patiently explained that he is a very busy man, as soon became obvious, and had to make hundreds of decisions in the days of the Estes case decisions. He could not know all the details the Senate investigators have dug up in the months of investigation since.

He soon made it clear he did not have nearly as much time to make the decisions as the Senators seemed to have to review them.

He also made it plain he considered the Estes case of minor importance compared to other matters with which he had to deal, such as budgeting, price-support fixing, crop quota establishing, the emergency feed-grain program, and trips to Europe to negotiate on exports with the Common Market.

He supervises generally the activities of 16 different agencies that make up the Department of Agriculture, of which only 1, the Agricultural Stabilization and Conservation Service, was involved in the Estes cotton case.

Since there is no Assistant Secretary for the Foreign Agricultural Service, Murphy has direct supervision of it.

He is also Chairman of the Departmental Budget Committee, is President of the Commodity Credit Corporation, supervises commodity programs, coordinates and reviews work on major legislative proposals and reviews about 800 Department reports on legislation each year, usually acts as chairman of the Program Review Board, supervises civil defense activities, reviews several hundred marketing orders and amendments a year, represents the Department on the trade policy Committee of the President's Cabinet, and serves as Acting Secretary in Freeman's absence.

Not surprisingly, he usually carries a bulging briefcase when he drives home to Annapolis, Md., 30 miles away.

Since becoming Under Secretary in March 1961, Murphy has concentrated on improving the content and direction of farm programs rather than on administration. He and Freeman found that much improvement was needed in both fields, he said, but decided the programs were most urgent because that is where the most money is spent.

Murphy said the Department has such an "incredible" number of jobs to do that it is a "miracle" it performs as well as it does. He concedes some organizational improvements might be made and says some are being studied, but he feels the Department is so large that its present organization "is probably close to the best we can do."

### AN OLD HAND IN GOVERNMENT

He has been in the Government since the early 1930's, except for the years of the Eisenhower administration, when he practiced law here.

A native of Wallace, N.C., he got his law degree at Duke University in 1934 after working his way through school as a laborer and post office clerk.

Then for 2 years he was a law assistant in the Senate legislative counsel's office, after which for 11 years he was assistant legislative counsel of the Senate. His duties were mainly drafting bills and committee reports. Although he says he is no expert on agriculture, he became a specialist in agricultural legislation and helped draft the monumental Agricultural Adjustment Act of 1938 and other farm laws.

Former President Truman got to know Murphy's work in the Senate, and in 1947 he took Murphy to the White House as an administrative assistant. Later Murphy was special counsel to President Truman.

From 1957 to 1960 he was counsel to the Democratic National Advisory Council.

After the Democratic National Convention of 1960, Murphy worked for about 6 weeks as an unpaid adviser and volunteer in a Washington research office set up for Senator Lyndon B. Johnson's campaign for the Vice Presidency.

In the Senate last week, Murphy was praised as an able lawyer and administrator of unimpeachable integrity who is conscientiously dedicated to public service and is carrying out his duties with efficiency.

Morse quoted former President Truman as saying Murphy is "an honest man through and through."

Morse quoted a letter from Secretary Freeman saying that "I have relied upon the Under Secretary * * * to carry out responsibilities far more numerous, complicated, and difficult than constitute a normal load for any Government official" and that Murphy had shown "utmost integrity and steadfast devotion to duty."

Although Murphy says he is no expert on agriculture, he is in farming as well as agricultural administration. His wife owns a 750-acre farm near Durham, N.C., on which tobacco is the main crop.

The Under Secretary and Mrs. Murphy have three children, a married daughter, a 21-year-old son, and a 12-year-old daughter.

---

## FOOD COLORS

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. Fogarty] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FOGARTY. Mr. Speaker, I have introduced a bill to provide for payment of losses sustained by manufacturers of certified colors when stocks of F.D. & C. red No. 1 were rendered unusable in food or drugs by an order issued by the Deputy Commissioner of Food and Drugs on November 26, 1960. This order delisted a color which had previously been listed. Simply stated, the listing of a coal-tar color is an official Government recognition of the safety of the color for use in food. The order delisting this color prevented its use in food or drugs or its sale for such purpose.

In presenting this legislation I want to emphasize that I am not questioning the right of Food and Drug officials to delist any color or other substance in the exercise of their function of protecting the public health. I fully support their right to do so; and if they ever err in the discharge of their duty, I want their error to be on the side of safety—in favor of protecting the public.

As new scientific knowledge and better procedures for testing foods, food colors, and food additives become available, such knowledge and procedures must be applied realistically. Therefore, if a color which was formerly considered fully safe for use in food is later subject to scientific question regarding safety for such use, Food and Drug officials need adequate power to act to protect the public. Even if the question is merely a new definition of safety, I still want the doubt resolved in favor of safety for consumers. It was in this spirit and in the exercise of such power that the order in question was issued and that this color was delisted and rendered unsalable.

I have been advised informally by Food and Drug officials that the order of November 26, 1960, prevented the legal sale of quantities on hand of F.D. & C. red No. 1 which had been previously certified as safe for use in food, and that the loss or depreciation in value of these stocks of color was directly brought about by this order. Food and Drug officials have also indicated informally that the loss incident to the revocation order did not appear to be through any fault of the manufacturers.

Thus, we have here a situation similar to the cranberry matter of a couple of years ago. Growers of cranberries who sustained losses on berries through no fault of their own, as a result of Government confiscation of other cranberries containing a certain weed killer, were indemnified by the Government. Government indemnification of the cranberry losses was approved by the Comptroller General. As Arthur Flemming, who was then Secretary of Health, Education, and Welfare, said in a speech delivered on November 28, 1960, indemnification of the innocently injured is a sound precedent consistent with elementary justice.

Government indemnification of losses brought about as a result of Government action taken to protect the public health is necessary to preserve the Government's right to take such action whenever necessary. This bill will provide just compensation for involuntary losses of color manufacturers resulting from such Government action.

The certified color industry committee presented a memorandum to the Secretary of Health, Education, and Welfare on this matter in June 1961.

---

## CARIBBEAN AND ISTHMIAN POLICIES

**Mr. ROOSEVELT.** Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. Flood] may extend his remarks at this point in the Record and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. FLOOD.** Mr. Speaker, over a period of years distinguished Members of this body have introduced various measures that were designed to meet the mounting crisis in the Caribbean, which was clearly foreseen by many of our citizens, at home and abroad, and has been extensively debated in the Congress.

This crisis, in practical results, has been a gigantic operation of subversive infiltration for the conquest of countries bordering on the Caribbean, with the Panama Canal as the key target. Its more significant manifestations are: First, attacks on the Monroe Doctrone; second, agitations for nationalization of the Panama Canal by Panama; and third, noisy clamor for its internationalization or multilateralization.

Thus, the necessary actions of the Congress to make clear what the intentions of the sovereign people of our Nation are are threefold:

First. Reaffirmation of the Monroe Doctrine to meet the current threat to hemispheric safety.

Second. Clarification of the sovereignty and jurisdiction of the United States over the Panama Canal enterprise and its reaffirmation, with special reference to the formal display of any flag in the Canal Zone other than that of the United States.

Third. The position of our people with respect to surrender by the United States to any other government or authority of its ownership, control, and jurisdiction over the Panama Canal enterprise.

Accordingly, Mr. Speaker, I have introduced three resolutions in the present Congress that aim to support our time-tested policies and to make clear to all nations and all peoples what they are.

The indicated measures and the text of my statement on the Monroe Doctrine on January 12, 1960, on pages 21–23 in hearings before the Inter-American Affairs Subcommittee of the House Committee on Foreign Affairs follow:

### H. Con. Res. 225

Whereas the subversive forces known as international communism, operating secretly and openly, directly and indirectly threaten the sovereignty and political independence of all the Western Hemisphere nations; and

Whereas the American Continents, by the free and independent position which they have assumed and maintained, are not subject to colonization or domination by any power; and

Whereas the intervention of international communism, directly or indirectly, or however disguised, in any American state, conflicts with the established policy of the American Republics for the protection of the sovereignty of the peoples of such states and the political independence of their governments; and

Whereas such a situation extended to any portions of the Western Hemisphere is dangerous to the peace and safety of the whole of it, including the United States: Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring)*, (1) That any such subversive domination or threat of it violates the principles of the Monroe Doctrine, and of collective security as set forth in the acts and resolutions heretofore adopted by the American Republics; and

(2) That in any such situation any one or more of the high contracting parties to the Inter-American Treaty of Reciprocal Assistance may, in the exercise of individual or collective self-defense, and in accordance with the declarations and principles above stated, take steps to forestall or combat intervention, domination, control, and colonization in whatever form, by the subversive forces known as international communism and its agencies in the Western Hemisphere.

---

### Statement of Hon. Daniel J. Flood, January 12, 1960

I do have one before your committee, however, since it is your subcommittee dealing with this whole vast theater of Latin America. I am concerned as you are with these invasions and rumors of invasions and counterinvasions that are popping all over the area. Insofar as one nation against another, they have their sovereign rights too. I believe without any doubt that much of this is being fostered and engineered professionally over a period of years by international communism, and they do it well.

I believe that the Monroe Doctrine, as it was created by our Founding Fathers, had to do with the infiltration and the establishment by a foreign power in the Western Hemisphere of its operations, and I am convinced and I at least presented a resolution to your committee, and it is before your committee, to examine this.

I have the very best constitutional authority to support me on this. I have consulted distinguished academic organizations specializing in international law and the Monroe Doctrine. We are of the unanimous opinion that this concurrent resolution of mine before your subcommittee should be examined to the effect that, and the resolution—I won't read it; it speaks for itself—but this resolution calls for a declaration by the Congress of the extension of the Monroe Doctrine to include these actions by a foreign power into the Western Hemisphere.

Certainly the Monroe Doctrine, if it was ever meant to include anything, it meant to prevent invasions. It was meant to prevent operations by foreign powers or money or arms into any sovereign republic of the Western Hemisphere. That is going on day and night.

I would call upon this committee to examine my resolution and to issue it as a declaration of the extension of the Monroe Doctrine for that purpose.

Mr. O'Hara. The gentleman may not be acquainted with this, even being the profound student of history that he is. There was a similar situation where the Monroe Doctrine was made to apply. It was in Nicaragua. Britain had taken Clarence, the alleged king of the Carib Indians and set him up in regal style in a palace in Jamaica and then claimed sovereignty over the east coast of Nicaragua as the protector of King Clarence. President Grover Cleveland interpreted this as violation of the Monroe Doctrine by indirection, and finally England backed down.

Mr. Flood. I remember it well. That was an attempt by the British to establish a nebulous—they called it the Carib Federation.

I would like to see you examine seriously the extension of the Monroe Doctrine as against a plan identified by name and people. They are trained by a foreign power, financed by a foreign power. The curriculum of the university where it is done we know. We must not pretend this goes on. This is planned conspiracy by a foreign power to invade the Western Hemisphere. Their minions and agents are trained agitators and are present in these countries today and the Monroe Doctrine should be extended to permit us to help the sovereign countries, no matter what we think about Panama, to extend the Monroe Doctrine and if any attempts are made by any Red agitating groups to invade one of these countries, the United States would by force and arms, either by its own initiative or at the request of other nations, go in.

Mr. O'Hara. I have one observation to make: As a member of the subcommittee which is investigating this matter, I would think that I am in the position of a judge. I am in a judicial position and it would be improper for me to make any comment one way or another until our subcommittee, after listening to all the evidence, has reached some decision.

Am I correct in that?

Mr. Selden. Those are certainly my views. I was going to say, Mr. Flood, we have with us one member of the Merchant Marine and Fisheries Committee, Mr. Oliver, of Maine. I am sure he has some questions he would like to ask you.

Mr. Oliver. Thank you for the invitation to come over. I appreciate the comments made by our distinguished colleague, Mr. Flood.

I would say that the chairman of our subcommittee, Mrs. Sullivan, is quite ill or otherwise she would have been here. She has a very intense interest in this subject over several years.

Mr. Flood. She called me a week ago on this.

Mr. Oliver. I have no doubt in the world that anything that would be pertinent to the subject that we are discussing here now would receive her entire attention and consideration.

I have listened here this morning as usual with a great degree of interest and, I would say, with almost complete approval of what our colleague has had to say here. I realize perhaps the conflicts of jurisdiction that may exist with relation to where the gentleman's resolution should have been sent.

I am not a parliamentarian either by choice or desire or by capacity. However, I do feel as long as the jurisdictional question as to committees in the House is concerned, that this is the way it is. So we have to face up to it. We have this concurrent resolution of yours, Dan, before us as a subcommittee of the Merchant Marine and Fisheries Committee, House Concurrent Resolution 450. This was referred on January 11.

Is it your opinion, in the light of what you have said here today and in the light of the knowledge that you have of this subject, and all the implications that are involved, that this is the time, the proper time, the appropriate time to take action on this resolution of yours?

Mr. Flood. This must be done, because I am convinced on the communications I have received from the Secretary of State, their position is firm.

I believe if it hadn't been as a result of some of the things I have said and other Members of Congress have said and other American organizations and societies—I believe that the Department of State did everything in its power to get this order issued to fly that flag over the Canal Zone before Congress came into session.

I have more than a reasonable cause to believe that. They wanted to get this done right away, while the President was in Paris, certainly before Congress could get into session to have this done. It has been delayed. I hope it has been delayed because of the President himself; and the Defense people have had cause to reexamine it and not consider this such a casual, lighthearted, gay thing with some "banana republic." Let them fly their flag. What difference does it make?

This is a serious thing. This may be a question for the Senate of the United States. This may be a question for revision of treaties, not some administrative action. This, I hope, is in their minds.

If you and your great committee would see fit to say this is the thinking by concurrent—this is a concurrent resolution—this action should be taken by the Congress of the United States, the House and the Senate in the concurrence of its feeling; it is no business of the Executive. The Executive is not called upon to act upon a concurrent resolution. That is why I made it a concurrent resolution. This is the thinking, feeling, and action of the legislative branch of this Government on a matter of the sovereignty of this Nation. It is no business of the Executive. You shouldn't ask his opinion about a concurrent resolution, even as a matter of courtesy; it is not necessary.

Mr. Oliver. As one member of this subcommittee on the Panama Canal, obviously I can't speak for anybody else. As far as I am concerned, I should be certainly happy to go along with the gentleman to reach that objective.

Mr. Flood. I would like to see the Congress of the United States reassert its primacy in this field. It has been going on too long and does not reflect on the present situation.

Mr. Saund. One question, Mr. Chairman.

I am not a member of this subcommittee, Mr. Flood, but I do wish to compliment the chairman and the members of the subcommittee for having saved an important bill of mine after the State Department had tried to throw cold water on it.

You were present in the House when we established an interparliamentary, informal relationship between the Congress of the United States and the Parliament of Canada. I introduced a similar resolution for the purpose of establishing such relationship between the United States and Mexico. The State Department sent a statement of yes and no but mostly no. If it had not been for the support of the chairman of this subcommittee, my resolution would not have been passed by the House of Representatives. A counterpart to my bill was unanimously passed by the Congress of Mexico last month.

I think that is a step in the right direction. I wish to compliment the chairman and the members of the subcommittee. I agree with you that we should not just drop everything simply because the State Department says no.

Mr. Selden. Thank you, gentlemen.

I might add, however, the reason the resolution to which Judge Saund referred was passed was the determination of Judge Saund. He deserves full credit for it.

We want to thank you, Congressman Flood, for your testimony and the time you have given us.

We will adjourn until 10:30 Friday, when the Honorable George H. Roderick, Assistant Secretary of the Army, will testify on this same subject. The committee is adjourned.

(Whereupon, at 11:35 a.m., the subcommittee was adjourned, to reconvene at 10:30 a.m., Friday, January 15, 1960.)

## INTEROCEANIC CANAL COMMISSION

Mr. SCHERER. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Speaker, the gentleman from Pennsylvania [Mr. Flood] and I have long been interested in the problems of the Panama Canal and the possibility of opening a new waterway for shipping. I have joined with him in introducing legislation to establish an Interoceanic Canal Commission to gather information on which Congress might be able, soon, to take legislative action on the problem.

We are indebted to the distinguished coordinator of the House, Lawrence Sullivan, for a most interesting and informative article on this subject, which I wish to extend in the Record as a part of my remarks:

### Nicaraguan Canal: Pathway to the Future

(By Lawrence Sullivan)

On the high shelf for 33 years, since the 1929 stock market crash, the historic Nicaraguan Canal—a second seaway between the Atlantic and the Pacific in the narrow waistline of the Western Hemisphere—is again before Congress.

The Panama Canal is overtaxed, too small for ultramodern ships, often short of water in the 6-month dry season in the American equatorial tropics, and always a vulnerable target in the atomic age.

Congressman Daniel J. Flood has introduced H.R. 6296 to create a new Interoceanic Canals Commission, to recommend the most promising second route to break the ever-tightening shipping bottleneck in Panama.

Detailed surveys for the Nicaraguan Canal were completed by the U.S. Army Engineers in 1928–30, and are today in the top drawer of the House of Representatives Merchant Marine Committee.

The project would cost roundly $4,095 million to complete, as against $2,368 million estimated for the proposed new sea level canal through Panama, exclusive of diplomatic costs for either proposal. Engineering studies of the new route through Panama have been completed since 1948.

As soon as the new route is determined by Congress, contractors could begin digging in 3 months, and the new Isthmian Canal could be open to traffic within 6 years.

The Panama Canal will mark a half century of operations in 1964. It was opened to traffic by President Wilson on August 15, 1914.

"I do not think that a new canal should be built in the Canal Zone or in the Republic of Panama," says Congressman Flood, a world authority on canal history. "Until 1902 the canal route most favored by the United States was via Nicaragua. Its location, 650 miles closer to the United States, gives it a decided advantage."

The Nicaraguan Canal is an old dish for American mariners. The first detailed engineering survey of the projected route through Lake Nicaragua—the biggest freshwater lake south of the Canadian border—was completed in 1850 by the American Atlantic & Pacific Ship Canal Co., then headed by Cornelius Vanderbilt.

Vanderbilt had been operating a fleet of small ships through Lake Nicaragua as a means of hastening gold explorers to California after the bonanza strike at Sutter's Mill in 1848. The route proved unprofitable with small ships. A deep-draft canal was Vanderbilt's next project, but the vision was soon lost in the gathering storm clouds of the Civil War.

A report of 1927 recalls that "75 years ago, with its outlet into the Atlantic via the San Juan River, Lake Nicaragua formed part of one of the Vanderbilt operated lines of steamers over its waters.

"Now all that is over. Since the opening of the Panama route, first by rail, and then by canal, this Nicaraguan transcontinental route has been completely abandoned. Today, the lake lies practically deserted. No transcontinental commerce moves over its waters, although next to Panama, it still marks the route which offers the easiest line for the construction of a new interoceanic canal."

The projected Nicaraguan Canal would chop off about 1,300 miles on the voyage from New York to San Francisco, as against the existing Panama Canal route.

Later surveys of the Nicaraguan Canal were made by the U.S. Navy in 1872; again in 1876; by the Nicaraguan Canal Board in 1895; by the Isthmian Canal Commission in 1899–1901; finally by the Army Engineers in 1930.

Today, the Panama Canal traffic is more than the locks can handle. Every ship's passage requires the flooding of 52 million gallons of water out of Gatun Lake. This is approximately the amount of water consumed in a city of 50,000 population in 1 full week.

"In recent years there have been brief and minor water shortages during extra dry seasons," says a recent official report from the Panama Canal Company. "These have resulted in temporary reductions in the allowable draft of transiting vessels."

Panama Canal transits now average more than 12,000 vessels a year, against 1,075 in 1915, the first full year of operation.

Shipping interests the world around acknowledge the urgent necessity of breaking the bottleneck at Panama.

"Of course the project is so vast and far-reaching in consequence that we must not make any mistakes," says Congressman Flood. "With this end in view, I have long favored an independent and broadly based Interoceanic Canal Commission, as the only way in which Congress can get adequate information essential for sound legislative action. There is no need for more studies by routine administrators. We simply must not goof on the new canal route."

Congressman Flood's bill would create an 11-man Canal Commission to be appointed by the President and confirmed by the Senate, including Army, Navy, Air Force, diplomatic, engineering, and financial authorities. It would be required to submit final recommendation within 2 years, subject to congressional enactment.

This proposal is now before the House Merchant Marine Committee, pending hearings and a report to the full House for action to send this measure to the Senate.

"The duty of the Congress is to the sovereign people of the Nation and its taxpayers," Congressman Flood declares. "Most assuredly the Congress cannot meet this responsibility except by having before it the studies and recommendations of an absolutely objective body created by the Congress itself."

American rights to the Nicaraguan Canal route were obtained under the Bryan-Chamorro Treaty of 1916, which grants "in perpetuity" all rights to the canal development.

Details of the construction are subject to final approval by Nicaragua, "whenever the Government of the United States shall notify the Government of Nicaragua of its desire or intention to construct such canal."

## TOWARD AN EXPANDED EFFORT IN THE FIELD OF INTERNATIONAL EDUCATIONAL EXCHANGE

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 10 minutes.

Mr. HALPERN. Mr. Speaker, today there is much attention paid to the various programs, governmental and private, which are directed toward the exchange of students and ideas between nations of the world. We in the United States are proud of the progress we have made in this area since World War II, and as the Mutual Educational and Cultural Exchange Act of 1961 attests, even more substantial, and perhaps better coordinated efforts will be forthcoming. But in this plethora of specific projects we must not lose sight of more fundamental considerations and we must never cease to ask: Are we doing enough?

Certainly it is highly desirable that these programs serve to support and broaden the base of U.S. foreign policy. Lucius D. Battle, Assistant Secretary of State for Educational and Cultural Affairs, commented in a recent address that "playing an effective role in our foreign relations is of course the end purpose of all our international activities."

I realize that the contention that programs of educational exchange can contribute substantively to the success of foreign policy is by no means accepted by all. And history does indeed provide us with many examples of wars which occurred in spite of the existence of a common culture and the generally unrestricted exchange of information. Many critics of these education programs maintain that these activities cannot essentially assist in solving the major problems which confront our country and others of the world.

Admittedly, in the field of international relations, it is the idea which each nation has of its national interest, rather than lofty ideals, which motivates its behavior. But let us understand that each nation's concept of its national interest is still only an idea, and as such, can be altered by the influx of new information and new understanding. Is it not clearly our task to facilitate the flow of knowledge and ideas in the hope of creating among the peoples of other nations a fuller understanding of our own history and culture? And at the same time we are not only increasing the breadth and depth of our own understanding of this highly complex world, we are also enabling many nations to share, in some measure, the cultural and material affluence which has blessed this land of ours.

We must not underestimate the magnitude of the task—each nation presents a unique problem. We cannot reach everyone. Which particular program will most benefit each individual, the United States, and the cooperating country? At whom should the effort be directed: Students? Teachers? At what level?

Are we doing enough? The first major step taken by the U.S. Government in the field of educational exchange is generally marked by the passage of the Fulbright Act in August of 1946. Other programs have followed. But much more dramatic has been the surging demand which is being placed on the educational resources of the world. Have our efforts since 1946 been in proportion to our capacity to help meet this demand?

One clear-cut instance where I believe this question must be answered in the negative is with regard to the educational needs of the 42 non-Communist nations which have gained independence since the Fulbright Act became law. In a highly informative article in the February issue of the Quarterly Review of Economics and Business, Herbert I. Schiller points out that the United States stands well behind the United Kingdom, France, West Germany, and Canada in the proportion of foreign students in residence to total indigenous college population. Considering the United Kingdom as an example, she is educating 7.5 times as many foreign students as we are, again in proportion to total college enrollment.

Yet financial and technical assistance by Britain to these countries, for the period 1956–59, represents 1.2 percent of her gross national product for that period, while a similar figure for the United States is eight-tenths of 1 percent. We need apologize to no one for our aid program, but it certainly appears that we are not making an effort of appropriate magnitude to provide education, to the best of our capability, for those in the recipient lands who will finally determine whether our assistance is to be effective. And in the same article, which I have previously cited, it is estimated that the number of university students in Asia, Africa, and Latin American will more than double by 1970.

In the endeavor to enlarge the sphere of cooperation in international educational exchange we must fully utilize the machinery of the United Nations.

Mr. Speaker, to this end I have introduced House Concurrent Resolution 510, which would encourage the United Nations to formulate new, and expand existing plans for activity in this area. The U.N. possesses vast potential here, and the United States should seek and support its greatest exploitation.

In closing, Mr. Speaker, I would like to quote Prof. Jerome Bruner, of Harvard, a prominent educator and psychologist, who has observed:

> Each generation gives new form to the aspirations that shape education in its time.

Our time is a challenging one, and we are often hard pressed to find historical precedents to guide us. But although the educational aspects of the revolution of rising expectations may take on new and strange forms, the value of education in developing the minds of men is a value which is rooted deep in Western culture. A hard look at the world around us, together with an introspective search of our own culture should provide us with ample motivation for a continued and even more vigorous effort in the exchange of knowledge and ideas.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WHITENER (at the request of Mr. BOGGS) for Friday, September 14, 1962, on account of official business.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. REUSS, for 1 hour, on Monday, September 17.

Mr. OLSEN (at the request of Mr. ROOSEVELT), for 30 minutes, on Tuesday, September 18, 1962, to revise and extend his remarks and include extraneous matter.

Mr. SANTANGELO (at the request of Mr. ROOSEVELT), for 30 minutes, on Monday, September 17, 1962, to revise and extend his remarks and include extraneous matter.

Mr. HALPERN (at the request of Mr. SCHERER), for 10 minutes, today.

Mr. HALPERN (at the request of Mr. SCHERER), for 10 minutes, on September 17.

Mr. SCHWENGEL (at the request of Mr. SCHERER), for 3 hours, on September 17.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. FULTON to revise and extend the remarks he made in the Committee of the Whole and to include a table.

Mr. ZABLOCKI.

Mr. ROOSEVELT.

(The following Member (at the request of Mr. SCHERER) and to include extraneous matter:)

Mr. SHRIVER.

(The following Members (at the request of Mr. ROOSEVELT) and to include extraneous matter:)

Mr. KIRWAN.

Mr. GARMATZ.

Mr. MULTER.

Mr. BONNER.

Mr. GEORGE P. MILLER.

## SENATE BILLS AND A JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 962. An act to amend the Federal Aviation Act of 1958, as amended, to aid the Civil Aeronautics Board in the investigation of aircraft accidents, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 2182. An act to amend title 18, United States Code, to prohibit schemes in interstate or foreign commerce to influence by bribery the outcome of sporting contests, and for other purposes; to the Committee on the Judiciary.

S. 3019. An act to provide for the conveyance of certain real property of the United States to the State of Maryland; to the Commitee on Interior and Insular Affairs.

S. 3138. An act to amend the Federal Aviation Act of 1958 in order to provide for research to determine criteria and means for abating objectionable aircraft noise; to the Committee on Interstate and Foreign Commerce.

S. 3282. An act for the relief of Yu Sui Ling, also known as Yee Shui Ling; to the Committee on the Judiciary.

S. 3297. An act for the relief of Joannis Dounis; to the Committee on the Judiciary.

S. 3298. An act for the relief of Stanislaw Bialoglowski; to the Committee on the Judiciary.

S. 3335. An act to redesignate the Big Hole Battlefield National Monument, to revise the boundaries thereof, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3452. An act for the relief of Dr. Hassan M. Nouri; to the Committee on the Judiciary.

S. 3475. An act to provide further for cooperation with States in administration and enforcement of certain Federal laws; to the Committee on Agriculture.

S. 3566. An act to change the name of Harpers Ferry National Monument to Harpers Ferry National Historical Park; to the Committee on Interior and Insular Affairs.

S. 3589. An act to authorize the Secretary of Agriculture to acquire certain lands in Wright County, Minn., and exchange them with the State of Minnesota for State-owned lands in the Superior National Forest, and for other purposes; to the Committee on Agriculture.

## ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 5393. An act to amend the Bankruptcy Act, as amended.

## BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on September 13, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 2125. An act for the relief of Soon Tai Lim;

H.R. 3125. An act for the relief of Joao de Freitas Ferreira de Vasconcelos;

H.R. 3619. An act for the relief of Gennaro Prudente;

H.R. 3719. An act for the relief of Pagona Pascopoulos;

H.R. 6413. An act to extend to fishermen the same treatment accorded farmers in relation to estimated income tax;

H.R. 6653. An act for the relief of Maurizio Placidi;

H.R. 7582. An act for the relief of Dario Taquechel;

H.R. 10062. An act to extend the application of certain laws to American Samoa; and

H.R. 11914. An act for the relief of Charles Gambino.

## ADJOURNMENT

Mr. ROOSEVELT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 17 minutes p.m.) under its previous order, the House adjourned until Monday, September 17, 1962, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2527. A letter from the Governor, Canal Zone Government, transmitting a report of a violation of a Canal Zone Government 1962 operating expense allotment, pursuant to section 3679 of the Revised Statutes, as amended; to the Committee on Appropriations.

2528. A letter from the Chairman, Federal Communications Commission, transmitting a copy of the report on backlog of pending applications and hearing cases in the Federal Communications Commission as of July 31, 1962, pursuant to Public Law 554, 82d Congress; to the Committee on Interstate and Foreign Commerce.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. VINSON: Committee on Armed Services. House Joint Resolution 876. Joint resolution to authorize the President to order units and members in the Ready Reserve to active duty for not more than 12 months, and for other purposes; with amendment (Rept. No. 2367). Referred to the Committee of the Whole House on the State of the Union.

Mr. GREEN of Pennsylvania: Committee on Ways and Means. H.R. 9414. A bill to amend the Tariff Act of 1930 to provide that imported electron microscopes shall be subject to the regular customs duty regardless of the nature of the institution or organization importing them; with amendment (Rept. No. 2368). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. S. 3529. A bill to amend the Manpower Development and Training Act of 1962 with regard to reimbursement of the railroad unemployment insurance account; without amendment (Rept. No. 2369). Referred to the Committee of the Whole House on the State of the Union.

Mrs. GRANAHAN: Committee on Post Office and Civil Service. H.R. 10696. A bill to amend section 4369 of title 39, United States Code, with respect to the filing of information relating to publications having second-class mail privileges, and for other purposes; with amendment (Rept. No. 2370). Referred to the Committee of the Whole House on the State of the Union.

Mr. FALLON: Committee on Public Works. Senate Joint Resolution 137. Joint resolution to authorize the Secretary of Commerce, in cooperation with the State of Alaska, to undertake studies and surveys relative to a highway construction program for Alaska, and for other purposes; without amendment (Rept. No. 2371). Referred to the Committee of the Whole House on the State of the Union.

Mr. RAINS: Committee on Banking and Currency. H.R. 13044. A bill to amend the Home Owners' Loan Act of 1933 and the Federal Home Loan Bank Act; with amendment (Rept. No. 2372). Referred to the Committee of the Whole House on the State of the Union.

Mr. RAINS: Committee on Banking and Currency. H.R. 13067. A bill to amend title VIII of the National Housing Act with respect to the authority of the Federal Housing Commissioner to pay certain real property taxes and to make payments in lieu of real property taxes; without amendment (Rept. No. 2373). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRISON: Committee on Post Office and Civil Service. H.R. 10706. A bill to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act; with amendment (Rept. No. 2374). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 12030. A bill to amend the Internal Revenue Code of 1954 with respect to moneys received in payment for special statistical studies and compilations and certain other services; without amendment (Rept. No. 2375). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMAS: Committee of conference. H.R. 12711. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1963, and for other purposes; without amendment (Rept. No. 2376). Ordered to be printed.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARRETT:

H.R. 13138. A bill to assist in the provision of housing for elderly persons, and for other purposes; to the Committee on Banking and Currency.

By Mr. BONNER:

H.R. 13139. A bill to provide for the merger of certain Coast Guard appropriations for operating expenses, Reserve training, and retired pay; to the Committee on Merchant Marine and Fisheries.

By Mr. HAGEN of California:

H.R. 13140. A bill to establish in the Department of the Interior a Gold Procurement and Sales Agency, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. JUDD:

H.R. 13141. A bill to amend title 18, United States Code, to make it unlawful to furnish transportation to certain unemployed persons and members of their family in order to cause any such person to move to another State, and for other purposes; to the Committee on the Judiciary.

By Mr. SANTANGELO:

H.R. 13142. A bill to increase the maximum amount of an insured deposit under the Federal Deposit Insurance Act from $10,000 to $15,000; to the Committee on Banking and Currency.

By Mr. STRATTON:

H.R. 13143. A bill to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters; to the Committee on Banking and Currency.

By Mr. CLEM MILLER:

H.R. 13144. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. ROUSSELOT:

H.J. Res. 885. Joint resolution authorizing and directing the President of the United States to protect the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. CAREY:

H. Con. Res. 539. Concurrent resolution providing that certain violations of human rights by the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. ZABLOCKI:

H. Con. Res. 540. Concurrent resolution providing that certain violations of human rights by the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. ADDABBO:

H. Con. Res. 541. Concurrent resolution providing that certain violations of human rights by the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. BYRNE of Pennsylvania:

H. Con. Res. 542. Concurrent resolution providing that certain violations of human rights by the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. GREEN of Pennsylvania:

H. Con. Res. 543. Concurrent resolution providing that certain violations of human rights by the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. SANTANGELO:

H. Con. Res. 544. Concurrent resolution providing that certain violations of human rights by the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. ZABLOCKI:

H. Con. Res. 545. Concurrent resolution providing that certain violations of human rights of the Government of Poland shall be brought to the attention of the General Assembly of the United Nations; to the Committee on Foreign Affairs.

By Mr. CHAMBERLAIN:

H. Con. Res. 546. Concurrent resolution regarding the right of self-defense of the parties to the Inter-American Treaty of Reciprocal Assistance in forestalling intervention, domination, control, and colonization by international communism in the New World; to the Committee on Foreign Affairs.

By Mr. BENNETT of Florida:

H. Con. Res. 547. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. BURKE of Kentucky:

H. Con. Res. 548. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. DANIELS:

H. Con. Res. 549. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. DENT:

H. Con. Res. 550. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. EDMONDSON:

H. Con. Res. 551. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. McDOWELL:

H. Con. Res. 552. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. MURPHY:

H. Con. Res. 553. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. MORRIS K. UDALL:

H. Con. Res. 554. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOWNING:

H.R. 13145. A bill for the relief of Lt. Col. Warren J. Green, of Fort Monroe, Va.; to the Committee on the Judiciary.

By Mr. FASCELL:

H.R. 13146. A bill for the relief of Doyle A. Ballou; to the Committee on the Judiciary.

By Mr. FOGARTY:

H.R. 13147. A bill to provide relief for Allied Chemical Corp., Bates Chemical Co., Inc., H. Kohnstamm & Co., Inc., W. J. Stange Co., Sterwin Chemicals, Inc., and Warner-Jenkinson Manufacturing Co., for the losses sustained by reason of the decertification of batches of F.D. & C. red No. 1 by an order of the Food and Drug Administration dated November 26, 1960; to the Committee on the Judiciary.

By Mrs. KELLY:

H.R. 13148. A bill for the relief of Hannelore Haller; to the Committee on the Judiciary.

By Mr. LANE:

H.R. 13149. A bill for the relief of Robert E. Picardi; to the Committee on the Judiciary.

By Mr. MORRISON:

H.R. 13150. A bill for the relief of ,G. J. Guitreau; to the Committee on the Judiciary.

By Mr. O'NEILL:

H.R. 13151. A bill for the relief of Elena DeSantis; to the Committee on the Judiciary.

By Mr. RYAN of New York:

H.R. 13152. A bill for the relief of Izhak Sokolski; to the Committee on the Judiciary.

By Mr. THOMSON of Wisconsin:

H.R. 13153. A bill for the relief of Dewey Sumonja; to the Committee on the Judiciary.

# SENATE

### FRIDAY, SEPTEMBER 14, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, who bringeth forth righteousness as the light, and judgment as the noonday, our souls wait upon Thee; our expectation is from Thee.

In this challenging hour in which our lot is cast, when appalling human need makes this a time for greatness, save us from the devices and the duplicity of cowardly compromises, as enticing evil lies in wait to silence our consciences. Deliver us, we pray, from the inclinations of our own hearts to self-deceit.

Grant that our hearts may be shrines of devotion, our homes nurseries of virtue, our personalities centers of contagious good will, and our Nation a flaming beacon of hope, whose beams shall battle the darkness of the world.

We ask it in reverence of the Name above every name. Amen.

## THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 13, 1962, was dispensed with.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 4) to provide for the establishment of the Padre Island National Seashore, with an amendment, in which it requested the concurrence of the Senate.

## ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 3064. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources;

H.R. 298. An act to provide for the recovery from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States;

H.R. 9728. An act to amend the Cooperative Forest Management Act;

H.R. 10160. An act for the relief of Mrs. A. R. Lendian;

H.R. 12459. An act to provide for the relief of certain enlisted members of the Coast Guard; and

S.J. Res. 133. Joint resolution to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, former Speaker of the House of Representatives.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

## COMMITTEE MEETING DURING SENATE SESSION

On requests of Mr. HUMPHREY, and by unanimous consent, the Permanent Subcommittee on Investigations of the Senate Committee on Government Operations was authorized to meet during the session of the Senate today.

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

### U.S. ASSAY OFFICE

The legislative clerk read the nomination of Paul J. Maguire, of New York, to be assayer of the U.S. assay office at New York, N.Y.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

### THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

### THE ARMY, THE NAVY, AND THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations, which had been placed on the Secretary's desk, in the Army and in the Navy and Marine Corps.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

### LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

### PROPOSED AMENDMENT TO THE BUDGET, 1963, FOR PUBLIC WORKS ACCELERATION (S. DOC. NO. 129)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1963 involving an increase in the amount of $900 million for public works acceleration, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

### PETITIONS

The PRESIDENT pro tempore laid before the Senate the petitions of Edward Muza, of the State of California, praying for a redress of grievances, which were referred to the Committee on the Judiciary.

### RESOLUTION OF CHAMBER OF COMMERCE OF GAFFNEY, S.C.

Mr. THURMOND. Mr. President, the textile industry, which is the largest employer in South Carolina, is experiencing great difficulty as a result of increased competition from foreign imports. This competition has caused many mills to close in various areas of the country. Many of the mills in South Carolina are being forced to curtail operations and run only 4 days a week.

This is a matter of great concern to all the people of South Carolina. This concern is being expressed by the people in various ways, and the local civic organizations are very active in urging remedial action to offset the impact of foreign imports. Several of the local chambers of commerce have adopted resolutions with regard to the present state of our domestic textile industry. I have received a number of resolutions, all of which express similar concern as to this problem. I ask unanimous consent to have inserted in the Record at the conclusion of my remarks one such resolution which was adopted by the board of directors of the Chamber of Commerce of Gaffney, S.C., on September 11, 1962, and is similar to a resolution which was adopted on the same date by the board of directors of the Chamber of Commerce of Anderson, S.C.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Whereas the textile industry by far is the largest employer in Cherokee County; the State of South Carolina; the entire Southeast, and one of the largest employers in the United States; and

Whereas the textile industry is one of the largest users of many raw materials, and the largest single customer of the American farmer, plus the purchaser of millions of dollars' worth of industrial items, such as machinery and other materials each year; and

Whereas the textile industry is of prime importance to the Nation's economic and military security, and the Chamber of Commerce of Gaffney, S.C., hereby notes with interest and approval the attention that has been given the textile industry's extremely serious problem regarding the excessive importation of textiles from low-wage foreign nations, by President John F. Kennedy and also by numerous Members of Congress; and

Whereas the Chamber of Commerce of Gaffney, S.C., is deeply appreciative of steps that have been taken to correct this situation that threatens the job security of millions of Americans plus the Nation's own security; and

Whereas the Chamber of Commerce of Gaffney, S.C., has noted with alarm that despite the arrangements that have been entered into with a number of foreign nations to control textile imports into this country that excessive imports have flowed into the American market during the past several months; and

Whereas the record on the industry's case before the Office of Emergency Planning closed on October 15, 1961, and as of September 11, 1962, no decision has been announced by the OEP as to the essentiality of the industry to national defense despite the urgency of the situation; and

Whereas after considerable delay the Tariff Commission rejected the Agriculture Department's recommendation for import fee of 8½ cents per pound on the cotton content of textile imports to offset the difference between the cost of raw cotton to foreign mills to that which American mills are required to pay by law; and

Whereas the unfairness of the two-price cotton system which forces American mills to pay 8½ cents per pound more for American grown cotton than paid by foreign competitors places the industry in an unrealistic competitive position and obviously must be corrected: Therefore be it

*Resolved by the board of directors*, That the Chamber of Commerce of Gaffney, S.C., respectfully and urgently requests President Kennedy to exert all force necessary to expedite handling of the unresolved portions of his seven-point textile program.

Adopted September 11, 1962.

O. M. Mullinax,
*President*.

### REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. HARTKE, from the Committee on the District of Columbia, without amendment:

H.R. 11019. An act to provide that the Uniform Limited Partnership Act shall apply in the District of Columbia (Rept. No. 2050); and

H.R. 12675. An act to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto (Rept. No. 2051).

By Mr. HARTKE, from the Committee on the District of Columbia, with amendments:

H.R. 5831. An act to amend section 11 of the act of April 1, 1942 (56 Stat. 197, ch. 207; D.C. Code, 1951 ed., sec. 11–776) being an act to "consolidate the police court of the District of Columbia and the municipal court of the District of Columbia, to create the municipal court for the District of Columbia, to create the municipal court of appeals for the District of Columbia, and for other purposes"; in order to modify the retirement benefits of the judges of the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia, and for other purposes (Rept. No. 2052).

By Mr. BIBLE (for Mr. Beall), from the Committee on the District of Columbia, without amendment:

S. 3358. A bill to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the Inter-American Development Bank (Rept. No. 2053).

By Mr. BIBLE (for Mr. Beall), from the Committee on the District of Columbia, with an amendment:

H.R. 8738. An act to amend sections 1 and 5b of chapter V of the Life Insurance Act for the District of Columbia (Rept. No. 2058).

By Mr. BIBLE (for Mr. Smith of Massachusetts), from the Committee on the District of Columbia, without amendment:

H.R. 9954. An act to amend the act of June 6, 1924, chapter 270 (43 Stat. 463), relating to the National Capital Park and Planning Commission, as amended by the

National Capital Planning Act of 1952 (66 Stat. 781; 40 U.S.C. 71) (Rept. No. 2055);

H.R. 12689. An act to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901 (Rept. No. 2056); and

H.R. 12727. An act to amend the act of February 28, 1901, to insure that policemen and firemen in the District of Columbia will receive medical care for all injuries and diseases (Rept. No. 2057).

By Mr. BIBLE (for Mr. MORSE), from the Committee on the District of Columbia, with amendments:

S. 3596. A bill to amend the District of Columbia Unemployment Compensation Act, as amended (Rept. No. 2054).

---

## CONCURRENT RESOLUTION

## AUTHORITY FOR THE PRESIDENT TO ORDER UNITS AND MEMBERS IN THE READY RESERVE TO ACTIVE DUTY

Mr. MANSFIELD submitted the following concurrent resolution (S. Con. Res. 92); which was referred to the Committees on Foreign Relations and Armed Services, jointly:

Whereas President James Monroe, announcing the Monroe Doctrine in 1823, declared to the Congress that we should consider any attempt on the part of European powers "to extend their system to any portion of this hemisphere as dangerous to our peace and safety."

Whereas in the Rio Treaty of 1947 the parties agreed that "an armed attack by any State against an American State shall be considered as an attack against all the American States, and, consequently, each one of the said contracting parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations."

Whereas the Foreign Ministers of the Organization of American States at Punta del Este in January 1962 unanimously declared—

"The present Government of Cuba has identified itself with the principles of Marxist-Leninist ideology, has established a political, economic, and social system based on that doctrine, and accepts military assistance from extra-continental Communist powers, including even the threat of military intervention in America on the part of the Soviet Union";

Whereas since 1958 the international Communist movement has increasingly extended into Cuba its political, economic, and military sphere of influence: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring)*, That it is the sense of the Congress that the President of the United States is supported in his determination and possesses all necessary authority (a) to prevent, by whatever means may be necessary, including the use of arms, the Castro regime from exporting its aggressive purposes to any part of this hemisphere by force or the threat of force; (b) to prevent in Cuba the creation or use of an externally supported offensive military base capable of endangering the United States naval base at Guantánamo, free passage to the Panama Canal, United States missile and space preparations, or the security of this Nation and its citizens; and (c) to work with other free citizens of this hemisphere and with freedom-loving Cuban refugees to support the legitimate aspirations of the people of Cuba for a return to self-determination.

## RESOLUTION

## EXPRESSION OF SENSE OF THE SENATE ON INTERNATIONAL CONFERENCE ON THE CONSERVATION OF FISHERY RESOURCES

Mr. MAGNUSON (for himself, Mr. SALTONSTALL, Mr. BARTLETT, and Mr. SMITH of Massachusetts) submitted a resolution (S. Res. 392) to express the sense of the Senate on the International Conference on the Conservation of Fishery Resources, which was referred to the Committee on Commerce.

(See the above resolution printed in full when submitted by Mr. MAGNUSON, which appears under a separate heading.)

---

## PROPOSED OFFICE OF ASSISTANT SECRETARY FOR FORESTRY RESOURCES—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of September 11, 1962, the name of Mr. LONG of Missouri was added as an additional cosponsor of the bill (S. 3710) to establish in the Department of Agriculture an office to be known as the Office of Assistant Secretary for Forestry Resources, introduced by Mr. MAGNUSON (for himself and other Senators) on September 11, 1962.

---

## ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, September 14, 1962, he presented to the President of the United States the following enrolled bill and joint resolution:

S. 3064. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources; and

S.J. Res. 133. Joint resolution to provide for the coinage of a medal in recognition of the distinguished services of Sam Rayburn, Speaker of the House of Representatives.

---

## A LONG WINTER IN BERLIN

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD my newsletter dated for release on September 17, 1962. It is entitled "A Long Winter in Berlin," and contains a statement of my views on the cold war problem over Berlin.

There being no objection, the newsletter was ordered to be printed in the RECORD, as follows:

### A LONG WINTER IN BERLIN

(By Senator STROM THURMOND)

The American people can expect a long, cold winter of international tensions over Berlin, unless the United States moves to seize the initiative very soon in the cold war. Mr. Khrushchev has been threatening to force Western forces out of West Berlin. He has committed himself anew to this dangerous task of "removing this bone in my throat" with his recent rocket-rattling statement of September 11. In this threat over action against Cuba, Mr. Khrushchev said with regard to his position of ousting the West from Berlin that "this task must be accomplished and it will be accomplished."

Some have interpreted his statement about putting off a Berlin crisis until after the November elections as being an indication that he is backing down. Every indication, however, points to a showdown over Berlin this winter. For instance, the East Germans are strengthening fortifications along their border with West Germany and along the autobahn to West Berlin. Missiles have been installed along the air corridors to West Berlin, and electronic equipment to jam radar and other airplane controls have been reportedly set up across the wall at the end of each one of West Berlin's Tempelhof Airport runways. If Mr. Khrushchev can cross up air landings at Tempelhof, this means the United States would have to make a decision, when the Soviets sign their treaty with East Germany, whether to recognize the East German puppet regime by dealing with their officials on access rights, or whether to crash through to Berlin by use of ground forces in accordance with our present access rights.

Even Drew Pearson, who seems to be close to Mr. Khrushchev, recently stated in a news column that the man who he says wants to be a friend to the United States, if we will give him his way, will win in Berlin in the next few months, because he has the "whiphand." This prediction coming from one who is constantly reassuring the American public what nice and reasonable fellows Messrs. Khrushchev and Tito are should not be taken lightly.

Another indication of Mr. Khrushchev's cockiness over Berlin lies in his remarks to Mr. Robert Frost that the United States is too liberal to fight to protect itself. Being a shrewd analyst and strategist, Mr. Khrushchev has studied each Soviet aggressive move and each U.S. reaction, and he has found most U.S. reactions to be too late, or to constitute a complete backdown. He has ample reason to feel that since we permitted erection of his wall in Berlin, establishment of a Communist garrison state in Cuba despite our Monroe Doctrine, and made an accommodation with him in Laos, that we will do little more in a showdown this winter over Berlin.

The stakes in Berlin are very high. If we accede to Soviet demands there—and we were prepared to do so in part last year until the West Germans leaked our plans to the press—then we stand to lose West Germany. If this occurs, NATO would be disbanded, and Western Europe would be ripe for neutralization and subsequent communization.

The United States must seize the initiative in Berlin while Mr. Khrushchev has given us the moratorium to settle our election problems. We could start by making some demands of our own. First, we could demand that the people in East Germany be given free elections, as they were originally promised. Next, we could demand that the wall be removed. Next, we could demand that Korea, Vietnam and Germany be reunited through free elections. Next, we could demand that the Soviets get out of Cuba, in accord with the Monroe Doctrine. If Mr. Khrushchev refused, then why couldn't we rattle a few rockets in his face to force him to at least trade with us on a quid pro quo basis, rather than permitting all the trading to be against our interests. I do not advocate any deals with the Communists because they have proved they will honor their commitments only so long as they are in their own interests. But since our State Department insists on negotiations, we ought to have some demands of our own to make.

If we act with determination, and proceed without delay in making demands and taking actions on Cuba, we can create a crisis that will put Mr. Khrushchev on the griddle while Berlin simmers on the back burner.

After all, he knows which side has superior military power. Why not convince him we have the will to use that power.

## ROBERT FROST'S VISIT TO THE SOVIET UNION

Mr. THURMOND. Mr. President, on September 10, 1962, I called to the attention of the Senate a United Press International news story reporting on the impressions of the distinguished poet, Mr. Robert Frost, after his recent visit with Mr. Khrushchev. My remarks and the UPI news story can be found on pages 18975–18976 of the September 10 issue of the Record.

In my remarks I made the statement that I felt Mr. Frost had eloquently spilled the beans on our no-win foreign policy and also on the direction in which our domestic policy planners have decided to lead our country in reaching an accommodation with the forces of international communism. I made the comment that our entire policy, both foreign and domestic, is based on the idea that we can move toward socialism in this country and that Mr. Khrushchev will evolve toward our system. This is, in essence, what Mr. Frost stated after his conference with Mr. Khrushchev. He also stated that Mr. Khrushchev told him that "he feared for us because of our lot of liberals. He thought that we are too liberal to fight. He thinks we will sit on one hand and then the other."

Today I was pleased to read in the Washington Post, of all newspapers, a very interesting and excellent column on Mr. Frost's comments. They were written by the distinguished news columnist and humorist, Mr. George Dixon. In this case, however, Mr. Dixon did not seem to be joking about Mr. Frost's remarks. He also makes the point that he feels that Mr. Frost spilled the beans. He says:

> I know that Frost, before he left for Russia, was briefed extensively by the President's two foreign policy planners. The poet had a long session with Walt Rostow, Chairman of the Policy Planning Council, at the State Department, and an even longer one with McGeorge Bundy, the President's Special Assistant for National Security Affairs, at the White House.
>
> I've got a feeling the octogenerian may have been so filled he spilled.
>
> Frost said he sees the U.S.S.R. easing off toward democracy, and the United States easing off toward socialism. I think the administration's projected foreign policy is planned on the probability of the two powers merging ideologically toward the center.

Mr. President, I feel that Mr. Dixon's column is so interesting and revealing that it should be printed in the Record for all the Members of this body to read. I therefore ask unanimous consent to have his column printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

### As the Poet Says

(By George Dixon)

I'm beginning to wonder if 88-year-old Poet Robert Frost, on his 10-day visit to the Soviet Union, didn't give away our overall foreign policy as projected into the future by the Kennedy administration.

I know that Frost, before he left for Russia, was briefed extensively by the President's two foreign policy planners. The poet had a long session with Walt Rostow, Chairman of the Policy Planning Council, at the State Department, and an even longer one with McGeorge Bundy, the President's Special Assistant for National Security Affairs, at the White House.

I've got a feeling the octogenarian may have been so filled he spilled.

Frost said he sees the U.S.S.R. easing off toward democracy, and the United States easing off toward socialism. I think the administration's projected foreign policy is planned on the probability of the two powers merging ideologically toward the center.

The reason I have to say "I think" is that the evidence on which a positive statement could be based has been suppressed. The State Department and the Senate Foreign Relations Committee have entered into a compact to bury the Rostow document.

The Rostow document is the 400-odd-page white paper put together by the State Department's planner to cover our foreign policy, present and projected. Rostow was questioned on it exhaustively in closed session by the Senate's foreign policyholders. Chairman J. William Fulbright said the transcript of the planner's cross-examination would be edited for security.

We leaped to the assumption that this meant the censored version would be released to us. It was a leap into nothing. Enough time has elapsed for it to have been edited, censored, and set to music, with special arrangement for fife and piccolo, but there's no sign of it—and the word is out that there's not going to be.

Frost is hard of hearing, but I'm pretty sure he got an earful of it before starting Moscow-ward. The poet met with Nikita S. Khrushchev at the Premier's vacation retreat near the Black Sea resort of Gagra. This alone should have stimulated him because poets have been straining for ages to find a word that rhymes with Niagara. Frost could write a sonnet about his encounter with Khrushchev beginning:

He roared there at Gagra
As loud as Niagara.

Be that as it may, I'm convinced Frost was repeating from Rostow and Bundy when he told Khrushchev:

"There might be something that we have that you want, and there might be something you have that we want. We could trade and settle it just like a horse trade."

My feeling is that the good, gray poet also was reiterating words that had been briefed into his failing ears when he told Khrushchev:

"The future of the world for the next 100 years or so lies between the United States and Russia."

I have had the feeling for a long time that the way to keep posted on our foreign policy is to listen less attentively to the evasions of the State Departmenters and more closely to our globegirdling jazz musicians, night club comics, and poets.

Mr. MANSFIELD. Is there further morning business?

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

## URBAN MASS TRANSPORTATION ACT OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and be made the pending business.

There being no objection, the Senate resumed the consideration of the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

The PRESIDENT pro tempore. The bill is open to amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## SINE DIE ADJOURNMENT BY SEPTEMBER 30?

Mr. PROXMIRE. Mr. President, I should like to ask the distinguished majority leader some questions, which concern me very deeply, about the possibilities of adjournment.

First, I am very much encouraged by the report we received yesterday from the President's press conference, and elsewhere, that it seems that Congress is likely to pass much of the administration's legislative program. I think that is wonderful; and certainly the Senator from Montana deserves a great deal of credit for it. Of course that is our first duty; and we should remain in session as long as is required in order to pass these important measures, no matter how long that may be.

At the same time, I should like to ask the Senator from Montana whether there is some possibility that the session can be ended by the end of this month, because it seems to me that for many reasons it would be most helpful, not only to many Senators, but also to the country, in terms of a meaningful campaign, to have Congress adjourn by the end of the month.

I call attention to the fact that since the first of September there have been a number of absentees; and I think it a tragedy that on some of the crucial measures the Senate has had to vote with 25 or 30 Senators absent. I am sure the Senator from Montana shares that view.

I feel that if announcement were made that we might not adjourn until October 6, some of the committee chairmen might time their agendas in such a way that it would be unlikely that the session would end before that date.

Mr. MANSFIELD. Mr. President, in response to the question of the distinguished Senator from Wisconsin [Mr. Proxmire], I would say, first, that no one wishes to have the session end any more quickly than I do. Members are becoming rather tired, and I should like to see an early end to this session.

However, we have some important legislation to consider. Some of it is in conference, and I hope some will be forthcoming next week.

If Senators will cooperate, I think there is a good prospect that we can complete our work before the end of the month. But it is not up to the leadership to decide that; it is up to the Senate collectively to decide whether it wishes to "get on the ball" and attend to this proposed legislation and dispose of it one way or the other.

What the Senator from Wisconsin has said about the absentees is all too true. For the past several months I have been keeping a day-by-day check, and I have been a little disturbed at the absenteeism in the Senate; and because of that absenteeism it has been practically impossible to hold meetings on Saturdays, in view of the fact that it seems that we cannot get a quorum together then. However, there are reasons for this, which the Senator from Wisconsin knows as well as I do.

I hope that from now on we can work together and coordinate our activities, to the end that we may be able to conclude the session as soon as possible.

I can say to the Senator from Wisconsin that so far as I am concerned, I am ready to have Congress adjourn as soon as the President's legislative program is attended to and disposed of one way or the other; and if the Senate will cooperate, I think there is more than a reasonably good chance that we can complete our work by the end of this month. If not, the session will very likely continue into the first week of October. But I hope that will not be necessary.

Mr. PROXMIRE. I think perhaps some consideration should be given—although I realize that it would be very taxing—even to holding night committee sessions.

Mr. MANSFIELD. No——

Mr. PROXMIRE. I wish to state why. It is because if we do not complete this work by the end of the month, it is my strong feeling that it will be very difficult to maintain a quorum thereafter. Senators must campaign.

Mr. MANSFIELD. That is correct.

Mr. PROXMIRE. They owe that to their constituents; and no Senator—no matter how experienced or how skilled a legislator he may be, or no matter what his seniority—can do any good here if he is not reelected.

Mr. MANSFIELD. It is not my intention to have all-night sessions held.

Mr. PROXMIRE. No, that is not at all what I am talking about.

Mr. MANSFIELD. It is the intention of the joint leadership to have the Senate convene every day at 10 a.m., and, if need be, to remain in session until a reasonably late hour in the evening.

Mr. PROXMIRE. The Senator from Montana misunderstood my suggestion. My point is that perhaps one or two of the crucial committees might consider holding meetings in the evenings—let us say, perhaps from 7 p.m. to 9:30 or 10 p.m., or something of that sort—so that the necessary legislation could thus be moved forward and gotten underway, because I understand that the bottleneck is not on the floor of the Senate, but is in the committees which have not been able to act upon proposed legislation.

Mr. MANSFIELD. I express the hope that most of the committees have completed the larger share of the legislation before them for this year. So far as the Finance Committee is concerned, its members have been saddled with an extremely heavy burden this year. They have done very well, all things considered. They have a right to meet at any time the Senate is in session. I am not at all displeased or disturbed by their meeting during the sessions of the Senate, because I think all things considered, they have done extremely well. But I should think the other committees would be just about ready to wind up their committee meetings and that the Senate should continue to stay in session until all the legislation has been disposed of.

Mr. PROXMIRE. The Appropriations Committee on the foreign aid bill, for instance?

Mr. MANSFIELD. I understand the committee has been holding hearings and that just as soon as the House is through with the foreign aid appropriation bill, we will be ready for it.

Mr. PROXMIRE. I point out that on September 4 there were from 29 to 35 absentees. On September 10 there were 32 and 33 absentees, respectively, on two rollcalls. Senators who were absent had to be absent. They had to campaign. They had to explain their record to the people of their States. This is an important duty. I know the distinguished majority leader has had great burdens. He has done an excellent job under difficult circumstances.

The only reason I rise to speak of this is the great importance of using every emergency measure possible to try to terminate the session by the end of the month, because if we can, it will mean we can have meaningful coverage. If we cannot we are likely to have a bare quorum present. It will mean that every State will not be represented on the important measures before us.

Mr. MANSFIELD. I am delighted that the distinguished Senator from Wisconsin has raised these questions. I have answered them to the best of my ability. I think it is quite possible that we can finish by the end of the month, but it is going to be up to the Senate, individually and collectively, to work together to that end. It is the intention of the joint leadership to meet at an early hour from now on, 10 o'clock in the morning, and remain in session late into the evening, and, if possible, get some work done, because, speaking personally, no Senator wants to get out of here any faster than I do.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. LAUSCHE. The Senator from Wisconsin paid tribute to the majority leader. In my opinion, if it had not been for the pacifying influence of MIKE MANSFIELD, the work on the Senate floor would have been in a state beyond redemption. His method of handling affairs has made possible the progress that has been made.

With reference to night sessions, I think there is a goodness and badness in them. Efficiency and proper consideration can be sacrificed by the compulsion that comes from late night sessions, and they ought to be avoided as much as possible.

Mr. MANSFIELD. We will do the best we can, but we have to attend to our business, and we shall.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. I yield.

Mr. STENNIS. I wish to reiterate with great emphasis the sentiments expressed by the Senator from Ohio in appreciation of the very fine and effective work of our majority leader, at all times, as far as that is concerned, but particularly in this session, when he has had to carry an unusual burden and an unusually heavy load of legislation, as well as vexations because of circumstances that developed.

I am one of many—and I hope this applies to the entire Nation—who have had a growing appreciation of his very fine and very effective work. It has reflected true statesmanship at its very best and in its highest quality. I do not mean to flatter the Senator.

Mr. President, this seems to be open season for suggestions as to how the majority leader can conclude the session, and, if I may make one, if we could be shorter in our speeches, and not have so many of them, and eliminate just a little of the repetition and the filing of so many amendments, when it is known, beyond all doubt, what the result will be, I believe the floor leader would have a better chance. I am not referring to any particular Senator, but I know the majority leader has been burdened greatly in this session with a great deal of work that, with all due deference, it seems to the Senator from Mississippi, was committee work, which was brought to the floor of the Senate but which should have been taken up in committee.

## URBAN MASS TRANSPORTATION ACT OF 1962

The Senate resumed the consideration of the bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The bill is open to amendment.

Mr. WILLIAMS of New Jersey. Mr. President, I do not believe the motion has been made by the senior Senator from Ohio [Mr. LAUSCHE] as indicated. He stated he intended to move that the pending business, the mass transportation bill, be referred to the Commerce Committee.

We have had discussions since we recessed last evening. I recognize that this bill does, in some degree, have interstate commerce implications. For example, one section of the bill gives advance authorization for interstate compacts in connection with mass transportation agreements.

There are a very few areas of the country in which mass transportation plans could be involved with travel between States, though this is still essentially an urban development problem.

While I do not believe that every bill that is reported from a committee when there is a partial jurisdiction in other committees should be referred to the latter, we have discussed this question. This is pioneering legislation, in a sense. We thought that perhaps the Commerce Committee may desire a review of this bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. LAUSCHE. I suggest that the bill be referred to the Commerce Committee by unanimous consent, with instructions that it be reported back by 12 o'clock a week from next Monday.

Mr. WILLIAMS of New Jersey. That would give the Commerce Committee a full week for consideration of a major piece of legislation. It seems a reasonable suggestion to me, and I would not object to that request.

Mr. LAUSCHE. Mr. President, will the Senator yield for a motion?

Mr. WILLIAMS of New Jersey. I yield.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the pending bill, S. 3615, be referred to the Commerce Committee with instructions that it be reported back to the Senate by 12 o'clock on Monday, September 24.

The PRESIDING OFFICER. Is there objection? Does the Senator from New Jersey yield for that purpose?

Mr. WILLIAMS of New Jersey. I have yielded.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and the bill is referred to the Commerce Committee as requested.

### ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1988 and the following measures on the calendar, in sequence, through Calendar No. 1998.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The first measure will be stated for the information of the Senate.

### ACCEPTING INVITATION TO COMMONWEALTH PARLIAMENTARY ASSOCIATION, LAGOS, NIGERIA

The resolution (S. Res. 379) accepting an invitation to attend the next general meeting of the Commonwealth Parliamentary Association to be held in Lagos, Nigeria, was considered and agreed to, as follows:

*Resolved,* That the Vice President is authorized to appoint four Members of the Senate as a delegation to attend the next general meeting of the Commonwealth Parliamentary Association, to be held in Lagos, Nigeria, at the invitation of the Nigerian branch of the association, and to designate the chairman of said delegation.

SEC. 2. The expenses of the delegation, including staff members designated by the chairman to assist said delegation, shall not exceed $10,000 and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

### PRINTING AS SENATE DOCUMENT STUDY ENTITLED "PROBLEMS AND TRENDS IN ATLANTIC PARTNERSHIP"

The resolution (S. Res. 381) to print as Senate document the study entitled "Problems and Trends in Atlantic Partnership" was considered and agreed to, as follows:

*Resolved,* That there be printed as a Senate document a staff study entitled "Problems and Trends in Atlantic Partnership—Some Comments on the Institutions," prepared at the request of the chairman of the Committee on Foreign Relations, and that six thousand additional copies of such document be printed for the use of the Committee on Foreign Relations.

### CARL E. NEWMAN

The resolution (S. Res. 384) to pay a gratuity to Carl E. Newman, Norma V. Newman Sewell, and Yvonne C. Newman Cole, was considered and agreed to, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Carl E. Newman, son, and Norma V. Newman Sewell and Yvonne C. Newman Cole, daughters of Alex Newman, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum to each equal to two months' compensation at the rate he was reciving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### NAOMI C. MITCHELL

The resolution (S. Res. 385) to pay a gratuity to Naomi C. Mitchell was considered and agreed to, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Naomi C. Mitchell, widow of Gilbert H. Mitchell, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time if his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### ANNIE LEE CARRELL

The resolution (S. Res. 386) to pay a gratuity to Annie Lee Carrell was considered and agreed to, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Annie Lee Carrell, widow of Harvey E. Carrell, an employee of the Senate at the time of his death, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### CLARA T. DOUGLAS

The resolution (S. Res. 387) to pay a gratuity to Clara T. Douglas was considered and agreed to, as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Clara T. Douglas, widow of Walter J. Douglas, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### PRINTING OF ADDITIONAL COPIES ENTITLED "STATE OF THE ECONOMY AND POLICIES FOR FULL EMPLOYMENT"

The concurrent resolution (S. Con. Res. 90) authorizing the printing for the use of the Joint Economic Committee of additional copies of its hearing entitled "State of the Economy and Policies for Full Employment" was considered, and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring),* That there be printed for the use of the Joint Economic Committee five thousand additional copies of its hearings of the Eighty-seventh Congress, second session, entitled "State of the Economy and Policies for Full Employment."

### PRINTING OF ADDITIONAL COPIES OF HEARINGS ON DEPARTMENT OF AGRICULTURE HANDLING OF POOLED COTTON ALLOTMENTS OF BILLIE SOL ESTES

The concurrent resolution (S. Con. Res. 91) authorizing the printing of additional copies of the hearings on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes was considered and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring),* That there be printed for the use of the Committee on Government Operations two thousand additional copies of all parts of the hearing held by its Permanent Investigating Subcommittee during the current session on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes.

### PRINTING OF ADDITIONAL COPIES OF PARTS 1 AND 2 OF "STRUCTURE AND ORGANIZATION OF THE COMMUNIST PARTY OF THE UNITED STATES," 87TH CONGRESS, 1ST SESSION

The concurrent resolution (H. Con. Res. 508) authorizing the printing of additional copies of parts 1 and 2 of "Structure and Organization of the Communist Party of the United States," 87th Congress, 1st session, was considered and agreed to.

## TOCKS ISLAND NATIONAL RECREATION AREA, PA. AND N.J.

The bill (S. 3530) to authorize establishment of the Tocks Island National Recreation Area in the States of Pennsylvania and New Jersey, and for other purposes, was announced as next in order.

Mr. MANSFIELD. Over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

## PRINTING OF ADDITIONAL COPIES OF COMMITTEE PRINT ENTITLED "HOUSING FOR THE ELDERLY"

The resolution (S. Res. 382) to print additional copies of a committee print entitled "Housing for the Elderly" was considered and agreed to, as follows:

*Resolved,* That there be printed for the use of the Special Committee on Aging eight thousand additional copies of its committee print of the Eighty-seventh Congress, second session, entitled "Housing for the Elderly".

## MILITARY CONSTRUCTION APPROPRIATION BILL, 1963—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12870) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of September 12, 1962.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. STENNIS. Mr. President, I move that the conference report be agreed to, and I ask the Presiding Officer to lay before the Senate the message from the House of Representatives.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield.

Mr. DIRKSEN. Was this a unanimous report?

Mr. STENNIS. It was a unanimous report. The Senator from Massachusetts [Mr. SALTONSTALL] will be in the Chamber in a few minutes.

Mr. President, I move that the conference report be agreed to; and I ask that the Presiding Officer lay before the Senate the action of the House on certain amendments of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Mississippi.

The motion was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 12870, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S.,
*September 12, 1962.*

*Resolved,* That the House agree to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12870) entitled "An Act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes."

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 1, and concur therein with an amendment, as follows:

In lieu of the sum proposed, insert "$181,272,000".

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 2, and concur therein with an amendment, as follows:

In lieu of the sum proposed, insert "$193,355,000".

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 3, and concur therein with an amendment, as follows:

In lieu of the sum proposed, insert "$847,810,500".

*Resolved,* That the House recede from its disagreement to the amendment of the Senate numbered 5, and concur therein with an amendment, as follows:

In lieu of the matter stricken out and inserted, insert the following:

"During the current fiscal year, not to exceed a total of $712,427,500 shall be available for obligation against the Department of Defense family housing management account for the purpose of section 501(b) of Public Law 87–554, approved July 27, 1962, as follows:

"For the Army: Construction, $46,625,000; operation and maintenance, $135,115,000; debt payments, $49,863,000.

"For the Navy and Marine Corps: Construction, $92,542,000; operation and maintenance—Navy, $58,360,000; Marine Corps, $7,700,000; debt payments—Navy, $25,744,000; Marine Corps, $4,691,000.

"For the Air Force: Construction, $100,771,000; operation and maintenance, $98,986,000; debt payments, $89,574,000.

"For defense agencies: Operation and maintenance, $2,456,500. The foregoing amounts available for obligation for operation and maintenance may be increased as determined by the Secretary of Defense: *Provided,* That such increased amounts are transferred from applicable operation and maintenance appropriations for the current fiscal year: *Provided further,* That the total obligations against the account are authorized to be increased accordingly."

Mr. STENNIS. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 1, 2, 3, and 5.

In that connection I wish to state that this is a unanimous report of the Senate and House conferees, with reference to this appropriation bill. The Senator from Massachusetts will be in the Chamber in a few minutes and will have some remarks to make concerning the conference report.

In the meantime, I shall make some remarks.

Mr. President, on Friday last I submitted for the approval of the Senate the appropriation bill for military construction. Today, we submit the report on the conference with the House, to which a unanimous conference report is being filed.

The conferees have agreed to recommend the sum of $1,319,114,500 for the fiscal year 1963. This is a reduction of $275,615,000 below the Budget and the Department of Defense requests, and it represents a further paring down from the amounts voted by the respective legislative chambers when we went to conference. This is a reduction of 20.9 percent from the Budget request. At that time, the Senate had voted $1,349,611,000, and the House $20,130,000 more or $1,369,741,000.

The amounts allowed for each of the services are as follows:

| | |
|---|---|
| Army | $181, 272, 000 |
| Navy | 193, 355, 000 |
| Air Force | 847, 810, 500 |
| Defense agencies | 35, 677, 000 |
| Loran stations, defense | 20, 000, 000 |
| Army Reserve | 8, 000, 000 |
| Naval Reserve | 7, 000, 000 |
| Air Force Reserve | 5, 000, 000 |
| Army National Guard | 7, 000, 000 |
| Air Guard | 14, 000, 000 |
| Total | 1, 319, 114, 500 |

Of this total amount, in round figures, $525 million is for missile base construction and about $40 million for space construction. That brings the total figure for the actual construction programs of the military services, outside of the missile bases, to less than $1 billion, a sum comparable to that provided the past year.

I offer for the Senate's favorable consideration this conference report in the full confidence of which I assured the Senate on Friday last, that the true and substantial requirements of the services are fully satisfied by the recommendations presented. The bone and muscle of the requirements for military construction have survived the reductions as to which this body was advised in detail on September 7. As the case appeared to require, we reduced some requests, deferred some, and eliminated others.

A category which we explored in depth last week was family housing. The Senate recommendation that the budget requests be reduced from 14,475 units to 7,500 units for a saving of $119 million has been fully agreed to.

I hope that I will be pardoned if I advert again to the reasons for our action therein, lest it be thought that our action was not preceded by the very fullest consideration. And I hope that I can further suggest that it is in the area of family housing that the responsible committees of both Houses have made extremely valuable contributions in the public interest. An outstanding example of this service is the fact that this year, after many years of effort, we have finally come to a program of family housing entirely of the appropriated variety. As all the studies unfailingly have shown, great savings will be realized with the elimination of burdening interest costs over a long period of years in privately financed housing; further, a better house will be obtained for the original dollar investment.

Mr. President, I think this illustrates what happens when the subject matter of any program gets beyond the committee of either House which is trained, and the staff of which is trained, to look after that phase of the program. Some years ago military housing got out of the control of the Armed Services Committees of the two Houses. It was taken over by other committees. It shuffled all around through the executive department and on Capitol Hill, throughout the years there were extravagant programs and one unworkable program after another, at a tremendous extra cost to the taxpayers, who finally have to shoulder the load.

It took 3 or 4 years of constant and diligent effort on the part of several committees to finally get this subject matter headed back to the proper committees and to place it on a much sounder financing basis which, after all, is the straight appropriated fund basis, with direct responsibility for Members of Congress who vote for the bills and who handle the bills.

In this way we get more and better returns for the dollar in the housing program. We get a better house, a better plan, and a sounder structure.

I think this is not a perfect plan, but it has finally been brought in line and the program is on this basis.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The plan now agreed upon between the two Houses with relation to housing for the military services is a great step in advance, not only in putting houses where they are most needed but also in keeping down the cost of the program.

I congratulate the chairman, who had so much to do with initiating that idea.

Mr. STENNIS. I thank the Senator, but no one contributed more to the solution of this tangled problem upon which we have been working than did the Senator from Massachusetts.

It is important that I reiterate here that, although we reduced the requests for new units, we did so while providing for the renovation of 2,884 substandard units, honoring the request in its entirety for that purpose. And we did so in the knowledge that 303,500 family housing units have already been constructed through various programs.

A major factor in our conclusion that the requests for family housing were far too great was of our dissatisfaction with the critiques and the rationale of the Department of Defense as to "adequate" and "inadequate" housing. We could not accept the principle established that if the military person in question had to travel more than 45 minutes from the residence available for rent to his place of occupation that this residence was "inadequate" and that, therefore, public funds had to be spent in order to provide him quarters. Such a test is not realistic, as many, many hundreds of thousands of people in daily American life have to spend more than 45 minutes en route to their work. We rejected also the proposition that available housing was "inadequate" as termed by the Department of Defense if the rental cost per month was more than 120 percent of the monthly quarters allowance.

I emphasize, too, that our action did not require the deduction of one single dime from the monthly allowance of any military person to pay rental for housing. Every single one of those accounts, of course, would be left intact. This year Congress increased that allowance by 18 percent. What we contemplate is a sound, Government-owned family housing plan.

Before I leave the subject, I want to disabuse any impression that the committees have substituted any scientific or wholly satisfactory criteria of their own. This is an area in which the legislative and executive branches intend to work in the days to come for a better solution. It is evident, though, that more consideration must be given to the taxpayer and the use of available houses which are offered for reasonable rentals. Some military personnel may have to pay more than their housing allowance, but, also, many pay less than their monthly housing allowance. On this last point, the Department of Defense can make a survey and present to the Congress how many military personnel pay less for rent than their allowances.

And there are provisions for placing the management of housing in one office in the Department of Defense. Pertinent inquiries as to the important characteristics of the bill were developed last Friday and I would hope that my statement today, together with the previous floor discussions, provide a satisfactory basis for your informed consideration.

The House of Representatives Subcommittee on Appropriations, which handled the bill, has done outstanding work not only with reference to the housing problem, but over the years, in all the other major phases and features of the bill. They are outstanding in the hearings they conduct and the work they do upon this important measure.

I have a few additional factual points to present, but I know that the Senator from Massachusetts is engaged in an important conference on another appropriation bill. I should like to yield to the Senator from Massachusetts at this time.

Mr. SALTONSTALL. Mr. President, I very much appreciate the courtesy of the Senator from Mississippi. The general military construction bill has been worked out very advantageously for all of the services. The amount appropriated is larger than the amount appropriated last year, but it is much smaller, as the Senator has pointed out, than the recommendations of the Budget Director. I believe that all the principal needs of the military for this year are covered. The great problem confronting the committee was in relation to research. The question of what facilities should be put in and how fast they should go in was before us. I think we have reached a very reasonable compromise between the positions of the House and the Senate on that point.

We have improved the research facilities of the military to a great degree.

I have a few brief remarks in summary. I believe that the report of the chairman, the Senator from Mississippi [Mr. STENNIS] has covered the subject. But I should like to supplement his figures and his judgments with my own. I am in hearty accord with him.

At the risk of repeating some of the remarks of our able subcommittee chairman I wish to comment briefly on this conference report. Let me say at the outset that I have never worked in a conference committee where I felt all of the members were more diligent in seeking out the facts on which to determine the proper course of action in providing the vast sums needed for military construction. Also let me say that all the conferees were dedicated to effecting economies and the conference report reflects this determination. The Army program was the smallest of the three services and it sustained the greatest percentage cut, yet it received $181,272,000, which was $23,338,000 over its fiscal year 1962 appropriation. The Navy received $193,355,000, which was $1,077,000 over its appropriation for the past year. The largest share was received by the Air Force which amounted to $847,810,000, which was $349,464,000 over its appropriation for last year.

There are two separate items which should be discussed to explain the conference action in each. First, as to the problem of family housing for the military people here in the United States and around the world. We were not satisfied with the criteria which had been established upon which housing should be allowed. Because of this dissatisfaction we felt that the housing starts should be reduced by approximately one-half. We do not attempt to say where these should be located as far as need is concerned, but commonsense points to the need of remote areas where other housing is not available or adequate and also where our military men are on short alert and must live close to their bases.

Next we come to the difficult problem of facilities for research and development. Obviously we could not vote all of the money sought by the services. Let me say that some of the decisions hung in the balance until the very last moment and additional proof had to be secured from the departments before a final judgment could be made. The conferees in the exercise of their most careful consideration had to decide that some projects should go forward and some should be held up for another year so that better justifications could be submitted as to need.

That, I believe, with the housing provision, were the two important considerations with which we had to deal.

In all I felt that an excellent job has been done. This bill represents a most healthy trend in appropriations. It is $215,615,000 under the budget estimates, and still is $367,423,750 over last year's appropriation. Thus we are adequately caring for expanding military programs to meet the U.S. defense needs. We went into this conference with the Senate bill $19,240,000 under the House bill and the conferees reduced this sum by an additional $31,386,500. These are very real savings and yet we are providing in an adequate way for all of our most important needs. A wise old man once said in regard to Government bond issues—if you do not understand them vote "no." There were some of the items before us where the proof was not strong enough so we were forced to vote no this year. I, for one, feel that we have followed the wisest and only course of action, and we have presented a well-considered, thoroughly tested appropriation for the action of the Congress.

Mr. President, I thank the chairman, the Senator from Mississippi [Mr. STENNIS] for permitting me to make those few remarks at this time. As he knows, I am now engaged in another conference with the conferees on the independent offices appropriation bill.

**Mr. STENNIS.** Mr. President, I thank the Senator for making his remarks on the bill. This is another instance of the very valuable service that the Senator from Massachusetts renders to the Senate on the many committee assignments that he so ably holds and fills.

**Mr. SALTONSTALL.** I thank the Senator for those remarks, and reciprocate them in full.

**Mr. STENNIS.** Mr. President, continuing my remarks, I refer to further details of the new housing program and the management thereof, which is reflected in the figures spelled out in the final version of the military construction bill.

Last year, due to certain inadequacies and the way the program was administered, the Armed Services Committee of both the House and Senate saw fit not to renew the authority for the Capehart housing. Instead, it was decided to go to a direct appropriation method of family housing.

The Department of Defense, at the insistence of the Congress, in the past year has completely revised its approach to the management and building of family housing within the three services.

The plan submitted by the Department of Defense was not the one adopted this year by the Congress with reference to the financing of family housing. The Department of Defense presented a plan under which there would be a pooling of money, and a revolving fund. Houses could be built out of a revolving fund rather than from a direct appropriation. That is another plan and suggestion that, through the Armed Services Committees of the two Houses, I think the Congress very properly rejected, and, instead, insisted on going to the direct method of making appropriations, which is the only way that really keeps the program within the direct, yearly control of Congress.

Managementwise, the Department has taken a number of steps to insure better administration of the family housing program for the services. A separate housing management staff has been established in the Office of the Secretary of Defense and in each of the three Departments. These offices are taking steps to establish modern accounting, planning, and control techniques.

For the fiscal year 1963, the services proposed the construction of 14,475 family housing units and the improvement of 2,884 substandard units to public quarters standards, requesting a total of $289,810,000.

The conference committee has not approved the Senate formula for housing in its entirety. The program agreed upon amounts to 7,500 units, costing a total of $143,742,000. The funds and units are distributed as follows: Department of the Army, $29,865,000 for 1,600 units; Department of the Navy, $43,880,000 for 2,195 units; Department of the Air Force, $69,997,000 for 3,760 units. The units for each of the services include both housing for the continental United States and overseas.

No specific projects are deleted from the housing program, but funds have been made available only for the 7,500 units mentioned above. The Department of Defense and the services are charged with the responsibility of selecting where the housing units will be constructed on the basis of priority and need within the services.

I point this out in the RECORD because Senators may receive many inquiries about what was done with reference to housing units which had been requested in their respective States. Individual Senators and Members of the House ought not to be charged with the responsibility of getting the housing after it has been requested by the Department of Defense. That adds to the confusion, and it adds to the multiplication of so-called issues which are not pertinent or relevant. These decisions should not be made on that basis. We were willing to allow 7,500 units of housing to be built this year, but we did not disturb the list except to reduce the money. That leaves the Department of Defense and the services charged with the responsibility of selecting where the housing units shall be constructed, on the basis of priority and need within the services. That is a legislative direction and mandate, as far as it can be carried out in language of this kind. They are charged with the responsibility of establishing the priority list in keeping with the needs of the services.

Under the section, "Department of Defense Family Housing Management Account," the conference committee adopted language placing a limitation upon the amounts of money which can be spent by the services for the construction, operation and maintenance, and debt payments for family housing within each specific service. There is some flexibility, however, given to the Secretary of Defense for the transfer of operation and maintenance appropriations.

Mr. President, I feel that the committee on conference has worked out a very fair and equitable bill. Further, it is my opinion that the bill furnishes for the Department of Defense and the services all the funds necessary to carry out the construction program required for our national defense commitments; and further, that the total reduction of $275,615,000 from the amount requested by the Department of Defense and the Budget Bureau does not cut into, nor in any way weaken the bone and muscle of our military program.

I believe this bill establishes the fact that there can be some economy and that there can be some reductions with reference to military expenditures. The Senator from Mississippi believes that we have reached a critical place in our total budget of what our economy can stand, when more effective attention must be given to these military programs. We must never deny any sum that is essential. At the same time we must be certain that it is essential, and that only the essential amount of the request is allowed.

I ask unanimous consent that there may be printed in the RECORD at this point certain tables which show the estimates and allowances with reference to the program.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

*Appropriations for military construction, fiscal year 1963, showing 1962 appropriations, 1963 estimates, and congressional action*

| Item | Appropriations, 1962 | Budget estimates (revised), 1963 | House bill | Senate bill | Conference action | Increase (+) or decrease (−), conference action compared with— | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Budget estimates, 1963 | House bill | Senate bill |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| Defense | $27,000,000 | | | | | | | |
| Military construction, Army | 157,934,000 | $234,421,500 | $197,477,500 | $193,634,000 | $181,272,000 | −$53,149,500 | −$16,205,500 | −$12,362,000 |
| Military construction, Navy | 192,278,000 | 306,862,000 | 214,349,500 | 196,423,000 | 193,355,000 | −113,507,000 | −20,994,500 | −3,068,000 |
| Military construction, Air Force | 498,346,000 | 944,446,000 | 863,722,000 | 860,782,000 | 847,810,500 | −96,635,500 | −15,911,500 | −12,971,500 |
| Military construction, Defense agencies | | 46,000,000 | 33,192,000 | 38,662,000 | 35,677,000 | −10,323,000 | +2,485,000 | −2,985,000 |
| Loran station, Defense | 10,000,000 | 22,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | −2,000,000 | | |
| Military construction, Army Reserve | 14,381,000 | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | | | |
| Military construction, Naval Reserve | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | | | |
| Military construction, Air Force Reserve | 4,608,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | | | |
| Military construction, Army National Guard | 21,868,750 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 | | | |
| Military construction, Air Guard | 18,275,000 | 14,000,000 | 14,000,000 | 14,000,000 | 14,000,000 | | | |
| Total | 951,690,750 | 1,594,729,500 | 1,369,741,000 | 1,350,501,000 | 1,319,114,500 | −275,615,000 | −50,626,500 | −31,386,500 |

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from Mississippi to agree to the House amendments to the amendments of the Senate numbered 1, 2, 3, and 5.

The motion was agreed to.

## THE U-2 INCIDENT IN RED CHINA—THE PRESIDENT'S PRESS CONFERENCE

Mr. **GOLDWATER**. Mr. President, during the course of the President's press conference yesterday evening, he referred to the U-2 incident occurring over Red China. I do not know whether the President was indulging in politics, or whether he was merely stating a fact. However, he is reported as having said that the plane that was recently shot down by the Red Chinese had been sold to the Nationalist Chinese in July 1960, during the Eisenhower administration.

I do not know why he should mention that point, except to mention a historic fact. If politics was involved, I see no reason for it. In that case I would remind the President that his administration has given F-100 fighter planes to Yugoslavia, which certainly is not a friend of ours. The U-2 is not a weapon-carrying airplane, whereas the F-100 is a lethal weapon.

Therefore, if politics is to be involved in the sale of a normal airplane, I think we should also consider the fact that in the President's own administration deadly weapons have been given to a country which is certainly not our friend and that, in addition, we have trained pilots from that country to use such weapons.

Mr. **McNAMARA**. Mr. President, will the Senator yield?

Mr. **GOLDWATER**. I yield.

Mr. **McNAMARA**. Mr. President, I heard the President's broadcast last night. I believe the President used the date 1960, but did not make reference to the Eisenhower administration. The name "Eisenhower" was not used in the press conference.

Mr. **GOLDWATER**. I did not hear the broadcast. I merely read an article referring to it in this morning's paper. The article states that the sale was arranged in 1960, "that is, during the Eisenhower administration." The headline reads: "Kennedy Pins U-2 Sales On Eisenhower Regime."

I hope the Senator from Michigan is correct. Knowing the newspaper, I am inclined to think that it was the newspaper which made the statement, and not the President.

Mr. **McNAMARA**. I believe the Senator will find that the Eisenhower regime was not referred to in the press conference. I know the Senator from Arizona wants to be correct.

Mr. **GOLDWATER**. I certainly do. I do not think politics should be involved in a situation like this. If it was the fault of the newspaper, I expect it to print a retraction of the story tomorrow.

Mr. **MANSFIELD**. I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. Hickey in the chair). Without objection, it is so ordered.

## THE PRESIDENT'S STATEMENT ON CUBA

Mr. **MANSFIELD**. Mr. President, last night the President began his press conference with a statement on Cuba. It is a sober statement which makes clear his complete command of the realities of that situation. It is a statement replete with firmness and wisdom and responsibility. He has the courage to say we will act as our needs may require. He has the courage equally to say that we will not act in an irresponsible fashion out of an irrational fear, or an excess of brashness, or merely out of an understandable but vague desire to "do something."

Mr. President, the Senate might well note the President's words on Cuba. They provide an excellent framework for the consideration of a resolution which will be helpful to him in this situation. I am confident that beyond considerations of partisanship, the members of the Foreign Relations Committee and the Armed Services Committee, who will consider such a resolution during the next few days, will have as their fundamental impulse a desire to close ranks in support of the President. Mr. President, I ask unanimous consent that the statement previously referred to be printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Following is the transcript of President Kennedy's news conference yesterday in Washington, as recorded by the New York Times:

I have a preliminary statement.

There has been a great deal of talk on the situation in Cuba in recent days, both in the Communist camp and in our own, and I would like to take this opportunity to set the matter in perspective.

In the first place it is Mr. Castro and his supporters who are in trouble. In the last year his regime has been increasingly isolated from this hemisphere. His name no longer inspires the same fear or following in other Latin American countries.

He has been condemned by the OAS (Organization of American States), excluded from the Inter-American Defense Board and kept out of the Free Trade Association. By his own monumental economic mismanagement, supplemented by our refusal to trade with him, his economy has crumbled and his pledges for economic progress have been discarded.

Along with his pledges for political freedom his industries are stagnating, his harvests are declining, his own followers are beginning to see that their revolution has been betrayed. So it is not surprising that in a frantic effort to bolster his regime he should try to arouse the Cuban people by charges of an imminent American invasion and commit himself still further to a Soviet takeover in the hope of preventing his own collapse.

### REPEATS CONCLUSION

Ever since communism moved into Cuba in 1958, Soviet technical and military personnel have moved steadily on to the island in increasing numbers at the invitation of the Cuban Government.

Now that movement has been increased. It is under our most careful surveillance.

But I will repeat the conclusion that I reported last week: That these new shipments do not constitute a serious threat to any other part of this hemisphere.

If the United States ever should find it necessary to take military action against communism in Cuba, all of Castro's Communist-supplied weapons and technicians will not change the result or significantly extend the time required to achieve that result.

However, unilateral military intervention on the part of the United States cannot currently be either required or justified, and it is regrettable that loose talk about such action in this country might serve to give a thin color of legitimacy to the Communist pretense that such a threat exists.

But let me make this clear once again. If at any time the Communist buildup in Cuba were to endanger or interfere with our security in any way, including our base at Guantanamo, our passage to the Panama Canal, our missile and space activities in Cape Canaveral, or the lives of American citizens in this country, or if Cuba should ever attempt to export its aggressive purposes by force or the threat of force against any nation in this hemisphere or become an offensive military base of significant capacity for the Soviet Union, then this country will do whatever must be done to protect its own security and that of its allies.

We shall be alert to and fully capable of dealing swiftly with any such development. As President and Commander in Chief, I have fully authority now to take such action. And I have asked the Congress to authorize me to call up Reserve forces should this, or any other crisis, make it necessary.

In the meantime, we intend to do everything within our power to prevent such a threat from coming into existence.

Our friends in Latin America must realize the consequences such developments hold out for their own peace and freedom, and we shall be making further proposals to them.

Our friends in NATO must realize the implications of their ships engaging in the Cuban trade. We shall continue to work with Cuban refugee leaders who are dedicated as we are to that nation's future return to freedom.

We shall continue to keep the American people and the Congress fully informed. We shall increase our surveillance of the whole Caribbean area. We shall neither initiate nor permit aggression in this hemisphere.

With this in mind, while I recognize that rash talk is cheap, particularly on the part of those who do not have the responsibility, I would hope that the future record will show that the only people talking about a war or an invasion at this time are the Communist spokesmen in Moscow and Havana, and that the American people, defending as we do so much of the free world, will in this nuclear age, as they have in the past, keep both their nerve and their head.

Mr. **MANSFIELD**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **YOUNG** of Ohio. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. Hickey in the chair). Without objection, it is so ordered.

## THE PROPOSED FREEDOM ACADEMY

**Mr. YOUNG of Ohio.** Mr. President, at the present time a bill to establish a new Government agency to be called the Freedom Academy lies before the Senate Committee on Foreign Relations. In the press there has been a great deal of comment to the effect that efforts may be made to have this bill, S. 822, passed before the adjournment of the present session of this Congress.

So far as I am concerned, the Nation would be better off if the proposed legislation had a quiet demise in the committee to which it has been assigned. If there is one thing we do not need it is another governmental agency to rove the field of foreign policy.

The purpose of the proposed Freedom Academy is to prescribe doctrines by which the United States and friendly nations are to conduct the cold war. It is proposed that a school similar to our service academies be created to develop a scientific method of combating communism and to train Government personnel, private citizens, and foreign students in this science. Of course, all of that would be done at considerable expense to our taxpayers. The proposed Academy is supposed to be an answer to similar Soviet schools training commissars to serve as political advisers to Soviet military, air, and naval units and foreign Communists in the techniques of subversion; and it is alleged that the proposed Freedom Academy would find answers to the many-faceted problems of the cold war.

Mr. President, do we really desire to ape Communist Russia and to have political commissars attached to units of our Armed Forces? Americans are intelligent; they are not unintelligent cattle to be herded and regimented.

This is an outrageous proposal—to create a so-called Freedom Academy, and to spend millions of the taxpayers' dollars on such a project.

In our struggle with international communism—and it is a serious struggle, indeed, Mr. President—we must employ not only our military strength, but also all of our political, psychological, and economic resources as well. However, the issue is whether the so-called Freedom Academy is necessary or desirable in that connection. Someone conceived the name "Freedom Academy"; and, Mr. President, the fact is that the only attraction of this proposal lies in its name. If bad legislation is proposed, but if it is given an attractive name such as "Freedom Academy," in some minds the proposal becomes a meritorious one. However, Mr. President, this measure is not a meritorious proposal. The struggle with the international Communist conspiracy involves infinitely complex problems. We live in a grim period of international anarchy. The menace posed by the aggressive and ruthless dictators of the Soviet Union and Red China is the most serious our Nation has faced in its history. As leader of the free world we must retain our armed might and strengthen our retaliatory capability in order to assure that the Communist dictators will never dare to embark on a war of conquest. However, it seems to me to be only wishful thinking to believe that a new governmental agency, without operational responsibility, would be able to cope with the grave and complex problems involved in this effort.

I suggest that we would be seriously deluding ourselves if we were to believe that the strategy for waging the fight against communism could be formulated into an operational science. Too many imponderables, too many unknown factors, and too many human elements are involved.

Intensive research into the nature and technique of the Communist conspiracy is necessary. Our intelligence personnel do make and, of course, should continue that policy of complete surveillance and inquiry into the operations of Communist Russia and Red China. They have been, I am certain, and will continue to be, alert and to keep abreast of these activities and try to figure the operations and contemplated moves of our potential enemies.

Existing Government agencies have accomplished much in this area, and will continue to do so. Those who carry out current programs run up against the practical problems of fighting communism. The proposed Freedom Academy would have relatively little practical contact with these problems. There is no sense in duplicating these efforts by establishing another agency to spend taxpayers' money. Furthermore, to assign this vital function to the proposed Freedom Academy would be like using a jeep to do a bulldozer's job.

The State Department has been given the primary role in marshaling our nonmilitary resources in the cold war. Its Foreign Service Institute is developing a considerable program on anti-Communist techniques, of which an important part was implemented on June 11. Plans are also underway to expand significantly the Foreign Service Institute and broaden its training responsibilities to meet the needs of the changing times. During the last 5 years, 2,750 students from many governmental agencies attended seminars conducted by the Institute on Communist methods and organization.

In addition, educational opportunities are available at any one of the excellent Russian research or international studies centers throughout the country. A few years ago Soviet and Chinese Communist specialization was available at only three or four universities. Now 25 colleges and universities offer such specialization. Incidentally, many foreign students are educated on our views regarding communism, directly and indirectly, through student exchange programs. Also, such programs as the Peace Corps contribute to international understanding of Communist subversion.

Furthermore, the Justice Department operates a number of anti-Communist schools whose courses include instruction on Communist theory and policy. The Defense Department, the Central Intelligence Agency, the U.S. Information Agency, and security agencies in various other Government departments analyze problems of communism and teach civilian and military personnel about them in the same way that officials of the Freedom Academy, so-called, would, were we to be foolish enough to enact that legislative proposal into law.

Proponents of the Freedom Academy insist that it would bring this widespread activity together and coordinate it, thereby making it more effective. The facts are that if the State, Defense, and Justice Departments gave up their anti-Communist programs to the Freedom Academy, they would be crippled in many of their other related operations. If the Departments retained these functions, it is obvious that the Freedom Academy would be duplicating them; and adding one more voice to a chorus will not make it more harmonious. As current programs stand, diversity is useful because of the variety of methods employed in the cold war struggle. There is much coordination and communication between the agencies involved in this work.

Mr. President, it is extremely doubtful that governments of many countries or public opinion abroad would support the idea of enrolling foreigners—nationals of those countries—in this Academy for work to be done in their home countries. Such things are by their very nature done secretly, if at all. The Russians do not advertise the fact that foreign Communists in the Soviet Union are being taught Communist techniques of organization and subversion. Soviet propaganda would herald the Freedom Academy as a "cold war institute," a training course for espionage, and would give a completely incorrect connotation to the world of our concept of "freedom."

Officials of both our State Department and Department of Justice oppose this bill and urge its defeat. In my judgment it is entirely lacking in merit. I know of no governmental department that favors it. Its supporters have estimated that by the third year of operation it would cost taxpayers at least $35 million a year.

Some have said, "Only $35 million." I was born and reared in the country in Ohio, and to me $35 million a year is a stupendous amount of money. At any rate, this is undoubtedly a gross underestimate. We all know of the operation of Parkinson's law and how Government agencies somehow always have a way of costing taxpayers a great deal more money than was anticipated at the time of their establishment.

The Freedom Academy, so called, has all the hallmarks of becoming another multimillion-dollar bureaucratic boondoggle, were it to be enacted into law. Far from being an aid in the cold war struggle, it would result only in duplication of effort and a waste of taxpayers' money. It is my fervent hope that our colleagues in the foreign relations committee will take no action on this bill during this session or any other session of Congress. Let it continue to lie in a state of innocuous desuetude.

Finally, Mr. President, it is a fact that the U.S. Government maintains and has maintained over the years four freedom academies which are the greatest institutions of their kind anywhere in the world. I refer to the U.S. Military Academy at West Point, the U.S. Naval Academy at Annapolis, the U.S. Air Force Academy at Colorado Springs, and the U.S. Coast Guard Academy at New London. It would seem to me unthinkable that we should give consideration to giving in to the proponents of this so-called Freedom Academy, and I am speaking out against such an outrageously foolish proposal.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## AUTHORIZATION FOR THE FILING OF A COMMITTEE REPORT DURING ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Finance Committee be permitted to file a report during the adjournment of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER FOR ADJOURNMENT UNTIL 10 A.M. ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business for today has been completed, the Senate adjourn until 10 o'clock a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, it is hoped and anticipated that the trade bill will be ready for action on Monday, and that the report and hearings will be available, because both go together. I make this announcement so that Senators may be aware of the intention of the leadership.

## THE PRESIDENT'S NEWS CONFERENCE

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a transcript of the news conference held by President Kennedy yesterday, September 13.

The PRESIDING OFFICER. Without objection, it is so ordered.

The transcript of the news conference was ordered to be printed in the RECORD, as follows:

### TRANSCRIPT OF THE PRESIDENT'S NEWS CONFERENCE ON FOREIGN AND DOMESTIC MATTERS

Thank you.

I have a preliminary statement.

There has been a great deal of talk on the situation in Cuba in recent days, both in the Communist camp and in our own, and I would like to take this opportunity to set the matter in perspective.

In the first place it is Mr. Castro and his supporters who are in trouble. In the last year his regime has been increasingly isolated from this hemisphere. His name no longer inspires the same fear or following in other Latin-American countries.

He has been condemned by the OAS (Organization of American States) excluded from the Inter-American Defense Board and kept out of the Free Trade Association. By his own monumental economic mismanagement, supplemented by our refusal to trade with him, his economy has crumbled and his pledges for economic progress have been discarded.

Along with his pledges for political freedom his industries are stagnating, his harvests are declining, his own followers are beginning to see that their revolution has been betrayed. So it is not surprising that in a frantic effort to bolster his regime he should try to arouse the Cuban people by charges of an imminent American invasion and commit himself still further to a Soviet takeover in the hope of preventing his own collapse.

### REPEATS CONCLUSION

Ever since communism moved into Cuba in 1958, Soviet technical and military personnel have moved steadily on to the island in increasing numbers at the invitation of the Cuban Government.

Now that movement has been increased. It is under our most careful surveillance.

But I will repeat the conclusion that I reported last week: That these new shipments do not constitute a serious threat to any other part of this hemisphere.

If the United States ever should find it necessary to take military action against communism in Cuba, all of Castro's Communist-supplied weapons and technicians will not change the result or significantly extend the time required to achieve that result.

However, unilateral military intervention on the part of the United States cannot currently be either required or justified, and it is regrettable that loose talk about such action in this country might serve to give a thin color of legitimacy to the Communist pretense that such a threat exists.

But let me make this clear once again. If at any time the Communist buildup in Cuba were to endanger or interfere with our security in any way, including our base at Guantanamo, our passage to the Panama Canal, our missile and space activities in Cape Canaveral, or the lives of American citizens in this country, or if Cuba should ever attempt to export its aggressive purposes by force or the threat of force against any nation in this hemisphere or become an offensive military base of significant capacity for the Soviet Union, then this country will do whatever must be done to protect its own security and that of its allies.

We shall be alert to and fully capable of dealing swiftly with any such development. As President and Commander in Chief, I have full authority now to take such action. And I have asked the Congress to authorize me to call up Reserve forces should this, or any other crisis, make it necessary.

In the meantime, we intend to do everything within our power to prevent such a threat from coming into existence.

Our friends in Latin America must realize the consequences such developments hold out for their own peace and freedom, and we shall be making further proposals to them.

Our friends in NATO must realize the implications of their ships engaging in the Cuban trade. We shall continue to work with Cuban refugee leaders who are dedicated as we are to that nation's future return to freedom.

We shall continue to keep the American people and the Congress fully informed. We shall increase our surveillance of the whole Caribbean area. We shall neither initiate nor permit aggression in this hemisphere.

With this in mind, while I recognize that rash talk is cheap, particularly on the part of those who do not have the responsibility, I would hope that the future record will show that the only people talking about a war or an invasion at this time are the Communist spokesmen in Moscow and Havana, and that the American people, defending as we do so much of the free world, will in this nuclear age, as they have in the past, keep both their nerve and their head.

### OFFENSIVE THREAT IN CUBA

1

Question. Mr. President, coupling this statement with the one of last week, at what point do you determine that the buildup in Cuba has lost its defensive guise to become offensive? Would it take an overt act?

Answer. I think if you read last week's statement and the statement today—I've made it quite clear, particularly in last week's statement when we talked about the presence of offensive military missile capacity or development of military bases * * * would indicate a change in the nature of the threat.

### OFFENSIVE AND DEFENSIVE

2

Question. Mr. President, in this same line, do you—have you set for yourself any rule or set of conditions at which you will determine the existence of an offensive rather than a defensive force in Cuba? And in that same connection, in your reading of the Monroe Doctrine what do you—how do you define intervention? Will it require force to contravene the Monroe Doctrine or does the presence of a foreign power in any force, but not using that force, in this hemisphere amount to contravention of the doctrine?

Answer. Well, I have indicated that if Cuba should possess a capacity to carry out offensive actions against the United States, the United States would act. I've also indicated that the United States would not permit Cuba to export its power by force in the hemisphere.

The United States will make appropriate military judgments after consultation with the Joint Chiefs of Staff and others, after carefully analyzing whatever new information comes in as to whether that point has been reached where an offensive threat does exist. And at that time the country, the Congress, will be so notified.

### EXPORTS OF U-2 AIRCRAFT

Question. Mr. President. Mr. President, would you state, sir, whether or not the United States has given export licenses for the export of U-2 aircraft to other nations, other than Nationalist China? And, if so, what is our policy?

Answer. No, we have not. We have not. These export licenses were given in—as you know, in July 1960, and were sold to the Nationalist Chinese Government. We have no plans to sell any further ones or to grant any export licenses.

### BERLIN AND THE ELECTIONS

*4*

Question. Mr. President.

Answer. Yes.

Question. Would you comment on the Soviet announcement that they apparently will shelve discussion on Berlin until after our elections in November?

Answer. I thought that the leaders of both political parties in the Congress indicated very clearly that on this matter of Berlin there was not a political division within the United States, and that our position would not be—in Berlin, which carries over a long commitment stretching back for many years and several administrations—would not be affected by whatever the results may be in the November election.

### ALLIANCE FOR PROGRESS

*5*

Question. Mr. President, could you tell us why the Alliance for Progress has not made more progress in the past year on Latin American problems, in your judgment?

Answer. Well, the Alliance for Progress is a tremendous effort which is to, by the united effort of the free countries of Latin America and the United States, to attempt to bring about an increase in the standard of living in the opportunities for the people of Latin America.

Latin America has been neglected for many, many years. I would hope that a good many Americans, who are particularly concerned about Cuba today, would also take a very careful look at the very low standard of living of much of Latin America, the bad housing, the unemployment, the bad health of so many of the people there.

We're engaged in a monumental task in attempting to increase the standard of living of the people of Latin America and we're—have available for that purpose a good many less—a good deal less money than we had available for the rebuilding of Lat—of Europe, which had a highly developed labor force, great technical skills and which required only an infusion to provide an increase over the prewar standard of living.

Here we do not have the technical skills. We do not have the planning staff. We have, in a sense, neglected Latin America, so that we are engaged in a tremendous operation with insufficient resources. And I think we are moving ahead since Punta del Este. But there's an awful lot of business left unfinished, and will be for some time. You cannot remake the face of Latin America overnight and provide better opportunity.

In addition, I'm very anxious that the countries of Western Europe, particularly the Common Market, will concern themselves with Latin America. Latin America depends on its export markets to Europe in order to maintain its economy.

Latin America has had a flight of capital in recent months which has been serious. In addition, the price of its primary products has also dropped in recent months. So that even the assistance we have given has not been enough to keep Latin America even, and particularly when its population increase amounts to almost 3 percent.

So we're faced with staggering problems in Latin America, and I hope that in our concentration on the particular problem which I discussed at the opening we will extend our view and realize that what's at stake here is the freedom of a good many countries which are in very dire straits today.

### SALINGER PARTY

*6*

Question. Mr. President, what did you think, sir, of the rather harsh things that Republican Congressman JOEL BROYHILL, of nearby Virginia, had to say about you and your press secretary because Mr. (Pierre) Salinger (White House press secretary) gave a party last night for his Democratic opponent?

Answer. Well, I can see why he'd be quite critical of that and—but I will say I've never read as much about a Congressman who's in the paper as I do about that Congressman and see less legislative results.

*7*

Question. Mr. President, Martin King has telegraphed you asking for Federal action against anti-Negro terrorism in the South and at least one Negro organization has threatened to picket you with the allegation that the Federal Government has not done enough. Could you tell us whether you have answered Dr. King and give us the thought that you gave him? And whether you can say that or not, can you give us a comment on the problem?

Answer. We're in contact with Dr. King and others who have communicated to us about it. I don't know any more outrageous action which I've seen occur in this country for a good many months or years than the burning of a church—two churches—because of the effort made by Negroes to be registered to vote.

The U.S. Constitution provides for freedom to vote, and this country must permit every man and woman to exercise their franchise. To shoot, as we saw in the case in Mississippi, two young people who were involved in an effort to register people, to burn churches as a reprisal with all of the provisions of the U.S. Constitution—at least the basic provision of the Constitution guaranteeing freedom of worship—I consider both cowardly as well as outrageous.

The United States now has a number of FBI agents in there and as soon as we are able to find out who did it we'll arrest them, and we'll bring them before a jury, and I think that—I'm sure they'll be appropriately dealt with.

But let me say that nothing, I think—and I'm sure this is the view of the people of the States—the right to vote is very basic. If we're going to neglect that right, then all of our talk about freedom is hollow, and therefore we shall give every protection that we can to anybody seeking to vote.

I hope everybody will register in this country. I hope they will vote. I commend those who are making the effort to register every citizen. They deserve the protection of the U.S. Government, the protection of the States, the protection of local communities, and we'll do everything we possibly can to make sure that that protection is assured.

And if it requires extra legislation, and extra force, we shall do that.

### NORTHWESTERN RAIL STRIKE

*8*

Question. Sir, in connection with the Chicago & North Western Railway strike, how long do you believe such a major transportation tieup may be allowed to run on before the public interest requires Presidential intervention or congressional action?

Answer. Well, as you know, we exhausted the procedures of the Railway Labor Act in that case. The only provision which is available to us would be the Taft-Hartley, under a finding that the national interest and security was affected, so that we would have to make that legal judgment.

It's my understanding that representatives of both of these parties have been meeting with Mr. W. Willard Wirtz, Acting Secretary of Labor, during the last few days and that some progress has been made.

I think it's very important that the parties come to an agreement immediately, because there are a great—the interests of nine States are affected. A good many farm crops, which should be coming to harvest, which are in the field—and the public welfare suggests that these two important groups come to a conclusion, I would hope, over the weekend.

Question. Mr. President.

Answer. I am hopeful of it, and as I say, the latest report I had today was progress had been made. So I am hopeful that both sides will make the sufficient concessions, if that is the word, to permit an agreement, because the public interest suggests an agreement is due.

### CONTINUATION OF TESTING

*9*

Question. Mr. President, it was generally understood that the current test series would be over by now, and it now appears that the atmosphere tests may continue on until November. Can you tell us why this decision was made to continue tests?

Answer. Well, there are two reasons. One is that, as you know, because of the blowup in the pad at Johnston Island we were not able—and because of the earlier failures of the communications system in the missile—were not able to carry out these tests, which were the most—among the most important, if not the most important, of our series. So we are going to finish those.

In addition, as a result of the earlier tests of this Dominic series, there were certain things learned which we would like to prove out. So that we have agreed to a limited number of tests in concluding the Dominic series. And also, we have taken some steps to prevent a repetition of the incident which caused an increase in the number of electrons in the atmosphere, by lowering the altitude and the yield, so that lunar flights will not be further endangered.

### EISENHOWER AND CUBA

*10*

Question. Mr. President, can you tell us whether you discussed the Cuban situation with General Eisenhower on Monday and, if you did, whether there was any agreement between you as party leaders that it should not be an issue in this fall's campaign?

Answer. We discussed all the problems and, of course, that was one of them, but I did not request any such agreement.

### DETROIT AUTO SHOW

*11*

Question. Mr. President, in connection with your plans for next month, do you think you will find time to visit the National Automobile Show in Detroit?

Answer. I am hopeful that I will. Yes, I think I might.

### CUBA AND POLITICS

*12*

Question. In the recent Soviet statement on Cuba, the Russians implied that perhaps the main reason the United States is so exercised about Cuba now is because of our election coming up. I'd like to ask you if you agree with this premise and, more pointedly, do you think that the Republicans are going to make political hay out of Cuba?

Answer. Well, I would not want to comment on the extent of the Soviet knowledge of our free elective process, nor would I suggest that the concern over Cuba is due to the election.

I think the concern is due to the fact that Cuba is close to the U.S. territory and that Cuba is obviously tying itself closer to the Communist bloc.

The arrival of these weapons and technicians has caused increasing alarm to not only the Members of Congress but also to the administration and to the American people.

I would think that it is part of our serious problems which we're engaged in, a tense concentration in many parts of the world in a dangerous time, and it's quite natural that this action would bring a good deal of concern.

I would not suggest that those who are concerned about it are motivated by political purposes.

### WILL WAIT ON TAX MEASURE

*13*

Question. Mr. President.

Answer. Yes.

Question. In view of your intention to try to close some tax loopholes next year, do you find either the House or Senate versions acceptable this year?

Answer. Well, I want to wait until the conference, and, of course, the Senate version is much more acceptable than the House version, but even the House—the Senate version requires some careful analysis, and I'm sure—I think it would be more useful to wait until after the conference and then make a judgment as to whether we should go ahead with this bill or whether we should wait till the general reform of next year.

### IMPLIED SOVIET THREAT

*14*

Question. Mr. President, the same Soviet statement that was mentioned earlier implied that the Soviet Union might intervene militarily on the side of Cuba in the event the United States was forced to take military action. Would this implied threat be a major factor in any decision you might be called upon to make?

Answer. The United States will take whatever action the situation, as I described it, would require. As far as the threat, the United States has been living with threats for a good many years and in a good many parts of the world. But the United States will not take any action that the situation does not require and will take whatever action the situation does require along the grounds which I indicated in my opening statement.

### PEACEFUL USES OF SPACE

*15*

Question. Mr. President, in the area of peaceful uses of space, you said that we shall be first. But if we refrain from competing in the—with Russia for warlike space vehicles, as Mr. [Roswell L.] Gilpatric [Deputy Secretary of Defense] has said, doesn't this almost condemn us to a second-place finish in the military field?

Answer. No, Mr. Alexander. As I said last week, in the first place we're spending $1,500 million a year on our military space program. What is key for the success of both the peaceful exploration of space, as well as the military mastery of space are large centers, effective control of the capsule, the ability to rendezvous and all the rest, usefulness, if the situation should require military usefulness, for our efforts—peaceful efforts in space.

There is no sense in the—and in addition, as you know, very recently, we determined to go ahead with the Titan III, which gives the U.S. Air Force a very strong weapon, if that should become necessary.

So that the work that NASA is doing on Saturn, the work the Air Force is doing on Titan, the work that's being done on the Apollo program, and Gemini and the others, all have a national security factor as well as a peaceful factor.

Yes, sir.

Question. Could you say a little more about what Mr. Gilpatric meant by allowing the Russians to go first with hydrogen weapons in space?

Answer. I'm not aware that we're intending the Russians to go first with hydrogen weapons——

Question. He said we wouldn't go until they did.

Answer. Well I think that the United States is attempting—and this administration, as you know, is making a very massive effort in space. As I've said, we are spending three times what we spent last year in space, and more in this year's budget than the 8 previous years.

So that this is a tremendous effort—$5,500 million. As well as the money that we're spending for the military use of space.

As I say, the size of the booster, the capsule and the control all would have, if the situation required it, a military use. We hope it does not. We hope that space will be used for peaceful purposes. That is the policy of the U.S. Government.

But we should be prepared if it does not. In addition, as I've said from the beginning, both the Soviet Union and the United States both have a capacity today to send a missile to each other's country with a nuclear warhead on it.

So that we must keep some perspective as to where the danger may lie. But the United States, in the effort it's making, both in the peaceful program and the military program, all of this will increase our security if the Soviet Union should attempt to use space for military purposes.

### ROBERT FROST'S TRIP

*16*

Question. Robert Frost reported when he recently came back from a trip to Russia, and said he had a message from Premier Khrushchev to you. I think the American people would like to know what that message was and what the message he might have taken over from you to Premier Khrushchev. Would you tell us what that was?

Answer. No, I—he didn't take a message except—if the message of his own personality and poetry is what—to Russia and to Mr. Khrushchev—and his character. I've not received his message, though I'd hope to see him shortly and, if I do, I will if it's—I'm sure I'll be glad to communicate it to you and to the American people.

### ROLE OF LATIN AMERICA

*17*

Question. Mr. President, you mentioned in your opening statement that proposals might be made to the Latin American countries. Could you give us some idea of your philosophy of what the Latin American countries' roles should be in this?

Answer. No. I think it would be more appropriate—as you know, Mr. Rusk intends to meet with them this month at the time that the General Assembly opens, and I think it would be more appropriate for they and he to meet and confer on the matter, and at that time we will have some suggestions.

### SPACE COOPERATION

*18*

Question. Mr. President

Answer. Yes.

Question. Mr. President, have you received any response from the Soviet Union to indicate that they are in fact considering cooperative ventures with the United States in space other than those negotiated earlier in the satellite weather research by Doc—the late Dr. Harry Wesmer? If not, are you still hopeful that such cooperation is likely in the near future?

Answer. No. As you know, Dr. [Hugh L.] Dryden [Deputy N.A.S.A. Administrator] had some conversations at Geneva in regard to the matter and some progress was made, but it's limited, limited in its scope, and we would hope more could be done. More perhaps could be done if the atmosphere between the two countries should be improved which (interrupted).

### POWER TO ACT ON CUBA

*19*

Question. Mr. President. Answer. Yes. Question. In your—

Answer. Yes, go ahead. Question. You said in your opening statement that you now have full authority to act in the Cuban affair. In view of this, do you think there's any virtue in the Senate or the Congress passing a resolution saying you have that authority?

Answer. No, I think it—no, I think its—I think the Members of Congress would, speaking as they do with a particular responsibility—I think would be useful, if they desire to do so, for them to express their view. And as I've seen the resolutions which have been discussed—a resolution which I think Senator MANSFIELD introduced and which Chairman [CARL] VINSON [of the House Armed Services Committee] introduced in the House—and I would think that—I'd be very glad to have those resolutions passed if that should be the desire of the Congress.

### MOBILIZATION POWER

*20*

Question. Mr. President, would you tell us some of your thinking on your request for special reserve mobilization power? Now, the international situation has led you twice to request such legislation. You could call a million reservists if you declared a national emergency. Why don't you do that?

Answer. Well, I think there are several stages of a possible crisis. The call of a national emergency is, I would say, the near—the final step of a crisis, but there may be increased threats which would require us to call some reservists, particularly in the air, maybe at sea, possibly on the ground.

Last year, when we called the reservists, the two divisions, the Wisconsin and Texas divisions—we also laid plans for making two more divisions permanent, which came into effect this summer—August and September—so that those two divisions served a purpose of giving us this reserve during the period of the crisis at that time, and at the end of it we had two permanent divisions.

We have, as you know, of course, increased our Army strength from 11 to 16 divisions in the last year and a half.

Now if we need, of course—if we're in a national emergency where the United States is threatened with very serious military action, of course there'd be no hesitancy in declaring it.

But we might be in a situation where the declaration of a national emergency might not be the most appropriate step, and in that case, we might—we would use the power granted to us by the Congress.

### AN INTERMEDIATE STEP

*21*

Question. Mr. President in that connection, your request for only 150,000 reservists would seem to not support the opinion expressed because it seems no stage at all.

Answer. Well, I think that——

Question. You said it strengthened the armed forces.

Answer. That's correct. Then we have 150,000 more that we could call. They could be in very critical areas. As I've said, the air and the sea are two. And, of course, there could be Guard divisions called if the United States were obliged to reinforce its forces any place. The ability to call up needed men would make an appreciable difference.

Now, as I say, we always have the final weapon, or nearly final weapon, of a national emergency and the power to call a million men. But the Joint Chiefs of Staff and the Secretary of Defense felt that this intermediate step could be very useful during the period when Congress is out of session.

Mr. Hurley.

*22*

Question. This question concerns the airspace dispute. As you know the autoworkers and the machinists union have accepted the Presidential board recommendations and recommendations, sir, which I believe you also have found acceptable as a basis for settlement. The four leading airspace manufacturers, especially Lockheed, have rejected the basic union shop recommendation. Now the unions feel they are being forced into a strike posture as a result of the companies' attitude. Could you tell us something of your opinion and your reaction to the situation and what the equities in this area * * *.

Answer. Well, in the first place, most major industrial companies or industries in the United States have accepted the union shop many years ago—the steel industry, the auto industry, the aluminum companies, other basic industries, the union shop is part of collective bargaining, and particularly under the terms suggested by Dr. Taylor, two-thirds vote people do not have to join the union unless—to get the job. After they've come to work, if it's an opinion of the majority, large majority of the members, then they would join the union. This is, as I say, been acceptable for many years to many companies which are even larger than the ones that are involved.

Now, the second point is that the total package, it seems to me, should be considered as a package. The economic proposals made are not excessive. They come well within the guidelines suggested by the Council of Economic Advisers. The unions are accepting a financial settlement which is not particularly generous in relation to certain other unions in recent years. They feel that the total package, however, is acceptable.

I would hope the company would accept it because if a strike comes in view of the fact that the recommendation of the factfinding board headed by Dr. Taylor, who also was given a comparable assignment by President Eisenhower in the steel strike case, which indicates—and his own high reputation and that of the panel—I would hope that the companies would accept it, because if there is a strike the responsibility would be very clear, I think, to the American people for the—for such an action.

Question. Mr. President.

Answer. I would hope there wouldn't be a strike, that business would go on, that the companies would accept the report.

*23*

Question. Mr. President, do you favor the election of every Democratic candidate for Congress, and how many seats do you feel you need in the Senate and the House to get a Congress that will put across your legislative programs?

Answer. Well, I would be glad to go through the names with you. I've said from the beginning that I would probably be supporting any Congressman who was interested in my support.

I think there are probably some Democrats who might not be particularly anxious for my support and who might—and therefore, my endorsement would not be required across the board.

Those Congressmen who are anxious—who are interested in my supporting them are usually people who hold the same general view of the necessity for this country making progress that I do.

Now, secondly, this Congress that is ending—I think that it is somewhat like Lazarus—it has revived, it's moving, and we are going to see the session end, in my opinion, with the passage of a good trade bill; with a tax bill which will come out of the conference; with, I hope, a higher education bill, and a good many other bills which 2 months ago seemed to be in the deep freeze.

So I think that we're making progress. What I think is important is—because these votes—and we'll get a farm bill. I hope—because these votes are so close because the program is opposed by the opposition party, almost across the board and because some Democrats join—I would hope that we could hold the number of seats we have, and perhaps pick some up, even though I recognize that it's going to be a very intensely fought election.

### KENNEDY VISIT TO TEXAS

*24*

Question. Mr. President.

Answer. Yes.

Question. Sir, when you went to Houston the other day, you didn't take along Congressman [Bob] Casey, [Democrat, of Texas], whose district you went to. And you also didn't take along Senator Yarborough of Texas. I wonder why you did this and I also wonder if you were motivated in leaving Casey at home because he had opposed you on some issues.

Answer. Well, you say I didn't take Senator Yarborough and he and I have been in close concert. So, of course, the reason was not perhaps as you have suggested, Miss [Sarah] McClendon [of the El Paso Times]. We didn't take any Congressman or Senator along to Florida, where we visited. We didn't take any Congressman or Senator along to Alabama because this was a program——

Question. One was already there, wasn't he?

Answer. Oh, yes, and we invited all the Congressmen and Senators who were in the districts to come with us on the trip. For example, Senator Long from Missouri came with us through the McDonald plant. We would have been glad to have anyone come. But we took Senator—the ranking and the—we invited the members of the Space Committees of the House and Senate, the ranking Democrat and Republican.

We also brought Congressman Thomas along, who is the chairman of the Appropriations Committee, to the space program. And that was the total invitations because this was a nonpolitical trip.

Question. Mr. President, thank you, Mr. President.

Answer. Thank you.

Mr. HUMPHREY. Mr. President, as usual, the President's answers to the questions of the news media personnel demonstrated his outstanding grasp of the problems and issues, both domestic and international, facing our Government. I thought the President's press conference of yesterday was his most outstanding performance in terms of meeting head on the penetrating questions which were posed to him by the able and competent reporters and commentators. The President deserves to be commended for his forthright and lucid statements concerning highly complicated and controversial questions. His statements are indicative of his firm and dedicated leadership as President and Commander in Chief.

I was particularly impressed with the President's statement concerning U.S. policy toward Cuba. I noticed this morning that the New York Times and the Washington Post & Times Herald commended the President. I suppose this will be characteristic throughout the land and that there will be many other commendatory remarks and editorials. I also commend the members of the press corps for the extremely timely and intelligent questions which they posed to the President. I believe this was one of the best question-and-answer sessions ever held by any President. For that reason I am especially desirous that the transcript of the entire press conference be printed in full, in the pages of the Congressional Record.

I call attention again to the joint resolution which I introduced some months ago, Senate Journal Resolution 86, which provides that all Presidential news conferences be printed in the Congressional Record as a matter of permanent public record. It seems to me that this would serve a most useful purpose and that many of the readers of the Congressional Record, now and in years to come, would appreciate having full transcripts of Presidential press conferences available for their study and consideration. Regrettably, only a few of the daily newspapers throughout the country regularly print in full the text of the President's press conferences. As a result, the vast majority of the people of the country do not have an opportunity to read what the President was asked at the conferences and what his replies were in full.

Of course the radio and the television are most helpful and informative by means of their splendid coverage of the President's press conference. But, Mr. President, no other chief executive in the world so regularly faces representatives of the news media—representatives of the radio, the television, and the newspapers—and answers their questions so directly and so completely as does the President of the United States. If ever there was a demonstration of democracy in action, it is at these Presidential press conferences.

I hope the Committee on Rules and Administration, which has my resolution before it, will take action on it before this session of Congress adjourns. It is my belief that students of history and of the U.S. Government will, in the years to come, be most grateful to us if we arrange to have the President's press conferences made a part of the permanent Record for the Congress. Inasmuch as the President's press conferences relate to many of the legislative actions of the two bodies or the policies which he advocates to the Congress, certainly it will be most appropriate and fitting to have the full text of his responses to the press questions made a part of our permanent Record.

Mr. MUNDT. Mr. President, I would have reserved the right to object to the request of the distinguished acting minority leader to have the transcript of the President's recent press conference printed in the Congressional Record, by unanimous consent. But inasmuch as the question was not put, I could not object.

I merely wish to point out that one of the statements made by the President at the press conference was in regard to a Member of the House of Representatives, and the statement came rather close to violating the rule in regard to the maintenance of amity between the two Houses of Congress. It is not considered proper to place in the Record, either directly or by indirection, statements derogatory of a Member of either body. Because of the source of the statement, I shall not object; but I point out that the rule is strained when such a statement is printed in the Record.

In justice to the President, I say that he was asked a partisan question, and he gave a partisan answer.

Mr. HUMPHREY. But a rather restrained one, I may say.

Mr. MUNDT. I doubt the restraint. I suppose it is permissible for one to become somewhat exuberant in making a reply to such a question; but the reply was scarcely restrained.

That incident demonstrates the difficulty; namely, that one who occupies a political office sometimes is asked political questions, and obviously will give political answers to them.

It seems to me that if the Presidential press conferences are automatically to be printed in the Congressional Record, there should be a rule to the effect that there would be printed in the Congressional Record only the portion of the Presidential press conferences dealing with public issues, but not the portions dealing with partisan matters. It seems to me that otherwise much partisan debate would be stimulated, following each Presidential press conference, if the full transcript of the conference were automatically to be made a part of the Congressional Record.

Mr. HUMPHREY. I do not think that would be injurious. Certainly there are differences between the parties. I respect the integrity and the legislative ability of the Senator from South Dakota; but he has his point of view, and I have mine, and at times this situation leads to disagreements between us. However, certainly it is wholesome to have debate on these issues, and certainly we can properly debate them from a partisan point of view. I do not think that is an evil or that it should be frowned upon. And at the same time we can debate the public issues of the day, and can submerge our partisan differences. But I am of the opinion that there are legitimate political differences.

One of the things I always admired about the late Senator Robert Taft was that he was a vigorous partisan. He was a great American and a great public servant; and these words were spoken about him during his lifetime, as well as now, when he is no longer with us. I think he and the late Alben Barkley were two shining examples of those who make the two-party system meaningful—with the result that when a person would say he was a Republican, the reply would be, "Oh, you support Senator Taft," and when someone else said he was a Democrat, the comment would be "Oh, you are one of the supporters of Senator Barkley"—illustrating a good, wholesome, honest difference of opinion.

I recognize the point the Senator from South Dakota has made, and I agree that the matter should be discussed before the Committee on Rules and Administration.

Mr. MUNDT. That is correct.

I share the respect of the Senator from Minnesota for the two-party system and the importance of political debate; and certainly there can be vigorous debate without having it become disagreeable or interfere with friendships.

However, I point out that in this instance the transcript discloses a little partisan "plug" for a Democrat who is running for election to the House of Representatives. I would not object to that; but when there then is vigorous criticism of a Republican Member of the House, although I shall not object to the request the Senator from Minnesota has made, at least I wish to call the attention of the Senate to the generosity of those on the Republican side who do not object to the request to have the transcript printed in the Congressional Record.

Mr. HUMPHREY. Mr. President, those on the other side of the aisle are always magnanimous.

Mr. MUNDT. Yes; and in this case magnanimous in the extreme.

I did not happen to hear the President's statements; but last night I read them, as published in the newspaper. I agree that it was a most interesting press conference.

However, I think the President made a misstatement when he was discussing the Chicago & North Western Railroad strike. The President said, as I understood, that the procedures under the Railway Labor Act have been fully carried out, and that the only recourse left him is the Taft-Hartley Act. However, I do not believe that under the Taft-Hartley Act the President has any specific authority to deal with a railway strike.

Mr. HUMPHREY. I think that is correct.

Mr. MUNDT. I think the use of one excludes the use of the other.

Mr. HUMPHREY. But I think the President was correct when he said that the full extent of the application of the Railway Labor Act has been utilized.

Mr. MUNDT. That part of the statement was correct.

Mr. HUMPHREY. And now the question is whether the participants will accept the report, or whether by negotiation they will make some modification of it.

Both the Senator from South Dakota and I are very much concerned about this matter, because the Chicago & North Western Railroad is a vital artery of transportation, particularly for the rural areas in our two States.

I repeat that I am hopeful, now that the dispute and strike seem to be right at the point of settlement.

I confided in the Senator that there were very good signs of settlement, and it is important.

Mr. MUNDT. It is important. I think that was an inadvertence on the part of the President, because I am sure he knows labor legislation better than I, since the President, when he was a Senator, served as chairman of an important subcommittee of the Committee on Labor and Public Welfare. If I felt that there really were powers the President could invoke under the Taft-Hartley Act, I would be busy on the telephone or in the telegraph office asking him to exert them; but I believe that the Railway Labor Act excludes provisions of the Taft-Hartley Act which are applicable to other forms of transportation.

I recall our conversation yesterday. I was encouraged by the fact that he had been advised, I believe by the Secretary of Labor, that the differences were narrowing, that there was some prospect of early settlement. I had picked up the same kind of rumor from the Labor Department. If the strike is not settled over the weekend by negotiation, if there are any inherent powers under the Taft-Hartley Act of which the President knows, and of which I am not aware, I think they should be exerted by Monday morning.

If there are no steps which the President can take through the Taft-Hartley Act, as I am afraid there are not, I suggest that he send to the Senate a message recommending some kind of legislation to meet this type of emergency. Perhaps the bill introduced by my colleague the junior Senator from South Dakota [Mr. Bottum] yesterday would accomplish the purpose, but I am sure Congress can enact some kind of emergency act which, through injunction or some other way, would compel the railroads to deliver perishable items to market before a colossal loss in the farm belt is suffered. I am sure it will receive prompt and early action, as was done with respect to authority for the President to call up the Reserves. We acted promptly yesterday to give him such authority. A real emergency in the farm area is involved in this case.

Farmers of nine States have gone through the tortuous job of producing, and now they find their products deteriorating in front of their tear-filled eyes because the railroads will not, or cannot, haul them. They cannot get their products delivered to the mills or the markets.

The situation is very serious. I share with the Senator from Minnesota the hope that the strike will be settled over the weekend; but if it is not, we need leadership from the Department of Labor or the President to have it settled by Monday or Tuesday of next week, because after that it will be too late.

Mr. HUMPHREY. I assure the Senator that the matter about which he is so concerned is not only being given active consideration, but very hard work is being done on it. Again this morning I spoke to the Secretary of Labor about the situation. The President is fully cognizant of the fact that he was consulted about the problem. I am confident that this situation is under control and that there will be a settlement.

I have urged that, if the good offices of the Secretary of Labor are not sufficient for this particular task, the President himself ask the parties to complete their discussions and negotiations and come to a prompt settlement. I think they are preparing to reach a settlement. At least, that is my hope.

Mr. MUNDT. I share that wish and express the hope that the Senator's hope will be realized.

## CERTAIN LANDS ADMINISTERED BY FISH AND WILDLIFE SERVICE

**Mr. ROBERTSON.** Mr. President, Senate colleagues will recall that recently when the Senate had before it a bill appropriating funds for the Department of Agriculture, I took occasion, with reference to the provision in the House bill denying payment in certain instances to farmers for the drainage of so-called potholes needed in the breeding areas of migratory birds, to refer to the fact that we face a critical shortage of ducks.

In my opinion, it is the most critical shortage that any of us have known, and I have been concerned with the problem for 46 years. In 1916, as a member of the State Senate of Virginia, I helped to frame and write into law the first comprehensive game law that Virginia ever had. It created for the first time a game department. It provided for the first time for the employment of game wardens. It provided a license tax for hunting and fishing. It fixed seasons for hunting and fishing, with bag limits. For the first time it provided that hunting without permission on a farmer's land was a trespass. We aimed to protect the farmers at the same time we were trying to build up a supply of game.

I was a member of the National Game Association that annually met in New York, where we discussed means for protection of migratory birds, under a helpful migratory bird treaty with Canada, in which Mexico later joined.

I was elected to the House in 1932, and in 1934 I sponsored a resolution to create in the House a Select Committee on Wildlife Conservation, of which the then Speaker Rainey named me as chairman. I served in that capacity for the following 12 years, until I was elected to the Senate in 1946.

In 1934 I helped to prepare and secure the passage in the House of a bill that required the purchase of a duck stamp for the privilege of hunting migratory birds, including all species of ducks and geese. Under that bill, millions of dollars have been collected, not from the taxpayers of the Nation, but from the sportsmen of the Nation, who have bought the duck stamps, not only as a privilege for hunting ducks and geese, but as a cheerful contribution to a fund that would enable our Government to buy refuges so badly needed in the breeding areas, and likewise in the feeding areas along the flyways from the Canadian Provinces, from Alaska and from Labrador.

The original bill limited the Department of the Interior to 10 percent for administration. In some way the limitation was removed, and at one time as much as 60 percent of the entire revenue was being spent for what was called administration and other purposes. In other words, it was not going for the purpose for which the bill was passed; namely, refuges. But the fact remains that every dollar that has been spent for a refuge program in the United States has been contributed by the sportsmen who purchase the duck stamps. Not one cent has been paid out of the Federal Treasury for this program. We have passed a law providing compensation for the draining of potholes necessary for refuges in the breeding areas.

We would provide that the counties in which refuges are located should receive the same compensation that we have provided for counties in which are located 173 million acres of national forests. Those counties receive 25 percent of the revenue from timber sold in lieu of taxes. The States in which refuges are located get 25 percent of any profit derived from the management of the land, such as from the sale of hay or any other product that is taken from the refuge.

Several hours ago when I heard that the leadership planned to call up S. 2138 for debate today I was much disturbed. I was gratified when I learned that the measure would not be brought up today. It is on the calendar and probably will be brought up at a later time.

**Mr. MUNDT.** Mr. President, will the Senator yield?

**Mr. ROBERTSON.** I yield.

**Mr. MUNDT.** What bill is not to be brought up today? I misunderstood the number.

**Mr. ROBERTSON.** I said that I heard this morning that the leadership might call up the bill S. 2138 today, but I am now informed that it will not be brought up.

**Mr. HUMPHREY.** Mr. President, will the Senator yield?

**Mr. ROBERTSON.** I yield.

**Mr. HUMPHREY.** It is the pending business, but it is doubtful whether the Senate will complete action on the bill today.

**Mr. MUNDT.** That was my understanding.

**Mr. ROBERTSON.** Mr. President, a parliamentary inquiry.

**The PRESIDING OFFICER.** The Senator will state it.

**Mr. ROBERTSON.** Is the bill S. 2138 the pending business?

**The PRESIDING OFFICER.** The Chair informs the Senator that it is not the pending business.

**Mr. HUMPHREY.** Mr. President, it was my understanding that it was the pending business. If that is not the case, I now move that the bill S. 2138 be made the pending business, with the understanding that the Senator from Louisiana, who has a keen interest in the bill, will be heard on it. If he is not available today because of his work on the conference committee considering the independent offices bill, we shall not act on the measure.

**Mr. ROBERTSON.** Mr. President, reserving the right to object, if I can be assured that there will be no effort, with most Senators gone for the weekend, to rush the bill through, I am willing that unanimous consent be granted. Otherwise, I would be forced to ask for a quorum call to delay the matter, which I have no desire to do. Provided the bill is not rushed through today, I shall not object.

**Mr. HUMPHREY.** The Senator from Virginia knows that there will be no rush act on the measure at all. His rights will be fully respected, as I told him before, under the consideration which he has offered and extended, so that we may have the debate with respect to a subject which ought to be developed. I ask unanimous consent that the pending business be the bill S. 2138, Calendar No. 1881.

**The PRESIDING OFFICER.** The Chair informs the Senator that a motion is pending before the Senate.

The bill will be stated by title.

The Legislative Clerk. A bill (S. 2138) to provide that a greater percentage of the increase from lands administered by the Fish and Wildlife Service of the Department of the Interior be returned to the counties in which such lands are situated.

**The PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments, to strike out all after the enacting clause and insert:

That effective only during the time provided in section 2 of this Act, section 401 of the Act of June 15, 1935, as amended (49 Stat. 378, 383; 16 U.S.C. 715s), relating to the participation by the counties in revenues from wildlife refuges, is amended to read as follows:

"Sec. 401. (a) The revenues from all collections received by the Secretary of the Interior, during each fiscal year in connection with the operation and management of those particular areas of the National Wildlife Refuge System that are solely or primarily administered by him through the United States Fish and Wildlife Service, which are obtained from the sale or other disposition of animals, timber, hay, grass, or other products of the soil, minerals, shell, sand, or gravel, from other privileges, or from leases for public accommodations or facilities incidental to but not in conflict with the basic purposes of particular areas of that System, shall be covered into the United States Treasury and be reserved in a separate fund for disposition as hereafter prescribed. Amounts in the fund shall remain available until expended and may be expended by the Secretary of the Interior without further appropriation in the manner hereafter prescribed. The National Wildlife Refuge System (hereafter referred to as the "System") comprises those areas and lands administered by the Secretary that are included in the following descriptive categories: wildlife refuges, wildlife ranges, game ranges, wildlife management areas, and waterfowl production areas.

"(b) The Secretary of the Interior may pay from the fund any necessary expenses incurred by him in connection with the revenue-producing measures set forth in subsection (a).

"(c) The Secretary of the Interior, at the end of each fiscal year, shall make the following payments out of the net receipts (after payment of necessary expenses) for such fiscal year to those counties in which the aforesaid areas of the System, as prescribed in subsection (a) hereof, are situated, which funds shall be expended solely for the benefit of the public schools and roads in such counties:

"(1) to each county in which reserved public lands in an area of the System are situated, an amount equal to 25 per centum of the net receipts collected by the Secretary from such reserved public lands in the particular area of the System: *Provided,* That when any such area is situated in more than one county the distributive share to each county from the aforesaid receipts shall be proportional to its acreage of such reserve public lands therein; and

"(2) to each county in which lands in the System are situated that have been acquired in fee by the United States, three-fourths of 1 per centum of the cost of the lands, exclusive of improvements to such property subsequent to Federal acquisition, such cost to be adjusted to represent current values as determined by the Secretary. The aforesaid determination by the Secretary shall be accomplished in such manner as he shall consider to be equitable and in the public interest, and his determination hereunder shall be final and conclusive.

"The aforesaid payments to counties in the United States for any one year shall not exceed the amount of net receipts of the fund for that year and, in case the net receipts are insufficient for a particular year to pay the aggregate amount of the payments for that year to the counties, the payment to each county shall be reduced proportionately.

"(d) Any moneys remaining in the fund after all payments are made for any fiscal year may be used by the Secretary thereafter for management of the System including but not limited to the construction, improvement, repair, and alteration of buildings, roads, and other facilities, and for enforcement of the Migratory Bird Treaty Act, as amended (16 U.S.C. 703–711).

"(e) The disposition or sale of surplus animals, minerals, and other products, the grant of privileges, and the carrying out of any other activities that result in the collection of any revenues may be accomplished upon such terms, conditions, or regulations as the Secretary shall determine to be in the best interest of the United States or for the advancement of knowledge and the dissemination of information regarding the conservation of wildlife, including sale in the open market, exchange of animals of the same or other kinds, and gifts or loans to public or private institutions for exhibition or propagation."

SEC. 2. The amendment made by this Act shall be effective only with respect to revenues received during the first fiscal year beginning after the date of enactment of this Act, and the succeeding nineteen fiscal years, and during the period such amendment is in effect the provisions of the paragraph entitled "Management of National Wildlife Refuges" in the General Appropriation Act, 1951, approved September 6, 1950 (64 Stat. 595, 693–694), shall not be effective.

**Mr. ROBERTSON.** I am glad to have the opportunity to say something about the bill and, of course, to let Senators in favor of the bill explain their side of it, in order that Senators who are not present may, at some appropriate time, but not this week, be informed about what is involved. I wish to point out today that a vital principle is under consideration.

**Mr. MUNDT.** Mr. President, will the Senator yield?

**Mr. ROBERTSON.** I yield.

**Mr. MUNDT.** I point out that there is a difference between the revenue-producing quality of forest land and the 25 percent which accrues to the States from that source, and the revenue-producing quality of wet lands, which are not very suitable for farming, and which do not have any great revenue-producing ability. As a consequence, the formula which works so satisfactorily in forest areas fails miserably in the duck-raising areas. The distinguished Senator from Virginia and I are both interested in acquiring additional wet lands and in producing more ducks, because we face the melancholy prospect of a duck season this year with a limit of two ducks. Is that correct?

**Mr. ROBERTSON.** That is correct. If one wishes not to see the species exterminated, he would be well advised not to kill any.

**Mr. MUNDT.** I really believe that a duck season with a limit of none is almost as good as a duck season with a limit of two, because a bag limit of two is not even a good meal for a bachelor.

**Mr. ROBERTSON.** In Virginia a trip to the duck-hunting country is not unexpensive. One would not want to make that trip for two ducks, especially if he knows that the supply is probably the lowest in our recollection.

**Mr. MUNDT.** The Senator is correct. I am not criticizing the Fish and Wildlife Service for fixing the limit at two ducks, although I doubt the wisdom of opening the season at all under the circumstances.

But the point I make is that what has happened dramatizes the fact that all of us are interested in acquiring more wet lands. The Senator from Virginia knows that the basic wetlands legislation properly provides that wet lands can be acquired only with the consent of the Governor.

**Mr. ROBERTSON.** That has been so within the past 2 years. Before then we had the right of eminent domain.

**Mr. MUNDT.** That is correct. Because the right of eminent domain had failed to meet the situation, Congress in its wisdom put it within the power of the Governor to veto the proposed use of the land. We are trying to arrange the situation so that the Governors can adequately protect taxing bodies, such as the townships and counties, which have to maintain local government. That is the purpose of the proposed legislation which is before the Senate. In other words, if we wish to obtain duck lands, we must find some way in which to compensate adequately those who provide them.

**Mr. ROBERTSON.** The Senator from Virginia recognizes the point made by his distinguished colleague from South Dakota. It is true that a great many potholes do not produce revenue, as do the forests in the George Washington National Forest in Virginia, where the soil is fine, and the roots of the native oaks clutch Mother Earth.

**Mr. MUNDT.** In South Dakota also the soil is fine.

**Mr. ROBERTSON.** In South Dakota we have been paying up to $18 an acre to drain potholes, and after they are drained the land goes into the soil bank at $10 to $12 an acre.

I think the State of the Senator from South Dakota has more soil banks than any State in the Union. Now, in addition, he wants us to pay the taxes on federally owned lands.

Mr. President, we are dealing now only with the land bought with sportsmen's money. But we are dealing with a principle that will involve billions of dollars that the Federal Government has put into acquiring Federal land. If the principle is correct, if we buy that with sportsmen's money, we must pay the county taxes on what we own there. Then we will meet the demand that has come year after year for taxes on all national forest land, because for years the counties have been demanding that we pay such taxes.

**Mr. YOUNG of North Dakota.** Mr. President, will the Senator yield?

**Mr. ROBERTSON.** I yield.

**Mr. YOUNG of North Dakota.** As the distinguished Senator knows, North Dakota is the No. 1 duck propagation State.

The Federal Government has taken out of use hundreds of thousands of acres in my State for the wetlands program to propagate ducks. That is fine. But the land does not produce any revenue that can be used to compensate the counties, townships, and school districts in lieu of taxes. We want the program to succeed, but we cannot let it go on as it is. The State of North Dakota will oppose it in any way which we can unless we can get some compensation in lieu of taxes. It is a serious problem for us. Ducks are important, but people are more important. Too, we must have tax money to run our State government and help educate our children.

**Mr. ROBERTSON.** It is never a serious problem for a man who sells his property to the Government, not only for a fair price, but in recent years, far more than the land is worth. We have needed it so badly we have paid $50 to $75 an acre for land that would not sell for $10 on the local market.

**Mr. HUMPHREY.** Mr. President, will the Senator yield?

**Mr. ROBERTSON.** I yield.

**Mr. HUMPHREY.** The point that the Senator from Virginia seems to make about the proposed legislation is that it would result in what he calls payments in lieu of taxes. The fact is that there is no change in principle at all.

The legislation which would be amended by this new formula would not change what had been done before in terms of principle. Other counties and States have been getting payments in lieu of taxes, in terms of revenues from the so-called wet lands. All this would do would be to equalize the formula. This would say, "After the land is sold to the Federal Government the local government cannot tax that land." The local township or county government would have no revenue, because the only way it could raise revenue is by a tax on the land.

This would merely provide a better sharing formula from the total revenues from all Government-owned wet lands. It would consider the total body of wet lands, and provide a more equal formula for the distribution of earnings from such wet lands back to the States.

**Mr. YOUNG of North Dakota.** We must have that money in order to educate our schoolchildren.

**Mr. ROBERTSON.** That is a very pleasing presentation. No one is more skillful than my distinguished friend from Minnesota in putting his best foot foremost. The Senator has made this proposal look very attractive, plain, and easy, and has made it seem that it could not possibly involve a demand for revenues by counties or by cities, in respect to valuable tax land taken for Government purposes and taken off the city or county tax rolls.

I will show Senators what this would amount to. The pending bill deals only with Government land bought for migratory bird refuges. The annual tax to be paid to the counties—there is no use in calling it anything else, because that is what it is—would be relatively small, though in many instances it would equal the revenues derived from a marsh area before it had been taken over by the Federal Government.

Incidentally, the marsh areas in Virginia are far better than some of those in the Midwest, because the marsh areas in Virginia never dry up, and those in the Midwest do dry up at times.

Those areas were assessed at about $2 an acre. At a rate on land of 25 or 30 cents on $100, the amount involved was a mere bagatelle to what this tax would amount to. I will show Senators what it would amount to.

The total area of migratory bird refuges is 20,036,230 acres, which were worth, on a 1961 appraisal, approximately $78 million. That means, as of fiscal year 1961, that the proposed tax payment to counties would amount to $585,086 per year, assuming that there was enough money from the refuge to pay it.

At the present time all over the 25 percent of the revenue from sale of products from wildlife refuges goes for improvement, and is spent for the purposes for which the sportsmen put up the money, to improve the duck spots.

Under the terms of the bill, the money could all be taken, except that they would be kind enough to say, "If the tax is more than all the money you have, we will not carry it forward into the next year. We will call it quits when we have taken all the money you have."

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MUNDT. My distinguished friend from Virginia is a very articulate spokesman for any cause he embraces. I am sure he finds himself tossed on the horns of a dilemma. Normally he is one of our most attractive and persuasive advocates in favor of the maintenance of local government, the maintenance of our Federal system, and the preservation of the rights of the people in the county, local, and State governments. I have followed the Senator's leadership, and I have followed his efforts many times in that direction.

The Senator from Virginia also is a sportsman, and has rendered a wonderful service in the general area of conservation, protection, and preservation of wildlife.

Now we find ourselves with the two rails of the railroad merging, because they are in conflict, and we must find some way to resolve this conflict.

I am sure the Senator from Virginia is not seriously going to advocate that the smallest structure in all of our government, the little counties, should undertake the job of financing the preservation and conservation of waterfowl. We want that done. That is why we have the bill. The question is, who will pay for it?

As I said on July 9, when I appeared before the Commerce Committee and testified, the whole connotation of the word "sportsman" and of the word "sportsmanship" should indicate the importance of dealing, if not generously, at least equitably with the little governments, dispossessed of their financial assets so essential to their existence.

As a sportsman I say to my dear friend, "Do you find anything wrong with that axiomatic truism?"

Mr. ROBERTSON. Yes. I think there is a vital difference between believing in local government and the rights of the individual compared to the power of the Federal Government, for the national welfare, to establish refuges for migratory birds without having to pay taxes to the locality on them, provided they have paid either what the owner asked to be paid or, if the property were condemned, what a court said was fair and proper compensation for property taken for the national welfare.

My friend must remember that a great Virginia jurist named John Marshall, in the case of McCulloch against Maryland, said that the power to tax was the power to destroy. He said then that if Maryland could tax a branch in Maryland of the Bank of the United States it could destroy the bank and it could destroy Federal property wherever it might be. That ruling stuck. It became the law of the land.

For 10 years the Ways and Means Committee, year after year, heard demands from those who wanted the Federal Government to pay taxes on federally owned land to the localities.

Mr. MUNDT. Mr. President, will the Senator yield on that point?

Mr. ROBERTSON. It consistently opposed all of those bills. I did not think that a community which first sought to get a Federal project—and a lot of them were overzealous in the getting of Federal projects—should then, once the community got the Federal project and got paid for it, turn around and say to the Federal Government, "Now we want some more pay for it. We want you to subsidize us to the tune of taxes we would have had if we had kept the property where it was."

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. ROBERTSON. Not for a speech.

Mr. MUNDT. Not for a speech; only for a short commentary.

Mr. ROBERTSON. I yield.

Mr. MUNDT. I thank the Senator.

On the payments in lieu of taxes, I point out for the RECORD that a bill in that regard was before the U.S. Senate twice, and in both instances the Senator from South Dakota came as close as he has ever come in his life, or as he ever expects to come, to waging a filibuster in order to defeat it. I am sorry that the Senator from Virginia was not in the Chamber that day, because I would have had valiant support. I agree entirely with the Senator's philosophy. I am sure the Senator from Minnesota can bear testimony to what I have said.

Mr. HUMPHREY. I can show the Senator my wounds.

I was the target of the thrust of the Senator from South Dakota, and I am delighted that the Senator from Virginia was not present.

Mr. MUNDT. Good.

Mr. HUMPHREY. Had the Senator been present, the onslaught would have been beyond human endurance.

Mr. ROBERTSON. When General Banks came down the valley of Virginia with 70,000 troops he met Stonewall Jackson and was defeated at Cross Keys, at Port Republic, and everywhere else. When he got safely back across the Potomac he said, "It's murder to fight without reinforcements."

Now I am being "ganged up on."

Mr. MUNDT. I am looking for reinforcements, and the Senator is getting them.

Mr. HUMPHREY. I say to the Senator, in the spirit and heritage of Stonewall Jackson, that it takes two to make a fight with the Senator from Virginia.

Mr. ROBERTSON. I do not flatter myself in that regard.

Mr. HUMPHREY. It is not a matter of flattery. That is simply an objective judgment.

Mr. ROBERTSON. Senators are trying to prove that I am wrong when I say that we should not adopt a program of paying taxes for federally owned property.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MUNDT. The Senator has had a complete and adequate retort to that argument, from the distinguished Senator from Minnesota, who has pointed out that we have already established that pattern. Nothing new is involved. We would change the formula for payment from what we are already providing.

We recognize that some kind of payment must be given to the counties. We tried to accomplish the result in the form of the 25 percent of revenues.

Mr. ROBERTSON. The trouble is that the potholes do not produce revenues, and the localities want a tax paid in lieu of revenue.

Mr. MUNDT. If the Senator would come to Minnesota and South Dakota and North Dakota, he would find that it is not suggested that the Federal Government move in, with its power, to take the potholes and leave the farm. The whole productive area is destroyed. The tax base, which is used to support schools, for example, is destroyed. The additional trouble is that if the Government once flexes its muscles in this respect, it will use the same power with respect to schools, for example.

Mr. ROBERTSON. I recognize that there may be some local hardship. I wish we knew some fair way in which to handle the problem. It involves the big principle of paying taxes on federally owned land. We start with land bought not with Federal funds, but with sportsmen's money. Once the camel gets its nose under the tent flap, we know what will happen.

As we all know, our ducks are in a deplorable condition. I believe we have the smallest number since we took the land away from the Indians. The last census showed that there are 17 percent fewer ducks than there were last fall. Everyone knows how low the count was last fall. It was the smallest census since the last spring census was taken 11 years ago. I have been living with this problem for 40 years. I remember the time when ducks would cover the sky in a dark cloud. Now we see only a few in the early dawn.

This is not the time to take a total of approximately $585,086 a year from the inadequate funds that we now have for our refuge program. However, the debate points up the necessity for the Senate being informed as to what is involved. In order to awaken the consciousness of the Senate and of the American people as to what is involved in our duck situation, I ask to have printed in the RECORD at this point an article entitled "The Passing of the Passenger Pigeon," printed in the American Heritage magazine of June 1961. It was written by Charlton Ogburn, Jr. Among other things the article points out the significant fact that when the pigeons were at maximum number and the ducks were at maximum number, and when there were no bag limits, and when a carload of canvasbacks would go out from Norfolk to markets every night, the number of ducks amounted to only 2 percent of the number of passenger pigeons. What has become of the pigeons? They were completely exterminated. I have seen only two of them that have been mounted, and they are at the Smithsonian Institution. They were said to have been killed in 1887 in this area, and they were the last two pigeons to have been in this area. The last one died in captivity in a zoo in Ohio some 60 years ago. They have been completely wiped out.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### THE PASSING OF THE PASSENGER PIGEON

(By Charlton Ogburn, Jr.)

On September 1, 1914, a bird named Martha died in the Cincinnati Zoological Gardens. In covering the news of the day the New York Times devoted half a column to the change in the name of the Russian capital from St. Petersburg to Petrograd and equal space to a defeat of the New York Yankees by the Detroit Tigers. Most of the the first three or four pages were, of course, filled by news of the Great War that had just begun: the Allied armies were falling back toward Paris before the initial German offensive; a "daring aeronaut" from Germany had dropped four bombs upon the French capital; and the American colony led by the American Ambassador was petitioning the U.S. Government to protest this inhuman innovation in the conduct of war. There was nothing about the death of Martha at the age of 29. And yet her demise was the final event in the history of a slaughter as massive in the annals of the animal kingdom as the slaughter then beginning in France was to be in human history. For Martha was the last of the passenger pigeons.

When the first European settlers arrived in the New World the passenger pigeon in all probability outnumbered any other species of bird in the world. At that time it was found throughout the forest that covered eastern North America, breeding in the north and wintering in the south. It lived in flocks at all seasons, and these flocks were of such magnitude that nowhere had anything resembling them been seen before.

It requires an effort, and is perhaps impossible, to visualize the passenger pigeon's numbers even from the circumstantial accounts that have come down to us. In the vast tract of hardwoods that extended over Ohio, Indiana, and Michigan, some of the nesting sites were 3 miles wide and 30 long. From descriptions of the density of the nests, which sometimes numbered as many as 100 to a tree, it has been computed that one such zone of 90 square miles must have contained 57 million birds. The scenes presented by these nestings stupified all who beheld them. James Fenimore Cooper, groping for words adequate to the spectacle, wrote that he was reduced to silence by "admiration of the works of the Creator." In any case, he added, speaking would have been futile since human voices were inaudible in the pandemonium of the pigeons.

Unlike the notes of most other pigeons and doves, which are soft and muted, the cries of the passenger pigeon were loud, shrill, and scolding. Presumably, like the human city dweller, it had to speak loud and often to gain a hearing above the din created by its fellows. Travelers approaching a nesting site would begin to hear the clamor at a distance of several miles and once upon the fringes of the flock had to bawl into one another's ears to be understood, while their horses were terrified by the noise. As the squabs grew to maturity, danger was added to bedlam: branches breaking under the weight of the birds might kill anyone upon whom they fell.

With the departure of the pigeons, a scene of weird devastation remained. Every plant was killed. Droppings to a depth of several inches covered the ground, which was further littered with limbs; for miles upon end the forest would appear to have been struck by a violent hurricane. In their winter roostings, the birds were packed even more densely. Describing one of these roosts in the South, an English traveler in 1819 declared that within a circumference of 4 to 6 miles the trees were bent and broken under the hosts of pigeons "piled upon them like swarming bees."

Yet even such scenes were hardly to be compared with those that met the gaze of the awe-struck early Americans when in the spring the flocks gathered in the South, and the tremendous movement northward began. It was from these mass migrations that the bird derived its somewhat peculiar name, "passenger," meaning a bird of passage.

It is legendary that the flocks of passenger pigeons darkened the sky. This seems to have been the literal truth. In addition to obscuring the sun, they were said to have created "a wind and rushing sound like that of the greatest cataracts." Alexander Wilson, the Scottish ornithologist who came to America in the early years of the past century at about the same time as the more famous Frenchman, John James Audubon, wrote of his first encounter with a migrating flock of passenger pigeons that he took the "sudden rushing roar, succeeded by instant darkness," for the winds of a tornado.

Later, Wilson had a chance to estimate the size of one of these flocks, a column he saw passing between Frankfort, Ky., and what was then the Territory of Indiana. "If," he wrote, "we suppose this column to have been 1 mile in breadth (and I believe it to have been much more) and that it moved at the rate of 1 mile in a minute, 4 hours, the time it continued passing, would make its whole length 240 miles. Again, supposing that each square yard of this moving body comprehended three pigeons, the square yards in the whole space, multiplied by three, would give 2,230,272,000 pigeons."

Even conceding Wilson's reputation as a careful observer, is it possible to credit this astronomical figure? Three pigeons to a square yard sounds like an exaggeration, but probably Wilson meant not only a square yard but a cubic yard, or more. Moreover, the passenger pigeon seems to have flown in very dense formation. There are many stories of the numbers that could be brought down by flailing a long pole in a low-flying flock, while one man has recounted how, finding such a flock bearing down upon him, he had to fall upon his face to escape having his eyes put out by the rain of winged projectiles above his head.

Accepting the figure of three birds to a cubic yard, how much faith may we place in Wilson's estimate of the flock's speed? Many observers, including Audubon, who himself estimated the size of a flock he beheld at over 1 billion, spoke of the passenger pigeon as flying a mile a minute. The speed of birds in the past was often overestimated, but Audubon offers supporting evidence. He recorded that passenger pigeons killed in New York had been found to have crops filled with rice they could not have eaten north of South Carolina. At the bird's high rate of metabolism, he computed that the flight must have been made in 6 hours or less, which would not have been possible at a speed under 60 miles an hour.

Perhaps there are errors in these statistics. Nevertheless, the domesticated homing pigeon has been clocked at a speed of a mile a minute, and the passenger pigeon, with its wild vigor, its beautifully proportioned, tapering lines, and its exceptionally powerful wing muscles, was undoubtedly a faster bird. Enormous speed and endurance were, indeed, essential to the survival of its legions. The congregation of 50 million birds in a single nesting area over a period of 5 or 6 weeks would obviously deplete the food supply for scores of miles around. The passenger pigeons, having to feed not only themselves but their lusty young, did in fact clean huge areas of forest bare of berries and nuts, especially of acorns and beechnuts. While feeding, the flock rolled over the forest like a tremendous wheel, the last ranks always in process of flying over their fellows on the ground and settling at the head of the procession. Such was the strength of instinctive communal discipline that no pigeon, it was said, would rise and fly ahead of the flock until it found itself at the very tail. As the nesting season progressed, the birds would, of course, have to go farther and farther afield until at the end flocks were reportedly forced to make round trips of 200 miles or more—and to make them at a prodigious speed in order that the young might not want for food.

Wilson believed the flock he saw near Frankfort to have been much greater than his estimated total. If, as seems likely, this flock actually included upward of 2 billion, that would mean, on the basis of modern computations, that it contained about one-fiftieth of all the birds in the entire world. At the very least, according to a conservative estimate, the passenger pigeon flocks represented from 25 to 40 percent of the bird population of the United States. We may realize in some degree the abundance that America offered our ancestors if we reflect that all the ducks and geese surviving on the continent by 1947 (taking the figures of the Fish and Wildlife Service) would, if added to that one flock of passenger pigeons, have increased its numbers by only 2 percent.

Those who witnessed the maneuvers of these winged hosts were left breathless. Wilson observed that "the whole, with its glittery undulations, marked a space on the face of the heavens resembling the windings of a vast and majestic river. When this bend became very great, the birds, as if sensible of the unnecessary circuitous course they were taking, suddenly changed their direction so that what was in column before became an immense front, straightening all its indentures, until it swept the heavens in one vast and infinitely extended line." Audubon declared: "I cannot describe * * * the extreme beauty of their aerial evolutions." He added that in "almost solid masses they darted forward in undulating and angular lines, descended and swept close over the earth with inconceivable velocity, mounted perpendicularly so as to resemble a vast column, and, when high, were seen wheeling and twisting within their continued lines, which then resembled the coils of a gigantic serpent."

Those who knew the passenger pigeon best spoke as feelingly of its superiority of form and bearing as of its numbers and impetuosity on the wing. One whose knowledge of pigeons is derived only from the ever-familiar domestic breed, a descendant of the Mediterranean rock dove, can have no idea of the passenger pigeon's reputed style. Photographs show it tapered at both ends, like a bobbin, with its long, pointed tail accounting for nearly half its length, which was between 16 and 17 inches. It measured about 2 feet between the tips of its similarly tapered and pointed wings. The mourning dove, which is still common over most of our country, presents a fair approximation of the passenger pigeon's outlines. It is, however, a much smaller and in every sense more pallid bird. The male passenger pigeon had a rich bluish-slate back and a wine-colored or reddish-fawn breast with sheens of golden bronze and purple bronze on the sides of its neck. The female was less vivid. Set in the characteristically mild physiognomy of a dove, its eyes, as described by Wilson, were brilliant, fiery orange.

The passenger pigeon had many appealing qualities. According to Audubon, the males, belligerent in defense of the nests, were exceptionally affectionate with their mates and shared equally in the care of the young. It is also said that the birds would adopt and feed nestlings whose parents had been killed. The characteristic sometimes known as a sixth sense was developed in an unusual way in the passenger pigeon. When a nesting area had been selected, flocks would stream to it from all quarters, directed there by a mechanism as unerring as it was uncanny. Wilson is authority for the statement that, more mysteriously still, when a migrating flock was jumped by a hawk, its evasive movement would be repeated by succeeding groups, as if each were following a trail plainly marked in the air.

The passenger pigeon had one other noteworthy characteristic. It was edible.

Before the settlement of America, it was customary for villages of Indians to camp on the outskirts of the nesting areas and feast upon the squabs for a month or more at a time. According to an early traveler, Indian villages of no more than 17 houses would be found to have on hand a hundred gallons or more of pigeon oil or fat, which was used as butter. An account of the hunting of pigeons written by a botanist in the 1740's contains the significant statement that the Indians would not allow the molestation of the parents while the young were dependent upon them, "pretending that it would be a great pity on their young, which would in that case have to starve to death."

The white man brought to the New World a different set of values and different weapons. As early as 1672, there appeared this ominous statement by a New England settler: "But of late they [the pigeons] are much diminished, the English taking them with nets."

Not only nets, but all conceivable methods of killing were employed both in the breeding colonies and winter roosts and by every village and farm through which the migrating flocks passed in spring and autumn. It is abundantly testified that the sprayed pellets from one blast of a fowling piece might bring down from 10 to 100 birds, so dense were the flocks. In netting, advantage was taken of the pigeon's craving for salt at the end of the breeding season. Salt or salted mud was spread upon the area over which the net was to be dropped, or, on the New England coast, nets were spread above the salt springs. In the latter case, as many at 1,500 pigeons could be trapped at one time. It was customary for farms to keep captive a pigeon whose eyelids had been sewn up or whose eyes had been put out. These blinded birds served as decoys, their cries bringing the wild migrating flocks to alight where the nets had been set.

The whites joined the Indians in camping at the nesting sites. Not content with the slow process of dislodging the squabs with poles, however, the whites cut down the trees and took the dead away by the horseload. Unsatisfied even by these returns, they resorted to a method of mass butchery that left no room for improvement. Approaching at night, the hunting parties would set fire to the grass and underbrush in a circle around a portion of the nesting colony. The pigeons, driven out of their heads by panic, would dash into the conflagration and be roasted alive. The next morning they would be gathered from heaps 2 feet deep.

While the pigeons flocked in an area, they were served on every table, in every town, on every farm, in every inn. They were eaten, as Wilson wrote, "until the very name became sickening," and more were salted away. Early records state that wild pigeons were a staple of the poor. Their importance to the economy of the young colonies must have been incalculable.

The slaughter appears to have proceeded over the years at an ever-accelerating pace. Yet Audubon, after describing one of the scenes of carnage, wrote that "persons unacquainted with these birds might naturally conclude that such dreadful havoc would soon put an end to the species. But I have satisfied myself, by long observation, that nothing but the gradual diminution of our forests can accomplish their decrease."

The destruction of our forests would have indeed reduced the flocks that in Audubon's lifetime frequently took 3 days to pass. It is also undeniable that in reading the stories of the prodigious hordes of these birds and of the damage they inflicted upon themselves when the limbs of trees torn loose under their weight would smash to death the birds on lower branches, one has a feeling of something unreal and impossible about these multitudes. It seems outside the scheme of nature for any species to achieve a position of such dominance, to teem in such billions that self-destruction is an inevitable consequence.

Even without the agency of the white man, it is possible that in time something would have occurred to scale the passenger pigeons' numbers down—the increase of natural enemies, the development of parasites, or epidemic disease. But obliteration was certainly not marked out for the species by any process of nature, or even rendered inevitable by the fate that befell the forests the pigeons inhabited. There would seem to be no reason why the passenger pigeon could not have survived in flocks of thousands in the woods that yet remain, and it might, like many other birds of the wilderness, have adapted itself to civilization if it had been given a chance.

Audubon did not foresee the rapid growth of our cities and the extension of the railroads that gave men access to the hinterland. It was these developments, and the attendant appearance of the professional pigeon trapper, that raised the tempo of the slaughter to its highest pitch. The climax came in the 1870's, when it was estimated that several thousand trappers were devoting their full time to the destruction of the pigeons, following them from one nesting to another—these in addition, of course, to the unnumbered thousands who simply killed pigeons whenever opportunity offered.

It was in this same period that the massacre of the bison took place. Between 1869, the year the Union Pacific's transcontinental line was completed, and 1883, the third year after the completion of another transcontinental line by the Northern Pacific, the number of bison was reduced from an estimated 5 million to 740. The slaughter of the fur seal began at the same time and in the end left but 200,000 of the original herds of over 3 million.

In those days the market stalls of every city and town were piled high with game—and game then included not only bison, deer, elk, pigeons, grouse, turkeys, ducks, and geese, and other waterfowl, but also robins, meadlowlarks, red-winged blackbirds, and other songbirds, some of which, like the bobolink, were shot by the tens and hundreds of thousands. Everything that flew or that walked on four feet was killed for the table, for its fur or feathers, or for fun.

Although the day was to come when over $2,000 would be offered in vain for the discovery of a nest or colony, there were times in the past when passenger pigeons sold for a penny a bird or even 3 pence a dozen. One person remembers having been offered for a penny as many birds as he could carry away. When human appetites were glutted, the pigeons were fed to dogs and hogs.

With the growth of large cities, however, the profits of the trade were assured. Schooners were loaded in bulk with squabs for New York from a breeding colony in the Catskills; one record speaks of 15 tons of ice being required for packing. From 1866 to 1876, 10 million birds were shipped each nesting season from the great midwestern flocks, in addition to those consumed locally. Since these were brooding birds, fully half as many young were left to perish in the nests, while countless wounded birds were invariably left behind by the hunters to die a lingering death. The flocks sought new nesting grounds in vain; the pigeoneers hunted them everywhere.

The peak of the slaughter was reached in 1878 with the eradication of the mighty colony at Petoskey, just south of the Straits of Mackinac in Michigan. According to one account, five freight car loads of pigeons left from the town every day for 30 days.

From then on, the decline of the passenger pigeon was precipitous. It is accounted for not only by the slaughter of the adults and marketable squabs and the starvation of the smaller young but also by the total disruption of the breeding cycle of the species. Following the Petoskey massacre, the major remaining flocks appear to have sought refuge in Manitoba, where, however, their numbers diminished rapidly. The effect of late snowstorms upon their nesting may have been a factor in their disappearance there, which was complete by the 1890's.

The last large nesting was in Grand Traverse County, Mich., in 1881, and probably included a million birds. The nesting took place in a birch woods, and Chief Pokagon of the Michigan Indians described in the reminiscence he wrote how the dry bark of the trees was ignited, and the birds perished in the roaring, leaping flames. In addition to the larger number killed in this fashion, 20,000 were trapped and sent to Coney Island, where, weakened by confinement, they were released to be shot down in a trapshooting contest.

This kind of sport was apparently too much for public opinion even in those days. Laws against molesting the birds at their nesting sites had been on the books in various States since 1862. These, however, were honored more often in the breach than in the observance.

The truth was that there were not many more left to kill. Yet still the profiteers of the pigeon trade shouted down the appeals for more forceful protective legislation made by a minority who were appalled and sickened by the fury of the slaughter.

The bison was saved on the brink of extinction through the preservation of captive herds. The passenger pigeon could likewise have been saved, for it bred readily in captivity, but only a few pairs were kept alive, and these proved insufficient to start a self-perpetuating flock. The legend of its inexhaustibility doomed it. No one upon seeing his last wild passenger pigeon dreamed that he would never see another. In every locality it was supposed that the pigeon had simply moved elsewhere.

The last scattered shipments of pigeons to the markets took place in 1893. They amounted to a few thousand birds. It was at the headwaters of the Au Sable River, in the north-central part of the Michigan Peninsula, 3 years later, that Pokagon, himself the last of the Potawatomi chiefs, found the last breeding colony—a few dozen pairs. In his account of the species, Pokagon included a sentence that may serve as its epitaph: "It was proverbial with our fathers that if the Great Spirit in His wisdom could have created a more elegant bird in plumage, form, and movement, he never did."

The distracted flocks that remained had broken up into small bands or scattered pairs well before the century's end. A few apparently survived for a number of years. The ornithologist, Edward Howe Forbush, noted several more or less authenticated records of wild carrier pigeons in the early years of the 20th century: 140-odd in Rogers, Ark., in 1902; 1 at Bar Harbor, Maine, in 1904; 1 on the Black River of Arkansas, in 1906; 1 at St. Vincent, Quebec, on September 23, 1907.

All of these, of course, were killed.

Charlton Ogburn, Jr., who wrote "The Marauders," an account of World War II on the Burma front, is an ardent amateur ornithologist and author of many articles on birds. For further reading: "The Passenger Pigeon, Its Natural History and Extinction," by Arlie W. Schorger (University of Wisconsin Press, 1954).

**Mr. ROBERTSON.** Mr. President, I am very reluctant indeed to see Congress embark, first, upon the principle of paying taxes on Federal land and, second, on raiding to the extent of nearly a half million dollars a fund which is urgently needed to preserve an adequate supply of brood stock if we are to perpetuate one of the most wonderful game birds we have ever had.

## SAN-MAN INN OF MANNING, INC.

**Mr. THURMOND.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1999, S. 2702.

**The PRESIDING OFFICER.** The bill will be stated by title for the information of the Senate.

**The LEGISLATIVE CLERK.** A bill (S. 2702) for the relief of San-Man Inn of Manning, Inc.

**The PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

**Mr. THURMOND.** Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from further consideration of H.R. 9914. This is a House-passed bill and is identical with S. 2702. The matter has been cleared with the chairman of the Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER].

**The PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

**Mr. THURMOND.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 9914.

**The PRESIDING OFFICER.** The bill will be stated by title for the information of the Senate.

**The LEGISLATIVE CLERK.** A bill (H.R. 9914) for the relief of San-Man Inn of Manning, Inc.

**The PRESIDING OFFICER.** Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

**The PRESIDING OFFICER.** The bill is before the Senate, and open to amendmen. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

**Mr. THURMOND.** Mr. President, I ask unanimous consent that S. 2702 be indefinitely postponed.

**The PRESIDING OFFICER.** Without objection, it is so ordered.

## CERTAIN LANDS ADMINISTERED BY FISH AND WILDLIFE SERVICE

The Senate resumed the consideration of the bill (S. 2138) to provide that a greater percentage of the increase from lands administered by the Fish and Wildlife Service of the Department of the Interior be returned to the counties in which such lands are situated.

**Mr. HUMPHREY.** Mr. President, so that there may be a clear understanding, in light of some questions that have been asked relating to the pending business, it is not intended that final action be taken on the pending bill today. The staffs of Senators, as well as others who may be interested, should be on notice.

**Mr. ALLOTT.** Mr. President, will the Senator yield?

**Mr. HUMPHREY.** I yield.

**Mr. ALLOTT.** With respect to S. 2138, numerous questions have been raised by county officials in my State as to the effects of the bill. With the assurance of the distinguished acting majority leader that no action will be taken at the present time, I will defer inquiry into that question until Senators who are in charge of the bill are in the Chamber.

## THOMAS G. MASARYK: FREEDOM FIGHTER; FOUNDER OF FREE CZECHOSLOVAKIA

**Mr. YARBOROUGH.** Mr. President, a quarter of a century ago, one of the truly great 20th century liberal statesmen of the world, Thomas G. Masaryk, died. A spiritual product of the Czech reformation and of honest, true, faithful parents, he was a physical product of the hard work required of Czechs and Slovaks under the old Austro-Hungarian Empire. His mind was disciplined by earning his doctorate from the University of Vienna, and the man and the hour met when World War I gave him an opportunity to organize, lead, and achieve Czech independence.

Spurred on by Woodrow Wilson's 14 points, including the right of self-determination of peoples, Thomas G. Masaryk read the Czechoslovak Declaration of Independence in Washington, D.C., October 18, 1918, and 63 days later entered Prague and took the oath of office as President of the independent Czechoslovak Republic.

For 17 years he was President, until ill health forced his resignation. In that 17-year span, he brought Czechoslovakia from a conquered province whose people for hundreds of years had lived in serflike thraldom, to a position as the foremost democracy of central Europe. The praise of his country was on every man's lips and her products were in the marketplaces in all the nations. Truly he had wrought a national miracle in less than two decades.

Thomas G. Masaryk's death came as the light of liberty was snuffed out in Czechoslovakia by Nazidom's tanks and guns.

But his spirit is deathless. It lives now, even in the night of a new terror, and will live on until his country rallies to the magic and mystic of Masaryk in a new freedom.

When Thomas G. Masaryk died, freedom wept. When Thomas G. Masaryk died, hundreds of thousands of my fellow Texans who are of Czech extraction wept with the weeping millions around the world. When Thomas G. Masaryk died, the heart of democracy broke. It bleeds yet for him and his beloved country; for his love of liberty and Czechoslovakia's need for it.

His spirit lives on in the world. In my own State of Texas, various Slavonic organizations: benevolent, religious, cultural, musical, and athletic have been a force for freedom and for good and honest government. They have shown courage consistently. In the years following the Civil War, scores of thousands of Czechs migrated to Texas, settling on the rich blackland farming belt that runs north and south across Texas, averaging about 50 miles in width, just to the east of Dallas.

It is some of the finest farming land in a great agricultural State, and the descendants of these early Texans are leaders in the professional and business life of the State.

Yes, Masaryk's spirit lives on. Millions still live who saw him in person, and millions more read his call for freedom. His voice from history will raise resistance from field and factory.

Liberty is never securely chained; she can break any shackles, wreck any tyrant, call forth limitless allies. Thomas G. Masaryk's cry for liberty whispers through the mountains of Czechoslovakia now, on every breeze, in every wind. It pads in the new fallen snow; it runs with the current in the rivers; it grows green with the grass in the spring; it blossoms with the fruits and the flowers.

I believe I know whereof I speak. I was in Czechoslovakia with our advancing forces in the final days of World War II. I saw liberty come to Pilsen, where the Czechs threw flowers and danced in the streets.

Surely other Thomas G. Masaryks will rise from those Czech mountainsides. With the faiths of freedom in their hearts and 500 years of resistance to tyranny in their veins, there will be a new freedom, a reborn democracy, another republic of the Czechs and the Slovaks.

The souls of Masaryks and martyrs watch Czechoslovakia. Their day of liberation will come.

Mr. President, let us have faith that it will come soon, very soon. It may seem far away, but be near at hand. When liberty wakens, tyrants flee. Let liberty awaken in that ancient land.

Mr. LAUSCHE. Mr. President, great respect and admiration have been accorded, throughout the world, to one of the foremost world democrats and champion of human and national liberty and of the rights of man, Thomas Garrigue Masaryk, the founder of the Czechoslovak Republic. While his name remains indelibly inscribed in the annals of history and in the hearts of freemen everywhere, as well as in the hearts of the Czechoslovak people in particular—the people who are now suffering under the Communist yoke in a country which was, after the First World War, considered a model democracy, the Communist regime exerts all efforts so as to besmirch his memory and to erase it from the hearts of a people faithful to democracy.

Mr. President, today, September 14, 1962, marks the 25th anniversary of this great statesman's death. The Communist regime does not allow a dignified remembrance of the man who led his country to its liberty in 1918. It is fitting that proper words be spoken in remembrance of the 25th anniversary of the death of this Czechoslovak statesman who had been honored by the United States through the issuance of a commemorative stamp in the champion-of-liberty series.

Thomas Garrigue Masaryk, from the time of his professorship at Charles University in Prague and his first participation in public life, was dedicated to the principles of humanitarian democracy, the rights and duties of the moral man in a society governed by democratic, representative institutions. He stressed the importance of the religious life and fought strenuously for man's spiritual well-being.

He advocated more education of the common people and opposed the special rights of the privileged social classes. He fought for the moral rebirth of the nation as well as for the full establishment of civil rights. He stood for humanitarianism and against autocracy. His is a name that still, after 25 long years, brings inspiration into the hearts of people seeking a better world in which to live.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Without objection, it is so ordered.

## EMBARGO ON RUSSIAN USE OF FREE WORLD SHIPPING FOR MILITARY PURPOSES

Mr. KEATING. Mr. President, Ralph E. Casey, president of the American Merchant Marine Institute, has made an important suggestion to cope with the continuing use by the Soviets of NATO and other free world ships to send military supplies and other equipment to Cuba. He has proposed that some of the world's shipowners forego a few extra dollars profit in the interest of the security of the free world. This would be done by a free world embargo on Soviet trade with Cuba. It would be an effective way of cutting down Soviet assistance to Cuba.

It is indeed a sad commentary on the policies of some of our NATO allies, whom we have promised to assist and defend, that no restriction whatever has been put on the chartering of Soviet ships to reinforce the Soviet military and economic position in Cuba. Shipowners of Norway, Britain, Canada, and other countries are known to have participated in this kind of deal. Some of these nations benefited substantially from Marshall plan aid; some are still benefiting. It is time that they—and by that I mean private citizens as well as governments—stand up and be counted in the present struggle against communism, which has already enslaved such a large area of Eastern Europe.

Mr. President, I think Mr. Casey's suggestion is an important one that deserves international consideration and support. I ask unanimous consent to have printed in the RECORD an article published in the New York Herald Tribune which describes this offer in greater detail.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### FOR A FREE WORLD SHIPOWNERS' EMBARGO ON CUBA

(By Walter Hamshar)

A top U.S. shipping official yesterday called upon the free world's shipowners to declare a voluntary embargo on trade with Communist Cuba.

Ralph E. Casey, president of the American Merchant Marine Institute, which represents a majority of the Nation's privately owned ship companies, made the proposal in a letter to Sir Colin Anderson, chairman of the International Chamber of Shipping.

Mr. Casey also sought White House support for his suggestion. In a telegram to President Kennedy he said, "An indication of your support for this proposal would enhance greatly the possibility of voluntary yet effective embargo on the Cuban trade for the free nations of the world."

The International Chamber of Shipping, headquartered in London, is composed of 20 national shipowner groups including British, West German, Norwegian, Swedish, Japanese, and other major maritime nations of the free world. Mr. Casey's organization is a member.

Asking foreign shipowners to forego some of the profits they have been making out of chartering their ships to bring Russian supplies to Cuba, Mr. Casey noted that "ships under the American flag have ceased to trade with Cuba."

"This embargo has been considered necessary not only to our national security but to the continued existence of our democratic institutions," he said. "I cannot urge too strongly the widespread nature of these sentiments in this country."

Mr. Casey declined to identify the nationality of ships trading with Cuba, but it is known that British, Norwegian, Canadian, and other free world shipowners have been cashing in on profitable charters for carrying goods to the island.

Mr. Casey said that Sir Colin should find it hard to answer the embargo request with a no. "I will not be satisfied with a negative response," he said, adding that he had a "couple of ideas" to deal with it if it was made.

"I know that Russia does not have enough ships to carry the trade that has been flowing to Cuba," Mr. Casey commented.

In his letter he noted that Joseph Curran, president of the National Maritime Union, had requested the International Transport Workers Federation to ask its member unions to refuse to sail ships headed for Cuba with supplies.

"This should not be necessary," he added. "It is not a labor problem; it is a matter of concern to all citizens of all free countries."

Mr. Curran's suggestion got its first rebuff yesterday. Gunvald Hauge, chairman of the Norwegian Seamen's Union, said in Oslo that his union "as a matter of course" could not join an international boycott of ships transporting Soviet goods and technicians.

## DEFENSE DEPARTMENT METHODS

Mr. KEATING. Mr. President, several weeks ago the Defense Department announced that despite a competitive procurement effort, it intended to ignore the results of the competition and award the contract for development of an inertial guidance system for the Titan III rocket to A-C Spark Plug Co. The firm developed the Titan II system, but had lost in the competition for the Titan III.

The competition for a new and more advanced guidance system for the Titan III was won by New York and California in cooperation, Space Technology Laboratories and American Bosch Arma of Garden City, Long Island. The Defense Department does not deny that the system they proposed is an excellent one, more advanced than the Titan II, more flexible, and more able to meet the varied missions for which the Titan III was designed. Yet the decision was made, for reasons which still require considerable investigation, in an effort to downgrade the program, to adopt a less good guidance system, and to ignore entirely the more advanced proposals submitted in the competitive proceedings.

On the basis of the preliminary Department of Defense announcement, what has now happened is that not only is American Bosch Arma deprived of the work which it fairly won after weeks and months of negotiation, and which would substantially advance our space technology, but A-C Spark Plug, which has been promised the work by default, as it were, is now making a deliberate effort to hire away the competent Arma personnel who worked on the winning proposal. That is certainly adding insult to injury.

Mr. President, I hold in my hand an advertisement by A-C Spark Plug, announcing that interviews will be held in Garden City, Long Island—the home of American Bosch Arma—for scientific and professional positions. It would appear that not only has A-C Spark Plug Co. pirated the work legitimately won by STL and Arma, but that now it is deliberately and flagrantly trying to pirate from Arma the qualified and competent personnel who initially made it possible for Arma to come up with a better proposal and a better price.

Mr. President, this is an example of the kind of industrial practice that is fostered by the arbitrary procurement methods of the Defense Department, and, in particular, by the complete disregard for competitive methods of procurement. One firm seems to get in on the inside track. First, it gets the contract; and then, without competition, it proceeds to pirate the personnel of other firms who have relied on fair competition and the merit of their own proposals. Mr. President, I have already called this matter to the attention of the Department of Defense; and at this time I am calling to its attention the most recent attempts to take away the personnel of American Bosch Arma, for precisely the methods of procurement which it supports are responsible for the increasing monopolization of defense work and the fact that each year a smaller and smaller number of firms get a larger and larger share of defense contracts.

I am happy to say that in this case, after all the difficulties we have had from time to time, New York and California stand shoulder to shoulder, because both of them are being beaten out of this employment, and I have no doubt that the same concern may be in California, trying to pirate workers away from firms established there.

## THE YOUNGER GENERATION DEFIES COMMUNISM

Mr. KEATING. Mr. President, perhaps one of the most encouraging signs in our continuing cold war confrontation with communism is the basic failure of the Communists in many areas of the world to succeed in the brainwashing tactics they espouse, their failure to extinguish the spark of freedom and initiative in every human being.

Certainly one of the most obvious points to be observed since the Berlin wall was erected last summer is the continuing effort of East German youth to make their escape from communism. Even though these boys grew up under nazism, and then communism, and, in fact, have never really known what freedom is, they know enough to rebel against Ulbricht's tyranny, and they dare to face death, to get away from it. It is most regrettable that some of them—and they deserve our prayers—have met that fate.

This very valid and important point is most persuasively made in an editorial that appeared recently in the Utica (N.Y.) Observer-Dispatch. Mr. President, I ask unanimous consent that this editorial by Edward Shields, be printed in the Record, following my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

### Born Nazis, Reared as Reds, They Die for Freedom

(By Edward Shields)

Berlin.—They were born in the flames of the dying Reich, and from their first day of school they were in the hands of Communist educators.

They were part of the generation to which Walter Ulbricht and the "revolutionary veterans" were to pass the Marxist-Leninist torch.

Where are they today, as they reach maturity?

Peter Fechter, 18, is buried in an East Berlin cemetery. He bled to death, crumpled against the Communist wall, while the "peoples police" who fired the machine-pistol bullets into his head and body refused to give him medical help.

Helmut Kubiet, 18, Peter's friend, is with relatives in West Berlin, still suffering from shock, but determined to leave Berlin for some point far from the wall. Helmut scrambled over it a split second before Peter was shot down.

Hans Dieter Wesa, 19, is in a newly filled grave in Eybach, in West Germany. He never saw Eybach. For a second he may have felt the free soil of West Berlin before Communist "Peoples Police" fired more than 30 bullets into his head and body as he jumped a wire border fence.

Richard Kueter, 16, is in prison in East Germany for a 10-year term and at least nine of his friends, aged 17 to 23, are also serving long terms. They were caught while stealing a truck in a desperate plan to crash it through the Berlin wall.

Joachim X. (his relatives are still in East Germany), 19, is in West Germany. He slipped away from the East German Communist youth ship *Voelkerfreudschaft* (peoples friendship) at the Red-sponsored World Youth Festival in Helsinki and hid out with a Finnish friend until the festival was over and the ship sailed without him. At least 40 others did the same.

Wilfred Thews, 15, is still in a West Berlin hospital and will probably be permanently crippled. He was hit by seven bullets, in the head, back, and shoulders, when he swam a border canal under Communist gunfire to West Berlin on May 23.

The list is far from complete. Hundreds more teenagers are known to have gone into Communist prisons and "reeducation institutions"—labor camps.

These are the last crop of war babies and their younger brothers and sisters. When they were old enough for school, or even nurseries, they entered institutions where the courses were aimed first at making them 100-percent Communists.

In their playtime they were dressed in red neckerchiefs and drilled with toy rifles "to defend our Socialist farmers and workers state."

When they entered their teens, most of them were signed up in the Free German Youth, with its blue blouses, "voluntary" farmwork, and more hours of tedious Communist lectures.

Many of them were taught to shoot with small arms, to drive motorcycles, even to parachute, in the paramilitary "sport and technique association."

They learned Russian. They went into the vocational courses for which the party decided they were fitted. They went through Communist coming-of-age ceremonies, a travesty of confirmation.

They heard continuously, year in and year out, how lucky they were to be getting a free education, free medical care, free vacations from the state, and how proud they must be to prepare to take their part in building it.

And when they were 18, or 17 or 16 they risked, and often gave, their lives to win the one thing they missed in the Communist curriculum—freedom.

## THE 25TH ANNIVERSARY OF MASARYK'S DEATH

Mr. KEATING. Mr. President, today marks the 25th anniversary of the death of Thomas Garrigue Masaryk, the first President and founder of the Republic of Czechoslovakia. Masaryk was a sincere believer in the values of representative government and the right of all peoples to self-determination. His nation was in many ways a model for other European states, and by his own example he offered to the world a lesson in honesty, integrity, and determination.

Although Czechoslovakia lies today under the yoke of Communist tyranny, and its people are not allowed to celebrate his achievements, there can be no doubt that his memory lives in the hearts of all freemen, and particularly in the hearts of those of Czechoslovak origin who are some of the very fine citizens of the United States of America.

Mr. President, I wish to take the opportunity to include in the Record at this point a brief appreciation of Thomas Masaryk, prepared by the Council of Free Czechoslovakia, which points out with perspective and perception the importance of this Czech patriot. I ask unanimous consent that the article be printed in the Record following my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

### T. G. Masaryk, 1850–1937–1962—He Passed Away 25 Years Ago

The Council of Free Czechoslovakia reminds all Czechs and Slovaks at home and abroad as well as the whole cultured world that, on September 14, 1962, a quarter of a century has already elapsed since the death of the great philosopher and founder of the Czechslovak Republic, T. G. Masaryk. Of course it was only his body and soul that left us. In our thoughts, in our daily life and in our political struggle he is with us more than ever. All democratic Czechs and Slovaks are inspired by his example and believe in the democracy he wanted, in a democracy of free and responsible people, in a humanitarian democracy of high cultural standards.

A quarter of a century after Masaryk's death we see his personality from a higher vantage point and in a deeper historical context. And from this vantage point, which only history can offer, Masaryk's personality, Masaryk's teachings, and Masaryk's work appear in a new light.

During the time of his professorship at Charles University and his public activity, his contemporaries considered Masaryk as being too modern and too radical. In his classes he discussed Western philosophical ideas, little known at that time in Czech academic circles. He developed his own philosophy of Czech history. He advocated the emancipation of women and was opposed to their inferior position in the family and in public life. He opposed the domination of the state by one single church, and fought bitterly against the prejudices against Jews. He advocated more advanced education of the common people and opposed the special rights of the privileged social classes. He fought for the moral rebirth of the nation as well as for the full establishment of civil rights. He stood for humanitarianism and against autocracy. In the later part of his life he opposed the Austro-Hungarian monarchy and fought for its dismemberment and for the self-determination of the Austro-Hungarian nations. He favored the republican form of the new Czechoslovak state.

In the prime of his life Masaryk was so radical that even in his own nation he had a very small number of followers. But with the increased education of the masses and after the young intelligentsia entered into responsible positions and, of course, after World War I broke out, Masaryk's ideas were more and more accepted. And after the establishment of the Czechoslovak state they became part of the national culture.

But even then, despite his age, Masaryk was the strongest progressive force in the nation. More and more he put into effect the principles of his humanitarian democracy. For instance, he brought about the acceptance of compulsory establishment of municipal libraries. Likewise, he was instrumental in establishing a cooperation of German political parties in the government. His conception of a federated Europe anticipated the Common Market and the probable future political unification of Europe.

As a rule, 25 years after the death of a successful statesman or thinker, he cannot be considered as a modern radical. This does not apply to Masaryk for two reasons. First, the principles of humanitarian democracy were rejected and crushed among a large portion of mankind. This also happened within his own nation. Civil rights are rejected and replaced by terrorism and mass murder in Communist countries. Secondly, Masaryk's political principles and humanitarian ideals would have been still leading the political life of our nation if it were free. Nothing more modern can be found. The problem would be only their fuller development and realization.

And as far as the dictatorships of different kinds are concerned, history already has rejected many of them. The Fascist and Nazi regimes fell and their gruesome error has been acknowledged even by the majority of their erstwhile followers. Still in existence are only the Communist dictatorships and some personal dictatorships in Latin countries. But many of the South American dictatorships fell and the other ones as well as the Communist dictatorships will fall. The power of humanitarian and democratic ideals is irresistible even if it opposes the use of physical force.

Thus at the 25th anniversary of Masaryk's death we conceive of him more as the leader of the future development of mankind than as a historical personality. His philosophical and political legacy is more a program for the future than a mere historical reality. Even the dead Masaryk is a live spiritual force that inspires millions of people and that will influence the future political and social organization of mankind. In a way, Masaryk is more modern now than during his lifetime. Also the future liberation of Czechs and Slovaks will be carried out under his banner, which we follow proudly and with dedication.

## REQUEST FOR PRESIDENTIAL AUTHORITY TO CALL UP RESERVISTS

Mr. HRUSKA. Mr. President, the unanimous action taken yesterday on Senate Joint Resolution 224, granting the President standby authority to call up the Reserves, demonstrates this Nation's determination to respond immediately and decisively to any emergency which threatens our freedom—whether it arises 90 or 9,000 miles away.

I trust that the meaning of the Senate action will not be lost on Mr. Khrushchev or his Havana puppet whose "defensive" military buildup fools no one, least of all the countries in this hemisphere.

When a similar resolution was considered last summer in the face of the Berlin crisis, the Congress responded quickly and effectively to the President's request, enabling him to meet head on the Russian threat. As a result, West Berlin today remains free, although bordered by a "wall of shame."

The mobilization last year of nearly 150,000 members of the Ready Reserve testified to the high degree of preparedness of our citizen-soldiers. They had no easy task to perform and, in many instances, suffered severe personal hardship by returning to active service.

In too many cases, their burden was made heavier, when on their return from active duty, they have had difficulty in reclaiming their old jobs. Their performance, however, won the gratitude of their fellow countrymen and the respect of our enemies.

It is not easy for Congress to make it possible to call so soon again for services of our Ready Reserve. While no new clouds of war darken the horizon, the President feels that continuing crises compel such precautionary action. The understanding and support which this resolution received throughout the country serves to indicate the willingness to pay any price to protect our freedom.

The Senate Armed Services Committee amendments to the resolution wisely took into account the lessons of last year's callup. They will go far to avoid a repetition of them and should promote fairer distribution of the responsibility. I note with gratitude Secretary McNamara's testimony that in the event it becomes necessary to exercise this new authority, the armed services will first plan to fill their needs by encouraging reenlistments and by promoting voluntary recruitments. Only if these actions, together with increasing the draft, do not meet the needs will the authority to call up the Reserves involuntarily be used.

One amendment adopted by the committee places the burden of any future Reserve callup on those who have had only 6 months of active duty and are on drill pay status with organized units. This should go far to attain equity and fairness in meeting our manpower requirements by the assurance that only those with relatively less military service will be called.

Furthermore, the committee clearly spelled out exemptions from recall to duty for members of the Ready Reserve, not only involuntarily ordered to active duty last year but who had their enlistment or periods of active duty extended.

Mr. President, although some of us voted for the resolution reluctantly, we voted aye because we do not wish to deny the Commander in Chief any request he considers essential "to provide for the common defense." Hence, it was that the Senate acted so decisively yesterday. The doubts about the proposal, raised in light of last year's experience with the callup, have been substantially removed by several amendments to the resolution.

The President's request for this resolution results in a violation of the principles that the Ready Reserves should be called upon only in event of a national emergency. It would be well that he consider between now and next January what the future will bring by way of continuance of present world conditions to judge the necessity for an increase in the Regular Forces rather than to resort to a repetition of this type of action.

## PROPOSED INTERNATIONAL CONFERENCE ON CONSERVATION OF FISHERIES IN THE HIGH SEAS AND ESTUARINE WATERS OF THE WORLD

Mr. MAGNUSON. Mr. President, I submit, for appropriate reference, a resolution that it is the sense of the U.S. Senate that the President propose an international conference on the conservation of fisheries in the high seas and estuarine waters of the world. I submit the resolution today on behalf of myself, the Senators from Massachusetts [Mr. SALTONSTALL and Mr. SMITH], and the senior Senator from Alaska [Mr. BARTLETT]; but I ask unanimous consent that the resolution lie on the desk, in order to provide an opportunity for additional Senators to join in sponsoring it.

The PRESIDING OFFICER. For how long a time does the Senator from Washington wish to have the resolution lie on the desk?

Mr. MAGNUSON. Until next Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, to those of us from States on the Atlantic, the gulf, or the Pacific coast, the desirability of such a world conference is, I believe, obvious.

Fisheries are an important economic and employment factor in the 22 of our 50 States which front the oceans, and to a degree in the 8 others which border the Great Lakes which we share with Canada.

Our fisheries are international, and the problems which confront our fisheries and those of other nations of the world are international.

These problems have increased enormously since World War II, with more and more nations competing for the rich resources of the seas, and with the world demand for high protein foods from the marine environment ever increasing.

One of these problems is maintaining the species which man has found most desirable as food, and also the species for which important industrial uses have been found. For several species, the peril point already has been reached; for others, it is approaching. This is occurring all over the world at a time when there is a world population explosion.

The world population, now estimated at 3 billion, has virtually doubled since the beginning of this century, and is expected by our Bureau of Census experts to double again, to 6 billion, by the year 2000.

U.S. population will top 200 million by 1970, our Bureau of the Census estimates, and will be over 300 million by the year 2000, only 38 years away.

With these population increases there will inevitably be increased demands for protein foods, from whatever source they may be obtained; and one of the principal sources is the sea and shore.

Clearly we must begin to think about the conservation of these resources. We must think about it internationally. The nations of the world must not only begin to think about conservation, but must do something about it; and that requires understanding, mutual agreements, and accommodations, which in my opinion can be arrived at only through an international conference such as the one which Senator SALTONSTALL, Senator SMITH, Senator BARTLETT, and I propose in this brief and readily understandable resolution.

Mr. President, we are also concerned about the future of our own U.S. fisheries industry, in this era of vastly augmented competition for the food resources of the seas.

Since World War II, the world catch has doubled, while that of the United States has declined.

Since World War II, the United States has slipped from second to fifth place among the leading maritime nations of the world; and today we trail Japan, Soviet Russia, Communist China, and Peru in the total catch. Each of them is making great gains in its fisheries.

As my good friend and colleague, the Senator from Massachusetts [Mr. SMITH] and I have pointed out on the Senate floor, much of the increase achieved by Soviet Russia and by Japan has been in ocean areas adjacent to or not distant from our shores. More than a dozen nations are fishing off the New England coast, with the largest and most efficient fleet being that of Soviet Russia.

Russia also is very active in North Pacific waters, particularly in the Gulf of Alaska. In the North Pacific an attempt to maintain some sort of balance and conserve fisheries stocks of halibut and salmon has been made by international commissions composed of the United States, Canada, and Japan, and there has been discussion that Russia may also become a member.

I do not say that this is possible, or probable, or even at this time desirable, but I do believe that it would inure to the benefit of peoples of the world and to the governments participating if there was an international understanding of conservation needs and an international agreement to observe uniform conservation practices on the high seas.

Mr. President, it is my hope that the resolution which Senators SMITH, SALTONSTALL, and BARTLETT join me in offering today will be reported favorably by the committee to which it is referred and adopted by the Senate before the adjournment of this Congress.

It is my hope also that when this world fisheries conference is proposed by the President and when it takes place, in whichever country or city it may be held, that my distinguished colleague, Senator SMITH of Massachusetts, will be a most active participant.

Senator SMITH has a practical knowledge of fisheries and the problems of the fishery industry that is unique in the Congress of the United States. Prior to coming to the Senate, BEN SMITH served as mayor of the principal fishing port on the Atlantic coast, and perhaps our oldest and most historic fishing port on either coast, Gloucester, Mass. Both in his public career and in his private life, he has endeavored with honor and distinction to advance the fisheries industries, not only of his native city and his State, but also of the Nation.

Senator SMITH, at the end of this session of the Congress, is voluntarily retiring from the U.S. Senate, where he has richly earned the friendship and esteem of all of us.

Mr. President, it would be a great misfortune, not only to the fisheries industry but to the people of the United States, if his voluntary departure from the Senate were to terminate his service to the industry and the Nation.

Sooner or later, an international fisheries conference such as we propose in the resolution introduced today will of necessity take place. The growing and vigorous competition for the resources of the seas will demand it. And when it does take place it is my hope that Senator SMITH be assigned a leading role in presenting the position of the United States and in participating in its decisions.

Mr. President, as chairman of the Committee on Commerce, which has legislative jurisdiction over the commercial fisheries of the United States, I personally will feel a great loss when Senator SMITH departs from our midst. His counsel and his guidance to the committee and myself have been invaluable. If there is any other person in the Congress of the United States who has had practical, direct, day-to-day knowledge of fisheries gained from experience in the industry, I do not know him.

I would like to see more such people elected to the Congress, more fisheries centers represented by people with a working knowledge of the industry, knowledge gained by practical experience.

In my home State of Washington there is such an aspirant for a seat in Congress. He has just been successful in the primaries which were held in Washington Tuesday, in which he sought the Democratic nomination for Congress from the Second District of Washington.

Many of us in the Senate know him because for 4 years he served as the fisheries expert on the professional staff of the Committee on Commerce, leaving that post to serve as director of the Washington State Department of Fisheries, a position from which he resigned last year.

Milo Moore, of whom I speak, is the son of a fisherman and fish merchant, and in his early years followed in his father's footsteps. For a number of years he, like Senator SMITH, was mayor of his home city. From 1945 to 1949 he served as State director of fisheries under Gov. Mon Wallgren, who previously, as many of us will recall, was a distinguished Member of this body.

From 1949 to 1951 Mr. Moore was fisheries consultant to the Government of Greece under our Government's aid program, and from early in 1952 until September 1954, he advised the Government of South Korea on its fisheries.

As a member of the professional staff of the Committee on Commerce, he specialized on fisheries legislation and gave notable assistance in connection with the Fish and Wildlife Act of 1956, in which Congress affected a broad reorganization of our fisheries services, and also in much other constructive legislation for the benefit of fisheries and fishermen.

Mr. Moore has served on both interstate and international fisheries commissions and is a dedicated proponent of conservation, such as that proposed in the resolution my colleagues and I submit today.

We are hopeful that he will be able to participate in the International Conference or in negotiations leading up to the International Fisheries Conference. If we do not take the initiative and do something about having conservation practices adhered to by all the nations using the high seas, very soon, in the next two or three generations, there will not be any fish for any country to take from the international waters.

The PRESIDING OFFICER. The resolution will be received and appropriately referred; and, without objection, the resolution will lie on the desk, as requested by the Senator from Washington.

The resolution (S. Res. 392) was referred to the Committee on Commerce, as follows:

Whereas the increasing world population and the consequent growing demand for animal protein, together with industrial and economic development in all parts of the world have resulted in remarkable expansion of world fishing effort; and

Whereas technological developments have vastly improved man's ability to harvest the living resources of the sea; and

Whereas estuarine fishery resources, to which little attention has been devoted on a worldwide basis in spite of their increasing importance as a source of human food, present unique scientific and technical problems; and

Whereas these developments raise new technical and scientific conservation problems the solution of which would best be approached on a worldwide basis: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that the President should propose an international conference on the conservation of fishery resources to consider the technical, economic, and scientific problems relating to the conservation, utilization, and regulation of living marine resources in the high seas and estuarine waters of the world, and that government, industrial, scientific, and technical participation in such conference on as wide a basis as may be practicable should be encouraged.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. HUMPHREY. I wish to join the distinguished Senator from Washington, chairman of the Commerce Committee, in his commendation of the Senator from Massachusetts [Mr. SMITH]. Senator BEN SMITH is one of the most diligent, cooperative, and perceptive Members of this body. I deeply regret that he is not going to be with us. He is voluntarily retiring from service in the Senate. I hope the President of the United States will find other important assignments for him to fulfill, and the proposal which has been made by the Senator from Washington in respect to the international conference on problems of the fishing industry seems a very logical assignment.

I know of the keen and devoted interest that the Senator from Massachusetts [Mr. SMITH] has had in the fishing industry. He has worked side by side with the Senator from Washington and other Senators here who have attempted to preserve, and even to expand, the American fishing industry.

I merely wanted to add my word to the kindly and well-deserved remarks about the Senator from Massachusetts [Mr. SMITH].

Mr. MAGNUSON. I thank the Senator from Minnesota. I again stress the urgency of such an international conference, because the increase of fishing on the high seas, in many cases with a complete lack of conservation practices by certain nations which have the right to fish in international waters, will result to the detriment of every nation. I am sure those nations understand it and will agree to some reasonable means by which all of us will adhere to conservation practices in fisheries. We do it in the United States. We restrict our own people pretty well in the practice of conservation, but, unfortunately, some of the other countries do not. I think when the importance of such measures to the future of fisheries on the high seas is brought to the attention of many of the countries in which fishing is a great industry, they will come to an agreement with us.

---

## A FORCEFUL U.S. RESPONSE TO SOVIET PROVOCATION IN CUBA

Mr. HUMPHREY. Mr. President, Soviet intervention in this hemisphere has had at least two salutary effects: First, it has sharpened our awareness of the dangerous vulnerability of Latin America to Soviet penetration; and, second, it has clarified our determination, by the policy statement of our President and the many utterances of Members of Congress, to resist and defeat aggression not only in other parts of the world, but specifically here in this hemisphere.

Every Member of this body will certainly welcome the timely and forthright declaration of principle by President Kennedy at his news conference yesterday. It would not be surprising if this statement by our President were to become known as the Kennedy doctrine—a modern application of the principles of the historic Monroe Doctrine to the recent developments in our hemisphere.

I ask unanimous consent to place in the RECORD at the conclusion of my remarks the President's opening remarks at his news conference of yesterday, as well as his answers regarding the circumstances under which we would act under the terms of the Monroe Doctrine and our other treaty commitments to safeguard our security and the security of our neighbors in the Western Hemisphere.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, in his statement and amplifying remarks, the President raised a number of points which bear repeating and closer study by every informed American citizen. Needless to say, they should also be studied—indeed, memorized—by any potential aggressor, by our Latin American friends, and by our NATO allies. Permit me, then, to summarize in my own words what I look upon as the heart of President Kennedy's message, or the Kennedy doctrine.

First, Castro's betrayal of his own revolution, and, indeed, of his own people and country, and the economic dislocation brought about by his Marxist-Leninist dogmas have thrown Mr. Castro and Cuba into the clutches of the Soviet bear. Cuba now, under the regime of Dr. Castro, pursues a policy of calculated hostility toward the United States.

Second, Cuba is not now a military threat to the United States, but if it ever becomes one, then no Soviet threats or Communist weapons will prevent us from nullifying this threat. We shall remove it. As the President clearly stated:

> If at any time the Communist buildup in Cuba were to endanger or interfere with our security in any way, including our base at Guantanamo, our passage to the Panama Canal, our missile and space activities at Cape Canaveral, or the lives of American citizens in this country, or if Cuba should ever attempt to export its aggressive purposes by force or the threat of force against any nation in this hemisphere, or become an offensive military base of significant capacity for the Soviet Union, then this country will do whatever must be done to protect its own security and that of its allies.

Those were the words of the President. To my mind, they represent a clear-cut, meaningful declaration of American policy which friend and foe alike should learn, respect, and understand. I am pleased, Mr. President, that what our President had to say in his news conference yesterday is very much the same sort of philosophy and statement as it was my privilege to make in the Senate on Tuesday. I have long believed that we must remove any ambiguity, any lack of clarity from our position on these important matters of national and hemispheric security.

Third, we propose to isolate the Castro virus in this hemisphere through close consultation with the Organization of American States—though always without prejudice to our vital security interests—and we will continue our urgent efforts to dissuade our NATO allies from allowing their ships to conduct the traffic in chains for Cuba.

Fourth, as the President himself put it:

> We shall continue to work with Cuban refugee leaders who are dedicated as we are to that nation's future return to freedom. We shall continue to keep the American people and the Congress fully informed. We shall increase our surveillance of the whole Caribbean area. We shall neither initiate nor permit aggression in this hemisphere.

Every American—and especially every Member of Congress, which bears a unique responsibility for shaping public opinion—should heed the President's call for sanity in the midst of crisis. We must justify his confidence "that the American people, defending, as we do, so much of the free world, will, in this nuclear age, as they have in the past, keep both their nerve and their head." That is why I particularly urge favorable consideration of the resolution introduced yesterday by the majority leader, which expresses our determination to prevent, by all necessary means, the export of Castro subversion and revolution.

Finally, Mr. President, I wish to share with my colleagues an especially perceptive editorial which appeared in this morning's Washington Post and Times Herald, entitled "Soviet-Cuban Crisis." With objectivity, sound scholarship, and a thorough understanding of current policy implications, the Post editorial lays to rest—I hope for the last time—the notion that, in Mr. Khrushchev's words, the Monroe Doctrine is "dead."

To the contrary, the Monroe Doctrine is still an irreplaceable declaration of current U.S. policy toward the weak and vulnerable nations at our doorstep. To be sure, circumstances have changed since 1823, when the Monroe Doctrine was issued.

I add, it was then the czarist Russian threat to this hemisphere to which the Monroe Doctrine was directed. Today the Kennedy doctrine is directed to the Soviet Communist threat to this hemisphere. In both instances, the threat has come from Moscow. We ourselves have intervened in Europe's affairs to save the European democratic heritage. Yet our worldwide commitments have in no wise invalidated our legitimate and vital concern for our physical security. Ultimately, we must rely on ourselves for the neutralization of any foreign threat to this security—just as we did during World War II, when Nazi penetration of Latin America assumed menacing proportions. Let the world know that this is our steadfast resolve in the ominous situation that faces us at this juncture.

I ask unanimous consent that the editorial to which I have referred may be printed in the RECORD.

**There being no objection, the editorial was ordered to be printed in the Record, as follows:**

### Soviet-Cuban Crisis

It is a curious irony of history that the Monroe Doctrine, which was enunciated in 1823 to keep Imperial Russia and her associates in the holy alliance out of America, has again been directly challenged, after 139 years, by another Russian imperialism.

This country has not directly invoked the Monroe Doctrine in an explicit warning to the Soviet Union of the sort it has hitherto sent to many European powers. The reason is not far to seek. The Monroe Doctrine, in one formulation after another, up to World War I, was made to rest on two cardinal points: that this country would regard intervention in the Western Hemisphere as an unfriendly act and that the United States did not interfere in the quarrels or affairs of Europe. The changed posture of the United States in European affairs may not have invalidated the doctrine, but it has outmoded one part of it and made it impractical to assert that the inviolability of the Western Hemisphere is a corollary of our own noninterference in the quarrels of Europe. Were this country to make this assertion now, it would be reminded of our intervention in two World Wars, our assistance to European nations, and our economic and military aid around the world.

Yet, if it would be inconsistent to invoke both premises of the Monroe Doctrine, it is equally inconsistent to argue that the whole theory of the Monroe declaration has been outdated and the practical necessity of maintaining the inviolability of the Western Hemisphere has disappeared. It can be said with truth and consistency that the safety of this country demanded that potential enemies be kept out of this hemisphere in 1823, and that the necessities of defense in 1962 demand more, not less precaution and require resistance, not only on the soil of this hemisphere but on the lands of independent nations all over the world who wish to maintain their national integrity. The Monroe Doctrine branded as an unfriendly act European conquest or interpositions that would involve "controlling in any other manner" the destiny of American nations. Without abandoning that doctrine, the United States has been, in fact, if not by proclamation, asserting that in the smaller world of 1962 the conquests of small and independent nations around the world also represent acts "unfriendly" in disposition toward this country. The support of the United States has been extended, by the fact of our aid and assistance, to independent nations everywhere, in a candid acknowledgment that it is no longer sufficient to the safety of our system of government to allow conquest to come to the shores of the Western Hemisphere before resisting it. The experience of two World Wars counsels us to erect our defenses at more remote points; but nothing that has happened in those two military encounters or the cold war that has followed World War II, suggests that this experience advises also the abandonment, at the same time, of defensive perimeters nearer home, prescribed when the Nation was not strong enough to keep its enemies farther away.

The Soviet intervention in Cuba is no less dangerous, no less objectionable, and no less unfriendly in disposition toward this country, than were the Russian colonial ambitions on the Pacific coast in 1823. The ships and arms that Khrushchev has sent to Cuba are as menacing as the fleet that Emperor Alexander gave to Spain to help her subdue her former American colonies in 1818. This country resisted Russia then; it must resist its penetration of the Western Hemisphere now.

The relations of the United States to Europe have altered, to be sure, but these changes have not eliminated this Nation's practical concern about the presence of a hostile European power in Cuba or elsewhere in the hemisphere. Daniel Webster, in a House debate in 1826, when the Monroe Doctrine was being attacked, defined its practical meaning in these terms:

"A member has said that if Spain chose to transfer the island to any other power she has a right to do so, and we here cannot interfere to prevent her, I must dissent from this opinion. The rights of nations in matters of this kind are much modified by circumstances. Because France or Great Britain could not rightfully complain of the transfer of Florida to us, it does not follow that we could not complain of the cession of Cuba to one of them. The transfer of Florida to us was not dangerous to the safety of either of these nations, nor fatal to any of their great and essential interests. Proximity of position, neighborhood, whatever augments the power of injuring and annoying, very properly belong to the consideration of all cases of this kind. What might otherwise never be thought of is justified for these reasons and on these grounds."

To state our concern and our interest in Cuba's independence, to declare our objection to its transfer to any hostile power, to insist that European powers participating in such ventures are guilty of acts unfriendly to us—these diplomatic steps are not the equivalent of instant resort to arms. It is one of the anomalies of history that although this country frequently has invoked the Monroe Doctrine it has not yet had to resort to arms to gain its acceptance by European powers. It withheld military intervention for 5 long years while the Maximilian regime rose and fell in Mexico from 1862 to 1867. War is not the only device open to an affronted power, even though it is the ultimate device.

It would salve all our frustrations, gratify all our angry impulses, soothe our ruffled pride, and lay balm to our burning sense of affront and injustice to fly into arms against an intervention so plainly filled with hostile intent. If and when it is apparent that the threat to our interests is too instant to be deferred, too dangerous to be tolerated, too imminent to be countenanced another moment, military steps may yet have to be taken. Despite all the clamor, however, for any peaceful country, they must be a last and not a first resort.

There is reason to believe that the dangers to us, whatever they are, do not multiply so swiftly that reliance cannot be put first on lesser means. While the proximity of hostile power is still a factor of modern war, it has lost some of the pertinence it had more than a century ago and, in a thermonuclear age, military peril is not as measurably increased by proximity as once it was. Apart from the direct military threat, there is the menace of the threat of Soviet Cuba expanding to the rest of the Caribbean and to other South American countries. That threat can be met by military means without attacking Cuba itself. No measures of containment should be neglected. Under the circumstances now existing in Cuba, the overthrow of any government in the Caribbean, by force or violence, and the institution of any irregular regime likely to be supported subsequently by Soviet arms is a threat to the law and order of this hemisphere. This Nation must be prepared to resist such a threat instantly, with our American allies if possible, without them if necessary. The arms buildup in Cuba itself could take on a coloration that would constitute a measurable increase in the thermonuclear capability of the Soviet Union against us. The island of Cuba must be kept under a close surveillance to detect such a development and if there is any evidence that medium-range missile sites are being built, to bring most of the United States within the first-strike range of Russian thermonuclear power, the military response of this country must be prompt, decisive and overwhelming.

Meanwhile, without any further anxieties about thrusting Castro into Soviet arms, or any further misgivings about support in the Western Hemisphere, every diplomatic device that will make more difficult the path of Soviet Cuba must be pursued without flagging. With the fullest respect for our every international obligation, we have every right to seek by all legitimate means, the frustration of Soviet-Cuban ambitions and hopes.

This country, moreover, is under no legal or moral compulsion to obstruct or deny the efforts of anti-Communist movements of Cuban citizens elsewhere in the Caribbean, in the exercise of their natural rights, to overthrow the foreign tyranny that has been imposed upon them by stealth and fraud and force and violence. Such freedom movements, throughout the history of this country, have attracted open sympathy and the financial support of American citizens, and no government ever has or ever will have the power to prevent such manifestations of American respect for the courage and daring of those willing to fight for the freedom of their own land when it is under the occupation of a foreign foe.

This must be our posture for the present. Rash and impulsive military adventures, much as they may be clamored for, are to be resisted as long as direct military safety permits and so far as the integrity of the other American countries allows. The brave Cuban people who have thrown off both foreign and domestic tyrants before, may yet deal with this crisis in an effective way, for all their immediate helplessness. Soviet bluster must not frighten us from the interposition of instant military force against the spread of this danger elsewhere in the hemisphere or against any gathering of offensive weapons on Cuba, and it should not deter us from making adequate preparation for the day when American aid can help Cubans restore their country's independence and revive its prosperity.

**Mr. HUMPHREY. I am convinced, that firm leadership on the part of our country, with our neighbors in Latin America and in the councils of the Organization of American States—combined with our determination to protect the freedom and security of this hemisphere, and our determination to work cooperatively with our friends in Latin America—will gain for us the cooperation and assistance that we need in this endeavor.**

**I am also of the mind, Mr. President, that we must do what needs to be done. We ought not to be overly concerned about the complaints of some people or of some nations. We are not engaged in a popularity contest. We have responsibilities for freedom at home in this country and in many other areas of the world. We are engaged in a monumental and momentous struggle with the international Communist movement. The only way I know in which we can win that struggle is to bring with us as many friends as we possibly can who are dedicated to common objectives and common purposes.**

**Above all, friends and allies need leadership. The leadership given by President Kennedy and so clearly and unmistakably restated in his press conference**

of yesterday and in his statement to the American people and the world, will bear good fruit. That leadership will bring the response the President has hoped for—the response of stalwart men and of strong nations which seek to preserve freedom in this hemisphere and in other parts of the world.

Following is the transcript of President Kennedy's news conference yesterday:

### Exhibit 1

I have a preliminary statement.

There has been a great deal of talk on the situation in Cuba in recent days both in the Communist camp and in our own, and I would like to take this opportunity to set the matter in perspective.

In the first place, it is Mr. Castro and his supporters who are in trouble. In the last year, his regime has been increasingly isolated from this hemisphere. His name no longer inspires the same fear or following in other Latin American countries. He has been condemned by the OAS, excluded from the Inter-American Defense Board, and kept out of the (Latin American) Free Trade Association. By his own monumental economic mismanagement, supplemented by our refusal to trade with him, his economy has crumbled, and his pledges for economic progress have been discarded, along with his pledges for political freedom. His industries are stagnating, his harvests are declining, his own followers are beginning to see that their revolution has been betrayed.

So it is not surprising that in a frantic effort to bolster his regime he should try to arouse the Cuban people by charges of an imminent American invasion, and commit himself still further to a Soviet take-over in the hope of preventing his own collapse.

Ever since communism moved into Cuba in 1958, Soviet technical and military personnel have moved steadily onto the island in increasing numbers at the invitation of the Cuban Government.

Now that movement has been increased, it is under our most careful surveillance. But I will repeat the conclusion that I reported last week, that these new shipments do not constitute a serious threat to any other part of this hemisphere.

If the United States ever should find it necessary to take military action against communism in Cuba, all of Castro's Communist-supplied weapons and technicians would not change the result or significantly extend the time required to achieve that result.

However, unilateral military intervention on the part of the United States cannot currently be either required or justified, and it is regrettable that loose talk about such action in this country might serve to give a thin color of legitimacy to the Communist pretense that such a threat exists. But let me make this clear once again:

If at any time the Communist buildup in Cuba were to endanger or interfere with our security in any way, including our base at Guantanamo, our passage to the Panama Canal, our missile and space activities at Cape Canaveral, or the lives of American citizens in this country, or if Cuba should ever attempt to export its aggressive purposes by force or the threat of force against any nation in this hemisphere, or become an offensive military base of significant capacity for the Soviet Union, then this country will do whatever must be done to protect its own security and that of its allies.

We shall be alert, too, and fully capable of dealing swiftly with any such development. As President and Commander in Chief I have full authority now to take such action, and I have asked the Congress to authorize me to call up Reserve Forces should this or any other crisis make it necessary.

In the meantime, we intend to do everything within our power to prevent such a threat from coming into existence. Our friends in Latin America must realize the consequences such developments hold out for their own peace and freedom, and we shall be making further proposals to them. Our friends in NATO must realize the implications of their ships engaging in the Cuban trade.

We shall continue to work with Cuban refugee leaders who are dedicated as we are to that nation's future return to freedom. We shall continue to keep the American people and the Congress fully informed. We shall increase our surveillance of the whole Caribbean area. We shall neither initiate nor permit aggression in this hemisphere.

With this in mind, while I recognize that rash talk is cheap, particularly on the part of those who do not have the responsibility, I would hope that the future record will show that the only people talking about a war or an invasion at this time are the Communist spokesmen in Moscow and Havana, and that the American people defending as we do so much of the free world, will in this nuclear age, as they have in the past, keep both their nerve and their head.

### OFFENSIVE ACTION

Question. Mr. President, coupling this statement with the one of last week, at what point do you determine that the buildup in Cuba has lost its defensive character and become offensive? Would it take an overt act?

Answer. I think if you read last week's statement and the statement today, I made it quite clear, particularly in last week's statement when we talked about the presence of offensive military missile capacity or development of military base and other indications which I gave last week, all those would, of course, indicate a change in the nature of the threat.

### MONROE DOCTRINE

Question. Well, Mr. President, in this same line, have you set for yourself any rule or set of conditions at which you will determine that the existence of an offensive rather than a defensive force in Cuba, and in that same connection in your reading of the Monroe Doctrine, how do you define intervention? Will it require force to contravene the Monroe Doctrine or does the presence of a foreign power in any force, but not using that force in this hemisphere, amount to contravention of the doctrine?

Answer. Well, I have indicated that if Cuba should possess a capacity to carry out offensive action against the United States, that the United States would act. I have also indicated that the United States would not permit Cuba to export its power by force in the hemisphere. The United States will make appropriate military judgments after consultation with the Joint Chiefs of Staff and others, after carefully analyzing whatever new information comes in, as to whether that point has been reached where an offensive threat does exist. And at that time the country and the Congress will be so notified.

---

## LEGISLATIVE PROGRAM

Mr. HUMPHREY. Mr. President, I wish to make an announcement. I am hopeful that every Senator will read it in the CONGRESSIONAL RECORD over the weekend.

On behalf of the Senate leadership, I wish to give notice to the Senate as to the possibility of action, either Monday or soon thereafter, on the bills to which I shall now refer. I am hopeful that our colleagues will be present to attend to consideration of these bills.

Calendar No. 1741, H.R. 8181, the National Fisheries Center bill.

Calendar No. 1775, S. 3313, to increase the borrowing authority for the District of Columbia.

Calendar No. 1881, S. 2138, relating to payments to counties for wildlife refuges, which is the pending business.

Calendar No. 1947, House Joint Resolution 489, to provide protection for the golden eagle.

Calendar No. 1957, H.R. 575, relating to the Baker Federal reclamation project, Oregon.

Calendar No. 1963, H.R. 11164, the Quincy Columbia Basin Irrigation District bill.

Calendar No. 1977, H.R. 11665, relating to the National School Lunch Act.

Calendar No. 1869, H.R. 10541, the mass innoculation bill.

Calendar No. 2015, H.R. 12628, the act to amend title V of the Housing Act of 1949, in order to provide low and moderate cost housing, both urban and rural, for the elderly. This is very important proposed legislation. All Senators interested in it should be on notice it will be called up for action very shortly.

I also call the attention of Senators to the fact that it is our intention very shortly to move that the Senate proceed to the consideration of Calendar No. 1958, H.R. 12135, the Highway Act.

Senators interested in particular proposed legislation are on notice that all these bills have been cleared by the policy committee, and they will be acted upon, and promptly.

In addition, other bills will be brought before the Senate, to which objections have been registered.

The calendar of the bills which rests on the desk of the majority leader contains a list of all bills cleared by the respective committees and placed on the calendar, with the names of Senators who have asked that certain bills be held up, and a list of bills to which objection has been made by individual Senators.

I speak for myself in this instance, Mr. President. The time has arrived, if we are ever to conclude the business in the Senate, for Senators who have objections to bills to be present to object to them in debate, and not merely rely on objections by written word in the calendar. Otherwise we shall not be able to complete the business of the Senate.

While it is fairly well understood that Congress may well be in session until the first week in October, it may be here longer, unless bills can be acted upon promptly. Therefore, as the assistant majority leader, and one who has some responsibility, I am asking Senators to be on notice that the bills to which I have referred will be called up for debate and decision.

A number of other bills will also be called up during the coming week. I would like Senators who are interested to be on notice that, starting with Calendar No. 2007 through Calendar No. 2014, certain bills reported from the Committee on Finance will be called up. Some Senators have indicated their desire to have those bills held up. Those bills have been held up. They are going to be acted upon. On behalf of the leadership of the Senate, I give notice now that those bills will be called up for action within the next few days.

The end of the session is approaching. Senators having objections to or interest in measures on the calendar should be prepared to be present in the Senate—on the Senate floor—to contest or support those measures.

I recognize that committee duties are pressing and important, but so is floor action on bills that have been cleared by committees, reported to the Senate, and placed on the calendar for action.

In order to accommodate a number of Senators who are unable to be present today, the leadership has canceled its plans to bring up various measures on the calendar. However, I express the hope that those Senators will be equally accommodating to the leadership in the days to come. Senators should be prepared for consideration of any measure reported and on the calendar.

I repeat that statement. Senators should be prepared for consideration of any measure that is reported and on the calendar, and particularly bills that have been cleared by the policy committee.

An announcement will be made to the members of the policy committee as to our next meeting, so that we can proceed for further clearance of bills in the policy committee.

## ADJOURNMENT TO 10 A.M. MONDAY

Mr. HUMPHREY. Mr. President, pursuant to the order previously entered, I now move that the Senate stand in adjournment until 10 o'clock a.m. Monday.

The motion was agreed to; and (at 1 o'clock and 33 minutes p.m.) the Senate adjourned, under the order previously entered, until Monday, September 17, 1962, at 10 o'clock a.m.

## CONFIRMATIONS

Executive nominations confirmed by the Senate September 14, 1962:

### U.S. ASSAY OFFICE

Paul J. Maguire, of New York, to be assayer of the U.S. assay office at New York, N.Y.

### U.S. NAVY

Vice Adm. Harold T. Deutermann, U.S. Navy, to be U.S. representative of the Military Staff Committee of the United Nations as a senior member, in accordance with title 10, United States Code, section 711.

The following-named officers for appointment to the grade indicated while serving, pursuant to title 10, United States Code, section 5231, having been designated for commands and duties determined by the President to be within the contemplation of said section:

*To be vice admirals*

Rear Adm. Paul D. Stroop, U.S. Navy.
Rear Adm. Horacio Rivero, Jr., U.S. Navy.
Rear Adm. Thomas H. Moorer, U.S. Navy.

The following-named officers for appointment to the grade indicated on the retired list, in accordance with title 10, United States Code, section 5233:

*To be vice admirals*

Vice Adm. Charles Wellborn, Jr., U.S. Navy.
Vice Adm. Robert B. Pirie, U.S. Navy.
Vice Adm. Clarence E. Ekstrom, U.S. Navy.

### IN THE ARMY

The nominations beginning Irma L. Jaakkola to be major, Army Medical Specialist Corps, and ending Larry R. Tinberg to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on August 27, 1962.

### IN THE NAVY AND MARINE CORPS

The nominations beginning Larry R. Croll to be ensign in the Navy, and ending Thomas L. Cusick to be first lieutenant in the Marine Corps, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 5, 1962.

---

# EXTENSIONS OF REMARKS

## Thomas Garrigue Masaryk

EXTENSION OF REMARKS
OF

### HON. CLEMENT J. ZABLOCKI

OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES
*Friday, September 14, 1962*

Mr. ZABLOCKI. Mr. Speaker, I want to join with my colleagues, and with freemen everywhere, in paying tribute to the memory of a great man and a true champion of liberty who passed away 25 years ago today.

I am referring, of course, to Thomas G. Masaryk, philosopher and statesman, who contributed probably more than any other single individual to the founding of the modern Czechoslovak Republic.

His name, his writings, and his concrete achievements in establishing working democratic institutions in prewar Czechoslovakia should be known to all freemen. He stood as a giant among men. It was most fitting, therefore, that the U.S. Government, in recognition of his achievements, has honored his memory by issuing a commemorative stamp in the Champion of Liberty series. It is equally fitting that we here today pay tribute to his works.

It is with profound sadness that we must reflect on this occasion upon the current tragic plight of the Czechoslovak people. Of all the once-free nations behind the Iron Curtain, Czechoslovakia is probably the one which has been least affected by the passing away of the Stalinist era. Stalinist methods of overt repression are still being inflicted upon her people by the Soviet-supported Communist regime of Dictator Novotny. Her people live in dire bondage, denied their inalienable rights and freedoms, cut off from all effective contacts with the West. Their plight is indeed tragic.

On this occasion of the 25th anniversary of Masaryk's death, we should, and we must, reaffirm our determination to continue to support the legitimate aspirations for self-determination of the Czechoslovak people. We shall not rest until freedom and liberty are once again restored to them.

## In Memory of Thomas Masaryk—1850–1937

EXTENSION OF REMARKS
OF

### HON. ABRAHAM J. MULTER

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
*Friday, September 14, 1962*

Mr. MULTER. Mr. Speaker, 25 years ago on September 14 Czechoslovak people lost their founding father and the first President of their Republic, Thomas Masaryk.

Even at the time, his grievous death was seen as a great loss to the Czech people, but today we are all much more aware that in the death of this elder statesman, great teacher, eminent philosopher, illustrious man of letters and wise leader, freedom and democracy lost one of the stanchest champions in central Europe.

Thomas Masaryk was the greatest Czechoslovak of modern times. As the unrivaled and beloved leader of his people during the last quarter of the last century and the first third of this, he did more for his country and his people than any one man, or group of men. This gifted, born teacher was destined to be the liberator of his people, and the real architect of the Czechoslovak Republic. He was elected to the Presidency of the Republic in 1918, which position he then held through four successive elections. In 1935, at the age of 85, he resigned, and died 2 years later. Today we pay our respects to the memory of this great and good man, Thomas Masaryk of Czechoslovakia, whose long, arduous, and fruitful life was an inspiration to all.

## Farmer-Elected ASC Committeemen

EXTENSION OF REMARKS
OF

### HON. HERBERT C. BONNER

OF NORTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
*Friday, September 14, 1962*

Mr. BONNER. Mr. Speaker, keeping farmers and the public informed is a major responsibility of USDA's county agricultural stabilization and conservation committees known throughout rural America as the ASC committees.

Because of the millions of farmers and the billions of dollars involved, I think a little explanation of the work of key people involved is in order here today as we consider the 1962 farm legislation. We all know what a tremendous success the wheat and feed grain programs are which we enacted in 1961 and again this year. Much of the credit for the success of these two congressional actions, I firmly believe, should be directed at the system of farmer-elected ASC committeemen. They have the ultimate responsibility. How they primarily meet that responsibility is through effective communication.

They are responsible for seeing that farmers and others are informed about the agricultural programs that are available and the requirements for eligibility to participate in those programs.

In every State there are usually three county committeemen, and the local extension service county agent usually is an ex officio member.

Day-to-day contacts with other farmers by committeemen and county office employees are a necessity in order to achieve the most effective distribution of information on farm programs enacted by the Congress. It is the committee's responsibility to see that the programs are carried out fairly and in full accordance with official regulations. Thus the committee could be described as a board of directors, with the county office manager responsible for carrying out the committee's policies and decisions and serving as a focal point for information activities.

So it was this year of 1962 that nearly 2 million farmers are signed up to participate in the wheat and feed grain programs. However, hundreds of thousands of other farmers also are participating in congressionally enacted programs for cotton, peanuts, tobacco, wool, soybeans, sugar, rice, beans, dairy products, and others. Additionally there are the conservation programs and the soil bank. All are a part of the work of the ASC. They all add up to a formidable task for the county ASC committeemen.

So I think we owe the ASC committees a vote of thanks today as we take action on still another farm program effective for 1963 and the years beyond.

---

## Kansas Fourth District Opinion Poll Tabulations

EXTENSION OF REMARKS

OF

## HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

*Friday, September 14, 1962*

Mr. SHRIVER. Mr. Speaker, tabulations in my second annual opinion poll of the Fourth Congressional District of Kansas have been completed. Like many of my colleagues from both sides of the aisle, I have found this sampling of constituent opinion most worth-while. It has been especially gratifying to me to note the interest in government which exists in my district.

I believe this yearly questionnaire provides many citizens, who ordinarily might not take the time to write their Congressman, with an opportunity to express their personal views on the important issues of our day.

Many of my constituents included interesting additional comments with their votes in the opinion poll. The two polls which I have taken since coming to Congress have been most helpful to me in my approach to the legislative problems before the 87th Congress.

Mr. Speaker, I want to take this opportunity to express appreciation to all those who took the time to participate in the 1962 opinion poll of the Kansas Fourth District, and under leave to extend my remarks in the Record, I include the final tabulations recorded from the questionnaires:

1962 KANSAS FOURTH DISTRICT OPINION POLL RESULTS

The matter of medical care for the aged is receiving increased attention. Please indicate the system you would favor:

(a) Coverage extended to those within the social security system, and financed by an increase in social security taxes, 24.45 percent.

(b) Federal grants to States, each State to administer the program on the basis of need, 5.28 percent.

(c) Voluntary health insurance for everyone over 65, with Federal assistance where the individual is unable to pay premium, 39.83 percent.

(d) No Federal program in this field, 25.66 percent.

1. Do you favor establishment of a Cabinet post of Secretary of Urban Affairs and Housing in the administration? Yes, 33.44 percent; no, 60.90 percent; no answer, 5.66 percent.

2. Do you believe the Congress should grant the President new authority to increase or decrease taxes? Yes, 13.63 percent; no, 82.56 percent; no answer, 3.81 percent.

3. Do you favor the administration's proposals to reduce farm surpluses through stricter controls and marketing quotas? Yes, 29.20 percent; no, 63.39 percent; no answer, 7.11 percent.

4. Do you believe the Federal Government should institute a nationwide fallout shelter program? Yes, 19.95 percent; no, 76.22 percent; no answer, 3.83 percent.

5. Do you believe the Federal Government should expand its responsibilities in education? Yes, 41.45 percent; no, 54.14 percent; no answer, 4.41 percent. If answer is "Yes": (a) Do you favor Federal aid for school construction? Yes, 33.90 percent; no, 6.72 percent; no answer, 0.83 percent. (b) Do you favor Federal aid for teachers' salaries? Yes, 22.25 percent; no, 17.81 percent; no answer, 1.39 percent.

6. Do you favor establishment of a Federal Youth Conservation Corps to offer training in conservation projects or on-the-job vocations? Yes, 52.81 percent; no, 40.29 percent; no answer, 6.90 percent.

7. Do you favor the purchase by the United States of $100 million in United Nations bonds to help the U.N. overcome a deficit caused by special operations? Yes, 38.64 percent; no, 55.65 percent; no answer, 5.71 percent.

8. Do you believe Congress should approve legislation extending the Reciprocal Trade Agreements Act and granting the President new authority to reduce tariffs? Yes, 47.67 percent; no, 41.47 percent; no answer, 10.86 percent.

9. Do you favor continuation of present U.S. programs of foreign aid? Yes, 38.16 percent; nc, 51.37 percent; no answer, 10.47 percent.

10. Do you believe that U.S. military and economic assistance should be given to Communist nations outside the Soviet orbit, such as Yugoslavia? Yes, 19.85 percent; no, 72.96 percent; no answer, 7.19 percent.

11. Do you believe the United States should provide assistance to the Latin American Republics through a long-term Alliance for Progress fund? Yes, 61.92 percent; no, 27.69 percent; no answer 10.39 percent.

---

## Growth of Misericordia College at Dallas, Pa.

EXTENSION OF REMARKS

OF

## HON. MICHAEL J. KIRWAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Friday, September 14, 1962*

Mr. KIRWAN. Mr. Speaker, our distinguished colleague from Pennsylvania [Mr. Flood] had the honor of presenting the principal address at ground-breaking ceremonies held at Misericordia College at Dallas, Pa., last Saturday, September 8, where construction began on two new buildings for that fine women's college. I understand Mrs. Flood is a graduate of Misericordia and the Congressman a member of the board of visitors.

I was born in Dan Flood's district and, therefore, know of the growth and impressive progress of that outstanding institution.

It gives me a great deal of pleasure to insert in the Record today the address delivered by Mr. Flood on the occasion of the ground breaking.

The address follows:

Today's ground-breaking ceremony marks another milestone in the history of Wyoming Valley's first college. The spadeful of good earth lifted this afternoon by College Misericordia's president, Sister Mary Celestine, is a symbol of the remarkable growth of this institution, as well as of the progress of the educational apostolate of the Sisters of Mercy in northeastern Pennsylvania.

On September 8, 1875, just 87 years ago today, eight Sisters of Mercy arrived from the motherhouse in Pittsburgh and took up residence in the old St. Mary's rectory on Canal Street, now Pennsylvania Avenue, Wilkes-Barre. After a brief month of preparations, this small band of teaching Sisters opened school on October 11 in St. Mary's Church on Canal Street, with 400 pupils enrolled. The rapid, almost ungovernable growth that was to be characteristic of all their institutions began immediately, for the enrollment of old St. Mary's quickly rose to 500, and before Christmas in 1875 two more Sisters arrived from Pittsburgh to assist in the school. The following September, the Sisters opened an academy, with 50 girls registering for classes.

Pupils of St. Mary's Parish came carrying their dinner cans from what seems to us now unbelievable distances, since most of them walked. They came from Ashley, Miners Mills, Plains, Parsons, Plymouth, Nanticoke, and Sugar Notch. One young scholar from Parsons, who would become the eminent Dr. James J. Walsh, noted physician, writer, and lecturer, never tired of recalling the excellent foundation he received at old St. Mary's, enabling him to enter Fordham College as a sophomore.

All of this early pioneering in education by the Sisters of Mercy in Wilkes-Barre was in full accordance with the ideals and principles established by Mother Mary Catherine McAuley, who founded the Institute of the Sisters of Mercy in Dublin, Ireland, in 1831. Although Mother McAuley's first endeavors were in the field of social welfare, she soon saw the need for free schools providing education for the poor children and the great middle class. Prior to her time, the Catholic schools that existed admitted rich children exclusively. With her enlightened mind, Mother McAuley saw that the Irish people could not be raised from their degradation unless the masses were brought under the influence of Catholic education. With no models to imitate, no examples to enlighten or encourage, no forebears to consult, this valiant woman devoted her fortune, her talents, and all she possessed to the poor of Dublin. Through visiting the best educational institutions in Dublin and observing their programs and methods, she was able to adapt the finest that she found in the teaching of secular subjects, permeating them with the queen of all studies, religion. "Let us fit our pupils for earth," she said, "without unfitting them for heaven."

Mother McAuley's educational framework was much in advance of her time. After establishing the first purpose of the work of teaching, "All for the honor and glory of God," she next put emphasis on scholarship, requiring that each Sister have a thorough English education, and in addition, specialization. She likewise stressed progressiveness and required her teachers to study to become acquainted with every improvement in the manner and method of imparting instruction. The importance of daily preparation of lessons before presenting them to a class, and the forestalling of discipline problems by giving the children plenty of occupation, were principles instilled into the first teaching Sisters of Mercy—principles which are now accepted practice in any educational system.

As can be seen, the philosophy and psychology which formed the foundation of the earliest free Catholic schools in Dublin can be, and were intended to be, adapted to any conditions under which the Sisters might be called upon to educate the young. Catherine McAuley was not one to rest upon what she had accomplished in the educational field; she stood for progress and fresh ideas. "In the instruction and education of youth," she admonished her teachers, "the Sisters shall be inspired by a sound and modern pedagogy so that their schools will not only be equal but superior to other schools." Here she clearly indicates that she expects her religion to move forward with the times, to keep pace with all that is best in modern methods and techniques, within the framework of a Catholic philosophy of education, and all that is good in traditional learning and culture.

When the first Sisters came from Pittsburgh to Wilkes-Barre, they were imbued with these ideals. Before long, they were working for and receiving their bachelor of arts degrees and teaching college courses in St. Mary's High School. These courses were accredited by colleges and universities, and beginning in 1921, normal school courses were given.

Then came the first great ground breaking for the Sisters' venture in higher education on this beautiful hilltop in Dallas. On June 3, 1921, Bishop Hoban officiated at the ceremony, which was also attended by Mother M. Mercedes, superior, the other Sisters, and a representative delegation from Wilkes-Barre and Wyoming Valley. What is now the administration building of College Misericordia was completed and blessed by Bishop Hoban on August 15, 1924. Among the dignitaries present on that historic occasion were Attorney James W. Stack of Wilkes-Barre, Dr. James J. Walsh, and Mayor Daniel L. Hart, who was also an alumnus of "old St. Mary's" on Canal Street. On September 24, the first academic year began with 50 students enrolled. Mother M. Catharine, the former Delia McGann, of Wilkes-Barre, and the first candidate to enter St. Mary's Novitiate and persevere became the first dean. She, who now had her doctorate, was assisted by 15 fully qualified faculty members and 3 lecturers. Chartered by the State of Pennsylvania on January 31, 1927, College Misericordia held its first commencement exercises in Irem Temple, Wilkes-Barre, conferring bachelor of arts degrees on four young women, and the bachelor of science degree on one. Since that date, the labor of educating the daughters of this anthracite region, and far beyond its limits, has expanded so rapidly that it has been difficult to meet the demands for classrooms, living quarters, and other facilities required by an academic community. Today's beginning toward the erection of a new dormitory and a student union building will help meet the demands of the exploding enrollment.

Never losing sight of their foundress' intention of providing opportunities for those unable to finance a costly education, this institution of higher learning has interested itself first and foremost in the young women of the nearby mining area. About two-thirds of the college population is comprised of day students who travel to classes from all over Wyoming Valley and even from points farther away. Many of these students are studying on full- or part-time scholarships, or by means of some other type of financial aid provided by the college, which tries never to turn away a deserving girl with the aptitude for college studies. Although this has always been a liberal arts college, solicitude for the needs of every type of student has led to the introduction of specialized vocational courses such as secretarial science, home economics, and nursing education. College Misericordia aims to educate girls for life and a livelihood, and she believes that liberal education cannot be divorced from the practical needs of life.

Besides the students of the valley and its environs, most of whom travel back and forth to the campus each day, the college attracts young women from many other States, as well as from distant parts of this State, and from several foreign countries. Many of these students, too, are assisted by scholarships. For all, there are plentiful opportunities to develop professional and practical skills, if they select a vocational field for concentration; for all, there is provided an atmosphere in which to acquire culture, poise, and self-confidence; for all, there are numerous incentives, through classes, extracurricular activities, and counseling, to live a generous and noble life, so that they may become active, useful citizens in their respective communities, and a positive influence for good, as career women or married women, in the family.

This work of developing the intellectual, cultural, and moral capacities of young women is spearheaded by a faculty of 11 priests, 52 Sisters, and 40 laymen and women, who teach the 724 regularly enrolled students. To afford educational opportunities for those who cannot pursue a full-time program, there is the extension school, which brings the full enrollment up to 1,103, making College Misericordia the sixth largest Catholic women's college in the United States. In addition, the college now operates an educational guidance clinic in Wilkes-Barre. And finally, since 1960, this college, in cooperation with the University of Scranton, offers graduate study in English, history, and education, leading to a master of arts or a master of science degree. During the past summer, 90 students of both sexes pursued graduate courses on this campus.

The music department and the department of drama, as well as such campus clubs as the literary club and the modern language club, supplement the opportunities offered for cultural enrichment in the humanities program. However, a need for professional entertainment of a high level was felt by the administration, both for the student body and for the people of Wyoming Valley. For their diversion and pleasure, 3 years ago the Theater 3 series was initiated and has enjoyed spectacular success. The three performances of each season by musical groups internationally famous have attracted full houses of enthusiastic audiences at Wilkes-Barre's Irem Temple. This year a fourth attractions, Molière's comedy, "A School for Wives," staged by Players, Inc., will be presented as a gift performance to the patrons of Theater 3. The college, in its role as guardian and mother of the arts, thus serves the community as well as its own student body by providing cultural recreation.

A college may review its lofty purposes and traditions, count the sacrifices of its administrators and faculty, examine its curriculum and campus activity; but its success can be calculated only from the achievements of its graduates. The true luminosity of College Misericordia is revealed in her alumnae, whose impact is felt in many fields, not least of those, the home, and family. To the classrooms of the Nation this college has contributed 60 percent of its graduates as teachers on all levels. Seventy-five percent have entered the professions—medicine, law, teaching, and the social services. Not lagging behind in this age of science, the college has sent chemical and biological researchers, not to mention public relations officials and secretarial workers, into such major corporations as Westinghouse, Eastman Kodak, Standard Oil, Merck, Hoffman, La Roche, and Parke-Davis. Misericordia graduates are laboring with the physically and mentally handicapped; they are teaching in American schools overseas; they are active in business administration, advertising, and government. Each year a number of graduating seniors are awarded valuable fellowships and assistantships leading to master's and doctor's degrees.

The growth and progress of this college has been remarkable as it continues to increase in enrollment and to branch out in new ways year after year. To the alumnae, for whom the new residence hall will be named, much credit is due. To the religious women, such as Sister M. Annunciata Merrick, in whose honor the new student union building will be named, and who have worked so selflessly for the expansion of this educational institution, high praise is owed. Continuing the endeavors of the first dean, Sister Mary Catharine, and others who succeeded her, such as Sister M. Pierre and Sister M. Annunciata, are Sister M. Celestine, president of College Misericordia, and Sister Marianna, academic dean. Theirs is a great work, a priceless contribution to American life, for in the words of Orestes Brownson: "The United States is a country of diverse theologies and one creed, of many churches and one temple, of a thousand theories and one conviction. The creed is education, the temple is the schoolhouse, and the conviction is the healing power of learning."

## Space Effort

EXTENSION OF REMARKS

OF

## HON. GEORGE P. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, September 14, 1962*

**Mr. GEORGE P. MILLER.** Mr. Speaker, I am highly privileged to insert in the CONGRESSIONAL RECORD a speech delivered by my colleague and member of the Committee on Science and Astronautics, the Honorable VICTOR L. ANFUSO, of New York, before the Pan American Management Club on September 11, 1962, at Cape Canaveral, Fla.

This speech indicates the depth to which Mr. ANFUSO has gone in the matter of our space effort:

It is most appropriate that I should speak to you tonight about our national space program, why it is important to us as a nation, and the progress which we have made toward achieving our goals in space.

It is appropriate, first of all, because of my special knowledge of the program, by virtue of my service on the House Committee on Science and Astronautics and as chairman of the Subcommittee on Advanced Research and Technology. It is appropriate, also because of the emphasis given it this week by the tour of space installations being made by the President, the Vice President, the Secretary of Defense, the head of the National Aeronautics and Space Administration, and the Director of the Budget.

Finally, it is appropriate because of the important role which the State of Florida has in this program.

Our space program is very new, although imaginative people have been writing about space exploration for many years. About 100 years ago, for example, Jules Verne, who might be described as the father of science fiction, wrote a novel entitled "From the Earth to the Moon."

In that novel Verne described a space adventure which, while not accurate in all of its details, was prophetic on at least one point.

The spaceship was launched from the east coast of Florida.

A century later this rocket launching site has caught the attention of the world. Later this month, when we undertake the next step in our manned exploration of space, the eyes of the free world will be riveted on Cape Canaveral. In years to come, as we advance toward exploration of the moon and other planets, Florida will remain the focal point of world attention.

The U.S. efforts in the manned exploration of space—represented in the missions of Shepard, Carpenter, and Glenn—have made the country most aware of this aspect of the space program. It is best known, too, because it has as its goal the landing of men on the moon before the end of the decade, and this daring and dramatic objective is one which cannot fail to capture the imagination.

We have heard the Apollo, or moon program called a race and a stunt. I wonder if the people who think this way haven't failed to grasp the true significance of the most prodigious adventure in human history. But the true nature of all expeditions, of all new knowledge, has been misunderstood throughout history.

Greek mythology offers us the earliest and perhaps the best example of this point. These legends that have been handed down by word of mouth and by different authors in different time periods have perhaps become distorted. But their importance lies in the fact that, without them, we would know little or nothing about an important period in the development of our own culture.

To me, the story of Jason's search for the Golden Fleece holds many a pertinent lesson for us, lessons that should be applied to our own mission to send man to the moon.

Jason and his Argonauts found their Golden Fleece, but they found it only after many years of searching and after many unscheduled side trips. And in their quest, they found far more than the Golden Fleece.

They uncovered vast new secrets about the world of their day.

They learned how to navigate.

They established new trade routes.

They found the answer to many things other than the location of the Golden Fleece.

And, in the doing, they spread the knowledge and the power of Greece throughout their world.

The lesson is clear. And it doesn't need belaboring. We will get man to the moon. But, in the process, we will also make many side trips and we will discover many things that we didn't plan to learn. And we will widen freemen's knowledge and understanding of his universe along the way.

We are already getting important feedback from the Apollo program.

We are discovering new metals and alloys. Improved automation techniques spew from our advance guidance system technology. We're finding more efficient fuels and engines. Microminiaturization and microcircuitry have wide consumer applications. Self-contained power sources offer whole new fields of industrial effort. Medicine, communications, weather forecasting—literally no phase of our economy and our culture will be unaffected by what we are learning while we try for the moon.

By far the most important bonus from this adventure will be its affect on the human spirit. We can look for Americans to walk with a quicker step and to hold their heads higher. A people who have become a little satiated by the greatest standard of living the world has ever known will be refreshed by the new frontiers we will open. Vaulting ambition will be restored, the kind of ambition that made us great in the first place.

No, the people who look on Apollo as a race or a stunt haven't grasped its real significance. The people who complain of the cost haven't reckoned its benefits.

One thing strikes me as odd. We haven't heard any of these cries from the Soviet Union. It seems to me that the Soviet leaders have a very fine grasp of the significance of space. But what alarms me is that their motive—unlike ours—is sinister. Their primary objective of placing men in orbit around the earth is the eventual dominance of space.

Remember that their vertical launches of animals to altitudes of 60 to 250 nautical miles began in 1949, to determine environmental effects and to develop life support systems. Their second satellite contained a biological specimen, a dog. The majority of their space experiments, unlike ours, have been biological in nature.

While the Russians have propagandized their "peaceful" pursuits of space exploration, and talked at length of going to the moon and the near planets of Mars and Venus—they have continued to concentrate their major effort in the near-earth space, i.e., from 100–300 nautical miles altitude, which leads me to the inevitable conclusion that they aim to control the space around the earth and try to prevent us from going to the moon—and at the same time present a danger to our security here on earth. We must explore this possibility to the fullest extent and see to it that we are not caught asleep.

Our national space program is characterized as a peaceful quest—and, indeed, it is. Our interest is in the extension of man's knowledge and the betterment of man's condition. And it should remain so.

In this respect, in the much shorter period that we have been engaged in space exploration, we have made much greater progress toward our goal of bettering all mankind than have the Russians.

Witness the most recent successful launching of Mariner II.

This feat is impressive not only because of the mysteries which we hope it will unlock about the planet Venus, but because of the remarkable midcourse correction which was performed to permit Mariner II to rendezvous with Venus. This capability, of a nature similar to that which will be required to rendezvous two spacecraft preparatory to a flight to the moon, has yet to be demonstrated by the Soviet Union.

Although it did not receive the worldwide publicity which recent Russian achievements received, it is generally conceded by most of the world's space scientists to be the most brilliant space achievement to date.

I doubt, also, that many Americans, as well as other peoples of the world, realize that in the past 4½ years the United States has successfully launched more than 70 spacecraft—4 in orbit around the sun, the others in orbit around the earth. Even fewer would be aware that about 40 of these are still in earth or solar orbit, or that we are still receiving information on our universe from a dozen of them. This is a record we Americans can be proud of, and something which could not have been said less than 5 years ago.

Recognizing, therefore, the very significant contrast between our mission in space and that of the Russians, we must do three things:

1. Convince the world that our venture into space is a peaceful one—to bring back benefits which will create a world of abundance, making war and strife among nations unnecessary. We have the propaganda media, including the Telstar communications satellite, to do this.

2. We must, at all costs, achieve dominance in all phases of space exploration for our own security and that of all peoples of the earth.

3. We must establish freedom in space and invite all nations of the world, having a contribution to make, to join our efforts.

To accomplish all these three things requires an all-out effort on our part—a mobilization of all our resources—sacrifices on the part of Government, business, industry, and labor.

America stands for free enterprise and a free labor movement, but unless we win the battle in which we have been forced to engage in, free enterprise and the labor movement as we know it will be dead in America, and all of us will become slaves of a diabolical force which recognizes no moral values—not even the existence of God.

You, who represent the frontline management of the Atlantic missile range, have a great responsibility in this task of assuring the United States of America its rightful supremacy and leadership in space.

I have visited the Atlantic missile range at Cape Canaveral on two previous occasions on behalf of the Committee on Science and Astronautics. On each occasion I devoted part of my attention to the management of this great facility. Based on my reviews, I am convinced that, under the guidance of General Davis, the Pan American organization, under the leadership of your able vice president, Mr. R. S. Mitchell, has rendered an outstanding contribution to our Nation.

This contribution is one that is based on patriotism—the profit motive is decidedly secondary.

The unique relationship of your company with the Air Force here at the Atlantic missile range began over 9 years ago, in July 1953. The milestones that have been passed during this period bear testimony to your efforts.

The milestones that lie ahead present challenges that will dwarf the past. However, you have the talent, the determination, the brainpower, and the ability to reach every goal.

Most of all, you possess a management team—unsurpassed—that is dedicated to the task of meeting economically, effectively, decisively and on time all requirements, regardless of obstacles encountered.

**The Pan American Management Club, in appreciation of Mr. Anfuso's effort, passed the following resolution:**

Whereas the Honorable Victor L. Anfuso has shown his intense dedication to country in service in the Mediterranean Theater Office of Strategic Services Operations during World War II; and

Whereas throughout his life, he has combated communism at home and abroad; and

Whereas as member of the Science and Astronautics Committee of the U.S. Congress, he has fought to secure a preeminent position in space for this Nation; and

Whereas, while personally examining the national space efforts, he has made frequent visits to Cape Canaveral and down range stations during many critical launches; and

Whereas his thorough and penetrating studies over the years have proven highly beneficial to our mission: Be it hereby

*Resolved,* That the Pan American Management Club of the guided missiles range division express to the Honorable Victor L. Anfuso, lawyer, warrior, statesman, space authority, its admiration, respect, and esteem.

In witness whereof the Management Club set its hand and seal this 11th day of September 1962.

E. H. Serveson, *President.*

## Congressman Bonner Reviews Merchant Marine Policy at Propeller Club Dinner in Baltimore

EXTENSION OF REMARKS

OF

### HON. EDWARD A. GARMATZ

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Friday, September 14, 1962*

Mr. GARMATZ. Mr. Speaker, Defenders Day, September 12, is observed annually in Baltimore to commemorate the defense of the city from the British invaders, during the War of 1812. For some years, the Propeller Club, port of Baltimore, has been observing this day with a dinner.

This year we were privileged to have as our principal speaker, our colleague from North Carolina and chairman of the Merchant Marine and Fisheries Committee, Herbert Bonner. His remarks merit careful study by the Congress and therefore I am inserting them in the Record:

Remarks of Hon. Herbert C. Bonner, Democrat, of North Carolina, Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Before Propeller Club, Port of Baltimore, Md., Wednesday, September 12, 1962, at the Sheraton-Belvedere Hotel

I always find a visit to the port of Baltimore very pleasant because this city is one of the foremost maritime ports in our country. I know this—not only from the point of view of the recordbreaking tonnages passing over your docks—but from the point of view of the recognition and interest of your people in the significance of the port to the entire life of the community.

It is a special honor and privilege to be here tonight as we commemorate the 148th anniversary of the bombardment of Fort McHenry here in Baltimore and the composition of the great and inspiring poem by Francis Scott Key—which is now our national anthem, "The Star-Spangled Banner." This occasion is a major milestone in our precious national heritage.

In the closing days of a Congress—as I hope these are—it is customary to review matters considered by the Committee on Merchant Marine and Fisheries during the previous 2 years. It is a good time to appraise the status and future of our vital American merchant marine, and other major, and related, areas of our committee responsibility such as our all-important fisheries; the Coast Guard; the Coast and Geodetic Survey; the Panama Canal; and finally, oceanography, the new field of activity which means so much to our future economy and security.

In my remarks tonight I have chosen a topic from among all these things that is of the greatest importance to the future of the port of Baltimore, and, indeed, to the entire country. I think my subject is especially fitting when we think of Francis Scott Key watching the "perilous fight," anxiously seeking for "proof through the night that our flag was still there."

I do not refer to the spectacular record being made by the new ships being placed in operation by our subsidized lines, their performance, and the manner in which they are overwhelming their competitors in the shipment of cargo. I could only wish that there were more of them available than there are.

Nor do I refer to our newest bid for peaceful supremacy on the seas, the nuclear ship *Savannah,* which despite an unfortunate series of troubles, both mechanical and human, offers great promise as a prototype for the pattern of the future.

I refer instead to the woeful position in which the United States finds itself with respect to oceangoing bulk carriers—those specially designed vessels needed for the carriage of the critical and strategic ores and fuels upon which our security depends.

Until about World War II, we could probably boast that we were fairly self-sufficient in the matter of raw materials to enable our essential industrial machinery to function.

We had the iron ore from the Great Lakes region. We had our vast American coal and oil supplies.

The end of World War II saw the virtual depletion of the formerly rich Mesabi iron range of Minnesota. It is no longer a dependable, major source for iron ore production.

Competent authorities said our oil resources were also approaching the limits of their production. Of necessity, therefore, we had to look elsewhere for our supplies.

You, in the port of Baltimore, have come to realize that we are securing our iron and related ores from such farflung places as Liberia, Venezuela, Brazil, and Peru. As new sources of raw materials are developed, and political conditions change, we may have to seek other, or additional sources in distant oversea areas.

In this connection, the cost and assured availability of ocean transportation are vital factors in the ability of the United States to sell its products and services in the markets of the world. Ore, being a low rate commodity as far as freight is concerned, is particularly sensitive to increases and decreases in cost. As freight rates fluctuate around the world the availability of ships likewise fluctuates.

The depletion of our own resources, and the growing demands of our economy and security have vastly increased our need for specialized and efficient transport of bulk materials. As the needs of the United States—the world's greatest consumer of raw materials—have grown, new technology has led to the development of modern ore carriers capable of serving our vast requirements—as long as our business is more attractive than someone else's. Foreign-flag carriers of 40,000, 50,000, and even 60,000 tons are common sights in our ore receiving ports. Recent figures reveal that some 100,000 tons of iron ore, alone, are daily imported in ships—nearly all under foreign flag. Yet, despite our dependence on foreign ore sources and the need for economical and certain transportation, the U.S. Government has not seen fit to encourage the construction of American-flag bulk carriers.

It is true that a number of conversions of warbuilt ships have been made. They are presently operated under the American flag. But, these have only a limited remaining life, and do not operate with the efficiency of specially designed new carriers.

The Merchant Marine Act of 1936 contemplates a balanced fleet under the American flag.

There have been drastic changes in the pattern of commerce since World War II. Prior to the war most of our commerce moved in liner vessels. Today, over 70 percent of our commerce moves in bulk carriers—tankers, ore carriers, and tramps. We cannot say, with any truth, that our fleet is balanced.

Our tanker fleet is rapidly becoming obsolete with no particular inducement for its replacement. Rather the contrary. The uncertainties of labor in this field have led to the construction of other means of domestic oil transportation. Foreign-flag ships dominate the movement of our petroleum imports. Our tanker fleet faces a very lean future. Our aging tramp fleet is barely afloat.

With respect to ore carriers, you here in the port of Baltimore are fully aware of the application made for the construction, in American shipyards, of two modern ore carriers to sail under the American flag. You remember the action of the Department of Commerce. Construction subsidy was refused.

Small as the number of vessels proposed, it would have represented more than a 50-percent increase in modern American-flag bulk carriers. It would at least have been a short step in the right direction for the future. Denied subsidy to help offset the unfavorable cost differential between building in the U.S. economy and abroad, the applicant contracted for construction of the ships abroad. Denial of the subsidy not only aggravated the imbalance of our fleet, but hurt our prospects for an assured supply of ore in the future, and deprived our shipyards of much needed business.

In passing, it is interesting to note that the shipyard in Hamburg that received the business has gone into bankruptcy, thus delaying for a further period the addition of two ships to serve the port of Baltimore, and its great steel industry.

While the construction of these two vessels in the overall picture is relatively small, nevertheless, it would have represented an approach to the problem of meeting our woeful shortage in this vital field.

It is well for us to have the finest cargo liners in the world and the finest and fastest passenger vessels. But, unless we plan for the construction of a balanced merchant marine—dry-cargo liners, passenger ships, tankers, and bulk carriers—we will find ourselves at an extreme disadvantage, competitively, in peace and in war, by reason of shortages in the various major categories of essential vessels.

In the field of passenger ships we are justly proud of the magnificent SS *United States.* Believing that the national interest and American prestige required it, some years ago we succeeded in having legislation enacted for the construction of a sister ship to the *United States,* as well as a superliner for use in the Pacific. Successive administrations, in their wisdom—or perhaps lack of it—have not seen fit to implement this legislation. The result is that since that time we have seen the new French liner, *France*, go into operation. The Italian Line is building superliners to serve substantially the same trade. Others are active in building their passenger fleets. In this field we are at a disadvantage in having but one fully modern passenger liner to carry the American flag to support the prestige of the United States.

In the dry cargo field, we can be proud of the few vessels recently placed in operation. They are among the finest vessels in the world. But, we should be greatly concerned that a slowdown in the replacement program means that we will be unable to replace our entire fleet in time to reap all the advantages of our present advanced designs.

In my opinion, it is vital that the administration be jolted from its present "penny wise and pound foolish" policy in the conduct of its merchant marine. Too late, we will awaken to the fact that our deficiencies will prove far more costly than any current investment that we might make.

The Propeller Club of the United States can render a great service, not only to the American merchant marine, but to our country in using all its efforts to secure the abandonment of a negative policy in favor of the development of a true awakening to the realities of our needs.

We are all familiar with the various tangible argument for having an adequate merchant marine as a vital element of national seapower—as an indispensable adjunct to our economy and to our defense posture. But there is a deeper reason and meaning for this which is brought to mind by the words of the brilliant Henry Ward Beecher: "A thoughtful mind when it sees a nation's flag, see not the flag, but the nation itself. And whatever may be its symbols, its insignia, he reads chiefly in the flag, the government, the principles, the truths, the history that belong to the nation that sets it forth. The American flag has been a symbol of liberty and men rejoiced in it."

Let's stand together—all of us who meet here tonight—for the development of a greater and stronger American merchant marine to carry the message symbolized by "The Star-Spangled Banner" on all the trade lanes of the world.

Mr. Speaker, it was my pleasure to present Congressman BONNER at the dinner and my introductory remarks were as follows:

INTRODUCTION BY HON. EDWARD A. GARMATZ OF CONGRESSMAN HERBERT C. BONNER, CHAIRMAN OF COMMITTEE ON MERCHANT MARINE AND FISHERIES, AT PROPELLER CLUB DINNER, SEPTEMBER 12, 1962, SHERATON BELVEDERE HOTEL

I am very honored, indeed, to be accorded the privilege to present tonight's principal speaker on the occasion of this Defender's Day dinner of the Propeller Club, port of Baltimore.

To those of us who are interested in the American merchant marine, the presence of this distinguished Member of Congress with us this evening, is a source of genuine pleasure and an occasion to which we have eagerly looked forward.

A Member of the House of Representatives for the past 23 years, and chairman of the Committee on Merchant Marine and Fisheries for the past 8, this outstanding legislator has gained the cooperation and earned the respect of Members on both sides of the aisle, Republicans and Democrats alike.

His record of progress and achievement in the area of maritime legislation is one which has attained for him a stature that is recognized not only nationally, but—if you please—internationally as well.

To recount all of his accomplishments would require much time; therefore, I shall endeavor to be brief, touching on some of the highlights of his service.

Because of his dedicated interest to, and his keen insight in merchant marine affairs, he has been responsible for and instrumental in the enactment of legislation ranging from the Small Boat Act of 1958—a major contribution in the field of small boat safety—to the construction of superliners and the nuclear-powered merchant vessel.

Also, we can point with justifiable pride that under his chairmanship, we have seen the development of mortgage insurance which is so vital to the rebuilding of our merchant marine. We can likewise point to his sponsorship of legislation for the construction of a nuclear-powered icebreaker.

It is fitting and proper, therefore, that his activities in these varied fields have been recognized by the Ole Evinrude Award and the Robert L. Hague Award, which stand out among the many honors bestowed upon him.

And, I should like to add, that those of us who have had the pleasure of working with him, are the first to acknowledge that these honors are fully deserved. May I say that my personal association with him for nearly 16 years has more than convinced me that he is the "propeller"—the guiding force—in the work of the House Committee on Merchant Marine and Fisheries.

The American merchant marine and shipping industry are indeed fortunate to have a man of his exceptional caliber and attainments to safeguard their interests in the face of growing competition.

Ladies and gentlemen, I am extremely proud to present to you my respected and devoted colleague, my chairman, and our friend, the Honorable HERBERT C. BONNER, of North Carolina.

## Secretary Freeman Asked To Study and Act on National Farmers Organization Strike

EXTENSION OF REMARKS

OF

### HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, September 14, 1962*

Mr. ROOSEVELT. Mr. Speaker, the so-called farmers' strike, led by the National Farmers Organization, has aroused considerable interest among consumer groups in my area. After some study, I sent the following letter to the Secretary of Agriculture, which I hope will result in a thoughtful and constructive review of the important problems raised:

SEPTEMBER 14, 1962.

Hon. ORVILLE FREEMAN,
*Secretary of Agriculture,*
*Washington, D.C.*

DEAR MR. SECRETARY: Reports of the "farmers' strike" led by the National Farmers Organization in the Midwest disturb me greatly. If the strike is a success, it will raise the price of pork to consumers by at least 16 percent, and the price of hogs to processors by 22 percent or more. The price of pork is reaching the highest level in several years. A further increase—set artificially by a small group of producers—would put a tremendous burden on the food budgets of millions of consumers.

Such an increase—made even heavier by processor kick-ins and checkoffs—endangers as well the future of hundreds of small independent meatpacking concerns which could become the innocent victims in a pitched battle between the organized producers and the giant packinghouses.

It is still too early, it appears, to make an accurate judgment on the success or failure of the effort. But whether it is a success or failure is not really the point. What is the point, it seems to me, is whether or not any group of individuals can be allowed to arbitrarily dictate the basic price at which America's 180 million consumers will be allowed to buy their food.

Certainly the problem of farm income is a difficult one. And it is unquestionably true that the farm population, in general, has not shared with other segments of the American economy the unsurpassed prosperity of our age and time. But unilateral action by a small group of producers, unsupervised in any way by any representative of the public interest is not, in my opinion, an acceptable solution.

As a result of my fear of the long-range implications of this movement, I urgently request that you study the matter carefully and report to the President, the Congress and the people of the United States on what action the Department is taking to assure that this and any other similar movements are properly administered and supervised by public representatives, acting in the public interest, and that no individual or group of individuals will profit unreasonably from their position of potential power.

The National Farmers Organization is trying to insure the withdrawal from the market of a number of important consumer and commercial food products until it has signed contracts with major processors of these products guaranteeing minimum prices which they, the producers, have set arbitrarily and without any apparent consideration of interests of the millions of consumers who must eat these products.

These figures were set without the supervision or influence of any representative of the public. I have no way of knowing whether or not the prices now demanded by NFO are "reasonable" or not. But assuming they are, what assurance have the American people that they will be reasonable in the future?

While this kind of bargaining does allow farmers to arbitrarily set their own prices for these products, there is serious question about whether this short-term road to self-enrichment might not turn out to be a long-range trail to disaster for these same producers. Studies of meat retailing operations show that there is, for example, a 1 to 1 relationship between pork and poultry. That is, retail studies show that when poultry becomes cheap in relation to pork, people will buy poultry instead of pork. When pork becomes cheap in relation to poultry, people will substitute pork for poultry. There are other substitution ratios for other meat products. As a result, unless NFO can gain control of the price of all meat products, NFO members may find themselves getting a high theoretical price for hogs which few consumers will buy.

NFO says its contracts with processors will go into effect when they control 60 percent of the market. This would mean that a relatively small group of producers would have a readymade market for the things they produce. But what of non-NFO members? And what of small independent packers who cannot afford to sign? Presumably, many of them would be frozen out and they would have little recourse but to the Federal Government.

At the same time, economists have estimated that in order to reach the 16 percent increase in consumer pork prices the NFO group is after, there will have to be a 12 percent or more decrease in the number of hogs brought to market. In order to finance the "disposal" of the excess of its own members, the organization is demanding a percentage checkoff from the purchase price. But, again, what of non-NFO members? What are they to do with their surplus? And how do small packers afford the extra money? Again, the Federal Government will be the answer.

In short, I submit that this matter requires careful and thoughtful study quickly by those of the administration who are charged with assuring the Nation of a steady supply of the food it must eat, with an eye toward maintaining reasonable prices to consumers and the economic well-being of independent meatpacking operations.

Sincerely yours,

JAMES ROOSEVELT,
*Member of Congress.*

# SENATE

## MONDAY, SEPTEMBER 17, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

Rev. Caradine R. Hooton, D.D., general secretary, General Board of Christian Social Concerns, the Methodist Church, Washington, D.C., offered the following prayer:

Almighty God, our Heavenly Father, we thank Thee that Thy grace is greater than all our sins. Give us this day the humility to accept Thy pardon for our every misdoing, and grant us the wisdom to transform all crippling fears into creative faith.

That worldwide turmoil may be displaced by universal tranquillity, we pray for spiritual power to control our scientific potential. At a time when material devices are narrowing our world into a neighborhood, give us the courage to broaden it into a brotherhood.

We invoke the indwelling presence of the Holy Spirit to guide us into a knowledge of truth and govern us in the right exercises of freedom. Abide with every Member of the Congress; and when we separate today, dismiss us with Thy blessing. In the Master's name. Amen.

### THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 14, 1962, was dispensed with.

### REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Pursuant to the order of the Senate of September 14, 1962,

Mr. BYRD of Virginia, from the Committee on Finance, reported favorably, with amendments, on September 14, 1962, the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, and submitted a report (No. 2059) thereon.

### PRINTING OF INDIVIDUAL VIEWS ON TRADE EXPANSION BILL

Mr. MANSFIELD. Mr. President, the report of the Committee on Finance on the trade expansion bill (H.R. 11970) was filed on Friday last. Through a misunderstanding, the individual views of the Senator from Nebraska [Mr. CURTIS] were not authorized to be printed in connection with the report of the committee but, in fact, were printed as a part of that report.

I therefore ask unanimous consent for the approval by the Senate of such action.

### MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On September 13, 1962:

S. 476. An act to establish the Point Reyes National Seashore in the State of California, and for other purposes.

On September 14, 1962:

S. 1108. An act authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2421. An act to provide for retrocession of legislative jurisdiction over U.S. Naval Supply Depot, Clearfield, Ogden, Utah;

S. 2965. An act to provide authority to accelerate public works programs by the Federal Government and State and local bodies;

S. 3071. An act for the relief of Hidayet Danish Makashidze;

S. 3221. An act to provide for the exchange of certain lands in Puerto Rico; and

S. 3628. An act to amend title 10, United States Code, to authorize the appointment of citizens or nationals of the United States from American Samoa, Guam, or the Virgin Islands to the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy.

### EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had insisted upon its amendments to the bill (S. 901) to advance the marine sciences, to establish a comprehensive 10-year program of oceanographic research and surveys, to promote commerce and navigation, to secure the national defense, to expand ocean, coastal, and Great Lakes resources, to authorize the construction of research and survey ships and laboratory facilities, to expedite oceanographic instrumentation, to assure systematic studies of effects of radioactive materials in marine environments, to enhance the public health and general welfare, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DINGELL, Mr. LENNON, Mr. MACDONALD, Mr. CASEY, Mr. PELLY, Mr. ELLSWORTH, and Mr. MORSE were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the bill (S. 2768) to promote the foreign policy of the United States by authorizing the purchase of U.N. bonds and the appropriation of funds therefor, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H.R. 2292) to authorize the Secretary of the Treasury to issue certificates of honorable discharge in lieu of certificates of disenrollment to certain persons who served as temporary members of the U.S. Coast Guard Reserve during World War II.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 12546. An act to amend the Life Insurance Company Act of the District of Columbia (48 Stat. 1145), approved June 19, 1934, as amended; and

H.R. 12762. An act to amend the District of Columbia Unemployment Compensation Act, as amended.

### ENROLLED BILL SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the enrolled bill (H.R. 5393) to amend the Bankruptcy Act, as amended, and it was signed by the President pro tempore.

### HOUSE BILL REFERRED

The bill (H.R. 12546) to amend the Life Insurance Company Act of the District of Columbia (48 Stat. 1145), approved June 19, 1934, as amended, was read twice by its title and referred to the Committee on the District of Columbia.

## ORDER DISPENSING WITH CALL OF THE LEGISLATIVE CALENDAR

On request of Mr. MANSFIELD, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

## COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Foreign Relations Committee and the Armed Services Committee, which are acting under the direction of the Senate, be permitted to meet during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered. Morning business is in order.

## EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

### REPORT ON OVEROBLIGATION OF AN APPROPRIATION

A letter from the Governor, Canal Zone Government, Balboa Heights, Canal Zone, reporting, pursuant to law, on the overobligation of an appropriation in that government; to the Committee on Appropriations.

### REPORT ON DEPARTMENT OF THE ARMY RESEARCH AND DEVELOPMENT CONTRACTS

A letter from the Assistant Secretary of the Army, transmitting, pursuant to law, a report of that Department on research and development contracts, for $50,000 or more, which were awarded during the period January 1, 1962, through June 30, 1962 (with an accompanying report); to the Committee on Armed Services.

### REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES IN FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D.C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission, as of July 31, 1962 (with an accompanying report); to the Committee on Commerce.

### CANCELLATION AND DEFERMENT OF CERTAIN IRRIGATION CHARGES UNDER WAPATO INDIAN IRRIGATION PROJECT, WASHINGTON

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to approve an order of the Secretary of the Interior canceling and deferring certain irrigation charges, eliminating certain tracts of non-Indian-owned land under the Wapato Indian Irrigation Project, Washington, and for other purposes (with accompanying papers); to the Committee on Interior and Insular Affairs.

## PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the Supreme Convention of the Order of Ahepa, at Chicago, Ill., relating to discrimination against U.S. citizens by friendly nations, which was referred to the Committee on Foreign Relations.

## BILL AND JOINT RESOLUTION INTRODUCED

A bill and a joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. BENNETT:

S. 3725. A bill to establish a Commission on Governmental Operations and Programs; to the Committee on Government Operations.

(See the remarks of Mr. BENNETT when he introduced the above bill, which appear under a separate heading.)

By Mr. ROBERTSON (for himself and Mr. BYRD of Virginia):

S.J. Res. 228. Joint resolution authorizing the issuance of a gold medal to General of the Army Douglas MacArthur; to the Committee on Banking and Currency.

## A COMMISSION TO STUDY GOVERNMENT REORGANIZATION AND MEANS TO REDUCE FEDERAL SPENDING

Mr. BENNETT. Mr. President, I introduce, for reference to the appropriate committee, a bill establishing a Commission on Governmental Operations and Programs.

The purpose of this bill is to establish a Commission, independent of the executive branch itself, which can study the overall direction in which the Government is moving with respect to administration of its programs, in order to recommend ways of increasing economy and efficiency and eliminating nonessential, unproductive or wasteful Federal programs.

The Commission will be somewhat similar in purpose and scope to the Hoover Commissions which performed such outstanding service a decade ago.

Indeed, if the Commission were created, President Kennedy might profitably choose to follow the example of President Truman and name as Chairman of the Commission the preceding President of the United States, in this case Dwight D. Eisenhower.

### HOOVER COMMISSION PRECEDENT

The need for a new study of the activities and organization of the Federal Government in depth has been increasingly apparent to me during the last few years. Many of the recommendations of the two Hoover Commission reports were adopted during the early 1950's and they eliminated many of the administrative tangles which had been created by unplanned, piecemeal expansion of Federal agencies and activities. Since that time, however, hundreds of new laws have been passed; a number of new agencies have been created, and as has been the pattern so often in the past, Congress sometimes has created new agencies without giving careful consideration to how their duties and programs will mesh with those of older agencies in related fields.

In other words, Mr. President, it seems to me that in Government, as in housekeeping, there is a need for a periodic housecleaning—a time to take stock of what is on hand, throw out the things which are not needed, and reorganize along more systematic lines the things we want to keep. I think the time for such a housecleaning of the Federal Government is at hand.

### COMMISSION OF 12 MEMBERS

The Commission authorized in this bill would be composed of 12 members, 4 appointed by the President, 4 by the President of the Senate, and 4 by the Speaker of the House. The Commission would be given the responsibility of investigating organization and methods of operation of the executive departments and agencies with a view to recommending changes to—

First. Reduce expenditures consistent with the efficient performance of functions;

Second. Eliminate, by consolidation or otherwise, duplication and overlapping of services, activities, and functions;

Third. Abolish services, activities, and functions that are not necessary to the efficient conduct of governmental programs; and

Fourth. Otherwise effect increased efficiency and economy in the conduct of such operations.

The Commission would be asked to submit its report not later than 1 year after its creation.

### STILL TIME FOR ACTION

I realize, Mr. President, that it is late in the session to be introducing a bill. However, in view of the nature of this bill, merely creating a Commission, I think it is not unreasonable to suggest that the bill could be passed this session, thereby getting the study underway so that its recommendations can be considered sooner.

The shape of some of the legislative proposals before this Congress, and some of those which the President has indicated will be recommended next year, make it desirable that this step be taken now. For example, the President has indicated that he plans to ask for a tax cut next year, but he has not indicated where the budget might be cut to make room for such a revenue decrease without adding to the national debt. On the contrary, not only is there no prospect of a decrease in Federal spending under present plans, but there is a likelihood—indeed, almost a certainty—that spending will increase again. Expenditures for fiscal 1963 are probably going to exceed the President's previous estimate of $92.5 billion, and may reach $97 billion. And it has been estimated that adoption of various administration programs will increase spending to about $124 billion by fiscal 1970.

### INCREASE IN BUREAUCRACY

Another closely related problem is the rapid increase in the number of Federal employees during the past 2 years. I find it difficult to believe that we need 158,000 more workers to carry on the activities of the Federal Government today than we needed early in 1961, and I suspect that many of these jobs were created without careful study of possible duplication. This great increase in the Federal payroll is a heavy burden on the taxpayer, and if the Commission could show how this incredible growth could be halted, this would be a very great service indeed.

In view of the success of the Hoover Commissions, and in the light of the great need for a study of comparable scope at this time, I urge that the Senate carefully consider creation of this Commission before its adjournment.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3725) to establish a Commission on Governmental Operations and Programs, introduced by Mr. Bennet, was received, read twice by its title, and referred to the Committee on Government Operations.

## TRADE EXPANSION ACT OF 1962—AMENDMENTS

Mr. CURTIS submitted amendments, intended to be proposed by him, to the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, which were ordered to lie on the table and to be printed.

## PRINTING OF INTERIM REPORT ON BURNS CREEK DAM AND RESERVOIR, SNAKE RIVER, IDAHO (S. DOC. NO. 130)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from New Mexico [Mr. Chavez], I present a letter from the Secretary of the Army, transmitting a favorable interim report dated September 6, 1962, from the Acting Chief of Engineers, Department of the Army, together with accompanying papers and an illustration, on Burns Creek Dam and Reservoir, Snake River, Idaho, requested by a resolution of the Committee on Public Works, U.S. Senate, adopted March 19, 1954. I ask unanimous consent that the report be printed as a Senate document, with an illustration, and referred to the Committee on Public Works.

The PRESIDENT pro tempore. Without objection, it is so ordered.

## ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. HUMPHREY:

Address delivered by Senator Dodd to the members of the Peace Corps graduating class, at Howard University, Washington, D.C., on September 7, 1962.

## CAN WE MEET THE COMMUNIST MILITARY CHALLENGE?

Mr. TALMADGE. Mr. President, in an effort to acquaint the American public more fully with the great issues of our times and to promote more widespread understanding of their significance to the average citizen, the Reader's Digest and the veteran radio-television producer, Theodore Granik, in cooperation with Freedoms Foundation, have pioneered a new concept of public service programing in the form of the radio-television series known as "All America Wants To Know."

This program features informative discussions of leading issues by the men and women who figure in them and know the most about them. It is being seen and heard in every State of our Nation, over more than 1,100 radio and television stations. Its widespread acceptance and ever-growing popularity are a tribute to DeWitt Wallace and Albert Cole, of the Reader's Digest, and Producer Granik, and the outstanding contribution they are making toward a better informed America.

Only recently I had the pleasure of viewing an appearance of my esteemed senior colleague, the Senator from Georgia [Mr. Russell], on "All America Wants To Know." He appeared with a notable panel, consisting of the distinguished junior Senator from Washington, Mr. Jackson, Brig. Gen. Joseph J. Foss, president of the Air Force Association; the able Congressman from the First District of Louisiana, [Mr. Hébert]; and author-journalist Bob Considine. Their subject was "Can We Meet the Communist Military Challenge?" which was based on Mr. Considine's article, "We Can Bury You, Mr. K," in the July issue of the Reader's Digest. It was an informative discussion which is even more timely today than it was when it was aired. I ask unanimous consent, Mr. President, that the text of the transcript of that program be printed in the body of the Record.

There being no objection, the transcript was ordered to be printed in the Record, as follows:

### All America Wants To Know

Announcer. Is general war inevitable as the ideological struggle between the free world and communism increases in intensity? Must we continue a massive military buildup in order to preserve the freedom of the Western World? Are our fighting forces adequately prepared to meet any act of aggression? All America wants to know: "Can We Meet the Communist Military Challenge?" a monthly discussion of the great questions facing our country, presented in the public interest by the Reader's Digest in association with Freedoms Foundation at Valley Forge, and produced by Theodore Granik. This month's subject—"We Can Bury You, Mr. K."—based on an article by Bob Considine appearing in the July Reader's Digest, the world's most widely read magazine.

To discuss this issue, we are pleased to have as our guests, Senator Richard Russell, of Georgia, chairman of the Senate Armed Services Committee; Senator Henry M. Jackson, of Washington, member of the Senate Armed Services Committee and Joint Committee on Atomic Energy; Brig. Gen. Joseph J. Foss, president of the Air Force Association; Congressman F. Edward Hébert, of Louisiana, member of the House Armed Services Committee; and Mr. Bob Considine, distinguished journalist for the King Features Syndicate.

* * * * *

Now here is your moderator, Mr. Granik.

Mr. Granik. Senator Russell, in reading Mr. Considine's survey in the Reader's Digest of our massive striking power, can we say that the West is really in a position to negotiate from strength?

Senator Russell. Well, there's no doubt in my mind that as of today we have the most powerful and most destructive military system and organization that has ever been assembled by any one country at any time, even in time of war. We have a wider mix of weapons, a greater variety of means of attack and of delivering those weapons than we have ever had before. I would say that as of today we are in a position, on behalf of the Western World, to negotiate from a position of great military power.

Mr. Granik. Senator Jackson, do you have a word there?

Senator Jackson. I concur completely with Senator Russell's statement. There isn't any question in my mind that even if the Soviets as of now should attempt a surprise attack—a Pearl Harbor type of attack—that we have a survivable retaliatory force. This force is dispersed all over the world, and I don't believe that it would be possible for them, in view of the state of alertness, readiness, for them to destroy our means of retaliating and destroying them.

Mr. Granik. Mr. Considine.

Mr. Considine. Gentlemen, there's been a great deal of discussion lately as to—we all admit that we're very strong and we indeed could bury Mr. K., to requote him. But can we fight these miserable wars in Laos and go to the defense of Thailand and Vietnam—the niggling little wasting war against guerrillas? Do you feel that we're getting stronger in that respect, Congressman Hébert?

Congressman Hébert. Well, of course, I think the one danger that we have to face in discussing the forearming, is the fact that we're drawn out too thinly—the butter is too thin on the bread and it would naturally weaken us, short of an all-out nuclear war. In the present situation, I feel certain we can contain the Communists with the guerrilla forces that we have in being, and the emphasis has reversed in recent months to a reestablishment—a rehabilitation—of what we knew as our American commandos, and through a conventional war.

Mr. Considine. General Foss, I have a question for you. The Air Force maintains, and I think justly, that the B-36 was a towering success even though it never dropped so much as a nut or a bolt on an enemy. The very fact that it existed was a deterrent, and a massive deterrent, to war. And now even in this day of the missile, we still need a manned bomber and we still need to employ the very latest in manned bombers. Can you say something in behalf of the RS-70 and give some hope of its future employment?

General Foss. Well, actually, I'll go a little beyond that. The thing that we have to worry about right now is not only being strong today and ahead of the Russians today, but worrying about the future. We always have to think of our strength in relative strength to the Russians and maintain that lead that we enjoy at the present. And we are 100 percent—and when I say we, the Air Force Association—behind the RS-70, because we realize that you must have this variation of weapons in order to not be caught and fight on their basis. We have to be able to pick the basis that we want to fight on. We can't be in the position of the southern general that said he could whip the Yankees with a cornstalk, and after the war was over, they said, "Well, what happened, you lost that battle?" and he said, "They didn't fight me with cornstalks." We have to look ahead and the 70 is the thing that we maintain we must have to keep the manned bomber in the picture.

Mr. GRANIK. Senator RUSSELL.

Senator RUSSELL. Well I think that the RS-70 has a very useful purpose. We have been successful with our missiles but I am not yet ready to rest the security of this country completely on the missiles. We have had priority and a great lead in the manned bomber since the airplane was first constructed, and it has meant a great deal to our prestige in the world, and if for no other purpose, it would be worthwhile to complete the RS-70. Of course, the fact that we have developed weapons that can be used in conjunction with the existing bombers to throw missiles from hundreds of miles has made it where it isn't as important to have it as a bomber, but as a reconnaissance plane. I have been convinced that it is very important.

Mr. GRANIK. Gentlemen, much of our defense program has been directed toward the development of missiles. The Titan I has proven to be a highly effective deterrent weapon. We are now proceeding with the development of Titan II. Now, with such long-range operational missiles, is it necessary to maintain numerous military bases abroad, Senator RUSSELL?

Senator RUSSELL. Yes, I think that we can justify the maintenance of these military bases. It would present an almost insurmountable problem to the Soviet to knock them all out at one time even if they had an unlimited number of missiles and of bombers. And the fact that we have these bases scattered all around the world is one of the strongest features of our entire military system. I'm not one of those that think that just because we have developed a long-range missile that we can afford to abandon all of these bases. They have a certain disadvantage. I think they have caused some of our allies to somewhat relax in their efforts to provide their own defenses.

Congressman HÉBERT. The great strength of America today to strike back in defense is its mix. It has almost a perfect mix. You've got it striking from under the water, on the water, on the land, from the sky. And the Russians, of course, know this. And the mobility and diversification of our striking power is the thing that keeps the Russian in bay. There's an example in the Continental Command. You have your long-range bombers. Then you go to sea. You've got the Polaris submarine, and I think this is a very important thing, if the American public would only realize that one Polaris submarine can fire more destructive power on the Eurasian Continent than was fired by both sides in World War II. That's a terrific bomb load there. Then you have carrier task force.

Senator JACKSON. And one B-52 bomber can carry greater destructive power than the Polaris submarine. So each system——

Congressman HÉBERT. Well, the system here—you're talking about the bombers, and with these exotic missiles that the Senator was talking about, too, that carrying four of these missiles in a 52 bomber, you can drop in excess of 200 times more destructive power than was dropped on Hiroshima with the first bomb.

Mr. GRANIK. General Foss.

General Foss. Well, there's one thing I'd like to add to that, and that's the position that we've been maintaining for about the past 5 years in the Air Force Association, and a thing that's recently been picked up by the White House and the National Space Advisory Council, and that is getting into space with the weapons system. You absolutely have to have some kind of a defense up there and an adequate system so that if the Russians or someone else gets up there and suddenly says, you don't come up here, that we aren't in trouble. We just cannot create that thing overnight. And if they suddenly, when we launch a man into outer space, chase him out again, and lay the law down on us, we're in trouble.

Mr. CONSIDINE. General, I think that's a most important thing that you've brought up. I foresee and predict that within a year there's going to be a showdown of some nature—I don't know which, Senators or Congressman—between NASA and the Air Force.

Senator RUSSELL. There has been an overemphasis on the NASA program rather than on its military value. But we have our military people in the entire NASA program. You well know that these missiles they use even today to put these men in space were developed by the military departments. And that's one thing that we must not permit to happen here, to eliminate the military from the space program because it can, just as General Foss has pointed out, be a vital and determining factor in future wars.

Congressman HÉBERT. What I'm very much concerned about, and carrying your point even further, I'm very much concerned about tomorrow in connection with the diluting of the military today. To be a military man today in some areas of the Defense Department is a dirty word. As the Senator pointed out, these four astronauts were successful. You didn't see them in uniform, except one, Colonel Glenn, and then he was in uniform under orders. You have some people in the Pentagon who today think the Congress itself is not a necessary evil but an unnecessary evil.

Senator RUSSELL. While the military has been downgraded and kept in the background during the shots, we have really gotten a great deal of military benefit from all of these shots that NASA has made.

General Foss. There has been a lot of byproducts that we can pick up, but my point is that you have to go beyond those byproducts that we already have, and fast, because I maintain that every minute counts.

Senator JACKSON. Well, we have the follow-on Dyna-Soar program, as you know, which is a boost glide system.

General Foss. Well, that's 3 years hence.

Senator JACKSON. This is right, but there is a long leadtime and we need to push these programs.

General Foss. By which time NASA will be well on its way to the moon.

Senator JACKSON. Well, but just going to the moon is going to give us invaluable information, both as to the military implications in outer space and for the further prosecution of our own surface-to-surface weapons here.

Mr. CONSIDINE. My general point, Ted, was that here we are about to make a pact of some sort with the Russians to go hand in hand in space, at least for weather studies, and so forth. Apparently we're going to have some sort of a deal with them, and we seem to be closer to the Russians actually than NASA and the Air Force are closer together. And I wondered if we could have a pact between NASA and the Air Force, for example, in the building of or the creation of a common booster. There's no military application to Saturn.

Senator JACKSON. Yes, oh, yes. It's the foundation because it will provide the thrust that you need to get into orbit the military systems that could be of great value.

Mr. CONSIDINE. But no ground-to-ground direct——

Senator JACKSON. Well, but you launch it and then they can——

Congressman HÉBERT. Keep in mind, too, that their Atlas, too, was a military original weapon, and NASA is using it. I think these things entwine as they are used and utilized.

Mr. GRANIK. Well, all of this is planning for now. But what about 5 years from now?

General Foss. Actually the thing to be really concerned about, it's like General Arnold said just at the close of World War II, we must be thinking about the U.S. Air Force for the next 20 years. And now that 20 years have passed and you can see the great change that there's been, now we have to say right today, What about the next 5 years and the next 10, 15, 20, and tomorrow?

Congressman HÉBERT. That's what concerns me and that's why I'm so much concerned over the attitude of some people now who are shoving aside the military knowledge and allowing civilians or scientists, if you please, with a sort of a guilt complex, to influence decisions. Now the shortsighted policy was the RS-70. After the 52 we have no manned bomber.

Senator JACKSON. I think, in order to get this a little bit in perspective, Mr. Khrushchev made a speech to the 22d party congress. Sometimes, you know, the most effective form of deception is candor. Mr. Hitler told the world precisely what he was going to do and no one believed him. Mr. Khrushchev has made it very clear, and I think this is a fairly accurate statement, that general war is unthinkable, limited wars—he ruled out limited wars because they lead to general wars—and he talked about the third one, wars of liberation. He announced this over a year ago, and look what's going on. I mean, this is what's happening in Laos, in South Vietnam and elsewhere. And it does seem to me that we're doing a pretty fair job if we continue to build in our ability to develop strategic weapons systems that are survivable. This is the key thing because you no longer can have warning that has any real meaning. You can't rely on warning. I think we're doing that job fairly well. We have more to do as General Foss has so effectively pointed out. The real problem gets into the question of how do you fight these limited wars, or wars of liberation, and it should be remembered that in less than a year, we've doubled—I believe, Senator RUSSELL—the combat strength of the Army, as far as active divisions.

Senator RUSSELL. I think that we are going to have to spend a large sum of money for many years to come to maintain a Military Establishment that will assure world peace, or at least that will avoid the holocaust of atomic nuclear war. That is a great deal of money, but after all, it is to defend something that is beyond price.

General Foss. There is one thing about the Soviets. They are always trying to get us into that peaceful coexistence thing, and that is exactly where they would like to have us, because, why, their idea of coexistence is to step right in the middle of our face, and they would like to get us into these wars along the way that will drain us, as you so aptly put it.

Mr. GRANIK. Our present missile-firing submarines, such as the *Nautilus*, the *Seawolf*, and the *Ethan Allen*, are capable of firing Polaris missiles against the enemy from underwater. In your opinion, do our present plans for 41 missile-firing submarines constitute an adequate program?

Senator JACKSON. Well, my guess is that we will increase that program. This is just an opinion of mine, It seems to me that it meets the real hard tests of a strategic weapons system, and that is, No. 1, Will it survive? Can it be located easily by the enemy? I would say, as of now, it cannot, but we must remember that the Soviets have nuclear-powered submarines, and we will have to assume that it will not be long before they will have a similar capability that we now possess, which I think is the kind of mix that Senator RUSSELL referred to earlier in his remarks, that we need, because we don't want to depend on any one system. It is this proper mix with the proper geography that gives us a survivable force.

Congressman HÉBERT. Of course, there again, Senator JACKSON, you point up what I attempted to point up at the beginning, as to what to look to tomorrow in the future. If we had not run into a crisis, we would not have had the Polaris program today as we have it. The Congress was urging. Other people were not dragging their heels.

Senator JACKSON. There's a fellow named Admiral Rickover that we owe a lot to.

Congressman HÉBERT. And a man named Admiral Rayburn, too. But I'm talking about the Polaris as a weapon. I'm talking about the submarine as a nuclear submarine.

Senator JACKSON. I understand. But bear in mind there is a serious question of whether we would have had one. I watched this thing when I was on the Joint Committee in the House starting in 1949, when there were real doubts in the Navy about a nuclear powered submarine.

Congressman HÉBERT. I'm talking about a weapon now.

Senator JACKSON. This was the beginning of it.

General FOSS. The thing that really kicked it off, Congressman and Senator, happened to be Congress. I mean, after Rickover and the other admiral there had picked out a course to travel, Congress was the one that really——

Senator RUSSELL. Congress is undoubtedly entitled for the credit for our preeminence in the Polaris submarine. It is the most advanced—will be the most valuable single part——

Congressman HÉBERT. That's it, Senator. That's what I'm saying and Congress is being shunted aside when Congress has always been ahead.

Senator JACKSON. Well, but I think that we must remember that they did fund finally the increases that we put in over and above the budget.

Senator RUSSELL. That's right. They spent the money after we forced it on them.

Congressman HÉBERT. That's correct. You had to make them do it. That's what concerns me.

Senator JACKSON. And Admiral Rickover was going to be removed if it hadn't been for the Senate Armed Services Committee.

Mr. CONSIDINE. Well, we'll have Congress to thank for the RS–70.

Congressman HÉBERT. As a matter of fact, if there hadn't been a walk in the rose garden, there would have probably been a Secretary for Air and a Chief of Air out of jobs, too.

Mr. GRANIK. Mr. Considine, in your Reader's Digest article, you talk of NATO and the shield and the sword. Can you tell us a little more about it? Can we depend on NATO?

Mr. CONSIDINE. I'm sure we can from my observation, and these people have as much stake in their future as we have in our future. They have determination and will—the will to fight. I think they work very well together. I think they work well under an American chief. There seems to be a minimum of bickering and rivalry and dissension, and if hundreds and hundreds of fighter bombers and determined divisions reaching from Norway to Turkey don't constitute a shield, the earth never saw one.

General FOSS. There was one thing, a little off the subject on your article there, there was one quote in there that some colonel was given credit for, where he said, I don't know what they're worrying about shelters in America for, because we're going to stop everything right over here. Well, I'd sort of have to disagree with the good colonel. I maintain that the civil defense might come in a little bit handy, because a few of them might get through. You can talk to any of the experts and they'll tell you that, regardless of the system that we have, some will get by. And it's a pretty good idea to be able to have some of your population in the majority of the areas that can be underground at the time that anything would happen if it ever happens.

Senator RUSSELL. Yes, but more important, to have them prepared psychologically for it, is to have them realize that some of them will get through and we will sustain severe losses, and that the American people must carry on as they always have under those circumstances.

General FOSS. The ability to come back.

Senator RUSSELL. That's right.

Mr. GRANIK. Gentlemen, we have been talking about the operation and development of a vast new military striking force. How can this be utilized in a case of so-called limited warfare, such as we experienced in Korea and which threatens us now in Vietnam? Congressman HÉBERT, would you care to comment?

Congressman HÉBERT. Yes. It's what we've been talking about here all the time, is the mix. Some weapons are usable in certain areas. Others are not. For instance, as a weapon, your B–36, it was not worth anything in Korea. But, yet, you had the carrier-based planes which could go in there. Now in another area of the world, if you have to have guerrilla warfare, you have the missiles that support the ground troops. You have the Marines who can land and do their particular job in their area. No matter what type of war is fought or is contemplated, I am in thorough agreement with Senator RUSSELL on our strength today, that we can fight any war, any place, any kind of war, and win it. I am concerned, and I keep coming back to it, is what about tomorrow. Don't let us lose what we have got today.

Senator JACKSON. Well, I think there's another important point, too, in Bob's article, when he talked about the will, which is a very essential element of any weapons system. I think the wise use of our military power to achieve our foreign policy objectives, of course, is the key to this. You can have the finest military system on earth, but unless we use this power wisely and effectively, without fear, then I think we are in trouble. There is a tendency on the part of many people who immediately dismiss any thought of taking a firm stand anyplace, because of the danger of a thermal nuclear war. It sounds as if we are the only ones that fear a thermal nuclear war. The Soviets fear a thermal nuclear war and we must be willing, it seems to me, to go all the way down the road, if necessary, to maintain our position that we need to maintain to preserve the freedom and the system that we live under in the United States. And it's the use of this power and the willingness to use it wisely, without fear, will determine whether the systems we are building have any real meaning as far as freedom is concerned.

Mr. GRANIK. Mr. Considine, what about our allies? Will they go all the way down the road?

Mr. CONSIDINE. I think most of them will. I don't think all of them would. There would be some weaning away, I would think, of some of the weaker nations with the weaker leadership. But I think by and large our allies are firmer than any we ever had in time of peace. And it seems to me that we, for the first time in the history of the Nation, in peacetime, are ready to fight.

Mr. GRANIK. You have been there. Can you tell us which ones? Would it be a long guess?

Mr. CONSIDINE. England certainly would be with us, Norway, Spain, and I believe Italy.

Senator RUSSELL. I believe De Gaulle will be there if the Russians ever blow the whistle.

Mr. CONSIDINE. And I think De Gaulle would see more eye to eye with us in case of war.

Congressman HÉBERT. And the West Germans?

Mr. CONSIDINE. The West Germans.

Congressman HÉBERT. The West Germans would be our real strength.

Senator JACKSON. Of course, the problem in NATO, it seems to me, is that—what was mentioned early, I think, by Senator RUSSELL—we provide this enormous nuclear retaliatory force and they assume that we don't need ground forces. We do need greater flexibility so that we can fight more than one type of war. This is the great weakness in the NATO shield at this time.

Mr. GRANIK. Thank you very much, Senator RICHARD RUSSELL, of Georgia, for being our guest on "All America Wants to Know." And thanks to our distinguished panel for a most interesting discussion, Senator HENRY M. JACKSON, of Washington State, member of the Armed Services Committee; Brig. Gen. Joseph J. Foss, president of the Air Force Association; Congressman F. EDWARD HÉBERT, of Louisiana, chairman of the Subcommittee for Special Investigations; and Bob Considine, distinguished journalist of the King Features Syndicate.

## BOMBER TESTS OVER OHIO

Mr. YOUNG of Ohio. Mr. President, I have received from residents of Cleveland, Ohio, Cincinnati, Ohio, and areas surrounding these cities hundreds of letters and telegrams in which complaints are made about the nightly test bomber runs over these two cities and the resulting nuisance and damage caused by the sonic booms from the jet aircraft. Of the 50 cities in 25 States being used as simulated targets, Cleveland is the largest.

I fully realize the necessity for these test flights over metropolitan areas. It is reassuring to know that the leaders of our Armed Forces are continually on the alert and are untiring in maintaining our defense preparedness. I am aware of the fact that war conditions and war targets have to be duplicated as closely as possible, and that the Nike sites surrounding major cities can track the bomb runs and can determine their success.

Mr. President, it is far better to listen to sonic booms than to listen to the shrill, deathly screech of falling bombs. Let us fervently hope and pray that Americans will never hear that terrible sound, with which many of us who served in either of the World Wars are familiar. To prevent such tragic possibility, we need an Air Force that is prepared; and to be so, it must engage in these daily exercises. If ever war should come, it is absolutely essential that our armies have this training and experience.

Officials of the Department of the Air Force have stated that these test runs will continue indefinitely. The people of Ohio are ready and willing to take their fair share of the sonic booms and the discomfort, fright, and damage caused by them. Ohioans stand second to none in their patriotism and willingness to undergo this inconvenience for the welfare of the Nation and for the cause of world peace.

However, Mr. President—and I say this because constituents have sent me photographs showing the broken windows and cracks and other damage to the walls of their homes—we in Ohio feel that our fellow Americans in the other States of the Union should also eventually be permitted to share in this patriotic undertaking. We do not wish to be selfish about this matter and have the sonic booms heard only by the residents of Cincinnati, Cleveland, and the neighboring parts of Ohio. We do not wish to be unfair to the 170 million other Americans, who live outside of Ohio. We believe that those who live in other cities should be permitted to participate in this project. There are, after all, a great many other large cities and industrial complexes in the United States.

I am confident the officials of the Department of the Air Force are the only ones sufficiently informed on this subject to be able to determine when Ohio will be passed by, in favor of other areas, for this project. I am sure they will be fair in making this determination—in deciding when to move the sonic-boom-producing aircraft to other targets. Although, as I have said, we recognize the necessity of carrying on these tests, we are hopeful that the decision to vary the simulated target areas will be made in the near future.

## JAMES E. MOSS

Mr. BENNETT. Mr. President, all of the citizens of Utah—and particularly those who were interested in education and in high school athletics of the twenties and thirties—were saddened by the passing, on September 10, of James E. Moss, organizer, and for many years head of the Utah High School Athletic Association. He also was the principal of two of Utah's foremost high schools, Granite and Murray. Many of us here in the Senate met him when he came proudly to Washington in January 1959 to see his son, Frank E. Moss, sworn in as Utah's junior Senator.

His passing inspired many expressions of appreciation from people from all walks of life in Utah, and these have been brought into focus by editorials that appeared in both of Salt Lake's daily papers. I ask unanimous consent that these editorials may be printed in the body of the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

### James E. Moss

James E. Moss, dean of Utah high school athletics, beloved teacher and "Uncle Jimmy" to thousands of boys for half a century, has left a rich legacy of goodness, clean living, and true sportsmanship with the youth of Utah. When Mr. Moss, 87, died Monday, the realm of scholastic sports lost a pioneer organizer, enthusiastic booster, and wise counselor.

Mr. Moss was a schoolteacher at the age of 18. Striving always to increase his knowledge, he continued his college work, attended summer school, took extension courses, and coached high school teams. He became principal of Granite High School, president of the Board of Education of the Granite School District, vice president of the Utah Educational Institution, and member of the Salt Lake County Board of Examiners.

James Moss served also in numerous positions in the church, including superintendent of the Granite Stake Mutual Improvement Association, president of his elders quorum, bishop of the Holladay Ward and member of the Cottonwood Stake High Council.

Throughout his busy educational, civic, and church career, Mr. Moss retained his great interest in boys and their athletic activities. He conceived the idea of the Utah High School Athletic Association, and with the help of C. Oren Wilson of the East High School faculty and others, became the organizer of this strong scholastic organization.

Nobody ever loved high school sports more than "Jimmy" Moss. His patient and kind consideration of "his boys," encouragement of the discouraged, and his skill in arbitration of their disputes, won him the love and esteem of all with whom he worked.

He loved Granite High, attended most of its "pep" rallies, and always left a message of inspiration and strength with the athletes and students. His happiest years were when his son Frank E. (Ted) Moss, now U.S. Senator, was a star athlete at Granite and went on to win fame as a University of Utah track star. "Ted" probably never ran a race on the "U" track without his devoted "dad" on the sidelines to give him encouragement.

James E. Moss had friends everywhere. The Deseret News is proud to be numbered among the myriad of admirers of this fine Christian gentleman, and to express its appreciation for his exemplary life.

### James E. Moss

James E. Moss, who died Monday at the age of 87, was the father of U.S. Senator Frank E. Moss, of Utah. But Senator Moss would be the first to say that his father had established distinction in his own right long before his son even thought of running for the U.S. Senate.

James Moss had a long and distinguished career in Utah education, and in addition establishing himself as a leader (some say the father) of organized high school athletics in the State.

Way back in 1893 as a lad of 18, Mr. Moss started his career as an educator which was to continue in a wide range of capacities for more than 50 years. It is unnecessary to enumerate all of James Moss' educational and athletic interests. Suffice it to say they ran the gamut of first principal of both Granite and Murray High Schools, first clerk and later member and president of the Granite Board of Education, organizer, secretary, and longtime president of the Utah High School Athletic Association, and head of physical education for the LDS University.

Many who knew and loved James E. Moss will join with the Tribune in paying tribute to his long service to education and high school athletics, and in extending condolences to the members of his family.

## THE 175TH ANNIVERSARY OF THE CONSTITUTION OF THE UNITED STATES

Mr. LONG of Missouri. Mr. President, 175 years ago today, the basic foundation of the oldest governmental system in the world was agreed to by its framers. On that day, the names George Washington, Alexander Hamilton, Benjamin Franklin, Robert Morris, James Madison, Jr., J. Rutledge, Charles Pinckney, and others were subscribed to a document which was to stand as the law of the land for 13 States huddled along the Atlantic coast and for 50 States spread from the Atlantic to a group of islands thousands of miles out in the Pacific and to a land which extends into the Arctic Circle.

This document, known as the Constitution of the United States of America, not only has weathered the years and territorial expansion, but it has survived civil war and major economic and social transition. It was drafted to provide a stable government for the Original Thirteen States which looked to agriculture as their economic strength. Today it is the foundation of government for a nation which is the foremost agricultural and industrial leader of the world.

But even more, it is the foundation of the government which bears the leadership mantle of freedom. No one can deny the grave denials of freedom which have persisted in our Nation throughout its history. However, to the converse, no one can deny that man has known greater freedom in this Nation than ever before in the history of mankind.

This Constitution has worked because it was written in the words of freemen in the 12th year of their freedom. It contains only the most basic principles which must be present in the hearts of all freemen. It has grown stronger through the words of John Marshall, through the swords of U. S. Grant, Sherman, and Sheridan, through the curiosity of Lewis and Clark, through the dreams of Wilson and Roosevelt, through the courage of York and Kelly, through the humor of Rogers and Hope, and through the determination of Truman and Kennedy.

While today we honor the 175th anniversary of the Constitution, we cannot overlook that this year we also honor the 100th anniversary of a document, which, more than any other, gave full meaning to the Constitution. This document, the Emancipation Proclamation, recognized that all men are human. Hard as it is for many of us to conceive, some men prior to 1862 were looked upon legally as property. The Civil War not only determined that the Union would persist but also that all men would be equal before the law.

We have come a long way in the past 100 years, but the progress has been slow and we still have a long way to go. However, we can no longer tolerate the slow progress of the past. We must move with dispatch in bringing to all men the full realization of freedom. With every step forward, we strengthen our Union and our maximum strength is necessary if we are to prevail in the days that lie ahead. The wisdom of those who met in Philadelphia gave us the framework, the drive of the pioneers gave us the land, the imagination of our inventors gave us the tools, and the faith of millions of Americans gave us the strength. With trust in God, we can attain the goal of man—universal freedom and peace.

## POINT REYES NATIONAL SEASHORE, CALIF.

Mr. ENGLE. Mr. President, it was a great satisfaction to me to be present in the White House last Thursday, when

President Kennedy signed my bill, S. 476, to create the Point Reyes National Seashore in California.

I will not further extoll the scenic grandeur and the recreational potential of this area which the National Park Service has so aptly described as "an island in time" where the rising tide of population has not yet washed over the natural scene. I merely want to point out what a long, hard struggle it has been—and always is—to achieve a legislative objective of this importance. In this case it has taken more than 4 years, covering three Congresses.

I started out as a Member of the House in the 85th Congress when on July 16, 1958, I introduced House Resolution 634 to direct the Secretary of the Interior to prepare a report on a proposed Point Reyes National Seashore Recreational Area. The bill was reported favorably by the House Interior Committee but did not get action on the floor.

In the 86th Congress, as a Member of the Senate, I introduced on July 23, 1959, an authorization bill, S. 2428, to establish the Point Reyes National Seashore as recommended by the National Park Service. Congressman Clem Miller, of Marin County, the locale of Point Reyes, introduced a companion bill, H.R. 8358. We got hearings both in Washington, D.C., and in California—and the latter, held at Kentfield in April 1960, was a turning point. It conclusively demonstrated overwhelming popular support for the park. But it came too late to complete legislative action in that Congress.

Then on January 4, 1961, I publicly announced my intention to introduce the legislation again in the 87th Congress. My colleague, the senior Senator from California [Mr. Kuchel] asked to join as a cosponsor. I introduced the bill, S. 476, on January 17, 1961. Representative Clem Miller introduced an identical bill, H.R. 2775.

The rest you all know. After extensive committee hearings the Senate passed my bill on September 7, 1961. The House passed it on July 23, 1962. The Senate reconciled the differences on August 31, 1962. The President signed the bill on September 13, 1962.

Now we have a beautiful new national park, the Point Reyes National Seashore in Marin County, Calif. But the battle is not over. We still need funds at the earliest possible date to begin to acquire lands before more of the area is cut up in real estate subdivisions. I have initiated a request for a supplemental appropriation of $5 million from this Congress.

## TRIBUTE TO VERYL HOOVER

Mr. HICKEY. Mr. President, I wish to have printed in the Record the text of a tribute paid to Mr. Veryl Hoover at a dinner in his honor in Casper, Wyo., on September 12, 1962.

Mr. Hoover, Wyoming division manager of the Pacific Power & Light Co., has recently been elevated to the position of vice president for sales for the entire Pacific Power & Light system. The dinner and the remarks made by Mr. Robert R. Rose, a prominent Casper attorney, typify the gestures that Wyoming people make to persons who have so significantly contributed to the economic growth of Wyoming.

Mr. Hoover has been one of the persons who has cooperated with the Bureau of Reclamation in using to the fullest extent all the resources which have been harnessed by the Bureau in a joint venture of Government and private industry. Veryl Hoover epitomizes the farsightedness of progressive thinking in the resource development of the Western States.

Mr. President, I ask unanimous consent that the tribute to Mr. Hoover be printed in the Record.

There being no objection, the tribute was ordered to be printed in the Record, as follows:

### Remarks in re Veryl Hoover Dinner

(By Robert R. Rose, Jr.)

The theme of tonight's remarks has tended to equate the name of Veryl Hoover with the phrase "industrial ambassador from Wyoming."

One of his friends who is here tonight described it to me another way recently—he said—Hoover has been the greatest thing for this country since Salt Creek.

It is rare, indeed, that any person should have lived in the State of Wyoming for 7 short years and have been able to accomplish so much and so impress his fellow citizens that, upon his leaving, friends and acquaintances would seek the opportunity to give thanks and appreciation to him through such an expression as we are experiencing tonight.

How many of us will ever enjoy such a heartfelt exhibition of honor where the mayor of our city, the Governor, and U.S. Senator of one of our great States, will interrupt their busy business of government to pay us tribute—where those with whom we have worked with anxiously and spontaneously assemble in an effort to express us thanks and do us honor?

It would seem to me that such an exhibit of thanksgiving will come to very few of us.

Why, then, does it come to Veryl Hoover?

It might be assumed by some that Veryl's interest in us has come as a natural consequence of the responsible position that he has held in the Pacific Power & Light Co.—this might have been a contributing factor—but only, in my opinion, a contributing factor.

It might be assumed that his interest in us has come about through a desire to further his future in the utility world and that, therefore, his promotion to higher position with his company is but the culmination of these efforts.

Those who have known him best and who have been privileged to enjoy a close personal friendship with him know that these are not the real reasons for Veryl's interest in Wyoming and her people and for his accomplishments.

To know and understand his contribution to us requires a moment's recollection of our past trials and tribulations.

Many of us who have lived our lives in Wyoming have, down through the years, wishfully speculated about the potential of this great State.

We, in our hearts, have felt and believed that our low-grade iron ore would one day become an asset in the mainstream of industrial development, but our efforts had not met with fruition.

We had long believed that surely the great energies of our coal reserves were destined for uses that were not confined to the firing of locomotive steam engines—but we were unable to define and develop these reserves of coal and apply them to their potential uses.

We have had a brushing acquaintenance with the possibilities of chemicals from coal—electrical energy from coal—of the possibilities and potentialities of research and development of new minerals and low-grade ores and the hope for attracting new industry to the natural resource realm of our economy.

We were only moderately successful in getting our story across to those who could bring these accomplishments about.

It has, for us all, been a long, hard, difficult, and sometimes disappointing uphill battle.

It is not, I think, an overglorification for me to say to these distinguished friends who are here tonight to reexpress their friendship and appreciation to Veryl; that it was his appearance upon the Wyoming scene that seemed to us all to furnish the spark, the knowledge, the vision, and the imagination which, when applied to our hopes and dreams, has enabled them to become reality.

We, of Wyoming, cannot but believe, Mr. McKee, that our great company has found it wise to invest these vast sums of money, energy and know-how in this State, in large measure, because you have become convinced, through the representations of our honored guest, that it is here in this now sparsely populated area of the West that your investments together with the Veryl Hoover type of imagination will be most profitably applied to the benefits of your people—to the West and to mankind.

In paying him honor, we pay honor, then, to this great imagination which has permitted the Nation to know of our State's industrial potentials and thus brought to reality the success of those hard efforts which so many of our people have so long sought to accomplish.

It is, then, through the perceptiveness of his imagination, which has successfully conceived of the potentials of Wyoming, that Veryl has come to be so closely bound to our State and her people.

Veryl—for this faith of yours in us and for your having enabled us to reaffirm our faith in ourselvse—we are grateful to you.

We express our appreciation to you for the humility with which you have undertaken your tasks and received your honors.

We know you like us because you have become one of us.

If it were possible for me to express that which your friends feel in their hearts, it would be to simply say:

It is with the deepest regret that we see you leave us but as you do, you must know:

The State of Wyoming is a greater State for your having been one of her citizens.

The people have a broader outlook, keener vision, and lighter hearts as they look to their future tasks.

Finally, no matter what your future accomplishments, Veryl Hoover will never be more loved and appreciated than he is here tonight.

## GOVERNMENT IN BUSINESS

Mr. McGEE. Mr. President, for the past few years we have been hearing anguished cries from the far right about "getting the Government out of business." It is my contention, Mr. President, that business and Government operate in what you might call a "Siamese twin" relationship. Each is dependent upon the other and neither could survive independently.

An editorial in the Laramie Daily Boomerang on September 7 cites several examples of businesses that have a great impact upon the economy yet could not exist without substantial Government assistance in contracts and research grants. Such industries include aircraft, electronics, and many of the missile sciences. As this editorial points out, the ideological purists may find this relationship objectionable but it has produced some of the most important scientific discoveries of our time and probably will be around for some time.

Mr. President, I ask unanimous consent to have this editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

### FREE ENTERPRISE AND DEFENSE

With the prospect strong that this country will be spending $48 billion or more for defense annually for years to come, there can hardly be any way to test what the American economy could do without this massive support.

We all well understand that the dollar benefits of this program flow in huge streams to many of our largest industrial establishments and their suppliers.

For instance, the three prime contractors at a new big missile building plant include one automobile manufacturer and two major aircraft companies.

The planemakers, of course, always have been heavily dependent upon military business. The needs of civil aviation do not generate enough activity for profitable operations, nor are they capable of defraying the immense cost of developing new types of aircraft.

Yet this kind of dependence on Government contract is surpassed in today's economy.

There has grown up in the United States in the last decade or so a category of companies which rely almost totally on the Federal Government for business.

Many of these produce highly specialized products in the electronics field and are related to our missile and space effort. But that same effort also has stimulated the growth of countless firms whose product is analysis, engineering studies, research and development work.

Some of these cluster around such key university centers as Boston. Even Washington, generally thought of as a city without industry, has a good share of this business.

These establishments are in most cases equipped with modern technical facilities and manned by some of this Nation's brightest people. They are truly on our industrial frontier.

It is difficult to imagine what would become of them if their defense contracts suddenly were shut off. The casualties among them undoubtedly would be severe. They have no present life outside their association with Government effort.

Companies in this special category are part of our private enterprise system, as of course are those huge manufacturers who rely on Washington for only a portion of their business.

We are accustomed to hearing some politicians argue loudly to "get the Government out of business." Clearly they cannot mean this in the truest and fullest sense.

For it is obvious that today private enterprise is tightly bound up with public enterprise. This may disturb ideological purists, but it is a fact not likely to be altered so long as the cold war continues and America devotes itself to massive space projects.

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

## CERTAIN LANDS ADMINISTERED BY FISH AND WILDLIFE SERVICE

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of the unfinished business, Senate bill 2138.

The motion was agreed to; and the Senate resumed the consideration of the bill (S. 2138) to provide that a greater percentage of the increase from lands administered by the Fish and Wildlife Service of the Department of the Interior be returned to the counties in which such lands are situated.

## TRADE EXPANSION ACT OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 2025, House bill 11970, the so-called Trade Expansion Act of 1962.

The PRESIDENT pro tempore. Without objection, it is so ordered; and the Senate will proceed to the consideration of House bill 11970.

The Senate proceeded to the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDENT pro tempore. The pending business is the so-called trade bill, Calendar No. 2025, H.R. 11970.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. YOUNG of Ohio. Mr. President, the trade expansion bill before Congress will tremendously accelerate business recovery in our country. My State of Ohio is the fourth largest in the United States on the basis of exports of products to nations abroad. In other words, there are only 3 States of the 50 in the United States which exceed the State of Ohio in the immensity of their exports. That is one reason why I favor the administration trade expansion proposals now being considered in the Senate. Another valid reason is that 600,000 jobs in industries in the State of Ohio depend upon export industries in my State; and with the trade expansion bill enacted into law, I am certain that this figure will be greatly increased.

Americans may not realize it, but when an average family sits down to the evening meal there is a good chance that some of the food came halfway around the world to the dinner table. More than one-fourth of all imports from foreign nations are agricultural products. The United States imported $3,600 million worth of such products last year, or $20 worth of food, tobacco, rubber, and fibers for each American. Surely, most breakfasts would be no breakfast at all for millions of people except for coffee. We Americans import half of the world's production of coffee. We import bananas from Ecuador, out-of-season tomatoes from Mexico, olive oil from Spain and Italy, cocoa beans from Nigeria and Ghana. These are but a few of many items. Then, 40 percent of our sugar supply comes mainly from the Philippines, and Latin American countries. A long list of products from countries around the globe—wool, cotton, crude rubber, fruits and vegetables—could be named, which help to make the meals of Americans more appetizing, and their homes more attractive. When the trade expansion program becomes law our exports—products from American farms and factories—will climb skyward and our imports will do likewise. International trade is a two-way road.

When a high-tariff wall was built around our country by the Congress in 1928 and 1929 this Nation suffered the most severe economic depression, unemployment, and hunger that Americans have ever experienced. At one time 13 million worthy and industrious men and women in our country were walking the streets, jobless, largely because a high-tariff wall had been built around our country by the protectionists of that time. The farmers in my State were not making enough money to pay the interest on their mortgages and taxes. In some places farmers gathered together on bowling greens and townhall steps, threatening the orderly processes of law. They could not pay the interest on their mortgages. They could not pay their taxes. I recall distinctly that crowds gathered on courthouse steps in Ohio and elsewhere threatening judges who were hearing farm foreclosure cases. Farmers at that time had about as much economic security as a European serf. Farmers are the bone and sinew of America, and today they are again in dire economic circumstances. This bill will help to keep open existing oversea markets for our farm products and eventually open new ones.

On March 4 of 1933, when I first entered the other body as a Representative at Large from my State, banks in 48 States were closed and businessmen did not know whether checks in their pockets were any good, largely as a result of the building of the huge tariff wall around our country. The entire financial structure of our Nation had collapsed.

Yesterday we marked the 100th anniversary of the terrible battle of Antietam Creek, or Sharpsburg, as southerners know it. On that day more men from both the Union and Confederate forces were lost in battle than on any other day in our terrible Civil War, or War Between the States. Yet, the financial structure of our country was never so menaced, during the Civil War, or at any time thereafter as it was on the dark day when Franklin D. Roosevelt first took his oath of office. It was in great part the result of the high tariff wall, which shut out the products of other nations and prevented our farmers and businessmen from selling abroad the products of their farms and factories.

Patrick Henry said:

> I have but one lamp by which my feet are guided, and that is the lamp of experience. I know no way of judging of the future but by the past.

Guiding our footsteps by the light of experience, we should encourage trade with the European Common Market, and other countries of the Old World. They will lower their tariff walls, and we shall lower ours in reciprocity. The standard of living everywhere will be higher. One great reason for our present high standard of living is due entirely to the fact that the Founding Fathers—those wise men, those great patriots who founded our Nation and wrote the Constitution—provided for free trade between all the States and territories of our Union.

I intend to vote against every crippling amendment that is offered to the trade expansion bill of the administration, and I shall gladly support the passage of the bill. It will be for the welfare of this Nation and of all its people.

## SENATE AMENDMENTS TO H.R. 10

**Mr. GORE.** Mr. President, when H.R. 10 was under consideration by the Senate, four amendments were adopted on the floor of the Senate. One of these amendments was offered by the able junior Senator from Louisiana [Mr. LONG], one by the distinguished junior Senator from Minnesota [Mr. MCCARTHY], and two by the junior Senator from Tennessee.

Much misinformation has been spread over the country about these amendments. As a result of this and other stimulation, Congress has received a flood of telegrams and letters. Many of the letters I have received have arrived without an ordinary stamp which an average employee would use but rather with the mark of a corporation postage metering machine.

I want to make one thing unmistakably clear. No additional tax would be levied on the pension annuity of anyone, whether large or small, by any provision contained in the bill or by any amendments added thereto. Despite this, the amendments have been described by a widespread propaganda campaign as a tax on pensions.

The amendments which I offered and which the Senate adopted are designed to curb abuses of existing law with respect to pension fund accumulations. The amendments have hit the mark, too.

Abuses of existing law are widespread. Some of the most widespread abuses are found in manipulation of so-called pension funds by which large, and often multiple, pension funds are accumulated through tax-free money on behalf of a corporation officer or employee and distributed in lump-sum settlements at only the capital gains tax rates.

The Treasury Department advised the Senate Finance Committee of instances in which sums exceeding $800,000 have been built up and paid out in lump sums to one individual, with the corporate official being taxed at a capital gains rate of only 25 percent. This type of transaction, in reality, is a mockery of the concept of retirement security through assurance of adequate annuities. Moreover, it bears no resemblance to a capital transaction. It is, in fact, a device by which ordinary income, subject to the normal tax rate is converted to a so-called capital gain subject to capital gains rates with a maximum tax of 25 percent. My amendment would put a stop to such abuses by corporation officials, but would not affect the employee who receives an annuity from a pension fund or retirement fund to supplement his social security or other income. Only in exceptional cases would the ordinary employee be affected since pension benefits are generally drawn in the form of an annuity rather than a lump-sum payment.

But even in case of lump-sum payments, the amendment provides generously, I think. Instead of full normal tax, the amendment permits a 5-year averaging which would require less taxes on many average employees than present law would require. On large lump-sum payments, on the other hand, a larger and, I think, a more equitable taxpayment would be required.

Another amendment which I offered and which was adopted by the Senate would place a limitation on the amount of tax deduction which a corporation could receive under the law for contribution to the pension fund of any one officer or employee. These limitations are quite generous, amounting to $5,000 or 10 percent of the employee's salary each year, whichever is the lesser, with an overall lifetime limit of $250,000.

Mr. President, this limitation has been criticized by some as being too large and by others as being too small. The present law contains no limit at all. I think some limitation is needed, and I suggest that the limitations which the Senate adopted are generous indeed.

Mr. President, if these amendments serve only to cause the Congress and the American people to give careful consideration to this rapidly growing pattern of abuse through manipulation of so-called pension funds, then they will have served a very useful purpose. This pattern of abuse, coupled with other loopholes in the tax law, constitute a serious attack upon the very principle of a system of progressive taxation upon which the very preservation of economic democracy and social justice depend.

## PLANNED MIGRATION OF "NONVIOLENT UNITS" TO SOUTH

**Mr. STENNIS.** Mr. President, the tensions and suffering endured for many weeks by the people in the fine little city of Albany, Ga., continue. In a large measure, these conditions have been promoted and agitated by outsiders.

Last year the people of Jackson, Miss., suffered—with commendable fortitude, let me emphasize—from the activities of wave after wave of outsiders who called themselves freedom riders. While they came into our State with songs and prayers of peace, their conduct promoted and aroused only anger and resentment. In reality their purpose was to violate the laws of the State of Mississippi. Even now, the courts are congested with pending cases arising from these invaders.

Now, Mississippi may be a scene of great tension this week as a result of the application filed by a Negro for admission to the university. The Governor of Mississippi, the Honorable Ross R. Barnett, has said that in this contest no violence will be tolerated. The Governor and the people of Mississippi rightfully propose to resist by all lawful and constitutional means this unwarranted encroachment and invasion of the authority of the State of Mississippi regarding our State educational institutions.

The foregoing is factual background for my references now to the announced plans of a group from New York, Chicago, and Washington who propose to have "nonviolent units" of individuals stand by as "ready reserves" to go on "prayer pilgrimages" to any place of integration trouble spot in the South. I quote from the news item appearing in the New York Times for September 16:

> Volunteers in several cities are pledged to go at a moment's notice on prayer pilgrimages to integration trouble spots in the South. They are prepared to spend time in jail for demonstrating against racial discrimination.
>
> Pilgrimage organizers have called five rallies at churches in Manhattan, Brooklyn, Queens and Mount Vernon this week to sign up volunteers. Similar recruiting was reported by integrationists in Hartford, New Haven, Cleveland, Chicago and Washington.

Mr. President, no nation in the world except the United States would permit, much less encourage, the migration of hordes of outsiders to places of tension and trouble, for the sole purpose of further increasing those tensions, thereby destroying all chance for possible settlement or continued peace.

I appeal to all those Federal authorities, either now or hereafter connected in any way with the pending matter at the University of Mississippi to discourage—and, if necessary, to prevent—such migrations of outside troublemakers to places of tension.

I express the fervent hope, Mr. President, that people of good will throughout the Nation will actively discourage the migration of such so-called nonviolent units of individuals to trouble spots in any State. The Governor and the people of Mississippi, or of any State, should not be held responsible for any disorder resulting from such invaders who come in to further agitate troubled relations which are already greatly strained.

I can assure the people of the Nation that the people of Mississippi are acting with the utmost good faith and sincerity and that they will continue to do so. I trust that outside groups will not be permitted, much less encouraged, to increase this burden.

---

## TRADE EXPANSION ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

The **PRESIDING OFFICER** (Mr. YOUNG of Ohio in the chair). The first committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 2, line 3, after the word "mutual" it is proposed to insert the word "trade."

Mr. **WILLIAMS** of Delaware. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **WILLIAMS** of Delaware. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **BYRD** of Virginia. Mr. President, the Finance Committee has reported H.R. 11970, the Trade Expansion Act of 1962. This bill would continue in a greatly expanded form the trade agreement program which began in 1934.

I recall that I was new in the Senate at that time and that the proposed trade program made a great impression on me. The first speech I made in the Senate was in support of the program. However, a close examination of the new concept of reciprocal trade agreements envisioned in the bill before us is not that of Cordell Hull, the one originally designated the "father of the program."

Before discussing the bill I should like to say a word of appreciation for the long hours and efficient work of the staff of the committee and the office of the legislative counsel for getting this intricate bill and report ready on such short notice.

The bill would extend the authority of the President for 5 years from June 30, 1962, to June 30, 1967, to enter into new trade agreements.

It would permit the President to reduce all tariffs by 50 percent and to reduce a great many rates by more than 50 percent or to remove them entirely.

The bill does not contain the requirement in the present law that the Tariff Commission must report confidential peril points to the President. However, it does require the President to submit a list of items upon which he intends to negotiate and the Tariff Commission to make a study of the effect of tariff cuts on the industries concerned.

The bill sets up a plan for the appointment by the President of a chief negotiator to have complete charge of the trade negotiations for the United States. He is to be confirmed by the Senate and shall have ambassadorial rank. The committee amended the bill to provide that the chief negotiator shall be Chairman of the Interagency Trade Organization, a Cabinet level committee which, under the House bill was to have as its chairman a member of the Cabinet.

The bill, as amended, gives very broad authority to the President to raise duties, impose quotas, or take other action when he finds it to be in the national interest. This would arm the President and the chief negotiator with wide powers to use trade restrictions when necessary or advisable to induce foreign countries to to remove burdensome or unreasonable restrictions on our exports.

The bill provides that most-favored-nation treatment shall not be extended to Russia, Communist China, or areas dominated by them, but a committee amendment would allow the President to extend that treatment to Yugoslavia and Poland. Under the House version the President could not have done this.

The bill contains an escape clause and the Finance Committee amended it to provide that industries need only prove that imports as a result of trade concessions are the major cause of the injury. Under the House bill it might have been interpreted that imports or the concession be the sole cause of the injury. The committee also added "a reasonable profit level" as a part of the criteria to be considered.

The bill reserves from new negotiating lists for 5 years the items which have been affected by Presidential action under the escape clause or the national security provisions of present law. The same applies in cases where the Tariff Commission has made recommendations for adjustment under the escape clause. The House bill reserved these items for 4 years.

The bill was amended to provide that the President may enter into orderly marketing agreements with foreign countries limiting the export to the United States of industrial as well as agricultural articles.

The bill contains a provision for adjustment assistance to industries, firms, or workers seriously injured by concessions granted in trade agreements. The procedure is involved and difficult but may be invoked by individual firms or groups of workers. The committee amended the bill to provide that the entire cost of adjustment assistance shall be paid by the Federal Government. The House bill provided that the Federal payment should only be for amounts in excess of those available under State law.

The Finance Committee adopted a number of amendments, most of which were technical, suggested by the administration and by the Tariff Commission.

The bill does away with the peril points although it does contain a form of escape clause. It seems to me that the peril point procedure has been well tested and that it has in no way hampered the operation of the trade agreement program. In the past it has been voted upon and approved wholeheartedly by many proponents of the program.

However, the part of the bill that gives me the greatest difficulty is that which, by its very existence, is a mandate to the President to deliberately take action that seems sure to result in serious injury to a domestic industry or segment of agriculture. This is the one that provides so-called adjustment assistance to industries, firms, or workers seriously injured by imports following excessive tariff cuts.

I do not want to be misunderstood. I am certainly not against properly administered State unemployment compensation programs. What this part of the bill does is to discriminate against those who are unemployed as a result of normal economic dislocations. Through the provisions of the bill a man may get assistance for far longer periods than allowed by any State program and far more in his weekly allowance. Whereas the normal State law may assist the unemployed for 25 to 30 weeks at a maximum rate of $35 to $40 a week, H.R. 11970 would allow a maximum period of over a year, at a rate amounting to as as much as $61 per week. Furthermore, the bill sets the camel's head and shoulders in the tent of federalized unemployment compensation. The proponents of the measure may try to rationalize away from this point of view, but the facts are eminently clear. The States would still pay the compensation, but the Federal Government would foot the bill by repayment to the States.

In spite of the weaknesses of the bill before us I must support the continuance of the trade agreement program without interruption. The reasons why it must be continued are overwhelming. The statement of purposes in the bill include this phrase, "to strengthen economic relations with foreign countries" and if economic relations are strengthened then the unity of the free world is also strengthened.

A number of influences have affected international trade and the world economy since 1958 when the present trade agreement law was enacted. The rapid strides toward economic and possible political unity in the European Economic Community and the serious efforts of others of our allies to overcome the very difficult obstacles to a union with that Community can only have a marked effect on the established outline of world trade.

U.S. exports are relatively small in comparison with our gross national product, yet international trade in our expanding economy is of vital concern to our national well-being. The United States continues to compete in all markets of the world, as evidenced by our growing exports, but our own dynamic economy is being approached by the rapid expansion of efficient and aggressive production and sales methods abroad. This expansion, along with the formation of free-trade groups in other parts of the free world, can and should provide an impetus to greater and more profitable international trade.

But our allies are also our competitors in world markets and if the United States is to cope with the problems arising from the rearrangement of trading patterns, the Congress must provide adequate machinery.

The problems of agriculture, industry, and labor will not be solved by the passage of this legislation. They would be much greater, however, if the economy was allowed to stagnate or if the rapid developments abroad found the United States unready or unwilling to join in the forward movement. Inactivity could only delay the inevitable facing up to the situation.

On the other hand the expansion of agriculture, industry and employment abroad will continue to increase the purchasing power in most areas with a resultant expansion in the demand for the goods of other nations. These new and growing markets will rapidly be supplied with the commodities from other sources unless the United States shows an interest in them and makes positive efforts to expand and maintain its trade.

It was the careful consideration of all these factors that influenced my final and difficult decision to vote for the bill H.R. 11970 in committee. My reservations about some features of it are very strong and when the vote to report the bill was taken I indicated that I may be forced to oppose those features on the floor.

This I shall do, but, as I have pointed out, it is of utmost importance that we pass a trade bill at this session. I know that the Members of the Senate will give it their earnest consideration.

Mr. President I ask unanimous consent that the committee amendments be agreed to en bloc.

The **PRESIDING OFFICER**. Without objection, the committee amendments are agreed to en bloc, and the bill, as amended, will be treated as original text for purpose of amendment.

The amendments agreed to en bloc are as follows:

On page 2, line 3, after the word "mutual", to insert "trade"; in line 7, after the word "commerce", to insert "and"; in line 10, after the word "free", to strike out "world;" and insert "world."; after line 10, to strike out:

"(3) to assist in the progress of countries in the earlier stages of economic development; and".

After line 12, to strike out:

"(4) to prevent Communist economic penetration."

On page 4, in the heading, at the beginning of line 2, to strike out "European Economic Community" and insert "Free European Trading Community".

On page 4, line 5, after the word "the", where it appears the second time, to strike out "European Economic Community" and insert "Free European Trading Community;" in line 10, after the word "the", to strike out "European Economic Community" and insert "Free European Trading Community;" on page 5, at the beginning of line 13, to strike out "European Economic Community" and insert "Free European Trading Community"; on page 6, line 4, after the word "the", to strike out "European Economic Community" and insert "Free European Trading Community"; in line 10, after the word "section", where it appears the first time, to strike out "231 or" and insert "231"; in line 11, after the numerals "1951", to insert "or under section 401(a) of the Tariff Classification Act of 1962"; in line 23, after the word "the", where it appears the second time, to strike out "European Economic Community" and insert "Free European Trading Community".

On page 7, line 6, after the word "the", where it appears the second time, to strike out "European Economic Community" and insert "Free European Trading Community".

On page 7, line 23, after the figure "(3)", to strike out "the European Economic Community has made a commitment with respect to duties or other import restrictions which is likely to assure access for such article to the markets of the European Economic Community", and insert "the European Economic Community, and any country (not within the European Economic Community) which is included within the Free European Trading Community, have made commitments with respect to duties or other import restrictions which are likely to assure access for such article to the markets of the Free European Trading Community".

On page 10, line 2, after the word "articles", to insert a comma and "so as to assist the President in making an informal judgment as to the impact that might be caused by such modifications on United States industry, agriculture, and labor"; in line 5, after the amendment just above stated, to strike out "In the course of preparing such advice, the Tariff Commission shall, after reasonable notice, hold public hearings."; after line 7, to insert:

"(c) In preparing its advice to the President, the Tariff Commission shall, to the extent practicable—

"(1) investigate conditions, causes, and effects relating to competition between the foreign industries producing the articles in question and the domestic industries producing the like or directly competitive articles;

"(2) analyze the production, trade, and consumption of each like or directly competitive article, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned, and such other economic factors in such industries as it considers relevant, including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production;

"(3) describe the probable nature and extent of any significant change in employment, profit levels, use of productive facilities and such other conditions as it deems relevant in the domestic industries concerned which it believes such modifications would cause; and

"(4) make special studies, whenever deemed to be warranted, of particular proposed modifications affecting United States industry, agriculture, and labor.

"(d) In preparing its advice to the President, the Tariff Commission shall, after reasonable notice, hold public hearings."

On page 12, line 19, after the word "Section", to strike out "232 or 351," and insert "232, 351, or 352".

On page 13, line 6, after the word "the", to strike out "4-year" and insert "5-year".

On page 15, line 2, after the word "of", to strike out "any country or area dominated or controlled by Communism" and insert "the Union of Soviet Socialist Republics, Communist China, and any other country or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement."

On page 17, line 21, after the word "each", to insert "general multilateral"; in line 24, after the word "United", to strike out "States." and insert "States, and who shall be the chairman of the organization established pursuant to section 242(a)."; on page 18, line 5, after the word "mission," to insert "and"; line 6, after the word "plenipotentiary", to strike out the comma and "and shall be an ex-officio member of the organization established pursuant to section 242 (a)"; in line 13, after the word "agencies", to strike out "of the United States".

On page 18, line 18, after the word "and", to strike out "chapter 4 of title III" and insert "sections 351 and 352"; in line 19, after the word "shall", to strike out "have as its chairman a Cabinet officer selected by the President, and shall," and insert "in addition to the Special Representative for Trade negotiations"; in line 23, after the word "meet", to strike out "periodically"; on page 19, line 13, after the word "concerning", to strike out "unjustifiable"; in line 14, after the word "section", to strike out "252(c)" and insert "252(d)"; on page 20, line 1, after the word "section", to strike out "252(c)" and insert "252(d)".

On page 20, line 16, after the word "title", to insert a comma and "in section 350(b) of the Tariff Act of 1930, or in section 401(a) of the Tariff Classification Act of 1962,".

On page 20, line 24, after the word "Whenever", to strike out "unjustifiable"; on page 21, line 1, after the word "States", to insert "unjustifiably"; in line 5, after the word "restrictions", to strike out "and"; in line 9, after the word "such", to strike out "restrictions." and insert "restrictions, and

"(3) notwithstanding any other provision of law or any provision of any trade agreement, impose duties or other import restrictions on the products of any foreign country or instrumentality establishing or maintaining such foreign import restrictions against United States agricultural products, to the extent he deems such duties and other import restrictions necessary to prevent the establishment or obtain the removal of such foreign import restrictions and to provide access for United States agricultural products to the markets of such country or instrumentality on an equitable basis."; in line 25, after the word "including", to strike out "unlimited"; on page 22, line 9, after the word "trade", to strike out "agreements" and insert "agreement".

On page 22, after line 13, to insert a new subparagraph, as follows:

"(c) Whenever a foreign country or instrumentality, the products of which receive benefits of trade agreement concessions made by the United States, maintains unreasonable import restrictions which either directly or indirectly substantially burden United States commerce, the President may, to the extent that such action is consistent with the purposes of section 102, and having due regard for the international obligations of the United States—

"(1) suspend, withdraw, or prevent the application of benefits of trade agreement concessions to products of such country or instrumentality, or

"(2) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality."

On page 23, at the beginning of line 3, to strike out "(c)" and insert "(d)"; in line 4, after the word "concerning", to strike out "unjustifiable"; in line 5, after the word "restrictions", to insert "which are referred to in subsections (a), (b), and (c) and are".

On page 25, after line 16, to strike out:

"(1) The term 'European Economic Community' means the instrumentality known by such name or any successor thereto.

"(2) The countries of the European Economic Community as of any date shall be those countries which on such date are agreed to achieve a common external tariff through the European Economic Community.

"(3) The term 'agreement with the European Economic Community' means an agreement to which the United States and all countries of the European Economic Community (determined as of the date such agreement is entered into) are parties. For purposes of the preceding sentence, each country for which the European Economic Community signs an agreement shall be treated as a party to such agreement."

And, in lieu thereof, to insert:

"(1) The term 'Free European Trading Community' means (A) the European Economic Community and (B) any country. designated by the President, which is a member of the European Free Trade Association.

"(2) The term 'European Economic Community' means the instrumentality known by such name or any successor thereto. The countries of the European Economic Community as of any date shall be those countries which on such date are agreed to achieve a common external tariff through the European Economic Community.

"(3) The term 'European Free Trade Association' means the organization known by such name or any successor thereto. The countries of the European Free Trade Association as of any date shall be those countries which are full members of the Association on such date.

"(4) The term 'agreement with the Free European Trading Community' means an agreement to which the United States and all countries of the Free European Trading Community (determined as of the date such agreement is entered into) are parties. Each such country for which the European Economic Community signs an agreement shall, for the purposes of this paragraph, be treated as a party to such agreement."

On page 27, at the beginning of line 7, to strike out "(4)" and insert "(5)"; at the beginning of line 3, to strike out "(7)" and insert "(6)"; at the beginning of line 20, to strike out "(6)" and insert "(7)"; in line 24, after the word "into", to insert a comma and "and when referring to a rate of duty, refers to the rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on such date."; on page 28, at the beginning of line 3, to strike out "(7)" and insert "(8)".

On page 30, after line 24, to insert:

"(g) (1) Section 102(1) of the Tariff Classification Act of 1962 is amended by striking out 'of schedules 1 to 7, inclusive,'.

"(2) Section 203 of the Tariff Classification Act of 1962 is amended to read as follows:

" 'Sec. 203. For purposes of applying section 350 of the Tariff Act of 1930, as amended, and the Trade Expansion Act of 1962 with respect to the Tariff Schedules of the United States—

" '(1) The rate of duty in rate column numbered 2 for each item in schedules 1 to 7, inclusive, of the Tariff Schedules of the United States, shall be treated as the rate of duty existing on July 1, 1934.

" '(2) The lowest preferential or nonpreferential rate of duty in rate column numbered 1 for each item in schedules 1 to 7, inclusive, of the Tariff Schedules of the United States on the effective date provided for in section 501(a) of this Act shall be treated as the preferential or nonpreferential rate of duty, respectively, existing on July 1, 1962; except that with respect to any article the rate for which in schedules 1 to 7 has been changed by Presidential proclamation after June 30, 1962, the rate to be regarded as existing on July 1, 1962, shall be the rate which the Commission specifically declares, in a supplemental report made pursuant to section 101(c) of this Act, to be the rate which, in its judgment, conforms to the fullest extent practicable to the rate regarded as existing on July 1, 1962, under section 256(5) of the Trade Expansion Act of 1962.

" '(3) Legislation entering into force after the effective date provided for in section 501(a) of this Act which results in the permanent reclassification of any article without specifying the rate of duty applicable thereto, and proclamations under section 202(c) of this Act, shall be considered as having been in effect since June 30, 1962.'

"(h) Nothing contained in this Act shall be construed to affect in any way the provisions of section 22 of the Agricultural Adjustment Act, or to apply to any import restriction heretofore or hereafter imposed under such section."

On page 32, after line 14, to insert:

"Sec. 258. References.

"All provisions of law (other than this Act and the Trade Agreements Extension Act of 1951) in effect June 30, 1962, referring to section 350 of the Tariff Act of 1930, to that section as amended, to the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934, to that Act as amended, or to agreements entered into, or proclamations issued, under any of such provisions, shall be construed, unless clearly precluded by the context, to refer also to this Act, or to agreements entered into or proclamations issued, pursuant to this Act."

On page 33, after line 8, to strike out:

"(a) (1) Petitions for tariff adjustments under section 351 or for determinations of eligibility to apply for adjustment assistance under chapter 2 or 3 may be filed with the Tariff Commission by firms, groups of workers, or industries. In the case of a firm, such petition may be filed by the firm or its representative. In the case of a group of workers, such petition may be filed by the workers or by their certified or recognized union or other duly authorized representative. In the case of an industry, such petition may be filed by a trade association, firm, certified or recognized union, or other representative."

And in lieu thereof, to insert:

"(a) (1) A petition for tariff adjustment under section 351 may be filed with the Tariff Commission by a trade association, firm, certified or recognized union, or other representative of an industry.

(2) A petition for a determination of eligibility to apply for adjustment assistanse under chapter 2 may be filed with the Tariff Commission by a firm or its representative, and a petition for a determination of eligibility to apply for adjustment assistance under chapter 3 may be filed with the Tariff Commission by a group of workers or by their certified or recognized union or other duly authorized representative."

On page 34, line 8, to change the subsection number from "(2)" to "(3)".

On page 34, line 17, after the word "result", to insert "in major part".

On page 35, line 2, after the word "a", to insert "level of reasonable".

On page 35, after line 3, to insert:

"(3) For purposes of paragraph (1), increased imports shall be considered to cause, or threaten to cause, serious injury to the domestic industry concerned when the Tariff Commission finds that such increased imports have been the major factor in causing, or threatening to cause, such injury."

On page 35, line 9, to change the subsection number from "(3)" to "(4)".

On page 35, line 17, after the word "Commission", to strike out "shall, in addition to making an industry determination under subsection (b)," and insert "shall promptly make an investigation to"; in line 20, after the word "result", to insert "in major part", and on page 36, line 3, after the word "a", to insert "level of reasonable".

On page 36, line 8, after the word "Commission", to strike out "shall, in addition to making an industry determination under subsection (b)," and insert "shall promptly make an investigation to"; in line 11, after the word "result", to insert "in major part".

On page 36, after line 18, to insert:

"(3) For purposes of paragraphs (1) and (2), increased imports shall be considered to cause, or threaten to cause, serious injury to a firm or unemployment or underemployment, as the case may be, when the Tariff Commission finds that such increased imports have been the major factor in causing, or threatening to cause, such injury or unemployment or underemployment."

At the top of page 37, to strike out:

"(3) The Tariff Commission may provide that, during a period beginning not earlier than 30 days after the publication of notice of hearings with respect to an industry and ending not later than the date of the report of the Tariff Commission with respect thereto under subsection (f) (2), no petition may be filed under subsection (a) (1) by a firm or group of workers in such industry with respect to the same imported article and the same domestic article."

On page 37, line 9, after "(d)", to insert "(l)"; in the same line, after the word "under", to strike out "this section" and insert "subsection (b) (1)".

On page 37, after line 13, to insert:

"(2) In the course of any investigation under subsection (c) (1) or (c) (2), the Tariff Commission shall, after reasonable notice, hold public hearings if requested by the petitioner, or if, within 10 days after notice of the filing of the petition, a hearing is requested by any other party showing a proper interest in the subject matter of the investigation, and shall afford such parties an opportunity to be present, to produce evidence, and to be heard at such hearings."

On page 38, line 12, after the word "than", to strike out "120 days" and insert "6 months"; in line 15, after the word "be", to strike out the comma and "unless the President extends such time for an additional period, which shall not exceed 30 days".

At the top of page 39, to insert:

"(g) Except as provided in section 257 (e) (3), no petition shall be filed under subsection (a), and no request, resolution, or motion shall be made under subsection (b), prior to the close of the 60th day after the date of the enactment of this Act."

On page 39, line 12, after the numerals "351", to insert "or 352".

On page 59, after line 15, to strike out:

"(c) (1) The amount payable to an adversely affected worker under subsection (a) for any week shall be reduced by any amount of unemployment insurance to which he is entitled with respect to such week (or would be entitled but for this chapter or any action taken by such worker under this chapter), whether or not he has filed a claim for such insurance."

On page 59, at the beginning of line 23, to strike out "(2) The amount payable to an adversely affected worker under subsection (b)" and insert "The amount of trade readjustment allowance payable to an adversely affected worker under subsection (a) or (b)".

On page 60, line 11, after the word "is", to strike out "payable" and insert "paid"; in line 21, after the word "allowance", to strike out "payable" and insert "paid".

On page 61, after line 14, to strike out:

"(g) If unemployment insurance is paid under a State law to an adversely affected worker for a week during which he is undergoing training approved by the Secretary of Labor, the State agency making such payment shall be reimbursed from funds appropriated pursuant to section 337, to the extent that such payment does not exceed the trade readjustment allowance which such worker would have received if he had applied for such allowance and had not received the State payment. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the State agency and such amount shall then be placed in the Unemployment Trust Fund to the credit of the State's account."

And, in lieu thereof, to insert:

"(g) (1) If unemployment insurance is paid under a State law to an adversely affected worker for a week for which—

"(A) he receives a trade readjustment allowance, or

"(B) he makes application for a trade readjustment allowance and would be entitled (determined without regard to subsection (c) or (e)) to receive such allowance,

the State agency making such payment shall, unless it has been reimbursed for such payment under other Federal law, be reimbursed from funds appropriated pursuant to section 337, to the extent such payment does not exceed the amount of the trade readjustment allowance which such worker would have received, or would have been entitled to receive, as the case may be, if he had not received the State payment. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the State agency.

"(2) In any case in which a State agency is reimbursed under paragraph (1) for payments of unemployment insurance made to an adversely affected worker, such payments, and the period of unemployment of such worker for which such payments were made, may be disregarded under the State law (and for purposes of applying section 3303 of the Internal Revenue Code of 1954) in determining whether or not an employer is entitled to a reduced rate of contributions permitted by the State law, but only if, under the State law, such payments and such period are disregarded in determining such worker's eligibility for unemployment insurance under the State law upon the termination of such worker's eligibility to receive trade readjustment allowances as determined under section 324."

On page 69, line 13, after the numerals "331", to insert "(1)"; in line 15, after the word "chapter", to insert a comma and "and (2) the sums reimbursable to a State pursuant to section 323 (g)."; in line 20, after the word "chapter.", to insert "Sums reimbursable to a State pursuant to section 323(g) shall be credited to the account of such State in the Unemployment Trust Fund and shall be used only for the payment of cash benefits to individuals with respect to their unemployment, exclusive of expenses of administration."

On page 79, at the beginning of line 3, to insert "or, if the article is dutiable but no rate existed on that date, the rate existing at the time of the proclamation,"; in line 9, after the word "paragraph", to strike out "(5)" and insert "(6)"; in line 23, after the word "is", to strike out "4 years" and insert "5 years"; on page 80, line 5, after the word "of", to strike out "4 years" and insert "5 years"; in line 16, after the word "make", to strike out "periodic" and insert "annual"; in line 18, after the word "President", to insert "or upon its own motion"; on page 81, line 5, after the word "the", where it appears the second time, to strike out "4-year" and insert "5-year".

On page 82, after line 3, to insert a new section, as follows:

"SEC. 352. ORDERLY MARKETING AGREEMENTS.

"(a) After receiving an affimative finding of the Tariff Commission under section 301 (b) with respect to an industry, the President may, in lieu of exercising the authority contained in section 351(a)(1) but subject to the provisions of sections 351(a) (2), (3), and (4), negotiate international agreements with foreign countries limiting the export from such countries and the import into the United States of the article causing or threatening to cause serious injury to such industry, whenever he determines that such action would be more appropriate to prevent or remedy serious injury to such industry than action under section 351(a)(1).

"(b) In order to carry out an agreement concluded under subsection (a), the President is authorized to issue regulations governing the entry or withdrawal from warehouse of the article covered by such agreement. In addition, in order to carry out a multilateral agreement concluded under subsection (a) among countries accounting for a significant part of world trade in the article covered by such agreement, the President is also authorized to issue regulations governing the entry or withdrawal from warehouse of the like article which is the product of countries not parties to such agreement."

At the top of page 83, to insert a new section, as follows:

"SEC. 353. ADDITIONAL AUTHORITY TO INCREASE TARIFFS AND IMPOSE QUOTAS.

"Notwithstanding any other provision of law, the President may, when he finds it in the national interest, proclaim with respect to any article imported into the United States—

"(1) the increase of any existing duty on such article to such rate as he finds necessary,

"(2) the imposition of a duty on such article (if it is not otherwise subject to duty) at such rate as he finds necessary, and

"(3) the imposition of such other import restrictions as he finds necessary."

On page 84, line 14, after "U.S.C.", to strike out "582" and insert "583".

On page 88, line 9, after the word "country", to insert "or area"; and in line 11, after the word "country", to insert "or area".

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that Mr. Paul Kaplowitz, of the Tariff Commission, be granted permission to be on the floor of the Senate during the consideration of the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to amendment.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, pending the arrival of more Senators, I should like to have the Senate proceed to the consideration of measures on the calendar to which there is no objection. The measures to be considered have been cleared with the leadership on both sides of the aisle.

Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of measures on the calendar to which there is no objection, beginning with Calendar No. 1983, and that the trade bill be again made the pending business following the call of the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed at the appropriate place in the RECORD an explanation of each bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

## TOWNSITE LAWS APPLICABLE IN STATE OF ALASKA

The Senate proceeded to consider the bill (S. 3160) to amend the act of March 8, 1922, as amended, to extend its provisions to the townsite laws applicable in the State of Alaska, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 1, after the enacting clause, to strike out "That section 3 of the Act of March 8, 1922 (42 Stat. 415; 48 U.S.C. 376, 377, 377a), is amended to read as follows:" and insert "That section 3 of the Act of March 8, 1922 (42 Stat. 415), as amended (75 Stat. 384; 48 U.S.C. 376, 377, 377a), is further amended to read as follows:"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3 of the Act of March 8, 1922 (42 Stat. 415), as amended (75 Stat. 384; 48 U.S.C. 376, 377, 377a), is further amended to read as follows:

"SEC. 3. The Secretary of the Interior may (a) sell under the provisions of section 2455 of the Revised Statutes (43 U.S.C. 1171), as amended, or (b) make disposition under the following townsite laws, as amended: Sections 2380 and 2381 of the Revised Statutes (43 U.S.C. 711, 712); section 11 of the Act of March 3, 1891 (26 Stat. 1099; 48 U.S.C. 355); Act of May 25, 1926 (44 Stat. 629; 48 U.S.C. 355a–355d); and Act of March 12, 1914 (38 Stat. 305; 48 U.S.C. 301, 302, 303–308), of any lands in Alaska known to contain workable coal, oil or gas deposits, or that may be valuable for the coal, oil or gas contained therein, and which are otherwise subject to sale or disposition under said section 2455, as amended, or the said townsite laws, as amended, upon the condition that the patent issued to the purchaser thereof shall contain the reservation required by section 2 of this Act."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2022), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE

Enactment of S. 3160 will eliminate a difference between the law governing the disposition of public lands under the townsite laws in Alaska and that governing the rest of the public land States by permitting tracts in Alaska to be sold subject to a reservation to the United States of coal, oil, and gas.

### NEED

Provision is made in several townsite laws for the sale of public lands in Alaska. Under basic general law (Rev. Stat. 2318; 30 U.S.C. 21), however, lands valuable for minerals are reserved from sale unless expressly authorized by law to be sold. The act of July 17, 1914 (30 U.S.C. 121-123), which authorizes the disposition of public lands valuable for oil, gas, and certain other minerals, with the reservation to the United States of the minerals involved, is not applicable to Alaska. Accordingly, there can be no sales under the townsite laws in that State of lands which are deemed valuable for minerals even if the sale is made subject to a mineral reservation.

The act of March 8, 1922 (48 U.S.C. 376-377a), permits certain entries on, and sales of, public land in Alaska valuable for coal, oil, and gas provided reservation is made to the United States of the coal, oil, and gas.

S. 3160 would amend the 1922 act to permit the disposition of lands under the townsite laws in Alaska subject to the same reservation. It is anticipated that this will facilitate disposition of public lands in Alaska as well as the orderly development of the new State while protecting the public interest through a reservation of rights to coal, oil, and gas.

### AMENDMENT

The committee amendment is a technical one, solely for the purpose of more precisely stating the citation of the act being amended.

### COST

No increase in budgetary requirements is involved in S. 3160.

---

## PRACTICES IN CONNECTION WITH PLACING OF MINOR CHILDREN FOR PERMANENT FREE CARE OR FOR ADOPTION

The Senate proceeded to consider the bill (S. 654) to amend title 18, United States Code, to make unlawful certain practices in connection with the placing of minor children for permanent free care or for adoption which had been reported from the Committee on the Judiciary, with amendments, on page 2, line 10, after the word "interstate", to insert "or foreign"; after line 12, to strike out:

"(b) The provisions of this section shall not apply in the case of money received or paid to a child care or adoption agency in any State, either public or private, which is authorized or licensed by said State to provide permanent care for children or to place children for adoption, as reimbursement for the reasonable and proper expenses of providing services by said agency.

And, in lieu thereof, to insert:

(b) The provisions of this section shall not apply in the case of (1) money received by or paid to a child-care or adoption agency in any State, either public or private, which is authorized or licensed by said State to provide permanent care for children or to place children for adoption, as reimbursement for the reasonable and proper expenses of providing services by said agency; (2) fees received solely for professional legal services in connection with the obtaining of an adoption decree; or (3) fees received solely for professional medical services in connection with the prenatal care of the natural mother or delivery, examination, or treatment of the child.

On page 3, after line 6, to insert:

"(c) Nothing in this section shall be construed to penalize (1) any person for placing or arranging for the placement of any child in any home for permanent free care or adoption, if such person is the natural parent of such child; or (2) any person who arranges or seeks to arrange for the placement in his home of a child for the purpose of adopting such child or providing him with permanent free care.

In line 21, after the word "interstate", to insert "or foreign"; on page 4, at the beginning of line 3, to strike out "from one State to another" and insert "in interstate or foreign commerce"; in line 7, after the word "adoption", to strike out "or"; in line 8, after the word "shelter", to insert a comma and "or (3) any person who arranges or seeks to arrange for the placement in his home of a child for the purpose of adopting such child or providing him with permanent free care."; in line 15, after the word "years", to insert "and"; after line 15, to strike out:

"(2) The term 'interstate commerce' means transportation of persons or property between one State or possession of the United States, the Commonwealth of Puerto Rico, or the District of Columbia, and another State or possession of the United States, the Commonwealth of Puerto Rico, the District of Columbia, or with a foreign country; and

And, at the beginning of line 22, to strike out "(3)" and insert "(2)"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That title 18 of the United States Code is amended by inserting at the end of chapter 53, a new chapter as follows:

"CHAPTER 54—INTERSTATE PLACEMENT OF CHILDREN FOR PERMANENT FREE CARE OR FOR ADOPTION

"Sec.
"1181. Placing child for permanent free care or for adoption for compensation.
"1182. Coercion or enticement of parent.
"1183. Definitions.

"§ 1181. Placing child for permanent free care or for adoption for compensation.

"(a) Whoever, either by himself or through any agent or employee, or other person, directly or indirectly, solicits, collects, or receives any money or any other thing of value, or the promise thereof, in any manner whatsoever, for placing, or arranging for the placement of any child in any home for permanent free care or for adoption, under circumstances requiring or resulting in such child being transported in interstate or foreign commerce, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(b) The provisions of this section shall not apply in the case of (1) money received by or paid to a child-care or adoption agency in any State, either public or private, which is authorized or licensed by said State to provide permanent care for children or to place children for adoption, as reimbursement for the reasonable and proper expenses of providing services by said agency; (2) fees received solely for professional legal services in connection with the obtaining of an adoption decree; or (3) fees received solely for professional medical services in connection with the prenatal care of the natural mother or delivery, examination, or treatment of the child.

"(c) Nothing in this section shall be construed to penalize (1) any person for placing or arranging for the placement of any child in any home for permanent free care or adoption, if such person is the natural parent of such child; or (2) any person who arranges or seeks to arrange for the placement in his home of a child for the purpose of adopting such child or providing him with permanent free care.

"§ 1182. Coercion or enticement of parent

"Whoever, by himself or through any agent or employee or other person, whether in return for the payment or receipt of money or anything of value, or without any such payment or receipt, in any manner whatsoever, persuades, induces, coerces, or arranges for a parent of a child (including a child in ventre sa mere) to travel from or to another place in interstate or foreign commerce to place said child for permanent free care or for adoption when the placement is made or will be made in return for the payment of money or anything of value, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"This section shall not interfere in any manner with arrangements for the transportation of a natural mother in interstate or foreign commerce by (1) any child-care or adoption agency in any State, either public or private, which is authorized or licensed by such State to provide permanent care for children or to place children for adoption, (2) any licensed or authorized maternity home or shelter, or (3) any person who arranges or seeks to arrange for the placement in his home of a child for the purpose of adopting such child or providing him with permanent free care.

"§ 1183. Definitions

"As used in this chapter—

"(1) The term 'child' means any individual who has not attained the age of sixteen years; and

"(2) The term 'permanent free care' means the care given to any child on a permanent basis by any person who is not receiving compensation therefor, and is not either related to the child nor standing in such relation to the child or its mother as to create a normal and legitimate interest in their welfare, but such term does not include the free care provided to any child by any licensed or authorized childcare agency or juvenile court."

SEC. 2. (a) The analysis of part I of title 18 of the United States Code is amended by inserting after

"53. Indians........................ 1151"

the following:

"54. Interstate placement of children for permanent free care or for adoption........................ 1181".

(b) That part of the index to title 18 of the United States Code which describes the contents of part I of such title is amended by inserting after

"53. Indians........................ 1151"

the following:

"54. Interstate placement of children for permanent free care or for adoption........................ 1181".

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2025), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE BILL

The purpose of the bill, as amended, is to impose Federal criminal sanctions on persons engaged in the traffic, in interstate or foreign commerce, of placing out children for adoption or permanent free care. Authorized or licensed State child-care or adoption agencies are expressly excepted from the provisions of the bill.

### ANALYSIS OF THE BILL

Section 1181 of the amended bill would penalize the person who is trafficking for profit in interstate commerce in placing, or in arranging for the placement of, children for adoption or permanent free care. The section would not affect authorized or licensed State child-care and adoption agencies, whether public or private; they are expressly excepted from the scope of section 1181. Additionally, the section as amended expressly excepts the natural parents or the prospective adoptive parents of a child, since they are primarily the victims, and not the movers, of this interstate traffic. Finally, section 1181 excepts those receiving fees solely for bona fide legal services in connection with obtaining an adoption decree or for bona fide medical services in connection with the prenatal care of the natural mother and the delivery, care, and/or examination of the child.

Section 1182 of the bill would penalize professional "baby brokers" for inducing or coercing the natural mother to travel from one State to another in order to place, or to arrange for the placement of, a child for adoption or for permanent free care. Section 1182 expressly excepts from its scope interstate transportation arrangements by authorized or licensed State child-care and adoption agencies, whether public or private, by authorized or licensed maternity homes or shelters, and by the prospective adoptive parents.

### GENERAL STATEMENT

An extended investigation by the Senate Judiciary Subcommittee To Investigate Juvenile Delinquency has established that there exists a continuing and sustained traffic across State lines in which children are being placed for adoption on a commercial basis by unscrupulous individuals. The amount received has ranged between $1,000 and $5,000 per child. This traffic is nationwide. Professional "baby brokers" have been found to exist in all sections of the country, and some have openly boasted that they have sent children to every State of the United States. The natural mothers involved come from the entire Nation.

The testimony heard at public hearings furnished many examples of nefarious practices. One example concerns a Duluth, Minn., abortionist who had an arrangement with a Chicago, Ill., attorney whereby prospective mothers were induced by an offer of compensation to go to metropolitan areas to have their children placed for adoption. Representatives of the subcommittee interviewed 12 Duluth mothers whose children had been channeled from the Duluth abortionist to the Chicago attorney, and through the attorney to various States for placement with adoptive couples for amounts varying from $2,500 to $3,000. The indictment and arrest of one Michael M. Pontecore, a Chicago attorney, is a further illustration of the interstate solicitation of unmarried mothers for the "baby selling" racket. The subcommittee's investigation uncovered the fact that Pontecore was attempting systematically, and in some instances had succeeded, in bringing pregnant mothers from Oconomowoc, Wis., to Chicago for the placement of their children for adoption or permanent free care. Pontecore received $1,600 to $1,700 for each child. In a total flagrant example, the subcommittee traced in detail the movements of William Manella, a Chicago underworld figure, who traveled to various parts of the United States to secure children on behalf of Gale Marcus, another Chicago attorney, who was receiving $3,000 and more per child from adoptive parents in other States.

There is at the present time no Federal statute making interstate "baby selling" a crime. Passage of the bill would be of material assistance in eliminating this traffic, which has resulted in dangerous adoption practices and through them in much human tragedy. It will enable prospective adoptive parents to adopt children more readily from authorized or licensed agencies, by directing children from the stream of interstate "baby selling" to the authorized, or licensed agencies. There will, in consequence, be greater protection for the child, the natural parents, and the adoptive parents who are involved in interstate placements for adoption or permanent free care.

Finally, it should be noted that law enforcement officials from States such as New York, Texas, Illinois, and Florida have testified before the subcommittee to the inability of State law to control "baby selling" within a State because of the prevalence of the interstate traffic. Passage of the bill would establish a Federal offense and would tend to supplement State laws.

## BILL PASSED OVER

The bill (S. 3530) to authorize establishment of the Tocks Island National Recreation Area in the States of Pennsylvania and New Jersey, and for other purposes, was announced as next in order.

**Mr. MANSFIELD.** Over.

**The PRESIDING OFFICER.** The bill will be passed over.

## SUSCEPTIBILITY OF MINERALS TO ELECTROMETALLURGICAL PROCESSES

The Senate proceeded to consider the joint resolution (S.J. Res. 136) to determine the susceptibility of minerals to electrometallurgical processes, and for other purposes which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, line 7, after "(1)", to strike out "Susceptibility" and insert "Amenability"; in line 9, after the word "occurring", to strike out "in the Rocky Mountain area, to" and insert "elsewhere, to beneficiation, including"; on page 3, line 2, after the word "the", where it appears the first time, to strike out "Rocky Mountain area and" and insert "mineral areas of"; after line 5, to strike out:

(3) Relation of the development of such processing to the development of potential hydro power and thermal power supplies and requirements in the Rocky Mountain area and to the energy requirements of the Nation as a whole.

At the beginning of line 11, to strike out "(4)" and insert "(3)"; after line 14, to insert a new section, as follows:

SEC. 2. Any surveys made under the authority of this resolution on military reservations shall be subject to the approval of the Secretary of Defense after he is fully informed by the Secretary of the Interior on the scope of the study contemplated.

At the beginning of line 20, to change the section number from "2" to "3"; at the beginning of line 22, to strike out "twelve" and insert "twenty-four"; and on page 4, after the word "appropriated", to insert a colon and "*Provided, however*, That such appropriation shall not exceed $250,000 a year."; so as to make the joint resolution read:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Secretary of Interior shall undertake, in cooperation with the other appropriate departments and agencies of the Federal Government, with the States and with private industry, a comprehensive study of the—

(1) Amenability of the minerals described in Senate Document 76 of the Eighty-sixth Congress, as well as of other minerals occurring elsewhere, to beneficiation, including electrometallurgical processes;

(2) Potential economic impact upon the economies of the mineral areas of the United States of the development through electrometallurgical processing of these minerals to economic utility and marketability;

(3) The relationship of this development to the security needs of the United States for critical materials and to the market needs of American industry for these materials and commercial production.

SEC. 2. Any surveys made under the authority of this resolution on military reservations shall be subject to the approval of the Secretary of Defense after he is fully informed by the Secretary of the Interior on the scope of the study contemplated.

SEC. 3. (a) The Secretary shall report the results of his study to the President and the Congress not more than twenty-four months after the approval by the Congress of this joint resolution.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was amended so as to read:

Whereas the economic stability and prosperity of the Rocky Mountain area and the Nation depends to a very large extent upon the development of industrial processes which will make economically usable minerals found within the United States; and

Whereas, in order adequately to provide for the security of the United States, it is necessary to develop knowledge about, supplies of, and industrial processes which will make useful the entire range of minerals covered in Senate Document 76 of the Eighthy-Six Congress, as well as other minerals which occur in the Rocky Mountain area and elsewhere in the United States: Now, therefore, be it

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2034), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF MEASURE

The purpose of Senate Joint Resolution 136, as amended, is to authorize a comprehensive study of the efficacy of modern metallurgical methods, including electrometallurgy, on ores found in the United States. The study would be under the direction of the Secretary of the Interior in cooperation with other agencies of the Federal Government, with the States, and with private industry.

Costs may not exceed $250,000 a year for the 2 years authorized for the study, and the results shall be reported to the Congress.

### THE COMMITTEE AMENDMENTS

As introduced by Senator MCGEE, Senate Joint Resolution 136 would have authorized the study for minerals found in the Rocky Mountain region, with emphasis on minerals described in Senate Document 76 of the 86th Congress, which is a U.S. Geological Survey report of resources in Wyoming. However, the committee, while recognizing that the Rocky Mountain area is a primary storehouse of minerals, believed that the study should include minerals occurring elsewhere in the United States and hence broadened the provisions accordingly.

Also, at the request of the Department of the Interior, the authorization was extended to include other forms of beneficiation as well as electrometallurgical processes, and the time for the study and report lengthened to 2 years.

A request by the Department of the Army was adopted by the committee to give the Secretary of Defense discretion with respect to surveys to be made on military reservations.

A limitation that appropriations for carrying out the purposes of the resolution shall not exceed $250,000 a year was written in by the committee.

### STRENGTHENING OF CONSERVATION PROGRAM

Witnesses at the committee hearing on Senate Joint Resolution 136 as well as the Interior Department's report on the measure pointed out that the proposed legislation will not give the Secretary of the Interior new and greater powers, but that it will strengthen the present programs for conservation and development of our Nation's mineral resources to meet future security and economic expansion needs.

The Department, through the Bureau of Mines, conducts metallurgy research on minerals of the Rocky Mountain area, as well as those of the rest of the United States, at seven research centers and four associated laboratories.

Metallurgical disciplines involved in this broad program include not only electrometallurgical processes, but also pyrometallurgy, mydrometallurgy, physical metallurgy, mineral beneficiation, and processive metallurgy. And in addition, through the Bureau's Division of Mineral Resources, with 15 offices throughout the United States, fundamental economic, statistical, and reserve data on domestic mineral production and resources are collected, reviewed, and evaluated. The Rocky Mountain area itself is served by a central resource office in Denver and several associated field offices.

It is the committee's intent that study and report provided by Senate Joint Resolution 136 will be in addition and supplemental to the existing and continuing work of the Bureau of Mines and other agencies engaged in carrying out the minerals conservation and development program.

### REPORTS OF EXECUTIVE AGENCIES

The favorable reports of the Department of the Interior, the Department of the Army, and the Bureau of the Budget are set forth in full below. As stated, the recommended and requested amendments were adopted by the committee.

## DISPOSAL OF MATERIALS

The bill (H.R. 9280) to amend section 2 of the act of July 31, 1947 (61 Stat. 681) and for other purposes was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2035), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE OF MEASURE

H.R. 9280 is a companion bill to S. 2613, sponsored by Senator Anderson, of New Mexico, chairman of the committee, at the request of the Department of the Interior. Its purpose is to give the Secretary of the Interior limited authority to sell certain materials from the publicly owned lands of the United States by negotiated sale, rather than by competitive bidding as required by present law.

The House amended the administration-proposed measure to limit the Secretary's authority in disposal by negotiated sale and to set up legislative guidelines. The Senate committee has approved and adopted the House amendments.

In addition, the bill repeals the Dead and Down Timber Act of March 4, 1913 (16 U.S.C. 614, 615) inasmuch as the Materials Act has made this half-century-old statute obsolete.

### BACKGROUND OF LEGISLATION

The act of March 4, 1913, referred to above, authorized the Secretary of the Interior to sell, from federally owned lands outside of national forests, timber that is dead, down, or damaged by forest fire. The committee was advised that this statutory authority is no longer required by the Department of the Interior inasmuch as the Materials Act of July 31, 1947, as amended (61 Stat. 681; 69 Stat. 367; 30 U.S.C. 601–604) provides authority to the extent required by the Secretary of the Interior for the disposal of mineral and vegetative materials, including dead and down timber.

Section 2 of the Materials Act (30 U.S.C. 602) provides procedures for sale based upon the value of the material being sold:

(1) If the appraised value is $1,000 or less, the materials may be disposed of by the Secretary "upon such notice and in such manner as he may prescribe."

(2) If the appraised value is in excess of $1,000, notice of the proposed disposal must be published once a week for a period of 4 consecutive weeks in a newspaper of general circulation, the sale must be by competitive bidding, and the award must be made to the highest responsible, qualified bidder.

The committee was furnished with several examples where the strict statutory regulation of disposals has impeded the Secretary of the Interior in pursuing an effective disposal program. It was also demonstrated that the $1,000 valuation is not the basis of realistic division between procedures to be followed. In this latter connection, the committee was advised that in 1947, when the Materials Act became law, $1,000 would purchase approximately 250,000 board-feet of timber while today the same amount of money could purchase only 25,000 board-feet, thereby requiring advertising for the sale of comparatively small lots of dead or down timber.

Although the committee agrees with the Secretary of the Interior that the Materials Act should be amended to provide greater flexibility, it rejected the proposal submitted by the Department of the Interior in an executive communication recommending that the 1947 act be amended to permit the Secretary to dispose of materials without advertising for competitive bidding whenever he determines "that the public interest will not be served" by competitive bidding.

Your committee joins with the House committee is firmly endorsing the principle of open competitive bidding after advertising with award to the highest responsible, qualified bidder except where such procedures are not practicable. Accordingly, the bill, as amended by the House committee and adopted in the Senate committee, requires the Secretary to dispose of materials to the highest responsible qualified bidder after advertising unless the Secretary authorizes negotiation in certain specific instances.

He may dispose of materials by negotiated sale rather than competitive bidding if the contract is for disposal of—

(1) less than 250,000 board feet of timber;

(2) materials required in connection with a program of a public agency and the public exigency will not permit delay for advertising; or

(3) property for which competition is impracticable.

In order to assure continuing surveillance over the disposal program and to assure compliance with the principle of competitive bidding, the bill has been amended to require annual reports to Congress concerning all negotiated contracts except those for less than 250,000 board-feet of timber was arrived at as a quantity that represents a medium-size disposal regardless of whether the value thereof goes up or down.

In recommending this legislation for enactment, the committee gives its assurance that it will review the disposals to assure that there has not been artificial division of sales in increments in order to avoid the requirements of this act concerning advertising or the waiver of advertising.

### COSTS

No increase in budgetary requirements is involved in H.R. 9280.

## PHOSPHATE RIGHTS TO DR. P. PHILLIPS FOUNDATION, ORLANDO, FLA.

The bill (H.R. 9593) to provide for the conveyance of certain phosphate rights to the Dr. P. Phillips Foundation, of Orlando, Fla., was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2036), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

### PURPOSE OF BILL

The purpose of H.R. 9593 is to authorize the sale of phosphate rights retained by the Federal Government in a tract of approximately 80 acres in Orange County, Fla., to the surface owner of the lands, the Dr. P. Phillips Foundation. The committee is informed that the foundation plans surface development, but finds that the reservation of the Federal Government constitutes a cloud on its title.

In addition to paying the fair market value of the mineral rights, the surface owner also would pay administrative charges in the amount of $200 to reimburse the Federal Government for the costs of conveyance.

### BACKGROUND OF PROPOSED LEGISLATION

The lands which are the subject of H.R. 9593 were purchased by the foundation on March 14, 1952, under the Isolated Tracts Act (found in 43 U.S.C. 1171), in an open competitive bid sale. At that time, phosphate had been found in not too far distant areas in Florida and the lands were classified as prospectively valuable for phosphate. Therefore, under the act of July 17, 1914 (38 Stat. 509; found in 30 U.S.C. 122) the phosphate rights were excepted from the sale and reserved by the United States.

The Interior Department's report dated March 26, 1962, to the committee on the Senate bill sets forth:

> Our geological survey states that available data indicates the land is without value for phosphate.

The committee also has reports before it submitted by Senator Holland from two different private testing and mineral exploration experts stating the site contains no phosphate deposits of commercial value. By letter to Senator Anderson dated August 17, the Bureau of Land Management reported the nearest phosphate development to be some 30 to 35 miles distant.

Thus, if the 80-acre tract were being sold today, the patent from the Federal Government in all probability would not contain a phosphate reservation.

The land involved is in an area of urban and suburban development. The outstanding Federal phosphate interest precludes development of the lands described in the bill because of the possibility, even though remote, that exploration for phosphate might be undertaken and thus interfere with the surface use of the land.

Therefore, your committee recommends approval by the Senate of H.R. 9593.

## EXCLUDE DEPOSITS OF PETRIFIED WOOD UNDER U.S. MINING

The bill (H.R. 10540) to exclude deposits of petrified wood from appropriation under the U.S. mining laws was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2037), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF BILL

H.R. 10540 is a companion measure to S. 2974 which was sponsored by the chairman of the committee, Senator CLINTON P. ANDERSON, at the request of the Department of the Interior. Its purpose is to make petrified wood subject to sale under the Materials Act of July 31, 1947, as amended by the act of July 23, 1955 (61 Stat. 681; 69 Stat. 368; 30 U.S.C. 601–611), instead of having such deposits locatable under the general mining laws. Under the bill the Secretary of the Interior would be required to designate areas of public land from which limited quantities of petrified wood could be removed without charge by amateur collectors and scientists.

The Solicitor of the Department of the Interior has interpreted existing statutes as not authorizing the disposal of petrified wood, making it, therefore, subject to location under the U.S. mining laws, and thus disposable by private individuals without any reimbursement to the Federal Government. Because petrified wood is of considerable interest to rock collectors, scientists, and educators, and for its scenic attraction, it is necessary to control removal of petrified wood from public lands in order to assure its preservation. At present, the unregulated "mining" of petrified wood often is accomplished through use of tractor plows, thereby ruining the surface of the land and contributing to soil erosion.

Although the committee has been advised that "petrified wood" is neither petrified nor wood but rather a fossilized mineral substance, it has adopted the common terminology by which this resource is known. Likewise, the committee sees no purpose in engaging in or encouraging a discussion as to whether such deposits of petrified wood were intended to be locatable under the mining laws. The important thing appears to be the requirement that petrified wood deposits be protected so that they may be conserved for future use and enjoyment.

The procedure recommended by the Secretary of the Interior has been agreed on as the simplest and most direct manner of accomplishing the expressed purpose. Under this procedure, as embraced in H.R. 10540, petrified wood would be disposable as a "common variety" under the act of July 23, 1955, referred to above.

## REAL ESTATE AND CONSTRUCTION LOANS APPLICABLE TO NATIONAL BANKS

The bill (H.R. 7796) to amend certain lending limitations on real estate and construction loans applicable to national banks was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2038), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF BILL

The first section of H.R. 7796 would amend the first paragraph of section 24 of the Federal Reserve Act. Under this paragraph a national bank may now make real estate loans secured by first liens in an aggregate amount not in excess of its paid-in and unimpaired capital stock plus its unimpaired surplus funds, or not in excess of 60 percent of the amount of its time and savings deposits, whichever is greater. The bill would increase the second alternative limit, i.e., 60 percent of a national bank's time and savings deposits, to 70 percent of its time and savings deposits.

The second section of the bill would amend the third paragraph of section 24 of the Federal Reserve Act which regulates the making of construction loans for industrial and commercial buildings and residential and farm buildings. Under existing law construction loans on industrial and commercial buildings are limited to maturities of 18 months or less; construction loans on residential and farm buildings, however, are limited to maturities of 9 months or less. The amendment would increase the limitation on maturities for construction loans on residential and farm buildings to 18 months or less.

### REAL ESTATE LOANS

The present aggregate limitation for a national bank with regard to the amount of conventional real estate loans it may make has been the law since 1935. Since that time many things have changed in the field of real estate financing. The most notable change has been the development of and almost universal use of the amortized loan. An amortized loan is considered to be a much safer investment for the bank and generally a much better form of repayment for the borrower than what was available prior to the development of this type of financing. Also the commercial banks' interest in residential mortgages has increased greatly in recent years partly because of the development and use of the amortized loan and partly because of a need for banks to be more effective in meeting the real estate mortgage needs of their communities.

The simple amendment contained in the bill (which increases the aggregate real estate loan limitation from 60 to 70 percent of a bank's time and savings deposits) would add substantially to the mortgage investment potential of national banks. The witness for the American Bankers Association estimated such increased mortgage investment potential at almost $5 billion. The three bank supervisory agencies have reported favorably on this legislation and the hearings indicate that the proposed increase in the aggregate limitation on real estate loans could be made without undue risk to the banks and their depositors.

### CONSTRUCTION LOANS

As previously indicated, construction loans on residential and farm buildings under existing law may not exceed 9 months and the bill would increase this maximum maturity limitation to 18 months.

Testimony received by the committee disclosed that the proposed change in the law is desirable since experience has shown that often conditions beyond the control of the builder have delayed completion of the construction beyond the now maximum limitation of 9 months. Such testimony cited delays of 6 to 8 weeks in order to obtain a commitment for a governmental guarantee or insurance.

## AUTHORITY OVER THE TRUST POWERS OF NATIONAL BANKS

The bill (H.R. 12577) to place authority over the trust powers of national banks in the Comptroller of the Currency was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2039), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF BILL

H.R. 12577 would transfer from the Board of Governors of the Federal Reserve System to the Comptroller of the Currency authority to grant trust powers to national banks and to issue regulations governing the exercise of such powers. This power is now conferred upon the Board by subsection (k) of section 11 of the Federal Reserve Act, which this bill repeals. No change would be made from the substantive provisions of section 11(k) other than the transfer of authority, so that there is no alteration of existing law regarding national banks acting in fiduciary capacities.

Section 2 contains a saving clause, to make clear that nothing contained in the bill would affect or curtail the right of any national bank to exercise trust powers under a permit previously issued by the Board of Governors of the Federal Reserve System.

Section 4 of the bill would amend section 584 of the Internal Revenue Code, regarding common trust funds, to provide for the fact that regulations concerning such funds would be issued by the Comptroller of the Currency, rather than the Board of Governors of the Federal Reserve System, as a result of this bill. Reference to rules and regulations issued by the Board pertaining to such funds would be left in that section to give continued validity to actions taken heretofore in reliance upon the Board's regulations. However, since the preceding sections of the bill would transfer such authority to the Comptroller, the continued reference to the Board in that section would have no effect as to the future common trust fund questions, which would depend instead upon the regulations of the Comptroller, under the bill. The last section of the bill would amend section 581 of the Internal Revenue Code to reflect the fact that H.R. 12577 would repeal section 11(k) of the Federal Reserve Act and would place these matters under the authority of the Comptroller.

### GENERAL STATEMENT

In the legislative recommendations of the Federal supervisory agencies to the Senate Committee on Banking and Currency (committee print, 84th Cong., 2d sess.) the Comptroller of the Currency expressed the opinion that this power should be transferred. Then, as now, the Board of Governors stated that it had no objection, but recommended that the regulation of common trust funds also be transferred. This bill would carry out that recommendation. At the time national banks were first permitted to engage in trust activities, the power to grant them permission to do so was given to the Board. However, this section applies only to national banks and not to State member banks. Since national banks, including their trust departments, are supervised by the Comptroller of the Currency, the power to grant and regulate their authority to act as trustees should logically rest with that Office rather than with the Board. On the basis of his general supervisory functions with respect to national banks, the Comptroller has adequate information upon which to decide whether a particular bank should be allowed to exercise trust powers, and to formulate regulations governing the exercise of such powers.

Under section 584 of the Internal Revenue Code, all banks, State or National, must conform to regulations of the Board of Governors of the Federal Reserve System with respect to collective investment of trust funds of national banks in order to qualify for income tax exemption of their common trust funds. Under the bill, State banks must conform to regulations issued by the Comptroller of the Currency pertaining to the collective investment of trust funds by national banks. However, this bill will result in no change in the present distribution of power between Federal and State Governments, nor will it cause any weakening of the principles underlying the dual banking system. The Internal Revenue Code requires that, for tax purposes, regulations applicable to the collective investment of trust funds be issued at the Federal level. This bill would shift existing authority from one Federal agency to another. It would not give authority to the Comptroller of the Currency to exercise any supervisory functions over State banks. Federal income tax regulations as to common trust funds would continue to be uniform for all banks, State and National.

Hearings were held on H.R. 12577 on August 30, 1962. The three Federal bank supervisory agencies supported the bill.

## BANK BRANCHES WHICH MAY BE RETAINED UPON CONVERSION OR CONSOLIDATION OR MERGER

The bill (H.R. 12899) to amend section 5155 of the Revised Statutes relating to bank branches which may be retained upon conversion or consolidation or merger was considered, ordered to a third reading, read the third time, and passed.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2040), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

### PURPOSE OF THE BILL

H.R. 12899 would amend subsection (b) of section 5155 of the Revised Statutes. Under this subsection in conjunction with other provisions of existing law, when a bank converts from a State to a National charter, it must give up any of its branches established after February 25, 1927, unless such branches can be newly established under State law at the time of conversion. This is a result which is brought about by Federal law and not by State law. In other words, the Federal law precludes the coverage by State grandfather clauses of branches established after February 25, 1927.

The bill would change this by permitting the same branch retention privileges to a bank converting from a State to a National charter as the law of the State permits to a bank converting from a National to a State charter, except that in any given instance the retention of a branch established after February 25, 1927, would be subject to the approval of the Comptroller of the Currency.

A similar situation obtains with respect to consolidations. Under existing law, a national bank must close any branch established after February 25, 1927, when the national bank consolidates with any other bank, unless the branch in question could, under State law, be newly established at the time of the consolidation. The bill would permit the retention, with the approval of the Comptroller of the Currency, of any branch of the bank under whose charter the consolidation is carried out, provided that a State bank carrying out a similar consolidation would not be prohibited from retaining a similar branch. The bill would also define "consolidation" to include a merger, as the practical effect of the two is the same.

### GENERAL STATEMENT

The existing law as to retention of branches in cases of conversion, consolidation, or merger operates as a deterrent to State banks converting into national banks in certain States, and hence is inconsistent with the dual banking system, which contemplates that State banks should be able to convert freely into national banks and vice versa. The bill, as in the case with existing law, would have no application in those States which have unlimited branch banking, or in those States where branch banking is prohibited. Its effect would be felt only in States which permit a limited form of branch banking, and which at one time had more liberal branch laws than at present, or in which because of intervening factual changes, existing branches could not be reestablished. In such States, upon conversion, consolidation, or merger, a bank may have to give up all of its branches acquired since February 25, 1927.

The purpose of the existing law is to prevent a bank from acquiring branches by taking over other banks where such branches could not legally be established under State law. However, this purpose does not apply to branches of a bank under whose charter a consolidation is carried out, and no public interest is served by requiring such a bank to give up its legally established branches already in existence.

The bill would remove this inequality to our national banks without departing from the purpose of the existing law. It would permit the retention of those legally established branches of the national bank under whose charter the merger or consolidation is being effected, subject to the approval of the Comptroller, and subject to the absence of provisions in the appropriate law of the State which would deny retention in identical circumstances where the resulting bank is a State bank. In so doing, it would preserve the existing permission for the retention of all branches of the banks whose charters will cease to exist by the merger or consolidation, and the retention of their main offices as branches, if such branches could be established on original application under the law of the State at the time of the merger or consolidation.

Hearings were held on H.R. 12899 on August 30, 1962. The three Federal bank supervisory agencies, the American Bankers Association, and the National Association of Supervisors of State Banks supported the bill. No opposition was expressed.

## APPLICATION OF UNIFORM LIMITED PARTNERSHIP ACT TO DISTRICT OF COLUMBIA

The bill (H.R. 11019) to provide that the Uniform Limited Partnership Act shall apply in the District of Columbia was considered, ordered to a third reading, read the third time, and passed.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2050), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to substitute the Uniform Limited Partnership Act for the present law in the District, adopted March 3, 1901 (31 Stat. 1415; D.C. Code, 1961 ed., sec. 41–101 et seq.).

Present law has not been revised in the 60 years of its existence, except for minor procedural amendments. Despite the growth of multiple and complex business and professional interrelationships, no effort has been made to modernize the law to facilitate the organization of limited partnerships which would have practical application in the expanding economy.

The Uniform Act was approved by the National Conference of Commissioners on Uniform State Laws—chosen from the legal profession—46 years ago, and since then the Uniform Act, approved by the American Bar Association, has been adopted in 40 States, including Maryland and Virginia, as follows:

Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Minnesota, Missouri Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

The need for the adoption of the Uniform Act was urged before the subcommittee at the time of public hearings, because of the following reasons:

1. The inadequacy of existing law under which limited partnerships may be formed only for mercantile, mechanical, or manufacturing businesses, and have not more than six limited partners who must contribute cash in order to obtain limited liability. The Uniform Act would enable the use of limited partnerships in various fields, such as real estate, construction, and ownership.

2. To meet economic growth in this area, businessmen and investors have long been forced to resort to more unusual and complex forms of business arrangements to achieve some of the benefits of limited partnership form of business organization. The bill would obviate such arrangements.

3. The desire for uniformity in this locality, bringing the law of the District into conformity with that of Virginia and Maryland, so that business ventures may be conducted in any one or all three jurisdictions without difficulty, and the disparity among their laws will be eliminated.

H.R. 11019 will not disturb the legal status of limited partnerships formed under the existing limited partnership law, and they shall continue to be governed thereby, although they may, under the terms of the bill, become a partnership under this act.

H.R. 11019 incorporates the Uniform Act in its entirety, and enactment of the bill would conform the District's law to the other jurisdictions. The bill repeals present law with respect to limited partnerships formed subsequent to the effective date of its enactment, and substitutes a precise and comprehensive formula for establishing limited partnerships, carefully delineating the rights and obligations of the limited partners inter se and in relation to the partnership as a whole.

The bill also provides for filing of certificate of limited partnership, and any amendment or cancellation thereof, with the Recorder of Deeds, the office in the District of Columbia established to perform the function of filing and recording instruments and documents. Presently, such recordation is made with the U.S. District Court for the District of Columbia.

No opposition to the bill was expressed at the hearings. It is sponsored by the Bar Association of the District of Columbia, and supported by the Board of Commissioners of the District of Columbia and by the Metropolitan Washington Board of Trade.

## FORMATION OF PARTNERSHIPS IN THE DISTRICT OF COLUMBIA

The bill (H.R. 12675) to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2051), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purpose of this bill is to establish statutory authority for the formation and conduct of partnerships in the District of Columbia, and to make the law more certain and uniform with respect thereto by enacting into law the Uniform Partnership Act.

Existing law in the District of Columbia was enacted over 60 years ago (act of Mar. 3, 1901, 31 Stat. 1414; D.C. Code, 1961 ed., secs. 41-201 through 41-204) and has been in effect without change or modification since. Inadequate of itself, existing law will be retained as a desirable supplement to the more basic and fundamental provisions of H.R. 12675.

The Uniform Partnership Act was approved by the National Conference of Commissioners on Uniform State Laws in 1914 and by the American Bar Association the following year. Since then it has been adopted by and is in effect in 39 States, including Maryland (in 1916) and Virginia (in 1918), as follows:

Alaska, Arkansas, Arizona, California, Colorado, Delaware, Guam, Idaho, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

The present statutory law in the District of Columbia is of extremely limited application. It applies solely to the composition by a partner of his liability to a partnership creditor upon dissolution of the partnership. This aspect of partnership law, though important, is only a small part of the general body of partnership law as developed through the centuries by courts in this country and abroad. Thus, existing law in the District of Columbia does not cover the more basic and fundamental facets of partnership law such as: (1) The nature of the partnership relationship itself; (2) the relationship of partners inter se; (3) the property rights of partners; (4) the dissolution and termination of the partnership; and (5) relations of the partners to third persons dealing with the partnership other than the composition of liability therewith upon dissolution of the partnership.

In the District of Columbia, the development of partnership law in these more fundamental areas has been dependent upon judicial decisions rendered by the local courts. Because of the very nature of litigation and appellate review, these decisions have been relatively few and narrowly worded. The result is a dearth of authority on a great many facets of partnership law which are of considerable importance to local businessmen using the partnership form of business organization. No single, comprehensive body of law applicable to partnerships presently exists in the District of Columbia which may be looked to with confidence for business and legal guidance. The Uniform Partnership Act, as embodied in H.R. 12675, fills this void.

Uniformity of law becomes a practical necessity in a metropolitan area such as this, where the zone of commercial activity spans three separately governed jurisdictions. Frequently, residents of Virginia and Maryland desire to join together with District of Columbia residents to conduct a partnership business which may be located in any one or all three jurisdictions. Enactment of the reported bill would eliminate many incongruities and inequities implicit in such circumstances by bringing the law of the District into conformity with that of its neighboring States, Maryland and Virginia.

Enactment of H.R. 12675 does not repeal present law (31 Stat. 1414; D.C. Code, 1961 ed., secs. 41-201 through 41-204), which, as stated, pertains to the composition or compromise of a partner's liability to creditors upon dissolution of a partnership. This aspect of partnership law is not covered by the reported bill, and present law is not believed to be inconsistent therewith. Hence, the retention of sections 41-201 through 41-204 will, it is believed, provide a desirable supplement to the more basic and fundamental provisions of the Uniform Act contained in H.R. 12675.

On August 30, 1962, the Judiciary subcommittee held public hearings on the bill. There were no witnesses who appeared in opposition to the measure.

The bill is sponsored by the Bar Association of the District of Columbia, and supported by the Commissioners of the District of Columbia.

Enactment of this bill will not involve any additional cost to the District government.

## BILL PASSED OVER

The Senate proceeded to consider the bill (H.R. 5831) to amend section 11 of the act of April 1, 1942 (56 Stat. 197, ch. 207; D.C. Code, 1951 ed., sec. 11-776), being an act to "consolidate the police court of the District of Columbia and the municipal court of the District of Columbia, to create the municipal court for the District of Columbia, to create the municipal court of appeals for the District of Columbia, and for other purposes"; in order to modify the retirement benefits of the judges of the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia, and for other purposes was announced as next in order.

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

## INVESTMENT OF FUNDS OF INSURANCE COMPANIES WITHIN THE DISTRICT OF COLUMBIA

The bill (S. 3358) to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the Inter-American Development Base was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 35(1) of chapter III of the Act of June 19, 1934 (48 Stat. 1152, as amended; D.C. Code, title 35, sec. 535(1)), is amended to read as follows:

"(1) Bonds, notes, or other evidences of indebtedness of the United States, any State, territory, or possession of the United States, the District of Columbia, the Dominion of Canada, any Province of the Dominion of Canada, or of any administration, agency, authority, or instrumentality of any of the political units enumerated; or obligations issued or guaranteed as to principal and interest by the International Bank for Reconstruction and Development or by the Inter-American Development Bank."

Sec. 2. Section 18(1) of chapter II of the Act of October 9, 1940 (54 Stat. 1072; D.C. Code, title 35, sec. 1321(1)), is amended to read as follows:

"(1) Bonds or other evidences of indebtedness of the United States, or of any State; or of the Dominion of Canada, or of any Province thereof; or obligations issued or guaranteed as to principal and interest by the International Bank for Reconstruction and Development or by the Inter-American Development Bank."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 2053), explaining the purpose of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purpose of the bill is to permit domestic insurance companies to invest in bonds, notes, or other evidences of indebtedness of the Inter-American Development Bank. Presently, insurance companies organized in the District of Columbia are permitted to invest funds in obligations of the United States, any State, territory, or possession of the United States, the District of Columbia, the Dominion of Canada, any Province of the Dominion of Canada, or of any administration, agency, authority, or instrumentality of any of the political units enumerated or obligations issued or guaranteed as to principal and interest by the International Bank for Reconstruction and Development. The Inter-American Development Bank would be added to this list in the acts of June 19, 1934, and October 9, 1940 (48 Stat. 1152 and 54 Stat. 1072, D.C. Code, 1961 ed., sec. 35-535 (1) and sec. 35-1321(1)).

The Inter-American Development Bank is an official international financial institution the members of which are the United States and the other Republics of the Western Hemisphere, with the exception of Cuba. The Bank was organized to accelerate the economic development of the American Republics. The United States accepted membership in the Bank by virtue of Public Law 86-147. This act authorizing U.S. membership in the Bank also empowers national banks to deal in and underwrite securities issued by the Bank and for this purpose places these securities in the same general category as U.S. Government, municipal, and State securities.

The authorized capital stock of the Bank is $850 million. Of the total capital stock actually subscribed ($813,160,000, since Cuba did not become a member), $381,580,000 is to be paid in and $431,580,000 is callable to meet obligations on borrowings or guarantees made by the Bank chargeable to its ordinary capital resources. In effect, the callable capital serves as a guarantee for purchasers of securities floated by the Bank in private capital markets. The arrangements with respect to the capital stock are similar in principle with those of the International Bank for Reconstruction and Development, which has sold large amounts of its securities in the capital markets of the United States.

The voting in the Bank's Board of Governors and in the Board of Executive Directors is based on the amount of stock held by the members. The U.S. vote is 41.8 percent.

The 51st Annual Governors' Conference in 1959 unanimously adopted a resolution urging appropriate legislative and administrative action by State governments to make securities of the IDB legal investments by institutional and fiduciary investors in the various States. The conference recognized that the successful financing of the Bank, and indirectly the social-economic development of Latin America, could be importantly furthered by such legislative action of the several States, thereby enabling the Bank to market its securities effectively in the United States. Consistent with this resolution, California, Connecticut, Georgia, Louisiana, Massachusetts, Mississippi, New Jersey, New York, Pennsylvania, Rhode Island, and Wisconsin have adopted the necessary legislation to qualify the obligations of the Bank for investment by institutional and fiduciary investors.

Subject to various statutory and administrative qualifications, rulings, and restrictions, bonds of the Inter-American Development Bank are legal investments, as follows:

For all national banks and State member banks of the Federal Reserve System;

For other commercial banks in 45 States and the District of Columbia;

For savings banks in 24 States and the District of Columbia (only 38 States have separate savings banks);

For life insurance companies in 20 States (plus 16 other States under "leeway" clauses);

For trust funds in 40 States and the District of Columbia (the appropriate rule of the U.S. District Court for the District of Columbia was recently amended to permit investment of the IDB securities by fiduciaries in the District of Columbia); and

For public funds in 14 States.

The Secretary of the Treasury, the Board of Commissioners and the Superintendent of Insurance of the District of Columbia favor this legislation and its enactment will not result in additional expense for the District of Columbia.

## AMENDMENT OF THE DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT

The Senate proceeded to consider the bill (S. 3596) to amend the District of Columbia Unemployment Compensation Act as amended which had been reported from the Committee on the District of Columbia with amendments on page 1, line 5, after "sec.", to strike out "46-301" and insert "46-303", and in line 9, after the word "thereafter", to strike out "an employer who became" and insert "any employer who is"; so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 3(c)(4)(i) of the District of Columbia Unemployment Compensation Act, approved August 28, 1935 (49 Stat. 946), as amended (sec. 46-303, D.C. Code), is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "*Provided,* That for the calendar year 1963, and for each calendar year thereafter, any employer who is subject to this Act by virtue of the amendment of section 1(b)(5)(G) of this Act by the Act of March 30, 1962, and who has not been subject to this Act for a sufficient period to meet this requirement, may qualify for a rate less than the standard rate if his account could have been charged with benefit payments throughout a lesser period but, in no event, less than the twelve consecutive calendar months ending on the computation date (as herein defined) for that calendar year."

(b) Section 3(c)(5) of such Act is amended by adding at the end thereof the following: "The Board shall compute rates for the second six months of 1963 for all employers first acquiring the necessary twelve months' benefit experience under section 3(c)(4)(i) on the computation date June 30, 1963. Such rates shall be based upon such employer's experience in the payment of contributions and benefits charged against his account through June 30, 1963, prior to the crediting of his account with trust fund interest. All employers issued a rate for the second six months of 1963, under this subsection, shall have a computation date of September 30, 1963, for the calendar year 1964."

(c) Section 3(c)(9)(b) of such Act is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a colon and the following: "*Provided,* That for an employer whose account could have been charged with benefit payments throughout at least twelve but less than thirty-six consecutive calendar months ending on the computation date, the term 'average annual payroll' means the total amount of wages for employment paid by him during the twelve-month period ending ninety days prior to the computation date;".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2054), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to amend the District of Columbia Unemployment Compensation Act so as to reduce the experience period required for nonprofit organizations to become eligible for consideration of a reduced unemployment compensation contribution tax rate. Generally, this will permit nonprofit organizations to be considered for a reduced tax rate after 1 year of coverage, instead of the present requirement of 3 years. The bill extends the advantages of the reduced experience period to all nonprofit organizations who became or will become subject to the District of Columbia Unemployment Act, as amended by Public Law 87-424. This public law which became effective on April 1, 1962, brought within the coverage of the District of Columbia Unemployment Compensation Act, nonprofit agencies organized and operated in whole or in part for educational, literary, and scientific purposes.

Although Public Law 87-424 brought some nonprofit organizations under the provisions of the District of Columbia Unemployment Act, certain other employers, organized and operated exclusively for the relief of poverty and the advancement of religion, retained their exemption as did employers, organized and operated for other purposes beneficial to the community, but not of a scientific, educational, or literary nature. (The American Red Cross is an example of the type organization exempted under this latter category.) However, the exemption of all employers operated in whole or part for the advancement of education or for other purposes beneficial to the community and in whole or part of a scientific or literary nature, was terminated.

Under the existing District of Columbia Compensation Act, the nonprofit corporations who were brought under the coverage of the act as of April 1, 1962, would not be eligible to be considered for a reduced contribution tax rate until the calendar year 1967.

Some of the nonprofit agencies have, and others probably will, accelerate their eligibility to be considered for a reduced rate for the calendar year 1966 by electing coverage beginning January 1, 1962.

This pending bill provides that the nonprofit organizations in question shall be eligible to be considered for a reduced rate for the calendar year 1965, and if they elect coverage beginning January 1, 1962, permits them to be considered for a reduced rate beginning with the second half of the calendar year 1963.

Inasmuch as many of the organizations involved perform services to the general public and any costs must be passed on to individuals using their services, the committee believes that this bill will assist the institutions involved in holding down their costs to the public using their services. At the same time, this bill does not alter the intention of the committee last year when it unanimously agreed to extend the protection of the District of Columbia Unemployment Compensation Act to employees of certain nonprofit, educational, literary, and scientific institutions. The committee feels that it is sound public policy to extend unemployment compensation insurance coverage to as many groups as possible. On the other hand, it does not wish to place such a heavy financial burden on the cost of operating schools, hospitals, and other nonprofit institutions in the District of Columbia that it will result in increased fees for students and patients in the case of schools and hospitals.

On August 29, 1962, public hearings were held on S. 3596 by the Public Health, Education, Welfare, and Safety Subcommittee of the Committee on the District of Columbia. Representatives were present from the District of Columbia Board of Commissioners, the District of Columbia Unemployment Compensation Board, the Metropolitan Washington Board of Trade, George Washington University (who also represented seven colleges and universities and the Association of Independent Schools of Greater Washington), and the Hospital Council of the National Capital Area, Inc.

The witnesses all urged that the bill be enacted into law expeditiously, as have numerous nonprofit institutions through letters to Senator Wayne Morse, chairman of the subcommittee which held hearings on the measure.

The committee believes that the bill, as amended, is in the public interest.

## ACT RELATING TO THE AMENDMENT OF THE NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The bill (H.R. 9954) to amend the act on June 6, 1924, chapter 270 (43 Stat. 463), relating to the National Capital Park and Planning Commission as amended by the National Planning Act of 1952 (66 Stat. 781; 40 U.S.C. 71), was considered, ordered to a third reading, read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2055), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to amend existing law, as cited in the title of the bill, so as to add to the ex officio membership of the National Capital Planning Commission the Administrator of the National Capital Transport Agency.

The National Capital Planning Commission and its predecessors, the National Capital Park Commission, the National Capital Park and Planning Commission, and the Highway Board have been engaged in planning for the National Capital area since 1893. The present National Capital Planning Commission has been designated by Congress as the central general planning agency of the Federal and District of Columbia Governments for the District of Columbia and the Federal enclave. This was in recognition of the great interest of the Federal Government in the orderly development of the Capital and the fact that such development would require coordination of all plans of the District government and the multitude of Federal agencies in the National Capital area.

The membership of the National Capital Planning Commission and its predecessors historically has included, ex officio, the heads of those departments and agencies of the Federal Government responsible for the physical development of the National Capital region. The Highway Board, established in 1893, was composed of the Secretaries of War and Interior and the Chief of Engineers of the Army. Today, the ex officio membership of the Planning Commission includes the following heads of Federal departments or agencies: The Federal Highway Administrator, the Commissioner of Public Buildings, the Chief of Engineers of the Army, and the Director of the National Park Service.

At the time of the passage of the National Capital Planning Act of 1952, the National Capital Transportation Agency did not exist and its Administrator obviously could not then have been included among the ex officio members of the Commission. The National Capital Transportation Agency was established by the Congress in 1960 to prepare a transportation plan for the National Capital region, including express transit lines, highways, and related transportation facilities.

The Agency's work clearly has a direct and immediate bearing on the work of the National Capital Planning Commission. The transportation plans of the Agency will have a vital effect on the development plans of the Commission, and it is essential that these be coordinated.

At a public hearing on H.R. 9954 held by the Fiscal Affairs Subcommittee of this committee on August 1, 1962, testimony in support of the bill was offered by a representative of the National Capital Transportation Agency, with the approval of the Bureau of the Budget, and by a representative of the District of Columbia Corporation Counsel's Office testifying in behalf of the Board of Commissioners of the District of Columbia.

## REPEAL OF CERTAIN SECTION OF ACT RELATING TO ESTABLISHING CODE OF LAW FOR THE DISTRICT OF COLUMBIA

The bill (H.R. 12689) to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," was considered, ordered to a third reading, read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2056), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to delete from existing law the pertinent provisions that provide for the appointment of commissioners of deeds by the President of the United States. The prescribed duties of such office pertain to acknowledgment of deeds for the conveyance of property within the District of Columbia, the administration of oaths; and the taking of depositions in cases pending in the courts of the District.

The Department of Justice has informed the committee that there has been no appointment of a commissioner of deeds for about 20 years, and further, that there is no need for such an appointed officer for the reason that section 1-511 of the District of Columbia Code authorizes notaries public of the District to take acknowledgments of deeds and to take depositions and to administer oaths.

The Board of Commissioners of the District of Columbia, in a letter to the committee dated August 7, 1962, concur with the Attorney General that there is no longer any need for commissioners of deeds in the District of Columbia, and the Commissioners, therefore, favor enactment of this legislation.

Enactment of H.R. 12689 will involve no additional cost to the District of Columbia.

## MEDICAL CARE FOR ALL INJURIES AND DISEASES OF FIREMEN AND POLICEMEN IN DISTRICT OF COLUMBIA

The bill (H.R. 12727) to amend the act of February 28, 1901, to insure that policemen and firemen in the District of Columbia will receive medical care for all injuries and diseases was considered, ordered to a third reading, was read the third time, and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2057), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to clarify existing law pertaining to the medical care provided policemen and firemen in the District of Columbia, so as to make it perfectly clear that the members of the Board of Police and Fire Surgeons may attend policemen and firemen for any injury received or disease contracted "whether or not received or contracted in the performance of duty."

As a practical matter, the Board of Police and Fire Surgeons have for many years treated members of the two services for injuries and illnesses not received in line of duty, as well as those received or contracted in the performance of duty. This medical care has been extended to them under the authority of an act relating to the Metropolitan Police of the District of Columbia, approved February 28, 1901, which states, in pertinent part, as follows:

"* * * Such police surgeons shall attend, without charge, all members of said police force and of the Fire Department of said District, examine applicants for appointment and retirement in and to said police force and said Fire Department, and attend such dependent sick and injured, * * *."

There are no limitations or restrictions in the original act which qualify in any way the type or class of injury and illness to be treated by members of the Board of Police and Fire Surgeons—treatment is extended to these members whether or not the injury or illness was incurred in the line of duty.

The Board of Police and Fire Surgeons, which administers the medical care program, consists of 12 members of the medical profession—2 of whom are paid on a full-time basis by the District of Columbia and the remaining 10 being paid on a part-time basis (80 percent of a 40-hour week, or 32 hours). Members of the Board serve during regular clinic hours at the Police and Fire Clinic, located on the 3d floor of Engine Co. 16, District of Columbia Fire Department, 1018 13th Street NW., on weekdays, with a limited service available to Department members on Sundays. These doctors are on call on a 24-hour basis for emergency treatment and attendance to members of the Departments, and they are also available and do respond to the scenes of multiple alarms of fires, riots, etc., where policemen and firemen are serving in unusual numbers and under unusual conditions. In addition, Board members make regular visits to Department members confined to homes and hospitals.

Enactment of this bill will neither add to nor will it detract from the medical care benefits now available to members of the Police and Fire Departments, and it will involve no additional costs whatsoever to the District of Columbia government.

Testimony favoring the enactment of this measure was received from the District of Columbia Fire Department; the Fire Fighters Association, District of Columbia, Local 36, IAFF; the Metropolitan Police Department; and the Policemen's Association, District of Columbia.

## AMENDMENT OF CERTAIN SECTIONS OF LIFE INSURANCE ACT FOR THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H.R. 8738) to amend sections 1 and 5b of chapter V of the Life Insurance Act for the District of Columbia which had been reported from the Committee on the District of Columbia with an amendment on page 10, line 7, after the word "and", to strike out "sixty-eight." " and insert "sixty-eight."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 2058), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purposes of the bill are:

(1) To provide for the use, in connection with life insurance issued in the District of Columbia, of the most modern tables of mortality developed and recommended by the National Association of Insurance Commissioners in connection with annuities, disability benefits, accidental death benefits, and industrial insurance policies issued in the District of Columbia by life insurance companies;

(2) To correct an unintended defect in existing laws relative to minimum nonforfeiture values on policies issued with supplemental term insurance riders; and

(3) To permit children's benefits provided by term insurance expiring before age 26 under so-called family plan policies to be disregarded in determining minimum nonforfeiture benefits.

### HISTORY OF THE LEGISLATION

In 1948, Congress amended the Insurance Code for the District of Columbia by enacting what is commonly called the standard valuation and nonforfeiture legislation developed by the National Association of Insurance Commissioners and recommended for adoption in all of the States. This legislation provides for substantially uniform treatment throughout the United States in the requirements imposed upon life insurance companies in developing their policy reserves and nonforfeiture or cash values. In addition, the mechanism so devised permits modernization of the mortality tables as the National Association of Insurance Commissioners periodically restudies and approves and releases new tables reflecting improvements in the overall mortality of our population.

The results of these restudies have been considered and released piecemeal by the National Association of Insurance Commissioners. In 1960 Congress enacted Public Law 86-530, effective June 27, 1960, the primary purpose of which was to provide for the use of the new 1958 mortality table and extended term insurance table in connection with so-called ordinary life insurance policies. Use of the 1958 tables by life insurance companies is permissive since the enactment of the amendment and is mandatory after January 1, 1966.

In December 1961, the National Association of Insurance Commissioners recommended further to incorporate the new "Commissioners 1961 Standard Industrial Mortality Table" and the "Commissioners 1961 Extended Term Insurance Table."

These changes would amend sections of the Life Insurance Act for the District of Columbia which prescribe minimum nonforfeiture values and minimum valuation reserve bases for industrial life insurance policies by substituting more modern mortality tables used for those purposes in order to bring the mortality basis for these calculations up to date. The new tables resulted from a study of recent industrial life insurance mortality experience by the National Association of Insurance Commissioners with the cooperation of members of the life insurance business. A transition period until January 1, 1968, is provided, during which use of either the new or old tables is permissible. The changes are those made in December 1961 by the NAIC in its standard nonforfeiture and valuation laws.

The NAIC standard nonforfeiture and valuation laws are in effect in the District of Columbia for industrial life insurance policies. The mortality table now specified in these laws is the "1941 Standard Industrial Mortality Table." This table reflects the mortality experience of one of the principal life insurance companies for the years 1930-39.

In view of the substantial mortality improvement among industrial life insurance policyholders during the past two decades, there was general sentiment on the part of the insurance supervisory officials and the companies that a new mortality table was needed. Under the auspices of the NAIC, a new table was prepared combining the mortality experience of 18 leading industrial life insurance companies for the years 1954-59. The new table as officially adopted by the NAIC in December 1961 is designated as the "Commissioners 1961 Standard Industrial Mortality Table."

Along with the new industrial mortality table, the NAIC also adopted a new table to be known as the "Commissioners 1961 Industrial Extended Term Insurance Table" for determining minimum extended terms for the extended term insurance nonforfeiture benefit. This latter table was constructed by adding a loading of 0.75 death per 1,000 or 30 percent of the 1961 CSI mortality rates, whichever was greater, to the 1961 CSI mortality rates in order to take account of both the higher mortality experience on extended term insurance benefit and the expense of maintaining the benefit in force. The provision for the new table is intended to replace the present provision permitting the use of mortality rates equal to 130 percent of the "1941 Standard Industrial Mortality Table" for computing the extended term insurance benefit.

The NAIC amendments to the standard laws also provide for a transition period by making use of the new industrial mortality tables discretionary for a life insurance company up to January 1, 1968, and mandatory thereafter. Since most companies do business in more than one State and some do business in all or nearly all States, it would be impractical for a company to begin to comply with the new requirements until it could do so in all States where it operates. It was felt that by fixing January 1, 1968, as the mandatory operative date that sufficient time was being afforded for all States to have adopted the changes. This timing is consistent with that provided with respect to the new tables for ordinary insurance under the 1960 amendments of the commissioners standard valuation and nonforfeiture legislation.

### SUMMARY OF THE BILL

The changes proposed in section 1 of the bill are designed to allow the use of modern experience tables rather than the older tables now prescribed as minimum valuation standards for annuities, disability benefits, accidental death benefits, and industrial insurance policies.

Section 2 of the bill is intended to correct a defect in the existing CSO law which has been described as producing anomalous results in the case of nonforfeiture values of policies with term riders. Minimum values of such policies are different after the riders have expired than they would be if the riders had never been attached and the requirements of the law serve to limit the gross premium for the supplemental term coverage. This was not intended and it is proposed to correct this defect.

Section 2 also proposes a change in the standard nonforfeiture law affecting so-called family-plan policies. These, of course, were not in contemplation when the CSO legislation was originally drafted. The proposed change would permit disregarding term insurance on children expiring before age 26 in determining minimum nonforfeiture values. Such insurance is not required to have values if issued in a separate policy. The effect of the amendment on minimum nonforfeiture values of family policies is described as negligible. Adoption of the proposed changes would have practical value to companies in demonstrating that their nonforfeiture values comply with the law. This section also makes the use of the new industrial tables mandatory after January 1, 1968. In addition, section 2 makes the necessary changes in existing law to provide for use of the new industrial tables in the computation of present values of insurance policies.

The changes made by this bill, with the exception of the use of the newest Standard Industrial Mortality and Extended Term Insurance Tables, have been enacted into law in 39 States.

The Commissioners of the District of Columbia and the Superintendent of Insurance do not object to this bill, and its enactment will not result in additional expense for the District of Columbia government.

## IMPLICATIONS OF CRISES RESOLUTIONS

Mr. MANSFIELD. Mr. President, the Baltimore Sun of September 16 contains an exceptional editorial on the Cuban situation and the implications of resolutions on this or other critical situations.

I commend the editorial to the Senate and, particularly, to the Members of the Committees on Foreign Relations and Armed Services. Whether one agrees or not with this analysis of the constitutional implications of crises-resolutions—and may I say that I am inclined to agree—it is nevertheless a most thoughtful treatment of this question. Moreover, it points out some of the limitations on the efficacy of congressional resolving on issues of foreign relations. Most of all, it emphasizes the need not to forget that it is the President who bears the great burdens, the great responsibilities in foreign relations, regardless of what the Congress may resolve or not resolve. We can help him if we adjust our verbal assertions to the awesome decisions which he alone must make.

Mr. President, I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore (Md.) Sun, Sept. 16, 1962]

### RESOLVED TO BE RESOLVED

President Kennedy's attempt to exert a calming influence upon the natives—the natives of the United States—has been well received except by a few of the tribal chieftains. Senator GOLDWATER, for example, calls last Thursday's policy statement on Cuba a mere reiteration of a "do nothing" position. But the sound sense and forcefulness of the President's declaration have been generally persuasive with the public and with the Congress.

One reason for congressional acceptance is that Mr. Kennedy has agreed to the idea of a resolution expressing the Congress support of a firm attitude toward Cuba. The administration proposes a resolution to the effect that the President has the authority to take any action he may decide is necessary to safeguard the United States. Some of Mr. Kennedy's political opponents want what they believe would be a stronger assertion, saying in effect that the Congress is granting the President special authority to act.

Of the two, the first is much to be preferred. The second is actually not stronger but weaker, since it suggests strict limitations on a President's power to act in any emergency anywhere, until after the Congress has specifically given him permission in each case. But neither resolution is, in our opinion, necessary or even desirable. We find this business of crisis resolutions a highly dubious device.

It can be granted that in the present instance a congressional resolution has a certain value as domestic tactics, allowing Members of the Congress to say to themselves, and to the voters back home, that they have "done something" about Cuba. It can be granted that White House agreement to a resolution serves as another pill, mildly sedative, in Dr. Kennedy's careful treatment of a fever that was rising toward the point where it began to affect the country's head. But these advantages, we believe, are outweighed by the disadvantages of crisis resolutions as a practice.

What purpose do they serve? Will a Cuban resolution of either model tell Castro and Khrushchev anything the President's policy statement did not tell them? It will not. Did the Formosa resolution requested by Mr. Eisenhower in 1955, and granted to him, have any part in preventing a Chinese attack on Formosa and the Pescadores? It did not: all it did was to display a President's personal doubts about the extent of his powers. Rather, these resolutions disturbingly declare something that should need no declaring—that we are resolved to be resolved, determined to be determined, that as a people and a Congress we support the President of the United States on vital issues of the national safety. They view the national will as something to be talked about, not the inner, silent strength that it is. They protest too much.

A resolution on Cuba is in the works, and should shortly be passed in some form. We urge that, except under extraordinary circumstances of a sort we cannot foresee, the employment of this hollow and deceptive gimmick be thereafter discontinued.

## ORDER FOR ADJOURNMENT TO 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session this evening, it adjourn to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

## TRADE EXPANSION ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the Trade Expansion Act of 1962.

Mr. GORE. Mr. President, the reciprocal trade program was inaugurated in 1934 under the enlightened leadership of President Franklin D. Roosevelt and Secretary of State Cordell Hull. At the time the program was initiated, our Nation's economy was still struggling to emerge from the depths of the great depression which had been brought on in part by the misguided protectionist philosophy contained in the Smoot-Hawley Tariff Act of 1930.

When the program was first enacted, and each time it has been extended in the intervening years, doubts and fears were expressed about the ability of the American economy to survive without the artificial protection of high tariff walls. But, Mr. President, these doubts and fears have proved to be unfounded. Our economy has made tremendous strides in the more than a quarter of a century during which our tariffs have been progressively reduced. We have continued to maintain a favorable balance of trade during years of peace and we have provided economic support for all free nations in global conflicts to defeat aggression.

I have confidence, Mr. President, in the ability of American industry to adjust and to compete. Indeed, an expansion of mutually advantageous reciprocal trade is an essential element for a growing economy. We must build on the successful record of the past by providing legislative authority for the President of the United States to meet changing conditions in a changing world.

Of course, the most significant development in the world economy is the emergence of the European Common Market, which is rapidly taking form more successfully than even its proponents dared publicly to predict. The Common Market, in my opinion, represents not only a challenge, but an opportunity for American business, if we but seize it. We must take steps to insure that the products of our industry and of our agriculture have continuing access to this expanding market and to others that are developing throughout the world.

The bill before the Senate is not perfect. Few measures of such scope and importance meet fully the criteria established by any one person or organization. But I think it is a good bill. It was reported unanimously from the Finance Committee. It would provide to the President the essential authority needed to negotiate in behalf of American industry and agriculture and, in my opinion, it provides safeguards which will reasonably protect the vital interest of the Nation's security and the Nation's economic strength.

After all the statements of economic philosophy have been made, Mr. President, we wind up with the simple truism that a nation cannot expect to sell unless it is willing to buy. Indeed, the Nation cannot long sell unless it does buy—trade being a two-way street. The overall objective of the bill is to enable us to sell more and more of the produce of our farms and the products of our industry. During the course of the debate we shall undoubtedly hear much about the jobs of American men and women which will be imperiled by the anticipated increase in imports that will result from tariff negotiations and agreements. I hope also, Mr. President, that those who voice these prophecies of doom will give consideration to the jobs that will be created by a further expansion of our exports and by the further processing and distribution of those things we receive in exchange.

I have stated that I have full confidence in the ability of American industry to meet whatever challenge may arise. And there will be challenges, Mr. President. We cannot meet these challenges by complacent reliance upon artificial protections and indirect subsidy in the form of tariff. The pressure of imports can have a healthy effect upon our economy. We must not forget that they provide a form of competition that benefits the American consumer. Then, too, imports will encourage modernization, improved efficiency, and new techniques which will assure continued U.S. leadership as the bastion of economic strength in a free world that must remain strong if it is to remain free.

Indeed, Mr. President, our economy cannot be strong without imports. Many imports are not only needed for a healthy U.S. economy, but are absolutely necessary for our economy. In order to finance these necessary imports, in the long run maintaining a satisfactory balance-of-payments position, it is necessary for the United States to export. This does not mean that no American industry under any conditions is deserving of tariff protection. This is not a 100 percent free-trade bill. Indeed, that is not the policy of the U.S. Government, nor has it ever been.

Mr. President, in my view the bill will give the President the necessary tools with which, through the aid of able assistants, to bargain and negotiate effectively for the promotion of mutually beneficial trade among the nations of the free world.

It is with pleasure that once again I not only support a renewal and extension of the reciprocal trade agreements program, but also raise my voice in an attempt to persuade other Senators to do likewise.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 255 Leg.]

Aiken
Allott
Bartlett
Beall
Bennett
Bible
Boggs
Butler
Byrd, Va.
Carlson
Chavez
Gore
Hayden
Hickey
Hill
Jordan, N.C.
Kerr
Mansfield
McGee
Randolph
Robertson
Sparkman
Talmadge
Thurmond
Wiley
Williams, Del.
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Nevada [Mr. Cannon], the Senator from Connecticut [Mr. Dodd], the Senator from Arkansas [Mr. Fulbright], the Senator from Montana [Mr. Metcalf], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Oregon [Mrs. Neuberger], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Wisconsin [Mr. Proxmire], the Senator from Massachusetts [Mr. Smith], and the Senator from New Jersey [Mr. Williams] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Anderson], the Senator from Colorado [Mr. Carroll], and the Senator from Alaska [Mr. Gruening] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from South Dakota [Mr. Bottum], the Senator from Indiana [Mr. Capehart], the Senator from New Jersey [Mr. Case], the Senators from Kentucky [Mr. Cooper and Mr. Morton], the Senators from New Hampshire [Mr. Cotton and Mr. Murphy], the Senator from New York [Mr. Javits], the Senator from Idaho [Mr. Jordan], the Senator from California [Mr. Kuchel], the Senator from Kansas [Mr. Pearson], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr.

Scott], and the Senator from Texas [Mr. Tower] are necessarily absent.

The PRESIDING OFFICER (Mr. Hickey in the chair). A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant At Arms be directed to request the presence of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. Bush, Mr. Byrd of West Virginia, Mr. Church, Mr. Clark, Mr. Curtis, Mr. Dirksen, Mr. Douglas, Mr. Eastland, Mr. Ellender, Mr. Engle, Mr. Ervin, Mr. Fong, Mr. Goldwater, Mr. Hart, Mr. Hartke, Mr. Hickenlooper, Mr. Holland, Mr. Hruska, Mr. Humphrey, Mr. Jackson, Mr. Johnston, Mr. Keating, Mr. Kefauver, Mr. Lausche, Mr. Long of Missouri, Mr. Long of Hawaii, Mr. Long of Louisiana, Mr. Magnuson, Mr. McCarthy, Mr. McClellan, Mr. McNamara, Mr. Miller, Mr. Monroney, Mr. Morse, Mr. Mundt, Mr. Prouty, Mr. Russell, Mr. Smathers, Mrs. Smith of Maine, Mr. Stennis, Mr. Symington and Mr. Yarborough entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

## TRADE EXPANSION ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

## CEREMONIES AT FIRST DAY ISSUANCE OF SPEAKER SAM RAYBURN COMMEMORATIVE STAMP, BONHAM, TEX.

Mr. YARBOROUGH. Mr. President, on September 16, 1962, the late Speaker Sam Rayburn was honored in commemorative exercises in Bonham, Tex., with the first issuance of the Sam Rayburn commemorative stamp.

A great throng of people gathered on the southwest steps of the Rayburn Memorial Library to participate in ceremonies honoring the greatest Speaker in the history of the United States.

I ask unanimous consent to have printed at this point in the Record the program of this historic occasion.

The PRESIDING OFFICER. Is there objection?

There being no objection, the program was ordered to be printed in the Record, as follows:

### Sam Rayburn Stamp Commemorative Program, September 16, 1962, Sam Rayburn Library, Bonham, Tex., 2:30 p.m.

Choice Moore, master of ceremonies.

National anthem: Bonham High School Band, James A. Taylor, director.

Invocation: The Reverend Jack Carson, pastor, First Baptist Church, Bonham, Tex.

Welcome and recognition of distinguished guests: Choice Moore.

Official proclamation of Sam Rayburn Library Day: Hon. Frank P. Lake, representing Governor of Texas.

Presentation of portraits: Mrs. Lily V. Leonard.

Speech of acceptance: Hon. Lloyd M. Bentsen, Jr.

Introduction of the Honorable Ralph Yarborough, James A. Turman, speaker, Texas House of Representatives.

Address: Hon. Ralph Yarborough, U.S. Senator.

Introduction of distinguished representatives of Post Office Department and introduction of the representative of the Postmaster General: W. M. McMillan, regional director, Post Office Department, Dallas, Tex.

Address: Mr. Frederick C. Belen, Assistant Postmaster General.

Remarks and introduction of the Vice President of the United States: Hon. Ray Roberts, Congressman, Fourth District of Texas.

Address: Hon. Lyndon Johnson, Vice President of the United States.

Benediction: Elder H. G. Ball, Tioga Primitive Baptist Church.

Preprogram music by Bonham High School Band, James A. Taylor, directing.

### The Sam Rayburn Stamp

On the day of Speaker Sam Rayburn's death, November 16, 1961, the Citizens' Stamp Advisory Committee was meeting and immediately approved issuance of a Rayburn stamp. Postmaster General J. Edward Day made the announcement in a New York speech the following evening.

In the multicolor, vertical stamp, Sam Rayburn stands impressively before the Capitol dome. Graduated tones of brown and blue give the stamp a three-dimensional effect. It is 0.84 by 1.44 inches, printed on the Giori presses and issued in panes of 50. The initial printing was 120 million.

Robert L. Miller, of the Bureau of Engraving and Printing, designed the stamp, basing the portrait on a photograph appearing in House Document 247 of the 87th Congress, "The Leadership of Speaker Sam Rayburn." Portrait and vignette are by Charles A. Brooks, and lettering and numeral by William R. Burnell.

The commemorative stamps were first sold in Mr. Rayburn's hometown of Bonham, Tex., on September 16, 1962, the 22d anniversary of his election as Speaker of the House of Representatives, and in all other post offices of the Nation on September 17, 1962.

### The Sam Rayburn Library

The Sam Rayburn Library is located at Bonham, Tex., near the home of the late Speaker. It is maintained and operated by the Sam Rayburn Library Foundation as a free public library. The foundation is now seeking to raise an endowment to enable it to create a major research center in political science, with supporting scholarships for students in that field of study. This, it is hoped, will be a permanent living memorial to Sam Rayburn. Members of the foundation board of trustees are R.M. McCleary, chairman; Buster Cole, Ray Manning, H. G. Dulaney, Mrs. John Palmore, Mrs. Joyce Rayburn Lightfoot, and Robert B. Anderson. An honorary member is H. A. Cunningham.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to have printed at this point in the Record the remarks of Hon. Ray Roberts, a Member of Congress from the Fourth District of Texas, at the commemorative program for Sam Rayburn, on September 16, at Bonham, Tex., with which Representative Roberts introduced Vice President Lyndon B. Johnson.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

### Address by Congressman Roberts of Texas

Judge Moore, Mr. Vice President, Postmaster General Belen, Senator Yarborough, Mr. Bentsen, Mrs. Bartley, Mrs. Thomas, and friends, we are gathered here to honor the memory of a great man.

Sam Rayburn walked among his friends with modesty and good fellowship, yet he stood tall among the statesmen of the world. His image as a true world leader grows with each passing day.

I am honored to stand in the edge of his reflection and to follow a few steps along the road which he chartered.

The nationwide and worldwide clamor for the stamp that is being issued today is coming not only from the collectors who realize that it will be a stamp of historic significance, but from people who have never saved a stamp in their lives. These are the people who shared our deep regard for the Speaker, Sam Rayburn—people who never had the opportunity, as you and I had, to know him personally, but admired him as a great American.

Always a man to shun personal publicity, he dismissed with gruff good will all public demonstrations in his behalf.

History only acknowledges modesty, though, and does not hesitate to reward greatness.

Even though Mr. Rayburn would have scoffed at the idea, as long as history of the United States is written, there will be an important chapter for Speaker Sam Rayburn.

As his successor as Congressman of this great Fourth District, it is an honor and a privilege to be here to pay tribute to his memory.

I feel a great sense of responsibility today. I am here to present a member of one of the most justly famous legislative teams in our history at a ceremony honoring the other member of the team.

For many years two names dominated the legislative scene. They were Speaker of the House Sam Rayburn and Senate Majority Leader Lyndon B. Johnson.

The luster that was attached to those names did not arise solely from legislative skill or political leadership. The Rayburn-Johnson combination was much more than that. It was, in fact, the symbol of responsible, patriotic leadership in which the long-range needs of our country are always to be placed above the temporary exigencies of party necessity.

The relationship between these two men was one which began long before the events which placed them on the national and international scene. The friendship of the late Speaker Rayburn with the Johnsons began with the Vice President's father and was one that continued throughout his life.

It was a relationship that was fortunate for the two men, because they found within each other mutual sources of strength in their common dedication to the service of their country. It was also a relationship which was fortunate for the country because between the two of them they demonstrated so that all could see that the American system was so strong it could survive the strains of heated partisanship and still maintain a common front against the enemies of freedom.

Both were men of humble beginnings. But both were also men of persistence and perseverance. Their close relationship continued even after Lyndon Johnson left the Senate to serve in the high office of Vice President of the United States, and in a real sense I think the relationship continues today because Sam Rayburn is a man who will never really leave us.

As a Texan, I am very proud that two of the most distinguished statesmen of our century have been Texans. And I am very proud of the honor that has been accorded to me today.

As our Vice President, Lyndon B. Johnson has established a record without parallel in our history. He has conducted delicate and difficult diplomatic negotiations in the far corners of the globe. He has been entrusted with sweeping responsibilities in the vital field of outer space. He has been assigned the task of assuring equal employment opportunity to the lowly who must have an advocate. He has been present in the highest councils of our Nation, where his voice has been heard in some of the most crucial decisions of our times.

It is my honor, it is my privilege, to present to you that great Texan and that great American, the Vice President of the United States, Lyndon B. Johnson.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to have printed in full at this point in the Record the remarks of Vice President Lyndon Johnson, long-time friend of Speaker Sam Rayburn, at the Sam Rayburn Commemorative Stamp Day in Bonham, Tex., September 16.

There being no objection, the remarks of Vice President Johnson were ordered to be printed in the Record, as follows:

### ADDRESS BY VICE PRESIDENT LYNDON B. JOHNSON

#### A MAN TO REMEMBER

It is a privilege to be here with so many Texans, all of whom knew and loved Mr. Sam Rayburn, as the Post Office Department honors the Speaker with this commemorative stamp.

The real strength of a man can be determined by the way his works are carried on beyond his life and the manner in which his neighborhood honors his memory.

Bonham, Tex., was the Speaker's home; the House was his working place and his life, but the whole of the United States was his neighborhood.

#### EVIDENCE OF STEWARDSHIP

With us today we have the strongest evidence of the ties he made during his stewardship in our behalf.

The Post Office Department tells us that few first-day stamp issuances have created the interest that this one has.

The Sam Rayburn Foundation and its program of scholarships and fellowships for political science is making swift, steady strides toward a successful start.

His hometown friends, his home State friends, and his friends from all the other States stand ready to carry out his wishes in the foundation and at the museum here in Bonham.

#### GAVE EARLY PROMISE

Sam Rayburn gained the opportunity to use all of his many fine talents because the people of his home saw in him the raw elements of greatness that he developed to the finest degree.

From the earliest days of statehood, Texas has shown uncommonly good judgment in sending to Congress men who have had the ability and capacity for high national responsibility and it is my firm belief that the greatest of them all was Mr. Sam Rayburn.

Every day I am reminded that it is to my everlasting benefit that I had the great privilege of walking with him a considerable way down the road.

For the Speaker, the road ended last November 16. We miss him now very much. The country misses him.

But we can find wisdom and strength from the lessons he taught and the heritage he left.

#### RESPECT FOR PEOPLE

He taught responsibility. He put an example of devotion to country and dedication to duty. As he was never stampeded by pressure, he was never held back by fear. He sought always the public good rather than courting mere public approval. These are good things to remember.

But the heritage he left is a heritage of respect for the people which ought to be the hallmark of every public career.

There was never a person in the United States who couldn't see the Speaker. It caused consternation in his staff, but he made his own appointments, at times on the back of the first envelope he pulled from his pocket.

He read all of his own mail. He once told me: "When someone writes me on tablet paper with a lead pencil, I figure what he's writing about is pretty important to him."

#### TEXT FOR LEADERSHIP

The House of Representatives was his alpha and omega. Political writers for years to come will endeavor to analyze Mr. Rayburn who held sway over the House longer than any other mortal.

And they can turn to him for their text: "You can't really say how you lead. You feel your way, receptive to those rolling tides of sentiment. And if a man can't see and hear and feel, why then, of course, he's lost."

The Speaker could do all three. He was part of the good earth.

He furnished much of our straightforward thinking and talking. He was made in the same stalwart, forthright mold that marked our Nation's founders.

#### FAITH IN MAN

He was younger than most of us. What he disliked more than "old fogies," as he put it, was "young fogies."

He believes in staying always alert to new ways to serve social progress and human freedom.

In his last speech in the House—the day he doubled Henry Clay's record as Speaker—he stood in the well so familiar to him and said:

"I have so much faith in human beings. I know that people are good folks."

#### SERVANTS AND MASTERS

One evening, reminiscing with friends, he put it well. He recalled how good people always had been to him. He talked of Flag Springs, the little town in the old Fourth District where he attended a one-room school.

"All of us are just a little way from Flag Springs," he said. "You know I just missed being a tenant farmer by a gnat's heel."

Whether we come from San Antonio or McKinney, from Graham or Johnson City—each of us is "just a little way from Flag Springs." So long as we remembered that—so long as we remember that we in public life are only servants, that the people who send us here are the masters—then we shall be worthy of the trust vested in us and this Republic shall endure.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent to have printed at this point in the Record the remarks of Frederick C. Belen, Assistant Postmaster General of the United States, at the Sam Rayburn commemorative stamp program in Bonham, Tex., yesterday.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

### ADDRESS BY FREDERICK C. BELEN, ASSISTANT POSTMASTER GENERAL

The first U.S. postage stamps issued in 1847 bore the portraits of George Washington and Benjamin Franklin. Since that time, we in the postal service have been proud of our role in extending—on behalf of our country—an honor symbolic of greatness, the issuance of new American postage stamps honoring many of our citizens.

One other man who won greatness as a Speaker of the House of Representatives of the United States—Henry Clay—has been honored on our stamps, and Mr. Clay of Kentucky served 8 years as Speaker—less than half the time served by Mr. Sam in the office regarded by many as the second highest in the land—next only to the Presidency.

Over the years we have issued postage stamps honoring many people in many fields—statesmen, artists, inventors and others.

Here today we pay tribute with a stamp to one man distinguished in many fields.

True, he was a distinguished legislator. For example—as I well know from my own association with him on Capitol Hill for a quarter century—he was the principal architect of the great legislative program of the Roosevelt era, having steered through the House the Truth in Securities Act, the Securities and Exchange Act, the Federal Communications Act, the Railroad Holding Company Act, the Public Utilities Holding Company Act, and the Rural Electrification Act.

However, such a title as prime legislative architect of our age does not do the man justice.

He was a humanitarian—a man of heart. As President Kennedy said of him while he still served us: "Immeasurable * * * is your devotion to cause and country; and immeasurable is the respect, esteem, and affection which all of us who have served with you hold for you today."

We of the Post Office Department are proud of the Sam Rayburn stamp. Physically and technically, it is among the most distinctive stamps we have produced. Stamp collectors, in particular, will notice that the color tones in the stamp have been blended through an intricate and relatively new printing process developed by the Bureau of Engraving and Printing.

A number of earlier designs came off the drawingboard, but were rejected by Postmaster General J. Edward Day. Finally, this fine design was selected. Every effort was made to produce a stamp that would live up to the man as a great "world" statesman.

So many thousands of people can truly say "Mr. Sam was my friend too." Most of my adult life has been spent on Capitol Hill and I, too, can say "Mr. Sam was my friend." In fact, when I was nominated for my present position a little over a year ago, he was the first man to send congratulations.

You people of Bonham, the citizens of Fannin County, those of the Fourth Congressional District of Texas, it was mostly you folks who knew him best.

You knew him. You knew him face to face. It was you people who gave him to all of us. And, today, the Nation thanks the people of this great State with this new postage stamp—for sending him to us.

Mr. YARBOROUGH. Mr. President, the Sam Rayburn 4-cent commemorative stamp is a beautiful stamp with a likeness of the late, beloved Sam Rayburn in the foreground in brown and with the U.S. Capitol Building in blue in the upper right in the background. The first day cover sales of the Sam Rayburn commemorative stamp have been predicted to place this stamp in the forefront of all commemorative issues in the history of this country.

Mr. President, I ask unanimous consent to have my remarks at the Sam Rayburn commemorative stamp program held at Bonham, Tex., on September 16, 1962, printed at this point in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Address by Senator Ralph Yarborough

When Sam Rayburn left us here, 10 months ago today, and 22 years after he was first elected Speaker, 180 million Americans wept, and 3 Presidents stood on a cold hillside to honor a parliamentary leader whose likes they would not see again.

More than 74 of his 79 years were lived in Fannin County, among you, his relatives, friends and neighbors. You knew him best. His physical characteristics have been reproduced on these U.S. Government stamps, first offered to the people today here in his beloved Bonham for hundreds of millions to see and honor.

Beautiful is the artwork and faithful is the picture, but the real Sam Rayburn is pictured best on the hearts and minds of his neighbors. His image reflects the love you feel for a thousand acts of kindness that poured forth from his generous nature as freely as water flowed from the rock that Moses touched.

But if Sam Rayburn were here today, he would put a stop to all this.

He would look about him at this great crowd and say: "Who's keeping the store?"

Yet, I count it as one of the great honors of my life to be here, a part of this ceremony to honor a man whose dedication and ability made him one of the tallest Americans of them all.

He was a man who could chop wood and hoe cotton; a man who could raise the national prestige of the House of Representatives and advise eight Presidents; a man who could talk gently to a child, or push through tough legislation in a divided Congress to build a mighty army on the eve of war.

I'm proud to have been a Texan in Sam Rayburn's time; to have served in the U.S. Congress and to have known firsthand the true greatness of this man.

I'll tell you why I know Sam Rayburn was not a man to go seeking honors.

Last year, when Mr. Speaker left Washington for the last time to return to his beloved Bonham, with the advice, counsel and support of some of his closest friends, I introduced in the U.S. Senate a resolution to have a gold medal struck in recognition of his services to his country—his unparalleled services to his country.

On the following day, I received in Washington a telegram from Speaker Rayburn which I would like to read: "I hear by the radio that you have introduced a resolution to give me some kind of medal. I appreciate the friendship and generosity displayed by you in this matter, but I do trust that you do not try to pass such a resolution because I do not think that medals of this kind are appropriate for the living and if it passed, it would be embarrassing to me.

"I trust that you will, as usual, regard my wishes in this matter."

Fellow Americans, as almost everyone in Washington was accustomed to do, I respected his request. All work to get the medal resolution passed was halted, even though 50 Members of the U.S. Senate—in those few hours— signed as cosponsors of the resolution.

In January 1962 I returned from Texas to the new session of Congress, a session starting for the first time in 50 years without Sam Rayburn, and asked for passage of the resolution. Last Wednesday the resolution was passed by the Senate and the House in less than 3 hours in further tribute to the beloved Mr. Sam. It is to be signed by the President in a few days.

It will be a gold medal bearing a design yet to be chosen, and will go to the Rayburn estate, and probably ultimately will be placed in the library here. Thus it will return to the people Sam Rayburn loved and served. Bronze copies of the medal will be made by the mint and sold to the public at cost.

We are saying, with these stamps and with this medal, to history and to the generations of public servants who are to follow us in the Congress that Sam Rayburn was a great example of the finest tradition of public service in the United States. He heard when the country called, and he knew how to respond. His legacy, his example of service devoted to his country, will be an inspiration to men and women, young and old, so long as his country lives and parliamentary government survives.

And thus it is with the stamp issued here today.

These are modest honors for a man whose stature will tower in history as it did in his lifetime. All of us here are privileged to live a part of his heritage to democracy.

What influences shaped this greatness? Two, heredity and environment—in simpler words—the good mind and sound body and examples of good character all around him in his family, and the sense of honor, steadfastness, and high purpose of the people among whom he grew to manhood. Sam Rayburn's life and character are an enlarged photograph of the lives, and the best hopes, ideals, and patriotism of the people of Fannin County.

---

## FEDERAL ASSISTANCE TO AMERICAN CULTURAL ACTIVITIES

Mr. YARBOROUGH. Mr. President, recently I received a thoughtful statement by the distinguished Dr. Frank E. Vandiver, president of the department of history at Rice University, in Houston, Tex. In the letter he expresses the case for Federal assistance to American cultural activities.

Dr. Vandiver, scholar, educator, and author, is well qualified to express a viewpoint on this subject. Born in Austin, Tex., December 9, 1925, he was a Rockefeller fellow from 1946 to 1948, received his master's degree at the University of Texas in 1949, his doctorate at Tulane in 1951, and was a historian for the U.S. Civil Service in Alabama in 1951–52. He was an instructor of history at the University of Alabama for a time in 1952, and later served as instructor of history, and then as assistant professor at Washington University, in St. Louis.

Dr. Vandiver joined the staff of Rice University in 1955. He was a Guggenheim fellow from 1955 to 1956. He is the author of "Basic History of the Confederacy," 1962; "Jubal's Raid: General Early's Famous Attack on Washington in 1864," 1960; "Mighty Stonewall," 1957; "Plowshares Into Swords: Josiah Gorgas and the Confederate Ordnance"; "Rebel Brass: The Confederate Command System." He is also the author, in cooperation with William H. Nelson, of "Fields of Glory: An Illustrated Narrative of American Land Warfare," 1960, and is the editor of other works.

Dr. Vandiver is presently engaged in writing a biography of General Pershing, and recently he traveled to the Philippines and interviewed Emilio Aguinaldo.

This statement from Dr. Vandiver is addressed to the junior Senator from Rhode Island [Mr. Pell], chairman of the Subcommittee on the Arts, of the Senate Committee on Labor and Public Welfare.

At the conclusion of his letter, Dr. Vandiver stated:

> Without a counterpoise of art and humanism, science will lapse into barbarous technology. For this reason Government support of arts and letters is not wasteful; it is prudent patriotism.

This is a viewpoint deserving of the most serious consideration. I ask unanimous consent that Dr. Vandiver's statement be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

September 4, 1962.

Hon. Claiborne Pell,
*Chairman, Subcommittee on the Arts, Senate Committee on Labor and Public Welfare, U.S. Senate Office Building, Washington, D.C.*

My Dear Senator Pell: Mr. McClure has, I hope, told you of my varied efforts to reach Washington in time to appear before your Subcommittee on the Arts as a witness in the hearings concerning Federal assistance to American cultural activities. I deeply regret my inability to complete the trip, and avail mysef of the opportunity which, you graciously offered to submit a statement by mail.

Let me say at the outset that I am heartily in favor of Federal assistance to cultural activities in the United States. Such aid is, I think, vital to the continued health of art, literature, music, theater, sculpture—indeed to all creative and learned areas. Consequently I am in favor of the pending bills, S. 1250, "To establish the U.S. Arts Foundation," S. 785, "To establish a program of grants to States," and S. 741, "To provide for the establishment of a Federal Advisory Council on the Arts." But it seems to me that they should go further and specifically include literary art on a par with the visual and performing arts.

But I would like to do more than voice support for the present bills. The fact of their existence, the fact of a long and continuing discussion of Government's role in fostering creative and liberal arts, indicates structural weaknesses in the national cultural life. This weakness is largely caused, I think, by a warping dominance of one section of the country in virtually all artistic and humane endeavors. Eastern domination is about to result in American culture becoming standardized, typed along Madison Avenue-Broadway lines into the chrome-plated "shamism" so widely criticized abroad. More than that, this eastern domination is robbing America of an essential element in its culture—regionalism. The United States is too large to have a standardized national culture; myriad nationalities, sections, geographical areas all have something to add to the cultural pattern. Regionalism is a mainstay of American music, art, and letters. Regionalism will not flourish, of course, in a centralized atmosphere.

You have heard, I'm sure, that many artists, musicians, and writers fear Government assistance lest it grow into Government dictatorship. Although probably groundless, this fear is nonetheless real and must be considered in any proposed program of Federal encouragement. For this reason, local responsibility must be paramount in all efforts, and should do much to encourage regionalism.

I notice that through each of the three pending bills, a question persists as to just what the Government can do to help art, music, and letters without frightening their practitioners. Permit me to suggest that the creation of a U.S. Arts Foundation, or a

Federal Advisory Council on the Arts, or even donations to States will not answer the question. The proposed foundation will have to seek legitimate projects, presumably from the Advisory Council, but the Council might conceivably be composed of biased members whose advice ought to be ignored. Many States do not have either the interest or the money to participate in any comprehensive cultural development program.

Lack of public concern is perhaps the basic problem. And here the Government can make a vital contribution. In America culture in general is too often regarded as unimportant, "sissy," or possibly subversive in some inexplicable way. Artists, poets, writers, musicians, are frequently considered by their Calvinist contemporaries as drones, sponges on the workers of the country. They consume without giving anything in return. This attitude on the part of many Americans at home and abroad makes the rest of the world regard us as rich, gross barbarians. And this idea definitely hampers our attempt to persuade the world that our political perception is any more sophisticated than our artistic perception. Government encouragement of cultural activities can help change this attitude. Rewards, honors, concern for artists, writers, musicians, and poets will give prestige to their calling and dignity to their views. And something of the sort must be done if quality and high standards are to be maintained in the face of creeping Madison Avenueism, or, in modern parlance, in the face of "kitsch."

More than any other resource, it seems to me that our culture is an exportable item. Traveling exhibits, showing our modern art, models of our current architecture, touring theatrical groups, touring orchestras, itinerant lecturers—all of these help to show the health and strength of the American mind. Our greatest boast—and rightly so—is freedom of thought. There is no finer way to demonstrate this than to let the world see our artists and thinkers in action. The Government should certainly undertake to subsidize both foreign and domestic appearances and performances by artists and men of letters. I want to emphasize that domestic appearances are vital. Much of American culture is missed in the rural and isolated areas of the country. Too many Americans never have an opportunity to see a good play, hear good music, view an art exhibit, hear a stimulating talk. If our culture is to maintain its honesty, is to survive that current trend toward easy thinking and shoddy craftsmanship, it must draw strength from the whole Nation. To do that it must reach more people than it presently does.

Let me make a specific proposal, one which will, I hope, offer a means of stimulating all artistic and humanistic work, provide suitable national leadership for all cultural activities, afford dignity and honor to artists, writers, musicians, and preserve the essential regionalism. In brief, I respectfully urge the creation of a National Academy of Arts and Letters. This Academy might be patterned on the National Academy of Sciences, itself a Government-sponsored organization created during the administration of President Lincoln to serve as a scientific advisory body. The National Academy of Arts and Letters should be created for the same purpose—to serve as a national advisory body on cultural matters. Like the National Academy of Sciences, the Academy of Arts and Letters should be composed of members from all the performing and visual arts, and various elements of letters. These members should be grouped in sections, each of which would nominate its own members and overall membership in the Academy should be highly restricted. Election to the Academy would confer high distinction, since it would represent approval of an artist's or writer's peers.

The Academy could, it seems to me, perform all the functions of a Federal Advisory Council on the Arts; it could also, through the advice of its various sections, give direction and advice to State and local cultural programs. In addition, it could provide extremely competent judgment on projects, performers and institutions.

A fund should be provided, possibly through some organization like the National Science Foundation, from which the Academy of Arts and Letters could channel money to individuals and organizations to stimulate creative and humane work. This is absolutely essential, since it is discouragingly difficult for artists, musicians, and writers to obtain financial help in a scientific age.

There are objections to this sort of academy. Some fear that it might degenerate into a sort of cultural dictatorship, an aggregation of intellectual snobs. The National Academy of Sciences has not followed that pattern, and I see no reason why a sister academy should depart from precedent. The key, I think, lies in self-government of the Academy, in the election of members and officers and in national representation.

I can think of nothing the Government could do which would more effectively aid and support cultural activities the country over than to create the National Academy of Arts and Letters and provide funds for projects it might deem worthy of subsidy.

In conclusion, let me emphasize something which I think is too often forgotten in the present concern for science. I live in a section of the country, Houston, Tex., which is about to be transformed by the NASA Manned Space Craft Center. This Center has attracted to Houston and the Houston area tremendously able scientists. It is reemphasizing the importance of all scientific activities and has vitalized scientific research on local campuses. Unfortunately it is not attracting to Houston comparable minds in art, music, or letters. Nor is the emphasis on science producing a concurrent emphasis on the humanities. This is not, of course, a problem peculiar to Houston—it is a national problem.

Most of our attention is focused on science and what science can do for the future, and very little attention is directed toward what science is doing to our culture.

And yet a scientist at Rice University, the eminent Dr. William V. Houston, understands thoroughly that learning is really indivisible. In a recent article he said, "One may also observe that although the sphinx and the pyramids of Egypt survive as historical monuments, the methods of thought, the philosophies of life that grew up concurrently in Palestine and Greece are now so basic to our philosophy and our mental activity today that we rarely pause to remember their sources. Although the monuments are impressive, the pattern of thought is more fundamental. It may well be that, when the 25th century looks back on the 20th, our tremendous engineering achievements will be superseded and our multiplicity of gadgets obsolete, but the influential and persisting element of this century of science will be striking new ways of thinking about the physical world, in thinking about our relationship to it, and, most fundamentally, of thinking about ourselves and of our relationship to the other human beings in it." In this article Dr. Houston recognizes that if we continue to pursue an understanding of physical nature, we must pursue also an understanding of man and man's intelligence and character. Without a counterpoise of art and humanism, science will lapse into barbarous technology. For this reason Government support of arts and letters is not wasteful; it is prudent patriotism.

Thank you for the privilege of submitting this statement.

Sincerely yours,

Frank E. Vandiver.

---

## TRADE EXPANSION ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I am informed that certain Senators have amendments to offer to the bill. I would hope they will come to the Senate and offer such amendments, so that the Senate can get down to the consideration of the pending business.

---

## SOVIET NOW HAS CUBA

Mr. DIRKSEN. Mr. President, yesterday there was published in the Washington Sunday Star an article by William L. Ryan, a very competent correspondent for the Associated Press. This was a special item, under the title "Soviet Now Has Cuba; To Stay Unless Ejected," with the subtitle "Review of Tight Grip Produces Shock; Red Pros in Charge, Castro Due To Go."

This is one of the most informative and complete articles on the Cuban situation I have seen in quite some time. I ask unanimous consent that it may be included in its entirety as a part of my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

### Soviet Now Has Cuba; To Stay Unless Ejected—Review of Tight Grip Produces Shock; Red Pros in Charge, Castro Due To Go

(By William L. Ryan)

Moscow today just about owns Cuba—lock, stock, barrel and beard.

Inexorably, Soviet communism is closing its steel grip. Challenging the United States in the sensitive Caribbean and the Western Hemisphere, Moscow has given the world a lesson in imperialism.

When the Russians colonize, they colonize for good. Short of armed invasion, there seems little hope of prying the Communists out of a base 90 miles from U.S. shores.

The Soviet takeover will be complete when Fidel Castro is shoved aside, along with his 26th of July movement revolutionaries. This will be a slow and cautious process, but signs of party conflict are clear.

Daily, Mr. Castro appears more and more in the role of a bumbling and confused man, loudly demanding everything his own way, but bowing to what he now calls the collective leadership. He has lost much popular support. Havana reports suggest only 20 percent of the people back him now. That is much more than the percentage backing the old guard Communists, but they do not need popular support. They have their tight, disciplined, spy-ridden organization—and they have Moscow on their side.

The Communists are patient. They can wait until popular disillusion and economic chaos make Mr. Castro no longer important. They are letting him shoulder the blame for Cuba's internal woes. They are letting his entourage of "New Communists"—men like Ernesto (Che) Guevara, Fidel's brother Raul Castro and others of his Sierra Maestre revolution following—hang themselves with ropes fashioned of their own confusion. The time will come when Mr. Castro can safely be removed.

A close examination of just how tightly the Soviet Communist grip has seized the pearl of the Antilles produces a sense of shock. From documents and official regime statements, and from reports of diplomatic travelers, this picture emerges of a Cuba as tightly bound to Moscow as is Bulgaria:

The rag-tag 26th of July army of bearded romantics who marched into Havana January 2, 1959, is no more. In its place is a force of about 300,000, made up of more than 50,000 trained regular and a heavily armed militia. The training is by Communist bloc officers. The equipment is modern. The discipline is strict and Soviet style. The facilities are installed and expanded by Russians and East Europeans.

Even now the army has political commissars, carbon copies of the "politruk" officers of east bloc armies, assigned to nail down party authority. One group of 750 "revolutionary instructors" was graduated this month from a special school and is being infused into the army. Mr. Castro says their mission is to "teach the class struggle character of the revolution" to the army.

Havana is ringed by military hardware, manned by Russians and Cubans. The Russians paid cash for former estates near Havana, and the belief is the areas will be used for antiaircraft batteries and rocket-launching site. Soviet radar, Russian-manned, checks all flights. Dozens of Soviet Mig fighters have been shipped in and the number may reach 200. Cubans are trained to use them. A parachute corps will be sent to Russia to complete training. And military equipment pours in, along with thousands of "technicians."

### THE ECONOMY

Moscow owns the economy. Fantastic numbers of trucks, jeeps and other vehicles pour in from the Red bloc, each batch making Cuba more dependent upon Soviet petroleum shipments.

Imports for 1962 from the U.S.S.R. include: Wheat flour, cereal grains, edible oils, canned, frozen and cured meats, condensed milk, baby foods, rice, butter, lard, peas, canned fish, beans, potatoes, fertilizer, rayon and other textiles, superphosphates, trucks, jeeps, buses, tractors, a petroleum tanker, rice harvesters, machine tools, power shovels, graders, bulldozers, compressors, rolled steel, tinplate, steel pipes, cast iron, cardboard, raw materials for soap manufacture, cement, lubricants, ammonium nitrate and even containers for sugar.

Czechoslovakia is sending textile yarns, artificial leather, steel products, chemicals, glass, foodstuffs, newsprint, buses, tractors, trucks, and tow trucks, machinery and tools, diesel motors, electronic units. Red China sends soybeans, rice, canned meat, medicines. Hungary, Rumania, Bulgaria, and Poland send food. The bloc also sends swarms of technical assistants.

Cuba's sugar goes to the bloc in part payment. The sugar industry, always the backbone of the Cuban economy, is dominated completely by the Soviet bloc. Bloc equipment runs the refineries.

The island, therefore, now is practically wholly dependent on world communism. JUCEI, the regime's "coordination and inspection board," is a central plan body modeled on the Soviet Gosplan—state planing board.

### AGRICULTURE

In a May 1961 speech to farmers, Prime Minister Castro ridiculed the idea that farms would be collectivized. He said: "The revolution would never do such a foolish thing. * * * Although this is a Socialist revolution, the land will not be socialized. * * * If a farmer prefers to keep his bit of land, then the revolution will never try to socialize it."

An agrarian reform law a year before had broken up big holdings for distribution. Peasants, in order to make any economic sense of their production, had to form cooperatives, especially in such fields as sugar, coffee, rice, and cattle raising. The number of cooperatives grew to 622.

As late as 2 months ago, Mr. Castro repeated the pledge against collectivization. Then he changed his mind—or it was changed for him.

Last month, he told a sugar cooperative conference that distribution of land to the peasants would mean destruction of the revolution. Nor was the cooperatives' idea practical, either. The answer had to be "people's farms"—a copy of the Soviet state farm idea in which the government owns the land and the peasant becomes a sort of farm-factory worker. There were already 300 "people's farms." Mr. Castro indicated the regime would collectivize all the cooperatives so that, in his words, the farmer would be a real proletarian and get rid of his instinctive impulse to own land.

As in other Communist lands, production quotas are laid down. Norms are set for cattle and livestock reproduction, and as in the other lands, the big drawback is that the cattle cannot read instructions. The economy is prey to all the ills that afflict other Communist agriculture.

### LABOR

Regimentation is on the Soviet model. The workingman is subject to production quotas. "Socialist emulation," the speedup device invented by Moscow, was formally introduced April 16. The speedup worker is known as distinguished worker.

The Cuban Workers Central directs 25 national unions and automatically approves what the regime orders. As in other Communist countries, it does not represent the labor force, but the state. Workers are subjected to lectures, work discipline, warnings about such things as a "formal bureaucratic attitude." They are punished for lateness or absenteeism. Directors are punished for failing to make quotas or for distorting figures.

Cards were issued August 15 to all workers over 18. The information about each worker took up 15 pages. Fourteen pages went into regime files. The workers got the 15th as his card. He cannot work without it.

Before the Castro era, few women in Cuba did heavy labor. Now they—along with workers, students and even aged people—are dragooned into "Socialist Sundays." They are supposed to be volunteers to save sugar crops. Women also cut hay, pick coffee and cotton and do other agricultural labor.

Mr. Castro announced a year ago plans for a system of "corrective labor" for prisoners, sounding much like the forced labor of other Red nations.

The regime constantly nags workers about greater production. There is even a board of "volunteers" supervising sports, called "Listo para Vencer" (Ready To Win). This copies the Soviet organization Gotov (initials standing for "Ready for Labor and Defense").

### YOUTH

Cuba now has a Communist Youth Union, with the same cell structure which marks the Soviet Young Communist League (Komsomol). Its purpose, said Mr. Castro, is to "mold youth into a Communist attitude * * * war against intrigue * * * against gossip, against rumors behind the back * * * to correct errors of others."

There is an organization committee controlling all activities of students during both school and vacation time. It guards against absenteeism, watches student unions, mobilizes students for work in the fields, provides monitors to watch teachers, presides over sports and all student activities.

### INTERNAL ENEMIES

All the ills of an emerging Communist regime afflict Cuba: shortages, hoarding, black marketing, clandestine slaughter of livestock. Those who complain are labeled "enemies of the people."

In a Catholic country, the regime goes slowly about cracking down on religion. Mr. Castro proclaims religious freedom, but church activities are curtailed and confined inside church buildings.

The regime carries on a gigantic indoctrination campaign. Hundreds of thousands of Communist manuals are distributed. Communist boss Blas Roca's "Fundamentals of Socialism in Cuba" was distributed in 700,000 copies—1 for each 10 or fewer persons.

### THE APPARATUS

In prerevolutionary days, the Communists played ball with the Batista regime, entrenched themselves in the labor movement, and even opposed the 26th of July revolutionary movement. After the revolution, the Popular Socialist (Communist) Party was the only organized party allowed to operate. It infiltrated every department of the regime, up to the highest positions.

A year ago Mr. Castro announced—it seemed a bit reluctantly—all revolutionary organizations would be merged into one, the ORI (Integrated Revolutionary Organizations). This, he said, would eventually become the "united party of the Socialist revolution." The regime laid down plans for complete control of the economy and set up "committees of defense"—more than a half million strong. That meant 1 spy for every 12 Cubans, man, woman, and child.

The Communists now let it be known they regard the 26th of July movement as having been "the national liberation" phase, according to Khrushchev-era doctrine. The July 26 movement is defunct. The Communists hold that Cuba has entered a new stage of "building socialism." The ORI, for all practical purposes, already is the single party. Organization is going forward on the time-tested pyramid-cell basis, which assures central control. When the united party emerges formally, membership will be limited to "those who fulfill Leninist conditions."

There has been conflict between the wily old guard Communists and the so-called new Communists recruited from Mr. Castro's original followers. The old guarders, under Red Chieftain Blas Roca, leave little doubt they intend to rule. Mr. Roca holds a dominating position in the ORI, although posts in the secretariat have gone to Mr. Castro's bearded Communists of the "new" group.

Havana radio this spring admitted there had been a struggle, calling it "a battle which culminated in the dismissal of (Anibal) Escalante as secretary of the ORI." Mr. Escalante, an old line Communist, was expendable to avoid outward signs of internal conflict. He is now in Eastern Europe.

The fight arose over Mr. Castro's loud determination to be more equal than his supposed equals in the collective. The old guard Communists have to live with him, since to many Cubans and Latin Americans he symbolizes national sovereignty. He is also the only man in the regime who commands any marked degree of loyalty.

THE OUTLOOK

On the surface, Mr. Castro still does not appear to have lost any of his authority, but that is only a surface appearance. The old guard Reds weave their power web carefully, move slowly. The time is approaching for the final phase of envelopment. When Mr. Castro's presence is no longer necessary, when he has taken all the blame for Cuba's economic disaster, he can safely be put aside, and that will be managed by men responsible to Moscow.

Right now, Blas Roca, Carlos Rodrigues and old guard Communists seem to be spending much of their time trying to outfox Mr. Castro. The bearded premier appears to flounder more and more in a morass of mixed-up ideology. Is he being insidiously undermined by the old guard? There is much evidence to suggest that he is, and he seems resentful.

A month ago, Mr. Castro addressed a congress of secondary school students and found himself embroiled in an incoherent wrangle with his audience. Mr. Castro had mentioned a revolutionary song in his speech and the students yelled demands that he sing it. Mr. Castro argued and cursed them obscenely.

"I don't know how to sing, I won't sing. That is final * * * it's impossible to speak here." He let out another string of profanity. There were "idiots" around, in spite of the revolution, he shouted.

Screams and laughter greeted his words. It was 8 minutes before the students could be quieted and Mr. Castro could get on with a rambling, sometimes incoherent talk. He may have been drunk—or he may have been confused and angered by the pressure of forces he did not fully understand, forces threatening him.

When Mr. Castro finally is shoved aside it will be small consolation for the United States. It will mean Moscow's domination is complete.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RANDOLPH in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. HARTKE. Mr. President, I yield to the Senator from Ohio.

## URBAN MASS TRANSPORTATION ACT OF 1962

Mr. LAUSCHE. Mr. President, last week on the floor of the Senate the mass transportation bill was discussed. I opposed that bill.

I wish to call the attention of Senators to what the proposal has already done in Cleveland, Ohio. In Cleveland, Ohio, there is a publicly operated system, managed and directed by a transit board. The Cleveland Transit Board definitely had in mind building an extension of the transit system from downtown Cleveland to the Cleveland Airport. The plan was in the making and in the process of being executed. Then came word from Washington that Congress might enact a law that would make available gifts of $2 by the Federal Government for every $1 put up by the local people for the improvement of mass transportation. As could have been expected, the Cleveland Transit Board, learning that a largess was to come from Washington, decided to postpone the development of their plan.

I now wish to read what was published by the Cleveland Plain Dealer with regard to the subject:

EXCUSES EXPLODED

When Allen J. Lowe and Charles P. Lucas recently switched their position on carrying through with their proposal to extend the CTS rapid transit to the airport, we indignantly demanded the real reasons for their switch.

So far they have given none.

Not only that, but the feeble excuses which Lowe gave at the meeting have broken down.

Lowe said that he was pinning his hopes for financing the CTS part of the project on the Federal transit subsidy bill.

This multimillion-dollar grab bag is another attempt by the Federal handout kings to invade the field of local authority and to load us with new mountains of debt.

* * * * *

Even if the thing should lamentably be passed there's no promise that Cleveland would get allocations from it. Every large city in the country will be at the trough for the gravy if transit subsidies ever are poured out.

The malignancy of the Federal subsidy system, whether subsidies actually are given or not, is seen in what has happened here. The mere talk of a possible handout is used as an argument against doing something locally that should be handled locally.

Lowe's other explanation for his switch, in which fellow CTS Board Member Lucas followed, was that until 1970 the CTS couldn't have enough funds for its part of the extension costs, even with the special economies that they had supported earlier. But he admitted last week that he had forgotten that the CTS could help its financing through equipment trust certificates.

Again we call for a rescinding by Lucas and Lowe of their September 6 action so they can put the rapid transit extension back on the track.

The editorial clearly and properly describes what the ultimate impact of the proposed Federal handout will be. Here is a community that contemplated the extension of its rapid transit system without Federal aid. They were in the process of going forward. A plan had been developed. The objective sought was clearly in mind. But along comes the Federal Government with the proposal: "We will give you money for which you will have to pay nothing."

What do Senators expect the transit board to do? Perhaps the board could have risen to high patriotic levels by saying to those in authority in Washington, "We will not ask for your largess. We will build the system ourselves."

But two of the members of the board thought that it would be best for Cleveland and the country to wait, thus giving encouragement to the Federal Government to begin the proposed new plan of buying buses, trolleys, and terminals for every crossroad community in the United States.

Where will it lead? If the Federal Government intends to give money to governmental bodies for the development of their transportation systems, in my judgment there will be only one end, and that is Federal governmental ownership of the system.

What a frightening, dampening, depressing impact. Here are people who wish to be independent. They wish to solve their own problems and to do things in the true American way. They are dissuaded from following that course by the bait held dangling by the U.S. Congress and the administration. They are told, "Do not be independent. Do not be self-reliant. Wait and the Federal Government will give you things for nothing."

How can we compare that philosophy with the philosophy of the men who, 175 years ago, on the 17th day of September, wrote the Constitution of the United States?

Did they contemplate this policy of largesse and gifts by our Government? Were they cringing persons who depended upon gifts, or were they courageous individualists who believed in the free enterprise system and that our Nation would triumph, and that the welfare of our people would be promoted?

The questions answer themselves.

What we are doing today is in complete conflict with everything that was done by those men who signed the Constitution on September 17, 1787.

I regret that this is happening in my city of Cleveland, but I am pleased to note that the chairman of the Cleveland Transit Board has announced his willingness to appear before the Committee on Commerce and there to oppose the bill.

A "chocolate drop" was held out. It is sweet on the outside, but within there is poison—poison to our system. It will be swallowed by many. They will take it with great glee, but the ultimate price to be paid, in my judgment, eventually will be a loss of every right and liberty that our forefathers had in mind 175 years ago when they signed the Constitution.

## TRADE EXPANSION ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

Mr. HARTKE. Mr. President, I rise today to call to the attention of the Senate that soon this body will have the opportunity to vote on the Trade Adjustment Act of 1962. This measure generally is just referred to as the trade bill.

To call it the Trade Adjustment Act of 1962 is truly an appropriate name for it is an adjustment in every true sense of the word. It means that America is adjusting its thinking to modern day living, and is looking to the future for her people to insure more jobs, more business, and a stronger all-around economy.

I should like to point out, Mr. President, that some of the ideas in this Trade Adjustment Act proposal are not necessarily new, in that recommendations were made in March 1960, when the

Special Committee on Unemployment Problems submitted its report to the Senate. This committee, of which I was proud to serve as a member, was chaired so ably by my distinguished colleague from Minnesota [Mr. McCarthy]. One of the aspects of the Trade Adjustment Act of 1962 which some have widely discussed with possible apprehension is the adjustment assistance section of the bill.

I point out at this time that if it had not been for the able cooperation of the distinguished Senator from Tennessee [Mr. Gore] that this section probably would have been stricken from the bill. The administration owes him a special vote of gratitude and commendation because I know the struggle he went through in order to make it possible to report the bill in its present form.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HARTKE. I am happy to yield.

Mr. GORE. Mr. President, I am indeed grateful for the generosity of my friend the able Senator from Indiana. As the Senator knows, in general I have been in full and strong support of the Kennedy administration in the field of foreign policy, in the field of international economics, and in the field of mutual assistance with our allies and friends of the free world.

Upon occasion, conscientious conviction has led me into opposition to the position of the administration on domestic affairs. Perhaps it is in recollection of some of these events that my distinguished friend now expresses this gratitude for my cooperation in this case. I appreciate it very much. I thank him.

Mr. HARTKE. I say this in full recognition of the manner in which the Senator conducts himself not only in committee, but also on the floor of the Senate in protecting the rights of the people of the United States in every aspect and on every subject of legislation.

I know that the President of the United States appreciates the fine cooperation of the Senator, and realizes that in this case the Trade Adjustment Act of 1962 would not have reached the floor in its present form if it had not been for the singular cooperation of the distinguished Senator from Tennessee.

I have no apprehension about this part of the bill. Our Special Committee on Unemployment Problems made this same recommendation in 1960—during the 2d session of the 86th Congress—and I quote from the committee report, page 124, No. 6(b):

> Enactment of adjustment legislation to relieve the impact of international trade policies on employees, business, and communities adversely affected.

I am proud that the authors of the Trade Adjustment Act of 1962 have seen fit to incorporate the Special Committee on Unemployment Problems recommendation, for the adjustment assistance section of the Trade Adjustment Act does just this.

In his testimony before the House Ways and Means Committee and like testimony before the Senate Finance Committee, the Honorable Luther Hodges, our able and distinguished Secretary of Commerce stated during the House hearings:

> I have explained why I do not expect many firms or workers to be adversely affected by trade agreements negotiated under the Trade Expansion Act. But realism requires that we be prepared for local instances in which firms or workers suffer hardship as a result of increased imports.
>
> The Federal Government has a special responsibility to such firms and workers. For their hardship can be directly traced to a specific action undertaken by the Government for the good of all—the lowering of trade restrictions in order to open up new markets for our goods abroad. As the President has said, no industry or work force should be made a sacrificial victim for the benefit of the national welfare. No small group of firms and workers should be made to bear the full burden of the costs of a program whose great benefits enrich the Nation as a whole.
>
> Tariff relief is not always a satisfactory or sufficient remedy for the import problem. I believe that trade adjustment assistance can and will be a most effective, supplementary device. Tariff relief without positive action may protect an inefficient company that cannot compete. Escape-clause relief should be only a short-term remedy, used only in extraordinary circumstances to allow time for adjustments to foreign competition. Adjustment assistance is designed to help firms to adjust on a more permanent basis.

Further, Mr. President, Hon. Arthur J. Goldberg, former Secretary of Labor, accompanied by the Honorable W. Willard Wirtz, testified as to the need and the reasons for the adjustment assistance phase of the Trade Adjustment Act. In his testimony before the House Ways and Means Committee—hearings before the House Ways and Means Committee, 87th Congress, 2d session, on H.R. 9900, part II, page 726—Secretary Goldberg said:

> The reasons for proposing a trade adjustment assistance program: The United States has traditionally recognized that some protection should be given to American firms and workers who are faced with serious import competition. However, until now that protection has been exclusively supplied by tariffs or other import restrictions which had the effect of restricting foreign competition and generally subsidizing inefficient domestic producers.
>
> There are situations where such restrictions are still appropriate. As Secretary Hodges and Under Secretary Ball have testified, the proposed act retains these traditional protective features—the reservation of items from tariff negotiations, the adjustment of imports which threaten national security, and where no other solution is possible, the increase or imposition of duties or restrictions on imports which are found to be causing or threaten to cause serious injury to an industry.
>
> However, such features are no longer adequate as the only or even primary means of responding to import competition. They are inadequate because they do not provide sufficient flexibility in adjusting to changing patterns of international trade. The United States needs the means to assist American firms and workers to adjust to the competition they face. Only in this way can our trade continue to grow to the maximum advantage of ourselves and our trading partners. Only in this way can we adequately assist those Americans who find themselves unable to compete with imports.
>
> The Trade Expansion Act of 1962 would provide the necessary means to assist firms and workers to adjust to import competition. Let me emphasize that such adjustment does not necessarily mean a change of jobs or line of production. It may mean simply increased efficiency or skill in one's present work or business so that foreign competition can be met in the marketplace and not shut off at the port of entry.
>
> Let me also emphasize that the President's program will not involve the creation of a vast Government bureaucracy. To a great extent it will utilize the services and facilities of existing programs and agencies throughout the Federal establishment as well as State agencies. Moreover, it will not be a program of permanent Government paternalism. It will be, instead, as the President has stated, "a program to afford time for American adaptability and American resiliency to assert themselves."
>
> The importance attached to affording time for change is illustrated by one of the most significant of the adjustment features—the "staging" requirement contained in section 243. Under this section, in order to enable American firms and workers to adjust to the effects of reductions or elimination of duties or other import restrictions, such reductions or eliminations would be put into effect at a rate no greater than that of equal annual installments over a 5-year period.
>
> As I have indicated, the overall effects of our expanded trade policy will benefit American workers. However, its immediate effects on some industries, firms, and workers may be adverse. Some workers may lose their jobs, and for some of these, their hope of reemployment may depend on their acquiring a new skill, or changing to another industry; some may even have to move to a different location. This occurrence, however, is common in our competitive economy.
>
> We do not expect that many workers will lose their jobs because of tariff concessions in the years ahead. The gradualness with which such concessions will be put into effect will greatly minimize any displacement. While our estimates are quite rough, we believe that an average of less than 18,000 per year would be laid off because of increased imports in the 5 years of the proposed bill's operation. In this connection it must be remembered that increased numbers of workers will find employment due to new export opportunities opened up by the new legislation.
>
> It should be noted that these numbers include not only those who will be affected by tariff concessions under the proposed bill but a substantial percentage who will be affected by concessions already granted.
>
> It should also be recognized that this estimate of the average number who will be adversely affected by imports is only two and one-half one-hundredths of 1 percent of the labor force.
>
> Small as this number is, the problems can be serious for some of the individuals affected. Since their problems will have been precipitated by a positive Government policy taken in the national interest, the Government's obligation to assist them is clear.
>
> One of the best ways to help workers who have lost their jobs, who have been put on a part-time basis, or who are threatened with total or partial unemployment is to assist their employer in order that he can fully employ them once again. Only in this way can the seniority, pension, and other accumulated job benefits of workers be fully protected.

Mr. President, I should like to add that the Department of Labor and Department of Commerce have estimated that for every billion dollars in export trade by the United States, 150,000 additional jobs will be provided in this country. With the life of this act at 5 years, assuming that we only export $1 billion each year—there may be more, of course—this would mean 750,000 jobs in

5 years. However, this does not include the extraneous side jobs brought about indirectly by export trade, as to which there is no way to estimate the affect they will have on decreasing the number of unemployed.

Mr. President, many other facets of the Trade Adjustment Act of 1962 are worthy of discussion, but we will consider these in time as the debate on the bill progresses in the Senate. I merely point out that "adjustment assistance," as referred to in the bill, is the result of the adoption of a special committee's recommendation. Having served on the special committee, I know the recommendation to be valid; and to have it made a part of the Trade Adjustment Act of 1962 will be a giant step forward in America's economy and will result in the elimination from the American scene of more of her unemployed people.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 256 Leg.]

Bartlett
Beall
Bennett
Bible
Bush
Byrd, W. Va.
Carlson
Chavez
Church
Dirksen
Ellender
Engle
Fong
Goldwater
Gore
Hart
Hartke
Hayden
Hickenlooper
Hickey
Hill
Hruska
Jordan, N.C.
Kefauver
Kerr
Mansfield
McGee
McNamara
Miller
Monroney
Randolph
Smith, Maine
Sparkman
Stennis
Talmadge
Wiley
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. AIKEN, Mr. ALLOTT, Mr. BOGGS, Mr. BUTLER, Mr. BYRD of Virginia, Mr. CLARK, Mr. CURTIS, Mr. DOUGLAS, Mr. EASTLAND, Mr. ERVIN, Mr. HOLLAND, Mr. HUMPHREY, Mr. JACKSON, Mr. JOHNSTON, Mr. KEATING, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MORSE, Mr. MUNDT, Mr. PROUTY, Mr. ROBERTSON, Mr. RUSSELL, Mr. SMATHERS, Mr. SYMINGTON, and Mr. THURMOND entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. HICKEY in the chair). A quorum is present.

Mr. MANSFIELD. Mr. President, as there seems to be no further amendment to be offered, I ask for the third reading.

## LEAVE OF ABSENCE

Mr. DIRKSEN. Mr. President, the distinguished Senator from Colorado [Mr. ALLOTT] has been appointed a representative to the United Nations. He will undertake his functions today, Tuesday, and Wednesday. I therefore ask that he be given official leave of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

## TRANSPORTATION LEGISLATION

Mr. CARLSON. Mr. President, the Arkansas City Chamber of Commerce wrote me under date of September 11 expressing its views in regard to Senate bills 3242 and 3243.

I ask unanimous consent that the letter be made a part of these remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE ARKANSAS CITY
CHAMBER OF COMMERCE,
*Arkansas City, Kans., September 11, 1962.*
FRANK CARLSON,
*New Senate Office Building,*
*Washington, D.C.*

DEAR SIR: Please refer to our resolution of July 17, 1962, supporting Senate bills 3242 and 3243. Subsequent our action the industrial members our traffic committee recorded objections to this proposed transportation legislation and requested we rescind our support and to also record our objections thereto.

1. Object to new paragraph 23 amending section 1 of Interstate Commerce Act to exempt rail carriers from minimum rate regulation for transportation of bulk farm commodities, etc.

2. Removal of Interstate Commerce Commissions jurisdiction from carriers minimum rate establishments could be ruinous to local grain, flour and meatpacking industries.

3. Irreparable damage might be suffered by shippers, carriers, and localities before corrective steps could be taken under antitrust laws.

4. This legislation is not in the public interest since only a minimum of protection is afforded the shipping public.

5. To further extend deregulation can only enlarge the area for discriminatory practices.

We request corrective entry be made in CONGRESSIONAL RECORD withdrawing our support of this proposed transportation legislation, and the reasons therefor.

H. P. GIBSON, *Manager.*

## PROTECTIONISM

Mr. WILLIAMS of Delaware. Mr. President, recently the New York Times published an editorial entitled "Protectionism Has Had Its Day." Thereafter the Senator from Connecticut [Mr. BUSH] wrote a very excellent reply to the editorial. I ask unanimous consent that both the editorial and the reply of the Senator from Connecticut be printed in the body of the RECORD at this point in my remarks.

There being no objection, the editorial and the letter to the editor were ordered to be printed in the RECORD, as follows:

### PROTECTIONISM HAS HAD ITS DAY

The protectionists are mounting a desperate last-ditch stand against the administration's proposed Trade Expansion Act, which is being considered in the Senate Finance Committee before going to the Senate itself. They have chosen their battleground well, for the Senate is traditionally sensitive to protectionist pressure, particularly in election years.

There is nothing particularly subtle about the strategy being employed by opponents of the trade bill. They are appealing to Senators from areas that might be hurt by trade expansion. They recognize that an outright defeat of the measure is beyond their powers, so they are in favor of a compromise that would undercut the basic purposes of the bill.

The President's ability to obtain concessions from abroad will of course be severely curtailed if protection is granted to specific domestic industries. By the same token, trade will be reduced if the protectionists are successful in killing off "adjustment assistance" for plants and workers, which is being attacked as a device to permanently enlarge Government activities.

Inevitably, trade expansion will bring hardships. The provision of adjustment assistance, however, will cushion the shock. But it is not to be a permanent subsidy, nor will it protect the inefficient. On the contrary, it is aimed at increasing the competitiveness of industry and enhancing the technical skills of labor. In the long run, this will contribute to trade expansion.

Reform of our antiquated tariff structure, like tax reform, is long overdue. Trade cannot expand, nor can American industry maintain its competitive strength by resorting any longer to protectionist measures. An efficient and growing economy depends on accepting the disciplines imposed by competition. Though gaining access to world markets will not by itself guarantee growth, any other course, particularly artificial protectionist barriers, would be a deterrent.

Protectionism has had its day; but the protectionists, who are unwilling to face the challenge of foreign competition, will go on fighting until they are decisively defeated. This is what the Senate can accomplish by rejecting any compromise that would curtail the President's bargaining authority. For what is at stake is not only expanding trade, but strengthening the competitive position of the American economy.

---

### BUSH ASSESSES TRADE ACT

*To the Editor of the New York Times:*

I was interested in your editorial of September 11 "Protectionism Has Had Its Day," and suggest it is not a fair appraisal of the current situation.

As a former member of the Randall Commission in 1953–54 and as one Senator who has consistently supported the Trade Agreements Act and its extensions heretofore, I must point out that protectionism has not had its day, but, unfortunately, is flourishing by action of the Kennedy administration on a highly discriminatory basis.

In an effort to rally support for the bill, the administration appears to have assured protection to the petroleum industry. It accepted substantial increases in protection for the glass and carpet industries as recommended by the Tariff Commission. It approves extreme protectionism for agriculture. It evidently intends to continue protection for lead and zinc.

#### DISARMING OPPOSITION

The politically powerful textile industry, greatly disturbed by the recent decision of the Tariff Commission, now appears to be negotiating with the administration for some sort of agreement for additional protection, in order to disarm its opposition to the pending Trade Expansion Act.

In contrast, small industries are discriminated against. The poor little pin industry, consisting of about four companies who manufacture all the pins in the United States, received favorable recommendations for relief from the Tariff Commission, but this was denied by the administration.

It will be interesting to see in the coming weeks what attitude the administration takes with respect to protection for lumber and shoes.

If the administration is not to abandon the "no injury" policy adopted by Secretary Hull and approved by Presidents Roosevelt, Truman, and Eisenhower, the "no injury" policy should be available to the defenseless as well as those who have strong political influence.

Your editorial criticizes those who seek equality in safeguards for all industry under the pending Trade Expansion Act, but fails to recognize that the political price of getting this act on the books will be the extension of solid protection on a highly discriminatory basis to strong and powerful segments of American commerce, industry, and agriculture.

### PROTECTING THE STRONG

The amendments which I have introduced to this pending measure are designed to provide equal justice under law. Unless and until we are ready to abandon protectionism entirely, I think it unfair to discriminate sharply in favor of politically powerful groups and against weaker groups, particularly in the manufacturing business.

Implicit in title 3 of this bill, dealing with so-called adjustment assistance, is the intention of the administration to permit serious injury to large segments of American industry and large groups of American workers. Extraordinary and discriminatory provisions are made for helping these victims.

Particularly objectionable is the treatment accorded workers disemployed by imports under the bill. This group will be afforded special doles, special training and special expense money not accorded to that 5.8 percent of the work force who are unemployed for other reasons. Why discriminate between the unemployed? This seems unnecessarily harsh and cruel to the 4 million persons unemployed for other reasons beyond their control.

PRESCOTT BUSH,
*U.S. Senator From Connecticut.*
WASHINGTON, *September 12, 1962.*

---

## TRADE EXPANSION ACT OF 1962

The Senate resumed the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

The **PRESIDING OFFICER.** The bill is open for amendment.

**Mr. MANSFIELD.** I ask for the third reading. The performance by the Senate today is most disheartening. The Senate has been in session since 10 o'clock this morning. There have been quorum calls on seven or eight occasions. Finally, after great effort, we were barely able to get a quorum on two occasions.

There is before the Senate the most important bill of the 87th Congress. We have heard talk about amendments, but no amendments are being offered.

The Senate is not showing itself in a very good light by the way it is conducting the affairs of the Nation. I realize that under the orders of the Senate two committees are meeting. The members of those two committees can be excused from attendance, because they are carrying out their duties. On the other hand, it seems to me that too many Senators believe that another Senator will be present and will look after his business and the business of the Senate, and in that way take advantage of a situation such as exists now on the floor of the Senate.

Mr. President, this is not Saturday. This is Monday. If Senators were present and working together, there would be a reasonably good chance of adjourning sine die 2 weeks from this Saturday. However, if the Senate is to operate in this fashion, all I can say is we might as well expect to remain in session well into November, because no one will transact the business of the Senate if we do not do it ourselves.

To take care of the situation with which we are faced, I now move that the Senate stand in adjournment until 10 o'clock tomorrow morning.

**Mr. BUSH.** Mr. President, will the Senator withhold his motion for a moment?

**Mr. MANSFIELD.** I will, reluctantly.

**Mr. DIRKSEN.** Mr. President, I can fully understand the rather difficult and awkward situation in which the majority leader finds himself.

**Mr. MANSFIELD.** Both of us.

**Mr. DIRKSEN.** In which I find myself also. I quite agree. There is a responsibility to move the Senate along, particularly on important legislation.

However, there are some things that ought to be said by way of comment on the situation that confronts the Senate. First, the pending bill was reported late last week. I am confident that the final text was not available to a good many Senators who had amendments to submit. In final form, the paging and paragraphing were quite different. In the case of the distinguished Senator from Connecticut [Mr. BUSH], I know that he had to recast the amendments he intended to offer in order to make sure that they were proposed for insertion at the proper place in the bill. I believe that an equivalent situation confronted the distinguished occupant of the chair [Mr. HICKEY], who also has amendments which he proposes to offer.

Certainly that can be said by way of extenuation for not offering amendments at this time. They must be inserted at the proper place and also must be properly prepared and presented.

For that reason I can see an extenuation of circumstances which does in fact mitigate the feeling entertained by the distinguished majority leader and myself.

**Mr. BUSH.** Mr. President, will the Senator yield?

**Mr. MANSFIELD.** Yes; but first I should like to respond to the comments of the distinguished minority leader.

The bill was reported on Friday. The staff of the committee worked Friday night, Saturday night, and Sunday night to have the bill ready for consideration by the Senate, and to place the hearings on the desk of each Senator. I do not know what more could have been done.

The chairman of the committee, the distinguished senior Senator from Virginia [Mr. BYRD] was here bright and early this morning, as always, to lead off the debate, in advocacy of the passage of the bill.

To me, it was not very heartening to see what has been referred to as the most deliberative body in the world—and I am afraid that all too often that is what it is—make a spectacle of itself so far as concerns the most important piece of proposed legislation to come before the Senate at this session.

Some 39 Senators are running for reelection. Do they want the Senate to remain in session until November 6 or 7, the day of election? I do not care. I am not running for reelection this year. But I think we ought to consider the interests of all Senators; and the only way we can do so is by being on the job and doing what we are paid to do; namely, to look after the Nation's interests and to consider important legislation when it is before us.

I yield to the Senator from Connecticut.

**Mr. BUSH.** Mr. President, I sympathize very much with the mood of disenchantment of the majority leader concerning the Senate at this time.

**Mr. MANSFIELD.** It is nothing new, let me tell the Senator from Connecticut.

**Mr. BUSH.** I fully sympathize with him. I think he is justified in being quite upset.

Speaking for myself, I disassociate myself with any attempt to stall or delay the proceedings.

**Mr. MANSFIELD.** No one has used the words "stall" or "delay."

**Mr. BUSH.** I did not say they had been used. I used them because I wish to make it clear, in view of what I am about to say next, that I am not in that kind of mood; I am very desirous of facilitating the business of the Senate.

I was not in the Chamber early this morning because I was in attendance at a joint meeting of the Committee on Armed Services and the Committee on Foreign Relations, where a resolution of which I am a joint sponsor with the distinguished junior Senator from New York [Mr. KEATING] was to be considered. The Senator from New York was to testify in favor of our cosponsored resolution, and I felt it necessary to be present.

I should like to ask the majority leader a question. If the Senate adjourns now, how will it be possible for me to submit amendments to the trade bill? We are working hard on them.

**Mr. MANSFIELD.** Mr. President, I am delighted to ask unanimous consent that any Senator may submit any amendment he wishes to submit between now and tomorrow morning, when the Senate will reconvene.

**Mr. BUSH.** The point is: Will they be printed and be lying on the desk of each Senator when the debate on the bill opens?

**Mr. MANSFIELD.** That can be done.

**Mr. BUSH.** Mr. President, one more question with respect to the submission of amendments. Do I correctly understand that they may be submitted any time today, as late as 7 or 8 o'clock?

**Mr. MANSFIELD.** Until midnight, if necessary; and tomorrow morning before the Senate convenes.

**Mr. BUSH.** Simply so that they may be submitted today and can be printed and be available to Senators, when the Senate convenes tomorrow.

The **PRESIDING OFFICER.** Is there objection to the unanimous consent request of the Senator from Montana that any Senator may submit amendments to be printed and lie on the table?

**Mr. BUSH.** During the remainder of the day?

**The PRESIDING OFFICER.** During the remainder of the day, after the adjournment of the Senate. The Chair hears no objection, and it is so ordered.

**Mr. BUSH.** With that accommodation, I have no objection.

**Mr. MANSFIELD.** Mr. President, I renew my motion that the Senate adjourn until 10 o'clock tomorrow morning.

**Mr. HOLLAND.** Mr. President, will the Senator from Montana withhold his motion?

**Mr. MANSFIELD.** Yes.

**Mr. HOLLAND.** I wonder if the Senator from Montana realizes how many committees and conference committees are in session at this time.

**Mr. MANSFIELD.** I do.

**Mr. HOLLAND.** This morning the Senator from Florida was trying to get into shape the conference report on a rather important agricultural bill—not the farm bill—and it is now in shape. I hope the House will act on it this afternoon.

Progress is being made on the farm bill; and I hope there will be an agreement on it.

All day the Subcommittee on State, Justice and Commerce, the Judiciary, and Related Agencies of the Committee on Appropriations has been holding hearings. I have been dashing into and out of the Senate Chamber amid these various responsibilities. I am sure other Senators find themselves in the same situation, because one distinguished Senator passed me and said he was dashing to a conference.

**Mr. MANSFIELD.** If all Senators were as diligent as is the Senator from Florida, the Senate could function; but so far as hearings are concerned, they could continue whether the Senate is in session or not.

**Mr. HOLLAND.** I thank the Senator from Montana for his compliment; but let me say, in a friendly measure, that some of us have more things to attend to than we have time to do them. I have not been able to be in the Chamber to hear the debate, much to my regret. I have no amendments to propose.

**Mr. MANSFIELD.** The Senator from Florida has not missed much, because there has been very little debate.

**Mr. HOLLAND.** It is utterly impossible, with all these matters coming to a head at one time, for all Senators to be in the Chamber.

I thank the Senator for yielding.

**Mr. MANSFIELD.** Again, the Senator from Florida has been very diligent. Every time the bell has rung, he has been here, "Johnnie on the spot"; but many Senators have been missing.

Mr. President, I yield to the Senator from Iowa for insertions in the Record.

---

## THE 175TH ANNIVERSARY OF SIGNING OF CONSTITUTION

**Mr. MILLER.** Mr. President, I ask unanimous consent to have printed at this point in the Record an excellent article entitled "An Experiment That Worked: The Constitution Convention," written by the very able writer Ros Jensen, and published in yesterday's magazine section of the Omaha World Herald.

There being no objection, the article was ordered to be printed in the Record, as follows:

### AN EXPERIMENT THAT WORKED: THE CONSTITUTION CONVENTION

(By Ros Jensen)

(Monday, September 17, marks the 175th anniversary of the signing of the Constitution. In observance, the magazine of the midlands prints the words of this document, and a history of the Constitution Convention.)

Rebels were marching again across village greens and rockbounded fields where the minutemen battled the redcoats only a few years before. But this time they defied a government based, not in London, but in Boston.

As the maples shed their red and gold dress, debt-burdened farmers from western Massachusetts prepared to settle their grievances with pitchforks, staves and a few muskets.

Led by Capt. Daniel Shays, a dirt farmer who had been an obscure officer in the Continental Army, they tried to close the courts where their creditors were demanding either land or dues.

For a few days in that autumn of 1786, it was feared that even the State government would be besieged by the unruly rebels.

But the farmers were confused, ill-equipped and poorly led. They were repulsed, scattered to the barren hills or to the western wilderness. Those who were tracked down and captured eventually were granted amnesty even though the government had threatened to inflict the death penalty. Because of the fervid feelings that erupted with the insurrection, State officials thought it unwise to deal harshly with the farmers.

Shay's rebellion, as it came to be known, had repercussions throughout the infant Nation. Unwittingly, the Massachusetts farmers made an object lesson of an uprising. Their challenge to civil authority was the latest and most telling in a series of episodes that caused reasonable men to ponder the fate of the American experiment with democratic government.

### LITTER OF NATIONS

There was, indeed, the fear that the spirit of '76 might become a diabolical ghost that would ravage the dreams of the patriots who had stood by Concord's crude bridge, endured the cruel winter at Valley Forge or watched the men of Cornwallis stack their arms at Yorktown.

The Thirteen States had joined in a government under the Articles of Confederation in 1781. But this document had united neither the States nor the people. It had, as one historian put it, "brought forth a litter of small nations." The Central Government was weak, made so by the articles themselves.

The Declaration of Independence, to be sure, remained an article of faith for freedom-loving men, but it was not an instrument that could shape a new government. It gave expression to the cherished dreams of the patriots, but it also—and this is often lost sight of—listed grievances against His Royal Majesty George III, accusing him of "repeated injuries and usurpations, all having in direct object the establishment of an absolute tyranny over these States."

Thus the colonists were at once bound together by their aspirations for a free government and by the recurring memories of all sorts of things they didn't want the English to do.

In the postwar period the leaders of the new Nation soon discovered that finding a governmental system that could maintain law and order while still making real the hopes of the patriots was not as simple as they had expected in the first blush of victory.

As reports of Shay's rebellion spread through the States, the leading minds of the Nation sought remedies that might restore the need of oneness that had united the Colonies in the conflict with Mother England.

### TO SEIZE CONTROL

Openly, there were demands for a revision of the Articles of Confederation so the Central Government could be strengthened to cope with the menace of anarchy and bankruptcy at home and the potential threats of the great powers across the sea.

Secretly, many influential figures plotted a complete change of government. Some looked about for a suitable prince who might be willing to ascend an American throne. Others tried to persuade Gen. George Washington to seize control through a military dictatorship—overtures the hero of the Revolution rejected with violent and bitter rebukes.

Finally, all the States except Rhode Island agreed to send delegates to a convention in Philadelphia in the spring of 1787. The Convention was to consider ways of altering the Articles of Confederation.

Men of heroic stature were needed in these troubled times, and the States did not fail, for they sent some of their best—lawyers, merchants, financiers, educators, planters, most of whom had been leaders in the movement for independence.

George Washington left his stately home at Mount Vernon, arriving in Philadelphia May 13. Still high in public esteem, he was welcomed with a celebration even though it was the Sabbath. A troop of horsemen rode out the pike to escort him to the city, where the church bells were rung and cannon were fired in salute.

Twelve days later, when the Convention was organized, Washington was unanimously elected the presiding officer. In the months that followed, his patience and moderation were to buoy the spirits of delegates who feared the deliberations would be fruitless.

### ROLE OF PEACEMAKER

Among those who greeted Washington was a famous inhabitant of Philadelphia, Dr. Benjamin Franklin—statesman, inventor, publisher, philosopher—now a very old but very wise man.

As a member of the Pennsylvania delegation, he was to assume the role of benevolent peacemaker when delegate tempers and summer temperatures rose simultaneously.

On one occasion, when a deadlock threatened to disrupt the proceedings, Franklin brought with him a two-headed snake preserved in liquid in a large bottle. Showing it to his colleagues, he asked them to consider what might happen if the snake were alive and one head chose to go to one side of a tree and the second head picked the other side, neither giving way to the other.

From Virginia came also James Madison, who had in his 36 years acquired a great deal of experience as well as knowledge in political affairs. He was to become the philosopher of the Constitution. Standing between the extreme viewpoints expressed by the delegates, he was to draw together the best ideas of the differing factions.

From New York came Alexander Hamilton, just turned 30, who had fostered the idea of holding the Convention. As Washington's aide during the war, he had witnessed the birth of a nation. He was now determined to see it mature.

Hamilton was among those who nursed the ambition to create an all-powerful Central Government that would put an end to the incessant disputes among the States.

And there was George Mason, author of the Virginia bill of rights; South Carolina's Gen. Charles Cotesworth Pinckney and his young cousin, Charles Pinckney, distinguished spokesmen for the southern planters; James Wilson, a hard-headed Pennsylvanian of Scottish birth who had become one of the best-read jurists in America; Roger Sherman, the Connecticut shoemaker-turned-judge; Robert Morris, the English-born financier of the Revolution; Gouverneur Morris, a keen observer of human frailties; Luther Martin, an eminent lawyer who was the champion of the agrarian classes.

### AMONG THE MISSING

Missing were Thomas Jefferson, the intellectual Virginia aristocrat who espoused liberal causes; John Adams, the New Englander who favored conservative forms of government; John Jay, the brilliant legalist and political theorist, and Patrick Henry, the firebrand of the Revolution.

Jefferson was the infant Nation's Minister to France; Adams held a similar post at the Court of St. James; Jay was Secretary of Foreign Affairs for the existing Government, and Henry, although elected a delegate, refused to attend because he "smelt a rat."

The task of the delegates was, as they wrote later in the preamble of the Constitution, "to form a more perfect union * * * and secure the blessings of liberty to ourselves and our posterity."

This meant strengthening the Government and providing the cohesive force for a people lacking a national consciousness.

The delegates, whose number eventually reached 55, soon concluded that a mere revision of the Articles of Confederation would not provide a satisfactory government for the future. The Convention was only 4 days old when the first proposal for a new government was submitted.

The impotence of the National Government of the Confederation was ever in the minds of the delegates. The Continental Congress was so weak that it could not settle the squabbles among the 13 State governments.

The Congress could provide for an army, but it was forced to rely upon the States to supply men and money voluntarily. The States could decide whether they wanted to abide by treaties negotiated by the national assembly. Congress had no taxing powers; it could not put down insurrection, such as Shays' rebellion, nor even enforce its laws when they met with public resistance; it was unable to prevent the States from interfering with matters of common welfare, such as tariffs and monetary stability; it could not regulate commerce or even establish a uniform currency system.

### THEIR OWN MONEY

The States, jealous of their own special interests, put tariff duties on imports from foreign countries and, in some cases, on goods coming from neighboring States.

New York, for example, taxed firewood from Connecticut and vegetables from New Jersey.

The States issued their own money in coin or paper or both (seven States, under pressure from rural communities, issued large quantities of paper money in an attempt to force up the prices of farm products to help farmers pay off debts).

Seeing the new Nation in such a chaotic condition, the ruling classes of the Old World cast covetous glances toward America, waiting hopefully for the expected doom.

With its Revolutionary Army and Navy disbanded, America was no threat to the great powers of Europe. And it even had to suffer abuse from the Barbary pirates of North Africa. It was too poor to pay the blackmail demanded by these cutthroats and too weak to resist raids on American ships in the Mediterranean.

The Philadelphia Convention also addressed itself to the problem of unifying the people through a strong government. The inhabitants of this land did not think of themselves then as Americans. They were called by State or regional names—New Englanders, Jerseymen, Virginians, Carolinians.

Yet, despite differences in origin, traditions, religion, and economic interests, these people made up a growing land that numbered about 4 million, including 700,000 Negro slaves. The boats docking in American ports were bringing the distressed, the unlucky and the adventure seekers from Europe.

Since there was little industry, most of the newcomers as well as the old settlers lived off the land (only 6 cities had populations exceeding 8,000).

And most of them were forced to live in relative isolation because transportation and communication were handicapped by poor roads.

### IDLENESS A SIN

The country, essentially, was made up of four geographic areas, each with its own interests and ambitions, political as well as economic and social.

In the north was New England whose rigorous climate and grudging soil produced the Yankees. Reared in the strict Puritan tradition, these rugged individualists built a society that regarded idleness a sin as woeful as Sabbath-breaking.

They practiced democracy in their town meetings, worshipped a stern God in their plain churches, took pleasure in barn-raisings and corn huskings and earned their livelihood from the soil, the sea, and a few handcraft industries that thrived in Massachusetts and Rhode Island.

If the Yankees had been a boastful sort, they would have pointed with pride to their fine educational institutions, including Harvard and Yale. They would surely have been less enthusiastic about a prospering summer resort at Newport, a playground for wealthy plantation owners from South Carolina.

The Middle Atlantic States made the first melting pot of the land. From the Old World came the English, of course, and Dutch, Swedes, French, Scots, Irish, Germans, Finns, Swiss, and Jews. With them they brought a variety of virtues and vices.

New York, in sharp contrast to the severity of New England, was renowned for its gaiety. Many of its inhabitants were disposed to radical religious and political ideas that prompted stern rebukes from orthodox pulpits. While other cities were busy founding literary societies, New York produced the Columbia Order, better known in latter days as Tammany Hall.

But Philadelphia was then the Nation's first city, with a population of about 42,000 and flourishing commerce and culture.

The South was typified by a proud aristocracy that built imposing mansions and kept troops of slaves to work the fields. The planters, less concerned about eternal doom than their New England countrymen, enjoyed such world pastimes as fancy balls, formal dinners, card-playing, and horse racing.

The South had two cities of importance: courtly Charleston, with its graceful, hospitable atmosphere, and boisterous Baltimore, whose beautiful belles and swift schooners were both in demand by the daring pirates who roamed the Atlantic.

The fourth region was the backwoods, the western frontier that stretched from New England to Georgia through the Alleghenies, the Shenandoah Valley of Virginia and the Piedmont. Here lived an odd mixture of frugal, law-abiding farmers and hard-drinking, law-ignoring hunters.

Together, they fought the Indians and endured the natural hardships of the wilderness. They dwelt in rude cabins; wore homespun and deerskin, ate hog and hominy and amused themselves at shooting matches and quilting bees.

### CONSERVATIVE MEN

The Constitutional Convention reflected these regional differences. There were, as there still are, debates between States Righters and Federalists. There were disagreements between the representatives of northern mercantilists and southern planters, between eastern financiers and western farmers.

The Founding Fathers, as a group, were conservative-minded men—at least by modern standards. They were, for the most part, men of wealth, property, education and community standing.

Consequently, there have been frequent attempts—then and now—to discredit their work. The delegates have been characterized as selfish, opulent patricians who were more concerned about preserving property rights than about extending human rights.

Eminent historians have put the lie to such baseless arguments. Typical is the judgment of Profs. Samuel Eliot Morison and Henry Steele Commager in their excellent recital of the American past:

"Seldom has a class acted more wisely for the good of the whole than the Federalists, the self-constituted party of property owners, publicists and professional men that framed the Federal Constitution, procured its ratification, and built a new Federal state within its frame."

The famed French tourist, Alexis de Tocqueville, whose observations of America are being reexamined again in scholarly circles, offered a similar verdict when he recalled that "the most distinguished men were ready to forestall the wants of the community, and the people clung to them for support and placed them at its head."

Those who would dishonor the Fathers overlook the courage and the faith that motivated the little group in Philadelphia.

Although the odds were against them, the delegates were willing to erect a government that combined both democratic and republican principles and ignored the authoritarian forms that ruled Europe.

### THE MODERATES

Pondering the past, as they did, the Convention leaders were aware of the ghosts of democracies and republics that haunted mankind's striving for free government.

Only about a century before, the Puritan revolution in England had led to the military dictatorship of Oliver Cromwell, followed soon thereafter by the restoration of the monarchy. The Roman Republic had failed, giving way to a despotic emperor. Time and again the democratic states of ancient Greece were supplanted by dictatorships or tyranny.

The delegates saw themselves, quite rightly, as moderates, standing between political extremes. They distrusted pure democracy, which they felt could lead only to mob rule, the oft-feared "tyranny of the majority." The violent break with England, which many of them had helped precipitate, made a monarchy unthinkable.

The Constitution that emerged from the Philadelphia assembly was the legitimate offspring of the intellectual forces that were disturbing the status quo of the Old World.

The fathers were heirs of the 17th century English movement for republican government. They knew of Hobbes, Locke and Montesquieu, whose theories of government had given impetus to popular political causes.

They were familiar with Newton's scientific achievements, which found a rational order in the universe. But they were also well grounded in John Calvin's legalistic theology, which gave standing to the idea of original sin.

These converging philosophies gave birth to a document that affirmed the idea that governments existed by consent of the governed but, at the same time, built an elaborate system of checks and balances to restrain the natural self-interest of men.

### ONLY SKETCHY RECORDS

The convention sessions were held in secret so the delegates could have a free rein on their political passions.

The record of the proceedings is sketchy, so the events that transpired are based largely on the recollections that a few of the delegates put on paper. But it is clear that the Founding Fathers did not have an easy time drafting the plan for a new government.

On several occasions the Convention was on the verge of collapse. Early in July the New York delegation, minus Hamilton, abruptly walked out. The small-population States were in continuous battle with the large States.

Quarrels over methods of apportioning representation in the legislative branch led to a long deadlock. Compromises were inevitable.

But, in weighing the achievements of these men, it is well to consider the summary of Historian Charles Beard, one of the eminent students of constitutional history:

"Indeed it has been customary for historians to lay stress on the differences of opinion and treat the Constitution which emerged as a mere 'bundle of compromises.' But this view is far from the whole truth of the matter. Strictly speaking, the agreements of the Convention were more numerous and important for the Nation than the dissensions and the compromises."

In truth, there was essential agreement on the basic framework of the Government. Disagreements arose over the particulars.

The final handiwork was a complex mechanism which reconciled two different powers, that of local control vested in the States and that of a Central Government given new vigor to cope with national problems.

The functions of the Federal Government were carefully defined while all other duties were understood as belonging to the States.

### CHANGE IN THE SENATE

In the National Government three equal and coordinate branches were set up—executive, legislative, and judicial. They were interlocking to permit harmonious operation. But they were so adjusted that no one branch could ever overpower the others.

The legislative branch, following the British and colonial pattern, had two Houses. In the Senate the small States were given equality with the large. In the House of Representatives the seats were based on population.

Only the House was exposed to direct public pressure. Senators were elected by State legislatures (this was changed to popular election by the 17th amendment in 1913), the President was chosen by the electoral college, and judges were appointed by the President with the advice and consent of the Senate.

Officers were chosen for such a wide variety of terms, from 2 years to life, that a complete overhauling of the Government could be accomplished only by revolution.

The new Federal Government was given authority the Confederation lacked—power to collect taxes for the general welfare, to impose uniform tariffs, to control interstate commerce, to borrow money, to maintain an army and a navy, to conduct foreign relations, to wage war, to admit new States on an equal basis with the Original Thirteen, to intervene in insurrections in the States and to enforce its laws in them.

On Monday, September 17, 1787, the Constitution was formally signed by 39 delegates representing 12 States (Rhode Island didn't send a delegation). Three others refused to indorse the document.

As the last signature was put on the parchment, Dr. Franklin pointed to the half sun painted in gold on the back of the chair occupied by General Washington. During the heated debates, said the 81-year-old statesman, he had often wondered whether it was a rising or setting sun.

"Now, at length, I have the happiness," he added, "to know that it is a rising, and not a setting, sun."

One task remained: securing the approval of the States. And that was not to be an easy undertaking.

### BILL OF RIGHTS LATER

When the secrecy of the Convention was broken and the Constitution was made public, a torrent of abuse and criticism was heaped on the delegates. The critics found the new proposal not unlike the plan of the old mother country. They contended that the President would soon become a king and the Senate a house of lords.

The passionate libertarians were upset by the failure to include a bill of rights, which later was adopted by the First Congress as a concession to the liberal groups.

Faced with such vocal opposition, leaders of the Convention began a massive campaign to convince the public of the merits of the new document.

Madison and Hamilton, joined by Jay, wrote 77 newspaper articles that, with the addition of 8 other essays, became the Federalist Papers. These writings, still a classic exposition of constitutional government, undoubtedly were the most effective instrument in persuading concurrence by the States.

Seeing the continued futility of the confederation government, the public was eager to accept the changes recommended by the Philadelphia Convention. When the Constitution was finally ratified, there was rejoicing in the streets and spectacular parades in the principal towns.

Then, on April 30, 1789, George Washington was inaugurated as the first President of the United States of America.

Responding to the plaudits of the crowd, he admonished his fellow citizens, reminding them of the responsibilities they shared in making a success of the new Government. He told them:

"The preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered, perhaps, as deeply, as finally, staked on the experiment entrusted to the hands of the American people."

---

## HELEN G. IRWIN: "CINDERELLA GIRL" OF EQUITABLE OF IOWA

Mr. MILLER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Cinderella Girl," which relates to Miss Helen G. Irwin, of Des Moines, Iowa, recently elected international president of the International Federation of Business & Professional Women's Clubs. The article appears in a recent issue of Dividend, published by Equitable of Iowa.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### HELEN IRWIN HEADS WORLDWIDE FEDERATION

OSLO, NORWAY, July 30.—Helen G. Irwin, librarian, Equitable of Iowa, Des Moines, today was elected president of the International Federation of Business & Professional Women's Clubs here assembled for its ninth world congress. This is the top office of an organization of more than 2 million members—the largest businesswomen's group in the world.

Miss Irwin, who succeeds Mrs. Elizabeth Feller, of Switzerland, has represented the United States abroad on numerous occasions during the past 10 years, and has been decorated by West Germany for her services to refugees.

The first Equitable of Iowa associate to appear on the world stage, Miss Irwin has been a member of the home office staff 36 years. First assigned to policy title, she was transferred in 1954 to personnel to become the company's first librarian. In 1956 she also was named editorial assistant of Dividend, the home office magazine.

A charter member of the Des Moines Business & Professional Women's Club since its organization in 1918, and more than once its president, she rose through the offices of the Iowa State Federation and thence to responsibilities on a national plane, culminating in the presidency of the American Federation in 1953 and 1954. This led in turn to international activities.

In 1953 she became the first American woman to receive the Commander's Cross of the Order of Merit from the (West) German Federal Republic in recognition of B. & P.W. work with West German women and youth. In 1954 President Dwight D. Eisenhower named her to the Public Advisory Board of the Foreign Operations Administration. Later Secretary of Defense Charles E. Wilson named her to the Defense Advisory Committee on Women in the Armed Forces. In both these capacities, which continued throughout the Eisenhower administration, she traveled throughout the world.

In 1955 Miss Irwin was named to the Iowa Merit System Council (the first woman ever to be appointed), which she has twice served as chairman. She also is a member of the Council of the National Civil Service League, the Committee for a National Trade Policy, the board of directors of the Women's Medical College of Philadelphia, and the board of Soroptimist, International.

### CINDERELLA GIRL

It is a clear, peaceful evening in Richmond, Va., in the late summer of 1907. A Salvation Army band, trumpets braying, tambourines clacking, big drum booming, plays gospel hymns on the corner of Ninth and Grace Streets, hard by the statehouse. Attracted by the music, people gather around the band first to listen, then to sing. The music stops, and Commandant Samson James steps forward to tell the story of salvation. No one notices the dark-haired little girl standing by herself under a tree bordering Capitol Square; no one, that is, save an attractive young woman in the band, the commandant's wife. For the child is her only legacy from her first husband, now 4 years gone, a victim of "consumption."

Since May the little girl has listened and watched as her mother, stepfather and their fellow missionaries carried the Word to the derelicts of Richmond's population—the human flotsam bred by every city in every land in every age. With her own eyes she has witnessed the transformations wrought in the miserable men and women as the message of hope struck home. Young as she is, she has this summer learned a lesson upon which she will base her whole life: that people are wonderful, regardless of age, color, station in life, degree of learning, or sex; and that there is an immense joy to be realized through helping people to attain happiness.

Thus on this soft August evening, a wide-eyed little girl recognizes and accepts her destiny. From tonight on she will dedicate her life, and her talents, to people.

So commences the story of Equitable of Iowa's Cinderella girl—Helen G. Irwin—whose understanding love of her fellow beings became the fairy godmother who whisked her from the home office onto a world stage, her "golden chariot" the International Federation of Business & Professional Women's Clubs.

It is a long way from Capitol Square in Richmond to the White House in Washington; to Westminster Abbey in London; the burgomeister's home in Amsterdam; the royal palace in Stockholm, to list but a handful of the places she has visited during the past decade. It is a far cry from the society of Salvation Army missionaries to the enjoyment of friendships with President and Mrs. Eisenhower; with Senator MARGARET CHASE SMITH; with Caroline Haslett, Dame of the British Empire; with Her Royal Highness Queen Louise of Sweden; or with His Excellency Konrad Adenauer, Chancellor of the (West) German Federal Republic. It is an immense stride from interviewing associates for Dividend to speaking for America, and for the Nation's vast army of career women, in the forums of the world. And it is, certainly, an attainment not achieved by many to be listed in Who's Who in America.

Helen was born at the turn of the century in Savannah, Ga. There she lived until her father's untimely death caused her mother, then only 23, to move to Richmond to live with her parents until her second marriage to Commandant James. Helen completed grade school in Richmond before the Salvation Army transferred her people to Quincy, Ill., where she completed high school. A year of business college followed, and then came her first job—typist-clerk in the law office of Strock, Wallace & McMartin, in Des Moines. Two years later she moved to the Des Moines branch of the Chicago Joint Stock Land Bank where she worked with two promising young executives—the late A. C. McGill, destined to become counsel for Equitable of Iowa, and his younger brother, the late J. M. McGill, former superintendent of city loans. The brothers moved to Equitable of Iowa, and in 1926, at their suggestion, she followed.

That obviously is only the part of Helen's story associated with the necessary detail of making a living. But it is important for three reasons: First, the little girl from Richmond had to make her own way before she could commence her chosen career of "giving" of herself to humanity; second, she would not be known to the home office had she not chosen to work here; third, she was launched in her true "career" by three former associates—Caroline Gruener, Lillian van Buskirk, and Lela Gray (all now deceased)—each of whom were executives of the company at that time.

Back around World War I Des Moines was threatened with a street railway strike, and a group of militant, public-spirited businesswomen led by the three Equitable of Iowa women organized the Committee of 12 to seek to avert a transportation stoppage. The committee recruited younger women to help, among them Helen. Once the streetcar issue was resolved, the organization became the Des Moines Business & Professional Women's Club.

In and through this club Helen found the channel she sought through which she could fulfill her destiny in life, and instinctively she adjusted her routines to give her the time she required for the pursuit of that destiny. Acting with a wisdom beyond her years (she was still in her 20's) she disengaged herself from other distracting and time-consuming interests, mastered the technical details of her work, and then concentrated her considerable talent and energy upon her chosen mission: to help women carve a wider field of service and influence in the world of business. When she came to the company, the routine of her home office job was, for her, a not too difficult assignment. Performing the job paid her a living sufficient for her modest demands. Best of all, it was the kind of a job which ended every day at quitting time; which demanded no excessive drain on her energies, and which burdened her with no sleep-robbing worries or problems.

Thus back in 1926 there began, promptly at closing time each and every afternoon, the true career of Helen Irwin.

She has visited 18 foreign countries in the past 10 years: Alaska and Hawaii (before they became States), Canada, Mexico, and Cuba in the Western Hemisphere; Sweden, Norway, Denmark, Finland, the Netherlands, Belgium, France, West Germany, Scotland, England, Poland, Czechoslovakia, and Russia in Europe. She has made thousands of speeches; been interviewed hundreds of times, written more than 100 articles, and met and talked with unnumbered career women throughout the Western World. She has been the honored guest of Sweden's great Thule Insurance Group at a luncheon held to publicly recognize the American life insurance industry as represented by her; a guest of the West Germans; and a luncheon guest of the Eisenhowers in the family dining room of the White House, to mention three highlights.

Since 1925 her home has been an apartment in the Ewing Building, 917 Locust. There she writes her letters, articles, and speeches; plans her activities, studies, and mediates, and stores away the growing mountain of mementos of a tremendously active life. And it was there she summed up some of the wisdom she has gained in her career:

"America, and we who comprise America, have been pushed into world leadership, whether we like it or not. Partly because we are a fiercely independent people; partly because we enjoy tremendous personal incomes by world standards; partly because we are green and uncertain in the role of leaders, and hence inclined to seem bossy, we are not entirely popular among many people in the world. Probably some of this dislike comes to us just because we are the leaders, such as formerly was visited upon Great Britain.

"Now, those are the facts we face.

"If I have a message, therefore, it is this, and I say it from the bottom of my heart: "Be humble, be friendly, be kind. God created all men in His image. We are all—white, black, yellow, Christian, Moslem, Jew, Democrat, Republican, Monarchist or Communist—We are all God's children and equal in His sight."

Whatever the future may hold, life is unlikely to "throw" the little girl from Richmond who, ever since that summer evening in 1907, has known exactly what she wanted to do in life. Equitable of Iowa's Cinderella girl has attained her destiny.

## THE 175TH ANNIVERSARY OF THE CONSTITUTION OF THE UNITED STATES OF AMERICA

**Mr. DIRKSEN.** Mr. President, 175 years ago today, the Constitution of the United States of America was concluded in Convention by the unanimous consent of the States present on the 17th day of September in the year of our Lord, 1787, and of the independence of the United States of America the 12th. Unto this document the names of those who participated in Convention were subscribed.

In this world of turmoil and with this constant struggle between freedom and communism, this great document, the Constitution of the United States, becomes more and more significant not only to us in the United States but to freedom-loving people everywhere. On this day, the 175th anniversary of the Constitution, not only are we concerned with serious issues in the Far East, the Near East, the captive nations, and the Berlin wall, but with the ominous threat to free people which has reached the very doorstep of the United States on Soviet Cuba, an island only 90 miles off our coast. This is not only a threat to our people in the United States of America; it is in violation of one of our basic declarations of freedom, the Monroe Doctrine, since it poses a threat by a foreign nation to the whole Western Hemisphere. The Monroe Doctrine was enunciated December 2, 1823, when President James Monroe stated to the Senate and to the House, as follows:

> We owe it, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. * * *

Mr. President, this Constitution of the United States of America was written with the blood of the brave men, women, and children who suffered and even died to make this great Nation free. There are others who sacrificed and bled and died to extend her from one ocean to the other and in the words of Abraham Lincoln:

> The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. It is rather for us to be here dedicated to the great task remaining before us—that from those honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this Nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth.

Mr. President, although there are times when we feel some people take too much for granted these great sacrifices that gave us this great liberty, it takes occasions such as Constitution Day to reawaken all of us to the many blessings this country has given us and to reemphasize our solemn duty to preserve it for our children and our children's children for ages to come. You will note I have quoted from three documents of freedom in my remarks above, and I think it would be fitting and proper on this day to ask unanimous consent that the "Documents of Freedom," as copyrighted by the Freedom Documents Foundation, be placed at this point in the CONGRESSIONAL RECORD. Included are the Declaration of Independence, the Constitution of the United States of America, the Bill of Rights, the Monroe Doctrine, the Gettysburg Address, November 19, 1863, the "Star-Spangled Banner," and the pledge of allegiance:

> I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation, under God, indivisible, with liberty and justice for all.

It was a privilege for me to introduce a resolution commemorating the 175th anniversary of the Constitution; and as chairman of the Subcommittee on Federal Charters, Holidays, and Celebrations of the Committee on the Judiciary, I was happy to see that the Senate approved such resolution. I ask unanimous consent that my remarks and these statements containing the basic documents of our freedom be printed and distributed as a Senate document, and that the documents be printed at this point in the RECORD.

**There being no objection, the documents were ordered to be printed as a Senate document and to be printed in the Record, as follows:**

### Declaration of Independence

In Congress, July 4, 1776.

The unanimous declaration of the thirteen United States of America,

When in the Course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation. We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed. That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariable the same Object, evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security. Such has been the patient sufferance of these Colonies; and such is now the necessity which constrains them to alter their former Systems of Government. The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States. To prove this, let Facts be submitted to a candid world. He has refused his Assent to Laws, the most wholesome and necessary for public good. He has forbidden his Governors to pass laws of immediate and pressing importance, unless suspended in their operation til his Assent should be obtained; and when so suspended, he has utterly neglected to attend to them. He has refused to pass other Laws for the accommodation of large districts of people, unless those people would relinquish the right of Representation in the Legislature, a right inestimable to them and formidable to tyrants only. He has called together legislative bodies at places unusual, uncomfortable, and distant from the depository of their public Records, for the sole purpose of fatiguing them into compliance with his measures. He has dissolved Representative Houses repeatedly, for opposing with manly firmness his invasions on the rights of the people. He has refused for a long time, after such dissolutions, to cause others to be elected; whereby the Legislative powers, incapable of Annihilation, have returned to the People at large for their exercise; the State remaining in the meantime exposed to all the dangers of invasion from without, and convulsions within. He has endeavored to prevent the population of these States; for that purpose obstructing the Laws for Naturalization of Foreigners; refusing to pass others to encourage their migrations hither, and raising the conditions of new Appropriations of Lands. He has obstructed the Administration of Justice, by refusing his Assent to Laws for establishing Judiciary powers. He has made Judges dependent on his Will alone, for the tenure of their offices, and the amount and payment of their salaries. He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our people, and eat out their substance. He has kept among us in times of peace, Standing Armies without the Consent of our legislatures. He has affected to render the Military independent of and superior to the Civil power. He has combined with others to subject us to a jurisdiction foreign to our constitution, and unacknowledged by our laws; giving his Assent to their Acts of pretended Legislation: For quartering large bodies of armed troops among us: For protecting them, by a mock Trial, from punishment for any Murders which they should commit on the Inhabitants of these States: For cutting off our Trade with all parts of the world: For imposing Taxes on us without our Consent: For depriving us in many cases, of the benefits of Trial by Jury: For transporting us beyond Seas to be tried for pretended offences: For abolishing the free System of English Laws in a neighbouring Province, establishing therein an Arbitrary government, and enlarging its Boundaries so as to render it at once an example and fit instrument for introducing the same absolute rule into these Colonies: For taking away our Charters, abolishing our most valuable Laws, and altering fundamentally the Forms of our Governments: For suspending our own Legislatures and declaring themselves invested with power to legislate for us in all cases whatsoever. He has abdicated Government here, by declaring us out of His Protection and waging War against us. He has plundered our seas, ravaged our Coasts, burnt our towns, and destroyed the lives of our people. He is at this time transporting large Armies of foreign Mercenaries to complete the works of death, desolation and tyranny, already begun with circumstances of Cruelty & perfidy scarcely paralleled in the most barbarous ages, and totally unworthy the Head of a civilized nation. He has constrained our fellow Citizens taken Captive on the high Seas to bear Arms against their Country, to become the executioners of their friends and Brethren, or to fall themselves by their Hands. He has excited domestic insurrections amongst us, and has endeavoured to bring on the inhabitants of our frontiers, the merciless Indian Savages, whose known rule of warfare, is an undistinguished destruction of all ages, sexes and conditions. In every stage of these Oppressions We have Petitioned for Redress in the most humble terms. Our repeated Petitions have been answered only by repeated injury. A Prince, whose character is thus marked by every act which may define a Tyrant, is unfit to be the ruler of a free people. Nor have We been wanting in attention to our Brittish brethren. We have warned them from time to time of attempts by their legislature to extend an unwarrantable jurisdiction over us. We have reminded them of the circumstances of our emigration and settlement here. We have appealed to their native justice and magnanimity, and we have conjured them by the ties of our common kindred to disavow these usurpations, which, would inevitably interrupt our connections and correspondence. They too have been deaf to the voice of justice and of consanguinity. We must, therefore, acquiesce in the necessity which denounces our Separation, and hold them, as we hold the rest of mankind, Enemies in War, in Peace Friends.

We, therefore, the Representatives of the United States of America, in General Congress, Assembled, appealing to the Supreme Judge of the world for the rectitude of our intentions, do, in the Name, and by Authority of the good People of these Colonies, solemnly publish and declare, That these United Colonies are, and of Right ought to be, Free and Independent States; that they are Absolved from all Allegiance to the British Crown, and that all political connection between them and the State of Great Britain, is and ought to be totally dissolved; and that as Free and Independent States, they have full Power to levy War, conclude Peace, contract Alliances, establish Commerce, and to do all other Acts and Things which Independent States may of right do. And for the support of this Declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

---

### The Constitution

We the people of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common Defence, promote the general Welfare, and secure the Blessing of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

#### ARTICLE I

Section 1. All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Section 2. The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have the Qualifications requisite for Electors of the most numerous Branch of the State Legislature.

No Person shall be a Representative who shall not have attained to the Age of twenty-five Years, and been seven Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State in which he shall be chosen.

Representatives and direct Taxes shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to the whole Number of free Persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three fifths of all other Persons. The actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten Years, in such Manner as they shall by Law direct. The Number of Representatives shall not exceed one for every thirty Thousand, but each State shall have at Least one Representative; and until such enumeration shall be made, the State of New Hampshire shall be entitled to chuse three, Massachusetts eight, Rhode-Island and Providence Plantations one, Connecticut five, New York six, New Jersey four, Pennsylvania eight, Delaware one, Maryland six, Virginia ten, North Carolina five, South Carolina five, and Georgia three.

When vacancies happen in the Representation from any State, the Executive Authority thereof shall issue Writs of Election to fill such Vacancies.

The House of Representatives shall chuse their Speaker and other Officers; and shall have the sole Power of Impeachment.

Section 3. The Senate of the United States shall be composed of two Senators from each State, chosen by the Legislature thereof, for six Years; and each Senator shall have one Vote.

Immediately after they shall be assembled in Consequence of the first Election, they shall be divided as equally as may be into three Classes. The Seats of the Senators of the first Class shall be vacated at the Expiration of the second Year, of the second Class at the Expiration of the fourth Year, and of the third Class at the Expiration of the sixth Year, so that one-third may be chosen every second Year; and if Vacancies happen by Resignation, or otherwise, during the Recess of the Legislature of any State, the Executive thereof may make temporary Appointments until the next Meeting of the Legislature, which shall then fill such Vacancies.

No Person shall be a Senator who shall not have attained to the Age of thirty Years, and been nine Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State for which he shall be chosen.

The Vice President of the United States shall be President of the Senate, but shall have no Vote, unless they be equally divided.

The Senate shall chuse their other Officers, and also a President pro tempore, in the absence of the Vice President, or when he shall exercise the Office of President of the United States.

The Senate shall have the sole Power to try all Impeachments. When sitting for that Purpose, they shall be on Oath or Affirmation. When the President of the United States is tried, the Chief Justice shall preside: And no Person shall be convicted without the Concurrence of two thirds of the Members present.

Judgment in Cases of Impeachment shall not extend further than to removal from Office, and disqualification to hold and enjoy any Office of honor, Trust or Profit under the United States: but the Party convicted shall nevertheless be liable and subject to Indictment, Trial, Judgment and Punishment, according to Law.

SECTION 4. The Times, Places and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof; but the Congress may at any time by Law make or alter such Regulations, except as to the Place of Chusing Senators.

The Congress shall assemble at least once in every Year, and such Meeting shall be on the first Monday in December, unless they shall by Law appoint a different Day.

SECTION 5. Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members, and a Majority of each shall constitute a Quorum to do Business; but a smaller number may adjourn from day to day, and may be authorized to compel the Attendance of absent Members, in such Manner, and under such Penalties as each House may provide.

Each House may determine the Rules of its Proceedings, punish its Members for disorderly Behavior, and, with the Concurrence of two thirds, expel a Member.

Each House shall keep a Journal of its Proceedings, and from time to time publish the same, excepting such Parts as may in their Judgment require Secrecy; and the Yeas and Nays of the Members of either House on any question shall, at the Desire of one fifth of those Present, be entered on the Journal.

Neither House, during the Session of Congress, shall, without the Consent of the other, adjourn for more than three days, nor to any other Place than that in which the two Houses shall be sitting.

SECTION 6. The Senators and Representatives shall receive a Compensation for their Services, to be ascertained by Law, and paid out of the Treasury of the United States. They shall in all Cases, except Treason, Felony and Breach of the Peace, be privileged from Arrest during their Attendance at the Session of their respective Houses, and in going to and returning from the same; and for any Speech or Debate in either House, they shall not be questioned in any other Place.

No Senator or Representative shall, during the Time for which he was elected, be appointed to any civil Office under the Authority of the United States, which shall have been created, or the Emoluments whereof shall have been encreased during such time; and no Person holding any Office under the United States, shall be a Member of either House during his Continuance in Office.

SECTION 7. All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States; If he approve he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal, and proceed to reconsider it. If after such Reconsideration two thirds of that House shall agree to pass the Bill, it shall be sent, together with the Objections, to the other House, by which it shall likewise be reconsidered, and if approved by two thirds of that House, it shall become a Law. But in all such Cases the Votes of both Houses shall be determined by Yeas and Nays, and the Names of the Persons voting for and against the Bill shall be entered on the Journal of each House respectively. If any Bill shall not be returned by the President within ten Days (Sundays excepted) after it shall have been presented to him, the Same shall be a Law, in like Manner as if he had signed it, unless the Congress by their Adjournment prevent its Return, in which Case it shall not be a Law.

Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representatives, according to the Rules and Limitations prescribed in the Case of a Bill.

SECTION 8. The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States;

To borrow money on the credit of the United States;

To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes;

To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States;

To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures;

To provide for the Punishment of counterfeiting the Securities and current Coin of the United States;

To establish Post Offices and post Roads:

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

To constitute Tribunals inferior to the supreme Court;

To define and punish Piracies and Felonies committed on the high Seas, and Offenses against the Law of Nations;

To declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water;

To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;

To provide and maintain a Navy;

To make Rules for the Government and Regulation of the land and naval Forces;

To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;

To provide for organizing, arming, and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress;

To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the Same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings;—And

To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

SECTION 9. The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year one thousand eight hundred and eight, but a tax or duty may be imposed on such Importation, not exceeding ten dollars for each Person.

The privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it.

No Bill of Attainder or ex post facto Law shall be passed.

No capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.

No Tax or Duty shall be laid on Articles exported from any State.

No Preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another; nor shall Vessels bound to, or from, one State, be obliged to enter, clear, or pay Duties in another.

No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

No Title of Nobility shall be granted by the United States: And no Person holding any Office of Profit or Trust under them, shall, without the Consent of the Congress, accept of any present, Emolument, Officer, or Title, of any kind whatever, from any King, Prince, or foreign State.

SECTION 10. No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility.

No State shall, without the Consent of the Congress, lay any Imposts or Duties on Imports or Exports, except what may be absolutely necessary for executing its inspection Laws; and the net Produce of all Duties and Imposts, laid by any State on Imports or Exports, shall be for the Use of the Treasury of the United States; and all such Laws shall be subject to the Revision and Control of the Congress.

No State shall, without the Consent of Congress, lay any duty of Tonnage, keep Troops, or Ships of War in time of Peace, enter into any Agreement or Compact with another State, or with a foreign Power, or engage in War, unless actually invaded, or in such imminent Danger as will not admit of delay.

## ARTICLE II

SECTION 1. The executive Power shall be vested in a President of the United States of America. He shall hold his Office during the Term of four Years, and, together with the

Vice-President, chosen for the same Term, be elected, as follows:

Each State shall appoint, in such Manner as the Legislature thereof may direct, a Number of Electors, equal to the whole Number of Senators and Representatives to which the State may be entitled in the Congress: but no Senator or Representative, or Person holding an Office of Trust or Profit under the United States, shall be appointed an Elector.

The Electors shall meet in their respective States, and vote by Ballot for two persons, of whom one at least shall not be an Inhabitant of the same State with themselves. And they shall make a List of all the Persons voted for, and of the Number of Votes for each; which List they shall sign and certify, and transmit sealed to the Seat of the Government of the United States, directed to the President of the Senate. The President of the Senate shall, in the Presence of the Senate and House of Representatives, open all the Certificates, and the Votes shall then be counted. The Person having the greatest Number of Votes shall be the President, if such Number be a Majority of the whole Number of Electors appointed; and if there be more than one who have such Majority, and have an equal Number of Votes, then the House of Representatives shall immediately chuse by Ballot one of them for President; and if no Person have a Majority, then from the five highest on the List the said House shall in like Manner chuse the President. But in chusing the President, the Votes shall be taken by States, the Representation from each State having one Vote; A quorum for this Purpose shall consist of a Member or Members from two-thirds of the States, and a Majority of all the States shall be necessary to a Choice. In every Case, after the Choice of the President, the Person having the greatest Number of Votes of the Electors shall be the Vice President. But if there should remain two or more who have equal Votes, the Senate shall chuse from them by Ballot the Vice-President.

The Congress may determine the Time of chusing the Electors, and the Day on which they shall give their Votes; which Day shall be the same throughout the United States.

No person except a natural born Citizen, or a Citizen of the United States, at the time of the Adoption of this Constitution, shall be eligible to the Office of President; neither shall any Person be eligible to that Office who shall not have attained to the Age of thirty-five Years, and been fourteen Years a Resident within the United States.

In Case of the Removal of the President from Office, or of his Death, Resignation, or Inability to discharge the Powers and Duties of the said Office, the same shall devolve on the Vice President, and the Congress may by Law provide for the Case of Removal, Death, Resignation or Inability, both of the President and Vice President, declaring what Officer shall then act as President, and such Officer shall act accordingly, until the Disability be removed, or a President shall be elected.

The President shall, at stated Times, receive for his Services, a Compensation, which shall neither be encreased nor diminished during the Period for which he shall have been elected, and he shall not receive within that Period any other Emolument from the United States, or any of them.

Before he enter on the Execution of his Office, he shall take the following Oath or Affirmation:—"I do solemnly swear (or affirm) that I will faithfully execute the Office of President of the United States, and will to the best of my Ability, preserve, protect and defend the Constitution of the United States."

Section 2. The President shall be Commander in Chief of the Army and Navy of the United States, and of the Militia of the several States, when called into the actual Service of the United States; he may require the Opinion in writing, of the principal Officer in each of the executive Departments, upon any subject relating to the Duties of their respective Offices, and he shall have Power to Grant Reprieves and Pardons for Offenses against the United States, except in Cases of Impeachment.

He shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur; and he shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law; but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

The President shall have Power to fill up all Vacancies that may happen during the Recess of the Senate, by granting Commissions which shall expire at the End of their next Session.

Section 3. He shall from time to time give to the Congress information of the State of the Union, and recommend to their Consideration such Measures as he shall judge necessary and expedient; he may, on extraordinary Occasions, convene both Houses, or either of them, and in Case of Disagreement between them, with Respect to the Time of Adjournment, he may adjourn them to such Time as he shall think proper; he shall receive Ambassadors and other public Ministers; he shall take Care that the Laws be faithfully executed, and shall Commission all the Officers of the United States.

Section 4. The President, Vice President and all civil Officers of the United States, shall be removed from Office on Impeachment for, and Conviction of, Treason, Bribery, or other high Crimes and Misdemeanors.

### ARTICLE III

Section 1. The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish. The Judges, both of the supreme and inferior Courts, shall hold their offices during good behaviour, and shall, at stated Times, receive for their Services a Compensation which shall not be diminished during their Continuance in Office.

Section 2. The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States;—between a State and Citizens of another State:—between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

In all Cases affecting Ambassadors, other Public Ministers and Consuls, and those in which a State shall be Party, the supreme Court shall have original Jurisdiction. In all the other Cases before mentioned, the supreme Court shall have appellate Jurisdiction, both as to Law and Fact, with such Exceptions, and under such regulations as the Congress shall make.

The trial of all Crimes, except in Cases of Impeachment, shall be by Jury; and such Trial shall be held in the State where the said Crimes shall have been committed; but when not committed within any State, the Trial shall be at such Place or Places as the Congress may by Law have directed.

Section 3. Treason against the United States, shall consist only in levying War against them, or in adhering to their Enemies, giving them Aid and Comfort. No Person shall be convicted of Treason unless on the Testimony of two Witnesses to the same overt Act, or on Confession in open Court.

The Congress shall have power to declare the Punishment of Treason, but no Attainder of Treason shall work Corruption of Blood, or Forfeiture except during the Life of the Person attainted.

### ARTICLE IV

Section 1. Full Faith and Credit shall be given in each State to the public Acts, Records, and judicial Proceedings of every other State. And the Congress may by general Laws prescribe the Manner in which such Acts, Records and Proceedings shall be proved, and the Effect thereof.

Section 2. The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States.

A Person charged in any State with Treason, Felony, or other Crime, who shall flee from Justice, and be found in another State, shall on demand of the executive Authority of the State from which he fled, be delivered up, to be removed to the State having Jurisdiction of the Crime.

No Person held to Service or Labour in one State, under the Laws thereof, escaping into another, shall, in Consequence of any law or Regulation therein, be discharged from such Service or Labour, but shall be delivered up on Claim of the Party to whom such Service or Labour may be due.

Section 3. New States may be admitted by the Congress into this Union; but no new State shall be formed or erected within the Jurisdiction of any other State; nor any State be formed by the Junction of two or more States, or parts of States, without the Consent of the Legislatures of the States concerned as well as of the Congress.

The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State.

Section 4. The United States shall guarantee to every State in this Union a Republican Form of Government, and shall protect each of them against Invasion; and on Application of the Legislature, or of the Executive (when the Legislature cannot be convened) against domestic Violence.

### ARTICLE V

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two-thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as part of this Constitution, when ratified by the Legislatures of three-fourths of the several States, or by Conventions in three-fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress; Provided that no Amendment which may be made prior to the Year One thousand eight hundred and eight shall in any Manner affect the first and fourth Clauses in the Ninth Section of the first Article; and that no State, without its Consent, shall be deprived of its equal Suffrage in the Senate.

### ARTICLE VI

All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall be as valid against the United States under this Constitution, as under the Confederation.

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

The Senators and Representatives before mentioned, and the Members of the several State Legislatures, and all executive and judicial Officers, both of the United States and of the several States, shall be bound by Oath or Affirmation, to support this Constitution; but no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States.

### ARTICLE VII

The Ratification of the Conventions of nine States shall be sufficient for the Establishment of this Constitution between the States so ratifying the Same.

Done in Convention by the Unanimous Consent of the States present the Seventeenth Day of September in the Year of our Lord one thousand seven hundred and Eighty seven of the Independence of the United States of America the Twelfth. In Witness whereof We have hereunto subscribed our Names.

---

## BILL OF RIGHTS

Congress of the United States, begun and held at the City of New York, on Wednesday, the fourth of March, one thousand seven hundred and eighty nine.

The Conventions of a number of the States having, at the time of their adopting the Constitution, expressed a desire, in order to prevent misconstruction or abuse of its powers, that further declaratory and restrictive clauses should be added: And as extending the ground of public confidence in the Government, will best insure the beneficent ends of its institution:

*Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled (two thirds of both Houses concurring)*, That the following Articles be proposed to the Legislatures of the several States, as Amendments to the Constitution of the United States; all, or any of which articles, when ratified by three fourths of the said Legislatures, to be valid to all intents and purposes, as part of the said Constitution, viz.

Articles in addition to, and Amendment of the Constitution of the United States of America, proposed by Congress, and ratified by the Legislatures of the several States, pursuant to the fifth Article of the Original Constitution.

Article the first—After the first enumeration required by the first Article of the Constitution, there shall be one Representative for every thirty thousand, until the number shall amount to one hundred, after which, the proportion shall be so regulated by Congress, that there shall be not less than one hundred Representatives, nor less than one Representative for every forty thousand persons, until the number of Representatives shall amount to two hundred, after which, the proportion shall be so regulated by Congress, that there shall not be less than two hundred Representatives, nor more than one Representative for every fifty thousand persons. [Not Ratified]

Article the second—No law, varying the compensation for the services of the Senators and Representatives, shall take effect, until an election of Representatives shall have intervened. [Not Ratified]

Article the third—Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Article the fourth—A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

Article the fifth—No Soldier shall, in time of peace, be quartered in any house, without the consent of the owner, nor in time of war, but in a manner to be prescribed by law.

Article the sixth—The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Article the seventh—No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or Naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case, to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

Article the eighth—In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defence.

Article the ninth—In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact, tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

Article the tenth—Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

Article the eleventh—The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

Article the twelfth—The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Attest,

FREDERICK AUGUSTUS MUHLENBERG,
*Speaker of the House of Representatives.*
JOHN ADAMS,
*Vice President of the United States, and President of the Senate.*
JOHN BECKLEY,
*Clerk of the House of Representatives.*
SAM. A. OTIS,
*Secretary of the Senate.*

## THE MONROE DOCTRINE, DECEMBER 2, 1823

Fellow citizens of the Senate and House of Representatives. At the proposal of the Russian Imperial Government, made through the minister of the Emperor residing here, a full power and instructions have been transmitted to the minister of the United States at St. Petersburg to arrange by amicable negotiations the respective rights and interests of the two nations on the northwest coast of this continent. A similar proposal had been made by His Imperial Majesty to the government of Great Britain, which has likewise been acceded to. The government of the United States has been desirous, by this friendly proceeding, of manifesting the great value which they have invariably attached to the friendship of the Emperor and their solicitude to cultivate the best understanding with his government. In the discussions to which this interest has given rise and in the arrangements by which they may terminate, the occasion has been judged proper for asserting, as a principle in which the rights and interests of the United States are involved, that the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European powers.

It was stated at the commencement of the last session that a great effort was then making in Spain and Portugal to improve the condition of the people of those countries, and that it appeared to be conducted with extraordinary moderation. It need scarcely be remarked that the result has been so far very different from what was then anticipated.

Of events in that quarter of the globe, with which have so much intercourse and from which we derive our origin, we have always been anxious and interested spectators. The citizens of the United States cherish sentiments the mostly friendly in favor of the liberty and happiness of their fellowmen on that side of the Atlantic. In the wars of the European powers in matters relating to themselves we have never taken any part, nor does it comport with our policy so to do. It is only when our rights are invaded or seriously menaced that we resent injuries or make preparation for our defense.

With the movements in this hemisphere we are of necessity more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. The political system of the allied powers is essentially different in this respect from that of America. This difference proceeds from that which exists in their respective governments; and to the defense of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole Nation is devoted.

We owe it, therefore, to candor and the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintained it, and whose independence we have, on great consideration and on just principles, acknowledge, we could not view any interposition for the propose of oppressing them, or controlling in any other manner their destiny, by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States. In the war between those new governments and Spain we declared our neutrality at the time of their recognition, and to this we have adhered, and shall continue to adhere, provided no change shall occur which, in the judgment of the competent authorities of this government, shall make a corresponding change on the part of the United States indispensable to their security.

The late events in Spain and Portugal show that Europe is still unsettled. Of this important fact no stronger proof can be adduced than that the allied powers should have thought it proper, on any principle satisfactory to themselves, to have interposed by force in the internal concerns of Spain. To what extent such interpositions may be carried, on the same principle, is a question in which all independent powers whose governments differ from theirs are interested, even those most remote, and surely none more so than the United States. Our policy in regard to Europe, which was adopted at an early stage of the wars which have so long agitated that quarter of the globe, nevertheless remains the same, which is, not to interfere in the internal concerns of any of its powers; to consider the government de facto as the legitimate government for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm, and manly policy, meeting in all instances the just claims of every power, submitting to injuries from none.

But in regard to those (the American) continents circumstances are eminently and conspicuously different. It is impossible that the allied powers should extend their political system to any portion of either continent without endangering our peace and happiness; nor can anyone believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interpositions in any form with indifference. If we look to the comparative strength and resources of Spain and those new governments, and their distance from each other, it must be obvious that she can never subdue them. It is still the true policy of the United States to leave the parties to themselves, in the hope that other powers will pursue the same course.

---

THE GETTYSBURG ADDRESS, NOVEMBER 19, 1863

Fourscore and seven years ago our fathers brought forth on this continent, a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal.

Now we are engaged in a great civil war, testing whether that nation or any nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field, as a final resting place for those who here gave their lives that that nation might live. It is altogether fitting and proper that we should do this.

But in a larger sense, we cannot dedicate—we cannot consecrate—we cannot hallow—this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. The world will little note, nor long remember what we say here, but it can never forget what they did here. It is for us the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this Nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth.

THE STAR-SPANGLED BANNER

(By Francis Scott Key)

O! say, can you see, by the dawn's early light,
  What so proudly we hailed at the twilight's last gleaming:
Whose broad stripes and bright stars through the perilous fight,
  O'er the ramparts we watched were so gallantly streaming,
And the rocket's red glare, the bombs bursting in air,
Gave proof through the night that our flag was still there;
O! say, does that Star-spangled Banner still wave
O'er the land of the free and the home of the brave?

On the shore, dimly seen through the mist of the deep,
  Where the foe's haughty host in dread silence reposes,
What is that which the breeze, o'er the towering steep,
  As it fitfully blows, half conceals, half discloses?
Now it catches the gleam of the morning's first beam—
In full glory reflected, now shines on the stream;
'Tis the Star-spangled Banner, O! long may it wave
O'er the land of the free and the home of the brave.

And where is the band who so vauntingly swore
  That the havoc of war and the battle's confusion
A home and a country would leave us no more?
  Their blood has washed out their foul footsteps' pollution.
No refuge could save the hireling and slave
From the terror of flight or the gloom of the grave!

And the Star-spangled Banner in triumph doth wave
O'er the land of the free and the home of the brave.

O! thus be it ever when freemen shall stand
  Between their loved homes and the foe's desolation;
Bless'd with victory and peace, may our Heaven-rescued land
  Praise the Power that hath made and preserved us a nation.
Then conquer we must, for our cause it is just—
  And this be our motto—"In God is our trust!"

And the Star-spangled Banner in triumph shall wave
O'er the land of the free and the home of the brave.

## ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I renew my motion that the Senate adjourn until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 1 o'clock and 56 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Tuesday, September 18, 1962, at 10 o'clock a.m.

## NOMINATIONS

Executive nominations received by the Senate September 17, 1962:

DIPLOMATIC AND FOREIGN SERVICE

W. Walton Butterworth, of Louisiana, a Foreign Service officer of the class of career ambassador, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.

INTERNATIONAL ATOMIC ENERGY AGENCY

Glenn T. Seaborg, of California, to be the representative of the United States of America to the sixth session of the General Conference of the International Atomic Energy Agency.

The following-named persons to be alternate representatives of the United States of America to the sixth session of the General Conference of the International Atomic Energy Agency:

Henry DeWolf Smyth, of New Jersey.
Robert E. Wilson, of Illinois.
James T. Ramey, of Illinois.
William I. Cargo, of Florida.

# HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 17, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Philippians 4: 19: *My God shall supply all your need according to His riches in glory by Christ Jesus.*

Almighty God, Thou art here in this Chamber for Thou art everywhere, and always seeking to make our hearts the sanctuaries of Thy presence and Thy peace.

Cleanse us of everything that mars our loftiest aspirations and makes us unworthy of Thy blessings.

Inspire us to feel the urgency and pressure of Thy Holy Spirit, struggling to bring to fulfillment and fruition those nobler capacities and hidden splendors of our inner life.

May we give Thee the right-of-way and the place of preeminence in all the areas of our life, trusting ourselves to Thy keeping and guidance.

Help us daily to rise to new heights of endeavor and ever holding our own desires in abeyance until Thou dost declare Thy will.

Hear us in Christ's name. Amen.

## THE JOURNAL

The Journal of the proceedings of Friday, September 14, 1962, was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 9914. An act for the relief of San-Man Inn of Manning, Inc.

The message also announced that the Senate had passed concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. Con. Res. 90. Concurrent resolution authorizing the printing for the use of the Joint Economic Committee of additional copies of its hearings entitled "State of the Economy and Policies for Full Employment."

S. Con. Res. 91. Concurrent resolution authorizing the printing of additional copies of the hearings on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes.

## ROLLCALLS POSTPONED UNTIL WEDNESDAY, SEPTEMBER 19, 1962

**Mr. BOGGS.** Mr. Speaker, I ask unanimous consent that any rollcalls, except on rules or procedural matters, in order today or tomorrow may be first in order on Wednesday, September 19, 1962.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Louisiana?

**Mr. HARDY.** Mr. Speaker, reserving the right to object, is the Reserve bill going to come up, and could we have a little explanation of what is going to be considered today. I waited until adjournment Friday night to find out whether there would be rollcalls. When we adjourned Friday it was clearly understood that rollcall votes would be in order today, so I had to change some plans and drive back from my district last night in order to be here. Now I would like to have an understanding as to what the program is going to be, if I may.

**Mr. BOGGS.** The Reserve bill scheduled for consideration today will not come up today. The other bills that appear on the whip's notice will come up.

**Mr. HARDY.** Let me make an observation in connection with that. If the Reserve bill had been taken off on Friday, we would have had a unanimous-consent approval on Friday for rollcalls to go over. I try to be cooperative and I shall not object, but it does seem that this kind of situation could be avoided and I think it most unfair. All of us try to be on the floor for recorded votes, and I know that many others, like me, have made special efforts to be here for rollcalls today because of the understanding when we adjourned last week. Let us be considerate of our colleagues who will be accommodated by permitting votes to go over, but I cannot help wishing there had been like consideration for others of us who canceled scheduled plans for today or, in a few cases, traveled practically all night last night only to find that the signals had been changed and record votes would be put off. I wish I could hope that in the future a way will be found to assure equal consideration for all Members.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

---

## DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1963

**Mr. WHITTEN** submitted a conference report and statement on the bill (H.R. 12648) making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes.

## CONSENT CALENDAR

The **SPEAKER** pro tempore. This is Consent Calendar Day. The Clerk will call the first bill on the Consent Calendar.

## PRINCE GEORGES COUNTY SCHOOL BOARD, MARYLAND

The Clerk called the bill (H.R. 6759) for the relief of the Prince Georges County School Board, Maryland.

The **SPEAKER** pro tempore. Is there objection to the present consideration of the bill?

**Mr. GROSS.** Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The **SPEAKER** pro tempore. Without objection, it is so ordered.

There was no objection.

---

## WAIVING CERTAIN TIME LIMITATIONS FOR RESERVISTS

The Clerk called the bill (H.R. 9962) to amend title 38, United States Code, to provide an extension of the period within which certain educational programs must be begun and completed in the case of persons called to active duty during the Berlin crisis.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1613 of title 38, United States Code, is amended by adding at the end thereof the following: "In computing the three-year periods prescribed in section 1612(a) of this title, and the eight- and five-year periods prescribed in this section, the Administrator shall disregard all periods during which the veteran served on active duty pursuant to a call or order thereto issued to him as a Reserve after July 30, 1961, and before January 1, 1962, or (B) an extension of an enlistment appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 87–117."

Sec. 2. (a) Section 1712(a) of title 38, United States Code, is amended by redesignating paragraph (4) as paragraph (5), and by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) if the death of the parent from whom eligibility is derived occurs after the eligible person's eighteenth birthday but before his twenty-third birthday, then (unless paragraph (4) applies) such period shall end five years after the death of such parent;

"(4) if he serves on duty with the Armed Forces as an eligible person after his eighteenth birthday but before his twenty-third birthday then such period shall end five years after his first discharge or release from such duty with the Armed Forces (excluding from such five years all periods during which the eligible person served on active duty pursuant to (A) a call or order thereto issued to him as a Reserve after July 30, 1961, and before January 1, 1962, or (B) an extension of an enlistment, appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 87–117); however, in no event shall such period be extended beyond his thirty-first birthday by reason of this paragraph; and".

(b) Section 2 of Public Law 86–236, and section 5 of Public Law 86–785, are each amended by inserting "(a)" immediately before "In the case of", and by adding at the end thereof the following:

"(b) In computing the five-year period prescribed in subsection (a), the Administrator of Veterans' Affairs shall disregard all periods of active duty performed by such individual pursuant to a call or order thereto issued after July 30, 1961, and before January 1, 1962, or pursuant to an extension of an enlistment, appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 86–117."

Sec. 3. Paragraph (26) of section 101 of title 38, United States Code, is amended (1) by striking out "Reserves" and inserting in lieu thereof "Reserve", and (2) by striking out "members" and inserting in lieu thereof "a member".

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That section 1613 of title 38, United States Code, is amended by inserting '(a)' immediately before 'No', and by adding at the end thereof the following new subsection:

"'(b) In computing the three-year period referred to in section 1612(a) of this title and the eight- and five-year periods referred to in subsection (a) of this section, the Administrator shall disregard in the case of any eligible veteran any period of active duty performed by such veteran, before August 1, 1962, pursuant to (1) a call or order thereto issued to him as a Reserve after July 30, 1961, or (2) an extension of an enlistment, appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 87–117.'

"Sec. 2. (a) Section 1712(a) of title 38, United States Code, is amended by redesignating paragraph (4) as paragraph (5), and by striking out paragraph (3) and inserting in lieu thereof the following:

"'(3) if the death of the parent from whom eligibility is derived occurs after the eligible person's eighteenth birthday but before his twenty-third birthday, then (unless paragraph (4) applies) such period shall end five years after the death of such parent;

"'(4) if he serves on duty with the Armed Forces as an eligible person after his eighteenth birthday but before his twenty-third birthday, then such period shall end five years after his first discharge or release from such duty with the Armed Forces (excluding from such five years all periods during which the eligible person served on active duty before August 1, 1962, pursuant to (A) a call or order thereto issued to him as a Reserve after July 30, 1961, or (B) an extension of an enlistment, appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 87–117); however, in no event shall such period be extended beyond his thirty-first birthday by reason of this paragraph; and'

"(b) Section 2 of Public Law 86–236, and section 5 of Public Law 86–785, are each amended by inserting '(a)' immediately before 'In the case of', and by adding at the end thereof the following:

"'(b) In computing the five-year period prescribed in subsection (a), the Administrator of Veterans' Affairs shall disregard all periods of active duty performed by such individual before August 1, 1962, pursuant to a call or order thereto issued to him as a Reserve after July 30, 1961, or pursuant to an extension of an enlistment, appointment, or period of duty with the Armed Forces pursuant to section 2 of Public Law 86–117.'

"Sec. 3. Paragraph (26) of section 101 of title 38, United States Code, is amended (1) by striking out 'Reserves' and inserting in lieu thereof 'Reserve'; and (2) by striking out 'members' and inserting in lieu thereof 'a member'.

Mr. TEAGUE of Texas. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. Teague of Texas: On page 5, after line 23, insert the following:

"Sec. 4. Section 624(b) of title 38, United States Code, is amended by striking out 'temporarily'.

"Sec. 5. Section 230 of title 38, United States Code, is amended by adding at the end thereof the following:

"'(c) The Administrator is authorized to establish and maintain an office in Europe, at such location as he deems appropriate, to render technical advice and assistance in the administration of veterans' programs in that area.'

"Sec. 6. (a) The text of section 235 of title 38, United States Code, is amended by inserting 'or to the Veterans' Administration office established in Europe pursuant to section 230(c) of this title' immediately after 'Republic of the Philippines' both places it appears.

"(b) The catchline of section 235 of title 38, United States Code, and item 235 of the analysis of chapter 3 of title 38, United States Code, are each amended by striking out 'in the Republic of the Philippines' and inserting in lieu thereof 'at oversea offices'.

Mr. TEAGUE of Texas. Mr. Speaker, the amendment which I have offered to the committee amendment simply adds to the bill the substance of H.R. 9561 which passed the House on the call of the Consent Calendar on May 7. I am taking this action to overcome a parliamentary situation in the other body and I have been advised that there is every likelihood that if the House passes the bill in this form the Senate will concur in the amendment.

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent for the immediate consideration of a similar bill, S. 2697, to waive certain time limitations prescribed in chapters 33 and 35 of title 38, United States Code, in the case of certain veterans and eligible persons ordered to active duty with the Armed Forces, or whose period of duty with the Armed Forces was involuntarily extended, on or after August 1, 1961.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1613 of title 38, United States Code, is amended—

(1) by inserting "(a)" immediately before "No";

(2) by inserting ", except as provided in subsection (b) of this section," immediately before the words "in no event"; and

(3) by adding at the end thereof the following new subsection:

"(b) In computing the three-year period referred to in section 1612(a) of this title and the eight- and five-year periods referred to in subsection (a) of this section, the Administrator shall disregard in the case of any eligible veteran any period of duty performed by such veteran pursuant to (1) a call or order to active duty as a Reserve on or after August 1, 1961, or (2) an involuntary extension of an enlistment, appointment, period of active duty, period of active duty for training, or other period of obligated service in any branch of the Armed Forces after August 1, 1961."

Sec. 2. Section 1712 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) In computing the five-year period following duty with the Armed Forces referred to in paragraph (3) of subsection (a) of this section the Administrator shall disregard any period of duty performed by an eligible person pursuant to (1) a call or order to active duty as a Reserve on or after August 1, 1961, or (2) an involuntary extension of an enlistment, appointment, period of active duty, period of active duty for training, or other period of obligated service in any branch of the Armed Forces after August 1, 1961."

Sec. 3. Section 2 of Public Law 86–236, and section 5 of Public Law 86–785, are each amended by inserting "(a)" immediately before "In the case of", and by adding at the end thereof a new subsection as follows:

"(b) In computing the five-year period prescribed in subsection (a), the Administrator of Veterans' Affairs shall disregard in the case of any eligible person any period of duty performed by such person pursuant to (1) a call or order to active duty as a Reserve on or after August 1, 1961, or (2) an involuntary extension of an enlistment, appointment, period of active duty, period of active duty for training, or other period of obligated service in any branch of the Armed Forces on or after August 1, 1961."

Mr. TEAGUE of Texas. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Teague of Texas: Strike out all after the enacting clause and insert the provisions of H.R. 9962 as passed by the House.

The SPEAKER pro tempore. The question is on the amendment of the gentleman from Texas [Mr. Teague].

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend title 38, United States Code, to provide an extension of the period within which certain educational programs must be begun and completed in the case of persons called to active duty during the Berlin crisis, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 9962) was laid on the table.

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include certain tabular material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE of Texas. Mr. Speaker, H.R. 9962, as reported unanimously by the Committee on Veterans' Affairs on August 2, deals entirely with the education and training being taken by individuals under the Korean GI bill of rights and the War Orphans' Educational Assistance Act. It concerns only those reservists and National Guardsmen who were recalled to active duty as a result of the Berlin crisis. The basic law provides for veterans that a course of education must be initiated within 3 years from the date of discharge and completed within 8. A similar 5-year period is applicable to war orphans. The present legislation would provide, in effect, a 1-year extension for those reservists and National Guardsmen who were called to service in the Berlin crisis after July 30, 1961, and prior to August 1, 1962. It is identical in purpose to the language contained in S. 2697 as passed by the Senate and the changes in this part are purely technical in nature and suggested by the Veterans' Administration. The total cost for the length of the program, the Veterans' Administration estimates, will not exceed $75,000. It is favored by the Veterans' Administration.

The amendment to the committee amendment embodies the substance of H.R. 9561 which passed the House on May 7, 1962, and had two main purposes: First, to provide hospital and medical care for service-connected veterans who are residing abroad, either permanently or temporarily; and, second, to provide authority for the Veterans' Administration to operate an office in Europe to administer the compensation, pension, and other programs.

The existing authority permits such care and treatment only to such veterans who are residing abroad on a temporary basis. The Veterans' Administration favors the enactment of this legislation and advised as of last June there were 4,398 veterans living abroad exclusive of the Philippines who are receiving compensation for service-connected disabilities. During fiscal year 1961, medical services were furnished approximately 2,653 veterans who are abroad on a temporary basis at a total cost of $68,964, or an average annual expenditure of $26 per veteran. Assuming that the total number of service-connected veterans on the rolls would be permanent residents and that their numbers would remain unchanged and receive medical care, the annual cost as a result of this section would be approximately $114,000.

The second portion of my amendment which was section 2 of H.R. 9561 as passed by the House on May 7, 1962, authorized the Veterans' Administration to establish offices in Europe for the administration of the compensation, pension, education and training, and miscellaneous benefits over which this agency has jurisdiction. During fiscal year 1961, this amounted to approximately $18 million and covered all of the countries in Europe and in October 1961, as an example, resulted in a disbursement of payments approximately $1,377,000. This program is presently administered through attachés for veterans affairs located in Frankfurt, Germany; London, England; Paris, France; and Rome, Italy. These four offices total 23 local employees and 6 veterans affairs officers serving as attachés or officers with rank in the Foreign Service officers classification. The committee believes it desirable to centralize administration and responsibility for the payment of VA benefits abroad in the Veterans' Administration. Of course, this is already done in the Philippines, the only country where a large scale of benefits are paid rather than in Europe, and there is no reason to think that the centralization of responsibility and administration of the Veterans' Administration would result in any addition or expansion of personnel. On the contrary, there might be some savings in administration.

Provision is also made that Veterans' Administration employees in a European office have the same benefits and privileges given the employees who are in Veterans' Administration offices operated in the Republic of the Philippines.

The present functions of the offices in Europe include the following:

First. Furnish complete contact service to U.S. veterans and their dependents residing or sojourning in Europe.

Second. Furnish general information and assistance in the preparation of applications and claims for benefits under laws administered by the VA, including, but not limited to, disability and death compensation or pension; DIC benefits; education and training; Government life insurance, including disability insurance benefits. Investigate and develop such claims in accordance with instructions.

Third. In connection with education and training benefits, inspect and recommend approval of educational institutions. Conduct educational compliance surveys in accordance with Public Law 550.

Note: The regional veterans' affairs office, American consulate general, Frankfurt, Germany, makes determinations on eligibility and entitlement of veterans to education and training benefits, and authorizes training allowance payments.

Fourth. Take action as requested on matters involving guardianship, including investigations and recommendations as to fitness of persons to be custodians or legal guardians. Act as liaison with local courts to insure proper action on appointments.

Fifth. Designate fee-basis physicians and approve hospitals for the use of VA beneficiaries; authorize physical examinations for rating purposes and as required for insurance purposes, as well as inpatient and outpatient treatment, providing eligibility requirements are met; approve claims for payment for properly authorized care, treatment, or examinations.

Sixth. Authenticate any papers required to be executed under oath in connection with VA claims.

Seventh. Certify for payment vouchers covering medical treatment and hospitalization, and beneficiary travel.

Eighth. Assist in the preparation of burial claims, furnish U.S. flag to drape the casket.

Ninth. Aid the welfare and protection section in the repatriation of (ill) veterans to the United States.

Tenth. Posts in countries under the jurisdiction of the attaché for veterans' affairs other than Frankfurt, London, Paris, and Rome, cooperate fully in all technical VA matters, send communications to the attaché for veterans' affairs relative to veterans' benefits, and are guided by his instructions.

I will include as part of my remarks certain basic information on the operation of offices in Europe.

### DISTRIBUTION OF PAYMENTS IN EUROPE

*Average number of cases and amount of payments during fiscal year 1962* [1]

| Country | Total amount | Compensation and pensions | | | | | | Education and training | |
|---|---|---|---|---|---|---|---|---|---|
| | | Total | | Compensation | | Pensions | | | |
| | | Average cases [2] | Amount | Average cases [2] | Amount | Average cases [2] | Amount | Average trainees [2] | Amount |
| Europe, total | $17,151,254 | 15,854 | $16,750,257 | 3,159 | $4,052,678 | 12,695 | $12,697,579 | 276 | $400,997 |
| Austria | 92,895 | 68 | 73,834 | 52 | 57,130 | 16 | 16,704 | 13 | 19,061 |
| Azores | 32,723 | 34 | 32,723 | 8 | 6,221 | 26 | 26,502 | | |
| Belgium | 253,997 | 255 | 248,876 | 34 | 45,171 | 221 | 203,705 | 4 | 5,121 |
| Cyprus | 32,502 | 27 | 32,502 | 16 | 19,172 | 11 | 13,330 | | |
| Denmark | 342,848 | 341 | 337,566 | 53 | 66,274 | 288 | 271,292 | 3 | 5,282 |
| England | 1,020,073 | 881 | 971,819 | 558 | 693,771 | 323 | 278,048 | 31 | 48,254 |
| Finland | 77,794 | 78 | 77,042 | 18 | 18,010 | 60 | 59,032 | 1 | 752 |
| France | 623,452 | 597 | 581,383 | 231 | 265,653 | 366 | 315,730 | 30 | 42,069 |
| Germany (West) | 677,504 | 438 | 524,579 | 333 | 423,330 | 105 | 101,249 | 109 | 152,925 |
| Gibraltar | 809 | 1 | 809 | (3) | 258 | 1 | 551 | | |
| Greece | 1,977,791 | 1,917 | 1,973,240 | 232 | 334,275 | 1,685 | 1,638,965 | 2 | 4,550 |
| Holland (Netherlands) | 66,463 | 53 | 59,640 | 27 | 35,011 | 26 | 24,629 | 5 | 6,820 |
| Iceland | 2,043 | 2 | 983 | 2 | 983 | | | 1 | 1,060 |
| Ireland | 1,246,277 | 1,159 | 1,239,538 | 258 | 335,601 | 901 | 903,937 | 5 | 6,739 |
| Ireland (Northern) | 103,055 | 107 | 103,055 | 30 | 32,569 | 77 | 70,486 | | |
| Italy | 7,886,206 | 7,413 | 7,852,181 | 724 | 1,006,779 | 6,689 | 6,845,402 | 24 | 34,025 |
| Luxembourg | 18,984 | 19 | 18,984 | 4 | 5,181 | 15 | 13,803 | | |
| Malta | 14,936 | 15 | 14,936 | 7 | 6,546 | 8 | 8,390 | | |
| Norway | 565,306 | 526 | 559,446 | 96 | 126,952 | 430 | 432,494 | 3 | 5,860 |
| Poland | 684,152 | 650 | 684,152 | 129 | 141,902 | 521 | 542,250 | | |
| Portugal | 98,105 | 90 | 97,164 | 34 | 43,296 | 56 | 53,868 | 1 | 941 |
| Rumania | 85,275 | 63 | 85,275 | 15 | 18,315 | 48 | 66,960 | | |
| Scotland | 121,496 | 112 | 121,432 | 51 | 67,495 | 61 | 53,937 | 1 | 64 |
| Spain | 134,850 | 92 | 99,933 | 58 | 69,346 | 34 | 30,587 | 21 | 34,917 |
| Sweden | 542,899 | 536 | 534,607 | 80 | 99,531 | 456 | 435,076 | 5 | 8,292 |
| Switzerland | 108,438 | 86 | 85,205 | 53 | 52,919 | 33 | 32,286 | 16 | 23,233 |
| Yugoslavia | 340,381 | 294 | 339,353 | 56 | 80,987 | 238 | 258,366 | 1 | 1,028 |

[1] Excludes D.M. & S. and DVB operating costs, insurance, and miscellaneous payments.

[2] Shows average number of cases during fiscal year 1962.

[3] Payment made in month of January only.

Prepared by Office of the Controller, DVB, Assistant Controller for Budget, Direct Benefits Staff, Sept. 14, 1962.

*Number of cases and amount of payments during the month of June 1962*

| Country | Total amount | Data available as specified below | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Total | | Compensation | | Pensions | | Education and training | |
| | | Cases as of June 20, 1962 | Amount | Cases as of June 20, 1962 | Amount | Cases as of June 20, 1962 | Amount | Trainees as of June 1962 | Amount |
| Europe, total | $1,453,807 | 15,777 | $1,419,115 | 3,098 | $334,069 | 12,679 | $1,085,046 | 280 | $34,692 |
| Austria | 7,155 | 65 | 5,624 | 50 | 4,452 | 15 | 1,172 | 12 | 1,531 |
| Azores | 2,731 | 34 | 2,731 | 7 | 562 | 27 | 2,169 | | |
| Belgium | 21,888 | 257 | 21,668 | 35 | 3,802 | 222 | 17,866 | 2 | 220 |
| Cyprus | 2,589 | 26 | 2,589 | 14 | 1,505 | 12 | 1,084 | | |
| Denmark | 29,545 | 345 | 29,165 | 54 | 5,857 | 291 | 23,308 | 3 | 380 |
| England | 87,741 | 868 | 83,424 | 543 | 56,618 | 325 | 26,806 | 32 | 4,317 |
| Finland | 7,079 | 76 | 7,079 | 16 | 1,318 | 60 | 5,761 | | |
| France | 51,810 | 591 | 47,028 | 227 | 21,580 | 364 | 25,448 | 40 | 4,782 |
| Germany (West) | 57,286 | 427 | 45,604 | 330 | 36,996 | 97 | 8,608 | 101 | 11,682 |
| Gibraltar | | | | | | | | | |
| Greece | 166,105 | 1,912 | 165,620 | 226 | 26,893 | 1,686 | 138,727 | 3 | 485 |
| Holland (Netherlands) | 4,958 | 51 | 4,648 | 25 | 2,760 | 26 | 1,888 | 3 | 310 |
| Iceland | 187 | 2 | 27 | 2 | 27 | | | 1 | 160 |
| Ireland | 103,406 | 1,148 | 102,814 | 254 | 27,008 | 894 | 75,806 | 5 | 592 |
| Ireland (Northern) | 9,160 | 108 | 9,160 | 30 | 2,969 | 78 | 6,191 | | |
| Italy | 665,698 | 7,396 | 661,534 | 716 | 81,760 | 6,680 | 579,774 | 34 | 4,164 |
| Luxembourg | 1,629 | 20 | 1,629 | 4 | 421 | 16 | 1,208 | | |
| Malta | 1,176 | 14 | 1,176 | 7 | 536 | 7 | 640 | | |
| Norway | 48,558 | 524 | 48,283 | 93 | 10,301 | 431 | 37,982 | 3 | 275 |
| Poland | 58,456 | 642 | 58,456 | 127 | 12,032 | 515 | 46,424 | | |
| Portugal | 8,282 | 88 | 8,172 | 31 | 2,985 | 57 | 5,187 | 1 | 110 |
| Rumania | 7,672 | 67 | 7,672 | 14 | 1,321 | 53 | 6,351 | | |
| Scotland | 10,962 | 114 | 10,962 | 52 | 6,097 | 62 | 4,865 | | |
| Spain | 11,912 | 96 | 8,973 | 58 | 6,212 | 38 | 2,761 | 22 | 2,939 |
| Sweden | 46,093 | 526 | 45,823 | 79 | 8,464 | 447 | 37,359 | 2 | 270 |
| Switzerland | 10,113 | 86 | 7,638 | 50 | 4,744 | 36 | 2,894 | 16 | 2,475 |
| Yugoslavia | 31,616 | 294 | 31,616 | 54 | 6,849 | 240 | 24,767 | | |

Prepared by Office of the Controller, DVB, Assistant Controller for Budget, Direct Benefits Staff, Sept. 14, 1962.

## REIMBURSEMENT OF VESSEL CONSTRUCTION EXPENSES

The Clerk called the bill (H.R. 11587) to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses.

The **SPEAKER** pro tempore. Is there objection to the present consideration of the bill?

Mr. **FORD**. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

## ESTABLISHING OF LIBRARY OF MUSICAL SCORES

The Clerk called the bill (H.R. 12038) to establish in the Library of Congress a library of musical scores and other instructional materials to further educational, vocational, and cultural opportunities in the field of music for blind persons.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) the Librarian of Congress shall establish and maintain a library of musical scores, instructional texts, and other specialized materials for the use of blind residents of the United States and its possessions in furthering their educational, vocational, and cultural opportunities in the field of music. Such scores, texts, and materials shall be made available on a loan basis under regulations developed by the Librarian or his designee in consultation with persons, organizations, and agencies engaged in work for the blind.

(b) There are authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## ADDITIONAL TOLL BRIDGES ACROSS DELAWARE RIVER

The Clerk called the bill (H.R. 12818) to amend the act of July 13, 1946, to authorize the construction, maintenance, and operation of certain additional toll bridges over or across the Delaware River and Bay.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That sections 3, 4, and 5 of the Act entitled "An Act to authorize the State of Delaware, by and through its State highway department, to construct, maintain, and operate a toll bridge across the Delaware River near Wilmington, Delaware", approved July 13, 1946 (60 Stat. 533), are hereby amended to read as follows:

"SEC. 3. The Delaware River and Bay Authority or its successor is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of the Army under the authority of the General Bridge Act of 1946.

"SEC. 4. The Delaware River and Bay Authority or its successor in fixing the rates of toll to be charged for the use of such bridge and in fixing the rates of toll to be charged for the use of each additional bridge over or across the Delaware River and Bay operated under the authority conferred in section 5 of this Act, shall from time to time adjust them, together with the rates of tolls and other charges made for the use of any other toll crossings under, over, along, or across the Delaware River and Bay between the States of Delaware and New Jersey, which it may be operating so as to provide a fund sufficient—

"(1) to pay the reasonable cost of maintaining, repairing, improving, and operating said bridge and such other toll crossings and the approaches thereto under economical management;

"(2) to pay the cost of constructing, reconstructing, or improving all toll crossings operated by the Delaware River and Bay Authority;

"(3) to pay the principal of and the interest upon bonds issued for the cost of said bridge and toll crossings, including bonds issued to refund such bonds at or prior to maturity and financing costs; and

"(4) to provide constructing, operating, improving, repairing, maintenance, and debt service reserve funds of such character and amount as the Delaware River and Bay Authority or its successors shall determine to be necessary to insure the proper construction, operation, maintenance, repair, and improvement of the bridge and other toll crossings, and to protect the holders of bonds issued to finance the cost of said bridge and other toll crossings.

"SEC. 5. The Delaware River and Bay Authority, or its successor, is hereby authorized to construct, maintain, and operate additional toll bridges over or across the Delaware River and Bay between the States of Delaware and New Jersey in accordance with the provisions of the General Bridge Act of 1946, except that the fixing, changing, and adjusting of rates of toll and the duration of toll charges for use of said additional bridges shall not be subject to the provisions of section 506 of the said General Bridge Act of 1946. In addition to the powers granted to the Delaware River and Bay

Authority by the laws of the States of Delaware and New Jersey there is hereby conferred upon said authority or its successor all such rights and powers to enter upon land and acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, improvement, maintenance, and operation of additional bridges over or across the Delaware River and Bay as are possessed by railroad corporations for railroad purposes in the State in which such real estate or other property is situate, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes of such State."

SEC. 2. The right to alter, amend, or repeal this Act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## ELMORE COUNTY, ALA.

The Clerk called the bill (H.R. 555) for the relief of Elmore County, Ala.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Elmore County, Alabama, the sum of $4,372.51. The payment of such sum shall be in full settlement of all the claims of Elmore County against the United States for reimbursement for one-half of the cost of certain civil defense communications equipment purchased by the county in October of 1958 at the urging of civil defense officials and in the belief that such reimbursement would be made. No part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## COUNTIES, CITIES, AND OTHER CALIFORNIA SUBDIVISIONS

The Clerk called the resolution (H. Res. 774) providing for sending the bill (H.R. 7561) for the relief of certain counties, cities, and other political subdivisions of the State of California, together with accompanying papers, to the Court of Claims.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

Mr. GROSS. Mr. Speaker, reserving the right to object, do I understand that this simply permits the various subdivisions of government in the State of California to go to the Court of Claims.

Mr. ROGERS of Colorado. The gentleman is correct.

Mr. GROSS. This bill does not provide for any payments?

Mr. ROGERS of Colorado. That is right. It relates to the ascertainment of certain facts.

Mr. GROSS. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

*Resolved,* That the bill (H.R. 7561) entitled, "A bill for the relief of certain counties, cities, and other political subdivisions of the State of California", together with all accompanying papers, is hereby referred to the Court of Claims subject to its rules and pursuant to sections 1492 and 2509 of title 28, United States Code; and the court shall proceed expeditiously with the same and report to the House, at the earliest practicable date, such findings of fact, including facts relating to delay or laches, facts bearing upon the question whether the bar of any statute of limitation should be removed, or facts claimed to excuse the claimant for not having resorted to any established legal remedy, and conclusions based on such facts as shall be sufficient to inform Congress whether the demand is a legal or equitable claim or a gratuity, and the amount, if any, legally or equitably due from the United States to the claimant.

The resolution was agreed to.

A motion to reconsider was laid on the table.

## HOLDING COURT AT RICHLAND, WASH.

The Clerk called the bill (S. 1307) to amend section 128 of title 28, United States Code, to constitute Richland, Wash., a place of holding court for the eastern district of Washington, southern division, and to waive section 142 of title 28, United State Code, with respect to the U.S. District Court for the Eastern District of Washington, Southern Division, holding court at Richland, Wash.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the second section of section 28(a)(2) of title 28, United States Code, is hereby amended to read as follows:

"Court for the southern division shall be held at Yakima, Walla Walla, and Richland";

That the limitations and restrictions contained in section 142, title 28, United States Code, shall be waived insofar as pertains to holding court by the United States District Court for the Eastern District of Washington, Southern Division, at Richland, Washington.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## FURNISHING COURT QUARTERS AND ACCOMMODATIONS

The Clerk called the bill (S. 3156) to amend section 142 of title 28, United States Code, with regard to furnishing court quarters and accommodations at places where regular terms of court are authorized to be held, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, in the summary of legislation which I have before me it is indicated that we now have 10 additional circuit and 63 additional district judges as of May 1961. It is indicated that as a consequence we have to provide additional and improved court space. Is there any cost estimate of what this will be because of the additional Federal judges?

Mr. ROGERS of Colorado. May I say that each court change goes on a separate basis. Until an application is made there is no way of ascertaining what the cost may be. This proposal is to amend section 142 of title 28. If, as an example, Congress should authorize the holding of court at a place certain before facilities for that court were authorized, we must come back and pass an additional piece of legislation. All this does is it gives the waiver that is required under section 142 and still leaves it in the same condition as under the present provision of law where you have to get the necessary authorization.

Mr. FORD. If this proposed legislation is enacted into law, it eliminates one step in the process where Congress now is loath to proceed until it is decided whether these court facilities are truly needed.

Mr. ROGERS of Colorado. The gentleman has stated it accurately except in this manner: Congress would only authorize it when they have looked at it. In other words, before we would authorize a place for court to be held, we would have to look at it to begin with. Then the General Services Administration cannot proceed with the authorization of any new construction for any court.

Mr. FORD. If this legislation is enacted into law, can the General Services Administration and the Federal court authorities proceed with the establishment of another or a new place without legislation being enacted by the Congress?

Mr. ROGERS of Colorado. No. Under no circumstances can the General Services Administration proceed unless we in Congress authorize it, and authorize it at a specific place, as is evidenced by some of the bills we have up this morning.

Mr. FORD. I must confess I am a little confused by this legislation. On the other hand, I would withdraw my reservation if I thought Congress still controls the expenditures of the judiciary. I am just hesitant because they do a lot of things without much control by the Congress over their activities, legitimate control. I am just a little hesitant to approve this without further consultation. I would say to the gentleman from Colorado I would like to talk to him about it. Perhaps we could go into it in a little more depth. If my reservations are met, I would cooperate with him when it comes up again under unanimous consent.

Mr. ROGERS of Colorado. In the first place, we are not giving away control of anything in the passage of this legislation because before a place for a court can be designated to be held we must approve it here in Congress. Heretofore on a number of occasions we have approved places for court to be held. Then it became necessary to come back after the approval and get a special waiver before they could go to the General Services Administration and ask them for an estimate. The plan under this is, if Congress authorizes the holding of court at a place certain, the General Services Administration then could make an estimate and that estimate would be submitted to the Committee on Public Works. They would then pass upon whether or not it should be authorized and recommend an appropriation.

**Mr. FORD.** Frankly, my doubts and fears are still not allayed. So, Mr. Speaker, I withdraw my reservation of the right to object but ask unanimous consent that the bill be passed over without objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

## A WAIVER OF SECTION 142 OF TITLE 28, UNITED STATES CODE, FOR A TERM OF COURT AT AKRON, OHIO

The Clerk called the bill (H.R. 11678) to waive section 142 of title 28, United States Code, with respect to the U.S. District Court for the Northern District of Ohio, Eastern Division, holding court at Akron, Ohio.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the limitations and restrictions contained in section 142 of title 28, United States Code, shall be waived with respect to the holding of court at Akron, Ohio, by the United States District Court for the Northern District of Ohio, Eastern Division.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

**Mr. ROGERS** of Colorado. Mr. Speaker, may I point out to the gentleman from Michigan that the bill we have just passed is exactly the thing that we are trying to get away from in having separate pieces of legislation as to each particular bill.

**Mr. FORD.** Mr. Speaker, will the gentleman yield?

**Mr. ROGERS** of Colorado. I yield to the gentleman.

**Mr. FORD.** I suspect that that is the case and I really see no harm in having this done. These are instances where the Congress can make an independent judgment based on the recommendations of the Committee on the Judiciary. This, I think, is good. I see no reason to change it. Apparently, there is merit in this legislation, H.R. 11678. There has been no problem in getting it through the Congress. I just hate to have us turn over anything in the way of authority that we currently have to the executive branch of the Government or to the judiciary because we will never get it back.

**Mr. ROGERS** of Colorado. What I am trying to point out to the gentleman is that all it does is to let the GSA make the estimates and that is what we did here.

**Mr. GROSS.** Mr. Speaker, will the gentleman yield?

**Mr. ROGERS** of Colorado. I yield to the gentleman.

**Mr. GROSS.** I think there is a substantial difference between this bill that provides for the holding of court at Akron, Ohio, and the previous bill that was passed over without prejudice. The previous bill contains this language:

> The foregoing restrictions shall not, however, preclude the Administrator of General Services, at the request of the Director of the Administrative Office of the United States Courts, from providing such court quarters and accommodations as the Administrator determines can appropriately be made available at places—

That is a blanket authorization whereas this deals with a specific situation. I must agree with the gentleman from Michigan [Mr. FORD]. There is a very substantial difference between these bills.

**Mr. ROGERS** of Colorado. The only thing the gentleman from Iowa left out was that it must be authorized by law. If you had added that to your statement, then you would have been correct.

## PROVIDING THAT FEDERAL COURTS SHALL BE IN CONTINUOUS SESSION, AND FOR OTHER PURPOSES

The Clerk called the bill (H.R. 5753) to provide that the district courts shall be always open for certain purposes, to abolish terms of court, and to regulate the sessions of the courts for transacting judicial business.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That sections 138, 139, 140, and 141 of title 28, United States Code, be amended to read as follows:

"§ 138. Terms abolished; court always open

"The district court shall not hold formal terms but shall be deemed always open for the purpose of filing any pleading or other proper paper, of issuing and returning mesne and final process, and of making and directing all interlocutory motions, orders, and rules.

"§ 139. Times for holding regular sessions

"The times for commencing regular sessions of the district court for transacting judicial business at the places fixed by this chapter shall be determined by the rules or orders of the court. Such rules or orders may provide that at one or more of such places the court shall be in continuous session for such purposes on all business days throughout the year. At other places session of the court shall continue for such purposes until terminated by order of final adjournment or by commencement of the next regular session at the same place.

"§ 140. Adjournment

"(a) Any district court may, by order made anywhere within its district, adjourn or, with the consent of the judicial council of the circuit, pretermit any regular session of court for insufficient business or other good cause.

"(b) If the judge of a district court is unable to attend and unable to make an order of adjournment, the clerk may adjourn the court to the next regular session or to any earlier day which he may determine.

"§ 141. Special sessions; places; notice

"Special sessions of the district court may be held at such places in the district as the nature of the business may require, and upon such notice as the court orders.

"Any business may be transacted at a special session which might be transacted at a regular session."

SEC. 2. Section 1869 of title 28, United States Code, is amended by striking out the word "term" and inserting in lieu thereof the word "session".

With the following committee amendments:

Amendment No. 1: Amend section 1 of the bill, page 1, by striking out "; court always open" in line 5, by striking out "but shall" and inserting a period after "terms" in line 6, by striking out all of lines 7 and 8, and on page 2 by striking out all of lines 1 and 2.

Amendment No. 2: One page 3, amend section 2 of the bill by striking the language on lines 7, 8, and 9, and inserting in lieu thereof the following:

"Sections 452 and 1869 of title 28, United States Code, and sections 3288 and 3289 of title 18, United States Code, are each amended by striking out the word 'term' wherever it appears therein and inserting in lieu thereof the word 'session' and the catchline to section 452 is amended by striking out the word 'terms' and inserting in lieu thereof the words 'expiration of sessions'."

Amendment No. 3: At the end of the bill add the following new section:

"SEC. 3. (a) Items 138, 139, and 141 in the analysis of chapter 5 of title 28, United States Code, immediately preceding section 81, are amended to read as follows:

"138. Terms abolished.
"139. Times for holding regular sessions.

* * * * *

"141. Special sessions; places; notice."

(b) Item 452 in the analysis of chapter 21 of title 28, United States Code, immediately preceding section 451, is amended to read as follows:

"452. Courts always open; power unrestricted by expiration of sessions.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## PROVIDING FOR A TERM OF THE FEDERAL DISTRICT COURT AT CLINTON, N.C.

The Clerk called the bill (H.R. 8337) to amend section 113(a) of title 28, United States Code, to provide that Federal District Court for the Eastern District of North Carolina shall be held at Goldsboro, Jacksonville, and Clinton.

**Mr. ASPINALL.** Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The **SPEAKER** pro tempore (Mr. ALBERT). Without objection, it is ordered.

There was no objection.

## AMENDING THE ACT OF AUGUST 27, 1954 (68 STAT. 868), WITH RESPECT TO THE UINTAH AND OURAY RESERVATION IN UTAH

The Clerk called the bill (H.R. 9171) to amend the act of August 27, 1954 (68 Stat. 688), with respect to the Uintah and Ouray Reservation in Utah.

**Mr. ASPINALL.** Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1924) to amend the act of August 27, 1954 (68 Stat. 868), with respect to the Uintah and Ouray Reservation in Utah, and that it be considered in lieu of the bill H.R. 9171, an identical bill.

The Clerk read the title of the Senate bill.

There being no objection, the Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 10 of the Act of August 27, 1954 (68 Stat. 868) is amended by adding at the end thereof the following:

"The stock of any corporation organized by the mixed-blood group for the purpose of empowering the officers of such corporation to act as the authorized representatives of said mixed-blood group in the joint management with the tribe and in the distribution and adjudicated or unliquidated claims against the United States, all gas, oil, and mineral rights of every kind, and all other assets not susceptible to equitable and practicable distribution shall not be subject to mortgage, pledge, hypothecation, levy, execution, attachment or other similar process, while such stock remains in the ownership of the original stockholder or his heirs or legatees, but the interest of stockholders in any distribution by such corporation shall be subject to the usual processes of the law."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H.R. 9171, was laid on the table.

---

## INCLUDING THE SOUTHERN UTE INDIAN RESERVATION AMONG RESERVATIONS EXCEPTED FROM THE 25-YEAR LEASE LIMITATION

The clerk called the bill (H.R. 8113) to amend the act of August 9, 1955, for the purpose of including the Southern Ute Indian Reservation among reservations excepted from the 25-year lease limitation.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the second sentence of section 1 of the Act of August 9, 1955 (69 Stat. 539), as amended (25 U.S.C. 415), is hereby further amended by deleting the words "and on" and inserting in lieu thereof the words, ", the Southern Ute Reservation, and".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

---

## PROVIDING FOR AN EXCHANGE OF LANDS BETWEEN THE UNITED STATES AND THE SOUTHERN UTE INDIAN TRIBE

The Clerk called the bill (H.R. 9342) to provide for an exchange of lands between the United States and the Southern Ute Indian Tribe, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) there is hereby transferred to the United States all of the right, title, and interest of the Southern Ute Indian Tribe in the following lands, which are needed for the Navajo Dam and Reservoir project:

NEW MEXICO PRINCIPAL MERIDIAN, COLORADO

*Township 32 north, range 4 west*

Section 16: West half northwest quarter southwest quarter southwest quarter, northwest quarter southwest quarter southwest quarter southwest quarter,

Section 17: South half south half northwest quarter southeast quarter, north half southwest quarter southwest quarter, north half south half southwest quarter southwest quarter, south half southwest quarter northeast quarter southeast quarter,

Section 18: North half northwest quarter southwest quarter, northeast quarter southeast quarter northwest quarter southwest quarter, north half southeast quarter southeast quarter, north half south half southeast quarter southeast quarter, northeast quarter southwest quarter southeast quarter, north half northwest quarter southwest quarter southeast quarter, north half northeast quarter southeast quarter southwest quarter.

*Township 32 north, range 5 west*

Section 5: Southeast quarter northeast quarter southeast quarter northwest quarter, east half southeast quarter southeast quarter northwest quarter,

Section 9: West half, east half southeast quarter southeast quarter, west half southeast quarter southeast quarter, southwest quarter southeast quarter, southeast quarter southeast quarter southeast quarter southeast quarter,

Section 10: Southeast quarter southeast quarter, southwest quarter southeast quarter, northeast quarter southeast quarter northeast quarter southeast quarter, south half south half northeast quarter southeast quarter, southeast quarter southeast quarter southwest quarter, south half southwest quarter southeast quarter southwest quarter, northeast quarter southwest quarter southeast quarter southwest quarter, southeast quarter southwest quarter, southeast quarter southeast quarter southwest quarter southwest quarter,

Section 11: South half south half northwest quarter southwest quarter, northwest quarter southwest quarter, southeast quarter southwest quarter, south half southwest quarter northeast quarter southwest quarter,

Section 12: Southeast quarter southwest quarter southwest quarter southwest quarter, south half southeast quarter southwest quarter southwest quarter, south half south half southeast quarter southwest quarter,

Section 13: Northeast quarter northeast quarter southwest quarter, north half northwest quarter southeast quarter, north half north half northeast quarter southeast quarter,

Section 14: North half north half northeast quarter southwest quarter, north half northeast quarter northwest quarter southwest quarter, north half northwest quarter northwest quarter southeast quarter,

Section 15: West half northwest quarter northeast quarter southeast quarter, west half northeast quarter, northwest quarter southeast quarter, north half north half southwest quarter southeast quarter,

Section 16: Northeast quarter.

Containing 707.5 acres, more or less.

(b) In exchange for such conveyance, the Secretary of the Interior is authorized to transfer to the United States in trust for the Southern Ute Indian Tribe, subject to valid existing rights, public domain lands on the Archuleta Mesa, that are contiguous to the present eastern boundary of the Southern Ute Indian Reservation, and that have a value equal to or not materially greater than the value of the lands conveyed by the tribe, such values to be determined by the Secretary: *Provided,* That such public domain lands shall be selected in a manner that will not increase the Government's management problem for other public domain lands, the selection shall be approved by the Southern Ute Indian Tribe, and the Southern Ute Indian Tribe shall pay to the United States any difference in the values of the lands exchanged.

(c) The owners of the range improvements of a permanent nature placed, under the authority of a permit from or agreement with the United States, on the public domain lands conveyed to the tribe shall be compensated for the reasonable value of such improvements, as determined by the Secretary, out of appropriations available for the construction of the Navajo unit, Colorado River storage project.

(d) Persons whose grazing permits, licenses, or leases on the public domain lands conveyed to the tribe are canceled because of such conveyance shall be compensated in accordance with the standard prescribed by the Act of July 9, 1942, as amended (43 U.S.C. 315q), out of appropriations available for the construction of the Navajo unit, Colorado River storage project.

(e) The public domain lands conveyed to the tribe shall be a part of the Southern Ute Indian Reservation and shall be subject to the laws and regulations applicable to other tribal lands in that reservation.

(f) The tribal lands conveyed to the United States shall no longer be "Indian country" within the meaning of section 1151 of title 18 of the United States Code. They shall have the status of public lands withdrawn for administration pursuant to the Federal reclamation laws, and they shall be subject to all laws and regulations governing the use and disposition of public lands in that status.

(g) In any right-of-way granted by the United States for a railroad over the tribal lands conveyed to the United States, the Secretary shall provide the Southern Ute Indians, at such points as he determines to be reasonable, the privilege of crossing such right-of-way, and he may require the railroad to provide loading and boarding facilities which he believes are needed by the Indians.

(h) The tribal lands conveyed to the United States shall not be utilized for public recreational facilities without the approval of the Southern Ute Tribal Council, and the tribe and its assigns shall have the right to utilize for recreational development the parts of such lands that are in sections 9, 10, 15, and 16, township 32 north, range 5 west, New Mexico principal meridian, Colorado, provided such recreational development does not interfere with the construction, operation, and maintenance of the Navajo Dam and Reservoir or appurtenant structures.

(i) Nothing in this Act shall be construed to abridge any fishing rights that are vested in the Indians.

With the following committee amendments:

Page 1, line 6, strike out the word "project:" and insert in lieu thereof "project, except the minerals therein and the right to prospect for and remove them in a manner that does not impair the project, as prescribed by the Secretary of the Interior:".

Page 4, line 6, strike out the word "domain".

Page 4, line 6, after the word "Mesa" insert ", reserving to the United States the minerals therein and the right to prospect for and remove them under regulations of the Secretary of the Interior,".

Page 4, line 9, after the words "to or" insert "not materially".

Page 4, line 11, strike out the word "domain".

Page 4, line 13, strike out the word "domain".

Page 4, line 19, strike out the word "domain".

Page 4, line 25, strike out the word "domain".

Page 5, line 6, strike out the word "domain".

Page 5, line 21, after the word "right-of-way change the comma to a period and strike out the remainder of the sentence.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## USE OF LANDS BY THE FORT BERTHOLD RESERVATION

The Clerk called the bill (S. 1161) to provide for the use of lands in the Garrison Dam project by the Three Affiliated Tribes of the Fort Berthold Reservation.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* Subject to the right of the United States to occupy, use, and control the lands acquired by the United States within the Fort Berthold Reservation for the construction, operation, and maintenance of the Garrison Dam and Reservoir project pursuant to the Flood Control Act of 1944, approved December 22, 1944, and amendatory laws, as determined necessary by the Secretary of the Army adequately to serve said purposes, the Three Affiliated Tribes of the Fort Berthold Reservation shall be permitted to graze stock without charge on such former Indian land as the Secretary of the Army determines is not devoted to other beneficial uses, and to lease such land for grazing purposes to members or nonmembers of the tribes on such terms and conditions as the Secretary of the Interior may prescribe. The foregoing grant of grazing privileges shall be subject to rights under existing grazing leases and permits.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## CORRECTING CERTAIN LAND DESCRIPTIONS

The Clerk called the bill (S. 2696) to correct certain land descriptions in the act entitled "An act to declare that the United States holds in trust for the pueblos of Santa Ana, Zia, Jemez, San Felipe, Santo Domingo, Cochiti, Isleta, and San Ildefonso certain public domain lands."

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 7 of the Act entitled "An Act to declare that the United States holds in trust for the pueblos of Santa Ana, Zia, Jemez, San Felipe, Santo Domingo, Cochiti, Isleta, and San Ildefonso certain public domain lands", approved September 14, 1961 (75 Stat. 500), is amended by striking out—

"Township 8 north, range 2 east:

"Section 4, lots 1, 2, 3, 4, 13, 14, 15, and 16, south half north half;

"Section 6, lots 1, 2, 12, 13, 14, and 15, northeast quarter east half northwest quarter."

and inserting in lieu thereof

"Township 8 north, range 1 east:

"Section 4, lots 1, 2, 3, 4, 13, 14, 15, and 16, south half north half;

"Section 6, lots 1, 2, 12, 13, 14, and 15, northeast quarter, east half northwest quarter."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## LANDS IN TRUST FOR THE JICARILLA APACHE TRIBE

The Clerk called the bill (S. 2971) to declare that certain lands of the United States are held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That all right, title, and interest of the United States in and to the following described lands, containing 7.00 acres, more or less, situated within the Jicarilla Apache Indian Reservation in the State of New Mexico, are hereby declared to be held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation, New Mexico, subject to a reservation of the right of the United States to use so much of such lands, together with all facilities now thereon or hereafter installed by the United States, as shall in the opinion of the Secretary of the Interior be needed for the administration of the affairs of the tribe, and subject to a reservation in the United States of a right-of-way across any part of such lands which the Secretary of the Interior deems desirable in connection with the administration of the affairs of the tribe:

Township 30 north, range 1 west, New Mexico principal meridian (surveyed): Beginning at corner numbered 1 from which the southwest corner of section 15, township 30 north, range 1 west, New Mexico principal meridian, Rio Arriba County (surveyed), bears due south a distance of 11.142 chains and due west a distance of 15.651 chains; thence from corner numbered 1 due north a distance of 7.071 chains to corner numbered 2; thence due east a distance of 7.071 chains to corner numbered 3; thence due south a distance of 7.071 chains to corner numbered 4; thence due west a distance of 7.071 chains to the point of beginning, containing 5 acres, more or less.

Township 31 north, range 2 west, New Mexico principal meridian (surveyed): Beginning at corner numbered 1 from which the southwest corner of section 29, township 31 north, range 2 west, New Mexico principal meridian, Rio Arriba county (surveyed), bears due south a distance of 21.471 chains and due west a distance of 23.138 chains; thence from corner numbered 1 due west a distance of 3.162 chains to corner numbered 2; thence due north a distance of 3.162 chains to corner numbered 3; thence due east a distance of 3.162 chains to corner numbered 4; thence due south a distance of 3.162 chains to the point of beginning, containing 1 acre, more or less.

Also beginning at corner numbered 1 from which the southwest corner of section 29, township 31 north, range 2 west, New Mexico principal meridian, Rio Arriba County (surveyed), bears due south a distance of 26.043 chains and due west a distance of 23.138 chains; thence from corner numbered 1 due north a distance of 3.162 chains to corner numbered 2; thence due east a distance of 3.162 chains to corner numbered 3; thence due south a distance of 3.162 chains to corner numbered 4; thence due west a distance of 3.162 chains to the point of beginning, containing 1 acre, more or less.

SEC. 2. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## KLAMATH INDIAN IRRIGATION PROJECT, OREGON

The Clerk called the bill (S. 3342) to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian irrigation project, Oregon, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. SAYLOR. Mr. Speaker, reserving the right to object, I would like to ask some questions with regard to this bill. I would like to ask the chairman of the committee whether or not this bill will cancel half a million dollars worth of charges on an irrigation project near Klamath, Oreg.

Mr. ASPINALL. The gentleman's statement is approximately correct; it is $400,000 rather than half a million.

Mr. SAYLOR. Is this close to the same area where a few weeks ago this House authorized the construction of another irrigation project totaling $16 million, known as the Baker irrigation project?

Mr. ASPINALL. If the gentleman will yield, this is in close proximity as far as the physical area is concerned, but this has nothing at all to do with that particular project.

Mr. SAYLOR. I realize that these two projects are not connected, but it seems to me to be a rather anomalous situation where on the one hand this House authorizes the expenditure of $16 million, and before the bill is out of conference we consider another bill asking for the cancellation of $400,000 on a similar project in the same area.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I shall be very happy to yield.

Mr. ASPINALL. I understand the feeling of the gentleman about this particular matter. I think, though, that the record will show that one is a reclamation project and the other is an Indian project. Because of the lack of study that was given to the Indian project we got into this particular difficulty. It so happens that all this legislation does is to ratify an order that has already been entered by the Secretary of the Interior.

The gentleman, of course, is correct when he refers to the fact that there will be some non-Indian lands that will get some benefit, but in that respect he can compare the two bills, the one he referred to a moment ago and this bill, but not in the same general criticism as far as the authorizing process is concerned, and I am sure he understands.

Mr. SAYLOR. I think that is correct. I would like to say, Mr. Speaker, that the Secretary of Interior has already canceled the amount that is due on the Indian lands and that this legislation to cancel is on non-Indian lands in this irrigation project.

Mr. Speaker, I ask unanimous consent that this bill may go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. This ends the call of the eligible bills on the Consent Calendar.

## ESTABLISHING A LIBRARY OF MUSICAL SCORES

Mr. JONES of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3408) to establish in the Library of Congress a library of musical scores and other instructional materials to further educational, vocational, and cultural opportunities in the field of music for blind persons, strike out all after the enacting clause and substitute therefor the provisions of H.R. 12038 as passed.

The SPEAKER pro tempore. Is there objection to the present consideration of the Senate bill?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Librarian of Congress shall establish and maintain a library of musical scores, instructional texts, and other specialized materials for the use of blind residents of the United States and its possessions in furthering their educational, vocational, and cultural opportunities in the field of music. Such scores, texts, and materials shall be made available on a loan basis under regulations developed by the Librarian or his designee in consultation with persons, organizations, and agencies engaged in work for the blind.

SEC. 2. There are authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

Mr. JONES of Missouri. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Missouri: Strike out all after the enacting clause of the Senate bill and insert the following: "That (a) the Librarian of Congress shall establish and maintain a library of musical scores, instructional texts, and other specialized materials for the use of blind residents of the United States and its possessions in furthering their educational, vocational, and cultural opportunities in the field of music. Such scores, texts, and materials shall be made available on a loan basis under regulations developed by the Librarian or his designee in consultation with persons, organizations, and agencies engaged in work for the blind.

"(b) There are authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act."

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider and a similar House bill (H.R. 12038) were laid on the table.

## DUTY-FREE ADMISSION OF GLASS FOR CERTAIN CHURCHES

Mr. MILLS. Mr. Speaker, I move to suspend the rules and agree to the House Resolution 800.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution the bill H.R. 7431, with the Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate amendments be, and the same are hereby agreed to.

The SPEAKER pro tempore. Is a second demanded?

Mr. HIESTAND. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

## CALL OF THE HOUSE

Mr. BECKER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 219]

Abbitt
Alford
Andersen, Minn.
Anfuso
Ashley
Bailey
Barrett
Bass, N.H.
Bates
Blitch
Boland
Bonner
Bow
Boykin
Brewster
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Carey
Celler
Clark
Coad
Cook
Corbett
Cunningham
Curtis, Mass.
Davis, James C.
Dawson
Derwinski
Diggs
Dingell
Dominick
Donohue
Dooley
Dorn
Doyle
Dwyer
Elliott
Ellsworth
Farbstein
Findley
Fino
Frelinghuysen
Fulton
Gallagher
Gavin
Glenn
Goodling
Granahan
Gray
Green, Pa.
Harrison, Va.
Harvey, Mich.
Hays
Healey
Hébert
Herlong
Hoffman, Ill.
Hoffman, Mich.
Hull
Jarman
Jennings
Johnson, Md.
Judd
Karth
Keith
Kelly
Kilburn
Kitchin
Kluczynski
Landrum
Lane
Lankford
Latta
Lesinski
McCulloch
McDonough
McDowell
McSween
McVey
Macdonald
Madden
Martin, Mass.
Mason
May
Meader
Merrow
Miller, George P.
Moeller
Moore
Moorehead, Ohio
Morris
Morrison
Morse
Moulder
Multer
Nedzi
Nix
Norrell
O'Brien, Ill.
O'Hara, Mich.
O'Neill
Peterson
Pfost
Philbin
Pilcher
Pirnie
Powell
Pucinski
Rains
Randall
Riley
Rivers, Alaska
Rivers, S.C.
Roberts, Tex.
Rogers, Tex.
Rostenkowski
Rousselot
Ryan, Mich.
St. Germain
Santangelo
Saund
Schwengel
Scranton
Seely-Brown
Shelley
Shipley
Sibal
Sikes
Smith, Va.
Spence
Stephens
Stratton
Thompson, La.
Tuck
Udall, Morris K.
Wallhauser
Weis
Whalley
Wickersham
Winstead
Yates
Zelenko

The SPEAKER pro tempore. On this rollcall, 292 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Arkansas [Mr. MILLS].

## FREE ENTRY OF CERTAIN STAINED GLASS

Mr. MILLS. Mr. Speaker, when I asked to be recognized to move to suspend the rules to take from the Speaker's desk the bill, H.R. 7431, and agree to the Senate amendments, I contemplated there would be little, if any objection on the part of any Member to such procedure. We have a proposal before us that is certainly nondiscriminatory in that we propose to accord to representatives of three religious faiths the same type of treatment that we have accorded to other members of religious faiths in the past concerning liability for import duties on materials imported from abroad in connection with the construction of a church or for use in religious services.

You will recall that on March 6 of this year the House passed H.R. 7431, by unanimous consent. That bill provided for the duty-free importation of stained glass windows for use in St. Joseph's Cathedral of Hartford, Conn., and in St. Francis Xavier Church of Phoenix, Ariz. When this bill reached the Senate, one of the distinguished Members of that body offered an amendment on the floor to provide for the free importation of stained glass windows for use in connection with the construction of a new synagogue for the Congregation B'nai Israel of Woonsocket, R.I. The distinguished minority leader of the Senate offered a second amendment which would provide for the free importation of one set of musical hand bells for use by the Court Street Methodist Church of Rockford, Ill.

Mr. Speaker, you are aware of the fact that the Ways and Means Committee over the years has permitted these duty-free importations of materials to be used in connection with the construction of churches or to be used by churches. These materials usually have already been purchased or ordered prior to congressional consideration. It is not a case, in my opinion, of the importation of any product which is sold in competition with American production. These articles that will come into the United States will be used for the specific purposes stated in the bill—they will not enter commercial channels.

The question in my mind is strictly one of whether or not we should impose a Federal tax on these four churches by a duty being charged for these four specific importations. I do not think that we should impose this additional burden upon these four congregations for the construction of these churches and for the conduct of services within the churches by failing to take the action here proposed.

We have approached these matters on a case-by-case basis. We have never advocated a policy of general free treatment. We have treated each case separately and legislated on a case-by-case basis.

The Senate amendments involve considerations which are identical with the substance of the bill that passed the House by unanimous consent. If we are to provide duty-free treatment in the two instances covered by the House bill, certainly there is no justification for not doing it for the two cases that were added by the Senate. The cases are on all fours.

I am asking the House to agree by a two-thirds vote to accord to these two additional churches the identical treatment the House accorded by unanimous consent in March of this year to two other churches.

Mr. Speaker, I would not think there would be any argument that would justify the failure of the House to pass this bill agreeing to these two Senate amendments.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Speaker, I asked the gentleman to yield in order that I might point out that all we are doing here is concurring in Senate amendments. It is not a question of a new bill setting a new precedent. As far as this bill is concerned, we are considering agreement to the Senate amendments—amendments which are in full accord with the philosophy that apparently guided the House in passing the basic bill in the first instance.

Mr. MILLS. The gentleman is correct.

Mr. BYRNES of Wisconsin. We should bear in mind that we are not considering a new bill here. The Senate amendments provide merely for consideration of one church in Illinois and one in Rhode Island, in addition to the two churches covered by the bill as passed by the House.

Mr. MILLS. Yes. And an important thing, the gentleman from Wisconsin will agree, is that orders have already been placed and the materials involved will arrive. They will be used in connection with the construction of these churches, and in the case of the church in Rockford, Ill., the materials will be used in connection with services in that church.

The question is whether or not we shall add to the burdens of these congregations this additional import duty under the circumstances. I call your attention to the fact that we have done this for other congregations in the past. We are continuing to look at all of these matters on a case-by-case basis, just exactly the way we have done in the past. This is no precedent for the widespread free importation of stained glass into the United States. It only has application to these three particular shipments of stained glass.

Mr. CURTIS of Missouri. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I am glad to hear the gentleman make the last statement he made because I evidently misunderstood his statement when he began that this was making it available to any and all churches.

Mr. MILLS. No. I am sorry, but I think the gentleman misunderstood me. This bill, as amended by the Senate, has to do with four specific importations for four specific congregations. As the bill passed the House initially, it covered a church in Phoenix, Ariz., and a church in Hartford, Conn. Two more have been added, a synagogue in Woonsocket, R.I., and a church in Rockford, Ill. There are only four churches involved. There are only four specific shipments involved. These shipments are of articles to be used for religious purposes, they will be part of the construction of houses of worship in three instances and in the conduct of services in the other instance.

Mr. CURTIS of Missouri. What were the gentleman's remarks when he began his explanation to the effect that this was making it available to any and all churches?

Mr. MILLS. I think the gentleman misunderstood me. I was trying to point out that that is not the situation but involved only four specific cases, and that they are viewing this matter on a case-to-case basis.

Mr. CURTIS of Missouri. I misunderstood the gentleman.

Mr. HIESTAND. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, the reason I wanted to say a few words in opposition to this is the very fact it has become a practice. Apparently any church that has enough political influence, and I do not mean that in an improper way at all, but any church that has learned about the way in which they can present a case through certain Congressmen and Senators. When the question comes up, we grant this exemption. When the bill passed the House, I was not present. Incidentally, it was on the Consent Calendar, and I had objected to it several times. On a day when I was not present it was passed, and in typical fashion was limited to one or two instances, two I think it was. The bill went over to the Senate and two more were added.

Here is the problem. The Committee on Ways and Means has not gone into the question of whether or not there should be this overall law that limits or imposes a duty on stained glass windows coming from abroad. We do have a nice domestic industry in this field. I have one in my district. Employment in the one in my district has been cut to one-third of what it used to be 10 or 15 years ago.

I do not know what the overall economies are, as far as the country is concerned, if we were to allow this industry to go down the drain. It is a highly technical skill, and most of the costs involved are in connection with labor.

Mr. Speaker, it just seems to me that we need to put a stop to this whittling away on an individual basis when a particular church can present its case and have it taken care of. The Ways and Means Committee should review whether or not the basic law is sound. If the basic law is not sound, then for heaven's sake let us modify that. However, the industry itself has never had its day in court, as it were, to present its side and point out what is going to continue, and is continuing to happen through this piecemeal process. Now, one or two churches does not make the difference, nor, really, does four. This particular bill is not going to make that particular difference to the industry. But this kind of process, Mr. Speaker, if we continue it, is going to make for a very uncertain condition in the industry.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. Yes; I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from Missouri knows that in the Committee on Ways and Means we have considered these matters very carefully. We have not, in all instances in which we have been requested, provided for the duty-free importation of these types of materials.

Mr. CURTIS of Missouri. I cannot remember any that we have turned down, Mr. Speaker.

Mr. MILLS. If the gentleman will yield further, it is my recollection that we have not always done this. But here are orders in existence. The gentleman's operation at St. Louis will not be affected one way or the other by the passage of this bill because these things have already been ordered and they are in the process of delivery.

Mr. CURTIS of Missouri. Except, if I may say this, Mr. Speaker, it has been done in the past and if this continues and the word gets around that if a church goes ahead and makes a deal abroad, then probably it has a chance to present its particular case. However, it gets into a very sticky situation where we in Congress do not like to say to a particular church "We have a sympathy for you," but we say "No" to the request. But, it is the difference, as I have often said on other matters, between government by law or government by men. If the general principle is good, then the churches should know that there is this tariff law.

Mr. MILLS. Mr. Speaker, will the gentleman yield further?

Mr. CURTIS of Missouri. I yield to the gentleman from Arkansas.

Mr. MILLS. Would not my colleague, the gentleman from Missouri, admit, however, that since the House passed this bill involving these two churches at Hartford and Phoenix, that it should accept these two amendments offered by the Senate, since they are identical with what the House did by unanimous consent?

Mr. CURTIS of Missouri. No, I will say to the gentleman; regretfully I say "No." I do not mean it in any improper sense, but it tends to perpetuate the logrolling process that is developing in these kind of cases, and it is eroding a basic principle that is involved here. No; I think the very fact it has gone from one to four, the fact that we have had these other churches and the fact that we know in the future that any Member of the House or Senate who has a particular church is going, of course, to make a case for his church, has to be considered.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Speaker, the chairman of the committee said that this would not establish a precedent. Then he said that it would not affect the orders, because they have already been made, and there would be no chance for domestic producers to get the business.

Mr. Speaker, that leads me to ask this question: How can we discriminate against other churches that might want to do the same thing? What this really amounts to, it seems to me, is that if this bill passes the Congress of the United States will be granting special favors to four churches and discriminating against all other churches that might wish to purchase stained glass in the future.

Mr. CURTIS of Missouri. I agree with the gentleman from North Carolina, and that is really the point I am trying to make. How can we in good conscience, as the gentleman from Arkansas [Mr. Mills] said, not go along with two churches which the two Senators wanted to put in? That is the problem. I think the Committee on Ways and Means ought to review the general policy in this area and not continue these exceptions.

Mr. MILLS. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. Dent].

Mr. DENT. Mr. Speaker, I think it would be well if we found out what we are talking about here. We are talking about stained glass that comes into the United States under two separate categorical setups. Back in 1922 the Congress in its wisdom, taking into consideration the question of art as against just ordinary glass, established a two-base system for tariffs on stained glass. So in 1922, when wages in Europe generally were 25 percent of those in the United States, the Congress established a figure of $15 per square foot for stained glass to be allowed into the United States duty free. In 1930 that was reenacted. We find ourselves today in this position. Although wages in the United States have gone to the point where we cannot produce stained glass of any kind in the art category for under $60 a square foot, we still allow imports of stained glass for art purposes to come into the United States valued at $15 a square foot. All this legislation does is allow glass under $15 a square foot to come into the United States duty free.

Let us see what has happened in the intervening years. In the intervening years we have gone from 900 plants in the United States making stained glass down to 200 plants making stained glass. We have drifted from imports of less than 11 percent duty free to 81 percent of all the stained glass coming into the United States duty free. We have drifted into a position where there are only 1⅔ apprentices for every plant left in existence in the United States. And this is an art that has taken the American people over 100 years to acquire, to acquire the skills and the necessary equipment and men, skilled craftsmen, to master, to the point where we are now in America making the finest stained glass made anywhere in the world.

The only thing we are talking about here is a price differential. The reason you have this legislation before you is because these orders were placed before the wage renaissance in the Common Market. And therefore they were placed at a price below $15 a square foot. Today the $15-a-square-foot price is meaningful to every country in the world except Japan. This glass is therefore coming in under the $15 provision.

You are not saving any money for the churches. I do not believe I can be charged with being against religious works in this country. I think my church record will stand up to that of the normal American. I believe that the stained-glass workers are also members of churches. And when you have taken 600 plants and shut them down, the workers of those 600 plants are not contributing anything to their churches. So, whether we realize it or not, what we are doing here is opening up this question of stained glass on a price-differential base rather than upon quality or workmanship.

In the 10-year period when we dropped from 900 to less than 200 plants, church construction in the United States boomed from $400 million to $935 million. At the same time we dropped from 900 factories to less than 200 factories.

In 1950 we imported $90,266 worth of duty-free glass.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania [Mr. Dent] has expired.

Mr. HIESTAND. Mr. Speaker, I yield the gentleman 4 minutes.

Mr. DENT. I thank the gentleman from California.

In 1950 we imported $90,266 worth of duty-free glass. In 1959 we imported $700,000, or a 700-percent increase. In the 10-year period that this subject matter was covered in our hearings before our subcommittee there was a total of $796 worth of dutiable glass imported against $3,228,000. It is no longer a question, as it was before the Members of the Congress in 1922 when they established what they called a rate of duty based upon whether the glass was just ordinary glass or whether it could be classified as art. None of us are opposed to allowing duty free into the United States articles and manufactures of art. I am not opposed to their bringing in stained glass windows when it is a matter of art. But when you take the equation of a $15 duty per square foot in 1922, against prices today, $15 no longer measures the difference between ordinary work and that which is classified as art, something which we all desire to have come into the country. This situation is just one of the many that I believe many Members of Congress do not understand. The hearings were held before your Subcommittee on the Impact of Imports. The industry was given its day in court. There are 7 pages devoted in part No. 3, on the hearing, to the stained glass industry. I doubt if any Member of this group can read these 7 pages of testimony and say this is not an issue that has within it the ingredients of a larger issue to come up later because, as the Common Market wages go up, we will have sooner or later to take into consideration the very thing the gentleman from Missouri [Mr. Curtis] talked about, a reevaluation of the entire problem.

How can we justify a $15-a-square-foot demarcation between good, ordinary, and art glass, when it was all set in 1922 with the wage levels of this country then as against the wage levels today in the United States. It is a wide-open field. Unless you maintain some semblance of order in this matter you are opening it up to where one industry in the United States that is dependent on church construction—remember, stained glass is used almost exclusively in church construction to complete liquidation, if we in this particular day of the session allow this bill to go through without at least making the facts clear we will expedite this liquidation. I am not opposed to the two churches added by the Members of the Senate. I am not opposed to any of the churches getting art work when it is art work, but this is no longer considered art work, this is ordinary stained glass made in competition with the less than 200 remaining plants in the industry. They are a small industry. It is not dead yet. When a person loses a finger he is not dead, but if he loses enough of them he soon becomes a cripple. I say to you that unless we do something and do it shortly this industry will be in further competitive troubles.

I would recommend to the Committee on Ways and Means that they review this act. You are acting today as if this were the same kind of consideration you would have given to a church in 1928 or even 1935. I can see the justification for the passage of this act in those days, because $15 a square foot did signify that the work that was coming in was art. Remember, 75 percent of all of the cost of stained glass goes into direct labor. It is a type of manufacture that has not changed since time immemorial. Whether you make it in the United States or you manufacture it in France, Italy, or even in Japan, it is all manufactured by the very same process, using the same tools and requiring the same amount of time per square foot no matter where you make this glass. There is no such thing as automation, there is no such thing as improvements technically or in mechanization that can go into the manufacture of stained glass.

Stained glass is one of the few handmade products remaining anywhere in the world.

When you establish this precedent today, this is a precedent today, because you are now passing the very first bill since the wage renaissance in the Common Market. Once you do it, you will open it so that you will have in the next 10-year period a greater influx of stained products than you have today. When you realize that we have lost seven-ninths of all of the glassmaking industry of the United States in a 10-year period, I defy anybody to tell me this is not a precedent. I would suggest in all humility to the chairman of the committee that he review the stained glass tariff schedule from 1922 to today, set a realistic figure, and then we will pass the legislation.

Mr. HIESTAND. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. OSMERS].

Mr. OSMERS. Mr. Speaker, this bill exempts from duty imported stained glass that is to be used in four American churches.

The Trade Expansion Act had my complete support when it passed the House because of my conviction that we must move in the direction of broader and freer trade with proper safeguards. However, to follow the practice written into this bill, even existing safeguards become a hollow mockery for the stained glass industry.

Stained glass craftsmen are highly skilled and, in this country, very well paid. Because of the wide difference between stained glass wage rates here and those abroad, coupled with the understandably high labor ratio in the finished product, it is at best a highly competitive field for domestic producers when oversea prices must be met. Because the century old J. & R. Lamb Studios are located in my hometown of Tenafly, N.J., I have become familiar with this industry's problems by visiting the Lamb studios and discussing stained glass foreign competition with highly respected Col. Karl B. Lamb who heads the firm.

Mr. Speaker, in my opinion, any person or any church has the unquestioned right to get its stained glass, or anything else, anywhere in the world. But by the passage of this and similar bills we give the particular church that has its stained glass made overseas what amounts to a Federal contribution of dollars by exempting them from the payment of the import duties provided for by law. We also establish a precedent that can have a very evil effect on all American labor in the future not limited to the stained glass industry.

The time has come, Mr. Speaker, to call a halt to this favoritism. In effect, what we are saying in this bill to the churches of the country is this: "Buy your stained glass overseas and get about a 25-percent discount through your Congressman."

Because only four churches are to receive financial benefits from the Federal Government, under this bill, we are consequently discriminating against every other church in the land that has purchased stained glass.

Mr. Speaker, for these reasons, we should defeat this bill serving notice thereby that all similar future proposals will also be disapproved.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HIESTAND. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. ANDERSON].

Mr. ANDERSON of Illinois. Mr. Speaker, I regret I find myself involved today in a controversy that seems to be raging largely over the future of the stained glass industry in this country. I would like to make it clear that it was at my request that the distinguished minority leader in the other body introduced one amendment to H.R. 7431 which would relieve the Court Street Methodist Church in Rockford, Ill., from the payment of import duties levied on a set of English hand bells for its choir. The mothers guild of this church purchased a set of these hand bells to be utilized by the children's choir for the enhancement of the church services they conduct.

I think this is an entirely worthy purpose and I would hope, therefore, that H.R. 7431 would receive the approval of the House. I certainly would not want my remarks in this RECORD to be misconstrued as any change in my position. I stood with the gentleman from California in opposing the Trade Expansion Act.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HIESTAND. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, I respect the position of the gentleman from Arkansas, the chairman of the committee, and I certainly commend my colleague, the gentleman from Illinois, on his remarks. This, however, Mr. Speaker, is entirely, in my judgment, a different kind of matter.

In this case we have small business fighting for its life, for all over the United States the stained glass business is an individual industry, a small business where the owner puts in his own capital. Many of the workers in this industry originally came from other countries. They are highly skilled. Two-thirds of the cost of stained glass is in the labor. Ninety percent of the consumption of stained glass is in the churches.

I appreciate that none of us want to vote against any church; but, Mr. Speaker, these contracts have already been let, and they were let at the import price which included duty. Were we to now refund that amount, we would be further establishing a precedent which may be impossible to get away from one exception slipped through due to inadvertence some years ago. We are asked to make four more exceptions today. We would then find it very difficult ever to turn down any other request, because the four up for consideration today involve as many different States and three different denominations. How can we in all fairness ever deny any future request? Thus the law is virtually repealed.

We, as the gentleman from Missouri noted, would have opened wide the door to French importers. In France the labor cost is about 50 cents an hour as against $3.14 labor cost here. Do you think that the French who have gotten this business under existing landed prices are likely to give the churches the benefit in the future? Oh, no; they will simply up their prices and just stay enough under our competition to get all the business instead of part; refund of the import duty certainly is not justified.

I might add, also, that in my district there is such a studio. When we were discussing the question of a prayer room, a meditation room, for the Capitol of the United States I was called to the phone on a long-distance call from a studio offering to donate to the Capitol of their country a stained glass window. A window of that size costs about $30,000. They donated this window; the owners donated the glass and the materials, and many of the workmen donated their labor as a gesture of loyalty and patriotism.

Stained glass is small business, Mr. Speaker, a small business industry. It is highly skilled in both engineering and art. The people in this industry are patriotic; they are very conscientious; they have high ethical standards.

I suggest, Mr. Speaker, that we should have gone back and looked into this a little more deeply, looked a little more carefully at the adverse reports that came from the Department of Commerce, the Department of the Treasury, the Department of Labor—all adverse reports. The gentleman from Pennsylvania has very well portrayed the testimony before his committee. It is very convincing.

I recommend, Mr. Speaker, that this suspension be defeated.

Mr. MILLS. Mr. Speaker, I yield 4 minutes to the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Speaker, it has been said that to pass this bill would be to give a windfall to these four churches. Let us explore that.

The state of the law is such that if these churches had ordered stained glass to be put together with lead, then, under the law, there would have been no duty which would have been payable. Since, however, at least in the case of the St. Francis Xavier Church of Phoenix, the glass was ordered to be put together by cement, on a technicality, it was required to pay a tariff on the import.

Mr. DENT. Mr. Speaker, will the gentleman yield to correct that?

Mr. RHODES of Arizona. I cannot yield. So the whole matter is a technicality. These four churches are not getting anything which they would not get, I am satisfied, if this law were being written today. In such event, the great Committee on Ways and Means would have corrected the language which causes this situation to exist.

I think a study would be fine. In fact, I agree with my friends, the gentlemen from Missouri, Pennsylvania, and California and others, who have spoken, that this sort of technicality should be eliminated. At the same time I feel very strongly that the churches here before us today should not be penalized by the existence of the technicality.

If anybody feels this bill will establish a dangerous precedent, let me tell you how difficult it is to get a bill like this through the Congress. I have had this bill up for 3 years, and this is the first time I have been able to get it through the committee. If anyone has a church in his district, which is thinking of buying some stained glass abroad and having you get a relief bill passed so that it will not pay a tariff, tell them to look the other way and forget about it. It is all your life is worth to get a bill such as this through the Congress, and it would not have gotten through except that members of the Ways and Means Committee realized there is a situation which requires the relief of a hardship situation which these churches got into through no fault of their own.

Let me say also that I have no desire to hurt the stained glass industry. As a matter of fact, in Scottsdale, Ariz., in my district, is a studio which manufacturers stained glass, and does a fine job. I do not have any desire to hurt them, and I have no desire to hurt any of the people who are in this business in other parts of the United States. In my opinion, this bill should be passed because it applies to the four churches involved, because it cannot be a precedent, and because it does not really hurt this industry. In the next breath, I hope that we may be able to develop in the United States of America a stained glass industry which is even stronger than it now is. I hope these people will be encouraged to go ahead and develop this fine art which was brought to a culmination on the Continent of Europe long before it was in the United States. It was an art and craft which was in Europe, handed down from family to family and generation to generation, all of the patience, all of the care, all of the love which can be expressed by artists working for long years, were poured into this art. It is my hope we will be able in the United States to establish such a tradition as this, over the years.

I hope, Mr. Speaker, we will today recognize the fact that justice is on the side of these four churches, and agree to the Senate amendments to H.R. 7431, and send this bill to the President so that it may become law.

I want to say again I appreciate what has been said by Members of Congress on both sides of this question. I know exactly what their problem is. I know what they are up against, and I sympathize with them. But, on the other hand, I hope they will sympathize with these churches which were victims of a technicality in the law of which they were ignorant. They do not deserve to be penalized either

**Mr. MILLS.** Mr. Speaker, I yield such time as he may desire to the gentleman from Connecticut [Mr. Daddario].

**Mr. DADDARIO.** Mr. Speaker, I rise to support the motion to suspend the rules and pass the bill. I have listened carefully to the argument and I think certain points regarding this bill should be made clear.

First. It is the law now and it has been congressional policy since 1846—more than a century ago—to provide for free admission of stained glass under certain conditions. It must be intended for use in a church or religious edifice—it must be valued at more than a specific figure, now $15 a square foot—and it must be the work of a recognized artist.

Second. The difficulty which arises here and requires this legislation is that the stained glass windows involved in the St. Joseph Cathedral bill which I introduced and have sponsored are of a slightly different type, of advanced technological manufacture. Its admission has been questioned, therefore, on the grounds that this particular type of production, which has been used in windows for about 10 years, was not mentioned in the Tariff Act of 1930.

Tariff acts are made for the future, not the past, and it has been held that a statutory term will reach out and embrace subsequent merchandise, the existence of which was not known prior to the effective date of the Tariff Act. I think it is clear that Congress, conscious of the importance of religion to the fabric of American life, intended to permit houses of worship to select stained glass of their free choice within limits.

This bill would admit free of duty the stained glass windows to be used in the reconstructed St. Joseph Cathedral in Hartford, Conn.

St. Joseph Cathedral was originally built about 1870 as the principal church of the diocese of Connecticut. For almost 100 years, it has been the mother church of the Catholics of Connecticut, and has been the largest parish numerically in the State.

On December 31, 1956, just after the joyous Christmas season, the cathedral was destroyed by fire which was discovered at an early morning mass. Immediately, members of the parish and, indeed, the entire State moved to rebuild the cathedral, and were determined that it should be the finest church possible. This entailed great sacrifice on the part of many, but it is firmly in the tradition of those early Americans who bent their energies first to build a church where they might worship.

In the hearts of the members of the parish were the memories of many occasions in which their lives had been linked with the cathedral—possibly a baptism, or a wedding or a sorrowful funeral of some friend or member of the family. This was the church in which the young priests of Connecticut had been ordained and had gone forth to other churches in the State for duty, so that there was always a link with the mother church.

In choosing the appointments of the new, the rebuilt cathedral, the designers sought to find windows which would represent the best in church art. They chose a French artist who is an associate of the National Society of Beaux Arts and whose work has been exhibited in Germany, Belgium, Japan, South America, Montreal, New York, and San Francisco. He received the Grand Prix at the 1958 Brussels Exposition.

These windows and the stained glass which he has designed meet the terms of the 1930 act which, incidentally, carry out an intent of Congress which has been expressed ever since 1846—that stained glass intended for use in religious institutions and houses of worship shall be admitted free. This bill would reinforce that determination of Congress as it contributes to the spiritual welfare of the archdiocese in Connecticut and the rebuilding of a mighty cathedral.

The growth of the archdiocese of Connecticut has been impressive during the last 15 years under the supervision of the Most Reverend Henry J. O'Brien. More than one and a half million people in Connecticut and Rhode Island are members of this archdiocese. This new cathedral will be a fitting tribute to conscientious care and devotion of Archbishop O'Brien as metropolitan of the province.

**Mr. MILLS.** Mr. Speaker, I move the previous question.

The previous question was ordered.

**The SPEAKER** pro tempore. The question is on the motion of the gentleman from Arkansas that the House suspend the rules and agree to the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

**Mr. HIESTAND.** Mr. Speaker, I demand tellers.

Tellers were refused.

**Mr. CURTIS** of Missouri. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

**The SPEAKER** pro tempore. Under previous order of the House, further proceedings on this matter will go over until Wednesday next.

**Mr. CURTIS** of Missouri. Mr. Speaker, I withdraw my point of order.

## TAXATION OF CERTAIN DISPOSITIONS OF PROPERTY

**Mr. BOGGS.** Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8846) to amend the Internal Revenue Code of 1954 with respect to the taxation of distributions of stock and dispositions of property made pursuant to orders enforcing the antitrust laws, with committee amendments as printed in the bill.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) part IX of subchapter O of chapter 1 of the Internal Revenue Code of 1954 (relating to distributions pursuant to orders enforcing antitrust laws) is amended by adding at the end thereof the following new section:

"Sec. 1112. Disposition of Property (Other Than Stock) To Effectuate Antitrust Policies.

"(a) Nonrecognition of Gain.—If property (other than stock) is sold or exchanged as the result of a judgment, decree, or other order (or the threat or imminence thereof while the proceeding is pending) of a court or of a commission or board authorized to enforce compliance in a suit or other proceeding brought by the United States or such commission or board under the Sherman Act (26 Stat. 209; 15 U.S.C. 1–7), or the Clayton Act (38 Stat. 730; 15 U.S.C. 12–27), such sale or exchange shall be treated as an involuntary conversion of such property within the meaning of section 1033.

"(b) EXCEPTIONS.—Subsection (a) shall not apply—

"(1) to any sale or exchange which is in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax; and

"(2) to any sale or exchange of property occurring after the date of the enactment of this section, unless the judgment, decree, or other order includes a finding by the court, or by the commission or board, that the disposition of such property is required because of acts with respect to which, at the time of such acts, there was no substantial reason for believing that such acts would involve a violation of the Sherman Act or the Clayton Act.

"(c) OTHER LIMITATIONS.—For purposes of this section—

"(1) The purchase of other property shall not be treated as satisfying the requirements of section 1033 unless—

"(A) the Attorney General of the United States, if the proceeding described in subsection (a) was instituted by the Attorney General, or

"(B) the commission or board, if the proceeding described in subsection (a) was instituted by such commission or board,

certifies that such purchase is not inconsistent with the terms of the judgment, decree, or order referred to in subsection (a), is not inconsistent with the Sherman Act, and is not inconsistent with the Clayton Act.

"(2) The purchase of stock for the purpose of replacing the property described in subsection (a) of this section shall not be treated as satisfying the requirements of section 1033.

"(3) In applying section 1033, the determination as to whether other property is similar or related in service or use to the property sold or exchanged shall be made without regard to section 1033(g)."

(b) The table of sections for such part IX is amended by adding at the end thereof the following:

"SEC. 1112. Disposition of property (other than stock) to effectuate antitrust policies."

SEC. 2. (a) Section 1112 of the Internal Revenue Code of 1954 (as added by the first section of this Act) shall apply only with respect to amounts received after December 31, 1960.

(b) In the case of amounts received after December 31, 1960, with respect to a sale or exchange described in section 1112(a) of such Code which occurred on or before such date, section 1112 of such Code shall be applied as if the sale or exchange occurred on January 1, 1961, and section 1033 of such Code shall be applied with the following modifications:

(1) In determining the amount realized upon such sale or exchange, there shall be taken into account only amounts received after December 31, 1960. The gain taken into account shall be that portion of the gain which is properly allocable to amounts realized after December 31, 1960.

(2) The period specified in section 1033 (a)(3)(B) shall be treated as beginning on January 1, 1961, and ending on December 31, 1962.

(3) The time for making the election referred to in section 1033(a)(3)(A) shall not expire before the close of the 90th day after the date of the enactment of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. CURTIS of Missouri. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Louisiana [Mr. BOGGS], will be recognized for 20 minutes, and the gentleman from Missouri [Mr. CURTIS], will be recognized for 20 minutes.

The Chair recognizes the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Speaker and Members of the House, I trust that we will not have to consume all of the time which has been allocated. This bill can be explained rather simply, I think. What it seeks to do is to put antitrust suits of a civil nature in the same category that we have put other similar matters in the law. For instance, under existing law if an order is entered by the Securities and Exchange Commission having to do with the disposition of utility holdings, let us say, that does not result in any tax incident. Or, if an order is issued under an order of the Federal Communications Commission, this, too, does not result in a tax incident. Or, there is the well-known case of eminent domain where the government, whether it be State, municipal, or Federal, takes a piece of property for the public good, this does not result in a tax incident.

Mr. Speaker, there are many other examples. The case of a fire is the best example about which I can think. If your building burns down and you collect the insurance policy, then the tax incident transfers itself to the new property. Basically, this is what this bill seeks to do.

Mr. Speaker, I hope that the House will agree to the proposal now pending before it, as amended.

Mr. KEOGH. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I shall be very happy to yield to the gentleman from New York.

Mr. KEOGH. First, Mr. Speaker, I would like to tell the gentleman from Louisiana [Mr. BOGGS], that I am delighted to join with the gentleman in urging favorable action on this bill. But, permit me to make this statement and ask the gentleman if he agrees with it: In the first place, this applies only to civil antitrust actions?

Mr. BOGGS. That is eminently correct.

Mr. KEOGH. And in the second place it requires that the proceeds of the divestiture be invested in income-producing properties of the same or similar nature?

Mr. BOGGS. Subject to the approval of whatever agency prosecuted the civil action.

Mr. KEOGH. Precisely. Now, is it not a fact that it has been noted officially that courts are reluctant to enter civil antitrust decrees where the divestiture order would result in a heavy tax impact?

Mr. BOGGS. That is quite correct. That is the main purpose of this legislation.

Mr. KEOGH. Mr. Speaker, I thank the gentleman very much.

Mr. Speaker, I intend to vote for H.R. 8846. This bill merely extends present law governing involuntary conversions to the disposal of assets under the antitrust laws.

When the Government steps in to break up an existing business enterprise, Congress has been conscious of the rights of the owner in such cases.

For example, the dissolution by the Securities and Exchange Commission of public utility holding companies is tax free. The distribution under a Federal Reserve Board order of nonbanking assets of a bank holding company is tax free. The proceeds realized from the sale of a radio or television station at the order of the Federal Communications Commission may be reinvested in another station without recognition of tax. And, last year tax relief was given to the stockholders of the Du Pont Co. when they received General Motors stock pursuant to an antitrust decree.

I understand that in civil cases arising under the antitrust laws, courts are often reluctant to order the breakup of enterprises because of the heavy tax penalties attached. This bill would remove that stumbling block from antitrust enforcement. At hearings on this bill, Herbert A. Bergson, Esq., the former head of the Antitrust Division of the Department of Justice, testified that legislation of this character was necessary because of the reluctance of courts to order divestiture because of the heavy tax consequences. This sentiment was echoed by many other witnesses.

I submit that the principle of involuntary conversion as applied in the tax laws should be extended to divestitures of property under the antitrust laws.

The Supreme Court has held that the remedy of divestiture in antitrust cases is equitable in nature and not punitive.

I further submit, in all fairness, that an antitrust defendant should be permitted to reinvest the proceeds from forced dispositions in other business assets without the recognition of gain as provided for in this bill.

Mr. KING of California. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from California.

Mr. KING of California. Mr. Speaker, I merely wanted to state that I, too, favor the enactment of the bill.

Mr. BOGGS. Mr. Speaker, I appreciate the gentleman's statement.

Mr. Speaker, the bill which the Committee on Ways and Means has reported to the House, H.R. 8846, deals with property other than stock which is disposed of as a result of antitrust proceedings. The bill does not provide tax reduction, merely tax postponement. It provides in the specific cases covered that the taxpayer should be able to readjust his holdings in a way consistent with the antitrust laws without the added burden of a current capital gains tax.

At the present time, there are various provisions in the Internal Revenue Code which provide this sort of deferred tax treatment where the taxpayer is compelled to divest himself of property. The basic provision on which the present bill is modeled deals with property involuntarily converted, for example, as a result of fire or catastrophe. The taxpayer is not taxable on the insurance proceeds even though these might involve a gain. The amount of this gain not recognized is, however, subtracted from the cost of the replacement property in determining its basis for tax purposes. Thus, the gain would ultimately be taxable if the replacement property is sold or if the replacement property is not sold the adjustment will involve smaller depreciation deductions and more ordinary income.

This involuntary conversion treatment is allowed under present law for certain dispositions of property in obedience to orders of the Securities and Exchange Commission. It is also provided for certain sales to effectuate the policies of the Federal Communications Commission. In general, the Congress has allowed this involuntary conversion treatment where the taxpayer was not in a position to know that he would some time later be required to sell a particular piece of property. This, however, is frequently the case in antitrust legislation. The specific meaning of the Sherman and Clayton Acts has developed considerably in the court interpretation.

Under the committee bill, involuntary conversion treatment is provided for the disposition of property as a result of an antitrust judgment, decree or order or threat thereof. Two very important restrictions are laid down, however. Ordinarily in the area of involuntary conversions the law requires the taxpayer to buy similar replacement property in order to qualify for the tax deferral. In this case, because of the antitrust problem, it is required that the body instituting the antitrust action must certify that the purpose of replacement property is not inconsistent with the terms of the antitrust order and not inconsistent with the Sherman or Clayton Acts. The other safeguard in the bill provides that for future application there must be a finding by the body issuing the order that the disposition of property is required because of action which at the time the taxpayer had no substantial reason to believe would involve a violation of the Sherman Act or the Clayton Act.

The tax laws should try to operate in a neutral fashion with respect to property transfers resulting from the application of antitrust law in relatively unpredictable cases. The tax law should not impose harsh penalties on these transfers of property nor should they result in any unexpected tax benefit. This result is achieved by the present bill.

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. HERLONG] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. HERLONG. Mr. Speaker, I urge support of the bill, H.R. 8846, which has been reported by the Committee on Ways and Means.

This bill is a fair solution to an important problem in the development of a reasonable antitrust program.

As is well known, the Sherman-Clayton Acts have been subject to a great deal of reexamination in the courts since they were first placed on the statute books. Partly this has involved finding further meaning in the language of the laws and partly it has resulted from judicial revision of other concepts, such as the scope of interstate commerce. The result is that business firms frequently do not have reason to anticipate that particular property acquisitions will ultimately be held to be in violation of these antitrust laws.

In circumstances such as this, the bill simply provides some tax deferral if property must be sold because of an antitrust order. The taxpayer is not required to report the gain on that sale provided he reinvests the proceeds in similar property, the acquisition of which is consistent with the antitrust order.

The cost of the new property is reduced for tax purposes by the amount of gain that was not recognized at the time of the original forced disposition. This means that there will be no net tax forgiveness. Actually, in a great number of cases the reduction of basis on the new property will result in lower depreciation deductions and consequently more ordinary income. This treatment of deferral on the gain will come into operation only where the disposition of the property was required under an antitrust law and in future cases it will be required also that the basic order finds that the taxpayer, at the time of acquiring the property involved in the antitrust order, had no substantial reason for believing that his acquisition would involve a violation of the Sherman Act or the Clayton Act.

The concept of tax adjustment following an antitrust order was approved by the Congress in connection with the bill that was passed last year dealing with the divestiture of General Motors stock by the Du Pont Co. Like the Du Pont bill, the present bill is not intended to reduce the tax liability in the long run but to permit a reasonable adjustment by the taxpayer to the developments in antitrust law. I believe the current bill is completely sound and deserves the support of this House.

Mr. CURTIS of Missouri. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I have minority views that were filed with H.R. 8846. Due possibly to some misunderstanding—I think that is what it was—these views were not printed with the report of the committee and so the Members of the House may have been unaware that there are minority views. They are available here in the well. They are not lengthy and I am going to read them because this, in essence, is the reason I am opposing the bill.

**I opposed H.R. 8847, commonly called the Du Pont Antitrust Divestiture Act, because it was special legislation and not general law applicable to any antitrust divestiture where criminality was not involved.**

**For the same reason I oppose the present bill, H.R. 8846, although it clearly is more general than the Du Pont bill.**

This bill could be amended to make it general law, and good law, by eliminating its restriction to property other than stock and making it applicable to all property and by vesting the power of determining alternative tax treatments of the sale or transfer of divested property in the court, commission, or board hearing the matter.

How the property which must be divested is to be treated for tax purposes is very much a part of the economic aspects of the decree of divestiture ordered by the tribunal. Certainly the tribunal would be more prone to decree divestitures in noncriminal cases if it has more discretion over the economic penalty to be imposed. The tax incident can be the major part of the economic penalty and if the court has no discretion in making this penalty conform to the nature of the case it might be reluctant to enter a decree in the first place.

Above all, we should have government by law and not by men. As I said in the Du Pont case neither the Congress nor its Committee on Ways and Means is the proper forum to weigh the equities of these antitrust divestiture cases. Nor is the executive branch of the Government the proper forum to grant relief to one and deny it to another. Both the legislative and executive branches of the Government are politically motivated, and properly so. Who gets relief or does not get relief should not be a matter of political action.

This is a judicial matter and the Congress should write its laws to make it clear that the judiciary is the proper forum in which to seek relief.

At the time the Du Pont case came up I made some remarks on the floor of the House to the effect that we were probably going to have the Hilton Hotel case come up. And I can predict that there will be other cases that will come along. These are noncriminal antitrust cases. Actually, the Committee on the Judiciary of the House would be a better forum to evaluate this matter, in many respects—in fact, in all respects except for the tax feature—than the Committee on Ways and Means. We are talking about the economic impact of whether or not to give a company the benefit of the capital gains treatment concerning whatever they may have made on their investment, which they must divest themselves of, or whether it will be treated as ordinary income.

The court in the Du Pont case or the Hilton Hotel case or any of these cases has to go into some depth in determining how the divestiture can be effected under any circumstances so that it will minimize the economic impact. Indeed, the Du Pont divestiture, as I understand, is going to take place over a period of years.

I am not going to make much of a fuss about this bill because I happen to think there are equities in the Hilton Hotel case, just as I said I thought there were proper equities in the Du Pont case. In fact, in many respects I was more sympathetic to the Du Pont case because there the divestiture came because of the court's undoing something that happened as long ago as 1920. In the Hilton case, there is not that kind of equity. On the other hand, this particular bill has the merit that it is considerably broader than the Du Pont bill and does cover a great many instances that might occur in many divestiture suits. In that respect it recommends itself in a better way than the Du Pont case did.

I think it is advisable for the Committee on Ways and Means to desist from writing this kind of special legislation, particularly when good general legislation looks like it can be written, and thus we would remove ourselves from the position of being a special forum before which these cases are tried.

**Mr. BYRNES of Wisconsin.** Mr. Speaker, will the gentleman yield?

**Mr. CURTIS of Missouri.** I yield.

**Mr. BYRNES of Wisconsin.** I think the gentleman states his position very well; namely, that what he prefers is broad general legislation that will eliminate this problem, which is a very definite problem. As the law now stands, it restricts the courts in their finding of whether there has been a violation of the antitrust laws because of the potential severity of the penalty resulting from the violation of the law.

**Mr. CURTIS of Missouri.** Yes; that is correct.

**Mr. BYRNES of Wisconsin.** I do think the gentleman might point out that in the attempts we have had within the committee to look at this on a broader base we have had extreme difficulty getting the Department of Justice to come to some kind of agreement as to what should be done on a general basis. They agree, generally speaking, that something should be done, but there is a constant conflict among themselves as to what should be done. I think the House should know that.

**Mr. CURTIS of Missouri.** I think the gentleman has made an accurate statement. In fact, our difficulty in the Committee on Ways and Means was that the Department of Justice had not made up its mind. But I think it behooves our committee in this instance and the Congress in general to go ahead if they see a proper course open to them. This problem is before us. As has been emphasized by the gentleman from Louisiana, this relates to noncriminal divestiture cases. These are cases where the court has held there is a violation but no criminal action is involved. It is simply an economic attempt to carry out the proper intent of the antitrust laws. These are in effect civil cases and we are discussing an economic problem.

Mr. Speaker, I have no further requests for time.

**Mr. BOGGS.** Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. MASON], the ranking minority member of the committee, who is the co-author of this legislation, be permitted to extend his remarks at this point in the RECORD.

**The SPEAKER pro tempore.** Without objection, it is so ordered.

There was no objection.

**Mr. MASON.** Mr. Speaker, I am pleased to be able to agree with my colleague, the gentleman from Louisiana, that the bill before the House, H.R. 8846, is good legislation. This bill does not provide tax reduction. It merely says that under narrow circumstances the sale of property and the acquisition of replacement property because of an antitrust order will not be the occasion for collecting Federal tax. The tax liability potential, so to speak, will be left precisely where it was.

The treatment provided under this bill is consistent with sound tax principles. If an investor loses his factory by fire or flood and uses his insurance proceeds to buy a new factory, the tax law does not recognize this occasion as an appropriate time to collect capital gains tax even though in a technical sense his insurance proceeds might have exceeded the cost of his first factory. He will end up in substantially the same position if he reinvests the insurance money in a new factory. The law requires that the amount of any gain which is not recognized in a situation must be subtracted from the cost of the new property in determining its basis for depreciation or for future sale so, as a longrun matter, there is no tax reduction. The question is simply when is the tax payable and it is reasonable to answer this question by trying to collect the tax when we would have collected it if there had been no fire.

This is all the present bill does. It provides this same kind of treatment that we provide for a taxpayer who lost his property due to a fire. It provides this treatment where the property that the taxpayer holds must be sold in compliance with an antitrust order and it is made applicable to future cases where the court finds that the taxpayer did not, in effect, deliberately violate the antitrust laws.

My colleagues have ample reason to know that very few people can predict the kind of decisions that will be reached in the courts. This has been very much the case in the antitrust field where the courts have done more legislating than the Congress. This is a good bill and it deserves the support of the House.

**Mr. BOGGS.** Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. O'BRIEN], who is ill but who seems to be happily recovering, may extend his remarks at this point in the RECORD.

**The SPEAKER pro tempore.** Without objection, it is so ordered.

There was no objection.

**The SPEAKER pro tempore.** The question is, Will the House suspend the rules and pass the bill H.R. 8846, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The title was amended so as to read: "A bill to amend the Internal Revenue Code of 1954 with respect to the taxation of dispositions of property (other than stock) pursuant to orders enforcing the antitrust laws."

A motion to reconsider was laid on the table.

## PROVIDING ONE RETAIL LIQUOR TAX TO BE PAID BY STATE AND POLITICAL SUBDIVISIONS

**Mr. KEOGH.** Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2016) to provide that States and political subdivisions which operate liquor stores shall not be required to pay more than one tax as a retail dealer in liquor, with committee amendments, as printed in the bill.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 5123(b) of the Internal Revenue Code of 1954 (relating to application of special tax on retail dealers in liquor where business is conducted in more than one location) is amended by adding at the end thereof the following new paragraph:

"(3) LIQUOR STORES OPERATED BY STATES, POLITICAL SUBDIVISIONS, ETC.—A State, a political subdivision of a State, or the District of Columbia shall not be required to pay more than one special tax as a retail dealer in liquors under section 5121(a) regardless of the number of locations at which such State, political subdivision, or District carries on business as a retail dealer in liquors."

(b) Section 5113(b) of such Code (relating to application of special tax on wholesale dealers in liquor to liquor stores operated by States, political subdivisions, etc.) is amended—

(1) by striking out "or Territory" and "Territory," each place such terms appear, and

(2) by striking out "if such liquor store" and inserting in lieu thereof "if such State, political subdivision, or District".

(c) The amendments made by subsections (a) and (b) shall take effect on July 1, 1962.

**The SPEAKER pro tempore.** Is a second demanded?

**Mr. BYRNES of Wisconsin.** Mr. Speaker, I demand a second.

**The SPEAKER pro tempore.** Without objection, a second will be considered as ordered.

There was no objection.

**The SPEAKER pro tempore.** The gentleman from New York is recognized for 20 minutes, and the gentleman from Arkansas will be recognized for 20 minutes.

## CALL OF THE HOUSE

**Mr. HARDY.** Mr. Speaker, I make the point of order that a quorum is not present.

**The SPEAKER pro tempore.** Evidently, a quorum is not present.

**Mr. BOGGS.** Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 220]

Abbitt
Alford
Andersen, Minn.
Anfuso
Ashley
Ayres
Bailey
Barrett
Bass, N.H.
Bates
Blitch
Boland
Bonner
Bow
Boykin
Brewster
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Carey
Celler
Clark
Coad
Cook
Corbett
Cunningham
Curtis, Mass.
Davis James C.
Davis, Tenn.
Diggs
Dingell
Dominick
Donohue
Dooley
Dorn
Doyle
Dwyer
Elliott
Ellsworth
Farbstein
Findley
Fino
Frelinghuysen
Fulton
Gallagher
Gavin
Glenn
Goodell
Goodling
Green, Pa.
Hagan, Ga.
Harrison, Va.
Harvey, Mich.
Hays
Healey
Herlong
Hoffman, Ill.
Hoffman, Mich.
Holifield
Hull
Jarman
Jennings
Judd
Kearns
Keith
Kelly
Kilburn
Kitchin
Landrum
Lane
Lankford
Latta
Lesinski
McCulloch
McDonough
McDowell
McMillan
McSween
McVey
Macdonald
Madden
Martin, Mass.
Mason
Meader
Merrow
Moeller
Moore
Moorehead, Ohio
Morris
Morrison
Morse
Moulder
Multer
Nedzi
Nix
Norrell
O'Brien, Ill.
O'Hara, Mich.
O'Neill
Peterson
Pfost
Philbin
Pike
Pilcher
Pirnie
Powell
Pucinski
Rains
Riley
Rivers, Alaska
Rivers, S.C.
Roberts, Tex.
Rogers, Tex.
Rousselot
St. Germain
Santangelo
Saund
Schwengel
Scranton
Seely-Brown
Shipley
Sibal
Sikes
Smith, Calif.
Smith, Miss.
Smith, Va.
Spence
Stephens
Stratton
Teague, Tex.
Thompson, La.
Thompson, N.J.
Tuck
Udall
Vinson
Wallhauser
Weis
Whalley
Wickersham
Wilson, Calif.
Winstead
Yates
Zelenko

The SPEAKER pro tempore. On this rollcall 292 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

## PROVIDING THAT ONLY ONE RETAIL LIQUOR DEALER TAX BE PAID BY ANY STATE AND POLITICAL SUBDIVISION OPERATING LIQUOR STORES

The SPEAKER pro tempore. The Chair recognizes the gentlemen from New York [Mr. Keogh].

Mr. KEOGH. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, it is my pleasure to have made the motion to suspend the rules and pass this bill, on behalf of our distinguished colleague, the gentleman from Pennsylvania [Mr. Green], who is unavoidably detained.

The bill provides that States and political subdivisions which operate retail liquor stores be required to purchase only one Federal retail liquor dealer's tax stamp each year instead of having to pay one for each location in operation.

In 1959 the enactment of the so-called Forand bill included a provision that this same privilege to the States and political subdivisions thereof would be extended with reference to wholesale Federal tax stamps. Therefore, the pending bill is in conformity with and an extension of the previous legislation passed by the Congress.

Paralleling this bill is a recent ruling by the Internal Revenue Service that each officers' or noncommissioned mess which sells such beverages in different locations be required to purchase only one such stamp. The administrative savings that would accrue both to the Federal Government and to the States and local subdivisions thereof, in the opinion of the author, in which opinion I concur, would justly the passage of the bill which comes to the House, Mr. Speaker, with the unanimous report of the Committee on Ways and Means.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. KEOGH. I should be delighted to yield to my friend from Iowa.

Mr. GROSS. I note that the District of Columbia is included among the subdivisions. I also note that there is none but private liquor stores in the District of Columbia. I assume that the District of Columbia is listed among those who might some day in the far distant future benefit from this legislation, if they establish, as they should here, District liquor stores and harvest some of the profit from this operation for tax revenues so badly needed in the District of Columbia. I hope that the District will avail itself of this opportunity provided in this legislation and establish such stores in the District.

Mr. KEOGH. I am not prepared at the moment to join in the hope of the gentleman, but I agree completely with what he has said with respect to the matter.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. Schneebeli] may extend his remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHNEEBELI. Mr. Speaker, H.R. 2016 would amend existing law so that Pennsylvania-operated retail liquor stores would not be required to pay separate Federal occupational taxes and instead would authorize the State entity owning the stores to pay only one such tax regardless of the number of retail outlets.

Under existing law retail liquor dealers are required to pay an annual special occupational tax of $54 for each location in which they carry on their business.

The Committee on Ways and Means was unanimous in reporting this legislation favorably to the House. On behalf of the State of Pennsylvania, I am happy to speak in favor of this bill.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the bill, H.R. 2016, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

## LOANS BY SAVINGS AND LOAN ASSOCIATIONS ON MULTIFAMILY HOUSING

Mr. PATMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 13044) to amend the Home Owners' Loan Act of 1933 and the Federal Home Loan Bank Act, as amended.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) so much of the first sentence of section 5(c) of the Home Owners' Loan Act of 1933 as precedes the comma after "first lien thereon" is amended to read as follows: "Such associations shall lend their funds only on the security of their shares or on the security of first liens upon real property within fifty miles of their home office which constitute first liens upon homes, combinations of homes and business property, other dwelling units, or combinations of dwelling units, including homes, and business property involving only minor or incidental business use (all of which may be defined by the Board): *Provided,* That not more than $35,000 for each single-family dwelling, and not more than such amount per room as the Board may determine by regulation within the limits allowable (at the time of the loan) in section 207(c)(3) of the National Housing Act for any other dwelling unit covered by such lien, shall be loaned on the security of any such lien, and the Board shall by regulation limit to not more than 15 per centum of the assets of the association the aggregate amount or amounts of the investments which may be made by an association under the foregoing provisions of this sentence on the security of property which comprises or includes more than four dwelling units or does not constitute homes or combinations of homes and business property; except that not exceeding 20 per centum of the assets of such association may be loaned on the security of first liens upon improved real estate without regard to the foregoing limitations".

(b) The first sentence of such section 5(c) is further amended by striking out "one- to four-family homes" in the first proviso and inserting in lieu thereof "real property of the type described in this sentence in the matter preceding this proviso".

(c) The fourth paragraph of such section 5(c) is amended by striking out "$35,000 limitation" and inserting in lieu thereof "dollar amount limitation".

Sec. 2. (a) Paragraph (6) of section 2 of the Federal Home Loan Bank Act is amended by striking out "upon which there is located a dwelling for not more than four families" and inserting in lieu thereof "upon which is located, or which comprises or includes, one or more homes or other dwelling units, all of which may be defined by the Board".

(b) Section 10(b) of such Act is amended by striking out "$35,000" and inserting in lieu thereof "a sum equal to $35,000 for each home or other dwelling unit covered by such mortgage".

The SPEAKER pro tempore. Is a second demanded?

Mr. GROSS. Mr. Speaker, I demand a second, only for the purpose of securing a brief explanation of the bill.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, I appreciate this opportunity to express my sentiments regarding H.R. 13044. This bill was just favorably reported out of the Committee on Banking and Currency and seeks to amend the Home Owners' Loan Act of 1933 and the Federal Home Loan Bank Act.

Specifically, the bill would give greater leeway to Federal savings and loan associations in the amount of total assets which they would be permitted to invest in loans on multiunit residential properties. Currently Federal savings and loan associations are required by law to include apartment loans with certain other types in a classification known as the "20 percent of assets" category. Included in this category, however, are loans on commercial properties, loans of over $35,000, and loans on property outside the regular lending area of the institution, so that the permissible investment in apartment lending is considerably less than the 20 percent of assets would seem to indicate.

Today, multifamily units now account for close to 30 percent of all residential construction, and the proportion to total construction, especially in the major metropolitan areas, is increasing rapidly. It is also well known that savings and loan associations are, and continue to be, the largest single source of housing credit and thus must have the ability and wherewithal to participate more fully in apartment financing or else a serious drag on apartment lending and on our national economy will result.

This bill has the support of the Federal Home Loan Bank Board, has been approved by the Bureau of the Budget, and, of course, received the unanimous vote of your Banking Committee when it was favorably reported to the House.

Today's 30-percent ratio of apartment construction to all housing is exactly double the 15-percent ratio that prevailed as recently as 1959, and it must be remembered that this 30 percent is a national average which includes thousands of small towns where there are virtually no apartments. In major urban concentrations such as New York, Chicago, and Los Angeles, half of all new housing today is apartment lending.

The urgency of this legislation is apparent. As previously indicated, over 30 percent of all housing construction in America today is of the multifamily type and it is fully expected that the high level of apartment construction characteristic of this year and the past several years will continue to increase as the World War II babies reach marriageable age. Typically, the American family begins married life in an apartment and the average age of acquiring their first home is approximately 29. Thus, it has been forecast the next major boom in single-family construction will not occur until the late 1960's when this age group in capable of stepping up into single-family dwellings.

Another major factor contributing to the increase in multifamily housing construction is the nationwide emphasis on urban renewal. The increasing trend toward urbanization and the resultant scarcity of land in these urban centers gives rise to high cost of land so that the most economic construction is that of the high-rise elevator or multifamily unit type of structure. Compounding this situation is the fact that there is a continuing growth and expansion in the number of elderly families in our Nation and more and more of the elderly are looking to the apartment as their mode of living.

Savings and loan associations, the largest single source of housing credit, are currently hamstrung by outdated restrictions originally placed in the law nearly 30 years ago. Today these associations account for over 45 percent of all home mortgages, but because of the limiting factors of present law, they have a significantly smaller percentage invested in multifamily units and properties. It is readily apparent that these associations must be given greater leeway in investing their funds in apartments or a restrictive shortage of funds will result and construction of much needed apartment units will be sharply curtailed. It must be remembered, too, that any substantial decrease in apartment construction and lending would be a blow to the economy of the Nation, to business in the community affected, to general employment levels, and to all related business activities both on and off the jobsite.

Basic restrictions on apartment lending, first enacted in 1933, were done so under conditions that are a far cry from those facing us today. For one thing, the typical savings and loan was too modest in size to undertake even a small apartment unit. Assets of associations in those days, for an average association, were about $500,000, and it made loans annually of about $100,000. Then, too, apartment construction in postdepression days was almost nonexistent.

The typical association of today, by contrast, has some $15 million in assets and makes $4 to $5 million in loans every year. Many associations in the large metropolitan areas are perfectly capable of completely financing large apartment projects, since they now have both the staff and the funds to accomplish this. Thus, the entire picture has changed markedly since the mid-1930's.

Briefly, this is what the bill would do. The Federal Home Loan Bank Board would be permitted to authorize Federal associations to invest an additional percentage of their assets, not to exceed 15 percent, in loans on multiunit residential properties. In addition, the Federal Home Loan Bank Board would be required under the bill to set maximum loan limits that would not be in excess of those permitted currently under the National Housing Act in connection with FHA loans made on comparable units. The effect of the bill would be to permit Federal associations to release a greater flow of funds for the financing of multifamily dwelling units in the low and moderate price range.

As reported by your committee, it is felt that it is necessary for these associations to be permitted this authorization so that a resultant larger portion of their assets will be available for apartment lending. Your committee has carefully included necessary safeguards in the bill, as it is not desirable to erase all restrictions on associations, or that these associations should be permitted to devote an inordinately large share of their assets to other than loans on single family dwellings. Actually, the 15-percent limitation set in the committee bill would have the effect of giving the Federal Home Loan Bank Board proper latitude to adjust the limitations in order to take into consideration both the current or prevailing conditions in the housing market and those in the general economy.

In addition, this proposed additional authority should be restricted to loans on apartments intended primarily for the housing of families in the low or moderate income group. Because of this, loans under this additional authority should not exceed current limitations that are prescribed for multifamily loans made under the Federal Housing Administration. Lower limitations could be set by the Board, or limitations could be set based on an amount per unit rather than per room. This could be done provided, of course, that the amounts so set would compare favorably with those prescribed under FHA.

Therefore, Mr. Speaker, I consider this to be excellent and most timely legislation, and I urge that it be enacted into law.

Mr. Speaker, I have before me a letter written by the Chairman of the Federal Home Loan Bank Board, Mr. McMurray. It is addressed to me.

SEPTEMBER 17, 1962.

HON. WRIGHT PATMAN,
*Committee on Banking and Currency,*
*House of Representatives,*
*Washington, D.C.*

DEAR CONGRESSMAN PATMAN: In response to your oral request of today, the Federal Home Loan Bank Board advises that it favors the enactment of H.R. 13044 of the present Congress, a bill to amend the Home Owners' Loan Act of 1933 and the Federal Home Loan Bank Act, in the form in which the bill has been favorably reported by the Committee on Banking and Currency of the House of Representatives.

Time does not permit the obtaining of advice from the Bureau of the Budget with respect to this report. However, the proposal on which this legislation is based was submitted to the Bureau prior to the transmittal of the proposal to the Congress, and advice was received from the Bureau that there would be no objection from the standpoint of the administration's program to the transmission of that proposal to the Congress.

Sincerely yours,
JOSEPH P. MCMURRAY,
*Chairman.*

Mr. CLEM MILLER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. CLEM MILLER. May I ask the chairman: In summary is it not true that this bill has as its object the need to bring our laws up to date with respect to the conditions of the housing industry? Because of the changing nature of the housing market our laws are no longer responsive to that market? The purpose of this bill is to do just this, to bring the laws into balance with the housing markets that now exist?

Mr. PATMAN. I agree with the gentleman. I think the word "modernize" would fit in there, to modernize the laws.

**Mr. CLEM MILLER.** Mr. Speaker, H.R. 13044 would permit Federal savings and loan associations to increase the portion of their total assets which may be invested in loans on multiunit properties. It would also broaden the authority of the Federal home loan banks so that they may make advances secured by mortgages on dwellings containing more than four units. Of course, this latter authority would affect all member institutions and not just Federal associations.

Under present law Federal savings and loan associations are permitted to lend on homes or upon combinations of homes and business properties without any restriction on the proportion of their assets invested in such loans provided such properties are physically located within a 50-mile radius from their home office. This power is further qualified by a $35,000 limit on a loan on any one property. The law presently provides for several exceptions to the investment limitations which I have just enumerated, namely the dollar limitation and 50-mile limitation.

The first exception provides that 20 percent of the association's assets may be loaned on other improved real estate without regard to the two limitations—$35,000 and the 50-mile limit. Of course, the loans must be secured by first liens on such property. It is this exception upon which our Federal associations' power to make loans on structures containing five or more dwelling units is based.

The second exception provides that Federal associations may use 20 percent of its assets for participating in first liens on one- to four-family homes without regard to the 50-mile limit.

These two exceptions are qualified, however, by existing law which provides that the aggregate sums invested pursuant to the two exceptions may not exceed 30 percent of the assets of the association. Consequently, insofar as multifamily housing with five or more units is concerned, a Federal association has a theoretical limit of 20 percent of its assets on such type of investment. This theoretical limit is subject to curtailment if it has more than 10 percent of its loans in participations in loans on one- to four-family units outside its regular lending area, has loans of more than $35,000 on residential property or other improved real estate within its lending area, or has loans, without participation by another institution, on one- to four-family structures outside its regular lending area. The net effect of these several competitive types of assets is to reduce the so-called 20-percent authority substantially below 20 percent for a good many associations.

Mr. Speaker, the bill recognizes a basic change in the demand for housing which has been underway for several years. The committee was advised there has been a rapid acceleration in the demand for rental units of the apartment house type. We were informed that in 1954, for example, 7.3 percent of units covered by building permits in all reporting centers were in structures for five or more dwelling units. That in the same year, 8.8 percent of those units in metropolitan areas were in structures of five or more dwelling units. That by 1960, the percentage of permits covering units in structures with five or more dwellings increased to 18.7 percent nationally and 23 percent in metropolitan areas. We were further informed that last year the ratios of the five or more unit group to the total units were 25.3 percent for the Nation and 30 percent for metropolitan areas. So far this year the five or more category is accounting for about 30 percent of all units covered by permits, and more than 35 percent of those units covered by permits in metropolitan areas, we understand.

It is therefore most apparent that this legislation is necessary to keep pace with changes in the nature and character of the housing market. In accommodating to this change, it will encourage homebuilding of a superior sort in areas where there is genuine need and hence will be responsive to the purposes of the legislation. I then urge adoption of H.R. 13044.

**Mr. WIDNALL.** Mr. Speaker, will the gentleman yield?

**Mr. PATMAN.** I yield to the gentleman from New Jersey.

**Mr. WIDNALL.** The minority members of the committee fully support the proposal and feel it will be helpful in making additional loans possible for the multifamily unit type of housing. In the area I represent and many other areas there is much need to build multifamily housing.

The very nature of the community is changing, and changing very drastically from single family to multifamily units. This could provide a means for additional service by the savings and loan associations and additional loans that are badly needed in our areas.

Mr. Speaker, I fully support the bill and urge its passage.

**Mr. PATMAN.** Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include a letter.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

**Mr. DERWINSKI.** Mr. Speaker, will the gentleman yield?

**Mr. PATMAN.** I yield to the gentleman.

**Mr. DERWINSKI.** I think it would be in order, if I asked the gentleman if in requesting this legislation, did not officials of the Federal Home Loan Bank Board indicate they would use a great deal of discretion and thought before they extended the limitation to a much greater percentage.

**Mr. PATMAN.** I agree with the gentleman.

**Mr. DERWINSKI.** I would merely wish to make the point for the record that, obviously, an operation of this nature without any limitation would not be healthy for the savings and loan industry, and I think it would be a point well taken for the officials of the Federal Home Loan Bank Board not to interpret our action as permitting unlimited investments by savings and loan associations for industrial or multifamily units, but that they should still concentrate on the residential home market.

**Mr. PATMAN.** I am sure the Board will keep that in mind.

The **SPEAKER** pro tempore. The question is, Will the House suspend the rules and pass the bill, H.R. 10344, as amended?

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

## AMENDING INTERNAL SECURITY ACT OF 1950 TO PROVIDE MAXIMUM PERSONNEL SECURITY IN NATIONAL SECURITY AGENCY

**Mr. WALTER.** Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 12082) to amend the Internal Security Act of 1950 by adding thereto title IV establishing a legislative base for personnel security procedures in the National Security Agency.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Internal Security Act of 1950 is amended by adding at the end thereof the following new title:

"TITLE IV—PERSONNEL SECURITY PROCEDURES IN NATIONAL SECURITY AGENCY

*"Regulations for employment security*

"SEC. 401. Subject to the provisions of this title, the Secretary of Defense (hereafter in this title referred to as the 'Secretary') shall prescribe such regulations relating to continuing security procedures as he considers necessary to assure—

"(1) that no person shall be employed in, or detailed or assigned to, the National Security Agency (hereafter in this title referred to as the 'Agency'), or continue to be so employed, detailed, or assigned; and

"(2) that no person so employed, detailed, or assigned shall have access to any classified information;

unless such employment, detail, assignment, or access to classified information is clearly consistent with the national security.

*"Full field investigation and appraisal*

"SEC. 402. (a) No person shall be employed in, or detailed or assigned to, the Agency unless he has been the subject of a full field investigation in connection with such employment, detail, or assignment, and is cleared for access to classified information in accordance with the provisions of this title; excepting that conditional employment without access to sensitive cryptologic information or material may be tendered any applicant, under such regulations as the Secretary may prescribe, pending the completion of such full field investigation: *And provided further,* That such full field investigation at the discretion of the Secretary need not be required in the case of persons assigned or detailed to the Agency who have a current security clearance for access to sensitive cryptologic information under equivalent standards of investigation and clearance. During any period of war declared by the Congress, or during any period when the Secretary determines that a national disaster exists, or in exceptional cases in which the Secretary (or his designee for such purpose) makes a determination in writing that his action is necessary or advisable in the national interest, he may authorize the employment of any person in, or the detail or assignment of any person to, the Agency, and may grant to any such person access to classified information, on a temporary basis, pending the completion of the full field investigation and the clearance for access to classified information required by this subsection, if the Secretary determines that such action is clearly consistent with the national security.

"(b) To assist the Secretary and the Director of the Agency in carrying out their personnel security responsibilities, one or more boards of appraisal of three members each, to be appointed by the Director of the Agency, shall be established in the Agency. Such a board shall appraise the loyalty and suitability of persons for access to classified information, in those cases in which the Director of the Agency determines that there is a doubt whether their access to that information would be clearly consistent with the national security, and shall submit a report and recommendation on each such a case. However, appraisal by such a board is not required before action may be taken under section 14 of the Act of June 27, 1944, chapter 287, as amended (5 U.S.C. 863), section 1 of the Act of August 26, 1950, chapter 803, as amended (5 U.S.C. 22-1), or any other similar provision of law. Each member of such a board shall be specially qualified and trained for his duties as such a member, shall have been the subject of a full field investigation in connection with his appointment as such a member, and shall have been cleared by the Director for access to classified information at the time of his appointment as such a member. No person shall be cleared for access to classified information, contrary to the recommendations of any such board, unless the Secretary (or his designee for such purpose) shall make a determination in writing that such employment, detail, assignment, or access to classified information is in the national interest.

*"Termination of employment*

"Sec. 403. (a) Notwithstanding section 14 of the Act of June 27, 1944, chapter 287, as amended (5 U.S.C. 863), section 1 of the Act of August 26, 1950, chapter 803, as amended (5 U.S.C. 22-1), or any other provision of law, the Secretary may terminate the employment of any officer or employee of the Agency whenever he considers that action to be in the interest of the United States, and he determines that the procedures prescribed in other provisions of law that authorize the termination of the employment of that officer or employee cannot be invoked consistently with the national security. Such a determination is final.

"(b) Termination of employment under this section shall not affect the right of the officer or employee involved to seek or accept employment with any other department or agency of the United States if he is declared eligible for such employment by the United States Civil Service Commission.

*"Definition of classified information*

"Sec. 404. For the purposes of this section, the term 'classified information' means information which, for reasons of national security, is specifically designated by a United States Government agency for limited or restricted dissemination or distribution.

*"Nonapplicability of administrative procedure act*

"Sec. 405. The Administrative Procedure Act, as amended (5 U.S.C. 1001 et seq.), shall not apply to the use or exercise of any authority granted by this title.

*"Amendments*

"Sec. 406. (a) The first sentence of section 2 of the Act of May 29, 1959 (50 U.S.C. 402 note), is amended by inserting ', without regard to the civil service laws,' immediately after 'and to appoint thereto'.

"(b) Subsection (b) of section 2 of the Performance Rating Act of 1950 (5 U.S.C. 2001(b)) is amended—

"(1) by striking out the period at the end of paragraph (13) and inserting in lieu thereof a semicolon; and

"(2) by adding at the end thereof the following new paragraph:

"'(14) The National Security Agency.'."

The **SPEAKER** pro tempore. Is a second demanded?

Mr. **JOHANSEN**. Mr. Speaker, I demand a second.

Mr. **LINDSAY**. Mr. Speaker, I demand a second.

The **SPEAKER** pro tempore. Which gentleman is opposed to the bill?

Mr. **LINDSAY**. Mr. Speaker, I am opposed to the bill.

The **SPEAKER** pro tempore. The gentleman from New York qualifies.

Without objection, a second will be considered as ordered.

There was no objection.

The **SPEAKER** pro tempore. The gentleman from Pennsylvania [Mr. Walter] will be recognized for 20 minutes, and the gentleman from New York [Mr. Lindsay] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Pennsylvania [Mr. Walter].

Mr. **WALTER**. Mr. Speaker, the American people were shocked when they learned in early September 1960 that two U.S. citizens, employees of the National Security Agency—a supersecret intelligence agency of our Government—had denounced and vilified their native land at a press conference in Moscow. The two had been missing for over a month, having failed to return to the National Security Agency from a supposed vacation trip they had taken together.

Congress and the American people were concerned not only about the aid these two men had given the Soviet Union's "Hate America" propaganda campaign, but also about the information they had undoubtedly given Soviet officials concerning extremely sensitive intelligence operations of the U.S. Government. The incident was such that it sparked two congressional investigations and also, unquestionably, a resolve on the part of most Members of Congress that they must do everything humanly and constitutionally possible to prevent a recurrence.

A little over a month ago, the Committee on Un-American Activities released a report on the investigation of National Security Agency security practices which it had conducted as a result of the defection of William H. Martin and Bernon F. Mitchell to the Soviet Union. This report was based on 16 separate executive session hearings with NSA officials, employees, and former employees, and also on an investigation which extended over a period of almost 2 years. The report revealed that extremely lax security procedures had been in effect at the National Security Agency at the time Mitchell and Martin were hired and even afterwards—when they defected and the investigation was launched.

Definite beneficial results, however, have been produced by the investigation. As a result of it, the NSA's directors of personnel and security have been dismissed. Twenty-six employees of the Agency have been released for reasons of sex deviation, and the entire security setup at NSA has been revamped. Shortly before the committee report was issued, the director of NSA submitted to me a list of 22 corrective measures which had been adopted by the Agency to improve and tighten its security procedures and to eliminate those practices which had made possible the hiring of two men who never should have been employed in classified work of any kind for the Government of the United States.

Mr. Speaker, those 22 corrective steps taken by NSA within recent months are basically the reason why we are now considering H.R. 12082. Certainly, it is our duty to see that the best possible security standards prevail in one of the most sensitive intelligence agencies of our Government, that the improved and tightened procedures be maintained, and that there be no return to the laxity which formerly prevailed in the Agency and did so much harm to certain security operations of our country.

H.R. 12082 applies only to the National Security Agency. It does not touch any other agency of Government. The bill has the approval of the Department of Justice and the explicit recommendation of the Department of Defense which has jurisdiction over the NSA. There are no objections to the bill from the Civil Service Commission or the Bureau of the Budget.

What does the bill do?

Just a few things—but very important things.

First. It gives the Secretary of Defense statutory authority to prescribe such security procedures as he considers necessary to assure that no one shall be employed by, or detailed, or assigned to, the National Security Agency unless such employment, detail, or assignment is "clearly consistent with the national security."

Second. It bars the employment, detail, or assignment of anyone to the National Security Agency unless that person has been subjected to a full field or background investigation with, of course, favorable results. A full field or background investigation is the most thorough and comprehensive check in all security procedures. At the same time, this bill will permit conditional employment at NSA pending completion of a full field investigation, provided that access is not granted to sensitive cryptologic information. This conditional employment period would be utilized in the training of personnel under strict security safeguards.

Third. It establishes boards of appraissal to assist the Director of the National Security Agency in discharging his personnel security responsibilities. These boards will consider only cases of permanent or conditional employees about whom some question arises as to the suitability of their employment. If any doubt arises about persons who have applied for positions with NSA prior to their actual employment, that person simply is not hired by the Agency.

Fourth. It gives the Director of the National Security Agency the summary power to dismiss any employee of the Agency when he considers such dismissal to be in the interests of the United States. It provides, however, that he may exercise this summary power only after he has determined that the interests of national security preclude the utilization of the normal dismissal procedures which apply to all Federal employees.

Fifth. It exempts the National Security Agency from the provisions of the Civil Service Act of 1883, the Performance Rating Act of 1950, and the Administrative Procedures Act. The purpose of this is to prevent disclosure of classified and highly secret information about NSA's operations and personnel. Relative to this provision, I would like to point out that Congress has already provided in section 6 of Public Law 36, 86th Congress, that no law shall be construed to require the disclosure of any activity or function of the National Security Agency.

Mr. Speaker, there is nothing startling, completely new, or bizarre in this bill. It is in no way a departure from precedent.

Sixteen years ago, in the Atomic Energy Act of 1946, section 145(b), Congress took cognizance of the very sensitive nature of the Atomic Energy Commission and established certain standards for employment with it. There has been no question of the right of Congress to do this nor of its wisdom in doing so. I believe it is obvious that the National Security Agency, whose overall operations are even more highly classified than those of the AEC, deserves the same consideration from the Congress.

The Central Intelligence Agency, the Atomic Energy Commission, the Foreign Service and 10 other agencies of our Government, have already been exempted by statute from the provisions of the Performance Rating Act because of the sensitive nature of certain of their functions. The National Security Agency's operations are far more secret than those of these 13 other agencies, with the possible exception of the CIA.

Some questions has been raised about what is perhaps the most vital provision in the bill—the right of the Director to summarily dismiss any NSA employee in the interests of the United States.

The answer to this question is quite simple on both constitutional and practical grounds. Again, this is not the first time that Congress has taken the step of giving such authority to the director of an intelligence agency. The Civil Service Commission, in a letter dated March 21, 1962, expressing its views on H.R. 12082, stated that this dismissal authority appears to be substantially the same as that granted to the Director of the Central Intelligence Agency by section 102(c) of the National Security Act of 1947 (61 Stat. 495, 498; 50 U.S.C. 403(e)).

With regard to that statute, we wish to point out that recent judicial decisions have sustained dismissal actions taken by the Director of the Central Intelligence Agency in the interests of the United States, pursuant to the broad authority granted by section 102(c). See *Rhodes* v. *United States* (Ct. Cl. No. 341-60, Jan. 12, 1962); *Kochan* v. *Central Intelligence Agency* (Civil No. 2728-58, D.D.C., Aug. 11, 1959), which are cases exactly in point.

If the courts have found no objection to this power in the Director of the Central Intelligence Agency, certainly they will not find any if the same power is vested in the Director of the National Security Agency, an agency described by some as even more secret and sensitive than the CIA.

The most comprehensive study and review of this country's security problems and procedures ever made was that of the bipartisan, 12-member Commission on Government Security, established by the Congress in 1955, and on which I had the honor to serve. Among other things, this Commission gave careful consideration to security problems as related to the National Security Agency. In its June 21, 1957, report to the President and the Congress, it specifically recommended that the power of summary dismissal be given to the Director of the National Security Agency. It pointed out that the national security interests committed to the care of the National Security Agency were so great and the consequences of error could be so devastating that the NSA should be given "extraordinary authority and powers" and, on the question of summary dismissal, should be given authority to deviate from the uniform loyalty program the Commission proposed for all Federal employees.

Mr. Speaker, this is what the Department of Defense itself says of the NSA:

> The Agency is faced with enormous security responsibilities. The missions assigned to the Agency seek to fulfill basic requirements of our national security. All activities conducted by NSA to carry out these missions are highly classified. Disclosure of the nature of these activities or portions of them could seriously impair the success of the Agency's efforts. Despite separation of tasks into work compartments and other precautions, the large majority of personnel of the Agency by virtue of their duties are exposed to, or have access to, uniquely sensitive information. The improper use, handling, or disclosure of this information could have adverse effects upon the national security.

I submit that if, in an agency of this type, the director is not given summary power of dismissal, then there can be no real security in the agency. The Congress has recognized the need for this authority in the CIA. It should, therefore, recognize the need for it in the National Security Agency.

H.R. 12082 gives each one of us the opportunity to help insure the security of 185 million Americans by seeing to it that there is real security in the agency they have designated to carry out one of the most sensitive operations of the very real war in which we are now engaged for the preservation of our freedom. It deserves the affirmative vote of every Member of this House.

Mr. LINDSAY. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from California [Mr. COHELAN].

Mr. COHELAN. Mr. Speaker, I rise today as a kind of friend of the court. Originally it was not my intention to get into this debate, but in reviewing the bill I have become keenly aware of the problems that are inherent in working out procedures in this very, very difficult area. And may I say that insofar as the work of the committee of the distinguished gentleman from Pennsylvania [Mr. WALTER] is concerned, with reference to security problems, they have demonstrated the need for tightening security measures in this agency.

I hold with many authorities in this freedom-security field who say that only those who are ignorant can sneer at the problems of security in the free world; that it is not enough to shout slogans whether of security or freedom; that what is required is creative intelligence to devise just and effective procedures which will protect the free cultures of the world from their hidden enemies without making less free those who are not its hidden enemies.

As many of you know, in my district we have a great university and a great law school. The distinguished dean of our law school has recently written an article in the California Law Review on "The Process of Prescribing Due Process."

I am in an awkward position here because I am not a lawyer but I am hoping that some of my lawyer colleagues will take due note of it. I would particularly call the article to the attention of the distinguished gentleman from Pennsylvania and his committee. Lawyers and members of the bench and bar, it seems to me, will in the long run be the professional people who are going to have to help us with this question of how we prescribe adequate due process procedures in this very complex area.

Mr. Speaker, it is my intention to put this complete article into the RECORD, and I commend it to all of you. Meanwhile I would like to quote briefly from it. The burden of Professor Newman's paper is this. He says:

> Our presumption is that modest reforms may be practicable, that the process of prescribing due process could be bettered.

Dean Newman goes on to say, in a passage which is particularly relevant to the problem before us:

> Yet without soaring into semantics or political theory could we not shun one view of "life, liberty, or property" that has caused much chaos? I refer to the hundreds, maybe thousands, of cases that protect "rights" but not "privileges," declaring that "due process of law is not applicable [with respect to Government employment, for instance] unless one is being deprived of something to which he has a right."

Dean Newman goes on to say:

> The due process clauses say nothing of right versus privilege. The chief vice of the privilege doctrine is that it has insulated us from a body of law, highly reputable, that seems designedly apt for protecting the freedoms that "life, liberty, or property" appears to imply. I refer now to the law of torts, and the successful handling there of all legal interests. The torts cases teach us that "property" means more than land and chattels and choses in action; "liberty," more than freedom from physical harm and imprisonment.

> Why should those cases have outpaced due process cases? Why in private suits for damages or an injunction should legal interests be protected that due process leaves helpless?

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. COHELAN. I am glad to yield to the gentleman from Pennsylvania.

Mr. WALTER. Mr. Speaker, I think in one word I can straighten the gentleman's thinking. Nobody has a right to the secrets of this Government. Nobody has a right to its secrets.

Mr. COHELAN. Yes, sir; and I would like to comment on that, as does Professor Newman in this article. He argues persuasively, it seems to me, that this "privilege" doctrine should be junked. He says:

> The privilege doctrine should be junked, and "life, liberty, or property" should be treated as a description of all legal interests. To the question, "Won't you still have to define that last phrase?" the answer is, "Of course."

But then he goes on—and this is very important:

> To pronounce that "liberty, or property," includes, say, reputational and emotional interests would not mean that governments no longer could deprive people of those interests, or that deprivations could be effected only by judicial trial. The requirement would merely be that due process be accorded.
>
> The kind of precise portrayal of harm that may crucially affect a lawsuit is exemplified by petitioner's brief in *Peters* v. *Hobby*. "We of course concede," said counsel, "that the Constitution does not limit the power of the executive summarily to terminate employment on secret information or for any other reason. The question before this Court is only whether the Government has the right to accompany a discharge with a finding of disloyalty which ruins the reputation and career of the accused, without a full hearing. In other words, the protested harm was not to job security but to one's repute as a prospective jobholder.

Mr. Speaker, I am constrained to oppose H.R. 12082 which would provide a legislative base for personnel security procedures in the National Security Agency. Indeed, as I understand the bill, it would provide in certain instances the total elimination of personnel security procedures.

Of course, I, like every Member of this House, have a proper and legitimate concern that the efficient and effective security measures be taken by the National Security Agency as well as in all other agencies to insure that there be no unauthorized disclosure of classified information which would in any way harm the security of the United States. However, we must be certain that we do not in the process forget that there are other values to be considered—and that a proper adjustment has to be made between the rights of American citizens and the National Security.

The report indicates that this legislation arose from a deplorable incident in 1960 when two NSA employees—B. F. Mitchell and W. H. Martin—disappeared behind the Iron Curtain. Their defection amply demonstrated the need for tightening up certain security measures of the agencies. As a result of a 13-month investigation by our House Committee on Un-American Activities a number of corrective changes in security procedures were indeed apparently put into effect. However, from all I can gather from the report, all of them related to defects exposed as a result of the Mitchell-Martin case which clearly indicate that this pair should never have been hired in the first place.

Let me say, therefore, with all of the emphasis at my command, I have absolutely no objection to section 402(a) which provides for full field investigations and evaluations. Clearly, if this had been in effect, the defectors Mitchell and Martin would not have been hired since all of the adverse information on them was apparently known by some investigative agency.

I think it would also be pointed out that at least one extremely sensitive agency, the AEC does accord hearing rights and procedural due process to applicants as well as employees.

Where H.R. 12082 goes astray, in my judgment, is in jumping from the proven necessity of tightening up security measures in the preemployment stage to the unproven assumption that national security demands giving authority to the Secretary of Defense to terminate summarily without any hearing whatsoever. This is set forth in the 403 which provides:

> The Secretary may terminate the employment of any officer or employee of the Agency whenever he considers that action to be in the interest of the United States, and he determines that the procedures prescribed in other provisions of law that authorizes the termination of employment of that officer or employee cannot be invoked consistently with the national security. Such a determination is final.

As the Washington Post said in a recent editorial August 20, 1962:

> This is the very definition of arbitrariness. It means that an employee could be discharged and disgraced on the basis of anonymous allegations without the slightest opportunity to defend himself—without any hearing at all and without any administrative review or even any judicial review of the decision. This would put everyone working for NASA at the mercy of any mischief-maker or malcontent or personal enemy who might call him a subversive or a homosexual or an alcoholic. It would shatter morale in the Agency and impair rather than protect security and it would also shatter the basic principles of American justice.

We cannot ever forget the injustice to many Government employees which occurred during the 1950's under the loyalty-security programs as they were then operating in which individuals lost jobs, were unable to find other jobs, because their reputations were blackened.

As Justice Tom Clark said in the Supreme Court's unanimous opinion in *Wieman* v. *Updegraff*, 344 U.S. 183 (1952).

> There can be no dispute about the consequences visited upon a person excluded from public employment on disloyalty grounds. In the view of the community, the stain is a deep one; indeed, it has become a badge of infamy.

When we realize the tremendous damage which is visited on any Government employee who is dismissed on loyalty or security grounds, we want to be sure that the dismissal is not done unjustly. This bill would permit possible unjust summary dismissal based on the word of nameless accusers.

It denies to Government employees the most elementary features of due process—namely, the notice of charges and the right to confront and cross-examine the accusers.

My concern is not only that innocent people are unjustly accused and dismissed, but also that the agency itself will not be able to make an intelligent or rational decision without some form of hearing. Due process does not have meaning and value alone to the unjustly accused. It also is essential for an institution or individual that makes the determination. This bill permits the wiping out of any procedure or due process in terminating employment with the National Security Agency. We must not forget that legislation passed today will not just be giving the authority to the present Secretary of Defense, Robert S. McNamara, a man for whom I have the highest respect and admiration, but also for all future Secretaries of Defense—and none of us can know who they might be.

Although I prefer to have no Government employee terminated without a full and fair hearing in every sense of those words, the bill could be improved in other ways. For example, section 402(a) of the bill as written provides that persons can be employed by the Agency prior to completion of their full field investigation so long as they do not have access to classified cryptologic information. Why, therefore, cannot an employee be set to such nonsensitive work during the course of a fair hearing on the charges against him? He could even be suspended during the hearing pending its completion. In any case, his access to sensitive material is cut off, but his rights to a fair hearing remain intact.

Although this bill purports to protect employment rights of any dismissed NSA employee to work for any other department or agency of the United States—as long as he is declared eligible by the Civil Service Commission, experience demonstrates that this is an illusory hope at best. If a person is dismissed by NSA he can just about give up hope of working for any other agency.

No one ever accused the late Supreme Court Justice Robert H. Jackson of subordinating national security to the rights of individuals. Yet, in one of his last addresses—Robert H. Jackson, "The Task of Maintaining our Liberties: The Role of the Judiciary," American Bar Association Journal, XXXIX, November 1953—he protested:

> We cannot approve any use of official powers or position to prejudice, injure or condemn a person in liberty, property, or good name, which does not inform him of the source and substance of the charge and give a timely and open-minded hearing as to its truth—safeguards without which no judgment can have a sound foundation.

Mr. Speaker, I have quoted from the excellent and penetrating article by Dean Frank Newman and I believe his full statement—particularly in reference to his comments on rights and privileges as they pertain to due process—deserve the full attention of our colleagues. In addition, the remarks by the distinguished attorney, Eleanor Bontecou, quoted from her book, "The Federal Loyalty-Security Program," Cornell University Press, 1953, speak directly to the problem before us today.

The statements follow:

### THE PROCESS OF PRESCRIBING DUE PROCESS

(By Frank C. Newman, professor of law, University of California School of Law, Berkeley)

Recently we were told that the dueness of government procedure is not tested by "doctrinaire conception" or "loose generalities or sentiments abstractly appealing." Instead, "whether the scheme satisfies those strivings for justice which due process guarantees, must be judged in the light of reason drawn from the considerations of fairness that reflect our traditions of legal and political thought, duly related to the public interest Congress sought to meet * * * as against the hazards or hardship to the individual that the * * * [attacked] procedure would entail."[1]

That is quite a mouthful. And no sooner were the words pronounced than a dissenting Justice retorted, "When we turn to the cases, personal preference, not reason, seems, however, to be controlling." Further, "due process under the prevailing doctrine is what the judges say it is; and it differs from judge to judge, from court to court * * *. [It is] a tool of activitists who respond to their own visceral reactions in deciding what is fair, decent, or reasonable."[2]

Sanford Kadish has dissected the viewpoints those excerpts reflect,[3] and we will not refurbish his findings here. The intent of this article is to examine method rather than theory or result. We do not survey the rules of due process or query their correctness.[4] We do look at the process of prescribing those rules. We assess the prescribers' procedure, testing it for capacity to help insure correct rules. Our presumption is that modest reforms may be practicable, that the process of prescribing due process could be bettered.

Many of the ideas discussed here relate to *Hannah* v. *Larche,* decided by the Supreme Court in June 1960.[5] It deals with the due process rights of subpenaed witnesses. The U.S. Commission on Civil Rights, having received accusations that certain Louisiana registrars had deprived citizens of the right to vote, subpenaed those registrars to appear at a hearing and testify regarding the accusations. The registrars learned that the Commission would deny rights of apprisal, confrontation, and cross-examination; so their lawyers obtained a court order enjoining the Commission "from conducting the proposed hearing in Shreveport, La., whereby plaintiff registrars, accused of depriving others of the right to vote, would be denied the rights of apprisal, confrontation, and cross-examination."[6] The Supreme Court then vacated the injunction, ruling that in this kind of proceeding due process does not require that subpenaed witnesses be given those rights.

The opinions in *Hannah* v. *Larche* are a mine of information on the theory and practice of due process. They concern not merely an injunction in Louisiana and the subpenaed registrars whom it protected. Subpenaed witnesses generally are discussed—not only civil rights witnesses, but those called by all other executive and administrative officials, by grand juries, by legislative investigating committees, Federal and State. Specifically, the opinions have helped inspire these questions as to the process of prescribing due process.[7]

I. Should not the words of the due process clauses be reexamined for plain meaning?

II. Should not due process rights more consistently be classified and distinguished from other constitutional rights?

III. Would not an analytical checklist aid the deciding of cases?

IV. Who could spearhead reform, how?

### I. THE WORDS OF THE DUE PROCESS CLAUSES SHOULD BE REEXAMINED FOR PLAIN MEANING

The fifth amendment declares, "No person shall * * * be deprived of life, liberty, or property, without due process of law." The 14th amendment (for our purposes here) is the same: "No State shall * * * deprive any person of life, liberty, or property, without due process of law." Those words are spongy and by themselves solve no problems. Quite a few problems might be eased, though, if the words were given full content. We pose two illustrations: (1) the privilege doctrine; (2) the too-pervasive criminal trial analogy.

#### *A. The privilege doctrine*

How should we read "life, liberty, or property"? "Liberty" has attracted probably the most attention, and no doubt needs more.[8] We are not even near the brave new world that might inhere in "life." (Does it mean only freedom from death? How about "the good life," or what for some people "begins at 40"?) Yet without soaring into semantics or political theory could we not shun one view of "life, liberty or property" that has caused much chaos? I refer to the hundreds, maybe thousands, of cases that protect "rights" but not "privileges," declaring that "due process of law is not applicable [with respect to government employment, for instance] unless one is being deprived of something to which he has a right."[9] I refer also to *Hannah* v. *Larche,* where the Court stated that the Civil Rights Commission "does not make determinations depriving anyone of his life, liberty, or property * * * and cannot take any affirmative action which will affect an individual's legal rights."[10] When the facts that were before the Court are examined, when we see that the Commission—pursuant to congressional command—can and does sponsor publicity that may defame, degrade, and incriminate people, what the Court seems to have said is that governments, by derogatory publicity, do not affect "liberty, or property."

The due process clauses say nothing of right versus privilege. The chief vice of the privilege doctrine is that it has insulated us from a body of law, highly reputable, that seems designedly apt for protecting the freedoms that "life, liberty, or property" appears to imply. I refer now to the law of torts, and the successful handling there of all legal interests. The torts cases teach us that "property" means more than land and chattels and choses-in-action; "liberty," more than freedom from physical harm and imprisonment. Why should those cases have outpaced due process cases? Why in private suits for damages or an injunction should legal interests be protected that due process leaves helpless? Examples are the interest in freedom from interference with reasonable economic expectancies, the interest in personal reputation and in freedom from disparagement, and the interest in freedom from emotional upset.[11]

The privilege doctrine should be junked, and "life, liberty, or property" should be treated as a description of all legal interests. To the question, "Won't you still have to define that last phrase?" the answer is, "Of course." But definitions can be guided by a bulk of precedents that makes far more sense than have judge's travails as to the rights of saloonkeepers, dancehall operators, Government employees, and aliens.

To pronounce that "liberty, or property" includes, say, reputational and emotional interests would not mean that governments no longer could deprive people of those interests, or that deprivations could be effected only by judicial trial. The requirement would merely be that due process be accorded. With no trial and without a chance sometimes even to argue, people are often deprived of their property and liberty and even their lives; but in emergency cases, for example, due process is not necessarily violated.

Recognition of a due process freedom from disparagement or emotional upset would not require procedures the same as those which now protect a man's employment security, say, or his land. The nature of the interest must be taken into account. That is why we demand special strictness for criminal proceedings, forfeiture proceedings, proceedings involving citizenship. That "life" and "liberty" and "property" are constitutionally conjoined does not mean that all interests therein merit identical protection.

---

[1] Frankfurter J., concurring in *Hannah* v. *Larche,* 363 U.S. 420, 487 (1960).

[2] Douglas, J., id. 505–506.

[3] Kadish, "Methodology and Criteria in Due Process Adjudication—A Survey and Criticism," 66 Yale L. J. 319 (1957).

[4] "While Justice Cardozo in 1937 felt able to find the 'rationalizing principle' which gave 'proper order and coherence' to the determinations made up to that time, the array of apparently disordered determinations since that date would no doubt give pause to one contemplating a similar effort today." Kadish, "A Case Study in the Signification of Procedural Due Process—Institutionalizing the Mentally Ill," 9 W. Pol., Q. 93 (1956).

[5] 363 U.S. 420 (1960); 74 Harv. L. Rev. 120 (1960).

[6] 363 U.S. at 429 n. 11.

[7] The opinions are criticized in Newman, "Due Process, Investigations, and Civil Rights."

[8] E.g., see Nutting, "The Fifth Amendment and Privacy," 18 U. Pitt L. Rev. 533 (1957); Shattuck, "The True Meaning of the Term 'Liberty' in Those Clauses in the Federal and State Constitutions which Protect 'Life, Liberty, and Property,'" "4 Harv L. Rev. 365 (1891); Hand "The Bill of Rights" 51 (1958) ("Liberty not only includes freedom from personal restraint, but enough economic security to allow its possessor the enjoyment of a satisfactory life."); *Palko* v. *Connecticut,* 302 U.S. 319, 327 (1937) ("liberty of the mind as well as liberty of action").

[9] *Bailey* v. *Richardson,* 182 F. 2d 46, 58 (D.C. Cir. 1950), affirmed, 341 U.S. 918 (1961).

[10] 363 U.S. at 441; and note the Commission's use of the quotation in press release No. 133 (1961).

[11] The technical terms are from Harper & James, "Torts," xii-xv (1956); cf. Prosser, "Insult and Outrage," 44 Calif. L. Rev. 40 (1956); Prosser, Privacy, 48 Calif. L. Rev. 383 (1960). See also *Greene* v. *McElroy,* 360 U.S. 474, 493 n. 22 (1959); *Anti-Fascist Comm.* v. *McGrath,* 341 U.S. 123, 139 (1951); Rothbard, "Human Rights Are Property Rights," The Freeman, April 1960, p. 23; note, 65 Harv. L. Rev. 156 (1951); cf. Parker, "Administrative Law," 36 n. 36 (1952) ("The meagerness with which our problem—viz., what rights are protected by due process?—has been dealt is astounding"). The best and most complete discussion of the privilege doctrine is 1 Davis, "Administrative Law Treatise," secs. 7.11–7.20 (1958). Professor Davis concludes, "Instead of 2 categories [right and privilege] we could have 6 or 20, for the weakest privilege or absence of privilege to the strongest constitutional right." Id. at 508. I prefer three categories: life, liberty, and property. Many interests are not legal interests and thus are not life, liberty, or property interests. Those that are, however (and I suggest the torts cases as guides), merit due process protection. That does not mean that the processes fit for allegedly subversive employees or allegedly knowledgeable witnesses must be the same as those for allegedly immoral aliens or the defendant in a criminal case. Cf. id. at 462.

In *Hannah* v. *Larche* the Court may wisely have decided that a certain civil rights hearing should not be proscribed, even though appraisal, confrontation, and cross-examination were to be denied. The Court's analysis would have been sounder, though, had it discussed differences between (1) a hearing that injures a witness by publicity which defames, degrades, or incriminates him and (2) a hearing that avoids those effects. In private law most courts have proved their fitness boldly to protect liberty and property interests. The Supreme Court is not honored by an implication that "whatever procedure is authorized by Congress, it is due process as far as a witness who is merely defamed, degraded, or incriminated at a hearing is concerned." [12]

### *B. The too pervasive criminal trial analogy*

The majority Justices in Hannah are to be commended for the breadth of their inquiry. Though the Louisiana registrars had been accused of crime, the Court in seeking analogies did not limit itself to criminal proceedings. It considered also the investigatory traditions of administrative agencies and of legislative committees.

Generally, judges (and scholars) assume too often that the criminal process is a model for other processes. We say, "due process of course must be observed in civil as in criminal trials, but since civil defendants are not alleged criminals some guarantees (e.g., proof beyond a reasonable doubt) do not apply." Similarly, licensees merit still lesser protection; and even less than that need be granted to prospective licensees, conscientious objectors, people who are mentally ill, Government contractors, and parolees—all because they are not the accused in a criminal trial.

Consider the dictum that we test for due process by seeing whether procedures "offend those canons of decency and fairness which express the notions of justice of English-speaking peoples even toward those charged with the most heinous offenses." [13] Consider the recent cataloging of the values involved in procedural due process as (1) "insuring the reliability of the guilt-determining process," and (2) "insuring respect for the dignity of the individual." [14] The isolation of that second value is a major contribution to our understanding of due process, and may bring us great profit (see below). The first value, however, never should have been characterized as one circumscribed by "guilt-determining." What due process aims for is reliable truth-determining or, broadly, the reliability of the determining-making process. (We cannot use "decisionmaking" because it may imply adjudication, broader than "criminal" but still too narrow.)

The due process clauses do not restrict all determination-making by Government. They do apply whenever determination-making deprives a person of life, liberty, or property. The word "deprive" needs emphasis. It has no kinship to guilt. It does not imply, "No person shall be deprived [in the way alleged criminals in medieval England often were deprived] of life, liberty, or property without due process." It rather must be read, "No person shall be deprived [in any manner whatsoever] of life, liberty, or property without due process."

One gain might be that we no longer would measure public utilities, TV networks, social security beneficiaries, schoolteachers, and juvenile delinquents on the scale of procedural rights that gives 100 points to alleged murderers and zero points to an unwanted Cabinet official.[15] A related gain might be an awareness that due process sometimes should give people more rights than criminal proceedings insure. The fact that pretrial discovery may be narrow in criminal cases, for example, hardly means that it should be no broader in hearings on license applications. Subpenaed civil rights witnesses should not be estopped from making a case for limited cross-examination merely because suspects before a grand jury may be denied that right.[16]

### II. DUE PROCESS RIGHTS SHOULD BE CLASSIFIED AND DISTINGUISHED FROM OTHER CONSTITUTIONAL RIGHTS

It is difficult to justify a brief filed in the Supreme Court that begins, "The question presented is * * * the right of Congress or the [Civil Rights] Commission to violate under the 14th amendment the rules of fair play and the traditional forms of fair procedure without explicit action by the Nation's lawmakers even if it is possible that the Constitution presents no inhibition." [17] Literate lawyers at least ought not suggest that Federal officials are ruled by the 14th amendment rather than the 5th.

It is also difficult, though, to censure illiteracies that could well be the result of the courts' 5th and 14th amendment confusions. Due process of the 14th amendment includes some Bill of Rights, non-5th amendment procedure rules and some 1st amendment substantive rules, but not all of them. Fifth amendment due process includes some but perhaps not all of "equal protection of the law." Both cover void-for-vagueness; but that doctrine has a unique role regarding the "preferred" freedoms, and we never have decided whether it is really procedural or substantive.[18]

Overlaps are inevitable. But would it not help if rights claimed as constitutional were always, to the extent practicable, wrapped in the words that are most apt? Thus, if we seek a right not to be exposed by Congress or a right to be silent or to be let alone, we need very sophisticated analyses of article I and the first amendment and the privilege against self-incrimination, as well as of residual due process. Relations between due process and the sixth and seventh amendments ("criminal prosecutions" and "suits at common law") need clarification too, as does the impact of the fourth amendment as well as due process on "compulsory extortion of a man's own testimony,"[19] Even within the fifth, what is due for grand jury proceedings may differ from the implications of "no person shall be held * * * unless on a presentment or indictment." And have we not learned enough about the privilege against self-incrimination to enable us to concede that we need not force a man to forfeit other protections (e.g., procedural protections) merely because he is about to be incriminated and thus may claim the privilege? [20]

To suggest that doctrine and arguments should be solidly based is far from startling, and I hope readers will not infer that next on the agenda is to be a criticism of the West Digest outlines. Are we not startlingly ignorant, though, as to the panoply of rules of due process? Have reasonably adequate summaries ever been constructed? Has any judge, scholar, or practitioner ever mastered those rules in the way that other law has been mastered (evidence, contracts, torts, and tax, for example)? Mere wishing for a summary or a Wigmore or Williston gains us little, but more imaginative building of large and small blocks of due process law could indeed be useful.

A distinction noted above illustrates the point. Some due process rules aim to insure the reliability of the determination-making process (e.g., rules requiring cross-examination and an unprejudiced tribunal). Others aim at respect for the dignity of the individual (e.g., rules against stomach pumping and cruel punishment). That classification could vitally affect due process semantics. "Fairness," for instance, must have an ingredient of efficiency when we test the first kind of rule (reliability) that normally could be absent in rules aimed at personal dignity. And judicial standards such as "hardship so acute and shocking that our policy will not endure it" [21] and "protection of ultimate decency in a civilized society" [22] seem to fit the second value better than the first.

The recent Davis "Administrative Law Treatise" supplies a more than ample base for classification. If its teachings as to the administrative process could now be integrated with comparable studies of court processes (including analyses of contempt procedure, for example, as well as police, mental health, and family court procedures, etc.) the prescribers of due process would gain immensely.

---

[12] I have thus paraphrased a dictum in *United States ex. rel. Knauff* v. *Shaughnessy*, 338 U.S. 537, 544 (1950). For criticism of the analysis in the Hannah case see Newman, supra, note 7.

[13] *Malinski* v. *New York*, 324 U.S. 401, 417 (1945).

[14] See Kadish, supra, note 3, at 346–347; supra, note 4, at 99. My criticism of Professor Kadish's ideas are meant to be tributes, not complaints. The process of prescribing due process might be aided immensely if scholars were more conscientious in building on the foundations occasionally laid by outstanding writings such as the articles of his I have cited.

[15] "The discharged Cabinet officer may have a property interest in his job and in his reputation, but we want the President to have an unrestricted power to discharge him." 1 Davis, "Administrative Law Treatise," 454 n. 7 (1958). Do Premier Ben-Gurion's recent struggle re Israeli Defense Minister Lavon suggest that Professor Davis may go too far? Should a Cabinet officer be defenseless against findings of bribery or sexual immorality? If he could show there was no evidence against him, or no evidence other than the charges of a confessed liar, relief by way of declaratory judgment might well be appropriate. Cf. Gardner, "The Great Charter and the Case of *Angilly* v. *United States*," 67 Harv. L. Rev. 1 (1953).

[16] There are many reasons why grand jury hearings are more protective than civil rights hearings. Cf. note, 74 Harv. L. Rev. 590 (1961). On the pretrial point, the Government argued in Hannah that "prehearing notice of the contents and sources of allegations made against them—which plaintiffs claim is their constitutional right—is not even provided on the issue of guilt or innocence in Federal criminal prosecutions." Brief for appellants, p. 40. Civil rights witnesses, however, do not benefit from pleading and trial traditions that protect alleged criminals. Also, they have not been indicted; and would it be wrong to assume that there would be less risk of their fabricating false evidence than of an indictee's?

[17] Appellee's brief in *Hannah* v. *Larche*, pp. 1–22; and see p. 85 of the transcript of oral argument ("the 14th amendment because they are denying them due process of law").

[18] See Hand, "The Bill of Rights" (1958); cf. McWhinney, "The Power Value and Its Public Law Gradations: A Preliminary Excursus," 9 J. Pub. L. 43 (1960).

[19] *Boyd* v. *United States*, 116 U.S. 616, 630 (1886).

[20] See the discussion on pp. 112–113 of the transcript of oral argument in the Hannah case ("There might not be the necessity for pleading the fifth amendment if we were given the opportunity of presenting witnesses."). But cf. *In re Groban*, 352 U.S. 330 (1957).

[21] *Palko* v. *Connecticut*, 302 U.S. 319, 328 (1937).

[22] *Adamson* v. *California*, 332 U.S. 46, 61 (1947).

### III. AN ANALYTICAL CHECKLIST MIGHT AID THE DECIDING OF CASES

Appellate courts are not an audience of law students. Yet their handling of due process cases might benefit from the kind of issue-finding checklist that has helped many law students analyze difficult examinations. For when the procedure of government officials is measured for compliance with due process, are not these questions relevant?

*A. Apart from alleged procedural error, exactly how did officials harm (or threaten to harm) complainant in this case?*

We have seen that much may hinge on "deprive" and "life, liberty, or property." However interpreted, though, those words must be tailored to proved facts. Assume that courts do construe "liberty, or property" to include freedom from reputational harm. The precise interests jeopardized still must be identified in each case, as must the official conduct that caused the jeopardy.

In *Hannah* v. *Larche* the phrase "defame, degrade, or incriminate" was critical. Yet whether the registrars truly did risk defamation or degradation was pretty much left to inference, and the attorneys never did dramatize the ways in which the Commission threatened to deprive the registrars of the interests that inhere in freedom from defamation and degradation. Similarly, though the registrars had been subpenaed and thus risked injury required to be self-inflicted,[23] language of the Court implies that supenaed witnesses are no different from other people whom the Commission's activities might harm.[24]

The kind of precise portrayal of harm that may crucially affect a lawsuit is exemplified by petitioner's brief in *Peters* v. *Hobby.*[25] "We of course concede," said counsel, "that the Constitution does not limit the power of the executive summarily to terminate employment on secret information or for any other reason. The question before this Court is only whether the Government has the right to accompany a discharge with a finding of disloyalty which ruins the reputation and career of the accused, without a full hearing."[26] In other words, the protested harm was not to job security but to one's repute as a prospective jobholder.[27]

*B. Exactly what procedural rights were granted, available, denied?*

Phrases like "notice," "summary procedure," and "right to be heard" are of decreasing value in due process ligitation. Sometimes because of their fuzziness they are provably misleading. Procedural rights are bands on a spectrum, and courts are led astray if they have to hazard a guess or examine the record miscroscopically to ascertain which bands merit attention. Too many briefs and opinions never tell us exactly what rights were granted the complainant, to offset those denied, or what rights might have been available had he made a timely request.

*Hannah* v. *Larche* is disturbingly illustrative. Appraisal, confrontation, and cross-examination are rights the Court held may be denied to witnesses. But with respect to cross-examination was it relevant that complainants could have submitted to the Commission questions to be put to their accusers? With respect to confrontation was it relevant that all accusers who were scheduled to testify could have been confronted? And with respect to apprisal what really do we learn from the Court's language: Were the subpenas sufficient? Was their vagueness illuminated by "315 written interrogatories"? Is a chairman's "opening statement [of] the subject of the hearing" enough? Could complainants have been denied the right to hear or read what their accusers who testified had to say?[28]

All conceivable rights need not be separately arrayed in each case, for red penciling or blue penciling as to grant, availability, and denial. A general arraying is useful, however, and for border zones helps compel the tougher analyses that too often are shunned. With an array, judges might even be able to unravel some three-dimensional complications. In Hannah, for instance, what should the Court have pronounced as to secret hearings (which in fact were prescribed by Congress)? If freedom from defamation and degradation is "liberty, or property," should due process for secret hearings require less severe rules than those for public hearings (as to appraisal, confrontation, cross-examination, and right to counsel, for example)? We are miles from solving that problem,[29] and by overlooking the complainants' right to a secret hearing the Court in Hannah probably has made the solution more difficult.

Finally, an accurate charting of rights granted, available, and denied would assure cognizance of some worthy ideas that relate to the timing of judicial redress. In Hannah all the judges chose to avoid a holding as to ripeness and exhaustion of administrative remedies. But the fact that some issues may have been ripe[30] does not mean that all procedural rulings were fixed. Secrecy versus publicity; the Commission's use of nontestifying accusers; the value of submitting questions for the Commission to put to testifying accusers; those are sample issues the Court never faced. Yet its opinion will encourage too many readers to infer that due process requires none of the rights that proper analysis of those issues might ensure.

*C. To decide the case is it necessary to apply the Constitution?*

A settled doctrine requires that judges look critically at all statutes and regulations which allegedly permit a process that allegedly violates due process. "Traditional forms of fair procedure [must] not be restricted by implication or without the most explicit action by the Nation's lawmakers, even in areas where it is possible that the Constitution presents no inhibition."[31] There are some traps for the unwary, but we shall not discuss them here because the matter involves statutory interpretation rather than due process.

Other doctrines that seem to be less used in due process cases could have a like impact. Do they merit more use? The doctrine of prejudicial error, for example, has a respectable history that Congress honored in the Administrative Procedure Act.[32] It can be twisted by compelling a complainant to prove too much, and a concern for decent governing may require that it not affect certain cases (death penalty cases, say). But would not due process law generally profit from the kind of precise identification and measurement of procedural harm that we recommended above for substantive harm? Little damage can result from "whatever the bounds of due process, complaint here has not been prejudiced."[33]

Another set of nonconstitutional inquiries pertains to cases where courts are not the aggressors against government (as when they enjoin hearings), but are rather the dispensers of power (as when their aid is sought to enforce subpenas or other agency commands). In Hannah it was held that due process did not authorize the enjoining of a civil rights hearing. Might the court have been more solicitous of witnesses' rights had the appeal resulted from a lower court's refusal to enforce a civil rights subpena, rather than an order which made the lower court an aggressor?[34]

*D. If it is necessary to test for due process [and again note the need for checking, too, other clauses of the Constitution], what authorities have approved, disapproved, or proscribed the questioned procedure?*

We need not fret here about stare decisis. Locating all the precedents may be troublesome (because of the stunted progress on classification we mentioned above), but the course of due process precedent does not vary from what seems set for most constitutional litigation.

What may distinguish due process cases is the density of nonjudicial precedent. At times, the quest for what courts have done seems almost incidental. That quest is now complemented by the inquiry, "What procedures have governments actually used in matters like this?" The Brandeis brief has a noble history, and its utility for subjects other than economic regulation is established.[35] When it is launched full blown into the fray of due process, however, it sometimes seems more akin to Stephen Potter and his gamesmanship than to a distinguished jurist and his drive for social reform.

---

[23] For an example of Commission-sponsored harm to reputation that had its origins in compulsorily self-inflicted injury see p. 5 of the Commission's NPR–44 (Dec. 12, 1958): "The election officials recited their excuse for not testifying in a halting manner, requiring coaching and prompting from their attorneys every four or five words."

[24] 363 U.S. at 443. I think this explains why the Court misconstrued the words of the injunction. Id. at 429 n. 11 and 444 n. 20.

[25] 349 U.S. 331 (1955).

[26] Brief for petitioner, p. 10, *Peters* v. *Hobby*, 349 U.S. 331 (1955). Approval of counsel's concession should not be inferred from its quotation here.

[27] Cf. Gardner, "The Great Charter and the Case of *Angilly* v. *United States*," 67 Harv. L. Rev. 1, 21 (1953) ("the circulation of adverse opinions about Angilly's character was no part of the duty of the collector's job").

[28] For discussion, see Newman supra, note 7.

[29] Cf. the dissenting opinion in *Hannah* v. *Larche*, 363 U.S. 420, 496 (1960).

[30] There are not many cases where, for threatened procedural irregularities, an agency hearing has been enjoined. 3 Davis "Administrative Law Treatise," chs. 20 and 21 (1958). The attack in the Hannah case was directed at procedural rules. They were "final agency action" within sec. 10(c) of the APA, 60 Stat. 243 (1946), 5 U.S.C. sec. 1009 (1958); but query whether there was "no adequate remedy in any court." Cf. sec. 105(g) of the Civil Rights Act of 1957, 71 Stat. 636 (1957), 42 U.S.C., sec. 1975d(g) (1958). The Solicitor General did not discuss this issue even though the Department of Justice had pressed it at the trial level.

[31] *Greene* v. *McElroy*, 360 U.S. 474, 508 (1959); *Clancy* v. *United States*, 81 S. Ct. 645 (1961).

[32] Supra, note 30, § 10(e).

[33] Cf. *Market St. Ry.* v. *Railroad Comm'n*, 324 U.S. 548, 562 (1945). A prejudicial error doctrine would not be contrary to the Karl Llewellyn rule that "once there is a clearish light, a court should make effort to state an ever broader line for guidance." Llewellyn, "The Common Law Tradition: Deciding Appeals," 398 (1960). Does his rule, prescribed for appellate work generally, apply to all due process cases? I submit that the potential harm to government of cases that say "This and like procedures are bad" is much less than the potential harm to citizens of "This and like procedures are permissible." (Cf. the *Hannah* case.) The reason is that officials tend to push the borderlines to the citizen's disadvantages in both situations.

[34] Cf. *United States* v. *Kleinman*, 107 F. Supp. 407, 408 (D.D.C. 1952).

[35] See 2 Davis, "Administrative Law Treatise," 354 (1958); cf. Doro, "The Brandeis Brief," 11 Vand L. Rev. 783 (1958).

The main trouble with noncourt precedents in procedure cases is that they approach infinity. An important argument can begin, "In the FTC, CAB, NLRB, and Department of the Interior, for example." Or, "In 23 States public utilities commissions." Or, "In the juvenile delinquency proceedings surveyed by the editors of the Indiana Law Review." Or, "In Queensland, Northern Ireland, and Pakistan." Or, "Compare [or contrast] the long-established practices as to allegedly insane criminals in France, Norway, Nazi Germany, and/or Soviet Russia." And historical inquiry adds a vast dimension of time to that of geography.

The Court in *Hannah* v. *Larche* thought it "highly significant that the Commission's procedures are not historically foreign to other forms of investigation under our system."[36] We are then invited to consider:

1. "The first full-fledged congressional investigating committee. * * * The development and use of legislative investigation by the colonial governments. * * * The English origin of legislative investigations in this country. * * * The English practice [now]."
2. A "vast majority of instances * * * [where] congressional committees have not given witnesses detailed notice or an opportunity to confront, cross-examine and call other witnesses."
3. "The history of investigations conducted by the executive branch of the Government."
4. Processes of the FTC, SEC, AEC, FCC, NLRB, OPS, OPA, FDA, Department of Agriculture, Tariff Commission, and "many of the most famous Presidential commissions."
5. "The oldest and perhaps, the best known of all investigative bodies, the grand jury."

That is an impressive list—though more agencies could have been added, of course, as well as State and Commonwealth precedents.

What causes pause is that the research required to document that kind of survey can be quite taxing. And there is evidence that the lawyers and clerks who aided the Court in Hannah did not tax themselves sufficiently.[37] Public administration research and historical and comparative research demand a scientific method; and findings that are accurate, complete, valid, and reliable are not easily assured.

The decade of the 1960's is hardly a time for arguing that tough due process cases should be decided without reference to the practice of other tribunals, other governments, other eras. We must recognize, nevertheless, that the data collected will tend to be anecdotal even if they are trustworthy. "[T]he considerations of fairness that reflect our traditions of legal and political thought."[38] are often elusive, and the amassing of citations which purport to illumine those traditions sometimes adds little light indeed.[39]

### *E. Exactly how would efficiency be affected, in this and similar proceedings, if complainant's request were allowed? (herein of deference)*

Even if "traditions of legal and political thought" have been revealed, they need be "duly related to the public interest Congress sought to meet * * * as against the hazards or hardship to the individual that the * * * [attacked] procedure would entail."[40] Gospel truths are that due process shields us from other public interests and that the other interests give way whenever "the hazards or hardship to the individual" loom too large.

This article will not explore the issues of deference and balancing that perplex judges when they apply first amendment due process, or aim to ensure "respect for the dignity of the individual."[41] Instead, we ask if those issues demand the same articulation when judges seek to preserve what we labeled above "the reliability of the determination-making process." If the public interest, for example, is to keep movies clean and to imprison dope addicts, prior censorship and stomach pumping may or may not be constitutional, given a court's view of fundamental rights and individual dignity. But prior censorship and stomach pumping, per se, are not unreliable. They can be efficient truth-determining techniques, whether or not lawful.

When we permit censorship and testing of the human body, however, the procedures often must be checked for reliability. Thus, each exhibitor ought to be allowed to argue that his movie should not be censored, and the questioning of physiologists' techniques (e.g., on blood tests) should be permitted, because we know that arguing and questioning may well expose error arising out of those procedures.[42]

What truly is the public interest in procedure itself (or more precisely, in the procedures that may lead to depriving people of their life, liberty, or property)? Is it not to insure that correct determinations will be made (and thus only the deserving deprivations be effected), except where some margin of error seems essential to avoid ills that inhere in procedure (e.g., cost and delay)?

To illustrate: The public interest in censoring dirty movies might be jeopardized if the only available procedure were trial by jury; and too few drunk drivers might be punished if every government breath-tester could be subpenaed and cross-examined as to the conditions surrounding his breath-test. Yet censors and testers err, as do all government officials; and centuries of revolution and war warn us that too much error is intolerable. The problem is to set the margin of tolerable error, given the ills of too much procedure. (That margin is usually minimized, of course, by the inventiveness of law men who demonstrate that devices such as preliminary injunctions can avoid the harm of dirty movies, pending a truth-seeking trial, and that allowing a man's own doctor to repeat a health official's test is a check on accuracy that raises hardly any of the questions which trouble us as to cross-examination of health officials.)

In due process cases there are these critical questions: (1) Exactly how would "efficiency" be affected, in this and similar proceedings, were complainant's request for procedural rights allowed? (2) Should courts make that determination or should other officials?

The Civil Rights Commission's assignment is to submit reports to the President and the Congress. Those reports are to "appraise the laws and policies of the Federal Government with respect to equal protection of the laws," and the Commission is directed to "study and collect information concerning legal developments constituting a denial of equal protection of the laws." The public interest is manifest; and efficiency would suffer if the Commission, after it had studied sociological and statistical reports and law review articles, say, were required to notify interested citizens of a grand hearing to be convened at which the authors of those reports and articles could be cross-examined. The band of Commission error that thus might be exposed is far less significant than the obvious ills of that procedure; and the right to petition the Government (as well as advising one's legislators, participating in congressional hearings, etc.) seems sufficient for keeping the margin of error low.

The Commission is further directed, however, to "investigate allegations in writing * * * that certain citizens of the United States are being deprived of their right to vote and to have that vote counted by reason of their color, race, religion, or national origin; which writing, under oath or affirmation, shall set forth the facts." The public interest implied in that directive relates to evildoing—the kind of evildoing that may first, persuade Congress to enact law; and second, persuade the President that he should either (A) encourage Congress to enact law, or (B) advise his Attorney General or other subordinates of a possible need for appropriate action. Quite clearly, Congress no longer was satisfied with the type of informal accusations that normally are adequate for legislating. Apparently too, Congress was not satisfied that the Attorney General and other policemen knew enough about existing violations of law. So sworn accusations were called for, setting forth "the facts"; and the Commission was directed to investigate them. As LYNDON JOHNSON said on the floor of the Senate, "It can gather facts instead of charges; it can sift out the truth from the fancies."[43]

---

[36] 363 U.S. at 444.

[37] See Newman, supra, note 7.

[38] Frankfurter, J., concurring in *Hannah* v. *Larche*, 363 U.S. 420, 487 (1960).

[39] Professor Kadish perceptively describes and evaluates the "criteria for interpreting a flexible due process." Kadish "Methodology and Criteria in Due Process Adjudication—A Survey and criticism," 66 Yale L.J. 319, 327, 344 (1957). He concludes, "the Court has [regarded] * * * its function as one of passively applying moral judgments already made, rather than as one of actively making new moral decision." Id. at 344. He does not fully explore "whether the Supreme Court is institutionally equipped to ascertain and evaluate the complex factual data necessary for rational decisionmaking." Id. at 359. But his inquiries into "the data of comparative legal systems" (p. 354) and "the use of knowledge outside the record" (p. 359) lead me to wonder, Are mountains of data ever likely to be truly as enlightening as an insistent focus on good sense? He searches for "the effect of an added risk of misdeterminations if certain procedures are sanctioned, and * * * the effect of not permitting an attenuation of those procedures." (p. 353) That is a scholarly definition of what I have loosely labeled "efficiency." In the Hannah case, I believe, the Court was so bogged in data that its members never did exploit their own good sense on how complainants' requested rights might have affected the efficiency of the Civil Rights Commission. Another example is *Anonymous* v. Baker, 360 U.S. 287 (1959). Since the investigator there "expressed his readiness to suspend the course of questioning whenever appellants wished to consult with counsel" (id. at 28), exactly how would efficiency have been hurt if counsel had been allowed to observe the proceedings?

[40] Frankfurter, J., concurring in *Hannah* v. *Larche*, 363 U.S. 420, 487 (1960).

[41] See Hand, "The Bill of Rights" (1958).

[42] On blood tests, compare the court of appeals opinion in *United States ex rel, Lee Kum Hoy* v. *Shaugnessy*, 237 F. 2d 307, 308 (2d cir. 1956) ("the data * * * established conclusively that Lee Ha could not be the father"), with the Supreme Court's per curiam notation that remand was necessary because "the blood grouping tests made herein were in some respects inaccurate and the reports thereof partly erroneous and conflicting," 355 U.S. 169, 170 (1957). Cf. *In re Newbern*, 175 Cal. App. 2d 862, 1 Cal. Rptr. 80 (1959); and see Littell and Sturgeon, "Defects in Discovery and Testing Procedures: Two Problems in the Medicolegal Application of Blood Grouping Tests," 5 U.C.L.A.L. Rev. 629 (1958).

[43] CONGRESSIONAL RECORD, vol. 103, pt. 10, p. 13897.

What of efficiency? During the year ending in August 1959, the Commission received approximately 240 accusations involving 29 counties in 8 States.[44] By February 1960, at least 86 more had been filed, involving 4 additional counties.[45] The Commission favors "full investigations,"[46] which apparently means careful study, field interviews, and—on rare occasions—hearings. This seems clear: To advise every accused evildoer that he has been accused, to tell him who accused him, and/or to permit him to cross-examine his accusers might be too complicating, too delaying, too costly.

What if the accused is subpenaed, however, to testify regarding an accuser's testimony at a public hearing? Would it be inefficient to let him know generally what the Commission was after, what kind of examination he would be expected to face, what evidence he should be ready to produce? Would it be inefficient before he testifies to let him sit with the public as a spectator? Would it be inefficient to allow him a limited right of cross-examination, or to submit questions for the Commission to put to his accusers?

Those are questions *Hannah* v. *Larche* did not answer, and they illustrate a variety of questions that ought to have been answered. They relate to the reliability of the determination-making process. One can ask whether the margin of error that might have been minimized by the rights postulated, for that kind of civil rights hearing, would truly have been offset by the ills that sometimes might accompany such rights.

That weighing of procedures' efficiency leads to the question, Who decides? When should courts defer to the judgment of the legislature? Of the Chief Executive? Of Cabinet officials? Of policemen, prosecutors, prison wardens, psychiatrists? If we sought only "the considerations of fairness that reflect our traditions of legal and political thought, duly related to * * * the hazards or hardship to the individual that the * * * [attacked] procedure would entail," judges ought to be paramount.[47] When we also seek "the public interest," however, so that it too can be balanced with the traditions and the individual's interest, efficiency is the new ingredient. The play between procedure and the goals of government becomes crucial, and the epic of administrative law—in New Deal years especially—resounds with reminders that courts' views of efficiency are often believed to be heedlessly frustrating. Even so, the case for deference by judges is weakest when procedural due process is at stake; and these observations seem noteworthy:

First, the legislature is often the antagonist in litigation that involves economic controls, equal protection, censorship, and other substantive questions. In procedural due process cases, contrastingly, courts hardly ever have to declare a statute unconstitutional. For legislatures rarely say, "This is the procedure we want used." Instead they broadly delegate procedure-making authority, and the result is that courts then war with lesser bodies than the legislature itself. Even when a statute is voided that says to an agency, "You may if you wish deny the right to cross-examine," the effect is different from the voiding of a statute providing, "Cross-examination must not be allowed, for the public interest then would suffer." That latter statute is atypical.

Second, administrators (and investigating committees, grand juries, and in fact all lesser officials with jobs to do) have demonstrated, I think, that they are less trustworthy with respect to procedure than are judges. I refer not merely to the abuses of loyalty-security, the pillorying of peoples' reputations, illegal police practices, or other histories of arbitrary action. Nor would I add only the reminder of Justice Douglas in Hannah that "Men of good will, not evil ones only, invent, under feelings of urgency, new and different procedures that have an awful effect on the citizen."[48] I am more influenced by the fact that administrators too often have cried, "Wolf, wolf." Too often, for example, have government attorneys pleaded that to grant rights requested by the complainants would wreck their agency's program—when, following defeat in court, it becomes obvious that the threats were posh. Even in the Supreme Court, where governments have such great resources for winnowing out their borderline cases, is it not astonishing that the Solicitors General (and their State counterparts) so frighteningly often have been wrong on what fundamental fairness requires? And how inadequate, empirically, have been their hundreds of awful-consequence predictions regarding the efficiency and effectiveness of government business.

Judges are sometimes wrong, too. And it may be that a few decisions are making a few criminals' lot a happy one, or that appellate judges as a group still are too eager to impose court rules on agencies whose tasks call for a modified process and a freedom to experiment. In bulk, though, the sins of judges who aimed to insure due process surely have been overbalanced by the sins of bureaucras who—conscientiously, vigorously, in good faith we assume—seek means that at first glance appear the least disruptive to their immediate ends. Too few administrators have acknowledged that "due process of law is not for the sole benefit of an accused * * * [and] is the best insurance for the Government itself against those blunders which leave lasting stains on a system of justice.[49]

### IV. WHO COULD SPEARHEAD REFORM, HOW?

The people who prescribe due process are nearly always adjudicators—administrative or judicial. In their adjudications they examine procedure to see if it is constitutional. On occasion, agencies and trial judges set the law of due process (e.g., when a body like the NLRB declares, "No less than this does due process require."). But appellate courts are paramount, of course; the Supreme Court, preeminent. Inevitably this article treats of that Court's problems. Its process for prescribing due process is emulated by other prescribers, and the target of reform is there if the process be deficient.

Whether legal writings point the way to reform is not always a test of their utility. Some of the best do not aid reformers but rather contribute to knowledge, understanding, or their readers' enjoyment. Yet aid to reform is a valued goal, and provides an interesting test for what Erwin Griswold has called "the current chapter in the long history of criticism of the Court."[50]

The message in most of the newer criticism is that the nine Justices who comprise the Court themselves bear responsibility for its ills. If we imagine, for instance, a conscientious, newly appointed Justice who is eager to fashion the image toward which he should strive, he would learn from careful study of the recent critiques that he and his colleagues should be wiser, more lawyerlike, more statesmanlike, more perceptive, more efficient, less dilettante, less opinionated, more or less worldly, more or less consistent, more or less unanimous, etc. (He would also learn that the mere reading of all those books and articles probably fouled up his time chart.)

Here we deal only with procedural due process, and that topic is not how the Court should manage its business or how the Court should handle constitutional law. But we have considered reforms, and an identifying of possible reformers seems fitting. What is clear is that we will delude ourselves if we assume the Court alone has the burden of improvement.

Questions this article has posed relate, for example, to "good lawyering." Is not that attribute one which in the Court is far more institutional than personal? Are not craftsmanship and understanding far less dependent on the conscience and will of nine Justices than on the presented product of counsel, trial courts, law clerks, other participants? In Hannah, for instance, though the case was terrifically complex, the opinions and the Justices' comments in oral argument show an awareness of issues and of law that was nowhere near matched by counsels' briefs or arguments. Who, then, is to blame for missing some of the subtle points discussed above (particularly when we see that Hannah was announced the same day as *Aquilino, Durham, Locomotive Engineers, Annheuser-Busch, Metlakatla,* three *Steelworkers* cases, *Flemming* v. *Nestor, Miner* v. *Atlas, Schilling, American-Foreign Steamship, Hudson,* and *Cory Corp.* v. *Sauber*[51])?

Thruman Arnold's comment that the Supreme Court opinions "rank higher than the articles which appear in the Harvard Law Review" is worth pondering.[52] Do not current attacks on the Court, even when "based on understanding and respect and designed to assist the Court with its great and difficult task in our constitutional system,"[53] tend to reach for a perfection that no nine Justices, law professors, Wall Street lawyers, or men or angels could ever attain? Improved lawyering and sounder analyses and new lines of inquiry and efficient procedures must be institutional goals. Our worst sin as critics has been an unscholarly premise that some outstanding men named Warren, Frankfurter, Black, et al., somehow should take on an assignment that in fact must largely be ours and many others.

---

[44] 1959 Report of the Commission on Civil Rights, 55.

[45] CONGRESSIONAL RECORD, vol. 106, pt. 3, p. 3692.

[46] 1959 Report of the Commission on Civil Rights, 55.

[47] But cf. *Norwegian Nitrogen Prod. Co.* v. *United States,* 288 U.S. 294, 321 (1933): "Since a hearing is required, there is a command by implication to do whatever may be necessary to make the hearing fair. A duty so interdeterminate must vary in form and shape with all the changing circumstances whereby fairness is conditioned. The appeal is to the sense of justice of administrative officers, clothed by the statute with discretionary powers. Their resolve is not subject to impeachment for unwisdom without more. It must be shown to be arbitrary."

[48] 363 U.S. at 507.

[49] *Shaughnessy* v. *Mezei,* 345 U.S. 206, 224–225 (1953) (dissenting opinion); cf. Gellhorn, "Changing Attitudes Toward the Administrative Process," in "Individual Freedom and Governmental Restraints," ch. 1 (1956). For further comment on deference and due process see Kadish, "Methodology and Criteria in Due Process Adjudication—A Survey and Criticism," 66 Yale L.J. 319, 358-59 (1957; cf. id. at 337 n. 114 ("In the area of procedural due process * * * [Justice Frankfurter] seems to be asserting a doctrine that increases, rather than decreases, the latitude of discretion open to the Court in adjudicating constitutional issues."). Learned Hand, who recently admonished that the courts' duty of deference must not be denigrated, seems to categorize procedural due process separately. Hand, "The Bill of Rights," 44–45 (1958). It is significant that the widely distributed prefact to Davis, "Administrative Law Treatise" (1958), which documents Supreme Court misfeasances by citing chapter and verse, complains of no procedure cases? Cf. 2 id., sec. 16.10; 1 id. 471 (discusses efficiency without mention of deference).

[50] Griswold, foreword, "Of Time and Attitudes—Professor Hart and Judge Arnold," 74 Harv. L. Rev. 81, 82 (1960).

[51] See 363 U.S. 509–721 (1960).

[52] Arnold, "Professor Hart's Theology," 73 Harv. L. Rev. 1298 (1960).

[53] Griswold, "Foreword: Of Tome and Attitudes—Professor Hart and Judge Arnold," 74 Harv. L. Rev., 81 (1960).

The problem of court reform is reminiscent of problems of influence peddling. There the initial cry was for improved ethics in the regulatory agencies. Then it became clear that the issues were really quite complex and that some of the boldest critics—Congressmen and lawyers—were themselves deeply involved. Influence peddling problems still are mostly unsolved; but we have learned that agencies' codes of ethics are only piecemeal solutions, and that self-reform within Congress and the bar may be much more critical.

Consider similarly the aches of investigating committees. We first pitted the good guys against the bad and hoped that sensible middlemen (Senators George and McClellan, say) would restore law and order. Then we discovered that voters and newspapermen and thus politics were involved, and that fair committee procedure called for sophistications which only members of the bar could supply. The response of lawyer-planners and lawyer-draftsmen was excellent; and if more lawyer-statesmen had responded comparably (with the kind of lobbying campaign that is now being waged for professional men's tax benefits, say), we might have achieved for investigating committees a more impressive code than the House of Representatives' fair play rules.[54] (And who knows what impact that victory might have had on *Hannah* v. *Larche*?[55])

The influence peddling and investigating committee analogies show what can be done when less attention is given to "Here is what you the commissioners (or you the Congressmen) should do" than to "Here is what we the lawyers must do." The procedures of Congress provide a model too where critics finally realized that "Here is what we the professors must do." The Legislative Reorganization Act of 1946 is in large part a product of political scientists, after years of learned but unheeded scholarship as to legislatures' organizational deficiencies.[56]

Institutionally what might be done to improve the process of due process? As noted above we need a superior literature, which presses for precise definitions and what Karl Llewellyn calls "the structuring of whole fields and * * * the sweating of clarity out of tangled lumps of 5 or 15 or 50 or a hundred and fifty cases. * * * [For] it is the scholar who must carry the load first of stumppulling and then of dreaming or sweating up intelligible tentative drafts of sound design."[57] The need for that literature (and for efficient guides to its use, instead of our self-deceiving "Index to Legal Periodicals") should help keep us humble. No one can pretend, however, that the need is likely to inspire any foundation-sponsored or other project that in the foreseeable future could bring us closer to a better due-process process.

For measurable gain we must seek less remote proposals, such as Dean Griswold's suggestion that "the bar should take the lead in developing legislation which will reduce the burden on the Supreme Court."[58] The proposal I discuss now relates to the bar, particularly to traditions of advocacy that seem fixed for due process litigation (and, I suppose, most Court litigation).

If we must identify the mortal sinners in the due-process prescribing process, I nominate the lawyers for plaintiff and defendant. Their time chart is less compulsive than the Justices'; and they surely are most at fault when items on the checklist are unchecked, when exact harms, exact procedures, exact precedents are unidentified. A choice excerpt from one of the Hannah briefs (confusing 5th and 14th amendment due process) was quoted above. A score or more other excerpts would be equally damning. At oral argument why was the Court misled, for instance, as to the practices of congressional committees, the understanding of the Commission as to its duties re executive sessions, the Commission's interpretation of "defame, degrade, or incriminate"?[59]

The plain truth is that the Court does not benefit from what excellent advocacy could insure, just as it does not benefit from what excellent scholarship could insure. The temptation, therefore, is to conclude that lawyers must study the facts and law more carefully, write better briefs, prepare more painstakingly for oral argument. Unhappily, that has the same unreality as does telling scholars that the quality of texts and articles ought to be improved. Of course we need superior advocacy, but recognizing the need does not make the prospects of improvement less remote.

So, again, are we reduced to pontification that the true call is for a better bench, a better bar, better law schools—just as some critics argue that to control influence peddling and investigating committees we must elect better legislators and hire better men in Government? One hopes that less radical cures might be developed; and it is with respect to advocacy that one cure might be practicable, I believe.

When due process is prescribed, law is made—procedure law. Facts and arguments which influence that lawmaking are in part the same facts and arguments which would have influenced noncourt lawmakers—legislatures, agencies, judicial conferences, other groups that reform procedure law. The techniques for presenting facts and arguments, however, are phenomenally dissimilar. For in the process of prescribing due process we rely almost entirely on the talents and resources of two parties' lawyers.

To the comment, "Isn't that true for all judicial lawmaking?" I must reply, "Yes." And perhaps the process of all judicial lawmaking needs reforming, so we could bring to judges the wisdom and insights that are the product of procedures in statute making and rule making. I stress, though, three facts that may call for accelerated action on due-process process.

First. In due-process cases most private lawyers do not enjoy the competence that may mark their presentation of other cases. As a result, courts do not benefit from the high-quality lawyering that can aid tax law, labor law, criminal law, the law of the press, other subjects. Even civil liberties lawyers tend to be better informed on first amendment rights than on most due-process rights.

Second. Government lawyers, on the other hand, are able to acquire due-process expertness; and the fee and expense limits that in many cases confine private lawyering are not paralleled in Government. The two teams of lawyers, therefore, are not evenly matched; and the courts suffer. If Government advocates were statesmen, fit to guide judges wisely through labyrinths of righteousness, their competence would be a blessing. The facts, sadly, show that solicitors general and their counterparts are not permitted such a role. For their counsel is sought not when other officials wish to design a procedure, so that the lessons of "the very essence of a scheme of ordered liberty" may be put to good use. Rather they answer calls of alarm. They are shock troops to be rushed in when a lawsuit impends. Their job, with awful consistence, is to demonstrate that a procedure already set is really legitimate, though they and other lawyers (and people who designed the procedure, even) might now concede that de novo a more fair procedure should have been designed.[60] One shudders at the thought of the arbitrary governing that now might be our heritage if judges, year after year, decade after decade, had been overly impressed by the due-process expertness of Governments' advocates.

Third. Procedure (the kind of procedure that is used to deprive people of life, liberty, and property) is peculiarly a lawyer's topic. In other fields there are businessmen and churchmen and doctors and engineers for whom lawyers speak. Those people can be concerned with procedure, but even when substance is deeply affected (as in the commitment of juvenile delinquents or the mentally ill, say) the legal profession does not forfeit its eminence.

In typical cases, however, lawyers for the man deprived of life, liberty, or property may share too little of their whole profession's lore; lawyers for the Government, too much. Should not courts insure a better balance by seeking from the profession aids to wisdom that the bar as a whole (lawyers and professors) could provide?

The best discussion of extra manpower that I know is Karl Llewellyn's; and his comments on the lower courts and counsel, the judge's law clerk, and outside experts merit attention.[61] I wish he himself had given more attention to the amicus brief. "[R]equesting or inviting, on occasion, an amicus brief * * * has been little institutionalized," he says, "and if institutionalized unwisely it could turn into an abuse; but the idea has much merit, for occasional use, especially when light is needed on situations technical and relatively unfamiliar to the court."[62]

He wrote mostly of private law. With regard to due-process law, for which the bar has a unique bent, should we be so cautious? A flood of amicus briefs might rub rawly too many sensitive issues in commercial law, perhaps, or all constitutional law. But one of these days we will have to face up to the arbitrariness and need for a right to petition and right to be heard in judicial lawmaking,[63] and is not due process a fertile first field for experiment and expansion?

---

[54] See, Newman, "Some Facts on Fact-Finding by an Investigatory Commission," 13 Admin. L. Rev.—(1961).

[55] Cf. Newman, supra, note 7.

[56] See Galloway, "The Operation of the Legislative Reorganization Act of 1946," 45 Am. Pol. Sci. Rev. 41 (1951).

[57] Llewellyn, "The Common Law: Deciding Appeals," 346 (1960).

[58] Griswold, "Foreward: Of Time and Attitudes—Professor Hart and Judge Arnold," 74 Harv. L. Rev. 81, 85 (1960); cf. Arnold, "Professor Hart's Theology," 73 Harv. L. Rev. 1298, 1300 (1960) ("How Professor Hart proposes to reform the bar he does not say.").

[59] See pp. 43–45, 50–58, and 93 of the transcript.

[60] I have been advised that the Government lawyers responsible for arguing the Hannah case were so set on victory that they sought out potential amici (who were contemplating the filing of a brief possibly like the Douglas-Black dissent) and persuaded them not to file.

[61] Llewellyn, "The Common Law: Deciding Appeals," 317–332 (1960). Some of the most objectionable language in the Court's Hannah opinion was inspired by pp. 18 and 35 of the Government's brief. See text preceding note 10, supra.

[62] Llewellyn, "The Common Law: Deciding Appeals," 323 (1960).

[63] See Weintraub, "Judicial Legislation," N.Y.L.J., Mar. 19, 1959; cf. *Mitchell* v. *Trawler Racer, Inc.*, 362 U.S. 539, 571–572 (1960) (dissenting opinion); *Wyatt* v. *United States*, 362 U.S. 525, 535 (1960) (dissenting opinion); *NLRB* v. *E. & B. Brewing Co.*, 276 F. 2d 594 (6th Cir. 1960); George R. Currie, "Appellate Courts Use of Facts Outside of the Record by Resort to Judicial Notice and Independent Investigation," 1960 Wis. L. Rev. 39.

Why should not lawyers and law professors—individually, for clients, for ABA, AALS, ACLU, and other groups, for governments—articulate via amicus briefs a concern with due process procedure law that matches their variously demonstrated concerns with all other forms of procedure law? We have taught ourselves that committee reports and scholarly writings, alone, do not sufficiently influence lawmakers and that reform activity, to be fruitful, has to be packaged efficiently. For courts is not the best package—comparable to appearance at a legislative or rulemaking hearings or an office conference with legislators or administrators—the amicus brief?

What would such briefs add? The writers could be lawyers whose interest was not confined to (1) this particular case, or (2) ensuring victory for the Government in this and similar cases. Their contribution could reflect some of that maturing of collective thought which perhaps cannot be assured by the Bench itself.[64] They could test counsels' arguments for compliance with the checklist (which thereby would become sharper, more complete, more useful). They could supply the breadth of view we need to expose privilege doctrines, too pervasive criminal trial analogies, and other doctrinal dead ends. Their ideas would not be molded to victory or defeat,[65] and their grand strategy less likely would involve aims extraneous to due process.[66] They could also focus for courts' attention some rather good ideas in legal writings that now, too often, are entombed. (In Hannah the opinions cite none of the leading texts or articles on cross-examination, and only one of the scores of recent articles that discuss investigating committee procedures.)

Those are potential gains, speculative but not insignificant. They might call for some management planning, though by no means do I recommend any souped-up, centrally controled, amicus brief filing body.[67] Free enterprise and sometimes even brashness are to be encouraged (which, incidentally, may require for academic life a vigilance to be sure that young teachers do not write articles instead of briefs merely to get their publish-or-perish credits).

## CONCLUSION

In short, the due-process process calls for alertness as to the deficiences of both doctrine and mechanics. It calls for awareness that the job of whittling away at those deficiencies is too vast for nine Justices. Reforms that a thousand others of us must effect are needed, and an expanded amicus tradition might be one useful reform.

The Justices bear some responsibility. When parties' briefs are insufficient postponements can be ordered; and there are many precedents where the attorneys have been directed to discuss Court-framed questions, where agencies have been asked to interpret documents or describe their practices, where comments of independent counsel have been sought. The Court might even impose some minimum standards for due process advocacy, to insure that lawyers do not ignore items on a checklist or that they detail their quarrels regarding fact (adjudicative and legislative) as well as the law theories they espouse. Especially, the Court should not jeopardize its own due process by restrictive application of its amicus rules.[68] It is not a committee of Congress, and it owes no duty of graciousness to all advocates who may wish to file or read statements. It is part of "the Government," nonetheless, and "to petition the Government" for better due process (whether or not a first amendment right) is a right the Court surely should encourage when its own work might profit.

A final word relates to social significance. With respect to procedure law in general, it can be argued that appellate courts are not the best forum for reform and that reformers' limited energies, therefore, should be aimed at revised statutes, revised regulations, revised court rules. That is certainly true as to civil procedure and a great deal of criminal and administrative procedure. The big regulatory agencies, for example, rarely have any due process troubles; and a whole new Administrative Procedure Act can be drafted with only minor reference to the rules of due process.

There are immense areas of government, however, where much law is due process law—where crucial statutes, regulations, and rules are either nonexistent or unconstitutional. Many criminal proceedings, loyalty-security proceedings, mental health proceedings, traffic court, juvenile court, and family court proceedings illustrate the point. The officials engaged in those activities are not constantly perturbed by due process opinions, but there is ample evidence that those opinions do have an enormous impact.[69]

Yet even more critical than an impact on administration is the impact on reform itself. We tend to regard due process opinions mostly as warnings to policemen or trial judges or agency officials—telling them what appellate courts won't let them do. Those warnings themselves effect many reforms. (E.g., "We'd better change the rules, because Olympus says we're not supposed to do that anymore.") The greater effect, though, pertains to statutes, regulations, and rules that are new and more comprehensive.[69] Reformers of those less explored proceedings I just mentioned (loyalty-security, traffic court, juvenile court, etc.) do not only inquire "What must we avoid to keep the new procedures constitutional?" They also ask, "For ideas as to procedure why don't we consider the due process precedents?" And often they add, "Why as a matter of policy should we require more than due process requires? For the cases tell us what is 'fair,' and who are we to seek more than fairness?"[70]

*Hannah* v. *Larche*, for example, reminds us that "due process embodies the differing rules of fairplay, which through the years, have become associated with differing types of proceedings." The proposals there rejected, we are told, "would make a shambles of the investigation and stifle the * * * gathering of facts." "[T]he investigative process could be completely disrupted. * * * Factfinding agencies * * * would be diverted from their legitimate duties and would be plagued by the injection of collateral issues that would make the investigation interminable."[71] Should reformers disregard those prestigious predictions? Or is it possible that the Court's inquiry in this single case may have greater effect on the whole course of investigatory reform than will a vigorous decade of scholarly research and writing?

The process of prescribing due process thus may even dominate reform. Efforts to improve its effectivenss could be widely rewarding indeed.

---

## EXCERPT FROM "THE FEDERAL LOYALTY-SECURITY PROGRAM," BY ELEANOR BONTECOU, CORNELL UNIVERSITY PRESS (1953), AT PAGES 234; 235–236

From these confusing and conflicting opinions one can only conclude that the necessity of facing the ugly reality that there may be a threat on the one hand to our security, and on the other, to our freedoms, has presented very difficult problems to the courts as well as to all of us. Even the immediate practical effect of the Court's decision on the loyalty and security programs remains in doubt. * * * So far no doors have been closed and locked by decisions in the courts, and they never can be so long as the courts continue to exercise their function of weighing conflicting interests. Obviously the balance of the scales is subject to change. There are a number of paths, as yet untrodden, which may lead from loyalty-security cases to the courts. When and if new cases involving different issues come before them, the Justices will undoubtedly continue to pay great respect to the judgment of the Congress and the Executive, but it seems unlikely that they will abandon the position that the conditions imposed upon those who seek to gain or hold Government employment must be reasonable not arbitrary. * * * Already there are signs that the courts will not permit themselves to be barred from consideration of the real issues before them by the device of placing upon them the label "security." * * *

Obviously no one can now prophesy the course which the courts will finally take. Their exact direction may depend on such extraneous matters as change of personnel. As time goes on, however, they will surely have a clearer understanding than is now possible of the meaning of this new concept of security and of the role it is playing in the shaping of our institutions. Perhaps they will find that they are not really being asked to choose between the conflicting in-

---

[64] Cf. Hart, foreword, "The Time Chart of the Justices," 73 Harv. L. Rev. 84 (1959).

[65] While preparing a mock petition for rehearing in the Hannah case I discovered that my avowed "concern for rationality in the law of due process" was consistent with neither appellants' nor respondents' aims. Both sides would have opposed my suggested conclusion. See Newman, supra, note 7.

[66] In the cold war now being waged on desegregation and other racial issues, what really are the stakes in a dispute regarding technicalities of the procedure of one not very powerful Federal investigatory agency?

[67] Cf. Freedman, "Promoting the Public Welfare: A Proposal for Establishing a People's Advocate," 43 A.B.A.J. 211 (1957); Kadish, "Methodology and Criteria in Due Process Adjudication—A Survey and Criticism," 66 Yale L. J. 319, 363 n. 198 (1957) (references to "a research body which would make determination of constitutional facts").

[68] Cf. *Knetsch* v. *United States*, 81 S. Ct. 132, 137 (1960) ("Some point is made in an amicus curiae brief of the fact that * * * [petitioner] in entering into these annuity agreements relied on individual ruling letters issued by the Commissioner to other taxpayers. This argument has never been advanced by petitioners in this case. Accordingly, we have no reason to pass upon it."). Would more flexibility on rehearings be desiderable? Cf. Louisell and Degnan, "Rehearing in American Appellate Courts," 44 Calif., L. Rev. 627 (1956). Generally, see Swisher, "The Supreme Court and the 'Moment of truth,'" 54 Am. Pol. Sci. Rev. 879, 884 (1960).

[69] Two years ago, reviewing the Davis "Administrative Law Treatise," I stated that "Agency rulemakers and adjudicators do pay considerable attention to statutes, but if Professor Davis believes they are regularly influenced by Supreme Court opinions I believe he is mistaken." Newman, "The Literature of Administrative Law and the New Davis Treatise," 43 Minn. L. Rev. 637, 642 (1959). I now believe that I was mistaken, assuming that (1) we do not overly stress the word "regularly," and (2) administrative law includes the whole sweep of government and not merely those proceedings that are the focus of most law practice before agencies.

[70] For a suggestion that officials sometimes are afraid to recognize more rights than due process demands see Rourke, "Law Enforcement Through Publicity," 24 U. Chi. L. Rev. 225, 253 n. 108 (1957).

[71] 363 U.S. at 442–444.

> terests of individual freedom and national security but are dealing with different aspects of the larger problem of national security. They may then decide that the maintenance of our traditional freedoms and our traditional respect for fairness is as necessary to our safety as a free nation, as are the forging of secret weapons and the raising of armies.

Mr. Speaker, it is in this spirit that I oppose the bill as it comes before us today—under suspension procedures which permit no amendment or adequate time for debate—in the hope that we may continue to find ways, through flexibility, imagination and procedural experimentation, to insure that in the land of the free we can have both security against internal threats, and the guarantee of individual freedom.

**Mr. LINDSAY.** Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. ROOSEVELT].

**Mr. ROOSEVELT.** Mr. Speaker, when this bill was called on the Consent Calendar on August 20 I objected to its passage because I thought there were serious objections to the bill. Now it is before us under a procedure that prevents amendments.

After further consideration I have concluded that adoption of H.R. 12082 would be a serious error, unless some amendments were adopted. The Members of this House should be alerted to the infirmities and dangers of this legislation.

Briefly stated, H.R. 12082 would amend the Internal Security Act of 1950 by requiring a full field investigation prior to the employment of any person by the National Security Agency, and by giving the Secretary of Defense the power to summarily terminate the employment of any officer or employee of the Agency whenever he deems such action to be in the interest of the United States, and when he has determined that the ordinary procedures for terminating employment cannot be invoked consistently with national security. Under this legislation such action by the Secretary would be final and unreviewable.

I do not of course question the sensitivity of the National Security Agency nor the need for legislation clarifying and strengthening the Agency's security procedures. This need was shown when, in June of 1960, two employees of the Agency defected to the Soviet Union.

One part of H.R. 12082 provides for a full field investigation before a person may be employed by the National Security Agency. No objection can be made to this provision. But what can and should be objected to are those provisions of the bill which give the Secretary of Defense complete and arbitrary power to discharge an Agency officer or employee whenever the Secretary thinks it is in the public interest to do so without granting the employee a hearing, the right to confront his accusers, the right of appeal, or even the right to know the nature of the charges which have led to his dismissal. The bill does state that such dismissal can only take place when the Secretary has determined that the ordinary procedures for terminating employment cannot be invoked consistently with national security. But the bill provides no standards to guide the Secretary in making such a determination, and his judgment on this matter is final.

Not long ago the Supreme Court had occasion to comment on proceedings of this type in Greene against McElroy, a case in which the Department of Defense had revoked the security clearance of a man under the industrial security program without having granted him an opportunity to confront and cross-examine his accusers. The Supreme Court said this regarding such procedures:

> Certain principles have remained relatively immutable in our jurisprudence. One of these is that where governmental action seriously injures an individual and the reasonableness of the action depends on fact-findings, the evidence used to prove the Government's case must be disclosed to the individual so that he has an opportunity to show that it is untrue. While this is important in the case of documentary evidence, it is even more important where the evidence consists of the testimony of individuals whose memory might be faulty or who, in fact might be perjurers or persons motivated by malice, vindictiveness, intolerance, prejudice, or jealousy. We have formalized these protections in the requirements of confrontation and cross-examination. They have ancient roots. They find expression in the sixth amendment.

H.R. 12082 goes much further than the action of which the Supreme Court spoke since it not only denies suspected employees the right to face their accusers, but it eliminates all hearings and, therefore, all possibility of defending against unknown accusations. In addition it denies the discharged employee the basic right to appeal and even the right to know the nature of the charges made against him.

### BOARD SETUP NOT EVEN REQUIRED TO PASS ON OR MAKE RECOMMENDATIONS

Supporters of this bill will argue, no doubt, that although the procedures it establishes are harsh and extraordinary they are warranted and indeed required by the demands of national security. Perhaps this is so, but before such unusual power is granted, the Members of this House should be convinced that national security not only demands such drastic legislation, but that it is impossible to evolve procedures which will equally protect national security and at the same time be consonant with traditional American notions of fairplay. I do not believe that such is the case.

Why, for example, cannot the National Security Agency be equally protected by granting the Secretary of Defense power to suspend temporarily a person suspected of being a security risk, or to shift such a person to a nonsensitive position within the Agency pending a final determination of his fitness? Under such an arrangement this final determination could then be made in the ordinary fashion with the employee being informed of the nature of the charges against him and having an opportunity to respond to such charges. In the meantime the Government would be protected because the employee would be denied access to classified information pending his final clearance. That such an arrangement is feasible is actually suggested by the bill as it now stands since one of its sections provides that conditional appointments can be made by the Secretary to positions without access to sensitive cryptologic information pending the completion of the full field investigations required by the bill.

Why, too, cannot an Agency employee having been discharged and thereby removed from access to sensitive information be allowed to know the charges which have led to his dismissal and be allowed to appeal without national security being endangered?

I merely offer these suggestions tentatively. The important point to be made now is that legislation which enables a man to be thrown out of his job and branded a security risk without affording him such fundamental rights as a hearing or an appeal should not be enacted without full hearing and debate and without a consideration of alternative possibilities.

I regret that this measure must be considered in this fashion today and I express the hope that the other body will either amend it or reconsider it next year.

**Mr. LINDSAY.** Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I am opposed to this bill, H.R. 12082, being considered under suspension of the rules. I would have at least two amendments to the measure which I would offer were this bill on the floor being considered under a rule. However, I think certain facts regarding this bill should be made clear. This bill does not even provide minimum due process. It does not provide for appeal. It does not provide for a hearing. I think that a bill involving fundamental questions as to the right of the Government under circumstances like this should be afforded ample time for debate. I may say I do not feel anywhere near as strongly about this bill as I do about the next bill in view of the fact that the impact of this bill in terms of numbers of individuals who might be involved is relatively very small.

The **SPEAKER** pro tempore. The gentleman from New York has consumed 1 minute.

**Mr. LINDSAY.** Mr. Speaker, I yield myself an additional 30 seconds.

The **SPEAKER** pro tempore. The gentleman is recognized.

**Mr. LINDSAY.** In view of the circumstances, since no amendments may be offered and the debate is so limited, I would be constrained to vote against this bill should we have a rollcall vote on Wednesday.

Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. JOHANSEN].

**Mr. WALTER.** Mr. Speaker, I yield the remainder of my time, 3 minutes, to the gentleman from Michigan.

The **SPEAKER** pro tempore. The gentleman from Michigan is recognized for 8 minutes.

**Mr. JOHANSEN.** Mr. Speaker, I thank the gentleman from Pennsylvania for the additional time, and I thank the gentleman from New York for yielding to me.

It could be said, I suppose, that this legislation—and I rise, of course, in support of H.R. 12082—represents an effort to lock the barn door after the horse is stolen insofar as it is unfortunately not retroactively beneficial in respect to the Martin and Mitchell cases. But I remind the House that there are other barn doors and other locks that are desperately needed, and it is to furnish those locks with respect to sensitive agencies that this legislation has been voted out by the House Committee on Un-American Activities.

I want particularly to stress the fact, as a minority member of the committee, that this was a unanimous vote and that it does have the complete support of the membership of the committee.

In view of the emphasis that has been made by the critics of this legislation respecting section 403(a) relating to termination of employment, I should like to set the record straight by reading the provisions of this section.

It reads:

> Sec. 403. (a) Notwithstanding section 14 of the Act of June 27, 1944, chapter 287, as amended (5 U.S.C. 863), section 1 of the Act of August 26, 1950, chapter 803, as amended (5 U.S.C. 22–1), or any other provision of law, the Secretary may terminate the employment of any officer or employee of the Agency whenever he considers that action to be in the interest of the United States, and he determines that the procedures prescribed in other provisions of law that authorize the termination of the employment of that officer or employee cannot be invoked consistently with the national security. Such a determination is final.

Mr. SCHERER. Mr. Speaker, will the gentleman yield at that point?

Mr. JOHANSEN. I am glad to yield.

Mr. SCHERER. Under present law does not the head of the Central Intelligence Agency and the head of the Atomic Energy Commission have the same right to dismiss summarily?

Mr. JOHANSEN. The gentleman, of course, is correct, and that point was stressed by the chairman of the committee.

Mr. SCHERER. And is not NASA as sensitive as, if not more sensitive than the Atomic Energy Commission or the Central Intelligence Agency

Mr. JOHANSEN. There is no doubt about it; but I should like to stress the fact that the exercise of the prerogative of summary dismissal does not represent the only or even the customary procedure for termination of employment of personnel. It is a reservation of discretionary authority in those cases in which the Secretary specifically determines that it is not in the interest of national security that those procedures be followed.

Mr. COHELAN. Mr. Speaker, will the gentleman yield?

Mr. JOHANSEN. I yield.

Mr. COHELAN. I wonder if the gentleman can tell me the standards the Secretary has been directed to employ in making such determination?

Mr. JOHANSEN. The basic standard that is set forth in this legislation is the matter of the interest and the security of the United States. I do not yield further at the moment.

The simple fact of the matter is that if we are going to have effective safeguarding of national security and the secrets that involve national security, there must, of course, be discretionary authority vested in certain specified individuals. The alternative, of course, is to handcuff and shackle them in instances in which clearly the security of the Nation is involved if the normal and standard procedure were to be followed.

It seems to me the gentlemen who are opposing this bill are fighting a 14-year-old battle. This same issue was resolved in connection with the Atomic Energy Commission and in connection with the Central Intelligence Agency, and they are now trying to win a battle which I think has been fought not only on the floor of the House but a battle which has been fought in the courts and in which the right and necessity of this sort of authority has been abundantly asserted.

I should like to stress again—and I have no hope of matching the ability and the eloquence with which the chairman of the committee has stressed the point—that what is being claimed by opponents of this bill is an alleged legal right to have access either to employment by this Agency or to have access to secrets that involve the basic security of the United States. Of course, we come down to a question of how far we can allow unrestricted freedom to be used by the enemies of freedom to destroy freedom itself. Certainly that must be preserved to the Government, and I know of no way it can be preserved without giving the official agents of the Government the right to exercise discretion when clearly in their judgment and on the basis of the facts known to them it is obvious that normal procedures cannot be followed consonant with the national security.

Mr. GRIFFIN. Mr. Speaker, will the gentleman yield?

Mr. JOHANSEN. I yield to the gentleman from Michigan.

Mr. GRIFFIN. I thank the gentleman for yielding. I wish to commend my colleague from Michigan for his work on this legislation and associate myself with his remarks.

I was interested in the theory and argument presented by the first gentleman from California [Mr. Cohelan], for whom I have a high regard. He argued that constitutional protections afforded to "rights" should now be extended to mere "privileges." This is an interesting academic theory and perhaps it should be debated at great length. But it is a new and far-reaching concept. In attempting to make such an extension, I suggest that my colleagues not start with the National Security Agency or the Central Intelligence Agency. Let them make this kind of an argument first with respect to Government employees in areas which do not involve the secrets of our Government.

Mr. JOHANSEN. I concur in what the gentleman from Michigan has said. Certainly this may be a very interesting academic question to argue out behind the Communist barbed wire and in Communist concentration camps if we do not provide the necessary security for this country.

Mr. COHELAN. May I say to the gentlemen from Michigan, that the due-process question is by no means academic. There must be, and there are ways, as cited by Prof. Frank Newman and many other authorities in this field that appropriate due-process procedures can be worked out within the programs of all agencies, including the highly sensitive National Security Agency.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JOHANSEN. I yield to the gentleman from Iowa.

Mr. GROSS. I notice that two more Russian spies, or whatever you want to call them, have been rooted out of the United Nations. And I notice announcement of this spy activity did not come from Attorney General Kennedy until after the phony U.N. bond issue was safely passed.

Mr. JOHANSEN. I was impressed with the timing, too.

Mr. GROSS. Can the gentleman tell me if this bill will do anything to help root espionage agents out of the United Nations?

Mr. JOHANSEN. This bill does not address itself to the United Nations.

Mr. GROSS. I am sorry it does not.

Mr. JOHANSEN. Unfortunately, we cannot resolve all the problems in one bill.

Mr. LINDSAY. Mr. Speaker, I yield the remainder of the time on this side to the gentleman from New York [Mr. Ryan].

Mr. RYAN of New York. Mr. Speaker, I rise in opposition to H.R. 12082. Rather than this being a 14-year-old battle, as the previous speaker, our colleague from Michigan, suggested, this is a centuries-old battle. One hundred and seventy-five years ago today the Constitution of the United States was approved and signed by the Constitutional Convention. Civil liberties were destined to gain further protection through the adoption of the Bill of Rights. Yet, the battle has continued through the years.

There are fundamental constitutional questions involved in any procedure which would give the power of summary dismissal to the Secretary of Defense. That is what this bill does. It is brought before us under a procedure under which we cannot offer amendments.

H.R. 12082 will permit the Secretary of Defense to fire employees of the National Security Agency if he, and he alone, decides that an employee is a possible danger to "the national security." This is, to say the least, a broad and very vague standard.

Section 403 of the bill authorizes the Secretary of Defense summarily to terminate the services of Agency employees "whenever he considers that action to be in the interest of the United States" and that procedures prescribed in other provisions of law providing for such cases cannot be invoked "consistently with the national security." The section provides that "such a determination is final."

This bill attempts to throw a sop to the employee who finds himself thrown out of a job for reasons entirely unknown and unknowable; he is told that he may go to the Civil Service Commission and present himself for other Government employment. Branded under the procedures of this bill as unfit to handle his country's interests, what would his chances be of getting other Government employment? How would he explain the situation to a prospective private employer?

According to the committee report, this bill is before us because of two dubious characters employed by the National Security Agency who suddenly disappeared into Russia. I fail to see how this would have been prevented even if this bill were law.

On September 4 I pointed out that this bill does violence to constitutional concepts and deprives U.S. citizens of due process of law. It gives the Secretary of Defense the authority to fire any employee of the National Security Agency without a hearing, without the right of cross examination, without the right to have any information against him, without the right to appeal, and without even the right to know why he is being fired.

I suggest that this proposal is inconsistent with the due-process provisions of the Constitution and Bill of Rights. I believe that the debate on the floor today is part of the battle which has gone on for centuries and which will continue, but we must at all times be vigilant to protect the rights of the individual.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Pennsylvania that the House suspend the rules and pass the bill H.R. 12082.

The question was taken.

Mr. ROOSEVELT. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Further proceedings on this matter will go over until Wednesday next.

Mr. ROOSEVELT. Mr. Speaker, I withdraw my point of order that a quorum is not present.

Mr. HALL. Mr. Speaker, I arise in support of H.R. 12082 and H.R. 11363. I believe I happen to be the only member present on the floor at this moment of a special subcommittee appointed by the distinguished chairman of the Armed Services Committee to look into and be briefed on the NSA recently. The subcommittee was chaired by Hon CLYDE DOYLE, of California, and Hon. CHARLES E. BENNETT, of Florida, also served. This was in connection with the expansion of construction and personnel at NSA headquarters. After an exhaustive briefing and tour, I personally was convinced and have withdrawn all objection in the interest of our Nation's security. Further, Mr. Speaker, based on this and other Armed Services Committee experiences, I am certain this body should pass these legislative bills today.

In addition—

First. I am working on, and have been considering and perfecting for over 16 months, a bill to truly outlaw communism in the United States of America. The FBI and the House Un-American Activities Committee are aware of this. We are not dealing with rights, but privileged information pertinent to our security in trying times. As a citizen, Army Reserve officer, and legislator who is fully cognizant of the pressure for personal and civil rights in this day and age, I am even more certain we should secure ourselves in every manner possible. We have had example enough of escapes with vital information and defection.

Second. The members, and myself in particular, of the Armed Services Committee have probably seen more classified equipment and been exposed to more classified construction—from communications through telemetry than most Members. The conclusion is inescapable, Mr. Speaker, we must protect such information through civilian contractors and others and put "teeth" in our action.

Finally, and generally, the "Frankenstein" of civil service tenure, due process, and leaning over backwards to protect persons and minority groups from the responsibilities of the Nation as a whole must stop, or we may in fact lose our representative government. It has been well said that there is naught wrong with our system of government, or bureaus therein; that the granted ability of our department heads or managers (directors, and so forth) to "fire," any three employees per year, would not cure. Of course in this area "due process" could and should ensue.

I hope our colleagues think deeply as to the security needs in a country where enemy agents can live and serve infamously on our magazines, news mediums, and other disclosures. Let us recall what Adm. H. Rickover, U.S. Navy, retired, pointed out about the toy, but dimension-built, submarines, compared to our Nation's FBM—ANP—submarines—Polaris. It is later than we realize.

---

## PROTECTION OF CLASSIFIED INFORMATION

Mr. WILLIS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11363) to amend the Internal Security Act of 1950 to provide for the protection of classified information released to or within U.S. industry, and for other purposes, with committee amendments.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Internal Security Act of 1950 is amended by adding at the end thereof the following new title:

"TITLE III—INDUSTRIAL SECURITY PROGRAM

*"Regulations*

"SEC. 301. Under such regulations as the President may prescribe, the Secretary of Defense may prescribe such uniform regulations, standards, restrictions, and other safeguards as he considers necessary to protect classified information released to or within any industrial, educational, or research organization, institution, enterprise, or other legal entity, located in the United States, whether or not operated for profit (hereafter in this title referred to as 'United States industry'), including procedures for determining eligibility for authorizations for access to classified information so released. The standard for determining eligibility for authorization for access to classified information pursuant to this title shall be that the granting or continuing of access authorization is clearly consistent with the national interest.

*"Personal appearance procedures*

"SEC. 302. Except in cases where the Secretary personally determines that such procedures cannot be employed consistently with the national security, in which event the Secretary will personally make the determination to deny or revoke access authorization, an authorization for access to classified information by an individual (hereafter in this title referred to as 'applicant'), employed in United States industry whose employment involves access to classified information may not be finally denied or revoked unless the applicant has been given—

"(1) a written statement of reasons for the denial or revocation stated as comprehensively and detailed as the national security will permit;

"(2) an opportunity after he has replied in writing within a reasonable time under oath or affirmation in specific detail to the statement of reasons, for a personal appearance proceeding at which time he may present evidence in his own behalf;

"(3) a reasonable time to prepare for the proceeding;

"(4) The opportunity to be represented by counsel; and

"(5) a written notice advising him of final action which, if adverse, shall specify whether the Secretary has found for or against him with respect to each allegation in the statement of reasons.

With respect to matters, other than those relating to the characterization in the statement of reasons of any organization or individual other than the applicant, which he controverts in his reply, the applicant shall be given an opportunity to inspect any documentary evidence or cross-examine either orally or through written interrogatories any witness providing adverse information upon which the Secretary may rely in reaching a final determination to deny or revoke the authorization for access to classified information. However, documentary evidence which has been classified, and information supplied by informants may be received and considered without an opportunity for inspection or cross-examination if the applicant is given a summary of such evidence or information which is as comprehensive and detailed as the national security will permit and, in the case of information supplied by an informant, the informant is one—

"(1) who is identified but who cannot be brought forward because of death, serious illness, or for similar cause; or

"(2) who cannot, for reasons determined by the Secretary to be good and sufficient, be either identified or cross-examined; or

"(3) whose identity cannot be revealed, in the judgment of the head of the Department supplying such informant, without substantial harm to the national interest.

Nothing contained in this title shall be deemed to support a demand by an applicant to inspect or have access to the investigative reports of any agency of the Government.

*"Compulsory process*

"SEC. 303. Under such regulations as the Secretary may prescribe, the Secretary (or his designee for such purpose) shall have power to issue, and in his discretion for good cause shown, shall issue, process to compel witnesses to appear and testify or produce evidence in a personal appearance proceeding under section 302. Any process so issued may run to any part of the United States and its possessions, including the District of Columbia and the Commonwealth of Puerto Rico. Any person who willfully neglects or refuses to appear, or refuses to qualify as a witness, or to testify or produce evidence in obedience to any process duly issued under this section, shall be fined not more than $500, or imprisoned not more than six months, or both. Upon certification by the Secretary, concerning any such neglect, refusal, or failure by any person, to the

United States attorney for any judicial district in which such person resides or is found, the United States attorney shall proceed by information for the prosecution of such person. The Secretary (or his designee for such purpose), upon good cause shown, may (1) authorize any party to a personal appearance proceeding under section 302 to obtain the testimony of any person by deposition upon oral examination or by written interrogations, and (2) appoint any person to obtain such testimony. Any person so appointed shall have the power to administer oaths.

*"Fees and expenses for taking evidence*

"SEC. 304. The fees and expenses of witnesses subpenaed or called by or on behalf of the applicant shall be borne by the applicant, excepting that the Secretary may, in accordance with such regulations as he shall prescribe, provide that such fees and expenses shall, under certain equitable circumstances and in the interests of justice, be borne in whole or in part by the United States. Witnesses summoned or called to testify or produce evidence at a personal appearance proceeding are authorized travel expenses and per diem in such amounts as provided by the Standardized Government Travel Regulations or the Joint Travel Regulations, as appropriate. A witness whose deposition is taken, and the person taking his deposition, is entitled to the same fees that are paid for like services in the courts of the United States. Any appropriation otherwise available to the agency concerned for procurement shall be available for such expenses.

*"Reimbursement for loss of certain earnings*

"SEC. 305. The Secretary may, in accordance with such regulations as he may prescribe, provide for the reimbursement of all or any part of a net loss of earnings resulting directly from the suspension, denial, or revocation of an authorization for access to classified information of an applicant, who, at the time of such suspension, denial, or revocation, was employed in United States industry if, at a later time, it has been determined by the Secretary that (1) the applicant is eligible for an access authorization equivalent to that which was suspended, denied, or revoked, and (2) after considering all of the facts and circumstances under which the suspension, denial, or revocation occurred, it is fair and equitable that the United States, rather than the applicant, bear the loss for which reimbursement is to be made. Reimbursement may not exceed the difference between the amount the applicant would have earned as an employee of the same employer had he continued in the same position as that held at the time of suspension, denial, or revocation and his interim earnings during the period commencing on the date of suspension, denial, or revocation and ending with the date of giving notice to the applicant by regular first-class mail addressed to his last known address of his eligibility for access authorization. The authority conferred by this section may be exercised whether the suspension, denial, or revocation of access authorization directly causing the loss of earnings, or the subsequent determination of eligibility, occurred before or after the date of enactment of this title. Any appropriation otherwise available to the agency concerned for procurement shall be available for such reimbursements.

*"Extension of program by agreement*

"SEC. 306. By agreement between the Department of Defense and any other department or agency of the United States, regulations prescribed by the Secretary of Defense under this title may be extended to apply to releases to or within United States industry of classified information which the other department or agency has the responsibility for safeguarding. In such cases, however, any reimbursement authorized by section 305 of this title shall be made by the department or agency concerned.

*"Nonapplication of Administrative Procedure Act*

"SEC. 307. The Administrative Procedure Act, as amended (5 U.S.C. 1001 et seq.) shall not apply to the use or exercise of any authority granted by this title.

*"Definition of classified information*

"SEC. 308. For the purposes of this title the term 'classified information' means information which, for reasons of national security, is specifically designated by a United States Government agency for limited or restricted dissemination or distribution."

The SPEAKER pro tempore. Is a second demanded?

Mr. LINDSAY. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Louisiana [Mr. WILLIS] will be recognized for 20 minutes, and the gentleman from New York [Mr. LINDSAY] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Louisiana [Mr. WILLIS].

Mr. WILLIS. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the bill under consideration, H.R. 11363, deals with and concerns our national security. I would like to first explain the need for this legislation and then describe what the bill provides.

To begin with it must be realized that about one-fourth of every procurement defense dollar is allocated for classified defense work. What does this mean? It means that in the fabrication and construction of some of our most secret defense weapons hundreds of defense contractors must necessarily have access to blueprints, plans, and specifications, and all kinds of highly classified information. It means, in turn, that thousands of employees must have access to this classified material.

Who are those employees? I should say for the most part and in fact practically all of them are good, loyal, American citizens. But the hitch is that some of them are not. And who are those? In plain language they are either in fact or would-be saboteurs and "espionneurs." I say this because our information is that a very large percentage—some say nearly 50 percent—of the Communist Party membership is now concentrated in basic industry. The need and necessity for and the significance of a security program is, therefore, perfectly apparent.

The purpose of the bill before us is to protect classified information from either willful or inadvertent disclosure, and the need for it was suggested in the case of *Greene* v. *McElroy* (360 U.S. 474), decided by the Supreme Court in June 1959. In that case the industrial security clearance review program, which had been for several years established in the Defense Department was struck down in part. The pertinent part of these regulations was held invalid by the Supreme Court on the ground that neither the President nor Congress "specifically has decided that the imposed procedures are necessary and warranted and has authorized their use."

In order to plug the hole in the dike, the President, on February 20, 1960, issued Executive Order 10865 giving express authority to certain departments, including the Department of Defense, to issue regulations and prescribe requirements for the safeguarding of classified information within industry.

The purpose of the bill, therefore, is to provide an express legislative authorization for the Secretary of Defense, under such regulations as the President may prescribe, to establish such a security program.

The bill would do this within the framework of our Constitution.

The bill establishes as a standard that access to classified information shall be authorized only when clearly consistent with the national interests.

It sets forth the policies and limitations relating to personal appearance procedures in cases where a determination may be made to deny or revoke access to classified information by individuals employed in industry whose employment involves such access.

Under normal procedure an individual whose employment involves access could not be denied it or his access to it could not be revoked without a personal appearance procedure.

And under normal procedure a written statement of reasons for the denial or revocation would have to be given to him; he would be given a right to reply. He would be given time to prepare for the proceedings and to be represented by counsel, and he would have the right to inspect unclassified documents and to confront and cross-examine adverse witnesses.

It is to be noted that there is envisioned only one type of exception to the general requirements for personal appearance procedures provided in the bill. This situation would exist where the Secretary of Defense personally determined that such procedures could not be employed consistently with the national security. In this exceptional case an individual would, nevertheless, be entitled to a summary of documentary evidence which has been classified and of information supplied by informants, but he would not be given a right to inspect such documents or to confront the informant whose identity, in the judgment of the head of the department supplying such informant, cannot be revealed without substantial harm to the national interest.

It should be noted also that the exceptional situation I have described was in substance the industrial security clearance program which had been in effect prior to the decision in the case of Greene against McElroy and I emphasize that the Court did not strike it down on constitutional grounds, but for the reason that neither the President nor Congress specifically has decided that the imposed procedures are necessary and warranted and has authorized their use.

The President, as I have indicated, has so decided by his Executive Order No. 10865 and we are so deciding by enacting this bill.

I repeat that this security program, instituted for the protection of classified information, is within the framework of our Constitution. To say that the Constitution would prevent Congress to pass a law for the protection of our national security would, in my opinion, be the same thing as to say that the Constitution contains seeds for its own destruction. Pray God that we as Members of Congress and judges as members of the Supreme Court will never give such a construction to the Constitution whose 175th anniversary we celebrate today.

**Mr. WALTER.** Mr. Speaker, will the gentleman yield to me there?

**Mr. WILLIS.** I yield to the gentleman.

**Mr. WALTER.** I think you can best understand the need for this legislation when you realize that there are nearly 26,000 contractors engaged in the type of work where confidential information may and does get into their hands. In that connection I would like to point out that several days ago Tom Harris, one of the lawyers for the AFL-CIO, and one of the best lawyers I have ever come in contact with, told me that they had not had their attention called to any case where injury had been done somebody, and he concluded from that that nobody was being injured through the operation of the President's Executive order.

**Mr. WILLIS.** The gentleman is so right, and for the very reason, as I have said, that most of these employees are devoted American citizens. But that is not what this bill is intended to reach. As I say, the bill would establish machinery where an employee normally entitled to access to classified information would have to be denied the access, or the access he presently has would have to be revoked; normally under the very provisions of this bill—and this is the crux of the bill—under the personal appearance procedure, that individual before he could be denied access or his present access be revoked, would have to be given a written statement of what it is all about. He would be entitled to a personal appearance. He would be entitled to give his reply. He would be given time to prepare his defense. He is given the right to counsel. He is given the right to inspect records and to cross-examine and confront his accusers, if you will.

The bill envisages only one situation where the normal procedure cannot be followed; and that is when the Secretary of Defense, the man at the head of all of our defense establishments, personally determines that this procedure cannot safely be employed without substantial harm to the national interests.

As a matter of fact, it is in this vital small area where the Secretary of Defense says, "We cannot follow the normal procedure." That was the type of litigation involved in Greene against McElroy, when the Supreme Court struck down the program outlined, not because it was unconstitutional but because, as the Supreme Court said, it had not been shown that either the President or the Congress authorized it.

Now we say that the President has moved forward.

I may have been in error as to the date of the Executive order; it may have been 1960 instead of 1961. I think I was in error. But President Eisenhower, under Executive Order No. 10865 did so authorize and by this bill the Congress is authorizing.

As I say, in my humble opinion, the procedure under this bill is within the framework of the Constitution of the United States, and I respectfully submit to you that if the Constitution should be construed to prevent Congress from passing a bill to protect vital secrets in the interests of national security then the Constitution would contain seeds for its own destruction.

**Mr. LINDSAY.** Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in opposition to this bill. I consider this not only a bad bill but a dangerous bill. I suppose it is always in times of stress that it is easiest for legislators and other Government servants to let down their guard concerning subjects of this kind. I suppose everybody who opposes this bill, or the last bill, will be accused by some back home of being "fuzzy heads" or "leftwing" or all the other terms that are thrown about so freely.

I think all persons who are worried about the excessive power of a big Central Government ought to vote against this bill, because for the first time—under the terms of this bill—you have the Central Government in a position where it can come between a man and his private employment arbitrarily and without the usual standards that are known as due process.

I do not want anybody to come to the conclusion from what was said by the gentleman who just preceded me, the gentleman from Louisiana [Mr. WILLIS], with whom I have had the privilege of serving on the House Committee on the Judiciary and for whom I have the highest regard, that the Supreme Court feels that a bill of this kind cannot stand the test of due process. In my judgment it cannot, though others may disagree.

Here you have the Federal Government in a position to come into a private arena and say to a company, "You fire X"—whereas X or the company in the last analysis may not have any idea of the reason why.

This is a big step in an important bill that could affect upward of 5 million Americans.

**Mr. WALTER.** Mr. Speaker, will the gentleman yield?

**Mr. LINDSAY.** I yield to the gentleman from Pennsylvania.

**Mr. WALTER.** The employer could not be instructed to fire an employee, as the gentleman stated. The Government informs the employer that this person ought not to have access to the property of the Government. That is all it does.

**Mr. LINDSAY.** I thank the gentleman for making the point. I will comment on that by saying that the facts and the history of this kind of procedure prove that this is tantamount to saying, "You are fired." The mail I have received from American citizens since I first objected to this bill on the Consent Calendar indicates that these men immediately become unemployable.

The danger of this bill is in the due process aspects of it. You would have partial due process as a maximum here. In the opinion of the Secretary or, indeed, under the language of this bill, of any subordinate, he may be denied any semblance of due process. There is this wonderful language in what I call the "however" clause on page 3 of the bill which indicates that all documentary evidence which is classified and all charges by some informant that are not disclosed may be sealed off from any kind of confrontation or cross-examination.

That decision under this language can be made by any subordinate in the great governmental apparatus. This is the real danger of this kind of program because here is where they become corrupted—those people who are so afraid to make a decision because they are afraid they will be attacked so they take the easy way out and the poor fellow who is out in the hinterlands of this country in a university doing scientific research work or in an industrial plant doing research work does not know what has hit him, because in the last analysis the Government has the power to say, "No information shall be given." Oh, yes, we begin by a kind of limited due process here. Yes, in the first part of the bill you will see there are certain safeguards. But in the last analysis, all of this can be wiped out my the snap decision of some bureaucrat in Washington; and there goes the man's employment in the private arena.

I say to you, this kind of legislation is what we ought to be wary of and those of us who are concerned about the powers of Central Government ought to be particularly alarmed.

**Mr. COHELAN.** Mr. Speaker, will the gentleman yield?

**Mr. LINDSAY.** I yield to the gentleman.

**Mr. COHELAN.** I commend the gentleman on the statement he has just made. In addition, I wonder if the gentleman would be good enough to tell us, if he can, how this bill differs from existing practices under the present Executive order?

**Mr. LINDSAY.** I will come to that in a minute.

I want to make one additional point. I think those on the majority side ought to be ashamed of this bill. In the English Parliament they have an expression. They cry "shame" when the majority in the Government has done something that they ought to be ashamed of. This legislation is actively pushed by the administration, by the Secretary of Defense and the Attorney General, in contravention of the Democratic platform of 1960 which said this:

> We shall provide full and fair hearing including confrontation of the accuser to any person whose public or private employment or reputation is jeopardized by a loyalty or security proceeding.

I think we ought to remember that if we enact this bill, particularly under this procedure, which does not allow full debate and which does not allow amendments to be offered, that we are establishing a precedent which has never in history been established by the Congress of the United States when it comes to the right of employment of individuals in the private arena.

Mr. ROOSEVELT. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman.

Mr. ROOSEVELT. I want to associate myself with the gentleman's remarks. I do not think we have heard anything in this debate that shows the need for this kind of "big government," as the gentleman has put it, and this invasion of the rights of privately employed individuals. Nothing has been established here to justify this kind of superpower. I certainly heartily concur with what the gentleman has said, and, without crying "shame," I certainly hope that the other body will remove us from any danger of such shameful proceedings.

Mr. LINDSAY. I thank the gentleman. I should like to recommend to my colleagues that they read the opinion of the Supreme Court in the Greene case which has been mentioned here several times. I think it is important. I will quote just one sentence from it. The Court said this:

> Certain principles have remained relatively immutable in our jurisprudence. One of these is that where governmental action seriously injures an individual, and the reasonableness of the action depends on fact-findings, the evidence used to prove the Government's case must be disclosed to the individual so that he has an opportunity to show that it is untrue. While this is important in the case of documentary evidence, it is even more important where the evidence consists of the testimony of individuals whose memory might be faulty or who, in fact, might be perjurers or persons motivated by malice, vindictiveness, intolerance, prejudice, or jealousy. We have formalized these protections in the requirements of confrontation and cross-examination. They have ancient roots.

Mr. Speaker, when H.R. 11363 was first called up on the Consent Calendar on May 21, 1962, I objected to its consideration. At that time the gentleman from Pennsylvania [Mr. WALTER] assured the Members of this body that he would be delighted to debate the bill and further expressed the hope that every Member of the House would be present "to know exactly what steps our Government is trying to take in order to safeguard information that might be of great value to our enemies, of which there are too many in this country today." Those were his words.

Consequently, I was amazed to encounter H.R. 11363 on the Consent Calendar on August 6, 1962, and again on August 20, 1962. On all occasions on which this bill has been brought to the floor under unanimous-consent procedures, I have objected to its consideration. The bill should be debated in full and those of us who would like to see the measure improved should have been afforded the opportunity to offer amendments. For this reason I cannot agree with the enactment of this bill by suspension-of-rules procedure. No amendments are permitted under this procedure, and we are allowed only 40 minutes of debate. In my judgment there should be full discussion and the possibility of amendment to legislation which may affect the livelihood of upwards of 5 million Americans. Such procedure can hardly inspire public confidence in the bill. Neither can the Kennedy administration's full backing of this legislation inspire public confidence in the administration. This is another instance in which this administration has showed its disregard for civil liberties.

Mr. Speaker, the purpose of H.R. 11363 is to amend the Internal Security Act of 1950 to provide appropriate legislative authorization for the Department of Defense industrial personnel access authorization review program as spelled out in the Department of Defense Directive 5220.6 entitled "Industrial Personnel Security Review Regulation," which comprises Executive Order No. 10865—February 20, 1960—and Executive Order No. 10909—January 17, 1961. The bill purports to prescribe the establishment of an industrial security program covering defense contractors and their employees. This includes universities and any nonprofit institution, as well as defense plants. The bill also purports to provide for the protection of classified information and prescribes procedures to be followed with respect to persons whose access to classified information is denied or revoked.

Before examining the merits of the bill it is necessary to consider the circumstances which led to the introduction of H.R. 11363.

When the Supreme Court in the case of *Greene* v. *McElroy* (360 U.S. 474 (1959)) struck down the industrial security clearance review program established prior thereto under regulations issued by the Secretary of Defense, the Court held that the revocation of security clearance in a proceeding without confrontation and cross-examination was not properly authorized and would require authorization by Congress or the President. In the words of Chief Justice Warren:

> The type of hearing was the product of administrative decision not explicitly authorized by either Congress or the President. Whether those procedures under the circumstances comport with the Constitution we do not decide. Nor do we decide whether the President has inherent authority to create such a program, whether congressional action is necessary, or what the limits on executive and legislative authority may be. We decide only that in the absence of explicit authorization from either the President or Congress, the respondents were not empowered to deprive the petitioner of his job in a proceeding in which he was not afforded the safeguards of confrontation and cross-examination.

In Greene the Court further said:

> Thus, even in the absence of specific delegation, we have no difficulty in finding as we do, that the Department of Defense has been authorized to fashion and apply an industrial clearance program which affords affected persons the safeguards of confrontation and cross-examination. Before we are asked to judge whether, in the context of security clearance cases, a person may be deprived of the right to follow his chosen profession without full hearings where accusers may be confronted, it must be made clear that the President or Congress, within their respective constitutional powers, specifically has decided that the imposed procedures are necessary and warranted and has authorized their use.

As a result of the Greene decision, questions were raised with respect to that portion of the industrial security program which granted limited hearings and was dependent upon the issuance of statements of reasons and the conduct of personal appearance proceedings. In order to meet the objections of the Supreme Court, the President on February 20, 1960, issued Execitive Order No. 10865 giving authority to the Department of Defense and other departments to issue regulations and prescribe requirements for the safeguarding of classified information within industry.

The order authorized specific limitations on cross-examination and delegated responsibility for using this authority with the Secretary of Defense and the head of other departments in the executive branch.

In his testimony before the Committee on Un-American Activities, Walter T. Skallerup, Jr., Deputy Assistant Secretary of Defense for Security Policy, brought substantial factual information on the operation of the program to the attention of the committee. He pointed out how the extent of classified operations outside governmental activities has expanded significantly over the years. It covers not only industry, but also educational and research institutions and various nonprofit activities. He spoke about the impact of the industrial security program upon the work force employed in U.S. industry.

Mr. Skallerup stated:

> The U.S. work force engaged in the manufacture of durable and nondurable goods early in 1962 is estimated to number 16,400,000 people. This is roughly one-fourth of the total U.S. work force.

The Defense Department estimate of the cumulative total number of access authorizations granted in industry since 1949 is 5 million. The total cumulative number of cases which have come under the Department of Defense industrial review program since 1953 is about 4,600 cases.

Mr. Skallerup further stated:

> The language of both the Executive order and the proposed legislation is in sufficiently broad and general terms to cover the entire industrial security program, both in its granting aspects [the 5 million] and its review aspects [the 4,600].

Since the Greene case, 1,019 cases have come under the current program, which began August 1, 1960. The 1,019 represent the total number of cases pending and received under the industrial personnel access authorization review program. These are the cases which have been considered by the Director of the program and referred to one of the special boards—Screening, Field, or Central—for a ruling. In about 650 of the cases decisions have been reached, announced, and are final. Approximately 350 cases are pending before one of the boards. Only 34 cases have been reconsidered after a ruling was handed down.

It has also been pointed out that since the Greene case it appears that a sizable percentage of persons receiving a statement of reasons defaulted by not replying to the statement of reasons. Defaults have occurred in over 30 percent of the cases where a statement of reasons has been issued. In these approximately 350 cases there has been no dispute as to the facts.

In his testimony before the committee, Mr. Skallerup further pointed out that only a minority of all cases received into the review program ever reach the personal appearance stage; namely, about 20 percent. Of those cases which do reach the personal appearance procedure stage there are more denials and revocations than grants with an average of about 42 percent grants and 58 percent denials and revocations. A review of cases under the present program also discloses that out of a total of over 1,000 cases which have come to the director of the program, there are at most 11—in which there will be need for use of a certificate to limit opportunity for cross-examination. To date in no instance has it been necessary for the Attorney General to furnish a certificate. In all of the possible 11 cases in which confrontation might be waived, the reason would be that the informant is engaged in furnishing intelligence information to the Government, and that the disclosure of his identity would be alleged to be substantially harmful to the national security. About seven cases under the program have been brought to the court's for review.

There is no question but that we need an industrial security program—one that would achieve a fair reconciliation between the rights of the Nation to safeguard classified information in the execution of vital defense projects, and the rights of the individual to hold employment and to follow a chosen line of endeavor free from unreasonable government interference and harassment.

The individuals responsible for the operation of the program undoubtedly are cognizant of its inherent dangers and are, I am sure, making every effort to strike a just balance between the rights of the individual and the security of the Nation.

Nevertheless, there are pitfalls inherent in an industrial security program. There is always the danger of mistaken identity. The possibility is ever present that in denying an individual access to classified information he will also be deprived of his livelihood. In the case of Greene against McElroy, Greene not only had his security clearance revoked, but lost his job and had seriously affected his ability to obtain employment in his field of special competence.

The opinion of the Court in the Greene case stated:

> Although the right to hold specific private employment and to follow a chosen profession free from unreasonable governmental interference comes within the liberty and property concepts of the fifth amendment, *Dent* v. *West Virginia*, 129 U.S. 114; *Schware* v. *Board of Bar Examiners*, 353 U.S. 232; *Peters* v. *Hobby*, 349 U.S. 331, 352 (concurring opinion); cf. *Slochower* v. *Board of Education*, 350 U.S. 551; *Truax* v. *Raich*, 239 U.S. 33, 41; *Allgeyer* v. *Louisiana*, 165 U.S. 578, 589–590; *Powell* v. *Pennsylvania*, 127 U.S. 678, 684, respondents contend that the admitted interferences which have occurred are indirect byproducts of necessary governmental action to protect the integrity of secret information and hence are not unreasonable and do not constitute derivations within the meaning of the amendment.

Both of these essential elements should be kept in mind in our consideration of this bill today. We should be no less zealous in protecting individual rights and constitutional safeguards as we are to protect the integrity of secret information. Both are necessary for the welfare of our country.

One of the greatest dangers to the American way of life is Government supervision of the private arena and the relations between employer and employee. A vast and growing section of private institutions are engaged in classified work and are subject to the regulations of the industrial security program. If defense work is permitted to be a justification for unlimited Government regulation of the private arena, then we are confronted with the threat to American life which former President Eisenhower so eloquently warned against in his farewell address to the Nation:

> This conjunction of an immense Military Establishment and a large arms industry is new in the American experience. The total influence—economic, political, even spiritual—is felt in every city, every statehouse, every office of the Federal Government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources, and livelihood are all involved; so is the very structure of our society.
>
> In the councils of Government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.
>
> We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so the security and liberty may prosper together.

H.R. 11363 gives the Government the right to determine who shall be hired and fired in many parts of the private arena. If such power is necessary, it should be surrounded by adequate safeguards so that the Government cannot act in an arbitrary, political, or oppressive manner. The gentleman from Ohio [Mr. SCHERER] said in the hearings:

> I think the President, as Commander in Chief, has the right to do what he wants with classified information of this Government, and he should be able to prevent a person from having classified information if he doesn't like the way he parts his hair, because classified information is a property right in the Government of the United States.

If this point of view should ever come to pass, then we will be one step nearer to the horrible world vision so powerfully expressed in Franz Kafka's terrifying novel "The Trial." In that frightening allegory of modern life, we are exposed to a world where an apparently innocent man is arrested for a crime whose nature he is never able to ascertain, and then put to death by a capricious, anonymous bureaucracy without ever determining the reasons for his punishment or ever being able to confront his accusers. This is a horrible image of a world where individual rights have no meaning—a world where all are victims—all accusers—a world bereft of law and justice—in short, a horrifying picture of a world, which reduces a human being to abject helplessness—a world we must avoid at all costs.

Assuming both the adequacy of present proceedings under Executive Order No. 10865 and the need for legislation which the gentleman from Pennsylvania [Mr. WALTER] states is necessary to strengthen and support the present industrial security program, an assumption I am not prepared to make, let us turn to a consideration of the provisions of the bill. The inadequacies of H.R. 11363 are so numerous and present so many unresolved questions that only a few of the highlights can be touched upon.

First, in view of the far-reaching consequences of the bill, why were hearings held in which only the Departments of Defense, Justice, and Labor were invited to present their views? Why were the hearings called on such short notice?

Why is it necessary to bring up this bill at the present time under a procedure of limited debate and no possibility of amendment? Especially in view of the gentleman from Pennsylvania's statement that he would be delighted to debate the bill and the fact that it has been objected to on the three previous occasions when it has been brought before the House under unanimous-consent procedures?

Why on page 5 of the committee report describing section 301 is the following language present?

> This section extends the coverage of the bill not only to situations where a contract involving classified information exists, but other areas where classified information is released to nongovernmental activities.

This extraordinarily misleading language gives the distinct impression that this bill is extending coverage of the program to any industrial, educational, or research organization, institution, enterprise, or other legal entity, located in the United States whether or not operated for profit.

In fact the program, although entitled "Industrial Security Program," actually covers and has covered for a long time educational and research institutions and various nonprofit organizations.

In section 301 of H.R. 11363, what are the criteria by which an individual is declared eligible or ineligible for access authorization to classified information? How is it possible to know when access authorization is clearly consistent with the national interest?

In section 302 an informant need not be identified or cross-examined for reasons deemed by the Secretary to be good and sufficient. Why are these reasons not spelled out in more detail in the bill and the committee report? What standards are to be followed by the Secretary in making this determination? Why is it necessary that the Secretary have this power with respect to casual informants? Why does the language of section 302 state the exceptions to confrontation and cross-examination before it states the general rules of determination?

It is essential to point out that confrontation and cross-examination are not only techniques of procedure to safeguard constitutional rights but they are methods of seeking truth and only in circumstances of direst necessity should they be abandoned.

Do the provisions of section 303 regarding compulsory process give the use of such process to the applicant as well as the Government? Why, in view of the Department of Defense's opposition to subpena powers, have such powers been written into the bill—section 303?

What interest of national security is served by making the fees and expenses for taking evidence provisions—section 304—mandatory for those individuals ultimately found eligible for access authorization?

In section 305, it is stated that the Secretary may provide for the reimbursement of loss of earnings even though the applicant may well be granted security clearance proving the temporary suspension or revocation to be in error. Why is this broad discretionary power left to the Secretary? Why is it "may" rather than "must"?

Section 307 of the bill provides that the Administrative Procedure Act guaranteeing court review shall not apply to the use or exercise of any authority granted by this bill. Why is there no appeal procedure provided in the bill? Why did the committee fail to ascertain the views of the Department of Defense on this question?

Other unanswered questions would include: What standards of pertinency should be followed at a hearing? How did the authors arrive at the vague definition of classified information contained in section 308 of the bill?

I urge the defeat of this bill which could affect the livelihood of upward of 5 million Americans. Hearings were hastily conceived and incomplete. The bill has not received a full and comprehensive debate on the floor of the House. No opportunity for amendment has been afforded. If passage of this bill today is an example of the careful and purposeful consideration referred to by Chief Justice Warren or of the debate called for by the gentleman from Pennsylvania [Mr. WALTER], then I am amazed how easily we are willing to abrogate our responsibilities as legislators.

Throughout the bill definitions are vague. Moreover, the applicant does not have equal access to the compulsory processes—subpena power. There is no guarantee that if found eligible for access authorization he will be reimbursed for necessary fees and expenses. Nor is there guarantee that he will be reimbursed for the loss of earnings if revocation or suspension proves to be in error. But, of most importance, there is no judicial review procedure present in the bill.

A bill without adequate safeguards which can deprive individuals of their livelihood should never be passed in this careless fashion. I urge that the bill be recommitted to the committee for consideration of amendments which will safeguard the rights of the individual and which will meet the test of constitutionality.

Mr. Speaker, in closing I would like to include an excellent editorial on H.R. 11363 which appeared in today's—September 17—New York Times:

### TIME FOR DEBATE

A new attempt is planned today to rush through the House of Representatives a bill which might once again expose scientists and defense workers to procedural injustices of the type they suffered under the industrial security program the Supreme Court invalidated in 1959. The bill, sponsored by Chairman WALTER of the House Un-American Activities Committee, would open substantial new avenues for administrative arbitrariness in dismissing individuals as security risks without the right to know or confront their accusers.

The Pentagon has made no public complaint that present safeguards for due process are imperiling military secrets in factories or research centers; yet repeated efforts have been made since last May to stampede the Walter measure through the House with no real discussion of its need, its fairness or its constutionality. Representative LINDSAY of New York twice stood alone to prevent its passage by unanimous consent. Four weeks ago, when three votes were required to knock it off the consent calendar, Mr. LINDSAY had three allies out of the total House membership of 436.

Today the bill is scheduled to come up under suspension of the rules—a procedure which limits debate to 20 minutes for each side and makes a two-thirds vote necessary for passage. With a new Soviet spy case in the news and with anti-Russian sentiment heightened by anger over Cuba and Berlin, the temptation will be strong for election-conscious Congressmen to approve any measure that sounds antisubversive, no matter how ill considered it may be. But perhaps, on this birthday of the Constitution, there will be enough men of courage on Capitol Hill to rule out any retreat toward the abuses of the McCarthy years, with all the injury they inflicted on our democratic institutions and our international prestige.

**Mr. LINDSAY.** Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. REUSS].

**Mr. REUSS.** Mr. Speaker, I oppose H.R. 11363 in its present form.

The bill would deny access to classified information, unless giving it is clearly consistent with the national interest, to millions of workers, at all levels of production.

When you deny access to information to a worker whose job depends on such access, you are in effect ending his job.

So it is important that the procedures be fair. Particularly, someone on whom the ax of nonaccess is about to fall should be entitled to confront his accuser and cross-examine him on his charges—to test his truthtelling, his perception, his memory, his narration, whether he is motivated by a vendetta or a psychosis.

H.R. 11363 denies this precious right of confrontation and examination where the Secretary of Defense feels there are good and sufficient reasons for concealing the informer, or where the head of the department—whoever he may be—finds that revealing the informer would cause substantial harm to the national interest.

Mr. Speaker, I believe that protecting the rights of American people is more important than preserving the anonymity of informers. I do not believe that this country would damage its security if we allow persons about to lose their jobs to confront and cross-examine their accuser.

The committee report on H.R. 11363 tells us that in 800 plant-security cases since 1960, it has only been necessary to conceal the informer in 11 cases. I ask, would it have hurt the Nation's security to give the accused the right of confrontation and examination in these 11 cases? If this public appearance ends the usefulness of the informer, can we not get a new informer? And can the informer not get into some other line of work?

The purpose of our security system is principally to protect ourselves in the cold war struggle against the totalitarian tyranny of Russia. It is interesting to recall who invented the system of informers. It was the totalitarian tyranny of Russia, of course, under Czar Nicholas I in the 1830's. They set up the infamous "third section" whose duty it was to spy on everyone.

The informer system spread to Austria, to Prussia, to France, to Ireland. When a knock came on the door in the middle of the night, you never had a chance to confront or examine the informer who had turned you in. It might be the janitor in the flat, the man at the next table in the tavern, the worker at the next bench in the shop. Whoever he was, you were not allowed to confront him.

My grandfather and thousands like him came over to this country in 1848 because they despised tyranny, and the system of secret informers which tyranny typified.

I should not like to see this country fight the danger of Russian oppression today by adopting in any part this odious feature of Russian oppression.

We are here confronted with the clashing interests of individual freedom and national security. I do not believe that the national security will be harmed if we protect the right of the individual about to lose his job to meet his accuser face to face.

**Mr. COHELAN.** Mr. Speaker, will the gentleman yield for a unanimous consent request?

**Mr. REUSS.** I yield.

**Mr. COHELAN.** Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. COHELAN.** Mr. Speaker, I yield to no man in my support of all measures necessary to protect and insure our national security. At the same time I will vote against this bill for it would impinge upon rights which are basic to our American form of government and to our way of life.

Under the suspension procedure which we are following today, only limited time is available for debate—20 minutes to each side. This is scarcely an improvement over the Consent Calendar procedure under which this measure was previously defeated. This time is obviously grossly inadequate for the consideration of a bill which, as this one does, contains broad policy and constitutional implications. At the very least, this measure should be considered under legislative procedures which would allow the full and open debate it deserves and demands.

Certain principles, furthermore, have remained relatively immutable in our jurisprudence. One of these, as Chief Justice Earl Warren pointed out in the case of Greene against McElroy, is that—

> Where governmental action seriously injures an individual, and the reasonableness of the action depends on factfindings, the evidence used to prove the Government's case must be disclosed to the individual so that he has an opportunity to show that it is untrue. While this is important in the case of documentary evidence, it is even more important where the evidence consists of the testimony of individuals whose memory might be faulty or who, in fact, might be perjurers or persons motivated by malice, vindictiveness, intolerance, prejudice, or jealousy.

Mr. Speaker, I am deeply concerned with the problem which the committee has raised and I will support appropriate legislation to rectify it. This bill, however, raises serious constitutional and far-reaching policy issues—issues which should not and cannot be considered in 40 minutes—and for these reasons I believe that it should be defeated today.

**Mr. WILLIS.** Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. SCHERER].

**Mr. SCHERER.** Mr. Speaker, ever since 1952 the Defense Department has been asking the Congress for legislation that would enable it to effectively deal with the attempts of the Communist apparatus to infiltrate our defense industries. Time and time again we have been warned by experts, including J. Edgar Hoover, that our defense industries are one of the prime targets of Communist subversion. I read from the testimony of the Defense Department before the Committee on Un-American Activities:

> The U.S. industry is a prime target of the Communist movement in the United States. It is a primary concern to the Communist movement that it obtain from American industries information concerning the defense structure of the United States, particularly with reference to modern weapons of war. To this extent the Communist Party has been consistently interested in penetrating defense industries where classified work is being performed and also basic industries which, while not engaged in classified work, may be in support of industries performing modern weapons manufacture—the potential for bringing defense production to a halt by sabotage of power facilities is enormous and the repercussions would be disastrous.

A former Secretary of the Army told the House Committee on Un-American Activities:

> I appear before you today with a knowledge that there are a number of subversives now working in vital defense facilities without there being adequate authority in the Federal Government to meet this potential threat to our productive capacity and, therefore, to our military effectiveness.

There is an abundance of evidence in hearings of the Committee on Un-American Activities of Communist attempts to infiltrate U.S. defense industries for the purpose of espionage and eventual sabotage. We are all familiar with the success of Communist agents in stealing our atomic and other vital defense secrets.

The bill before us today is a small effort to plug one of the holes in our industrial defense security dike. This legislation is before us largely as the result of the decision of the Supreme Court in the case of Greene against McElroy. Justice Clark in his dissenting opinion said that if the law in the Greene case is allowed to stand, it will result in a rout of our internal security. We are trying by this bill today to meet some of the requirements of that decision, as assinine as they may be.

Greene had been denied by the Defense Department access to classified information under its then existing procedures that the Court claimed had been administratively set up by the Department. Greene was denied clearance because the Defense Department contended:

> 1. During 1942 subject was a member of the Washington Book Shop Association, an organization that has been officially cited by the Attorney General of the United States as Communist and subversive.
>
> 2. Subject's first wife, Jean Hinton Greene, to whom he was married from approximately December 1942 to approximately December 1947, was an ardent Communist during the greater part of the period of the marriage.
>
> 3. During the period of subject's first marriage he and his wife had many Communist publications in their home, including the Daily Worker, "Soviet Russia Today," "In Fact," and Karl Marx's "Das Kapital."
>
> 4. Many apparently reliable witnesses have testified that during the period of subject's first marriage his personal political sympathies were in general accord with those of his wife, in that he was sympathetic toward Russia; followed the Communist Party line; presented fellow traveler arguments; was apparently influenced by Jean's wild theories; etc.
>
> 5. In about 1946 subject invested approximately $1,000 in the Metropolitan Broadcasting Corp. and later became a director of its radio station WQQW. It has been reliably reported that many of the stockholders of the corporation were Communists or pro-Communists and that the news coverage and radio programs of station WQQW frequently paralleled the Communist Party line.
>
> 6. On April 7, 1947, subject and his wife Jean attended the third annual dinner of the Southern Conference for Human Welfare, an organization that has been officially cited as a Communist front.
>
> 7. Beginning about 1942 and continuing for several years thereafter subject maintained sympathetic associations with various officials of the Soviet Embassy, including Maj. Constantine I. Ovchinnikov, Col. Pavel F. Berezin, Maj. Pavel N. Asseev, Col. Ilia M. Saraev, and Col. Anatoly Y. Golkovsky.
>
> 8. During 1946 and 1947 subject had frequent sympathetic association with Dr. Vaso Syrzentic of the Yugoslav Embassy. Dr. Syrzentic has been identified as an agent of the international Communist Party.
>
> 9. During 1943 subject was in contact with Col. Alexander Hess of the Czechoslovak Embassy, who has been identified as an agent of the Red army intelligence.
>
> 10. During 1946 and 1947 subject maintained close and sympathetic association with Mr. and Mrs. Nathan Gregory Silvermaster and William Ludwig Ullman. Silvermaster and Ullman have been identified as members of a Soviet espionage apparatus active in Washington, D.C.
>
> 11. Subject had a series of contacts with Laughlin Currie during the period 1945–48. Currie has also been identified as a member of the Silvermaster espionage group.
>
> 12. During the period between 1942 and 1947 subject maintained frequent and close associations with many Communist Party members, including R—— S——, and his wife E——, B—— W—— and his wife M——, M—— P——, M—— L. D——, R—— N——, and I—— S——.
>
> 13. During substantially the same period subject maintained close association with many persons who have been identified as strong supporters of the Communist conspiracy, including S—— J. R——, S—— L——, O—— L——, E—— F——, and V—.

The Court in the Greene case held that the procedures under which Greene had been denied clearance were not valid because they had not been established as a result of a Presidential Executive order or congressional authority. Following the decision of the Greene case, President Eisenhower did issue an Executive order authorizing the Defense Department to set up procedures when it had to deny access to classified information to an applicant. The Executive order clearly set out guidelines for such procedures.

The bill before us today, H.R. 11363, known as the industrial security bill, with one or two minor exceptions, will codify and give legislative sanction to the procedures now being used by the Defense Department. Such legislative authority is indicated as necessary by the Court in the Greene case.

As has already been pointed out, in 99 cases out of a hundred, if a person is to be denied access to vital defense secrets under this bill he may appeal. He will then be given a statement of reasons as to why access has been denied. He will have the right to confront and cross-examine witnesses who have furnished adverse information against him. He will have the right to inspect documents that are used as a basis for denying him access.

Under this legislation, there are cases where the applicant will not be entitled to confrontation, cross-examination, or inspection of documents. That is when the Secretary of Defense personally certifies that it is in the interest of national security not to provide such confrontation, cross-examination, and inspection. The applicant is then given a summary of such evidence which will be as comprehensive and detailed as the national security permits.

There are those both in and out of Congress who do not understand, or do not want to understand, the tremendous problems involved in protecting defense secrets of the United States. They wring their hands; they cry out that the people are being wrongfully and unfairly deprived of classified information. They contend that in each and every case applicants for defense secrets must have the right of confrontation, cross-examination, and inspection of documentary evidence; that unless these are granted Uncle Sam must hand over to them his vital defense secrets, no matter how bad a security risk the applicant may be.

The best way to show conclusively why in certain specific instances it is impossible to provide confrontation, cross-examination, and inspection, is to relate an incident that has actually taken place.

About 1954, the State Department took up and withdrew the passport of Jane Zlatovski and her husband, George Zlatovski. In an effort to regain her passport she demanded a hearing before the Board of Passport Appeals. Such a hearing was held. The Board recommended that the passport be denied. The recommendation was sustained by the Secretary of State.

The Board of Appeals had acted upon confidential information which had been received from intelligence agencies of the Federal Government. Mrs. Zlatovski went to court. The court said that she was entitled to confrontation. Although it was admitted that Mrs. Zlatovski had been an active member of the Communist Party for many years, the court ruled that the State Department had to reveal and confront Mrs. Zlatovski with the additional derogatory information it had obtained from intelligence agencies concerning her. Subsequently, the Supreme Court in the Kent and Brich cases decided—like in the Greene-McElroy case—that the State Department procedures were not set up as the result of legislative or executive authority.

The State Department in this case could not under any condition confront Mrs. Zlatovski with the additional derogatory information it had in its possession. Under the Court order, it reluctantly granted her a passport.

Now, why could not the State Department confront her with the information it had? The answer is simple. This Government was at that time in the process of investigating an international espionage ring of which Jane Zlatovski and her husband were members. It was impossible for the State Department to reveal that it knew that Jane Zlatovski and her husband had passed information to Boris Morros, a highly placed American counterintelligence agent, who was at the moment successfully operating in Soviet intelligence channels. Boris Morros, a loyal American, who was working for the U.S. Government, had succeeded in getting the Soviets to employ him as an intelligence agent for the Soviet Union. Boris Morros had fooled the Russians, the Zlatovskis, and other traitors into believing that he was a bona fide Soviet agent. To have revealed to Mrs. Zlatovski anything at all about her connections with Boris Morros would have divulged his identity and resulted in his death. The loss to our intelligence agencies would have been incalculable. Furthermore, the investigation of the Soviet espionage ring would have failed.

The irony is that after Jane Zlatovski was granted a passport, she, her husband, and others were subsequently indicted for espionage. Of course, the Zlatovskis are now outside of the United States and have never been and never will be brought to trial.

But we have here in the House those who say that in every instance, before we can deny classified information to an individual, we must in each and every case confront him with the evidence we have, reveal our secret intelligence officers and documents, and subject them to cross-examination and inspection by an applicant for clearance for vital defense secrets. This is, of course, what the Communists have always wanted. Applications for defense secrets will be filed for sole purpose of trying to find out what our intelligence agencies know about certain Communist agents and their subversive activities.

It should be obvious to the least informed that there are some cases where you cannot possibly reveal to an individual the reasons for your refusing him classified information. On the other hand, to be compelled to grant him vital defense secrets because you cannot make such revelations would make a mockery out of our industrial security program. In fact, it would be tragic if such a situation were created under a law passed by the Congress of the United States.

I have one more observation to make with reference to this whole matter which renders the position of those who oppose this legislation, in my opinion, untenable from a legal standpoint. Is there any lawyer who will deny that the U.S. Government has an absolute property right in its vital defense secrets? No individual has a property or constitutional right to those secrets. To get them is merely a privilege extended by the Government of the United States. If an applicant has no property right—and he does not—to defense secrets, why, in God's green earth must the owner of those secrets—the U.S. Government—before it can deny him those secrets, set up elaborate procedures and hearings and prove that the individual is a subversive or security risk? Why must it risk the security of this Nation and submit to that individual for confrontation and cross-examination its sensitively placed intelligence agents and inspection of classified secret documents? To do so, one must start from a false premise by admitting that defense secrets are not the absolute property of the United States and that any individual has some property right in them. Let me give you a simple example of what I am trying to say.

You are my neighbor and own an automobile. You have an absolute property right in that automobile. I need that car to get to Baltimore as soon as possible, otherwise I will not get a job that is waiting there for me. I ask you for your automobile. Does anyone contend that before you can refuse me the use of your automobile you must prove that I am a reckless and irresponsible driver; that you must bring forth witnesses who will testify as to my reckless driving habits so that I will be allowed to confront and cross-examine them in order to show that they might be mistaken in their judgment of my driving abilities? Of course, such contention is an absurdity because you have an absolute property right in your automobile and you can refuse to loan it to me without even giving me a reason for your refusal.

Remember that this bill, in ninety-nine cases out of a hundred, provides the applicant for defense secrets who is denied them a statement of reasons, a hearing, confrontation, cross-examination, and inspection. It provides for subpenas in order that he might have all available witnesses on his behalf.

We had better begin to think about the rights and security of 180 million Americans in these perilous times.

Mr. WALTER. Mr. Speaker, will the gentleman from New York [Mr. LINDSAY] yield?

Mr. LINDSAY. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, H.R. 11363 is referred to as the industrial security bill. It might better be entitled the national security bill or our national secrets bill. The Committee on Un-American Activities favorable report on the bill, filed over 2 months ago, explains the bill in the minutest detail.

Nevertheless, I do want to speak to the fundamental issue embodied in this bill and its significance for our survival as a free nation. First, a few simple and uncontestable propositions:

First. There is a global, criminal Communist conspiracy of tremendous power functioning today. Its aim is complete and total domination of every nation on earth, to be achieved by any and all means, and its major target—openly proclaimed—is the United States. Further, this conspiracy has had, for years, a fifth column of a great many members operating on American soil.

Second. The very survival of freedom, not only in the United States but everywhere on the globe, depends primarily on U.S. weaponry. I say this regretfully, but it is unquestionably true. Human liberty will die here and everywhere if the Soviet Union, in this field, ever achieves an appreciable lead over us or makes a significant breakthrough which we do not achieve, particularly in the field of space.

Third. It is, therefore, essential to the preservation of our Nation that the secrets of our weapons developments be kept from our enemies.

Now, who turns out these weapons for the defense of our Nation and the free world?

Because we are neither a totalitarian nor a Socialist state, with the Central

Government controlling every major phase of our lives—because we are a capitalist nation with free enterprise—it is and must be private industry which produces the weapons on which the fate of the free world hinges. Certain persons in private industry, in other words, must be given knowledge of our vital weapons secrets. It does not follow from this, however, that every American citizen—or any particular American citizen—has a right to know our country's vital secrets.

All this has been recognized by responsible leaders of our country for many years. The program for protecting those secrets which the Government is compelled to release to private industry, as we know it today, was instituted during the administration of President Truman. This, however, was by no means our first industrial security program. Criminal laws enacted as early as 1917 were designed to protect classified information in possession of defense contractors. The Air Force Act of 1926 had a similar purpose. Over the years, various other laws have been enacted and Executive actions taken with the same aim in view. It was on March 17, 1948, when the Army-Navy-Air Force Personnel Security Board was created, that the unified, comprehensive industrial security program we have today was instituted.

The question may be asked: Why do we need legislation on this subject if we have, in effect, had an industrial security program for some 40 years?

In 1959 the Supreme Court, in the case of Greene against McElroy, declared that the existing industrial security program was unconstitutional on the grounds that the regulations comprising it, which had been promulgated by the Secretary of Defense, had not been authorized by Presidential directive or by the Congress.

I immediately introduced a bill, H.R. 8121, to plug this loophole by providing statutory authority for the industrial security program. The House passed the bill promptly, but the Senate failed to act.

President Eisenhower then issued Executive Order No. 10865, authorizing the Secretary of Defense to set forth regulations designed to keep our Nation's secrets which are turned over to private industry from falling into the hands of Soviet intelligence agents—either directly or through members of the native fifth column—the U.S. Communist Party. It is significant to note, relative to this point, that approximately half of the party members in this country are employed in industry. This Executive order, it should be noted, granted confrontation and cross-examination rights basically the same as those in H.R. 11363.

Again, the question may be asked: If a Presidential directive has been issued authorizing the present industrial security program, why is legislation needed? The answer: Because of the somewhat ambiguous language of the Court in the case of Greene against McElroy, which implied that there might be some question as to the sufficiency of a Presidential directive as authority for the program.

This, then, is the major purpose of the bill we are now considering: It is to strengthen the Presidential order, to give specific legislative authorization, if this is needed, to the existing security program.

What objections have been raised to this bill? It is claimed that the bill poses a threat to civil liberties, violates our traditions, and rejects one of the fundamental concepts of American jurisprudence—the right of confrontation and cross-examination.

These claims are contrary to fact. The truth is that the bill mandates the right of cross-examination of an accuser with only two specific exceptions, that it gives employees of defense contractors stronger and fuller rights than they ever had before under any industrial security program.

On this issue, I would like to point out an interesting fact.

On April 30 of this year, the Atomic Energy Commission adopted new regulations governing access to classified information by its own employees. The right to a hearing and cross-examination spelled out in these new AEC regulations is exactly the same as that provided in H.R. 11363.

What was the reaction to these new AEC regulations?

On May 2, 1962, the New York Times praised them in an editorial entitled "Sanity in Internal Security." This editorial made the following comment on Executive Order No. 10865, which H.R. 11363 is designed to support with congressional authority:

> The revised order provided exceptions to the confrontation rule where undercover informants were involved, whose identification would be substantially harmful to the national interest, or where other good and sufficient reasons existed for concealment. The new policies have now governed employment in defense industries for more than 2 years, and experience indicates that they have worked well for both the country and the individual. There has been no sign that the civil rights safeguards have imperiled Government secrets, and the exceptions have been invoked to bar confrontation fewer than a dozen times.

Then, referring to the new AEC regulations which, as I said, are basically the same as those of H.R. 11363, the New York Times said:

> The Atomic Energy Commission has now pioneered in applying the same basic rules and exceptions to its own staff.

Now, let us look at the reaction of the Washington Post. On May 31 of this year, the Post published an editorial in which it said of the new AEC regulations:

> The Atomic Energy Commission has set an example which every agency of the Federal Government ought to follow. * * * It has pointed the way back to America.

But what does the Washington Post say about these very same regulations as they are set forth in H.R. 11363, a bill originating with the Committee on Un-American Activities?

In two editorials published within the last month, the Washington Post has stated or implied that H.R. 11363 is a hysterical bill and that these regulations I have been referring to are neither necessary, wise, prudent, just, nor conducive to good security. It has gone even further than this, raised the shopworn strawman of faceless informants, and stated falsely:

> The industrial security bill would authorize the dismissal as security risks of the employees of defense contractors on the basis of information from unidentified sources—without giving the accused employees any opportunity to confront or cross-examine their accusers.

Today, the New York Times did the same thing. In an editorial remarkably similar to those published in the Washington Post, it claimed that this bill "might once again expose scientists and defense workers to procedural injustices" because the bill opens "substantial new avenues for administrative arbitrariness in dismissing individuals as security risks without the right to know or confront their accusers."

It seems that with the New York Times and Washington Post, their attitude toward certain procedures is completely dependent on who recommends the procedures. When the Atomic Energy Commission instituted these procedures, both the Times and the Post heaped praise on it. When the Committee on Un-American Activities recommends the very same procedures it is smeared and the public is given a completely different picture of the nature of these procedures by the editors of the papers.

As I have already indicated, this bill actually mandates confrontation and cross-examination except, as in the case of the AEC regulations, when the highest responsible official—in this case the Secretary of Defense—determines that there be good and sufficient reason for denying it and the head of the department supplying the informant determines that his identity cannot be revealed without "substantial harm to the national interest."

Mr. Speaker, I realize that we are here concerned with the merits of H.R. 11363 and not with what the Washington Post says about it. I have quoted what this newspaper has said, however, only because certain Members of this body have repeated the Washington Post's false charges about the bill on the floor. It is my sincere hope that these false charges will not be repeated again today.

Since Executive Order No. 10865 was issued on February 20, 1960, the Department of Defense has had under review 800 industrial security risk cases. It has completed 500 of them without denying the right of confrontation to a single person. It estimates today that, at the most, there may be 11 cases in which it may find it necessary to deny cross-examination by the time it has completed reviewing the 800 cases it has had under consideration.

To further demonstrate how grossly false is the charge that under H.R. 11363 there will be wholesale spite defamation of large numbers of decent American citizens by so-called faceless informers, I would like to point out that the Department of Defense industrial security program at the present time embraces some 25,200 contractor facilities, employing several millions—yet, as I have indicated, only 800 risk cases have come up for review, and 500 have been resolved without a single person being classified as a security risk on the basis of anonymous information.

Now, I would like to give an example of how important it is that, as H.R. 11363 provides, the highest ranking officials of our Government be permitted, in certain unusual cases, to deny the right of confrontation and cross-examination.

We all know how intensively Soviet espionage agents are working to recruit collaborators in this country, particularly in defense plants. We also know that one of the major weapons used in their overall espionage recruiting activity is blackmail of American citizens or residents who have members of their immediate family, or close relatives, living behind the Iron Curtain. The Committee on Un-American Activities report, "Patterns of Communist Espionage", cited a number of cases—all of them of recent vintage—in which this technique has been used.

Let us suppose that an American woman, whose mother is still living in an Iron Curtain country, has been forced to serve as a courier for a Soviet espionage ring under the implied, but very clear, threat that her mother will be killed if she does not cooperate. Because of her great devotion to this, her adopted country, the woman secretly contacts the FBI and arranges to give it whatever information she can learn about the operations of the spy ring. She does this despite the fact that she knows she will be placing her own mother's life in jeopardy by even attempting to contact the FBI—and even though she knows she will never again be free of the terrible worry that any slip on her part, or on the part of this Government, may cause her mother's death.

Eventually, this woman learns that one of the sources of information for the spy ring for which she is forced to work, is the shop foreman of a certain plant which is manufacturing a key part for a new, secret U.S. weapon. She informs the FBI which, in turn, notifies the Department of Defense.

No one—and I repeat that, no one—can question the fact that this shop foreman must immediately be denied all access to classified information of any kind. But if this shop foreman has an absolute right to confront and cross-examine his accuser—if the opponents of this bill have their way—not only would Soviet intelligence know what the FBI had been able to learn about the espionage ring for which this woman was a courier, but this woman's mother—a completely innocent victim—would at least be deported to a slave labor camp or, even more likely, be immediately murdered—to teach all victims of Soviet blackmail techniques that they dare not reveal anything they know about Soviet spying.

Mr. Speaker, this is not a hypothetical case and I assure you that it is based on facts about Soviet espionage in this country.

Now we come to the key issue relative to H.R. 11363: Which is the greater and more important right—the right of a traitorous shop foreman to confront and cross-examine a person who has learned of his treason, or the right and duty of the Secretary of Defense to protect the best interests of the United States.

I do not believe there is a single Member of this House who has any question in his or her mind about which is the greater right. Over and over again in this House, we are forced to weigh competing rights in formulating and voting on legislation. This is what we are doing in our consideration of H.R. 11363—and these are the kind of rights that are actually at stake.

A human life may not always be in balance in cases which come up for review under the industrial security program, but there will always be cases in which confrontation and cross-examination cannot be granted without harm to our national interest and serious injury to our own internal security operations. The FBI has done an outstanding job in this field, but it is, nevertheless, extremely difficult to recruit undercover operatives to penetrate the ranks of the Communist Party. Normally, it takes years to train these operatives and work them into positions where they can gather information of vital importance to our Government. Forcing the exposure of these operatives, in order to remove a Communist Party member from a defense plant—particularly if the operative is the only one in a certain area or phase of party activity—seriously undermines the security work of the FBI.

This is why, if we are to have real security, there must be provision in all security regulations, limiting—under certain circumstances—the right of confrontation and cross-examination.

In a very real sense, private industry in the United States is a treasury of our national defense secrets. J. Edgar Hoover has repeatedly warned of how assiduously Soviet agents are trying to steal those secrets. As recently as August 7, Attorney General Robert F. Kennedy stated that Communist espionage activities are increasing in this country.

To emphasize the gravity of the matter we are now considering, I would remind you that the Defense Department has a budget of over $48 billion and that one out of every three of these dollars is being spent through contractors whose employees require security clearances because they are given access to information classified as secret or top secret.

H.R. 11363 is designed to put rational and fair obstacles in the path of enemy spies. It will do no more than deny—to those who should not have it—access to our defense secrets. The bill has the support of the Department of Justice, the Department of Defense, and the Department of Labor. The Budget Bureau has no objection to the bill. It will support with statutory authority the industrial security policies which, as the New York Times pointed out, "have now governed employment in defense industries for more than 2 years and have worked well for both the country and the individual."

As always, our security rests largely in the hands of the Congress. I feel certain that every Member of this House will today demonstrate how all important our Nation's security is to him or to her.

**Mr. LINDSAY.** Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. JOHANSEN].

**Mr. JOHANSEN.** Mr. Speaker, I rise in support of the bill, H.R. 11363.

As the distinguished chairman of the Committee on Un-American Activities has already pointed out, this proposed legislation would amend the Internal Security Act of 1950 to provide for the protection of classified information released to or within the U.S. industry.

More specifically, this legislation authorizes the Secretary of Defense to bar civilian employees in industry, or in educational or research organizations, who are found to be security risks, from access to classified information, and within specified limitations, to establish procedure for hearings to be accorded to individuals whose access to classified information is denied or revoked.

As to the basic need for the security program in this nongovernmental field, I invite the attention of the House to this statement in the committee report:

> In numerous hearings, held over the years, this committee has established that the Communist Party of the United States has, for purposes of sabotage and espionage, deliberately infiltrated basic industry, which is involved in defense production of highly classified projects of the Military Establishment. When one reflects that approximately one-quarter of every procurement defense dollar has been allocated for classified defense work, and that, according to reliable estimates in recent hearings, nearly 50 percent of the Communist Party membership is now concentrated in basic industry, the significance and necessity of a security program is apparent.

A further specific purpose of the bill is, as the committee report states, to "give clear expression of congressional purpose to support and strengthen such procedures as are adopted in Executive Order No. 10865, a security program which the President established on February 20, 1960." The legislation thus responds directly and specifically to the implied invitation of the U.S. Supreme Court in the case of Greene against McElroy, decided June 29, 1959. In this decision, the Court held that the existing personnel security clearance review program, established by regulations of the Secretary of Defense, and granting fair but limited hearings to persons denied access to classified information, was invalid because neither the President nor the Congress "specifically has decided that the imposed procedures are necessary and warranted and has authorized their use." The Court pointed its finger to "the absence of explicit authorization from either the President or Congress." It held that, lacking this explicit authorization, the Secretary of Defense was not empowered to deprive the petitioner, Greene, of his job in a proceeding in which he was not afforded the safeguards of confrontation and cross-examination.

This proposed legislation gives statutory support to the confrontation and cross-examination procedures specified in Executive Order No. 10865, subject to limitations which I will describe later.

Additionally, this bill takes the further step of granting subpena powers to the Secretary of Defense, thereby assuring to individuals affected, as well as the Government, a means for the adequate presentation of their case in the personal appearance proceedings authorized by the bill.

I turn now to the matter of the limitations on the right of confrontation and cross-examination written into this bill. This is the area of controversy. This is the point of attack on the part of those opposing this bill.

The legislation provides that exception to the personal appearance procedures can be made only by the Secretary of Defense, personally, upon his determination that such procedures cannot be employed consistently with the national security. The applicant may be denied opportunity for inspection of documentary evidence which has been classified—although the applicant is entitled to a summary of such evidence as comprehensive and detailed as national security permits.

Similarly, the Secretary may, for reasons which he determines to be good and sufficient, refuse to disclose the identity of an informant or permit his cross-examination.

In the third place, identification of an informant may be withheld if, in the judgment of the head of the department supplying such informant, such identification would involve substantial harm to the national interest. Finally, the legislation provides that nothing therein "shall be deemed to support a demand by an applicant to inspect or have access to the investigative reports of any agency of the Government."

In sum, the objective of this legislation through the procedures it provides and through the limitations it imposes, is to afford the individual employee the maximum benefits consistent with the interest of national security.

I believe these twin objectives are well served in this legislation.

I further believe that the legislation shows remarkable concern for the interests of the employees in the light of what I regard as the completely defensible premise that defense secrets of the United States, on which the very survival of this country depends, are the absolute property of the U.S. Government.

I believe that no individual has any right to these secrets unless the Government, of its own volition, wishes and decides to give it to them.

It strikes me as preposterous to suggest that the Government must reveal confidential information under circumstances which would or could adversely affect the security of the United States, solely on the grounds that failure to do so would cost the applicant his employment.

On this score, I quote the highly pertinent comments of Mr. Justice Clark in his dissent in Greene against McElroy:

> In holding that the fifth amendment protects Greene, the Court ignores the basic consideration in the case, namely, that no person, save the President, has a constitutional right to access to governmental secrets. Even though such access is necessary for one to keep a job in private industry, he is still not entitled to the secrets. It matters not if, as a consequence, he is unable to secure a specific job or loses one he presently enjoys. The simple reason for this conclusion is that he has no constitutional right to the secrets. If access to its secrets is granted by the Government, it is entirely permissive and may be revoked at any time.

And Mr. Justice Clark concluded:

> If every person working on Government contracts has the rights Greene is given here, the Government is indeed in a box.

This legislation with its provision for confrontation, cross-examination, and subpena power goes far beyond anything Mr. Justice Clark felt necessary in the way of safeguarding the alleged rights and interests of the employee. But this legislation recognizes, and properly so, that there is still an irreducible minimum of authority to safeguard national security and defense secrets which must be maintained if the basic right of national self-preservation is to be safeguarded.

Here again we face, and I believe wisely meet, the cruel dilemma of this conspiratorial age—the question of how we shall preserve a maximum of freedom without permitting the enemies of freedom to use freedom to destroy freedom.

Mr. LINDSAY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think that it should be made eminently clear that there is all the difference in the world between this bill that we are now debating and the bill just previously considered, one involving the National Security Agency. That bill involved only one agency in the Government and was confined to the number of direct Government employees employed in that agency. This bill concerns itself with the entire industrial complex of the United States, all universities and other nonprofit institutions that are engaged in research. I want to make that point absolutely clear so when Members vote on these two measures they do not confuse the two bills.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I yield to the distinguished gentleman from Illinois.

Mr. COLLIER. I take this time to ask the question and to clarify a question in my own mind with reference to this legislation. That question is this: At the present time when an industrial plant receives a contract for classified Government work, it is a matter of established routine, as I understand it, that there be a security clearance. In many cases the Federal Bureau of Investigation and other agencies investigate the background of the applicant. He is either hired or he is denied employment, and can be denied employment legally if in his background there is evidence of something in his background which in the interest of national security provides the reason for denial of employment. Hence the question: If it is discovered that an employee in an industrial plant who has access to security information has a Communist record, what is the difference, really, whether he is denied employment in the first place or discharged afterwards?

Mr. LINDSAY. Of course, the gentleman's question raises complex questions in law and in fact which are all the more reason why this bill should not be decided under a suspension of the rules. In substance, there is a thing known as due process. Due process requires that there be a field hearing. It also requires that when a man or a woman is arbitrarily dismissed from employment or separated from the nature of his or her work without due process so that employment becomes virtually impossible, that there also be provision for appeal to the courts in order that the judicial branch of the Government can take a look. This bill does not even provide for minimum procedures to appeal to the courts. One will have to attack the constitutionality of the act itself and take the case through the nonstatutory route to the courts and attack the bill in that fashion.

Mr. SCHERER. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I yield to the distinguished gentleman from Ohio.

Mr. SCHERER. Does not the gentleman admit that the Government does not have an absolute property right in its defense secrets when the gentleman says that a person who is denied access to the secrets has the right to a hearing?

Mr. LINDSAY. I do not admit that.

Mr. COHELAN. Mr. Speaker, will the gentleman yield to me, because I would like to say with reference to the property right, is it not true that there is a property right inherent in the job that was lost under this procedure, which would give an individual the right to appeal to the courts? Would the gentleman agree with that?

Mr. LINDSAY. I would agree to that.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. LINDSAY. I yield.

Mr. WALTER. This is not a case of a right to a job. This is a case of a right to classified information.

Mr. LINDSAY. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Speaker, I rise in opposition to H.R. 11363.

This is not the first time I have opposed H.R. 11363. On August 20 I objected to this bill when it appeared on the Consent Calendar. At that time I outlined the reasons why the bill should not be passed. I pointed out that the measure has far-reaching consequences, for it includes not only persons working in industry but also persons in "educational, or research organization, institution, enterprise, or other legal entity, located in the United States." It was also stressed that the bill violates our civil liberties and is contrary to basic principles. Section 302 allows the Secretary of Defense to determine that a person, who is denied classified information, shall not have the right to cross-examination or have access to any of the information against him. In addition, it does not provide that a person, who is denied access to information by the Secretary of Defense, can appeal his decision. The bill specifically exempts the authority granted to the Secretary from the Administrative Procedure Act.

Mr. Speaker, this measure with its lack of cross-examination and its rejection of the basic safeguards of due process should not be approved by the Congress. It would be a significant display of the vitality of our Constitution if on the 175th anniversary of that magnificent document the House of Representatives refused to pass a bill which attempts to deny constitutional liberties.

Mr. Speaker, I include at this point in the Record a letter dated August 24, 1962, setting forth the observations of the AFL–CIO Department of Legislation on H.R. 11363:

American Federation of
Labor and Congress of
Industrial Organizations,
*Washington, D.C., August 24, 1962.*

On behalf of the American Federation of Labor and Congress of Industrial Organizations I urge you most strongly to vote against H.R. 11363, the bill to provide legislative sanction for the so-called industrial security program.

The AFL–CIO does not yield to any group in its support of all necessary measures to protect the national security and resist Communist aggression and subversion. In doing so, however, we feel it is of the utmost importance that we do not ourselves become like the forces and institutions we are trying to defeat. Respect for constitutional safeguards is at the heart of the American way of life.

H.R. 11363 is scheduled to come before the House of Representatives under suspension procedure (requiring a two-thirds vote) on Monday, August 27, 1962. Only limited time, 20 minutes to a side, will be available to debate the far-reaching policy and constitutional issues involved in this legislation.

This new attempt to secure House approval of H.R. 11363, without hearings and under truncated legislative procedures, is the fourth time passage under such procedures has been attempted. This bill was first proposed for passage on the Consent Calendar in May 1962. Subsequently withdrawn by its sponsor, the bill was again brought up on the Consent Calendar on August 6, 1962, and August 20, 1962. On each previous occasion objection to consideration of the bill without debate was heard. The procedures thus far followed for securing affirmative House action on this measure are hardly such as to inspire public confidence in the bill.

This fact is of great importance because H.R. 11363 is a far-reaching bill containing broad policy and constitutional implications. Although it purports to deal with procedures for protection of classified information primarily in industrial establishments, the bill would also apply to any educational, or research organization, institution, enterprise, or other legal entity, located in the United States, whether or not operated for profit. In this broad area the bill would permit the Secretary of Defense to deny basic constitutional liberties of American citizens; namely, the rights to confront and cross-examine witnesses and the right to appeal to the courts from adverse decisions by the Secretary of Defense. Section 302 authorizes the Secretary of Defense to deny these rights where the Secretary personally determines that such rights cannot be accorded consistently with the national security. Section 307 of the bill expressly provides that the Administrative Procedure Act guaranteeing court review shall not apply to the use or exercise of any authority granted by this bill.

The attempt is made to justify this bill on the ground that all it is designed to do is to clarify the position of Congress with respect to the questions raised in the case of *Greene* v. *McElroy* (360 U.S. 4644 (1959)). Careful reading of the Greene case, however, makes clear that far more important issues are involved in this case than simply a clarification of existing law. As Chief Justice Warren pointed out in the Court's 8 to 1 decision in the Greene case:

"Certain principles have remained relatively immutable in our jurisprudence. One of these is that where governmental action seriously injures an individual, and the reasonableness of the action depends on fact findings, the evidence used to prove the Government's case must be disclosed to the individual so that he has an opportunity to show that it is untrue. While this is important in the case of documentary evidence, it is even more important where the evidence consists of the testimony of individuals whose memory might be faulty or who, in fact, might be perjurers or persons motivated by malice, vindictiveness, intolerance, prejudice, or jealousy. We have formalized these protections in the requirements of confrontation and cross-examination. They have ancient roots. They find expression in the sixth amendment which provides that in all criminal cases the accused shall enjoy the right 'to be confronted with the witnesses against him.' This Court has been zealous to protect these rights from erosion."

We ask the Members of the House to be no less zealous than the Supreme Court in protecting the rights of confrontation and cross-examination against the serious damage to which they would be subjected by the passage of H.R. 11363.

Sincerely yours,

Andrew J. Biemiller,
*Director, Department of Legislation.*

Mr. RYAN of New York. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include a letter from the AFL–CIO.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LINDSAY. Mr. Speaker, I yield such time as he may require to the gentleman from New York [Mr. Rosenthal].

Mr. ROSENTHAL. Mr. Speaker, I rise in opposition to this bill. I think it is a deprivation of a major constitutional right. It is regrettable that it is brought up under this procedure with only 40 minutes of debate on a matter that is worth taking more time and attention. The fact of the matter is there is no real hurry or necessity for this legislation. Even if there were merit to it, which there is not, there is outstanding an Executive order which adequately covers the matter under consideration. The only reason the committee sees fit to bring up the bill is to get around and subvert the decision of the Supreme Court in Greene against McElroy. They seem to feel, for one reason or another, that there should be legislative sanction to their position. They have not indicated any reason why this must be done in this hurried fashion, when the matter so gravely affects the constitutional rights of so many people.

Mr. Speaker, I want to associate myself with the remarks of the gentleman from New York [Mr. Lindsay] and the gentleman from Wisconsin [Mr. Reuss] and say that I vigorously and strenuously oppose this legislation and urge all Members of the House to take a second look at it before we vote on Wednesday.

Mr. WILLIS. Mr. Speaker, the gentleman who preceded me said that there does not seem to be any reason to go forward with this legislation because of the Executive order that was issued. Let me remind the House that the decision which suggested and prompted this bill was handed down on June 29, 1959. The chairman of our committee, the gentleman from Pennsylvania [Mr. Walter], on July 7, 1959, days afterward introduced this bill that the committee reported out. The House Committee on Un-American Activities reported the bill out and the House passed this bill by unanimous consent, but the Senate took no part. Now, of course, we are pursuing the same legislation we tried to put on the books for the last 2½ or 3 years and we are doing it to follow through the thought of the Supreme Court that it would be well not only for the President but for Congress to express itself on this matter.

Mr. SCHERER. Mr. Speaker, will the gentleman yield?

Mr. WILLIS. I yield.

Mr. SCHERER. The gentleman has already answered the question I had in mind. One of the reasons the Supreme Court, in Greene against McElroy, allowed Greene who had a long pro-Communist record, access to defense secrets, was because there was no legislative authority behind the procedures under which the Defense Department denied him access.

Mr. WILLIS. Exactly.

Mr. SCHERER. I wish we had the time to read here the record of Greene and his association with Communist causes.

Mr. WILLIS. I want to restate what my good friend from Ohio said in his main argument, that very few people will be reached by this bill, but that these few cannot be accorded the normal confrontation procedure because of the illustration he gave. And let me say this, that the few people this bill would affect would be mighty glad to lay their hands on and really go through and know all about the secret defense documents that they perhaps only know a little about, and examine to their heart's content.

Perhaps it cannot be told who gave the information because that may be an undercover CIA agent in the very place he is working.

The SPEAKER pro tempore. The question is, Shall the House suspend the rules and pass the bill H.R. 11363 as amended?

The question was taken, and the Speaker pro tempore announced that in the opinion of the Chair two-thirds had voted in favor thereof.

Mr. LINDSAY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Further proceedings on this matter will be put over until Wednesday next, and the point of order is withdrawn.

## SELF-EMPLOYED INDIVIDUALS' TAX RETIREMENT ACT OF 1961

Mr. THOMPSON of Texas. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight Tuesday, September 18, 1962, to file a conference report on the bill H.R. 10, the Self-Employed Individuals' Tax Retirement Act of 1961.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

## RELIEF FOR RESIDENTIAL OCCUPANTS OF UNPATENTED MINING CLAIMS

Mr. ASPINALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12761) to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed, and for other purposes.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior may convey to any occupant of an unpatented mining claim which is determined by the Secretary to be invalid an area within the claim of not more than (a) five acres or (b) the acreage actually occupied by him, whichever is less. The Secretary may make a like conveyance to any occupant of an unpatented mining claim who, after notice from a qualified officer of the United States that the claim is believed to be invalid, relinquishes to the United States all right in and to such claim which he may have under the mining laws or who, within two years prior to the date of this Act, relinquished such rights to the United States or had his unpatented mining claim invalidated. Any conveyance authorized by this section, however, shall be made only to a qualified applicant, as that term is defined in section 2 of this Act, who applies therefor within three years from the date of this Act and upon payment of the amount established pursuant to section 5 of this Act.

As used in this section, the term "qualified officer of the United States" means the Secretary of the Interior or an employee of the Department of the Interior so designated by him: *Provided,* That the Secretary of the Interior may delegate his authority to designate qualified officers to the head of any other department or agency of the United States with respect to lands within the administrative jurisdiction of that department or agency.

Sec. 2. For the purposes of this Act a qualified applicant is a seasonal or year-round residential occupant-owner, as of January 10, 1962, of land now or formerly in an unpatented mining claim upon which valuable improvements had been placed.

Sec. 3. Where the lands have been withdrawn in aid of a function of a Federal department or agency other than the Department of the Interior, or of a State, county, municipality, water district, or other local governmental subdivision or agency, the Secretary of the Interior may make conveyances under section 1 of this Act, only with the consent of the head of that governmental unit and under such terms and conditions as that unit may deem necessary.

Sec. 4. Where the Secretary of the Interior determines that a disposition under section 1 of this Act is not in the public interest or the consent required by section 3 of this Act is not given, the applicant, after arrangements satisfactory to the Secretary of the Interior are made for the termination of his occupancy and for settlement of any liability for unauthorized use, will be granted by the Secretary, under such rules and regulations for procedure as the Secretary may prescribe, a preference right to purchase any other tract of land, five acres or less in area, from those tracts made available for sale under this Act by the Secretary of the Interior, from the unappropriated and unreserved lands and those lands subject to classification under section 7 of the Taylor Grazing Act, upon the payment of the amount determined under section 5 of this Act. Said preference right must be exercised within two years from and after the date of its grant.

Sec. 5. The Secretary of the Interior prior to any conveyance under this Act shall determine the fair market value of the lands involved (exclusive of any improvements placed thereon by the applicant or by his predecessors in interest) or interests in lands as of the date of this Act.

Sec. 6. The execution of a conveyance authorized by section 1 of this Act shall not relieve any occupant of the land conveyed of any liability, existing on the date of said conveyance, to the United States for unauthorized use of the conveyed lands or interests in lands. Relief under this section shall be limited to those persons who have filed applications for conveyances pursuant to this Act within three years from the enactment of this Act. Except where a mining claim was located at a time when the land included therein was withdrawn from or otherwise not subject to such location, or where a mining claim was located after July 23, 1955, no trespass charges shall be sought or collected by the United States based upon occupancy of such mining claim, whether residential or otherwise, for any period preceding the final administrative determination of the invalidity of the mining claim by the Secretary of the Interior or the voluntary relinquishment of the mining claim, whichever occurs earlier. Nothing in this Act shall be construed as creating any liability for trespass to the United States which would not exist in the absence of this Act.

Sec. 7. (a) In any conveyance under this Act there shall be reserved to the United States (1) all minerals and (2) the right of the United States, its lessees, permittees, and licensees to enter upon the land and to prospect for, drill for, mine, treat, store, transport, and remove leasable minerals and mineral materials and to use so much of the surface and subsurface of such lands as may be necessary for such purposes, and whenever reasonably necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing such minerals and mineral materials on or from other lands.

(b) The leasable minerals and mineral materials so reserved shall be subject to disposal by the United States in accordance with the provisions of the applicable laws in force at the time of such disposal.

(c) Subject to valid existing rights, upon issuance of a patent or other instrument of conveyance under this Act, the locatable minerals reserved by this section shall be withdrawn from all forms of appropriation under the mining laws.

(d) Nothing in this section shall be construed to preclude a grantee, holding any lands conveyed under this Act from granting to any person or firm the right to prospect or explore for any class of minerals for which mining locations may be made under the United States mining laws on such terms and conditions as may be agreed upon by said grantee and the prospector, but no mining location shall be made thereon so long as the withdrawal directed by this Act is in effect.

(e) A fee owner of the surface of any lands conveyed under this Act may at any time make application to purchase, and the Secretary of the Interior shall sell to such owner, the interests of the United States in any and all locatable minerals within the boundaries of the lands owned by such owner, which lands were patented or otherwise conveyed under this Act with a reservation of such minerals to the United States. All sales of such interests shall be made expressly subject to valid existing rights. Before any such sale is consummated, the surface owner shall pay to the Secretary of the Interior the sum of the fair market value of the interests sold, and the cost of appraisal thereof, but in no event less than the sum of $50 per sale and the cost of appraisal of the locatable mineral interests. The Secretary of the Interior shall issue thereupon such instruments of conveyance as he deems appropriate.

Sec. 8. Rights and privileges under this Act shall not be assignable, but may pass through devise or descent.

The SPEAKER pro tempore. Is a second demanded?

Mr. SAYLOR. I demand a second, Mr. Speaker.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

Mr. ASPINALL. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, it is my feeling that this bill has run the gamut of a few misunderstandings so that Congress may have to change its usual procedure somewhat in the consideration of the legislation. If the bill is approved by the House, there will be a motion to take from the Speaker's table S. 3451, a similar bill, and to strike everything after the enacting clause of that bill and insert the contents of this bill. With that in mind, I think I can advise my colleagues that we shall endeavor to have a committee of conference appointed and the differences between the two Houses will then be ironed out. It is a fact that the contents of the Senate bill are not quite as favorable to the occupants of mining claims as the provisions of the House bill.

Mr. Speaker, the bill H.R. 12761 is designed to arm the Secretary of the Interior with discretionary authority in order to prevent hardship being suffered by people, who, in good faith, have established their residences on lands on which they have staked mining claims but now find themselves unable to obtain title to the property because they cannot comply with technical requirements of the mining laws. As an alternative to general legislation of the type that we are recommending today, the Committee on Interior and Insular Affairs and this House would be required to examine each case individually and enact individual relief bills.

The Subcommittee on Public Lands under the chairmanship of the gentlewoman from Idaho [Mrs. Frost] held extensive hearings on the legislation. I will leave it to the chairman of the subcommittee and others to furnish the details of the specific need for enactment of this bill. But, I would like to set forth a few items for consideration of the House.

Ever since the general mining law was enacted in 1872 it has been the common practice in the West for independent miners to settle on the land being developed for its mineral value. Today we would classify these people as being engaged in small business. As such they did not always follow up their occupancies in the manner necessary to obtain a patent granting them fee title to the land.

Under the mining laws it is entirely possibly for someone to stake a claim and extract minerals without ever applying for transfer of title. It is also the position of the Department of the Interior that when the mineral content has been removed from the ground, the occupant can no longer prove discovery of a valuable mineral. For the benefit of those who read the RECORD, I am including, under permission previously granted, as part of my remarks at this point a quotation from a decision by the Department of the Interior in the case of United States against Eric North, A-27936, which was decided July 1, 1959:

> The important thing is that a discovery of a valuable mineral deposit must be shown as existent at the time of the application for patent. A discovery at some time in the past which has been exhausted by mining or which, although unexhausted, no longer warrants a reasonable man in the expenditure of time and money with the reasonable prospect of success in developing a valuable mine will not support an application for patent. A claim must be mineral in character and valuable for its mineral content at the time that the application for patent is made.

The bill before the House today would authorize the Secretary of the Interior, in his discretion, to make conveyances to seasonal or year-round residential occupants. The bill contains provisions to protect the interests of the United States. This legislation was initiated by the gentleman from California [Mr. JOHNSON] as a measure designed to give relief to people in California who were threatened with eviction from their homes because of their occupancy of mining claims that could not be perfected. I think it is significant that, when the Subcommittee on Public Lands looked into the situation, one of its first decisions was that relief was needed in all the public-lands States and not in California alone. The legislation on which we are acting today is therefore a general bill that will apply to all areas with equal force.

It has been stated, and undoubtedly will be stated on the floor today, that this bill will also give relief to people who settled on mining claims primarily for the purpose of obtaining a homesite on lands that could not be obtained for such use under any provision of law. This is undoubtedly true; and there are probably some of such people who will receive a benefit from this legislation. But, following the basic principle of our common law that a person is innocent until proven guilty, I cannot believe that the typical American occupant is engaged in an unauthorized use for the purpose of defrauding the people of the United States. Nor do I believe that, because there will be a few who have willfully engaged in unauthorized use, we should deny relief to the large numbers who have occupied the lands under invitation from the United States to develop our mineral resources.

I urge the House to suspend the rules and adopt this legislation which will benefit families and individuals.

In order for one properly to understand the legislation, one must go back to the provisions of the mining law of 1872 and understand what it was at that time that was being required of people who wished to bring to the economy of the Nation, and for its sinews of war, the minerals which were to be found in the public lands of the Nation. Authority was given for the prospector to roam through the public lands for the purpose of discovering, if he could, deposits of minerals and to proceed by filing on the property either for a lode or for a placer claim. He has been entitled to possession of said claim so long as he did certain assessment work that was required under the provisions of the mining law.

Invariably the prospectors and the miners in the out-of-way places—and most of their locations were in out-of-way places—built themselves a home of one kind or another, and in many instances these homes are still in existence and they have been handed down by the original locators to their heirs and members of their families.

One of the differences between the Senate and the House bills is that the House bill would permit those in possession at the time of the passage of the act to take advantage of the benefits provided by the legislation. The Senate bill states that applicants would have to be in possession some 7 years prior to the passage of the legislation, tying the cutoff date to the time of the passage of the 1955 law.

Mr. SAYLOR. Mr. Speaker, I yield myself 11 minutes.

Mr. Speaker, the gentleman from California [Mr. JOHNSON], the author of this bill, has brought to the attention of the House Interior and Insular Affairs Committee, and subsequently here on the floor of the House, a situation which is critical, a situation which needs attention.

The only question that is involved is how this problem shall be solved. In most instances those people who will be affected by this legislation went onto the sections of public land either in the public domain or in the national forests illegally. They remained there ever since that time illegally. What this bill attempts to do is to give to these people a fee title for as much as 5 acres of that land, or so much as they occupy not to exceed 5 acres.

---

### CALL OF THE HOUSE

Mr. DINGELL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. SISK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 221]

Abbitt
Addabbo
Andersen, Minn.
Anfuso
Ashley
Ayres
Bailey
Baring
Barrett
Bass, N.H.
Bass, Tenn.
Bates
Blitch
Boland
Bonner
Bow
Boykin
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Carey
Celler
Chiperfield
Colmer
Cook
Corbett
Cunningham
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Dawson
Delaney
Diggs
Dominick
Donohue
Dooley
Dorn
Doyle
Dwyer
Edmondson
Elliott
Ellsworth
Fallon
Farbstein
Findley
Fino
Frazier
Frelinghuysen
Friedel
Fulton
Garland
Garmatz
Gavin
Gilbert
Glenn
Goodell
Goodling
Green, Oreg.
Green, Pa.
Harrison, Va.
Harvey, Mich.
Hays
Healey
Hébert
Hoffman, Ill.
Hoffman, Mich.
Hull
Jarman
Jennings
Judd
Kearns
Kee
Keith
Kelly
Kilburn
Kluczynski
Lane
Lankford
Latta
Lesinski
Lindsay
McCulloch
McDonough
McDowell
McMillan
McSween
McVey
Macdonald
Madden
Martin, Mass.
Mason
May
Meader
Merrow
Moeller
Moore
Moorehead, Ohio
Morris
Morrison
Morse
Moulder
Multer
Nedzi
Nix
Norrell
O'Brien, Ill.
O'Hara, Mich.
O'Neill
Peterson
Pfost
Philbin
Pike
Pilcher
Pirnie
Powell
Pucinski
Rains
Riley
Rivers, Alaska
Rivers, S.C.
Roberts, Tex.
Rogers, Tex.
Rostenkowski
Rousselot
St. Germain
Santangelo
Saund
Scranton
Seely-Brown
Selden
Shelley
Shipley
Sibal
Sikes
Slack
Smith, Miss.
Smith, Va.
Stephen
Stratton
Teague, Tex.
Thompson, La.
Thompson, N.J.
Tuck
Udall, Morris K.
Ullman
Van Zandt
Vinson
Weaver
Weis
Whalley
Whitten
Wickersham
Winstead
Yates
Zelenko

The SPEAKER pro tempore. On this rollcall, 277 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

---

### PERMISSION TO FILE CONFERENCE REPORT—COMMITTEE ON AGRICULTURE—FOOD AND AGRICULTURE ACT OF 1962

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. SAYLOR] is recognized.

Mr. SAYLOR. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. COOLEY] for a unanimous-consent request.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a conference report on the bill H.R. 12391.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

---

### PROVIDING RELIEF FOR RESIDENTIAL OCCUPANTS OF UNPATENTED MINING CLAIMS

Mr. SAYLOR. Mr. Speaker, this situation which is attempted to be corrected under this bill became so bad that the Comptroller General made a survey or a review of the administration by the Forest Service of the Department of Agriculture of mining claims on national forest lands reserved from the public domain. It is astounding what this report, which was filed with the House on May 29 of this year, disclosed. It discloses among other things that they found unpatented mining claims being used for permanent residences, for summer homes, for townsites, orchards and commercial enterprises, farming—a house of ill repute, a nudist colony, restaurants, a rock museum, and a real estate office. Hunting and fishing lodges are being maintained on unpatented mining claims.

Mr. Speaker, there are a host of other uses that are absolutely inconsistent with our national forest policy.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Iowa.

Mr. KYL. Is it not true in addition to these misuses of this Government land that because of certain mining claims, the Government has been forced into the impossible position of having to buy rights-of-way through these holdings to get to the Government forests so that they can be properly managed and harvested?

Mr. SAYLOR. The gentleman is correct. One of the things that was discovered was that several of these illegal mining claims happen to be the only means of access to several hundred million board feet of timber and the owners of these claims, of these illegal claims which the Government is now trying to cancel, have demanded an outlandish payment from the Government, or the prospective timber purchaser for a right-of-way across this fictitious mining claim and the matter is now in court.

Mr. KYL. Is it not also true, to compound this situation, there is actually no record of these mining claims that exist. Even with reference to the new mining claims, there is no suitable procedure for recording the transactions.

Mr. SAYLOR. The gentleman is correct. One of the things that disturbs me about this bill and even as to the cases where the Forest Service is acting, there is absolutely nothing to stop a person from coming in and filing a new mining claim on the same land from which the Government has already dispossessed the trespasser.

In an attempt to solve this problem, the gentleman from California introduced a bill which I think is far too broad. He attempts to give them a fee of up to 5 acres or the acreage actually occupied. One of the real difficulties with this bill is that he gives them that right as long as they were on the ground on the 12th day of January 1962, the date on which the first bill was filed.

The Senate, I am happy to inform the Members of the House, took a much more limited view of this proposition. While they did in some rare circumstances grant a fee, most of the people who would qualify under the Senate version would have to be on the land for a minimum of 7 years. I can find no justifiable reason for going back a mere 7 years. There are a number of good reasons for going back to a date such as the end of World War II, when a great many of the people in the West were looking for weekend homes, and under the guise of mining claims went in and picked some of the choicest spots in our national forests for their residences.

There is also a date, 1920, that might be suitable. This date is the one when this movement had its beginning. If the date 1920 were adopted, the particular case the gentleman from California [Mr. JOHNSON] relied upon for support before the committee—namely, a mining community which grew up on illegal mining claims—would be taken care of.

I feel that any people who went into a mining community and filed a claim even if they discovered no minerals, have some justification, and we should look with favor upon these cases. But, generally, the people who are included in the report of the Comptroller General do not fall in that category.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield to the gentleman from Iowa.

Mr. GROSS. Referring to the minority views accompanying this report, which is critical of things which have occurred, I do not find in the letter written by the Comptroller General that the bill meets the objections of the Comptroller General's office.

Mr. SAYLOR. I may say to the gentleman that the Comptroller General was very critical of practices that have been adopted and are still being conducted by the Department of Agriculture in these mining claims; and I am satisfied that neither the House bill nor the Senate bill goes as far as the report and the recommendations of the Comptroller General.

I believe that if this bill does go to conference, that between the Senate version and the House version, something can be worked out so that where there is a real hardship, equity can be done. I believe that many of these people have paid good money in good faith for property in what was originally mining communities. But where it is a summer camp or a residence in direct violation of the law I do not believe that we can in good conscience give them relief.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I yield.

Mr. ASPINALL. I am doubtful of permissive legislation that leaves it entirely within the discretion of the Secretary. Would it not make difficult the handling of situations to which the gentleman just made reference if introduced in this bill?

Mr. SAYLOR. I would hope that it would not. If the Secretary himself had the decision to make, I believe I could depend upon his decision; unfortunately, there are some career people downtown that do not believe as the chairman of the committee and myself believe, and it is for this reason therefore we must make this bill even more restrictive than it is.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield further?

Mr. SAYLOR. I yield.

Mr. ASPINALL. Is that not one instance where the House bill is perhaps stronger than the Senate bill?

Mr. SAYLOR. The gentleman is correct.

Mr. ASPINALL. We can take this particular matter to conference and iron it out, can we not?

Mr. SAYLOR. Correct. That is one reason why I am going along on the motion to suspend the rules and pass the bill, because of the statement the chairman of the full committee has made. I sincerely believe that this conference can and will work out a good piece of legislation.

Mr. ASPINALL. Mr. Speaker, I yield 8 minutes to the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON of California. Mr. Speaker, I rise in support of my bill, H.R. 12761, to provide relief of residential occupants of unpatented mining claims upon which valuable improvements have been placed. This legislation is designed to give the Secretary of the Interior the authority to convey at fair market value up to 5 acres of land which is occupied by persons who have filed mining claims on this property but have not perfected or patented these claims.

I would like first to emphasize two basic points: One, this proposed legislation would in no way amend the public mining laws; two, this legislation cannot be classified as a "giveaway" because, in any event, the occupant must pay fair market value for the property, and second, the authority is extended to the Secretary of the Interior to convey this land only if it is not needed for further governmental purposes.

Mr. Speaker, this is permissive legislation. It gives the Secretary of the Interior a much-needed tool to resolve a major problem which has developed not only in California but throughout the Western States.

Under the mining laws of 1872, citizens of the United States and those who have declared their intention to become such are guaranteed the right to enter upon the public lands of the United States, except those withdrawn from entry, to explore for and purchase valuable mineral deposits and to occupy lands in which such mineral deposits are found. There is no requirement however, that an occupant or locator, as he is known, must proceed to the purchase of the lands in which the valuable mineral deposits are found.

Numerous people have entered upon the public lands, staked claims in accordance with the mining laws, and proceeded to extract minerals without ever filing an application for patent to the land. Others have established locations and perfected mining claims but have been unable, because of other provisions of law, to proceed to patent even though they might have desired to do so. Once a mining claim is established, it was not—and is not—unusual for a claimant to take up residence on the land within the boundaries of the claim.

There is no doubt that many residential occupants on unpatented mining claims located such claims in good faith, in accordance with law, and had every expectation of acquiring fee title to the land in accordance with the mining laws.

Mining claims constitute property, giving the holder the right of possession. In the public land States unpatented mining claims are bought and sold on the open market. Some of the unpatented mining claims have been occupied for a great number of years by the same family. It may be impossible for the occupant to fulfill the objectives of the law at this time and obtain a patent to the land. The reason for this is that the law of discovery, which controls the determination of whether a patent will be issued, is related to both time and place; that is, there must be a valuable deposit, within the claim, on which a prudent man would be justified in expending additional funds to develop at the time of application for patent. If there had been a valid discovery at one time but all the minerals had been extracted, the Department of the Interior has held that the holder of the claim could not now proceed to patent because the claim is no longer mineral in character, or valuable for its mineral content, and a reasonable man would no longer be warranted in the expenditure of time and money to develop the claim.

These people who had acquired these mining claims as the original locator or through purchase of the claim or through bequest as the land was passed down through generation to generation through a single family have recorded their deeds with the county recorder and for the most part, believed that they had a valid title to the property. These properties have been taxed with the counties collecting taxes both on the improvements and on the possessory interest of the mining claim.

As is indicated in the committee report on this bill, both the Bureau of Land Management and the U.S. Forest Service have initiated programs designed to eliminate unauthorized use of unpatented mining claims and in many of these instances and especially those involving the Bureau of Land Management, these lands are being processed for sale or lease under public land laws.

Naturally, the first step was to clear the title to the property. To do this most of the claims were invalidated and the present occupants were faced with eviction. It was then that the people, many of whom had lived on the land for decades, found they had no legal title to the land.

Since much of the land involved was to be offered for public sale anyway it seemed only fair that these people should be offered a preference right to purchase it at fair-market value. This is what my legislation would do.

This legislation, as reported out by the Committee on Interior and Insular Affairs, is an enabling bill which would give the Secretary of the Interior the authority to give a preference right to these occupants to purchase up to five acres of this land on which they have been living. The balance of the land in the claim would be sold to other private individuals under the provisions of the Small Tract Act or similar legislation. This legislation thus would protect the occupant from having to bid in an open auction against all comers for the land on which he lived.

As reported out by the Committee on Interior and Insular Affairs the bill provides the following things:

First. Any decision to convey any property under the provisions of this bill is discretionary with the Secretary of the Interior or the Secretary of Agriculture in the case of Forest Service land.

Second. To be eligible to perfect title to property under the provisions of this bill, the applicants must relinquish to the United States all rights in such claim which he may have had under the mining laws of this Nation.

Third. Applications must be made within a 3-year period.

Fourth. Where land has been withdrawn for Federal, State, county, municipal, water district or other local governmental purposes, the Secretary of the Interior must receive consent of that agency before proceeding with the application. In cases where the Secretary of the Interior or other governmental agencies determine there still is a public need for the property, the mining claim occupant may be offered a similar preference choice to acquire up to 5 acres of land in a tract being offered for public sale under regular laws.

Fifth. The occupant must pay fair-market value for his property.

Sixth. Maximum conveyances under the provisions of the bill would be 5 acres or less as under the Small Tract Act.

Seventh. All mineral rights will be reserved by the Federal Government.

Mr. Speaker, so that we all may have a complete picture of what this bill provides, I would like to make the following section-by-section analysis:

Section 1 gives the Secretary of the Interior the discretionary authority to convey up to 5 acres to the occupant of an unpatented mining claim. Prior to this conveyance the claim must have been found invalid or the occupant must have relinquished his rights to the claim. In order to avoid hardships and discrimination, this section extends the same benefits to occupants whose unpatended mining claims were invalidated or relinquished within 2 years prior to the effective date of the act.

Section 2 defines a qualified applicant as a residential occupant-owner of the claim as of January 10, 1962. It also provides that to be eligible the occupant-owner must have made certain valuable improvements on the property.

Section 3 provides that the Secretary of the Interior cannot convey any land withdrawn and/or administered by another department or agency of the Federal Government or State or local government without the consent of the head of that agency.

Section 4: In the event that the agency which has jurisdiction of the property mentioned in section 3 should determine that the conveyance should not be made, section 4 provides that the occupant may have a preference right for the purchase of another tract of land in an area which is being disposed of under the public land laws.

Section 5 requires payment of fair market value for any property conveyed under the provision of this act.

Section 6 specifically provides that this act does not—and I repeat, does not—relieve the occupant from any liability for unauthorized use or trespass since the invalidation of the mining claim or its voluntary relinquishment.

Section 7 reserves all mineral rights in the name of the United States.

Mr. **OLSEN**. Mr. Speaker, will the gentleman yield?

Mr. **JOHNSON** of California. I yield to the gentleman from Montana.

Mr. **OLSEN**. For how long a period of time would this preference right exist in these people to request a transfer from the Secretary?

Mr. **JOHNSON** of California. The preference right would be granted for the period of 2 years.

Mr. **OLSEN**. If the gentleman will yield further, that is, if 2 years from the date of passage of this act they do not make any claim for transfer of title, then their right is forever gone?

Mr. **JOHNSON** of California. Yes.

Mr. **OLSEN**. Then, in effect, this is a method of cleaning up titles to property which are now clouded by a claim of an unpatented mining claim?

Mr. **JOHNSON** of California. Anyone who is familiar with the West knows that there have been numerous claims filed—claims filed upon claims—and in the process of clearing up that property, either to contest the claim or declare the claim invalid or to process it and have the present occupant relinquish his mining rights to the claim so that the properties could be more or less subdivided or sold as places of residence, there has been a tremendous amount of litigation and consideration that has had to take place. As I say, in Calaveras County, where 27 claims were involved, when the contested claims were turned over and the relinquishment was given by the people in the area, the parcels broke up into 97 pieces and only 8 pieces were finally disposed of. Those were pieces in the possession of people who had homes located on them and the people who acquired these paid the fair market value for the properties received. They ran from an acre to 2½ acres.

Mr. **SAYLOR**. Mr. Speaker, I yield 8 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. **DINGELL**. Mr. Speaker, it is with a great deal of sadness that I oppose this legislation which has been introduced by my good friend and colleague, the gentleman from California [Mr. JOHNSON], and especially since it has come out of the Committee on Interior and Insular Affairs which is chaired by my distinguished friend, the gentleman from Colorado [Mr. As-

PINALL], who have both always been known for their care of the public interest. My opposition to this bill is not predicated upon any lack of affection or high regard for these two distinguished gentlemen, or lack of regard for their character, or for their valued and esteemed service in the Congress of the United States. But let it suffice that this is a bad piece of legislation which could only come to the floor of the Congress during the closing days of a session. Let it suffice that this is a bill which will give, according to the figures of its author, something on the order of two acres potentially to each of 1.1 million people who have patented mining claims in the national forests alone, or some 2.2 million acres of the public domain. We do not know how many other unpatented mining claims are in the Bureau of Land Management or many other public places of the United States, or how much of this sort of public land will be disposed of by this bill.

Mr. Speaker, the plain and simple effect of this legislation—and the Members of the House should remember this—is going to be to change what is simply a license to enter the public domain to prospect and then to develop a mining claim where minerals are discovered into a right to purchase fee simple title potentially in 1.1 million cases in the national forests alone. This land does not belong to me—or to anyone else in the House. It is a sacred treasure belonging to all Americans, and is in trust for them, held by their Government.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield very briefly to the gentleman.

Mr. JOHNSON of California. Does not the gentleman agree that the legislation is permissive?

Mr. DINGELL. I agree that it is permissive, but I also agree that at all odds almost everyone who is potentially eligible to receive under this legislation will get himself busy and will receive the lands described in the bill.

I will further make the statement that in instances here where people are not genuinely authorized to receive, they will utilize every political pressure they can to come in under the provisions of the bill.

Mr. Speaker, this is a bad bill and I shall explain to the House why this legislation should be killed, in the public interest. Let us listen to this. This is from the report of the Comptroller General with reference to the national forest lands, where he said:

> Numerous unpatented mining claims in national forests are apparently being used for purposes not related to mining.

This is what this landgrab is for. This legislation is for the purpose of giving these people who have entered, not to mine, not to utilize it under the mining laws, but to get themselves a nice chunk of valuable public real estate. These lands, as my good friend on the minority side said, are being used for a whole series of purposes. They are being used for residences, summer homes, town sites, orchards, commercial enterprises, farming, and for a house of ill repute. And I saw in the paper not too long ago where gambling casinos have been established in these areas. In addition, the report of the Comptroller General says that these areas are also being used for a nudist camp. Now, I have no objection to a nudist camp and these other uses, but I do not think they ought to be set up on the public domain.

Remember, this legislation does just one thing. It converts the barest of license into the right of an individual to buy a fee simple piece of public domain to have and to hold in perpetuity and to pass on to his heirs. This is all this bill does, and it means that in excess of 1 million, or, perhaps, according to the calculation of my good friend, something on the order of 2.2 million acres of our national forests are going to be sold out from under their true owners to squatters who have—and we have no way of knowing how much land that comes under the Bureau of Land Management or other agencies is going to be taken under this bill. This is land which belongs to all of us; it is a sacred trust for all our people.

Mr. Speaker, we are told that these squatters are little people, people who are being wronged by this situation. They are not being wronged. They knew under the law what rights they had when they entered the public domain to take an interest in land which the mining laws gave them. What have they used these lands for? Have they cooperated with the United States in the management of these lands? The answer is "No." The fact of the matter is that in one national forest alone, Rogue River National Forest, 4 million feet of timber cannot be cut because there are 21 unpatented mining claims of holders who will not allow the Federal Government to enter to do control work in other parts of that national forest. It was estimated by the Forest Service that it would cost $1 million just to buy the rights-of-way and do the control work to harvest this overage timber. If this bill passes, an appropriation bill in the next congress will include this item .

In the Siskiyou National Forest timber sales in the amount of 12 million feet of timber were delayed, could not be harvested, because of these unpatented mining claims holders who would not permit the representatives of the people to attend to the public affairs and look after the land which belongs to all of us.

In the Wenatchee National Forest 12 million feet of good timber cannot be harvested because the rights-of-way will not be given by unpatented claim owners. In this same national forest the Government is being impeded by mining claim holders who will not permit the Federal Government to go across the land and to engage in insect control.

In the Plumas National Forest and the Wichita and the Tahoe National Forest, in almost every one that has been studied by the Comptroller General, these people are not cooperating. This is bad legislation. It is not in the public interest. Its purpose is to give away one of the great treasures and one of the great national heritages which we as Americans have, the national forest lands, which these people have attempted to get under invalid mining claims.

This is what the Forest Service had to say:

> Forest Service officials stated that the primary objective of increasing numbers of people who have mining claims is simply a desire to have a place in the mountains to go to and enjoy and ultimately to own, without regard to requirements of the mining laws.

This is a quote from the report of the Comptroller General of the United States.

So this legislation should not be enacted by this Congress. It is not in the public interest. If this Congress seeks to establish a good record of protecting the public interest, of conserving the public domain and seeing to it that the laws are fairly and fully and properly complied with and carried out, we should not grant this kind of special exemption.

Let it be said here clearly that if the Congress gives this kind of exemption for a raid upon the public domain in the national forests we will in the future be called upon to carry out the same exact woeful precedent which we are setting today, and in turn, merely because people come forward and say, "Well, I built a home on this," we will again give away a precious portion of the public domain.

No one would be weeping if it were said, Why, they built a home upon the premises, the tract of land owned by the author of this bill, and if the author of this bill, having had some squatter move in on his land, summarily threw him out, and threw out the improvements that squatter had put on his land. Everybody would say it served him right.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield.

Mr. JOHNSON of California. Is it not true that this would only come into play if the Secretary of the Interior or the Secretary of Agriculture or any other designated officer were offering land for sale, and if it involved these properties where these people are located on an unpatented mining claim they could then take the advantage of the preference given them of acquiring their own piece of property for their own home. There is quite a bit of public domain. This is not the question. In California they are selling many, many acres of public domain under an act which provides for exchange or sale. This merely gives them a home.

Mr. DINGELL. I see an incredible amount of evil happening to the public domain if this legislation becomes law, and in answer to the gentleman say that while this measure masquerades as permissive it will in fact be nearly mandatory in effect because of political and other pressures.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the gentlewoman from Idaho [Mrs. PFOST] may extend her remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mrs. PFOST. Mr. Speaker, as indicated by the chairman of the Committee on Interior and Insular Affairs, the gentleman from Colorado [Mr. ASPINALL], the bill we are now considering is designed to assist individuals and families. It will not help corporations. It is designed to prevent families from being evicted from their residences that have been established on public lands under the mining laws.

I feel certain that no one in the House will quarrel with the objective of this legislation, in view of the assurance that I can give, as chairman of the subcommittee that considered the bill, that the national interest is being protected and the United States will receive fair market value for any land sold under the provisions of this bill.

The Subcommittee on Public Lands, of which I have the honor to be chairman, held extensive hearings and examined the proposal very carefully. We concluded that equity and fairness dictate the enactment of legislation to permit the sale of portions of unpatented mining claims to residential occupants where valuable improvements have been placed on the property.

The bill that we have brought before the Members limits to 5 acres the area that may be sold to an occupant; and, if less than 5 acres is being occupied, the lesser acreage will be sold. In order to qualify for acquisition, an applicant must be a seasonal or year-round residential occupant-owner of land now or formerly in an unpatented mining claim. Further, in order to be eligible to acquire land, the occupant's mining claim must have been invalidated by the Secretary of the Interior or, in response to a notification that the claim is believed to be invalid, the claimant relinquished to the United States his interest in the claim. The bill protects the public interest in many ways. First, there is a specific requirement that, if the occupied lands have been withdrawn for some public use, the conveyance can be made only with the consent of the governmental unit having jurisdiction over the area. Secondly, the authority is discretionary and the Secretary of the Interior may determine that disposition is not in the public interest. Parenthetically, I also point out that the occupant also is given additional protection; if the land he occupies is not made available for conveyance, he receives a preference to purchase public lands of similar acreage made available for sale by the Secretary of the Interior.

The bill further provides that, even though a conveyance be executed, an occupant will not thereby be relieved from any liability for prior unauthorized use. Finally, the public interest is protected by providing for reservation to the United States of all minerals that may be in the land conveyed. Although the basis of this legislation is that the land to be conveyed is nonmineral in character, the committee recognizes that there may be deep-lying ore bodies present, or there may be minerals that are now unknown. The bill therefore reserves these minerals to the United States and, then, provides specific disposal procedures under which the United States would separately be able to obtain payment of full market value if minerals are discovered at a later date.

In addition to my interest in this bill as chairman of the Subcommittee on Public Lands, I wholeheartedly support this legislation because it is necessary to assist people in my own State of Idaho. This is not a new problem. The gentleman from Colorado, Chairman ASPINALL, has pointed out that under the mining laws occupants of mining claims need not proceed to obtain title to the lands. The fact is, I think, that many people, being unaware of the need to protect their occupancy, just did not take the trouble to complete the formalities that they might have been able to comply with at one time. Some of the claims have been exhausted and the minerals removed; others can not meet the test of a discovery because of the general depressed conditions of our domestic mining and minerals industries.

There is no reason why families occupying such mining claims areas should be forced to leave under a threat of eviction with a cloud on their title. If the land is required for a governmental purpose, these people should release their claims and move off the property. But, if there is no governmental requirement for the property, the United States should make the land available for sale. H.R. 12761 recognizes both situations.

I wish to compliment the gentleman from California [Mr. JOHNSON] for the manner in which he has pursued this problem in bringing it to our attention with a sensible solution. I also am pleased to be associated in this legislation with Senator CHURCH, of my own State of Idaho, who has sponsored a similar bill (S. 3451) in the other body.

Mr. Speaker, I recommend enactment of this legislation and urge the House to suspend the rules and pass H.R. 12761.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the bill H.R. 12761?

The question was taken, and on a division (demanded by Mr. DINGELL) there were—ayes 49, noes 13.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds having voted in the affirmative, the rules are suspended and the bill is passed, and without objection, a motion to reconsider is laid on the table.

There was no objection.

Mr. DINGELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

Mr. HALLECK. Mr. Speaker, I make the point of order that the point of order comes too late. The result of the vote has been announced.

The SPEAKER pro tempore. The gentleman is making a point of order.

Mr. DINGELL. And I object to the vote.

The SPEAKER pro tempore. That objection comes too late.

Mr. DINGELL. Very well, Mr. Speaker, I withdraw the point of order.

---

## CALL OF THE HOUSE

Mr. ASHBROOK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. MILLS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 222]

Abbitt
Addabbo
Andersen, Minn.
Anfuso
Ashley
Ayres
Bailey
Baker
Baring
Barrett
Bass, N.H.
Bass, Tenn.
Bates
Becker
Blitch
Boland
Bonner
Bow
Boykin
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Cahill
Carey
Celler
Colmer
Cook
Corbett
Cunningham
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Delaney
Dent
Diggs
Dominick
Donohue
Dooley
Dorn
Doyle
Dwyer
Edmondson
Elliott
Ellsworth
Farbstein
Findley
Fino
Frazier
Frelinghuysen
Fulton
Garland
Gavin
Gilbert
Glenn
Goodell
Goodling
Gray
Green, Oreg.
Green, Pa.
Harrison, Va.
Harsha
Harvey, Mich.
Hays
Healey
Hébert
Herlong
Hoffman, Ill.
Hoffman, Mich.
Hull
Jarman
Jennings
Judd
Kearns
Kee
Keith
Kelly
Kilburn
Kilgore
Kornegay
Kowalski
Lane
Lankford
Latta
Lesinski
McCulloch
McDonough
McDowell
McMillan
McSween
McVey
Macdonald
Madden
Martin, Mass.
Mason
May
Meader
Merrow
Minshall
Moeller
Monagan
Moore
Moorehead, Ohio
Morris
Morrison
Morse
Moulder
Multer
Nedzi
Nix
Norrell
O'Brien, Ill.
O'Hara, Mich.
O'Neill
Patman
Peterson
Pfost
Philbin
Pike
Pilcher
Pillion
Powell
Pucinski
Quie
Rains
Riley
Rivers, Alaska
Rivers, S.C.
Roberts, Tex.
Rogers, Tex.
Rostenkowski
Rousselot
St. Germain
Santangelo
Saund
Scherer
Scranton
Seely-Brown
Selden
Shelley
Sheppard
Shipley
Sibal
Sikes
Smith, Miss.
Smith, Va.
Spence
Stephens
Stratton
Thompson, La.
Thompson, N.J.
Tuck
Udall
Van Zandt
Vinson
Wallhauser
Weaver
Weis
Whalley
Wickersham
Winstead
Yates
Zelenko

The SPEAKER pro tempore. On this rollcall, 270 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

---

## RELIEF FOR OCCUPANTS OF UNPATENTED MINING CLAIMS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3451) to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Interior may convey to an occupant of an unpatented mining claim which is determined by the Secretary to be invalid, an interest in an area within the claim of not more than (a) five acres or (b) the acreage actually occupied by him, whichever is less. The Secretary may make a like conveyance to an occupant of an unpatented mining claim who, after notice from a qualified officer of the United States that the claim is believed to be invalid, relinquishes to the United States all right in and to such claim which he may have under the mining laws or who, within two years prior to the date of this Act, relinquished such rights to the United States or had his unpatented mining claim invalidated. Any conveyance authorized by this section, however, shall be made only to a qualified applicant, as that term is defined in section 2 of this Act, who applies therefor within five years from the date of this Act and upon payment of the amount established pursuant to section 5 of this Act.

As used in this section, the term "qualified officer of the United States" means the Secretary of the Interior or an employee of the Department of the Interior so designated by him: *Provided,* That the Secretary of the Interior may delegate his authority to designate qualified officers to the head of any other department or agency of the United States with respect to lands within the administrative jurisdiction of that department or agency.

SEC. 2. For the purposes of this Act a qualified applicant is a citizen of the United States or a person who has declared his intention to become such who is a residential occupant-owner, as of July 23, 1962, of improvements now or formerly in an unpatented mining claim upon which valuable improvements had been placed, which constitutes for him a principal place of residence, and he and his predecessors in interest have been in possession for not less than seven years prior to July 23, 1962.

SEC. 3. Where the lands have been withdrawn in aid of a function of a Federal department or agency other than the Department of the Interior, or of a State, county, municipality, water district, or other local governmental subdivision or agency, the Secretary of the Interior may make conveyances under section 1 of this Act, only with the consent of the head of that governmental unit and under such terms and conditions as that unit may deem necessary: *Provided further,* That in all appropriate cases Federal departments shall consult with county and other concerned local government subdivisions or agencies to determine the effect of a proposed conveyance upon the services of government which might be then required.

SEC. 4. Where the Secretary of the Interior determines that a disposition under section 1 of this Act is not in the public interest or the consent required by section 3 of this Act is not given, the applicant, after arrangements satisfactory to the Secretary of the Interior are made for the termination of his occupancy and for settlement of any liability for unauthorized use, may be granted by the Secretary, under such rules and regulations for procedure as the Secretary may prescribe, a right to purchase any other tract of land, five acres or less in area, from those tracts made available for sale under this Act by the Secretary of the Interior, from the unappropriated and unreserved lands and those lands subject to classification under section 7 of the Taylor Grazing Act, upon the payment of the amount determined under section 5 of this Act. Said right must be exercised within five years from and after the date of its grant. Where the lands have been withdrawn in aid of a function of a Federal department or agency, the head of such department or agency may permit the applicant to use and occupy the land for residential purposes under such terms and conditions as may be appropriate during the life of the applicant with provision for removal of any improvements or other property of the applicant within one year after the death of the applicant.

SEC. 5. The Secretary of the Interior shall set the price to be paid for conveyance upon the following criteria: (a) Whenever it shall be shown to his satisfaction that the land to be conveyed has been held in good faith by an applicant, his ancestors or grantors for more than twenty years prior to the date of this Act, the applicant shall pay such filing and processing fee as may be uniformly required, the cost of survey, if any is required for the disposition of the land involved, and the payment of not less than $5 per acre or fraction thereof nor more than the fair market value of such lands on the date of appraisal (exclusive of any improvements placed thereon by the applicant or his predecessors in interest) and in such appraisal the Secretary shall consider and give full effect to the equities of any such applicant; (b) *Provided,* That when the above conditions exist except that the land has been held for less than twenty years prior to the date of this Act, in addition to a filing fee and cost of survey, if applicable, the payment shall be the fair market value of the lands involved (exclusive of any improvements placed thereon by the applicant or by his predecessors in interest) on the date of appraisal but in no event less than $5 per acre or fraction thereof: *Provided further,* That whenever the conveyance is a life estate or less, the applicant shall pay such filing and processing fee as may be uniformly required and an additional payment of not less than $5 per acre or fraction thereof nor more than 50 per centum of the resultant value that would be obtained from appraisal made under the terms of part (a) of this section, which amount may be made payable on an annual payment schedule.

SEC. 6. The execution of a conveyance authorized by section 1 of this Act shall not relieve any occupant of the land conveyed of any liability, existing on the date of said conveyance, to the United States for unauthorized use of the conveyed lands or interests in lands, except to the extent that the Secretary of the Interior deems equitable in the circumstances. Relief under this section shall be limited to those persons who have filed applications for conveyances pursuant to this Act within five years from the enactment of this Act. With respect to any mining claim, embracing land applied for under this Act by a qualified applicant, except where such mining claim was located at a time when the land included therein was withdrawn from or otherwise not subject to such location, no trespass charges shall be sought or collected by the United States from any qualified applicant who has filed an application for land in the mining claim pursuant to this Act, based upon occupancy of such mining claim, whether residential or otherwise, for any period preceding the final administrative determination of the invalidity of the mining claim by the Secretary of the Interior or the voluntary relinquishment of the mining claim, whichever occurs earlier. Nothing in this Act shall be construed as creating any liability for trespass to the United States which would not exist in the absence of this Act.

SEC. 7. In any conveyance under this Act the mineral interests of the United States in the lands conveyed are hereby reserved for the term of the estate conveyed. Minerals locatable under the mining laws are disposable under the Act of July 31, 1947, as amended (30 U.S.C. 601–604), are hereby withdrawn from all forms of entry and appropriation for the term of the estate. The underlying oil, gas and other leasable minerals of the United States are hereby reserved, but without the right of ingress and egress for exploration and development purposes. Such minerals may, however, be leased by the Secretary under the mineral leasing laws.

SEC. 8. Rights and privileges to qualify as an applicant under this Act shall not be assignable, but may pass through devise or descent.

SEC. 9. Payments of filing fees and survey costs, and the payments of the purchase price for patents in fee shall be disposed of by the Secretary of the Interior as are such fees, costs, and purchase prices in the disposition of public lands. All payments and fees for occupancy in conveyances of less than the fee, or for permits for life or shorter periods, shall be disposed of by the administering department or agency as are other receipts for the use of the lands involved.

Mr. ASPINALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASPINALL: Strike out all after the enacting clause of S. 3451 and insert the provisions of H.R. 12761, as passed.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Colorado.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 12761) was laid on the table.

## CONFERENCE REPORTS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House have until midnight tomorrow night, September 18, 1962, to file a conference report to accompany H.R. 12180, and another conference report to accompany H.R. 6682.

Mr. BROWN. Mr. Speaker, reserving the right to object, may I inquire of the gentleman from Arkansas for what these two bills provide?

Mr. MILLS. If the gentleman will yield, these are bills that passed the House by unanimous consent to which the Senate appended amendments. Both of them, as I recall, were passed under unanimous consent.

Mr. BROWN. I was just hoping that one of them was the tax revision bill.

Mr. MILLS. No; that will come later.

Mr. BROWN. Mr. Speaker, I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

## LEGISLATIVE BRANCH APPROPRIATION BILL, 1963

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oklahoma [Mr. STEED].

**Mr. STEED.** Mr. Speaker, I desire to announce that the conference report on the legislative branch appropriation bill, H.R. 11151, will be called up for action on tomorrow. In view of the fact that one Senate amendment is in serious disagreement, I ask unanimous consent that a letter on this amendment being circulated to all the Members and signed by the gentleman from Washington [Mr. HORAN] and myself be printed at this point in the RECORD.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The matter referred to follows:

SEPTEMBER 17, 1962.

Re patron mail provision for franked mail.

DEAR COLLEAGUE: Senate amendment No. 44 to the legislative appropriation bill, which would deny the use of any simplified form of address on congressional franked mail, will soon come up for a separate vote in the Houses—probably this week. As the ranking House conferees on the bill, we feel we should again summarize for the information of Members the salient features and dimensions of the Senate language.

1. The House, by record vote, rejected the identical proposition last April.

2. If the amendment were adopted, henceforth all franked mail—rural and star route as well as city and town—would have to include name and address (even for such things as lists of publications, farm bulletins, etc.).

3. Franked mail would not even have parity with private mailers on either rural, star, or city routes or boxes (private mailers can send rural mail addressed simply "Postal patron, local" and city mail without name).

4. Present simplified addressing procedure reduces cost in Member's offices and in the Post Office. (The Department states: "The per piece handling cost of congressional mail, addressed to 'Postal Patron' without street address on city carrier routes and post office boxes, will be less than the same mail fully addressed to each household"). Of course, the same would hold true for rural mail.

5. The House Doorkeeper testified in March (hearing, p. 145): "This patron mail, so-called, has not affected the workload of this House folding room whatsoever."

6. Simplified addressing procedure is entirely permissive. Members can continue to use the more complete address if they prefer.

The two Houses for many years have observed the rule of comity as to their respective housekeeping matters. This is an exception to the longstanding custom.

In summary, it is our view—

1. That Congress should protect the use of the frank as a means of effectively and economically getting Government publications and other information to constituents.

2. That if any isolated abuses are felt to have occurred, they should be considered as matters of policy by the appropriate legislative committees.

Sincerely yours,

WALT HORAN,
TOM STEED,
*Members of Congress.*

---

## CAPTIONED FILMS FOR THE DEAF

**Mrs. HANSEN.** Mr. Speaker, I move to suspend the rules and pass the bill (S. 2511) to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes, as amended.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) the first section of the Act entitled "An Act to provide in the Department of Health, Education, and Welfare for a loan service of captioned films for the deaf", approved September 2, 1958 (72 Stat. 1742), is amended to read as follows:

"That the objectives of this Act are—

"(a) to promote the general welfare of deaf persons by (1) bringing to such persons understanding and appreciation of those films which play such an important part in the general and cultural advancement of hearing persons, (2) providing, through these films, enriched educational and cultural experiences through which deaf persons can be brought into better touch with the realities of their environment, and (3) providing a wholesome and rewarding experience which deaf persons may share together; and

"(b) to promote the educational advancement of deaf persons by (1) carrying on research in the use of educational and training films for the deaf, (2) producing and distributing educational and training films for the deaf, and (3) training persons in the use of films for the deaf."

(b) Paragraphs (4), (5), and (6) of section 3(b) of such Act are redesignated as paragraphs (5), (6), and (7), respectively, and there is inserted after paragraph (3) the following:

"(4) provide for the conduct of research in the use of educational and training films for the deaf, for the production and distribution of training films for the deaf, and for the training of persons in the use of films for the deaf."

(c) Section 4 of such Act is amended by striking out "$250,000" and inserting in lieu thereof "$1,500,000".

The **SPEAKER** pro tempore. Is a second demanded?

**Mr. GRIFFIN.** Mr. Speaker, I demand a second.

The **SPEAKER** pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

**Mrs. HANSEN.** Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 2511, which was reported unanimously from the Committee on Education and Labor, is designed to strengthen and improve the program of captioned films for the deaf.

The captioned films program was originated by Public Law 85-905 in September 1958. As originally conceived, the program authorized the Secretary of Health, Education, and Welfare to acquire films, add subtitles to them, and establish a loan service of the captioned films for schools for the deaf and other agencies concerned with the welfare of the deaf. At the present time the Department has captioned more than 100 films, and its loan service has some 340 prints available.

The existing program has been an unqualified success within its rather narrow limits. More than 640 organized groups of deaf persons have been served by the program, and the annual audience for these films is estimated at 92,000. Because of the great demand for captioned films there is presently a backlog of requests that approaches 2 years.

The reason for the success of this program is that this unique type of visual aid has not only brought new enjoyment and experience to handicapped people, but it has also pointed the way toward great advances in the education and training of the deaf. The greatest barrier that must be overcome in educating a deaf child is the communication barrier.

One who has never heard human speech has no concept of language whatsoever. He cannot associate sounds with objects or movements as a normal child would while learning to talk. Since words have no meaning for the deaf child, the process of teaching him to read—to correlate printed signs with experiences he has had—is also extremely difficult.

Captioned films have the potential of greatly reducing the communications barrier in the education of the deaf by broadening the child's experience and providing him with visually correlated words and actions. These films can also be used to great advantage in training educated deaf persons for gainful employment, and it is well established that the deaf make superior employees in many industries.

Unfortunately, the limitations of the existing program make it impossible to exploit the advantages of captioned films to the fullest. The Department's authority is limited to acquiring and captioning films that are already in existence—films, in other words, that were produced for hearing people. In order to realize the potential of captioned films, the films should be produced specifically for deaf persons, with their limitations and capabilities in mind. Because the deaf population of the country is relatively small—some 250,000—there is no commercial gain to be made in this area, and because the deaf population of any particular State is comparably small it is unlikely that the States will undertake such a program as producing captioned films for the deaf. The problem is really a national problem and can be met effectively only with the assistance of the Federal Government.

S. 2511 would improve the existing captioned films program in three ways: it would authorize the Secretary of Health, Education, and Welfare first, to provide for the production of educational and training films for the deaf; second, to provide for the conduct of research in the use of such films; and third, to provide for the training of persons in the use of films for the deaf.

With this authority it will be possible to develop a comprehensive program for the production and use of captioned films both in educating the deaf and training them for useful occupations.

As S. 2511 passed the other body it contained no limitation on the amount that could be appropriated for this program. The Committee on Education and Labor approved an amendment to the Senate-passed bill that would impose an annual appropriation ceiling of $1,500,000. The original act contained a ceiling of $250,000 annually.

The captioned films program has had strong bipartisan support since its inception, and the bill we are considering today passed the Senate unanimously. As I mentioned earlier, the Committee on Education and Labor was also unanimous in its approval of the bill.

May I add in closing that there is strong support across this Nation for the bill, and no known opposition by any group.

Mr. THORNBERRY. Mr. Speaker, will the gentlewoman yield?

Mrs. HANSEN. I yield to the gentleman from Texas.

Mr. THORNBERRY. I want to compliment the gentlewoman from Washington on her speech on this bill. I know from personal experience of the program for captioned films for the deaf and education for the deaf, and I hope the bill will be enacted into law.

Mrs. HANSEN. I thank the gentleman.

Mr. KORNEGAY. Mr. Speaker, will the gentlewoman yield?

Mrs. HANSEN. I yield to the gentleman from North Carolina.

Mr. KORNEGAY. Who makes the films at the present time?

Mrs. HANSEN. The films at the present time are secured from the motion picture industry. They are also secured as far as possible from any place available. But it is the captioning of these films that is costly and necessary.

Mr. KORNEGAY. Are they educational films or entertainment films?

Mrs. HANSEN. Not all of them. That is the lack at the present time. In the committee report and the hearings you will find a list of the present films that are available. They are not all of an educational nature, I should say. It is desired to secure films that are of an educational nature and caption them. This is one of the great deficiencies and one of the great needs.

Mr. KORNEGAY. I thank the gentlewoman very much. I too would like to commend the gentlewoman from Washington for the wonderful contribution she has offered here.

Mrs. HANSEN. I thank the gentleman. It is a pleasure to support this bill.

Mr. WILLIAMS. Mr. Speaker, will the gentlewoman yield?

Mrs. HANSEN. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. I should like to join the gentleman from North Carolina in congratulating the gentlewoman from Washington on bringing this bill to the floor. It is a program which, if properly administered, will certainly bring in great returns. I know of no money that is better spent than the money that is spent to provide these people with the opportunity to make their own way through life.

Mrs. HANSEN. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentlewoman yield?

Mrs. HANSEN. I yield to the gentleman from Iowa.

Mr. GROSS. This does represent a very substantial increase in the program, from $250,000 to $1,500,000, and apparently this is a 5-year program.

Mrs. HANSEN. That is right. That would be the expectation, a 5-year program.

Mr. GROSS. So this is a vastly expanded program. The gentlewoman from the testimony received by her committee is convinced that this six-times increase in the appropriation can be and will be wisely and well spent?

Mrs. HANSEN. I am convinced of it and when I return to my seat, I will be glad to read the figures as to the amount that is spent for administration as compared to the total appropriation. I secured some data today showing that for every dollar that the United States of America spends for this program for the handicapped, $7 or a little more than $7 returns to the Treasury of the United States in the form of taxes.

Mr. GROSS. If the gentlewoman will be kind enough to yield to me for one further observation, I want to say I join with the gentleman from Mississippi [Mr. WILLIAMS] in saying it is my hope that the administration of this very substantially increased expenditure will be a wise one.

Mrs. HANSEN. I Thank the gentleman. I think it is the sincere hope of all in such programs as this that they be administered wisely.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The gentlewoman from Washington has consumed 10 minutes.

Mr. GRIFFIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentlelady from Washington has said, there is no opposition to this bill from either side of the aisle. I should like to say to my distinguished colleague, the gentleman from Iowa [Mr. GROSS], who is always concerned about increases in spending—a concern in which I share—that I have tried to study this legislation and the reports as well as the hearings, and I am satisfied that the present level of $250,000 a year for a captioned film program for the totally deaf in this country is completely inadequate.

This bill should be considered in the light of the wonderful work which the Federal Government now does, and has been doing, for the totally blind in providing talking books through the Library of Congress. We are spending well over $2½ million a year for the blind, a program of which I heartily approve. By comparison, it should be obvious that a quarter of a million dollars a year for the totally deaf is really a small amount. There are only about 100 captioned films now available to be sent around the whole country for these people. There are waiting periods of 6 months or more for various groups to get a film—any film.

Unfortunately, the only films now available, for the most part, are entertainment films. There are very few educational or documentary films now available.

This legislation would broaden the program somewhat and provide that the Secretary of Health, Education, and Welfare would be authorized to obtain and procure the production of educational and documentary captioned films for the deaf.

Some will ask, Is this a proper function of the Federal Government? Certainly, I am not one who is quick to advocate broad programs of Federal aid to education. But I think this is a program which is appropriate for the Federal Government.

There are a relatively small number of deaf people in the country compared to the total population. If this job were left to the States, there would be a duplication of effort and a waste of funds, if the job were done at all; and in many cases it would not be done.

Just as a program for the blind is appropriate for the Federal Government, so this kind of program, limited as it is for the deaf, is appropriate for the Federal Government.

The House did put a limitation on the authorization—a ceiling of $1½ million a year. I think that such a ceiling is proper; in this respect the bill before us represents an improvement over the bill that passed the Senate.

Mr. Speaker, if there are no further requests for time from this side of the aisle, I yield back my time and ask for the passage of the bill.

Mrs. HANSEN. Mr. Speaker, I yield 5 minutes to the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Speaker, I rise to lend my support to this legislation amending Public Law 85–905 enacted September 2, 1958, providing for the captioning of films for the deaf. It has been my privilege to sponsor the original legislation as well as the pending amendments which will remove certain restrictions on the effective operation of the program. I am confident that the membership shares my strong conviction that this successful program should now be strengthened in the national interest.

To understand the significance and importance of captioned films for the deaf it is necessary first to realize some of the implications of being deaf. The world of the deaf person is not merely, as one might suppose, a normal world minus sound. The difference is far greater, involving deficiencies in speech, educational retardation, cultural, vocational and recreational deprivation and, perhaps, most serious of all, a lack of the understanding on the part of the general population.

Virtually all other physical handicaps are readily visible and evoke immediate favorable reactions from those who observe these conditions. Deafness, on the other hand, is invisible. Thus when we discover that an individual is deaf and attempt to establish contact through ordinary means of communication we meet an invisible barrier. A motion picture which attempts to convey a sense of this baffling situation is entitled "The Glass Wall."

What of the person who lives on the other side of this glass wall—the deaf person? He finds that it surrounds him completely. It is with him day and night. By day he is like a bird that sees the world through a closed window. His most strenuous efforts cannot break the glass wall and set him free.

Small wonder then that the captioned films for the deaf program, inaugurated by the 85th Congress, has created such excitement and enthusiastic response among the 250,000 deaf people of this country. With no publicity except an initial announcement sent out by mail; with a limited budget which has been sufficient to provide but little more than 100 captioned film subjects; and with most of these pictures being of pre-1948 vintage the program has still shown remarkable growth. The Office of Education now reports that it has 693 groups of registered deaf users and is reaching a monthly audience of approximately 20,000.

The secret of this interest on the part of the deaf is that captioned films speak understandably to the deaf. Naturally, the picture image provides a great deal of information, but with subtitles to convey the thread of the dialog or commentary the deaf person finds himself virtually freed from his handicap. He can understand as readily as anyone else. He can pierce the glass wall of his deafness. The experience is one of release from frustration and the achievement of a new dimension in life.

Viewed in terms of the total problem of the deaf we can simply say that the progress made thus far through captioned films has been a highly successful pilot operation. The obvious next steps are full implementation through more adequate budget, enlarged authority to carry on the research and development, specialized production, and related training activities necessary to make maximum use of captioned films. None of these things is new. At this point the captioned films program is in the position of a young business which has an excellent product and a proven market. The mandate which now rests with the Congress is to move forward toward full exploitation of this challenging opportunity.

In less figurative language this means that we have an opportunity to provide teachers of the deaf with far more effective teaching tools than they have ever enjoyed before. It means that vocational training and rehabilitation of the adult deaf can become far more effective. It means that the circumscribed cultural and recreational world of the deaf can be enriched. It means the development of opportunities for parents of deaf children and deaf adults to solve their problems through individual study made possible by applications of the new technology of programed learning on films. It means that to some extent television can become readily understood by the deaf for the first time.

All these advancements and more are the implications of the legislation now proposed. The problems involved can be solved only with Federal support. Solution either by private industry or by State and local effort is not economic either in terms of a reasonable profit or as a feasible use of public funds.

Finally, the thrust provided by this program is unique. It involves, first of all, a very specialized kind of media appropriate only to this handicapped group. Secondly, it provides a technique of direct service in contrast with existing or contemplated programs which seek through grants, general program of training, research, et cetera, to support or improve the activities of professionals who, in turn, will contribute to the advancement of the deaf. This is significant administratively, not only in the need to recruit and direct a staff with highly specialized talents, but in the fact that this is a service which can utilize the talents of deaf people.

Already the deaf are contributing significantly in writing captions for films, in the selection of materials, in film circulation and in program administration. Under the expanded program provided by the amendment this trend can be further developed. Thus, in being permitted to assume an important role in these efforts toward educational and cultural advancement the deaf will achieve more of the sound principle of self-help which is fundamental to any habilitative or rehabilitative effort.

Not only will such developments serve to create a better public understanding and appreciation of the deaf and their problems but will be a giant step forward in pointing the deaf toward full social and economic participation in American life.

Mr. Speaker, I want to commend our colleague, the distinguished gentlewoman from Washington and the gentleman from Michigan for the fine statements they have just made.

I would like to ask one question of the gentlewoman from Washington. Under this expanded program, will this allow the department to arrange for the production of caption films for schools for the deaf throughout the country?

Mrs. HANSEN. Yes, indeed, it will and may I state further to the gentleman from Rhode Island it is our intention that the word "training" be broadly defined and it would certainly include education and training for schools for the deaf which is one of the primary objectives of the bill.

Mr. FOGARTY. I thank the gentlewoman.

Mrs. HANSEN. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Speaker, I rise in support of this legislation and wish to associate myself with the distinguished gentleman from Rhode Island [Mr. FOGARTY], and the distinguished gentleman from Michigan [Mr. GRIFFIN].

In my district, in the city of Paterson, there is a school for the deaf associated with the New Jersey State School for the Deaf, and I am advised that there is a tremendous lack of educational films. Up until now the number has been limited practically to entertainment films. This will enable the Department of Education to get into the production of captioned films of an educational nature for the deaf. These deaf students must depend solely upon visual acuity for teaching.

I am wholeheartedly in support of the bill and urge its passage.

Mrs. HANSEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Speaker, I would like to associate myself with the fine bill that is before the House and those who have taken the trouble to work up such an excellent proposition which will do so much good.

I have some deaf people in my district that have to go all the way to Philadelphia. If we have a program such as this, I hope that long trip can be eliminated. I am sure people throughout the country will be helped by this bill, helped some more extensively than they are today.

Mrs. HANSEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. POWELL] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. POWELL. Mr. Speaker, I support the bill H.R. 12979 (S. 2511) to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes, which was unanimously approved by the Committee on Education and Labor.

There are today in the United States 250,000 fellow citizens who are totally deaf, and many more who are partially deaf. All too little has been done to help these people—particularly the totally deaf—to play the useful and self-sufficient role in our society of which they are capable.

Four years ago, the Congress of the United States recognized the need of our deaf citizenry by the passage of Public Law 85-905, providing for a loan service of captioned films for the deaf. This law authorized the Office of Education to acquire and provide for the subtitling of films, and to loan such films to schools for the deaf and other appropriate agencies throughout the country. An annual appropriation limitation of $250,000 was included in the act—or about $1 for each deaf person.

By this act Congress attempted to provide for the utilization of a modern technique of instruction in the teaching of the deaf and thereby contributed to the more effective education of this group of handicapped citizens.

However, experience has shown that Public Law 85-905 is inadequate for the magnitude of the task confronting us. For at the present time the captioned films section of the Office of Education maintains a library of approximately 100 captioned films. They serve some 640 organized groups of deaf persons, representing a total annual audience of more than 92,000 people. This figure is but a fraction of the total deaf population. Filmed subjects offered include only some 60 older Hollywood feature pictures and a limited number of educational films. So meager is the supply of materials that groups registered for film service are obliged to request films as much as 2 years in advance. There simply are not enough prints to go around, and there is need not only for expansion of present budgetary support but for a broadening of program objectives.

The bill under consideration would thus amend the present law by expanding its functions and authorizing the Secretary of HEW to provide, first, for the conduct of research in the use of educational and training films for the deaf; second, for the production and distribution of training films for the deaf; and, third, for the training of persons in the use of the films for the deaf.

The proposed legislation would also remove the annual appropriation limitation contained in the existing law putting an annual ceiling of $1½ million.

In hearings held by the Select Subcommittee on Education on September 5, 1962, and in the Senate on August 7, witnesses repeatedly called attention to the great need for more diversification in the holdings and greater use of captioned films by teachers. One witness, a graduate of Gallaudet College, and teacher of the deaf, said:

> Teaching is a very difficult task, especially teaching the deaf, because it requires such patience. Schoolteachers teach normal-hearing children by speaking to them. They speak back and forth. In schools for the deaf, when students don't have good language, it is hard to explain things to them. Teaching has to be more dramatic. With a good language background that the children can develop through captioned films, the teacher will have an interesting time teaching them, and be able to bring them up faster. The captioned films will help the teachers with language and with subject matter in school.

In recommending the enactment of the bill, the Department of HEW reported that—

> Experience with captioned films indicates the need for research in a number of areas relating to their use. Among these are standards of captioning and techniques of projection; the development of experimental films utilizing animation and other special techniques; and the most effective utilization of films in the education and training of deaf children and adults. Such research is unlikely to be initiated in the absence of specific provisions to encourage it because a major portion of the kinds of research needed has a very limited applicability outside this special field of inquiry. Moreover, there is a need for the production of films to train the deaf in those specialized areas of speech reading, speech, language development, and social adjustment of the hearing handicapped. This need is unlikely to be met commercially because of the limited market for the distribution of such films.
>
> On the basis of such evidence, I urge the passage of this bill.

Mr. THOMPSON of New Jersey. Mr. Speaker, as a cosponsor of this legislation in the House and as chairman of the subcommittee that considered this bill, I am an enthusiastic supporter of the proposal to expand the program of captioned films for the deaf.

The New Jersey State School for the Deaf, which is outstanding among such institutions in this country, is located in my district and I have long had an interest in its work. They use the present loan service of captioned films to the fullest extent possible, but they are well aware of the great potential in this medium for making significant strides forward in the education and training of the deaf.

The value of this legislation to the deaf population of our country has been well stated by Mr. August P. Herdtfelder, from the National Fraternal Society of the Deaf. I would like to include at this point Mr. Herdtfelder's statement to my subcommittee:

> Representative THOMPSON and honorable members of the committee, I am August P. Herdtfelder, of Silver Spring, Md., and the appointed representative of the National Fraternal Society of the Deaf, a fraternal life insurance association of deaf men and women. This society is based on the lodge system and has branch lodges, called divisions, in over 100 principal cities in the United States.
>
> The National Fraternal Society of the Deaf is strongly in favor of the legislation now being considered by your committee to expand the captioned films for the deaf program. Thousands of deaf people of all ages stand to benefit from an expanded program. Since its inception 3 years ago, the captioned films program has played an increasingly important role in the lives of deaf people everywhere. The realization that the present program is inadequate is the basic reason for the wide, general movement for a larger organization better adapted to meet the social, cultural, educational, and training needs of the deaf.
>
> Educationally the deaf child stands to benefit the most. There is much potential for enhancing his educational achievement through the use of captioned educational films. The young deaf child does not acquire language through normal channels and often does not acquire any language at all until taught by special methods when first attending a school for the deaf at approximately 6 years of age. This lag in the development of language is difficult to overcome, but through the use of captioned educational films the deaf child will be exposed to experiences and language simultaneously providing an opportunity for growth and understanding.
>
> We deaf people have always been proud of our independent role in that we have held full-time jobs, raised families, owned homes, driven cars, and paid taxes just like anyone else. And just like anyone else we are concerned with the advent of automation which will undoubtedly result in the loss of jobs for the deaf worker as well as the normal-hearing worker. Retraining of the deaf worker will not be so easy because of the communication problem. Thus there is a growing need for specialized materials for the adult deaf and an increased captioned films program will be able to take the proper steps toward the development of training and educational films for the adult deaf resulting in the opportunity for the deaf to prepare themselves for technical changes and the chance to compete on the labor market.
>
> I strongly urge in behalf of the deaf of America that every consideration toward the enactment of this legislation be given.

### GENERAL LEAVE TO EXTEND

Mrs. HANSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

The SPEAKER pro tempore. The question is, Will the House suspend the rules and pass the bill (S. 2511) to provide for the production and distribution of educational and training films for use by deaf persons, and for other purposes, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

---

## THE INLAND WATERWAYS CORPORATION ACT

Mr. WILLIAMS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 10542) to repeal the Inland Waterways Corporation Act, as amended.

The Clerk read as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Inland Waterways Corporation Act (49 U.S.C. 151–157) is hereby repealed.
>
> SEC. 2. (a) For liquidation of the affairs of the Inland Waterways Corporation, and for this purpose only, notwithstanding any other provision of law, there are transferred to the Secretary of Commerce all functions, powers, duties, authority, rights, and immunities vested in, or available or applicable to the Corporation on the day before the date of enactment of this Act which shall be performed, exercised, and administered by the Secretary of Commerce in the same manner and to the same extent as if the same were performed, exercised, and administered by the Corporation. The Secretary of Commerce shall assume and be subject in his official capacity to all rights and benefits, all liabilities and commitments, whether arising out of contract or otherwise, of the Corporation, but he shall pay into the Treasury, as miscellaneous receipts, all future receipts and all remaining funds of the Corporation transferred to, or received by, him. To assist in his liquidation of the Corporation, the books of account, records, documents, assets, and liabilities of every kind and nature, including but not limited to, all funds, notes (and accrued interest thereon), mortgages, deeds of trust, contracts, commitments, claims, and causes of action of Inland Waterways Corporation are transferred to the Secretary of Commerce for liquidation or assignment.
>
> (b) No suit, action, or other proceeding lawfully commenced by or against Inland Waterways Corporation before the date of enactment of this Act shall abate by reason of this Act; but the court may, on motion or supplemental petition filed at any time within twelve months after such dissolution and showing a necessity for the survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the United States in such court. After the date of enactment of this Act, any suit, action, or other proceeding which, but for this Act, would be commenced by or against the Corporation, shall be commenced by or against the United States in a Federal court of competent jurisdiction.

The SPEAKER pro tempore. Is a second demanded?

Mr. SPRINGER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi [Mr. WILLIAMS] is recognized for 20 minutes, and the gentleman from Illinois [Mr. SPRINGER] is recognized for 20 minutes.

The gentleman from Mississippi [Mr. WILLIAMS] is recognized.

Mr. WILLIAMS. Mr. Speaker, the purpose of the bill is to repeal the Inland Waterways Corporation Act, sections 151–157, title 49, United States Code.

### BACKGROUND INFORMATION

The Inland Waterways Corporation was created in 1924 by an act of Congress—Public Law 185, 68th Congress, sections 151–157, title 49, United States Code—for the purpose of carrying on the operations of the Government-owned inland, canal, and coastwise waterways system, previously operated by the Secretary of War, to the point where the system could be transferred to private operation to the best advantage of the Government. The Secretary of Commerce was authorized and directed to govern this Corporation in the exercise of the functions vested in such Corporation.

Up until 1953, the Corporation operated the Federal Barge Lines, a comprehensive barge common carrier service on the Mississippi and Missouri Rivers, around the gulf, and up the Warrior River in Alabama. The responsibility for this Corporation was assigned to the Secretary of Commerce by Reorganization Plan No. 2 in 1939. This service, in accordance with the direction of the statute was developmental in nature and was inaugurated in an unincorporated form by the Department of War during World War I, in an effort to augment other transportation facilities in the Nation in the prosecution of the war.

Section 153(c) of title 49 is a declaration of the policy of the Congress to continue the transportation service of the Corporation until four conditions will have been met; namely, first, completion of adequate navigable channels; second, provision for adequate terminal facilities; third, the publication and filing with the Interstate Commerce Commission of joint rail-water tariffs; and, fourth, availability of private parties ready and willing to engage in common carrier services on the rivers.

These four objectives were achieved. The Secretary of Commerce found that navigable channels and adequate terminal facilities had been established. The Interstate Commerce Commission reported that joint rail-water tariffs had been published and filed. These prerequisites having been met, the Secretary of Commerce, in accordance with the provisions of section 153(d) of title 49, sold the facilities of the Inland Waterways Corporation on July 24, 1953, to the St. Louis Shipbuilding & Steel Co., the highest public bidder, for $9 million.

Three conditions were attached to the sale; namely, first, it must not be sold to anyone directly or indirectly connected with a railroad; second, it must be continued "in common carrier service in a manner substantially similar to the service rendered by the Corporation"; and, third, facilities were appraised by the Interstate Commerce Commission and the "fair value" reported to the President.

In addition to the ordinary provisions common to business contracts between the Government and private citizens, provisions were included in article II of the contract of sale to implement the requirement in the 1924 act that the purchaser agree to continue the facilities in common carrier service "in a manner substantially similar to the service rendered by the corporation." These provisions consisted of stipulations as to the minimum number of trips that the operator was required to make over different sections of the river and the minimum amount of less-than-bargeload traffic to be handled. The contract of sale contains onerous penalties in the event of nonperformance.

At the same time, recognizing that service in the transportation industry is an ever-changing concept, and recognizing the modification or growth of transportation routes and methods in response to changing patterns of competition and skipper practices and the effects of continuing technological progress, recognition was given in the contract that for these or other specified reasons the purchaser might in good faith be unable to fulfill these requirements.

This contract of sale has been in effect for nearly 9 years. Each year an annual report is submitted to the Secretary of Commerce reviewing the performance of the Federal bargelines and relating such performance, where appropriate, to the service requirements in the contract of sale. These annual reports have been regularly accepted by the Secretary of Commerce. As far as can be ascertained there has been no shipper complaint against the service rendered by the Federal bargelines.

### NEED FOR LEGISLATION

It has been the position of the purchaser in recent years that the required conditions of this contract of sale no longer reflect conditions prevalent along the inland waterways served by the Corporation. With respect to the two major requirements described above, namely, a required number of trips over various districts served by the corporation and continuation of less-than-bargeload service, the purchaser contends that the increased size of tows made possible by the immensely larger propulsion vessels developed by the purchaser makes the trip requirements out of date. With respect to the less-than-bargeload carriage, a service which was costly and not self-supporting, the purchaser undertook immediately to increase this aspect of the business with the hope of bringing up the volume to the point where it would be profitable or at least self-supporting. Solicitors were hired to bring in this business. This operation was not successful, not because of a lack of effort or expense on the part of the purchaser but rather because the business was simply not there. The purchaser has persuaded most of such shippers who still use the service to increase their use of the lines to the point of shipping in bargeload lots, which is beneficial to the shipper and the carrier.

Concern on the part of the purchaser, based on these changing circumstances and its responsibility to continue services which these changes have outmoded, have caused the purchasers to consider carefully their liabilities under the contract. That contract foresightedly provided that changes in circumstances, on which the required performances set out in the contract are based, will provide an excuse from such performance, but it is perfectly clear that the burden of justifying such nonperformance to the satisfaction of the Secretary of Commerce rests on the purchaser. Because of this burden, the purchaser has asked the Secretary to consider amending the contract to reflect the changed circumstances in the areas served.

In view of the precise direction of the Congress in the statute considered above, the authority to amend the contract in this respect is questionable at best. The purchaser is directed to provide services similar to those provided by Government operation, and the Government operation prior to the sale can be the only basis for such standards of performance.

The contract provides that, if the Congress should through legislation grant relief with respect to the present requirement of law that the purchaser shall continue its common carrier service in a manner substantially similar to the service rendered while under Government ownership, the contract shall be deemed as modified to reflect such change. Upon enactment of this bill, the purchaser will undoubtedly seek a modification in the contract of sale.

Since the 1953 purchase of the facilities of the Inland Waterways Corporation, the St. Louis Shipbuilding & Steel Co. has invested up to the end of 1961, $14,645,000 in new equipment and reconstruction of old equipment. This money has all come from retained earnings and institutional financing secured by preferred ship mortgages on the new equipment. At the end of 1960 the depreciated book value of the equipment acquired from the Government was $5,515,294; the depreciated book value of new construction since the purchase from the Government was $7,854,451.

The conditions in the contract of sale required by the provisions in the Inland Waterways Corporation Act make commercial financing difficult for the present owner. These conditions constitute an uncertain burden as to the future requirement to perform unprofitable service. There is a question as to whether the Government's right to reenter the business in the event of default in the service requirements might not supersede the rights of a commercial lender in new equipment. There is uncertainty as to the preeminence of a preferred ship mortgage as security in this situation. The Government's lien on property acquired after the purchase of the bargeline impairs the purchaser's equity and makes further equity financing more difficult.

During the past 9 years the bargeline has progressed in its construction program on retained earnings. It is a closely held corporation. The committee was advised that for the future there will be a need to spread the ownership and attract more equity capital. The special burdens borne by the Federal bargelines as compared to other common carrier bargelines impede equity financing as well as equipment financing.

To protect the Government's equity, the Federal bargelines, in today's highly competitive transportation industry, needs equal access to the money market for replacement and growth without any extra burden of regulation. Repeal of the Inland Waterways Corporation Act will assist in this objective.

The public interest is amply protected by the Interstate Commerce Act which authorizes and directs the Interstate Commerce Commission to regulate common carriers by water on the inland waterways.

By repealing this act the Secretary of Commerce would be able to renegotiate the contract of sale on terms that will protect the interest of the Government in the payment of the balance of purchase price and at the same time relieve the purchaser of onerous conditions of required service which are outmoded. It will permit the purchaser to be competitive as a common carrier. This legislation is not intended to affect the authority of the Interstate Commerce Commission to require the Federal bargelines to comply with the tariff filing provisions of part III of the Interstate Commerce Act in effecting changes in service.

The committee adopted an amendment to make certain that the balance of $5 million due to the U.S. Government from the sale of the Inland Waterways Corp. in 1953, which is payable at annual installments with interest, will be paid in full. The amendment was proposed by the Bureau of the Budget and concurred in by the Department of Commerce and the Federal bargelines which is seeking this legislation. The wording of the amendment is similar to that used on previous occasions in the dissolution of Federal corporations—for example, the dissolution of the Federal Facilities Corporation, Public Law 87-190, approved August 30, 1961.

I know of no opposition to this bill.

I urge the House to pass this bill.

Mr. SPRINGER. Mr. Speaker, this bill was given a complete hearing before the Subcommittee on Transportation and Civil Aeronautics. It was recommended unanimously by the full committee. We went into the matter in considerable detail. There is no opposition to the bill, it is in the public interest, and I think the bill should pass.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Mississippi that the House suspend the rules and pass the bill H.R. 10542.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

## REPEALING CERTAIN PROVISIONS OF THE LONG- AND SHORT-HAUL CLAUSE OF THE INTERSTATE COMMERCE ACT

Mr. HARRIS. Mr. Speaker, I move to suspend the rules and pass the bill (S. 319) to amend part I of the Interstate Commerce Act in order to provide that the provisions of section 4(1) thereof, relating to long- and short-haul charges, shall not apply to express companies.

Mr. Speaker, for the information of the House, I may say this is a Senate bill which is a companion bill of H.R. 4272 on the calendar for today to amend the Interstate Commerce Act repealing certain provisions of the long- and short-haul clause.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 4(1) of the Interstate Commerce Act (49 U.S.C. 4(1)) is amended by inserting before the period at the end thereof a colon and the following: "*And provided further,* That the provisions of this paragraph shall not apply to express companies subject to the provisions of this part, except that the exemption herein accorded express companies shall not be construed to relieve them from the operation of any other provision contained in this Act".

The SPEAKER pro tempore. Is a second demanded?

Mr. SPRINGER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HARRIS. Mr. Speaker, this bill, as I have just explained, is a companion bill to H.R. 4272 on which the Committee on Interstate and Foreign Commerce conducted hearings, considered it, and passed and reported it out of the committee unanimously.

It is a very simple bill. However, it is important to the Railway Express Co. What it does is merely to exempt it from the long- and short-haul provisions of the Interstate Commerce Act, which requires the company to keep rather extensive and costly records over the years, a provision that actually has not been used since 1922. In view of the fact that the Railway Express Co., which is the only company to which this provision is applicable, has no proceeding under this provision during all these years, because of the fact that the company except for it point-to-point commodity rates has been using the block system. The block system is the one that was designed in about 950 geographical blocks which were formed throughout the country and which is used for this purpose. Under this form of ratemaking, the country is divided into geographical blocks formed by the parallels of latitude and the meridians of longitude. Rates apply from block to block, with each block being uniformly 69 miles long and from 45 to 62 miles wide. Thus, the same rate would apply to all express stations within the same block.

The so-called block system makes it extremely difficult to see what the direct route is between two points with any degree of certainty. Moreover, since the express company, under its agreement with the rail carriers, may transport a shipment over the more direct route or over a circuitous route, the shipper, for whose protection section 4 was designed, in fact has no knowledge as to whether a violation will occur. This undoubtedly accounts for the fact that no complaints under this section has been filed against REA Express since 1922, the year of its inception.

The fourth section does not apply to the common carriers who compete with REA Express for small shipment business; namely, motor carriers and freight forwarders. The former became subject to regulation in 1935 and the latter in 1942. Ever since they have been allowed to publish long-haul rates lower than their short-haul rates, and the aggregate of their intermediate rates has often been lower than their through rates; both of these situations are forbidden to REA Express by the fourth section, and as a result REA testified that it is unable to compete on a parity with motor carriers and forwarders for small shipment traffic.

Under these circumstances, the committee recognizes that section 4 presently serves a very limited purpose in its application to express companies. It must also be recognized that exempting them from the provisions of section 4 would in no way relieve them from the operation of the other ratemaking provisions contained in the Interstate Commerce Act. The Interstate Commerce Commission would still have authority under the provisions of sections 1, 2, and 3 of the act to order the removal of any destructive competition, undue discrimination, preference, or prejudice.

The committee urges enactment of the legislation.

Mr. Speaker, the Senate bill which we have just taken instead of the House bill has an amendment which the Senate attached to it which contains an exception. That exception is as follows:

> The exemption herein accorded express companies shall not be construed to relieve them from the operation of any other provision contained in the act.

Mr. Speaker, we have looked into this and find that it is agreeable to everyone who is interested in this legislation.

Mr. Speaker, I think it is a good bill and is a bill which is in the interest of the public as well as the shippers of the country. Therefore I strongly recommend its adoption.

Mr. SPRINGER. Mr. Speaker, hearings on this bill, may I say to the Members of the House, were conducted on July 20, 1962. The witnesses who appeared supporting the legislation represented the REA Express, the Interstate Commerce Commission, the Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees, and the National Industrial Traffic League. Reports were received for the record expressing no objection to the legislation from the Bureau of the Budget and the Departments of Justice and Commerce. Statements supporting the legislation were received from the National Association of Railroad & Utilities Commissioners, the National Retail Merchants Association, and the Growers & Shippers League. There were no witnesses who appeared in opposition to the measure.

Mr. Speaker, that is the complete record of the hearings. I think the bill should be passed.

Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Speaker, I want to take just a half minute to discuss this bill with the Members of the House. I have made a study of this bill, and I have come to the conclusion that because the present law does make it obligatory upon the railroads to keep records and reports which are of no consequence and which are of no value to anyone, that this bill should be passed. As a result of this bill, if it is written in the law, it will relieve the railroads of much expense.

Mr. Speaker, I certainly hope it will pass by unanimous approval, since the committee has given its unanimous approval to the bill.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Arkansas [Mr. HARRIS] that the House suspend the rules and pass the bill S. 319.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4272) was laid on the table.

The title was amended so as to read: "An Act to amend part I of the Interstate Commerce Act in order to provide that the provisions of section 4(1) thereof, relating to long- and short-haul charges, shall not apply to express companies."

## EXTENDING THE AIR POLLUTION CONTROL ACT

Mr. HARRIS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12833) to amend the act of July 14, 1955, relating to air pollution control, to authorize appropriations for an additional 2-year period, and for other purposes.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the first sentence of section 5 of the Act entitled "An Act to provide research and technical assistance relating to air pollution control", approved July 15, 1955, as amended (42 U.S.C., sec. 1857d), is amended by striking out "nine fiscal years during the period beginning July 1, 1955, and ending June 30, 1964," and inserting in lieu thereof "eleven fiscal years during the period beginning July 1, 1955, and ending June 30, 1966,".

SEC. 2. Section 3 of the Act entitled "An Act to provide research and technical assistance relating to air pollution control", approved July 15, 1955, as amended (42 U.S.C., sec. 1857b), is amended by inserting "(a)" immediately after "SEC. 3.", and by adding at the end thereof the following new subsection:

"(b) In view of the nationwide significance of the problems of air pollution from motor vehicles, the Surgeon General shall conduct studies of the amounts and kinds of substances discharged from the exhausts of motor vehicles and of the effects of the discharge of such substances, including the amounts and kinds of such substances which, from the standpoint of human health, it is safe for motor vehicles to discharge into the atmosphere."

The SPEAKER pro tempore. Is a second demanded?

Mr. SCHENCK. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HARRIS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 12833 reported by the Committee on Interstate and Foreign Commerce provides for a 2-year extension of the present Federal air pollution control program with additional new language directing the Surgeon General to continue the investigation of motor vehicle exhaust fumes, which are an important source of air pollution, especially in metropolitan areas. In June, the Surgeon General made a comprehensive report to Congress on motor vehicle exhaust in compliance with the Schenck Act of 1960, sponsored by the distinguished ranking minority member of the Subcommittee on Health and Safety, the gentleman from Ohio [Mr. SCHENCK], who has taken a very active interest in this critical problem.

This important report, which will be very valuable to public officials, research workers, scientists, and others for many years to come, is being printed as House Document No. 489, and will be available in a few days from the Committee on Interstate and Foreign Commerce.

It is imperative that we extend the Federal aid to air pollution control program this session. Our air is a valuable national resource. Since the enactment of Public Law 159 of the 84th Congress, approved July 4, 1955, setting up the Federal program, the Surgeon General of the U.S. Public Health has made remarkable progress on a program of research and technical assistance to devise and develop methods for the control and abatement of air pollution. Extension of the act is necessary this session if the program is not to be interrupted.

### PROGRAM ESTABLISHED IN 1955

The legislation enacted in 1955 recognizes that air pollution endangers the public health and welfare, injures crops and livestock, damages property, and creates hazards to air and ground transportation. It has no provision for Federal enforcement activity and specifically preserves the rights and responsibilities of State and local governments in controlling air pollution. Under the act, the Surgeon General is authorized to—

First. Undertake investigations jointly with other Federal agencies, with State and local air pollution control agencies, and with public and private agencies or institutions, and with industries involved, to develop research programs for the elimination or reduction of air pollution.

Second. Encourage cooperative activities by State and local governments to prevent and abate air pollution.

Third. Collect and disseminate information relating to air pollution and the prevention and abatement thereof.

Fourth. Conduct research on air pollution problems and assist research activities of State and local agencies, both public and private.

Fifth. Conduct, upon request by a State or local government control agency, investigations and research and make surveys concerning any specific problem of air pollution confronting any State or local air pollution control agency with a view of recommending a solution of the problem.

Sixth. Make grants and enter into contracts for research, training, and demonstration projects for State and local government air pollution control agencies and other public and private agencies and institutions and to individuals.

The original act set up a 5-year program, with appropriations limited to not more than $5 million a year. In September 1959, the original act was extended 4 years. Thus, we need to extend the act this session to permit the inclusion of Public Law 159-84 items in the budget next year.

### EXPANDED PROGRAM RECOMMENDED

On February 27, 1962, the Secretary of the Department of Health, Education, and Welfare, in a letter to the Speaker, submitted the draft of a bill to expand the present program. That bill, H.R. 10519, introduced by the gentleman from Alabama [Mr. ROBERTS], chairman of the Subcommittee on Health and Safety, included the substantive provisions of the existing law and proposed to add or modify certain aspects of the present act by—

(a) Recognition of the need for the Federal Government to provide national leadership;

(b) Authorization to the Surgeon General to make project grants of limited duration to State and local air pollution control agencies for the development, initiation, or improvement of control programs;

(c) Consent of the Congress to the negotiation of agreements or compacts by two or more States for cooperative effort and mutual assistance, and for the establishment of agencies to effectuate such agreements or compacts;

(d) Authorization to the Surgeon General to detail, upon request, personnel to air pollution control agencies;

(e) Authorization to the Surgeon General to conduct studies on his own initiative and to make recommendations concerning any air pollution problem of interstate nature or of significance to, or typical of air pollution problems confronting, communities in different parts of the Nation;

(f) Authorization to the Surgeon General to call a public conference, on his own initiative or upon request of any air pollution control agency, for voluntary formal expression of views by interested persons on any problem of air pollution which is of concern to communities in various parts of the Nation, or which is of interstate nature;

(g) Elimination of the time limitation—June 30, 1964—and $5 million ceiling on annual appropriations.

However, due to the heavy schedule of the committee with other legislation, it has been impossible to give adequate consideration to these recommendations. The Subcommittee on Health and Safety held hearings on the program last fall during the adjournment of Congress before these recommendations were made. The subcommittee was able to schedule 1 day of hearings on June 25 to hear Members of Congress, but as stated before, the heavy schedule of the committee made it impossible for us to go into these recommendations in detail. A 2-year extension of the present law will enable us to study these proposals next Congress.

The people of this country have been concerned about air pollution for many years but in recent years, with the advent of smog on the west coast and in other areas, the public alarm and concern have been increased.

### ECONOMIC LOSS HEAVY

Current estimates of the economic loss from air pollution in the United States range from $4 to $11 billion a year. Regardless of the actual figure, we know that the annual loss is staggering.

Approximately 90 percent of our urban population lives in locations with air pollution problems. Few cities, large or small, are immune. The Public Health Service has estimated that all of the 212 communities with a population in excess of 50,000 have air pollution problems.

Although air pollution is considered primarily a problem of urban areas, that is not entirely the case as the loss to farmers runs into the millions. It has been estimated that the yearly crop loss in California due to contaminated air is between $6 and $10 million. This is chiefly in the Los Angeles area. It is known that there are severe losses in Florida, New Jersey, Tennessee, and other States.

The loss is not confined to growing crops. In Florida fluorides from phosphate processing plants accumulate in and on vegetation. The Public Health Service reports that these fluorides, ingested by cattle, can cause fluorosis which may seriously affect milk production.

The Federal effort made under Public Law 159 has assisted materially in meeting difficult problems of sampling, identifying, and measuring airborne contaminants, such as the improvement of the methods of analyzing gaseous contaminants present in the atmosphere of virtually every city.

Appraisal has been made of some important modern source of urban air pollution.

Studies of chemical, meteorological, and physical influences and of needed atmosphere reactions are making available new knowledge for proper and economical procedure for controlling air pollution.

Scientists have generally concurred that a major source of fumes which are ingredients of smog and pollution in most cities is the motor vehicle. The amendment proposed in this bill will make certain that the Public Health Service continues its work in this field, and will expedite the program for investigating the part that motor vehicle exhaust and combustion play in the problem of atmospheric contamination.

Health studies have developed evidence as to the effect of air pollution on human health and well-being, creating much discomfort, from obstruction of breathing, and causing disease and even death.

The Federal Government is not carrying this entire program alone, as many agencies are participating in the attack on the air pollution problem. In the great concern for the health of the American people, this very acute problem must be recognized together with the fact that increased urbanization and industrialization will undoubtedly produce new air pollution problems in the future.

This is an important program and the committee urges enactment of the pending bill to insure continuation of this work.

**Mr. GROSS.** Mr. Speaker, will the gentleman yield?

**Mr. HARRIS.** I yield to the gentleman from Iowa.

**Mr. GROSS.** Mr. Speaker, the appropriation from this purpose has gone from $200,000 in 1955 to $11 million estimated in 1963. This activity ought to be in pretty good shape and I hope we will soon begin to see some tangible results. From what I have experienced by way of monoxide alleys around Washington I do not think very much is happening for the money that is being spent. I am not going to oppose this bill, but I should like to see some results for $11 million a year expenditure for study purposes.

**Mr. HARRIS.** Mr. Speaker, I share the gentleman's concern. As I indicated, there have been these results. A great deal of progress has been made, and we hope we will accomplish a lot more by extending the program. I share the gentleman's feeling that we need results and must have them. I think we are on the way to getting results.

**Mr. GROSS.** We have spent $4 million in 2 or 3 years, $8 million in 1 year, and now it is up to $11 million. This has all gone up from $200,000 a year. I think it is high time we began to see some real, tangible results from these expenditures for study purposes.

**Mr. HARRIS.** It is my hope, and I expect we shall see such results.

**Mr. SCHENCK.** Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, it is both a privilege and a pleasure to serve as a member of the great Committee on Interstate and Foreign Commerce with the gentleman from Arkansas [Mr. Harris], as our chairman. Our committee, because of its extremely broad legislative jurisdiction, has a very heavy schedule which is of great personal interest to nearly everyone throughout the Nation. The effective chairmanship of our committee requires a man of wide experience, knowledge, tolerance, understanding, and a willingness to give full consideration to the views of each member of our committee. Our chairman, the distinguished gentleman from Arkansas [Mr. Harris], has all these attributes, and I am grateful for the opportunity to serve with him.

Mr. Speaker, I appreciate deeply the kind and complimentary reference our distinguished chairman has made to the Schenck Act of the 86th Congress of which I was the author. I also appreciate deeply, Mr. Speaker, the cooperation and support of the distinguished gentleman from Arkansas [Mr. Harris], in the successful enactment of the Schenck Act which was the first measure on this subject approved by the Congress.

Mr. Speaker, I also want to express my sincere appreciation and commendation to the distinguished chairman of our Subcommittee on Health and Safety, the gentleman from Alabama [Mr. Roberts] for his continuous, unrelenting, and effective work in the entire field of health and safety. It has been both a privilege and a pleasure to work with him and I sincerely hope that the citizens of the great State of Alabama will reelect him to the Congress as one of the eight Members from that State.

Congressman Roberts has worked unceasingly here in the Congress of the United States in the very best tradition on all questions of health and safety before our subcommittee and has done so entirely in the best interest of all the people of our Nation. He has given distinguished leadership to the work of our subcommittee and I wanted to take this opportunity to personally commend him.

Mr. Speaker, on June 7, 1962, the Surgeon General of the Public Health Service transmitted to the Congress a report entitled "Motor Vehicles, Air Pollution, and Health." The report was prepared as required by Public Law 86-493, an act which I had the privilege of sponsoring. The work on motor vehicle emissions in which the Public Health Service is engaged is extremely complex and difficult. I speak with some firsthand knowledge on this matter, as I made it a point during this past year to visit, in Cincinnati Ohio, the research laboratories of the Division of Air Pollution. There I had the opportunity to see the very practical, yet highly imaginative, methods being employed by the scientific and technical personnel to seek out the answers to such worrisome problems as why and how does smog form, and what does this do to the health of the public.

While I do not profess to be a technical specialist in this field, I have availed myself of many opportunities, as a member of the Subcommittee on Health and Safety, which is under the able chairmanship of the gentleman from Alabama [Mr. Roberts] to discuss the problems of air pollution from automotive sources with many individuals knowledgeable in the field. The subject is not so simple as the discharge from cars of carbon monoxide, which everyone knows to be poisonous, or the objectionable odors one encounters behind some trucks or buses.

The problems are inseparably related to the fundamental design principles of gasoline engines, and of diesel engines, which are different, to the fuels which are burned, to driving patterns, to car maintenance and operating habits, and to how much horsepower the average citizen demands. Furthermore, the problems are related to sunlight which changes the chemical structure of the waste products discharged by motor vehicles. The changes which occur can alter significantly the degree and nature of hazard to human health, and also the potential for destroying vegetation or damaging property. The research stimulated by Public Law 86-493 has elicited many clues to help find solutions to this form of pollution which prevails in every part of our country. The recent report of the Public Health Service presents this information clearly and definitively. The report, I would add, makes very interesting reading and I would recommend it to your attention. It will shortly be reaching your desks as House Document No. 489.

H.R. 12833 insures the continuation, without interruption, of the necessary research on auto exhaust. Of even more importance, it provides for the continuation of the entire Federal program on air pollution. The contamination of our atmosphere arises from many sources besides motor vehicles. The significance of these multiple sources, individually, and as they relate to each other, must be determined. The program for protecting our air must be broadened, with the knowledge developed in recent years by the Public Health Service and other research groups, and with the experience obtained by industry and by State and local agencies, we can proceed with hearings which will enable the next Congress to provide suitable legislation to accomplish our purpose. Meanwhile, H.R. 12833 assures that irreplaceable scientific manpower, as well as valuable time, will not be lost.

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama [Mr. ROBERTS] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ROBERTS of Alabama. Mr. Speaker, it is necessary to enact this legislation to prevent possible delays in our important air pollution control program.

This 2-year extension will permit the Subcommittee on Health and Safety to study various suggestions for expanding the present program.

We have reached a situation where air pollution is a serious national problem. More importantly, this problem will remain with us and grow steadily worse unless suitable, sustained measures are undertaken. Air pollution affects our entire population and its effective control will require the cooperation of that population, working as individuals, as well as through their local, State, and Federal agencies.

The problems associated with the pollution of our air have been subjects of serious consideration by the Committee on Interstate and Foreign Commerce for a number of years. The Federal air pollution research and technical assistance program was established in 1955, based on legislation reported favorably by your committee. This legislation, which had time and budgetary limitations, has been extended by subsequent action of the Congress, without, however, the removal of these restrictions. One significant addition to the basic program came about in 1960, when, under the sponsorship of the ranking minority member of the Subcommittee on Health and Safety, the gentleman from Ohio [Mr. SCHENCK], H.R. 86-493 brought about the necessary comprehensive investigations of the special problems of air pollution originating from the operation of automotive vehicles.

Findings in the report emanating from this work amply demonstrate the wisdom of this congressional mandate.

Despite remarkable achievements in the development and dissemination of scientific and technical information since inception of the air pollution program in 1955, there has been general recognition that a more comprehensive approach is essential if we are not to lose ground. In his January 1955 special health message, President Eisenhower stated that—

> As a result of industrial growth and urban development, the atmosphere over some population centers may be approaching the limit of its ability to absorb air pollutants with safety to health. I am recommending an increased appropriation to the Public Health Service for studies seeking necessary scientific data and more effective methods of control.

President Kennedy, in his natural resources message of February 1961 said:

> We need an effective Federal air pollution control program now. For although the total supply of air is vast, the atmosphere over our growing metropolitan areas—where more than half the people live—has only limited capacity to dilute and disperse the contaminants now being increasingly discharged from homes, factories, vehicles, and many other sources.

If I may expand upon this statement by the President, I would add that the effects of air pollution discharged in these metropolitan areas are not limited to the immediate vicinity of their release. Tens of millions of dollars of damage to farm crops occur annually at distances up to 50 miles or more downwind from large urban complexes, and this damage has been demonstrated to be of a type due to specific air contaminants. Furthermore, such damage, which is on the increase, has occurred in east coast States as well as west coast States and in many others in between. The problems, thus, are rural as well as urban—of economic consequence in addition to being of health significance.

Since the enactment of Public Law 84-159 in 1955, great strides have been made in the identification and measurement of air pollutants, and in the evaluation of their effects. The magnitude and nature of the problem, and its occurrence in many localities throughout the land, has been clearly demonstrated.

The agricultural damage I have just mentioned is illustrative of one of the economic aspects of air pollution. The total annual cost, in terms of property damage, must be expressed in billions. Of greater concern, however, are the effects on health.

Since 1955, many specific relationships of air contaminants to disease conditions have been delineated. There is a strong statistical association between the rising death rate from the lung condition called emphysema and air pollution. The indications of a relationship of air pollution to lung cancer are such as to make intensified studies a matter of great urgency. Another health effect demonstrated by recent research efforts is the probability that resistance to some infectious diseases is lowered as a result of breathing chemically polluted air.

These and other findings justify the requests by Presidents Eisenhower and Kennedy for a program more in keeping with the needs. This means not only a program of expanded research, but also a program for more effective application of existing know-how.

An administration proposal for a comprehensive program was submitted by the Secretary of Health, Education, and Welfare in February 1962. Unfortunately, sufficient time for adequate hearings on a problem of such far-reaching nature was not available during the current session. The Subcommittee on Health and Safety, of which I am chairman, did devote sufficient time to the subject, however, to conclude that the interests of the country would be best served by postponing legislative proposals for a broader type of air pollution program until proper hearings can be conducted. I wish to give assurance that such hearings will be held in time to permit congressional action early in the next session.

Meanwhile, your committee recommends H.R. 12833 which extends the existing authority to the Surgeon General of the Public Health Service for a period of 2 years beyond that specified in present legislation. This will provide a basis whereby budgetary as well as research processes and planning can be satisfactorily maintained while congressional action is in process.

H.R. 12833, in addition to extending the provisions of Public Law 84-159, as amended, emphasizes the importance of continued research on air pollution of motor vehicle origin.

Mr. ROGERS of Florida. Mr. Speaker, the legislation before us today extends a program of air pollution control and abatement methods for another 2 years. This program was borne out of the need to begin studies on a problem which has all the elements of serious threat to the health of this Nation.

This program began with the signing of Public Law 84-159, and was later amended by Public Law 365 in the 86th Congress. The measure before us now would extend the program another 2 years, and as a member of the Health and Safety Subcommittee of the Interstate and Foreign Commerce Committee, I am pleased to support this bill and the efforts of the distinguished chairman of the subcommittee, the gentleman from Alabama [Mr. ROBERTS].

Through experience on the subcommittee, I have learned that air pollution is a problem of national scope which affects not only our urban population but the rural areas as well. When we think of polluted air we immediately visualize city streets choked with the blue pall of automotive and industrial gases. And we think of Americans breathing that air each moment. However, what of the effects of this air on American agriculture and its related industries?

The results which have come from the air pollution control program thus far have been impressive. Studies have shown the relationships between polluted air and respiratory diseases, as has been expected. The human heart, it has been shown, is also affected by polluted air. Emphysema, a disease which has health authorities very much concerned because of its rising death toll, is strongly tied to stagnant air by impressive supporting statistical data. Medically, there is good, accurate evidence to show the need for continuing research.

The effects of polluted air on animals is another factor which we should bear in mind as this legislation is considered.

With medical data showing the direct ties polluted air can have to human health, it logically follows that this same air would have effects on the food man eats. Vegetation damage from air pollution is estimated at some $500 million annually. Vegetation is susceptible to the chemical effects of polluted air, and in fact is perhaps more immediately sensitive to it than man or animals may be. Under this program we have before us, it has been learned that the elements in these gases are changed by the sunlight, and their bearing on vegetation is made greater in many instances.

The State of Florida is fortunate in having a great number of rapidly expanding cities, and surrounding them is an abundant agricultural economy based on vegetables, sugarcane, cattle, citrus, and flower growing. These elements of Florida's economy are interrelated, and depend on each other for their continued growth and development. Motor vehicles and rail facilities are needed to transport agricultural commodities into urban markets for sale and consumption. These areas in turn provide many supplies such as fertilizer and machinery for agriculture. Tourism flourishes in Florida as a result of air, rail, bus, and automobile facilities, all of which must be studied for prevention pollution measures.

For these reasons, Mr. Chairman, and because the air pollution control problems of the Nation are rapidly increasing, I urge passage of H.R. 12833.

**Mr. FOGARTY.** Mr. Speaker, I wish to urge the House to act favorably on H.R. 12833, extending the Air Pollution Control Act because it insures the continuation of vital legislation which serves one of the most important interests of our Nation and all its citizens—public health. It has been my privilege for several years to preside over the Subcommittee on Appropriations, which is charged with the responsibilty of examining the programs of the Department of Health, Education, and Welfare. This has been a unique and rewarding experience, and has provided opportunity to become familiar with the people and programs with which this Department is concerned. All of these are intimately concerned with the health and welfare of the public; of all these programs, there is none which relates more directly to the basic requirements of the average citizen than that concerned with air pollution, whose objective is to safeguard the quality of the air that each citizen breathes.

My committee, each year, has held extensive hearings on the appropriation requests for air pollution and other environmental health programs. In addition, 2 years ago, the committee held extensive hearings on this and related health problems of the environment, during which we heard expert testimony from many outstanding authorities. On the basis of this testimony, there is no question that air pollution is a serious and growing problem in many areas of our country.

Until recently, most of us have taken for granted the availability of unlimited quantities of fresh air to breathe. Now, however, it has become apparent that the quantity of air supply in any location is limited and can be overloaded with wastes discharged to it to the point that it becomes unwholesome, so that it can actually damage our health and our property. Of all our natural resources, the air is perhaps used more extensively by each person than any other in that the average adult breathes approximately 30 pounds of it each day, a much larger quantity than he takes in in either food or drink. It is essential that the quality of the air which we all breathe be maintained in suitable condition, since we cannot purify it for breathing purposes, but must take it as it comes to us.

The experts testify that the increasing seriousness of air pollution is due primarily to our growth of population and our increasing economic prosperity. The pollutional discharges are concentrated in our urban areas where an increasing percentage of our population lives and where the greatest use of raw materials, finished products, and energy resources is made. The effects of the pollution, however, are not confined to the cities, but extend out from them for many miles into the surrounding areas. Air pollution produces a heavy toll of economic loss in this country each year—in the form of damage to agricultural and other plants, corrosion of materials and structures, and decreases in real estate values. Estimates of the total of such damage recently have ranged from $5 to $11 billion annually.

More important than this property damage, however, is the increasingly specific evidence that air pollution is a growing threat to the health of all of us. Testimony offered before the Appropriations Subcommittee has shown not only that deaths can be caused by high concentrations of air pollutants under acutely adverse conditions as have occurred in London, England, and New York City, but that air pollution is closely associated with acute and chronic respiratory illness. With respect to lung cancer, the incidence among these breathing polluted city air is greater than among rural residents, and materials capable of producing lung cancers in experimental animals can be extracted routinely from the air in our cities. Recent research by the Public Health Service shows increasing evidence linking air pollution with such respiratory diseases as asthma, bronchitis, and emphysema. These seriously crippling respiratory ailments are increasing rapidly in their incidence in this country, and currently constitute the major causes of respiratory disability and of payments therefor under the social security system. In addition, other studies have shown exposure to irritating air pollutants to increase the susceptibility of individuals to respiratory infections, a primary cause of industrial absenteeism.

Over the past several years, the needs for action to abate or prevent air pollution have received attention by a number of expert scientific groups. Two years ago, an ad hoc task group, appointed by the Surgeon General, reported on national needs in air pollution research. More recently, a committee on environmental health problems, appointed by the Surgeon General and under the chairmanship of Dr. Paul M. Gross of Duke University, now president of the American Association for the Advancement of Science, reported on the research, training, and operational needs nationally in the control of air pollution and other environmental health hazards. Also, the Committee on Atmospheric Sciences of the National Academy of Sciences has reported this year on national goals and plans in this broad field, and has devoted considerable attention to the specific needs with respect to air pollution. The reports of all of these expert committees are in essential agreement in that they foresee the need for and recommend increased attention to this growing and serious problem. Solutions to the problems of air pollution will require concerted and intensified actions involving all levels of government, industry and other organizations. The Federal Government has a real responsibility to provide leadership and assistance in seeing that the overall job gets done.

Under H.R. 12833, the House is being asked to extend for the period of 2 years the Federal program in the field of air pollution, and to direct that the problems of pollutant emissions from automotive vehicles be given special attention. I submit that these are minimal steps. In the long run, much more will be required, involving cooperation of Federal, State and local governments, industry, and other organizations that have a direct or indirect concern with problems of unclean air. Unfortunately, it appears that there has not been sufficient time in this session of the Congress to develop decisions as to the most desirable provisions of more comprehensive legislation designed to substantially strengthen the Nation's efforts in the field of air pollution control. In the meantime, until more comprehensive action can be taken, we cannot fail to support H.R. 12833, which authorizes and directs the Surgeon General to press forward in the present program activities of the Public Health Service in relation to air pollution.

The **SPEAKER** pro tempore. The question is, Will the House suspend the rules and pass the bill H.R. 12833?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

**Mr. HARRIS.** Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 455) to provide for public hearings on air pollution problems of more than local significance under, and extend the duration of, the Federal air pollution control law, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3 of the Act of July 14, 1955 (42 U.S.C. 1857b), is amended by striking out ", upon request of any State or local government air pollution control agency,", by striking out "such State or local government air pollution control agency" and inserting in lieu thereof "any State or local government air pollution control agency", and by inserting before the period at the end thereof ", but only if requested to do so by such State or local government air pollution control agency or if, in his judgment, such problem may affect or be of concern to communities in various parts of the Nation or may affect any community or communities in a State other than that in which the matter causing or contributing to the pollution originated."

Sec. 2. Such Act is further amended by redesignating sections 6, 7, and 8, as sections 7, 8, and 9, respectively, and inserting after section 5 the following new section:

"Sec. 6. (a) Whenever, on the basis of reports, surveys, or studies, he believes it appropriate, or whenever requested by any State or local government air pollution control agency, the Surgeon General may call a public hearing on any problem of air pollution which may affect or be of concern to communities in various parts of the Nation or which may affect any community or communities in any State other than the State in which the matter causing or contributing to the pollution originates. Any such hearing shall be conducted before a board composed of not less than five members, appointed by the Secretary of Health, Education, and Welfare, who shall be representative of the public, industry which is affected by or concerned with the problem, persons who are expert or have special knowledge in the matter, interested Federal agencies, and interested State or local government air pollution control agencies.

"(b) Subject to regulations of the Surgeon General, an opportunity to be heard at such hearing shall be accorded to all interested persons.

"(c) After consideration of the information presented at the hearing and such other information as is available to it, the board shall make a report and recommendations to the Surgeon General on such matters as the existence, cause, and effect of the air pollution on which the hearing was held, progress toward its abatement, and other related matters. Such report and recommendations, together with the comments and recommendations, if any, of the Surgeon General with respect thereto, shall be available to the community or communities, Government agencies, and industries concerned and, to the extent the Surgeon General deems appropriate, to the public, but shall not be binding on any person, agency, or organization."

Sec. 3. Section 5 of such Act (42 U.S.C. 1857d) is amended by striking out "nine fiscal years beginning July 1, 1955, and ending June 30, 1964, not to exceed $5,000,000" in the first sentence, and inserting in lieu thereof "eleven fiscal years beginning July 1, 1955, and ending June 30, 1966, not to exceed $5,000,000".

**Mr. HARRIS.** Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Harris: Strike out all after the enacting clause of S. 455 and insert the provisions of H.R. 12833 as passed, as follows: "That the first sentence of section 5 of the Act entitled 'An Act to provide research and technical assistance relating to air pollution control', approved July 15, 1955, as amended (42 U.S.C., sec. 1857d), is amended by striking out 'nine fiscal years during the period beginning July 1, 1955, and ending June 30, 1964,' and inserting in lieu thereof 'eleven fiscal years during the period beginning July 1, 1955, and ending June 30, 1966,'.

"Sec. 2. Section 3 of the Act entitled 'An Act to provide research and technical assistance relating to air pollution control', approved July 15, 1955, as amended (42 U.S.C., sec. 1857b), is amended by inserting '(a)' immediately after 'Sec. 3.', and by adding at the end thereof the following new subsection:

"'(b) In view of the nationwide significance of the problems of air pollution from motor vehicles, the Surgeon General shall conduct studies of the amounts and kinds of substances discharged from the exhausts of motor vehicles and of the effects of the discharge of such substances, including the amounts and kinds of such substances which, from the standpoint of human health, it is safe for motor vehicles to discharge into the atmosphere.'"

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An Act to amend the Act of July 14, 1955, relating to air pollution control, to authorize appropriations for an additional two-year period, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 12833) was laid on the table.

**Mr. HARRIS.** Mr. Speaker, I ask unanimous consent that all Members may extend their remarks on the bill just passed.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

## FACILITATING WORK OF THE FOREST SERVICE

**Mr. GRANT.** Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12434) to facilitate the work of the Forest Service, and for other purposes.

The Clerk read the title of the bill.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That purchasers of national forest timber products may be required by the Secretary of Agriculture to deposit the estimated cost to the United States of erosion control work necessitated by their operations, such deposits to be covered into the Treasury and constitute a fund to be available for such work until expended: *Provided,* That any deposits in excess of the amount expended for such erosion control work shall be transferred to miscellaneous receipts, national forests fund, to be credited to the receipts of the year in which such transfer is made.

Sec. 2. Where lands under the jurisdiction of the Forest Service have been acquired and are being administered under laws which contain no provision for their exchange, the Secretary of Agriculture may convey such lands and in exchange therefor may accept on behalf of the United States title to any lands which in his opinion are suitable for use in connection with activities of the Forest Service. The value of the lands so conveyed by the Secretary of Agriculture shall not exceed the value of the lands accepted by him.

Sec. 3. The Act of July 8, 1943 (57 Stat. 388), as amended (5 U.S.C. 567), is further amended by striking out the words "within twenty years."

Sec. 4. Not to exceed $35,000 annually of funds available to the Forest Service may be expended for providing recreation facilities, equipment, and services for use by employees of the Service located at isolated situations and, where deemed to be in the public interest, by members of the immediate families of such employees.

Sec. 5. The Act of June 11, 1906 (34 Stat. 233), as amended and supplemented (16 U.S.C. 506–508, 509), is hereby repealed.

Sec. 6. The provision of the Act of August 10, 1912 (37 Stat. 269, 287), which reads, "That the Secretary of Agriculture, under such rules and regulations as he shall establish, is hereby authorized and directed to sell at actual cost, to homestead settlers and farmers, for their domestic use, the mature, dead, and down timber in national forests, but it is not the intent of this provision to restrict the authority of the Secretary of Agriculture to permit the free use of timber as provided in the Act of June fourth, eighteen hundred and ninety-seven" is repealed.

Sec. 7. The Act of June 4, 1897 (30 Stat. 11, 35; 16 U.S.C. 551) is amended by deleting from the second full paragraph on page 35 the portion thereof reading "as is provided for in the Act of June fourth, eighteen hundred and eighty-eight, amending section fifty-three hundred and eighty-eight of the Revised Statutes of the United States" and inserting in lieu thereof "by a fine of not more than $500 or imprisonment for not more than six months, or both."

Section 32(f) of the Act of July 22, 1937 (50 Stat. 526; 7 U.S.C. 1011(f)) is amended to make the last sentence thereof read as follows: "Any violation of such rules and regulations shall be punished by a fine of not more than $500 or imprisonment for not more than six months, or both."

Sec. 8. Section 2 of the Act of May 27, 1930 (46 Stat. 387; 16 U.S.C. 574) is amended by changing the amount in the proviso from $500 to $2,500.

Sec. 9. Funds available to the Forest Service shall be available for expenses of, or payment of assessment for, construction of sidewalks, curbs, or street paving along the boundary of Government-owned residential or otherwise improved lots.

Sec. 10. Section 13 of the Department of Agriculture Organic Act of 1956 (70 Stat. 1034; 15 U.S.C. 579b) is hereby amended by deleting from the second sentence thereof the comma after the word "assets" and the words "but such capitalization shall not exceed $25,000,000."

Sec. 11. The Secretary of Agriculture is authorized under such regulations as he may prescribe, to issue permits for terms not in excess of fifty years, for the production of natural steam from National Forest or other lands under the jurisdiction of the Forest Service, and for the utilization of such steam on such land or for removal of it therefrom, and for the use and occupation of so much of such land as may be needed for such purposes.

With the following committee amendments:

Page 1, line 3, strike lines 3 through 10 and page 2, line 1, strike lines 1 and 2.

Page 2, line 3, strike "Sec. 2. Where" and insert "That where".

Page 2, line 12, strike "Sec. 3." and insert "Sec. 2."

Page 2, line 15, strike "Sec. 4." and insert "Sec. 3."

Page 2, line 21, strike "Sec. 5." and insert "Sec. 4."

Page 2, line 24, strike "Sec. 6." and insert "Sec. 5."

Page 3, line 10, strike "Sec. 7." and insert "Sec. 6."

Page 3, line 1, after the figure 287, insert "; 16 U.S.C. 489".

Page 3, line 19, before the words "Section 32(f)" insert "Sec. 7".

Page 4, line 10, strike "15 U.S.C. 5796" and insert "16 U.S.C. 5796".

Page 4, line 14, strike lines 14 through 21.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

---

## FARMERS HOME ADMINISTRATION, INCREASE AUTHORIZATION FOR INSURED LOANS

Mr. GRANT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12653) to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, I simply want to point out to the House that on these bills there were no reports available on Saturday. Here we are without any report. There may be reports here, but not in time so that anyone could study these bills. I am not going to object, but I do not like this way of legislating and I want to protest.

Mr. Speaker, I withdraw my reservation of objection.

Mr. WILLIAMS of Mississippi. Mr. Speaker, reserving the right to object, I think, perhaps, it would be well to have a brief explanation of the bill.

Mr. JOHNSON of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman.

Mr. JOHNSON of Wisconsin. The original bill was to raise the amount that could be borrowed from the Farmers Home Administration from $150 million to $300 million. The Bureau of the Budget and the House Committee amended it to $200 million. That will carry them through January and February and we will take up the matter in the next session of the Congress.

Mr. WILLIAMS of Mississippi. Do I understand that this bill comes to us with a unanimous report?

Mr. JOHNSON of Wisconsin. Yes; the committee is unanimous.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I withdraw my reservation of objection.

Mr. CURTIS of Missouri. Mr. Speaker, reserving the right to object, has this been budgeted?

Mr. JOHNSON of Wisconsin. It came through the Bureau of the Budget. They OK'd it.

Mr. CURTIS of Missouri. I am not asking whether they OK'd it.

Mr. JOHNSON of Wisconsin. This is on insured loans, money borrowed from private individuals.

Mr. CURTIS of Missouri. I understand, but it still requires a budget item. Was it a part of the 1963 budget?

Mr. Speaker, it is obvious we are not prepared for this thing. I am going to object, and I make a point of order that a quorum is not present.

The SPEAKER pro tempore. Will the gentleman from Missouri withhold the point of order until the gentleman from California [Mr. Sisk] makes a unanimous-consent request?

Mr. CURTIS of Missouri. Mr. Speaker, I want to accommodate, but I do not like this procedure. Nobody knows what is going on here, and we cannot get an explanation on these bills. But I will withhold the point of order so that the gentleman can make his unanimous-consent request.

### LEGISLATIVE PROGRAM—SUSPENSION OF THE RULES ON TUESDAY

Mr. SISK. Mr. Speaker, I ask unanimous consent that it may be in order on tomorrow for the Speaker to recognize Members to move to suspend the rules and pass the bills that were announced for suspension on last Friday and which have not been reached today except the first item on that list as announced.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, reserving the right to object, does this now include the bill H.R. 11732 to provide that foreign embassies can operate radio transmission stations in this country?

The SPEAKER pro tempore. That is a matter within the discretion of the gentleman from Arkansas.

Mr. GROSS. He is asking unanimous consent to make it within the discretion of the gentleman from Arkansas, if I understand the parliamentary situation.

Mr. WHITTEN. Mr. Speaker, reserving the right to object, there are several conference reports pending on appropriation bills. It is getting toward the end of the session and some of these bills may have to go back for further conference. I am just wondering what the situation will be with regard to them.

The SPEAKER pro tempore. The Chair will state that it will be the purpose of the Chair to recognize Members to move to suspend the rules after the disposition of conference reports that will be in order tomorrow.

Mr. HALLECK. Mr. Speaker, reserving the right to object, I just want to say that quite some time ago, recognizing that the hour would be late when we finished should we complete the call of bills under suspension today, I personally, after consultation with our side, agreed to the consent request that was just made by the gentleman from California [Mr. Sisk].

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I withdraw my point of order.

---

## IMPERIAL PLANE CRASH, RICHMOND, VA.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, this past week criticism was voiced on the House floor concerning the activities, or the alleged lack of activities, by the Attorney General in the matter of the Imperial plane crash of last November 8 at Richmond, Va.

I have closely followed the activities of the Criminal Division at the Department of Justice in regard to the investigation of this particular plane crash.

I think the Criminal Division is making a painstaking study of the evidence and should be congratulated for its work on this particular investigation.

I include with my remarks a copy of a letter received from Mr. Herbert J. Miller, Jr., Assistant Attorney General in charge of the Criminal Division at the Justice Department.

It follows:

September 14, 1962.

Hon. Francis E. Walter,
*House of Representatives,*
*Washington, D.C.*

Dear Mr. Walter: This refers to your recent telephone conversation with Carl W. Belcher of this Division regarding the crash of the Imperial Airlines Constellation near Byrd Field, Richmond, Va., on November 8, 1961.

Briefly, the facts reflect that the plane departed from Columbia, S.C., at approximately 3:14 p.m., November 8, 1961, and passengers boarded the plane at Newark, N.J., Wilkes-Barre, Pa., and Baltimore, Md. A short time after the plane left Baltimore, engines Nos. 3 and 4 ceased to operate, and it was decided to land the plane at Richmond. An attempt to land the plane on a runway at the Richmond Airport was abandoned because the plane was too high, and the landing gear was not down. When the plane was on a turn to make another approach to the airfield, another engine ceased to function properly; the aircraft decelerated rapidly, crashed into trees approximately a mile from the airfield, and almost immediately was enveloped in flames. Three crewmembers and 74 passengers died in the crash, and the only survivors were Capt. Ronald H. Conway and Flight Engineer William F. Poythreff.

The Department's authority in this matter is limited to the question as to whether the facts warrant Federal criminal action, and particularly whether there is any basis for a charge of negligent homicide against the surviving crewmembers under subsection K of the aircraft piracy statute (75 Stat. 466, 49 U.S.C. 1472).

Inquiries regarding this case were received by the Department from Congressman Francis E. Walter, as well as Congressmen Willard S. Curtin and Charles S. Joelson and Senator Clifford P. Case. Written progress reports were submitted by the Department to Congressman CURTIN on February 28, 1962, and June 14, 1962; to Congressman JOELSON on February 16, 1962, and June 11, 1962; to Senator CASE on March 19, 1962, and June 14, 1962. Repeated telephone reports have been made to Congressman WALTER's office.

Since the report issued by the CAB dated February 6, 1962, was brought to our attention, we have given this matter preferred attention. On February 21, 1962, April 24, 1962, June 5, 1962, and August 8, 1962, we addressed letters to the Board requesting additional information regarding the accident, the allegations made in the CAB report, and the reports submitted to the Board by Imperial Airlines.

On May 4, 1962, a conference was held in the Department, which was attended by representatives of the CAB and the FAA, for the purpose of discussing the conclusions made in the CAB report regarding the loss of power in engines Nos. 3 and 4 after the plane left Baltimore.

The discussion at the conference disclosed that those statements constitute a hypothesis or theory of the Board's safety staff as to the cause of malfunctioning of the engines. Included in the material received from the Board in the Department were the transcript (803 pages) of the hearings of the accident, conducted by the Board at Richmond, Va., and Miami Beach in November and December 1961; the transcript (709 pages) of the hearings conducted by an examiner of the Board in April 1962 on the appeal of Captain Conway from an emergency order of the Administrator of the Federal Aviation Agency revoking the airline transport pilot's rating certificate of Captain Conway, and the CAB order of June 8, 1962, affirming the revocation order.

This material was promptly reviewed in the Department after receipt from CAB.

Information received from the CAB on July 17, 1962, indicates that a resident of Columbia, S.C., may have additional information regarding the condition of the Constellation prior to the flight on November 8, 1961, and by letter dated August 8, 1962, we recommended that an investigator employed by the Board contact this individual and ascertain what information he has on the foregoing matter. After we receive the results of that interview, a determination will be made as to whether the case warrants further investigation or prosecution.

Sincerely yours,

HERBERT J. MILLER, Jr.,
*Assistant Attorney General,*
*Department of Justice.*

---

## ONE-HUNDRED AND SEVENTY-FIFTH ANNIVERSARY OF THE CONSTITUTION OF THE UNITED STATES

The SPEAKER pro tempore. The Chair recognizes the gentleman from Iowa [Mr. SCHWENGEL] for the purpose of making an announcement.

Mr. SCHWENGEL. Mr. Speaker, several days ago, realizing that this is the 175th anniversary of the Constitution of the United States, I asked for 3 hours on a special order so that I could, along with many other Members of the House, talk about the advantages and the virtues that have come to us and to freedom as a result of this great document.

### MOST SIGNIFICANT ANNIVERSARY, 175TH ANNIVERSARY OF THE CONSTITUTION

Mr. Speaker, 175 years ago the Constitutional Convention of 1787 convened in Philadelphia, and began the deliberations which produced the marvelous document, the Constitution of the United States. We know that document to be older than the constitution of any other presently existing government. Probably the framers of the Constitution never realized the durability of the instrument which they had created. Certainly some of them would have been satisfied if they could have been assured on the day the Convention adjourned that their handiwork would bind the States together in relative peace and prosperity for as long as 50 years. They could hardly have foreseen, although the more imaginative among them may have hoped, that it would serve as a frame of government for 175 years, during which the Nation would expand from the Atlantic to the Pacific, would expand from a population of 4 million to 187 million people, and would develop a civilization with spiritual and material advantages unparalleled in human history. So great has been the praise of this instrument that many have agreed with Mr. Gladstone, who once said:

> As the British Constitution is the most subtle organism which has proceeded from the womb and long gestation of progressive history, so the American Constitution is, so far as I can see, the most wonderful work ever struck off at a given time by the brain and purpose of man.

The Iowa motto is "Our liberties we prize and our rights we will maintain."

This, fellow countrymen, as so much of the eloquent and enabling political literature in our heritage, most surely was inspired by the Constitution, which we honor today. It indicates, in part at least, our feelings about the liberties which were both enunciated and guaranteed in the Declaration of Independence and the Constitution. These words found in our written heritage characterize both the understanding and the devotion to ideals that prevail in the hearts of American people as it does in the hearts of all who love liberty.

In times like this, one feels the impact of history. Nowhere can be found an area that has a richer and a more meaningful heritage, on liberty, than Independence Hall Center at Philadelphia where today a former President is speaking and where for many weeks with officials and leaders of Philadelphia each State in the order of their becoming a part of the Union have in their own way been commemorating this notable achievement at home and in Philadelphia.

As we commemorate the anniversary of the Constitution today we should remember that first there was a compact on the *Mayflower*; there on that ship, really and truly, began American statesmanship.

In spite of the later tyrannies of New England—her intolerance, her cruelties to Quakers, her witcheries and her exile of dissenters—it is still true, that the hope of freedom saw the first light of day in the cabin of that stanch old wooden, 180-ton ship, the *Mayflower*.

Hark and mark the phrases, "combine ourselves together into a body politik," "Just and equall lawes," "ordinary acts, constitutions and offices," "as shall be thought most meete and convenient for the generall good."

So wrought, and wrote, the 102 seekers of liberty before they set foot on the bleak shore where they found only what was to be known as Plymouth Rock to greet them—John, Miles, Priscilla, and the rest.

How simple and adequate the words, "Just and equall lawes," and "the generall good."

How completely they express and compass the essence of free government. They and the other evidences of devotion mark the places we call, "the altar of freedom" of which Lincoln spoke in a letter to Mrs. Bixby, two and a half centuries later.

Time moves on, and we note that liberty did not abide in New England—storm clouds appeared on the horizon—the Government of King George held sway—he and his kind misjudged the urge for freedom, and one night the tea party in Boston Harbor announced his doom on the North American Continent.

Then, soon, the "embattled farmers" fired "the shot heard round the world." Before its echo died there came forth, from the pen of some thoughtful men, brave men, words—meaningful words, spoken by Patrick Henry, written by Tom Paine, and thought on and acted on by Tom Jefferson and others.

A meeting was called in Philadelphia and finally came the second great document, the second great stride forward, toward self-government. Its principal author was a red-headed young man named Tom Jefferson, serving as chairman of the committee, with Adams, Franklin, Sherman, and Livingston.

Then the unanimous Declaration was signed in Philadelphia 186 years ago last July 4.

Fifty-six courageous men from Thirteen Colonies risked their lives and fortunes by signing it.

It made 1776 our natal year. Beginning, "When in the course of human events," it is an indictment of tyranny, an indictment that is bold, perpetual, and true.

It stands as a great monument in the hearts and minds of Americans and people everywhere who fought and fight for liberty. It was in the hearts and minds of all those patriots who toiled, who fought, and who sacrificed for freedom in the Revolutionary War, the Civil War, which we are commemorating also in this period, and in World Wars I and II.

These experiences and demonstration of devotion to an ideal in our national life stands as both a reminder, and a warning, to the tyrants in our time who need to note today the sacrifices that people will make when they understand that their freedoms are in jeopardy.

There is so much proof here and elsewhere that a free people will support their freedom with their lives, their fortunes, and their sacred honor.

And in America the people in liberty, as our forefathers said, are "forever pledged to the theory of equality," have "inalienable rights," and rule with "the consent of the governed." These are words to which men and women and statesmen consecrate their lives.

If we will constantly renew our system by teaching, as we are doing in part with programs like this, the truth, and the application, of these things will be forever a bulwark against tyrants.

The drama moves on—the war of 1776 is won—the land is free and at peace. But the leaders, based upon experience in a critical time, knew that we needed a better system of government to establish the freedoms and opportunities earned in battle; another meeting was arranged.

This is the affair that we are commemorating today. As the curtain rises again, 175 years ago in Philadelphia we see the grand Convention in session, the Founding Fathers are gathered, as grand a body of statesmen as ever met—Washington presides. Madison is there leading many of the discussions. Difficult times they were. Compromises were necessary and were made—weeks passed—finally came the Constitution.

Now we believe it to be a vast achievement in human government. "We the people," it begins. It fused the States into "a more perfect union, a nation to enjoy the blessings of liberty."

Their assignment was to devise a government that would be completely shorn of despotism. In devising their plan, with its checks on powers and its compromises on disputes, those thinking, reasoning patriots attained the nearest to fulfillment and achievement, of the aims of self-government, that man had ever done and this day we ask, "Where is there a government that towers above ours?" A government, as the Pilgrim Fathers said, "with just and equall lawes," "ordinary acts, constitutions and offices," and "for the generall good."

Our students and statesmen of other nations have referred to this great instrument as a most wonderful work.

There are so many arguments that serve to establish this bold statement. Time will not permit discussing this in detail, but it is my feeling that this is largely so because under the provisions of this Constitution we have the good fortune to develop an economy which enables us to lead the world in a spiritual and material abundance.

But it is assumed too often, far too often, that our contributions to the Western civilization have been only material ones. It is my belief that this will prove to be untrue. Indeed, it can be said that the prospect of material abundance with all the hope and promise that it implies for the have-not nations is only one of our major contributions to civilization.

It has long been my contention that we have made four distinct and significant contributions to civilization that lead to this material advantage and without which we could not have it.

They are:

First. The application of the federal principle to the government of vast territories and large populations;

Second. The doctrine of the judicial review of unlawful or arbitrary executive or legislative action as a safeguard to the citizens against tyrannical encroachments by government;

Third. The mass production and distribution of goods and services, requisite to the maintenance of a high standard of living; and

Fourth. The concept of universal opportunity for education.

The first two contributions were political contributions directly related to our Constitution and its interpretation, and they bear witness to political genius of a high order.

The third principle recognizes a freedom that is too often taken for granted—it is the freedom of movement; freedom of movement of man and goods, of voices and ideas. This helps us to understand, to grow, and to feel for the problems of our fellow man and to share with others the abundance produced by our system.

The fourth, dealing with education for all, recognizes that it is the parent of progress for all; it is the creator of culture for all; it is the molder of destiny for all. Art we know now is the work of her hands and mind, as are philosophy and science.

We know from experience that education does banish ignorance, it discourages vice and disarms anarchy, and finally defeats tyranny.

Fortunate that nation and happy the home that fosters it.

The passion that we have for education for all and the sacrifice we make for it assures the security and promotes the welfare of the nation that provides for it. The proper combination of it makes an irresistible power.

Today, as never before, we face a trio of real threats. We face the triple threat of the atomic bomb, of communism, and of expanding population. Are we prepared to meet and deal with them? Is our Government—State and Federal—geared to their present and future tasks?

In my judgment we are not prepared for the problems that lie ahead, and we are not prepared because we have surrounded the framers of the Constitution and their work with an aura of sanctity and awe, without honoring them as they would have desired by bringing their wisdom and sense of reality to the needs of our time. After all, imitation is the sincerest flattery.

Our tasks are complicated because there appear to be certain developments now in progress which would set one branch of Government in opposition to another and would tend to weaken our Government as a whole at the very time when it most needs to be strong. I should like to discuss these developments today, because they and their implications seem not to be understood by the wider public, and, therefore, they are matters for our concern.

The first and in some ways the most important of these developments is the revolutionary and unconstitutional struggle now in progress for the supremacy of the legislative over the executive branches of our Governments, Federal and State. Whatever your views may be about the merits of parliamentary government, there can be no doubt that the supremacy of the legislature is a constitutional heresy under our form of government. No branch was intended to be supreme over the others.

The framers of the Constitution seemed clear upon two points—that the people cannot legislate and that the legislature cannot administer. They believed in a representative government and in the separation of powers. This was their faith, and what departs from it is heresy. Yet we are departing from it; for, unless the signs of the times are misleading, we have been witnessing for 25 years a gigantic struggle of increasing intensity and bitterness for the supremacy of the legislature over the executive branch of government at the State, and the Executive over the Legislature at the Federal level.

This struggle is not open and aboveboard. It is more covert than open, and probably more unconscious than conscious. No formal amendment to the Constitution is involved. It involves, instead, the slow but irresistible erosion of the power and authority of the Congress, as bit by bit the Executive power circumscribes and diminishes the range of congressional action. The intent with which this is done is immaterial, and the fact that it is often done by well-intentioned men is irrelevant. The result is the same whatever the intention. If you are killed in an automobile accident, you are just as dead when killed by a well-intentioned man as by a bad one.

Unless some new factor is introduced, the struggle will continue until a victory has been won. This may take 50 or 100 years. Perhaps only the historian viewing it from the 22d century will be able to see when it began and when it ended. But as the battle now stands, there can be only one outcome, and that is the weakening of both and freedom in general. Inasmuch as the executive branch is without effective power to curb the legislative branch, so far as its abuse of appropriations in public works, there are many who believe that the Executive's position to strengthen his control over fiscal policy is very necessary. I am one who believes so and, therefore, I think that granting of a Presidential item veto authority would strengthen the Executive in this regard and improve the effectiveness of the Constitution which we honor today.

The weakening of our governmental structure and functions, as this struggle proceeds, is regrettable in view of the triple dangers which we face. It is doubly regrettable because it turns on an issue which the framers of the Constitution thought that they had settled. As I have said, the men of 1787 believed that the people could not legislate and that the legislature could not administer. The people cannot legislate because they have neither the time, nor the information, nor the basis for a wise and considered judgment. The legislative power, therefore, ought to be exercised by those who can act for the people—for all of the people, the young and the old, the voters and the nonvoters, the rich and the poor, the weak and the strong, the living and the dead, and the generations yet unborn. The legislature cannot administer because there are functions in life that do not merge. The legislature can determine general policy; it cannot see to the specific application of it. It can say "when" and "why," but never "how." If it determines broad policy, it will have no time for specific applications.

We in the Congress should always legislate in a manner which would make any programs which we adopt administratively sound. Much more could be said in regard to this and related subjects. There are many students in and out of Congress who understand this as well or maybe better than I and it is my hope that the pros and cons on the questions I have raised in this regard will be thought on, discussed, and written about so that we can make the Constitution more effective and, therefore, even a better instrument than it now is.

Mr. Speaker, there is one thought that must be noted as we commemorate this significant anniversary, and that is the fact that there are very few people in America who understand as they should the importance, the value, and the greatness of the Constitution. Indeed, there are too few people who really care about our republic system of government. This Republic under which we live has done more for more people in more ways since it was born 175 years ago to give us spiritual and material advantages than has any other system ever known to mankind. Our forefathers understood this better than we. What they understood was reflected so often in what they did and what they said. We ought to think about those things often. In order to encourage this thinking of the study of our history I call attention to some thoughts which were given us by some earlier patriots and by our forefathers. It was Lord Bacon who said, "That government is best which teaches its people to govern themselves." Jefferson and the earlier patriots understood this and, because they did, they made it their business to set up a public school system to learn to govern themselves.

We have a great public school system. It is the greatest system in the world. Much could be said about that, but one of the reasons, and most important reason, is it is designed to educate the masses. This is a characteristic and virtue we should never sacrifice. In my opinion, Mr. Speaker, the public schools and those who run them today need to note this, and it would be my suggestion that the educational leaders of America at every level look at their courses of study to see what they can do to strengthen their courses in history, political science, the social sciences, and related subjects with the view of developing and creating an attitude among the boys and girls so they will want to be thinking, acting, and participating citizens in this great Republic. There is nothing we can do that would strengthen the Constitution more, while we insure its permanence and its effectiveness, than by developing a better understanding of its purposes and objectives envisioned by its authors—our forefathers.

Mr. HALPERN. Mr. Speaker, today marks the 175th anniversary of the signing of the Constitution of the United States. The Congress has provided by law for the designation of the week of September 17 as Constitution Week and declared the date of September 17 as Citizenship Day. The law further provides that the President shall issue a proclamation emphasizing the need for honoring the youth of our Nation who have come of voting age and those aliens who have become citizens. These provisions accentuate the first three words of the preamble to the Constitution: "We the people." To "form a more perfect Union" we believe in honoring the obligations of citizenship.

Today we should remember that the epoch of upheaval which preceded the War for Independence brought forth a young nation which desired more than anything the freedoms which were not evident in other lands. By 1785 to many patriotic citizens it seemed that the Government was a failure. Washington, Hamilton, Jay, Madison, and other leaders repeatedly declared that the Government had to be strengthened. The great question was how to win over the reluctant and indifferent.

We look back upon the fortunate aspects of that situation. There were sufficient Americans who had profound reasons for wanting a strong government, but at the same time a government that would not usurp the individual rights which had brought about the Revolution.

The Convention which wrote the new Constitution was not easily called. It had to be prepared by a number of small steps. George Washington and James Madison took the lead. The Convention was not a large gathering, but it was a body of very remarkable ability.

The Convention opened tardily on May 25, 1787, in Philadelphia and rules were adopted. The two problems which appeared to be the most difficult were the establishment of a strong Federal Government and the adjustment of power between the large and the small States. Madison kept reminding the delegates that if the Convention failed the Union would split into several confederacies, all subject to foreign intrigue and ultimate extinction.

Through the hot summer months the delegates debated. Finally the document that was signed on September 17 was the result of compromises which showed strength and wisdom.

Whenever the popular will of the people has demanded additions or alternations to the Constitution the process has been found simple and comparatively rapid. This process was provided for in the Constitution itself. It is only on a question concerning which public opinion is unformed or divided that modification moves more slowly. This, of course, is precisely what the founders intended and what sound policy demands.

Few peoples at the present time are living under the systems of government which their ancestors sustained in the year 1787. Today one political document remains intact: The Constitution of the United States.

Since September 17, 1787, the tendency in the world has been to change, especially in this 20th century. Scarcely anything that the human race looks upon as sacred has escaped transformation. Changes have come suddenly and they have come gradually. Science, geography, literature, social and industrial life, education, the mechanics and economics of existence—all have experienced mutation. But the stability of the Constitution is a constant source of lifeblood to the citizens of this Nation.

The framers of the Constitution did not think the future of the United States lay in a one-sided development, but in the nurture of all the advantages with which Heaven had endowed this country. They believed in agriculture, commerce, industry, and in the utilization of all resources.

We owe much to the imagination of George Washington. The transportation route across the Alleghenies, which meant the growth of the West and its cementing to the old America, could not be accomplished, he believed, by one State, or two or three. Through the powers of Congress, Washington understood the expansion of America could become a reality, and, without union, the United States would disintegrate and fail.

In the wisdom of placing the will of the people in the forefront, the framers of the Constitution made possible for the Bill of Rights to be added in 1791. These rights provided for freedom of speech, of the press, and of worship; the right of the States to establish militia; the security of people in their homes against unreasonable search and seizure; and for trial by jury. Some of these amendments were destined to become the envy of freedom-loving people around the globe.

Our Constitution is not a specimen of frozen, outdated political terms. Here we find the principles of the past ready to serve the problems of the present. Fulfillment of our obligations as citizens—whether we be old or young—demands that we revere the Constitution, that we understand it, that we serve its demands with a thinking type of patriotism.

Mr. TOLL. Mr. Speaker, today the city of Philadelphia marks Constitution Day with ceremonies which start at 11:45 a.m. at Independence Square. The exercises in celebration of the 175th anniversary of the U.S. Constitution will include a speech by former President Harry S. Truman; the presentation of a scroll to a new American citizen; the pledge of allegiance by 1,000 schoolchildren; and the dispatching of pigeons to the capitals of the Thirteen Original States, commemorating the observance.

The Honorable James H. J. Tate, mayor, Philadelphia, will present the city's Freedom Medal to former President Truman as a champion of freedom. The former President will also be honored at a luncheon in the Benjamin Franklin Hotel.

A motorcade will move from the Philadelphia International Airport to Independence Hall with the former President and Governor Lawrence of Pennsylvania as well as other officials of the city, State, and Nation, including Representative WILLIAM J. GREEN, Jr., the chairman of the Philadelphia congressional delegation, and the Governors of New Jersey, Delaware, and Rhode Island.

Albert M. Greenfield, the chairman of the Constitution 175th Anniversary Commission, will preside at a dinner in the Benjamin Franklin Hotel. The principal speaker will be the Honorable John C. Bell, chief justice of the Pennsylvania supreme court.

All citizens have been requested to display the American flag during the anniversary celebration of the U.S. Constitution which has been called the most remarkable political document of modern times.

The chairman of the House committee appointed by the Speaker was the Honorable JAMES A. BYRNE, who was also the sponsor of the bill for Federal participation in the observance of Constitution Day.

Mr. PELLY. Mr. Speaker, today, September 17, the Nation begins observing Constitution Week.

Constitution Week with us should be a time of dedication and rededication. In this connection, I would favor a procedure so that on September 17 each year, if Congress has not already adjourned, the order of business in the House would be the reading aloud of the Constitution by a Member selected by the Speaker, followed by a general discussion and remarks by Members on this subject.

Mr. Speaker, during the 175 years since the Constitution was drawn, its provisions have been attacked. Indeed, I fear that both inside and outside Congress at times it has had its enemies of one kind or another. What is overlooked, however, is that the Founding Fathers deliberately intended to bind us down from mischief by the chains of the Constitution—to use Jefferson's own words:

> In things of power then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.

These chains, Mr. Speaker, onerous though they might be at times, were to protect the people from abuses of power by public servants such as ourselves and from the undue centralized power of big government. And I suggest it would be most appropriate on one day of each year for the Congress to consider how we have acted in that respect and whether there has been in legislation passed by us immoral usurpation of the powers so specifically limited to government by the Constitution.

In these perilous times when our liberties are more and more encroached upon by ever-increasing governmental bureaucracy it behooves every American citizen to reread, reexamine, and reaffirm the articles of the Constitution that would guarantee protection to all—protection even from the very frailties of human nature.

Under the Constitution all sovereign power rests in the people and as representatives responsible to the people let us not forget that liberty and freedom must be constantly guarded and most especially by those of us who as elected Representatives have sworn true faith and allegiance to the Constitution.

Mr. BYRNE of Pennsylvania. Mr. Speaker, exactly 175 years have passed since our forefathers framed and ratified the Constitution of this great country of ours. Fortunately for those of us alive today, its structure had a solid foundation. Deeply embedded in the experience and wisdom garnered from its settlers—descendants from all walks of life and from all parts of the world, plus the best traditions of human existence—we have today become the most powerful nation on earth. Does this not demonstrate that our form of government, agreed to and acted upon by a multiple of nationalities, far supersedes that of any other country and reveals clearly to an unstable world the policy of sane and collective bargaining? Tradition and history are closely interwoven. Facts reveal themselves, and today the progress of this country stands as an example to the entire world.

We Philadelphians recall with pride the part our city played in the framing of this Constitution, and it is up to each one of us to cherish and uphold this great tradition, and to exemplify it in the eyes of not only our Nation but those of the universe.

## GENERAL LEAVE TO EXTEND

Mr. SCHWENGEL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

## SOCIAL SECURITY—THE PROGRAM OF THE DEMOCRATIC PARTY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. SANTANGELO] is recognized for 30 minutes.

Mr. SANTANGELO. Mr. Speaker, one of the great issues before the Congress and the people of the United States is the medicare program for our senior citizens through social security. The Senate defeated this measure by a vote of 52 to 48. A switch of two votes would have changed the result.

The House of Representatives has not considered the King-Anderson medicare bill, which I cosponsored. Our President, John F. Kennedy, supports this measure and it is an integral part of his program. This legislation must pass, and the only way it can pass now is to elect those who favor such legislation.

The voting public should be informed as to what the issues are, what the arguments pro and con are, and what is behind this measure. I believe that an informed electorate can best decide. What are the major arguments in favor of this program?

First. The social insurance approach on a national basis will provide aid for the aged regardless of where they live and medical care will be granted regardless of the backwardness or progressiveness of the individual State.

Second. The cost of this insurance is met when people are working and not when they are retired and their income has diminished.

Third. The benefits are related to actual costs.

Fourth. The system gives freedom of choice by removing financial barriers.

Fifth. The program eliminates the means test and restores dignity and self-respect in the days of retirement.

Those who oppose medical care under a social security system contend:

First. That there is a great danger of the program leading to socialized medicine.

Second. That as a consequence of socialized medicine, the quality of medical care would decrease.

Third. That costs under a socialized system have risen and there would be a rise in the future.

Fourth. That the program would lead to a limitation of the use of new drugs and biologicals and would not provide for improvement by general practitioners.

Fifth. The program would lead to an overburdening of doctors with unnecessary paperwork and reduce the earnings of medical men.

Sixth. That free service would lead to overutilization of the facilities and thus patients would not receive proper medical care and would thereby suffer.

Seventh. That the utilization of older persons would deny the use of hospitals and facilities to younger persons.

Eighth. The program would encourage dependency and destroy incentive and self-reliance.

Ninth. The program would attempt to improve service for a minority group—senior citizens—and downgrade the services for the remainder of the population of 180 million people.

Tenth. The program would lead to a waste in funds in order to use up the budget.

Eleventh. The program would lead to collusion between patients and pharmacists to use funds for drugs for nonessential purposes, such as cosmetics.

What does the King-Anderson medical bill provide? What benefits does it offer? And what is its cost?

The proposed legislation would provide for the payment, through the social security program, of certain health costs for people who are aged 65 or older and entitled to old-age, survivors, and disability insurance or railroad retirement benefits. A person would have the health insurance protection at age 65 even though his monthly cash benefits are being withheld because of earnings from work. In general, the following health services would be paid for under the proposed program:

First. Inpatient hospital services, including bed, board, drugs, and other supplies and services of the kind customarily furnished by the hospital.

Second. Followup skilled nursing-home services provided to a patient after his transfer from a hospital, including bed, board, nursing services, drugs, and other services and supplies which are customarily provided by skilled nursing homes.

Third. Home health services furnished by or through a public or nonprofit agency under a plan prescribed by a physician, including nursing care, physical, occupational, and speech therapy, medical supplies—other than drugs—and appliances for temporary use, and certain part-time or intermittent homemaker services.

Fourth. Outpatient hospital diagnostic services of the kind customarily furnished by or through the hospital to its outpatients for diagnostic study.

For both inpatient hospital service and nursing-home services, there is a limitation on the number of days of care that could be paid for in a period of illness—a maximum of 90 days for hospital care and a maximum of 180 days for skilled nursing-home care. This 2-for-1 provision is designed to provide an incentive to use nursing-home facilities, where medically appropriate, rather than hospitals. In addition there is an overall limitation of 150 units of service which may be paid for in a single period of illness. A "unit of service" is defined as 1 day of inpatient hospital care or 2 days of skilled nursing-home care—again a 2-for-1 ratio. If someone eligible for benefits under the plan should go into the hospital and stay for 70 days, for example, and then require followup skilled nursing-home care, he would be eligible for payment for the cost of up to 160 days of such care.

For home health services an annual maximum of 240 visits is provided. Home health services involve periodic visits to the patient's home by therapists, nurses, and other professional personnel.

Certain Republicans in their campaigns disregard history and claim that their party—the Republican Party—initiated social security and obtained the social security advances. The record belies their assertions. Some Republicans recognize the true recorded history and pose as Democrats so that the voting public will think they follow the principles of the Democratic Party. In Washington these Republicans vote to reorganize the Congress along the Republican lines and vote with the Republicans, and in their districts, they shed their party label and designation and pose as Democrats. As Alfred E. Smith used to say, "Let us look at the record."

The history of social security shows that the Republicans have tried to scuttle the program, defeat it, and oppose every improvement of social security legislation. Today their energies are directed to the opposition of the extension of the medicare program through social security.

Our social security system, enacted over 25 years ago under the leadership of President Roosevelt, has expanded to new areas, has increased benefits, and extended itself to millions of additional workers, through positive, constructive action by Democratic Congresses over the strong and definite opposition of Republican Members of Congress and the Republican administration almost without exception. Presently, 9 out of 10 people in the labor force earn credits toward old age, survivors, and disability insurance. Fourteen million former participants, or their survivors, now receive monthly insurance benefits with more than 10 million of the recipients 65 and over.

It has been a battle hard fought and the gains have been gradual but constant. We are now in the midst of the hardest fought battle of all with the biggest gains at stake—health insurance for our senior citizens financed through the established and proven social security method. It is interesting to note that the tactics used by Republicans over 25 years ago in opposing social security are still used by the Republicans today after 25 years of experience has proven the tremendous good brought about by this program.

Any GOP support the program now receives is a reflection of its wide public acceptance—it does not represent any change in basic Republican principles. Every presidential year Republican platforms promise all sorts of improvements, extensions, and liberalizations of social security—but when it comes time for them to vote—almost without exception they vote overwhelmingly to defeat the Democrats' progressive social security programs. The record is clear—let us look at it.

### THE 74TH DEMOCRATIC CONGRESS, 1935–36

President Roosevelt urged the Democratic Congress to approve a relatively simple program to provide economic security to workers. The first social security program was designed to, first, pay old-age benefits to a worker when he retired at age 65 or over; second, cash refunds to survivors when wage earner died and to living workers aged 65 who had not been in covered employment long enough to qualify for monthly benefits; third, program to be financed completely by contributions from employer and employee, each of whom paid 1 percent of worker's salary up to $3,000 a year; fourth, tax rate scheduled to rise gradually in future to provide benefit liberalizations; fifth, about 3 out of 5 people in working force were covered, mostly in commerce and industry; and, sixth, contributions to be collected in 1937 with first monthly benefits payable in 1942.

During debate Republican motions were made in the House and in the Senate which would have had the effect of killing the basic concept of the social security program. Out of 115 Republicans in the House and Senate, 107 voted against social security; that is, 93 percent of the Republican Members of Congress voted against the original Social Security Act. On a motion to recommit in the House, 97 out of 98 Republicans voted to kill the bill.

### THE 1936 PRESIDENTIAL CAMPAIGN

The newly enacted Social Security Act became a major issue of the 1936 presidential campaign. The Republicans continued their assault on the program. GOP presidential candidate Alf Landon called the legislation "a cruel hoax" and pledged to repeal the act if elected.

The 1936 campaign saw tactics used which are still used by Republicans. Scare words such as "compulsory" were used to discredit social security. Misleading antisocial security material was printed on pay envelopes by some employers. Charges of "socialism" were hurled then as now.

After social security has been for 25 years protecting workers and their families against the loss of income due to old age, death, disability, and unemployment, and insuring at least a minimum standard of living for all who cannot provide such a standard for themselves, these same charges are hurled by opponents of this tremendously successful program.

The anti-Roosevelt campaign, which used the social security program as a prime target backfired as Roosevelt got the biggest vote ever and with Roosevelt the voters elected 333 Democratic House Members—the largest Democratic majority in the House in the history of Congress. While the Senate in 1937 had only 17 Republicans—the smallest GOP Senate minority since the Civil War. This vote may very logically be interpreted as a vote of approval for Roosevelt's humanitarian programs, including his social security program and a vote of disapproval of the 93 percent Republicans who opposed social security.

### THE 76TH DEMOCRATIC CONGRESS, 1939–40

The Democratic Congress of 1939 broadened the Social Security Act into more of a family program as benefits for wife and dependent children of retired workers were added, as were survivors benefits. Monthly benefits were made payable in 1940 rather than in 1942 as originally planned.

### 1940–47

During the 1940's the Republicans voted time and again to freeze the OASI contribution rate at 1 percent. The gradual increase proposed in the original social security bill which would have provided more liberal benefits was postponed by the Republicans in 1942, 1943, 1944, 1945, 1946, 1947 through 1949. Other amendments to the Social Security Act during the early 1940's were rather minor and for the most part were related primarily to financing.

### THE 80TH REPUBLICAN CONGRESS, 1947–48

Two Republican bills were passed by the Republican-controlled 80th Congress, over the veto of the Democratic President, which tremendously limited the number of those covered under social security.

One bill excluded an estimated 650,000 workers from coverage—197 Republicans voted for this bill and after President Truman vetoed it 209 voted to override his veto.

The other bill excluded news and magazine salesmen from coverage. It was passed by the Republicans, vetoed by the President, with only two Republicans voting to sustain his veto.

"We urge * * * extension of the Federal old-age and survivors' insurance program and increase of the benefits to a more realistic level," 1948 Republican platform.

### THE 81ST DEMOCRATIC CONGRESS, 1949–50

The first comprehensive change since 1935 in the Social Security Act was accomplished by a Democratic Congress under President Truman. It extended coverage to an additional 10 million and increased existing benefits by 70 to 100 percent.

There were three important House votes before final passage. The bill was brought up under a closed rule which was opposed by Republicans who wanted to kill the bill with bad amendments. After lengthy debate the rule was adopted 189 to 136, with 123 Republicans voting against adoption of the closed rule and only 12 voting for the rule.

The Republicans came back with a motion to recommit which was rejected 113 to 232 with 112 Republicans voting to kill the bill.

Eighty-six percent of Republicans in the House blocked the Democratic motion to eliminate the Senate's Knowland amendment which endangered unemployment insurance rights of individuals. This amendment, opposed by the Democratic administration, was retained 188 to 186 with 165 Democrats and only 20 Republicans opposing it.

### THE 82D DEMOCRATIC CONGRESS, 1951–52

Sixty-six percent of House Republicans, led by HALLECK, and submitting to the lobbying tactics of the AMA, temporarily blocked the proposed 12½-percent increase in social security benefits.

In the end the Democratic Congress passed and President Truman signed a bill increasing OASI benefits, liberalizing retirement test, and temporarily increasing Federal share of public assistance payments.

### THE 83D REPUBLICAN CONGRESS, 1953–54

For the first and the last time the Republicans supported a bipartisan bill, which, in fact, embodied many of the proposals the Democrats had been advocating for years.

Coverage was extended to 10 million more people, benefits were raised about 15 percent, and retirement test revised.

### THE 84TH DEMOCRATIC CONGRESS, 1955–56

Despite the strong opposition of the Republican administration the Democratic Congress passed a bill which lowered the retirement age for women, established a disability program at age 50, extended coverage to approximately 250,000 additional people, and increased Federal payments to State public assistance programs.

In the Senate Republicans voted 38 to 6 against provision for disability benefits, while the Democrats supported the addition of disability benefits 41 to 7. President Eisenhower reluctantly signed the measure "about which the administration has serious reservations." In referring to the disability provision he said:

> We are loading on the social security system something I don't think should be there.

Republican Secretary of HEW Marion Folsom said of the reduction in women's benefit age: "This is a step in the wrong direction."

Republican platform of 1956:

> We shall continue to seek extension and perfection of a sound social security system.

### THE 85TH DEMOCRATIC CONGRESS, 1957–58

The Democrats proposed an amendment in 1958 to increase social security benefits by 10 percent. Eighty-five percent of the Republicans voting in the Senate opposed the increase. Despite the GOP opposition the Democratic Congress did pass a bill increasing Federal share of public assistance payments, and increased OASI benefits by 7 percent, and made dependents of disability beneficiaries eligible for benefits.

### THE 86TH DEMOCRATIC CONGRESS, 1959–60

Social security debate in the 86th was dominated by the issue of health insurance for the aged. The Democrats pledged to a plan to be financed through the social security system, along the lines of the Forand bill in the House and the Anderson amendment in the Senate in the 86th, were consistently opposed in their efforts by the Eisenhower administration and by the Republican-Dixiecrat coalition. Opposition emerged first in the House Ways and Means Committee where not 1 Republican voted for the Forand bill while 9 out of 16 Democrats on the committee supported it. Opposition continued in the Senate Finance Committee and on the floor of the Senate where the final test came as the Anderson bill was defeated by the Dixiecrat-Republican coalition with 33 Republicans opposing the Anderson bill and only 1 Republican supporting it.

The Democratic 86th Congress did substantially improve social security benefits by: Removing the age 50 eligibility requirement from the disability insurance program; reducing number of quarters of coverage required for eligibility under OASI; improved benefit protection for dependents and survivors; modified retirement test, increased coverage; extended unemployment insurance coverage and increased net Federal unemployment tax one-tenth of 1 percent; increased to $25 million annual Federal grants to each of: Maternal and child health; child welfare and crippled children services; increased exemption of earned income in aid to blind program; extended coverage of provisions for medical services for needy aged.

### THE 87TH DEMOCRATIC CONGRESS, 1961–62

Under the leadership of President Kennedy, the 87th Democratic Congress in the 1st session substantially broadened social security benefits for about 4.4 million persons. The amendments increased minimum benefits for retired workers from $33 to $40 a month; permitted men as well as women to begin collecting benefits at age 62 on a reduced basis; liberalized eligibility requirements and ceiling on retirement earnings; raised payroll taxes by one-eighth of 1 percent; increased widow benefits.

During the 2d session of the 87th Congress, the Democratic administration proposed and the Democratic Congress achieved an extensive revision of our public welfare programs emphasizing prevention of dependency and rehabilitation. Once again, however, before final passage the Republicans offered a recommittal motion which would have seriously cut the revisions back to nothing. The Democrats rejected the recommittal motion which 144 Republicans voted for and only 18 opposed while 214 Democrats opposed recommittal and 10 Southern Democrats joined the Republicans to vote for recommittal.

In the Senate the Anderson-Javits health insurance for the aged amendment was tacked on to the bill. The amendment providing health insurance through social security and backed by the Democratic administration was defeated 52 to 48 with 43 Democrats and only 5 Republicans supporting the proposal and 31 Republicans and 21 Democrats opposing.

The ancient Roman orator Cicero, in his essay "De Senectute," concerning old age called this period the finest stage of life. Today this period is regarded with trepidation and uncertainty. Today with the lifespan lengthened by reason of medical advances, our senior citizens, because of the mounting costs of medical care and the unavailability of facilities in time of need, face the future with insecurity.

Let us make the approach to old age a smooth road without fear of the future. Let us provide hospitalization and medical care for those who have worked during their working years and who have reached the golden years. Let us adopt our President's medicare program through social security.

---

## THE HOUSE OF REPRESENTATIVES IN THE YEARS AHEAD: SOME NEEDED CHANGES IN OUR RULES

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Wisconsin [Mr. REUSS] is recognized for 30 minutes.

Mr. REUSS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. REUSS. Mr. Speaker, history, rather than ourselves, will have to make the final judgment of the effectiveness of this 87th Congress. But I am very sure of one thing. With tremendous tasks, both domestic and foreign, facing our country in the years ahead, there was never a greater need for an effective Congress.

As the majority leader of the other body recently observed, "The Congress is as effective or ineffective as it collectively wants to be."

When the committee system and the calendar system and the rule-granting system of the House are all functioning properly—when, as it is said at Canaveral, "all systems go"—this body gets its job done. When there is a malfunction, however, we come about as close to hitting our legislative target as some of our earlier missiles came to hitting the moon.

Let me describe a number of malfunctions in our House machinery, which I believe are slowing us down and diverting us from our course.

At the start of this 87th Congress in January 1961, the House addressed itself to the problem of the Committee on Rules. A number of important pieces of legislation had been blocked from even reaching the floor by the Committee on Rules in the closing days of the 86th Congress, as had happened many times in the last 25 years. The distinguished chairman of the House Committee on Rules, the gentleman from Virginia [Mr. SMITH], confronted by a move to enlarge the membership of the Committee on Rules from 12 to 15, in order to permit legislation to be reported to the floor, offered "to interpose no obstacles in the Committee on Rules to the five major bills that the President has publicly announced as his program for this session" if the House would only leave the Committee on Rules membership at the existing 12. The House refused the offer, and on January 31, 1961, by a vote of 217 to 212, increased the membership to 15 for the 87th Congress.

The House's reason for doing so is well summed up by the statement made during the debate on January 31, 1961, by the late, beloved Speaker, the gentleman from Texas, Mr. Rayburn, CONGRESSIONAL RECORD, volume 107, part 2, page 1579:

> The House of Representatives is elected every 2 years, and after the legislative committees hold hearings, after executive session, when every i is dotted and every t is crossed, and when the chairman comes to the Committee on Rules—and I do not say Rules Committee, because that is not the proper designation; it is the Committee on Rules—comes to the leadership of the House and wants a rule after all of that consideration, I think that the Committee on Rules should grant that rule whether its membership is for the bill or not. I think this House should be allowed on great measures to work its will, and it cannot work its will if the Committee on Rules is so constituted as not to allow the House to pass on those things.

There is no doubt that the enlargement of the Committee on Rules to 15 has improved a serious situation. But the 15-man resolution expires with the end of the 87th Congress. To continue the 15-man situation requires a change in the permanent rules of this body.

Even with a 15-man Committee on Rules, the committee still acts as a partial roadblock. There is today locked up in the Committee on Rules—a few days from the end of this Congress—the President's mass transportation bill, H.R. 11158 referred to the Committee on Rules on July 3, 1962; the President's Youth Conservation Corps bill, H.R. 10682, referred to the Committee on Rules on March 29, 1962; the President's bill to provide grants for medical and dental school construction, H.R. 4999, referred to the Committee on Rules on March 24, 1962.

In addition to these three major bills, 19 other bills, duly reported by the proper legislative committee, are still gathering moss before the Committee on Rules. These 19 bills include S. 1124, to provide educational opportunities for migrant workers and their children, referred to the Committee on Rules on July 5, 1962; S. 1132, to establish a National Citizens Council on Migratory Labor, referred to the Committee on Rules on July 5, 1962; S. 1123, to curtail child labor on farms, referred to the Committee on Rules on May 8, 1962; S. 1126, to require registration of contractors of migrant workers, referred to the Committee on Rules on April 18, 1962; H.R. 12306, to provide grants for occupational safety programs, referred to the Committee on Rules on July 5, 1962; H.R. 3, to nullify the preeminence of Federal law over comparable State law, referred to the Committee on Rules on June 13, 1962; H.R. 11537, to permit employer contributions for certain joint industry promotion, referred to the Committee on Rules on May 22, 1962; H.R. 11707, to cut off Federal funds to land-grant colleges which practice racial discrimination, referred to the Committee on Rules on May 23, 1962; H.R. 10056, to cut off impacted area funds to schools which discriminate racially, referred to the Committee on Rules on May 31, 1962; H.R. 11888, to improve teaching quality in primary and secondary schools, referred to the Committee on Rules on May 31, 1962; H.R. 11340, to provide college-level adult education at public colleges, referred to the Committee on Rules on May 31, 1962; H.R. 10896, to provide at least a sixth-grade education for adults, referred to the Committee on Rules on April 2, 1962; H.R. 10946, to require certain contractors to pay locally prevailing fringe benefits, referred to the Committee on Rules on April 5, 1962; H.R. 207, to limit liability of vessel owners in cases of injury to longshoremen, referred to the Committee on Rules on March 27, 1962; H.R. 6759, to provide for relief of Prince Georges County, Md., school board, referred to the Committee on Rules on September 12, 1961; H.R. 10144, to establish a Federal Equal Employment Opportunities Committee, referred to the Committee on Rules on February 21, 1962; H.R. 12070, to provide grants for education of exceptional children and expansion of vocational rehabilitation services for adults; referred to the Committee on Rules on July 5, 1962; H.R. 2017, to permit withholding of city income taxes from Federal payrolls, referred to the Committee on Rules on May 9, 1961; and H.R. 5741, to establish safety regulations for small coal mines, referred to the Committee on Rules on April 25, 1961.

The House Committee on Rules possesses another power which can be used to prevent the House from exercising its will. This is the power to prevent a House-Senate conference on important bills—those raising or spending money—which have been approved by both House and Senate but in different forms.

The 2d session of the 86th Congress gives us a good illustration of this. H.R. 10128, a bill to provide financial assistance to States for school construction, passed the House, 206 to 189, on May 6, 1960. On June 8, the Senate amended the House bill by substituting its own version. The Senate requested a conference with the House. The chairman of the House Committee on Education and Labor, which was responsible for the bill, requested unanimous consent to take the bill from the Speaker's table, disagree with the Senate's amendments, and set up a conference. Upon one Member's objection, the bill was automatically referred to the House Committee on Rules. Here it languished and died when the Committee on Rules refused a special order by a 7-to-5 vote.

Ironically, the Committee on Rules killed the Hawaii-Alaska statehood bill by preventing a conference in the 83d Congress.

This power of the Committee on Rules to block a conference is an extremely broad one. Most major legislation requires a conference. In the 2d session of the 82d Congress, for example, 90 of the 217 public laws enacted—41 percent of the total—went to conference.

Thus, on important bills, the House Committee on Rules is given a second opportunity to interpose a roadblock.

Another malfunction in House procedure exists on the question of home rule for the District of Columbia.

Home rule for the District of Columbia would both guarantee the people of the District the right to limited self-government, and free an already overworked Congress from thousands of the man-hours now devoted to the study and debate of District matters.

Presidents Truman, Eisenhower, and Kennedy have all advocated home rule for the District of Columbia, as have the platforms of both Democratic and Republican Parties ever since 1948.

Five times since 1948 the Senate has passed home-rule legislation. But the House Committee on the District of Columbia has never in this time permitted a home-rule bill to come to the House floor for a vote.

It is the House committee procedure that has for many years failed to give the House an opportunity to vote on a matter that has been consistently advocated by both political parties.

The final malfunction which ought to be eliminated from our system is caused not by a bug in the House rules, but rather by a bug in congressional procedure.

Ever since we provided in section 132 of the Legislative Reorganization Act of 1946 that, except in time of war or during a national emergency proclaimed by the President, the Congress should adjourn not later than the last day of July in each year, we have acted as if the existence of an emergency made it mandatory for us to sit until the middle of September. It is unrealistic to believe that the existence of a national emergency has had anything to do with the length of our last few sessions. To the Nation at large we seem to be pursuing avidly a policy best expressed in the sentence: "Let us take our time now so we can rush these bills through in September."

By September, if we have actually stayed on the job, the Washington summer has taken its toll, and we are so enervated that anything is likely to happen on the floor and sometimes does. If the Congress has any unfinished business on the 15th of July it could accomplish it far more expeditiously, intelligently, and with far better results for the welfare of the Nation if it recessed for the summer to convene again in the clear, crisp air of November.

The married legislator from the Midwest or the Far West is a far more able legislator when he has spent a happy summer with his family than he is when he is trying to rush some legislation through so he can spend with them a long Labor Day weekend or even, perish the thought, a Halloween. The legislator from anywhere in the Nation, married or single, is a more effective legislator if he has been able to spend a reasonable length of time among his constituents.

To overcome these malfunctions, some changes are needed. I have discussed the problem for years with colleagues, with the Legislative Reference Service of the Library of Congress, and with knowledgeable people on the outside. I believe that the following five reforms would go far toward making the House the serviceable institution it needs to be:

First. Make permanent the present 15-man Rules Committee membership: The Rules Committee setup for the 87th Congress, enacted on January 31, 1962, setting up a 15-member committee, needs to be made permanent. This can be done by the following resolution:

> *Resolved*, That clause 1(p) of rule X be amended to read as follows: The Committee on Rules, to consist of fifteen members."

Second. Enact an improved 21-day rule: Whether the Committee on Rules has 5 members, or 15, or 50, as its duties are presently defined, it has a potential for boxing in bills which are clamoring to get out. The committee can be a Berlin wall, or, as one editorial writer put it, it can be a "legislative mortuary where a bill can be killed even after it has been reported out favorably by another House committee" (the Washington Post, July 31, 1962). In many cases, the roadblock can be accomplished by the simple device of the chairman of the Committee on Rules failing to convene the committee.

At various times in the history of the House, when the Rules Committee was vigorously exercising its obstructive potential, the House has found it necessary to curb that potential. It was on January 3, 1949, that the House, rankling under an "undemocratic and arbitrary dictatorship" of the Rules Committee, adopted the "21-day rule." That rule provided that if the Rules Committee failed to report within 21 days any resolution for consideration by the House of any public bill favorably reported by a committee of the House, the chairman of the committee reporting the bill could call up the resolution on the second and fourth Mondays of each month. The rule also provided that "the Speaker shall recognize the Member seeking recognition for this purpose as a question of the highest privilege."

The rule worked very well for the 81st Congress in 1949 and 1950. During the first session, it brought an anti-poll-tax bill and a rivers and harbors bill to the House floor for a successful vote, and it forced action on housing and minimum wage bills. During the second session, it enabled the House to vote for the National Science Foundation, Alaska and Hawaii statehood legislation, the National Minerals Act, a veterans hospital bill, and a joint resolution for U.S. participation in certain international organizations. By resort to the 21-day rule, eight measures were brought to the floor, and seven of them passed. Moreover, the fact that it was available forced the Committee on Rules to act on other measures which would have been bottled up but for its existence.

It is to be regretted that the 82d Congress repealed the 21-day rule. Because I think the 88th Congress is going to need 21-day rule, I propose that it be reinstated by adding its basic provisions to section 23, rule XI. There is one change I would make in it. So that it may be used when the chairman of a reporting committee is opposed to a bill, I would permit the rule to be invoked by the ranking committee member who favored the bill.

Such a resolution might read:

*Resolved*, That the following sentence be added to the end of section 23 of rule XI: "If the Committee on Rules shall fail to report within 21 calendar days after reference, any resolution pending before the committee providing for an order of business for the consideration by the House of a public bill or resolution favorably reported by a committee of the House, on days when it shall be in order to call up motions to discharge committees it shall be in order for the chairman, or the ranking member in favor of the bill, of the committee which reports such bill or resolution to call up for consideration by the House the resolution which the Committee on Rules has failed to report, and it shall be in order to move the adoption by the House of said resolution not reported, notwithstanding the failure to report of the Committee on Rules, and the Speaker shall recognize the Member seeking recognition for this purpose as a question of the highest privilege."

Third. Enact a 7-day rule for conferences: Rule XXIV on the order of business makes it relatively easy to dispose of House bills with Senate amendments which do not require consideration in the Committee of the Whole, as well as Senate bills substantially the same as House bills already favorably reported by a committee of the House which do not require consideration in the Committee of the Whole. Provision must be made in the rules for a more expedient way to get immediate consideration of those bills which under rule XXIII, section 3, required consideration in a Comimttee of the Whole—generally, those involving money.

There are several ways this might be accomplished.

The simplest, perhaps, would be to amend section 2 of rule XXIV to eliminate the qualifying words which restrict the privilege of immediate consideration to measures which do not require consideration in the Committee of the Whole. I have not recommended this solution because it would permit the passage of a Senate bill without the subject of the bill's ever having been considered in a Committee of the Whole.

The solution I recommend and the one embodied in the accompanying resolution, is to add a new sentence to section 2 of rule XXIV which would permit the committee which had reported a House bill returned with Senate amendments ordinarily requiring consideration in a Committee of the Whole to request the Speaker to lay the bill before the House for immediate consideration if, after 7 days from the date the House bill was received on the Speaker's table, or was referred to committee, the Rules Committee had not reported a special order for its consideration. I have not made it mandatory for the Speaker to recognize the chairman of the committee as the 21-day rules does.

The resolution:

*Resolved*, That the following sentences be added to the end of section 2 of rule XXIV: "House bills with Senate amendments which would otherwise require consideration in a Committee of the Whole may be laid before the House for immediate consideration by the Speaker at the request of the chairman, or the ranking member in favor of the bill, of a committee which reported the bill, if, after seven legislative days from the date the House bill was received on the Speaker's table, or if such bill was referred to a committee, after seven legislative days from the date on which the committee reported, whichever is later, the Rules Committee has not reported a special order for its consideration. In this event consideration of the bill by the House shall not be subject to a point of order under section 1 of rule XX."

Fourth. Permit a vote on home rule for the District of Columbia: House Resolutions 784, 785, 786, 787, 788, 789, 790, 791, 792, and 793 have already been introduced, on August 31, 1962, by the gentleman from California [Mr. COHELAN], the gentleman from Massachusetts [Mr. CONTE], the gentlewoman from Oregon [Mrs. GREEN], the gentleman from New York [Mr. LINDSAY], the gentleman from New York [Mr. MULTER], myself, the gentleman from Pennsylvania [Mr. SCHWEIKER], the gentleman from Iowa [Mr. SCHWENGEL], the gentleman from Arizona [Mr. UDALL], and the gentleman from New Jersey [Mr. WIDNALL], respectively—CONGRESSIONAL RECORD, pages 18309 and 18311.

These resolutions would effect a permanent amendment to House rule XXIV, paragraph 8. That rule presently designates the second and fourth Monday of every legislative month as District of Columbia Day. House Resolutions 784 through 793 would add a sentence providing that on such a day any member of the House Committee on the District of Columbia can call up for immediate consideration a home rule bill. The bill would be subject to complete and exhaustive debate, and to full amendment. It would continue to be the business of the House until it was voted on, up or down. For the first time in home rule history, the House would have a chance to work its will.

Here is the text of these resolutions:

Resolution to amend rule XXIV of the Rules of the House of Representatives to establish a method for the consideration of bills providing home rule in the District of Columbia

*Resolved*, That paragraph 8 of rule XXIV of the Rules of the House of Representatives is amended by adding at the end thereof the following new sentence: "On any such second or fourth Monday (after the disposition of motions to discharge committees and the disposal of such business on the Speaker's table as requires reference only) any member of the Committee on the District of Columbia who seeks recognition shall be recognized for the purpose of calling up for consideration a bill providing for home rule in the District of Columbia, whether or not such bill has been reported by the Committee on the District of Columbia or is on the calendar of a Committee of the Whole (and whether or not the day is claimed by the Committee on the District of Columbia under the preceding sentence), whereupon the House shall immediately proceed to the consideration of the bill under its general rules without intervening motion; and if unfinished before adjournment of the day on which it is called up such bill shall remain the unfinished business until it is fully disposed of."

Fifth. Adopt a more rational congressional calendar: A concurrent resolution could provide that, in odd-numbered years, if Congress has not previously adjourned, it recess on July 15, and convene again on November 1. The resolution is confined to odd-numbered years, because the November session in election years would result in a species of "lame-duck" Congress, a creature which was sought to be eliminated by the adoption of the 20th amendment. But permitting a summer back in the district every other year would be a major step forward.

The proposed concurrent resolution:

*Resolved*, That if, in odd-numbered years, the Congress has not adjourned sine die by July 15, then on that date, or the day preceding if July 15 be a Sunday, when the two Houses adjourn, they stand adjourned until 12 o'clock meridian on November 1, or the day thereafter if November 1 be a Sunday.

The adoption of all or part of these five reforms will make Congress, and particularly the House, more serviceable. It is well that they be discussed now, since they will surely be in the wind next January.

---

## A NATIONAL INSTITUTE OF INTERNATIONAL HEALTH AND MEDICAL RESEARCH

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. HALPERN] is recognized for 10 minutes.

Mr. HALPERN. Mr. Speaker, I would like to direct the attention of the House to House Joint Resolution 870, which I introduced, amending the International Health Research Act of 1960.

This amendment provides for the establishment of a National Institute for International Health and Medical Research within the National Institutes of Health of the U.S. Public Health Service.

The introduction of this amendment was motivated by my belief that this act embodies provisions essential to the solution of one of the gravest problems facing not only our country but the countries of the world—the problem of eliminating disease and disability.

These provisions recognize the fact that sickness knows no national boundaries and in our world, separated by cultures, religions, beliefs, political systems, and national interests, there is one common goal, one basis for cooperation—better health for the peoples of the world.

Furthermore these provisions promote the establishment of mutual cooperation to accomplish this goal. By the medical research and training programs authorized by this act, the United States both benefits from and aids cooperation among medical men and scientists throughout the world for combating the forces of disease.

However, I am concerned over the effectiveness of the method established in the present act for administering these excellent steps toward worldwide health cooperation and research coordination. My amendment is aimed at establishing a more effective organ for insuring the maximum progress in medical research and training within the framework of the International Health Research Act. I believe a National Institute of International Health and Medical Research would be such an organ.

The amendment, therefore, establishes no change in the purpose—to unite the efforts of the peoples of the world in combating disease—of the International Health and Medical Research Act. However, it does establish a more effective means of accomplishing this purpose.

The innovation of an institute as the organizational unit for carrying out the objectives of this act will increase the benefits of the medical research program to the world population and the people of the United States. It will allow scientist-to-scientist cooperation rather than government-to-government negotiations; thus we would eliminate unnecessary political hindrances to the furtherance of medical advances. The success of the training programs and research authorized by this act depends essentially upon an international unity which can only be achieved if medical and scientific aims are the primary motivations. The great benefits envisioned in this act should not be—they cannot be—obscured and deterred by complex international policies.

For this reason we can no longer afford to ignore the necessity of placing the activities provided for in this bill in a completely scientific atmosphere. We must establish an organization whose fundamental concern and operations will be to develop and support extensive health research and research training.

The excellent record of the National Institutes of Health of the Public Health Service in achieving a harmonious and productive relationship between the Federal Government and the scientific community of this and other countries throughout the world speaks for itself.

As far back as 1948, the National Institutes of Health provided 14 research grants in the amount of $382,690. From this small beginning the intervening years have provided the Institutes with 14 years of experience in this area, and the foreign research grant program has increased tremendously. In 1961, 542 research grants totaling $8,232,816 were awarded by NIH projects in countries around the globe.

The oversea grants have been lauded by scientists, educational institutions, and workers in the health and medical research field throughout the United States for their great scientific merit. Moreover, recognition of this merit and the great value of these projects has not been confined within the boundaries of our Nation; it has extended throughout the world—cutting across national and geographical boundaries.

I firmly believe that a National Institute for International Health would carry out the more extensive research programs proposed in the International Health and Medical Research Act of 1960 with the same praiseworthy effectiveness.

Dr. Sidney Farber's statement before the Committee of Labor and Public Welfare in 1959 effectually emphasizes the value of and the need for the authorization of such an institute. His statement "If set up within the framework of the National Institutes of Health, with its rich tradition of devoted public service, admirable standards of research administration, and many years of successful conduct of the world's largest medical research endeavors, the proposed new Institute of International Medical Research should make a maximal contribution with the funds available," strongly supports the amendment I have introduced.

Aside from the favorable atmosphere for the growth of international health programs and research that the proposed Institute would provide, I would also like to point out the obvious practical benefits to be gained by such a plan.

Health training programs and medical research are both scientific and technical in nature. They therefore require scientific and technical knowledge if they are to reach their potential effectiveness in combating the forces of disease and disability which plague mankind.

The National Institutes of Health contain such knowledge and are equipped to develop technical skills. The background of the Institutes in the support and conduct of research and training programs provides a fertile field for the future growth of medical advancement, which are the goals of the "Health for Peace Act."

The previous programs of NIH in these areas have built up confidence and respect for the Institutes in individuals, public and private groups, universities, and organizations dedicated to the fields of science and medicine throughout the world. Thus an Institute for International Health and Medical Research would have a sound footing for its international projects and would benefit from the Institutes excellent reputation in matters relating to the international support and conduct of medical research.

The procedures, for reviewing, awarding, and paying research grants already established within the framework of the Institutes would also be of inestimable value in developing the provisions of this bill. I feel that these procedures offer virtually untapped wells of biological and medical research techniques which can be developed through the provisions of the Health and Research Act.

It seems a flagrant waste to fail to utilize these excellent methods that thousands of the taxpayers' dollars and years of hard work by the Public Health Service personnel have developed and proved effective. There is also waste in that a separation of the medical research and training authorized by the International Health and Medical Research Act would inevitably result in the duplication of the research efforts now existent under the National Institutes of Health. A coordination of these two programs by the authorization providing for the administration of this act through an institute would eliminate this time-consuming and needless redundancy—the drain upon medical manpower and finances would be greatly reduced.

By the establishment of a National Institute for International Health and Medical Research within the framework of the National Institutes of Health, the health manpower and research appropriations would be directed toward effectual development of the provisions of the International Health and Medical Research Act of 1960. Such an institute would be a new bulwark for not only the peoples of the United States but the peoples throughout the world in their war against disease and disability.

---

## THE U.S. CONSTITUTION

Mr. MILLIKEN. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. SCHADEBERG] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SCHADEBERG. Mr. Speaker, the United States of America today, September 17, celebrates the 175th anniversary of its Constitution. It was on that date in 1787 that the Constitution was signed in Independence Hall in Philadelphia.

If we who are Members of the Congress today could visualize even to a small degree the difficulties, the obstacles, that had to be painstakingly overcome by the delegates to the Constitutional Convention in laying this foundation of our Republic, we might be more determined in our fight to uphold and defend this document—termed by Jefferson "the wisest ever presented to men." Long months of toil through bitter disagreement, factional disputes, deadlocks, even near-dissolution of the Convention, attended the drafting, signing, and later the ratification of our Constitution.

That Constitution is under attack today—both from without and within. We here in the Congress have sworn to support and defend it, and in observance of this important day, it is to that sworn duty that I address my remarks.

I disagree violently with President Kennedy, who as recently as last month told a group of college students gathered on the lawn of the White House that the Constitution was devised "for an entirely different period of our Nation's history." As one recorder of history said:

> It is evident from the writings of the men who nurtured the document through to final form in those summer months of 1787 that they, too, despite their disagreements, realized they were writing a Constitution that might well give through the ages.

James Madison, of Virginia, said that he and his fellow delegates were framing a system "which we wish to last for ages" and one that might "decide forever the fate of republican government." Gouverneur Morris, of New York, who put the Constitution in final literary form, called on the delegates "to extend their views beyond the present moment of time, for the whole human race will be affected by the proceedings of this Convention."

I disagree with Senator J. W. FULBRIGHT, Democrat, of Arkansas, chairman of the Senate Foreign Relations Committee, who, in a speech prepared for a conference at Stanford University, said:

> The President is hobbled in his task of leading the American people to consensus and concerted action by the restrictions of power imposed on him by a constitutional system designed for an 18th century agrarian society.

And I disagree with Arthur Schlesinger, Jr., who declared that the Constitution was designed for an agrarian society, clearly expressing his view that it is passé.

I believe in the perpetual sovereignty of the United States and of the Constitution and of our Government as a republic. As long as I have the privilege of serving in the Congress, I will continue with every ounce of my being to fight to uphold and preserve our Constitution.

On this particular day we ought to reappraise what we are doing here in the Congress. Are we, as elected Representatives of our districts, supporting and defending the Constitution when we vote for back-door spending proposals? Are we upholding and defending the Constitution when we legislate power to the President, power which is clearly defined by the Constitution as belonging to the Congress? Are we supporting and defending the Constitution when we turn over to the President authority vested in the Congress by the Constitution to fix tariffs; or to levy taxes; or to spend money for various Federal projects by borrowing funds from the Treasury, thereby bypassing the normal appropriations procedures which subject expenditures to annual justification and review by Congress—despite the fact that the Constitution says that no money shall be drawn from the Treasury except by the Congress?

It is conceivable that in our changing society it may be necessary after great study and deliberation to make changes in our Constitution. But let us always realize that if we are to keep government by law and not allow it to become a government by men, we must make these changes in strict compliance with the document itself. Our Constitution must never be legislated out of authority by Congress; interpreted out of authority by the Supreme Court; nor circumvented out of authority by Executive order.

## HIESTAND WARNS AGAINST SCOFFERS

Mr. MILLIKEN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HIESTAND. Mr. Speaker, today is Constitution Day, the day upon which in 1787 our great Constitution was ratified. It marks the start of Constitution Week, which, according to law, has been so declared by the President. It is a day and a week, which should, in my judgment, call for great celebration.

Too few people realize the tremendous value to America of this great document. It is the basis upon which our very freedom is founded. It, together with the first 10 amendments which constitute the Bill of Rights, is the greatest protection to individual freedom and individual rights ever known to man.

When the Founding Fathers declared themselves free from the tyranny of George the Third in 1776, they took a tremendous and hazardous step. They then declared freedom was an inherent right, inherited from the Creator. For the ensuing 10 years the loose Articles of Confederation were found wanting in many ways and the need for a more binding pact became apparent. The objectives as set down in the preamble, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of freedom for themselves and their posterity, are obvious. And thus during that long hot summer of 1787, the Founding Fathers, using the lessons of history, hammered out this great document.

But what happened when men declared themselves free and adopted the solemn pact to protect that freedom? For the first time in history, men were free to hand to their children and their children's children the fruits of their toil and to guarantee to each other justice and equal rights.

Is this not a direct cause of the release of human ambition, human energy, inventive genius, productive genius, and all of the other things which made this country the greatest on earth?

Was it because Americans had any greater brains than any other country? I doubt it. Europe, at that time and since, had developed a far more advanced civilization. Was it because we had any greater natural resources? I doubt it. Many other nations today have even greater undeveloped natural resources than we. Was it because we worked or are working any harder? Certainly, that is doubtful. A number of other nations of which you and I know, would seem to be harder workers than we. What was it then that caused America to excel and exceed the progress of all other nations?

To my mind it is simply that one word, freedom, freedom protected by the Constitution of the United States, which set up three branches of government, each as a check on the other two to protect that freedom and the rights of the individual.

Beware of those who would scoff or belittle our great Constitution or, indeed those who would declare it outmoded. Surely it provides a method of being changed and kept up to date and for great progress of the future. It is, however, a set of basic principles. We can continue to progress and have tremendous growth if we but adhere to its sound and proven principles.

This day and this week, Mr. Speaker, the Nation should, in my judgment, respect and revere that greatest of all documents, the Constitution of the United States.

## KINZUA DAM PROGRAM

Mr. MILLIKEN. Mr. Speaker, I ask unanimous consent that the gentlewoman from Ohio [Mrs. BOLTON] may extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mrs. BOLTON. Mr. Speaker, the New York Times of today, September 17, carries an article headed "Seneca Ceremony Mourns Land Taken by United States Despite Treaty."

The Members of this House will recall that when the Kinzua Dam program was presented there was very strong opposition to it. The fact is that in 1797 Chief Cornplanter of the Senecas signed the treaty of 1794 which I believe was the first treaty the new United States had signed. In that treaty the United States pledged that "the Indians could keep their lands forever."

One's mind immediately turns to Hitler and his scrap of paper. We apparently joined the ranks of those who dishonor their own given word. There might possibly have been an excuse or a reason for placing the dam at that particular point had there been no other way of meeting the situation. But it was brought out very clearly that an even better way had been submitted. However the Army Engineers were immovable and this simpler plan was set aside. To its shame the Congress passed the Kinzua Dam bill.

To me it is one of the blackest bars on our escutcheon. How can anyone trust a country whose government repudiates the first treaty it ever made?

Mr. Speaker, I include in my remarks the article from the New York Times which treats so this situation.

I have learned also, Mr. Speaker, that the 134 families who will be dispossessed by the flooding of their lands own their houses outright and that in addition only two of them have any debts at all.

Surely these are valuable people whose rights should have been respected. In all my 22 years in this Congress, no action has shaken me as this did and still does. If the Congress does not uphold its word, when it breaks its treaties on what can we stand?

### Seneca Ceremony Mourns Land Taken by United States Despite Treaty—Embittered Indians Meet Near Site of Kinzua Dam—Call It a Lake of Perfidy

(By Arnold H. Lubasch)

Cornplanter Indian Reservation, Pa., September 15.—Iroquois Indians conducted solemn ceremonies along the Allegheny River this weekend in the face of an enginering triumph that is causing human tragedy.

The engineering triumph is the Kinzua Dam, a massive flood-control project on the Allegheny River. The human tragedy involves hundreds of Indians who will lose their ancestral lands because of the dam.

The triumph and the tragedy together raise a question of national honor, because the United States pledged in the treaty of 1794 that the Indians could keep their lands forever. Despite the treaty, the Federal Government is building the Kinzua Dam and the Indians are losing 10,000 acres.

Two hundred Iroquois, principally members of the Seneca Nation, gathered at an old Indian burial ground here today—American Indian Day—as proclaimed by Governor Rockefeller of New York. The Indians made the observance sad and sardonic by honoring Chief Cornplanter, who signed the treaty of 1794 and whose gravesite will be inundated by the dam project.

Standing with head bowed before Chief Cornplanter's simple stone monument, Melvin Patterson, master of ceremonies, told the assembled Indians that the "palefaces" would refer to the dam waters as the Allegheny River Reservoir.

"From this day forward," he continued, "we of Indian blood will call the waters that will flood this reservation practically out of existence the lake of perfidy."

Little will be left of the Cornplanter Reservation, situated on the northwest bank of the Allegheny River between the dam and the New York State border, 12 miles to the north. But the greatest Indian loss will be the heartland of the Senecas' Allegheny Reservation, along the river north of the State border.

Raymond Moses, president of the Iroquois Temperance League, which sponsored today's program, placed a wreath at the base of Chief Cornplanter's monument. Basil Williams, president of the Seneca Nation, read Governor Rockefeller's proclamation of American Indian Day.

"We'll remain here until the water comes," said Mrs. Nellie Jackson, a descendant of Chief Cornplanter, who lives on this reservation.

Later, in a tree-shaded picnic grove nearby, the Indians honored Representative John P. Saylor, Republican, of Pennsylvania, and Robert L. Haines, chairman of the Indian Committee of the Philadelphia Yearly Meeting of Friends, or Quakers.

George D. Heron, the program chairman, introduced Mr. Saylor as the only member of the State's congressional delegation who "chose to uphold the integrity of his country" by opposing the Kinzua Dam. Mr. Saylor promised to continue to fight the dam project, scheduled for completion in 1965.

The Quakers, represented by Mr. Haines, were lauded for their long friendship with the Indians, their educational services and their firm opposition to the dam.

Mr. Saylor and Mr. Haines donned war bonnets as they were adopted by the Seneca Indians in a traditional ceremony conducted by Chief Corbett Sundown.

The Indians staged a ritualistic dance to the rhythm of tom-tom music before leaving the Cornplanter Reservation. Many returned to Salamanca, N.Y., where the program activities had started with a motorcade in the morning.

The 50-car motorcade journeyed through the reservation land that will be lost to the dam project. It was a sentimental journey, a symbolic farewell to this verdant land along the Allegheny.

From a wooden bridge crossing the river, the view was like a Monet painting. Sunlight glittered on the calm waters between shadows cast by low-hanging trees along the banks.

The motorcade moved across the State border into Pennsylvania, continuing on winding roads to the Kinzua Dam, where the Indians stopped to look with bitterness. Two huge cranes were pressing forward with the construction work between two steep slopes bordering a bend in the river.

After viewing the site, the Indians returned to their motorcade and traveled to the Cornplanter Reservation for the day's principal ceremonies. Having completed them, the Indians faced an uncertain future today.

Indian spokesmen insist that the dam could be replaced by an alternate project that would spare the Indians' land and preserve their spirit of community. Some believe the loss of traditions will be even greater than the loss of land.

## PLANS FOR SELF-HELP BY SMALL BUSINESSMEN

Mr. SISK. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. Patman] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PATMAN. Mr. Speaker, as the concept of urban renewal is translated into new skylines, new thoroughfares and the other improvements which are bringing about the transformation of cities across the Nation, many byproducts are resulting. Most of these are in the direction of progress: better streets and other public facilities, better housing, in a word, cities better designed for use by their inhabitants.

However, some of the results of this program are of a distressing nature. Small businessmen find themselves forced to relocate elsewhere. Separated from their customers or clientele of many years' standing, it is a difficult adjustment for them to make. Often it requires more capital than they are able to raise. Because of the serious problems encountered, many of these small businessmen simply quit business rather than relocating at a new location.

This is a problem that is receiving much attention in many quarters. One of the best organized efforts to solve it is the Mayor's Advisory Committee on Small Business of the City of Baltimore. This committee, appointed by the Honorable J. Harold Grady, mayor of the city of Baltimore, and its able and energetic chairman, Hon. Reuben H. Levenson, in conjunction with the Honorable Samuel N. Friedel, Representative from the Seventh District of Maryland, has devised a plan whereby existing facilities would be improved and modernized. Present store locations would be made both more accessible and more attractive to shoppers. This would eliminate the necessity for relocation. It has been the pleasure of the small business committee to work with this group in seeking to find ways to aid and assist the small businessmen of the city of Baltimore in this self-help endeavor. Congressman Friedel, Mayor Grady, Chairman Levenson, and the members of his committee are all to be commended for their vision and their farsighted approach to this problem.

Nor is this type of solution appropriate only for our larger urban areas. It can prove helpful, as well, to the smaller towns and cities whose small businessmen are encountering similar problems. In the September 11, 1962, edition of the Christian Science Monitor, Roscoe Fleming has set forth a plan conceived by the Small Business Administration's Denver regional office for assisting in the rehabilitation of small city main streets. I include the article at this point in the Record:

### Plan for Main Streets

(By Roscoe Fleming)

Denver.—How could Federal resources be better employed than in helping merchants of small cities replace their faltering "Main Streets" with lively, attractive, modern shopping malls?

There is no better use, in the view of Harold Smethills, director of the Government's regional Small Business Administration office. And he has outlined plans for such developments, for which he has received a tentative nod to go ahead from national headquarters in Washington.

Under his plan, owners of four or more square blocks in the heart of a small city would form a new corporation which would acquire all the property, by condemnation if necessary.

#### METHOD SPREADS

Existing structures would be torn down to be replaced by modern malls, each member store flanked by broad parking spaces. In effect, the plan would plant a modern locally owned shopping center in the heart of town, rather than on the outskirts.

The latter is the prevailing mode, he said. It started in and around the larger cities and now is spreading to smaller ones.

Suburban shopping centers have two characteristics:

They drain trade from the center of the city and leave the city's traditional merchants stranded.

They are occupied in many cases by units of national or regional chains. Thus the profits they make often go out of town.

### ADVANTAGES CITED

So, says Mr. Smethills, his plan would have two advantages:

It would keep locally made profits at home to build up the community.

It would replace dinginess with bright, convenient, modern facilities in the center of town.

He says he has been working to institute a pilot project, and has found that complete cooperation is needed, and, in fact, that new Federal legislation probably will be required, particularly in the field of eminent domain and condemnation.

The laws affecting such matters vary from State to State. The local corporation, when formed—with each merchant holding a share commensurate with the value of property he will contribute—must have the power to handle all the real estate required and, therefore, must be able to take it over for a fair price.

### WIDE SUPPORT NEEDED

"And I've already found that just enlisting the local merchants themselves won't do," said Mr. Smethills. "You have to get everyone behind such a project to rehabilitate the heart of the town—the city administration, the chamber of commerce, civic groups, the press. This is perhaps the biggest job of all."

He said he had hopes to institute a pilot project in one small city and that he has had the cooperation of all save the absentee owner of five pieces of property in the central area.

Mr. Smethills believes that if one such mall is built, its advantages will be so obvious that national legislation and specific funds may find the favor of Congress.

"We talk about preserving small business," he said, "and building up the interior economy of the Nation. Here is a most effective way to do both.

### LOANS PROPOSED

"Here, in effect, would be a way to stimulate the economy in case of a recession, without a big public-works program. It would pay for itself—we propose that these Government loans to the small corporations would be at 5.5 percent interest. * * *

"The huge suburban shopping centers give leases to those with the highest credit ratings. This means, in 90 percent or more of cases, the big national or regional chains, which through huge volume can do business on smaller margins.

"If a local merchant can afford space at all, he gets the less desirable locations. And if he can't, he stays in his downtown store and watches an increasing proportion of business go to the suburban center."

## CONSTITUTION DAY

**Mr. SISK.** Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. KITCHIN] may extend his remarks at this point in the RECORD and include extraneous matter.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. KITCHIN.** Mr. Speaker, today is Constitution Day and it marks the 175th anniversary of the signing of the Constitution of the United States. We of North Carolina—and especially in the Eighth Congressional District, which I am honored to represent—are singularly mindful of historic anniversaries.

This year, for instance, the Congress by joint resolution enacted into law recognition of North Carolina's 300 years, identity in American history by creating the North Carolina Tercentenary Celebration Commission.

On National Constitution Day the thoughts of many Americans turn to the America's earth-shaking Declaration of Independence of 1776 as perhaps the greatest and most lasting assertion of human freedom in the history of the human race.

And in thinking upon the inspiring history of our Constitution, Declaration of Independence, and Bill of Rights, we North Carolinians remember with great pride, one of the significant forerunners of these monumental documents, the Mecklenburg Declaration of May 20, 1775.

On this 175th anniversary of our Constitution of the United States, I take the occasion to recall to my respected colleagues that at midnight, May 20, 187 years ago, a militant group adopted rebellious resolutions declaring Mecklenburg, N.C., to be free and independent of the British crown.

It is widely accepted by many historians—certainly the historians of North Carolina—that the Mecklenburg Declaration was the direct parent of the American Declaration and that many passages, word for word and phrase for phrase, from the Mecklenburg Declaration, appear in the document adopted the next year in Philadelphia.

On this national Constitution Day I take occasion to salute the Constitution; to thank the Congress for its recognition of my State through the North Carolina Tercentenary Celebration Commission, and to wish for all of the 185 million of us many happy returns of Constitution Day through the centuries ahead.

## KNOWLES DAM FOR MONTANA

**Mr. SISK.** Mr. Speaker, I ask unanimous consent that the gentleman from Montana [Mr. OLSEN] may extend his remarks at this point in the RECORD.

**The SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

**Mr. OLSEN.** Mr. Speaker, a long time ago, I committed myself to the policy of Montana water for Montana people and the development of Montana resources first for the benefit of Montana people and, of course, then, secondarily, for the benefit of everyone in the Nation. It just seemed to me that the first benefit from the resources in Montana should go to the people of that area, and unless the development is beneficial to those people, it could not be beneficial to the country generally.

However, water is committed to running downhill. Therefore, if the water is to be developed for Montana people, it has to be developed before it gets out of the State. For many years now, excess runoff of water from Montana has been going to the seas undeveloped. The run of the river dams developed by private power companies have permitted a great waste of water by failure to corral the floodwaters. This is only natural, inasmuch as the private power companies are organized for the profit of their stockholders and are not eleemosynary institutions organized to control the floodwaters, develop recreation, or irrigation and reclamation, or any of the other benefits of a great river such as the Clarks Fork of the Columbia River or the Flathead River.

Thus, it has been my philosophy, together with that of most people in my district, that we should commit ourselves to the development of the whole river—complete development—in cooperation with the whole basin of the river. Thus, I am completely committed to the development of the Knowles project—an at-site production of 267,000 kilowatts of prime power, together with 686,000 kilowatts of downstream power. This is contrasted with the relatively small development of an at-site production of only 148,000 kilowatts at Buffalo Rapids Nos. 2 and 4.

I am not an engineer. But I think that my philosophy is the correct one to develop the whole river—especially if the cost-benefit ratio is satisfactory and compatible with the law. The Corps of Engineers has studied this project for 11 years. I am convinced that the members of the corps are dedicated public servants who have no private motive or personal regard to influence them. I am compelled to believe their statements of facts and conclusions as against the critics who have a profit motive or a personal ax to grind. The Chief of Engineers and Board of Rivers and Harbors recommended Knowles in their major water plans. The Secretaries of the Army and Interior approved the corps recommendation. The Bureau of the Budget has approved Knowles as part of the major water plan. The White House announcement included it in the recommendation sent to the Congress on April 11, 1962.

I am very happy that we have the recommendation of the Corps of Engineers to the effect that the benefits of the Knowles are such that the project pays for itself in 50 years on a cost-benefit ratio of 1.3 to 1. The law is conservative and thus is the Corps of Engineers conservative because this project, if constructed, would be fully beneficial for certainly more than 100 years.

It should be most enlightening to your committee that last year, in the month of July, I mailed 90,000 questionnaires to the householders and rural boxholders in my district. One of the questions was as follows:

> The U.S. Corps of Engineers has recommended a dam at Paradise Knowles at Clarks Fork River in Montana for cheap electric power, flood control, irrigation, and recreation. Do you vote "yes" or "no"?

The answers received from almost 15 percent of the people queried were "yes," 54 percent; "no," 39 percent; "undecided," 7 percent.

In other polls taken among the people affected, the results have been ascertained as follows: The results of the Plainsman, published at Plains by Don Coe; the Sentinel, published at Hot Springs by Dick Shirley; and the Sanders County Ledger, published at Thompson Falls by K. A. Eggensperger, showed 2 to 1 support for Paradise Dam.

In May of 1962, radio station KOFI, an independently owned and operated enterprise, ran a public opinion poll on the Knowles Dam question. KOFI is a 5,000-watt station and has the greatest coverage of any station operating in the Flathead Valley near the Knowles Dam site.

The question asked was simply, "What is your opinion of Knowles Dam?" This poll was run on a Sunday.

In reading the results on the air, the announcer stated that he was disappointed that more people did not put down their reasons for supporting or opposing Knowles Dam. One hundred and two people wrote in to the station. Ninety-five for the dam, seven against. None of the letters read over the air in support of the dam contained requests to withhold the author's name, and three out of four of those whose letters opposed the dam asked that their names not be read on the air.

Together with the Senate leadership of the Montana congressional delegation, I plan to participate in obtaining a reservation of power for Montana similar to that obtained in the Hungry Horse power situation. There, a reservation of power has been made for all of Montana. However, the at-site power of Hungry Horse is a little more than 90,000 kilowatts—yet Montana has present committed use from Bonneville of more than 220,000 kilowatts. Thus, it is obvious that the reservation, while desirable, is not absolutely necessary because the national policies of our distribution have well compensated Montana for the storage services.

Montana's best self-interest is to serve the basin in its best capacity and likewise be paid in power availability for its service.

Electric power at most reasonable rates is attractive to industry and is thus a jobmaking proposition. This is best demonstrated in the case of the Tennessee Valley Authority and the Bonneville Power Administration. However, it is also well demonstrated near at hand with the aluminum plant that was attracted to Montana by the power rates of Hungry Horse Dam.

Other power developments in Montana by the Federal Government, such as Canyon Ferry and Fort Peck, have made rural electrification possible. The yardsticks afforded by these two projects made it a favorable proposition that 5-mill power could be demanded by the REA projects throughout Montana.

In a nutshell, Knowles would be beneficial to Montana:

First. Full development at-site power 267,000 kilowatts.

Second. Full development storage for downstream power 686,000 kilowatts.

Third. Lower unit cost for total of 953,000 kilowatts.

Fourth. Cheap power inviting jobmaking industry to Montana. Bonneville postage stamp rate of 2.4 mills instead of private power rate of 6 mills per kilowatt.

Fifth. Montana obtains its rightful share of National Government investment in natural resource development.

Sixth. Increase in broadened tax base of local government with new industry, new families, and new homes.

Seventh. Greatly enhance fish and wildlife resources.

Eighth. Boost Montana recreation and tourist industry.

In our competition with the rest of the world, we must increase our National Government investment in natural resource development. In any event, Montana is entitled to a fair share of the national investment. Knowles qualifies under the law by cost-benefit ratio.

In behalf of Montana and my district, I strongly recommend that your committee act favorably on the Knowles project.

---

## CONFEREES AGREE ON FARM BILL

Mr. SISK. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. Cooley] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COOLEY. Mr. Speaker, I am delighted to announce that the conferees this afternoon finally agreed upon a conference report on H.R. 12391, the Food and Agriculture Act of 1962.

The report will be filed tonight and will be available tomorrow. I have been assured by the leadership that the conference report may be called up later this week for final vote. I am certain that the conference report will not be presented before Wednesday, and may not be presented until Thursday.

In the report the differences in the two versions of the legislation and how these differences were resolved in conference will be discussed. For the information of Members of both Houses of Congress I have prepared a summary of the major provisions of the bill as approved by the conference, and I shall now read this summary into the Record.

### TITLE I—LAND-USE ADJUSTMENT

### SECTION 101

This section amends the Soil Conservation and Domestic Allotment Act to provide for continued Federal administration of the agricultural conservation program and provides authority for the Secretary of Agriculture to carry out long-range conservation plans with individual farmers and ranchers in all agricultural areas through agreements for periods not to exceed 10 years to provide for changes in cropping systems and land use, and for development of soil, water, forest, wildlife, and recreation resources by means of cost sharing and other assistance.

Agreements may not be entered into covering land with respect to which the ownership has changed in the 2-year period preceding the first year of the contract period except with successors by inheritance or purchasers during the contract period. Agreements for the establishment of tree cover may not provide for annual payments with respect to such land for a period in excess of 5 years.

The Secretary cannot enter into agreements providing for assistance in amounts in excess of $10 million for any calendar year, except that for calendar year 1963 he may provide assistance with respect to lands previously covered by conservation reserve contracts in an amount not exceeding an additional $15 million.

### SECTION 102

The amendments to title III of the Bankhead-Jones Farm Tenant Act include changes in section 31 to provide for the protection of fish and wildlife, but prohibits the building of industrial parks or establishing private industrial or commercial enterprises. They provide that the Secretary of Agriculture may cooperate with Federal, State, and local public agencies in developing and carrying out plans for land conservation and land utilization. This will include the furnishing of technical assistance and loans.

These amendments authorize the Secretary of Agriculture to assist State and local public agencies designated by the Governor or the State legislature, through loans, to carry out land utilization plans. This would enable the Secretary of Agriculture to make loans to appropriate State and local public agencies for the purpose of facilitating the shift of land resources out of unsuitable uses or out of the unneeded production of surplus crops into new and better uses. It would also provide an opportunity for rural renewal development by authorizing the Secretary of Agriculture to help develop plans for improvements and to assist in carrying out such plans by means of loans to State and local public agencies. These plans could be developed for severely disadvantaged rural areas where much of the land is not in its best use, resulting in chronic underemployment and poorly developed community facilities. Their objective would be to create conditions that would make these communities attractive to private investment and individual enterprise.

Repayment of loans would be required in not more than 30 years, with interest at the average rate paid by the Treasury on obligations of similar maturity.

The Governor or appropriate State agency would have 45 days to disapprove plans of State or local agencies. A single loan over $250,000 would have to be approved by appropriate congressional committees. Repayment of loans may be deferred for not to exceed 5 years.

Sections 103 through 106 would make several important changes in the Watershed Protection and Flood Prevention Act.

Section 103 would make three changes in the existing authority contained in this act.

First. It adds recreational development as a purpose for cost sharing. This means, for example, that funds appropriated to carry out the purposes of the act could be used to cost share with local organizations in enlarging a reservoir to make it more suitable for recreation. It authorizes the Secretary to bear not to exceed one-half of the cost of land, easements, and right-of-way for reservoir or other areas to be available for public recreation and of providing minimum basic facilities needed for public health and safety, access to, and use of the reservoir or other area. The cost sharing is conditional on a local organization agreeing to operate and maintain the reservoir or other area for public use. This amendment would not authorize the Federal Government to acquire title to any land. It would be entirely optional with local organizations as to whether they would include public recreational developments in watershed projects which they sponsor. The Secretary would be authorized to participate in recreational development in any watershed project only to the extent that the need therefor is demonstrated in accordance with standards to be established by him. Moreover, the number of public recreational developments on which the Secretary would be authorized to cost share is limited to one such development in the smaller projects and no more than three in the largest projects.

Second. It authorizes the Secretary to advance funds to local organizations for immediate acquisition of lands, easements, and rights-of-way to prevent encroachment of other developments but such funds must be repaid with interest prior to construction, except for any part of such costs which the Secretary is authorized to bear.

Third. It would establish new criteria for Federal cost sharing for all purposes other than flood prevention and municipal or industrial water supply based on the principle of consideration of national needs and assistance authorized for similar purposes under other Federal programs. This would permit the Secretary to establish definite cost-sharing requirements which are uniformly applicable in all watershed projects and which might be modified from time to time to conform with changes authorized for Federal assistance in other programs or to meet changing national needs.

Section 104 would provide authority to the Secretary comparable to that previously given to the Secretary of the Army and the Secretary of the Interior in the Water Supply Act of 1958, as amended, to assist local organizations in developing municipal and industrial water supply for future use.

Section 105 would delete certain obsolete language and would clarify the authority of the Secretary to provide engineering services for municipal and industrial water supply on a reimbursable basis.

Section 106 would specifically provide that amendments included in sections 103 and 104 and all subsequent amendments to section 4 of the Watershed Protection and Flood Prevention Act are made equally applicable to the 11 watersheds authorized under the Flood Control Act of 1944.

### TITLE II—AGRICULTURAL TRADE DEVELOPMENT

The provisions of title II relate to long-term supply contracts through dollar credit export sales under title IV of Public Law 480 and also to the nonprofit school lunch programs carried out overseas through the charitable organizations and intergovernmental agencies like UNICEF.

In the title IV, Public Law 480, long-term dollar credit sales, one of the most significant amendments is to authorize agreements with the private trade in addition to those which had previously been authorized with the governments of friendly nations.

The purpose is to stimulate the sale of surplus agricultural commodities for dollars through long-term supply agreements and through the extension of credit for the purchase of these commodities, so that these agricultural commodities will assist in the development of the economies of friendly nations, and to maximize our U.S. dollar trade.

The Secretary of Agriculture is authorized to enter into sales agreements with foreign and U.S. private trade firms and institutions. The agreements with the private trade also must provide for the furnishing of such security as the Secretary determines necessary to provide reasonable and adequate assurance of payment of the amount due for commodities sold under the agreement.

The use of financial institutions acting in behalf of friendly nations would be authorized in addition to the previous authority to enter into agreements directly with the government agencies of friendly countries.

The payment provisions are also modified to permit scheduling payments in reasonable, rather than approximately equal, annual amounts, and the date for beginning annual payments may be deferred for not more than 2 years after the last delivery in each calendar year.

A change was also adopted in the provision relating to participation by other friendly and historic supplying nations in the supply and assistance program authorized under title IV. Existing legislation required the Secretary of Agriculture to endeavor to reach agreements with other exporting nations, whereas the amendment makes this authorization discretionary with the Secretary. Title IV is also amended so as to make applicable the policies of utilizing private trade channels and emphasizing market development, as in the case of foreign currency sales.

Sections 202 through 205 relate to the nonprofit school lunch programs which are also often referred to as "school feeding programs" or "child feeding programs." The basic authorities in section 416 of the Agricultural Act of 1949, as amended by the provisions in section 302 of Public Law 480 and supplemented by other related statutes, are amended in this bill in accordance with the House provisions.

In addition to the authority for donation of commodities from the stocks of CCC and the purchases made pursuant to specific statutory authorizations, donations are specifically authorized for use in nonprofit school lunch programs outside the United States as well as assistance of needy persons.

The House provision in section 205 has been clarified to cover specifically the three statutes being amended in section 202 through 204. This section as it passed the House and has been clarified by the conference committee provides that the Secretary shall receive assurances satisfactory to him that, insofar as practicable, there will be student participation in the financing of these school feeding programs outside the United States on a basis of ability to pay. In addition to clarifying the availability of commodities for these programs, it is provided that the programs shall be undertaken with the understanding that commodities will be available for them only in accordance with the provisions of these authorizing statutes, and the usual priorities as established in the provisions of section 416 of the Agricultural Act of 1949, as amended, with respect to commodities made available under section 416.

### THE 1963 FEED GRAIN PROGRAM

For the 1963 crop of corn, grain sorghum, and barley, producers can participate voluntarily by reducing their 1959–60 base acreage of those three crops by a minimum of 20 percent and up to 50 percent. Up to 25 acres may be diverted on any farm notwithstanding the maximum diversion rate of 50 percent. Participating producers will be eligible for price support on corn at $1.20 per bushel, to be provided through a price support loan at a national average rate of $1.02, and payment in kind of 18 cents per bushel from CCC stocks. Participating producers will also receive diversion payments computed at 50 percent of the value—at the price support level—of normal production on the diverted acreage.

No price support will be available to nonparticipants. The Commodity Credit Corporation will assist producers in marketing their payment-in-kind certificates. Feed grains provided by the Commodity Credit Corporation for certificates shall be valued at not less than the support price minus the 18 cents payment in kind.

Unlike the 1962 program, barley will be included in the corn and sorghum program. Also, the provisions for production crops such as sesame and safflower on diverted acres are nearly identical with the 1962 provisions, and include authority for the Secretary to make partial diversion payments on such acreage.

This program will enable the Secretary to continue the improvement in farm income begun last year, to reduce the carryover of feed grains for the third successive year, and to continue to stabilize the livestock economy through a sound feed grain program.

### THE 1963 WHEAT PROGRAM

Farmers have already approved marketing quotas for the 1963 crop of wheat, and are planting or preparing to plant an acerage based upon the 55 million acre national allotment. The conference report requires no change from that procedure by farmers. It does provide, however, a voluntary diversion program for 1963 crop wheat similar to the 1962 program and to the 1963 feed grain program. Producers would be eligible for price support at $1.82 per bushel, if they do not exceed their farm acreage allotment based upon the 55 million acre national allotment. Producers would also be able to voluntarily participate in an acreage diversion program for the 1963 crop of wheat, and if they divert at least 20 percent of their wheat allotment or in the case of small farms of less than 15 acres of their average plantings of wheat for 1959, 1960, and 1961, to conservation uses, would be eligible for diversion payment equal to 50 percent of the value of normal production on the diverted acreage, and for payment in kind at a rate of 18 cents per bushel on the normal production of the acreage devoted to wheat. Therefore, producers who participate in this special program would receive price support at $2 per bushel, through the combination of the loan and the payment-in-kind programs. The maximum diversion on any farm would be either 50 percent of the allotment or in case of small farms, up to 10 acres.

Provisions relating to the production of crops such as safflower and sesame would be essentially the same as for feed grains.

### THE 1964 FEED GRAIN PROGRAM

Both the House of Representatives and the Senate approved a change in the price support authority for corn beginning with the 1964 crop. The House bill provided price support at 80 percent of the 3-year average market price. The Senate bill provided price support from 0 to 90 percent of parity at such level as would not add to CCC stocks of corn.

The conference report requires that, beginning with the 1964 crop, corn price supports would be between 50 and 90 percent of parity at such a level as the Secretary determines would not add to CCC stocks of corn. Price supports for other feed grains would be related to corn.

### THE 1964 WHEAT PROGRAM

Congress has studied the wheat problem for many years and has taken corrective action several times within the last few years only to see it fail for one reason or another. The wheat marketing certificate program would provide a permanent program of long-range benefit to wheat producers, to the public, and the grain industry. It would put an end to the uncertainty the wheat farmers have been faced with each year.

There are two principal features of the permanent wheat provisions of the conference report. The first would eliminate the 55 million acre national allotment and would authorize the Secretary to estimate the total requirements for wheat in the coming year and to announce an acreage allotment large enough to meet those requirements. This is what we have been doing for years in the tobacco program, the cotton program, and the rice program. It can be done just as successfully for wheat. Producers would qualify for diversion payments for 2 years on an acreage equal to the difference between their new allotment under the bill and their wheat allotment in 1961. This would support farm income and prevent those acreages from being turned to other crops.

The other principal factor of the wheat program is a change in the price support system. A marketing certificate program which would assure producers of price supports between 65 and 90 percent of parity for their share of wheat used for food and for a large portion of the exports would be substituted for the present price support system. The main advantages of the marketing certificate program are that it provides greater flexibility for farmers to produce wheat as a feed grain if they want to, and that it limits higher price support level for wheat to a stated number of bushels. The certificates provide a means of distinguishing between wheat for food and export to be supported between 65 and 90 percent of parity and wheat for feed.

This change in the price support system for wheat is not something new that the Congress is being asked to consider. A marketing certificate program called the domestic parity program was approved by Congress but vetoed by the President in 1956. Similar proposals were considered by the Congress as far back as the early 1930's. There is broad agreement that the certificate program for wheat is a real improvement over the present price support system both for farmers and the Government. No substantial objections to the certificate program have been raised before the Agriculture Committee of the House.

There are other important provisions in the permanent wheat program:

First. The 15-acre exemption under which any farmer could grow 15 acres of wheat would be terminated permanently. Producers who have built up an acreage history under this provision, however, would be credited with their 3-year average acreage.

Second. Producers with 15 acres or less could also decide whether they wanted to be subjected to the program or exempt from it, and if they decided to be subject to the program could divert as much as their entire acreage for payment.

Third. Certain crops not in surplus supply, such as safflower, sesame, and other minor crops, could be produced on diverted acreage at the discretion of the Secretary, and partial diversion payments could be made.

Fourth. If more than one-third of the producers voting in the referendum opposed the program, price support would be provided at 50 percent of parity to cooperators.

The Secretary has assured the Agriculture Committee that if this proposed program had been put in effect in 1963, he would have expected to issue marketing certificates in the amount of approximately 925 million bushels, and would have provided price support at approximately $2 per bushel on that amount of wheat. Determinations of the percentage of the crop to be supported in the range of 65 to 90 percent of parity in later years would be based primarily on farm income objectives.

The bill provides also that the Secretary may increase the allotment for any type of wheat which would otherwise be in short supply. This will make it possible to gear the supply of different kinds of wheat to the market demand for different kinds of wheat.

Authority it provided also for the Secretary to permit wheat to be produced on feed grain acreages to such extent and under such conditions as will not impair the operation of the wheat program. It is understood that this authority would not be used except in the case when an acreage diversion program for feed grains was in effect.

Adequate authority is provided in the bill for the Secretary to administer the wheat marketing certificate program in a manner agreeable both to wheat producers and the wheat and flour industry. Authority is provided also for the Secretary to make an orderly transition from the 1963 wheat program to the 1964 program in a manner which will avoid both windfall profits and unexpected losses which might otherwise occur. It is important this program is being enacted a year in advance of its effective date, so that the Department of Agriculture has an opportunity to work out proper regulations, to consult with all parties concerned, and to announce the provisions for operation of the program well in advance.

### TITLE IV—FARMERS HOME ADMINISTRATION

The bill makes the following changes in the lending authorities of the Farmers Home Administration:

First. Adds "recreational uses and facilities" to the purposes for which real estate loans may be made or insured to the owner-operators of not larger than family farms,

Second. Adds "shifts in land use including the development of recreational facilities" to the purposes for which loans may be made or insured to associations serving farmers and other rural residents,

Third. Adds "recreational uses and facilities" to the purposes for which operating loans may be made to the operator of not larger than family farms,

Fourth. Adds a definition of farmers to include persons engaged in fish farming among farmers eligible for loans, and

Fifth. Increases from 10 to 25 million the aggregate of the real estate loans which the Secretary may make out of the insurance fund to be sold and insured, which are on hand and not disposed of at any one time.

## THE AMERICAN PATENT SYSTEM PROVIDES A STIMULUS FOR INDIVIDUAL INVENTORS TO SECURE COMMERCIAL DEVELOPMENT OF NEW IDEAS THROUGH MODERN INDUSTRY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Indiana [Mr. ROUDEBUSH], is recognized for 30 minutes.

Mr. ROUDEBUSH. Mr Speaker, as a member of the Science and Astronautics Committee, I have a great interest in all Government endeavors which contribute to America's continued preeminence in science and technology. They are a vital concern to our committee. While the Federal Government has undertaken many programs to promote research and development activities, probably its most significant contribution over the years stems from the incentives provided by the patent system. We are fortunate that our Founding Fathers made specific provision in the Constitution itself that—

> The Congress shall have the Power to Promote the Progress of Science and Useful Arts by Securing for a Limited Time to Authors and Inventors the Exclusive Rights to their Respective Writings and Discoveries.

The many measures which have been proposed to alter the patent system impel me to review carefully every aspect of its contribution to America's progress in the fields of science and technology. As a Member of this body, I have a responsibility to share my findings with my colleagues. On June 25 of this year I reviewed the stimulus the American patent system provides for team research efforts in modern industrial organizations. Complex new developments require the combined efforts of many people, as well as costly equipment, which necessarily accounts for the increasing number of patents granted to the employees of American industrial firms supporting research efforts.

Mr. Speaker, however, it is important that we recognize the role of the individual inventor who while working alone continues to make outstanding contributions to the wealth and security of our society. In my remarks on March 5 of this year, I reviewed some aspects of the stimulus the patent system provides gifted individuals. Of necessity the commercial development of inventions which may have pervasive effects on our people requires the support of modern corporate enterprises. My purpose today is to show that the patent system not only provides a stimulus for invention, but it enables an inventor to seek financial, commercial, and industrial resources to make his dream a reality for the benefit of everyone.

A study entitled, "The Sources of Invention," by Prof. John Jewkes, a distinguished British economist, was published in 1958. It shows that the genius for invention is still an individual quality, and it recounts the trials and tribulations of many inventors. Their ultimate success has resulted in the development of new products and processes that have benefited all of us. In addition, in every case patent protection furnished the sole means whereby an invention could be developed into a commercial product which in many instances provided the basis for establishing a new firm.

Mr. Speaker, the protection granted an inventor for a limited period in exchange for a complete description of his invention is responsible for much of our present-day progress. Professor Jewkes stated:

> Every inventor, however original he may appear to have been, is laying bricks upon a building which has long been in the course of construction from innumerable and unknown hands.

Professor Jewkes provides the answer for the question so frequently posed, "Is the individual inventor disappearing?" Mr. Speaker, I wish to quote directly from his text. He states:

> The evidence of the continued survival of the individual inventor is simply that many men who have lived in this century—numbers of whom are still, or were until recently, alive—fall into this category and by their genius have added enormously to the stock of useful ideas and to standards of living.

Subsequently he lists but a few of the names of great inventors whose inventions are widely used in our modern society.

Mr. Speaker, Professor Jewkes' list is necessarily only representative of the contributions of modern, independent inventors; however, I wish to insert this list at this point in my remarks:

> H. Anschultz-Kaempfe, gyrocompass; E. Armstrong, radio; L. H. Baekeland, bakelite; F. G. Banting, insulin; W. B. Barnes, automobile overdrive; L. Biro, ballpoint pen; J. E. Brandenberger, cellophane; S. G. Brown, gyrocompass; A. Campbell, cottonpicker; M. Camras, magnetic recording; C. Carlson, xerography; W. H. Carrier, air conditioning; W. Chalmers, plastic glass; J. de la Cierva, autogiro; F. G. Cottrell, electric precipitation; S. W. Cramer, air conditioning; J. Croning, shell molding; F. W. Davis, power steering; Carleton Ellis, chemicals; P. Farnsworth, television; H. Ferguson, tractors; R. Fessenden, radio; C. G. Fink, chromium plating; A. Fleming, penicillin; L. de Forest, radio; K. Gillette, safety razor; L. Godowsky, Kodachrome; J. H. Hammond, Jr., electronics; J. Harwood, self-winding watch; H. F. Hobbs, automatic transmissions; E. Houdry, catalytic cracking of petroleum; S. Junghands, continuous casting; W. J. Kroll, titanium; E. H. Land, synthetic light polariser; F. W. Lanchester, aeronautics; E. O. Lawrence, cyclotron; L. Mannes, Kodachrome; G. Marconi, radio; C. Munters, gas refrigeration; W. Nickerson, safety razor; J. A. Nieuwland, neoprene; W. Normann, hardening of liquid fats; E. J. de Normanville, automobile transmissions; H. von Ohain, jet engine; R. P. Pescara, helicopter and free piston gas generator; V. Poulsen, magnetic recording; R. Rossmann, sulzer loom; J. and M. Rush, cottonpicker; P. M. Salerni, automatic transmissions; G. J. Sargent, chromium plating; F. Seech, ballpoint-pen ink; H. Sinclair, fluid flywheel; A. Steckel, steel rolling process; G. Sundback, zip fastener; E. A. Thompson, automobile transmissions; S. A. Waksman, streptomycin; F. Whittle, jet engine; K. Ziegler, polyethylene.

Mr. Speaker, all of the inventions Professor Jewkes lists has one common denominator—the concept of an individual protected with a patent resulted in commercial development through industrial corporations. Time does not permit a discussion of each of these notable achievements; however, I shall discuss a few as examples of how talented individuals responding to the stimulus of the patent system are able to bring their ideas to the consumer through commercial channels. It is of particular significance to me that a patent incentive results in inventions being perfected by individuals whose main occupation is often in a field of activity quite remote from their invention.

Mr. Speaker, I wish to insert a further excerpt from Professor Jewkes' study at this point in my remarks:

> The essential feature of innovation is that the path to it is not known beforehand. The less, therefore, an inventor is precommitted in his speculations by training and tradition, the better the chance of his escaping from the grooves of accepted thought. The history of invention provides many instances of the advantages, if not of positive ignorance, at least of a mind not too fully packed with existing knowledge or the records of past failures. The comparative novice may, indeed, plunge wildly, wasting much time, but his initial lack of knowledge may not be pure loss for he may be less deterred by possible difficulties and the false steps of the past. Inventors who have struggled through to success have often confessed that "if they had known the difficulties they would never have started." Nearly all the important inventions in steel production in the 19th century came from rank outsiders whose ignorance of what could not be done was their chief asset. It has been said that Farnsworth may have benefited from his lack of contact with the outside scientific world and the work being pursued in television elsewhere. He tells the story of how at one stage a professor gave him four good reasons why his ideas, subsequently successful, could not possibly work. Shortly before the jump forward in solid-state physics represented by the discovery of the transistor, scientific authority was being claimed for the belief that nothing more was to be known or found in this field. The first success in the use of short-wave radio for long range transmission was achieved by sceptics who refused to be deterred by the formal proof of mathematicians that this was impossible. C. F. Carlson, the inventor of xerography, tells of how his technical friends looked with scorn upon his waste of time. The first use of the controllable pitch propeller evoked in Europe theoretical proofs that such complicated mechanisms had no advantages.
>
> The list of instances where a fresh and untutored mind has succeeded when the experts have failed, or have not thought it worth while trying, could be greatly extended. Some of them seem almost fantastic yet there is good authority for them; Gillette, the inventor of the safety razor, was a traveling salesman in crown corks. The joint inventors of Kodachrome were musicians. Eastman, when he revolutionized photography, was a bookkeeper. Carlson, the inventor of xerography, was a patent lawyer. The inventor of the ballpoint pen was at various times sculptor, painter, and journalist. The automatic telephone dialing system was invented by an undertaker. All the varieties of successful automatic guns have come from individual inventors who were civilians. Two Swedish technical students were responsible for the invention of domestic gas refrigeration; a 20-year-old Harvard student for success in producing the first practical light-polarizing material. The viscose rayon industry was largely the result of the work of a consulting chemist, a former glassblower, and a former bank clerk. An American newspaperman is credited with being the father of the parking meter. J. B. Dunlop, the inventor of the pneumatic tire, was a veterinary surgeon.
>
> Scientists and technologists trained in one field have often been responsible for inventions in a field relatively unknown to them. B. N. Wallis, an aircraft designer, was responsible for some of the most important innovations in bomb design during the Second World War although he had little or no knowledge of that subject when he first turned his interest to it. Midgley had been trained as a mechanical engineer, but his great achievements when with General Motors were in the chemical field. Krilium, the new soil conditioner, was produced by chemists who had no knowledge of soil chemistry when they joined Monsanto. Föttinger had been trained as an electrical engineer, yet revolutionized hydraulic power transmission.
>
> During the last war men with very varying backgrounds were in Great Britain given a chance to devote themselves to new weapons of war and methods of operation and they produced a steady stream of ideas, many of which were highly successful. Houdry was an engineer but he was responsible for the first practicable method of the catalytic cracking of petroleum. Goldmark, an engineer in charge of the Columbia Broadcasting System's color television experiments, invented the long-playing record.
>
> The outsider often has less inhibitions in challenging accepted ideas and in trying out simple solutions when those better informed are searching for results by more complex and scientific routes. Long practice in a profession tends to form a crust on the mind (not, of course, without its value for many purposes) which results in things being taken for granted, in assumptions becoming deeply embedded, in simple questions being asked the most rarely. The growth of scientific specialisms may prove obstructive to innovation in two ways. First, specialist groups come to accept traditional interpretations of events difficult to break down except by the sceptical outsider who does not share the group loyalties. Second, the groups tend to become insulated from one another. For the specialists in one group, recognizing how much there is to learn in their own corner, become reluctant to advance views outside their own immediate range of knowledge.
>
> Even where the individual is well informed of what is being done elsewhere, he may deliberately devote himself to unorthodox ideas, recognizing that his chance of making a mark is much less if he sets out to compete with larger organization in producing more improvements. The search for real originality, of course, reduces the chance of success, but the successes will be bigger when

> they come. Carlson in inventing xerography purposely steered away from anything resembling photography or other known chemical processes because he felt that this ground had already been fully explored by Eastman Kodak and other big companies in the field. E. W. Davis, who was largely responsible for the ultimate success of the use of taconite in providing supplies of iron ore, turned in this direction because it was known that the iron ore firms were exploring the conventional sources for ore. Earl Thompson invented synchromesh when the gear companies were all searching for easy change devices but trying free wheels, constant mesh gears etc., all of which were far less effective.
>
> Indeed, nothing is more characteristic of the individual inventor than this disposition to fold his tent and quietly steal away to other territory when large-scale organized research comes into his field.

Mr. Speaker, Professor Jewkes refers to the contributions of Eugene J. Houdry, who died on July 18 of this year. He was the inventor of one of the most important catalytic cracking processes for producing gasoline. More than 100 patents had been issued to him, and the most recent was granted a month before his death, involving a process to reduce air pollution attributed to automobile exhaust fumes.

Mr. Speaker, a patent makes it possible for an independent inventor to secure the financial support which would otherwise be denied him to develop fully his contribution to our society.

A great American, Lewis L. Strauss, who served as a member of the Atomic Energy Commission under both Presidents Truman and Eisenhower, and who was closely associated with leading personalities in science and industry, is the author of a fascinating book, "Men and Decisions." He described in some detail the experiences of the two young musicians Professor Jewkes stated were the joint inventors of Kodachrome. They are Leopold Godowsky and Leopold Mannes.

Mr. Speaker, I wish to insert an excerpt from Lewis Strauss' "Men and Decisions" which refers to this development at this point in my remarks:

> In 1922, Everett Somers, who as an Army sergeant had been assigned to our office in France, introduced two young musicians, Leopold Mannes and Leopold Godowsky. They were in their teens when as the result of a mutual interest in photography they conceived a method of making photographs in color with one exposure on a single film or plate using an ordinary camera. The process seemed uncomplicated enough for amateur use. I was persuaded to go to the laboratory of Mannes and Godowsky, which was the kitchen in an apartment, and there with a Brownie box camera I was permitted to photograph some strips of colored crepe paper fastened to the wall with thumbtacks. The plate was then developed, and there, to my astonishment and admiration, the primary colors, though muddy, unquestionably had been reproduced.
>
> Convinced, I arranged the necessary money to pay for patent applications and attorney fees and to rent and staff a small laboratory. The Eastman Kodak Co. cooperated by furnishing required sensitizers, dyes, and other material, but brushed the process itself aside as of no practical interest. Some years later the results were so outstanding that I decided to go over the head of the officers with whom we had been dealing unsuccessfully and traveled to Rochester with Sir William Wiseman, one of my associates, to show examples of the results which had been achieved to George Eastman himself. The upshot of that and subsequent meetings with Mr. Eastman and his director of research, Dr. Kenneth Mees, was an agreement which resulted in marketing the product called Kodachrome. Annually it earns many millions for the Kodak Co. and until the patents finally expired in 1952 was highly profitable to the young inventors and to all concerned. Color photography has become part of our daily living, and it is hard to recall that the days of black and white were only 25 years ago.

Mr. Speaker, in reviewing the role of the patent system in my remarks on March 5 of this year on the incentive offered by the patent system to individual inventors, I discussed the accomplishments of another inventor, Edwin H. Land, who founded the Polaroid Co. Once again Mr. Strauss throws additional light on the developments of this gifted and talented young American.

Mr. Speaker, I wish to insert a further excerpt from "Men and Decisions" reviewing the accomplishments of Mr. Land in many diverse fields at this point in my remarks:

> Another decision was to back a young inventor, Edwin H. Land, who was introduced to me some 20 years ago by his camp counselor, Julius Silver. Land had made a radical discovery. He had found that he could incorporate certain crystals of microscopic size in a transparent plastic medium and could alter the random arrangement of the crystals so that they were all parallel. One result was that the transparent plastic would then transmit light waves in one plane only. Light so transmitted is "polarized." Light vibrating in any other plane would be blocked in varying degree, and at right angles to the axes of the crystals was shut out almost completely. This property had been observed in nature in a substance, familiar to first-year physics students, as a Nicol prism. Such prisms were not plentiful enough or large enough to be adaptable to Mr. Land's aim, which was to employ the effect for eliminating the hazard of headlight glare in night motoring. He had made enough of his light-polarizing product to demonstrate it convincingly. He called it Polaroid.
>
> The worth of this idea and the true genius of Land impressed me at once, a fact of which I am proud.
>
> After he had been provided with the necessary capital and a company organized, a long period of struggle ensued.
>
> During World War II, when at the outset, antiaircraft ammunition was in critically short supply, yet gun crews had to be trained, Land developed a device in which the gunner firing an antiaircraft gun at life-size, three-dimensional motion pictures of planes, heard his gun, felt it vibrate, saw the stream of tracer projectiles leave its muzzle and travel on the way toward the moving targets. Hits and misses were automatically scored, and no ammunition at all was consumed. The effect was achieved by an ingenious application of optical principles.
>
> Land has many inventions to his credit. Quinine, an absolutely essential drug during the war, its molecular structure so complex that it has never been artificially produced, was successfully synthesized in his laboratories. Other useful items, some of them of a classified character, were also conceived and quickly produced by him. He is best known, perhaps, for the Polaroid Land camera, which made the dream of instantaneous finished photographs come true.

From long experience with the problems of young inventors, Mr. Strauss derived a personal and keen appreciation of the stimulus our patent system provides.

The Atomic Energy Act of 1946 established a complete Government monopoly in this new and basic scientific area. The Eisenhower administration and the 83d Congress are responsible for the Atomic Energy Act of 1954 which reflects the views Mr. Strauss supported as Chairman of the Atomic Energy Commission with respect to patents.

Again, Mr. Speaker, Mr. Strauss stated and I quote from "Men and Decisions":

> The paramount objective of the Atomic Energy Commission remained as it had been: to make the maximum contribution to the common defense and security by continuing to develop and manufacture atomic weapons. The amended law, however, placed additional emphasis on the development of peaceful applications of atomic energy and generally provided the Commission with the workable authority it had requested. The Commission's research activities would encourage medical, agricultural, and industrial applications, while inventions and discoveries in such fields by private persons might thereafter benefit their inventors under our patent system. This was a most important improvement. In the immediately preceding years, our patent system had begun to come under increasing attack. During 45 years in business and Government, it has been my observation that our living standards and military strength owe far more than generally is realized to the incentive which the patent system has afforded. It will be a sad day for the United States if the efforts to abolish or cripple the patent system ever succeed.

Mr. Speaker, I wish to associate myself with Mr. Strauss' statement, and may I remind my colleagues that the 45 years of experience in business and government to which he refers include a period when, as Secretary of Commerce, the Commissioner of Patents was under his immediate supervision.

A number of studies have been prepared by independent consultants for the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Judiciary Committee. Mr. C. D. Tuska was the author of study No. 28 Senator O'Mahoney, the chairman of the subcommittee, in its foreword stated and I quote:

> Mr. Tuska, by virtue of his long experience as director of patent operations for the RCA Laboratories, his active participation in patent affairs, and his authorship of numerous treatises and articles dealing with patents, is eminently qualified to make the study here presented.

Mr. Tuska's study is necessarily based on a sampling of patents. I shall not attempt to describe the specific methods he pursued in connection with this study. However, it reveals data of sufficient interest that I wish to insert significant excerpts at this point in my remarks:

> In the majority of cases it seems clear that we are considering the inventions of independent inventors. Some of these independent patentees licensed manufacturers of substantial size. For example Joseph Becker licensed the Koppers Co., case No. 9; Prof. Paul Karrer licensed Hoffman-La Roche, Inc., case No. 18; Prof. Arthur C. Ruge and his associate licensed the Baldwin Locomotive Works, case No. 29; Prof. Arthur C. Cope licensed Sharp & Dohme, case No. 46. Henri and Camille Dreyfus licensed the predecessor of Celanese Corp. of America, case No. 82.

> These licensees either offered the devices of the inventions for sale or put the inventions into industrial use. The extent of the use may be determined by calculating the yearly business; the returns to the patentee are given in the royalty payments. (See "Statistical Summary.") Thus one may actually measure in terms of dollars the immediate benefits to the public, to the patentee or licensee.
>
> Some of the patentees established their own business to market the invention or to license its manufacture, sale, and use. Examples are found in Carl W. Cherry's improved rivet, case No. 1; Finn H. Magnus' plastic harmonicas, case No. 3; Herbert C. Johnson's juice extractor, case No. 6; Damiano Arras' improved hose clamp, case No. 7; Walter E. Claus' motorized rotary soil tiller, case No. 10; and Albert T. Mathews' ventilated awning, case No. 24. Other examples are recited in the case notes.
>
> One way to examine the total impact of the 80-odd examples of invention is to examine the reported fixed and percentage royalty payments. The reported grand total is in excess of $10,334,000. Of this amount $3,629,000 represents fixed payments and $6,705,000 the percentage payment. These figures are less than the ultimate totals because, first, no figures were reported in at least 18 cases; second, no case appeared to include total payments extending over the life or lives of the patents; third, many of the cases involved alleged tax deficits, or claims for tax refunds for periods of 1 to 3 years; and, fourth, many of the notes will show that the patentee entered into agreements for minimum payments that were probably made but were not necessarily involved in the tax accounting period.
>
> Where the figures include the royalty rate as a percentage of sales and the royalty payments over a stated period, a simple calculation gives the equivalent yearly business. Such figures are stated is 30 of the 82 herein reported cases. The calculations indicate that over $22,176,000 equivalent annual business grew out of the 30 licensed inventions. While the sample is small, it does indicate public or industrial acceptance of the inventions.

Mr. Tuska has developed in some detail the rewards individual inventors have received from the disclosure of their inventions to the Patent Office, either through establishing their own firm to commercially use an invention or by licensing it to an established firm.

Mr. Tuska stated and I quote:

> The cases and the statistical summary provide abundant facts as to the patentees' rewards. The three highest yearly average royalties were (1) the Urquharts' firefighting equipment, case No. 44, $159,775; (2) Mrs. Bertha E. Thomas' flexible couplings and emergency supports for flexible couplings, case No. 33, $115,645; and (3) Henri Dreyfus' artificial fibers and cloth, case No. 82, $106,636. The three lowest yearly average royalties were (1) Carl Kastner, patented materials, case No. 71a, $1,470; (2) Felix Meyer, manufacture and conversion of glass, case No. 74a, $4,270; and (3) Mrs. Rose Hanskat, foundation garment, case No. 79, $6,357. The mean annual royalty payment as indicated above is $18,854 and the average of the yearly average royalties is $38,259.

He also stressed that the patent system has been of particular benefit to small businesses. Again I quote from his report:

> As stated above many of the patentees organized companies to market or license their inventions. These companies might be classified as small business and to the extent that the patents were enforceable, they protected the business.

Mr. Speaker, the conclusion Mr. Tuska reached supports my own views which I have expressed to this body on several occasions. He stated and I quote:

> The present study appears to show that the American patent system continues to work for the independent inventor, relatively small business, and the public. Moreover, we have the means for measuring its operation. Finally, an enlarged view might be obtained by approved statistical methods applied to the available sample.

Mr. Speaker, while the patent system is generally regarded as a method to provide a reward for inventive activities, its greatest contribution in my opinion lies in the fact that it dispels secrecy and makes it possible for every inventor and scientist to take advantage of the past accomplishments of talented and gifted people; thus, accelerating scientific and technological progress.

One of America's leading scientists, Dr. Vannevar Bush, prepared the first study for the Senate Subcommittee on Patents, Trademarks, and Copyrights.

Mr. Speaker, I wish to insert a significant excerpt with reference to the removal of secrecy provided by the patent system at this point in my remarks:

> The third objective, to discourage the use of secrecy in industry, is more subtle. Those of us who have had our industrial experience under modern American conditions can probably hardly realize the situation which must have obtained in early industry. Every manufacturing concern depended upon the development of secret processes for carrying out its work. Admission of even customers into a plant was unthinkable. The process of hiring away individuals, and more reprehensible methods, must have been rampant. We have come a long distance from this provincial point of view. There are, of course, too many closed doors, even today. When secrecy becomes internal, especially within a research laboratory, with each investigator concealing his thoughts and results, it is a disease. But the whole trend has been in the other direction.
>
> American industry has its secrets today: On matters that are not patentable, on know-how and the like. Inventions, too, are held secret until the patents on them issue or are at least far advanced and, in spite of improvement in this regard in recent years, the period during which a patent application is being prosecuted is still too long. But the whole inclination in this country is in the other direction, and there is no doubt that the presence of the patent system, rendering secrecy unnecessary whenever it applied, has much to do with a healthy trend.
>
> It is unfortunate that, in recent years we have again had heavy emphasis on secrecy, in connection with military matters and especially in connection with atomic energy. Some of this has been necessary. Some, unfortunately, has been absurd, and we seem to have had an obsession on the subject from which we are slowly recovering. Yet there has been vigorous protest, especially from scientists, on extreme procedures concerning secrecy, and there is no doubt that most of us regard it as a necessary evil which we wish we could dispense with safely. Our inclination is to be frank, and to conceal little. The extreme period of overemphasis on secrecy is, it is to be hoped, a passing phase. And there is no doubt, when one views the progress of industry from a secretive devious affair to a comparatively open procedure with much collaboration and interchange, that the third objective of the patent system has been of genuine importance.
>
> Thus the patent system has been exceedingly valuable to our country in the past. It has been an important foundation of our industrial success in time of peace and is one of the factors responsible for the building up of the reserve of research organizations which served us well in the past war. We are now in a period of extraordinary prosperity. Some of this, without doubt, is due to the enormous impetus given to research by the war. The rapid and startling advent of radar, proximity fuses, atomic bombs, and many other devices, demonstrated beyond question that research and development, aimed at applying scientific results, may be made to accomplish remarkable things. No one could well miss this lesson, although many fail to realize that the extent of success depended upon the fact that there was a great backlog of scientific accomplishment which could be suddenly drawn upon, and hence fail to realize the necessity of keeping this basic science reserve continuously replenished. Since the war the great increase in research, in universities, industry and Government, has been one of the factors, and a very important one, causing a sharp rise in our industrial productivity and an increase in our standard of living. Some of this research is held secret, in connection with military matters. But the great bulk of it is published and interchanged freely, even when it is conducted in industrial laboratories. The pace is so fast that, if one group does not publish promptly, another group is likely to do so on the same accomplishment. There is no doubt that the patent system facilitates this process, for it allows publication to be made broadly as soon as the patentable ideas which appear are covered by application.

Mr. Speaker, Dr. Carl F. Barnes, a member of the Advisory Council of the Patents, Trademarks, & Copyrights Foundation of George Washington University and vice president in charge of research of the Minnesota Mining Co., has also discussed the patent system from the point of view of both the inventor and corporate enterprise in an article which appeared in the foundation's publication in the spring of 1961. Dr. Barnes' experience encompasses active participation as an inventor as well as the responsibility for supervision and coordination of team research activities. He succinctly expressed the contributions to our way of life embodied in our patent system.

Mr. Speaker, I wish to insert excerpts from his article at this point in my remarks:

> Our patent system has been in effect for 170 years as a stimulus to our free private enterprise way of life. During this time, America has developed the highest standard of living on earth. What, then, is the real meaning of all this confusing talk against the patent system? It is rather obviously a conflict of ideologies—to me this doubletalk is part of a subterfuge to weaken our enterprise system which leads the world. Doing away with the patent system would be a strong move in this direction.
>
> What does this mean to technical people—this move to scuttle the patent system?
>
> Although I am no longer directly concerned with inventing, time was when I spent all my waking hours in search of new products and new ideas. I found then that I was strongly motivated to try new experiments in the hope of discovering something patentable; I still believe this is a tremendous incentive.
>
> For many technical people the first patent is still a-borning, and I'm sure these people have been exposed to the idea from one source or another that as long as they have to assign their patents to the company for whom they work, part of the incentive is gone. Let's get this one straight. First and

foremost, don't ever lose sight of the fact that a U.S. patent is issued in the inventor's name, and although he assigns the rights to his company, his name will forever be attached to that patent. This is his indisputable claim to being an accomplished inventor, and no one—no company—can take this away from him. The more patents that bear his name, regardless of what he did with the rights to them, the greater is his standing in the technological community. Issued patents are tangible evidence of his worth as an inventor, and they are perfectly salable in his quest for a job wherever he goes. They will have an effect on his salary.

The plain fact is that most of the research that is conducted today requires expensive laboratories and extensive equipment—of the type most freelance inventors cannot afford. While he might invent a zipper in his basement, his best chance of discovering a new miracle fiber is in a well-equipped laboratory.

The research graduate really has only two avenues that will let him practice his profession; one of these is teaching in a college or university; the other is working in a research institute (few in number) or in an industrial or governmental laboratory. The industrial laboratories would not exist, as we know them today, without the patent system.

What does the patent system mean to the scientist or inventor? It means the opportunity to follow his chosen profession—his life's work—with the assurance that he will get the proper recognition for his inventive efforts. Each successful move in the direction of eliminating the patent system brings him one step closer to losing his independence—his freedom to work for whom he pleases. In fact, he becomes more like a Russian scientist. Ah, you say, but the Russians reward their scientist. But I wonder just how long the Russian scientist would be rewarded if they weren't needed to meet the stiff competition from the Western countries—all of whom have patent systems similar to ours.

Mr. Speaker, for many years visitors waiting to see the President of the United States have had an opportunity to observe in the Executive Wing of the White House a painting commemorating some of America's outstanding inventors. The 19 individuals portrayed in this composite painting never met; however, their contributions benefit every living American.

Mr. Speaker, the 19 inventors and their contributions to our way of life are—

William Morton, a pioneer in the use of anesthesia.

James Bogardus, who earned credit for inventions in a dozen different fields from engraving to deep-sea sounding.

Samuel Colt, whose guns became part of the legend of the West.

Cyrus McCormick, a farmer's son who filled an age-old need by inventing the reaper.

Joseph Saxton, prolific inventor who helped standardize weights and measures.

Charles Goodyear, who hit upon vulcanized rubber after years of discouragement.

Peter Cooper, locomotive builder.

Jordan Mott, developer of a self-feeding stove.

Joseph Henry, one of the giants of 19th century American science.

John Ericsson, designer of the *Monitor* and the man who introduced the screw propeller.

Eliphalet Nott, college president who created a stove for anthracite.

Frederick Sickles, who improved steam-engine valves.

Samuel Morse, of telegraph fame.

Henry Burden, ironmaster with a string of inventions including the use of iron in construction of buildings.

Richard Hoe, who improved the cylinder printing press.

Erastus Bigelow, carpet loom inventor.

Isaiah Jennings, whose interests range from steam engines to safety matches.

Thomas Blanchard, who added improvements to the lathe.

Elias Howe, one of the first to build a sewing machine.

Mr. Speaker, needless to say, the commercial development of these ideas was made possible through the modern corporation which provided financial resources, industrial and production knowhow, and the availability of marketing techniques. The fact that such a painting hangs where every visitor to the President of the United States has an opportunity to see it attests America's faith in the patent system.

Modern industry has established the necessary facilities to use the creative talents of independent inventors, and the patent system enhances their opportunities to secure the acceptance of inventive ideas which otherwise would not be fully developed. It likewise makes it possible for an individual to show that he is an inventor, is a creative person by the mere fact that patents have been granted to him, and he thus secures an opportunity to become a useful member of a team research activity in our 20th century society.

Mr. Speaker, many suggestions have been proposed during the 87th Congress to effect fundamental changes in the patent system. It is my firm conviction that the Congress must not take any precipitate action to alter our patent system. We must not weaken the broad, creative base of talent upon which our future progress in every field of science and technology depends. So that the Congress may have the benefit of the experiences that have been cited in innumerable books and studies, I shall from time to time discuss other aspects of the patent system with my colleagues so that every facet of this most important subject may be studied carefully. For 172 years our country has grown and prospered under the patent system. It has provided a model for other nations to follow. We are confronted with new challenges, and the Nation's strength lies in increasing our productivity, which, in turn, must depend upon a rapid rate of scientific progress and new inventions to apply modern science to the needs of industry and commerce.

---

## JAMES A. MICHENER

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Hawaii [Mr. INOUYE] is recognized for 30 minutes.

Mr. INOUYE. Mr. Speaker, as the time approaches for me to bid farewell to this House, where I have served with deep affection for the principles which govern our Nation and with constantly growing appreciation of the traditions of this great body, I am gratified to discover that a friend of mine from Pennsylvania is making an effort to gain election to this House.

I have known James A. Michener, of Pipersville, Pa., for many years. He is an extraordinary man. His talents have graced many aspects of our national life. And he is dedicated to the task of keeping America strong. In spite of the natural regret that overtakes me as I think of leaving this House, I would nevertheless depart with a feeling of reassurance if I thought that James A. Michener were going to serve here in the future.

Anyone who comes from Hawaii, as I do, must forever recall the name of Michener with affection, for he spent 5 long years composing the novel "Hawaii," which has become to the world at large the semiofficial guide to our lovely shores. In many different languages, the readers of the world have read in Michener's pages the fictionalized story of our newest State.

Today, when a ship or airplane deposits visitors on our shores, sometimes as many as half of them arrive with copies of his book under their arms. And the important thing about this is that they all have derived from Michener's writing an appreciation of the wonderful strains of the human family that have blended together to build our paradise.

The heroic Polynesians who discovered and settled our islands are shown with love in Michener's pages. The powerful missionaries, who rebuilt the moral fabric of our land, are depicted with compassion and respect. The Chinese who worked so diligently to build a strong Hawaii, and the Japanese, whose sons served with such distinction in World War II in defense of their homeland, dying by the thousands in distant battles, are both shown in affectionate ways.

But most important of all, in his great novel Michener has shown the promise and the fulfillment of contemporary life in Hawaii, so that the visitor who reaches the islands after having read his book understands full well that Hawaii is a vital, vibrant, marvelous part of an up-to-date world, peopled with real human beings who have real aspirations.

I would not, however, be excited about the prospect of having James A. Michener take a seat in this House were he merely a novelist. He is much more than that. When I traveled through Asia on matters affecting our Government I found that in many capitals in that part of the world, James A. Michener was one of the best known Americans.

He had worked for many years explaining America to Asia and Asia to Americans. His books were loved by people who wanted closer ties between that vast part of the world and the United States. The popular motion pictures that showed Asia to the rest of the world were enjoyed in these capitals. But most of all I found that the men and women of Asia knew Michener for the large number of books and articles he had written about the serious problems in this continent.

I discovered that he had been everywhere, working as few men work at the job of international understanding. A meeting in Hong Kong? Michener had written about the city in glowing terms and had become a favorite American. A visit to a remote Japanese industrial city? Michener had been there studying the problems of production. A trip to mountain-locked Afghanistan, where few Americans had ever been? Michener had ridden by camel and jeep over the most distant areas of that important nation.

Michener's knowledge of Asia is staggering. He foresaw clearly the recent developments in Indonesia, the problem of New Guinea, the difficulties Australia would encounter when the European Common Market became a reality. He worked intimately with the leaders of Malaya in their attempt to rout out the Communist who infested their jungles. He nearly lost his life in the great riots that shook Singapore, yet he pushed on to further work along the frontiers of Burma and Thailand.

Through all this work Michener has shown a mature, discerning judgment regarding Asia. He understands the pressures that wrack the continent, and he has prudently assessed the prospects for the future. Because of his wide knowledge, he has frequently been called upon to assist our Government in one capacity or another, and has always done so promptly and with distinction.

It is not widely known that one of Michener's most solid contributions has been as a guiding light and intimate adviser to the powerful Asia Foundation, of San Francisco, whose job it has been to combat the growth of communism throughout Asia. In nearly every important community in that part of the world, this distinguished foundation has worked with democratic forces to build the future. It has built schools, encouraged publishers to bring out fine books dealing with America, helped build playgrounds, college laboratories, and those facilities which combine to make a strong Communist-proof way of life.

In all of this work, Michener has played a significant role. He has been one of our most effective anti-Communist weapons in the worldwide struggle.

But again, I am not pleased about Michener's running for Congress merely because he knows Asia, important though that may be. What impresses the citizens of Hawaii, or the west coast of America, is the man's fantastic knowledge of the Pacific. There is hardly an island in this great ocean that he has not been on, from lonely Pitcairn, where the mutineers fled, to Truk, the great secret bastion of the Japanese in World War II.

He is literally Mr. Pacific, a man who has brought the attention of the world to this glamorous, lovely area. In vivid prose, that has been translated into dozens of languages, Michener has told the story of romantic places, of powerful struggles, and of history that envelops us all.

When airlines want to apply for new routes through the Pacific, they appeal to Michener for expert testimony. When the national travel agencies of all the countries seek to hold conventions whereby brotherhood between the various nations may be furthered, it is Michener they invite to Djakarta to keynote their deliberations. When a foreign nation in Asia wants to convene a seminar which will study the Pacific, it is to Michener that they look for help. And when any learned society wants to grapple with the problems of this significant ocean, the greatest of all our bodies of water, this society calls upon Michener.

It was because of this powerful influence that my fellow citizens in Hawaii once asked Mr. Michener to run for Governor of Hawaii. In his wisdom he refused the invitation, flattering though it must have been. Later it was suggested that he run for Congress, for the Senate, for the State legislature. To all such suggestions Mr. Michener said no. He felt that his permanent home was in Pennsylvania, where he had lived all of his life and where he had a small farm to which he returned with affection after each of his dangerous journeys. Our loss was Pennsylvania's gain.

I think the political invitations to Michener came also because of his generous attitude toward our islands. To our superb Academy of Arts he and his lovely wife gave an impressive collection of oriental art, valued ultimately at an impressive figure. These fine works now stay with us and enlighten all who see them. He lectured at the university, helped churches in their work, aided all who were interested in the arts, and took a vigorous part in our political life. He once told me, "I have no desire to be a great writer, a great politician, or a great anything. But I would like to be known as a good citizen."

I remember the chill that passed through Hawaii when it was announced over radio, some years ago, that James A. Michener had been lost at sea during the crash of a military airplane in the middle of the Pacific. He had been on a military mission, working as always, and for some hours it looked as if the great ocean, which he had served so well, had at last reclaimed a son. Thousands of people in Hawaii were stunned.

But with the good luck that has dogged this man's life, he made it to a rubber raft and was rescued some time later. The sailors on the rescuing craft reported, "he was whistling."

I was always sorry that James A. Michener decided not to live and build his future in Hawaii. He would have become one of our finest citizens. But I was, at the same time, pleased that he was determined to do the same in his hometown in Pennsylvania.

For perhaps it is more important that a man in Pennsylvania understand Asia than for a man in Hawaii to do so. It may, in the long run, be more productive for a Congressman from Pennsylvania to comprehend the struggles in the Pacific than for another man in Hawaii to do so.

For if anything is true today, it is that we are all brothers, we are all bound together by the searing problems that concern us all. If I have discovered one abiding truth in the work of James A. Michener, it is that all men are interrelated, all nations have common concerns, and that he who serves one, serves all.

Therefore, if it becomes the responsibility of Mr. Michener to represent one of the most important districts in Pennsylvania, combining, as it does, the rural beauty of Bucks County and the powerful industrial complex of Allentown, I know that he will also serve the Nation at large. His vision will encompass not only his own district, but also the farthest reaches of the United States, even to the shores of Hawaii, where he will always have a spiritual home awaiting him.

## LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. Riley (at the request of Mr. Albert), for today and tomorrow, on account of illness.

Mr. Vinson, for the remainder of the week.

Mr. Cunningham (at the request of Mr. Halleck), for September 17, 18, and 19, on account of official business.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Olsen (at the request of Mr. Sisk), for 30 minutes on tomorrow, Tuesday, September 18, 1962.

Mr. Feighan (at the request of Mr. Sisk), for 1 hour on tomorrow, Tuesday, September 18, 1962.

Mr. Pillion (at the request of Mr. Short), for 1 hour, on September 18.

Mr. Pillion (at the request of Mr. Short), for 1 hour, on September 19.

Mr. Roudebush (at the request of Mr. Short), for one-half hour, on September 17, and to revise and extend his remarks.

Mr. Inouye (at the request of Mr. Sisk), for 30 minutes, on September 17, to revise and extend his remarks and include extraneous matter.

## EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Toll.

Mr. Reuss.

Mr. Rogers of Texas.

(The following Members (at the request of Mr. Short) and to include extraneous matter:)

Mr. Curtis of Missouri.

Mr. Alger.

(The following Members (at the request of Mr. Sisk) and to include extraneous matter:)

Mr. Addabbo.

Mr. Donohue.

## SENATE CONCURRENT RESOLUTIONS REFERRED

Concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. Con. Res. 90. Concurrent resolution authorizing the printing for the use of the Joint Economic Committee of additional copies of its hearings entitled "State of the Economy and Policies for Full Employment"; to the Committee on House Administration.

S. Con. Res. 91. Concurrent resolution authorizing the printing of additional copies of the hearings on Department of Agriculture handling of pooled cotton allotments of Billie Sol Estes; to the Committee on House Administration.

## BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on September 14, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 298. An act to provide for the recovery from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States;

H.R. 9728. An act to amend the Cooperative Forest Management Act;

H.R. 10160. An act for the relief of Mrs. A. R. Landian; and

H.R. 12459. An act to provide for the relief of certain enlisted members of the Coast Guard.

## ADJOURNMENT

Mr. SISK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 1 minute p.m.) the House adjourned until tomorrow, Tuesday, September 18, 1962, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2529. A letter from the Assistant Secretary of the Army, transmitting a report on Department of the Army research and development contracts, which were awarded during the period January 1 through June 30, 1962, pursuant to Public Law 557, 82d Congress; to the Committee on Armed Services.

2530. A letter from the Assistant Secretary of the Interior, transmitting a copy of secretarial order canceling and adjusting irrigation charges and excluding certain described non-Indian lands under the Wapato Indian irrigation project, Washington, pursuant to 49 Stat. 1803; 25 U.S.C. 389–389e; to the Committee on Interior and Insular Affairs.

2531. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated August 16, 1962, submitting a report, together with accompanying papers and an illustration on a review of the reports on Cape Neddick, York, Maine, requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 27, 1956; to the Committee on Public Works.

2532. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 16, 1962, submitting a report, together with accompanying papers and an illustration on a survey of the Kickapoo River, Wis., authorized by the Flood Control Act, approved June 22, 1936, as amended by the Flood Control Act approved August 28, 1937 (H. Doc. No. 557); to the Committee on Public Works and ordered to be printed with one illustration.

2533. A letter from the Comptroller General of the United States, transmitting a report on the examination of the pricing of screwjack assemblies for F–106 airplanes under Department of the Air Force negotiated fixed-price subcontracts awarded by Convair, a division of General Dynamics Corp., San Diego, Calif. (now General Dynamics Corp., San Diego), to Lear, Inc., Grand Rapids, Mich.; to the Committee on Government Operations.

2534. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, relative to plans for works of improvement relating to the following watersheds: Crooked Bayou, Ark.; West Fork of Pond River, Ky.; Hardin Creek, Tenn.; and Mill Creek, Tenn., pursuant to section 5 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005), and Executive Order No. 10654 of January 20, 1956; to the Committee on Agriculture.

2535. A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, relative to plans for works of improvement relating to the following watersheds: Tobesofkee, Ga. (supplemental); Cottonwood Creek, Okla.; and Delaware Creek, Okla., pursuant to section 5 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1005), and Executive Order No. 10654 of January 20, 1956; to the Committee on Public Works.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of September 13, 1962, the following bills were reported on September 15, 1962:

Mr. COOLEY: Committee on Agriculture. H.R. 12434. A bill to facilitate the work of the Forest Service, and for other purposes; with amendment (Rept. No. 2377). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 12653. A bill to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act; with amendment (Rept. No. 2378). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 12802. A bill to provide further for cooperation with States in administration and enforcement of certain Federal laws; without amendment (Rept. No. 2379). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 12855. A bill to amend the Agricultural Adjustment Act of 1938 relating to the lease and transfer of tobacco acreage allotments; with amendment (Rept. No. 2380). Referred to the Committee of the Whole House on the State of the Union.

*[Submitted September 17, 1962]*

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHITTEN: Committee of conference. H.R. 12648. A bill making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1963, and for other purposes (Rept. No. 2381). Ordered to be printed.

Mr. BURLESON: Committee on Foreign Affairs. H.R. 683. A bill to authorize the Donna-Rio Bravo Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Donna, Tex.; without amendment (Rept. No. 2382). Referred to the House Calendar.

Mr. MORRISON: Committee on Post Office and Civil Service. S. 1070. An act to amend the Federal Employees' Group Life Insurance Act of 1954, as amended, so as to provide for an additional unit of life insurance; without amendment (Rept. No. 2383). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey. Joint Committee on Disposition of Executive Papers. House Report No. 2384. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. COOLEY: Committee of conference. H.R. 12391. A bill to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes. (Rept. No. 2385.) Ordered to be printed.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mrs. RILEY:

H.R. 13154. A bill to authorize and direct the Administrator of General Services to convey certain surplus property to the Aiken County Historical Commission for use as a historic monument; to the Committee on Government Operations.

By Mr. TAYLOR:

H.R. 13155. A bill to provide for import fees on cotton products during periods the United States is subsidizing the export of cotton; to the Committee on Ways and Means.

By Mr. ICHORD of Missouri:

H. Con. Res. 555. Concurrent resolution expressing the sense of Congress in protecting the freedom of the countries of the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. MILLS:

H. Res. 800. Resolution taking from the Speaker's table the bill, H.R. 7431, with the Senate amendments thereto. Ordered to be printed.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAY:

H.R. 13156. A bill for the relief of Yvany Basso Eckley; to the Committee on the Judiciary.

H.R. 13157. A bill for the relief of Ines Maria Fonseca Litto; to the Committee on the Judiciary.

H.R. 13158. A bill for the relief of Maria Nilda Jordao Cann; to the Committee on the Judiciary.

By Mr. BROYHILL (by request):

H.R. 13159. A bill for the relief of Shun Ah Wing; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 13160. A bill for the relief of Sui Wan Lee, Yuk Lan Lee and Michael Henry Lee; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 13161. A bill for the relief of Pablo Fiume; to the Committee on the Judiciary.

By Mr. MAILLIARD:

H.R. 13162. A bill for the relief of Mrs. Maria Eduvigis Aran Heffernan; to the Committee on the Judiciary.

## PETITIONS, ETC.

Under clause 1 of rule XXII:

409. Mrs. ST. GEORGE presented a petition of the Regional Chamber of Commerce Council of Middletown, N.Y., going on record as defending a strong congressional body to restrain the use of the Executive power in all ways that are not judicious, temperate and wise for the common good and future welfare of the Nation, which was referred to the Committee on Government Operations.

# EXTENSIONS OF REMARKS

## Baron Friedrich Wilhelm von Steuben

EXTENSION OF REMARKS
OF
### HON. JOSEPH P. ADDABBO
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
*Monday, September 17, 1962*

Mr. ADDABBO. Mr. Speaker, 230 years ago Baron Friedrich Wilhelm von Steuben was born in Germany. It is fitting that we today honor his birth because of the great contribution he made to our cause during the Revolutionary War.

General von Steuben arrived in the United States at Portsmouth, N.H., on December 1, 1777, with letters from Benjamin Franklin, Silas Deane, and Beaumarchais. He offered his services to the Continental Congress, waiving all claim to rank or pay and asked only that his expenses should be paid while acting as a vounteer with the Army. The "Dictionary of American Biography," volume 17, states as follows:

> He proposed that if his services should contribute to the eventual success of the American cause, he would then expect compensation for his sacrifices in leaving Europe and such reward as Congress might be pleased to grant him, but that if the cause should fail, or if his services should not prove beneficial, he would make no claim whatever. This proposal to stake his fortunes upon the success of the cause made a deep impression upon the Congress. His services were accepted and he was directed to report to Washington at Valley Forge where he arrived on February 23.

The dictionary continues:

> Washington was so favorably impressed by his practical knowledge and experience that he prevailed upon him to serve as acting inspector general and to undertake the training of the Army * * *. He formed a model company of 100 selected men and undertook its drill in person. The rapid progress of this company under his skilled instruction made an immediate appeal to the imagination of the whole Army. Drill became the fashion and within a few weeks the new gospel, imparted day by day to the model company, had spread throughout the Army. This is perhaps the most remarkable achievement in rapid military training in the history of the world. The baron's success was so speedy that on April 30 Washington recommended his appointment as inspector general with the rank of major general. On May 5 the appointment was confirmed by the Continental Congress.

The contribution that General von Steuben made to the cause of our independence is well documented. He was a valued adviser and friend of Gen. George Washington.

Today is General von Steuben's birthday—on Saturday, September 29, 1962, he will be honored at the fifth annual Steuben Day parade in New York City. It is my pleasure to invite my colleagues and all citizens to join with us in New York in paying tribute to this great American of German descent, because he did become a citizen of our country by act of the Pennsylvania Legislature in March 1783 and by act of the New York Legislature in July 1786.

## Restoring Historical Philadelphia

EXTENSION OF REMARKS
OF
### HON. HERMAN TOLL
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
*Monday, September 17, 1962*

Mr. TOLL. Mr. Speaker, Sunday, September 16, was Barry Day in Philadelphia. In memory of the founder of the American Navy, a luncheon was held in my district at the Commodore Barry Club. A parade downtown followed, and it was concluded by the laying of a wreath at the statue of Commodore Barry in the center of Independence Square. The audience in the square was addressed by the Honorable John Morgan Davis, Lieutenant Governor of Pennsylvania, the Honorable James H. J. Tate, mayor of Philadelphia, and Rear Adm. John B. Heffernan, former historian for the Navy.

After the ceremonies, Mrs. Tate, my wife, and I accompanied Mayor Tate on an unscheduled short tour of Washington Square East—Society Hill—to see the latest developments. The changes in the physical appearance of this center-city area under the redevelopment program are astonishing. The outside structure of the 536-unit Hopkinson House is impressive and attractive. The voluntary rehabilitation of historic residences and structures was most interesting. The area also includes newly constructed contemporary homes, one of which we visited in the 200 block on the east side of South Third Street. These were erected across the street from the 18th century Powell House.

At this point and others, we ran into hundreds of people participating in the Society Hill house tour, sponsored by Christ Church, to raise funds for the restoration of the Pancoast-Lewis-Wharton House at 336 Spruce Street, which will eventually become a rectory.

The 12 family row homes of contemporary design with spiral staircase and parking compound were very striking. Dramatic changes have taken place in the Spruce Street area where private initiative was transforming deteriorated buildings of the 18th and 19th centuries into charming modern town houses. Many are also restoring quite a number of historical features.

One of the most interesting homes we visited was restored by Mr. and Mrs. Jared Ingersoll, who personally and proudly participated in the showing of their home on Spruce Street and the historical features which they rebuilt or restored. They graciously showed the attractive and interesting changes to hundreds of people who came into the house as part of the special Christ Church tour.

Federal agencies such as the FHA and the Urban Renewal Administration are helping to develop much of this area which borders on the south side of the Independence Mall National Park. In addition, the private initiative, spurred by public investment and the leadership of the Philadelphia city government, is greatly aiding in the development of a city area which will become one of the showplaces of the Nation.

---

## Address by Senator Thomas J. Dodd

EXTENSION OF REMARKS
OF
### HON. HUBERT H. HUMPHREY
OF MINNESOTA
IN THE SENATE OF THE UNITED STATES
*Monday, September 17, 1962*

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be printed in the CONGRESSIONAL RECORD an excellent address by Senator THOMAS J. DODD, which he made on September 7 to the members of the Peace Corps graduating class at Howard University here in Washington, D.C.

I wish to take this opportunity to commend Senator DODD for his thoughtful speech in which he so well sets forth the fine and constructive work which these dedicated American men and women are doing throughout the world.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF SENATOR THOMAS J. DODD TO MEMBERS OF THE PEACE CORPS GRADUATING CLASS AT HOWARD UNIVERSITY, WASHINGTON, D.C., FRIDAY, SEPTEMBER 7, 1962

A year and a half ago a man came to see me in my office for the purpose of explaining a new project in which he was vitally interested. His name was Sargent Shriver and he wanted to describe a proposal which he called the Peace Corps. I had heard a little about it, and a good deal of what I had heard was criticism by those who felt that it was a visionary, fuzzy-minded scheme that could never work.

Mr. Shriver made an impression on me that day that I shall never forget. The Peace Corps was a visionary idea, and he made no bones about it. But he described its plans and purposes with such practicality, with such clarity, with such buoyant enthusiasm, that I was convinced then and there that the Peace Corps could make a remarkable contribution to our country and to the world and that it deserved a fair chance.

From the earliest days of its consideration by the Foreign Relations Committee and on the floor of the Senate, I have supported, first the establishment and then the enlargement of the Peace Corps. I have watched its amazing success with growing satisfaction. It is a real honor for me to be invited here today to take part in the graduation exercises of this Peace Corps class and I am proud to be able to come here as a friend and a supporter of this great program to which you have dedicated the coming months and years of your lives.

The Peace Corps has succeeded because it is based upon a concept that has always been very close to the hearts of the American people. More than a century ago Abraham Lincoln, then a rather obscure candidate for the U.S. Senate against the renowned Stephen A. Douglas, said that the life of every great nation and of every great civilization had a central theme and that the controversies and conflicts, the laws, and even the wars were largely manifestations of the gradual unfolding of that central theme.

The central theme of American history, Lincoln said, was equality of opportunity, the right of all men and women to have a fair chance to improve their lot, to develop their talents, to realize their full potential.

It is this striving for an equal chance for all that has sparked the great political, social, and economic struggles and movements that have characterized our American history and it is the progressive realization of this ideal that has brought us to our present posture in world affairs.

Our great objective at home today is to complete the task of making equality of opportunity, in all of its broad aspects, a reality for every American.

Our great objective abroad is to make this same equality of opportunity available, in peace and in freedom, to every man and woman in the world.

In the pursuit of these goals we find ourselves engaged in a mortal struggle, a struggle for our very survival, a struggle forced upon us by an enemy who opposes our ideal with his own ideal, which is the equality of slavery and the destruction of the individual.

There are many aspects of this struggle for survival, and we must succeed in all of them. All of these facets, I suppose, could be broken down into two broad divisions.

The first division consists of those defensive programs which we must pursue to meet the ever-present threat of force and military aggression by the Communists.

The second division includes those more agreeable policies, the propagation of our ideas, the improvement of international trade, assistance to other nations such as the Marshall plan and the Alliance for Progress, and the other positive programs through which we attempt to foster the independence of other nations and the improvement of living standards for the peoples of the world.

But though we may for purposes of discussion break down our policy into two broad divisions, we should never lose sight of the fact that this policy is one seamless cloak, that it is all of one cloth and that all of its parts are interwoven.

It is not enough to support a great military buildup and to ignore those programs of foreign assistance, trade cooperation, and cultural exchange which are vital parts of our policy.

It is not enough to support the more peaceful and altruistic aspects of our policy while at the same time to shun those programs of military preparedness and nuclear development and stiff resistance to Communist aggression that are absolutely indispensable to our survival as a free nation.

In this great struggle which is being carried forward on so many fronts and at so many levels, each of us has a role to play.

For many, that role entails great personal sacrifice. The scientists who under incredible tensions strain their mental and physical faculties to the outer limits in order to gain for our country a year or a month in the arms race that has been forced upon us; the Foreign Service officers who labor under the American flag at great risk to themselves and their families in a thousand dangerous environments; the men in uniform who patrol the barren wastes and who occupy the lonely islands and stations which make up our vast Atlantic and Pacific missile ranges; the sentries of freedom who at bases and installations around the globe are today sacrificing some of the most important years of their lives in your defense and in mine; all of these deserve the gratitude of the American people and of all the people of the free world.

The members of this graduating class are today embarking upon a special kind of sacrifice, a special kind of service, the importance of which cannot be magnified or exaggerated.

By the end of this year, 5,000 of your fellow Peace Corpsmen will be serving in 38 countries.

They have brought something new into these countries.

They are not there to exploit the labor of others; they are there to labor for others.

They are not there to make a profit for themselves; they are there to return a profit to others.

They are not there to be served but to serve, to do a job, to train teachers, engineers, mechanics, carpenters, home economists, soil specialists, tractor and farm equipment operators, agricultural extension workers, and laboratory technicians.

Unlike their Communist contemporaries, they are not in these nations to subvert and enslave; they are there to liberate.

These young Americans are, as Sargent Shriver has described them, a blend of the statesman and the scholar. Every country that Peace Corps volunteers have gone to has asked that their number be doubled and tripled.

And as the Peace Corps has been of great service to other nations, so has it been to our own Nation.

As it has raised the esteem of our country around the world, so too has it helped to restore our own confidence in ourselves.

Never again let it be said that the young people of America are soft and selfish and incompetent. Never again let it be said that the students on our campuses have lost the traditional idealism of former days.

The brief history of the Peace Corps has already proved that whenever we give our young people an opportunity to serve, they will serve; whenever we clearly hold up an ideal, they will pursue that ideal; whenever we offer a challenge, they will respond to that challenge with a heroic effort.

The labor of every one of the thousands of Peace Corps volunteers around the globe is living testimony to the truth that we in America are still working at the task of expanding human freedom and opportunity.

The Peace Corps is a reminder to all of us that if from time to time we have wandered from our mission, or temporarily forgotten about it, we are now back on the track.

Every Peace Corps volunteer that we send abroad is further proof that we in America still believe, after the passage of almost two centuries, that if a man is given a fair chance, he will elevate himself and transform the environment around him and that if man is given a real choice he will choose freedom and will stand with those who defend freedom in the world.

I understand that the members of this class, which include doctors, medical assistants and master fishermen, are going to Africa to work with the people in Togo and in Sierra Leone. We are endeavoring to keep the peoples of that great continent from sinking into the pit of despondency, despair, and hopelessness that will prompt them to turn to communism as a possible solution to their grave problems.

The best way to do this is to make them realize that through our material assistance and through the person-to-person help and instruction which the Peace Corps provides, we can help them to solve their problems, to make progress, to build the kind of society they want for themselves and for their children, and to do it in individual freedom and in national independence.

Those of you who are going forth from this class are playing a direct and vital and indispensable part in preserving and extending and enlarging the American tradition.

As you render a service to less fortunate peoples around the world, you render even greater service to your own country. And as your labor rewards those whom you seek to help, so will it prove to be the most personally rewarding experience of your lives. I envy you your journey ahead.

I am proud and honored to have been invited to come here to take part in this ceremony and I wish to express to each of you the gratitude and the admiration of the American people for the work you are doing in the cause of human freedom and human advancement, the cause to which our country is dedicated and which shall prevail.

Thank you and good luck to you all.

## Rogers Calls for Return to Jeffersonian Concept of Constitutional Government

EXTENSION OF REMARKS
OF
**HON. WALTER ROGERS**
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
*Monday, September 17, 1962*

Mr. ROGERS of Texas. Mr. Speaker, the observance today of the 175th anniversary of the adoption of our Constitution is reason sufficient for jubilation, and I wholeheartedly rejoice with every free American on this great occasion. But as I reflect upon the real significance of this event, my heart tells me that we, as legislators, must redouble our efforts to return to the true concepts of the Constitution. I speak not as a Democrat but as an American to Americans. Patriotism is universal and transcends all narrow partisan confines. Let us unite in marking this day with a vow to heed the danger signals that are so prevalent today and resolve to restore the principles of constitutional government expounded by Thomas Jefferson, one of the founders of our great American democracy.

Historians regard Jefferson as the sculptor of the first 10 amendments which we commonly refer to today as the Bill of Rights—the real key to Americanism.

Otherwise this great document has been amended 13 times. But just a few weeks ago, right here in this Chamber, under parliamentary procedure which blocked free and open debate, another amendment to the Constitution was approved. But approved, I might point out, over the protestations of Members like I who believed that the abolition of the poll tax was just one more abrogation of States rights—and another insult to Thomas Jefferson who said, as long ago as 1825:

> I see * * * with the deepest affliction, the rapid strides with which the Federal branches of our Government is advancing toward the usurpation of all the rights reserved to the States.

This is not to suggest that I have lost faith in the Constitution nor in the American people. On the contrary, the Constitution has withstood the fire and brimstone of practically daily attack from both within and without and, I am proud to say, it stands today as the bedrock of the government of free man. It is the perfect answer to communism or any other ideology of those who would subject mankind to slavery.

The theme of my protest is rather that "the people, to whom all authority belongs," as Jefferson put it, are being robbed. The authority of the people, according to the Constitution, should be voiced through duly elected representatives in Congress. But the prerogative of the Congress, if we are not more prudent, will be further encroached upon by the executive and judicial branches. Did we not have repeated examples of this piracy during the reign of the reorganization plans when the executive branch sought repeatedly to vest adjudicative powers in civil service employees?

And the judiciary branch has sought by "constructions" to usurp the rights reserved to the States. Certain decisions of the Supreme Court in recent years have absolutely nullified many State laws by the doctrine of Federal preemption which is predicated upon the supremacy clause contained in the Constitution. I do not propose that we alter that. However, there is an area of concurrent legislative jurisdiction where both the Federal Government and the State government may constitutionally legislate and where both a Federal and State law may be effective at the same time. It is from this area that the Supreme Court by its "constructions" is evicting the jurisdiction of the States.

Thus it remains for us, the legislative branch, to protect the people whom we represent and whose rights are thus being usurped. This we have attempted to do and will continue to pursue either by Congressman HOWARD SMITH's bill, H.R. 3, the States rights bill, or any other proper legislative means. To correct this trend, I have introduced House Joint Resolution 70 which proposes an amendment to the Constitution to empower Congress, by statute, to limit the authority of the courts of the United States to determine that statutes of the United States or of any State are repugnant to the Constitution.

If left unchecked, the Supreme Court can stray far afield of the powers given to it under the Constitution. Should it do so, and many recent decisions would indicate a definite trend in that direction, we may witness proof of the soundness of the fears of Thomas Jefferson when he warned:

> The germ of dissolution of our Federal Government is in the constitution of the judiciary * * * a * * * body * * * working like gravity by night and by day, gaining a little today and little tomorrow, and advancing its noiseless step like a thief, over the fields of jurisdiction, until all shall be usurped from the States, and the Government of all be consolidated into one.

Let us, proudly in our full constitutional right to do so, and humbly as mere mortals, pray to God to help us return to the concepts of our Constitution, the concepts for which our fathers, sons, and brothers have laid down their lives, and the concepts which have so nobly guided us for 175 years.

---

## General von Steuben: German-American Patriot

EXTENSION OF REMARKS

OF

### HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 17, 1962*

Mr. CURTIS of Missouri. Mr. Speaker, throughout the country today the Steuben Society of America is celebrating the anniversary of the birth of Maj. Gen. Frederick William von Steuben, the firm ally of the American Revolution whose efforts helped launch our country. Many States have proclaimed today, which is also Constitution Day, as Steuben Day in honor of this great German military leader whose part in giving America its freedom is taught along with the deeds of George Washington and Lafayette.

The creed of the Steuben Society and the emphasis of the celebration of his birthday center entirely on the theme of Americanism. Although a German, Von Steuben was an American patriot, and those who honor him do so as an expression of their loyalty to America and to the principles for which the general fought.

I am happy to join with those in all parts of America who look upon today as a day of rededication to the ideals of this country. I commend the spirit of General von Steuben in coming to the aid of a battered, rag-tag Army, but an Army fighting for a great principle. And I commend those who, in honoring him, once again turn themselves toward the great principle of the American Revolution.

---

## A Report to the People

EXTENSION OF REMARKS

OF

### HON. HAROLD D. DONOHUE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 17, 1962*

Mr. DONOHUE. Mr. Speaker, throughout the time I have been entrusted with public office responsibilities, it has been my custom to periodically publish a summary account of my activities, and I have continued this practice during my service in the Congress during these past 16 years.

It is manifestly impossible to present here a detailed account of my every legislative word and action over these past years because of the limited time allowed, and the newly restrictive rules of the Joint Committee on Printing; and, more particularly, this year, because the ending date of this Congress is still uncertain with the legislative fate of many measures yet remaining undetermined.

However, because of our desire to present a timely recital of stewardship, in accord with the Biblical mandate, and for the public benefit, I shall try to comment upon some of the more widely publicized issues of this Congress and further reveal my fundamental philosophy of government, and life, by including various extracts of speeches on other basic legislative subjects of national significance. This summary is being submitted, of course, with the realization that the great majority of our people are currently aware that most of our important legislative actions these days are for the continuation and amendment of laws already in effect and which are expanded or modified, by our determinations here, through the succeeding years.

#### THREE FUNDAMENTAL REQUIREMENTS: MILITARY SECURITY, COMMUNIST CONTAINMENT, FISCAL RESPONSIBILITY

Mr. Speaker, the manifest destiny of this Nation, in opposition to atheistic communism, is to safeguard our own freedoms and thereby preserve the light of liberty in a threatened and frightened world.

It is equally obvious that to accomplish this task we must ever strive to be war-deterrently equal, or even superior, to the Kremlin dictatorship in military might and space exploration; anything less than that could well provide a desperate temptation to reckless and ruthless individuals.

At the same time, it would be the height of folly and imprudence and an invitation to economic disaster for ourselves if we lessened our vigilance, or relaxed our supervision, in preventing waste and extravagance in our required military procurement and space research programs.

The largest item, by far, in our national budget, now reaching into the 40 billions of dollars, is the military defense appropriation; nobody will argue against an adequate defense appropriation. However, the duty of the Defense Department to maintain our defense system does not carry with it any right of profligate spending. Frugality can be a mark of military efficiency as well as it is of an enterprising business or individual.

Our problem, then, is to provide for our full security against the Communist projection but to do it within a financial system and atmosphere of the most careful planning and the most frugal spending. This is the conviction with which I considered our military appropriations in this Congress, as well as in the past, and such conviction is revealed in the following extract from my speech in the House on this subject:

> Mr. Speaker, indeed, there is no question about the imperative necessity, in the light of the belligerent attitude of the Kremlin, of our military forces being fully prepared to protect the security of the United States against any surprise move by the Soviets.
>
> However, when the House returns to the consideration of this grave subject, in the near future, I most earnestly hope we will not be of a spirit to disregard the necessity for including every reasonable safeguard against and restriction upon wasteful and extravagant military spending that we can. Thirty-nine and a third billion dollars is an awful lot of money and its very enormity provides an avenue for careless and negligent expenditures.
>
> On this score the Comptroller General, in his recent report, pointed out the existence of waste and inefficiency, by the Defense Department, in its management of electronic supplies of the military services.
>
> In past reports multitudinous examples of extravagance and waste by the Defense Department have been disclosed through the use of negotiated contracts instead of competitive bidding and confused and antiquated bookkeeping methods.
>
> Mr. Speaker, it is the duty of the Congress, and of the administration itself, to insure that the purse strings operated by the various departments of the Defense Department are kept sensibly and economically tight. Closer supervision of negotiated contracts to prevent exorbitant profits and a wider use of

competitive bidding practices would do much to save the taxpayers' money.

A more strict adherence to the provisions of the Budget and Accounting Procedures Act of 1950, and a better organized central procurement unit would go far toward preventing duplication and waste.

Adequate national defense is indeed vital but the people of this country are seriously disturbed by the continuing revelations of wasteful and extravagant spending by the military without regard to the fact that each and every penny spent comes out of the hard earned, and highly taxed, pay of the average American workingman and business. The duty of the Defense Department to guarantee our security does not carry with it any license to indulge in loose and careless financial practices.

With past experience in mind I hope that this House will continue to impress upon the Defense Department that economic frugality and wise spending can be a mark of efficiency in the military field as well as it is of an enterprising business.

### WE MUST PERSEVERE IN THE PURSUIT OF PEACE

Mr. Speaker, while we indeed have every right to provide for our fullest defense against any aggressor, I most earnestly believe, as I have repeatedly stated here, we have an accompanying duty, to ourselves and to others, to perseveringly pursue every honorable means that might bring blessed peace to this troubled earth.

It appeared to many of us that the most practical and effective way to promote peace would be to seek mutually satisfactory agreements, with guarantees, on disarmament with other nations. A great many of us very deeply felt that this Government should have a special unit or branch which would concentrate its activity on the objective of disarmament.

That is why I personally introduced H.R. 7950, in this Congress, which was designed to establish a U.S. Arms Control Agency. A similar bill was finally approved and it is a matter of gratification to me that we now have in the executive department of this Government a new U.S. Arms Control and Disarmament Agency whose fundamental purpose is to promote peace through disarmament. I am pleased to include extracts from my remarks in the House when this important legislation was under discussion:

Mr. Chairman, as a sponsor, in this Congress, of a similar. bill (H.R. 7950) I most earnestly urge my colleagues here to conscientiously consider the basic objective of the legislative proposal contained in this measure (H.R. 9118) to establish a U.S. Arms Control Agency.

To my mind the fundamental objective of this, and companion bills, is to provide a concrete demonstration of our willingness to explore every honorable means and avenue of reducing and eliminating the terrible potentialities of a nuclear catastrophe being visited upon this Nation and the world.

I realize there are some very sincere individuals who question the timing of this legislation toward arms control agreement when the two strongest nations in the world are engaged in an arms race. However, in my considered opinion, it is indeed just the time when there is the greatest urgency to deal with this problem. The heightening tensions, and the increasing arms race, is just the period when we ought to devote our best efforts to find the means to avoid war and cut down the arms development competition because of the frightening dangers, that are contained in such competition, of a worldwide holocaust.

Associated with this primary purpose of conscientiously attempting to prevent total destruction of humanity, there is the vitally important propaganda benefit that surely would accrue to us, in the eyes of the world, from the creation of an official agency of this Government to seek peace through honorable agreement for arms control.

Thus far, and unfortunately, we are forced to admit that the deceptions and falsifications of Communist propaganda announcements have been extremely difficult to overcome and have tended to influence unwitting and unknowing peoples elsewhere toward the conviction that it is the Kremlin leaders rather than ourselves who are honestly seeking peaceful negotiations.

The United States has certainly been most earnest, most serious, and most honest in its aims for world peace; we are not an aggressive nation. We are not, however, a spineless people who shun war when the alternative is base servitude; as our glorious history demonstrates, we can fight, when forced to, and we can win, but as a God-fearing people and Nation we prefer honorable peace.

What this new Agency, proposed to be established in our Government by this legislation, would do for us would be to find realistic ways to bring about a reduction in armaments, to find formulas which would protect the national interest, and at the same time promote the cause of peace.

Very likely some well-intentioned persons will be inclined to say that the creation of an Arms Control Agency implies that we may be bowing to the opposition and moving toward a modified pacifism as a national policy. An examination of our history, our traditions and our intentions clearly demonstrates that nothing could be further from the fact.

What we are demonstrating to the world, however, is that the United States, first among all the nations, has established in its official Government pattern a conscientious effort for a policy of peace. An effective Arms Control Agency certainly does not mean, or imply, that we are willing to settle for peace at any price; but it will most surely prove to any enemy, and the world, that we are not afraid to pay the price of peace.

Mr. Chairman, I earnestly urge the Members here to exercise their patriotic judgment of the merit and value this legislation would contribute to the strengthening of our position of world leadership today and approve this measure without extended delay.

### SELF INTEREST—MUTUAL SECURITY

Mr. Speaker, in the face of the continuing and harassing Communist design of conquest of all, and suffocation of freedom everywhere, I remain most deeply impressed with the foundation principle involved in our mutual security and foreign assistance programs. That principle is the prevention of the necessity for American fathers and sons to fight, and perhaps die, again, all over the world.

At the same time, I have been steadfastly concerned that the assistance was absolutely needed, that the security projected was, in reality, mutual, and that every possible safeguard was implanted into the program for the most frugal spending, the fullest return, and the absolute removal of waste and extravagance.

Since we originated this program back in 1948, the facts increasingly have shown that many of the countries we have assisted have gradually reached the point of economic productivity beyond any previous capacity and, in many instances, it is clear no expanded aid is warranted in earnest mindfulness of our own not inexhaustible resources.

It did appear to me that the measure we acted upon in 1961 should include, as a practical and effective projection, Executive authority to plan development assistance to friendly countries on an assured basis of 5-year duration. The burden is upon the Executive to determine when such assistance is important to the advancement of the U.S. interests.

However, while it is indeed practically wise to carefully contribute to the rehabilitation and development needs of our friendly allies, it would be the height of foolish generosity to bankrupt ourselves in doing so.

Mr. Speaker, these are the basic principles which have governed my actions on our foreign assistance programs and they are indicated in the extract of my remarks which follows:

Mr. DONOHUE. Mr. Chairman, as I see it, this debate on the reasonable continuation of our mutual security aid program should begin with a concrete demonstration of our deepest concern for our overburdened American taxpayers.

That legislative concern should be even more concentrated and emphasized because of the factual evidence in the record "of waste and extravagance—a pattern of loose, lax administration through the entire complex of foreign aid."

I earnestly hope that in the phases of the program where this extravagance and waste has been displayed the recommended reductions will be approved.

The divisions of this program which appear to have been operated and projected in the best interests of ourselves and the advancement of our foreign allies are the technical assistance and Development Loan Fund extensions. I hope that these features will be adequately supported as their worth has been substantially proven.

Let us strive today to conscientiously enact a measure that will provide reasonable assistance to our allies, in the fields where such help is most needed, while we insure elimination of those parts of the program which have been proved wasteful and worthless.

### A HIGH NATIONAL MORALE IS IMPERATIVE

Mr. Speaker, it is true that in modern times, especially since the end of World War II, our legislative activities here have increasingly extended and expanded, in their import and impact, upon areas all over the world.

These legislative projections which we have had, of necessity, to deal with are, at times, so technical and complex, it is extremely difficult, for even the most expert, to understand them thoroughly.

However, in their development and execution, it is quite simple to see that they have thrust ever-increasing burdens upon the American taxpayers and American industry.

Although our American people have accepted these burdens with loyal understanding, I have questioned, over these past several years, the possibility of a too rigid concentration upon world alinements and too little regard for the essential interest and welfare of our own taxpayers.

During this period, I have attempted to point out that the most important need for the furtherance of any Government objective is a continuation and en-

**couragement of a high morale among our own citizens. If they lose confidence in this Government and its officials, and if they feel their welfare is being disregarded, then we are, indeed, inviting deep domestic difficulty.**

**The preceding Chief Executive of this Nation told the people, upon assuming his office, that his yardstick of measurement of Government activities would be—"Is this good for all Americans?" At that time, I urged that the Congress adopt it as our rule of legislative action also, and I have conscientiously attempted to follow that rule myself.**

**The fundamental strength of the United States is the combined will and determination of each individual to support his elected officials in their conduct of the Government.**

**My convictions and actions, in support of this rule and principle, are, I believe, revealed and demonstrated in the remarks I made at the time the legislative issues that follow came before the Congress.**

### LEGISLATION FOR THE GOOD OF ALL AMERICANS—APPROPRIATIONS FOR THE HEALTH, EDUCATION AND WELFARE OF AMERICAN CITIZENS

Mr. Chairman, it was the unanimous judgment of our Original Thirteen States, as expressed in their Independence Declaration, that all men are endowed by their Creator with certain unalienable rights, among which are life, liberty, and the pursuit of happiness.

In my opinion there is no measure coming before this body more fully designed to promote the enjoyment of these rights to American citizens than the appropriations bill for the Departments of Labor and Health, Education, and Welfare, and related agencies. The basic units and activities of these executive departments are more closely connected with the lives of our citizens than any other agency of our Government "for the people."

Mr. Chairman, to attempt to either regulate or improve the health and happiness of human beings in terms of dollars and cents is a most difficult, if not impossible, task. We are all, I am certain, agreed on the necessity for practicing economy in Government expenditures and to preserve our financial stability and world position. However, I think we are further agreed that gestures of doubtful economy at the expense of lowering national standards of working conditions, health protection, and educational advancement is most unwise and impractical, more especially in these days of communistic competition.

Mr. Chairman, the appropriations we grant under this measure are designed to continuously improve the Christian, civilized working conditions of our people and to protect and advance the health of all our citizens, particularly children, women, and the aged. It is obvious, therefore, that this appropriations bill is of the greatest importance to the progress of our national welfare and that is why each of us have the highest obligation to devote the most conscientious attention to it.

At a time when we are generously granting billions of dollars to aid our foreign allies, let us not be neglectful of our own citizens. At a time when we are telling the world of our better way of life, as opposed to Communist barbarism, let us not dangerously reduce any of these public services whose contributions to national progress have been universally acknowledged. At a time when we are engaged in a life-and-death struggle with the curse of communism, let us take no unwise chances of disrupting the high morale of our own good people. In conscience, let us vote in support of the continuing and full functioning of these units and agencies whose services are, indeed, in the national interest and emphatically good for all Americans.

### AMERICA'S ANSWER TO COMMUNIST PROPAGANDA—SOCIAL SECURITY

Mr. Speaker, in my firm opinion adequate social security legislation is one of the soundest barriers we can erect against the advancing scourge of communistic propaganda and philosophy challenging us this very hour and forcing us to fight for the survival of our democratic system. If the sunset of the American worker's life, without individual fault, brings only the despairing darkness of fear of want, then there is grave doubt our democratic way of living can hope to match the appeal of Communist state paternalistic promises. When this subject was discussed in the last Congress I reminded this body of how much stronger, how much more resistant to Communist entreatment and intrigue the Nation would be when its citizens are assured that our great business system and our Government, working harmoniously together, establish a dignified, humane financial operation making them eligible to receive what every worthy working American deserves, namely, security in time of adversity and dire need.

Here on the floor in 1950 I emphasized our action then was on the first comprehensive change in social security laws proposed since 1935. I remarked that the entire scheme was antiquated and obsolete and would require continuing revision for adjustment to the complex changes of economic life in an atomic age.

**Again this year, I spoke on the amending bill, as follows:**

### SOCIAL SECURITY AMENDMENTS, 1961

Mr. Chairman, I very earnestly hope that this House will promptly approve the modest improvements recommended in this bill, H.R. 6027, the Social Security Amendments Act of 1961.

Although the improvements included in this proposal are not as liberal or expansive as a great many of us have recommended, the changes suggested will benefit almost 4½ million American people within the first year of operation.

As has been more technically explained here, the bill in summary provides a small increase in the minimum benefit with a 10-percent increase in the benefits for widows, widowers, and parents, makes benefits available for men beginning at age 62, liberalizes the insured status requirements, and establishes a further period of disability.

These increases and changes are all in accord with the policies established by the Congress in the past and add to our present law improvements that are sound and desirable.

The increases and improvements are fully financed by the very slight addition to the contribution rates and insure that the social security system continues in actuarial soundness.

There is no question but what the overwhelming majority of the American people approve and desire the continuation and reasonable expansion of our social security system in accord with the economic trends. This measure offers us the opportunity to meet the desires of our people and more toward reasonable adjustment of the program in line with the economic standards under which we live. It offers us, also, the further opportunity to demonstrate to the American taxpayers that, while we have true concern for the rehabilitation and progress of peoples in foreign lands, our primary concern is, and ought to be, for our own people who are making tremendous sacrifices for the promotion of peace and progress throughout the world.

### FAIR LABOR STANDARDS AMENDMENTS, 1961

Mr. Chairman, the declared policy written into the original Fair Labor Standards Act is "to correct, and as rapidly as practicable to eliminate, labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers."

I doubt very much that there are any here who seriously dispute that policy; there are indeed many here who sincerely differ about the ways and means by which this accepted policy can be best extended at this time. Our challenge and duty today is, then, to exercise the fullest measure of study, patience, and tolerance in working together for legislative agreement on a bill to further project our basic policy of advancing the general welfare of workers in the present economy while conscientiously endeavoring to insure its impact upon all industries and individuals is as equitable as we can humanly make it. I hope our discussion here will proceed with mutual understanding and deference so that we can fulfill our duty.

In determining our action on this measure it seems to me primary consideration should be granted to such fundamental factors involved as the advanced living costs affecting the average American family in our modern economy, the essential need of placing more purchasing power in the hands of those who will surely spend it, thus accelerating recession recovery, and implementing the basic objective of moving our economy ahead to meet the Russian challenge, as the President recommends.

The authoritative statistics presented to us show that last year there were some seven and a half million families in this country who had incomes less than $2,000 annually, this in the most prosperous country in the world. It has been expertly estimated that the average family needs a minimum of between $4,000 and $5,000 a year to live at the barest level of respectability.

Let us further realize it has been 6 years since the last minimum wage was approved by the Congress, and the Department of Labor has revealed that, with the advanced livings costs in the intervening period, even raising the minimum wage immediately to $1.25 would only provide a third of what is presently required to maintain a modest but adequate standard of living for the average worker.

These and other statistics recited here are, in my opinion, impressively convincing and should influence our decision in favor of improving the structure of our general wage system and the national economy.

It is our proud boast that the standards of ordinary family living under the American system are the best and highest in the world. We are engaged in a desperate struggle with Communist Russia for survival and the elements of that challenge more and more seriously involve the economic factor.

Under the dedicated and inspiring leadership of our great President, John F. Kennedy, let us prove that our proud boastings are a reality and let us move the economy of this country forward in keeping with our destiny of freedom, progress, and leader of the civilized world.

### HOUSING ACT OF 1961

Mr. Chairman, I most earnestly hope this House, without extended delay, will approve this housing bill of 1961, H.R. 6028, designed to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend existing laws relating to housing, urban renewal, community facilities, and other purposes.

As one who has, in patriotic concern and consistency, supported an adequate housing program for the American people over the past 14 years here, I sincerely believe the measure now before us contains the most comprehensive and most commonsense program in my experience. Its embracement of a 4-year period is a sensible and practical attempt to rescue us from the emergency housing legislation phases that have confronted us in the past.

The various sections and provisions of this bill have been clearly and specifically spelled out in detail by proponents and opponents and there is no need for repetition now. With but one or two innovations all the basic provisions of this measure have been passed, in one form or another, by this House before. It is strongly supported by the industries involved, civic officials, most housing authorities, the majority of economic experts, and the President himself.

The testimony and the statistics revealed here demonstrate beyond reasonable doubt that there is a vital and imperative need for more housing in this country; the evidence further shows, and clearly, that the impetus that will be provided to the construction and related industries will encouragingly accelerate our advancing economic recovery and further reduce the unfortunately great number of American workers still unemployed.

Despite the hesitation of some sincere and conscientious questioners here, there can be no doubt, on the record, of the essential national benefit already derived from our previous programs of urban renewal and slum clearance, college housing, housing for the elderly, community facilities, farm housing, FHA mortgage insuring authority extensions, and related activities. I submit it is unhappily too seldom that we have such a realistic record of actual performance and experience upon which to base our continuing legislative judgment in promotion of the general welfare.

### TAX REFORM AND REDUCTION

Mr. Speaker, the power to tax is the power to destroy. The conflict and competition between the various States, municipalities, and Federal Government in the collection of taxes is robbing the American wage earner of his birthright and will bankrupt the country unless we institute corrective steps in the immediate future.

### INTERNAL REVENUE CODE REVISION

Mr. Chairman, as my colleagues here well know, I have, for the past 7 years, repeatedly urged the vital necessity of complete revision and recodification of our entire Internal Revenue Code. In three successive Congresses, I have introduced bills whose purpose was to accomplish that objective. We all fully realize that our present internal revenue laws are jumbled, complicated, often contradictory, little understood by the average person, and filled with obsolete regulations, imposing multitudinous inequities, irritations, and too often great hardships upon the American taxpayer.

The time is long overdue for a complete and thorough revision of our tax system in the public interest.

One of the most compelling and forceful reasons for supporting this measure arises out of the alarming current unemployment trend throughout the country. We, all, I know, earnestly and sincerely hope this trend is short lived and will be eliminated when the administration readjustment policies and programs are completed. Nevertheless, and without any partisanship, we would indeed be lax in our duty if we pretended that dangerous unemployment did not now exist. It is, therefore, imperative and timely that some effort must be made to increase consumer purchasing power, thereby stimulating production and helping to reverse the rising unemployment rate. It is fundamental in the American system that our tax policy should, to the fullest possible extent, encourage a constant expanding economy.

Let us plan now, barring any national or world emergency, to expand this program of tax reduction and elimination so that the entire American purchasing public and all affected industries will be treated alike with fairness and justice.

We have abundantly fulfilled all our pledges to our foreign allies and friends; let us keep faith with our own people who have suffered too long from too much taxation.

### OUR OBLIGATION TO THE VETERAN AND DEPENDENTS

Mr. Speaker, I do not believe that the people of this country wish to turn their backs in forgetfulness of the substantial sacrifices made by our war veterans and their dependents in protecting this Nation from armed enemies. On the contrary, I believe the great majority of the American people realize there is only one safeguard for this Nation in time of emergency, and that is the willingness of American men and women to fight and die to preserve our national security. I am sure they further understand that the efficiency of our fighting men is governed by the morale of their families and dependents. In these tense days of international turmoil, it is not only just but patriotically wise to inspire the veteran of the future with the example of our real concern for the veteran of the past.

### SMALL BUSINESS ASSISTANCE

Mr. Speaker, it has been always an unquestioned American tradition that this Government shall aid, counsel, assist, and protect the interests of small business in order to preserve our democratic system of free competitive enterprise.

That is why I advocated and voted for the passage of the original legislation establishing a permanent, independent Small Business Administration agency. Recognizing the importance of our small businesses in defense production efforts and the national economy I have consistently urged every reasonable Federal assistance and guidance to them throughout my congressional service.

### WAGE JUSTICE FOR WORKING WOMEN

Madam Chairman, as our immediate inspiration to unanimously approve this measure, H.R. 11677, the Equal Pay Act of 1962, we need only to look around us and observe the most competent, industrious, distinguished, and gracious ladies whom we are privileged to call our colleagues. I know we unanimously agree that these distinguished lady legislators work as hard and as diligently as any male Member of the Congress and indeed, by their gracious presence, contribute more to this body than any male Member. There is no thought here of a differentiation in legislative salary because of sex.

For our background inspiration to promptly and favorably act on this bill, we need only to reflect that it is designed simply and solely to provide wage justice for working women.

We all realize that the origin of the wage rate differential for men and women performing comparable jobs is the false concept that a woman, because of her very nature, somehow or other should not be given as much money as a man for similar work.

This antiquated concept has been long and completely demonstrated to be false and it is indefensible from every standpoint. This being so, we may wonder why this legislation is necessary.

The answer is furnished to us in the authoritative information provided by witnesses before the House Committee on Education and Labor and the impressive array of statistics unhappily proving that discrimination in wage payments, on the basis of sex, continues to exist even in this modern space age.

Recognizing that the concept of wage payment discrimination against women is false; having before us the surprising but overwhelming evidence that such discrimination still continues to exist; and realizing that this measure represents the correction of basic injustice being visited upon women in many fields of endeavor, let us, I urge you, firmly reject any crippling amendments and proceed immediately and unanimously to the enactment of this measure extending simple wage justice to the increasing corps of America's workingwomen.

### CHALLENGES THAT MUST STILL BE MET—CORRUPTION IN GOVERNMENT

Mr. Speaker, a return to the patriotic soul and spirit of a morally operating democracy is essential to our national security and the peace of the world. Our constant struggle must be to keep our governing machinery at all levels free from the blight of special privilege and grants to the few at the expense of the general welfare. Freed from the vices of corruption and favoritism our governmental institutions will work as our forefathers intended them to work—for the common good of all.

### NATIONAL BANKRUPTCY IS OUR GREATEST POTENTIAL DANGER

Mr. Speaker, my colleagues well know that many times during past years I have repeatedly stated my belief that the not too subtle strategy of the Communist leaders is to encourage us to spend ourselves into national bankruptcy and thus take over our country and the world, without the necessity of engaging in any real war. I, and I think a good many of my fellow Representatives here, am determined not to become an unwitting Russian ally in that cunning Communist purpose.

### THE HOOVER COMMISSION ECONOMY OBJECTIVES MUST BE PERSISTENTLY PURSUED

Mr. Speaker, it has been my privilege, in past years, to be a member of the House Committee on Expenditures in the Executive Departments. As is so well known, the Expenditures Committee acted upon the Presidential reorganization plans based on the Hoover Commission recommendations. More than half of the Hoover Commission recommendations have been adopted, with tremendous savings resulting, and I am proud to say I voted for them all.

### MORAL LEADERSHIP IS OUR MOST URGENT NATIONAL NECESSITY

Mr. Speaker, if the citizens of the United States do not retain confidence in their duly elected Government representatives, then even the most astronomical appropriations of money will not save us from national disintegration and Communist tyranny. It is not the amount of dollars appropriated that will save this country in the long run; it is only a morally confident people united in common respect for proper Government authority that has ever preserved a nation in time of emergency.

### BILLS INTRODUCED

Mr. Speaker, limited as this summary necessarily is, it would be even more inadequate if a partial list of some of the measures I introduced in this and past Congresses were not included; they follow:

House Joint Resolution 335, a joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women.

H.R. 2473, a bill to provide for the issuance of a series of special postage stamps to be known as the "Signers for Freedom Stamps," honoring the signers of the Declaration of Independence.

H.R. 3194, a bill to create a National Peace Agency and to prescribe its functions.

H.R. 5263, a bill to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically depressed areas.

H.R. 5957, a bill to amend the Internal Revenue Code of 1954 to provide an accelerated amortization deduction for industrial or commercial plants and facilities constructed or established in economically depressed areas.

H.R. 7950, a bill to establish a U.S. Disarmament Agency for world peace and security.

H.R. 9421, a bill to amend the Internal Revenue Code of 1954 to allow a taxpayer a deduction from the gross income for one-half of the expenses incurred by him in the construction of a civil defense shelter of approved type and design.

H.R. 10357, a bill to provide for the settlement of claims against the United States by members of the uniformed services and civilian officers and employees of the United States for damage to, or loss of, personal property incident to their service, and for other purposes.

H.R. 10375, a bill to amend sections 1821 and 1825 of title 28, United States Code, to increase the per diem, mileage, and subsistence allowances of witnesses, and for other purposes.

H.R. 12773, a bill to amend title 35 of the United States Code to permit a written declaration to be accepted in lieu of an oath, and for other purposes.

House Resolution 109, a resolution calling upon Congress to take effective action against the spread of inflation and the high cost of living.

H.R. 2395, a bill to provide for the establishment of a U.S. Foreign Service Academy.

H.R. 2471, a bill to establish a Federal Agency for the Handicapped, to define its duties, and for other purposes.

H.R. 2473, a bill to amend the Internal Revenue Code of 1954 to provide a 30-percent credit against the individual income tax for amounts paid as tuition or fees for dependents to certain public and private institutions of higher education.

H.R. 2475, a bill to provide assistance to communities, industries, business enterprises, and individuals to facilitate adjustments made necessary by the trade policy of the United States.

H.R. 2529, a bill to amend section 201 of the Immigration and Nationality Act, so as to provide that all quota numbers not used in any year shall be made available to immigrants in oversubscribed areas in the following year, and for other purposes.

H.R. 12106, a bill to eliminate discriminatory employment practices on account of age by contractors and subcontractors in the performance of contracts with the United States and the District of Columbia.

### CONCLUSION—TIMELY COUNSEL FROM A GREAT AMERICAN

Mr. Speaker, the words of wise authority remain forever as comforting beacons of guidance in troubled, distressing hours. A counseling message to all Americans is contained in the following extract from a speech given at Harvard University graduation exercises on June 30, 1910, by the late great Chief Justice Charles Evans Hughes:

> "The most important agencies of democracy are, after all, not the organs of government, but the influences that shape public opinion. * * * Democracy must prize its public life. It has stripped it almost altogether of ceremonial and of meaningless and absurd forms. It has placed the public officer in a position of power, to be used for service. * * * Having surrounded him with none of the pomp which makes appeal to the thoughtless and ignorant, it must invest him with the higher honor which should be the reward of fidelity. Those who cultivate the true democratic spirit will be as earnest in their support of faithful officers as they are unsparing in their condemnation of the faithless."

## The Birthday Anniversary of General Von Steuben Is an Appropriate Time To Remember His Contribution to This Nation

EXTENSION OF REMARKS

OF

### HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 17, 1962*

Mr. REUSS. Mr. Speaker, September 17 is the anniversary of the birth of Maj. Gen. Frederick Wilhelm von Steuben, one of the most important military figures in the American Revolution. He had been successful militarily in his native Prussia where he had been personally appointed to a high military post by Frederick the Great. He was selected for the general staff duty at the royal headquarters and in this position gained experience which enabled him to perform a unique and extremely valued service later when he came to the United States to aid the struggle for American independence.

After initial contacts with Benjamin Franklin in Paris, he came to the United States and joined General Washington's army in 1777. It is typical of this man, who served us so well, that he offered his services free of charge to the Continental Congress. When they sent a committee to ask him what his desires were, he told them he did not care about rank or pay, and that he was willing to volunteer to serve the American cause, confident that he would receive just reward if America was victorious, and so confident of her success that he made no mention of the possibility of failure.

Steuben was a soldier's soldier. George Washington was so impressed by his practical knowledge and experience that he was appointed acting inspector general and given the difficult and key job of training the Army. The Americans at this point in their history were high on enthusiasm and good intentions but low on professional training. This one serious shortcoming which threatened their success was overcome by General von Steuben who drilled the troops to perfection and wrote the basic training manuals for those he could not personally direct.

His "Regulations for the Order and Discipline of the Troops of the United States" contained the essentials of military instruction and procedure skillfully adapted by this brilliant man to the needs of the American soldier. It has not received the place in history that has been awarded to the writings of Jefferson, Hamilton, and Madison; but it clearly contributed as much or more to the early history of this Nation.

Washington obviously had high faith in this man, for he appointed him to a number of key and important posts in which his talents and skills contributed immeasurably to the American cause. One of the most important tasks he had was to serve as Washington's representative in the discussions which were held with the Continental Congress in the efforts to reorganize the Army.

After the surrender of the British to which he so importantly contributed, General von Steuben continued to work for his adopted Nation. He assisted Washington in the preparation of a plan for the future defense of the United States and the mobilization of her Armed Forces. Washington's last official act before relinquishing command of the Army in 1783 was to write a letter of commendation to Von Steuben for his invaluable services to the United States throughout the war.

After the peace, Von Steuben permanently stayed in the United States and eventually became a citizen of the Nation he had served so well.

I hope that the time is not far off when our Nation will remember this man in a fitting fashion. Early in the first session of this Congress, I introduced legislation—House Joint Resolution 344—which would authorize the President of the United States to proclaim this date—September 17—each year General von Steuben Memorial Day for the observance and commemoration of the birth of Gen. Friedrich Wilhelm von Steuben. I hope that action can be taken in the near future to approve this legislation—the text of which follows:

JOINT RESOLUTION AUTHORIZING THE PRESIDENT OF THE UNITED STATES OF AMERICA TO PROCLAIM SEPTEMBER 17 OF EACH YEAR GENERAL VON STEUBEN MEMORIAL DAY FOR THE OBSERVANCE AND COMMEMORATION OF THE BIRTH OF GEN. FRIEDRICH WILHELM VON STEUBEN

Whereas it is sought to pay homage and respect to the memory and achievements of Gen. Friedrich Wilhelm von Steuben, who came to our shores on December 1, 1777, to offer his heart and his hand to assist in our struggle for independence, and his heroic deeds are emblazoned in the history of our country; and

Whereas the hero, born in Magdeburg, Prussia, on September 17, 1730, did join with Washington at Valley Forge and devote himself with great resolve and effect to the bolstering up and reorganization of our then tried soldiers, and distinguished himself at Monmouth and Yorktown; and

Whereas, by historical coincidence, Constitution Day and the birthday of Friedrich Wilhelm von Steuben both occur on September 17; and

Whereas the said Major General von Steuben was instrumental in promulgating the drill regulations and regulations for order and discipline of the troops of the United States which were adopted by Congress on March 29, 1779, and in addition he is historically credited with the fundamental idea of the establishment of the U.S. Military Academy at West Point: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States of America is authorized to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental buildings on September 17 of each year, and inviting the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies in commemoration of the birth of General von Steuben.

It is interesting to note that the Constitution, which General von Steuben helped to make possible, was signed on the anniversary of his birth—September 17, 1787. It is fitting that these two anniversaries be celebrated jointly. Governors of many of the States have already proclaimed September 17 as Steuben Day. The States which now observe the anniversary are California, Connecticut, Illinois, Michigan, Massachusetts, Minnesota, Missouri, Nevada, New Jersey, New York, Washington, and my native State of Wisconsin.

---

## Washington Report

EXTENSION OF REMARKS
OF

### HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Monday, September 17, 1962*

Mr. ALGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following newsletter of September 15, 1962:

WASHINGTON REPORT: CUBA

(By Congressman BRUCE ALGER, Fifth District, Texas)

President Kennedy's recent statement on the Cuban situation at his news conference is almost unbelievable. He said it, he must have meant it—yet, his statements and the facts are in obvious direct conflict. The President has full authority to act, by his own admission, and when asked then why he is asking for Congress approval replied, "I think it would be useful, if they desired to do so, for them to express their view." Well, I shall express mine as my normal procedure requires in representing the people of Texas' Fifth District. Well do we Texans remember the earlier mistake of calling up our Texas reservists.

He, the President, downgraded Castro's position, his strength, and popularity in Cuba and Latin America. Facts are that he, Castro, is consolidating his power and control over Cubans, reducing their ability to revolt, and becoming a pipeline for infiltration of Latin America. Castro is winning, as communism has won everywhere, by force, not popularity or the free election or choice by the people. The President reported the Government's long knowledge of the increased shipment of technical and military personnel and weapons to Cuba from Russia, and lately the acceleration, and then stated, "These new shipments do not constitute a serious threat to any part of this hemisphere." Facts: Such shipments violate the Monroe Doctrine and are a terribly serious threat to the United States and this hemisphere, including the ultimate danger of increased loss of life when these weapons are used, as weapons always are used. The President said, "unilateral military intervention on the part of the United States cannot currently be either required or justified." Fact: The invasion of Cuba was justified, even planned by both the Eisenhower and Kennedy administrations, in the abortive April 1961 invasion. Seventeen months later the danger of Cuba to us is far more acute. And we do nothing but keep the situation under "careful surveillance." No blockade, not even a protest on arms buildup and Russian intervention. President Kennedy claims that our base at Guantanamo, our passage to the Panama Canal, our missile and space activities at Cape Canaveral, or the lives of Americans are not endangered. Fact: They are when we permit the construction of missile sites within range of our shores and in the hands of an enemy who has warned that his goal is our destruction. He then said, "We intend to do everything within our power to prevent such a threat from coming into existence." He even recognized how our NATO allies are trading with the enemy and using their ships to transport weapons of destruction into this hemisphere. Facts: We continue to do nothing except watching and "surveilling, not even a protest."

President Kennedy said, to meet this or any other crisis he has asked for authority to callup 150,000 Reserves. Fact: He already has such authority and 2.8 million men under arms for such action as is necessary in Cuba, requiring no further act of Congress. Calling up 150,000 is almost insignificant and without an adequate explanation as to why it is necessary is creating a wrong impression and may invite miscalculated action by Khrushchev who is already convinced that we will not fight to protect ourselves and our principles. President Kennedy pledged to "continue to work with Cuban refugee leaders." Fact: We backed down before on our promise to help—will they believe us now? "Continue to keep the American people and the Congress fully informed." Fact: He has not, at any time, given adequate information to Congress or the people. We have been told repeatedly that "it is not in the best interest of the country for the people and Congress to know all that is happening." Quote from the President: "Rash talk is cheap * * * American people should keep cool their nerve and their head." Fact: Official indecision, inaction, and lack of policy is our greatest danger—the American people will support strong, decisive, knowledgeable leadership but will not agree to supine acceptance of Monroe Doctrine violation, Communist aggression in this hemisphere, and invite the war by miscalculation of our strength or determination by our Communist enemies who may judge our inept State Department leadership as indicative of our military capability. It's happened before.

Let's get hard-headed and start making our own policy instead of timidly waiting for others and their actions and demands to shape our next move. Let's remember the American blueprint. In 1823 the blueprint was known as the Monroe Doctrine, an American statement of policy which courageous Americans have always supported. Today, the Communist dictator, Khrushchev, says: "The Monroe Doctrine has outlived its usefulness. It has died a natural death. The only thing left to do is to bury it, just as you bury anything dead so it will not poison the air." So President Kennedy has and is letting Khrushchev, with the aid of his puppet, Castro, dictate our conduct, the great United States. Khrushchev backs up his threat by rocket rattling and the threat of nuclear destruction if we do not agree to his demands and junk the Monroe Doctrine. Perhaps some think that "Better Red than dead," should replace the "Give me liberty or give me death" of Patrick Henry and our Monroe Doctrine forefathers. Both Mr. Khrushchev and Mr. Kennedy are assuring the American people that weapons and troops in Cuba are defensive and therefore no threat. Weapons, any weapons, are both offensive and defensive. What difference does it make what they call the Russian troops and weapons now in Cuba? So they are defensive. Whoever frees Cuba from communism will be just as dead by the action of the weapons and troops which will be used to keep Cuba Communist. Who else but Americans will implement the Monroe Doctrine? Should we wait until they're completely fortified to make it more of a fair fight and so that more American boys will die?

Now we are told the answer to all this cold war jockeying and invasion of our hemisphere, the Berlin wall and a divided Germany, Vietnam, Laos, Africa, and our overall foreign situation is to call up 150,000 reservists, upset the homes and businesses of 150,000 families. Is this the bold New Frontier firmness to replace the firm action the Monroe Doctrine states is our policy? What nonsense.

The Cuban invasion which we caused to fail, a failure for which President Kennedy assumed full responsibility, demonstrated that the military policy of victory requiring force was replaced by a State Department political decision of "no force" since that might offend our Latin neighbors and others. We know now the decision was wrong and this pertinent statement from one civilian official who was close to the whole invasion operation now makes this judgment in the September 17, 1962, issue of U.S. News & World Report: "In retrospect the political decision was wrong." A military man, also close to the operation said this: "If you go back to that time and look at the whole problem you find that this country faced one fundamental question: Can we permit a Communist country in this Western Hemisphere? Now, if the answer is yes, then you do one thing. If the answer is no, you do another. But if you weasel on that answer, start compromising, then you wind up in confusion—with no real answer. One thing we should have learned from this Cuban fiasco is this: You can't run a military operation that way."

To understand our present indecision and inability to act it is necessary to remember that we have no policy. The abortive Cuban invasion timetable of events shows this. We must learn from experience, so here is the Cuban fiasco timetable from the same issue of U.S. News & World Report:

"Predawn hours of Monday the invasion began and President Kennedy called off the promised air support. Two administrations planned it. Monday noon he reversed his decision and ordered the planes used but bad weather prevented such use and he said use them Wednesday. Tuesday, the invaders were losing because of lack of support."

"Tuesday night the President was attending a White House party for Congressmen and received another appeal for help. He approved the use of one carrier for 1 hour Wednesday morning as a cover to land supplies. Specified no land attacks. Wednesday there was a communications mixup, the Cuban fliers mistimed their strike. The U.S. planes never got into action and, anyway, it was developed, it was too late, the invasion was a failure. U.S. military officials, in close touch with the invasion, said it came within a hairbreadth of success. The invaders inflicted 2,000 casualties on Castro's troops and suffered only 100 prior to the collapse because of lack of support. Out of that fateful decision by President Kennedy Soviet Russia is entrenched in Cuba and communism is a real threat to the whole hemisphere."

To those who say we must show unanimity of teamwork behind our President by burying our heads in the sand and by not criticizing the indecision and lack of policy is to say our type of free society has already ceased to exist. With this I do not agree. The people are entitled to know, to judge, and to order a change in course when our Nation is following a road to national suicide. This is freedom of speech and action. We need more than the empty gesture of calling up 150,000 Reserves. We need a determined policy clearly stated by the President which would use effectively the 2.8 million men now under arms, an immediate blockade of Cuba to prevent further Russian troops and arms from being landed, and whatever action it takes to rid the Cuban people of the Communist masters who now enslave them and threaten us and the rest of the free countries of this hemisphere, action which is obviously called for by the Monroe Doctrine.